

2021 Q2

# Türk Telekom Investor Presentation

Türk Telekom  
Değerli Hissettirir





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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)

	Overview	4
	Q2'21 Highlights	9
	Business Lines	15
	Strategy	28
	Financial Highlights	34
	Sustainability	41
	Group Companies	46
	Appendix	49



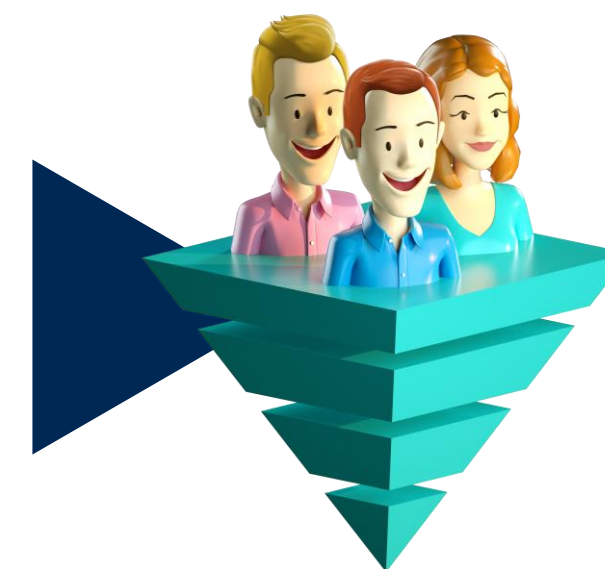


# Overview





**Leading**  
Operator in Turkey  
Offering  
**Integrated telecom**  
**services**



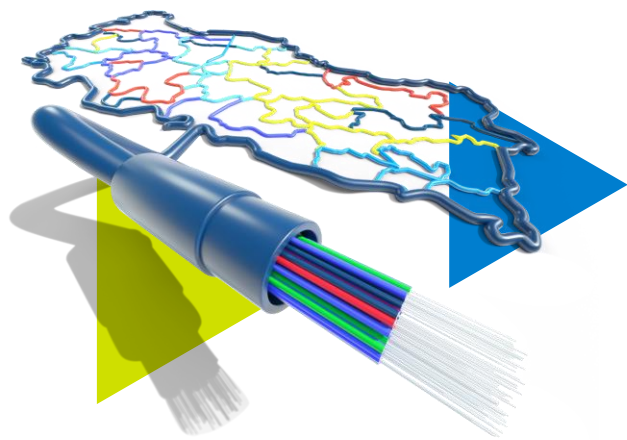
Serving  
**50.7mn**  
**Subscribers**



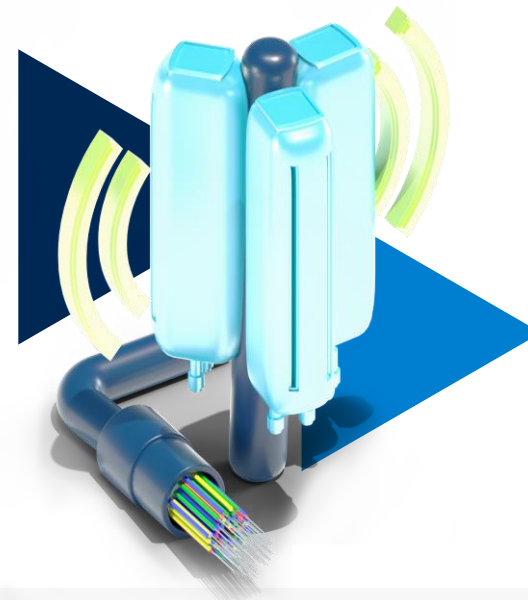
**95%**  
**LTE**  
Population coverage



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



**345k km**  
Fibre network in  
**81 cities**



**45%**  
**Fibre connected**  
LTE base stations



**27.9mn**  
**Fibre homepass\***  
\*includes FTTC & FTTH/B

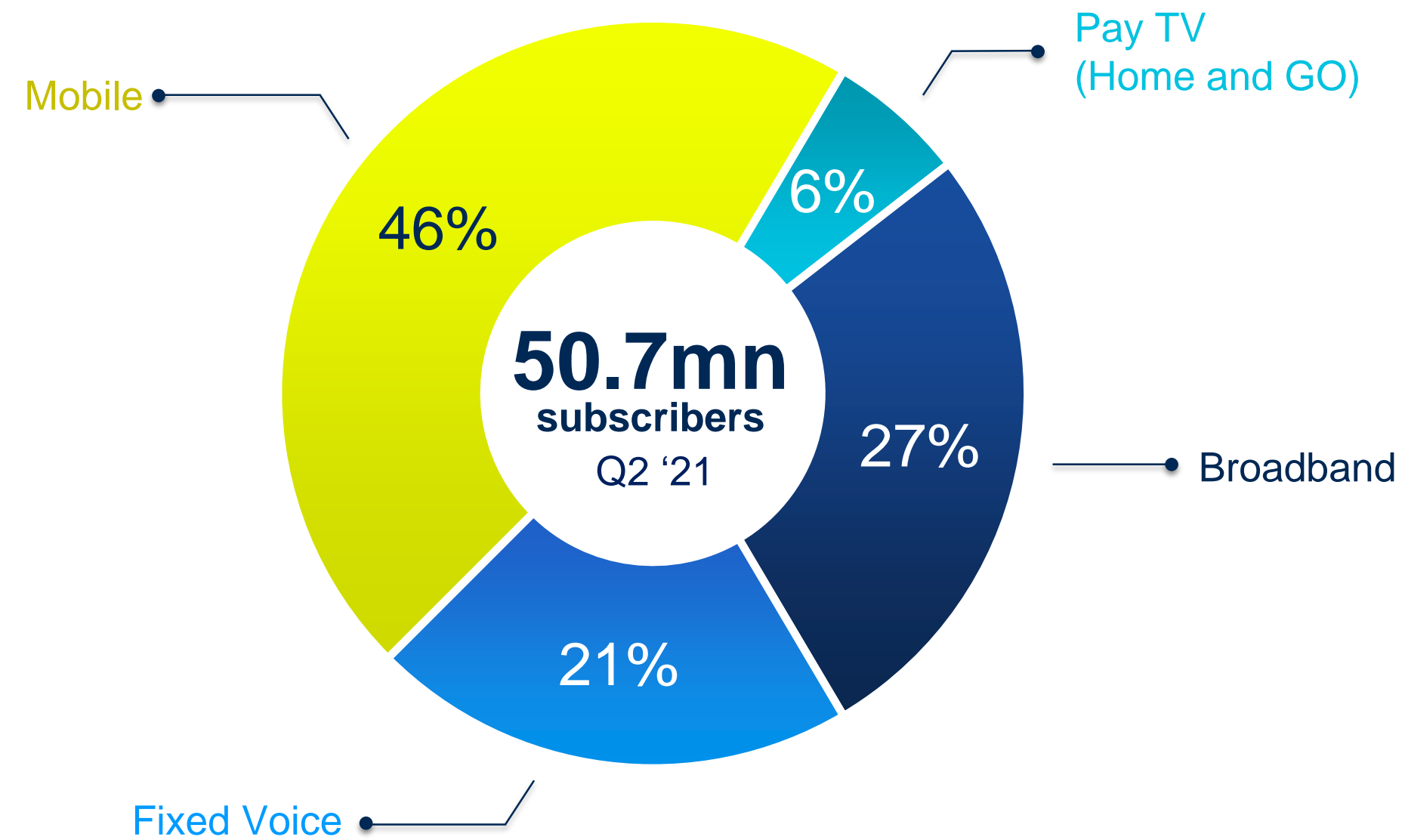




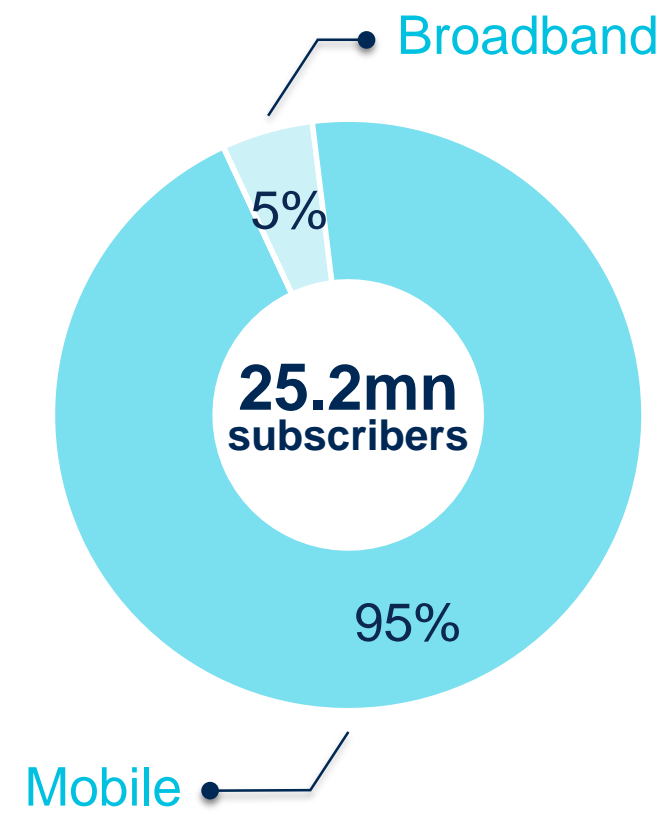
- 1 Structurally Attractive Domestic Market and Growing Penetration of Telecom Services
- 2 Largest Integrated Telecom Player with Strong Market Positions and Diversified Revenue Profile
- 3 Best in Class and Extensive Network Infrastructure
- 4 Proven Ability to Deliver Revenue Growth
- 5 Strong Cash Flows with Increasing Profitability and Disciplined Approach to Capex
- 6 Prudent Debt Management Strategy
- 7 Experienced Management Team



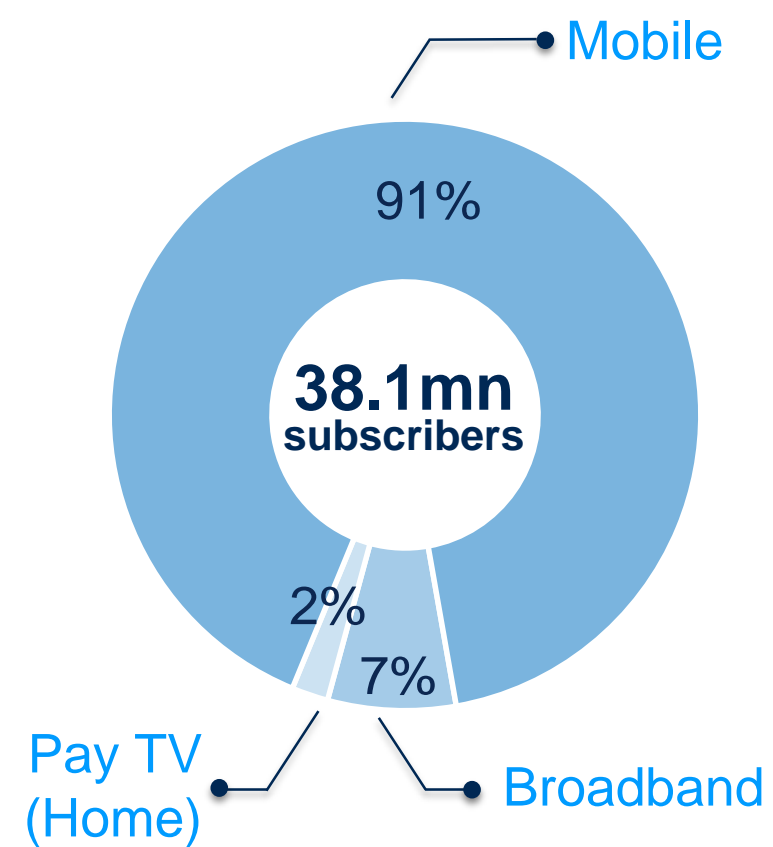
## Diversified Subscriber Base



### Vodafone



### Turkcell



Turkcell and Vodafone data are from their own publications as of Q2 '21.

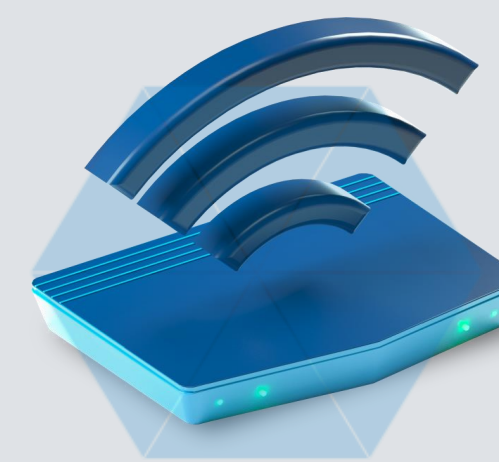
## Mobile



#3

23.4 mn  
subs

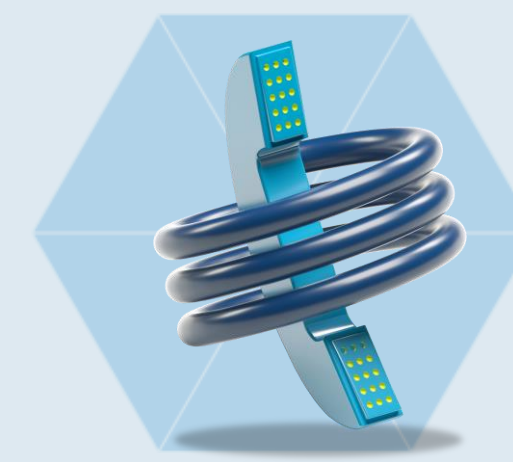
## Broadband



#1

13.8 mn  
subs

## Fixed Voice



#1

10.5 mn  
subs

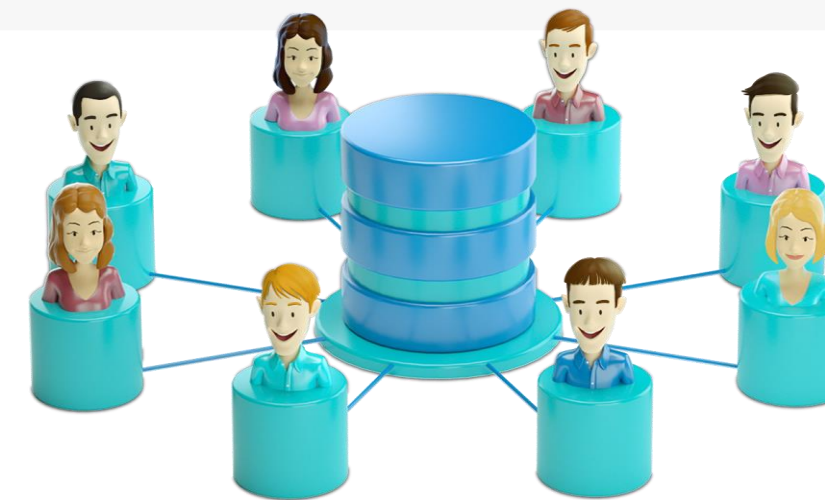
## Pay TV (Home and GO)



#2

3.0 mn  
subs

Market share ranks are from the Q2 '21 ICTA report.



**62%\*** Multi-product  
ownership

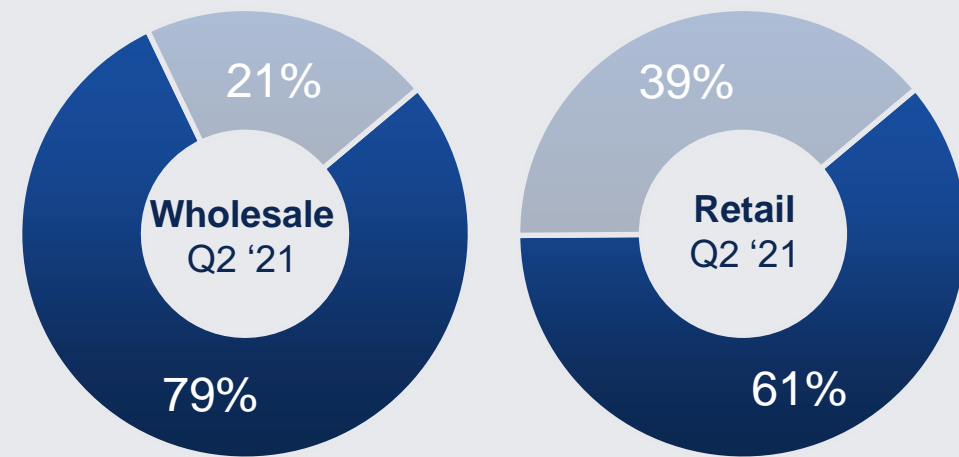
\*Among constant customer sub-universe that provided consent last year.



## Fixed Broadband

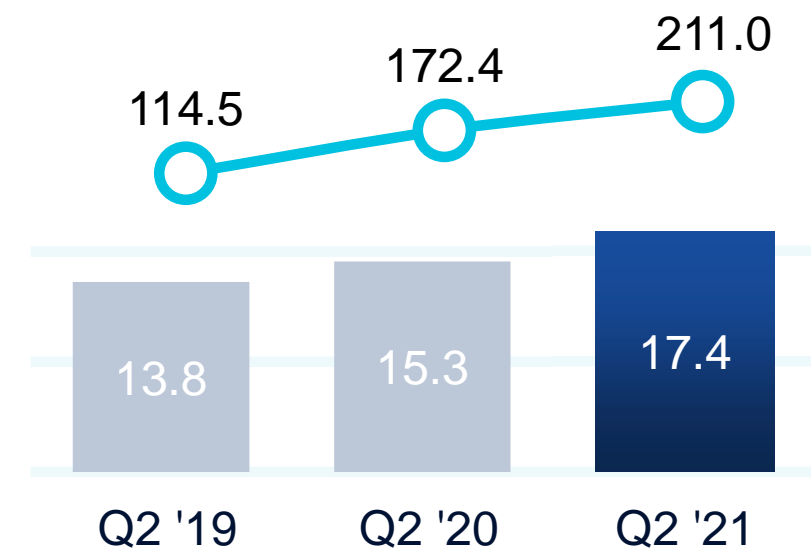
(market share)

■ Türk Telekom ■ Other



## Subscribers\* & Avg. Monthly Data Usage

■ Total subscribers (mn) ● Average usage (GB)



- ▶ Household penetration in Europe **76%**
- ▶ Household penetration in Turkey **71%\*\***
- ▶ Average household size in Turkey **3.3 people**

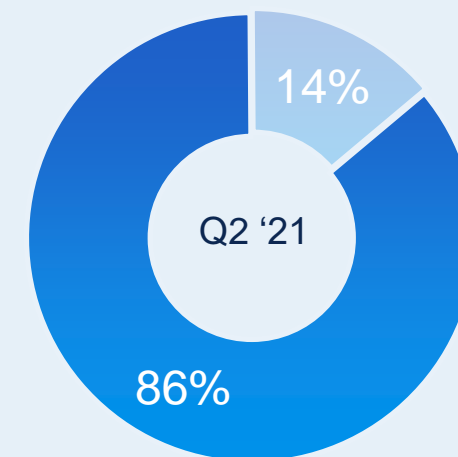
\*Dial-up and other methods are included

\*\*Based on our calculation

## Fixed Voice

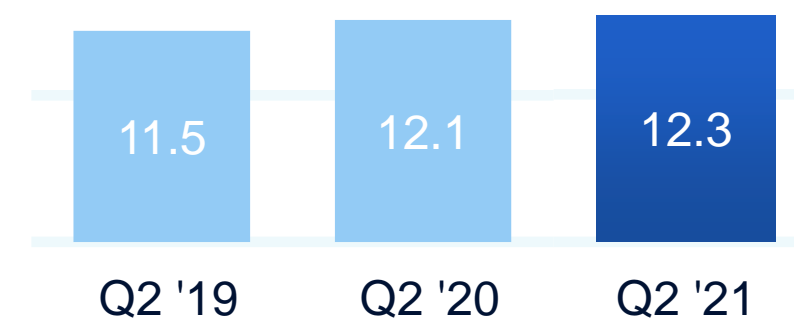
(market share)

■ Türk Telekom ■ Other



## Total Subscribers

■ Total subscribers (mn)

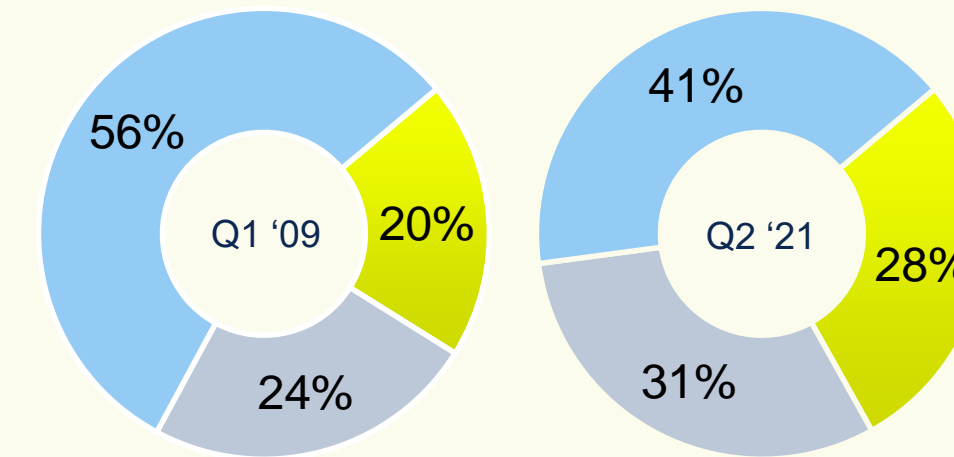


- ▶ Population penetration in Turkey **15%**

## Mobile

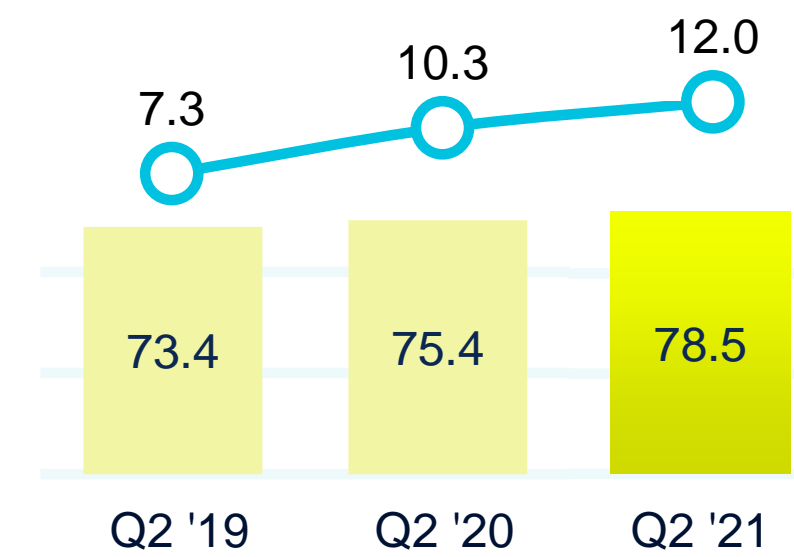
(market share)

■ Türk Telekom ■ Vodafone ■ Turkcell



## 4.5G Subscribers & Avg. Monthly Data Usage

■ Total 4.5G subscribers (mn) ● Average usage of 4.5G (GB)

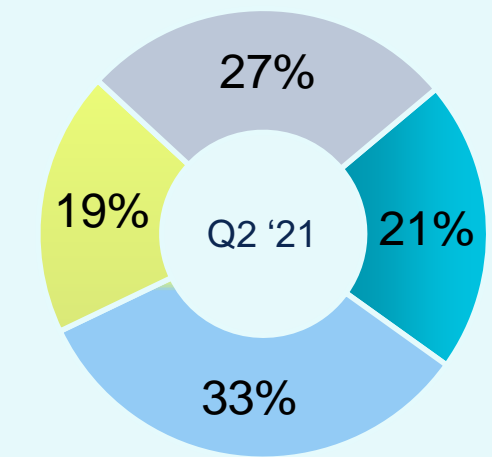


- ▶ Population penetration in Europe **128%**
- ▶ Population penetration in Turkey **101%**
- ▶ Mobile broadband population penetration in Europe **118%**
- ▶ Mobile broadband population penetration in Turkey **82%**

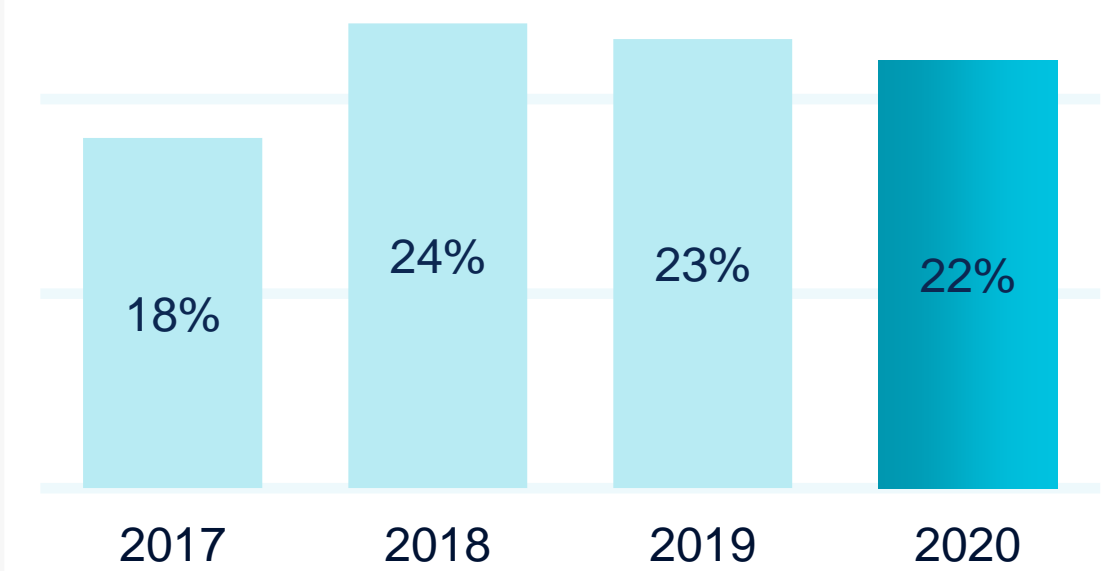
## Pay TV (Home and GO)

(market share)

■ Türk Telekom ■ Digiturk  
■ Cable ■ Other



## Tivibu Home Subscriber Market Share



- ▶ Household penetration in Europe **86%**
- ▶ Household penetration in Turkey **29%\*\***

\*\*Based on our calculation

Fixed broadband and pay TV markets include 27 European countries and the UK.

Mobile market includes 14 European countries and the UK.

