

# 2022 Q4 Investor Presentation

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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



Broadband

Q4 '22

64K

2022

517K



Mobile

210K

1.5mn



Fixed Voice

-330K

-974K

**52.8mn**  
Subscribers

Net  
additions\*

**-27K**  
in Q4 '22

**985K**  
2022

\* Includes Tivibu

# Financial & Operational Overview

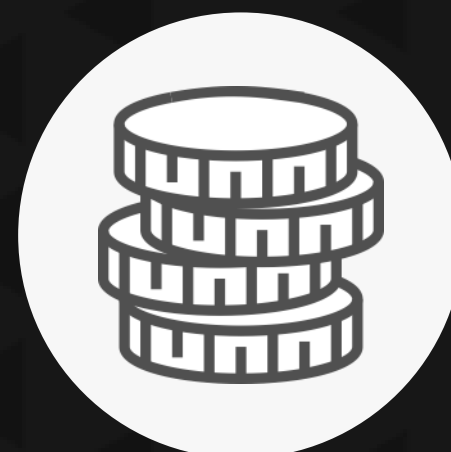
## 2022 Highlights



Total Subscribers

**52.8 mn**

▲ 2% YoY



Revenue

**TL 48.0 bn**

▲ 40% YoY



EBITDA

**TL 19.1 bn**

▲ 17% YoY



EBITDA Margin

**39.9%**

▼ 800bps YoY



Net Income

