

Investor Presentation

2018 Q3



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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**

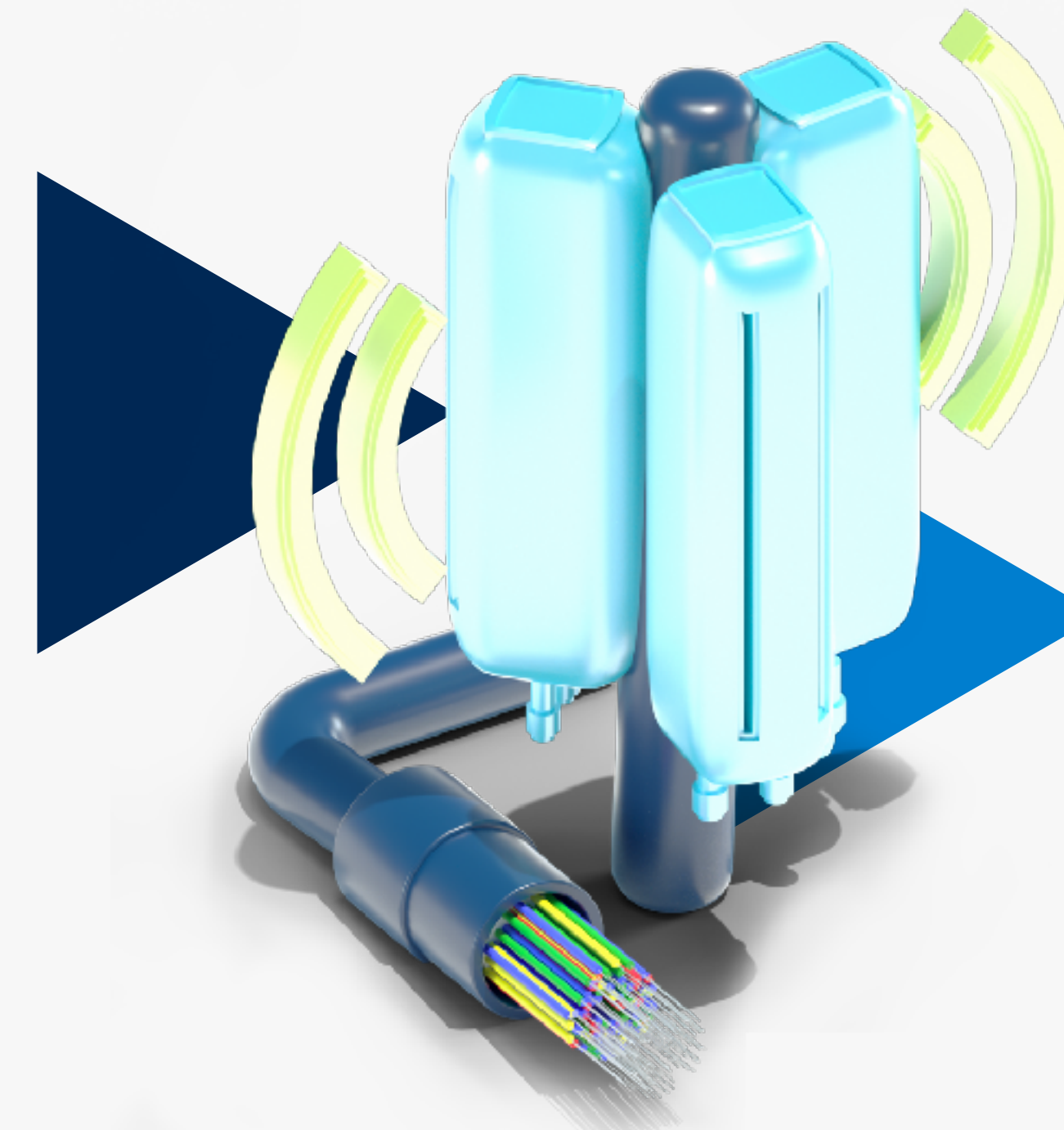
Offering
**Integrated telecom
services**



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



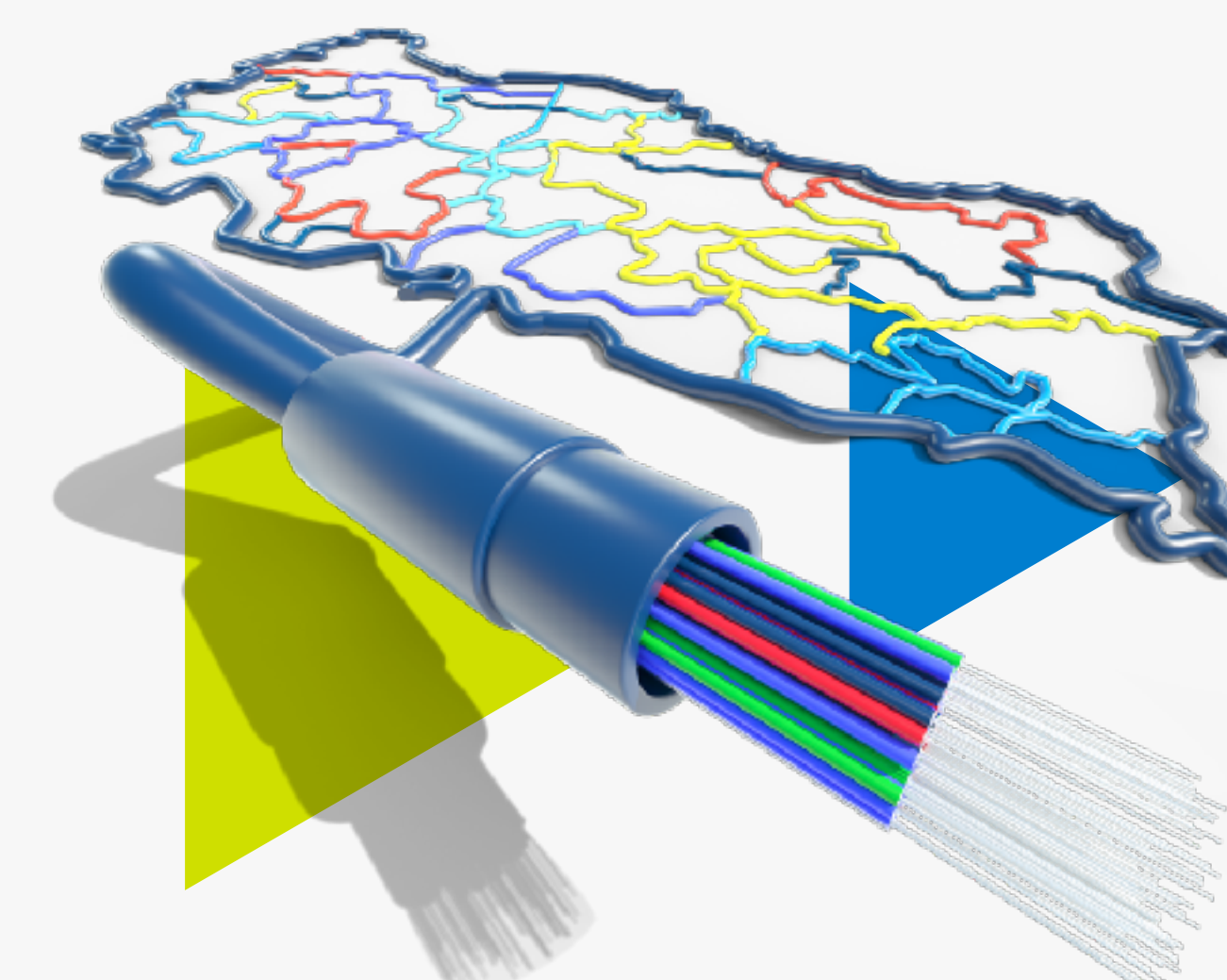
2nd player
in TV market



~50%
fiber connected
LTE Base Stations



89%
LTE
Population Coverage



274K km
fiber network in
81 cities



17.9mn
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

Fixed Broadband Penetration Increase



~50%

of Q3 '18 FBB net adds came via

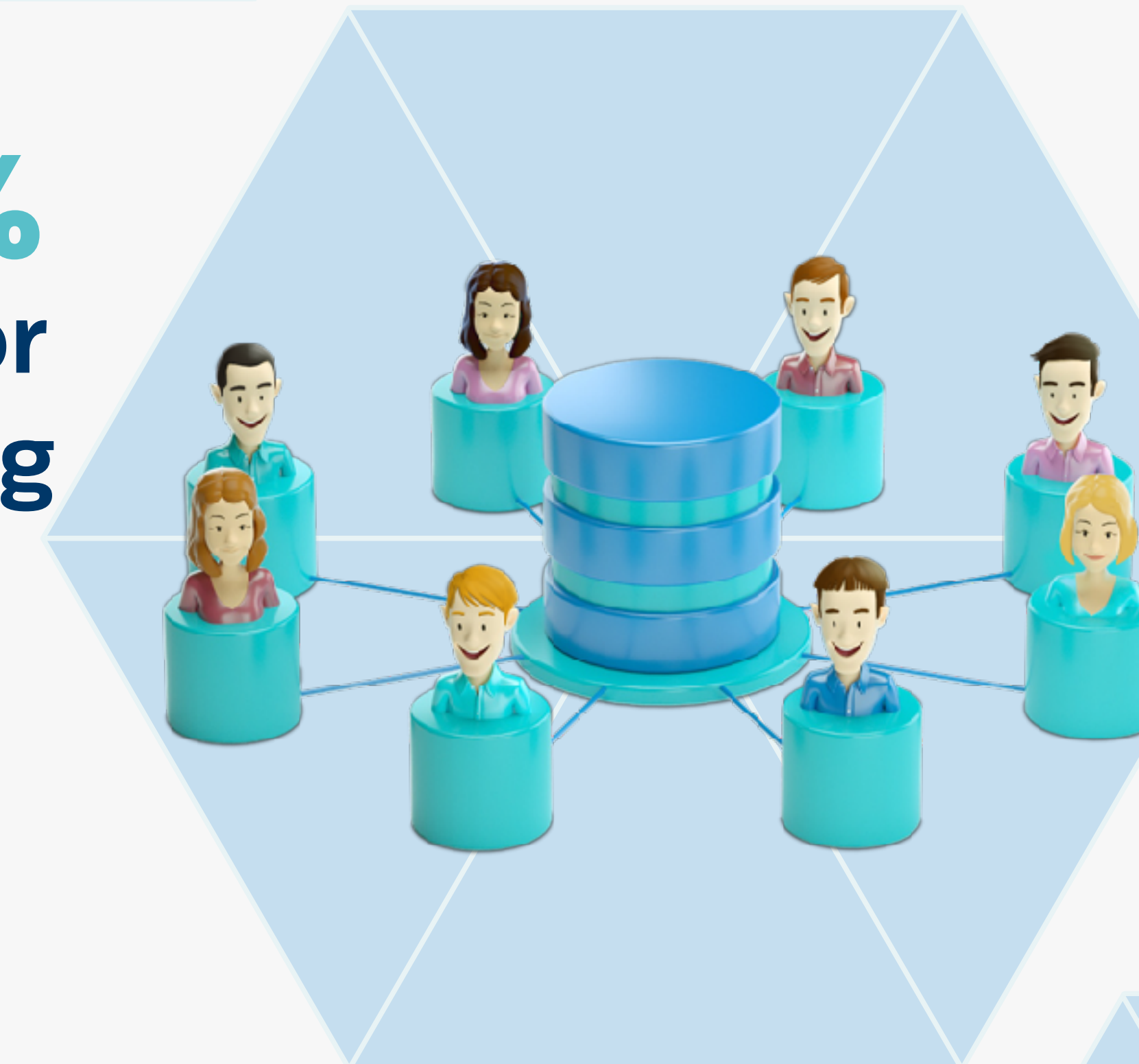
Internet Bizden Campaign

Infrastructure Rental



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

Customer Database



72%

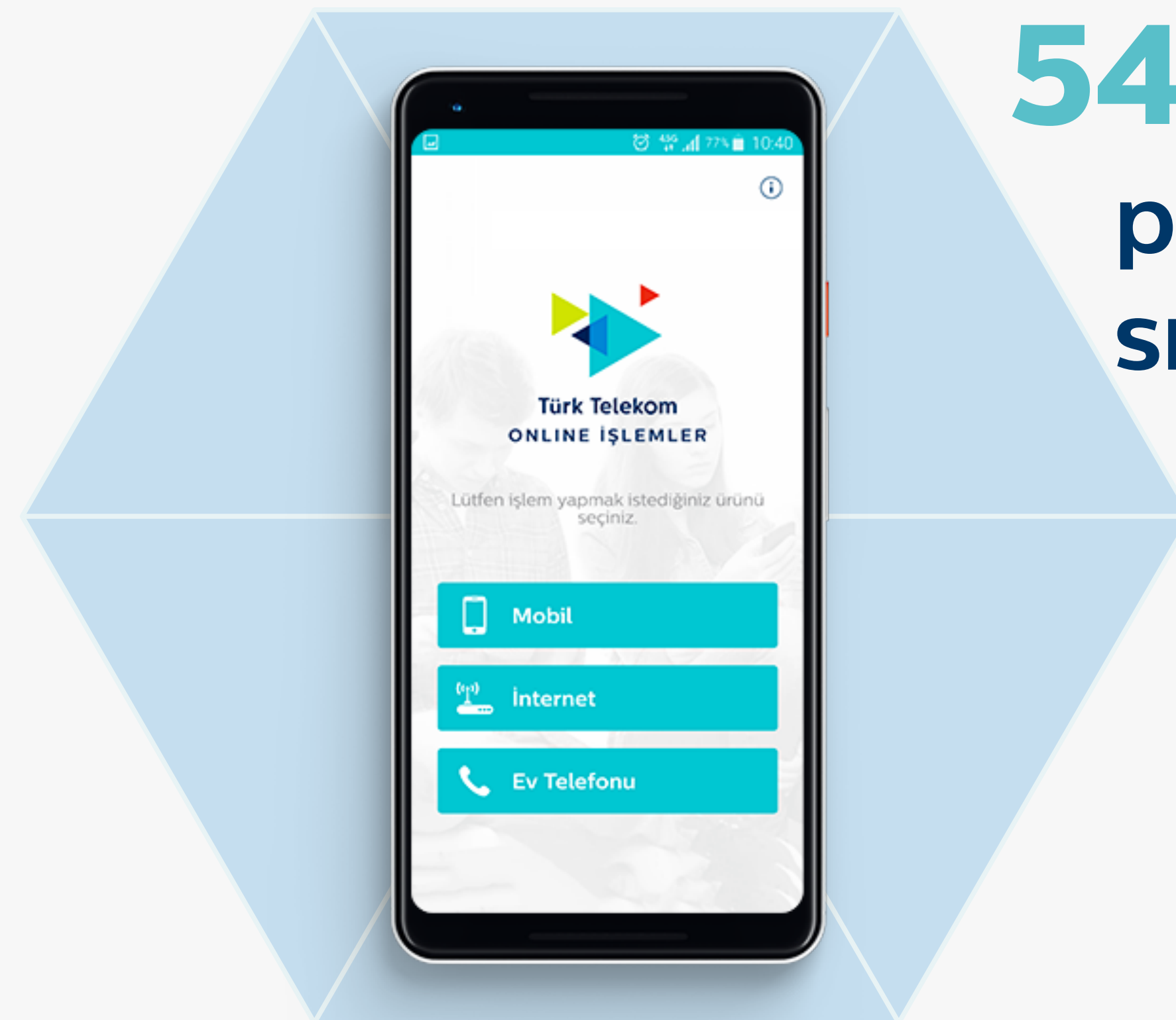
of customers consented for sharing of their info among our group companies

4.7 ppt

YoY increase in multi product ownership to **63%***

*Among constant customer sub_universe that provided consent last year

Online İşlemler



54%

penetration among our smartphone users

21 mn downloads as of Q3'18

Consumer Finance



Cooperation with Hemenal and ING Bank for alternative device financing

7.2 mn

downloads as of October

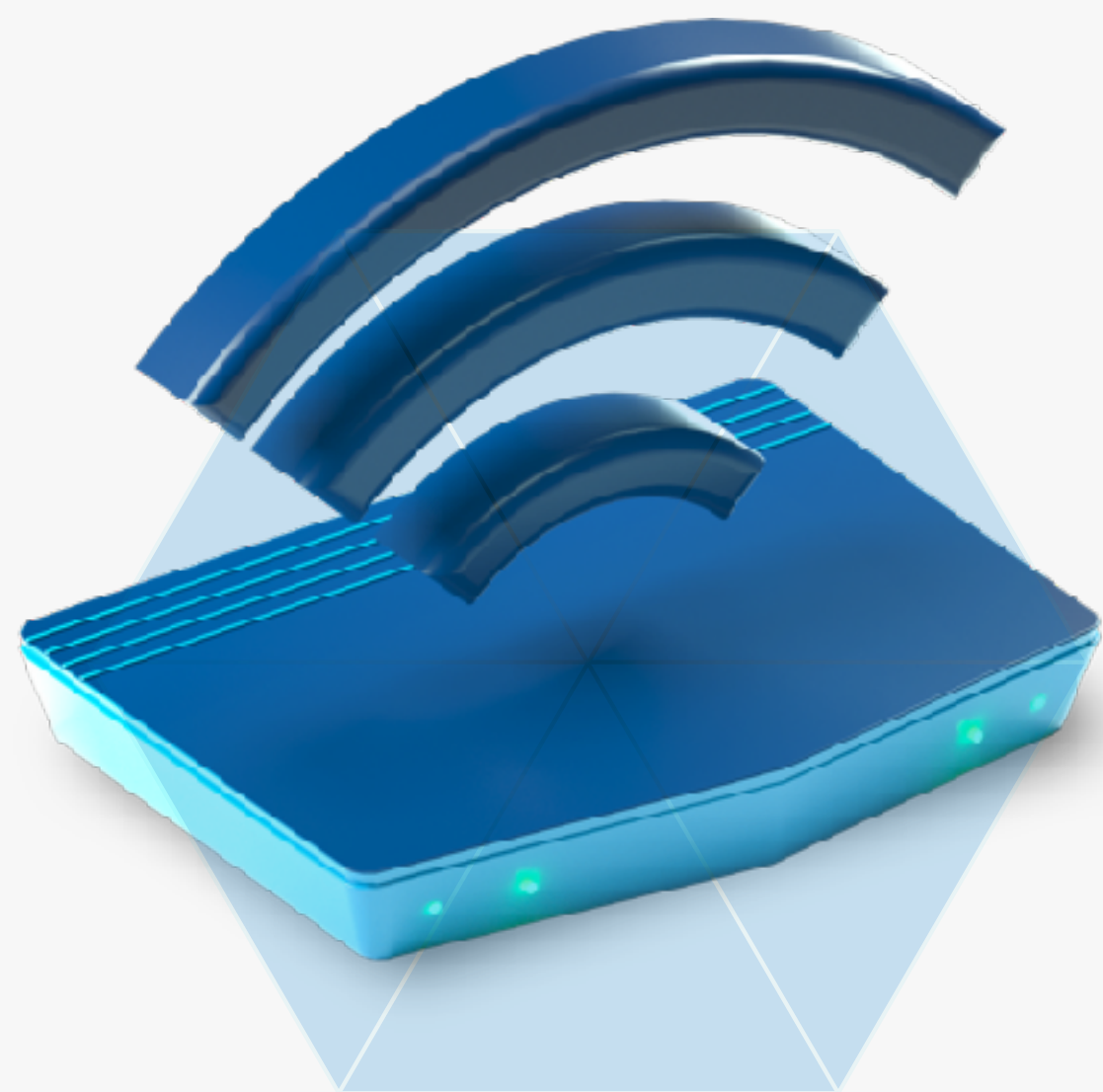


Net Subscriber Additions

Broadband

288k
Q3 '18

1.2mn
LTM



44.7mn
total subscribers

Mobile

586k
Q3 '18

1.6mn
LTM



Home TV

149k
Q3 '18

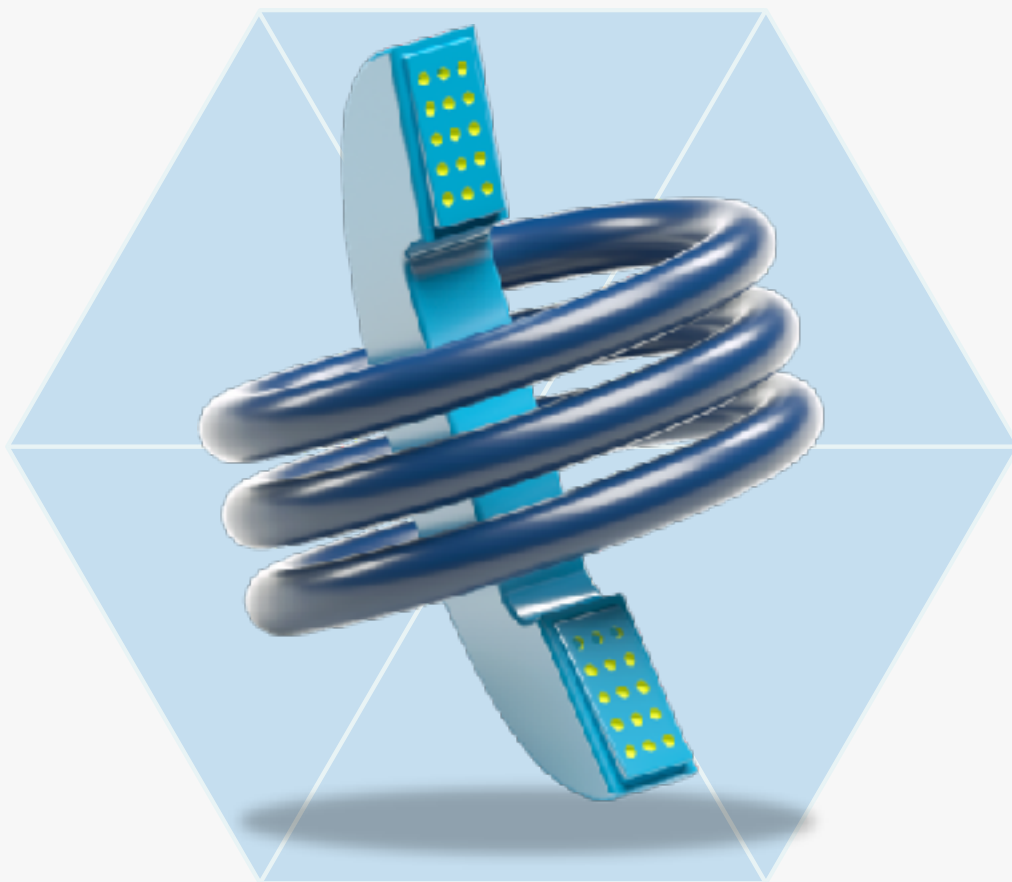
571k
LTM



Fixed Voice

90k
Q3 '18

348k
LTM



4.2mn
net additions*
in LTM

1.2mn
net additions*
in Q3

*Includes Tivibu Go

Financial Performance

(TL mn)	2017 Q3	2018 Q2	2018 Q3	Growth (YoY)	Growth (QoQ)
Revenue	4,532	4,951	5,396	19.1%	9.0%
Revenue (exc. IFRIC12) ¹	4,420	4,740	5,154	16.6%	8.7%
EBITDA	1,687	1,968	2,267	34.3%	15.2%
EBITDA Margin	37.2%	39.8%	42.0%		
Operating Profit	973	1,058	1,305	34.1%	23.4%
Net Income²	293	(870)	(2,846)	n.m.	n.m.
Adjusted Net Income^{2&3}	638	696	1,000	56.8%	43.6%
CAPEX	554	836	1,219	120.1%	45.8%

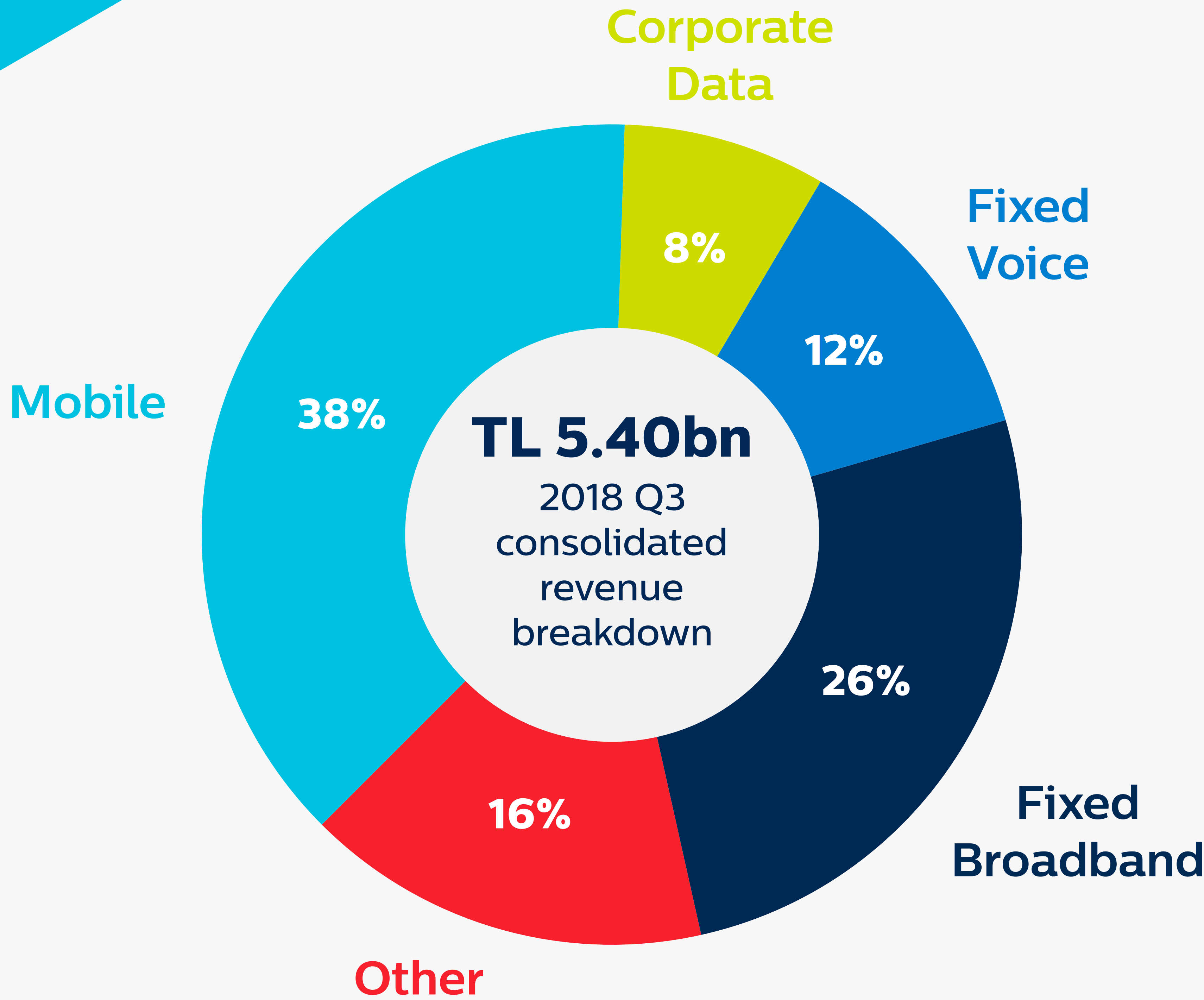
(1) IFRIC 12 adjustment is a non-operational revenue line booked in conjunction with upgrades to fixed line infrastructure, such as the upgrade from copper to fiber based network

(2) Bills, bonds and notes issued that were measured amortized cost at Q1 and Q2 2018 are measured at fair value as of Q3 '18. Consequently, the changes were reflected to 2018 Q1 and 2018 Q2 financial statements. For further details please see 2018 Q3 financial statements and footnotes.

