

2020 Q4

# 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)

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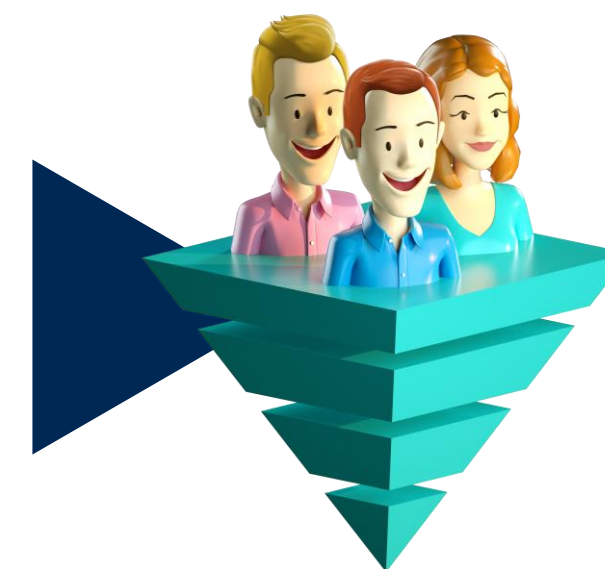


# Overview





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



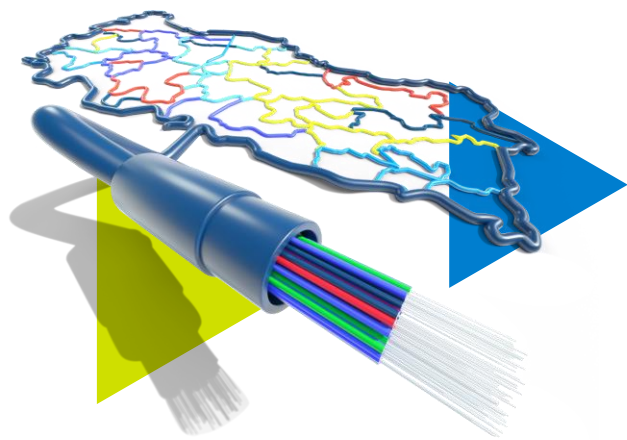
Serving  
**50.4mn**  
**Subscribers**



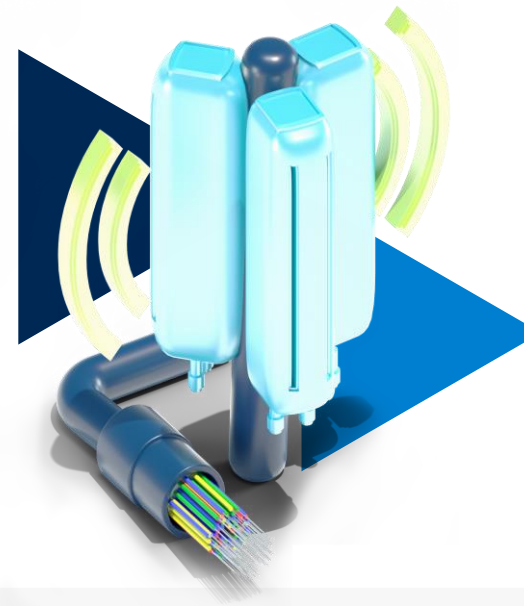
**94%**  
**LTE**  
Population coverage



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



**331k km**  
Fibre network in  
**81 cities**



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



**26.8mn**  
**Fibre homepass\***  
\*includes FTTC & FTTH/B



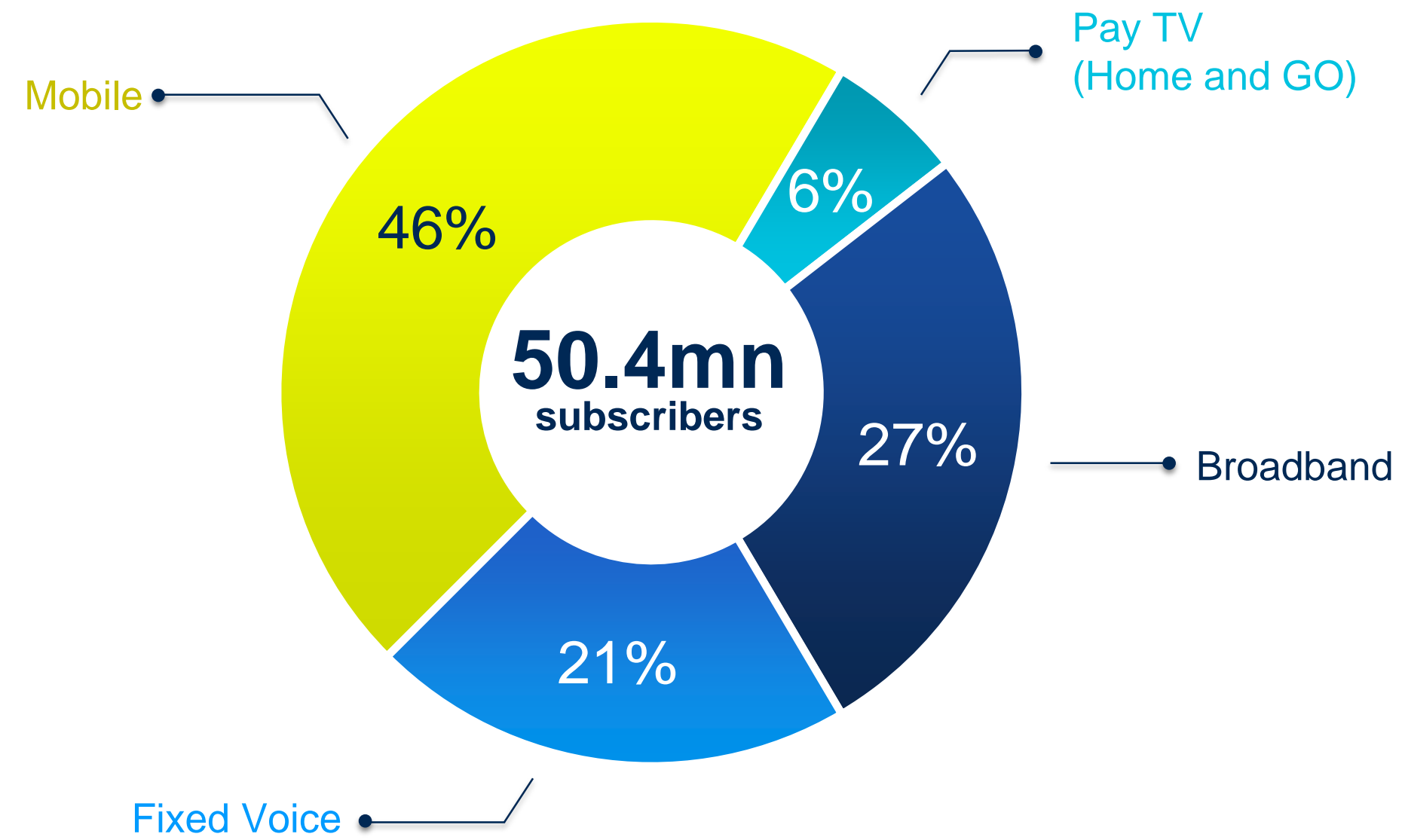


- 1 Structurally Attractive Domestic Market and Growing Penetration of Telecom Services
- 2 Largest Integrated Telecom Player with Strong Market Positions and Diversified Revenue Profile
- 3 Best in Class and Extensive Network Infrastructure
- 4 Proven Ability to Deliver Revenue Growth
- 5 Strong Cash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

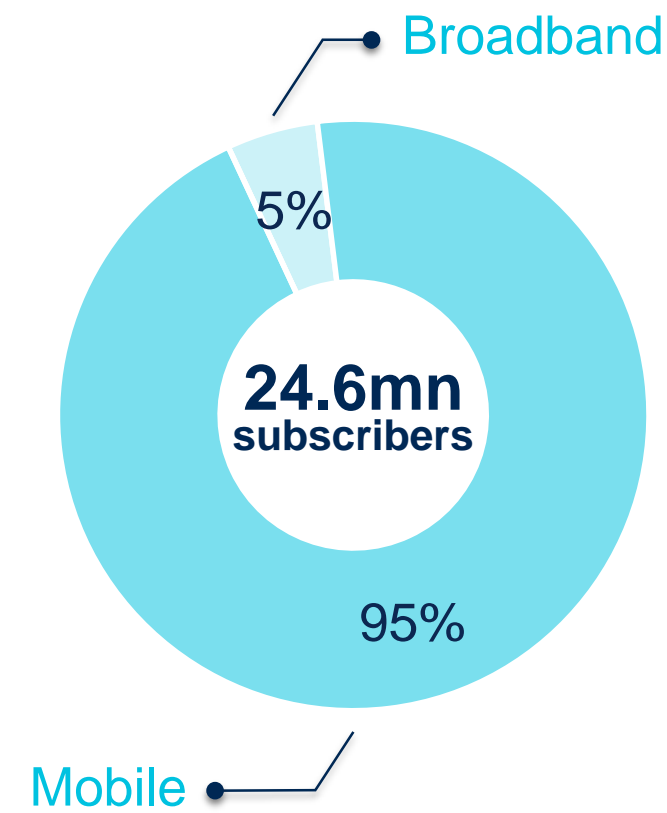


## Diversified Subscriber Base

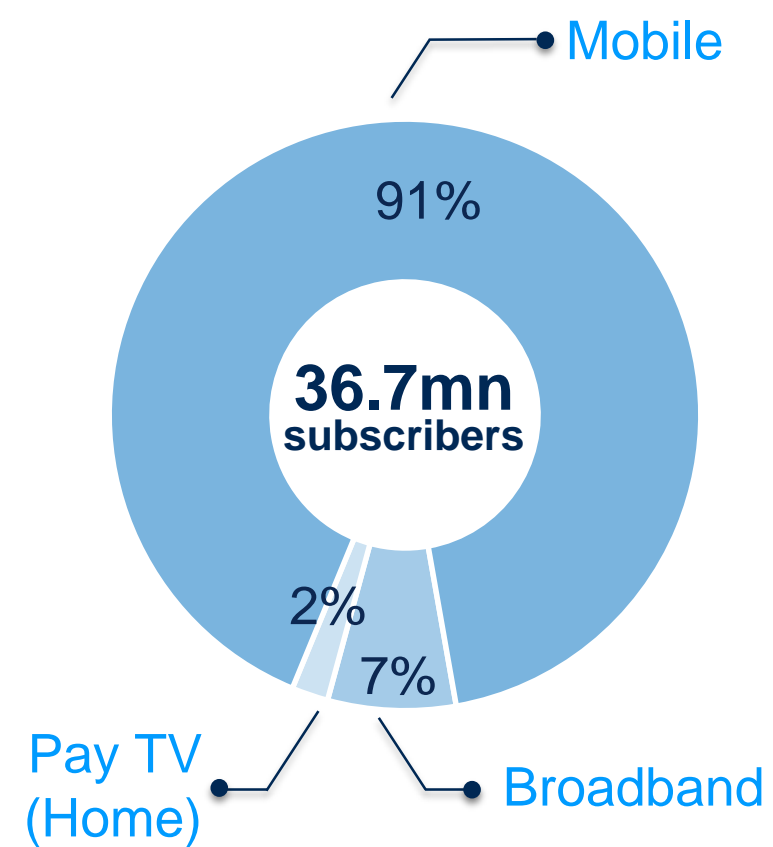
(As of Q4'20)



Vodafone



Turkcell



Turkcell and Vodafone data are from their own publications as of Q4 '20.

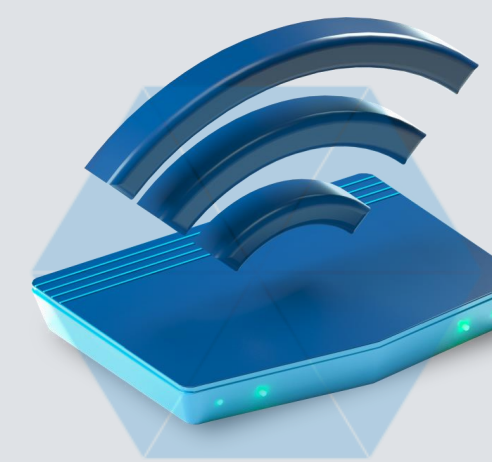
### Mobile



#3

23.2 mn  
subs

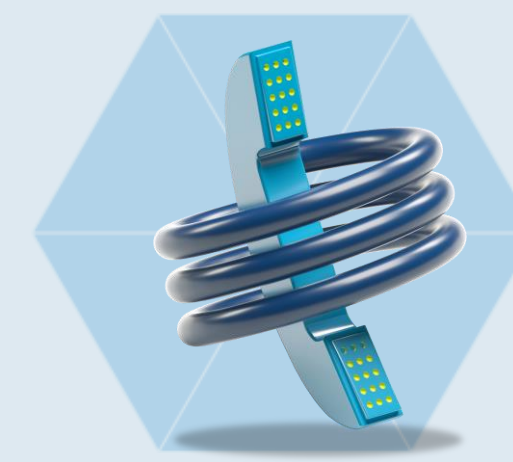
### Broadband



#1

13.4 mn  
subs

### Fixed Voice



#1

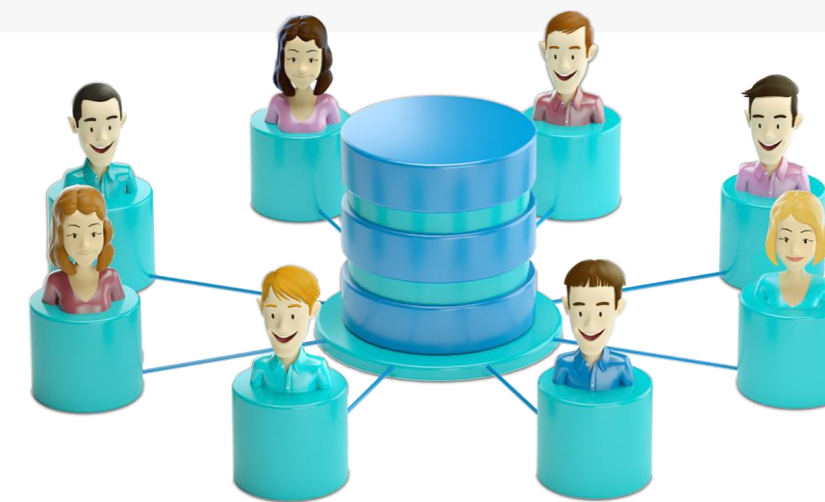
10.6 mn  
subs

### Pay TV (Home and GO)



#2

3.1 mn  
subs



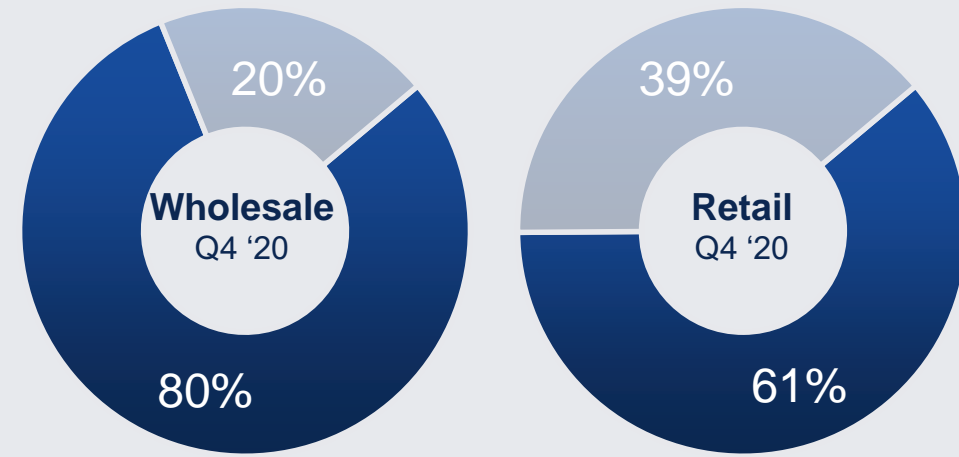
**62%\*** multi product  
ownership

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



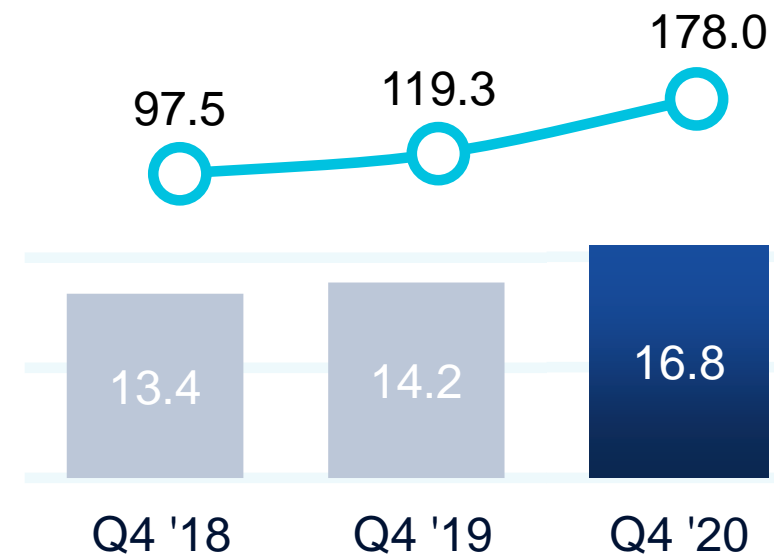
## Fixed Broadband (market share)

■ Türk Telekom ■ Other



## Subscribers\* & Avg. Monthly Data Usage

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



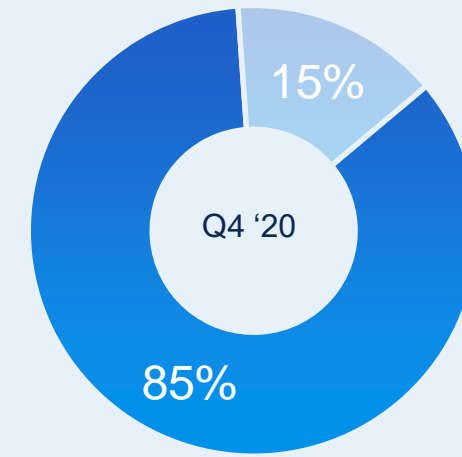
- ▶ Household penetration in Europe **73%**
- ▶ Household penetration in Turkey **68%\*\***
- ▶ Average household size in Turkey **3.3** people

\*Dial-up and other methods are included

\*\*Based on our calculation

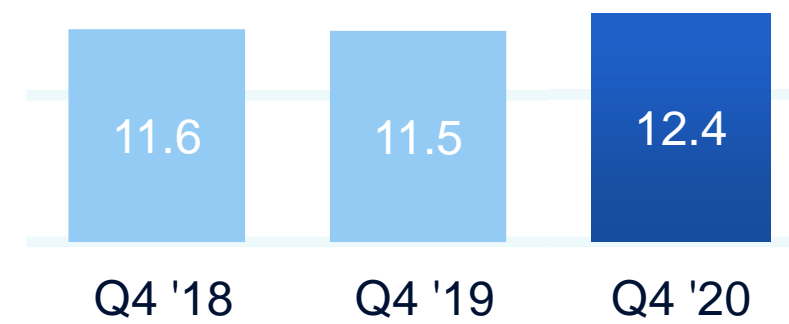
## Fixed Voice (market share)

■ Türk Telekom ■ Other



## Total Subscribers

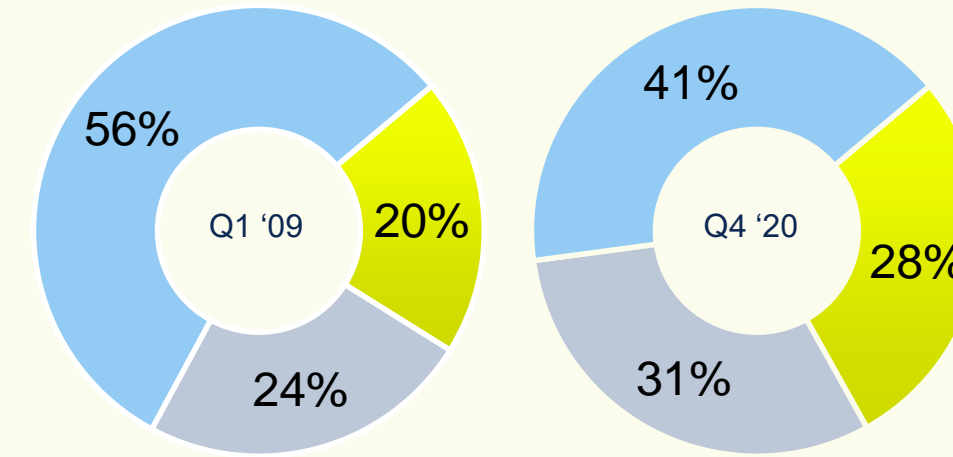
■ Total subscribers (mn)



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

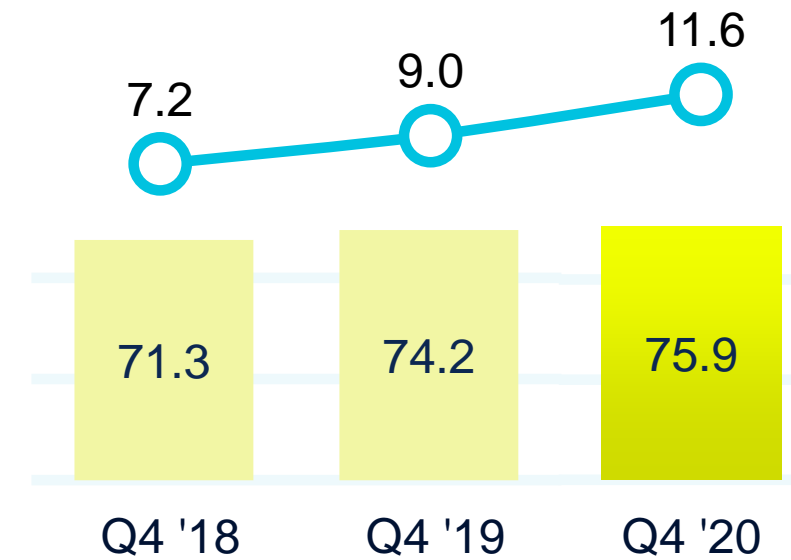
## Mobile (market share)

■ Türk Telekom ■ Vodafone ■ Turkcell



## 4.5G Subscribers & Avg. Monthly Data Usage

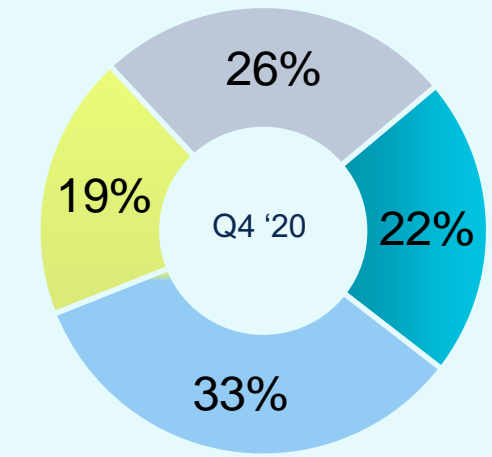
■ Total 4.5G subscribers (mn) ● Average usage of 4.5G (GB)



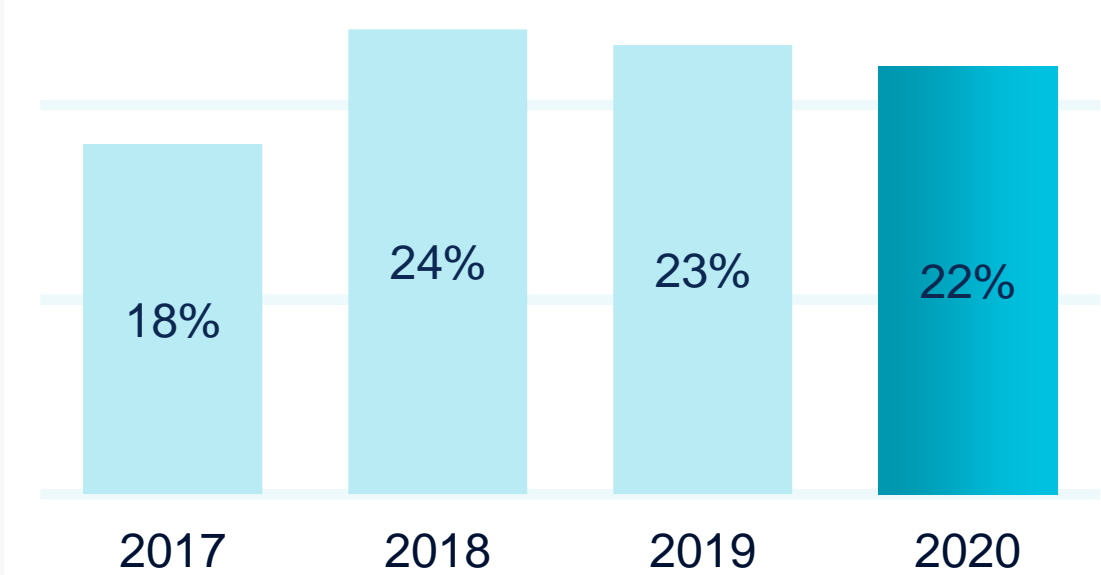
- ▶ Population penetration in Europe **127%**
- ▶ Population penetration in Turkey **98%**
- ▶ Mobile broadband population penetration in Europe **113%**
- ▶ Mobile broadband population penetration in Turkey **79%**

## Pay TV (Home and GO) (market share)

■ Türk Telekom ■ Digiturk  
■ Cable ■ Other



## Tivibu Home Subscriber Market Share



- ▶ Household penetration in Europe **83%**
- ▶ Household penetration in Turkey **29%\*\***

\*\*Based on our calculation

All market share data represent market share by number of subscribers

For fixed broadband and pay TV markets, 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

