

Türk Telekom

Investor Presentation

2020 Q3

Türk Telekom



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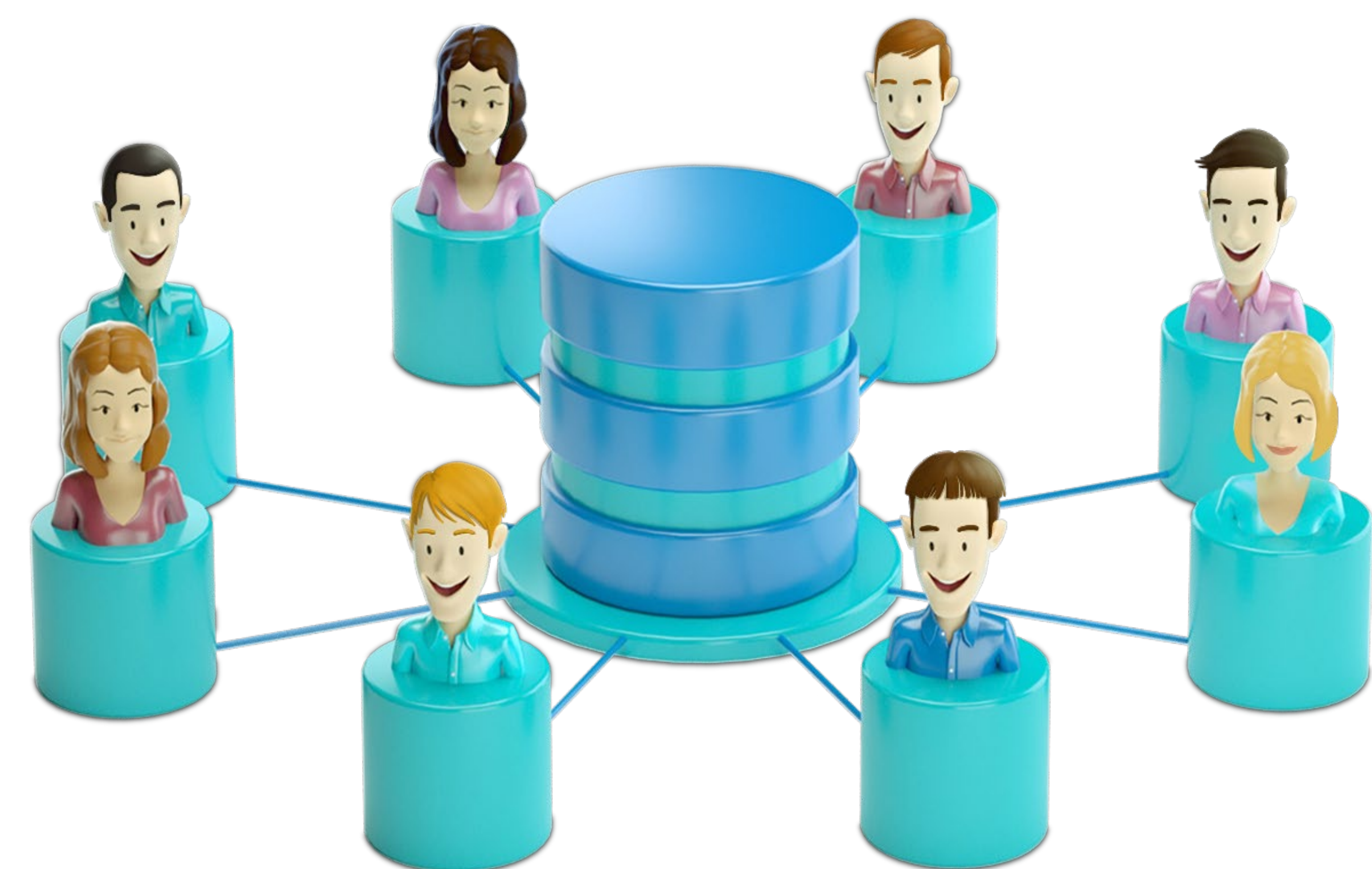
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Note: EBITDA is a non-GAAP financial measure. The EBITDA definition used in this investor presentation includes revenues, cost of sales, marketing, sales and distribution expenses, general administrative expenses, research and development expenses 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).

Net Subscriber Additions

49.5mn

Total number of subscribers



857k
in Q3 '20

Net additions*

1.9mn
in LTM

Q3 Highlights



Broadband

534k
Q3 '20

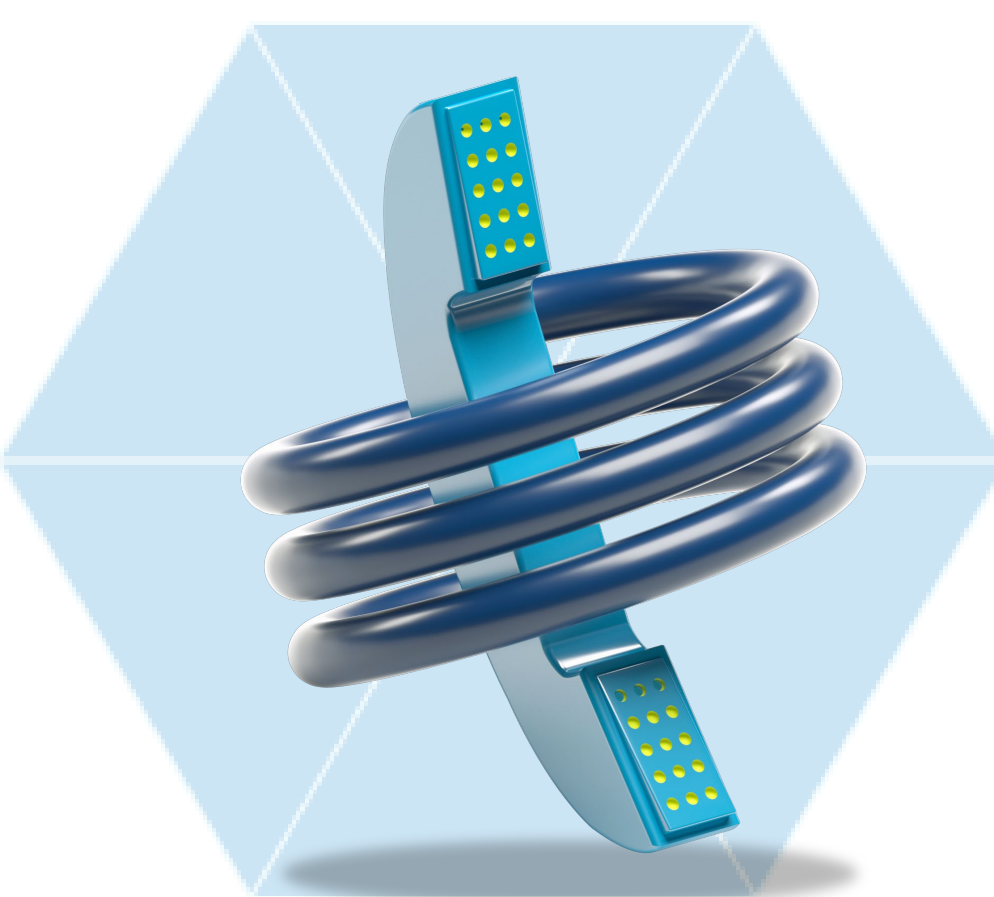
1.4mn
LTM



Mobile

269k
Q3 '20

328k
LTM



Fixed Voice

159k
Q3 '20

517k
LTM

*Includes Tivibu

Financial Performance

(TL mn)	Q3 '19	Q2 '20	Q3 '20	Growth (QoQ)	Growth (YoY)
Revenue	6,210	6,969	7,366	5.7%	18.6%
Revenue (exc. IFRIC12) ¹	5,824	6,369	6,952	9.1%	19.4%
EBITDA	3,005	3,237	3,477	7.4%	15.7%
EBITDA Margin	48.4%	46.4%	47.2%		
Operating Profit	1,822	1,934	2,134	10.4%	17.1%
Profit Before Tax	1,347	1,231	555	(54.9)%	(58.8)%
Net Income	1,117	980	432	(55.9)%	(61.3)%
CAPEX	1,223	1,237	1,822	47.3%	48.9%

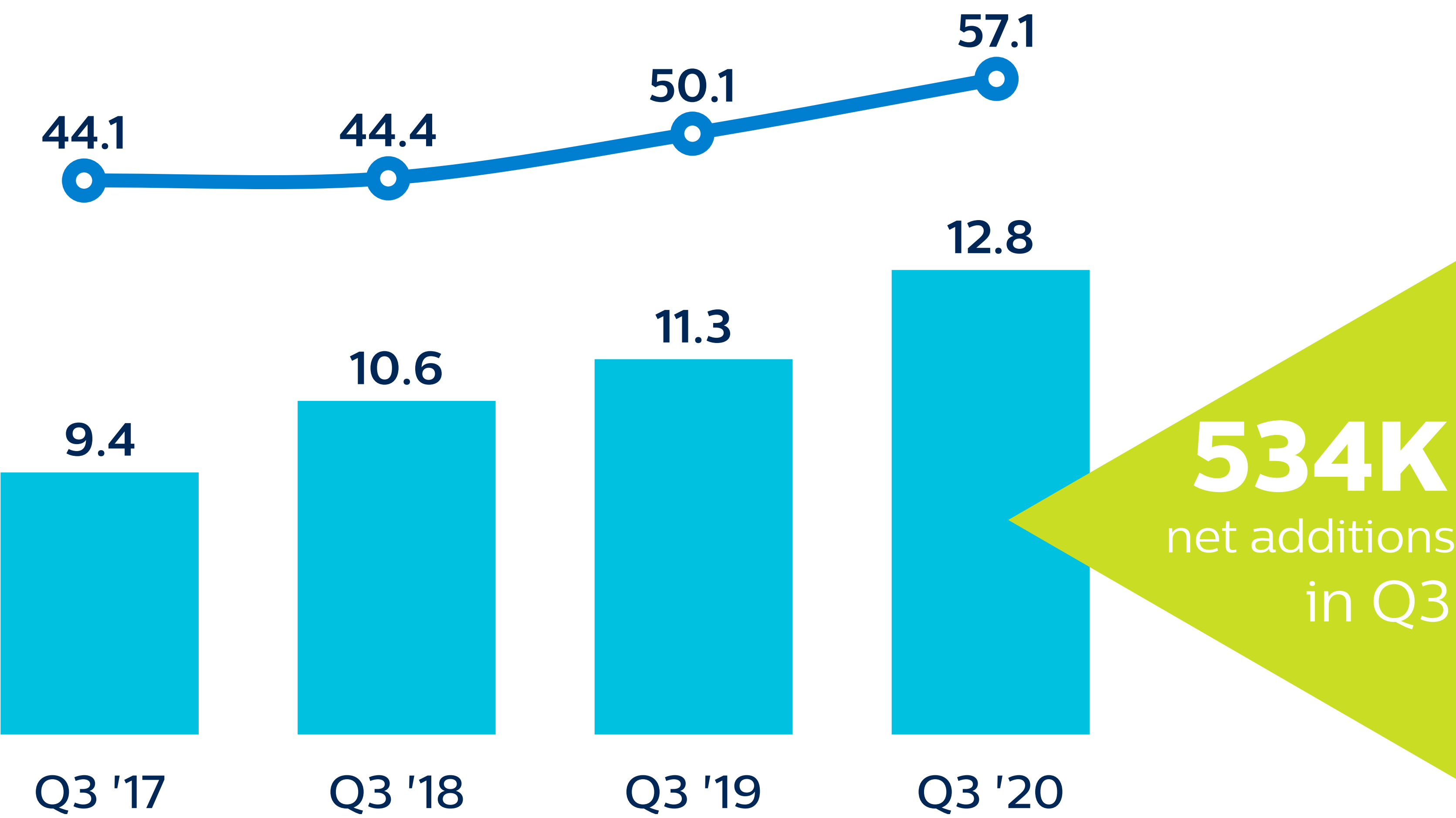
(1) IFRIC 12 adjustment is a non-operational revenue line booked in conjunction with upgrades to fixed line infrastructure, such as the upgrade from copper to fiber based network

