



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

**November 4, 2020**

## REVISING 2020 GUIDANCE UPWARD ON THE BACK OF AN OUTSTANDING PERFORMANCE

Türk Telekom Group announced its Q3'20 financial and operational results. The Group continued its outstanding performance in the third quarter of a difficult year. In Q3'20, consolidated revenues increased by 18.6% YoY, while EBITDA grew to TL 3.5 billion with an EBITDA margin of 47.2%. Net income was TL 432 million despite the unfavourable FX movements. Net debt/EBITDA was 1.35x in spite of higher FX rates and TL 602 million of dividend payment during the quarter.

**Türk Telekom CEO Ümit Önal said:** “We set the building blocks to ensure sustainable growth and create long-term value. Our strong fibre and mobile networks, large subscriber base, rich portfolio and know-how are the greatest strengths that enable us to stand on solid grounds even in times of crisis. We are moving ahead on our roadmap to a bright and prosperous future for our company, customers and shareholders. We focus on maintaining strong and efficient growth in our core business, expanding into new areas of growth complementary to our main services and providing best-in-class customer experience. We are constantly working to achieve greater operational efficiency and to strengthen our balance sheet against risks. We remain committed to our investment plans in line with our strategy to lead fiberisation and digitalisation of Turkey.”

### 3rd Quarter 2020 Financial Highlights

Consolidated revenues increased to TL 7.4 bn, up by 18.6% YoY. Excluding IFRIC 12 accounting impact, revenue growth was 19.4% YoY.

Consolidated EBITDA grew 15.7% YoY to TL 3.5 bn with an EBITDA margin of 47.2%. Excluding IFRIC 12 impact, EBITDA margin was 49.3%.

Operating profit increased by 17.1% YoY to TL 2.1 bn.

Net income was TL 432 mn in Q3'20 compared to TL 1,117 mn in Q3'19, due to unfavourable FX movements during the quarter.

Capex was realized at TL 1,822 mn in Q3'20.

Unlevered free cash flow<sup>1</sup> increased to TL 1,821 mn in Q3'20, while net debt was TL 17.1 bn.

The Net FX exposure declined to USD 211 mn as of Q3'20 from USD 376 mn a quarter ago. On the other hand, depreciation in lira decreased the effective protection of some hedge contracts. Thus, after September 30<sup>th</sup>, USD 400 mn worth of the existing hedge contracts was restructured or settled.

### 3rd Quarter 2020 Operational Highlights

Total number of Türk Telekom subscribers reached 49.5 mn with 857K net additions in Q3'20. Net subscriber additions were 1.9 mn during the last twelve months.

Broadband subscriber base increased to 12.8 mn with 534K net additions in Q3'20; the highest third quarter net additions since the IPO. Broadband ARPU growth continued its strong

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

performance and increased by 14.0% YoY in Q3'20.

Fibre subscribers exceeded 5.2 mn with 432K net additions in Q3'20; the highest ever quarterly net add performance in this segment. The number of FTTC subscribers reached 3.2 mn, while the number of FTTH/B subscribers increased to 2.0 mn.

Fibre network covers in excess of 25.0 million households as of Q3'20 compared to 20.3 mn as of Q3'19, reflecting the increased focus on fibre rollouts. FTTC homepass exceeded 18.0 mn and FTTH/B homepass increased to 6.9 mn.

Fibre cable network length increased to 321K km in Q3'20 from 295K km in Q3'19.

Mobile subscriber base increased to 23.1 mn with 269K net additions in Q3'20. Postpaid base reached 63% of total with 362K net additions.

Share of LTE subscribers<sup>2</sup> in mobile subscriber base increased to 57% in Q3'20 from 54% in Q3'19. Average monthly data usage per LTE user increased to 9.1GB in Q3'20 from 7.3GB in Q3'19.

Number of fixed voice subscribers continued to increase with 159K net additions during the quarter. Including nDSL, the number of total fixed access lines increased to 15.7 mn; the highest level since Q2'11.