Source: Analysys Mason, ICTA



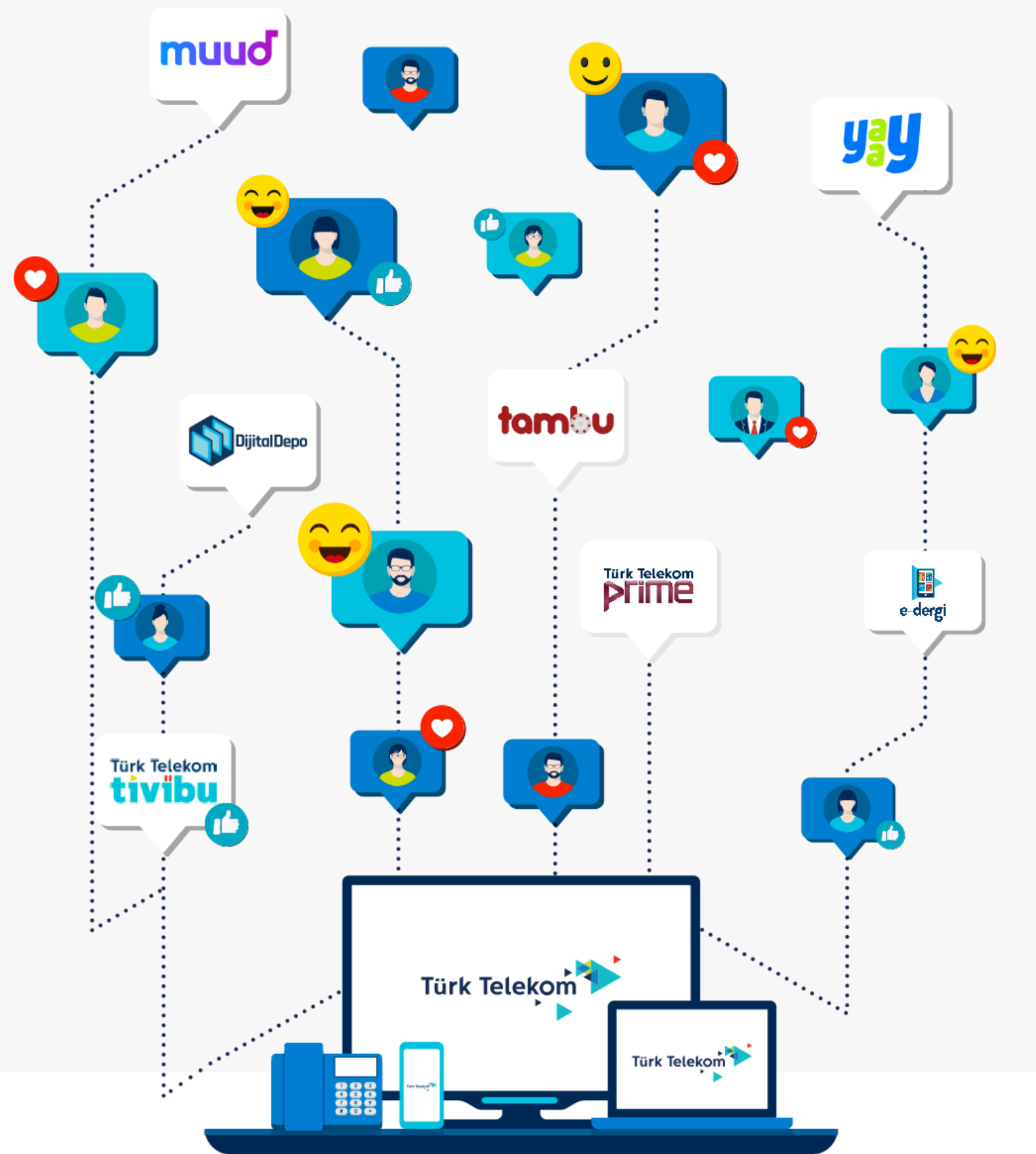


# 2021 Q2 Highlights





# 50.7mn subscribers



**150K**  
in Q2 '21

Net  
additions\*

**2.0mn**  
in LTM

\*Includes Tivibu

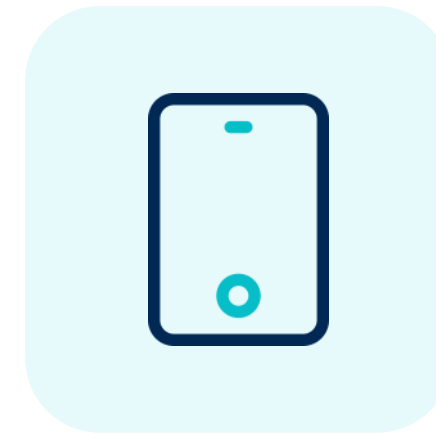
## Net Adds



Broadband

**199K**  
Q2 '21

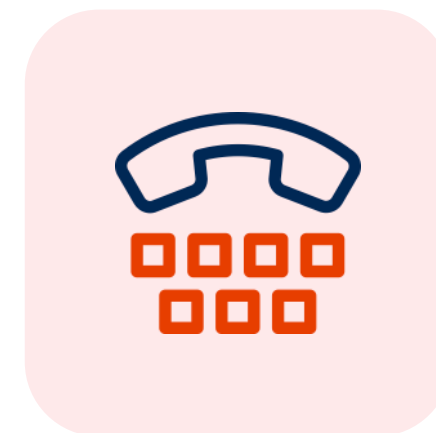
**1.6mn**  
LTM



Mobile

**67K**  
Q2 '21

**537K**  
LTM



Fixed Voice

**-55K**  
Q2 '21

**190K**  
LTM



## 2021 Q2 Highlights



Total  
Subscribers

50.7 mn  
Up 4% YoY



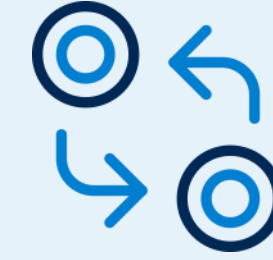
Net  
Income

TL 1.3 bn  
Up 30% YoY



Revenue

TL 8.2 bn  
Up 17% YoY



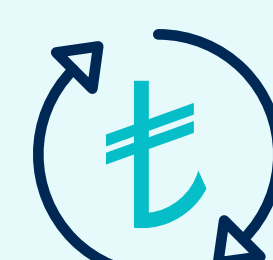
Free Cash  
Flow

TL 1.8 bn  
Up 54% YoY



EBITDA

TL 4.0 bn  
Up 24% YoY



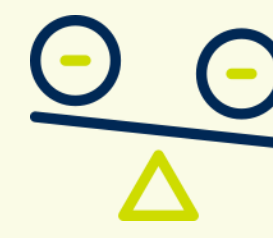
CAPEX

TL 1.4 bn  
Up 14% YoY



EBITDA  
Margin

49.2%  
Up 270bps YoY



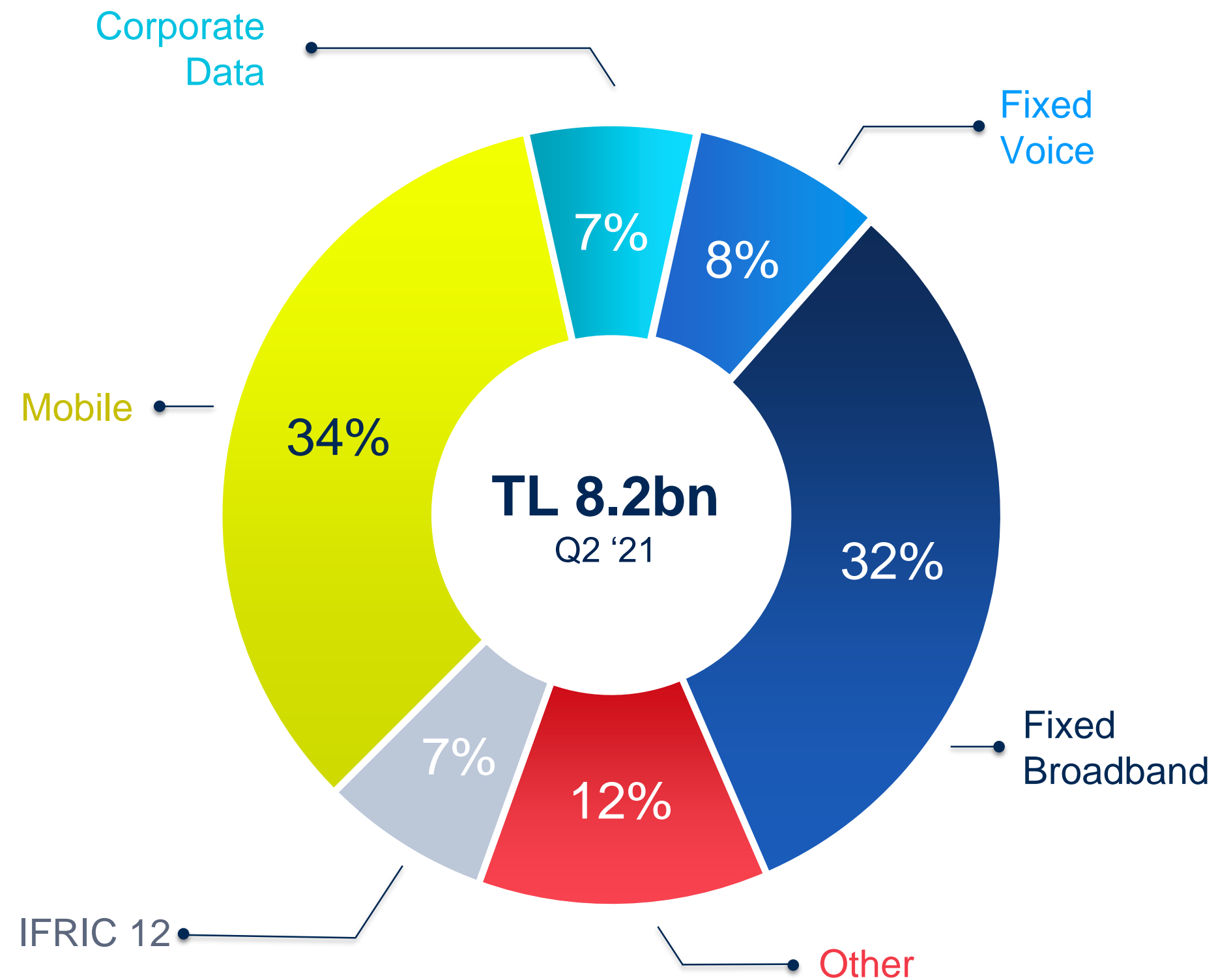
Net  
Leverage

1.08x  
Q2 '20 1.31x



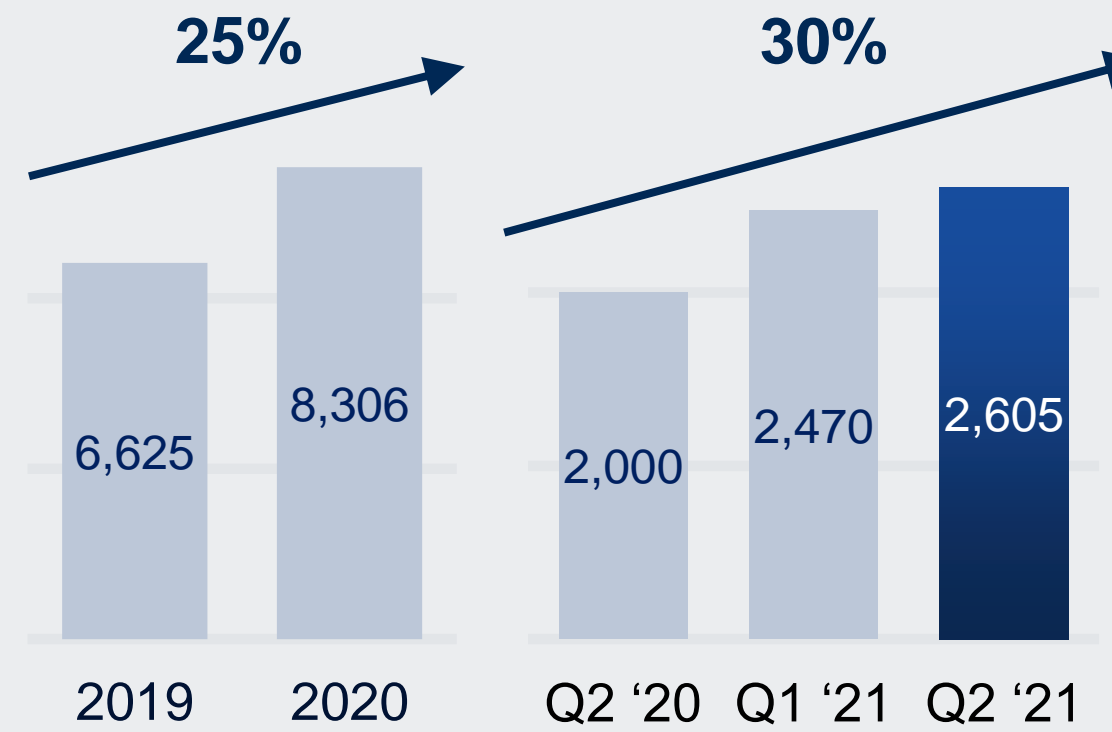
## Q2 '21 Revenue Breakdown

(% of Consolidated Revenue)



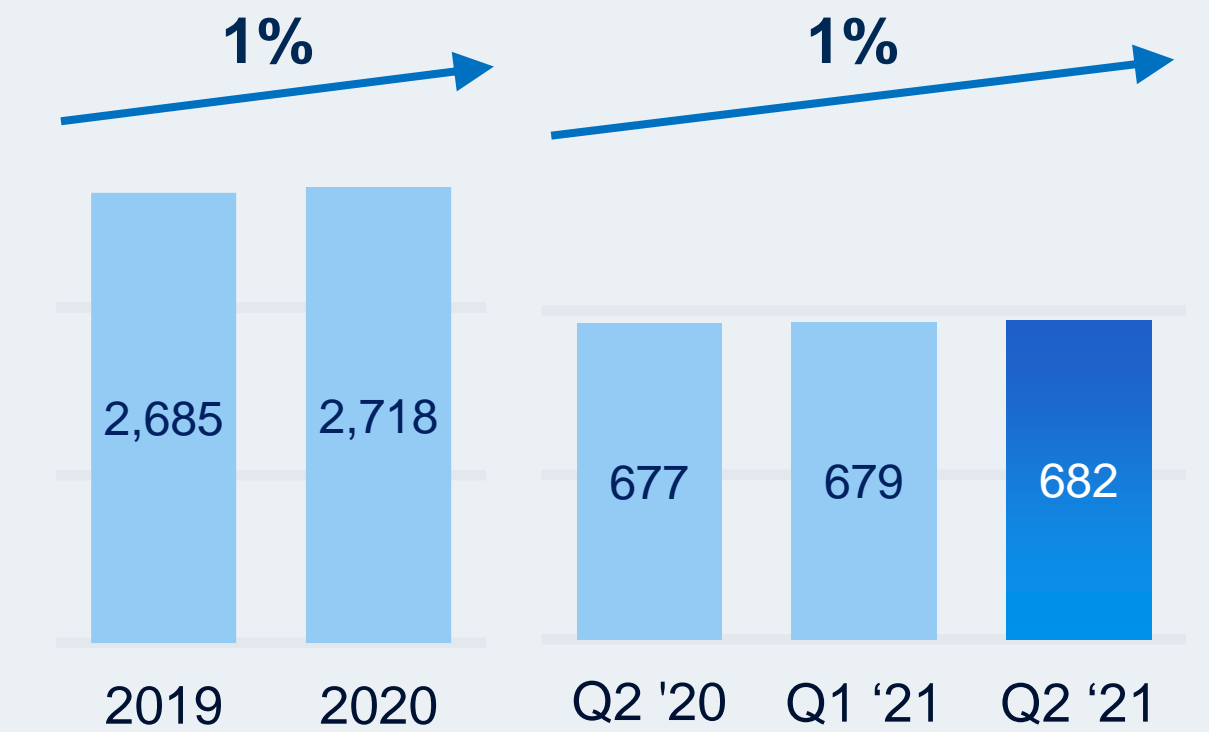
## Fixed Broadband

(TL mn)



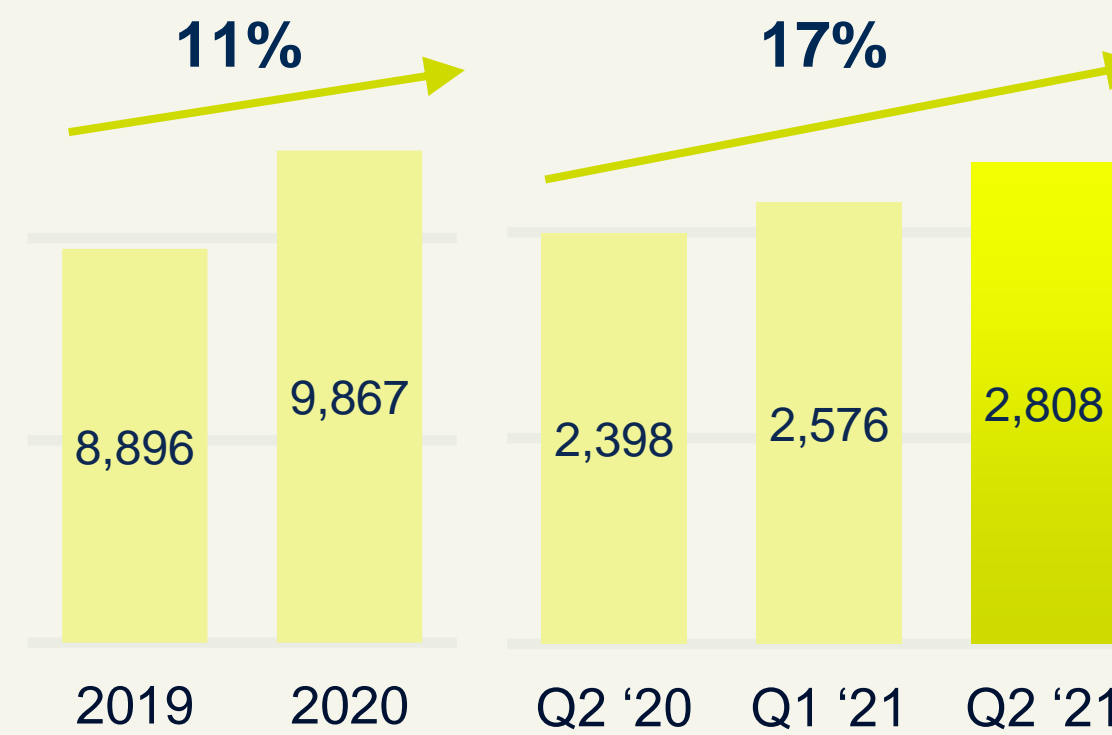
## Fixed Voice

(TL mn)



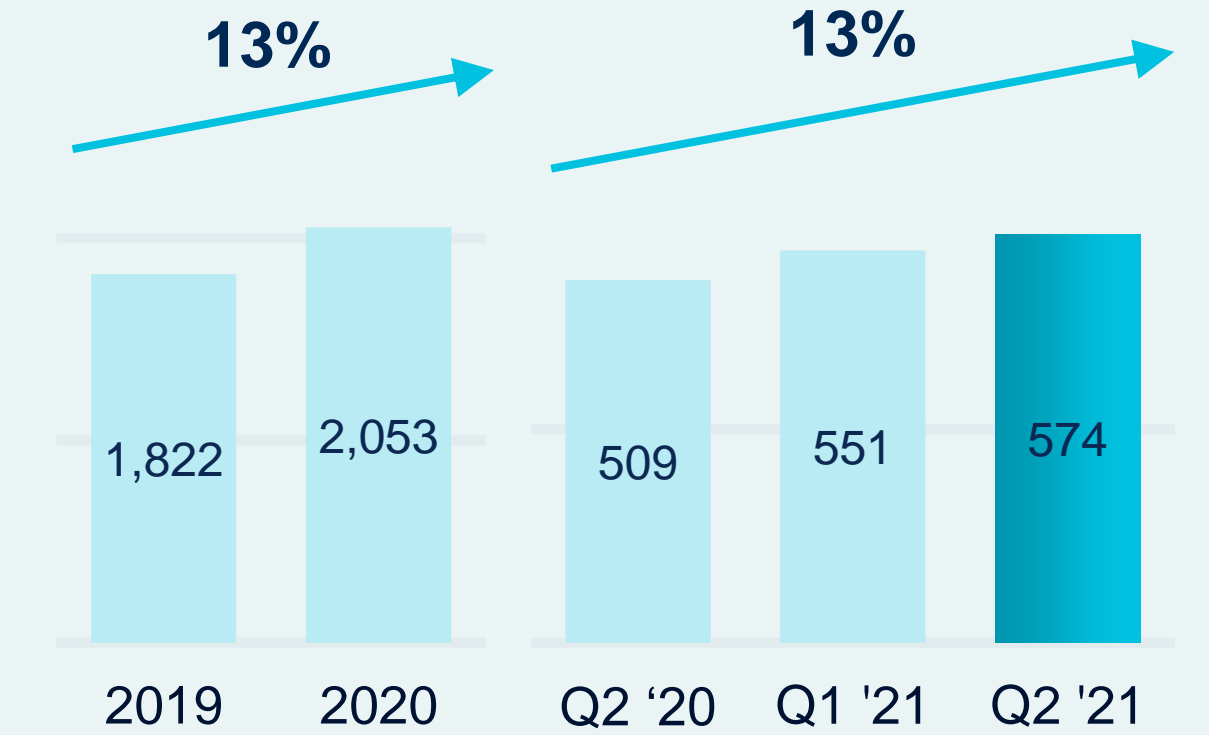
## Mobile

(TL mn)



## Corporate Data

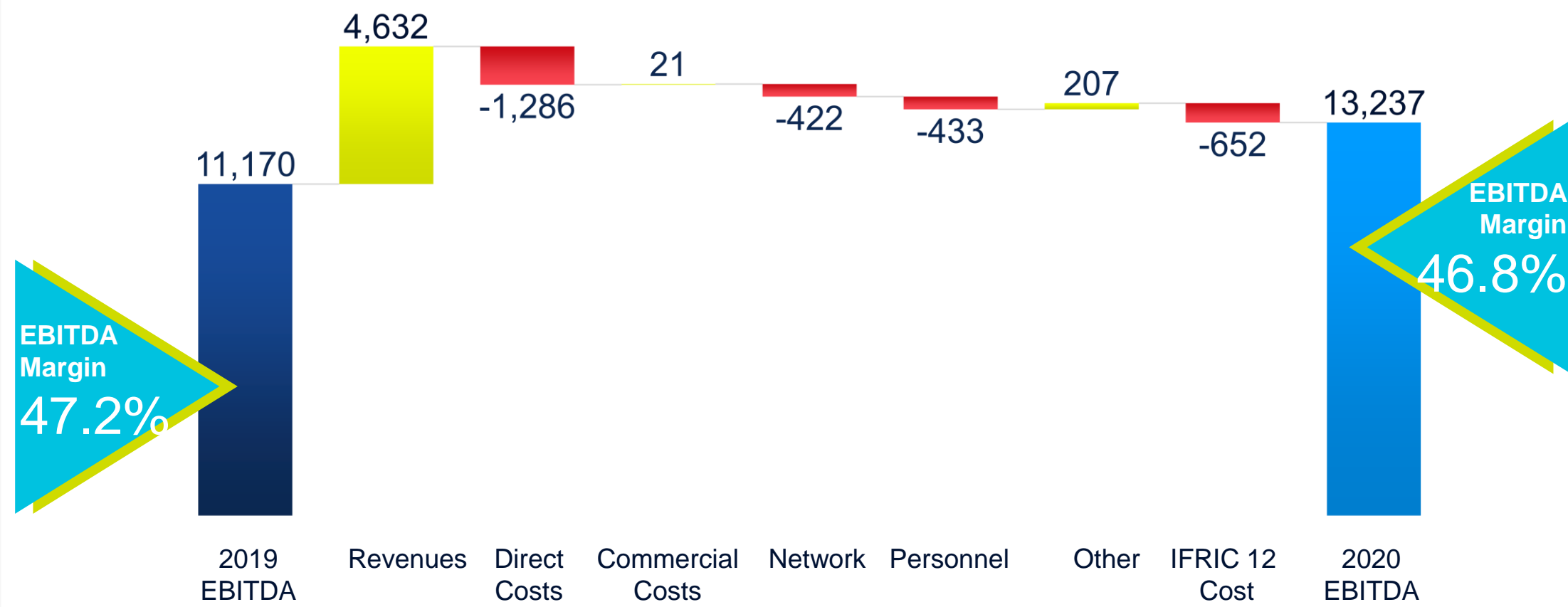
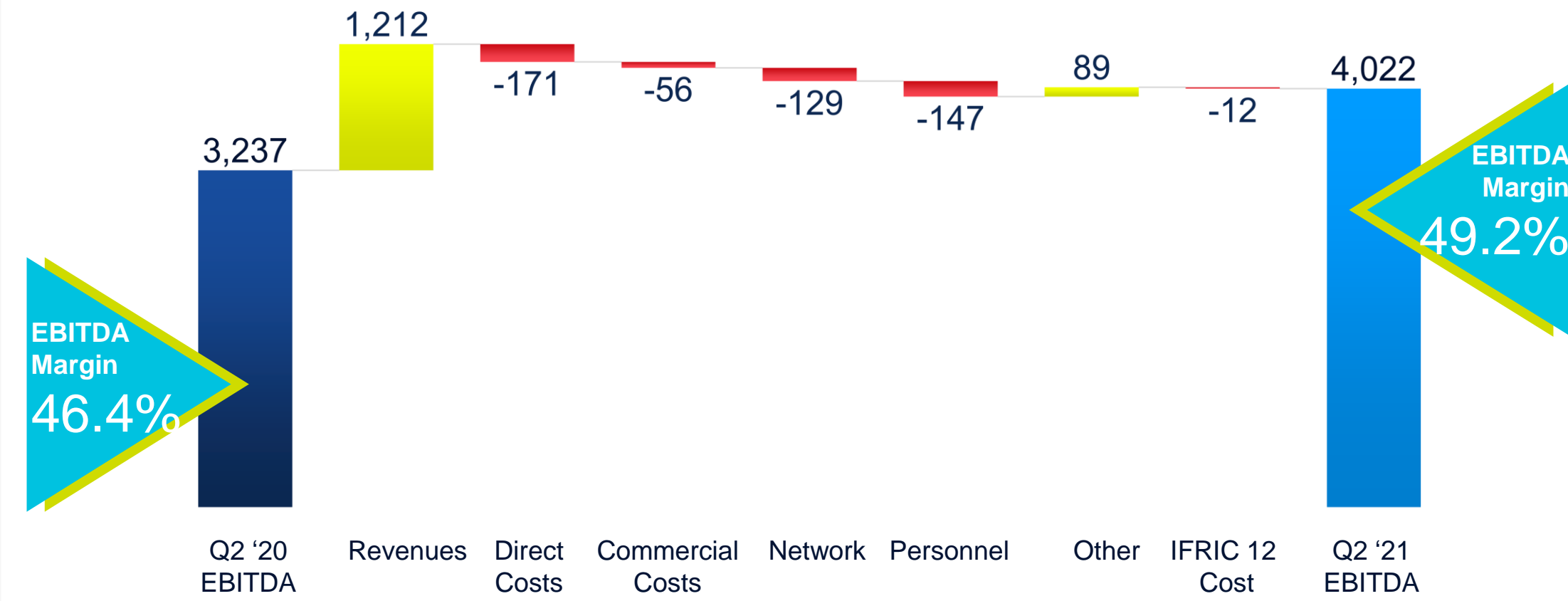
(TL mn)





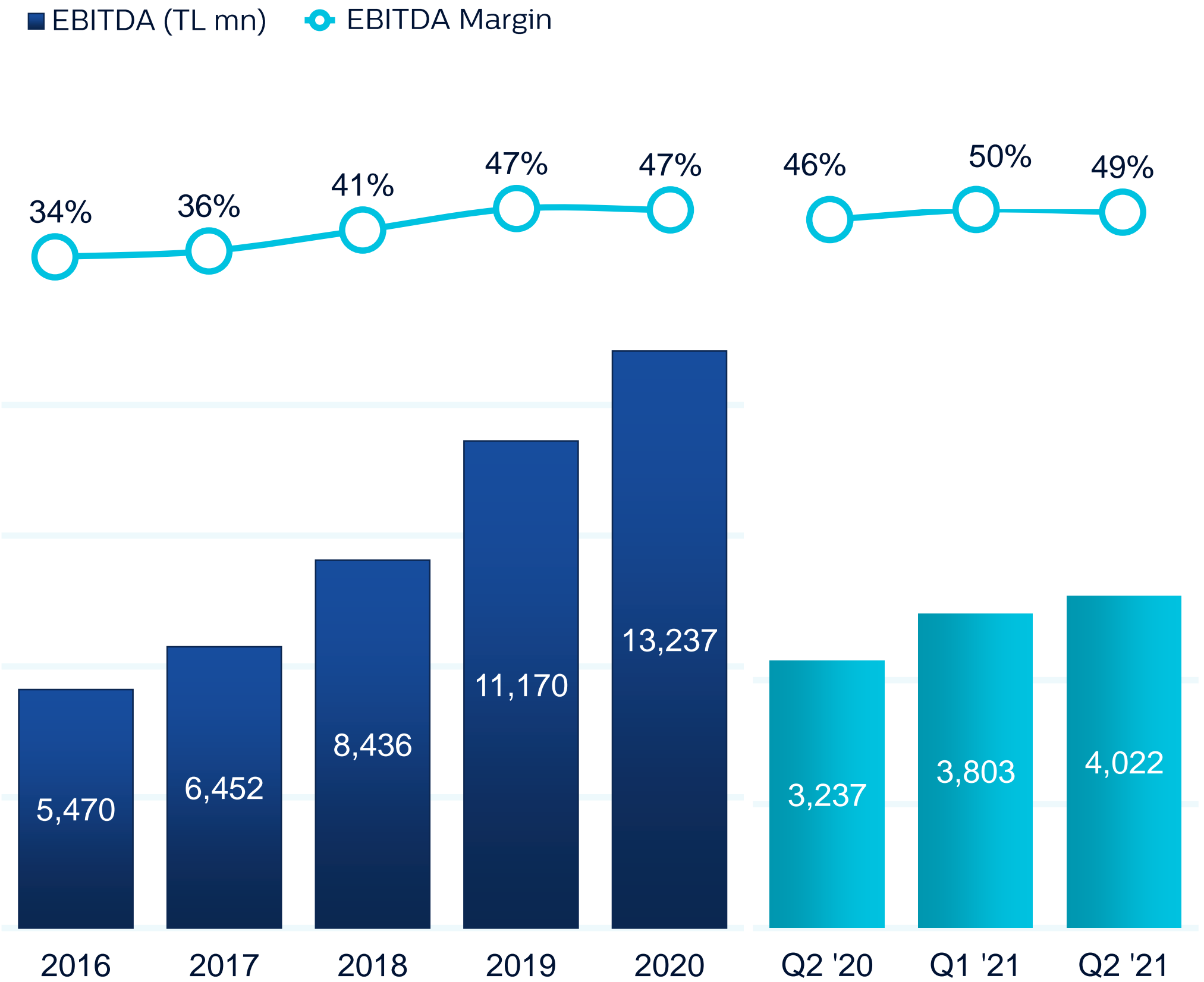
## Consolidated EBITDA Development

(TL mn)



## EBITDA &amp; EBITDA Margin

(TL mn)

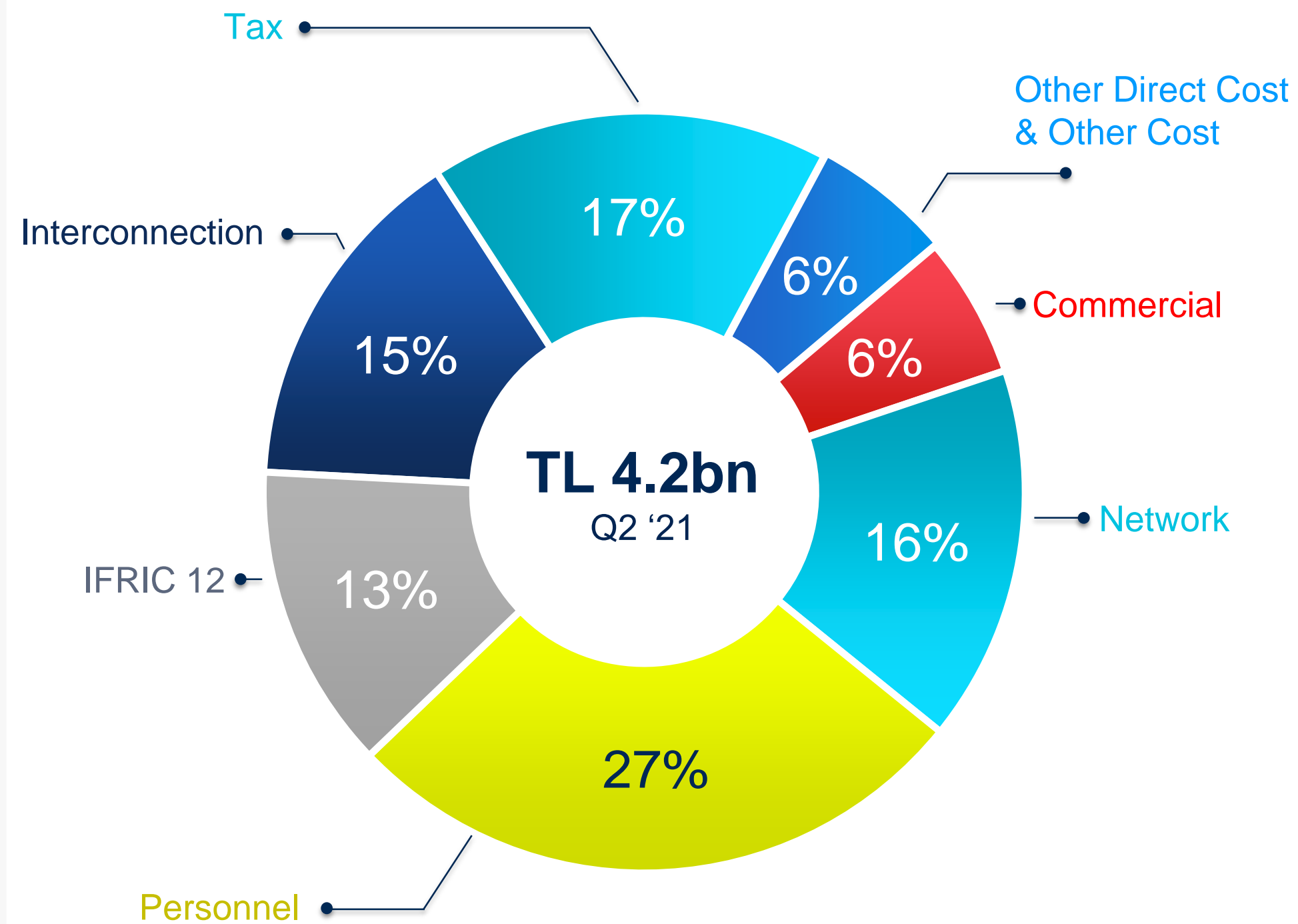


Türk Telekom adopted IFRS 15 and IFRS 16 accounting standards starting from 1 January 2018 and 1 January 2019, respectively. For further details please refer to "Financial Footnotes" & "Summary Financial and Operational xls" on our web site.

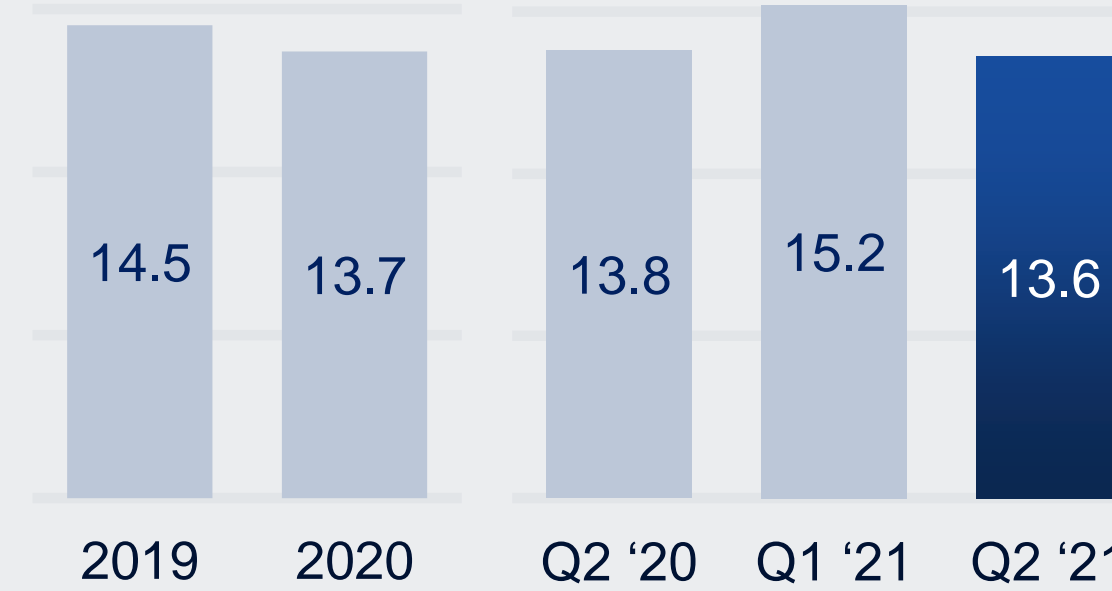


## Q2 '21 Opex Breakdown

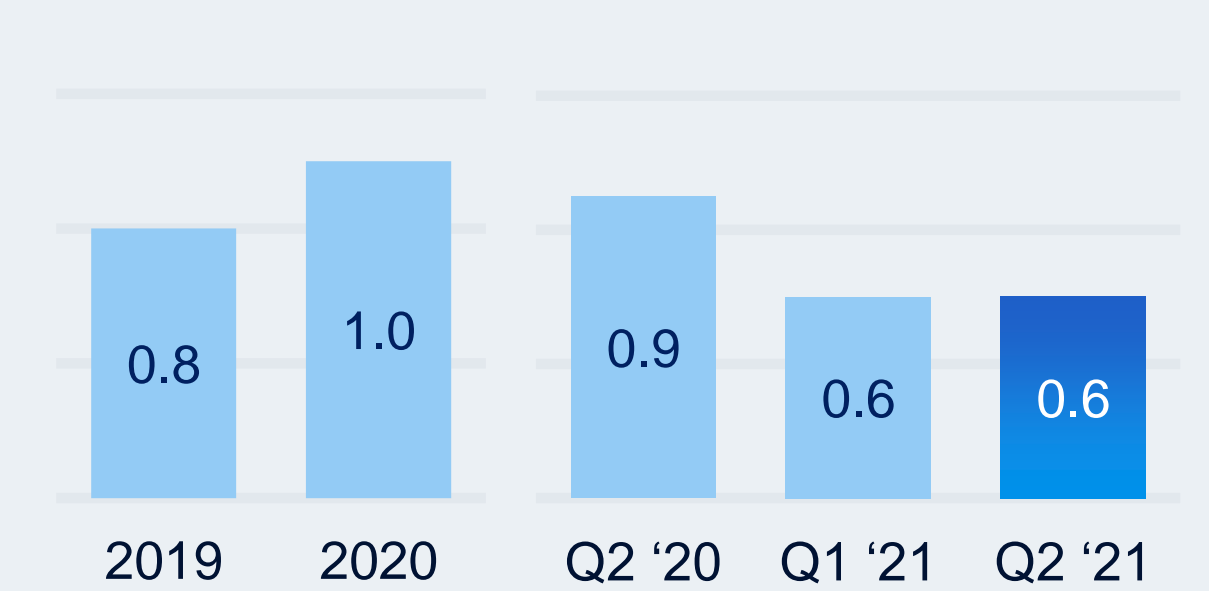
(% of Consolidated Opex)



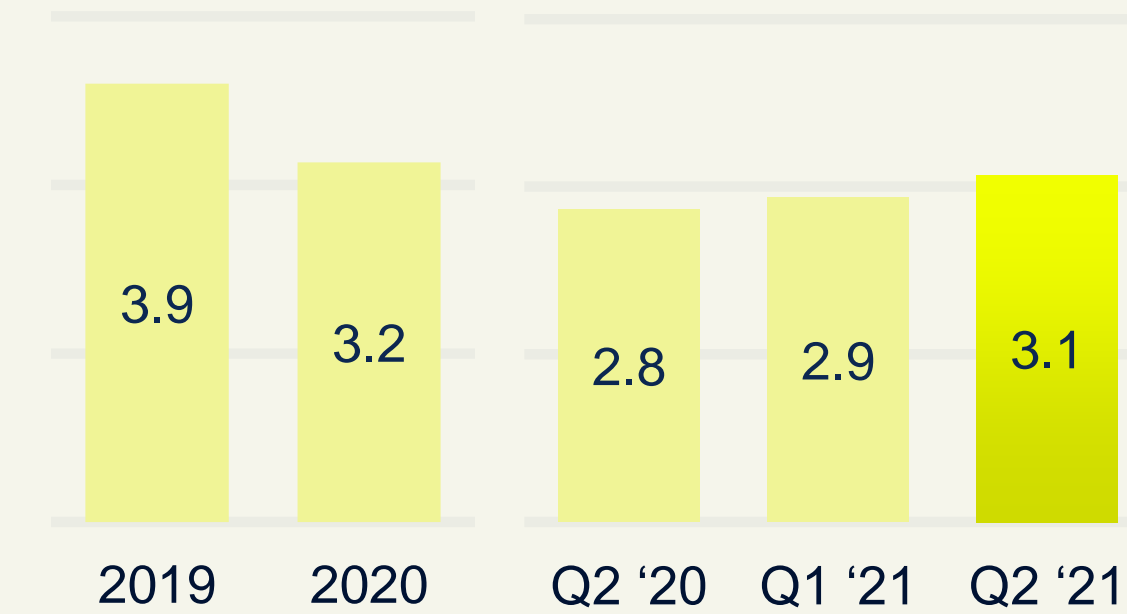
## Personnel Expense to Sales (%)



