Türk Telekom Q3 2021 Financial & Operational Results Conference Call

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&

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Conference Call Conducted by Chorus Call Hellas

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OPERATOR: Ladies and Gentlemen, thank you for standing by. I am Maria, your Chorus Call operator.

Welcome and thank you for joining the Türk Telekom conference call and live webcast to present and discuss the Third Quarter 2021 Financial and Operational Results.

We are here with the management team and today's speakers are CEO, Ümit Önal and CFO, Kaan Aktan. Before starting, I kindly remind you to review the disclaimer on the earnings presentation. Now, I would like to turn the conference over to Mr. Ümit Önal CEO.

Mr. Önal, Sir you may now proceed.

ÖNAL Ü: Hello everyone. Welcome to our 2021 Third Quarter Results Conference Call. Thank you for joining us today. We enjoyed a normalising environment in the past quarter, as the pandemic impact has phased out gradually. Q3'21 was clearly marked by increased mobility. People mostly enjoyed summer houses, tourism resorts or travels abroad during the summer months. July included a long religious holiday, but August was still dominated by holiday spree. September, on the other hand, was routinely identified as back-to-school period, but was marked by the return of physical education after a long while.

Typically-high-demand for speed and data that continued during the pandemic era has remained strong in the third quarter. In Q3'21, once again, we focused on agility and relevance to markets, used our foresight and insight to foresee different needs, aligned our offerings to shifting market conditions and remained strongly engaged with our customers.

Starting with slide #3 on our presentation, net subscriber additions. Total number of subscribers increased to 51.4 million, with 711K net adds in the quarter. Net subscriber additions were 1.9 million during the last 12 months. We expanded our fixed broadband subscriber base to 14.1 million, with slightly higher than expected net additions of 250K. In a more dynamic mobile market, free of all pandemic measures, mobile subscribers increased to 23.9 million with 503K of net additions, significantly ahead of our expectations. Number of fixed voice subscriber was almost unchanged from the last quarter.

Slide #4, financial and operational overview. Our company has once again announced a powerful set of financial and operational results. Consolidated revenues increased by more than 17% YoY to 8.6 billion TL, with better than expected performance in fixed broadband and mobile. Growth in operating revenues was 18% despite the strong base of last year.

Consolidated EBITDA grew above 23% to 4.3 billion TL, with an EBITDA margin close to 50%. Profitability was fuelled by the strong contribution of higher margin fixed broadband business top-line growth and continued improvement in mobile margin. Net income grew immensely to 2 billion TL, thanks to robust operational performance, lower financial expenses and a sizable tax income. Our CAPEX was 1.7 billion TL during the period. We reported 58 million USD long FX position, in line with our strategy to minimise the sensitivity of the P&L to FX movements. Finally, Net Debt/EBITDA fell to 0.96x.

Slide #5, fixed broadband performance. We recorded 250K net adds in fixed broadband. In a normalising environment with higher mobility, we addressed the need for new connections in summer locations through targeted seasonal campaigns. Back-to-school season also helped new acquisitions. Fixed broadband revenue still being in locomotive of the strong top-line growth, surged by 29% YoY along with price adjustments, upselling and efficient seasonal campaigns.

Continued expansion of total subscriber base and need for higher speed pushed ARPU growth above 15% YoY. Our analytics-driven activation and churn management helped us attain higher ARPU growth and strengthen our subscriber base.

Upsell numbers remained elevated with 91% of third quarter performance, driven by upgrades to higher speed tariffs. 24Mbps and above packages made 58% of new acquisitions. An intensified push at the higher end of the portfolio with smartly designed marketing campaigns around the back-to-school period gave a handsome boost to 35Mbps-and-higher package sales. The share of these packages in new sales was 13% higher in September, compared to its Q2 level.

Moving on to mobile performance, slide #6. Increased mobility in a normalising environment presented a more dynamic mobile market. The MMP market continued contracting YoY but picked up QoQ for the first time since Q3'20. Seasonal pricing strategies dominated, but a more rational competitive environment since Q2 remained unchanged so far, as the operators' willingness to catch-up with increasing inflation grew.

Price adjustments continued across the board, with varying timings by different operators. Already strong data consumption was further lifted by mobility and seasonality. The average data consumption per LTE user peaked to 10.3GB with an 8% QoQ increase. Benefiting from a recovering mobile market and our meticulous churn management, mobile subscriber base grew beyond our targets with 503K net additions.

