

Investor Call

2017 Q2

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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.

Financial Performance

(TL mn)	2016 Q2	2017 Q1	2017 Q2	Growth (YoY)	Growth (QoQ)
Revenue	3,940	4,307	4,501	14.2%	4.5%
Revenue (exc. construction adj) ¹	3,820	4,138	4,292	12.3%	3.7%
EBITDA	1,322	1,528	1,712	29.5%	12.1%
EBITDA Margin	33.6%	35.5%	38.0%		
Net Income	248	66	890	259.2%	1,255.0%
CAPEX ²	689	400	545	(21.0%)	36.0%

(1) Construction accounting adjustment 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) Excluding license fees

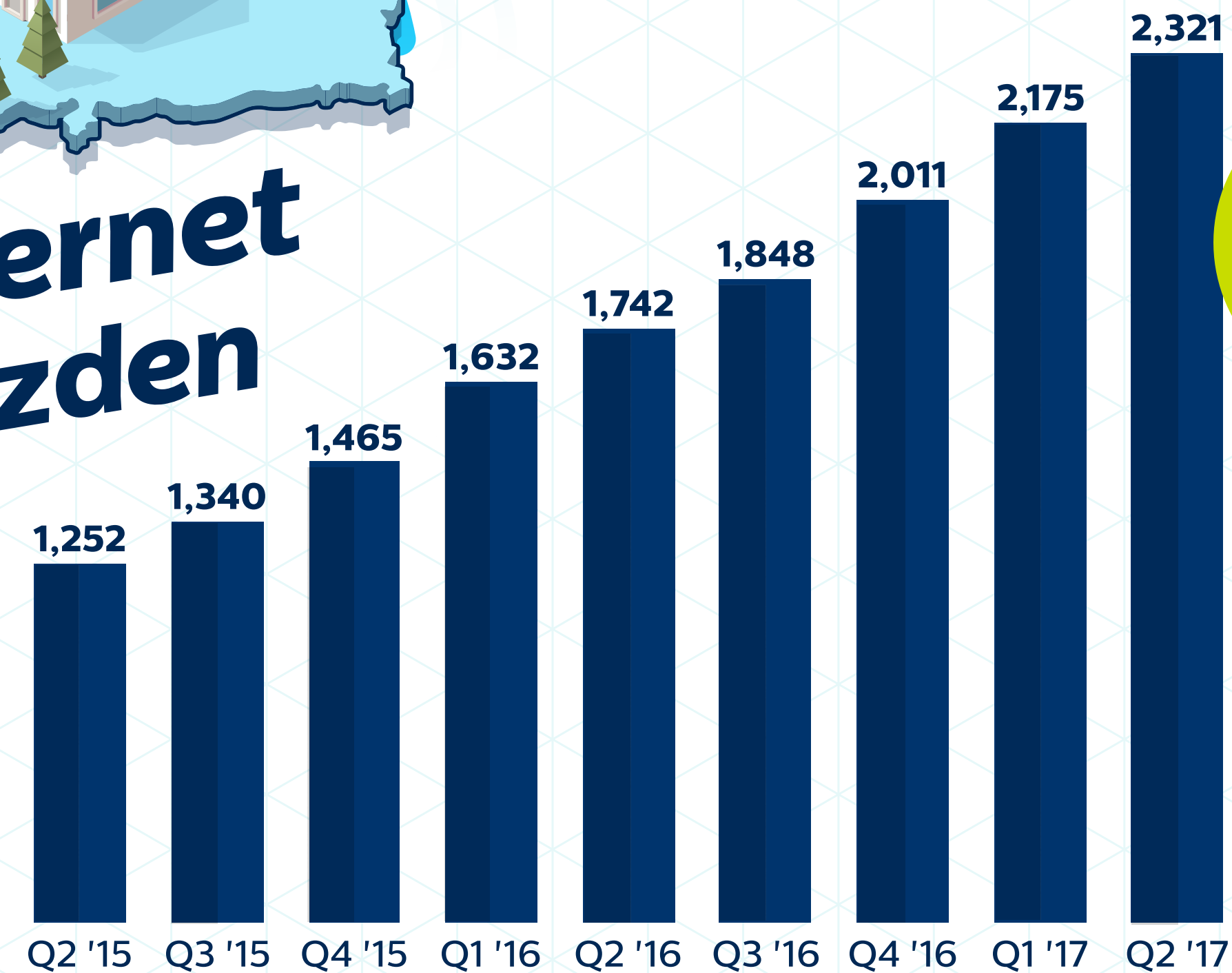
Fixed Broadband Performance

ARPU & Subscribers

○ ARPU (TL) ■ Subscribers (mn)



Internet Bizden



Fiber Subscribers

(thousand)

145k
net
additions
in Q2

FTTH/B

40%

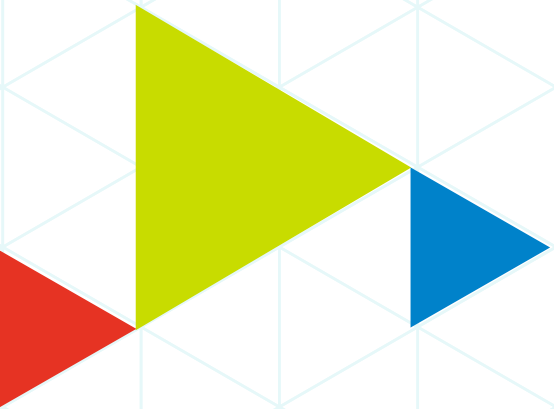
60%

FTTC

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



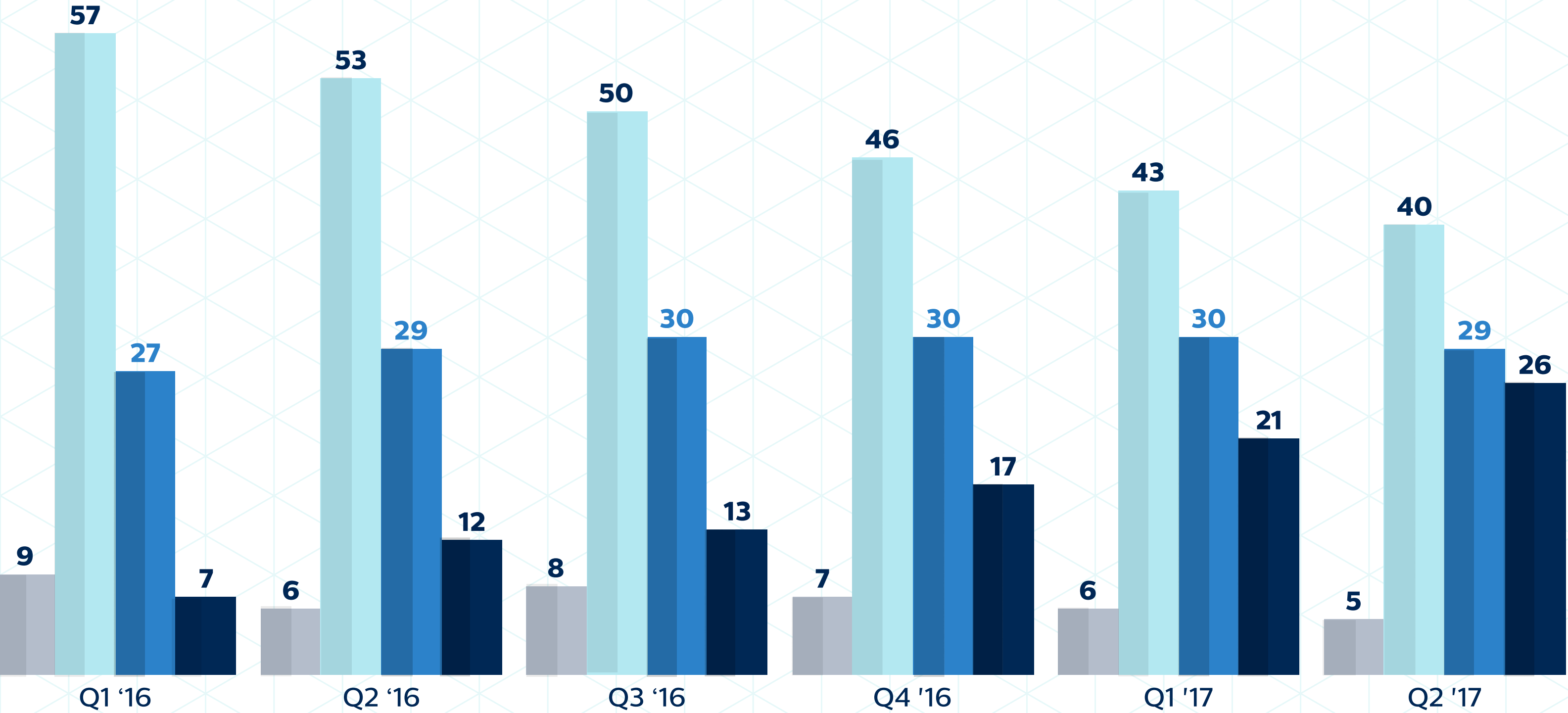
Upselling Dynamics in Fixed Broadband



Capacity Breakdown

(% of Subscribers)