## Provision for Doubtful Receivables to Sales (%)



## Commercial Cost to Sales (%)







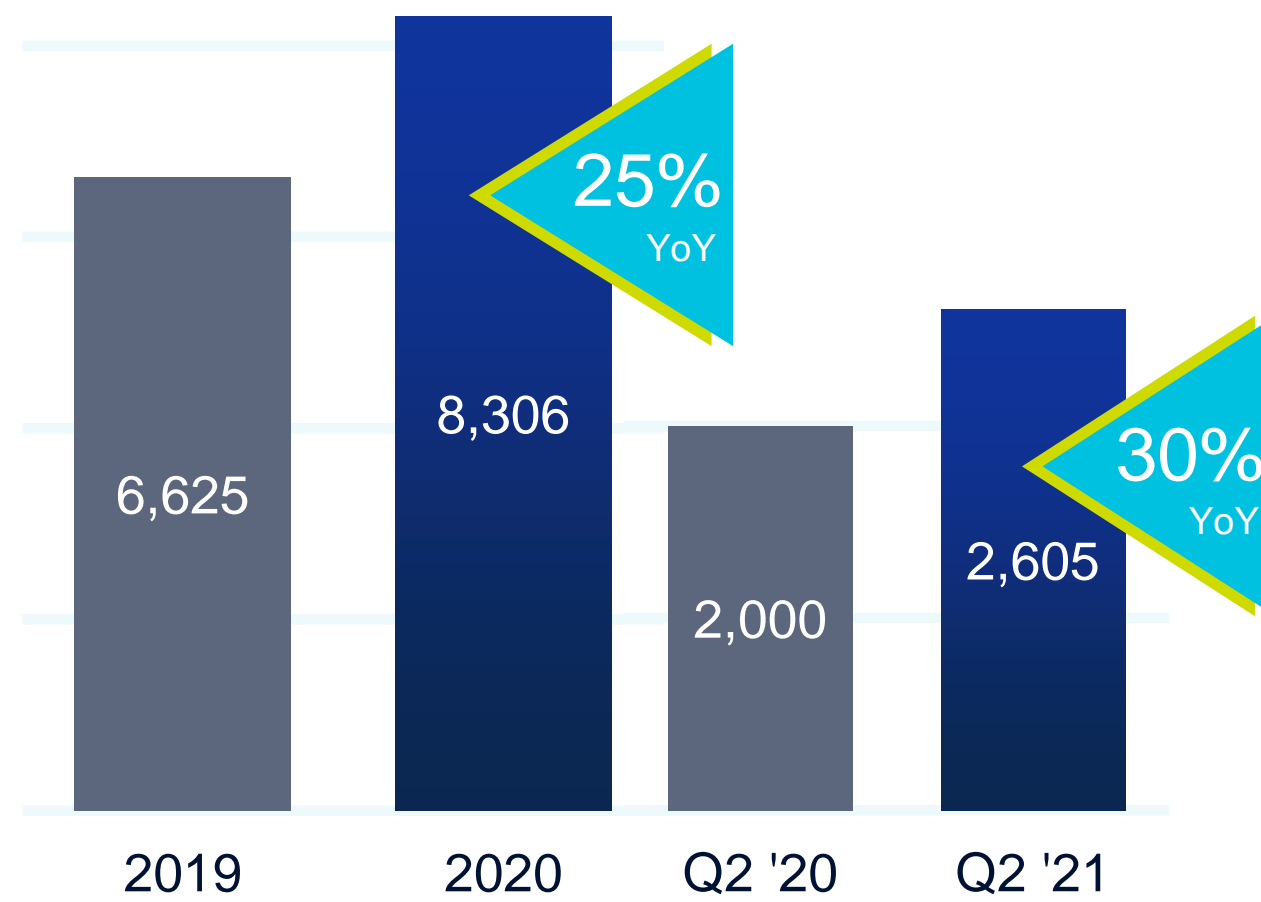
# Business Lines





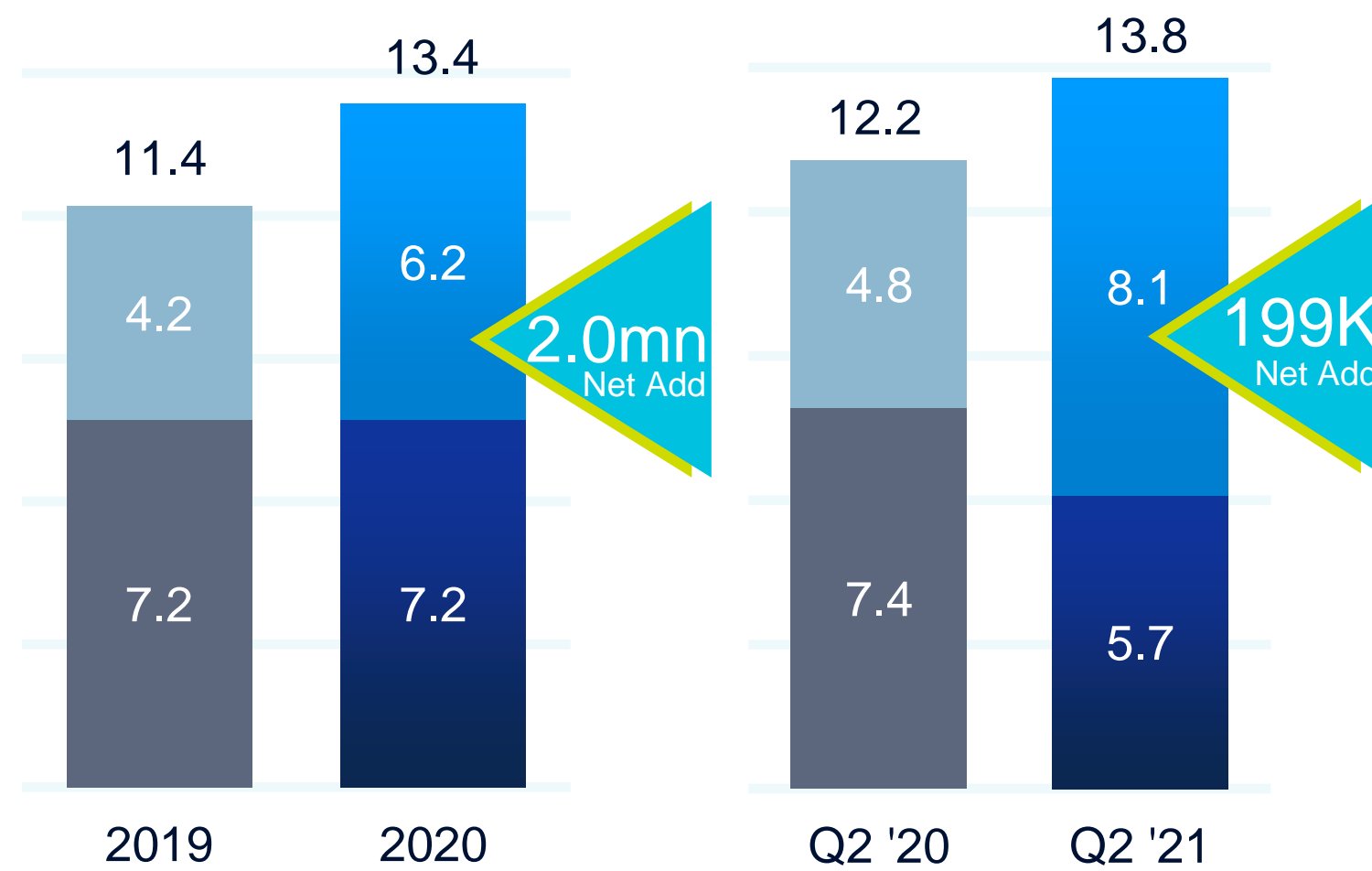
## Fixed Broadband Revenue

(TL mn)

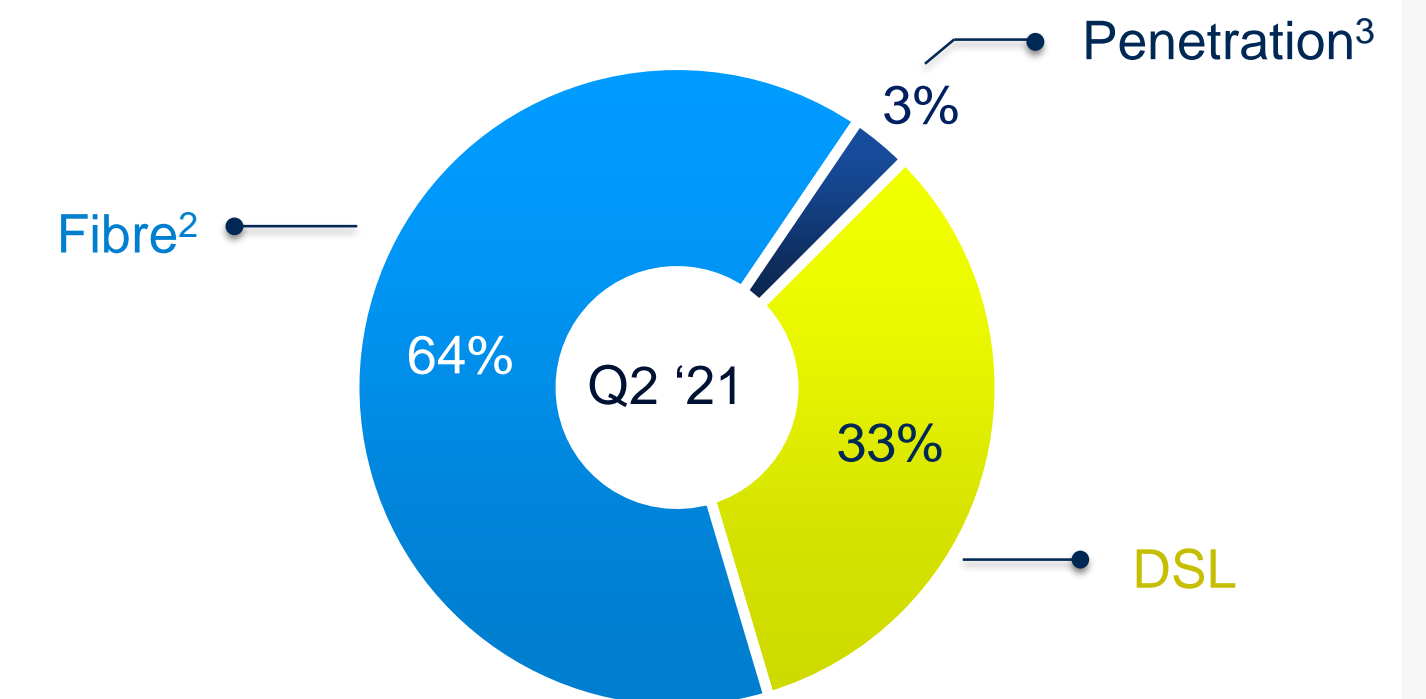
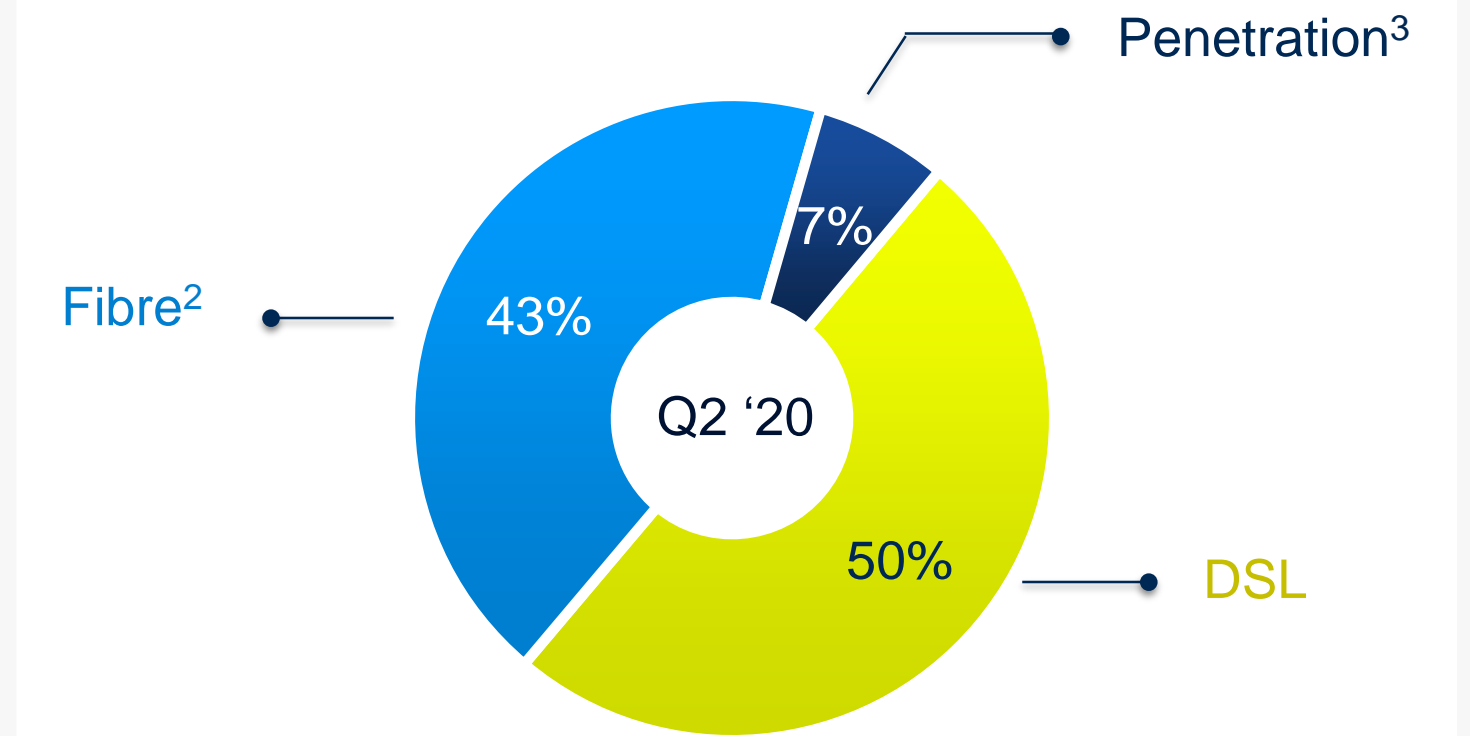


## ARPU &amp; Subscribers

■ Fibre Subscribers (mn)  
 ■ DSL Subscribers (mn)  
 ○ ARPU (TL)

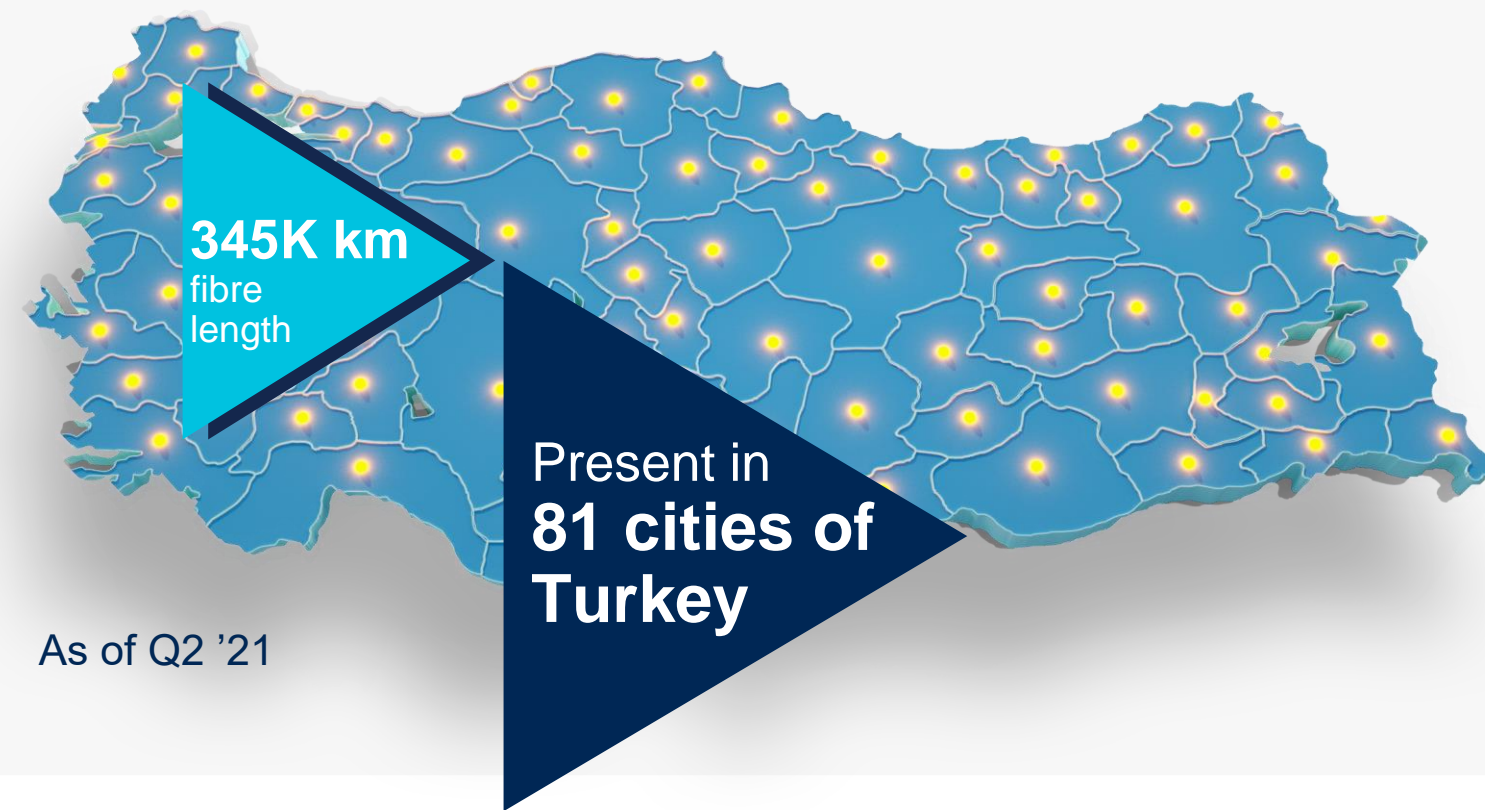
Subscriber Breakdown<sup>1</sup>

(% of Subscribers)

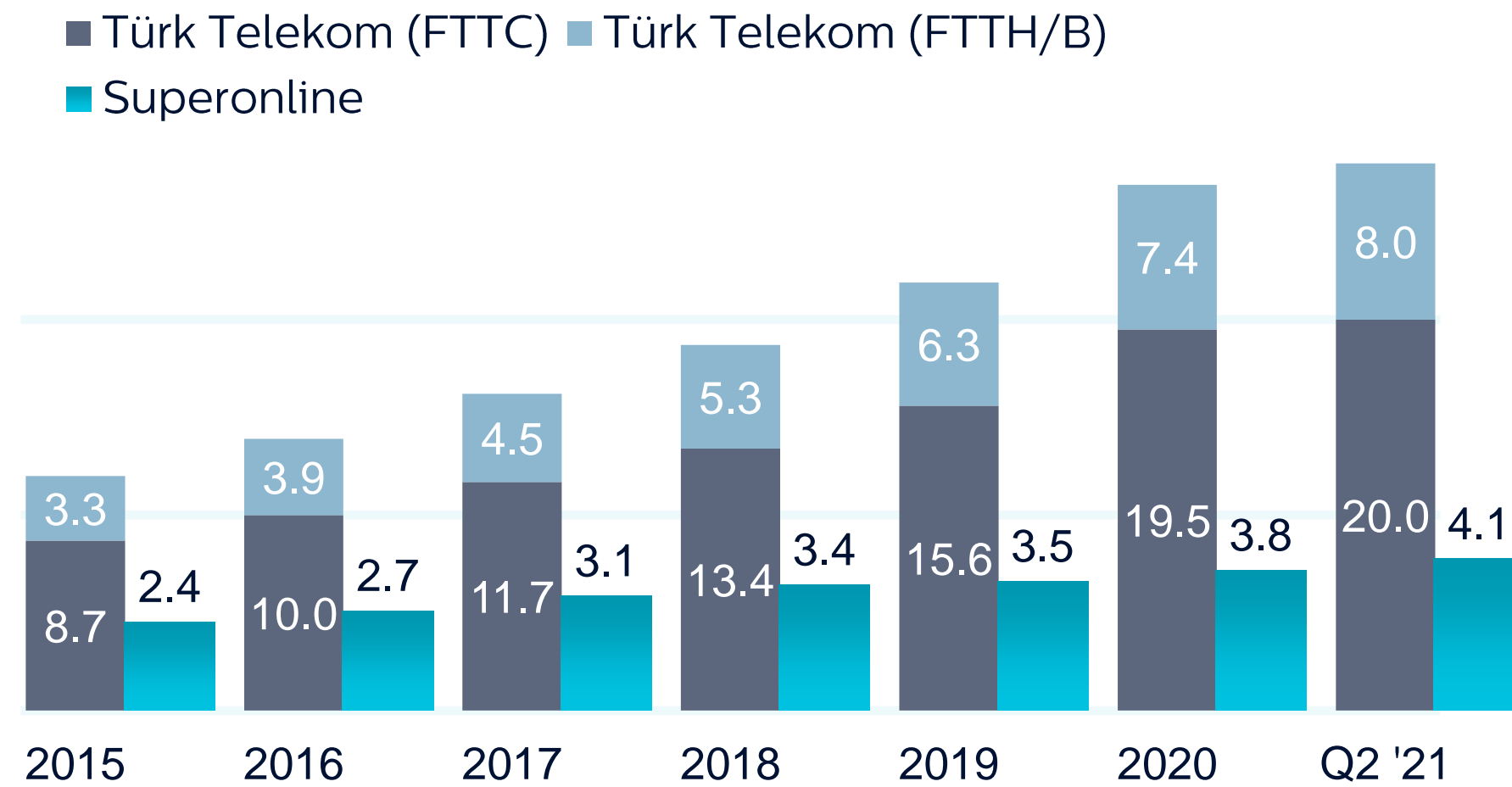
<sup>1</sup>Retail only<sup>2</sup>Fibre subscribers include FTTH/B & FTTC subscribers<sup>3</sup>Customers acquired through penetration campaigns



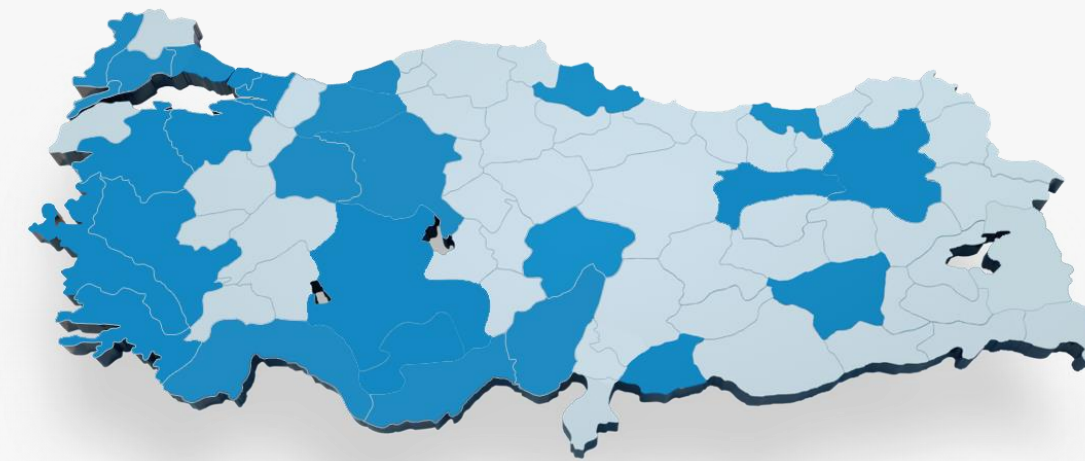
## Türk Telekom Fibre Network



### Fibre Homepass (mn)



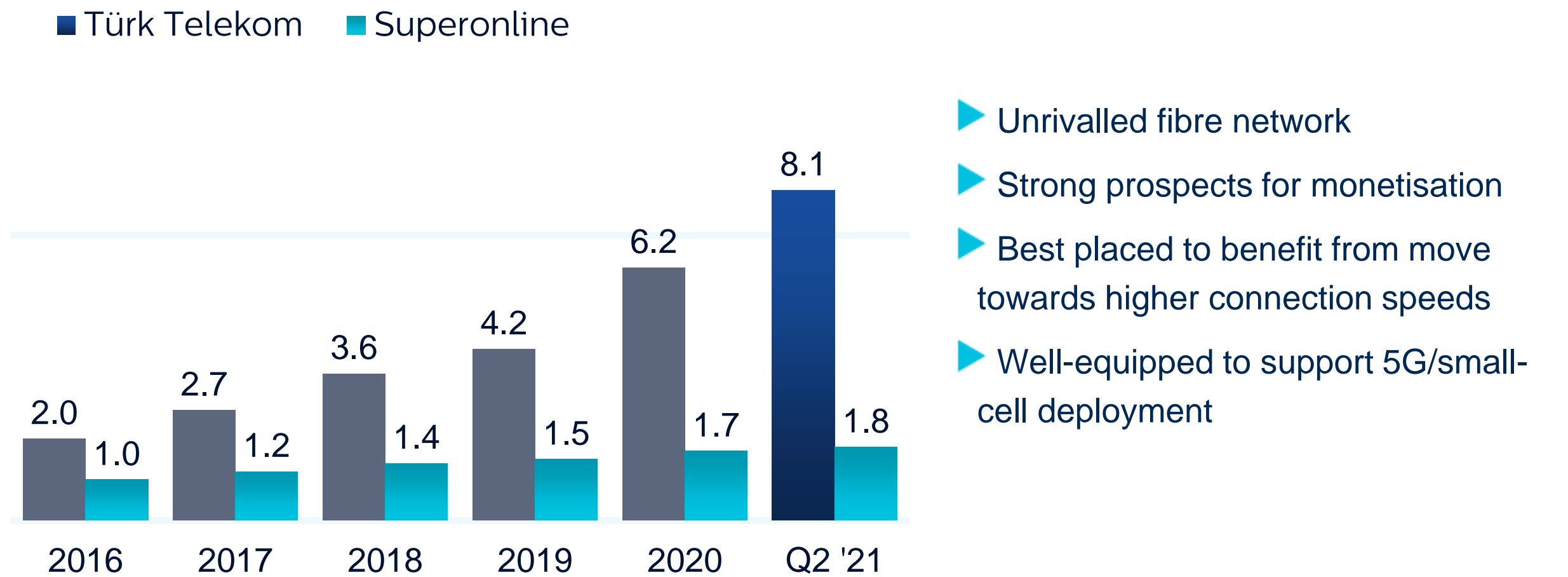
## Superonline Fibre Network



- ▶ Presence in 24 cities of Turkey
- ▶ 51K km fibre length
- ▶ Wholesale customer of Türk Telekom

Based on Turkcell's own publications as of Q2 '21

### Fibre Subscribers (mn)



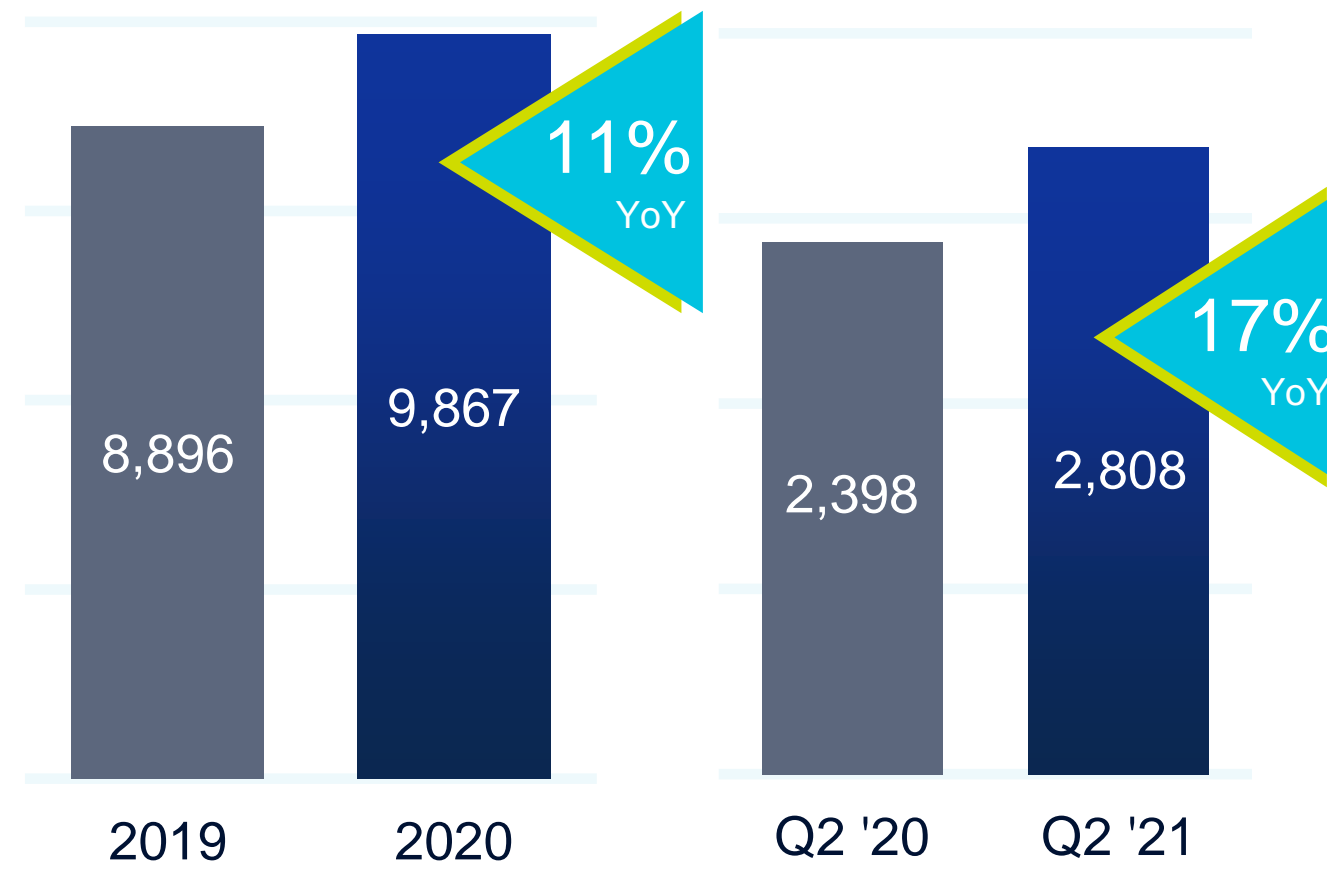
- ▶ Unrivalled fibre network
- ▶ Strong prospects for monetisation
- ▶ Best placed to benefit from move towards higher connection speeds
- ▶ Well-equipped to support 5G/small-cell deployment

Fibre subscribers include FTTH/B & FTTC subscribers.



