



**TÜRK TELEKOM GROUP  
2020 SECOND QUARTER  
FINANCIAL AND OPERATIONAL  
RESULTS**

**August 12, 2020**

## OUTSTANDING PERFORMANCE DESPITE COVID-19 CHALLENGES

Türk Telekom Group announced its Q2'20 financial and operational results. The positive momentum in KPI's and earnings continued into the second quarter of the year. In Q2'20, consolidated revenues increased by 21.0% YoY, while EBITDA grew 20.7% YoY to TL 3.2 bn with an EBITDA margin of 46.4%. Net income grew 125% YoY to TL 980 mn. Net debt/EBITDA ratio continued its downward trend over the last six quarters and declined to 1.31x as of Q2'20 with the support of robust EBITDA generation.

**Türk Telekom CEO Ümit Önal said:** “In a quarter when the entire world has faced with crisis management, as Türk Telekom, we managed to meet urgently rising demand seamlessly at the speed of growing needs in all parts of Turkey, thanks to our strong and wide-spread infrastructure, agile management, effective decision-making mechanisms and competent field teams. We adapted every cluster of our business to this challenging process flawlessly by quickly switching to remote working model with our 34 thousand employees at the same time. We were able to “fit life into homes” through our digital platform “Online İşlemler” and our numerous digital applications meeting versatile needs. It remains uncertain how Covid-19 will progress across the globe and how it will affect the world economies. Despite these uncertainties, our strong performance in the first half of 2020 and our robust balance sheet allow us to look forward confidently as we stand on solid foundations. In this context, while continuing to implement our strategies, we maintain our 2020 guidance. We have demonstrated our commitment to create value for our shareholders once again, by distributing TL 602 million of dividends after 3 years. I am so proud of Türk Telekom employees for their effort and devotion to provide uninterrupted service in every corner of Turkey during this challenging period.”

### 2nd Quarter 2020 Financial Highlights

Consolidated revenues increased to TL 7.0 bn, up by 21.0% YoY. Excluding IFRIC 12 accounting impact, revenue growth was 15.5% YoY.

Consolidated EBITDA grew 20.7% YoY to TL 3.2 bn with an EBITDA margin of 46.4%. Excluding IFRIC 12 impact, EBITDA margin was 49.6%.

Operating profit increased by 28.1% YoY to TL 1.9 bn.

Net income grew 125% YoY to TL 980 mn in Q2'20 from TL 435 mn in Q2'19, driven largely by strong underlying operating performance and lower financial expenses.

Profit before tax increased by 141% YoY to TL 1,231 mn.

Capex was TL 1,237 mn in Q2'20 compared to TL 930 mn in Q2'19 with the increase in fibre investments.

Unlevered free cash flow<sup>1</sup> was TL 1,150 mn in Q2'20, while net debt was unchanged QoQ at TL 16.0 bn.

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<sup>1</sup> Unlevered free cash flow defined as net cash provided by operating and investing activities from operations.

## 2nd Quarter 2020 Operational Highlights

Total number of Türk Telekom subscribers reached 48.7 mn with 315K net additions in Q2'20. Net subscriber additions were 1.6 mn during the last twelve months.

Broadband subscriber base increased to 12.2 mn with 595K net additions in Q2'20; the highest quarterly net additions since the IPO. Broadband ARPU growth continued its strong performance and increased by 14.4% YoY in Q2'20; the highest annual growth since 2011.

Fibre subscribers increased to 4.8 mn with 346K net additions in Q2'20; the highest quarterly net additions. The number of FTTC subscribers reached 2.9 mn, while the number of FTTH/B subscribers read 1.9 mn.

Fibre homepass increased to 23.8 mn in Q2'20 from 19.4 mn in Q2'19 reflecting increased focus on fibre transformation. FTTC homepass exceeded 17.1 mn and FTTH/B homepass increased to 6.7 mn.

Fibre cable network length increased to 314K km in Q2'20 from 289K km in Q2'19.

Mobile subscriber base was 22.8 mn with 380K net loss in Q2'20.