Fixed Broadband Performance



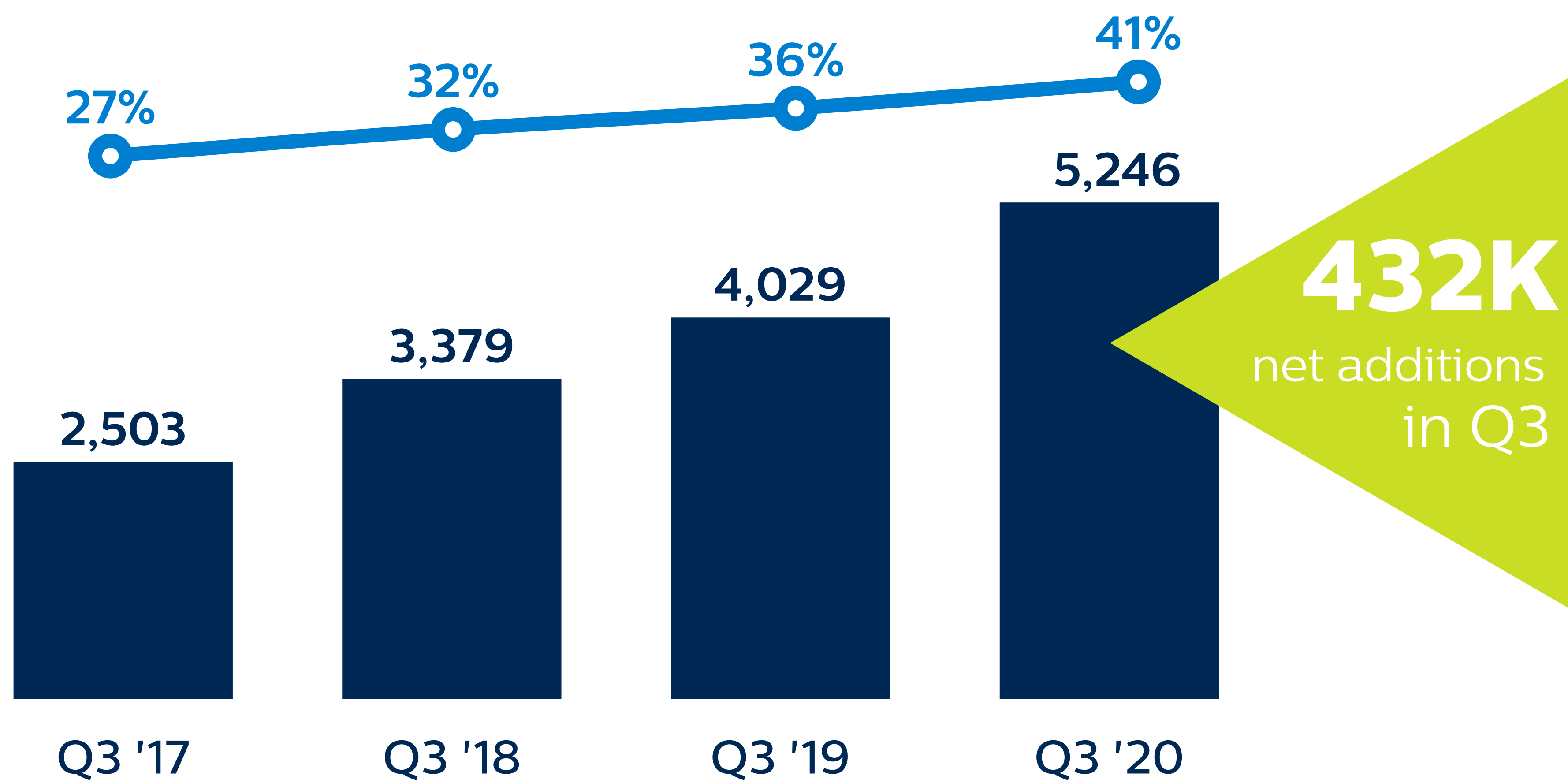
ARPU & Subscribers

■ Subscribers (mn) ● ARPU (TL)



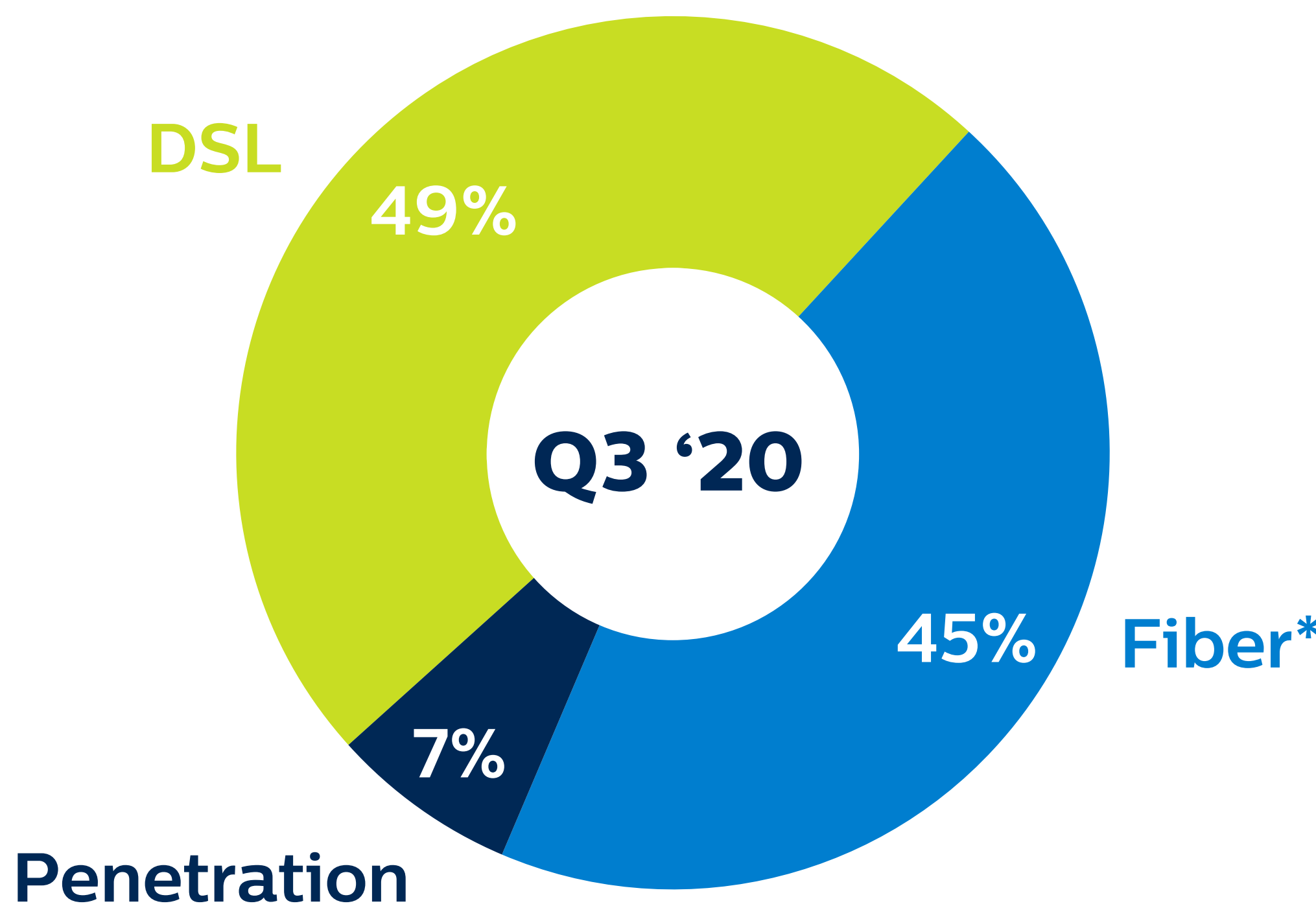
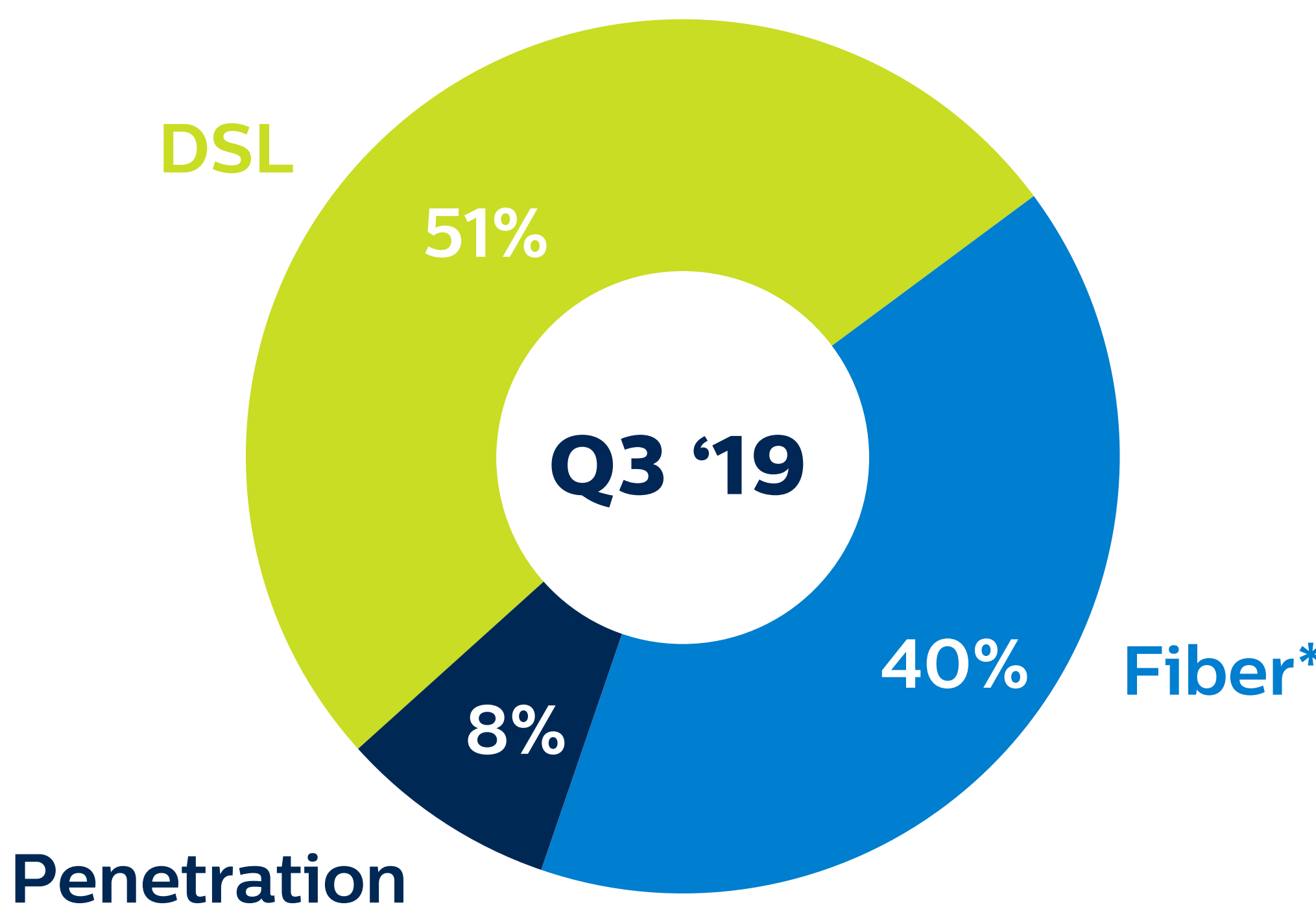
Fiber Subscribers