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

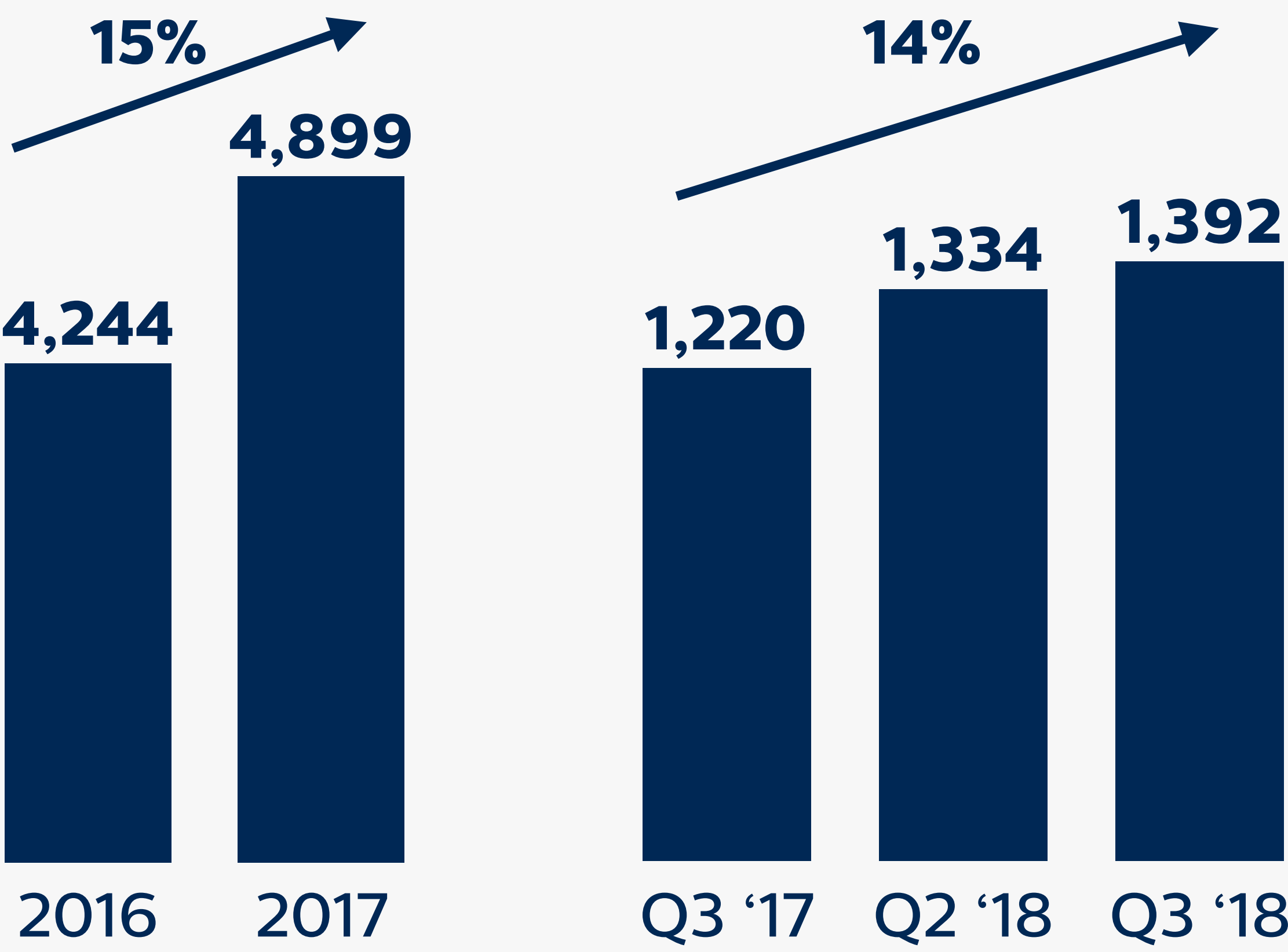
Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to "Financial Footnotes" & "Summary Financial and Operational xls" on our web site.

Focused on High Growth Areas



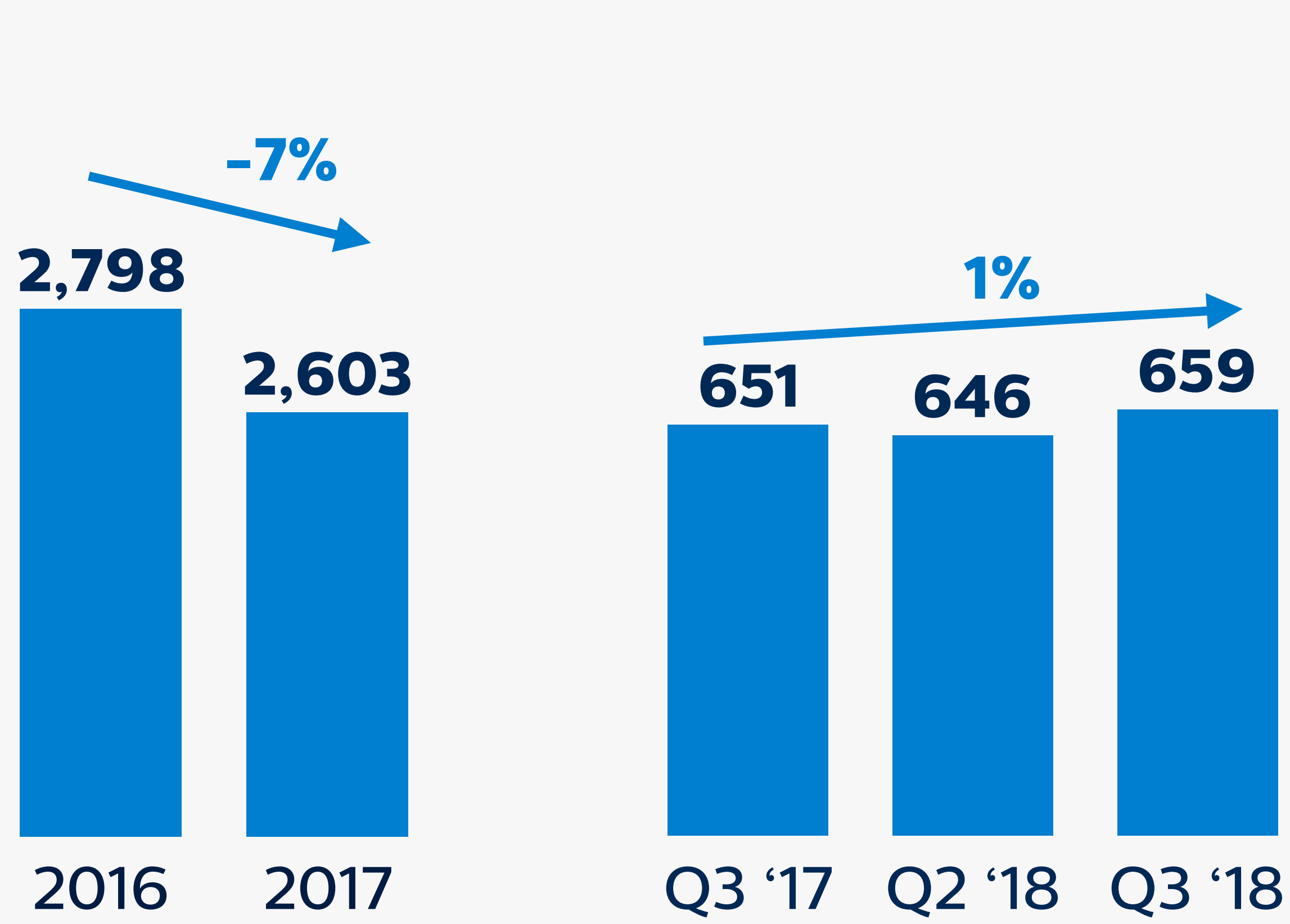
Fixed Broadband

(TL mn)



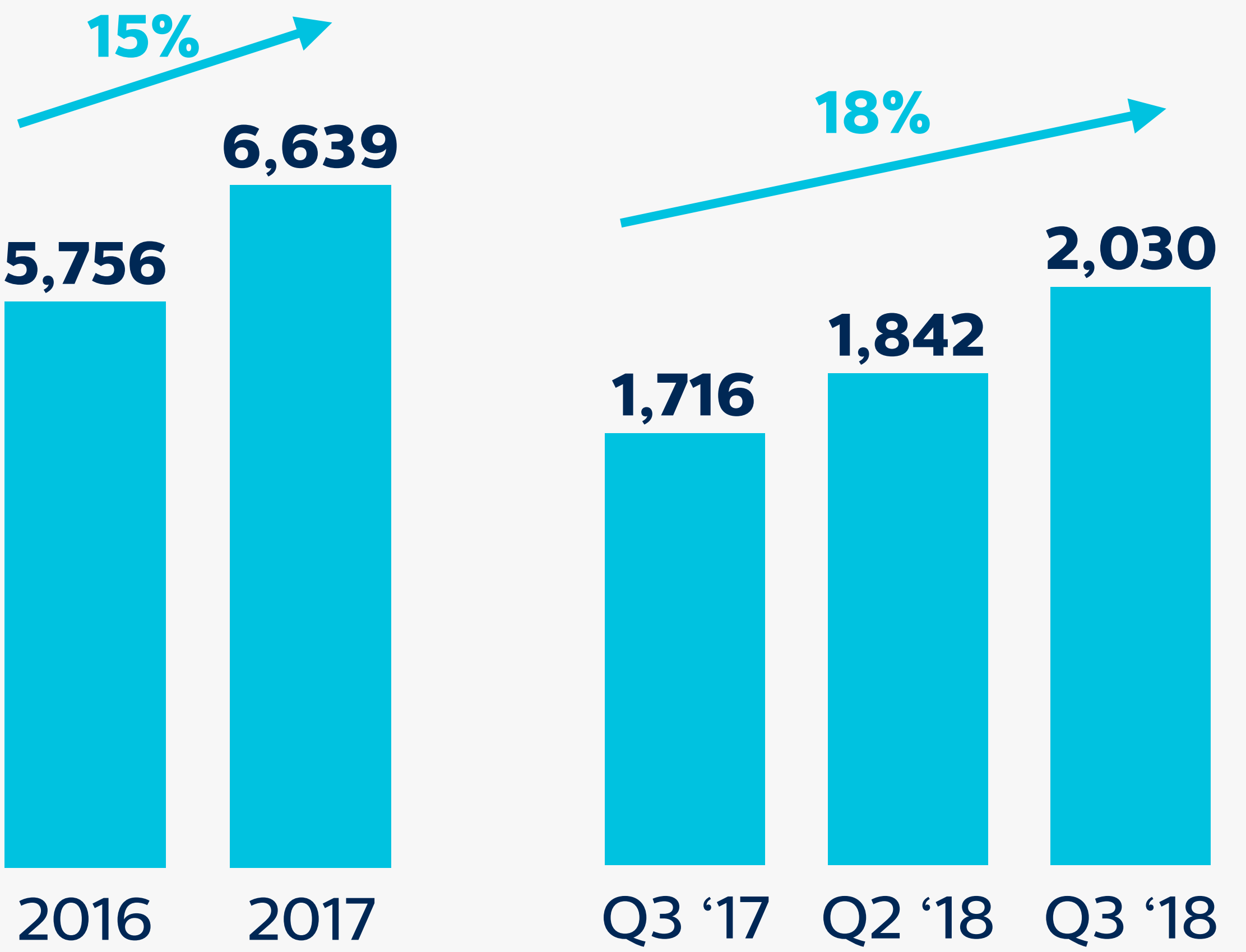
Fixed Voice

(TL mn)



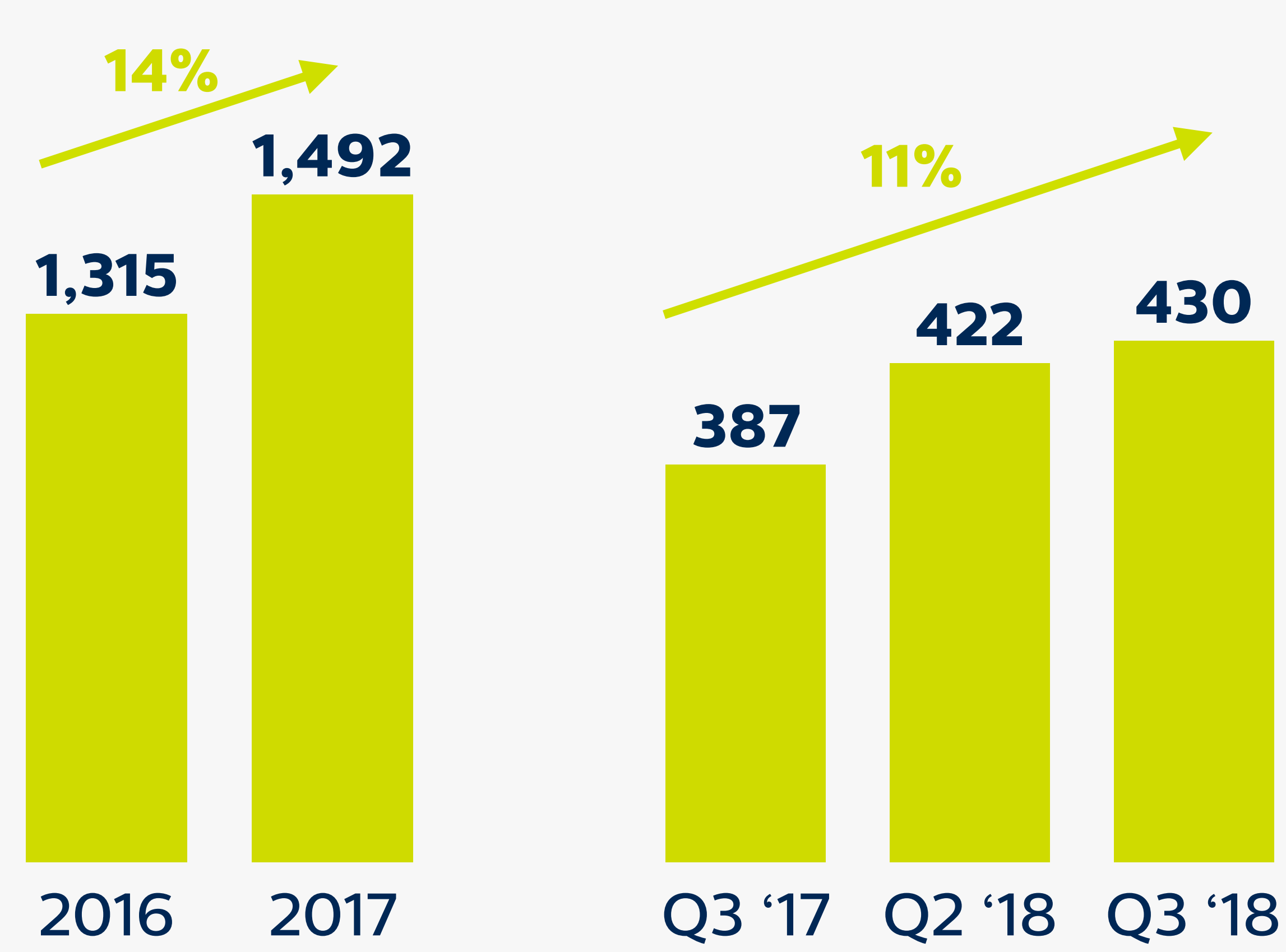
Mobile

(TL mn)



Corporate Data

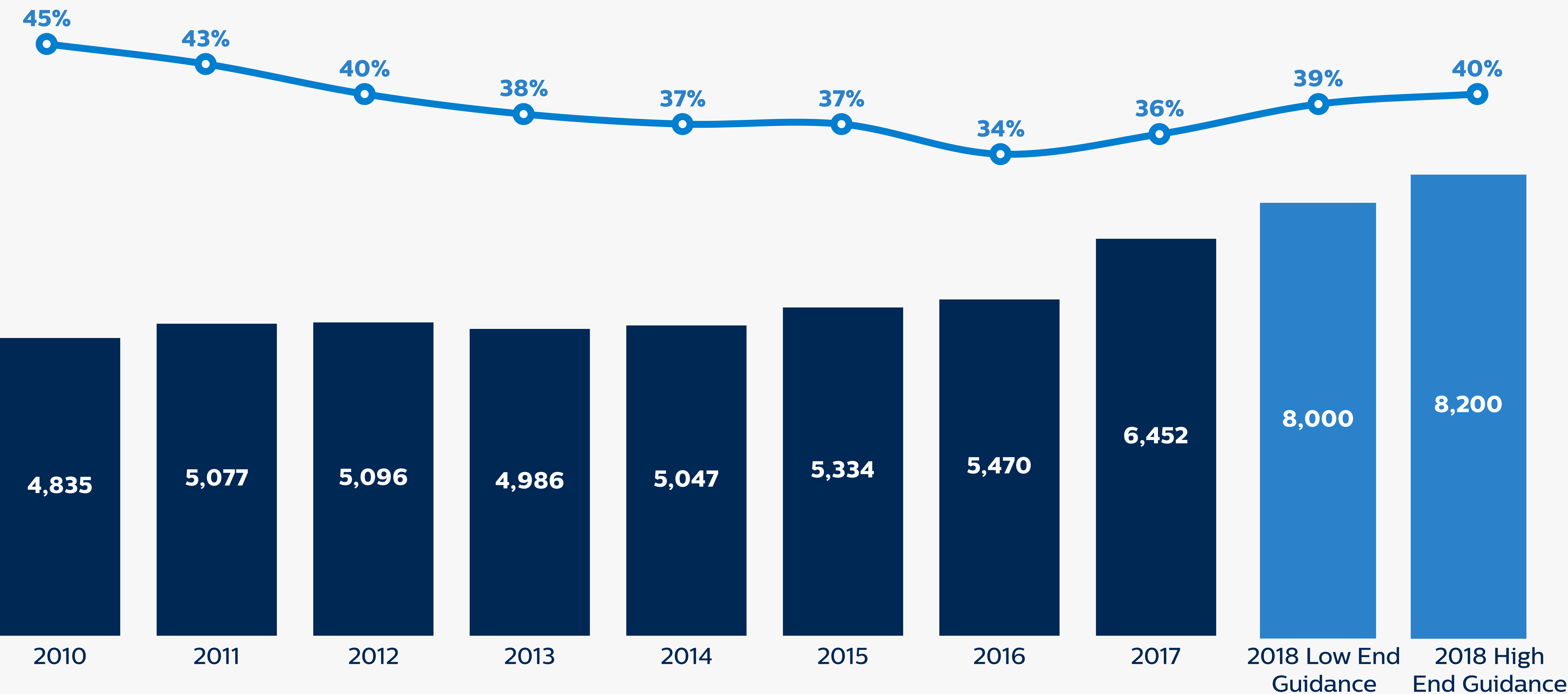
(TL mn)



Turnaround in EBITDA Margin

EBITDA & EBITDA Margin

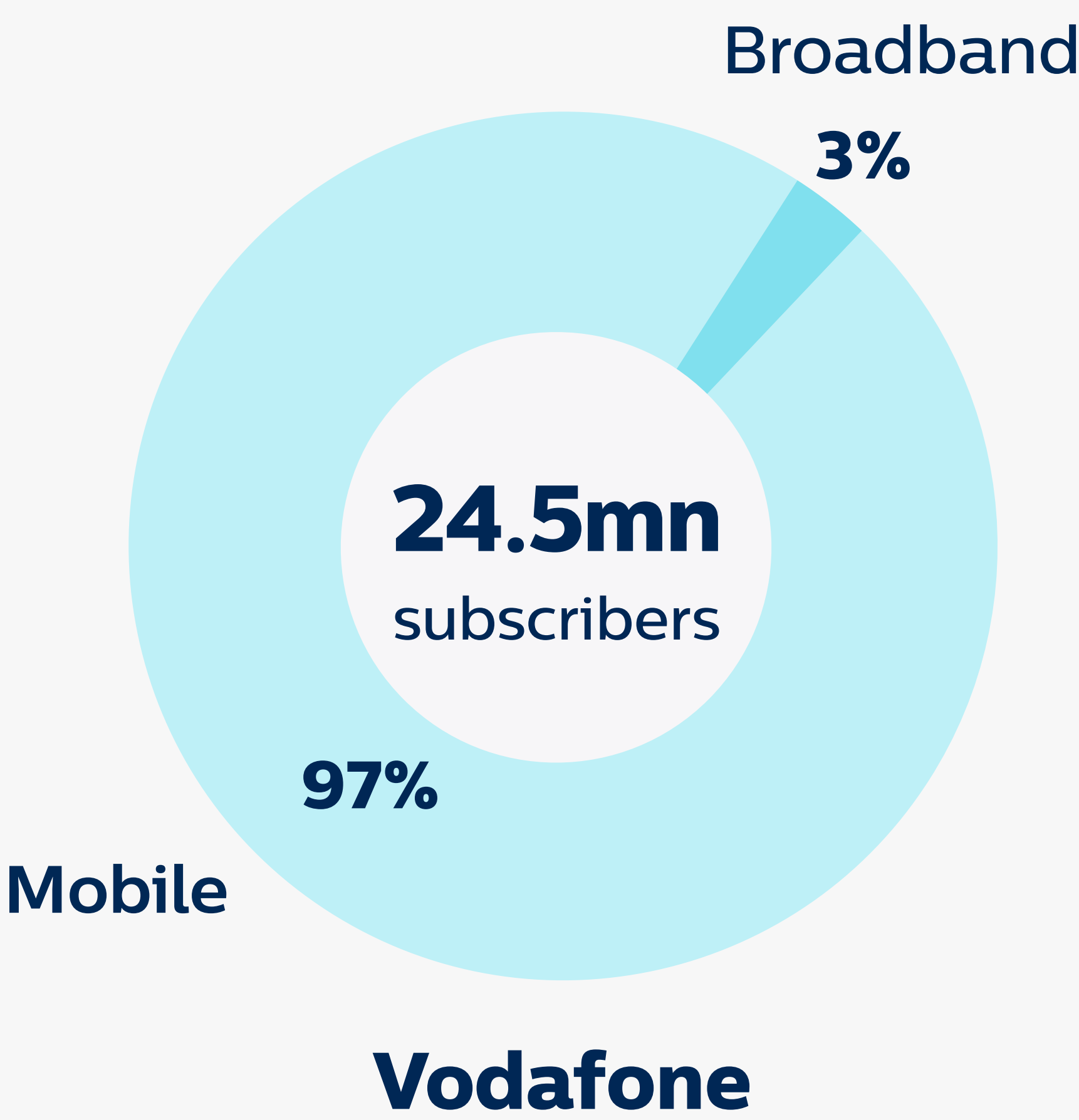
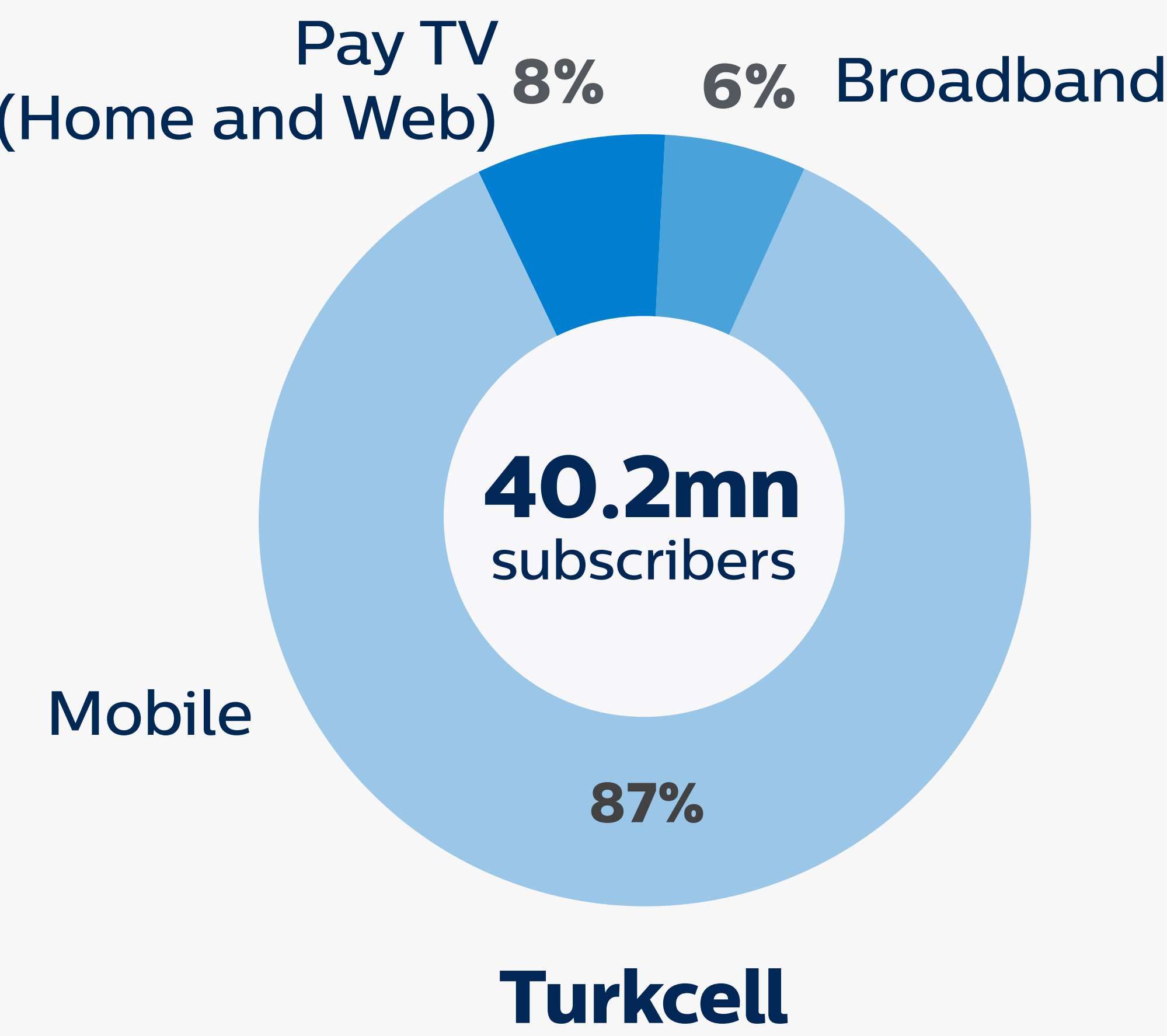
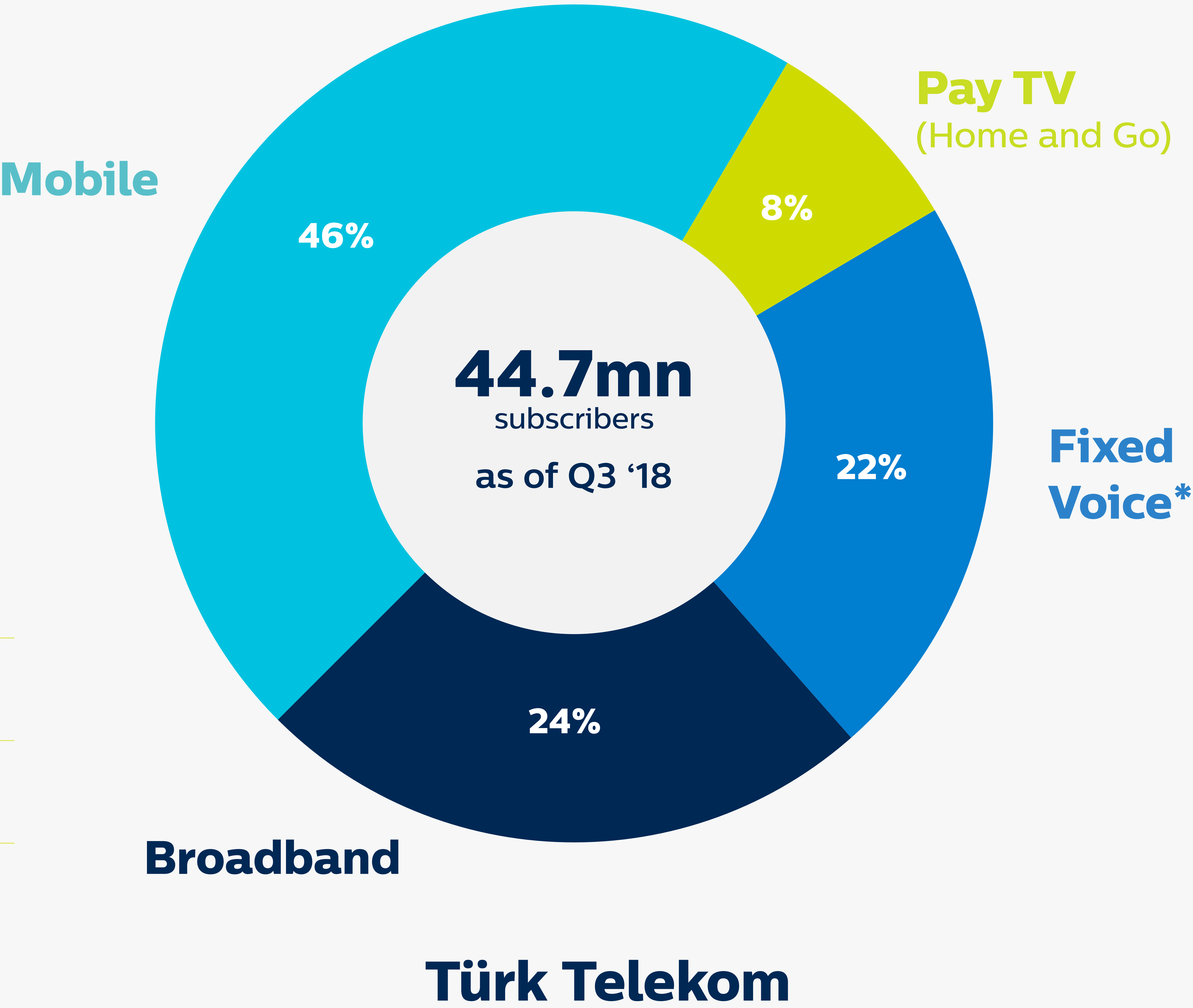
■ EBITDA (TL mn) ○ EBITDA Margin



Note: EBITDA Margins for 2018 are calculated based on our 13% revenue growth and TL 8,000 & 8,200 mn EBITDA guidance.

