

Türk Telekom

# Investor Presentation

2020 Q3

Türk Telekom





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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).

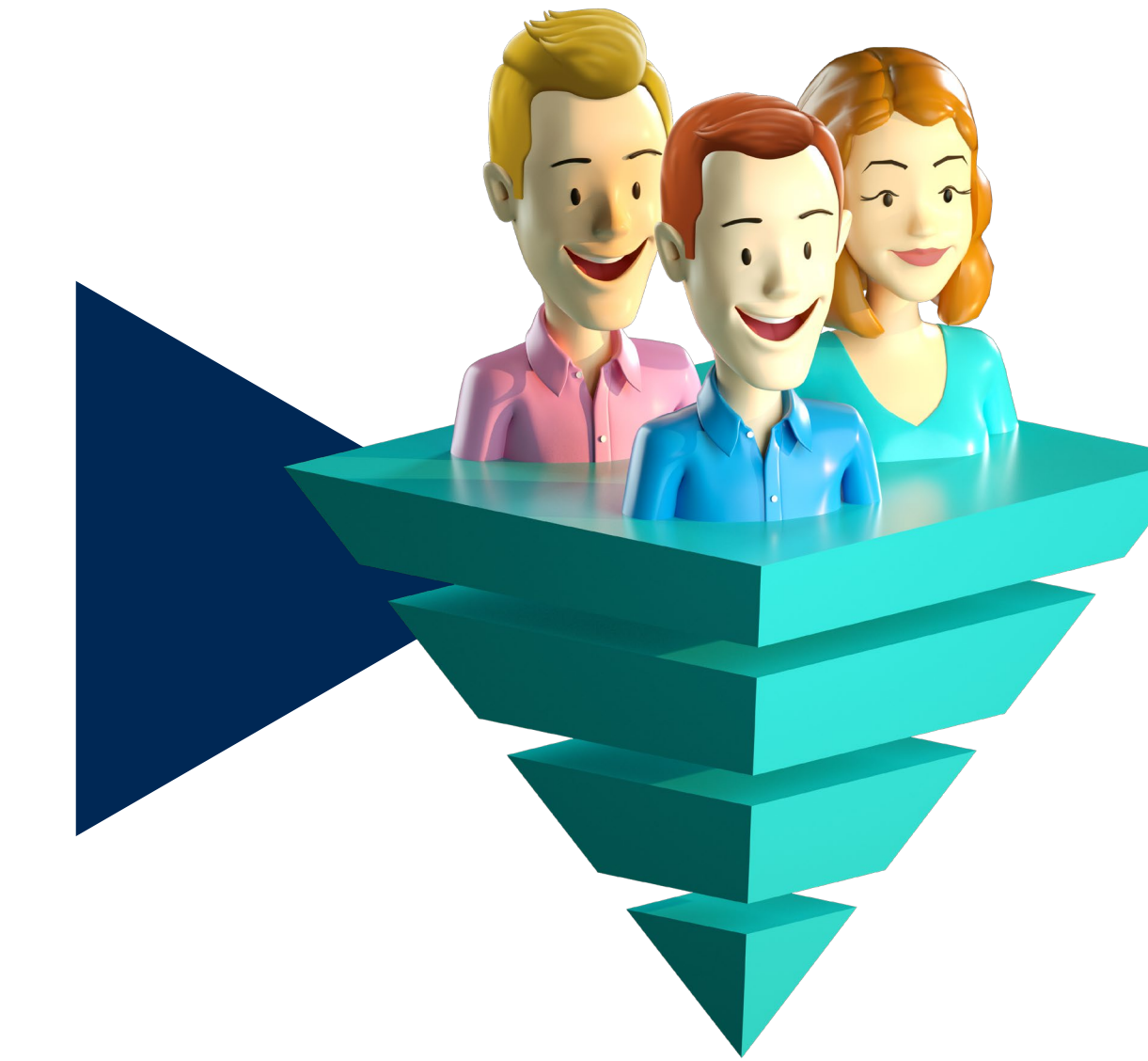


# Türk Telekom Highlights



**Leading  
COMPANY IN TURKEY**

Offering  
**Integrated telecom  
services**



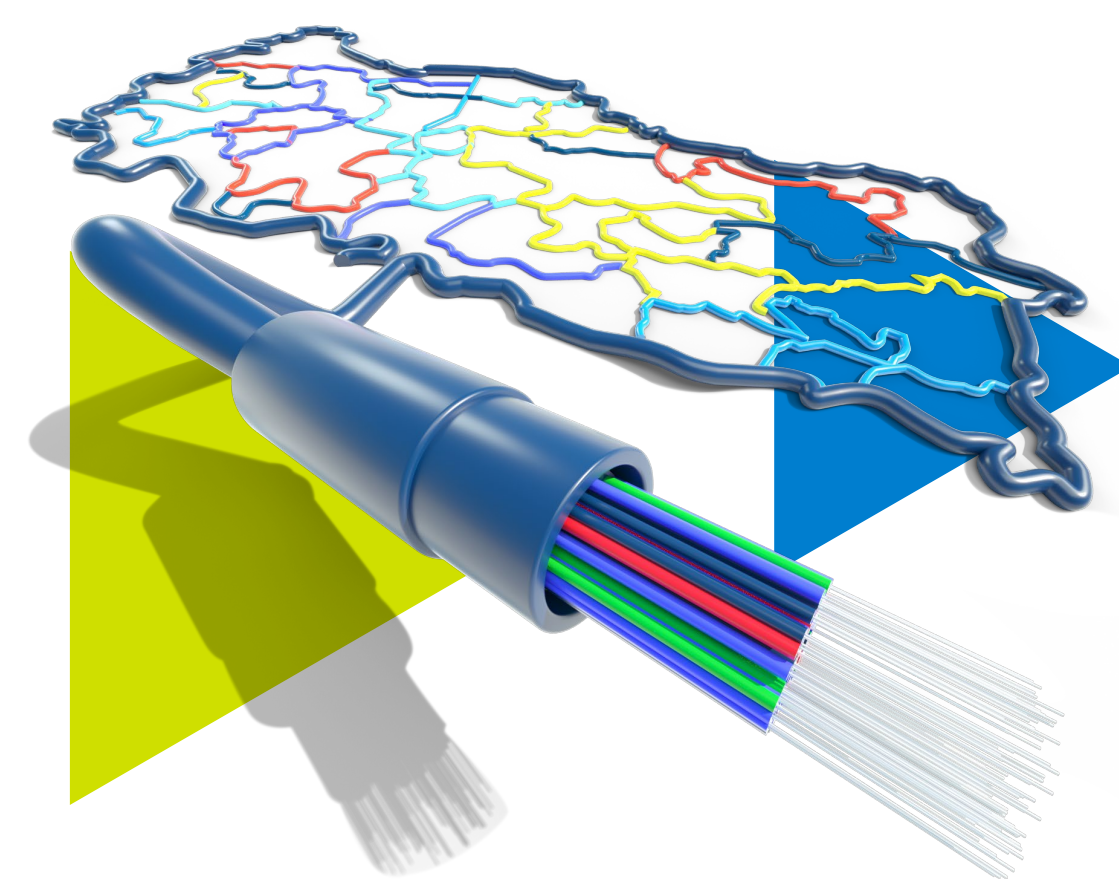
Serving  
**49.5mn**  
**Subscribers**



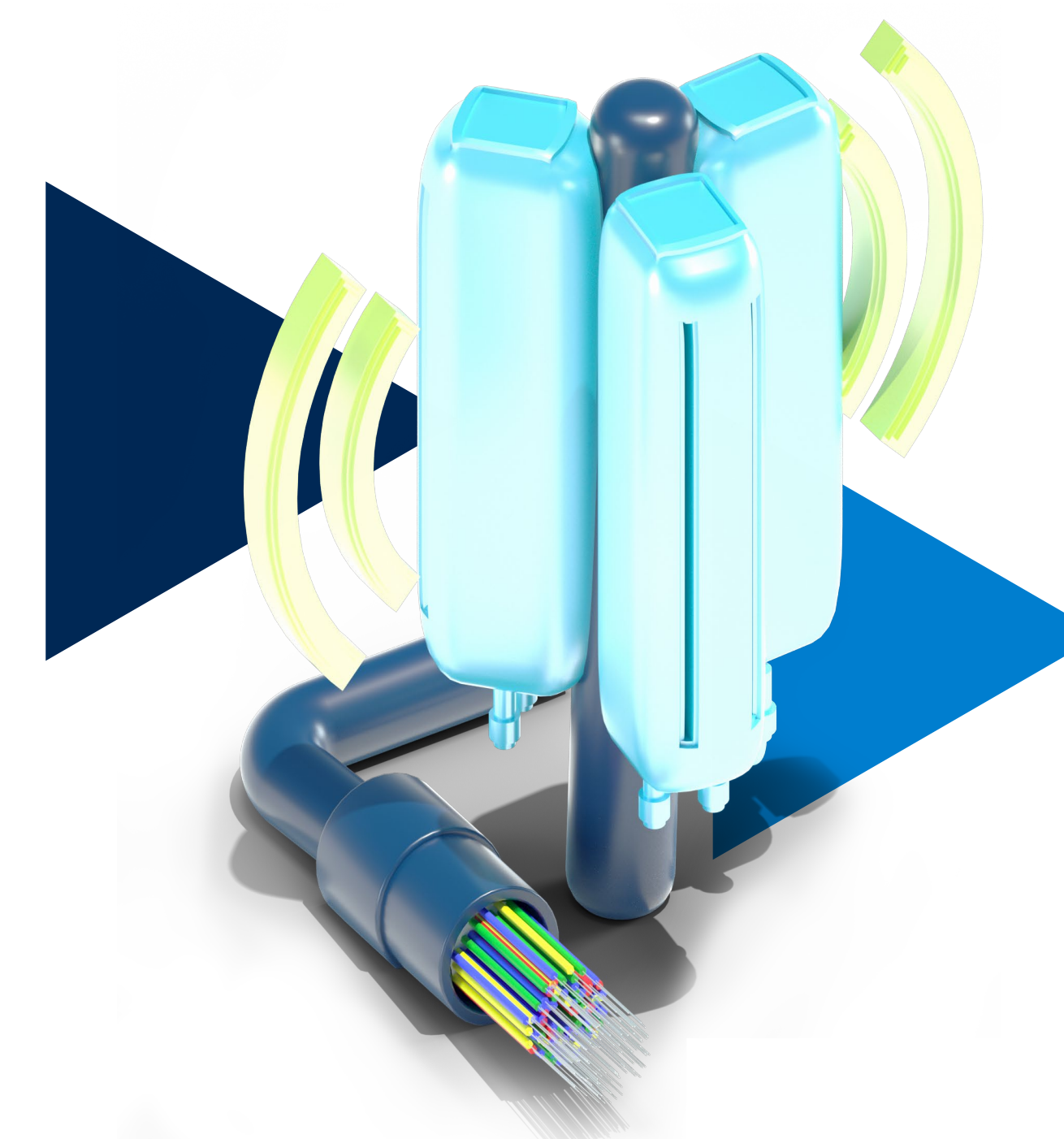
**94%**  
**LTE**  
Population Coverage



**2<sup>nd</sup>** **player**  
in TV market



**321k km**  
fiber network in  
**81 cities**



**~45%**  
**fiber connected**  
LTE Base Stations

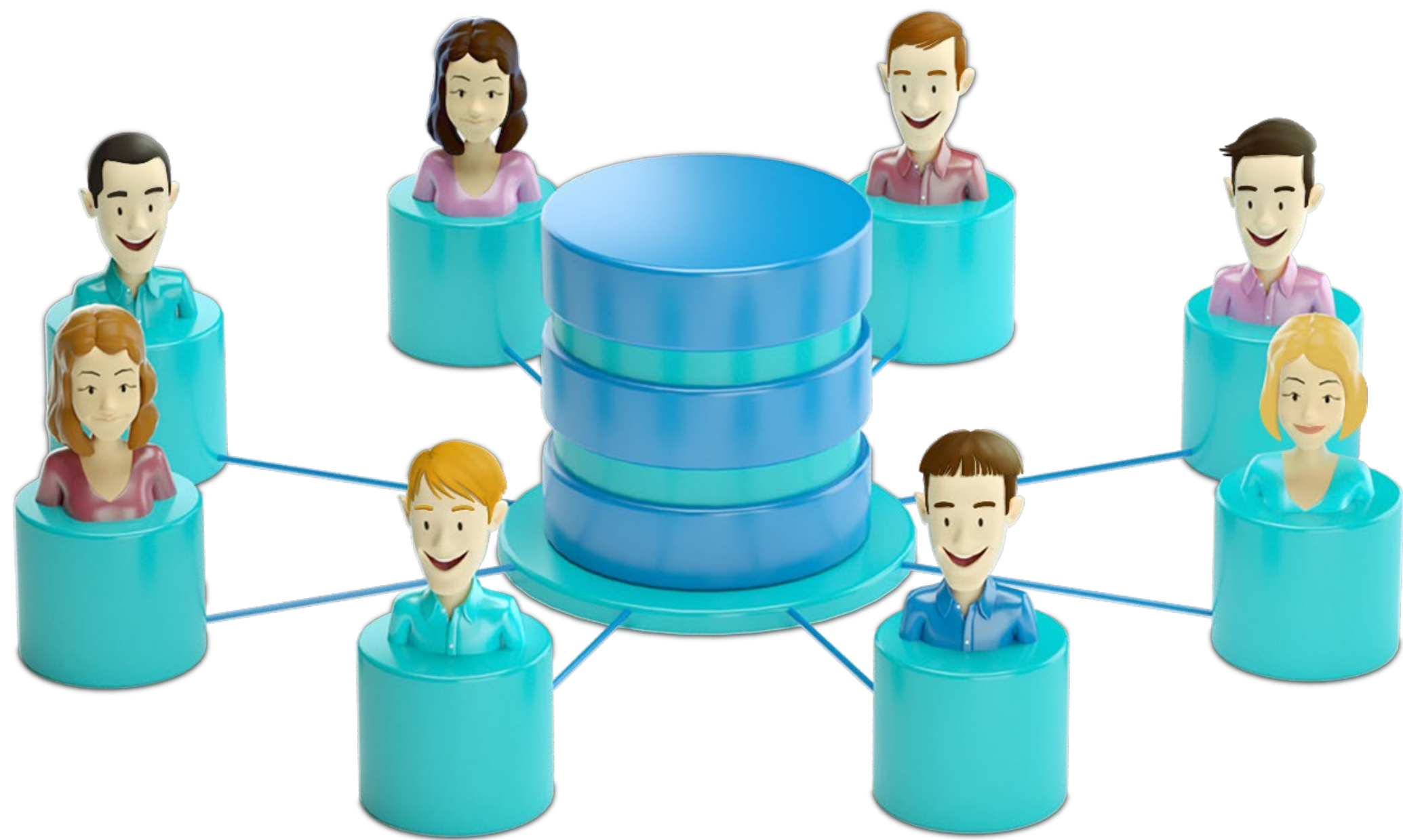


**25.0mn**  
**Fiber Homepass\***  
\*Homepass includes FTTC & FTTH/B



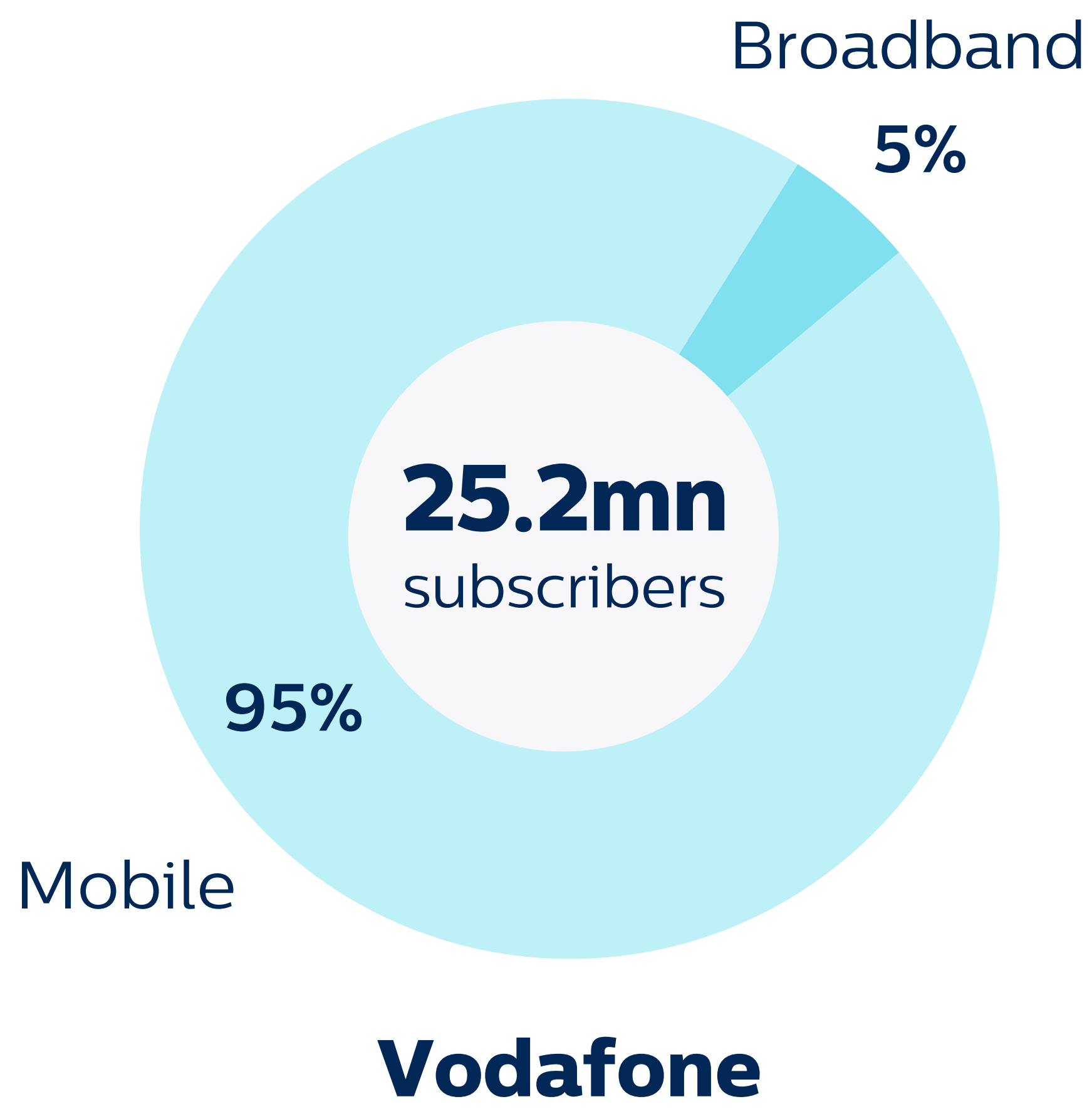
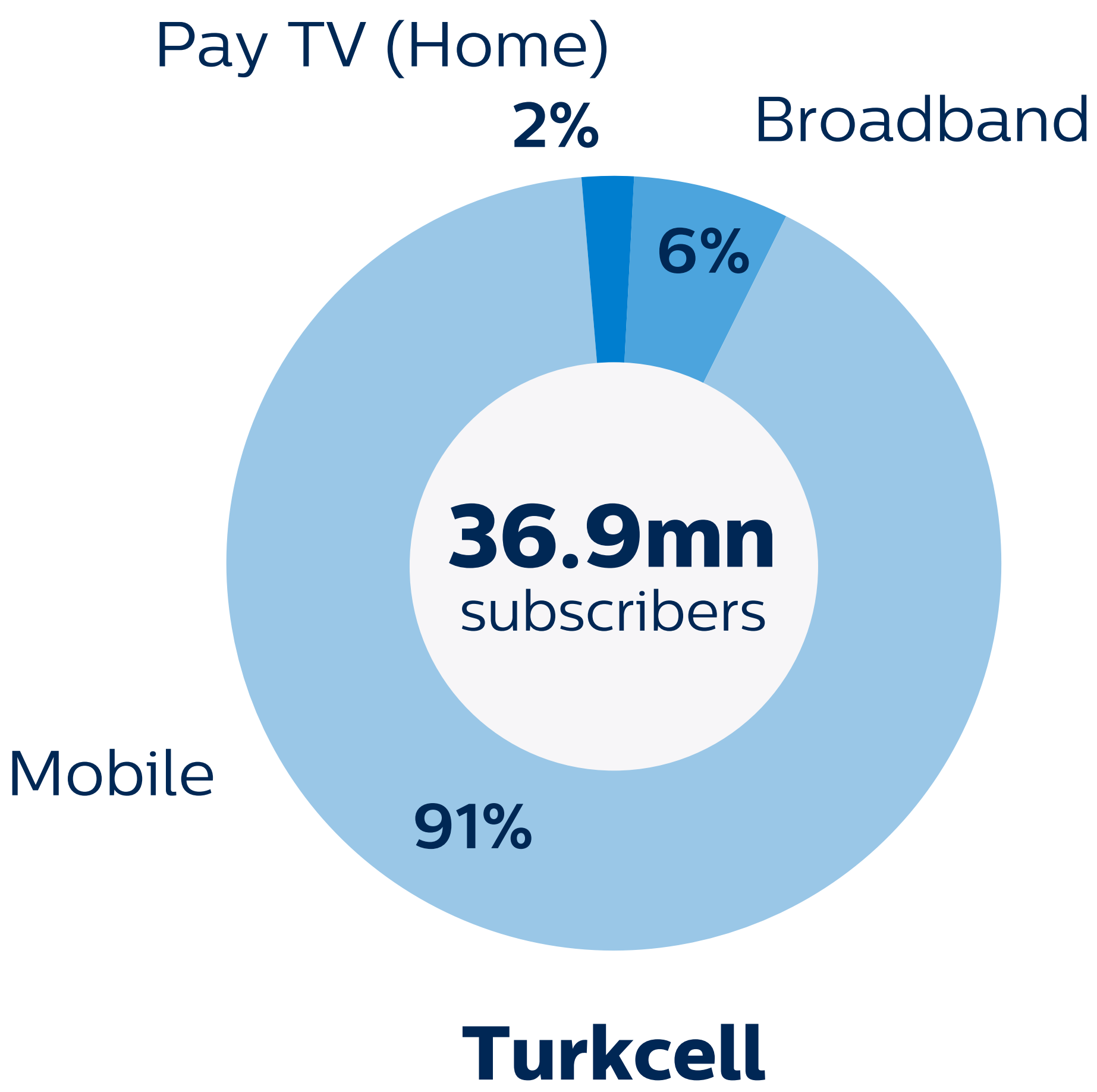
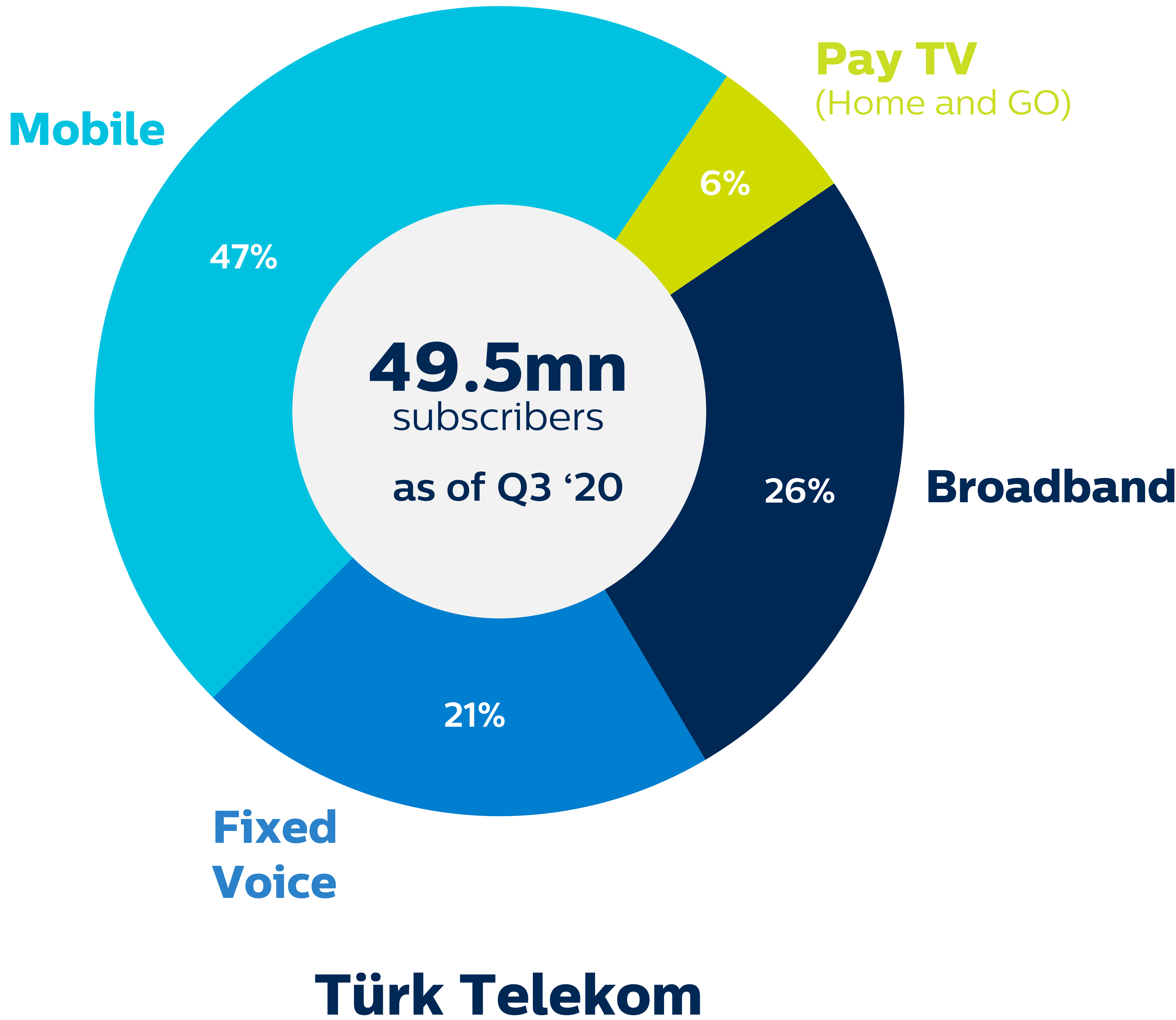
# Strongest Position in Multiplay Offers

**82%** of customers consented for sharing of their info among our group companies



multi product ownership **62%\***

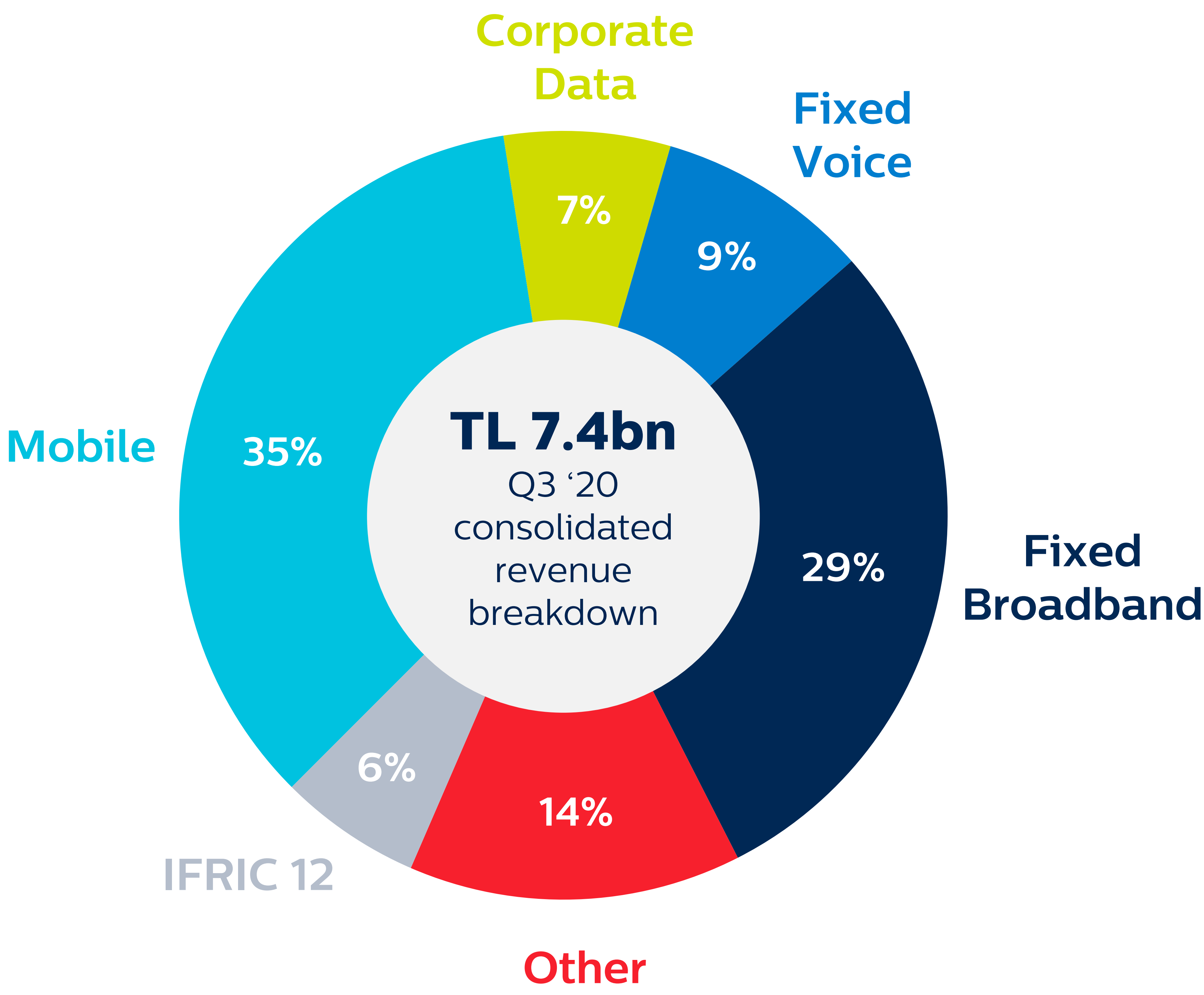
\*Among constant customer sub-universe that provided consent last year



Turkcell and Vodafone data are from their own publications as of Q3'20.