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

Source: Analysys Mason, ICTA



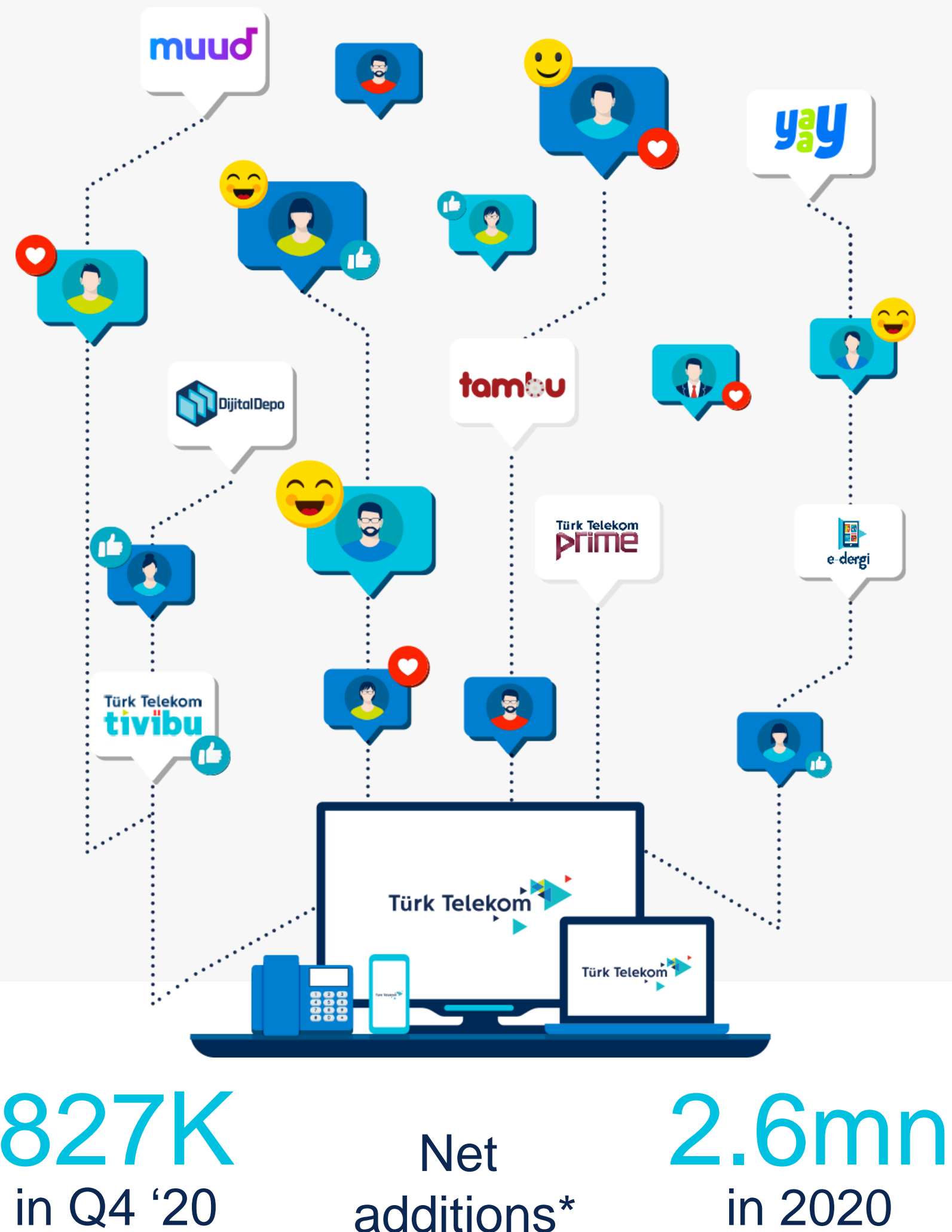


# 2020 FY Highlights





# 50.4mn subscribers



\*Includes Tivibu

## Net Adds



Broadband

639K  
Q4 '20

2.0mn  
2020



Mobile

98K  
Q4 '20

240K  
2020



Fixed Voice

138K  
Q4 '20

631K  
2020



## 2020 Highlights



Total  
Subscribers

50.4 mn  
Up 5% YoY



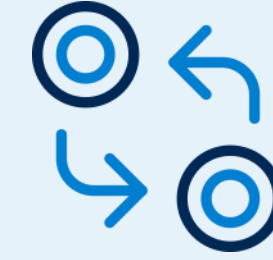
Net  
Income

TL 3.2 bn  
Up 32% YoY



Revenue

TL 28.3 bn  
Up 20% YoY



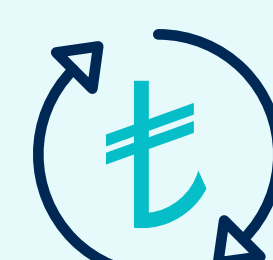
Free Cash  
Flow (FCF)

TL 6.9 bn  
Up 8% YoY



EBITDA

TL 13.2 bn  
Up 19% YoY



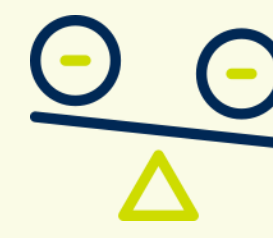
CAPEX

TL 6.7 bn  
Up 36% YoY



EBITDA  
Margin

46.8%  
Down 42bps YoY



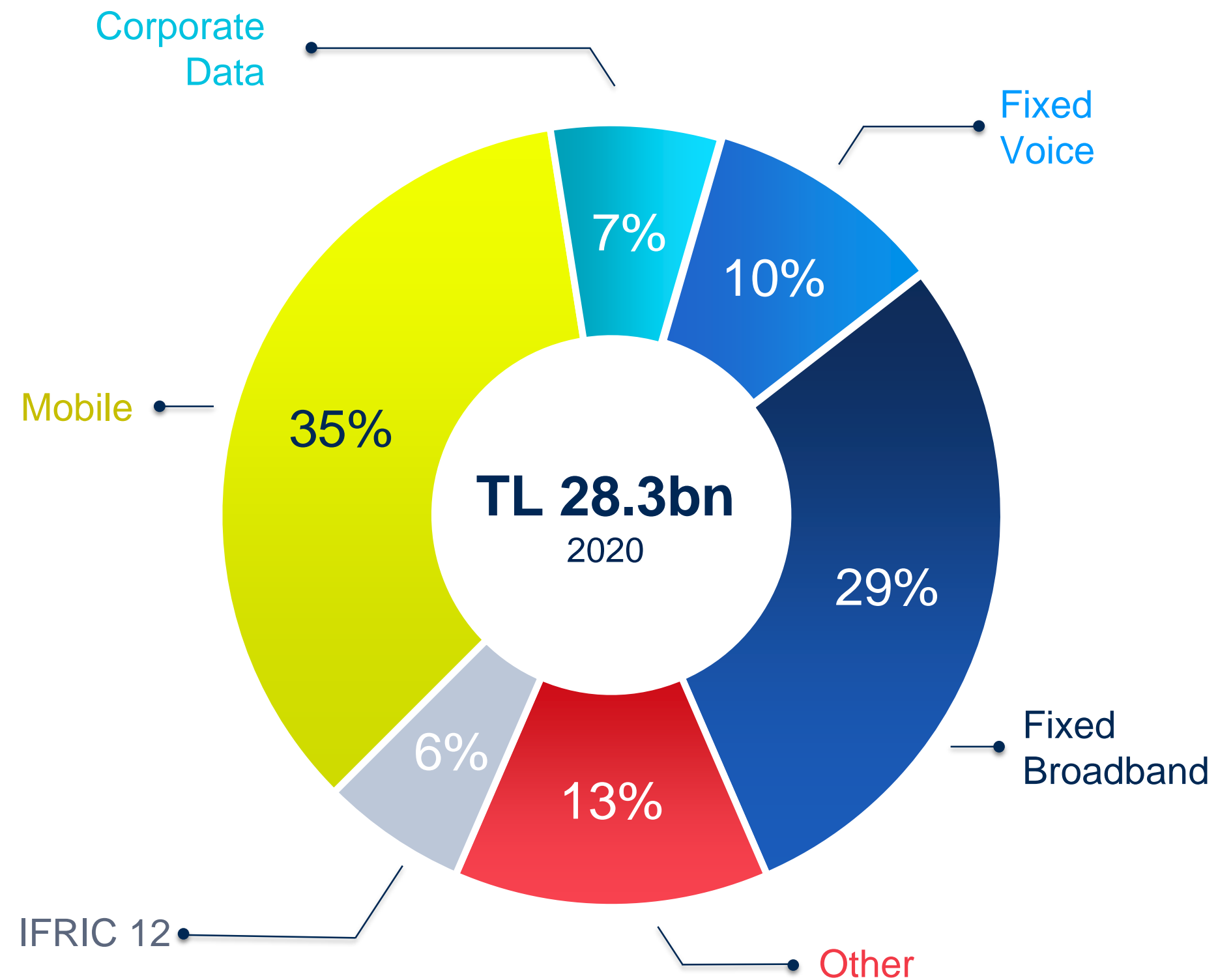
Net  
Leverage

1.15x  
Q4 '19 1.41x



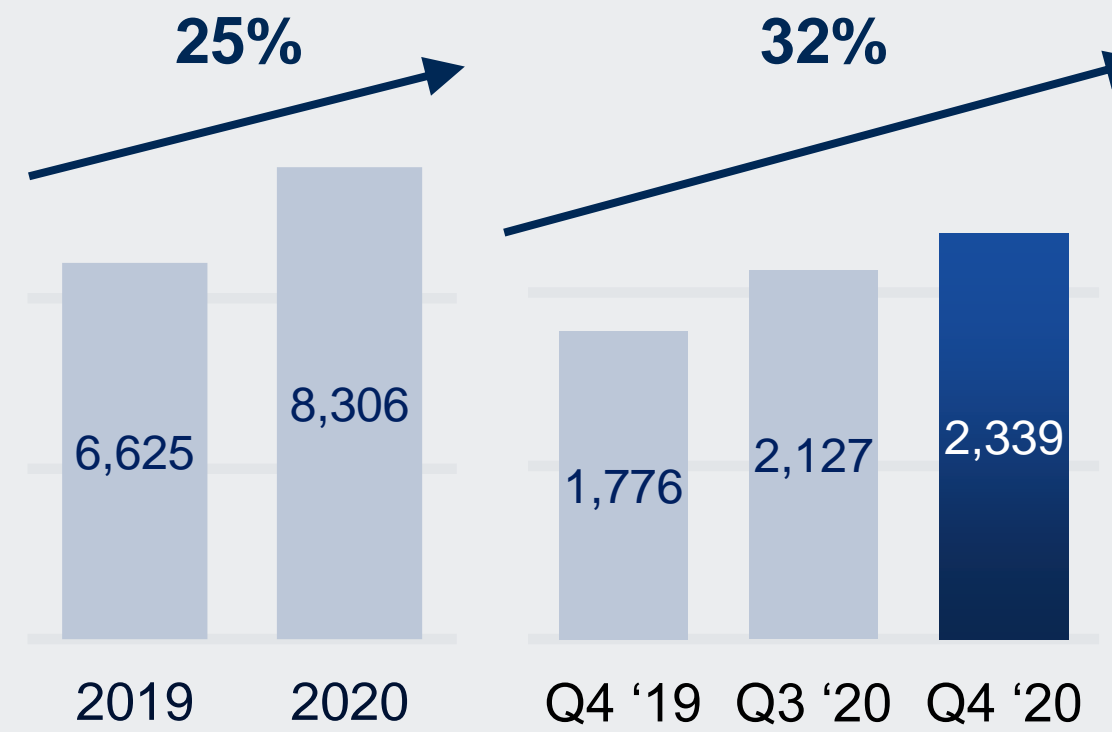
## 2020 Revenue Breakdown

(% of Consolidated Revenue)



## Fixed Broadband

(TL mn)



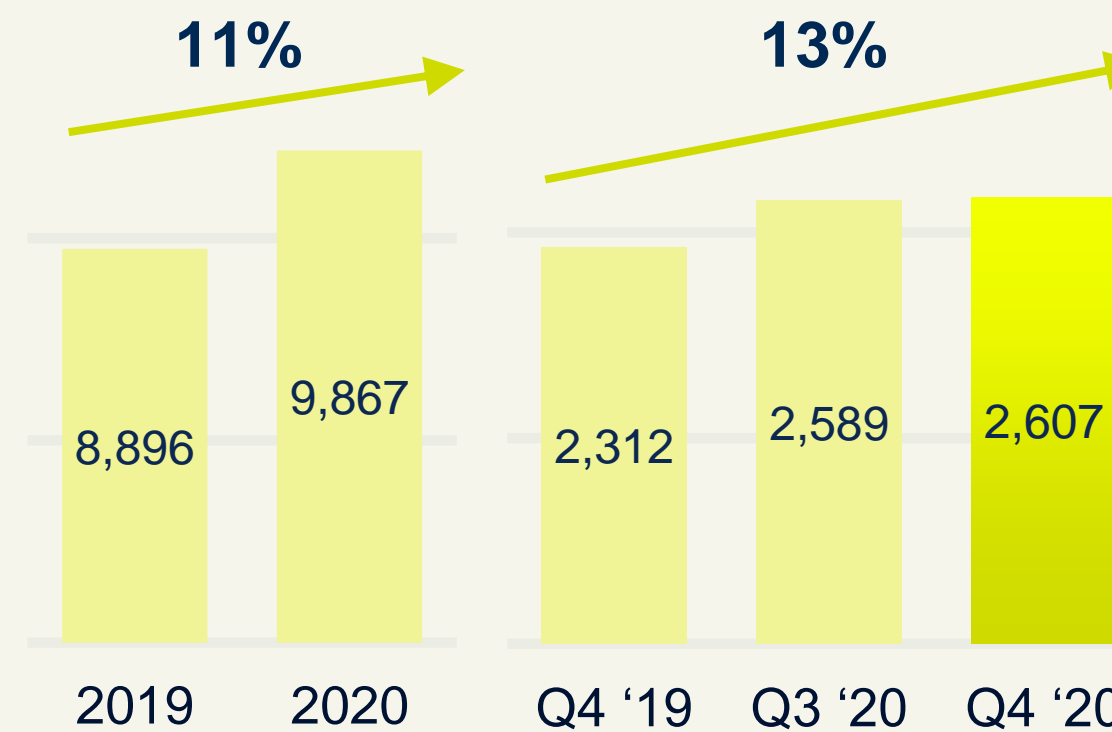
## Fixed Voice

(TL mn)



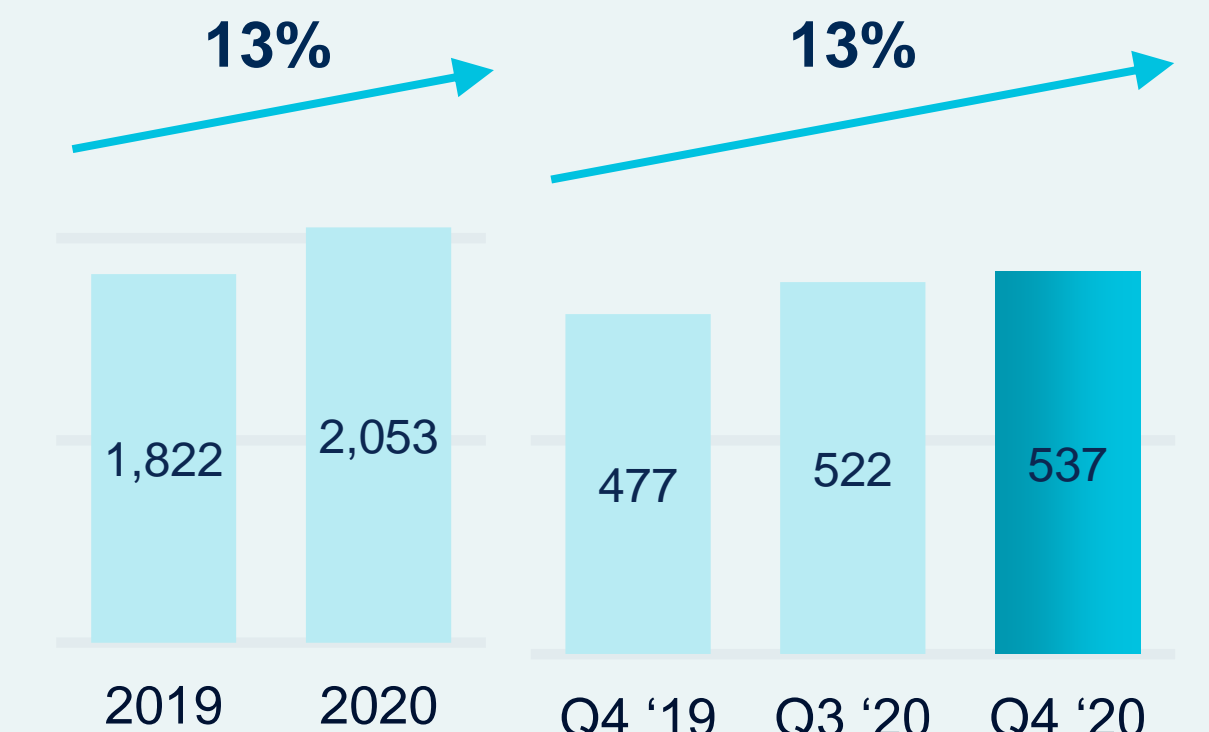
## Mobile

(TL mn)



## Corporate Data

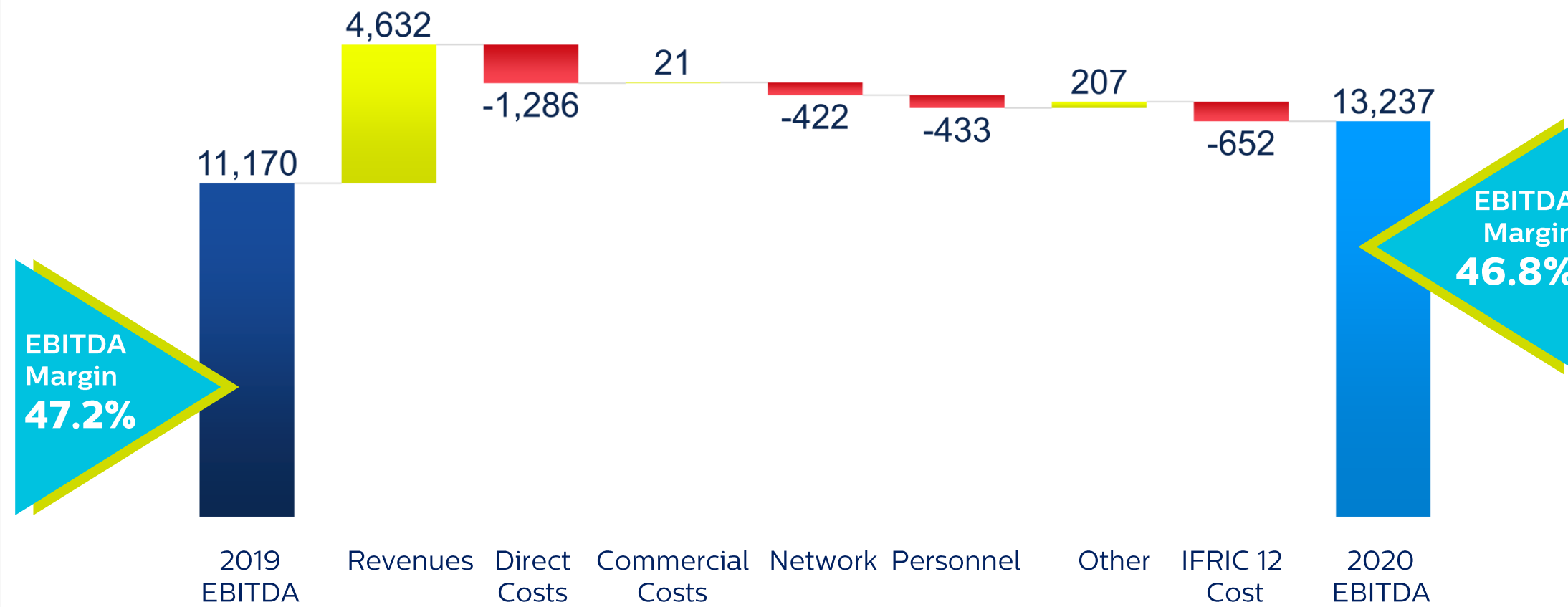
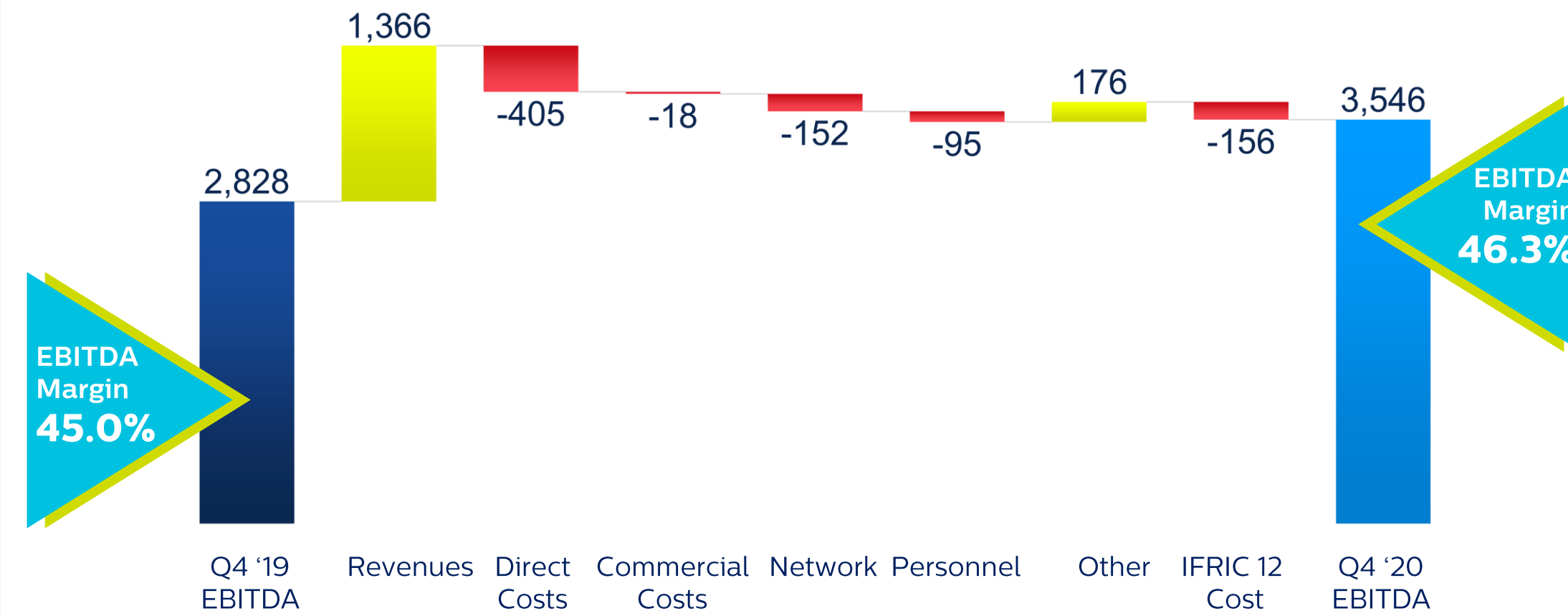
(TL mn)





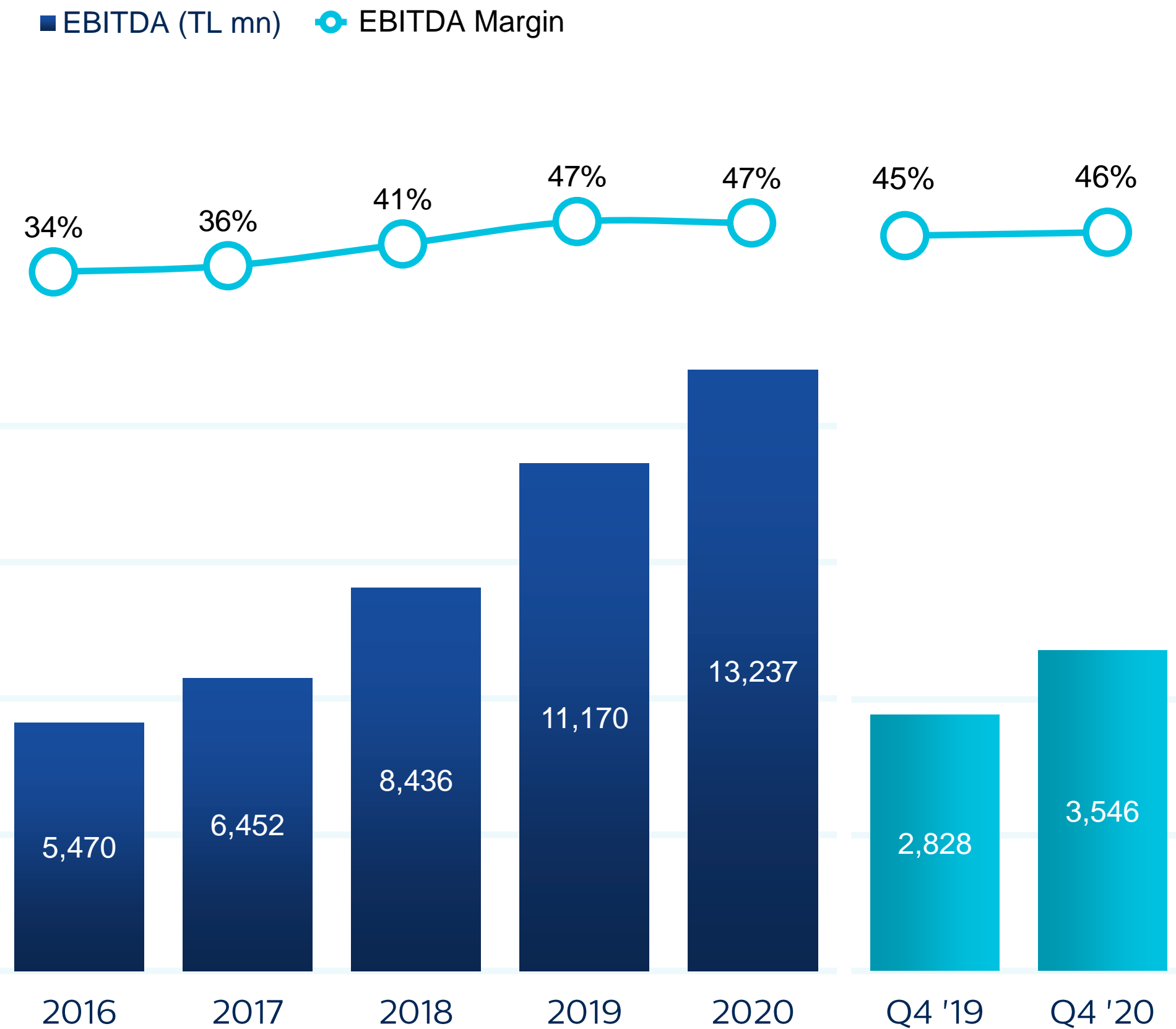
## Consolidated EBITDA Development

(TL mn)



## EBITDA &amp; EBITDA Margin

(TL mn)

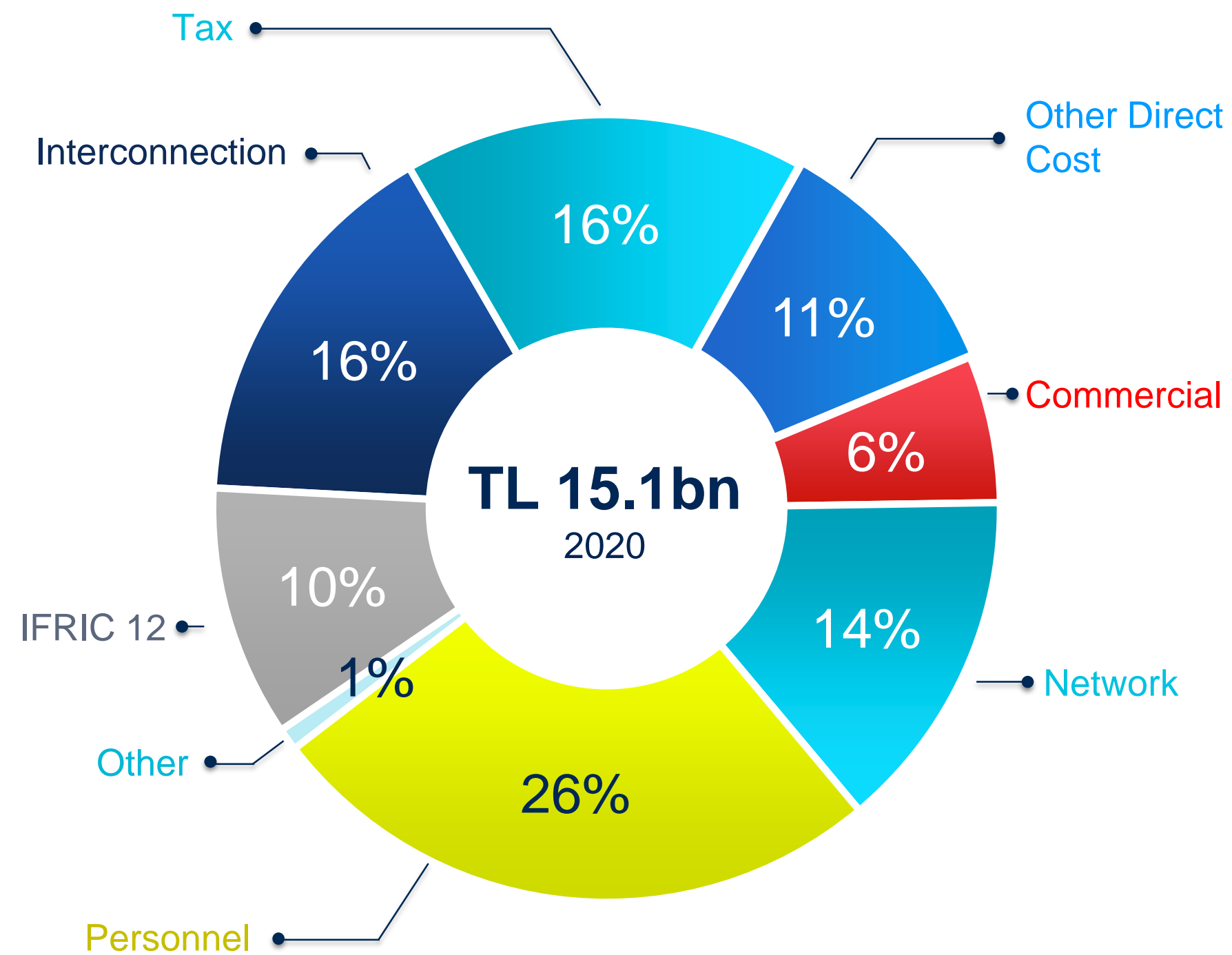


Türk Telekom adopted IFRS 15 and IFRS 16 accounting standards starting from 1 January 2018 and 1 January 2019, respectively. For further details please refer to "Financial Footnotes" & "Summary Financial and Operational xls" on our web site.