**TL 4.1 bn**

▼ 28% YoY



Free Cash Flow

**TL 5.1 bn**

▼ 38% YoY



CAPEX

**TL 13.9 bn**

▲ 58% YoY



Net Leverage

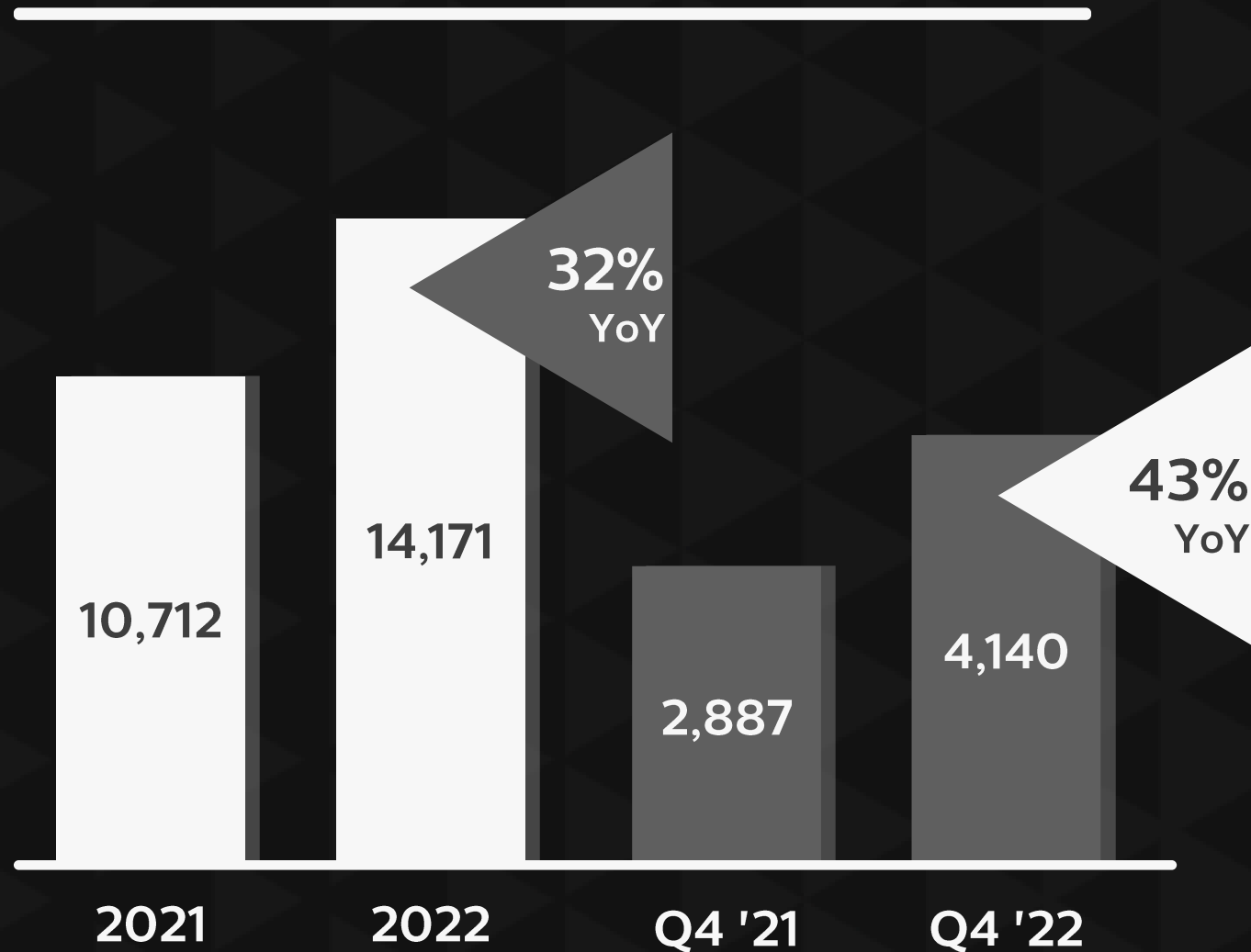
**1.47x**

2021 1.11x

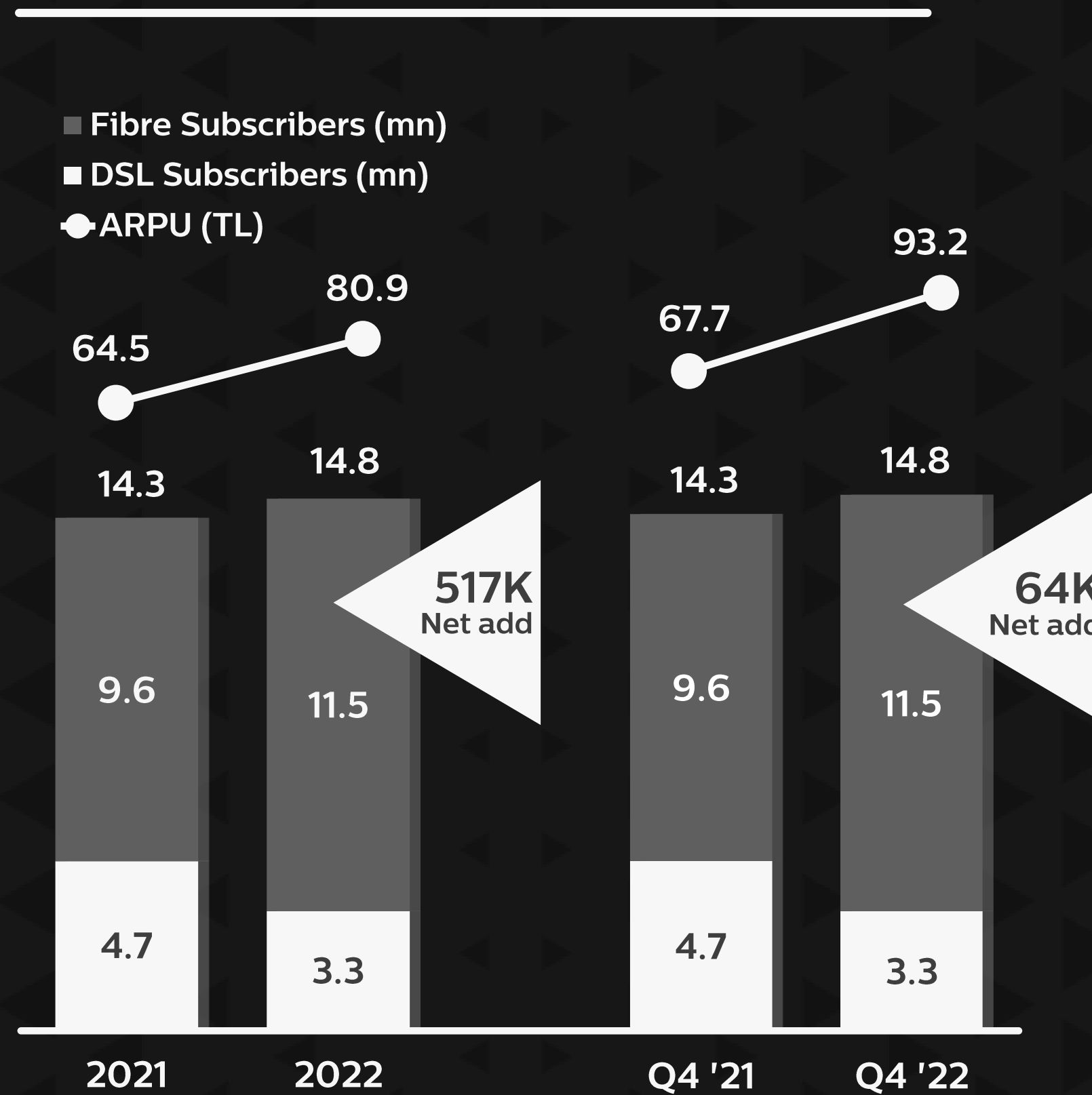
# Fixed Broadband Performance



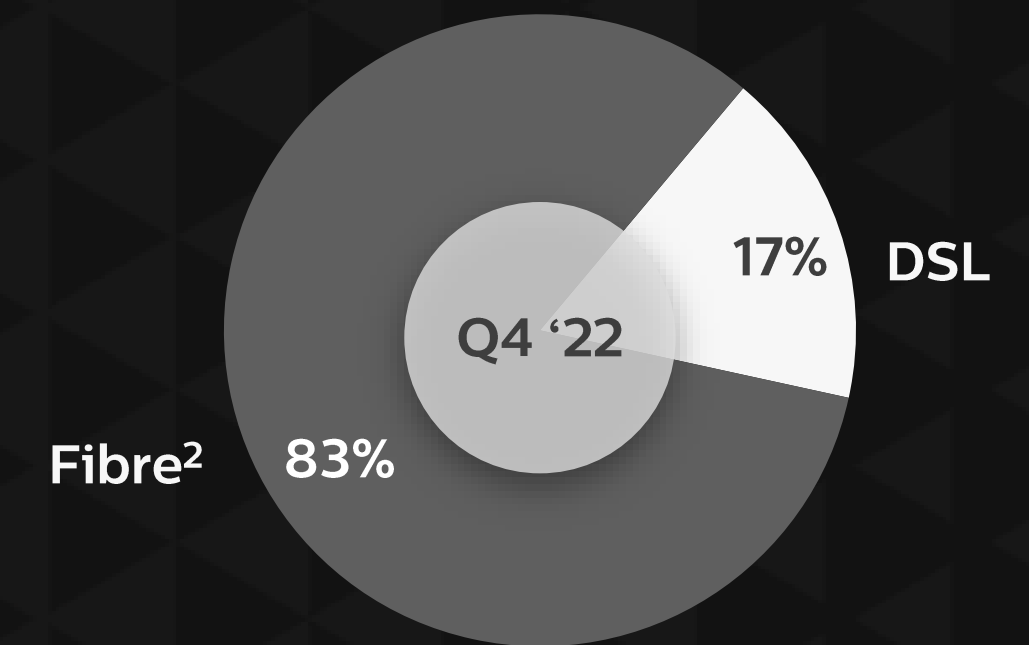
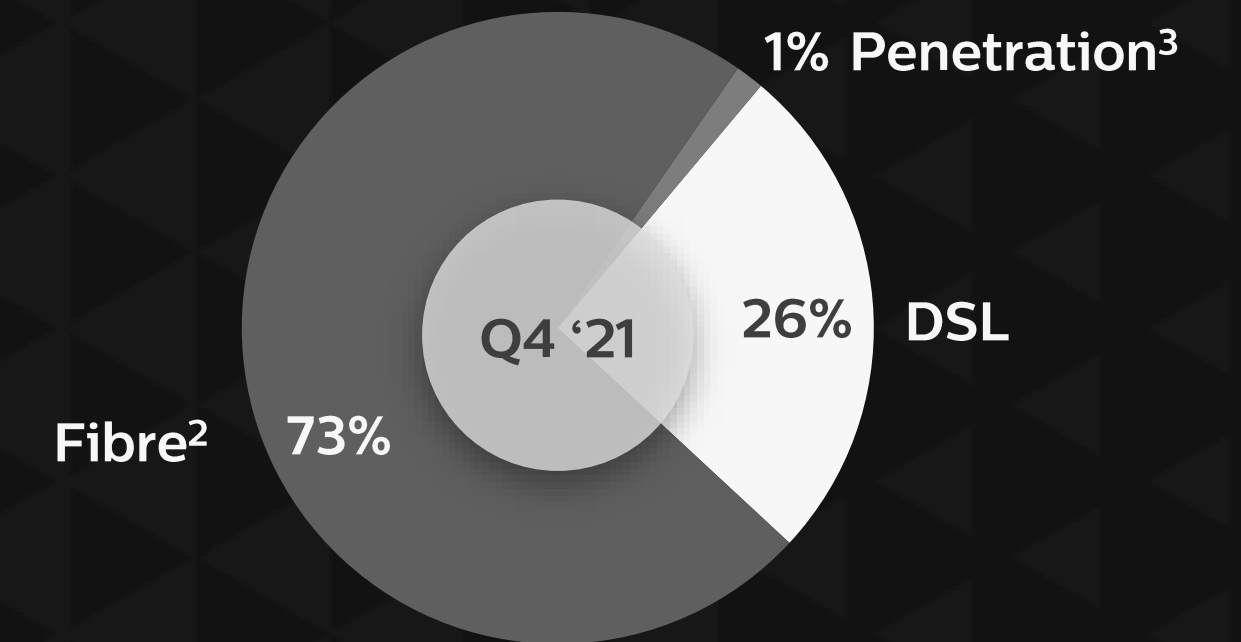
## Fixed Broadband Revenue (TL mn)



## ARPU & Subscribers



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

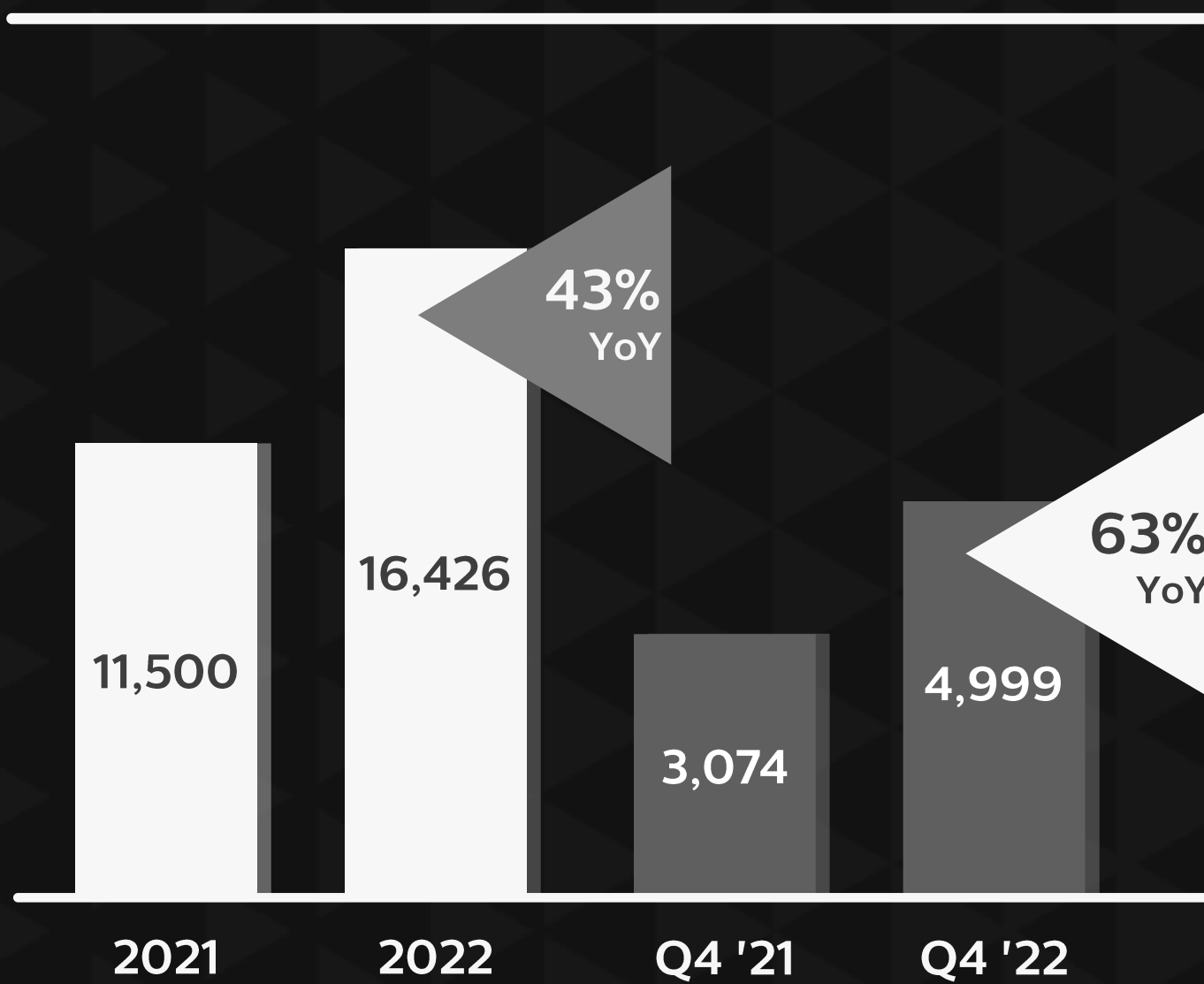


(1) Retail only  
 (2) Fibre subscribers include FTTH/B & FTTC subscribers  
 (3) Customers acquired through penetration campaigns

