

2021 Q1

# Türk Telekom

## Investor Presentation

Türk Telekom  
Değerli Hissettirir



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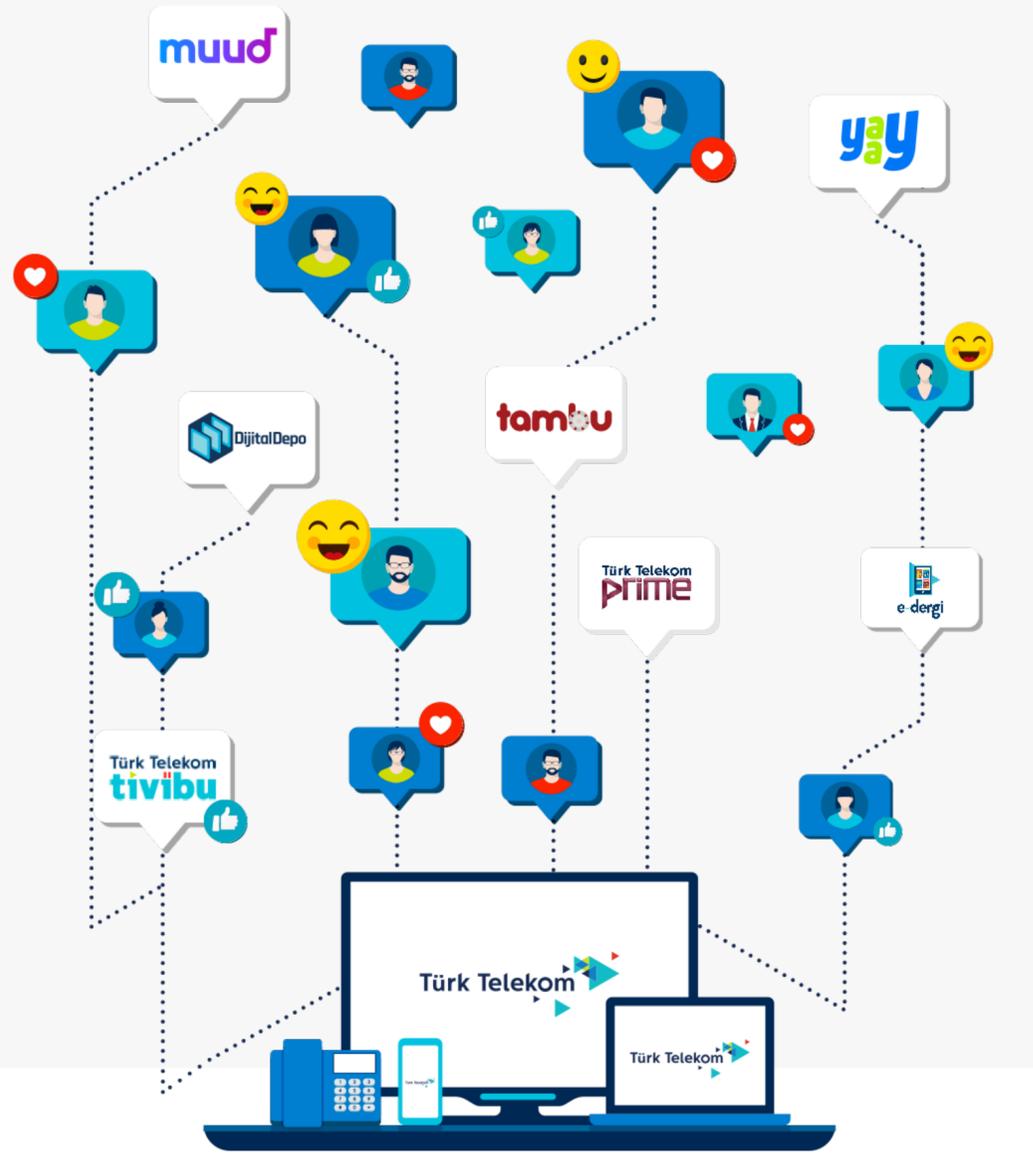
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Note: EBITDA is a non-GAAP financial measure. The EBITDA definition used in this investor presentation includes revenues, cost of sales, marketing, sales and distribution expenses, general administrative expenses, research and development expenses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

# 50.6mn subscribers



**198K** in Q1 '21      Net additions\*      **2.2mn** in LTM

\*Includes Tivibu

## Net Adds

|   |                    |                       |                     |
|---|--------------------|-----------------------|---------------------|
|    | <b>Broadband</b>   | <b>204K</b><br>Q1 '21 | <b>2.0mn</b><br>LTM |
|   | <b>Mobile</b>      | <b>103K</b><br>Q1 '21 | <b>90K</b><br>LTM   |
|  | <b>Fixed Voice</b> | <b>-52K</b><br>Q1 '21 | <b>476K</b><br>LTM  |

## 2021 Q1 Highlights



Total  
Subscribers

50.6 mn  
Up 5% YoY



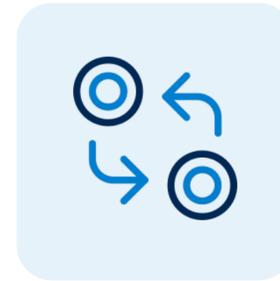
Net  
Income

TL 1.4 bn  
Up 105% YoY



Revenue

TL 7.6 bn  
Up 20% YoY



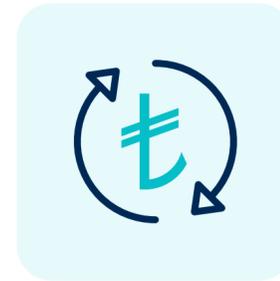
Free Cash  
Flow (FCF)

