

Türk Telekom

Investor Presentation

2020 Q2

Türk Telekom



Disclaimer

The information contained herein has been prepared by Türk Telekomünikasyon A.Ş. (the Company) in connection with the operations of Türk Telekom Group companies. The opinions presented herein are based on general information gathered at the time of writing and are subject to change without notice.

The Company relies on the information gathered from the reliable sources however does not guarantee completeness and accuracy of such information.

These materials contain statements about future events and expectations that are forward-looking statements. Any statement in these materials that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except to the extent required by law, we assume no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements. This presentation does not constitute an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. No reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness. The information contained in this presentation may be required to be confirmed, completed and amended. Therefore, no declaration or commitment has been given or implied on the name of the Company or its shareholders, directors, employers or other third persons depending on the authenticity, completeness and accuracy of the information.

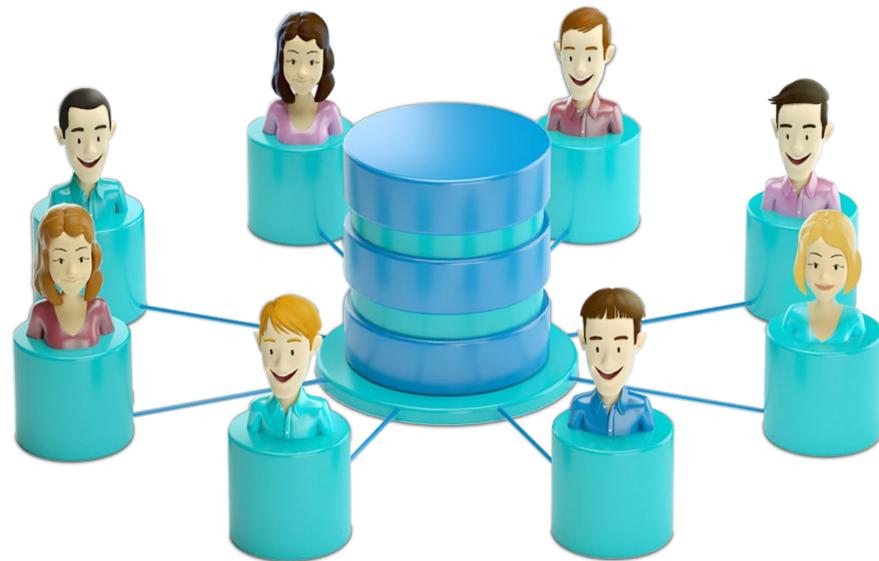
None of the Company nor any of its shareholders, directors or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith. The PSTN services and wholesale broadband services are provided by Türk Telekomünikasyon A.Ş., the retail internet services are provided by TTNET A.Ş. and the mobile services – are provided by TT Mobil İletişim Hizmetleri A.Ş. Türk Telekom® brand used in this presentation is the joint brand of Turk Telekom Group companies. All group companies legal entities remain intact. There may be differences between the data provided in this presentation and ICTA's market reports. These discrepancies are due differences in basis of financial reporting (standalone vs. consolidated) and differences in ARPU calculation methodologies.