The ratio of subscribers who provided consent for sharing and using their information within the Group reached 82% in Q3'20. The share of multiple product ownership among Türk Telekom subscriber base<sup>3</sup> was 62% as of Q3'20.

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

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

## 2020 Guidance Revision

In the 9 month of 2020, we recorded outstanding financial and operational results. In a period when the entire world has faced with crisis management, we observed a very strong performance in the fixed segment with the support of surge in demand for internet. In our mobile business, we have seen gradually improving trends since June together with controlled easing of Covid-19 precautions across the country, followed by some rationalisation in the market.

As a result, the 9M'20 financial performance and the Q4'20 outlook justified an upward revision to our 2020 revenue and EBITDA guidance.

Earlier in the year, we announced that we accelerated our fibre rollout plans in anticipation of continued momentum in demand for new connections. We are also revising our CAPEX guidance upward, reflecting the impact of continued increase in fibre investments and unfavourable FX movements.

Accordingly, under current circumstances, guidance for 2020 is as below:

- Consolidated revenue growth (excluding IFRIC 12) to be around 16% over 2019
- Consolidated EBITDA to be around TL 13 billion level
- Consolidated CAPEX to be around TL 6.6 billion level

|                                       | Previous Guidance    | Revised Guidance |
|---------------------------------------|----------------------|------------------|
| <b>Revenue Growth (exc. IFRIC 12)</b> | Around 13%           | Around 16%       |
| <b>EBITDA</b>                         | TL 12.4 bn – 12.6 bn | Around TL 13 bn  |
| <b>CAPEX</b>                          | Around TL 6.4 bn     | Around TL 6.6 bn |

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

### **Strong operational and financial results confirming solid fundamentals**

We left another challenging quarter full of great achievements behind. Despite the continued uncertainties that the pandemic has posed globally and the volatilities in the financial markets, our robust third quarter performance reinforced our leading position in the Turkish telecommunication services market. Once again, we worked very hard to meet our customers' wide range of needs and keep them satisfied with an enriched portfolio and superior customer experience.

We delivered strong operational and financial results in the third quarter. Our consolidated revenues grew 19% YoY to TL 7.4 billion, driven by the highest annual growth since 2010 in the fixed broadband segment reaching 26% in Q3'20. Our EBITDA reached TL 3.5 billion with a 47% EBITDA margin, reflecting strong revenue growth and disciplined operational cost management. Our net income was TL 432 million despite the unfavourable FX movements during the quarter.

### **Revising 2020 guidance upward following another outstanding quarter**

Türk Telekom delivered outstanding performance in another exceptional quarter as Covid-19 has continued to be at the forefront. The pandemic has kept its influence on industry trends, but Turkey and our businesses have also started enjoying a gradual normalisation that kicked off in June. We think worst is left behind in Q2'20 and remain both cautious and opportunistic about the long-term implications of the outbreak. We observed a very strong performance in the fixed segment in the 9M'20 with the support of surge in demand for internet. We have also seen gradually improving trends in our mobile business since June together with controlled easing of Covid-19 precautions across the country, followed by some rationalisation in the market. As a result, the 9M'20 financial performance and the Q4'20 outlook justified an upward revision to our 2020 guidance. Accordingly, we now foresee around 16% YoY revenue growth, TL 13 billion EBITDA and TL 6.6 billion CAPEX in FY20.

Better than expected fixed-side performance and disciplined cost management including pandemic related one-off cost savings are the main drivers of higher revenue and EBITDA projections. The revision in CAPEX, on the other hand, largely reflects the impact of weaker lira and our perseverance to execute on the planned investments. Earlier in the year, we announced that we accelerated our fibre rollout plans in anticipation of continued momentum in demand for new connections. We aim to complete these investments by the end of the year in line with our strategy to lead Turkey's fibre transformation. Our balance sheet and liquidity remain strong and we are confident about our capacity to generate cash flow despite the currency headwinds.