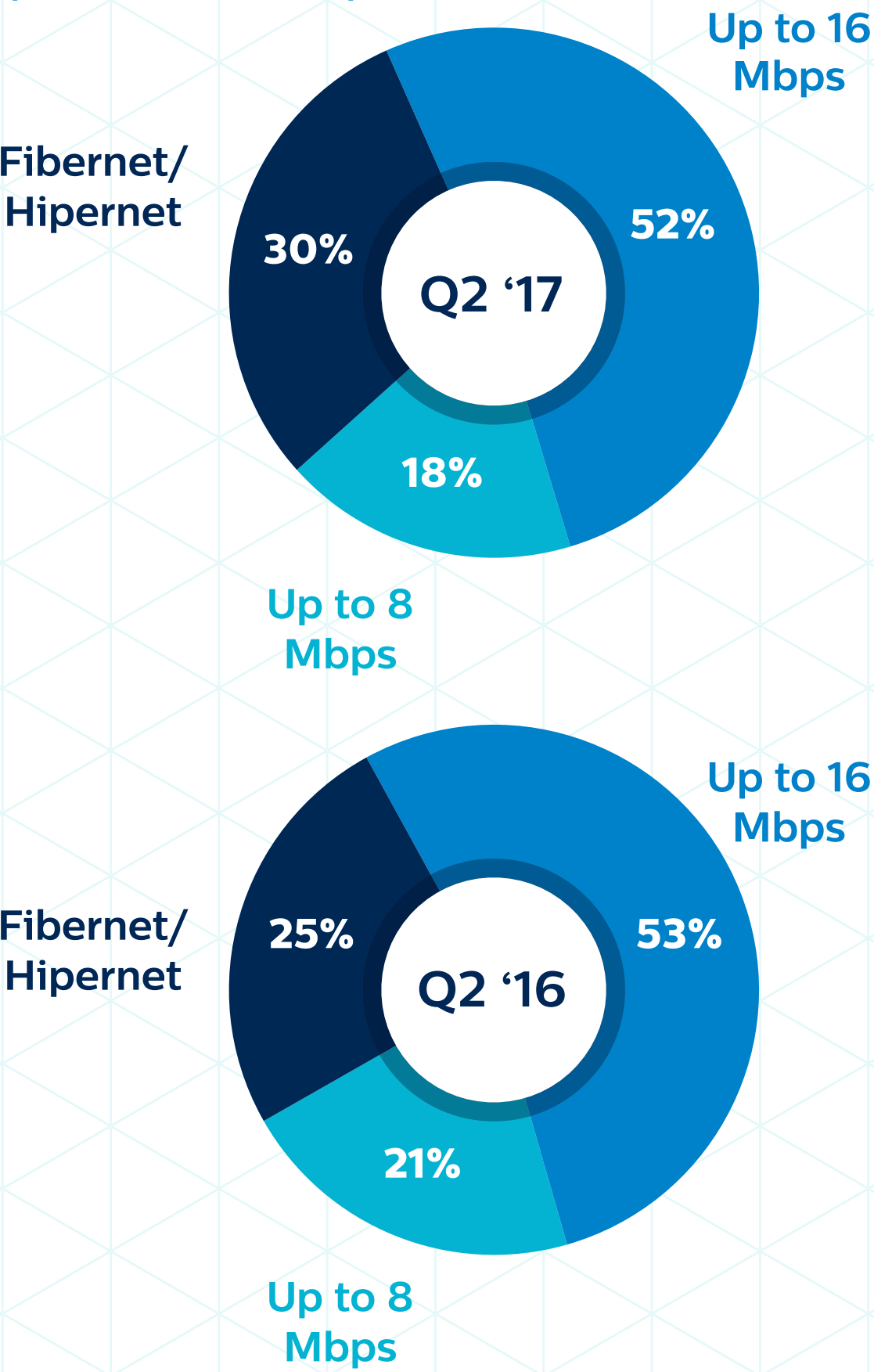
■ 25 GB & Below ■ 25 to 50 GB ■ 50 to 75GB ■ Above 75 GB



All figures are based on Türk Telekom's retails subscribers

Speed Breakdown

(% of Subscribers)

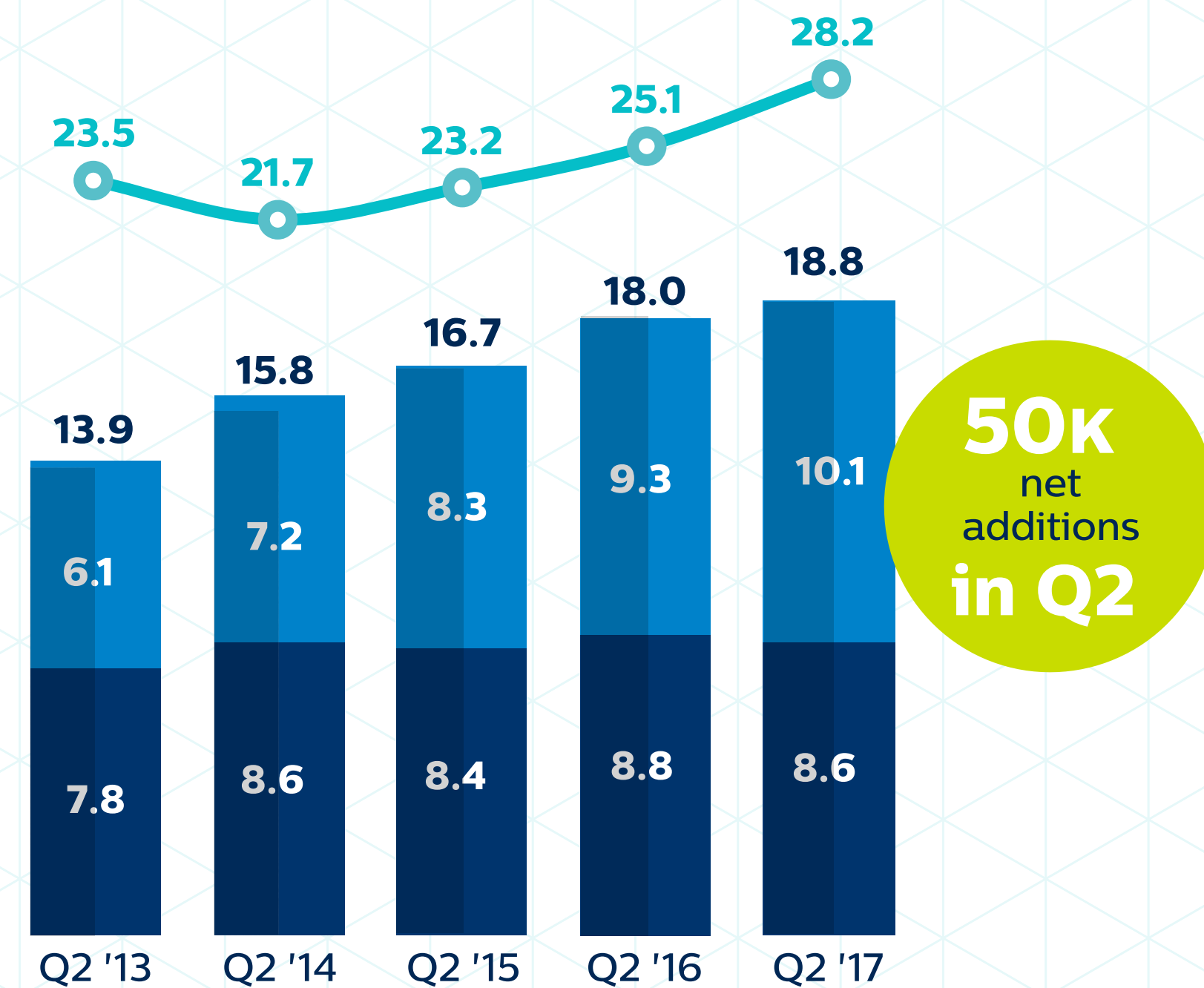


Mobile Performance

Growing ARPU & Subscribers

Blended ARPU (TL)

Prepaid (mn) Postpaid (mn)

