

Investor Presentation

February 2016



Türk Telekom





► Notice

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The PSTN services and wholesale broadband services are provided by Türk Telekomünikasyon A.Ş., the retail internet services are provided by TTNET A.Ş. the mobile services - are provided by Avea İletişim Hizmetleri A.Ş.

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There may be differences between the data provided in this presentation and ICTA's market reports. These discrepancies are due differences in basis of financial reporting (standalone vs. consolidated) and differences in ARPU calculation methodologies.

Note: EBITDA is a non-GAAP financial measure. In this presentation, EBITDA represents revenue less cost of sales and other operating expenses plus other operating income/(expense) plus income/(expense) from investing activities but excluding financial income/(expense) presented in other operating income/(expense) (i.e., foreign exchange gain/(loss), interest income/(expense) and discount income/(expense) on receivables and payables excluding financial borrowings), depreciation, amortization and impairment, income on unconsolidated subsidiaries and minority interest.

Turkey's Pioneer Convergence Player



* Based on the consent of the customers

2015 Year End Highlights

Operational

932K net subscriber addition in **mobile**

▶ **283K** net add and **6% YoY** increase in ARPU in Q4

416K net subscriber addition in **broadband**

▶ **227K** net add and **4% YoY** increase in ARPU in Q4

95K net subscriber addition in **Home TV**

▶ **37K** net add in Q4

Financial

Adjusted revenues¹ up **7% YoY**

EBITDA reached to **TL 5.33bn**, up **6% YoY** (36.7% margin)

TL 907mn net income

Capex of TL 2.9bn²

Dividend

TL **0.24** per share proposed to **AGM**

93% dividend payout ratio

(1) Reported revenues excluding construction revenues

(2) Excluding license fee

Financial Performance

TL mn	2014 Year End	2015 Year End	Growth (YoY)	Guidance	Delivered
Revenue	13,602	14,523	6.8%		
Revenue (exc.construction adjustment) ¹	13,243	14,190	7.2%	5% to 7% Growth	✓
EBITDA²	5,047	5,334	5.7%	TL 5.1bn - 5.2bn	✓
EBITDA Margin	37.1%	36.7%			
Net Income²	2,007	907	(54.8%)		
CAPEX³	2,146	2,930	36.5%	TL 2.9bn	✓

(1) Construction accounting adjustment is a non-operational revenue line booked in conjunction with upgrades to our fixed line infrastructure, such as the upgrade from copper to fiber based network.

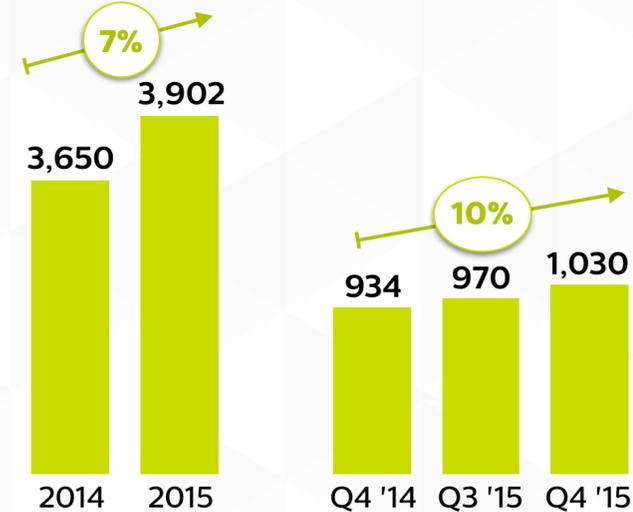
(2) Türk Telekom Group Companies reached an agreement with Turkcell Group Companies to resolve court cases, executive proceedings and disputes with a Settlement Protocol. Turkcell agreed to pay TL 225mn (excl. VAT, and SCT and inc. interest, and all dues associated with the protocol). Provision related with these claims on our balance sheet was TL 96mn. Turkcell settlement had a positive impact of TL 267mn on 2015 net income, and TL 146mn on 2015 EBITDA.

(3) Excluding license fees

Focused on High Growth Areas

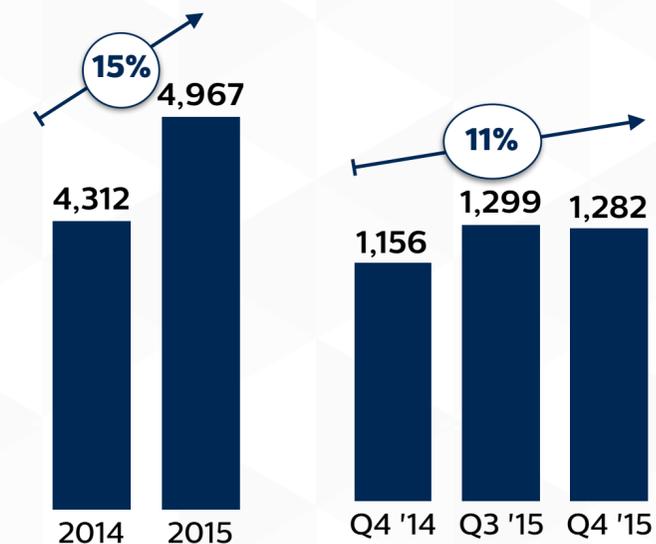
Fixed Broadband

(TL mn)



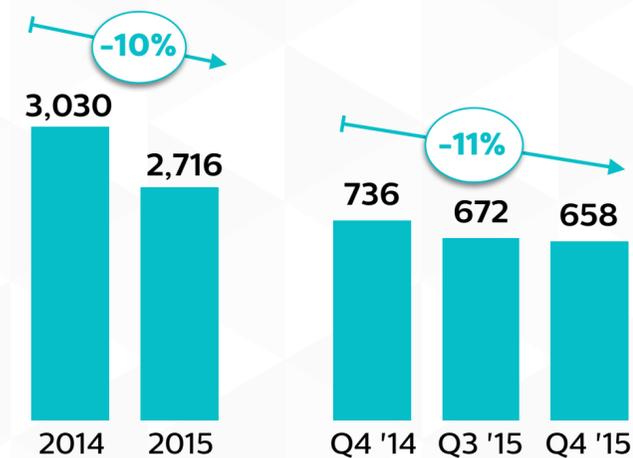
Mobile

(TL mn)



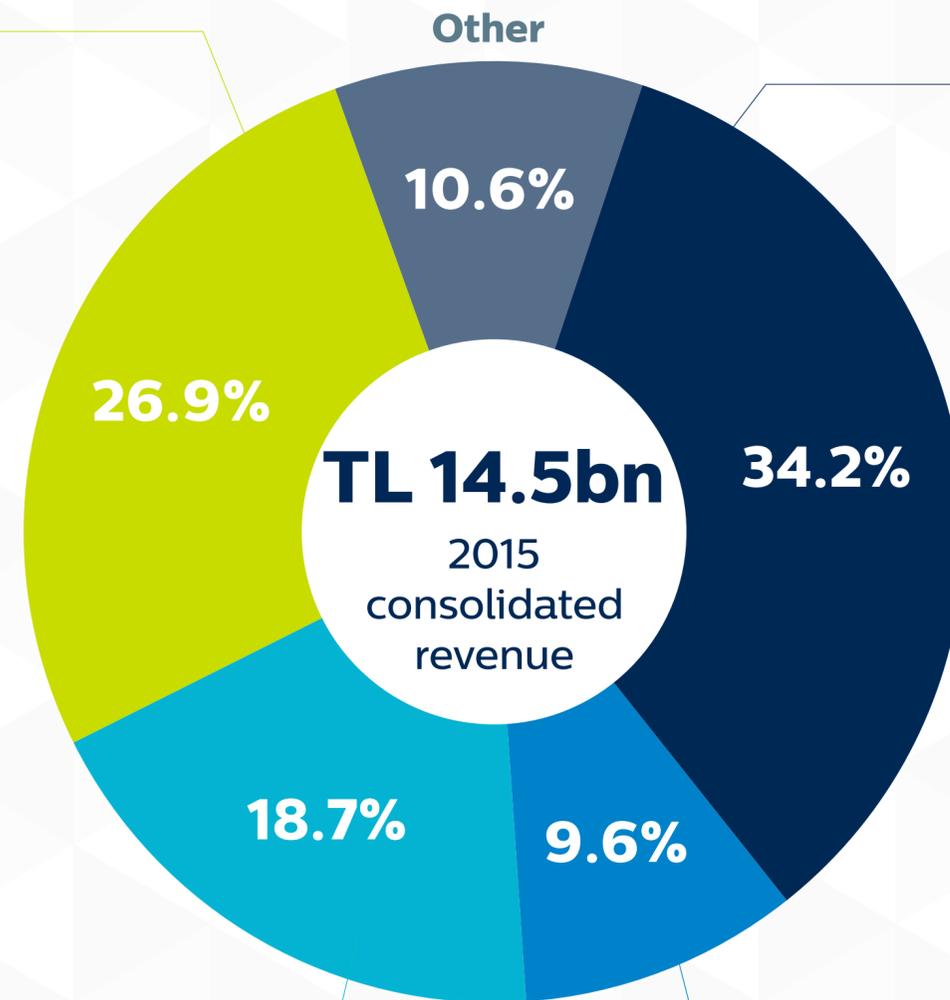
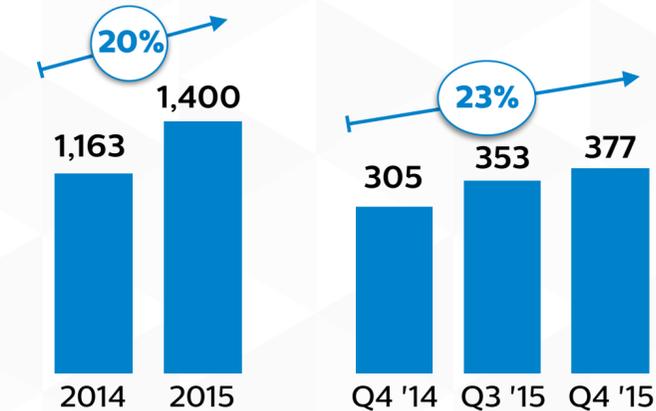
Fixed Voice

(TL mn)



Corporate Data

(TL mn)



TL 14.5bn
2015 consolidated revenue

Revenue breakdown

Strongest Position in Multiplay Offers

Key building blocks of customer proposition

Türk Telekom

Turkcell

Vodafone



Broadband

- ▶ 98% fixed broadband coverage
- ▶ Nationwide fiber availability
- ▶ Best in class customer service
- ▶ Widest variety of value added services

- ▶ Fiber infrastructure in 14 out of 81 cities
- ▶ Wholesale customer of Türk Telekom

- ▶ Wholesale customer of Türk Telekom



Mobile

- ▶ 900MHz disadvantage eliminated after spectrum auction
- ▶ Only operator with spectrum market share higher than subscriber market share
- ▶ Nationwide fiber network and optimum spectrum to enable best LTE experience