Share of LTE subscribers<sup>2</sup> in mobile subscriber base increased to 58% in Q2'20 from 50% in Q2'19. Average monthly data usage per LTE user increased to 8.5GB in Q2'20 from 6.9GB in Q2'19.

Number of fixed voice subscribers continued to increase with 230K net additions during the quarter. Including nDSL, the number of total fixed access lines increased to 15.3 mn; the highest level since Q4'11.

The ratio of subscribers who provided consent for sharing and using their information within the Group increased by 3 percentage points YoY and reached 81% in Q2'20. As of Q2'20, the share of multiple product ownership among Türk Telekom subscriber base<sup>3</sup> increased by 2.1 percentage points YoY to 62%.

"Online İşlemler" application, our self-service app where we can offer customized offers that meet our customers' usage preferences and needs, has been downloaded 41 million times since its launch. Unique subscribers<sup>4</sup> using the application in the second quarter were 15.5 million in Q2'20. With "Online İşlemler" application, we offer our customers a personalized experience, while achieving higher ARPU and customer retention rates.

Our online channels, which are an essential part of the digital transformation process, continued to support revenues thanks to our robust integration with banks and the impact of the new normal along with social distancing. Monthly average sales revenue<sup>5</sup> through online channels increased by 18% QoQ (53% higher than Q4'19 monthly average) in Q2'20. Meanwhile, monthly average TL uploads and invoice payments via online channels also increased by 38% QoQ (63% higher than Q4'19 monthly average). Although normalisation has started in June, the share of collections through digital channels, including banks, in the consumer segment remained at 79% in Q2'20; 6 percentage points higher QoQ.

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<sup>2</sup> Mobile subscribers who registered for LTE and have LTE compatible device and sim card.

<sup>3</sup> Among constant subscriber universe that provided consent for sharing and using their information within the Group.

<sup>4</sup> 3-Month active user

<sup>5</sup> Additional package sales revenue through online transactions web platform and mobile application

## **Türk Telekom CEO Ümit Önal's comments on 2020 second quarter results:**

**Türk Telekom managed to preserve its strong performance during the second quarter when the effects of the pandemic were felt intensely.**

With the continuation of the positive acceleration in the first quarter, we completed the first half of a challenging year with solid financial and operational results. In the second quarter, the Covid-19 pandemic continued to be the main factor determining sector trends and customer needs. We have seen significant increases in both fixed broadband subscription demand and data traffic amid changing needs and user habits. In this period, as the leader operator of Turkey, we worked with the sense of responsibility for providing seamless telecommunication services to all consumer and corporate customers. We are meeting the increased demand smoothly thanks to our strong infrastructure with a wide footprint in 81 provinces of Turkey and our rich portfolio covering fixed broadband, mobile, TV and digital products.

In the second quarter, with annual growth in fixed broadband segment reaching 24% levels, our consolidated revenues recorded 21% growth compared to the same quarter of the last year. With strong revenue growth and controlled management of operational costs, our EBITDA increased by 21% YoY and reached TL 3.2 billion. We recorded 46% EBITDA margin. Our net income increased 125% YoY to TL 980 million in second quarter.

### **We achieved strongest quarterly net subscriber additions in fixed broadband.**

Fixed broadband continued its strong performance in the second quarter as seamless communication from home remained at the forefront. As is known, the effects of the pandemic started to be felt in Turkey as of March 10. While April and May were the months people stayed at home the most, June set the onset of the partial normalization. Hence, we were faced with very strong fixed broadband and fast internet access demand in the second quarter. As Türk Telekom, we managed to meet all customer requests in the most efficient way thanks to our strong infrastructure, effective marketing strategies and our product portfolio enriched with digital services. We formed our offers in a way to increase penetration as well as to meet the new and increasing needs such as fast access, remote working, online education and home entertainment. Because of the actions we have taken quickly, the number of fixed broadband subscribers increased by 595K and reached 12.2 million in Q2. While this number implied the highest quarterly subscriber additions since the IPO, it also exceeded the 458K subscribers we acquired during the entire year of 2019. Monthly average data usage per subscriber in fixed broadband increased 20% in Q2 compared to the previous quarter.

