

Investor Call

2018 Q1



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Note: EBITDA is a non-GAAP financial measure. The EBITDA definition used in this investor presentation includes revenues, cost of sales, marketing, sales and distribution expenses, general administrative expenses, research and development expenses and other operating income/(expense), and income/(expense) from investing activities, but excludes depreciation, amortization and impairment expenses, financial income/(expenses) presented in other operating income/(expenses) (i.e. FX gain/(loss), interest and rediscount income/(expense) on current accounts excluding bank borrowings).

Strategic Highlights

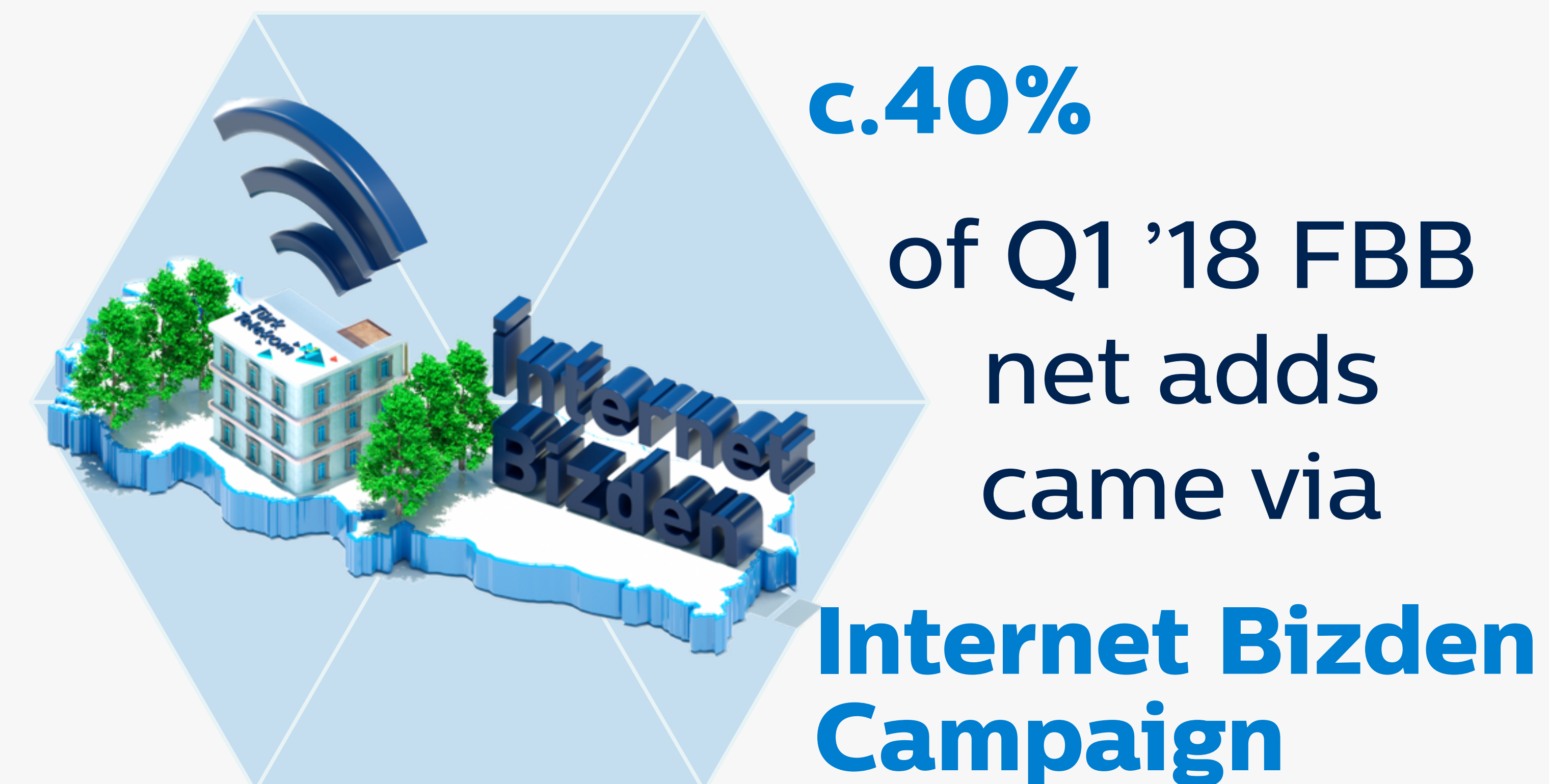
Active Sharing



Corporate Venture Capital Company Initiatives



Fixed Broadband Penetration Increase



5.6 mn
download

tambu

..... SEN DE YAPIŞTIR CEVABI

~20%

monthly active user

Wireless Homes



Partnerships in Energy Vertical



Net Subscriber Additions

3.3mn
net additions*
in LTM

916k
net additions*
in Q1

*Includes Tivibu Go

Broadband

320k
Q1 '18

1.2mn
LTM



42.6mn
total
subscribers

Mobile

332k
Q1 '18

1.2mn
LTM



Home TV

108k
Q1 '18

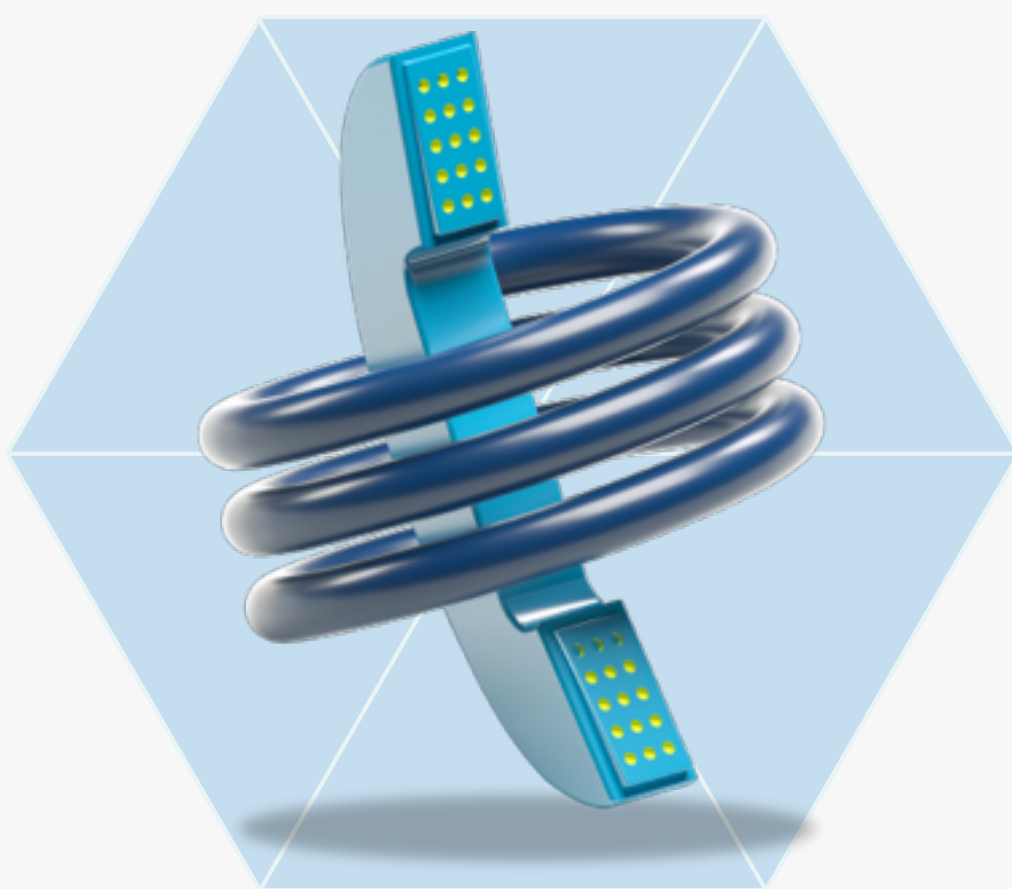
502k
LTM



Fixed Voice

79k
Q1 '18

155k
LTM



Financial Performance

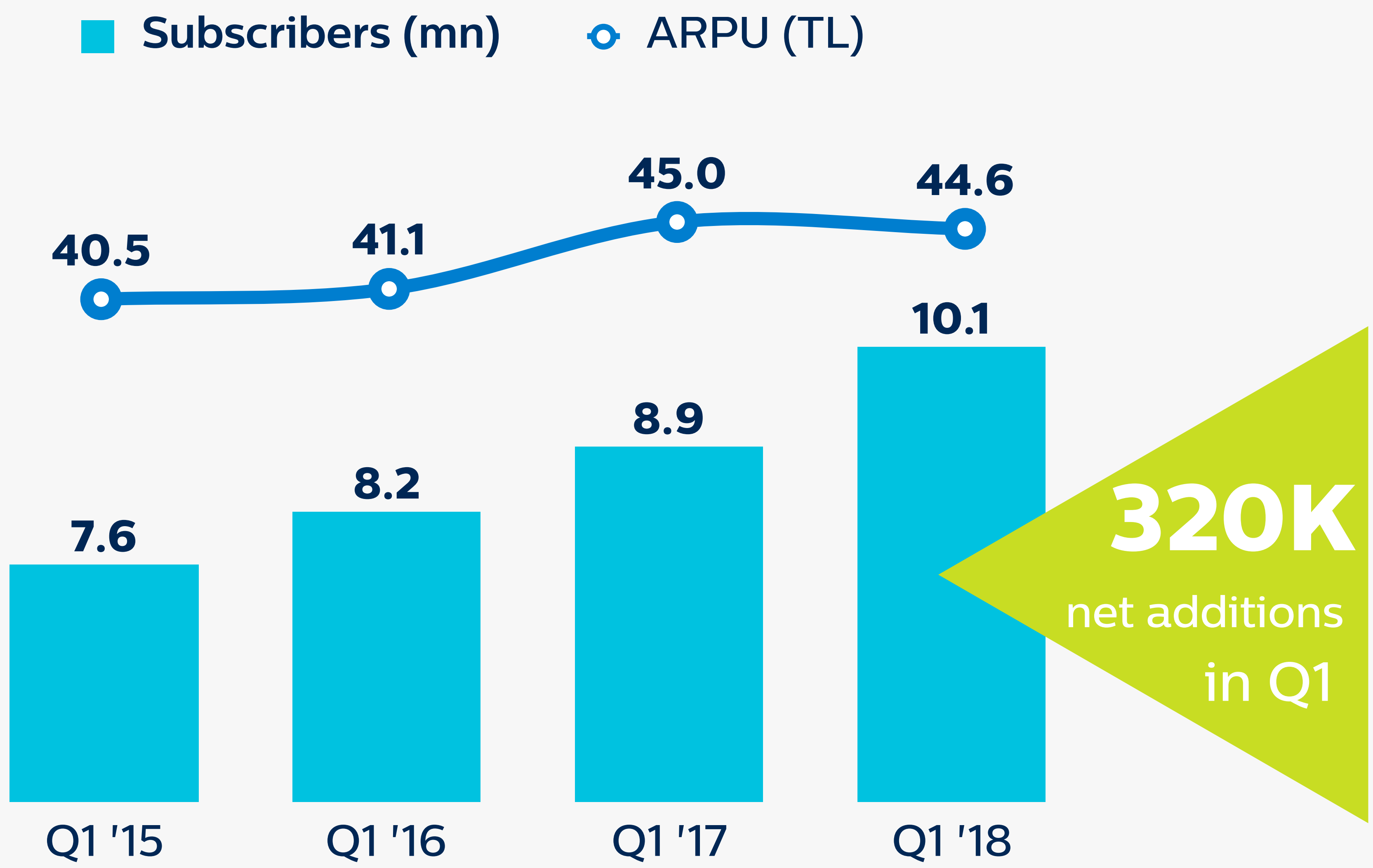
| (TL mn) | 2017 Q1 | 2017 Q4 | 2018 Q1 | Growth (YoY) | Growth (QoQ) |
|----------------------------------------|---------|---------|---------|--------------|--------------|
| Revenue | 4,307 | 4,800 | 4,686 | 8.8% | (2.4%) |
| Revenue (exc. IFRIC12) ¹ | 4,138 | 4,586 | 4,545 | 9.9% | (0.9%) |
| EBITDA | 1,528 | 1,525 | 1,972 | 29.1% | 29.3% |
| EBITDA Margin | 35.5% | 31.8% | 42.1% | | |
| Operating Profit | 807 | 713 | 1,094 | 35.5% | 53.4% |
| Net Income | 66 | (113) | 56 | (14.3%) | n.m. |
| CAPEX | 400 | 1,722 | 581 | 45.0% | (66.3%) |

(1) IFRIC 12 is a non-operational revenue line booked in conjunction with upgrades to fixed line infrastructure, such as the upgrade

Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls” on our web site.