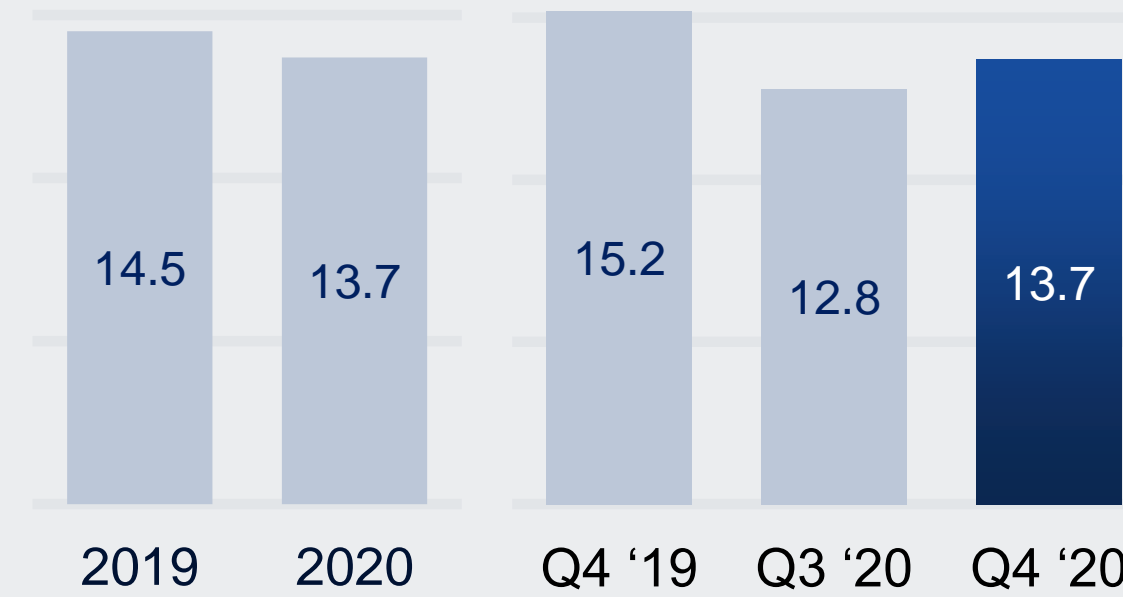


## 2020 Opex Breakdown

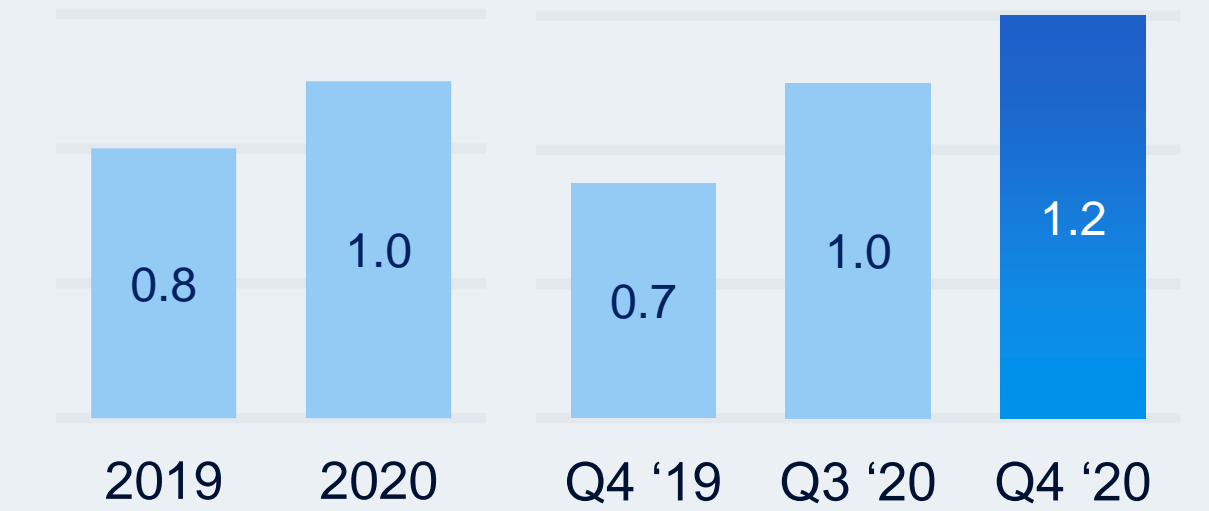
(% of Consolidated Opex)



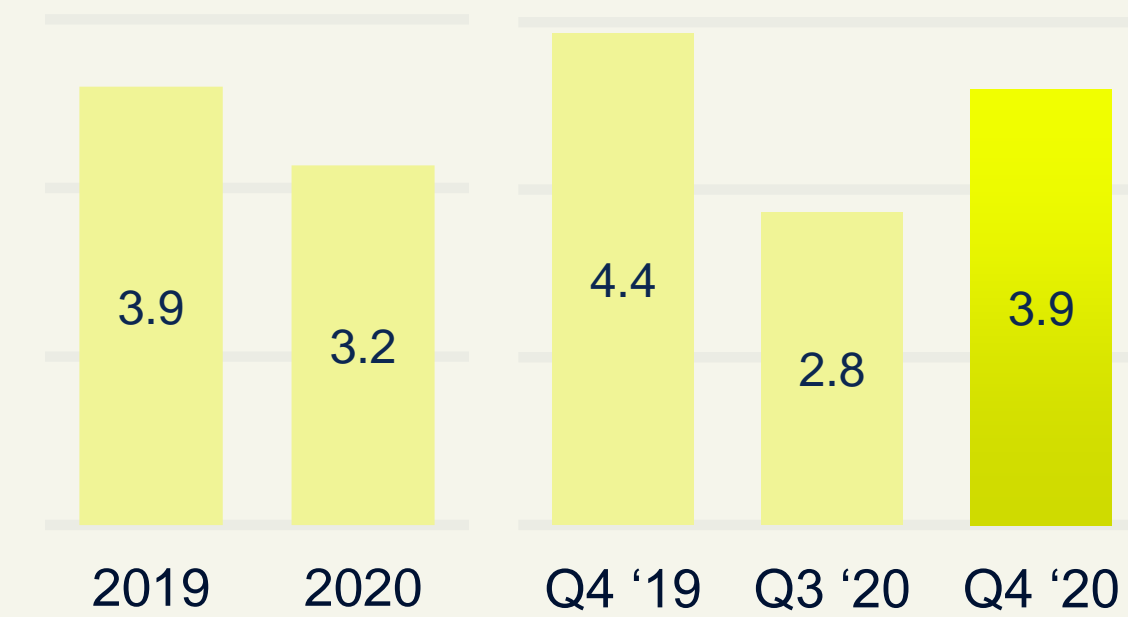
## Personnel Expense to Sales (%)



## Provision for Doubtful Receivables to Sales (%)



## Commercial Cost to Sales (%)





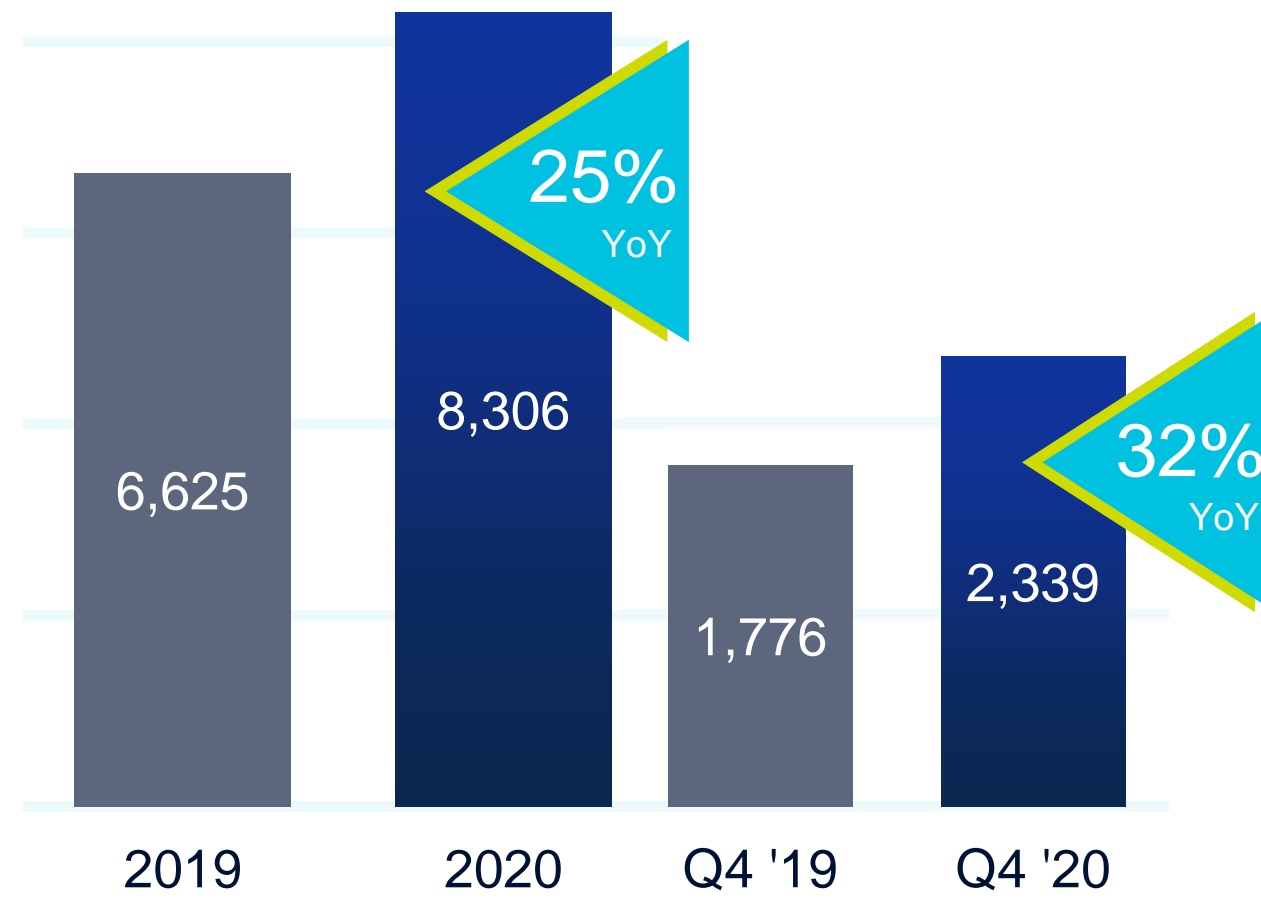


# Business Lines



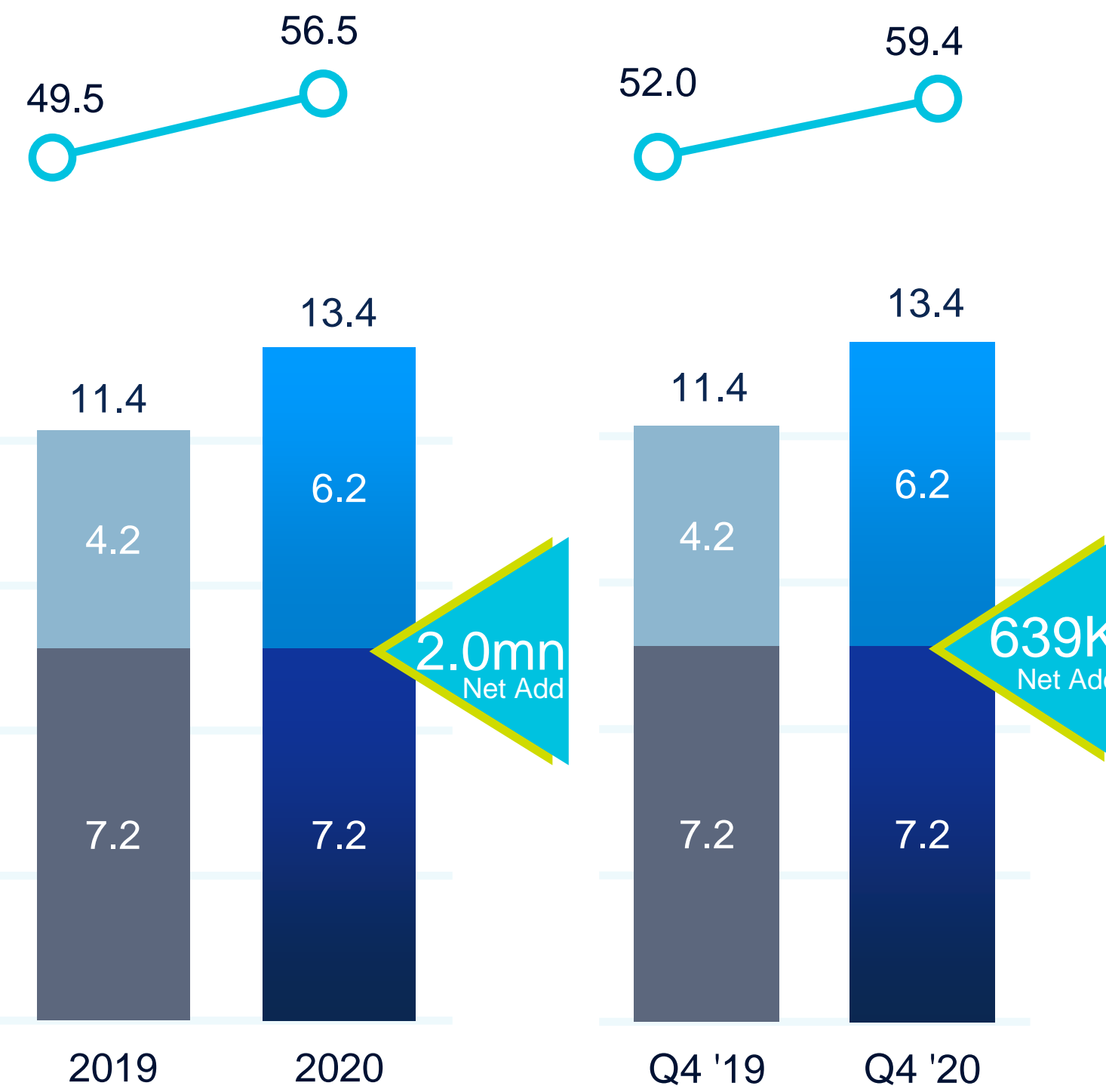


## Fixed Broadband Revenue (TL mn)

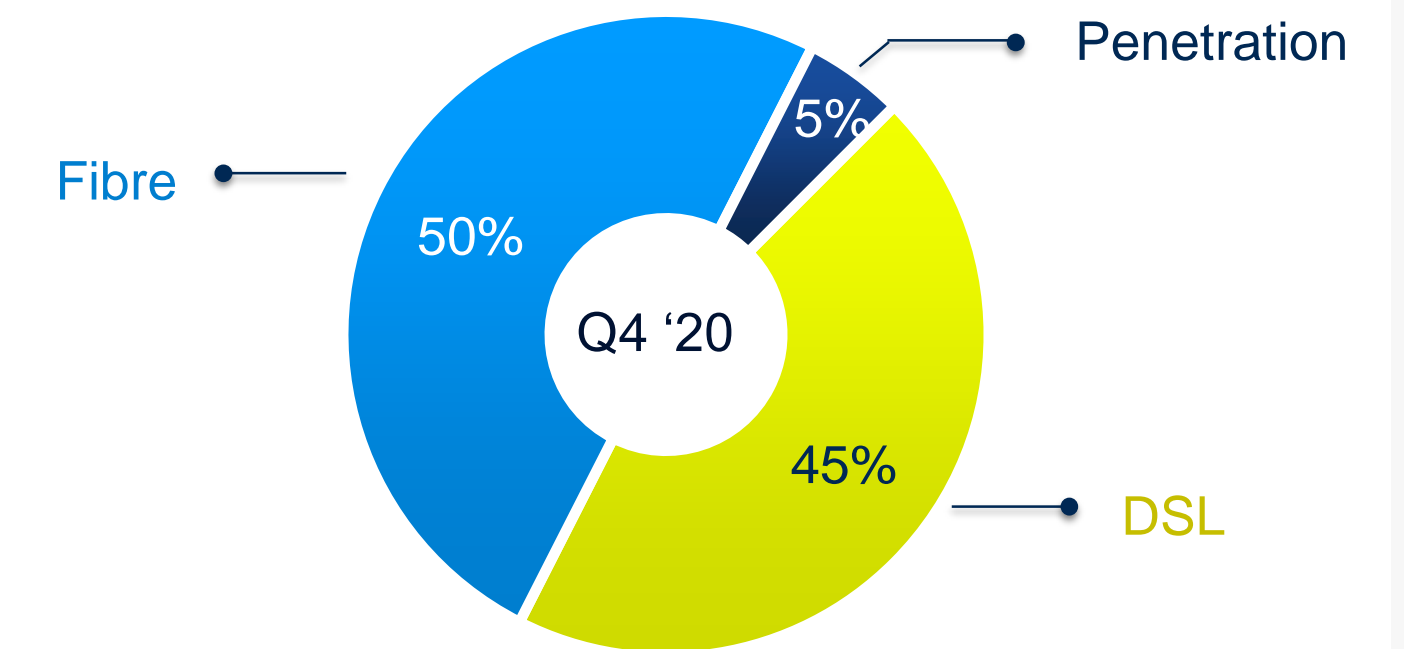
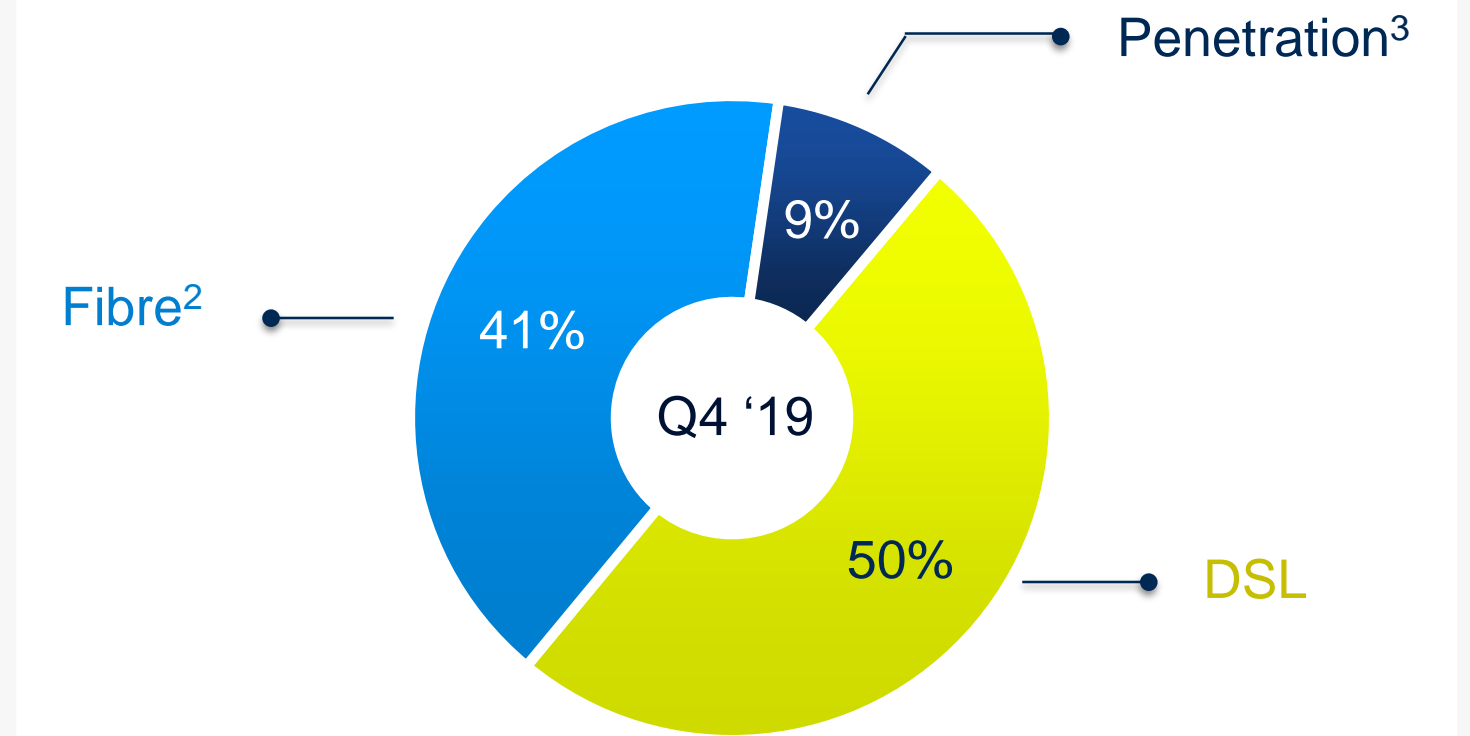


