

# 2022 Q1 Investor Presentation





# Disclaimer

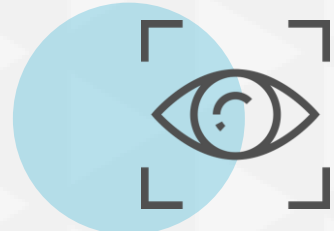







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Note: EBITDA is a non-GAAP financial measure. The EBITDA definition used in this investor presentation includes revenues, cost of sales, marketing, sales and distribution expenses, general administrative expenses, research and development expenses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

# Agenda

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# Overview





# Türk Telekom Highlights

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



Serving

**52.2mn**  
**Subscribers**



**99%**  
**LTE**

Population coverage



**43%**

**Fibre connected**  
LTE base stations



**372k km**  
Fibre network in  
**81 cities**



**30.6mn**

**Fibre homepass\***

\* includes FTTC & FTTH/B



**2<sup>nd</sup>**  
**player**

in Pay TV market



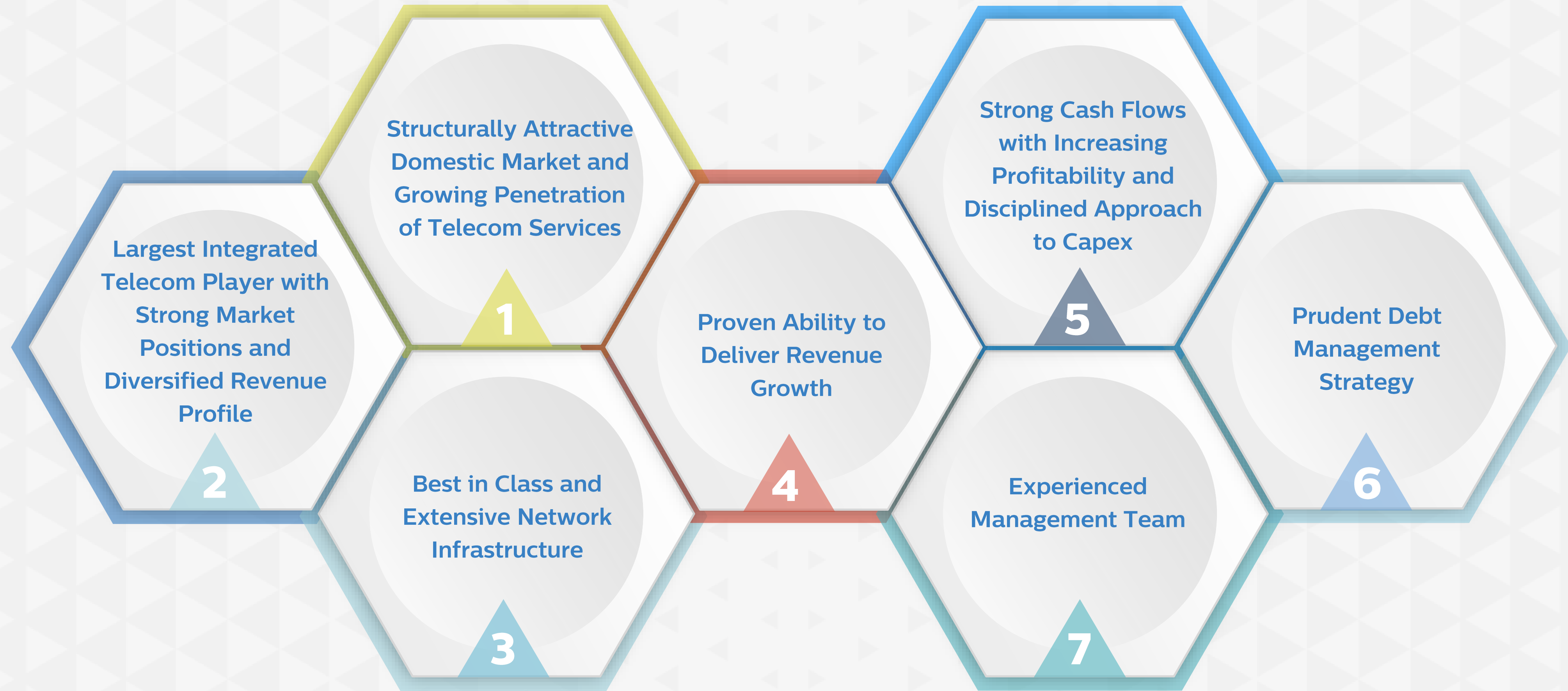
**36,292**

**Number of employees**



# Creating More Value

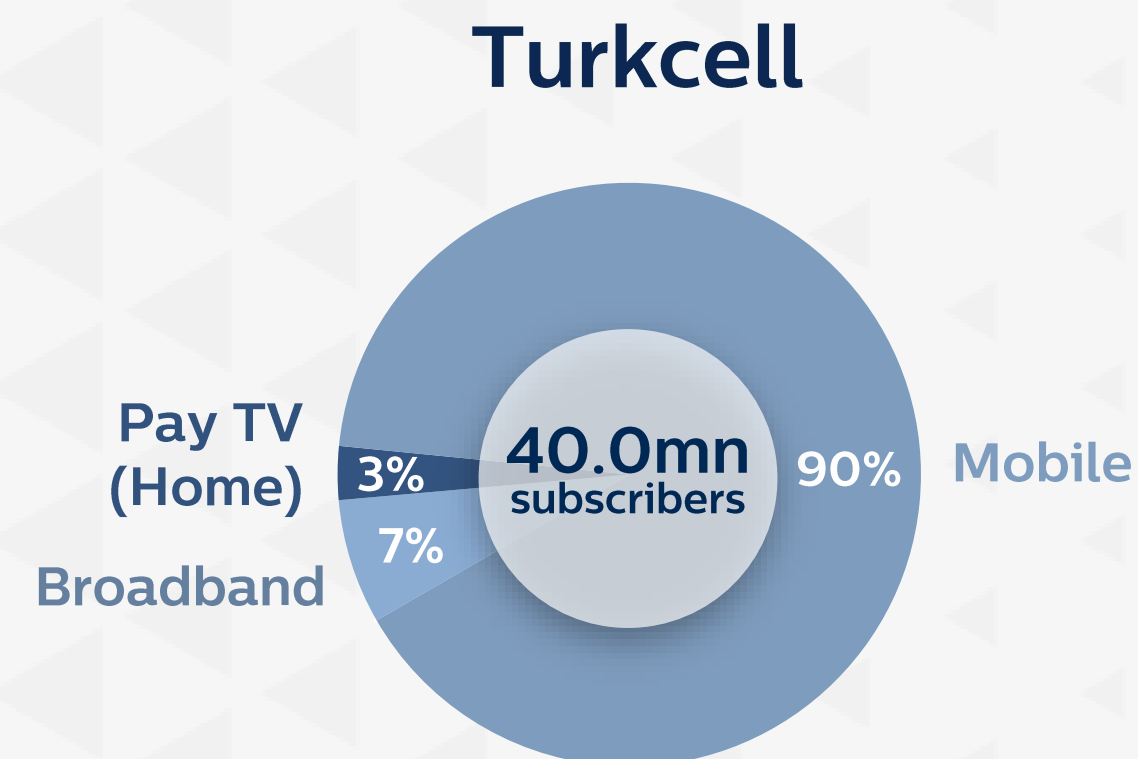
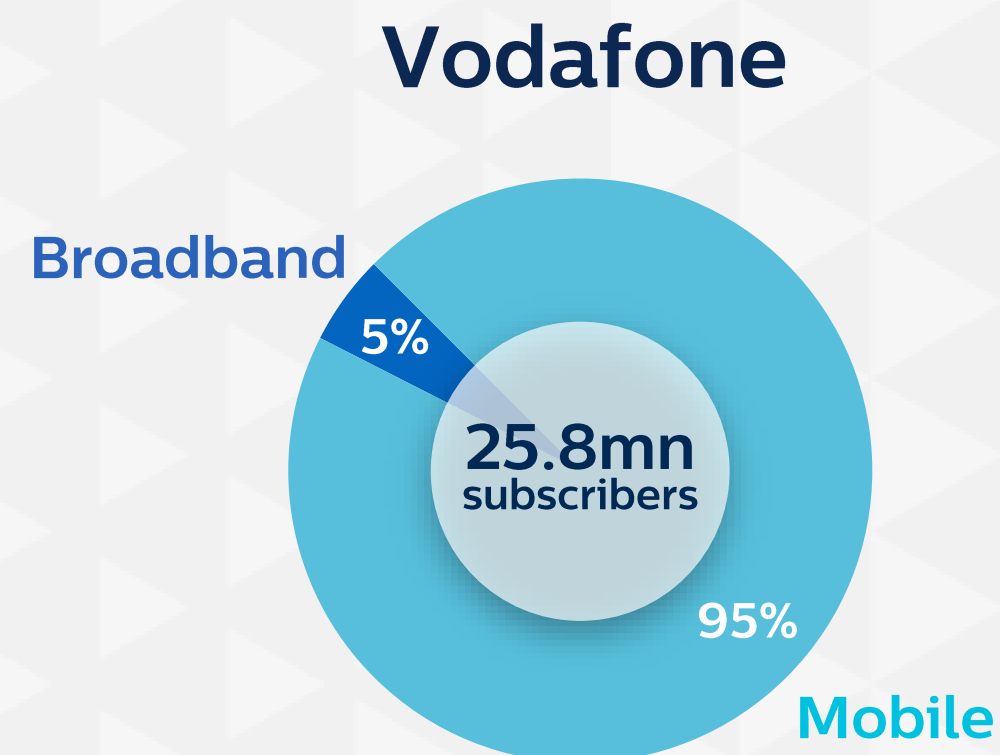
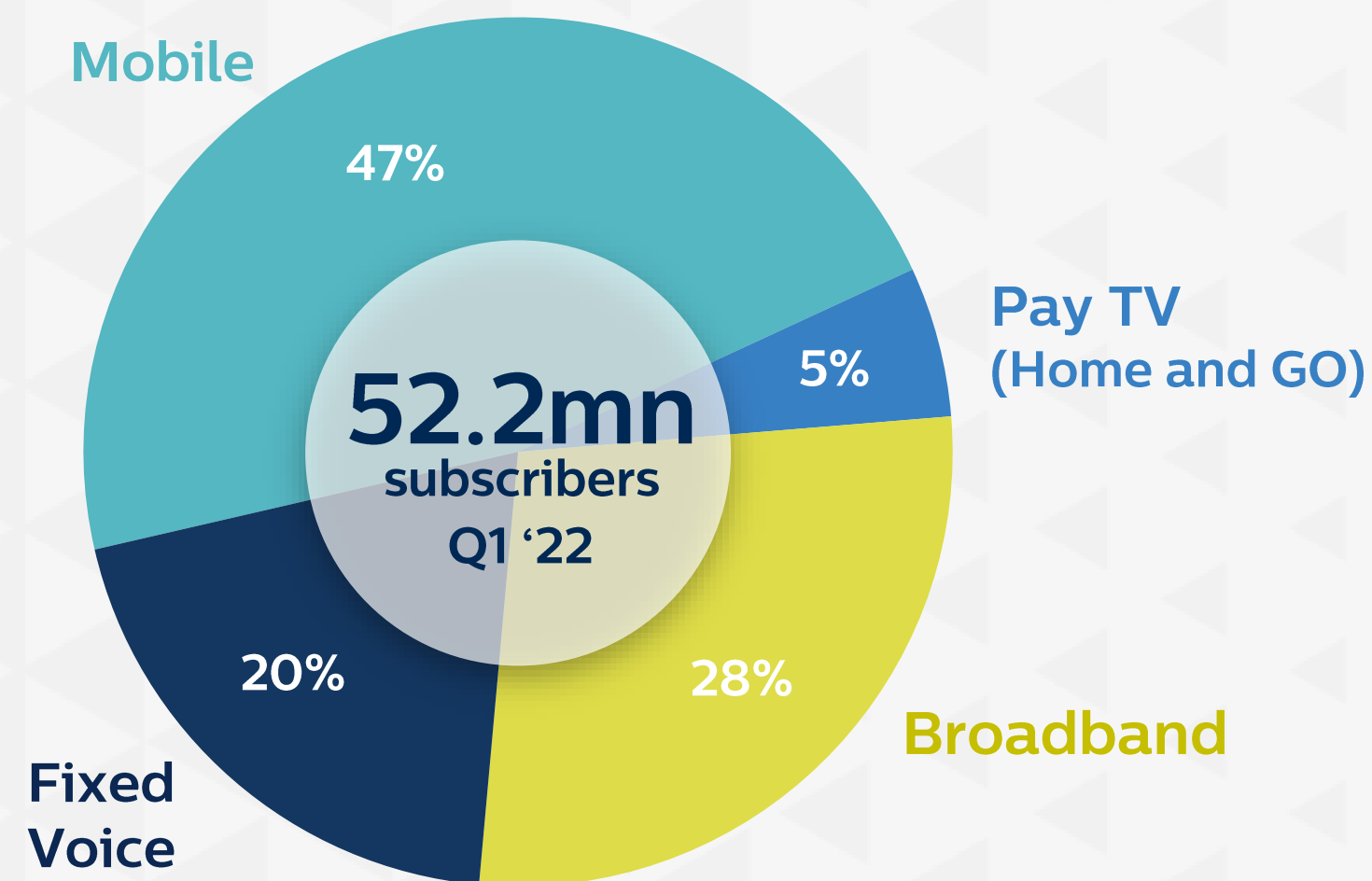
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# Diversified Portfolio & Strong Market Position

## Diversified Subscriber Base



Turkcell and Vodafone data are from their own publications as of Q1 '22.



Mobile  
**#3**  
24.4 mn  
subs



Broadband  
**#1**  
14.5 mn  
subs



Fixed Voice  
**#1**  
10.4 mn  
subs



Pay TV  
(Home and GO)  
**#2**  
2.9 mn  
subs

Market share ranks are from the Q1 '22 ICTA report.

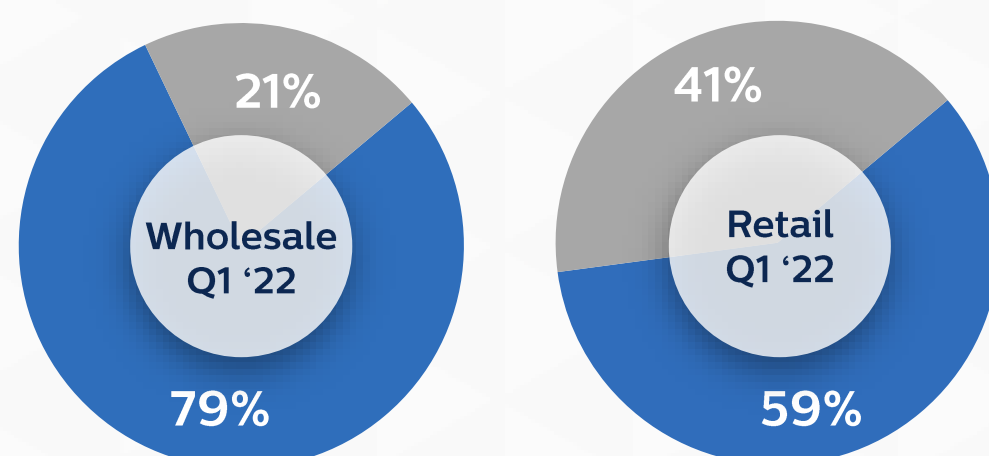


# Built on Solid Foundations

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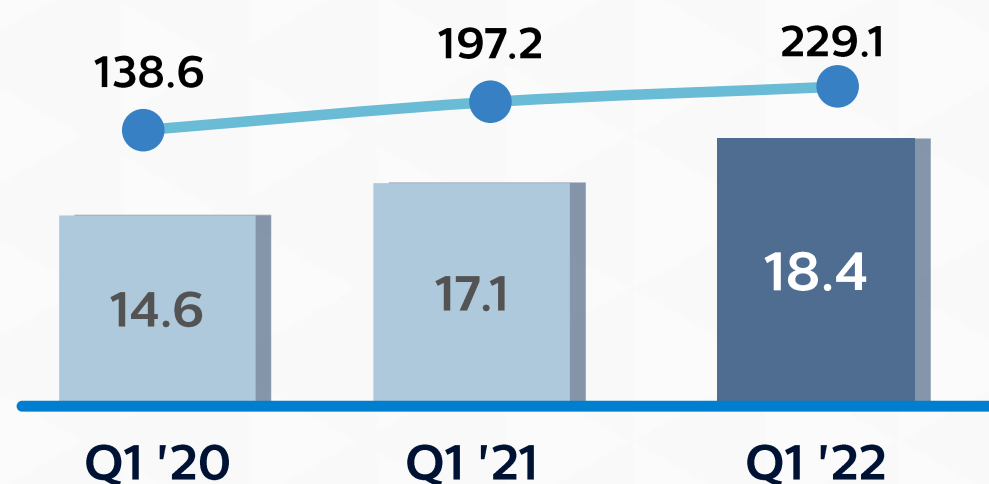
## Fixed Broadband (market share)

■ Türk Telekom ■ Other



## Subscribers\* & Avg. Monthly Data Usage

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



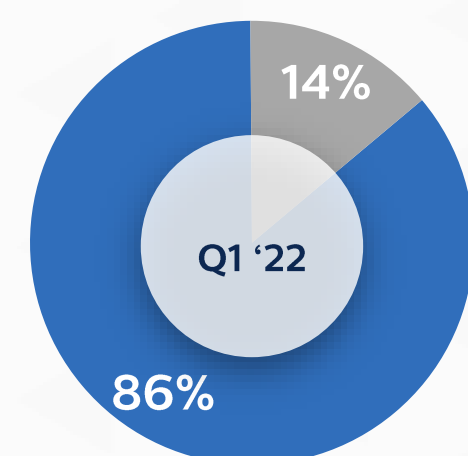
Household penetration in Europe  
**78%**

Household penetration in Turkey  
**73%**

Average household size in Turkey  
**3.2 People**

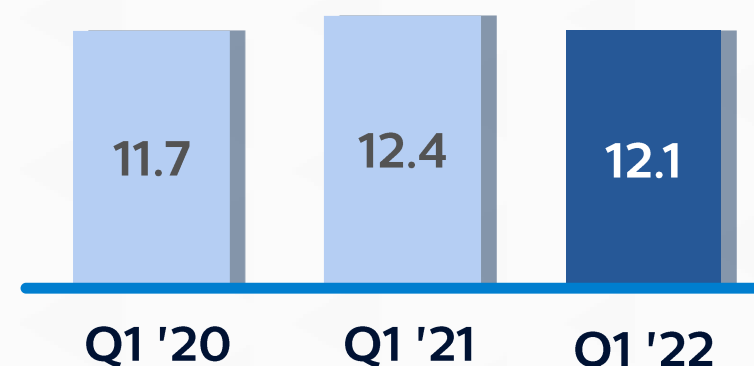
## Fixed Voice (market share)

■ Türk Telekom ■ Other



## Total Subscribers

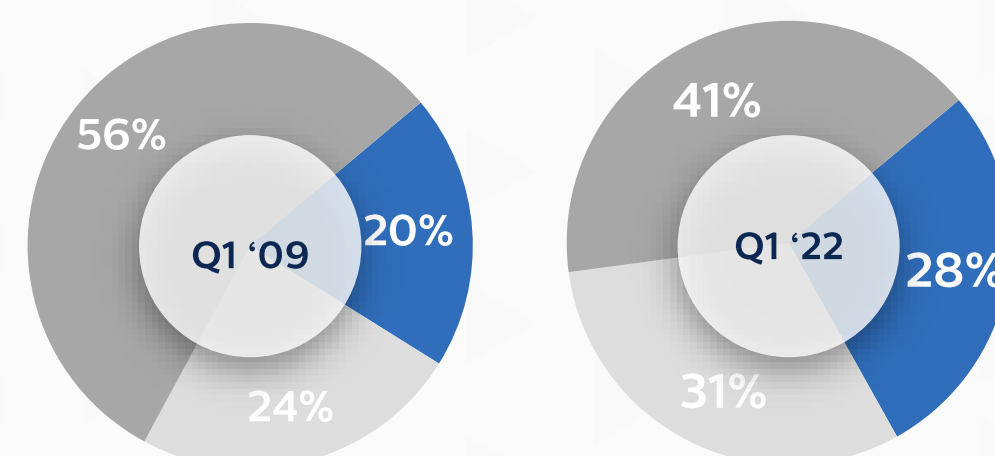
■ Total subscribers (mn)



Population penetration in Turkey  
**14%**

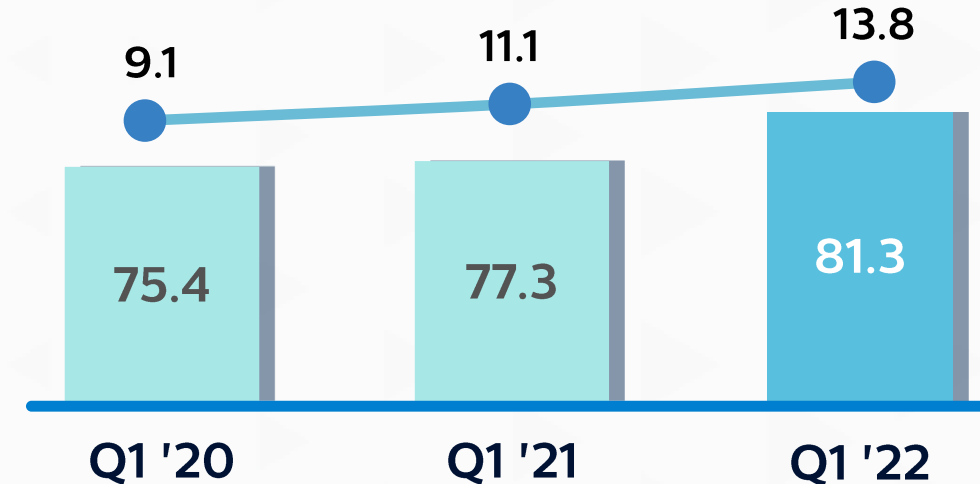
## Mobile (market share)

■ 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  
**132%**

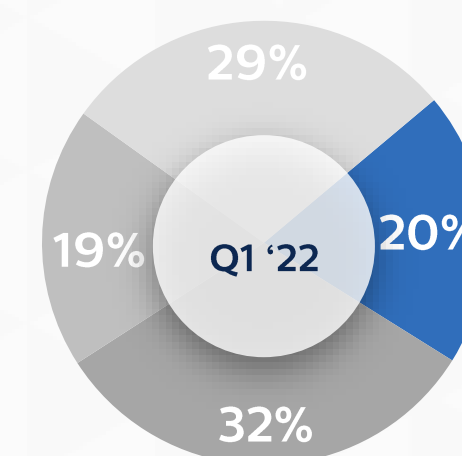
Population penetration in Turkey  
**103%**

Mobile broadband population penetration in Europe  
**121%**

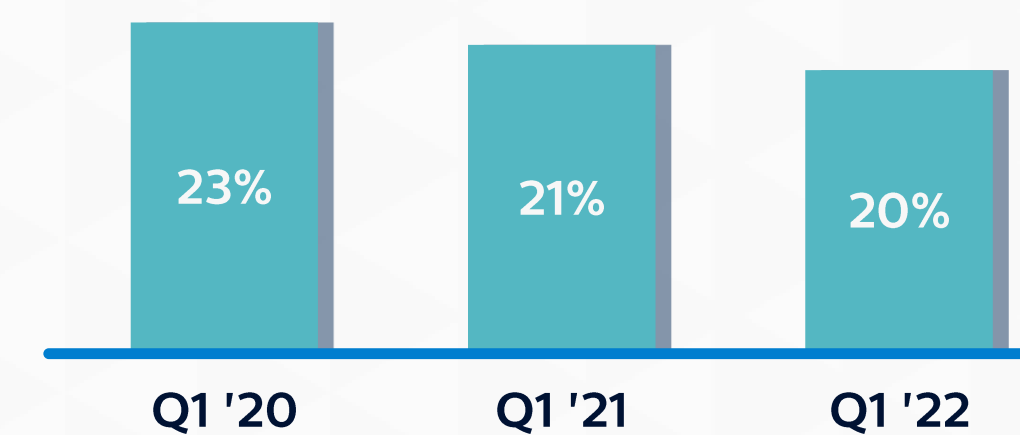
Mobile broadband population penetration in Turkey  
**83%**

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

■ Türk Telekom ■ Digiturk ■ Cable ■ Other



## Tivibu Home Subscriber Market Share



Household penetration in Europe  
**87%**

Household penetration in Turkey\*  
**30%**

\* ICTA does not share the number of pay TV subscribers of companies that offer satellite platform services after Q1 '22. Calculations for these companies are based on the "number of users".

\* Dial-up and other methods are included

Fixed broadband and Pay TV Turkey household penetration is based on our calculation.

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

Mobile market includes 14 European countries and the UK.

Source: Analysys Mason, ICTA



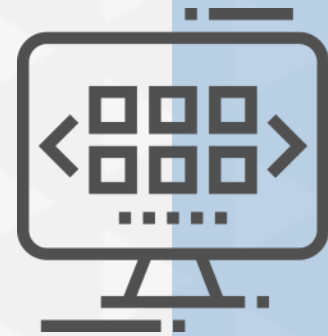


# 2022 Q1 Highlights



# Net Subscriber Additions

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**Broadband**

**151K**  
Q1 '22

**865K**  
LTM



**Mobile**

**334K**  
Q1 '22

**1.1mn**  
LTM



**Fixed Voice**

**-107K**  
Q1 '22

**-179K**  
LTM

**52.2mn**  
Subscribers

Net  
additions\*

**350K**  
in Q1 '22

**1.6mn**  
LTM

\* Includes Tivibu





# Financial & Operational Overview

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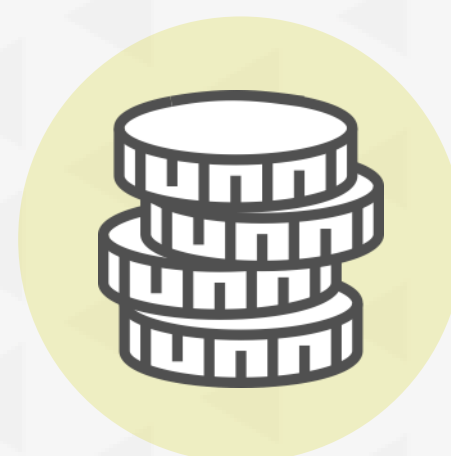
## 2022 Q1 Highlights



Total Subscribers

**52.2 mn**

▲ 3% YoY



Revenue

**TL 9.5 bn**

▲ 25% YoY



EBITDA

**TL 4.1 bn**

▲ 8% YoY



EBITDA Margin

**43.5%**

▼ 670bps YoY



Net Income

**TL 561 mn**

▼ 59% YoY



Free Cash Flow

**TL -456 mn**

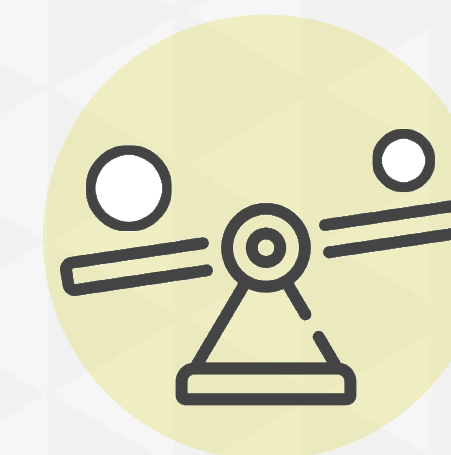
n.m.