### **Fixed broadband was once again our growth engine**

On the fixed broadband side, robust performance continued in the third quarter with the support of back to school season and working from home. Although we have been normalising since late Q2'20, Turkey decided to start 2020-2021 education season largely through online schooling. Most universities also preferred to kick start their programs online this year. Going back to the pre-Covid-19-normal in education should take place gradually in the coming months. On the business environment side, working from home still dominates, because corporates maintain caution about recalling majority of their employees to offices.

Consequently, we faced strong new demand for fixed broadband in Q3'20 and recorded the highest third-quarter net additions of 534 thousand since the IPO. Our last twelve-month net additions reached 1.4 million. The record high gross adds in September was another litmus test on our execution capabilities and operational excellence. Once again, it has been rather fulfilling to see our planning and management skills as well as our technical proficiency at top standards.

Yet, it is worth noting, surge in demand in the fixed segment was not limited to new connections. Our total data usage soared 50% in the first nine months of 2020 compared to last year. Despite the additional heavy traffic on Türk Telekom's core network, we have continued to provide seamless connection to our customers from all parts of Turkey.

We monitored international internet gateways, intra and intercity data traffic and capacity 7/24. We reduced the impact of sudden surges in international traffic and its load on the core network capacity by locating the cache servers of prominent global OTT players in our network.

The total number of broadband subscribers increased to 12.8 million, with contribution from both urban and rural parts of Turkey. Supported by pricing, new subscriber acquisitions and upsell performance, fixed broadband ARPU grew 14% YoY, highlighting the ongoing momentum in this business.

The pandemic has surely accelerated the fibre transformation in Turkey and we kept expanding our footprint. Our 321K km long fibre network spreads widely across the country, while raising the number of fibre homepass by 4.6 million in LTM to 25 million as of the third quarter. In Q3, our fibre subscribers increased by 432K and reached 5.2 million, accounting for 41% of the total fixed broadband subscriber base. Connecting more customers through fibre does not only serve our duty to provide seamless and fast communication to our people, but also to ensure sustainable ARPU and revenue growth in the coming quarters.

The fixed voice subscriber base continued its growing trend in line with increased fixed broadband access. We added 159K new subscribers in Q3'20, recording the highest third-quarter net additions since the IPO.

### **Mobile market made a comeback, but is still under pressure**

Turkey has been easing Covid-19 measures since early June; lifted lockdowns, removed intercity travel bans, resumed international flights partially, reopened shops, hotels, cafes & restaurants, cinemas and theatres, etc. Accordingly, we have observed a normalising social life across the country in the third quarter. This helped the negative trends that dominated the mobile market since early Q2'20 reverse gradually. As a result, the MNP and acquisition markets made a partial comeback. That, accompanied with increasing mobility and a more rational competitive environment supported our subscriber trends in the mobile segment, and we recorded 269K net additions in the third quarter. As of Q3'20, our mobile subscribers reached 23.1 million, with almost 800K net additions on the mobile postpaid base since the beginning of the year. As a result, our postpaid subscribers accounted for 63% of the total mobile base, up from 60% by the end of 2019. In Q3'20, mobile ARPU grew by 7% YoY vs. 5% in the last quarter.

Recently, we have seen price competition taking the centre stage again in the acquisition market. Hence, we remain cautious about Q4'20 outlook, as it seems early to say the pressure on the mobile market eased for the year.

The share of LTE subscribers among our customers continued to gain share and increased to 57% in Q3'20 from 54% in Q3'19. The average monthly data usage per LTE user increased to 9.1GB in Q3'20 from 8.5GB in Q2'20.

We are pleased to see our mobile performance improved after the most intense period of Covid-19. We will continue our investments and commercial activities to further our customer satisfaction rates. We believe in our network quality and powerful brand and remain committed to our medium and long-term targets in mobile business.

