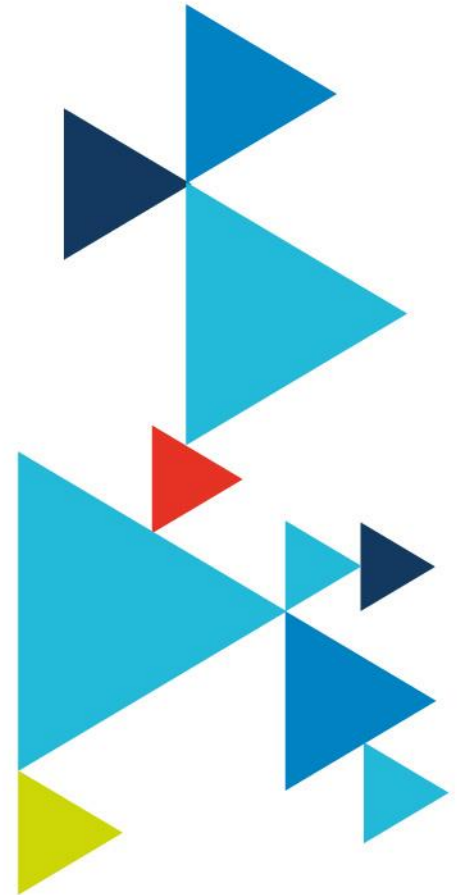


TÜRK TELEKOM GROUP 2017 THIRD QUARTER FINANCIAL AND OPERATIONAL RESULTS

October 24, 2017



TÜRK TELEKOM SUBSCRIBERS EXCEED 40 MILLION

Türk Telekom Group announced its third quarter financial and operational results. The Group continued its impressive performance in both revenue and EBITDA¹ with double digit annual growth rates, demonstrating underlying strength of subscriber additions and financial discipline. Number of total Türk Telekom subscribers surpassed 40 million mark and reached a record of 40.5 million, reflecting success of Group's growth strategy and execution. Total subscriber additions was more than 900 thousand in the third quarter – the highest net adds in a single quarter since IPO. The strong operational activity complemented by a solid financial performance, resulted in a topline growth of 10% yoy to TL 4.5 billion and EBITDA growth of 16% to TL 1.7 billion. EBITDA margin was 37% – 2 percentage points higher than in Q3'16. Net income was TL 293 million in the third quarter, reaching TL 1.25 billion in the first nine month of 2017 – 88% up compared to the same period of last year.

2017 Q3 OPERATIONAL HIGHLIGHTS

- ❖ 9.4 million broadband subscribers with 289K net additions in Q3'17– the highest base growth since 2008
- ❖ 19.2 million mobile subscribers with 414K net additions in Q3'17 accompanied by 11% yoy ARPU growth
- ❖ Accelerated growth momentum across high value services in Q3'17; fiber subscribers² up by 182K to 2.5 mn and postpaid mobile subscribers up by 237K to 10.4 mn
- ❖ Reversal of decline trend in fixed voice with a net subscriber gain for the first time since IPO. Combined with nDSL, total fixed access lines increased to 13.4 million with 186K net additions in Q3'17 – the highest subscriber growth since IPO
- ❖ Home TV subscribers exceeded 1 million with 135K net additions in Q3'17 – the highest quarterly net additions ever in Home TV segment. Total TV subscribers reached 2.5 million.

¹EBITDA is a non-GAAP financial measure. The EBITDA definition used in this press release includes revenues, cost of sales, selling and marketing expenses, administrative expenses, other operating income/(expense), and income/(expense) from investing activities, but excludes depreciation and amortization expenses, financial income/(expenses) presented in other operating income/(expenses) (i.e. FX gain/(loss), interest income /(expenses), and discount income/(expense) on receivables and payables excluding financial borrowings), income on unconsolidated subsidiaries, and minority interest.