CAPEX

**TL 1.5 bn**

▲ 17% YoY



Net Leverage

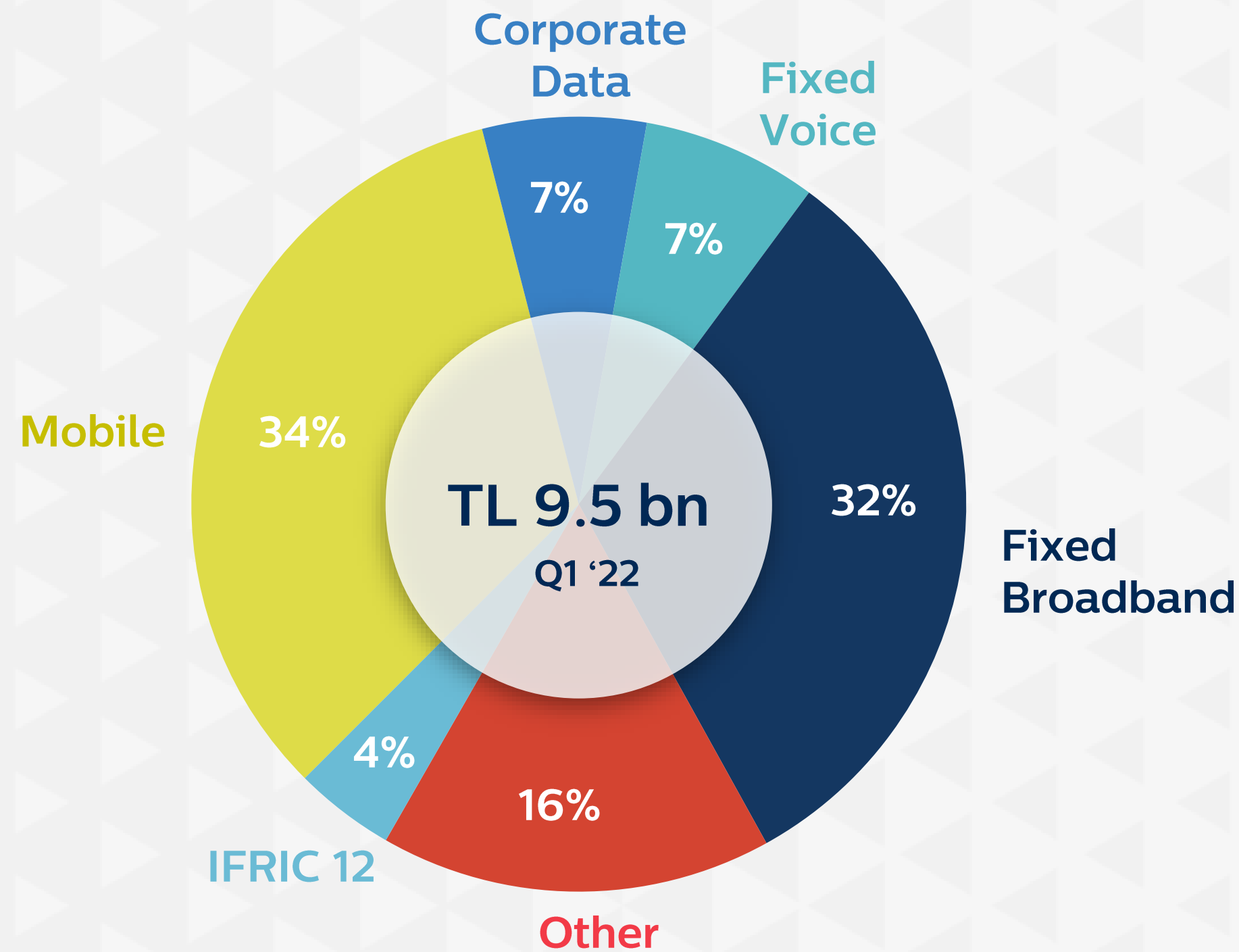
**1.24x**

Q1 '21 1.15x

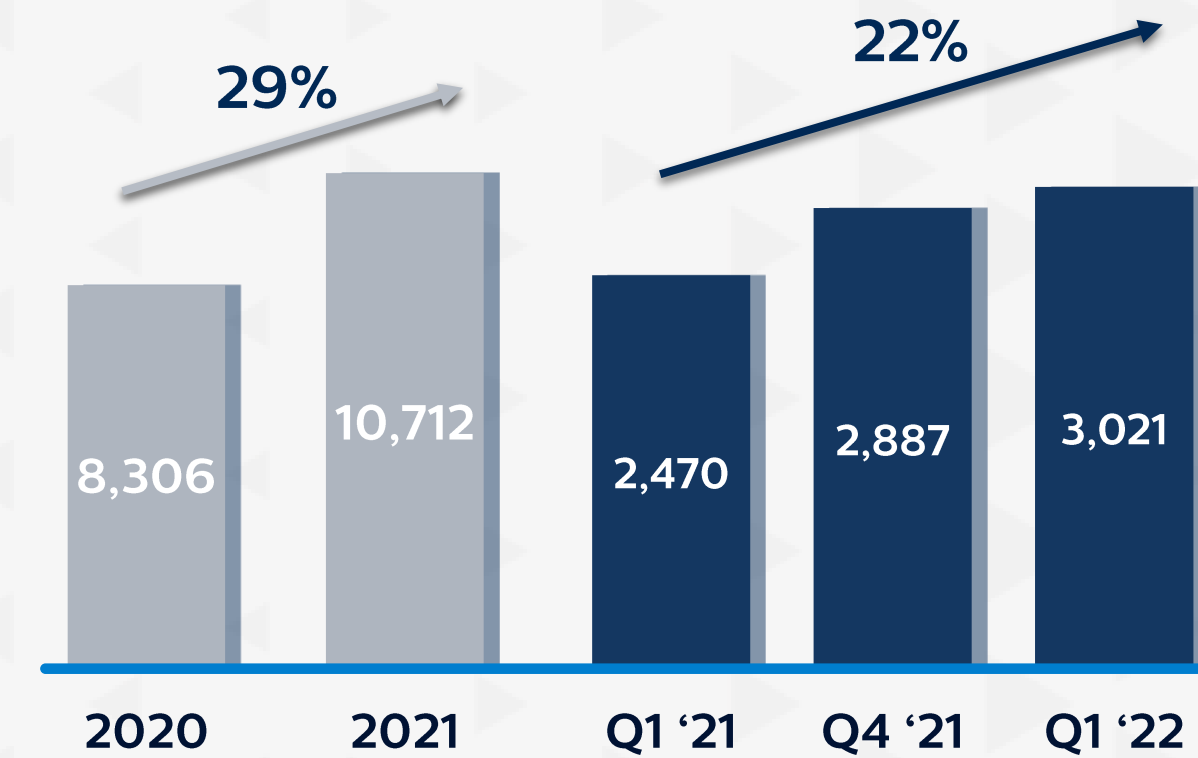


# High Growth Areas

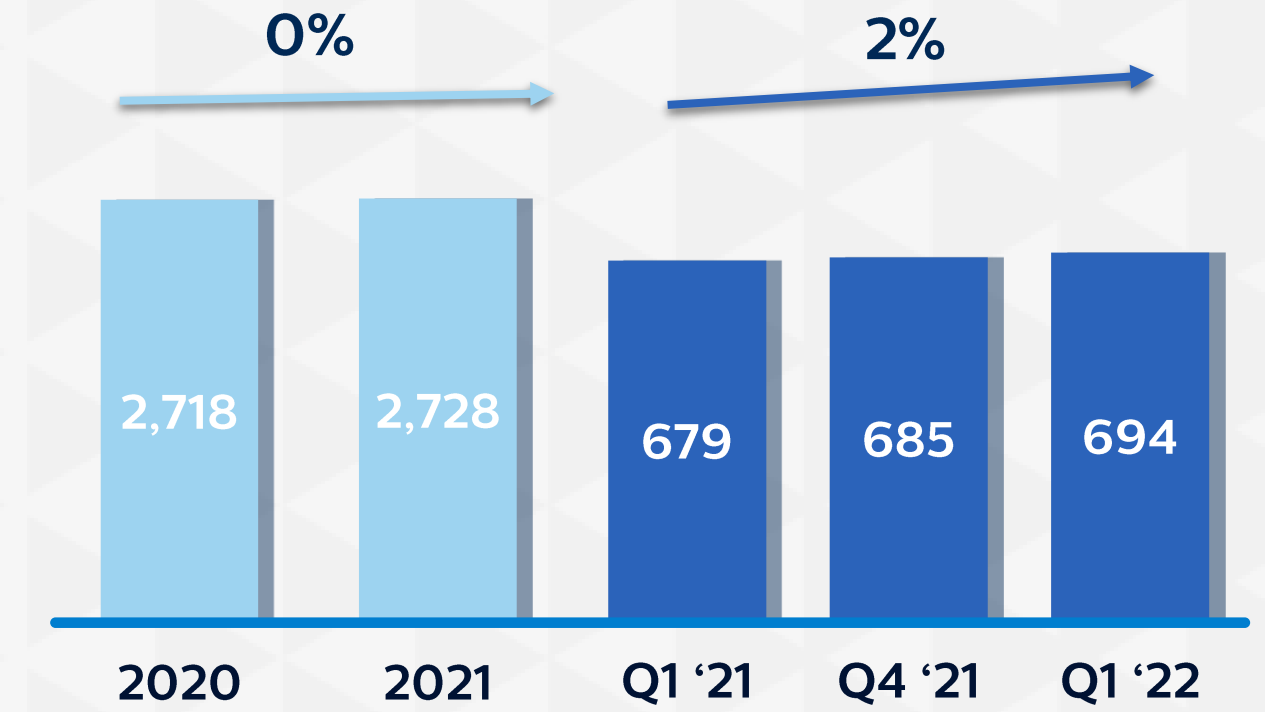
## Q1 '22 Revenue Breakdown (% of Consolidated Revenue)



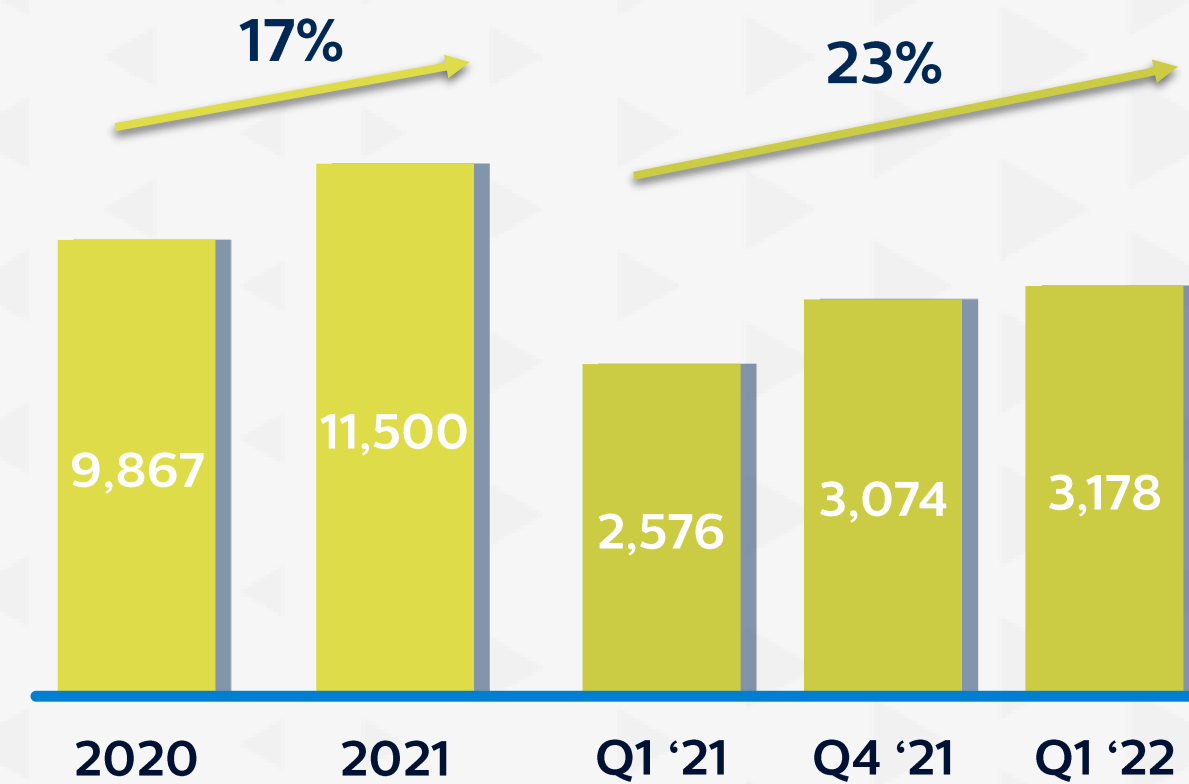
## Fixed Broadband (TL mn)



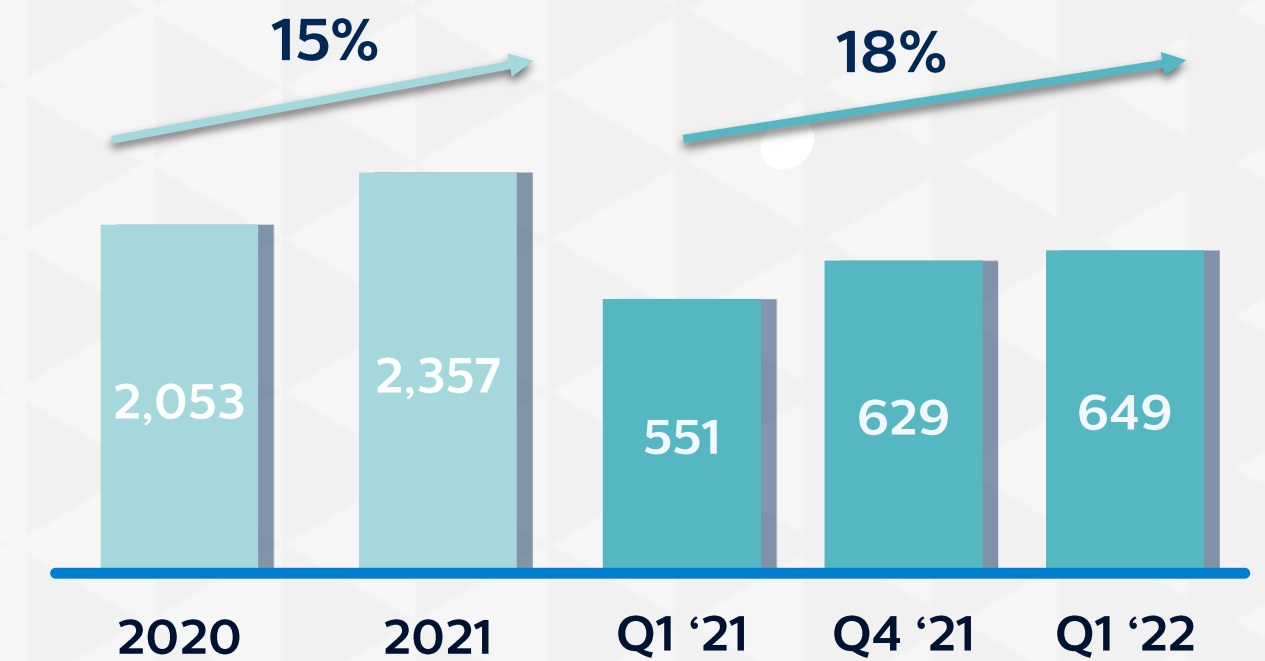
## Fixed Voice (TL mn)



## Mobile (TL mn)



## Corporate Data (TL mn)



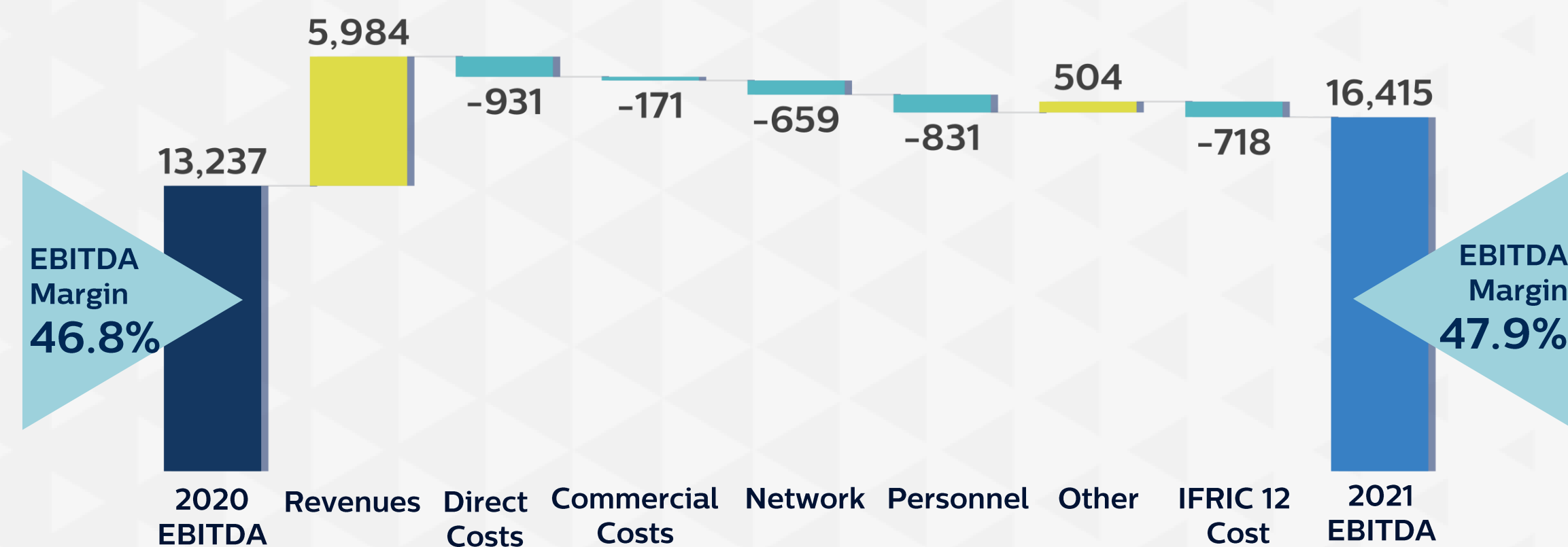
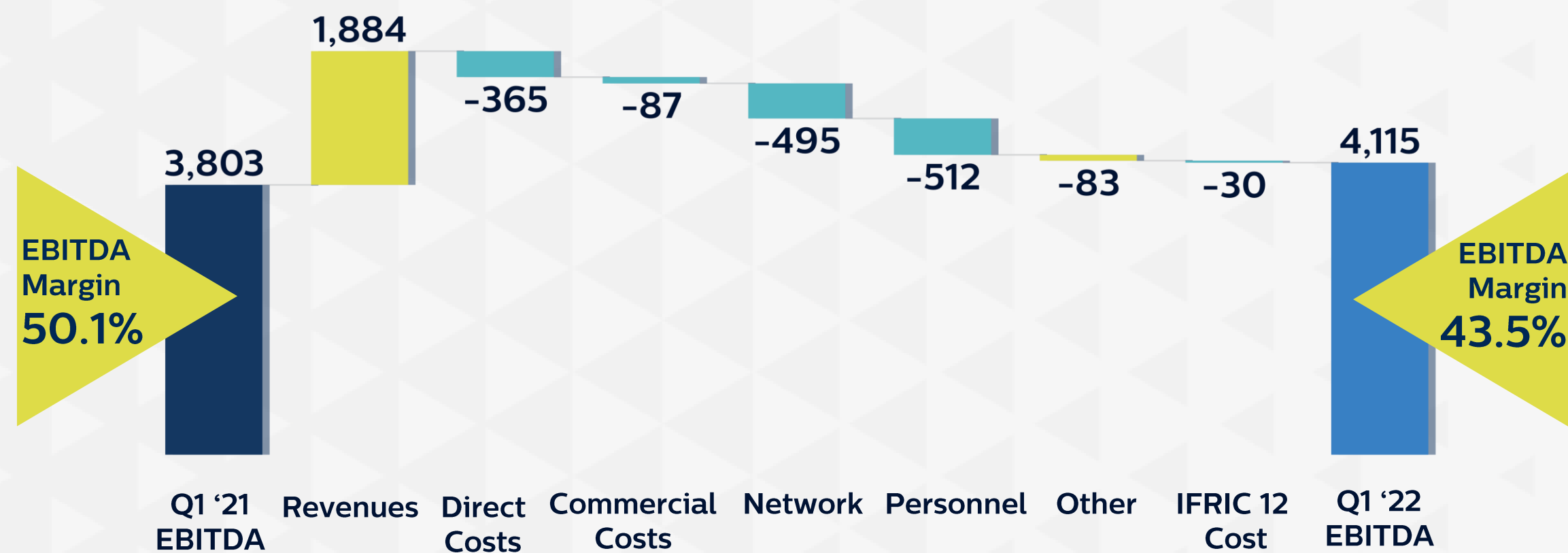


# Proactive Margin Management

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## Consolidated EBITDA Development

(TL mn)



## EBITDA & EBITDA Margin

(TL mn)

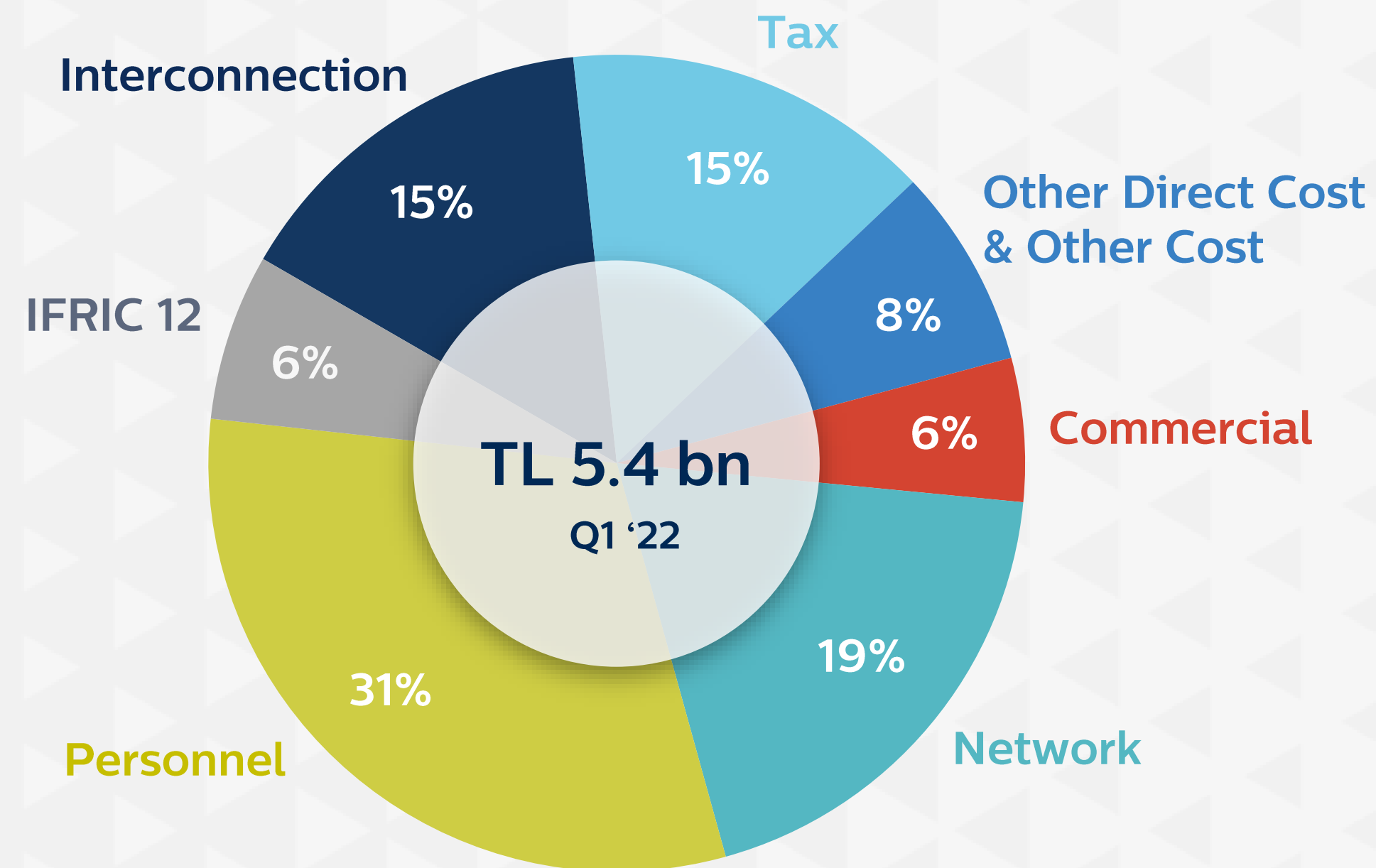


Türk Telekom adopted IFRS 15 and IFRS 16 accounting standards starting from 1 January 2018 and 1 January 2019, respectively. For further details please refer to "Financial Footnotes" & "Summary Financial and Operational xls" on our web site.