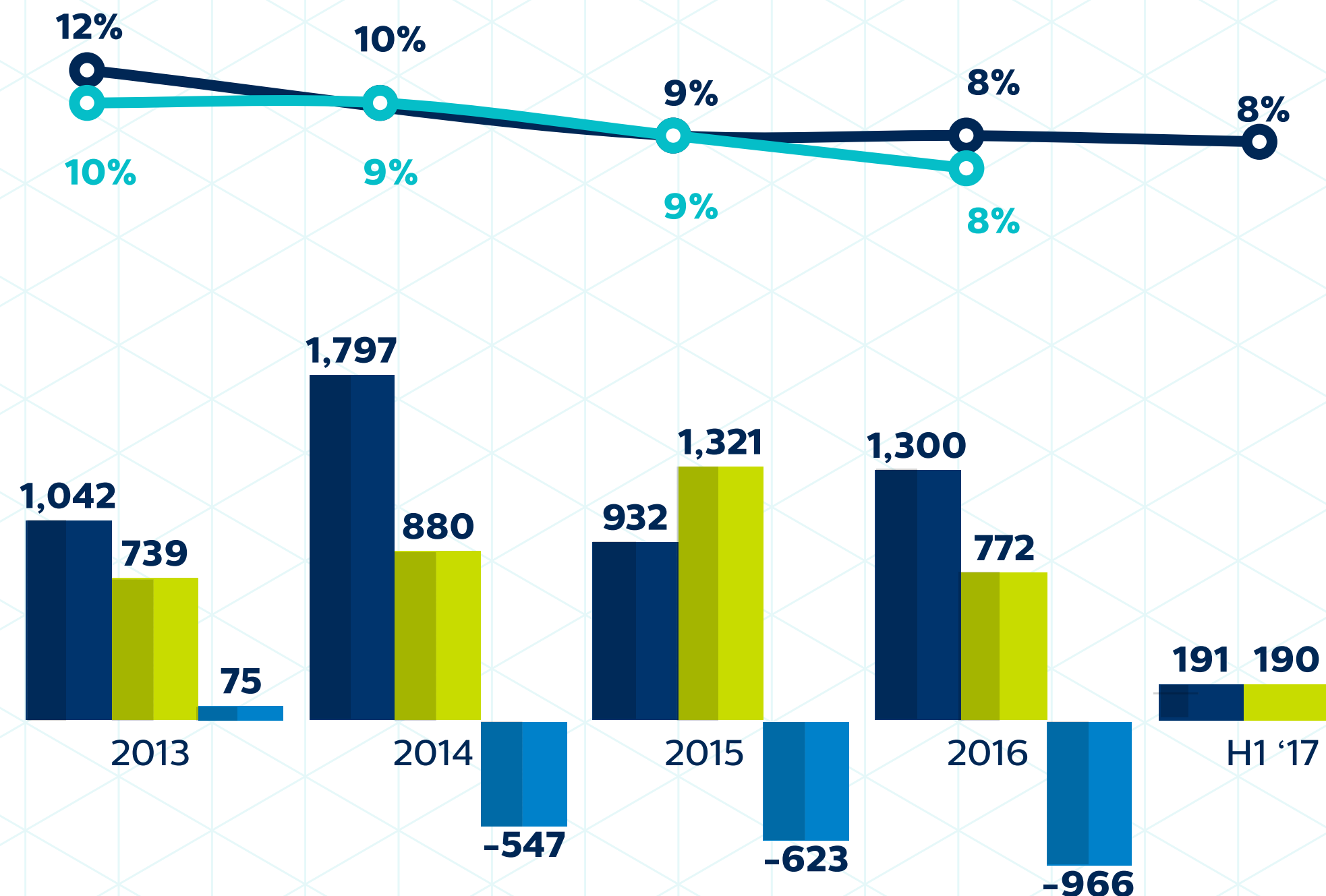


Net Subscriber Addition & Churn Rate

Türk Telekom Vodafone Turkcell

Market Quarterly Avg. Churn Rate

Türk Telekom Quarterly Avg. Churn Rate

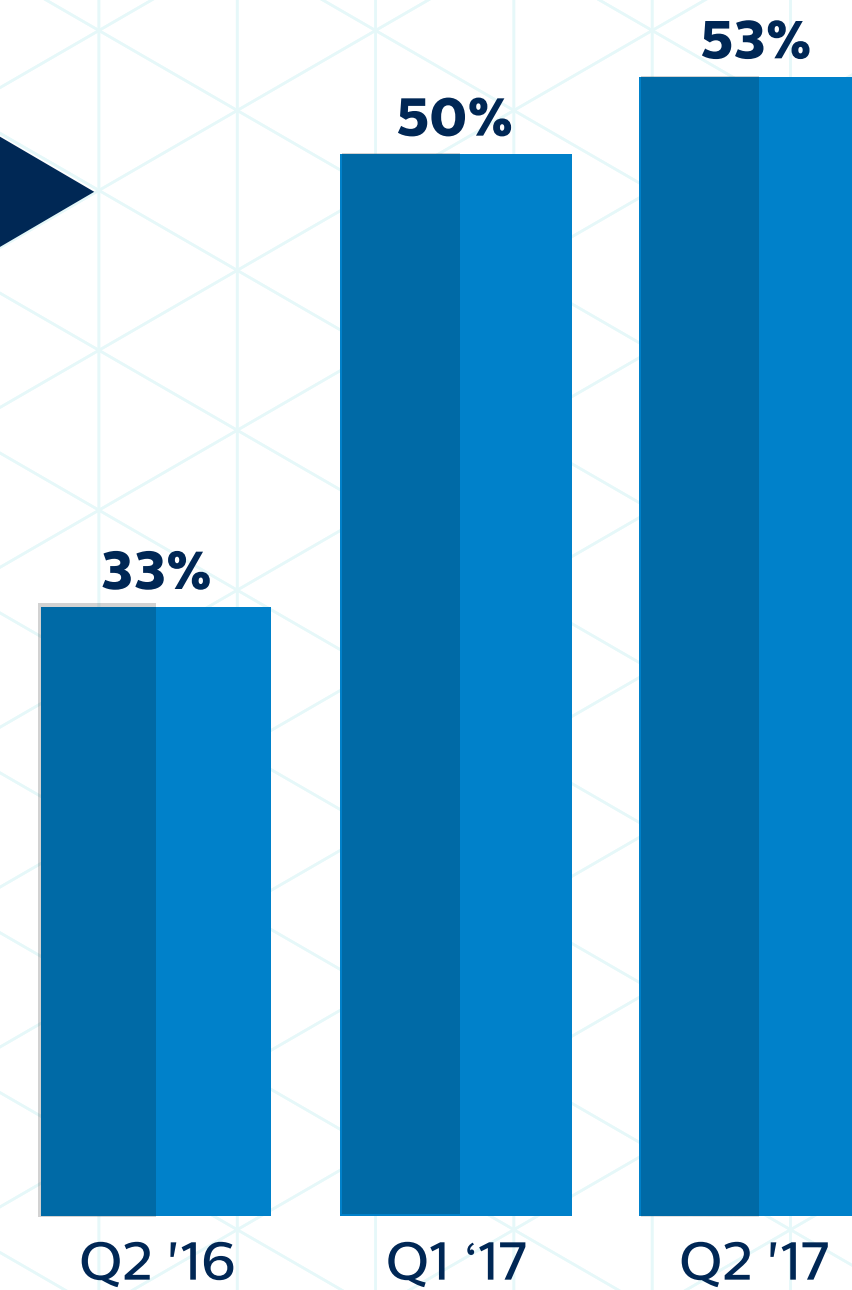


Other operators' data are from their own publications.

Monetizing Data

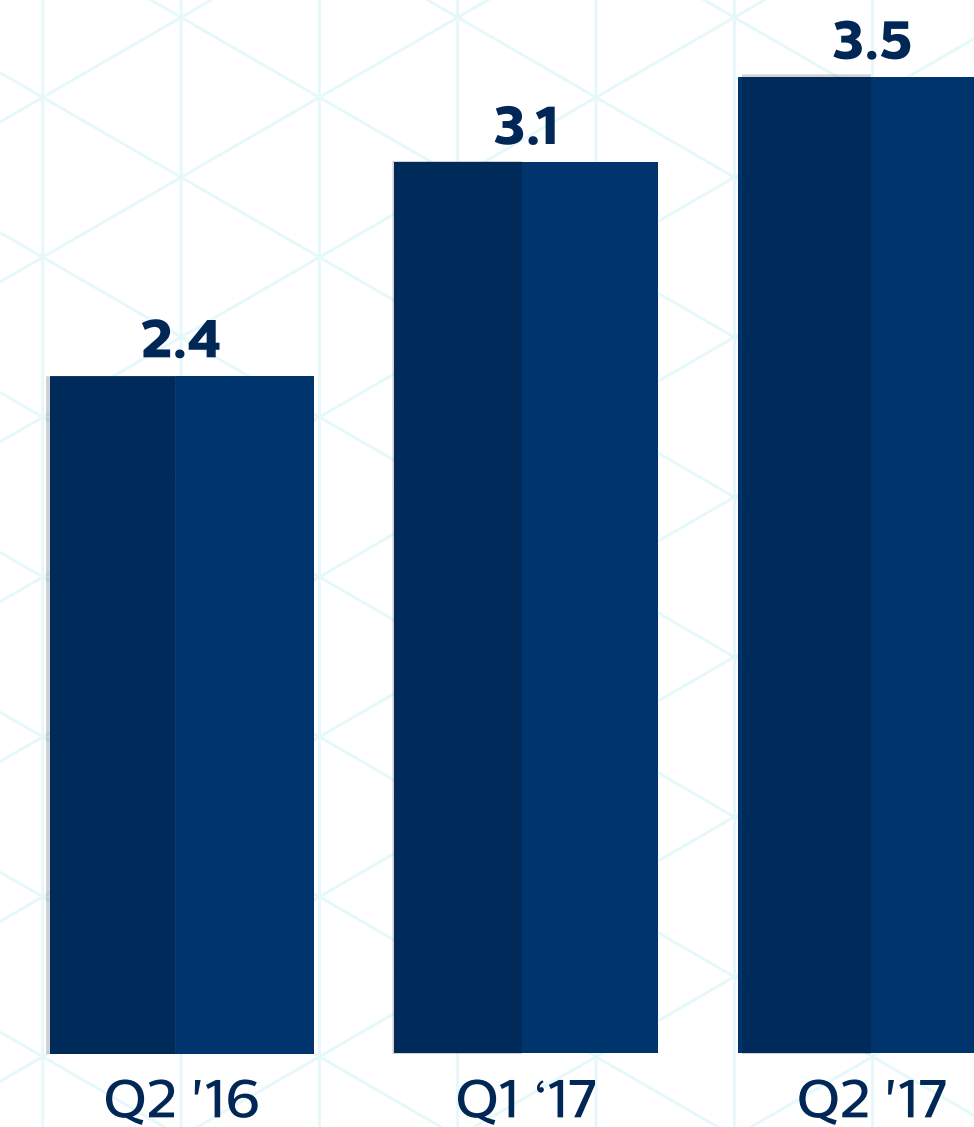
Data Revenue

(Service revenue shares)



