

**TÜRK TELEKOMÜNİKASYON A.Ş.**



**INTERIM ACTIVITY REPORT AS OF 30.09.2018  
BASED ON NO:II-14.1 COMMUNIQUE OF CAPITAL MARKETS  
BOARD**

**November 6, 2018**

## **CONTENTS**

- 1. OVERVIEW OF TURK TELEKOM**
- 2. CORPORATE STRUCTURE**
- 3. SIGNIFICANT BOARD RESOLUTIONS**
- 4. PERSONNEL MOVEMENTS**
- 5. FINANCIAL RISK MANAGEMENT**
- 6. MATERIAL ISSUES DURING THE PERIOD**
- 7. MATERIAL ISSUES AFTER THE END OF THE PERIOD**
- 8. SUMMARY FINANCIAL RESULTS**

## 1. OVERVIEW OF TÜRK TELEKOM

Türk Telekom, with 178 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 TT Mobil 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 14.3 million fixed access lines, 10.6 million broadband, 3.5 million TV and 20.8 million mobile subscribers as of September 30, 2018. Türk Telekom Group Companies provide services in all 81 cities of Turkey with 33,226 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, directly owns 100% of mobile operator TT Mobil İletişim Hizmetleri A.Ş., retail internet services, IPTV, satellite TV, Web TV, Mobile TV, Smart TV services provider TTNET A.Ş., 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., project development and corporate venture capital company TT Ventures Proje Geliştirme A.Ş, Electric Supply and Sales Company TTES Elektrik Tedarik Satış A.Ş. wholesale data and capacity service provider Türk Telekom International, and indirectly owns 100% of subsidiaries of Türk Telekom International, TV Broadcasting and VOD services provider Net Ekran Companies, telecommunications devices sales company TT Satış Ve Dağıtım Hizmetleri A.Ş and payment services company TT Ödeme Hizmetleri A.Ş. and counselling services company 11818 Rehberlik ve Müşteri Hizmetleri A.Ş.

## 2. CORPORATE STRUCTURE

### Ownership Structure

| Group        | Shareholder                                         | Paid-in Capital Amount (TL) | Share (%)  |
|--------------|-----------------------------------------------------|-----------------------------|------------|
| A            | Ojer Telekomünikasyon A.Ş.                          | 1,925,000,000.00            | 55         |
| B            | Republic of Turkey Ministry of Treasury and Finance | 875,011,884.975             | 25         |
| C            | Republic of Turkey Ministry of Treasury and Finance | 0.01                        |            |
| B            | Turkish Wealth Fund                                 | 174,988,115.015             | 5          |
| D            | Free Float                                          | 525,000,000.00              | 15         |
| <b>Total</b> |                                                     | <b>3,500,000,000.00</b>     | <b>100</b> |

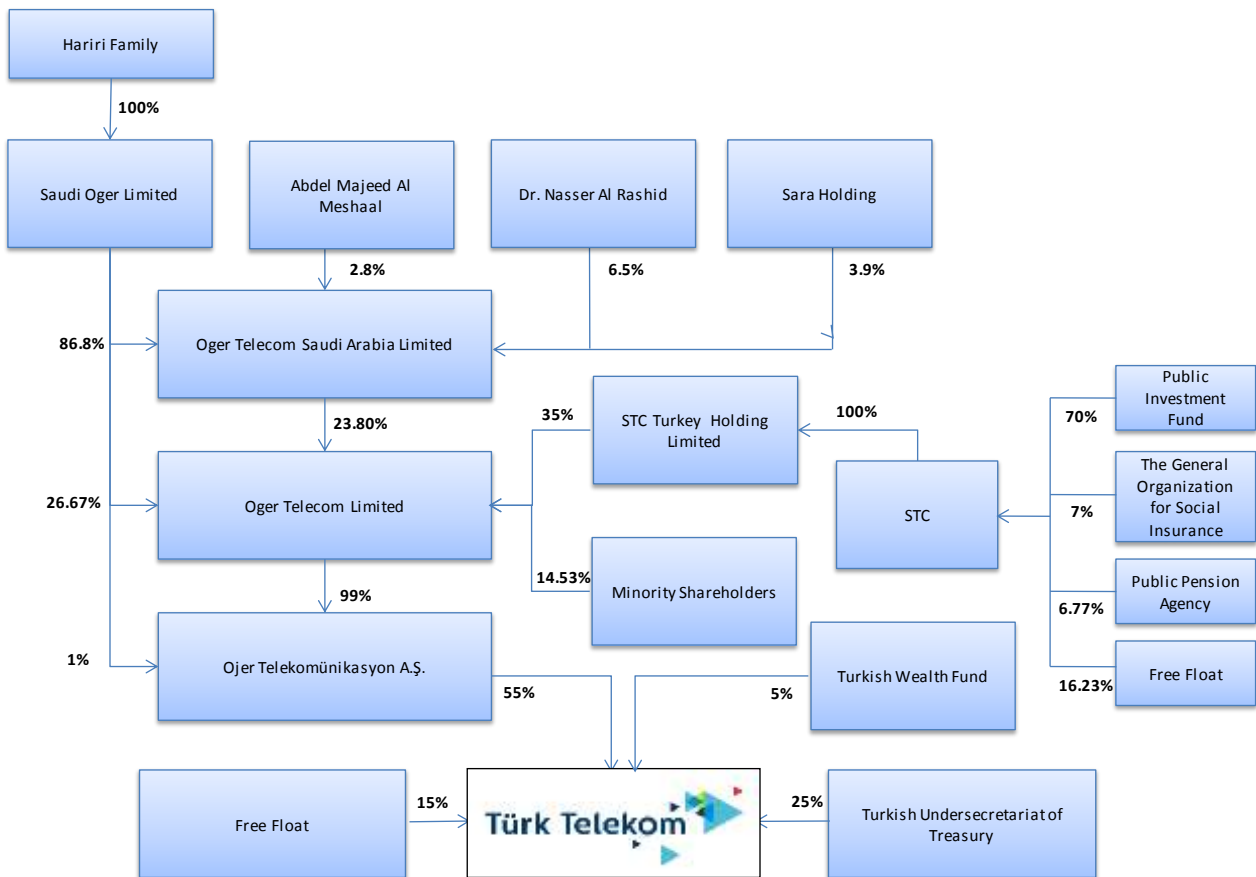
\*According to the Official Gazette on February 5, 2017, the Council of Ministers decided to transfer the 6.68% stake (5% B Group shares and 1.68% D Group shares) of the Company belonging to the Turkish Treasury to the Turkish Wealth Fund. The transaction was completed in 2017.

