

# Investor Presentation

2019 Q2



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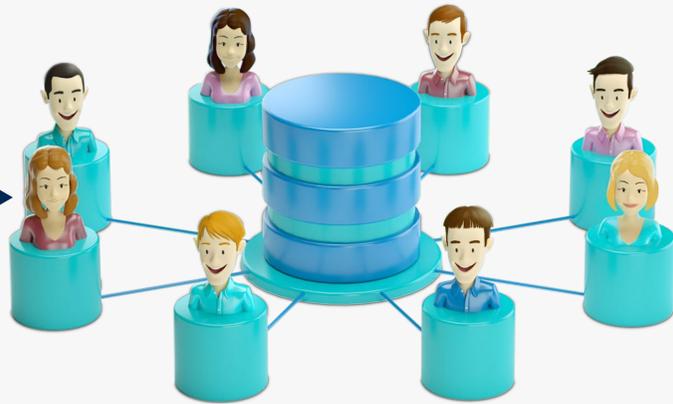
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Note: EBITDA is a non-GAAP financial measure. The EBITDA definition used in this investor presentation includes revenues, cost of sales, marketing, sales and distribution expenses, general administrative expenses, research and development expenses 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).

# Net Subscriber Additions

**78%**

of customers consented for sharing of their info among our group companies



**4.7ppt**

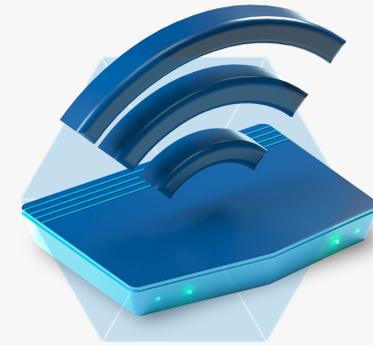
YoY increase in multi product ownership to **64%\***

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

## Broadband

**82k**  
Q2 '19

**808k**  
LTM



**47.0mn**  
total subscribers

## Mobile

**276k**  
Q2 '19

**2.2mn**  
LTM



**320K**  
net additions\*  
in Q2

## Home TV

**-13k**  
Q2 '19

**217k**  
LTM

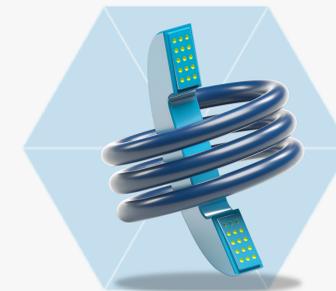


**3.5 mn**  
net additions\*  
in LTM

## Fixed Voice

**-1k**  
Q2 '19

**194k**  
LTM



\*Includes Tivibu GO

# Financial Performance

(TL mn)	2018 Q2	2019 Q1	2019 Q2	Growth (QoQ)	Growth (YoY)
<b>Revenue</b>	<b>4,951</b>	<b>5,403</b>	<b>5,760</b>	<b>6.6%</b>	<b>16.3%</b>
Revenue (exc. IFRIC12) <sup>1</sup>	4,740	5,304	5,516	4.0%	16.4%
<b>EBITDA</b>	<b>1,968</b>	<b>2,655</b>	<b>2,681</b>	<b>1.0%</b>	<b>36.2%</b>
EBITDA Margin	39.8%	49.1%	46.5%		
<b>Operating Profit</b>	<b>1,058</b>	<b>1,491</b>	<b>1,510</b>	<b>1.3%</b>	<b>42.7%</b>
<b>Net Income</b>	<b>(870)</b>	<b>310</b>	<b>435</b>	<b>40.3%</b>	<b>n.m.</b>
<b>CAPEX</b>	<b>836</b>	<b>637</b>	<b>930</b>	<b>45.9%</b>	<b>11.2%</b>

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

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

# Fixed Broadband Performance



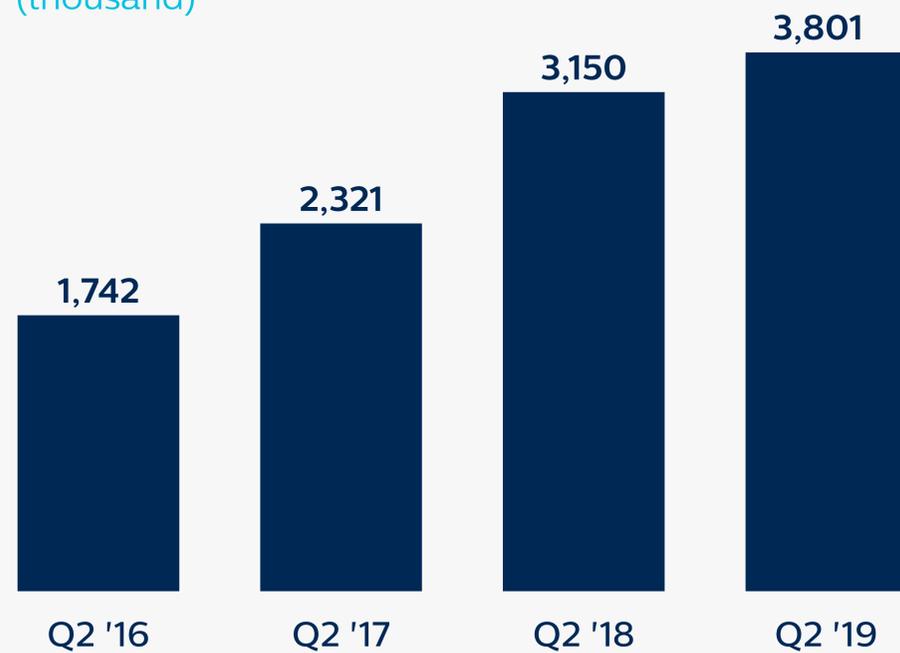
## ARPU & Subscribers

■ Subscribers (mn) ● ARPU (TL)