Low churn ratios despite our ongoing value maximising strategy do not only prove the accuracy of our analytics-driven portfolio optimisation and offerings, but also confirmed that we managed to establish a more stable subscriber base through improved network quality and customer experience.

The share of postpaid customers in total portfolio exceeded 65%, despite the first positive net adds in the prepaid segments after six quarters. Total Prime base grew 64% YoY in Q3'21. The share of Prime subscribers within the total postpaid base rose above 29%, as our focus on tailored offers and upsell performance paced the ongoing premiumisation process.

Resultantly, ARPU grew close to 14% and mobile revenues rose more than 17% YoY. Once again, we were pleased to see the positive reflection of our strategies on mobile top-line growth, which kept trending up over the last six quarters.

In mobile and fixed business lines, we are also making important progress in our new technology initiatives. Now, let's take a look at where we are at that front, on slide #7. As Turkey’s leading integrated telecommunications operator, we do not only aim to lead the 5G transition in Turkey, but also position ourselves among global players who set these standards of next generation technologies.

Türk Telekom's R&D company Argela and its U.S. based innovation arm Netsia present ambitious 5G solutions to the world. Right in the middle of an innovation centric ecosystem in Silicon Valley, in close proximity to industry experts, business partners, large tech investors and customers, Netsia enjoys active participation in important initiatives, as well as the opportunity to work with world's leading telecom companies.

Netsia's flagship open-source broadband network solution, Netsia BB Suite features a hardened, telco-grade distribution of ONF's SEBA the SDN Enabled Broadband Access. It presents an opportunity to increase security, service agility, capacity and scale, and minimise latency via a centralised management of networks. It enables tailor-made solutions through virtualisation and cloud-based technology. With its first commercial deployment, SEBA is currently live on Türk Telekom's fibre network since 2019. Netsia BB solution has already taken a leading position in the world market and is attracting growing attention day by day.

Today, Netsia BB Suite is in trial stage with several leading operators in Latin America, Europe, and Asia. As you know, we announced a sales and cooperation agreement on our vRAN project with Juniper Networks last year. Netsia's vRAN solution, which provides many operational and commercial benefits, including performance increased, efficiency and scalability on 5G networks, was licensed by Juniper. It has been decided in January 2021 to integrate vRAN to Juniper's worldwide portfolio.

Netsia's Radio Intelligence Controller enables an AI based management and orchestration of mobile networks over cloud through virtualisation and slicing. Recently, we have taken our collaboration with Juniper to a next stage. Accordingly, Türk Telekom will become the first operator to allocate capacity per base stations through use of RIC. We believe in importance of strategic cooperation with global operators, other technological business partners and open-source communities, and we continue our business development activities in this direction.

Moving on to slide #8, 2021 revised guidance. Third quarter performance was significantly better than we expected in subscriber growth, revenue progression, and profitability. July and August performances were moderately better compared to our forecasts, but September was visibly higher. As a result, the recent run rates along with the YTD figures required a third upward revision to our 2021 guidance.

We now expect operating revenues to grow 18% YoY, EBITDA to be 16.2 billion TL, and CAPEX to be 8.7 billion TL. While the change in EBITDA is driven by improved top-line growth, mainly led by the fixed broadband and mobile segments, the revised CAPEX figure reflects the FX impact.

Before I finish, I would also like to share with you that within the scope of Türk Telekom’s sustainability goals, we have obtained a Renewable Energy Certificate from the International

REC Standard for our data centres. With this certificate, we have validated that we use green energy in our data centres. In this respect, we are delighted to see that by making not only Türk Telekom, but also our customers who use our data centers, consume green energy, we can amplify the impact of our sustainability initiatives.

We are thrilled to see our financial and operational results, once again underlining our strengths; our history, know-how, top quality assets, investment decisions, human capital, and execution capabilities. We stand more powerful and equipped than ever before to continue our sustainable growth and deliver on our key responsibilities to our stakeholders.

Now I will hand over the call to Kaan to discuss our financial performance in detail. Thank you.

AKTAN K: Thank you very much. Good morning and good afternoon everyone. We are now on slide 10, which is financial performance. Our consolidated revenues exclude the IFRIC 12 effect increased by 18%, along with the ongoing strong performance in both fixed broadband and mobile. Normalisation, seasonality and back-to-school marked this term with higher subscriber growth, ahead of our expectations. We have now secured 19% growth in the first 9 months of the year, and we feel very comfortable about our revised 18% operating revenue growth target for the full year, although we will now be cycling last year's 20% growth in the fourth quarter. In contrast to our expectations for a quarterly slow down in pace, 29% revenue growth in fixed broadband was driven by a larger subscriber base YoY and the highest ARPU growth since 2009.