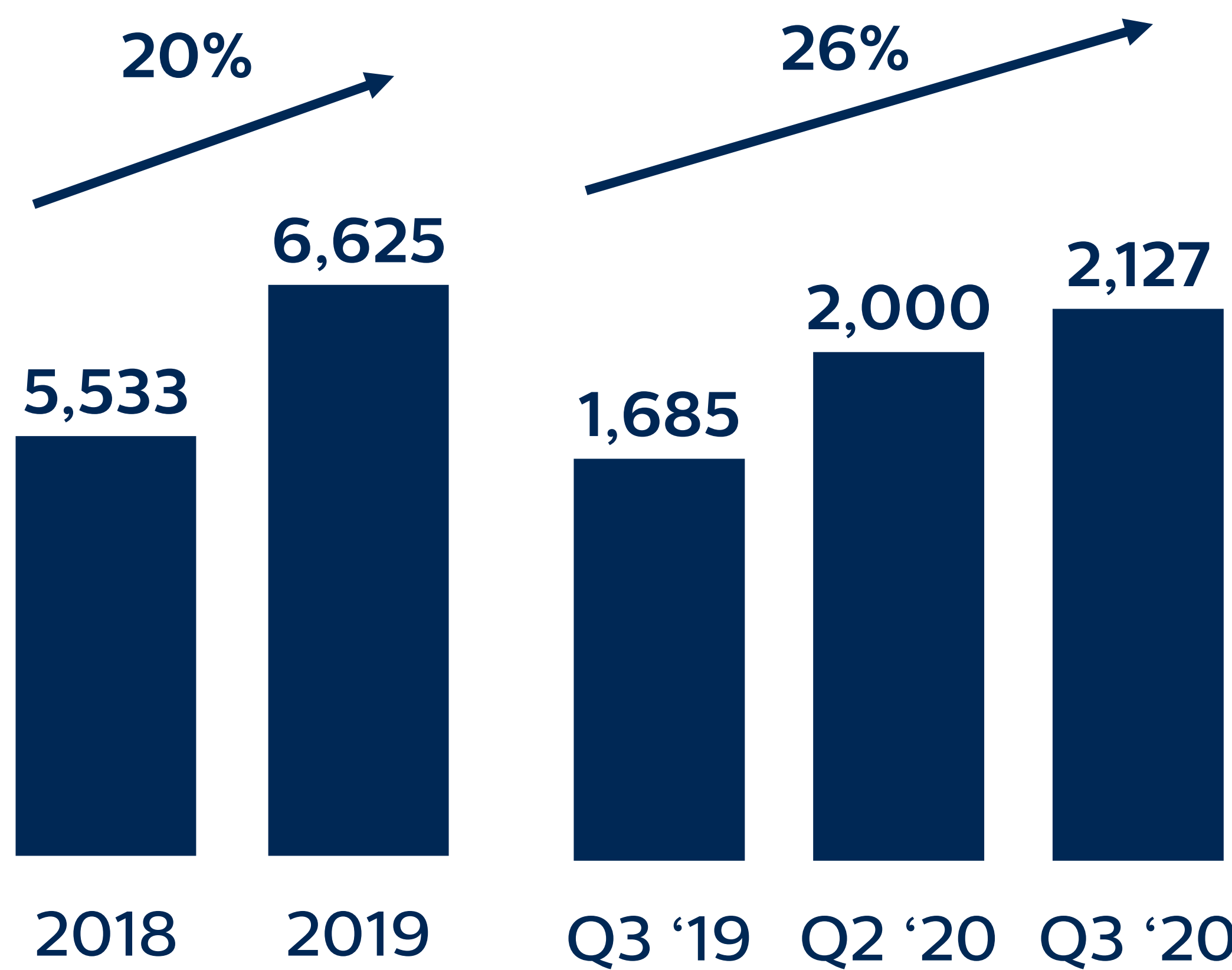


# Focused on High Growth Areas



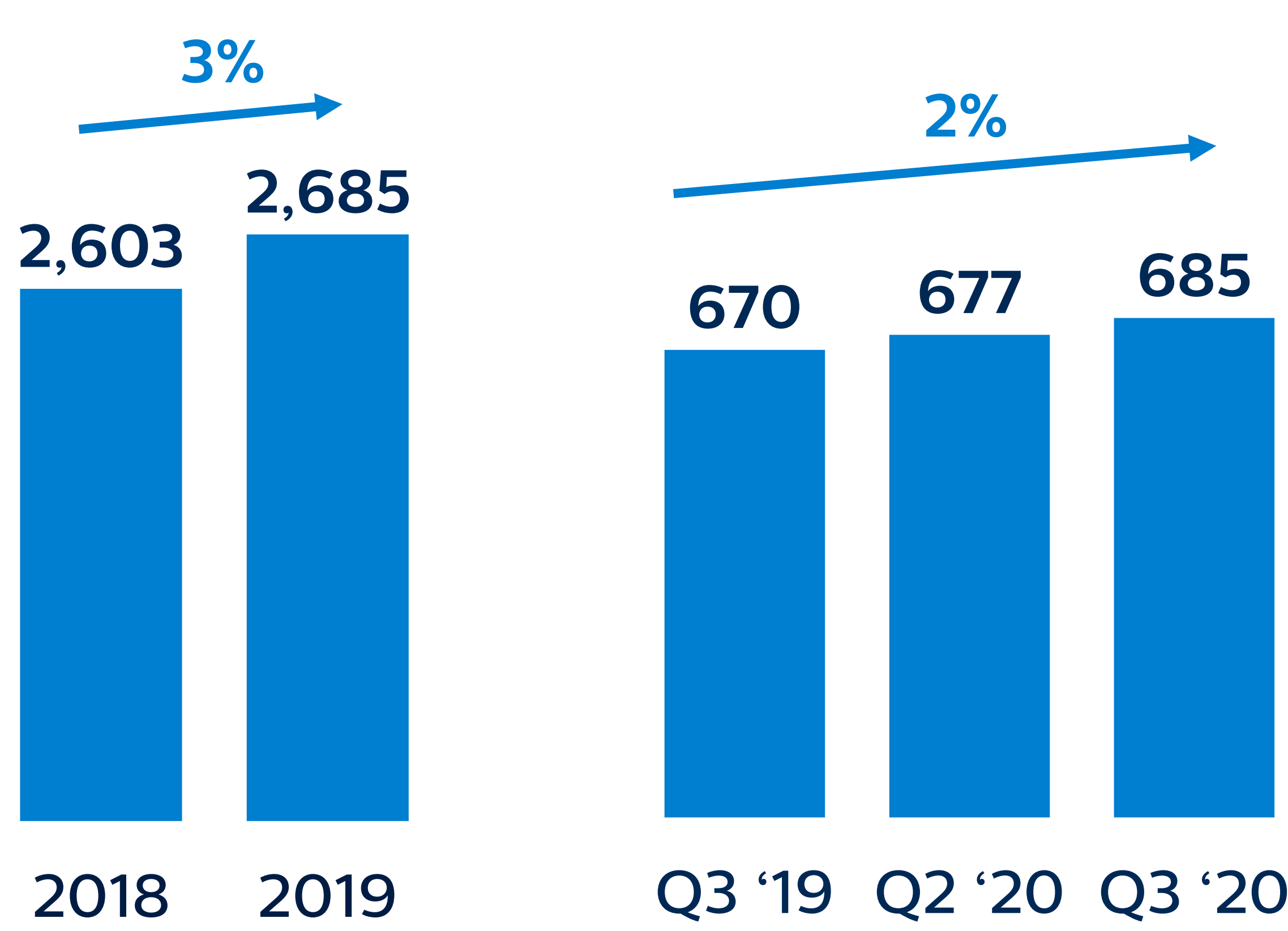
## Fixed Broadband

(TL mn)



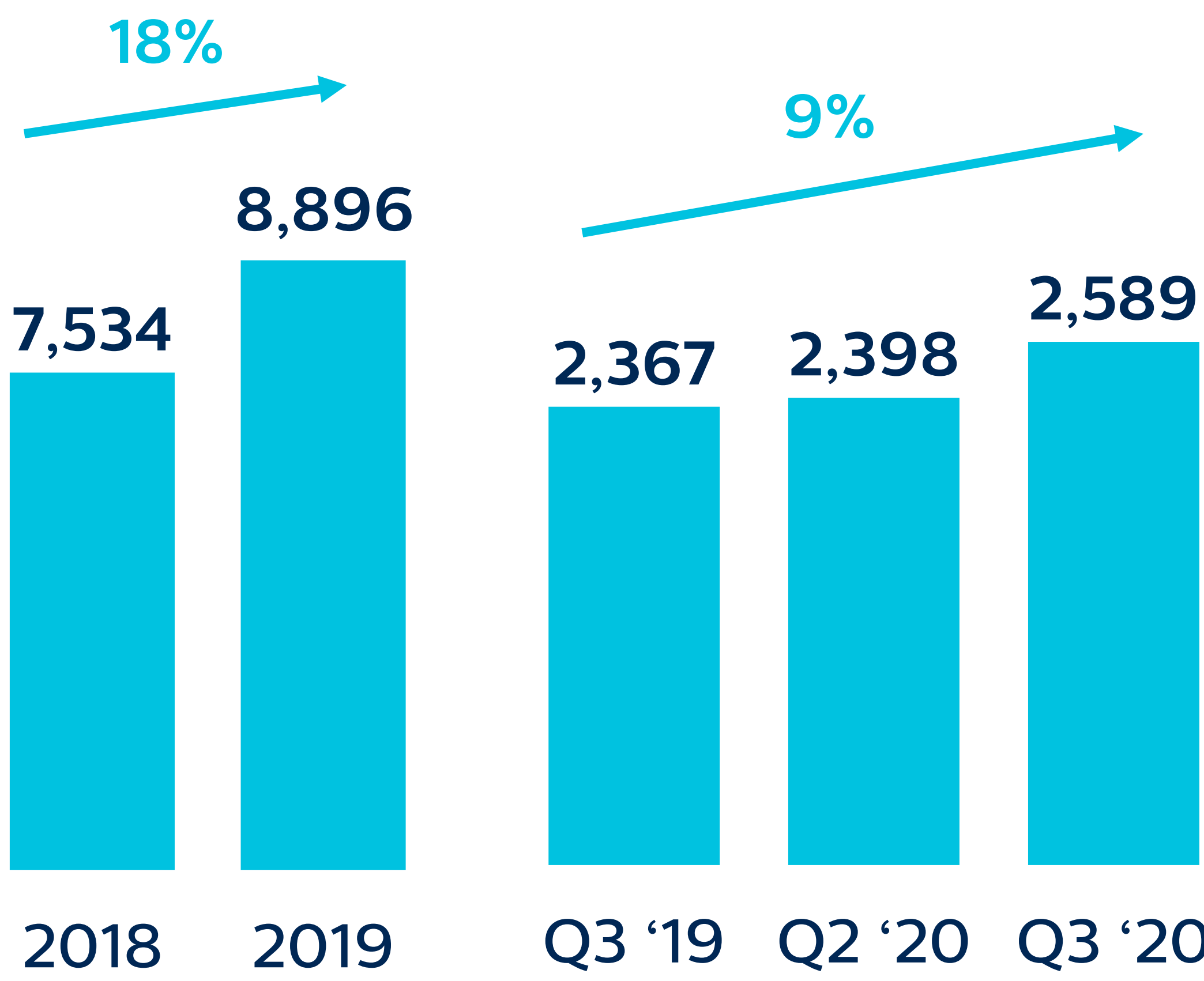
## Fixed Voice

(TL mn)



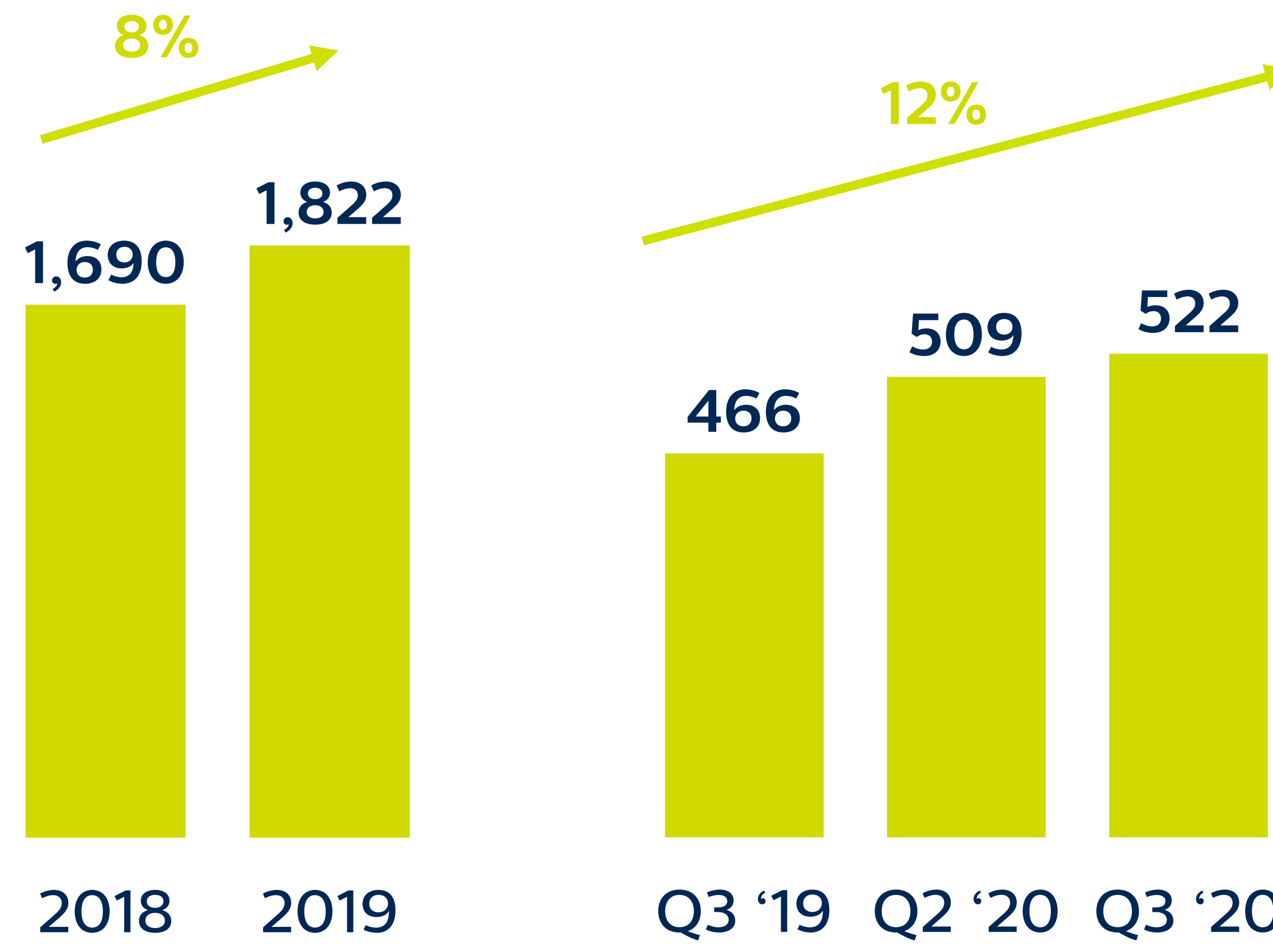
## Mobile

(TL mn)



## Corporate Data

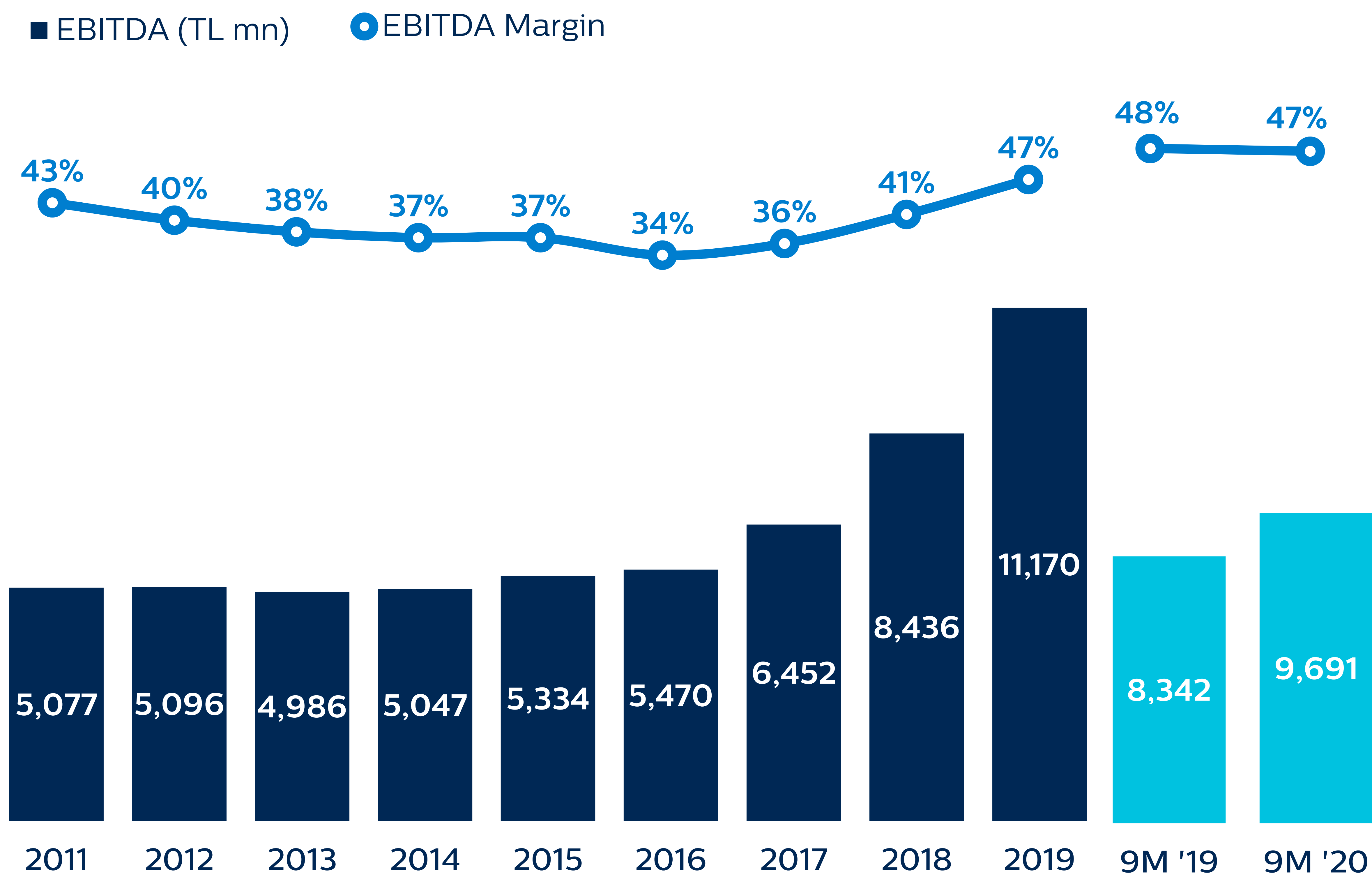
(TL mn)





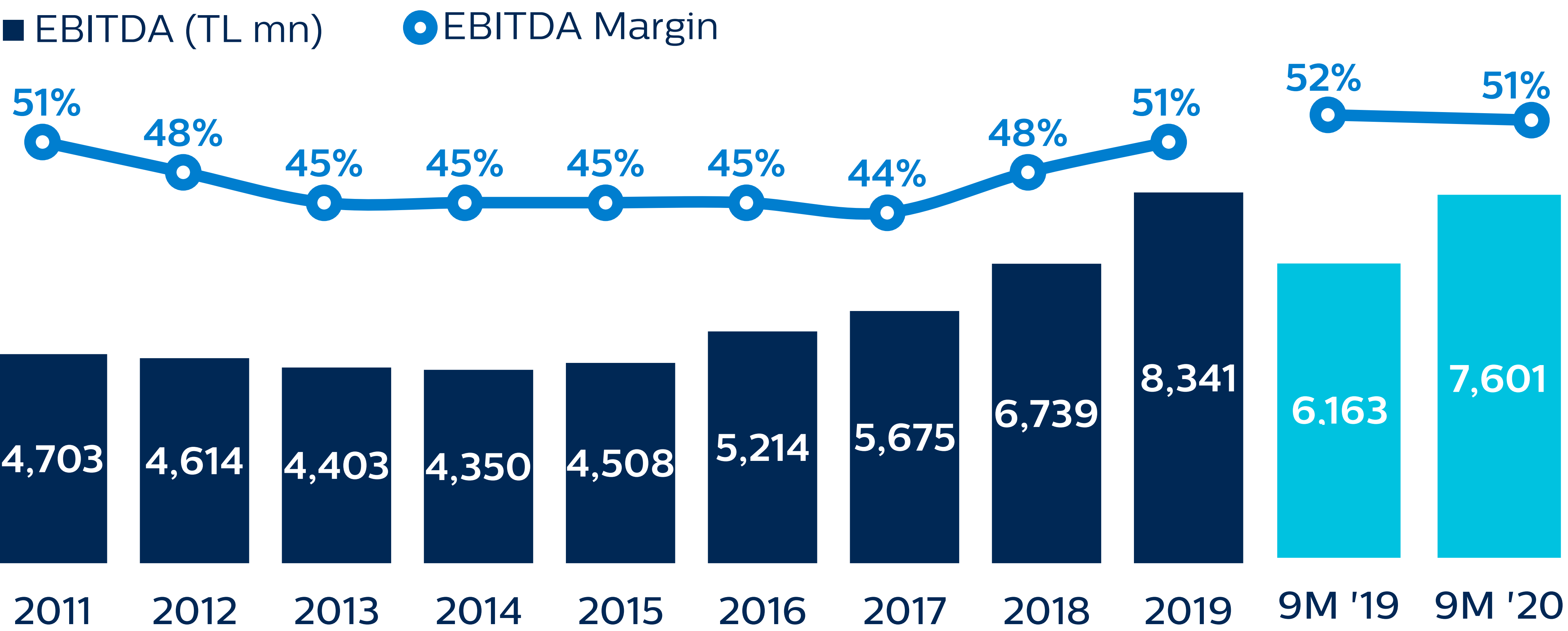
# Turnaround in EBITDA Margin

## Consolidated

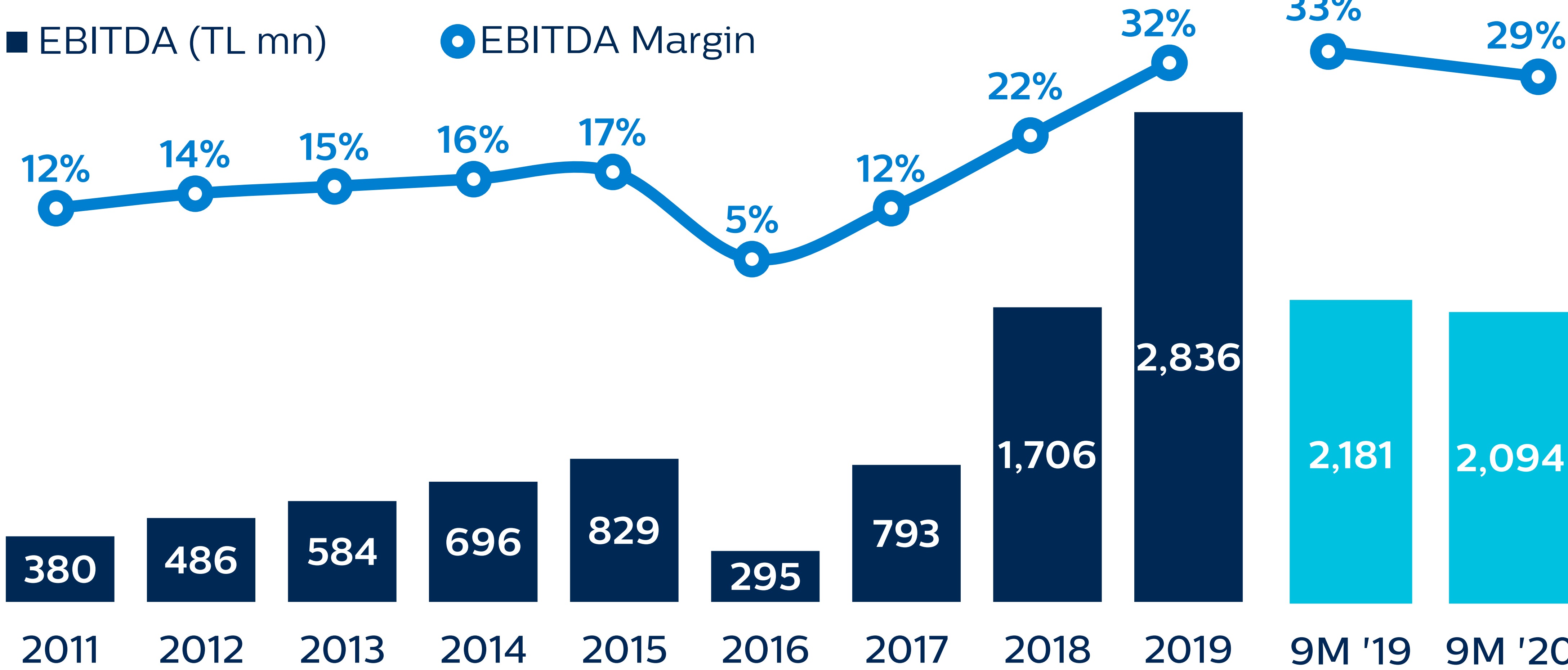


Türk Telekom adopted IFRS 15 and IFRS 16 accounting standards starting from 1 January 2018 and 1 January 2019, respectively. For further details please refer to “Financial Footnotes” & ”Summary Financial and Operational xls” on our web site.

## Fixed Segment



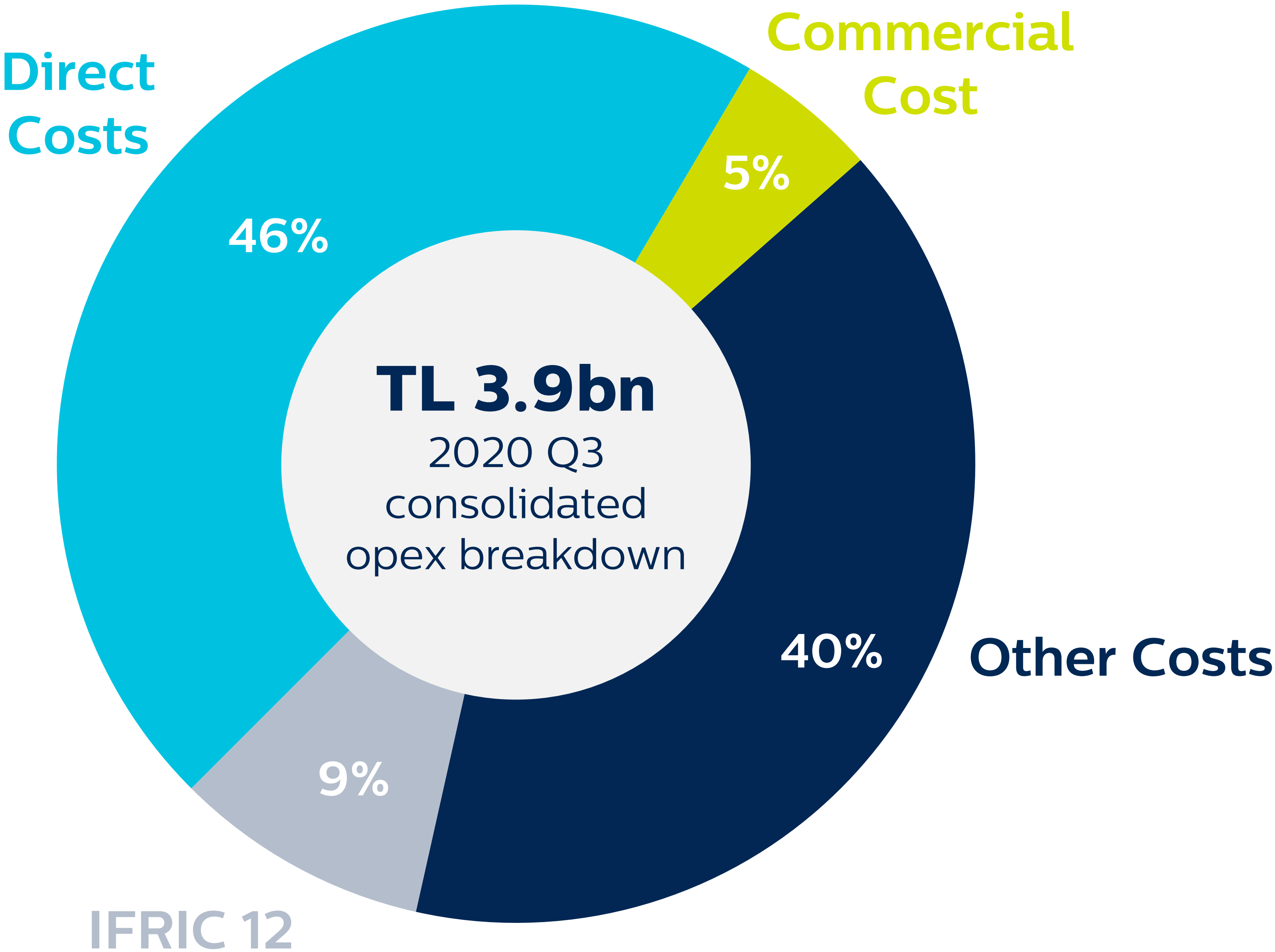
## Mobile Segment



Mobile segmet revenues includes TT Ödeme ve Elektronik Para Hizmetleri A.Ş.

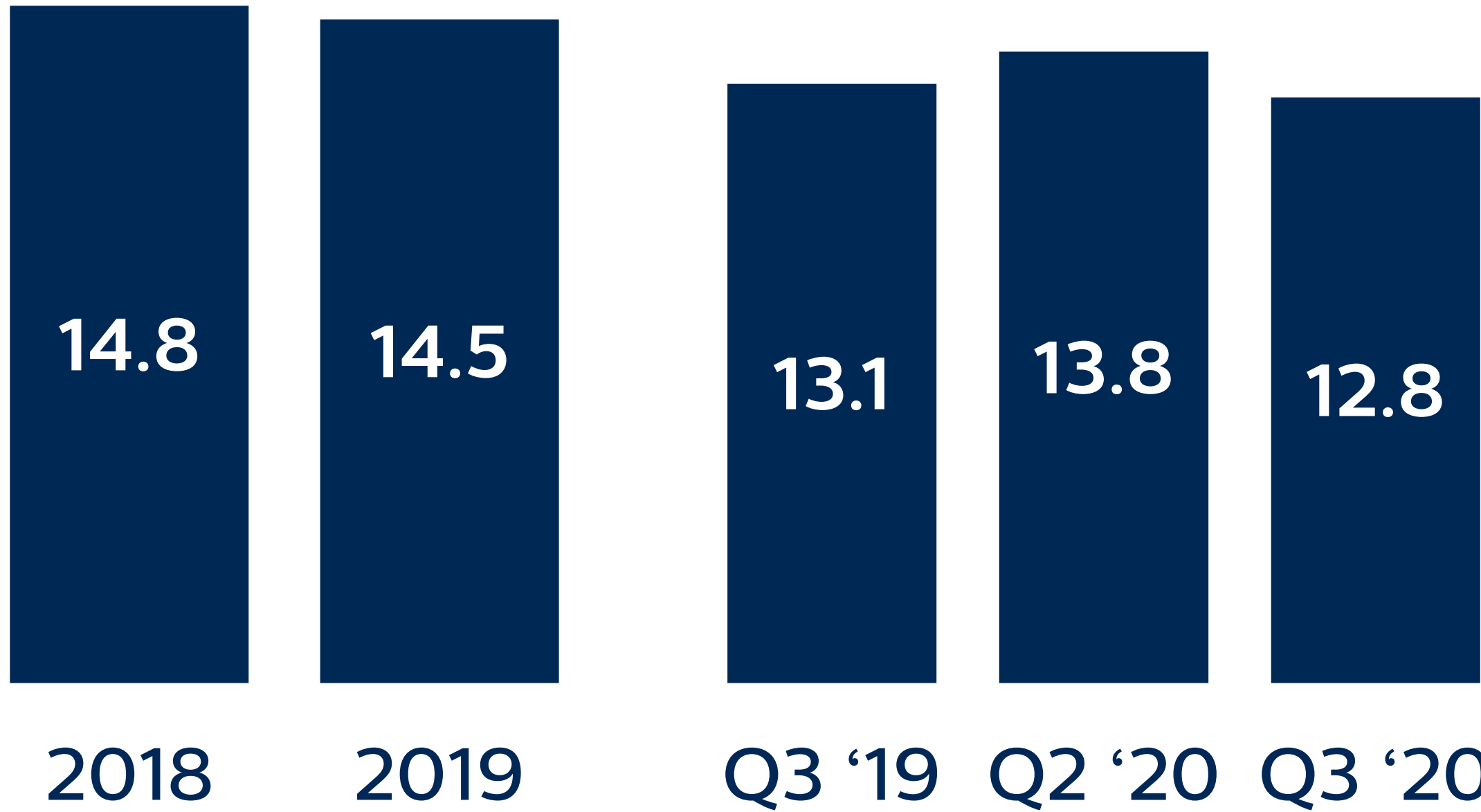


# Focus on Efficiency

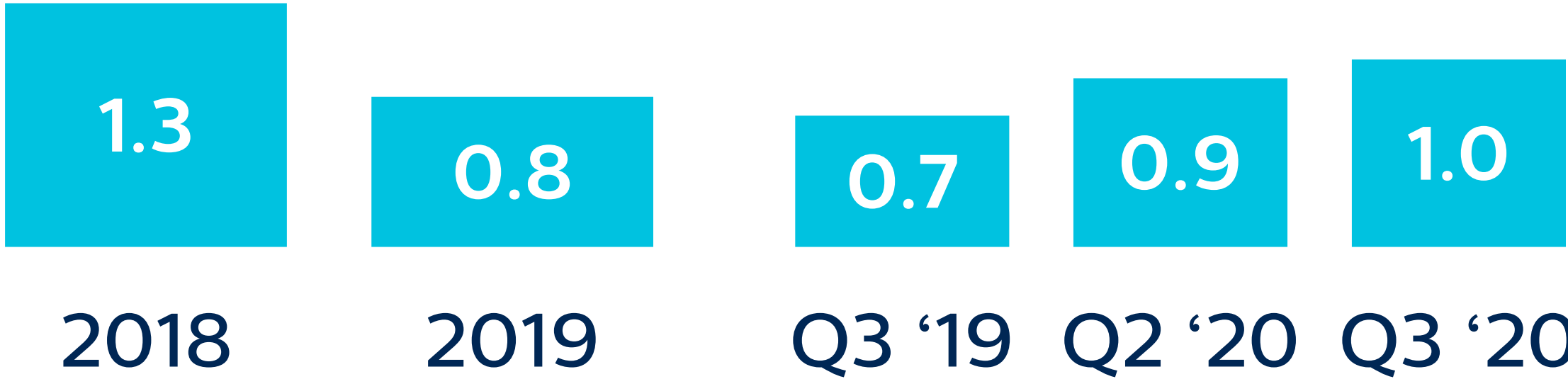


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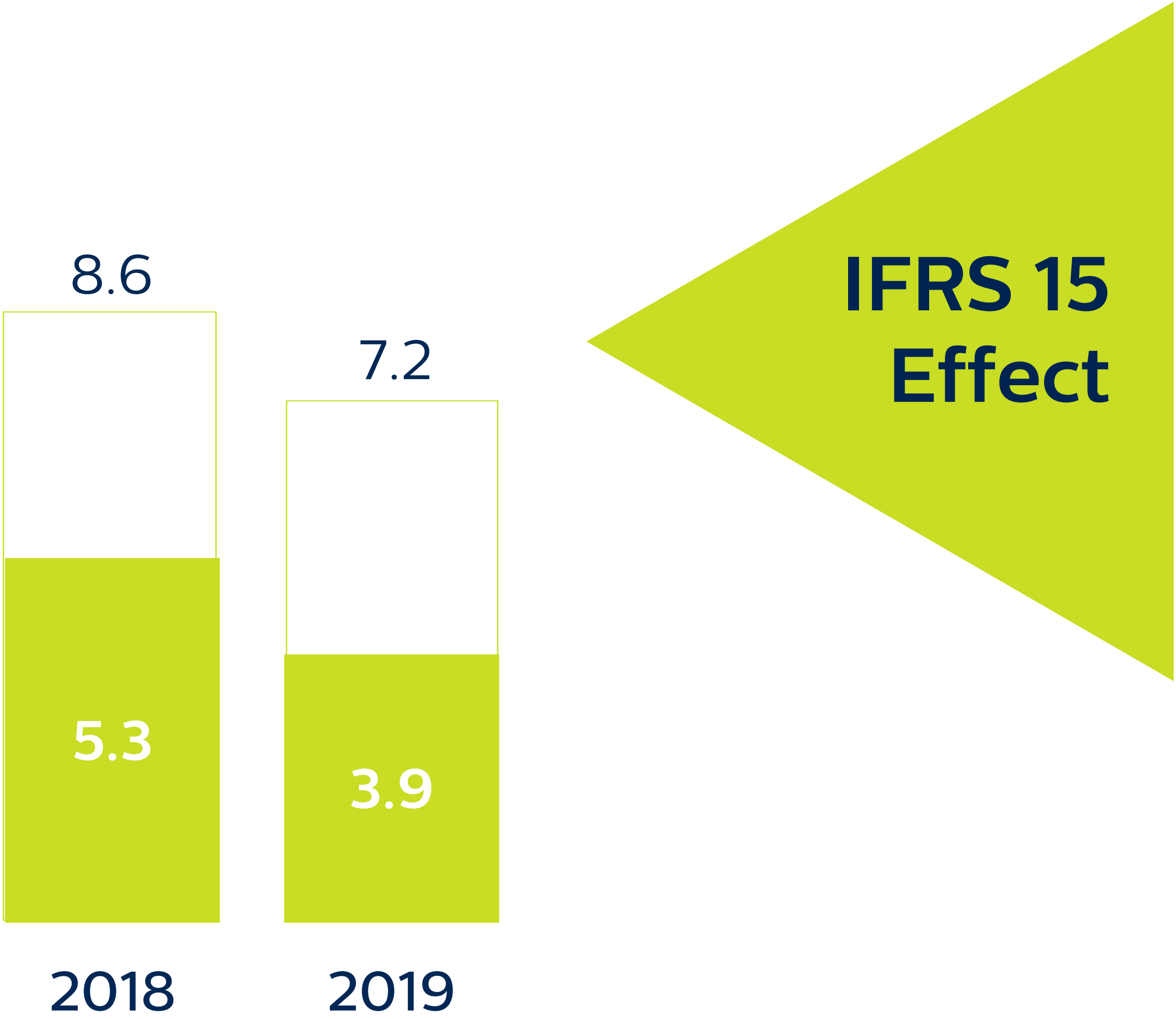
## Personnel Expense to Sales (%)