## ARPU & Subscribers

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



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



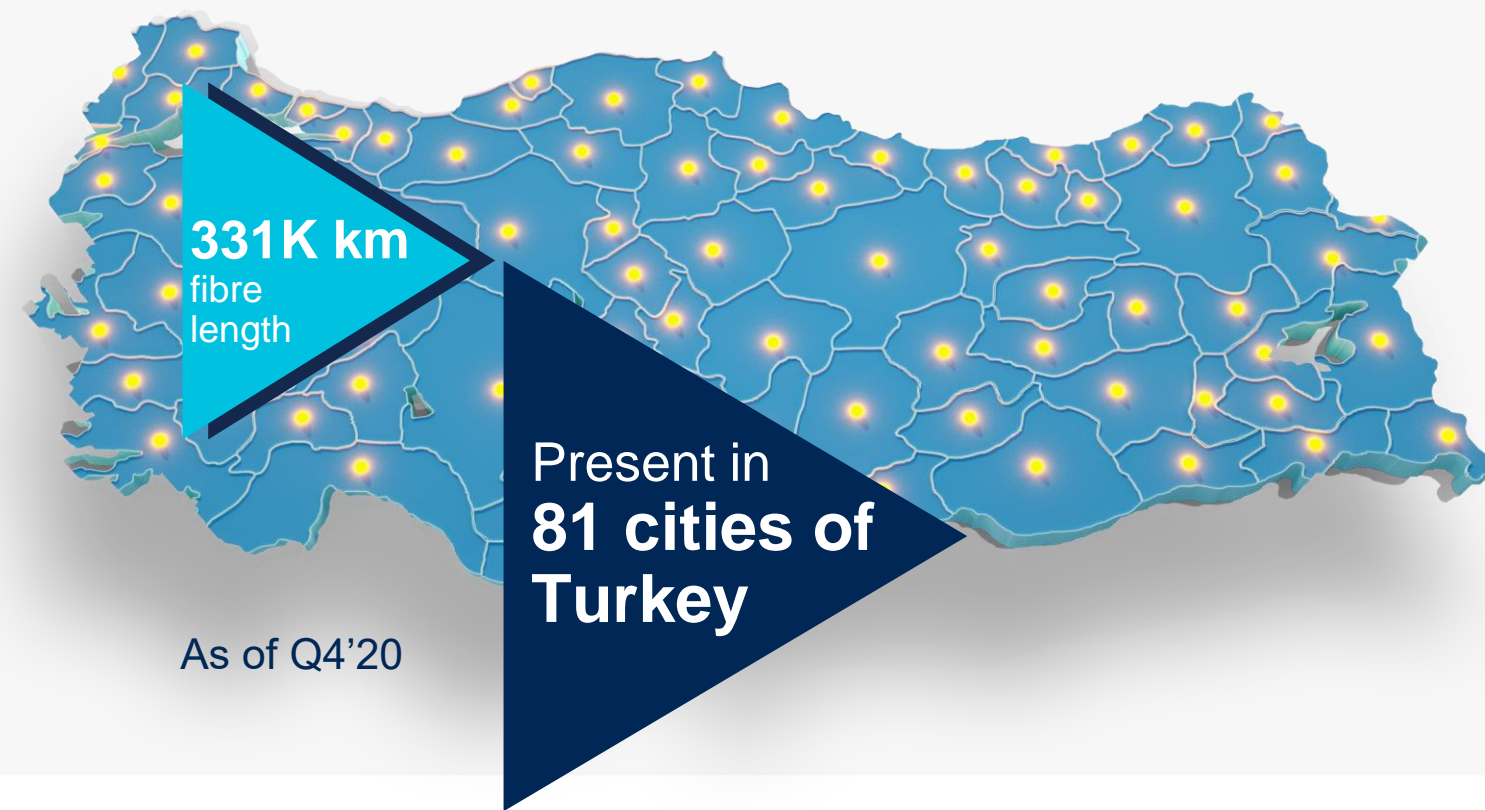
<sup>1</sup>Retail only

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

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

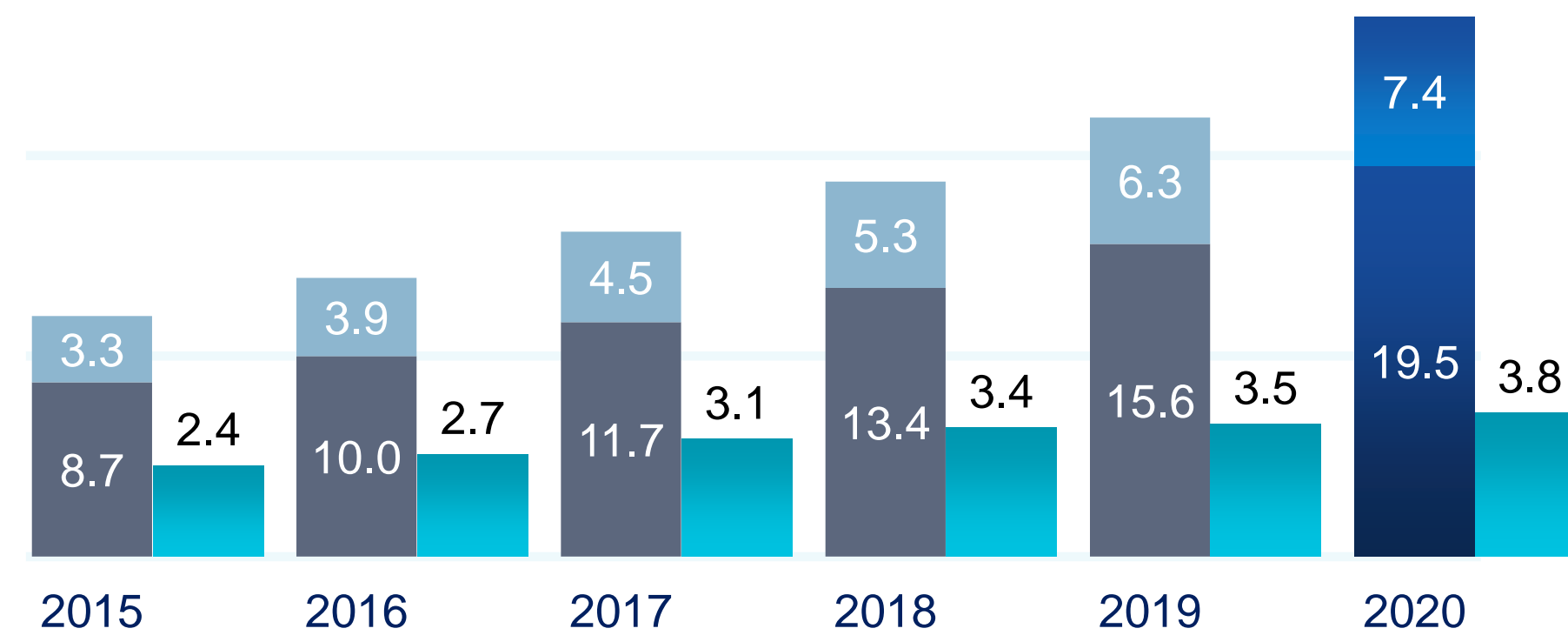


## Türk Telekom Fibre Network

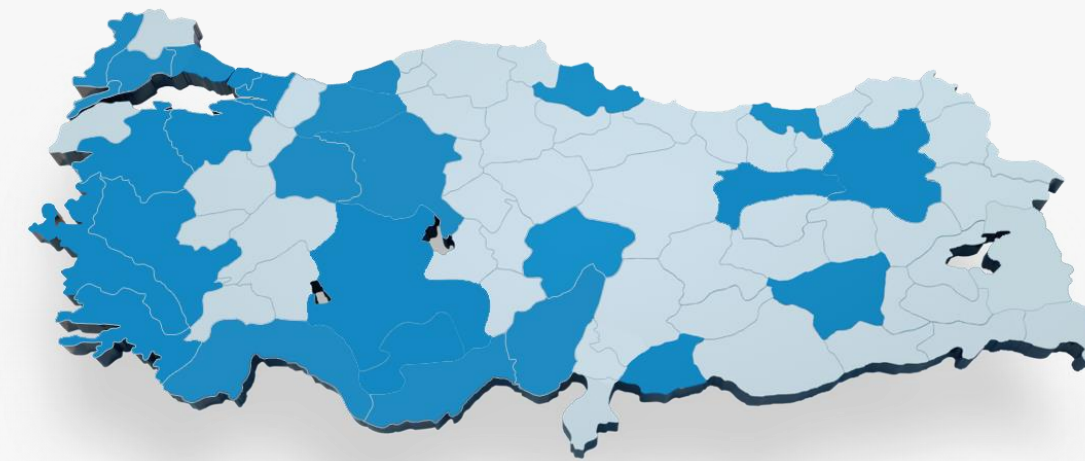


### Fibre Homepass (mn)

■ Türk Telekom (FTTC) ■ Türk Telekom (FTTH/B) ■ Superonline



## Superonline Fibre Network

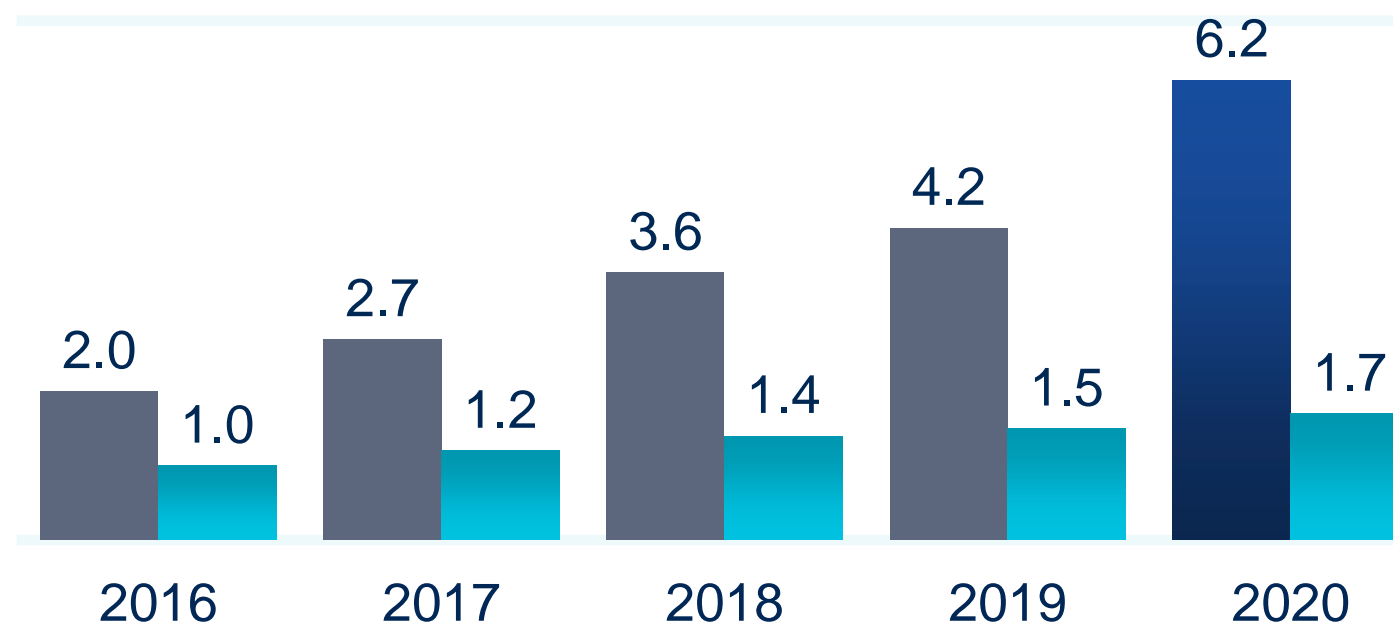


- ▶ Presence in 23 cities of Turkey
- ▶ 50K km fibre length
- ▶ Wholesale customer of Türk Telekom

Based on Turkcell's own publications as of Q4 '20

### Fibre Subscribers (mn)

■ Türk Telekom ■ Superonline

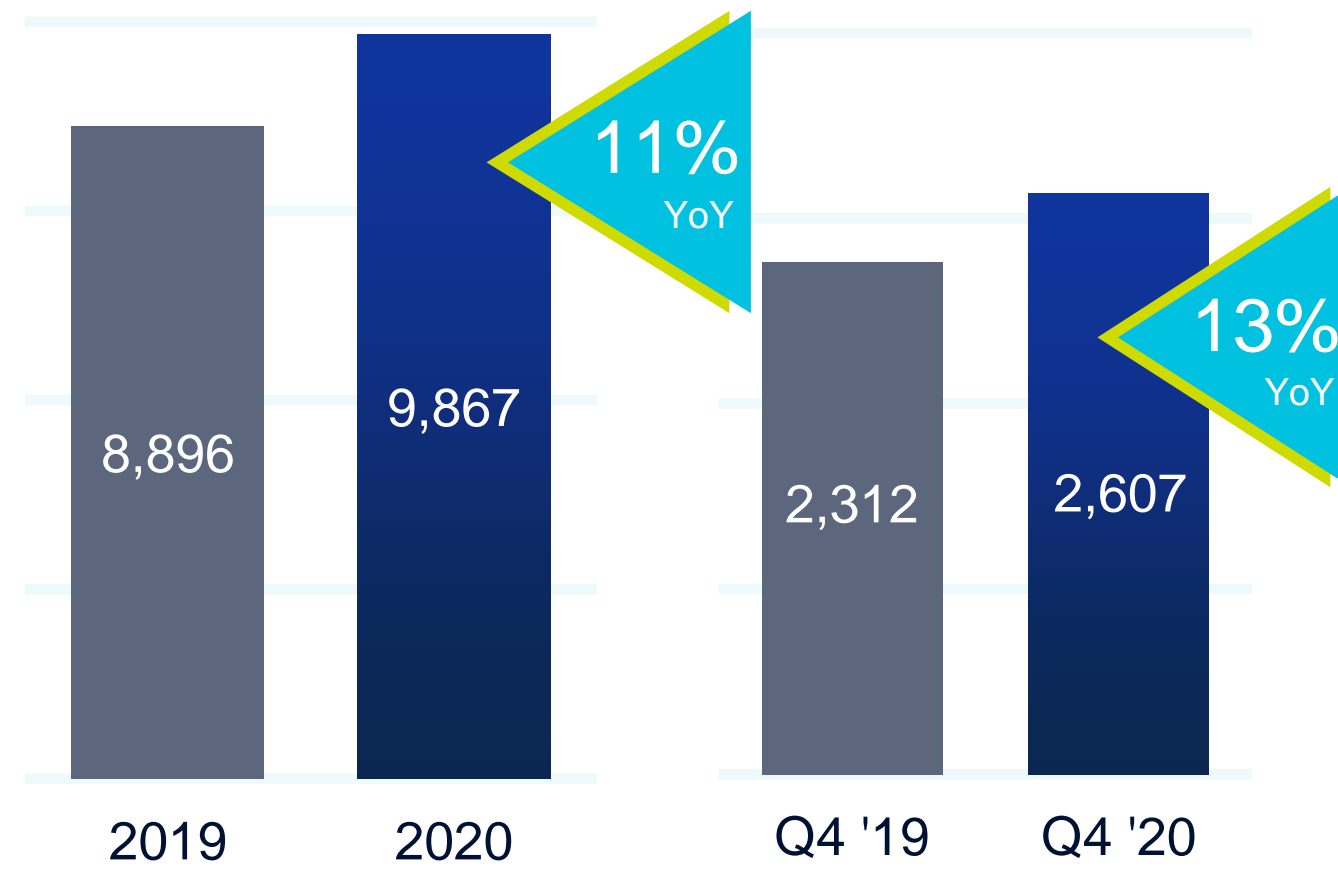


- ▶ Unrivalled fibre network
- ▶ Strong prospects for monetization
- ▶ Best placed to benefit from move towards higher connection speeds
- ▶ Well-equipped to support 5G/small-cell deployment

Fibre subscribers include FTTH/B & FTTC subscribers



## Mobile Revenue (TL mn)



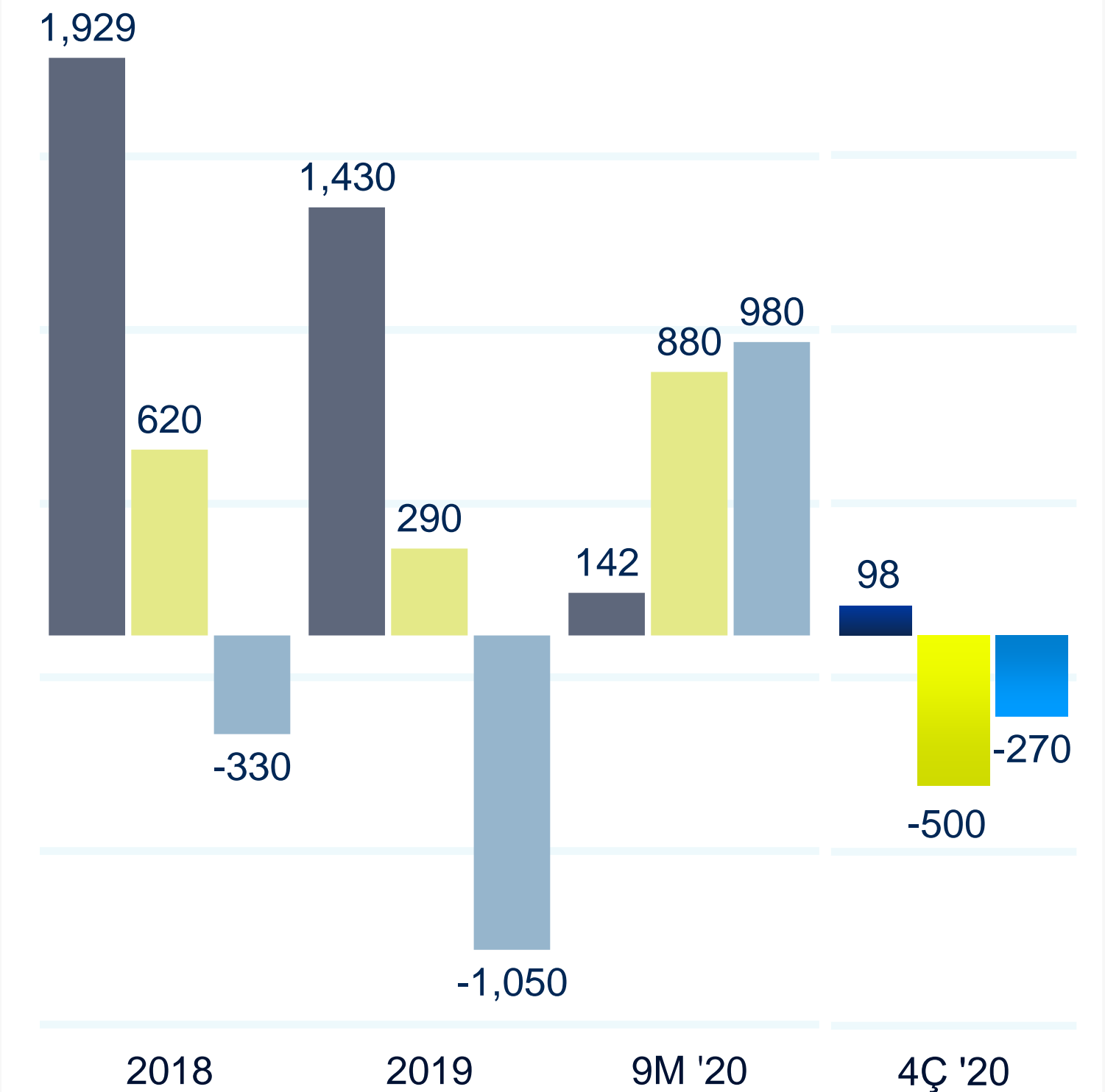
## Growing ARPU & Subscribers

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



## Net Subscriber Additions (thousand)

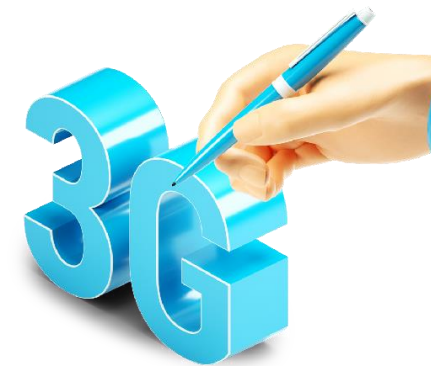
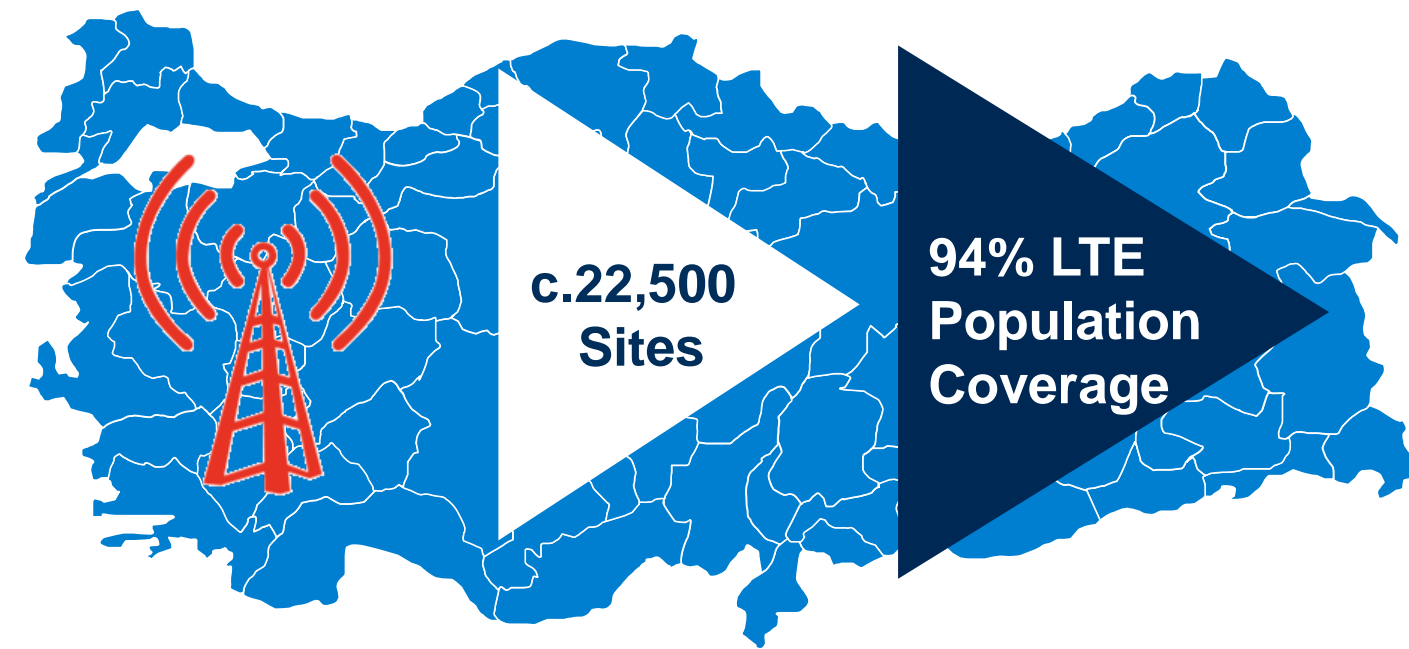
- Türk Telekom
- Vodafone
- Turkcell



Source: ICTA, Türk Telekom



## Extensive Network Coverage



97% coverage



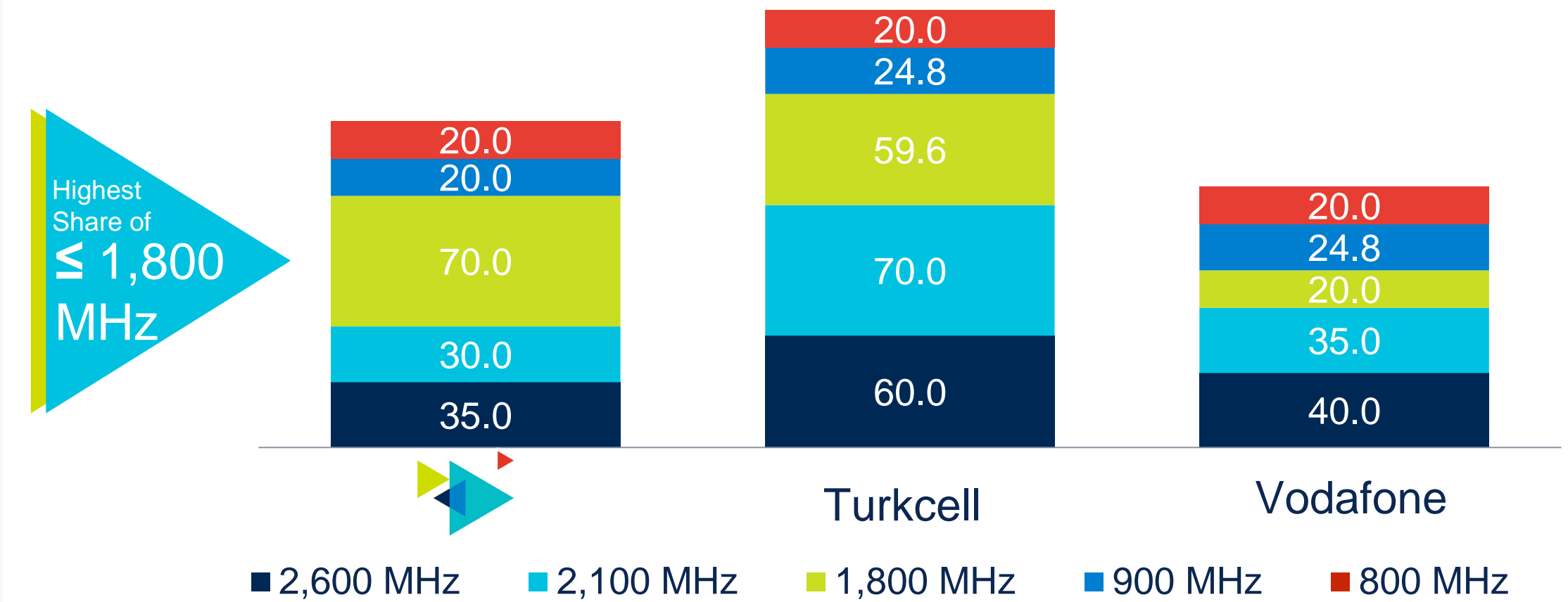
94% coverage



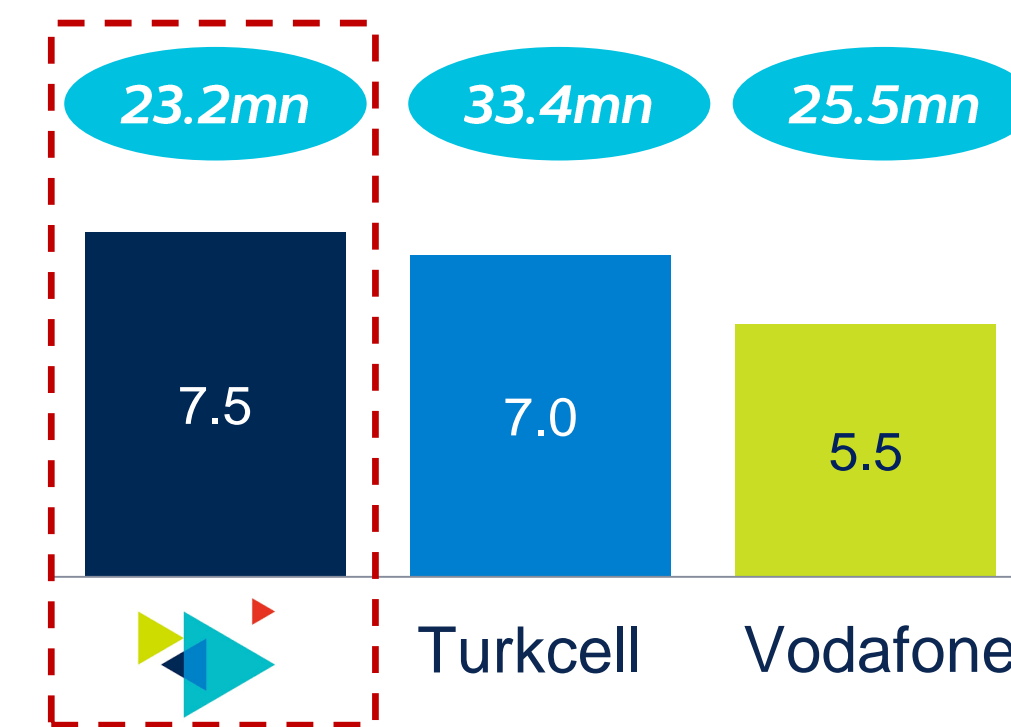
**Getting ready for 5G**

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

## Superior Spectrum Allocation



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



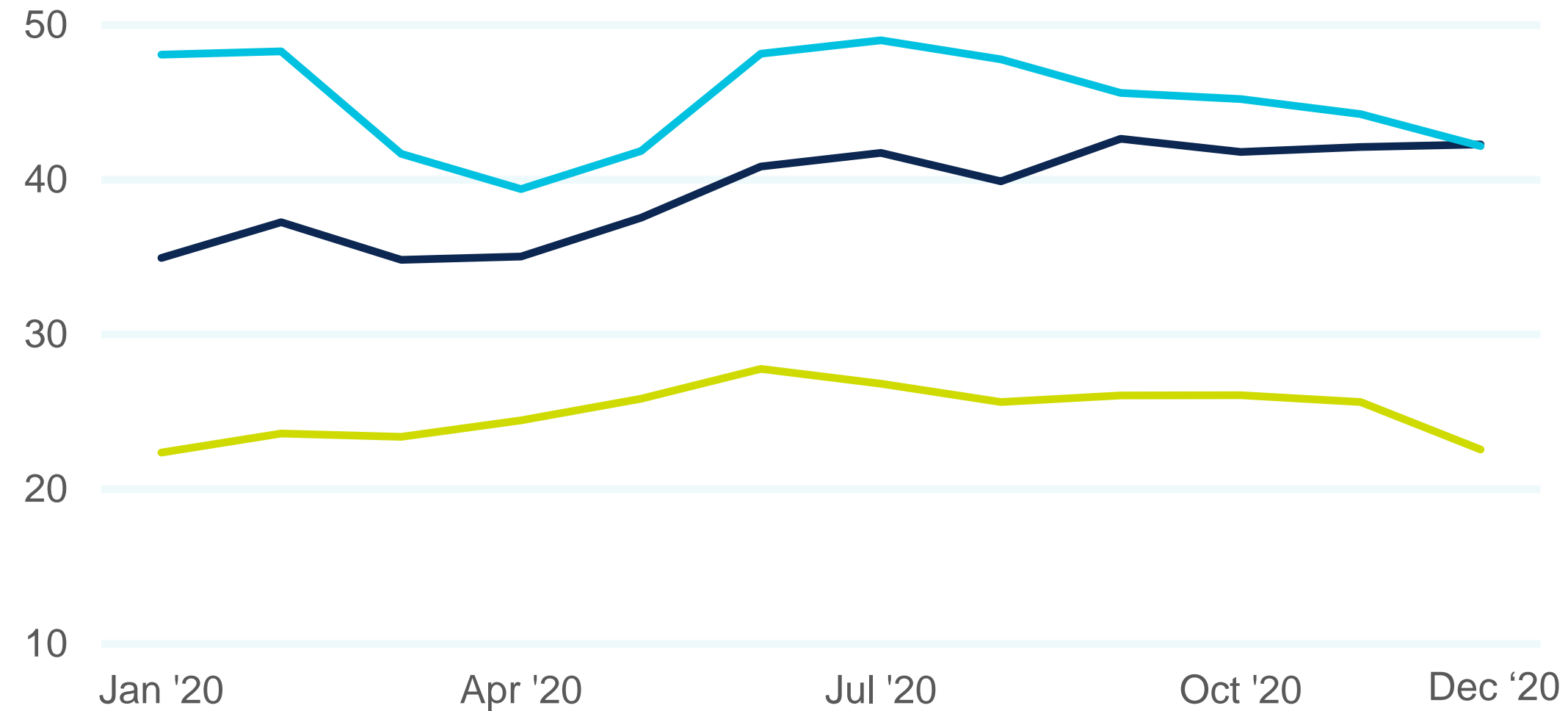
Source: ICTA



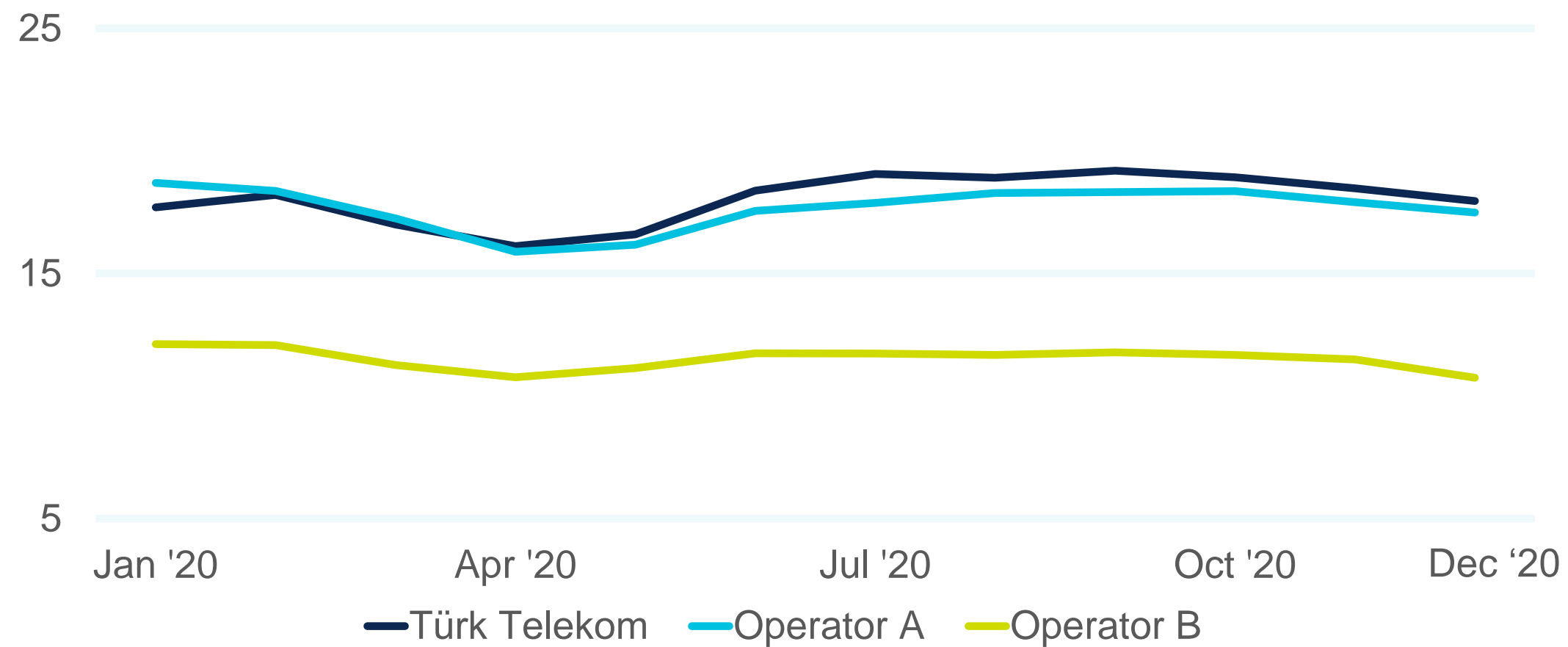
## Leading position in 4.5G\*



4.5G Download Speed, Mbps



4.5G Upload Speed, Mbps



—Türk Telekom —Operator A —Operator B

## Improvement in Customer Experience\*\*



	Türk Telekom	Operator A	Operator B
4.5G Video	74.7	74.9	71.2
3G Video	58.9	64.1	50.2
4.5G Games	68.6	66.6	68.7
3G Games	42.0	39.3	34.8
4.5G Voice App	81.9	79.7	81.1
3G Voice App	75.2	72.0	68.3
4.5G Upload Speed	12.1	11.3	8.9
3G Upload Speed	1.9	1.6	1.4
4.5G Download Speed	29.8	30.1	18.1
3G Download Speed	8.5	9.2	5.7

