

# Investor Presentation

2018 Q2





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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).



# Türk Telekom Highlights



**Leading  
COMPANY IN TURKEY**

Offering  
**Integrated telecom  
services**



Most valuable  
**telco brand for  
10 CONSECUTIVE  
YEARS**



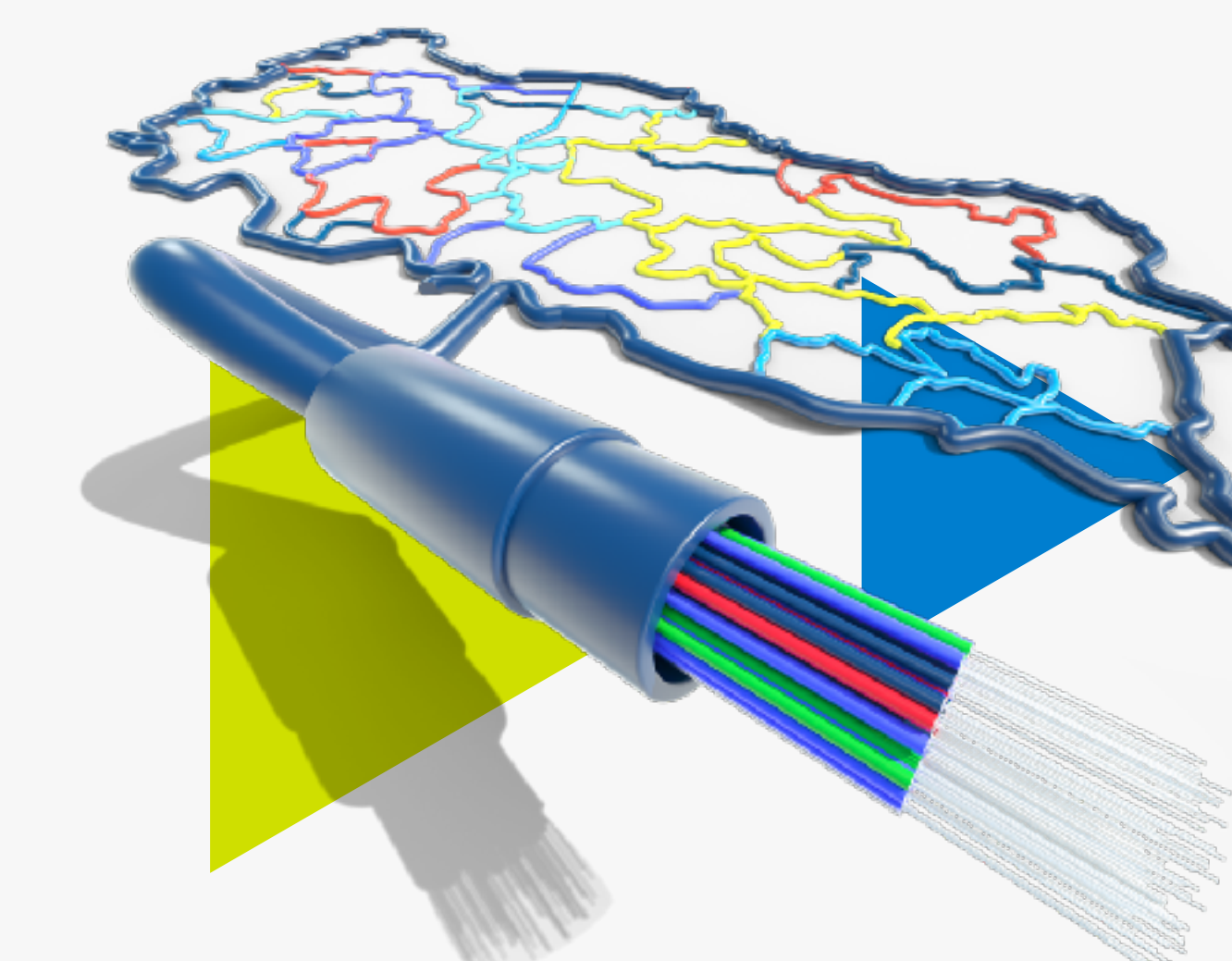
**2nd player**  
in TV market



**~55%**  
**fiber connected  
LTE Base Stations**



**88%**  
**LTE**  
Population Coverage



**268K km**  
fiber network in  
**81 cities**



**17.4mn**  
**Fiber Homepass\***

\*Homepass includes FTTC & FTTH/B



# Strategy

## ► GROWTH

### **Increase HH reach and subscriber base**

- ▶ FBB penetration drive & upsell focus, partnership with electricity companies
- ▶ Mobile market share growth
- ▶ Increase TV reach, Grow wireless HH reach
- ▶ Synergy offers & cross sell
- ▶ Focus on verticals: Health, education, energy, and security

### **Value creation on top of core**

- ▶ Large scale ICT projects such as smart cities, health campuses
- ▶ Consumer focused digitalization (Muud, e-dergi, Tambu, Tivibu Go) and enterprise digital transformation
- ▶ Enhanced value creation via subsidiaries; Innova (large scale ICT Projects), Argela (R&D and Innovation Center, Sebit (e-education)
- ▶ Capital Venture Company Initiative: Türk Telekom Ventures

## ► EFFICIENCY

- ▶ Simple & effective portfolio
- ▶ Go-to-market and customer care effectiveness
- ▶ Utilization of online and alternative channels
- ▶ Strict cost control
- ▶ Rigorous CAPEX management and asset efficiency
- ▶ Streamlined organization
- ▶ Lean technology - Commercialization of SDN and NFV

## ► Customer experience Program: EMPATHY



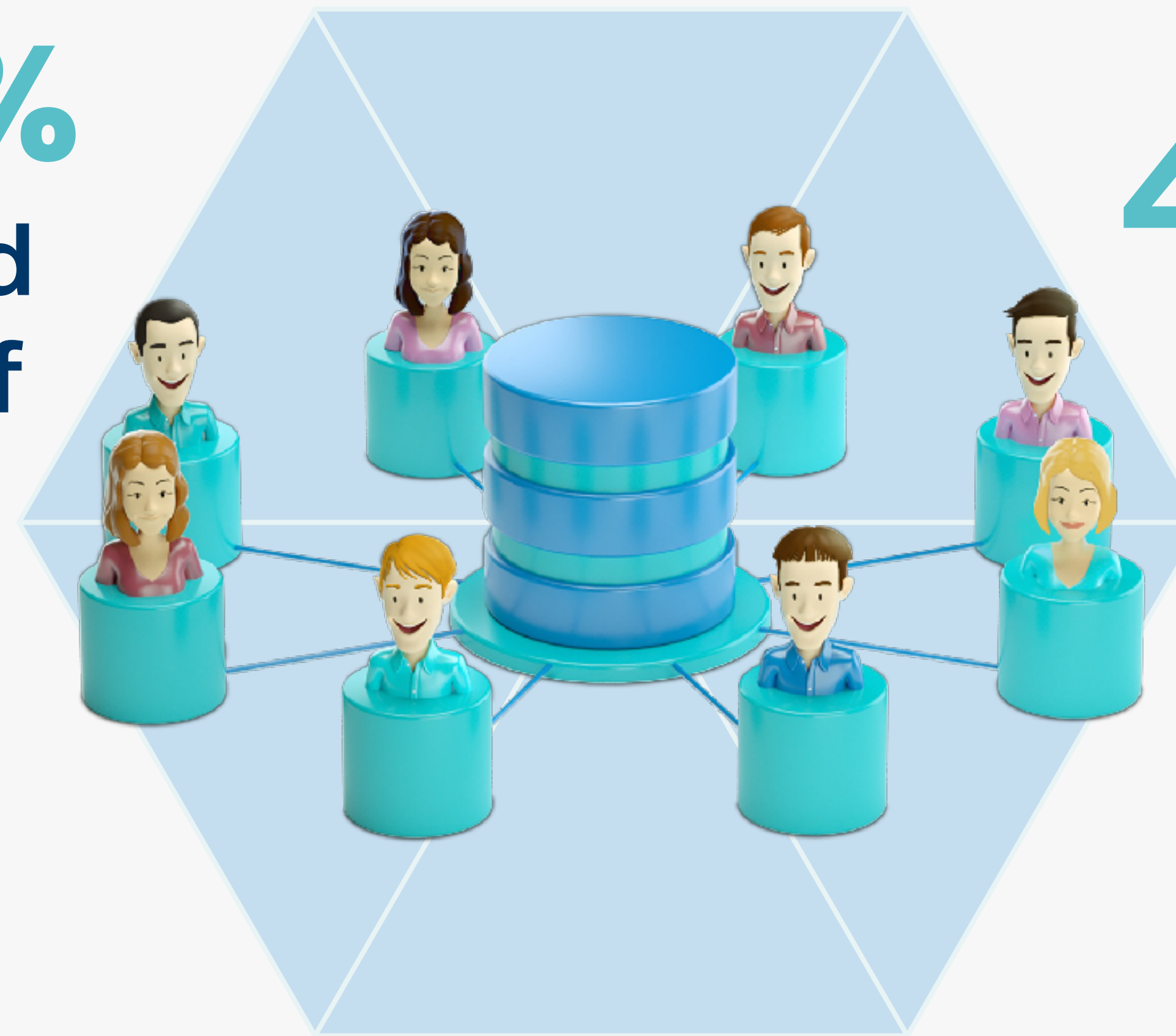


# Strategic Highlights

## Customer Database

~70%

of customers provided consent for sharing of their information among our group companies



4 ppt

YoY increase in multi product ownership to 63%\*

\*Among constant customer universe that provided consent last year

## Active Sharing

x3 LTE Indoor Coverage

x2 LTE Outdoor Coverage

Higher customer satisfaction  
Better connectivity



6.6 mn  
download

**tam1u**  
..... SEN DE YAPIŞTIR CEVABI .....

## Infrastructure Rental



Cooperation protocol for leasing Fixed Electronic Communication Infrastructure between TT and other operators

## Fixed Broadband Penetration Increase

~50%

of Q2 '18 FBB net adds came via

Internet Bizden Campaign



~20%

monthly active user

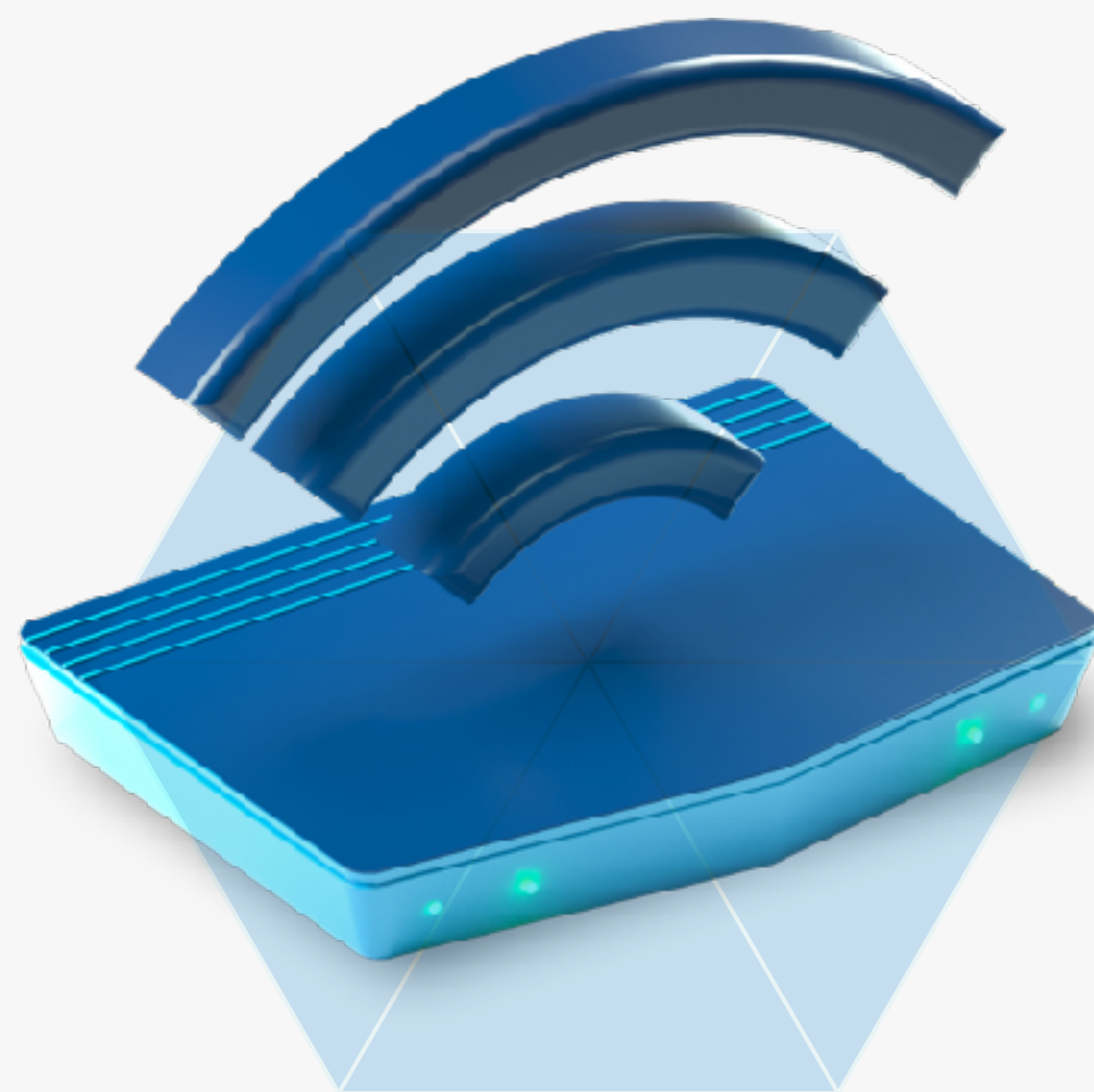


# Net Subscriber Additions

Broadband

248k  
Q2 '18

1.2mn  
LTM



43.5mn  
total subscribers

Mobile

293k  
Q2 '18

1.5mn  
LTM



Home TV

175k  
Q2 '18

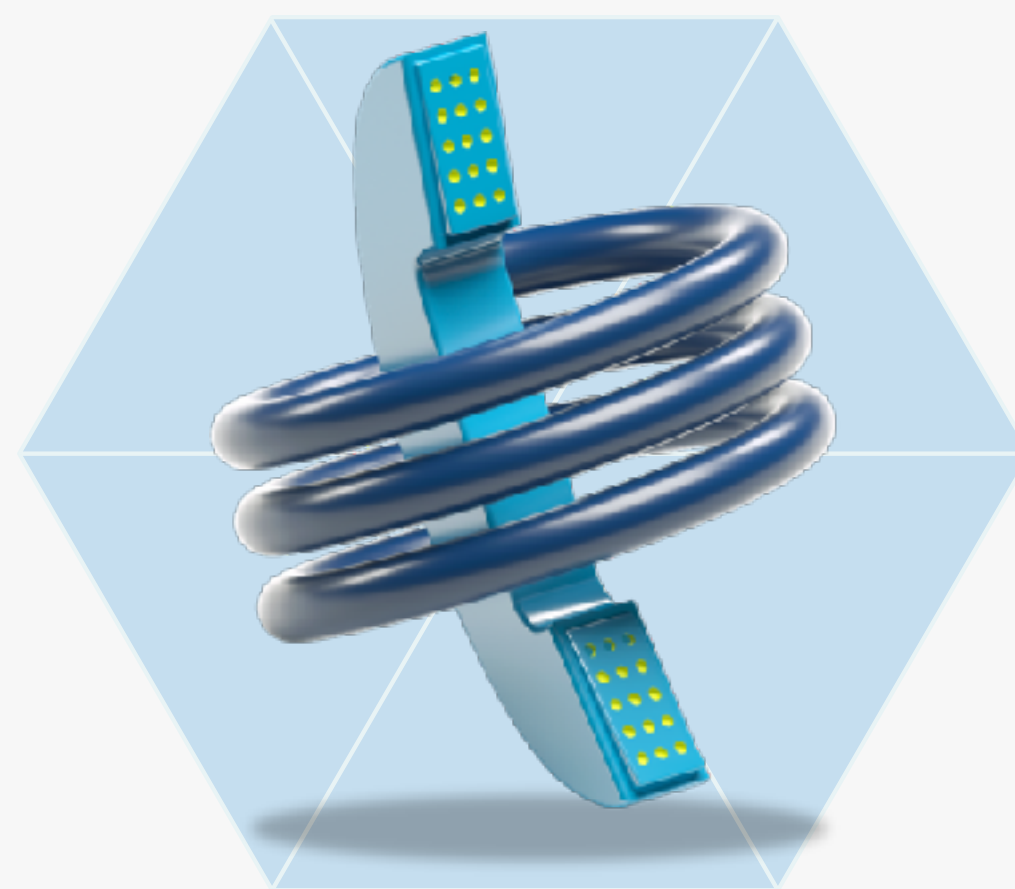
557k  
LTM



Fixed Voice

60k  
Q2 '18

282k  
LTM



3.9mn  
net additions\*  
in LTM

937k  
net additions\*  
in Q2

\*Includes Tivibu Go



# Financial Performance

(TL mn)	2017 Q2	2018 Q1	2018 Q2	Growth (YoY)	Growth (QoQ)
Revenue	4,501	4,686	4,951	10.0%	5.6%
Revenue (exc. IFRIC12) <sup>1</sup>	4,292	4,545	4,740	10.5%	4.3%
EBITDA	1,712	1,972	1,968	15.0%	(0.2%)
EBITDA Margin	38.0%	42.1%	39.8%		
Operating Profit	939	1,094	1,058	12.6%	(3.2%)
Net Income	890	56	(889)	n.m.	n.m.
Adjusted Net Income <sup>2</sup>	631	748	676	7.1%	(9.6%)
CAPEX	544	581	836	53.6%	44.0%

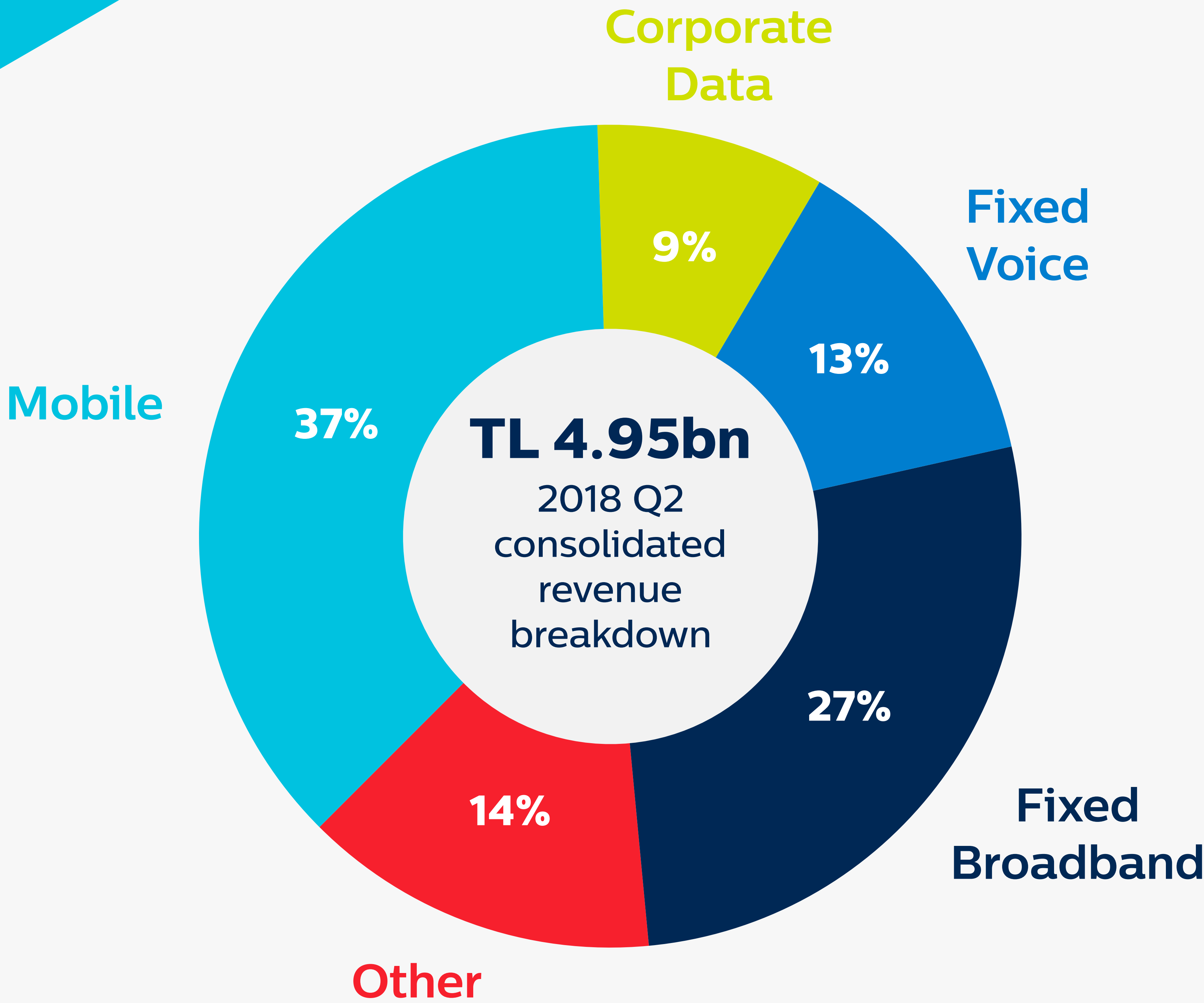
(1) IFRIC 12 is a non-operational revenue line booked in conjunction with upgrades to fixed line infrastructure, such as the upgrade from copper to fiber based network

(2) Adjusted net income excludes the after tax impact of FX & FX hedging gain/loss during respective period.

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.

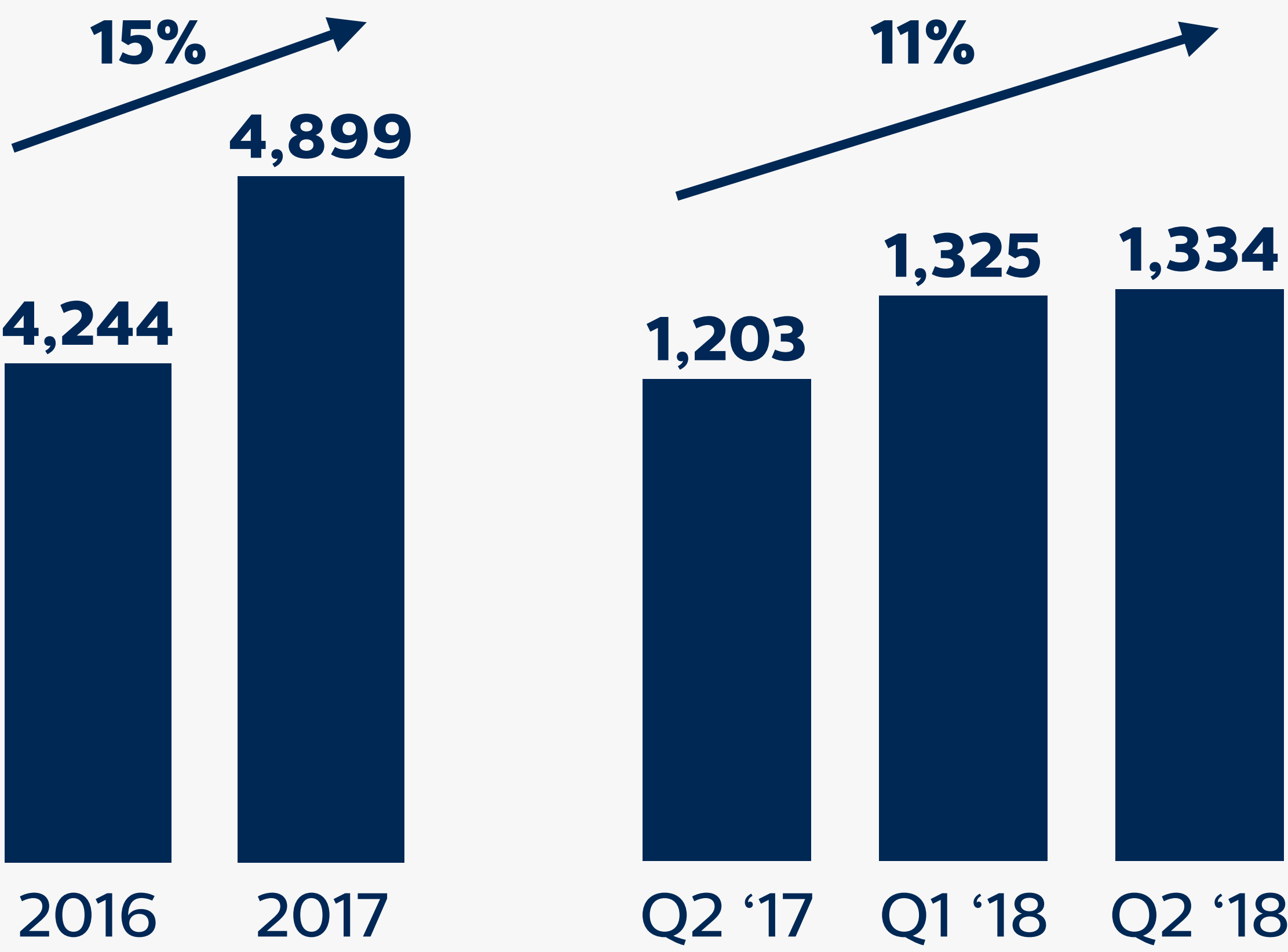


# Focused on High Growth Areas



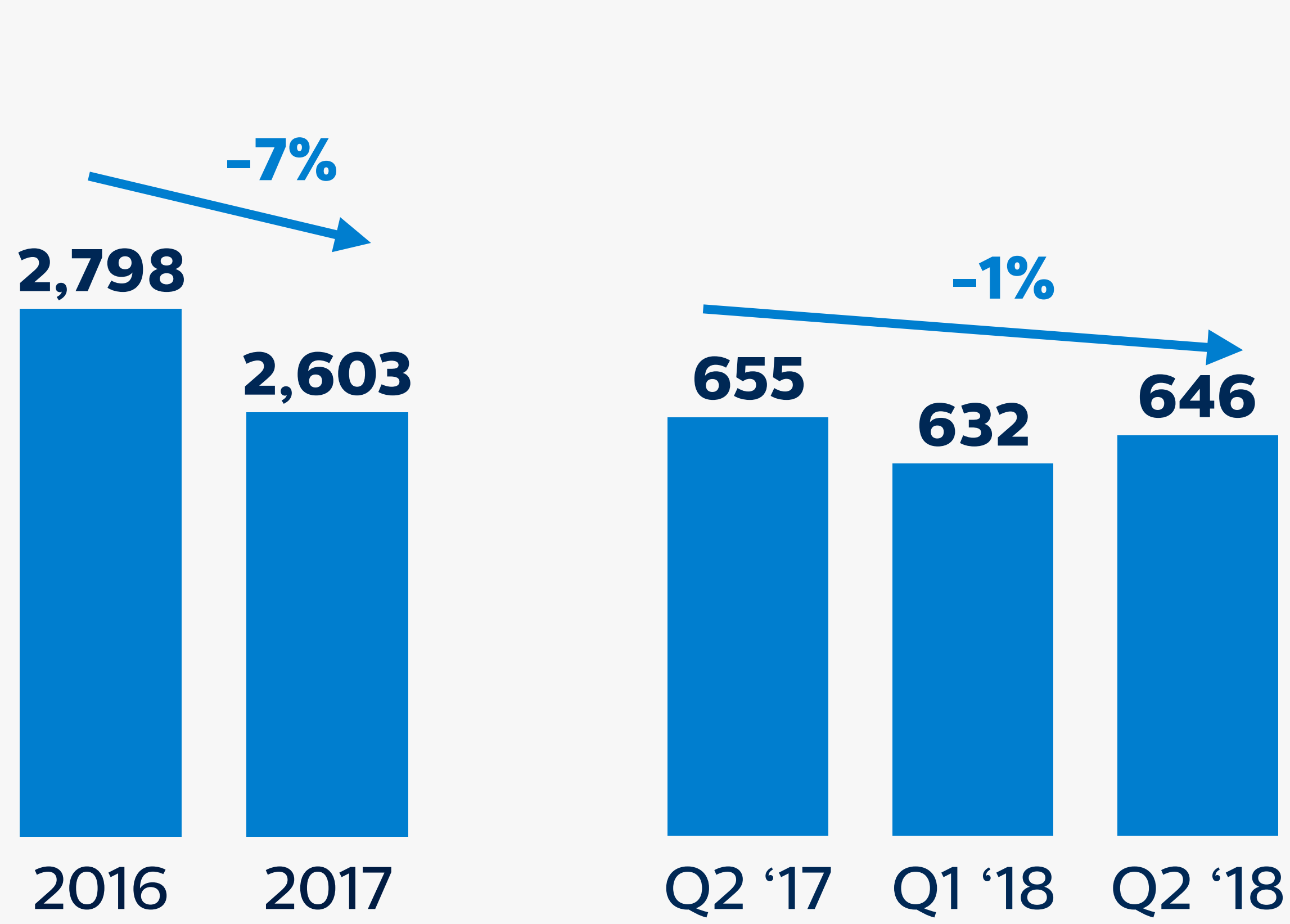
## Fixed Broadband

(TL mn)