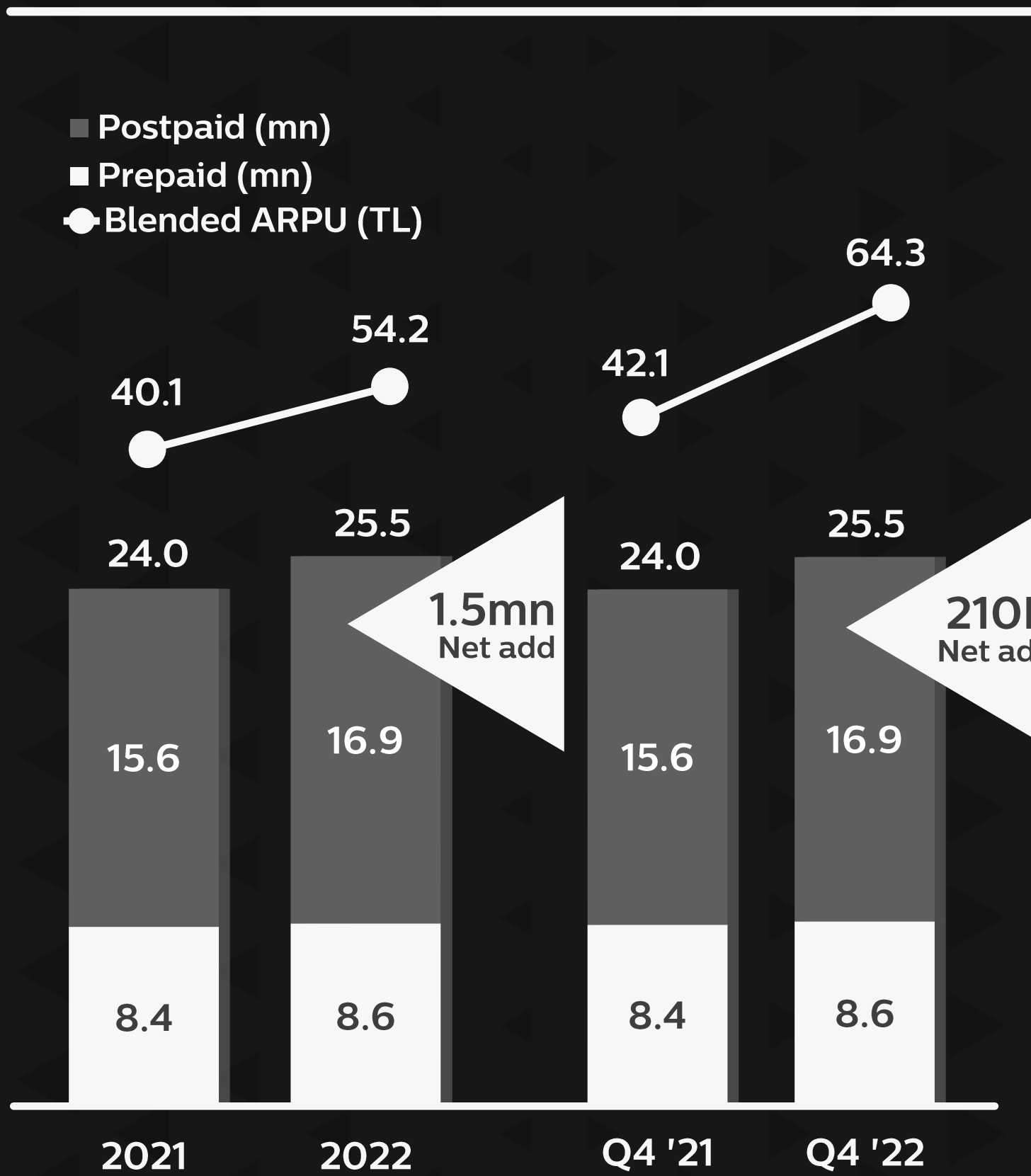
# Mobile Performance



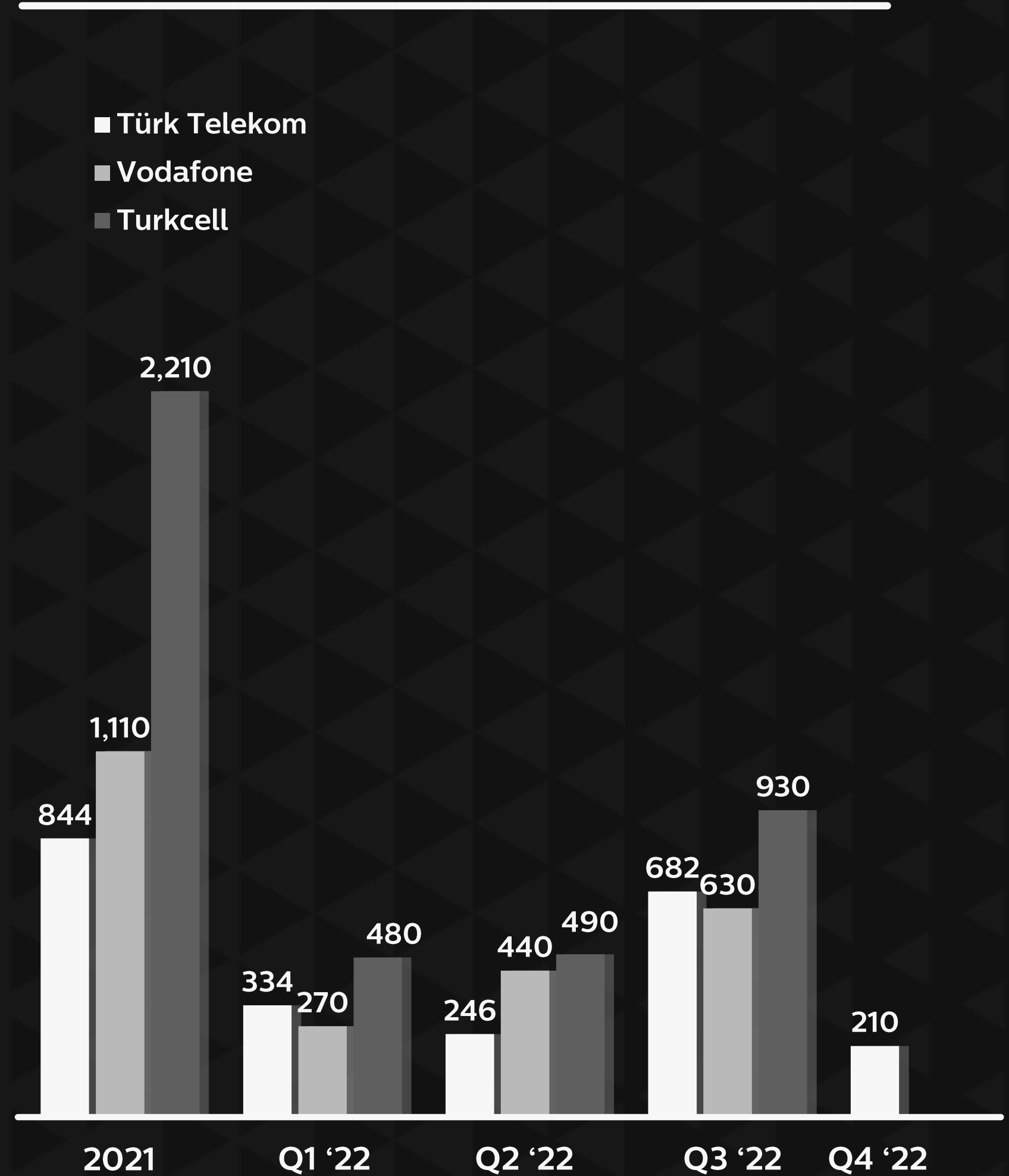
## Mobile Revenue (TL mn)



## ARPU & Subscribers



## Net Subscriber Additions (thousand)



Source: ICTA, Türk Telekom

# The Catastrophe of The Century



- Türkiye was hit by massive 7.7 and 7.6 magnitude earthquakes with epicentres in Kahramanmaraş on February 6.
- The twin earthquakes damaged 11 provinces in south-eastern Türkiye; corresponding to an area of 109K km<sup>2</sup>, about 14% of Turkey.

## Estimated impact on 2023 financials

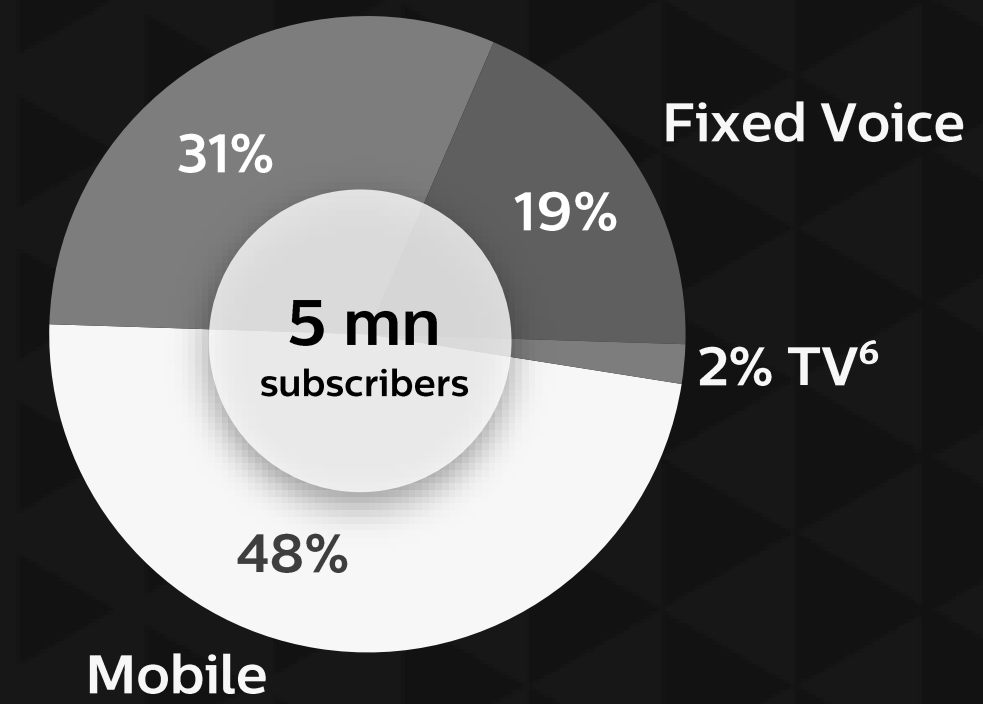
Operational revenue loss <sup>1</sup>	TL 1.0-1.5 bn
One-off CAPEX <sup>2</sup>	USD 50-60 mn
One-off OPEX <sup>3</sup>	TL 2.3-2.5 bn

<sup>1</sup> Includes churn, line suspension, giveaways and other items.  
<sup>2</sup> Most capex recoverable through insurance within ~18 months we believe.  
<sup>3</sup> Includes earthquake related personnel cost, disaster recovery cost, bad debt, humanitarian aid, donations and other items. Minor portion of opex is also recoverable through insurance claims.

## In the earthquakes-affected region



### Fixed Broadband



<sup>4</sup> Includes outsourced and subsidiaries' employees of which most are call centre personnel.  
<sup>5</sup> Excludes outsourced personnel  
<sup>6</sup> Excludes Tivibu Go  
 All numbers are estimates and subject to change. We used certain assumptions in our estimates.

# What We Have Done

## Disaster recovery

- Sent 1.4K employees, incl'g the 138 TTAKE<sup>1</sup> staff, to the region from other areas
- 224 mobile sites installed, more planned
- Sent 951 generators, supplied/used 352K litres of fuel (of which 255K in first 5 days) to remedy power outages
- Sent 124 containers for the victims, employees, rescue & recovery personnel
- Opened AssisTT building as shelter to victims, employees and their families
- TTAKE rescued 65 citizens from the rubbles
- Financial support to employees
- Humanitarian aid and TL 2 bn of donation

