

# TURKCELL GROUP

Q2 2023 | August 17, 2023





Murat Erkan **Turkcell CEO**

# **BUSINESS OVERVIEW**

# Turkcell Group: Q2 2023 Highlights

## Outstanding Results on the Back of Dedicated Price Adjustments



REVENUE

↑ **73.5% YoY**  
21.7 Bn TL

TOTAL NET ADD



EBITDA

↑ **89.3% YoY**  
9.5 Bn TL

MOBILE ARPU  
GROWTH\*



NET INCOME

↑ **70.1% YoY**  
3.2 Bn TL

NEW HOMEPASS



Revenue growth continued  
to outpace inflation



Solid net add performance &  
digital services paid user  
growth sustained



Guidance revised  
upward

# Operational Highlights

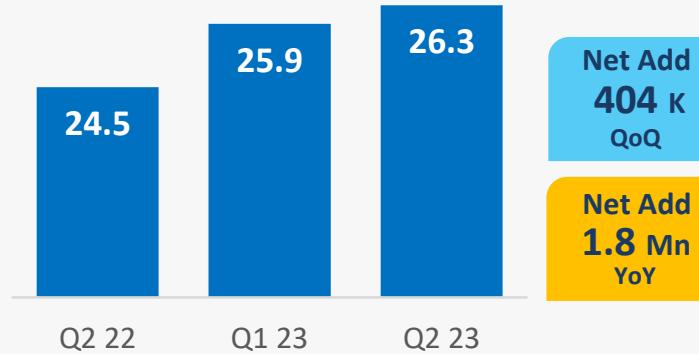
## Mobile



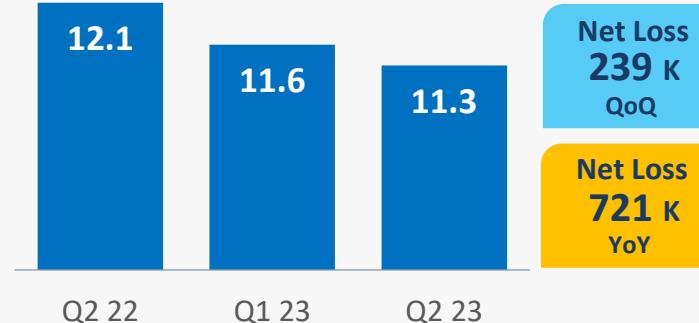
### SUBSCRIBER TREND

MILLION

POSTPAID



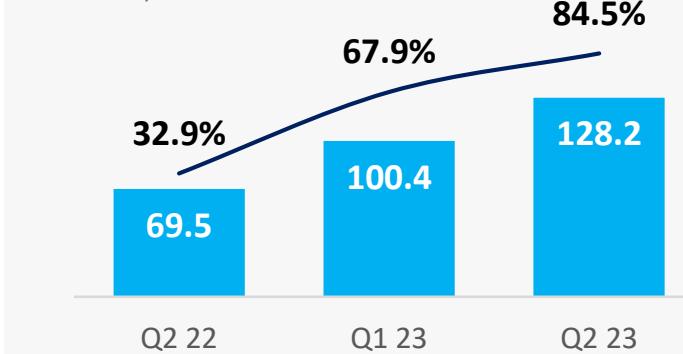
PREPAID



### MOBILE ARPU (excl. M2M)

BLENDED, TL

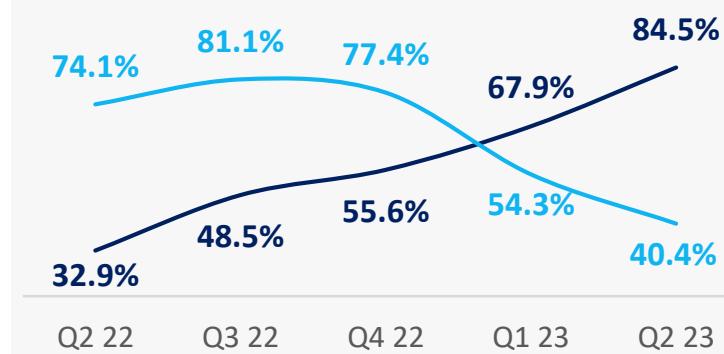
— ARPU Growth (YoY)



### MOBILE ARPU vs CPI

YEARLY CHANGE IN %

— ARPU Growth  
— CPI



### MOBILE CHURN

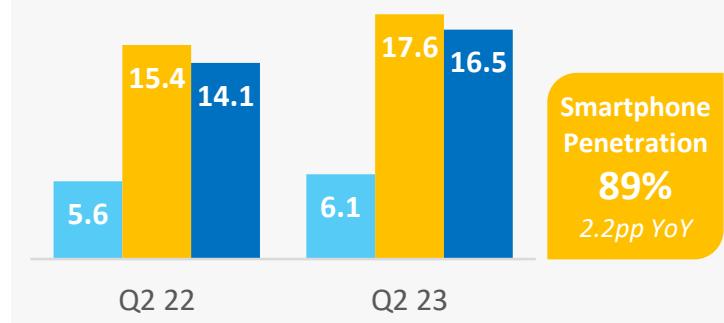
MONTHLY AVG.

1.8%  
1.7%  
1.9%

### MOBILE DATA KPIs

AVG. GB/USER

■ Non 4.5G Users  
■ 4.5G Users  
■ Total Users



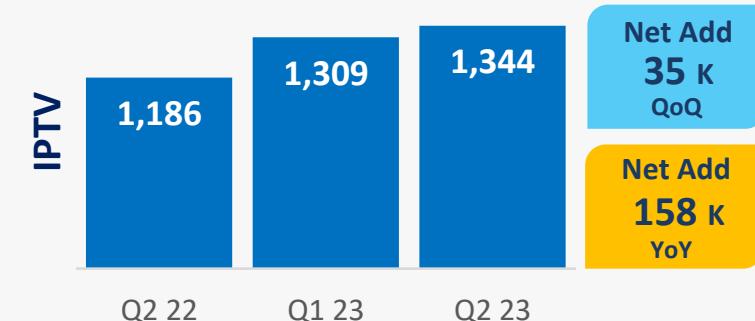
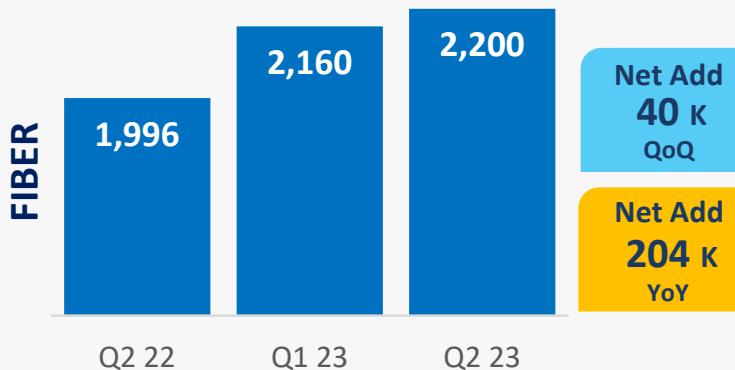
# Operational Highlights