## Provision for Doubtful Receivables to Sales (%)



## Commercial Cost to Sales (%)

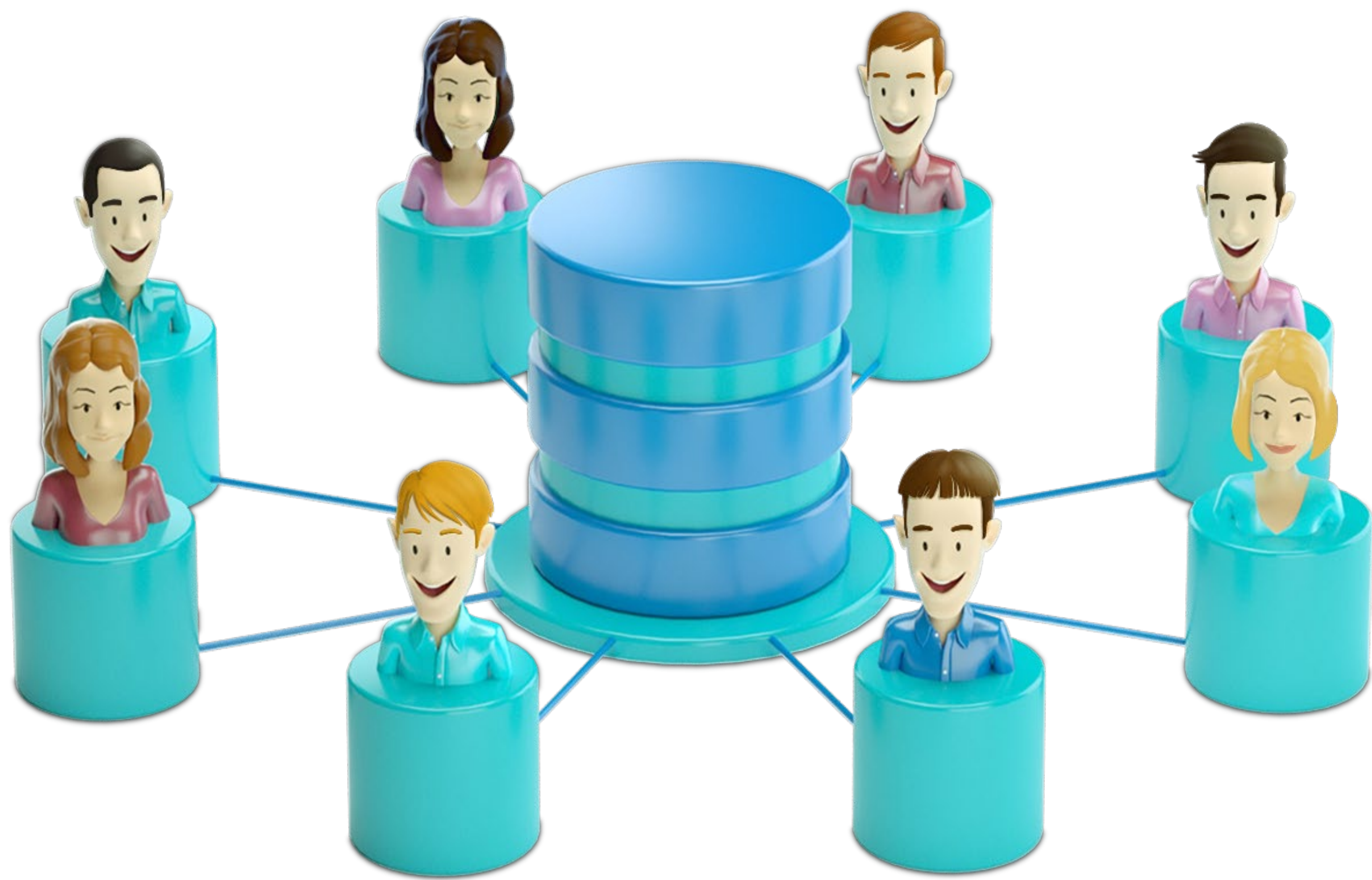




# Net Subscriber Additions

**49.5mn**

**Total number of subscribers**

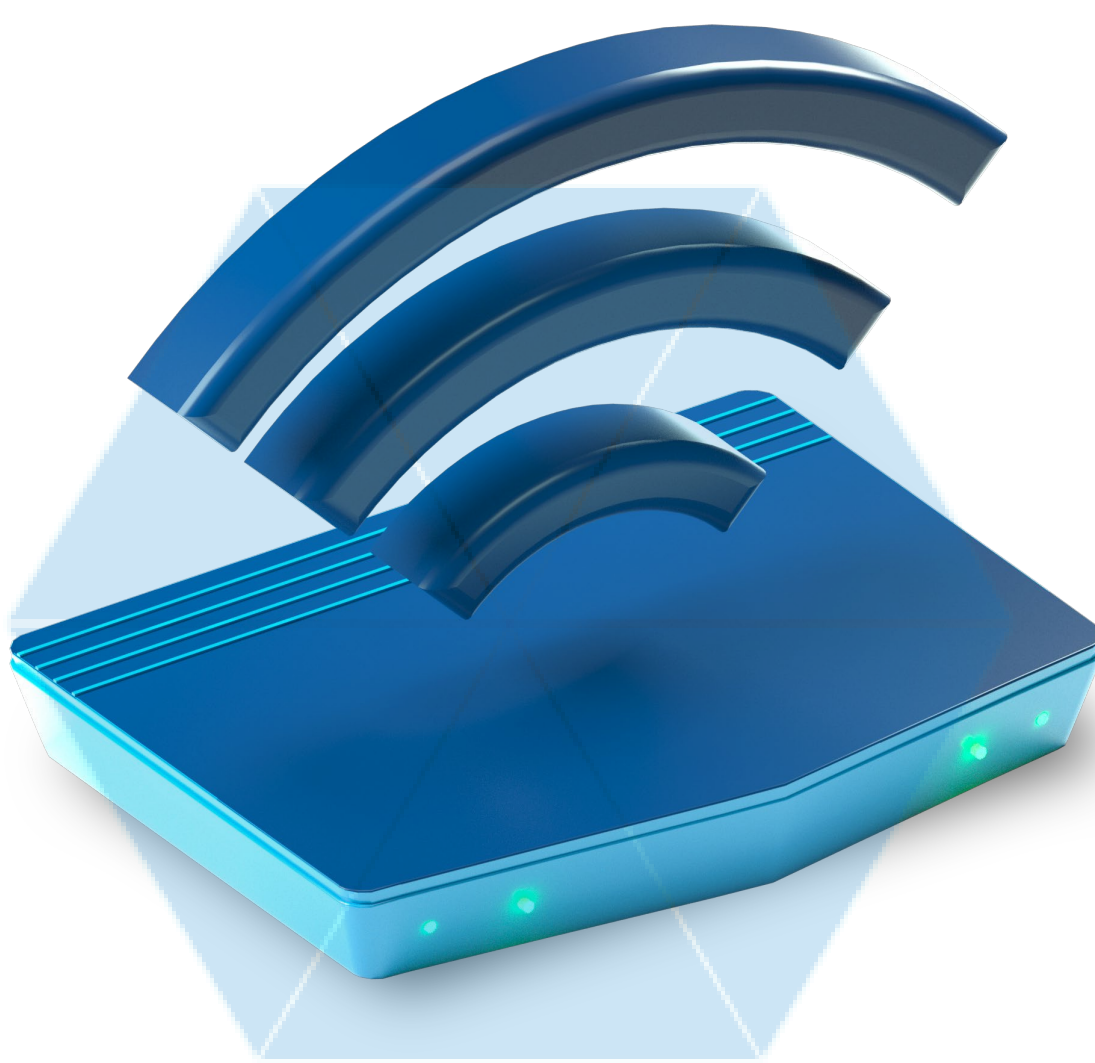


**857k**  
**in Q3 '20**

**Net additions\***

**1.9mn**  
**in LTM**

## Q3 Highlights



**Broadband**

**534k**  
**Q3 '20**

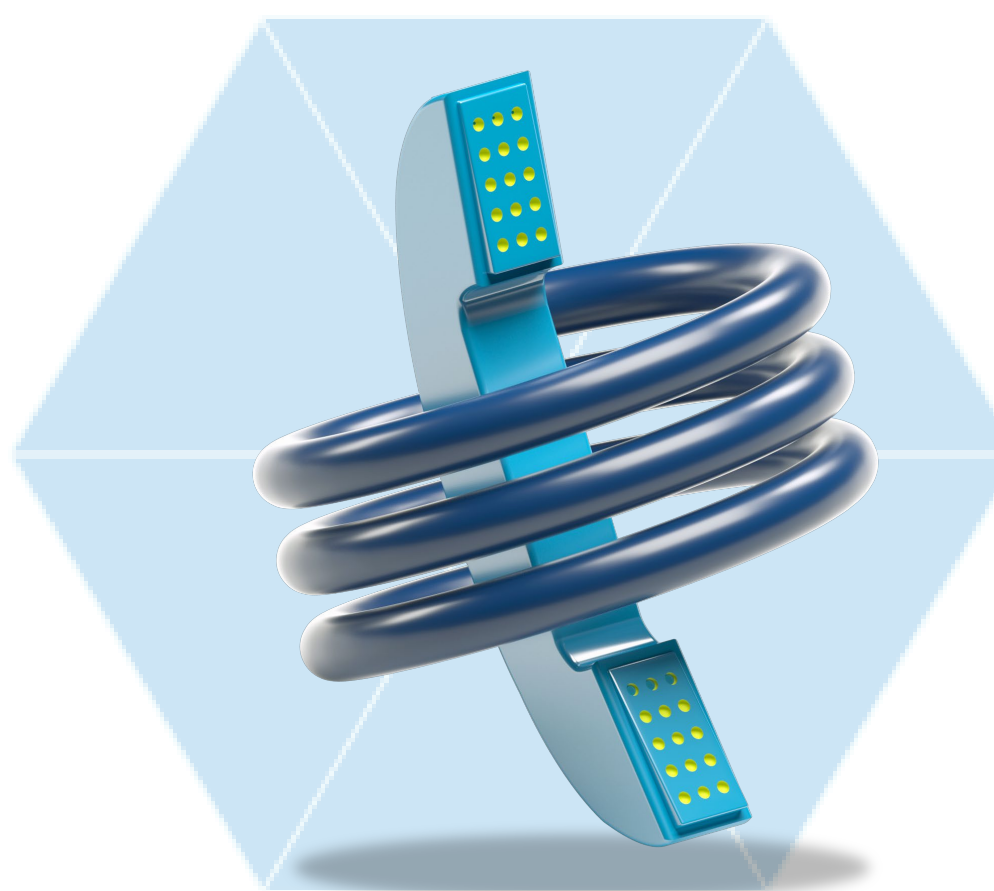
**1.4mn**  
**LTM**



**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) <sup>1</sup>	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

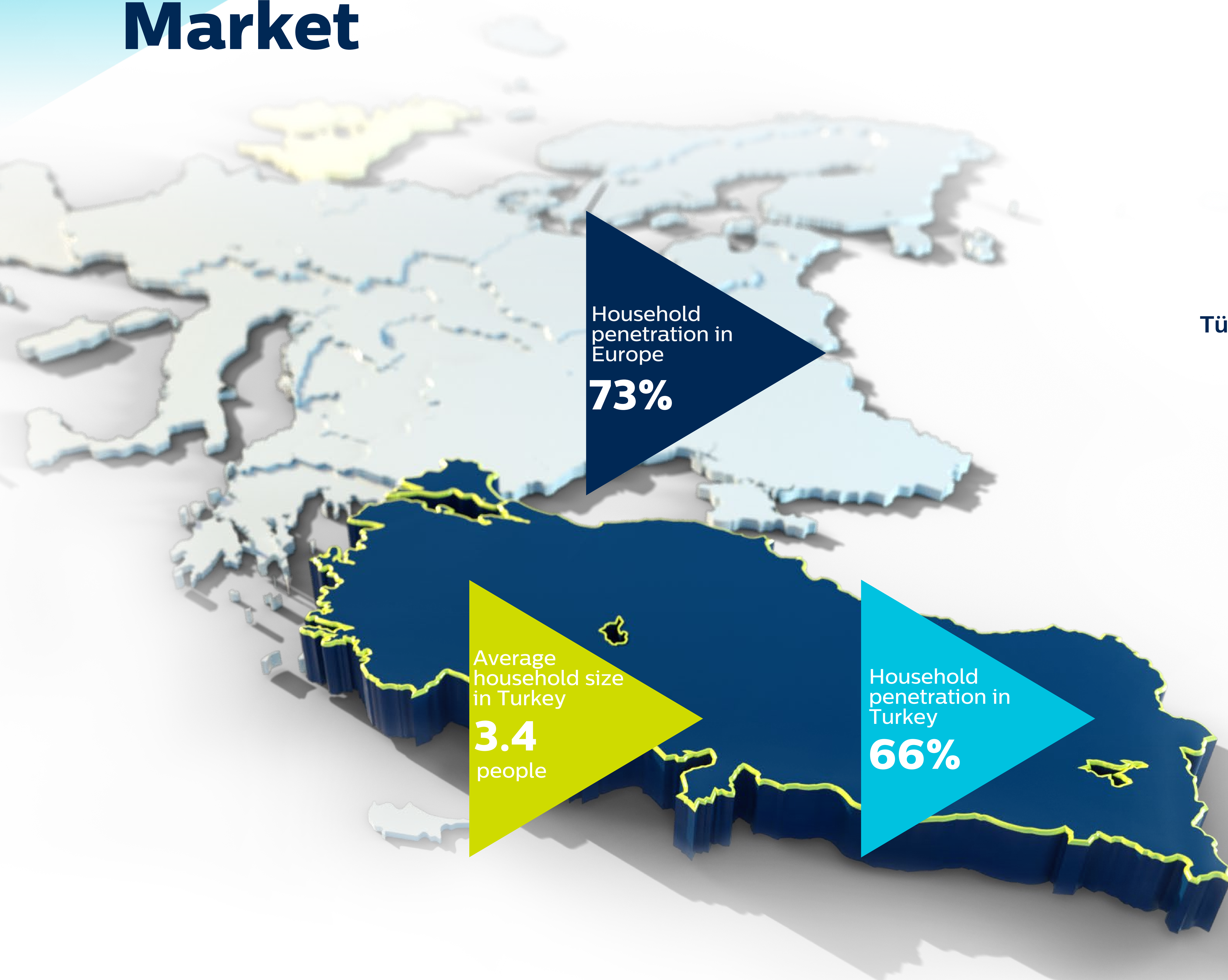




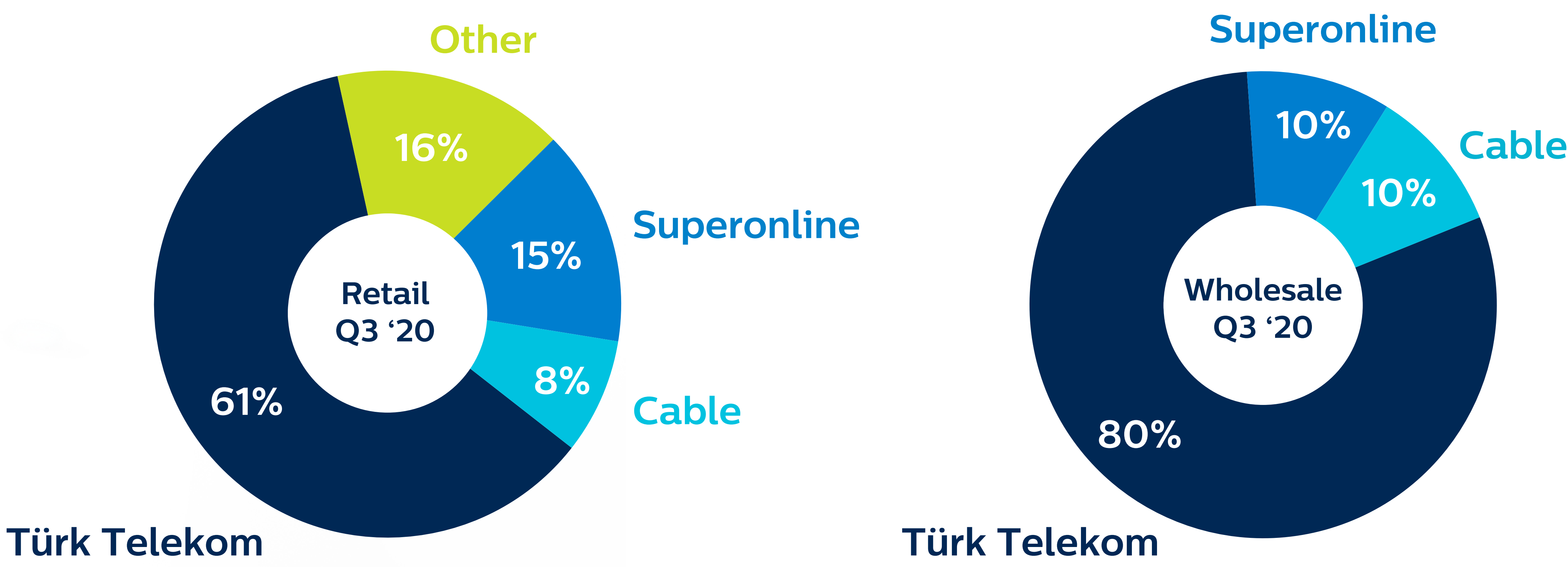
# **Business Lines**



# Fixed Broadband Market

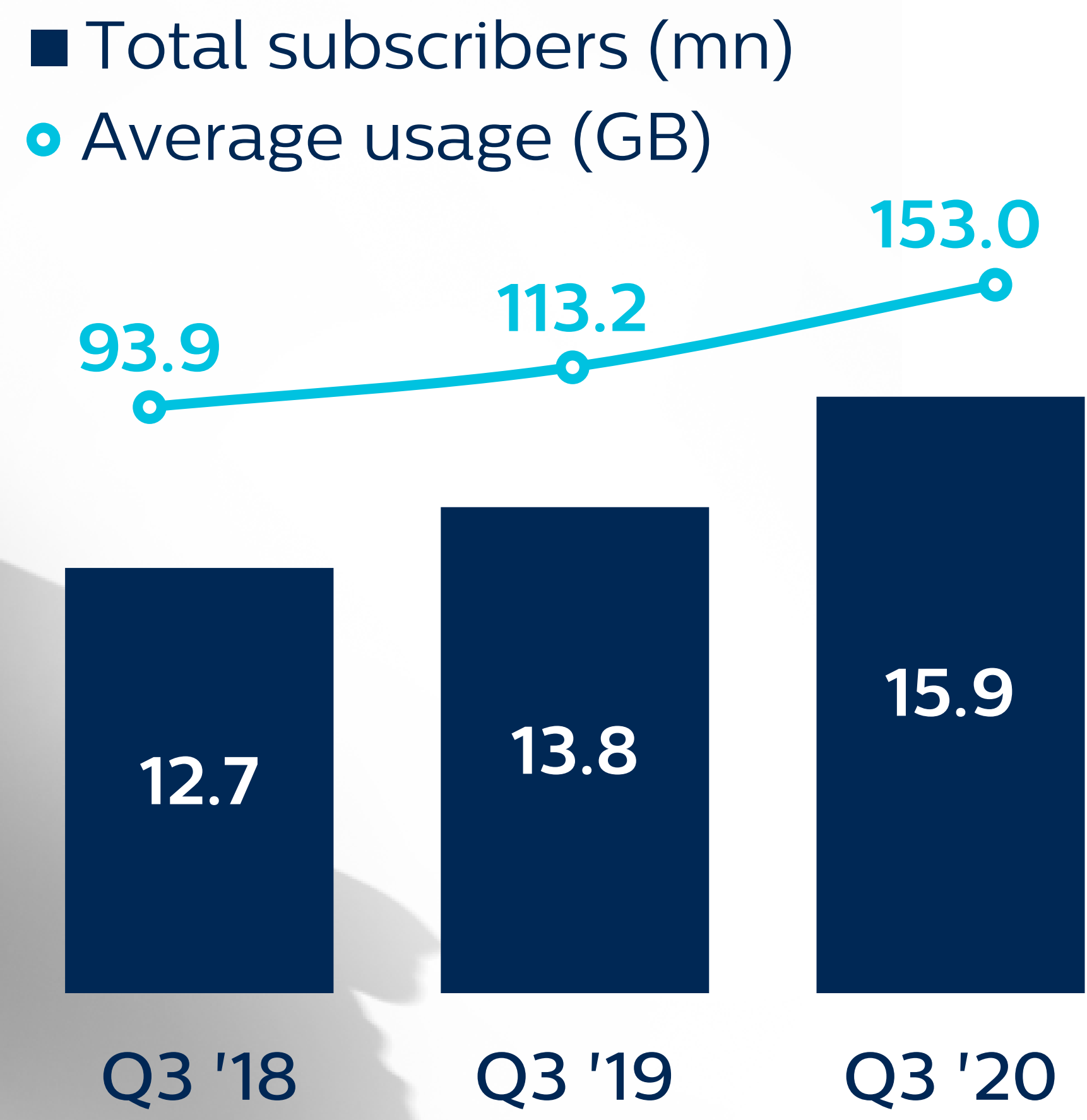


## Subscriber Market Share

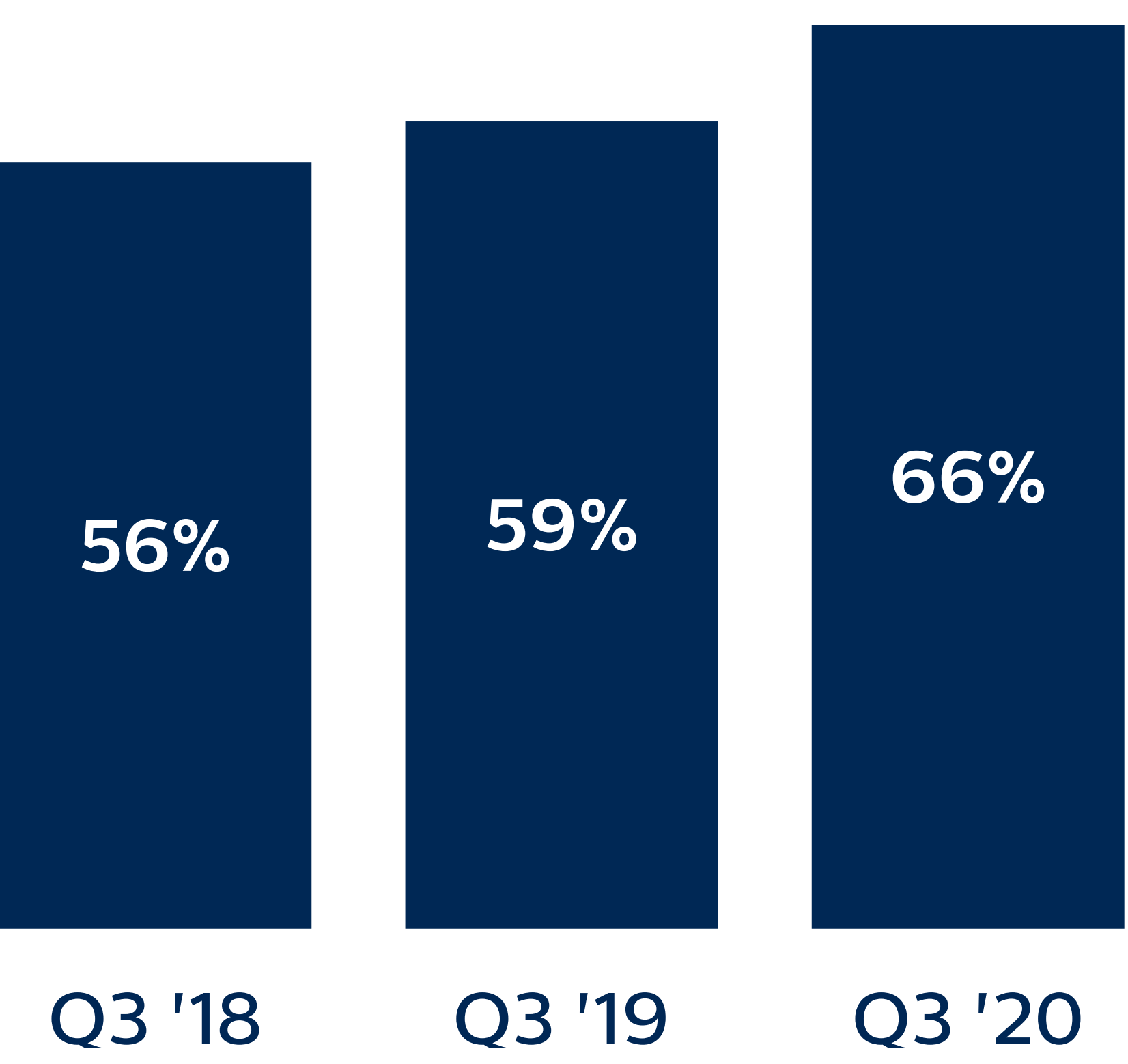


Source: ICTA, Superonline

## Subscribers\* & Avg. Monthly Data Usage



## Household Penetration



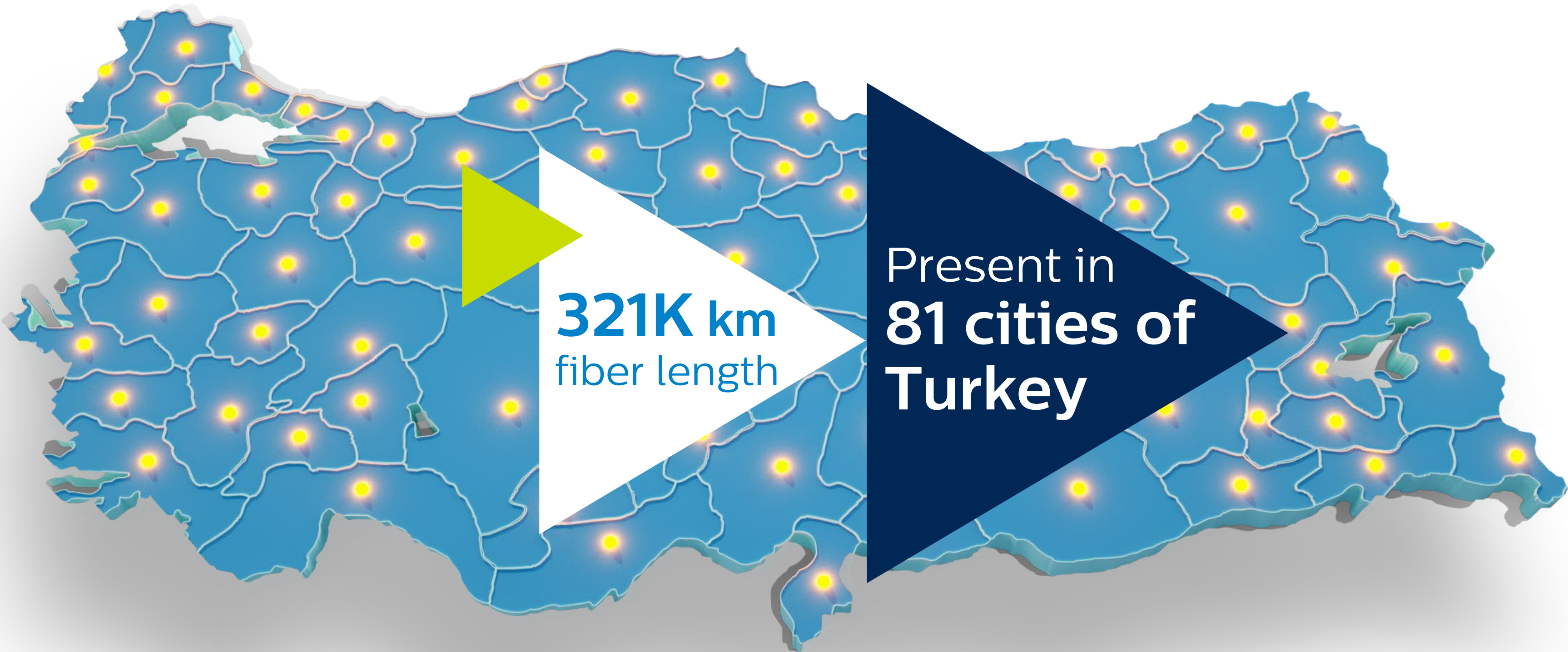
Source: Analysys Mason, ICTA  
European countries include: AT, BE, BG, HR, CZ, DK, FI, FR, DE, GR, HU, IE, IT, ME, NL, NO, PL, PT, RO, RU, RS, SK, SI, ES, SE, CH, UK, UA

\*Dial-up and other methods are included.  
Source: ICTA



# Extensive Fiber Network

Türk Telekom Fiber Network



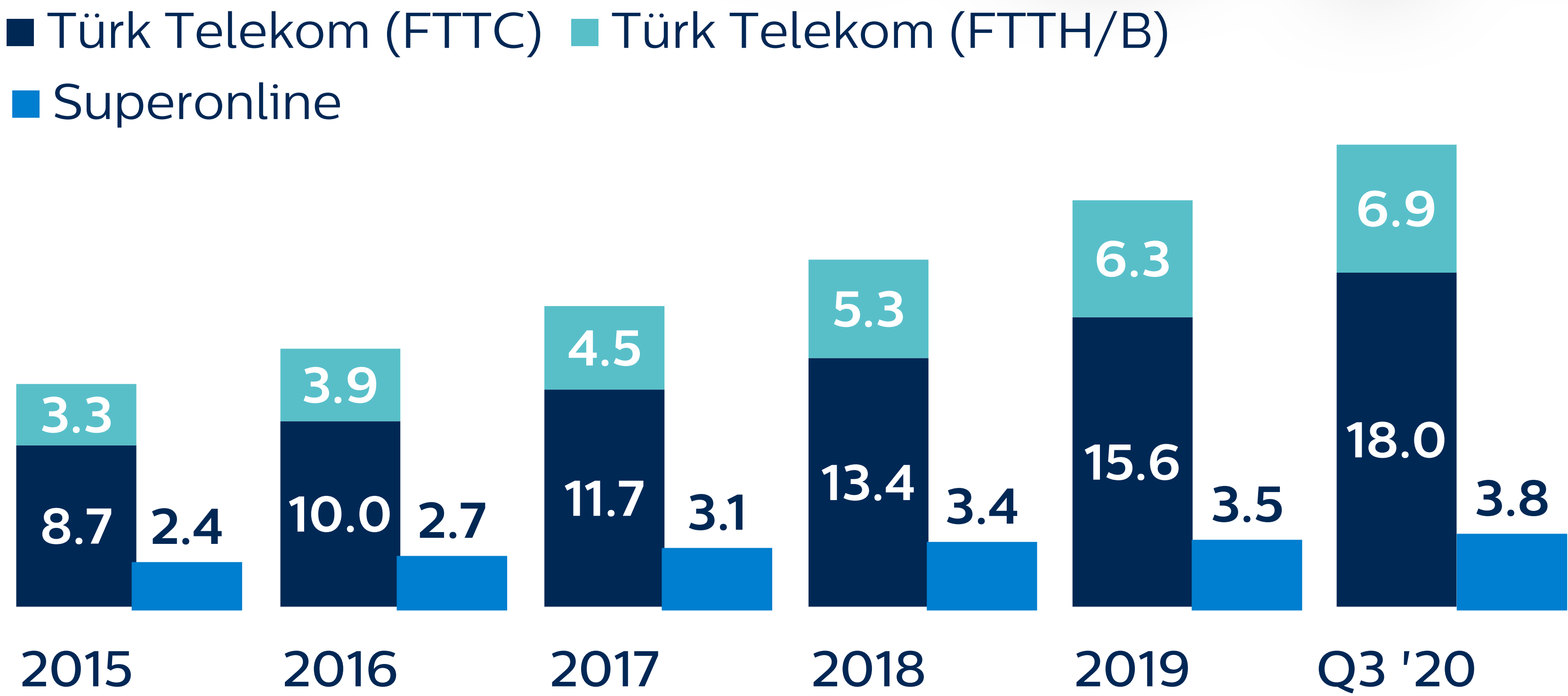
Superonline Fiber Network



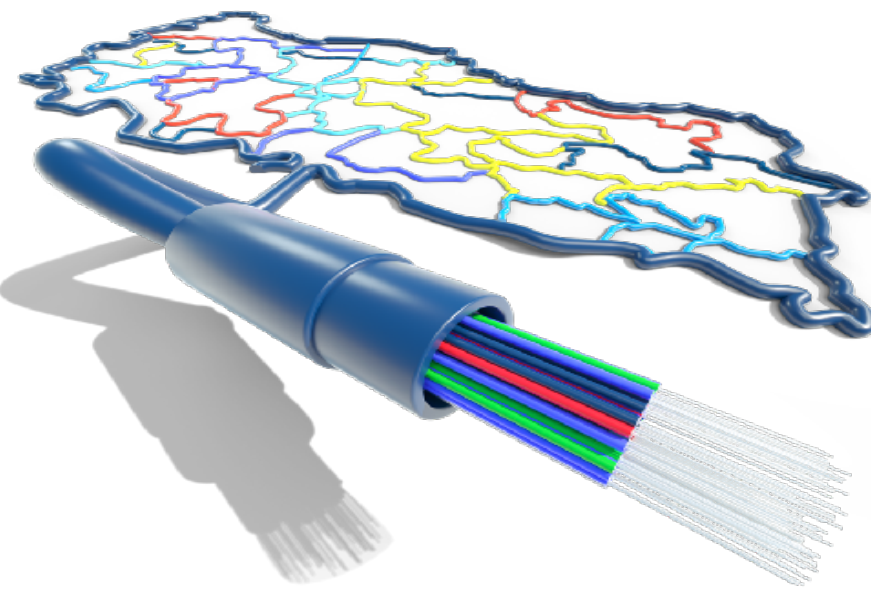
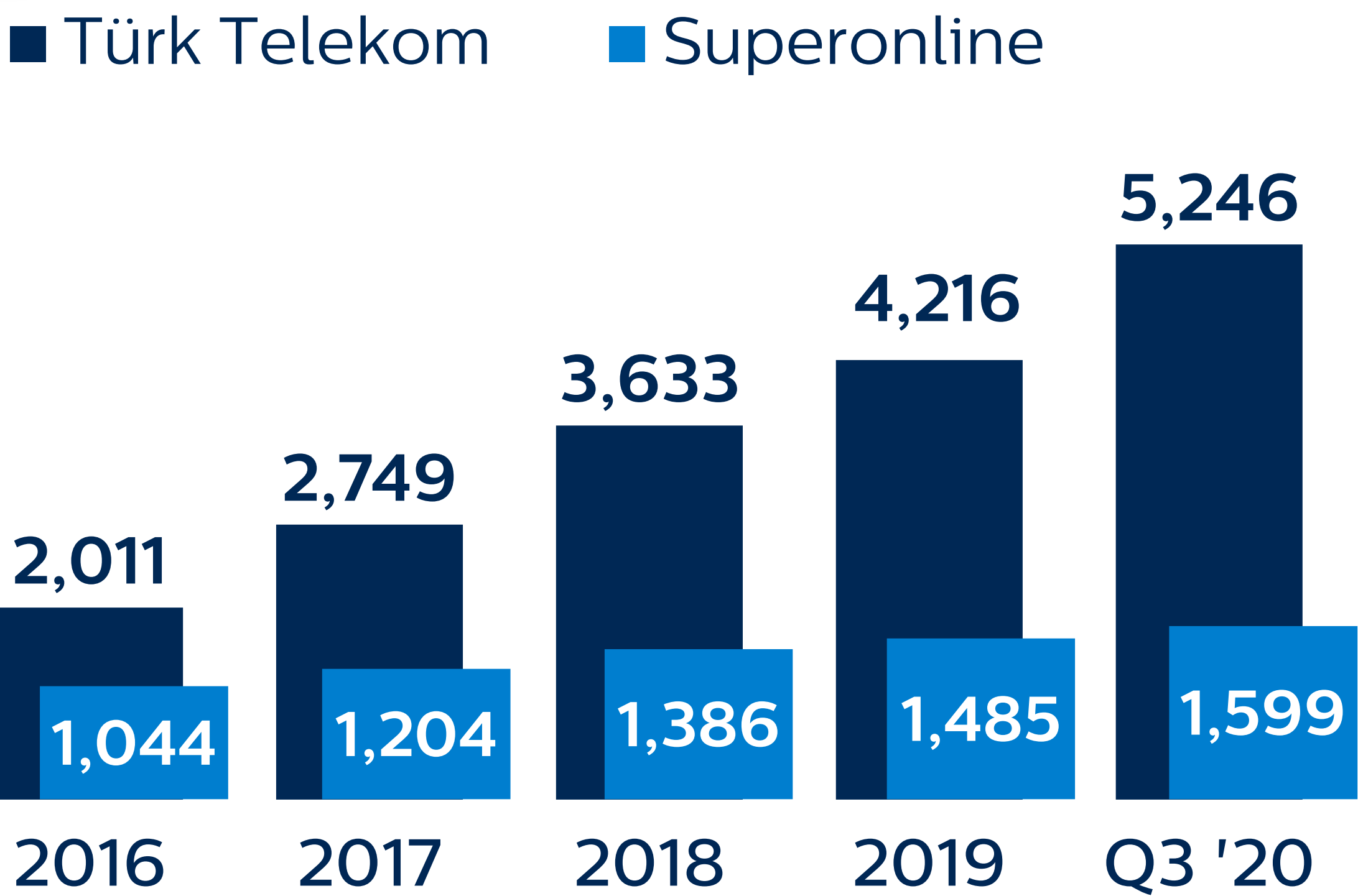
- ▶ Presence in 21 cities of Turkey
- ▶ 48K km fiber length
- ▶ Wholesale customer of Türk Telekom

Based on Turkcell's own publications as of Q3'20.