### **We are renovating the traditional TV broadcasting approach**

We are number two player in Turkey's underpenetrated Pay-TV market with 3.2 million subscribers. Using the advantage of being an early player in this market, we aim to take a new approach to traditional TV broadcasting by following the changing preferences and customer engagement trends closely. Going forward, our focus will be to create Turkey's leading digital TV/OTT platform. The rising interest from global content providers recently, reveals the appeal of Turkey's Pay-TV market and confirms our strategic decision. We broaden our horizon about content, whilst we renew our technical infrastructure.

In September, we signed a new agreement to expand our sports content. Viewers can now reach premium sports content through 17 sports channels, including English Premier League, NBA, Bundesliga, MotoGP, Formula 1, Turkey Basketball Super League, FIBA Basketball Super Champions League, etc.

We offer clients an exclusive TV experience on the IPTV and Tivibu Go platforms via user-friendly solutions in addition to our rich and premium content. We will be focusing on gearing up growth and profitability of our TV business through a substantial renovation.

### **We will transfer our leading position in fibre into 5G and digitalisation**

As the fixed and mobile networks converge with new generation technologies, seamless connectivity, by any means, is essential to improve customer experience and loyalty. We are determined to transfer our leading position in fibre into 5G and digital technologies and pioneer Turkey throughout this journey. In Q3'20, we aimed to provide our customers a top-notch telecommunications experience together with our comprehensive product & services portfolio. Once again, to meet the surge in data usage, particularly after the schooling season has started, we doubled the data upload speed of our customers; both Türk Telekom's fibre and VDSL subscribers and the ISPs that use our infrastructure. Moreover, we launched our "Digital Education" campaign to support students during the home-schooling period. Finally, we offered Mental Up and TT Akademi Online English Training packages to new unlimited fibre internet customers free, along with our principle to prove accessible communication for all. We are seeing more demand for digitalisation from corporate customers in 2020. This is another area positively affected by the pandemic. More and more clients are looking for generic or tailor-made corporate solutions. In this regard, we offer them a rich portfolio, including static IP, security, antivirus, business insurance, and pre-accounting software in addition to our core telco products.

### **Narrowed short FX position with a leverage ratio of 1.35x**

As of the third quarter, our net debt increased to TL 17.1 billion (USD 2.19 billion) together with higher FX rates. Our Net Debt/EBITDA ratio inched up to 1.35x as of Q3'20 from 1.31x as



of Q2'20, despite the TL 602 million of dividend payment and around 16% depreciation of TL against USD and EUR on average during the quarter, reflecting our strong cash flow generation and EBITDA growth. Our net short FX position declined to USD 211 million as of the third quarter. In line with our plan to increase the share of lira denominated loans, the share of debt in TL terms within our total debt rose to 11% in Q3'20 from 2% in the same period of last year, but dropped from 13% a quarter ago as a result of weaker lira. Looking forward, we continue to execute our strategies for a healthy balance sheet and free cash flow.

### **We focus on long-term value creation**

As is known, after a three-year pause, we distributed 25% of the 2019 distributable net income in July in line with the regulation that stipulated companies to pay out up to 25% of their profit available for distribution. The legislation deadline was recently extended until the end of 2020. As Türk Telekom, we are confident that we will have robust financial metrics and strong liquidity position by the end of 2020 that will empower us to continue remunerating our shareholders. We keep focusing on growth, operational efficiency, and strong cash flow generation to reward our shareholders while prioritizing long-term value creation in our investment plans.

### **We are working with our subsidiaries to shape the future**

Our subsidiaries are an integral part of our business. The rapidly growing synergies that the Group extracts from our subsidiaries are of great importance to us because not only do they reduce our third party dependency, but also provide us with sizeable cost savings and consistency in our certain products and services. Besides, our subsidiaries, Argela, Innova, Sebit, AssisTT and TTI, each generate third party revenues to diversify their growth profiles and reduce their dependency to the Group. Third party revenues of these subsidiaries grew more than 60% YoY and made 9% of our consolidated revenues in Q3'20 compared to 6.5% in Q3'19. These revenues led 22% of annual growth in the Group's Q3'20 consolidated revenues. Our subsidiaries work on several initiatives and projects in wide range of areas and prepare for more product rollouts coming up in 2021.