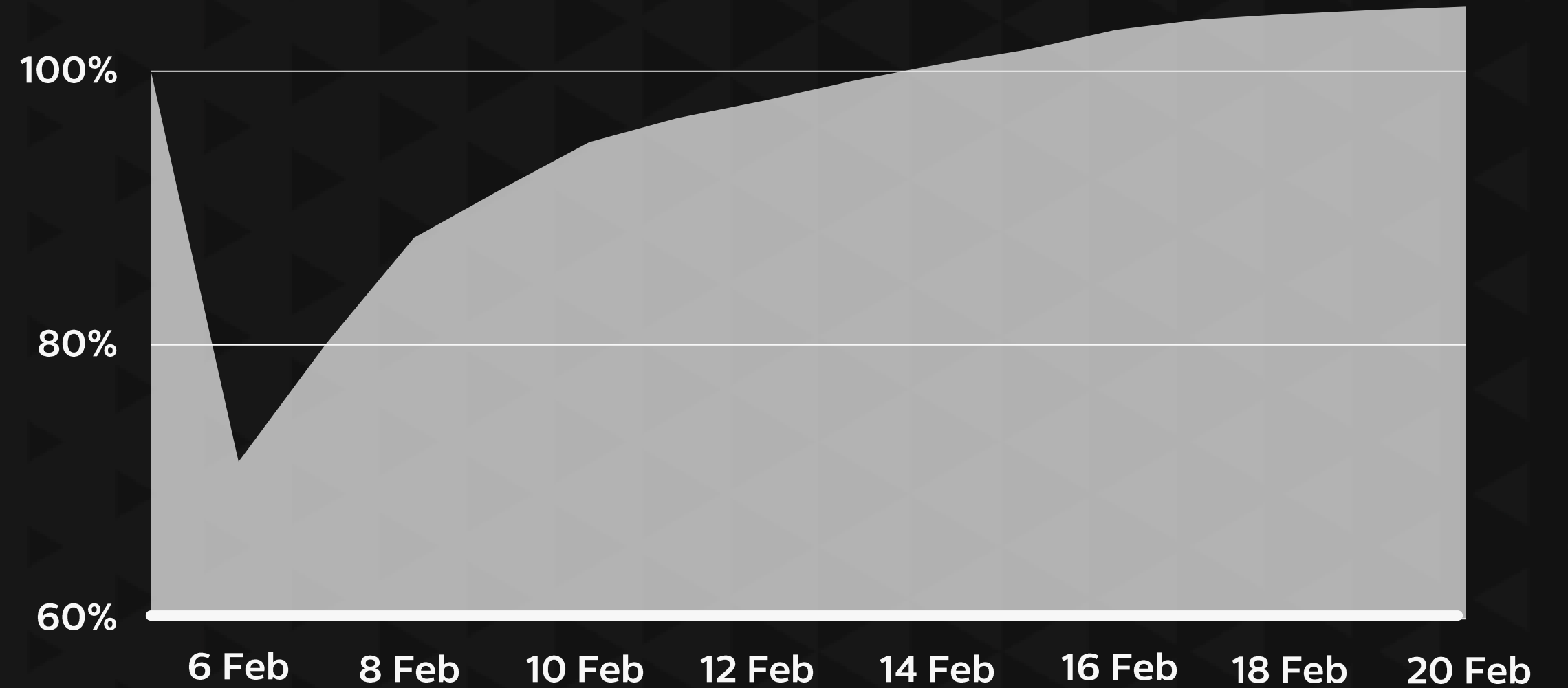
## More work to do

- Construct mobile and WiFi infrastructure for tent/container cities
- Replacement of destroyed rooftops
- Replacement of destroyed core network equipment
- Partial replacement of lost fibre cable

## Mobile

- One-month free communication
- Free additional benefits (500Min+500SMS+2GB weekly) & discounted additional packages
- Activated all suspended lines due to indebtedness
- Discount for postpaid subscribers whose contracts expire
- No activation/deactivation fee & free SIM card change
- No cancellation fee (excl'g number porting) & free line suspension

## Average rate of active mobile sites in the region<sup>2</sup>



## Fixed<sup>3</sup>

- No charge for subscribers with less than 1 GB usage over Feb 7-20 for three months
- Free internet access at Türk Telekom WiFi spots
- Extending contract terms to April for subscribers whose contracts expire until March
- No cancellation fee
- No activation/deactivation fee for FBB & FV
- Extending free suspension period up to 270 days
- Free use of public payphones by end-March

<sup>1</sup> Türk Telekom's voluntary search and rescue team

<sup>2</sup> Based on number of mobile sites

<sup>3</sup> Fixed Broadband, Fixed Voice and TV Home



# Guidance

	2022 Actuals	2023 Guidance <sup>1</sup>
<b>Revenue</b> (exc. IFRIC 12) <sup>2</sup>	40.1% growth	Around 52-55% growth
<b>EBITDA</b>	TL 19.1 bn	Around TL 23-25 bn
<b>CAPEX</b>	TL 13.9 bn	Around TL 17-19 bn

(1) 2023 guidance expectations represent approximate values. Includes the effect of twin earthquakes that struck south-eastern Türkiye on February 6, 2023, based on our initial impact analysis. Turkish government announced State of Emergency in the ten provinces affected by the earthquakes. Additional possible measures in the coming period may further affect our operations and financial performance; hence our impact analysis and 2023 guidance.

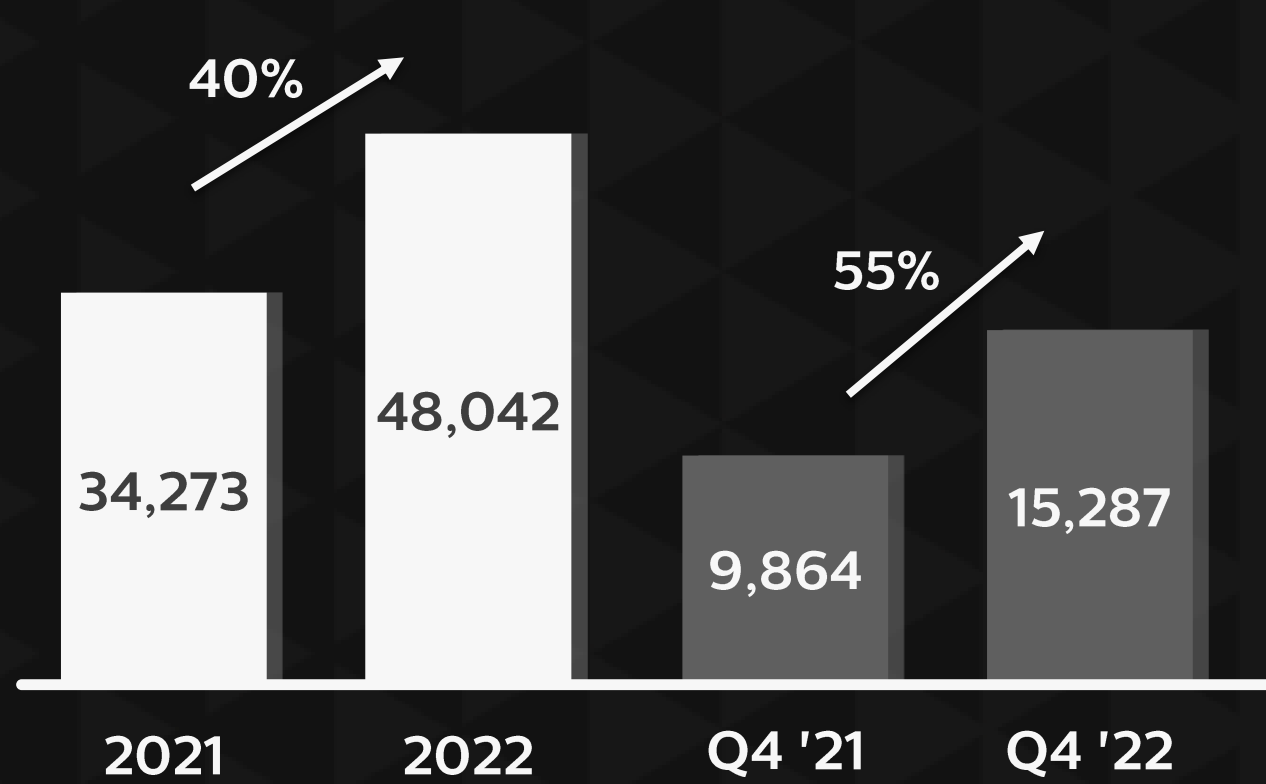
(2) IFRIC 12 adjustment is a non-operational revenue line booked in conjunction with upgrades to our fixed line infrastructure such as the upgrade from copper to fibre based network.