■ Subscribers (thousand) ● Fiber Ratio in Total Broadband Subscribers



Subscriber Breakdown

(% of Subscribers)

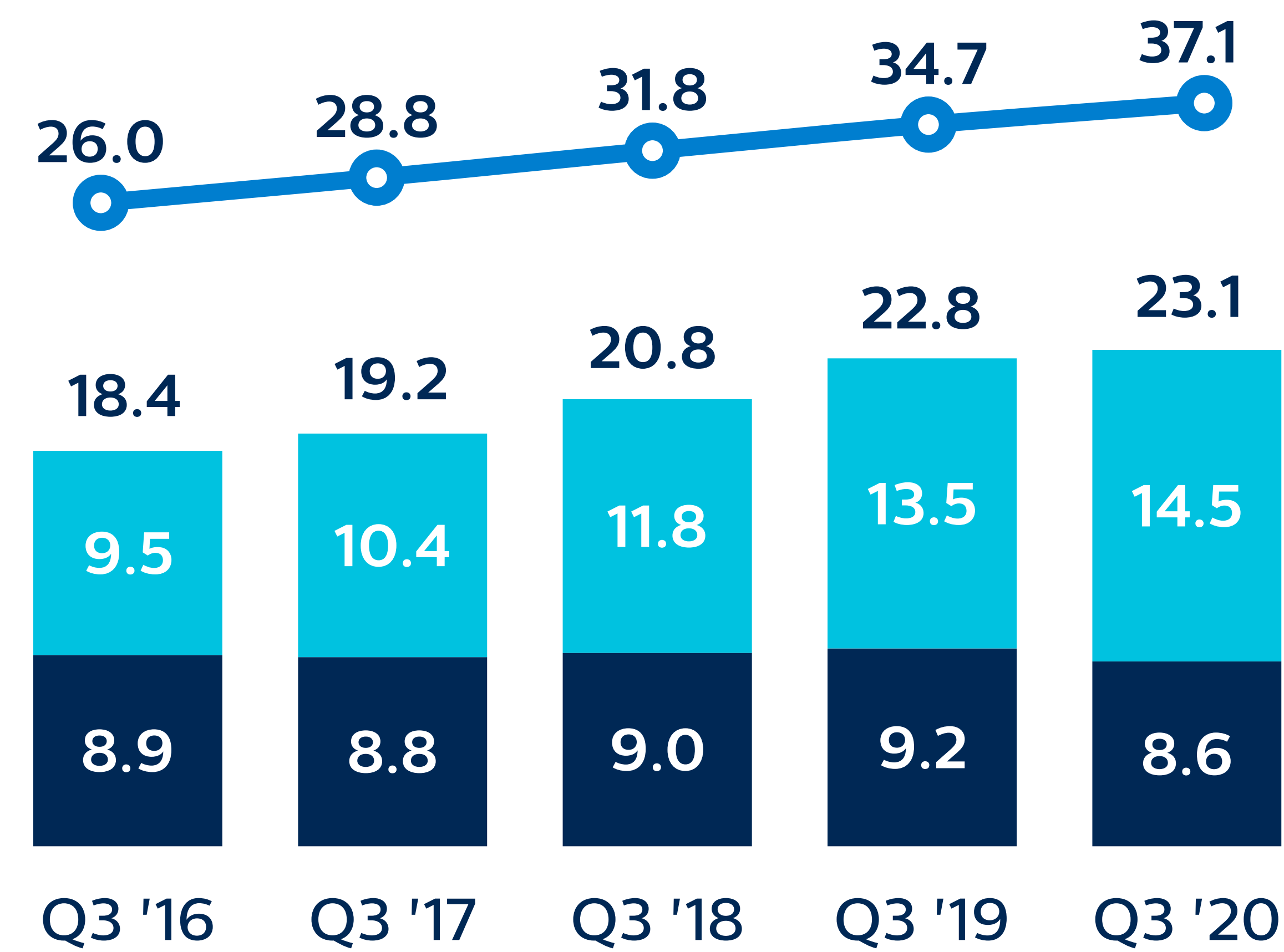


* Fiber subscribers include FTTH/B & FTTC subscribers

Mobile Performance

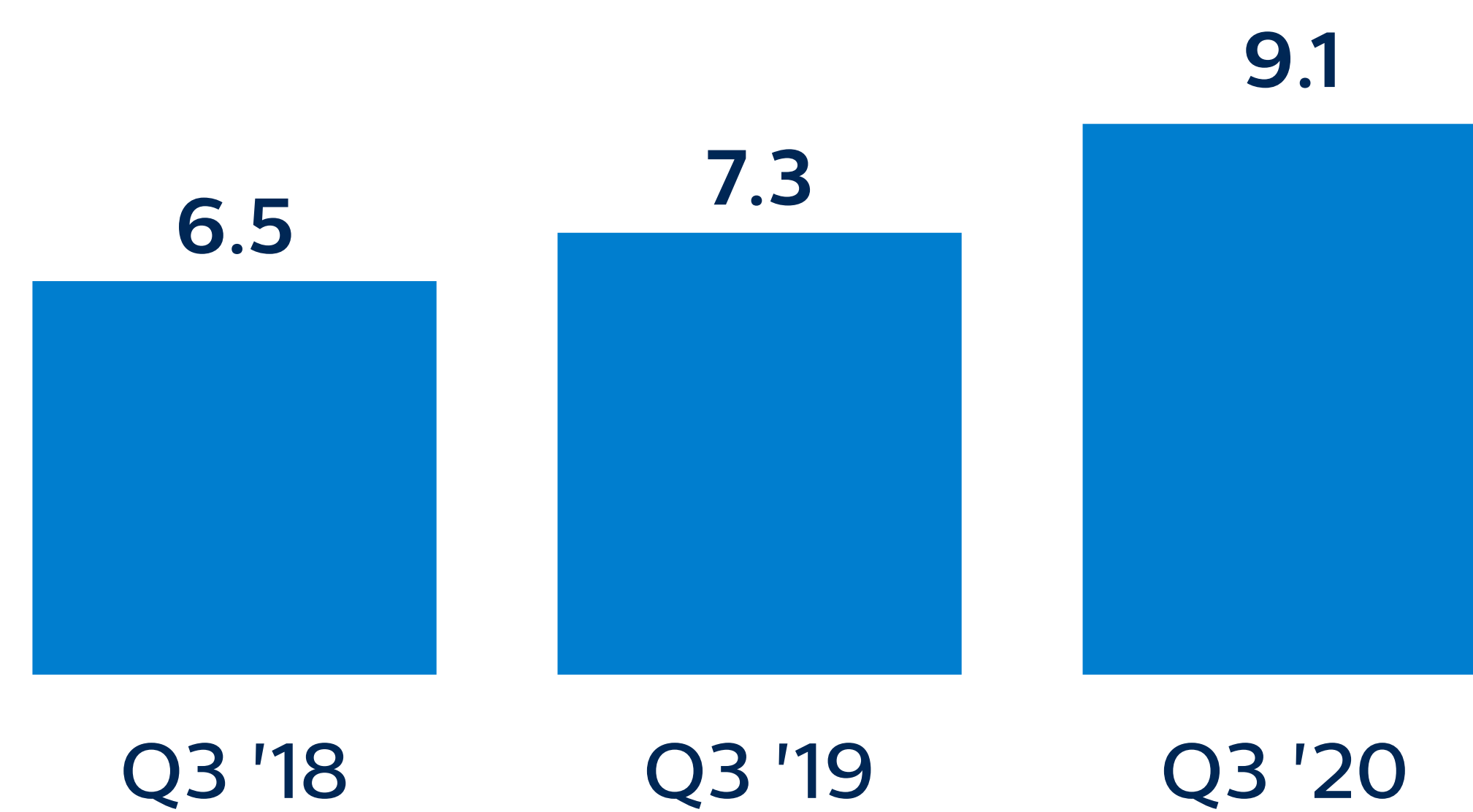
Growing ARPU & Subscriber Base

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



Avg. Monthly Mobile Data Usage

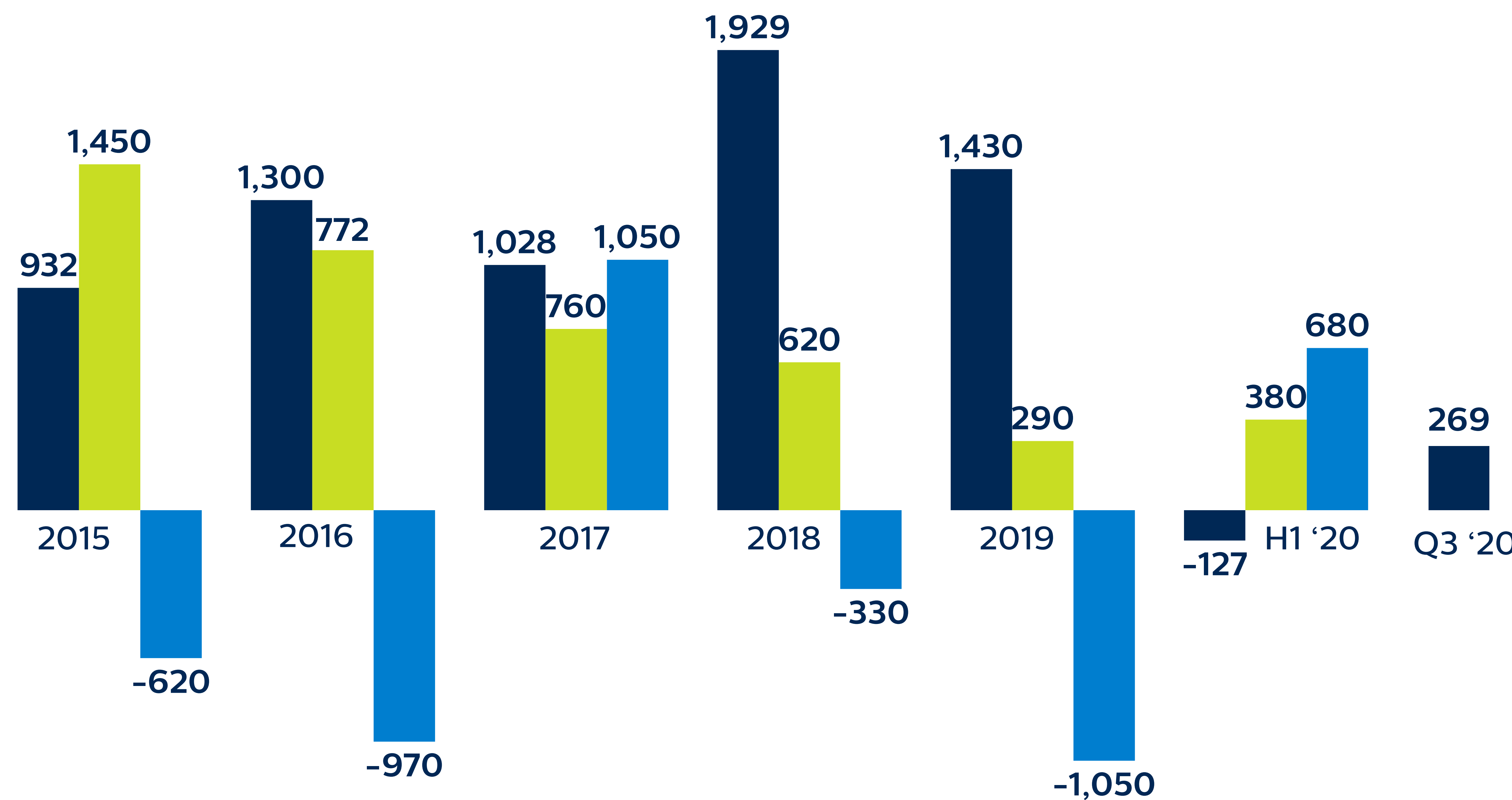
(GB per LTE user)



Net Subscriber Additions

(thousand)

