



# TURKCELL GROUP

Q4 & FY 2020 | February 22, 2021

Murat Erkan Turkcell CEO

# BUSINESS OVERVIEW



# 2020: Outstanding Performance

## Through a Diversified Business Model

Revenue Growth  
**15.8%**

EBITDA Margin  
**42.2%**

FCF  
**3.4Bn TL**

Mobile (excl. M2M)  
ARPU Growth  
**15.0%**

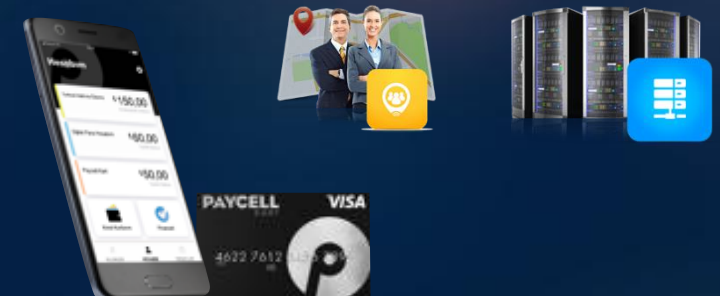
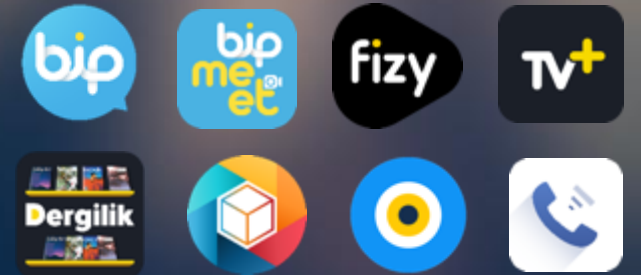
Residential Fiber  
ARPU Growth  
**9.2%**

Total Subscriber  
Net Add  
**1.1Mn**

Digital Services  
Stand-Alone  
Revenue Growth  
**26%**

Digital Business  
Services  
**30%**

Paycell  
Non-Group  
**62%**



# Q4 2020



## Strong Execution Leading to a Remarkable Quarter

**17.8% YoY** ↑  
Robust Revenue Growth

**41.2%**  
Strong EBITDA Margin

**1.3Bn TL**  
Solid Net Income

**0.8Bn TL**  
Strong FCF Generation

**464k** ↑  
Postpaid Net Add

**66%** ↑  
Postpaid share up 4pp YoY

**65k** ↑  
Fiber Net Add

**14.3%**  
Digital Channels Revenue Share

# 2020

## Pre-Pandemic Guidance Levels Delivered



	Initial Guidance February	Post-Pandemic Guidance April	Revised Guidance November	Actual (2020)
REVENUE GROWTH	13% - 16%	10% - 12%	14% - 15%	15.8%
EBITDA MARGIN	39% - 42%	40% - 42%	41% - 42%	42.2%
EBIT MARGIN	18% - 21%	19% - 21%	20% - 21%	21.6%
OP.CAPEX/ SALES*	16% - 18%	17% - 19%	~19%	18.5%

\* Excluding license fees

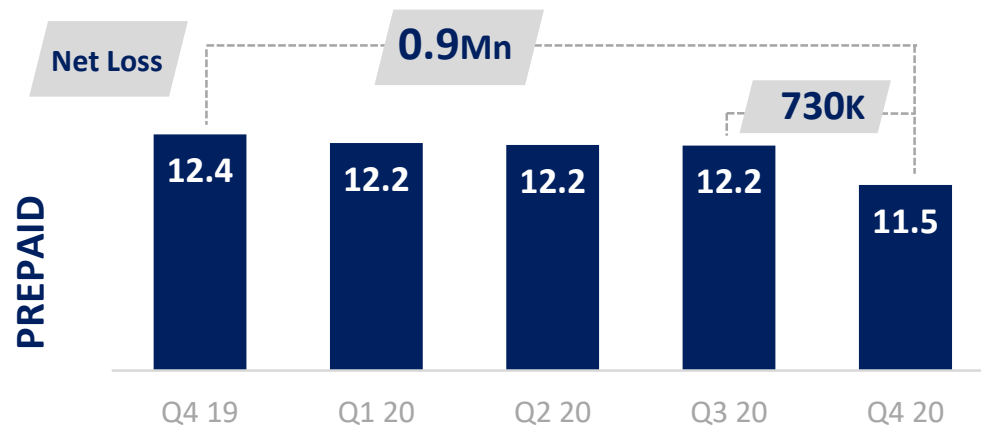
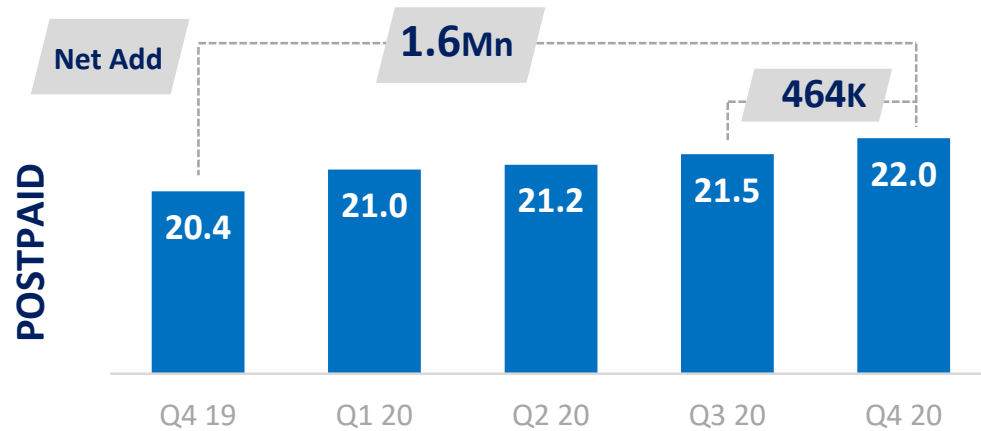
# Turkcell Group

## Operational Highlights - Mobile

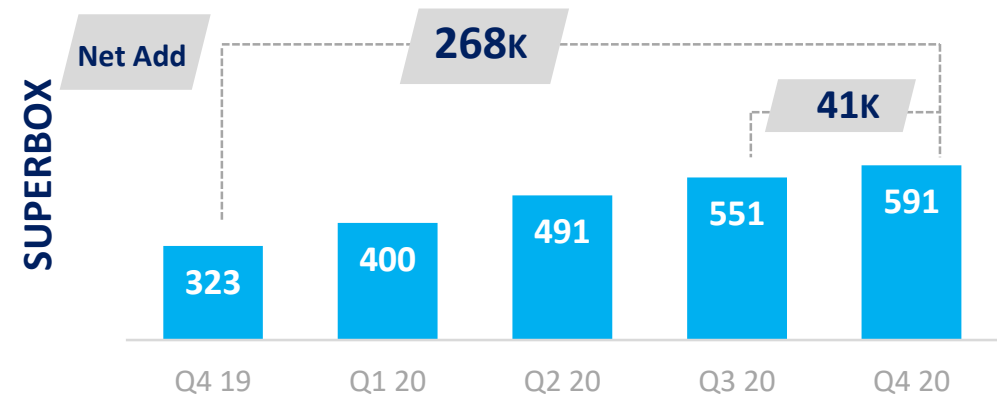


### SUBSCRIBER TREND

MILLION

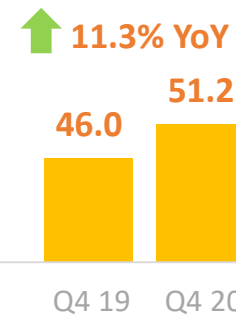


THOUSAND



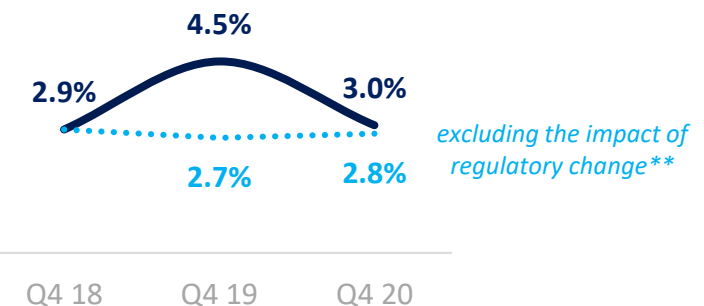
### MOBILE ARPU

BLENDED\*, TL



### MOBILE CHURN

MONTHLY AVG.