TL 750 mn  
Down 53% YoY



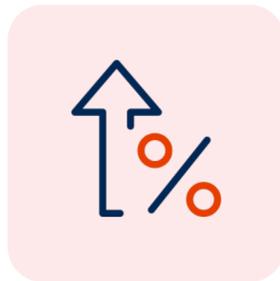
EBITDA

TL 3.8 bn  
Up 28% YoY



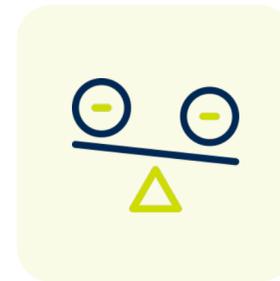
CAPEX

TL 1.3 bn  
Up 40% YoY



EBITDA  
Margin

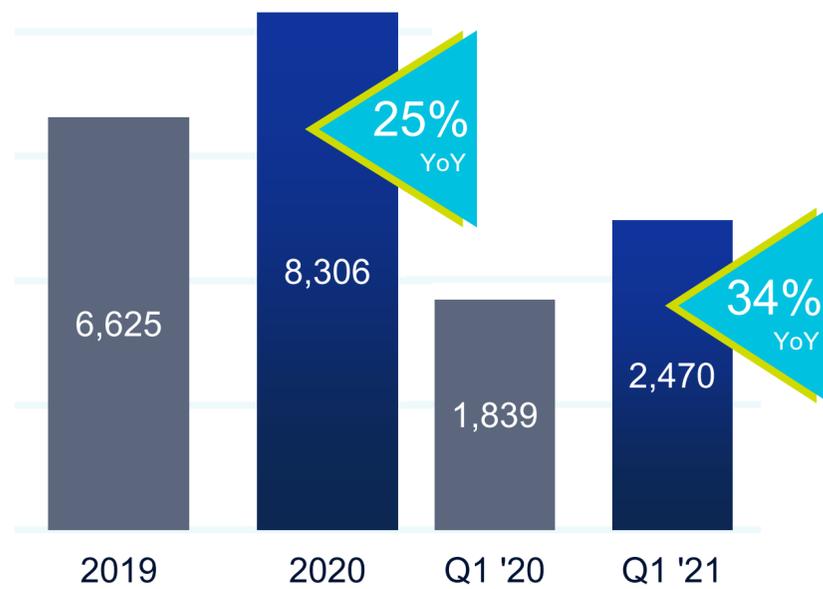
50.1%  
Up 290bps YoY



Net  
Leverage

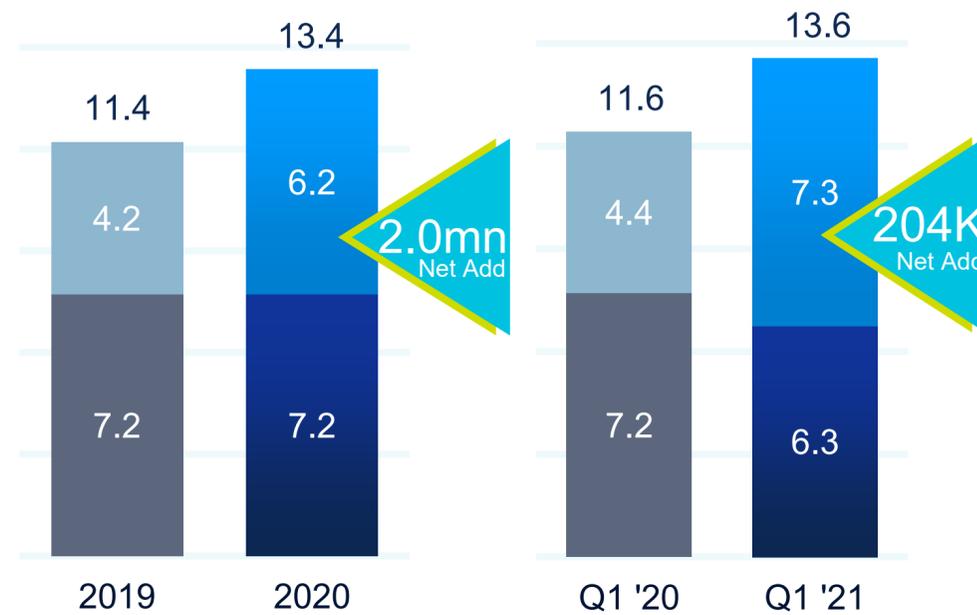
1.15x  
Q1 '20 1.38x

## Fixed Broadband Revenue (TL mn)

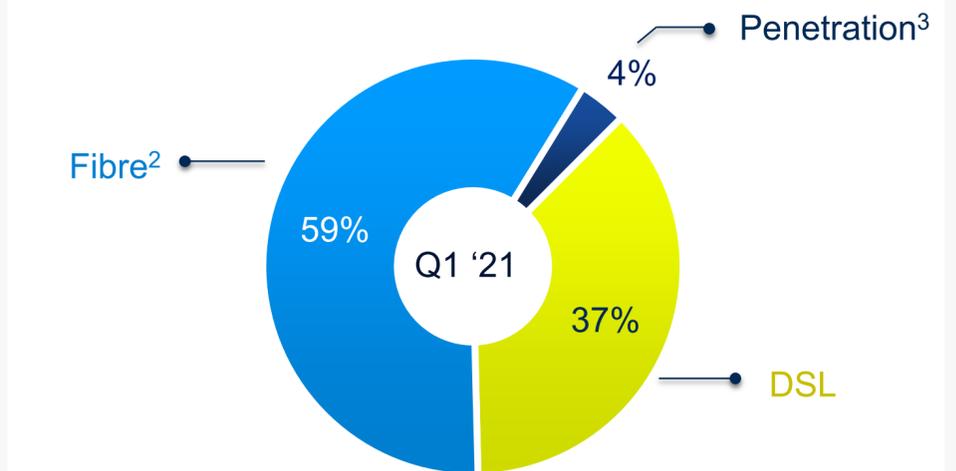
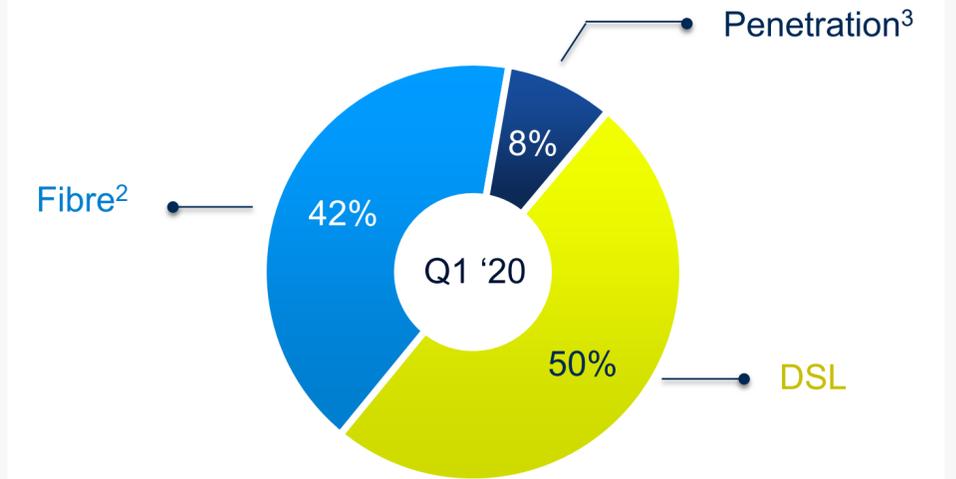


## ARPU & Subscribers

- Fibre Subscribers (mn)
- DSL Subscribers (mn)
- ARPU (TL)