The Türk Telekom Shareholders’ Agreement and the Articles of Association further state that the Turkish Treasury owns a “golden share” (Class C share). The “golden share” is entitled to nominate a Board Member and has the below rights as per article 6 of the Articles of Association;

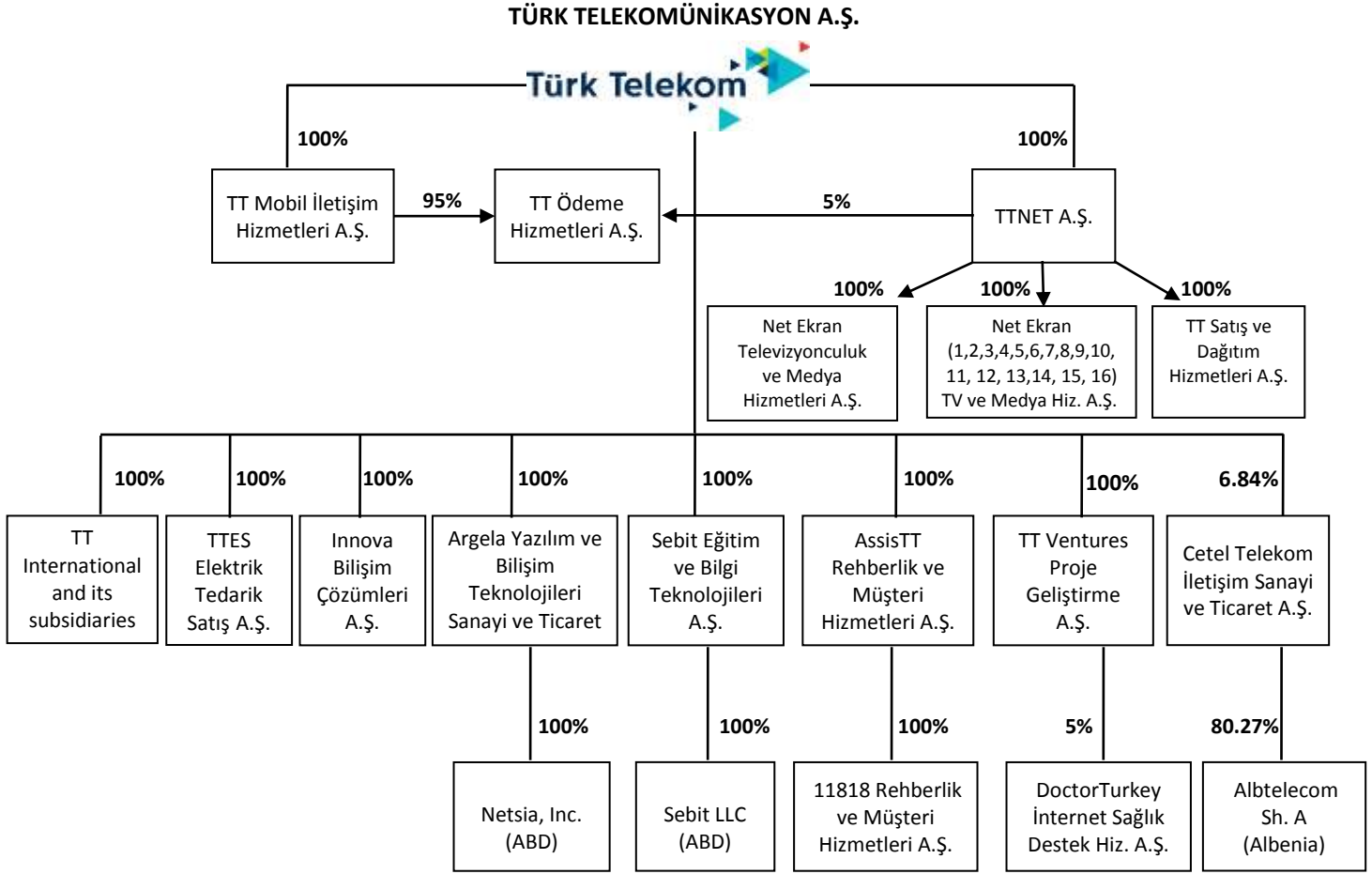
“In order to protect Turkey’s national interests relating to national security and the economy, the Class C share’s positive vote is required for the following matters regardless of the voting result in the Board or General Assembly, otherwise accepted as null and void;