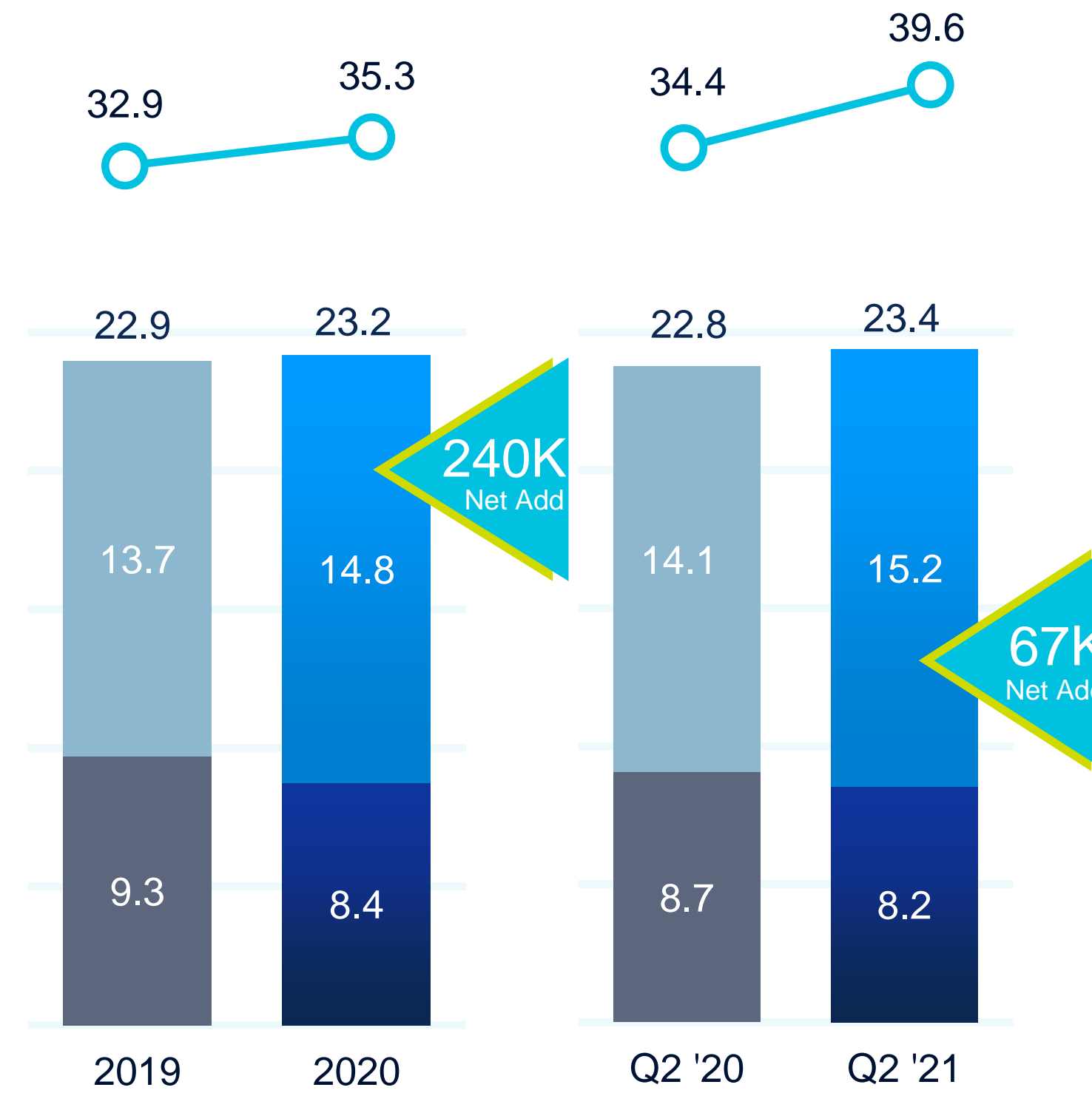
## Mobile Revenue

(TL mn)



## Growing ARPU & Subscribers

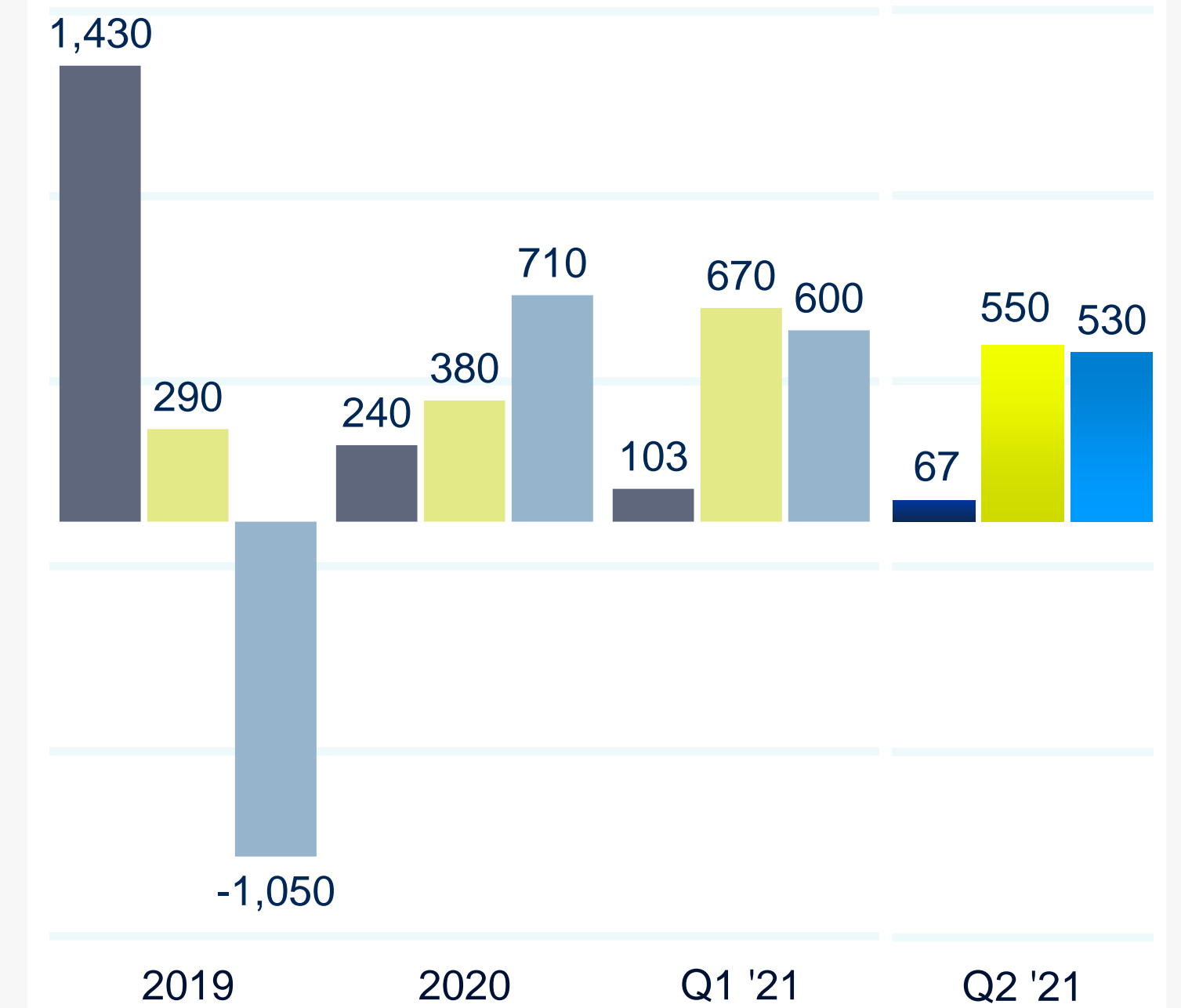
- Postpaid (mn)
- Prepaid (mn)
- Blended ARPU (TL)



## Net Subscriber Additions

('000)

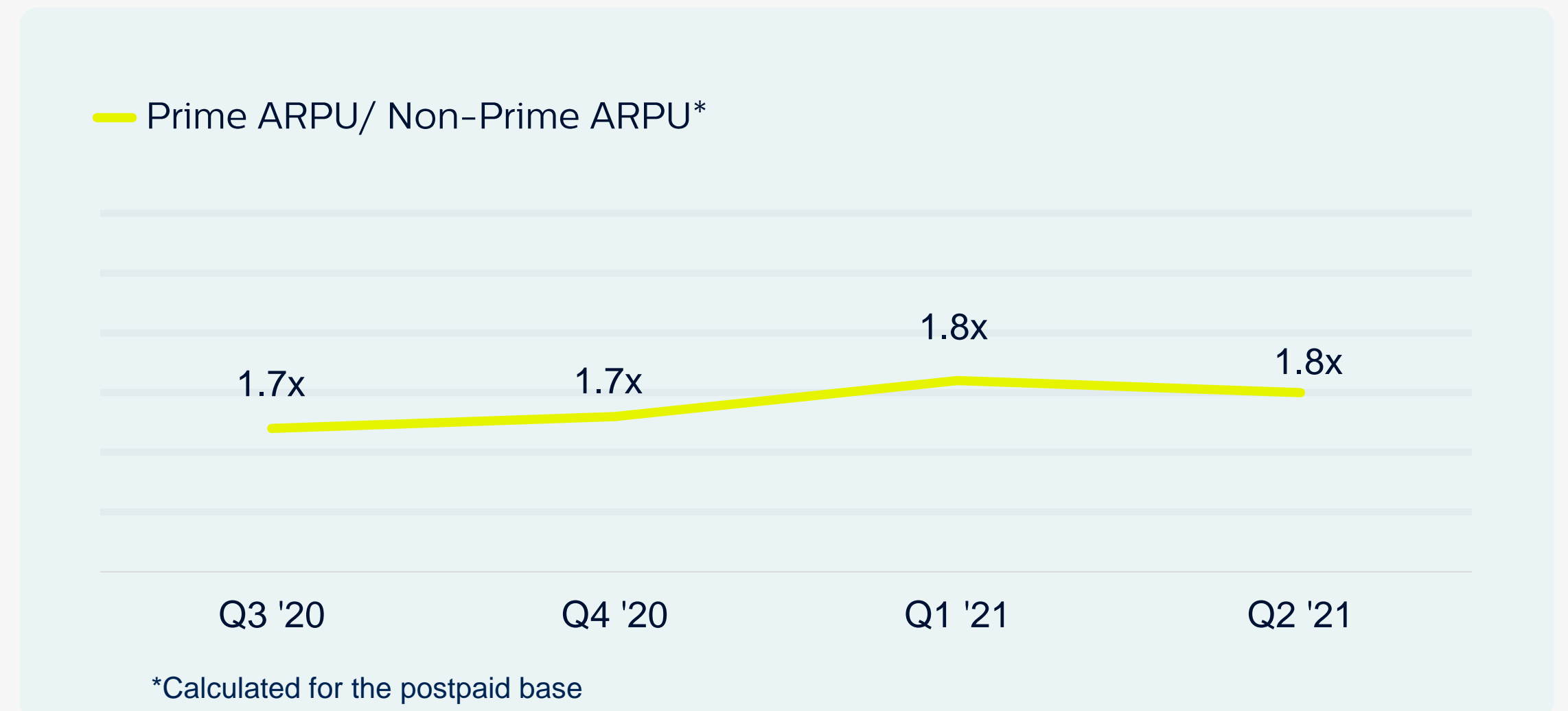
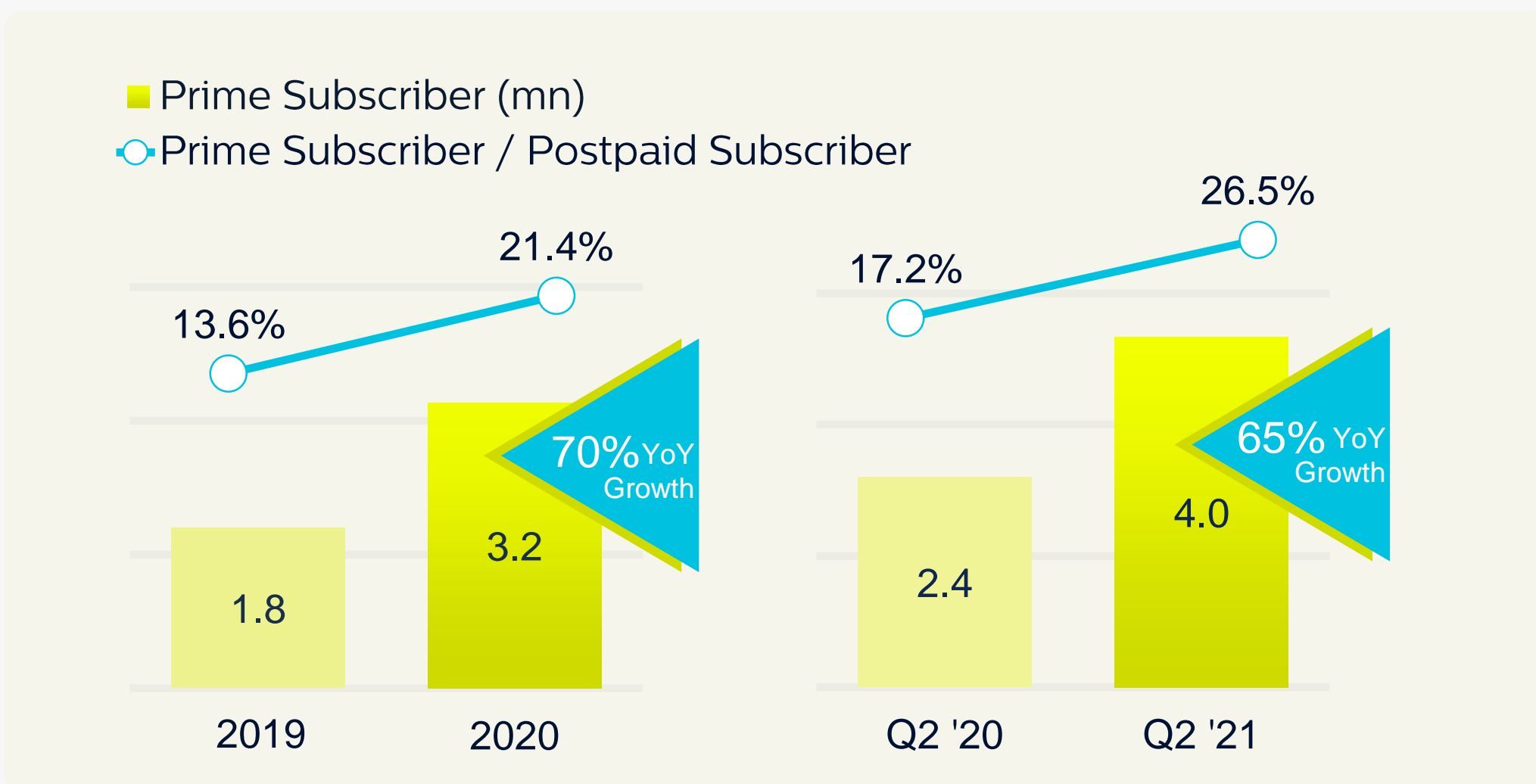
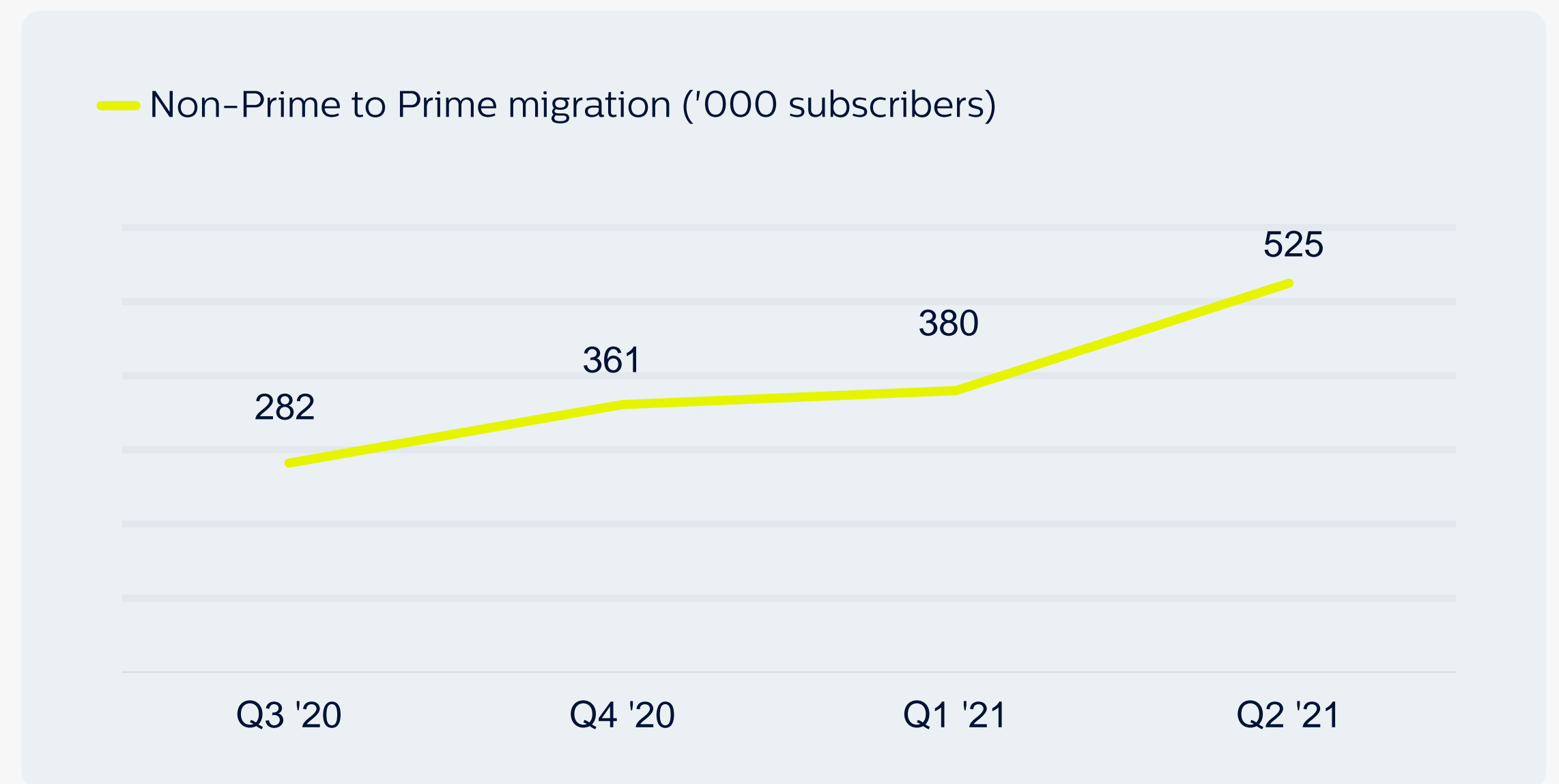
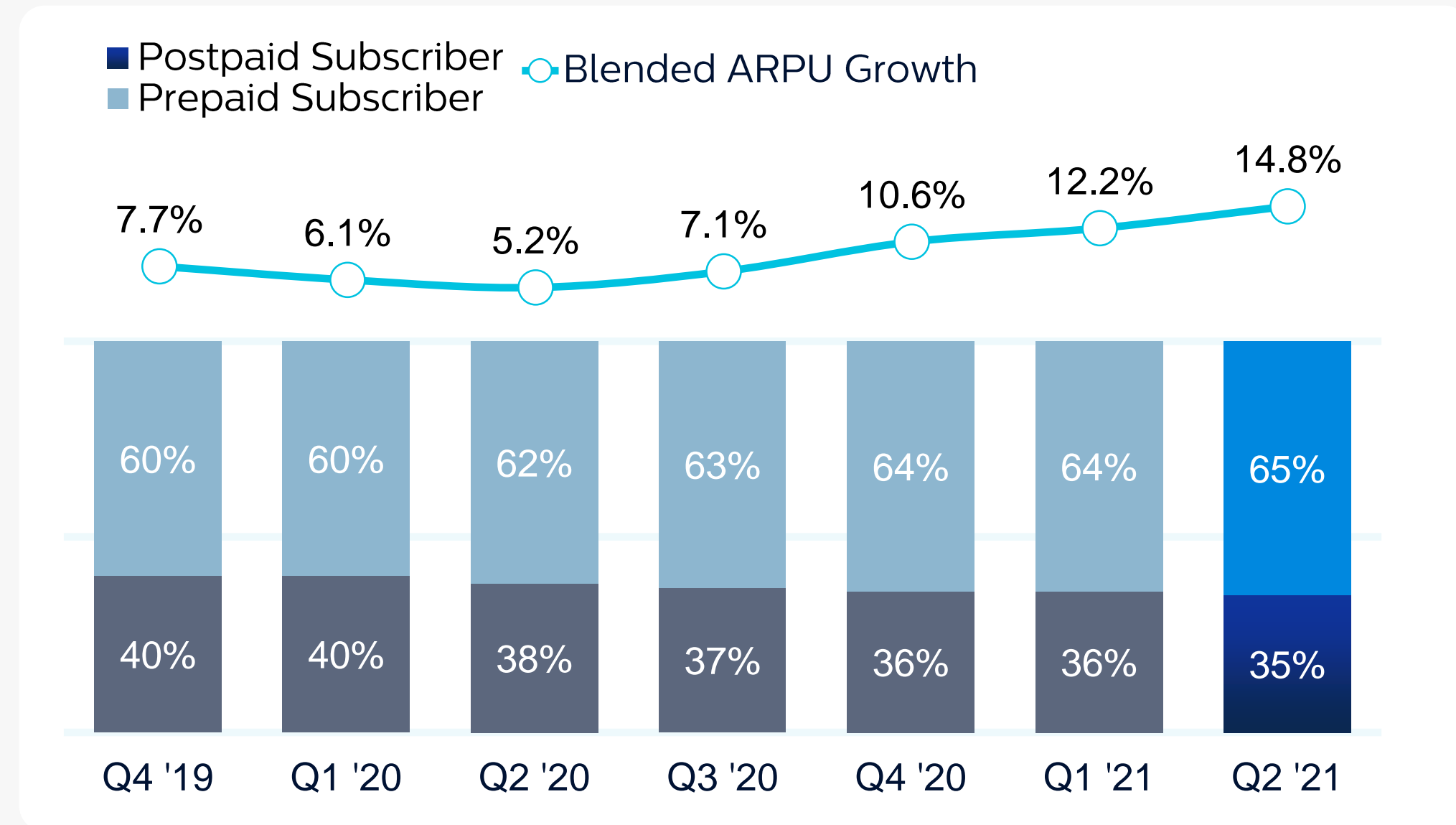
- Türk Telekom
- Vodafone
- Turkcell



Source: ICTA, Türk Telekom

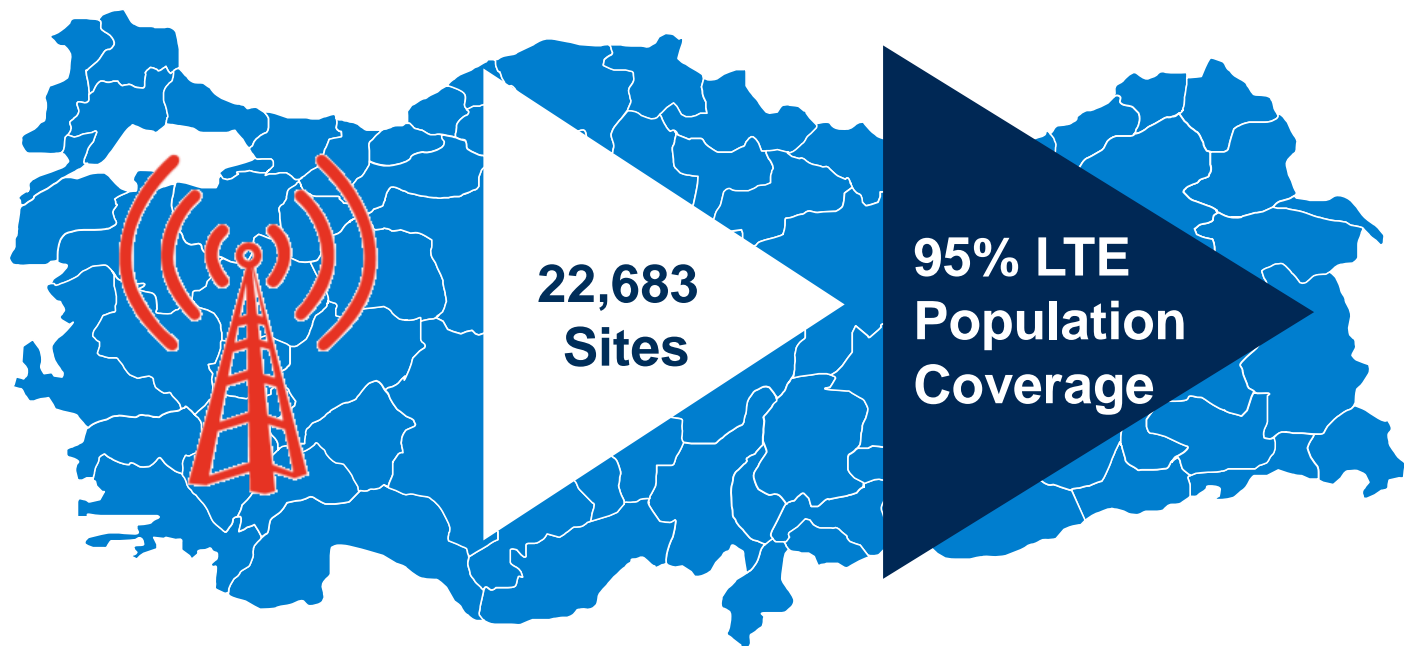


## Postpaidisation and Premiumisation



Prime is Türk Telekom's premium product.

### Extensive Network Coverage



97% coverage

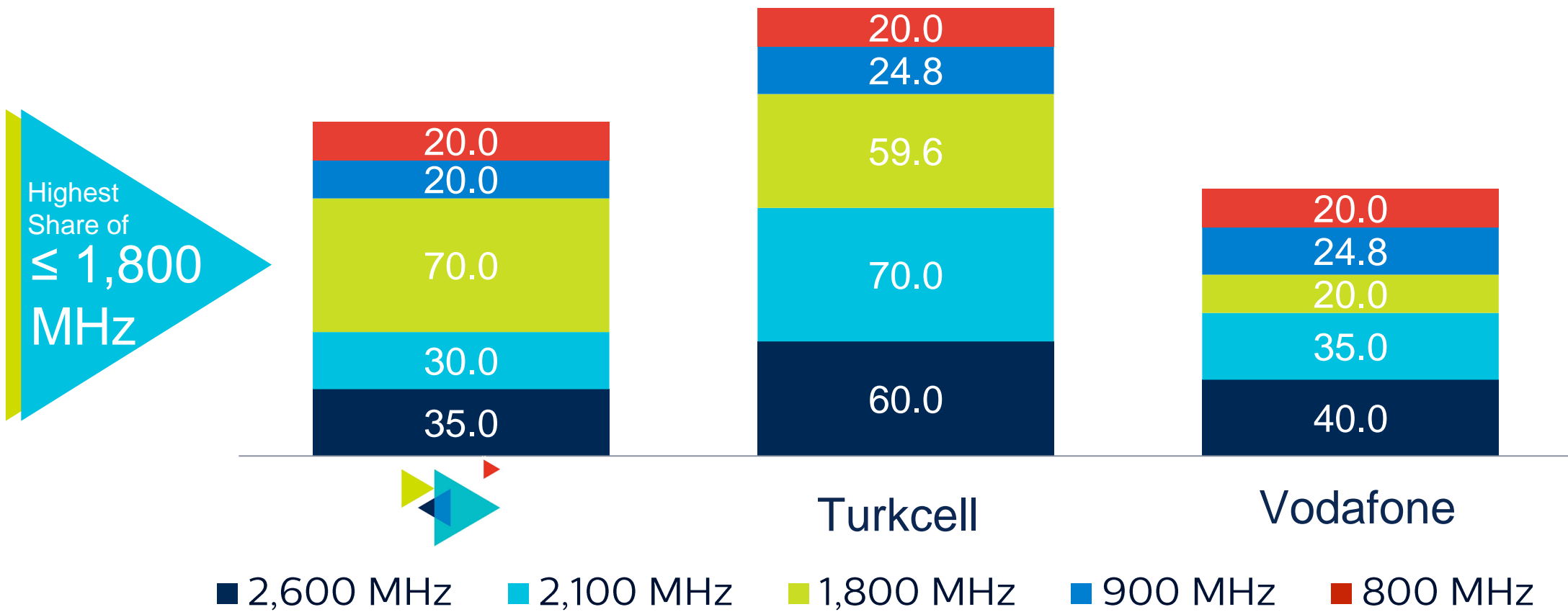


95% coverage

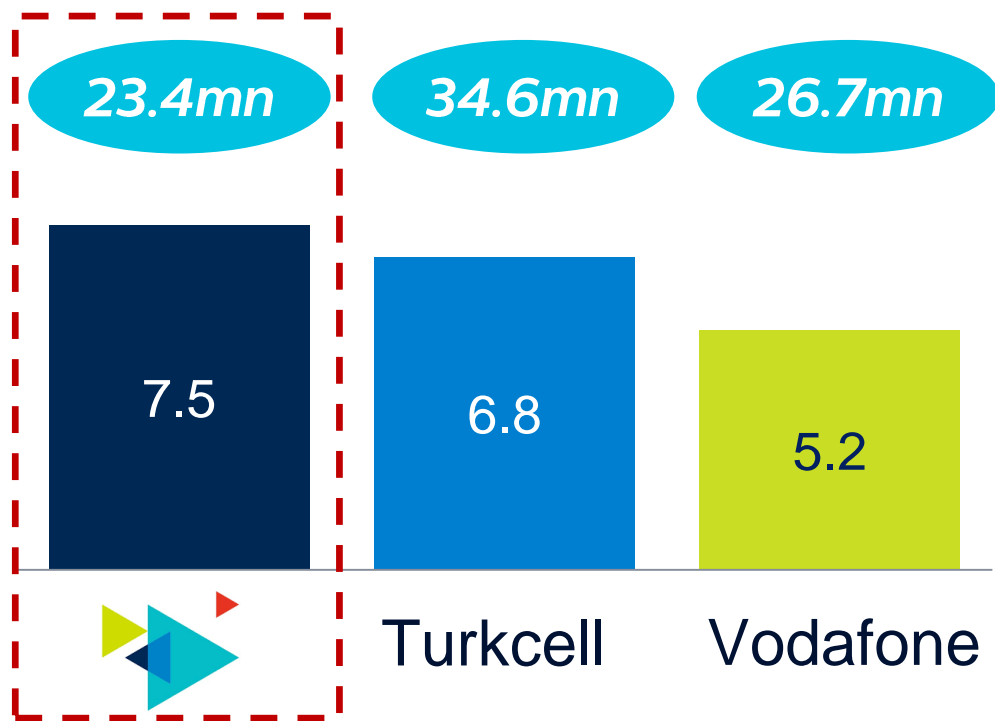


Getting ready for 5G  
via ongoing studies by Argela and Türk Telekom on RAN slicing, NFV and SDN

### Superior Spectrum Allocation



### Highest Spectrum Capacity Per Subscriber (MHz/Subscriber)

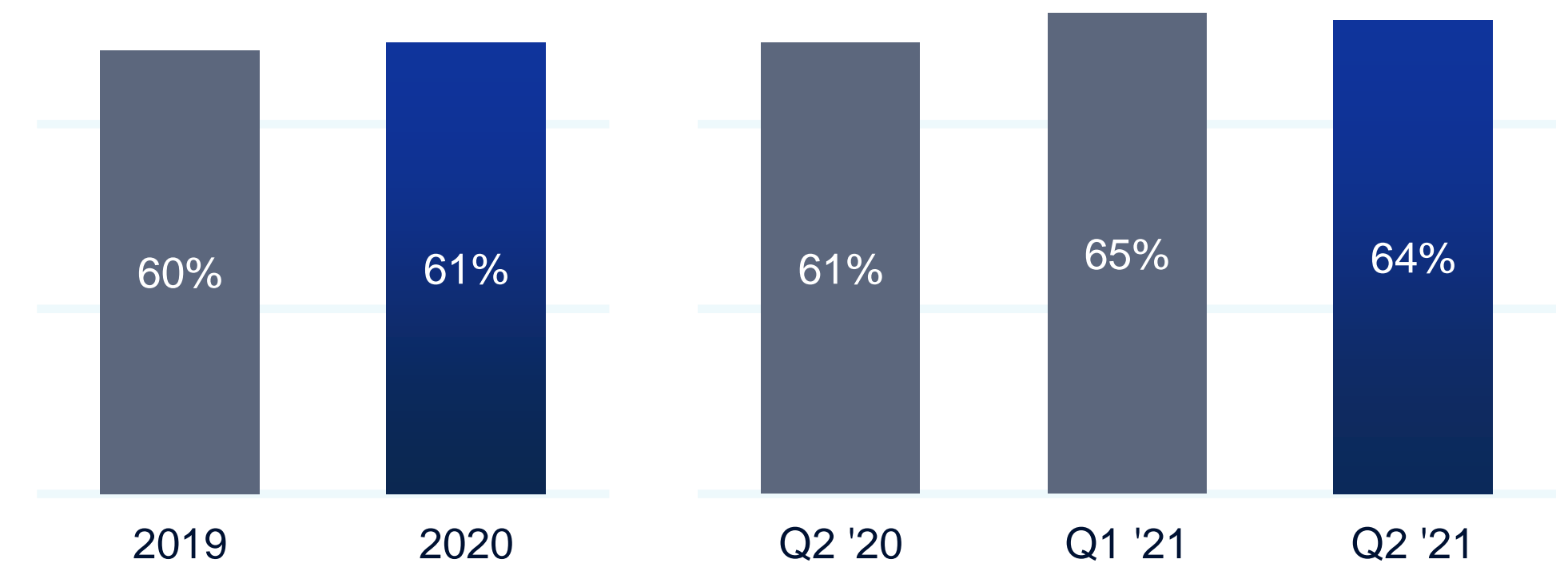


Source: ICTA

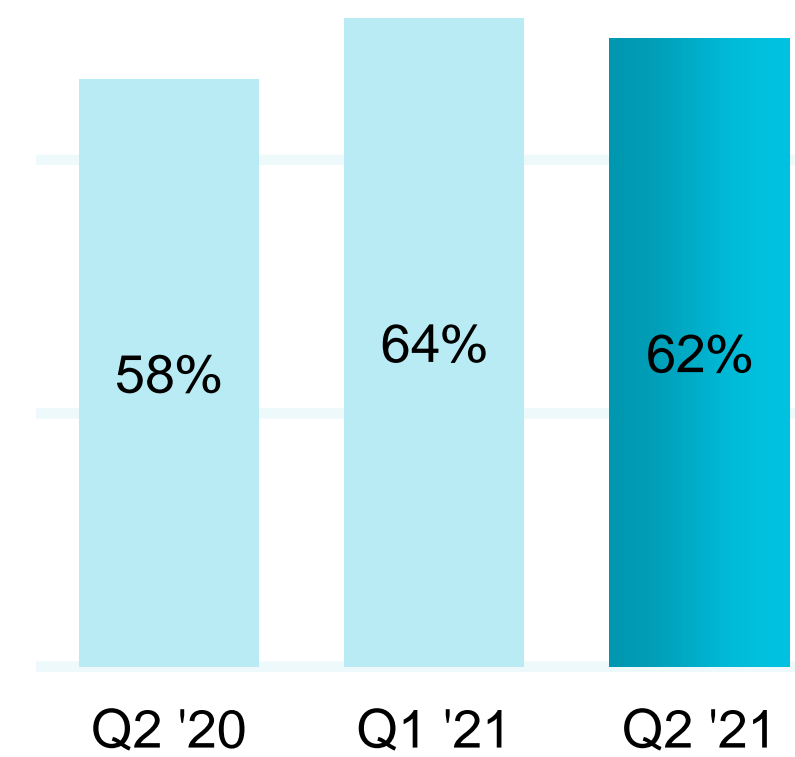




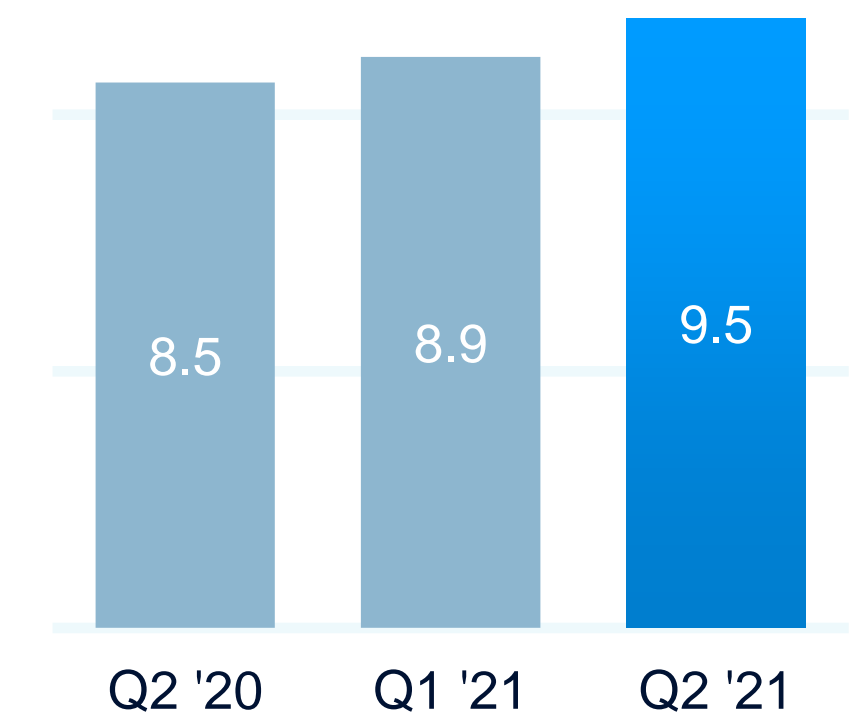
## Data Revenue (Mobile service revenue share)