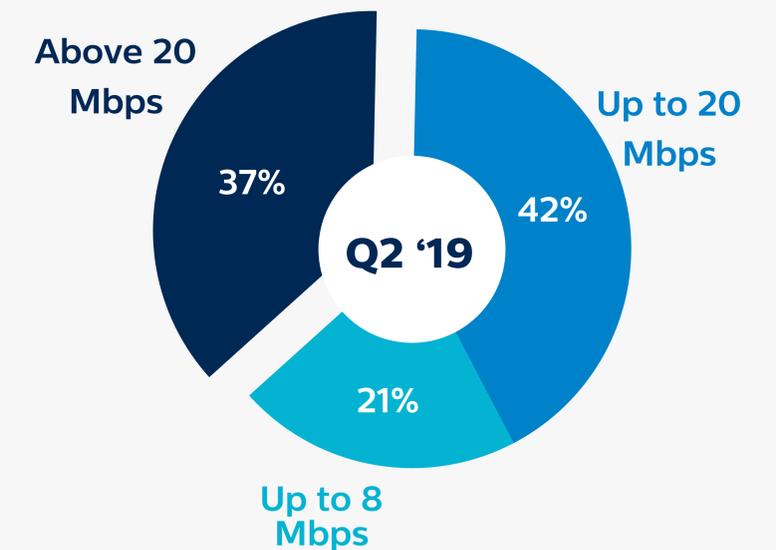
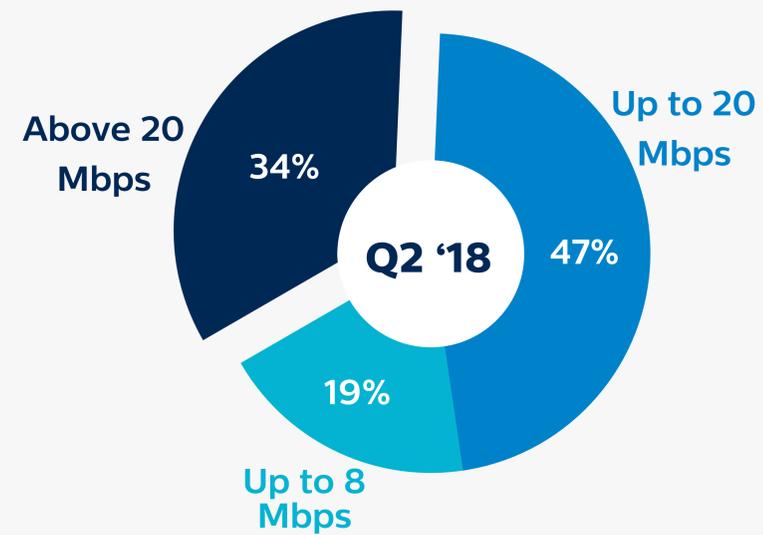
## Fiber Subscribers

(thousand)



## Speed Breakdown

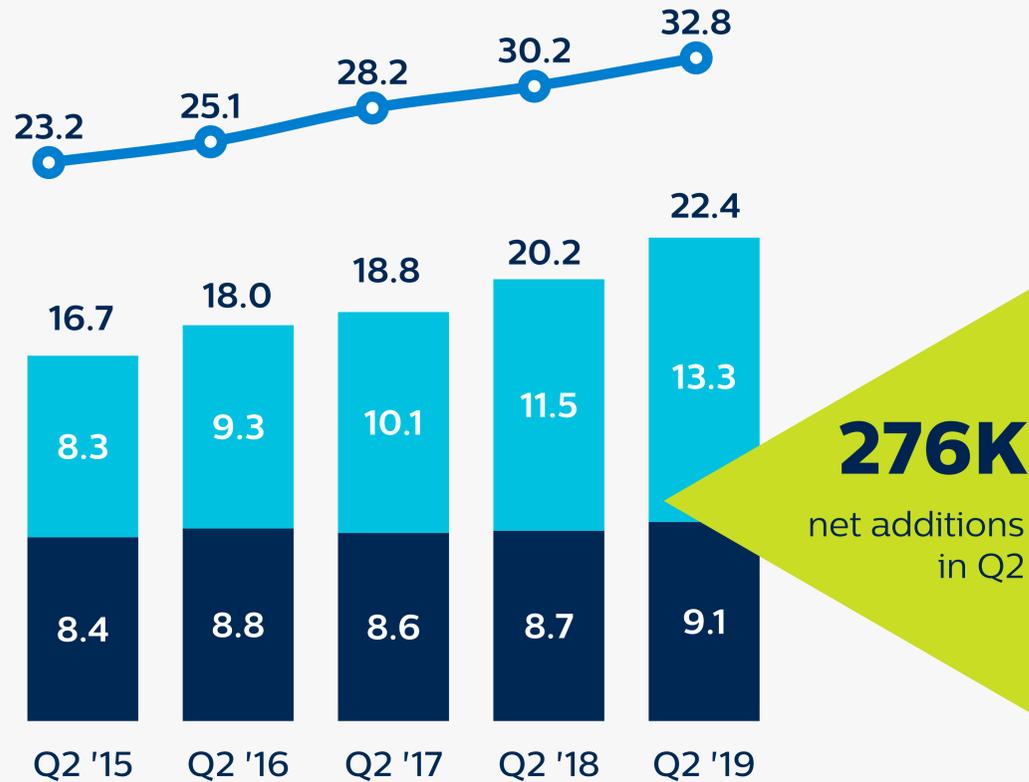
(% of Subscribers)