\*Mobile ARPU excludes M2M. \*\*There were 194K disconnections in Q4 2020 to reflect the regulatory change concerning the deactivation of deceased customers



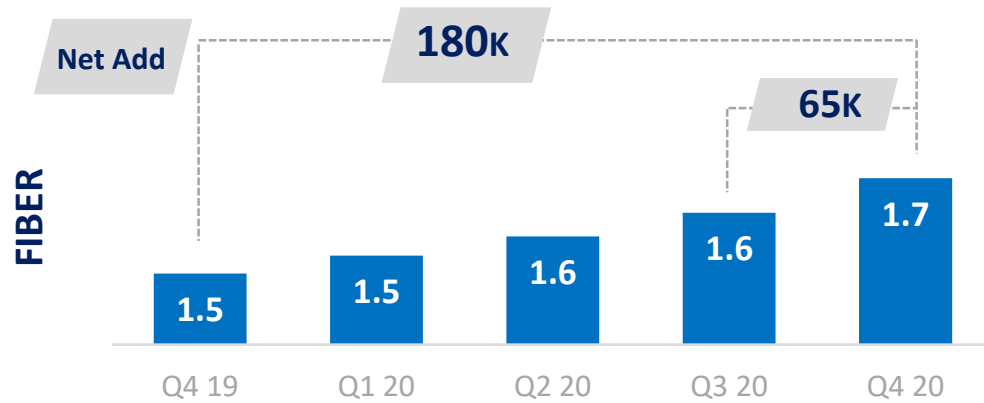
# Turkcell Group

## Operational Highlights - Fixed Broadband

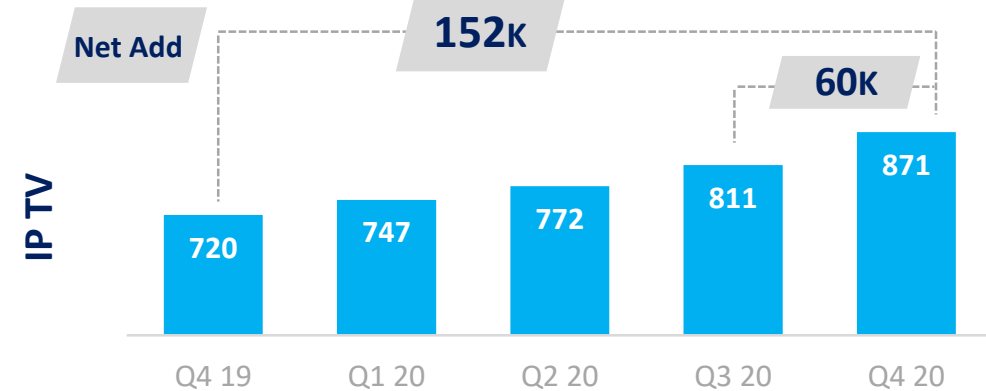


### SUBSCRIBER TREND

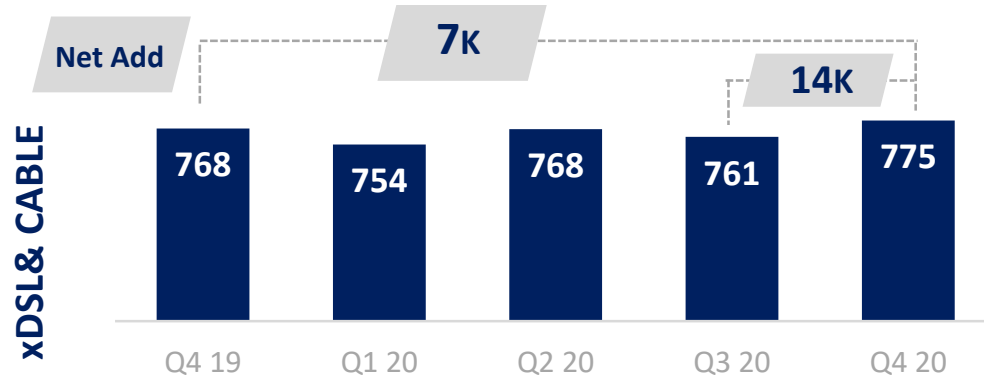
MILLION



THOUSAND



THOUSAND



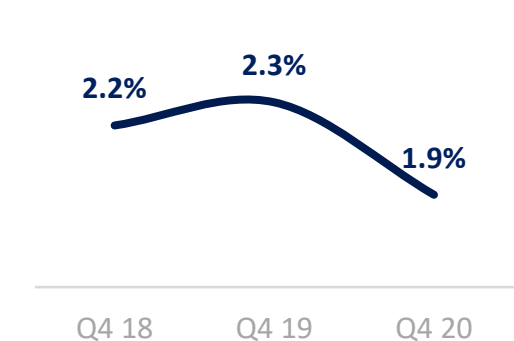
### FIBER RES. ARPU

TL



### FIXED BROADBAND CHURN

MONTHLY AVG.



Note: Cable subscribers reached 67.7K as at the end of Q4 2020 which is included in 775K.