Avg. Monthly Mobile Data Usage

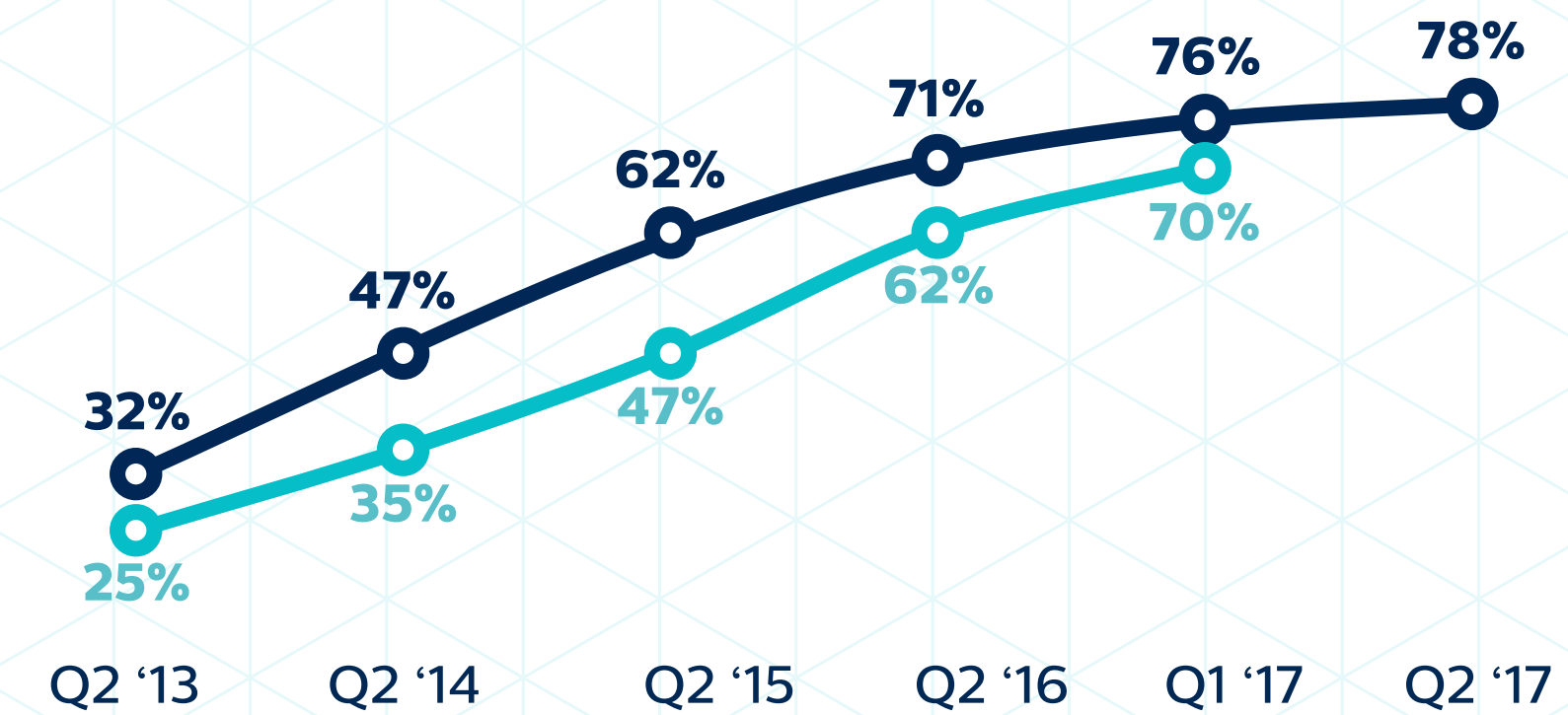
(GB per user¹)