## Subscriber Breakdown<sup>1</sup> (% of Subscribers)

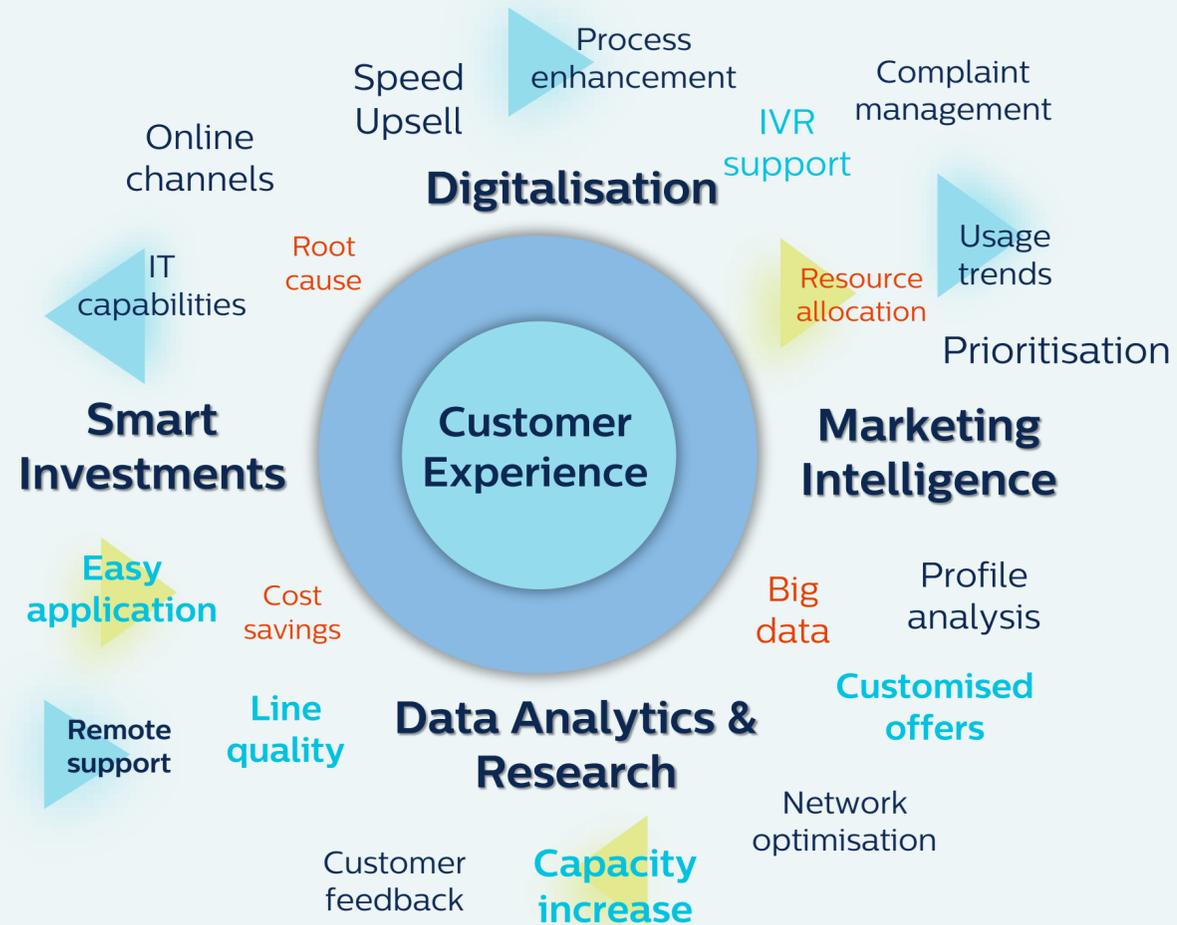


<sup>1</sup>Retail only

<sup>2</sup>Fibre subscribers include FTTH/B & FTTC subscribers

<sup>3</sup>Customers acquired through penetration campaigns

# Customer Experience



>2mn new fixed internet subscribers since the Covid-19 outbreak. Customer retention & customer experience more important than ever

### HOW TO APPROACH?

#### Four main pillars

- Data analytics & Research
- Marketing intelligence
- Digitalisation
- Smart investments

### WHAT TO DO?

- Manage 13.6mn subscriber base,
- Manage/minimise customer complaints increasing with installation and usage intensity,
- Analyse customers' usage motivations, align investments accordingly, upsell.

### Speed Focus

- ADSL to Fibre conversion
- Increased FTTH customers' solutions at first contact from 30% to 55%
- Single system management of FTTH modems
- Ability of field workers to intervene fixed infrastructure remotely

### Line Quality Improvement

- "Root cause analysis" on recurring problems
- Remote support
- Improvement in customer breakout and speed experience
- Activation, transfer & deactivation failures reduced by 55% with network system optimisations

### Digitalisation

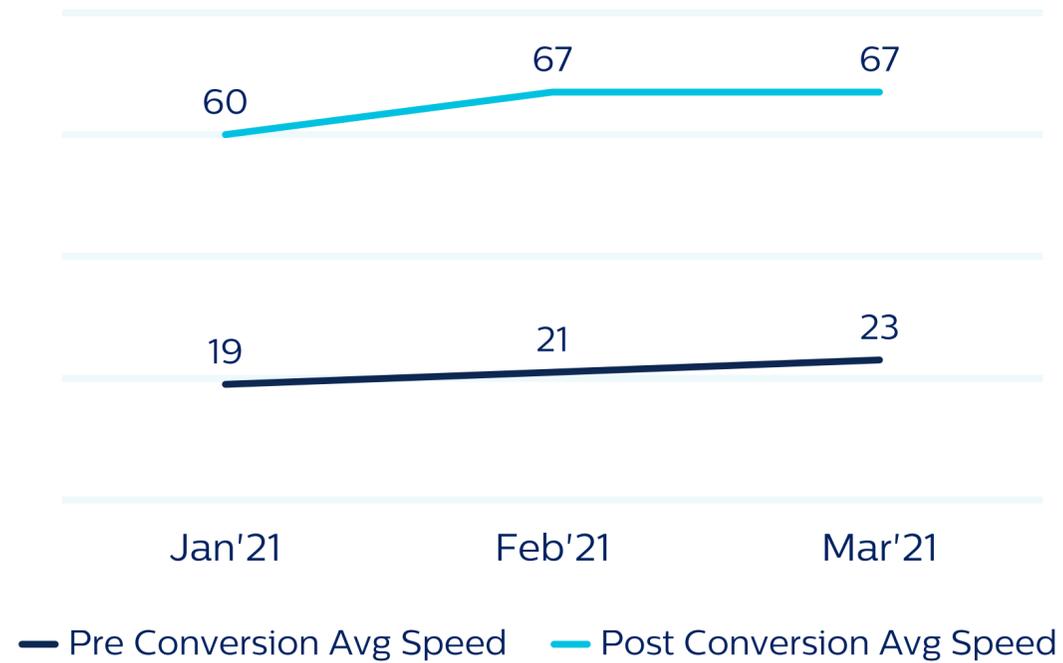
- End-to-end fixed internet application via MOIM\*
- Smart IVR support & integration to MOIM
- Integration of the Consumer Complaint Management System with ICTA