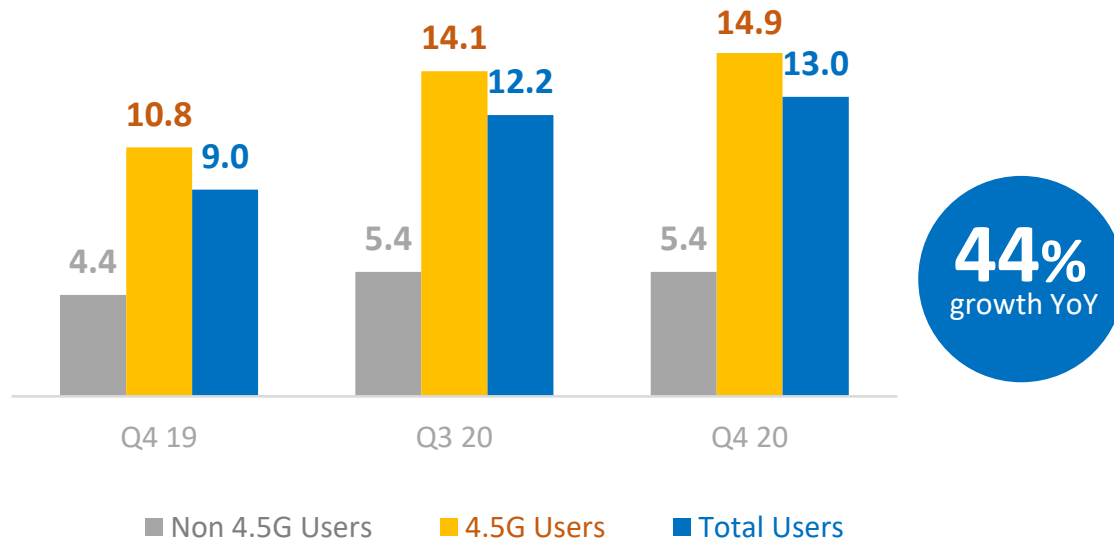
# Growth Engine

## Mobile Data



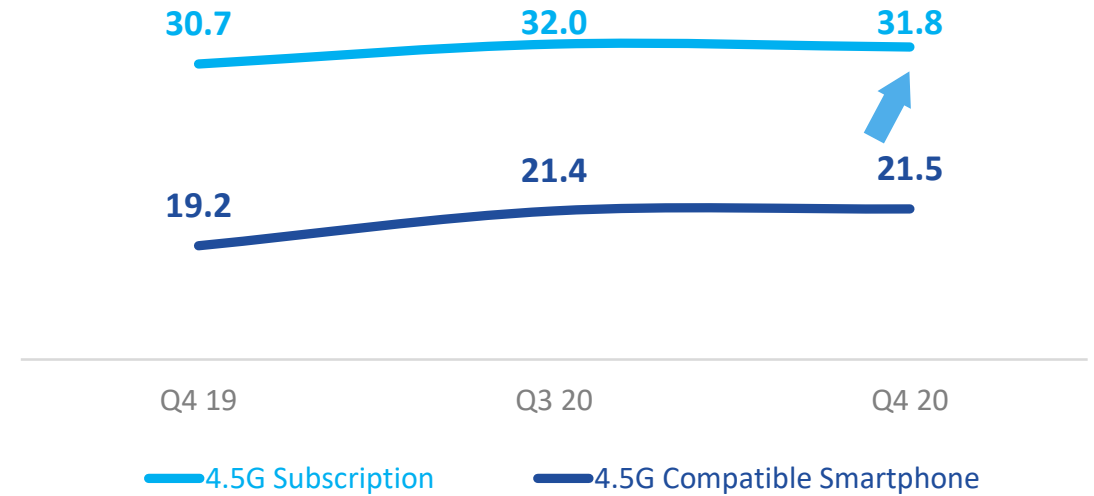
### MOBILE DATA USAGE

AV. GB/USER



### 4.5G SUBSCRIPTION

MILLION



**81%** smartphone penetration



**91%** are 4.5G compatible SPs



**95%** are 4.5G subscribers



**21.5 million** with 4.5G compatible SPs



# Leadership in Experience

"We Are Here For Our Customers"



Customer centric strategy



Innovative & rich value propositions



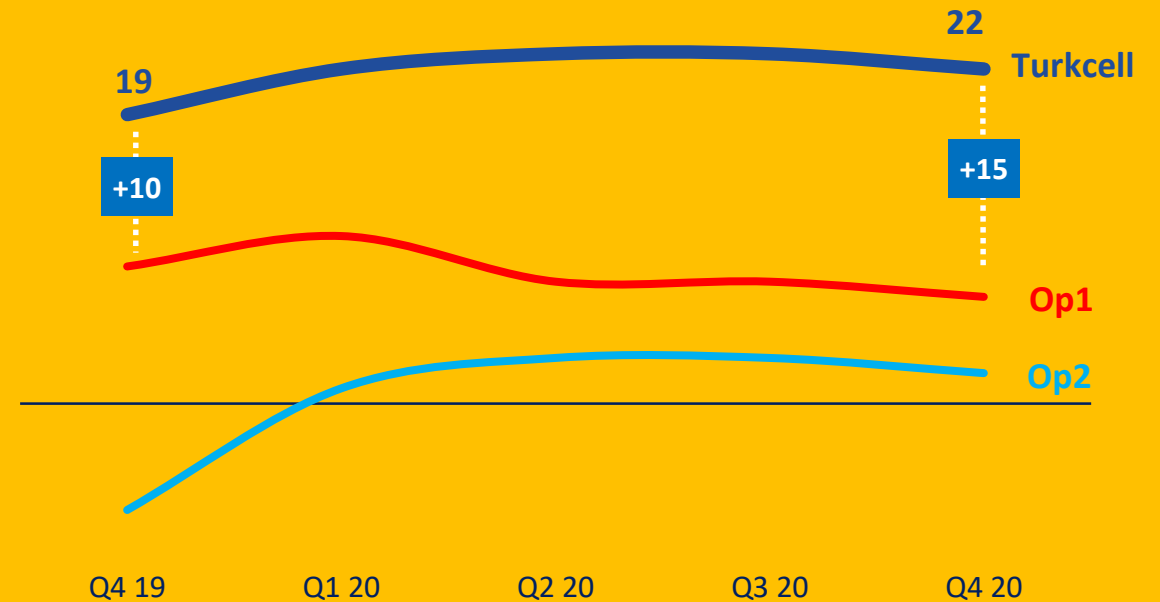
Wide sales channel, boosted by digital



Smart, fast and well-invested network

## CUSTOMER EXPERIENCE

CONSUMER NET PROMOTER SCORE (POINTS)

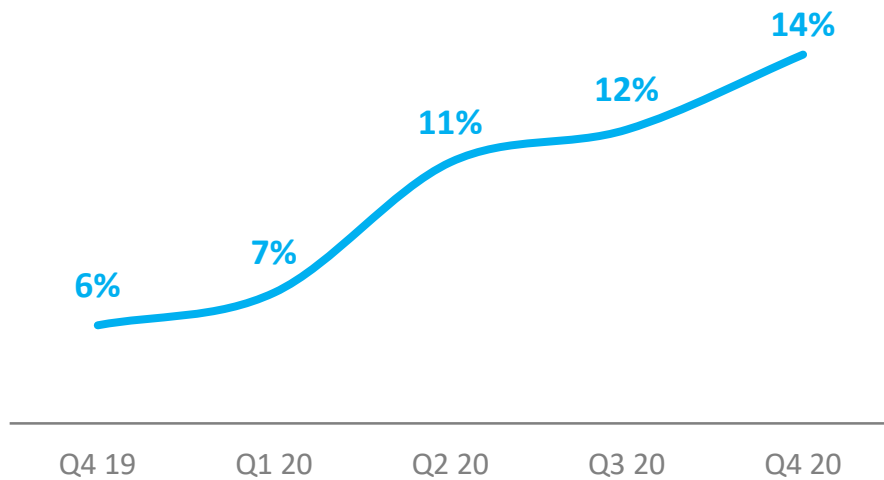


# Digital Channel: Robust Growth

## Next: Tech & Electronics Marketplace



### DIGITAL CHANNELS REVENUE SHARE\*



**2x**

Conversion Rate (YoY)



**23Mn**  
**30Mn**

DO App Active User (3-month)  
Website Visits (Monthly Avg.)



**3x**

Online Top-Up Volume (YoY)



Tech & electronics marketplace

Trusted suppliers

Focus on customer experience

Powered by Turkcell



\* Share of all sales from digital channels including voice, data, services & smart devices in Turkcell Turkey consumer sales (excluding fixed business). KPI figures are for FY20.