Fixed Broadband Performance

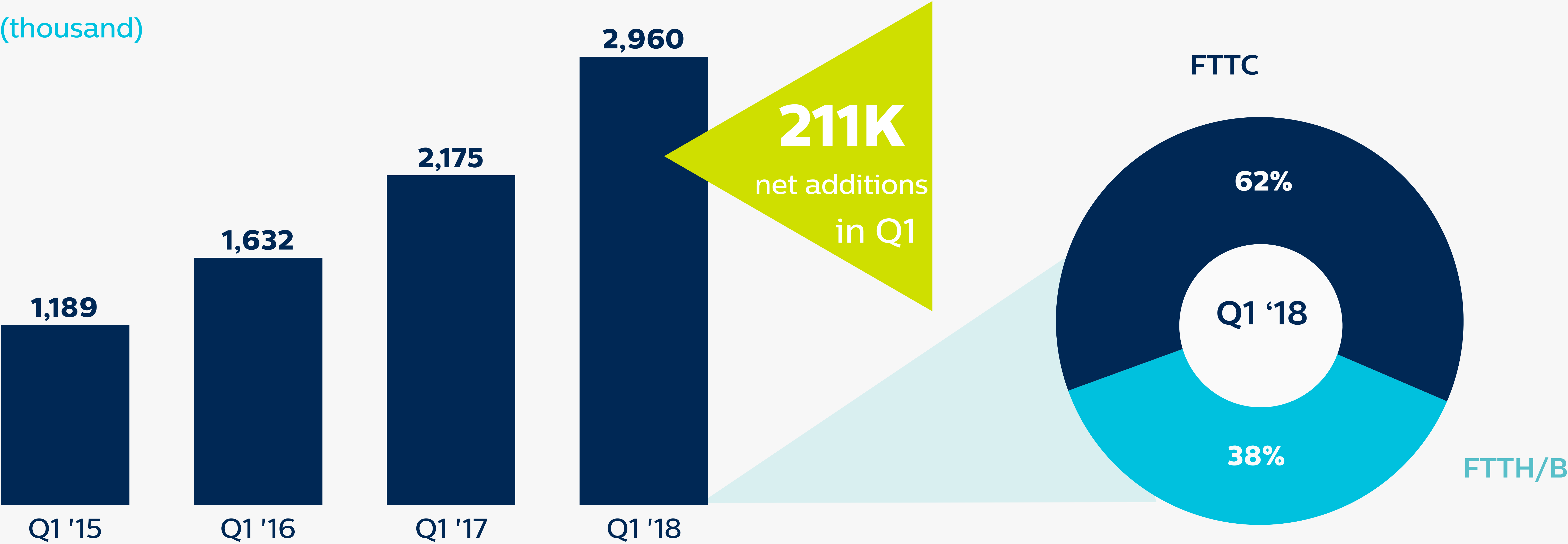
ARPU & Subscribers



of Q1 '18 FBB net adds came via Internet Bizden campaign

Fiber Subscribers

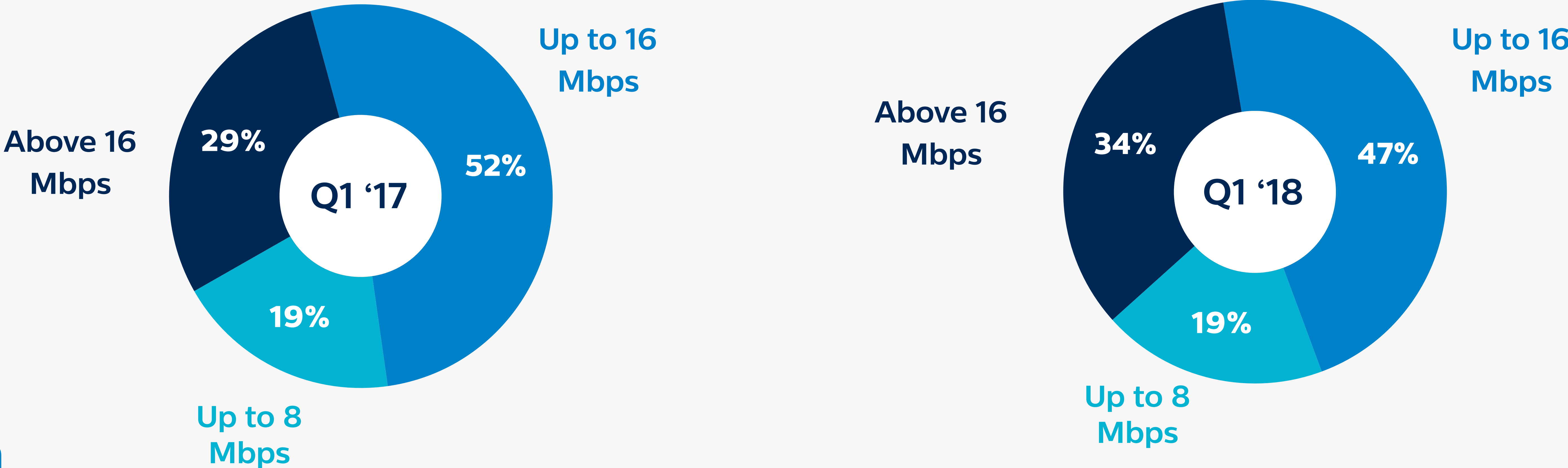
(thousand)



Upsell Dynamics in Fixed Broadband

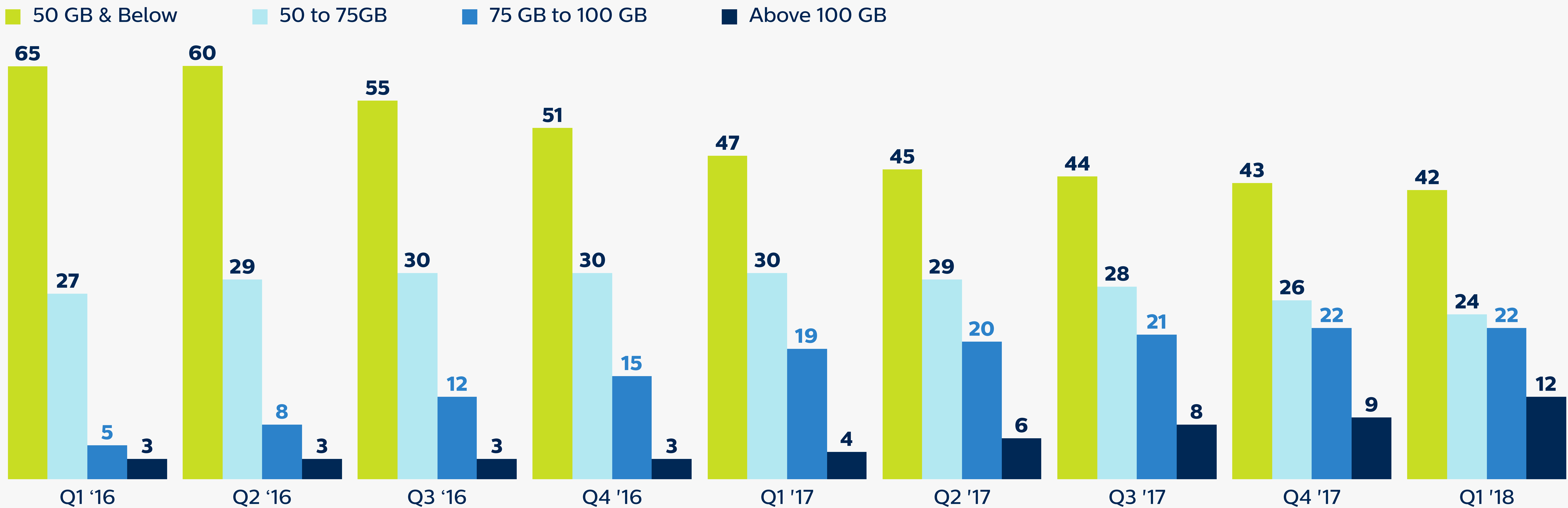
Speed Breakdown

(% of Subscribers)



Capacity Breakdown

(% of Subscribers)