²Fiber subscribers include FTTH/B & FTTC subscriber

Türk Telekom CEO Dr. Paul (Boulos H.B.) Doany's comments on 2017 Q3 results:

“Our strong performance continued in the third quarter with double-digit growth in revenue and EBITDA. Consolidated revenue increased 10% yoy to TL 4.5 billion, driven primarily by increases in broadband and mobile revenue. EBITDA grew 16% yoy to TL 1.7 billion in the third quarter of 2017 with 37% EBITDA margin, an increase from the 35% in the same quarter of 2016. The margin improvement reflected strong revenue growth backed by excellent operational performance and the success of our efficiency program.

Continued strong demand for our products resulted in 40.5 million total subscribers at the end of the third quarter. In broadband, we continued our robust performance, adding 289 thousand net subscribers with the support of back to school season starting in September. Our penetration-focused entry level tariffs were well received and accounted for around one fourth of total broadband net adds in the quarter. Meanwhile, demand for our fiber product was again a significant contributor with over 182 thousand net adds. All in all, our total broadband base reached 9.4 million, out of which 2.5 million is fiber. Our fixed voice lines increased for the first time since IPO supported by integration and retention offers. Home TV net adds supporting our net adds on main telco offers mainly via cross sales were at 135 thousand. Home TV subscribers exceeded 1.0 million, while total TV subscribers including Web TV was 2.5 million. In mobile, net adds accelerated to 414 thousand, of which 237 thousand was postpaid. Supported by LTE adoption, mobile subscribers continued to move towards higher tariffs leading to increased data consumption. As such, mobile data revenues grew 80% yoy, representing 54% of mobile service revenues.

In the third quarter, we continued to accelerate the pace of innovation and new product introductions. We further strengthened our music platform and rebranded as Muud, offering millions of songs anywhere with high quality. Muud is not just a streamlining service, but also a live platform enabling personalized music lists, and providing mood based recommendations, and instant notifications on culture, art and all music developments and news. We also launched a new digital keyboard, Tambu, with platform capabilities including many features such as a functional customizable toolbar to personalize daily typing with hyper-local exclusive gifs and animated stickers, a learning keyboard, speech to text conversion, and translation in more than 100 languages.

Moreover, I am proud to state that Türk Telekom became a partner member of Open Network Foundation (ONF), a US-based open platform in global communications technologies. It is recognized leader of innovative approaches in telecoms sector with its focus to build next generation solutions via technologies such as SDN and NFV, as well as its world class members including AT&T, Deutsche Telecom and Verizon. Being part of this important global network, we will build new technologies, and new standards for the world and Turkey.

On top of this, we have recently signed a memorandum of understanding with GE Digital for digital transformation consultancy services. As Türk Telekom, we are an important partner of millions of large and small companies, including all Top 500 companies in Turkey with our corporate solutions. GE Digital is one of the world's most important institutions in digital transformation field. With the collaboration, we will be able to identify the digitalization level of industrial companies and help them set transformation strategies and roadmaps. During execution, customers will be offered the extensive digital solutions portfolio of GE Digital and corporate offerings of Türk Telekom.

Separately, in the third quarter, a draft legislation on taxation of telecom services was submitted to the parliament. We welcome the proposal as unification of special communication tax rates of Turkish telco sector will offer clarity and transparency for all stakeholders.

Last but not least, our operational and financial performance are well recognized by rating agencies as well. In the third quarter, both S&P and Fitch completed their annual reviews, affirming their investment grade credit ratings for Türk Telekom. On this opportunity, I thank all our employees and stakeholders for their contributions and unwavering support.”

Financial Review

(TL mn)	Q3'16	Q2'17	Q3'17	QoQ Change	YoY Change
Revenue	4,118	4,501	4,532	0.7%	10.1%
Revenue (exc. Construction adjustment)	3,943	4,292	4,420	3.0%	12.1%
EBITDA	1,452	1,712	1,687	(1.4)%	16.2%
<i>Margin</i>	35.3%	38.0%	37.2%		
Depreciation and Amortisation	719	773	714	(7.6)%	(0.7)%
Operating Profit	733	939	973	3.6%	32.8%
<i>Margin</i>	17.8%	20.9%	21.5%		
Financial Income / (Expense)	(595)	249	(519)	n.m.	(12.8)%
FX & Hedging Gain / (Loss)	(498)	339	(398)	n.m.	(20.0)%
Interest Income / (Expense)	(103)	(85)	(88)	4.0%	(14.2)%
Other Financial Income / (Expense)	5	(6)	(33)	497.6%	n.m.
Tax Expense	(129)	(298)	(161)	(46.1)%	24.6%
Net Income	9	890	293	(67.0)%	n.m.
<i>Margin</i>	0.2%	19.8%	6.5%		
CAPEX	666	545	554	1.7%	(16.8)%