Following the completion of important milestones in the R&D phase, Argela, our next generation telco technologies subsidiary, has now moved to the productisation stage of the SEBA project, which enables virtualisation of fibre access networks. SEBA is now used on Türk Telekom's live network and we aim to complete the full integration of it to Türk Telekom's network in the coming periods. In addition, we reached an important stage in our negotiations regarding the sale of SEBA product to domestic and foreign telco operators.

Argela and its U.S. subsidiary Netsia Inc. continue to develop intellectual property with the vRAN (Software Defined and Sliceable Virtualized Radio Access Network) project. The vRAN project provides many operational and commercial benefits, including performance increases, efficiency and scalability. We are proud to have crowned the success of this project with the license and cooperation agreement we reached with Juniper Networks Inc. recently. With this agreement, Argela, a patent-granted technology producer, will be taking its ability to sell its products and create financial value, a step forward. Juniper Networks operates in more than 150 countries with a comprehensive portfolio of network equipment and solutions. In this regard, we believe that Argela's know-how and productisation capacity will grow significantly when combined with Juniper's customer network and geographic reach.



Türk Telekom and Argela continue to take an active role in international organizations together with the world's leading operators and open source suppliers. Türk Telekom and Argela make important contributions to Turkey's digital transformation while developing local and national technologies at the same time. We put all our efforts with our subsidiaries to shape the future through 5G and the next-generation technologies. We broadcasted Turkey's first 5G live match via 360 degrees VR technology and broke world speed records thanks to our long and perseverant R&D efforts. We conduct joint studies and tests with global players on 5G and new technologies to adopt the latest technologies simultaneously with the rest of the world.

We are happy to see that, Sebit, our education technologies subsidiary, grew its third party revenues by 160% YoY in Q3'20 thanks to its products, compatible with online education, becoming popular during the back to school season this year. Sebit fully supports home-schooling through its online products such as Vitamin and Raunt. It has a comprehensive course and exam content for the EBA platform. Sebit's products reach millions of students through all public and more than 800 private schools.

Our business solutions provider Innova also increased its third party revenues by more than 300% YoY in the third quarter, led by high demand from corporate clients in digital products and solutions amidst the pandemic. Public institutions and private companies have made extraordinary efforts to prevent the spread of the global epidemic and to minimize its effects across Turkey. As part of these initiatives, our subsidiary Innova has undertaken an extremely important mission to develop the Filiation and Insulation Tracking System (FITAS) together with the Ministry of Health in a very short period.

Our customer care service and call centre company AssisTT continued supporting its wide range of customers from private enterprises to large public institutions throughout Covid-19 pandemic. The Company serves in 16 cities with more than 16 thousand employees. The production of our call centre employees<sup>4</sup> increased by 21% as a result of the surge in demand for call centre services amid the pandemic. AssisTT improved its third party revenues by 56% YoY in the third quarter.

Finally, our international arm TTI, continues to strengthen its position in the Eurasian market. In Q3, TTI grew its third party revenues by 50% YoY. TTI focuses on infrastructure projects and corporate solutions to offer high-speed and quality service to its customers in various countries.

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<sup>4</sup> Intra-group number of calls answered and time spent