(1) Türk Telekom smartphone users

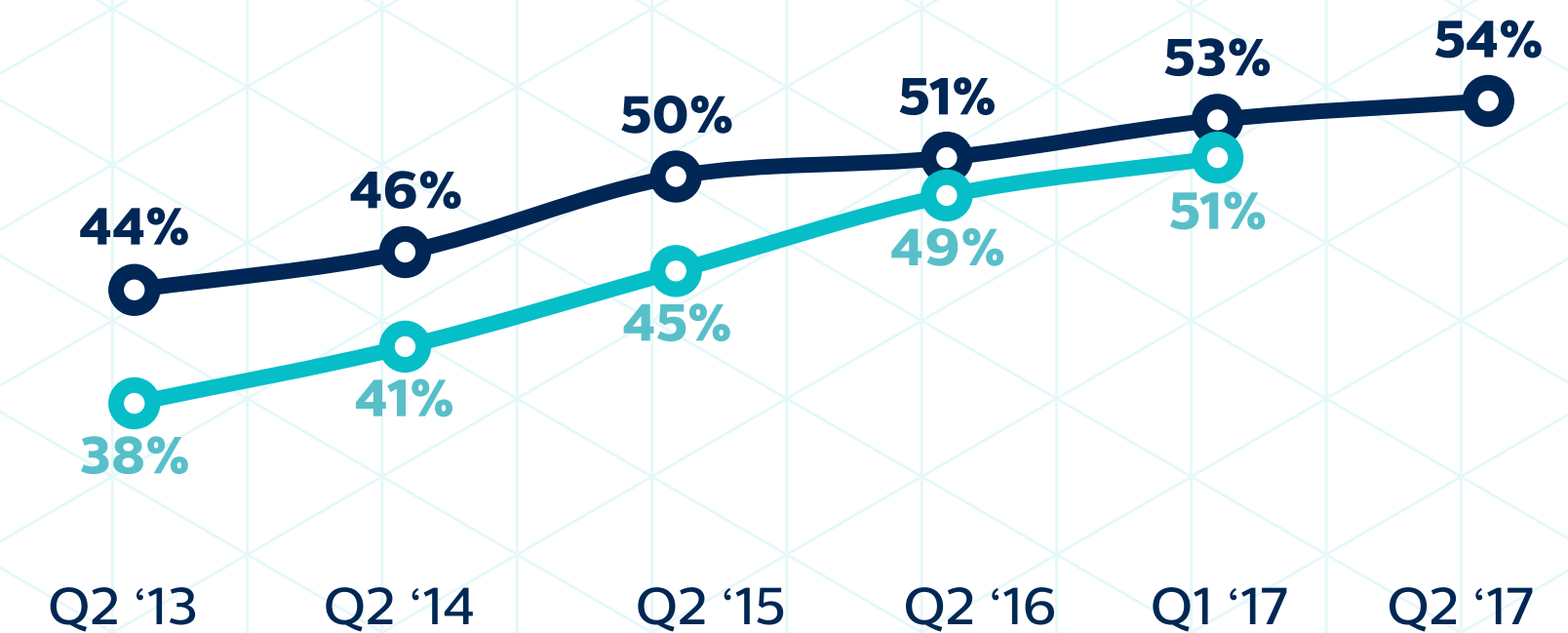
Smartphone Penetration

Rest of the Market Türk Telekom



Postpaid Ratio

Rest of the Market Türk Telekom

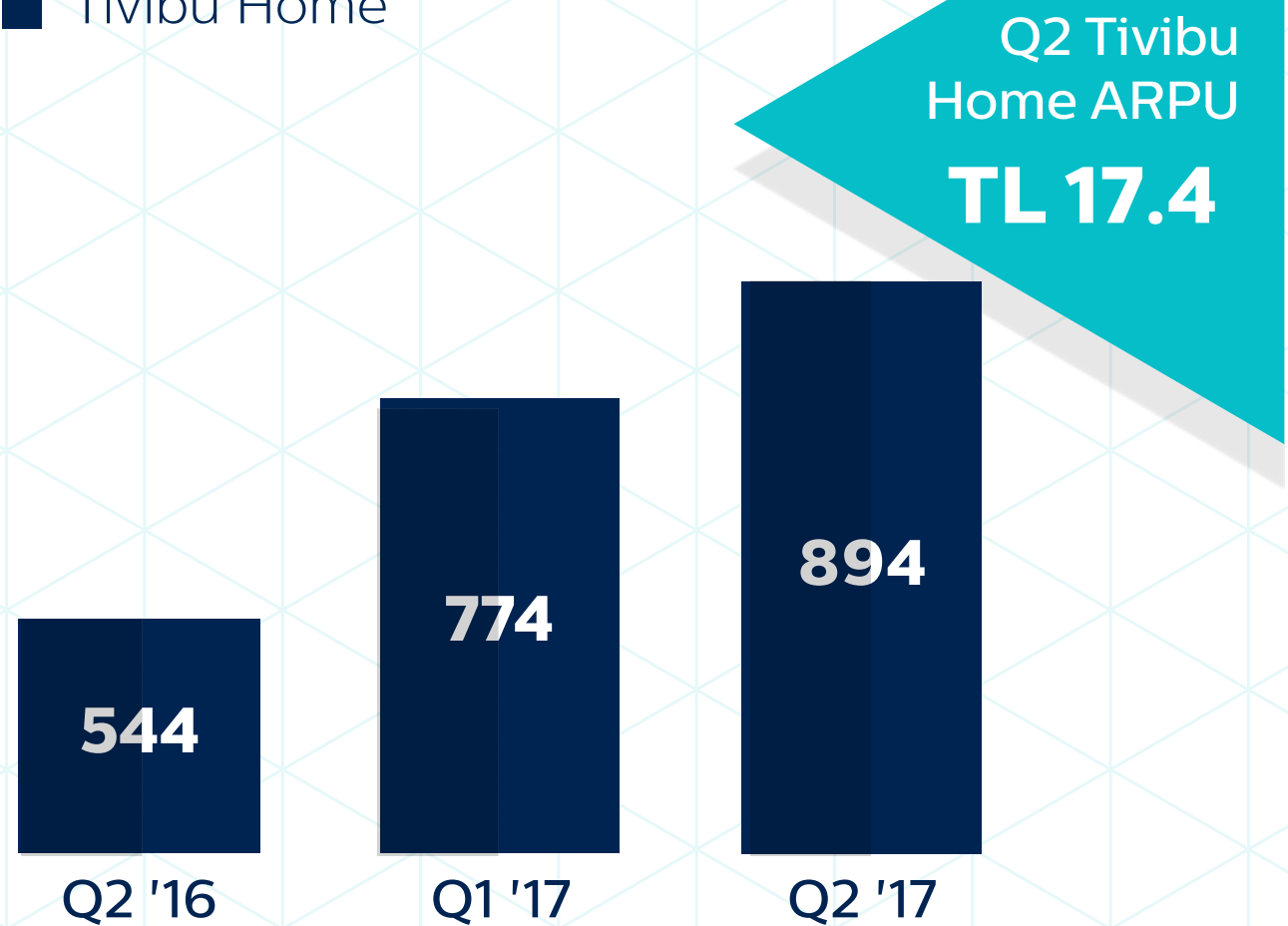


TV Performance

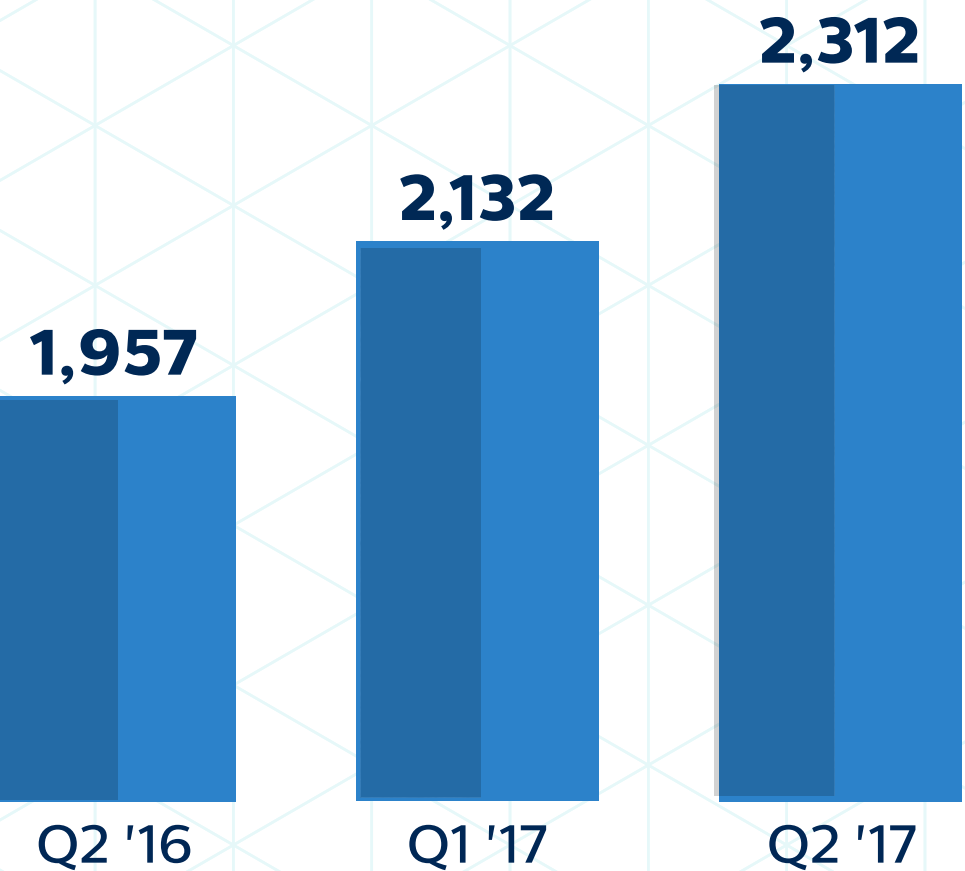
Türk Telekom Tivibu

Subscribers (thousand)

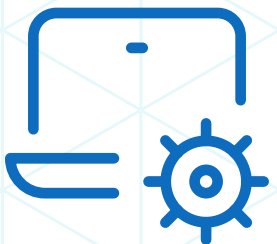
■ Tivibu Home



■ Total TV (inc. Tivibu Home)



121K net additions in Q2'17
in Tivibu Home



Technology



Exclusive Content

Türk Telekom

IPTV + DTH

- ▶ Champions League
- ▶ UEFA Europe League

Turkcell

IPTV

English Premier League

Digiturk

DTH

Turkish Soccer League

D-Smart

DTH

None

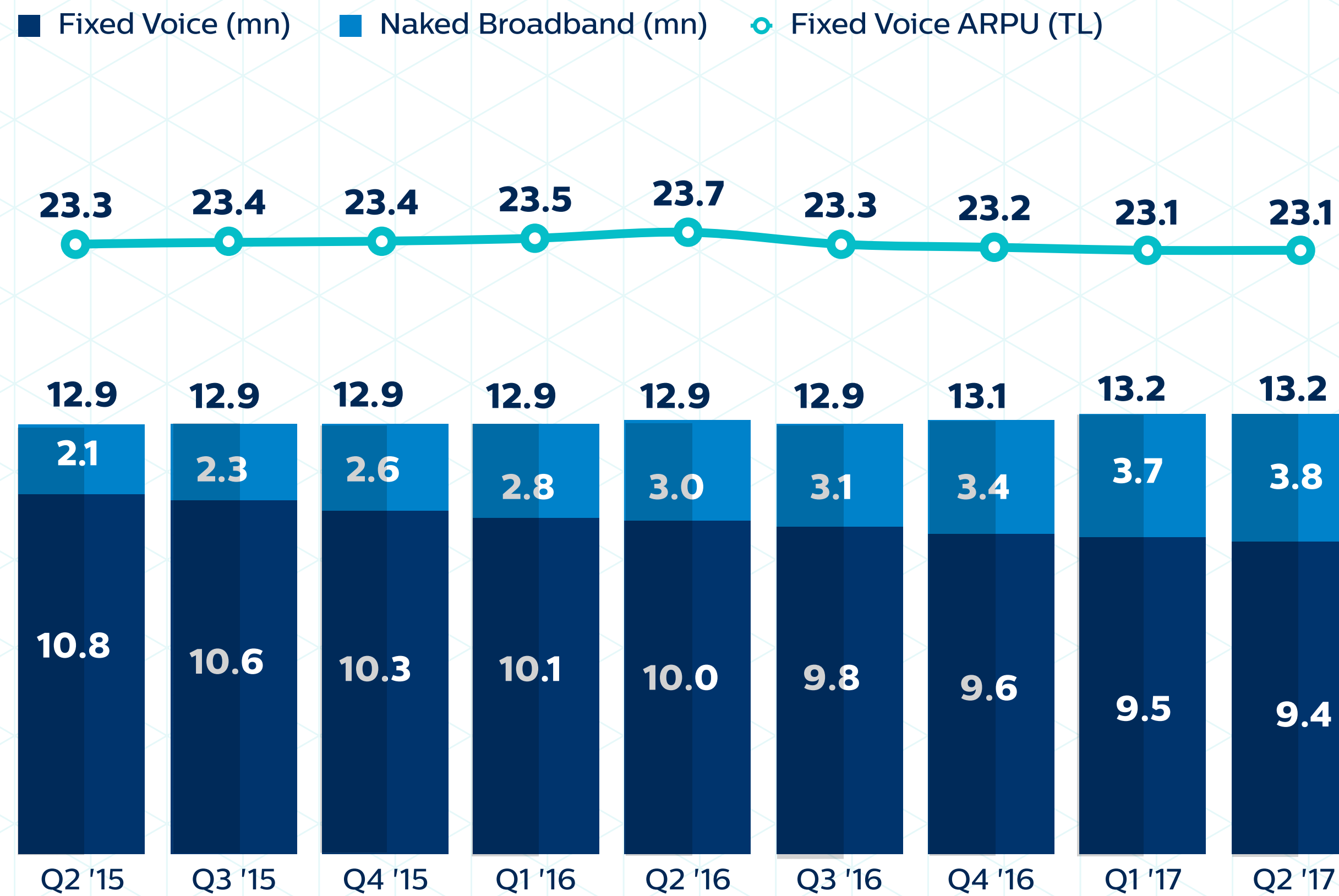
Cable

Cable

None

Fixed Voice

Access Lines and ARPU



Group Companies

Türk Telekom
INTERNATIONAL

A full range of international data infrastructure, internet, and wholesale voice services
Operating in over 40 countries.
Over 40,000 km of own fiber optic network

ARGELA

R&D innovation company focusing on the next generation telecommunication technologies
Partner of Turkey's only national 4G-LTE/5G base station development project "ULAK"
Developing consumer & corporate product innovations to serve both Turk Telekom and other operators

innova

Leading software developer and system integrator
ICT consulting, design, application development, integration and support services.
End-to-end solutions in Healthcare Campus Projects

Türk Telekom

aSSiSTT

Strategic partner for leading private enterprises and public institutions providing call center services as well as value added services for their sales and marketing activities

s e b i t

Largest educational technologies with 29 years of R&D experience
interactive E-Education products: Raunt, Vitamin
Providing content and platform to E-Education Transformation project (FATİH)

While Türk Telekom unified mobile, fixed voice, fixed broadband and TV brands under single "Türk Telekom" brand, TTNET A.Ş., and Avea İletişim Hizmetleri A.Ş. legal entities remain intact