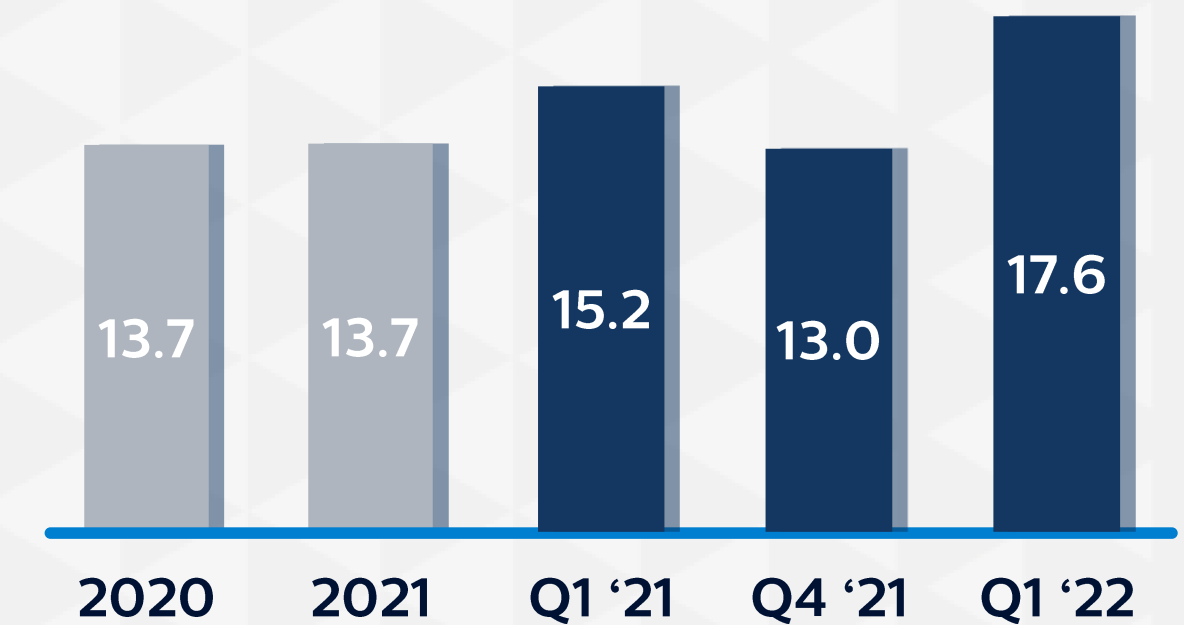


# Focus on Efficiency

## Q1 '22 Opex Breakdown (% of Consolidated Opex)



## Personnel Expense to Sales (%)



## Provision for Doubtful Receivables to Sales (%)



## Commercial Cost to Sales (%)





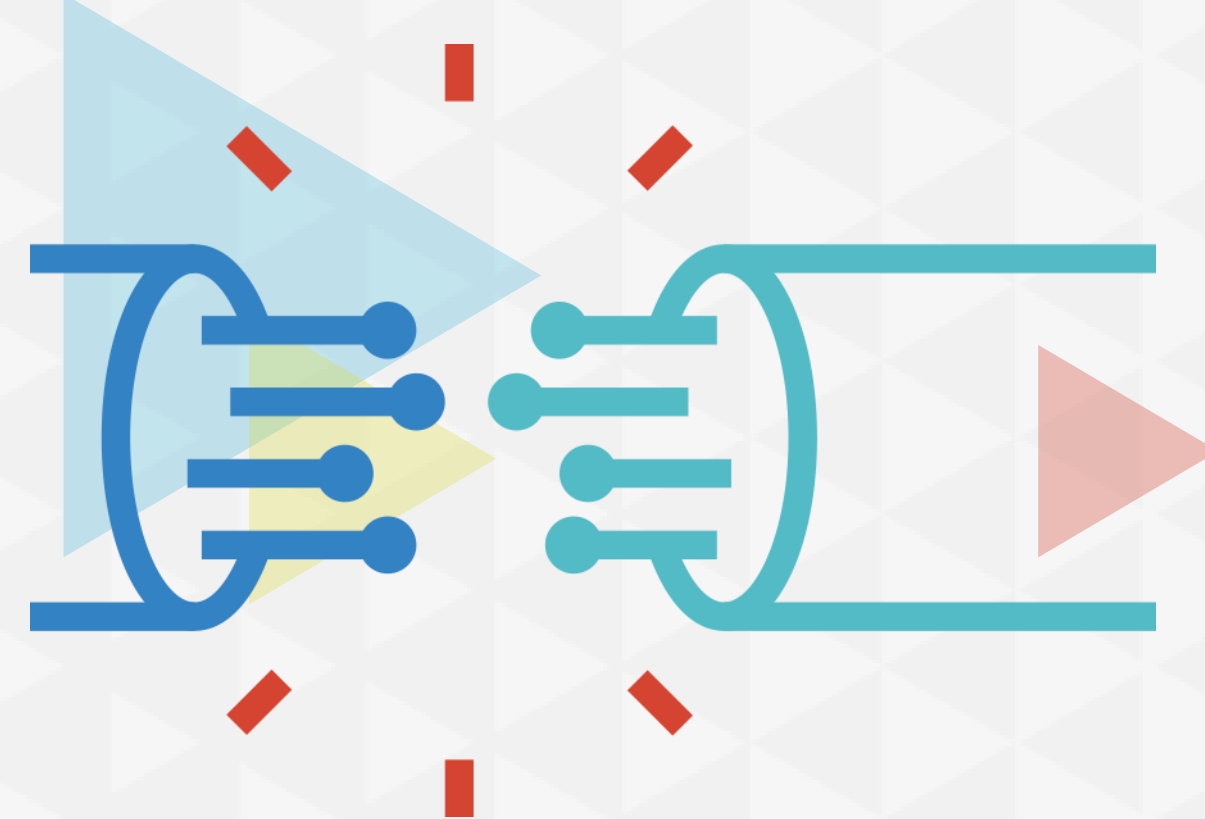
# Business Lines



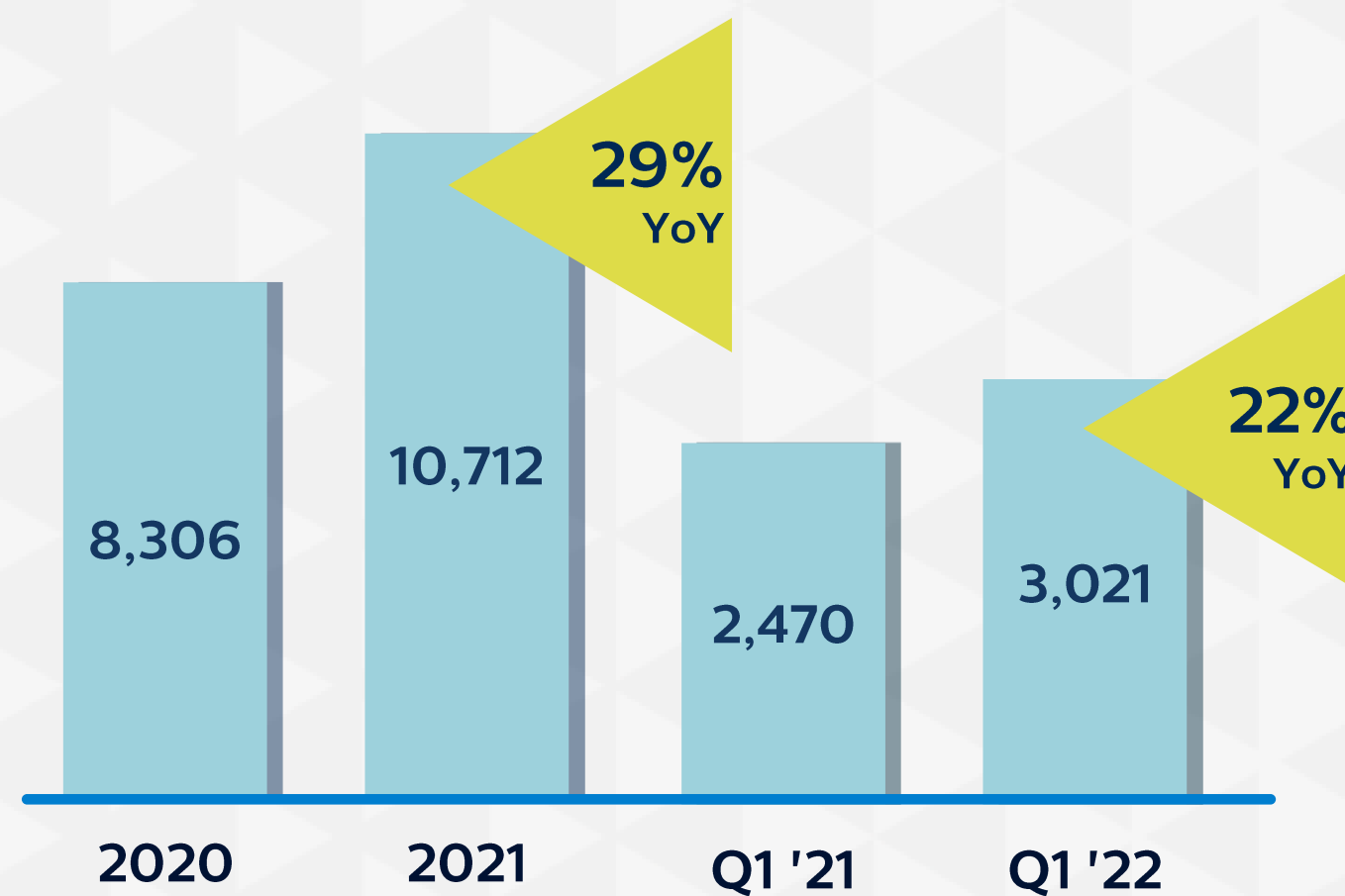


# Fixed Broadband Performance

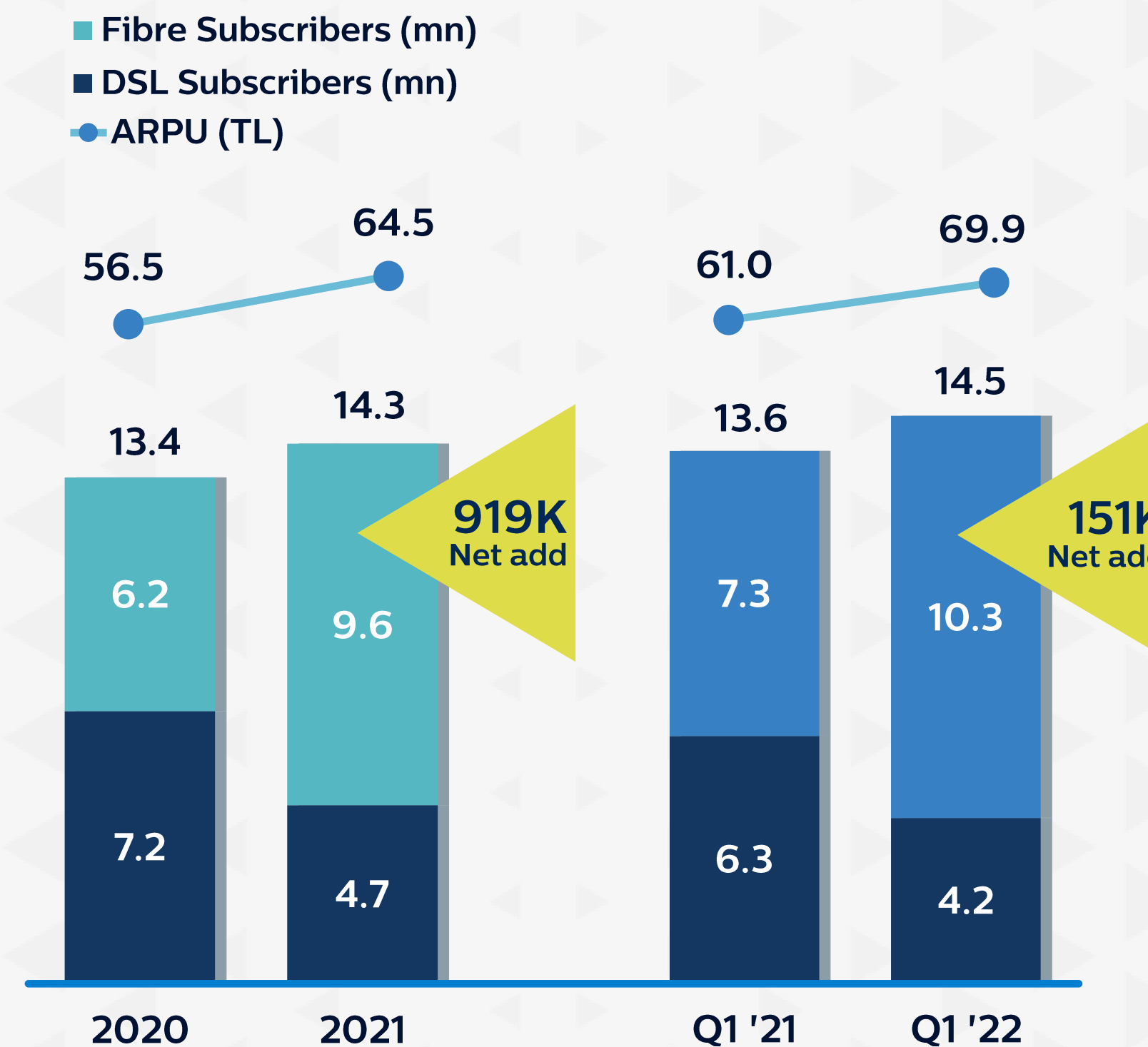
16



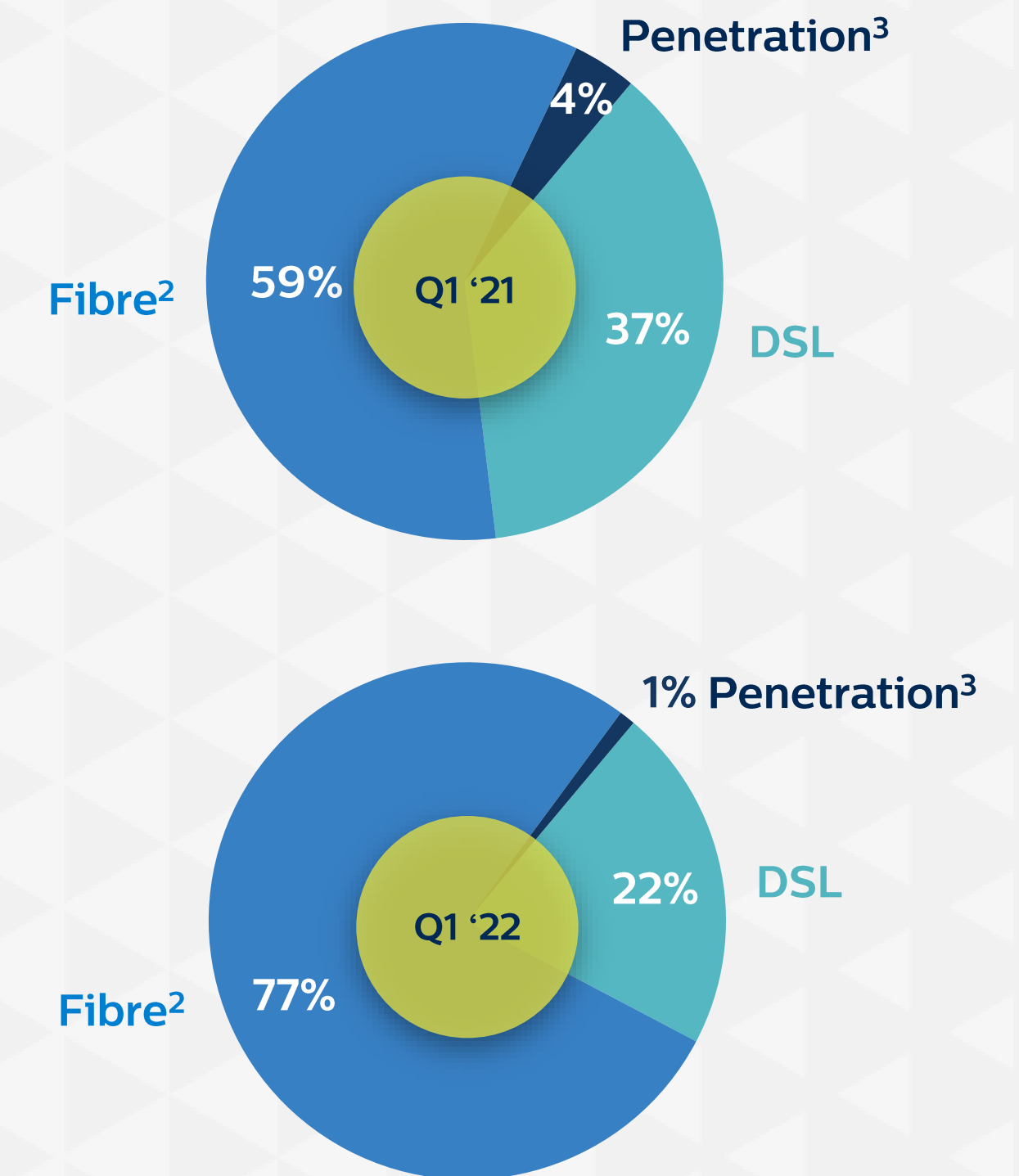
## Fixed Broadband Revenue (TL mn)



## ARPU & Subscribers



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



- (1) Retail only
- (2) Fibre subscribers include FTTH/B & FTTC subscribers
- (3) Customers acquired through penetration campaigns

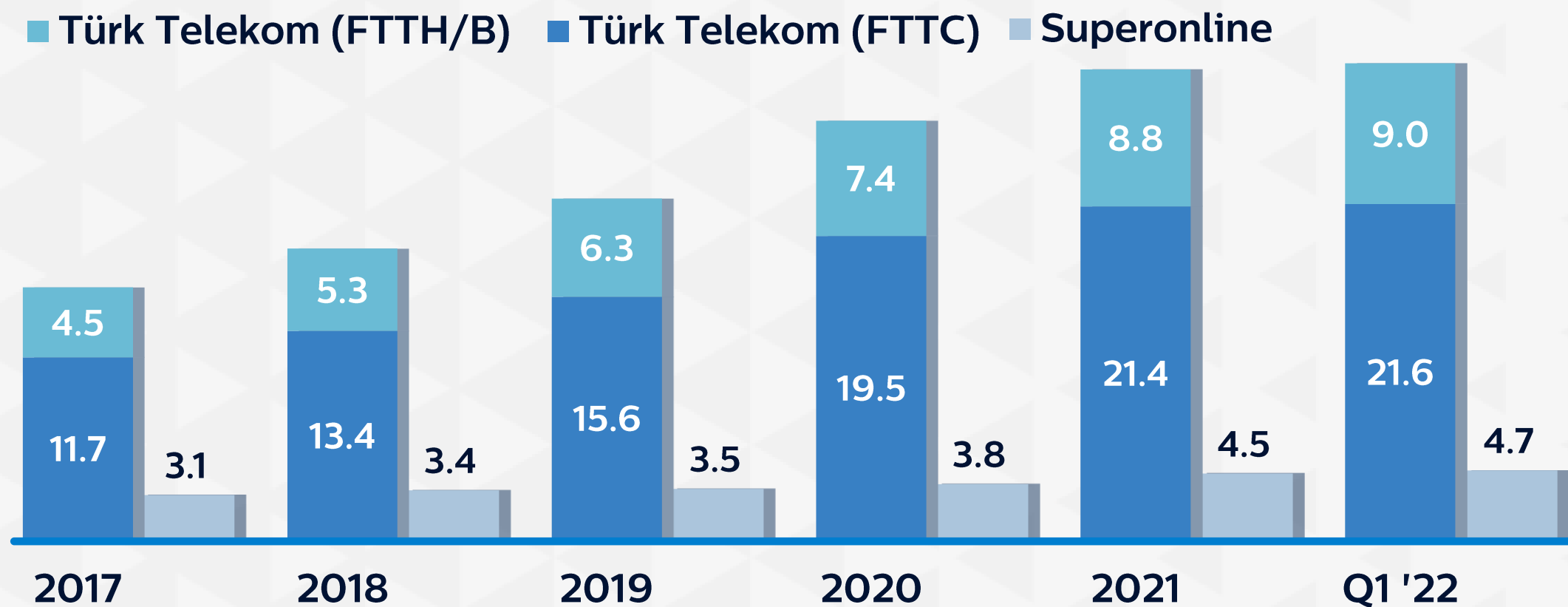


# Extensive Fibre Network

## Türk Telekom Fibre Network



## Fibre Homepass (mn)



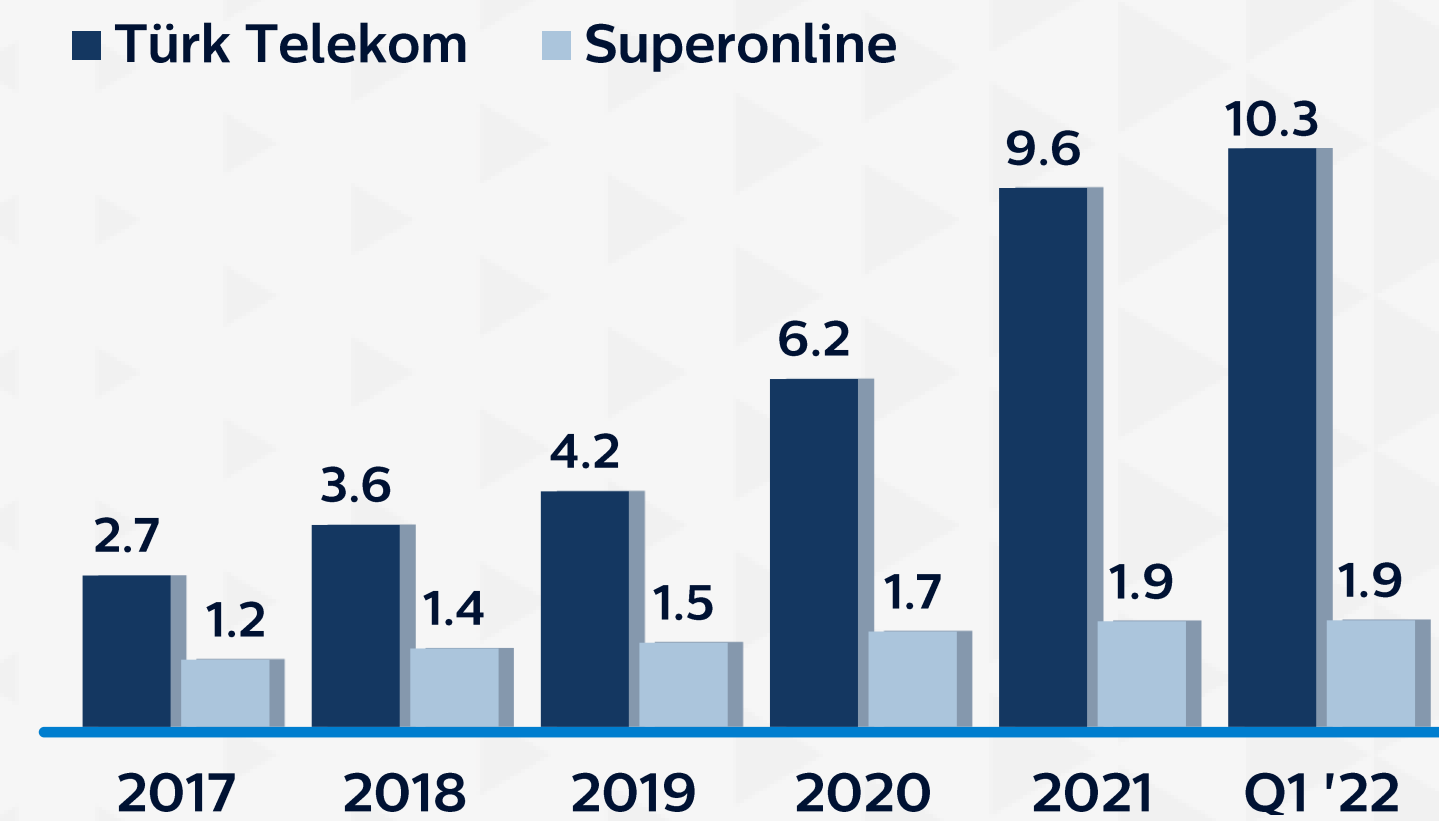
Turkcell data is based on Turkcell's own publications as of Q1 '22.

## Superonline Fibre Network



- ▶ Presence in 28 cities of Turkey
- ▶ Wholesale customer of Türk Telekom

## Fibre Subscribers (mn)



Fibre subscribers include FTTH/B & FTTC subscribers.

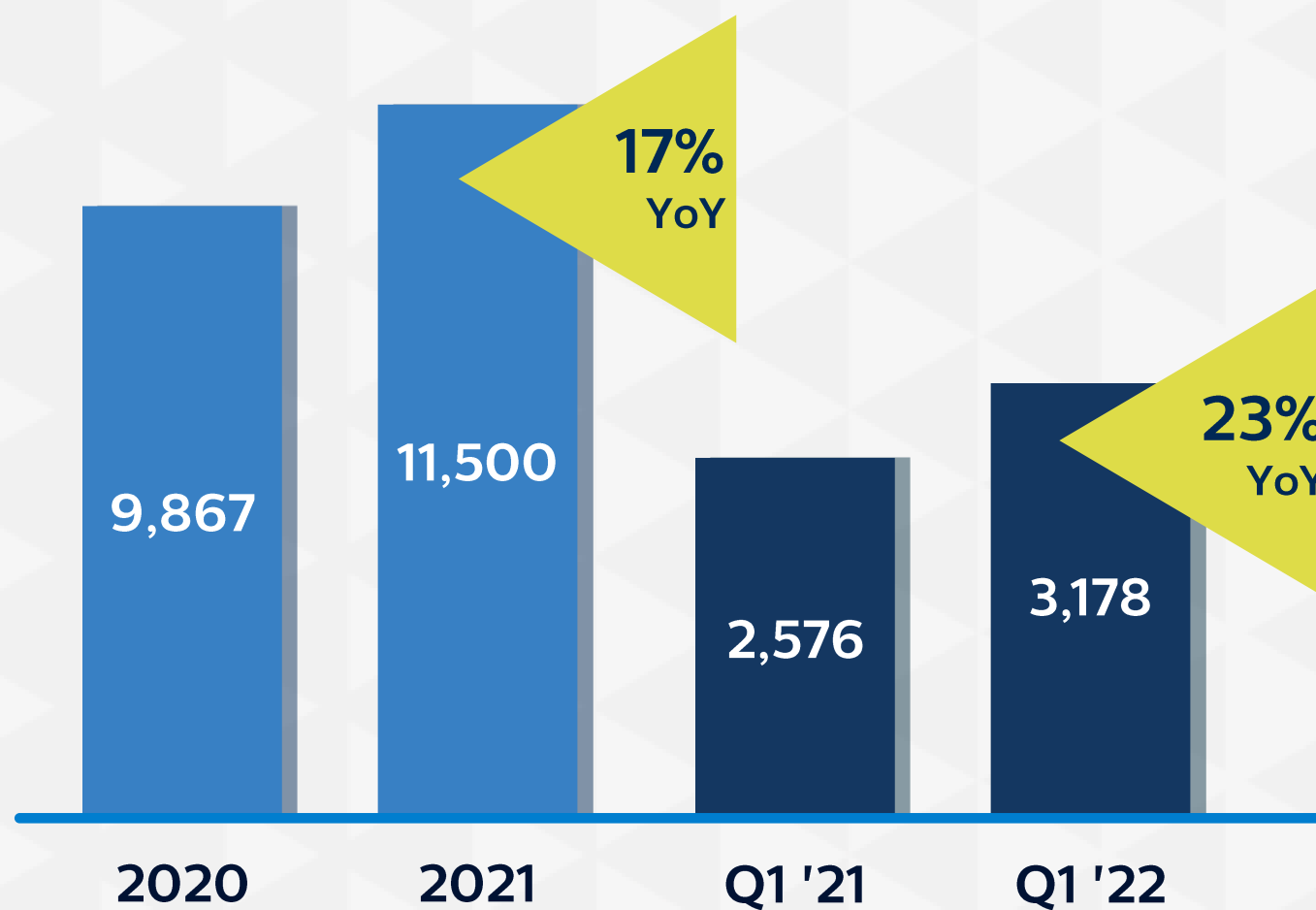
- ▶ Unrivalled fibre network
- ▶ Strong prospects for monetisation
- ▶ Best placed to benefit from move towards higher connection speeds
- ▶ Well-equipped to support 5G/small-cell deployment