\* Türk Telekom Mobile Online Transactions Centre

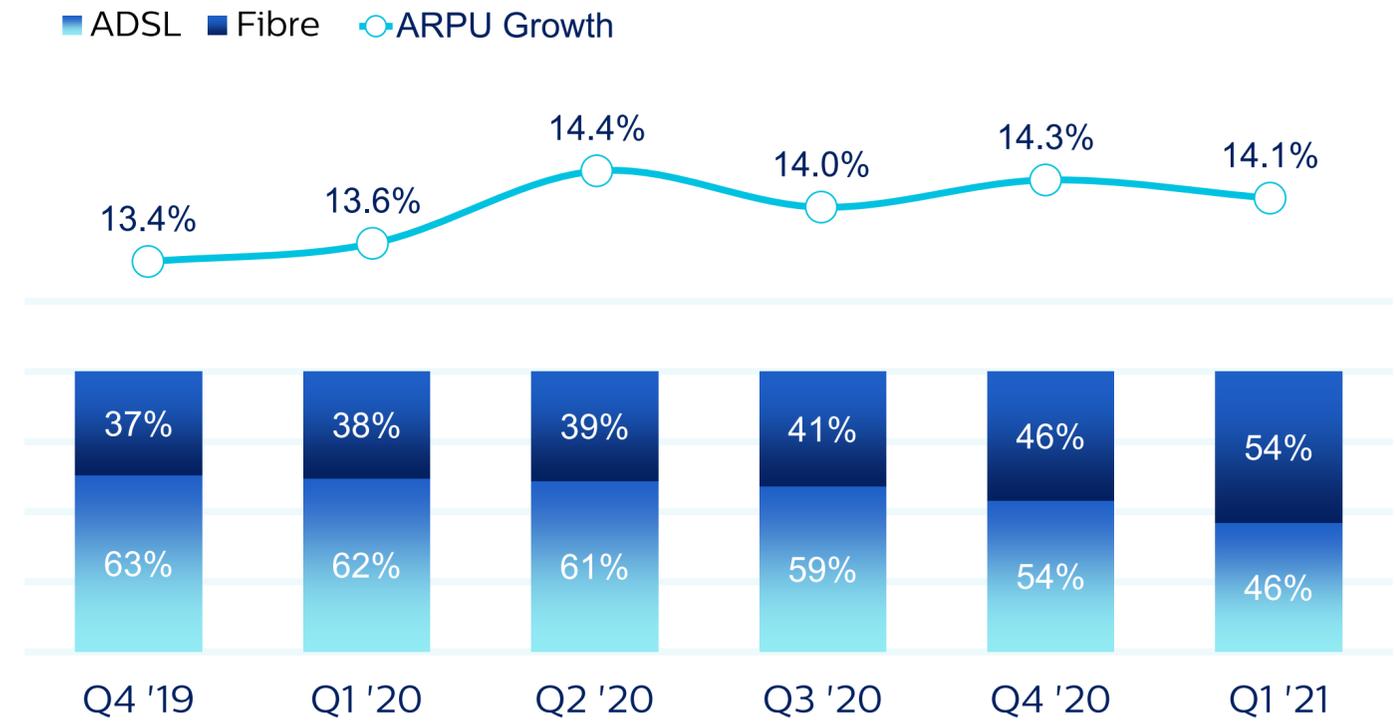
## ADSL to Fibre Conversion

- Following our preparations on technology improvements and customer experience, we have started migrating our subscribers from ADSL to fibre packages.
- We converted more than 600K subscribers from ADSL to fibre packages in the first 3 months of 2021.
- Total conversion reached almost 900K over the last couple of quarters.
- Customers can receive up to ~3x higher speeds post-conversion.
- Recently kick started upsell offers to this group of customers and seeing close to 30%\* take up rate...
- ... confirming our future upsell opportunities and our ability to create growth possibilities continuously.

**Pre/Post Conversion Available Speed\*\* (Mbps)**



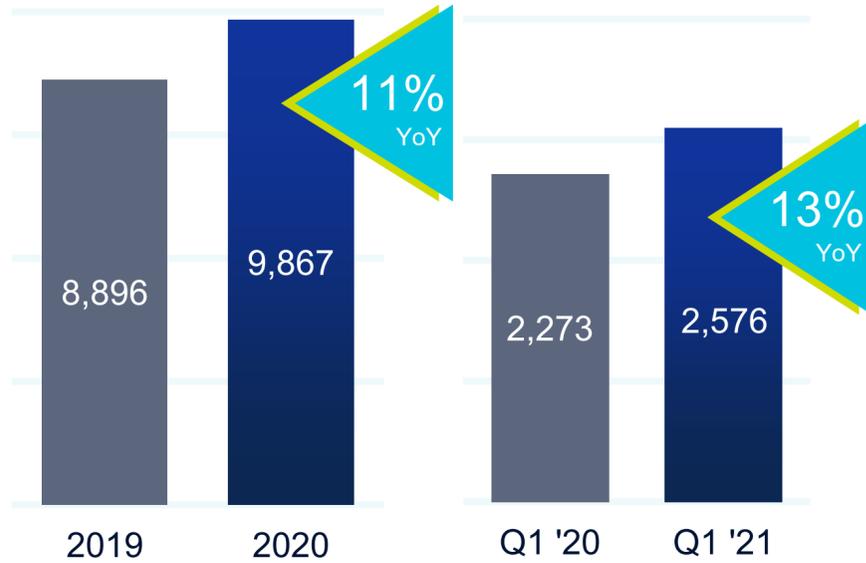
**Subscriber Breakdown**



\*Percentage of take up by customers who received outbound calls.

\*\*Shows available speeds, not the actual speeds that the subscribers receive.