- ▶ Incumbent mobile operator

- ▶ Number two mobile operator



Pay TV

- ▶ Exclusive premium sports content
- ▶ Nationwide coverage through IPTV and satellite
- ▶ Rich content library

- ▶ No satellite platform
- ▶ No exclusive premium content
- ▶ Limited access

- ▶ No Home TV



Fixed Voice

- ▶ Nationwide fixed voice services
- ▶ Additional benefits (data packages, home insurance and other 3rd party benefits)
- ▶ VOIP available

- ▶ Wholesale customer of Türk Telekom
- ▶ VOIP available

- ▶ Wholesale customer of Türk Telekom
- ▶ VOIP available

Other operators' data are from their own publications and ICTA report

The Most Diversified Product Portfolio

Unique position in convergence

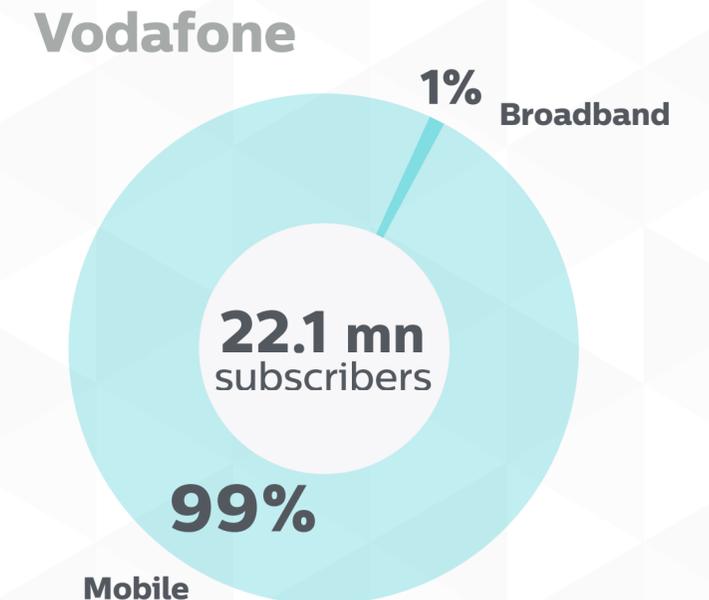
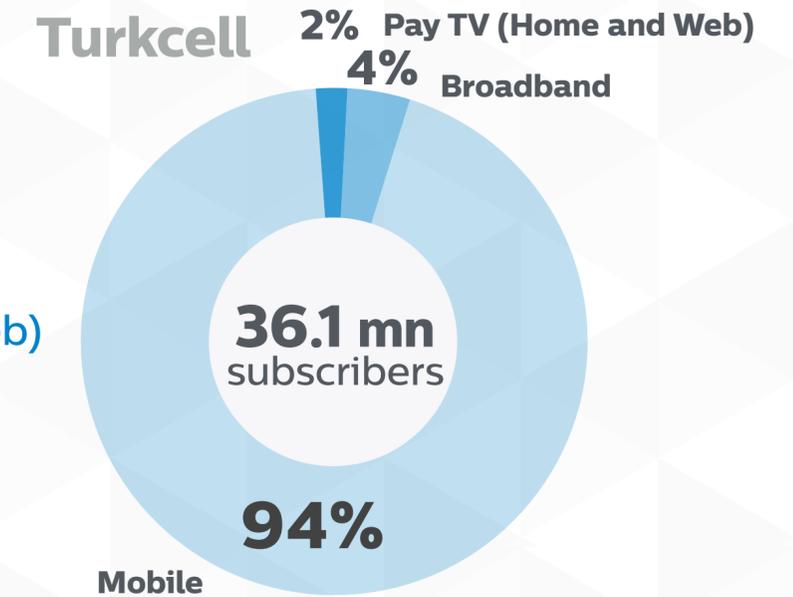
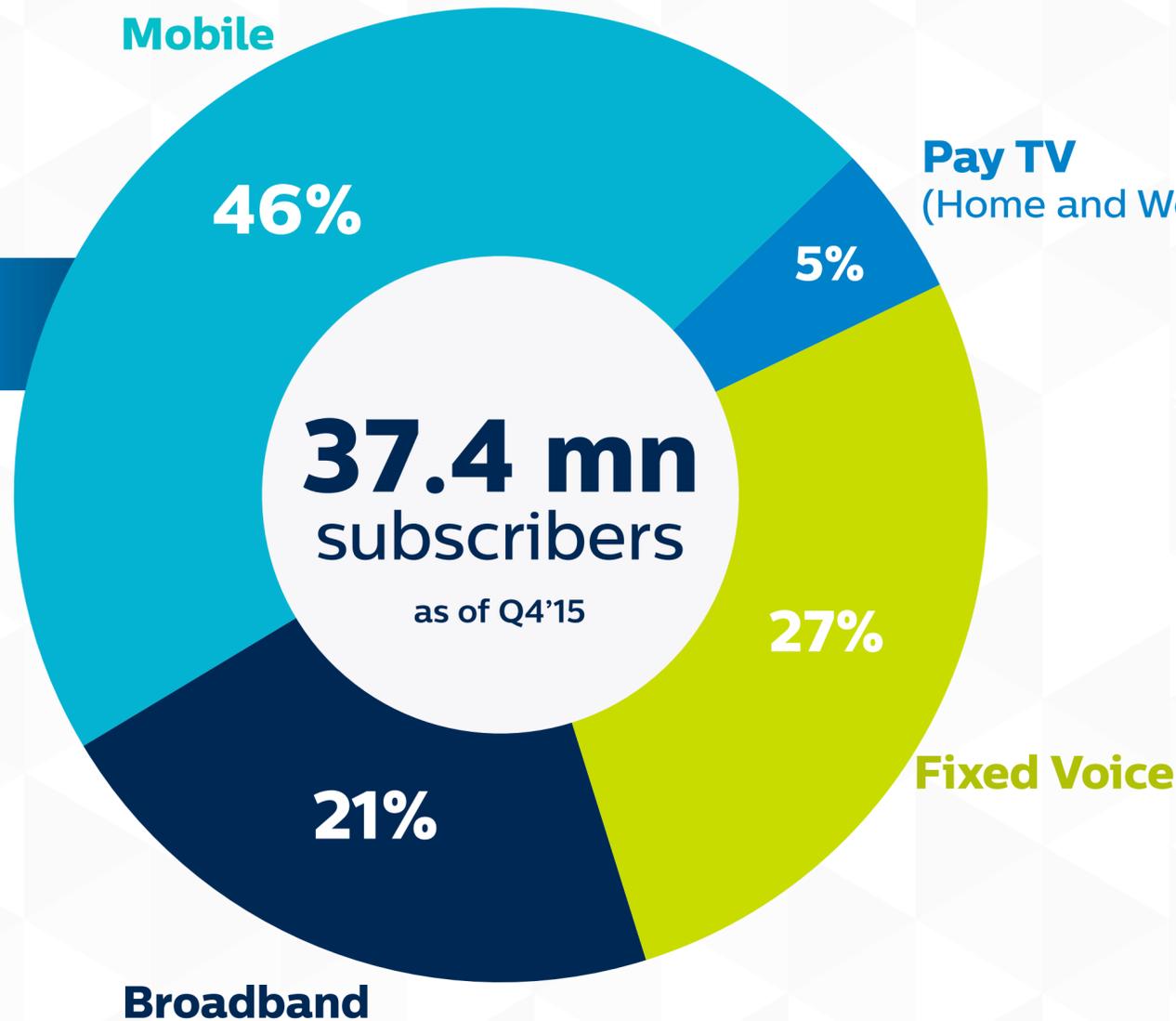
Robust ARPU Generation

Q4'15 ARPU

	Türk Telekom
Mobile	TL 23.8
Broadband	TL 43.1
Pay TV Home	TL 20.1
Fixed Voice*	TL 21.0

*VOIP is not included

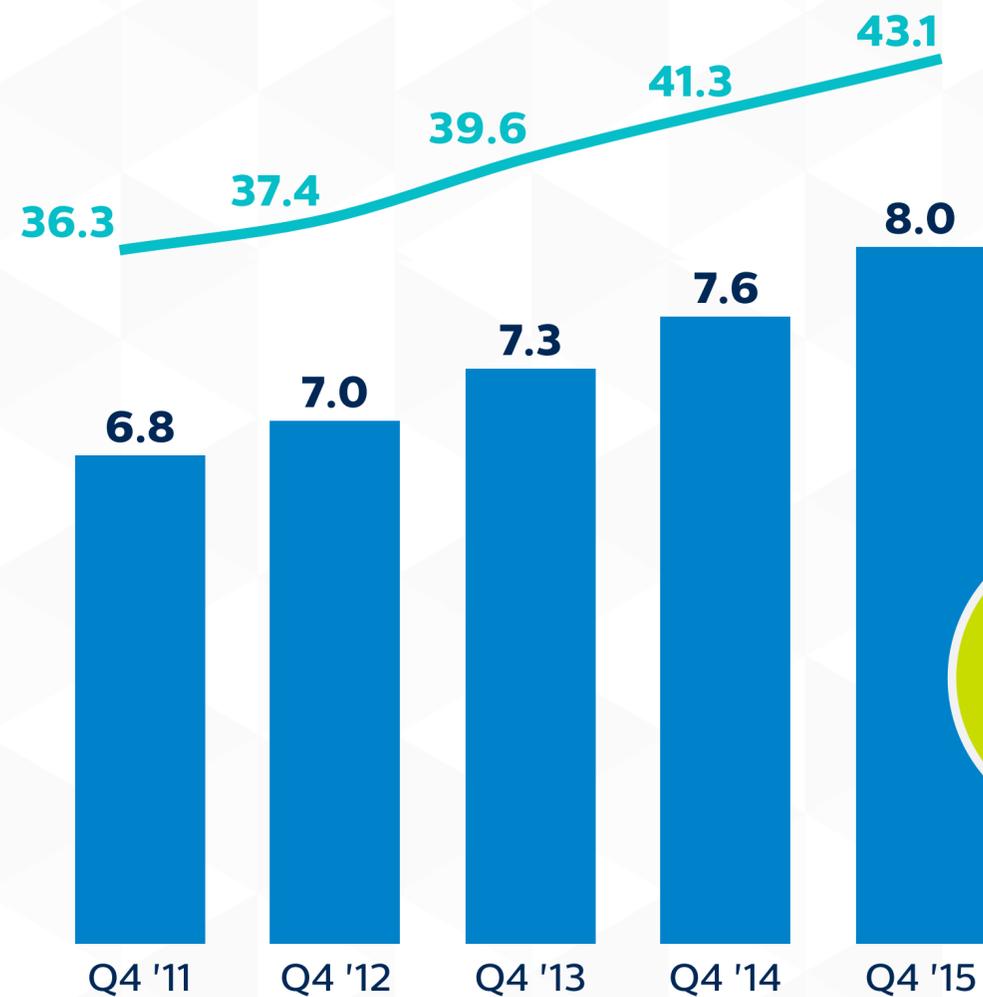
Türk Telekom



Fixed Broadband Performance

ARPU & Subscribers

— ARPU (TL) ■ Subscribers (mn)