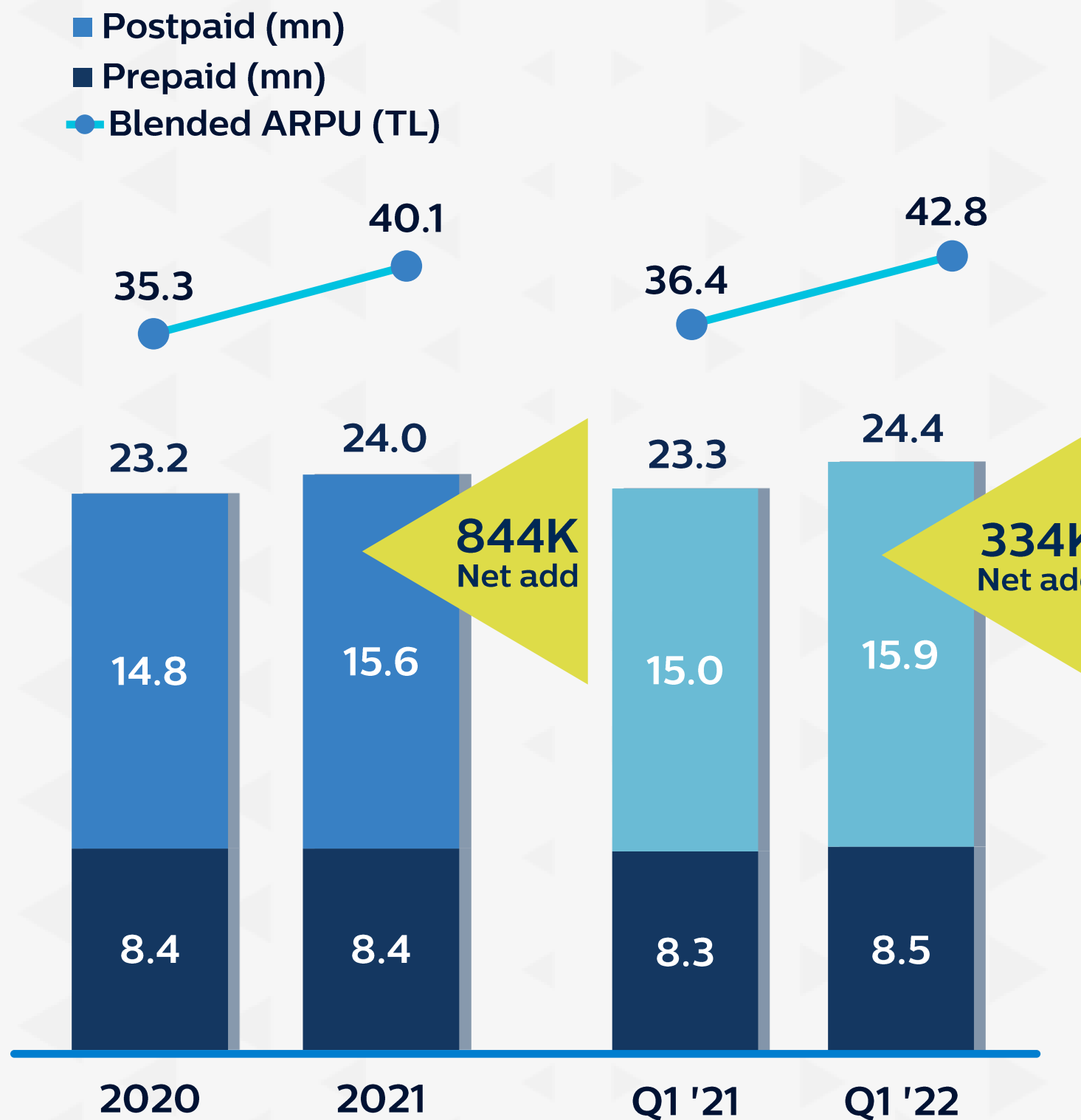
# Mobile Performance

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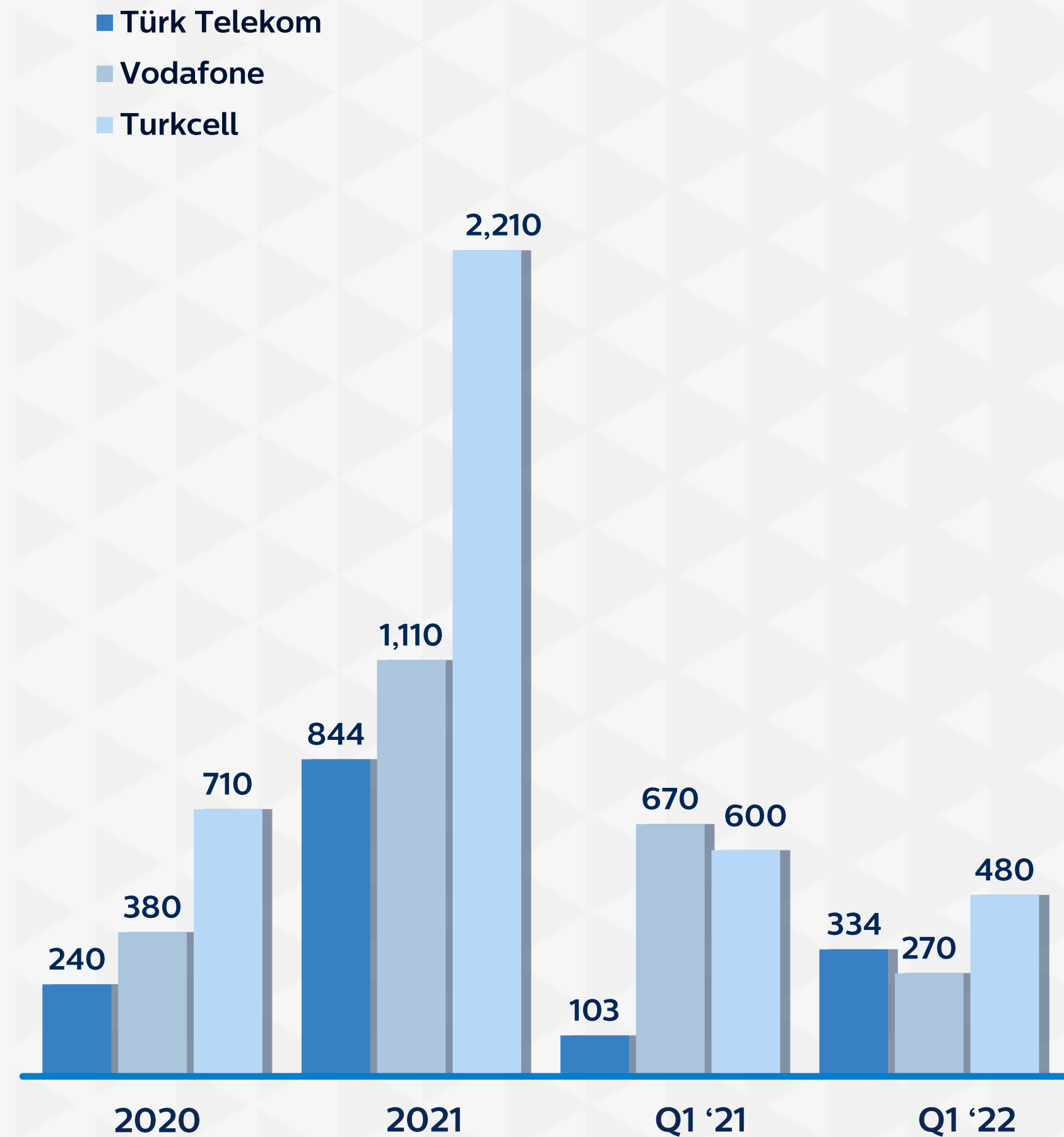
## Mobile Revenue (TL mn)



## ARPU & Subscribers



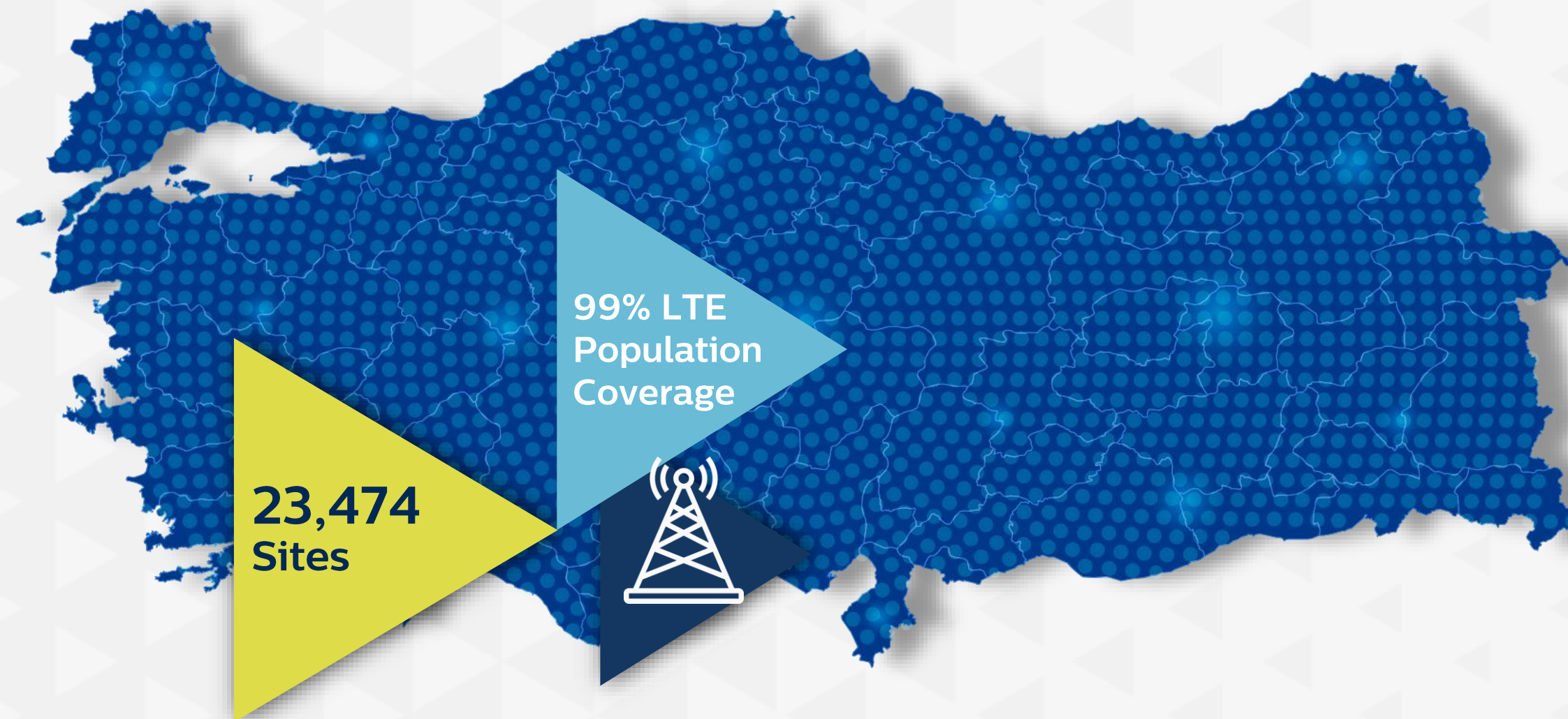
## Net Subscriber Additions (thousand)



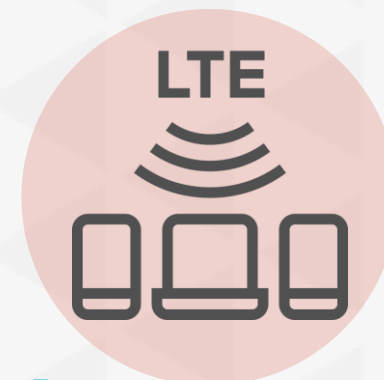
Source: ICTA, Türk Telekom

# Mobile Network

## Extensive Network Coverage



**98%**  
coverage



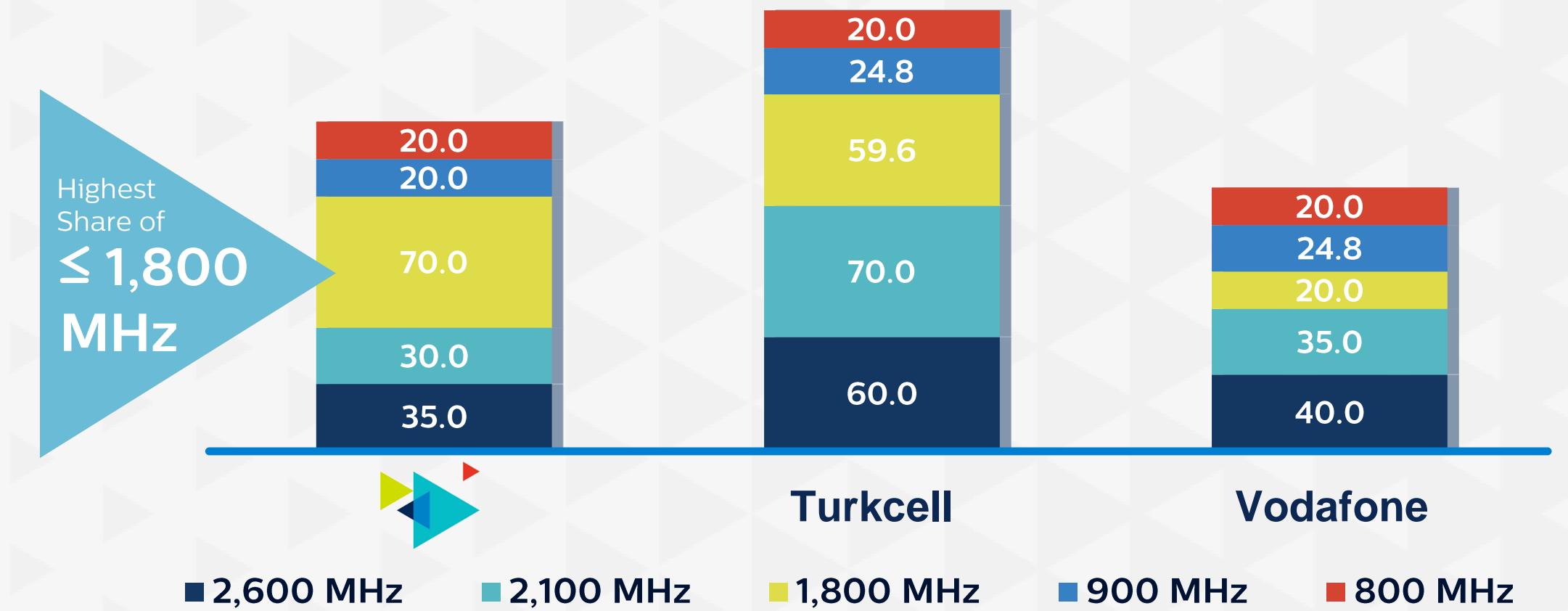
**99%**  
coverage



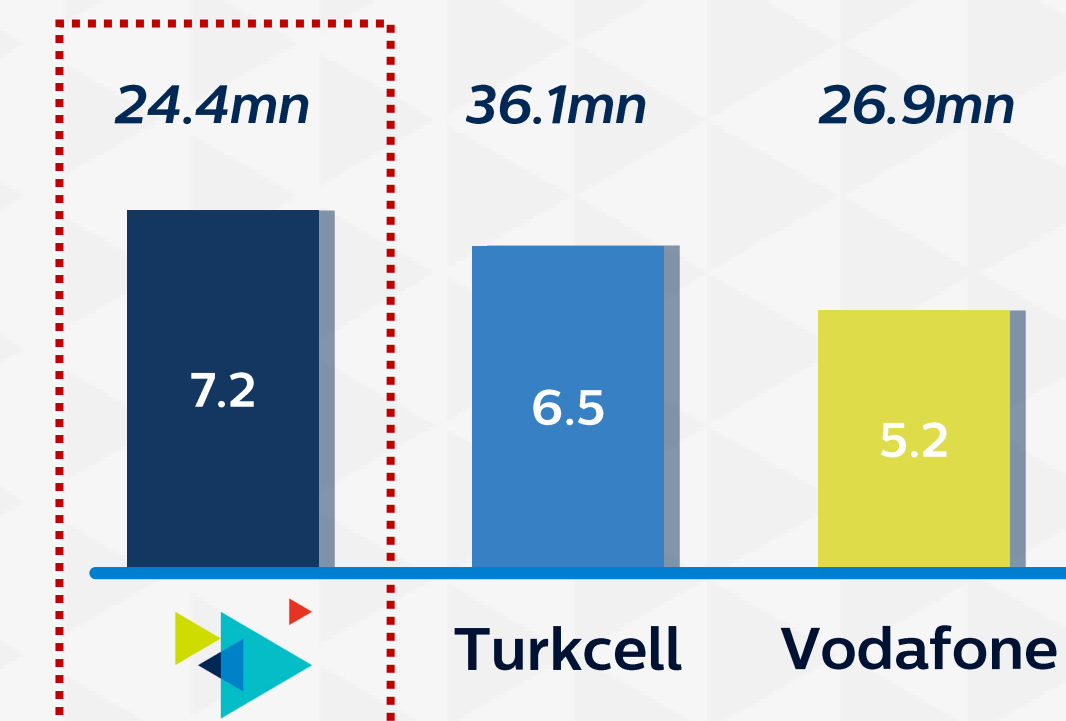
**Getting ready for 5G**

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

## Superior Spectrum Allocation



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



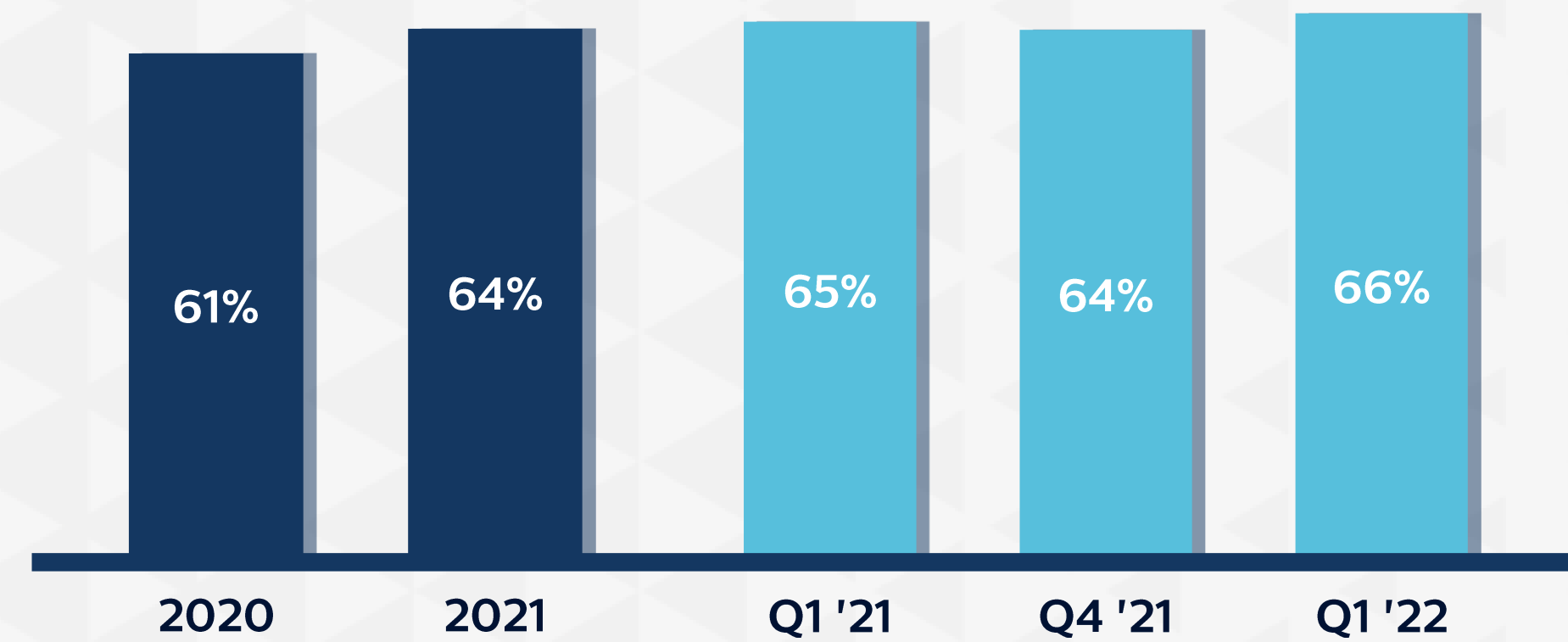
Source: ICTA



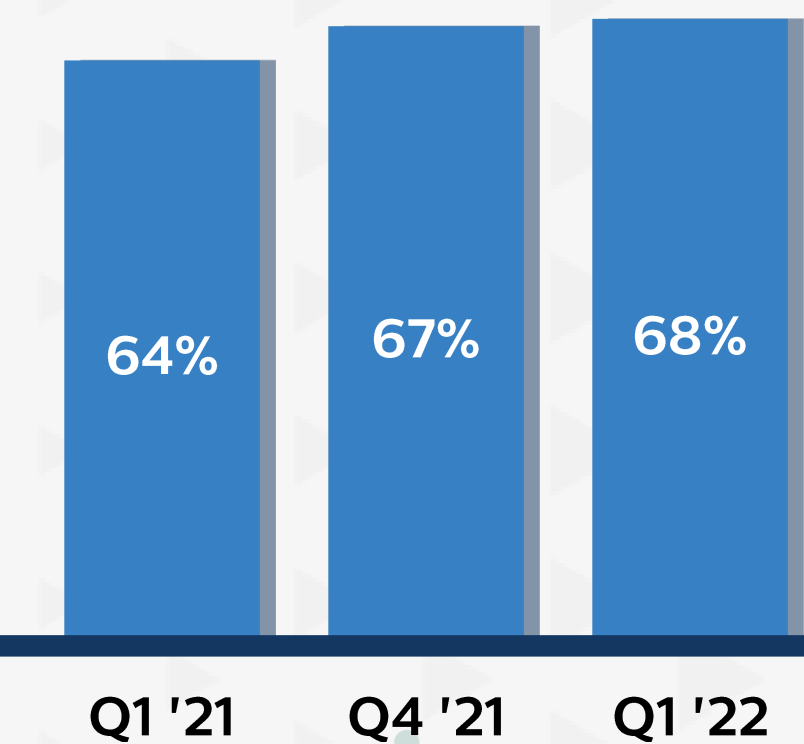
# Mobile Data

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**Data Revenue**  
(Mobile service revenue share)



**LTE Users\***  
(Total Subscriber share)



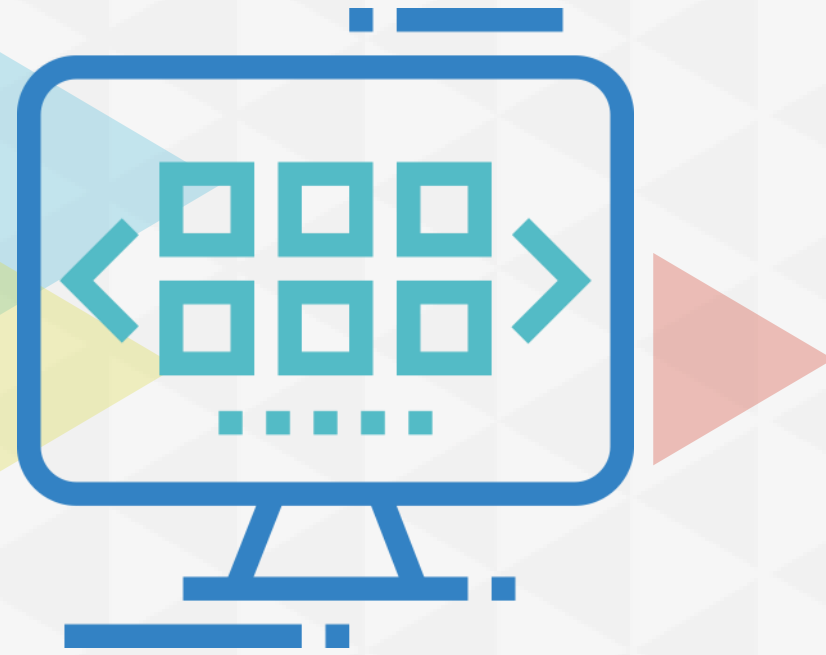
**Avg. Monthly Mobile Data Usage**  
(GB per LTE user)



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

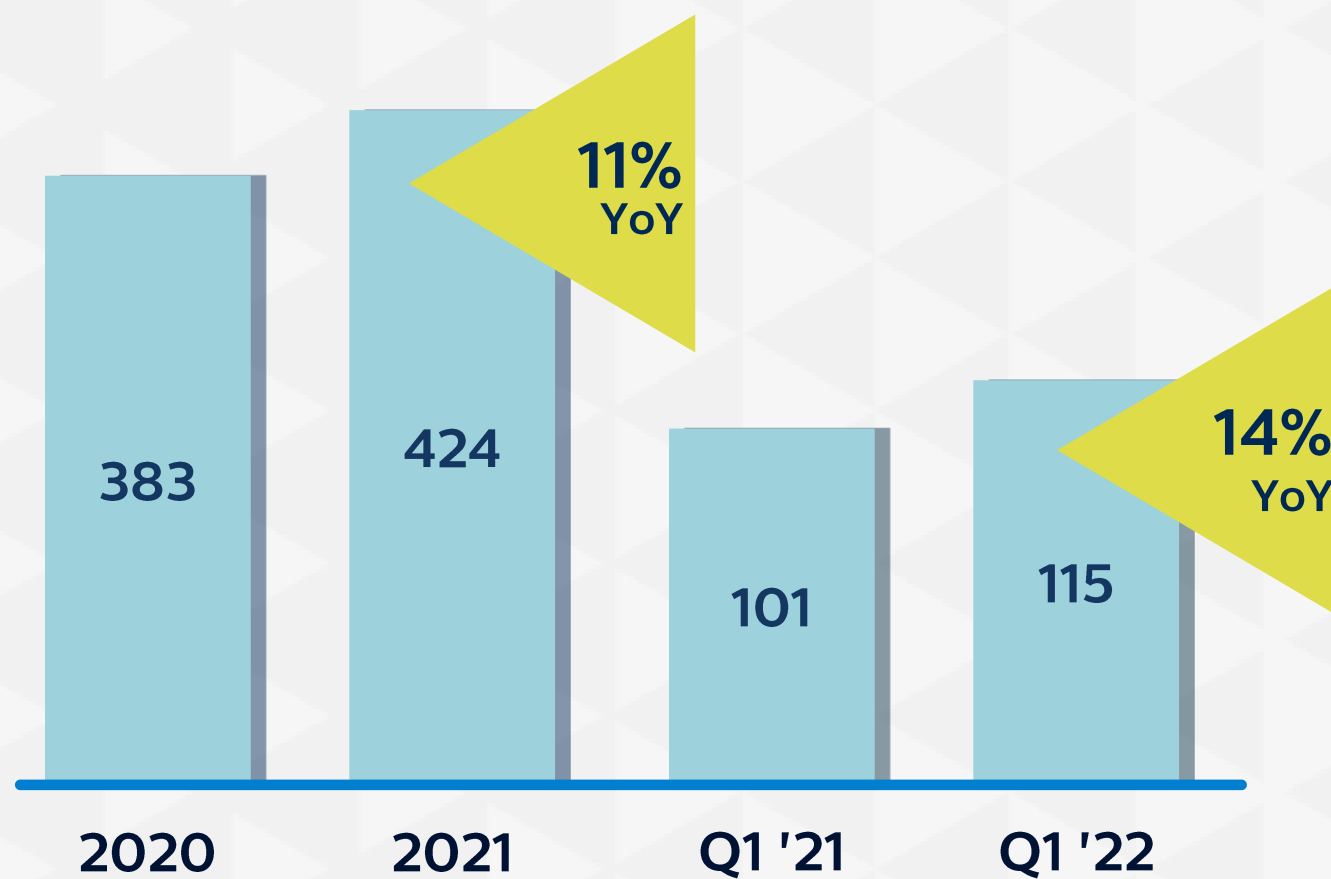


# TV Performance



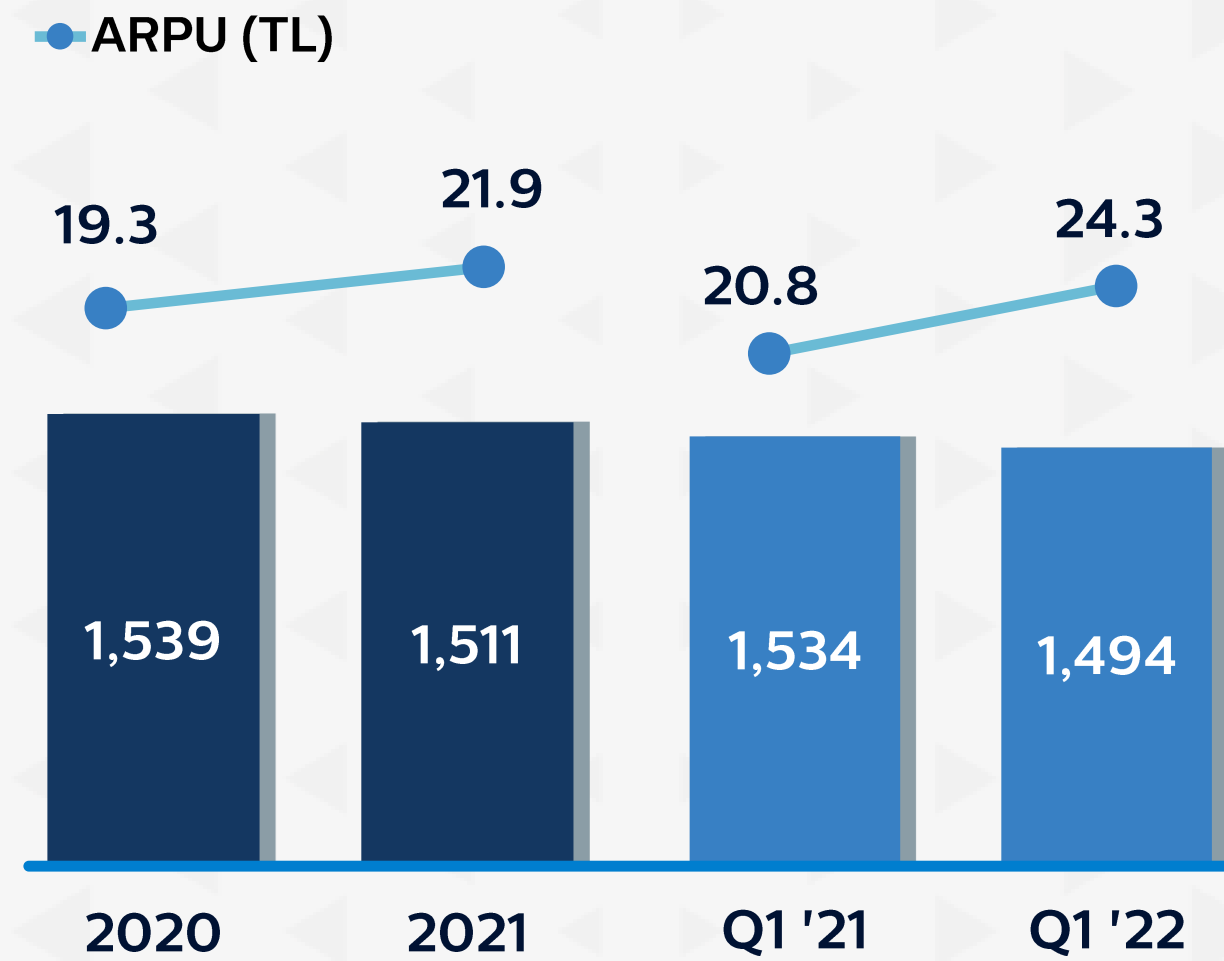
## TV Revenue

(TL mn)