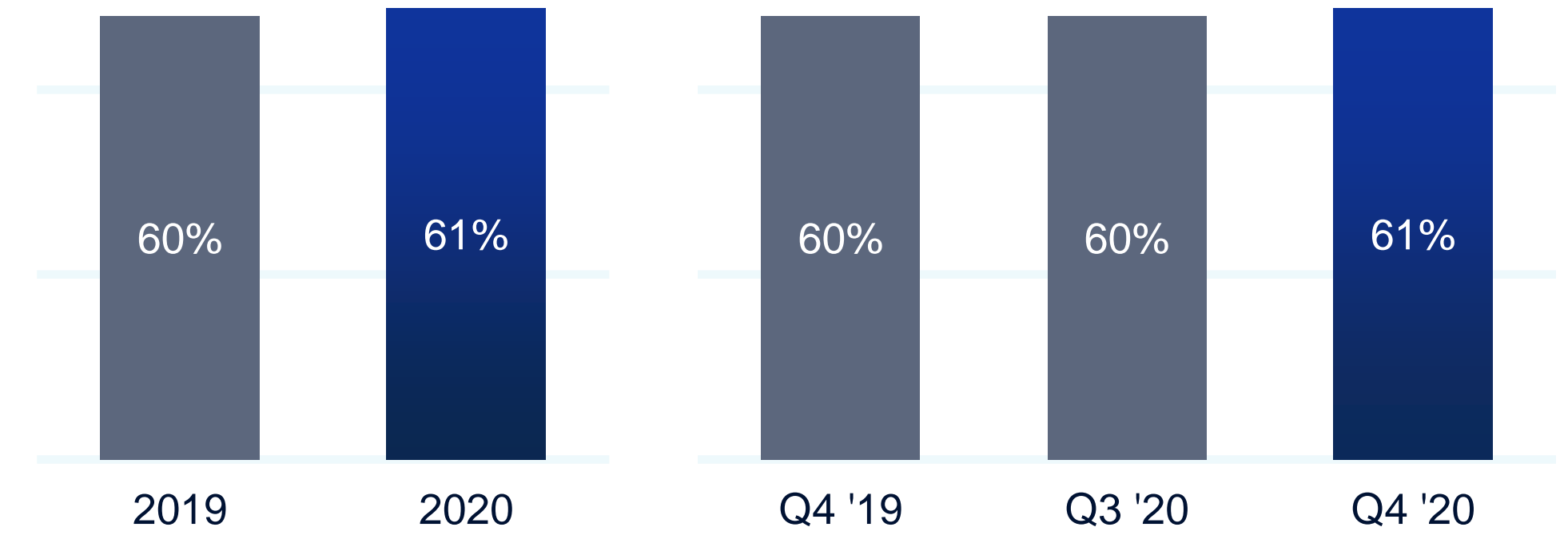
\* According to Ookla Speed Test

\*\* According to Open Signal Dec'20 Report

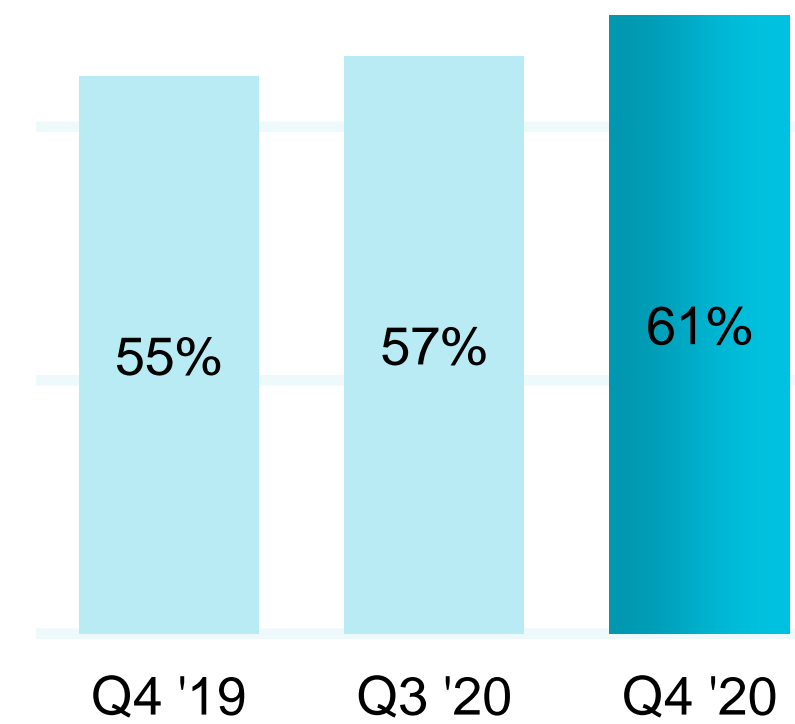
<https://www.opensignal.com/reports/2020/12/turkey/mobile-network-experience>



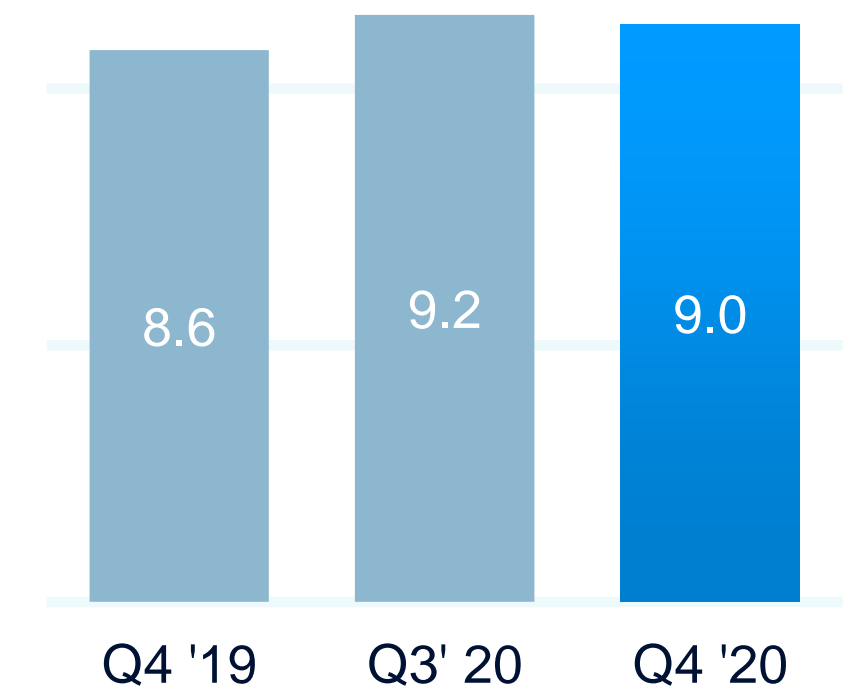
## Data Revenue (Mobile service revenue share)



## LTE Users\* (Total Subscriber share)



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

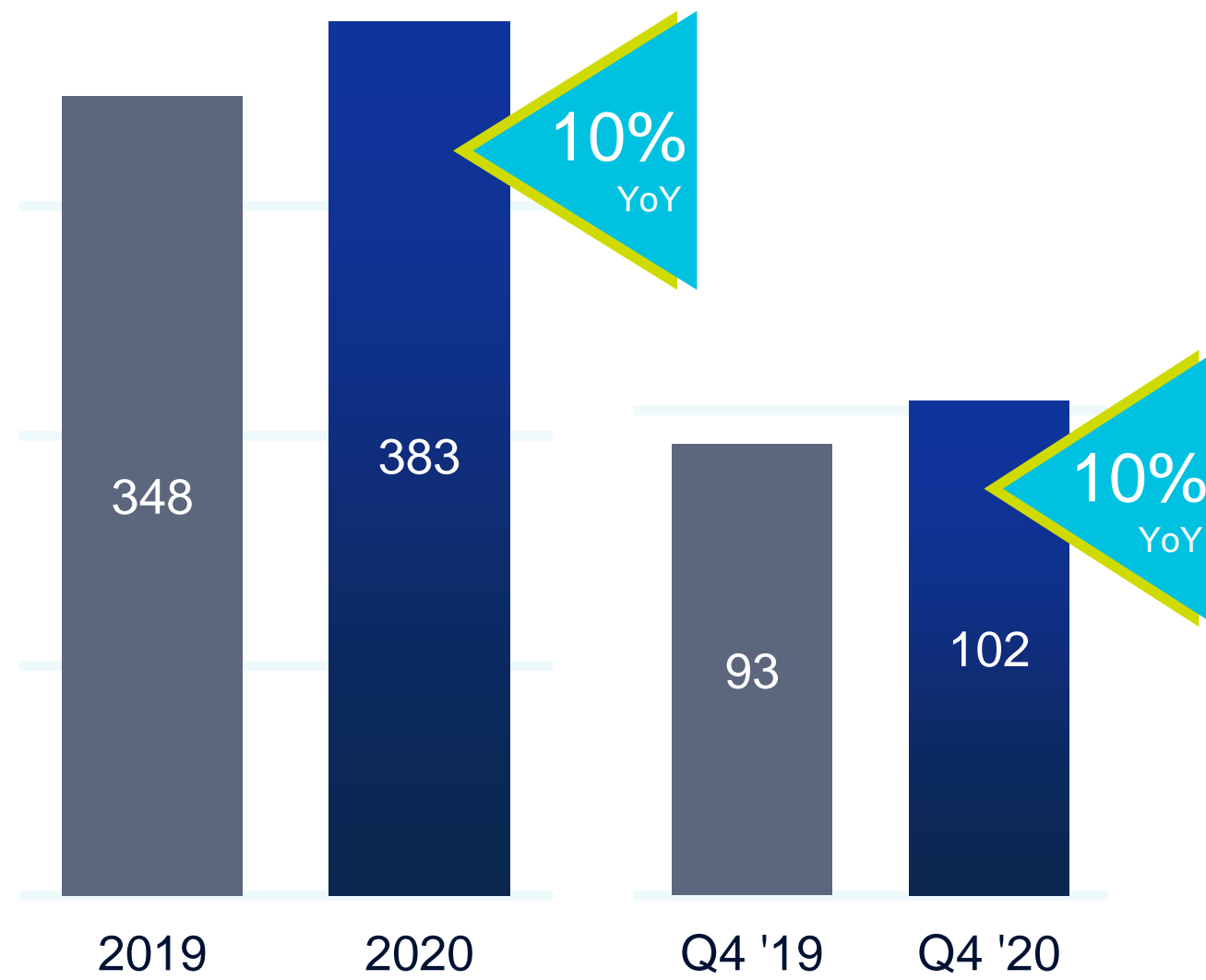


\*Subscribers who  
1) registered for LTE  
2) have LTE compatible device and simcard



## TV Revenue

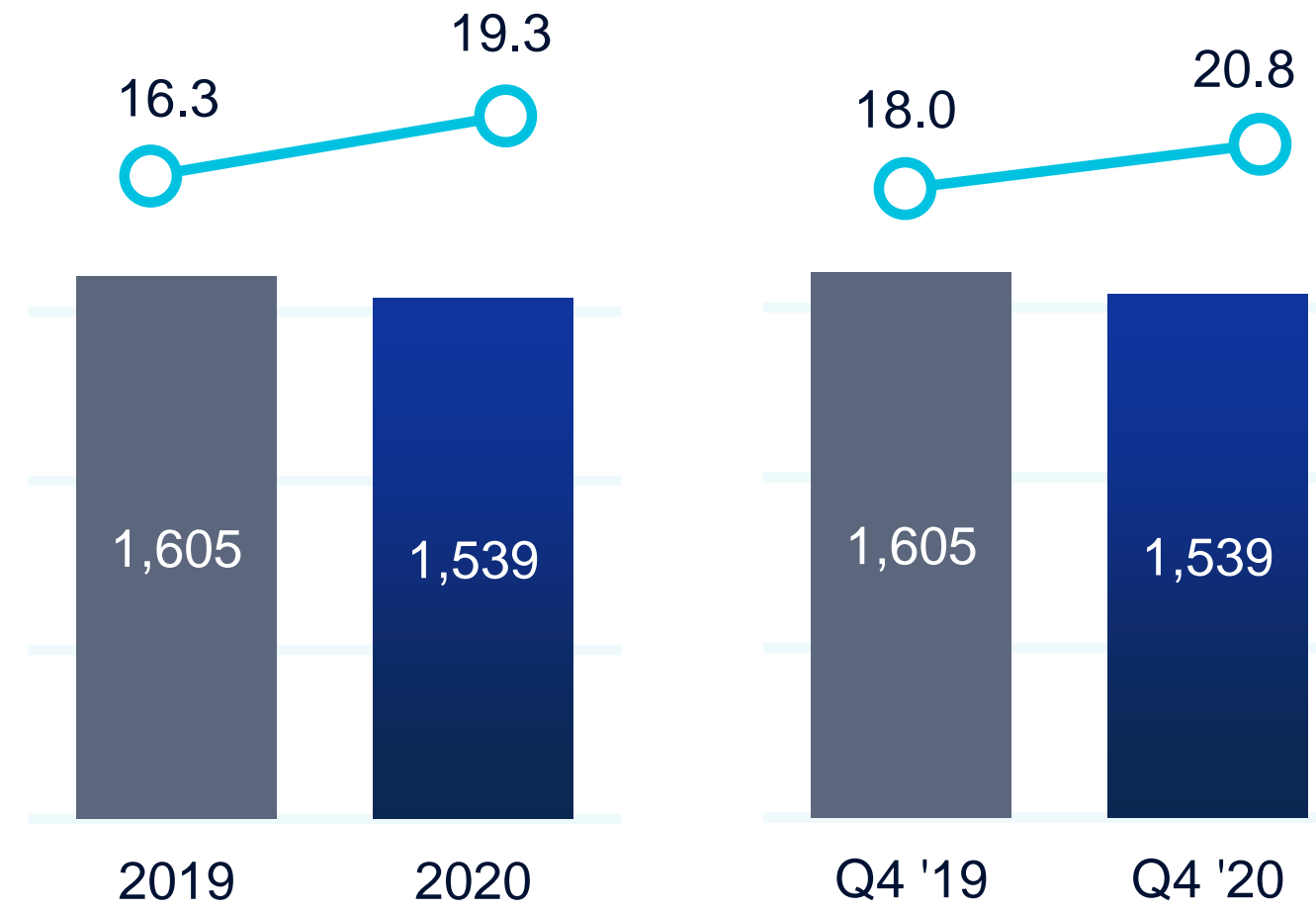
(TL mn)



## Tivibu Home Subscribers

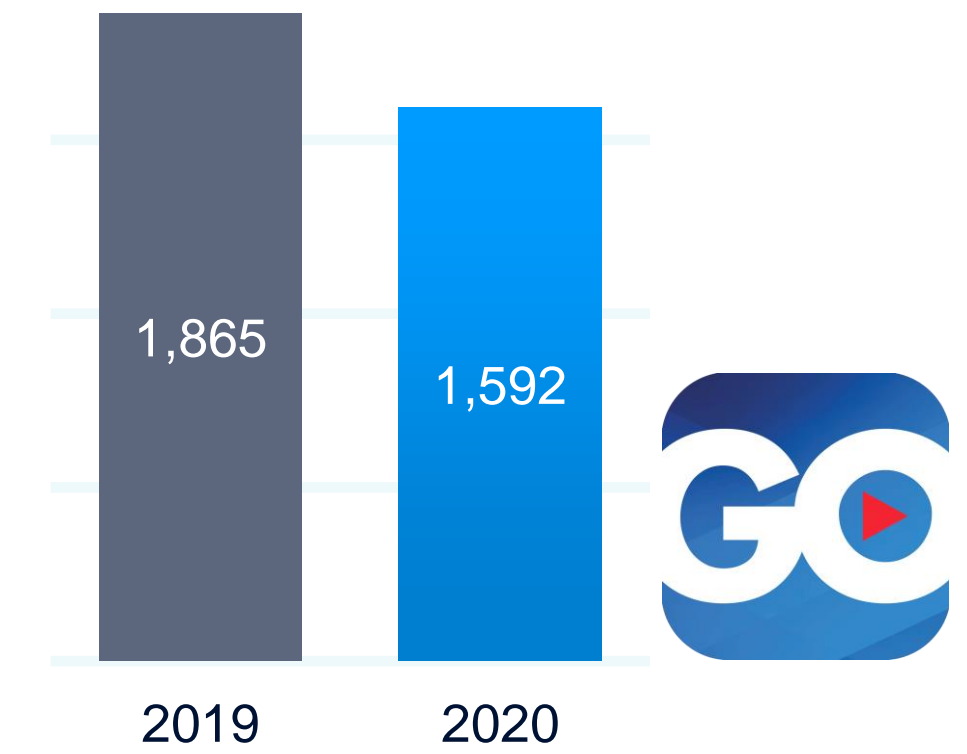
(thousand)

● ARPU (TL)



## Tivibu Go Subscribers

(thousand)



## Platform

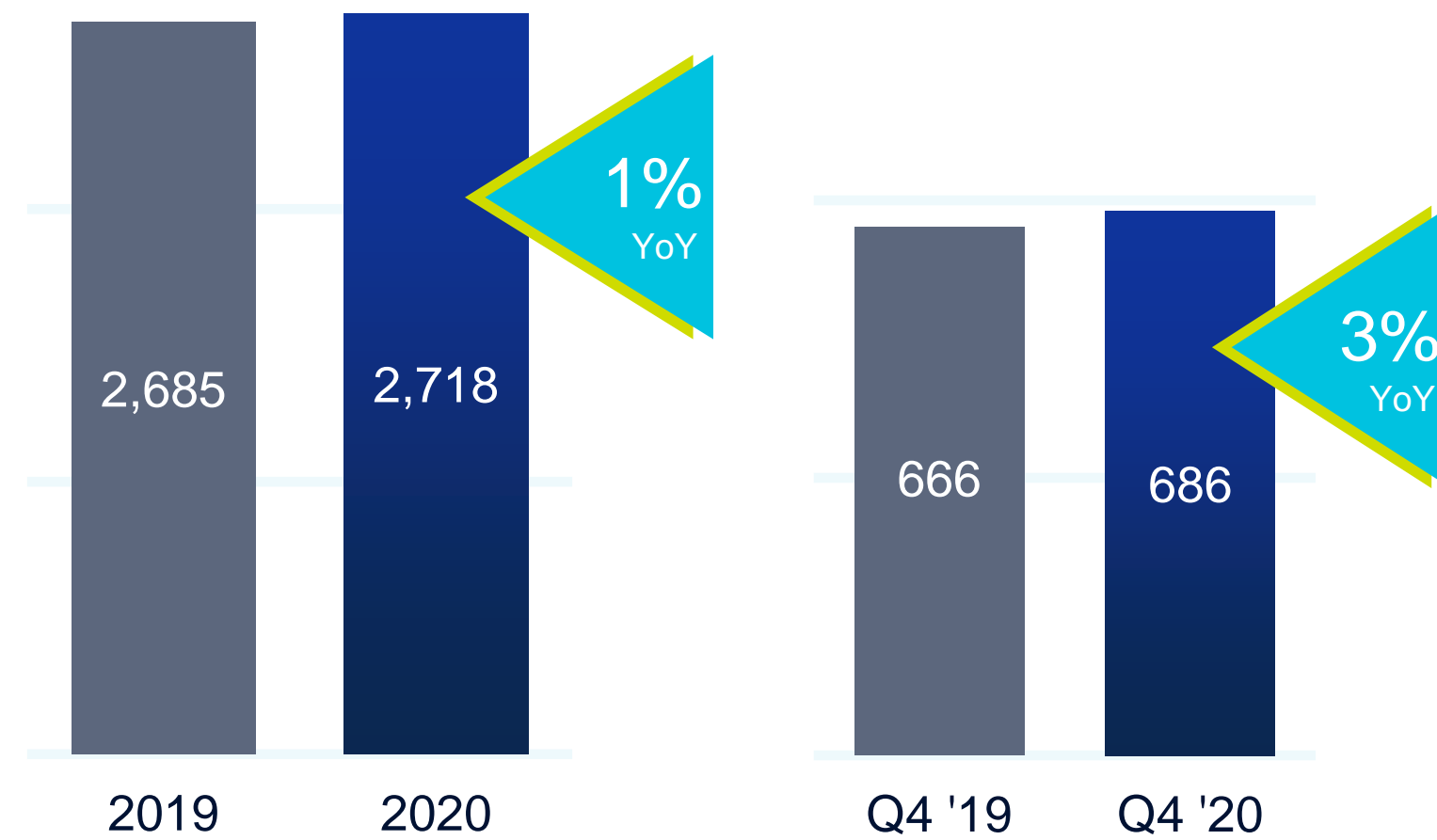
IPTV + DTH + Web TV + Smart TV

## Content

- ▶ Turkish Basketball Super League
- ▶ NBA
- ▶ English Premier League
- ▶ Formula 1
- ▶ 4 Inhouse Sports Channels
- ▶ Kids & Documentary Channels
- ▶ +5,200 on demand assets

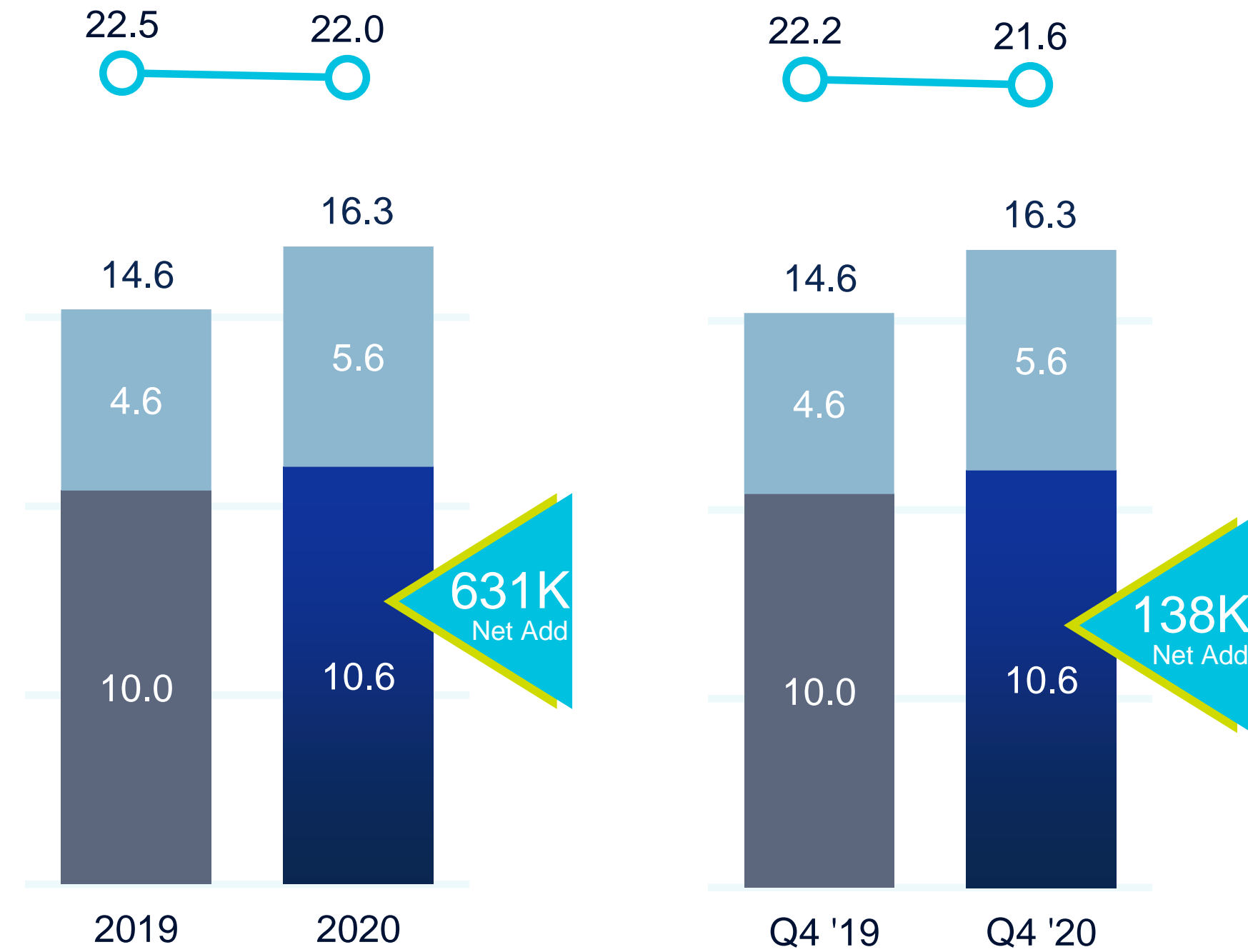
## Fixed Voice Revenue

(TL mn)