Revenues

Consolidated revenues increased by 10.1% yoy (up by TL 414 mn) to TL 4,532 mn in Q3'17. Excluding non-operational construction revenue adjustment, top line growth was 12.1% yoy (up by TL 476 mn) driven by 15.3% yoy increase in mobile (up by TL 228 mn), 14.2% yoy increase in broadband (up by TL 151 mn) and 15.3% yoy increase in corporate data revenues (up by TL 51 mn).

Operating Expenses Excluding Depreciation and Amortization (OPEX)

Operating expenses increased by 6.7% yoy (up by TL 179 mn) to TL 2,845 mn in Q3'17. Specifically, commercial expenses increased by 21.4% yoy (up by TL 78 mn) driven by stronger subscriber additions and network and technology expenses increased by 16.5% yoy (up by TL 63 mn). Meanwhile, personnel expenses remained flat mostly on the back of efficiencies in a more streamlined organization.

Operating Profit before Depreciation and Amortization (EBITDA)

Consolidated EBITDA in Q3'17 increased by 16.2% yoy (up by TL 235 mn) to TL 1,687 mn with an EBITDA margin of 37.2%, up by 2 pps compared to Q3'16.

Depreciation and Amortization Expense

Depreciation and amortization expense decreased by 0.7% yoy (down by TL 5 mn) to TL 714 mn in Q3'17.

Operating Profit

Operating profit³ increased 32.8% yoy (up by TL 240 mn) to TL 973 mn in Q3'17 on the back of the stronger growth in EBITDA.

Net Financial Income / Expense⁴

Group recorded TL 519 mn net financial expense in Q3'17 driven by FX⁵ loss during the quarter (TL 595 mn net financial expense in Q3'16).

Tax Expense

Tax expense increased by 24.6% yoy (up by TL 32 mn) to TL 161 mn in Q3'17 as profit before tax more than tripled yoy.

Net Income/Loss

Net income was at TL 293 mn in Q3'17 compared to TL 9 mn in Q3'16 thanks to strong underlying operating performance and lower financial expenses in Q3'17.

³Operating profit includes revenues, cost of sales, depreciation and amortization, selling and marketing expenses, administrative expenses, other operating income/(expense), and income/(expense) from investing activities, but excludes financial income/(expenses) presented in other operating income/(expenses) (i.e. FX gain/(loss), interest income /(expenses), and discount income/(expense) on receivables and payables), income on unconsolidated subsidiaries, and minority interest. Reported operating profit on CMB financial statements is different due to reclassification requirements of the POA/CMB since 2013 Q3 financial statements.

⁴Net financial income/(expense) includes financial income/(expense) and FX gain/(loss), interest income /(expenses), discount income/(expense) on receivables and payables excluding financial borrowings which are presented in other operating income/(expenses). Net financial income/ (expense) on CMB financial statements is different due to reclassification requirements of the POA/CMB since 2013 Q3 financial statements.

⁵September'17 – USD/TL: 3.5521, EUR/TL: 4.1924 June'17 – USD/TL: 3.5071, EUR/TL: 4.0030, September'16 – USD/TL: 2.9959 EUR/TL: 3.3608 June'16- USD/TL: 2.8936 EUR/TL: 3.2044.