## Tivibu Home Subscribers

(‘000)



### Platform

IPTV

DTH

Web TV

Smart TV

Mobile TV

### Content

- ▶ NBA
- ▶ Basketball Champions League
- ▶ Women's Basketball Super League
- ▶ Basketball Super League
- ▶ English Premier League
- ▶ FA Cup
- ▶ Spain King Cup
- ▶ Bundesliga
- ▶ Italya Serie A
- ▶ Belgium Pro League
- ▶ Formula 1
- ▶ MotoGP
- ▶ 5 In-house Sports Channels
- ▶ Kids, Documentary, Movie, TV Series and Sports Channels
- ▶ +6,500 on demand assets

## Tivibu GO Subscribers

(‘000)

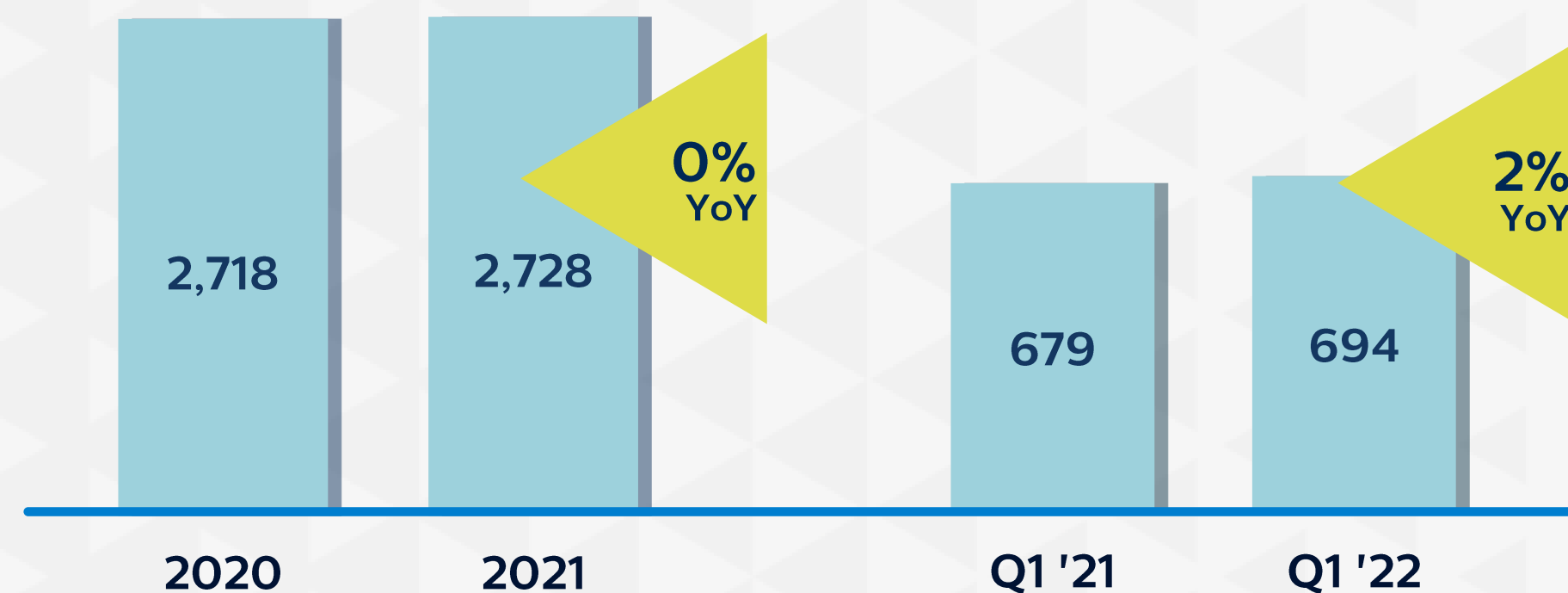




# Fixed Voice Performance



## Fixed Voice Revenue (TL mn)



## Access Lines and ARPU

■ Fixed Voice Subscribers (mn) ■ Naked Broadband Subscribers (mn) ● Fixed Voice ARPU (TL)



## Sales shifting to nDSL

Focusing on nDSL in new acquisitions: guiding new subscribers to nDSL packages rather than WLR.

With our new strategy;

- ▶ Fixed voice subscriber base is expected to contract by 675K in 2022.
- ▶ No impact on consolidated revenues: < TL 25 mn revenue will travel from FV to FBB.
- ▶ Total of TL 190 mn Capex savings expected for a 3 year period.



# Corporate Data

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## Corporate Data Revenue (TL mn)



## Conventional Corporate Data Services



Customer-oriented, integrated communication solutions

Cloud Services, Metro Ethernet, TT VPN, Leased Line

## Cyber Security Services



Managed & shared security services, cyber security centre, dedicated security services

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

## Data Centre and Cloud Services



Secure, accessible services at high speeds with back up infrastructure in internationally certified data centres

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

## Professional Services and New Generation Cities



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



# 31 March 2022 General Assembly & Share Transfer

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## 2021 Ordinary General Assembly Meeting

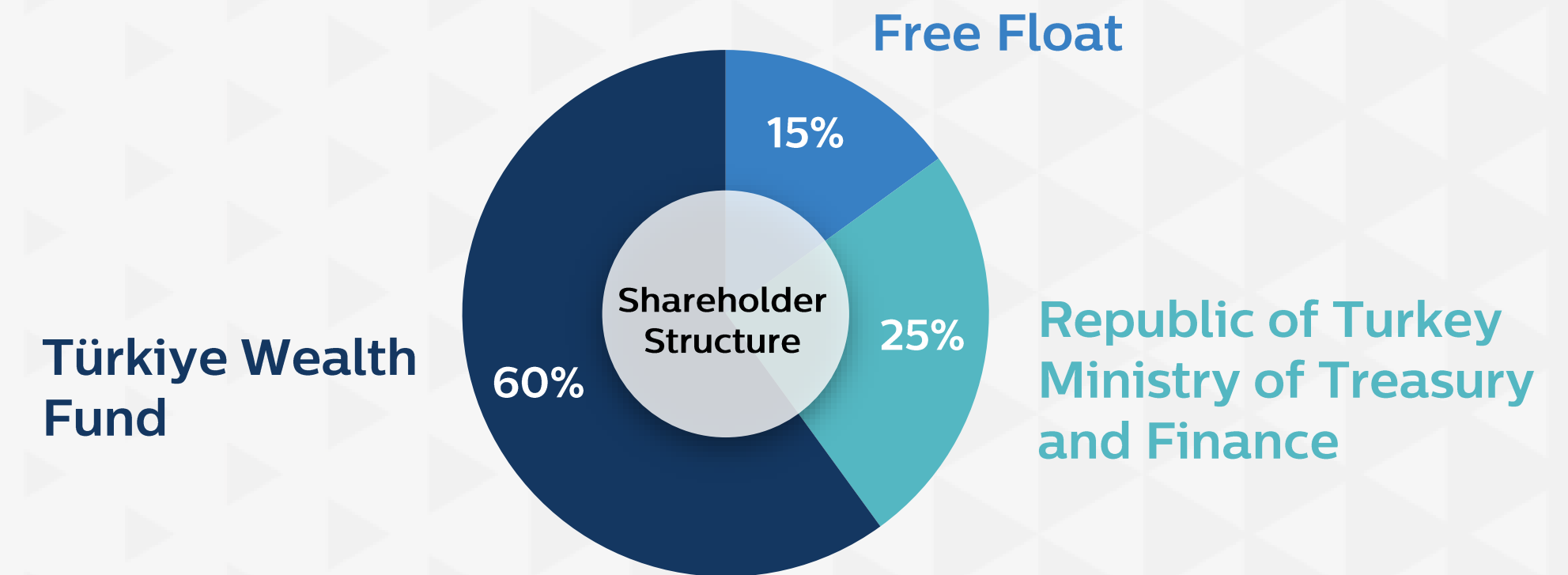
At 2021 Ordinary General Assembly Meeting, Board of Directors decided on following items;

- ▶ Regarding profit distribution
  - Gross dividend payment of **TL 1.42** per share,
  - Total gross cash dividend payment of **TL 4.95 billion**,
  - Distribution of cash dividends as of **28 April 2022**.



## LYY-TWF Share Transfer

- ▶ Share Purchase Agreement between LYY\* and TWF\*\* has been completed. LYY sold its 55% stake in TTKOM to TWF.
- ▶ TWF, has become the majority shareholder of Türk Telekom with a 61,68%\*\*\* stake.



\* LYY Telekomünikasyon A.Ş.

\*\* Türkiye Wealth Fund

\*\*\* Türkiye Wealth Fund has 1.68% share in free float.



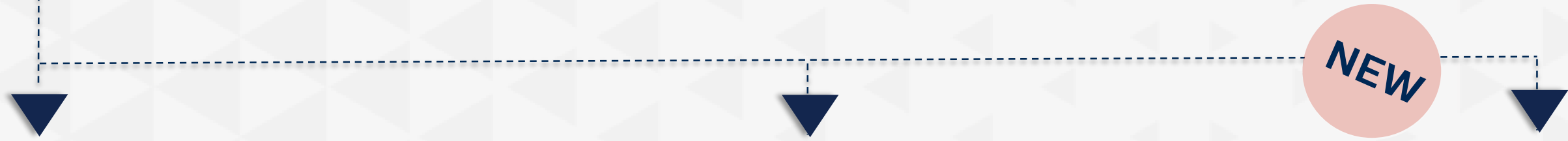
# TT Payment & E-Money Services

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**TTPayment<sup>1</sup>** is a licensed payment and e-money institution that provides services since 2013.

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



## Mobile Payment

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

## Institutional Bill Payment

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

## E-Wallet & Prepaid Card: Pokus

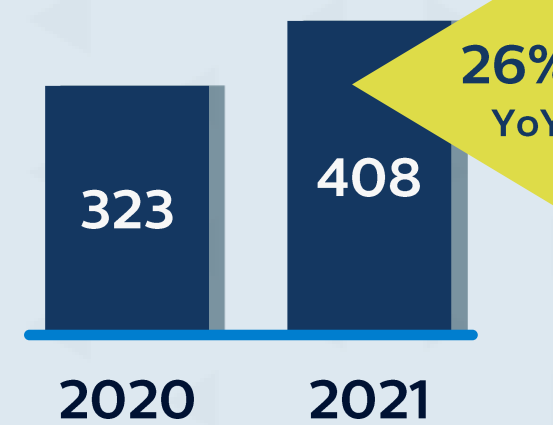
- A fast/easy-to-use digital wallet application with a user-friendly interface that provides banking services.
- App-connected, contactless and worldwide prepaid card with Mastercard scheme.
- Operator independent.

### TT Payment in numbers

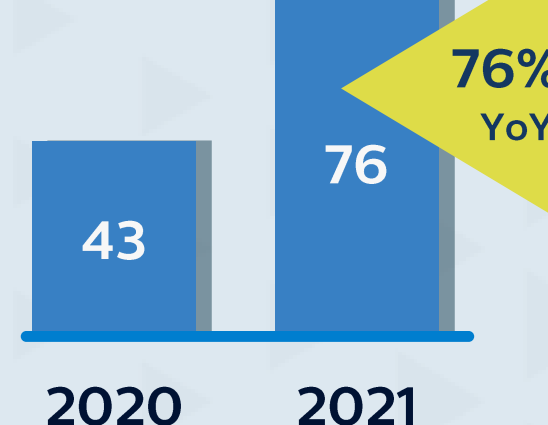
- Number of unique users up 8%
- Transaction volume up 26%,
- Revenue up 76%.

TT Payment revenues are set to expand with Pokus.

Trading Volume  
(TL mn)



Revenue  
(TL mn)



2016

TT Payment became a member of ÖDED\*

2013

TT Payment was established in April 2013 as a 100% subsidiary of TT Mobil and TTNET.

2019

Got e-money institution license from BRSA

2017

Acquired payment services license from BRSA

2021

Launched prepaid card and mobile wallet products

2020

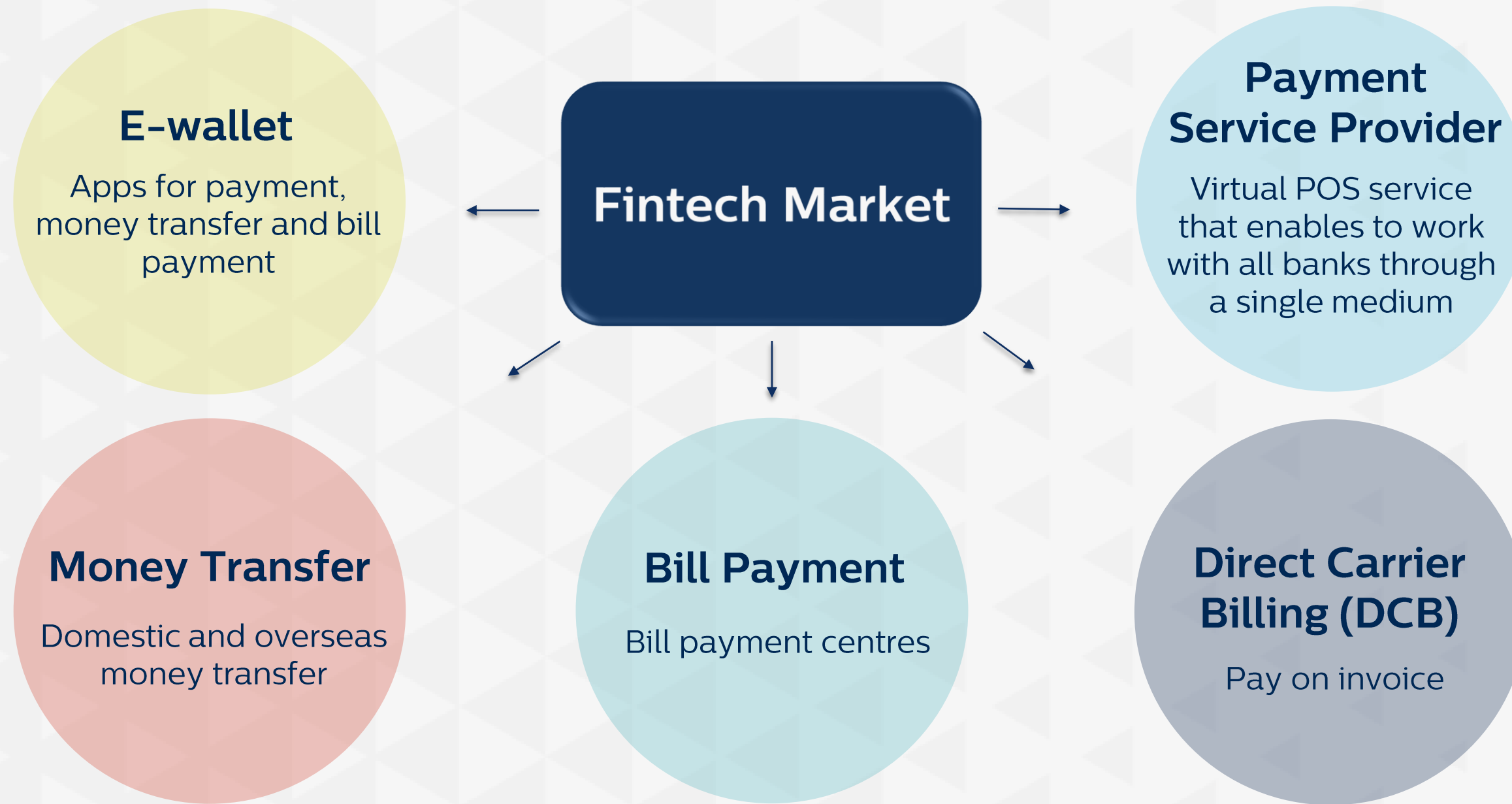
Started collection services for all corporate invoices from dealers

\* Payment and Electronic Money Association

(1) Türk Telekom Ödeme ve Elektronik Para Hizmetleri A.Ş. (TTÖHAŞ), TTÖdeme in short, stands for TTPayment in English.



# Turkish Fintech Market

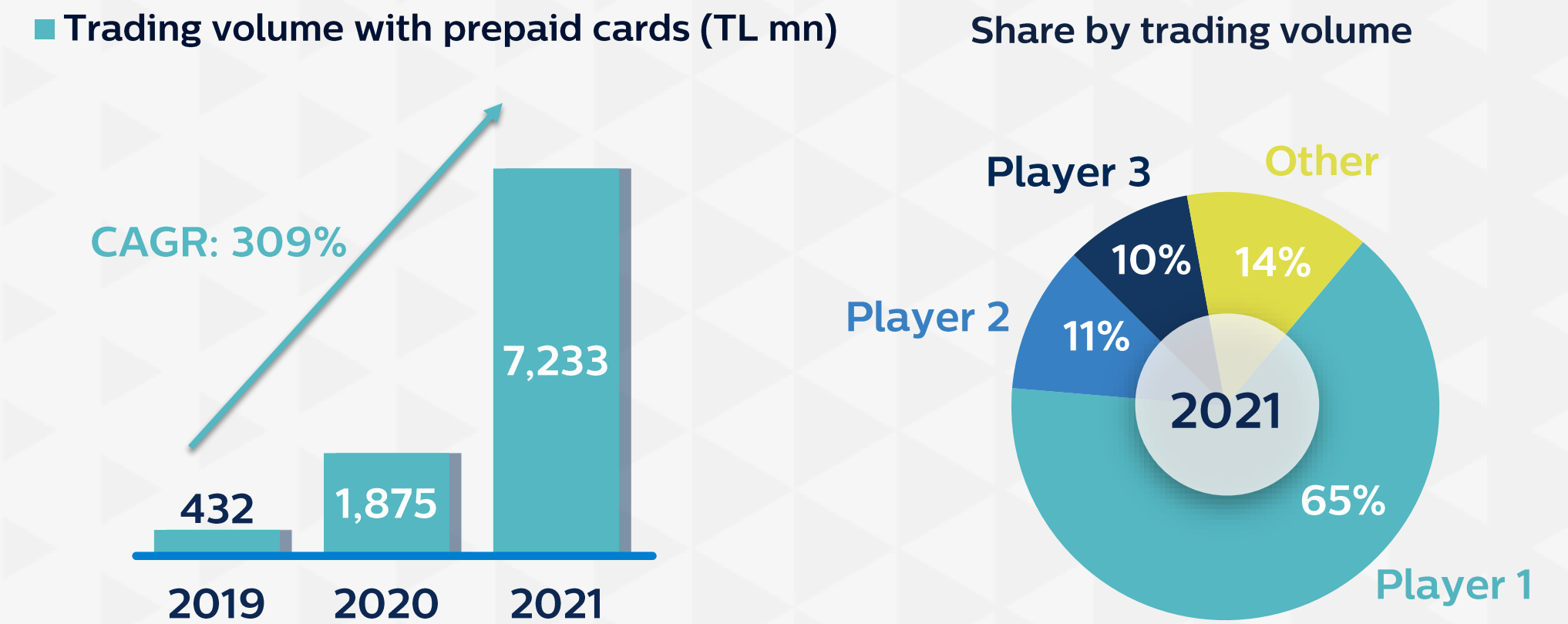


## Prepaid Card Market – 2021

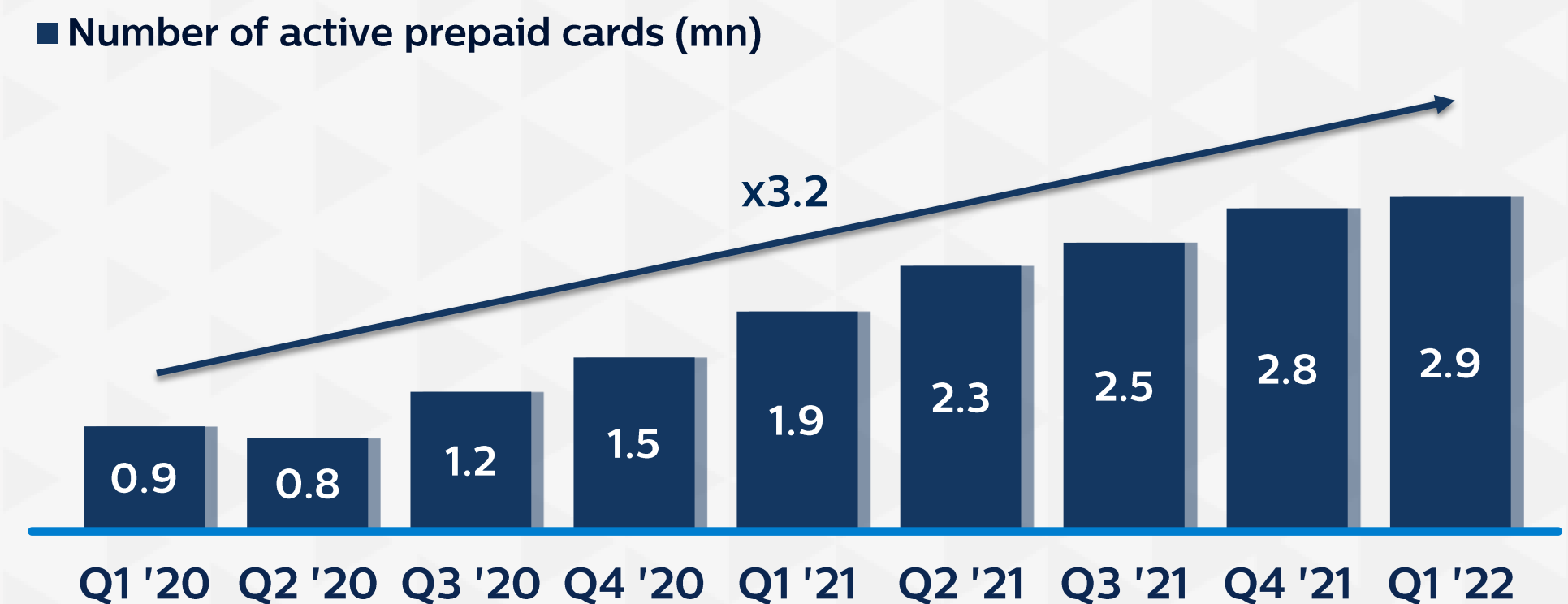
- ▶ Europe's largest card market.
- ▶ Of the total cards, 150 mn was debit cards, 84 mn was credit cards and 57 mn was prepaid cards as of 2021 year-end.
- ▶ The share of Fintechs in prepaid cards is 45%.
- ▶ The fintech card market grew 32% YoY in total number of cards.
- ▶ 79% of transaction volume in prepaid cards generated by fintechs.

Turkish prepaid card market data is from BRSA and BKM.

## Turkish Fintech Companies' Trading Volume



## Top 5 Players





# Pokus: New E-Payment Solution



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

## Pokus: Roadmap and Targets

### Strategy

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

### Synergy

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



<b>Number of users</b> by end-2025	<b>5 mn</b>
<b>Transaction volume</b> by end-2025	<b>1.5 bn TL</b>
<b>EBITDA and FCF</b> by end-2023	<b>Positive</b>





# Strategy



# Strategy Focused on Sustained Profitable Growth

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## Core Services

### Growth and digitalisation in main business lines

- Pioneer in Turkey's digital transformation
- Strong growth and leadership in fixed broadband with focus on fiberisation
- High-quality/high-speed internet access
- Priority in gaining revenue market share in mobile
- Intensified subscription relationship with households through increased access lines and inclusive product portfolio
- Leading digital TV/OTT platform

## Efficiency

### Improving efficiency with digitalisation and new operational models

- Digitalisation and virtualisation
- Effective cost control and disciplined capital management
- Improved organisation and lean technology

## Customer Focus

### Redefining customer experience

- End-to-end redesigned and digitalised best-in-class customer experience
- Customer-oriented, agile working models
- Personalised offers and content

## New Income Areas

### Growth in new areas supporting main business lines

- Next-generation 5G solutions and international collaborations
- TV/OTT and ICT/Cloud investments
- Accessible cloud/IT/IoT services
- Large scale IT projects
- Venture capital initiatives
- Fintech solutions



## Broadband

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



## Fixed Voice

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



## Mobile

- ▶ Prioritise revenue market share
- ▶ Encourage data usage
- ▶ Maximise value



## Pay TV (Home and GO)

- ▶ Leverage underpenetrated market and increase market share
- ▶ Improve customer experience
- ▶ Monetise existing subscriber base

# The Readiest Operator to 5G

30



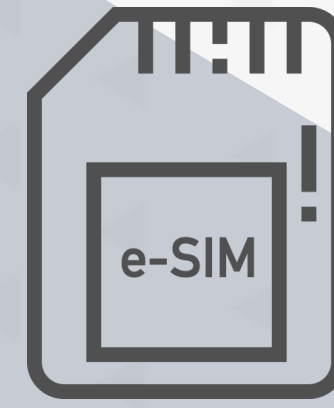
## Smart Cities

9 smart cities with Türk Telekom



## Media & Entertainment

Turkey's first 5G live match via 360 degrees VR technology  
World record with >2.92 Gbps speed



## Vehicle-to-Everything (V2X)

E-sim  
E-Call



## Industry 4.0

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



## E-Health

LIGHT  
Mobile EKG  
Smart Organ Carrying Units



## Cloud Network

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



# Investing in Future

## Türk Telekom actively participates in...



## Collaborations in next-G tech

### vRAN

Software-Based and Sliceable Virtualised Radio Access Network

Product partnership and revenue sharing with Juniper



### 5G Time Synchronisation

Cooperation with Net Insight: Product partnership, revenue sharing and discounted supply advantage



- Working with Argela for SDN & NFV based cybersecurity solutions
- Turkey's largest cyber security service centre: provides 24/7 monitoring, consultancy and incident response services
- Turkey's highest capacity DDoS protection infrastructure
- Best in class cloud computing solutions



- Leading largest smart city projects in Turkey with next generation projects



- 43% of LTE base stations connected with fibre
- Work to manage the 5G network with AI technology
- Preparations at pilot 5G test networks
- First Industry 4.0 5G test in Turkey
- Türk Telekom, Arçelik and Nokia collaboration to establish Turkey's first private future-proof 5G wireless network
- Mobile network IT provisioning processes on the 5G path optimised using the Ericsson Dynamic Activation (EDA) platform

# Digital Channels

Continuous expansion of digital services for **best-in-class customer experience**

Wide range of services on the **Online Transactions Application**: invoice payments, TL uploads, recontracting, upselling and application for new subscriptions

**One login**: accessing all Türk Telekom products; mobile, broadband, fixed voice, TV with single login

**17 mn**  
Unique users  
in Q1' 22<sup>1</sup>

**81%**  
The share of  
collections  
through digital  
channels<sup>2</sup>

**59 mn**  
Downloads as  
of Q1 '22

**36%**  
YoY increase  
TL uploads &  
invoice payments  
via online  
channels



(1) Online Transaction Application 3-Month active user

(2) Share in the consumer segment



# Digital Service Portfolio

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



## **Turkey's new generation TV platform: Tivibu GO – Launch: 2010**

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



## **Turkey's enriched digital music platform: Muud – Launch: 2008**

Turkey's most preferred digital music platform to listen and download millions of songs and watch videos