## Access Lines and ARPU

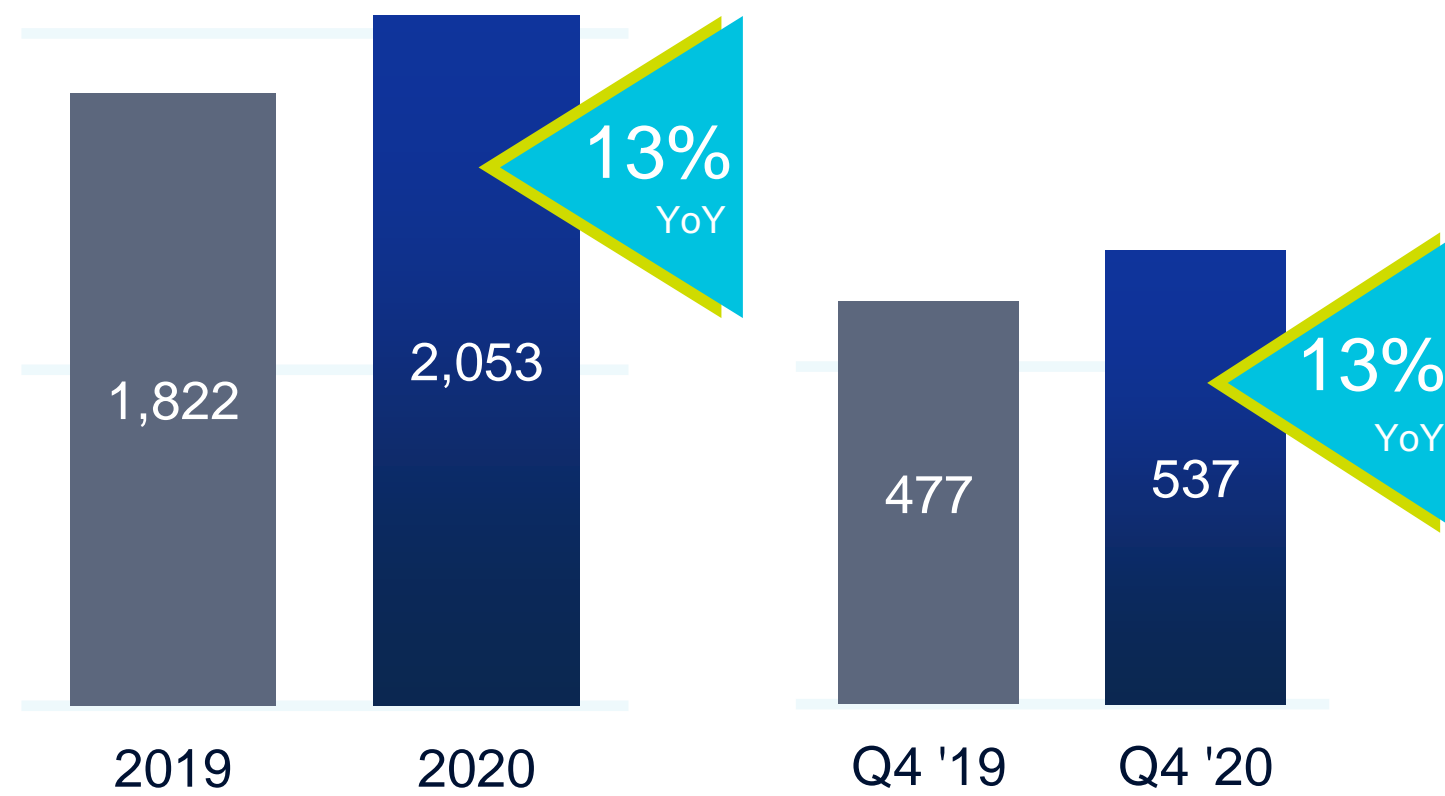
- Naked Broadband Subscribers (mn)
- Fixed Voice Subscribers (mn)
- Fixed Voice ARPU (TL)





## Corporate Data Revenue

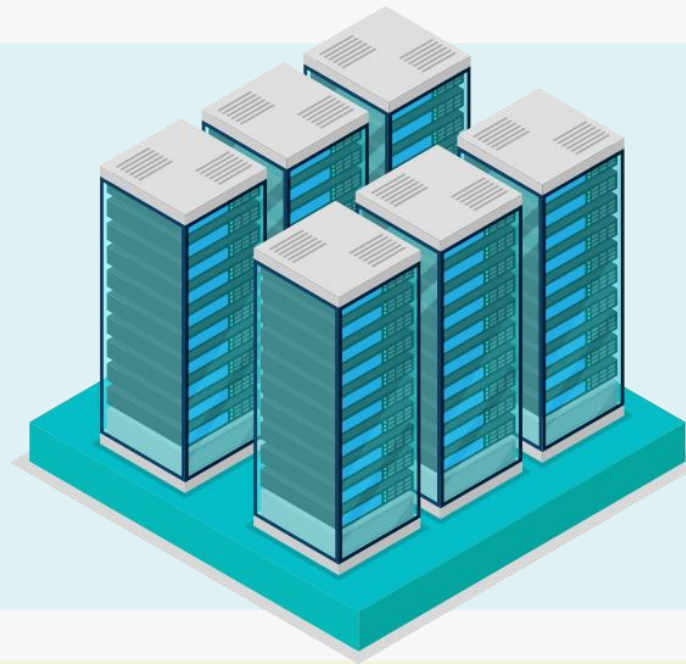
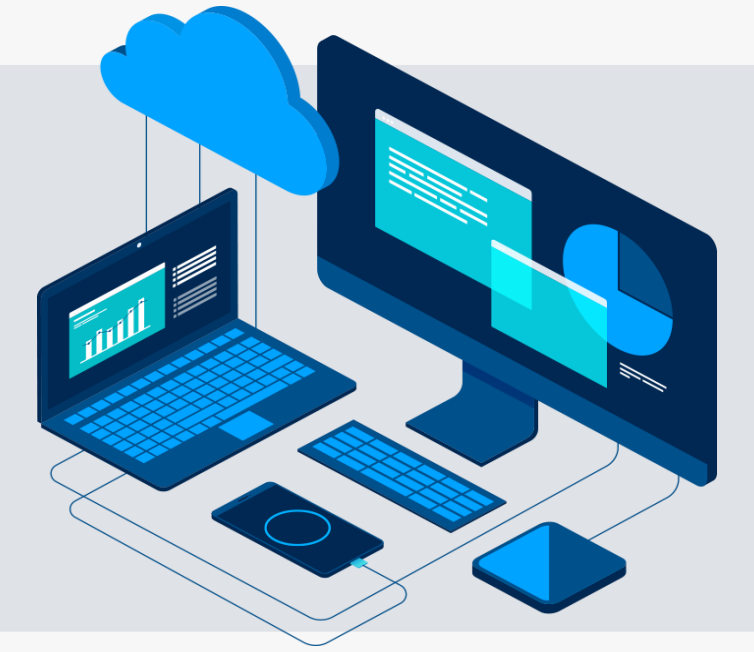
(TL mn)



## Conventional Corporate Data Services

Customer-oriented integrated communication solutions

Cloud Services, Metro Ethernet, TT VPN, Leased Line



## Data Centre Services

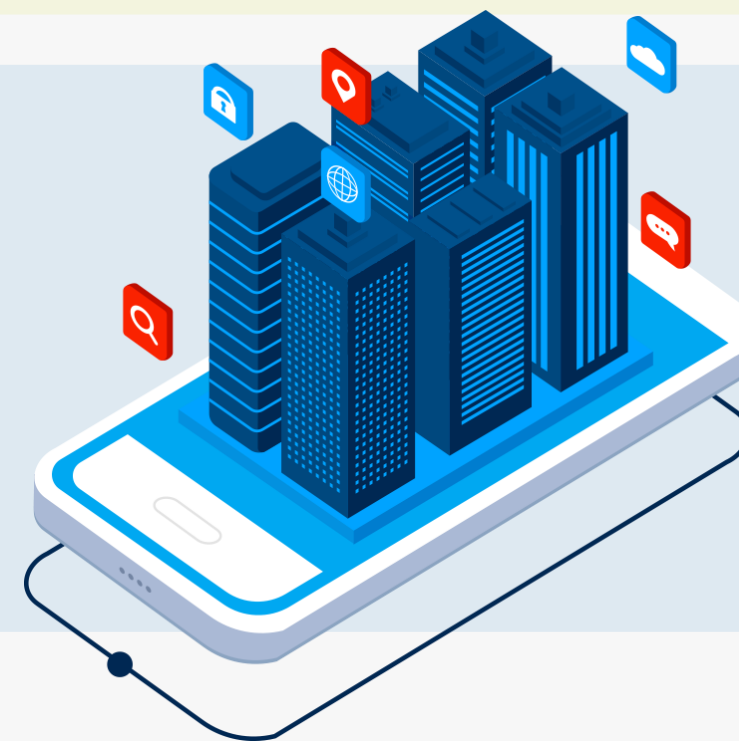
Secure, redundant and accessible data centre services at high speeds

Server hosting, rental, cloud server, storage, backup, cloud replication & backup, traffic forwarding 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

Shared security services, dedicated security services, cybersecurity center management services

End-to-End cybersecurity services, DDoS Attack Prevention Services, Türk Telekom Web Application Firewall, UTM (Unified Threat Management) services



## New Generation Cities

Offering secured, sustainable and better quality of life

New generation transportation, health, lifestyle, energy, security and environment





# 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

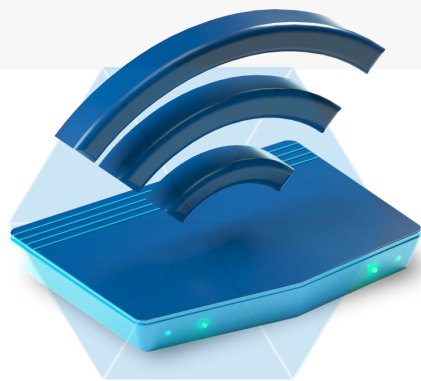
- ▶ Attain best in class digital, end-to-end customer experience
- ▶ Develop customer-oriented, agile working models
- ▶ Provide personalized offers and content, in addition to digital products and services

## Efficiency

### Improving efficiency with digitalisation and new operational models

- ▶ Increase efficiency with digitalisation, virtualization 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



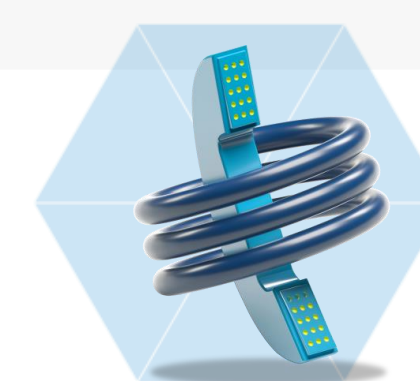
- ▶ Increase fixed broadband penetration
- ▶ Efficient use of diversified sales channels
- ▶ Upsell to higher speeds and capacities

## 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 monetize existing subscriber base

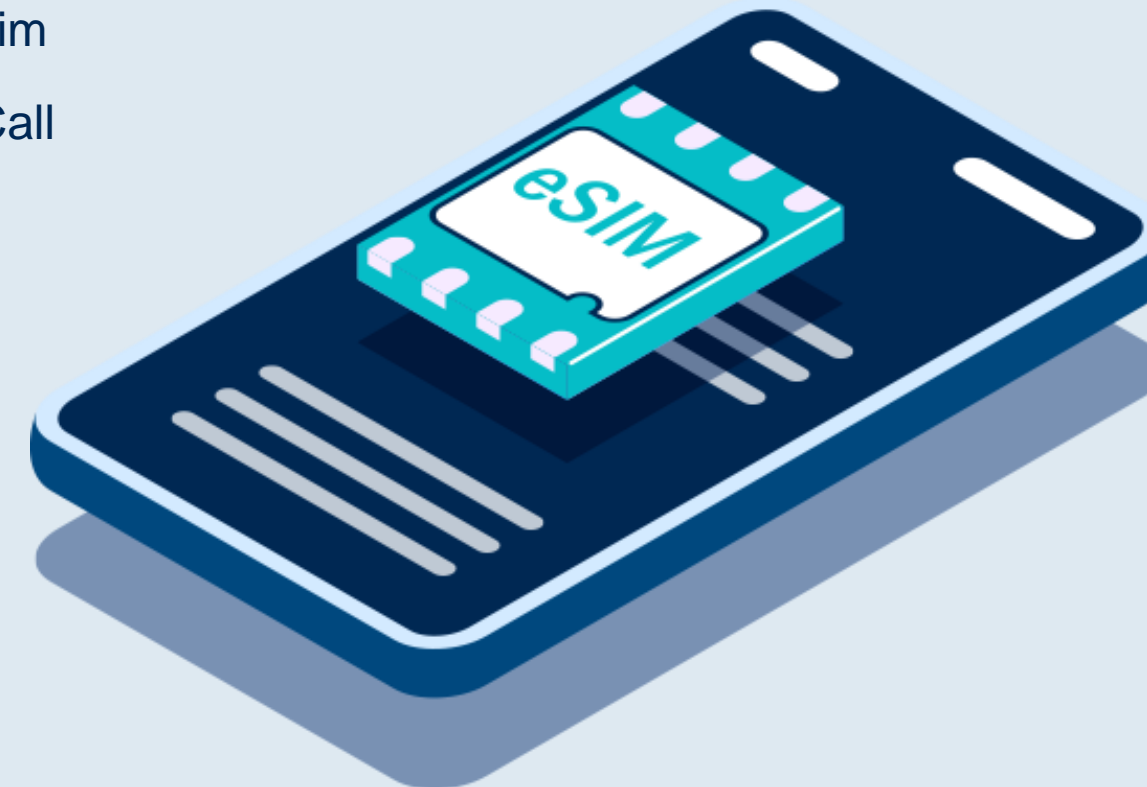
## Smart Cities

- ▶ 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 minimize errors in industrial applications and maximize production & efficiency
- ▶ Digitalisation
- ▶ B2B Solutions



## Cloud Network

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







Preparations for 5G with pilot 5G test networks

45% of LTE base stations connected with fibre

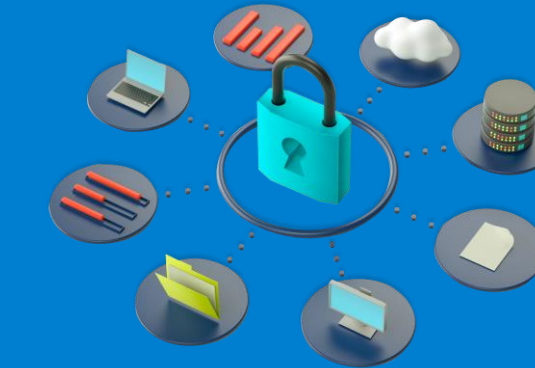
Work to manage the 5G network with AI technology

First Industry 4.0 5G test in Turkey

**ARGELA NETSIA**



Working on transformation of network ahead of 5G



Working with Argela for SDN& NFV based cybersecurity solutions

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

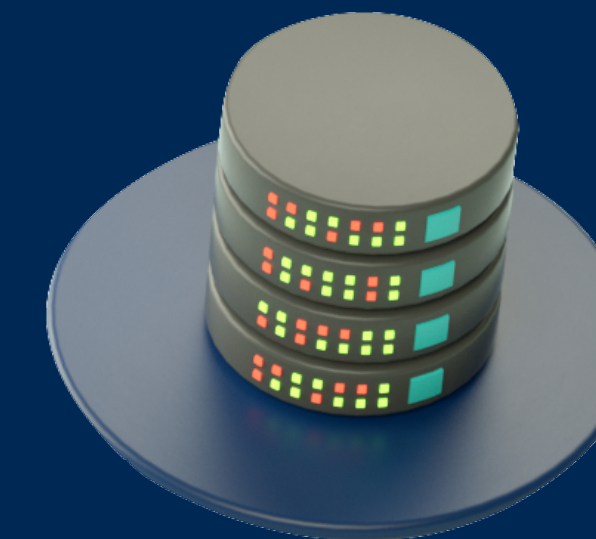


Leading largest smart city projects in Turkey



Best in class cloud computing solutions

Unified telecommunication services to corporates



Six data centres in Istanbul and Ankara; Esenyurt with 10k, Ümitköy with 2.5k and Gayrettepe with 1.6k sqm white area



- ▶ 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

25 mn

Unique users  
in 2020<sup>1</sup>



47 mn

Downloads as  
of Q4 '20



77%

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



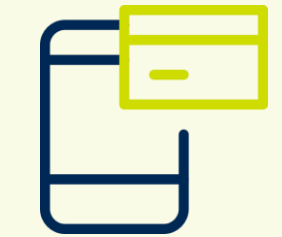
50% YoY  
increase

Sales revenue  
through online  
channels<sup>3</sup>  
in 2020



71% QoQ  
increase

TL uploads and  
invoice  
payments via  
online channels  
in 2020

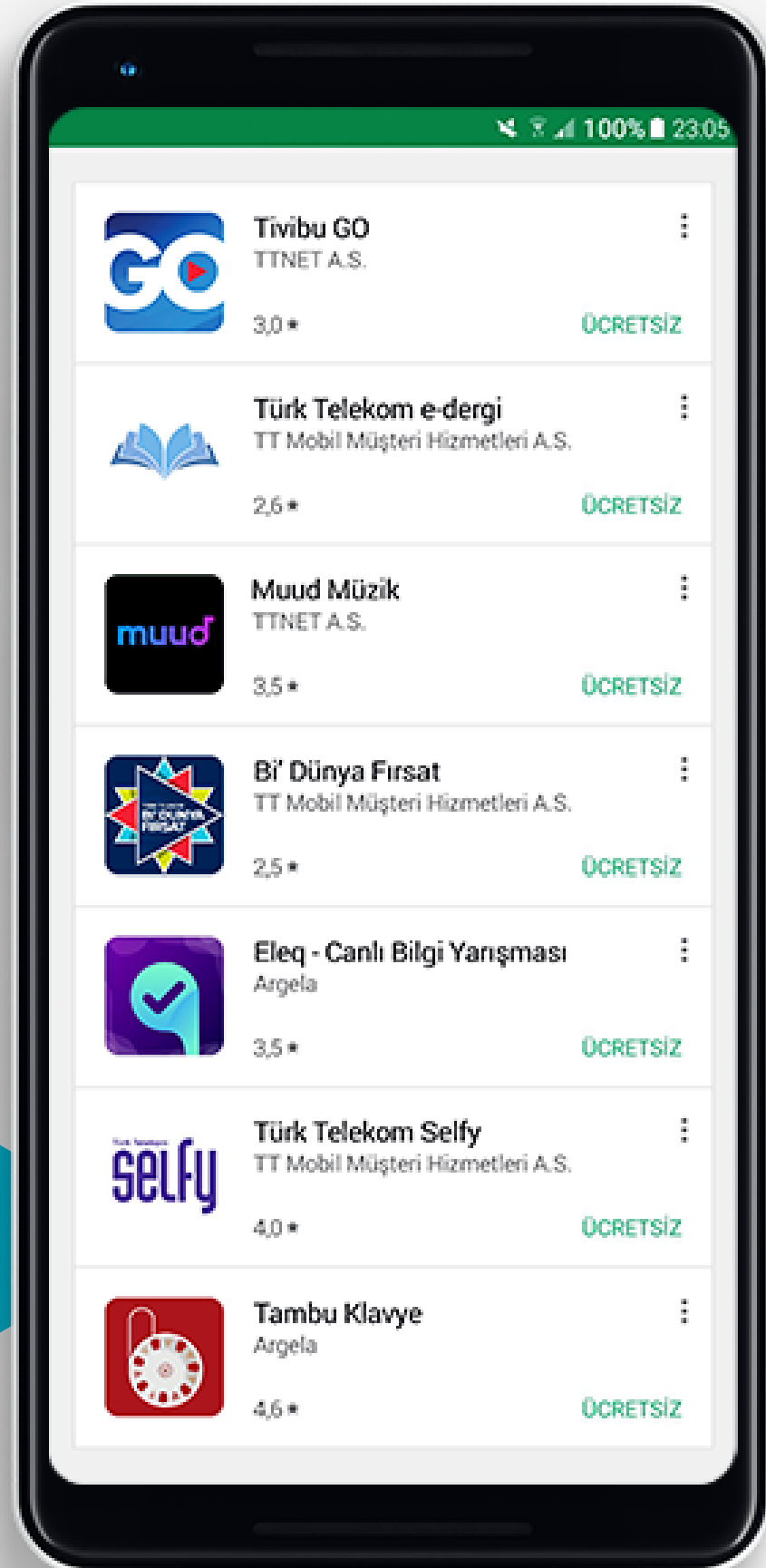


<sup>1</sup> Online Transaction Application 12-Month active user

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

<sup>3</sup> Additional package sales revenue through online transactions web platform and mobile application





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 first smart and hyperlocal digital keyboard: Tambu

Launch: 2017

Turkey's first local and customized smart digital keyboard



## 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 most comprehensive online reading platform: e-dergi

Launch: 2017

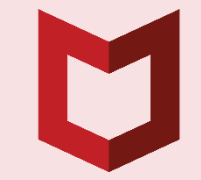
Turkey's online magazine and newspaper reading platform with advantageous campaigns for Türk Telekom mobile users



## Turkey's leader digital gaming platform: Playstore

Launch: 2011

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



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

Launch: 2009

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



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

Launch: 2018

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



## 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 interactive education platforms: Vitamin & Raunt

Launch: 2008

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



## 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





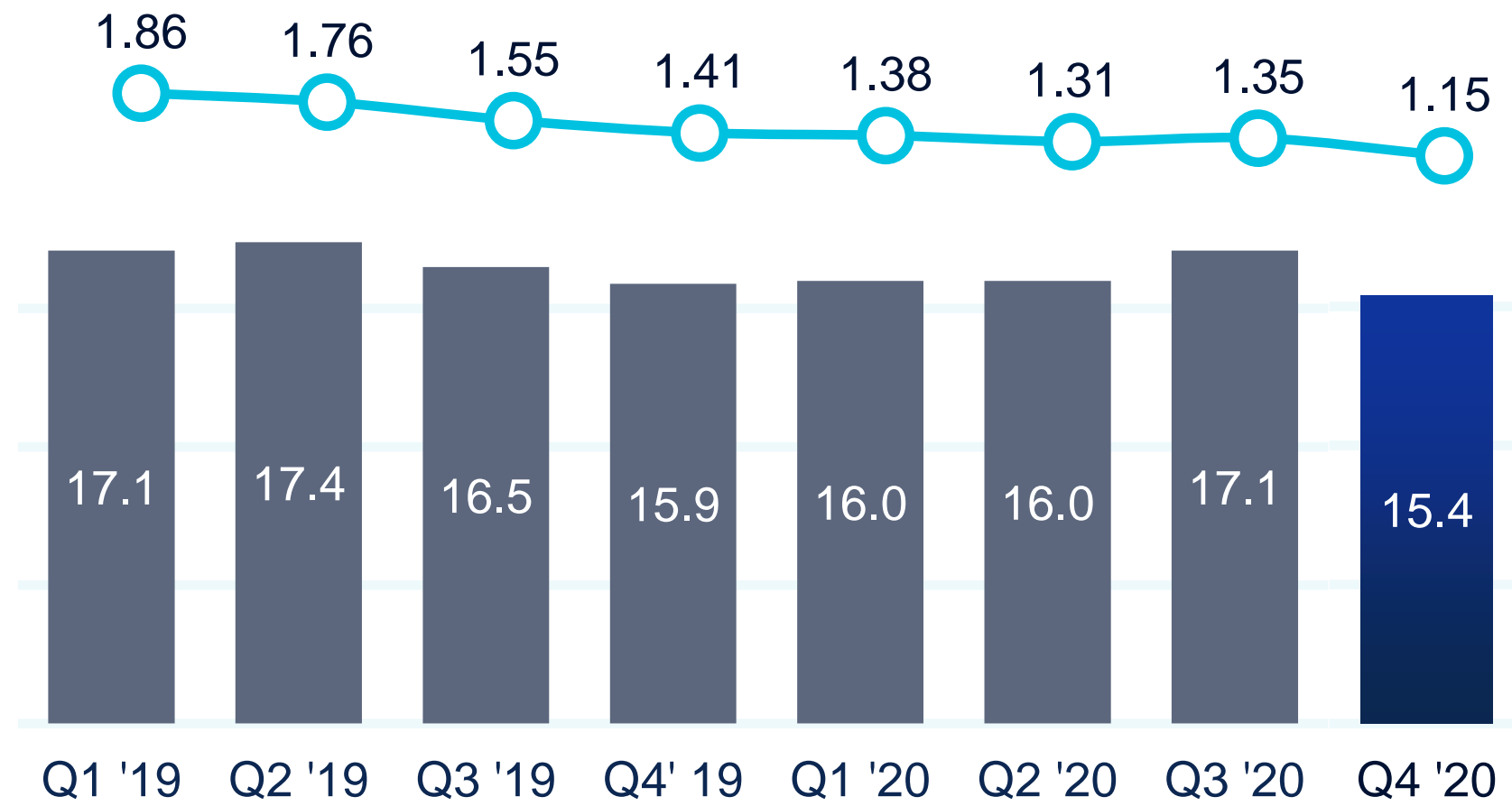
# Financial Highlights





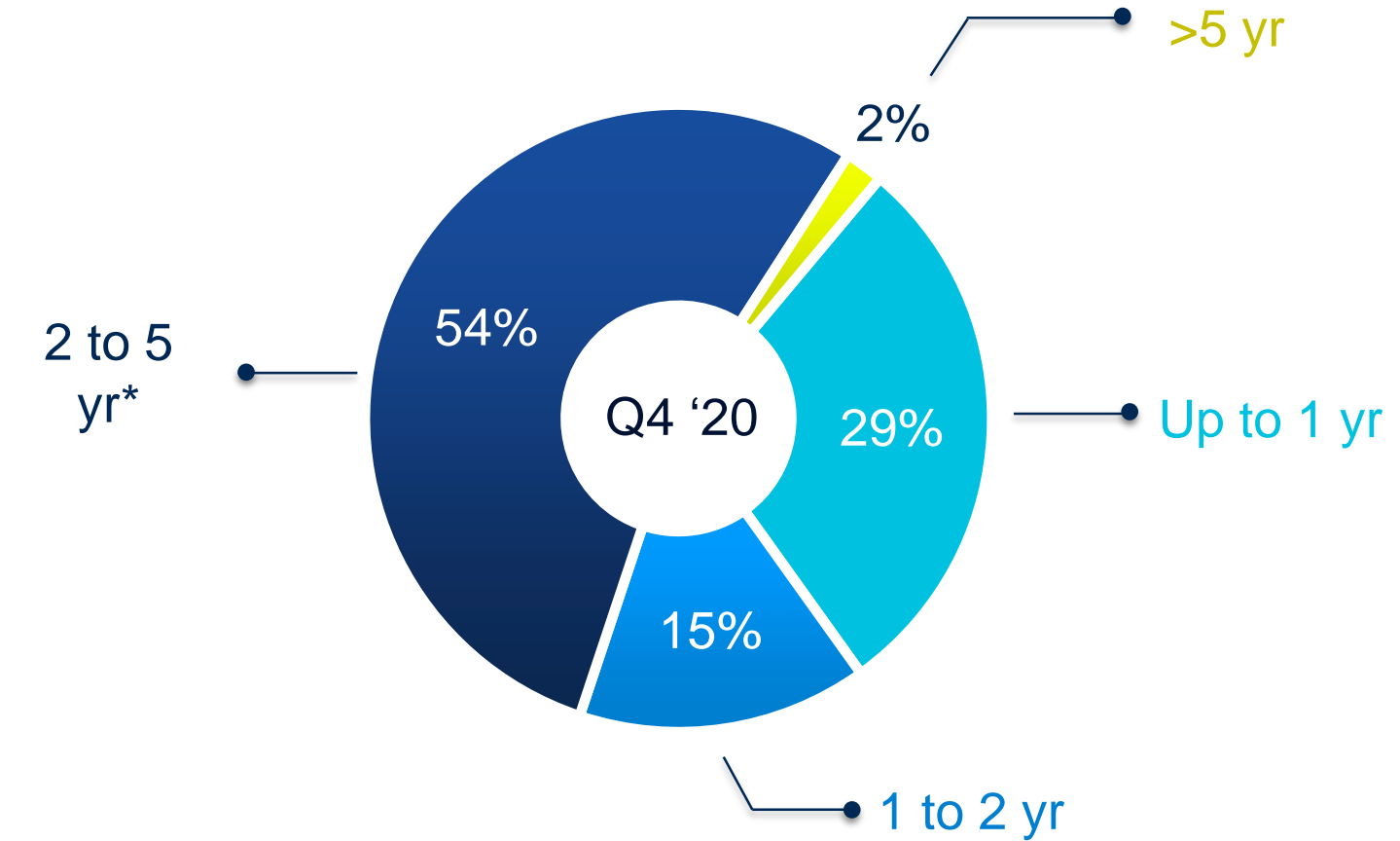
## Net Debt

■ 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.

