



# **TURKCELL**

# **INVESTOR PRESENTATION**

September 2020

# STRATEGIC FOCUS AREAS





# Well-Positioned to Create More Value





# Strategic Focus Areas



## GROW IN TELECOM SERVICES

Enlarge subscriber base with dedicated focus on postpaid segment

Grow in fixed broadband through fiber and FWA

Utilize the digital channel for acquisition, device sales and growth

**+1 Million**  
Subscribers/year  
in Turkey



## MONETIZE DIGITAL SERVICES

Leverage continued demand

Ensure standalone growth

Expand globally

**2.5x**  
Standalone revenue  
growth in 3 years



## LEVERAGE DIGITAL BUSINESS SOLUTIONS

Boost overall corporate business with multiplay focus

Provide end-to-end IT solutions for corporates

Trusted partner of corporates through their digital transformation

**#1**  
Solution Provider  
in 3 years



## LEAD TECHFIN SERVICES

Reach wider customer base with complete portfolio of solutions

Reach out to long tail of 1.6Mn+ merchants in Turkey

Launch new consumer finance solutions

**17 Million**  
Active Paycell users  
by 2022



# Techfin: Regulation Becoming More Supportive



MPOS

Using smartphone or tablet to perform the functions of a cash register

Benefit: Increased penetration of longtail merchants



PSD2

The potential adaptation of PSD2 Payment Services Directive of EU in Turkey

Benefit: Ability to reach banking system, becoming single interface for customers



E-money

Potential legislative measure to remove the requirement to keep e-money funds in escrow account

Benefit: Potential to attract more users offering return on e-money accounts



Micro Lending

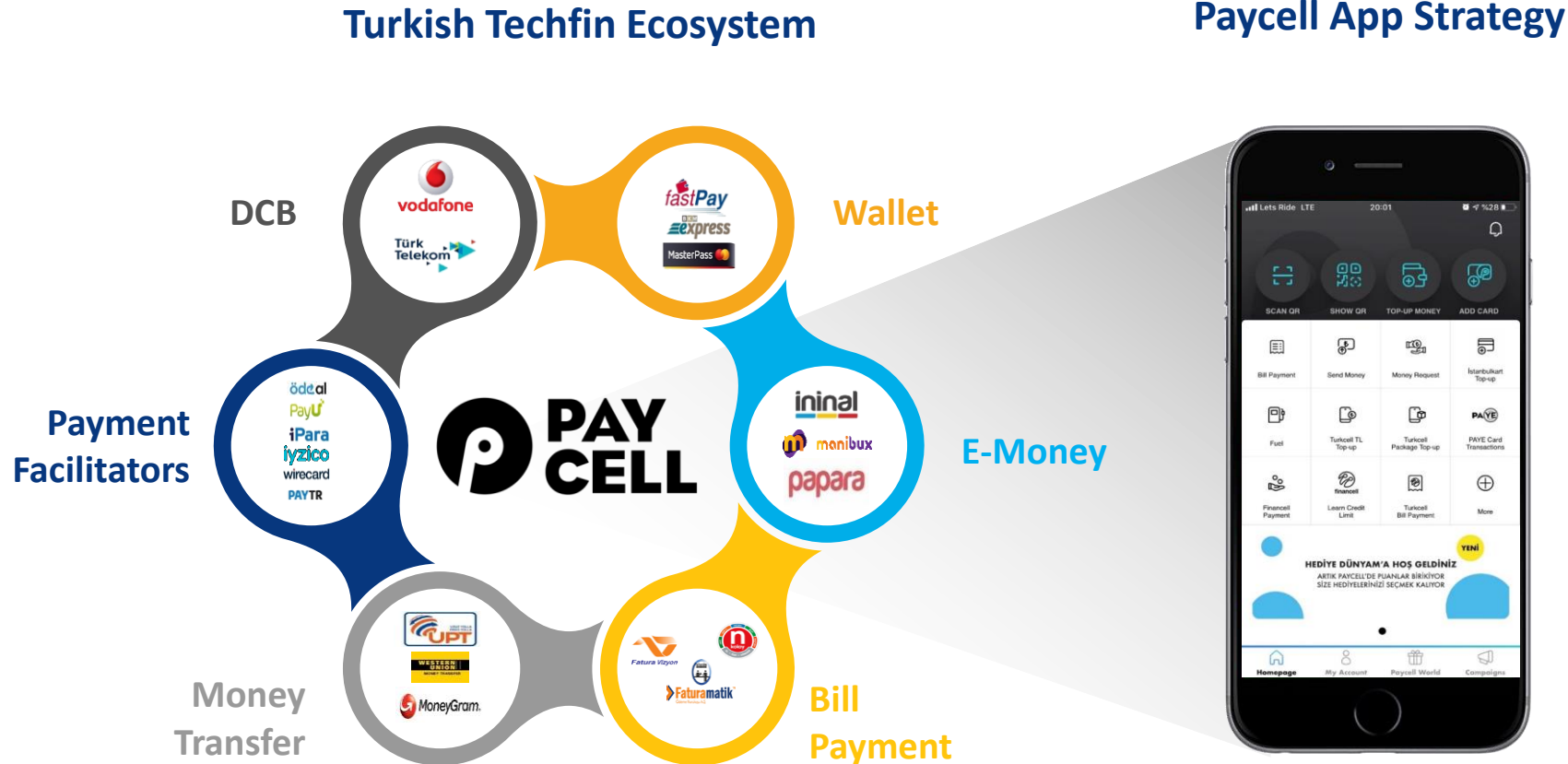
Potential regulatory changes in the definition of loan facilitations