## LTE Users\* (Total Subscriber share)



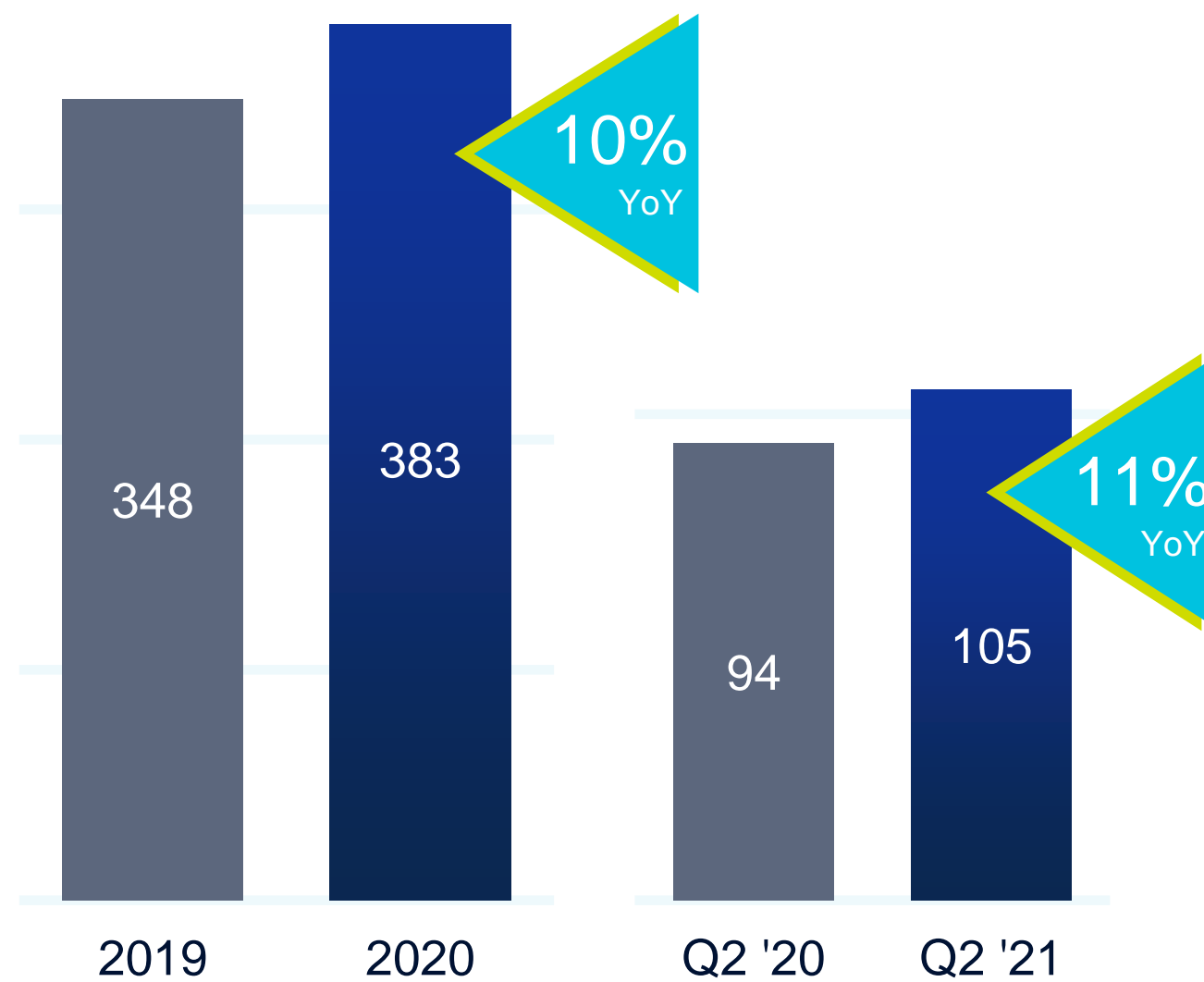
## Avg. Monthly Mobile Data Usage (GB per LTE user)



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

## TV Revenue

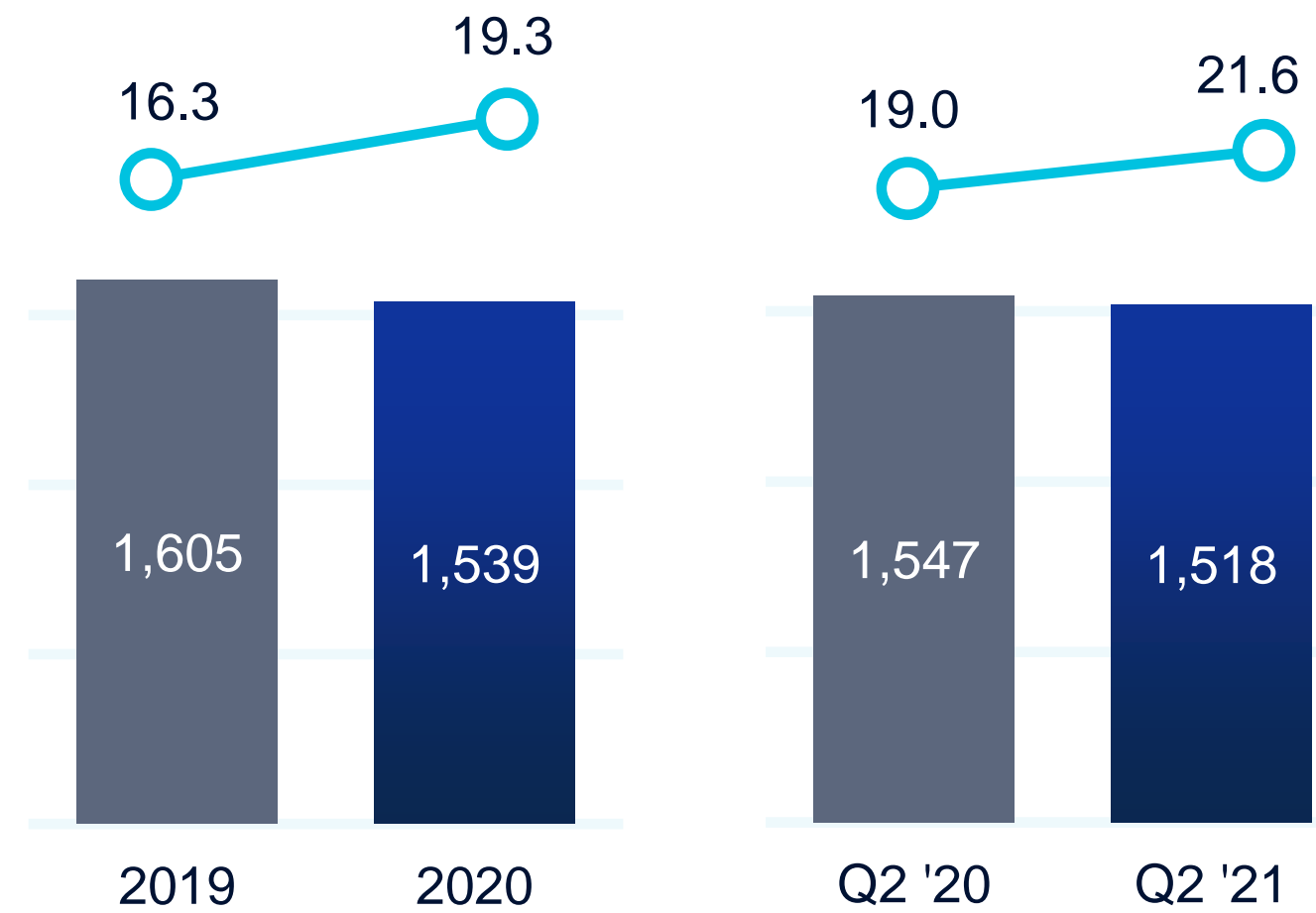
(TL mn)



## Tivibu Home Subscribers

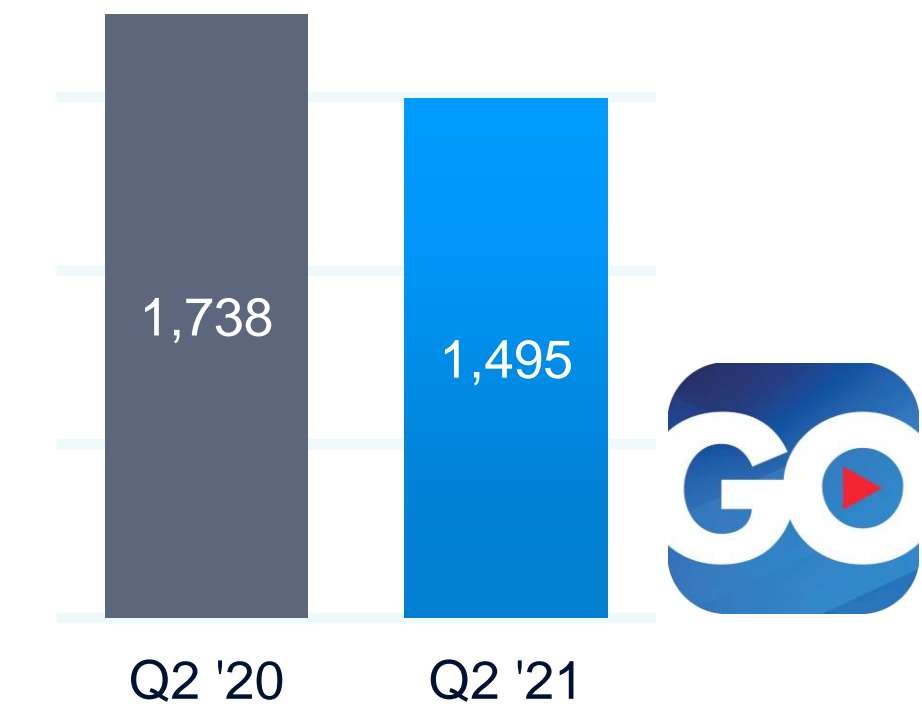
('000)

● ARPU (TL)



## Tivibu Go Subscribers

('000)



## Platform

## IPTV + DTH + Web TV + Smart TV

## Content

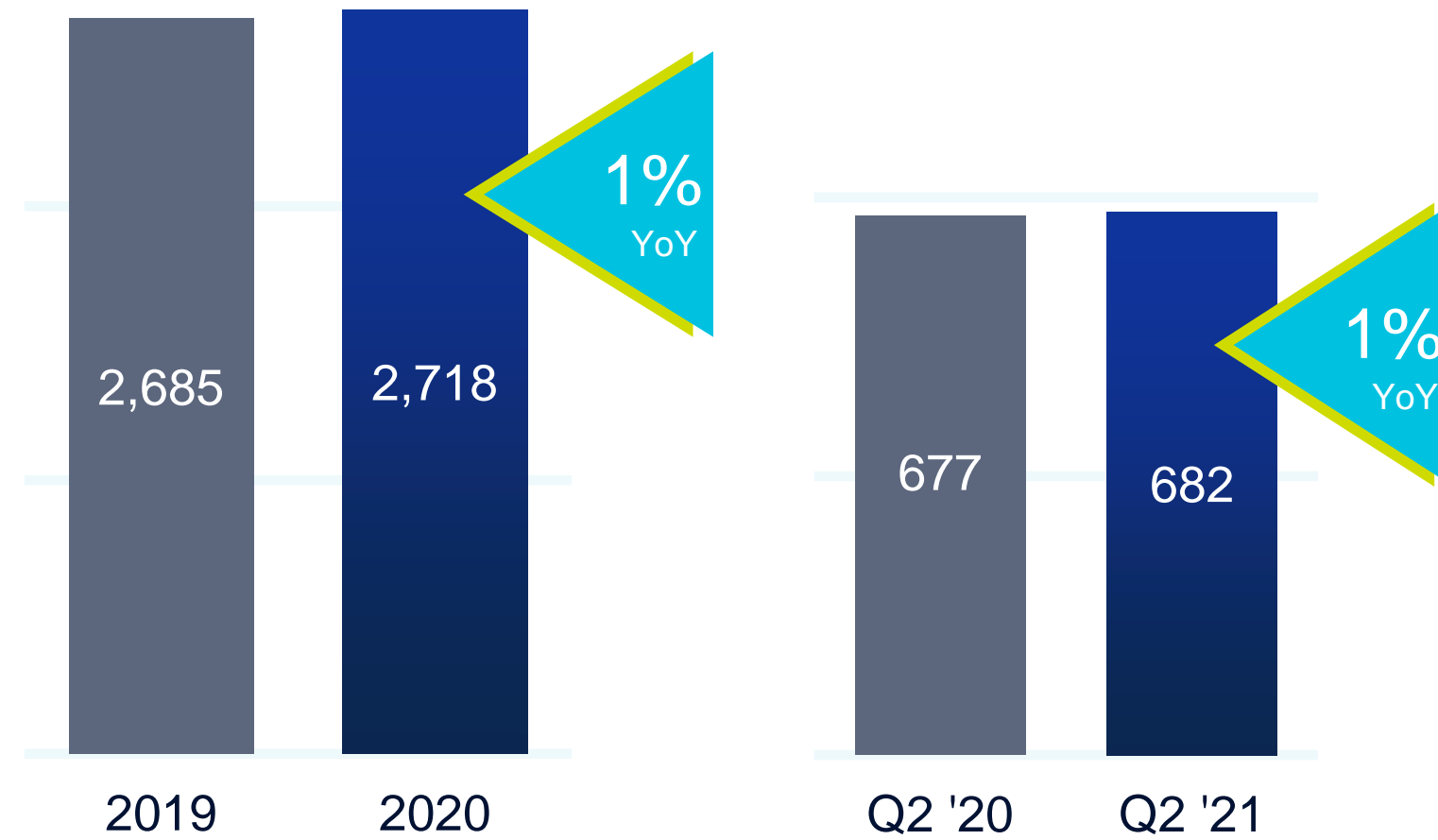
- ▶ Basketball Champions League
- ▶ NBA
- ▶ English Premier League
- ▶ Formula 1
- ▶ FA Cup

- ▶ Spain King Cup
- ▶ Belgium Pro League
- ▶ 4 Inhouse Sports Channels
- ▶ Kids, Documentary, Movie, TV Series and Sports Channels
- ▶ +7,000 on demand assets



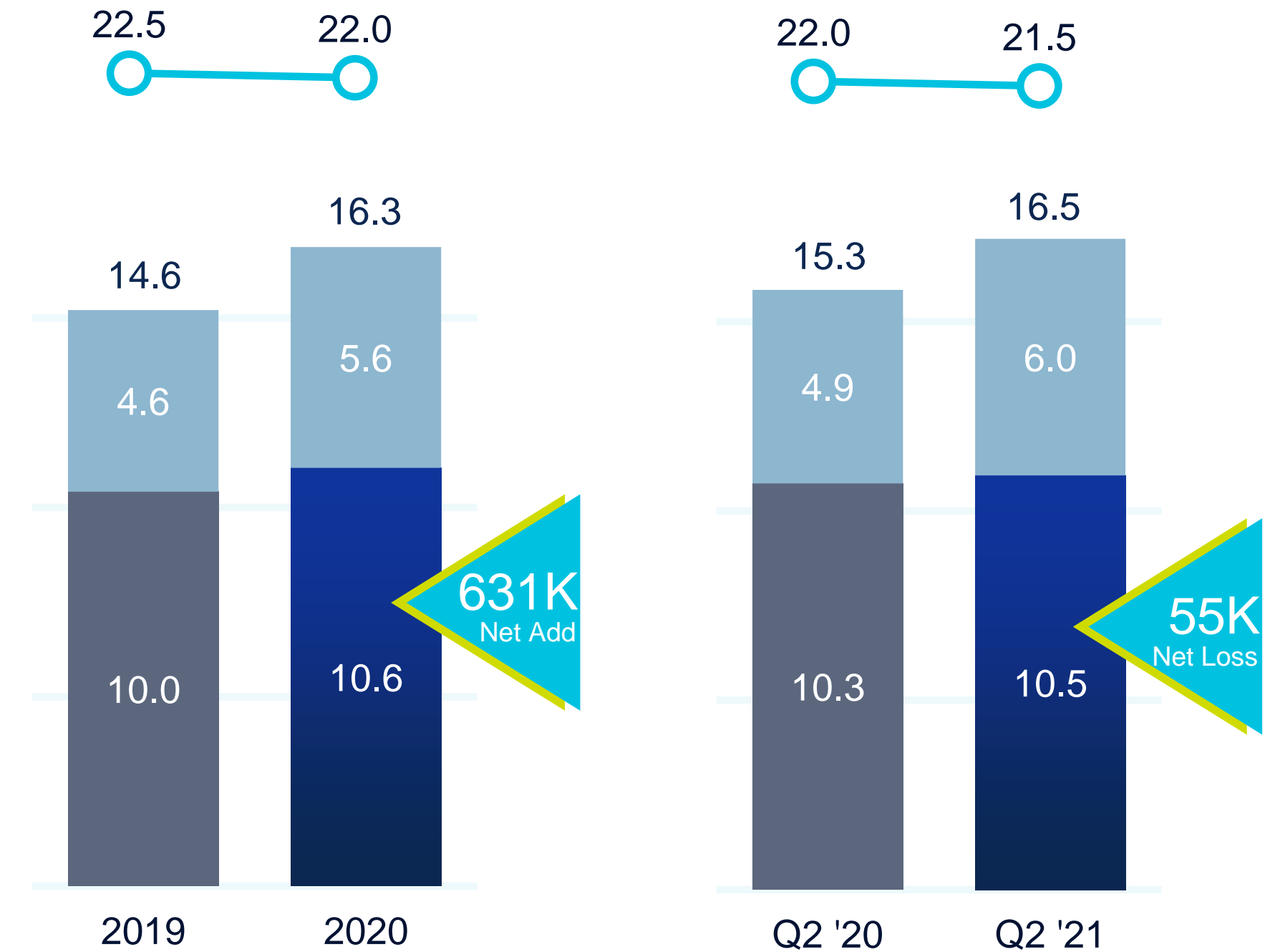
## Fixed Voice Revenue

(TL mn)



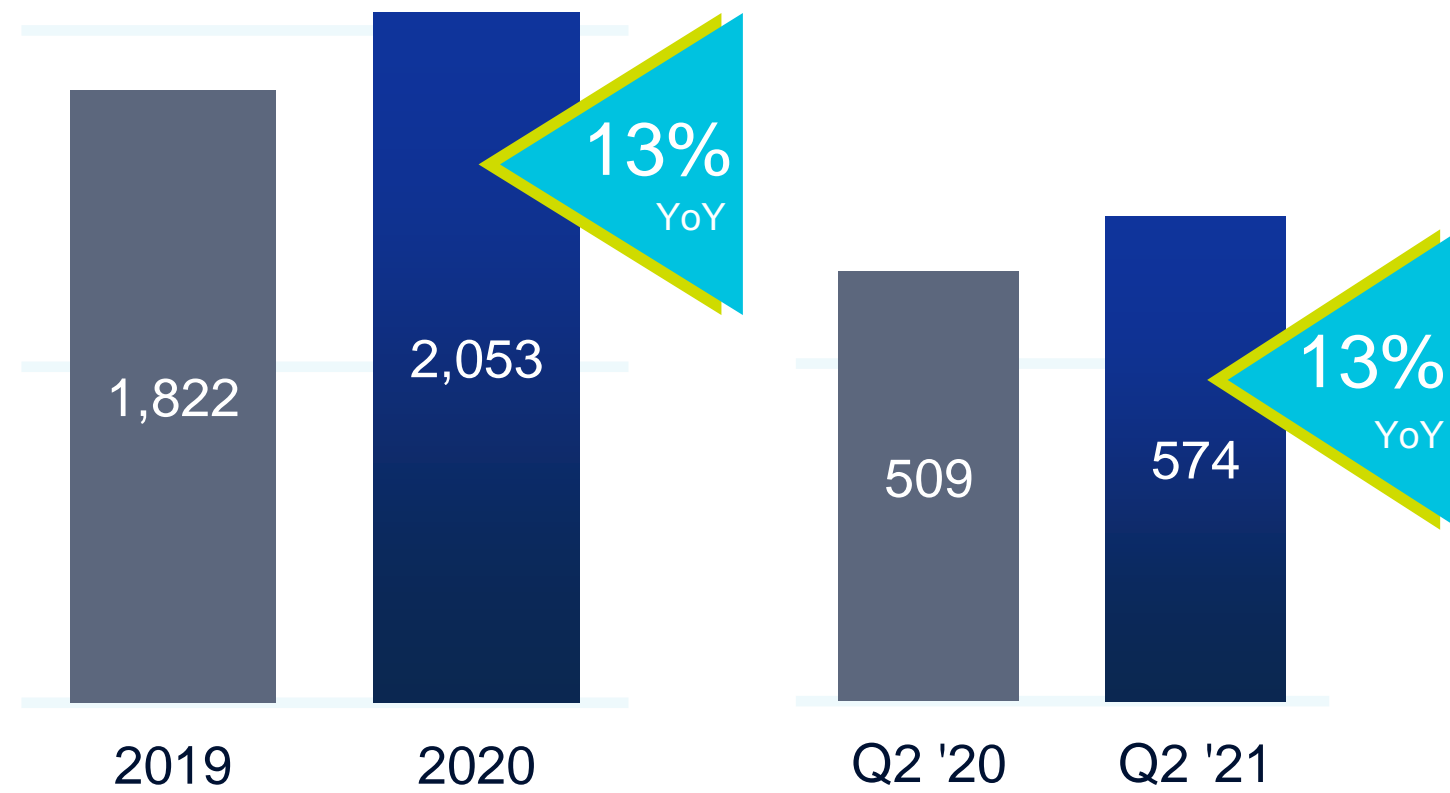
## Access Lines and ARPU

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



## Corporate Data Revenue

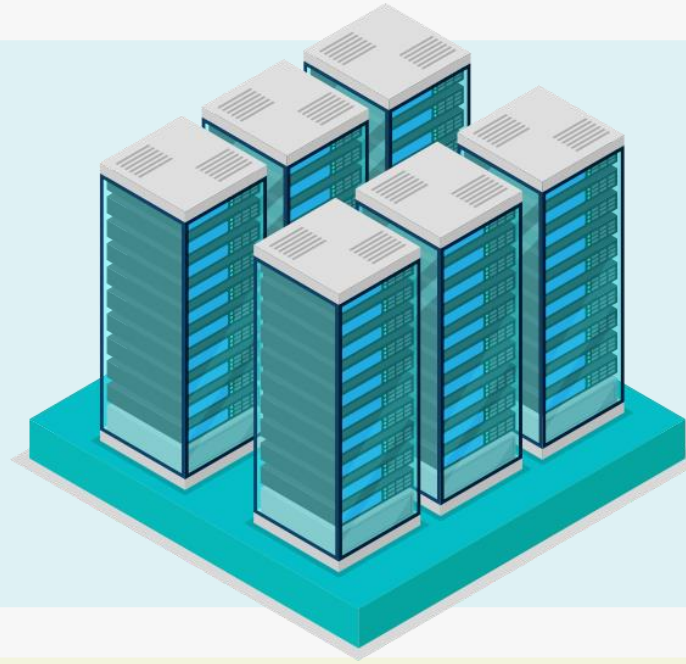
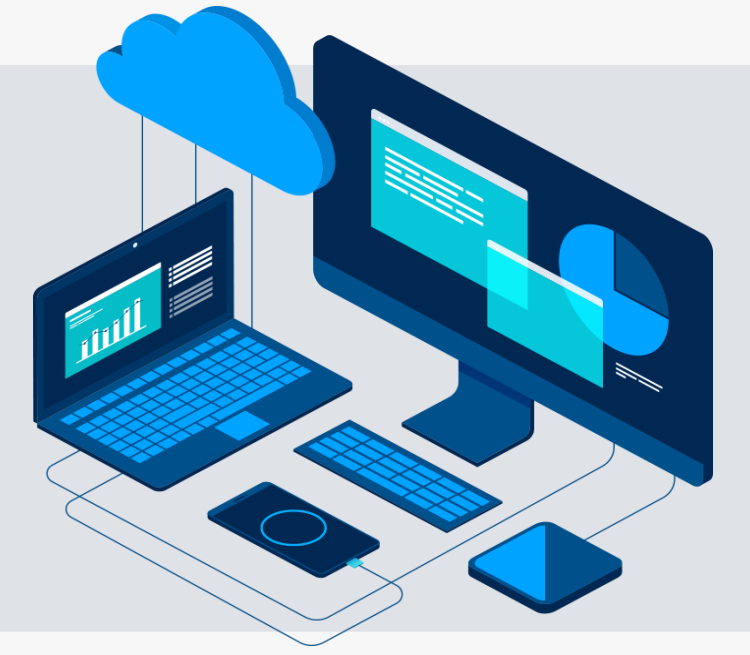
(TL mn)



## Conventional Corporate Data Services

Customer-oriented integrated communication solutions

Cloud Services, Metro Ethernet, TT VPN, Leased Line



## Data Centre and Cloud Services

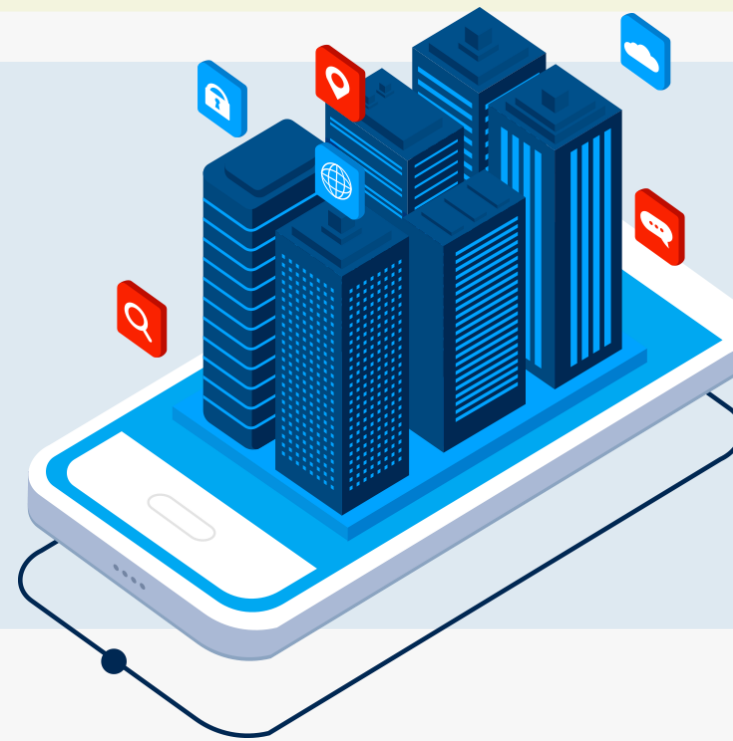
Secure, redundant, accessible services at high speeds in internationally certified data centres

Server hosting, rental, cloud server, storage, backup, cloud replication & backup, traffic forwarding, e-mail, e-work, 3 Centres: İstanbul Esenyurt (10K m2 white area), Ankara Ümitköy (2.5K m2 white area) and İstanbul Gayrettepe (1.6K m2 white area).

## Cybersecurity Services

Managed shared security services, cybersecurity centre, dedicated security services

DDoS, DDoS7+, Firewall, Active Defense (IPS), Advanced Threat Prevention (APT), Web Firewall (WAF), 24/7 Monitoring/Testing/Advisory, Attack and Phishing Simulations



## Professional Services and New Generation Cities

End-to-end integrator services that support digital transformation journeys  
Safe, sustainable and next-generation solutions for smart city projects



## TT Payment and E-Money Services



**TTPayment<sup>1</sup>** is a licensed payment and e-money institution that provides services since 2013 with safe and innovative products developed with a quality service approach.

**Our vision** is to become the biggest solution partner for all payment needs of **our customers with safe, easy, fast, innovative products & services that lead digital transformation.**

**NEW**

### Mobile Payment

- Türk Telekom provides payment method services exclusive to its mobile customers.
- Without the need for a credit card or cash, contracted merchant payments are reflected to the mobile invoice or deducted from the balance.
- Both postpaid and prepaid customers benefit.

### Institutional Bill Payment

- Fast and secure payments of electricity, water, natural gas, telephone, GSM operator and other bills at Türk Telekom Stores/Application Points.

### E-Wallet & Prepaid Card **Pokus**

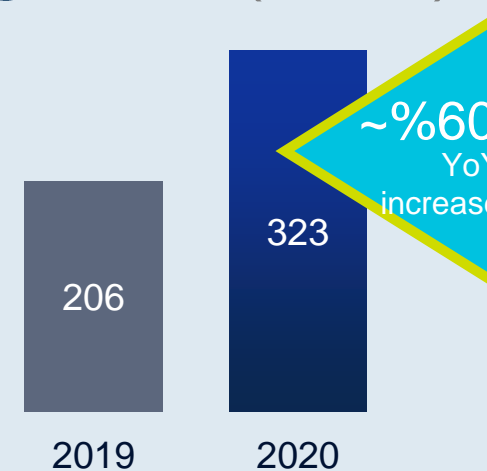
- A fast/easy-to-use digital wallet application with a user-friendly interface that provides banking services without the burden of procedure.
- App-connected, contactless and worldwide prepaid card with Mastercard scheme.
- Operator independent.

#### TT Payment in numbers

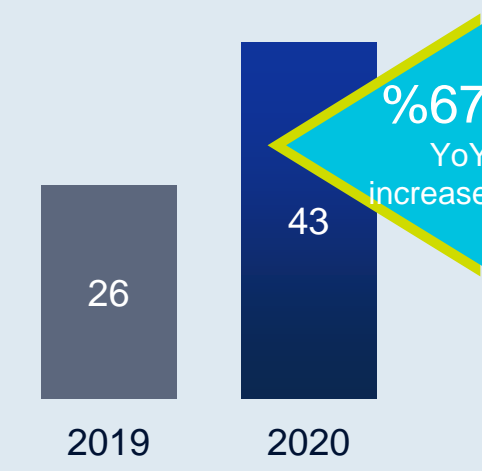
- Number of unique users up 51%
- Transaction volume up ~60%,
- Revenue up 67%.

TT Payment revenues are set to expand with Pokus.