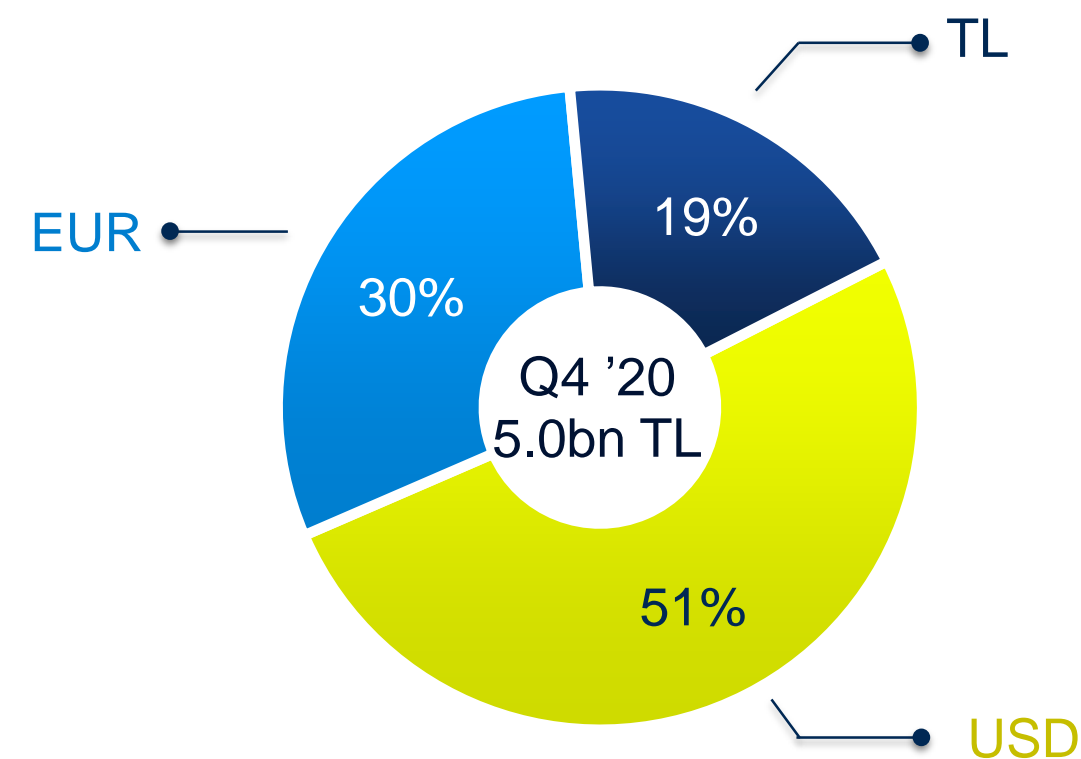
## Maturity Profile



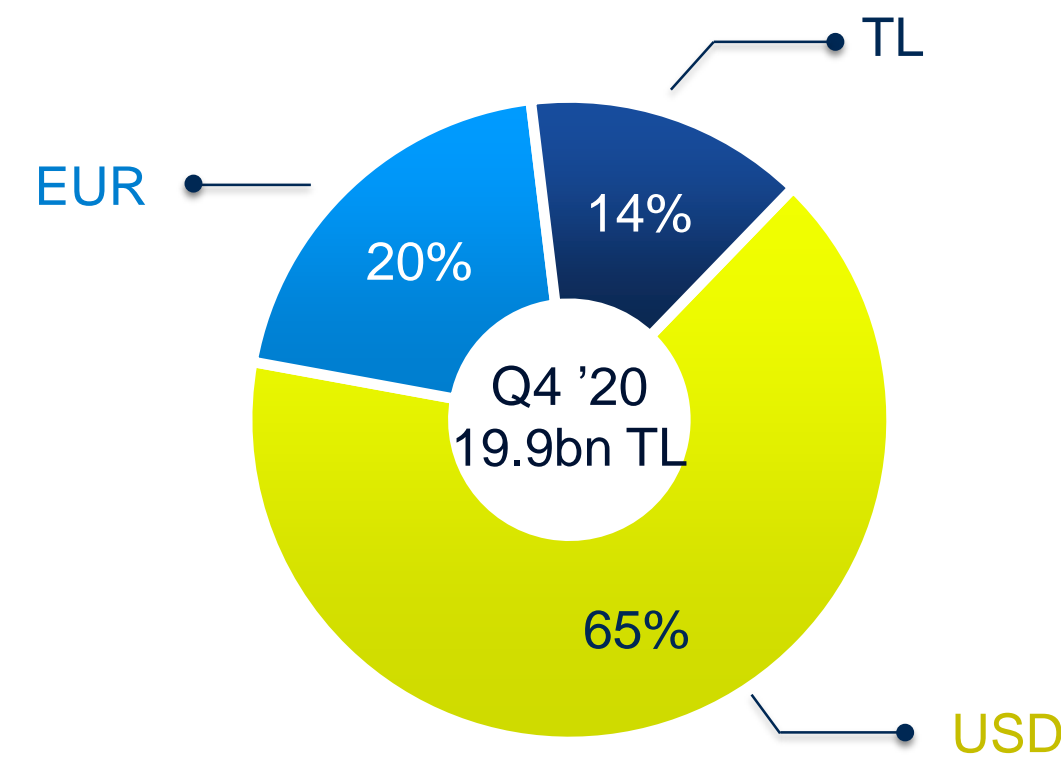
All loans are senior unsecured

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

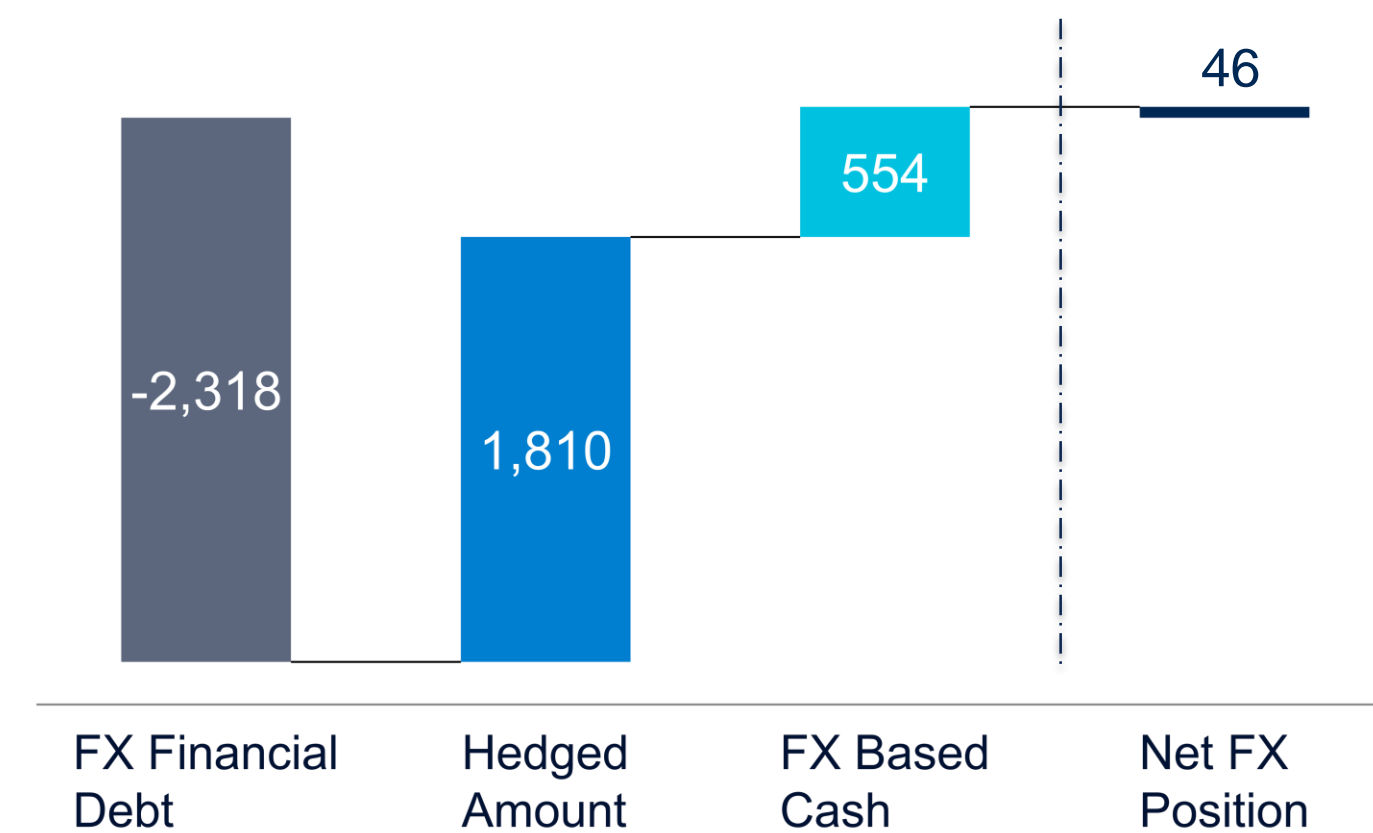
## Cash – Currency Breakdown



## Gross Debt – Currency Breakdown

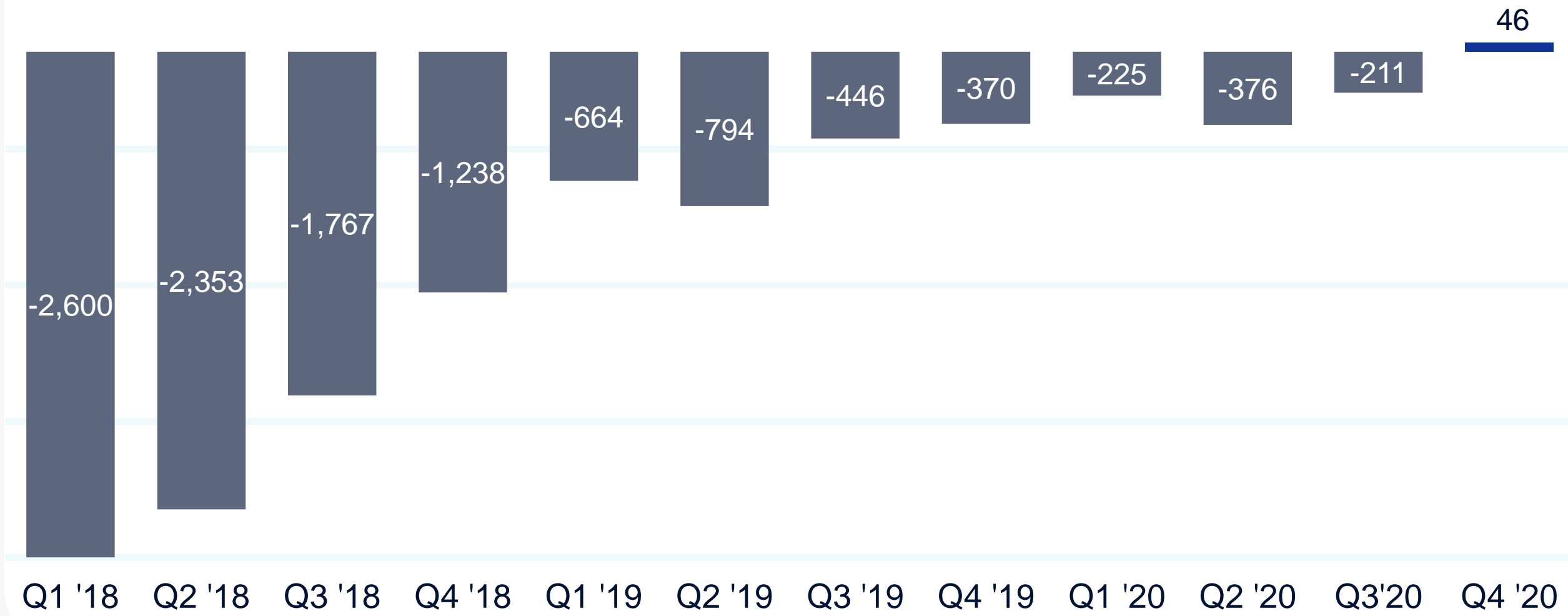


## Hedge – Composition of FX Position



## Net FX Exposure \*

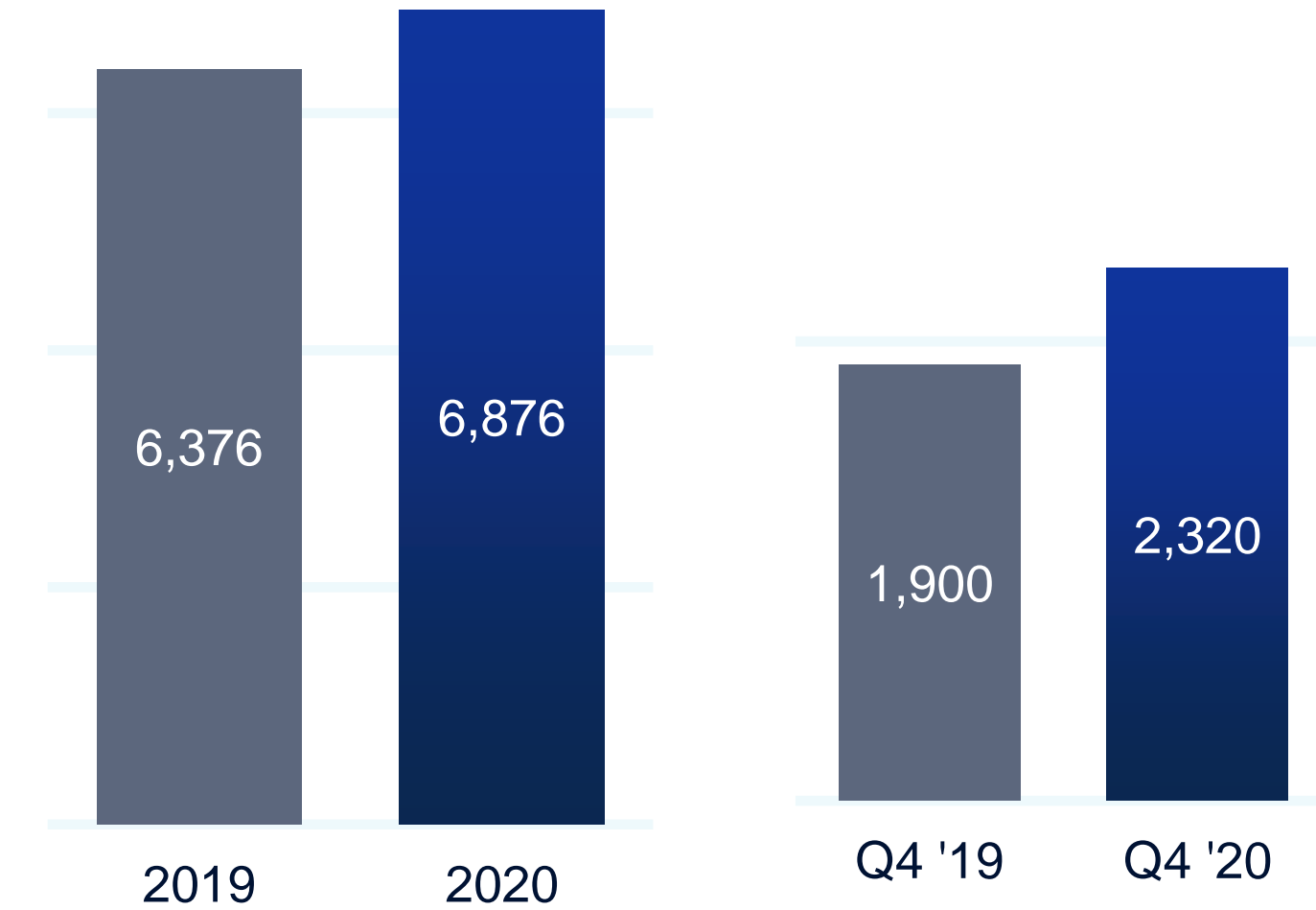
(USD mn equivalent)



\*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 \*

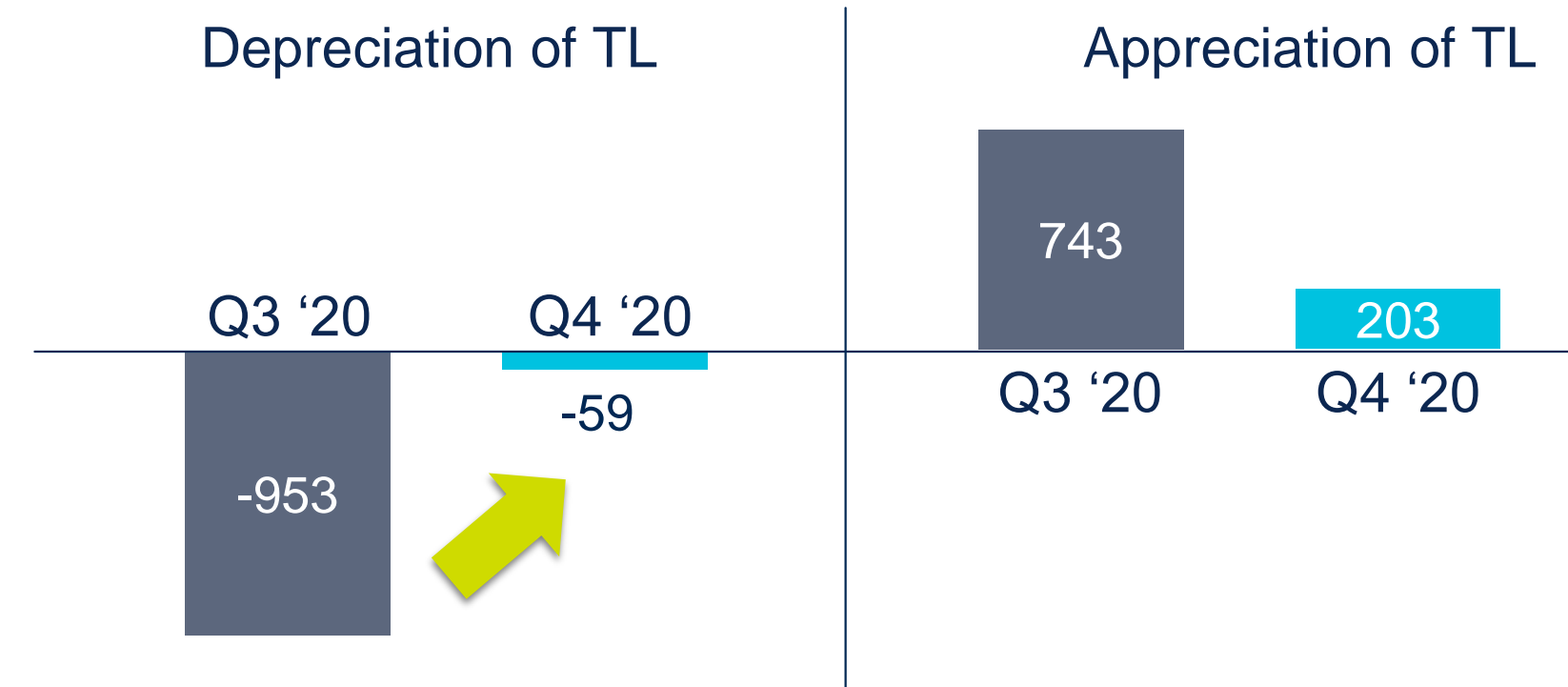
(TL mn)





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

## Profit Before Tax Sensitivity

(TL mn, 10% change in FX rates)








	 Fitch	 S&P Global
Long Term Rating	BB-	BB-
Outlook	Stable	Stable
Stand-alone Credit Profile (SACP)		bbb
Last Update	1 March 2021	12 March 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

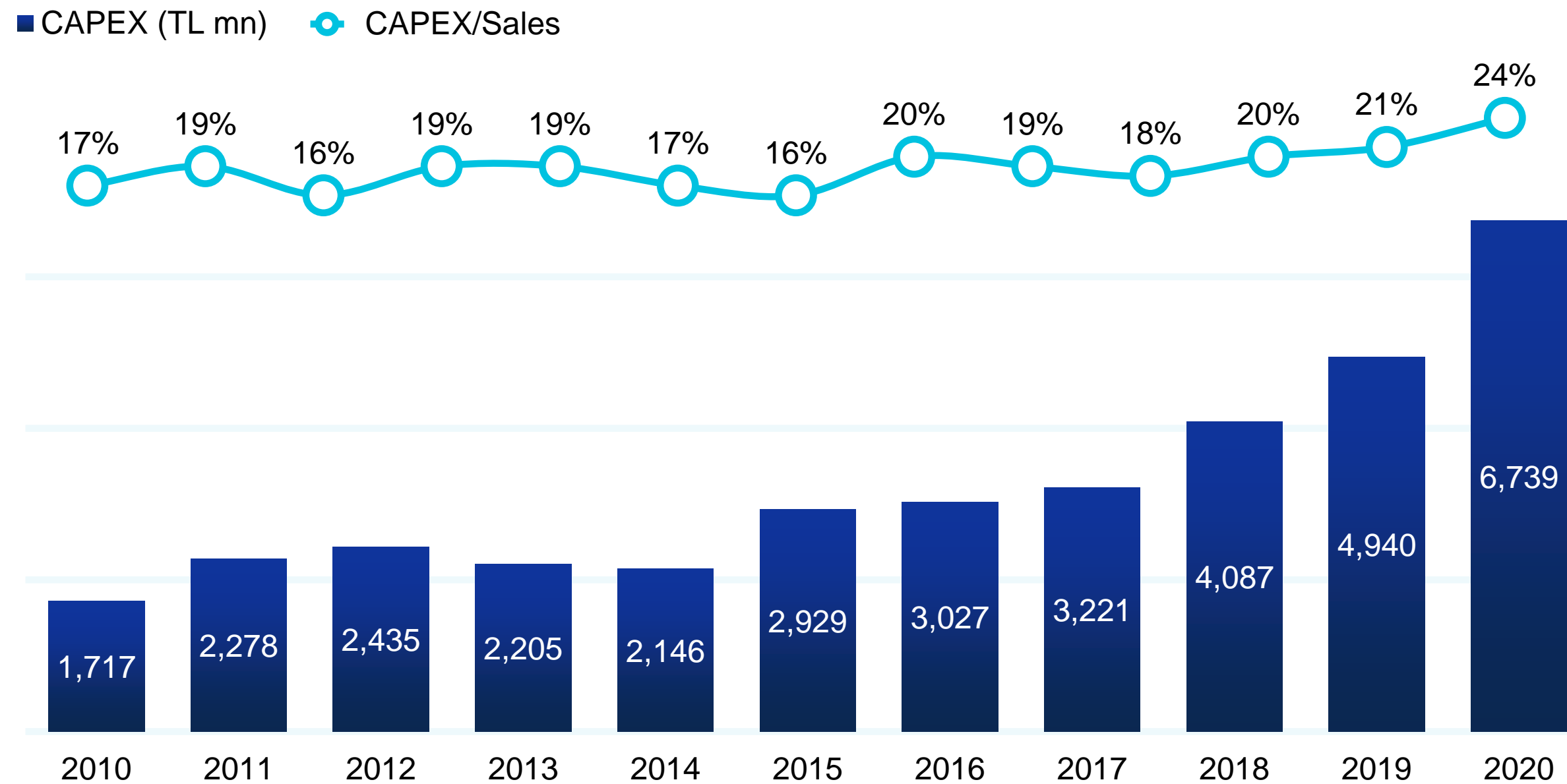
		2020 Actuals	2021 Guidance
	Revenue (exc. IFRIC 12) <sup>1</sup>	26,519	Around 14% growth
	EBITDA	13,237	Around TL 15 bn
	CAPEX	6,739	Around TL 7.7 bn

(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

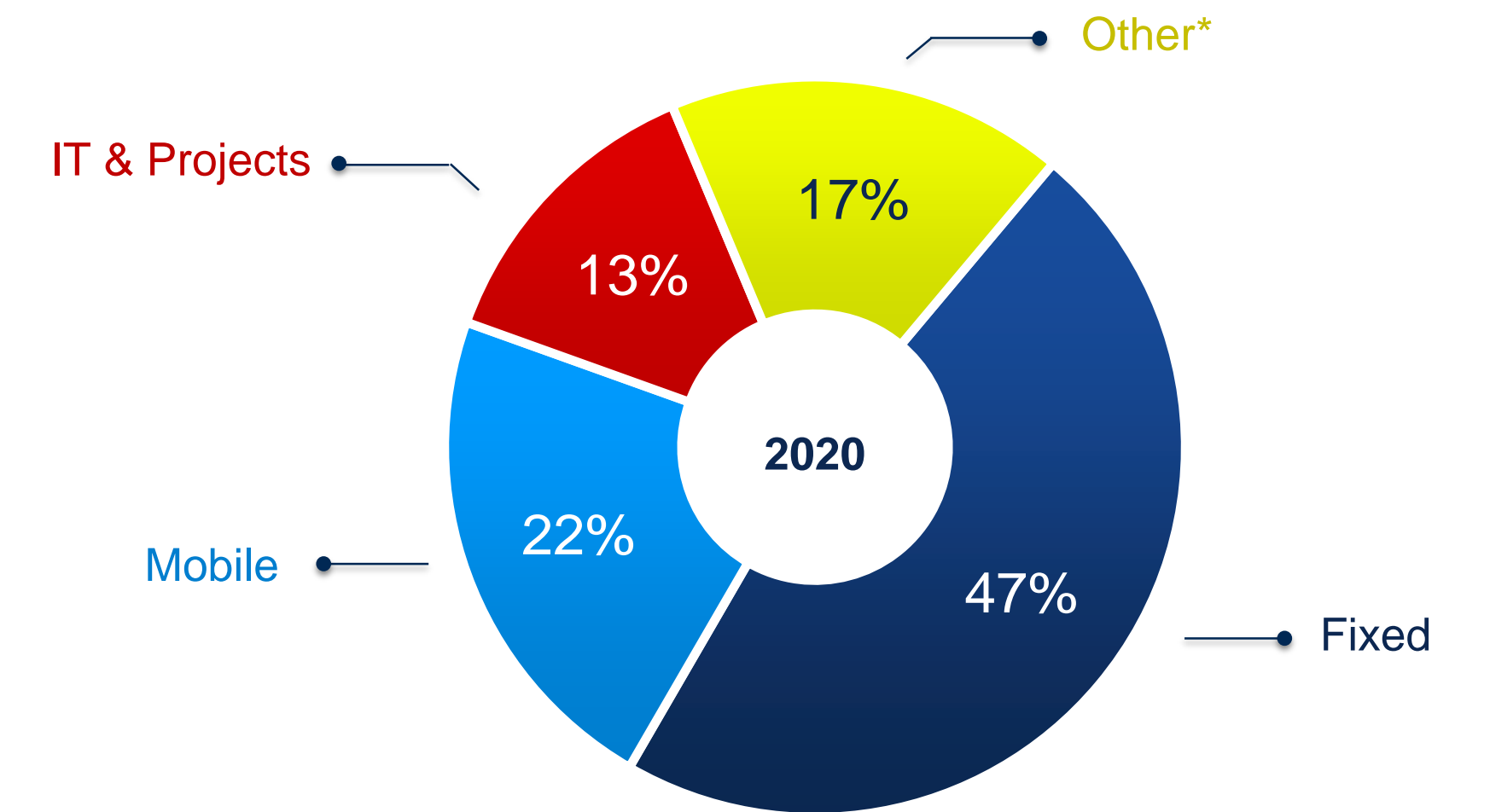


- Major Capex areas are fibre network roll-out in fixed line, network investments in mobile and IT transformation projects

## Capex & Capex / Sales



## 2020 Capex Breakdown (%)



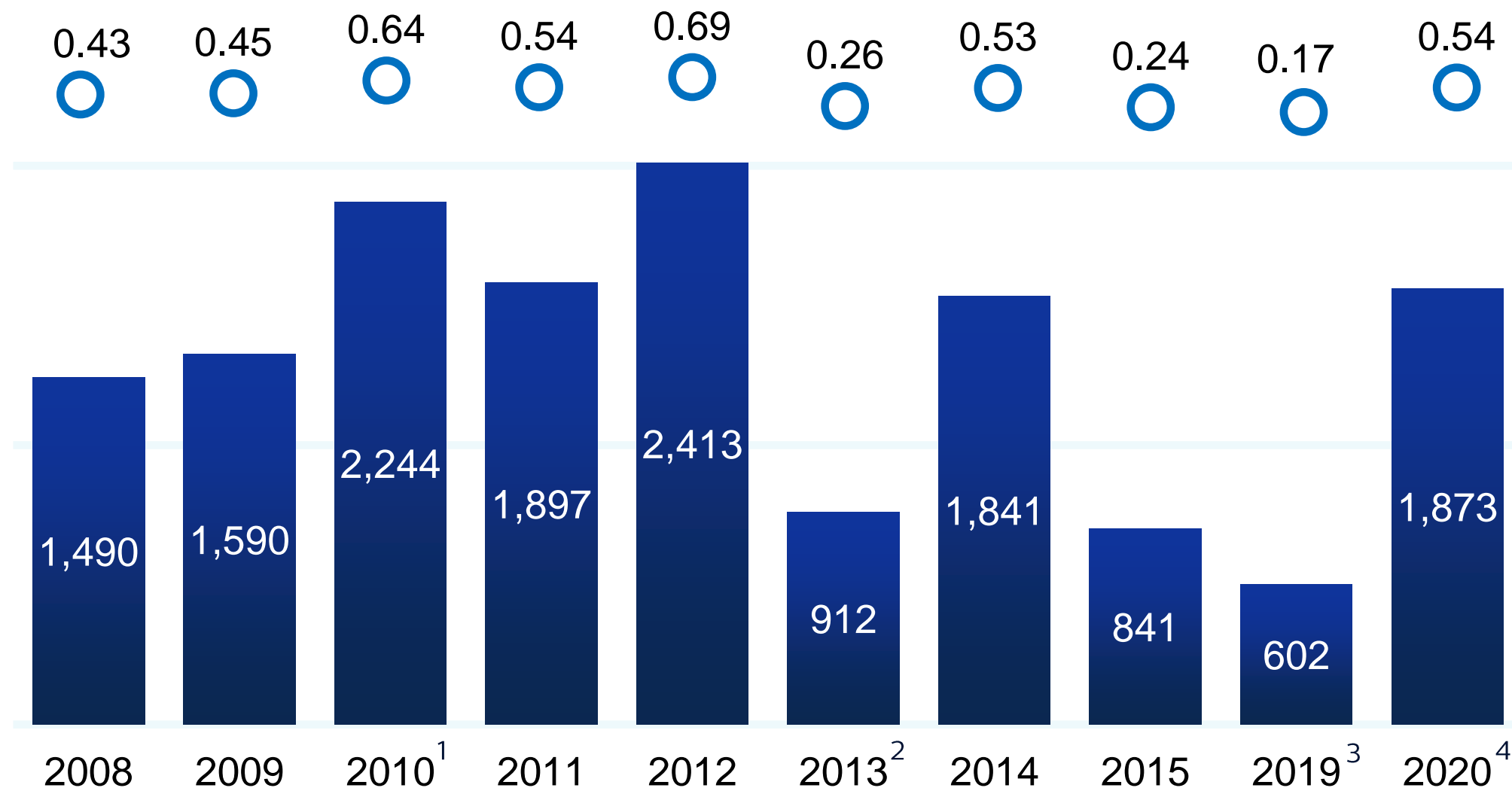
\* Other Capex includes capex for subsidiaries (excl TTI), new revenue streams, IFRS 15 capitalization, etc.