A micro-managed portfolio around segmentation and seasonality together with continued strong demand for higher speed, pushed ARPU growth above 15% YoY. In a normalised environment, we experienced a dynamic mobile market with faster recovery than we expected towards pre-pandemic trends. Effective management of our subscriber base through postpaidisation and premiumisation along with low churn rates led both the ARPU and revenue growth. As a result, mobile revenues grew above 17%, once again climbing up for the sixth quarter in a row.

In line with our expectations, fixed voice subscriber trends stabilised after a few quarters of normalisation following last year's extraordinary net adds that benefited from a highly vibrant fixed broadband market. As such, fixed voice revenues remained flattish annually.

On the TV side, new sales remain subdued due to seasonality. With people spending less time at home, our subscriber base was flattish QoQ. Our pricing actions from the previous quarter paid off leading to 14% Tivibu Home ARPU increase, which lifted TV revenue growth to about 13%, the highest level since fourth quarter of 2019.

Growth in corporate data revenue paced up to 16% YoY, whereas the increase in international segment, which mainly includes Türk Telekom International's contribution, slowed to 12% as it cycles last year's highest base with more than 52% growth last year.

Moving on to operational performance on slide 11. The consolidated EBITDA rose more than 23% to 4.3 billion liras, with an EBITDA margin close to 50%, up by around 50 basis points QoQ and 240 basis points YoY. We were positively surprised by the margin evolution in the third quarter, with higher profitability than we expected in fixed broadband and mobile, as well as stronger contribution from both business lines at the top-line. Pandemic-driven savings on certain OPEX lines remained a supporting factor in annual comparison. Excluding the IFRIC 12 impact, EBITDA margin declined about half a percentage point QoQ but improved almost two-and-a-half percentage points YoY to 52%.

Operating expenses grew close to 12% YoY, once again well below the increase in operating revenues. Looking at the main highlights in the OPEX items, interconnection costs grew more by a mere 5% YoY, due to the high base effect of last year's increased international traffic volume. 15% increase in the tax expense was led by frequency and treasury fees attached to mobile revenues. Provisions for doubtful receivables decreased by 35% mainly due to a decline in device receivable provisions compared to last year. This was also driven mainly by the successful collection performance, which led to a decrease in device receivables despite the increasing device sales volume YoY. Cost of equipment and technology sales grew by 6%, only, over last year's high base, amid increased activations in broadband segment around the back-to-school season. Other direct costs grew 31% along with the pick-up in value-added-services and shared revenues. Network and technology expenses grew 31% due to increased energy prices. Personal expenses increased by 21% with recently signed Labor

Agreement. Commercial costs increased by 26% YoY, and 4% QoQ, ramping up to normalised levels in line with our expectations.

As implied by our revised guidance, we expect some normalisation in EBITDA margin in the last quarter of the year, particularly with some pick up in certain operating expenses. Our company moved to a hybrid working model starting from early October. This should trigger a rise in some office and personnel expenses that we have been saving on for some time due to COVID-19. Similarly, the ramping up of commercial costs to normalised levels should continue. Our CAPEX spending was 1.7 billion liras in the third quarter and will catch up to our full year guidance in the last quarter.

Now coming to the bottom-line. Net income increased by 370% YoY to 2 billion liras owing to operating performance, lower financial expenses and a large tax income. As you know, we moved to a more comprehensive hedging approach, starting from last quarter of last year with the aim to maintain an FX neutral P&L. Accordingly the quarterly EBITDA growth has fully trickled down to the bottom-line so far, increasing the visibility of our operational performance. Yet, net income expansion was amplified by a few below EBITDA items mainly by the tax income we recorded this quarter.

The one-off's that affected net income performance included; firstly, around 400 million liras of deferred tax income triggered by a recent addition to the Tax Code allowing the revaluation of fixed assets. And secondly, around 150 million liras of net gains driven by investment and R&D incentives coupled with a few one-time expenses in our mobile arm.

It's worth stating that even without these one-off impacts, we are still looking at a 250% annual growth in net income. 9-months net income now reached 4.7 billion liras, surpassing the full year 2020 figure by almost 50%.