### Mobile Revenue (TL mn)



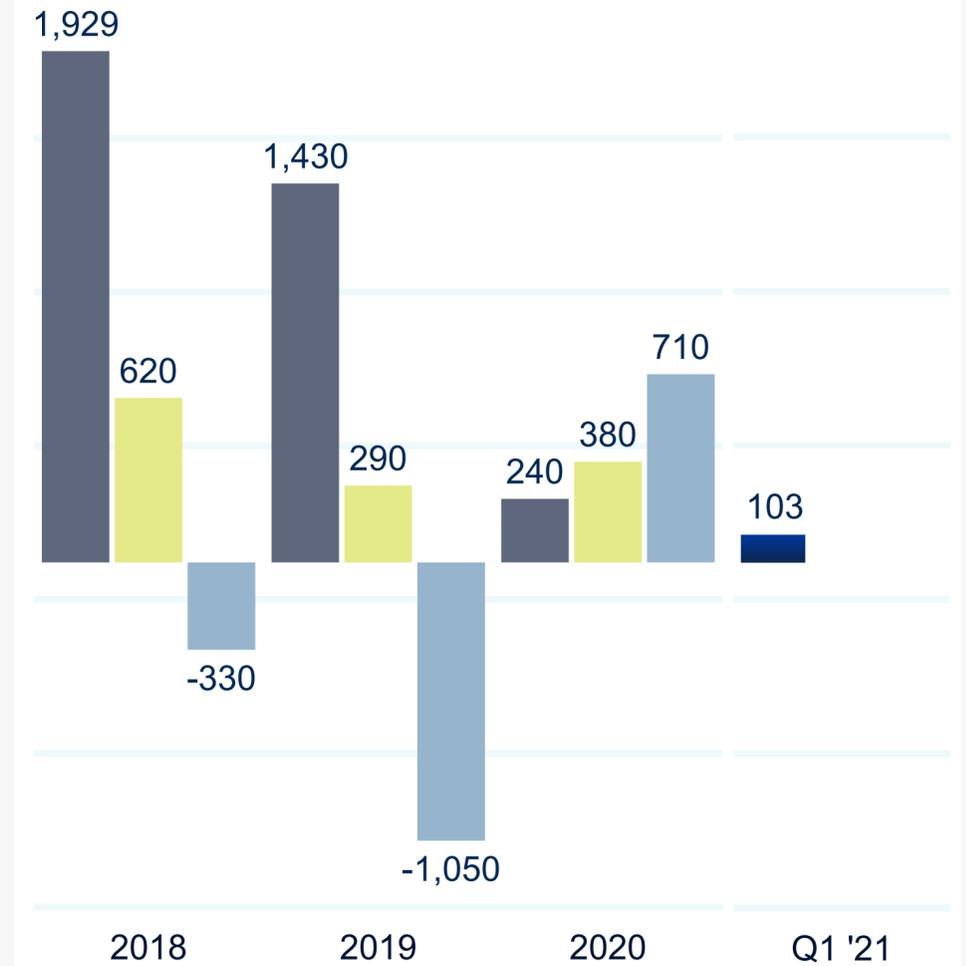
### Growing ARPU & Subscribers

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



### Net Subscriber Additions (thousand)

- Türk Telekom
- Vodafone
- Turkcell



Source: ICTA, Türk Telekom

## Global Mobile Network Experience Awards 2021



Opensignal, an independent research and analytics house specialising on customers’ true experience on mobile networks listed Türk Telekom amongst **“Global Rising Stars”** and **“Global High Performers”** in its “Global Mobile Network Experience Awards 2021”. Türk Telekom was the only operator from Turkey that ranked in a total of 5 categories.



## Improvement in Mobile Network Experience\*

|                           | Türk Telekom |
|---------------------------|--------------|
| Video Experience          | 16.0%        |
| Download Speed Experience | 49.8%        |
| Upload Speed Experience   | 32.8%        |
| 4G Availability           | 8.0%         |
| Voice App Experience      | 79.6**       |

\*Opensignal Awards – [Global Mobile Network Experience Awards 2021](#) Awards 2021 based on independent analysis of mobile measurements recorded during the period July 1 – December 27, 2019 & 2020. © 2021 Opensignal Limited.

\*\* 79.6 out of 100

|  | 2020<br>Actuals | 2021<br>Previous Guidance | 2021<br>Revised Guidance |
|--|-----------------|---------------------------|--------------------------|
|  <b>Revenue</b><br>(exc. IFRIC 12) <sup>1</sup> | 26,519          | Around<br>14% growth      | Around<br>16% growth     |
|  <b>EBITDA</b>                                 | 13,237          | Around<br>TL 15 bn        | Around<br>TL 15.4 bn     |
|  <b>CAPEX</b>                                 | 6,739           | Around<br>TL 7.7 bn       | Around<br>TL 8 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

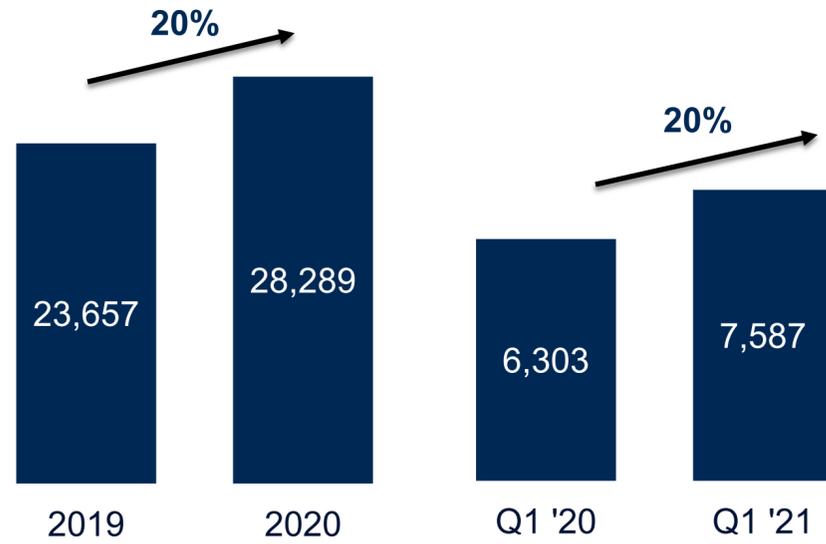


# Financial Highlights



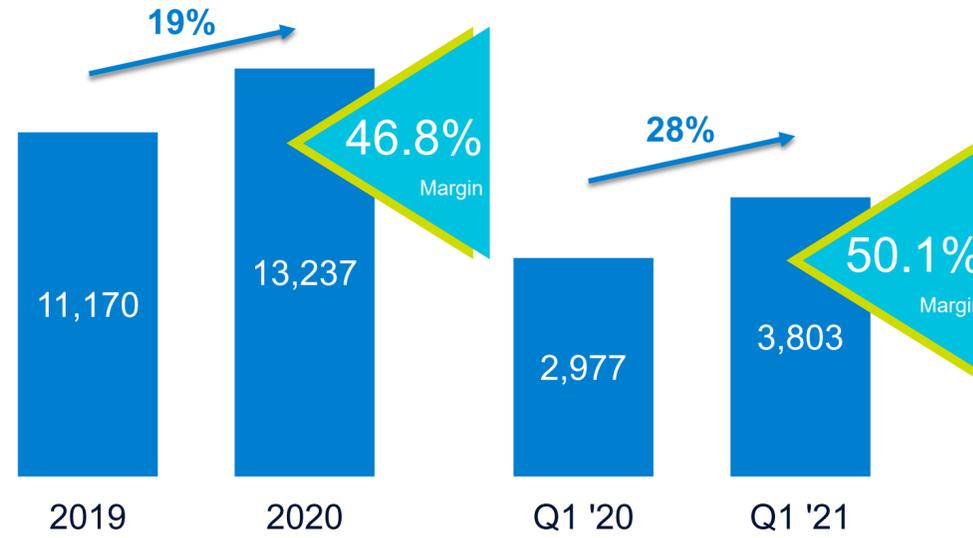
### Revenue

(TL mn)