- a) Any proposed amendments to the Articles of Association;
- b) The transfer of any of the Company’s registered shares which would result in a change in management control;
- c) The registration of any transfer of the Company’s registered shares in the shareholder ledger.

Natural and legal persons owning shares of our Company, directly or indirectly are stated below:



- Subsidiaries and financial investments:**



## Management and Organization

### Board of Directors

Mohammed Hariri  
Ömer Fatih Sayan  
Bülent Aksu  
Nureddin Nebati  
Selim Dursun  
Yiğit Bulut  
Sefer Turan  
İbrahim Eren  
Cenk Serdar  
Al Hakam Marwan (Hakam) Kanafani  
Faisal Mohammed I Aldughaither

Chairman of the Board of Directors  
Vice Chairman of Board of Directors and Independent Member  
Member of the Board of Directors  
Member of the Board of Directors  
Independent Member of the Board of Directors  
Independent Member of the Board of Directors  
Independent Member of the Board of Directors  
Independent Member of the Board of Directors  
Member of the Board of Directors  
Member of the Board of Directors  
Member of the Board of Directors

\*Mr. Abdullah Tivnikli, member of the Board of Directors of our Company, has passed away on 06.11.2018.

### Statutory Audit Board

Enver İşkurt  
Abdulkadir Uraloğlu  
Ali Polat

Member of the Statutory Audit Board  
Member of the Statutory Audit Board  
Member of the Statutory Audit Board

### Senior Management

|                             |                                                                       |
|-----------------------------|-----------------------------------------------------------------------|
| Dr. Boulos H.B (Paul) Doany | CEO and General Manager                                               |
| Şükrü Kutlu                 | Human Resources, Regulation and Support Assistant General Manager     |
| Kaan Aktan                  | Finance Assistant General Manager                                     |
| Hakan Dursun                | Marketing Assistant General Manager                                   |
| Fırat Yaman Er              | Strategy, Planning and Business Development Assistant General Manager |
| Yusuf Kırar                 | Technology Assistant General Manager                                  |
| Ümit Önal                   | Sales and Customer Care Assistant General Manager                     |
| Yakup Öztunç                | Legal Assistant General Manager                                       |
| Yavuz Yıldırım              | Wholesale Assistant General Manager                                   |
| Yavuz Türkmen               | Head of Internal Audit                                                |

### 3. SIGNIFICANT BOARD RESOLUTIONS

Significant Board Resolutions taken during the period are presented under Material Issues During the Period section.

### 4. PERSONNEL MOVEMENTS

Consolidated headcount as of the 30.09.2018 and 31.12.2017 are 33,226 and 34,502 respectively.

### 5. FINANCIAL RISK MANAGEMENT

Türk Telekom Group is exposed to financial risks such as liquidity risk, foreign exchange risk, interest rate risk and counterparty risk.

To minimize liquidity risk, the Group obtains long-term financing from different regions of the world (The United States, Europe, the Gulf Region, Japan, China, and Turkey) and different investment groups (commercial banks, international financial institutions such as EIB and EBRD, officially supported export credit agencies and bond). This strategy enables the Group to secure long-term financing at lower costs and also eliminates the Group's dependency on a single region or investor group.

Relating to Eurobonds issued by Türk Telekom, the Group actively monitors the price and yield dynamics of these bonds, which are tradeable instruments in the secondary markets, in order to formulate optimum cash management strategies on a total return and cost basis. Long-term financing and diversified sources result in the Group carrying liabilities in foreign currencies. Due to net liabilities denominated in foreign currencies and fluctuating exchange rates, the Group is often exposed to foreign exchange risk, which may have an impact on cash flow and the balance sheet.

Türk Telekom minimizes the negative impact of foreign exchange risk on its cash flow by carefully planning foreign currency cash flow. Firstly, the Group holds a balanced portfolio of foreign currencies (US Dollar and Euro) to avoid adverse impacts on the balance sheet. Additionally, in the face of exchange rate fluctuations between the Turkish Lira and these foreign currencies, the Group initiated a long-term hedging strategy in 2015, and realized a hedging transaction of USD 1.5 billion equivalent, details of which are provided in the footnotes to the financial statement. Furthermore, in order to create a natural hedge against foreign exchange risk, Türk Telekom keeps a significant portion of its liquid assets in the form of foreign exchange cash.