# Strategic Focus Area

## Digital Services



Stand-Alone Revenue  
Growth in 2020 (YoY)

**26%**

Stand-Alone Paid Users\*

**3Mn**

25%↑ (YoY)

Share in Consolidated  
Revenue

**4%**



### BiP: Gaining Traction

- 74Mn+ cumulative downloads
- 27Mn+ new users in Jan-Feb'21
- Secure messaging
- Data in certified DCs in Turkey
- New: BiP Meet Video Conference



### TV+: Targeting Big Screen

- Demand accelerated in OTT
- Competent in content
- New: TV+ Ready
- Partnerships with TV producers



### Milestone: New Structure

- Individual companies
- Flexibility in management
- Easier for strategic options

# Strategic Focus Area

## Digital Business Services



Revenue Growth  
in 2020 (YoY)

**30%**

Share in Consolidated  
Revenue

**6%**



### Project Management

- ~2.3K new projects in 2020
  - 1Bn TL+ total contract value in 2020
  - 420 SI projects in 2020
- 967 Mn TL backlog\* from SI projects



### Products & Solutions

- Strategic partner of enterprises in their digital transformation journey
- Enhanced product portfolio; «Government Cloud» launch in 2020
- Strategic partnerships with 21 global vendors



### Healthcare

- Market leader (8K+ bed capacity)
- 4 new hospitals in 2020; 9 in total
- End-to-end management of entire technology infrastructure

\*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 Area

## Techfin Services



Paycell Non-Group\* Revenue  
Growth in 2020 (YoY)

**62%**

Total Techfin Business Share\*\*  
in Consolidated Revenue

**3%**

### Paycell's Dual Growth Strategy

#### Customers

- Mobile payment: Paying via your Turkcell bill
- Ready-to-use limit
- 24/7 money transfer to phone number & IBAN
- Travel card and meal card integration
- Synergy with Turkcell: Tariff advantages

#### Merchants

- Paycell POS: smart operating system
  - Tailored value added services
- QR payment
- 12K member merchants



# Turkcell International

## Strong Performance



### FINANCIAL HIGHLIGHTS<sup>1</sup>

MILLION TL

	Q4 2020	YoY Growth	2020	YoY Growth
Revenue	747	33.2%	2,542	26.9%
EBITDA	350	43.8%	1,169	29.4%
EBITDA Margin	46.9%	3.4pp	46.0%	0.9pp

<sup>1</sup> Figures are based on IFRS

### SUBSIDIARIES AT A GLANCE

Q4 2020 Revenue Share



#### Lifecell Ukraine

- 22.8% YoY revenue growth in local currency in Q4
- 4G user data usage: 13GB/month, ↑32% yoy
- Full year operational net income



#### Life :) Belarus

- 11.5% YoY revenue growth in local currency in Q4
- 4G user data usage: 14GB/month, ↑43% yoy
- First and only to offer digital remote subscription in Belarus



#### KKTCell TRNC

- 2.2% YoY revenue decline in Q4 with a hit on roaming revenues
- 2.8% YoY EBITDA growth in the same period

Note: Remaining 5% comprises other international operations and intra-company eliminations. Ukraine, Belarus and TRNC local currency growth figures are based on stand-alone financials.



# Sustainability Focus Initiatives in 2020



**Upcoming:**  
Turkcell 2020 Integrated  
Annual Report





# Focusing More on E-Mobility

On the Verge of Becoming Our Next Strategic Focus Area



## E-Mobility Ecosystem



- Artificial Intelligence
- Connectivity
- Integrated Digital Services & Payment
- Charging Stations & Infrastructure
- IoT (V2V/V2G)
- Smart Cities & traffic flow



## Turkcell & TOGG Synergy



### Use-Case Mobility™



Smart living solutions in smart cities



New mobility services



Smart Charging



Data-based business models



Suppliers & partners with novel competencies



Value accretion potential



Potential revenue streams



Complementary to our sustainability focus

# Strategic Priorities

## Into 2021 With High Momentum



### Grow in Telecom Services

- Grow postpaid share
- 500K new fiber homepass
- More through digital & with AI

### Monetize Digital Services

- Grow paid-user base
- Leverage the potential in B2B
- New areas: Gaming & TV Big Screen
- BiP global growth

### Leverage Digital Business Services

- Leverage digital transformation
- ICT solution provider leader
- «Trusted Advisor» of enterprises

### Lead Techfin Services

- Grow Paycell user base and volume via new products & marketplace
- Grow in SME through Paycell POS
- Diversification in Financell & Insurtech

#### 2021 Targets

**+1Mn** Subscribers




**25%** Stand-alone  
revenue growth

**#1** Solution provider  
IT services market leader

**6Mn** Paycell user  
(3-month active)

# 2021 Guidance

## Confident in Growth Prospects

	2020 - 2022 Guidance	2020 Actual	2021 Guidance
REVENUE GROWTH	13% - 16%	15.8% 	14% - 16%
EBITDA	39% - 42% <i>Margin</i>	42.2%  <i>Margin</i>	~14Bn TL
OP.CAPEX/SALES*	16% - 18%	18.5% 	~20%

\* Excluding license fees





Osman Yilmaz **Turkcell** CFO

# FINANCIAL OVERVIEW



# Turkcell Group

## Financials



MILLION TL	Q4 2020	YoY Growth	2020	YoY Growth
Revenue	7,872	17.8%	29,104	15.8%
EBITDA	3,243	17.8%	12,270	17.7%
EBITDA Margin	41.2%	0.0pp	42.2%	0.7pp
EBIT	1,608	19.2%	6,296	17.0%
EBIT Margin	20.4%	0.2pp	21.6%	0.2pp
Net Income	1,302	72.3%	4,237	30.5%
Opr. Capex/Sales*	24.2%	(1.1pp)	18.5%	0.5pp

### Highlights

- Robust quarterly performance bringing the full-year revenue and profitability levels above the guidance
- Healthy bottom-line: 1Bn TL net income in Q420 excluding several one-offs (*deferred tax income at lifecell Ukraine and legal provisions at Group level*)
- Disciplined capex, managing currency fluctuations