Strongest Position in Multiplay Offers

ARPU Generation (Q3 '18)	
Mobile	TL 31.8
Broadband	TL 44.4
Pay TV	TL 14.9
Fixed Voice	TL 22.5

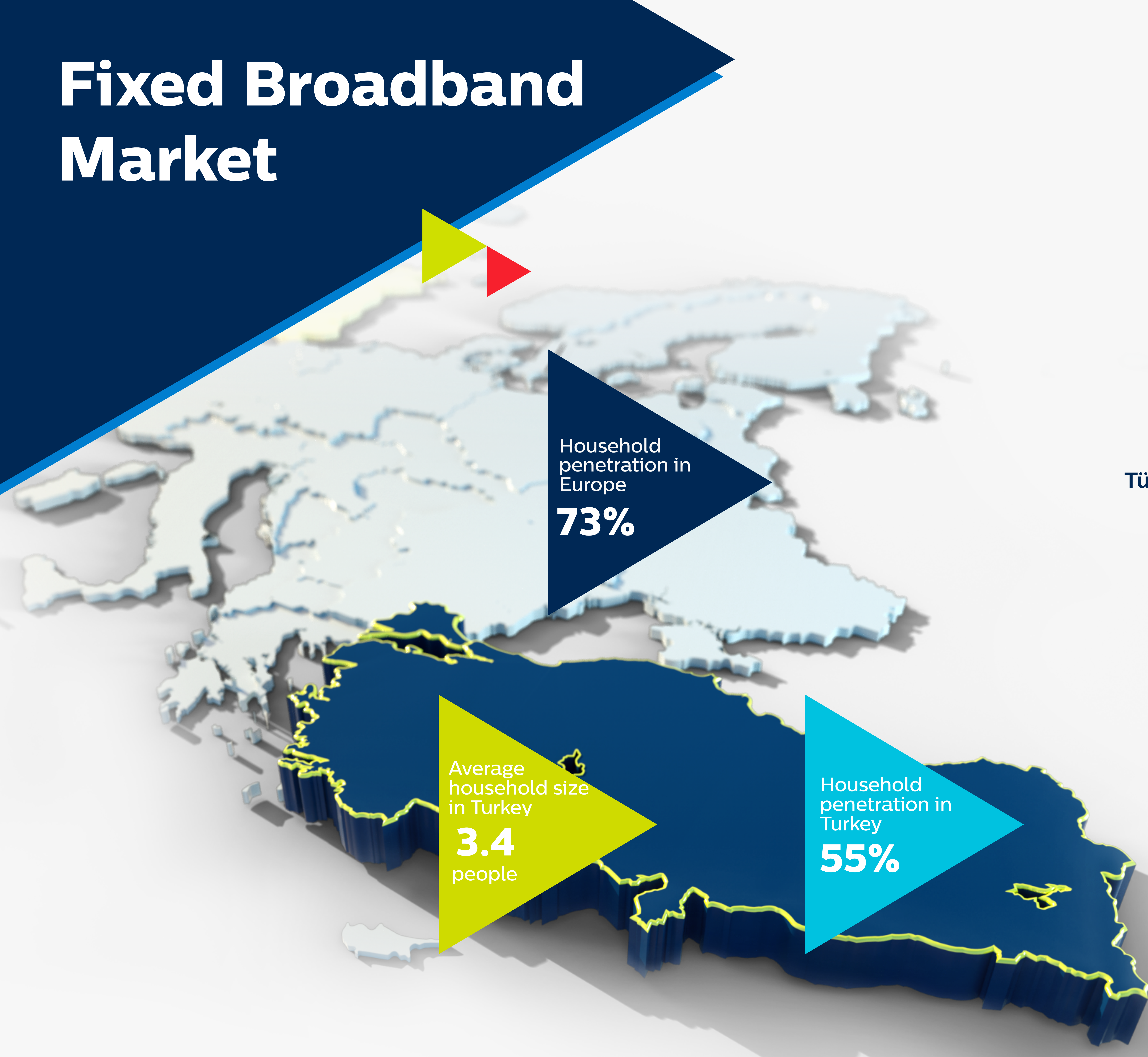


Turkcell and Vodafone data are from their own publications as of Q3 '18.
* VOIP is not included.

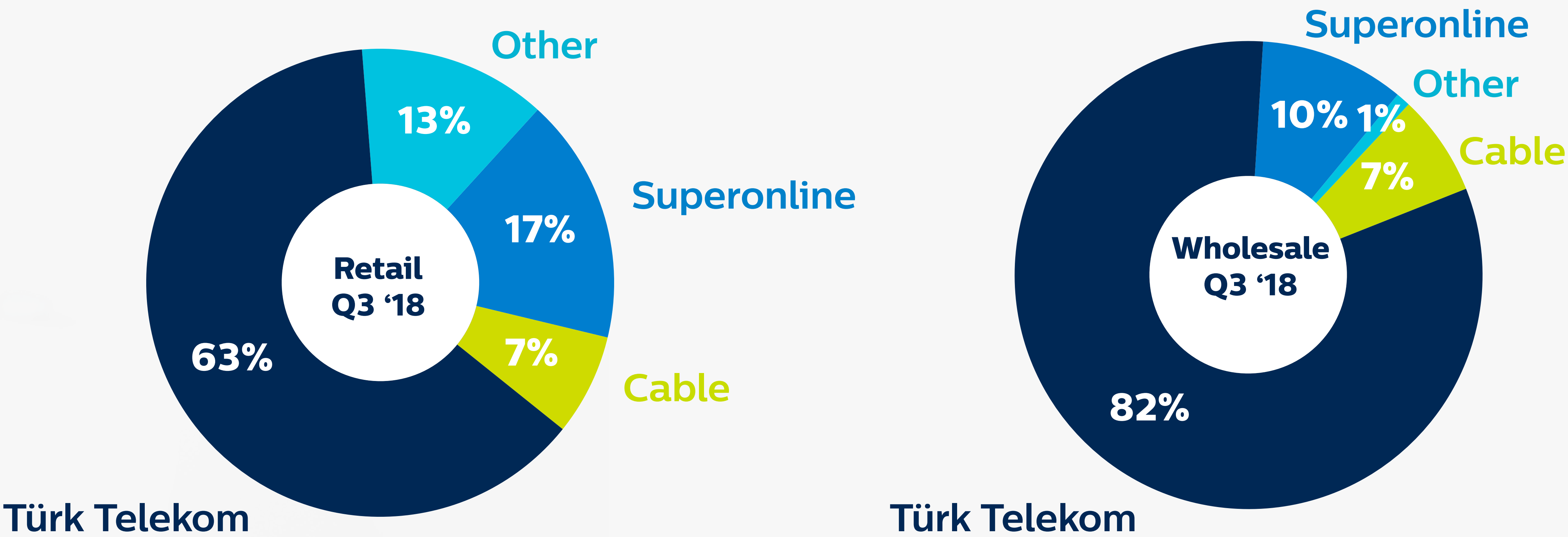
Business Lines



Fixed Broadband Market

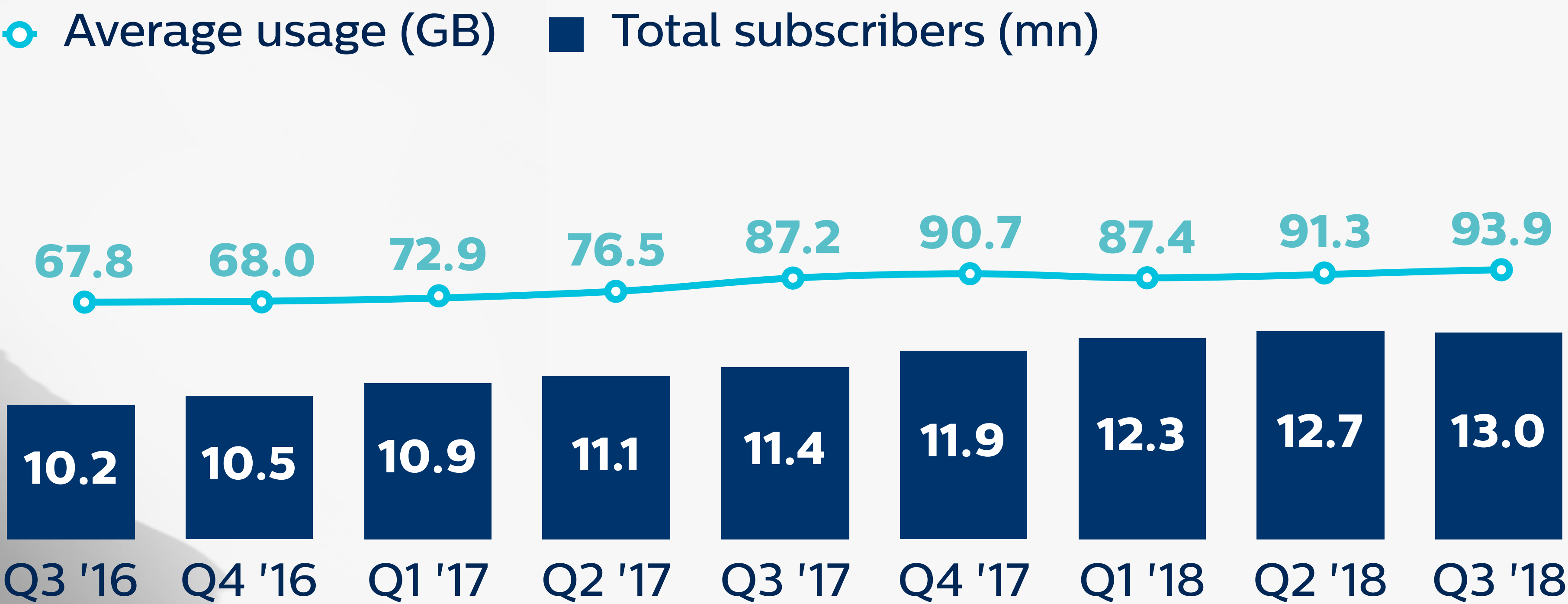


Subscriber Market Share



Source: Other operators' data are from ICTA Q3 '18 report

Subscribers & Avg. Monthly Data Usage

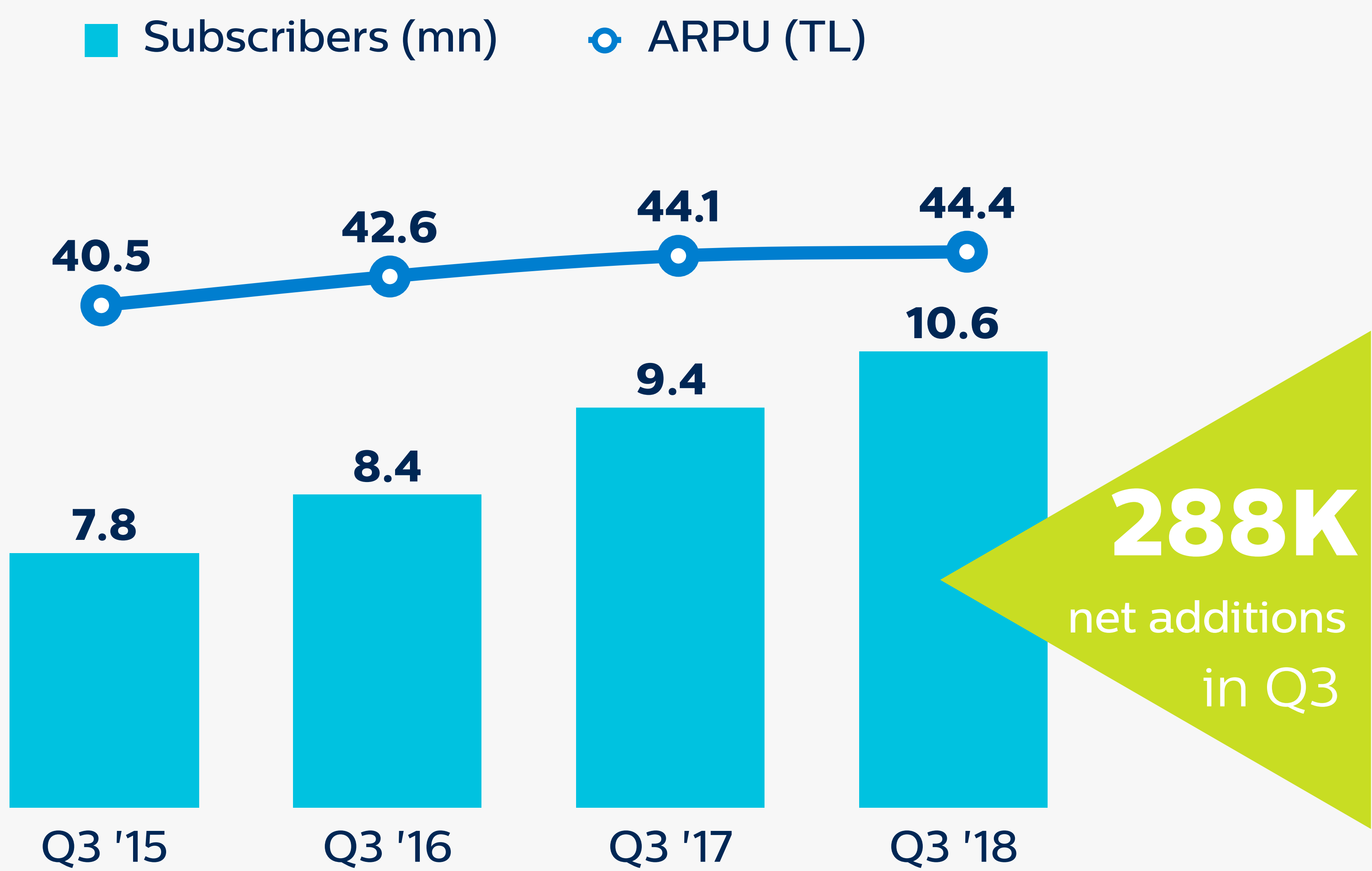


Source: ICTA Q3 '18 report

Source: Analysys Mason, Q2'18 CEE&WE Telecom Matrix, TR data is from ICTA, Q3'18 Market Report
European countries include Austria, Denmark, Finland, Italy, Bulgaria, Estonia and Romania

Fixed Broadband Performance

ARPU & Subscribers

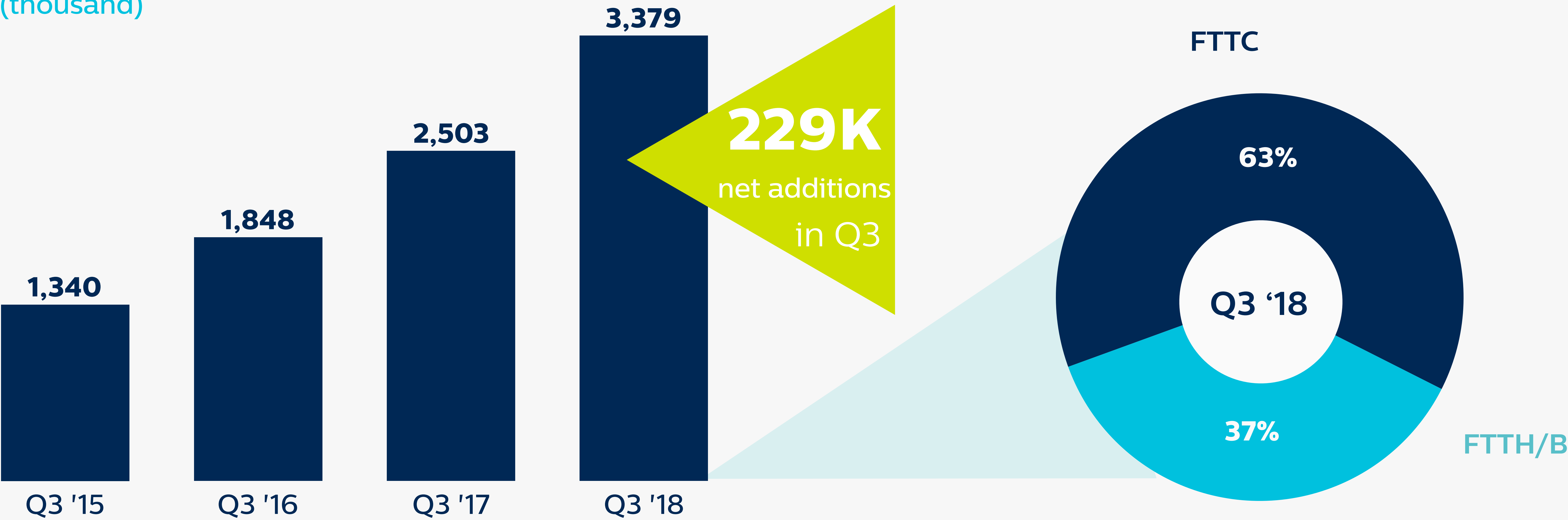


~50%

of Q3 '18 FBB net adds came via Internet Bizden campaign

Fiber Subscribers

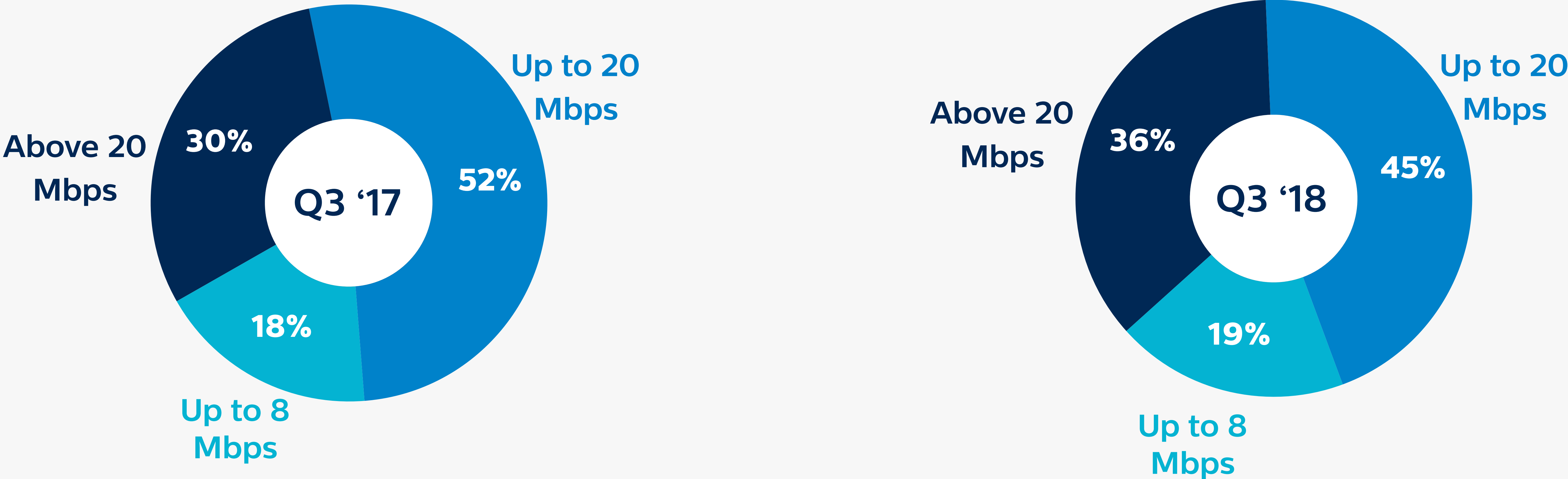
(thousand)



Upsell Dynamics in Fixed Broadband

Speed Breakdown

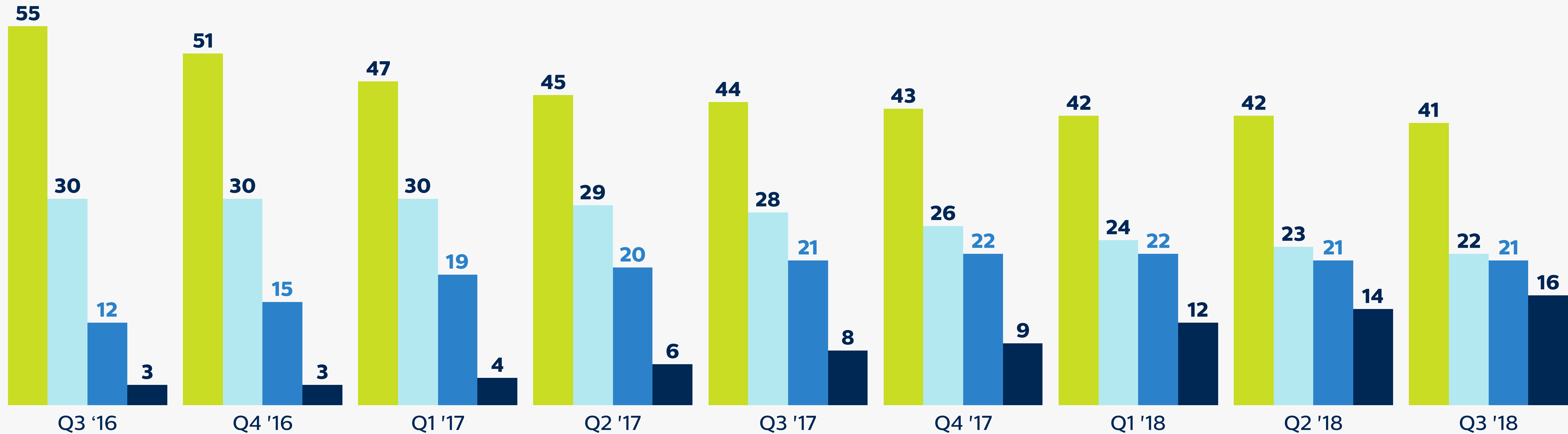
(% of Subscribers)



Capacity Breakdown

(% of Subscribers)

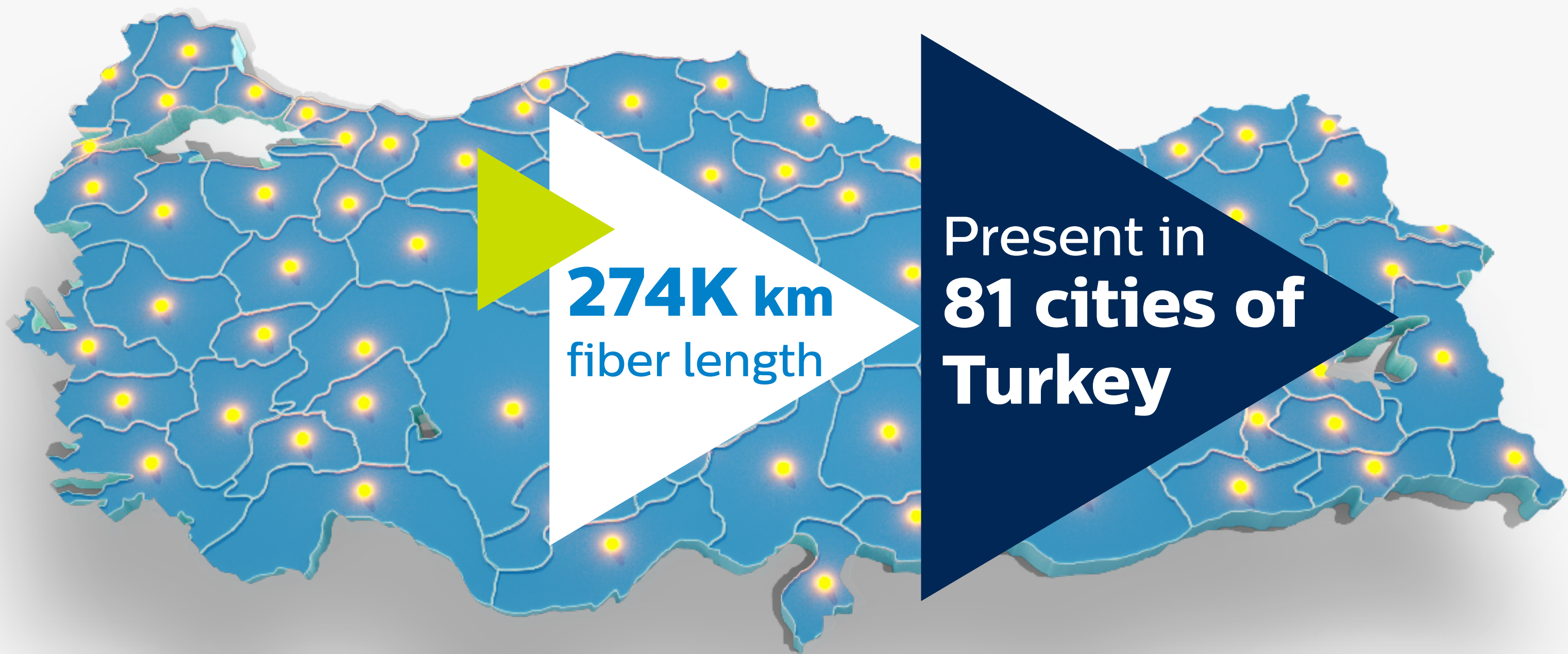
50 GB & Below 50 to 75GB 75 GB to 100 GB Above 100 GB



All figures are based on Turk Telekom's retail subscribers

Nationwide Fiber

Türk Telekom Fiber Network



Superonline Fiber Network

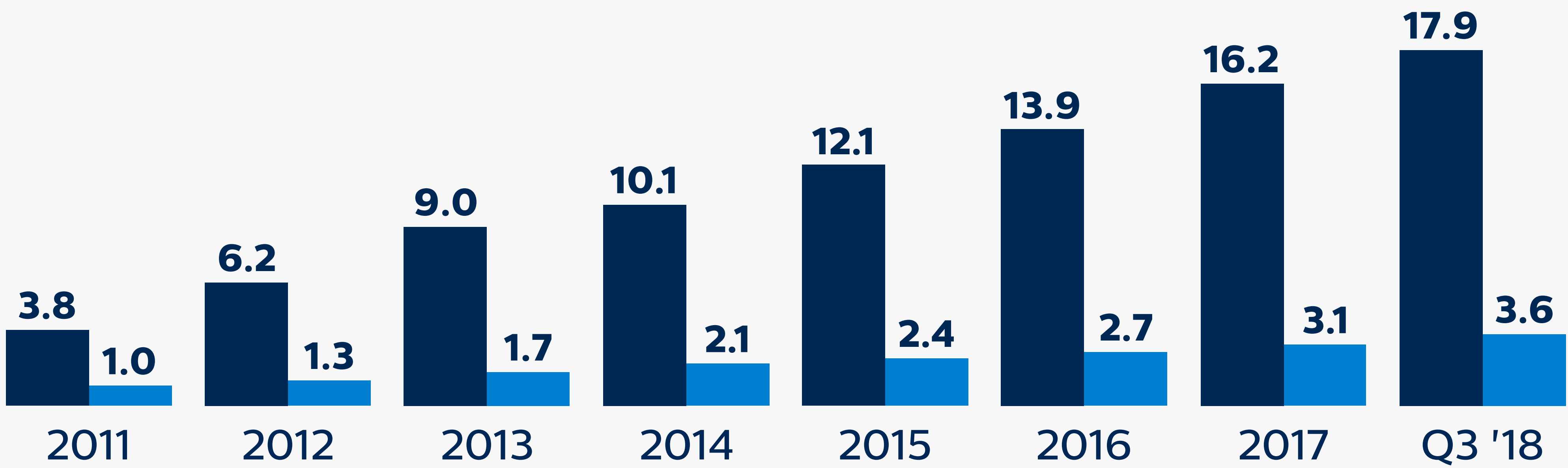


- Presence in 19 cities of Turkey
- 42.6K km fiber length
- Wholesale customer of Türk Telekom

Based on Turkcell's own publications as of November 2018

Fiber Homepass (mn)

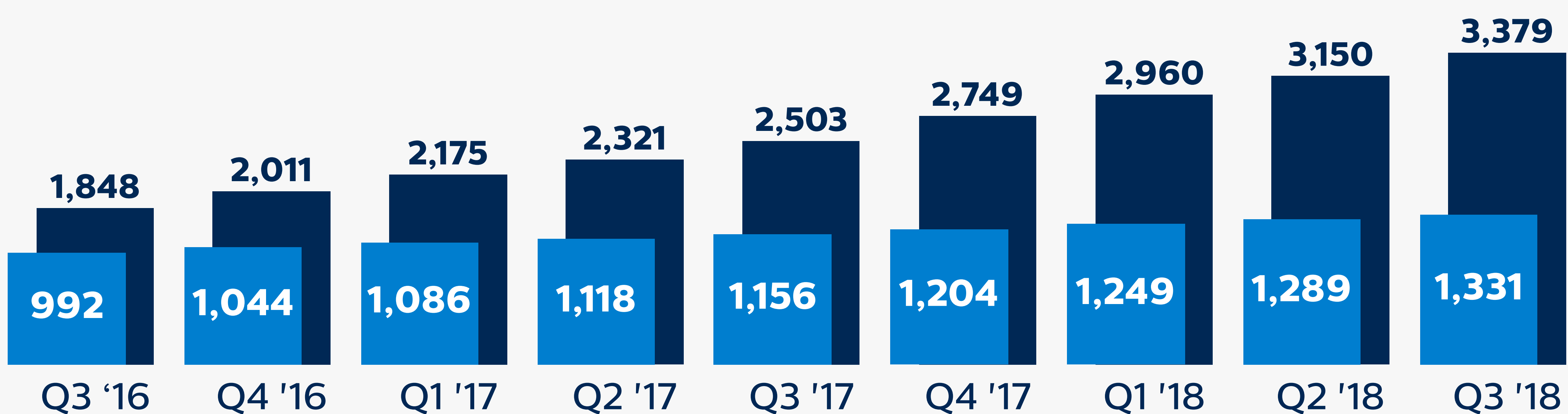
■ Türk Telekom ■ Superonline



Fiber homepass includes FTTH/B & FTTC
17.9mn homepass consists 5.0mn FTTH/B and 12.9mn FTTC