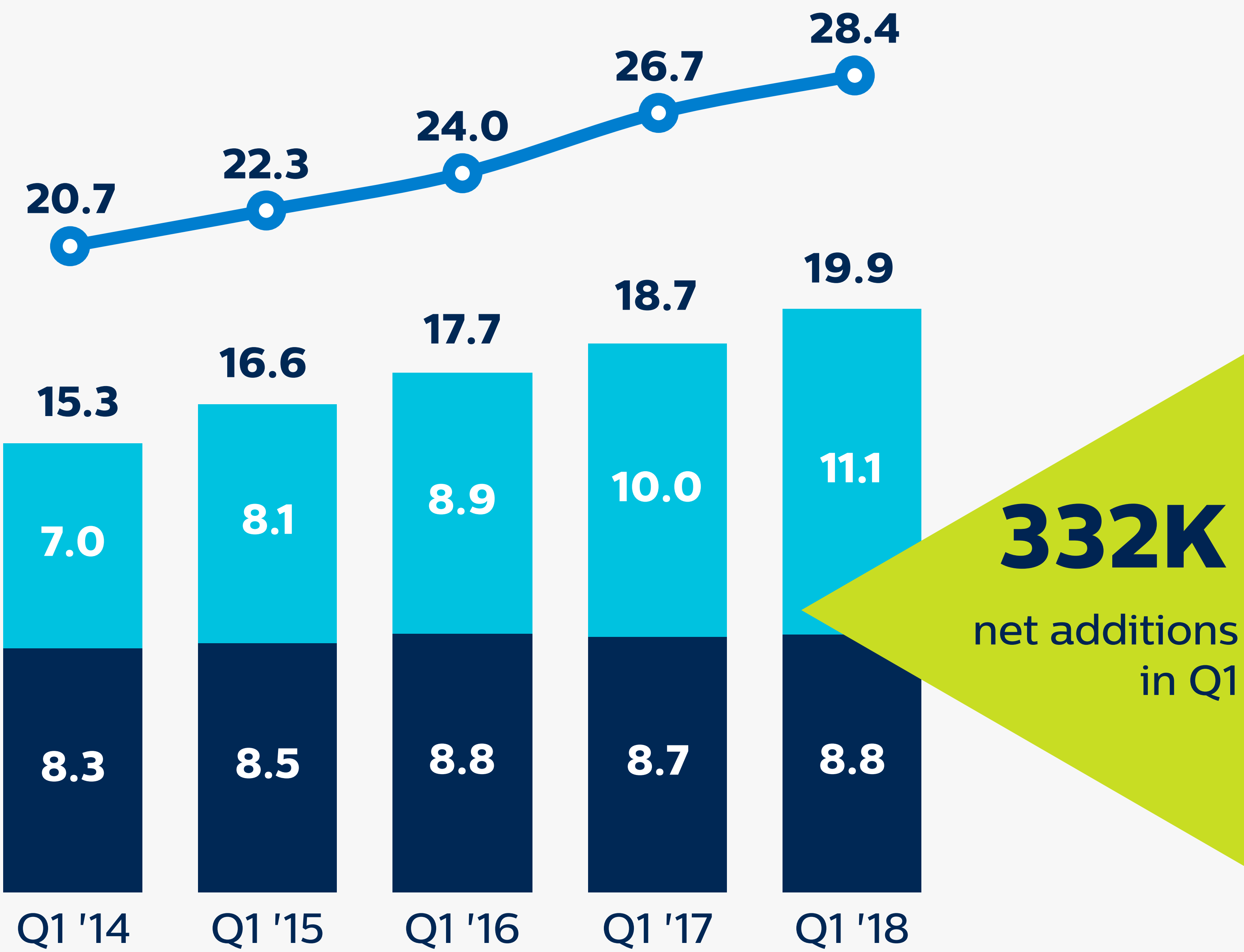


All figures are based on Turk Telekom's retail subscribers

Mobile Performance

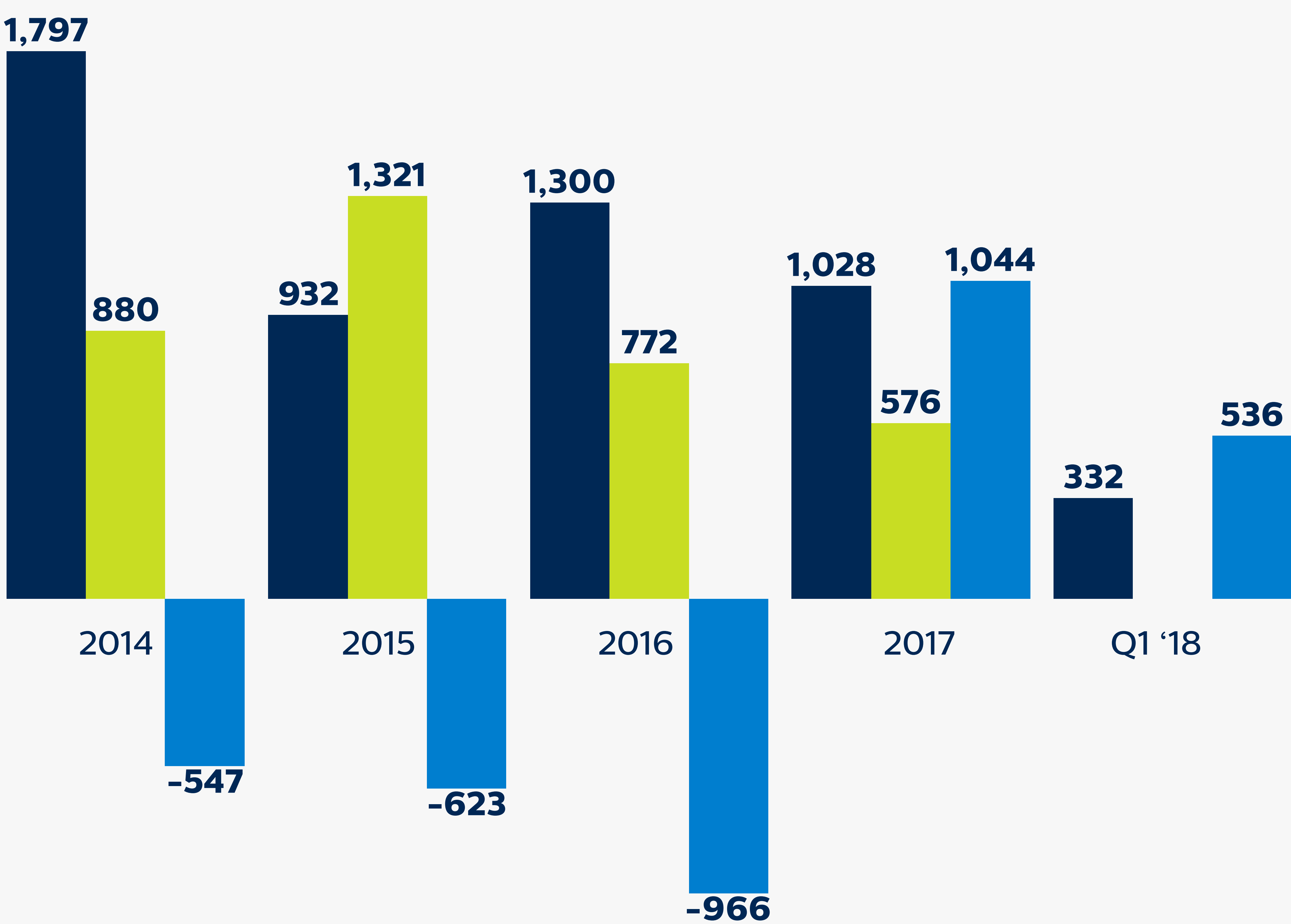
Growing ARPU & Subscribers

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



Net Subscriber Addition

■ Türk Telekom ■ Vodafone ■ Turkcell

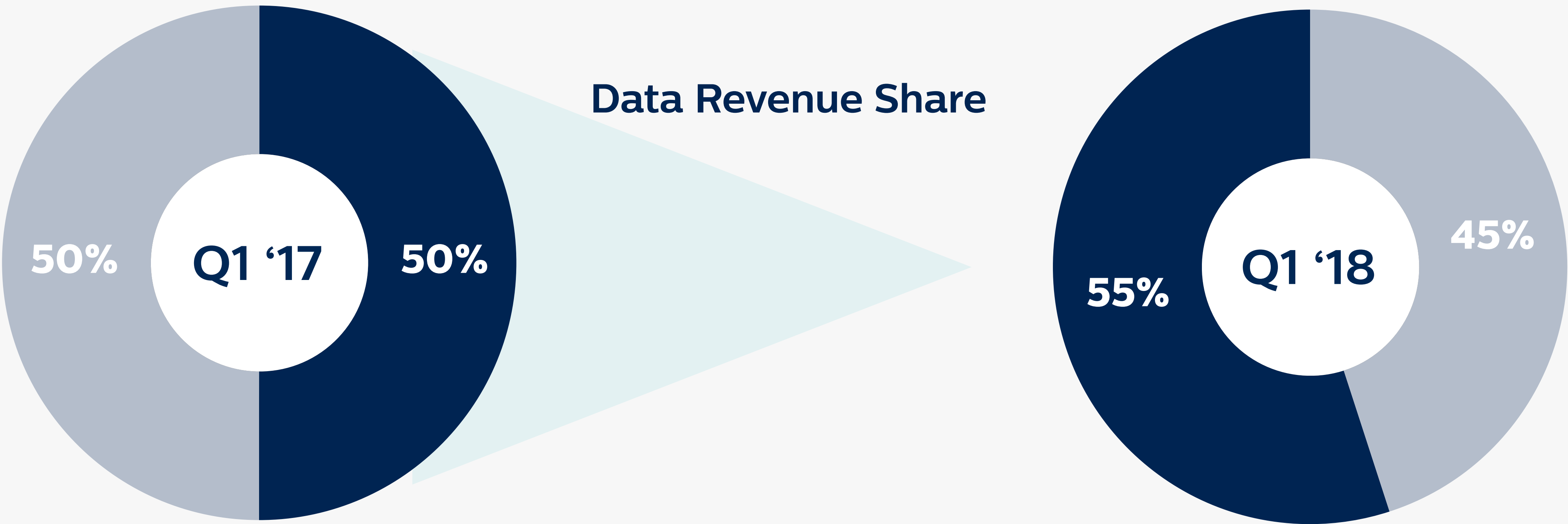


Other operators' data are from their own publications.

Mobile Data

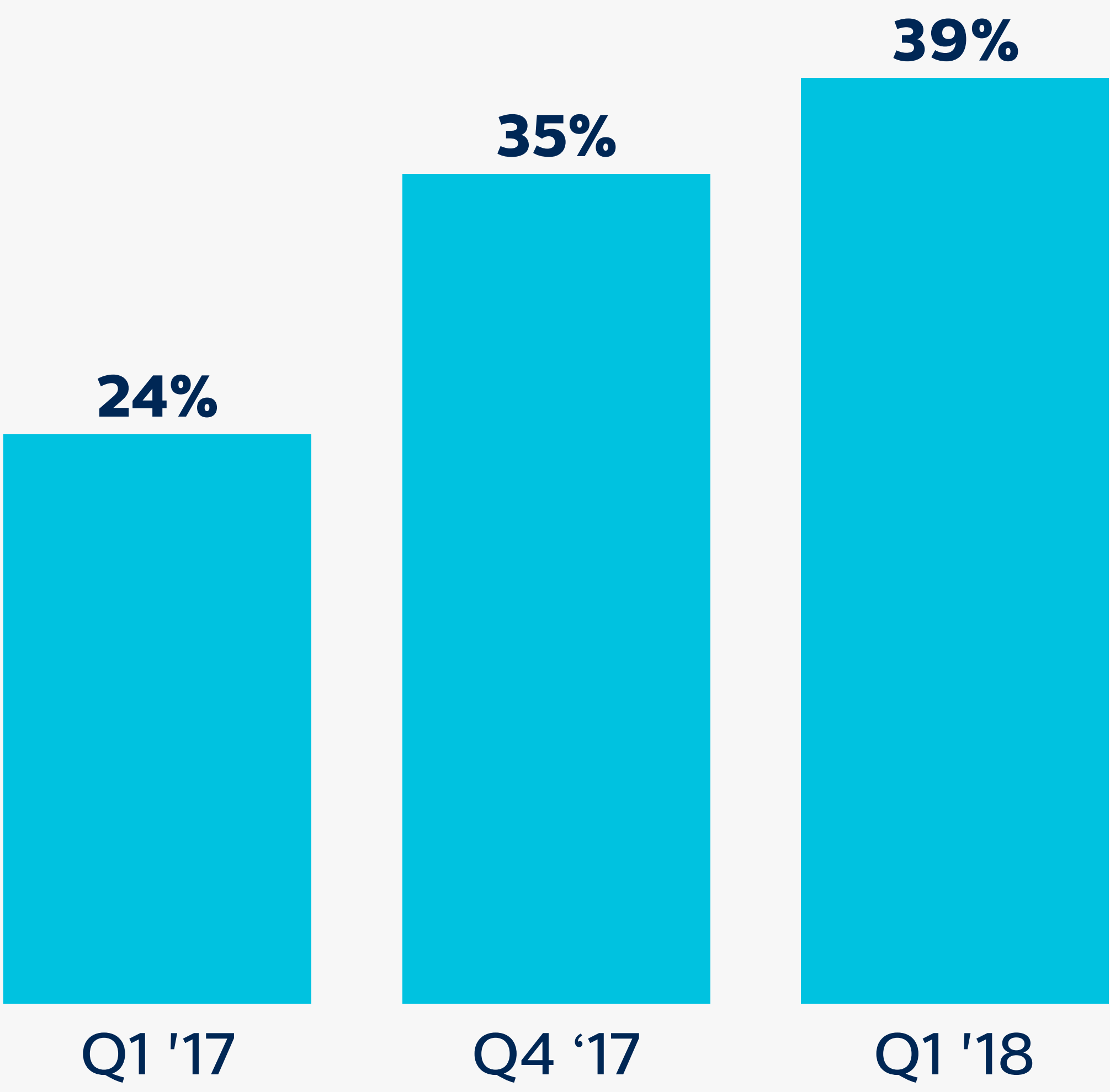
Data Revenue

(Mobile service revenue share)