## Fixed Broadband

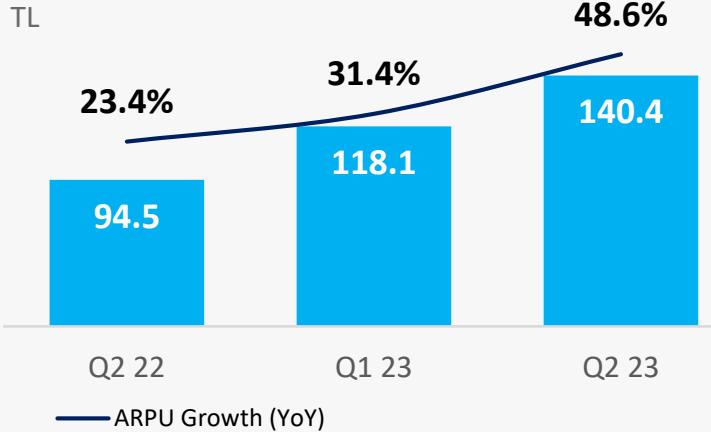


### SUBSCRIBER TREND

THOUSAND

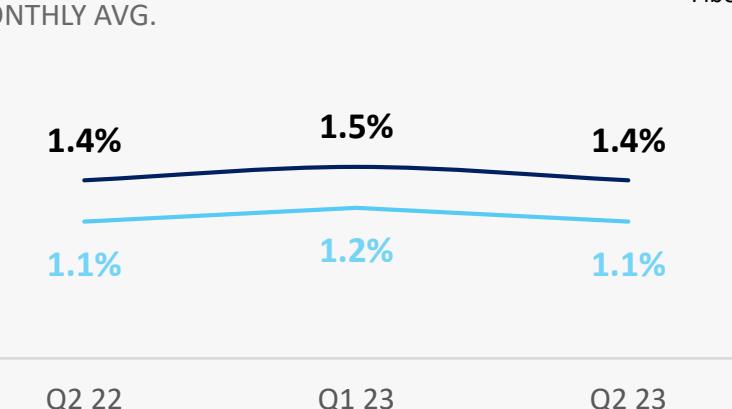


### RESIDENTIAL FIBER ARPU

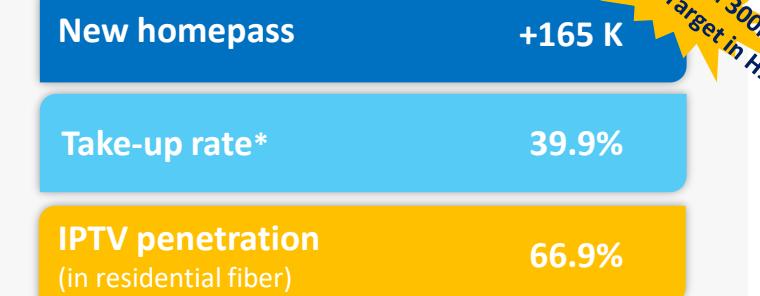


### CHURN

MONTHLY AVG.



### FIBER PENETRATION KPIs (Q2 23)



\*Excluding corporate

Note: Cable subscribers of 40 K at the end of Q2 2023 are included in 795 K.

# Strategic Focus Areas

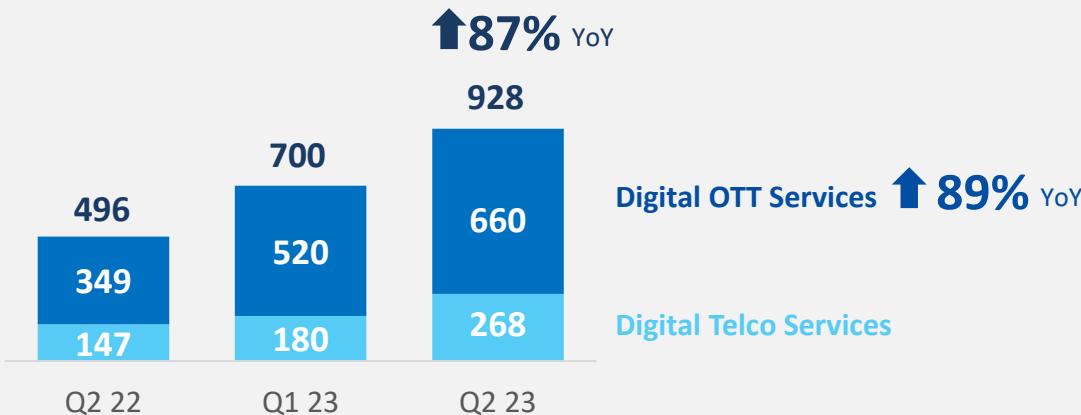
## Growth Continued on the Back of Digitalization



### Digital Services & Solutions

#### STAND-ALONE REVENUE

MILLION TL



- Paid user
  - IPTV: 1.3 Mn,  $\uparrow 13\% \text{ YoY}$
  - OTT TV: 1.0 Mn,  $\uparrow 18\% \text{ YoY}$