227k
net
additions
in Q4

Fiber Subscribers

(thousand)



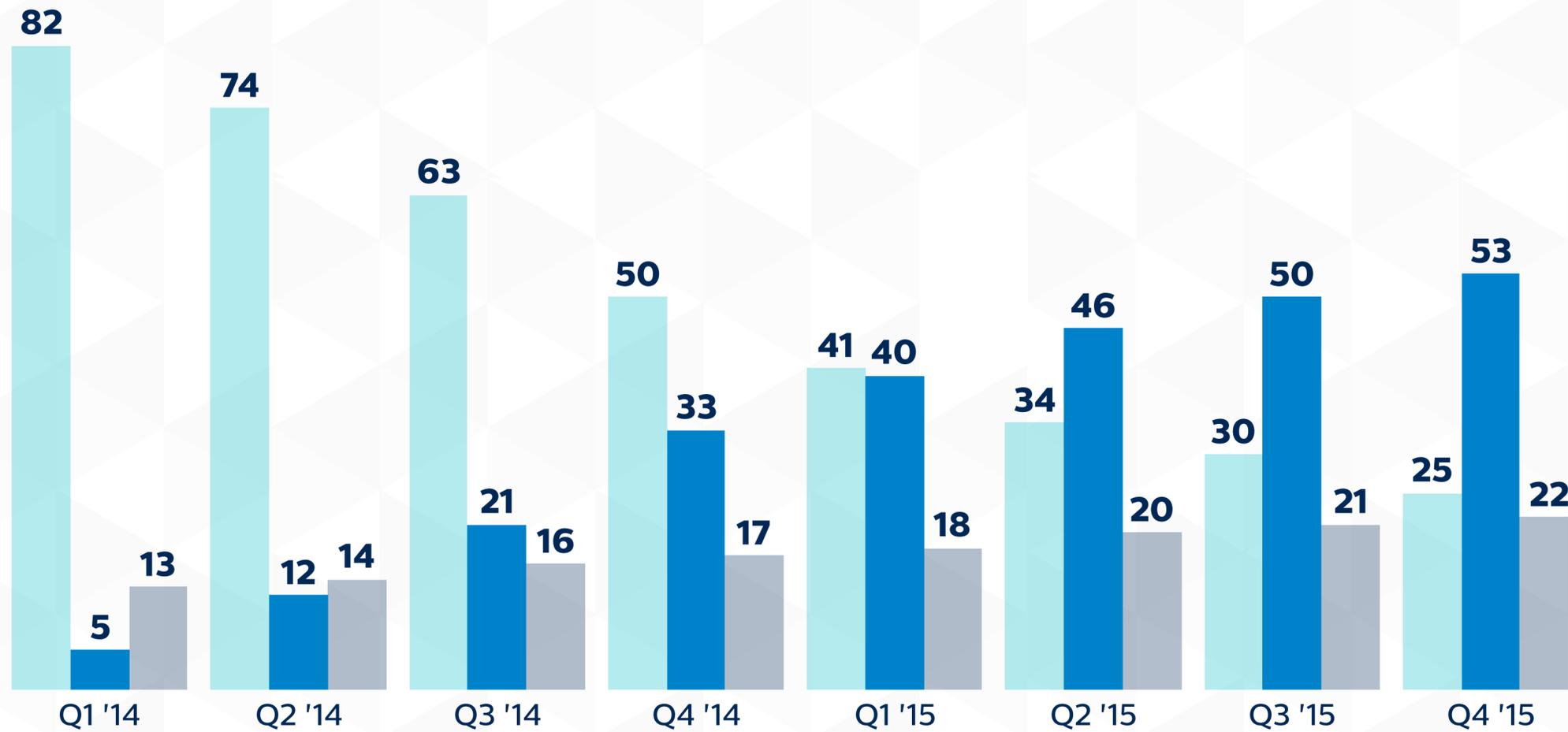
FTTH/B & FTTC tariffs have same prices for a given speed/quota

Upselling Dynamics in Fixed Broadband

Speed Breakdown

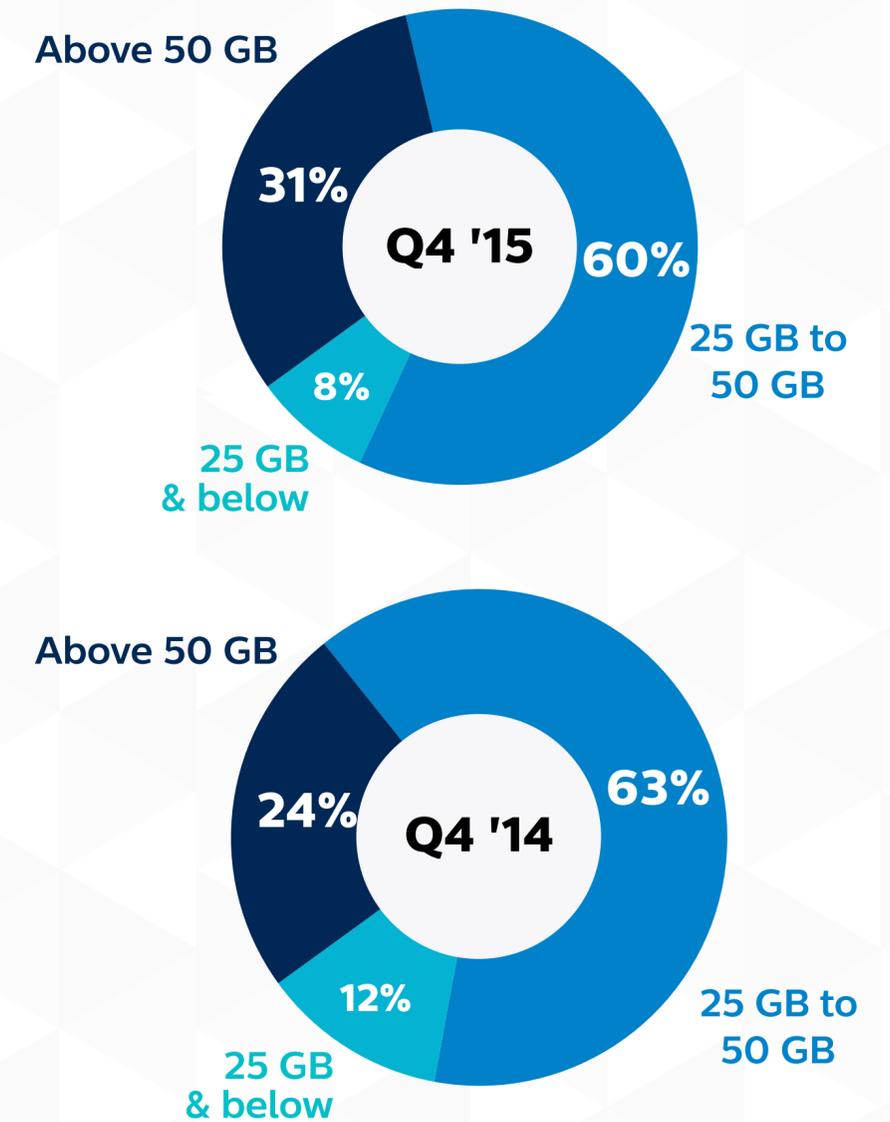
(% of Subscribers)

■ Up to 8 Mbps ■ Up to 16 Mbps ■ Fibernet/Hipernet



Fair Usage

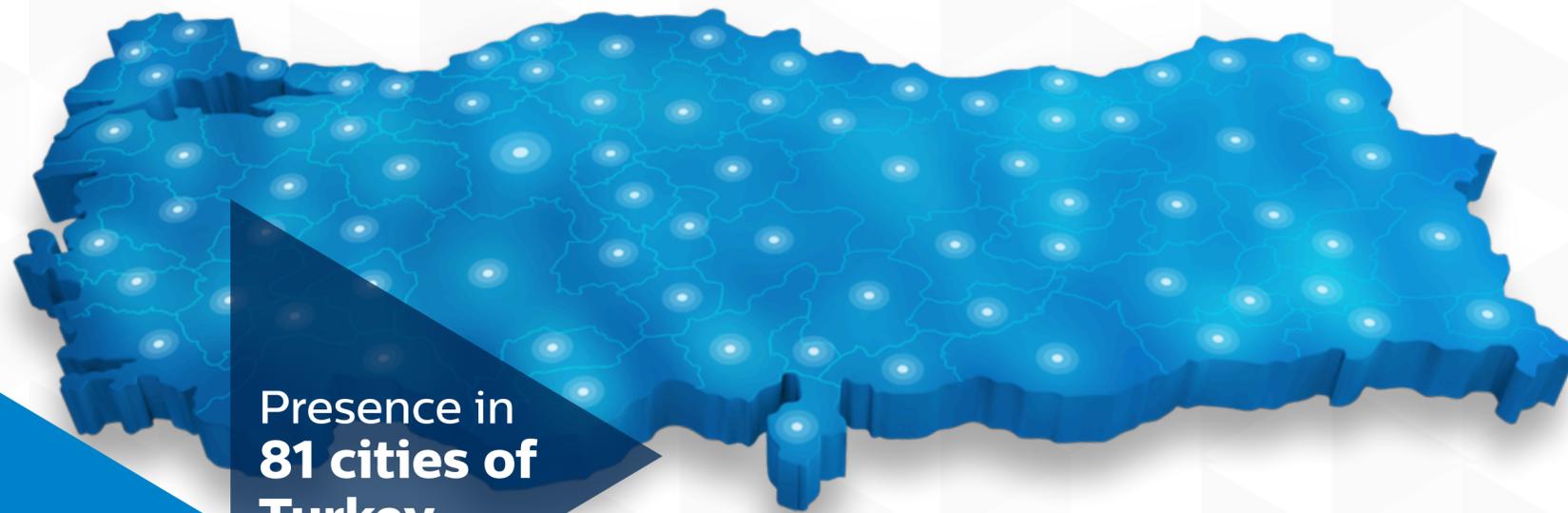
(Subscriber breakdown)