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

48.7mn

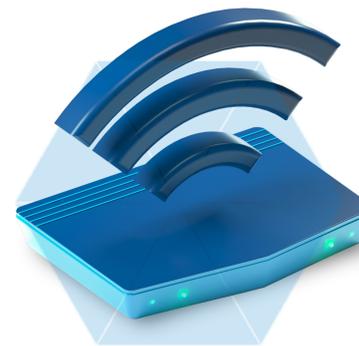
Total number of subscribers



315k
in Q2 '20

Net additions*

1.6mn
in LTM



Broadband

595k
Q2 '20

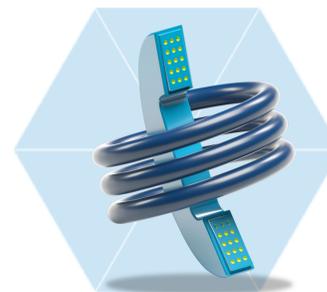
1.1mn
LTM



Mobile

-380k
Q2 '20

452k
LTM



Fixed Voice

230k
Q2 '20

433k
LTM

Q2 Highlights

*Includes Tivibu

Financial Performance

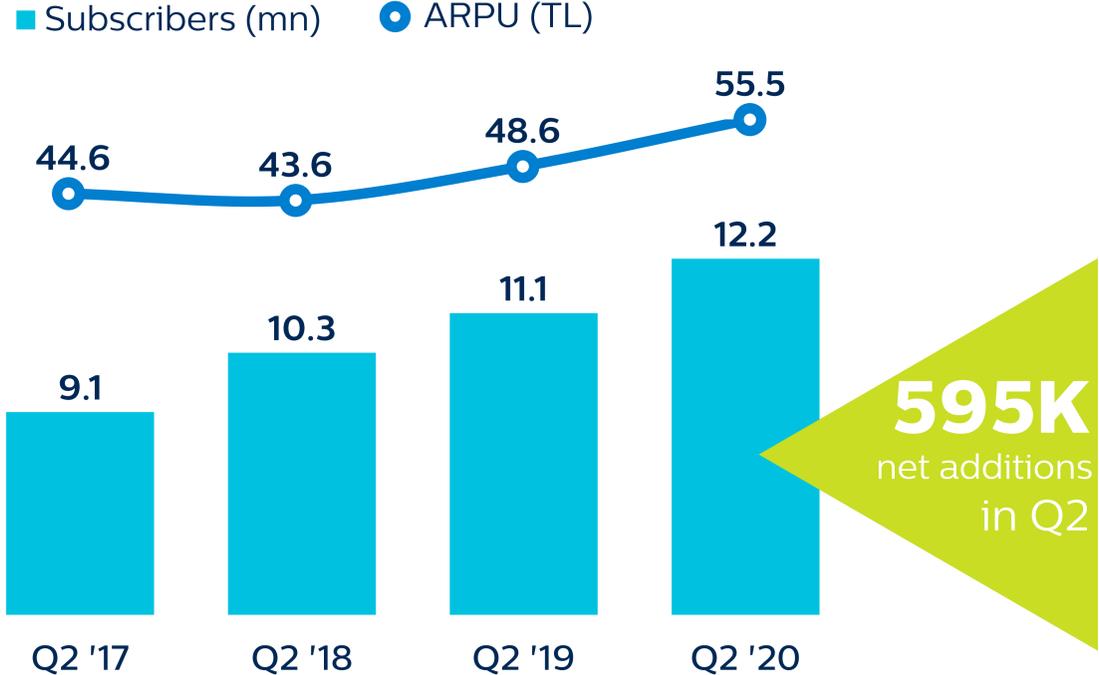
(TL mn)	Q2 '19	Q1 '20	Q2 '20	Growth (QoQ)	Growth (YoY)
Revenue	5,760	6,303	6,969	10.6%	21.0%
Revenue (exc. IFRIC12) ¹	5,516	6,016	6,369	5.9%	15.5%
EBITDA	2,681	2,977	3,237	8.7%	20.7%
EBITDA Margin	46.5%	47.2%	46.4%		
Operating Profit	1,510	1,704	1,934	13.5%	28.1%
Profit Before Tax	511	834	1,231	47.6%	140.7%
Net Income	435	661	980	48.4%	125.5%
CAPEX	930	896	1,237	38.1%	33.1%