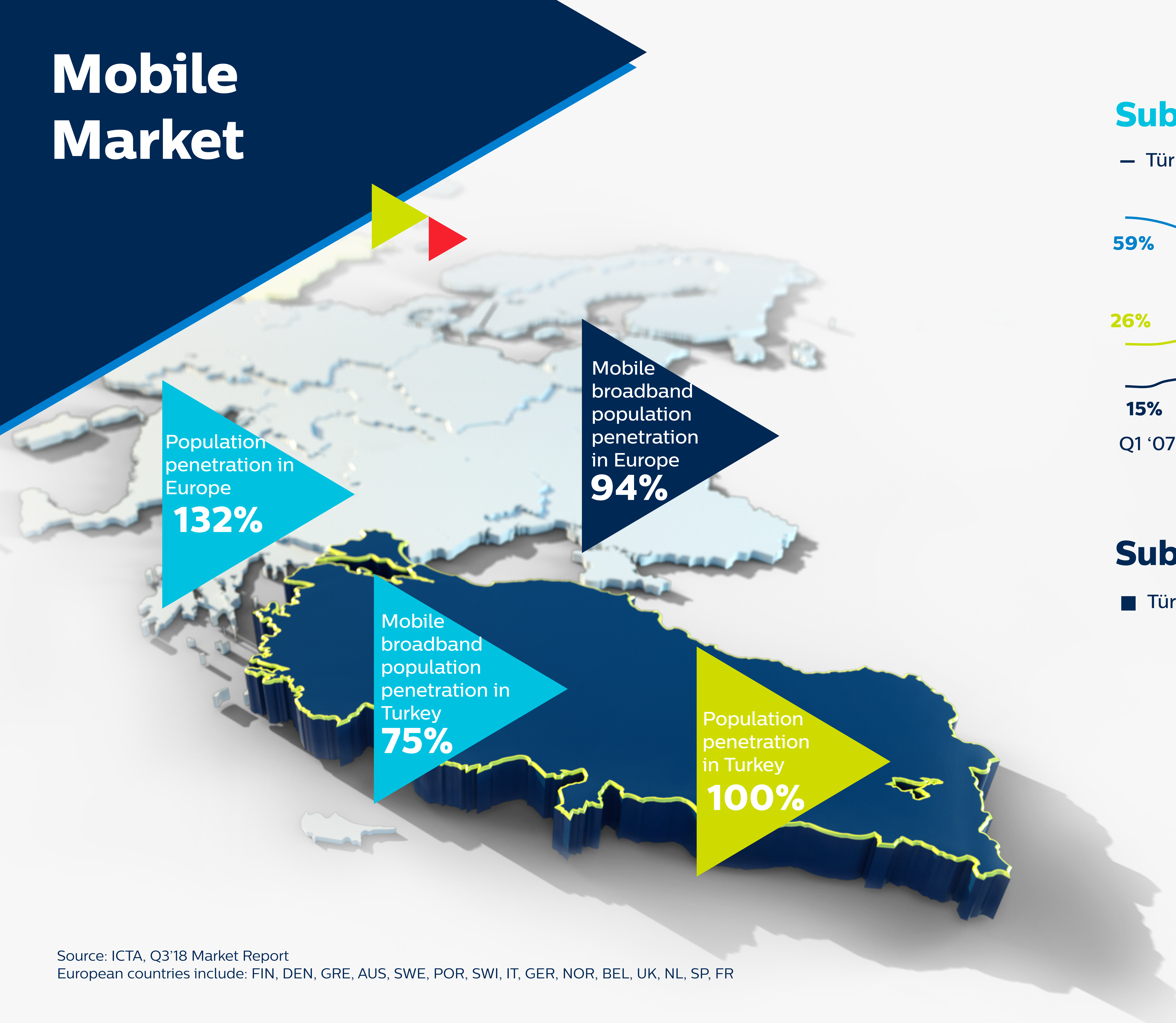
Fiber Subscribers (thousands)

■ Türk Telekom ■ Superonline



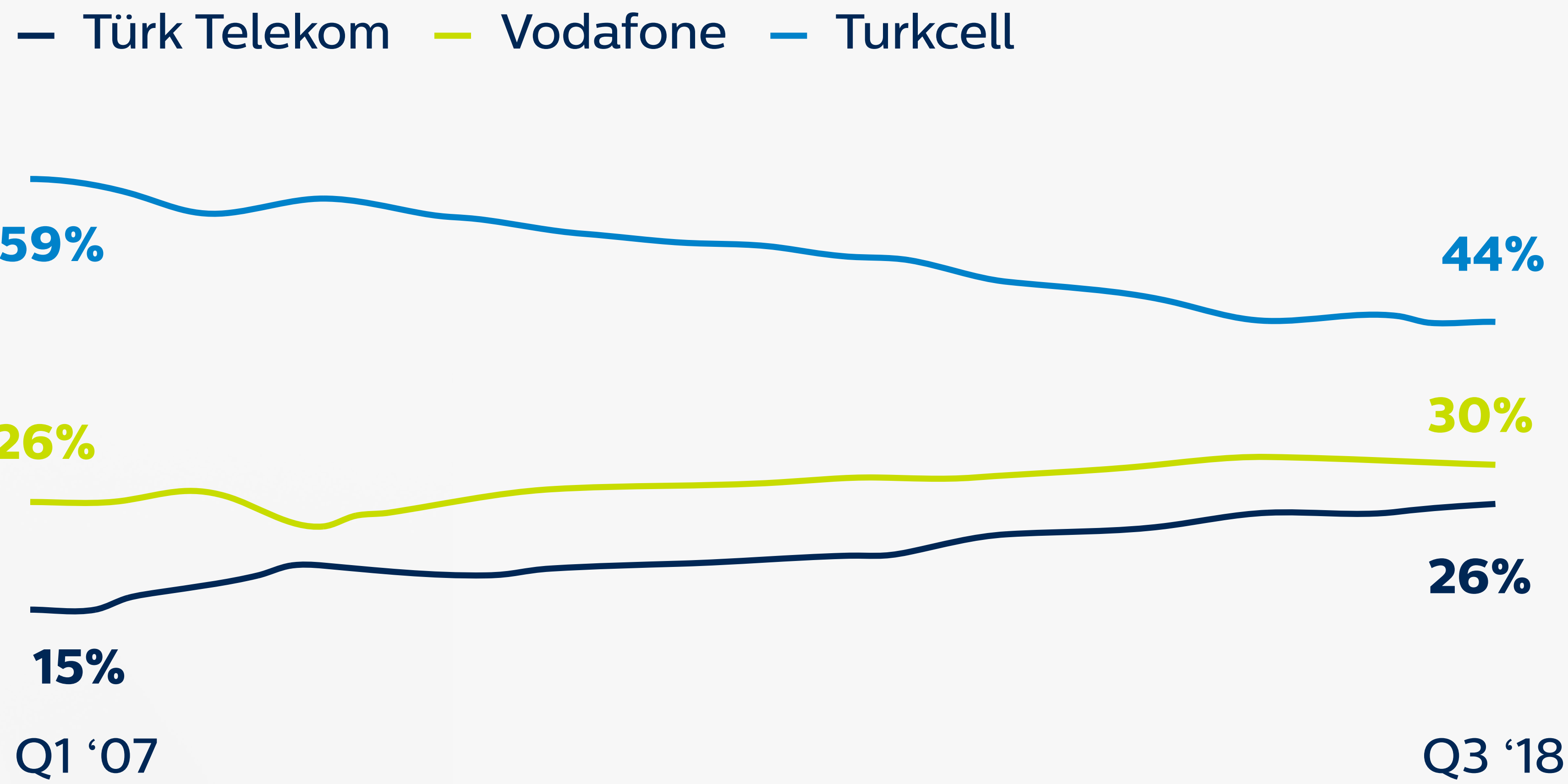
Fiber subscribers include FTTH/B & FTTC subscribers

Mobile Market

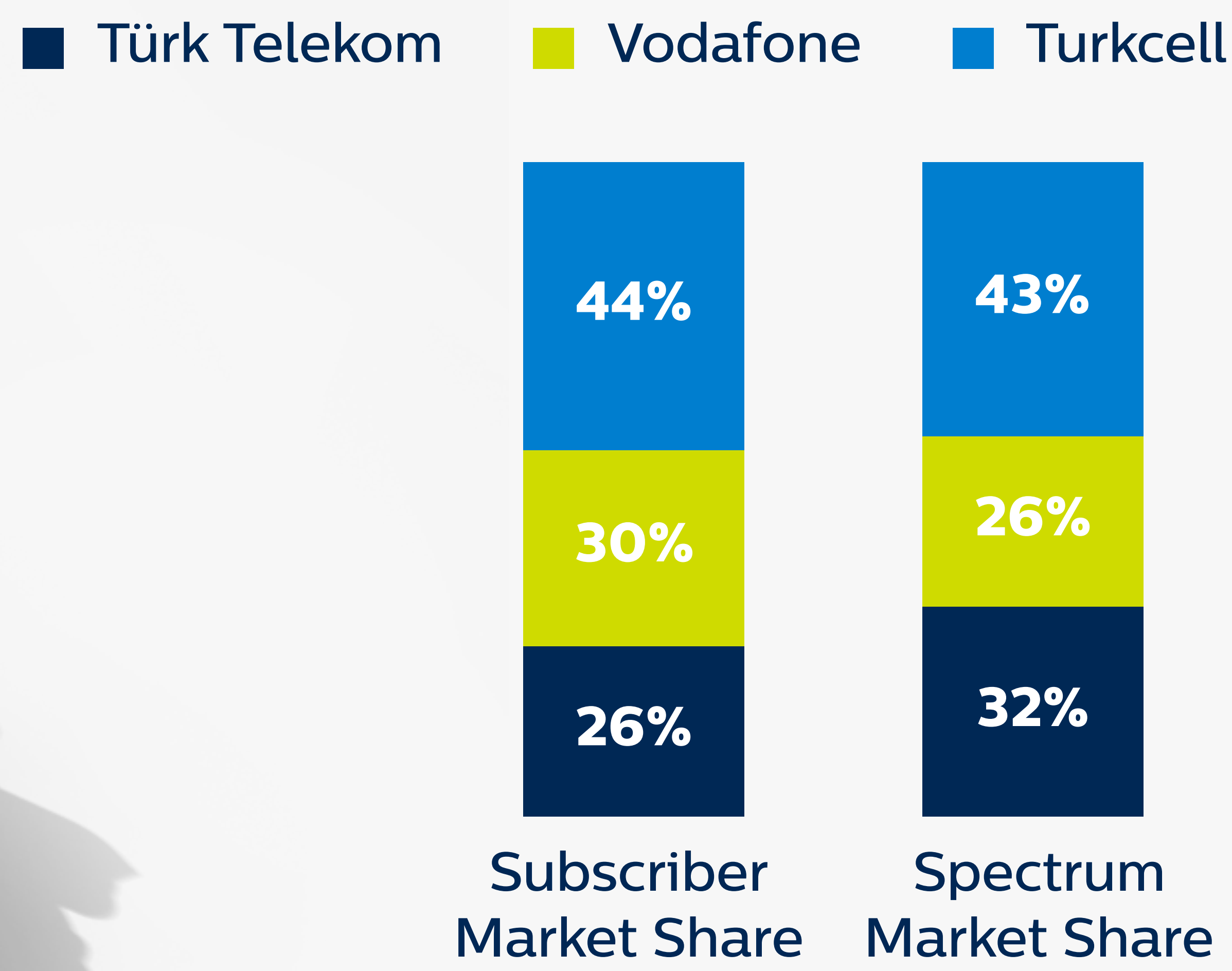


Source: ICTA, Q3'18 Market Report
European countries include: FIN, DEN, GRE, AUS, SWE, POR, SWI, IT, GER, NOR, BEL, UK, NL, SP, FR

Subscriber Market Share



Subscriber vs. Spectrum Market Share

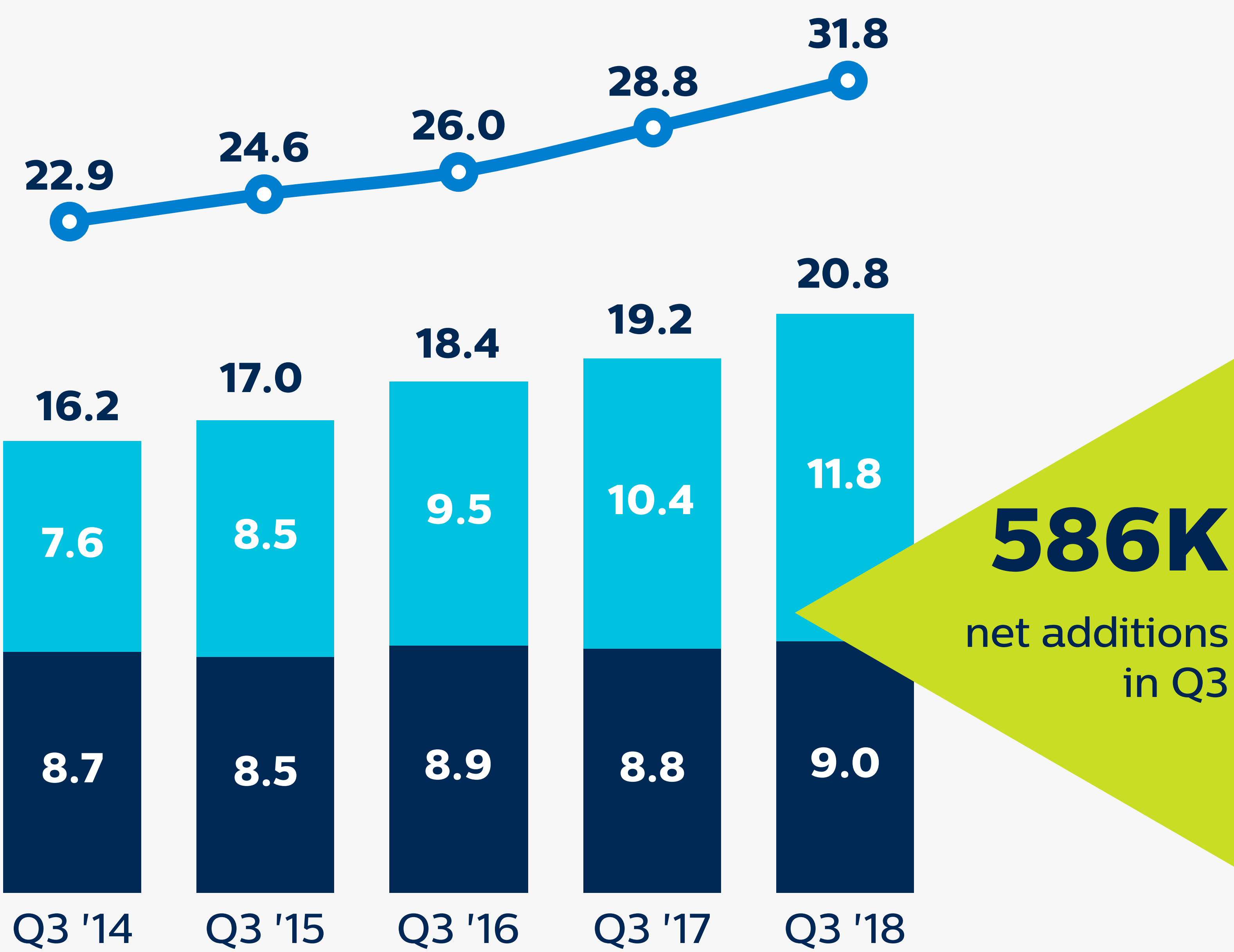


Other operators' data are from their own publications as of Q3 '18

Mobile Performance

Growing ARPU & Subscribers

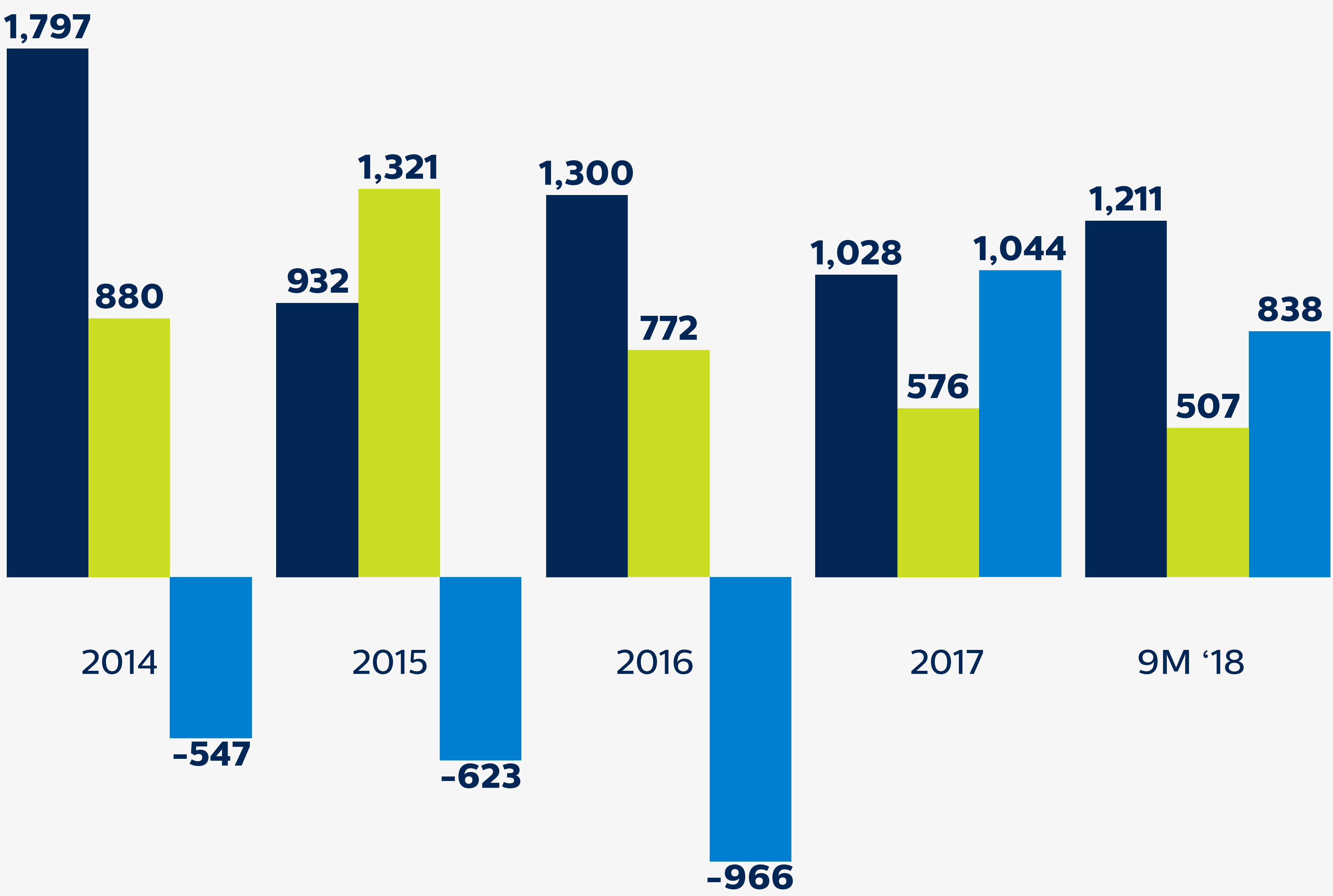
- Blended ARPU (TL)
- Prepaid (mn)
- Postpaid (mn)



Net Subscriber Additions

(thousand)

- Türk Telekom
- Vodafone
- Turkcell

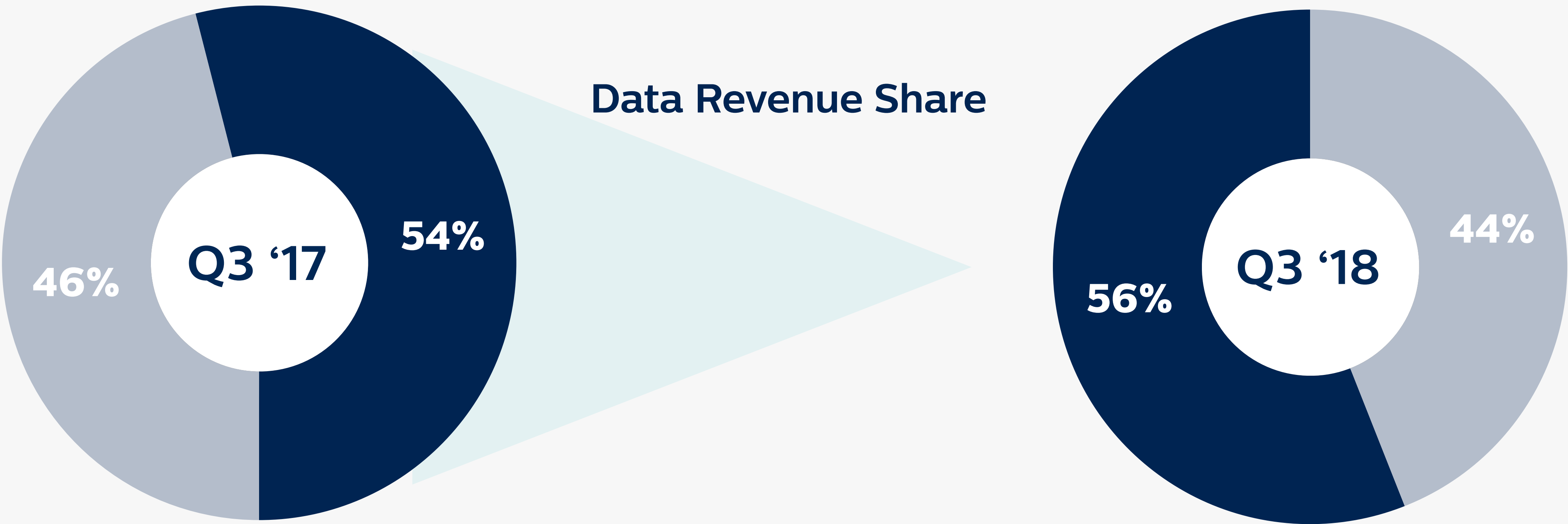


Other operators' data are from their own publications.

Mobile Data

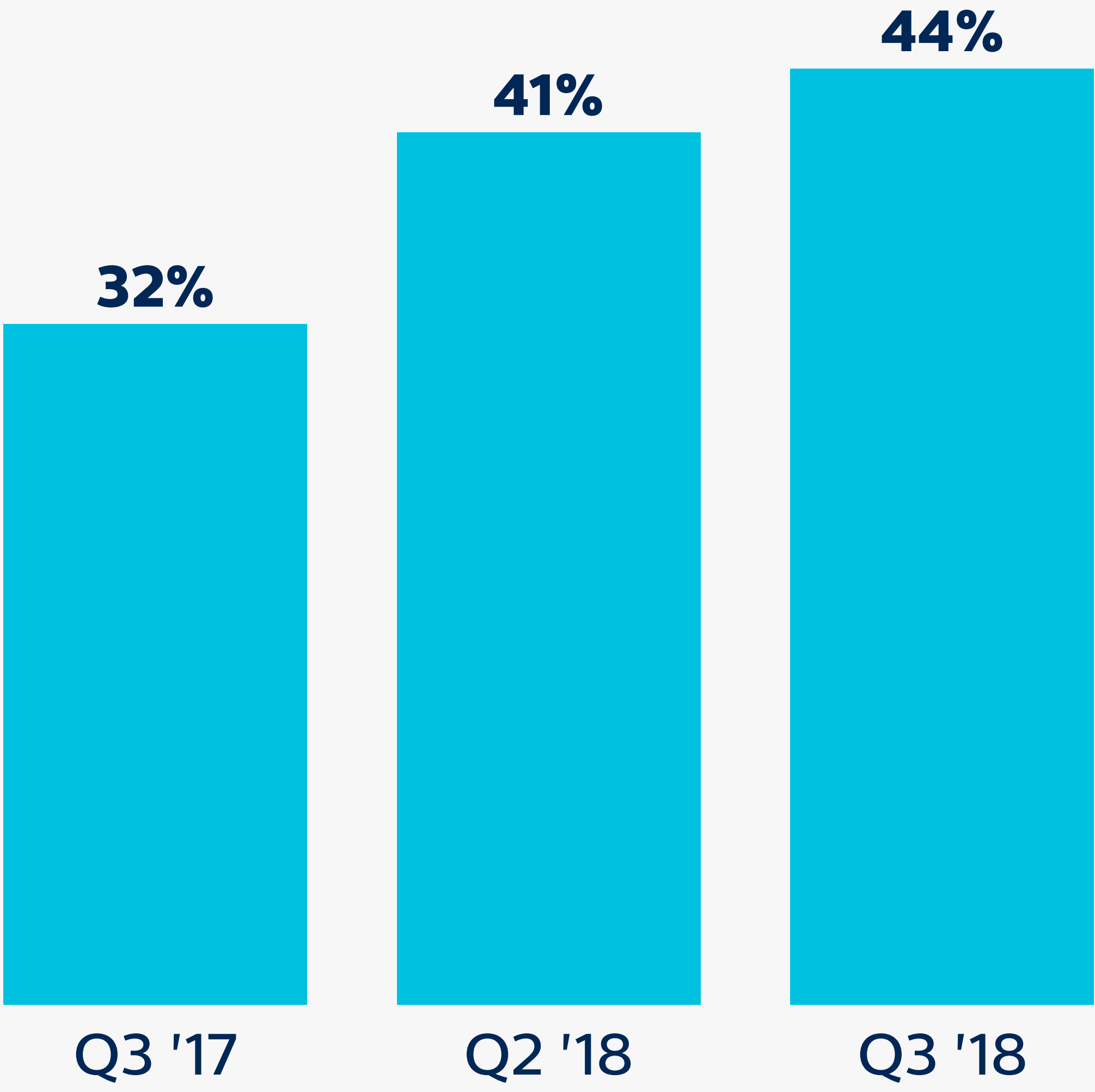
Data Revenue

(Mobile service revenue share)

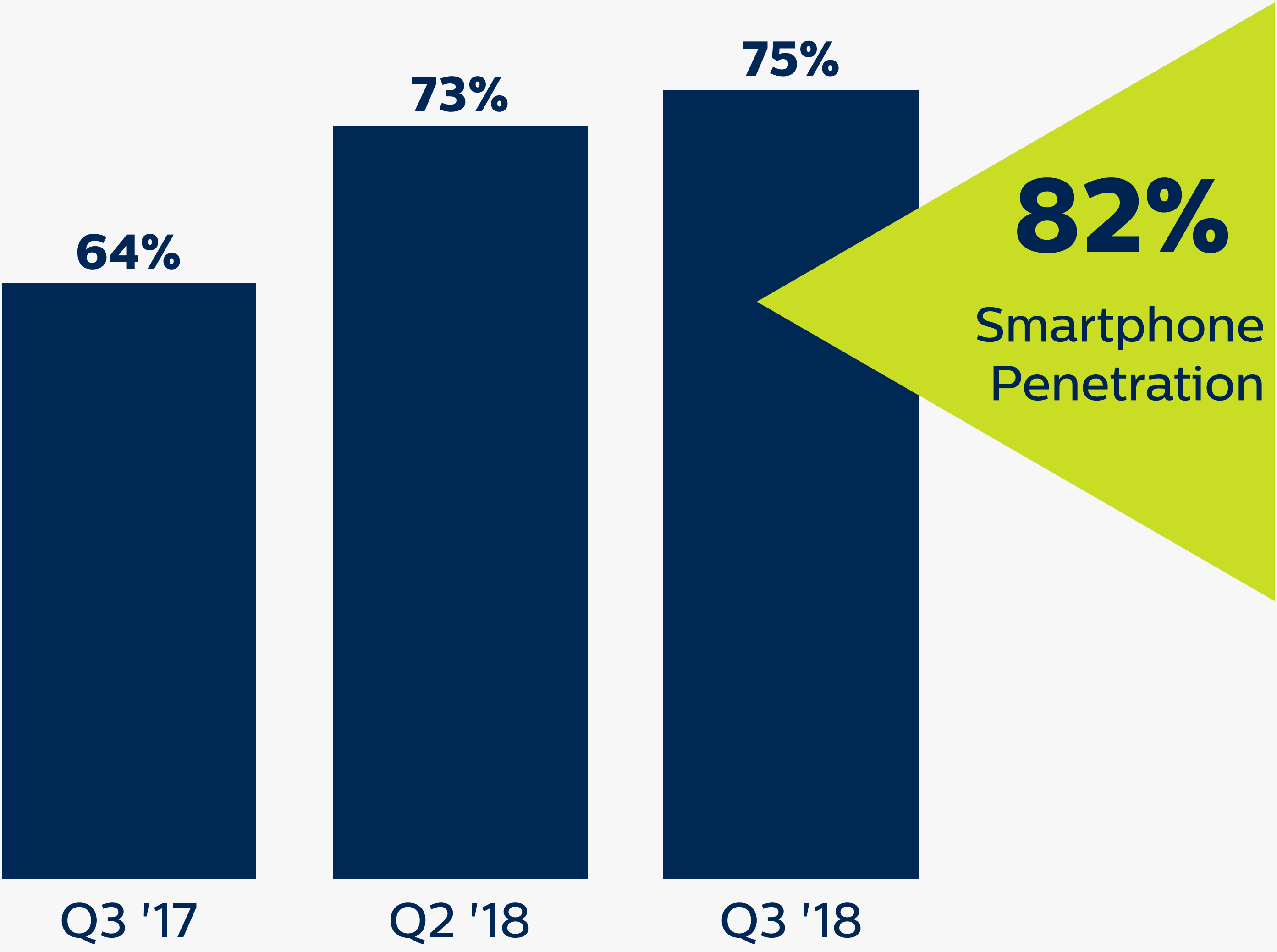


LTE Users*

(Total subscriber share)