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

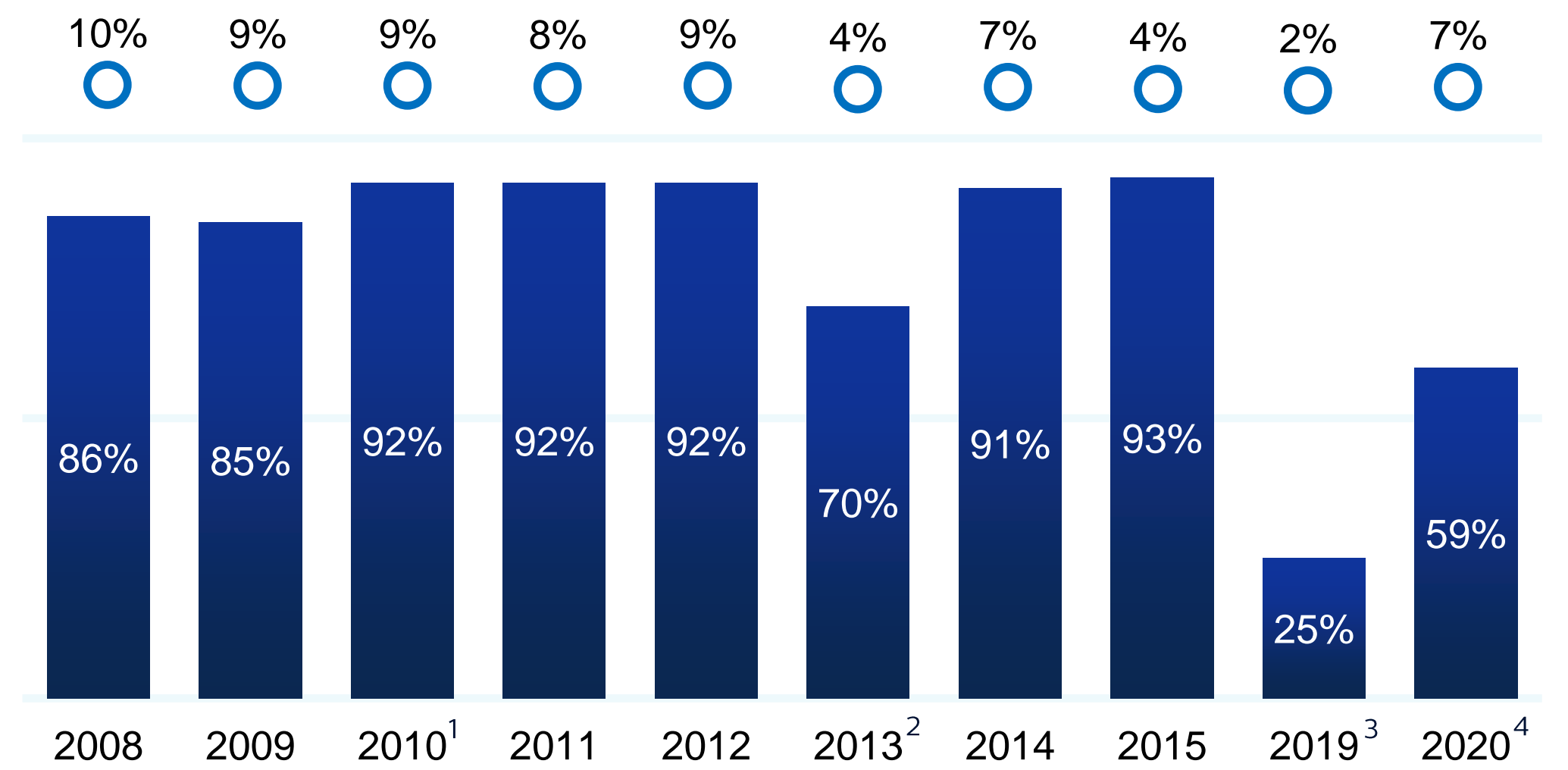
### Dividend Distribution

■ 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.





# 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 40 patent applications (24 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 development 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



### Globalized international arm of the Group in the field of wholesale data, voice and roaming services

- ▶ A fibre network stretching more than 45K kilometres in Turkey and CEE, Middle East & Caucasus regions
- ▶ >110 points of presence (PoP) in 22 countries
- ▶ Billions of minutes of transit voice traffic per year, >800 mobile roaming agreements and >320 LTE mobile roaming agreements with c.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 >13K employees



### Turkey's leading and deep-scaled 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)	Q4 '19	Q4 '20	YoY Change	2019	2020	YoY Change
Revenues	6,284	7,650	21.7%	23,657	28,289	19.6%
EBITDA	2,828	3,546	25.4%	11,170	13,237	18.5%
Margin	45.0%	46.3%		47.2%	46.8%	
Operating Profit	1,600	2,089	30.6%	6,424	7,862	22.4%
Margin	25.5%	27.3%		27.2%	27.8%	
Financial Inc. / (Exp.)	(939)	(907)	(3.4)%	(3,689)	(4,060)	10.0%
FX & Hedging Gain / (Loss)	(366)	(337)	(8.0)%	(1,439)	(1,765)	22.6%
Interest Inc./ (Exp.)	(542)	(479)	(11.7)%	(1,919)	(2,049)	6.8%
Other Financial Inc./ (Exp.)	(30)	(91)	202.7%	(331)	(246)	(25.7)%
Tax Inc./ (Exp.)	(117)	(78)	(33.2)%	(328)	(624)	90.3%
Net Income	545	1,104	102.8%	2,407	3,178	32.0%
Margin	8.7%	14.4%		10.2%	11.2%	

(TL mn)	31.12.2019	31.09.2020	31.12.2020
<b>Total Assets</b>	<b>39,909</b>	<b>44,755</b>	<b>44,723</b>
Cash and Cash Equivalents	4,946	5,483	5,008
Tangible Assets <sup>1</sup>	14,727	15,249	16,083
Intangible Assets	10,328	11,451	12,137
Right of Use Assets	1,366	1,424	1,546
Other Assets <sup>2</sup>	8,543	11,149	9,948
<b>Total Equities and Liabilities</b>	<b>39,909</b>	<b>44,755</b>	<b>44,723</b>
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	6,183	7,463	8,777
Interest Bearing Liabilities <sup>3</sup>	20,783	24,350	21,235
<i>Bank Borrowings and Bonds</i>	19,642	23,074	19,897
<i>Lease Liabilities</i>	1,141	1,277	1,338
Other Liabilities <sup>4</sup>	9,683	9,682	11,451

(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)	Q4 '19	Q4 '20	YoY Change	2019	2020	YoY Change
Operating Cash Flow	4,018	5,099	27%	11,183	13,639	22%
Investing Cash Flow	-2,118	-2,779	31%	-4,807	-6,762	41%
CAPEX	-2,205	-2,913	32%	-4,946	-6,962	41%
Other Investing Activities	87	134	54%	139	200	44%
Financing Cash Flow <sup>1</sup>	-1,678	-2,947	76%	-5,856	-6,924	18%
Net Change in Cash Position <sup>2</sup>	222	-627	-383%	520	-48	-109%

(1) Includes currency translation differences

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

(TL mn)	Q4 '19	Q4 '20	YoY Change	2019	2020	YoY Change
Fixed Voice	666	686	3%	2,685	2,718	1%
Broadband	1,776	2,339	32%	6,625	8,306	25%
Mobile	2,312	2,607	13%	8,896	9,867	11%
TV	93	102	10%	348	383	10%
Corporate Data	477	537	13%	1,822	2,053	13%
International Revenues	275	408	48%	1,098	1,471	34%
Other <sup>1</sup>	411	523	27%	1,249	1,802	44%
Eliminations	-20	-20	2%	-89	-81	-10%
<b>Revenue w/o IFRIC</b>	<b>5,990</b>	<b>7,181</b>	<b>20%</b>	<b>22,634</b>	<b>26,519</b>	<b>17%</b>
IFRIC-12	294	469	60%	1,023	1,770	73%
<b>Total Revenue</b>	<b>6,284</b>	<b>7,650</b>	<b>22%</b>	<b>23,657</b>	<b>28,289</b>	<b>20%</b>

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



(TL mn)	Q4 '19	Q4 '20	YoY Change	2019	2020	YoY Change
<b>Direct Costs</b>	<b>1,390</b>	<b>1,795</b>	<b>29%</b>	<b>5,168</b>	<b>6,454</b>	<b>25%</b>
Interconnection	485	626	29%	1,938	2,381	23%
Tax	572	668	17%	2,167	2,483	15%
Provisions for Doubtful Receivables	46	88	92%	193	279	45%
Cost of Equipment and Technology Sales	197	282	43%	511	888	74%
Other Direct Costs	90	131	45%	360	424	18%
<b>Commercial Costs</b>	<b>277</b>	<b>295</b>	<b>7%</b>	<b>932</b>	<b>910</b>	<b>-2%</b>
<b>Other Costs</b>	<b>1,529</b>	<b>1,599</b>	<b>5%</b>	<b>5,482</b>	<b>6,130</b>	<b>12%</b>
Network & Technology	431	583	35%	1,707	2,129	25%
Personnel	953	1,047	10%	3,429	3,862	13%
Other	145	-31	-121%	346	139	-60%
<b>Sub Total</b>	<b>3,196</b>	<b>3,689</b>	<b>15%</b>	<b>11,582</b>	<b>13,494</b>	<b>17%</b>
IFRIC-12	260	415	60%	905	1,558	72%
<b>Total OPEX</b>	<b>3,456</b>	<b>4,105</b>	<b>19%</b>	<b>12,487</b>	<b>15,052</b>	<b>21%</b>

	Q4 '19	Q3 '20	Q4 '20	QoQ Change	YoY Change
<b>Total Access Line (mn)</b>	<b>14.6</b>	<b>15.7</b>	<b>16.3</b>	<b>3.6%</b>	<b>11.7%</b>
Fixed Voice Subscribers <sup>1</sup> (mn)	10.0	10.5	10.6	1.3%	6.3%
Naked Broadband Subscribers (mn)	4.6	5.2	5.6	8.2%	23.4%
<b>Fixed Voice ARPU (TL)</b>	<b>22.2</b>	<b>22.0</b>	<b>21.6</b>	<b>(2.0)%</b>	<b>(2.8)%</b>
<b>Broadband Total Subscribers (mn)</b>	<b>11.4</b>	<b>12.8</b>	<b>13.4</b>	<b>5.0%</b>	<b>17.9%</b>
Fiber Subscribers (mn)	4.2	5.2	6.2	18.3%	47.2%
FTTH/B Subscribers (mn)	1.6	2.0	2.3	11.5%	38.4%
FTTC Subscribers (mn)	2.6	3.2	3.9	22.7%	52.9%
<b>Broadband ARPU (TL)</b>	<b>52.0</b>	<b>57.1</b>	<b>59.4</b>	<b>4.1%</b>	<b>14.3%</b>
<b>Total Tivibu Subscribers<sup>2</sup> (mn)</b>	<b>3.5</b>	<b>3.2</b>	<b>3.1</b>	<b>(1.5)%</b>	<b>(9.8)%</b>
Tivibu Home Subscribers <sup>3</sup> (mn)	1.6	1.5	1.5	1.2%	(4.1)%
<b>Tivibu ARPU (TL)</b>	<b>18.0</b>	<b>19.4</b>	<b>20.8</b>	<b>7.2%</b>	<b>15.7%</b>
<b>Mobile Total Subscribers (mn)</b>	<b>22.9</b>	<b>23.1</b>	<b>23.2</b>	<b>0.4%</b>	<b>1.0%</b>
Mobile Postpaid Subscribers (mn)	13.7	14.5	14.8	2.3%	8.2%
Mobile Prepaid Subscribers (mn)	9.3	8.6	8.4	(2.7)%	(9.5)%
<b>Mobile Blended ARPU (TL)</b>	<b>33.4</b>	<b>37.1</b>	<b>36.9</b>	<b>(0.6)%</b>	<b>10.6%</b>
Mobile Postpaid ARPU (TL)	42.7	44.5	44.3	(0.4)%	3.6%
Mobile Prepaid ARPU (TL)	18.9	24.2	23.8	(1.6)%	25.5%

(1) Includes PSTN and WLR Subscribers

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

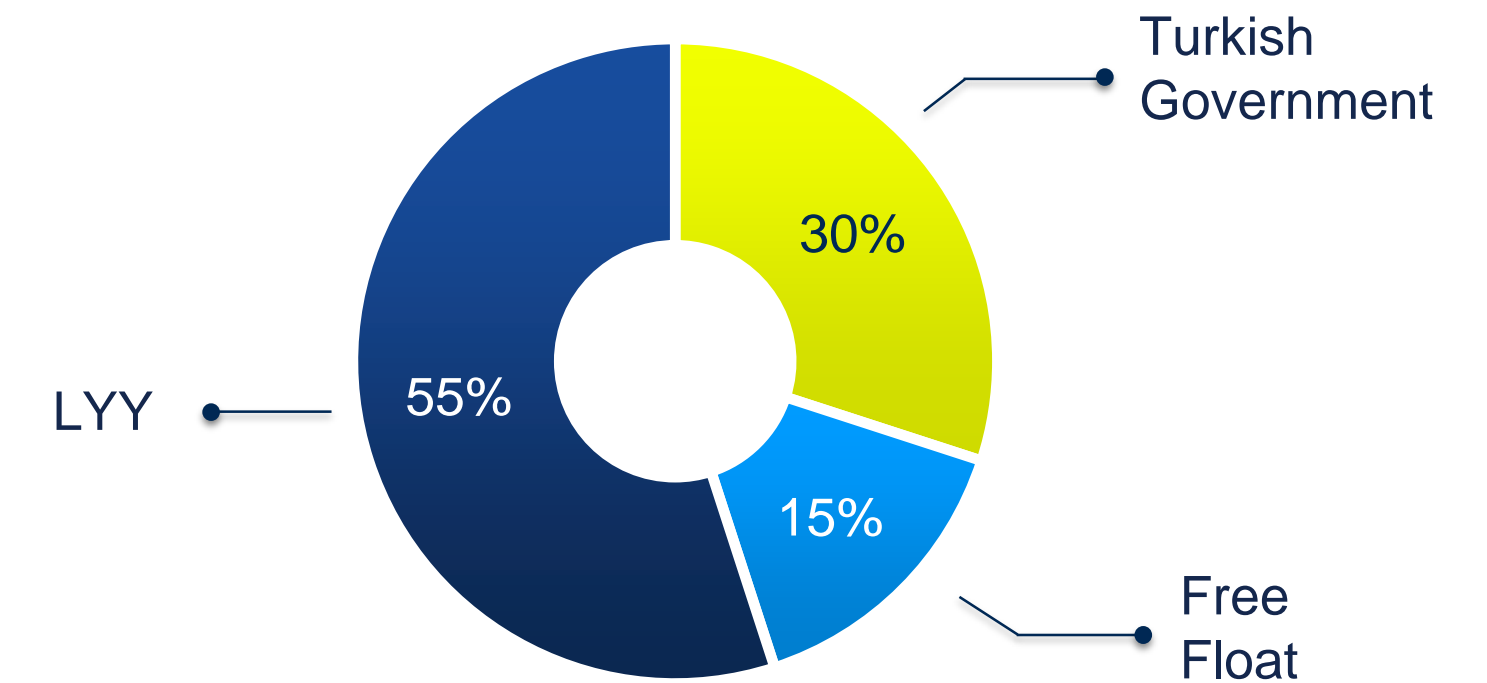
(3) Includes IPTV and DTH subscribers



## 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 Istanbul since 2008** (of which 1.68% also owned by TWF)

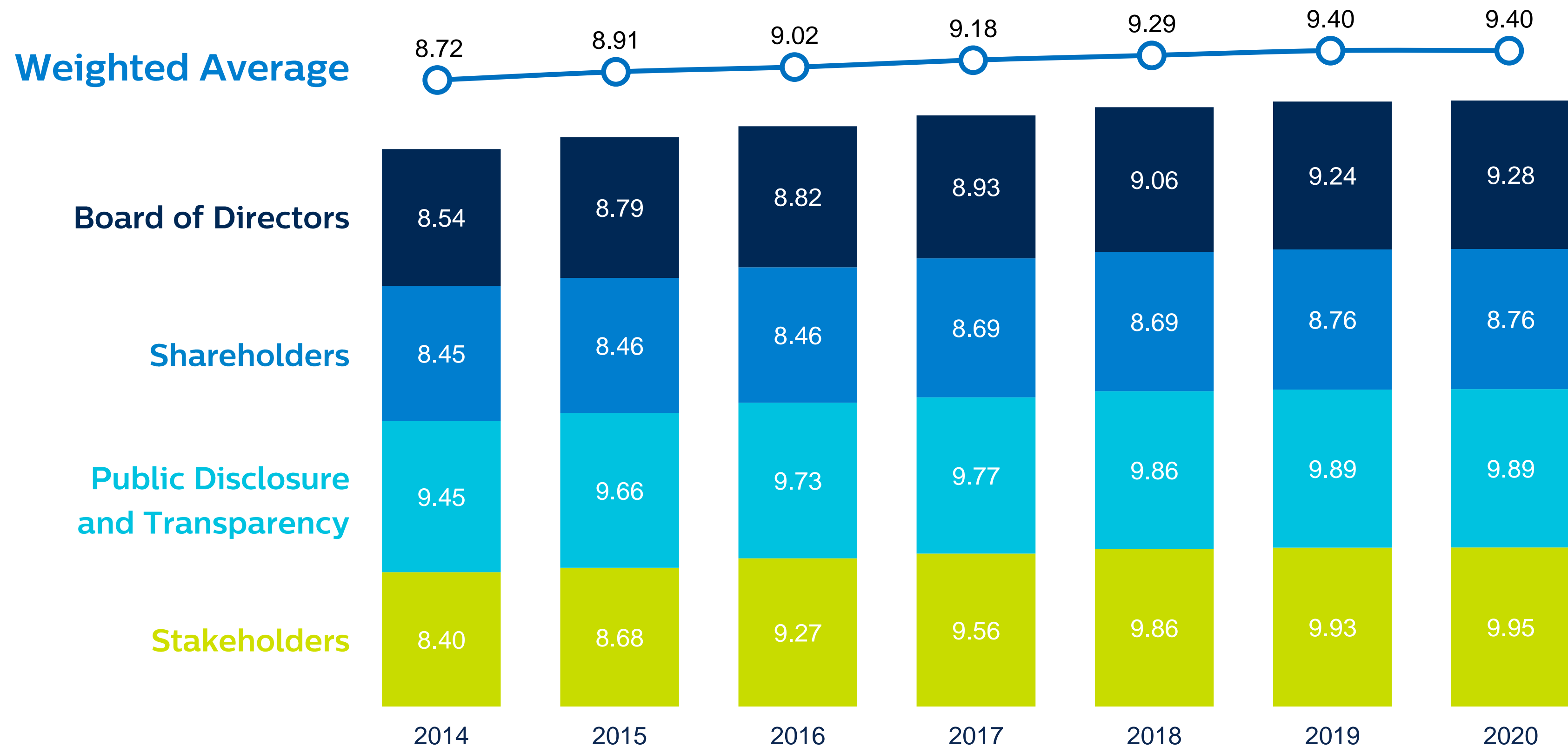
## Shareholding Structure



## Corporate Structure



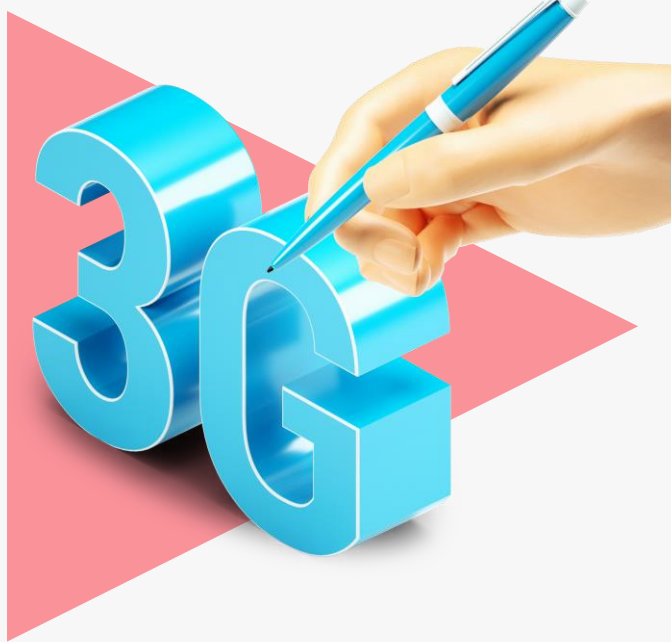
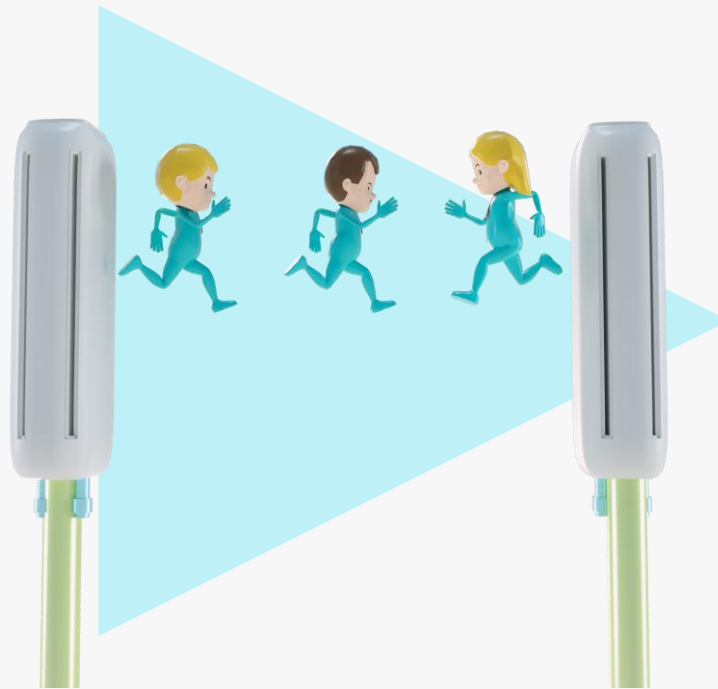
- ▶ Türk Telekom is member of BIST Sustainability Index since creation with its long lasting emphasis on Environmental, Social and Governance policies and exemplary practices.
- ▶ The only telecom company qualified to be included in the BIST Corporate Governance Index since 2009
- ▶ Türk Telekom is a 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.





## 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

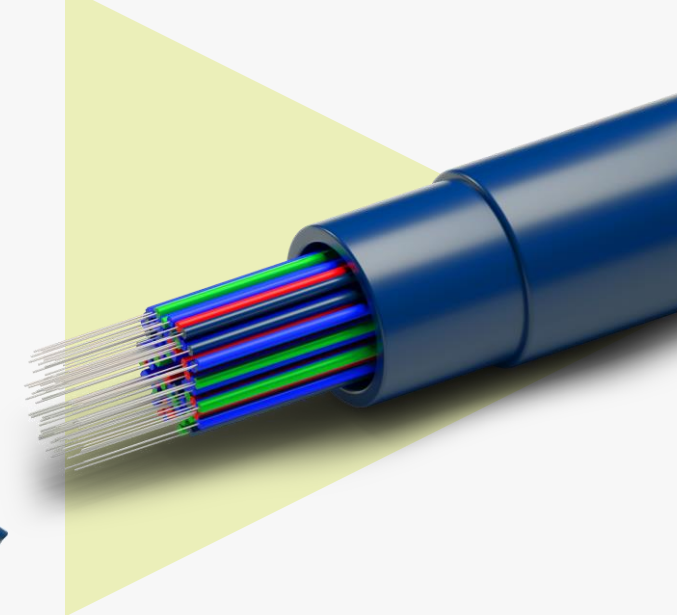
## 2010

- **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



# Türk Telekom

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