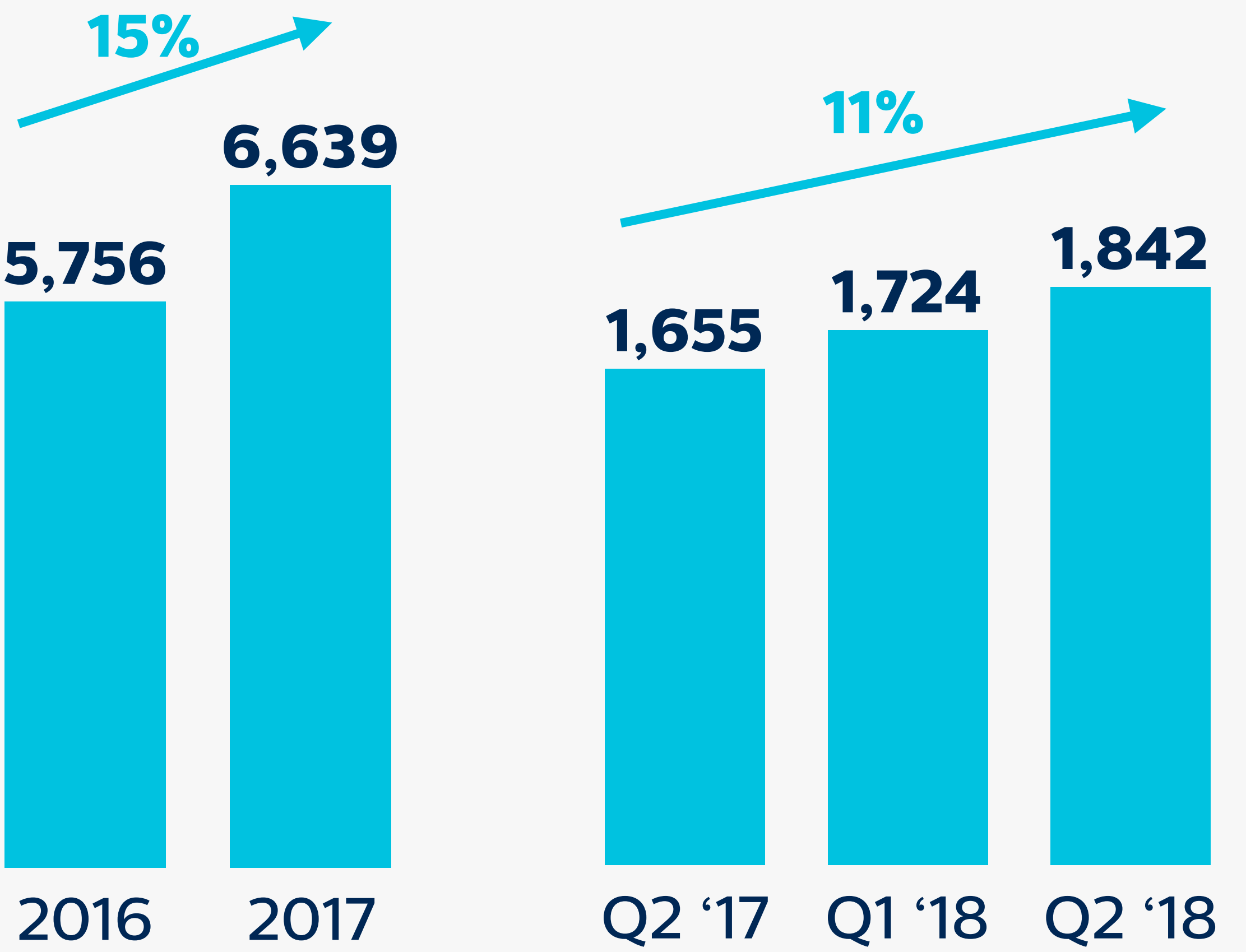
## Fixed Voice

(TL mn)



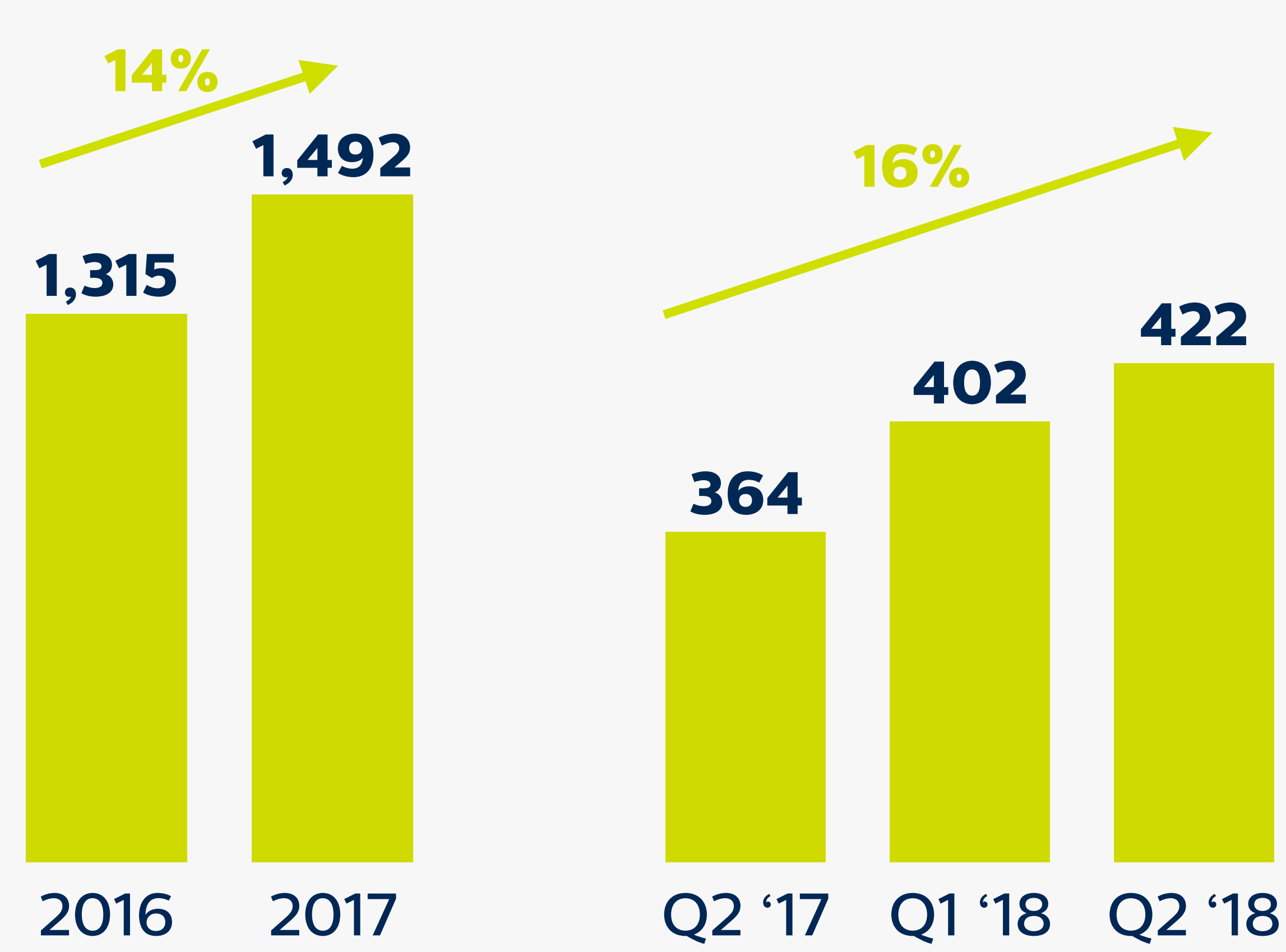
## Mobile

(TL mn)



## Corporate Data

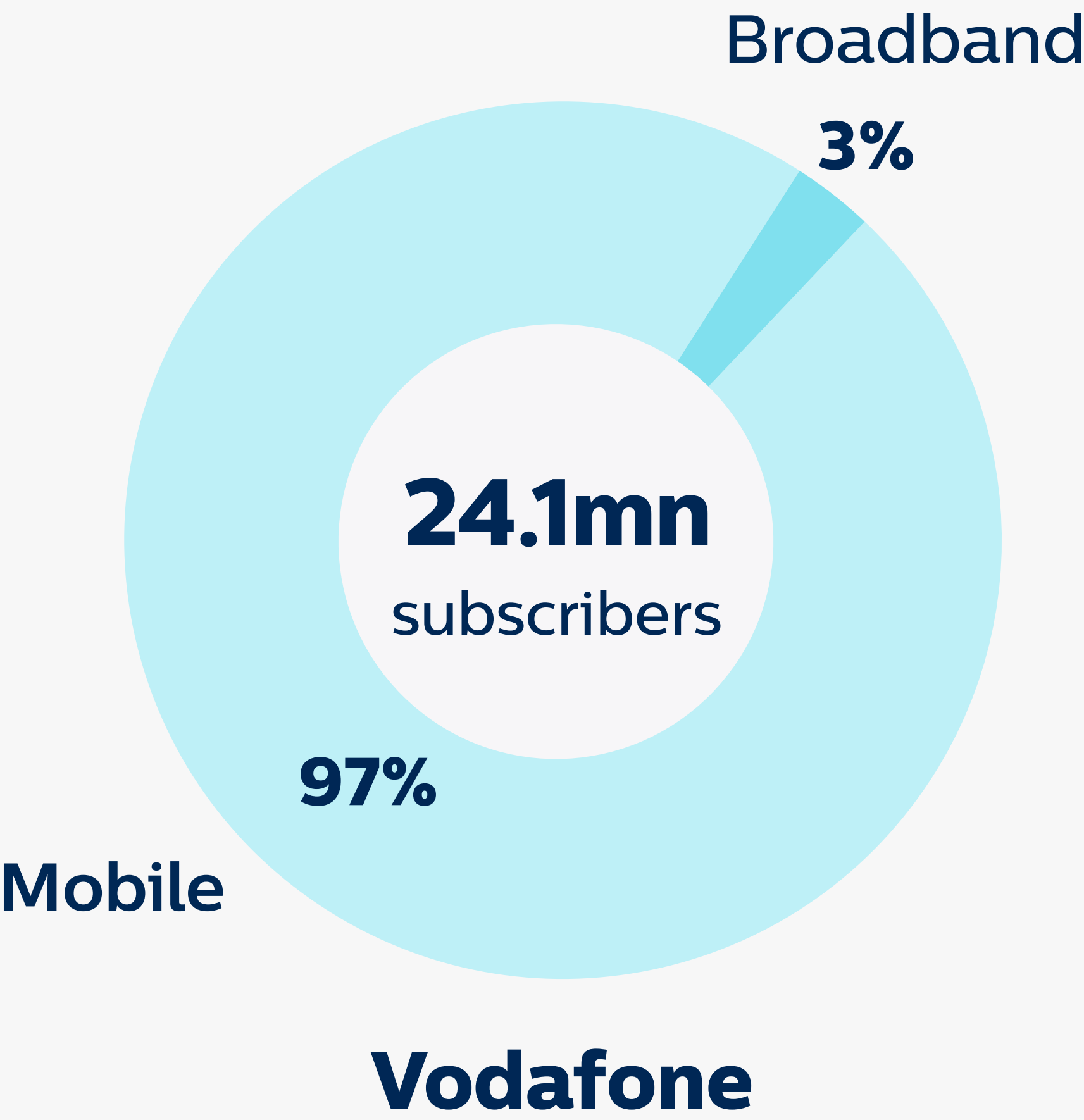
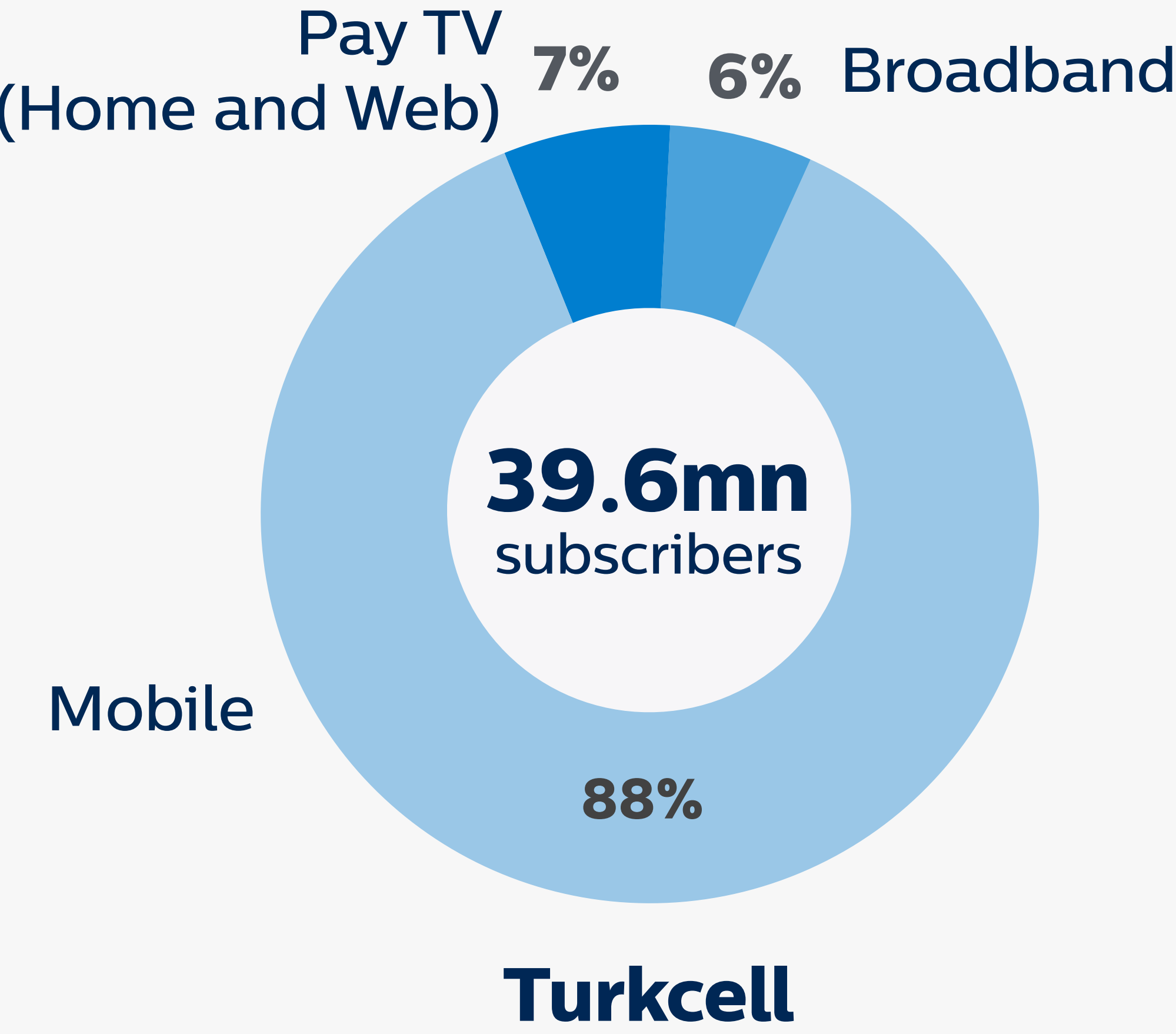
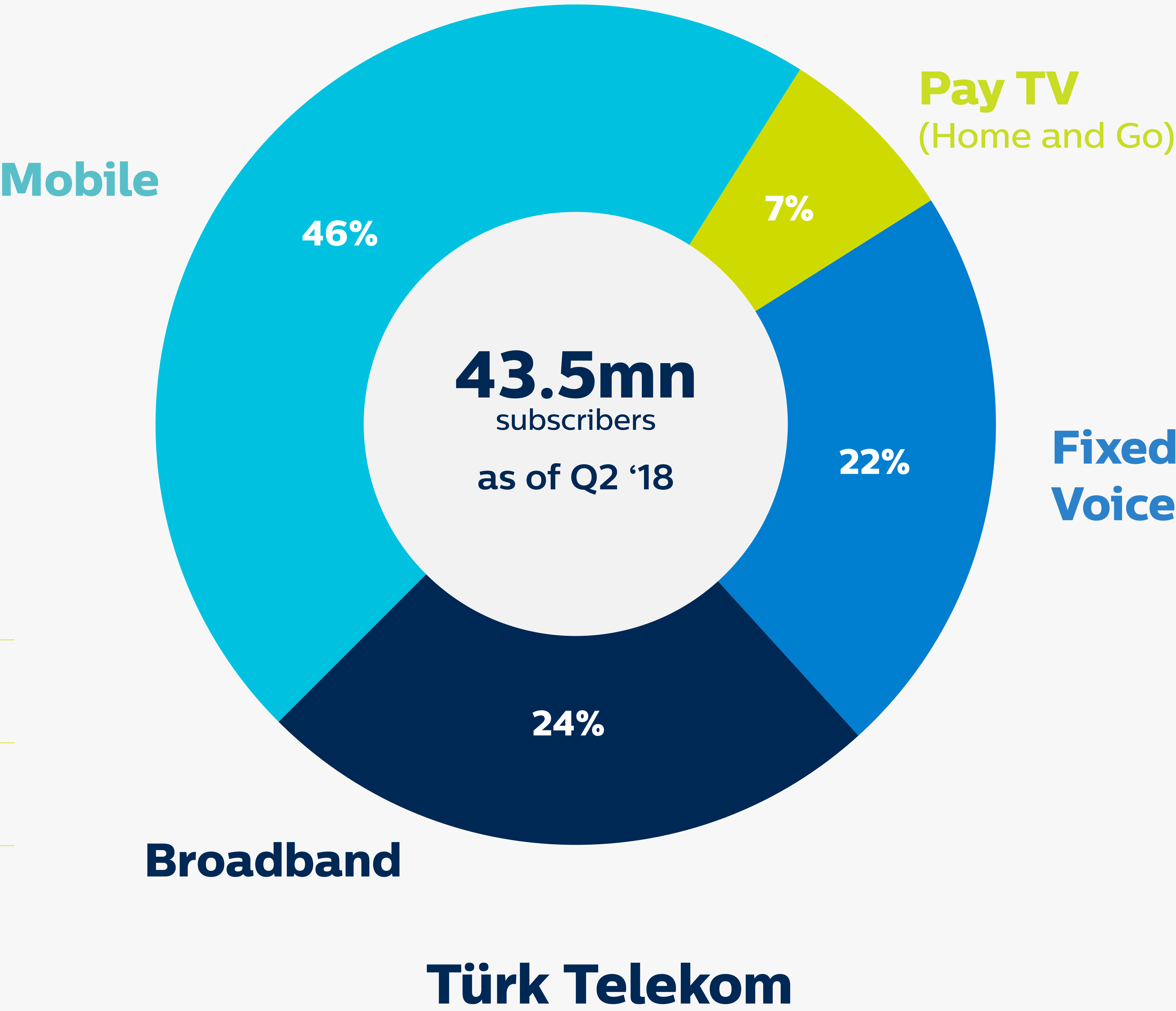
(TL mn)





# Strongest Position in Multiplay Offers

ARPU Generation (Q2 '18)	
Mobile	TL 30.2
Broadband	TL 43.6
Pay TV	TL 16.6
Fixed Voice	TL 22.2



Turkcell and Vodafone data are from their own publications as of Q2 '18.  
\* VOIP is not included.