All figures are Türk Telekom's ISP figures

Nationwide Fiber

Türk Telekom Fiber Network



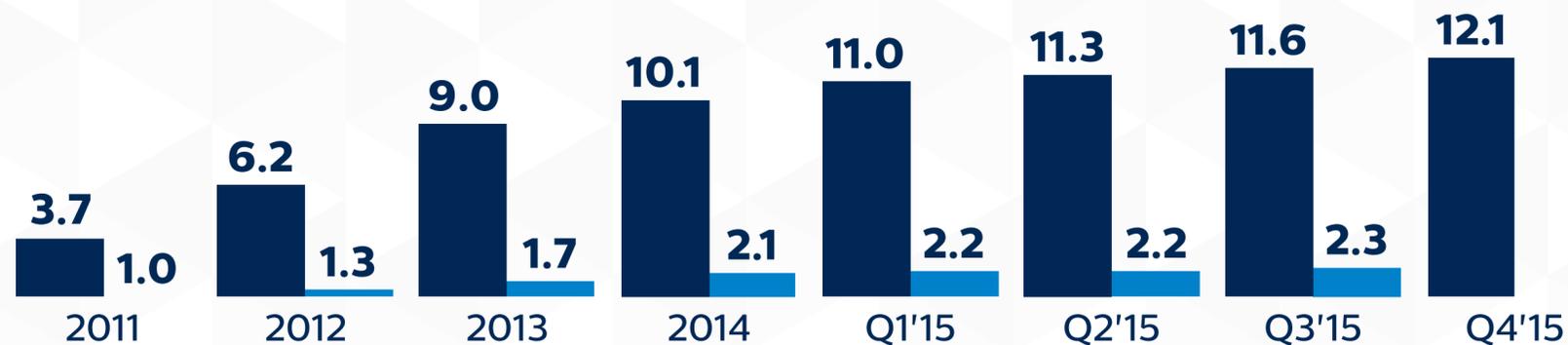
213K km
fiber length

Presence in
81 cities of
Turkey

Fiber Homepass

(mn)

■ Türk Telekom ■ Superonline



Fiber homepass includes FTTH/B & FTTC

Superonline Fiber Network



Presence in
14 cities of
Turkey

35K km
fiber
length

Wholesale customer of
Türk Telekom

Based on Turkcell's own publications as of Q3

Fiber Subscribers

(thousand)

■ Türk Telekom ■ Superonline

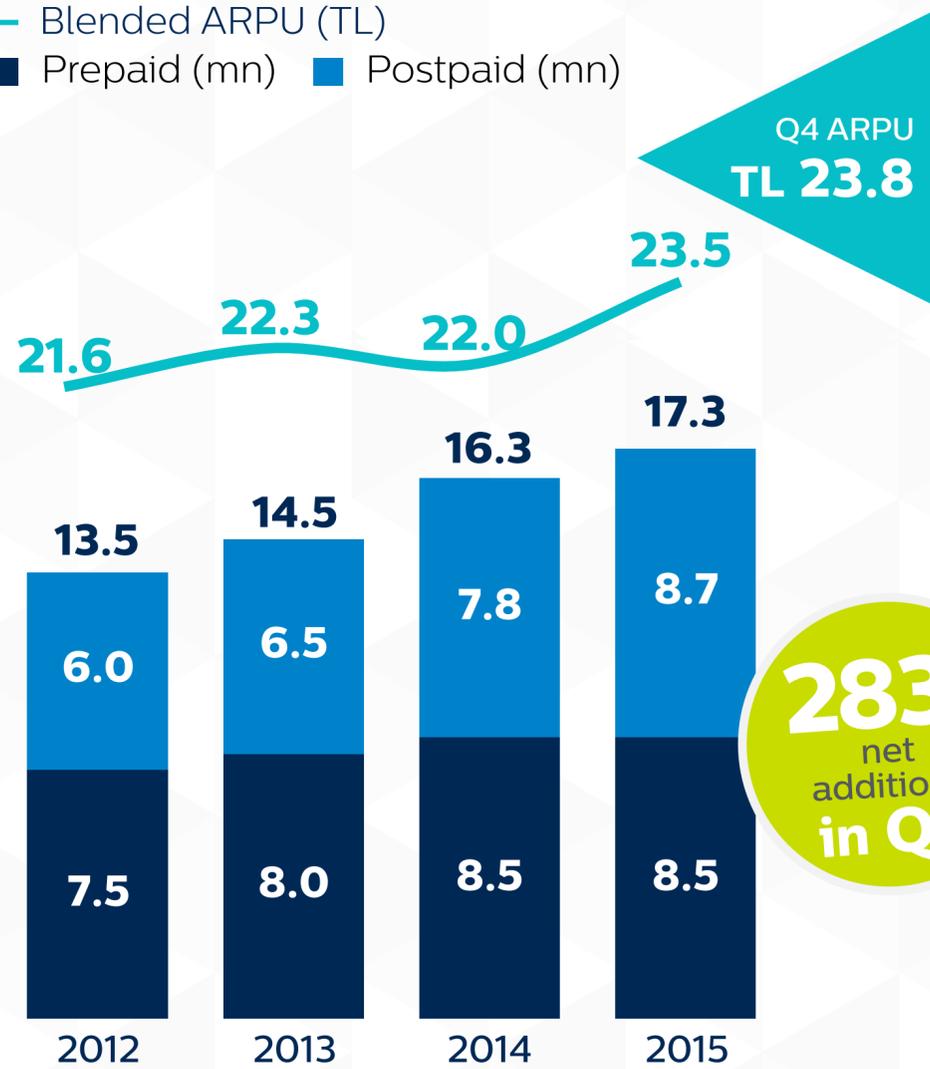


Fiber subscribers include FTTH/B & FTTC subscribers

Mobile Performance

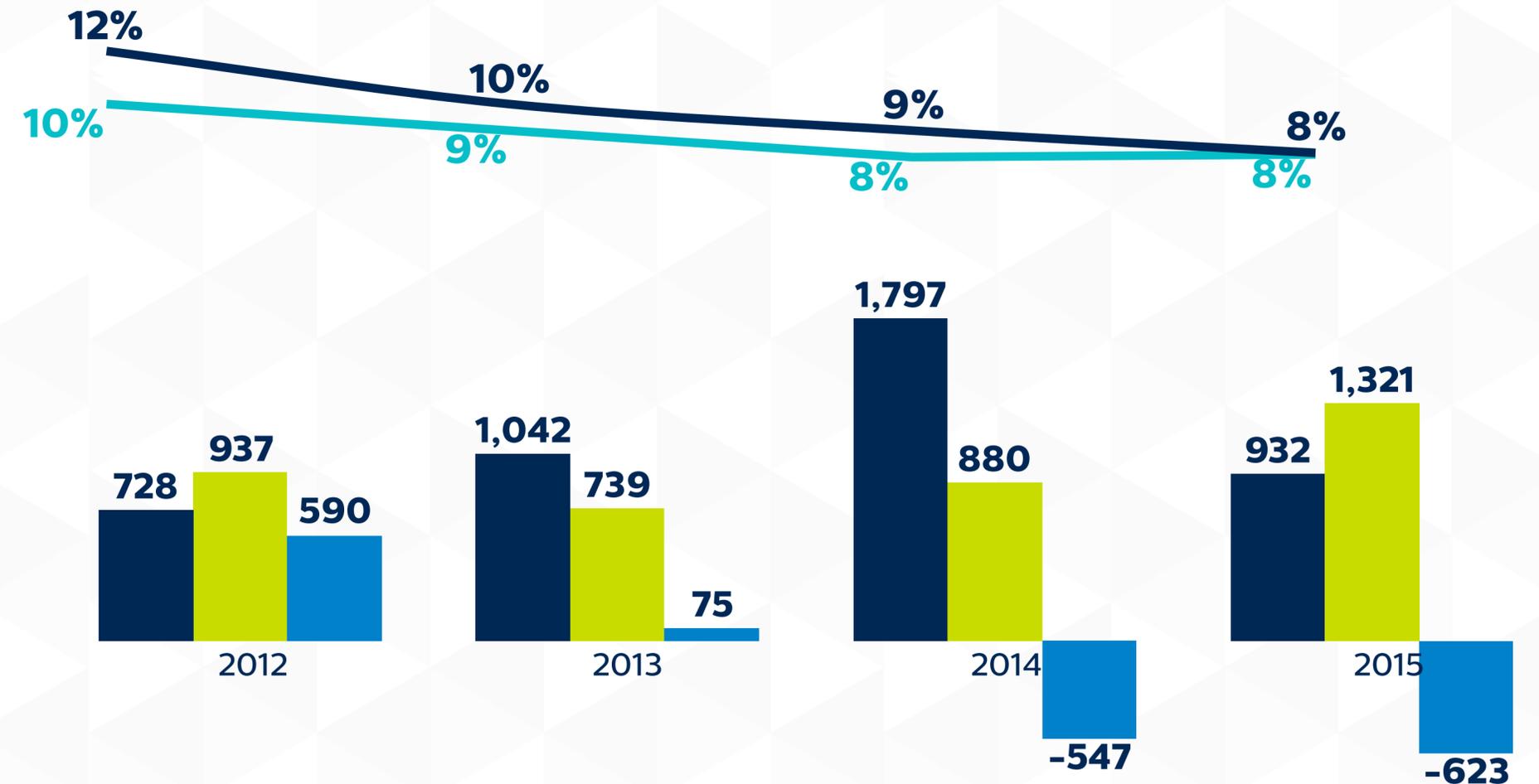
Growing ARPU & Subscribers

— Blended ARPU (TL)
 ■ Prepaid (mn) ■ Postpaid (mn)



Lower Churn Rate & Strong Subscriber Addition

(thousand)
 ■ Türk Telekom ■ Vodafone ■ Turkcell
 — Türk Telekom Quarterly Avg. Churn Rate — Market Quarterly Avg. Churn Rate



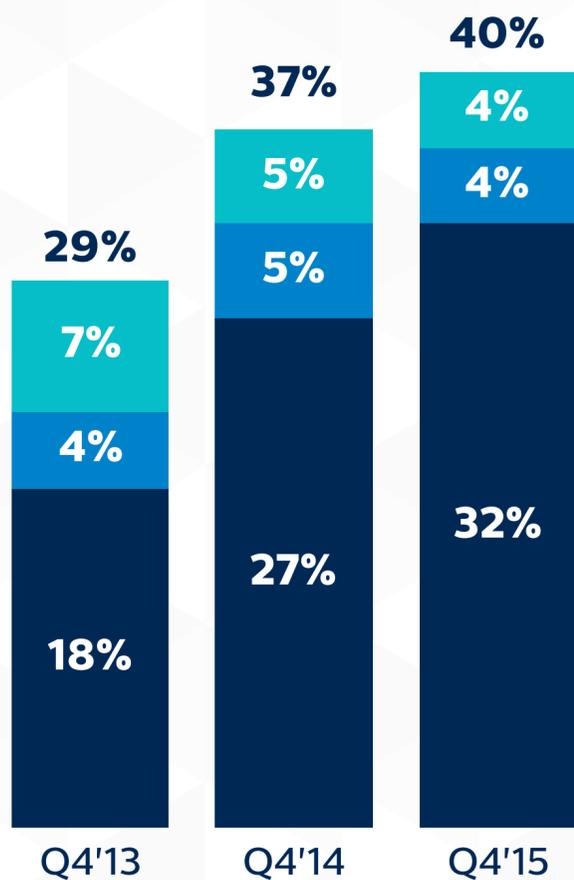
Other operators data are from their own publications