# Mobile Performance

## Growing ARPU & Subscriber Base

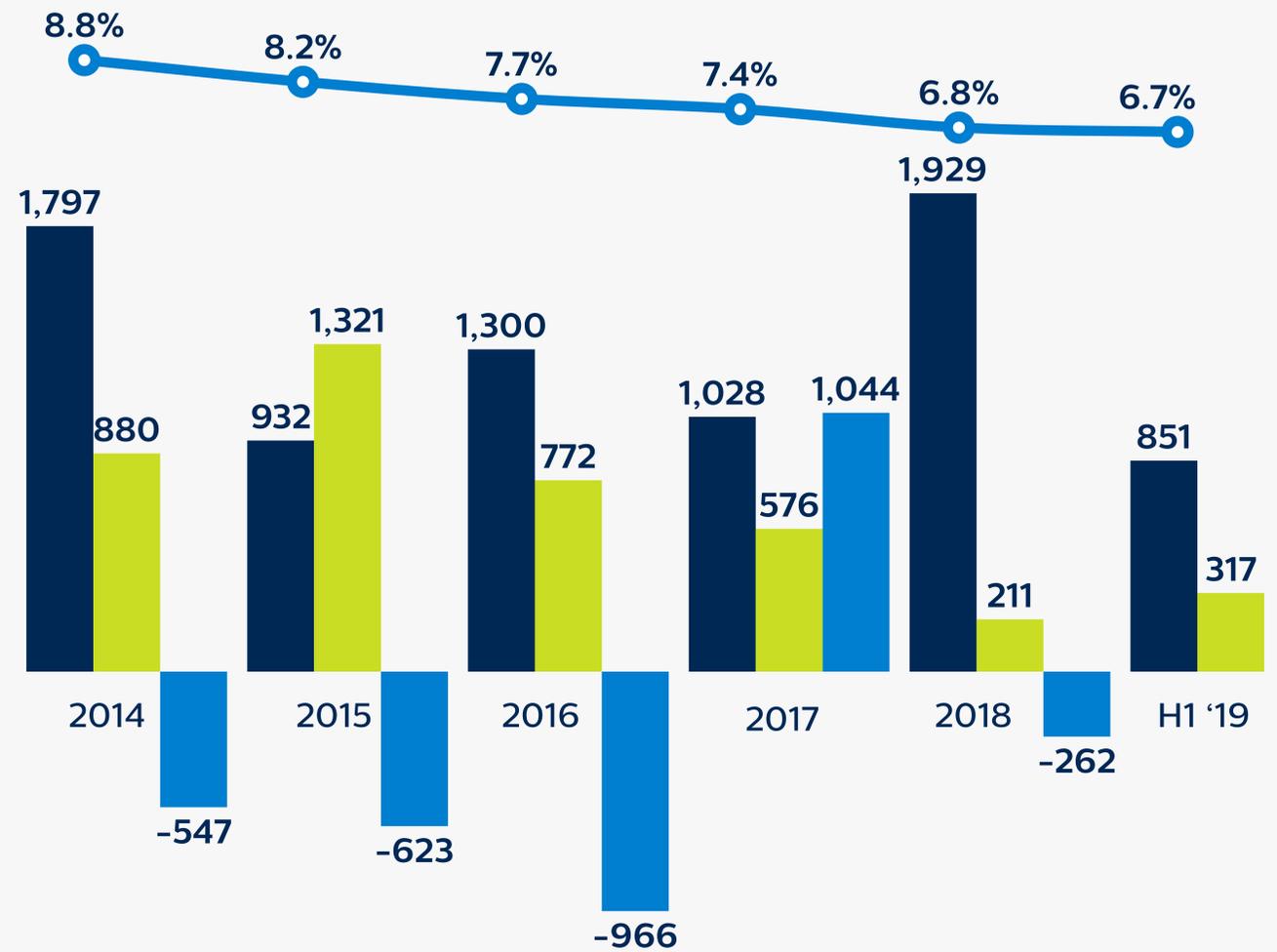
- Blended ARPU (TL)
- Prepaid (mn) ■ Postpaid (mn)



## Net Subscriber Additions

(thousand)

- Türk Telekom ■ Vodafone ■ Turkcell
- Average Quarterly Churn Rate



Other operators' data are from their own publications.

# Mobile Data

## Data Revenue

(Mobile service revenue share)