■ Türk Telekom ■ Vodafone ■ Turkcell



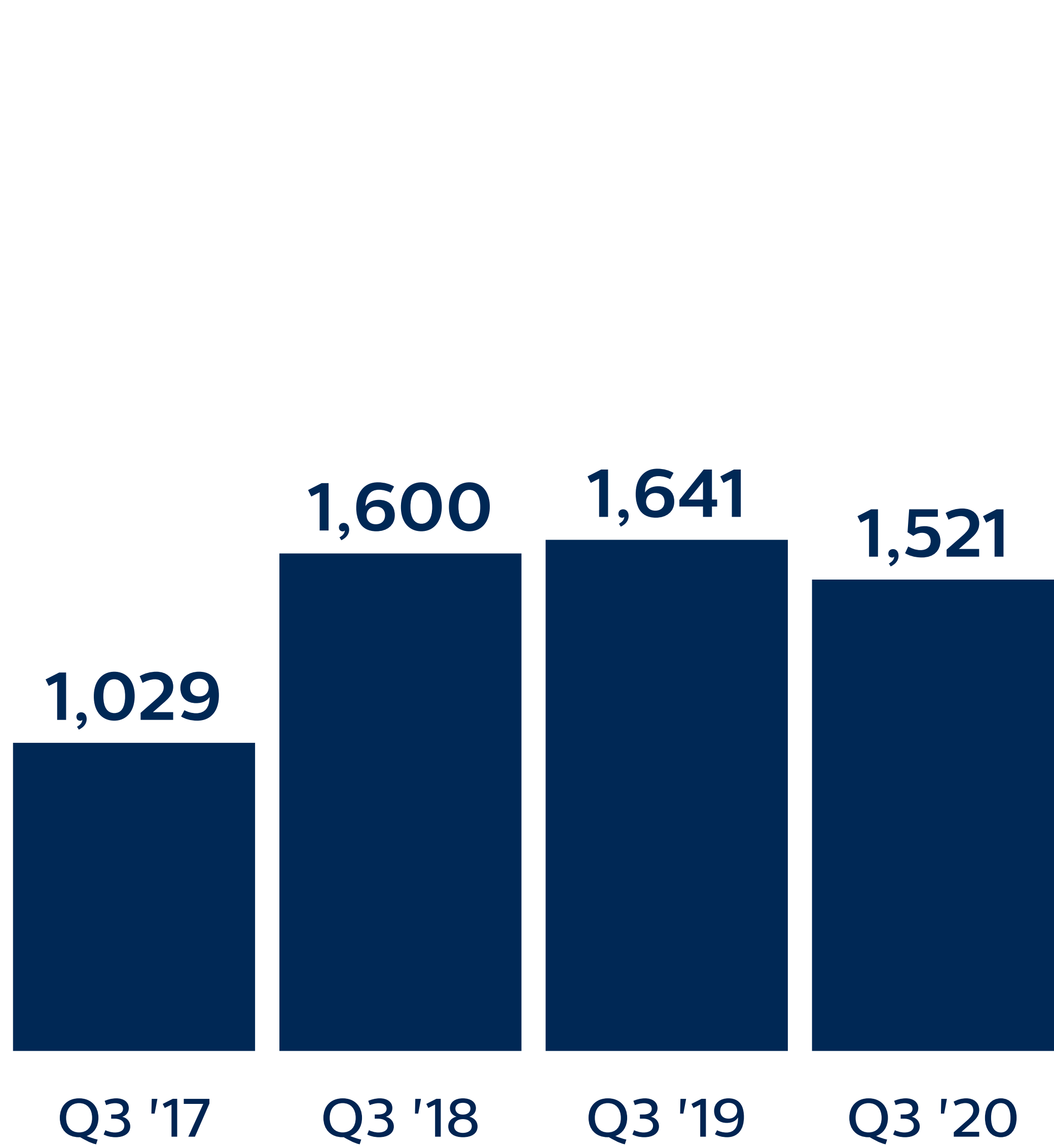
Source: ICTA, Türk Telekom

TV Performance

Subscribers

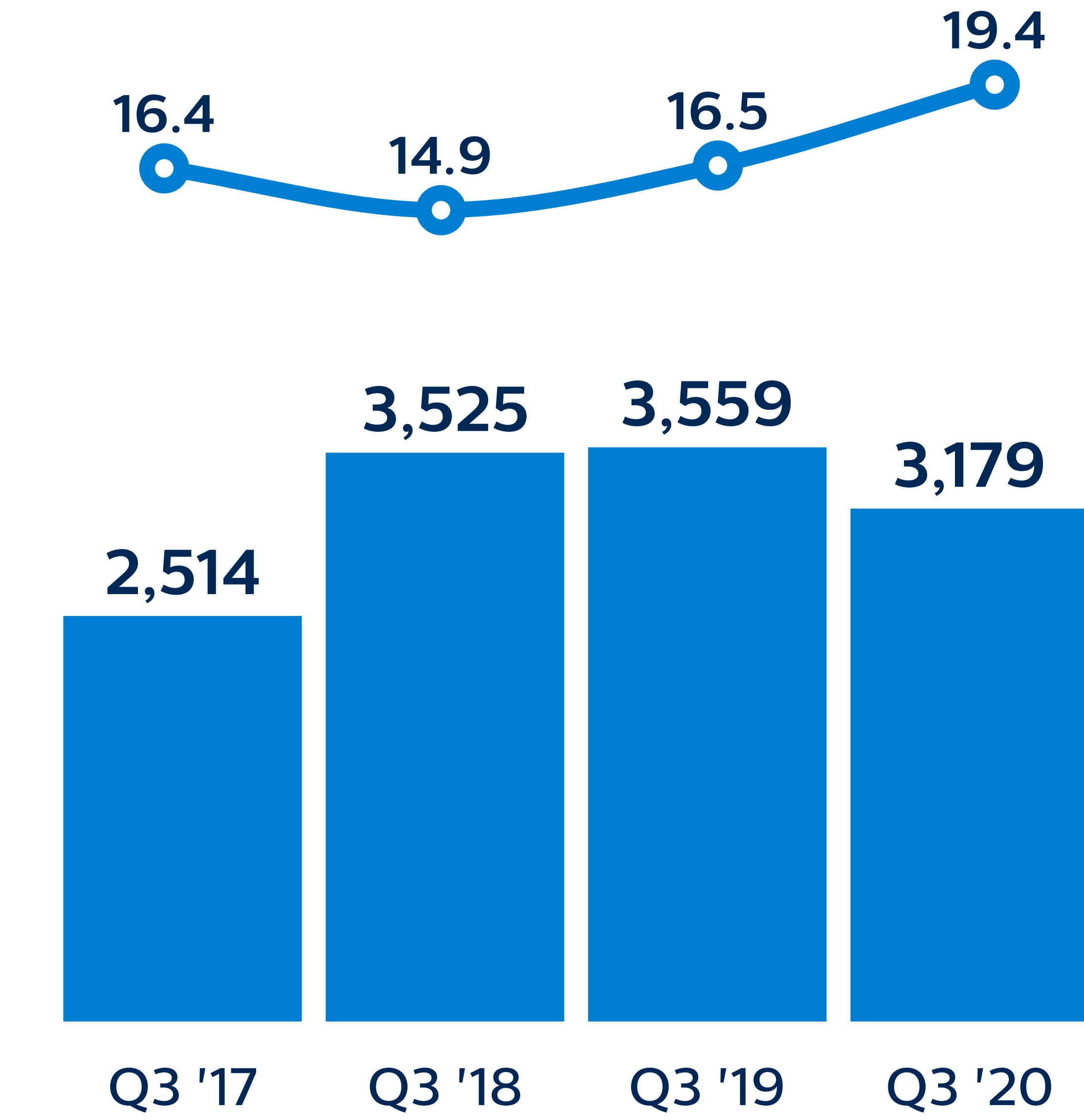
(thousand)

■ Tivibu Home

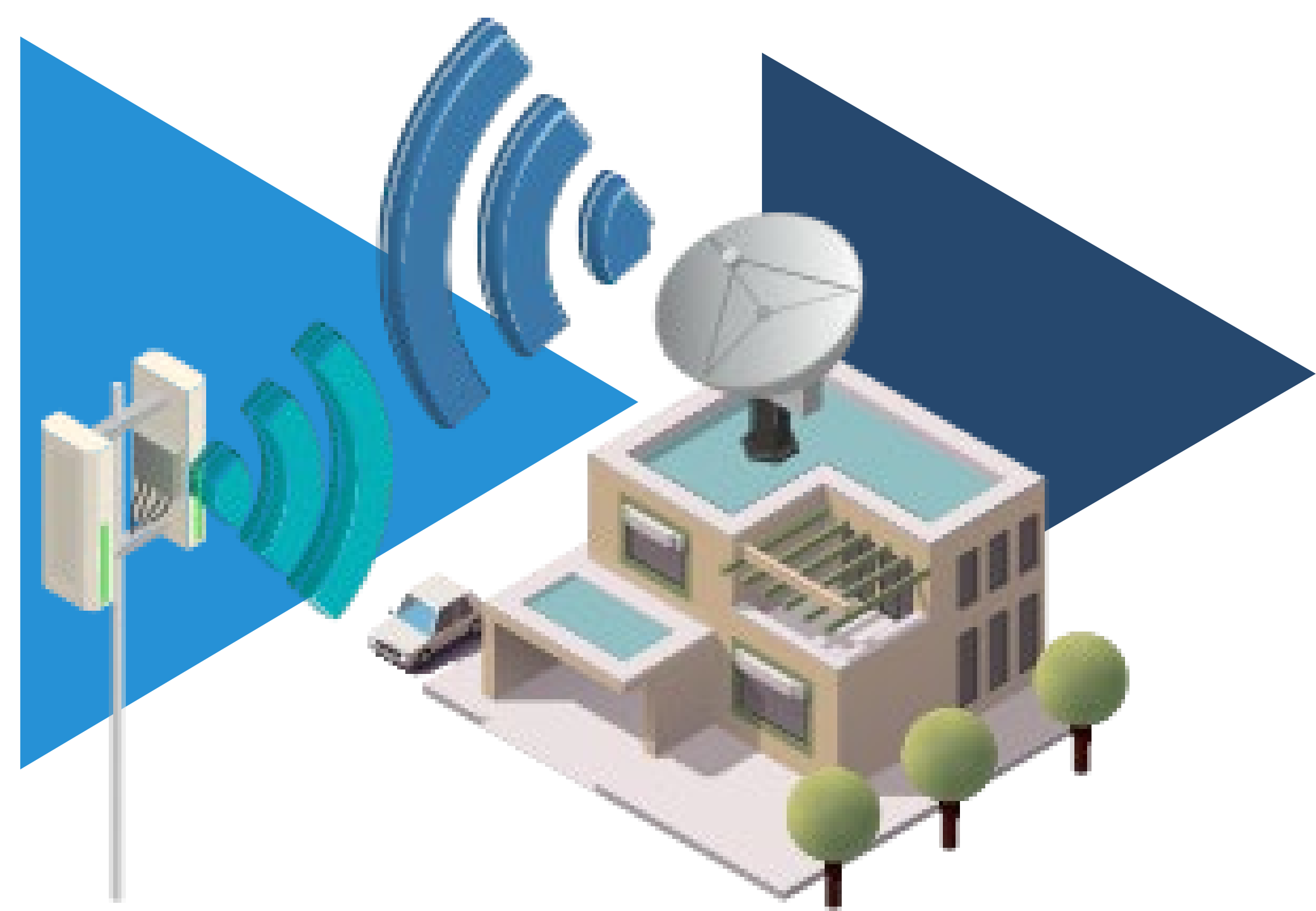


■ Total TV (Tivibu Home + Tivibu GO)

● Blended ARPU (TL)



Wireless Homes



Platform

IPTV + DTH + Web TV + Smart TV

Content

- ▶ Turkish Basketball Super League
- ▶ NBA
- ▶ English Premier League
- ▶ Formula 1
- ▶ 3 Inhouse Sports Channels
- ▶ Kids & Documentary Channels
- ▶ +4,600 on demand assets

Subsidiaries

The logo for ARGELA, featuring the word "ARGELA" in a bold, blue, sans-serif font. To the left of the text is a small orange square icon with three white dots arranged in a triangular pattern. The logo is centered within a large, dark blue triangle that points to the right. The background consists of a pattern of light blue and white triangles of various sizes, creating a geometric, crystalline effect. A small yellow triangle and a small red triangle are positioned near the bottom right corner of the main triangle.