Monetizing Data

Data Revenue

(Service revenue shares)

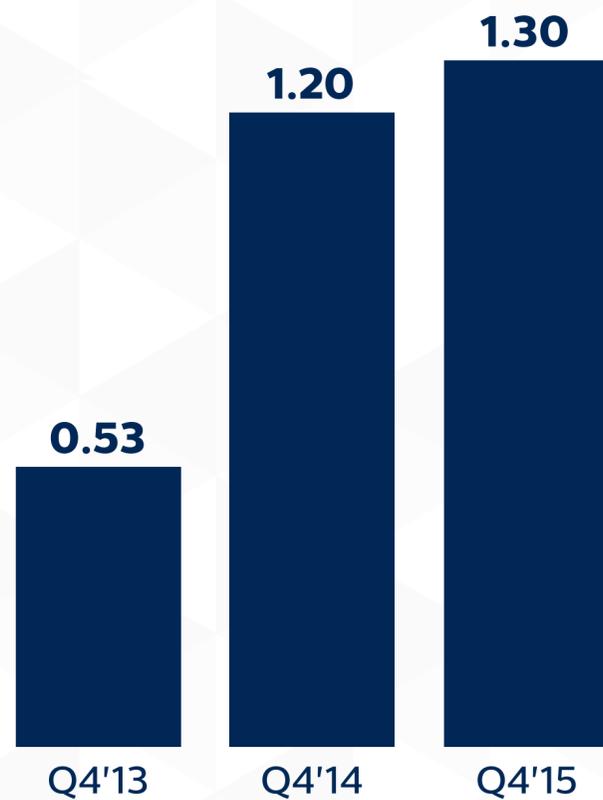
■ Mobile Data ■ VAS¹ ■ SMS



(1) VAS, Value Added Services

Avg. Monthly Mobile Data Usage

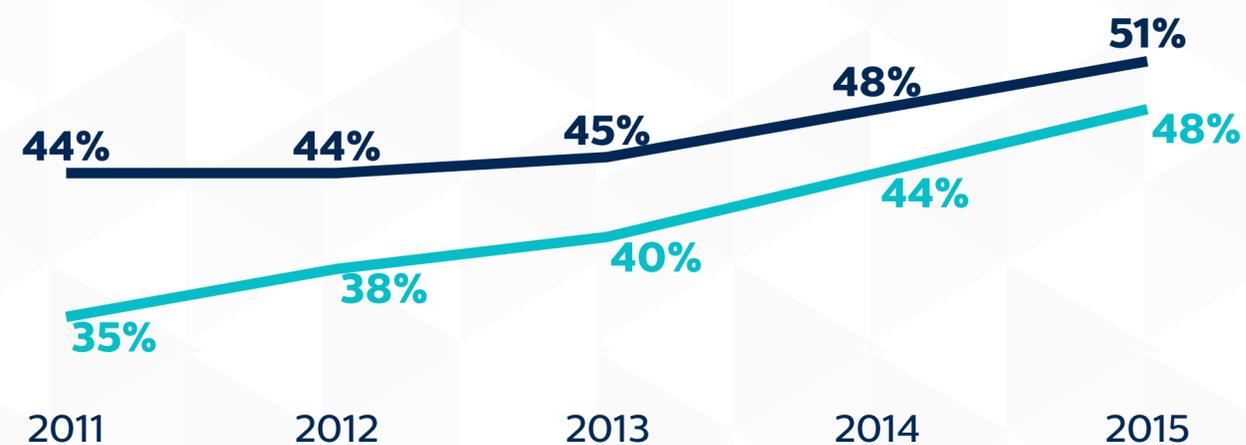
(GB per subscribers¹)



(1) Türk Telekom smartphone subscribers

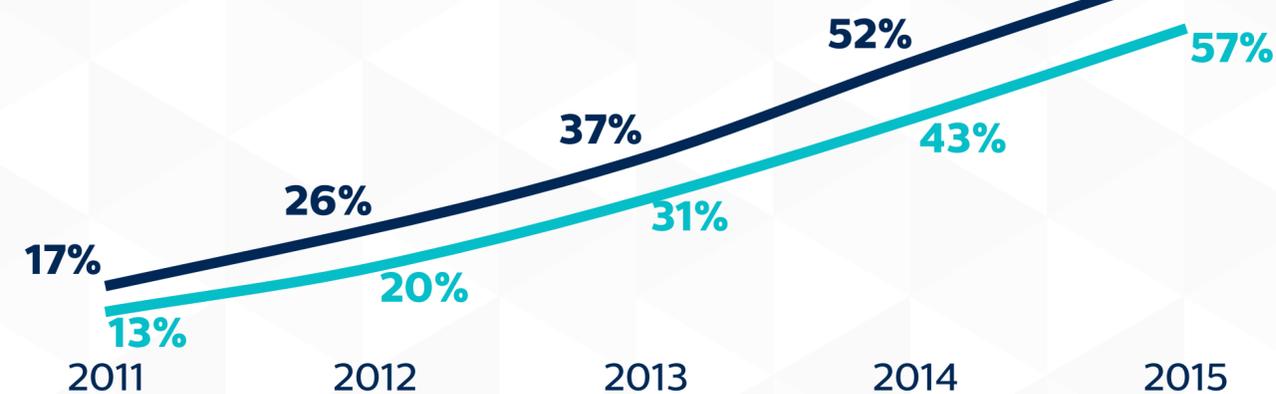
Postpaid Ratio

— Market Average — Türk Telekom



Smartphone Penetration

— Market Average — Türk Telekom



Set to claim LTE Leadership

Acquired the most critical LTE Spectrum

800MHz Allocation (MHz)



900MHz Allocation (MHz)



1800 MHz Allocation (MHz)



Strongest fiber position by far to support top LTE experience



Total frequency allocated is x2 FDD representation

Türk Telekom Tivibu



Türk Telekom

Turkcell

Digiturk

D-Smart

Cable

Technology



▶ IPTV + DTH

▶ IPTV

▶ DTH

▶ DTH

▶ Cable

Exclusive Content



▶ Champions League
▶ UEFA Europe League

▶ None

▶ Turkish Soccer League

▶ None

▶ None

Other Content



▶ Cinema
▶ Documentary
▶ Other Sports

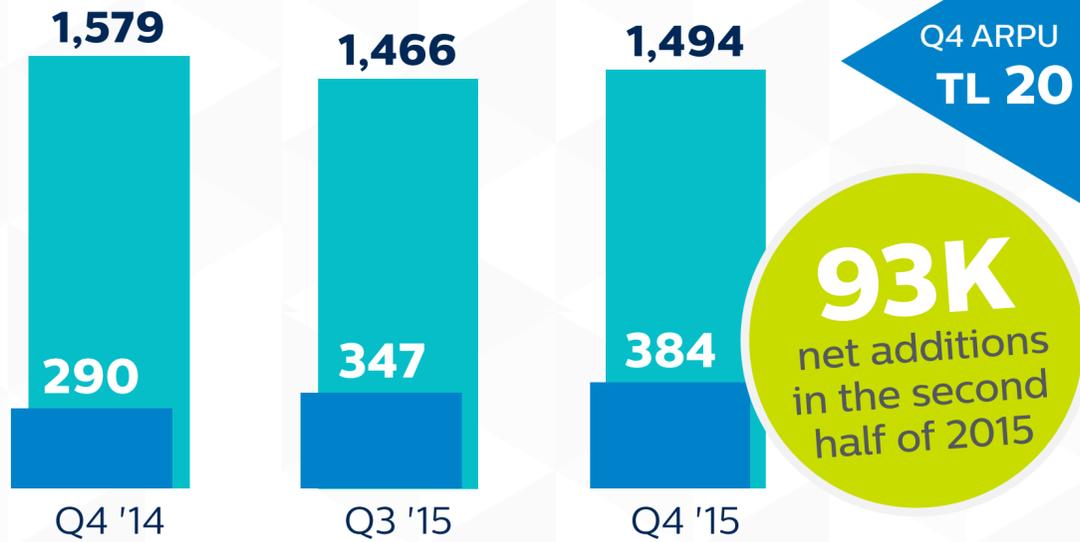
▶ Cinema
▶ Documentary

TV Performance



Subscribers (thousand)

■ Tivibu Home ■ Tivibu Go



	Number of Channels	Number of Archives	Price* (TL)	Price** (TL)
Cinema Package	194	5000+	19	29
Super Package	216	5250+	39	49

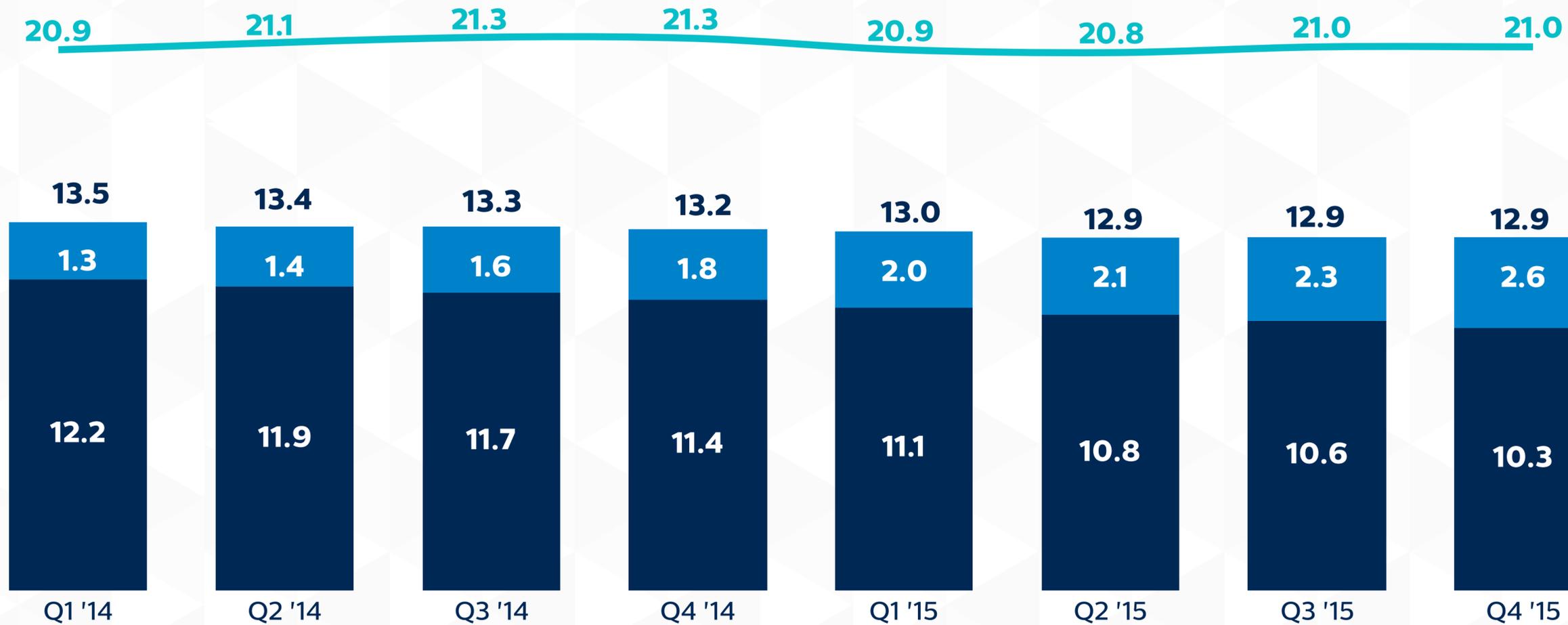
* 24 months contracted prices | ** 12 months contracted prices