## Financial Review

| (TL mn)                            | Q3'19   | Q2'20   | Q3'20   | QoQ Change | YoY Change |
|------------------------------------|---------|---------|---------|------------|------------|
| Revenue                            | 6,210   | 6,969   | 7,366   | 5.7%       | 18.6%      |
| Revenue (Exc. IFRIC 12)            | 5,824   | 6,369   | 6,952   | 9.1%       | 19.4%      |
| EBITDA                             | 3,005   | 3,237   | 3,477   | 7.4%       | 15.7%      |
| Margin                             | 48.4%   | 46.4%   | 47.2%   |            |            |
| Depreciation and Amortisation      | (1,183) | (1,303) | (1,343) | 3.1%       | 13.5%      |
| Operating Profit                   | 1,822   | 1,934   | 2,134   | 10.4%      | 17.1%      |
| Margin                             | 29.3%   | 27.7%   | 29.0%   |            |            |
| Financial Income / (Expense)       | (475)   | (703)   | (1,579) | 124.6%     | 232.1%     |
| FX & Hedging Gain / (Loss)         | 180     | (127)   | (1,007) | 694.4%     | n.m.       |
| Interest Income / (Expense)        | (543)   | (509)   | (500)   | (1.6)%     | (7.9)%     |
| Other Financial Income / (Expense) | (112)   | (68)    | (72)    | 6.6%       | (35.9)%    |
| Tax Income / (Expense)             | (229)   | (250)   | (123)   | (50.9)%    | (46.5)%    |
| Net Income                         | 1,117   | 980     | 432     | (55.9)%    | (61.3)%    |
| Margin                             | 18.0%   | 14.1%   | 5.9%    |            |            |
| CAPEX                              | 1,223   | 1,237   | 1,822   | 47.3%      | 48.9%      |

## Revenues

In Q3'20, consolidated revenues increased by 18.6% YoY to TL 7,366 mn. Excluding IFRIC 12, top line growth was 19.4% YoY with 26.2% increase in fixed broadband, 9.4% increase in mobile, 52.3% increase in international and 81.8% increase in other revenues.

## Operating Expenses Excluding Depreciation and Amortization (OPEX)

In Q3'20, operating expenses increased by 21.4% YoY to TL 3,889 mn. Excluding IFRIC 12 cost, growth in operating expenses was 23.0% YoY.

- Interconnection costs increased by 30.5% YoY, mainly due to increase in Türk Telekom International traffic volume and FX.
- Cost of Equipment and Technology Sales increased by 168.6% YoY, owing to continued strong broadband net additions and surge in project based equipment and license sales.
- Network and Technology expenses grew 30.7% YoY, mainly due to increased energy costs and technology repair and maintenance costs.

- Personnel expense increased by 16.6% YoY on a low base in Q3'19.
- 14.3% YoY increase in the tax expense was led by higher frequency and treasury fees attached to mobile revenues.

## Operating Profit before Depreciation and Amortization (EBITDA)

In Q3'20, consolidated EBITDA increased by 15.7% YoY to TL 3.5 bn with an EBITDA margin of 47.2% on the back of strong growth in broadband revenues. Excluding IFRIC 12 accounting impact, EBITDA margin was 49.3%.

## Depreciation and Amortization Expense

Depreciation and amortization expense increased by 13.5% YoY to TL 1,343 mn in Q3'20.

## Operating Profit

In Q3'20, the Group recorded TL 2,134 mn operating profit with a 17.1% YoY increase.

## Net Financial Income/Expense

Net financial expense was TL 1,579 mn in Q3'20 due to weaker lira.

According to the sensitivity of P&L statement to FX movements, 10% depreciation of TL has TL 953 mn impact on P&L as of Sep'20 assuming all else constant (TL 623 mn impact as of Jun'20 and TL 455 mn impact as of Dec'19).

## Tax Income/Expense

The Group reported TL 123 mn tax expense in Q3'20 compared to TL 229 mn in Q3'19.

## Net Income

The Group generated TL 432 mn net income in Q3'20 compared to TL 1,117 mn in Q3'19, due to unfavourable FX movements during the quarter.

## Capital Expenditures

Capex rose to TL 1,822 mn in Q3'20 from TL 1,223 mn in Q3'19 reflecting the impact of continued increase in fibre investments and weaker lira.

## Cash Flow and Leverage

Unlevered free cash flow generated in LTM Q3'20 grew to TL 6.5 billion compared to TL 4.9 billion in LTM Q3'19 thanks to robust EBITDA performance.