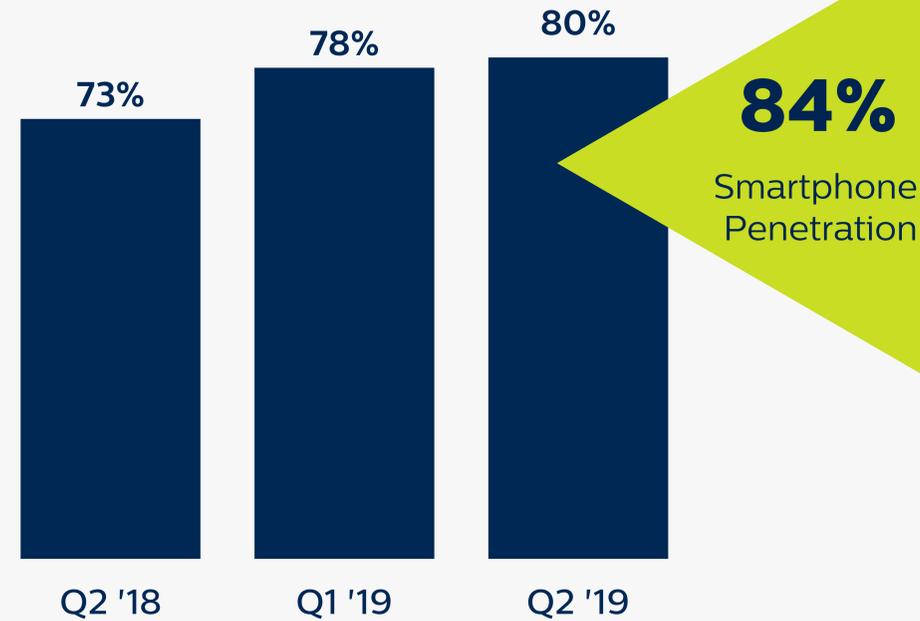


## LTE Users\*

(Total subscriber share)

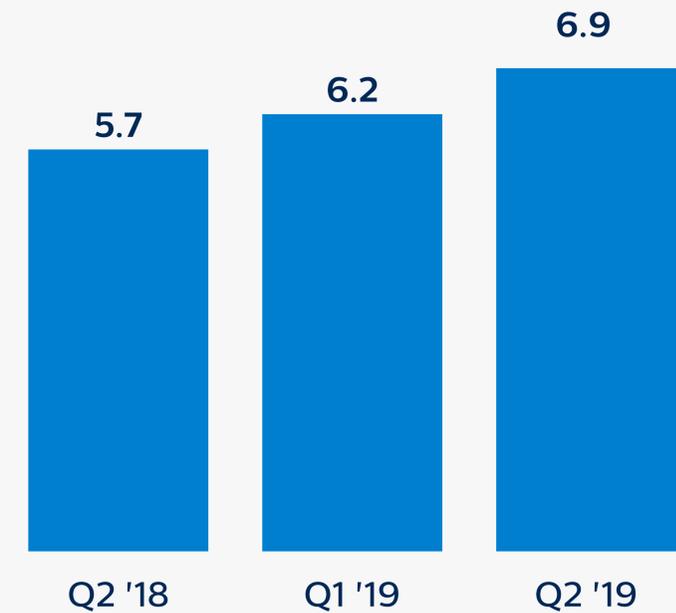


## LTE Compatible Smartphone\*\*



## Avg. Monthly Mobile Data Usage

(GB per LTE user)



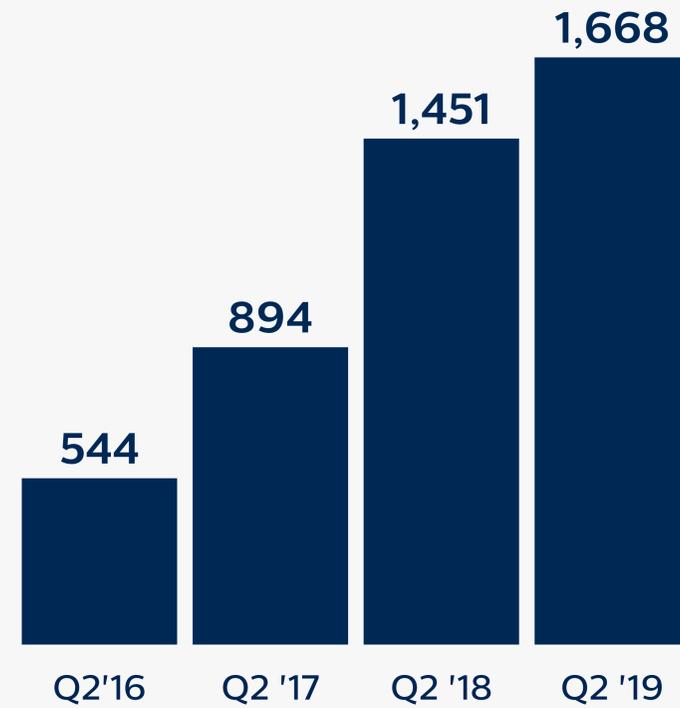
\*Subscribers who  
1) registered for LTE  
2) have LTE compatible device and simcard

\*\* Among smartphone users

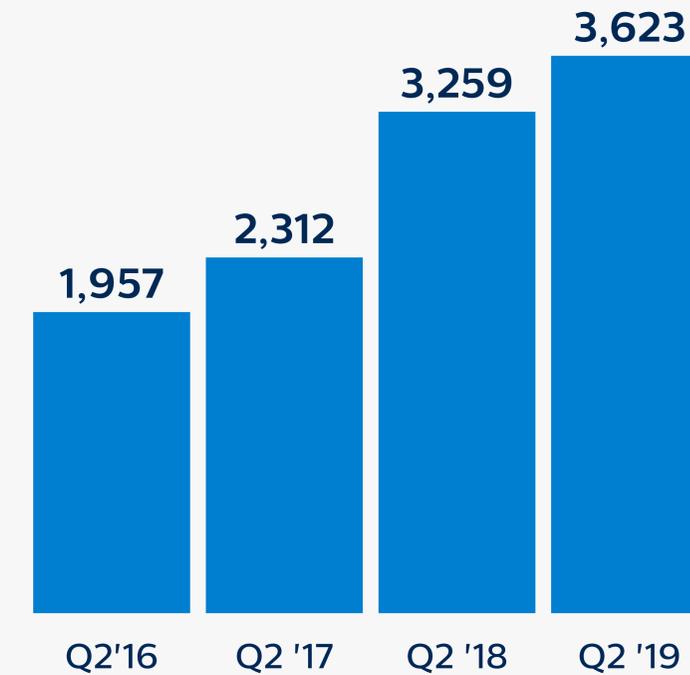
# TV Performance

## Subscribers (thousand)

■ Tivibu Home



■ Total TV (Tivibu Home + Tivibu GO)