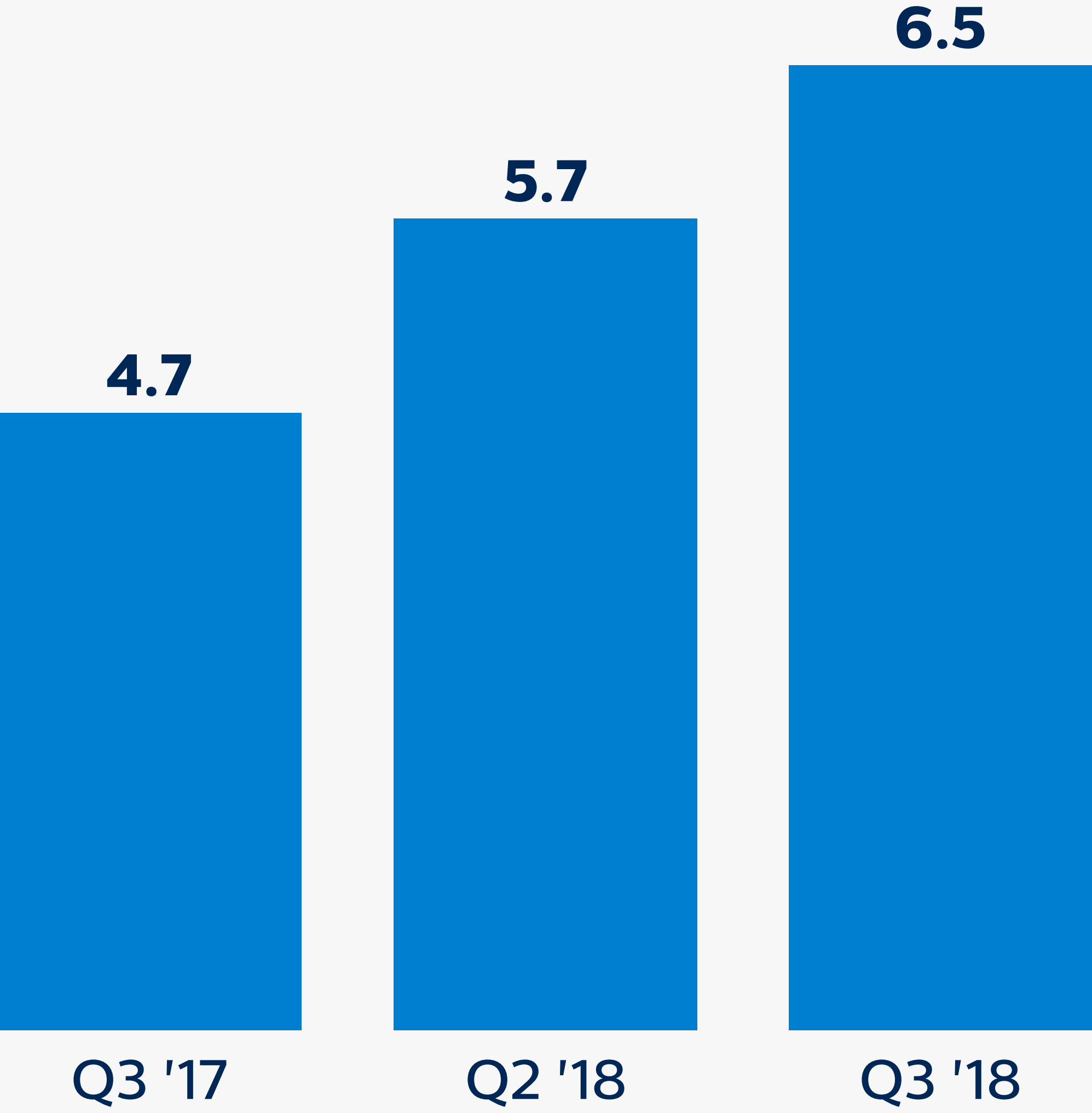


LTE Compatible Smartphone



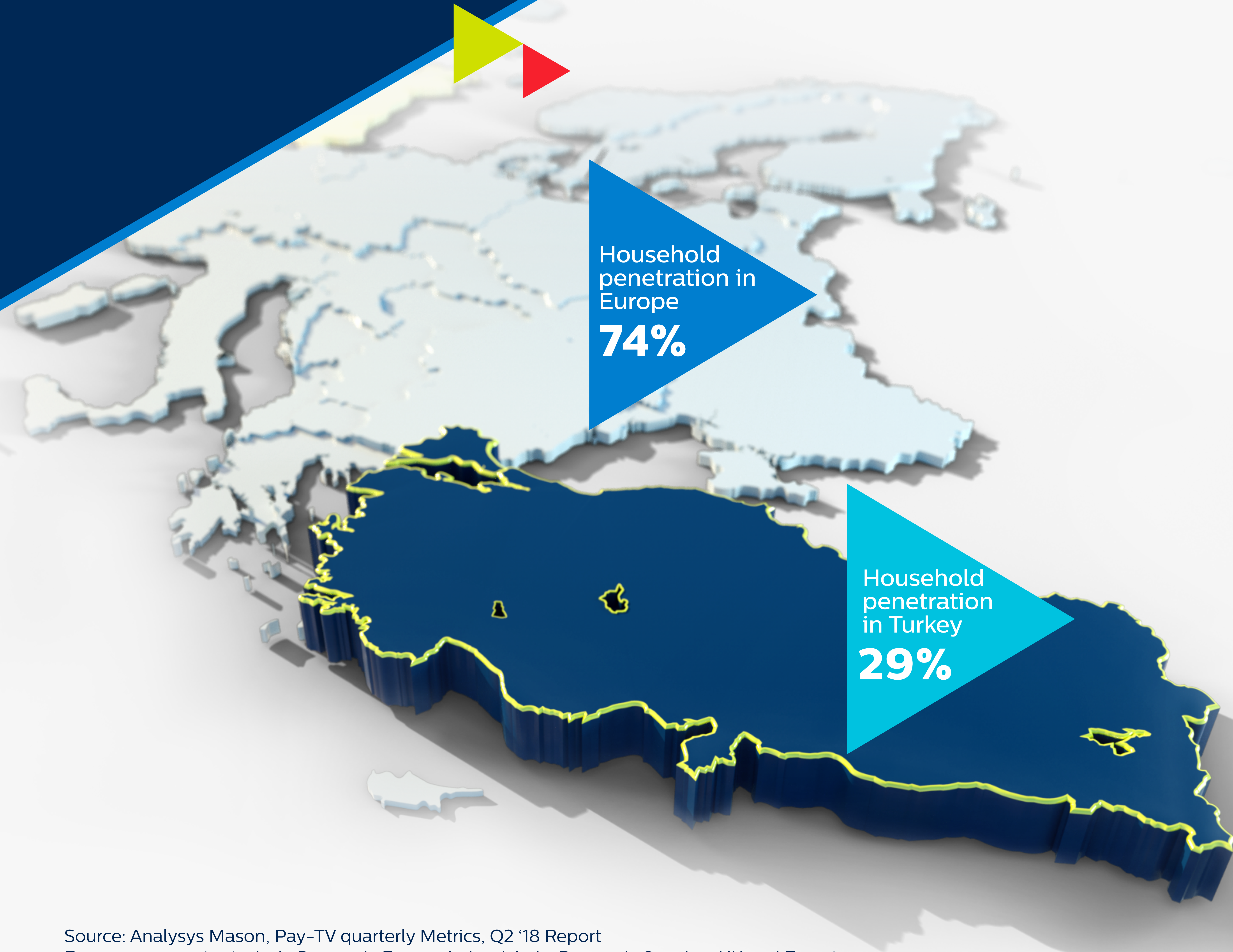
Avg. Monthly Mobile Data Usage

(GB per LTE user)



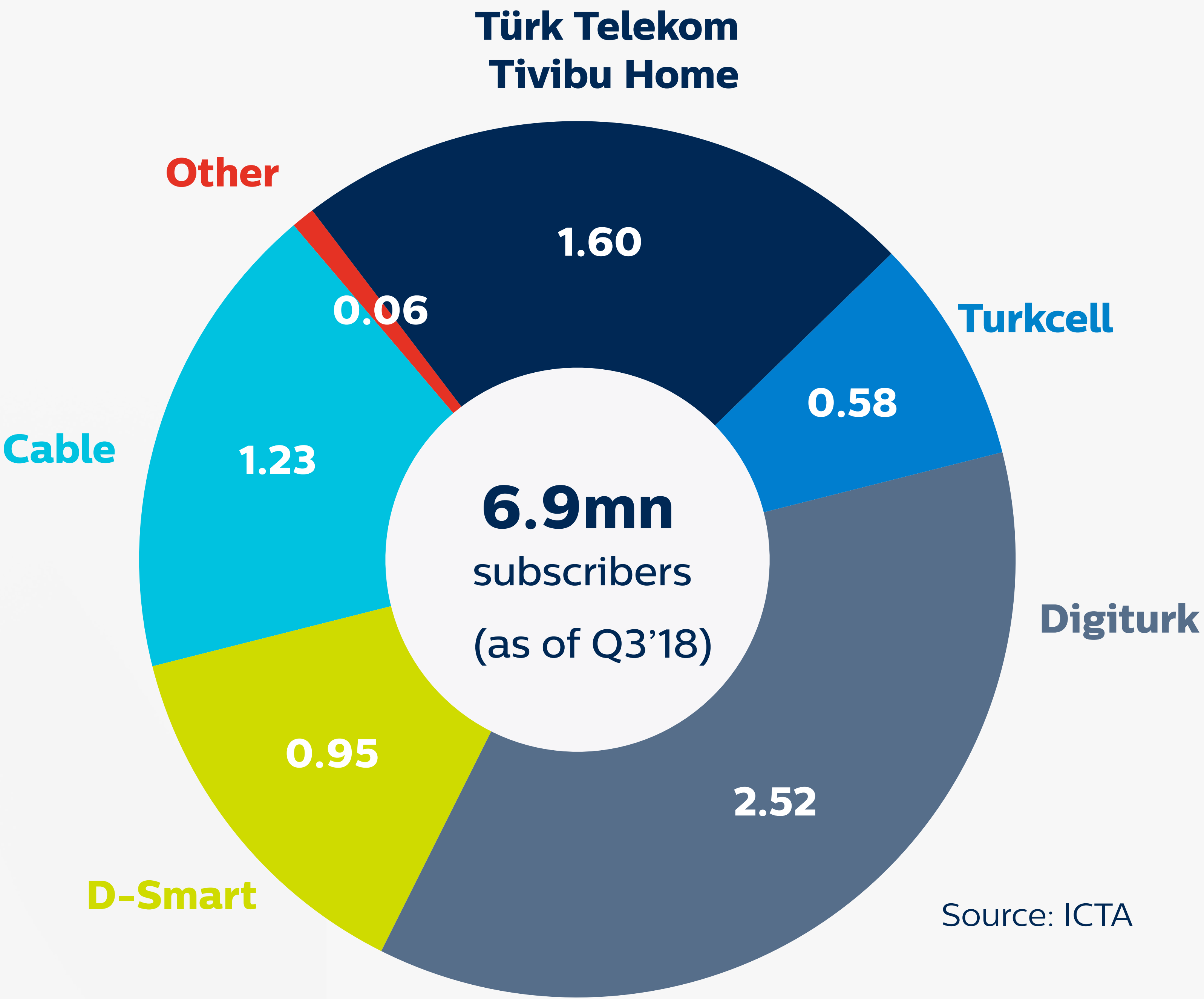
*Subscribers who
1) registered for LTE
2) have LTE compatible device and simcard

Pay TV Market

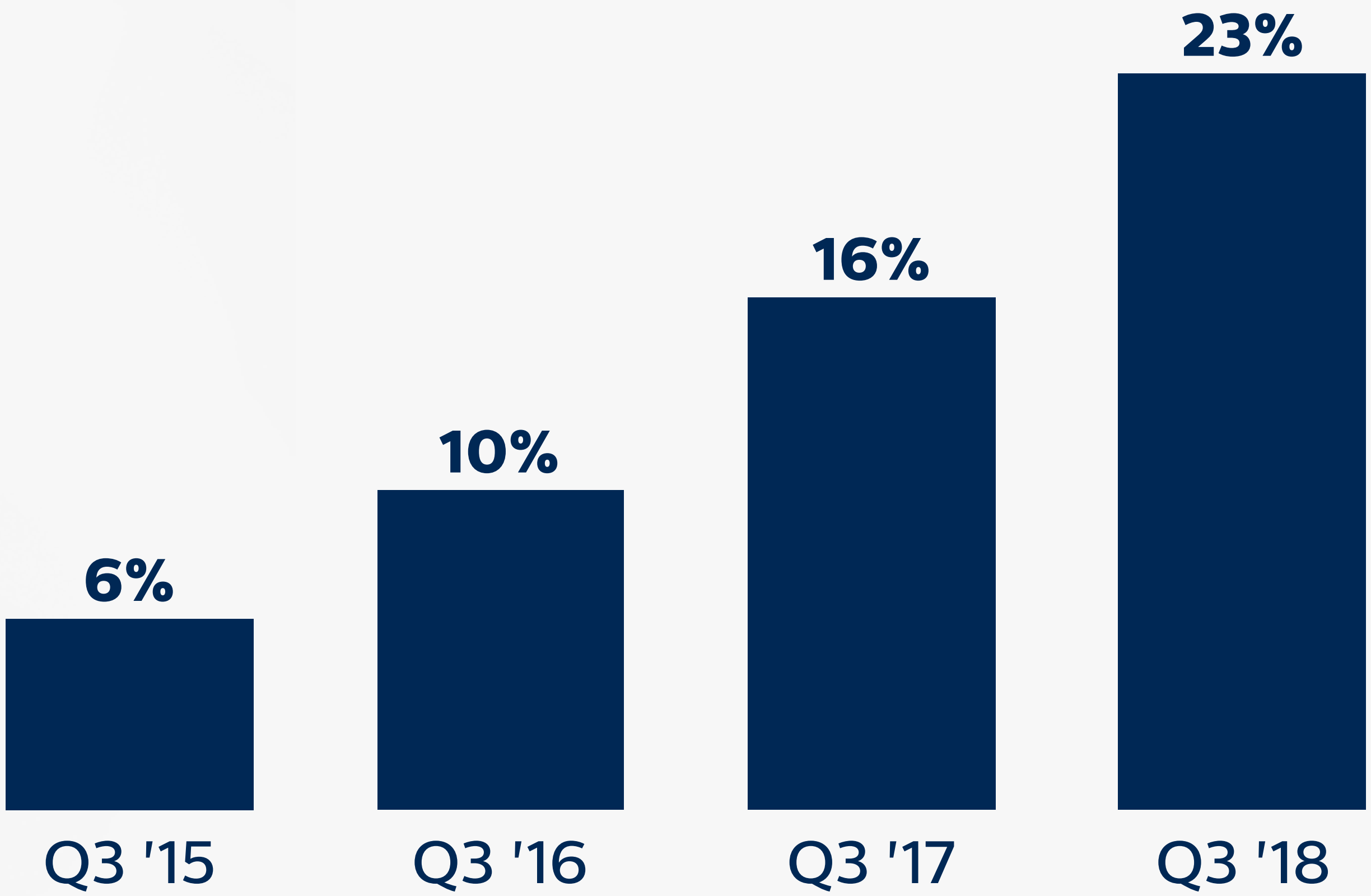


Source: Analysys Mason, Pay-TV quarterly Metrics, Q2 '18 Report
European countries include Denmark, France, Ireland, Italy, Portugal , Sweden ,UK and Estonia
TR Data is calculated from ICTA Q3 '18

Subscribers (mn)



Tivibu Home Subscriber Market Share

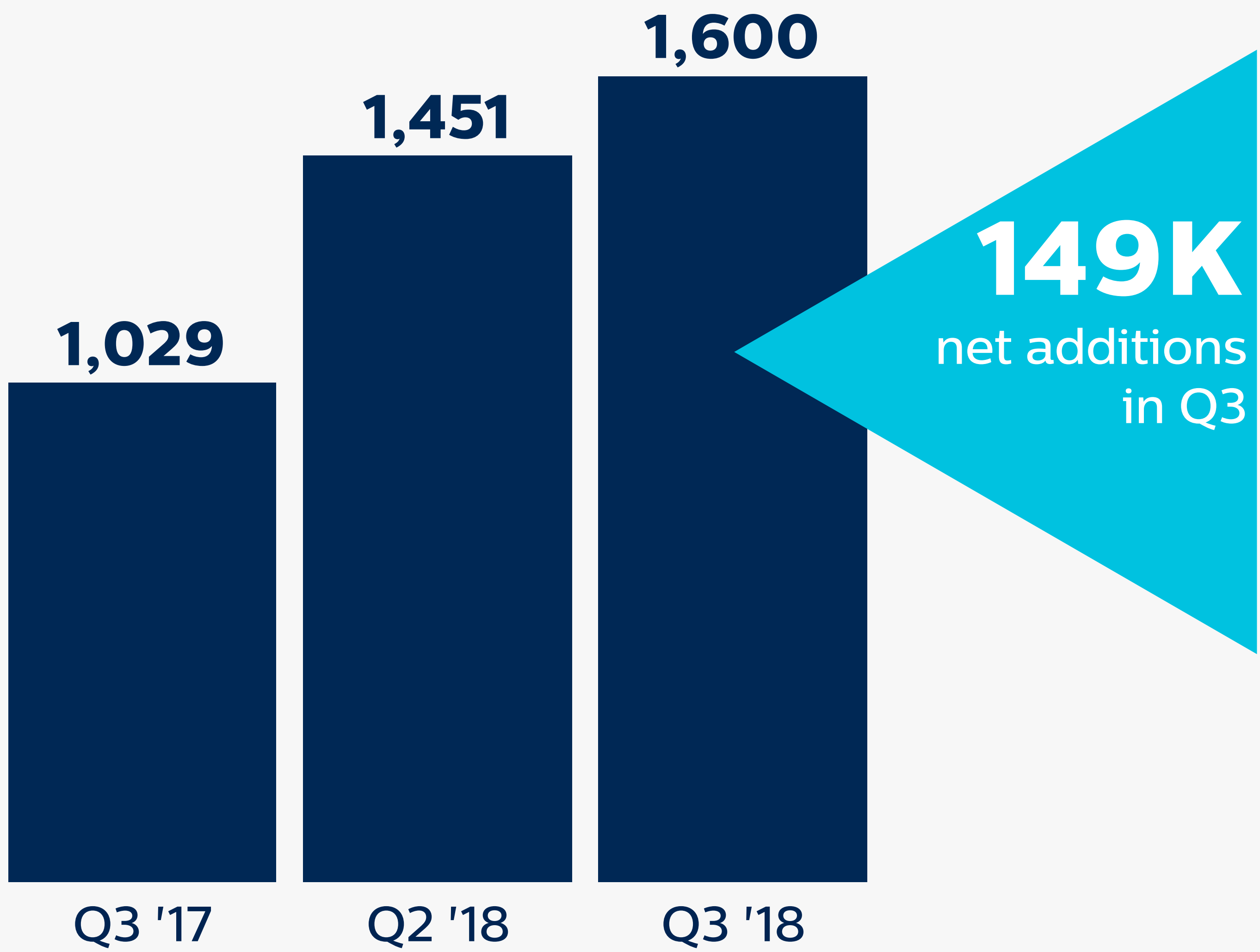


Source: ICTA

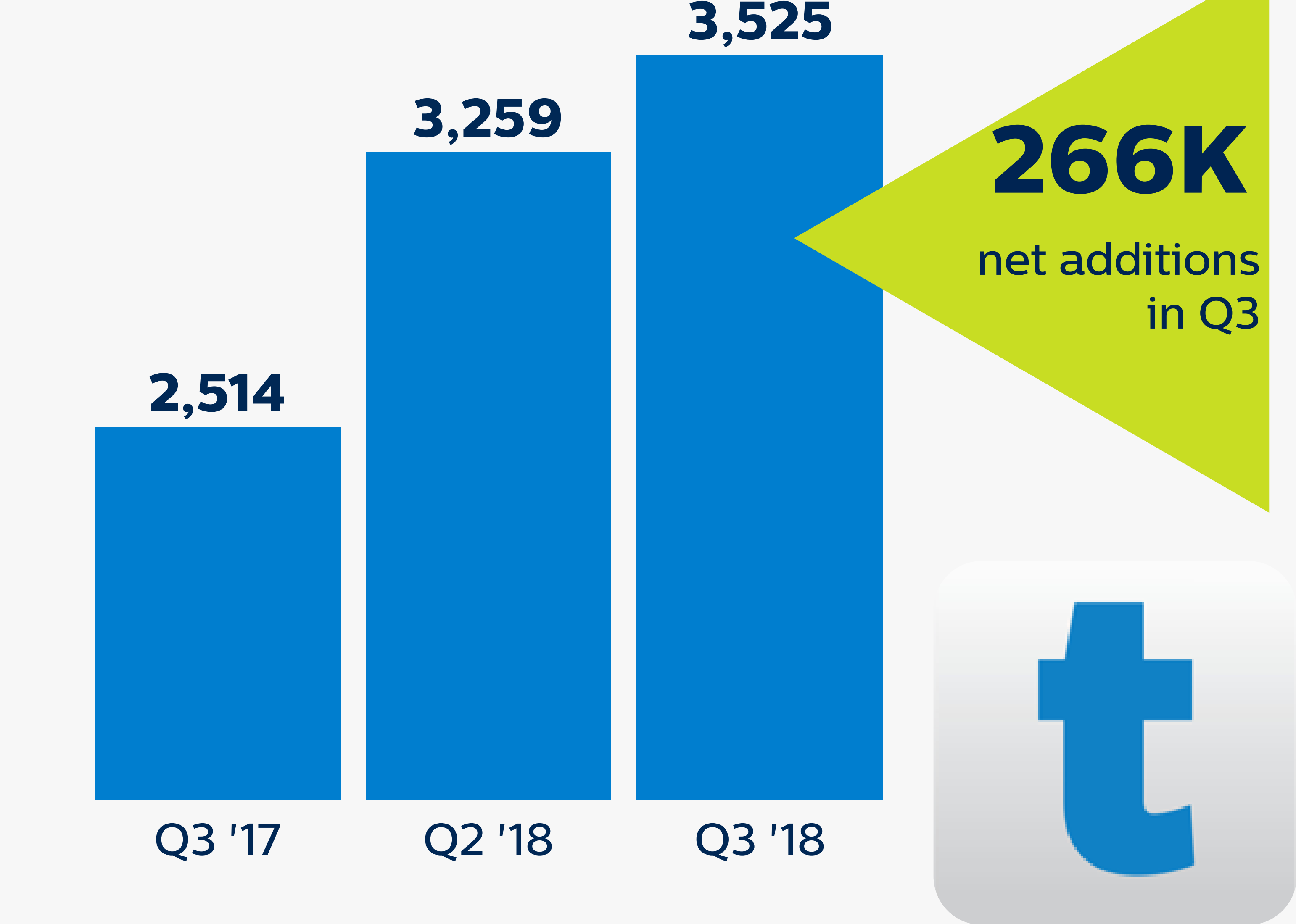
TV Performance

Subscribers (thousand)

■ Tivibu Home



■ Total TV (Tivibu Home + Tivibu Go)



Wireless Homes

96% of Q3 '18 DTH gross adds came via mobile synergy offers



Platform

IPTV + DTH + Web TV + Smart TV

Content

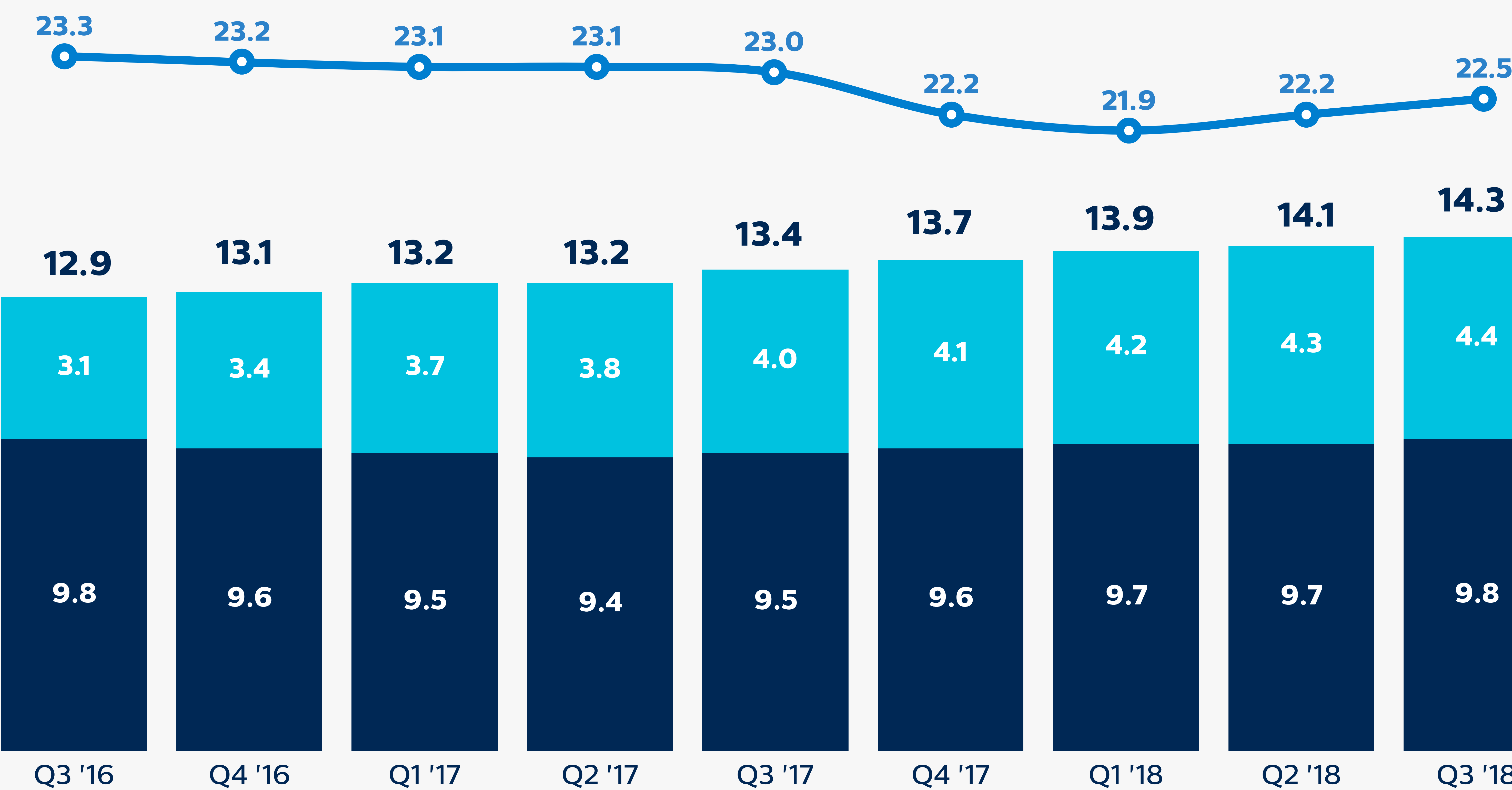
- ▶ Turkish Basketball Super League
- ▶ NBA
- ▶ English Premier League

- ▶ 3 Cinema & 4 Sports Inhouse Channels
- ▶ Kids & Documentary Channels
- ▶ 6000+ on demand assets

Fixed Voice Performance

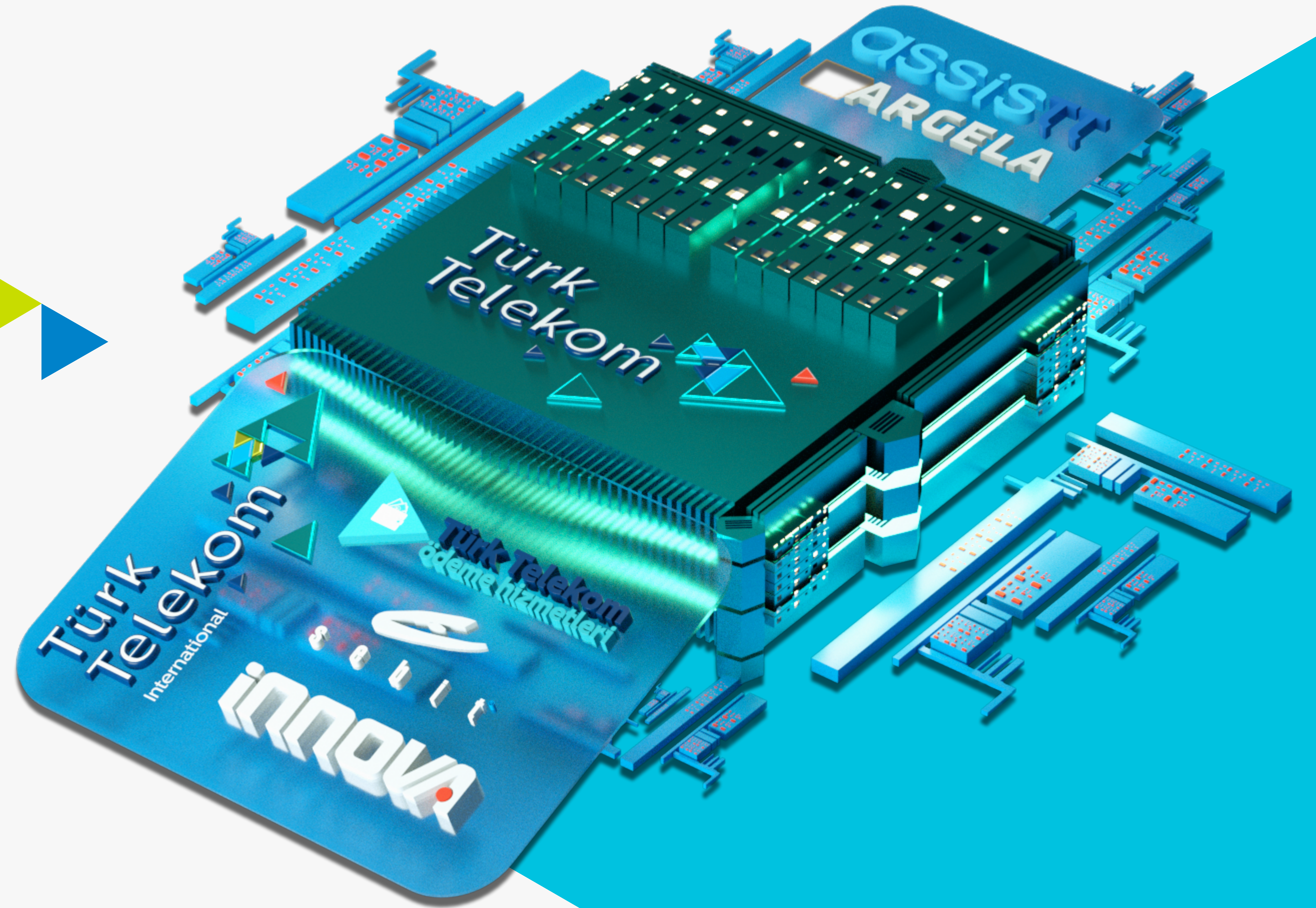
Access Lines and ARPU

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



90K
net additions
in Fixed
Voice in Q3

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 is displayed in a blue, sans-serif font. It is positioned within a white triangular graphic that points to the right, set against a light blue background with a pattern of overlapping 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 12 thousand employees

The logo for Türk Telekom International features the company name in a white, sans-serif font. To the right of the text is a small graphic of several colorful triangles (yellow, blue, red) pointing in different directions. The logo is centered within a white triangular graphic pointing right, on a dark blue background with a triangle pattern.