Benefit: Potential to give micro loans to consumers



# Paycell: Super App for All Techfin Solutions

VISION: Being an enabler on financial inclusion with the combination of technology and financial services





# Paycell: Go to Market Strategy

## Merchants



Go-to Market Strategy  
(MPOS & QR)



## Customers



Go-to Market Strategy  
(App)



6,000  
Turkcell Stores



4,000  
Direct Sales Force



Turkcell  
Technology



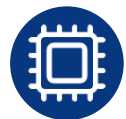
37 Mn  
Customers



# DSS: The Dynamics of New Standalone Strategy



Paid Subscriptions



Platform Licensing



Discovery Services



Traffic Monetization

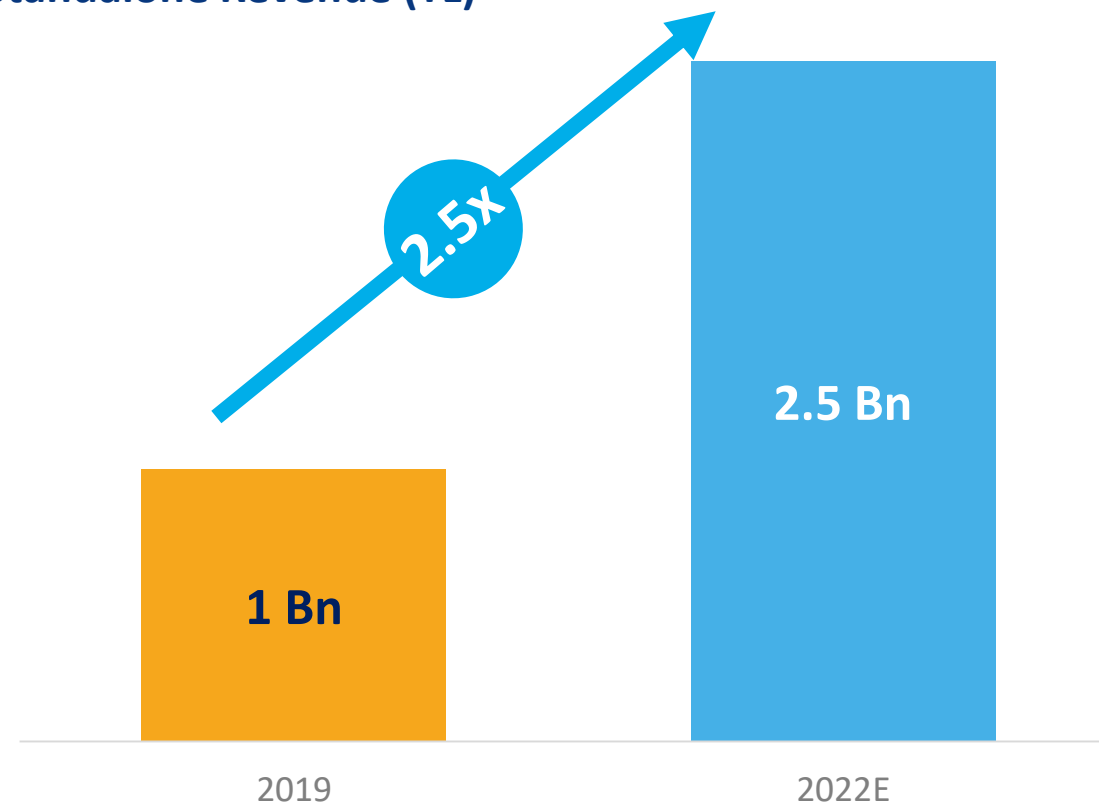


Data Monetization



Operator Co-operations

Standalone Revenue (TL)





