Türk Telekom 2024 FY & Q4 Financial & Operational Results Conference Call

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Conductors:

Mr. Ümit Önal – Chief Executive Officer

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Conference Call Conducted by Chorus Call Hellas

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OPERATOR: Ladies and Gentlemen, thank you for standing by. I am Konstantinos, your Chorus Call operator.

Welcome and thank you for joining the Türk Telekom conference call and live webcast to present and discuss the 2024 FY & Q4 Financial & Operational Results. We are here with the management team and today's speakers are CEO, Ümit Önal and CFO, Kaan Aktan. Before starting, I kindly remind you to review the disclaimer on the earnings presentation.

Now, I would like to turn the conference over to Mr. Ümit Önal CEO.

Sir, you may now proceed.

ÖNAL Ü: Hello, everyone. Welcome to our 2024 fourth quarter and year-end results conference call. Thank you for joining us today. Trade wars, strong dollar and higher for longer interest rates have topped global agenda in the aftermath of November elections in the U.S. At home, the disinflation process continued with CPI closing the year at 44.4% and further falling to 39.1% as of February.

Yet on a monthly basis, the CPI surged by 5% in the first month of the year, the highest since January'24 and up from a 1% increase in December before resuming to 2.3% in February.

In response, the CBRT started its awaited easing cycle by reducing the policy rate by 250 basis points in December, January, and March meetings each, taking it down to 42.5% from 50% earlier. In its January price developments report, the Bank said underlying inflation posted a temporary rise specific to the first quarter.

Nevertheless, the Bank has revised up its 2025-end inflation forecast to 24% from 21% earlier. We closed another challenging year with a guidance beating performance.

While fixed internet and mobile both delivered robust KPIs beyond our expectations, all areas of operation nicely supported a healthy set of consolidated financials. Mobile and fixed internet markets remained highly competitive in Q4 amid operators' high appetite for securing as many net adds as possible before year-end. Data consumption moved with routine seasonality and stayed strong, once again confirming robust consumer demand.

Now starting with annual financial and operational overview on slide number 3. Consolidated revenues grew to TRY 162 billion with almost 12% increase YoY. Excluding the IFRIC 12 accounting impact, revenue growth was well above 12%. EBITDA rose to TRY 63 billion with a 30% steep increase from last year while EBITDA margin exceeded 39% with a robust 560 basis points YoY improvement.

Net profit for the period came in at TRY 8.5 billion. Capex reached TRY 41 billion. Unlevered free cash flow was almost TRY 18 billion, growing by 75% and once again underlining the strong operational performance. Net leverage improved to 0.8x.

Moving on to slide number 4, for fourth quarter, quarterly performance. Consolidated revenues came close to TRY 46 billion with more than 20% increase YoY. Excluding the IFRIC 12 accounting impact, revenue growth was well above 17%. Consolidated EBITDA surged 45% annually to TRY 18 billion with an impressive 680 basis points expansion in EBITDA margin exceeding 39%. Capex spending expectedly accelerated in the final quarter to TRY 17 billion.

Slide number 5, net subscriber additions. With a flattish performance QoQ, we closed the year with 53.2 million subscribers in total. However, excluding the 192K loss in the fixed voice segment and 354K write-down in Tivibu GO subscriber base, quarterly net additions were as high as 488K despite typical low seasonality in Q4.

With that, fixed internet and mobile net adds reached 169K and 1.1 million for the full year, along with rather low 1.5% and 2.1% monthly churn rates, respectively.

Fixed broadband base inched up to 15.4 million with 81K net subscriber gain in Q4, a performance led by the retail segment comparing higher to prior quarter and our expectation. Increased variety in regional tariffs and exclusive offers to the online channel helped revive new activations and successfully managed re-contracting.

Churn rate inched down both QoQ and YoY as a result. In the mobile sector, despite a combative December leading the spike in our quarterly churn rate, we managed to beat our net add target for the quarter, thanks to a better-than-expected performance in the prepaid segment and in line but once again stunning performance in the postpaid segment.

Recording 357K net adds in the final quarter, well ahead of the competitors, mobile segment reached 27.3 million customers. Net adds went beyond seasonal trends and marked the highest Q4 performance since 2018. Postpaid base added 540K subscribers. Prepaid segment, on the other hand, posted a relatively contained 183K net loss.