Fiber Homepass (mn)



Fiber Subscribers (thousands)



- ▶ Unrivalled fiber network
- ▶ Strong prospects for monetization
- ▶ Best placed to benefit from move towards higher connection speeds
- ▶ Well-equipped to support 5G/small-cell deployment

Fiber subscribers include FTTH/B & FTTC subscribers

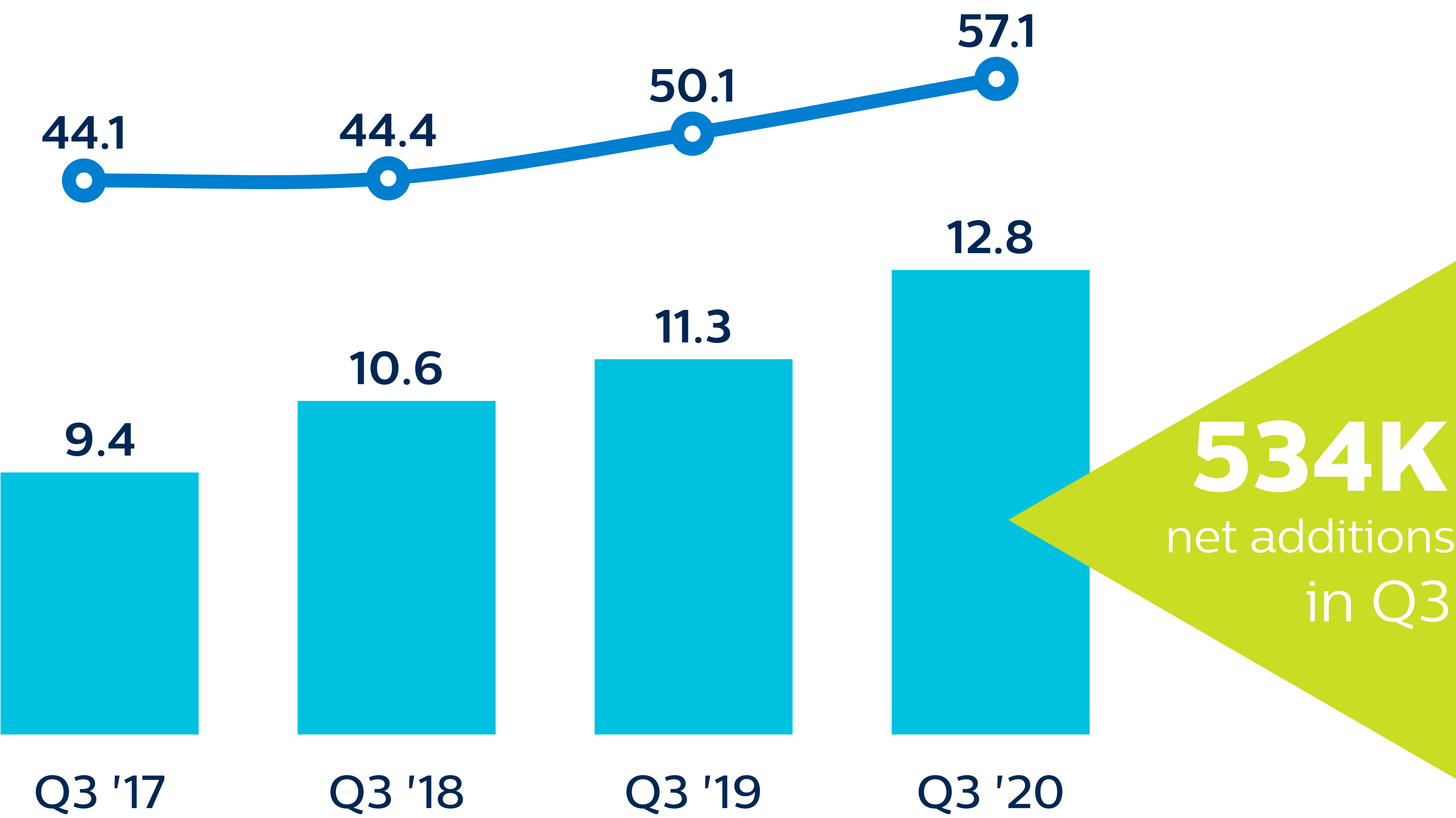


# Fixed Broadband Performance



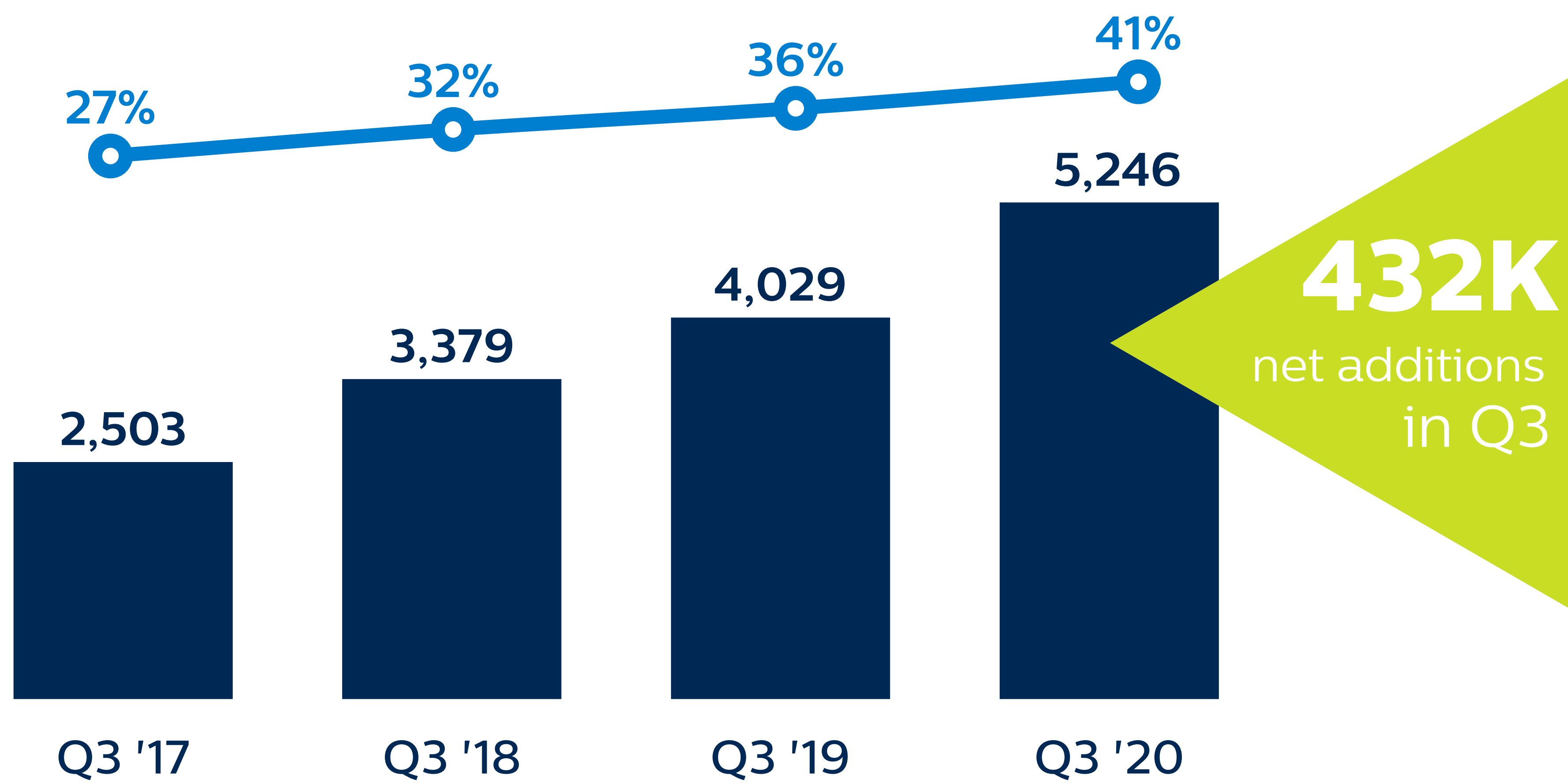
## ARPU & Subscribers

■ Subscribers (mn)    ● ARPU (TL)



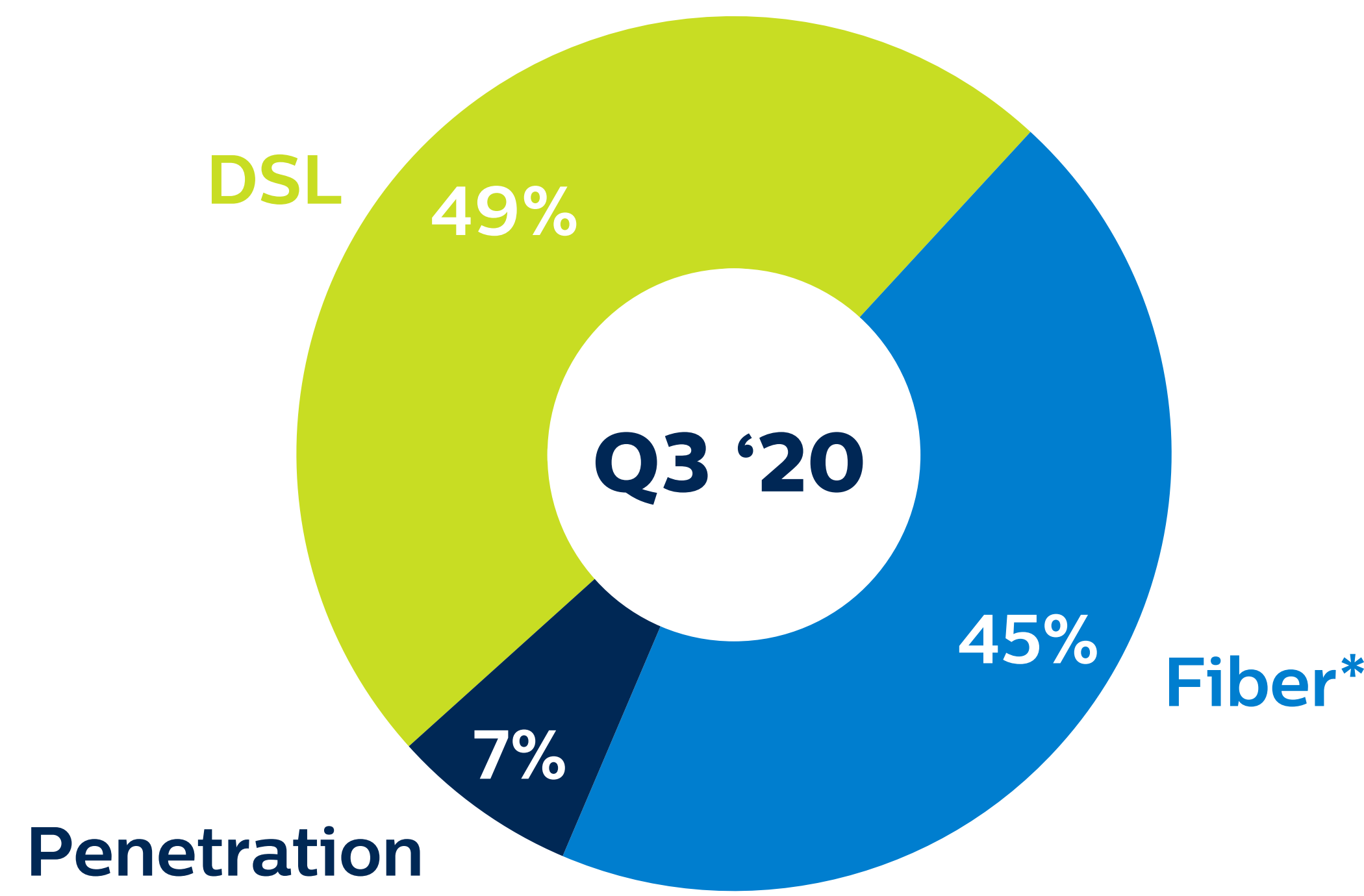
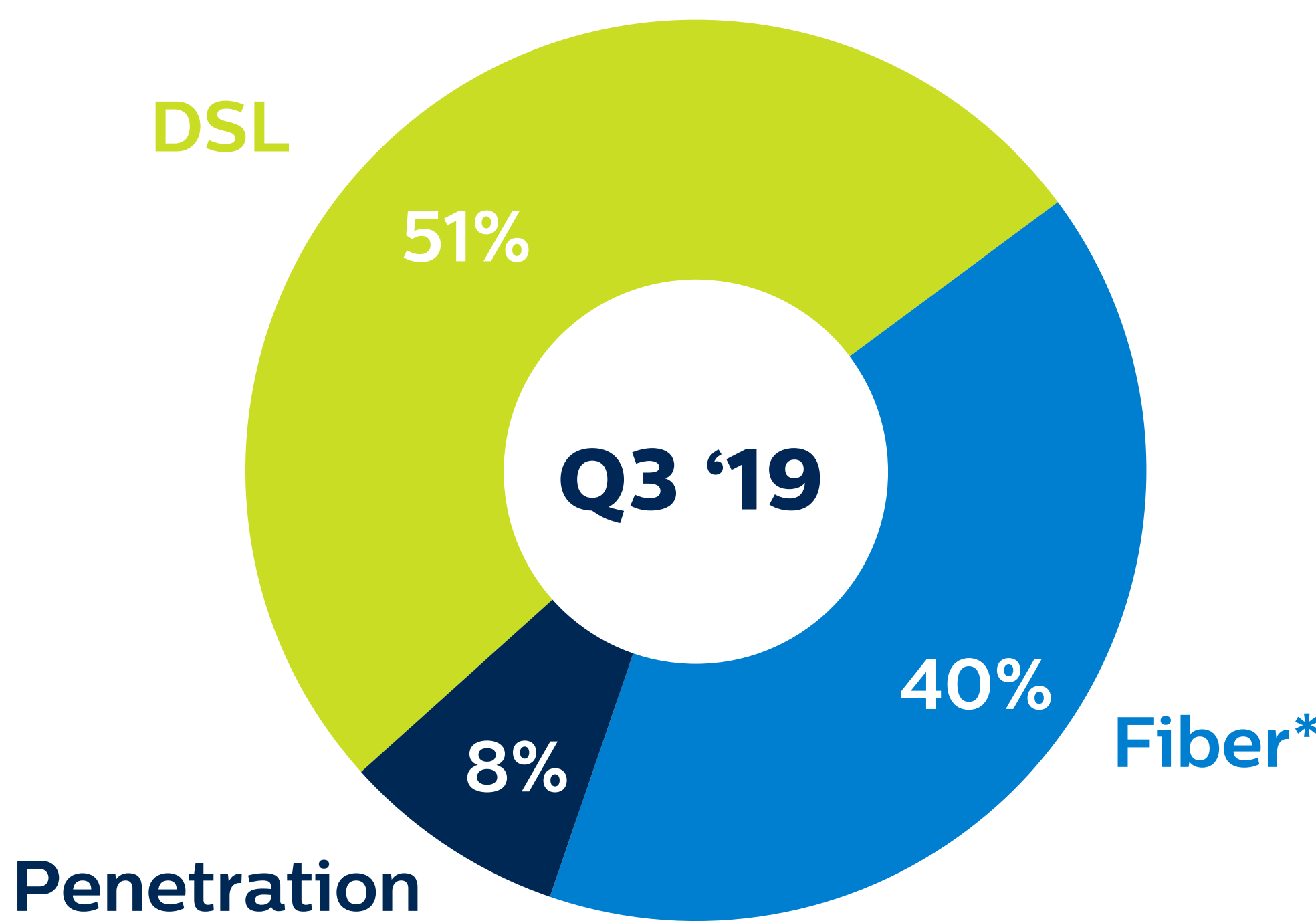
## Fiber Subscribers

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



## Subscriber Breakdown

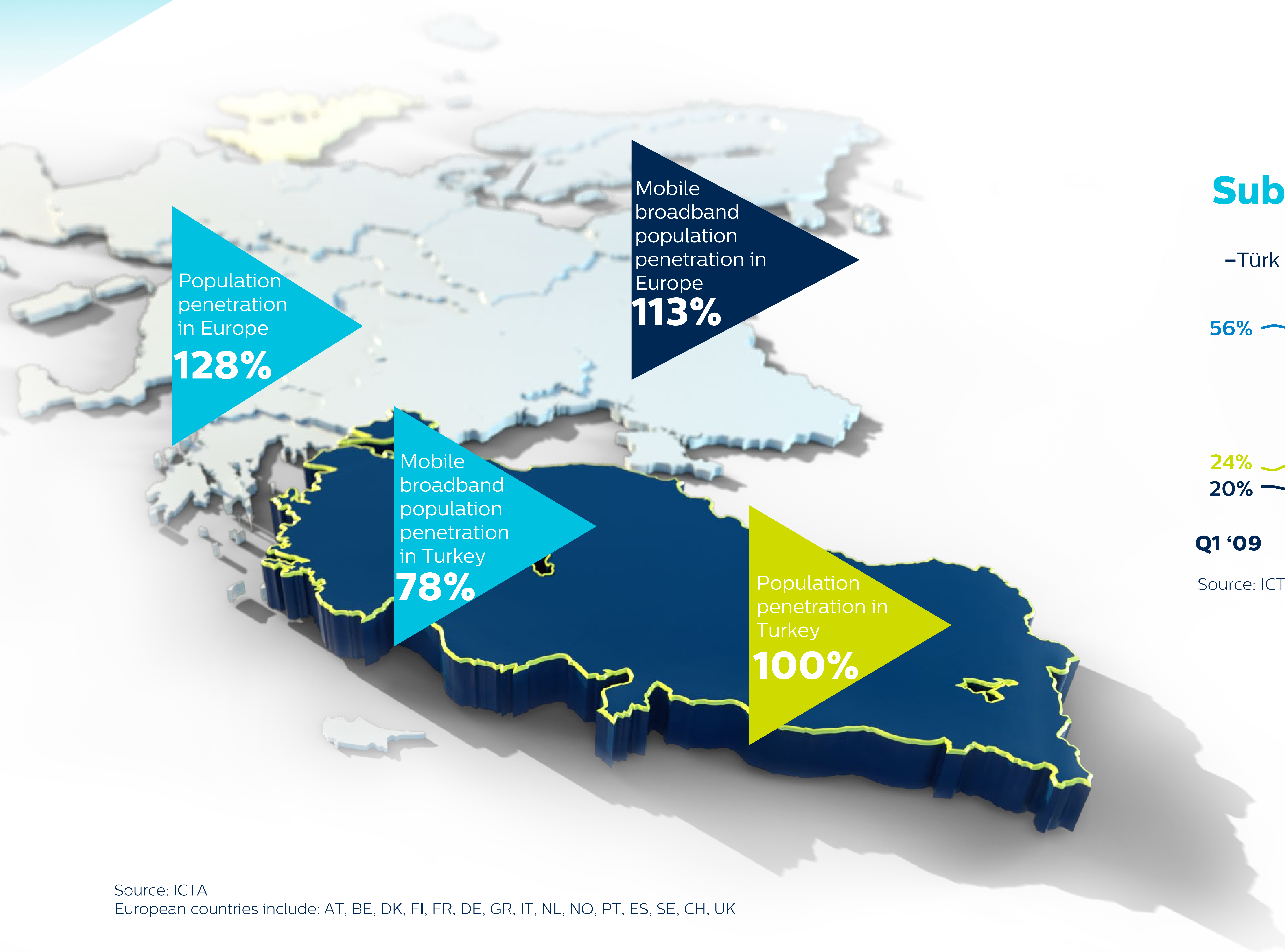
(% of Subscribers)



\* Fiber subscribers include FTTH/B & FTTC subscribers

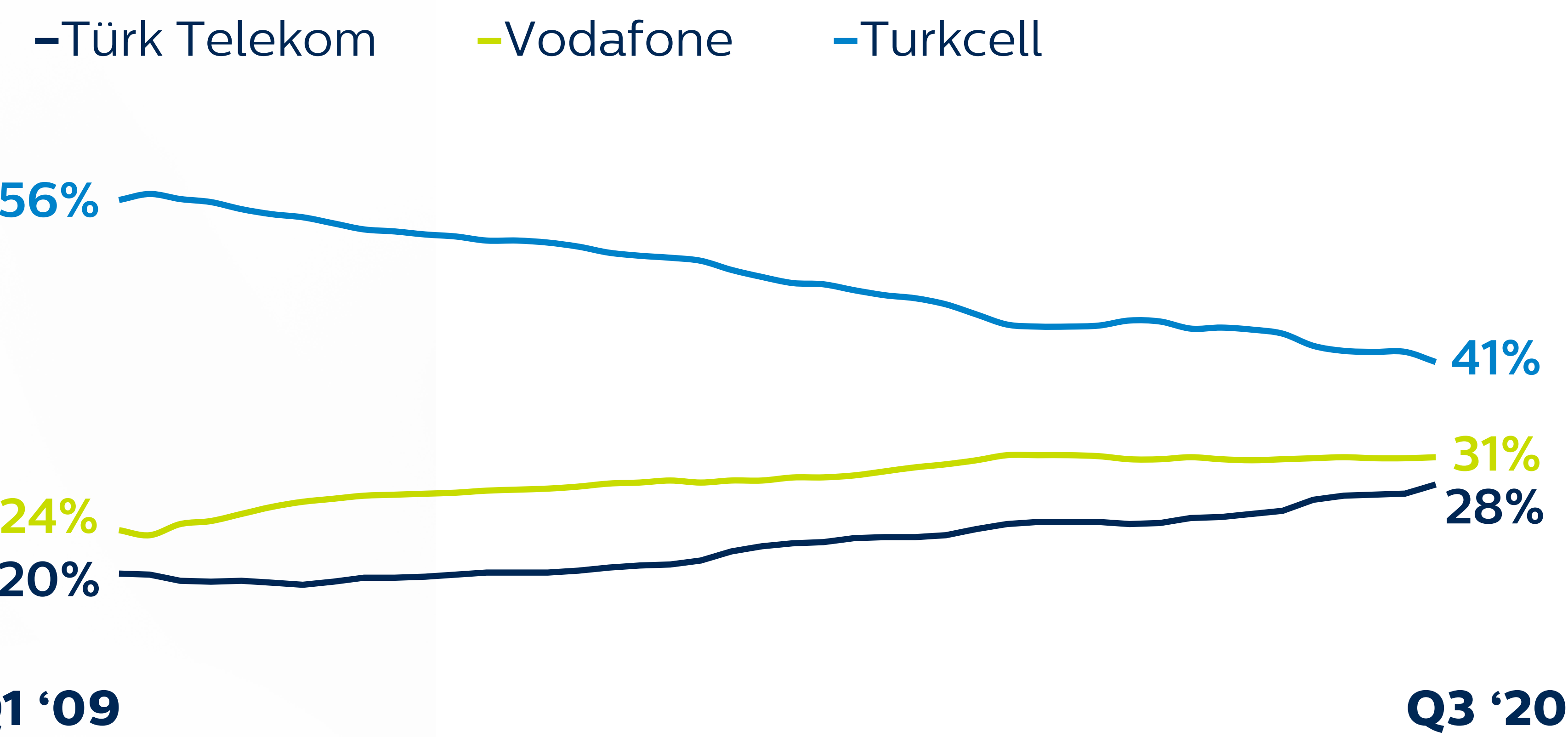


# Mobile Market



Source: ICTA  
European countries include: AT, BE, DK, FI, FR, DE, GR, IT, NL, NO, PT, ES, SE, CH, UK

## Subscriber Market Share

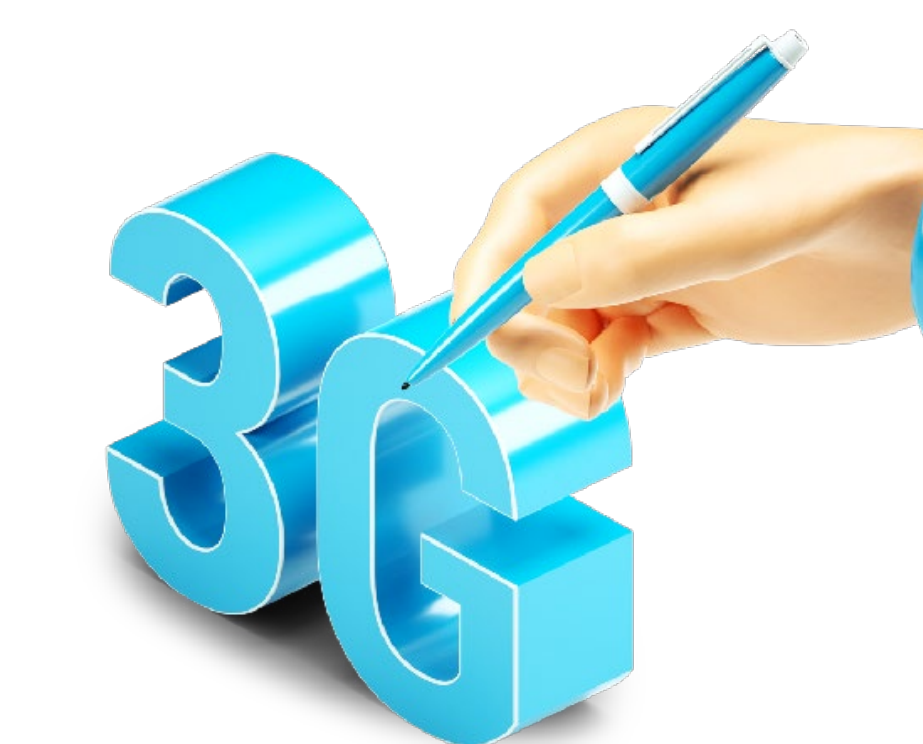
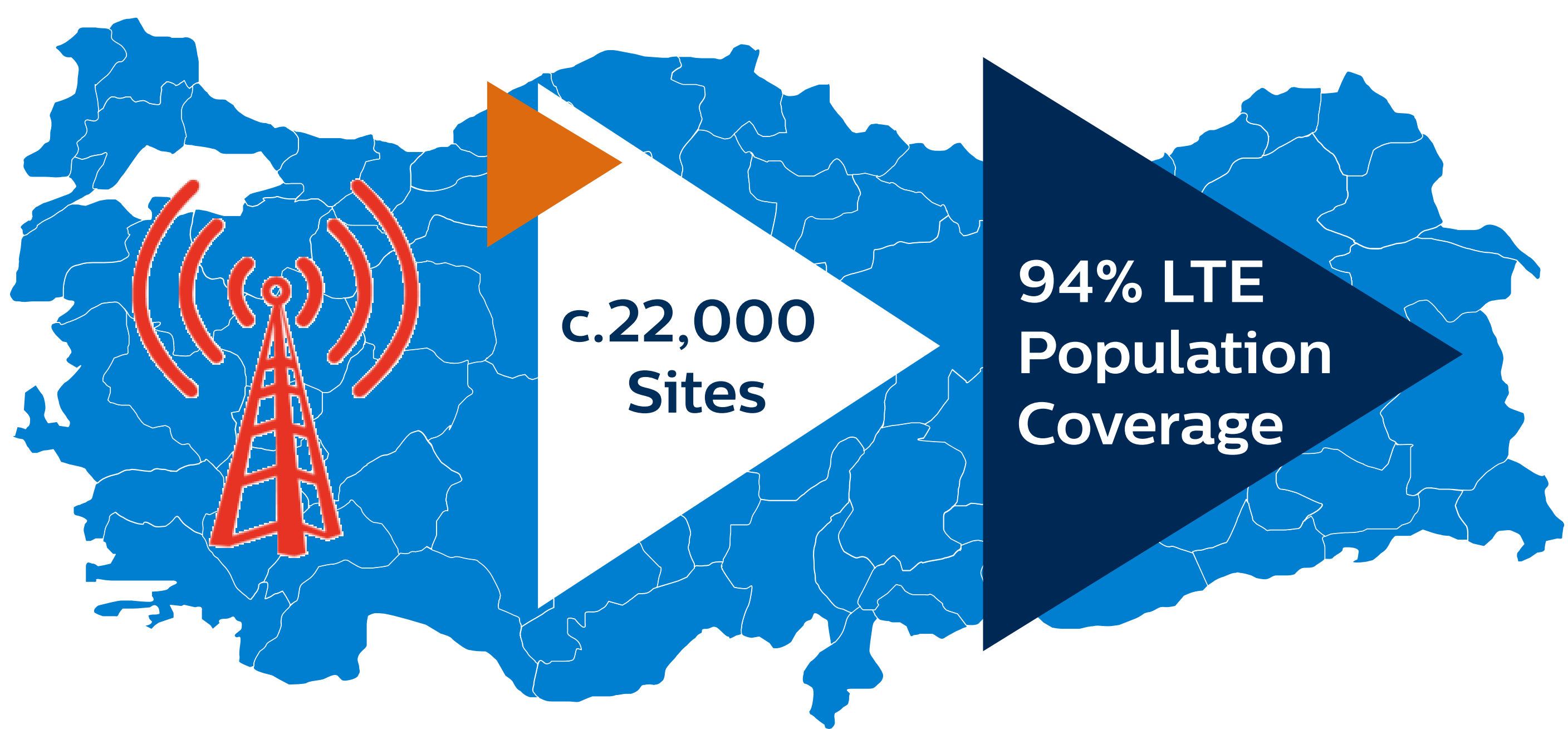


Source: ICTA



# Mobile Network

## Extensive Network Coverage



97% coverage



94% coverage



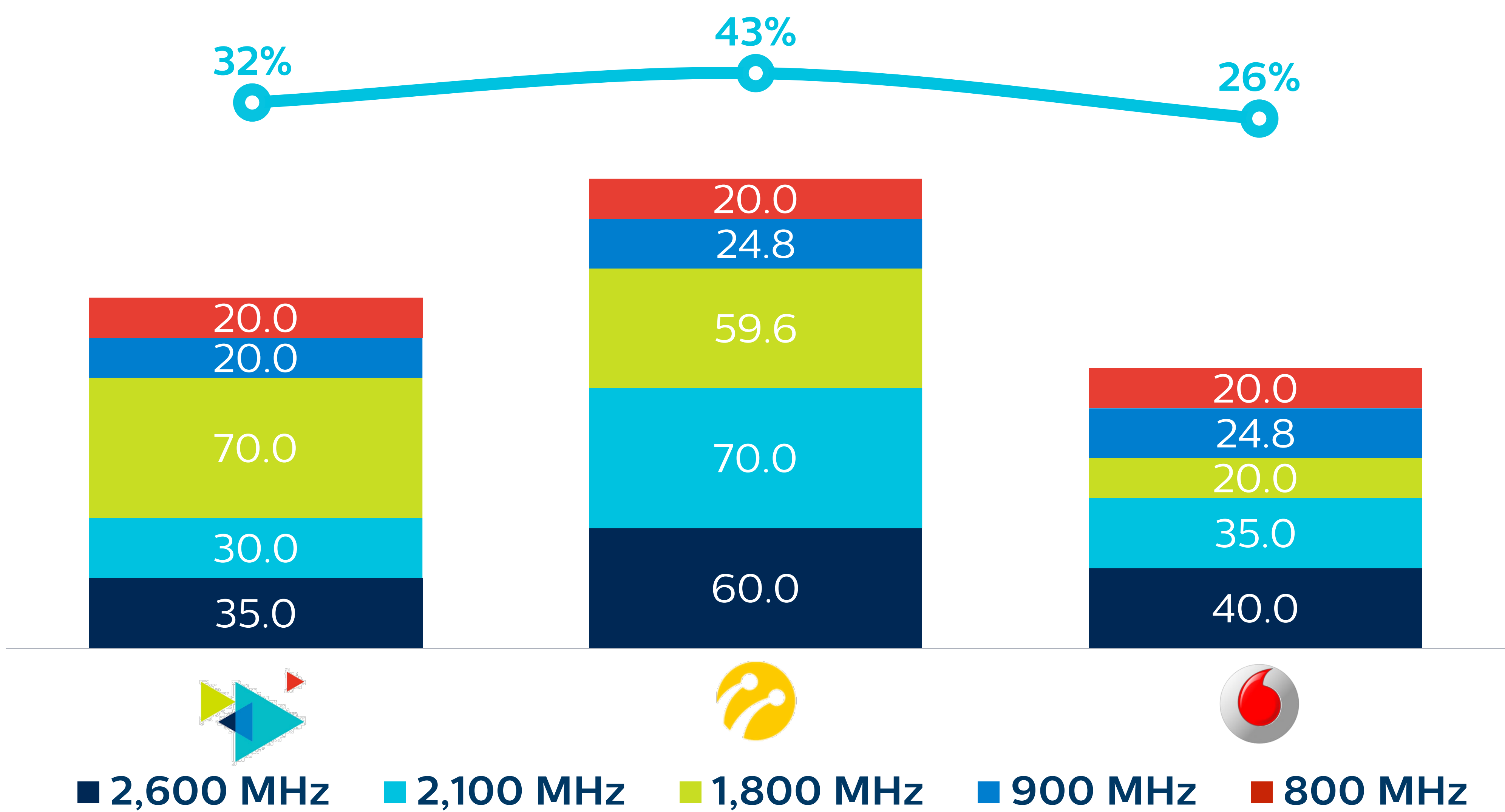
### Getting ready for 5G

via ongoing studies by Argela and TT on RAN slicing, NFV and SDN

## Superior Spectrum Allocation

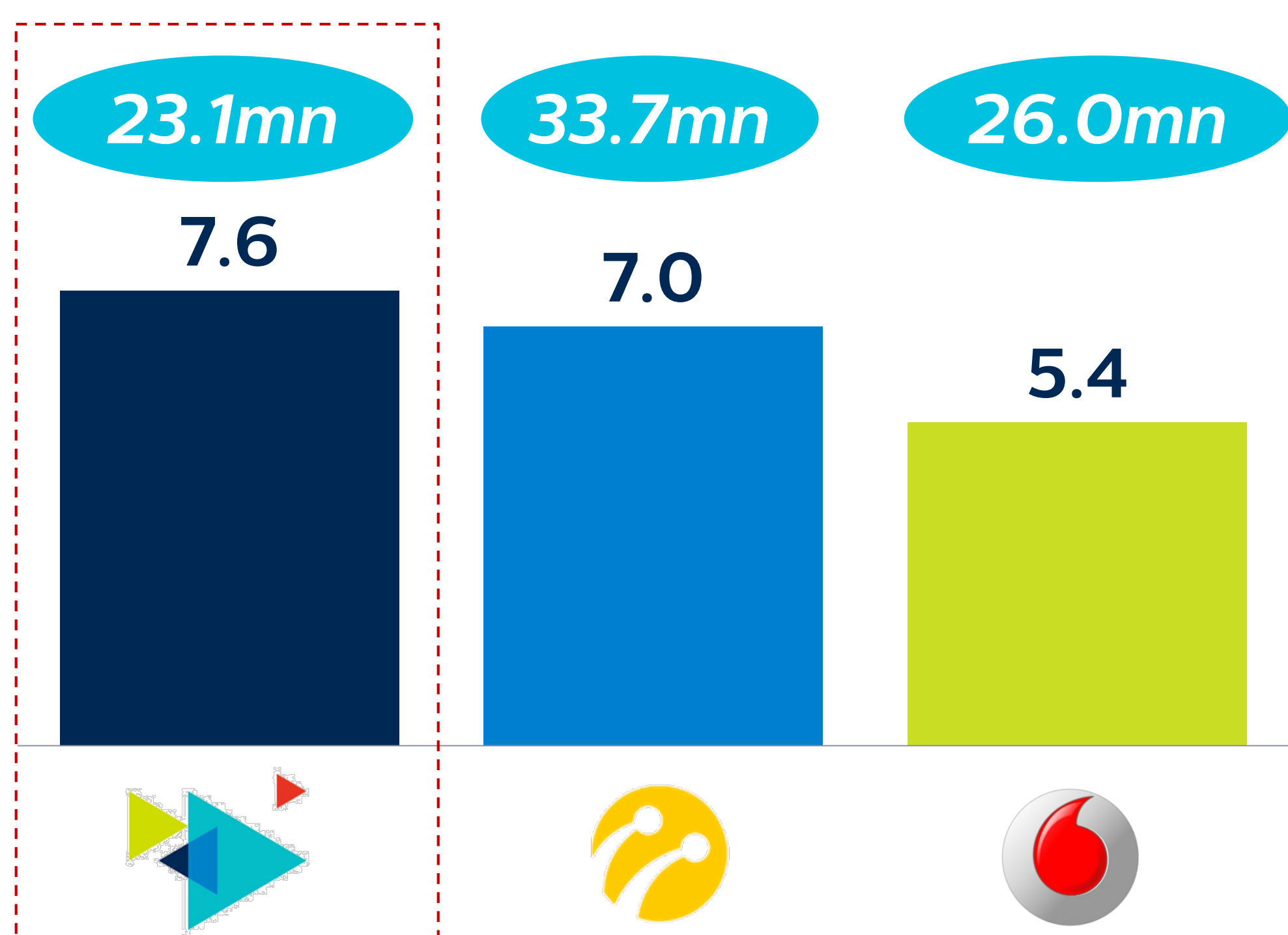
Highest Share of  $\geq 1,800$  MHz

● Spectrum Market Share



## Highest Spectrum Capacity Per Subscriber

(MHz/Subscriber)