**Financials**

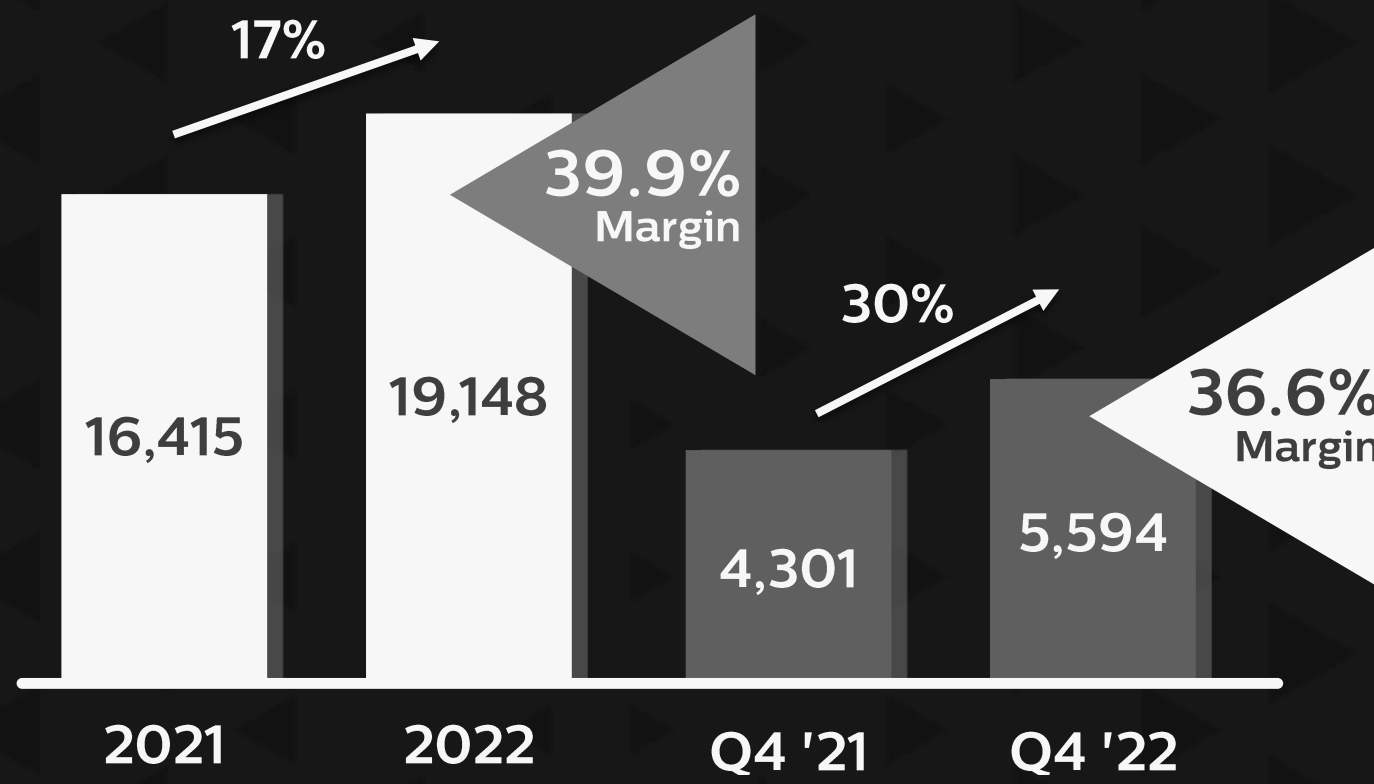


# Financial Performance

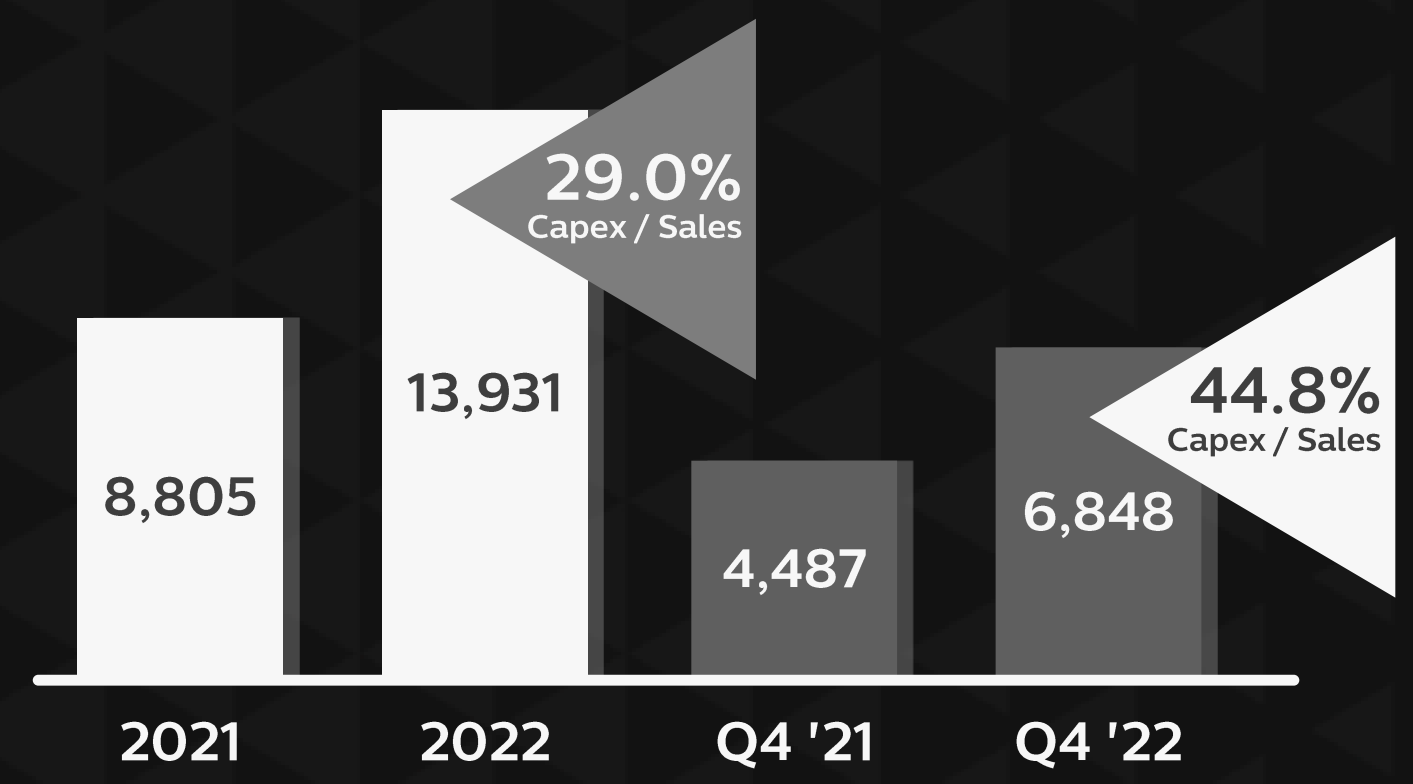
**Revenue**  
(TL mn)



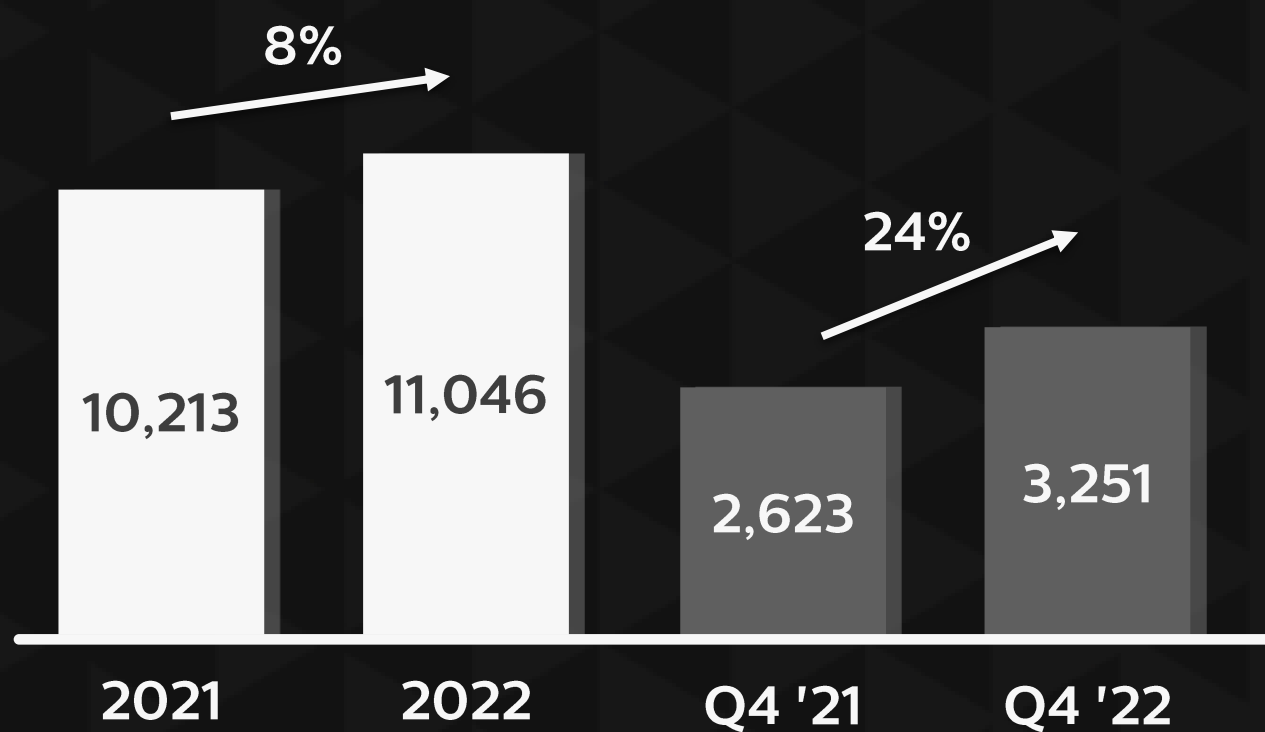
**EBITDA**  
(TL mn)



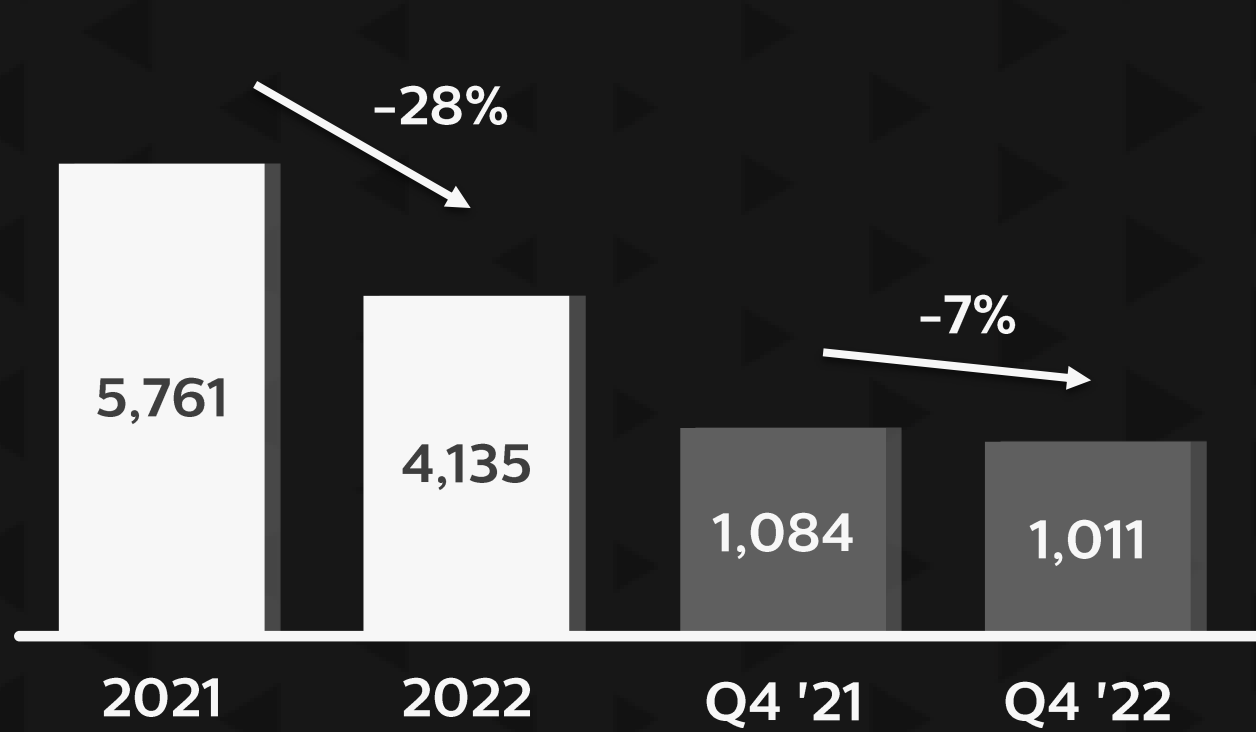
**CAPEX**  
(TL mn)