Slide number 6, fixed broadband performance. The price revisions we introduced in July on wholesale tariffs and in June and August for new and existing customers on retail tariffs, and other ISPs' adaptation process to these actions continued shaping Q4 subscriber dynamics in the fixed internet market.

Although retail market price parities remained distant to H1'23 levels, some normalisation over the July-November period, in addition to consumers becoming more accustomed to new price levels led to a better net add performance. That said, we have recently revised our retail tariff prices becoming effective from mid-March.

Re-contracting and upselling performances remained very strong and within our targets in the final quarter. Volumes in both surpassed the levels seen a quarter ago.

In continuation of strong demand for high speed, 50 Mbps and above packages made 70% of new sales and 35 Mbps and above packages made 66% of re-contracting in the final quarter. Average package speed of our subscriber base increased by 47% YoY to 67 Mbps. 48% of our subscribers now use 50 Mbps and above packages compared to 34% a year ago.

Throughout 2024, we managed activations and churn with a high focus on ARPU. We delivered the acceleration we looked for in FBB ARPU growth, especially more visibly in the second half of the year. Consequently, Q4 ARPU growth came extremely strong at 19%, taking the full year growth to 13% almost.

Capitalising on an increasing volume of contract renewals in 2025 will be at the centre of our strategies to support ARPU growth through re-contracting and upselling in addition to new acquisitions. As such, we are confident that we will attain strong ARPU and revenue growth in our fixed internet business this year.

Moving on to mobile performance, slide number 7. Subscriber acquisition remained at the heart of mobile operators' Q4 strategies and dominated competition dynamics, which largely revolved around the postpaid segment as postpaidisation continued to be the trend in customer preferences.

While other operators' promotional activities were limited to relatively short-lived attractive tariffs in October and November, competition geared up to its highest in December. Initiated by the incumbent, all operators competed in an intense subscriber race shaped by aggressive campaigns, which remained open almost for the whole month and offered deep discounts to mass tariffs. Nevertheless, following a muted Q4 in pricing, all mobile operators took the first pricing action of 2025 in January.

MNP market reached a historic high in size as a result of the heavy promotional activities. Though disturbing, December alone did not change our long-standing position as the leader and the most preferred operator of the MNP market in the quarter. 1.1 million of mobile net adds stood far ahead of the competition for the full year.

Postpaid net adds totaled 1.9 million, historically highest level in a year, growing the postpaid base by more than 10% YoY. Once again, we managed to record a sizable subscriber expansion without cannibalising ARPU growth.

In a strong trend, mobile blended ARPU growth further accelerated in Q4 to 20% YoY from 17% a quarter ago with 5% contraction in the prepaid segment and 24% expansion in the postpaid segment. This has taken full year mobile blended ARPU growth to 17%. Finally, the ratio of postpaid subscribers in total portfolio reached 75%.

Our mobile business portrayed many of its growing strength in solid numbers over 2024, proving our position which has evolved from a late entrant or a challenger into a game-changer in the sector over years. From total net adds to ARPU growth and to subscriber market share gains, we came out as a winner, thanks to our effective strategy we have actively pursued over the past few years. We have managed to increase our subscriber and service revenue market shares together. Although this performance sets a high base ahead, we believe we will continue our robust subscriber and ARPU growth over 2025.

On slide number 8, let's take a look at our past year performance versus our guidance. We delivered a truly remarkable performance in the final quarter and pleasantly closed 2024 ahead of our full year guidance. Our flagship businesses, fixed internet and mobile, both presented robust results nurtured by our leading investments and superior human talent. 12.4% operating revenue growth compared favorably to our expectation as we had formed our 11-13% growth guidance range under the assumption of a 42% year-end CPI versus realised 44%.

EBITDA margin beat our 38% guidance by 110 basis points, thanks mainly to strong operational performance. 25.7% capex intensity ratio stood well below our 27-28%

guidance range. This was largely owing to deferred fibre investments, mostly in brownfield projects, meaning FTTC to FTTH conversions and unrealised data centre investments. A mild quarterly inflation and stable currency also helped.

Now moving on to 2025 outlook on slide number 9. When forming our guidance, we assumed mid-to-high twenties inflation rate by year-end. Accordingly, we expect our operating revenue to grow in the range of 8-9%, along with continued subscriber base expansion, dynamic pricing and robust upselling and re-contracting performance.