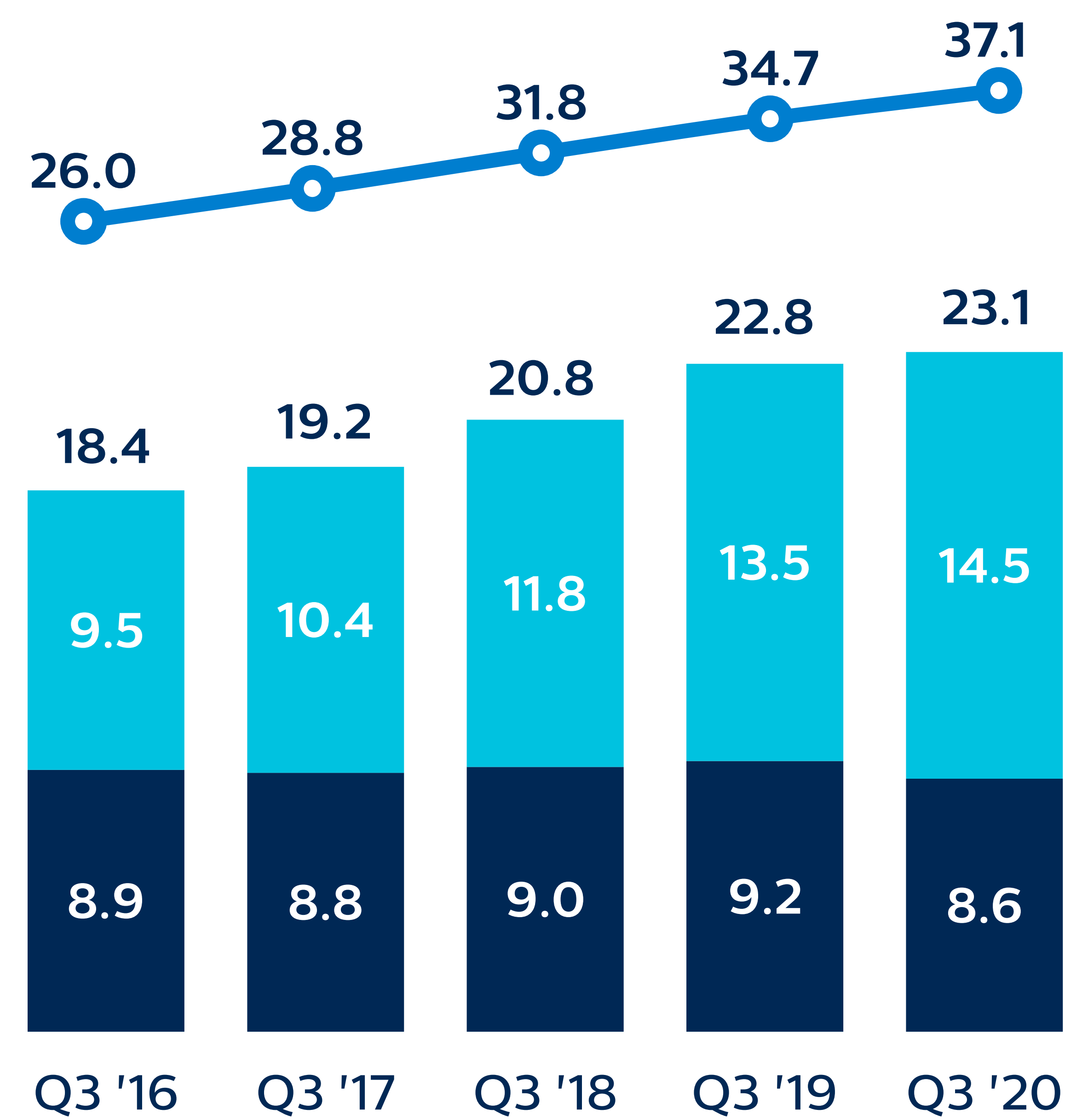
Source: ICTA



# Mobile Performance

## Growing ARPU & Subscriber Base

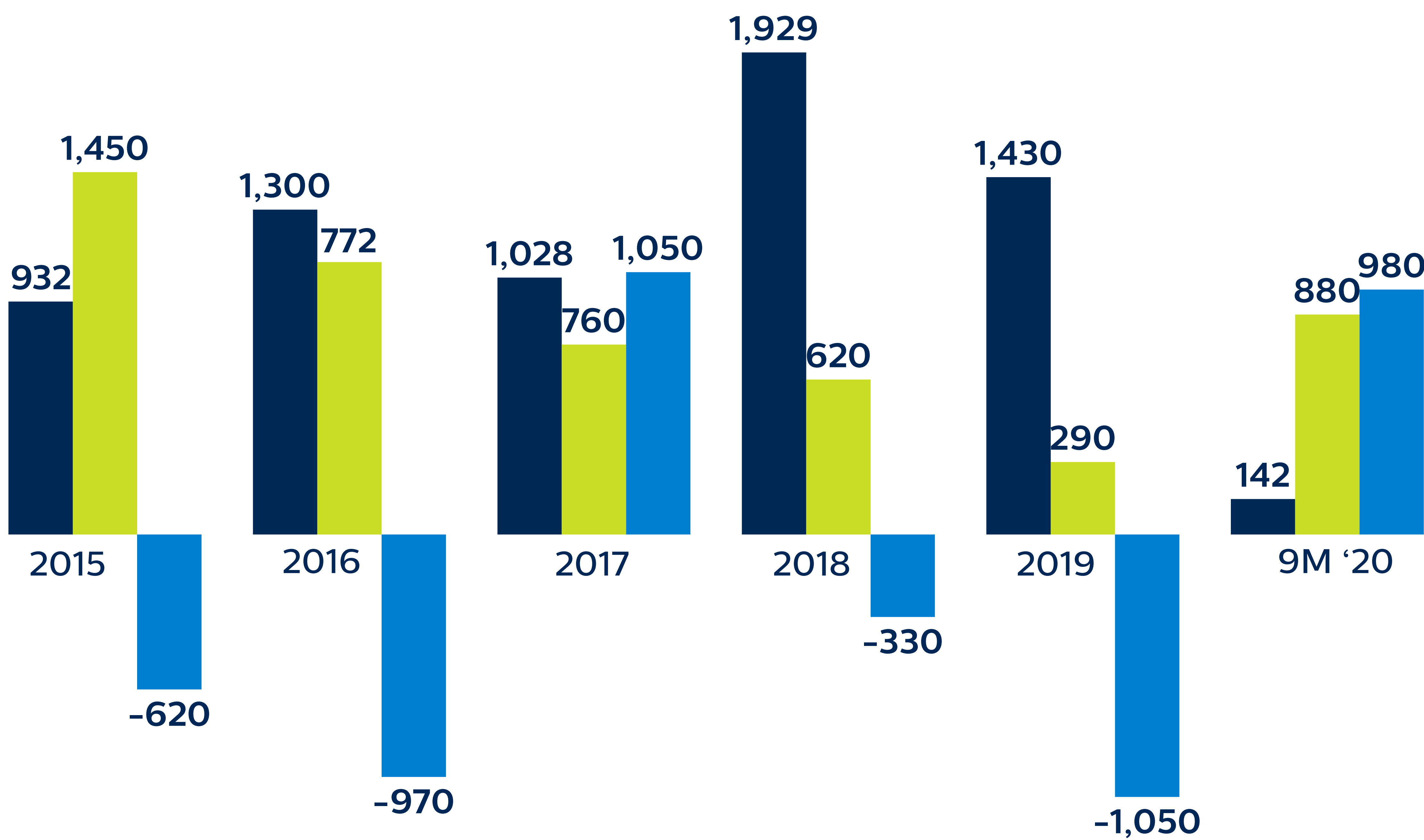
● Blended ARPU (TL)  
■ Prepaid (mn) ■ Postpaid (mn)



## Net Subscriber Additions

(thousand)

■ Türk Telekom ■ Vodafone ■ Turkcell

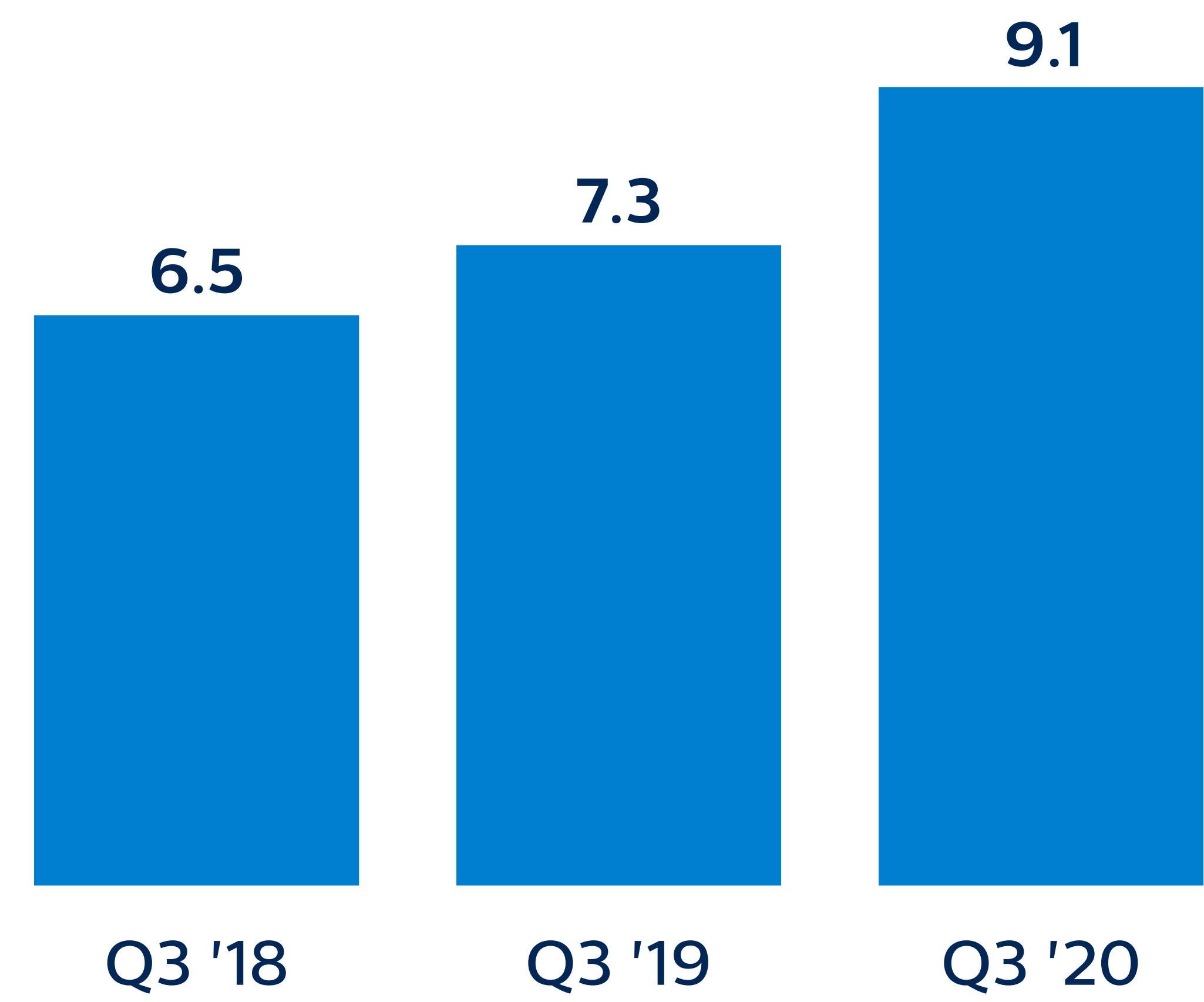




# Mobile Data

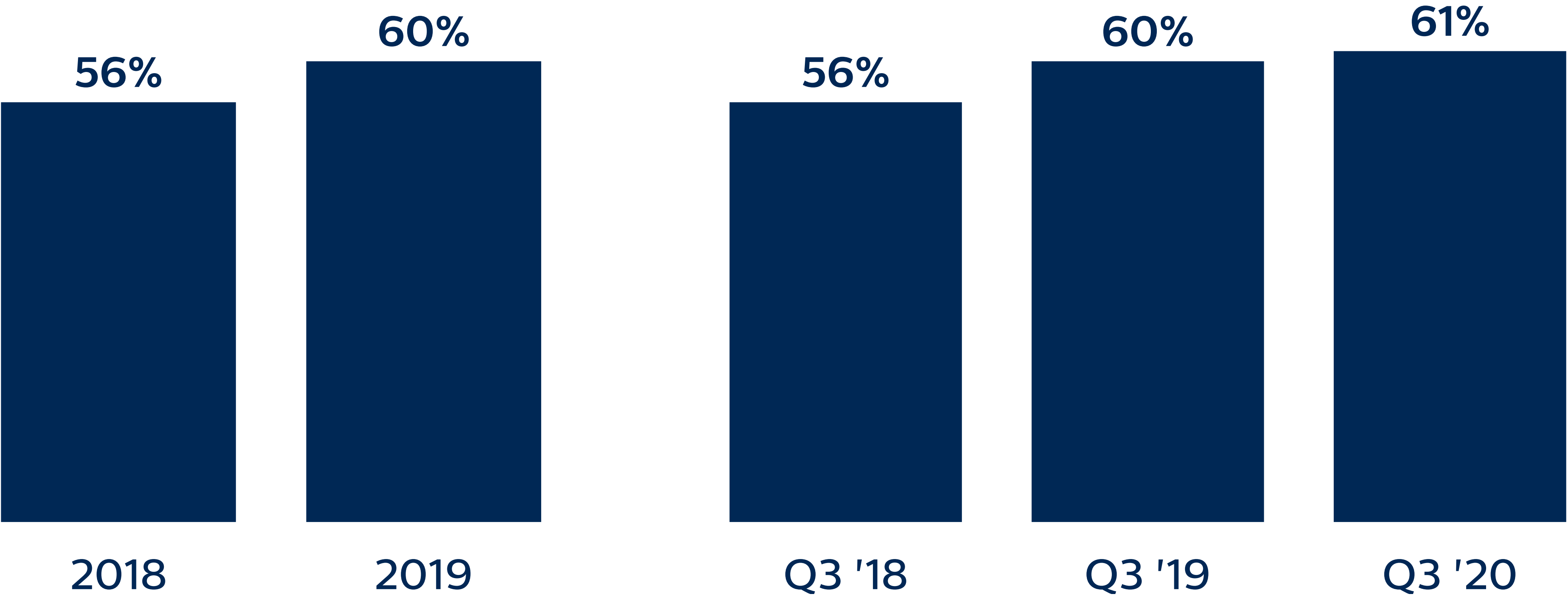
## Avg. Monthly Mobile Data Usage

(GB per LTE user)



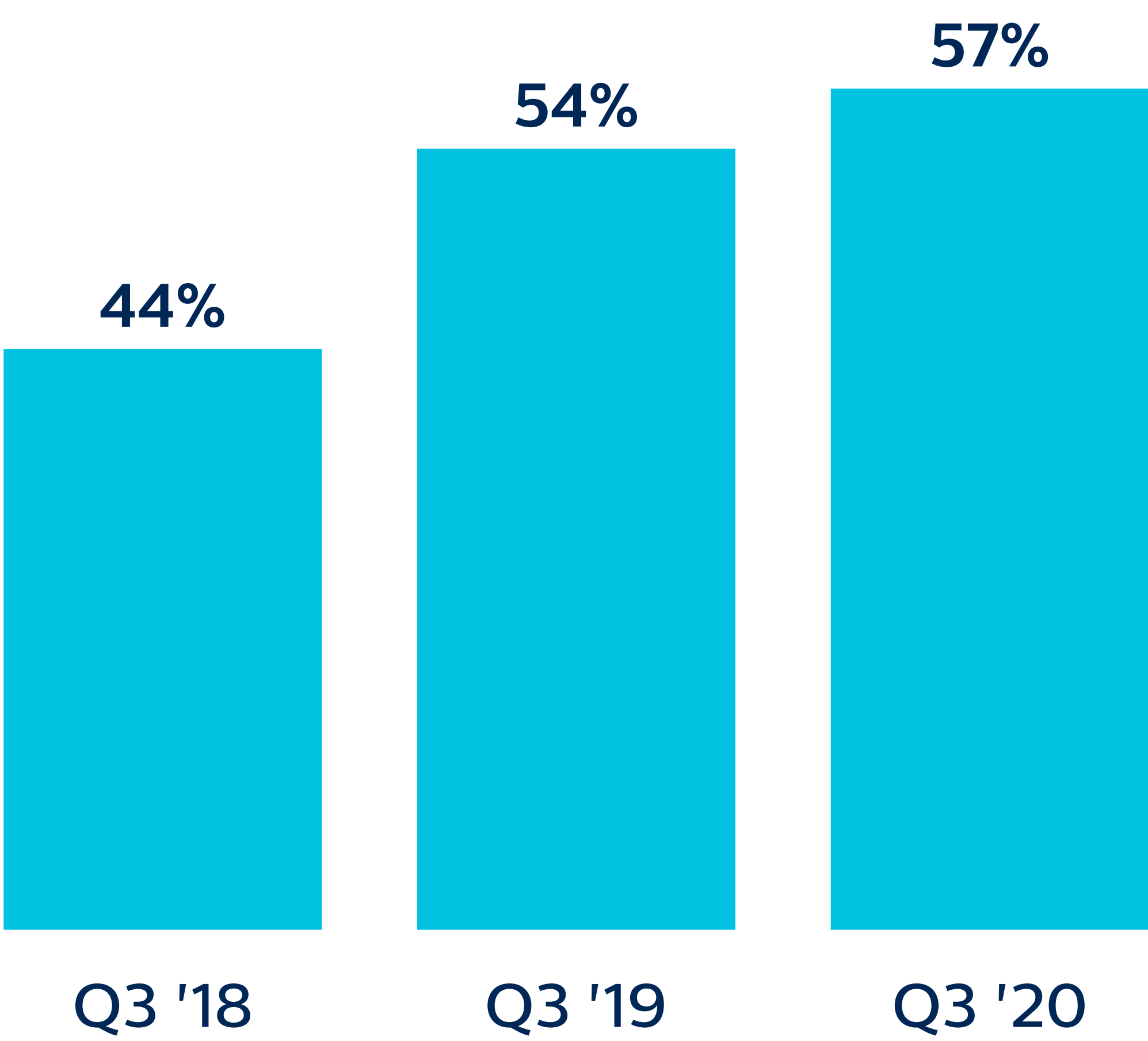
## Data Revenue

(Mobile service revenue share)



## LTE Users\*

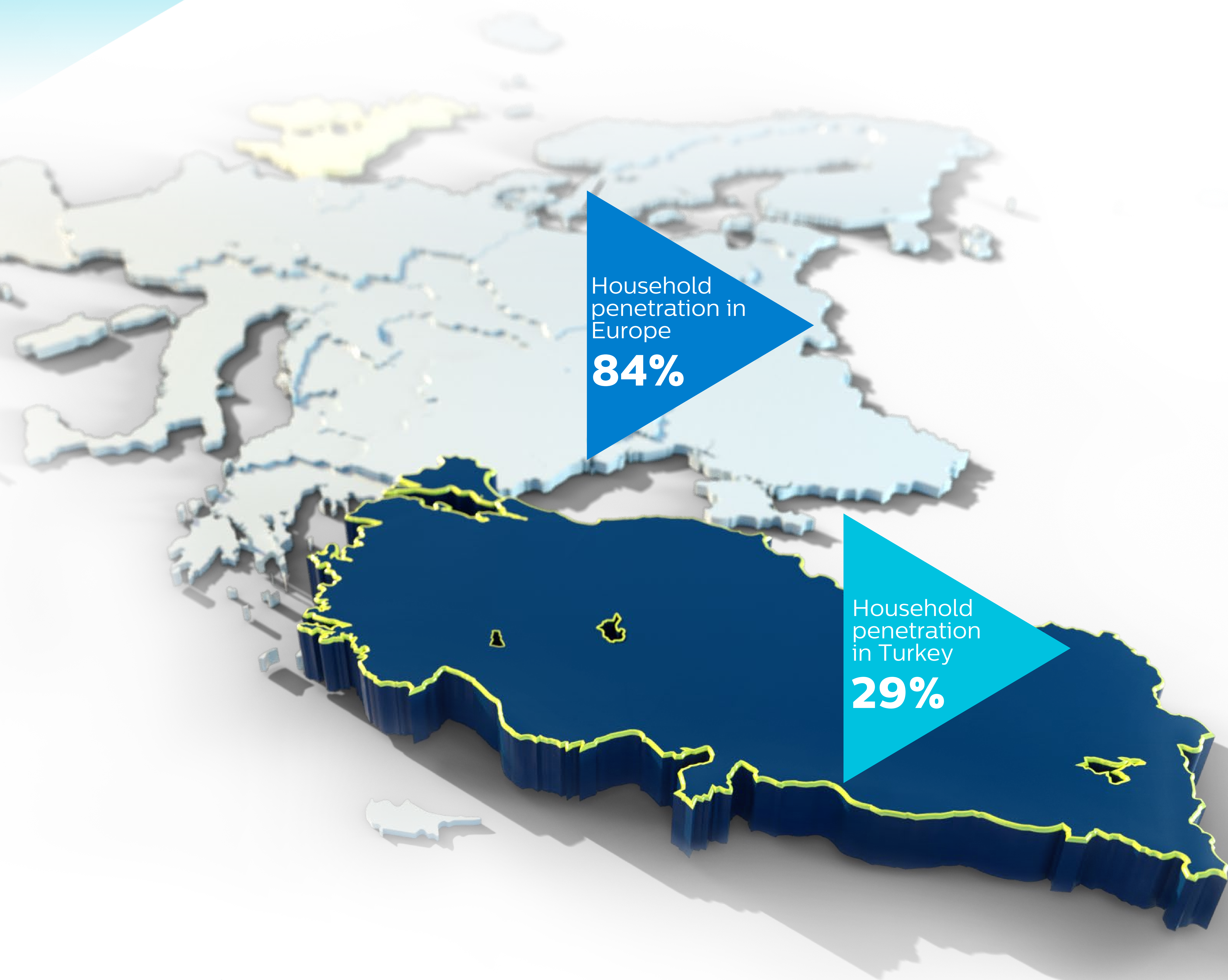
(Total subscriber share)



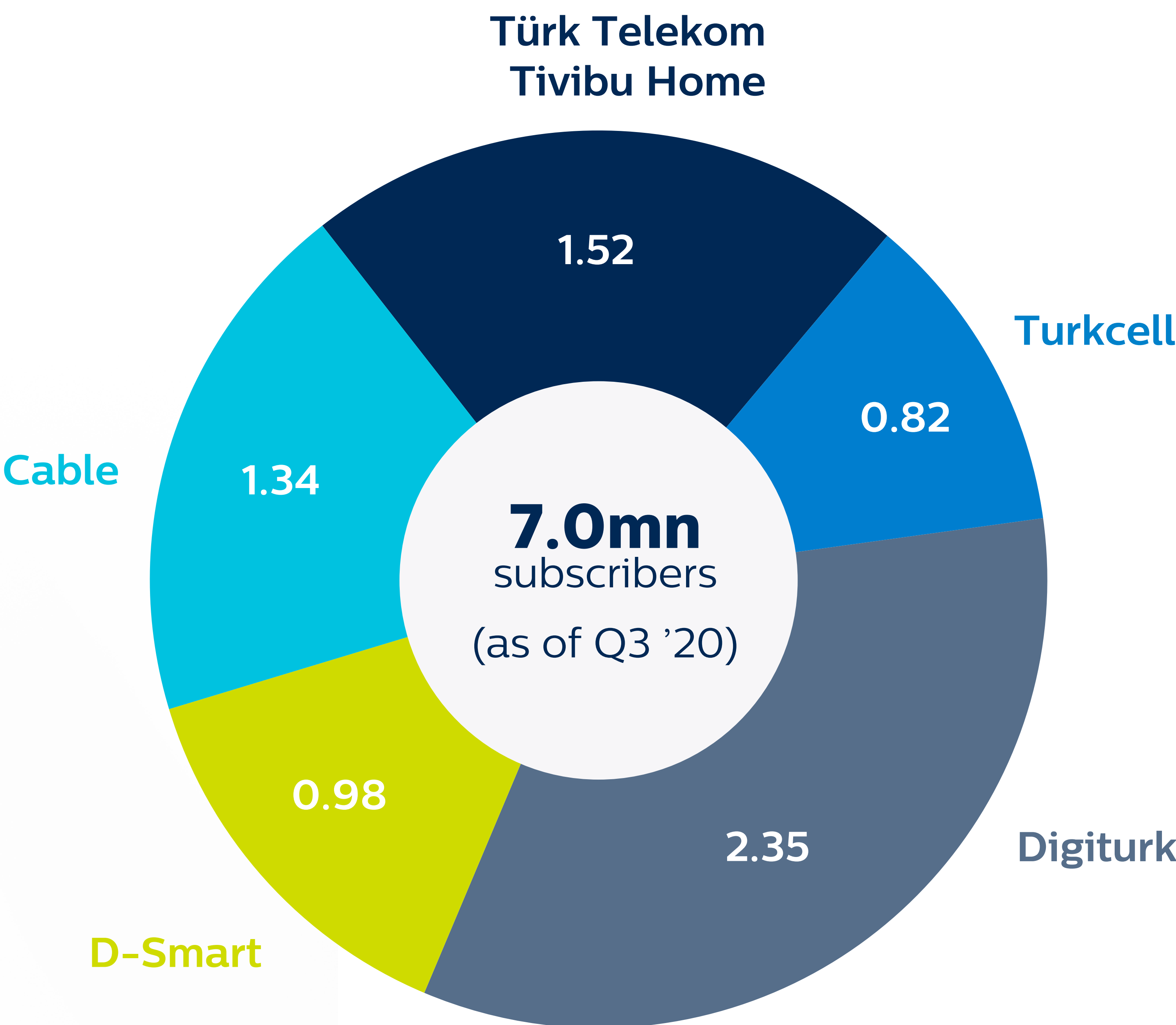
\*Subscribers who  
1) registered for LTE  
2) have LTE compatible device and simcard



# Pay TV Market

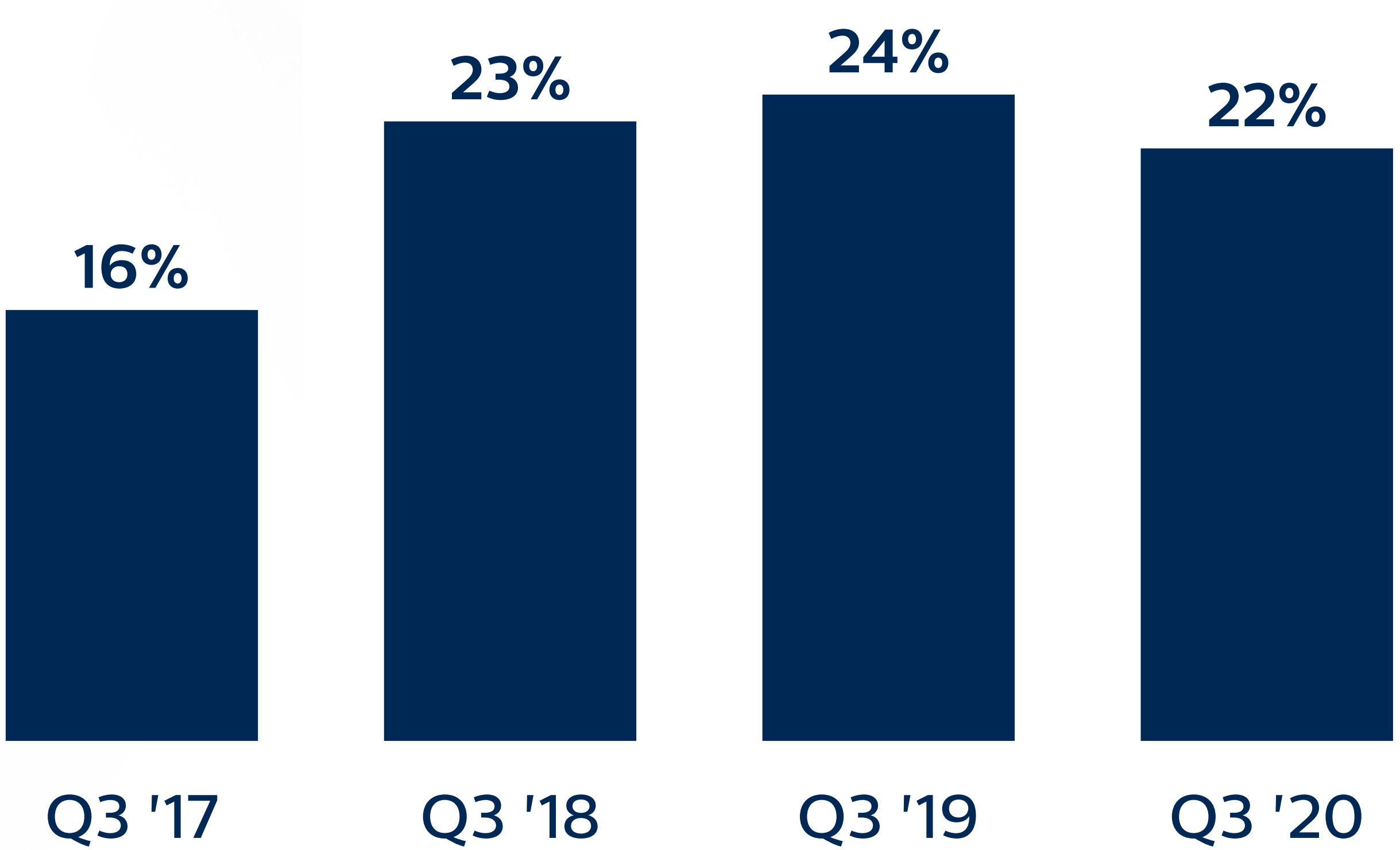


## Subscribers (mn)



Source: ICTA

## Tivibu Home Subscriber Market Share



Source: ICTA

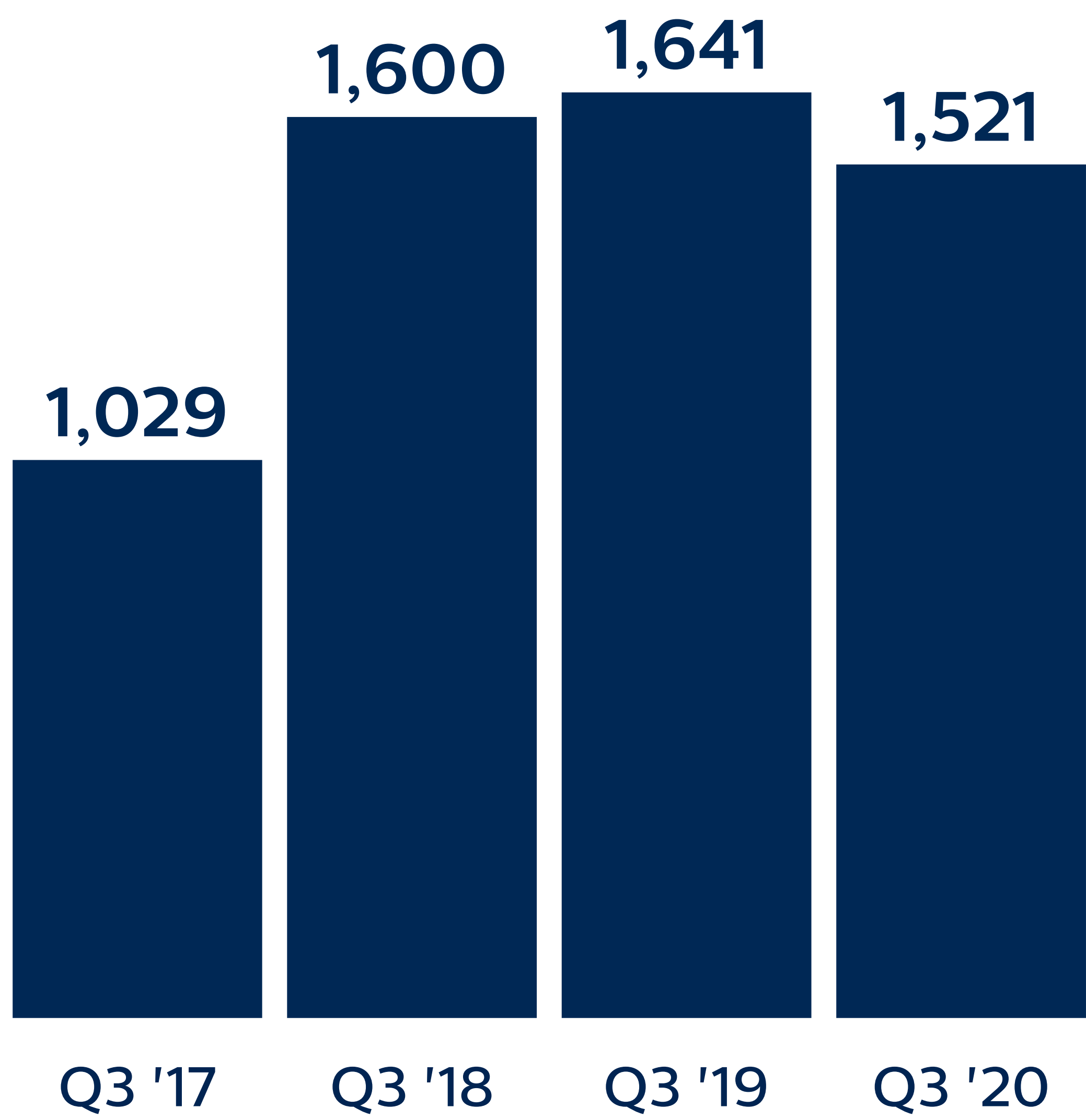
Source: Analysys Mason, ICTA  
 European countries include: AT, BE, BG, HR, CZ, DK, FI, FR, DE, GR, HU, IE, IT, ME, NL, NO, PL, PT, RO, RU, RS, SK, SI, ES, SE, CH, UK, UA