In Q3'20, unlevered free cash flow was TL 1.8 billion vs. TL 1.2 billion in Q2'20 and TL 1.6 billion in Q3'19.

Net debt<sup>5</sup> increased to TL 17.1 billion as of Q3'20, while excluding the IFRS 16 impact, it was TL 15.8 billion.

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<sup>5</sup> Net debt includes MTM from FX to TRY Currency Swaps.

Net debt/EBITDA<sup>6</sup> ratio slightly increased to 1.35x from 1.31x a quarter ago, despite the TL 602 mn dividend payment and around 16% depreciation of TL against USD and EUR in the quarter.

Net debt (excluding the IFRS 16 impact) declined to USD 2,026 mn equivalent as of Sep'20, down by USD 136 mn QoQ (Jun'20: USD 2,162 mn; Mar'20: USD 2,268 mn; Dec'19: USD 2,491 mn).

In Sep'20, FX based debt (excluding the IFRS 16 impact) declined to USD 2,625 mn equivalent (Jun'20: USD 2,663 mn; Dec'19: USD 3,097 mn) led by continued deleveraging. The share of TL financing was 11.2% as of Q3'20 down from 13.1% in Q2'20 because of weaker lira (Dec'19: 6.3%, Sep'19: 2.3%).

The net FX exposure was USD 211 mn including the USD 1,918 mn equivalent of participating cross currency swap (PCCS) and forward contracts positions in total and the FX based cash of USD 496 mn.

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<sup>6</sup> Net debt includes MTM from FX to TRY Currency Swaps. Net Debt/EBITDA calculation excludes extraordinary claims on EBITDA calculation.

## Operational Performance

|                                               | Q3'19       | Q2'20       | Q3'20       | QoQ Change    | YoY Change     |
|-----------------------------------------------|-------------|-------------|-------------|---------------|----------------|
| <b>Total Access Lines (mn) <sup>7</sup></b>   | <b>14.6</b> | <b>15.3</b> | <b>15.7</b> | <b>2.9%</b>   | <b>7.8%</b>    |
| Fixed Voice Subscribers (mn)                  | 10.0        | 10.3        | 10.5        | 1.5%          | 5.2%           |
| Naked Broadband Subscribers (mn)              | 4.6         | 4.9         | 5.2         | 5.8%          | 13.7%          |
| <b>Fixed Voice ARPU (TL)</b>                  | <b>22.5</b> | <b>22.0</b> | <b>22.0</b> | <b>0.2%</b>   | <b>(2.3)%</b>  |
| <b>Total Broadband Subscribers (mn)</b>       | <b>11.3</b> | <b>12.2</b> | <b>12.8</b> | <b>4.4%</b>   | <b>12.6%</b>   |
| <b>Total Fibre Subscribers (mn)</b>           | <b>4.0</b>  | <b>4.8</b>  | <b>5.2</b>  | <b>9.0%</b>   | <b>30.2%</b>   |
| FTTH/B (mn)                                   | 1.6         | 1.9         | 2.0         | 9.1%          | 31.2%          |
| FTTC (mn)                                     | 2.5         | 2.9         | 3.2         | 8.9%          | 29.6%          |
| <b>Broadband ARPU (TL)</b>                    | <b>50.1</b> | <b>55.5</b> | <b>57.1</b> | <b>2.8%</b>   | <b>14.0%</b>   |
| <b>Total TV Subscribers (mn) <sup>8</sup></b> | <b>3.6</b>  | <b>3.3</b>  | <b>3.2</b>  | <b>(3.2)%</b> | <b>(10.7)%</b> |
| Tivibu Home (IPTV + DTH) Subscribers (mn)     | 1.6         | 1.5         | 1.5         | (1.7)%        | (7.3)%         |
| <b>TV ARPU (TL)</b>                           | <b>16.5</b> | <b>19.0</b> | <b>19.4</b> | <b>2.4%</b>   | <b>18.0%</b>   |
| <b>Mobile Total Subscribers (mn)</b>          | <b>22.8</b> | <b>22.8</b> | <b>23.1</b> | <b>1.2%</b>   | <b>1.4%</b>    |
| Mobile Postpaid Subscribers (mn)              | 13.5        | 14.1        | 14.5        | 2.6%          | 7.1%           |
| Mobile Prepaid Subscribers (mn)               | 9.2         | 8.7         | 8.6         | (1.1)%        | (6.9)%         |
| <b>Mobile Blended ARPU (TL)</b>               | <b>34.7</b> | <b>34.4</b> | <b>37.1</b> | <b>7.8%</b>   | <b>7.1%</b>    |
| Mobile Postpaid ARPU (TL)                     | 42.9        | 42.7        | 44.5        | 4.0%          | 3.7%           |
| Mobile Prepaid ARPU (TL)                      | 21.4        | 21.2        | 24.2        | 14.1%         | 13.1%          |