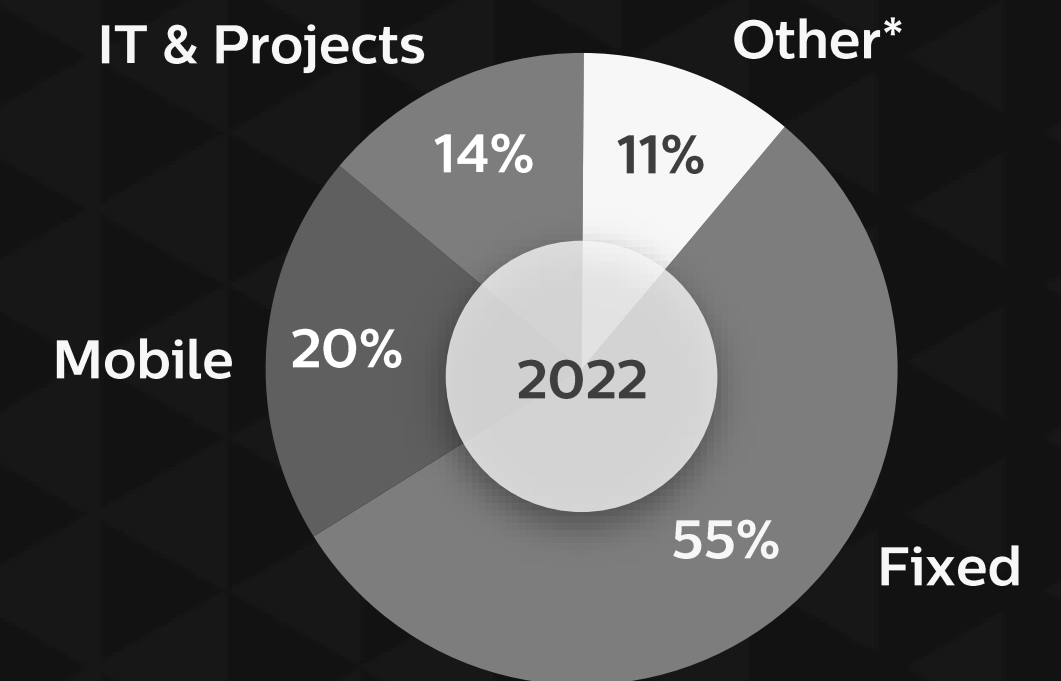
**Operating Profit**  
(TL mn)



**Net Income**  
(TL mn)



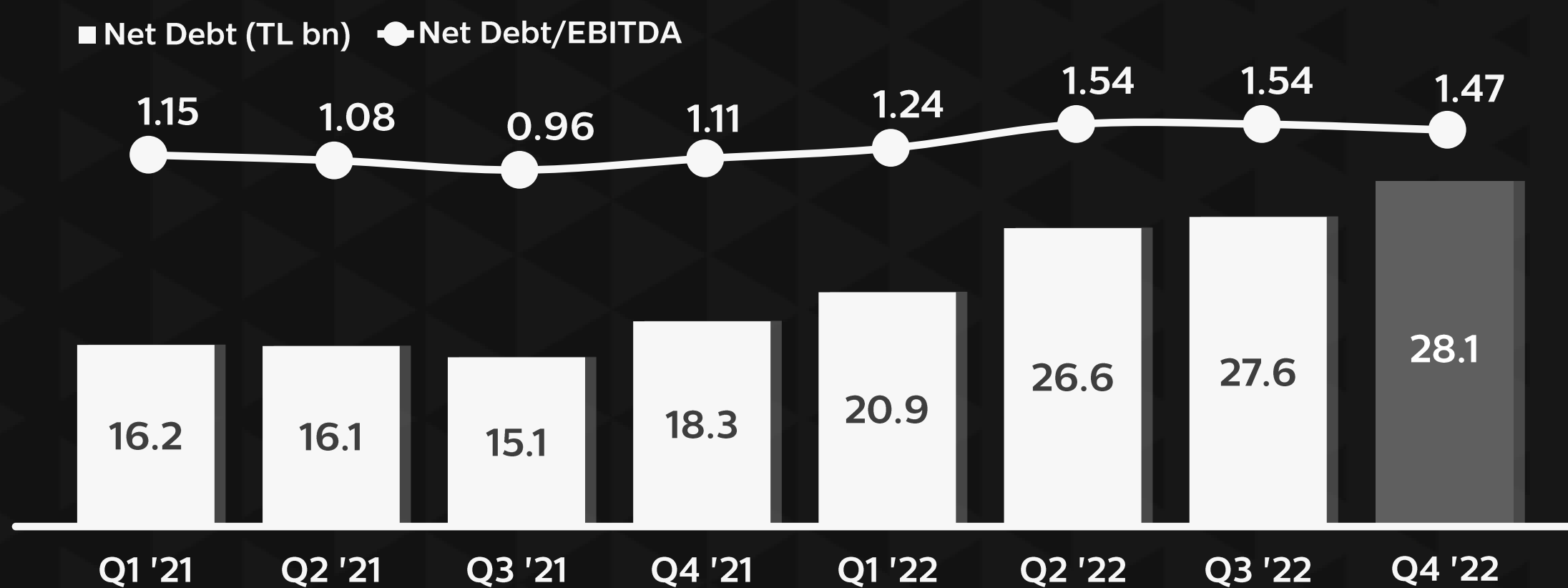
**Capex Breakdown**  
(2022, %)



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

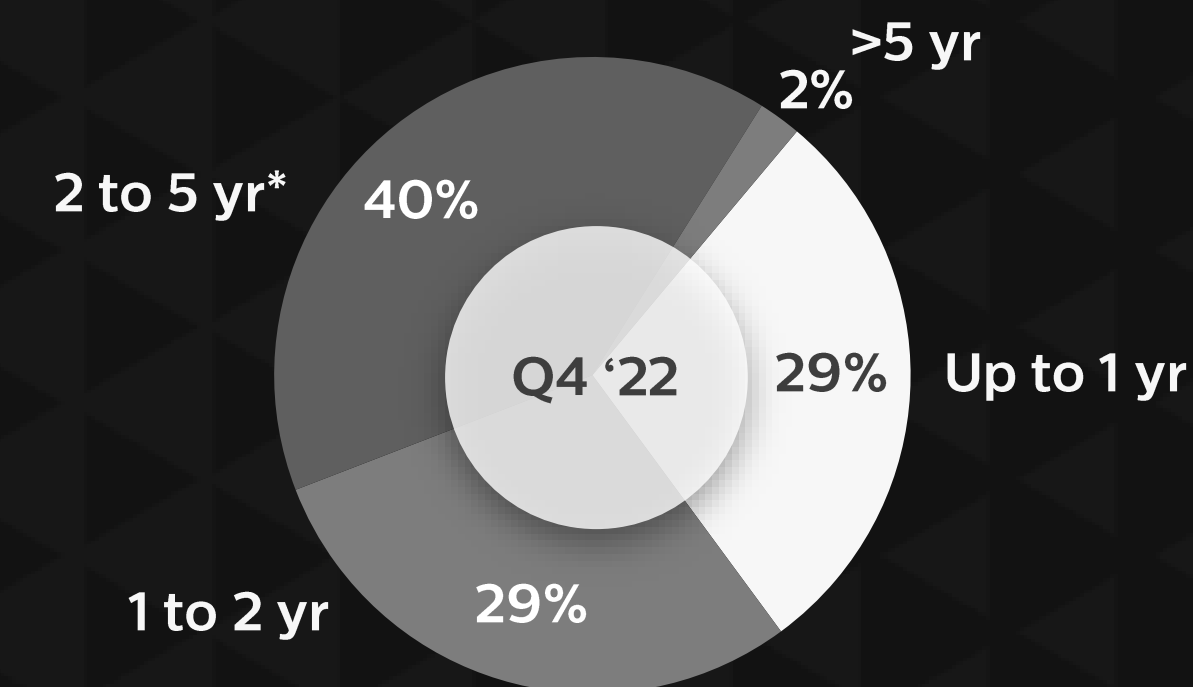
# Debt Profile

## Net Debt



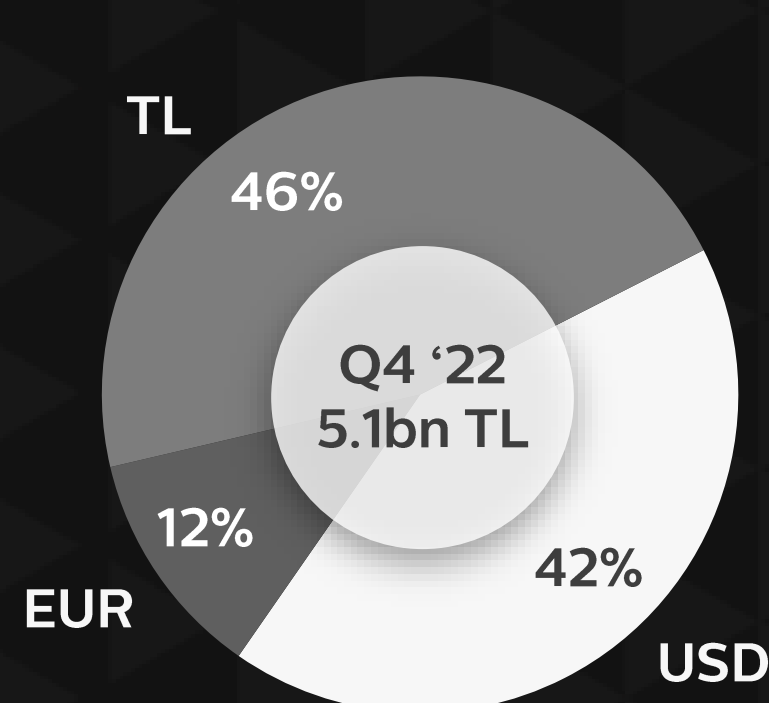
Note: Net Debt calculation includes market valuation (MTM) of Foreign Currency TL money swap transactions.  
 Net Debt/EBITDA calculation does not include extraordinary provisions in EBITDA calculation  
 Net Debt/EBITDA calculation includes fair value of Currency Protected Time Deposit included in Financial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