## Wireless Homes



## Platform

IPTV + DTH + Web TV + Smart TV

## Content

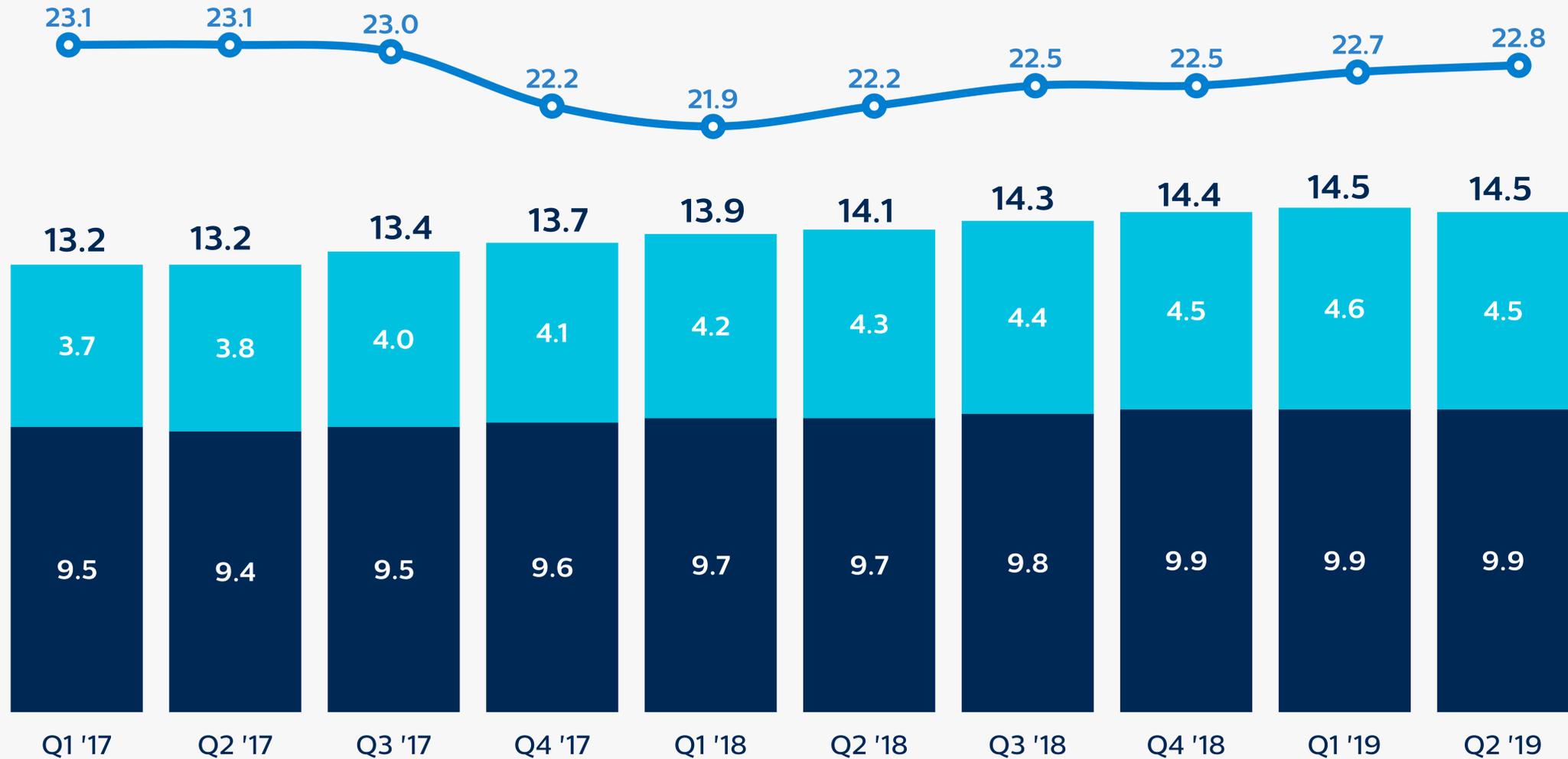
- ▶ Turkish Basketball Super League
- ▶ NBA
- ▶ English Premier League

- ▶ 3 Sports Inhouse Channels
- ▶ Kids & Documentary Channels
- ▶ 6000+ on demand assets

# Fixed Voice Performance

## Access Lines and ARPU

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



# Financials

# Financial Performance

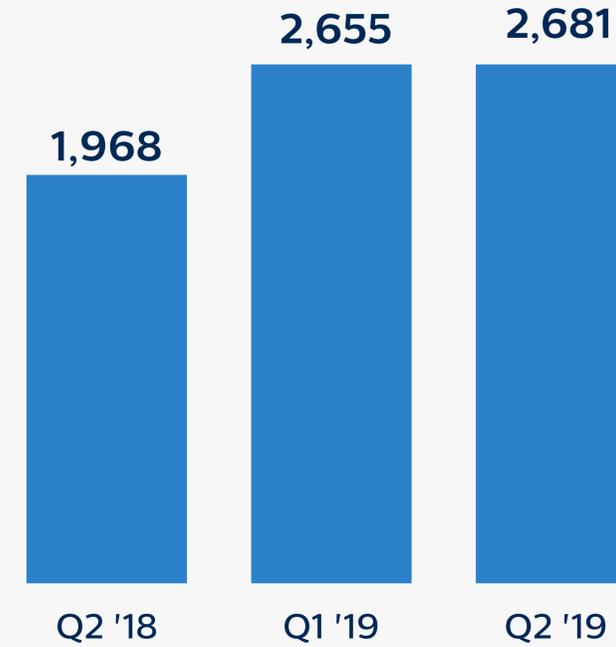
## Revenue

(TL mn)