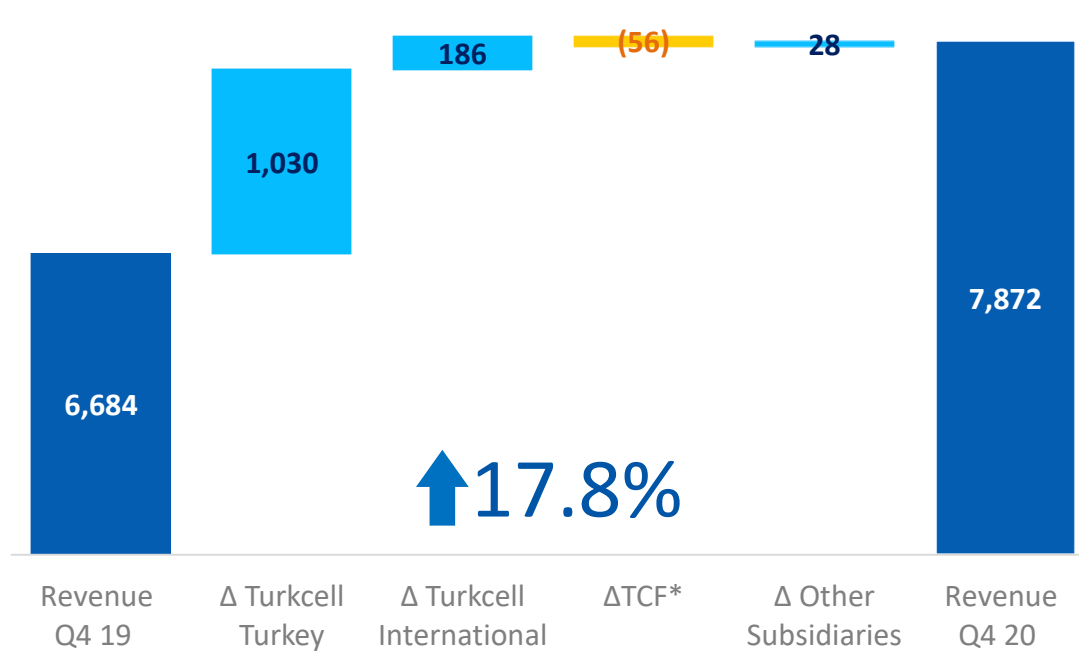
# Turkcell Group

## Revenue Development



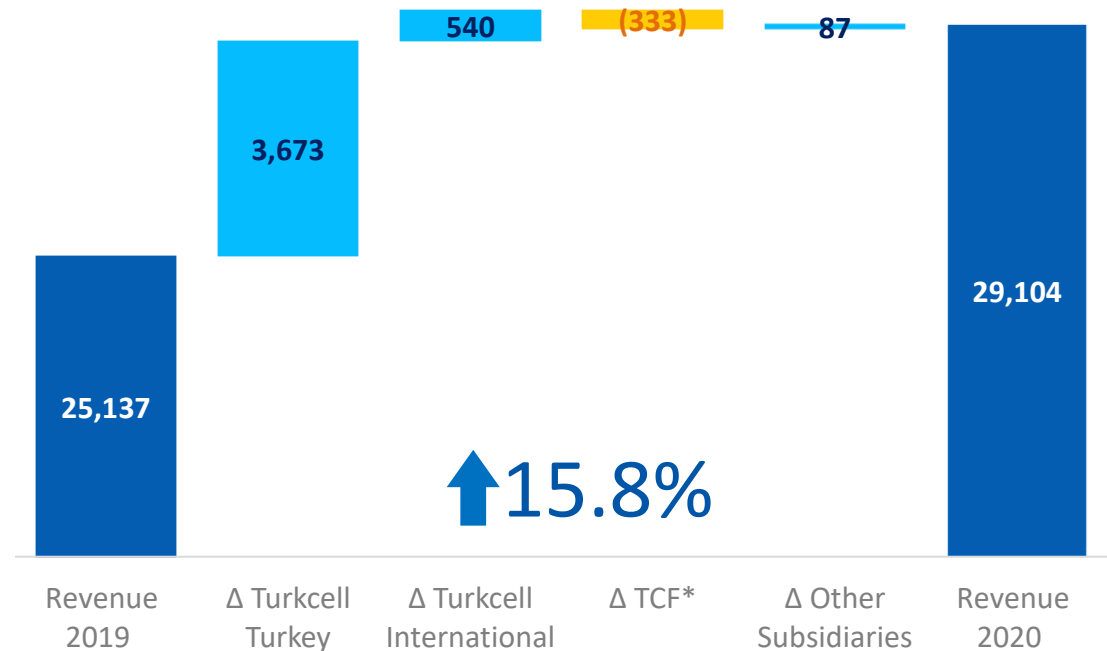
### QUARTER

MILLION TL



### FULL YEAR

MILLION TL



- Yearly revenue generation of 1.2Bn TL in Q420; 4.0Bn TL in 2020
- Turkcell Turkey is the main growth contributor on the back of strong data demand and higher equipment revenues
- Top-line also impacted positively by Turkcell International, mainly Ukraine operations