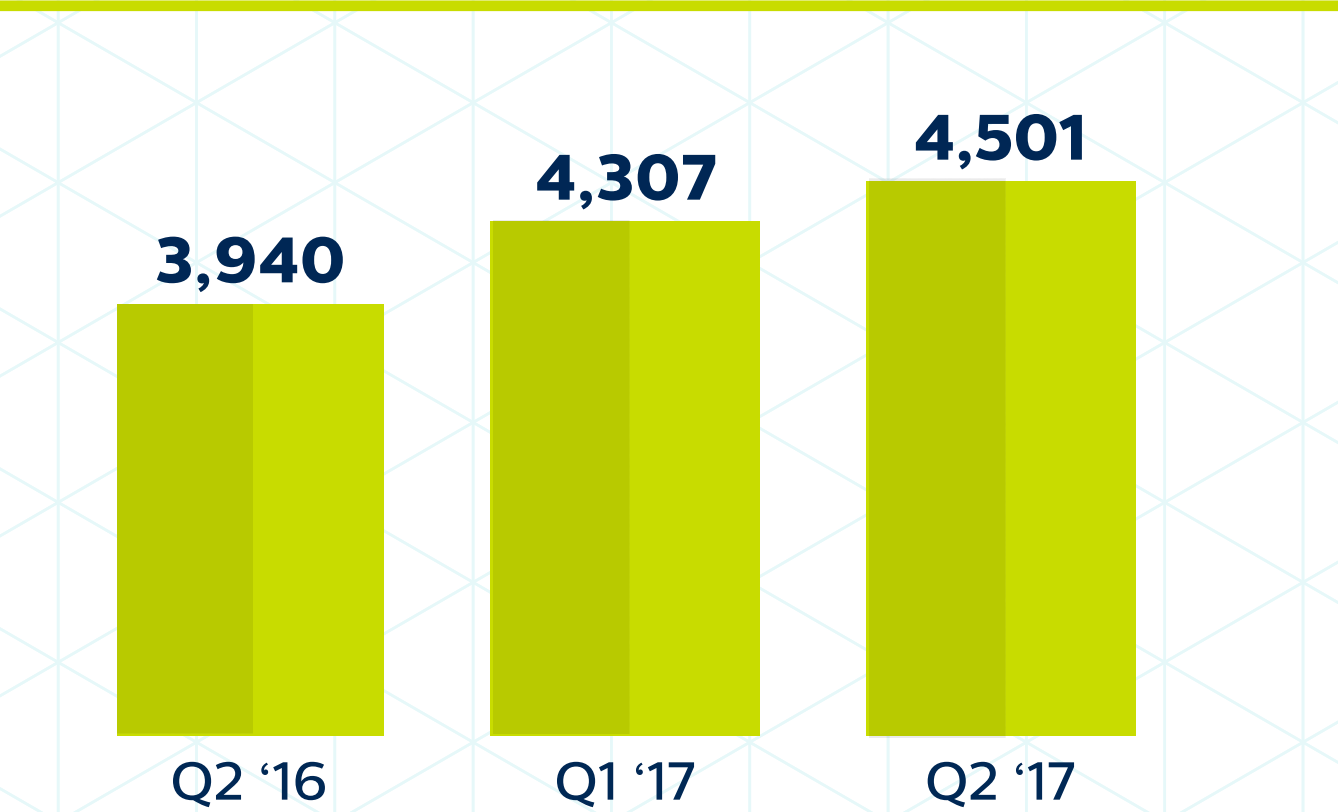
Financials

Financial Performance



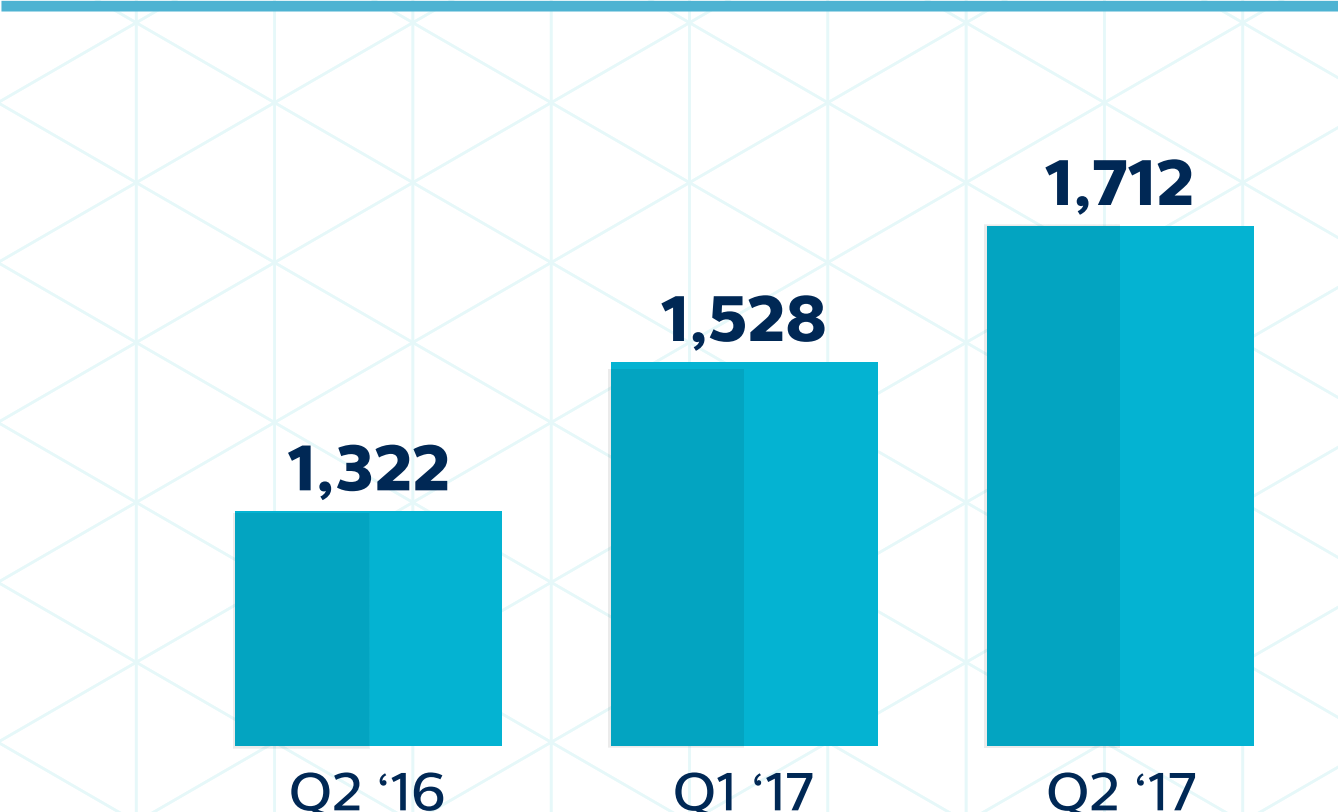
Revenue

(TL mn)



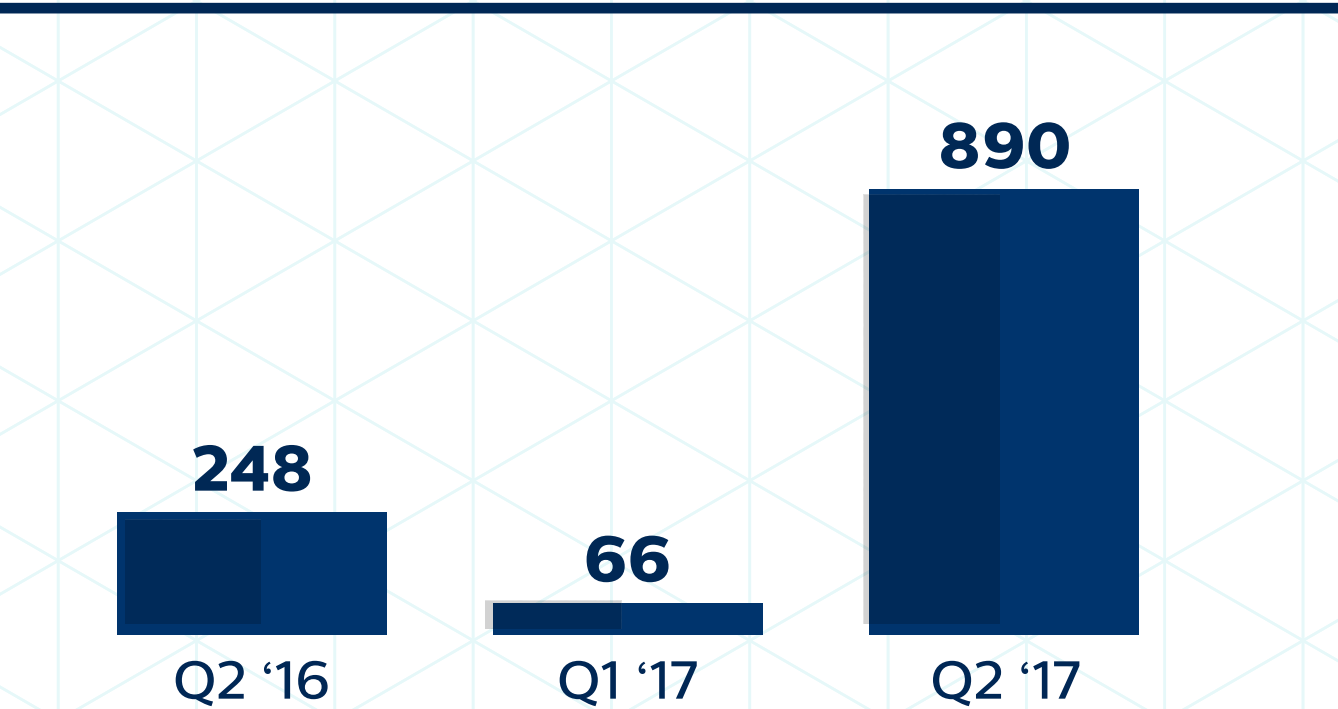
EBITDA

(TL mn)