To avoid interest rate risk, Türk Telekom has entered a USD 1,050 million equivalent interest-rate swap, details of which are provided in the footnotes in the financial statements. Together with the use of fixed-cost funds such as bonds, Türk Telekom reduces its exposure to the risk of a floating interest rate.

With regard to its financial assets, Türk Telekom maintains its strategy of minimizing exposure to counterparty risks by implementing limits and a diversification policy.

Türk Telekom carries the transactions to manage the financial risks based on the evaluations and approval of the Treasury Committee, which is appointed by the Board of Directors.

## **6. MATERIAL ISSUES DURING THE PERIOD**

### Regulatory Disclosure dated 06.07.2018 - Disclosure About News or Rumours

An announcement has been posted on the website of the Competition Authority on 05.07.2018, in relation to application to the Competition Authority, for the acquisition of Ojer Telekomünikasyon A.Ş.'s 55% shares in our Company, Türk Telekomünikasyon A.Ş., by a special purpose vehicle (SPV), to be established specific to that transaction.

No notification has been made to our company, Türk Telekomünikasyon A.Ş., related to this announcement. In the event of a notification to our Company on this matter, the public will be promptly informed within the scope of the related legislation.

This public disclosure is made by our Company under article 9 of CMB's Material Events Communiqué numbered II-15.1, and relevant legislations.

### Regulatory Disclosure dated 18.07.2018 - Extraordinary General Assembly Meeting - Information Note is updated

As announced on 25.06.2018, our Board of Directors has resolved that Our Company's Extraordinary General Assembly Meeting shall be held at the address of Türk Telekomünikasyon A.Ş. Genel Müdürlük Kültür Merkezi, Turgut Özal Bulvarı 06103 Aydınlıkevler, Ankara and by electronic means on 19.07.2018 at 10:00. Extraordinary General Assembly will be held in order to discuss the agenda items including election of the Board of Directors whose term of office would expire, determination of their terms of office and their salaries, and other agenda items attached.

In this announcement, information note for the Extraordinary General Assembly Meeting is updated in addition to previously announced agenda, invitation letter and proxy sample.

### Regulatory Disclosure dated 19.07.2018 - Extraordinary General Assembly Meeting Result

Extraordinary General Assembly Meeting was held. Please find List of Attendees and Minutes on: <http://www.ttinvestorrelations.com/en-us/corporate-governance/pages/general-assembly-meeting.aspx>

### Regulatory Disclosure dated 20.07.2018 - Revision of Corporate Rating by Fitch

On July 13 2018, Fitch Ratings revised Turkey's long-term foreign currency sovereign rating from "BB+" to "BB", and the outlook from "Stable" to "Negative". Country ceiling was also downgraded to 'BB+' from 'BBB-'.

As a result of the downgrade of the sovereign ratings, Fitch has revised our company's Long-term Foreign and Local Currency Issuer Default Rating from "BBB-" to "BB+". Senior unsecured rating is also revised from "BBB-" to "BB+"

### Regulatory Disclosure dated 31.07.2018 - The Registration of Extraordinary General Assembly Meeting Results

The resolutions taken at our Company's Extraordinary General Assembly Meeting held on July 19, 2018 have been registered by Ankara Trade Registry Office on July 26, 2018 and published on the Turkish Trade Registry Gazette on July 31, 2018.

### Regulatory Disclosure dated 06.08.2018 - Senior Management Change

As of 06.08.2018, Yusuf Kırac, current General Manager of our Group Company, Türk Telekom International has been appointed as Technology Assistant General Manager of our Company.

Yusuf Kırac

Yusuf Kırac graduated in Electrical and Electronics Engineering from Hacettepe University in 1994. Following his undergraduate studies, in 1996 he started working as a manager in planning and integration

management at Siemens and Nokia Siemens Networks. Mr. Kır   started to work in T  rk Telekom in 2008, taking part in the team that carried out the successful transformation projects in T  rk Telekom's All IP Architecture with Rural Transformation, T  rk Telekom NGN and Fiber Transformation projects. In 2010, he assumed the role of Network Director and led many projects that gave profitability and capacity to T  rk Telekom such as Fiberkentt, DWDM, MPLS, DC Conversion and TTVPN. In addition to his current role, he also chaired the NANI Working Group of ETNO, European Telecommunication Operators Organization, headquartered in Brussels, between 2010 and 2014. In his managerial role at ETNO, he worked closely with international organizations such as the European Commission, CoCom, ECC, ITU, ETSI, ICANN and RIPE for numbering and addressing issues; migrating from IPv4 to IPv6, number portability, and M2M's future strategies and policies. After the integration of T  rk Telekom, Avea and TNet, he served as Core & Transport Network Director. He has also been a board member of ESB (Access Providers Association) since 2015. Yusuf Kır   has served as T  rk Telekom International General Manager since December 2016.