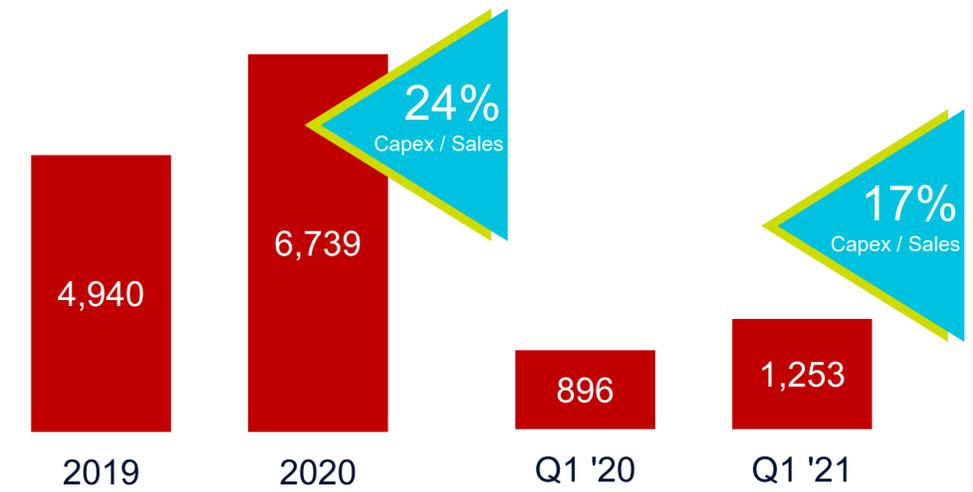
### EBITDA

(TL mn)



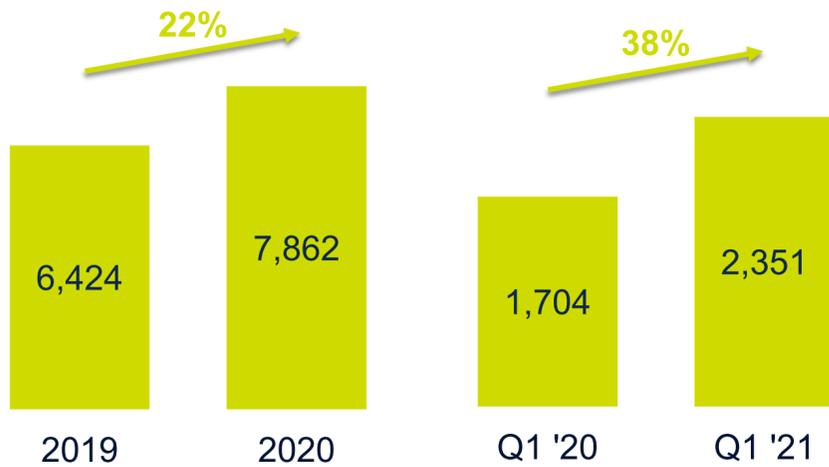
### CAPEX

(TL mn)



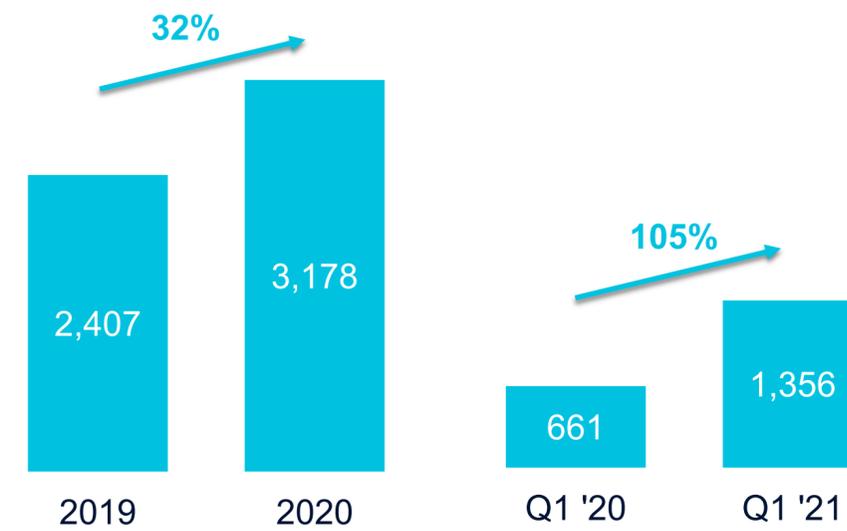
### Operating Profit

(TL mn)



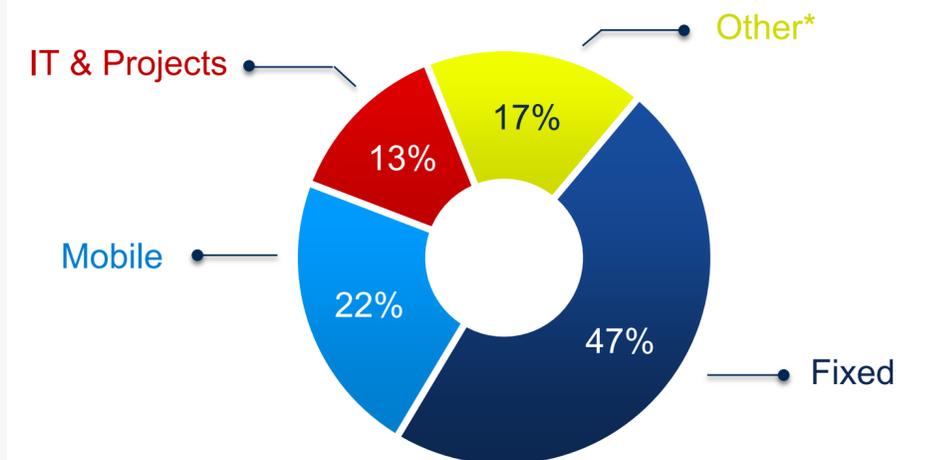
### Net Income

(TL mn)



### Capex Breakdown

(2020, %)



\* Other Capex includes capex for subsidiaries (excl TTI), new revenue streams, IFRS 15 capitalization, etc.