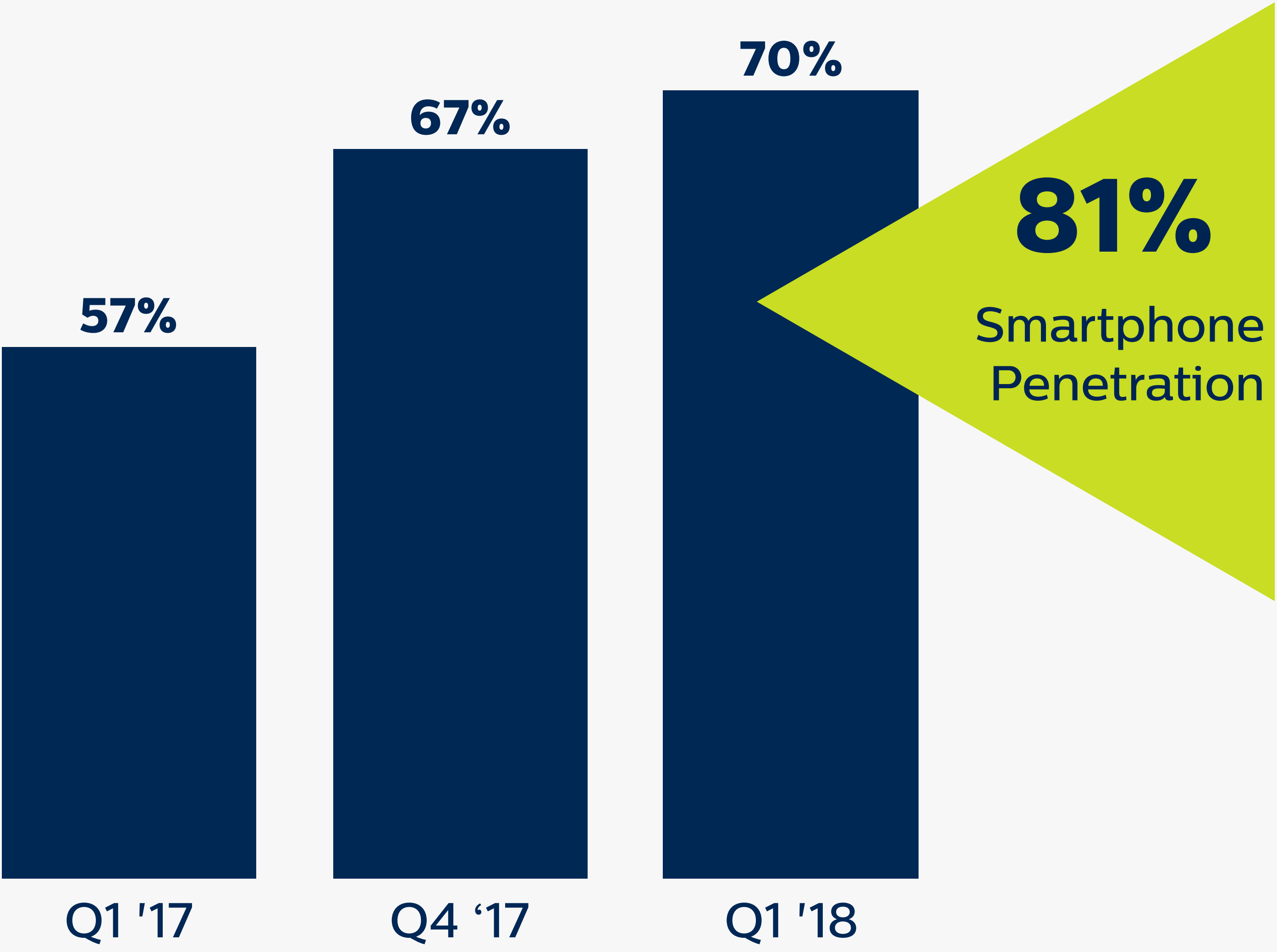


LTE Users*

(Total subscriber share)

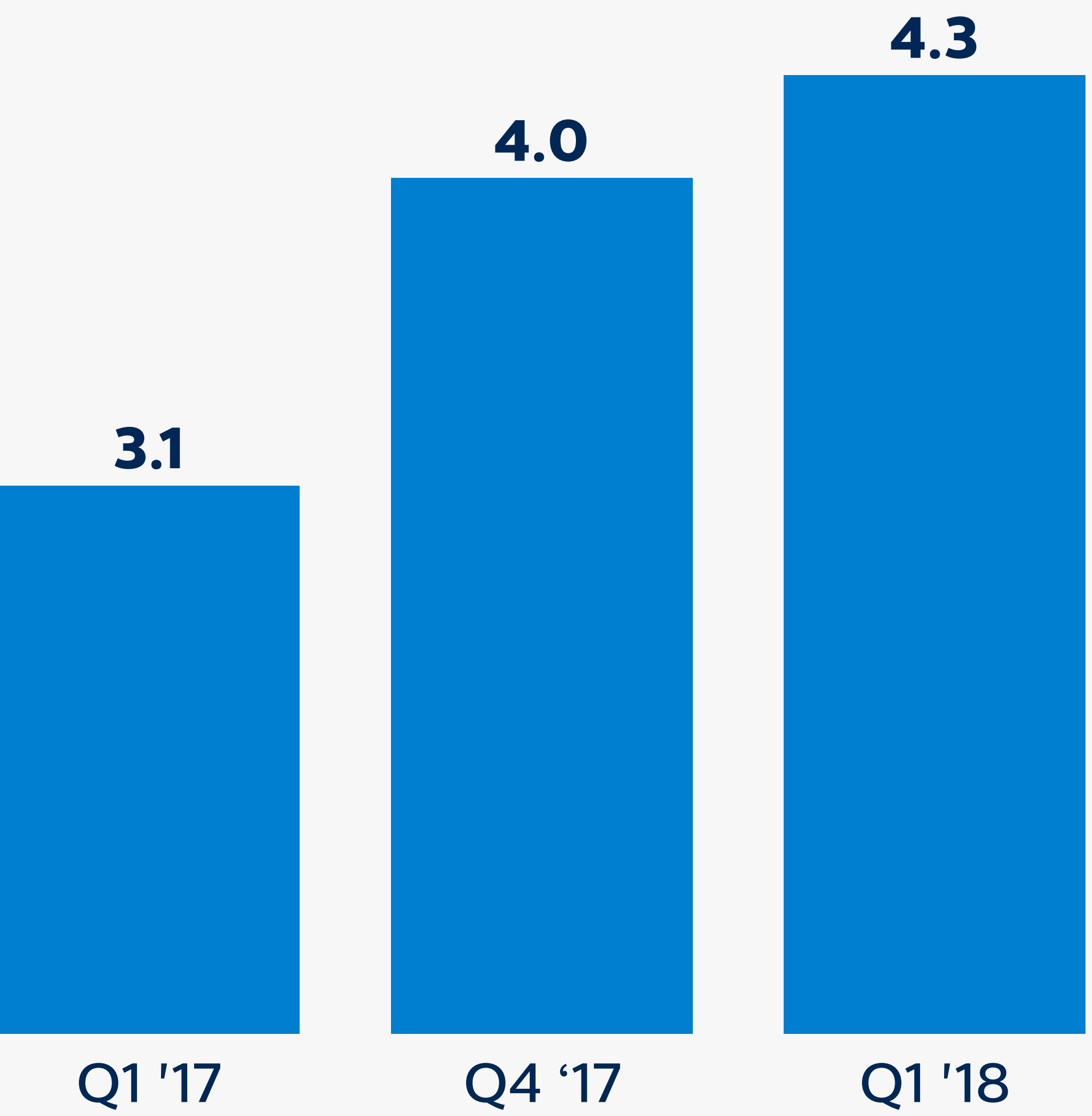


LTE Compatible Smartphone



Avg. Monthly Mobile Data Usage

(GB per user¹)