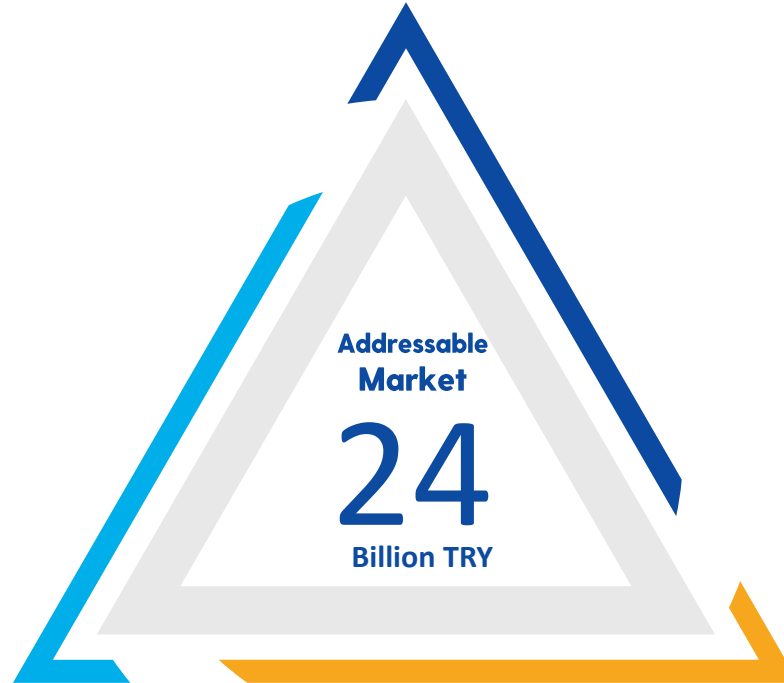


# DBS: Market & Turkcell Positioning

## TELCO BUSINESS / EXISTING BUSINESS

**41%** Telco  
Market Share

- Superior network perception
- Net add, increase in ARPU
- Opportunity of multiplay, new services
- High margin



## DIGITAL & ICT BUSINESS / GROWTH ENGINE

**5%** ICT  
Market Share

- Fragmented market
- Lack of strong system integrator
- Increase in demand for digitization

## HARDWARE & SOFTWARE BUSINESS / OPPORTUNISTIC APPROACH

- Profitable growth with integrated solutions



# Turkcell Finance: Key Priorities



## Inflationary Pricing

- Key to sustainable growth and profitability
- Assurance for required return on investment
- Above-market ARPU growth



## Effective Balance Sheet Risk Management

- Liquidity management
- Net fx position



## Strong Free Cash Flow Generation

- Sustainable revenue growth
- Continued operational profitability
- Controlled capex