39.1% reported EBITDA margin, which included the insurance income and donation expense related to February 2023 earthquakes, would have been 37.7% if we excluded the one-off net positive impact of those items. It is important to note that we had formed our guidance in early 2024, inclusive of both items.

Still, the basis for comparison to 2025 EBITDA margin guidance should be 37.7%, excluding the non-recurring one-off items. With that, we see our like-for-like EBITDA margin improving by 30-230 basis points YoY to 38-40% range.

Finally, we expect the capex intensity to increase to 28-29% as some of the spending expected to be incurred last year has shifted to this year as explained. We also expect the volume of FTTH conversions to pick-up YoY. This is an area of investment that we can monetise in a reasonably quick period of time and that significantly improves customer experience and customer retention.

Finally on slide number 10, we are delighted to share that we made it to CDP's Global A. Türk Telekom has been recognised at the Leadership level in corporate sustainability by CDP. Whilst embracing this significant milestone, we remain committed to further advancing our sustainability efforts.

In 2024 CDP reporting, we presented our full carbon inventory at the Group level and expanded our analysis of risks and opportunities. We have further integrated sustainability management into the Group's corporate structure, ensuring a more cohesive and strategic approach. Finally, we set emission reduction targets and made our commitment to the Science Based Targets initiative.

Before I close my presentation, I would like to mention that putting together more than 12% real growth in operational revenue, supported by 13% and 17%, respective FBB and mobile ARPU increases, 30% real growth in EBITDA supported by 560 basis points improvement in EBITDA margin and a 75% real growth in free cash flow is a remarkable effort.

Although a hugely successful 2024 sets a high base ahead, we are encouraged by our ever-strong positioning in our business segments and unique capabilities, which together enable us to once again target ambitious goals for this year.

Thank you. Kaan, the floor is yours now.

AKTAN K: Thank you very much. Good morning, and good afternoon, everyone. We are now on slide 12 with financial performance. Consolidated revenues increased to TRY 46 billion from TRY 38 billion a year ago as growth rate peaked in the final quarter of the year. 20%+ growth in this quarter reflects a very strong mobile performance supported by fixed broadband and ICT revenues.

Fixed internet and mobile together made 75% of operating revenue. The two lines of business made the largest contribution to growth with almost TRY 6 billion higher revenues in total YoY. ARPU performances remained robust across the board in the final quarter. That combined with the respective average subscriber base expansions in excess of 1% and 4% in fixed internet and mobile, has driven the robust revenue performances.

Annual growth in corporate data accelerated from the previous quarter as repricing of long-term contracts in certain product groups continued. International revenue contracted as the change in EURTRY exchange rate remained well below inflation in the period. Voice revenue also continued contracting YoY in EUR terms. Looking into full year performance, excluding the IFRIC 12 accounting impact, revenue was TRY 152 billion, up more than 12% YoY.

Moving on to EBITDA; on the opex front, direct costs rose 15% annually in Q4 with interconnection cost coming down 22% in continuation of its downward trend. This was once again driven by the predetermined regulatory cut in MTRs, which took effect at the beginning of the year. Increase in bad debt cost was largely caused by the low base amid reversal of some reserves in the same period of last year as well as the reserve taken against collection risk in certain projects.

Finally, increase in equipment & technology sales cost was parallel to the surge in revenues from ICT solutions offered by Türk Telekom's subsidiary, İnnova. Commercial cost went up 24% YoY, whereas other costs declined 6%. Under commercial cost, higher marketing, advertising, brand and corporate communication expenses led the annual change. Under the other cost item, while network expense dropped 4%, personnel cost jumped 25%, the latter resultant of the agreement reached with the labor union in November, which has become effective from September.

Other cost also included the net positive impact of the remaining balances of February 2023 earthquake-related insurance income and donation expense. Consequently, opex to sales ratio rose to 61% from 59% a quarter ago but still stayed well below 67% in the same period of last year, thanks to the continued improvement in operational leverage.

Consolidated EBITDA surged 45% annually to TRY 18 billion from TRY 12 billion in the same period of last year. An impressive 680 basis point expansion took EBITDA margin to a tad below 40% mark.

Further down, operating profit was TRY 16 billion in the fourth quarter comparing significantly higher to TRY 1 billion operating loss in the prior year. The drivers behind the improvement are 1) significantly better operating performance and 2) a change in the calculation of amortisation expense starting from the beginning of 2024.