(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

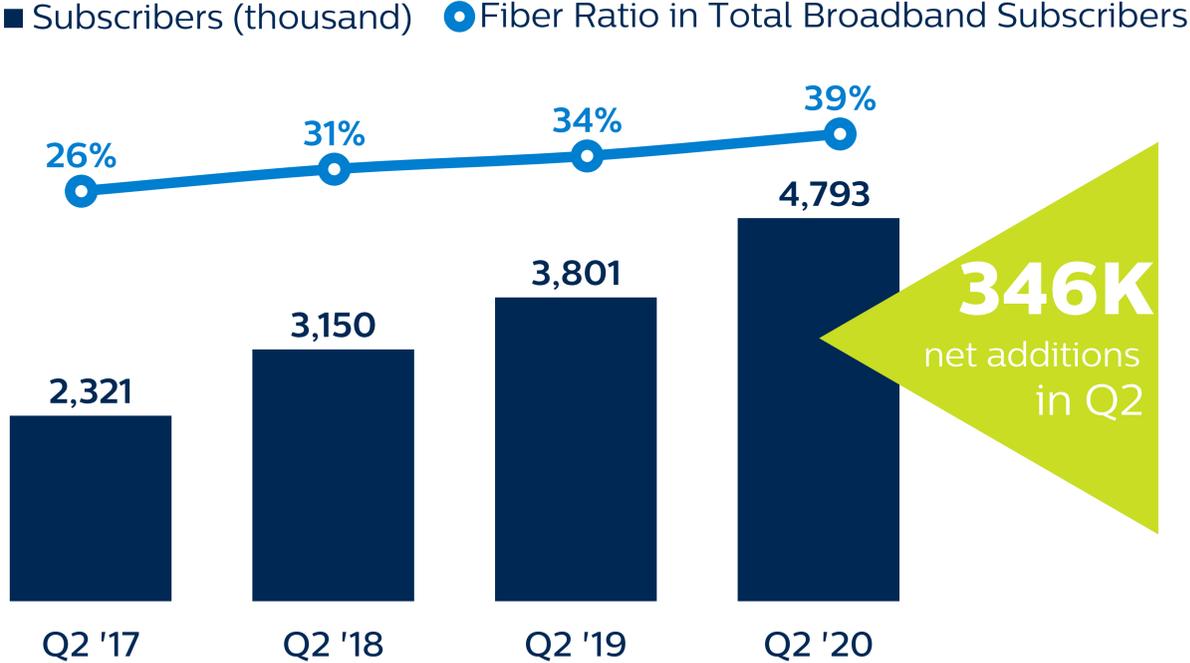
Fixed Broadband Performance



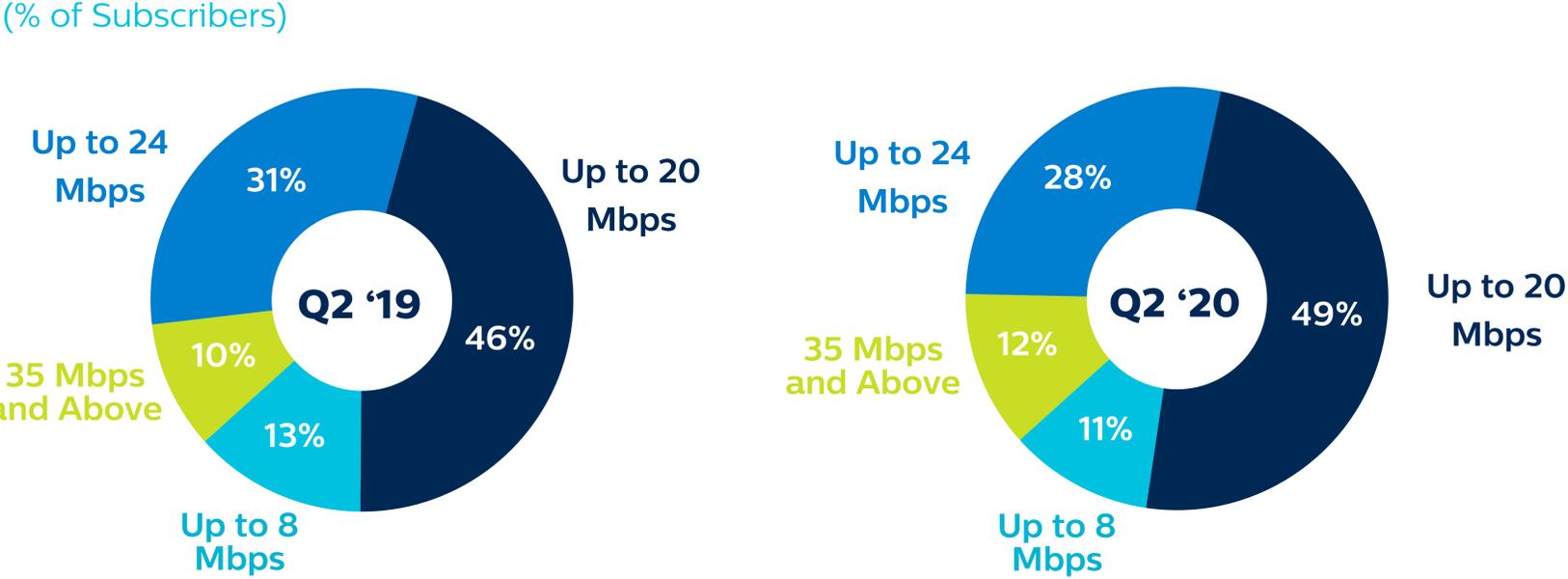
ARPU & Subscribers



Fiber Subscribers



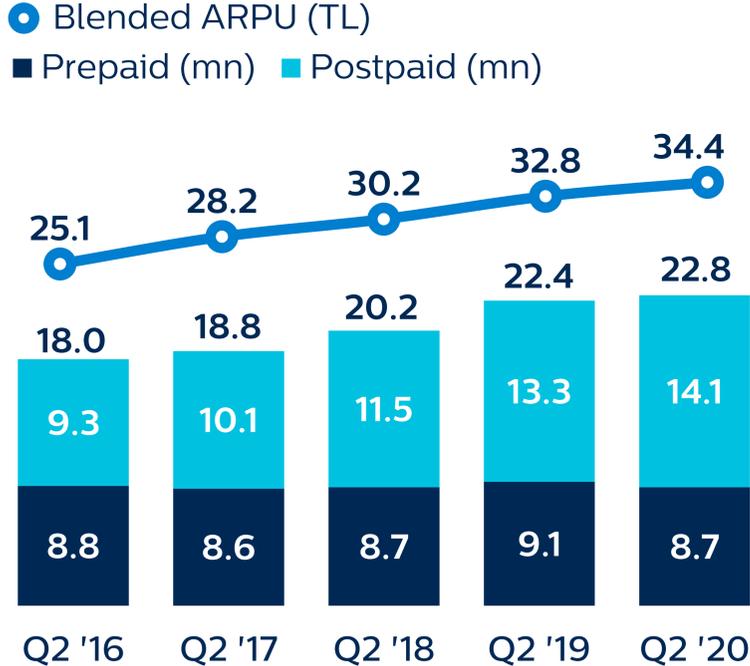
Speed Breakdown



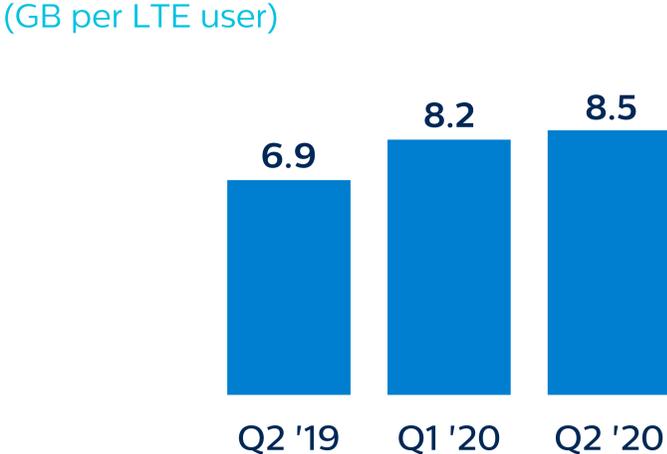
Excluding subscribers for penetration campaigns
All figures are based on Türk Telekom's retail subscribers