5G and beyond next generation telco technologies R&D company

The logo for sebit, featuring a stylized blue 'e' that resembles a lowercase 'e' with a swoosh. Below the 'e' is the word "sebit" in a lowercase, blue, sans-serif font. The logo is centered within a large, dark blue triangle that points to the right. The background consists of a pattern of light blue and white triangles of various sizes, creating a geometric, crystalline effect. A small yellow triangle and a small dark blue triangle are positioned near the top left corner of the main triangle.

Leading and largest edtech company in Turkey

The logo for innova, featuring the word "innova" in a bold, blue, sans-serif font. A small red dot is positioned to the right of the 'a'. The logo is centered within a large, dark blue triangle that points to the right. The background consists of a pattern of light blue and white triangles of various sizes, creating a geometric, crystalline effect. A small yellow triangle and a small dark blue triangle are positioned near the top right corner of the main triangle.

Leading system integrator & solution provider in Turkey

The logo for aSSiSTT, featuring the word "aSSiSTT" in a blue, sans-serif font. The 'a' is lowercase, while the 'SSiSTT' is uppercase. The logo is centered within a large, dark blue triangle that points to the right. The background consists of a pattern of light blue and white triangles of various sizes, creating a geometric, crystalline effect. A small yellow triangle and a small dark blue triangle are positioned near the top right corner of the main triangle.

Leader customer service solutions company

The logo for Türk Telekom International, featuring the words "Türk Telekom" in a bold, blue, sans-serif font, with "International" in a smaller, blue, sans-serif font below it. The logo is centered within a large, dark blue triangle that points to the right. The background consists of a pattern of light blue and white triangles of various sizes, creating a geometric, crystalline effect. A small yellow triangle and a small dark blue triangle are positioned near the top right corner of the main triangle.

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

Guidance

TL mn	2019 YE	2020 Prior Guidance	2020 Revised Guidance
Revenue (exc. IFRIC 12) ¹	22,634	Around 13% growth	Around 16% growth
EBITDA	11,170	TL 12.4 bn – TL 12.6 bn	Around TL 13 bn
CAPEX	4,940	Around TL 6.4 bn	Around TL 6.6 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

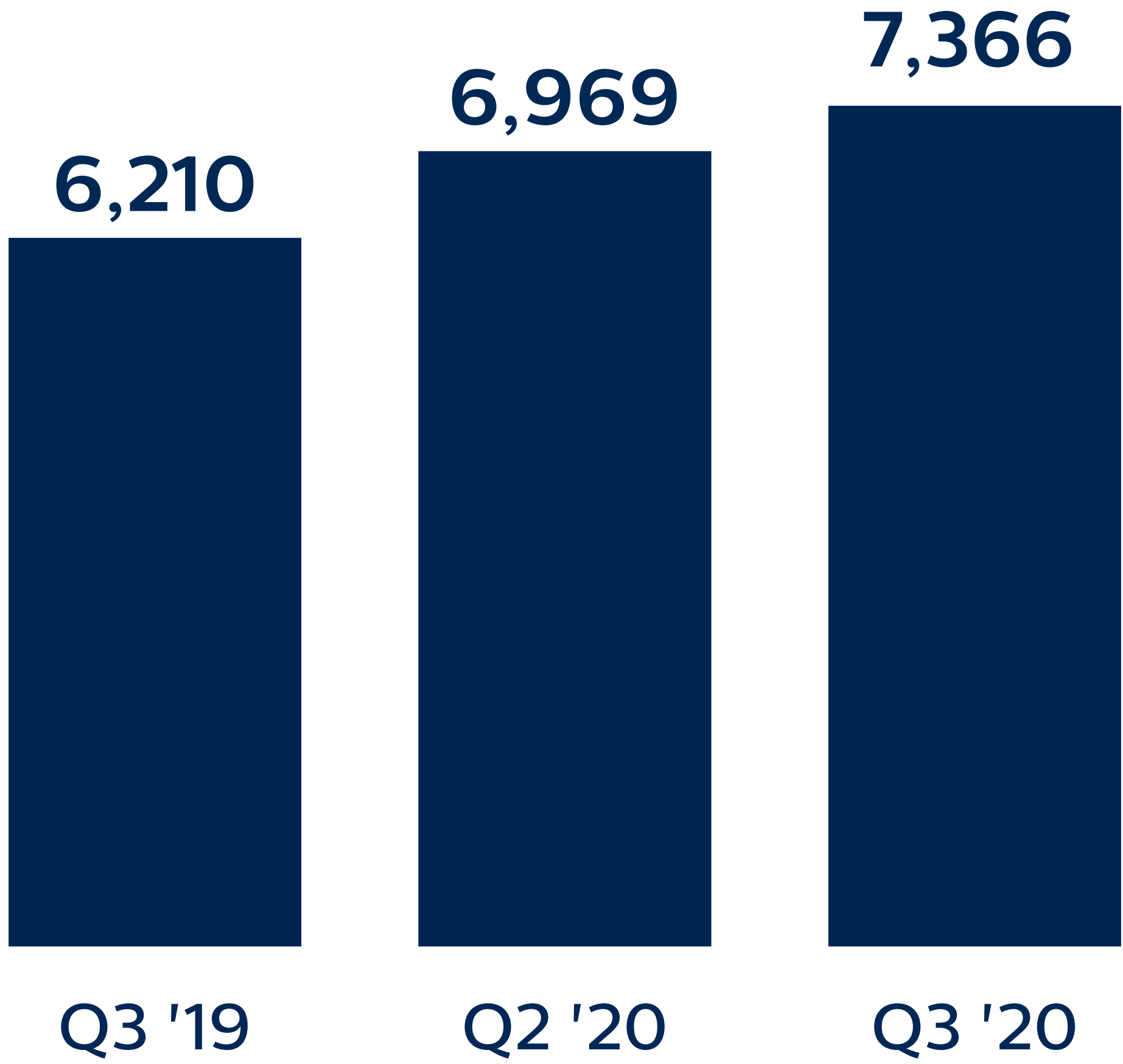


Financials

Financial Performance

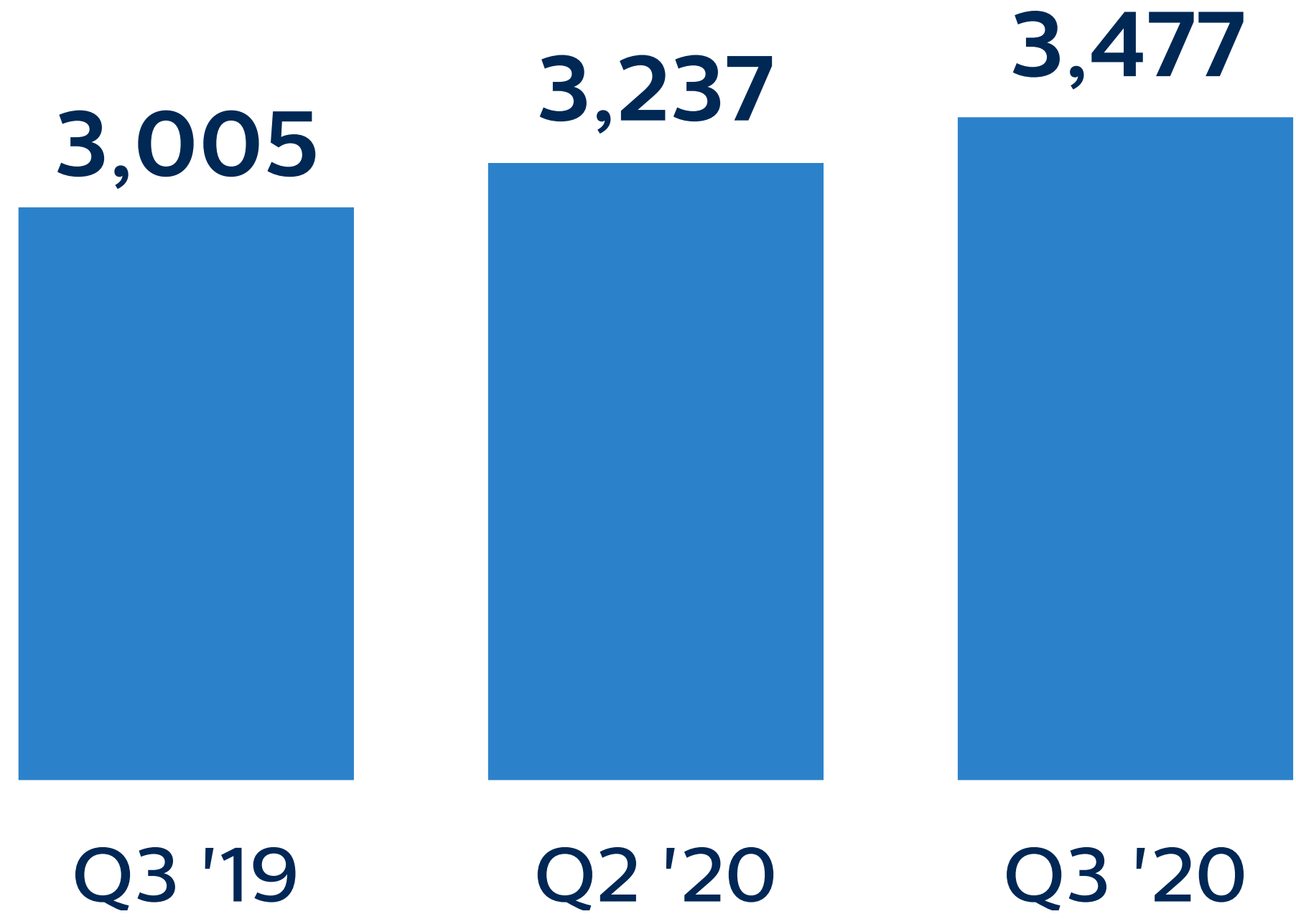
Revenue

(TL mn)