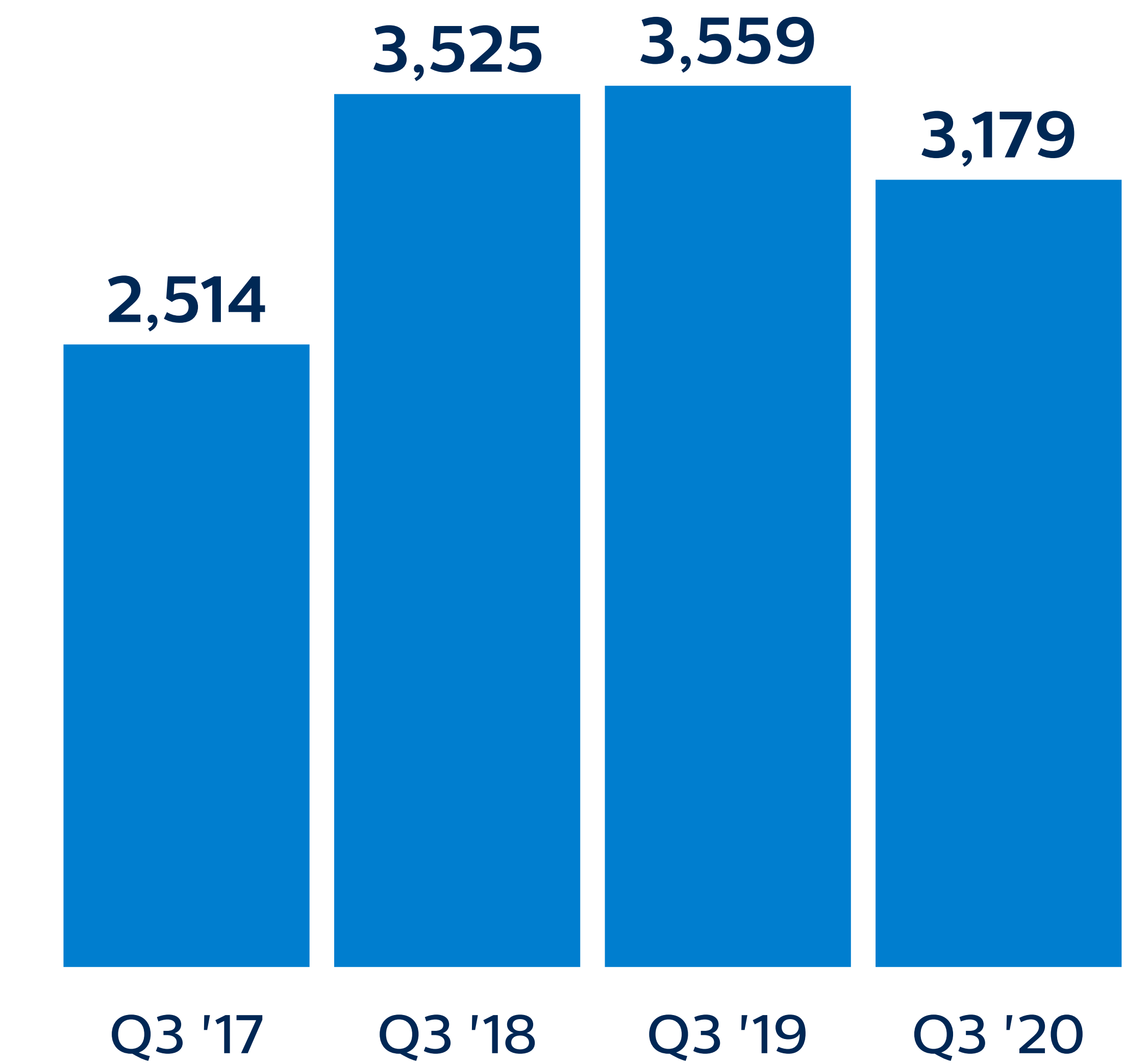
# TV Performance

## Subscribers (thousand)

■ Tivibu Home



■ Total TV (Tivibu Home + Tivibu GO)



## Wireless Homes



## Platform

IPTV + DTH + Web TV + Smart TV

## Content

- ▶ Turkish Basketball Super League
- ▶ NBA
- ▶ English Premier League
- ▶ Formula 1

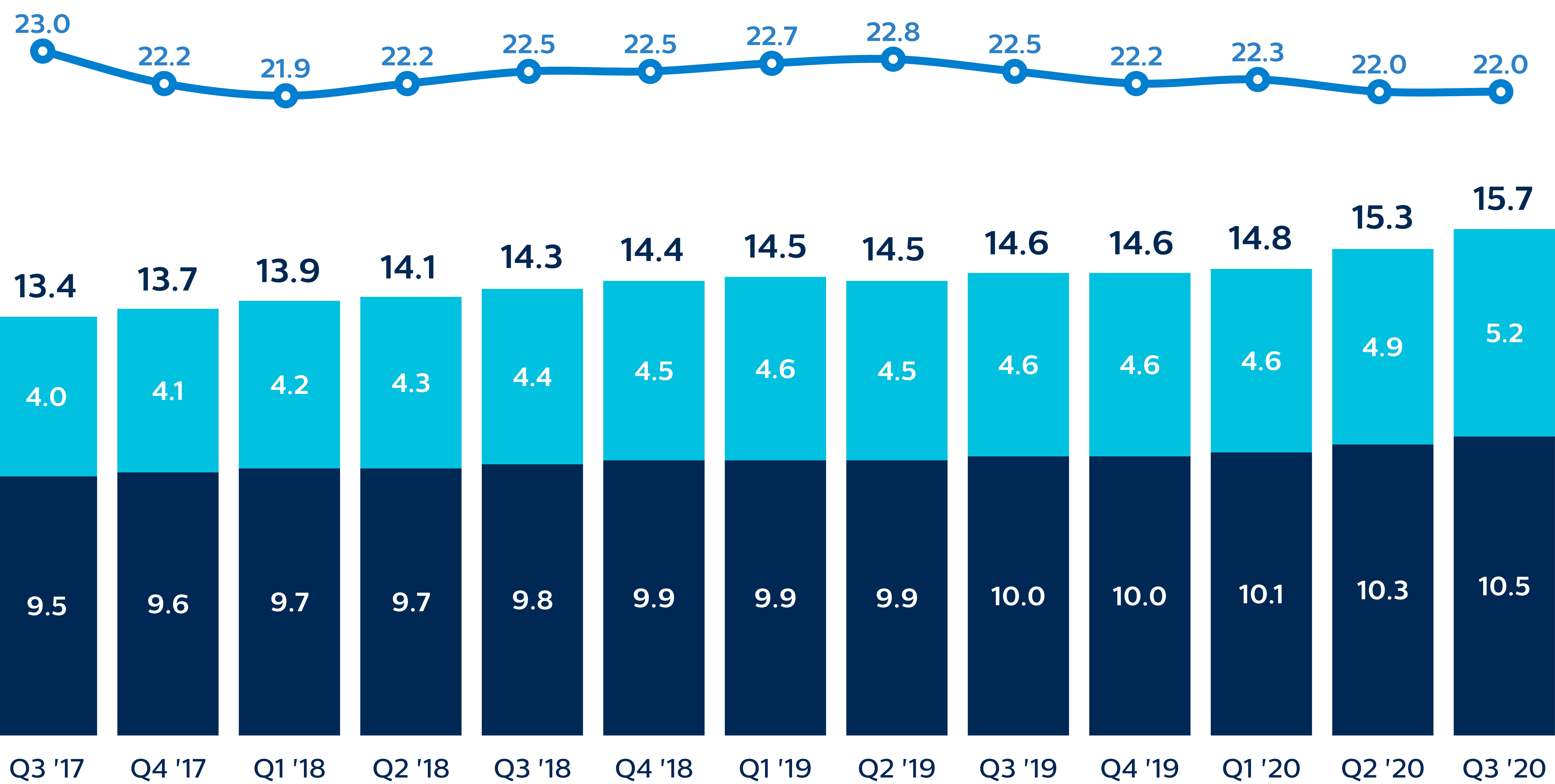
- ▶ 3 Inhouse Sports Channels
- ▶ Kids & Documentary Channels
- ▶ +4,600 on demand assets



# Fixed Voice Performance

## Access Lines and ARPU

- Fixed Voice (mn)
- Naked Broadband (mn)
- Fixed Voice ARPU (TL)



**159K**  
net additions  
in Fixed Voice  
in Q3



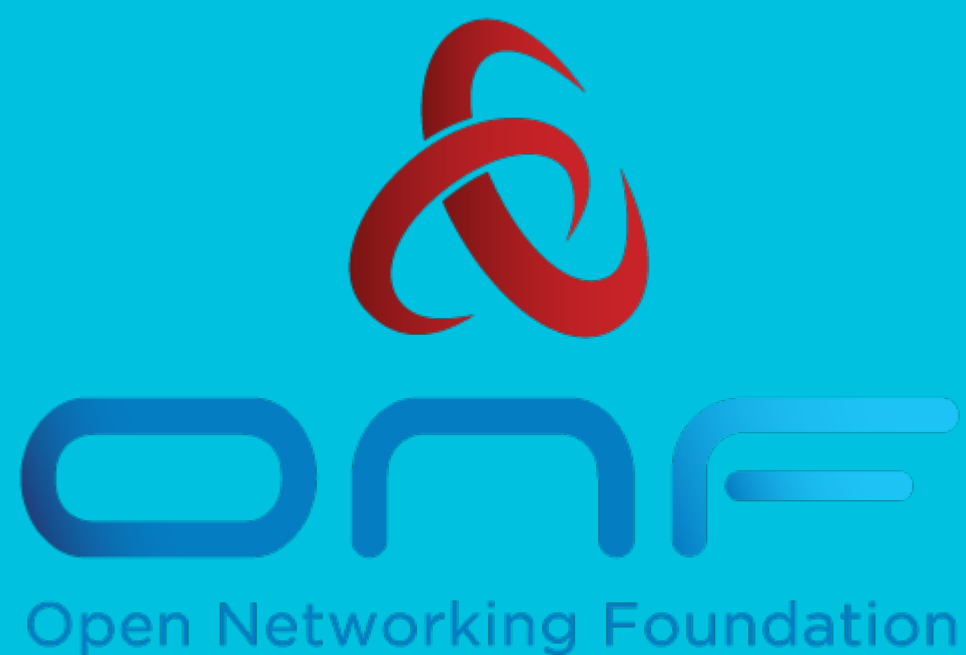
# Investing in Future



Preparations for 5G with pilot 5G test networks

Work to manage the 5G network with AI technology

First Industry 4.0 5G test in Turkey



Working on transformation of network ahead of 5G



Working with Argela for SDN& NFV based cybersecurity solutions

Turkey's largest Cyber Security Services Center in Ankara with wide portfolio of end-to-end solutions



Leading largest smart city projects in Turkey



Focus on network sharing projects in mobile and fixed for asset efficiency



Best in class cloud computing solutions



Esenyurt Data Center with 10K sqm area



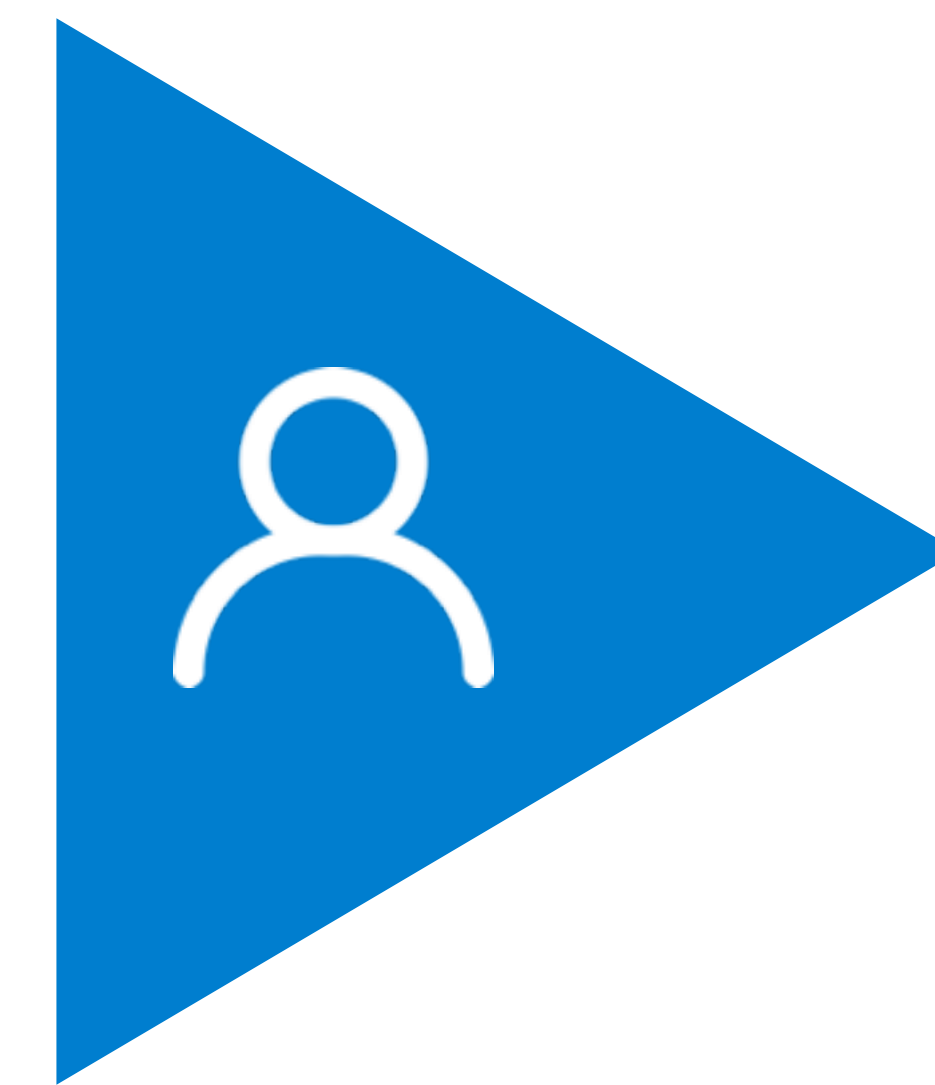
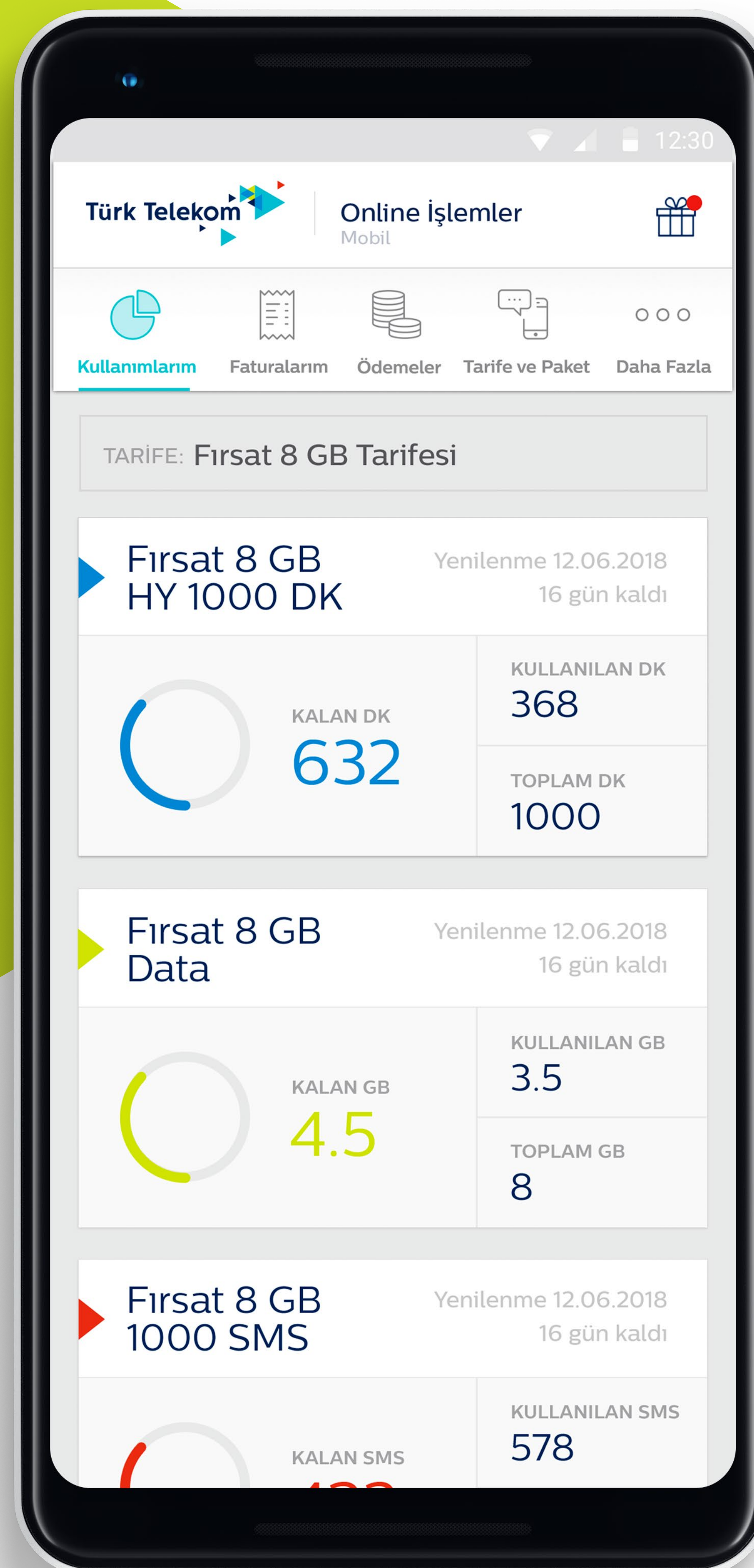
# Digital Transformation



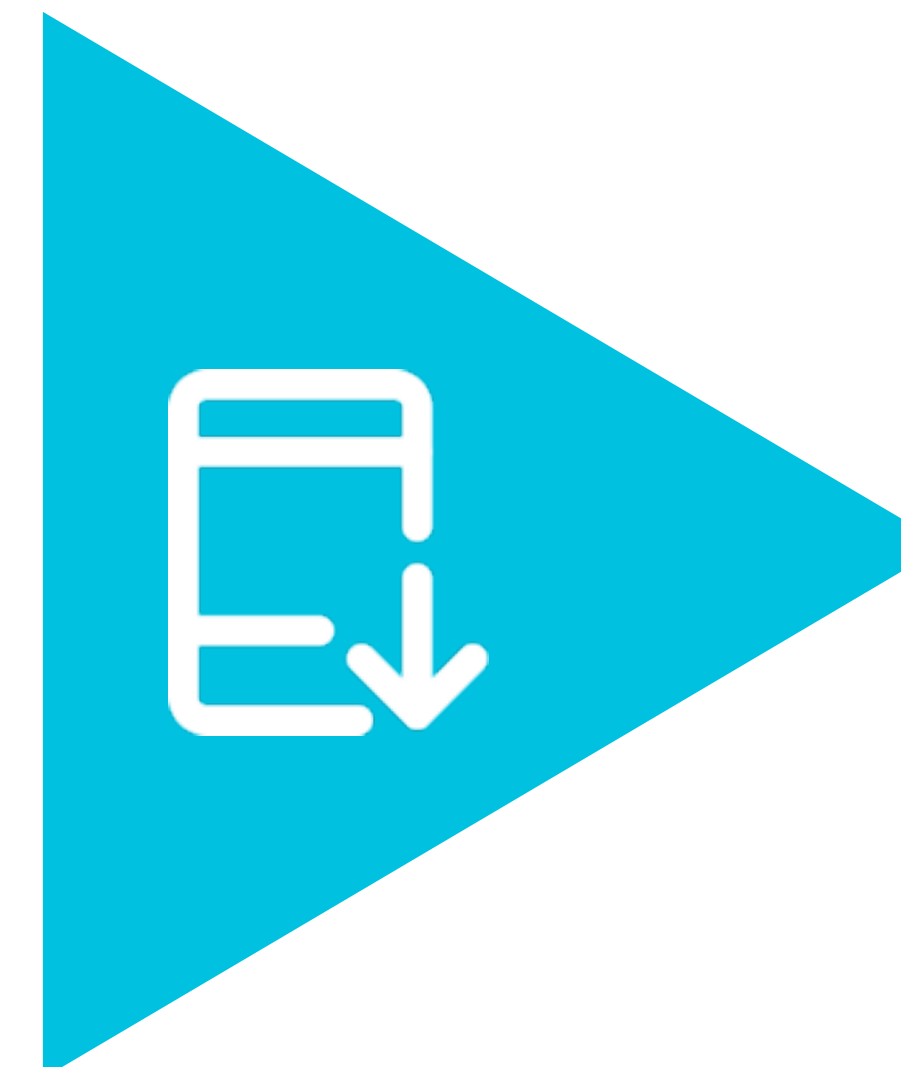


# Digital Transformation: Online Transaction

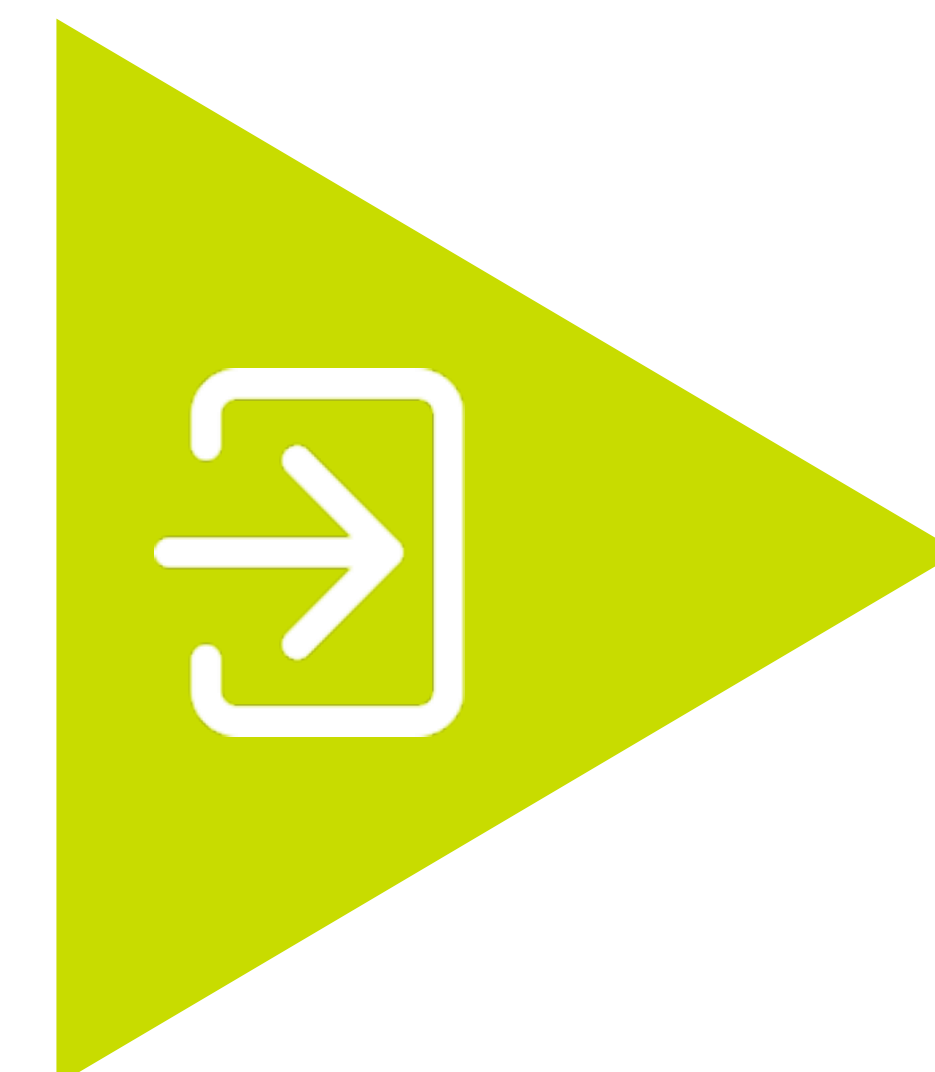
- ▶ The digital self-care application which allows mobile, fixed broadband and fixed voice subscribers to carry out a wide range of services including invoice payments, TL uploads, and application for new subscriptions
- ▶ Continuous expansion of digital services for best in-class customer experience



**12.4 mn**  
unique users in Q3'20<sup>1</sup>



**43.8 mn**  
downloads as of Q3 '20



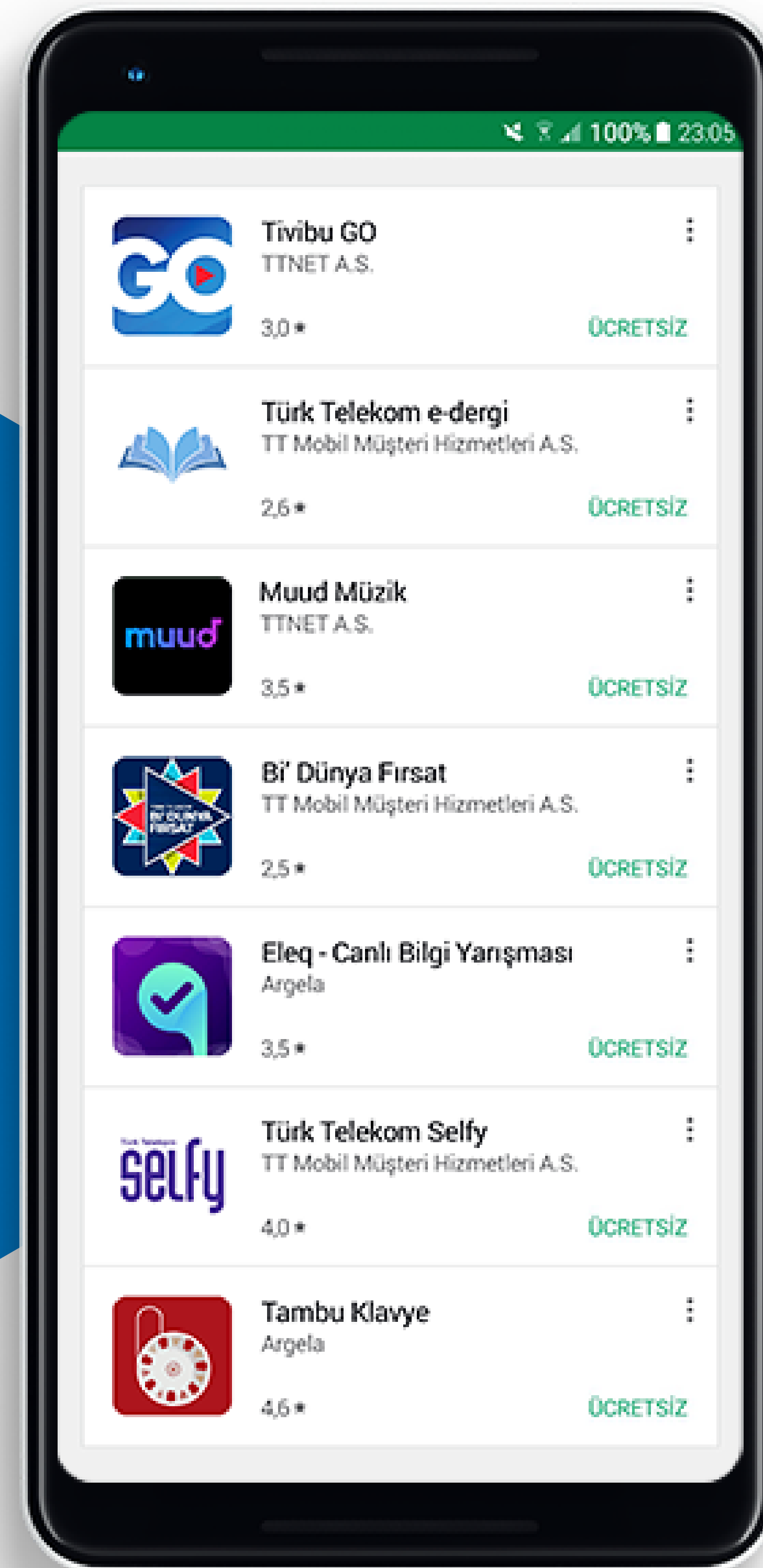
**81%**  
Ratio of subs using the app among total mobile  
subs base as of Q3 '20<sup>2</sup>

<sup>1</sup> 3MAU: 3-Month active user

<sup>2</sup> Based on LTM active unique users and average mobile subs



# Digital Service Portfolio



Turk Telekom has 30+ mobile applications, and 200+ value added services.



## Turkey's New Generation TV Platform: Tivibu GO Launch: 2010

Türk Telekom's TV platform which provides national and exclusive linear channels, VoDs, and catchup programs in HD quality



## Turkey's Enriched Digital Music Platform: Türk Telekom Music Launch: 2008

Turkey's most preferred digital music platform to listen and download millions of songs and watch videos



## Turkey's Leader Digital Gaming Platform: Playstore Launch: 2011

Turkey's first and leader digital gaming, e-pin, console games and pysical gaming accessory sales platform



## Turk Telekom's Education Platform: Turk Telekom Academy Launch: 2018

Education platform for Turk Telekom employees has been relaunched and now available to all Turk Telekom internet subscribers



## Turkey's First Interactive Education Platform Launch: 2008

Turkey's biggest online education platforms: Vitamin for pre-school to high grades students, Raunt for universiy preparation



## Turkey's Mobile and Live Trivia Game: Eleq Launch: 2018



## Turkey's first smart and hyperlocal digital keyboard Launch: 2017

Turkey's first local and customized smart digital keyboard



## Turkey's Most Comprehensive Online Reading Platform: E-Dergi Launch: 2017

Turkey's online magazine and newspaper reading platform with advantageous campaigns for Turk Telekom mobile users



## Turkey's Most Comprehensive Security Platform: TT Security Launch: 2009

Turkey's most comprehensive and secure anti-virus and family protection service



## Turkey's Widest Wifi Broadband Network: TT WiFi Launch: 2006

Turkey's widest WiFi hotspot coverage and services for Turkish Airlines flights



## Turkey's Advantageous Integrated Cloud Platform: Dijital Depo Launch: 2018

Türk Telekom's operator free new cloud storage application Digital Depo enables users to safely store photos, videos, music and all files with user - friendly design





# **Group Companies**





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

- ProgRAN and vRAN: SDN (Software Defined Networks) based RAN solutions for LTE and 5G with 22 patent applications
- NPM/CEM: Network Performance Monitoring and Customer Experience Management solutions used by telecom operators in Turkey and in the world
- ULAK: Turkey's first and only LTE base station development project
- SEBA: Broadband Access technology for fixed networks
- Commercialization of R&D activities
- Member of ONF and ONAP via US based subsidiary NETSIA
- Leading role in Türk Telekom Network Transformation Project



## Leading system integrator & solution provider in Turkey

- System Integration Solutions
- Smart City and Smart Store Solutions
- Health Campuses
- Fintech Solutions
- IoT Platform and Solutions
- SAP Consultancy Services
- Business Applications (Document Management, Law Process Management)
- CRM and Business Intelligence
- Self Service and Automation Solutions
- Managed Services



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

- Over 45K km fiber network in CEE, Turkey, the Middle East and the Caucasus
- More than 114 major POPs in Europe, ME and Asia
- Unique Solutions
  - AMEERS: New path connecting WE to ME
  - SEA-ME-WE-5: Submarine cable system connecting Europe to Africa, ME and Asia



The ASSIST logo is displayed in a white triangle on a blue background. The word "ASSIST" is in a blue, sans-serif font.

## Leader customer service solutions company

- Beyond traditional call center services, solutions such as sales and marketing, social media management, e-mailing and payroll
- Serving largest private and public institutions with around 13 thousand employees

The Sebit logo is displayed in a white triangle on a blue background. It features a stylized blue eye icon above the word "sebit" in a blue, sans-serif font.

## Leading and largest edtech company in Turkey

- E-educational products, covering all grades from Pre-School to High School
- Leading and innovative e-Education products: Raunt, Sebit VCloud and Vitamin
- Content and platform provider for the national e-Education transformation project (FATİH)

The Türk Telekom Ventures logo is displayed in a white triangle on a dark blue background. It features a colorful icon of three vertical bars followed by the text "TÜRK TELEKOM VENTURES" in a white, sans-serif font.

## Corporate venture capital company

- Focus on investing in early stage and scale-up companies primarily in healthcare, energy and education verticals, as well as opportunistic horizontals
- 1<sup>st</sup> deal on healthcare vertical: Doctor Turkey
- 2<sup>nd</sup> deal on education vertical: MentalUP
- 3<sup>rd</sup> deal on energy vertical: Eltemtek
- 4<sup>th</sup> deal on healthcare vertical: Virasoft

The Türk Telekom ödeme hizmetleri logo is displayed in a white triangle on a blue background. It features a blue icon of a building followed by the text "Türk Telekom ödeme hizmetleri" in a blue, sans-serif font.