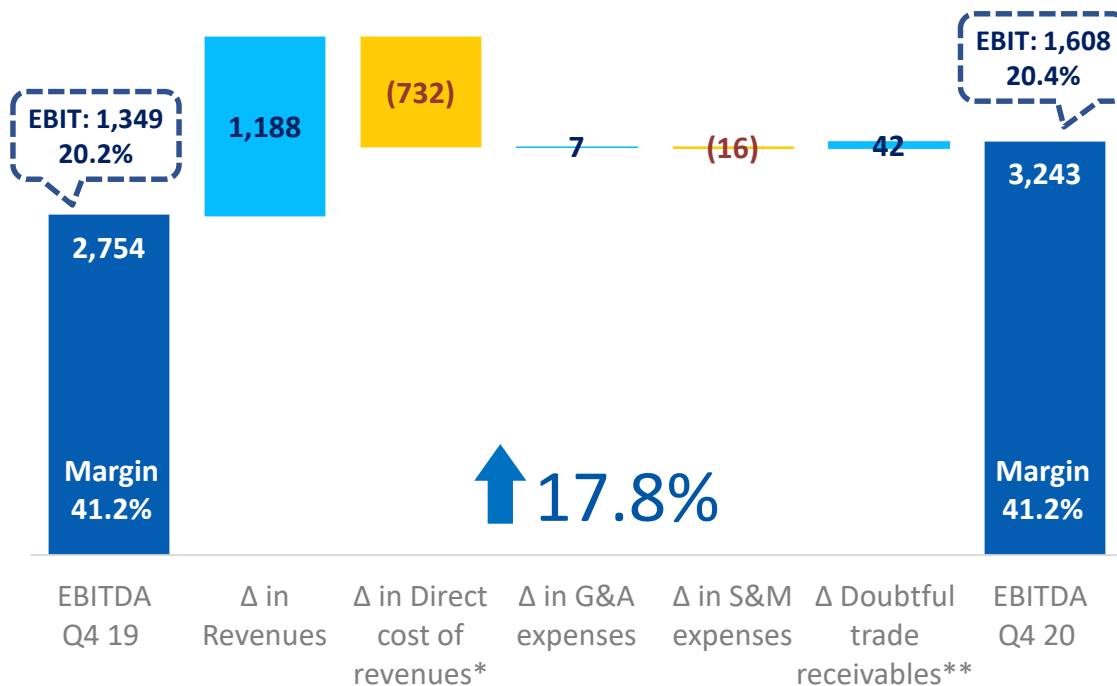
# Turkcell Group

## EBITDA & EBIT



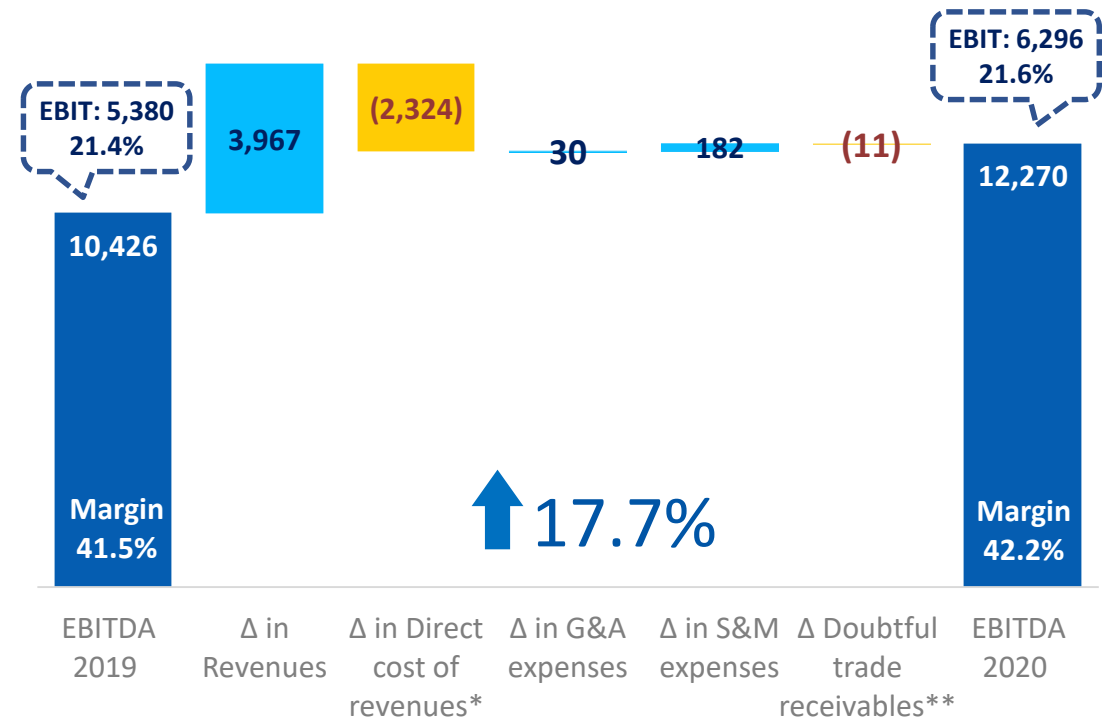
### QUARTER

MILLION TL



### FULL YEAR

MILLION TL



- 17.7% EBITDA growth in 2020 on the back of strong revenue growth and lower S&M and G&A expenses triggered by COVID-19 pandemic
- Higher contribution to EBITDA margin from Turkcell International



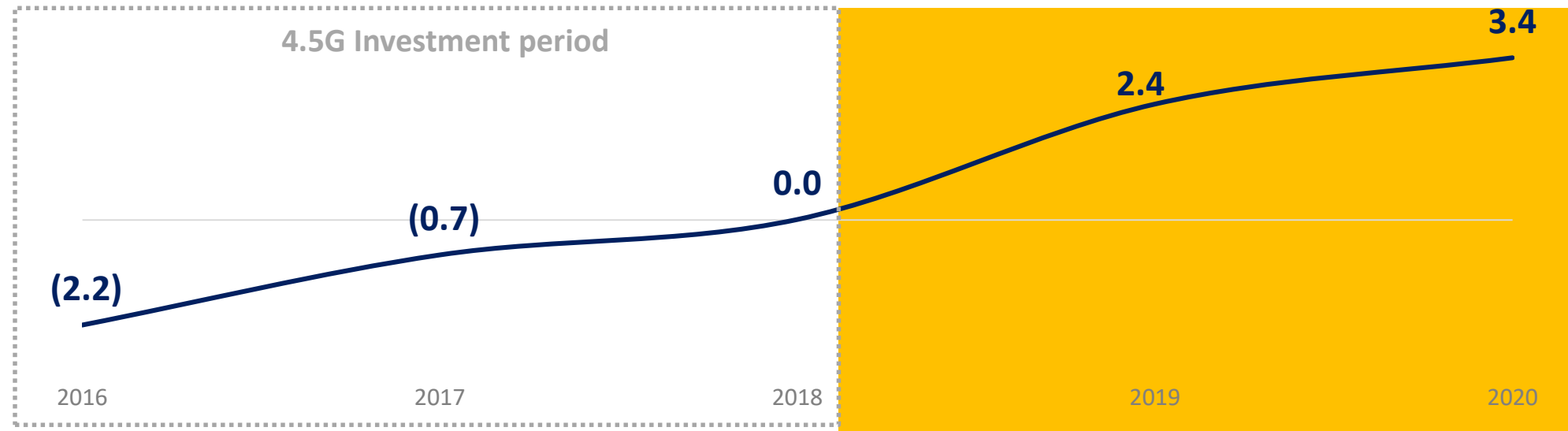
# Turkcell Group

## Free Cash Flow Generation



### FCF GENERATION<sup>1</sup>

BILLION TL



- Higher free cash flow generation in a challenging year
- Registered further 3.4Bn TL in 2020, thanks to strong operational performance and cost control
- We aim to continue to generate positive FCF over the coming years

<sup>1</sup>Free cash flow calculation includes EBITDA and the following items as per cash flow statement of IFRS reports: acquisition of property, plant and equipment, acquisition of intangible assets, change in operating assets/liabilities, payment of lease liabilities and income tax paid

# Turkcell Group

## Solid Balance Sheet

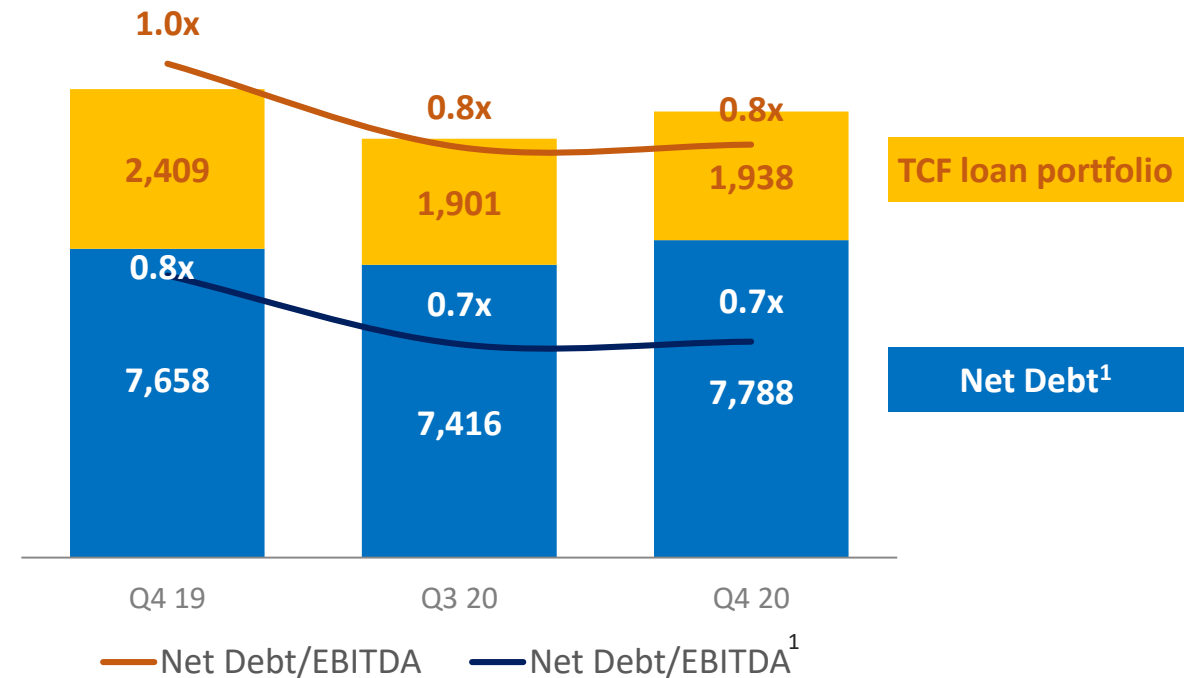


### SUMMARY

MILLION TL

	Q4 19	Q3 20	Q4 20
<b>Total Cash</b>	10,239	13,524	<b>11,861</b>
<b>Total Assets</b>	45,715	51,528	<b>51,498</b>
<b>Total Debt</b>	20,306	22,841	<b>21,586</b>
<i>Lease Obligations</i>	1,533	2,065	<b>2,099</b>
<b>Total Equity</b>	18,083	20,289	<b>20,785</b>
<b>Net Debt</b>	10,067	9,317	<b>9,726</b>
<b>Net Debt<sup>1</sup></b>	7,658	7,416	<b>7,788</b>