Regulatory Disclosure dated 15.08.2018 - Regarding permission application to the Information and Communication Technologies Authority

Within the scope of the process, which is carried out in relation to takeover of Ojer Telekom  nikasyon A.  .'s ("OTA  ") 55% shares in our Company, T  rk Telekom  nikasyon A.  . ("T  rk Telekom"), by a special purpose vehicle (SPV), which the creditor banks of OTA   will be shareholders, a notification has been made to our company by some of the creditor banks. In this respect, it has been requested that the permission, notification and approval transactions, which are required to be carried out by T  rk Telekom and its subsidiaries, before the related authorities pursuant to the legislation, which T  rk Telekom and its subsidiaries are subject to, shall be performed.

Within this context, our Company has made a permission application to the Information and Communication Technologies Authority in accordance with the related legislation.

Regulatory Disclosure dated 17.08.2018 - Regarding the Result of Permission Application to the Information and Communication Technologies Authority

As announced via our Company's regulatory disclosure dated 15.08.2018, within the scope of the process, which is carried out in relation to takeover of Ojer Telekom  nikasyon A.  .'s ("OTA  ") 55% shares in our Company, T  rk Telekom  nikasyon A.  . ("T  rk Telekom"), by a special purpose vehicle (SPV), which the creditor banks of OTA   would be shareholders thereof, our Company made a permission application to the Information and Communication Technologies Authority in accordance with the related legislation.

Within this context, the Information and Communication Technologies Authority has resolved that;

- 1) Transfer of the 55% shares of our Company, T  rk Telekom owned by OTAS to a special purpose vehicle (SPV), which the creditor banks of OTA   would be shareholders thereof, shall be approved.
- 2) Transfer of the shares of T  rk Telekom, which holds 100% of the shares of TT MOB  l İletişim Hizmetleri A  , TNET A  , 11818 Rehberlik ve M   teri Hizmetleri A   and TT International Telekom  nikasyon San. ve Tic. Ltd., which are authorized by the Information and Communication Technologies Authority, shall have no adverse consequence with regard to these companies.

Regulatory Disclosure dated 17.08.2018 - Revision of Outlook by JCR Eurasia Rating

On 14.08.2018, Japan Credit Rating Agency, Ltd. (JCR), has revised Turkey's short and long term international foreign and local currency outlooks from "Stable" to "Negative" respectively.

As a result of the revision of the sovereign foreign and local currency outlooks, JCR Eurasia Rating has revised our company's foreign and local currency outlooks as "Negative" and "Stable" respectively.

JCR Eurasia Rating has continued to assign our Company T  rk Telekom  nikasyon A.  . Investment grade ratings on the national and international scales. The Long Term National Rating is kept as 'AA- (Trk)', Long Term International Local Currency Rating as 'BBB' and Long Term International Foreign Currency Rating as 'BBB-'.

Regulatory Disclosure dated 28.08.2018 - Revision of Corporate Rating by S&P

On August 17 2018, S&P Global Ratings (S&P) revised Turkey's long-term sovereign rating from "BB-" to "B+", and kept outlook unchanged as "Stable". S&P also revised its T&C assessment from "BB+" to "BB-".

Correspondingly, S&P has revised our company's long-term corporate rating from "BB+" to "BB-" and kept outlook unchanged as "Stable". Meanwhile, S&P has revised our company's stand-alone credit profile (SACP) from "bbb-" to "bb+".

Regulatory Disclosure dated 29.08.2018 - Approval of transfer of OTAŞ's shares by Ministry of Treasury and Finance

According to legal notification from the Ministry of Transport and Infrastructure, the takeover of Ojer Telekomünikasyon A.Ş.'s ("OTAŞ") 55% shares in our Company, Türk Telekomünikasyon A.Ş. ("Türk Telekom"), by a special purpose vehicle (SPV), which the creditor banks of OTAŞ would be shareholders, has been approved by the Ministry of Treasury and Finance.

Regulatory Disclosure dated 04.09.2018 - Board Member Changes

Mr. Suat Hayri Aka, member of the Board of Directors representing the C Group Privileged Shares in our Company, and Mr. Fahri Kasırga, the Independent Board Member and the Vice Chairman of the Board of Directors of our Company have resigned.

Mr. Ömer Fatih Sayan has been appointed to the board membership position, which became vacant due to Suat Hayri Aka's resignation, pursuant to Article 363 of the Turkish Commercial Code, for the remaining office term of the Board of Directors and he was elected as Vice Chairman of the Board of Directors. The aforesaid appointment shall be presented to the approval of the General Assembly of our Company at the first General Assembly Meeting to be held.

Subject to the approval of the Capital Markets Board; Mr. Selim Dursun has been appointed as the Independent Board Member, to the membership position, which became vacant due to Mr. Fahri Kasırga's resignation, pursuant to Article 363 of the Turkish Commercial Code, for the remaining office term of the Board of Directors. The aforesaid appointment shall be presented to the approval of the General Assembly of our Company at the first General Assembly Meeting to be held.