- Paid user
  - 2.0 Mn,  $\uparrow 30\% \text{ YoY}$

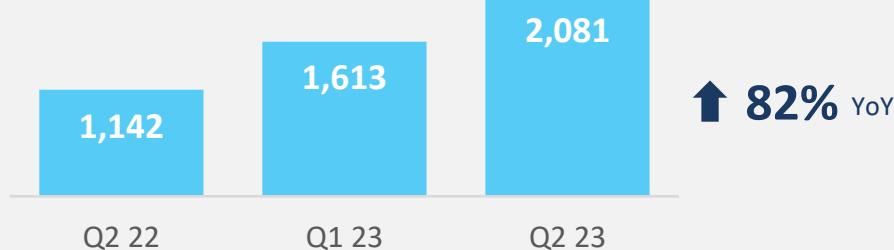


TV+ PRO

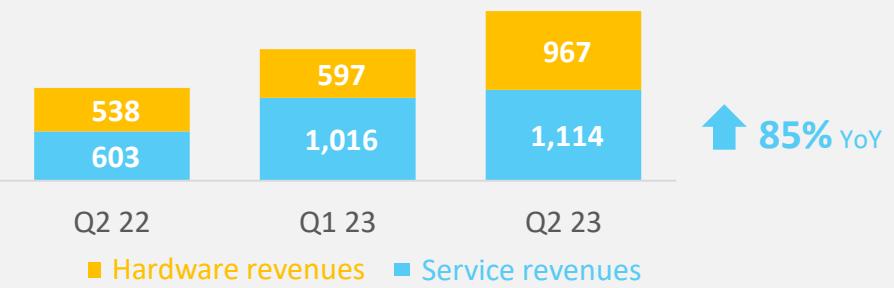
### Digital Business Services

#### REVENUE

MILLION TL



- 940+ new contracts as of Q2 23
- 2.9 Bn TL backlog<sup>2</sup> from system integration projects
- DC revenues:  $\uparrow 105\% \text{ YoY}$
- Cloud services revenues:  $\uparrow 117\% \text{ YoY}$



(1) including IPTV, OTT TV, fizy, lifebox, Game+ (2) Backlog refers to the value of contracted revenue from system integration projects that is yet to be recognized until the end of the contract term.

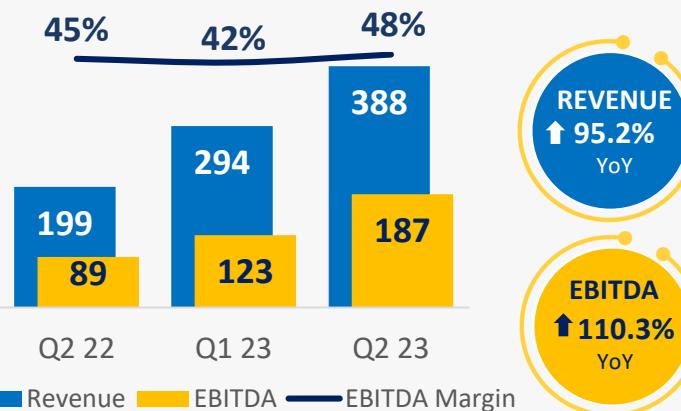
# Strategic Focus Areas: Techfin Business

## Traction Reinforces Solid Momentum



### FINANCIAL HIGHLIGHTS

MILLION TL

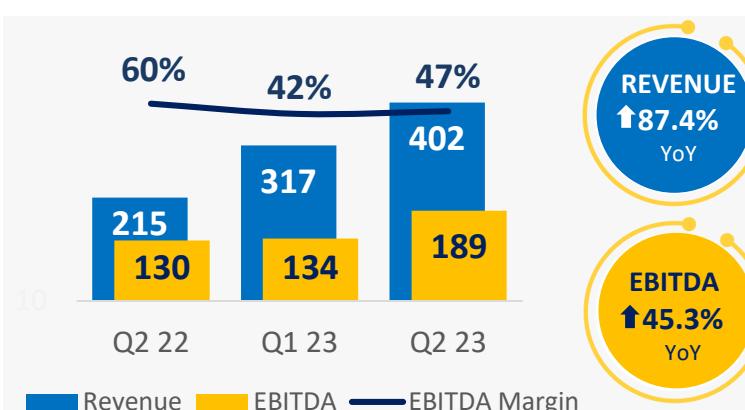


- Transaction volume<sup>1</sup>: **14.8 Bn TL**, **↑80% YoY**
- 3-month active users: **7.9 Mn**, **↑13% YoY**
- Merchants<sup>2</sup>: **46 K**
- Nationwide joint QR project launched

Transaction Size	YoY
PAY LATER 1.9 Bn TL (non-group)	<b>2.2x</b>
PAYCELL CARD 3.4 Bn TL	<b>1.8x</b>
POS SOLUTIONS 4.7 Bn TL	<b>1.6x</b>

paycell

financell<sup>4</sup>



- Market share<sup>3</sup>: **15%** below 10 K TL loans
- Cost of Risk: **1.9%**
- Active Customers: **1.3 Mn**
- Customers with Ready Credit Limit: **13 Mn**

Loan Portfolio	YoY
<b>TOTAL</b> 4.7 Bn TL	<b>88%</b>
<b>NEWLY GRANTED</b> 2.8 Bn TL	<b>101%</b>

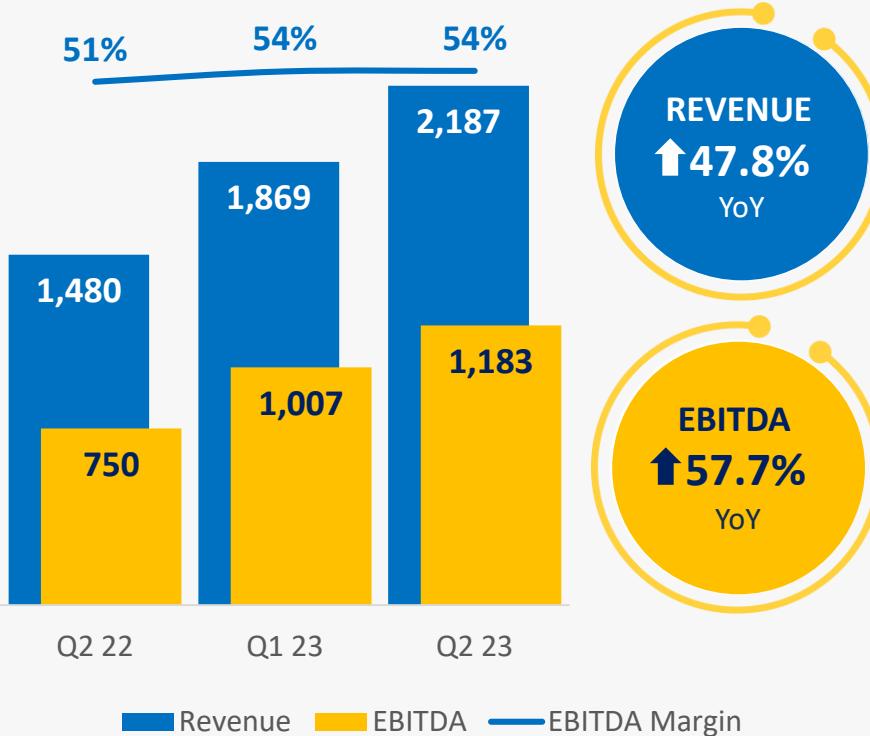
(1) Includes transaction volumes over Pay Later, Paycell Card, bill payments, POS solutions and money transfers through IBAN, both group and non-group for Q2 23. (2) Points where all Paycell services accepted. (3) As of June 2023 (4) Following the change in the organizational structure, the revenues of Turkcell Sigorta Aracılık Hizmetleri A.Ş. (Insurance Agency), which was previously managed under the Financell, has been classified from Financell to "Other" in the Techfin segment as of the first quarter of 2023. Within this scope, all past data have been revised for comparability purposes.