### NET DEBT/EBITDA



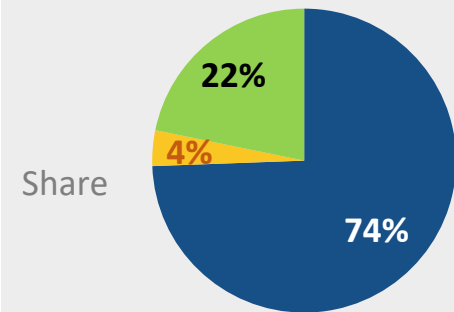
<sup>1</sup> Excludes Turkcell Finance Company's loan portfolio

# Turkcell Group

## FX Exposure



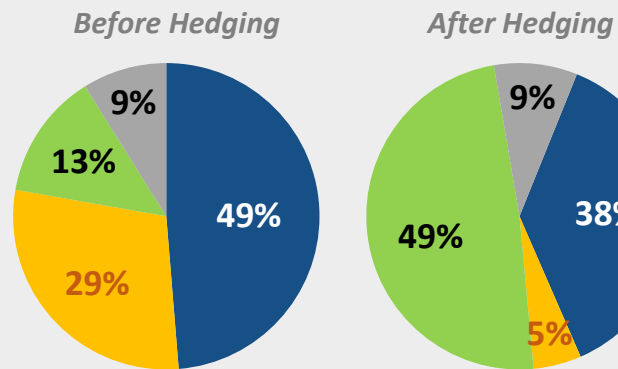
### CASH<sup>1</sup>



Nominal **11.9Bn TL**

■ USD ■ EUR ■ TRY ■ Other

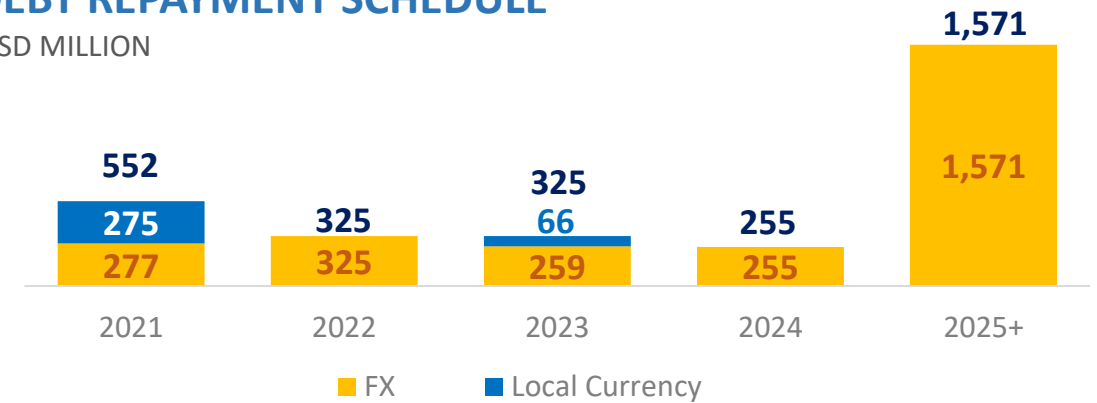
### DEBT



Nominal **21.6Bn TL**

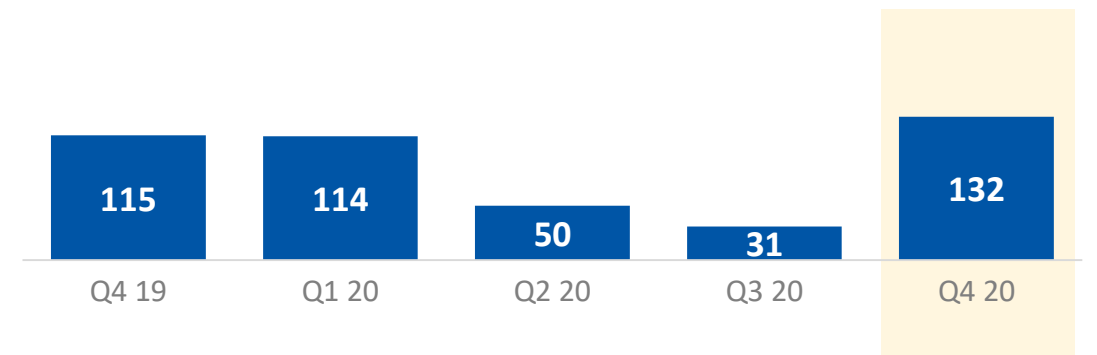
### DEBT REPAYMENT SCHEDULE<sup>2</sup>

USD MILLION



### NET FX POSITION<sup>3</sup>

USD MILLION



<sup>1</sup> Excluding FX swap transactions. <sup>2</sup> Data of Turkcell Group companies excluding TCF. Includes principal and interest payments

<sup>3</sup> Including advance payments

# Techfin

## Financing Business

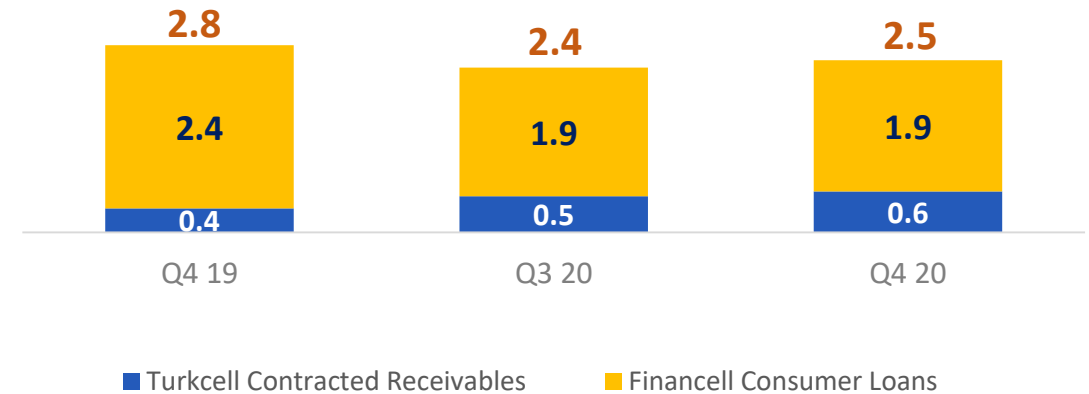


MILLION TL

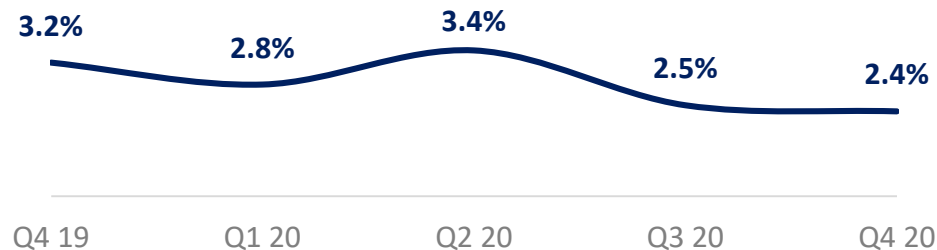
	Q4 2020	YoY	2020	YoY
Revenue	144.7	(28.1%)	566.6	(37.0%)
EBITDA	96.0	(23.8%)	367.0	(27.1%)
EBITDA Margin	66.3%	3.7pp	64.8%	8.8pp
Net Income	61.3	(38.9%)	240.7	28.7%