Dr. Ömer Fatih Sayan was born in İstanbul in 1977. He received his Bachelor degree from the Electronics Engineering Department of İstanbul University Faculty of Engineering; Faculty of Law of Bahçeşehir University and Diplomatic Studies of Oxford University – St Antony's School. He completed his Master's Degree at Electrical and Electronics Engineering and Communications Engineering Department of Technical University of Munich and at Biomedical Engineering Department of İstanbul University Institute of Science and Technology. He also received his PhD on Biomedical Engineering at the İstanbul University Institute of Science and Technology. Starting his career in İstanbul Metropolitan Municipality in 1995, Mr. Sayan worked in private companies in Turkey, Germany and USA in the fields of chip manufacturing, cell phone design and R&D after receiving his Bachelor's Degree. He carried out studies in entrepreneurship by working under the initiative of Silicon Valley and he gave lectures on Information Law and New Trends in Informatics in many universities in Turkey and Germany. Ömer Fatih Sayan has given many lectures in conferences about research subjects and he has many articles published in scientific journals. He carried out his duty as Advisor to the Prime Minister and Chief Advisor to the Prime Minister between the years of 2007 and 2014. He has worked as Information and Communications Technologies Authority (ICTA) Chairman from June 2015 to July 2018. He has been assigned as the Deputy Minister of the Ministry of Transport and Infrastructure on July 21, 2018. He is married and father of 2. He speaks English, German and French.

Selim Dursun was born in İstanbul in 1957. He was graduated from Mechanical Engineering Department of İstanbul Yıldız Technical University in 1980. He worked in the private sector as Mechanical Engineer and served in executive positions between the years of 1980-2002. He served as Advisor to Minister in the Ministry of Transport between 2003-2005, as Executive Assistant of Ministry of Transport between

2005-2011, as General Manager and Chairman in TÜDEMSAŞ between 2011-2012 and as Advisor to the Minister in Ministry of Transport between the years of 2012-2015. He was elected as a Member of Parliament from Sivas province in the 25th and 26th Parliaments of Turkey. In the same period, he worked as the Chair of Peru Friendship Group of Parliament of the Republic of Turkey. He carried out various social activities in Non-Governmental Organizations as chairman, manager and member. He served as a Board Member of the Taekwondo Federation between 2004-2007, as the Chairman of Transportation Sports Club Association between 2006-2015 and as the president of Sivas Demirspor Club between the years of 2011-2012. He has been working as the Deputy Minister of the Ministry of Transport and Infrastructure of the Republic of Turkey since July 2018. He is married and father of 4.

Regulatory Disclosure dated 05.09.2018 - Members of the Board of Auditors Changes

The members of Our Company's Board of Auditors, Mr. Ismail Kartal and Mr. Salih Orakci have resigned.

Mr. Abdülkadir Uraloğlu and Mr. Enver İskurt have been appointed as the members of the Board of Auditors for the remaining office term of the Board of Auditors. The aforementioned appointments shall be presented to the approval of the General Assembly of our Company at the first General Assembly meeting to be held.

Regulatory Disclosure dated 14.09.2018 - Independent Board Member Approval

Upon our Board of Directors' decision dated 04.09.2018, our company had applied to Capital Markets Board (CMB) for nomination of Mr. Selim Dursun as Independent Board Member. CMB has approved this application via the letter dated 14.09.2018.

Regulatory Disclosure dated 27.09.2018 - Disclosure About News or Rumours

Certain news have been published today in various media channels regarding the sale of Ojer Telekomünikasyon A.Ş.' 55% shares in our Company Türk Telekomünikasyon A.Ş.. However, there are no recent developments notified to our Company regarding the subject matter of these news. In the event of a notification of a development to our Company on this matter, the public will be promptly informed within the scope of the related legislation.

This public disclosure is made by our Company under article 9 of CMB's Material Events Communiqué numbered II-15.1, and relevant legislations.

## **7. MATERIAL ISSUES AFTER THE END OF THE PERIOD**

Regulatory Disclosure dated 24.10.2018 - Corporate Governance Rating Agreement Extension

Our company signed an agreement with SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA) to renew our corporate governance rating. The agreement will be valid until October 24, 2019. SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. is authorized to conduct corporate governance rating in compliance with Corporate Governance Principals of Capital Markets Board.

Regulatory Disclosure dated 02.11.2018 - Board Member Changes

Mr. Rami Aslan, Mr. Mazen Abou Chakra, and Mr. Nasser Sulaiman A Al Nasser, members of the Board of Directors of our Company have resigned from all their duties in our Company.

- Pursuant to Article 363 of the Turkish Commercial Code, Mr. Bülent Aksu, who has been nominated by the Group A shareholder, has been appointed to the board membership position, which became vacant due to Mr. Rami Aslan's resignation, for the remaining office term of the Board of Directors.

- Pursuant to Article 363 of the Turkish Commercial Code, Mr. Nureddin Nebati, who has been nominated by the Group A shareholder, has been appointed to the board membership position, which became vacant due to Mr. Mazen Abou Chakra's resignation, for the remaining office term of the Board of Directors.