*Subscribers who
1) registered for LTE
2) have LTE compatible device and simcard

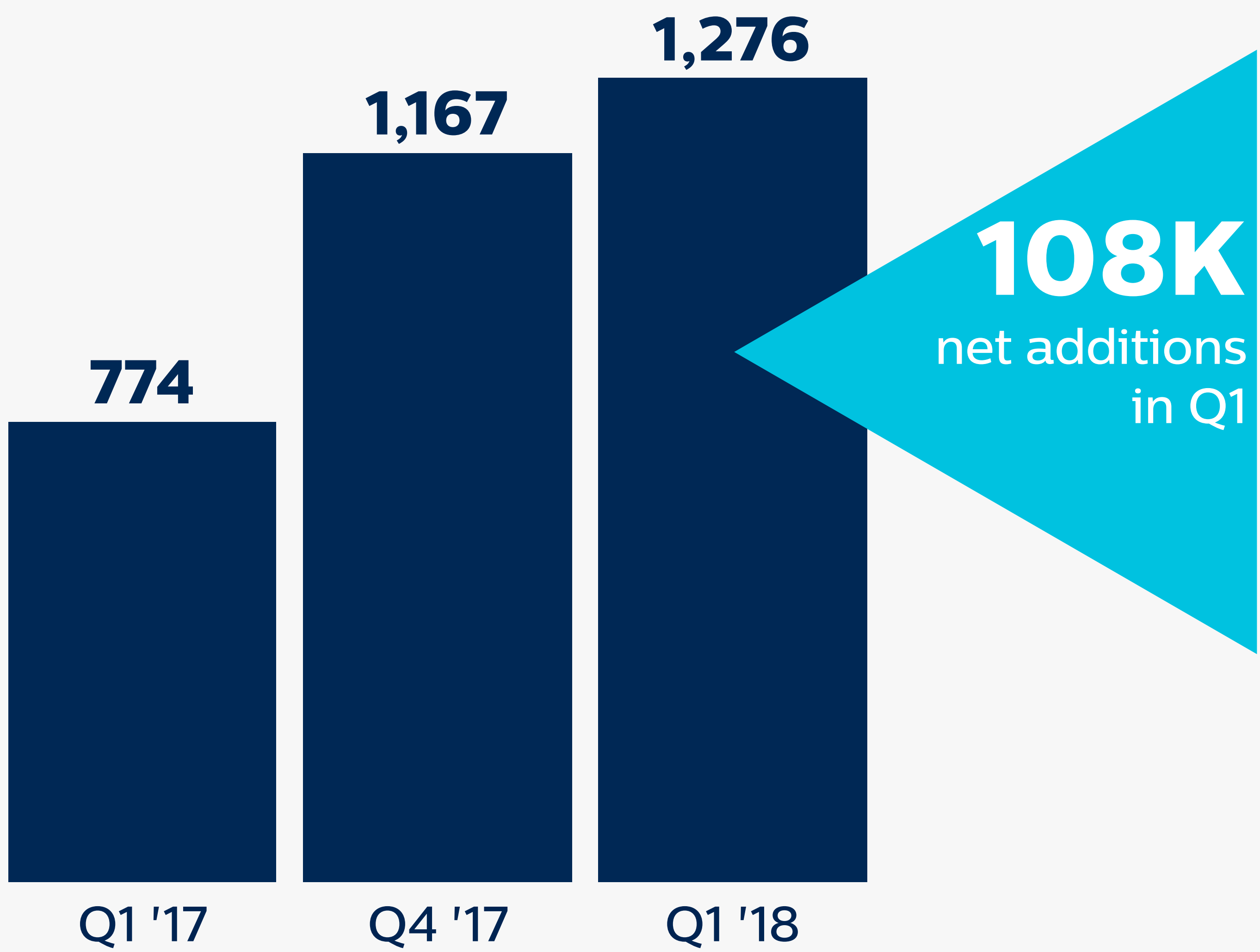
(1) Türk Telekom smartphone users

TV Performance

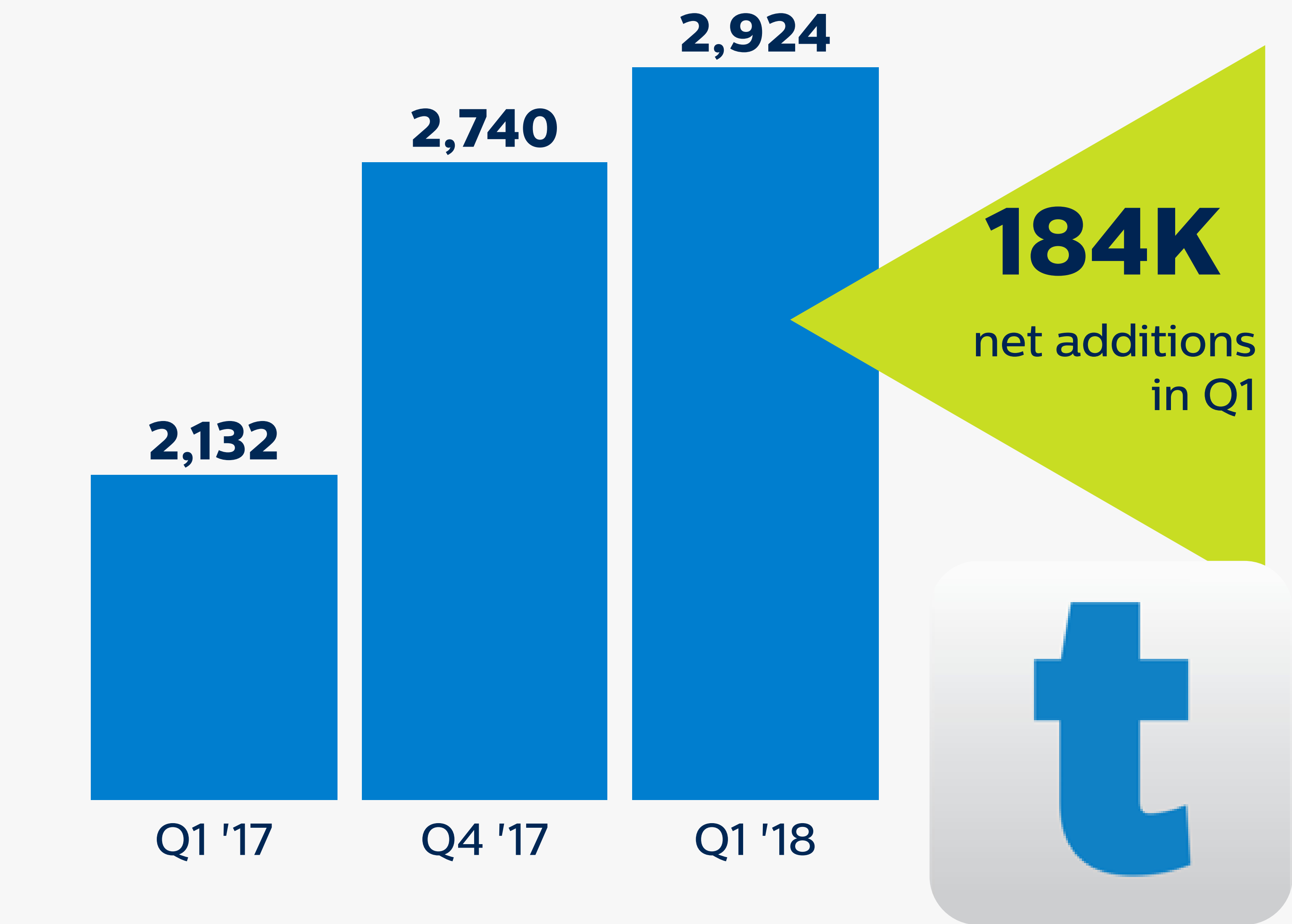
Türk Telekom
Tivibu

Subscribers (thousand)

■ Tivibu Home



■ Total TV (Tivibu Home + Tivibu Go)



Wireless Homes
c.80% of Q1 '18 DTH gross adds came via mobile synergy offers



Platform

IPTV + DTH + Web TV + Smart TV

Content

- ▶ Italia Serie A
- ▶ NBA
- ▶ English Premier League

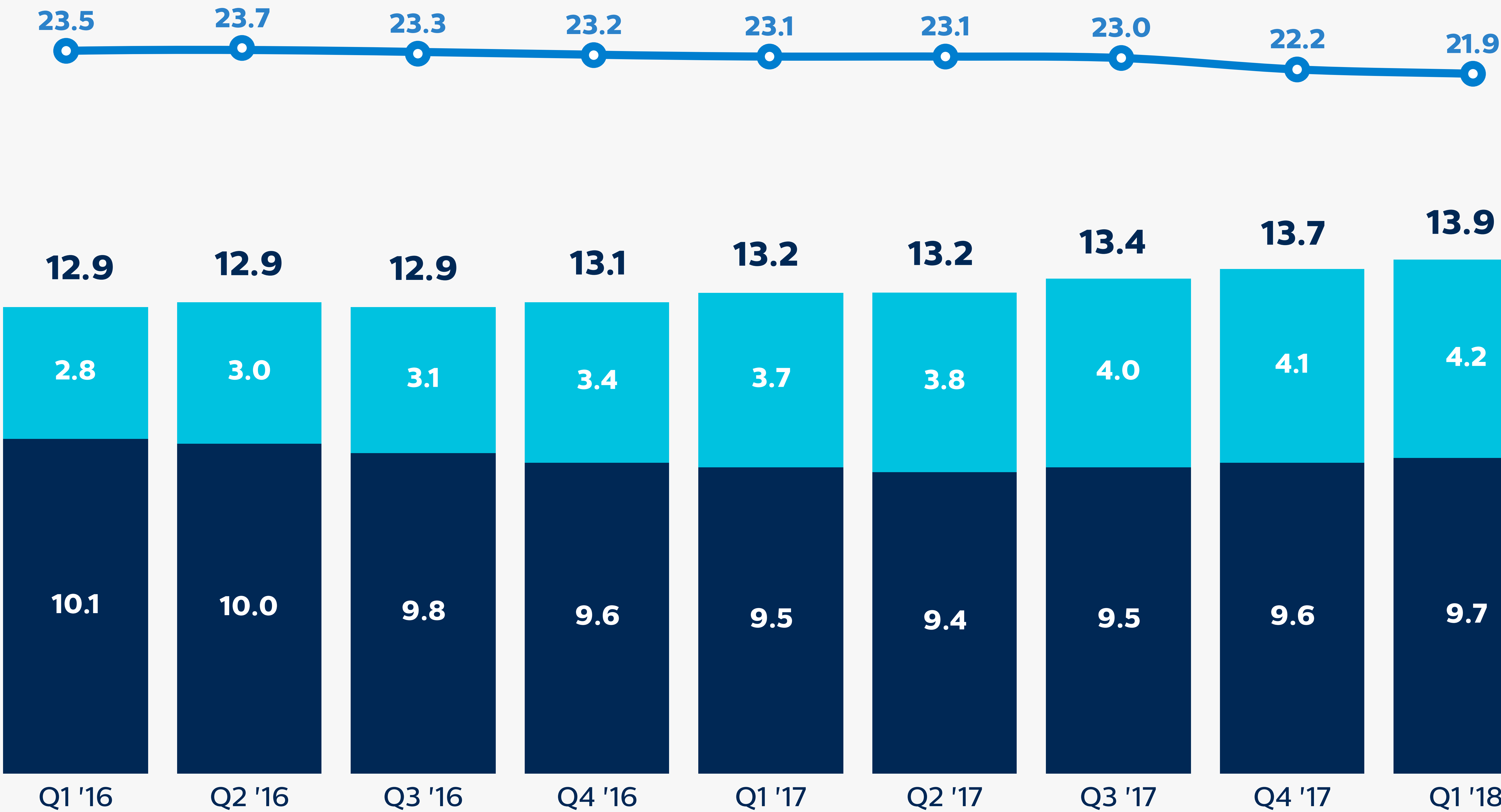
- ▶ 3 Cinema & 5 Sports Inhouse Channels
- ▶ Kids & Documentary Channels
- ▶ 8500+ on demand assets

Fixed Voice

Access Lines and ARPU

■ Fixed Voice (mn) ■ Naked Broadband (mn)

○ Fixed Voice ARPU (TL)