The adjustment has been applied for the amortisation expense of the related assets starting from 2024 but has been recorded as a one-time adjustment in the fourth quarter and compares favorably to earlier methodology that used to amortise these assets until 2026, which is the expiry of the current concession agreement. Recall that a similar change was implemented in the first quarter of the year for the depreciation of concession-related tangible fixed line assets, again starting from the beginning of 2024.

Coming to the bottom line, TRY 5 billion of net financial expense dropped 30% and 28%, respectively, on annual and quarterly basis, thanks to a stable lira and declining interest rates, which together pushed the interest and hedging costs down. On a full year basis, net financial expense dropped 3% from last year to TRY 25 billion, thanks to maintained calm in financial markets and our successful management of financial risks in this environment.

Finally, we recorded TRY 11 billion of tax expense in the final quarter. The sizable balance was mainly driven by the net value of 3 factors coming together: 1) writing down some of the earlier tax assets, which were recognised for prior year losses or investment incentives and have become idle as per the new Turkish Corporate Tax Legislation's clause on minimum corporate tax; and 2) indexation of last year's tax assets to fourth quarter as per the inflation accounting principles, and the gap between PPI and CPI in the quarter; and 3) regular annual assessment of future utilisation of existing tax assets.

Together, they have pushed up the effective tax rate for the period to 72%, which would have been close to 25% in the absence of their one-off impact. It's important to note that the large, deferred tax expense recorded has limited implication for the near-term cash flows. The total impact should materialise gradually over a long period of time. As a result, we generated TRY 4 billion of net income in the final quarter, which has carried the full year figure to TRY 8.5 billion in total.

We are now moving on to next slide, slide 13. Capex spending expectedly accelerated in the final quarter and reached TRY 41 billion for the full year. As usual, fixed line capex, most importantly the fibre access and core network investments took the lion share in total with nearly 50% weight. 20% of spending went to mobile while another 15% went to IT and project investments and the rest to other investments.

Moving on to slide 14 with debt profile. Net debt to EBITDA fell to 0.8x from 1.2x as of the end of 2023, thanks to a stable macro environment and the continuously improving operational performance.

As a reminder, the outstanding USD 200 million balance of the February 2025 Eurobond has been paid recently. That means we now have, as of today, a single tranche of USD 500 million sustainability notes in circulation. We feel that our balance sheet is in good shape, given both the current level of leverage and the operational outlook ahead.

Cash and cash equivalents, of which 36% is FX-based, totaled TRY 7.5 billion. This excludes the USD 260 million equivalent of FX protected time deposit that we book under financial investments. The share of local currency borrowings within the total debt portfolio was 15%.

The FX exposure included U.S. dollar equivalent of 1.9 billion of FX denominated debt, 1.6 billion of total hedge position and 80 million of hard currency cash. The hedged amount included as well a USD 260 million equivalent of FX-protected time deposit, unchanged from the last year.

We are now on slide 15. We closed 2024 with USD 170 million short FX position. Excluding the ineffective portion of the hedge portfolio, mainly the PCCS contracts, our short position was USD 300 million, a comfortable level within our Board's approved limits.

According to the sensitivity of the P&L statement to exchange rate movements, a 10% depreciation of TRY would have negative TRY 1.1 billion impact on the fourth quarter profit before tax, assuming all else constant. Similarly, a 10% appreciation of TRY would have a positive TRY 1.4 billion impact.

Finally, we generated close to TRY 7 billion of unlevered free cash flow in the last quarter, which took the full year number to TRY 18 billion, with an impressive 75% increase YoY, thanks to a robust operational performance throughout the year.

Now this will conclude my presentation. We can now open up the Q&A session.

OPERATOR: The first question comes from the line of Singh Madhvendra with HSBC. Please go ahead.

MADHVENDRA S: Yes hi, thanks for taking my question. My first question is on the competitive environment in Türkiye if you could talk about that. I think you said during Q4, mobile competition was very tough. So, what do you mean by that? What kind of price actions did you see during that period? And has it gotten better or worse since then in Q1? If you could talk about that. Is that the similar trend you are seeing in the fixed side as well on the competition? So, if you could talk about that as well?

And then my second question is on the 5G license. So, is there any indication on timeline and how comfortable you are with your current balance sheet leverage position to meet any payments required for the license as well as any payments you might have for fixed concession renewal as well? So yes, there are 2 questions. Thank you.