- Pursuant to Article 363 of the Turkish Commercial Code Mr. Faisal Mohammed I Aldughaiter, who has been nominated by the Group A shareholder, has been appointed to the board membership position, which became vacant due to Mr. Nasser Sulaiman A Al Nasser's resignation, , for the remaining office term of the Board of Directors.

The aforesaid appointments shall be presented to the approval of the General Assembly of our Company at the first General Assembly Meeting to be held.

**Bülent Aksu**

He has 22 years of managerial experience in finance, accounting, tax and management fields in various sectors including telecommunications, energy, petrochemicals, textiles and audit.

He began his professional career at Kuveyt Türk's Inspection Board as an Auditor, and then took office at Çalık Holding in 2003 to serve as Finance Manager and Group Finance Director, respectively.

He served as CFO and Board Member at Akfel Group between 2008 and 2012. Mr. Aksu worked as CFO for Azerbaijani National Oil and Gas Company's (SOCAR) subsidiaries Petkim Petrokimya Holding A.Ş. and STAR Rafineri A.Ş. respectively between 2012 and 2016.

Bülent Aksu executed many Merger&Acquisitions in various industries, and actively ran financial transactions such as project financing and bond issuance in international and domestic markets.

He led the conclusion of the financing agreement for the USD 3.3 billion and 18 years maturity financing deal signed with 23 local and international financial institutions for STAR Rafineri, one of the top industrial investments of our country. This loan agreement was the top project financing transaction ever made in Turkey in terms of the total sum and the term. In addition, it became the largest financing transaction in Europe for the year 2014.

Bülent Aksu served as CFO of Turkcell between July 20, 2016 and July 17, 2018. In addition to international practices in balance sheet and FX exposure management, he made great contributions to Turkcell with his innovative solutions for investments financing.

Mr. Aksu has taken office as Deputy Minister for the Ministry of Treasury and Finance as of 3rd of August, 2018.

Between 2016 and 2018, Mr. Aksu was voted among the top 50 most influential CFOs in Turkey by the magazine Fortune Turkey. Bülent Aksu graduated from Business Administration (English) Department of Istanbul University in 1996. He is married and father of 3.

**Dr. Nureddin Nebati**

Nureddin Nebati was born in Viranşehir, Şanlıurfa on 1st of January, 1964.

He is a political scientist. He studied at the Department of Public Administration the Faculty of Social Sciences, Istanbul University. He took his master's degree in International Relations at the Institute of Social Sciences, Istanbul University. He took his PhD in Political Science and Public Administration at the Institute of Social Sciences, Kocaeli University. He gave lectures in political science, Turkish politics, state and political sociology at a variety of universities.

He is a businessman with a background in textile business. He served as a board member of MUSIAD (Independent Industrialists' and Businessmen's Association) and a member of the Disciplinary Board at Istanbul Chamber of Commerce. He is currently a member of MUSIAD's High Advisory Board. He continues to act as a member of the Alumni Foundation and Association of the Faculty of Social Sciences at Istanbul University, the Society of Scientific Dissemination, Ensar, Tugva, Onder, Utesav, TDED, BEK, IDD, IDV and similar foundations and associations.

He is currently the president of the Foundation UTEV, and the Turkish president of the Interparliamentary Jerusalem Platform, and a member of the Scientific Board at Opinion Center for Esenler Municipality.

He was elected as a member of the AK Party's Central Decision Board at its 4th Ordinary Congress. He also served as the president of AK Party's Central Financial and Administrative Affairs, and the Deputy Party

Leader. He was elected as a member of the parliament for Istanbul in the 24th term, for Şanlıurfa in the 25th term and for Istanbul once again in the 26th term.

Nureddin Nebati has taken office as Deputy Minister for the Ministry of Treasury and Finance as of 6th of September, 2018.

He speaks English fluently, and knows some Arabic. Mr. Nebati is married and father of 4.

Faisal Mohammed I Aldughaither

Mr. Al-Dughaither graduated from Computer Engineering Department of King Fahd University of Petroleum and Minerals in 1998.

He started his carrier as an internal auditor in Riyadh Bank, KSA in 1999 and following that he undertook several managerial positions in Saudi Telecom Company (STC) Group.

Mr. Al-Dughaither is a corporate executive with 19 years of experience, delivering international business based commercial and performance management solutions that are directly linked to the corporation's strategy and financial imperatives.

He has acquired in-depth knowledge of various management practices by having participated in the management of over 10 business units in different countries, due diligence activities, start-ups (VIVA Kuwait and Bahrain) and several acquisitions, divestitures and large scale outsourcing mandates.

He held leadership positions in the field of corporate strategic planning and is able to consolidate a corporation's transactional functions (HR, IT, Finance, Procurement, etc.) into one organizational unit delivering significant cost savings and operational efficiencies through highly efficient business processes.

In September 2013, Mr. Al-Dughaither was named corporate STC Group Synergy General Manager of STC Investments. Mr. Al-Dughaither also serves on the Board of Directors of STC Gulf Investment Holding 3 SPC.