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

- Over 45K 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 includes the company name in white, sans-serif font, with 'ödeme hizmetleri' in a smaller font below it. To the left is a small icon of a wallet with a card. The logo is centered within a white triangular graphic pointing right, on a medium blue background with a triangle pattern.

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)

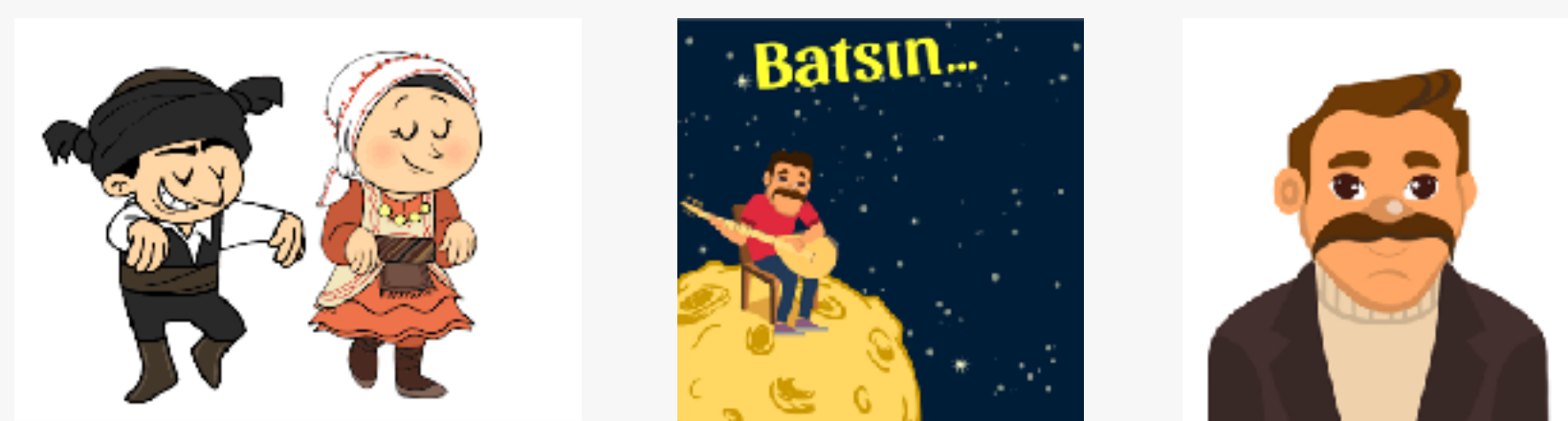
Tambu

Keyboard app
evolving into
platform



Hyper local animated stickers to
express yourself
1st in Turkey

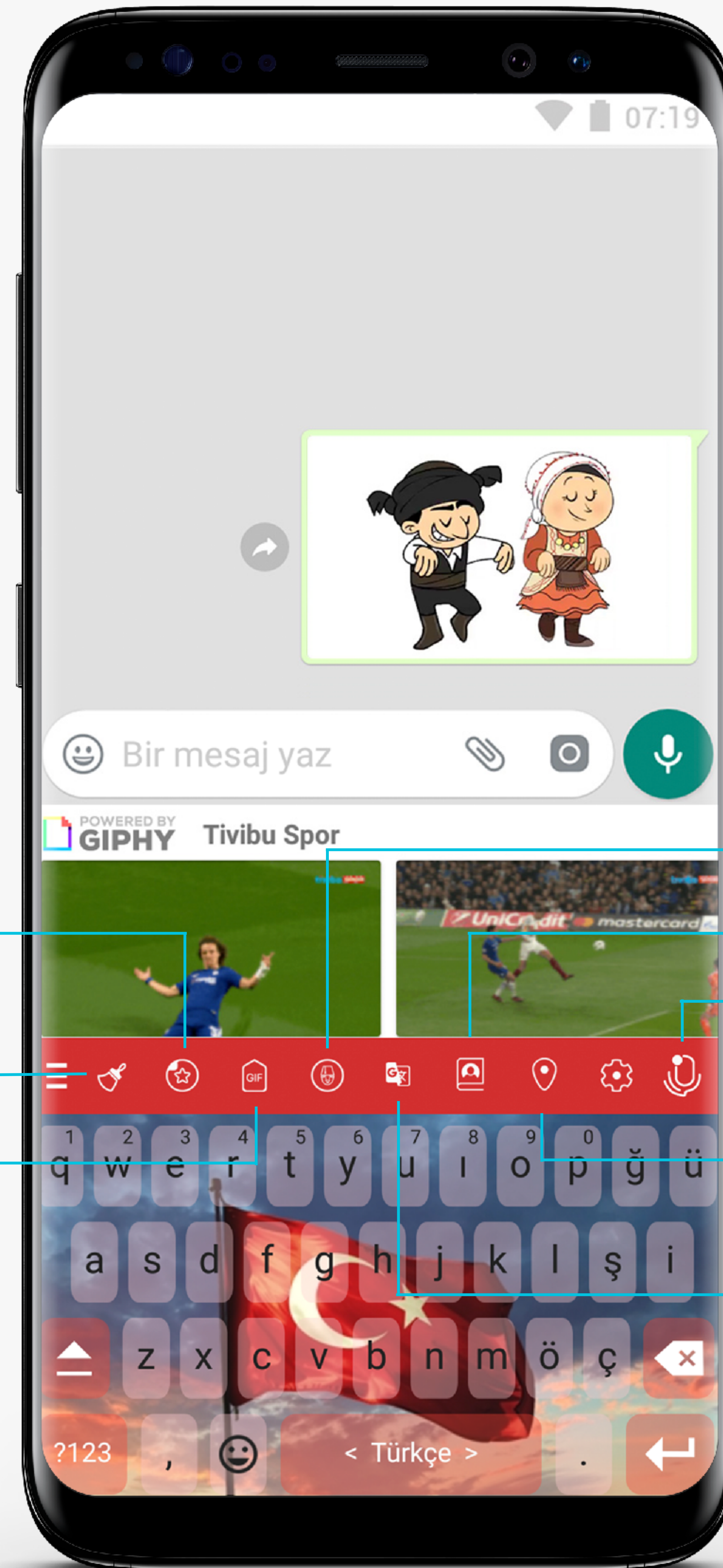
Customizable themes;
personalized background and
colors



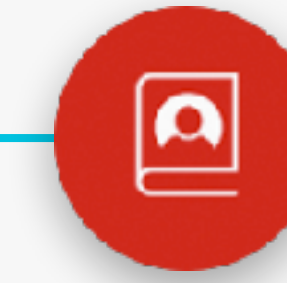
Exclusive GIFs for Tambu
including videos from Champions
League and music videos

tambu
..... SEN DE YAPIŞTIR CEVABI

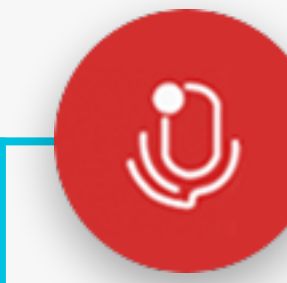
7.2 mn downloads*



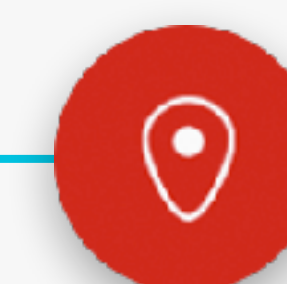
Rich set of proverbs to
discover, learn and share



Personalized dictionary for
frequently used text
shortcuts



Speech to Text



Share location in all
platforms



Translation in more than
100 language

* As of October 2018

Financials



Income Statement

(TL mn)	9M '17	9M '18	YoY Change	Q3 '17	Q3 '18	YoY Change
Revenues	13,340	15,033	12.7%	4,532	5,396	19.1%
EBITDA	4,927	6,206	26.0%	1,687	2,267	34.3%
Margin	36.9%	41.3%		37.2%	42.0%	
Operating Profit	2,720	3,457	27.1%	973	1,305	34.1%
Margin	20.4%	23.0%		21.5%	24.2%	
Financial Inc. / (Exp.) ¹	(893)	(8,136)	811.0%	(519)	(5,077)	877.9%
FX & Hedging Gain / (Loss)	(568)	(7,718)	1,258.6%	(398)	(4,906)	1,133.0%
Interest Inc./ (Exp.)	(249)	(443)	78.1%	(88)	(186)	111.0%
Other Financial Inc./ (Exp.)	(76)	25	n.m.	(33)	14	n.m.
Tax Expense ¹	(578)	1,073	n.m.	(161)	926	n.m.
Net Income ¹	1,249	(3,606)	n.m.	293	(2,846)	n.m.
Margin	9.4%	n.m.		6.5%	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) Bills, bonds and notes issued that were measured amortized cost at Q1 and Q2 2018 are measured at fair value as of Q3 '18. Consequently, the changes were reflected to 2018 Q1 and 2018 Q2 financial statements. For further details please see 2018 Q3 financial statements and footnotes.

Balance Sheet

(TL mn)	30.09.2017	30.06.2018	30.09.2018
Total Assets	26,519	30,461	38,945
Cash and Equivalents	2,761	4,304	6,187
Intangible Assets	8,193	9,332	9,679
Tangible Assets ¹	8,362	9,004	14,147
Other Assets ^{2&5}	7,202	7,821	8,931
Total Equities and Liabilities	26,519	30,461	38,945
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items ⁵	1,389	973	2,262
Interest Bearing Liabilities ^{3&5}	15,398	19,060	24,713
Other Liabilities ⁴	6,471	7,168	8,709

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

(2) Major items within other assets are trade receivables, due from related parties, inventories, deferred tax asset and other current assets.

(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, due related parties, other current liabilities, provisions for employee termination benefits

(5) Bills, bonds and notes issued that were measured amortized cost at Q1 and Q2 2018 are measured at fair value as of Q3 '18. Consequently, the changes were reflected to 2018 Q1 and 2018 Q2 financial statements. For further details please see 2018 Q3 financial statements and footnotes.

Cash Flow Statement

(TL mn)	9M '17	9M '18	YoY Change	Q3 '17	Q3 '18	YoY Change
Operating Cash Flow	2,881	5,633	95.5%	952	3,183	234.5%
Investing Cash Flow	(2,603)	(2,602)	(0.1%)	(570)	(1,141)	100.1%
CAPEX	(2,510)	(2,500)	(0.4%)	(618)	(1,161)	87.7%
Other Investing Activites	(93)	(101)	9.2%	48	19	(59.6%)
Financing Cash Flow ¹	(582)	(1,048)	80.0%	183	(341)	n.m.
Net Change in Cash Position ²	(304)	1,983	n.m.	564	1,701	201.6%

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)	9M ‘17	9M ‘18	YoY Change	Q3 ‘17	Q3 ‘18	YoY Change
Fixed Voice	1,968	1,936	(1.6%)	651	659	1.2%
Broadband	3,610	4,051	12.2%	1,220	1,392	14.1%
TV	166	224	35.1%	58	75	30.8%
Mobile	4,938	5,596	13.3%	1,716	2,030	18.3%
Corporate Data ¹	1,101	1,253	13.8%	387	430	11.0%
International Revenues	469	678	44.6%	188	272	44.7%
Other ²	662	766	15.7%	224	321	43.6%
IFRIC-12	491	593	20.8%	112	242	115.7%
Eliminations	(66)	(66)	1.0%	(23)	(25)	9.8%
Total Revenue	13,340	15,033	12.7%	4,532	5,396	19.1%

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, domestic interconnection, rental income from GSM operators and other

OPEX Breakdown

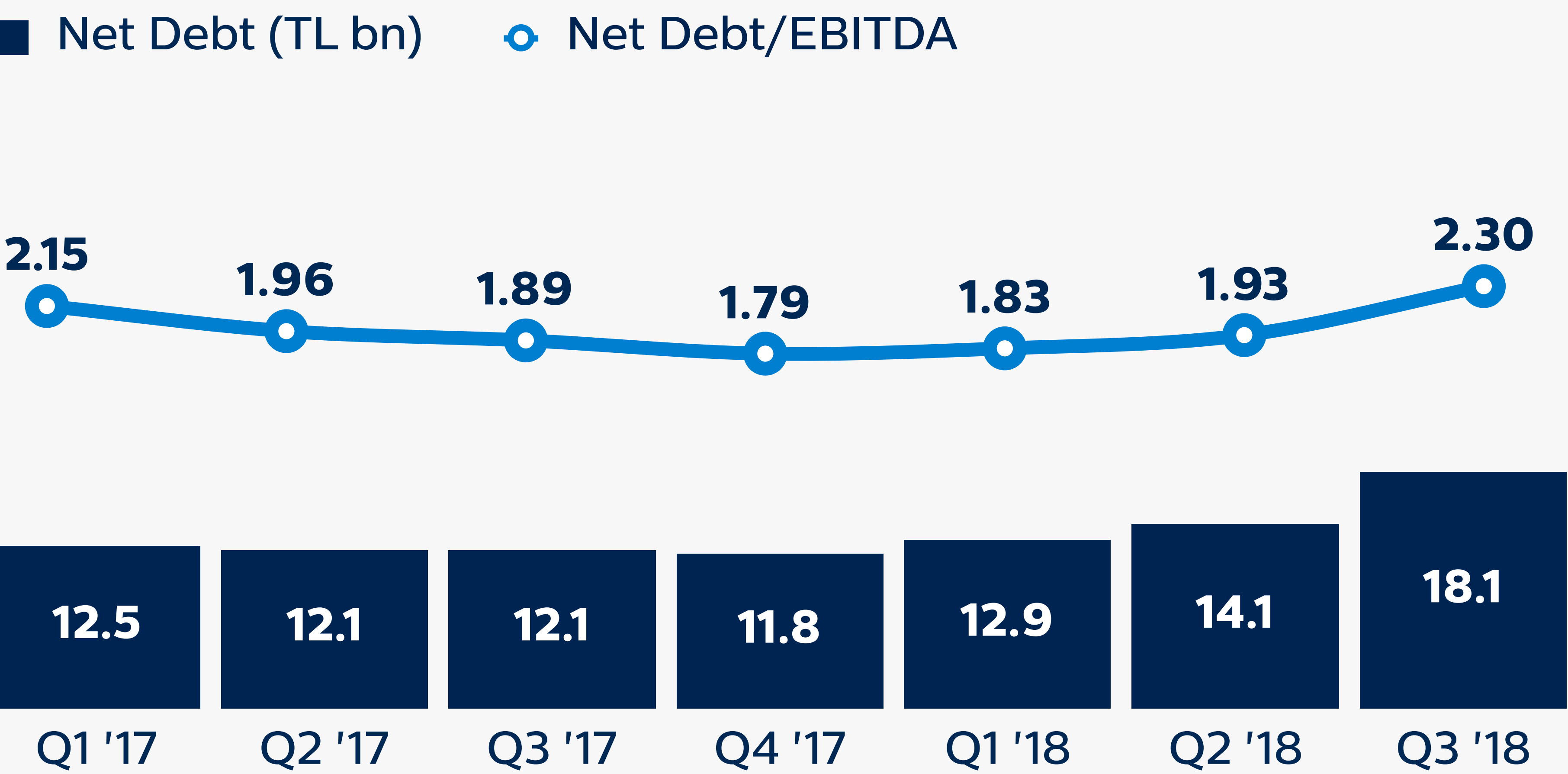
(TL mn)	9M '17	9M '18	YoY Change	Q3 '17	Q3 '18	YoY Change
Direct Costs	2,935	3,460	17.9%	1,041	1,277	22.7%
Interconnection	1,138	1,325	16.4%	422	486	15.1%
Tax	970	1,357	39.9%	336	497	48.0%
Provisions for Doubtful Receivables	335	230	(31.4%)	113	64	(42.8%)
Cost of Equipment and Technology Sales	283	324	14.7%	105	148	41.1%
Other Direct Costs	209	225	7.5%	65	81	24.9%
Commercial Costs	1,261	834	(33.9%)	441	213	(51.7%)
Other Costs	3,782	4,007	6.0%	1,263	1,425	12.8%
Network & Technology	1,310	1,383	5.6%	440	517	17.5%
Personnel	2,078	2,222	6.9%	690	750	8.8%
Other	394	402	2.1%	133	158	18.1%
Sub Total	7,978	8,302	4.1%	2,745	2,915	6.2%
IFRIC-12	434	525	20.8%	99	214	115.6%
Total OPEX	8,412	8,826	4.9%	2,845	3,129	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.

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.

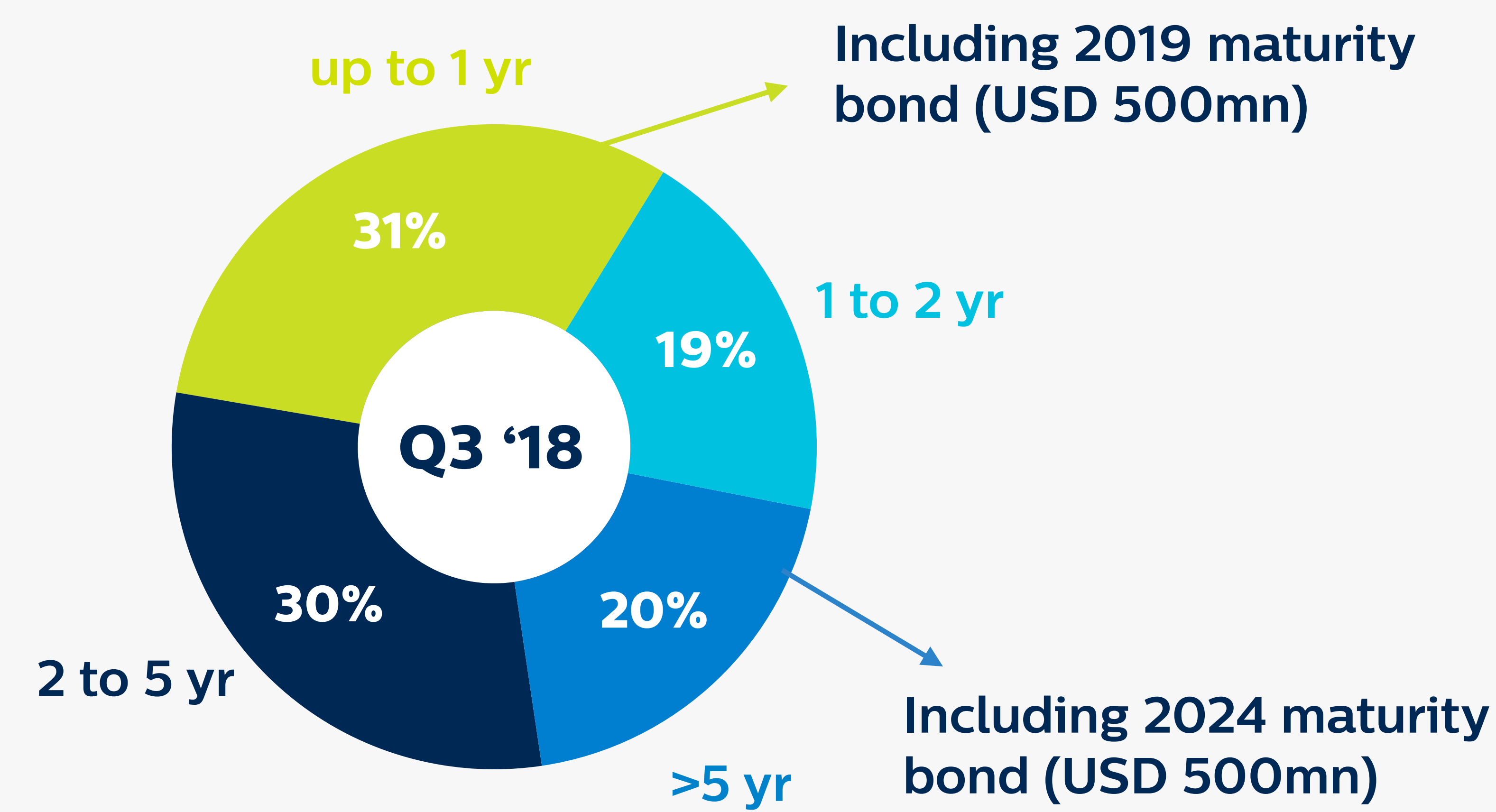
Debt Profile

Net Debt



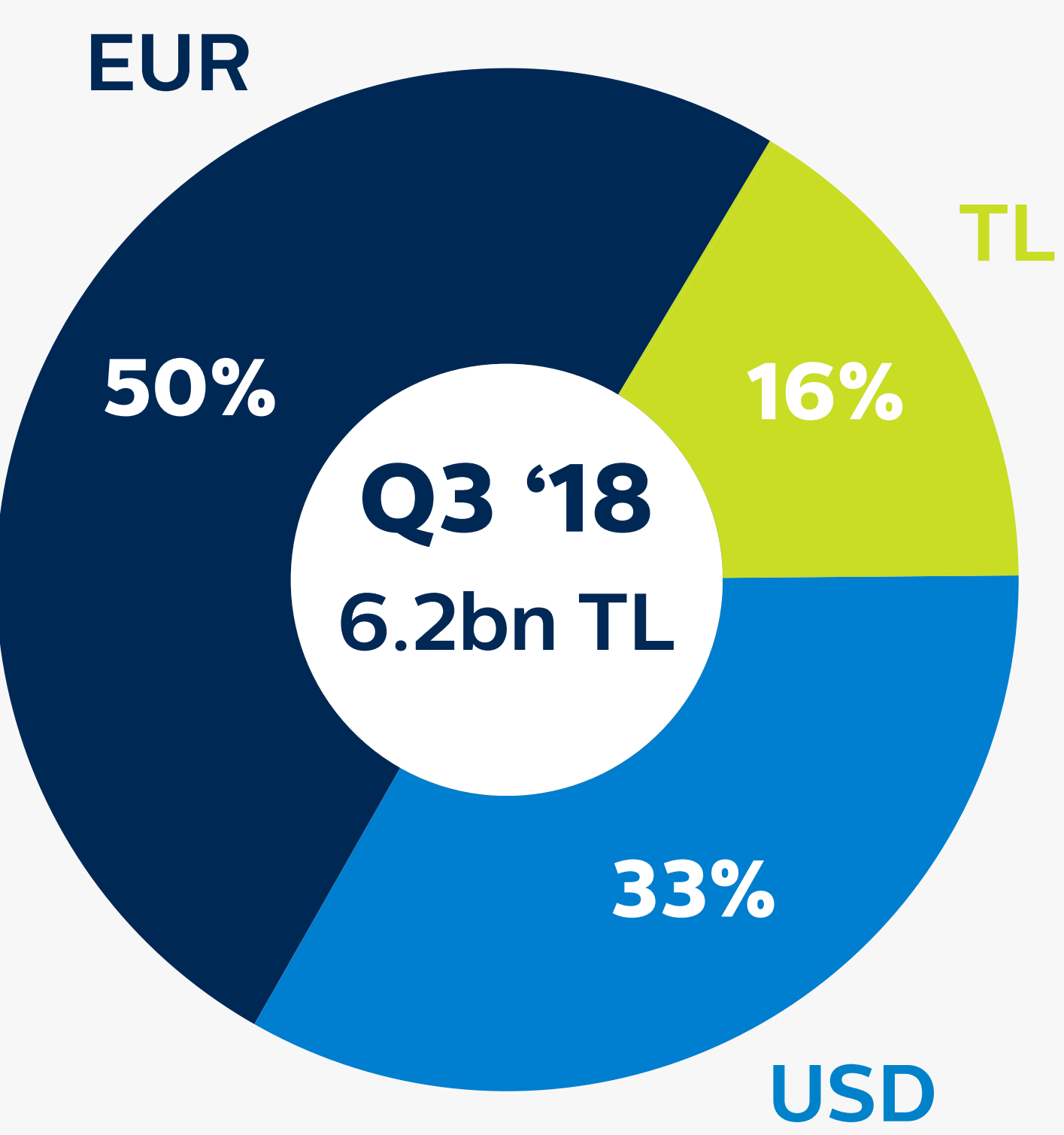
Note: Net Debt calculation includes MTM from FX to TRY Currency Swaps
Net Debt/EBITDA calculation excludes extraordinary claims EBITDA calculation