79K
net additions
in Fixed
Voice in Q1

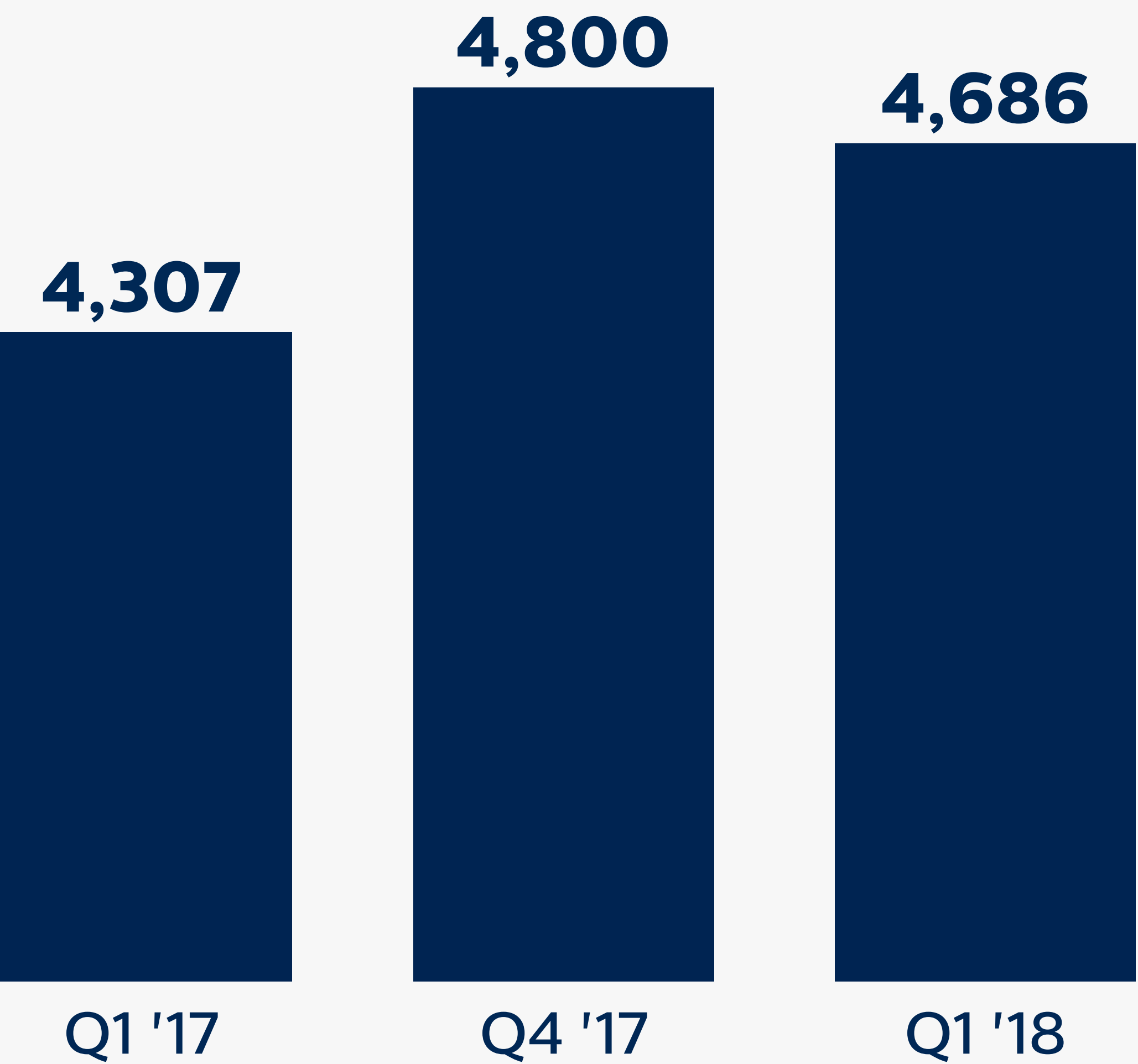
Financials



Financial Performance

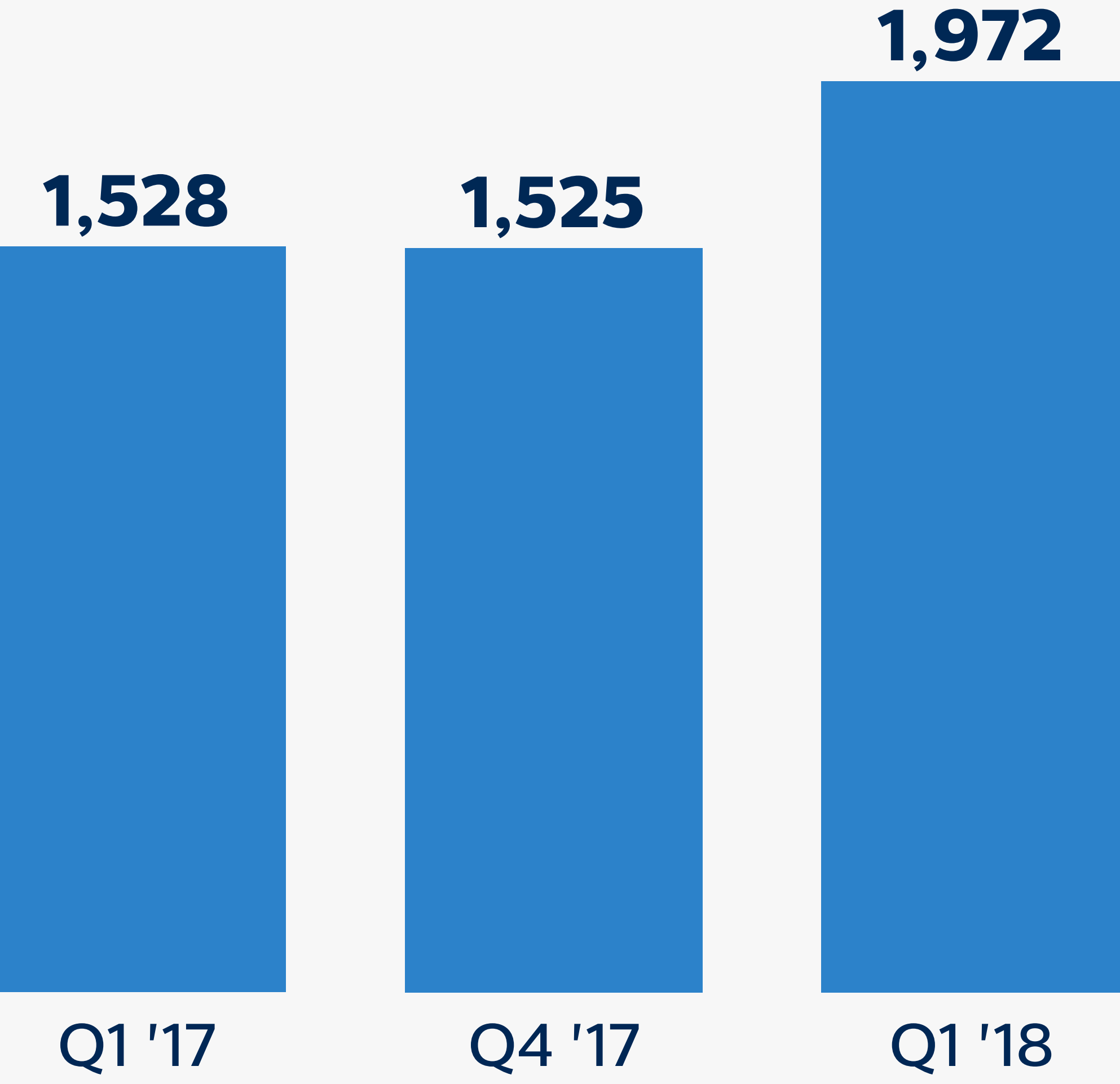
Revenue

(TL mn)



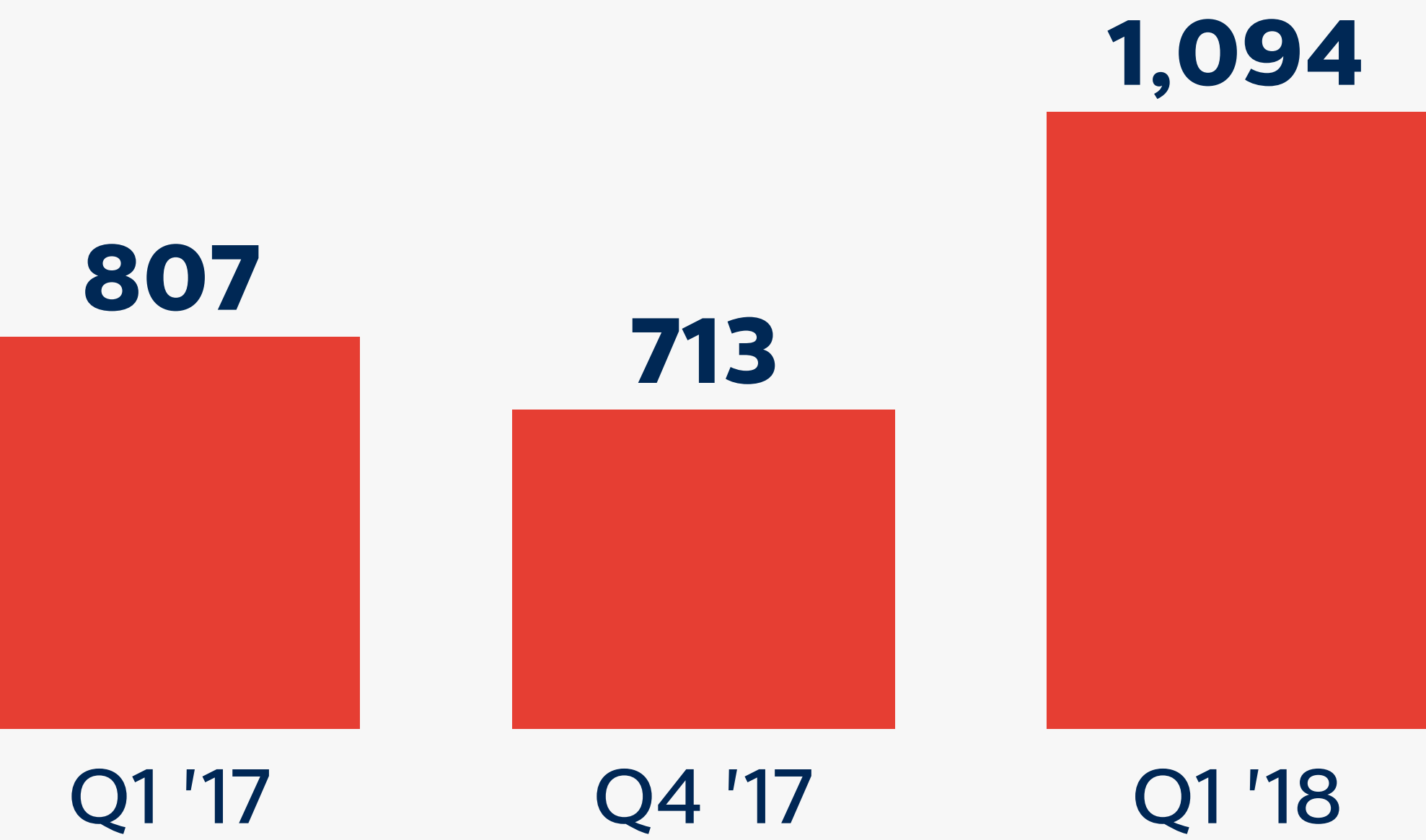
EBITDA

(TL mn)



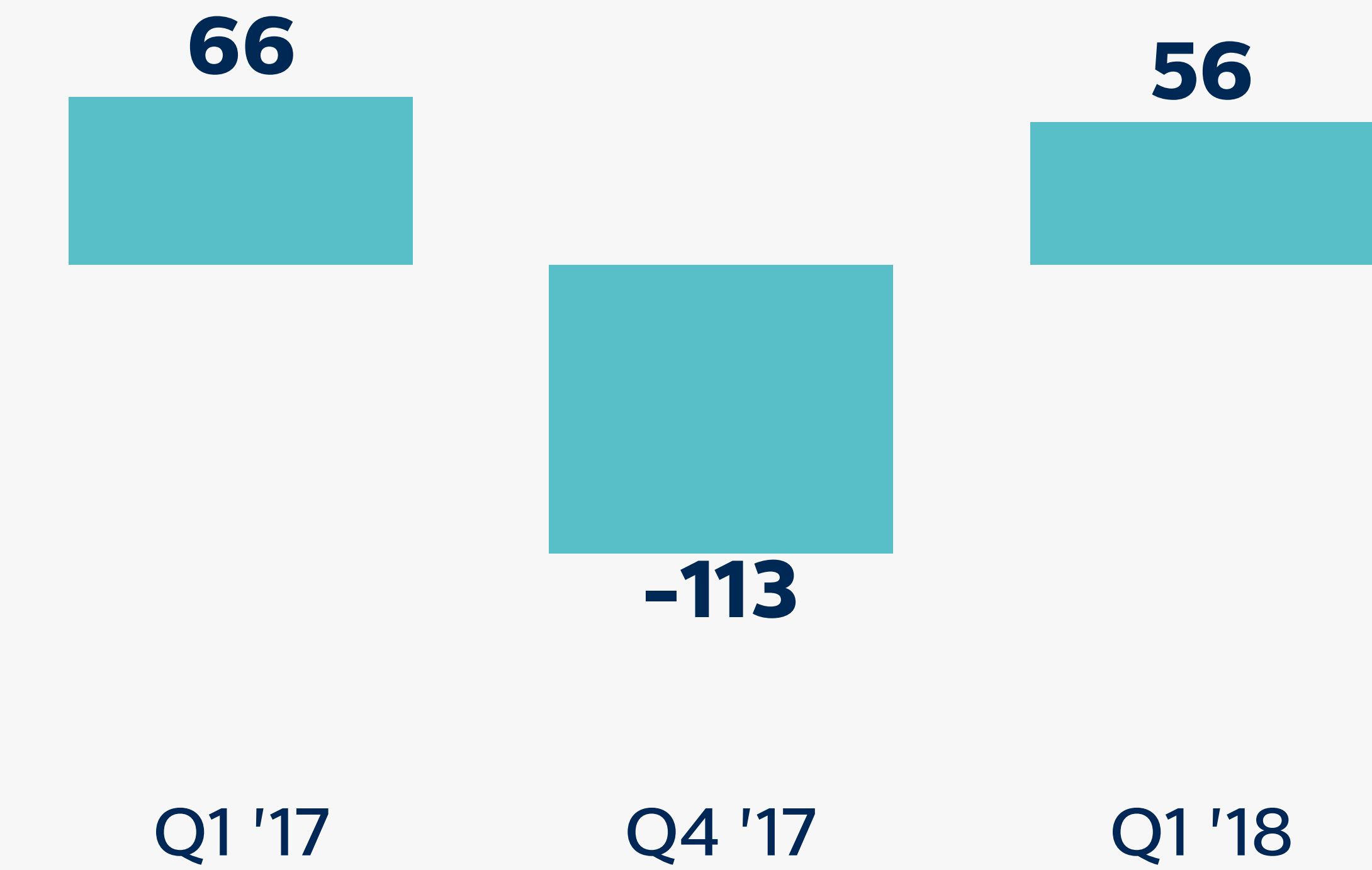
Operating Profit

(TL mn)