## 8. SUMMARY FINANCIAL RESULTS

### Summary Türk Telekom Consolidated Balance Sheet as of 31.12.2017 and 30.09.2018

| TL millions                                        | 31.12.2017    | 30.09.2018    |
|----------------------------------------------------|---------------|---------------|
| Intangible Assets                                  | 8,482         | 9,679         |
| Tangible Assets <sup>(a)</sup>                     | 9,138         | 14,147        |
| Other Assets <sup>(b)</sup>                        | 7,428         | 8,931         |
| Cash and Equivalents                               | 4,100         | 6,187         |
| <b>Total Assets</b>                                | <b>29,149</b> | <b>38,945</b> |
| Share capital                                      | 3,260         | 3,260         |
| Reserves, Retained Earnings and Other Equity Items | 1,295         | 2,262         |
| Interest Bearing Liabilities <sup>(c) (e)</sup>    | 16,492        | 24,713        |
| Other Liabilities <sup>(d)</sup>                   | 8,102         | 8,709         |
| <b>Total Equity and Liabilities</b>                | <b>29,149</b> | <b>38,945</b> |

(a) Tangible assets include property, plant and equipment and investment property.

(b) Major items within Other Assets are Trade Receivables, Due from Related Parties, Other Current Assets and Deferred Tax Asset.

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

(d) Major items within Other Liabilities are Deferred Tax Liability, Trade Payables, Provisions, Income Tax Payable, Debts to Related Parties, Other Current Liabilities and Provisions for Employee Termination Benefits.

(e) Bills, bonds and notes issued that were measured at 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.

### Recognition of lands using the revaluation model

Starting from 30 September 2018, our Company has commenced measuring its lands using the revaluation model compliant with pursuant to Turkish Accounting Standards no 16 TAS 16 which have previously been measured under the cost model.

As at 30 September 2018, revalued amount of lands is TL 5,356,226 thousand which is valued by real estate valuation companies licensed by Capital Markets Board of Turkey. The increase in carrying amount of lands amounting to TL 4,743,599 thousand is recognized in other comprehensive income, net of tax.

### Summary Türk Telekom Consolidated Income Statement for the periods of 2017 9M, 2018 9M, 2017 Q3 and 2018 Q3

| TL millions                                         | 2017 9M       | 2018 9M       | 2017 Q3      | 2018 Q3       |
|-----------------------------------------------------|---------------|---------------|--------------|---------------|
| <b>Revenues</b>                                     | <b>13,340</b> | <b>15,033</b> | <b>4,532</b> | <b>5,396</b>  |
| <b>EBITDA</b>                                       | <b>4,927</b>  | <b>6,206</b>  | <b>1,687</b> | <b>2,267</b>  |
| <i>Margin</i>                                       | 37%           | 41%           | 37%          | 42%           |
| <b>Operating Profit <sup>(a)</sup></b>              | <b>2,720</b>  | <b>3,457</b>  | <b>973</b>   | <b>1,305</b>  |
| <i>Margin</i>                                       | 20%           | 23%           | 21%          | 24%           |
| <b>Financial Income/Expense, net <sup>(b)</sup></b> | <b>-893</b>   | <b>-8,136</b> | <b>-519</b>  | <b>-5,077</b> |
| FX & Hedging Gain/Loss, net <sup>(c)</sup>          | -568          | -7,718        | -398         | -4,906        |
| Interest Income/Expense, net                        | -249          | -443          | -88          | -186          |
| Other Financial Income/Expense, net <sup>(d)</sup>  | -76           | 25            | -33          | 14            |
| <b>Tax Expense</b>                                  | <b>-578</b>   | <b>1,073</b>  | <b>-161</b>  | <b>926</b>    |
| <b>Profit</b>                                       | <b>1,249</b>  | <b>-3,606</b> | <b>293</b>   | <b>-2,846</b> |
| <i>Margin</i>                                       | 9%            | n.m.          | 6%           | n.m.          |

(a) Operating profit includes revenues, cost of sales, depreciation, amortization and impairment expenses, marketing, sales and distribution expenses, general administrative expenses, research and development expenses, other operating income/(expense), and income/(expense) from investing activities, but excludes financial income/(expenses) presented in other operating income/(expenses) on CMB financial statements (i.e. FX gain/(loss), interest and rediscount income/(expense) on current accounts excluding bank borrowings). Reported operating profit on CMB financial statements is different due to reclassification requirements of the POA/CMB since 2013 Q3 financial statements.

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

(c) 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.

(d) Bills, bonds and notes issued that were measured at 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.

#### IFRS 15 Adoption

Türk Telekom adopted IFRS 15 Revenue from Contracts with Customers with a date of initial application of 1 January 2018. The Group applied IFRS 15 using the cumulative effect method – by recognizing the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Therefore, the previous periods were not restated. Please kindly find the reconciliation of IFRS 15 change on 2018 Q1, Q2 and Q3 at financial footnotes and "IFRS 15 Adoption reconciliation" tab.

#### IFRS 9 Adoption

The Group has initially adopted IFRS 9 Financial Instruments issued in July 2014 with a date of initial application of 1 January 2018. IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. For further details, please see 2018 9M financial statements and footnotes.