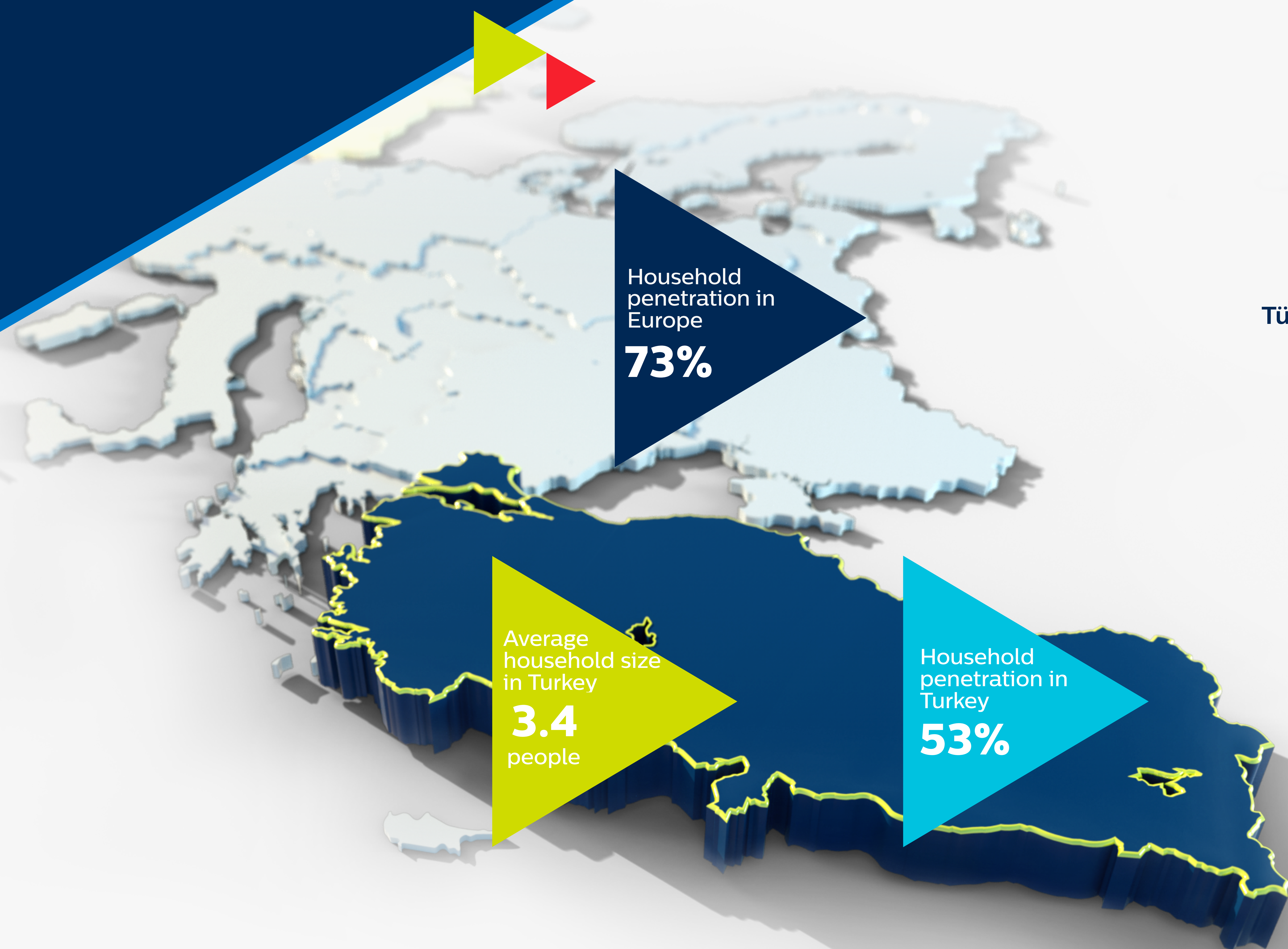


# Business Lines



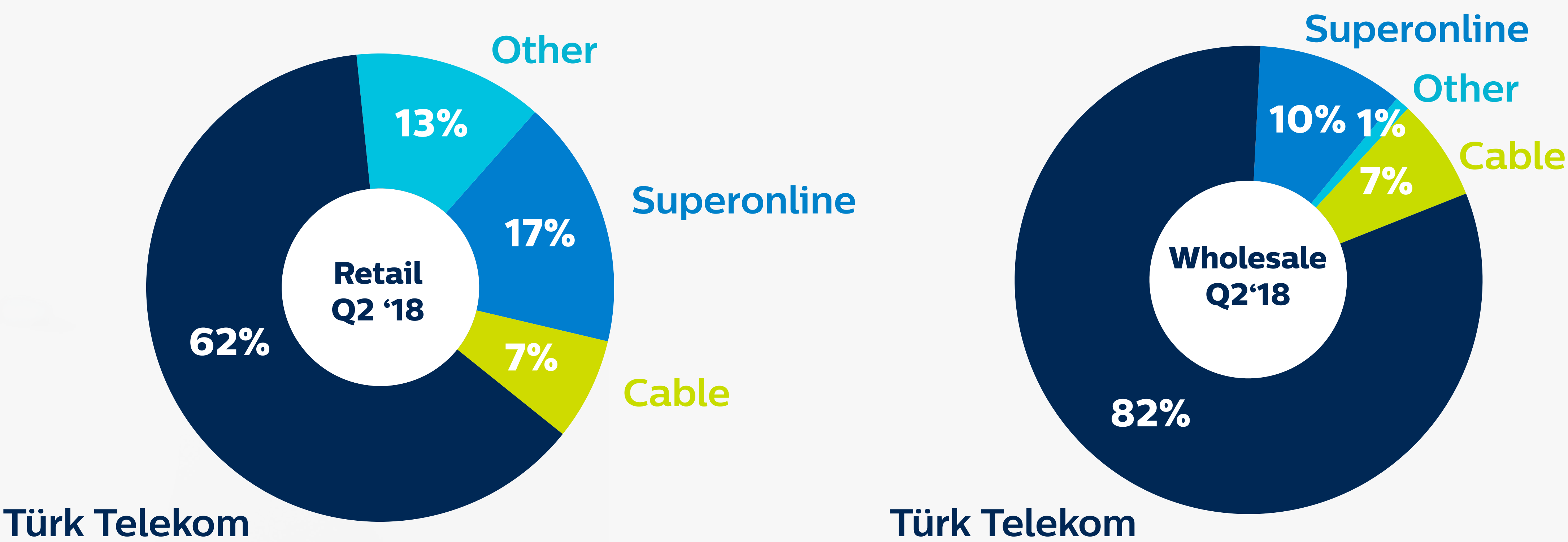


# Fixed Broadband Market



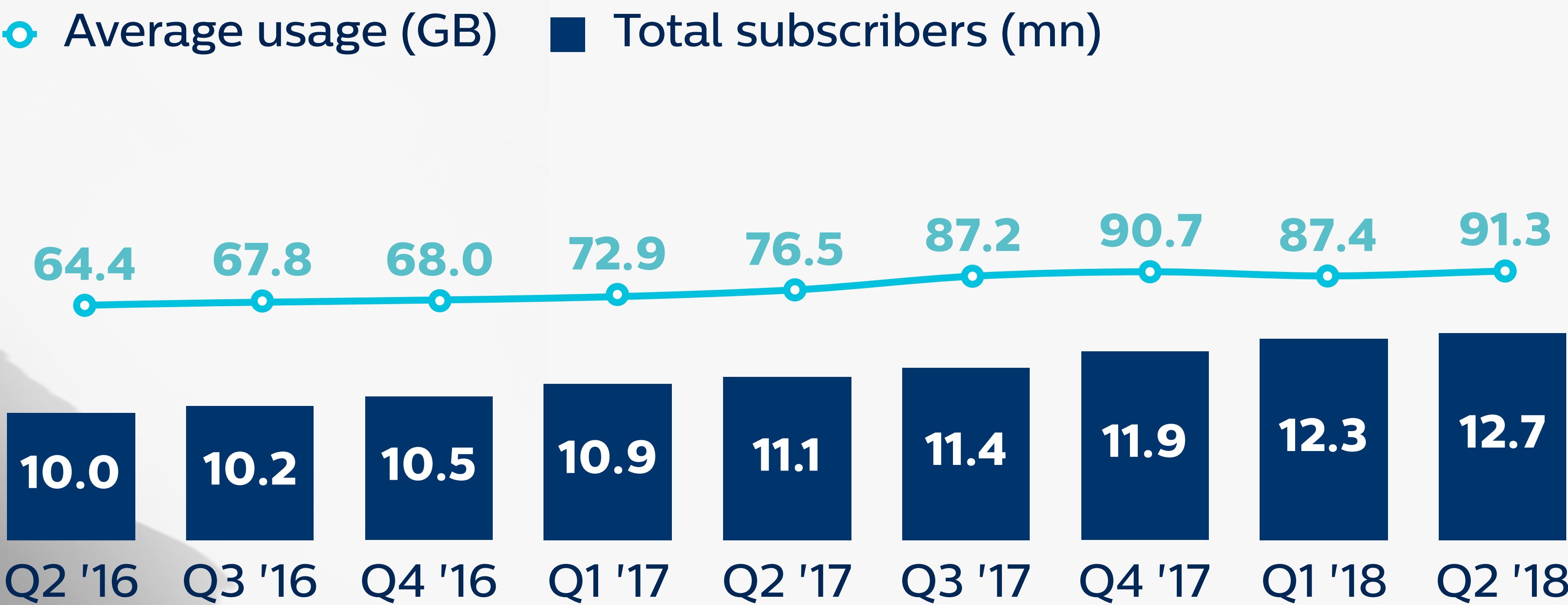
Source: Analysys Mason, Q4'17 CEE&WE Telecom Matrix, TR data is from ICTA, Q2'18 Market Report  
European countries include Austria, Denmark, Finland, Italy, Bulgaria, Estonia and Romania

## Subscriber Market Share



Source: Other operators' data are from ICTA Q2 '18 report

## Subscribers & Avg. Monthly Data Usage

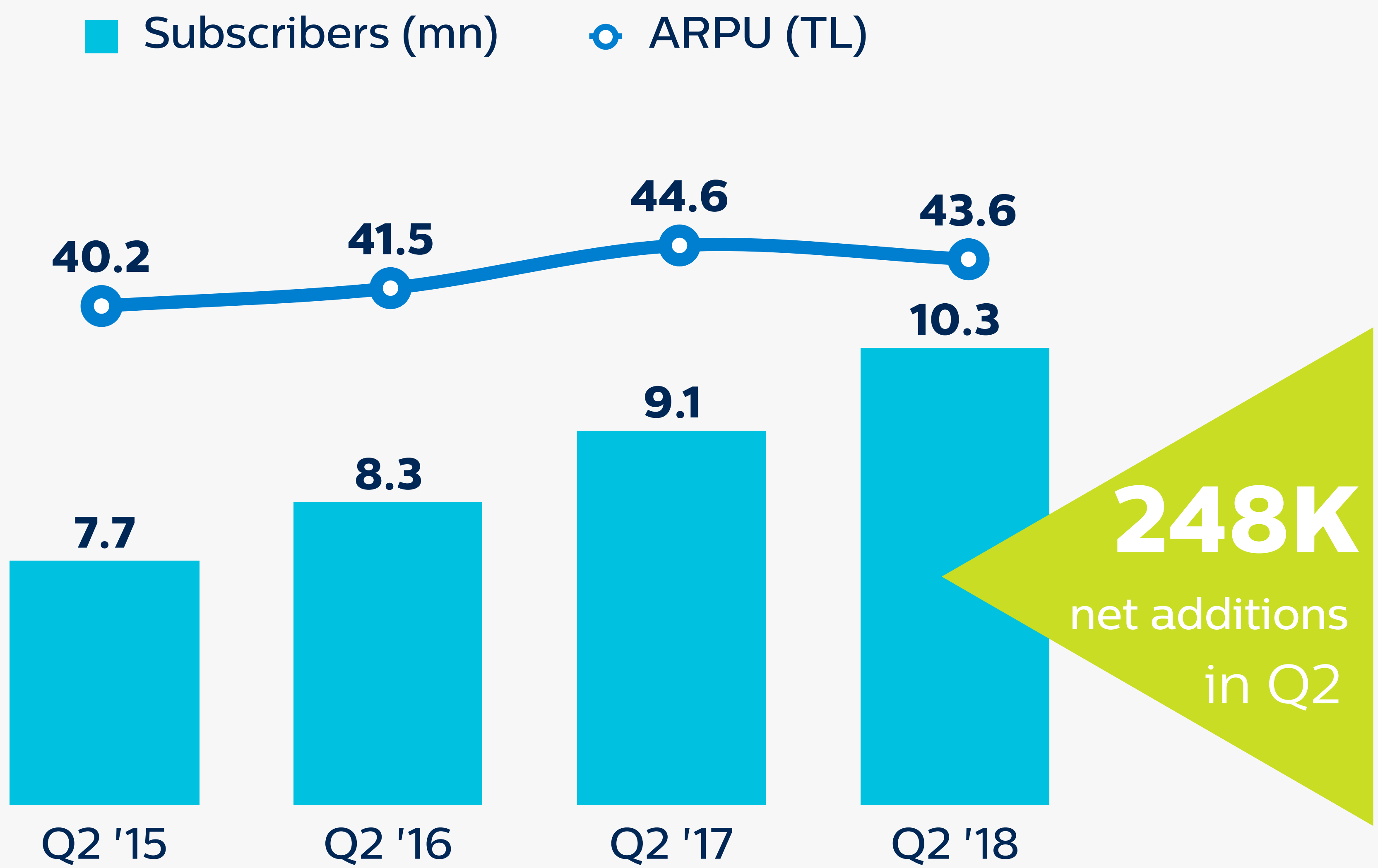


Source: ICTA Q2 '18 report



# Fixed Broadband Performance

## ARPU & Subscribers

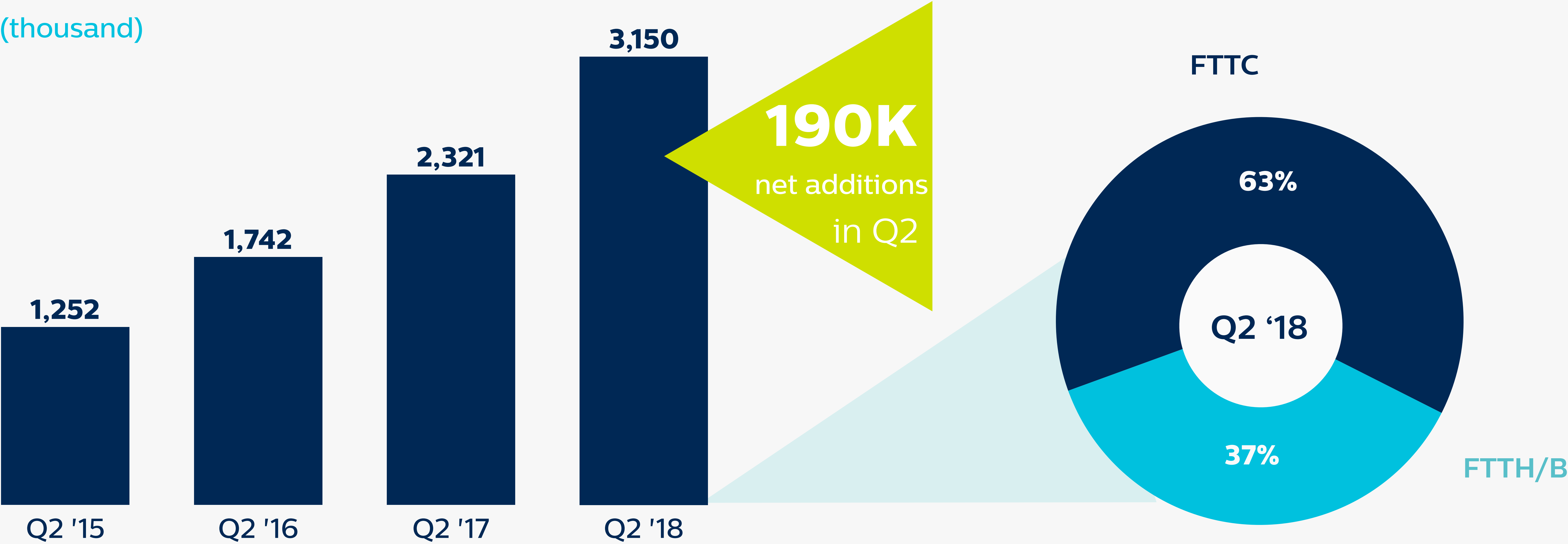


**~50%**

of Q2 '18 FBB net adds came via Internet Bizden campaign

## Fiber Subscribers

(thousand)

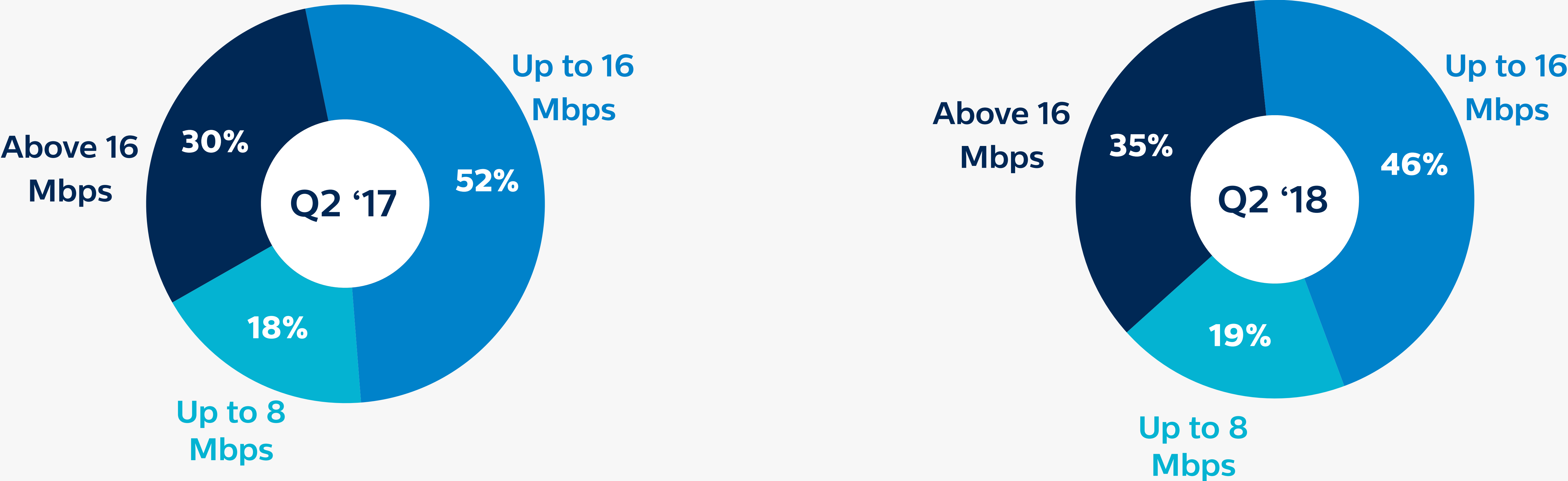




# Upsell Dynamics in Fixed Broadband

### Speed Breakdown

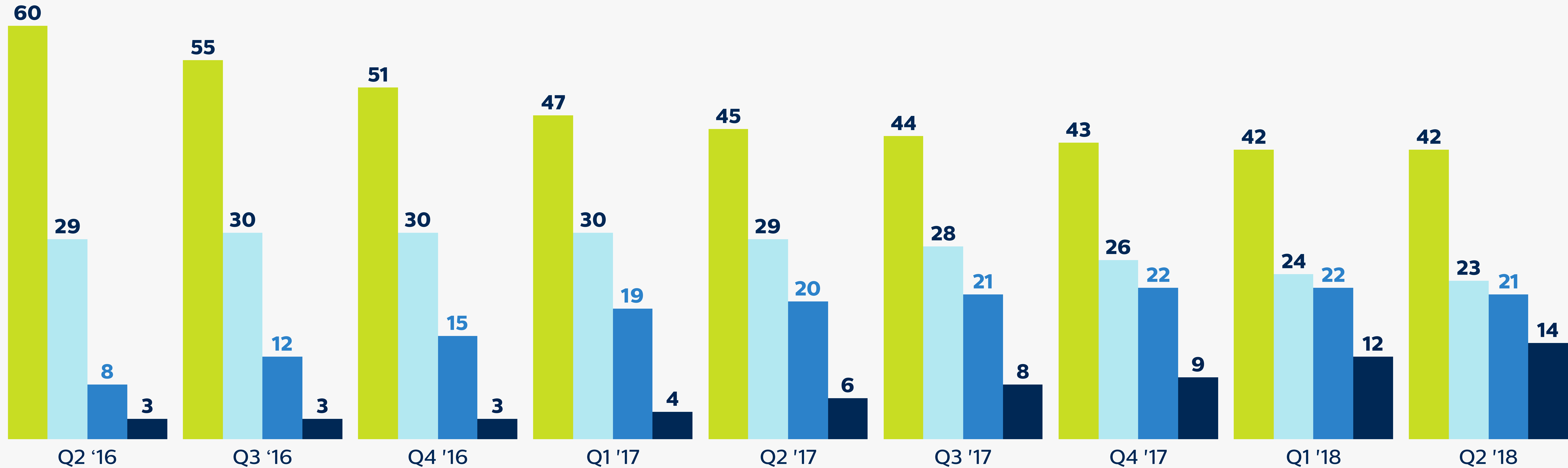
(% of Subscribers)



### Capacity Breakdown

(% of Subscribers)

50 GB & Below    50 to 75GB    75 GB to 100 GB    Above 100 GB



All figures are based on Turk Telekom's retail subscribers



# Nationwide Fiber

## Türk Telekom Fiber Network



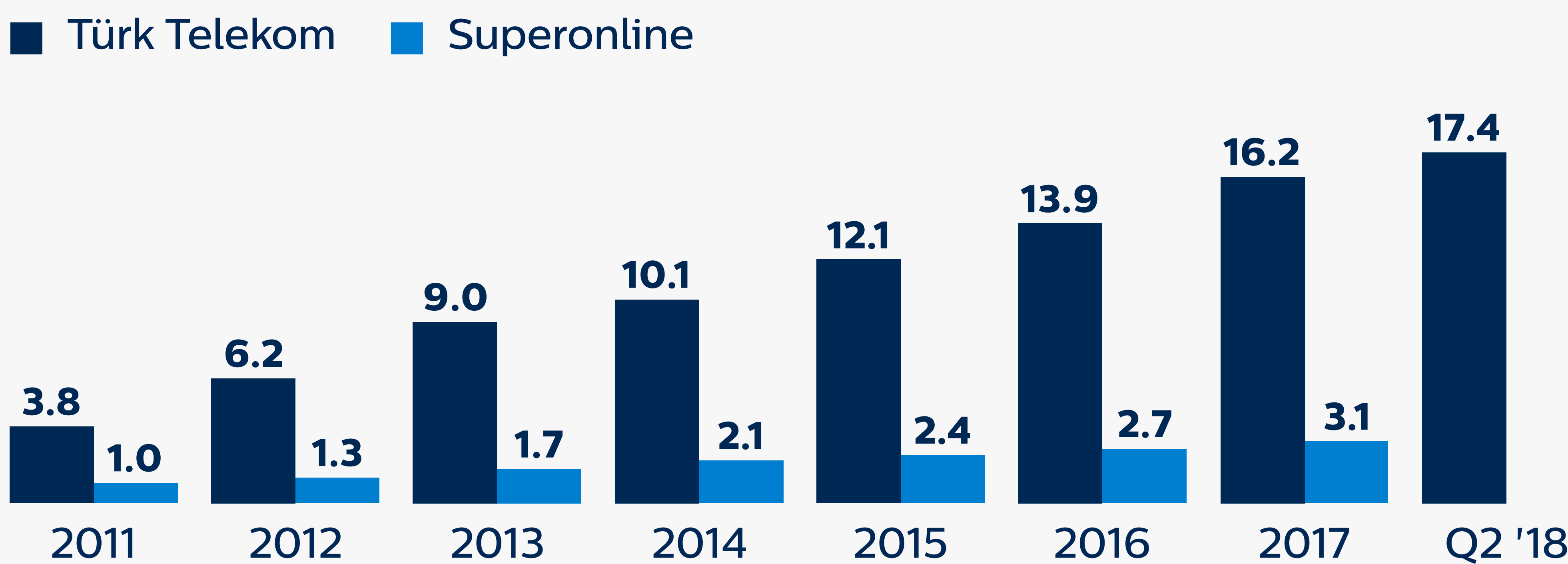
## Superonline Fiber Network



- ▶ Presence in 19 cities of Turkey
- ▶ 41.8K km fiber length
- ▶ Wholesale customer of Türk Telekom

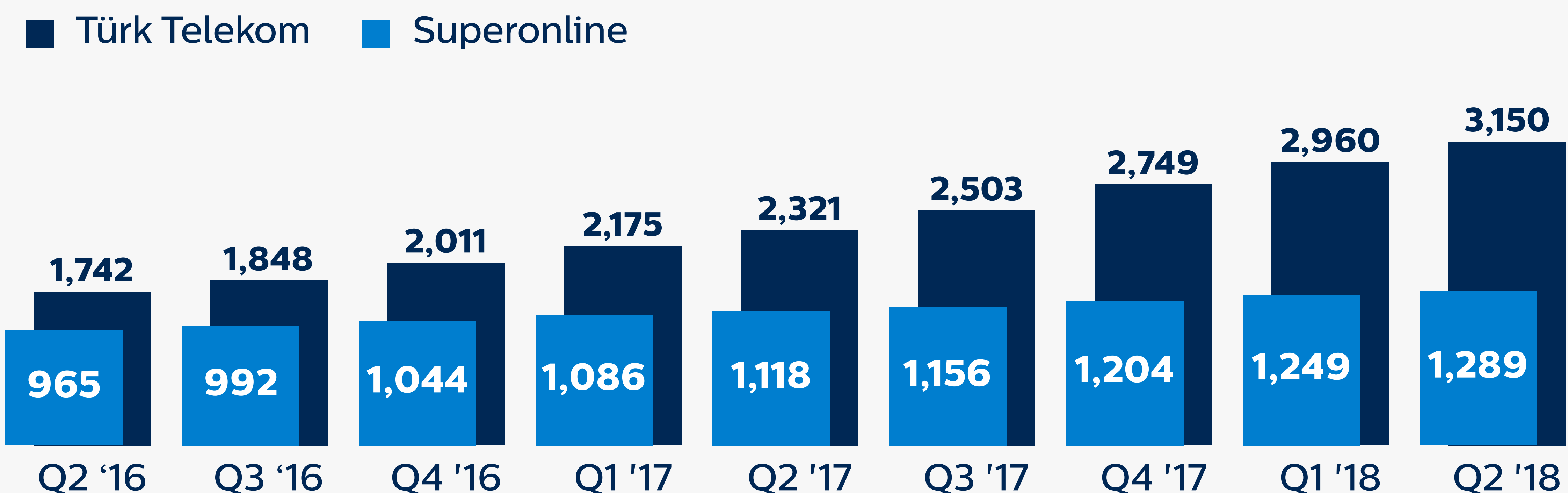
Based on Turkcell's own publications as of October 2018

## Fiber Homepass (mn)



Fiber homepass includes FTTH/B & FTTC  
16.8mn homepass consists 4.8mn FTTH/B and 12.6mn FTTC

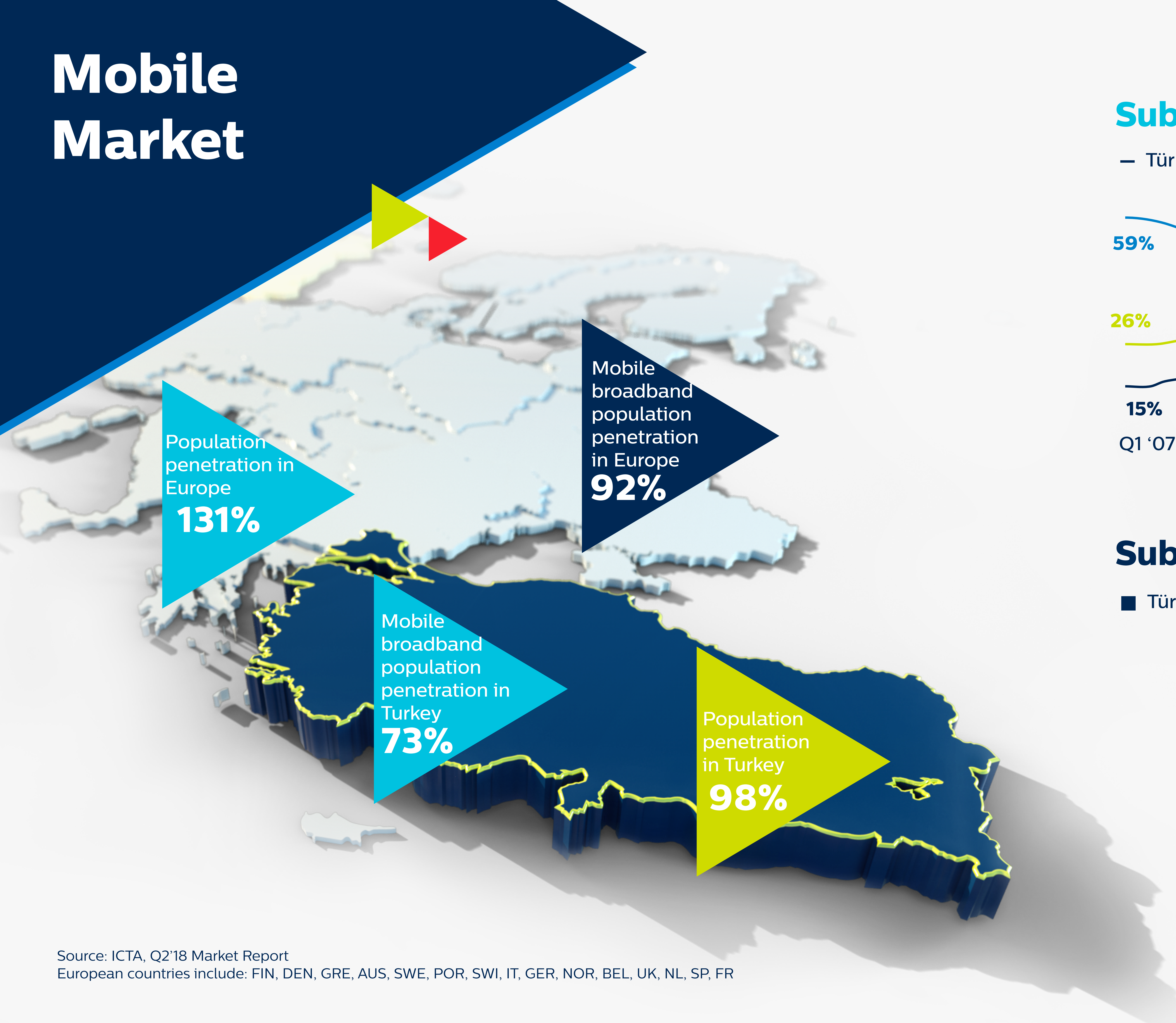
## Fiber Subscribers (thousands)