ÖNAL Ü: Thank you very much for your questions. First, I will start with your first question related to the competitive environment in the mobile. Just like you said, it was an intensive competitive environment in Q4 and still goes on.

On the other hand, since the beginning of 2024, we have observed that operators focus more on subscribers and competition became more aggressive with periodic campaigns.

However, competition reached its peak in December with the incumbent operators' aggressive offer, which subsequently, I mean, the intense subscriber race involving all operators, and it was shaped by longer and more aggressive campaigns.

The MNP market reached its highest volume ever in December so far. However, we have had some developments that we are proud to share. Türk Telekom mobile expanded its total subscriber base in 2024 by 1.1 million total subscriber additions, clearly outperforming. And of course, this way, we were able to be far ahead of the competition. And moreover, we have achieved this result without slowing our ARPU growth, again outperforming our competitors by 17% ARPU growth.

We added 1.94 million net postpaid subscribers in the full year, I mean, which is the highest level ever. In summary, our mobile business portrayed its growing strength in solid numbers over 2024, proving our position, which has evolved from a late entrant into the market into a game changer in the sector over years.

From total net add to ARPU growth and the subscriber market share gain, we came out as a winner, thanks to our effective strategy we have actively pursued over the past few years. I mean, it's a huge win for us that we have managed to increase our subscriber and service revenue market share together.

The fact that we have increased our ARPU at a higher rate than other operators while growing our subscriber market share is an indicator of both Türk Telekom's positioning compared to other operators and the maturing of the market conditions. And for 2025, we want to continue with our balance of pricing, ARPU and subscriber gain.

I would also like to inform you briefly about the fixed side. In the last quarter of 2024, net subscriber additions in our fixed broadband business were above our expectation and similar to the same period last year. And we made the price updates in June/August for retail new/existing customer tariffs and the market adaptation process to these actions continued.

After the increase in wholesale prices, the price update of competitors in retail market continued from July until November, but we see that the price parities in favor of other players since July 2023 have not yet returned to their previous levels.

Again, we believe in 2024, we maintained our focus on ARPU growth and managed activation and churn. Again, this year, we have recently revised our retail tariff prices with approximately 16% increase, becoming effective from mid-March.

We expect that inflation is going to continue with its downward trend in 2025, and we are going to take all our actions by monitoring inflation and market dynamics. We believe that our ARPU growth is going to proceed in strength in 2025. And as I just said, we have already applied a 16% price revision for the new sales, effective from mid-March.

Thank you very much for your patience for listening to me, for all the long information that I have shared with you. And I'd like to proceed with your second question related to 5G. Related to 5G, we are actually in a period where we are actually expecting the relevant minister to make the announcement on the architecture related to frequency and all the technical details and calendars.

As we have shared for so long, we have been continuing our investments on our network which is compatible with 5G. Just like we have had in 4.5G tender, which has happened in 2015, we are focusing on to get the most optimum frequency with the most optimum cost, of course. And our strategy is based on strengthening our success in mobile already. We can tell you that we are getting ready for 5G very good, both financially and operationally.

AKTAN K: And let me add a few things to our how we see the ability of the company to finance this sizable project. First, I mean, we improved the operational performance. We improved the cash flow generation. And looking at the outlook, we also see that the improvement will continue. That's the first thing. And the second is we have now a far better ability to access different instruments when it comes to funding those projects, either these are local instruments or international instruments. And we also see that there is great demand, there is a healthy demand for Turkish credit.

And last, we just disclosed our numbers. We are now at 0.8x when it comes to the leverage point. I think we have a very comfortable room for adding new borrowings in order to be able to finance the upcoming 5G and potential fixed line concession renewal.

OPERATOR: Mr. Singh, have you finished with your questions?

MADHVENDRA S: Yes. Thank you.

OPERATOR: Thank you. The next question comes from the line of Bystrova Evgeniya with Barclays. Please go ahead.

BYSTROVA E: Hello. Thank you very much for the presentation and congrats on the results. I have a few follow-ups on previous questions. So, regarding your tariffs, you mentioned that there was a tariff increase on your fixed side in March. Could you please provide more color what was the size of the tariff increase?

Then my second question is regarding your 5G capex. So, you mentioned that you're already implementing capex related to 5G technology. So, whenever the 5G auction is done, shall we expect increase in capex related to 5G or because you've already invested in the technology, there shouldn't be any huge increases in that regard?