Fixed Voice

Access Lines and ARPU

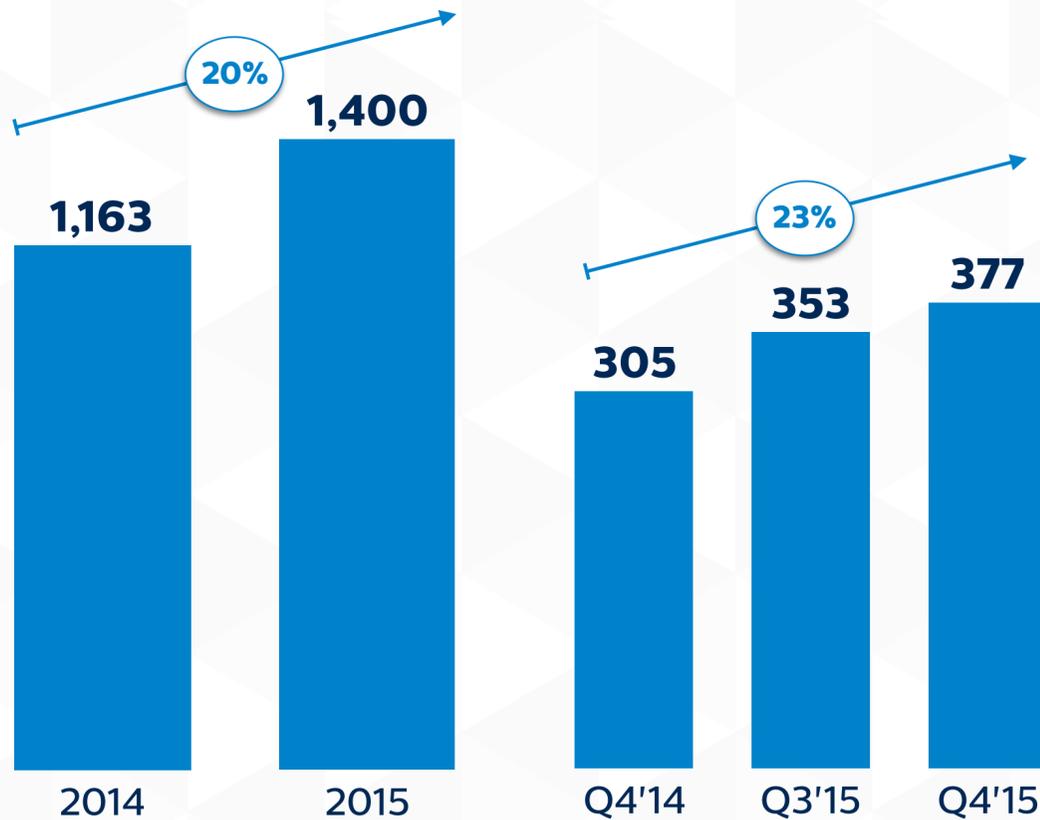
■ Fixed Voice (mn) ■ Naked Broadband (mn) — Fixed Voice ARPU (TL)



Corporate Data

- ▶ 10% of our total revenues are generated from corporate data revenues in 2015
- ▶ Growth in corporate data revenues is mainly driven by metro-ethernet revenues

Revenues (TL mn)



Cloud Services

Türk Telekom, a member of Cloud Security Alliance, offers various options under Cloud Services such as BuluTT Göz, BuluTT Konferans, BuluTT Ölçüm, BuluTT Akademi, BuluTT Radyoloji, BuluTT e-posta



Metroethernet

It is a flexible, cost-efficient technology scalable between 5Mbps and 1Gbps, which allows all kinds of data flow



TT VPN

TT VPN provides fast and safe connection end to end, from multiple points to multiple points. With TT VPN, customer's offices all around Turkey can be united while fast and safe data transfer via virtual network is enabled



Leased Line

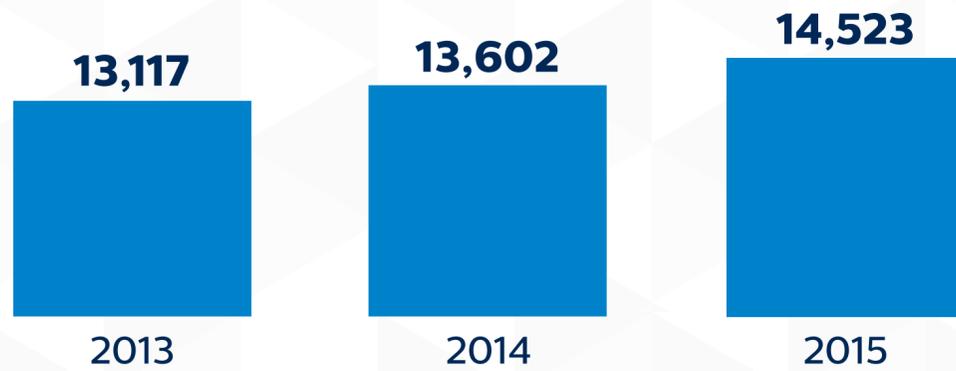
It is a data line uniquely reserved for customer's usage, which performs the constant and continuous data transfer on the physical layer from point to point between two ends



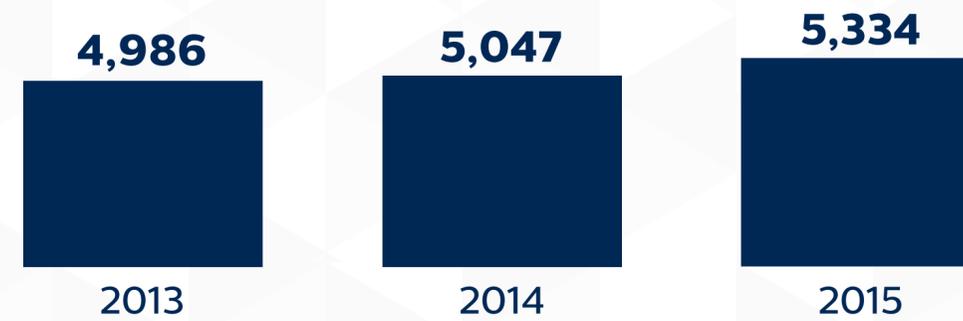
Financials

Financial Performance

Revenue (TL mn)



EBITDA (TL mn)



Net Income (TL mn)



FCF (TL mn)

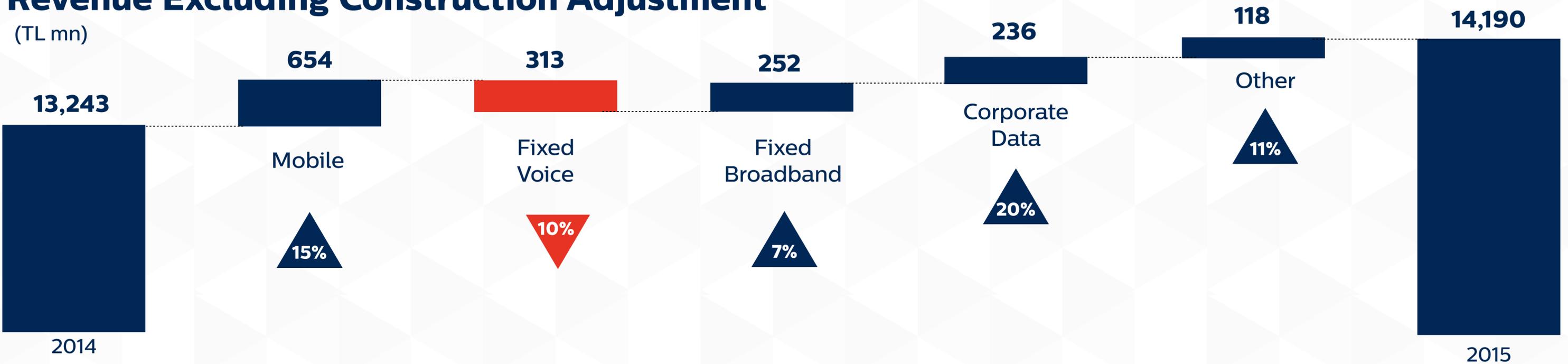


*Licence fee payment: Includes 1st installment & VAT Payment

Financial Performance

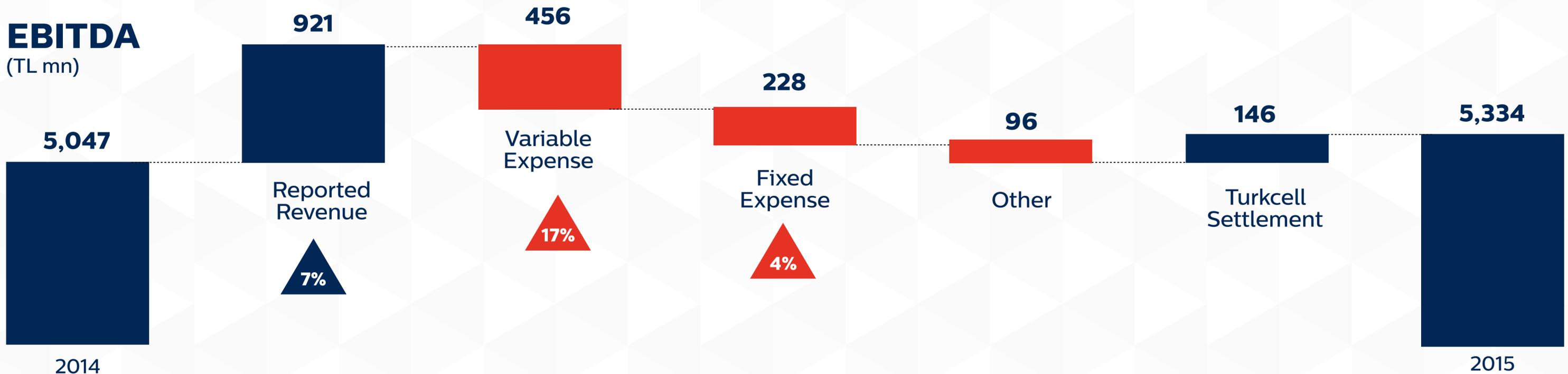
Revenue Excluding Construction Adjustment

(TL mn)