## Maturity Profile



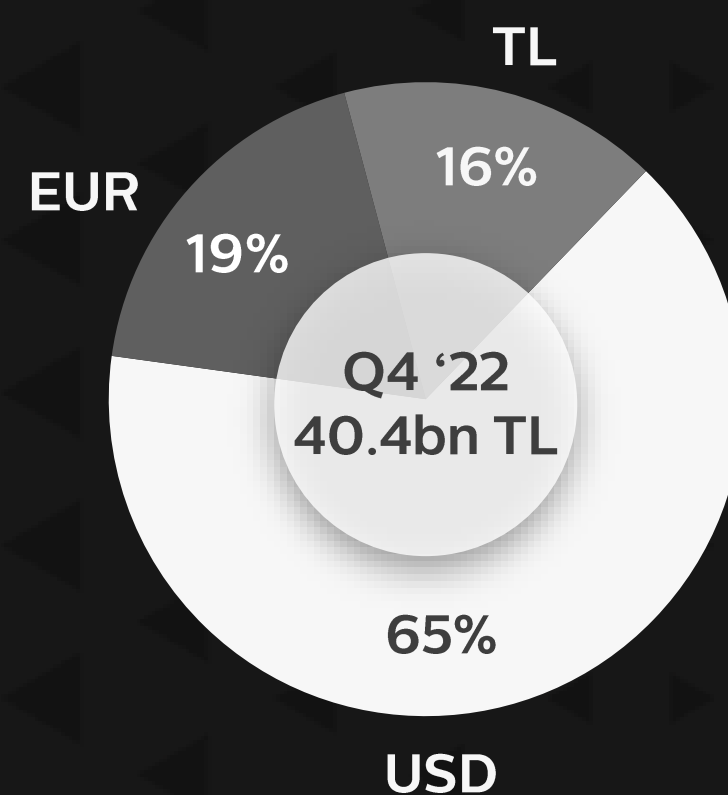
All loans are senior unsecured.  
 \* including 2024 & 2025 maturity bonds (USD 500 mn each)

## Cash – Currency Breakdown\*

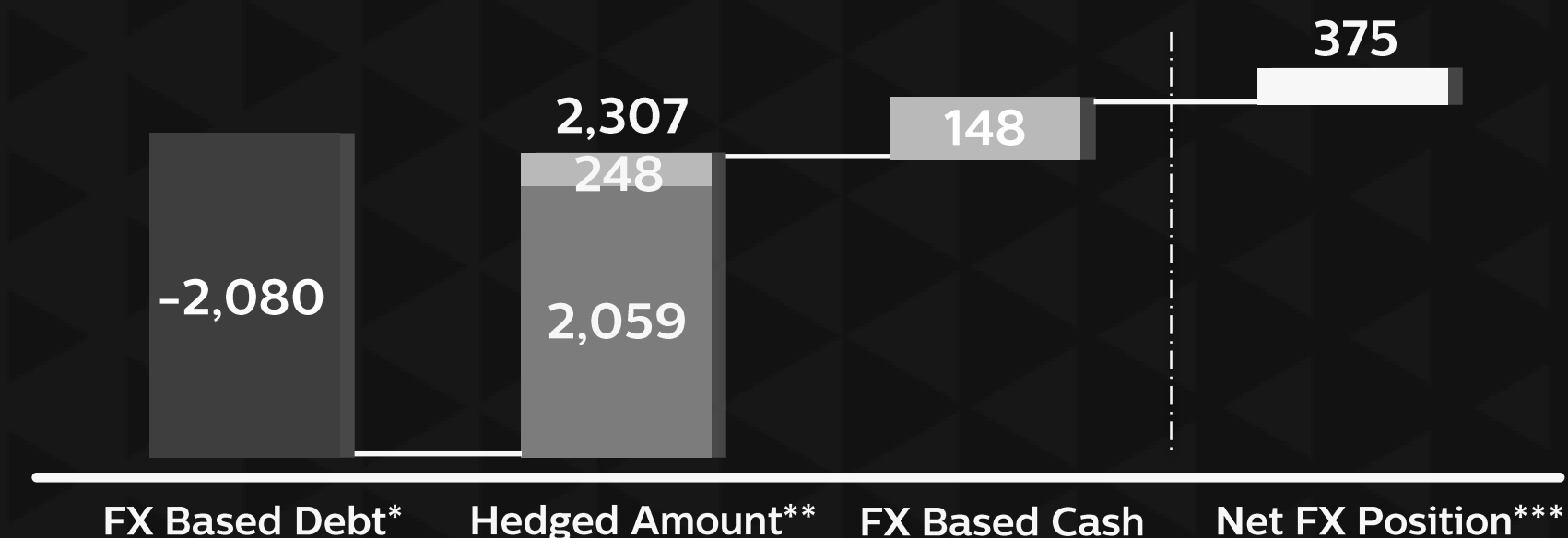


\* TL 4.9 bn worth currency protected time deposit is not included in cash.

## Gross Debt – Currency Breakdown



## Hedge – Composition of FX Position



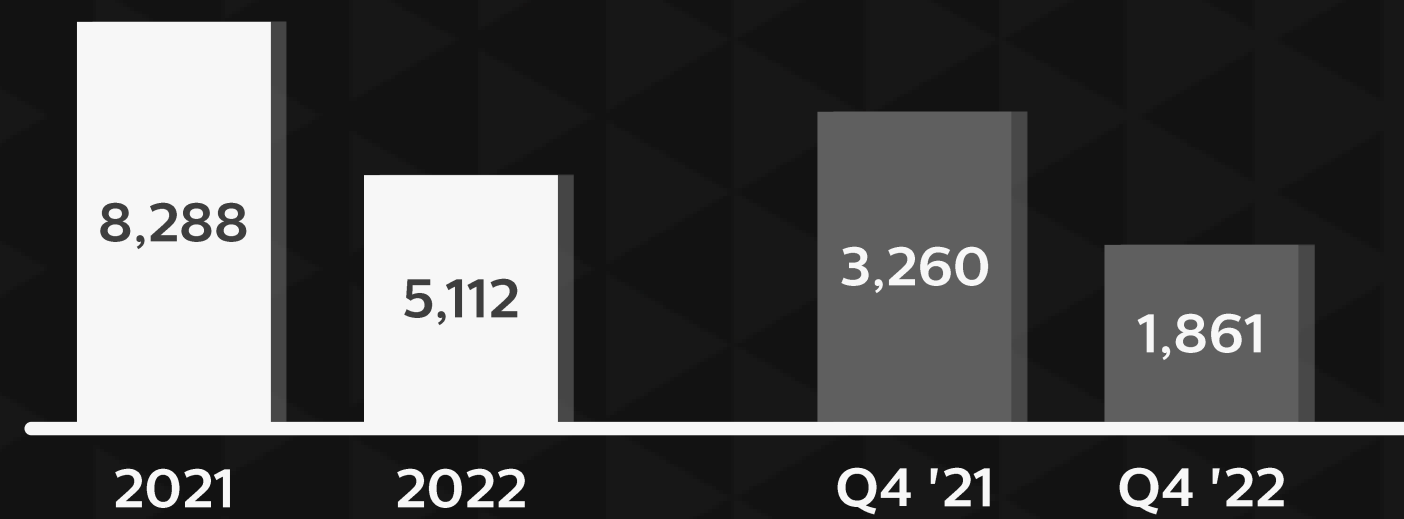
\* FX Debt calculation includes FX financial debt (including FX lease obligations) and FX net trade payables. Hedged amount includes hedging of FX financial debt, currency protected time deposit, hedging of FX net trade payables and net investment hedge.

\*\* Currency protected time deposit included in hedged amount is worth USD 248 mn.

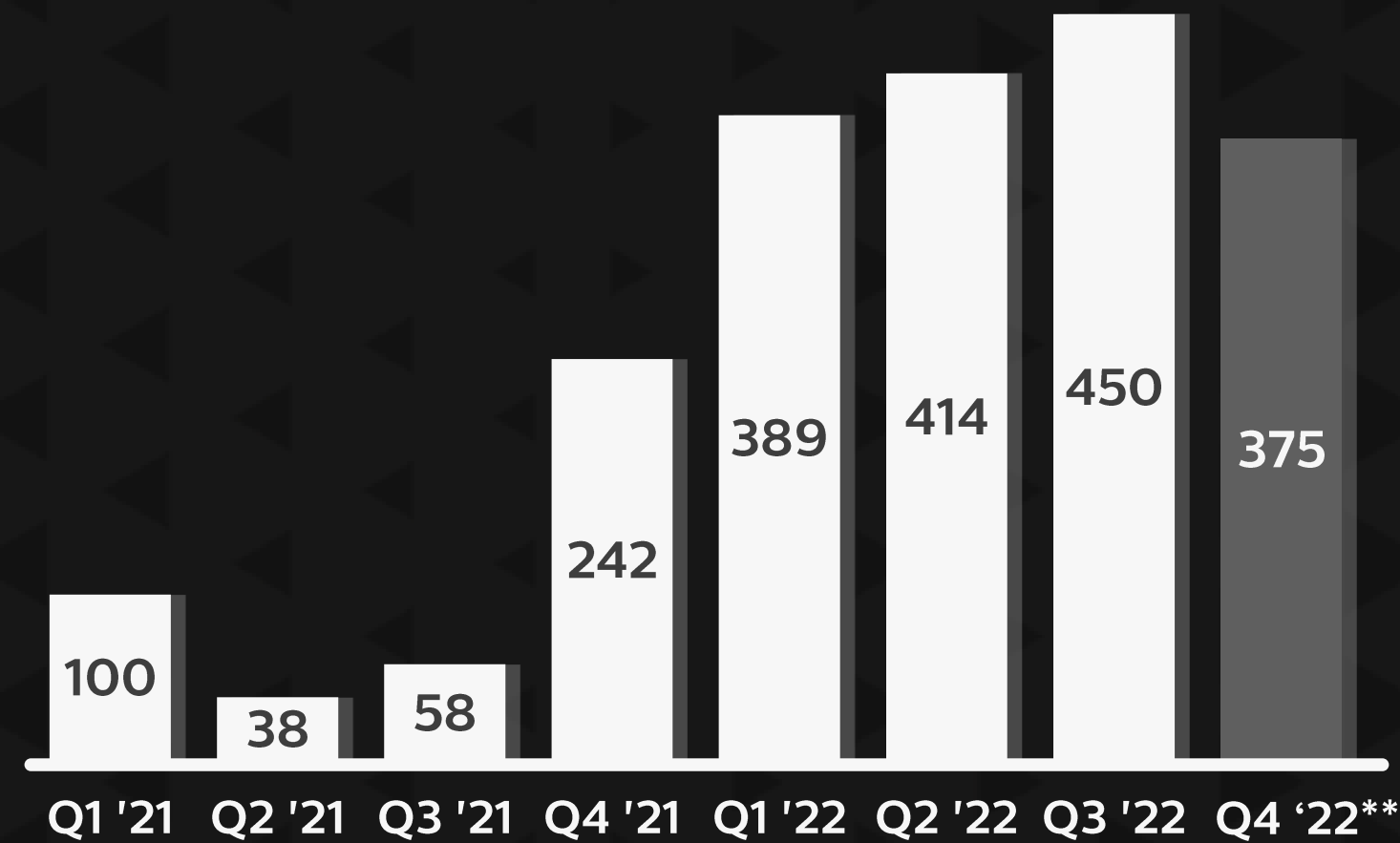
\*\*\* Excluding the ineffective portion of the hedge portfolio, mainly the existing PCCS contracts, net FX exposure would be USD 458 mn short position.