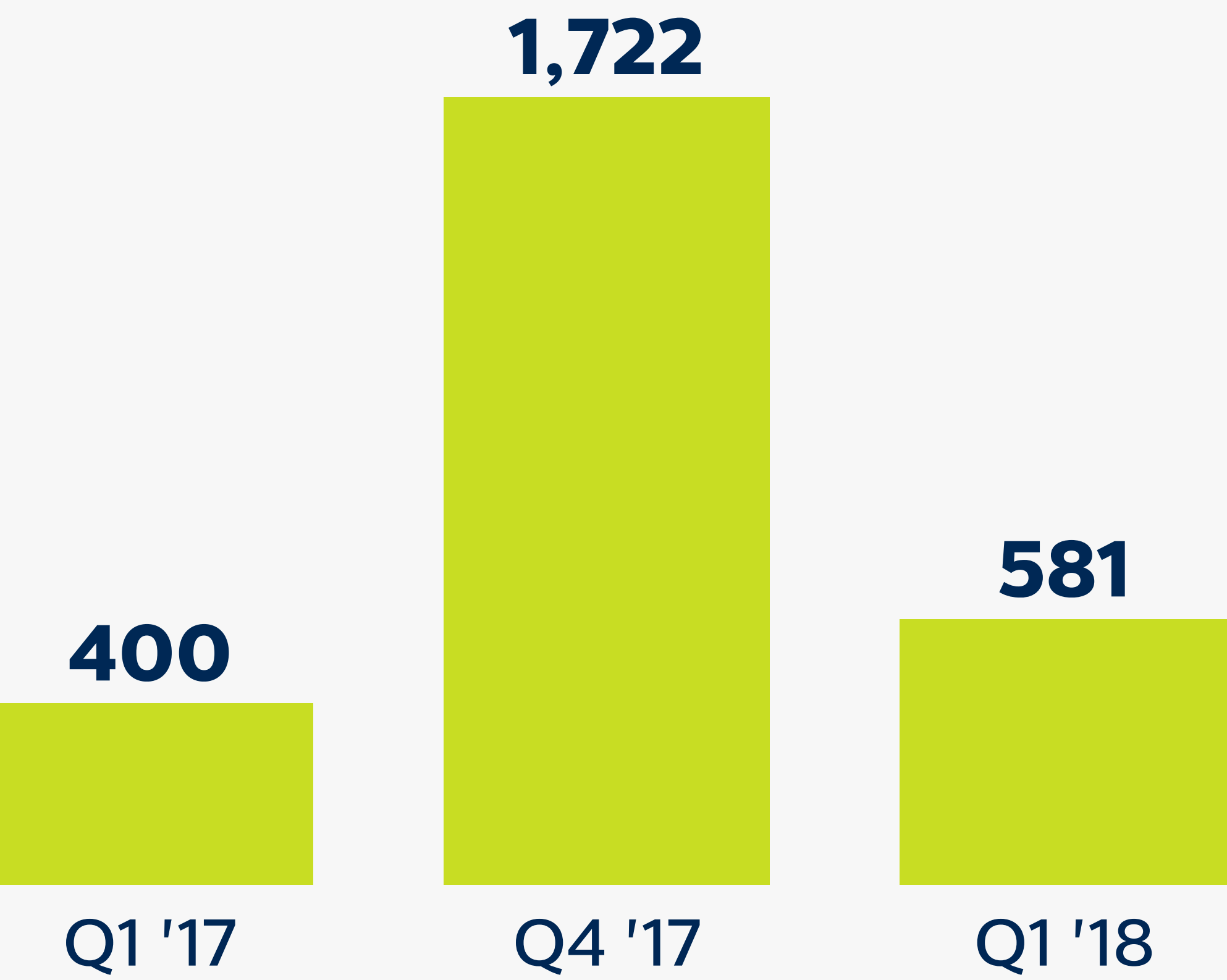
Net Profit

(TL mn)



Capex

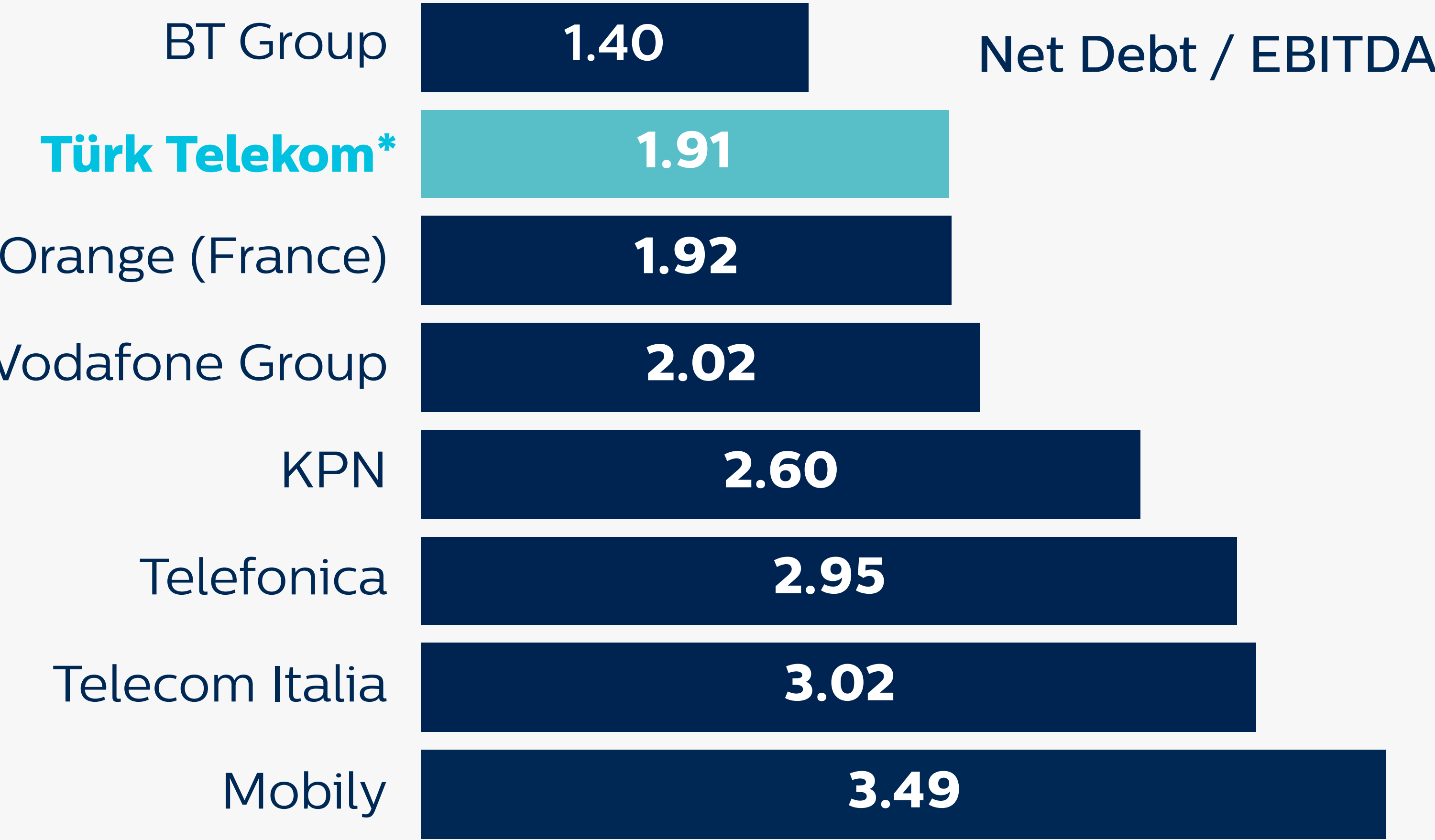
(TL mn)



Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls”. on our web site.

Debt Profile

Low debt burden compared to peers



Source: Bloomberg
Türk Telekom's ratio is based on Q1'18 financials; other's based on their latest data

Net Debt

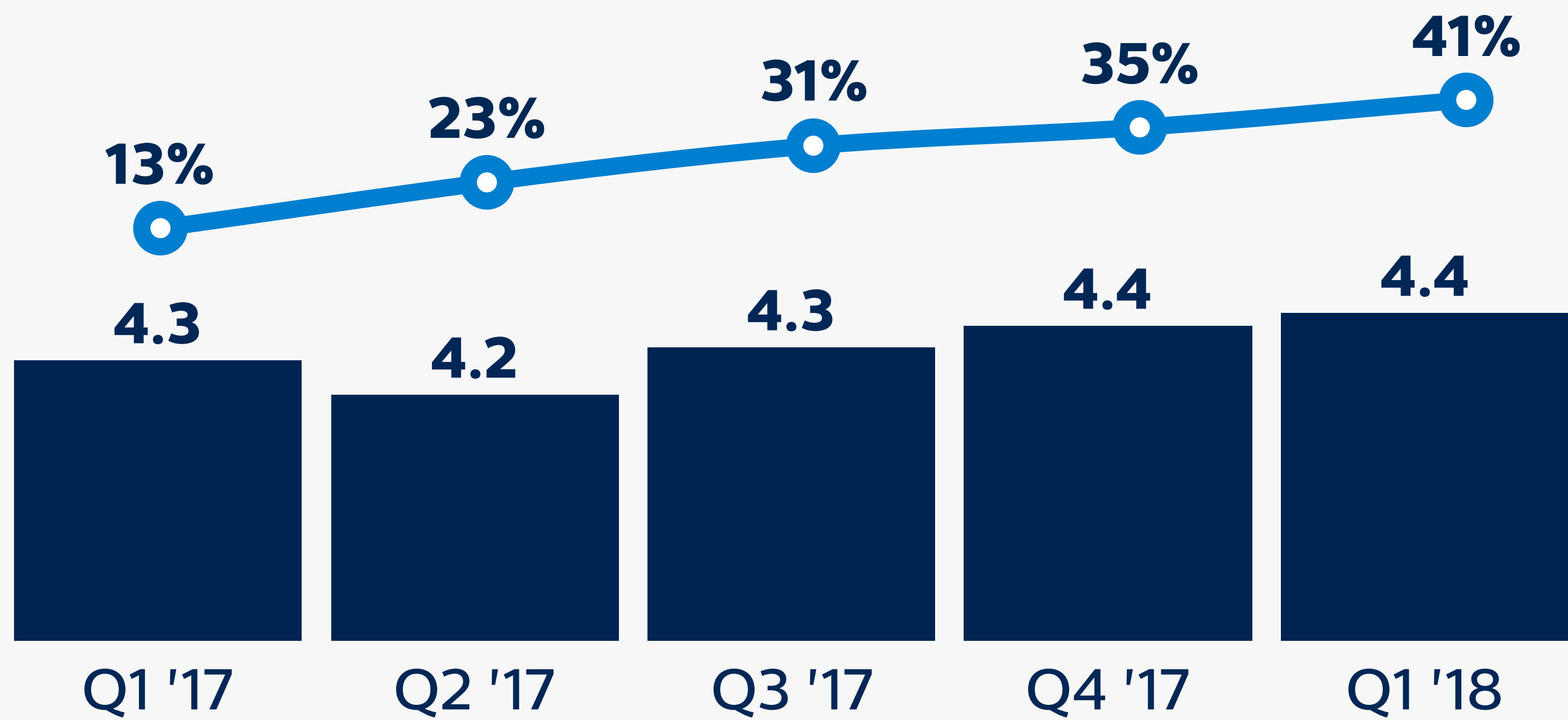
■ Net Debt (TL bn) ○ Net Debt/EBITDA ● Adj. Net Debt/EBITDA