EBITDA

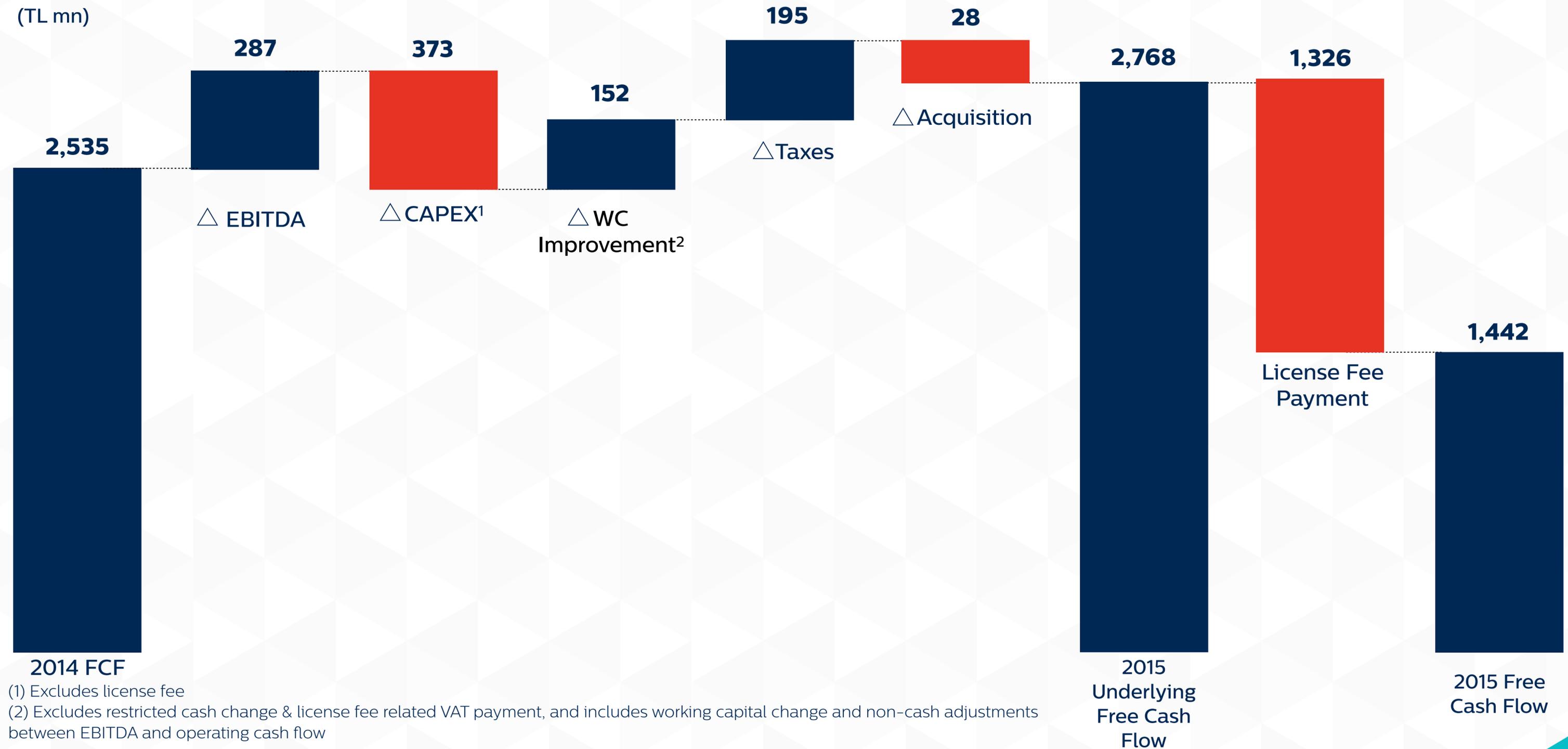
(TL mn)



Strong free Cash Flow Generation

FCF Development

(TL mn)



2014 FCF

(1) Excludes license fee

(2) Excludes restricted cash change & license fee related VAT payment, and includes working capital change and non-cash adjustments between EBITDA and operating cash flow

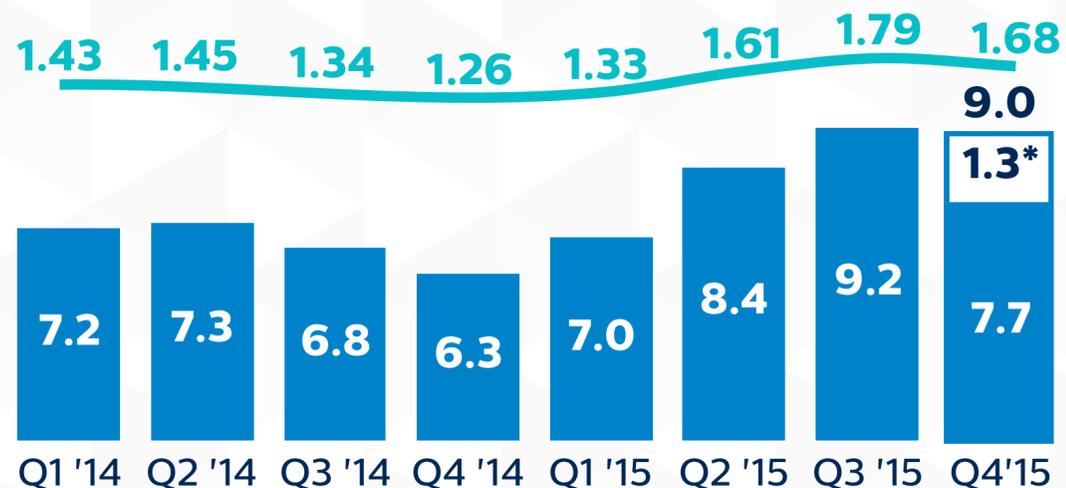
2015 Underlying Free Cash Flow

2015 Free Cash Flow

Debt Profile

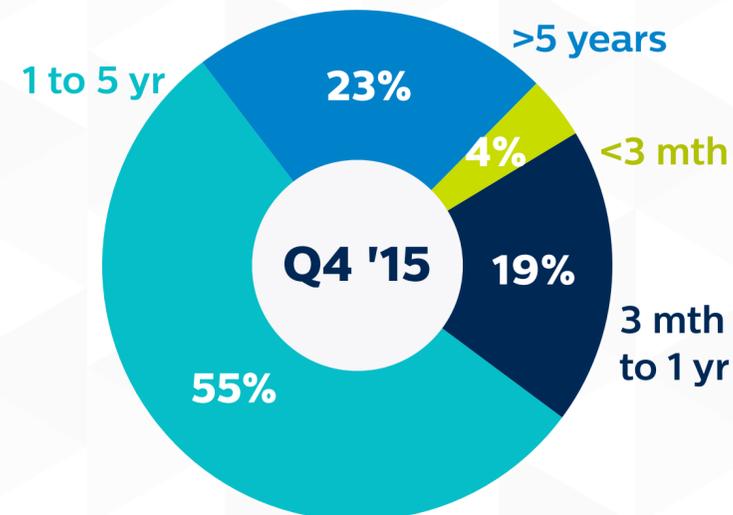
Net Debt

■ Net Debt (TL bn) — Net Debt/EBITDA



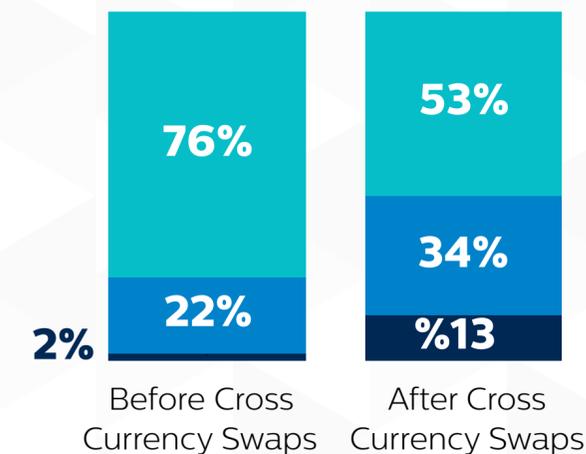
* Licence fee payment: Includes 1st installment & VAT Payment

Maturity Profile



Currency Breakdown

■ TL ■ EUR ■ USD



Net financial derivative assets derived from cross currency swap activities at fair value is TL 284mn as of Q4'15

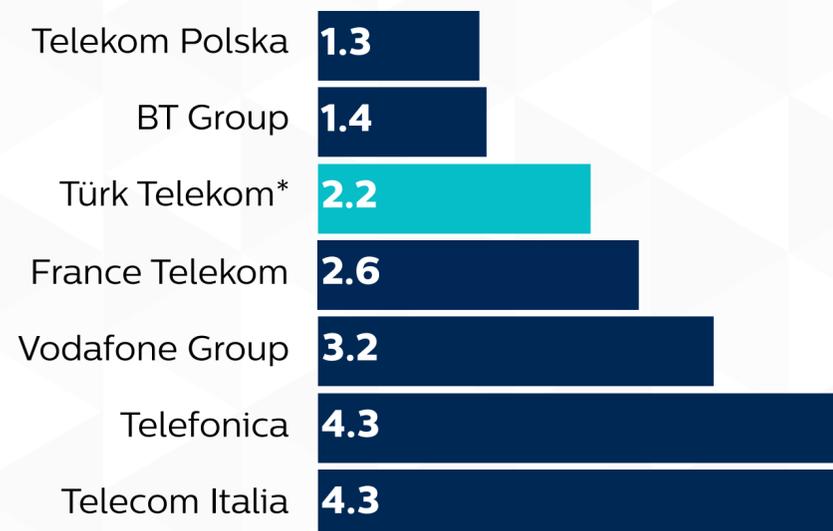
Average Maturity of Debt

■ Total Debt (TL bn) — Average Maturity of Debt (years)

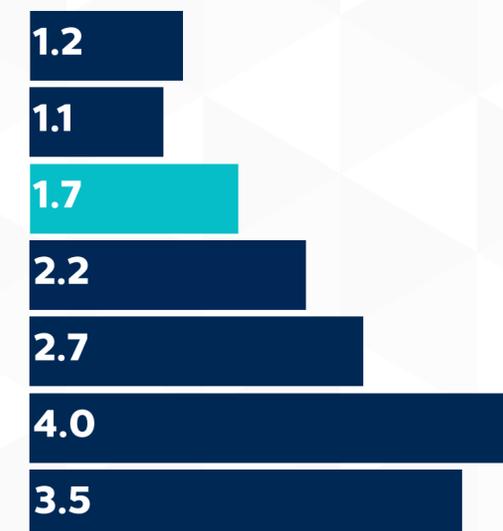


Low debt burden within the median of peers

Total Debt / EBITDA (Q3 '15)



Net Debt / EBITDA (Q3 '15)