Fiber subscribers include FTTH/B & FTTC subscribers

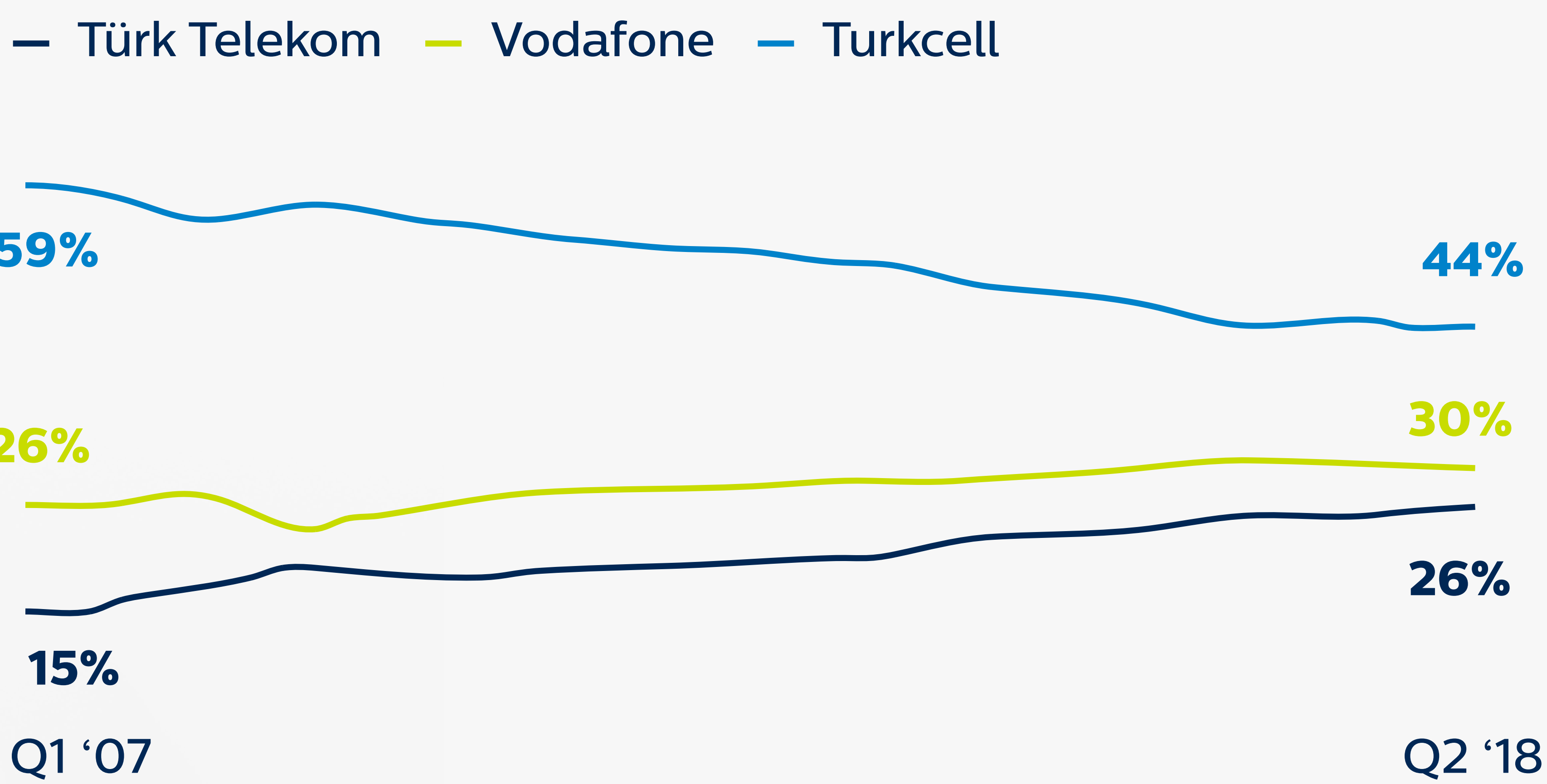


# Mobile Market

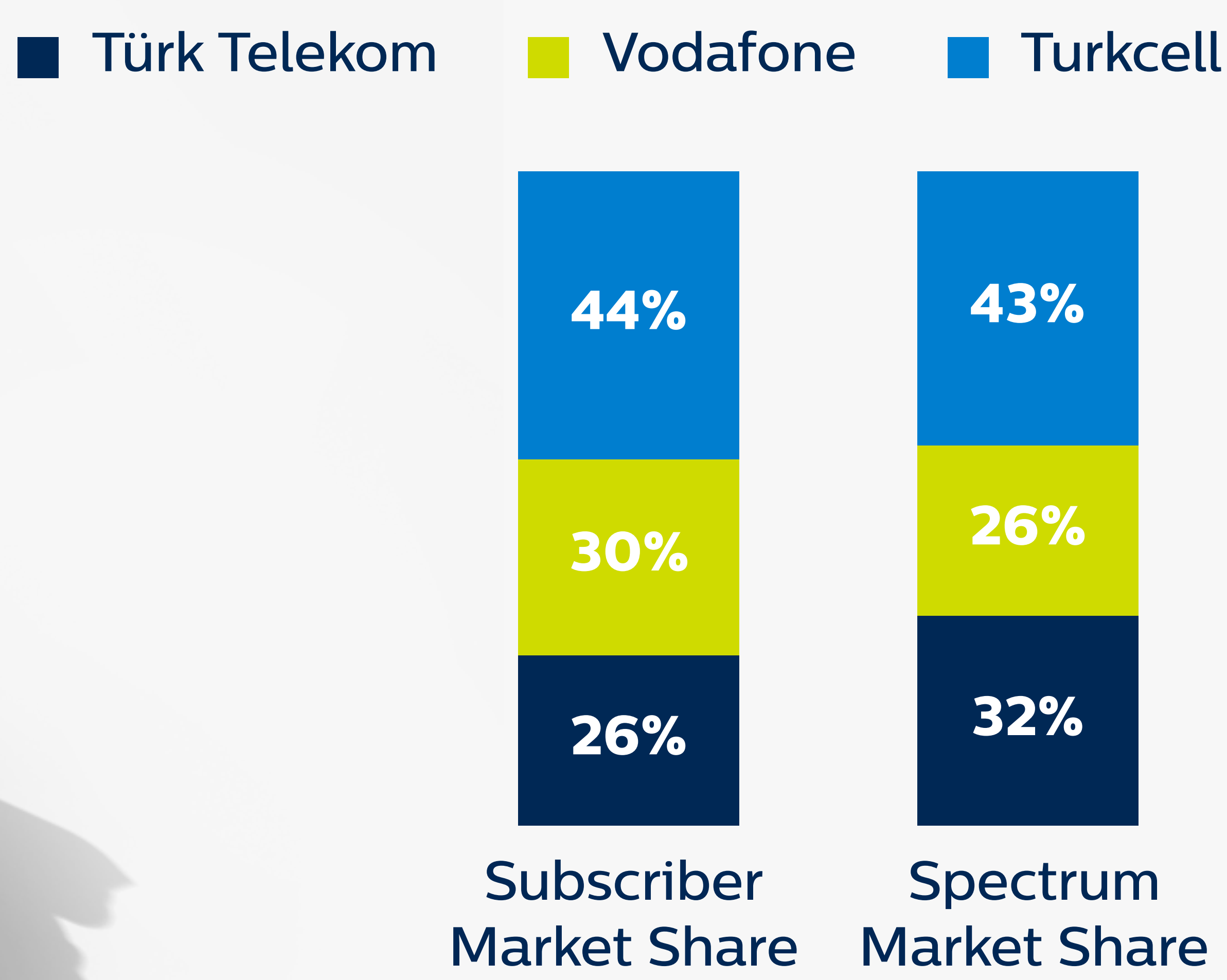


Source: ICTA, Q2'18 Market Report  
European countries include: FIN, DEN, GRE, AUS, SWE, POR, SWI, IT, GER, NOR, BEL, UK, NL, SP, FR

## Subscriber Market Share



## Subscriber vs. Spectrum Market Share



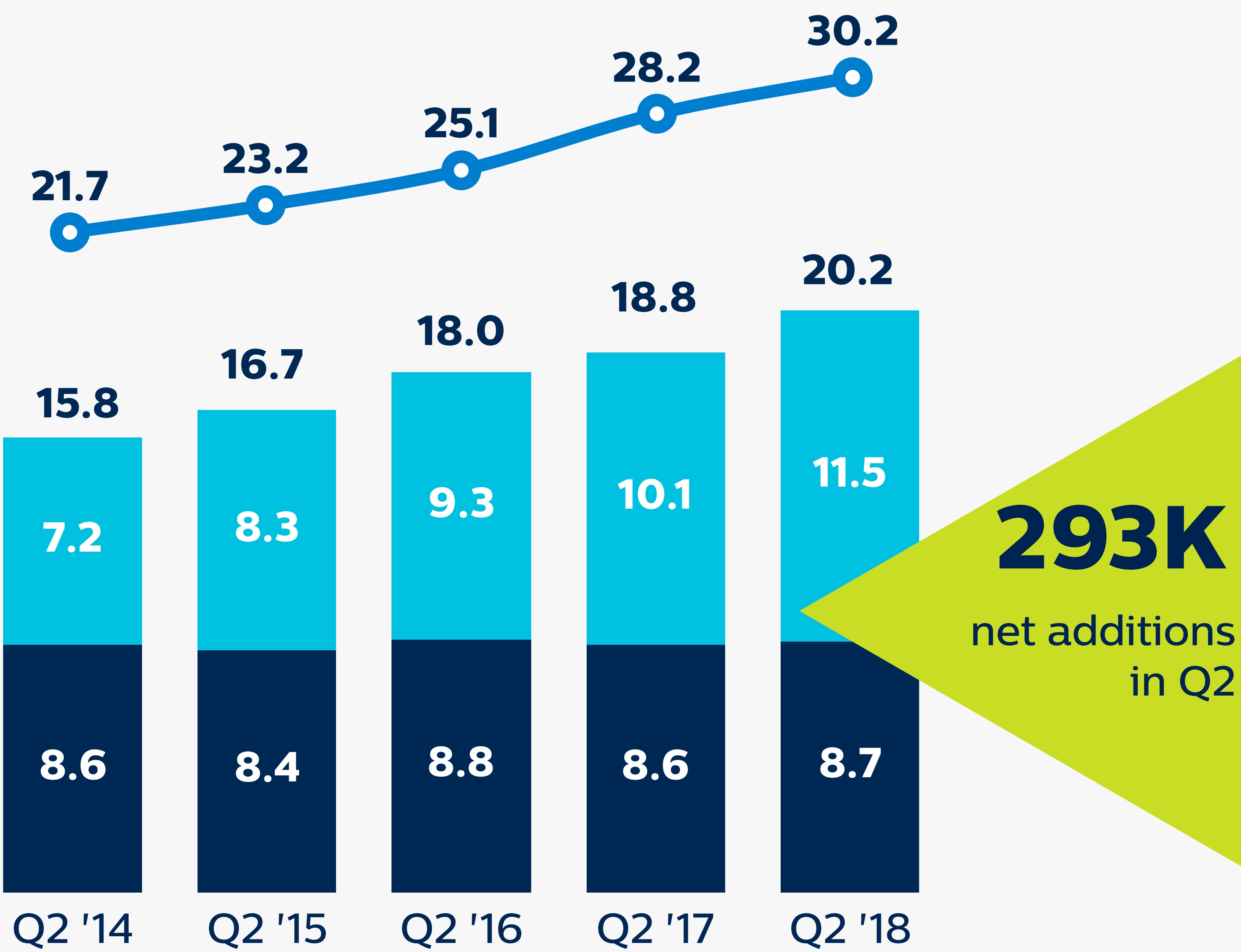
Other operators' data are from their own publications as of Q2 '18



# Mobile Performance

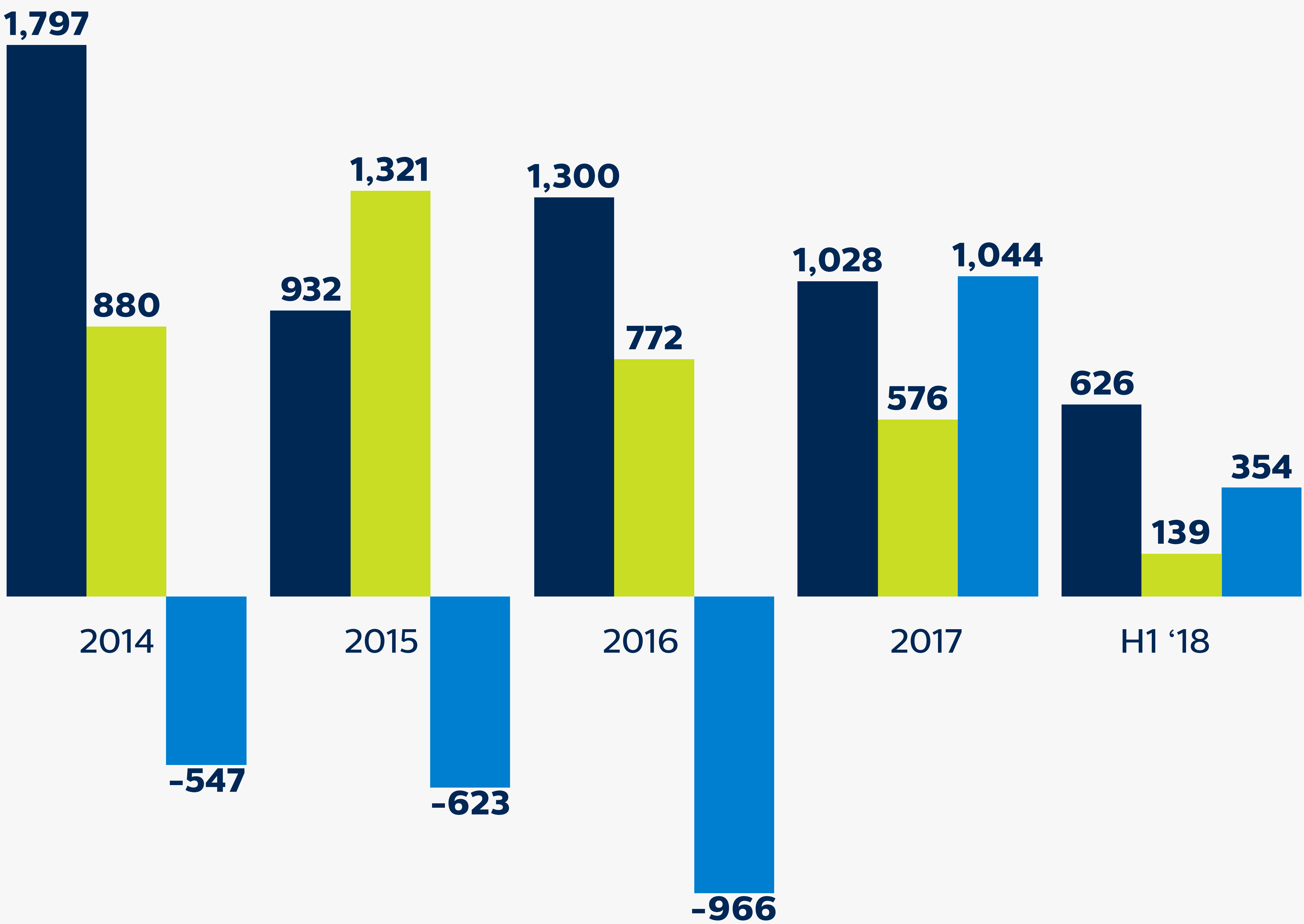
## Growing ARPU & Subscribers

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



## Net Subscriber Additions

■ Türk Telekom ■ Vodafone ■ Turkcell



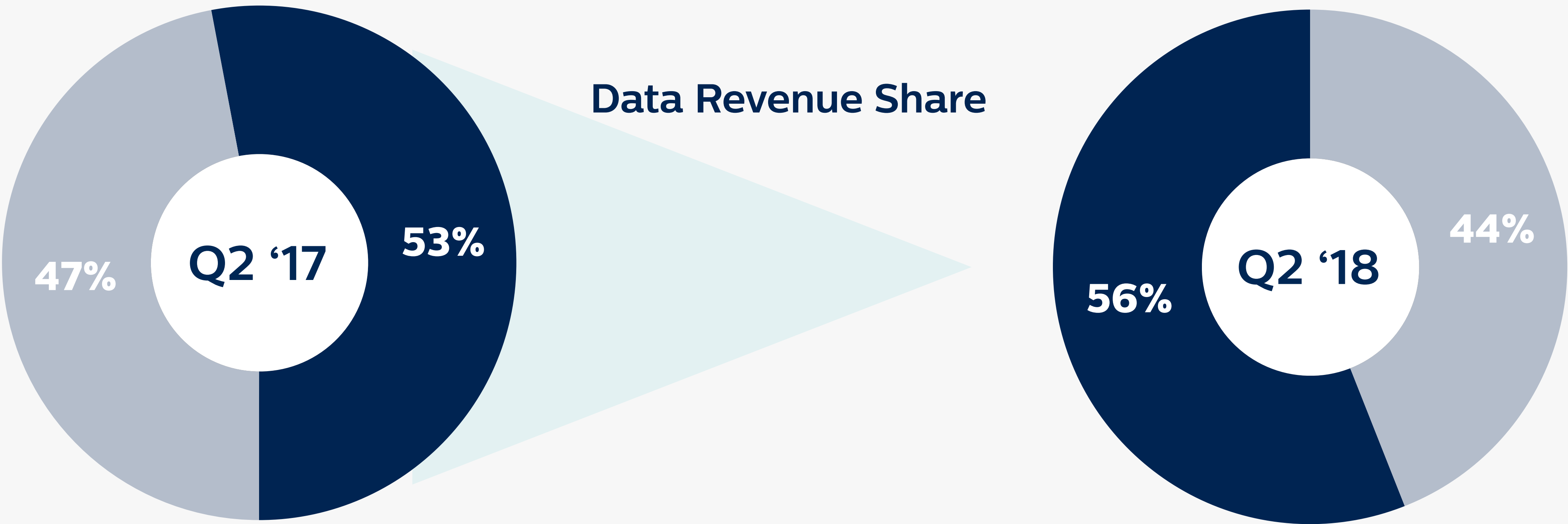
Other operators' data are from their own publications.



# Mobile Data

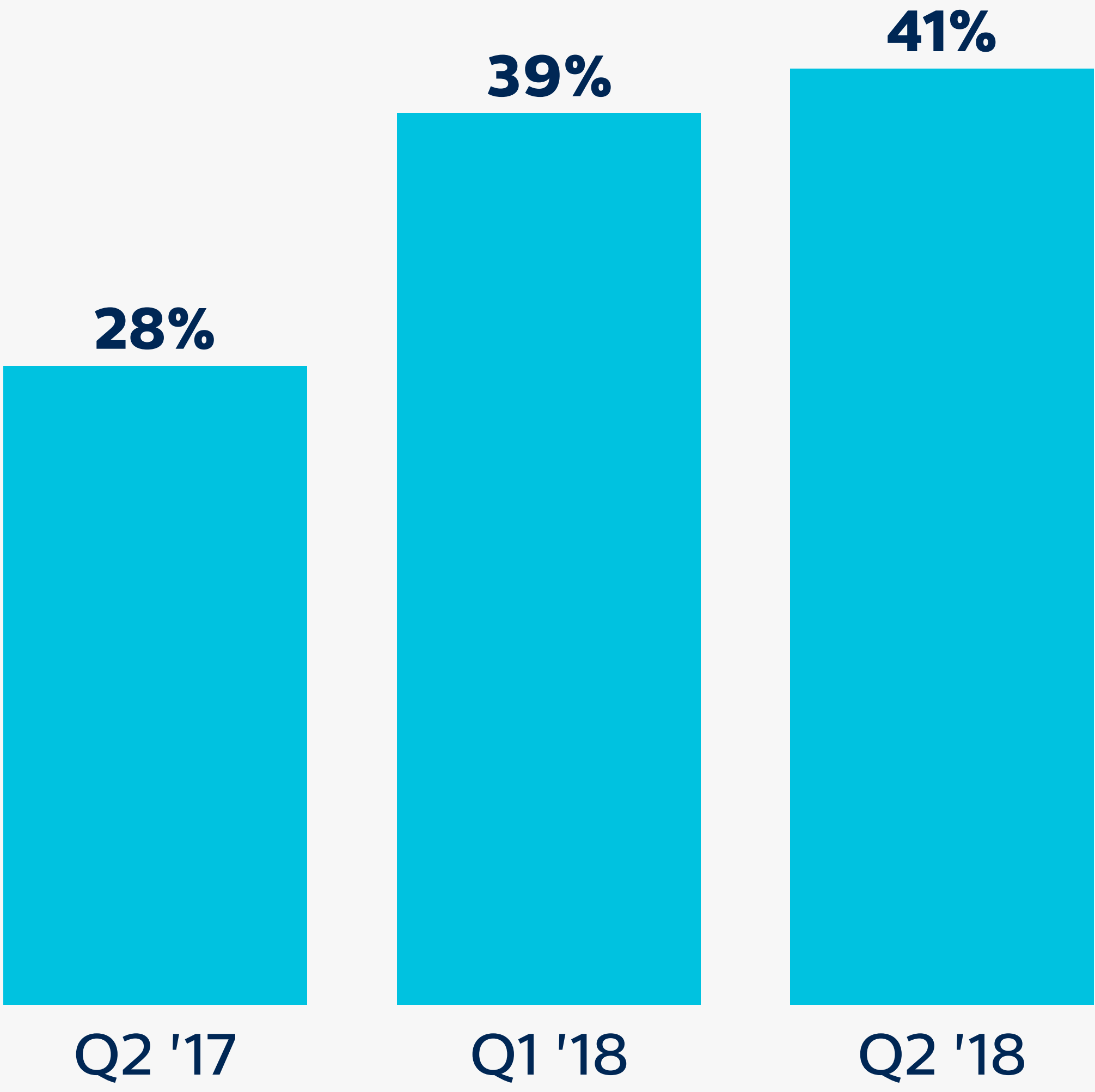
## Data Revenue

(Mobile service revenue share)

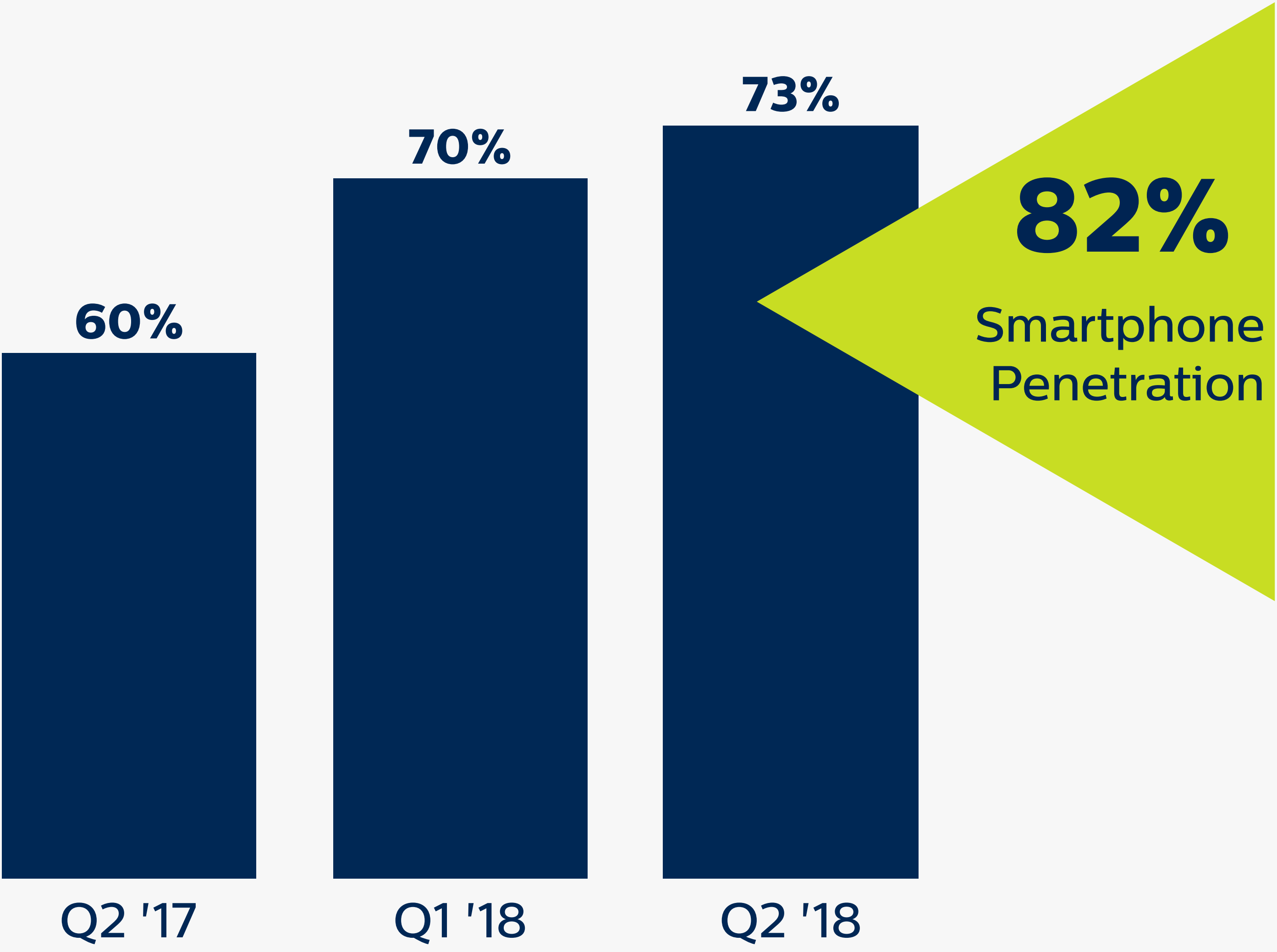


## LTE Users\*

(Total subscriber share)