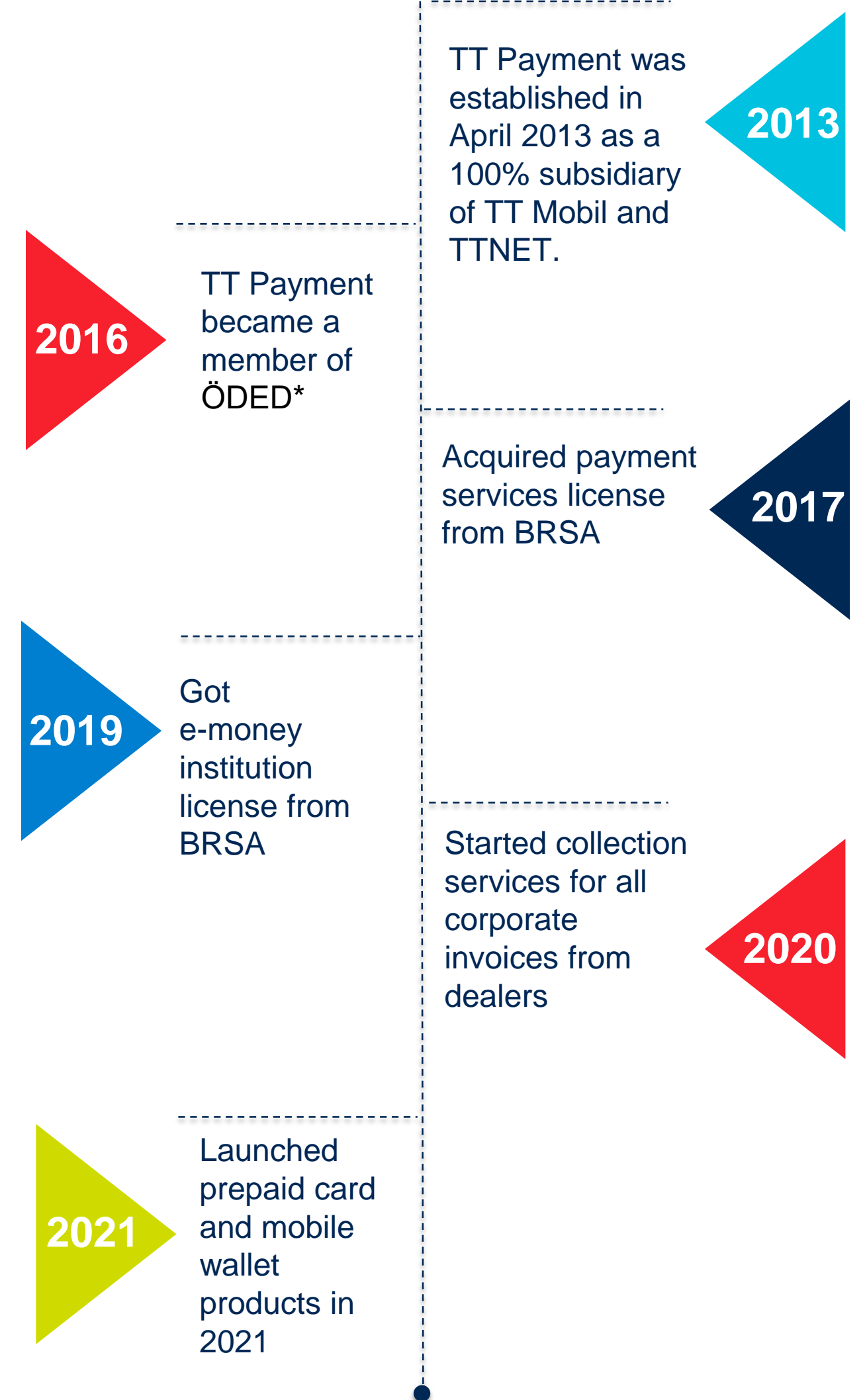
Trading Volume (TL mn)



Revenue (TL mn)

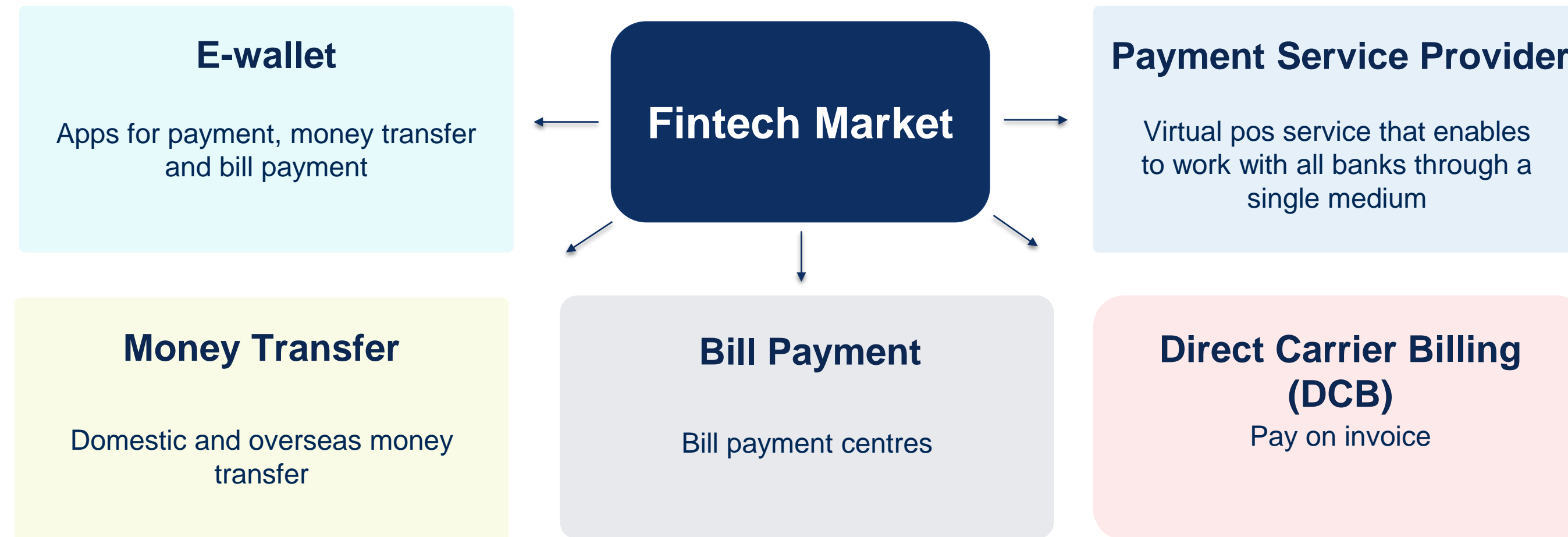


<sup>1</sup> Türk Telekom Ödeme ve Elektronik Para Hizmetleri A.Ş. (TTÖHAŞ), TTOdeme in short, stands for TTPayment in English.

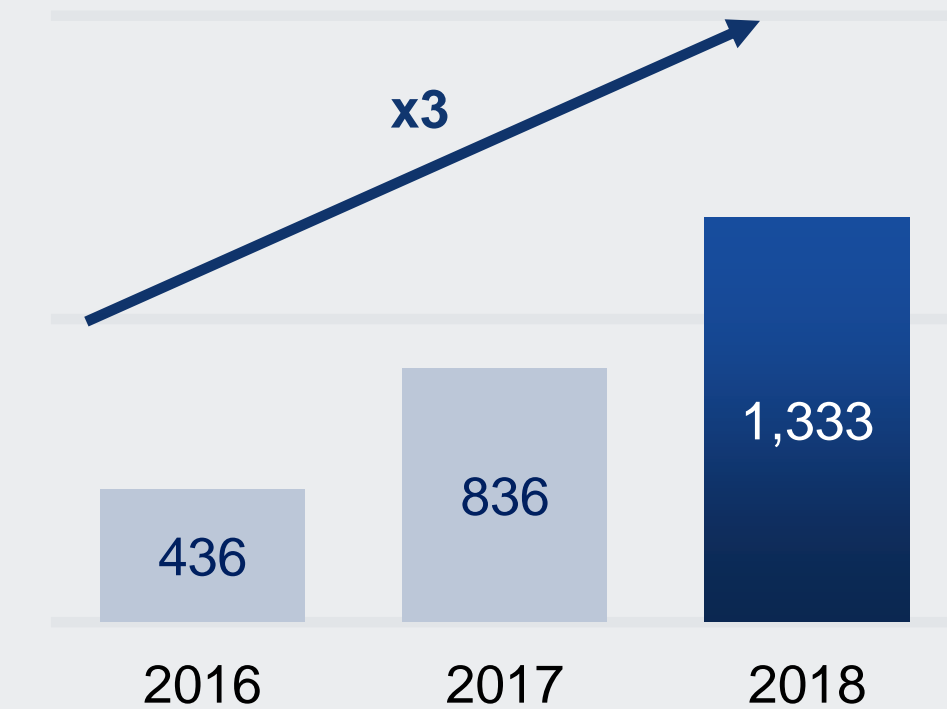


\*Ödeme ve Elektronik Para derneği

## Turkish Fintech Market



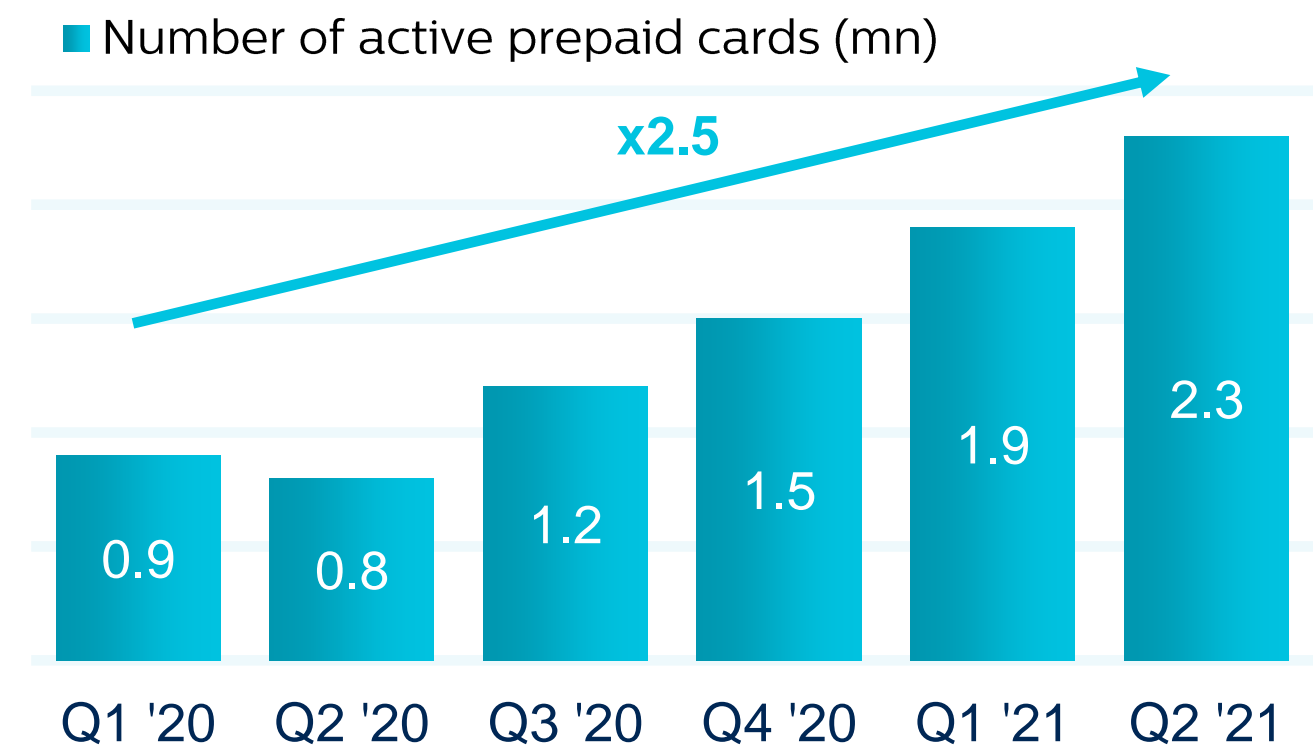
### Turkish Fintech Companies' Revenues (mn TL)



### Prepaid Card Market (as of Q2 '21)

- ▶ Europe's largest card market.
- ▶ 50 million of 192 million debit cards are prepaid cards.
- ▶ The share of Fintechs in prepaid cards is **40%**.
- ▶ The fintech card market grew **43%** YoY in total number of cards.
- ▶ c.**80%** of the shopping transaction volume made with prepaid cards of fintechs.

### Top 5 Players





## Pokus: New E-Payment Solution



- ▶ **E-wallet application** of TTPayment\* + prepaid card
- ▶ Load-spend; no overdraft, **no subscription fee**
- ▶ Valid all over the world with **Mastercard** assurance
- ▶ **Easy, fast financial services** without any procedures
- ▶ App-linked, **contactless card**
- ▶ **Operator independent**
- ▶ **Money loading/withdrawal, 24/7 domestic and overseas money transfer, bill payments, spend-split transactions, P2P sending/requesting money**

## Pokus: Roadmap and Targets

### Strategy

- ▶ Simple/Digital customer experience
- ▶ Access to financial services through one application

### Synergy

- ▶ Türk Telekom technology and ecosystem
- ▶ Vast subscriber base and efficient sales channels
- ▶ Campaigns, cross-selling, retention



**Number of users** by end-2025

**5 mn**

**Transaction volume** by end-2025

**1.5 bn TL**

**EBITDA and FCF** by end-2023

**Positive**





# Strategy



# Strategy Focused on Sustained Profitable Growth

## Core Services

### Growth and digitalisation in main business lines

- ▶ Strong growth and leadership in retail and wholesale fixed broadband
- ▶ Provide high quality and fast internet access nationwide and lead Turkey's fibre transformation
- ▶ Increase number of access lines and expand household print
- ▶ Achieve fair market share in mobile, focus on value creation
- ▶ Create Turkey's leading digital TV/OTT platform with tech upgrade and attractive content

## New Income Areas

### Growth in new areas supporting our main business

- ▶ Pursue value accretive TV/OTT and ICT/Cloud investments
- ▶ Consumer/Enterprise focused digitalisation
- ▶ Provide accessible cloud/computing/IoT solutions
- ▶ Large scale ICT projects (smart cities, health campuses, etc.)
- ▶ Additional value creation via subsidiaries and new venture capital initiatives

## Customer Focus

### Redefining customer experience

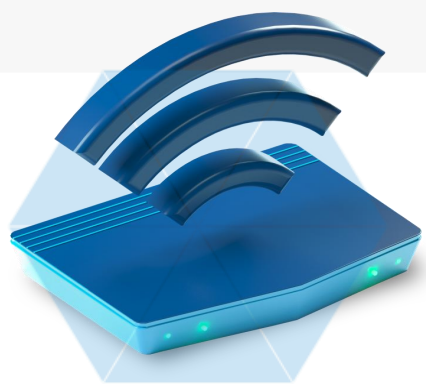
- ▶ Attain best in class digital, end-to-end customer experience
- ▶ Develop customer-oriented, agile working models
- ▶ Provide personalised offers and content, in addition to digital products and services

## Efficiency

### Improving efficiency with digitalisation and new operational models

- ▶ Increase efficiency with digitalisation, virtualisation and new working models
- ▶ Strict cost control and rigorous capex management
- ▶ Lean technology and streamlined organisation
- ▶ Be ready for 5G and next generation technologies

## Broadband



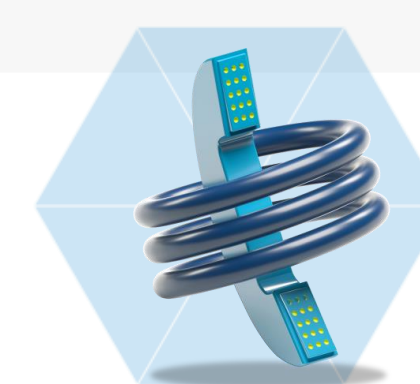
- ▶ Increase fixed broadband penetration
- ▶ Efficient use of diversified sales channels
- ▶ Upsell to higher speeds and capacities

## Mobile



- ▶ Gradually increase market share
- ▶ Encourage data usage
- ▶ Maximise value

## Fixed Voice



- ▶ Synergy offers & cross-sells
- ▶ Protect fixed voice position via cross-sell offerings

## Pay TV (Home and GO)



- ▶ Increase market share
- ▶ Improve customer experience
- ▶ Aim to monetise existing subscriber base

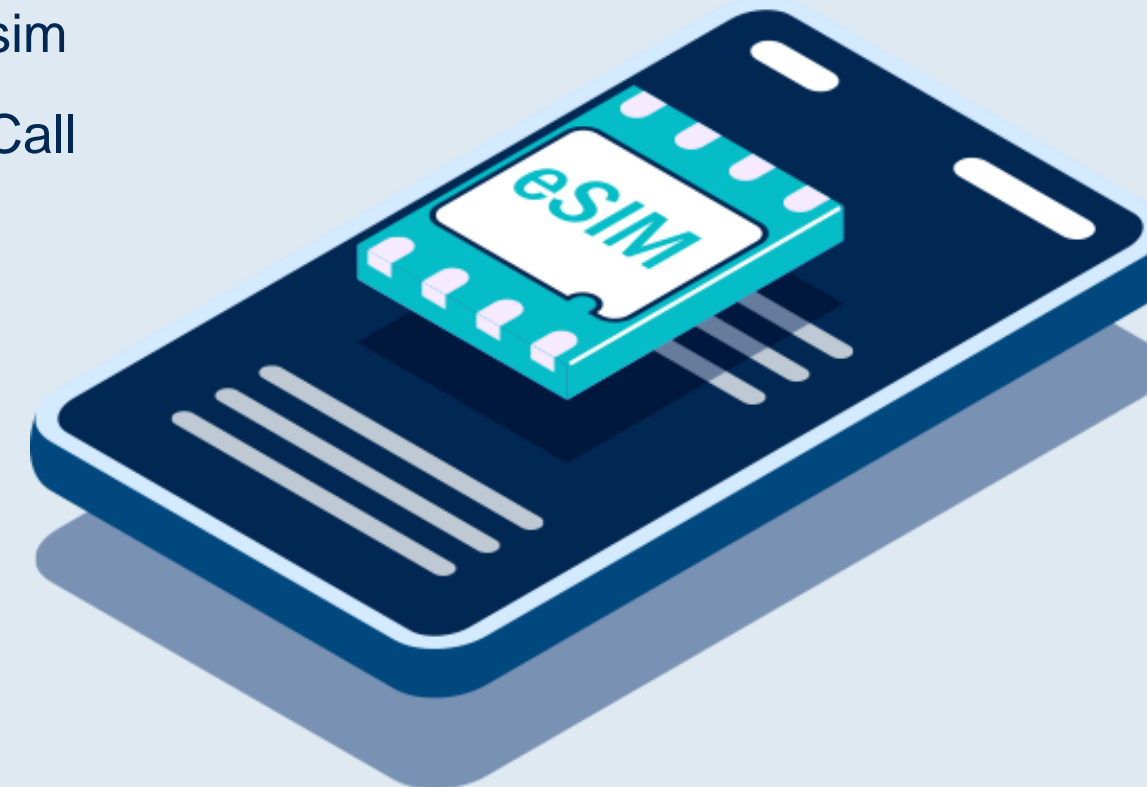
### Smart Cities

- ▶ 9 smart cities with Türk Telekom



### Vehicle-to-Everything (V2X)

- ▶ E-sim
- ▶ E-Call



### E-Health

- ▶ LIGHT
- ▶ Mobile EKG
- ▶ Smart organ carrying units



### Media & Entertainment

- ▶ Turkey's first 5G live match via 360 degrees VR technology
- ▶ World record by reaching above 2.92 Gbps speed



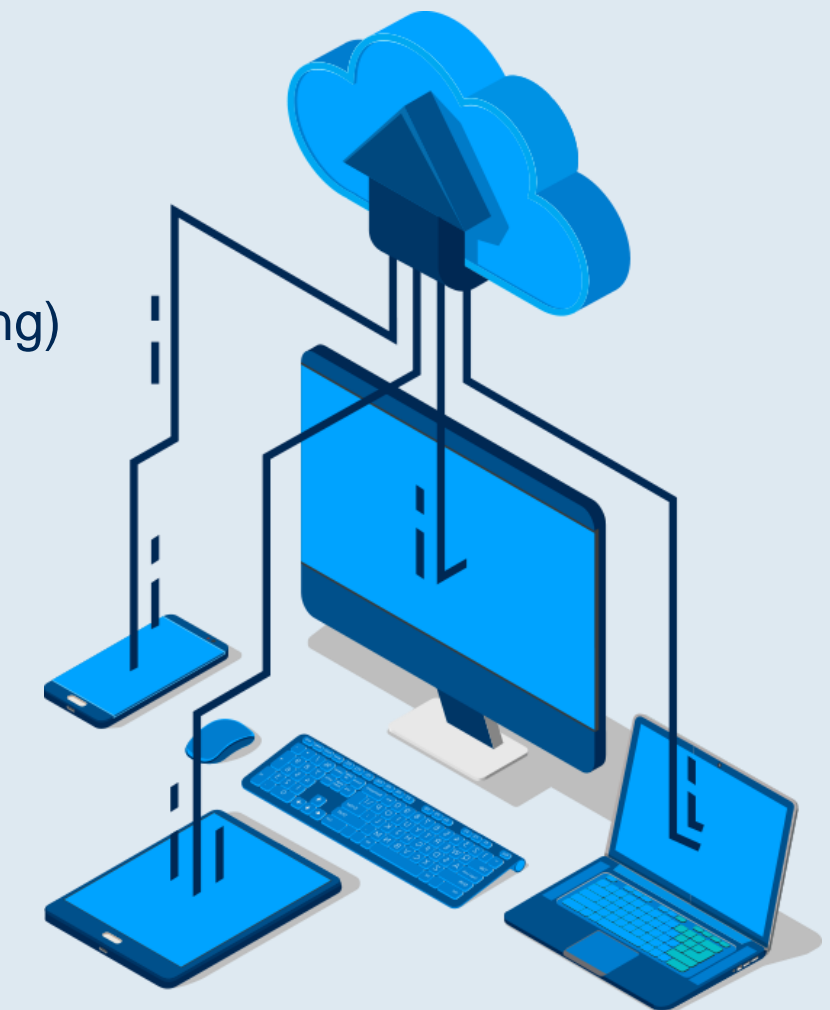
### Industry 4.0

- ▶ Smart factory solutions to minimise errors in industrial applications and maximise production & efficiency
- ▶ Digitalisation
- ▶ B2B Solutions



### Cloud Network

- ▶ SDN (Software-Defined Networking)
- ▶ NFV (Network Function Virtualisation)
- ▶ Network Slicing







Preparations for 5G with pilot 5G test networks

45% of LTE base stations connected with fibre

Work to manage the 5G network with AI technology

First Industry 4.0 5G test in Turkey

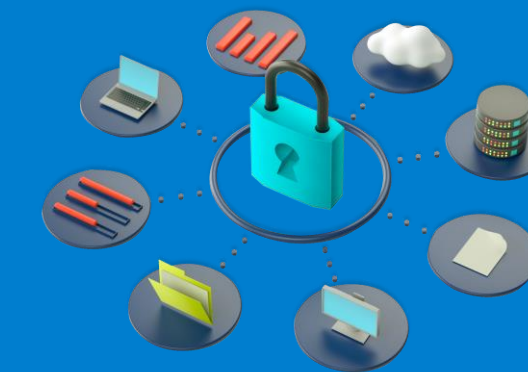


Leading largest smart city projects in Turkey with next generation projects

**ARGELA NETSIA**



Working on transformation of network ahead of 5G



Working with Argela for SDN& NFV based cybersecurity solutions

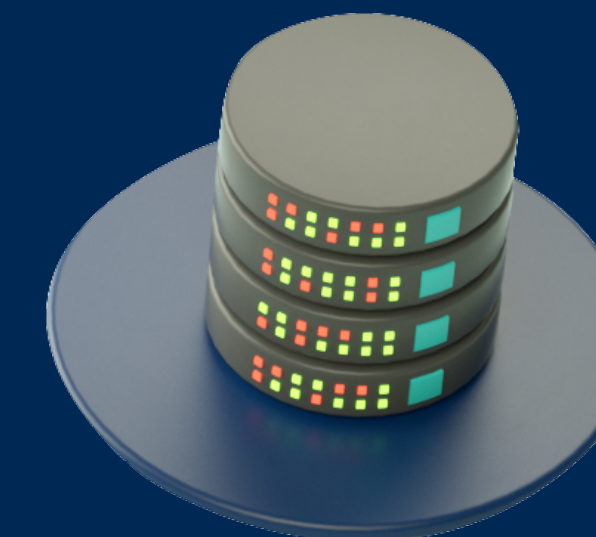
Turkey's largest Cyber Security Service Centre, provides 24/7 monitoring, consultancy and incident response services

Turkey's highest capacity DDoS Protection Infrastructure



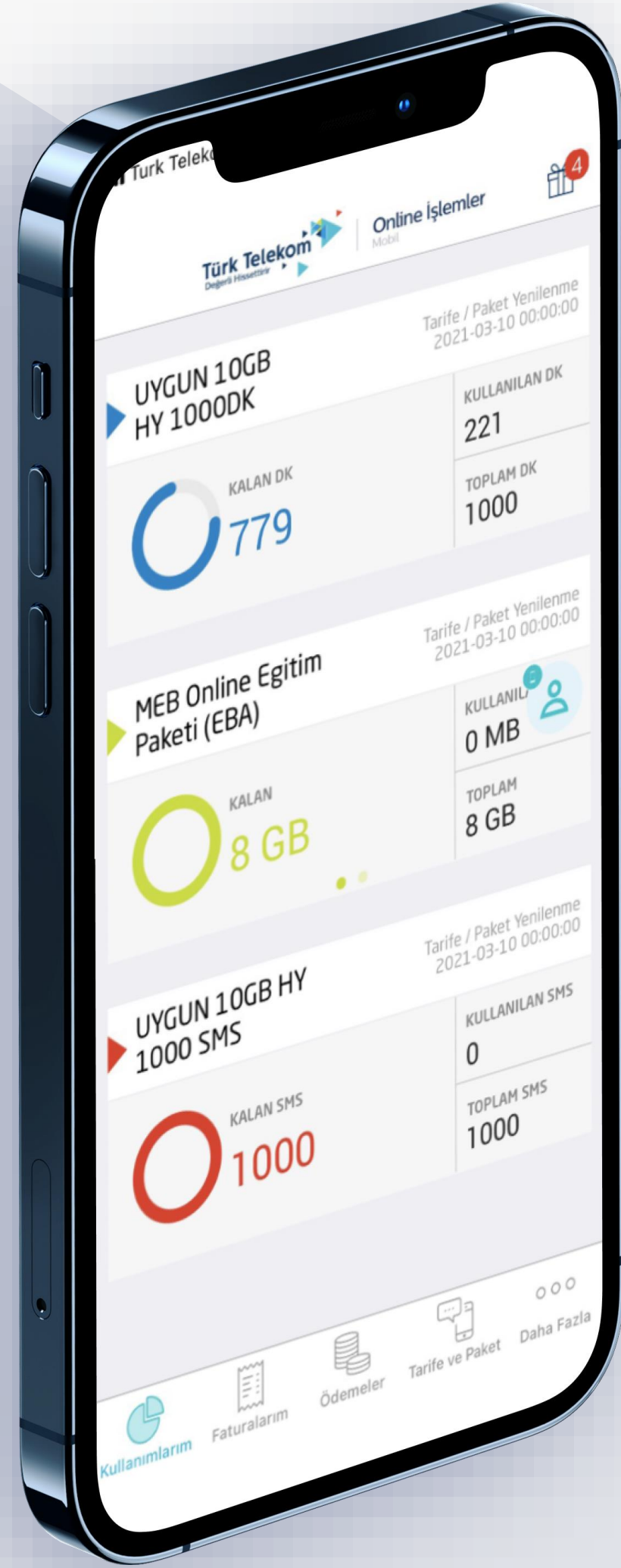
Best in class cloud computing solutions

Unified telecommunication services to corporates



Türk Telekom, Arçelik and Nokia collaborated to establish Turkey's first private future-proof 5G wireless network

Türk Telekom's mobile network IT provisioning processes on the 5G path are optimised using the Ericsson Dynamic Activation (EDA) platform



- ▶ Continuous expansion of digital services for **best in class customer experience**
- ▶ **One login** - accessing all Türk Telekom products from mobile and broadband to fixed voice and TV
- ▶ **Online Transactions Application** - a wide range of services: invoice payments, TL uploads, recontracting, upselling and application for new subscriptions

16 mn

Unique users  
in Q2 '21<sup>1</sup>



52 mn

Downloads as  
of Q2 '21



80%

The share of  
collections  
through digital  
channels<sup>2</sup>



40%  
YoY increase

TL uploads and  
invoice  
payments via  
online channels  
in Q2 '21

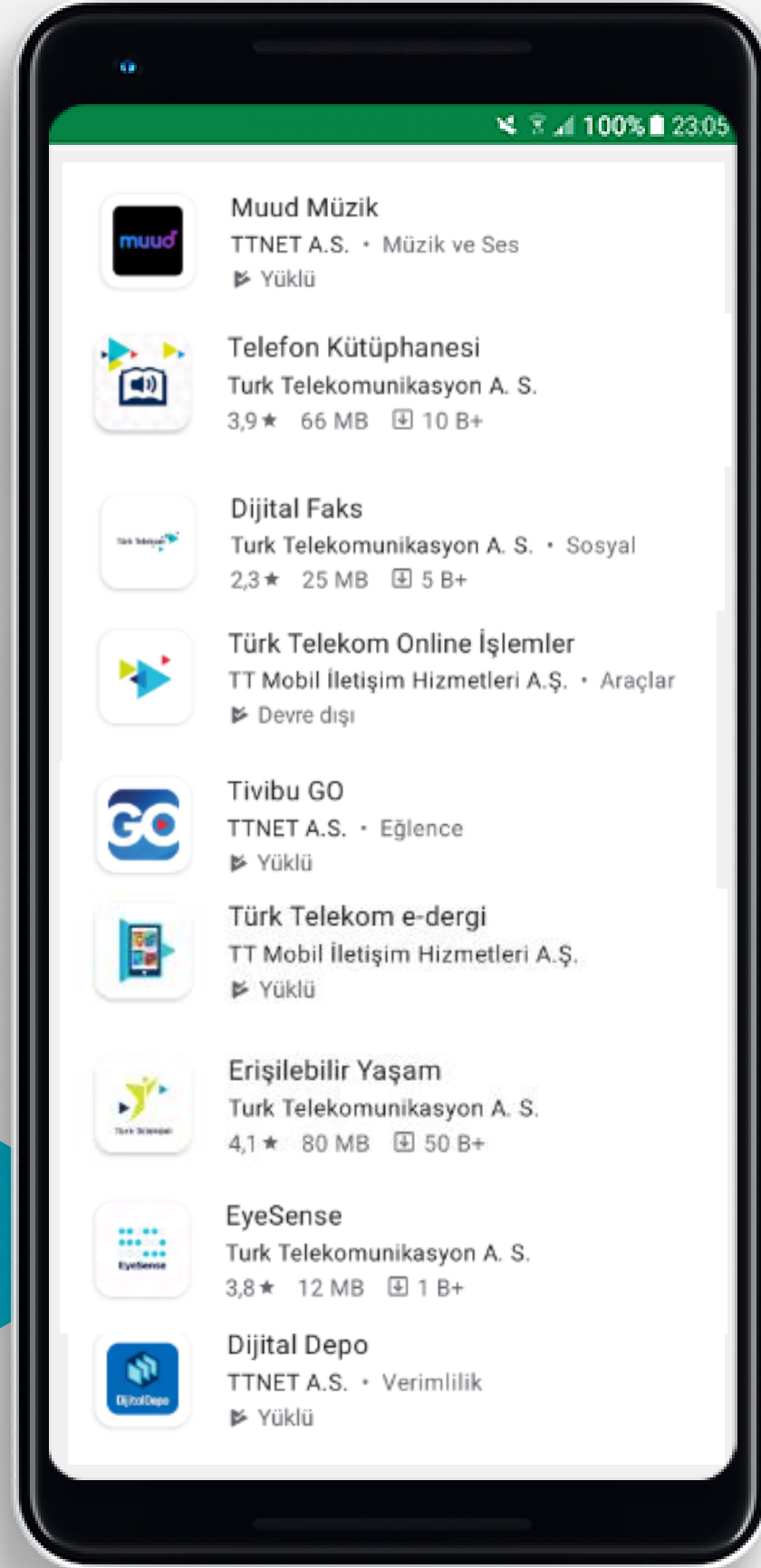


<sup>1</sup> Online Transaction Application 3-Month active user

<sup>2</sup> Share in the consumer segment



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



## Turkey's new generation TV platform: Tivibu GO

**Launch: 2010**  
Türk Telekom's all-in-one, multi-screen support TV platform which provides national and exclusive linear channels, thousands of movies, documentaries, series and catchup programs



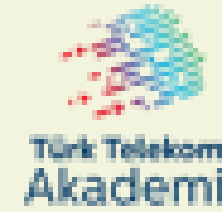
## Turkey's enriched digital music platform: Muud

**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 platform



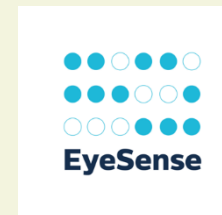
## Türk Telekom's education platform: Türk Telekom Akademi

**Launch: 2018**  
Education platform for Türk Telekom employees has been relaunched and now available to all Turk Telekom internet subscribers



## Turkey's interactive education platforms: Vitamin & Raunt

**Launch: 2008**  
Turkey's biggest online education platforms: Vitamin for pre-school to high grades students, Raunt for universiy preparation



## Award-winning application for the people with visual disabilities:

**Launch: 2018**  
People with visual disabilities can take pictures with the voice warning system using both selfie and the front and rear cameras of the phone.