### LOAN PORTFOLIO

BILLION TL



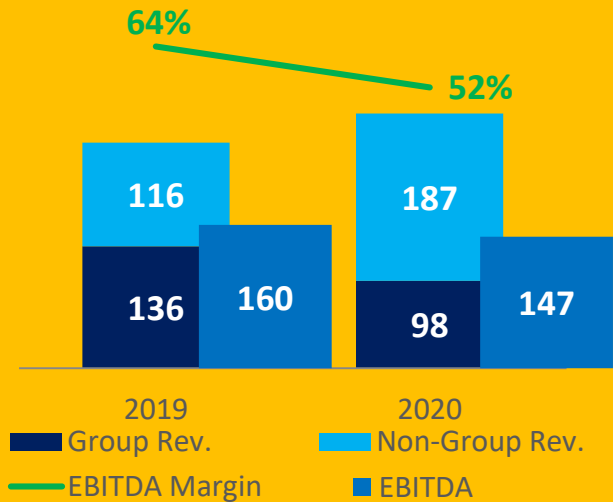
### COST OF RISK



- Loan portfolio rose to 2.5Bn TL with increased volume in the quarter
- Top-line growth at 13.7% QoQ in Q4
- Loan insurance penetration at 85% in Q4

# Techfin

## Payment Services Platform



**9.0 billion TL**

Total transaction volume\*

**4.7Mn**

Paycell 3MAU

\* includes direct carrier billing, bill payments and Paycell Card transaction volumes, both group and non-group, for the year 2020

### FOUR PILLARS OF REVENUE GENERATION



**MOBILE  
PAYMENT**

**111%↑**

302 Million TL  
DCB transactions



**BILL  
PAYMENT**

**37%↑**

4.1 Million  
3<sup>rd</sup> party Bill Payments



**MERCHANT  
SOLUTIONS**

**12K**

Points Paycell is  
Accepted



**PAYCELL  
CARD**

**213%↑**

159 Million TL  
Paycell Card transactions

Note: Growth figures are based on non-group transactions and indicate y-o-y growth in Q4 2020.

### HIGHLIGHTS

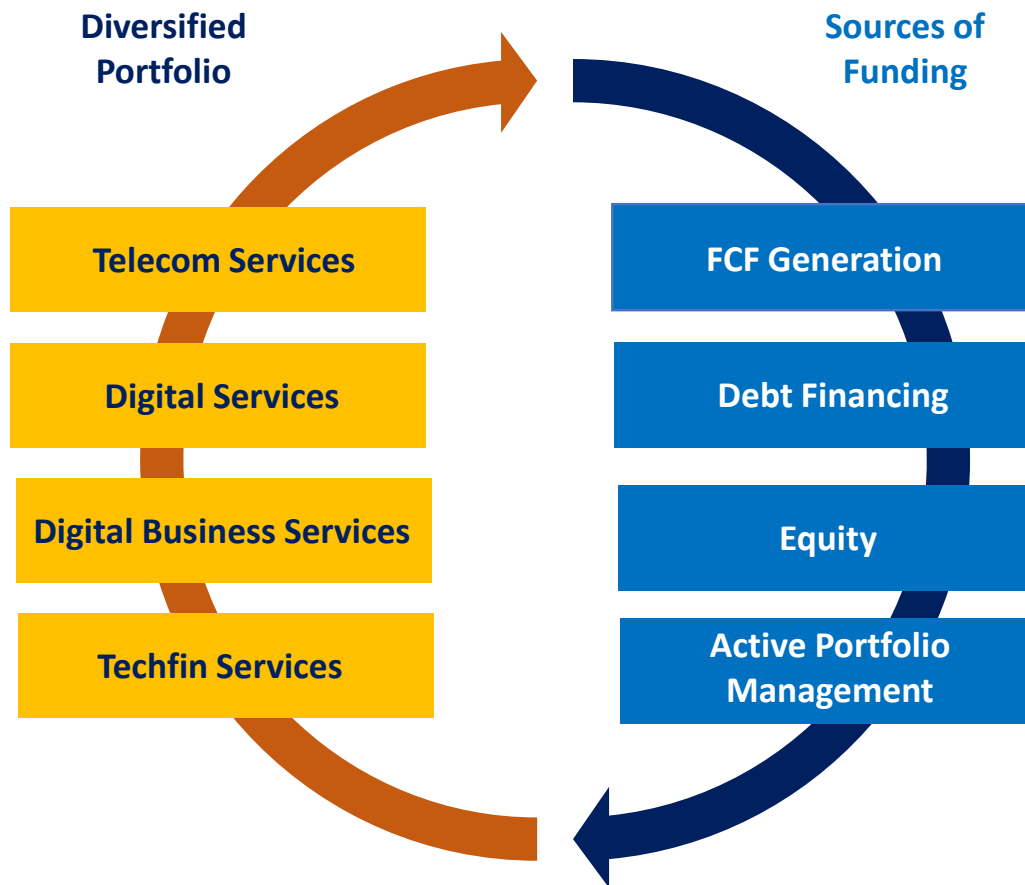
- %62 increase in non-group revenues in 2020
- Increasing popularity of Paycell Ready-to-use Limit
- Strong growth of Paycell Card and Mobil Payment (DCB) transactions which is led by mostly e-commerce
- Paycell Android POS: first licenced POS device that supports new regulation

# Unlocking the Value

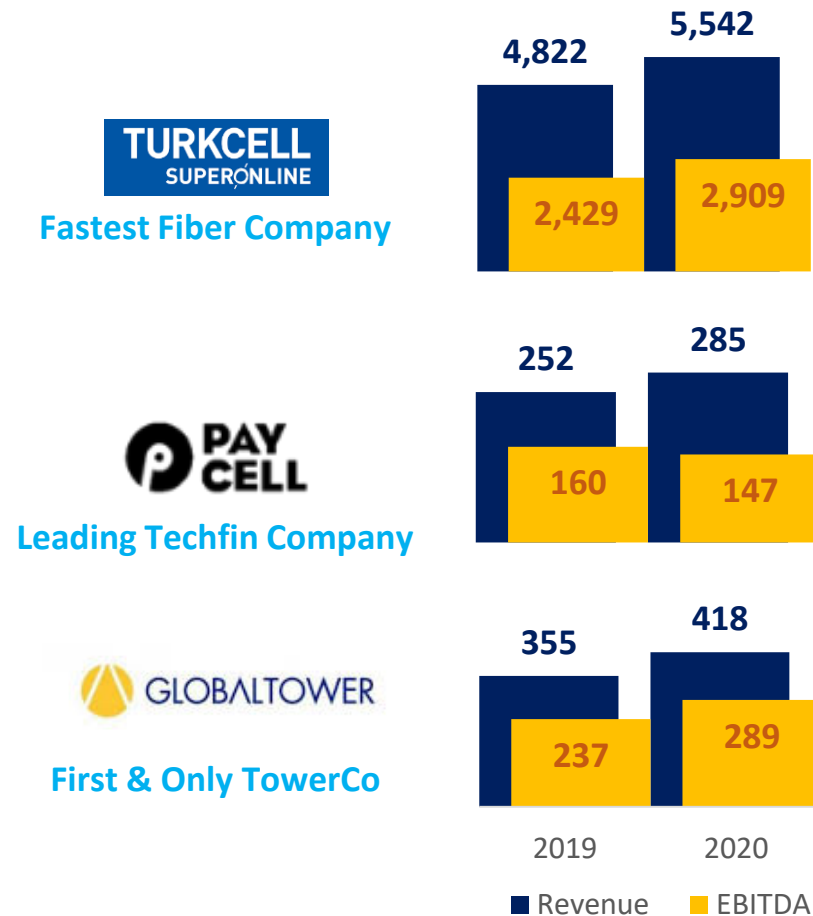
## Funding Future Growth



### Value Creation



### Growth Businesses



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