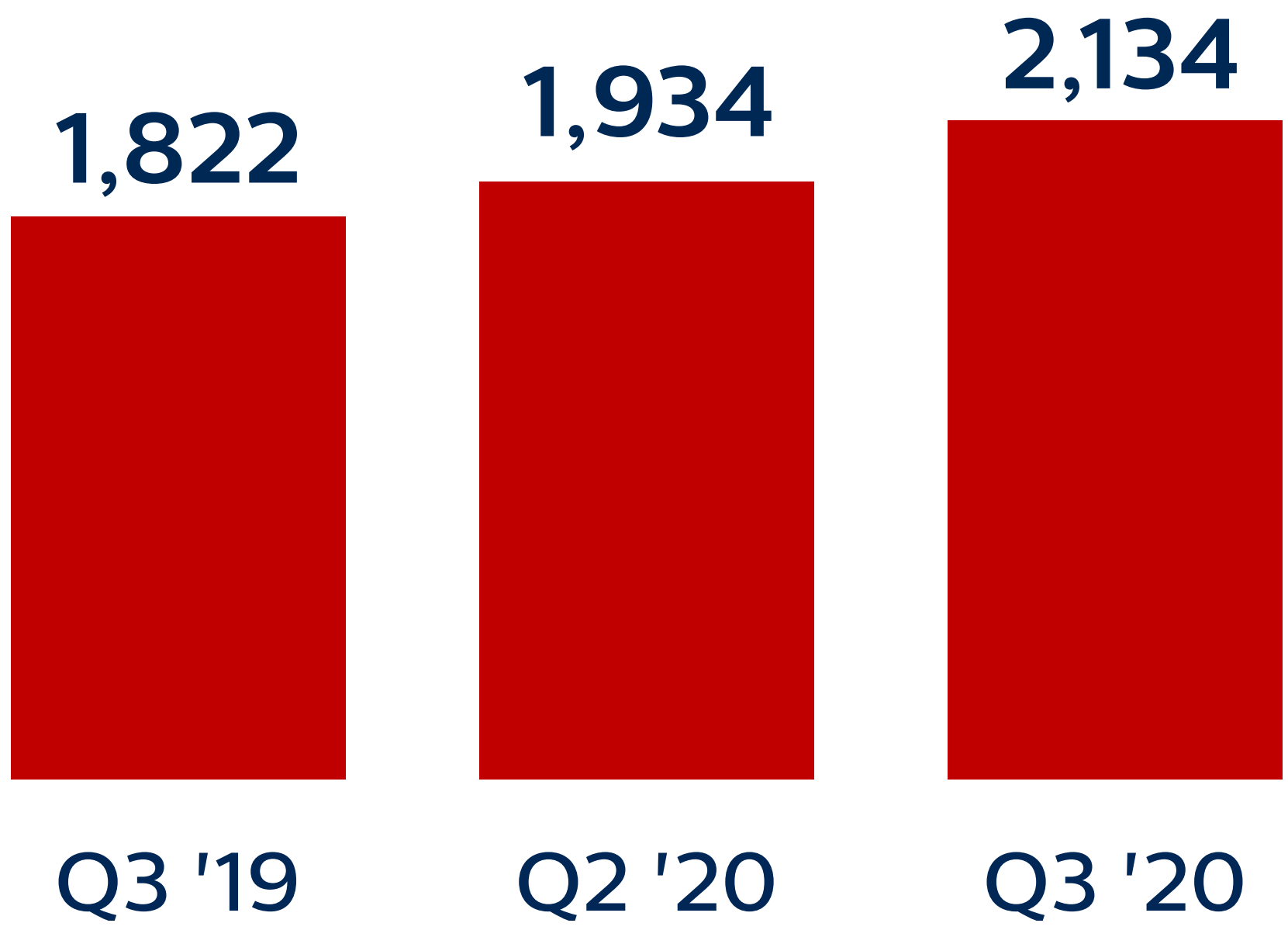
EBITDA

(TL mn)



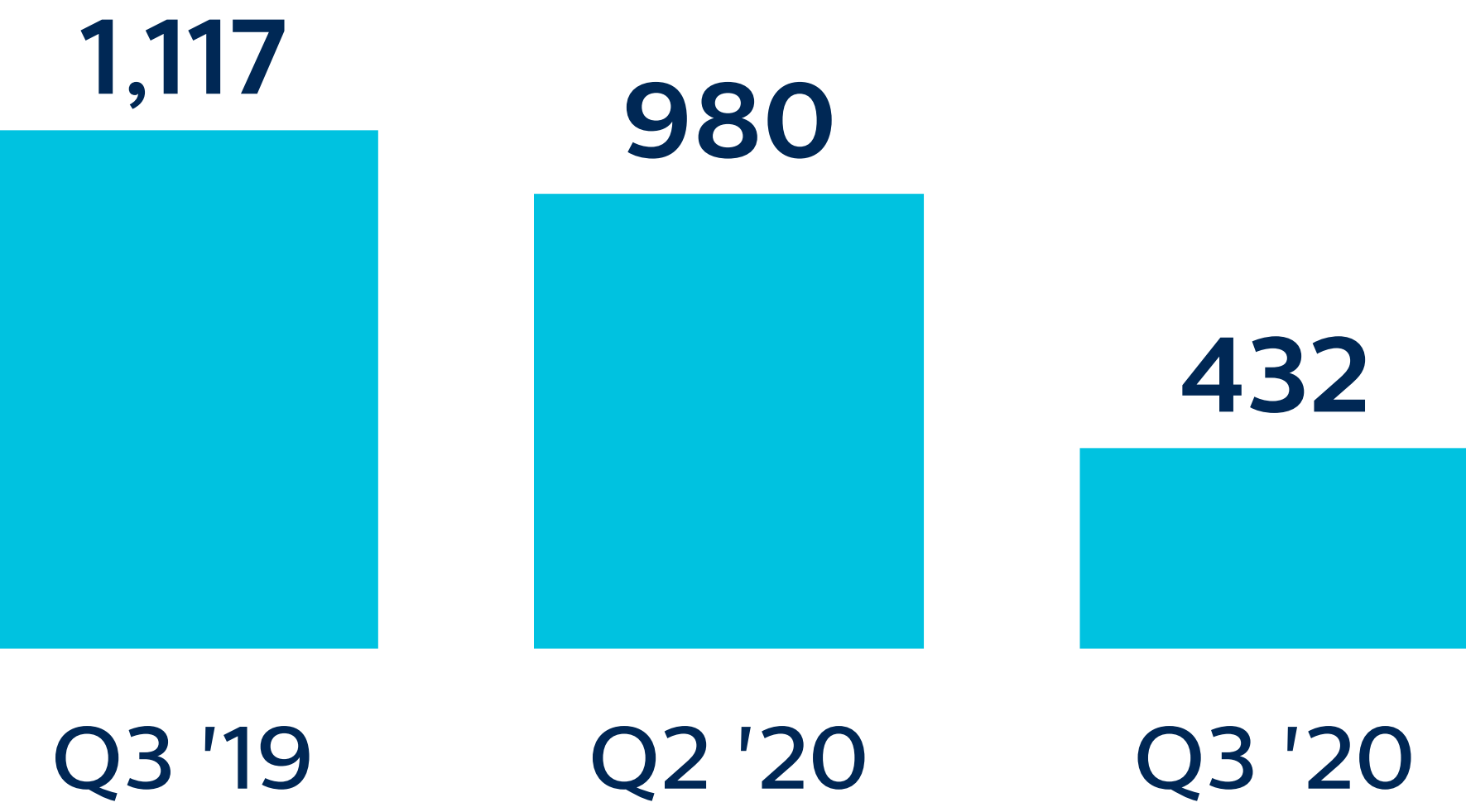
Operating Profit

(TL mn)



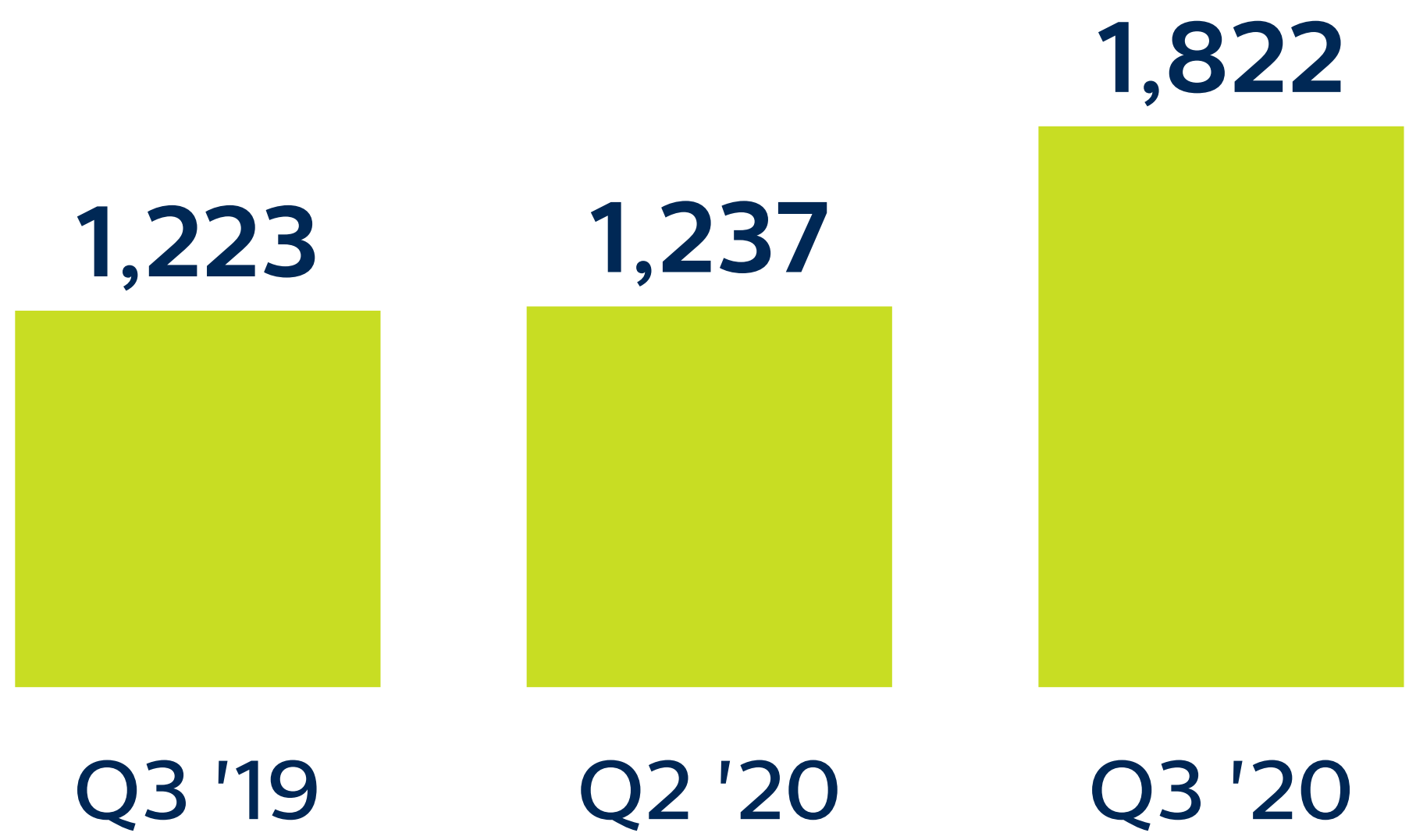
Net Income

(TL mn)