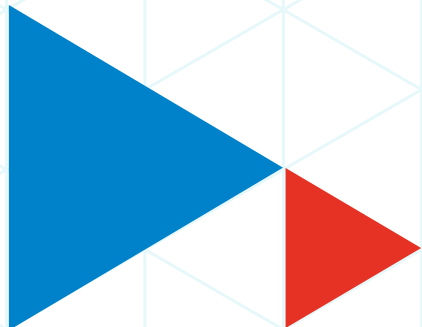
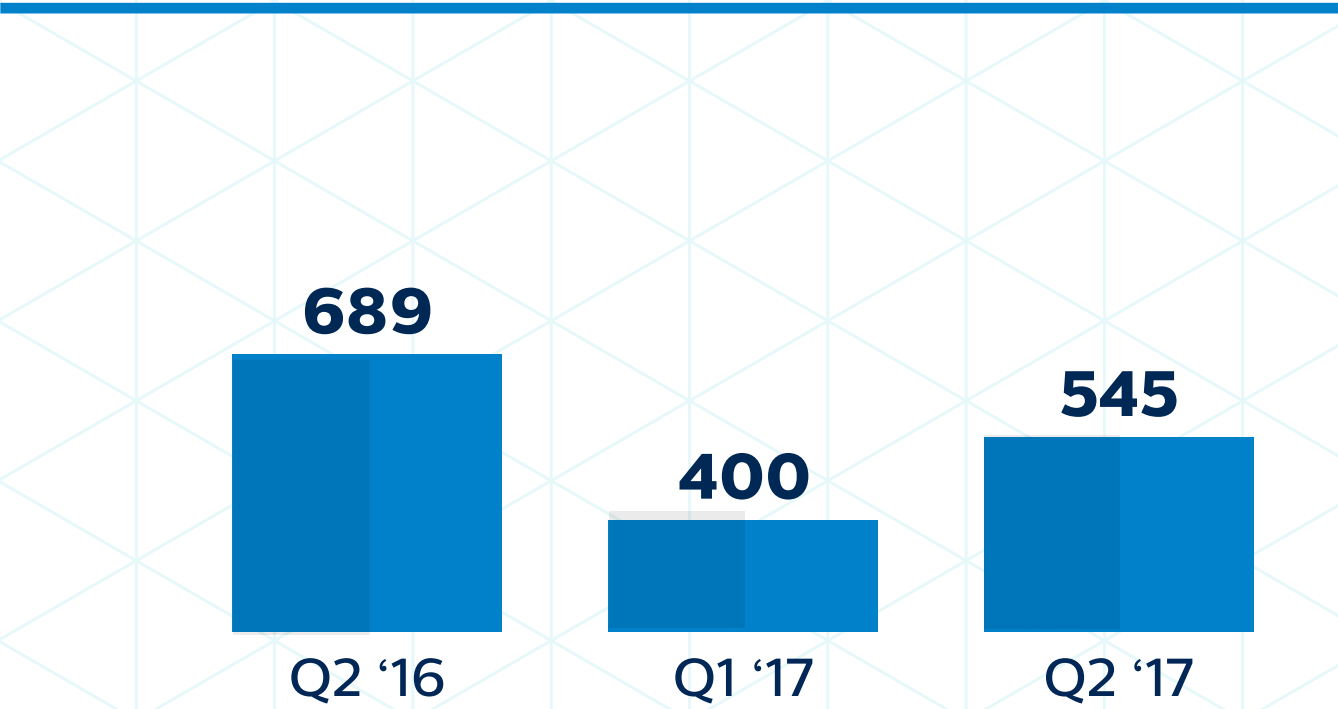
Net Income

(TL mn)



CAPEX

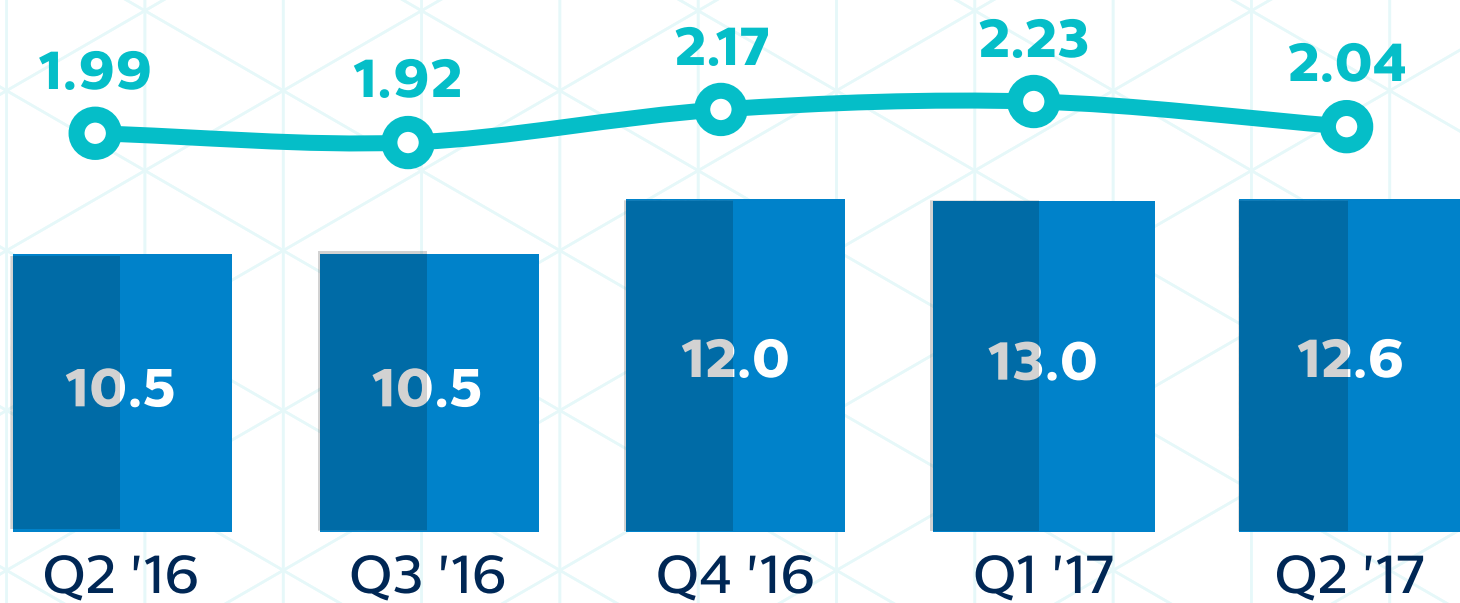
(TL mn)