# Turkcell International Subsidiaries at a Glance



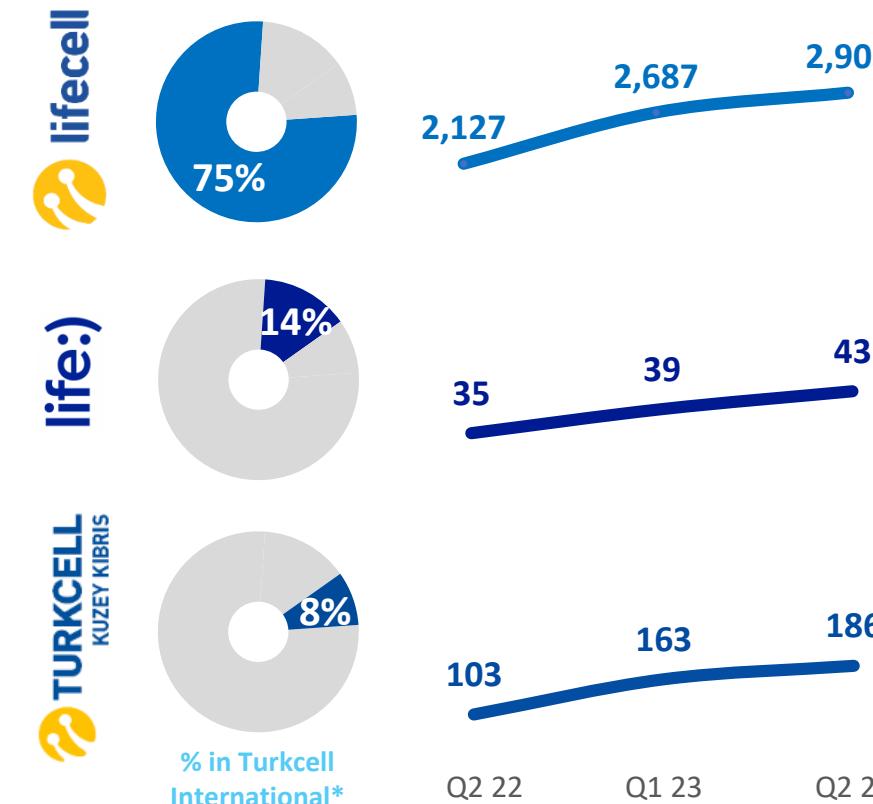
## FINANCIAL HIGHLIGHTS

MILLION TL



## STAND-ALONE REVENUES

MILLION (in their own currency)

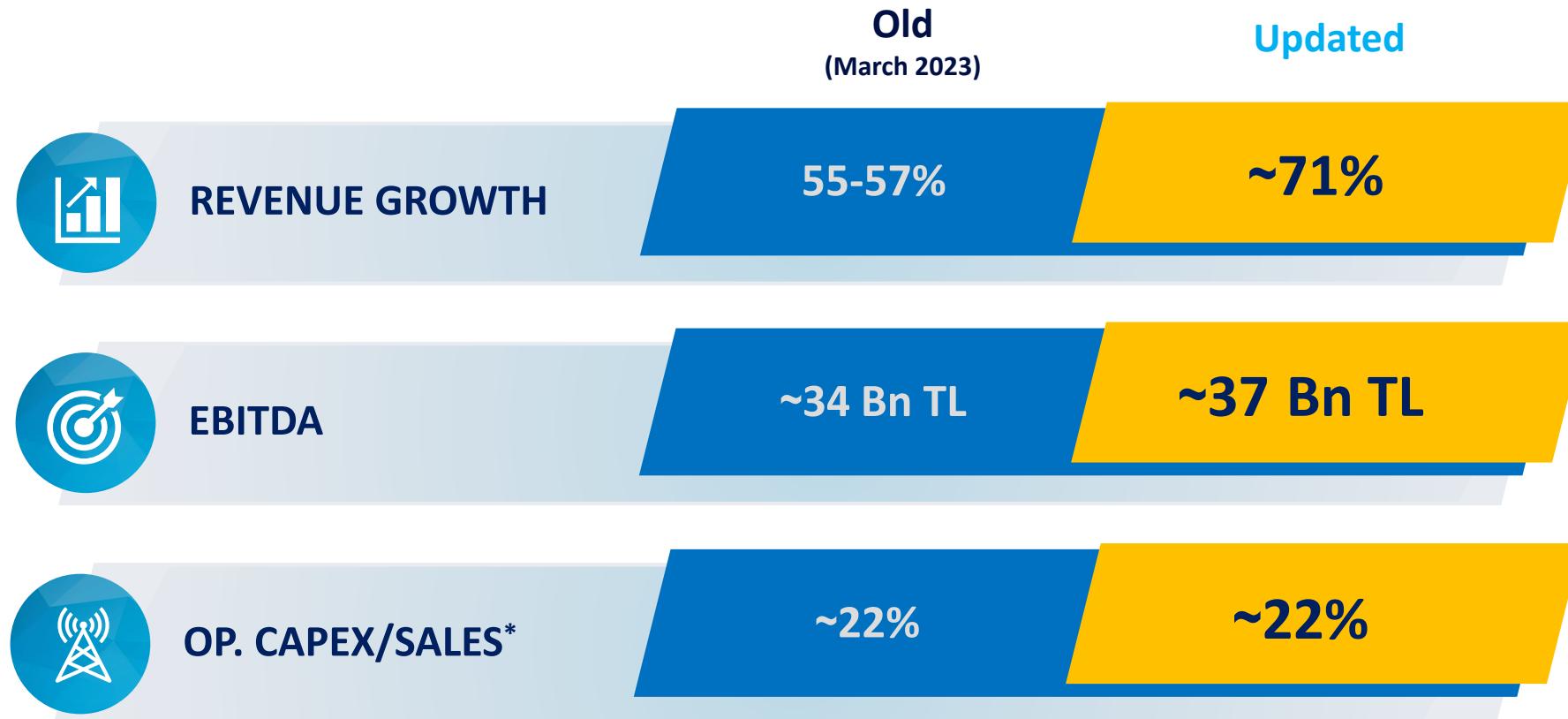


- 36.5% YoY revenue growth
- Effective cost mgmt: 59.1% EBITDA Margin
- 8.6Mn 3-month active subscribers
- 4G user data usage: 15GB/month, ↑19% YoY