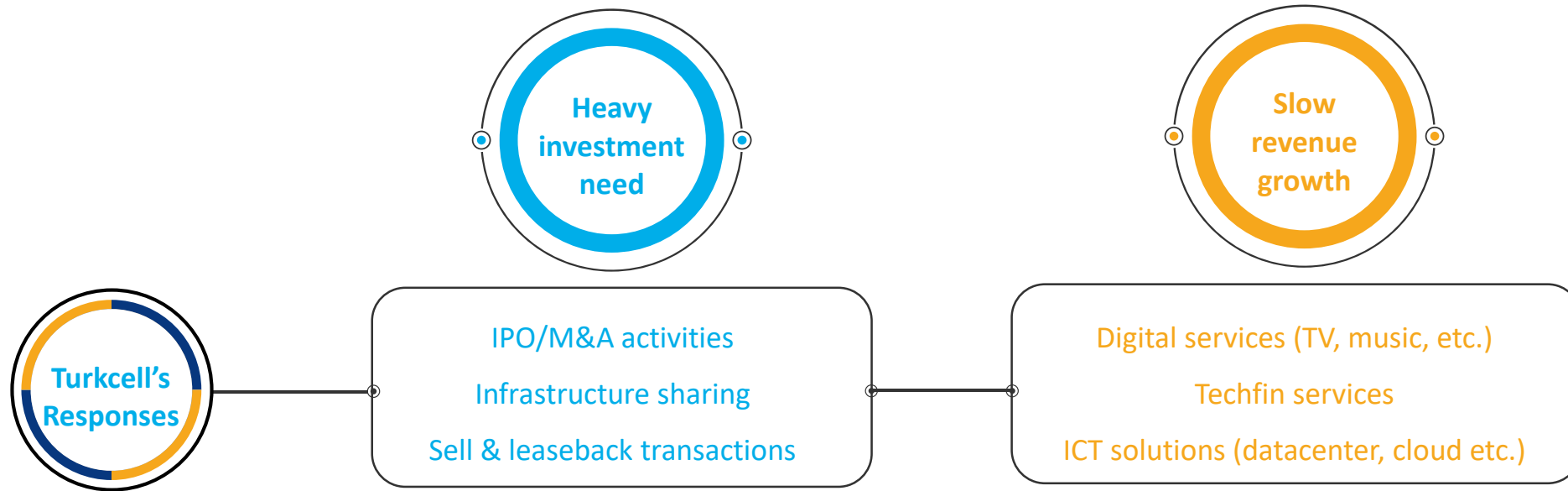
## Efficient Capital Allocation

- Review of investment requirement in conventional services
- Investment in high growth businesses
- Ensure returns above WACC



# Efficient Capital Allocation

## Global Telco Industry Challenges



Reduce funding needs  
in capex heavy traditional business

Flow of funds

Invest in new high growth areas

Improve returns over WACC



# Post COVID-19 Era: Strategic Opportunities

## Telco Services

## Digital Services

## Digital Business Solutions

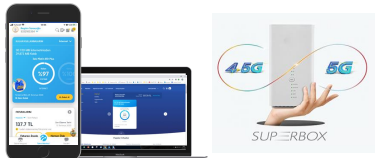
## Techfin Services

### KEY TRENDS

- At home experience
- E-commerce
- Digital customer
- At home experience
- Remote working
- Remote & interactive education
- Remote healthcare services
- Digital transformation of ecosystem
- Smart payment solutions
- Cashless society

### OUR SOLUTIONS

- Superbox: FWA solution
- Digital channels: DO, turkcell.com.tr
- Unique digital applications portfolio
- TV streaming platform (TV+)
- Local VC solution: BiP Conference
- Largest Data Center with 30K m<sup>2</sup> area
- Cloud & Security Services
- Digital transformation solutions
- IoT Solutions & Big Data Analytics
- Digital & System Integration Projects
- Paycell: Payment services platform
- Paycell as a «super app» with DCB, money transfer, wallet, etc.
- Merchant solutions: QR code, CRM, MPOS



# Q2 2020 RESULTS





# Q2 2020: Solid Performance

REVENUE  
GROWTH



11.8% (YoY)

14.0% (Mobile  
excl.M2M)  
9.1% (Res.Fiber)

EBITDA  
MARGIN



40.8%

181K

FCF  
GENERATION



1.3Bn TL

11% (+6pp YoY)

LEVERAGE



0.8x

84%



ARPU  
GROWTH



TOTAL SUBSCRIBER  
NET ADD



DIGITAL CHANNEL  
REVENUE SHARE



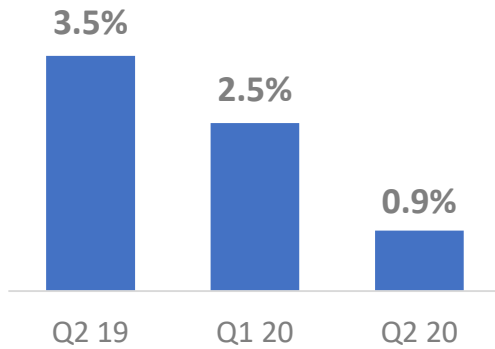
MOBILE PAYMENT  
(DCB) GROWTH



# An Exceptional Quarter Under the Covid-19 Headwind

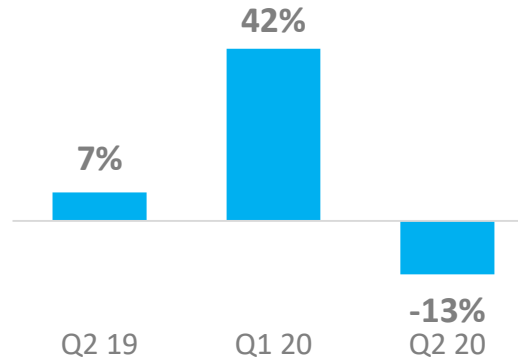
## Sharp drop in roaming revenue

Roaming revenue as a % of Turkcell Turkey revenue



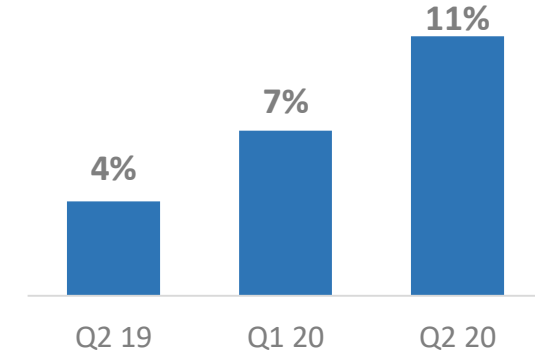
## Drop in subscriber acquisition

Mobile subscriber gross acquisition (YoY Change)