Our subscriber number in fibre, which offers faster internet experience, increased by 346K in Q2 and reached 4.8 million. Its share within our total subscriber base rose by 5 percentage points YoY to 39%. This way, in the first 6 months of 2020, we reached the same level of fibre subscriber increase we achieved in entire 2019.

Fixed broadband ARPU increased by 14.4% on an annual basis thanks to fibre subscriber acquisitions, upsells from limited to unlimited packages and upsells to higher-speed packages; and it reached the highest annual growth level since 2011. In line with our strategy to invest in the fibre transformation of Turkey, we increased the number of fibre homepass by 1.2 million in Q2 and reached 23.8 million. As Türk Telekom, we continue our investments constantly with our motivation to ensure seamless and secure communication to everyone from all parts of

Turkey. Accordingly, our fibre network reaching all around Turkey totalled to 314K km as of Q2.

We know that fast, seamless and secure communication will be far more important with the “new normal” going forward. In this regard, we had shared with you that we pulled our fibre investments with quick returns forward. Our financial performance as well as the trends we have seen in the second quarter confirm the steps we have taken in this direction and encourage us for our future plans.

Fixed voice subscriber base continued to grow in line with increased fixed broadband demand. Thanks to our successful cross-selling strategy, we have recorded the highest quarterly net subscriber increase since the IPO with 230K additions.

**We are focusing on high-speed offers without tracking off from our target of increasing internet penetration.**

With the importance we attach to sustainable growth, we focus on a balanced approach in subscriber and ARPU growth. We updated our campaigns in April to get our customers meet with high-speed packages. We aimed to optimize our product portfolio by providing affordable offers that aimed to improve customer experience at the same time. To this end, we increased our entry-level speed from 8 Mbps to 12 Mbps. The share of our subscribers using 24 Mbps and above within our total subscribers<sup>6</sup> was 40% in Q2. Upsells from limited packages to unlimited and upsells to higher speed packages increased by 8% in Q2 compared to the previous quarter.

As Türk Telekom, we continue to pioneer Turkey’s digital transformation. With this in mind, we continued our strategy to increase penetration apart from focusing on high-speed tariffs. With our service understanding of “Not just for some, but for everyone”, we continued to offer “affordable entry-level campaigns” and “regional campaigns”. Within this scope, our penetration oriented entry-level product “Internet Bizden” continued to contribute to the strong performance of the fixed broadband segment with more than 1.1 million subscribers.

**As expected, second quarter was a less active period for the mobile segment due to Covid-19.**

The second quarter of 2020 has been a period when the effect of the pandemic was felt more as physical mobility almost diminished during April and May. With the effect of the lockdowns imposed during weekends and holidays, the hold-up in international flights and the fact that long distance intercity travels were subject to special permits, mobile activation market has contracted and subscriber acquisition showed a different trend compared to previous periods. Number of mobile subscribers decreased by 380K as market dynamics changed and competition increased in the second quarter. On the other hand, postpaid customer base continued to grow and reached 14.1 million by adding 168K net subscribers in Q2. The share of postpaid customers within total subscribers increased around 2 points on a quarterly basis and reached 62%. Mobile ARPU grew 5% on an annual basis. Mobile revenues increased by 9% in Q2 compared to the same period of last year, whilst we continued to preserve mobile EBITDA margin at 28% level.

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<sup>6</sup> Excluding penetration focused Internet Bizden campaign

The share of LTE subscribers which was 50% in Q2'19, was realized as 58% in Q2'20. Monthly average data usage per LTE user was 8.5GB in Q2.

On the mobile side, with physical mobility returning both in our country and in the world, and with a more rational competitive environment settling, we expect subscriber additions to recover and revenue growth to gain momentum during the second half of the year.

In order to offer the best customer experience to our customers in mobile and to be the readiest operator for 5G, we continue our investments in our core network and on capacity increases without slowing down. As an integrated operator, we are improving customer experience with personalized offers and our synergy campaigns. Within the second quarter, we introduced the “Wi-Fi Call” service allowing calls and SMS over Wi-Fi to our customers. This way, we aim to increase customer satisfaction by preventing the capacity related issues in crowded and indoor areas.