And finally, on the concession renewal agreement, could you please provide any more color in terms of the timing or what is the current stage of the discussions or the process? There were also some discussions about creating potentially some infrastructure company that would take over those assets. So, I just want to understand what's your view on that and what do you think we can expect?

ÖNAL Ü: Thank you very much for your question. For the fixed broadband side, we have had a 16% price increase. We have announced this to the market, and it is going to be valid as of 17th of March.

Also allow me to answer your question related to the concession. I mean, related to concessions, our efforts continue at its full speed. I can say that all the efforts and work related to that. We expect the concession to be renewed for 25 years in a way which will not be detrimental to the financials and operations of the company, and which will also serve positively to the investors, to the country, to the shareholders of our company.

Just last week on Friday, there was a very high-level meeting which I also was a participant to, in which we have discussed the duration, the cost and the conditions of the concession expansion. So, this is definitely a very top-level issue right now. We are waiting for it to be finalised. There is no hesitation on that regard on our side.

And actually, the issue here is not only about the concession, but also about the ownership of the infrastructure here. There is also some asymmetrical implementations and executions in this sector. Some other operators are excluded from the conditions that they are subject to. So, we are also relaying all this information into the high level.

As is known, the infrastructure that we operate under Türk Telekom is owned only for the duration of the concession. Once we extend the concession for 25 more years, of course, the operating right of all these assets will be also expanded. But for the other operators or other ISPs, they take the assets under their company as theirs. We are actually relaying suggestion as a legal regulation, like Türk Telekom's infrastructure assets and assets related to mobile license are returned to the government at the end of their license period, all the other ISPs should also return all their fixed infrastructure assets to the government at the end of their license period.

All in all, we are at the final process of expanding and renewing the fixed concession of Türk Telekom. We are very close to finalising it. And the other subject, I mean, this is a subject that we have been defending for years related to the ownership structure of all the assets valid for all the operators, so we want to be subject to the same conditions within the market.

AKTAN K: In terms of the level of the 5G-related capex, I mean, let me start by saying that our current year guidance includes most of the infrastructure and IT-related items. It also, at the same time, excludes any license fee payment that will come from the 5G tender.

Another thing is, I mean, we have some idea of what it is in terms of the frequencies that will become available to us or the potential coverage obligations going forward and also the timing of the tender and part of the service. So, if there are any changes in that area, so obviously, we may have some tuning in the way we'll spend 5G-related money in our capex. And also, there will be multiyear rollouts to come in the coming years on top of what we will spend this year.

But I think it will be in line to what we normally spend to increase the capacity and add new emission points to our network. So, this is where we are in terms of capex requirements with 5G.

BYSTROVA E: Thank you very much. Really appreciate all the colour. Thank you.

OPERATOR: The next question comes from the line of Demirtas Cemal with Ata Invest. Please go ahead.

DEMIRTAS C: Thank you for the presentation. Congratulations again for good results. My question is about the dividend side. I know that you are in a very critical period now with some big investments, and I wish the best for you, but do you have any plan of distributing dividends from 2024's earnings? Thank you.

ÖNAL Ü: Thank you very much for your question. There is no decision taken by the Board of Directors to propose to the general assembly regarding the dividend payment from the 2024 profit.

As can be guessed, there will also be liquidity and investment needs for the upcoming 5G tender and its rollout on top of the fixed line concession renewal process this year.

Of course, the final decisions will be made by our main shareholders. However, when taking that dividend decision, our company's debt repayment profile for the upcoming period, cash and investment needs, particularly the 5G tenders and its rollout needs and also fixed line concession renewal will also be taken into consideration, just like it happened in previous years.

DEMIRTAS C: Thank you.

OPERATOR: The next question comes from the line of Nagy Nora with Erste Group Bank. Please go ahead.

NAGY N: Hi, thank you for your presentation. Only one question from my side, please. Could you please share the amount of the one-off adjustment related to the calculation of amortisation expenses in Q4? Thank you.

AKTAN K: We would expect a 35% deviation if we didn't have the adjustment.

NAGY N: Thank you.

OPERATOR: Ladies and Gentlemen, there are no further questions at this time. I would now turn the conference over to Türk Telekom Management for any closing comments. Thank you.

AYAZ G: Well, thank you, everyone, for joining us today. We hope to see you next time. Have a good day. Bye-bye.