Mobile Performance

Growing ARPU & Subscriber Base

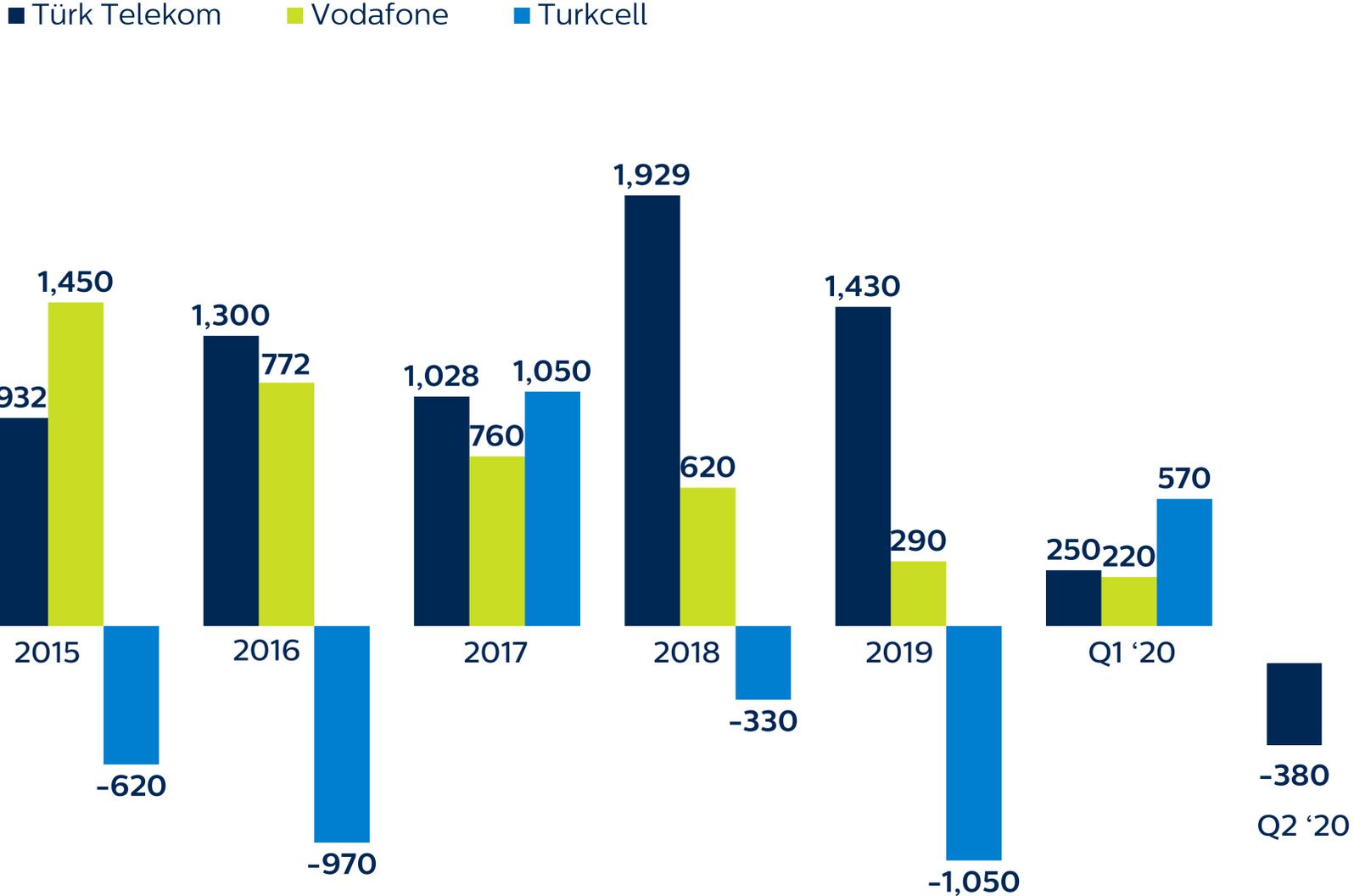


Avg. Monthly Mobile Data Usage



Net Subscriber Additions

(thousand)