# Prudent Balance Sheet Management

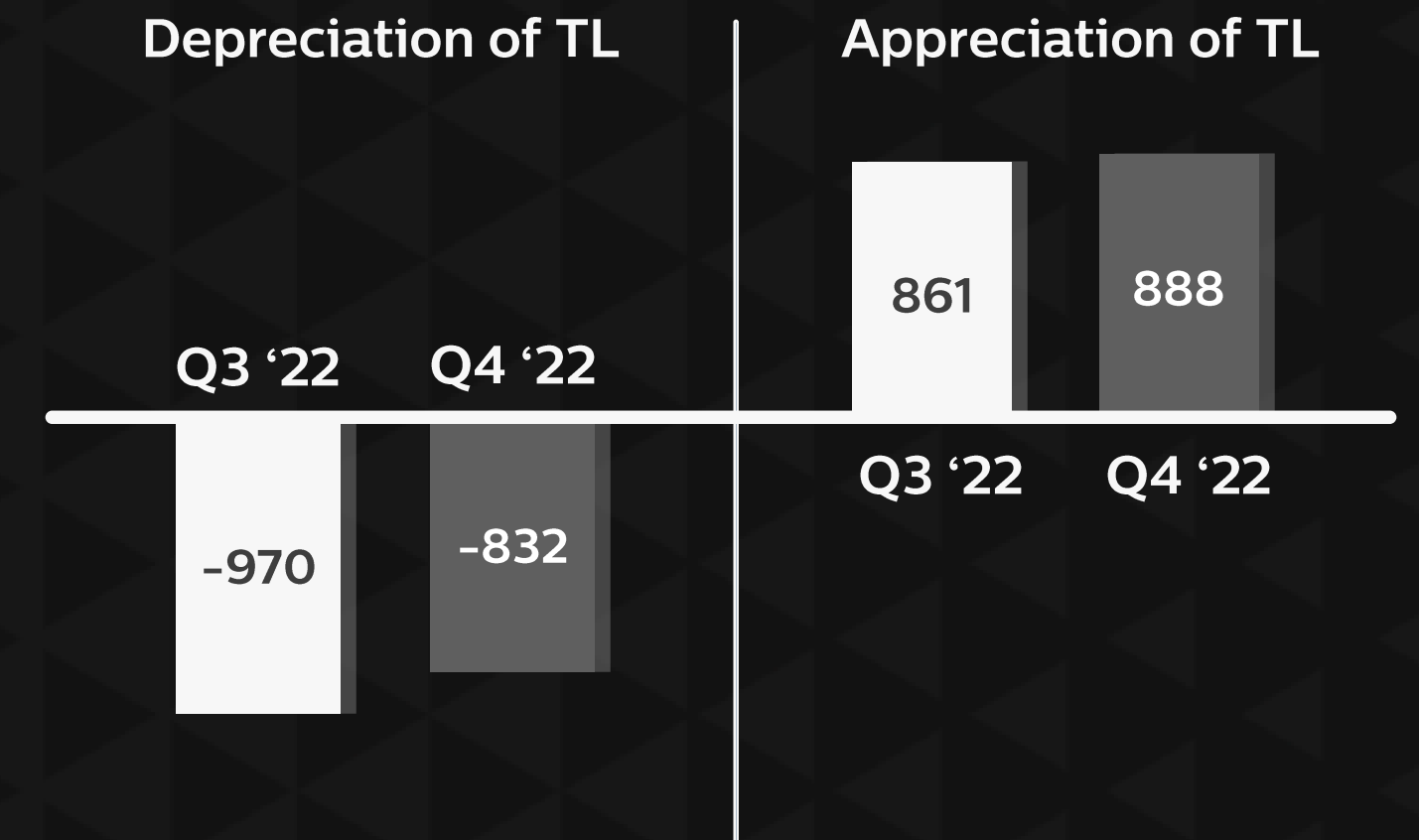
## Cash Flow\* (TL mn)



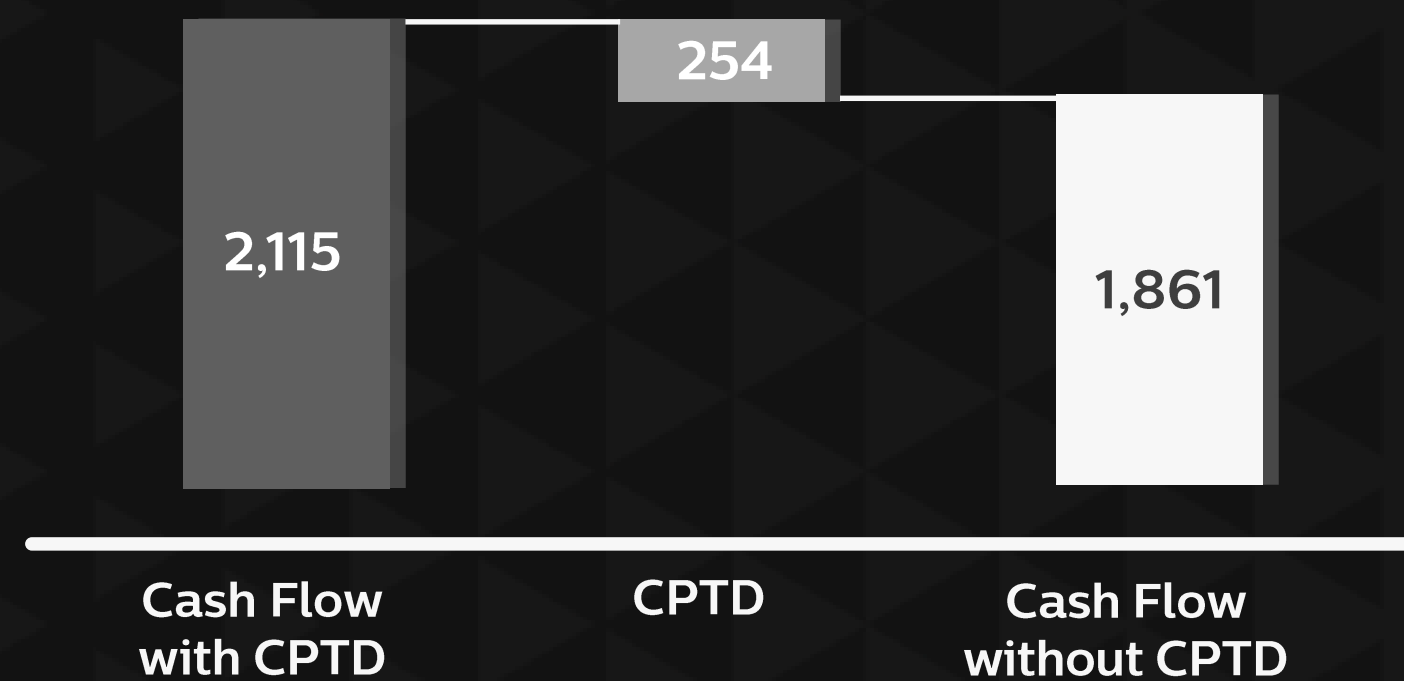
## Net FX Exposure\* (USD mn equivalent)



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



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



\* 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.

\*\* Excluding the ineffective portion of the hedge portfolio, mainly the existing PCCS contracts, net FX exposure would be USD 458 mn short position.

# Appendix



# Income Statement

(TL mn)	Q4 '21	Q4 '22	YoY Change	2021	2022	YoY Change
Revenues	9,864	15,287	55.0%	34,273	48,042	40.2%
EBITDA	4,301	5,594	30.1%	16,415	19,148	16.6%
Margin	43.6%	36.6%		47.9%	39.9%	
Operating Profit	2,623	3,251	23.9%	10,213	11,046	8.2%
Margin	26.6%	21.3%		29.8%	23.0%	
Financial Inc. / (Exp.)	(2,176)	(2,276)	4.6%	(4,592)	(9,210)	100.6%
FX & Hedging Gain / (Loss)	(1,592)	(1,463)	(8.1)%	(2,557)	(6,557)	156.4%
Interest Inc./ (Exp.)	(536)	(718)	33.9%	(1,858)	(2,722)	46.5%
Other Financial Inc./ (Exp.)	(47)	(94)	101.2%	(177)	69	n.m.
Tax Inc./ (Exp.)	636	35	(94.5)%	141	2,298	1534.6%
Net Income	1,084	1,011	(6.7)%	5,761	4,135	(28.2)%
Margin	11.0%	6.6%		16.8%	8.6%	

# Balance Sheet

(TL mn)	31.12.2021	30.09.2022	31.12.2022
<b>Total Assets</b>	<b>58,338</b>	<b>76,341</b>	<b>80,732</b>
Cash and Cash Equivalents	7,697	5,824	5,125
Tangible Assets <sup>1</sup>	18,989	26,765	29,964
Intangible Assets	14,332	15,712	17,774
Right of Use Assets	1,579	1,818	1,801
Other Assets <sup>2</sup>	15,741	26,222	26,069
<b>Total Equities and Liabilities</b>	<b>58,338</b>	<b>76,341</b>	<b>80,732</b>
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	10,990	16,192	16,710
Interest Bearing Liabilities <sup>3</sup>	29,803	42,443	41,920
<i>Bank Borrowings and Bonds</i>	28,364	40,798	40,401
<i>Lease Liabilities</i>	1,439	1,645	1,520
Other Liabilities <sup>4</sup>	14,284	14,446	18,841

(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



# Türk Telekom Investor Relations



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