- 22.4% YoY revenue growth
- 46.4% EBITDA Margin, ↑20pp YoY
- 4G user data usage: 19GB/month, ↑10% YoY

- 80.0% YoY revenue growth
- 61.1% YoY EBITDA growth
- 37.7% EBITDA Margin
- 0.6Mn subscribers
- First operator to provide 4.5G in September

# 2023 Guidance Revised Upward





Kamil Kalyon **Turkcell CFO (Acting)**

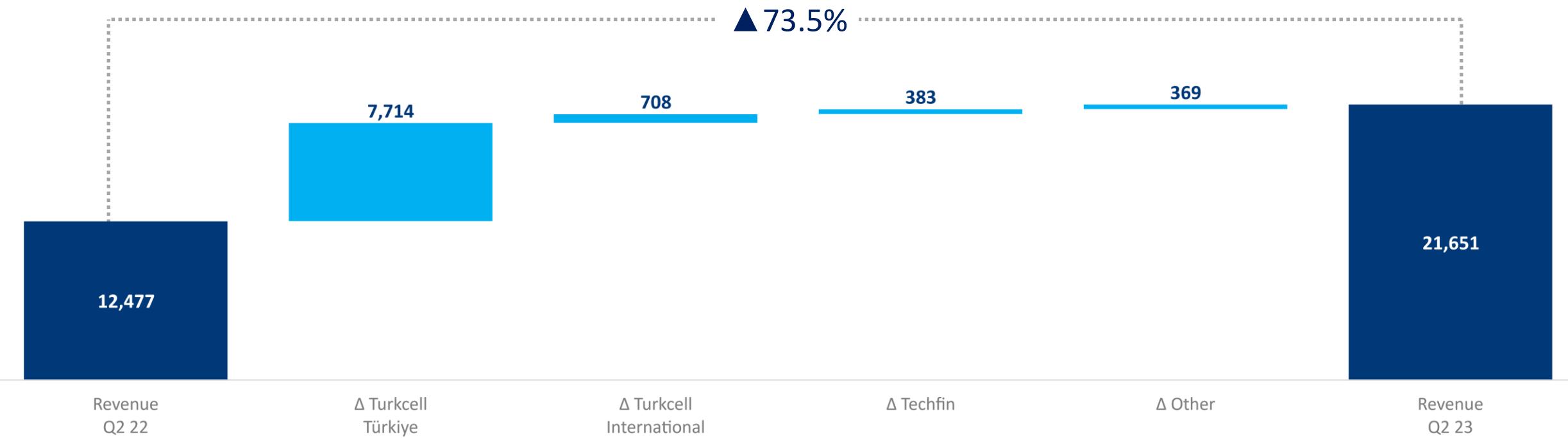
# **FINANCIAL OVERVIEW**

# Turkcell Group Revenue



## REVENUE

MILLION TL



- Topline is supported by all segments and grew by 73.5% surpassing yearly inflation in Q2 23.
- Strong growth in Turkcell Türkiye revenue: 82.3% YoY, thanks to a higher subscriber base and strong ARPU growth as a result of sequential price adjustments.
- Solid revenue growth in techfin business: 92.6% YoY in this quarter; driven by Paycell's and Financell's revenue growth of 95.2% and 87.4%, respectively.