## **Turkey's leader digital gaming platform: Playstore – Launch: 2011**

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



## **Türk Telekom's employee development platform: Türk Telekom Academy – Launch: 2018**

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



## **Turkey's interactive education platforms: Vitamin & Raunt – Launch: 2008**

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



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

### **EyeSense – Launch: 2018**

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



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

### **Tambu – Launch: 2017**

Turkey's first local and customised smart digital keyboard



## **Turkey's popular online reading platform: e-dergi – Launch: 2017**

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



## **Turkey's most comprehensive security platform: Türk Telekom Security – Launch: 2009**

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



## **Turkey's widest WiFi broadband network: Türk Telekom WiFi – Launch: 2006**

Turkey's widest WiFi hotspot coverage and services for Turkish Airlines flights



## **Turkey's advantageous integrated cloud platform:**

### **Dijital Depo – Launch: 2018**

Türk Telekom's operator free new cloud storage application Digital Depo enables users to safely store photos, videos, music and all files with user-friendly design



## **New E-payment solution:**

### **Pokus – Launch: 2021**

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



# Financials

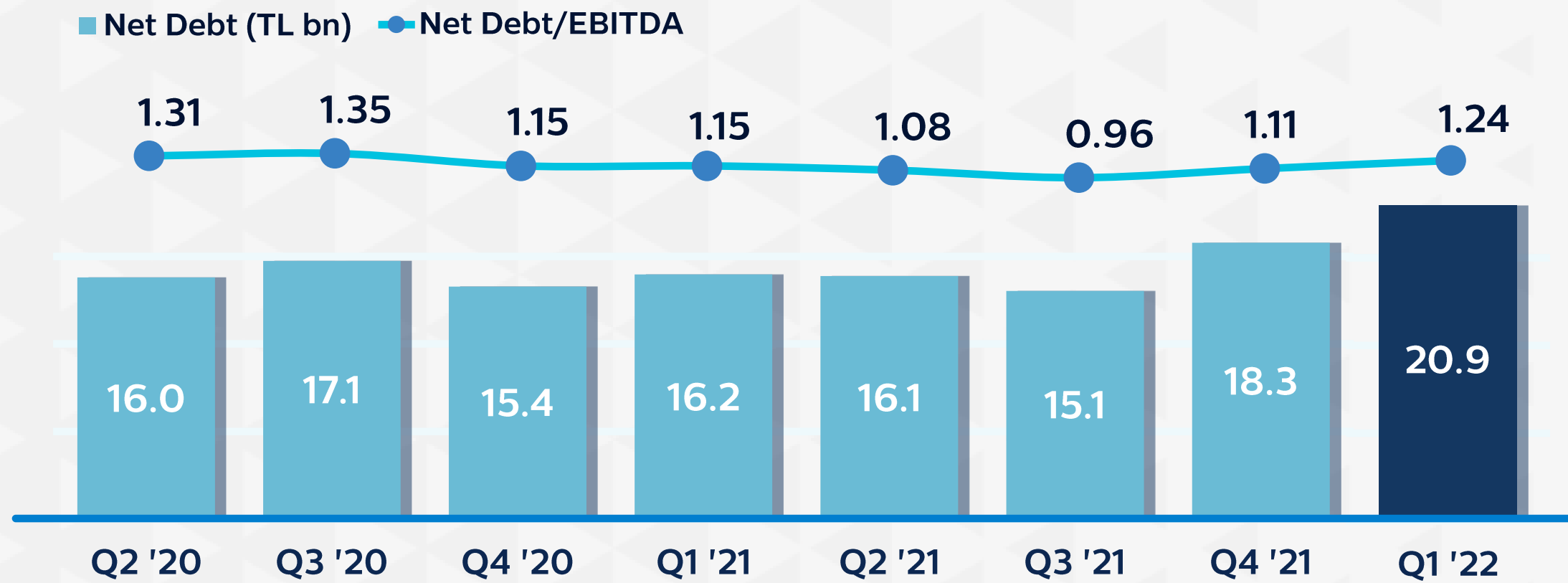




# Debt Profile

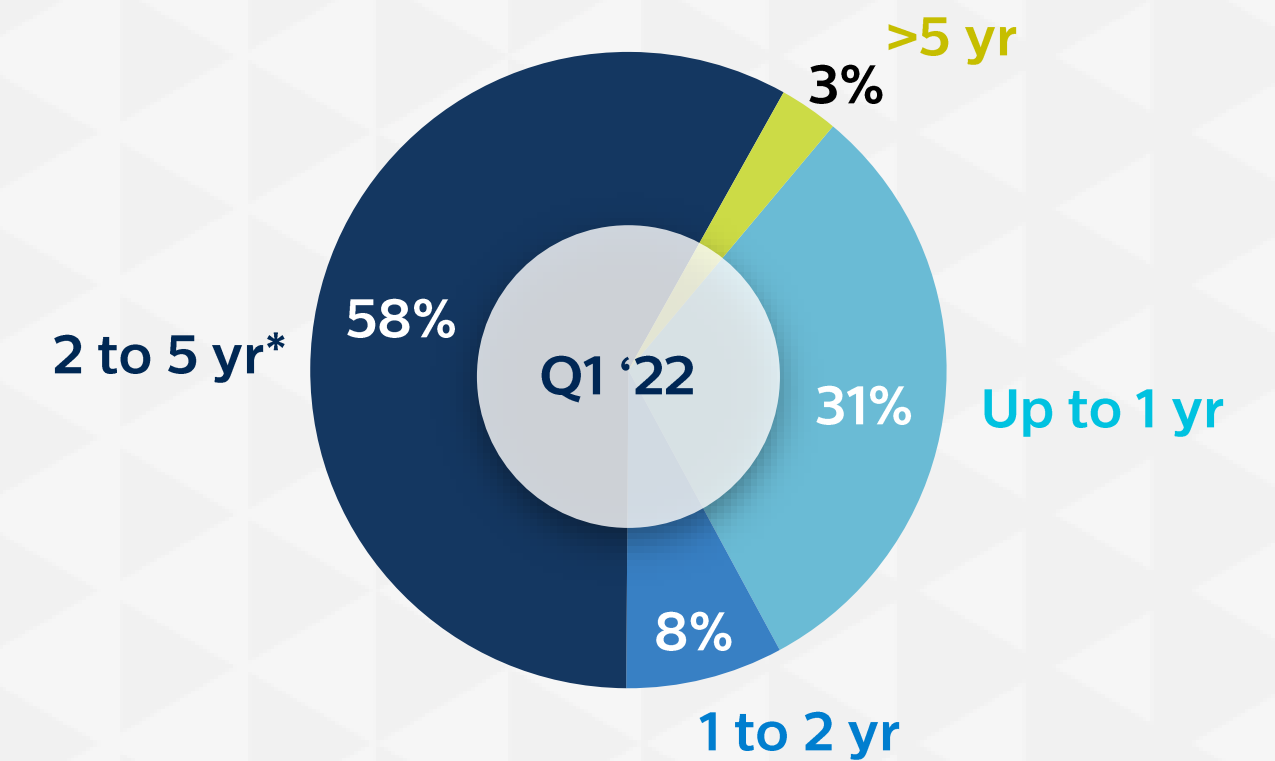
35

## Net Debt



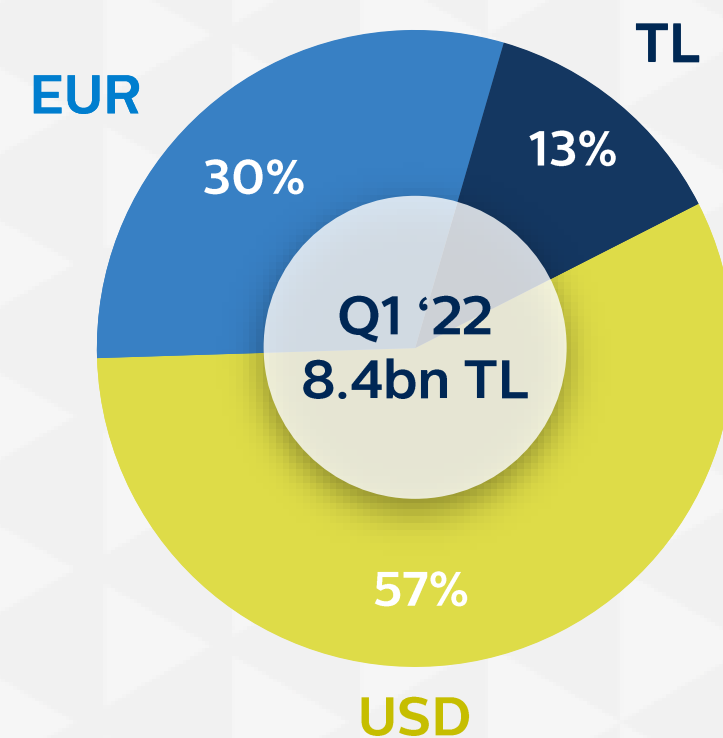
Note: Net Debt calculation includes market valuation (MTM) of Foreign Currency TL money swap transactions.  
 Net Debt/EBITDA calculation does not include extraordinary provisions in EBITDA calculation  
 Net Debt/EBITDA calculation includes fair value of Currency Protected Time Deposit included in Financial Investments.

## Maturity Profile



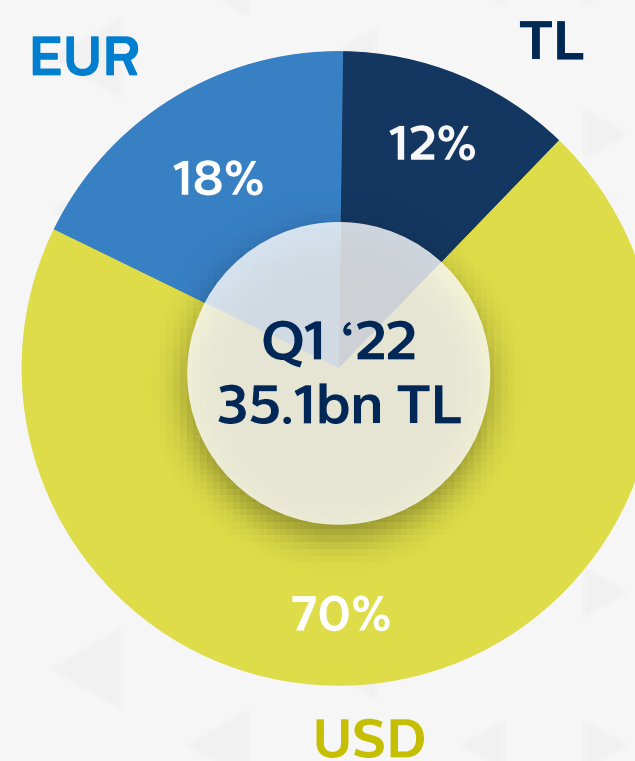
All loans are senior unsecured.  
 \* including 2024 & 2025 maturity bonds (USD 500 mn each)

## Cash – Currency Breakdown\*

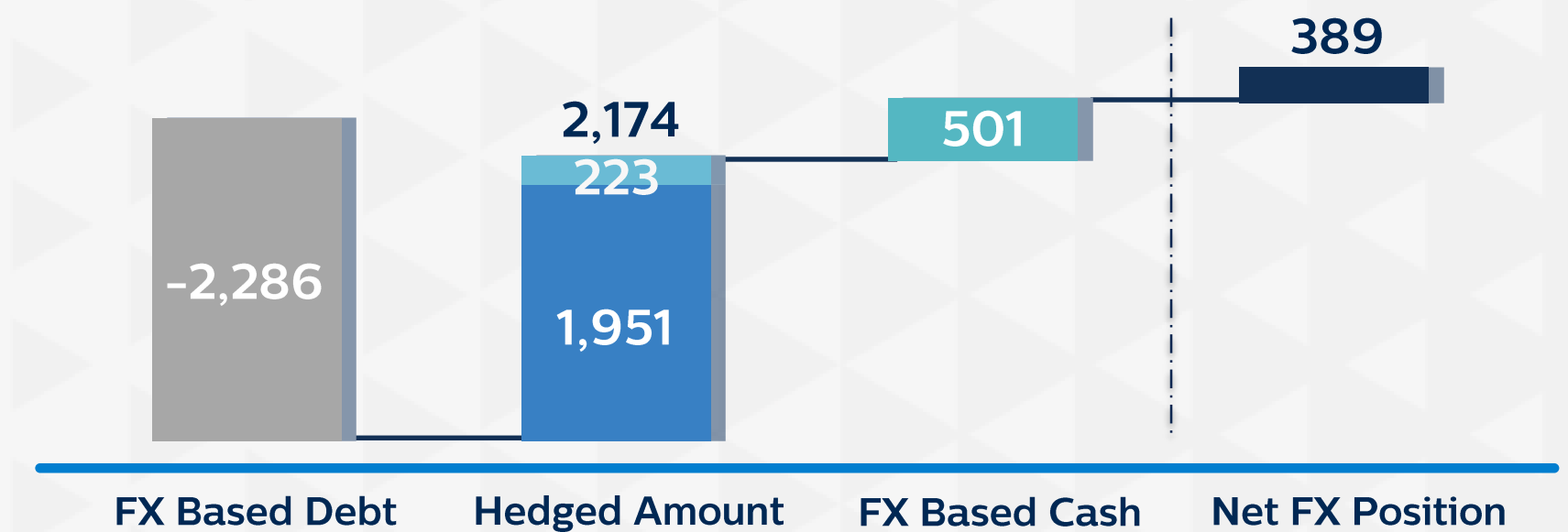


\* TL 3.4 bn worth currency protected time deposit is not included in cash.

## Gross Debt – Currency Breakdown



## Hedge – Composition of FX Position

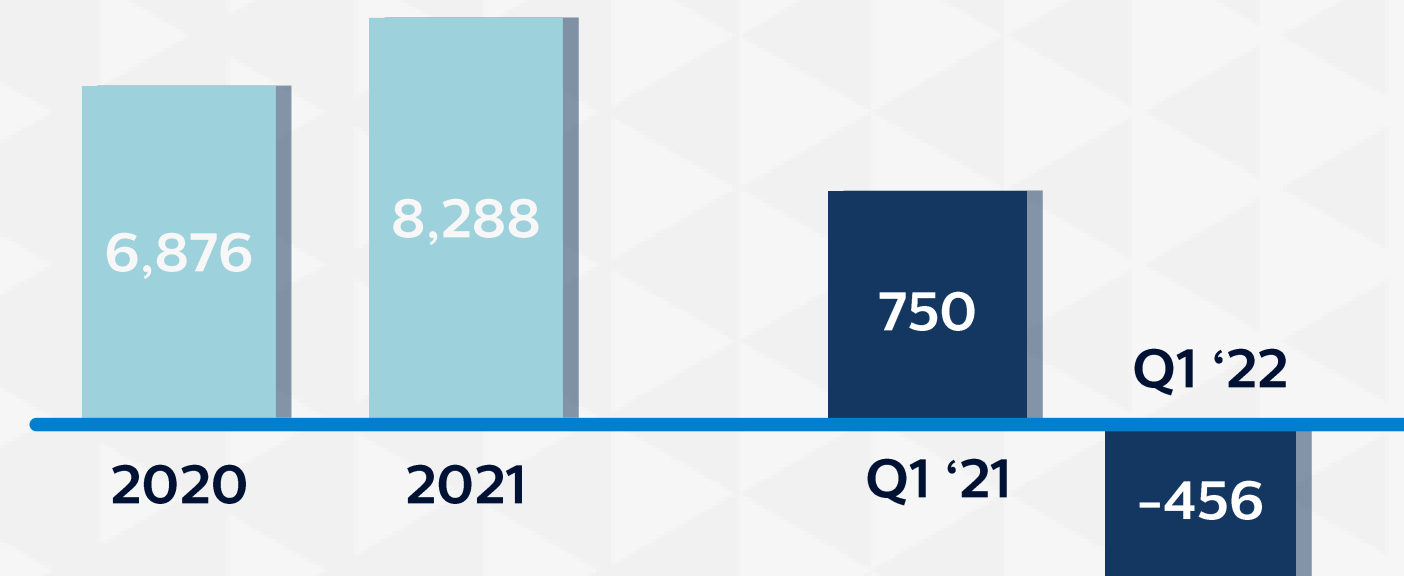


\* FX Debt calculation includes FX financial debt (including FX lease obligations) and FX net trade payables. Hedged amount includes hedging of FX financial debt, currency protected time deposit, hedging of FX net trade payables and net investment hedge.  
 \*\* Currency protected time deposit included in hedged amount is worth USD 223 mn.

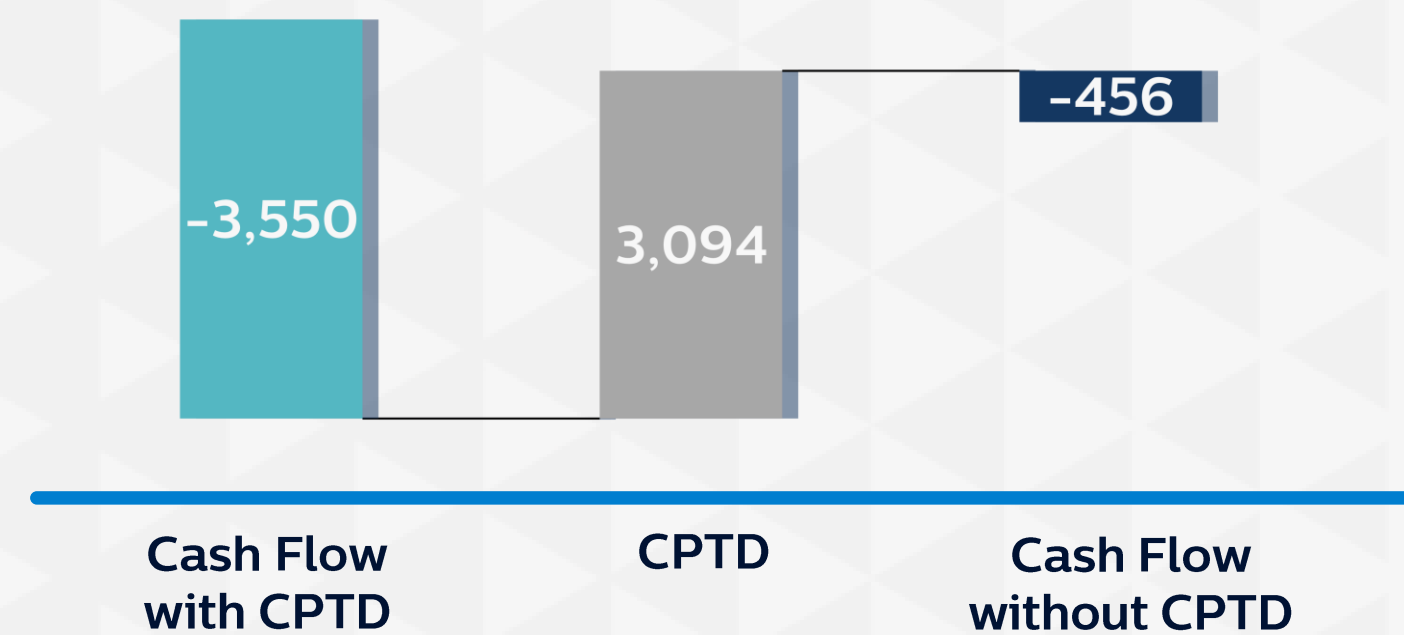
# Prudent Balance Sheet Management

36

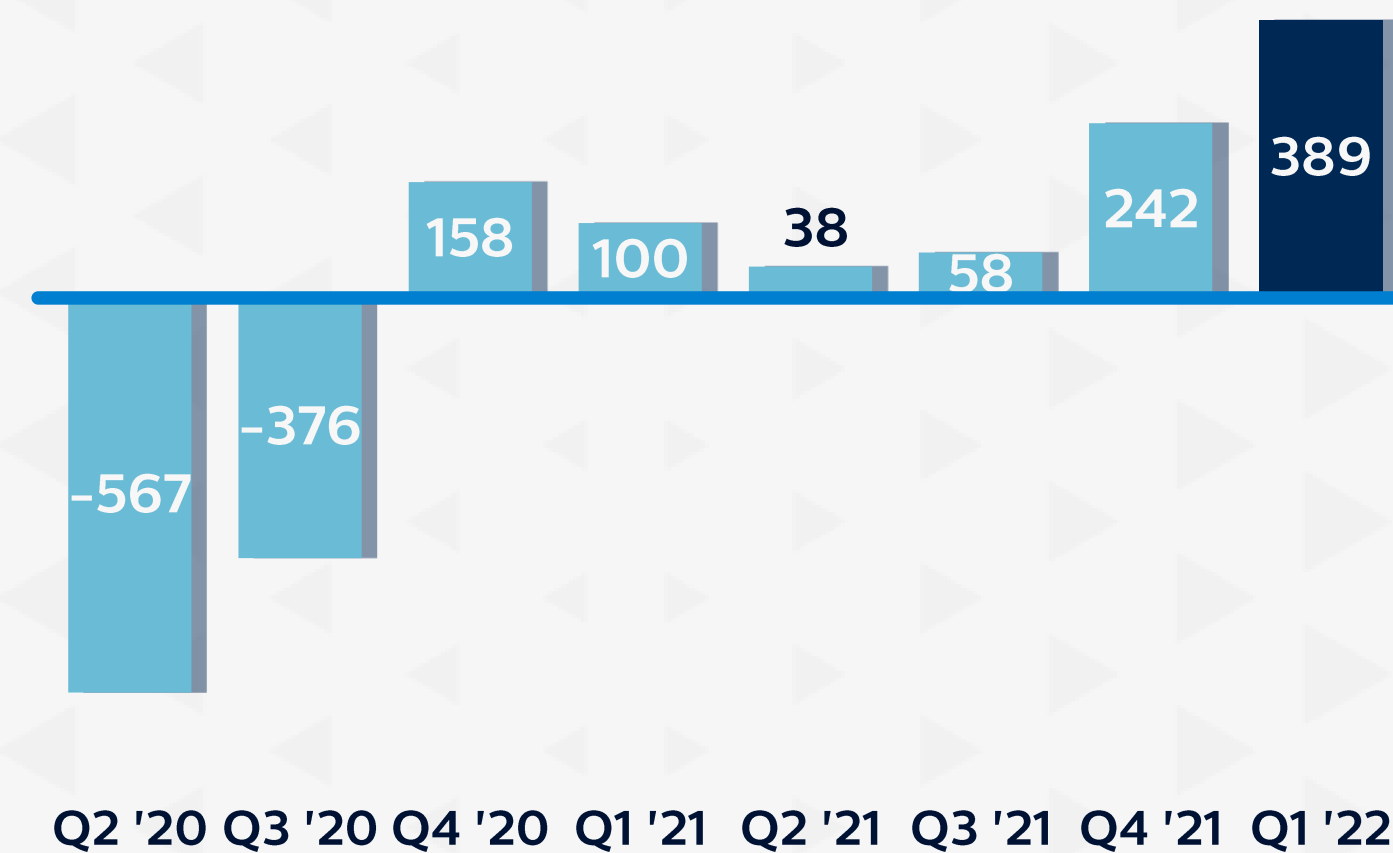
## Cash Flow\* (TL mn)



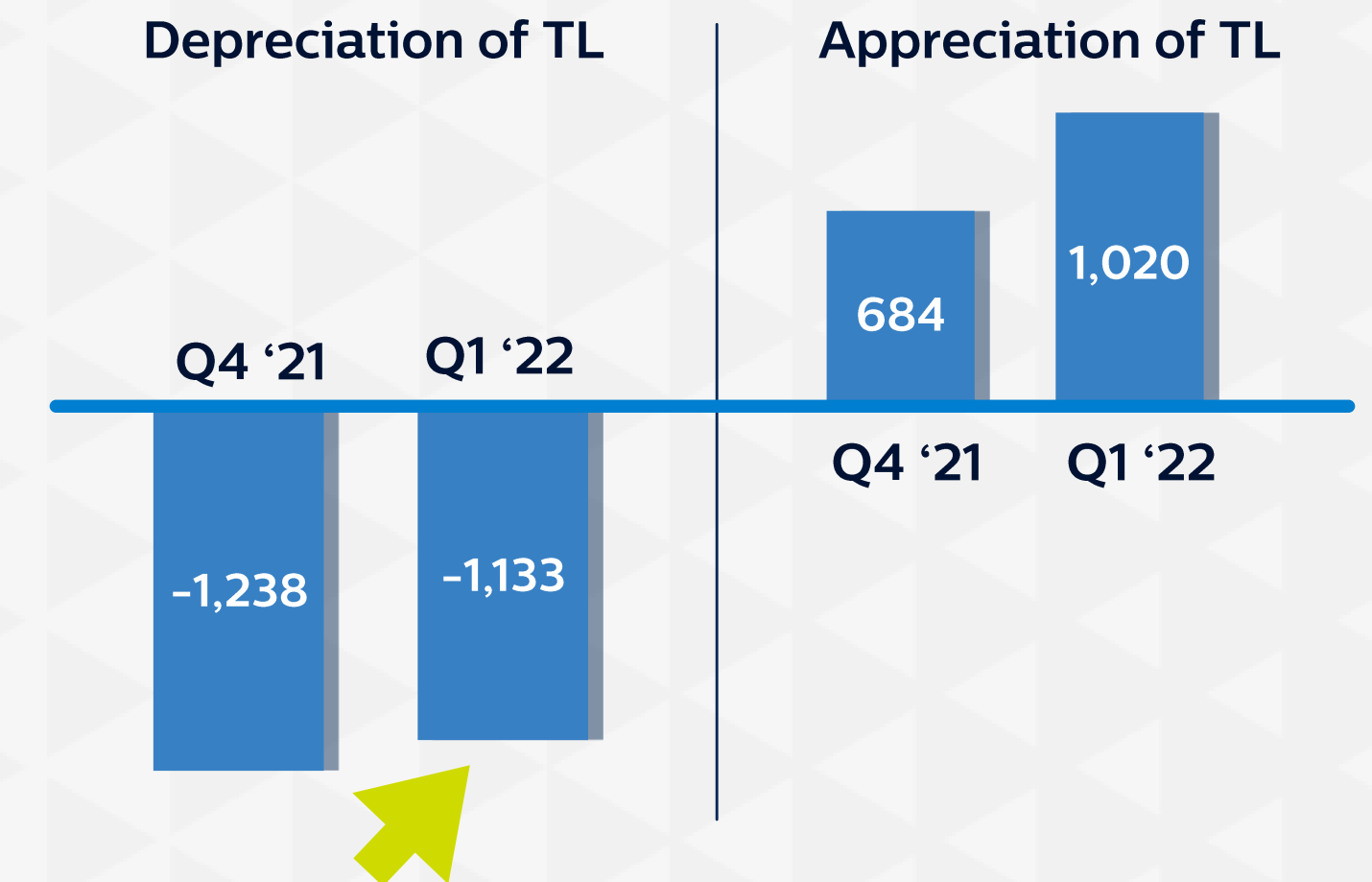
## The Effect of CPTD\*\* on Cash Flow (TL mn)



## Net FX Exposure\* (USD mn equivalent)



## Profit Before Tax Sensitivity (TL mn, 10% change in FX rates)



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

\*\* Currency Protected Time Deposit

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



# Corporate Credit Ratings

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	Fitch	S&P Global
Long Term Rating	B+	B+
Outlook	Negative	Negative
National Long Term Rating	AAA (tur)	
Last Update	31 March 2022	8 April 2022

## 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
- ▶ High exposure to Turkish economy
- ▶ Foreign-Currency IDRs are affected by Turkey country ceiling

# Guidance

38

	2021 Actuals	2022 Guidance
<b>Revenue</b> (exc. IFRIC 12) <sup>1</sup>	19.5% growth	23% – 25% growth
<b>EBITDA</b>	TL 16.4 bn	TL 17.5 bn – TL 18.3 bn
<b>CAPEX</b>	TL 8.8 bn	Around TL 12.5 bn