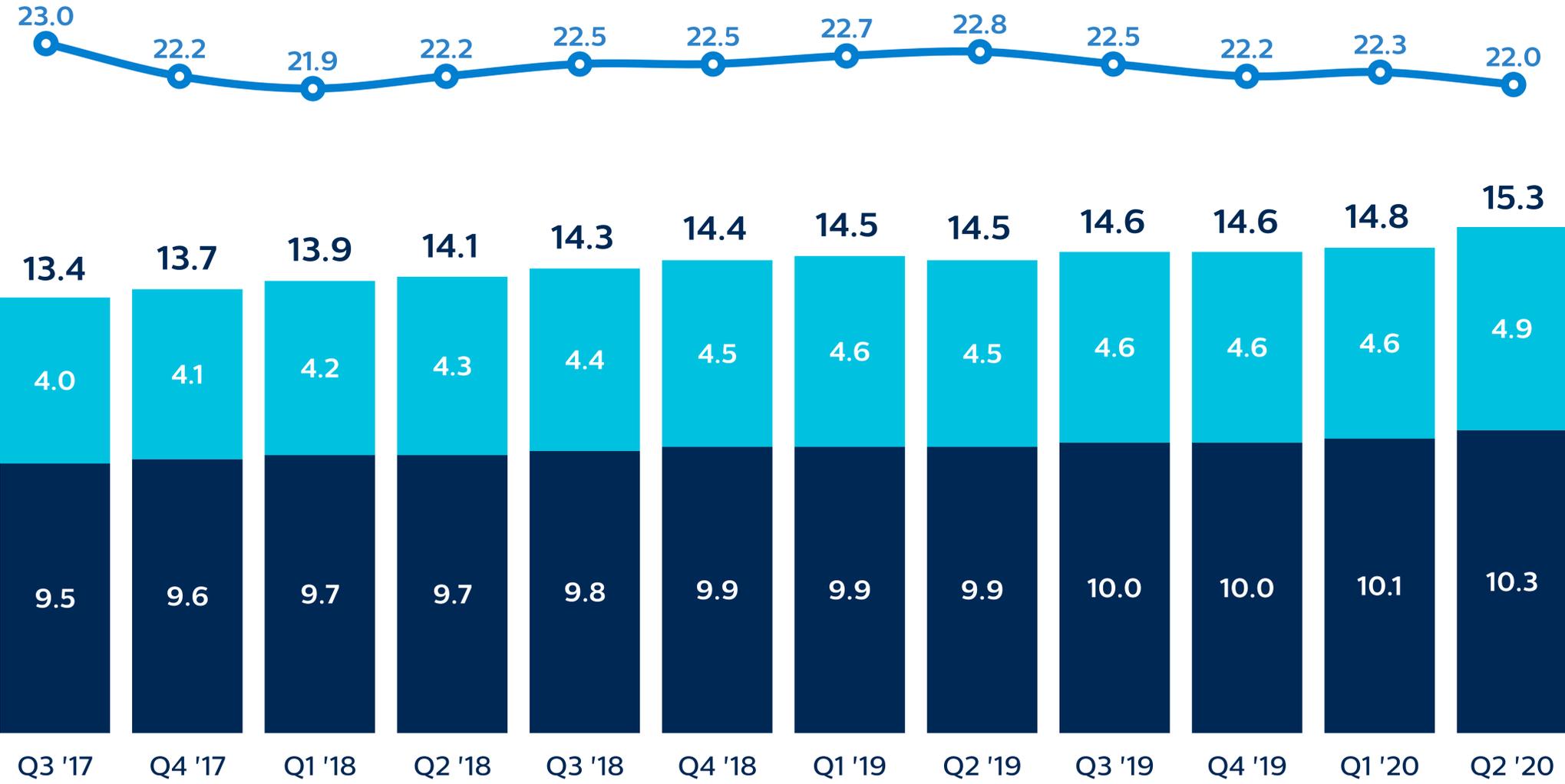


Source: Türk Telekom's own publications and other operators' data are from ICTA

Fixed Voice Performance

Access Lines and ARPU

■ Fixed Voice (mn) ■ Naked Broadband (mn)
● Fixed Voice ARPU (TL)



230K
 net additions
 in Fixed Voice
 in Q2

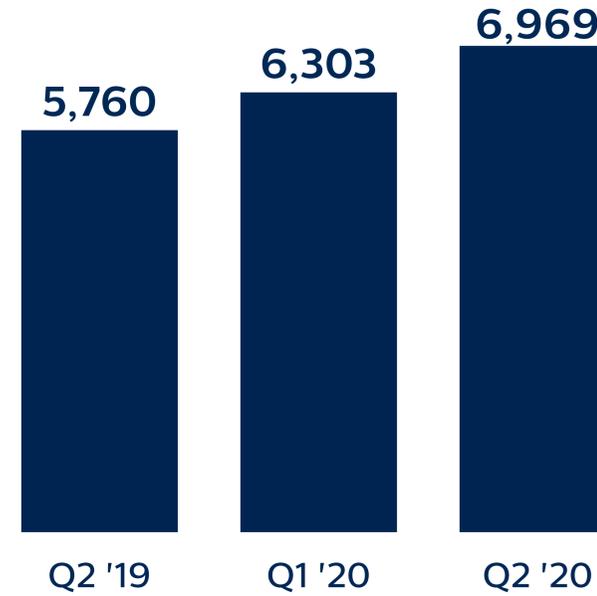


Financials

Financial Performance

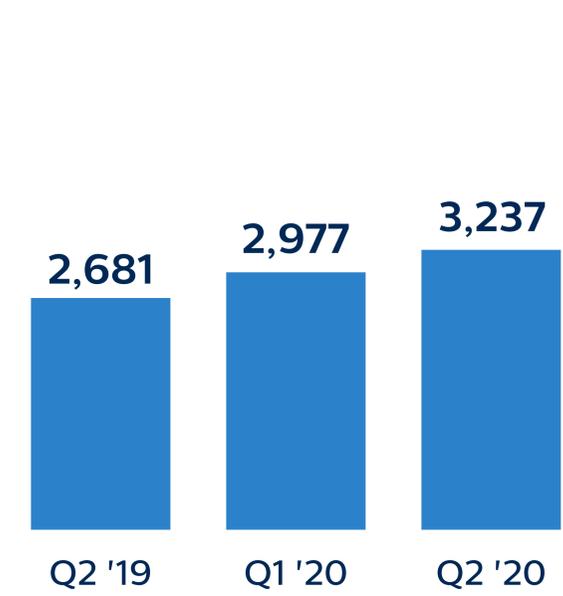
Revenue

(TL mn)