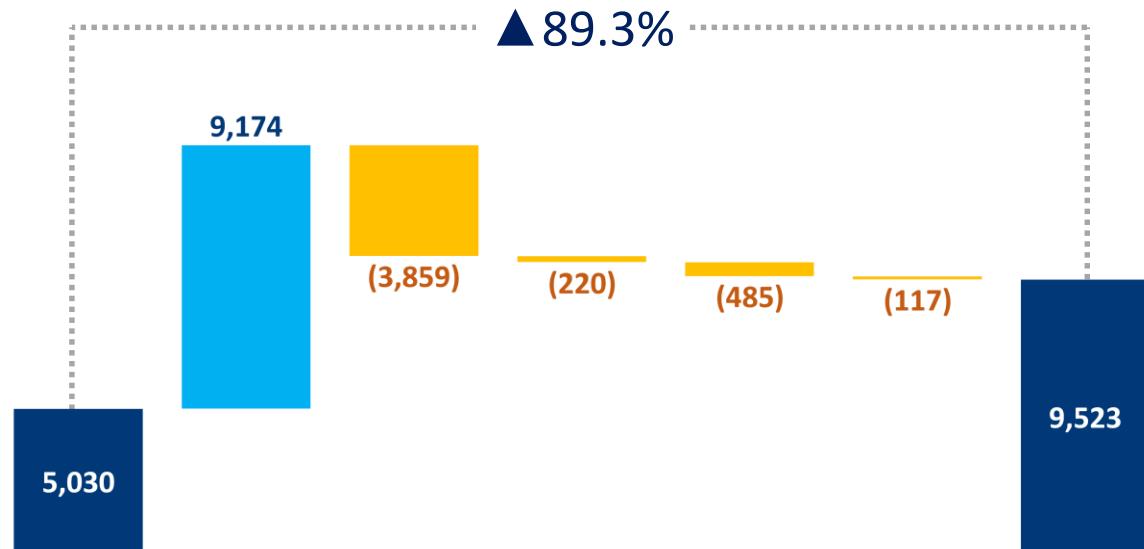
# Turkcell Group

## EBITDA & EBITDA Margin



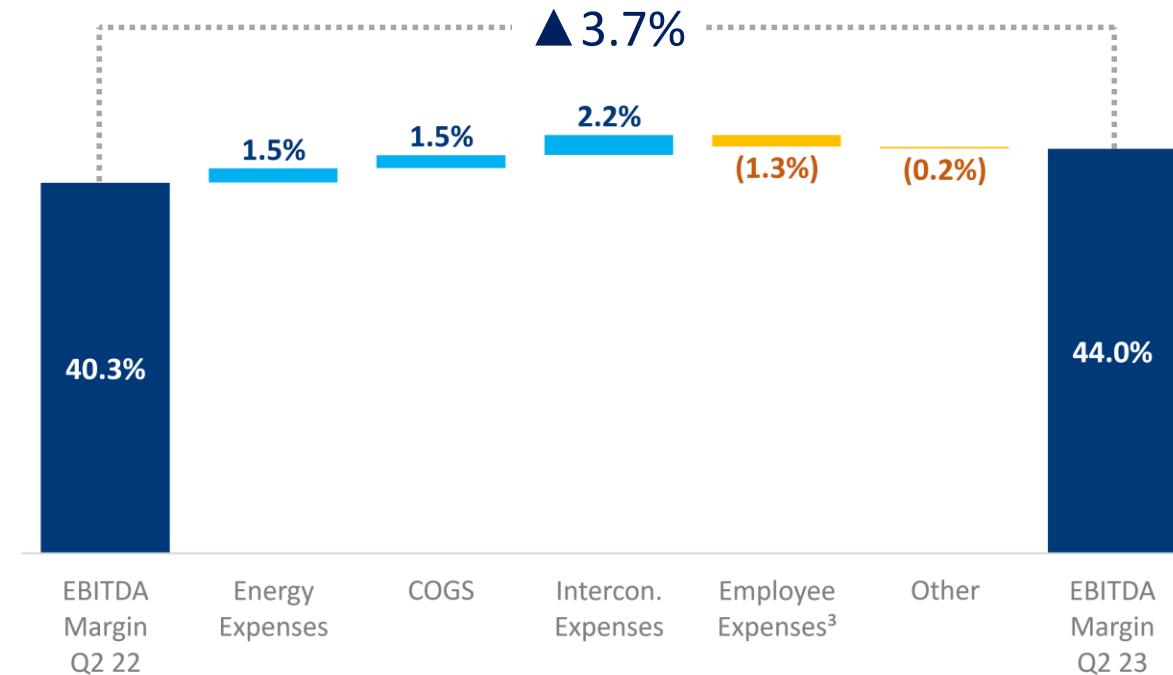
### EBITDA

MILLION TL



### EBITDA Margin

%

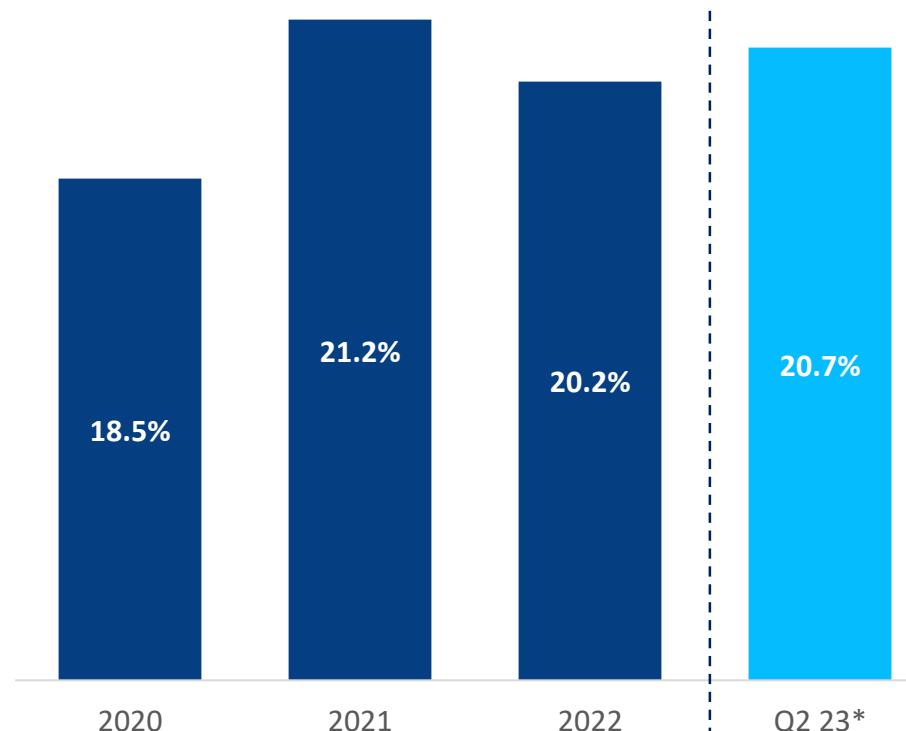


- EBITDA grew 89.3% on the back of strong revenue generation and decreased cost items as a percentage of revenue.
- Declining energy prices, and interconnection expenses as a percentage of revenues contributed to the EBITDA margin.
- Turkcell Türkiye's EBITDA margin grew from 42.1% to 45.7% year-on-year.