(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 fibre based network

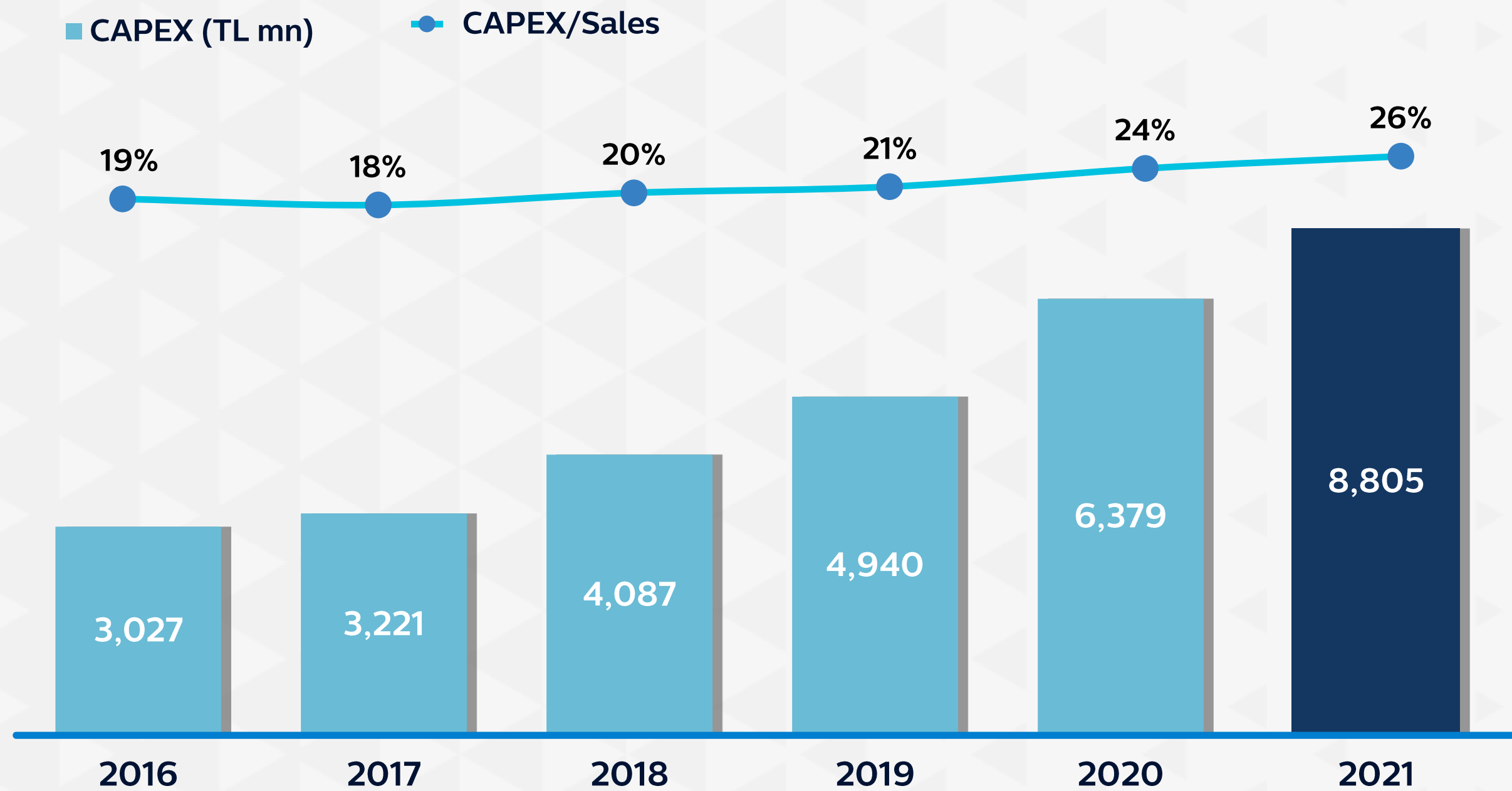


# CAPEX

39

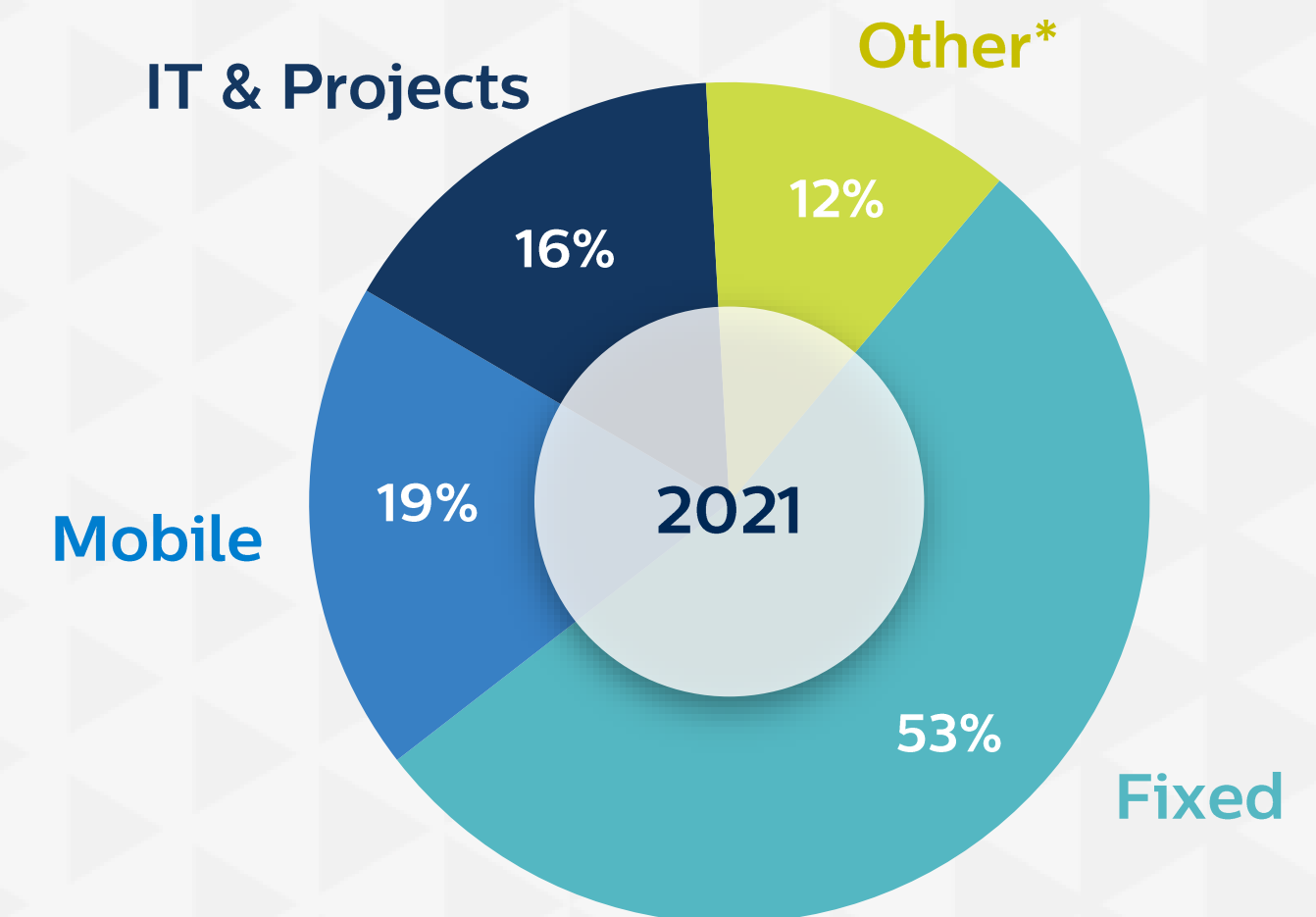
Major Capex areas are fibre network roll-out in fixed line, network investments in mobile and IT transformation projects

## Capex & Capex / Sales



Note: Capex figures exclude license fees

## 2021 Capex Breakdown (%)



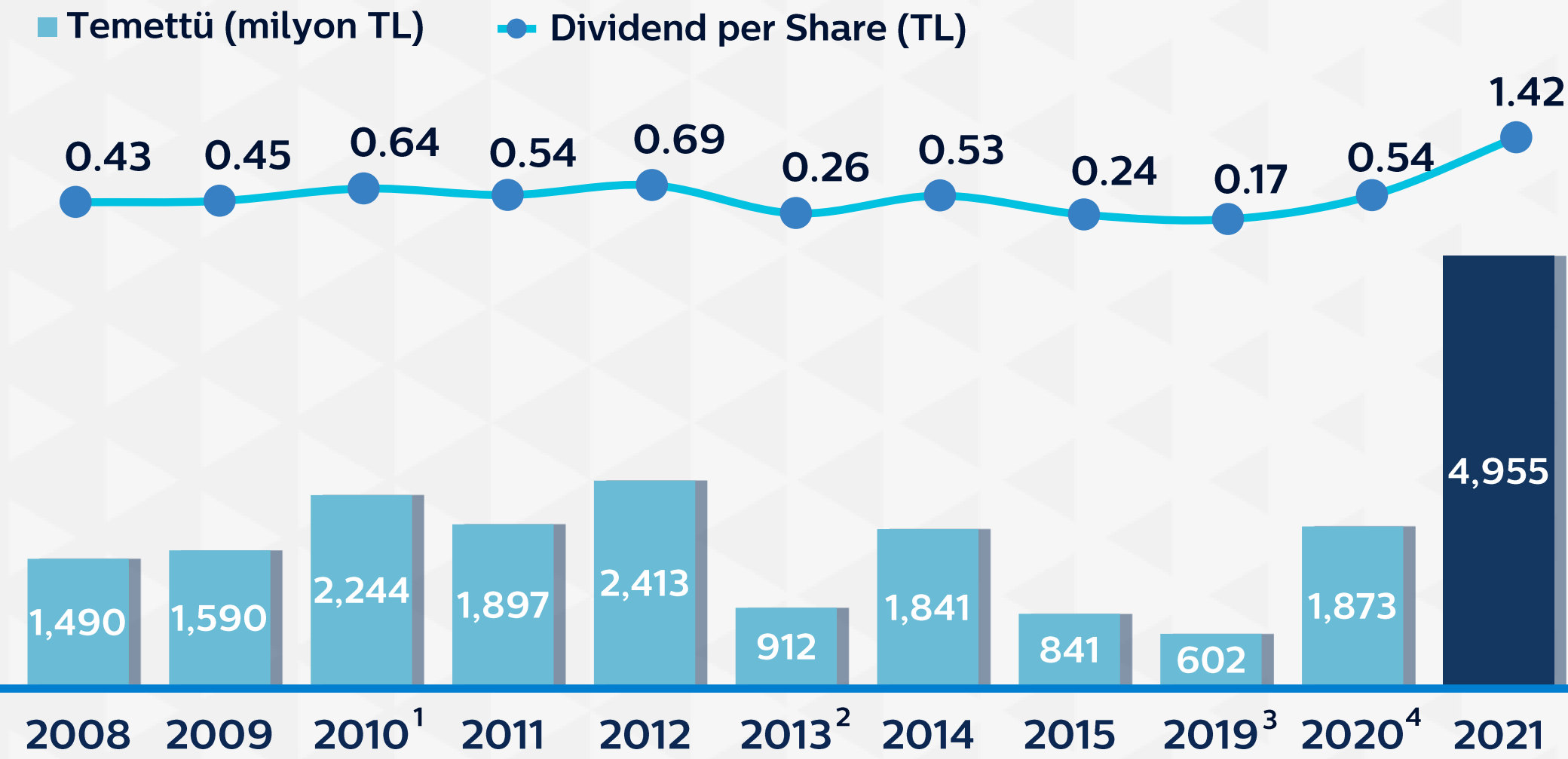
\* Other Capex includes capex for subsidiaries (excl TTI), new revenue streams, IFRS 15 capitalisation, etc.

# Shareholder Remuneration

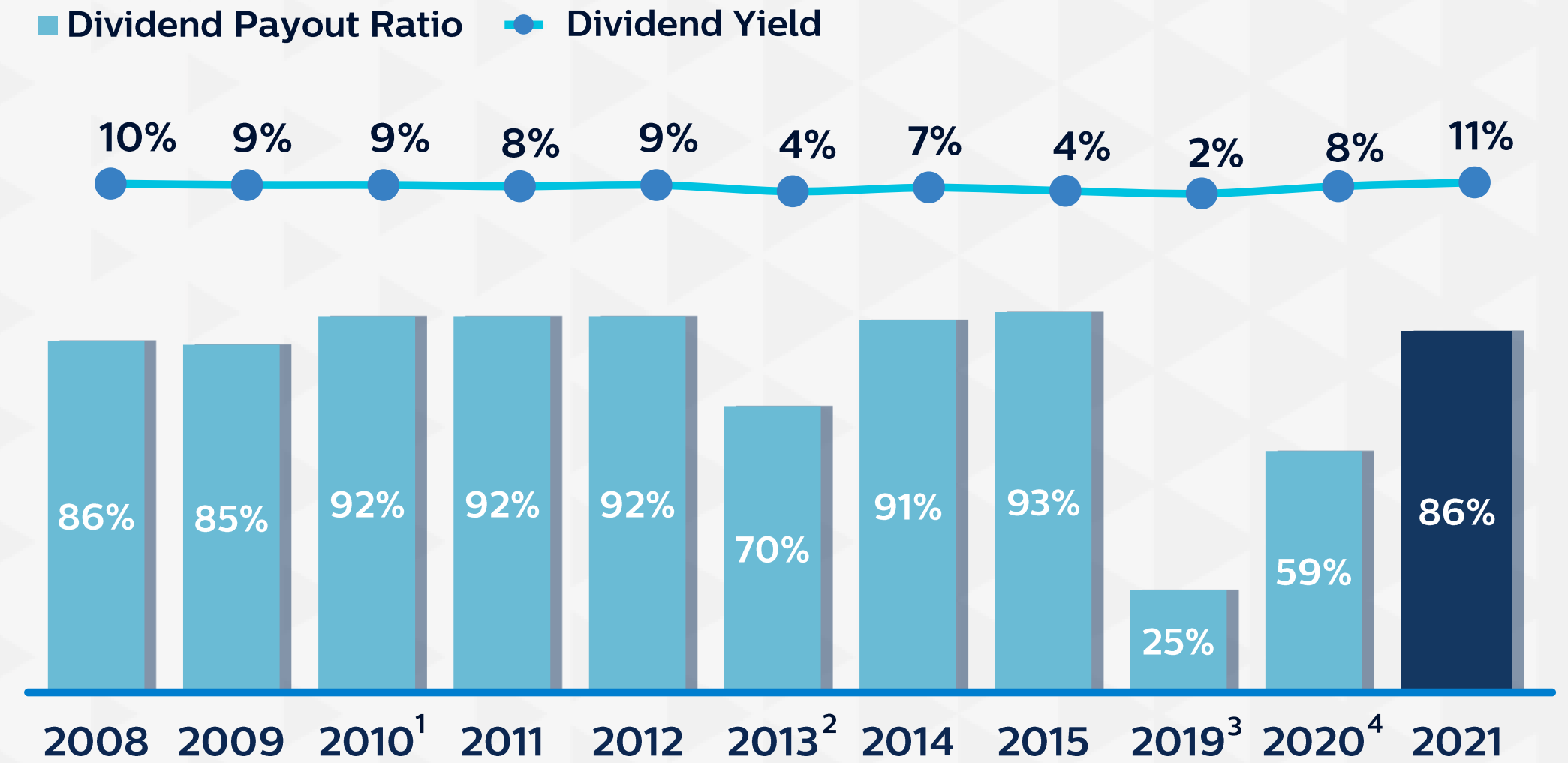
40

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 Yield & Payout Ratio



(1) The cap in the first legal reserve was reached in 2010.

(2) 2013 dividend payout ratio was revised to 70% with the BoD decision. This is a decision taken in order to implement the plan to integrate Türk Telekom Group companies and to prepare for potential transactions related to the integration.

(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 distribution was made in three installments. Dividend yield was calculated based on the distribution dates.

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





# Sustainability



# Sustainability Strategy and Priorities

42

## ▶ Customer-oriented

Customer-oriented approach in operations: continuous focus on enriching the customer experience.

## ▶ Contribution to Society

Offering information technologies, that drive sustainable economic growth and social development.

## ▶ Responsible Business Approach

Undertaking activities in a reliable, honest, legal and ethical manner.

## ▶ Climate Change and Environment

Aware of the risks posed by global climate change. Eager to deliver on environmental responsibilities.

## ▶ Human-oriented

Applying the principle of 'Makes You Feel Valuable' to all human resources policies, systems and processes by putting employees at the centre.

## Sustainability Organisations & Indexes that We Are Included

WE SUPPORT



vigeo eiris



S&P Global



BORSA İSTANBUL  
SUSTAINABILITY

## Our SDG Aligned Targets

- ▶ Reducing carbon emissions by **35%**
- ▶ Increasing energy production from solar energy by **60%**
- ▶ Supporting our employees' development
- ▶ Serving the sustainable society and providing equal opportunity
- ▶ Encouraging women's participation in workforce





# Sustainability Studies

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## Environmental Sustainability

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



## Energy Efficiency

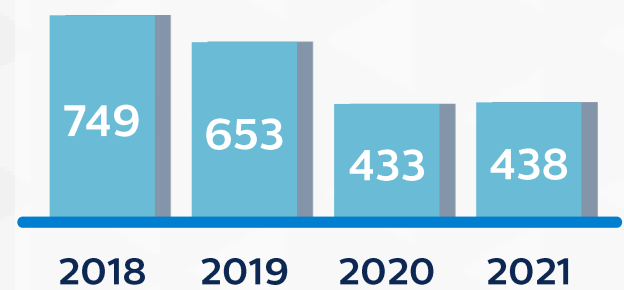
- Efficient use of resources with **Smart City** projects
- Use of **environmentally friendly air conditioners** to reduce greenhouse gas emissions at base stations
- Total power of renewable energy systems increased to **2.5MW**
- **REC (Renewable Energy Certificate)** from **The International REC Standard** for our data centres\*



## Water & Energy Management

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

■ Water Consumption (thousand m3)



## Waste Management

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



\* The certificate has been obtained for Türk Telekom's three data centres: Gayrettepe, Ümitköy and Esenyurt.

# Sustainability Values

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## Occupational Health and Safety



- ▶ Occupational Health and Safety Committees
- ▶ **ISO 14001** Environmental Management System Certificate
- ▶ **ISO 45001** Occupational Health and Safety Management System Certificate
- ▶ Occupational Health and Safety legislation training for about **20 thousand** employees
- ▶ Integrated Management System Policy
- ▶ **ISO 9001** Quality Management System
- ▶ TSE Covid-19 Safe Service Certificate

## Our Employees



- ▶ **19%** female, **81%** male employee distribution
- ▶ Freedom of association and right to collective bargaining
- ▶ Türk Telekom Academy; an average of **41.1** hours of training per employee
- ▶ Inventor Idea Development System; supporting the participation of women in workforce

## Information Security



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

## Our Suppliers



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



# Corporate Governance Highlights

45

- ▶ 9 non-executive Board Members, 3 of which are independent
- ▶ Board of Directors Women Membership; aiming to reach target in the next 5 years
- ▶ Among companies with the highest score in the category of "Stakeholders" and "Public Disclosure & Transparency"



- ▶ Separate Chairman and CEO
- ▶ Only telecom company in the BIST Corporate Governance Index since 2009
- ▶ Audit Committee composed entirely of Independent Board Members

## Corporate Governance Rating

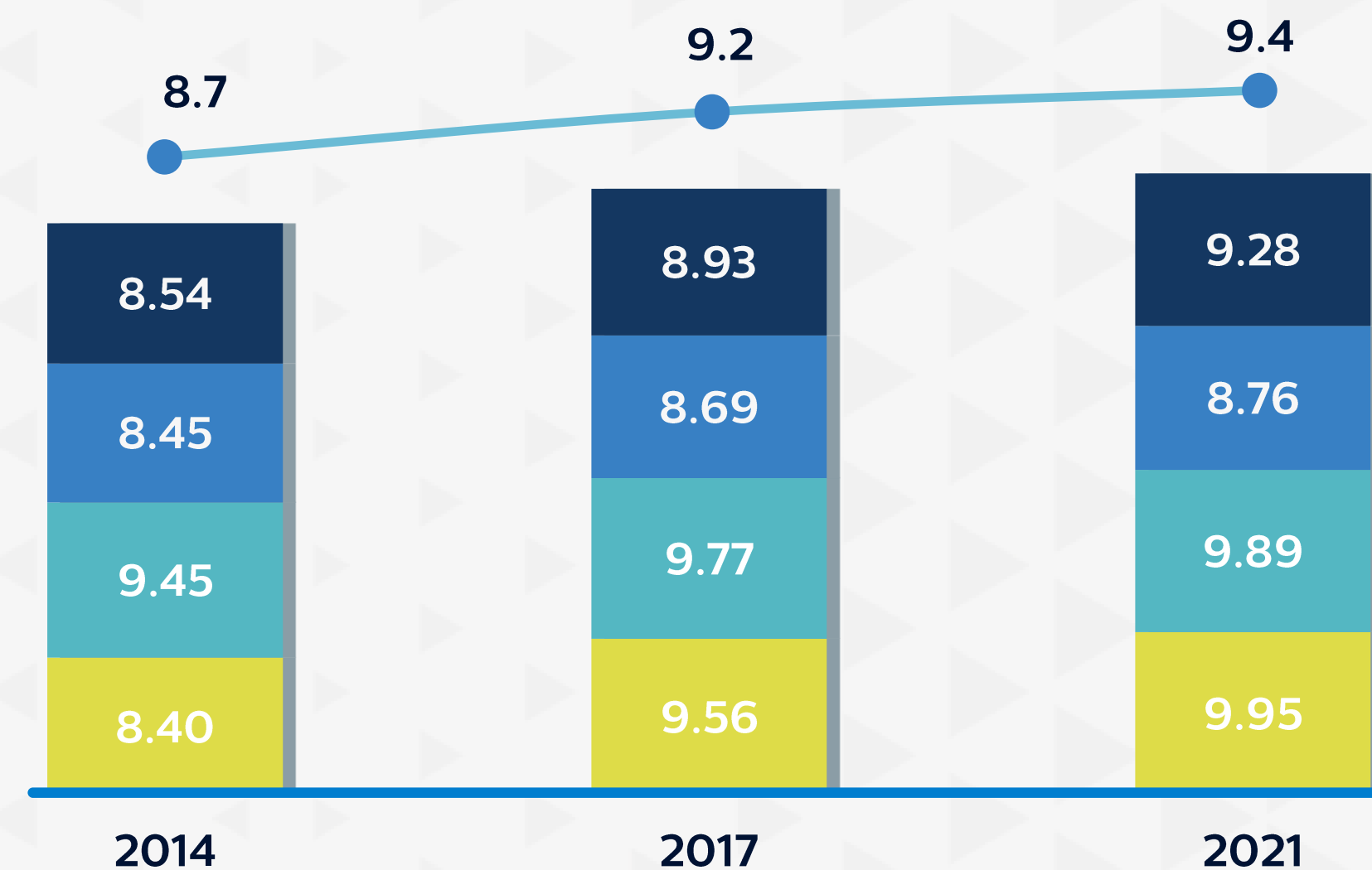
Weighted Average

Board of Directors

Shareholders


Public Disclosure and Transparency

Stakeholders





# Group Companies





# Group Companies

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**5G and beyond next-generation telecommunication technologies R&D company and solution provider**

- Netsia BB Suite: Next generation broadband access technology for fixed networks
- vRAN: SDN based Radio Access Network technology for LTE and 5G with numerous international patents
- NCA Suite: Network Performance Monitoring and Customer Experience Management (NPM/CEM) solutions used by telecom operators in Turkey and in the world
- ULAK: Turkey's first and only 4.5G (LTE-A) base station development project
- DEFINE: First domestic DPI solution device development project of Turkey under the roof of OTAK A.Ş.
- Productisation and commercialisation in R&D studies
- Member of BBF, member of ONF and ONAP with its subsidiary Netsia (USA)
- Collaboration with global producers in R&D and solution provision



**Turkey's leading software developer company & system integrator**

- System Integration Solutions
- Fintech Products and Solutions
- The IoT Platform and Solutions
- Artificial Intelligence and Big Data Solutions
- RPA (Robotic Process Automation)
- E-Business Solutions
- Health Solutions
- Smart City and Smart Store Solutions
- SAP, Business Intelligence, CRM, Project Management Services
- Managed Services, Consultancy Services



**International arm of the Group opening up to the World in wholesale data, voice, SMS and mobile roaming services**

- A fibre network spreading over approximately 45 thousand kilometres in Central and Eastern Europe (CCE), Turkey, the Middle East and the Caucasus region
- More than 110 points of presence (PoP) in 25 countries
- Billions of minutes of transit voice traffic per year, more than 800 mobile roaming agreements and over 350 LTE mobile roaming agreements with more than 200 business partners
- Value added unique solutions
- AMEERS and AMEER2: Routes connecting Western Europe to the Middle East
- SEA-ME-WE-5: Submarine cable system connecting Europe to Africa, the Middle East and Asia
- KAFOS: Submarine cable system extending from Black Sea to Europe
- MEDTÜRK: Submarine cable system connecting Middle East, Turkey and Europe

# Group Companies

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The logo for aSSiSTT, featuring the word in a blue, lowercase, sans-serif font.

Leading customer service  
solutions company

- Multi-channel solutions in the fields of call centre, sales-marketing, face-to-face services, outsourcing, social media management, customer experience management and revenue management
- 24/7 uninterrupted service to several sectors such as health, telecommunications, finance, transportation, retail, e-commerce, energy, through long years of experience and competent teams

The logo for SEBIT, featuring a stylized blue 'S' above the word 'sebit' in a lowercase, sans-serif font.

Turkey's leading and long-  
established education  
technologies company

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

The logo for Türk Telekom Ventures, featuring a colorful triangle icon followed by the text 'TÜRK TELEKOM VENTURES' in a bold, uppercase, sans-serif font.

The Group's corporate venture  
capital company

- Focus on investments which contribute to the growth of early-stage initiatives and scalable-target ventures in the areas of artificial intelligence, digital solutions, health, and education
- Health: Virasoft and DoctorTurkey
- Education: MentalUP
- Energy: Eltemtek
- Social Media: Appyap
- Digital Marketing: Earnado
- Artificial Intelligence: Syntonym, B2Metric, Optiyol, QuantWiFi



# Appendix





# Income Statement

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(TL mn)	Q1 '21	Q4 '21	Q1 '22	QoQ Change	YoY Change
Revenues	7,587	9,864	9,471	(4.0)%	24.8%
EBITDA	3,803	4,301	4,115	(4.3)%	8.2%
Margin	50.1%	43.6%	43.5%		
Operating Profit	2,351	2,623	2,298	(12.4)%	(2.2)%
Margin	31.0%	26.6%	24.3%		
Financial Inc. / (Exp.)	(661)	(2,176)	(2,008)	(7.7)%	203.9%
FX & Hedging Gain / (Loss)	(189)	(1,592)	(1,426)	(10.5)%	654.1%
Interest Inc./ (Exp.)	(410)	(536)	(565)	5.3%	37.9%
Other Financial Inc./ (Exp.)	(62)	(47)	(17)	(62.5)%	(71.8)%
Tax Inc./ (Exp.)	(334)	636	270	(57.5)%	n.m.
Net Income	1,356	1,084	561	(48.3)%	(58.6)%
Margin	17.9%	11.0%	5.9%		



# Balance Sheet

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(TL mn)	31.03.2021	31.12.2021	31.03.2022
<b>Total Assets</b>	<b>45,350</b>	<b>58,338</b>	<b>63,565</b>
Cash and Cash Equivalents	3,723	7,697	8,438
Tangible Assets <sup>1</sup>	16,174	18,989	19,010
Intangible Assets	12,186	14,332	14,446
Right of Use Assets	1,588	1,579	1,602
Other Assets <sup>2</sup>	11,679	15,741	20,070
<b>Total Equities and Liabilities</b>	<b>45,350</b>	<b>58,338</b>	<b>63,565</b>
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	8,035	10,990	7,174
Interest Bearing Liabilities <sup>3</sup>	22,154	29,803	36,488
<i>Bank Borrowings and Bonds</i>	<i>20,773</i>	<i>28,364</i>	<i>35,062</i>
<i>Lease Liabilities</i>	<i>1,380</i>	<i>1,439</i>	<i>1,426</i>
Other Liabilities <sup>4</sup>	11,901	14,284	16,643

(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

# Cash Flow Statement

52

(TL mn)	Q1 '21	Q4' 21	Q1 '22	QoQ Change	YoY Change
Operating Cash Flow	1,679	7,222	714	(90.1)%	(57.5)%
Investing Cash Flow	(929)	(3,963)	(1,170)	(70.5)%	25.9%
CAPEX	(1,158)	(4,483)	(1,405)	(68.7)%	21.3%
Other Investing Activities	229	520	235	(54.8)%	2.7%
Currency Protected Time Deposit	-	-	(3,094)	n.m.	n.m.
Financing Cash Flow <sup>1</sup>	(1,805)	(1,138)	4,613	n.m.	n.m.
Net Change in Cash Position <sup>2</sup>	(1,055)	2,122	1,063	(49.9)%	n.m.