Maturity Profile

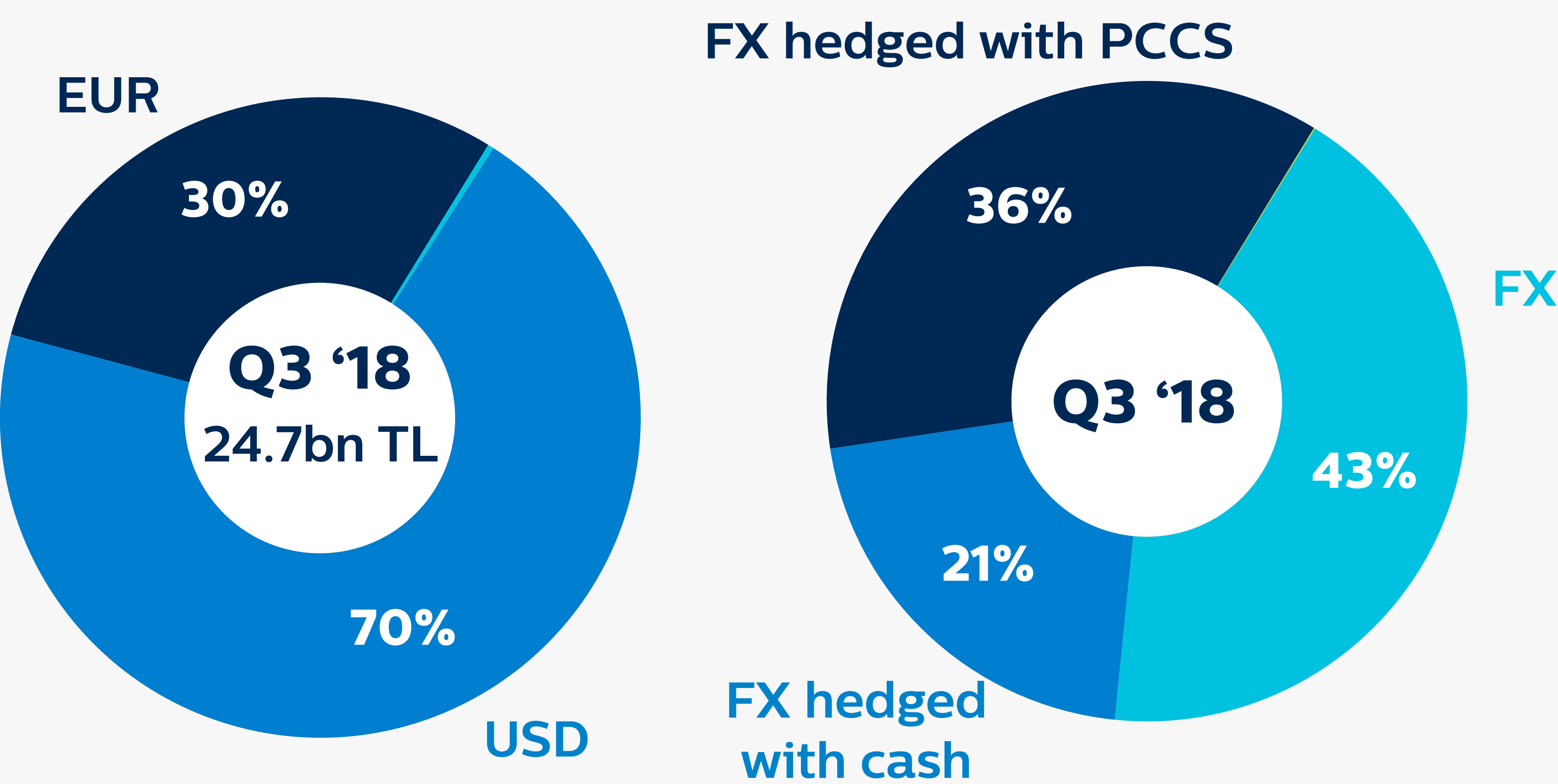


All loans are senior unsecured

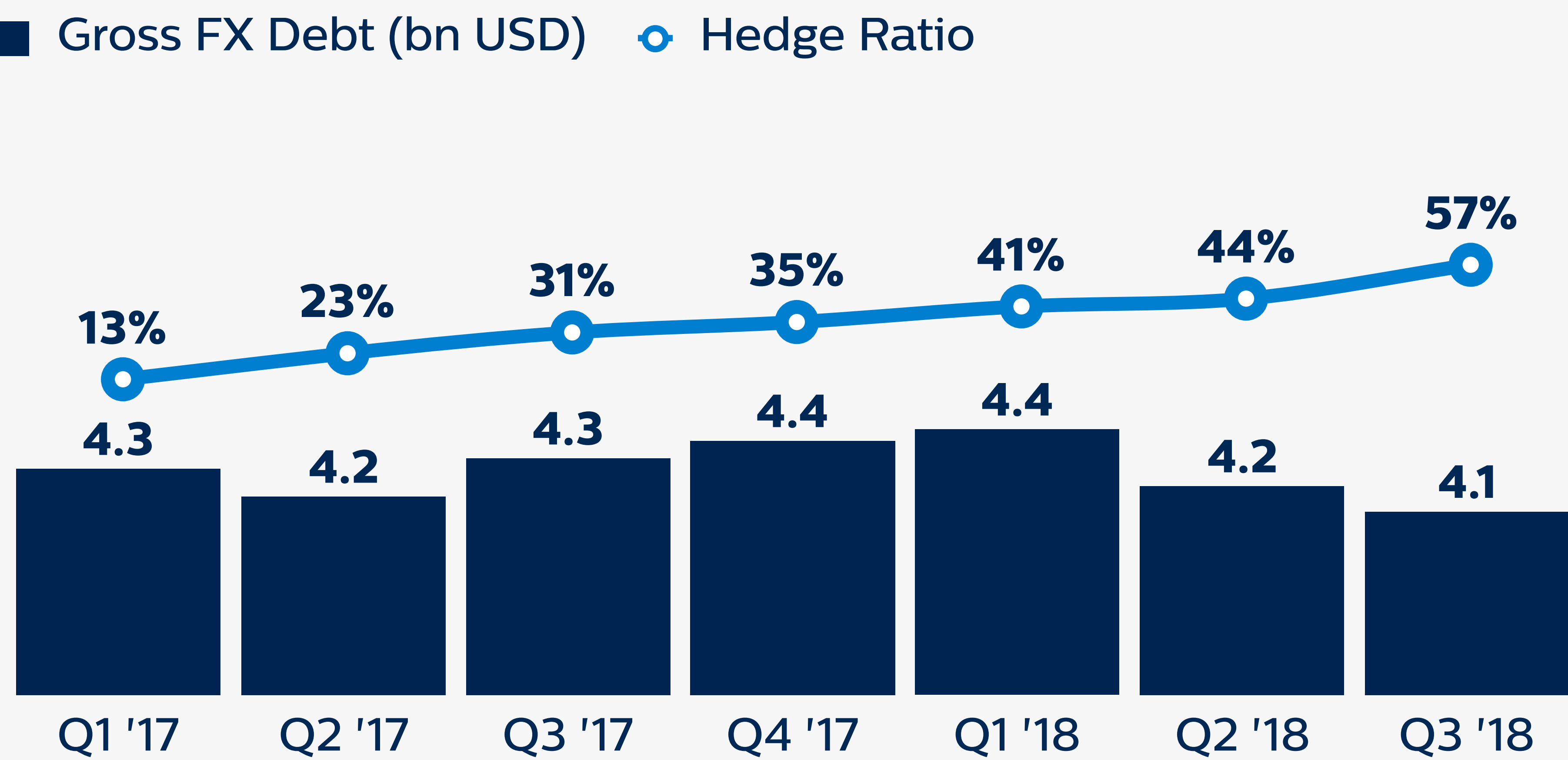
Cash FX Breakdown



Gross Debt FX Breakdown



Hedge Ratio



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

Debt Profile

Prudent Balance Sheet Management

- ▶ FX Risks managed via Participating Cross Currency Swaps (PCCS), and FX based cash
- ▶ Hedge in both principal and coupons of designated debt instruments
- ▶ Hedge ratio increased to 57% in Q3
- ▶ Protection level of existing hedges strengthened during the quarter
- ▶ Diversified funding terms of instruments (bonds, ECAs, commercial loans, and IFIs) and geography
- ▶ Significant improvement in cash flow generation with normalized Capex cycle and increasing EBITDA

Corporate Credit Ratings

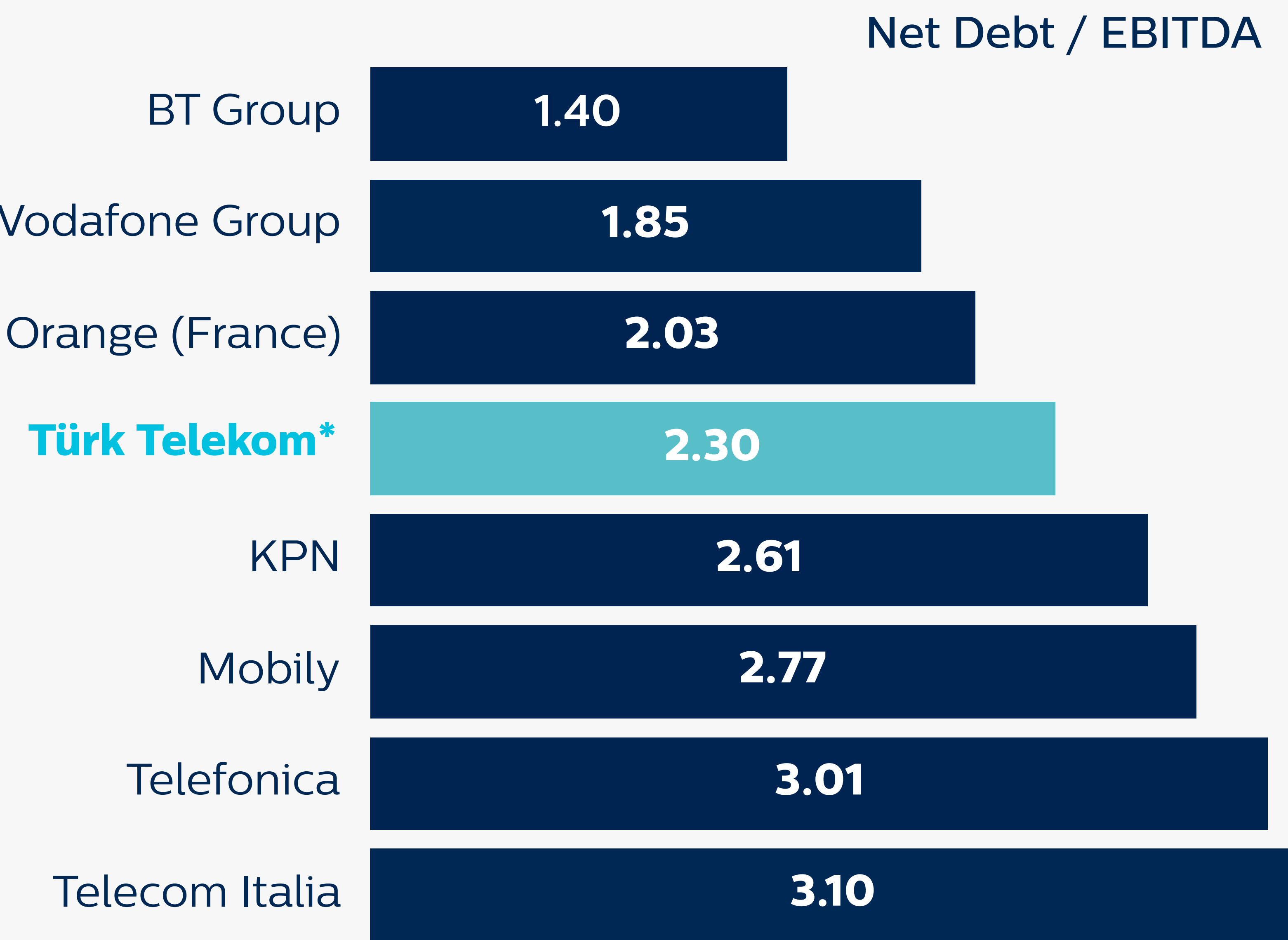
Fitch Ratings

BB+ Negative Outlook

S&P Global Ratings

BB- Stable Outlook

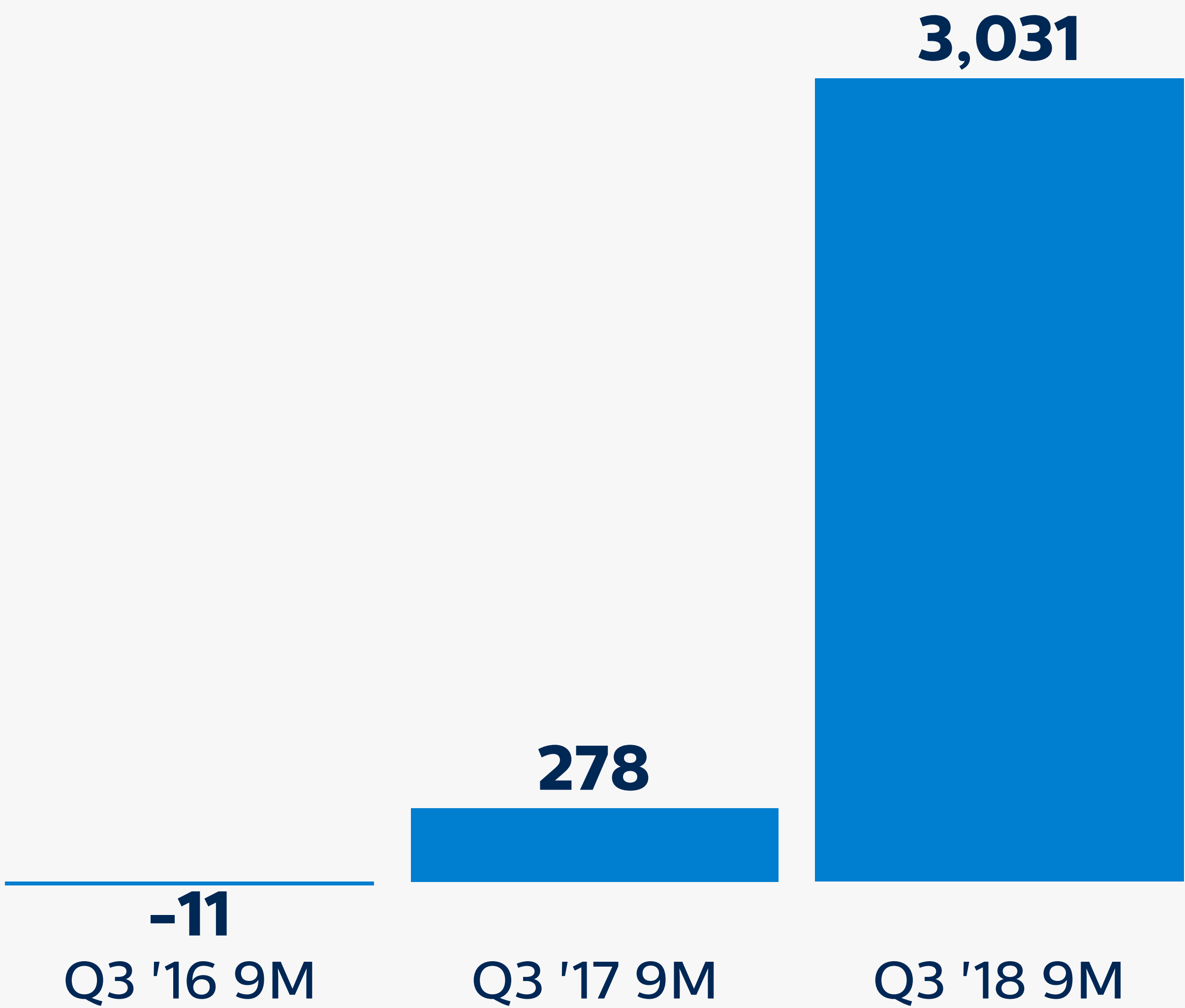
Low debt ratio among peers



Source: Bloomberg
Türk Telekom's ratio is based on Q3'18 financials; other's based on their latest data

Increasing Cash Flow*

(TL mn)



*Unlevered cash flow is defined as net cash provided by operating and investing activities from operations.

Operational Highlights

	Q3 '17	Q2 '18	Q3 '18	YoY Change	QoQ Change
Total Access Line (mn)	13.4	14.1	14.3	6.1%	1.4%
Fixed Voice Lines ¹ (mn)	9.5	9.7	9.8	3.7%	0.9%
Naked DSL Lines (mn)	4.0	4.3	4.4	12.0%	2.6%
Fixed Voice ARPU (TL)	23.0	22.2	22.5	(2.1%)	1.3%
Broadband Total Subscribers (mn)	9.4	10.3	10.6	13.0%	2.8%
FTTH/B Subscribers ('000)	986	1,179	1,258	27.6%	6.7%
FTTC Subscribers ('000)	1,517	1,971	2,121	39.8%	7.6%
Broadband ARPU (TL)	44.1	43.6	44.4	0.7%	1.8%
Total Tivibu Subscribers ² (mn)	2.5	3.3	3.5	40.2%	8.2%
Tivibu Home Subscribers ³ ('mn)	1.0	1.5	1.6	55.5%	10.3%
Tivibu Home ARPU (TL)	16.4	16.6	14.9	(8.8%)	(9.7%)
Mobile Total Subscribers (mn)	19.2	20.2	20.8	8.5%	2.9%
Mobile Postpaid Subscribers (mn)	10.4	11.5	11.8	13.3%	2.2%
Mobile Prepaid Subscribers (mn)	8.8	8.7	9.0	2.9%	3.8%
Mobile Blended ARPU (TL)	28.8	30.2	31.8	10.3%	5.2%
Mobile Postpaid ARPU (TL)	36.8	37.8	39.6	7.7%	4.9%
Mobile Prepaid ARPU (TL)	18.5	19.6	20.1	8.8%	2.2%

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

TL mn	2017 YE	2018 Previous Guidance	2018 Revised Guidance
Revenue (exc. IFRIC 12) ¹	17,435	~11% growth	~13% growth
EBITDA	6,452	TL 7.6 to 7.8 bn	TL 8.0 to 8.2 bn
CAPEX	3,221	~TL 4.1 bn	~TL 4.2 bn

(1) IFRIC 12 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

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)	Q3 '18	IFRS 15 Impact	Q3 '18 w/o adoption of IFRS 15
Revenues	5,396	(4)	5,399
EBITDA	2,267	159	2,108
Margin	42.0%		39.0%
Operating Profit	1,305	38	1,267
Margin	24.2%		23.5%
Financial Inc. / (Exp.)	(5,077)	(6)	(5,072)
FX & Hedging Gain / (Loss)	(4,906)		(4,906)
Interest Inc./ (Exp.)	(186)		(186)
Other Financial Inc./ (Exp.)	14	(6)	20
Tax Expense	926	(2)	928
Net Income	(2,846)	31	(2,877)
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)	30.09.2018	IFRS 15 Impact	30.09.2018 w/o adoption of IFRS 15
Total Assets	38,945	947	37,998
Cash and Equivalents	6,187		6,187
Intangible Assets	9,679	949	8,730
Tangible Assets	14,147		14,147
Other Assets	8,931	(2)	8,933
Total Equities and Liabilities	38,945	947	37,998
Share Capital	3,260		3,260
Reserves, Retained Earnings and Other Equity Items	2,262	609	1,653
Interest Bearing Liabilities	24,713		24,713
Other Liabilities	8,709	338	8,371

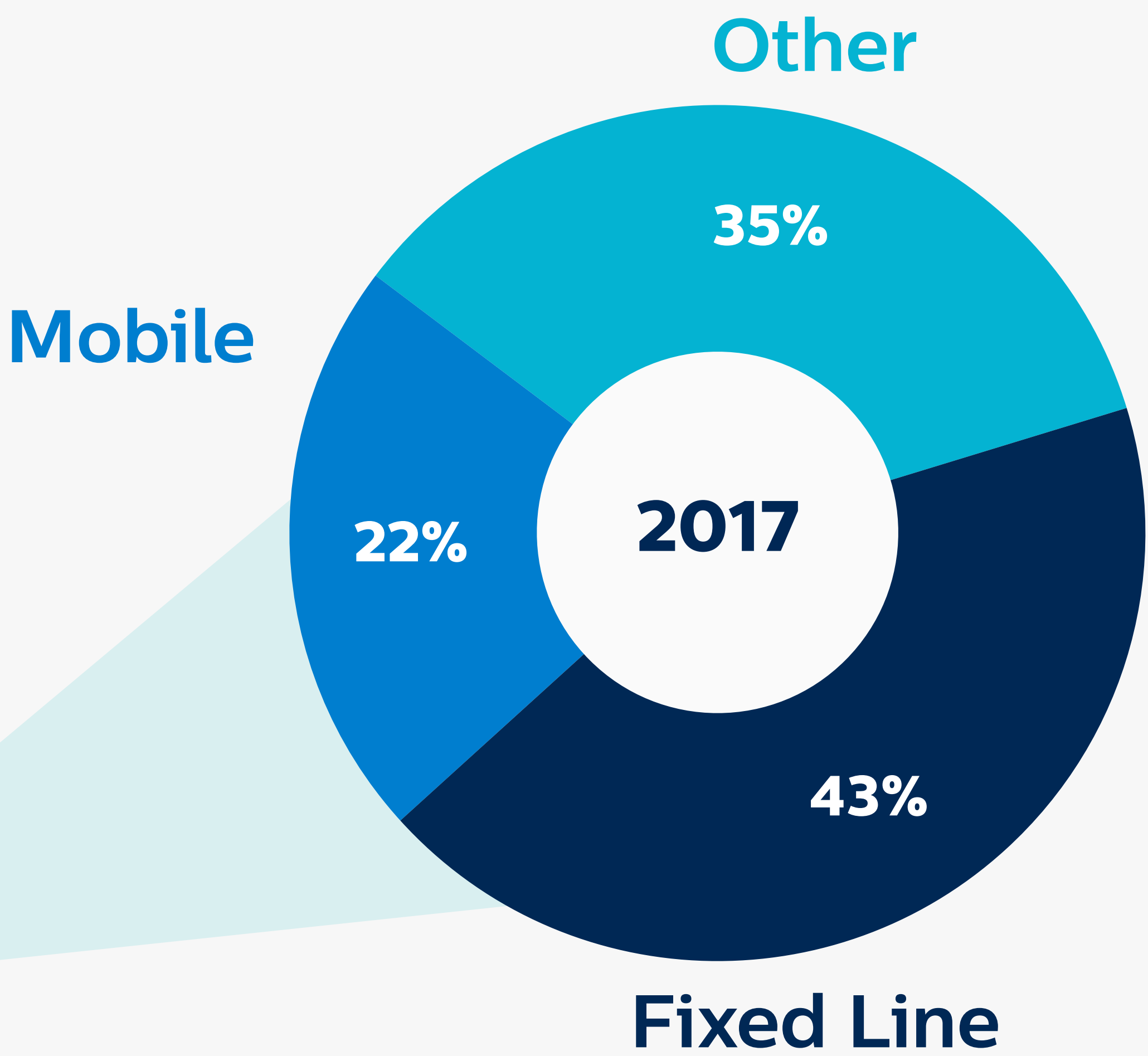
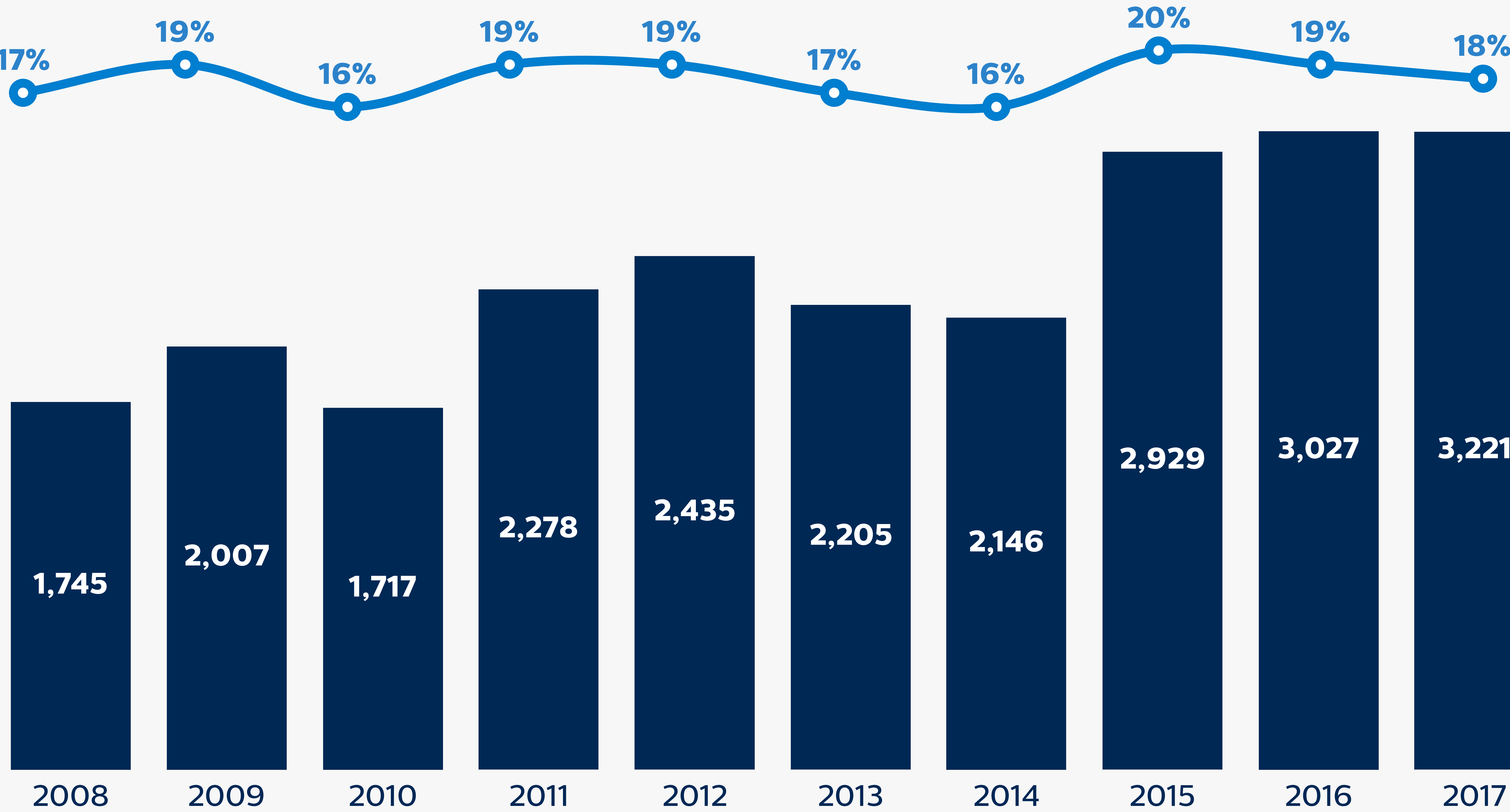
Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls” on our web site.