0.9 billion liras of net financial expenses was slightly lower QoQ, confirming our mentioned expectation of a similar run rate to second quarter. As you know, we went through restructuring of some swap contracts in the second quarter.

In the third quarter, on the other hand, we slightly changed the composition of the hedge portfolio by undertaking additional long-term swap contracts at reasonably favorable rates. As a result, we ended the quarter with 58 million dollars of long FX position. The portion of short-term derivative instruments within our hedge portfolio decreased after the newly acquired swap contracts, further reducing our risk against high volatility in the market. The increased share of participating cross currency swap contracts with high protection levels, on the other hand, offers more resilience to possibly high currency fluctuations.

Moving on to slide with debt profile. We maintained a strong and resilient balance sheet as of the third quarter. Net Debt/EBITDA further improved to 0.96x, below one multiple; mainly as a result of the strong operating performance and healthy free cash flow generation. Cash and cash equivalents were 4.8 billion lira of which 81% is FX base. And lastly, we reported 58 million dollars of long FX position compared to 38 million long as of the last quarter. The net FX exposure included the USD equivalents of 2.5 billion of FX debt, 2.1 billion of total hedge position and around 440 million of FX cash.

We are now on slide 12. We stick to our targets of maintaining an FX neutral position and P&L. Our primary purpose is to minimise the impact of the FX rate fluctuations on the P&L and increase the visibility of the bottom-line performance. Accordingly, the FX sensitivity analysis we report regularly in our quarterly financial suggests, assuming all else constant, a 10% increase FX rates would have almost no impact on the pre-tax income recorded as of the third quarter, thanks to the long FX position, compensating the weakness in the hedging portfolio.

On the flip side, the sensitivity analysis produces about 111 million liras of positive impact, in case of a similar appreciation of lira. This is mainly because the negative impact of the long FX position in this scenario would be more than offset by the protection offered by the participating cross currency swap structures.

Finally, the unlevered free cash flow was 2.5 billion liras 37% higher YoY, mainly driven by the improved operating performance. We expect the robust performance in our businesses to continue in the last quarter in parallel to our revised guidance and support the healthy 2021 full year free cash flow generation.

This concludes my presentation; we can now open up the Q&A session.

Q&A

OPERATOR: The first question is from the line of Kennedy-Good, Jonathan with JP Morgan. Please go ahead.

KENNEDY-GOOD J: Good afternoon. Thanks for the opportunity to ask questions. I just noted earlier this week that Bloomberg was reporting Turkey's Minister of Communications and Transportation stating that the extension of Türk Telekom's operational rights is off the agenda and that an auction had to take place for presumably an extension of those operational rights. Can you clarify those comments and your views around you know what 2026 could bring in terms of auction prices etc?

And then secondly, on your longer-term capital intensity ratios, you know, risen from 18% to 20% and to 24% in 2020 and now rising again. Can you provide some context as to whether that's largely currency driven or whether we should expect, you know, higher CAPEX intensity ratios going forward to support the fixed line growth?

ÖNAL Ü: Allow me to answer your first question related to the statement of the Minister of Transportation and then our CFO, Kaan, will answer your second question.

First of all, we believe that the Minister of Transportation was answering a Q&A session and his remarks were like an instantaneous answer to a question that was asked to him. So, he said that as of today; the auction is not on the agenda but also this statement does not mean that such an agenda will not exist in this coming period. That's for your question related to the Transportation Minister.

Moreover, related to the extending of the concession, we have the priority right to ask for the extension of the concession before 2026 but if not with the tender and you know this situation will be evaluated depending on the environment, if we are going to ask for an extension or not when the time comes.

Moreover, you know, we will be mostly discussing 5G in the coming period and the fixed assets and 5G are a whole. They can not be considered separately but we still have so much time and room to discuss this issue. As of today, the Minister just answered an instantaneous question which was not binding.

AKTAN K: Yes, let me take the CAPEX intensity question. First, for the change in the guidance, we did not change actually the plans for CAPEX but it’s just we simply reflected the potential FX pressure on the full year number. For next yearwe will have to wait for the official guidance announcement to take place in the early next year, but when we do the planning, obviously, there is always this challenge coming from the FX now. More than 50% of the CAPEX base is directly priced with the currency rate but other than that all the decisions that we make on the investment front is totally of course protecting or improving the value of the company rather than creating a value erosion because we spend more than we generate for the cash flow.