Operational Highlights

	Q3'16	Q2'17	Q3'17	QoQ Change	YoY Change
Total Access Lines (mn) ¹	12.9	13.2	13.4	1.4%	3.7%
<i>Fixed Voice Subscribers (mn)</i>	9.8	9.4	9.5	0.3%	(3.4)%
<i>Naked Broadband Subscribers (mn)</i>	3.1	3.8	4.0	4.2%	26.1%
Fixed Voice ARPU (TL)	23.3	23.1	23.0	(0.4)%	(1.2)%
Total Broadband Subscribers (mn)	8.4	9.1	9.4	3.2%	11.4%
Total Fiber Subscribers ('000)	1,848	2,321	2,503	7.9%	35.4%
<i>FTTH/B ('000)</i>	828	931	986	5.9%	19.1%
<i>FTTC ('000)</i>	1,020	1,389	1,517	9.2%	48.7%
Broadband ARPU (TL)	42.6	44.6	44.1	(1.1)%	3.5%
Total TV Subscribers (mn) ²	1.9	2.3	2.5	8.8%	29.2%
<i>Tivibu Home (IPTV + DTH) Subscribers('000)</i>	590	894	1,029	15.1%	74.4%
TV ARPU (TL)	18.7	17.4	16.4	(5.9)%	(12.3)%
Mobile Total Subscribers (mn)	18.4	18.8	19.2	2.2%	4.3%
<i>Mobile Postpaid Subscribers (mn)</i>	9.5	10.1	10.4	2.3%	9.3%
<i>Mobile Prepaid Subscribers (mn)</i>	8.9	8.6	8.8	2.0%	(1.1)%
Mobile Blended ARPU (TL)	26.0	28.2	28.8	2.2%	10.9%
<i>Mobile Postpaid ARPU (TL)</i>	33.9	36.6	36.8	0.6%	8.7%
<i>Mobile Prepaid ARPU (TL)</i>	16.8	17.9	18.5	3.3%	9.7%

(1) Naked DSL Lines and Fixed Voice Lines

(2) Tivibu Home (IPTV, DTH) and Tivibu Go (Web TV+ Mobile TV +Smart TV subscribers)

About Türk Telekom Group

Türk Telekom, with 176 years of history, is the first integrated telecommunications operator in Turkey. In 2015, Türk Telekomünikasyon A.Ş. adopted a “customer-oriented” and integrated structure in order to respond to the rapidly changing communication and technology needs of customers in the most powerful and accurate way, while maintaining the legal entities of Avea İletişim Hizmetleri A.Ş. and TTNET A.Ş. intact and adhering to the rules and regulations to which they are subject. Having a wide service network and product range in the fields of individual and corporate services, Türk Telekom unified its mobile, internet, phone and TV products and services under the single “Türk Telekom” brand as of January 2016.

“Turkey’s Multiplay Provider” Türk Telekom has 13.4 million fixed access lines, 9.4 million broadband and 19.2 million mobile subscribers as of September 30, 2017. Türk Telekom Group Companies provide services in all 81 cities of Turkey with 33,095 employees with the vision of introducing new technologies to Turkey and accelerating Turkey’s transformation into an information society.

Türk Telekomünikasyon A.Ş., providing PSTN and wholesale broadband services, owns 100% of mobile operator Avea İletişim Hizmetleri A.Ş., retail internet services, IPTV, satellite TV, Web TV, Mobile TV, Smart TV services provider TTNET A.Ş., TV Broadcasting and VOD services provider Net Ekran Companies, convergence technologies company Argela Yazılım ve Bilişim Teknolojileri A.Ş., IT solution provider Innova Bilişim Çözümleri A.Ş., online education software company Sebit Eğitim ve Bilgi Teknolojileri A.Ş., call center company AssisTT Rehberlik ve Müşteri Hizmetleri A.Ş., wholesale data and capacity service provider Türk Telekom International and its subsidiaries.

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The PSTN services and wholesale broadband services are provided by Türk Telekomünikasyon A.Ş., the retail internet services are provided by TTNET A.Ş. and the mobile services – are provided by Avea İletişim Hizmetleri A.Ş. Türk Telekom® brand used in this press release is the joint brand of Türk Telekom Group companies. All group companies' legal entities remain intact.

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

Türk Telekom Group Consolidated Financial Statements are available on <http://www.ttinvestorrelations.com/financial-operational-information/quarterly-results.aspx>