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 related capex, Capex for subsidiaries, Capex for new revenue streams and other

Shareholder Remuneration

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

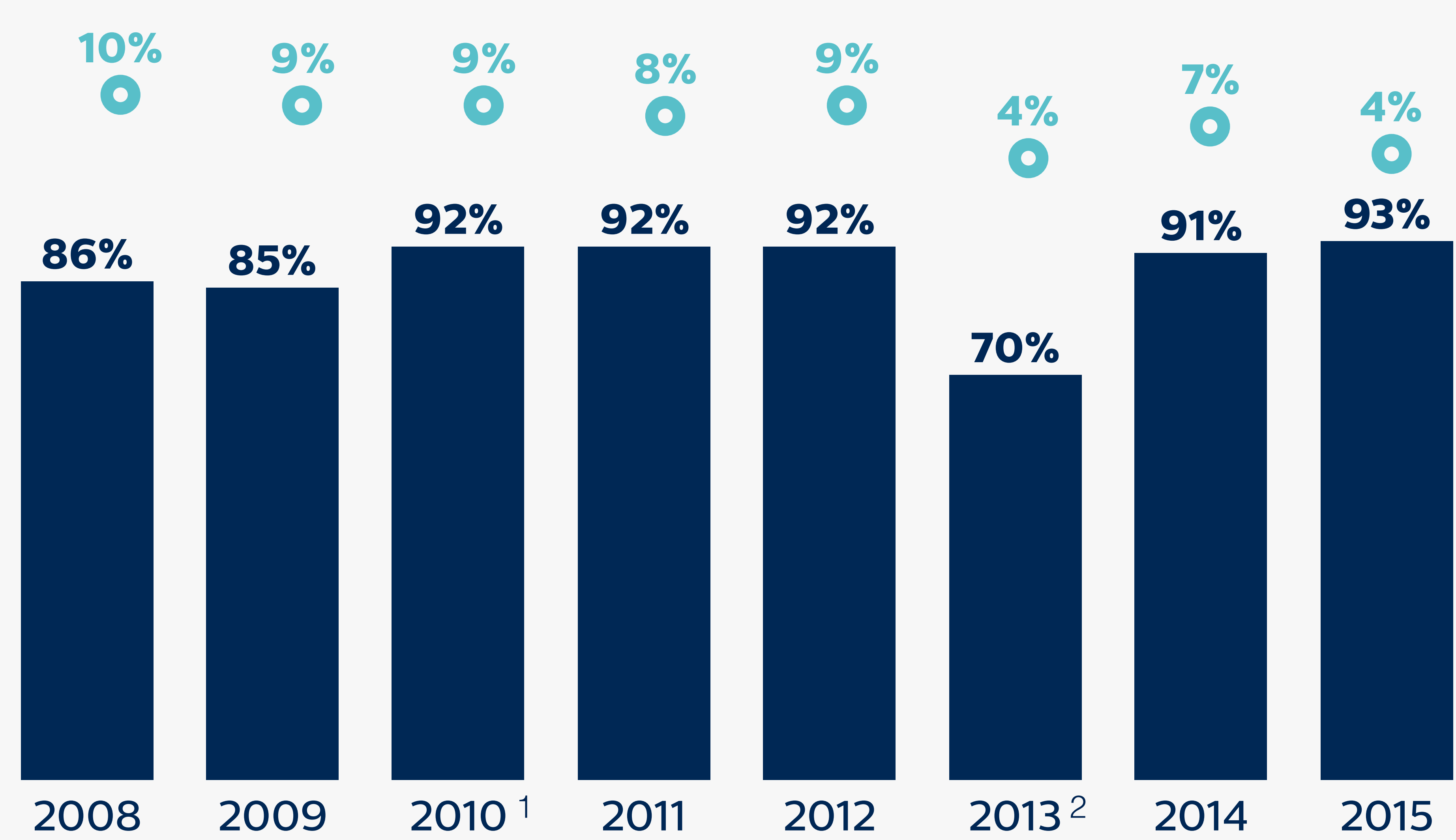
Dividend Distribution

■ 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

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



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



Account Management

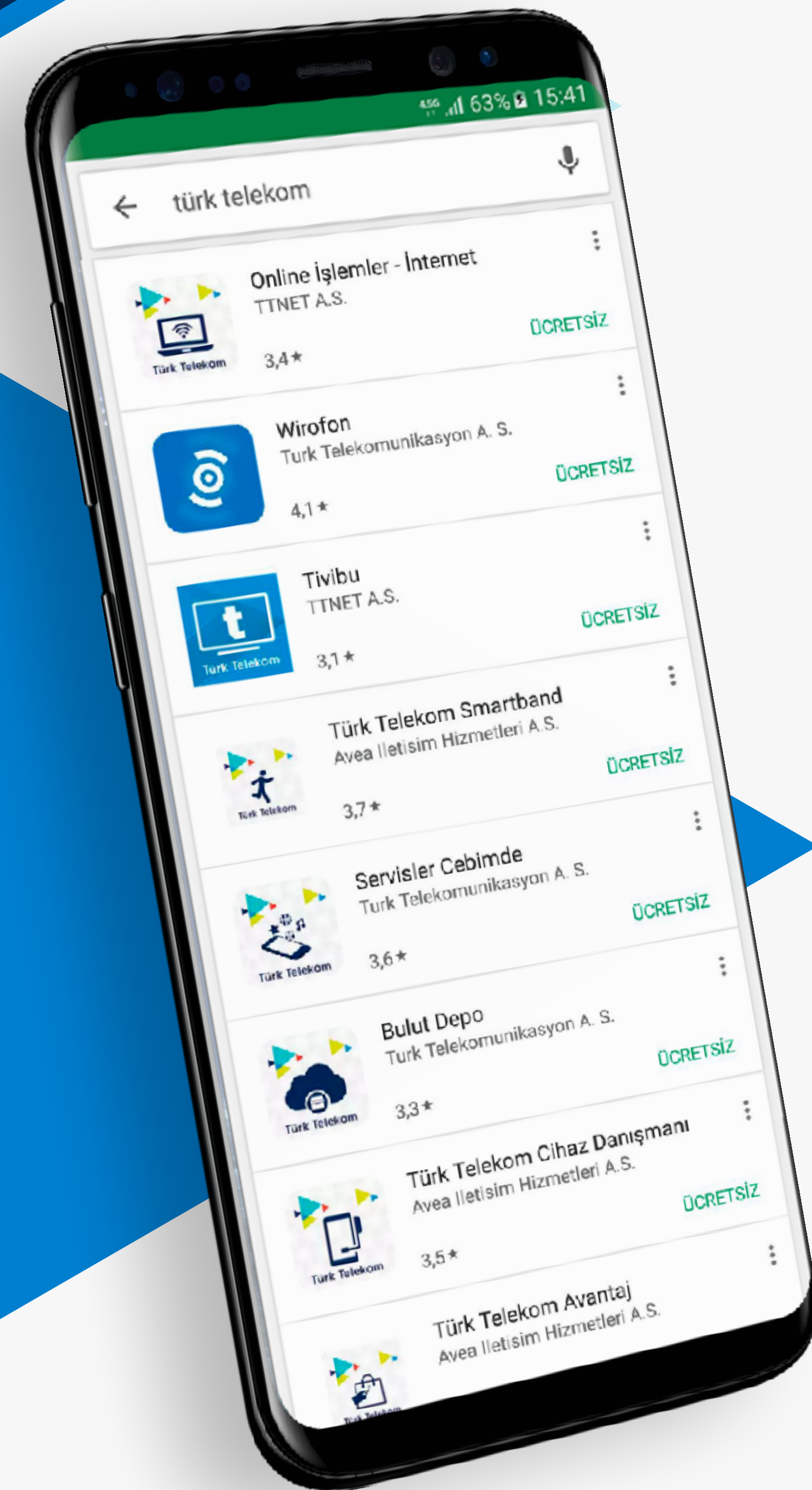


Jetfix

Appendix



Digital Service Portfolio



Turk 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 gaming, e-pin, console games and pysical gaming accessory sales platform



Turk Telekom's Education Platform: **Turk Telekom Akademi** Launch: 2018

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

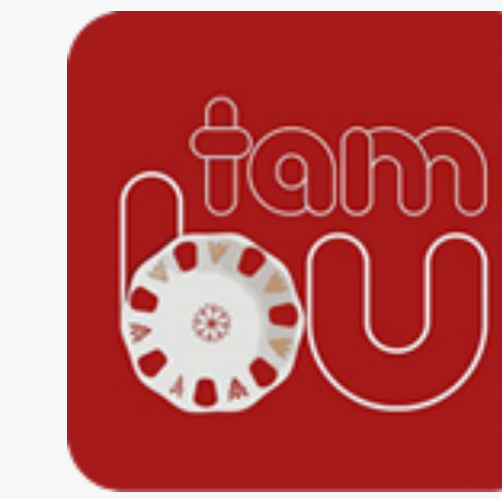


Turkey's First Interactive Education Platform Launch: 2008

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



Turkey's Mobile and Live Trivia Game: **Eleq** Launch: 2018



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 Turk Telekom mobile users



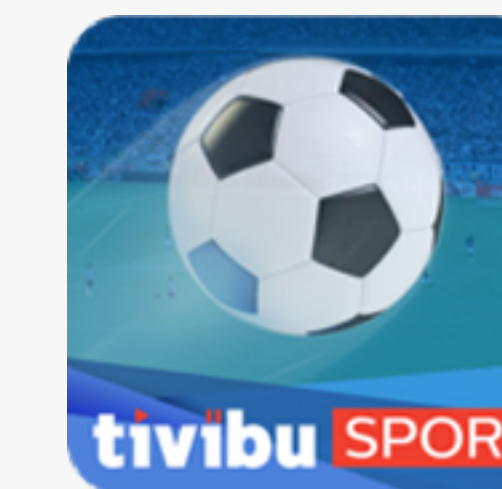
Turkey's Most Comprehensive Security Platform: **TT Security** Launch: 2009

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



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

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

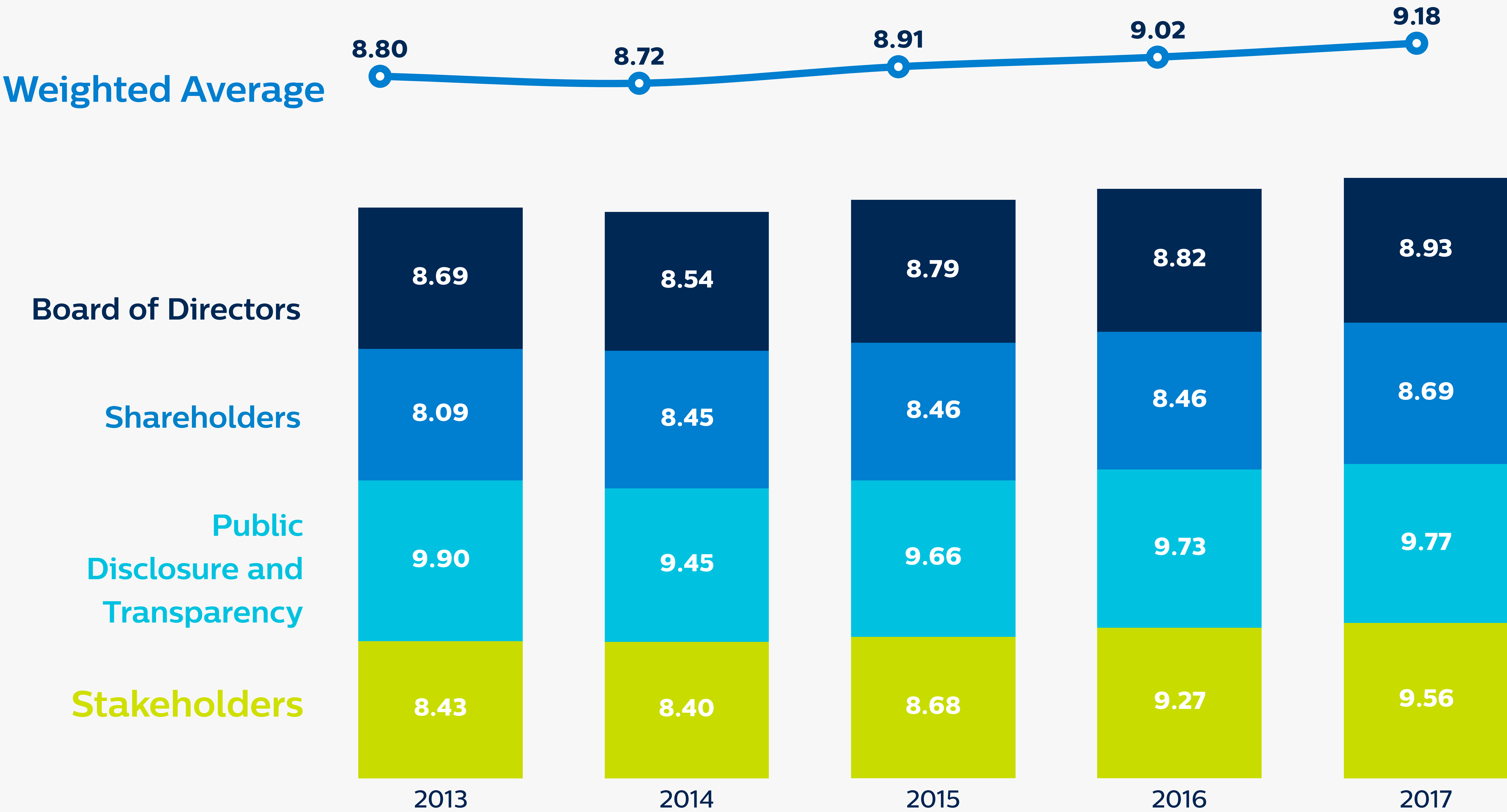


Turkey's Real-Time Integrated Sport Platform: **Tivibuspor** Launch: 2010

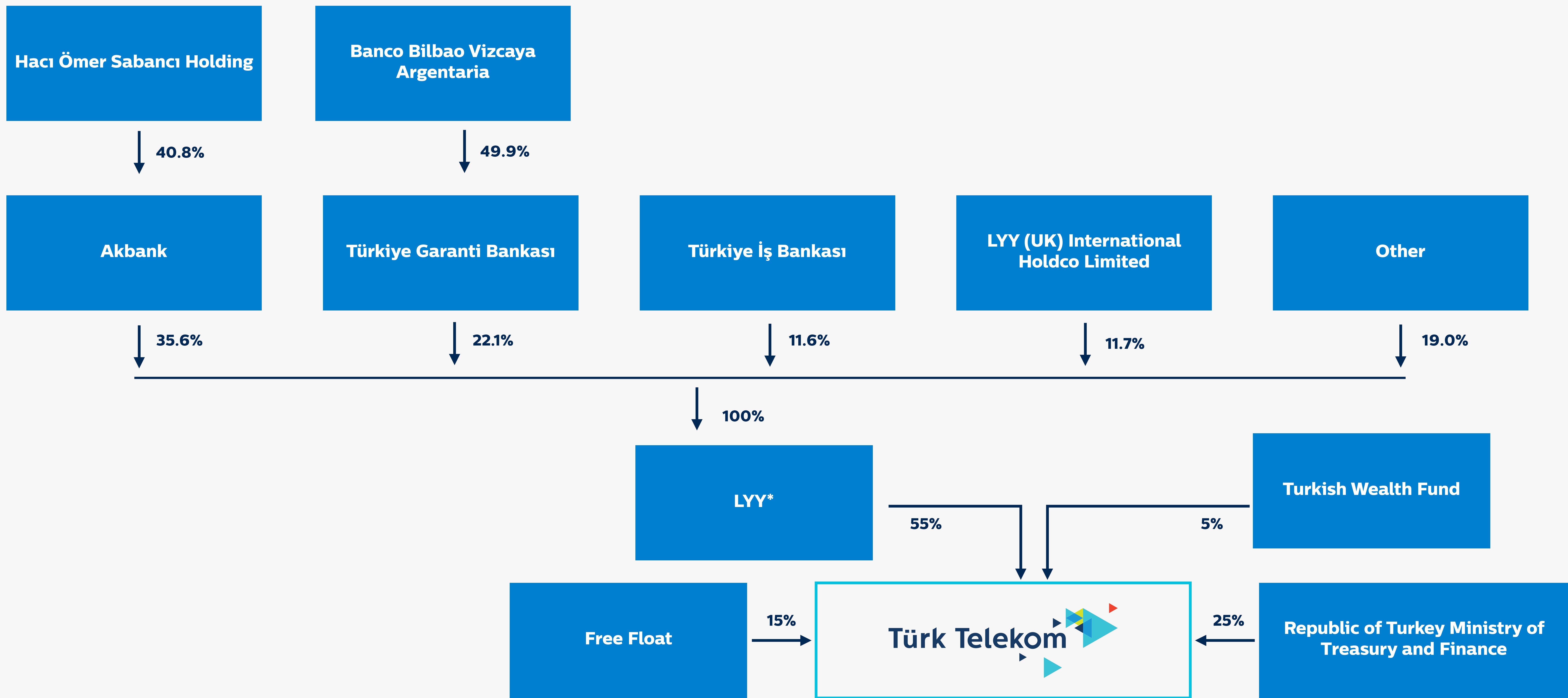
Türk Telekom's sport platform presents sport news, videos

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

*Levent Yapılandırma Yönetimi A.Ş.

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

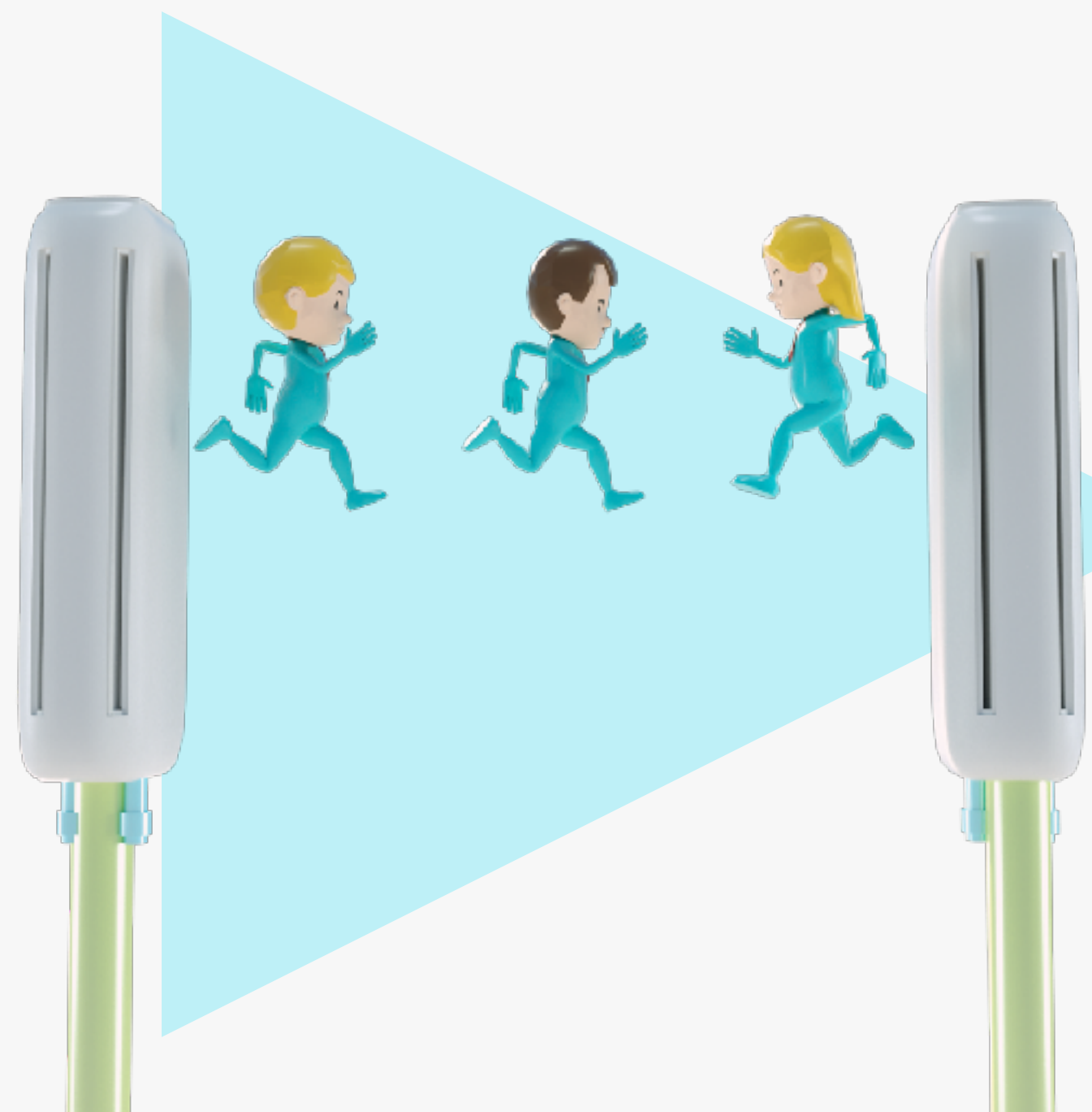
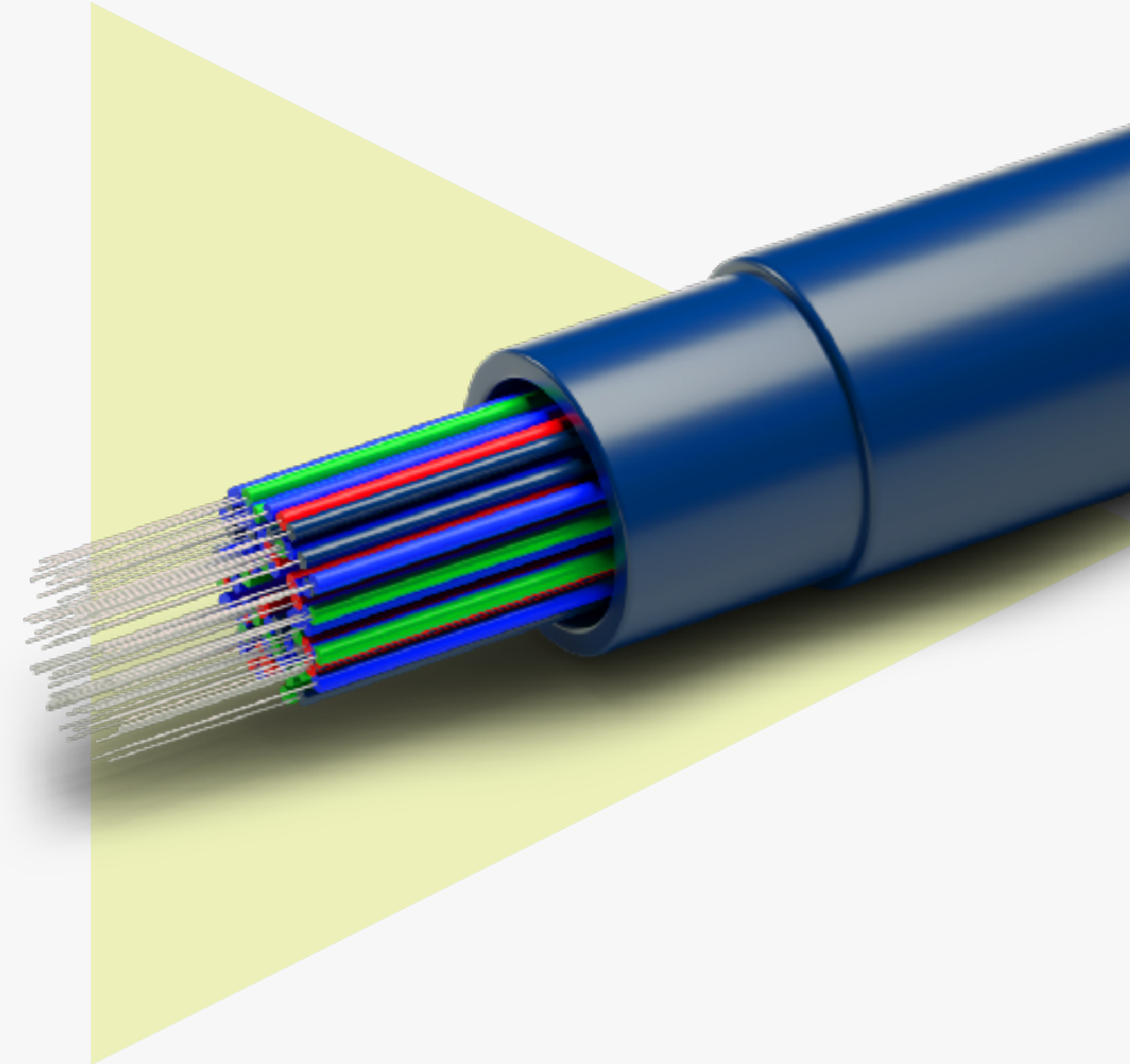
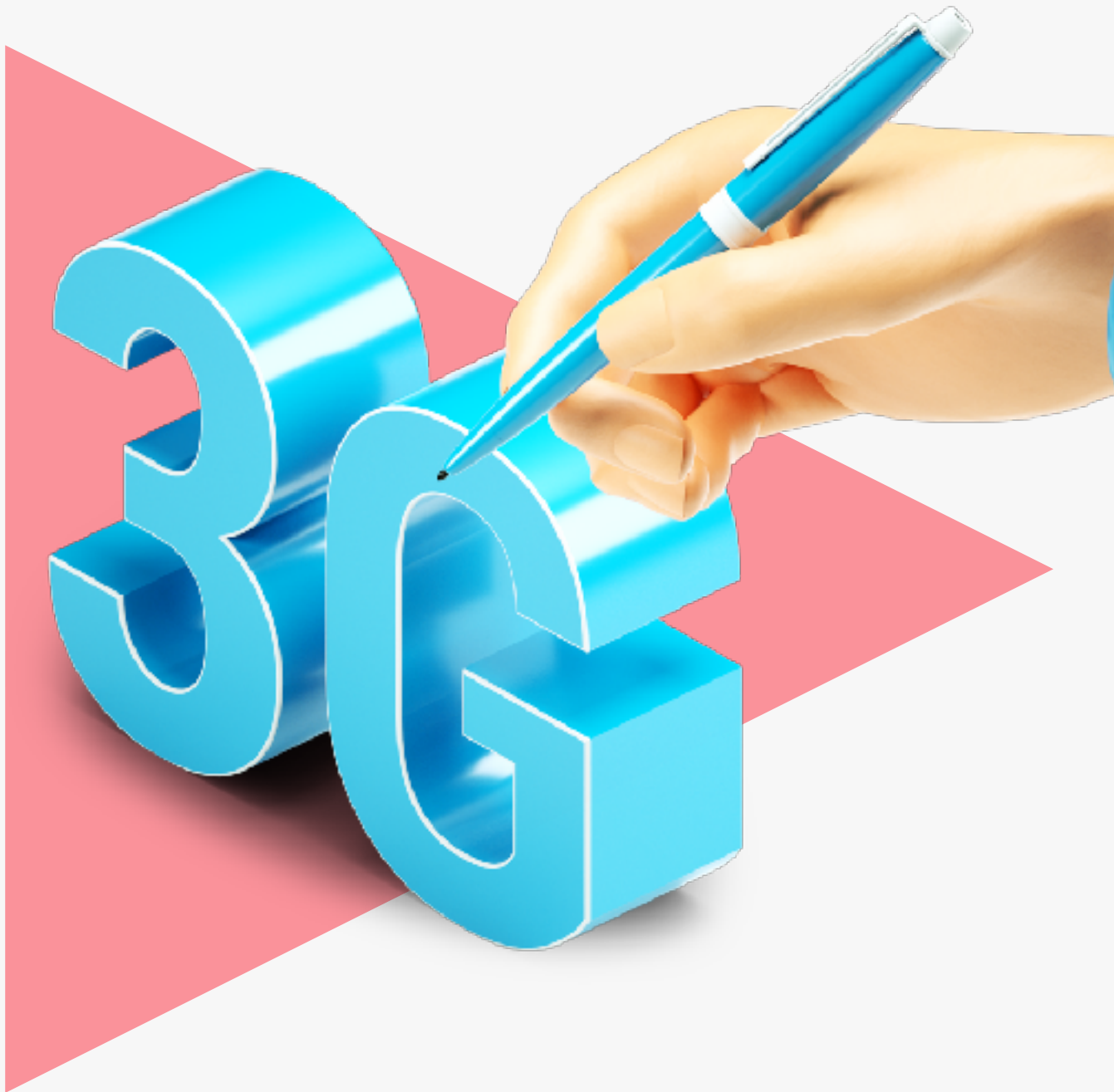
- **July**
 - Calls over fixed line infrastructure was deregulated. Accordingly, Türk Telekom is no longer designated as having SMP (significant market power) in fixed voice market

2016

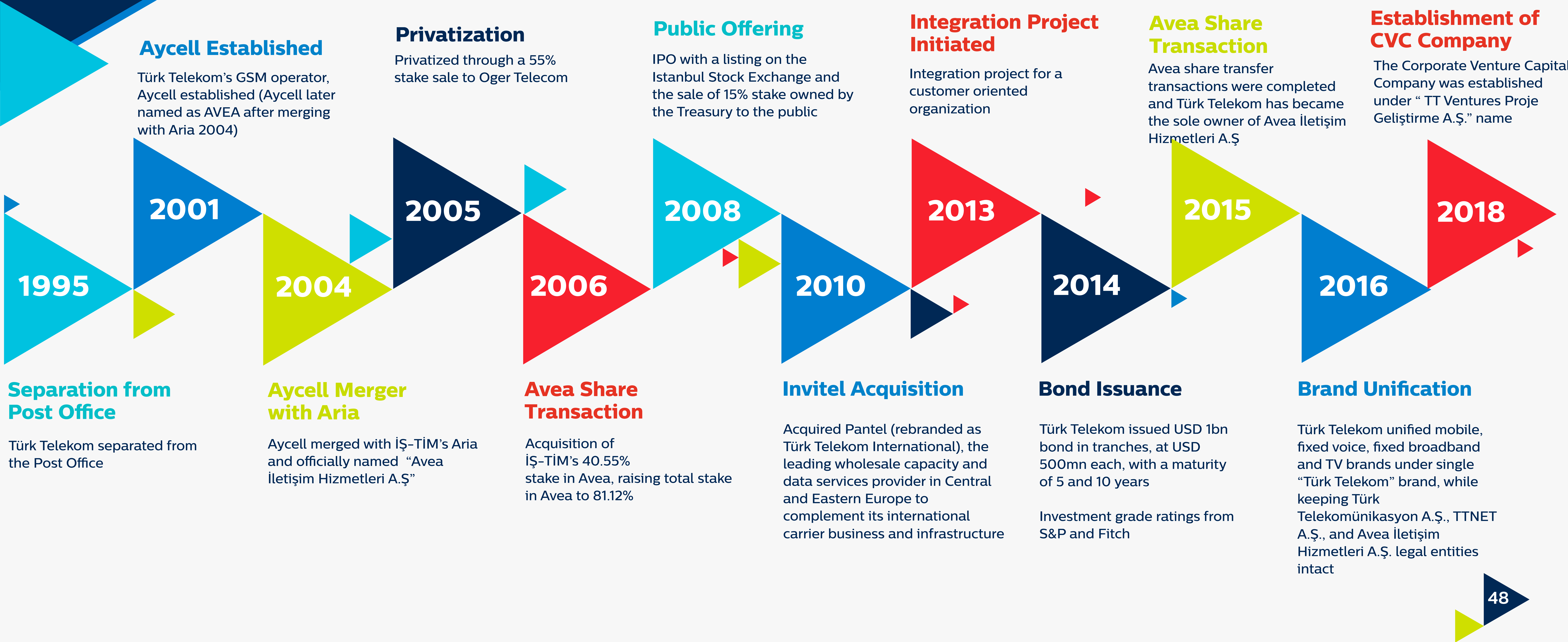
- **April**
 - LTE Service Launch
- **August**
 - Mobile on-net price floor regulation for TCELL was lifted
- **October**
 - The deadline to shift Port Transmission Model

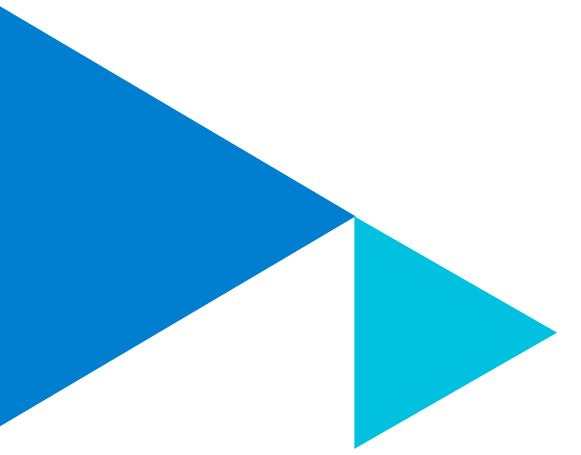
2018

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



History





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