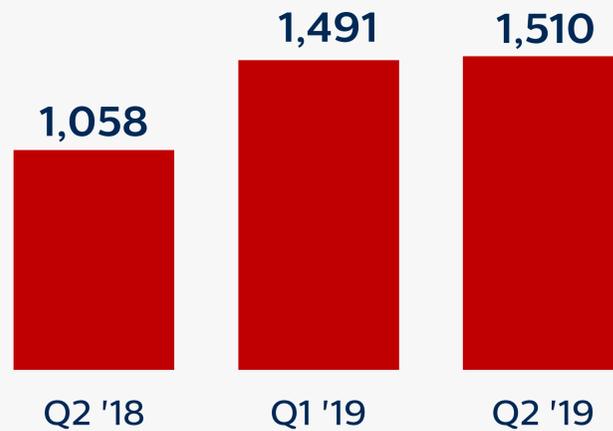
## EBITDA

(TL mn)



## Operating Profit

(TL mn)



## Net Income

(TL mn)



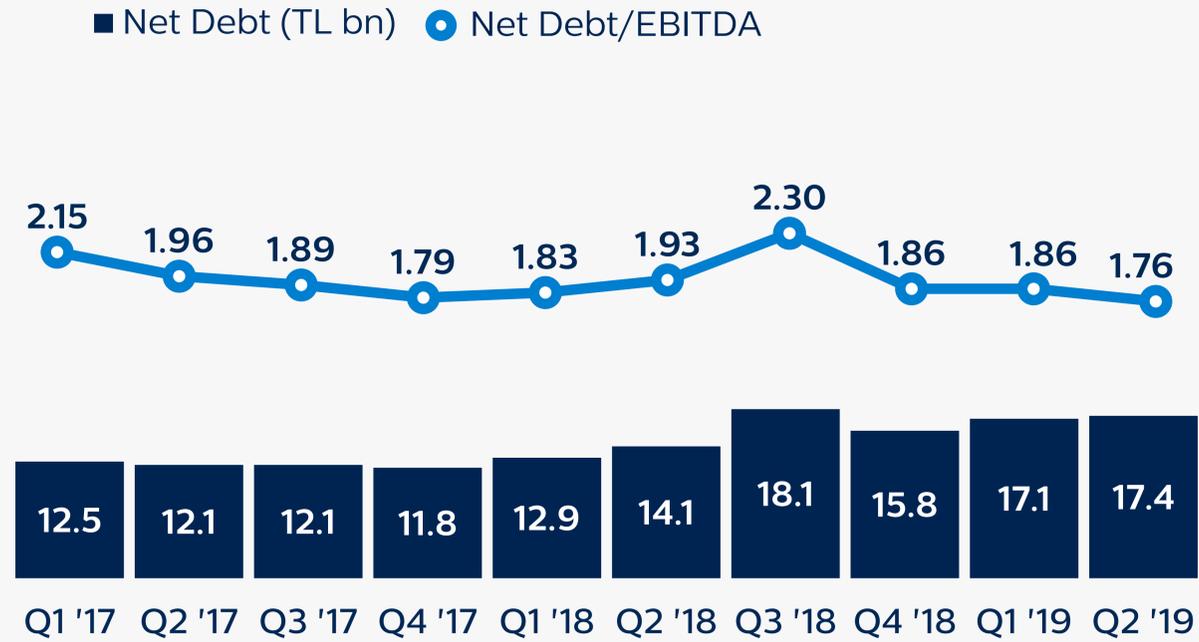
## Capex

(TL mn)



# Debt Profile

## Net Debt



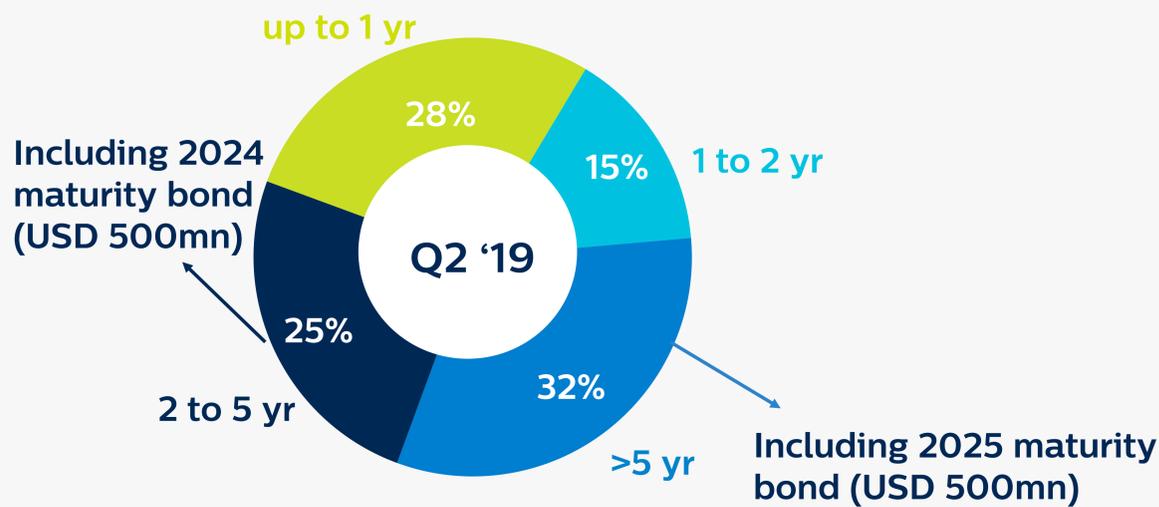
Note: Net Debt calculation includes MTM from FX to TRY Currency Swaps  
 Net Debt/EBITDA calculation excludes extraordinary claims EBITDA calculation