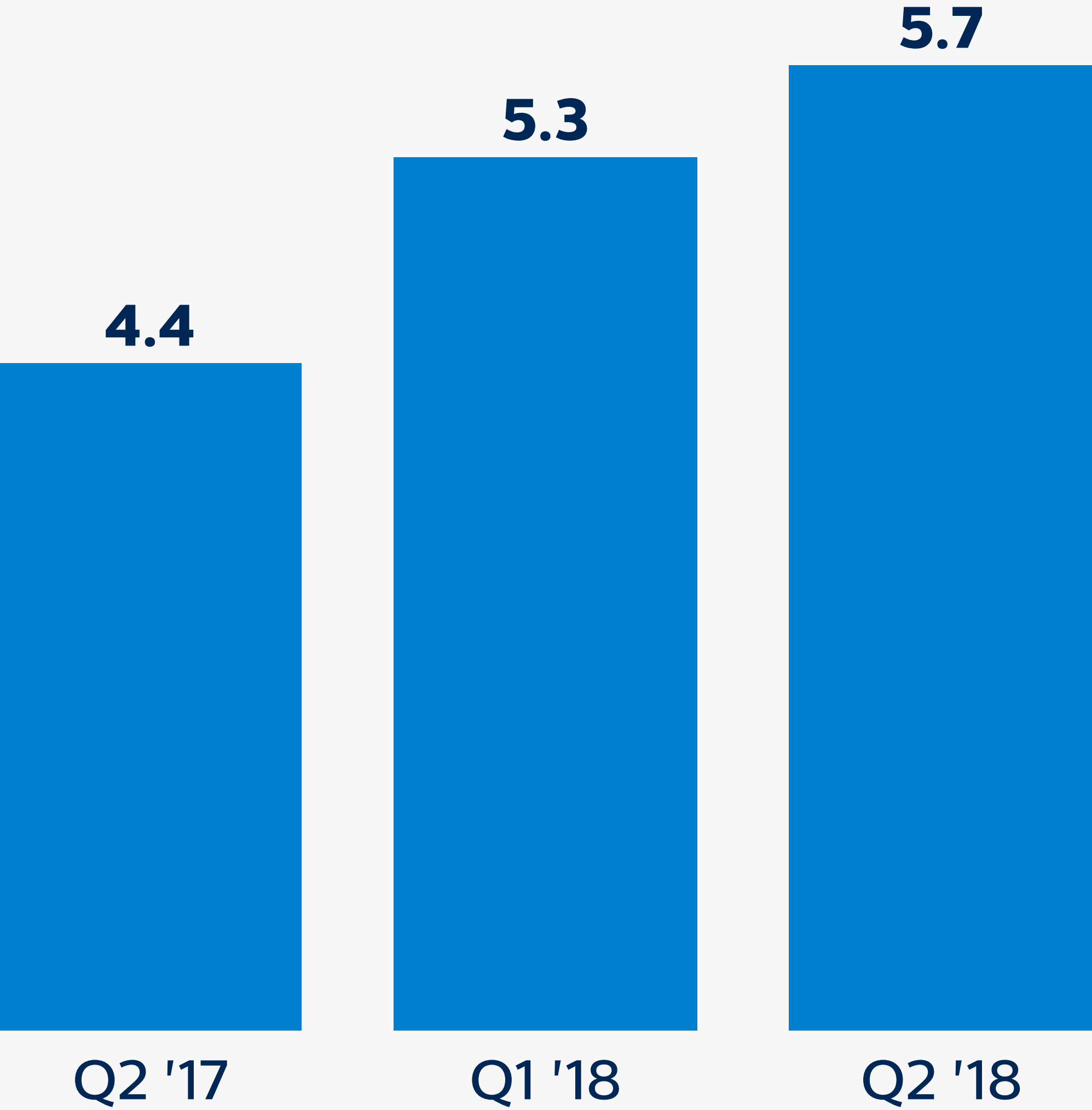


## LTE Compatible Smartphone



## Avg. Monthly Mobile Data Usage

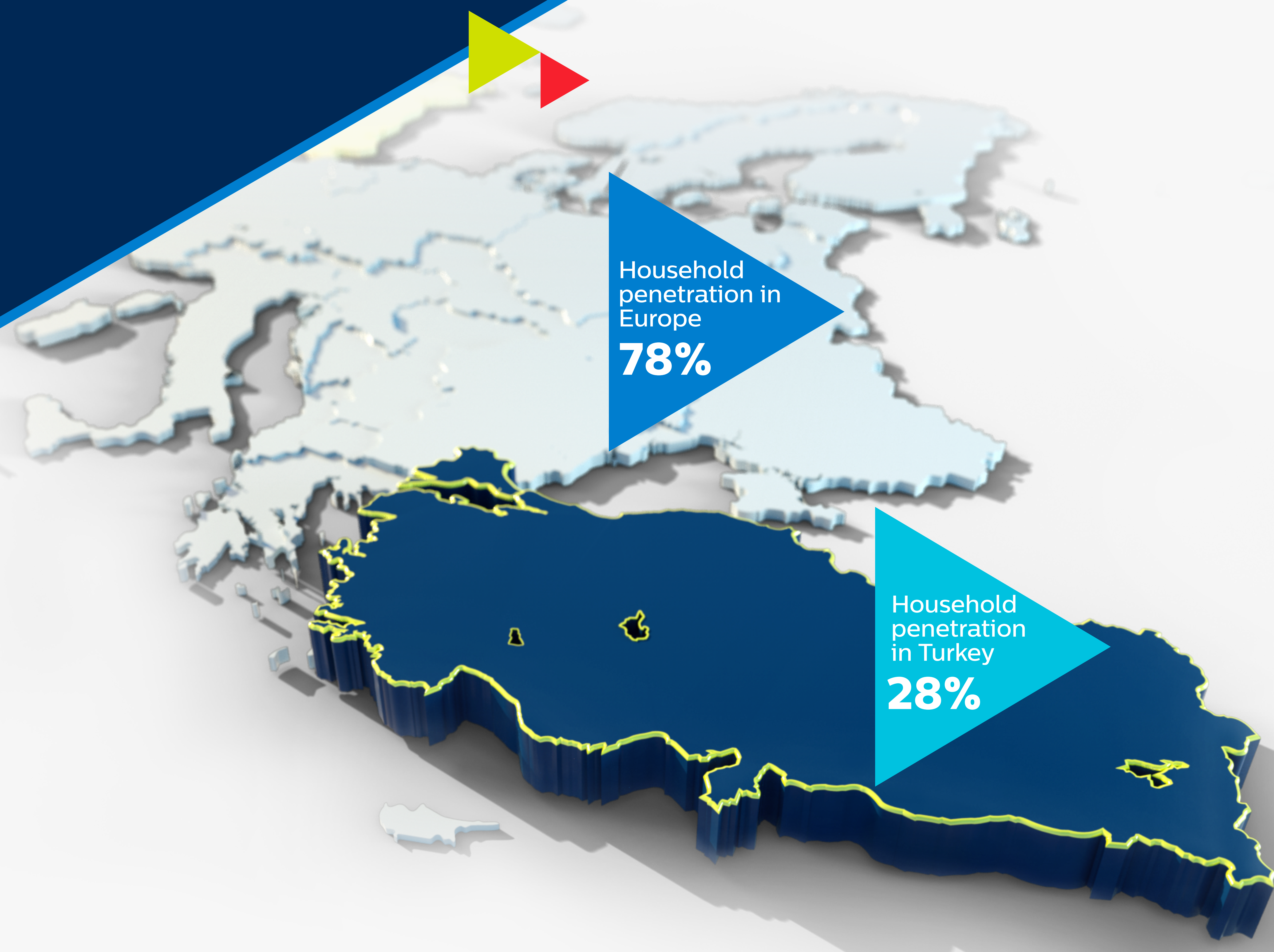
(GB per LTE user)



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

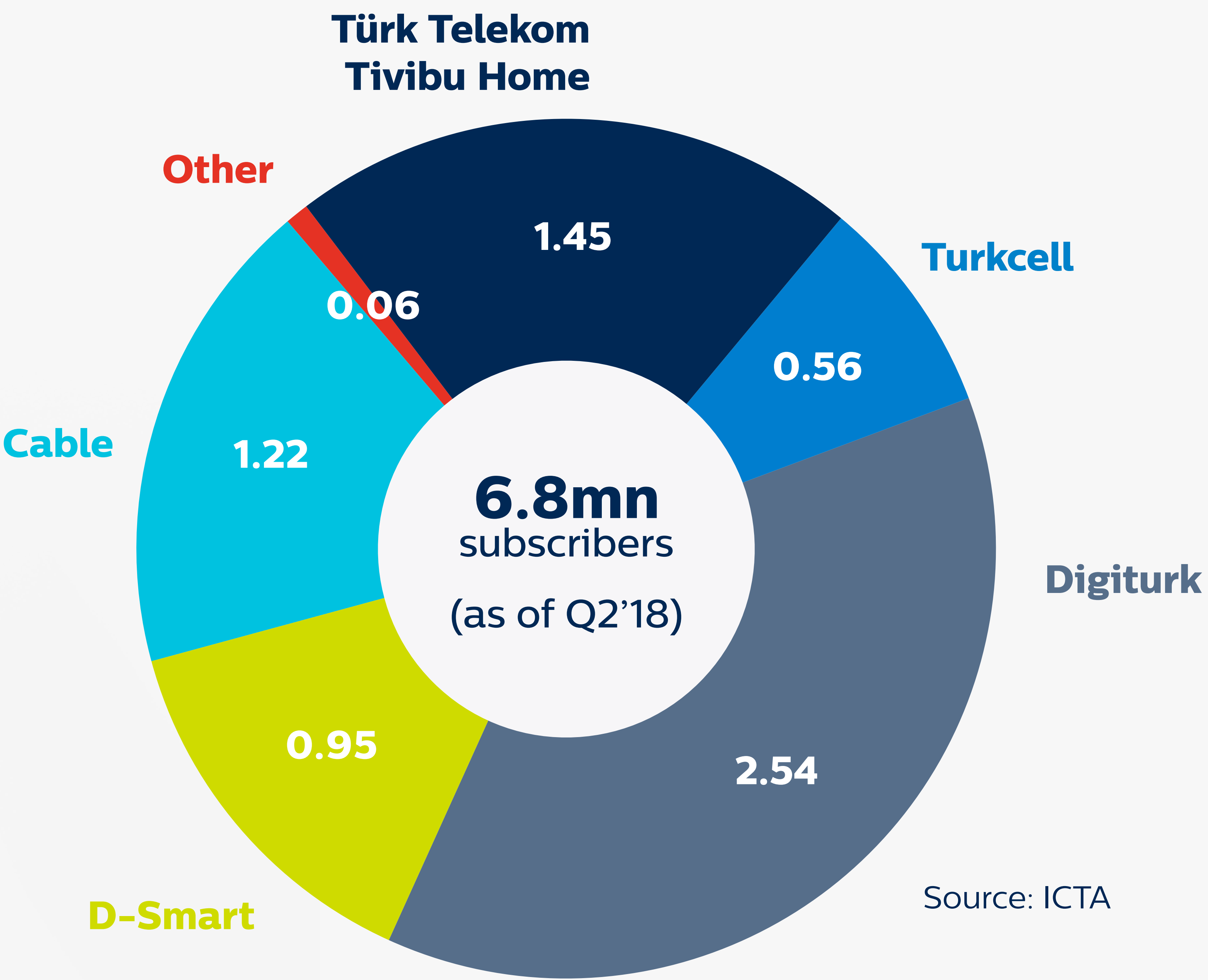


# Pay TV Market

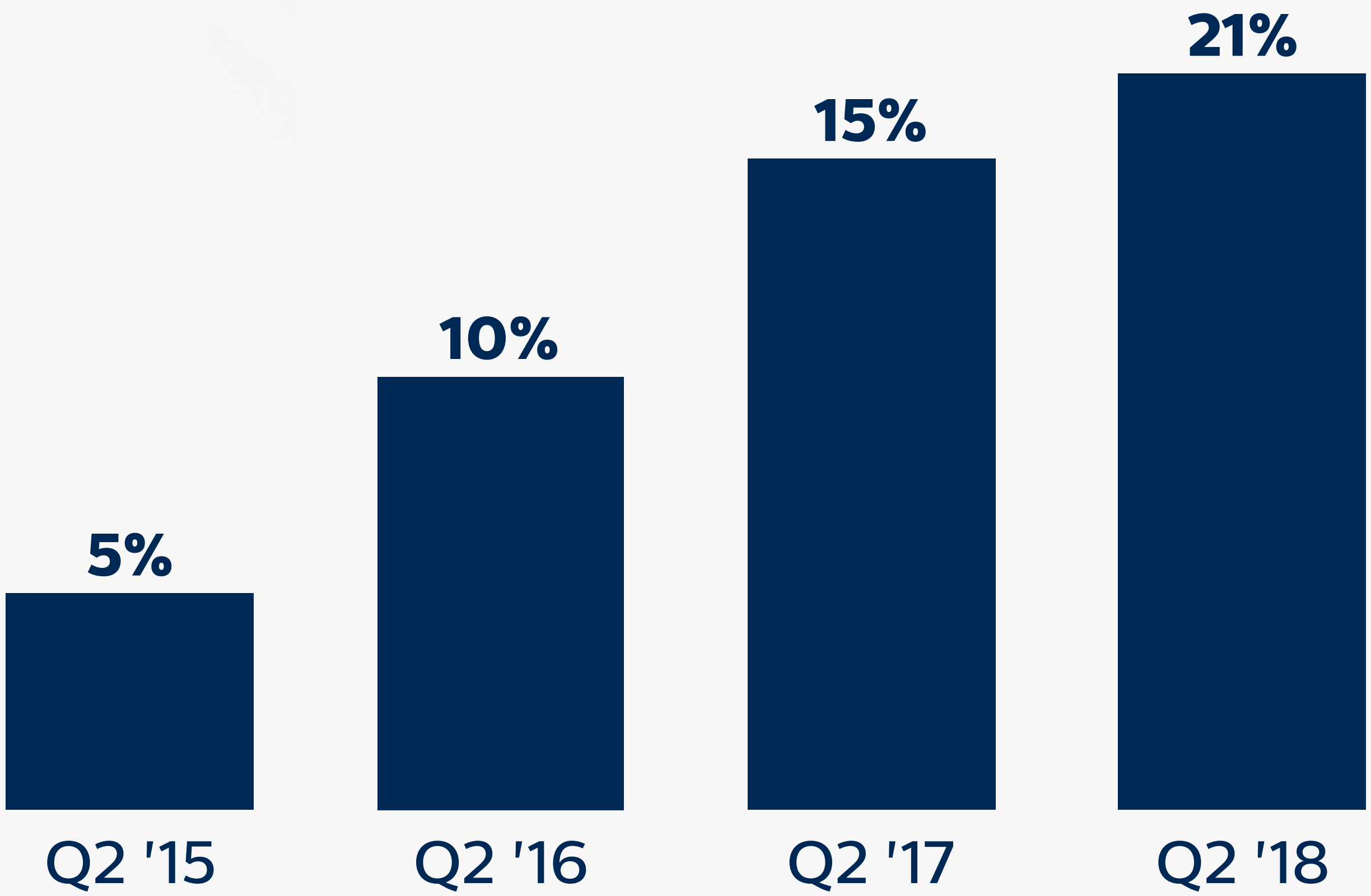


Source: Analysys Mason, Pay-TV quarterly Metrics, Q4 '17 Report  
European countries include Denmark, France, Ireland, Italy, Portugal , Sweden ,UK and Estonia  
TR Data is calculated from ICTA Q2 '18

## Subscribers (mn)



## Tivibu Home Subscriber Market Share

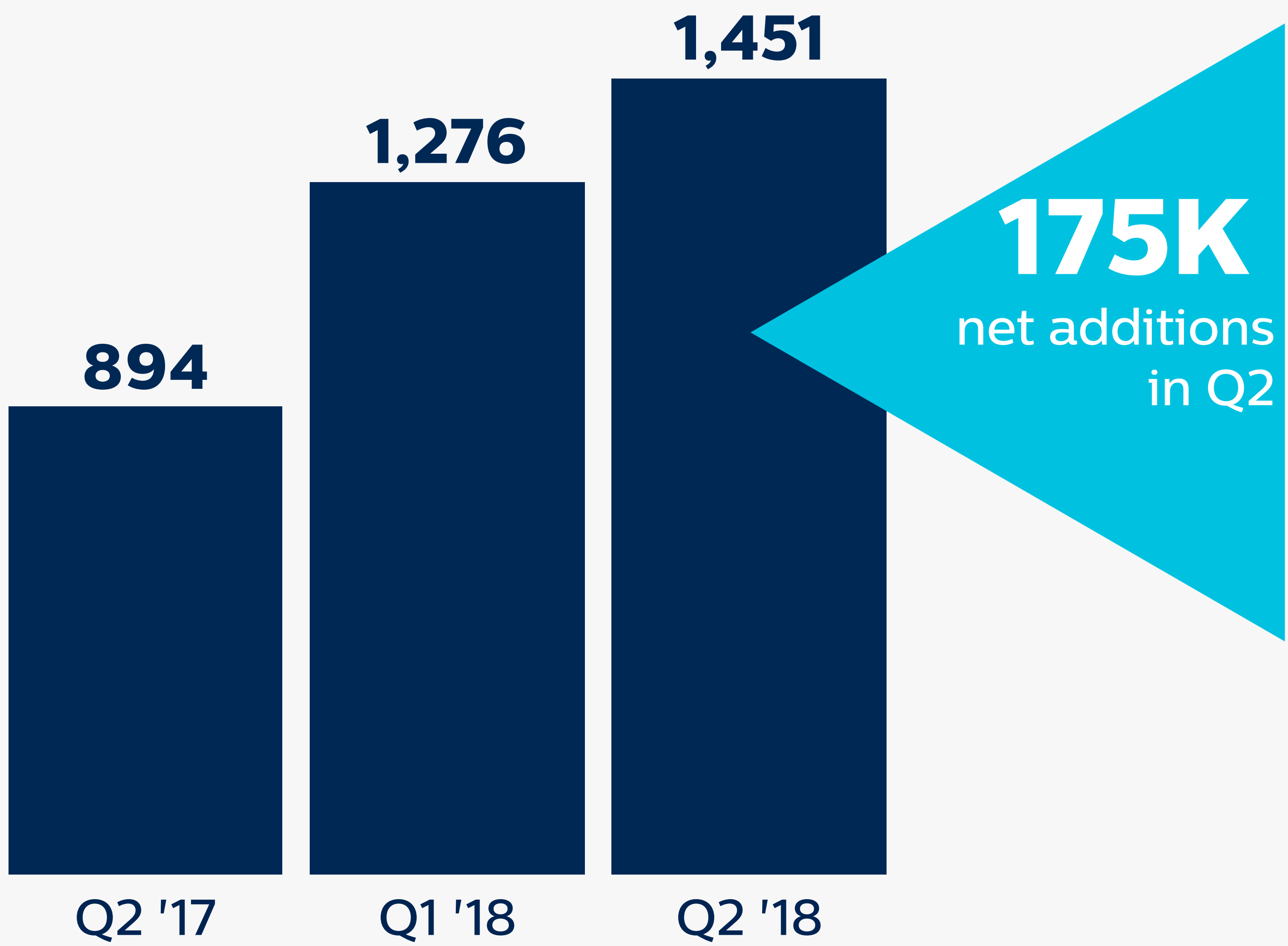




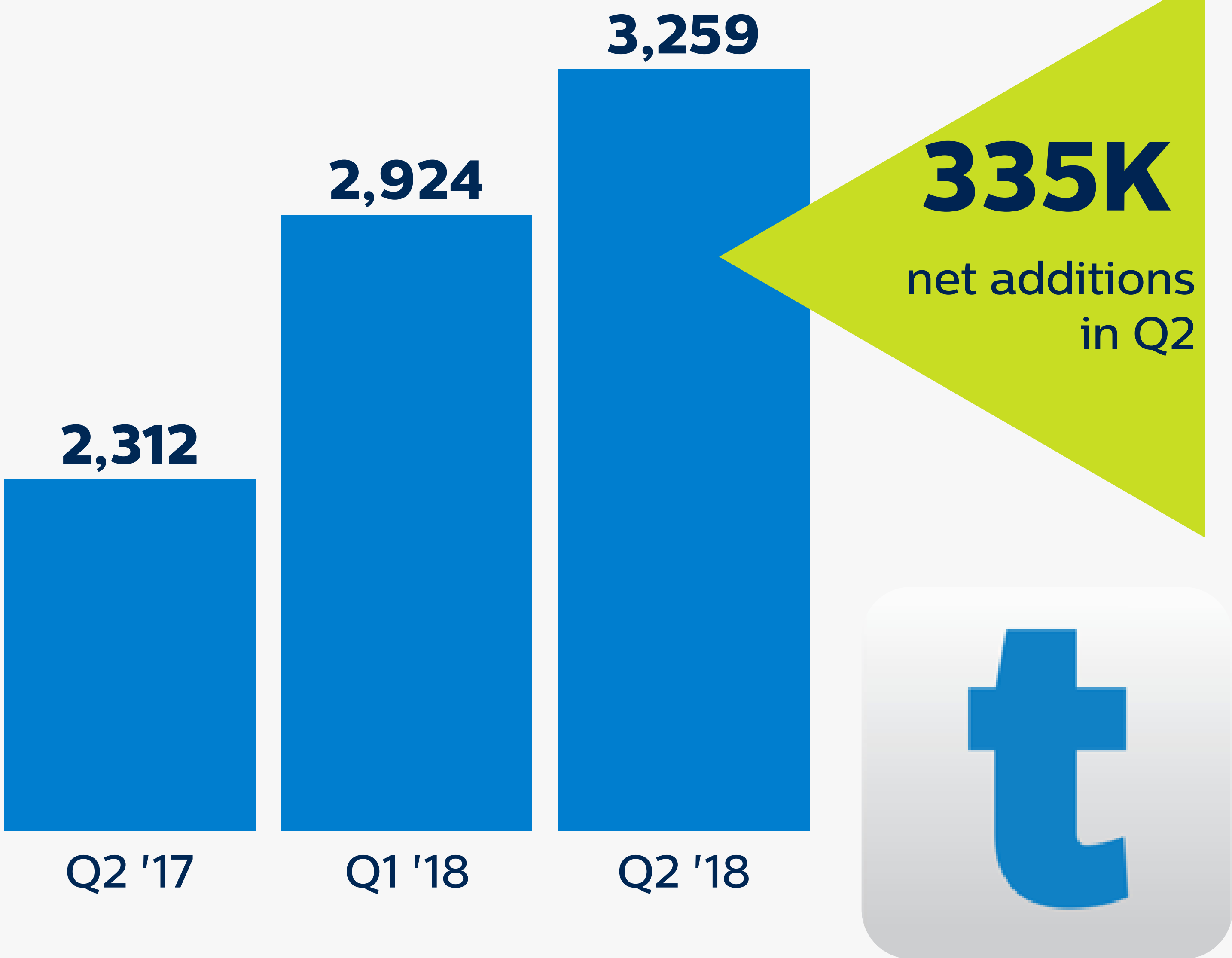
# TV Performance

## Subscribers (thousand)

■ Tivibu Home



■ Total TV (Tivibu Home + Tivibu Go)



## Wireless Homes

**97%** of Q2 '18 DTH gross adds came via mobile synergy offers



## Platform

IPTV + DTH + Web TV + Smart TV

## Content

- ▶ Turkish Basketball Super League
- ▶ NBA
- ▶ English Premier League

- ▶ 3 Cinema & 4 Sports Inhouse Channels
- ▶ Kids & Documentary Channels
- ▶ 7500+ on demand assets

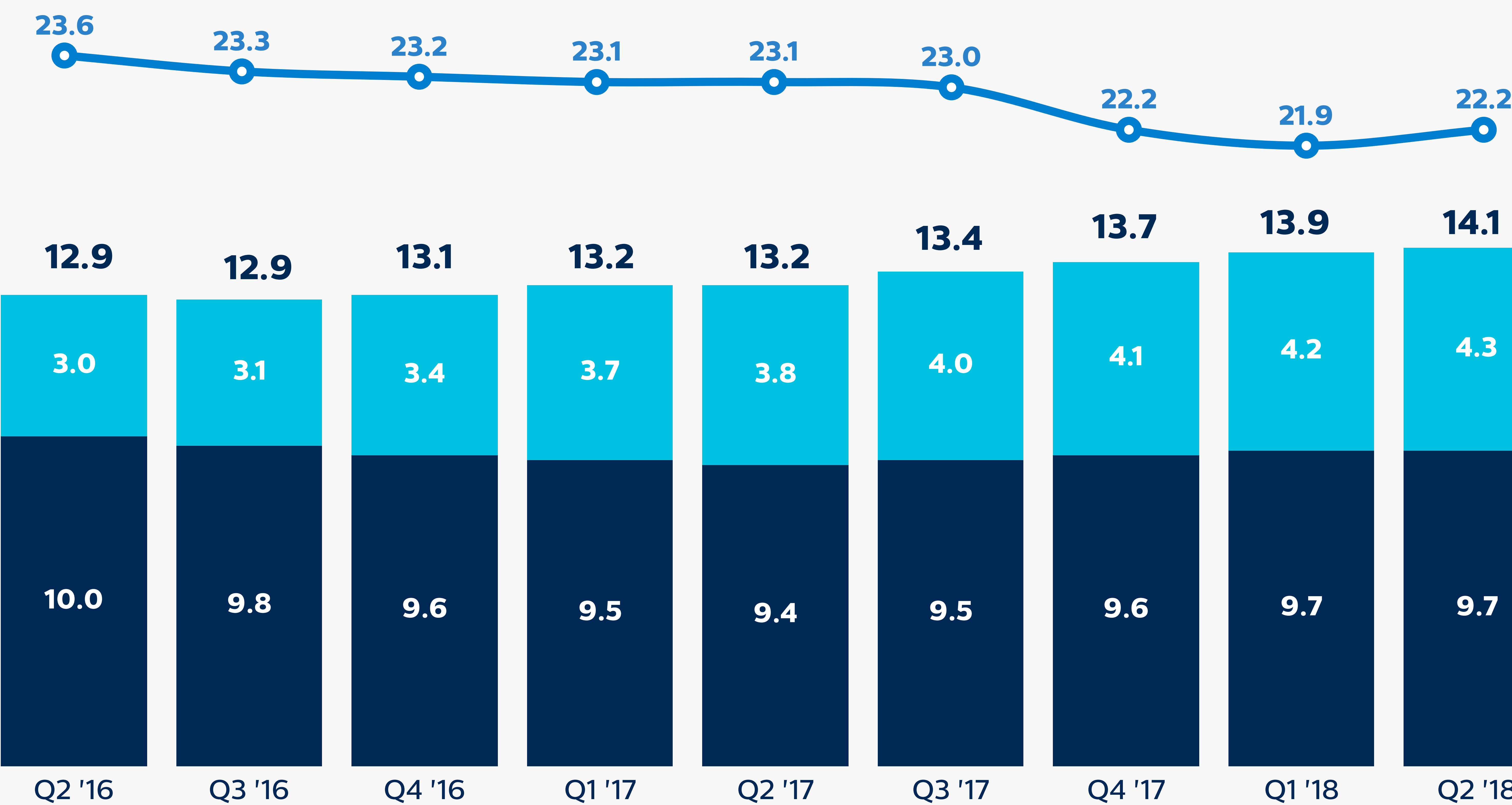


# Fixed Voice Performance

## Access Lines and ARPU

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

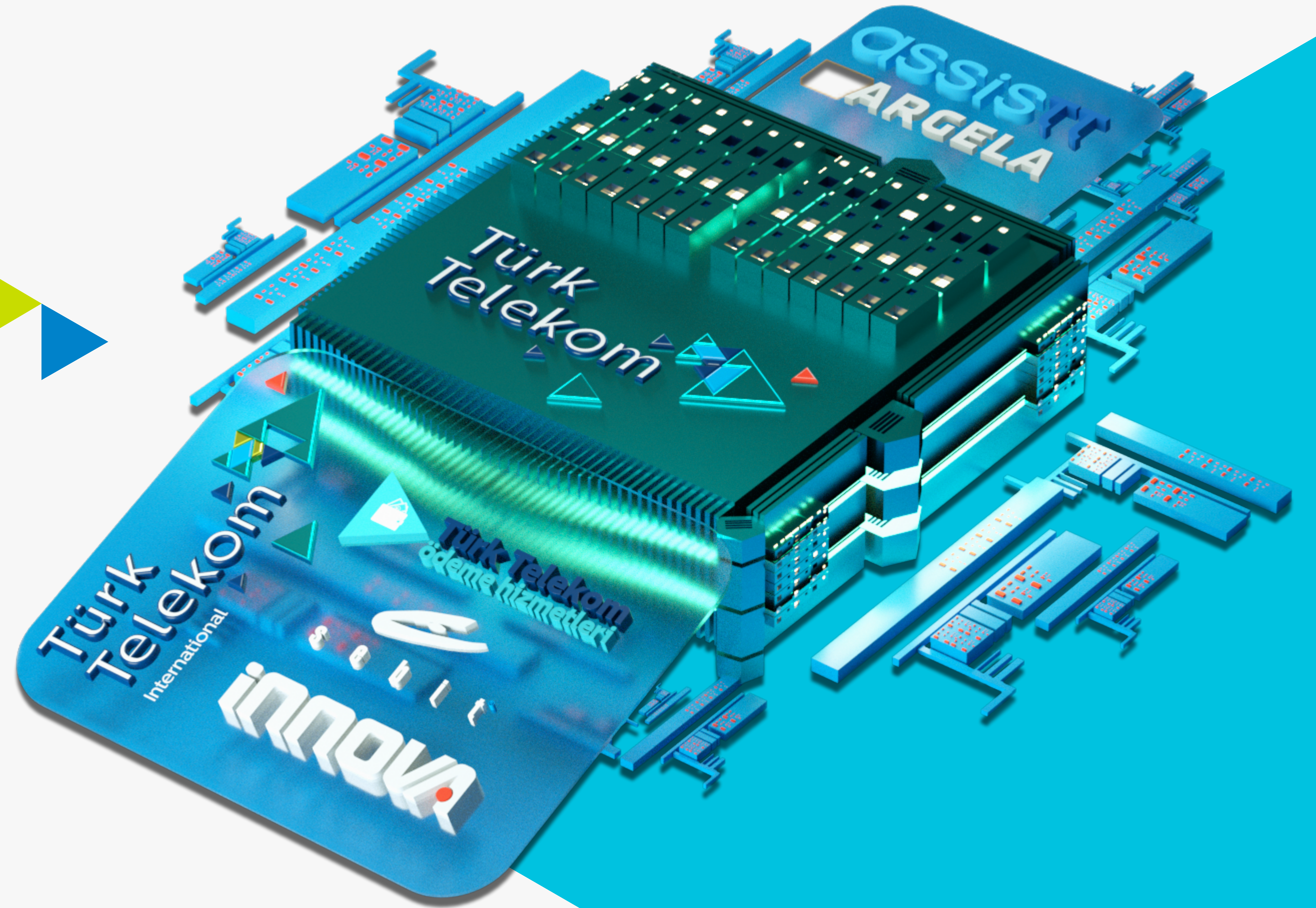
○ Fixed Voice ARPU (TL)



**60K**  
net additions  
in Fixed  
Voice in Q2



# Group Companies







## Leading software developer & integrator in Turkey

- End-to-end solutions for large scale ICT projects
  - Smart Cities
  - Health Campuses
  - E-education transformation project (FATİH)
- PayFlex Innova: Payment, collection and loyalty solutions platform
- Kiosk Innova: Self-service solutions (in banks, hospitals, airports etc.)