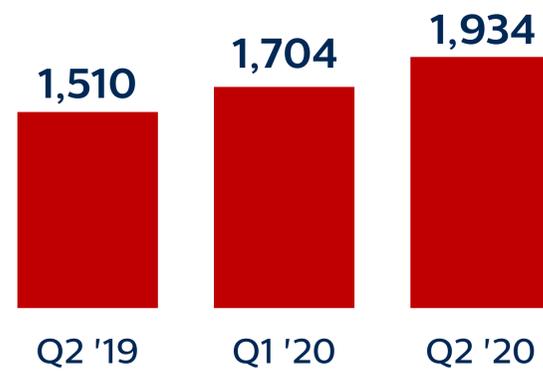
EBITDA

(TL mn)



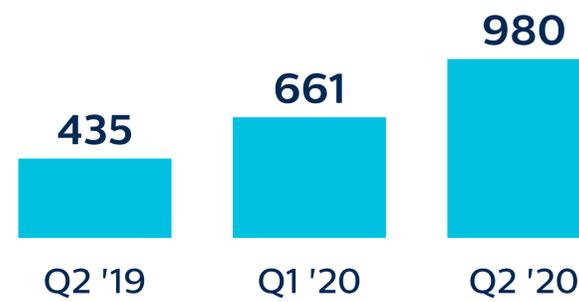
Operating Profit

(TL mn)



Net Income

(TL mn)



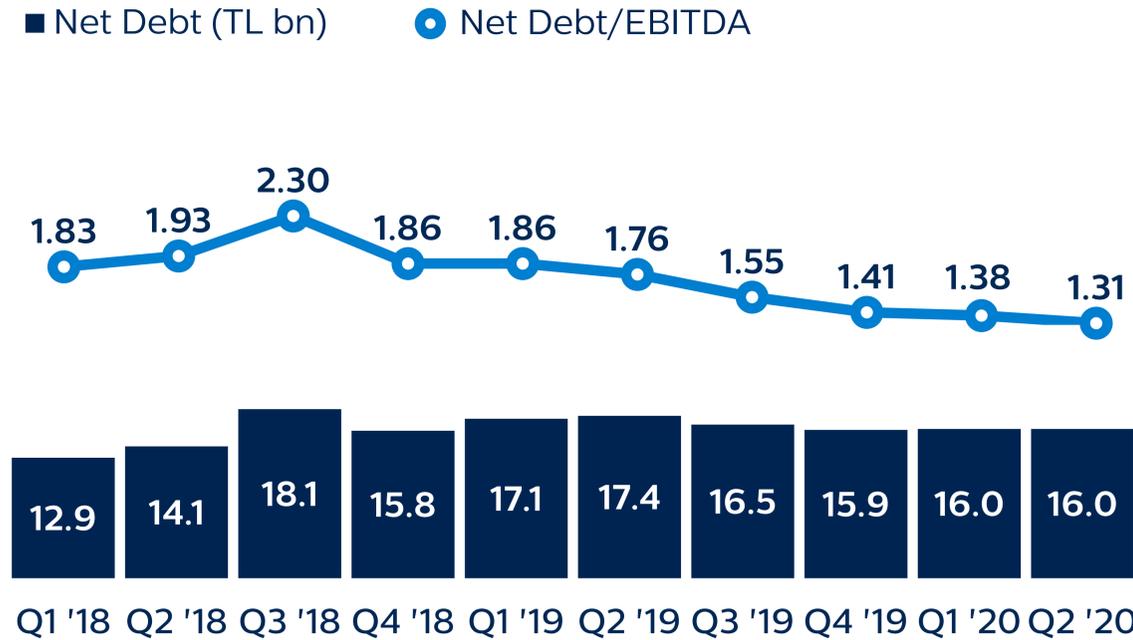
Capex

(TL mn)



Debt Profile

Net Debt



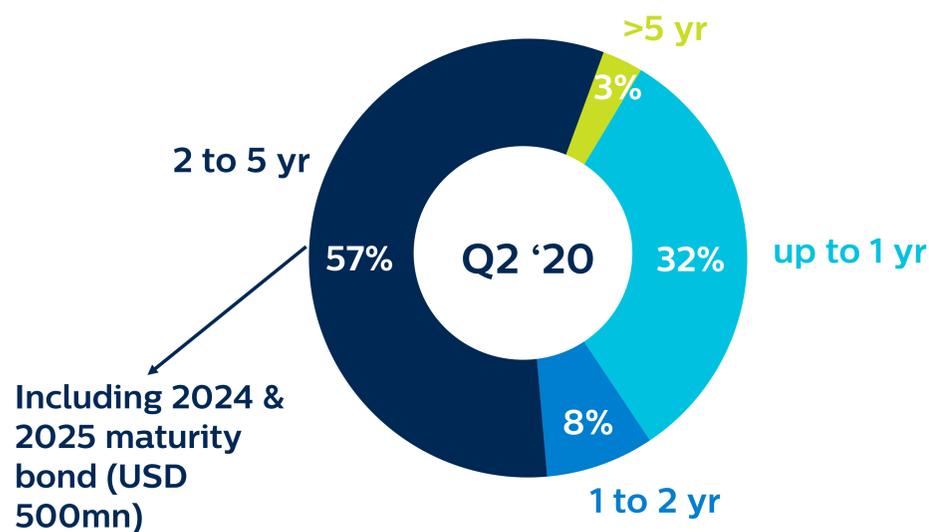
Note: Net Debt calculation includes market valuation (MTM) of Foreign Currency TL money swap transactions. Net Debt/EBITDA calculation does not include extraordinary provisions in EBITDA calculation.