(1) Includes currency translation differences

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



# Revenue Breakdown

53

(TL mn)	Q1 '21	Q4 '21	Q1 '22	QoQ Change	YoY Change
Fixed Voice	679	685	694	1.4%	2.3%
Broadband	2,470	2,887	3,021	4.6%	22.3%
Mobile	2,576	3,074	3,178	3.4%	23.4%
TV	101	111	115	3.8%	13.5%
Corporate Data	551	629	649	3.2%	17.7%
International Revenues	464	612	739	20.7%	59.3%
Other <sup>1</sup>	400	728	698	(4.2)%	74.5%
Eliminations	(20)	(24)	(22)	(8.5)%	10.0%
<b>Revenue w/o IFRIC</b>	<b>7,222</b>	<b>8,703</b>	<b>9,072</b>	<b>4.2%</b>	<b>25.6%</b>
IFRIC-12	365	1,162	399	(65.6)%	9.3%
<b>Total Revenue</b>	<b>7,587</b>	<b>9,864</b>	<b>9,471</b>	<b>(4.0)%</b>	<b>24.8%</b>

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

# Opex Breakdown

54

(TL mn)	Q1 '21	Q4 '21	Q1 '22	QoQ Change	YoY Change
<b>Direct Costs</b>	<b>1,648</b>	<b>2,147</b>	<b>2,013</b>	<b>(6.2)%</b>	<b>22.1%</b>
Interconnection	661	746	801	7.4%	21.2%
Tax	643	760	783	3.1%	21.8%
Provisions for Doubtful Receivables	44	45	49	9.9%	13.1%
Cost of Equipment and Technology Sales	185	433	212	(51.0)%	14.4%
Other Direct Costs	115	163	167	2.6%	45.5%
<b>Commercial Costs</b>	<b>217</b>	<b>353</b>	<b>304</b>	<b>(13.7)%</b>	<b>40.1%</b>
<b>Other Costs</b>	<b>1,595</b>	<b>2,036</b>	<b>2,685</b>	<b>31.9%</b>	<b>68.4%</b>
Network & Technology	531	877	1,027	17.1%	93.2%
Personnel	1,151	1,286	1,663	29.3%	44.5%
Other	(87)	(127)	(4)	(96.6)%	(95.0)%
<b>Sub Total</b>	<b>3,460</b>	<b>4,535</b>	<b>5,003</b>	<b>10.3%</b>	<b>44.6%</b>
IFRIC-12	323	1,028	353	(65.6)%	9.3%
<b>Total OPEX</b>	<b>3,784</b>	<b>5,563</b>	<b>5,356</b>	<b>(3.7)%</b>	<b>41.6%</b>



# Operational Highlights

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	Q1 '21	Q4 '21	Q1 '22	QoQ Change	YoY Change
<b>Total Access Line (mn)</b>	<b>16.4</b>	<b>16.9</b>	<b>17.0</b>	<b>0.6%</b>	<b>3.8%</b>
Fixed Voice Subscribers <sup>1</sup> (mn)	10.6	10.5	10.4	(1.0)%	(1.7)%
Naked Broadband Subscribers (mn)	5.8	6.4	6.6	3.2%	13.9%
<b>Fixed Voice ARPU (TL)</b>	<b>21.3</b>	<b>21.7</b>	<b>22.1</b>	<b>2.0%</b>	<b>3.7%</b>
<b>Broadband Total Subscribers (mn)</b>	<b>13.6</b>	<b>14.3</b>	<b>14.5</b>	<b>1.1%</b>	<b>6.4%</b>
<b>Fiber Subscribers (mn)</b>	<b>7.3</b>	<b>9.6</b>	<b>10.3</b>	<b>7.6%</b>	<b>40.7%</b>
FTTH/B Subscribers (mn)	2.4	2.8	3.0	5.0%	24.0%
FTTC Subscribers (mn)	4.9	6.8	7.3	8.7%	48.8%
<b>Broadband ARPU (TL)</b>	<b>61.0</b>	<b>67.7</b>	<b>69.9</b>	<b>3.2%</b>	<b>14.5%</b>
<b>Total Tivibu Subscribers<sup>2</sup> (mn)</b>	<b>3.1</b>	<b>2.9</b>	<b>2.9</b>	<b>(1.0)%</b>	<b>(5.1)%</b>
Tivibu Home Subscribers <sup>3</sup> (mn)	1,534	1,511	1,494	(1.1)%	(2.6)%
<b>Tivibu ARPU (TL)</b>	<b>20.8</b>	<b>23.0</b>	<b>24.3</b>	<b>5.4%</b>	<b>16.8%</b>
<b>Mobile Total Subscribers (mn)</b>	<b>23.3</b>	<b>24.0</b>	<b>24.4</b>	<b>1.4%</b>	<b>4.6%</b>
Mobile Postpaid Subscribers (mn)	15.0	15.6	15.9	1.9%	6.2%
Mobile Prepaid Subscribers (mn)	8.3	8.4	8.5	0.4%	1.8%
<b>Mobile Blended ARPU (TL)</b>	<b>36.4</b>	<b>42.1</b>	<b>42.8</b>	<b>1.6%</b>	<b>17.5%</b>
Mobile Postpaid ARPU (TL)	43.6	49.5	50.1	1.3%	14.9%
Mobile Prepaid ARPU (TL)	23.1	27.3	28.2	3.1%	22.3%

(1) Includes PSTN and WLR Subscribers

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

(3) Includes IPTV and DTH subscribers

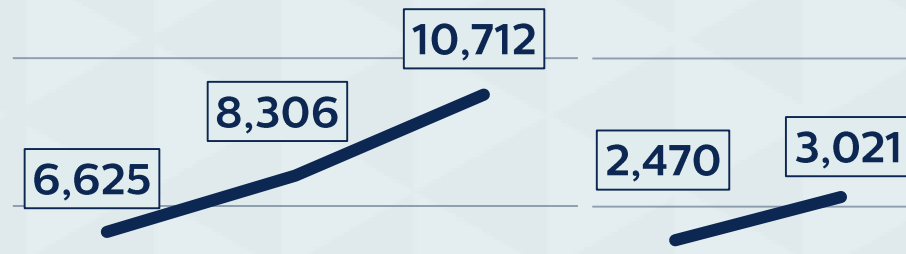
# Business Lines Performance

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## Revenue (TL mn)

### Growth

#### Fixed Broadband



CAGR: 27.2%

22.3%

## ARPU (TL)

### Growth

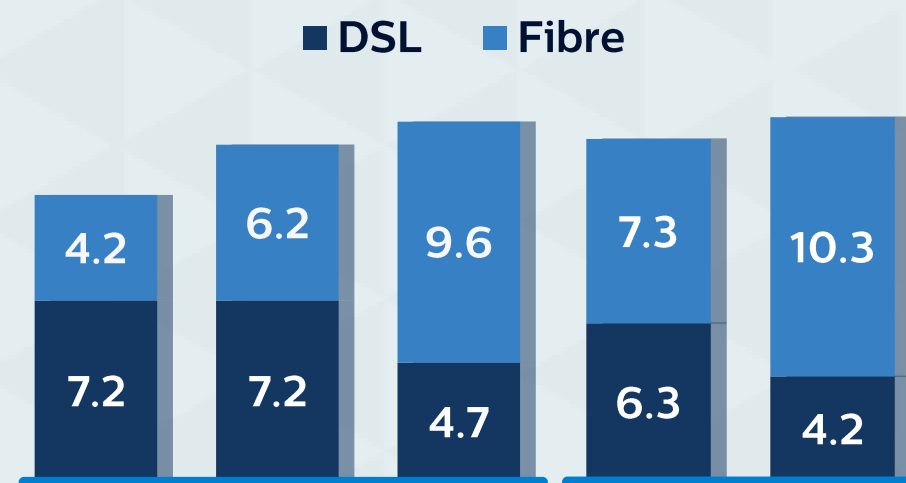


CAGR: 14.2%

14.5%

## Subscriber (mn)

### Growth



CAGR: 12.2%

6.4%

#### Mobile



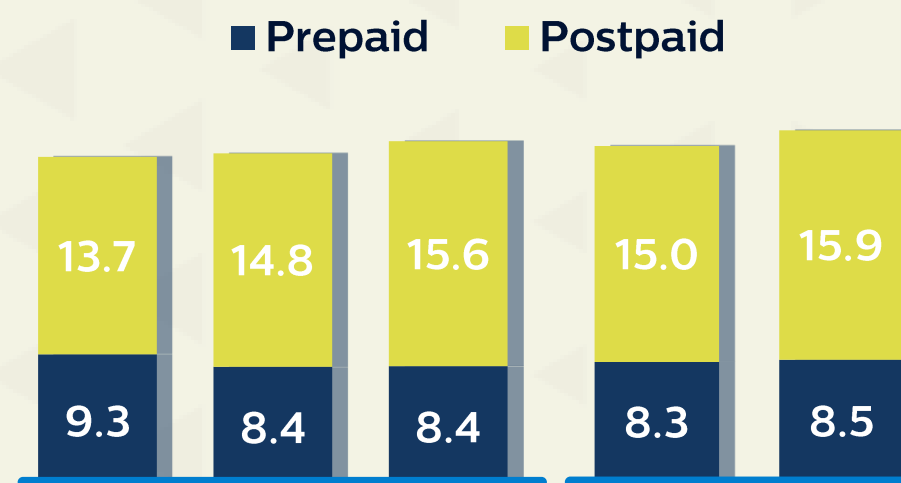
CAGR: 13.7%

23.4%



CAGR: 10.4%

17.5%



CAGR: 2.3%

4.6%

#### Fixed Voice



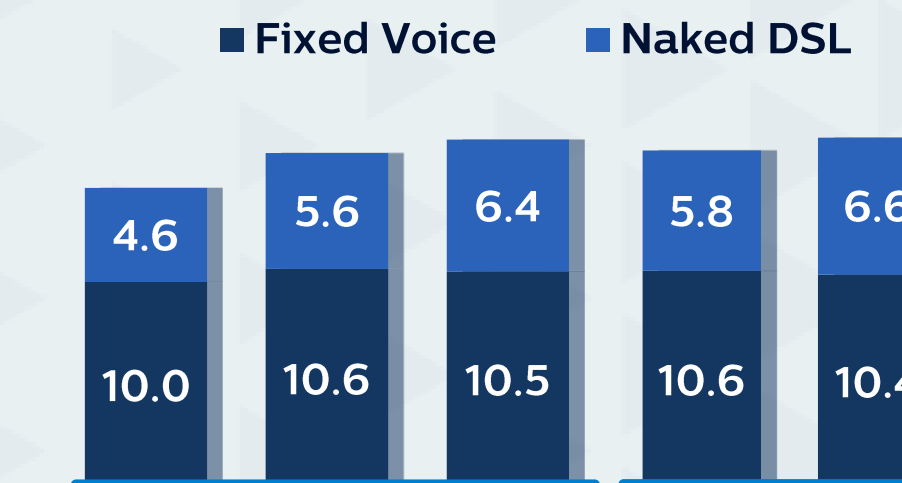
CAGR: 0.8%

2.3%



CAGR: -2.2%

3.7%



CAGR: 7.8%

3.8%

#### TV (Tivibu Home)



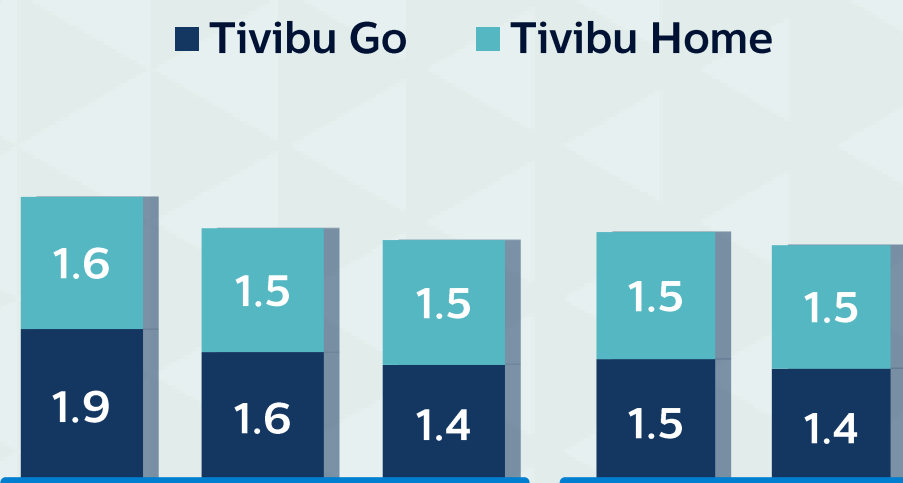
CAGR: 10.3%

13.5%



CAGR: 15.7%

16.8%



CAGR: -7.9%

-5.1%



# Shareholder Structure

## Ownership and Corporate Structure



**60% of shares**  
owned by Turkey Wealth Fund.

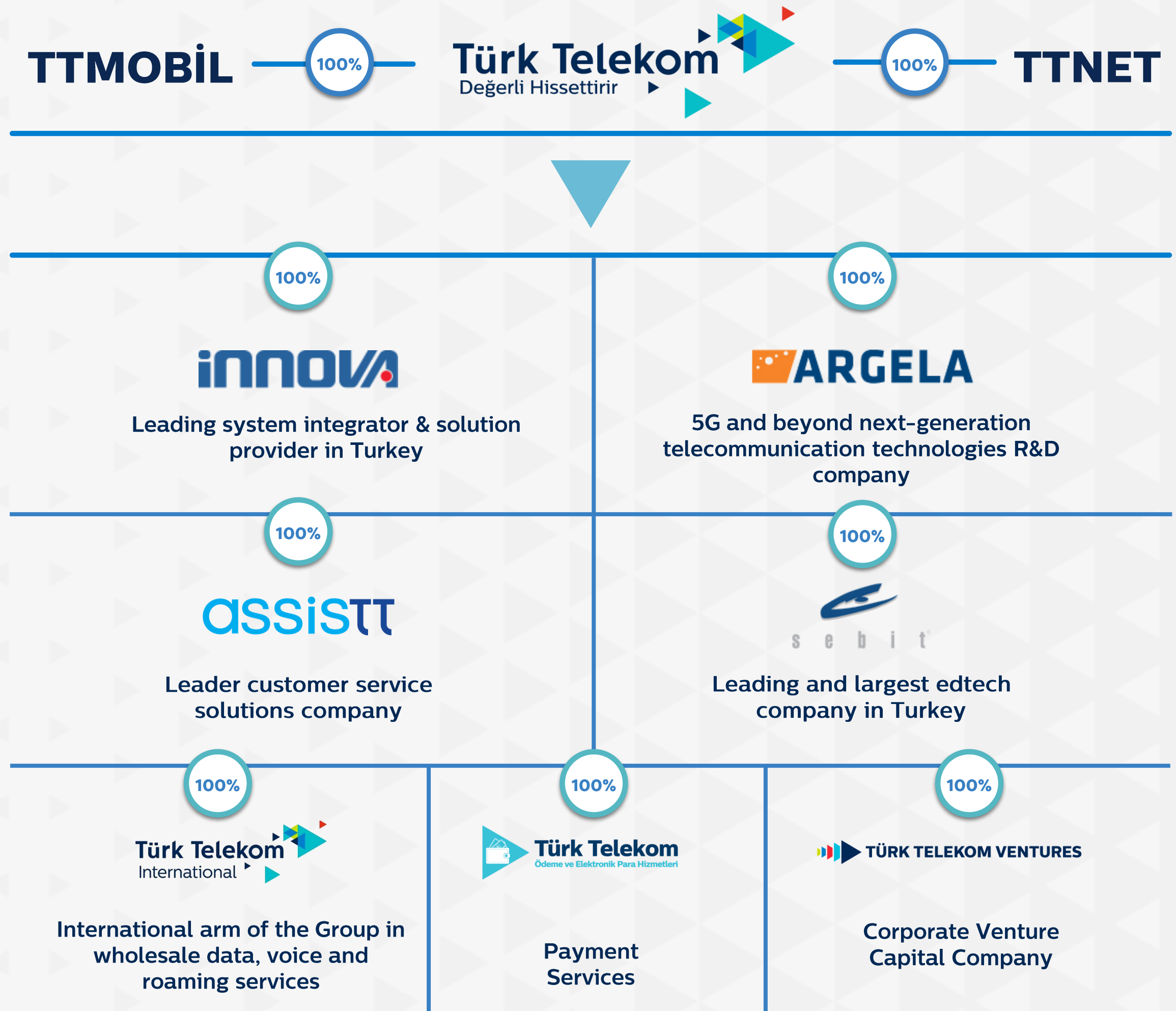
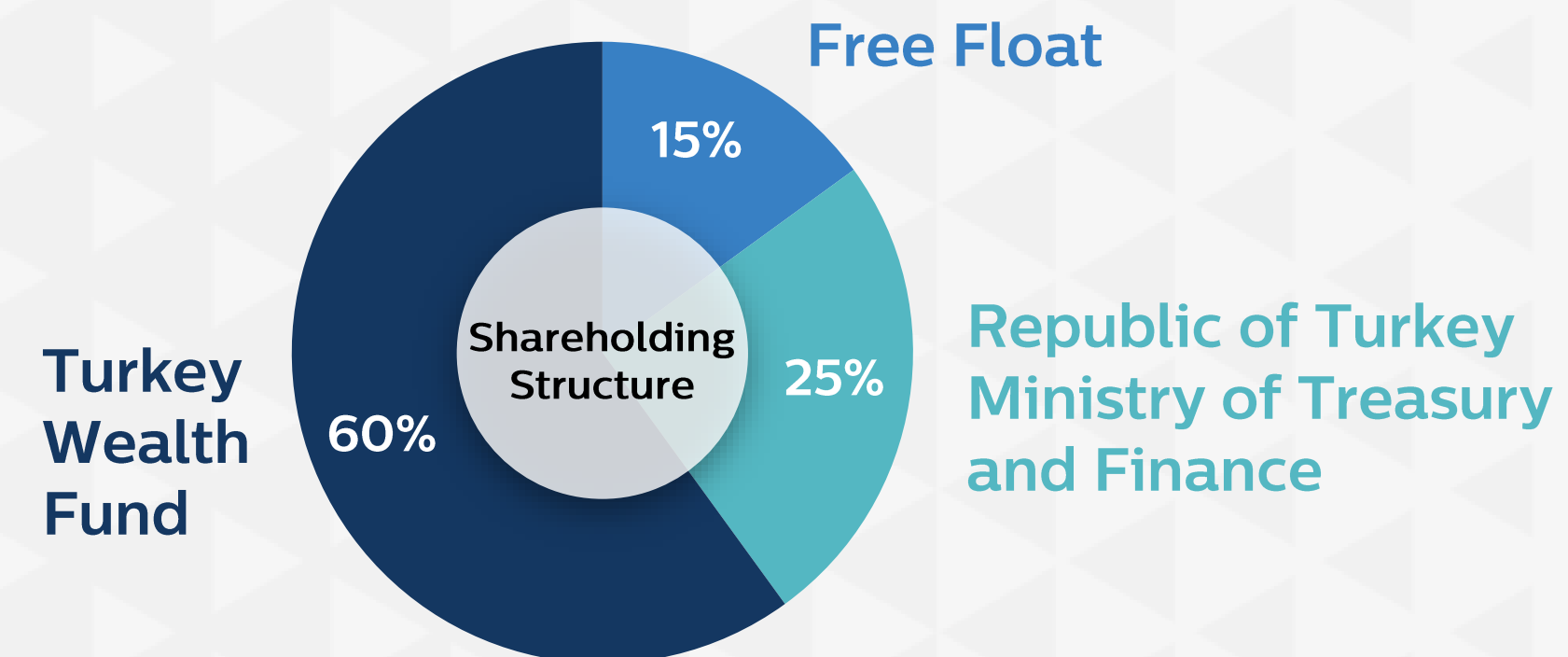


**25% of shares**  
owned by Republic of Turkey Ministry of Treasury and Finance.



**15% of shares**  
publicly traded on Borsa İstanbul since 2008.  
(of which 1.68% also owned by Turkey Wealth Fund)

## Shareholding Structure



# Regulatory Actions

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## April

- Interconnection rate decrease in Fixed (10%) and Mobile (33%)

## November

- 3G tender held
- Mobile Number Portability introduced
- New Electronic Communications Law passed

2008

## 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

2010

## January

- WLR was introduced

## November

- Deregulation on FTRs on international calls and liberalisation on their pricing

2012

## 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

2014

## April

- LTE Service launch

## August

- Mobile on-net price floor regulation for TCELL was lifted

## October

- The deadline to shift Port Transmission Model

2016

## January

- Fair usage quota was lifted

2019

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 liberalisation

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 liberalisation 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

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

2015

## August

- LTE tender was held

2018

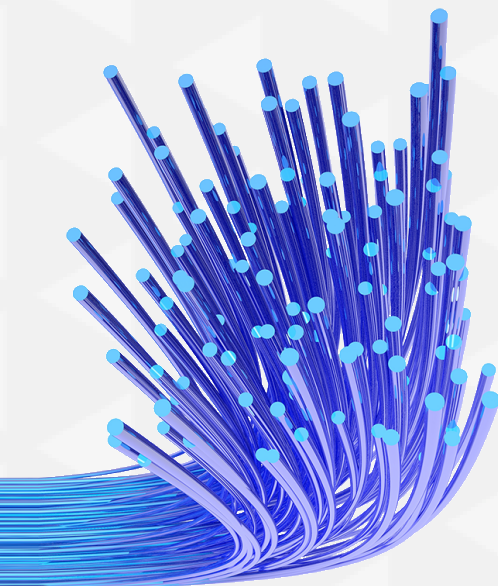
## January

- SCT rates for mobile voice, fixed voice, mobile data, and fixed data was unified at 7.5%

2021

## June

- Within 3 years from January 2022, mobile interconnection fees will be gradually equalised at 2.10 kuruş for all operators





# History

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**1995**

## Separation from Post Office

Türk Telekom separated from the Post Office

**2004**

## Aycell Merger with Aria

Aycell merged with İŞ-TİM's Aria and officially named "Avea İletişim Hizmetleri A.Ş."

**2006**

## Avea Share Transaction

Acquisition of İŞ-TİM's 40.55% stake in Avea, raising total stake in Avea to 81.12%

**2010**

## 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

**2014**

## Bond Issuance

Türk Telekom issued USD 1 bn bond in two tranches of USD 500 mn each, with maturities of 5 and 10 years

**2016**

## 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

**2019**

## Bond Issuance

Türk Telekom successfully completed its USD 500 mn bond offering with 6 year maturity

**2022**

## Shareholder Change

Share Purchase Agreement between LYY and TWF has been completed. LYY sold its 55% stake in TTKOM to TWF.

**2001**

## Aycell Established

Türk Telekom's GSM operator, Aycell established (Aycell later named as AVEA after merging with Aria in 2004)

**2005**

## Privatisation

Privatised 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

**3G**

3G tender

**2013**

## Integration Project Initiated

Integration project towards a customer oriented organisation

**2015**

## Avea Share Transaction

Avea share transfer completed; Türk Telekom has become the sole owner of Avea İletişim Hizmetleri A.Ş.

**LTE**

LTE tender

**2018**

## Establishment of CVC

The Corporate Venture Capital Company was established under "TT Ventures Proje Geliştirme A.Ş."

## Shareholder Change

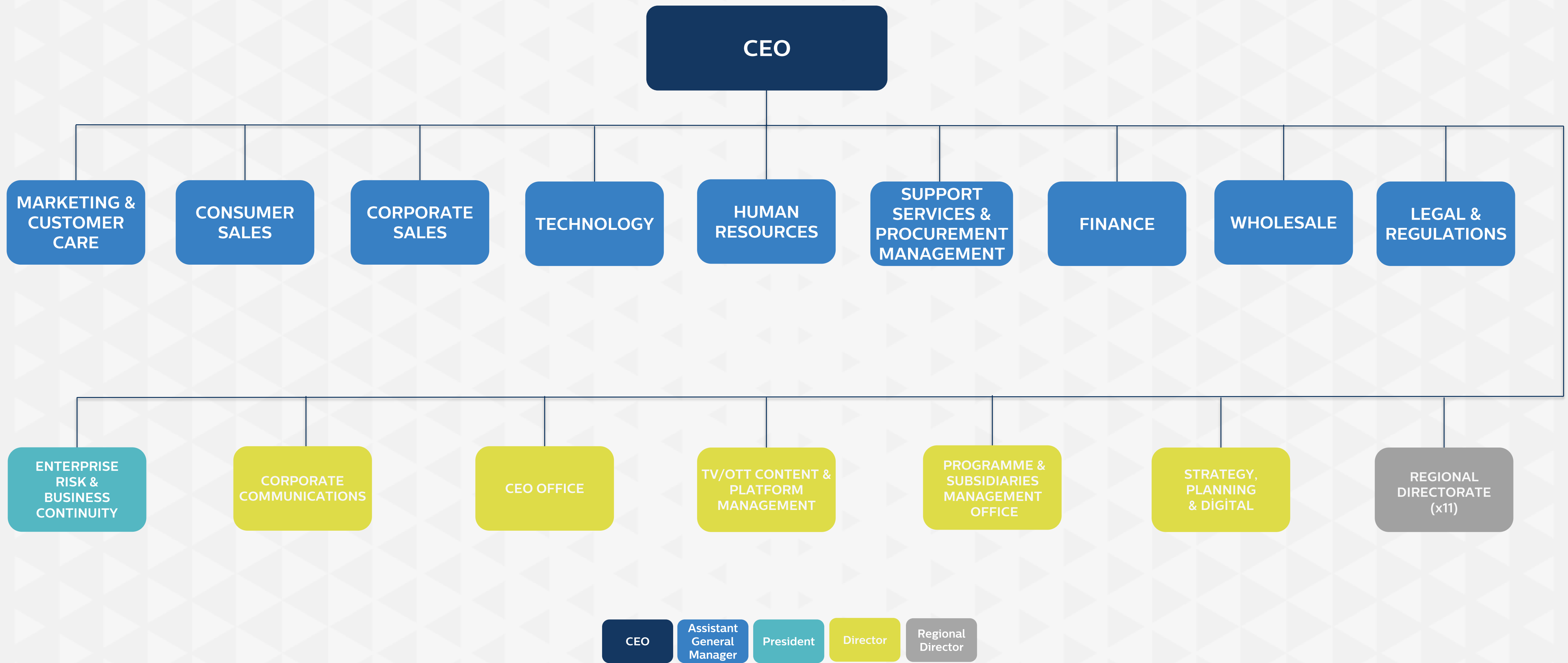
55% shares of Türk Telekom transferred to LYY Telekomünikasyon A.Ş. (LYY) from OTAS

**2020**

## Bond Issuance

Türk Telekom issued the first domestic bond of TL 150 mn with a maturity of 402 days

# Organisational Structure





# Türk Telekom Investor Relations



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Değerli Hissettirir