Debt Profile

Net Debt

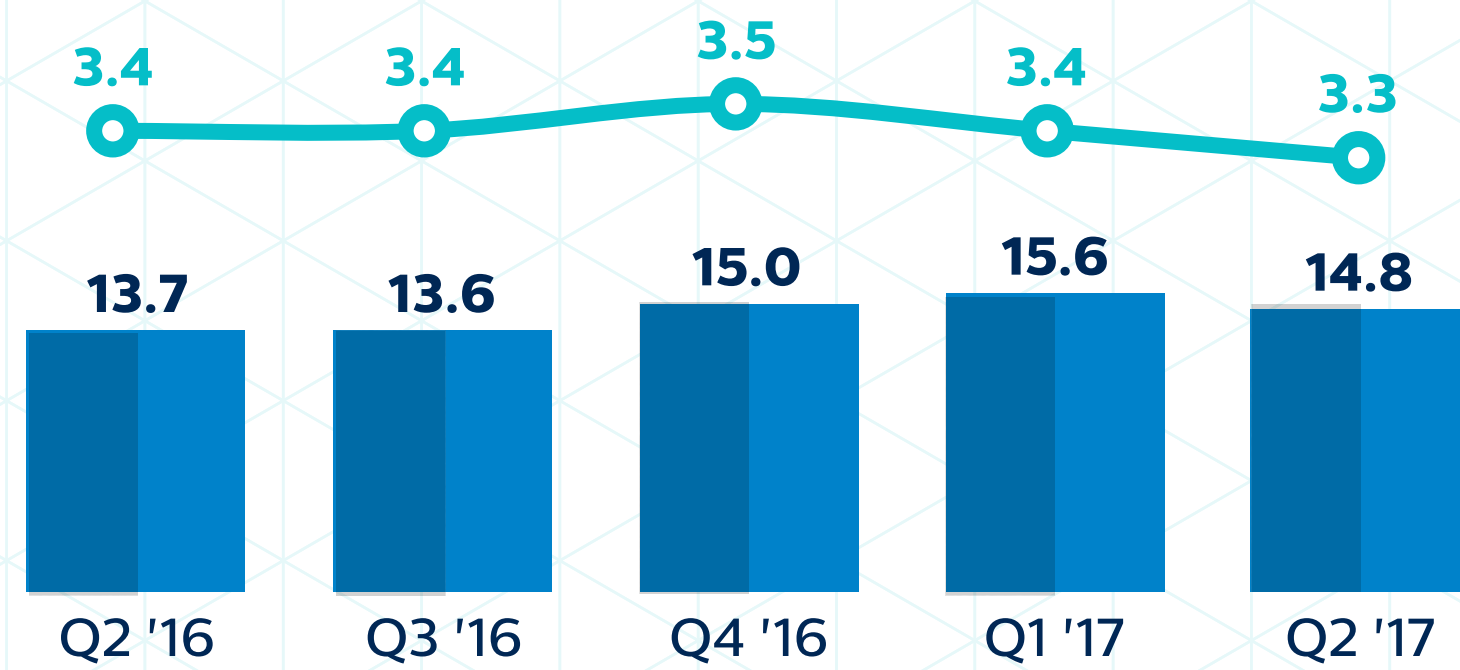
■ Net Debt (TL bn) ● Net Debt/EBITDA



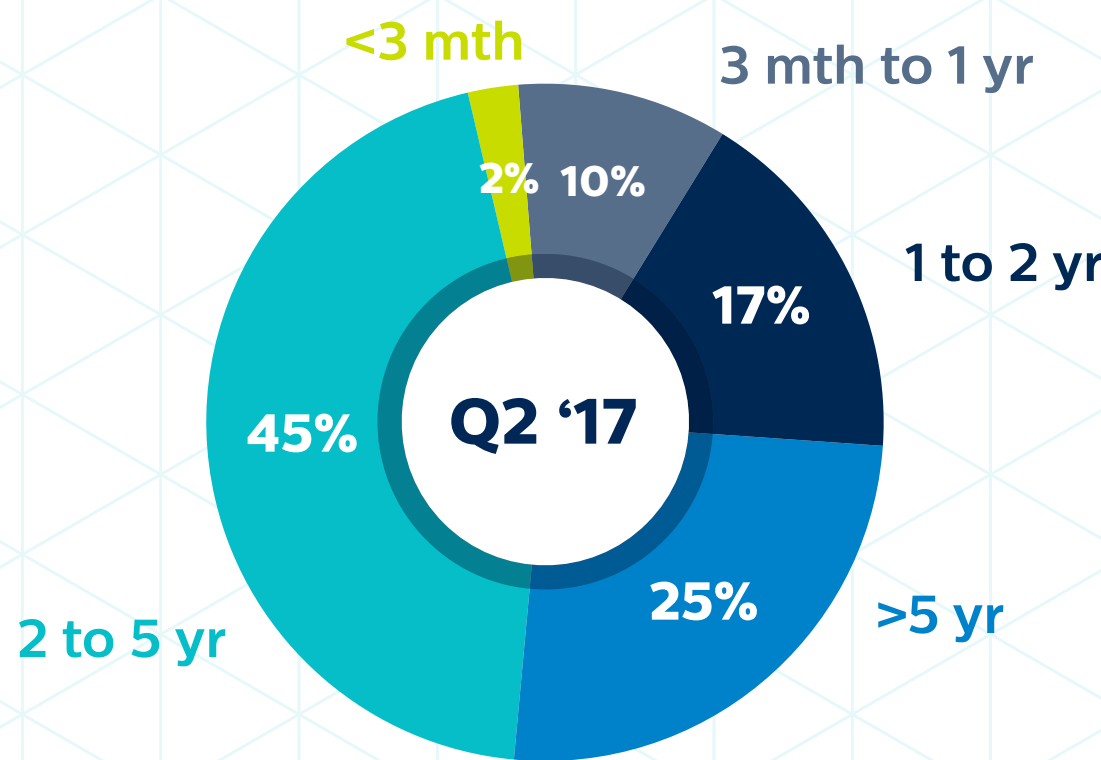
Note: In Q4 '16, Q1 '17 and Q2 '17 Net Debt/EBITDA calculation excludes extraordinary claims.

Average Maturity of Debt

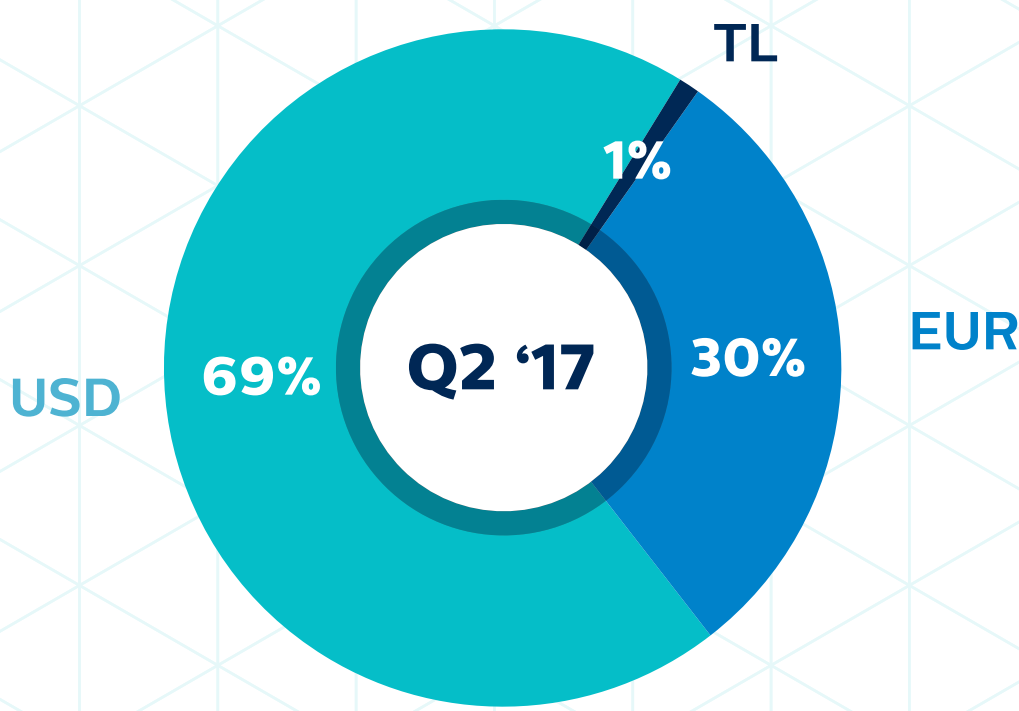
■ Total Debt (TL bn) ● Average Maturity of Debt (years)



Maturity Profile

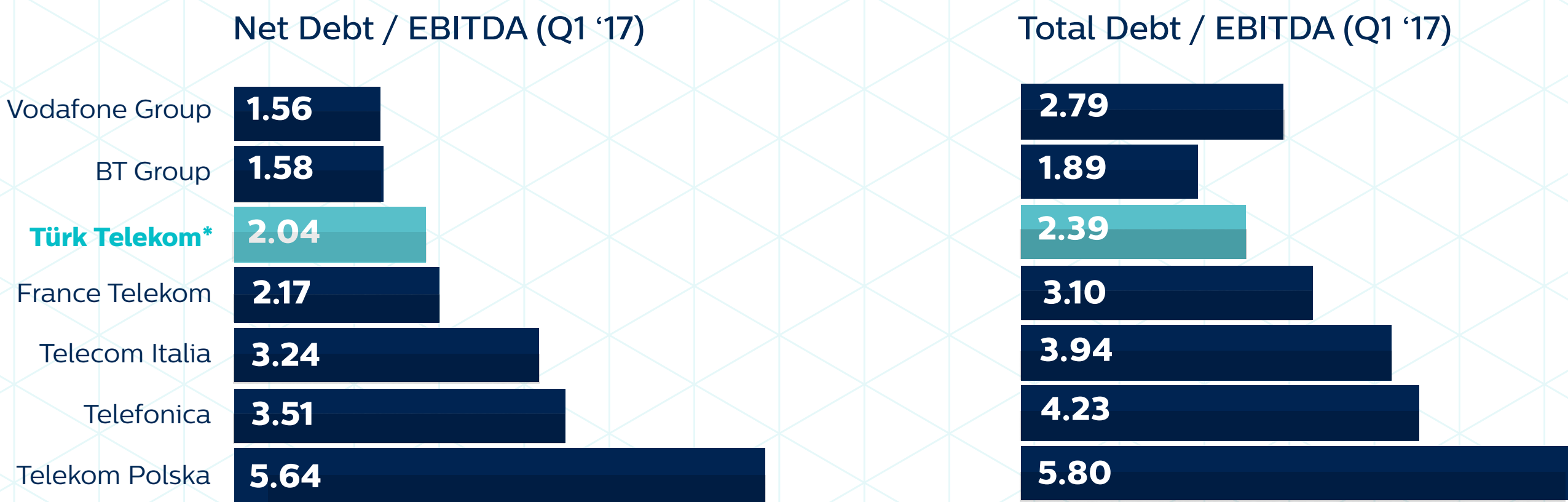


Debt Breakdown



Note: Hedging activities are available on financial footnotes

Low debt burden compared to peers



*Türk Telekom's ratios are calculated from Q2 '17 numbers

Guidance

TL mn	2016 YE	2017 Previous Guidance	2017 Revised Guidance
Revenue (exc. construction adjustment) ¹	15,696	8% to 9% growth	10% to 11% growth
EBITDA	5,470	TL 5.8 to 6.0bn	TL 6.3 to 6.4bn
CAPEX²	3,027	~TL 3bn	~TL 3.3bn

(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



Summary Income Statement

(TL mn)	2016 Q2	2017 Q1	2017 Q2	YoY Change	QoQ Change
Revenues	3,940	4,307	4,501	14.2%	4.5%
EBITDA	1,322	1,528	1,712	29.5%	12.1%
Margin	33.6%	35.5%	38.0%		
Operating Profit	627	807	939	49.9%	16.4%
Margin	15.9%	18.7%	20.9%		
Financial Income / (Expense)	(212)	(622)	249	n.m.	n.m.
FX & Hedging Gain / (Loss)	(88)	(509)	339	n.m.	n.m.
Interest Income/(Expense)	(93)	(76)	(85)	(8.6%)	11.6%
Other Financial Income/ (Expense)	(31)	(37)	(6)	(81.8%)	(85.2%)
Tax Expense	(168)	(119)	(298)	78.1%	150.9%
Net Income	248	66	890	259.2%	1,255.0%
Margin	6.3%	1.5%	19.8%		

Note: FX Rates used in financial income/expense calculation are as follows: **June -17:** USD/TL: 3.5071; EUR/TL: 4.0030 **March - 17:** USD/TL: 3.6386; EUR/TL: 3.9083; **December -16:** USD/TL: 3.5192; EUR/TL: 3.7099.

Summary Balance Sheet



(TL mn)	30.06.2016	31.03.2017	30.06.2017
Total Assets	26,626	26,702	25,733
Intangible Assets ¹	8,076	8,480	8,252
Tangible Assets ²	8,752	8,313	8,358
Other Assets ³	6,583	7,273	7,000
Cash and Equivalents	3,214	2,636	2,123
Total Equities and Liabilities	26,626	26,702	25,733
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	1,395	211	1,084
Interest Bearing Liabilities ⁴	13,722	15,594	14,754
Provisions for Employee Termination Benefits	601	637	651
Other Liabilities ⁵	7,648	7,000	5,983

(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



Q&A



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Thank you



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