Low debt ratio among peers



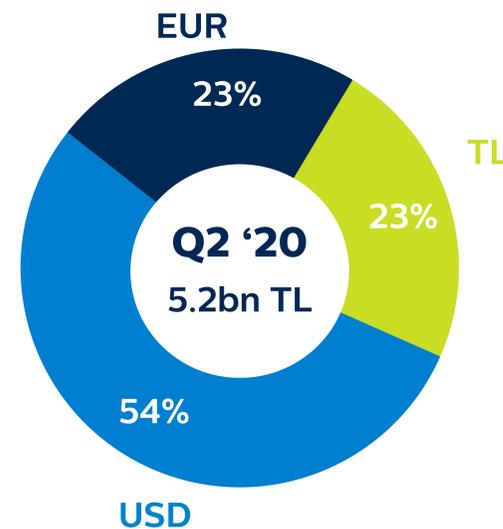
Source: Bloomberg
Türk Telekom's ratio is based on Q2'20 financials; other's based on their latest data

Maturity Profile

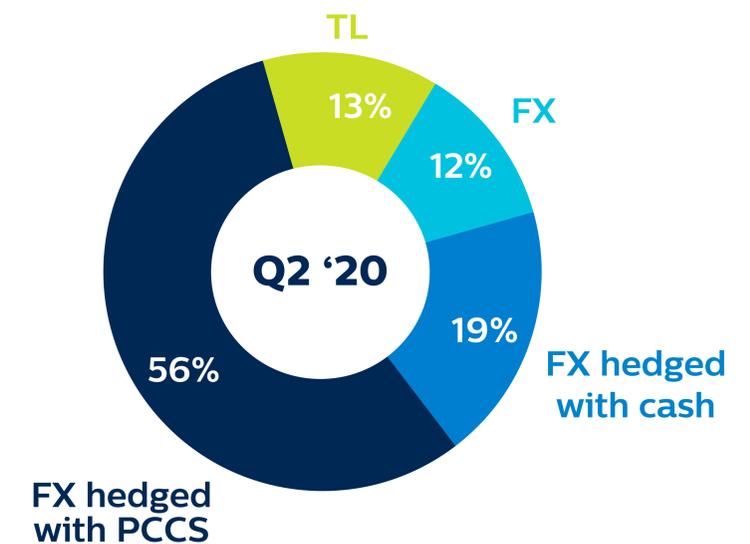
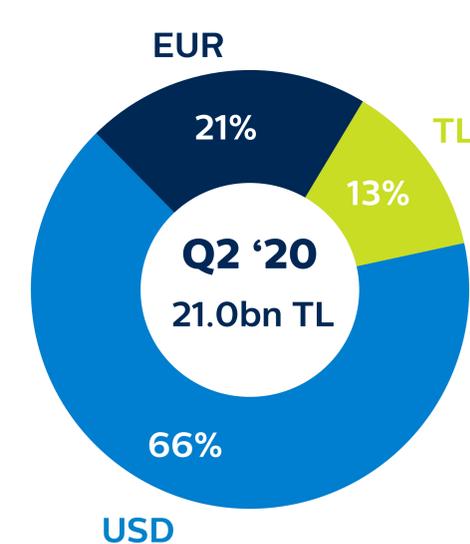


All loans are senior unsecured

Cash FX Breakdown



Gross Debt FX Breakdown



Debt Profile

Prudent Balance Sheet Management

- ▶ FX Risks reduced via Participating Cross Currency Swaps (PCCS), 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 Stable