## Next generation telco technologies R&D company

- ProgRAN: SDN based RAN solutions for LTE and 5G with 23 patent applications
- ULAK: Turkey's first and only LTE base station development project
- MILAT: SDN & NFV based cybersecurity& cyberdefence solutions
- From pure R&D to commercialization
  - Developer of Turkey's first national digital keyboard, TAMBU
- Member of ONF and ONAP via US based subsidiary NETSIA







## Leading and largest edtech company in Turkey

- E-educational products, covering all Grades from Pre-School to High School
- Leading and innovative e-Education products: Raunt, Sebit VCloud and Vitamin
- Content and platform provider for the national e-Education transformation project (FATİH)





The logo for aSSiSTT, featuring the company name in a blue, lowercase, sans-serif font. The background is a light blue triangle pointing right, set against a darker blue background with a geometric pattern of triangles.

## Leader customer service solutions company

- Beyond traditional call center services, solutions such as sales and marketing, social media management, e-mailing and payroll
- Serving largest private and public institutions with more than 10 thousand employees

The logo for Türk Telekom International, featuring the company name in a white, sans-serif font. The background is a white triangle pointing right, set against a dark blue background with a geometric pattern of triangles.

## International arm of the Group in wholesale data, voice and roaming services

- Over 40K km fiber network in CEE, Turkey, the Middle East and the Caucasus
- More than 70 major POPs in Europe, ME and Asia
- Unique Solutions
  - AMEERS: New path connecting WE to ME
  - SEA-ME-WE-5: Submarine cable system connecting Europe to Africa, ME and Asia

The logo for Türk Telekom ödeme hizmetleri, featuring the company name in a white, sans-serif font. The background is a white triangle pointing right, set against a blue background with a geometric pattern of triangles.

## Payment services company

- Payment services license from the Banking Regulation and Supervision Agency (BRSA)
- Strong position in Direct Carrier Billing (DCB)
- Expansion plans in other payment related services & products (Digital Wallets, Carrier-Billing, Money Transfers, Tax/Bill payments, E-money)



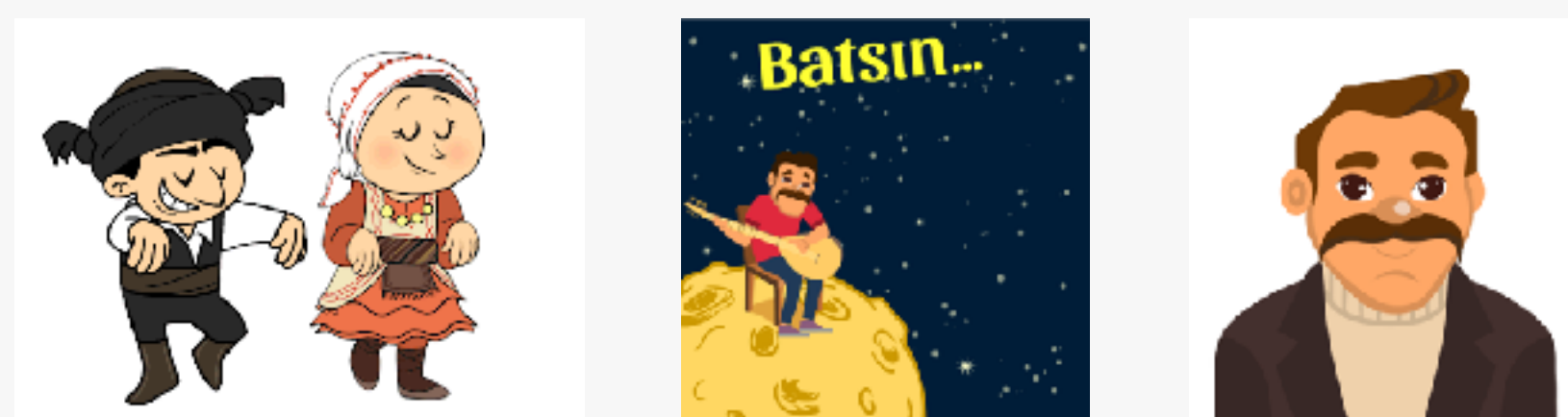
# Tambu

Keyboard app  
evolving into  
platform



Hyper local animated stickers to  
express yourself  
**1st in Turkey**

Customizable themes;  
personalized background and  
colors

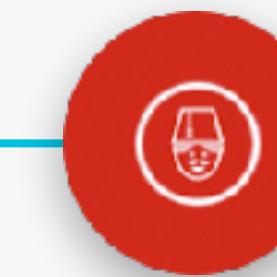
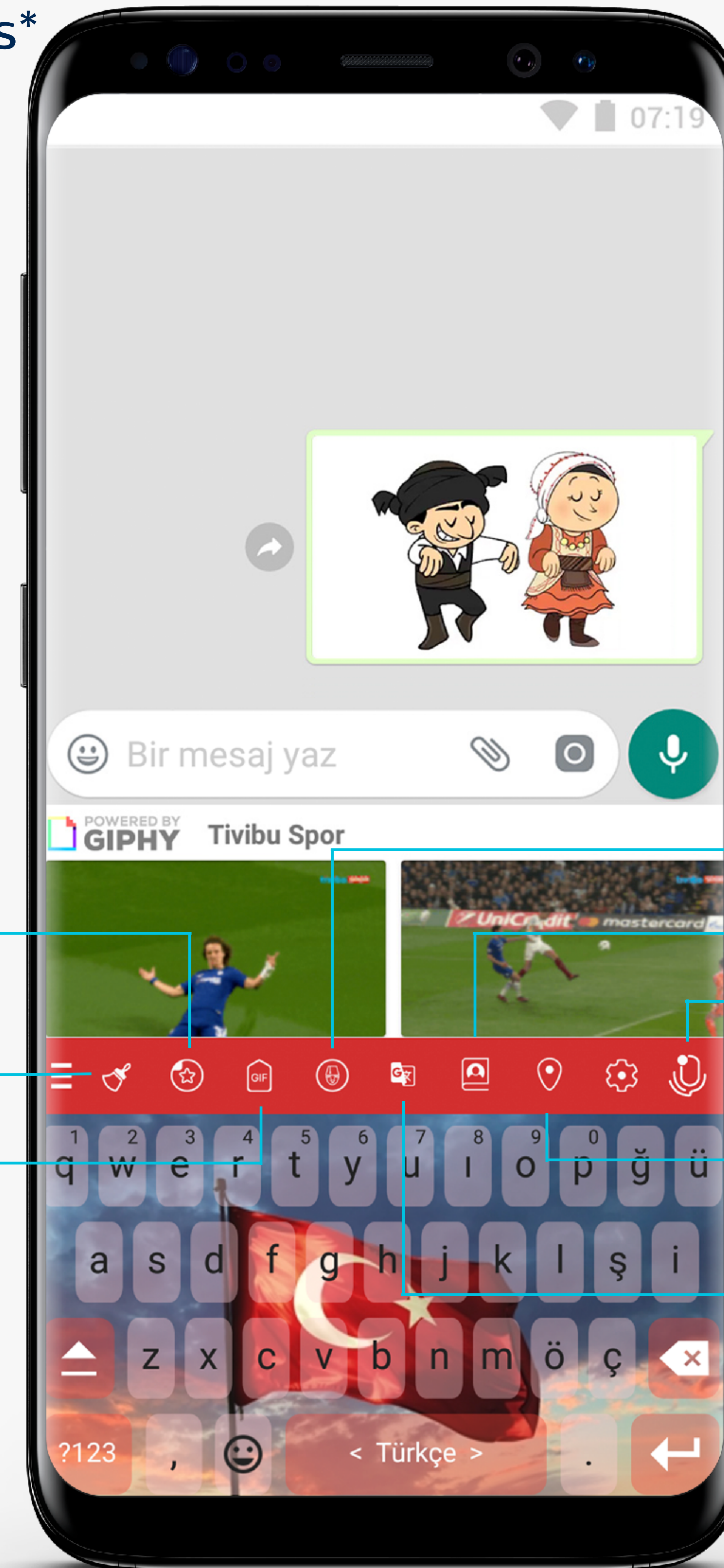


Exclusive GIFs for Tambu  
including videos from Champions  
League and music videos

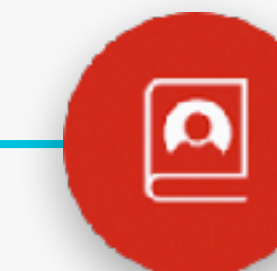
**6.6 mn**  
downloads\*

**tambu**  
..... SEN DE YAPIŞTIR CEVABI .....

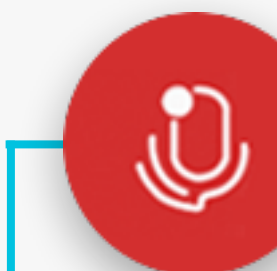
**20%** monthly active users\*



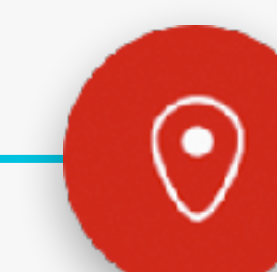
Rich set of proverbs to  
discover, learn and share



Personalized dictionary for  
frequently used text  
shortcuts



Speech to Text



Share location in all  
platforms



Translation in more than  
100 language

\* As of July 2018



# Financials





# Income Statement

(TL mn)	6M '17	6M '18	YoY Change	Q2 '17	Q2 '18	YoY Change
Revenues	8,808	9,637	9.4%	4,501	4,951	10.0%
EBITDA	3,240	3,940	21.6%	1,712	1,968	15.0%
Margin	36.8%	40.9%		38.0%	39.8%	
Operating Profit	1,747	2,152	23.2%	939	1,058	12.6%
Margin	19.8%	22.3%		20.9%	21.4%	
Financial Inc. / (Exp.)	(374)	(3,149)	742.3%	249	(2,163)	n.m.
FX & Hedging Gain / (Loss) <sup>1</sup>	(170)	(2,810)	1,551.2%	339	(1,932)	n.m.
Interest Inc./ (Exp.) <sup>1</sup>	(161)	(258)	60.9%	(85)	(172)	103.4%
Other Financial Inc./ (Exp.)	(43)	(80)	86.1%	(6)	(59)	967.0%
Tax Expense	(417)	165	n.m.	(298)	216	n.m.
Net Income	955	(832)	n.m.	890	(889)	n.m.
Margin	10.8%	n.m.		19.8%	n.m.	

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) As of Q2'18, income/expense from derivative interest payments, which were previously presented under FX & hedging gain/loss, started to be presented under interest income/expense item. As a result of this reclassification, TL 18 mn expense from derivative interest payments in Q1'18 presented under interest income/expense item in Q2'18.



# Balance Sheet

(TL mn)	30.06.2017	31.03.2018	30.06.2018
<b>Total Assets</b>	<b>25,733</b>	<b>29,936</b>	<b>30,501</b>
Intangible Assets	8,297	9,308	<b>9,332</b>
Tangible Assets <sup>1</sup>	8,358	8,964	<b>9,004</b>
Other Assets <sup>2</sup>	6,955	7,685	<b>7,861</b>
Cash and Equivalents	2,123	3,979	<b>4,304</b>
<b>Total Equities and Liabilities</b>	<b>25,733</b>	<b>29,936</b>	<b>30,501</b>
Share Capital	3,260	3,260	<b>3,260</b>
Reserves, Retained Earnings and Other Equity Items	1,084	1,707	<b>815</b>
Interest Bearing Liabilities <sup>3</sup>	14,754	17,496	<b>19,258</b>
Other Liabilities <sup>4</sup>	6,634	7,473	<b>7,168</b>

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

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

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

(4) Major items within other liabilities are deferred tax liability, trade payables, provisions, income tax payable, employee benefit obligations, deferred revenue, other current liabilities

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.



# Cash Flow Statement

(TL mn)	6M '17	6M '18	YoY Change	Q2 '17	Q2 '18	YoY Change
Operating Cash Flow	1,930	2,449	26.9%	1,500	1,826	21.7%
Investing Cash Flow	(2,033)	(1,460)	(28.2%)	(1,417)	(689)	(51.4%)
CAPEX	(1,892)	(1,340)	(29.2%)	(1,450)	(724)	(50.1%)
Other Investing Activites	(141)	(121)	(14.3%)	32	35	8.9%
Financing Cash Flow <sup>1</sup>	(765)	(707)	(7.6%)	(581)	(661)	13.8%
Net Change in Cash Position <sup>2</sup>	(868)	282	n.m.	(498)	476	n.m.

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) Includes currency translation differences  
(2) Blocked deposits are included in operating activities rather than net cash position



# Revenue Breakdown

(TL mn)	6M '17	6M '18	YoY Change	Q2 '17	Q2 '18	YoY Change
Fixed Voice	1,318	1,278	(3.0%)	655	646	(1.5%)
Broadband	2,390	2,659	11.2%	1,203	1,334	10.9%
TV	108	149	37.4%	57	77	34.8%
Mobile	3,222	3,566	10.7%	1,655	1,842	11.3%
Corporate Data <sup>1</sup>	714	824	15.4%	364	422	15.8%
International Revenue	281	407	44.5%	146	226	54.8%
Domestic Interconnection	6	6	3.7%	3	3	5.9%
Rental income from GSM Operators	42	43	1.3%	20	20	(0.7%)
Other <sup>2</sup>	390	396	1.4%	209	192	(8.1%)
IFRIC-12	378	351	(7.3%)	209	210	0.7%
Eliminations	(43)	(41)	(3.7%)	(23)	(22)	(2.1%)
Total Revenue	8,808	9,637	9.4%	4,501	4,951	10.0%

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) Includes leased line and data services  
(2) Includes ICT companies, device sales, other



# OPEX Breakdown

(TL mn)	6M '17	6M '18	YoY Change	Q2 '17	Q2 '18	YoY Change
Direct Costs	1,894	2,183	15.3%	978	1,139	16.5%
Interconnection	716	839	17.2%	368	449	22.2%
Tax	634	860	35.6%	326	453	39.1%
Provisions for Doubtful Receivables	222	165	(25.6%)	109	80	(26.9%)
Cost of Equipment and Technology Sales	178	176	(0.9%)	99	81	(18.3%)
Other Direct Costs	144	144	(0.3%)	76	76	(0.4%)
Commercial Costs	820	621	(24.3%)	430	315	(26.7%)
Other Costs	2,519	2,582	2.5%	1,197	1,343	12.2%
Network & Technology	869	866	(0.4%)	431	466	8.1%
Personnel	1,389	1,472	5.9%	655	761	16.2%
Other	261	245	(6.2%)	110	116	4.7%
Sub Total	5,233	5,386	2.9%	2,604	2,797	7.4%
IFRIC-12	335	311	(7.3%)	184	186	1.0%
Total OPEX	5,568	5,697	2.3%	2,789	2,983	7.0%

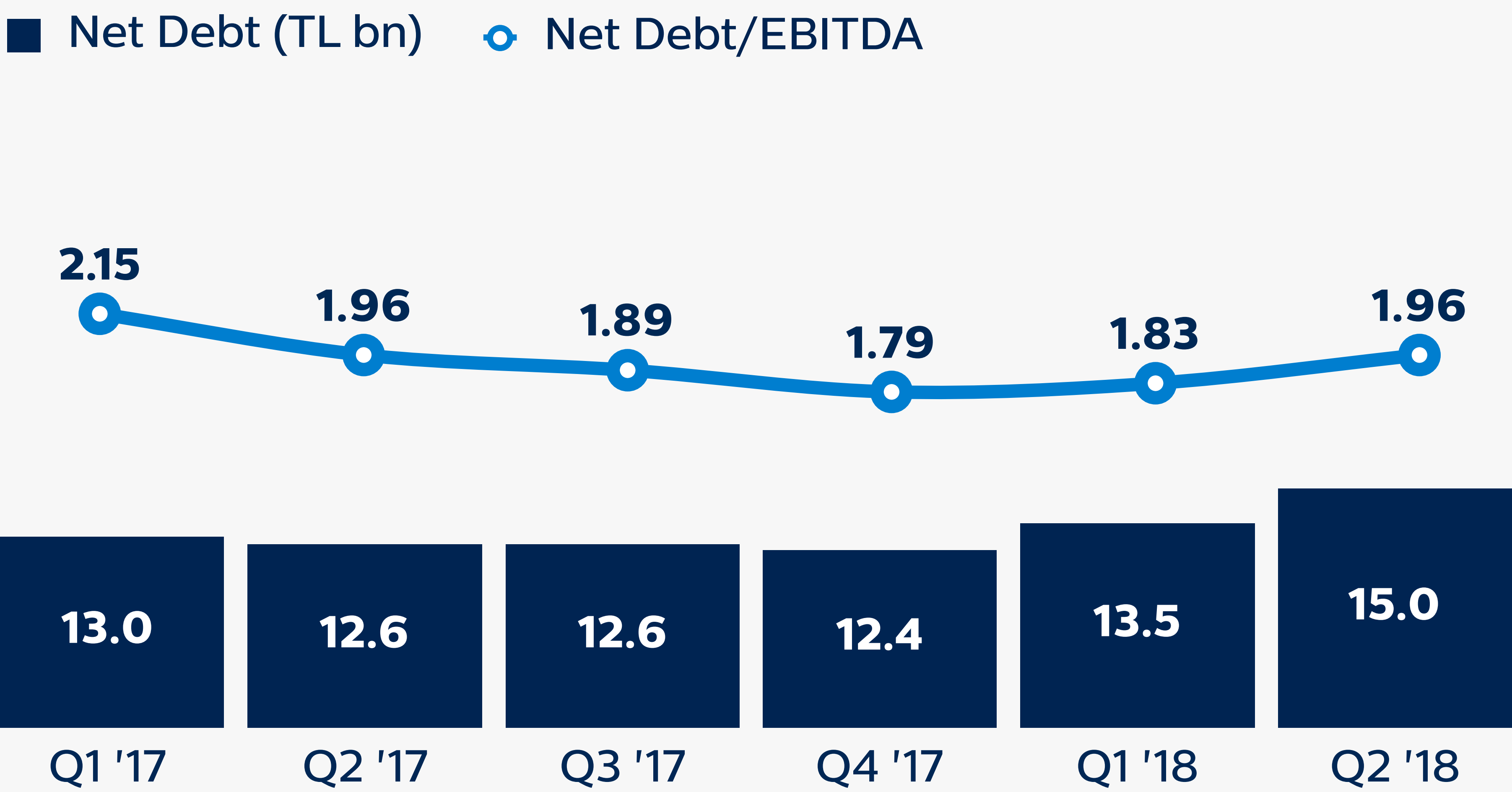
Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls” on our web site.

As of Q1 '18, frequency fees with direct link to sales are reported under tax expense. Previously, such frequency fees were reported under Network and Technology expense since there were no direct link to sales.



# Debt Profile

## Net Debt



Note: Net Debt/EBITDA calculation excludes extraordinary claims on EBITDA calculation, and includes MTM from FX to TRY Currency Swaps on Net Debt Calculation.