So, the market is very dynamic right now, these are all being reflected to our numbers as well, there is a great and healthy demand for access services both fixed and now also mobile and there is also the demand for anything in the digital domain which provides, you know, other potential revenue growth opportunity. So, we really like to get the best from the dynamic market environment and if we feel like spending some more CAPEX for those opportunities will bring higher and better value for the company. So, we may continue spending around a similar percentage in terms of the total CAPEX spending.

KENNEDY-GOOD J: Thank you.

OPERATOR: The next question comes from the line of Nagy Nora with Erste Group. Please go ahead.

NAGY N: Hi, good afternoon. Thank you for the presentation. Only one question from my side, please. How does the increase in energy prices affect your operations? Can you share how much of your energy expenses have a contracted nature? Thank you.

AKTAN K: Just to confirm, are you asking the impact on our overall OPEX base coming from the impact of energy prices.

NAGY N: Yes, this is correct.

AKTAN K: Yes, especially in the third quarter, we started feeling more pressure for mainly consuming electricity when it comes to overall energy cost. We started seeing a significant uplift in the electricity prices in the third quarter and it looks like more to come should be expected going forward. So, there is also a correlation between natural gas prices and electricity prices other than the impact to come from the currency and FX rate. I think that will also be something that we will frequently mention next year as well.

OPERATOR: Ms Nagy, are you done with your question?

NAGY N: Yes. Thank you.

OPERATOR: The next question comes from the line of Cabejsek Ondre with UBS. Please go ahead.

CABEJSEK O: Hi, thank you for the presentation. I have two questions, please. One is more a technical one, in terms of the special tax item, sorry if I missed that, but can you maybe explain the accounting of this and whether this will form or not a base for any kind of dividend decision at the end of the year? And then a broader question, it seems like you are almost surprised with the combination of strong performance in both broadband and mobile, so maybe can you explain did you expect for example, once the economy opens up, mobility opens up, which you mentioned that part of the fixed broadband market would maybe switch back to mobile or where is the surprise actually coming from, because I feel like you kind of outperformed compared to your expectations maybe even both areas? Thank you.

AKTAN K: For the tax part, the majority of it is coming from the revaluation of the fixed asset. So that came as a new addition to the tax code. So, we had the right to revalue our fixed asset, which means there will be more depreciation to deduct from the tax base. That's a tax benefit that's now being created with the new tax code. We'll see if there is a one-off benefit that should expect in foreseeable future. We have to record it as a deferred tax asset in the quarter.

So, we had 2 billion liras of revaluation difference in the fixed asset base and around 400 million liras tax benefit that we recorded as a deferred tax asset in the quarter. So, most of it will be translated to real cash benefit in a meaningful period of time. And it's part of our regular net income performance and be considered as base for the dividend distribution that there wouldn't be any differentiation between that part of the net income and the remaining part of the net income, especially as I mentioned, since it will also translate to real cash benefit in the next few quarters.

ÖNAL Ü: Allow me to answer your question related to mobile’s effect to fixed with normalisation.

Of course, with the normalisation we have been experiencing that with tourist lines and the increasing use of mobile data there's an increase in the use of mobile usage, but it doesn't negatively affect the fixed broadband mostly it affects positively the mobile usage.

What we observe is the need for high speed that is also triggered by the digitalisation actually boost the fixed broadband need and with the continuation of the normalisation it makes a permanent effect on fixed broadband.

Just a simple example. You know, we have gone back to face-to-face education, it may actually trigger a question mark if it makes a negative impact on demand. Just on the contrary, we experienced a momentum in new sales during the back-to-school period and similarly a better outlook emerged in the cancellations than we expected as well.

Also, normally summer internet needs were contracted on this specific period of the year. But with distance working and everything now people are using summer houses for longer periods of time. What we see is a positive effect on the fixed broadband as well with that support.

And the demand that we observe and the demand for the high speed supports our arguments in that regard.

CABEJSEK O: I think, very helpful examples. Thank you.

OPERATOR: The next question is from the line of Demirtas Cemal with Ata Invest. Please go ahead.