## Low debt ratio among peers



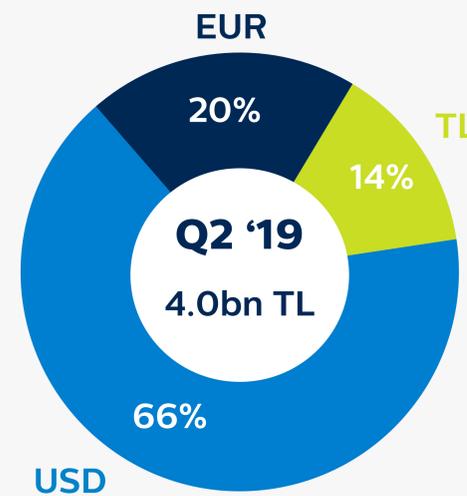
Source: Bloomberg  
 Türk Telekom's ratio is based on Q2'19 financials; other's based on their latest data

## Maturity Profile

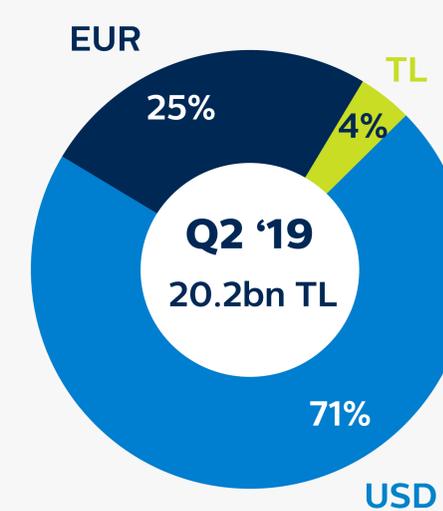


All loans are senior unsecured

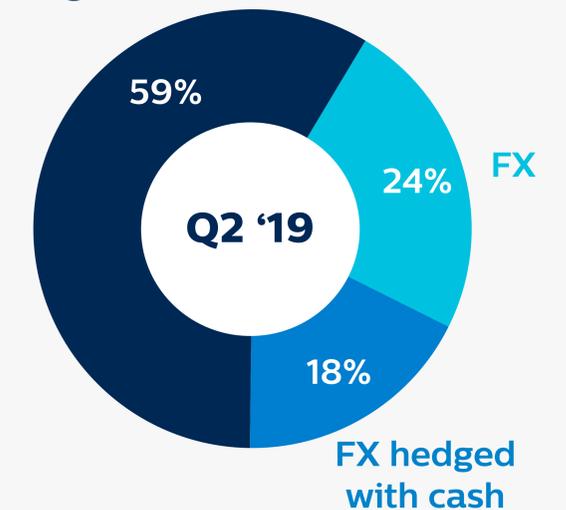
## Cash FX Breakdown



## Gross Debt FX Breakdown



## FX hedged with PCCS



# Debt Profile

## Prudent Balance Sheet Management

- ▶ FX Risks managed via Participating Cross Currency Swaps (PCCS), and FX based cash
- ▶ Hedge in both principal and interests of designated debt instruments
- ▶ Diversified funding terms of instruments (bonds, ECAs, commercial loans, and IFIs) and geography
- ▶ Significant improvement in cash flow generation with normalized Capex cycle and increasing EBITDA

## Corporate Credit Ratings

### Fitch Ratings

Long Term Rating: BB-  
Outlook Negative

### S&P Global Ratings

Long Term Rating: BB-  
Outlook Stable

Stand-alone Credit Profile (SACP):

bbb-

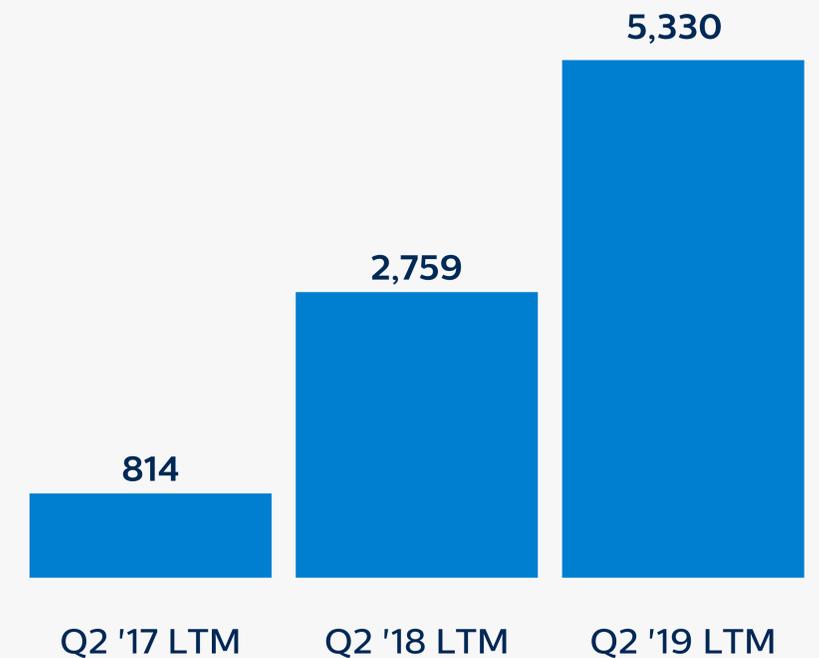
## Net FX Exposure \*



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.