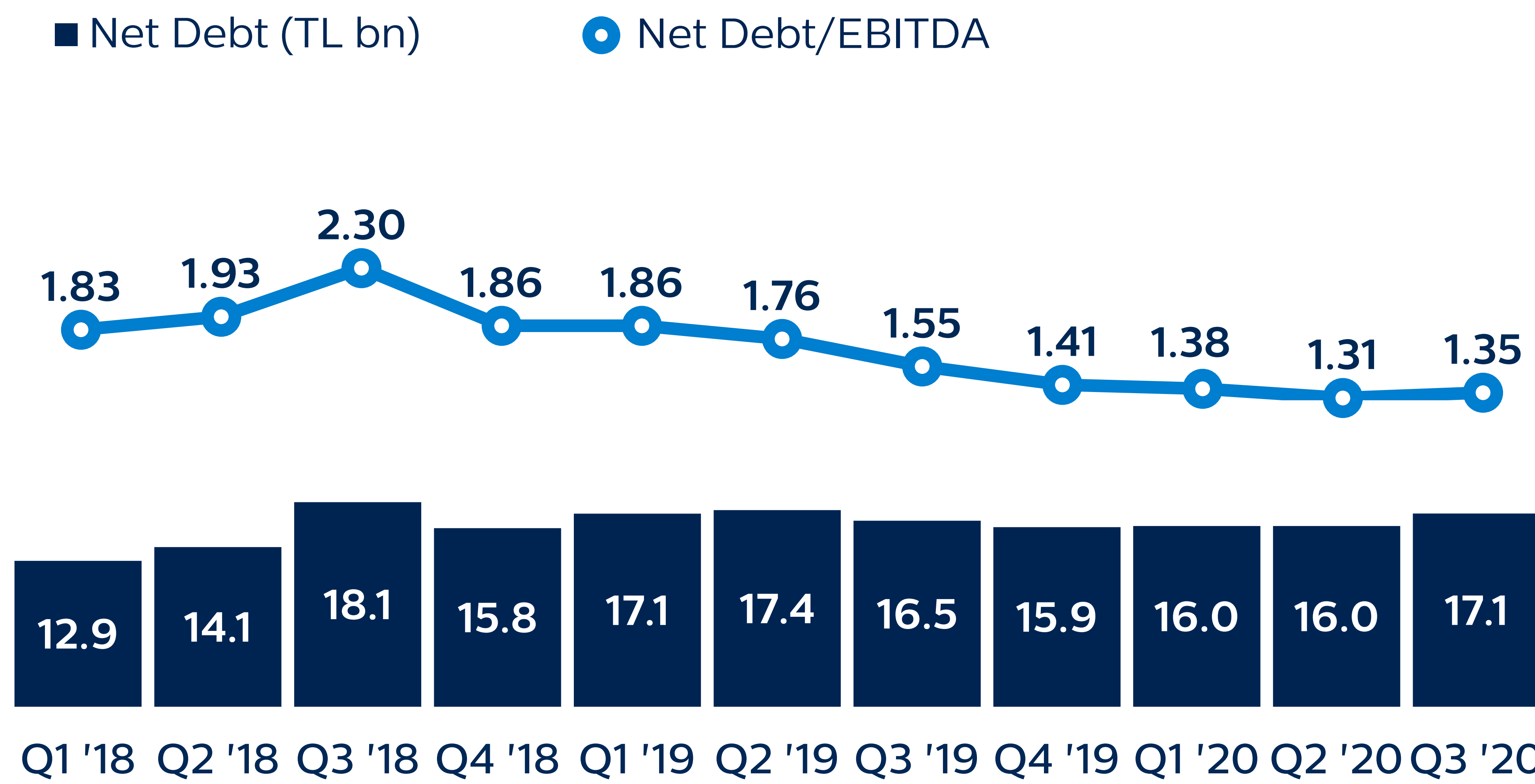
Capex

(TL mn)



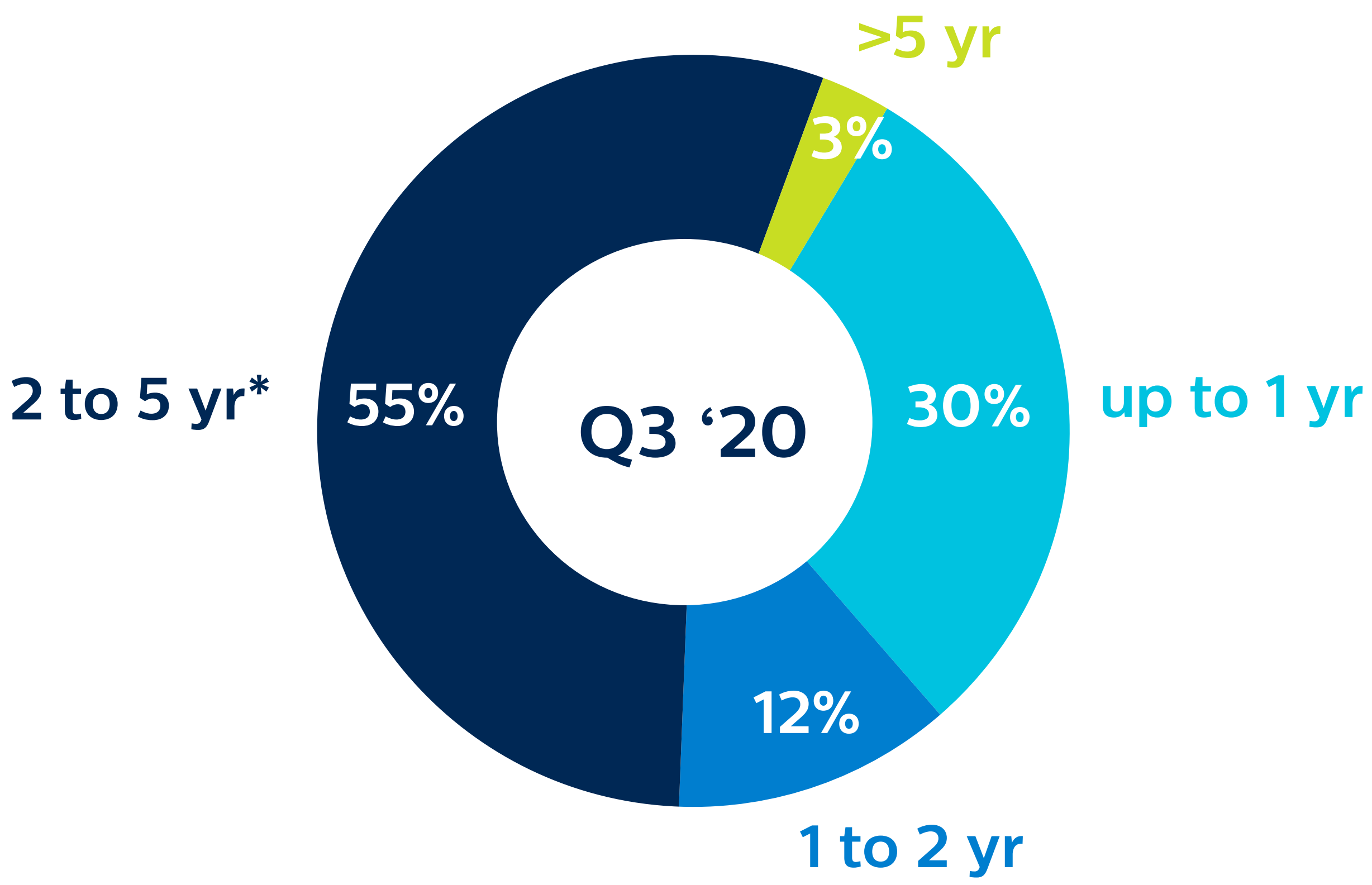
Debt Profile

Net Debt



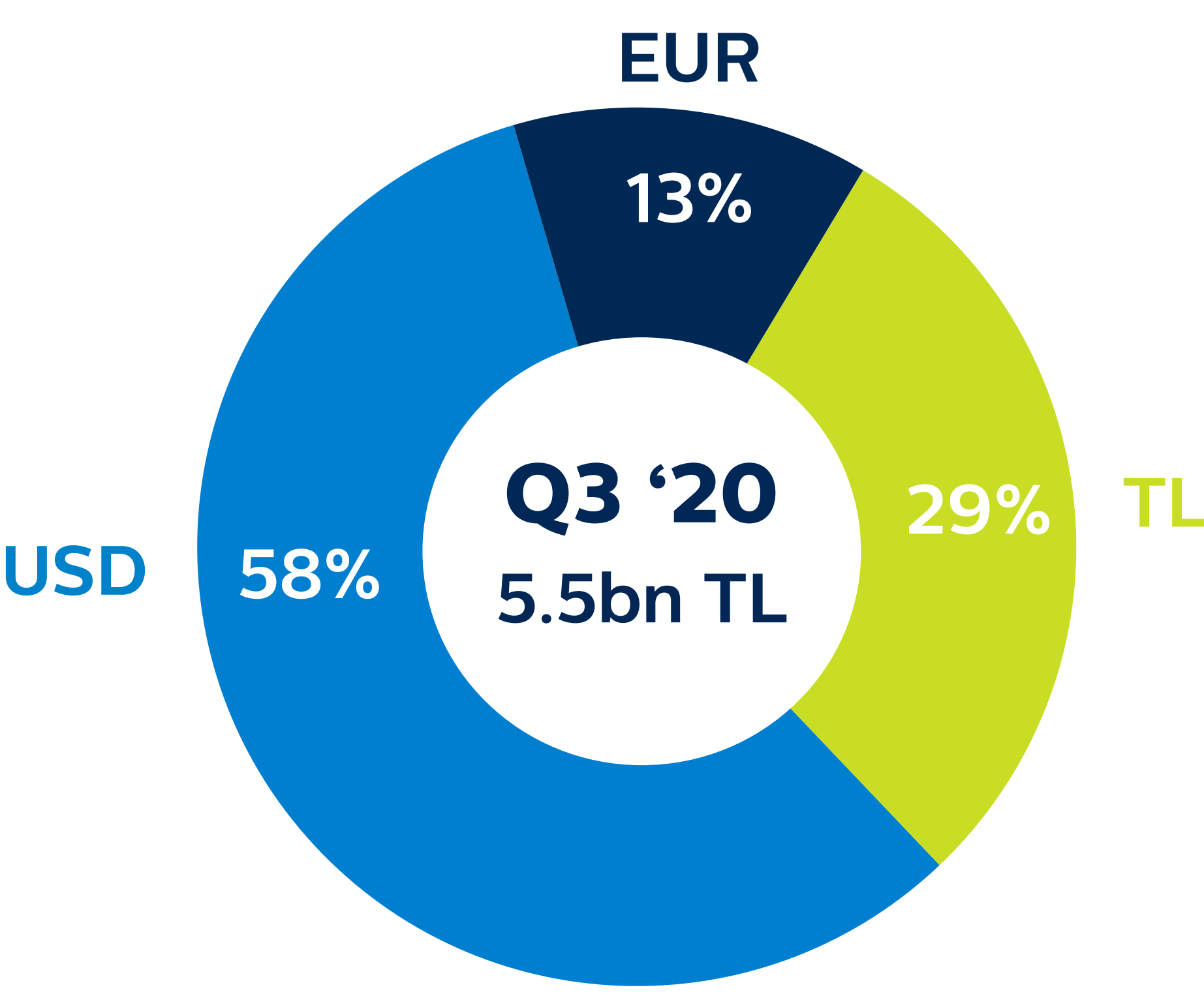
Note: Net Debt calculation includes market valuation (MTM) of Foreign Currency TL money swap transactions.
Net Debt/EBITDA calculation does not include extraordinary provisions in EBITDA calculation.

Maturity Profile

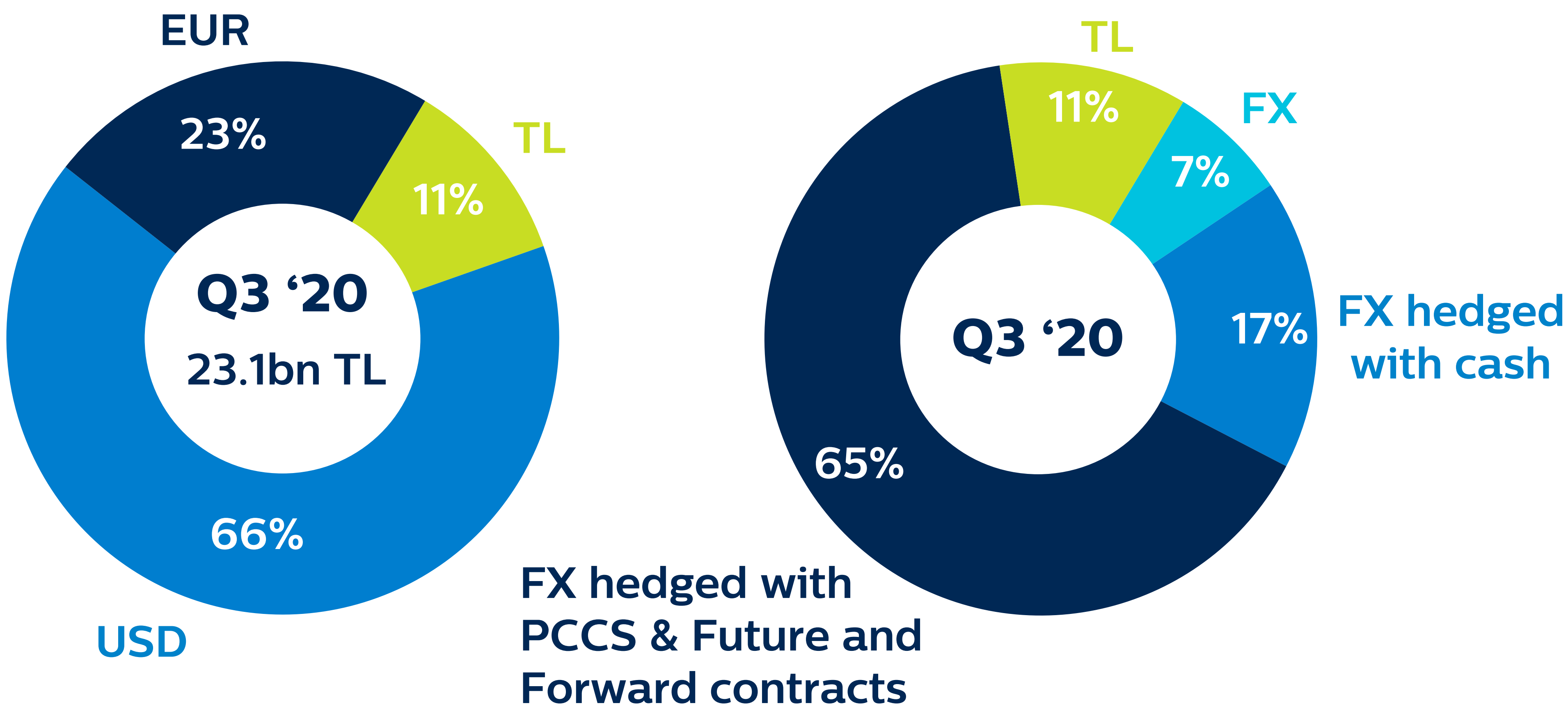


All loans are senior unsecured
*including 2024 & 2025 maturity bond (USD 500mn)