## Turkey's first smart and hyperlocal digital keyboard: Tambu

**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 Türk Telekom mobile users



## Turkey's most comprehensive security platform: Türk Telekom Security

**Launch: 2009**  
Turkey's most comprehensive and secure anti-virus and family protection service



## Turkey's widest wifi broadband network: Türk Telekom 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



## New E-payment solution: Pokus

**Launch: 2021**  
Türk Telekom's simple / digital platform that provides access to financial services through one application





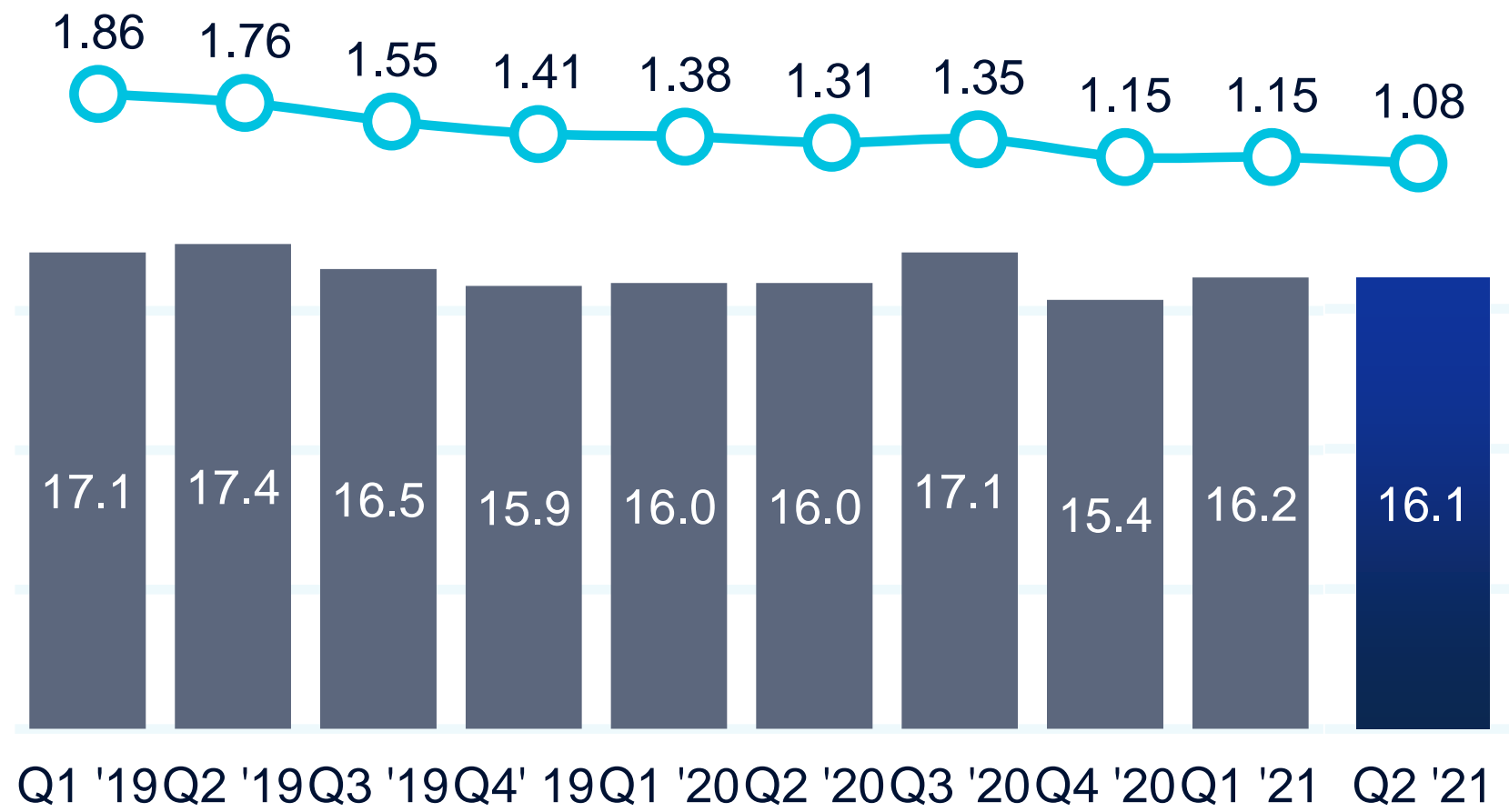
# Financial Highlights





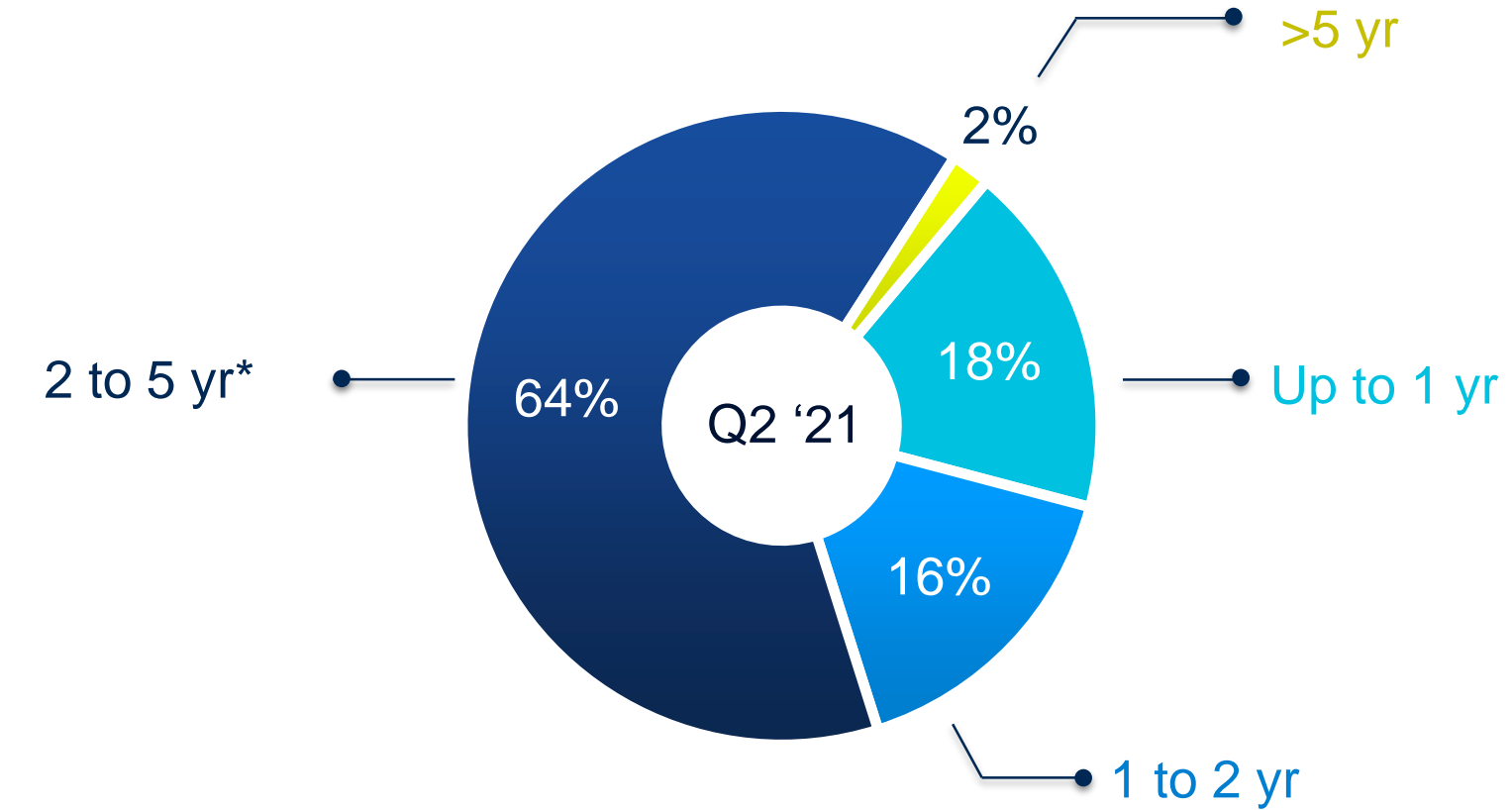
## Net Debt

■ 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.

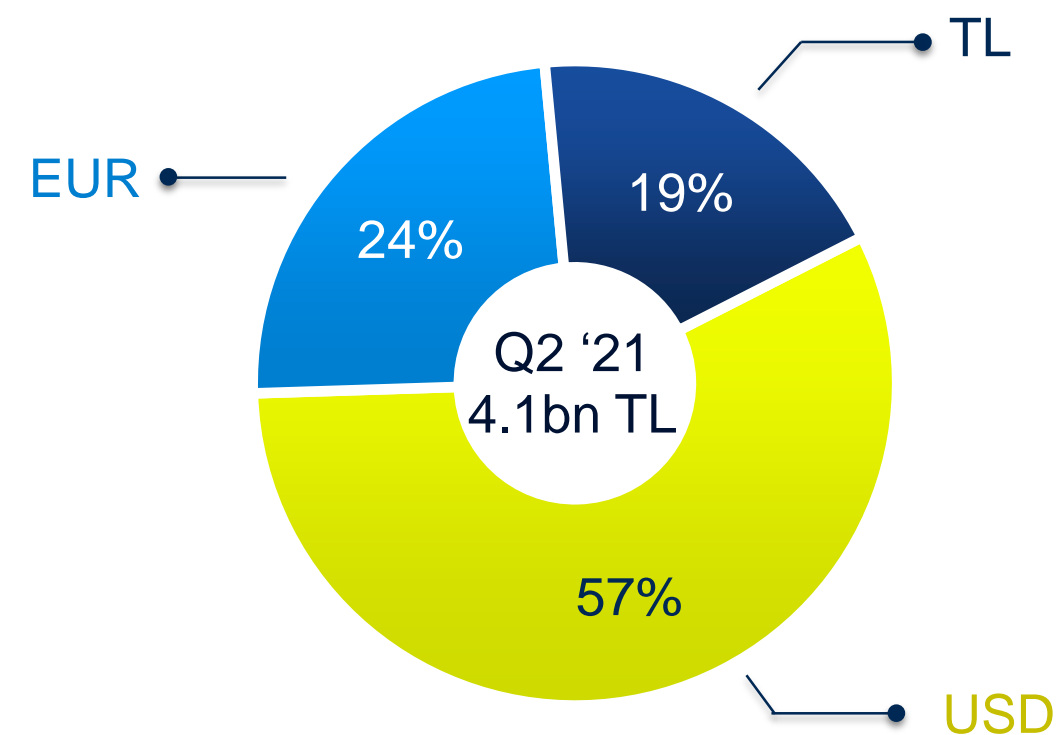
## Maturity Profile



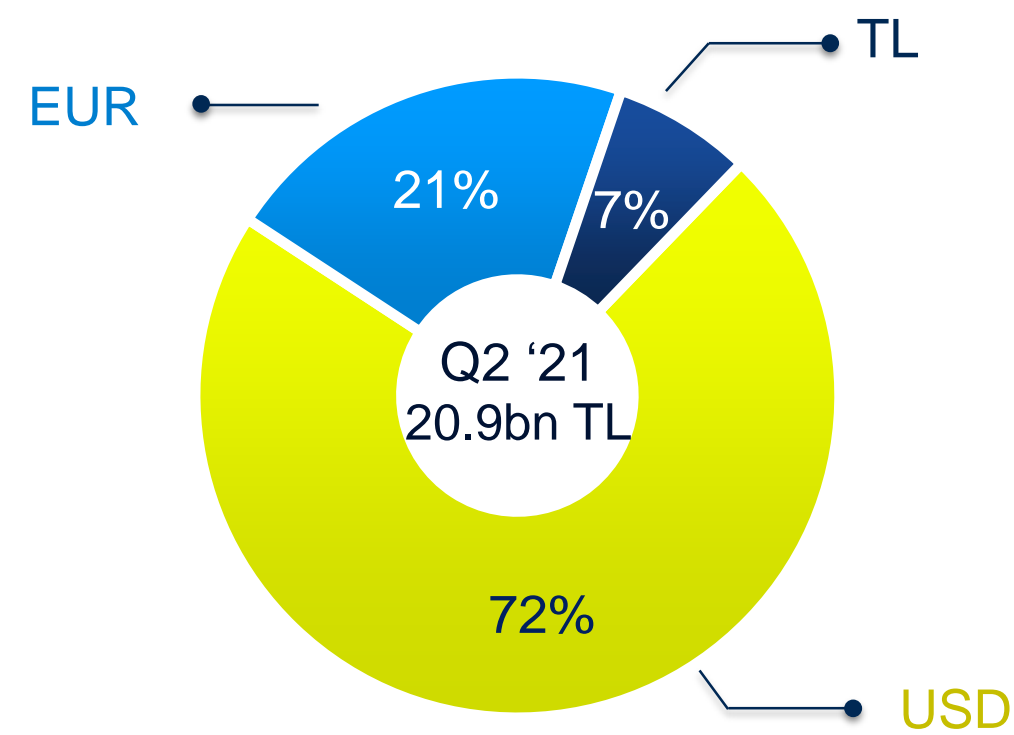
All loans are senior unsecured

\* including 2024 & 2025 maturity bonds (USD 500 mn each)

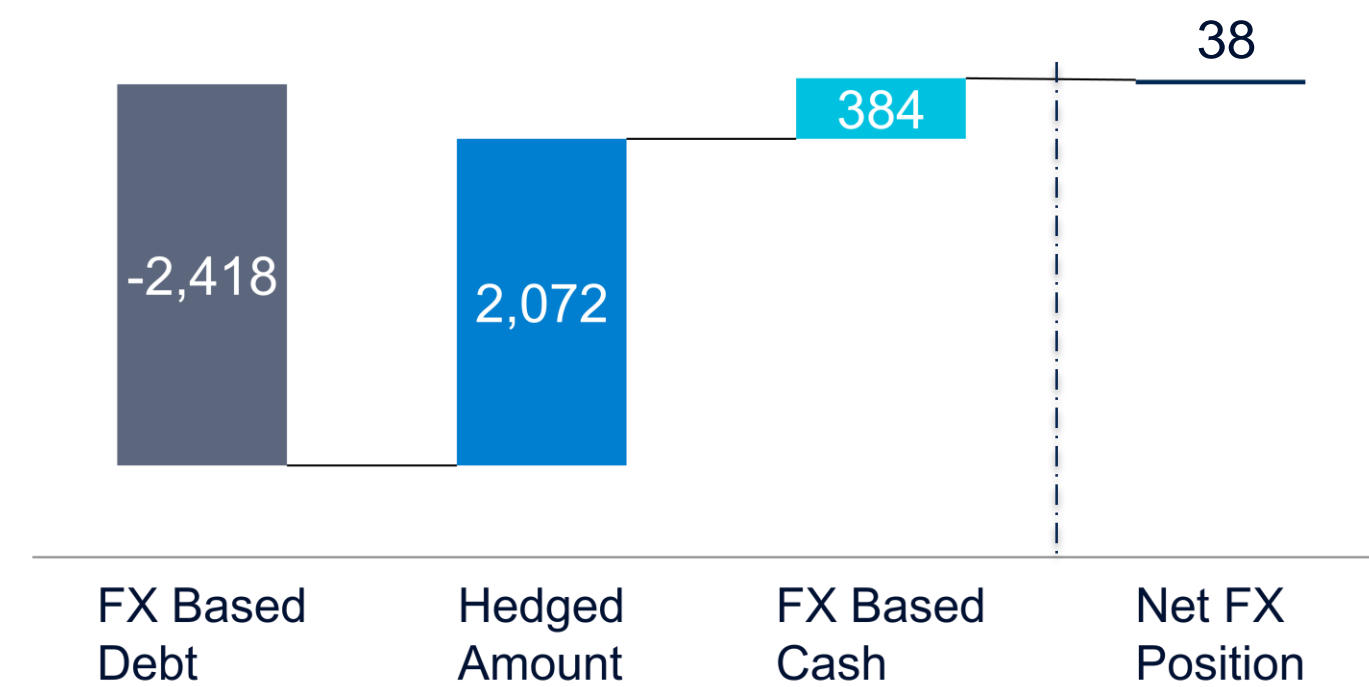
## Cash – Currency Breakdown



## Gross Debt – Currency Breakdown



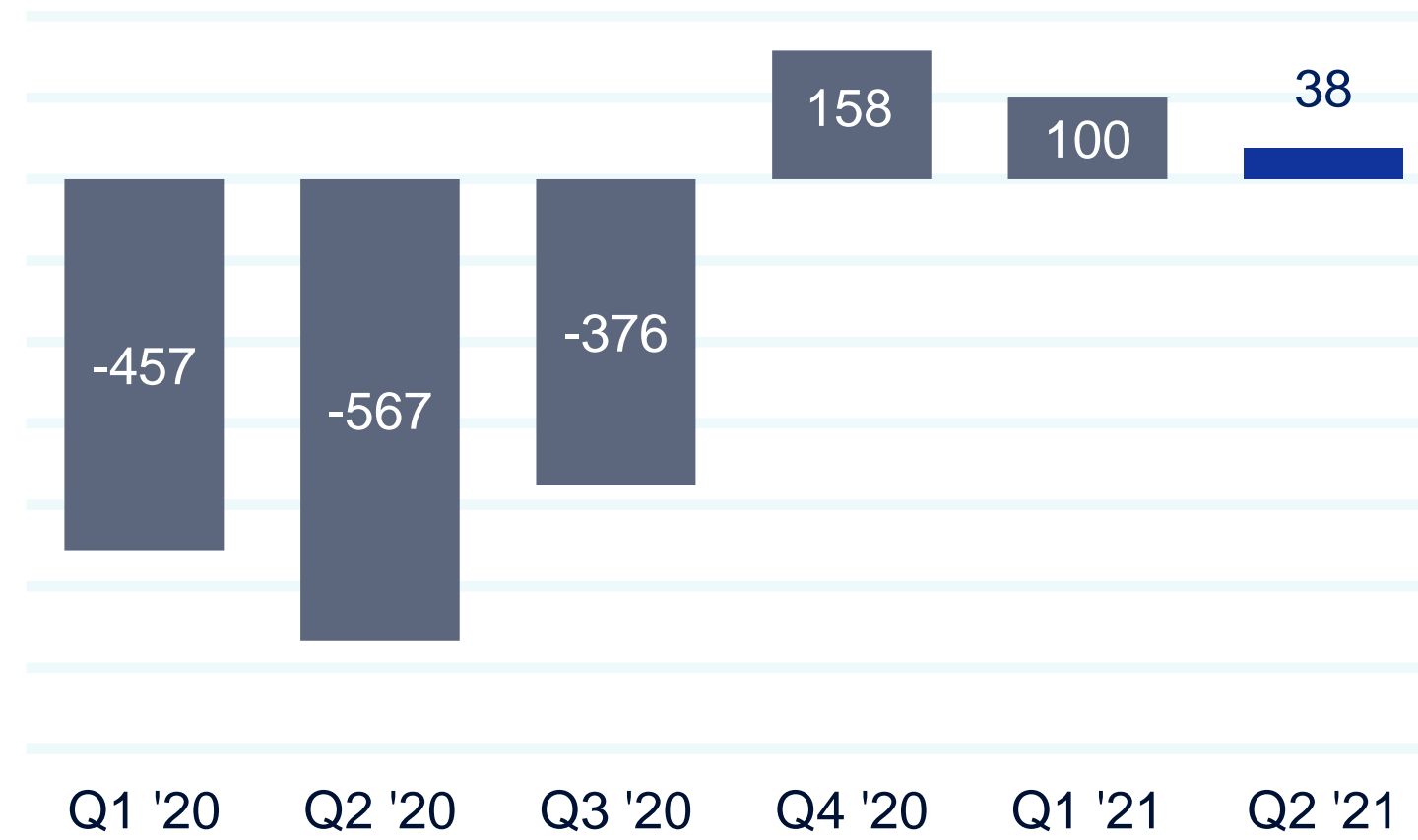
## Hedge – Composition of FX Position



\*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 \*

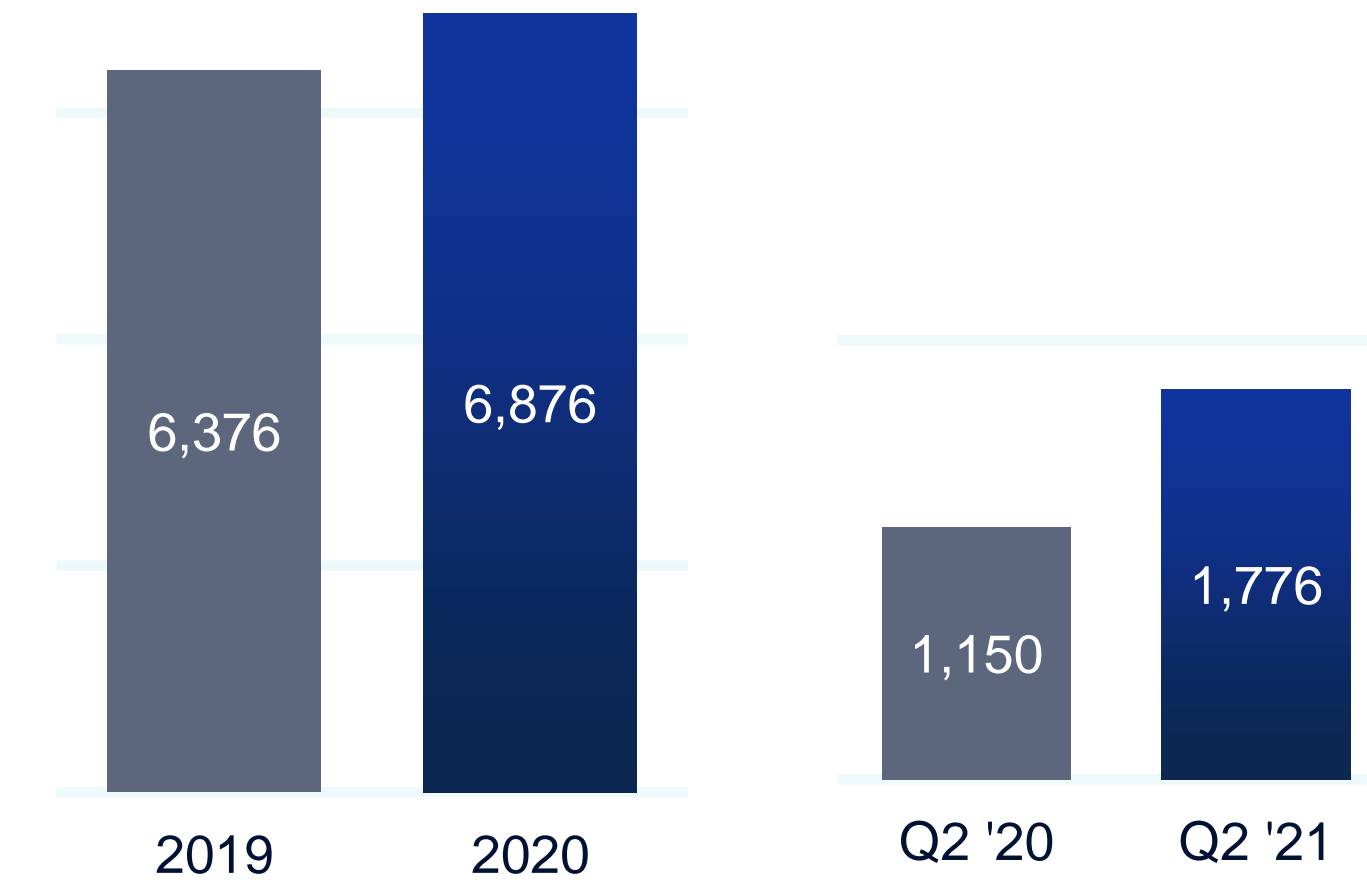
(USD mn equivalent)



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

## Cash Flow \*

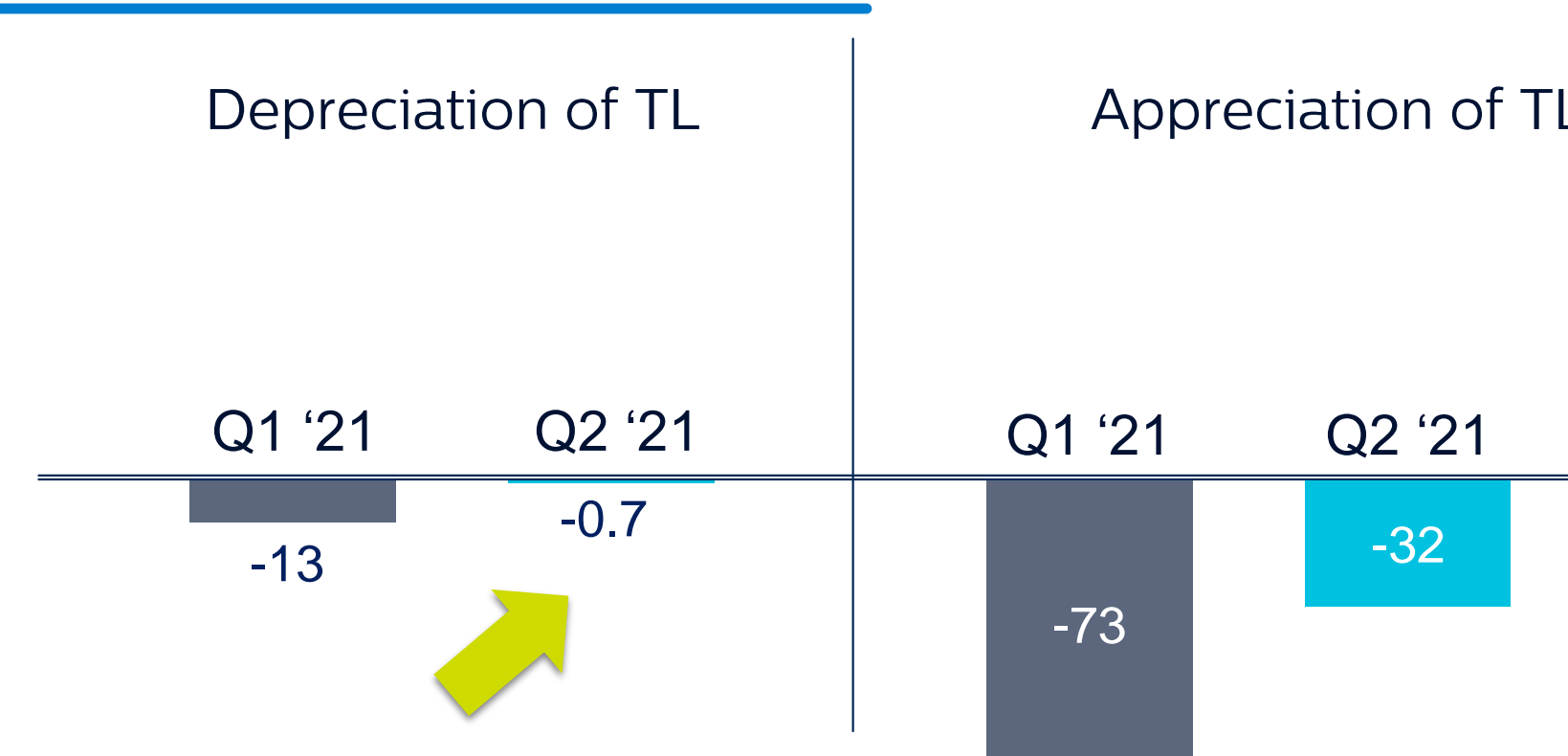
(TL mn)






\*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)








	 Fitch	 S&P Global	 JCR
Long Term Rating	BB-	BB-	
Outlook	Stable	Stable	Stable
National Long Term Rating	AAA(tur)		AAA(trk)
Last Update	1 March 2021	12 March 2021	2 July 2021

### Rating Drivers

- ▶ Improved ability to withstand a weakening of the macroeconomic environment
- ▶ Reduced exposure to foreign currencies
- ▶ Strong market position as the country's leading converged telecoms operator
- ▶ Focus on cost efficiency translates to better free cash flow generation and debt to EBITDA

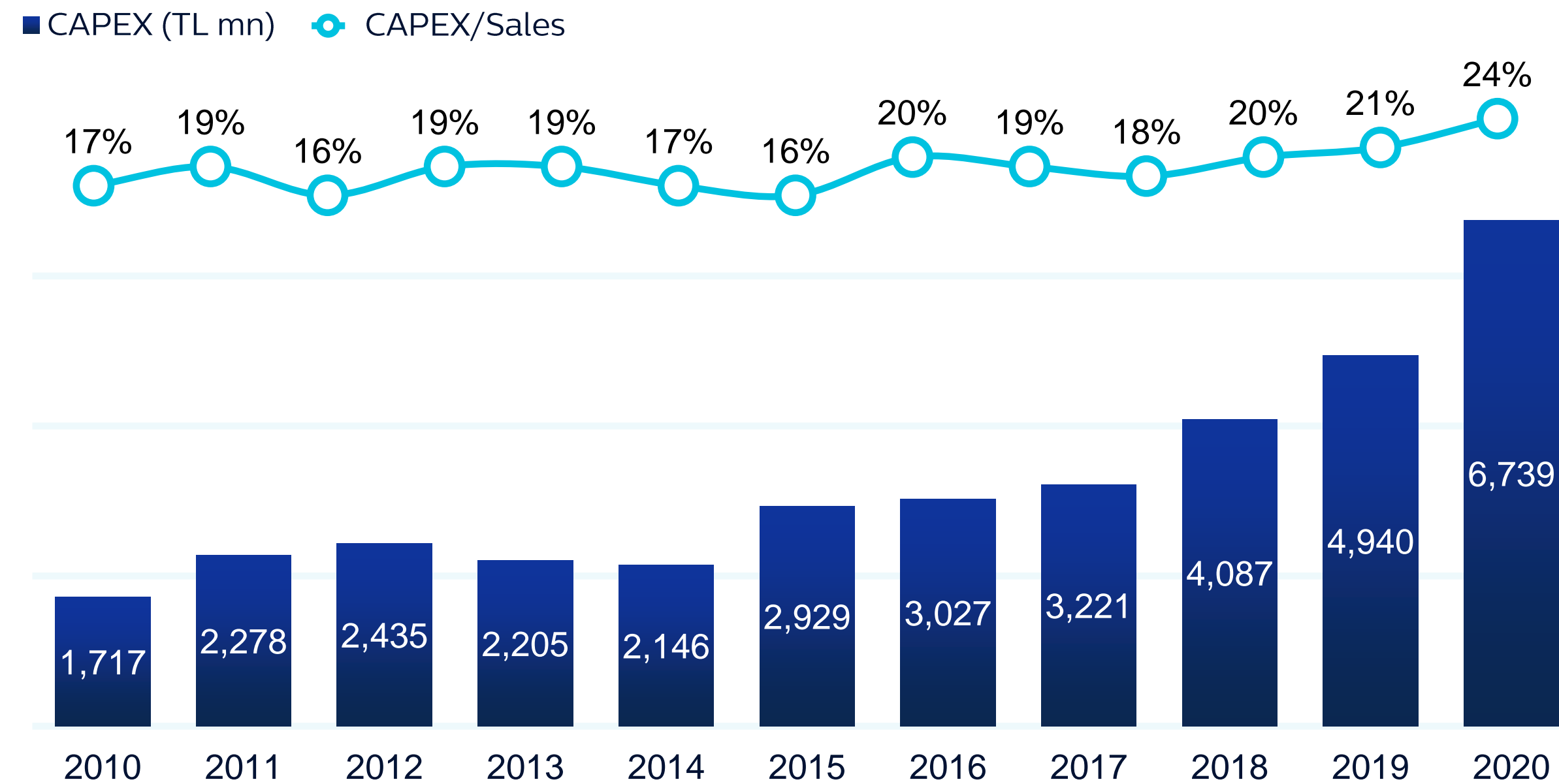
		2020 Actuals	2021 Previous Guidance	2021 Revised Guidance
	<b>Revenue</b> (exc. IFRIC 12) <sup>1</sup>	26,519	Around 16% growth	Around 17% growth
	<b>EBITDA</b>	13,237	Around TL 15.4 bn	Around TL 15.8 bn
	<b>CAPEX</b>	6,739	Around TL 8 bn	Around TL 8.5 bn

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

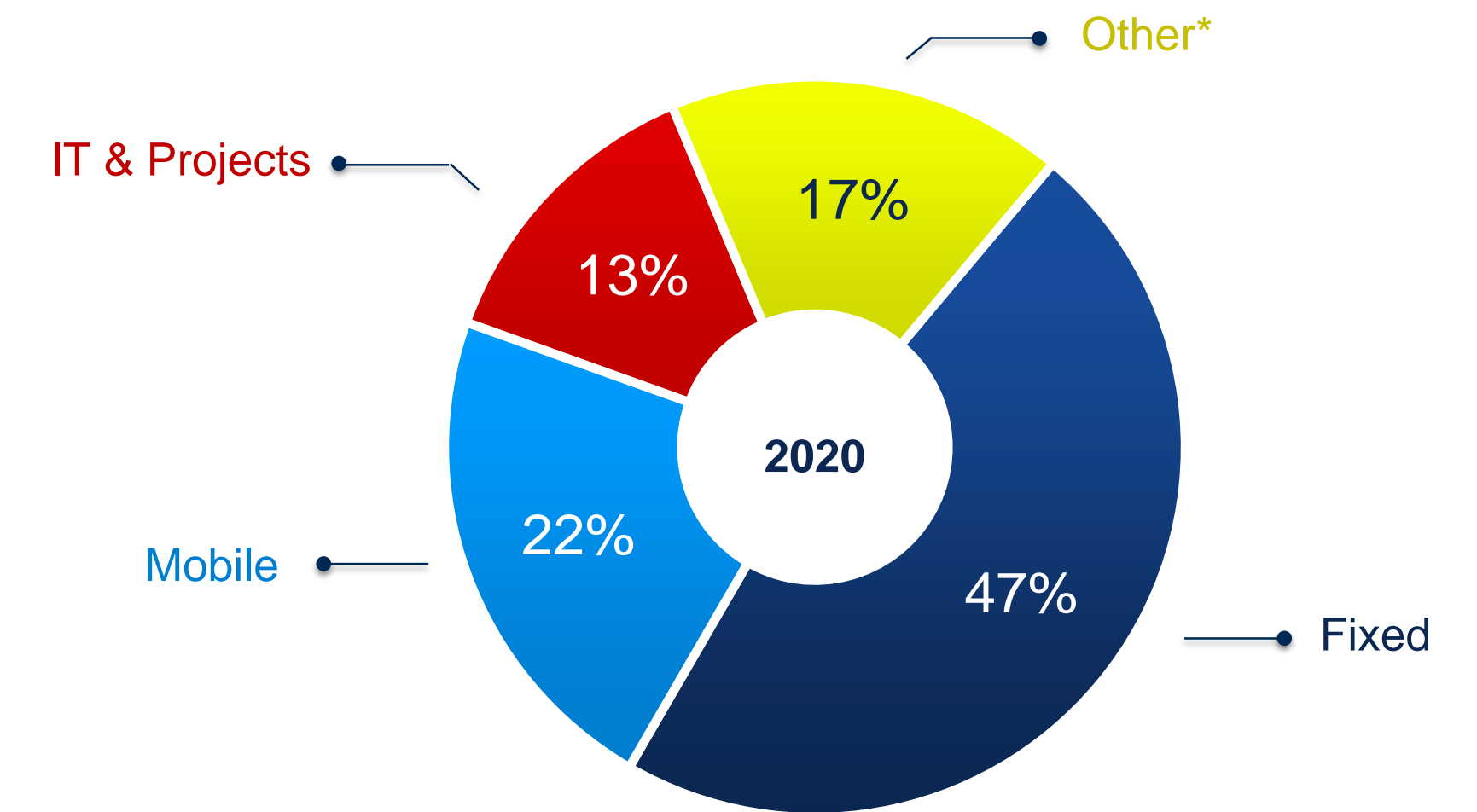


- Major Capex areas are fibre network roll-out in fixed line, network investments in mobile and IT transformation projects

### Capex & Capex / Sales



### 2020 Capex Breakdown (%)



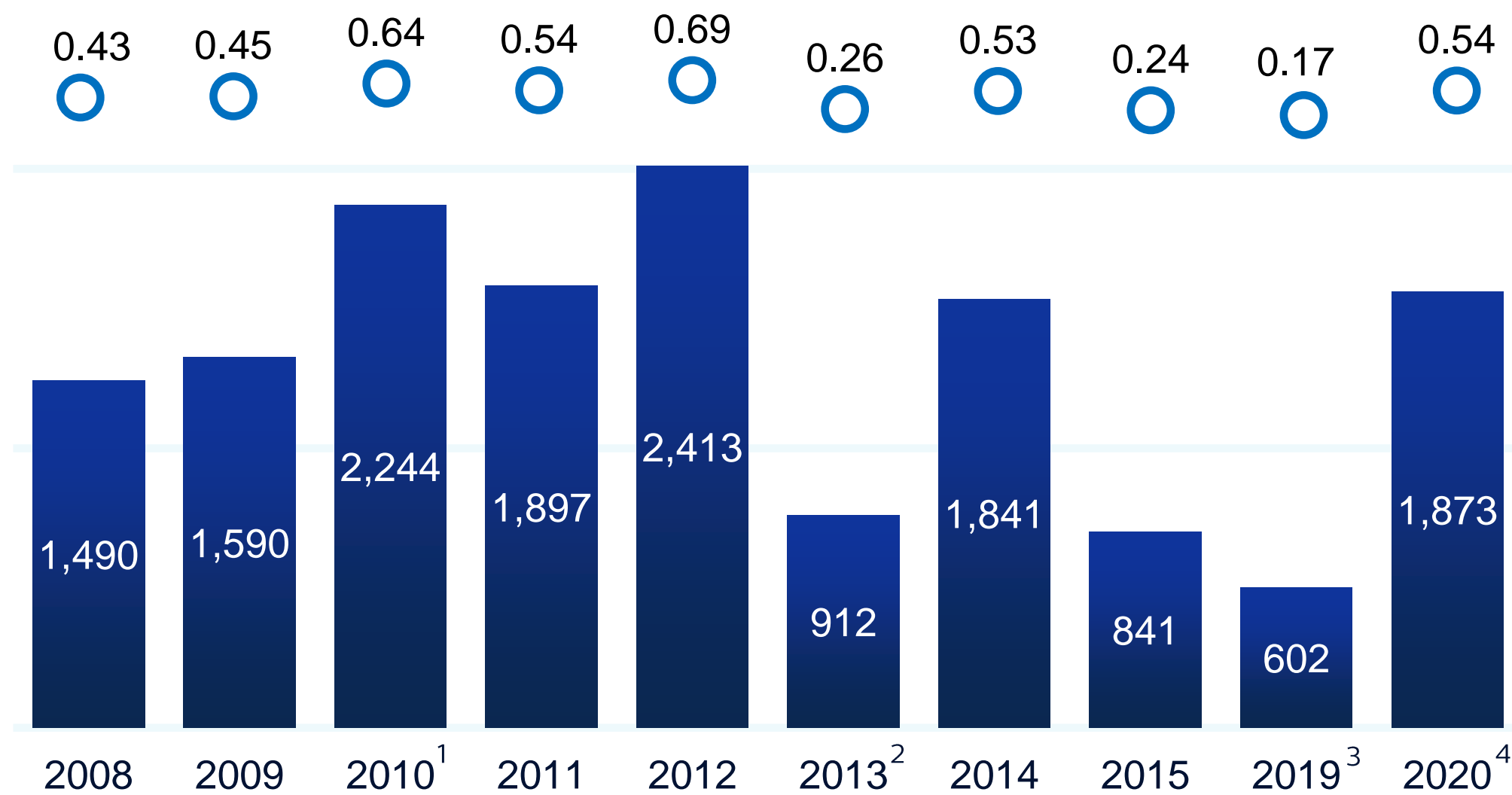
\* Other Capex includes capex for subsidiaries (excl TTI), new revenue streams, IFRS 15 capitalisation, etc.