Note: Net Debt/EBITDA calculation excludes extraordinary claims.
Adjusted Net Debt/EBITDA includes MTM from FX to TRY Currency Swaps.

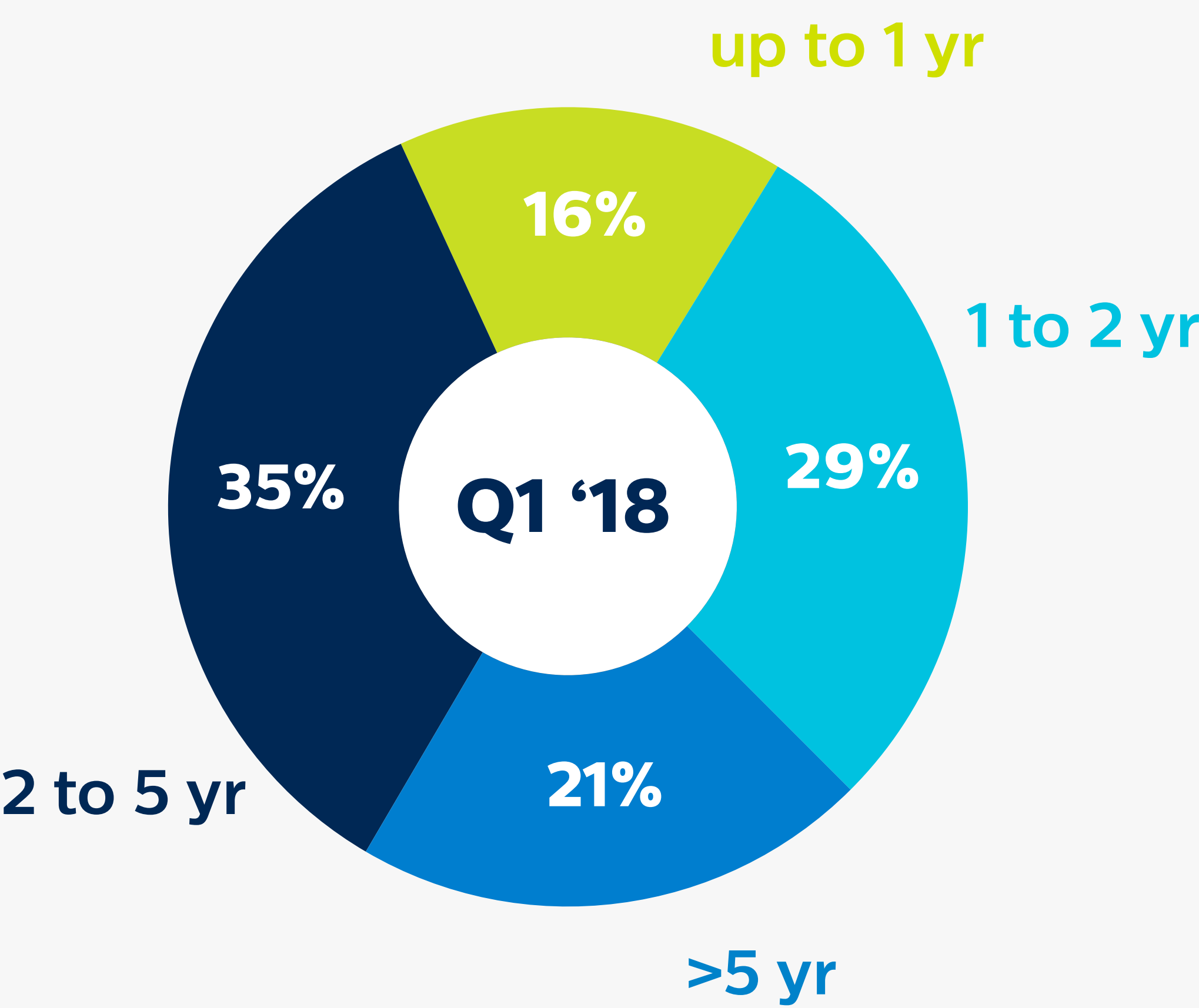
Hedge Ratio

■ Gross FX Debt (bn USD) ○ Hedge Ratio



Hedge Ratio includes participating CCS & FX swaps & FX based cash

Maturity Profile



| TL mn | 2017 YE | 2018 Guidance | 2018 Revised Guidance* |
|-----------------------------------------|---------|------------------|------------------------|
| Revenue (exc. IFRIC 12) ¹ | 17,435 | ~11% growth | ~11% growth |
| EBITDA | 6,452 | TL 7.0 to 7.2 bn | TL 7.6 to 7.8 bn |
| CAPEX | 3,221 | ~TL 3.5 bn | ~TL 4.1 bn |

(1) IFRIC 12 is 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

*Guidance was revised due to IFRS 15 & 9 accounting standards adoption.

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Appendix



Income Statement

| (TL mn) | Q1 '17 | Q4 '17 | Q1 '18 | YoY Change | QoQ Change |
|------------------------------|--------|---------|--------|------------|------------|
| Revenues | 4,307 | 4,800 | 4,686 | 8.8% | (2.4%) |
| EBITDA | 1,528 | 1,525 | 1,972 | 29.1% | 29.3% |
| Margin | 35.5% | 31.8% | 42.1% | | |
| Operating Profit | 807 | 713 | 1,094 | 35.5% | 53.4% |
| Margin | 18.7% | 14.8% | 23.3% | | |
| Financial Inc. / (Exp.) | (623) | (1,061) | (986) | 58.4% | (7.1%) |
| FX & Hedging Gain / (Loss) | (509) | (886) | (879) | 72.6% | (0.8%) |
| Interest Inc./ (Exp.) | (76) | (91) | (86) | 13.6% | (5.6%) |
| Other Financial Inc./ (Exp.) | (38) | (84) | (21) | (44.7%) | (75.2%) |
| Tax Expense | (119) | 235 | (51) | (56.7%) | n.m. |
| Net Income | 66 | (113) | 56 | (14.3%) | n.m. |
| Margin | 1.5% | n.m. | 1.2% | | |

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Balance Sheet

| (TL mn) | 31.03.2017 | 31.12.2017 | 31.03.2018 |
|----------------------------------------------------|------------|------------|------------|
| Total Assets | 26,702 | 29,149 | 29,936 |
| Intangible Assets ¹ | 8,480 | 8,438 | 9,263 |
| Tangible Assets ² | 8,313 | 9,138 | 8,964 |
| Other Assets ³ | 7,273 | 7,473 | 7,730 |
| Cash and Equivalents | 2,636 | 4,100 | 3,979 |
| Total Equities and Liabilities | 26,702 | 29,149 | 29,936 |
| Share Capital | 3,260 | 3,260 | 3,260 |
| Reserves, Retained Earnings and Other Equity Items | 211 | 1,295 | 1,707 |
| Interest Bearing Liabilities ⁴ | 15,594 | 16,492 | 17,496 |
| Provisions for Employee Termination Benefits | 637 | 711 | 652 |
| Other Liabilities ⁵ | 7,000 | 7,391 | 6,822 |

Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls” on our web site.

(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
(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 liabilities

IFRS 15 Adoption Reconciliation

| (TL mn) | Q1 '18 | IFRS 15 Impact | Q1 '18 w/o adoption of IFRS 15 |
|------------------------------|--------|----------------|--------------------------------|
| Revenues | 4,686 | (10) | 4,696 |
| EBITDA | 1,972 | 140 | 1,832 |
| Margin | 42.1% | | 39.0% |
| Operating Profit | 1,094 | 25 | 1,069 |
| Margin | 23.3% | | 22.8% |
| Financial Inc. / (Exp.) | (986) | (3) | (983) |
| FX & Hedging Gain / (Loss) | (879) | | (879) |
| Interest Inc./ (Exp.) | (86) | | (86) |
| Other Financial Inc./ (Exp.) | (21) | (3) | (18) |
| Tax Expense | (51) | (3) | (48) |
| Net Income | 56 | 18 | 38 |
| Margin | 1.2% | | 0.8% |

Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls” on our web site.

IFRS 15 Adoption Reconciliation

| (TL mn) | 31.03.2018 | IFRS 15 Impact | 31.03.2018 w/o adoption of IFRS 15 |
|----------------------------------------------------|------------|----------------|------------------------------------|
| Total Assets | 29,936 | 871 | 29,065 |
| Intangible Assets ¹ | 9,263 | 878 | 8,384 |
| Tangible Assets ² | 8,964 | | 8,964 |
| Other Assets ³ | 7,730 | (7) | 7,737 |
| Cash and Equivalents | 3,979 | | 3,979 |
| Total Equities and Liabilities | 29,936 | | 29,065 |
| Share Capital | 3,260 | | 3,260 |
| Reserves, Retained Earnings and Other Equity Items | 1,707 | 568 | 1,139 |
| Interest Bearing Liabilities ⁴ | 17,496 | | 17,496 |
| Provisions for Employee Termination Benefits | 652 | | 652 |
| Other Liabilities ⁵ | 6,822 | 303 | 6,519 |

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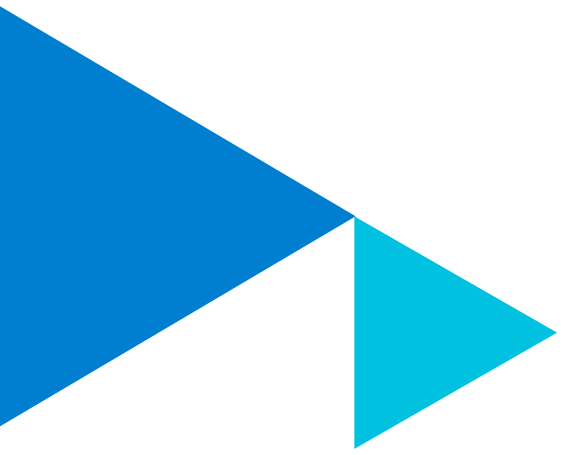
Q&A

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Thank You



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