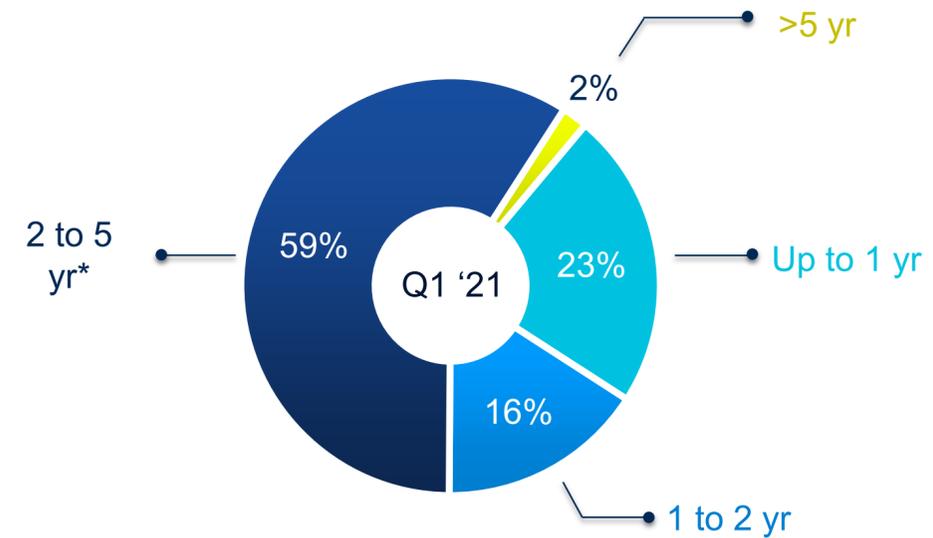
## Net Debt

■ Net Debt (TL bn) ● Net Debt/EBITDA



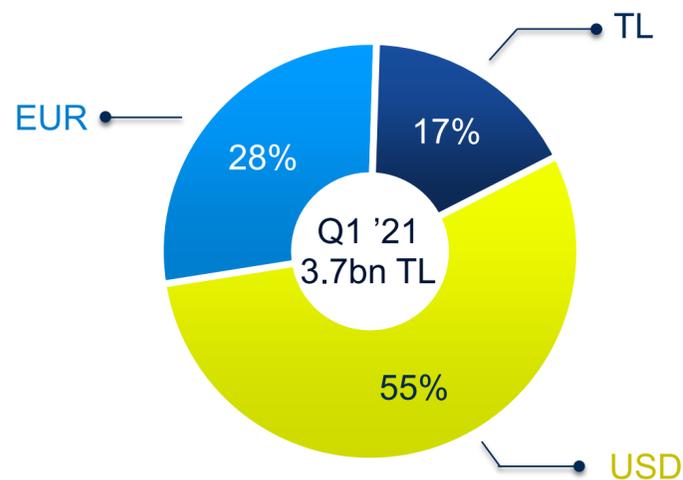
Note: Net Debt calculation includes market valuation (MTM) of Foreign Currency TL money swap transactions. Net Debt/EBITDA calculation does not include extraordinary provisions in EBITDA calculation.

## Maturity Profile

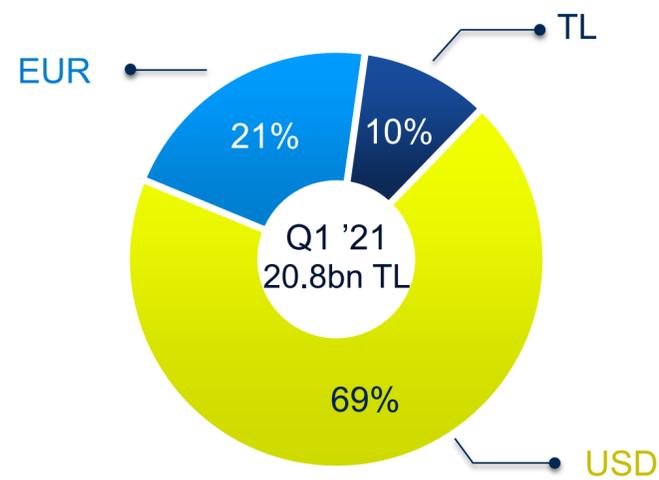


All loans are senior unsecured  
\* including 2024 & 2025 maturity bonds (USD 500 mn each)

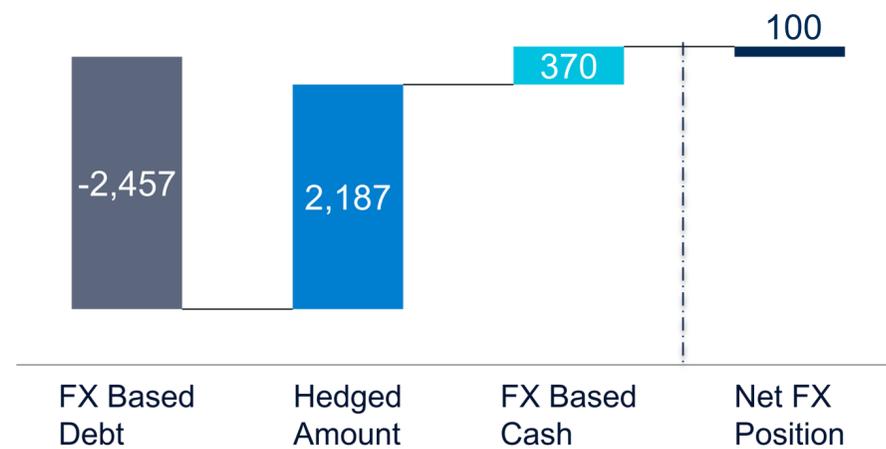
## Cash – Currency Breakdown



## Gross Debt – Currency Breakdown



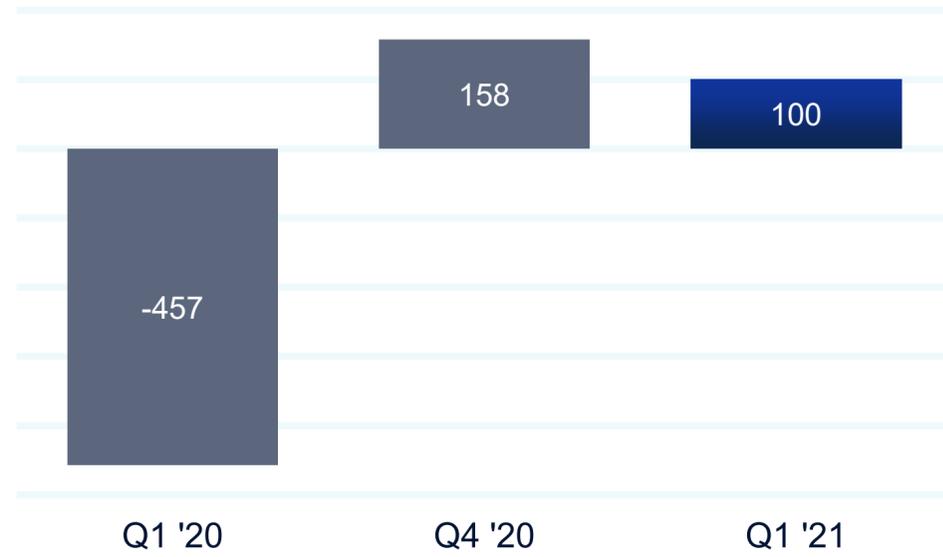
## Hedge – Composition of FX Position



\*FX Debt calculation includes FX financial debt (including FX lease obligations) and FX net trade payables. Hedged amount includes hedging of FX financial debt, hedging of FX net trade payables and net investment hedge.