#### **Leverage ratio continued to decline.**

As of the second quarter, our net debt remained flat QoQ at TL 16.0 billion (USD 2.34 billion). Our Net Debt/EBITDA ratio continued to decline consecutively during the last 6 quarters, reflecting our strong profitability and increased cash flow generation capacity, and it came down to 1.31x level as of Q2. Our net short position in FX was USD 376 million as of the second quarter. In line with our plan to increase the share of lira denominated loans, the share of debt in TL terms within our total debt increased to 13% within a year from 4% as of 2Q19.

As of June, we announced that we took the first step forward to trade in local currency by using Chinese Yuan with Chinese companies for our commercial transactions. Starting trade activities in local currency is important in terms of reducing the sensitivity of our income statement to FX movements and our dependency on third party currencies.

#### **We paid out dividend again after a 3-year pause.**

We held the 2019 Annual General Assembly Meeting on July 25, 2020. As is known, within the scope of the Covid-19 measures, there is a regulation stipulating companies to pay out up to 25% of their profit available for distribution until September 30, 2020. In line with that regulation, in July, our Board of Directors revised the proposal related to dividend distribution, which had been announced in March. As a result, our General Assembly approved gross TL 602 million dividends, corresponding to around 25% of the 2019 distributable net income, to be paid to our shareholders. The payment process is completed.

During this period when small, medium-sized and large companies from all around the world are going through difficult times, the decisions we have taken by completing the General Assembly process, reinforce our determination to continue generating strong balance sheet and free cash flow and offering value to all our stakeholders.

#### **We keep working on our 5G preparations continuously.**

As Türk Telekom, we are working to offer the next-generation technologies to users in the most effective way possible. Our preparations for the use of 5G technology in İstanbul Airport continue. Within this scope, we have completed the tests successfully by installing the test sites. Our live field installations also continue without a pause. Thanks to our wide fibre footprint, we continue to cover the sites that will provide 5G services with fibre network in

order to get our customers access seamless high-speed. As of the second quarter, the share of our LTE base stations connected to fibre is around 45%. Apart from the products and technologies developed for 5G, Türk Telekom is also the readiest operator to 5G in Turkey with its fibre infrastructure reaching all parts of the country.

**We continue our investments with care for sustainable development.**

As Türk Telekom, while acting on the principle of “accessible communication for everyone”, we continue our investments via a sustainability approach internalizing the economic, environmental and social responsibilities. With this understanding, we have signed a loan agreement with EBRD for USD 100 million with a maturity of 6-year to finance our investments.

While leading the digital transformation process of Turkey, we are integrating the universal principles of sustainability into our business model, strategies and corporate decision-making processes. Accordingly, we are steering numerous projects and initiatives that we plan to implement such as energy efficiency, reducing carbon emissions and optimization works in close cooperation with our internal and external stakeholders.

On the other hand, on the FTSE4GOOD index, which measures the performance of companies following the ESG standards, Türk Telekom’s ESG score has been increasing consecutively during the last 3 years since 2018 thanks to the steps and developments made forward on environmental, social and governance areas. On FTSE 2020 report, Türk Telekom’s ESG score beat sector average.

**We are continuing to generate solutions with our subsidiaries during challenging times.**

Our subsidiaries “Argela”, working on 5G and beyond technologies, and “Innova”, providing end to end ICT solutions, contribute to Turkey’s national technology move through the local and national technology solutions they develop. At the same time, they continue to offer their products in the global market.

During the second quarter of 2020, Argela continued its test and development activities on SEBA (SDN enhanced broadband access) project which aims to virtualize the fibre access network. Moreover, Argela’s subsidiary in the USA, Netsia, owning 37 patents related to 5G, has been selected as SEBA Reference Design Leader of Open Networking Foundation (ONF), a consortium contributed by big telcos and technology companies through shared and open source and it continued to generate value on information technologies both in Turkey and in the world.

During the Covid-19 period, when millions of students have had online education, Education Information Network (EBA) has been the third most visited education website in the world. Our education technologies subsidiary “Sebit” continued to provide content support to the EBA platform for classes and exams with a sustainable education approach during the pandemic.