Note: Capex figures exclude license fees

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

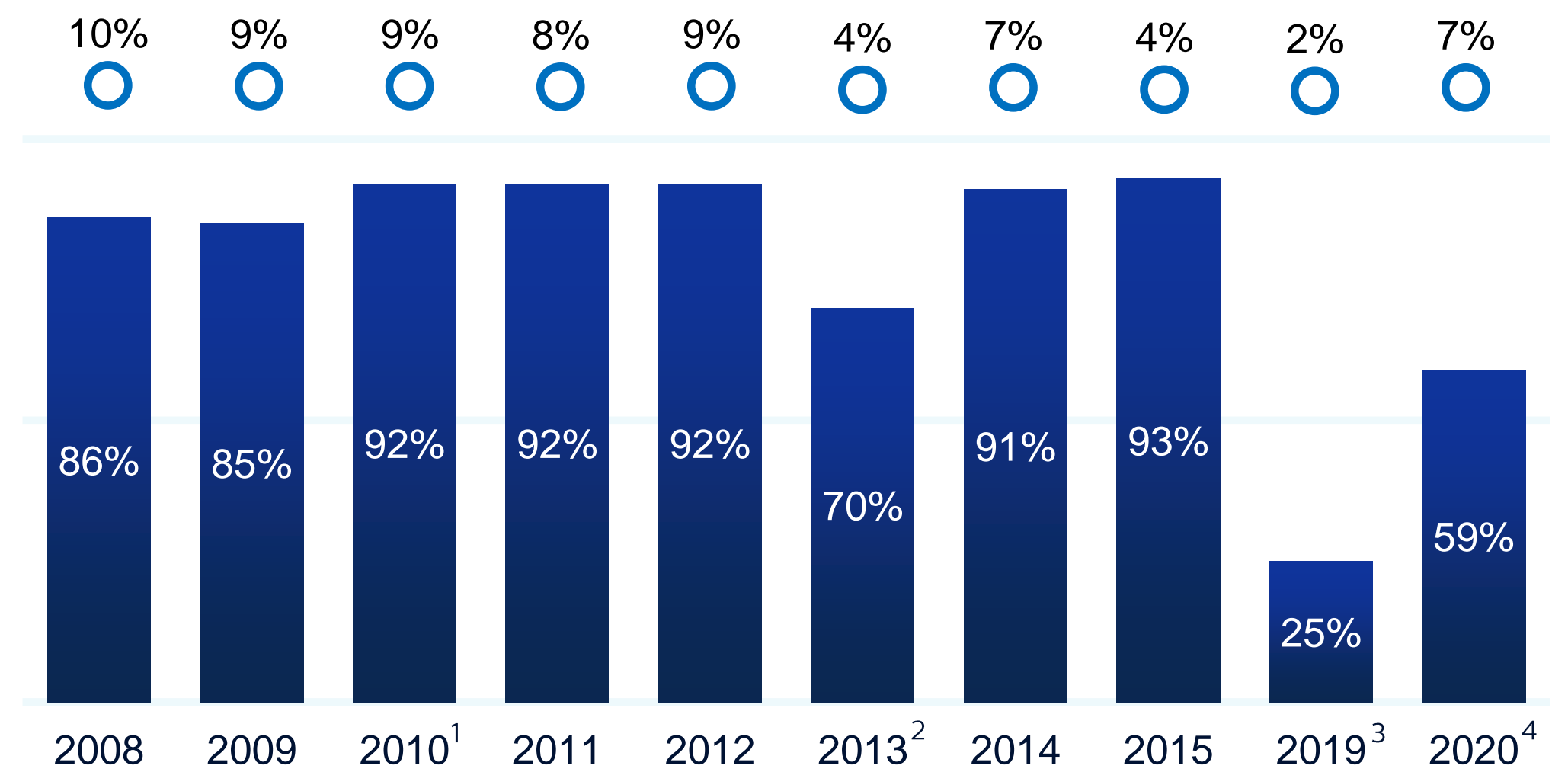
### Dividend Distribution

■ Dividend (TL mn)    ● Dividend per Share (TL)



### Dividend Yield & Payout Ratio

■ Dividend Payout Ratio    ● Dividend Yield



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 temporary CMB regulation which capped dividend payout from 2019 earnings to 25%.

4) 2020 dividend yield was calculated over the closing price of 19 March 2021, the General Assembly date.

Note: Based on General Assembly decision, no dividends distributed for the activity years 2016 & 2017 & 2018.





# Sustainability



## Sustainability Strategy and Priorities

### ► Human-oriented



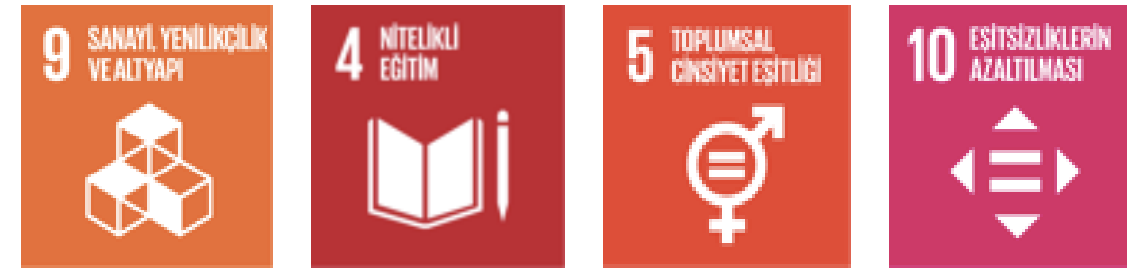
### ► Climate Change and Environment



### ► Responsible Business Approach (Trust)



### ► Contribution to Society



### ► Customer-oriented



## Sustainability Organisations that We Are Included

- FTSE4GOOD Sustainability Index
- BIST Sustainability Index (since the beginning of the index)
- S&P Global Sustainability Index
- MSCI
- Vigeo Eiris
- Sustainalytics
- A Participant member to UN Global Compact





## Sustainability Studies

### Environmental Sustainability

- ▶ **Products and services with low carbon emissions** to reduce greenhouse gas emissions
- ▶ The first Turkish telecommunications company participated in **CDP (since 2011)**
- ▶ E-invoice
- ▶ Digital document



### Energy Efficiency

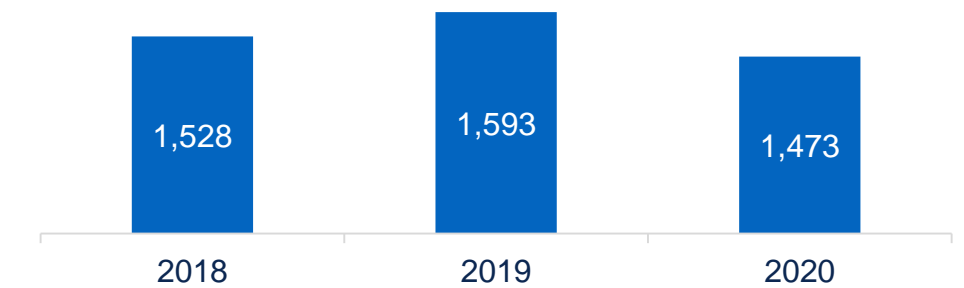
- ▶ Efficient use of resources with **Smart City** projects
- ▶ **Human health precautions** at base stations
- ▶ Solar energy systems in approximately **1,700** locations



### Water & Energy Management

- ▶ **Building Centralisation Project** to reduce water consumption
- ▶ **Decreased electricity consumption over the years** in line with the targets

Energy Consumption (MWh)



### Waste Management

- ▶ Reducing rapid consumption of natural resources with **waste management**
- ▶ Leaving a livable environment for future generations with the **Zero Waste** project

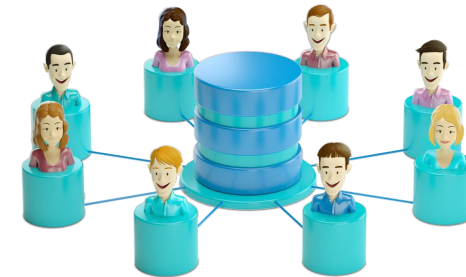


## Occupational Health and Safety



- ▶ Occupational Health and Safety Committees
- ▶ **ISO 14001** Environmental Management System Certificate
- ▶ **ISO 45001** Occupational Health and Safety Management System Certificate
- ▶ Occupational Health and Safety legislation training for **17,778** employees; there were no fatal accidents in 2020.
- ▶ Integrated Management System Policy
- ▶ **ISO 9001** Quality Management System

## Our Employees



- ▶ **20%** female, **80%** male employee distribution
- ▶ Freedom of association and right to collective bargaining
- ▶ Türk Telekom Academy; an average of **18,7** hours of training per employee
- ▶ Inventor Idea Development System; supporting the participation of women in workforce

## Information Security



- ▶ Information Security Policy
- ▶ Trainings within the scope of Personal Data Protection Law
- ▶ Employee training on data security and privacy
- ▶ Information Security Certifications: ISO 27001 & PCI-DSS Certificates

## Our Suppliers

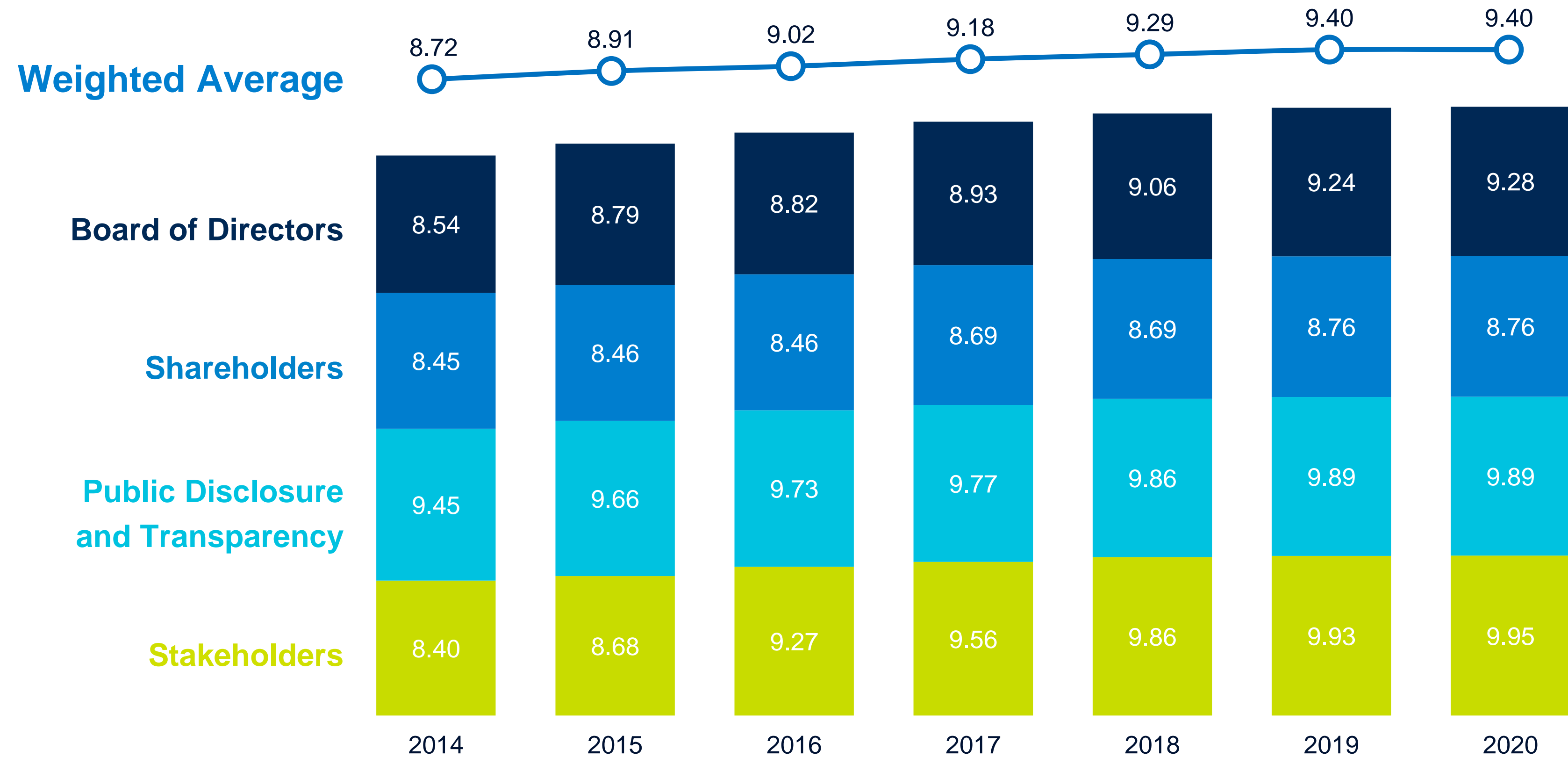


- ▶ Procurement Policy
- ▶ Supplier Performance Evaluation Process
- ▶ Safe working conditions
- ▶ Compliance with Human Rights Policy



## Corporate Governance Highlights

- ▶ 3 independent and 9 non-executive Board Members within the framework of CMB regulations
- ▶ Audit Committee composed entirely of Independent Board Members
- ▶ Board of Directors Women Membership Policy and reaching the target in the next 5 years
- ▶ Separate Chairman and CEO
- ▶ Türk Telekom is the only telecom company in the BIST Corporate Governance Index since 2009
- ▶ According to the results of the Independent Corporate Governance Rating study, the highest score in the category of Public Disclosure and Transparency in 2020





# Group Companies







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

- ▶ vRAN: Radio Access Network technology based on SDN (Software Defined Networks) for LTE and 5G with 39 patent applications (33 of which have been accepted)
- ▶ NPM/CEM: Network Performance Monitoring and Customer Experience Management solutions used by telecom operators in Turkey and the world
- ▶ ULAK: Turkey's first and only LTE base station development project
- ▶ DEFINE: Turkey's first domestic DPI (Deep Packet Inspection) solution development project
- ▶ SEBA+: Broadband access technology for fixed networks
- ▶ Commercialisation in R&D studies
- ▶ Member of BBF, member of ONF & ONAP with its subsidiary Netsia (USA)



### Turkey's leading software developer company and system integrator

- ▶ System Integration Solutions
- ▶ Fintech Solutions
- ▶ Smart City and Smart Store Solutions
- ▶ Health Solutions
- ▶ E-Transformation Solutions
- ▶ The IoT Platform and Solutions
- ▶ SAP, Business Intelligence, CRM, IT Governance, Project Management Services
- ▶ Managed Services, Outsourcing, Consulting Services



### International arm of the Group that opens up to the World in wholesale data, voice and roaming services

- ▶ A fibre network stretching approximately 45K kilometres in Turkey and CEE, Middle East & Caucasus regions
- ▶ >110 points of presence (PoP) in 25 countries
- ▶ Billions of minutes of transit voice traffic per year, >750 mobile roaming agreements and >300 LTE mobile roaming agreements with >200 business partners
- ▶ Value added unique solutions
- ▶ AMEERS: New route connecting Western Europe to the Middle East
- ▶ SEA-ME-WE-5: Undersea cable system connecting Europe to Africa, the Middle East and Asia
- ▶ KAFOS: Undersea cable system extending from the Black Sea to Europe
- ▶ MEDTÜRK: Undersea cable system connecting the Middle East, Turkey and Europe



### Leading customer service solutions company

- ▶ Beyond traditional call centre services, sales-marketing, social media management, face-to-face services, revenue management, quality management, customer experience management, new technologies and digital solutions
- ▶ Customer Experience Centre, offering solutions as a strategic road companion to large-scale private and public institutions with >13.500 employees



### Turkey's leading and long-established education technologies company

- ▶ E-education products covering all levels from pre-school to high school
- ▶ Leading education products: Raunt, SEBİT VCloud and Vitamin
- ▶ Content and platform provider to the Ministry of Education in national e-education transformation projects



### The Group's corporate venture capital company

- ▶ Focusing on investments which contribute to the growth of early-stage and scalable-target ventures especially in the areas of health, energy and education
- ▶ The first agreement in the health field vertical: DoctorTurkey
- ▶ The second agreement in the education sector vertical: MentalUP
- ▶ The third agreement in the energy sector vertical: Eltemtek





# Appendix



(TL mn)	Q2 '20	Q1 '21	Q2 '21	QoQ Change	YoY Change
Revenues	6,969	7,587	8,181	7.8%	17.4%
EBITDA	3,237	3,803	4,022	5.7%	24.3%
Margin	46.4%	50.1%	49.2%		
Operating Profit	1,934	2,351	2,502	6.4%	29.4%
Margin	27.7%	31.0%	30.6%		
Financial Inc. / (Exp.)	(703)	(661)	(893)	35.1%	27.0%
FX & Hedging Gain / (Loss)	(127)	(189)	(408)	116.0%	222.3%
Interest Inc./ (Exp.)	(509)	(410)	(455)	11.0%	(10.7)%
Other Financial Inc./ (Exp.)	(68)	(62)	(30)	(51.5)%	(55.4)%
Tax Inc./ (Exp.)	(250)	(334)	(337)	0.7%	34.6%
Net Income	980	1,356	1,272	(6.1)%	29.8%
Margin	14.1%	17.9%	15.6%		



(TL mn)	30.06.2020	31.03.2021	30.06.2021
<b>Total Assets</b>	<b>41,852</b>	<b>45,350</b>	<b>46,005</b>
Cash and Cash Equivalents	5,183	3,723	4,129
Tangible Assets <sup>1</sup>	14,389	16,174	16,191
Intangible Assets	10,866	12,186	12,425
Right of Use Assets	1,416	1,588	1,575
Other Assets <sup>2</sup>	9,997	11,679	11,686
<b>Total Equities and Liabilities</b>	<b>41,852</b>	<b>45,350</b>	<b>46,005</b>
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	7,450	8,035	9,222
Interest Bearing Liabilities <sup>3</sup>	22,218	22,154	22,251
<i>Bank Borrowings and Bonds</i>	20,979	20,773	20,864
<i>Lease Liabilities</i>	1,238	1,380	1,387
Other Liabilities <sup>4</sup>	8,924	11,901	11,272

(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

(TL mn)	Q2 '20	Q1 '21	Q2 '21	QoQ Change	YoY Change
Operating Cash Flow	2,347	1,679	2,894	72.4%	23.3%
Investing Cash Flow	(1,197)	(929)	(1,118)	20.3%	(6.6)%
CAPEX	(1,270)	(1,158)	(1,342)	15.9%	5.7%
Other Investing Activities	73	229	224	(2.0)%	208.1%
Financing Cash Flow <sup>1</sup>	(2,476)	(1,805)	(1,562)	13.4%	(36.9)%
Net Change in Cash Position <sup>2</sup>	(1,326)	(1,055)	214	n.m.	n.m.

(1) Includes currency translation differences

(2) Blocked deposits are included in operating activities rather than net cash position



(TL mn)	Q2 '20	Q1 '21	Q2 '21	QoQ Change	YoY Change
Fixed Voice	677	679	682	0.4%	0.7%
Broadband	2,000	2,470	2,605	5.5%	30.2%
Mobile	2,398	2,576	2,808	9.0%	17.1%
TV	94	101	105	3.5%	11.4%
Corporate Data	509	551	574	4.1%	12.7%
International Revenues	299	464	417	(10.1)%	39.5%
Other <sup>1</sup>	412	400	409	2.2%	(0.8)%
Eliminations	(20)	(20)	(22)	10.1%	7.8%
<b>Revenue w/o IFRIC</b>	<b>6,369</b>	<b>7,222</b>	<b>7,577</b>	<b>4.9%</b>	<b>19.0%</b>
IFRIC-12	600	365	604	65.3%	0.7%
<b>Total Revenue</b>	<b>6,969</b>	<b>7,587</b>	<b>8,181</b>	<b>7.8%</b>	<b>17.4%</b>

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

(TL mn)	Q2 '20	Q1 '21	Q2 '21	QoQ Change	YoY Change
<b>Direct Costs</b>	<b>1,494</b>	<b>1,648</b>	<b>1,664</b>	<b>1.0%</b>	<b>11.4%</b>
Interconnection	543	661	624	(5.6)%	14.9%
Tax	595	643	696	8.1%	16.8%
Provisions for Doubtful Receivables	65	44	51	16.4%	(21.8)%
Cost of Equipment and Technology Sales	202	185	172	(7.3)%	(15.0)%
Other Direct Costs	88	115	122	6.0%	39.1%
<b>Commercial Costs</b>	<b>193</b>	<b>217</b>	<b>250</b>	<b>15.1%</b>	<b>29.2%</b>
<b>Other Costs</b>	<b>1,523</b>	<b>1,595</b>	<b>1,711</b>	<b>7.3%</b>	<b>12.3%</b>
Network & Technology	526	531	655	23.3%	24.6%
Personnel	962	1,151	1,110	(3.6)%	15.3%
Other	36	(87)	(53)	(38.8)%	n.m.
<b>Sub Total</b>	<b>3,211</b>	<b>3,460</b>	<b>3,625</b>	<b>4.8%</b>	<b>12.9%</b>
IFRIC-12	522	323	534	65.3%	2.4%
<b>Total OPEX</b>	<b>3,733</b>	<b>3,784</b>	<b>4,160</b>	<b>9.9%</b>	<b>11.4%</b>



	Q2 '20	Q1 '21	Q2 '21	QoQ Change	YoY Change
<b>Total Access Line (mn)</b>	<b>15.3</b>	<b>16.4</b>	<b>16.5</b>	<b>0.8%</b>	<b>8.4%</b>
Fixed Voice Subscribers <sup>1</sup> (mn)	10.3	10.6	10.5	(0.5)%	1.8%
Naked Broadband Subscribers (mn)	4.9	5.8	6.0	3.3%	22.1%
<b>Fixed Voice ARPU (TL)</b>	<b>22.0</b>	<b>21.3</b>	<b>21.5</b>	<b>0.9%</b>	<b>(2.0)%</b>
<b>Broadband Total Subscribers (mn)</b>	<b>12.2</b>	<b>13.6</b>	<b>13.8</b>	<b>1.5%</b>	<b>12.9%</b>
Fiber Subscribers (mn)	4.8	7.3	8.1	10.2%	67.7%
FTTH/B Subscribers (mn)	1.9	2.4	2.5	3.6%	32.2%
FTTC Subscribers (mn)	2.9	4.9	5.6	13.3%	90.3%
<b>Broadband ARPU (TL)</b>	<b>55.5</b>	<b>61.0</b>	<b>63.3</b>	<b>3.8%</b>	<b>14.0%</b>
<b>Total Tivibu Subscribers<sup>2</sup> (mn)</b>	<b>3.3</b>	<b>3.1</b>	<b>3.0</b>	<b>(2.0)%</b>	<b>(8.3)%</b>
Tivibu Home Subscribers <sup>3</sup> (mn)	1.5	1.5	1.5	(1.0)%	(1.9)%
<b>Tivibu ARPU (TL)</b>	<b>19.0</b>	<b>20.8</b>	<b>21.6</b>	<b>3.9%</b>	<b>13.8%</b>
<b>Mobile Total Subscribers (mn)</b>	<b>22.8</b>	<b>23.3</b>	<b>23.4</b>	<b>0.3%</b>	<b>2.4%</b>
Mobile Postpaid Subscribers (mn)	14.1	15.0	15.2	1.3%	7.5%
Mobile Prepaid Subscribers (mn)	8.7	8.3	8.2	(1.6)%	(5.9)%
<b>Mobile Blended ARPU (TL)</b>	<b>34.4</b>	<b>36.4</b>	<b>39.6</b>	<b>8.6%</b>	<b>14.8%</b>
Mobile Postpaid ARPU (TL)	42.7	43.6	46.8	7.3%	9.5%
Mobile Prepaid ARPU (TL)	21.2	23.1	25.4	10.4%	20.2%

(1) Includes PSTN and WLR Subscribers

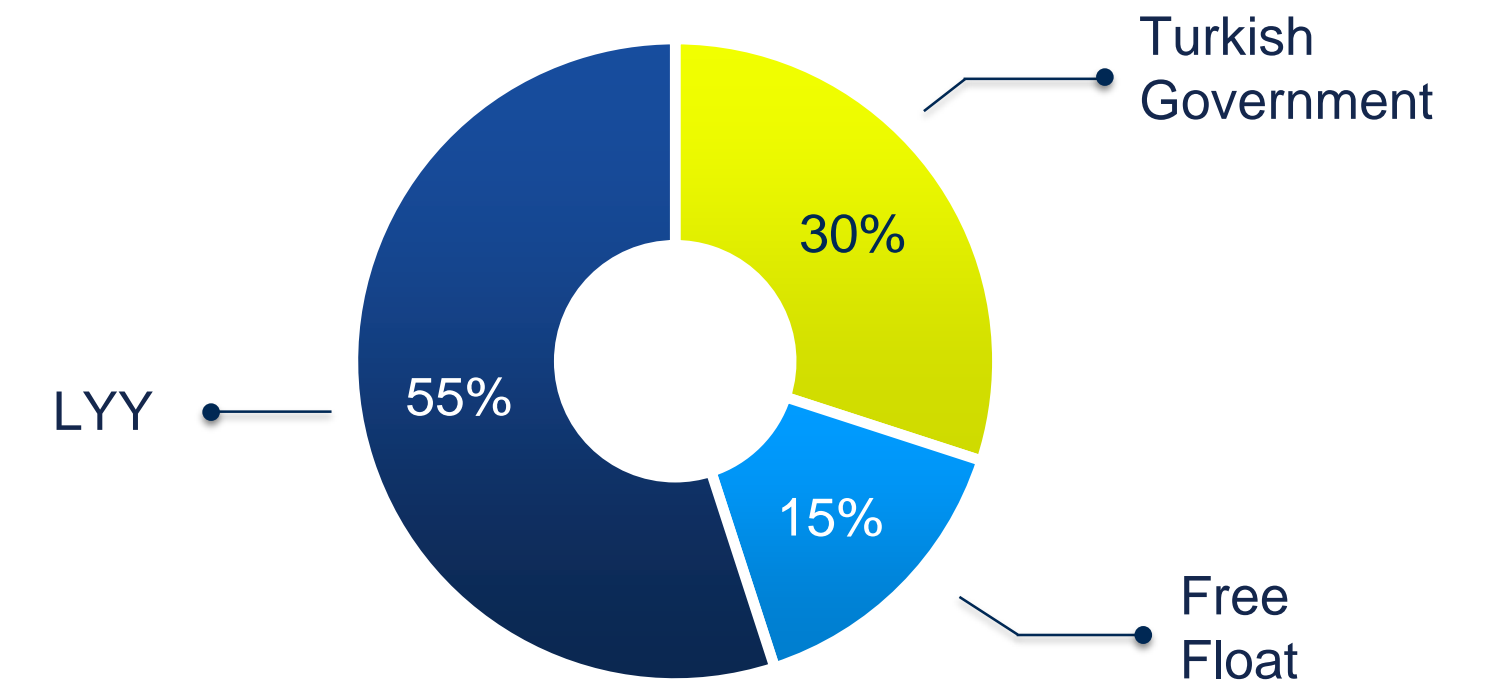
(2) Includes IPTV, DTH, and Tivibu GO subscribers

(3) Includes IPTV and DTH subscribers

## Ownership and Corporate Structure

-  **55% stake** controlled by **LYY (LYY Telekomünikasyon A.Ş.)**, an SPV of Turkish & International Banks
-  **30% owned by Turkish Ministry of Finance and Turkish Wealth Fund** (25% and 5% respectively)
-  **15% publicly traded on Borsa İstanbul since 2008** (of which 1.68% also owned by Turkey Wealth Fund)

## Shareholding Structure



## Corporate Structure





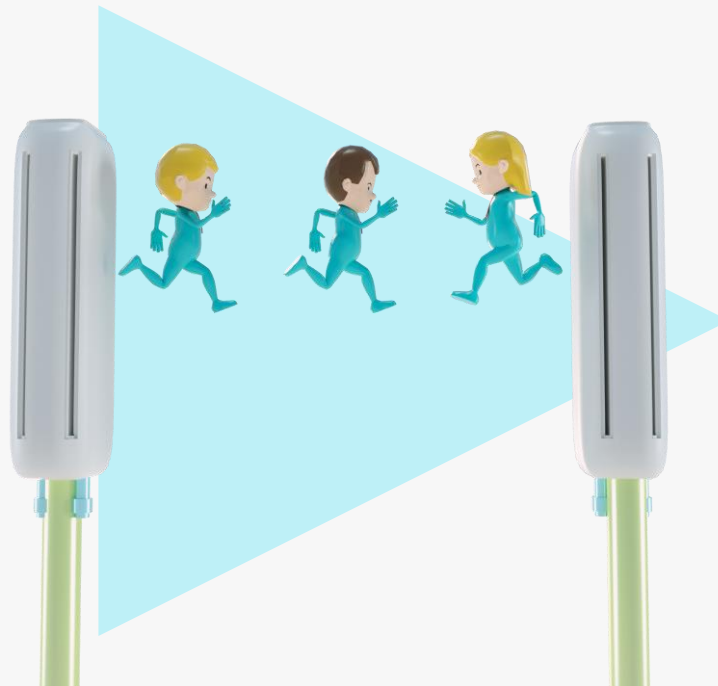
## 2008

- **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



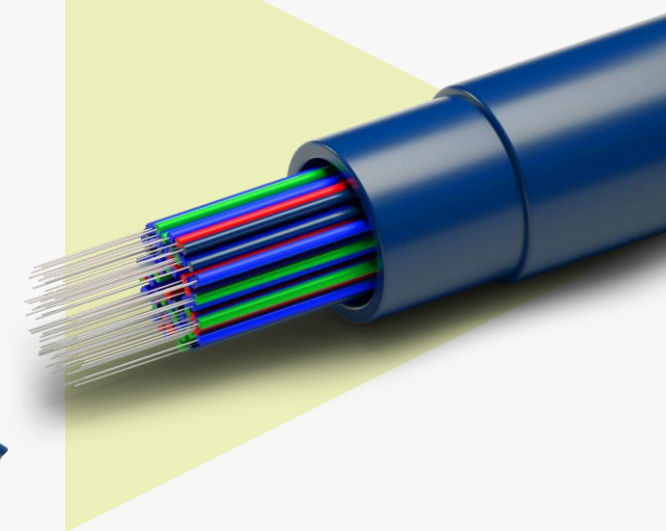
## 2010

- **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 fibre decision: FTTH/B will be excluded from the market analysis process until 25% fibre 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

### 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

2020

### Bond Issuance

Türk Telekom issued the first domestic bond of TL 150 million worth with a maturity of 402 days.



# Türk Telekom

## Investor Relations



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