## Corporate Credit Rating

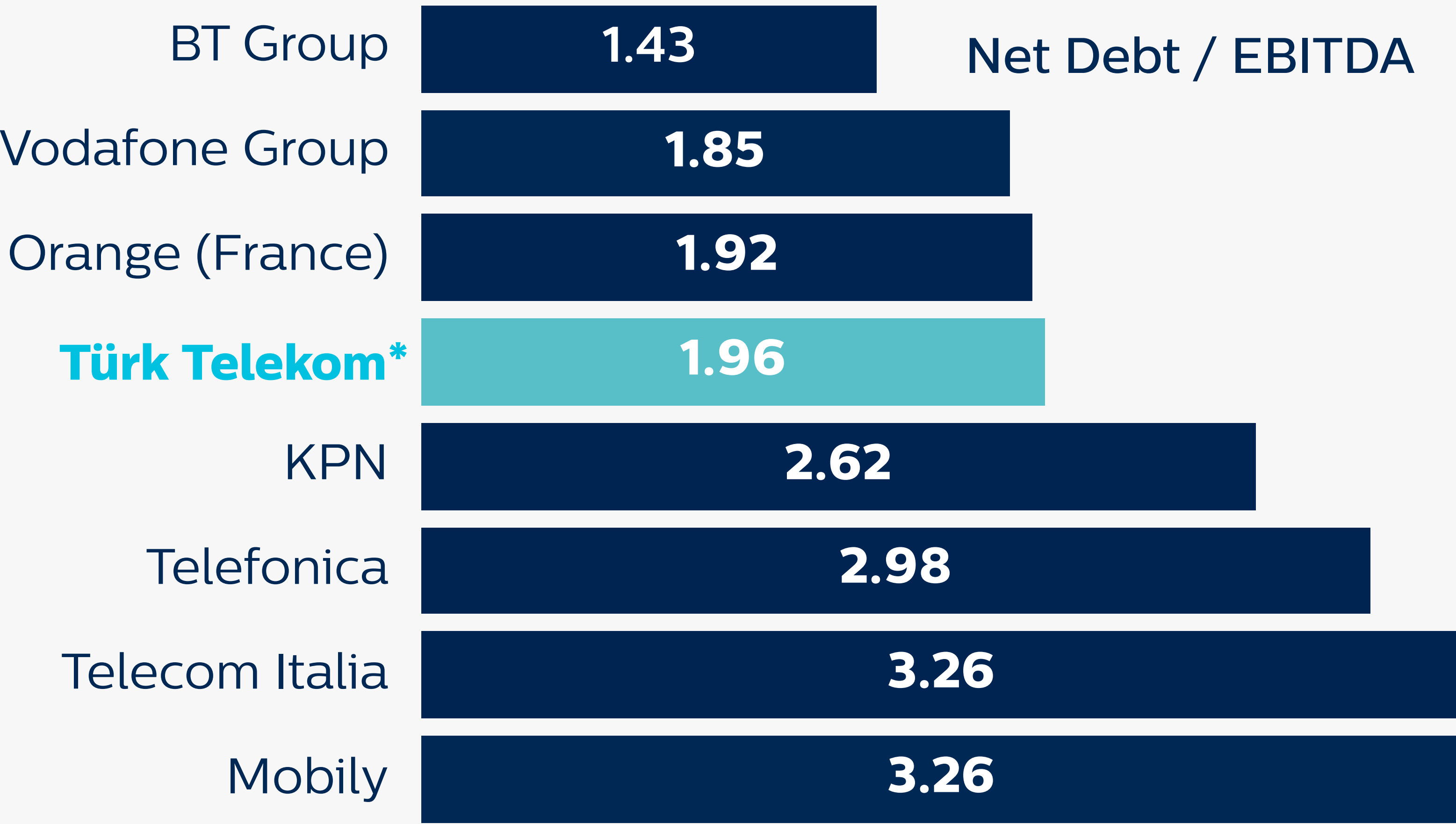
### Fitch Ratings

BB+    Negative Outlook

### S&P Global Ratings

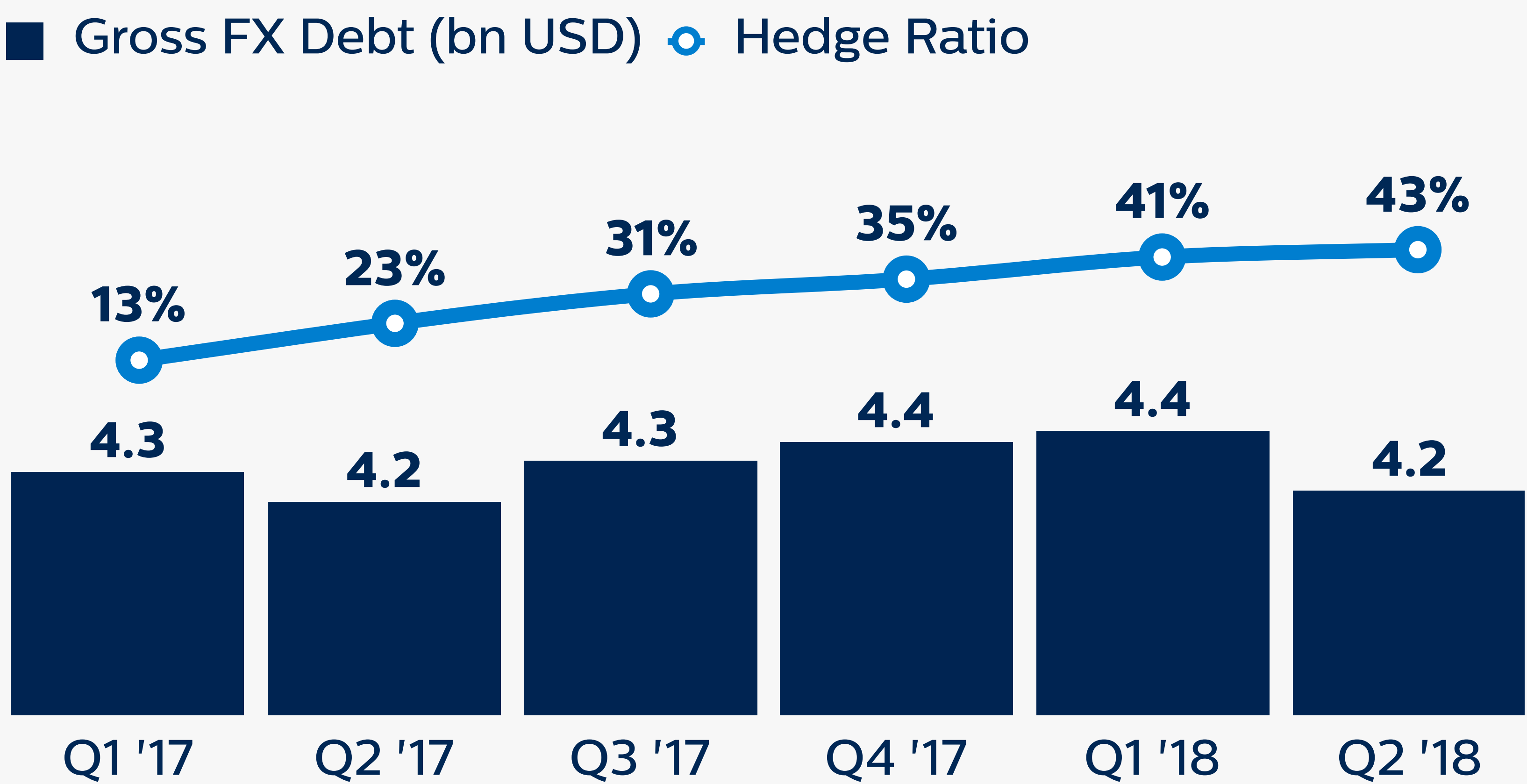
BB-    Stable Outlook

## Low debt burden compared to peers



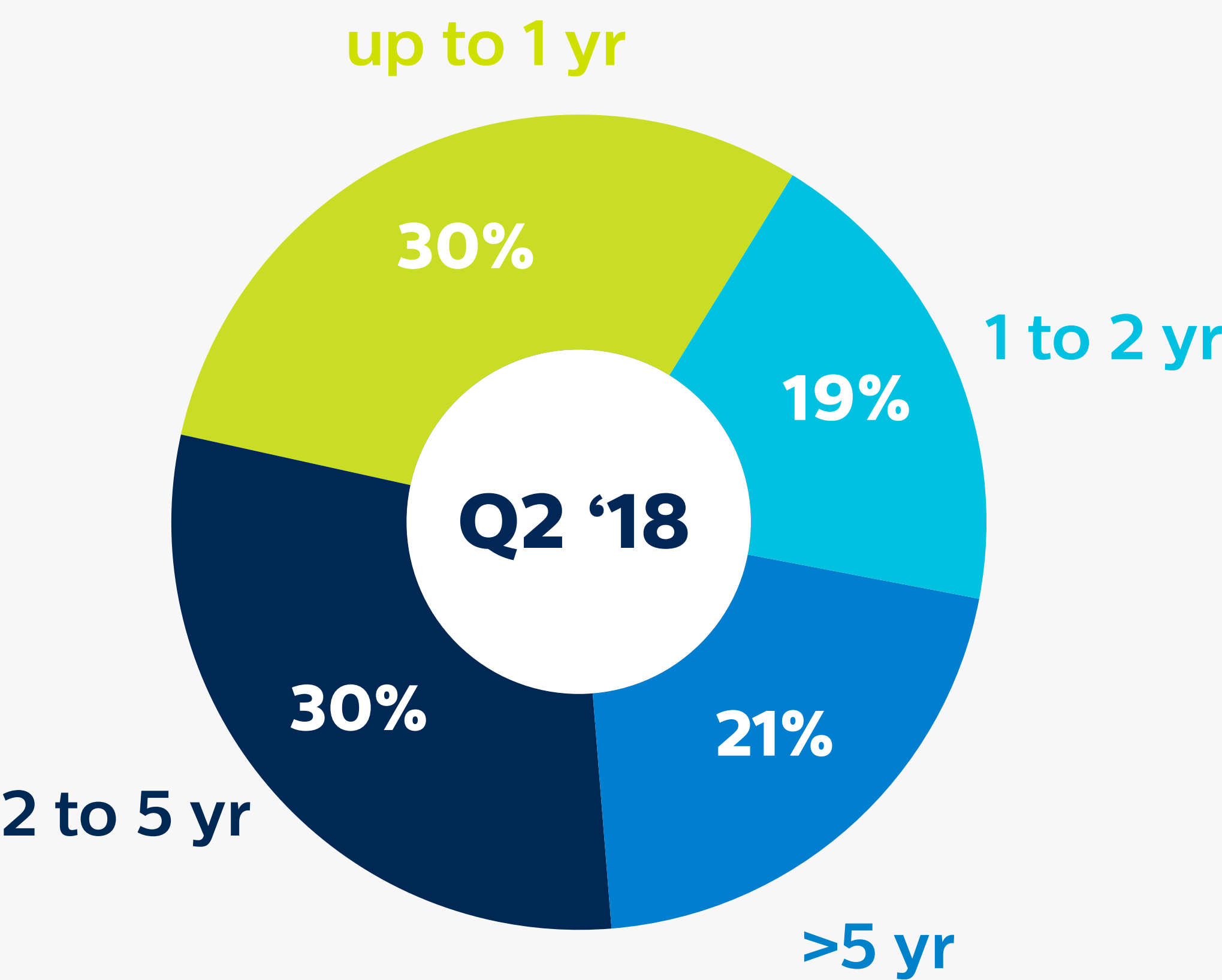
Source: Bloomberg  
Türk Telekom's ratio is based on Q2'18 financials; other's based on their latest data

## Hedge Ratio



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

## Maturity Profile





# Operational Highlights

	Q2 '17	Q1 '18	Q2 '18	YoY Change	QoQ Change
Total Access Line (mn)	13.2	13.9	14.1	6.1%	1.2%
Fixed Voice Lines <sup>1</sup> (mn)	9.4	9.7	9.7	3.0%	0.6%
Naked DSL Lines (mn)	3.8	4.2	4.3	13.8%	2.4%
Fixed Voice ARPU (TL)	23.1	21.9	22.2	(3.8%)	1.4%
Broadband Total Subscribers (mn)	9.1	10.1	10.3	13.5%	2.5%
FTTH/B Subscribers ('000)	931	1,127	1,179	26.6%	4.7%
FTTC Subscribers ('000)	1,389	1,833	1,971	41.9%	7.5%
Broadband ARPU (TL)	44.6	44.6	43.6	(2.2%)	(2.1%)
Total Tivibu Subscribers <sup>2</sup> (mn)	2.3	2.9	3.3	41.0%	11.5%
Tivibu Home Subscribers <sup>3</sup> ('000)	894	1,276	1,451	62.3%	13.7%
Tivibu Home ARPU (TL)	17.4	17.5	16.6	(4.9%)	(5.4%)
Mobile Total Subscribers (mn)	18.8	19.9	20.2	7.8%	1.5%
Mobile Postpaid Subscribers (mn)	10.1	11.1	11.5	13.4%	3.3%
Mobile Prepaid Subscribers (mn)	8.6	8.8	8.7	1.2%	(0.9%)
Mobile Blended ARPU (TL)	28.2	28.4	30.2	7.2%	6.5%
Mobile Postpaid ARPU (TL)	36.6	35.9	37.8	3.2%	5.2%
Mobile Prepaid ARPU (TL)	17.9	18.5	19.6	9.9%	6.1%

(1) Includes PSTN and WLR Lines  
(2) Includes IPTV, DTH, and Tivibu Go (Web TV + Smart TV) subscribers  
(3) Includes IPTV and DTH subscribers



# Guidance

TL mn	2017 YE	2018 Guidance
Revenue (exc. IFRIC 12) <sup>1</sup>	17,435	~11% growth
EBITDA	6,452	TL 7.6 to 7.8 bn
CAPEX	3,221	~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



# IFRS 15 Adoption Reconciliation

(TL mn)	Q2 '18	IFRS 15 Impact	Q2 '18 w/o adoption of IFRS 15
Revenues	4,951	1	4,949
EBITDA	1,968	149	1,819
Margin	39.8%		36.8%
Operating Profit	1,058	30	1,028
Margin	21.4%		20.8%
Financial Inc. / (Exp.)	(2,163)	(4)	(2,159)
FX & Hedging Gain / (Loss)	(1,932)		(1,932)
Interest Inc./ (Exp.)	(172)		(172)
Other Financial Inc./ (Exp.)	(59)	(4)	(56)
Tax Expense	216	(2)	218
Net Income	(889)	25	(913)
Margin	n.m.		n.m.

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)	30.06.2018	IFRS 15 Impact	30.06.2018 w/o adoption of IFRS 15
Total Assets	30,501	901	29,600
Intangible Assets	9,332	907	8,425
Tangible Assets	9,004		9,004
Other Assets	7,861	(6)	7,867
Cash and Equivalents	4,304		4,304
Total Equities and Liabilities	30,501	901	29,600
Share Capital	3,260		3,260
Reserves, Retained Earnings and Other Equity Items	815	590	225
Interest Bearing Liabilities	19,258		19,258
Other Liabilities	7,168	311	6,856

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.

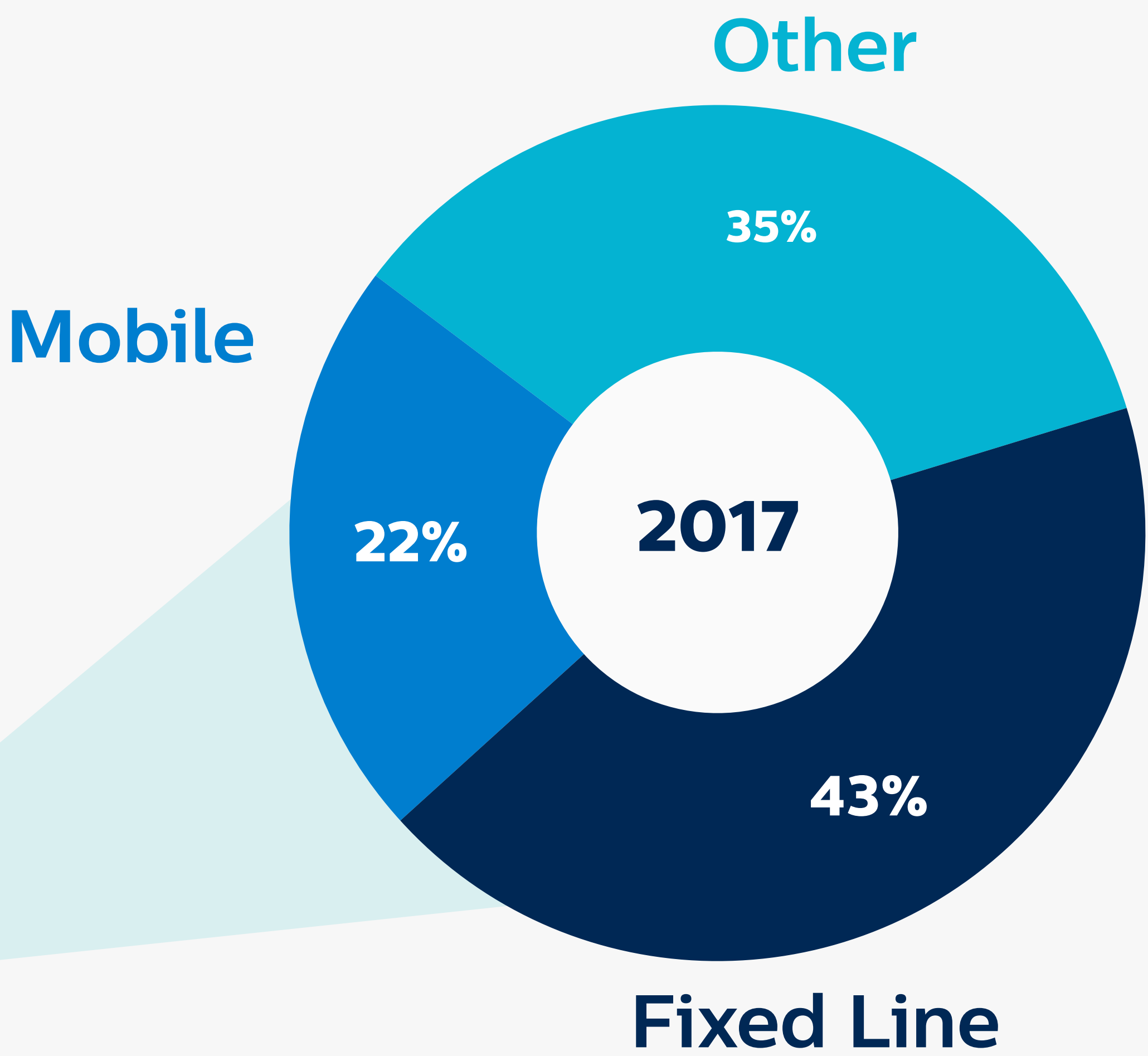
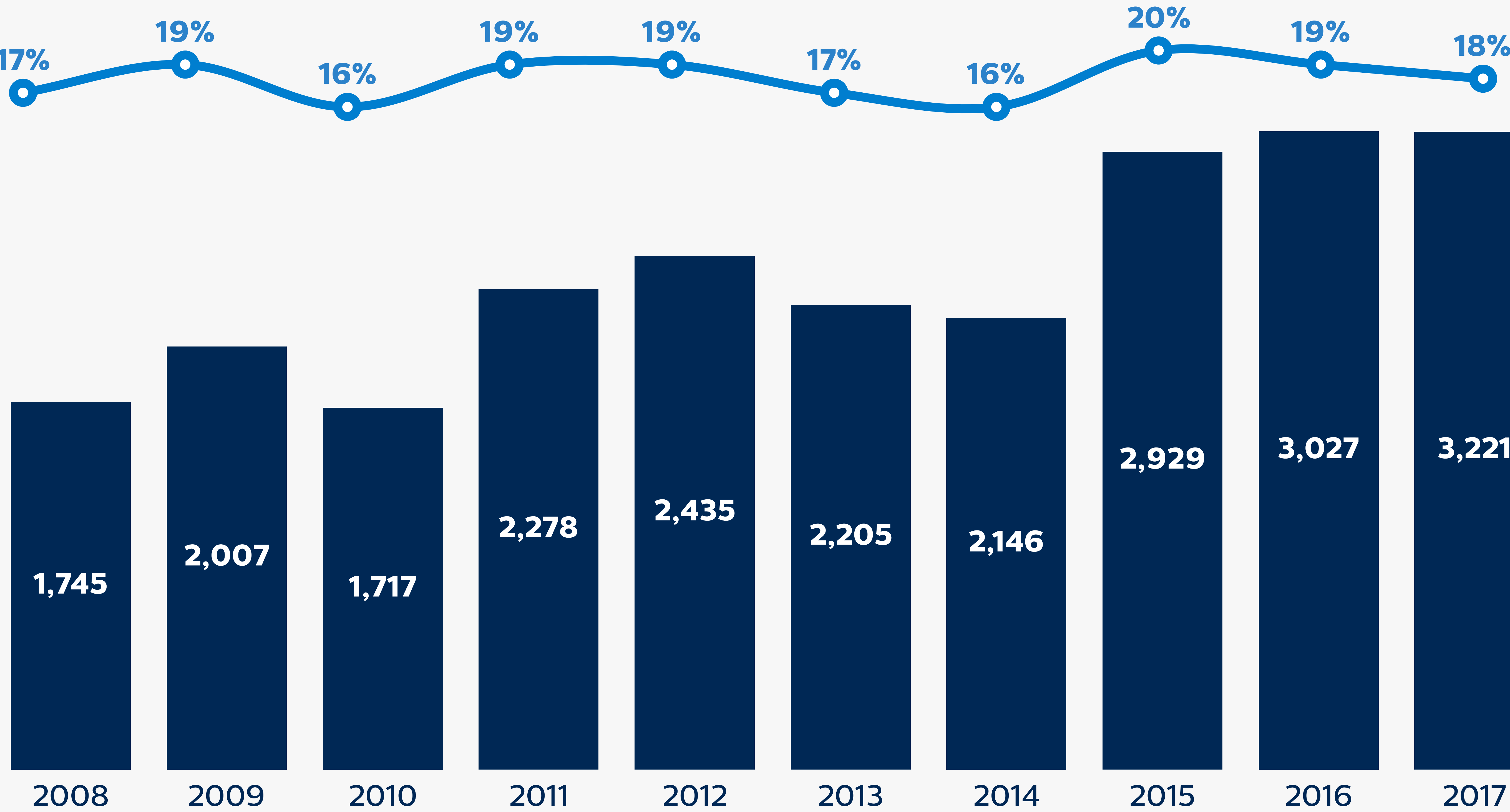


# Capex

Major Capex areas are fiber network roll-out in fixed line, network investments in mobile and IT transformation projects

## Capex\* & Capex / Sales

■ CAPEX (TL mn)    ○ CAPEX/Sales



\* Capex figures exclude license fees

\* Other Capex includes IT expenses, IFRS 15 impact and some other items



# Shareholder Remuneration

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

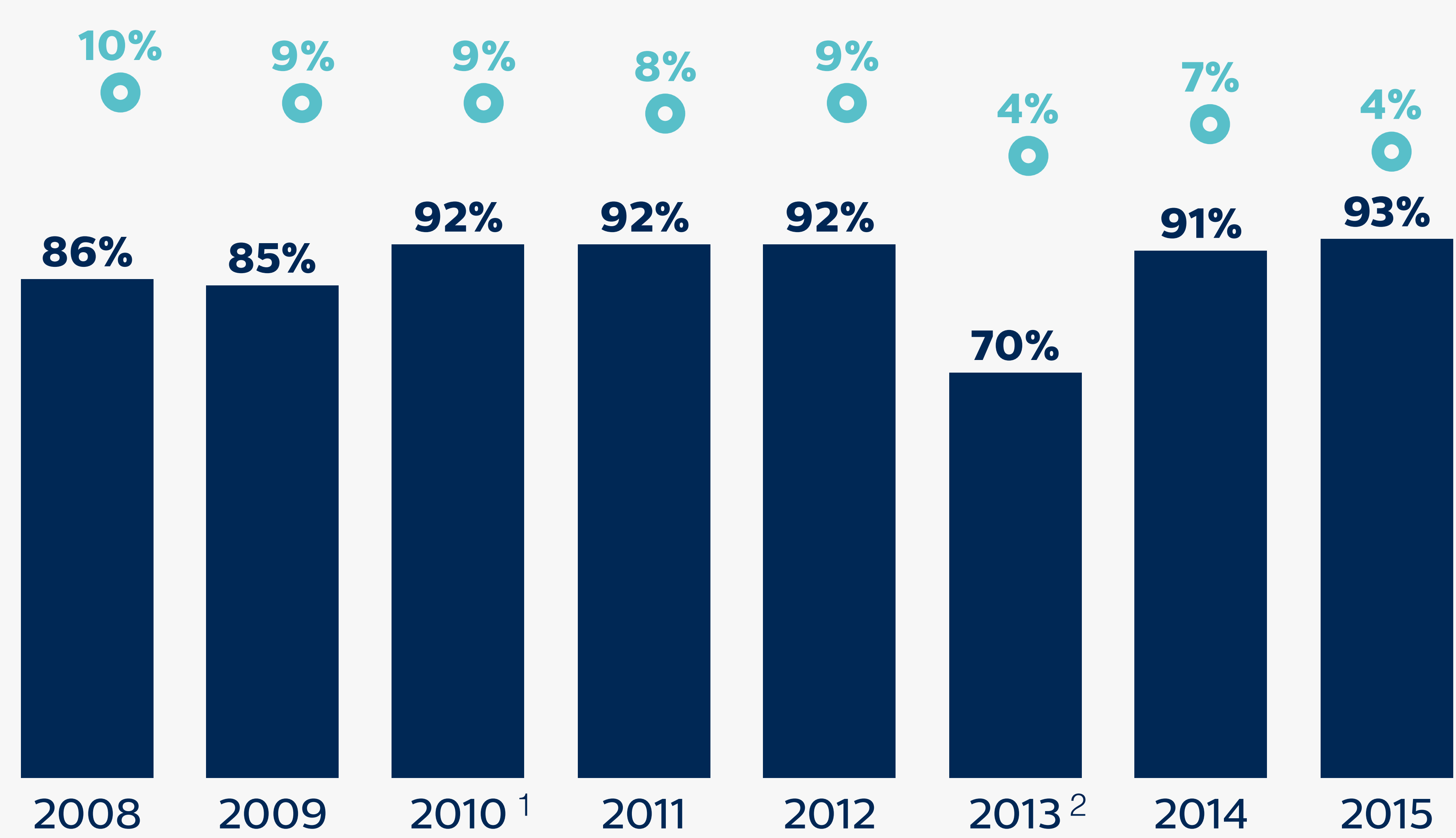
## Dividend Distribution

■ 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

Note: Based on General Assembly Decision, no dividends distributed for the activity years 2016 & 2017



# Appendix





# Digital Transformation

## Technology

Custom solutions by using both internal and subsidiary resources for serving both Turk Telekom and 3rd parties

**Türk Telekom**

**innova**

**ARGELA**

s e b i t

## Marketing

Diverse portfolio addressing the consumer segment with 200+ value added services and mobile applications



Tambu



Tivibu Go



e-dergi



Türk Telekom Music

## Branding & Comm.

Utilization of internal products for external sale

Segmented digital advertises

**PROGRAMATİK**

## Sales

Diversification towards virtual channels

Easy, quick, secure online payment



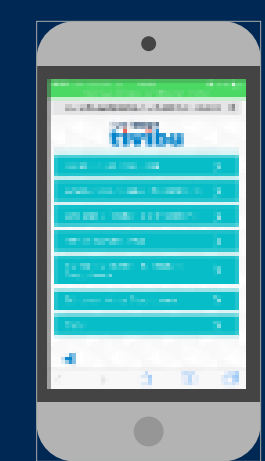
Direct Carrier Billing



Web-sites / Applications

## Customer Services

Improved customer services via online channels



Visual IVR



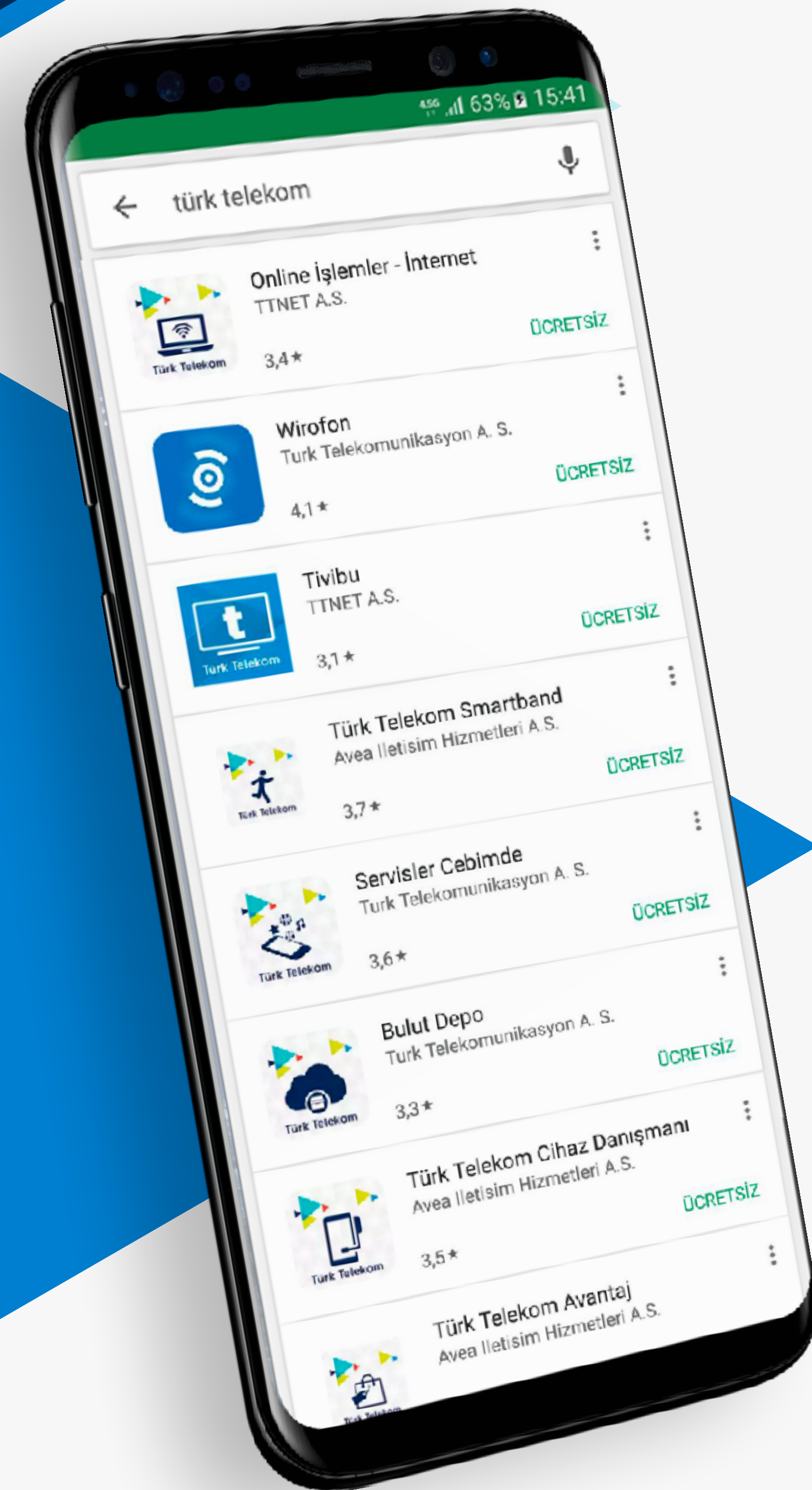
Account Management



Jetfix



# Digital Service Portfolio



Türk Telekom has 30+ mobile applications, and 200+ value added services.