Türk Telekom’s call centre company “AssisTT” adapted quickly to increased business volume due to intense demand in call centres of its customers from all areas, including telecommunications, banking and public sector during Covid-19 pandemic and it continued to be their strategic partner.



**We are pioneering the digital transformation of Turkey.**

Changing lifestyles due to pandemic caused a shift in needs both for the consumer and corporate customers. With the new normal, while we are confronted with new working models in different sectors, the continuation of the digitalization will be inevitable for small, medium-sized and large companies. In this scope, as Türk Telekom, we are standing by our customers through our corporate products and solutions such as metro ethernet, virtual switch, online education platform, e-invoice and cyber-security services. We will continue to add value to our customers by offering fast, effective and integrated solutions that meet changing needs.

On the other hand, as Türk Telekom, in order to support Turkey's local and national technology movement within the scope of our government's 2023 vision, through our investments in both technology and infrastructure areas, we are continuously working to adopt new technologies such as AI, machine learning, autonomous systems and virtual reality simultaneously with the rest of the world.



## Financial Review

(TL mn)	Q2'19	Q1'20	Q2'20	QoQ Change	YoY Change
Revenue	5,760	6,303	6,969	10.6%	21.0%
Revenue (Exc. IFRIC 12)	5,516	6,016	6,369	5.9%	15.5%
EBITDA	2,681	2,977	3,237	8.7%	20.7%
Margin	46.5%	47.2%	46.4%		
Depreciation and Amortisation	(1,171)	(1,273)	(1,303)	2.3%	11.3%
Operating Profit	1,510	1,704	1,934	13.5%	28.1%
Margin	26.2%	27.0%	27.7%		
Financial Income / (Expense)	(999)	(870)	(703)	(19.2)%	(29.6)%
FX & Hedging Gain / (Loss)	(427)	(294)	(127)	(56.9)%	(70.3)%
Interest Income / (Expense)	(464)	(561)	(509)	(9.3)%	9.7%
Other Financial Income / (Expense)	(108)	(15)	(68)	346.1%	(37.3)%
Tax Income / (Expense)	(77)	(173)	(250)	44.6%	226.9%
Net Income	435	661	980	48.4%	125.5%
Margin	7.5%	10.5%	14.1 %		
CAPEX	930	896	1,237	38.1%	33.1%

## Revenues

In Q2'20, consolidated revenues increased by 21.0% YoY to TL 6,969 mn. Excluding IFRIC 12, top line growth was 15.5% YoY with 23.9% increase in fixed broadband, 9.3% increase in mobile, 18.4% increase in corporate data and 94.8% increase in other revenues.

## Operating Expenses Excluding Depreciation and Amortization (OPEX)

In Q2'20, operating expenses increased by 21.2% YoY to TL 3,733 mn. Excluding IFRIC 12 cost, growth in operating expenses was 12.1% YoY.

- Cost of Equipment and Technology Sales increased by 163.6% YoY on the back of strong broadband net additions and project based equipment and license sales.
- Network and Technology expenses grew 23.0% YoY, mainly due to increased energy costs and technology repair and maintenance costs.
- Personnel expense increased by 8.1% YoY along with a high base in Q2'19.

- 11.6% YoY increase in the tax expense was led by higher frequency and treasury fees attached to mobile revenues.
- Interconnection costs increased by 9.9% YoY.
- Commercial costs declined by 17.4% YoY mainly due to savings on sales and customer care items and lower marketing and corporate communication activities during the pandemic period.

## **Operating Profit before Depreciation and Amortization (EBITDA)**

In Q2'20, consolidated EBITDA increased by 20.7% YoY to TL 3.2 bn with an EBITDA margin of 46.4% with the support of strong growth in broadband revenues. Excluding IFRIC 12 accounting impact, EBITDA margin was 49.6%.

## **Depreciation and Amortization Expense**

Depreciation and amortization expense increased by 11.3% YoY to TL 1,303 mn in Q2'20.

## **Operating Profit**

In Q2'20, the Group recorded TL 1,934 mn operating profit with a 28.1% YoY increase.