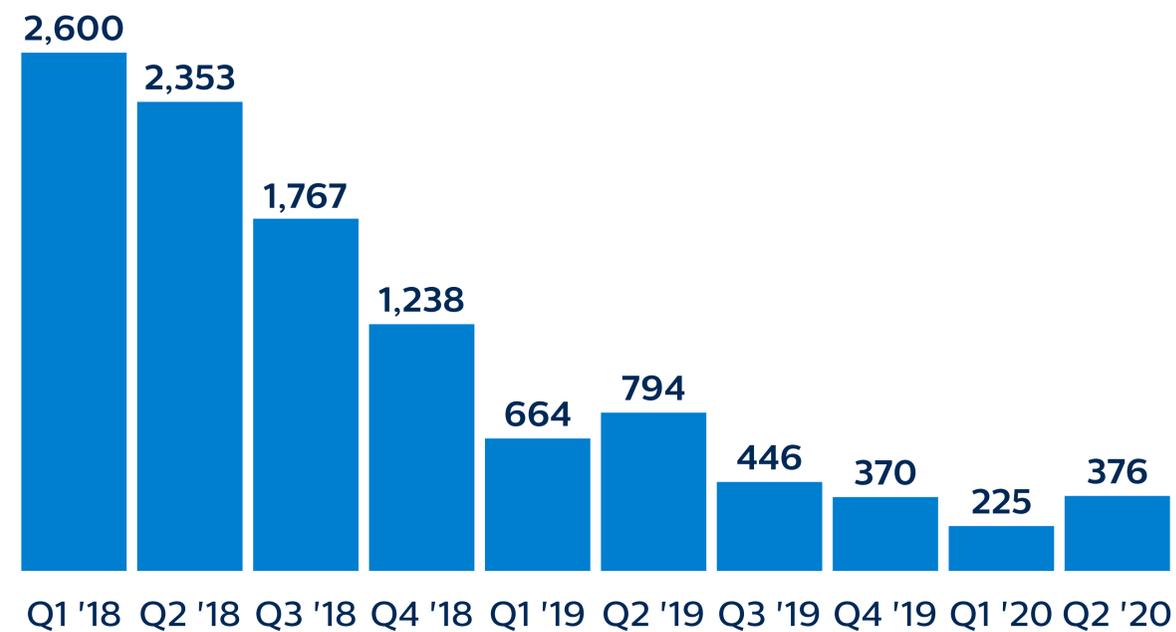
S&P Global Ratings

Long Term Rating: BB-
Outlook Stable

Stand-alone Credit Profile (SACP):
bbb-

Net FX Exposure *

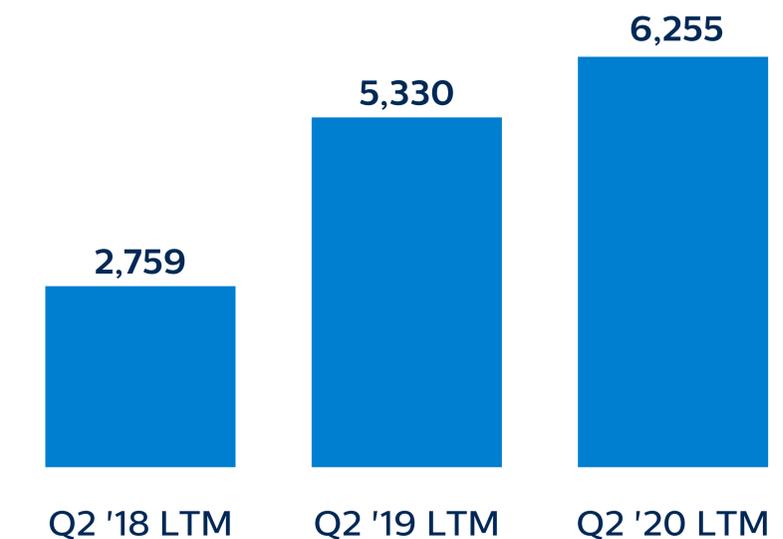
(USD mn equivalent)



*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.



Appendix

Income Statement

(TL mn)	Q2 '19	Q1 '20	Q2 '20	QoQ Change	YoY Change
Revenues	5,760	6,303	6,969	10.6%	21.0%
EBITDA	2,681	2,977	3,237	8.7%	20.7%
Margin	46.5%	47.2%	46.4%		
Operating Profit	1,510	1,704	1,934	13.5%	28.1%
Margin	26.2%	27.0%	27.7%		
Financial Inc. / (Exp.)	(999)	(870)	(703)	(19.2)%	(29.6)%
FX & Hedging Gain / (Loss)	(427)	(294)	(127)	(56.9)%	(70.3)%
Interest Inc./ (Exp.)	(464)	(561)	(509)	(9.3)%	9.7%
Other Financial Inc./ (Exp.)	(108)	(15)	(68)	346.1%	(37.3)%
Tax Expense	(77)	(173)	(250)	44.6%	226.9%
Net Income	435	661	980	48.4%	125.5%
Margin	7.5%	10.5%	14.1%		

Balance Sheet

(TL mn)	30.06.2019	31.03.2020	30.06.2020
Total Assets	37,575	42,276	41,852
Cash and Cash Equivalents	3,961	6,484	5,183
Tangible Assets ¹	14,024	14,582	14,389
Intangible Assets	9,598	10,413	10,866
Right of Use Assets	1,398	1,454	1,416
Other Assets ²	8,593	9,343	9,997
Total Equities and Liabilities	37,575	42,276	41,852
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	4,716	6,688	7,450
Interest Bearing Liabilities ³	21,398	22,932	22,218
<i>Bank Borrowings and Bonds</i>	20,219	21,688	20,979
<i>Lease Liabilities</i>	1,179	1,243	1,238
Other Liabilities ⁴	8,201	9,396	8,924

(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

Guidance

TL mn	2019 YE	H1 '20 Actuals	2020 Guidance
Revenue (exc. IFRIC 12) ¹	22,634	12,386	Around 13% growth
EBITDA	11,170	6,214	TL 12.4 bn – TL 12.6 bn
CAPEX	4,940	2,133	Around TL 6.4 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

Türk Telekom Investor Relations

▶ investorrelations@turktelekom.com.tr

▶ ttinvestorrelations.com

▶ +90 212 309 96 30

▶ twitter.com/ttkomir