Cash FX Breakdown



Gross Debt FX Breakdown



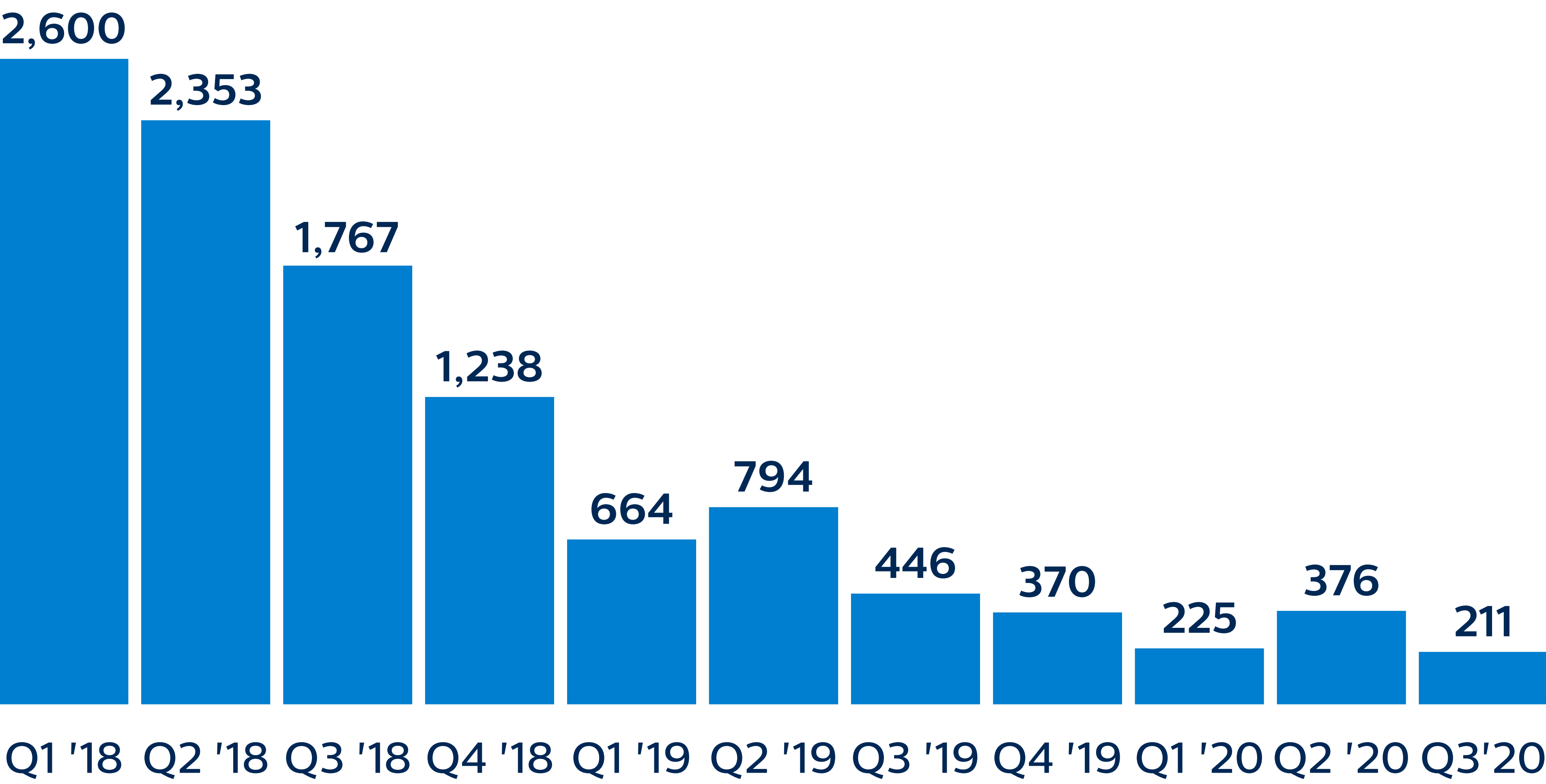
Debt Profile

Prudent Balance Sheet Management

- ▶ FX Risks reduced via Participating Cross Currency Swaps (PCCS), Future and Forward contracts, FX based cash and higher utilization of TL based financing
- ▶ Hedge in both principal and interests of designated debt instruments
- ▶ 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

Net FX Exposure *

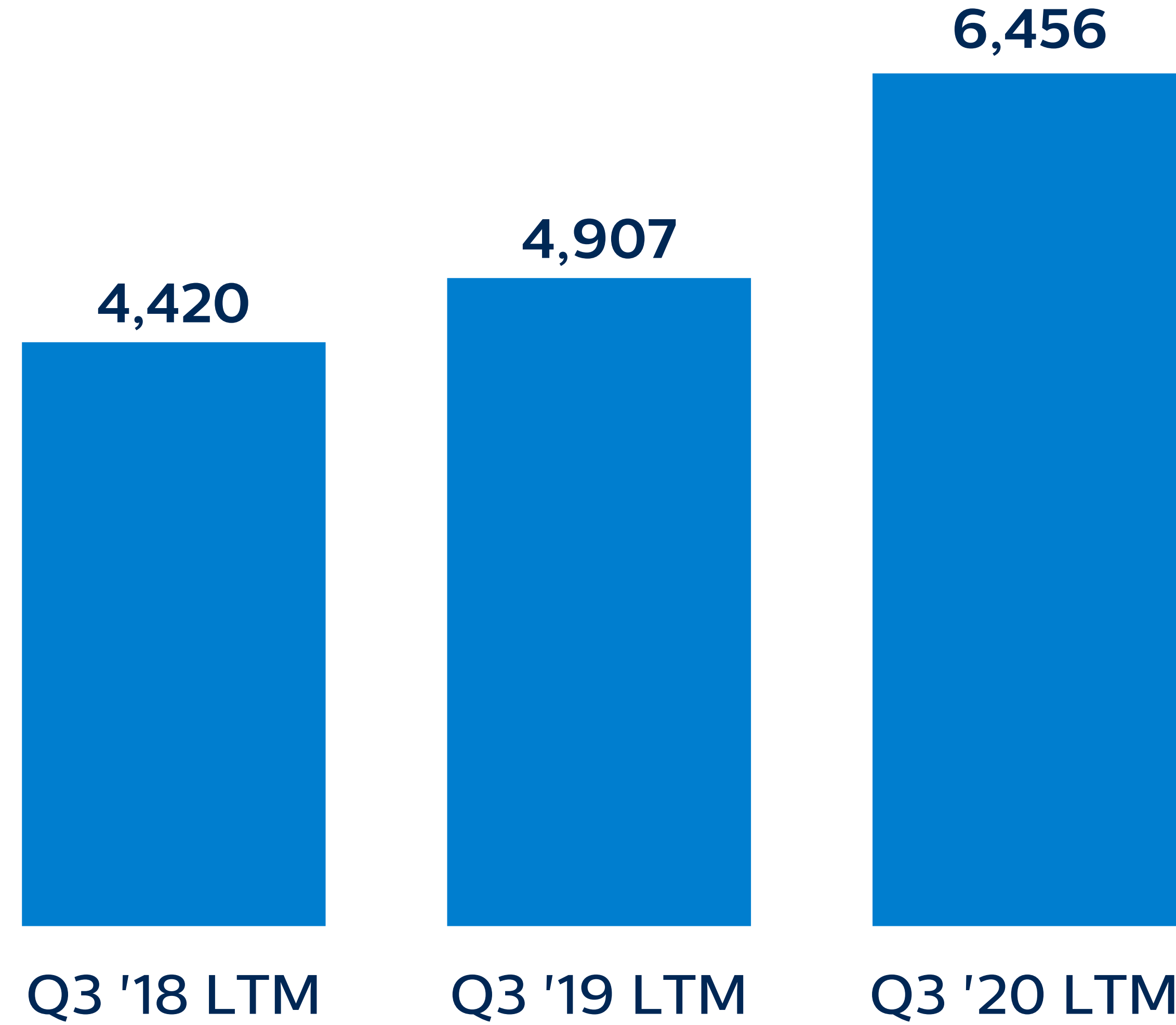
(USD mn equivalent)



*Net FX exposure is calculated as FX based financial debt less FX hedge position less FX based cash and cash equivalents. Debt calculation excludes lease obligations.

Increasing Cash Flow*

(TL mn)



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



Appendix

Income Statement

(TL mn)	Q3 '19	Q2 '20	Q3 '20	QoQ Change	YoY Change
Revenues	6,210	6,969	7,366	5.7%	18.6%
EBITDA	3,005	3,237	3,477	7.4%	15.7%
Margin	48.4%	46.4%	47.2%		
Operating Profit	1,822	1,934	2,134	10.4%	17.1%
Margin	29.3%	27.7%	29.0%		
Financial Inc. / (Exp.)	(475)	(703)	(1,579)	124.6%	232.1%
FX & Hedging Gain / (Loss)	180	(127)	(1,007)	694.4%	n.m.
Interest Inc./ (Exp.)	(543)	(509)	(500)	(1.6)%	(7.9)%
Other Financial Inc./ (Exp.)	(112)	(68)	(72)	6.6%	(35.9)%
Tax Expense	(229)	(250)	(123)	(50.9)%	(46.5)%
Net Income	1,117	980	432	(55.9)%	(61.3)%
Margin	18.0%	14.1%	5.9%		

Balance Sheet

(TL mn)	30.09.2019	30.06.2020	30.09.2020
Total Assets	38,293	41,852	44,755
Cash and Cash Equivalents	4,767	5,183	5,483
Tangible Assets ¹	14,058	14,389	15,249
Intangible Assets	9,772	10,866	11,451
Right of Use Assets	1,471	1,416	1,424
Other Assets ²	8,225	9,997	11,149
Total Equities and Liabilities	38,293	41,852	44,755
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	5,725	7,450	7,463
Interest Bearing Liabilities ³	20,584	22,218	24,350
<i>Bank Borrowings and Bonds</i>	19,333	20,979	23,074
<i>Lease Liabilities</i>	1,251	1,238	1,277
Other Liabilities ⁴	8,724	8,924	9,682

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

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

(3) Includes short-term and long-term borrowings and lease obligations

(4) Major items within other liabilities are deferred tax liability, trade payables, provisions, income tax payable, due to related parties, other current liabilities and provisions for employee termination benefits



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