## **Net Financial Income/Expense**

Net financial expense decreased to TL 703 mn in Q2'20 from TL 870 mn in Q1'20 despite higher FX rates during the quarter.

According to the sensitivity of P&L statement to FX movements, 10% depreciation of TL has TL 623 mn impact on P&L as of Jun'20 assuming all else constant (TL 344 mn impact as of Mar'20 and TL 455 mn impact as of Dec'19).

## **Tax Income/Expense**

The Group reported TL 250 mn tax expense in Q2'20 compared to TL 77 mn in Q2'19, in line with the profit before tax.

## **Net Income**

Net income increased to TL 980 mn in Q2'20 with an increase of 125% YoY thanks to robust underlying operating performance and lower financial expenses, despite higher FX rates in the quarter.

## **Capital Expenditures**

Capex was realized at TL 1,237 mn in Q2'20 with the increase in fibre investments.

## **Cash Flow and Leverage**

Unlevered free cash flow generated in LTM Q2'20 grew to TL 6.3 bn compared to TL 5.3 bn in LTM Q2'19, thanks to strong EBITDA performance.

In Q2'20, unlevered free cash flow was TL 1.2 bn.

Net debt remained flat QoQ at TL 16.0, while excluding the IFRS 16 impact, it was TL 14.8 bn TL.

Net debt/EBITDA ratio continued its downward trend over the last six quarters and declined to 1.31x from 1.38x a quarter ago.

Net debt (excluding the IFRS 16 impact) declined to USD 2,162 mn equivalent as of June'20, down by USD 106 mn QoQ (Mar'20: USD 2,268 mn; Dec'19: USD 2,491 mn).

In Jun'20, FX based debt declined to USD 2,663 mn equivalent (Mar'20: USD 2,996 mn; Dec'19: USD 3,097 mn) led by continued deleveraging and increase in share of TL based financing. The share of TL financing moved up to 13.1% as of Q2'20 from 10.0% in Q1'20 (Dec'19: 6.3%, Jun'19: 4.2%).

The net FX exposure was USD 376 mn including USD 1,706 mn equivalent of participating cross currency swap (PCCS) position in total and FX based cash of USD 581 mn.

## Operational Performance

	Q2'19	Q1'20	Q2'20	QoQ Change	YoY Change
<b>Total Access Lines (mn)</b>	<b>14.5</b>	<b>14.8</b>	<b>15.3</b>	<b>3.5%</b>	<b>5.6%</b>
Fixed Voice Subscribers (mn) <sup>7</sup>	9.9	10.1	10.3	2.3%	4.4%
Naked Broadband Subscribers (mn)	4.5	4.6	4.9	6.2%	8.4%
<b>Fixed Voice ARPU (TL)</b>	<b>22.8</b>	<b>22.3</b>	<b>22.0</b>	<b>(1.4)%</b>	<b>(3.4)%</b>
<b>Total Broadband Subscribers (mn)</b>	<b>11.1</b>	<b>11.6</b>	<b>12.2</b>	<b>5.1%</b>	<b>9.9%</b>
<b>Total Fiber Subscribers ('000)</b>	<b>3.8</b>	<b>4.4</b>	<b>4.8</b>	<b>7.8%</b>	<b>26.1%</b>
FTTH/B ('000)	1.5	1.7	1.9	7.6%	27.9%
FTTC ('000)	2.3	2.7	2.9	7.9%	24.9%
<b>Broadband ARPU (TL)</b>	<b>48.6</b>	<b>53.5</b>	<b>55.5</b>	<b>3.9%</b>	<b>14.4%</b>
<b>Total TV Subscribers ('000) <sup>8</sup></b>	<b>3.6</b>	<b>3.4</b>	<b>3.3</b>	<b>(3.8)%</b>	<b>(9.3)%</b>
Tivibu Home (IPTV + DTH) Subscribers ('000)	1.7	1.6	1.5	(3.0)%	(7.2)%
<b>TV ARPU (TL)</b>	<b>15.9</b>	<b>18.2</b>	<b>19.0</b>	<b>4.3%</b>	<b>19.2%</b>
<b>Mobile Total Subscribers (mn)</b>	<b>22.4</b>	<b>23.2</b>	<b>22.8</b>	<b>(1.6)%</b>	<b>2.0%</b>
Mobile Postpaid Subscribers (mn)	13.3	14.0	14.1	1.2%	6.4%
Mobile Prepaid Subscribers (mn)	9.1	9.2	8.7	(5.9)%	(4.4)%
<b>Mobile Blended ARPU (TL)</b>	<b>32.8</b>	<b>32.5</b>	<b>34.4</b>	<b>6.1%</b>	<b>5.2%</b>
Mobile Postpaid ARPU (TL)	40.8	40.1	42.7	6.6%	4.9%
Mobile Prepaid ARPU (TL)	20.6	20.6	21.2	2.6%	2.7%