# Turkcell Group CAPEX

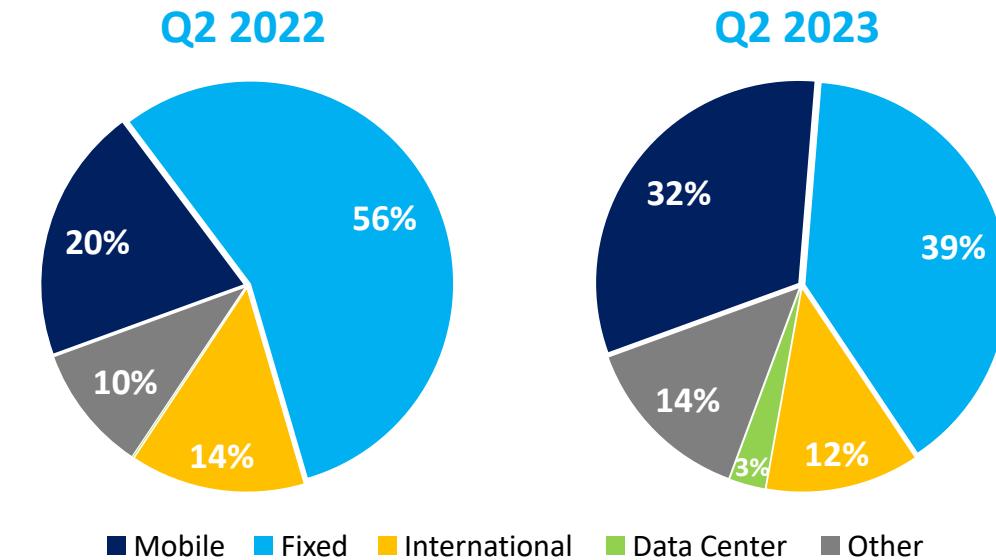


## OPERATIONAL CAPEX/SALES

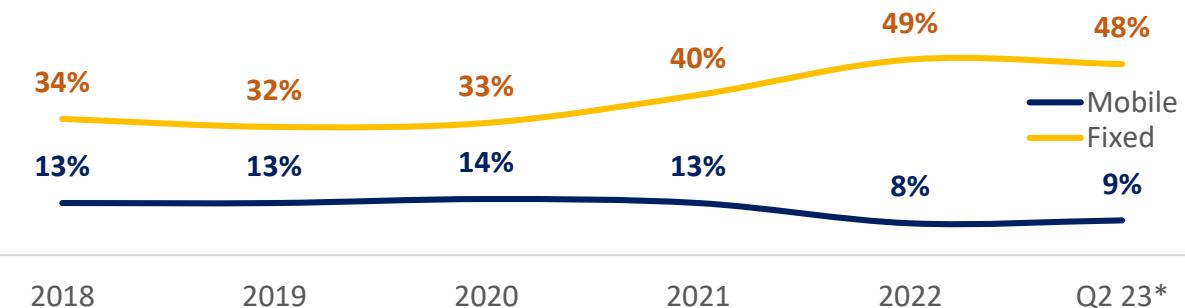


- We reached our annual fiber homepass target in 1H 23
- Operational CAPEX/Sales ratio is within our 2023 guidance

## OPERATIONAL CAPEX BREAKDOWN



## OPERATIONAL CAPEX INTENSITY BY SEGMENT



Note: Operational CAPEX figures exclude license fees.

\*Last twelve months

# Turkcell Group

## Solid Balance Sheet

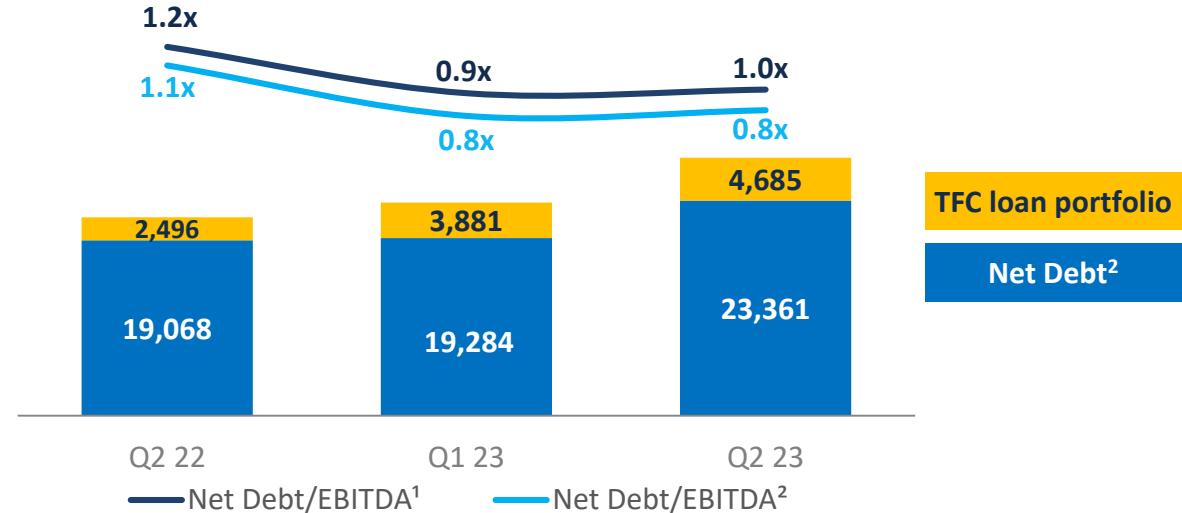


### SUMMARY

MILLION TL

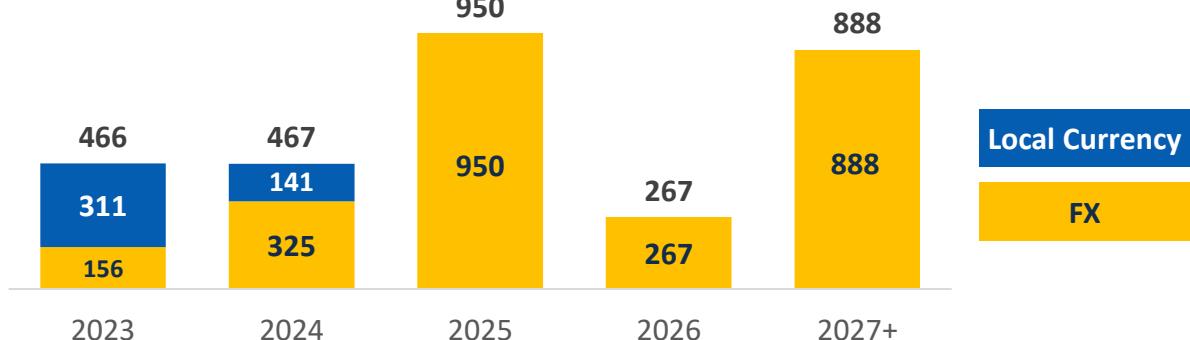
	Q2 22	Q1 23	Q2 23
<b>Total Cash</b>	21,973	27,317	<b>35,030</b>
<b>Total Assets</b>	84,545	109,843	<b>136,175</b>
<b>Total Debt</b>	48,235	58,486	<b>77,198</b>
<i>Lease Obligations</i>	3,197	3,391	<b>3,936</b>
<b>Total Equity</b>	23,834	33,853	<b>37,536</b>
<b>Net Debt<sup>1</sup></b>	21,564	23,166	<b>28,046</b>
<b>Net Debt<sup>2</sup></b>	19,068	19,284	<b>23,361</b>