## Payment services company

- Electronic Money License from BRSA
- Strong position in Direct Carrier Billing (DCB)
- Expansion plans in other payment related services & products (Digital Wallets, Money Transfers, Tax/Bill payments, E-Money)





**Financials**



# 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
<b>Total Assets</b>	<b>38,293</b>	<b>41,852</b>	<b>44,755</b>
Cash and Cash Equivalents	4,767	5,183	5,483
Tangible Assets <sup>1</sup>	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 <sup>2</sup>	8,225	9,997	11,149
<b>Total Equities and Liabilities</b>	<b>38,293</b>	<b>41,852</b>	<b>44,755</b>
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	5,725	7,450	7,463
Interest Bearing Liabilities <sup>3</sup>	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 <sup>4</sup>	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



# Cash Flow Statement

(TL mn)	Q3 '19	Q2 '20	Q3 '20	QoQ Change	YoY Change
Operating Cash Flow	2,674	2,347	3,596	53.2%	34.5%
Investing Cash Flow	(1,054)	(1,197)	(1,775)	48.2%	68.4%
CAPEX	(1,211)	(1,270)	(1,861)	46.5%	53.7%
Other Investing Activites	157	73	86	18.1%	(45.2)%
Financing Cash Flow <sup>1</sup>	(950)	(2,476)	(1,633)	(34.0)%	71.8%
Net Change in Cash Position <sup>2</sup>	670	(1,326)	188	(114.2)%	(71.9)%

(1) Includes currency translation differences  
 (2) Blocked deposits are included in operating activities rather than net cash position



# Revenue Breakdown

(TL mn)	Q3 '19	Q2 '20	Q3 '20	QoQ Change	YoY Change
Fixed Voice	670	677	685	1.2%	2.2%
Broadband	1,685	2,000	2,127	6.3%	26.2%
Mobile	2,367	2,398	2,589	8.0%	9.4%
TV	87	94	94	(0.5)%	8.0%
Corporate Data	466	509	522	2.5%	12.1%
International Revenues	301	299	459	53.7%	52.3%
Other <sup>1</sup>	273	412	496	20.3%	81.8%
Eliminations	(26)	(20)	(20)	0.5%	(21.2)%
Revenue w/o IFRIC	5,824	6,369	6,952	9.1%	19.4%
IFRIC-12	387	600	415	(30.9)%	7.3%
Total Revenue	6,210	6,969	7,366	5.7%	18.6%

(1) Includes ICT companies, device sales, domestic interconnection and other revenues



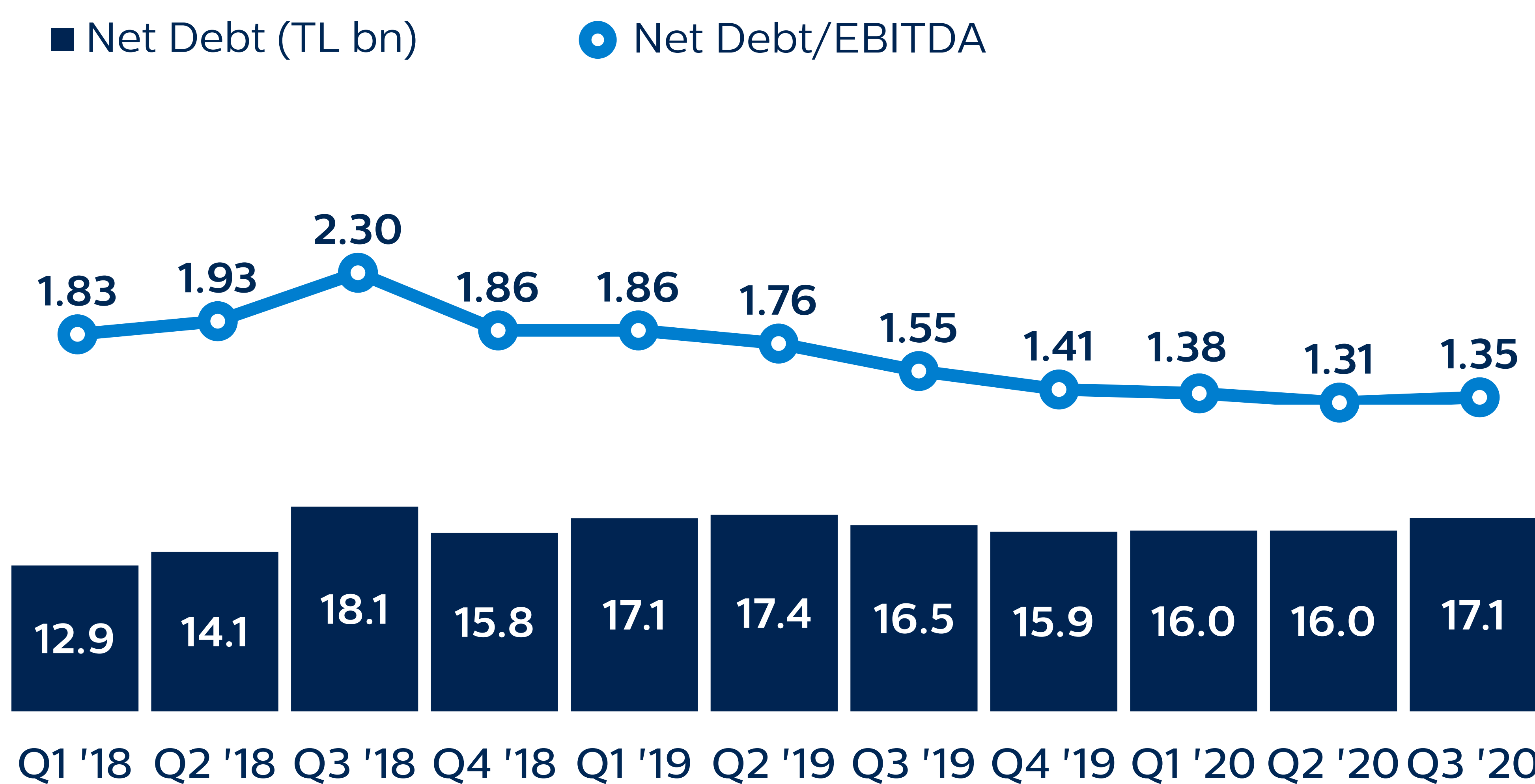
# Opex Breakdown

(TL mn)	Q3 '19	Q2 '20	Q3 '20	QoQ Change	YoY Change
Direct Costs	1,333	1,494	1,775	18.8%	33.2%
Interconnection	534	543	696	28.1%	30.5%
Tax	568	595	649	9.0%	14.3%
Provisions for Doubtful Receivables	45	65	71	9.8%	58.9%
Cost of Equipment and Technology Sales	92	202	247	22.1%	168.6%
Other Direct Costs	95	88	111	26.9%	17.9%
Commercial Costs	223	193	208	7.4%	(6.6)%
Other Costs	1,307	1,523	1,540	1.1%	17.8%
Network & Technology	424	526	554	5.3%	30.7%
Personnel	811	962	946	(1.7)%	16.6%
Other	72	36	41	13.9%	(44.0)%
Sub Total	2,863	3,211	3,522	9.7%	23.0%
IFRIC-12	342	522	367	(29.7)%	7.3%
Total OPEX	3,205	3,733	3,889	4.2%	21.4%



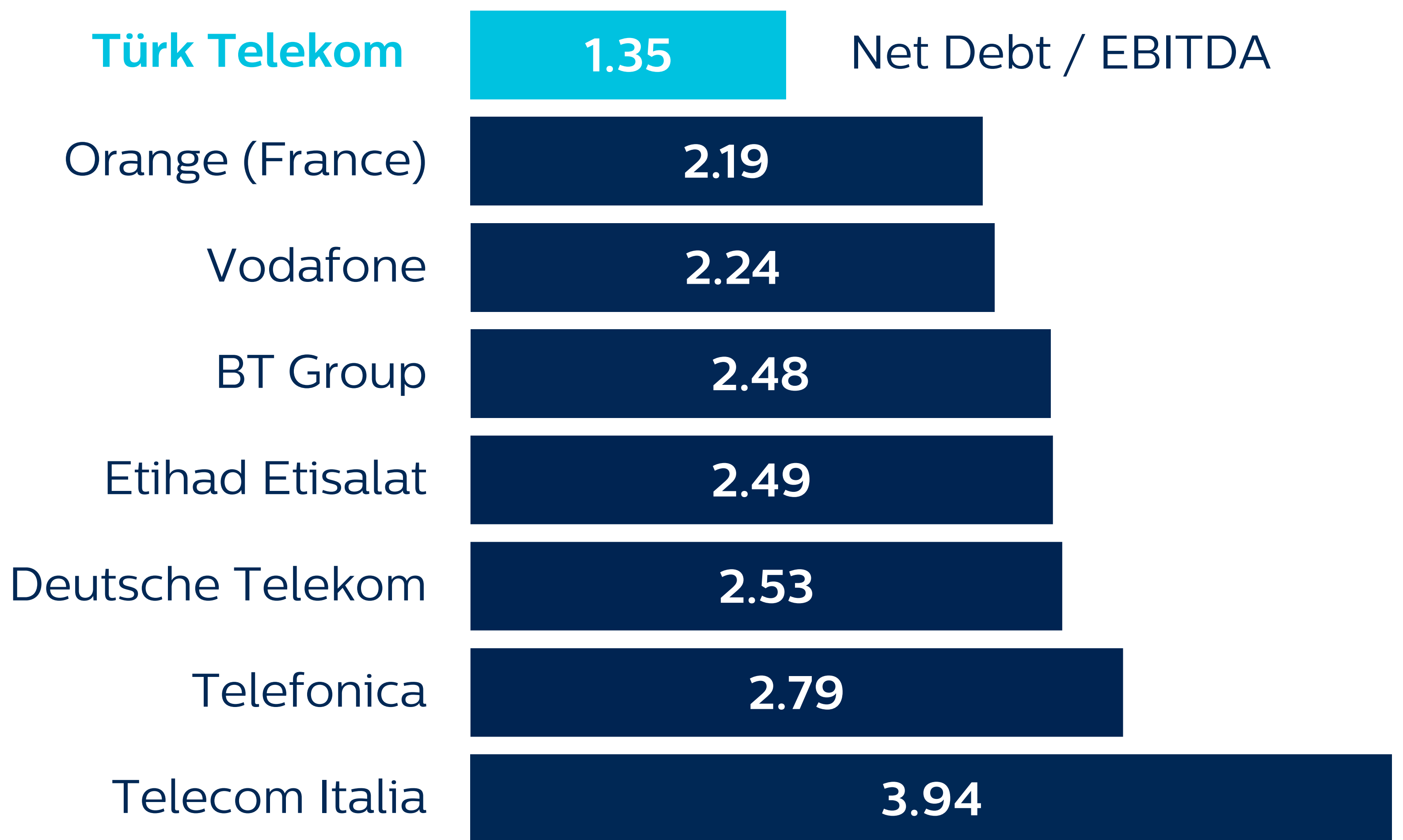
# Debt Profile

## Net Debt



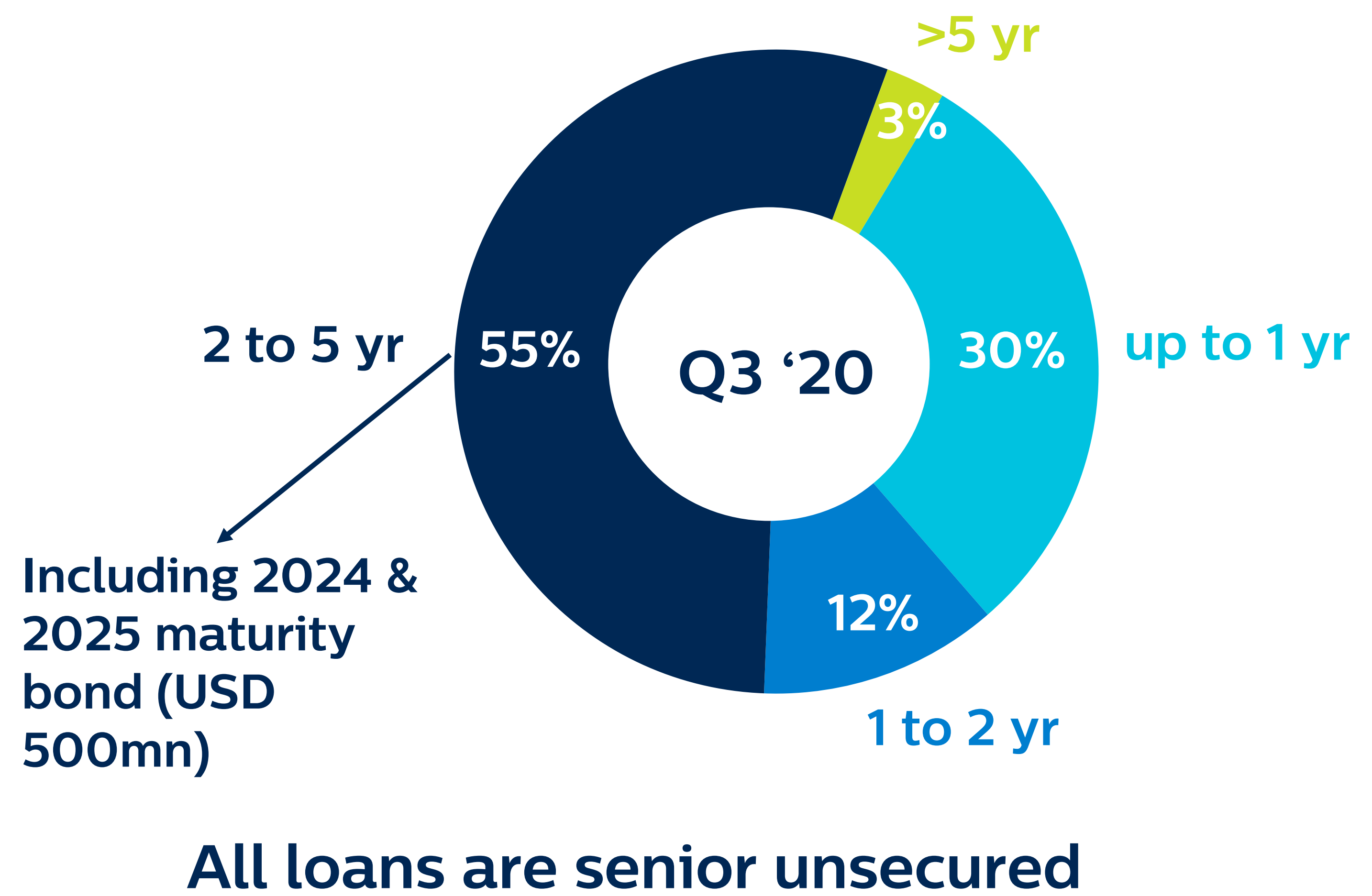
Note: Net Debt calculation includes market valuation (MTM) of Foreign Currency TL money swap transactions.  
Net Debt/EBITDA calculation does not include extraordinary provisions in EBITDA calculation.

## Low debt ratio among peers

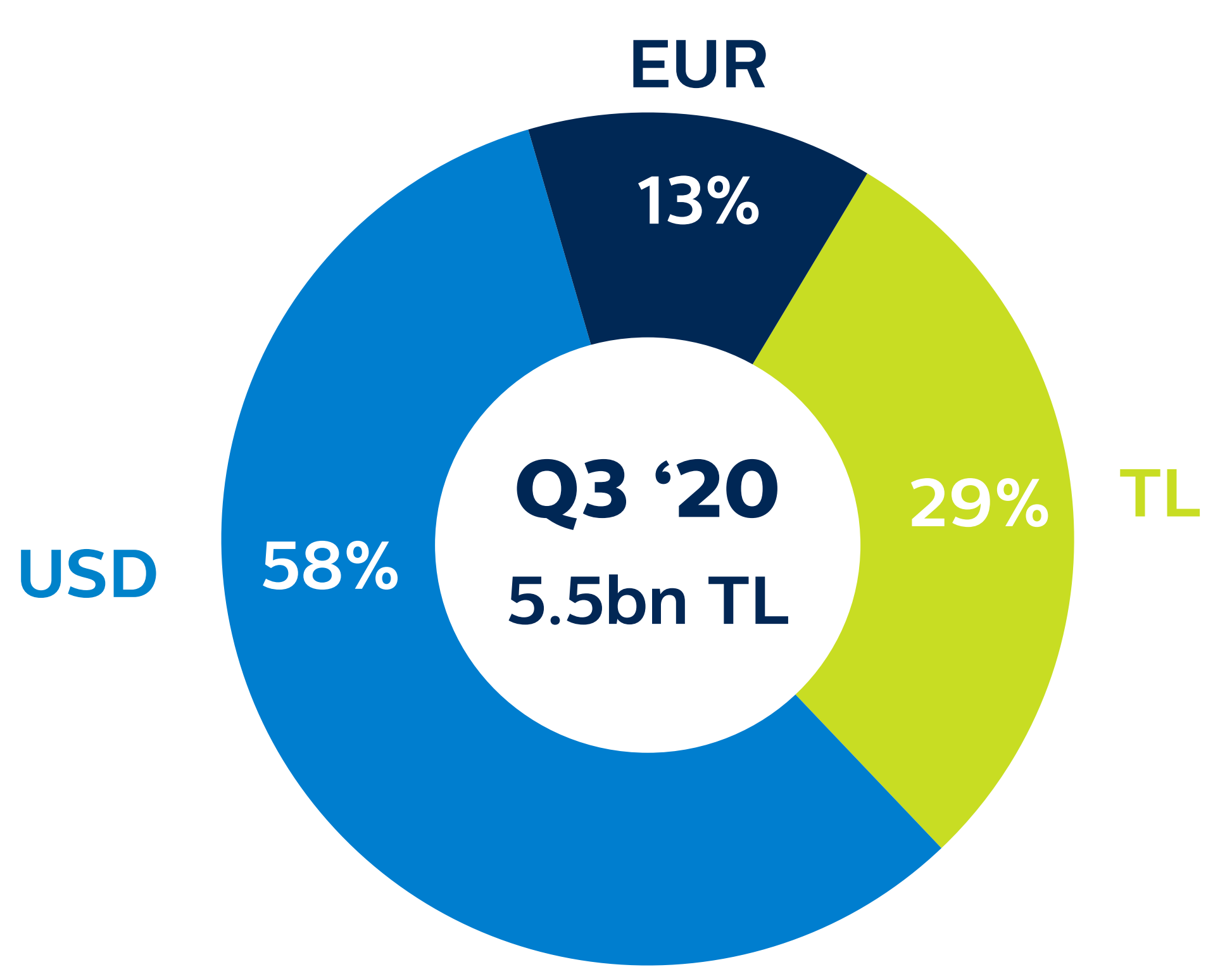


Source: Bloomberg, Türk Telekom

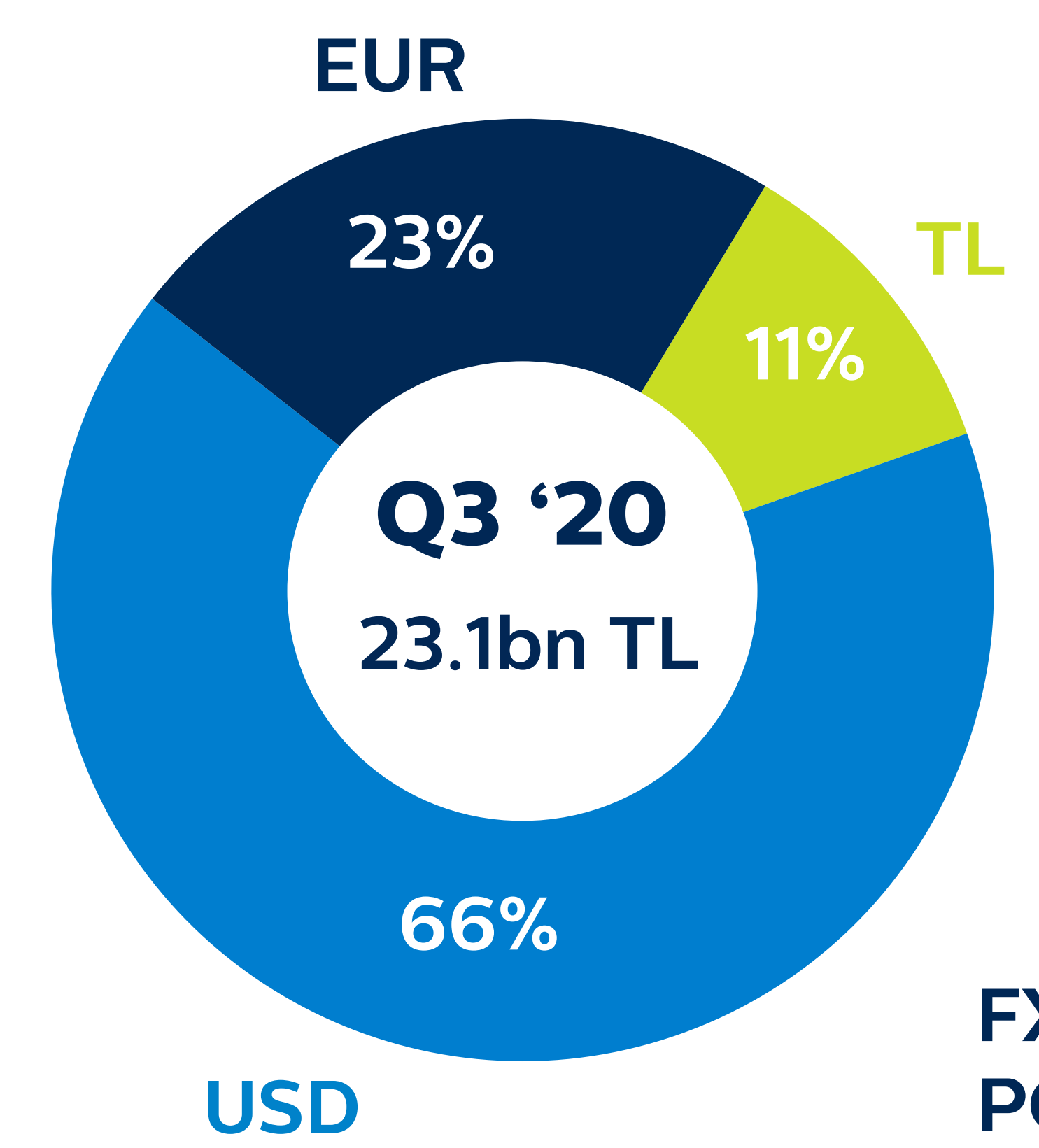
## Gross Debt Maturity Profile



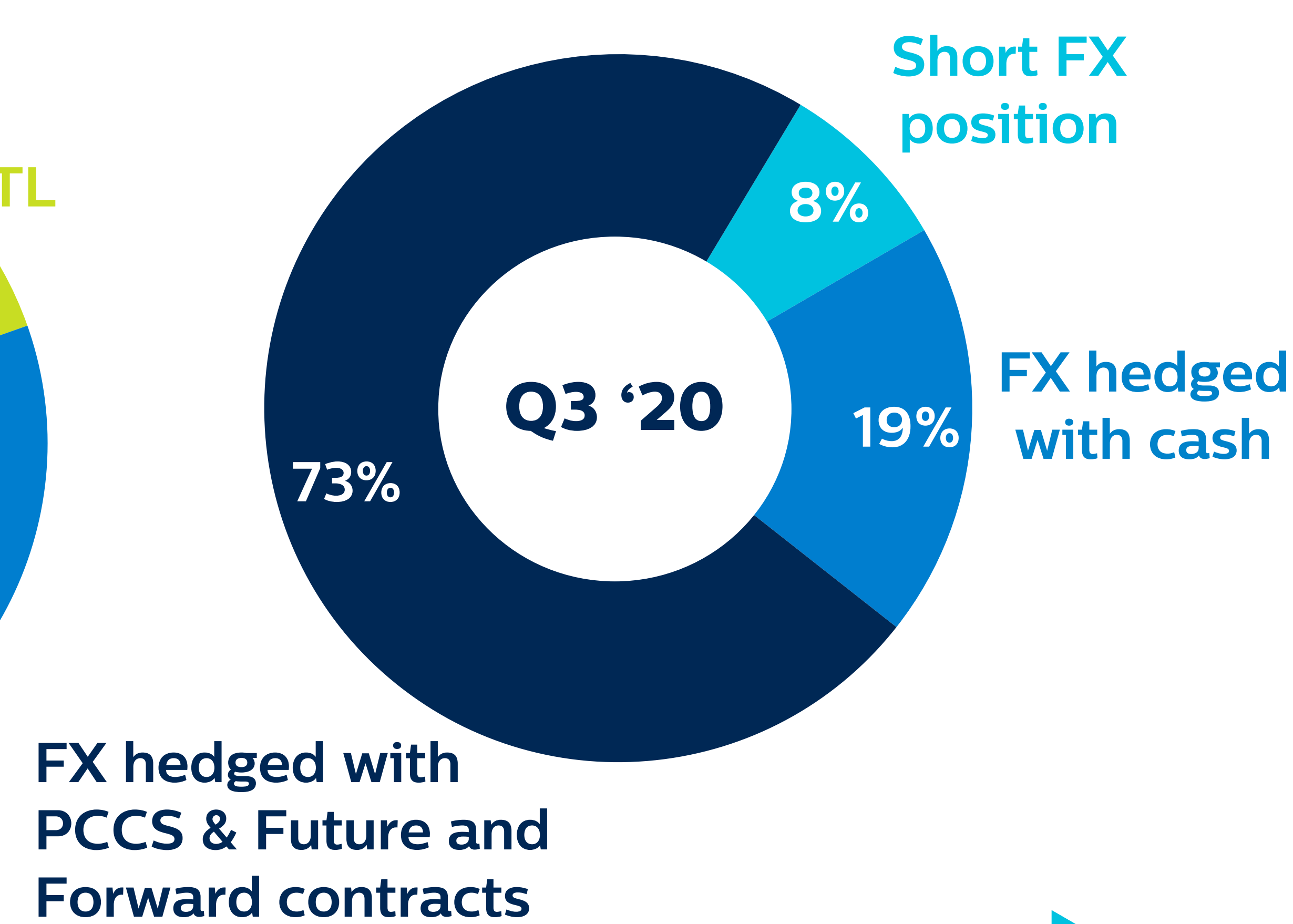
## Cash - Currency Breakdown



## Gross Debt – Currency Breakdown



## Hedge Composition of FX Debt





# 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

## Corporate Credit Ratings

### Fitch Ratings

Long Term Rating: BB-

Outlook Negative

National Long Term Rating:  
AAA (tur)

### S&P Global Ratings

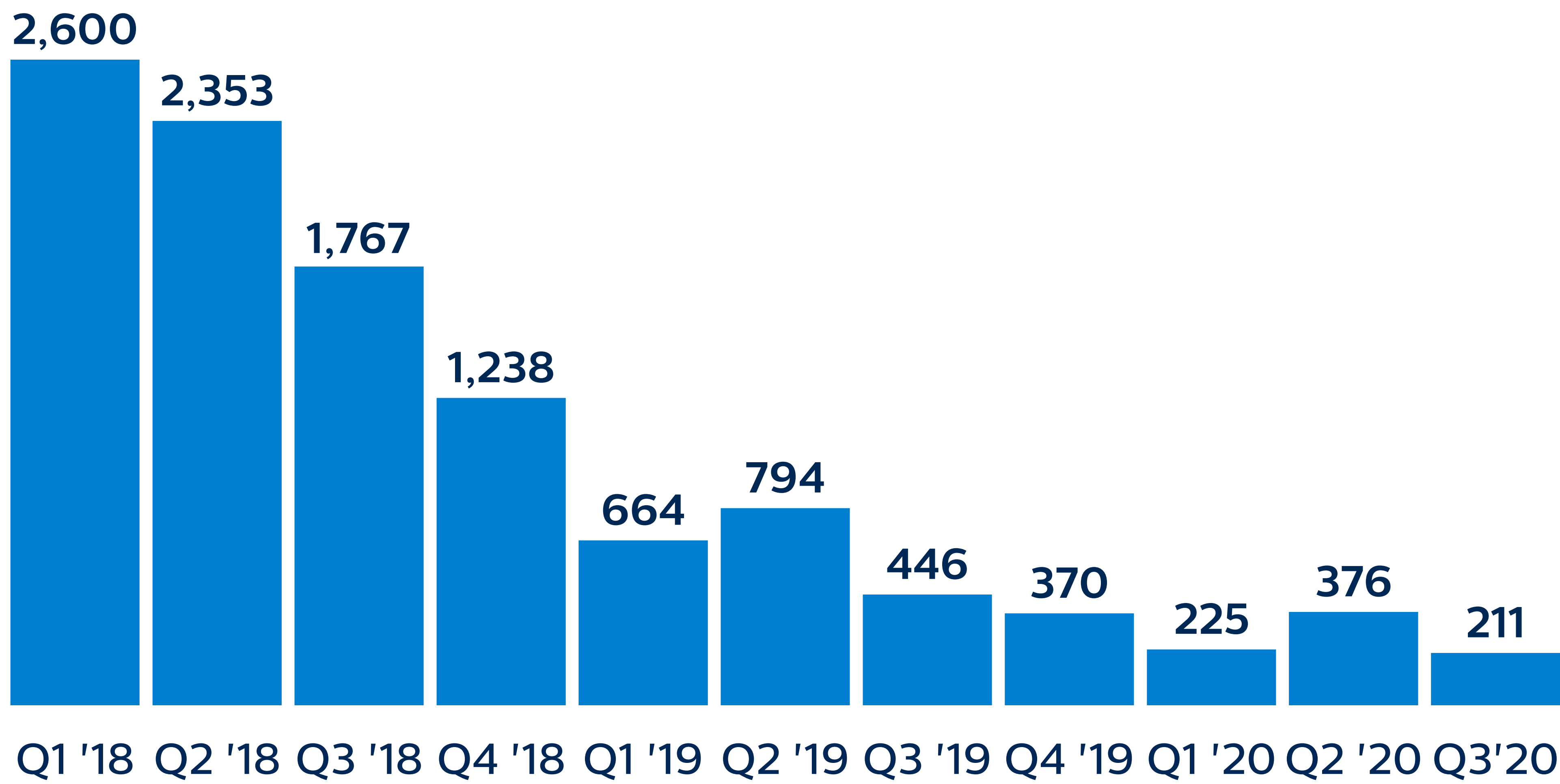
Long Term Rating: BB-

Outlook Stable

Stand-alone Credit Profile (SACP):  
bbb-

## Net FX Exposure \*

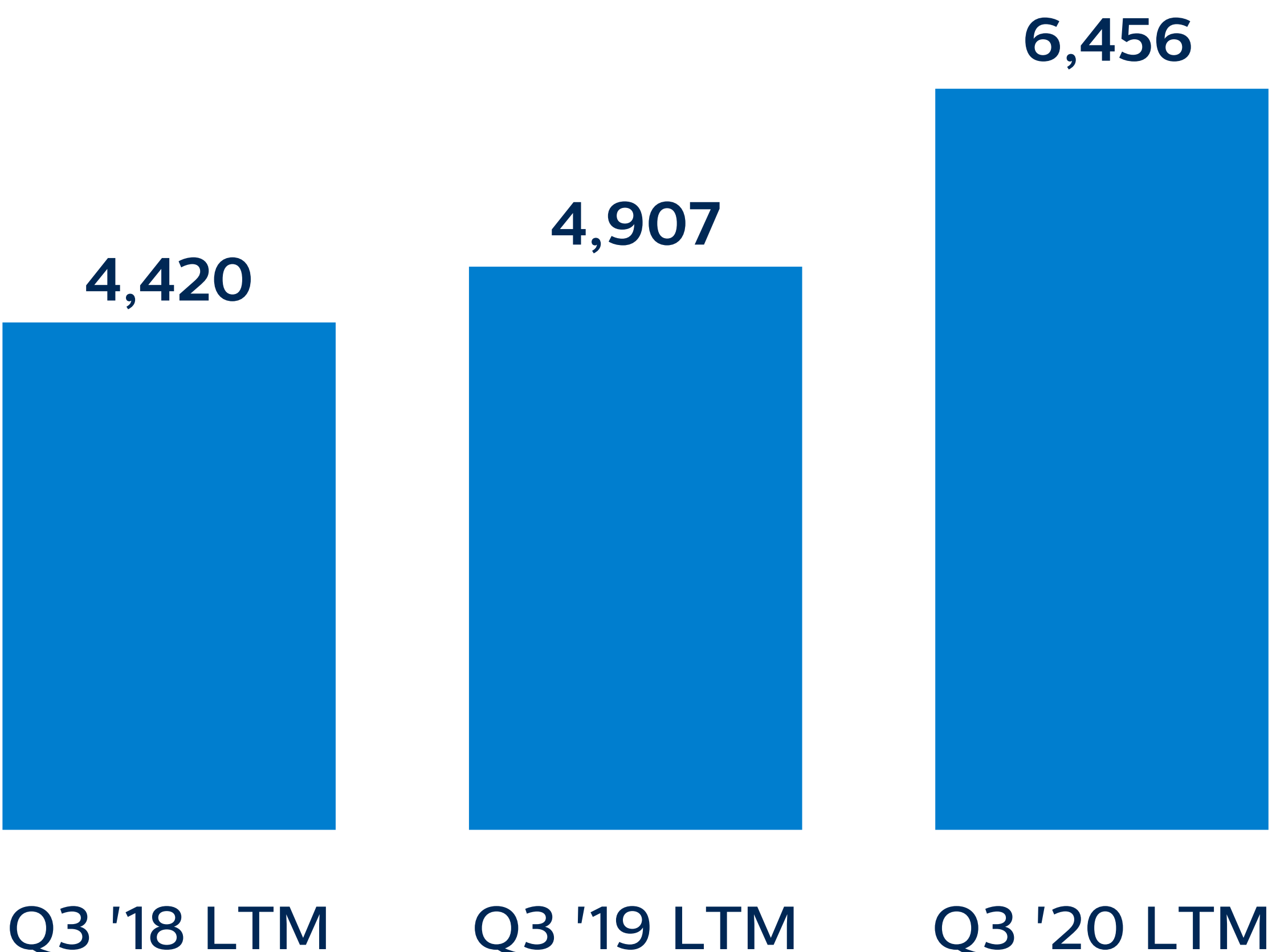
(USD mn equivalent )



\*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.