<sup>7</sup> PSTN and WLR Subscribers

<sup>8</sup> Tivibu Home (IPTV, DTH) and Tivibu GO subscribers

**Notes:**

*EBITDA is a non-GAAP financial measure. The EBITDA definition used in this press release 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/(expense) presented in other operating income/(expense) (i.e. FX gain/(loss), interest and rediscount income/(expense) on current accounts excluding bank borrowings).*

*Operating profit includes revenues, cost of sales, depreciation, amortization and impairment expenses, marketing, sales and distribution expenses, general administrative expenses, research and development expenses, other operating income/(expense), and income/(expense) from investing activities, but excludes financial income/(expense) presented in other operating income/(expense) on CMB financial statements (i.e. FX gain/(loss), interest and rediscount income/(expense) on current accounts excluding bank borrowings).*

*Net financial income/(expense) includes financial income/(expense) and FX gain/(loss), interest and rediscount income/(expense) on current accounts excluding bank borrowings which are presented in other operating income/(expense) on CMB financial statements.*

## About Türk Telekom Group

Türk Telekom, with 179 years of history, is the first integrated telecommunications operator in Turkey. In 2015, Türk Telekomünikasyon A.Ş. adopted a “customer-oriented” and integrated structure in order to respond to the rapidly changing communication and technology needs of customers in the most powerful and accurate way, while maintaining the legal entities of TT Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş. intact and adhering to the rules and regulations to which they are subject. Having a wide service network and product range in the fields of individual and corporate services, Türk Telekom unified its mobile, internet, phone and TV products and services under the single “Türk Telekom” brand as of January 2016.

“Turkey’s Multiplay Provider” Türk Telekom has 15.3 million fixed access lines, 12.2 million broadband, 3.3 million TV and 22.8 million mobile subscribers as of June 30, 2020. Türk Telekom Group Companies provide services in all 81 cities of Turkey with 33,921 employees with the vision of introducing new technologies to Turkey and accelerating Turkey’s transformation into an information society.

Türk Telekomünikasyon A.Ş., providing PSTN and wholesale broadband services, directly owns 100% of mobile operator TT Mobil İletişim Hizmetleri A.Ş., retail internet services, IPTV, satellite TV, Web TV, Mobile TV, Smart TV services provider TTNET A.Ş., convergence technologies company Argela Yazılım ve Bilişim Teknolojileri A.Ş., IT solution provider Innova Bilişim Çözümleri A.Ş., online education software company Sebit Eğitim ve Bilgi Teknolojileri A.Ş., call center company AssisTT Rehberlik ve Müşteri Hizmetleri A.Ş., project development and corporate venture capital company TT Ventures Proje Geliştirme A.Ş., Electric Supply and Sales Company TTES Elektrik Tedarik Satış A.Ş., wholesale data and capacity service provider Türk Telekom International, provider of combined facilities support activities TT Destek Hizmetleri A.Ş. and indirectly owns 100% of subsidiaries of Türk Telekom International, TV Broadcasting and VOD services provider Net Ekran Companies, telecommunications devices sales company TT Satış ve Dağıtım Hizmetleri A.Ş. and payment services company TT Ödeme ve Elektronik Para Hizmetleri A.Ş. and counselling services company 11818 Rehberlik ve Müşteri Hizmetleri A.Ş.

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