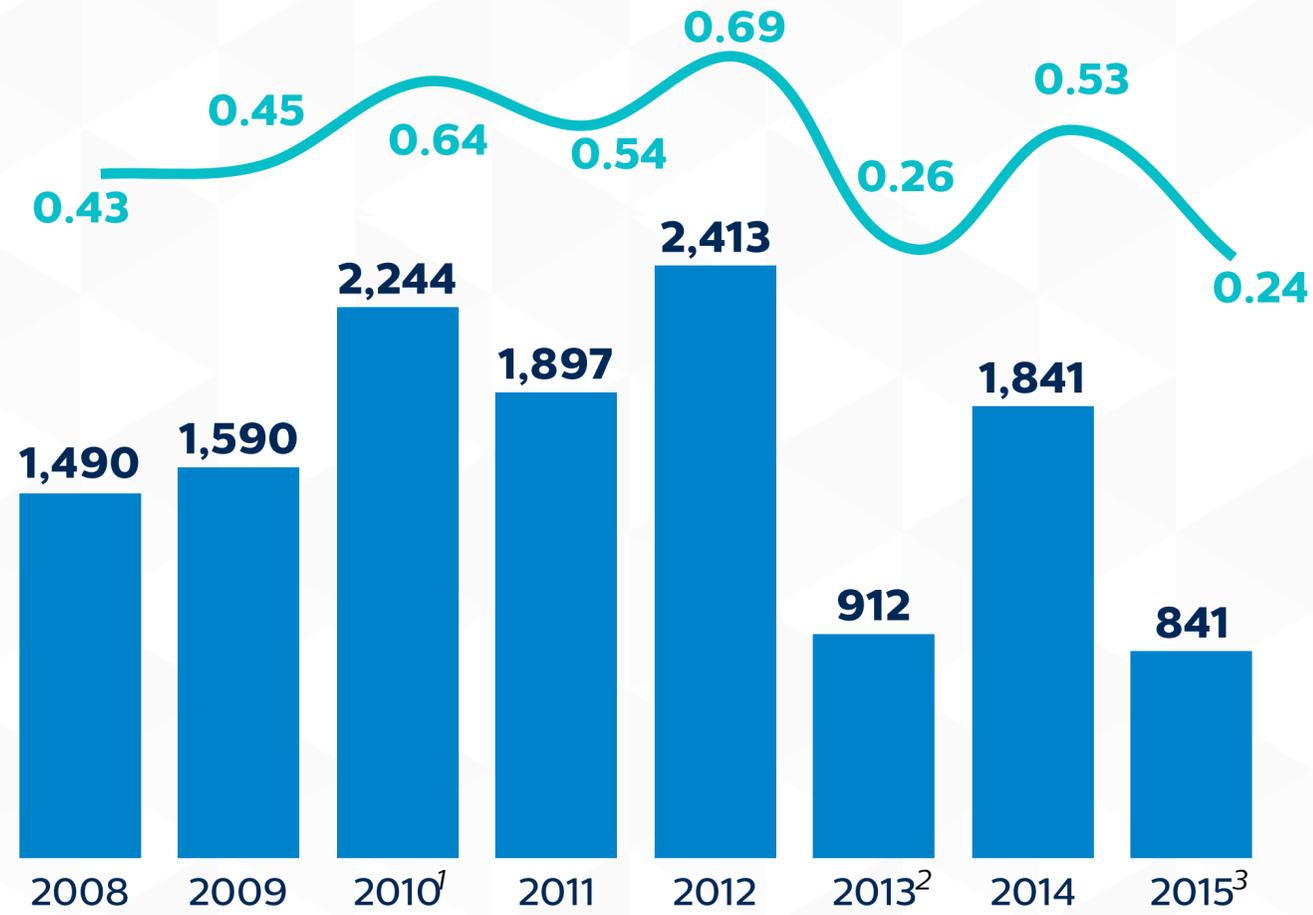
* Türk Telekom's ratios calculated from Q4'15 numbers

Shareholder Remuneration

Dividend policy is to distribute the maximum amount of distributable profit subject to relevant articles of the Company's Articles of Association

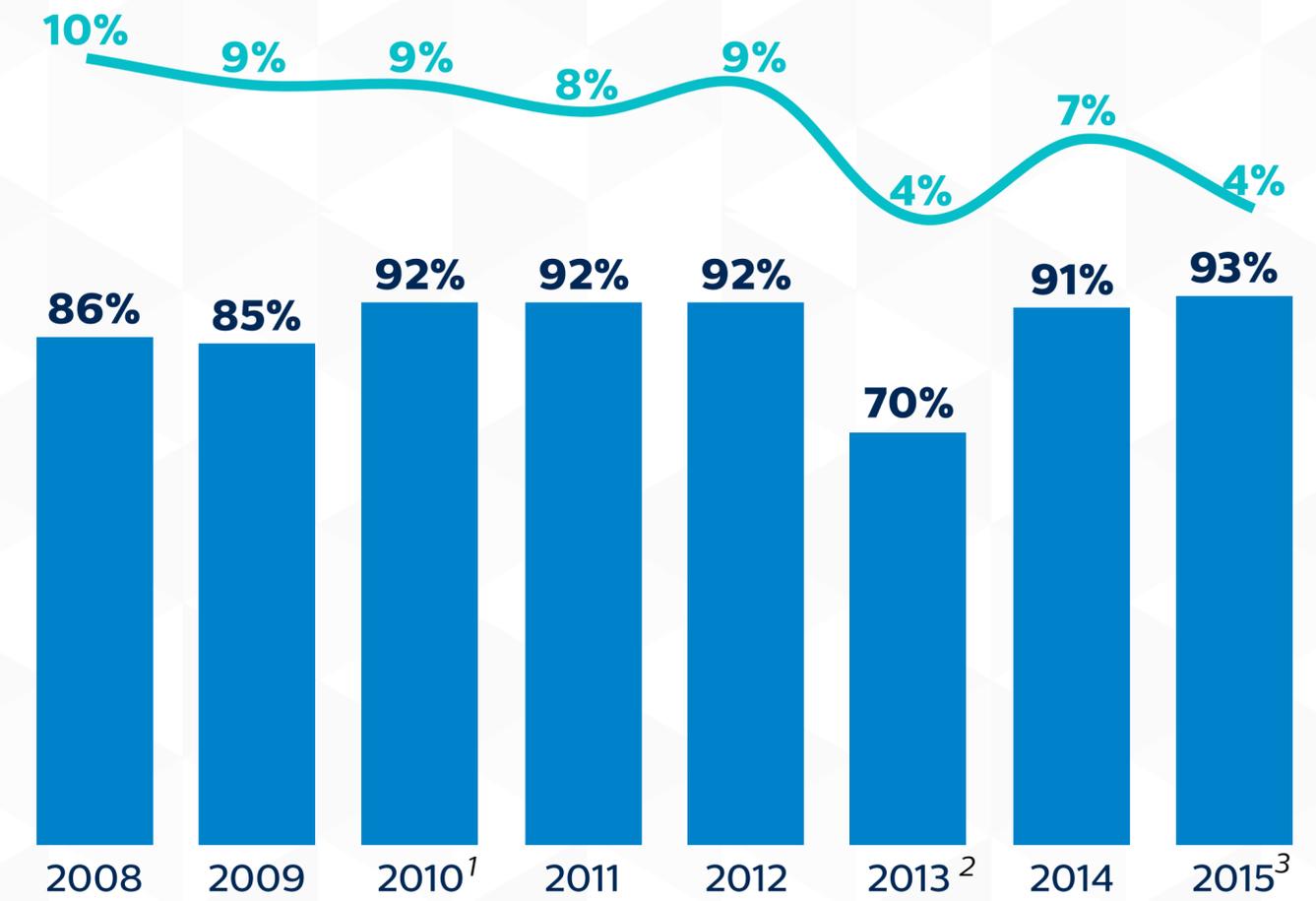
Dividend Distribution

■ Dividend (TL mn) — Dividend per Share (TL)



Dividend Yield & Payout Ratio

■ Dividend Payout Ratio — Dividend Yield



1) The cap in the first legal reserve was reached in 2010

2) 2013 dividend payout ratio was revised to 70% with BoD decision to prepare for any potential transaction for implementation of integration of the group

3) Subject to General Assembly approval

Guidance

2014 YE

2015 YE

TL mn

Revenue
(exc.construction
adjustment)¹

13,243

14,190

EBITDA

5,047

5,334

CAPEX²

2,146

2,930

2016 Guidance

7% to 9% growth

TL 5.5 to 5.7bn

~TL 3.2bn



(1) Construction accounting adjustment is a non-operational revenue line booked in conjunction with upgrades to our fixed line infrastructure, such as the upgrade from copper to fiber based network.
(2) Excluding license fees



Appendix

Consolidated Summary Income Statement

(TL mn)	2014	2015	YoY Change	Q4'14	Q4'15	YoY Change
Revenues	13,602	14,523	6.8%	3,595	3,867	7.6%
EBITDA	5,047	5,334	5.7%	1,232	1,416	15.0%
Margin	37.1%	36.7%		34.3%	36.6%	
Operating Profit	3,045	3,062	0.6%	669	801	19.6%
Margin	22.4%	21.1%		18.6%	20.7%	
Financial Income/(Expense)	(469)	(1,801)	284.0%	(17)	470	n.m.
FX & Hedging Gain/(Loss)	(302)	(1,659)	448.8%	(1)	469	n.m.
Interest Income/(Expense)	(79)	(1)	-98.6%	(5)	72	n.m.
Other Financial Income/(Expense)	(87)	(141)	61.4%	(10)	(71)	588.8%
Tax Expense	(607)	(399)	34.3%	(156)	(232)	48.6%
Net Income	2,007	907	-54.8%	504	1,039	106.2%
Margin	14.8%	6.2%		14.0%	26.9%	

Note: USD/TRY:2.9076;EUR/TRY:3.1776 was used in financial income/expense calculation

Consolidated Summary Balance Sheet

(TL mn)	2014	2015	YoY Change
Total Assets	19,878	25,774	29.7%
Intangible Assets ¹	4,789	8,262	72.5%
Tangible Assets ²	8,194	8,565	4.5%
Other Assets ³	4,356	6,109	40.3%
Cash and Equivalents	2,538	2,838	11.8%
Total Equities and Liabilities	19,878	25,774	29.7%
Share Capital	3,260	3,260	0.0%
Reserves and Retained Earnings	3,043	1,733	-43.0%
Interest Bearing Liabilities ⁴	8,878	11,803	32.9%
Provisions for Employee Termination Benefits	556	635	14.4%
Other Liabilities ⁵	4,141	8,342	101.5%

(1) Intangible assets excluding goodwill

(2) Tangible assets include property, plant and equipment and investment property

(3) Major items within other assets are trade receivables, prepaid expenses, other current assets and deferred tax asset

(4) Includes short-term and long-term borrowing and short-term and long-term obligations under finance leases

(5) Major items within other liabilities are deferred tax liability, trade payables, provisions, income tax payable, employee benefit obligations, deferred revenue, other current liabilities, and minority put option liability

Thank you.



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