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

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

**Notes:**

*EBITDA is a non-GAAP financial measure. The EBITDA definition used in this press release includes revenues, cost of sales, marketing, sales and distribution expenses, general administrative expenses, research and development expenses and other operating income/(expense), and income/(expense) from investing activities, but excludes depreciation, amortization and impairment expenses, financial income/(expense) presented in other operating income/(expense) (i.e. FX gain/(loss), interest and rediscount income/(expense) on current accounts excluding bank borrowings).*

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

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

## About Türk Telekom Group

Türk Telekom, with 180 years of history, is the first integrated telecommunications operator in Turkey. In 2015, Türk Telekomünikasyon A.Ş. adopted a “customer-oriented” and integrated structure in order to respond to the rapidly changing communication and technology needs of customers in the most powerful and accurate way, while maintaining the legal entities of TT Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş. intact and adhering to the rules and regulations to which they are subject. Having a wide service network and product range in the fields of individual and corporate services, Türk Telekom unified its mobile, internet, phone and TV products and services under the single “Türk Telekom” brand as of January 2016.

“Turkey’s Multiplay Provider” Türk Telekom has 15.7 million fixed access lines, 12.8 million broadband, 3.2 million TV and 23.1 million mobile subscribers as of September 30, 2020. Türk Telekom Group Companies provide services in all 81 cities of Turkey with 34,034 employees with the vision of introducing new technologies to Turkey and accelerating Turkey’s transformation into an information society.

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



## Disclaimer

The information contained herein has been prepared by Türk Telekomünikasyon A.Ş. (the Company) in connection with the operations of Türk Telekom Group companies. The opinions presented herein are based on general information gathered at the time of writing and are subject to change without notice. The Company relies on the information gathered from the reliable sources however does not guarantee completeness and accuracy of such information.

These materials contain statements about future events and expectations that are forward-looking statements. Any statement in these materials that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except to the extent required by law, we assume no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements. This press release does not constitute an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. No reliance may be placed for any purposes whatsoever on the information contained in this press release or on its completeness, accuracy or fairness. The information contained in this press release may be required to be confirmed, completed and amended. Therefore, no declaration or commitment has been given or implied on the name of the Company or its shareholders, directors, employers or other third persons depending on the authenticity, completeness and accuracy of the information. None of the Company nor any of its shareholders, directors or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of this press release or its contents or otherwise arising in connection therewith.

The PSTN services and wholesale broadband services are provided by Türk Telekomünikasyon A.Ş., the retail internet services are provided by TTNET A.Ş. and the mobile services are provided by TT Mobil İletişim Hizmetleri A.Ş. Türk Telekom® brand used in this press release is the joint brand of Türk Telekom Group companies. All group companies' legal entities remain intact. There may be differences between the data provided in this press release and ICTA's market reports. These discrepancies are due differences in basis of financial reporting (standalone vs. consolidated) and differences in ARPU calculation methodologies.

Türk Telekom Group Consolidated Financial Statements are available on <http://www.ttinvestorrelations.com/financial-operational-information/quarterly-results.aspx>