# Guidance

TL mn	2018 YE	2019 Guidance	2019 Revised Guidance
<b>Revenue</b> (exc. IFRIC 12) <sup>1</sup>	19,660	15% - 16% growth	15% - 16% growth
<b>EBITDA</b>	8,436	TL 10.0 to 10.2 bn	TL 10.3 to 10.5 bn
<b>CAPEX</b>	4,087	TL 4.6 bn to 4.8 bn	TL 4.6 bn to 4.8 bn

Our company adopted IFRS 16 accounting standards starting from 1 January 2019.

EBITDA includes IFRS 16 impact, while CAPEX does not include gross additions to right of use assets (TL 850- 900 million) which is netted of by gross additions to leasing liability arising from IFRS 16.

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

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

# Appendix

# Income Statement

(TL mn)	Q2 '18	Q1 '19	Q2 '19	QoQ Change	YoY Change
Revenues	4,951	5,403	5,760	6.6%	16.3%
EBITDA	1,968	2,655	2,681	1.0%	36.2%
Margin	39.8%	49.1%	46.5%		
Operating Profit	1,058	1,491	1,510	1.3%	42.7%
Margin	21.4%	27.6%	26.2%		
Financial Inc. / (Exp.) <sup>1</sup>	(2,139)	(1,276)	(999)	(21.7)%	(53.3)%
FX & Hedging Gain / (Loss)	(1,933)	(825)	(427)	(48.2)%	(77.9)%
Interest Inc./ (Exp.)	(171)	(370)	(464)	25.2%	170.6%
Other Financial Inc./ (Exp.)	(35)	(81)	(108)	33.8%	208.3%
Tax Expense <sup>1</sup>	212	95	(77)	n.m.	n.m.
Net Income <sup>1</sup>	(870)	310	435	40.3%	n.m.
Margin	n.m.	5.7%	7.5%		

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

(1) Bills, bonds and notes issued that were measured amortized cost at Q1'18 and Q2'18 are measured at fair value as of Q3'18. Consequently, the changes were reflected to Q1'18 and Q2'18 financial statements. For further details please see Q3'18 financial statements and footnotes.

# Balance Sheet

(TL mn)	30.06.2018	31.03.2019	30.06.2019
<b>Total Assets</b>	<b>30,461</b>	<b>40,573</b>	<b>37,575</b>
Cash and Equivalents	4,304	7,350	3,961
Tangible Assets <sup>1</sup>	9,004	14,052	14,024
Intangible Assets	9,332	9,684	9,598
Other Assets <sup>2&amp;5</sup>	7,821	9,488	9,992
<b>Total Equities and Liabilities</b>	<b>30,461</b>	<b>40,573</b>	<b>37,575</b>
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items <sup>5</sup>	973	4,632	4,716
Interest Bearing Liabilities <sup>3&amp;5</sup>	19,060	24,456	21,398
Other Liabilities <sup>4</sup>	7,168	8,225	8,201

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

(1) Tangible assets include property, plant and equipment and investment property

(2) Major items within other assets are trade receivables, due from related parties, inventories, deferred tax asset, right of use 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 related parties, other current liabilities and provisions for employee termination benefits

(5) Bills, bonds and notes issued that were measured amortized cost at Q1'18 and Q2'18 are measured at fair value as of Q3'18. Consequently, the changes were reflected to Q1'18 and Q2'18 financial statements. For further details please see Q3'18 financial statements and footnotes.

# IFRS 16 Adoption Reconciliation

(TL mn)	Q2 '19	IFRS 16 Impact	Q2 '19 w/o adoption of IFRS 16
Revenues	5,760		5,760
EBITDA	2,681	198	2,483
Margin	46.5%		43.1%
Operating Profit	1,510	40	1,470
Margin	26.2%		25.5%
Financial Inc. / (Exp.)	(999)	(52)	(947)
FX & Hedging Gain / (Loss)	(427)	(2)	(426)
Interest Inc./ (Exp.)	(464)	(51)	(413)
Other Financial Inc./ (Exp.)	(108)		(108)
Tax Expense	(77)	(2)	(75)
Net Income	435	(14)	449
Margin	7.5%		7.8%

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

# IFRS 16 Adoption Reconciliation

(TL mn)	30.06.2019	IFRS 16 Impact	30.06.2019 w/o adoption of IFRS 16
<b>Total Assets</b>	<b>37,575</b>	<b>1,141</b>	<b>36,434</b>
Cash and Equivalents	3,961		3,961
Tangible Assets	14,024		14,024
Intangible Assets	9,598		9,598
Rights of Use Assets	1,398	1,398	0
Other Assets	8,593	(257)	8,850
<b>Total Equities and Liabilities</b>	<b>37,575</b>	<b>1,141</b>	<b>36,434</b>
Share Capital	3,260		3,260
Reserves, Retained Earnings and Other Equity Items	4,716	(35)	4,751
Interest Bearing Liabilities	21,398	1,176	20,222
Other Liabilities	8,201		8,201

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

# Türk Telekom Investor Relations

▶ [investorrelations@turktelekom.com.tr](mailto:investorrelations@turktelekom.com.tr)

▶ +90 212 309 96 30

▶ [ttinvestorrelations.com](http://ttinvestorrelations.com)

▶ [twitter.com/ttkomir](https://twitter.com/ttkomir)