### NET DEBT/EBITDA



### DEBT SERVICE (PRINCIPAL & INTEREST)<sup>3</sup>

USD MILLION



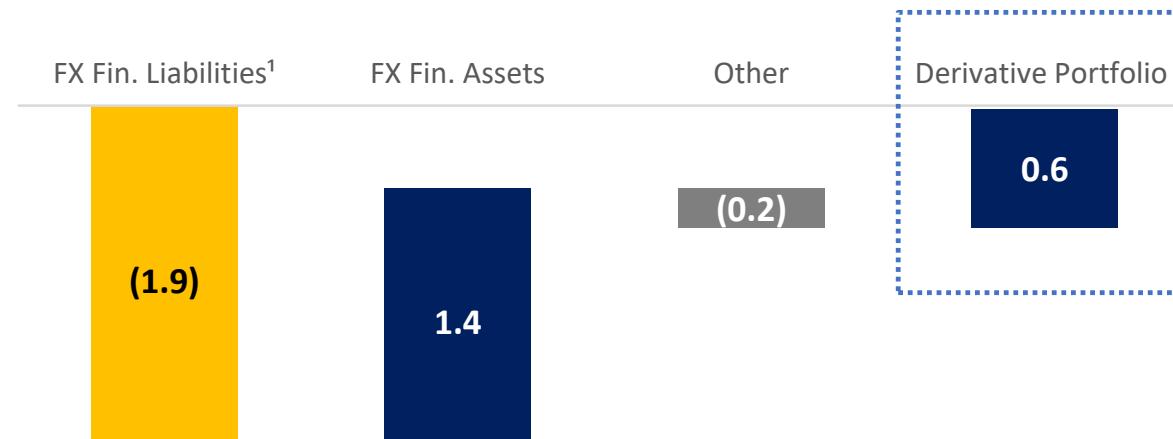
(1) We revised the definition of our net debt calculation to include "financial assets at fair value through other comprehensive income" reported under current and non-current assets, and "financial assets at amortized cost". Required reserves held in CBRT balances also considered in net debt calculation. (2) Excludes Turkcell Finance Company's (TFC) loan portfolio. (3) Data of Turkcell Group companies excluding TFC.

# Turkcell Group FX Exposure



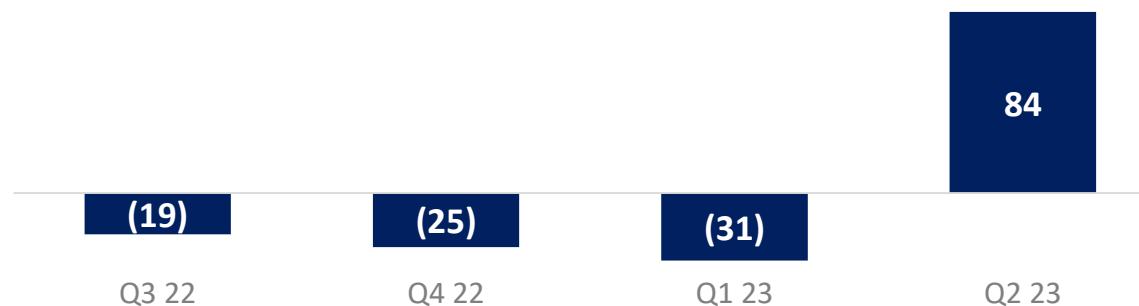
## FX POSITION BREAKDOWN

USD BILLION EQUIVALENT

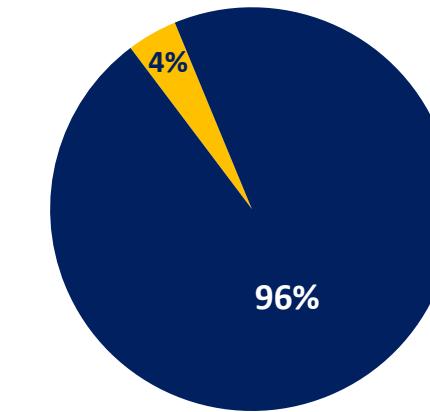


## NET FX POSITION<sup>2</sup>

USD MILLION



## DERIVATIVE PORTFOLIO BREAKDOWN



■ Cross Currency Swaps ■ Proxy Hedges

- Average cost of hedging for FX loans at around 12%
- Net FX position is inline with our FX neutral definition (+/- 200 Mn USD)



# THANK YOU

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or call Turkcell Investor Relations at  
(+90 212 313 1888)

Turkcell IR Website



# Turkcell Group

## Financial Summary



MILLION TL

	Q2 2023	YoY Growth	H1 2023	YoY Growth
<b>Revenue</b>	21,651	73.5%	38,927	68.0%
<b>EBITDA</b>	9,523	89.3%	16,282	74.5%
<b>EBITDA Margin</b>	44.0%	3.7pp	41.8%	1.5pp
<b>EBIT</b>	6,535	156.3%	10,608	122.5%
<b>EBIT Margin</b>	30.2%	9.8pp	27.3%	6.7pp
<b>Net Income</b>	3,161	70.1%	5,978	124.7%
<b>Opr. Capex/Sales*</b>	18.6%	2.1pp	19.2%	2.4pp

# Notice



This presentation may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Safe Harbor provisions of the US Private Securities Litigation Reform Act of 1995. This includes, in particular, our targets for revenue, EBITDA and operational capex in 2023. More generally, all statements other than statements of historical facts included in this presentation, including, without limitation, certain statements regarding the launch of new businesses, our operations, financial position and business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the written or oral use of forward-looking terminology such as, among others, "will," "expect," "intend," "estimate," "believe", "continue" and "guidance".

Although Turkcell believes that the expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements. Factors such as changes in the state of emergency measures, as well as the risk factors disclosed in our Annual Report on Form 20-F for 2022 filed with U.S. Securities and Exchange Commission, may affect the outcome of such forward looking statements. We undertake no duty to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

We are publishing financial statements as of June 30, 2023 prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS"/"TFRS") only. These standards are issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and are in full compliance with IAS/IFRS Standards. In an announcement published by the POA on January 20, 2022, it is stated that TAS 29 "Financial Reporting in Hyperinflationary Economies" does not apply to TFRS financial statements as of December 31, 2021. Since then and as of the preparation date of our latest consolidated financial statements, no new statement has been made by the POA about TAS 29 application. Consequently, no TAS 29 adjustment was made to our consolidated financial statements.

Financial statements prepared in accordance with IFRS should apply IAS 29 "Financial Reporting in Hyperinflationary Economies" as of June 30, 2023. In this context, financial statements prepared in accordance with IFRS and TFRS would have significant differences and would not be comparable as of June 30, 2023. We intend to publish IFRS financial statements, compliant with IAS 29 to the extent that it remains applicable, with our Annual Report on Form 20-F that will be filed to the U.S. Securities and Exchange Commission.

Although we have not prepared a detailed comparison of differences between IFRS (unadjusted according to IAS 29) and TFRS, we have noted in our past financial statements that the most significant differences have appeared in the lines Other Operating Income/Expense, Finance Income/Expense, and Investment Activity Income/Expense. In the past, revenue, net income and EBITDA have generally not differed. While no assurance can be given that this will be the case for Q2 2023, we are not at present aware of changes that would cause other significant differences, other than those resulting from the application of IAS 29.

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