## Turkey's New Generation TV Platform: **Tivibu GO** Launch: 2010

Türk Telekom's TV platform which provides national and exclusive linear channels, VoDs, and catchup programs in HD quality



## Turkey's Enriched Digital Music Platform: **Türk Telekom Music** Launch: 2008

Turkey's most preferred digital music platform to listen and download millions of songs and watch videos



## Turkey's Leader Digital Gaming Platform: **Playstore** Launch: 2011

Turkey's first and leader digital game platform and e-pin sales platform



## Türk Telekom's Education Platform: **Türk Telekom Akademi** Launch: 2018

Education platform for Türk Telekom employees has been relaunched and now available to all Türk Telekom internet subscribers



## Turkey's First Interactive Education Platform Launch: 2008

Turkey's biggest online education platforms: Vitamin for pre-school to high grades students, Raunt for university preparation



## Turkey's first smart and hyperlocal digital keyboard Launch: 2017

Turkey's first local and customized smart digital keyboard



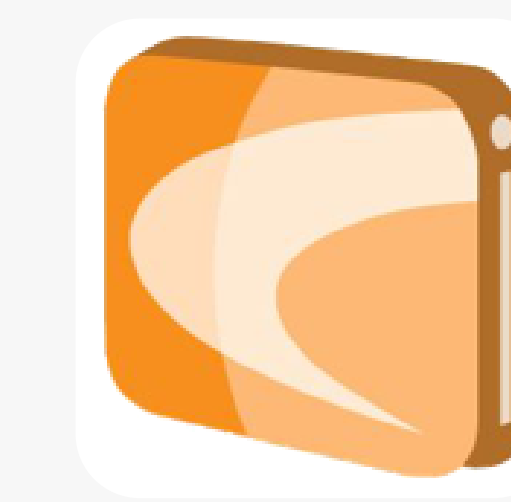
## Turkey's Most Comprehensive Online Reading Platform: **E-Dergi** Launch: 2017

Turkey's online magazine and newspaper reading platform with advantageous campaigns for Türk Telekom mobile users



## Turkey's Most Comprehensive Security Platform: **TT Security** Launch: 2009

Turkey's most comprehensive and secure anti-virus and family protection service



## Türk Telekom's Advantageous Cloud Solution: **Netdisk** Launch: 2010

Türk Telekom's cloud storage solution specialized for Türk Telekom internet subscribers



## Turkey's Real-Time Integrated Sport Platform: **Tivibuspor** Launch: 2010

Türk Telekom's sport platform presents sport news, videos, UEFA matches and instant match video delivery



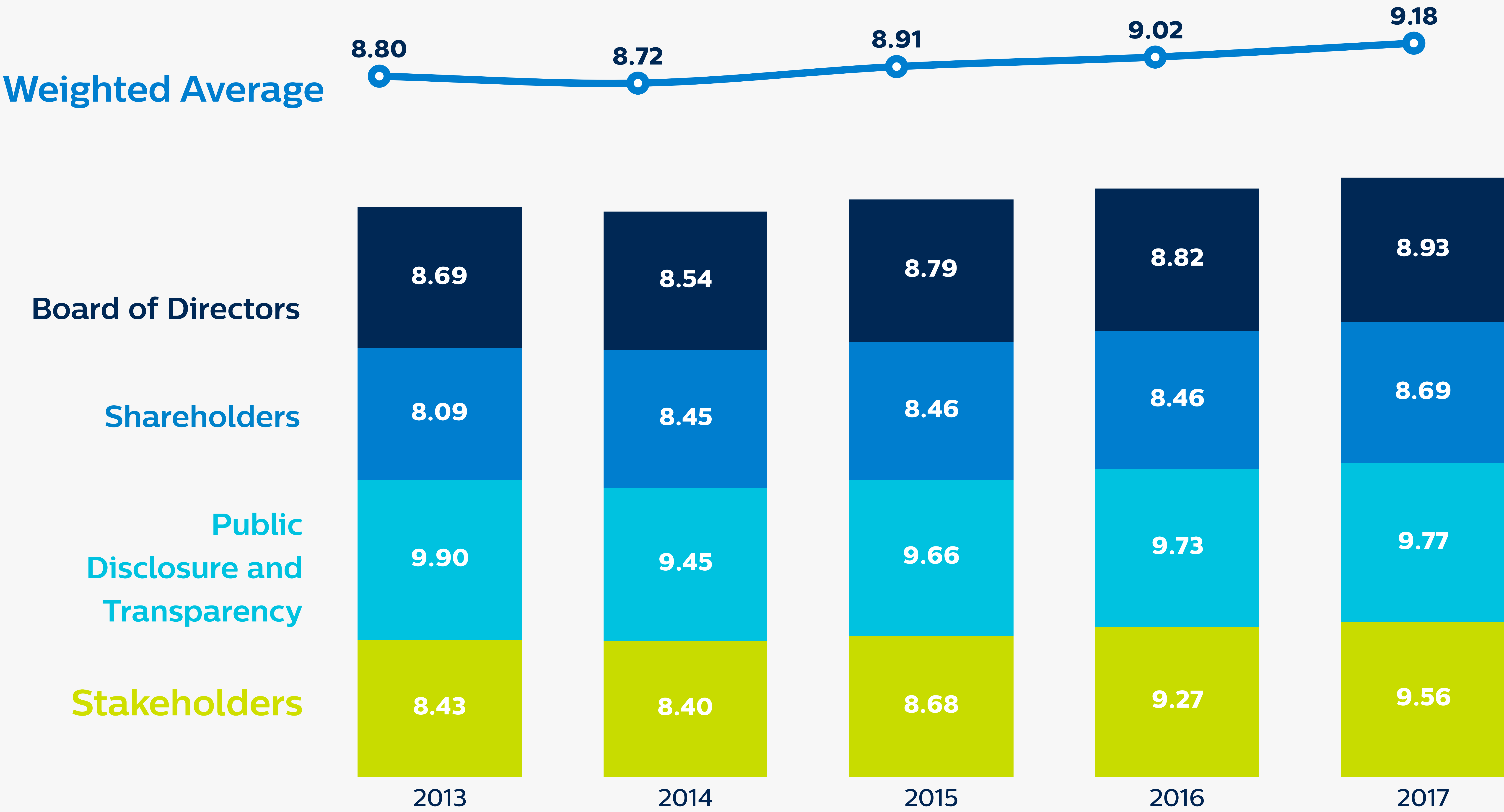
## Turkey's Widest Wifi Broadband Network: **TT WiFi** Launch: 2006

Turkey's widest WiFi hotspot coverage and services for Turkish Airlines flights



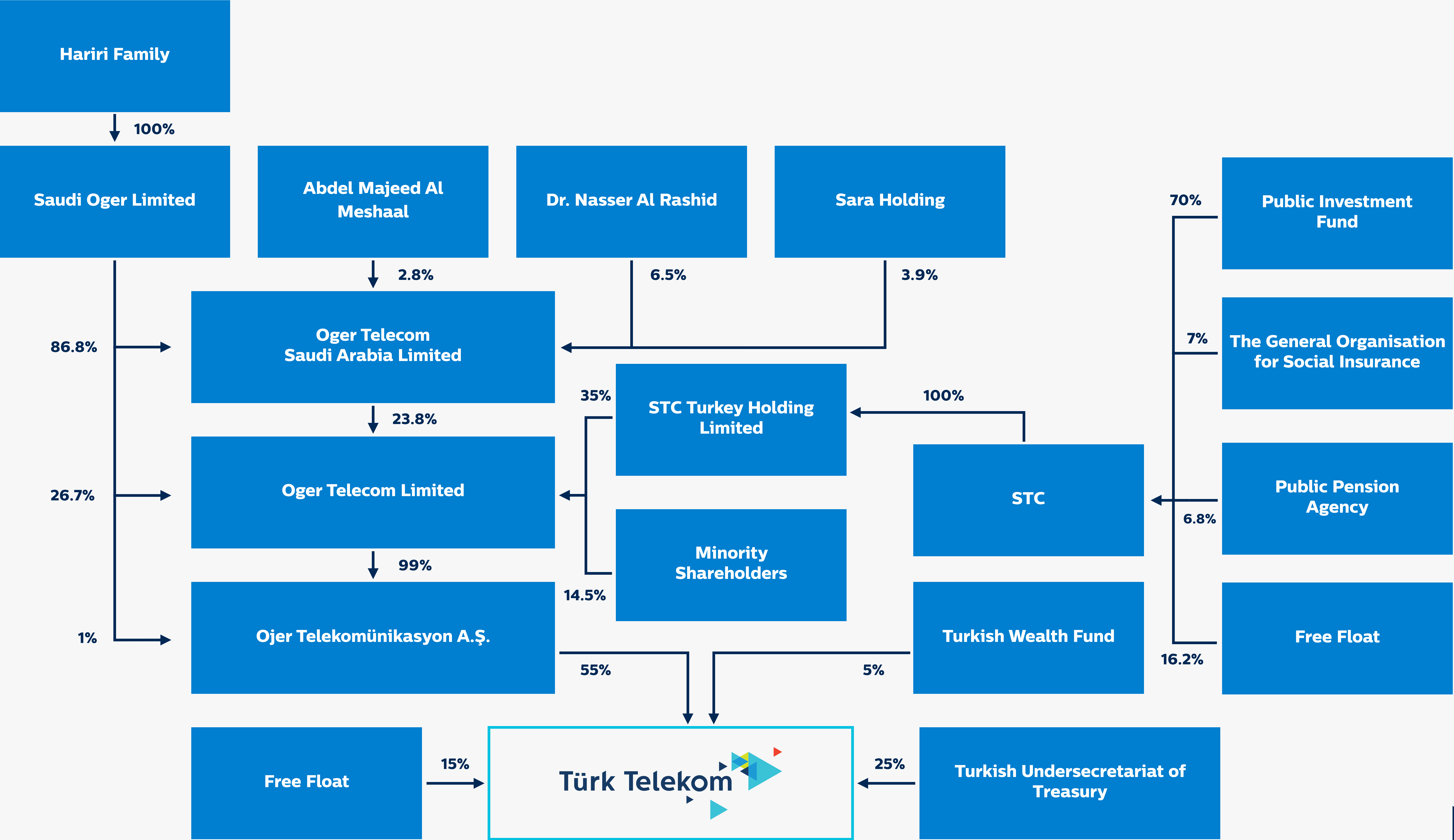
# Corporate Governance

- ▶ Türk Telekom is member of BIST Sustainability Index since creation with its long lasting emphasis on Environmental, Social and Governance policies and exemplary practices
- ▶ The only telecom company qualified to be included in the BIST Corporate Governance Index since 2009





# Shareholder Structure



Note: Turkish Wealth Fund has 1.68% share in free float



# Regulatory Actions

## 2008

- **April**
  - Interconnection rate decrease in Fixed (10%) and Mobile (33%)
- **November**
  - 3G tender held
  - Mobile Number Portability introduced
  - New Electronic Communications Law passed

## 2009

- **January**
  - About 50%-55% reduction in MTRs on SMS
- **March**
  - Reduction in SCT rate (25% to 5%) on internet services
- **April**
  - On-net price floor for TCELL
- **May**
  - About 29% reduction in MTRs
  - MVNO regulation in place
- **July**
  - 3G service launch
- **September**
  - Fixed number portability introduced
  - Local call liberalization

## 2010

- **April**
  - About 52% reduction in MTRs
  - 17% cut in double tandem FTR
  - 38% decrease in GSM to GSM retail price cap
  - TL per minute pricing introduced
- **December**
  - Naked DSL services started

## 2011

- **April**
  - Mobile off-net price cap was increased by 4%
  - SMS price cap was decreased by 48%
- **September**
  - Deregulation on MTRs on international calls and liberalization on their pricing
- **October**
  - ICTA's fiber decision: FTTH/B will be excluded from the market analysis process until 25% fiber market share or for 5 years

## 2012

- **January**
  - WLR was introduced
- **November**
  - Deregulation on FTRs on international calls and liberalization on their pricing

## 2013

- **March**
  - Mobile on-net price floor for TCELL formulated by Mobile Termination Rate 1.7x
- **April**
  - 75% reduction in MTRs on SMS
- **July**
  - 20% reduction in MTRs
- **September**
  - Duct Sharing officially started

## 2014

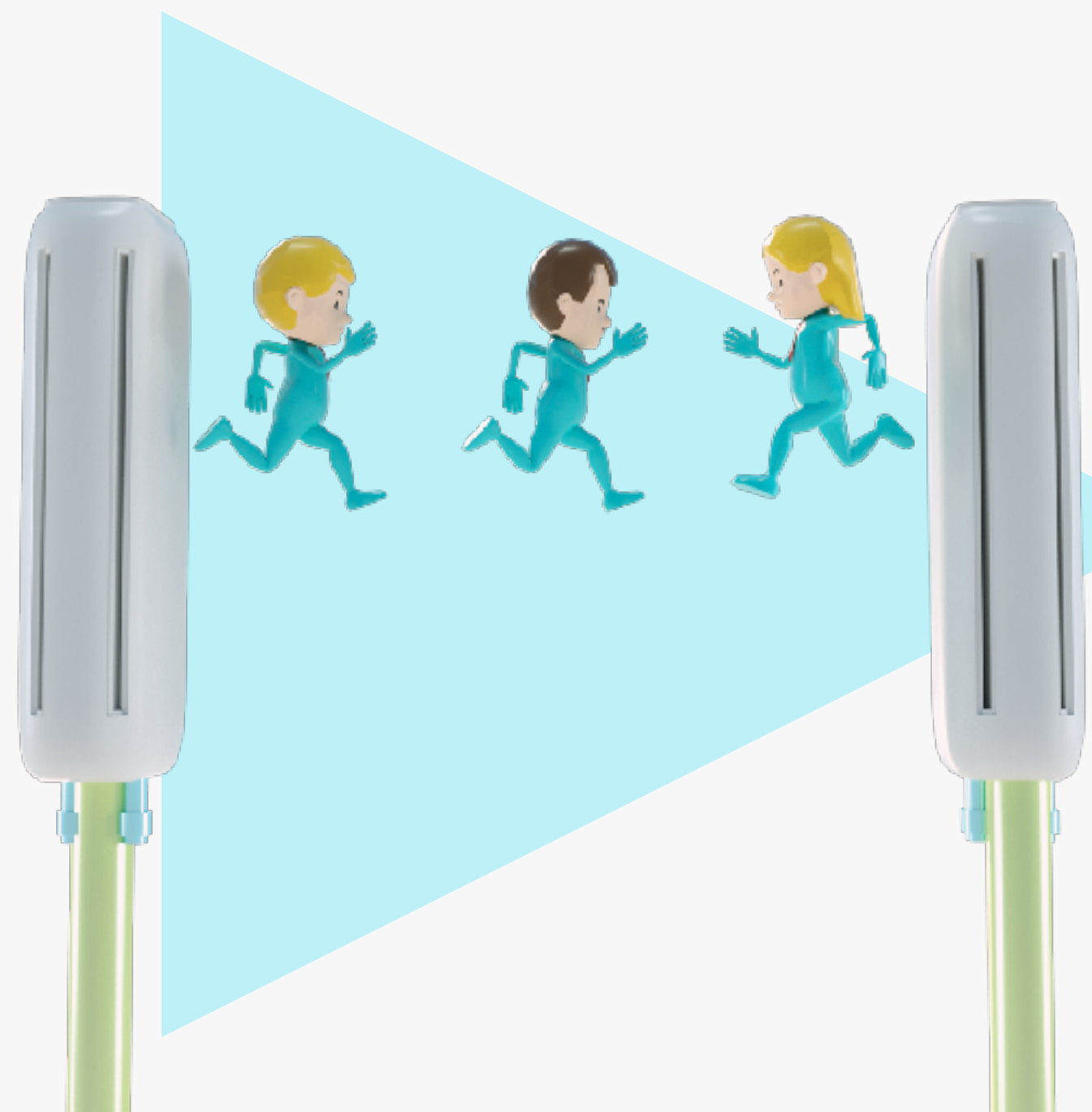
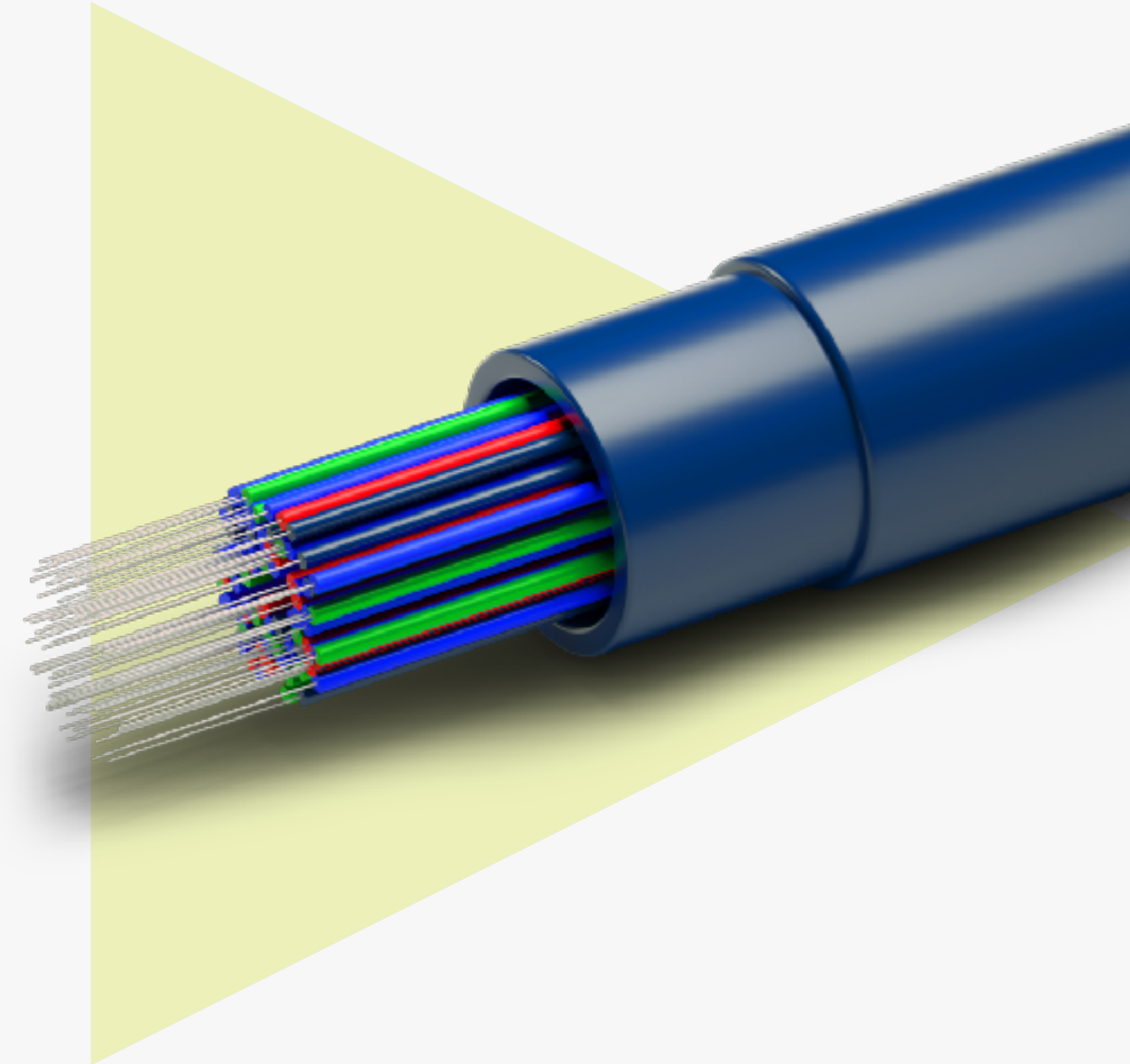
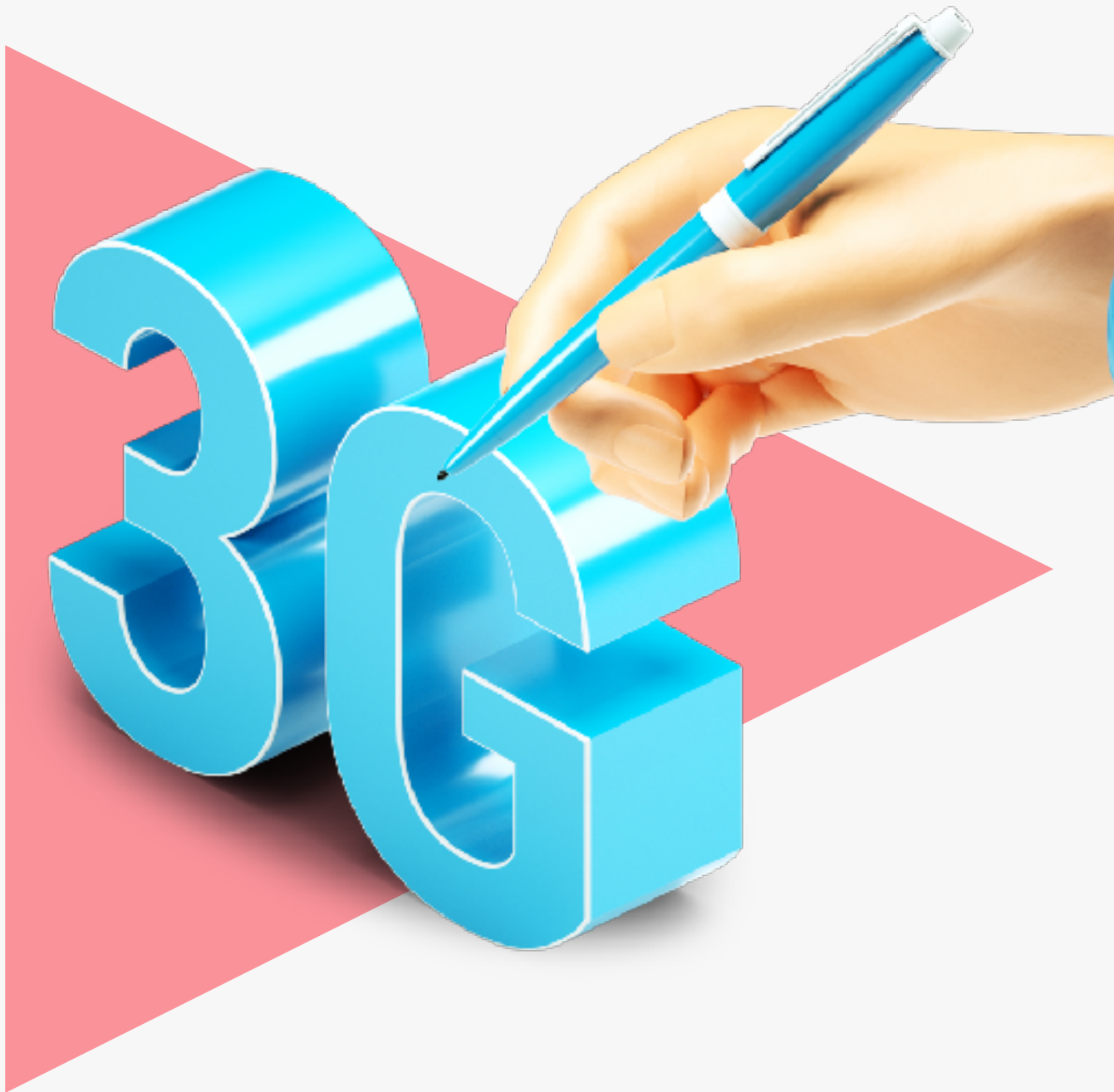
- **July**
  - Calls over fixed line infrastructure was deregulated. Accordingly, Türk Telekom is no longer designated as having SMP (significant market power) in fixed voice market

## 2016

- **April**
  - LTE Service Launch
- **August**
  - Mobile on-net price floor regulation for TCELL was lifted
- **October**
  - The deadline to shift Port Transmission Model

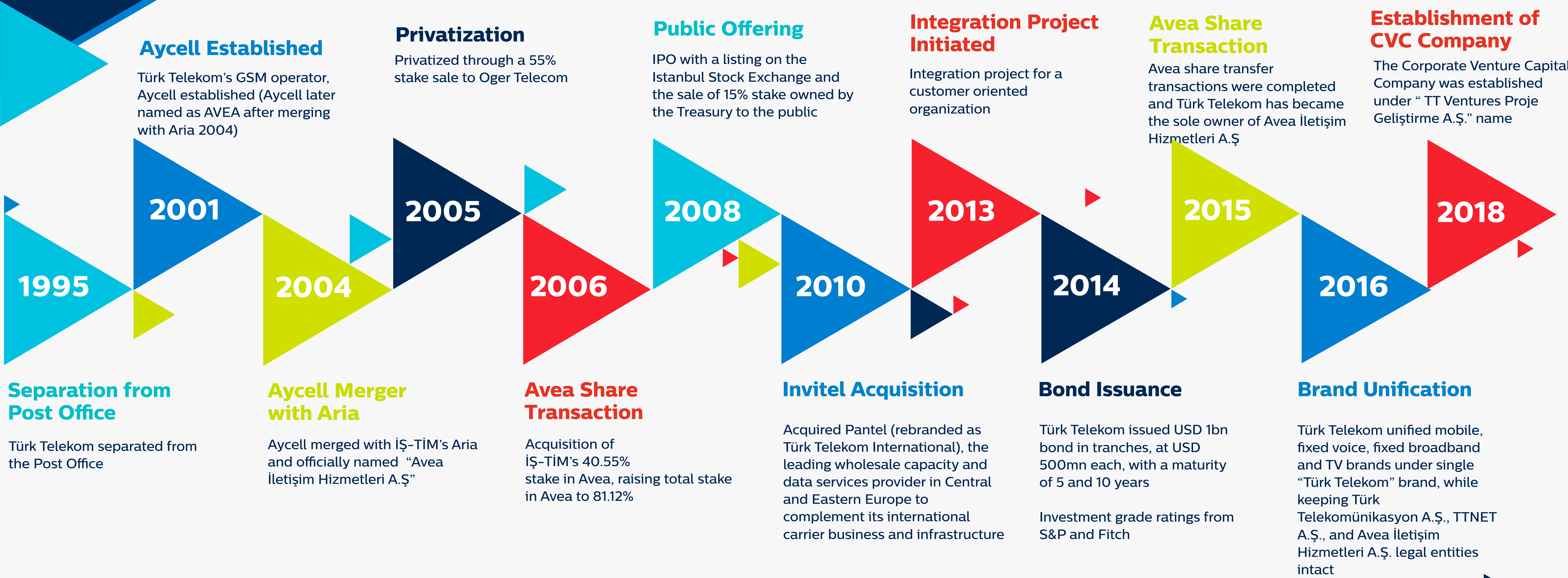
## 2018

- **January**
  - SCT rates for mobile voice, fixed voice, mobile data, and fixed data was determined as 7.5%

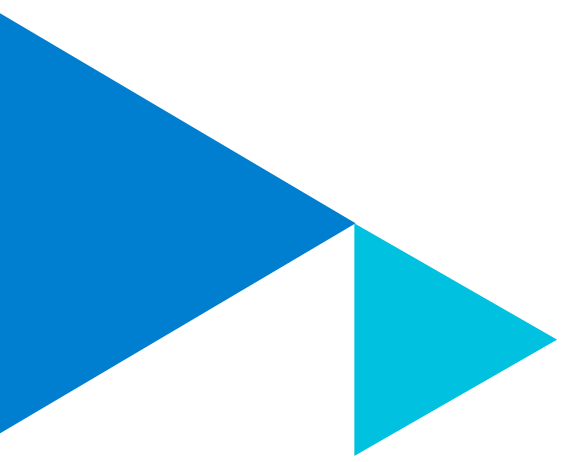




# History







## Türk Telekom Investor Relations

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