### Net FX Exposure \*

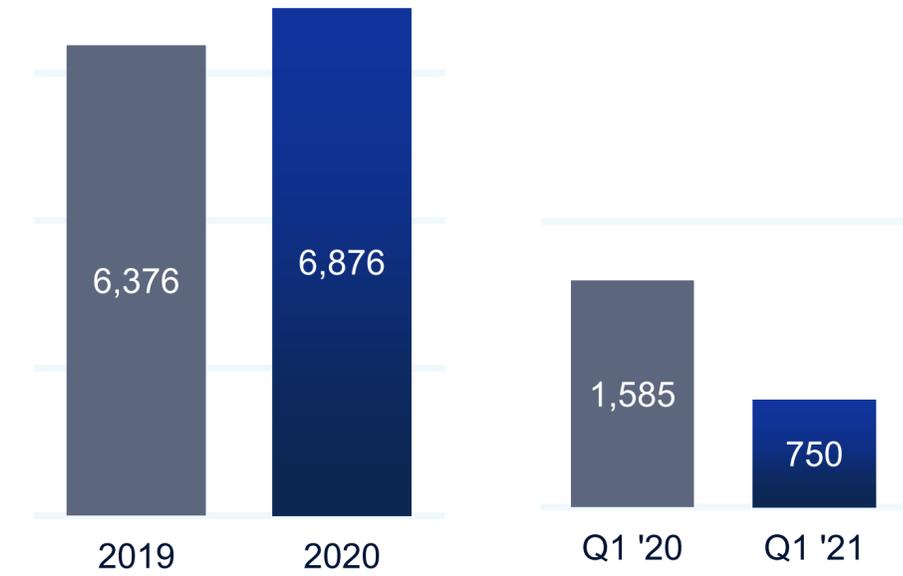
(USD mn equivalent)



\*Net FX exposure is calculated as Total FX based Debt, less total Hedged Amount, less Total FX based Cash.

### Cash Flow \*

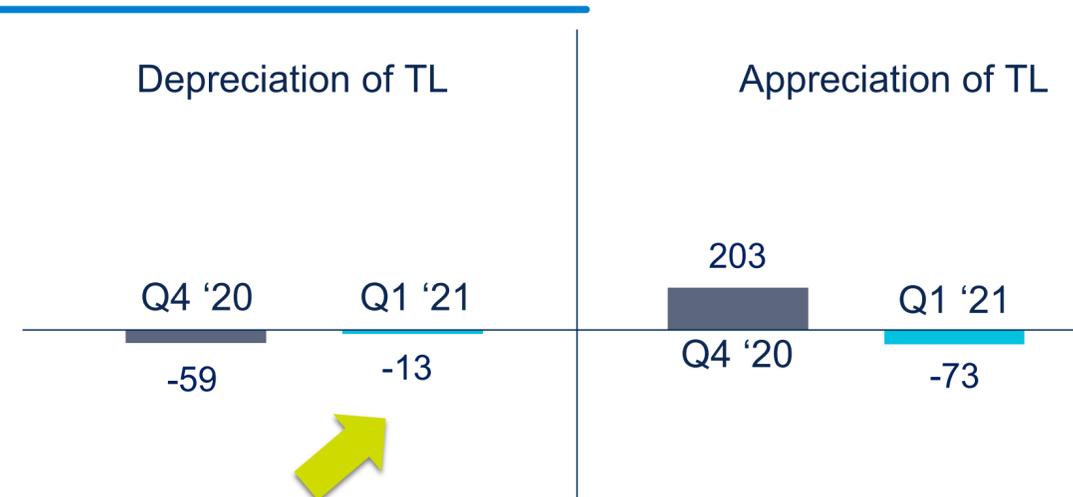
(TL mn)



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

### Profit Before Tax Sensitivity

(TL mn, 10% change in FX rates)





# Appendix

| (TL mn)                      | Q1 '20 | Q4 '20 | Q1 '21 | QoQ Change | YoY Change |
|------------------------------|--------|--------|--------|------------|------------|
| Revenues                     | 6,303  | 7,650  | 7,587  | (0.8)%     | 20.4%      |
| EBITDA                       | 2,977  | 3,546  | 3,803  | 7.3%       | 27.7%      |
| Margin                       | 47.2%  | 46.3%  | 50.1%  |            |            |
| Operating Profit             | 1,704  | 2,089  | 2,351  | 12.5%      | 37.9%      |
| Margin                       | 27.0%  | 27.3%  | 31.0%  |            |            |
| Financial Inc. / (Exp.)      | (870)  | (907)  | (661)  | (27.1)%    | (24.1)%    |
| FX & Hedging Gain / (Loss)   | (294)  | (337)  | (189)  | (43.9)%    | (35.8)%    |
| Interest Inc./ (Exp.)        | (561)  | (479)  | (410)  | (14.4)%    | (27.0)%    |
| Other Financial Inc./ (Exp.) | (15)   | (91)   | (62)   | (31.8)%    | 310.1%     |
| Tax Inc./ (Exp.)             | (173)  | (78)   | (334)  | 328.9%     | 93.2%      |
| Net Income                   | 661    | 1,104  | 1,356  | 22.7%      | 105.2%     |
| Margin                       | 10.5%  | 14.4%  | 17.9%  |            |            |

| (TL mn)  | 31.03.2020    | 31.12.2020    | 31.03.2021    |
|--|---------------|---------------|---------------|
| <b>Total Assets</b>                                | <b>42,276</b> | <b>44,723</b> | <b>45,350</b> |
| Cash and Cash Equivalents                          | 6,484         | 5,008         | 3,723         |
| Tangible Assets <sup>1</sup>                       | 14,582        | 16,083        | 16,174        |
| Intangible Assets                                  | 10,413        | 12,137        | 12,186        |
| Right of Use Assets                                | 1,454         | 1,546         | 1,588         |
| Other Assets <sup>2</sup>                          | 9,343         | 9,948         | 11,679        |
| <b>Total Equities and Liabilities</b>              | <b>42,276</b> | <b>44,723</b> | <b>45,350</b> |
| Share Capital                                      | 3,260         | 3,260         | 3,260         |
| Reserves, Retained Earnings and Other Equity Items | 6,688         | 8,777         | 8,035         |
| Interest Bearing Liabilities <sup>3</sup>          | 22,932        | 21,235        | 22,154        |
| <i>Bank Borrowings and Bonds</i>                   | 21,688        | 19,897        | 20,773        |
| <i>Lease Liabilities</i>                           | 1,243         | 1,338         | 1,380         |
| Other Liabilities <sup>4</sup>                     | 9,396         | 11,451        | 11,901        |

(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

# Türk Telekom Investor Relations



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