# Operational Highlights

	Q3 '19	Q2 '20	Q3 '20	QoQ Change	YoY Change
Total Access Line (mn)	14.6	15.3	15.7	2.9%	7.8%
Fixed Voice Subscribers <sup>1</sup> (mn)	10.0	10.3	10.5	1.5%	5.2%
Naked Broadband Subscribers (mn)	4.6	4.9	5.2	5.8%	13.7%
Fixed Voice ARPU (TL)	22.5	22.0	22.0	0.2%	(2.3)%
Broadband Total Subscribers (mn)	11.3	12.2	12.8	4.4%	12.6%
Fiber Subscribers (mn)	4.0	4.8	5.2	9.0%	30.2%
FTTH/B Subscribers (mn)	1.6	1.9	2.0	9.1%	31.2%
FTTC Subscribers (mn)	2.5	2.9	3.2	8.9%	29.6%
Broadband ARPU (TL)	50.1	55.5	57.1	2.8%	14.0%
Total Tivibu Subscribers <sup>2</sup> (mn)	3.6	3.3	3.2	(3.2)%	(10.7)%
Tivibu Home Subscribers <sup>3</sup> (mn)	1.6	1.5	1.5	(1.7)%	(7.3)%
Tivibu ARPU (TL)	16.5	19.0	19.4	2.4%	18.0%
Mobile Total Subscribers (mn)	22.8	22.8	23.1	1.2%	1.4%
Mobile Postpaid Subscribers (mn)	13.5	14.1	14.5	2.6%	7.1%
Mobile Prepaid Subscribers (mn)	9.2	8.7	8.6	(1.1)%	(6.9)%
Mobile Blended ARPU (TL)	34.7	34.4	37.1	7.8%	7.1%
Mobile Postpaid ARPU (TL)	42.9	42.7	44.5	4.0%	3.7%
Mobile Prepaid ARPU (TL)	21.4	21.2	24.2	14.1%	13.1%

(1) Includes PSTN and WLR Subscribers  
 (2) Includes IPTV, DTH, and Tivibu GO subscribers  
 (3) Includes IPTV and DTH subscribers



# Guidance

TL mn	2019 YE	2020 Prior Guidance	2020 Revised Guidance
Revenue (exc. IFRIC 12) <sup>1</sup>	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

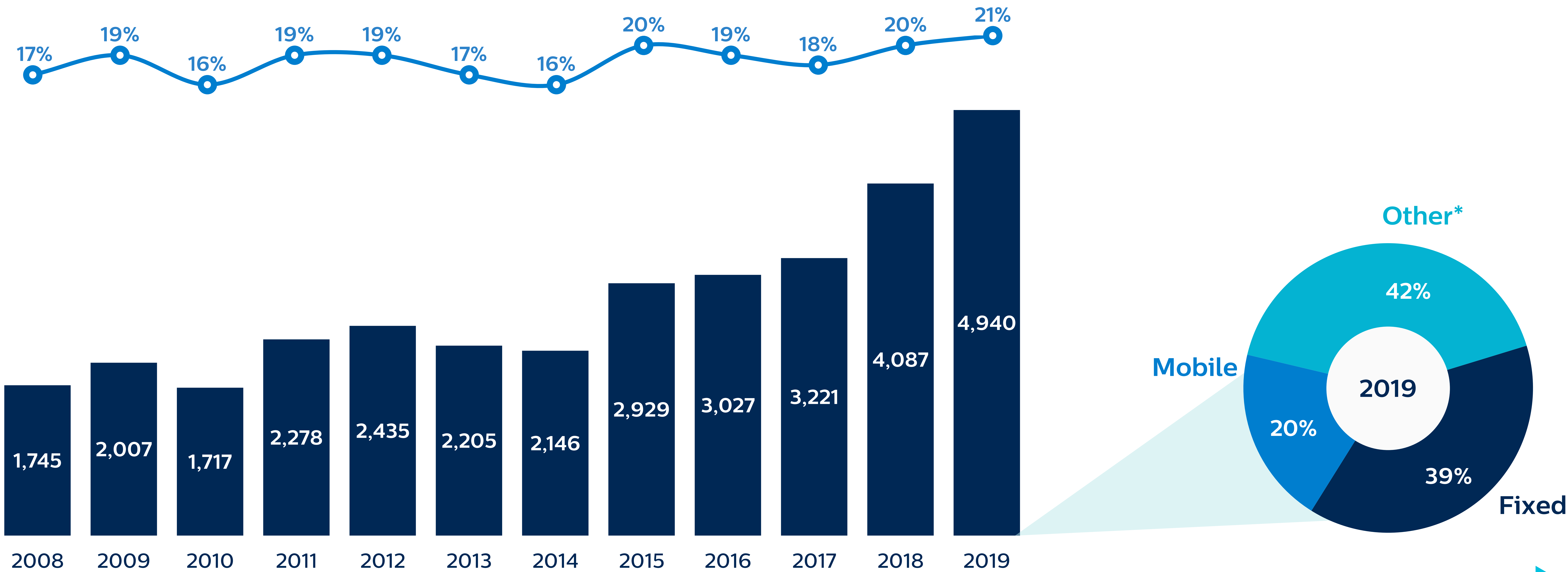


# CAPEX

- Major Capex areas are fiber network roll-out in fixed line, network investments in mobile and IT transformation projects

## Capex & Capex / Sales

■ CAPEX (TL mn)    ● CAPEX/Sales



Note: Capex figures exclude license fees

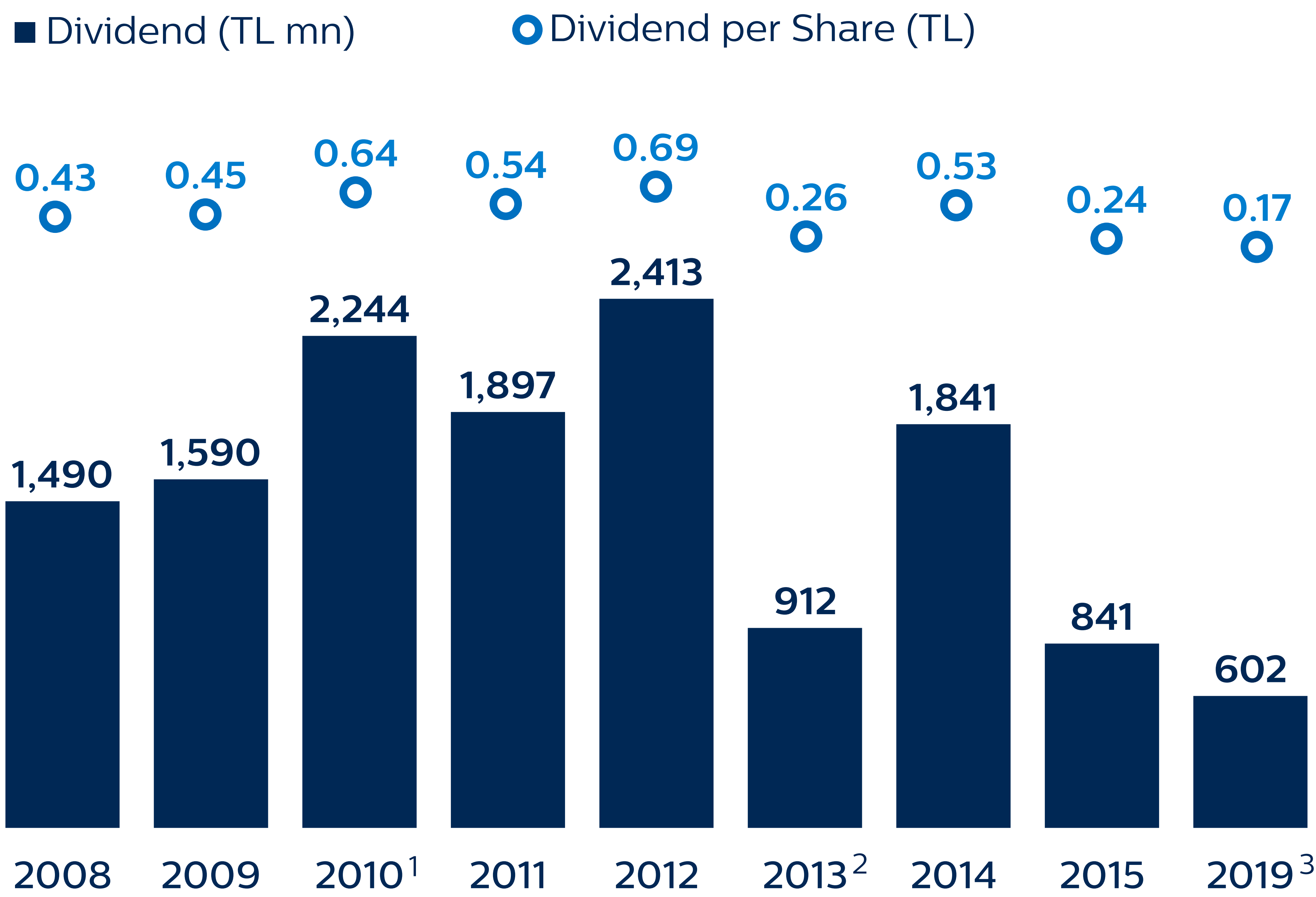
\* Other Capex includes IT related capex, Capex for subsidiaries, Capex for new revenue streams, IFRS 15 capitalization and other



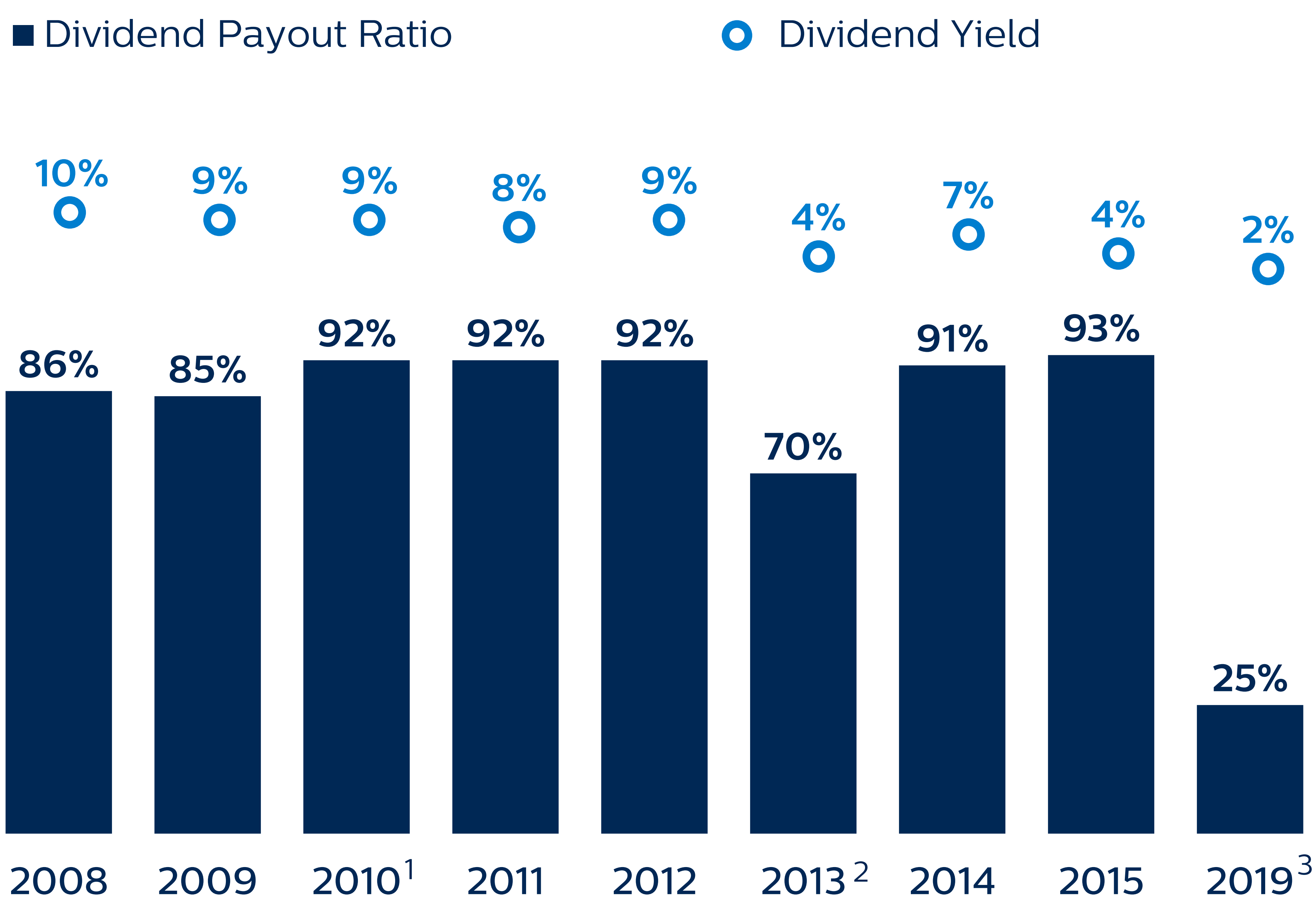
# Shareholder Remuneration

- ▶ Dividend policy is to distribute the maximum amount of distributable profit subject to relevant articles of the Company’s Articles of Association

## Dividend Distribution



## Dividend Yield & Payout Ratio



1) The cap in the first legal reserve was reached in 2010  
 2) 2013 dividend payout ratio was revised to 70% with BoD decision to prepare for any potential transaction for implementation of integration of the group  
 3) 2019 dividend payout ratio was decided as 25% according to the CMB regulations  
 Note: Based on General Assembly decision, no dividends distributed for the activity years 2016 & 2017 & 2018.

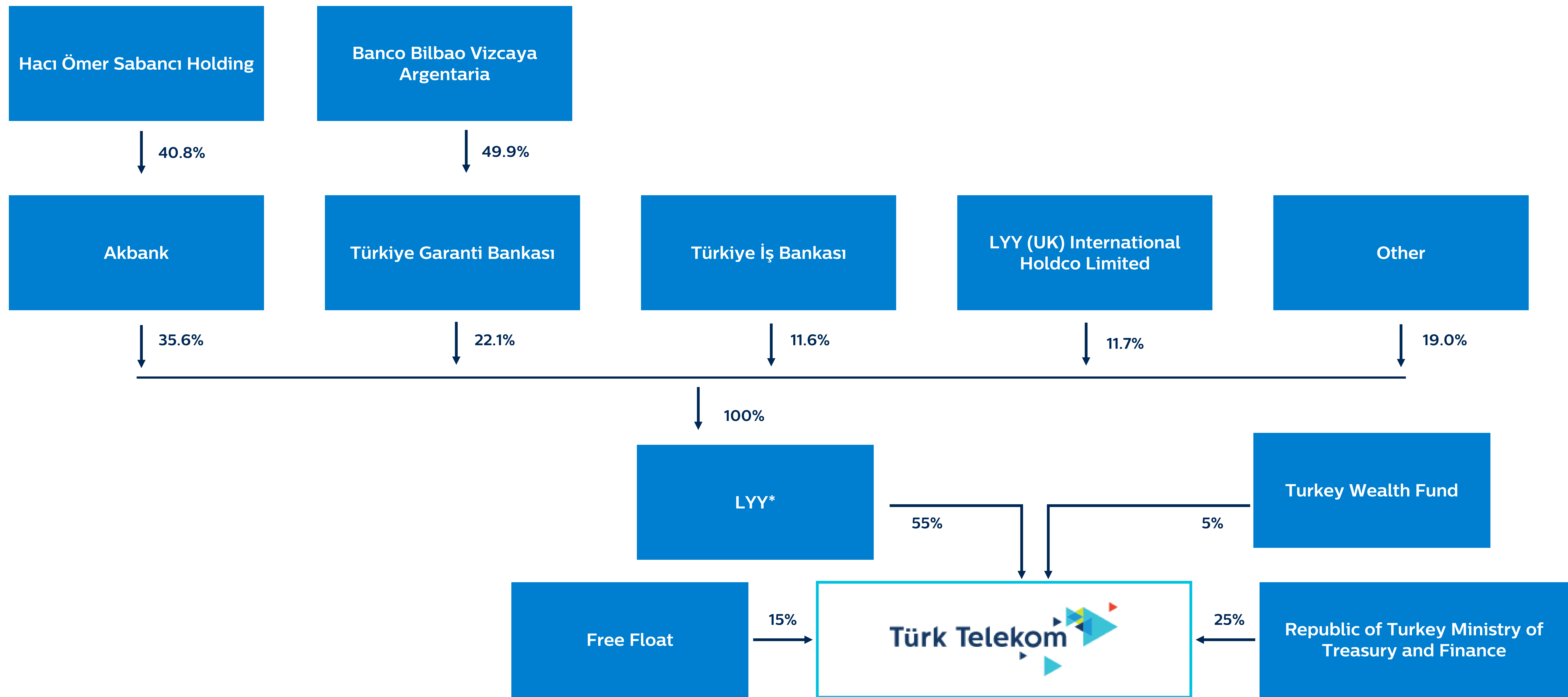




# Appendix



# Shareholder Structure



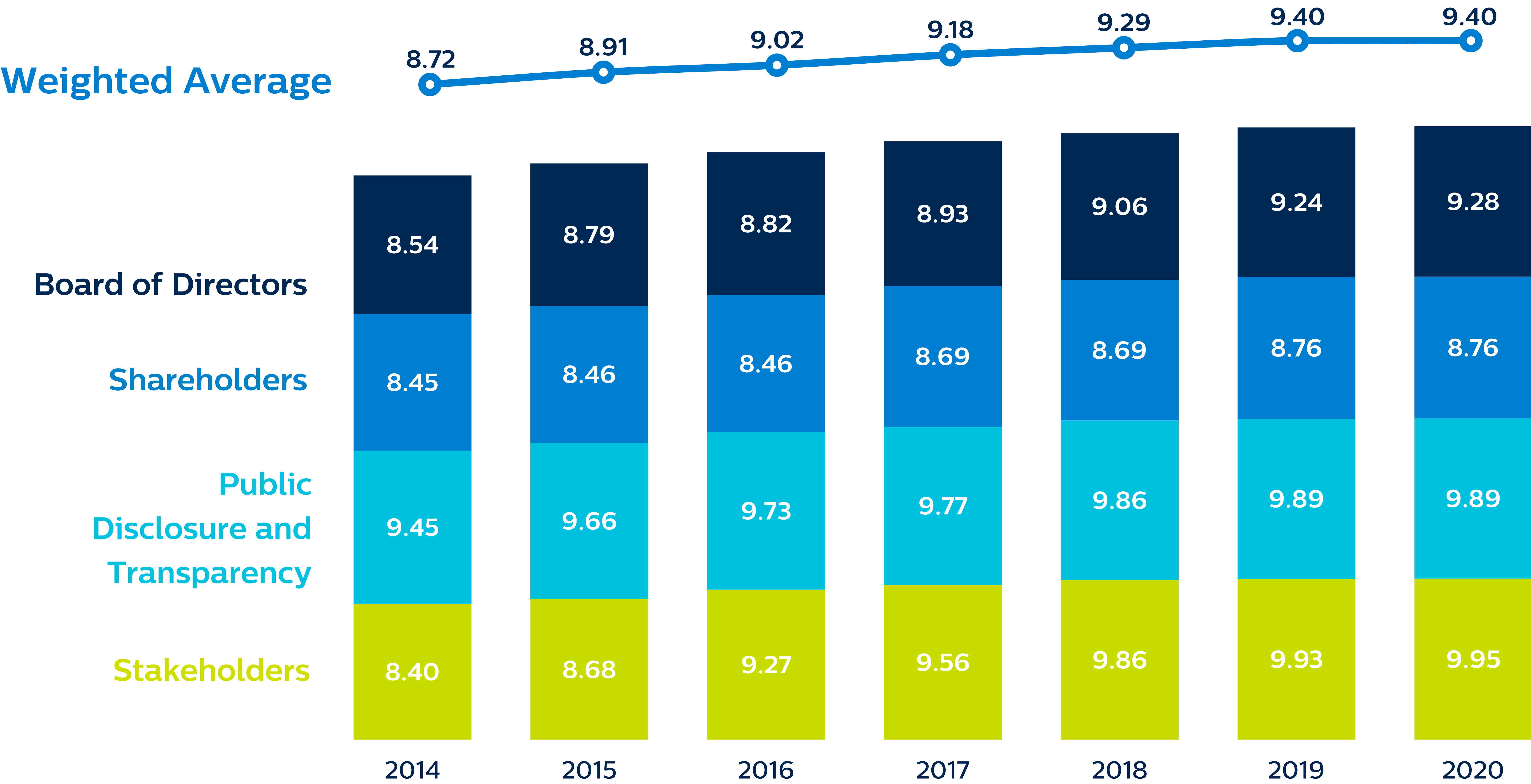
Note: Turkey Wealth Fund has 1.68% public share ownership.

\*LYY Telekomünikasyon A.Ş.



# Corporate Governance

- ▶ Türk Telekom is member of BIST Sustainability Index since creation with its long lasting emphasis on Environmental, Social and Governance policies and exemplary practices
- ▶ The only telecom company qualified to be included in the BIST Corporate Governance Index since 2009
- ▶ Türk Telekom is a member of FTSE4GOOD Index Series
- ▶ Türk Telekom, which has carried out exemplary projects in the field of sustainability, became a member of the UN Global Compact platform, which is the largest corporate sustainability initiative in the world.

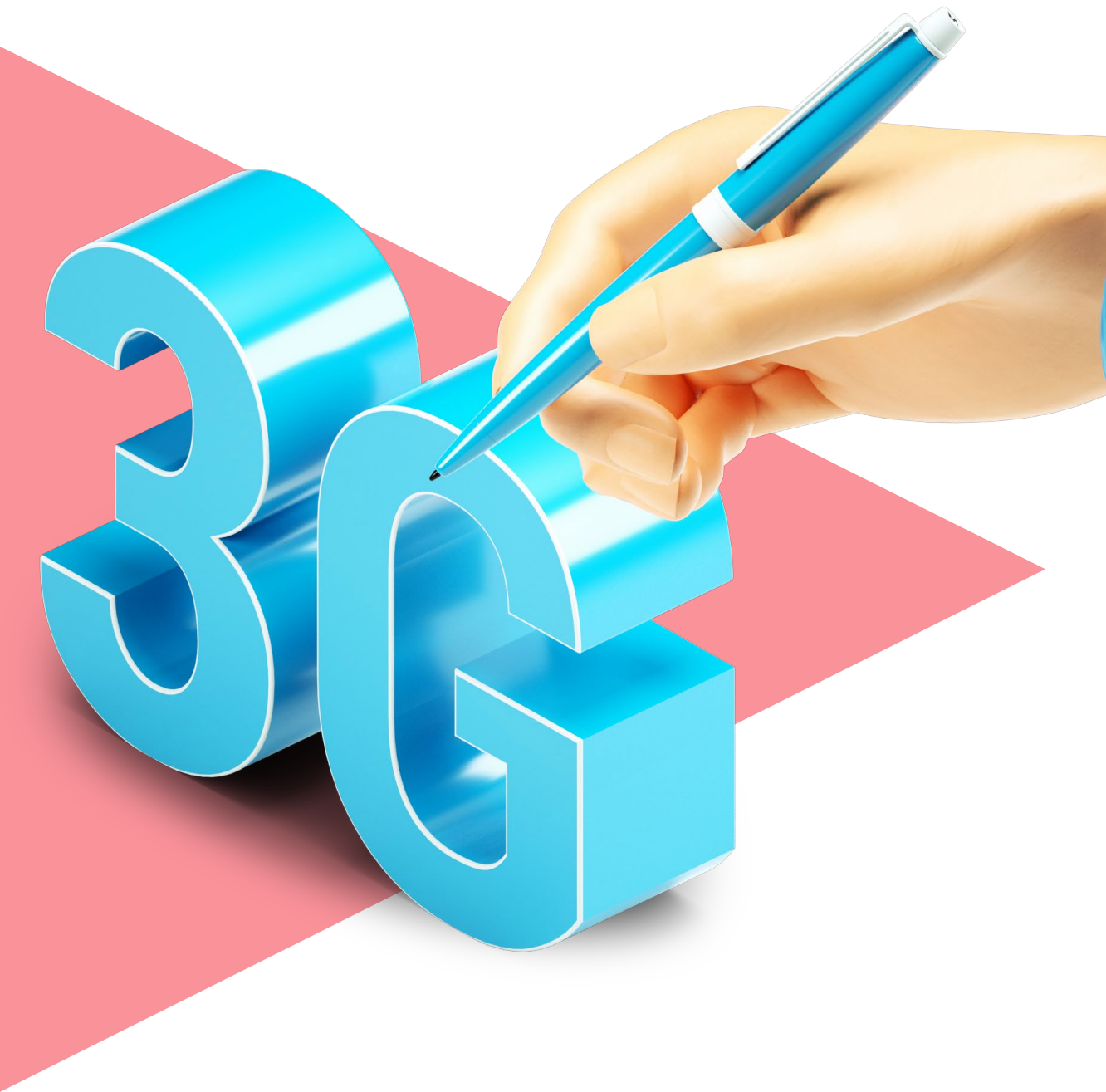
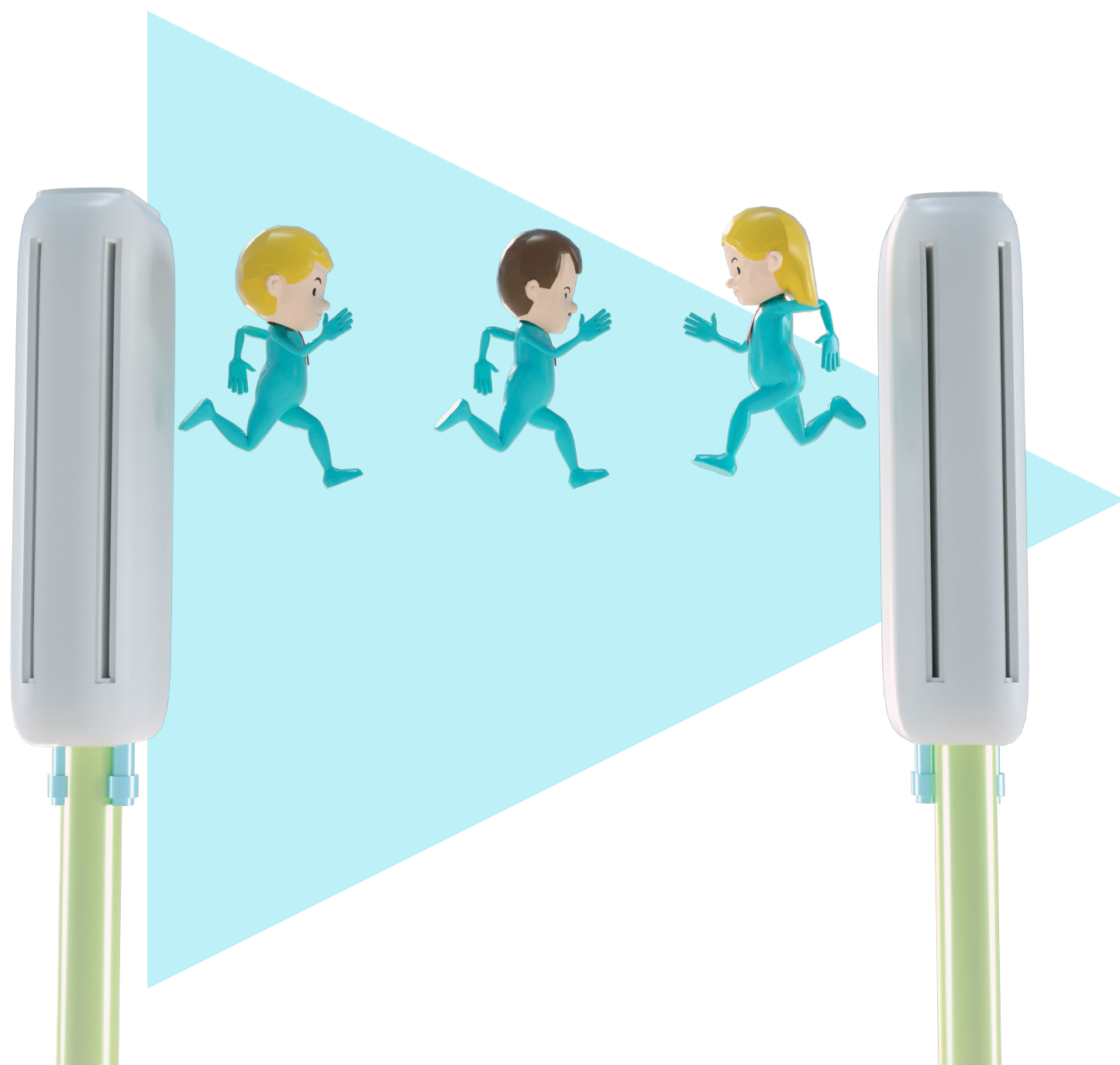




# Regulatory Actions

## 2008

- **April**
  - Interconnection rate decrease in Fixed (10%) and Mobile (33%)
- **November**
  - 3G tender held
  - Mobile Number Portability introduced
  - New Electronic Communications Law passed



## 2009

- **January**
  - About 50%-55% reduction in MTRs on SMS
- **March**
  - Reduction in SCT rate (25% to 5%) on internet services
- **April**
  - On-net price floor for TCELL
- **May**
  - About 29% reduction in MTRs
  - MVNO regulation in place
- **July**
  - 3G service launch
- **September**
  - Fixed number portability introduced
  - Local call liberalization

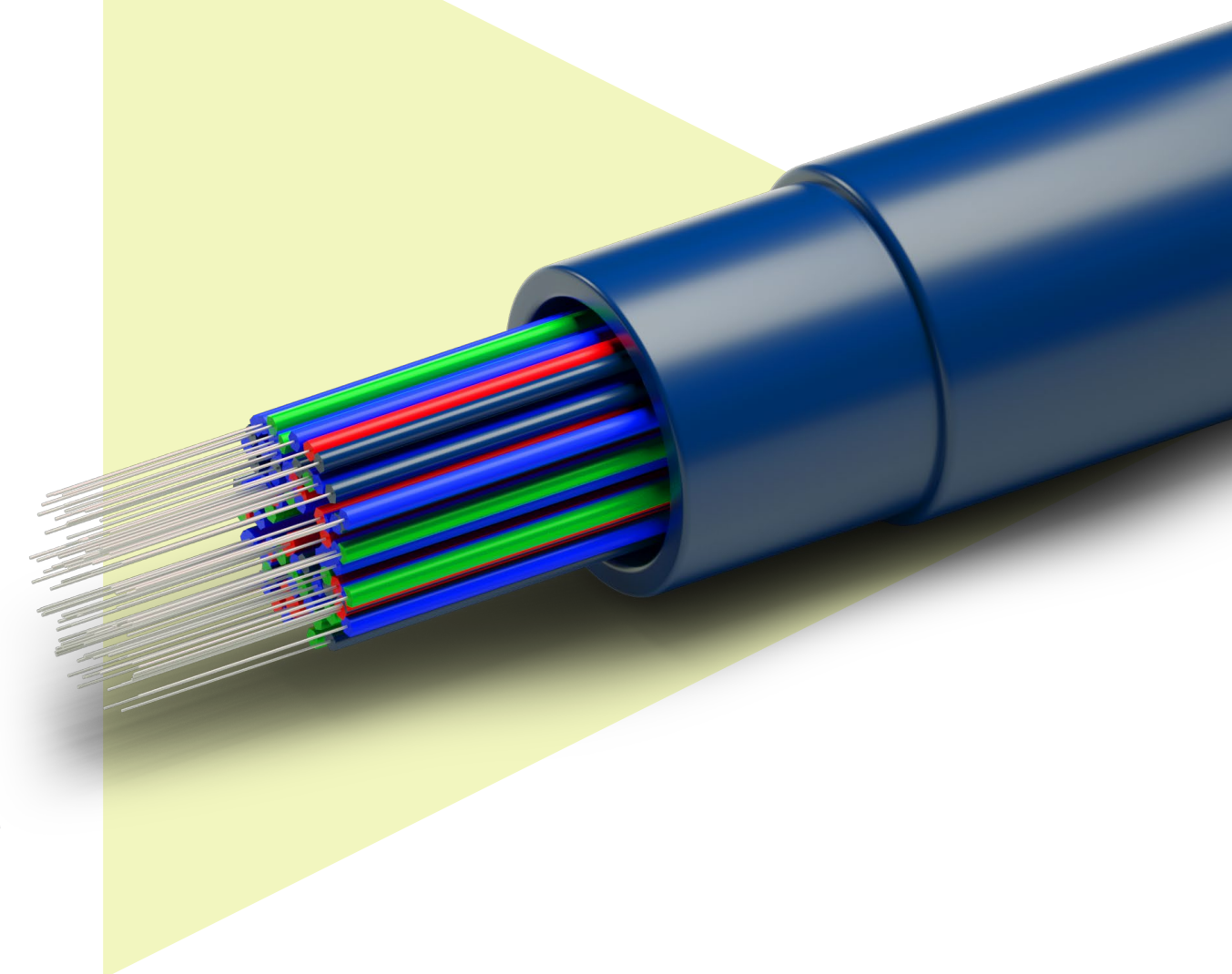
## 2010

- **April**
  - About 52% reduction in MTRs
  - 17% cut in double tandem FTR
  - 38% decrease in GSM to GSM retail price cap
  - TL per minute pricing introduced
- **December**
  - Naked Broadband services started



## 2011

- **April**
  - Mobile off-net price cap was increased by 4%
  - SMS price cap was decreased by 48%
- **September**
  - Deregulation on MTRs on international calls and liberalization on their pricing
- **October**
  - ICTA's fiber decision: FTTH/B will be excluded from the market analysis process until 25% fiber market share or for 5 years



## 2012

- **January**
  - WLR was introduced
- **November**
  - Deregulation on FTRs on international calls and liberalization on their pricing

## 2013

- **March**
  - Mobile on-net price floor for TCELL formulated by Mobile Termination Rate 1.7x
- **April**
  - 75% reduction in MTRs on SMS
- **July**
  - 20% reduction in MTRs
- **September**
  - Duct Sharing officially started



## 2014

- **July**
  - Calls over fixed line infrastructure was deregulated. Accordingly, Türk Telekom is no longer designated as having SMP (significant market power) in fixed voice market

## 2015

- **August**
  - LTE tender was held



## 2016

- **April**
  - LTE Service Launch
- **August**
  - Mobile on-net price floor regulation for TCELL was lifted
- **October**
  - The deadline to shift Port Transmission Model

## 2018

- **January**
  - SCT rates for mobile voice, fixed voice, mobile data, and fixed data was unified at 7.5%



## 2019

- **January**
  - Fair usage quota was lifted



# History

## Separation from Post Office

Türk Telekom separated from the Post Office

1995

## Aycell Merger with Aria

Aycell merged with İŞ-TİM's Aria and officially named "Avea İletişim Hizmetleri A.Ş."

2004

## Avea Share Transaction

Acquisition of İŞ-TİM's 40.55% stake in Avea, raising total stake in Avea to 81.12%

2006

## Invitel Acquisition

Acquired Pantel (rebranded as Türk Telekom International), the leading wholesale capacity and data services provider in Central and Eastern Europe to complement its international carrier business and infrastructure

2010

## Bond Issuance

Türk Telekom issued USD 1bn bond in tranches, at USD 500mn each, with a maturity of 5 and 10 years

2014

## Brand Unification

Türk Telekom unified mobile, fixed voice, fixed broadband and TV brands under single "Türk Telekom" brand, while keeping Türk Telekomünikasyon A.Ş., TTNET A.Ş., and Avea İletişim Hizmetleri A.Ş. legal entities intact

2016

## Bond Issuance

Türk Telekom successfully completed its 500 million Dollar bond offering of 6-year maturity

2019

2001

## Aycell Established

Türk Telekom's GSM operator, Aycell established (Aycell later named as AVEA after merging with Aria 2004)

2005

## Privatization

Privatized through a 55% stake sale to Oger Telecom

2008

## Public Offering

IPO with a listing on the Istanbul Stock Exchange and the sale of 15% stake owned by the Treasury to the public

2013

## Integration Project Initiated

Integration project for a customer oriented organization

2015

## Avea Share Transaction

Avea share transfer transactions were completed and Türk Telekom has become the sole owner of Avea İletişim Hizmetleri A.Ş

2018

## Establishment of CVC Company

The Corporate Venture Capital Company was established under "TT Ventures Proje Geliştirme A.Ş." name

## Shareholder Change

55% shares of Türk Telekom was transferred to LYY Telekomünikasyon A.Ş. (LYY) from OTAS





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