DEMIRTAS D: Thank you for the presentation and congratulations for very good results. My question is regarding your FX position side, we see that you are almost squared but in third quarter again we see not a small number in the FX side; in the second quarter and the third quarter, we have similar FX and hedging costs and interest expenses. For the following quarters assuming that the U.S. dollar will remain at this level what could be the trends, because from the footnotes, it's very difficult to read your FX mechanism. So, it will be more helpful to see the following two quarters whether you're going to be affected more significantly or less. At least as absolute numbers could we assume that your FX income total in FX hedging interests and others to sustain at current levels in the fourth quarter assuming that the rates in the U.S. dollar/TL will remain at current levels? Thank you

AKTAN K: Well, there are still moving parts; FX rate as you mentioned is one of them but when it comes to ways through which we manage that specific subject, as I mentioned in my part, we changed a bit the composition of the hedging portfolio; we went partially from short term to long term that brought some cost benefit. At the same time, we also saw the interest rates or the average cost of the short-term positions coming down with the reduced market rates. So, the other factors that the company is in a natural deleveraging phase obviously this quarter we now handle less debt, which creates a bit less, you know, cost to the company.

On the net debt, as you mentioned, we're now running a very dynamic, you know, treasury activity, which actually almost like a bank. We are balancing our position on a daily basis by executing necessary transactions. So, we want to restructure the part of the current portfolio if we feel they become a bit weak. So, they may have brought some additional costs, but although I would say that, yes, when you put all those factors together for the next few quarters, I think the actual number for second and third quarter as the totalfinancing cost would be a meaningful and relevantbenchmark. But, other than that, I think we should, really see where the market will take us in terms of the interest rates first and then also the FX.

DEMIRTAS D: Thank you.

OPERATOR: The next question comes from the line of Mandaci Ece with Ünlü Securities. Please go ahead.

MANDACI E: Hi, thank you very much for the presentation and congratulations on the good numbers. I was just wondering about the current competitive environment since we have seen a significant recovery in your subscriber additions both in fixed broadband and mobile segments. Going forward, would you expect or plan any further price adjustments in both categories in order to have the inflationary effect on pricing, and how this could affect your competitive power in the market, and what could be the reaction of other competitors going forward. If you just give a broad picture about this, it would be very helpful? Thank you very much.

ÖNAL Ü: For some time, we have a strategic approach which balances price and subscriber gain which actually sets the ground for our strategies. The mobile market which started the year with price revisions in 2021, witnessed the intensification of competition again under the influence of short-term attractive campaigns, with the increase in restrictions caused by the pandemic. Again, for the mobile side, in second quarter, we saw that operators' pricing became more rational due to both pricing normalisation and rising inflationary pressure.

We expect MNP market to grow a little more compared to this year as the effect of the pandemic will decrease further in 2022. But honestly, we don't expect a competition based on price in the market, we don't think the market is suitable for that.

For the fixed broadband side, the competition has been aggressive at times, but we focused more on seasonal actions in the third quarter. What we saw in this period is that other ISPs focused on subscriber acquisition with regional aggressive campaigns, but increased prices in mass campaigns. You know, we have the highest share in the market, I mean as the lead operator and we are going to position ourselves according to the realities of the market

OPERATOR: Ms. Mandacı, are you done with your questions?

MANDACI E: Yes, thank you very much.

OPERATOR: The next question comes from the line of Annenkov Evgeny with Bank of America, Merrill Lynch. Please go ahead.

ANNENKOV E: Thank you for the presentation. I have a question on your international revenue, the growth slowed down a bit in Q3, but on a high base and actually accelerated on a 2-year basis; Can you please discuss in more detail opportunities that you see in international revenue segment? And can you please remind, what is the EBITDA margin specifically in this segment, how dilutive it is for the group margin? Thank you.

AKTAN K: Well, as you mentioned, we had a base impact coming from, you know, significant revenue uplift of last year. So, interconnection revenue, especially with the voice business creates some seasonality in the numbers. And also, the FX rates obviously is taking the revenue of local currency equivalent revenues up when there is a devaluation of the lira. Going forward, I think those two factors would also, you know, continue impacting our numbers. We do not provide a margin performance based on theinternational or local businesses, but it's a carrier business with, you know, voice interconnection business also attached to that. They are not very different from the average profitability for such type of businesses.

ANNENKOV E: Thank you.

OPERATOR: Ladies and Gentlemen, there are no further questions at this time. I will now turn the conference over to Türk Telekom management for any closing comments. Thank you.

AYAZ G: Thank you, everyone, for joining us today. We want to send you our greetings for the upcoming greeting season and wish you a Happy New Year. See you next time. Thank you. Bye-bye.