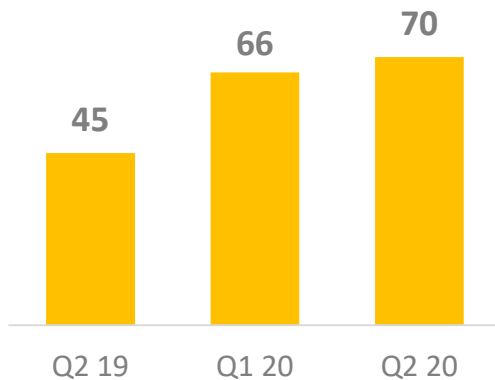
## Higher digital share

Digital channel's revenue share\*



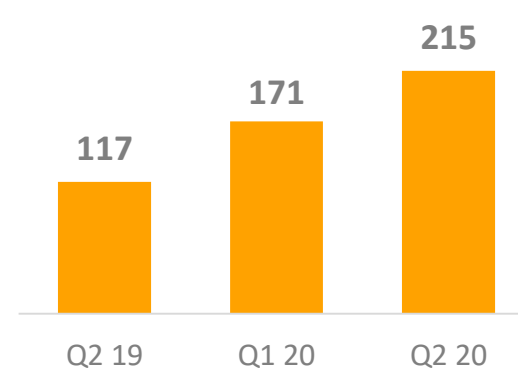
## Higher demand for content

Daily minutes spent on mobile TV+ (per user)



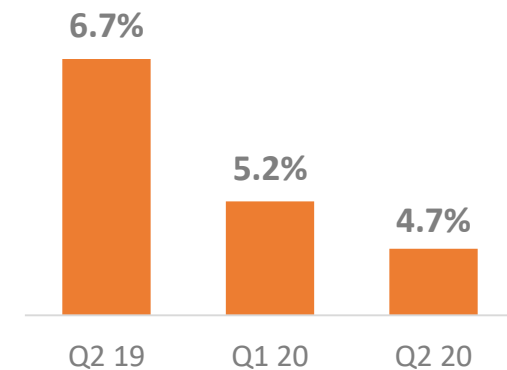
## Increased digital content spending

Digital payments (DCB) volume (Mn TL)



## Structural changes in cost base

S&M expense as a % of Group revenue



\*of Turkcell Turkey consumer revenue excluding fixed business



# TURKCELL: Rapid Adaptation to Change

## INTEGRATED RESPONSE



- Prioritisation of our human capital: Swift shift to remote working
- Prioritisation of social responsibilities: Support the in-need (elderly, young, healthcare workers)
- Dynamic organisation: Rapid decision making & crisis management
- Transparency in disclosure: Regular updates

## OUTSTANDING STRENGTHS



- Robust business model ensuring resilient & foreseeable financial performance
- Benefiting from diversified sources of revenues with different sensitivities to financial and operational shocks
- Integrated digital operator model: Unique services portfolio covering all telecom needs
- Network quality: Well invested, smart-managed infrastructure
- Readiness at online channel: Capability to offer an alternative to traditional store visits

## FINANCIAL STRENGTH



- Effective cash management: Healthy liquidity
- Cost optimization actions: Effective SAC management w/rising online sales, selective on S&M costs, lower overheads
- FX impact under control: Neutral/long approach in net fx position
- Robust asset quality: Effective credit scoring

**Good execution capability, agile workforce and foresighted investment have resulted in delivery of solid financial and operational performances in a challenging environment**





# Turkcell Group Financials

MILLION TL	Q2 2020	YoY	H1 2020	YoY
Revenue	6,924	11.8%	13,582	14.5%
EBITDA	2,824	10.6%	5,633	16.5%
<i>EBITDA Margin</i>	40.8%	(0.4pp)	41.5%	0.8pp
EBIT	1,373	6.7%	2,810	17.6%
<i>EBIT Margin</i>	19.8%	(1.0pp)	20.7%	0.6pp
Net Income	852	83.1%	1,724	2.1%
Opr. Capex/Sales <sup>1</sup>	16.9%	1.5pp	14.8%	(0.7pp)

## Highlights

- Double digit yearly revenue growth in line with guidance; 4.0% q-o-q growth despite the challenging environment
- Strong bottom-line with lower finance costs
- 88% net income yearly growth in the first six months (excluding the Fintur transaction gain in H119)



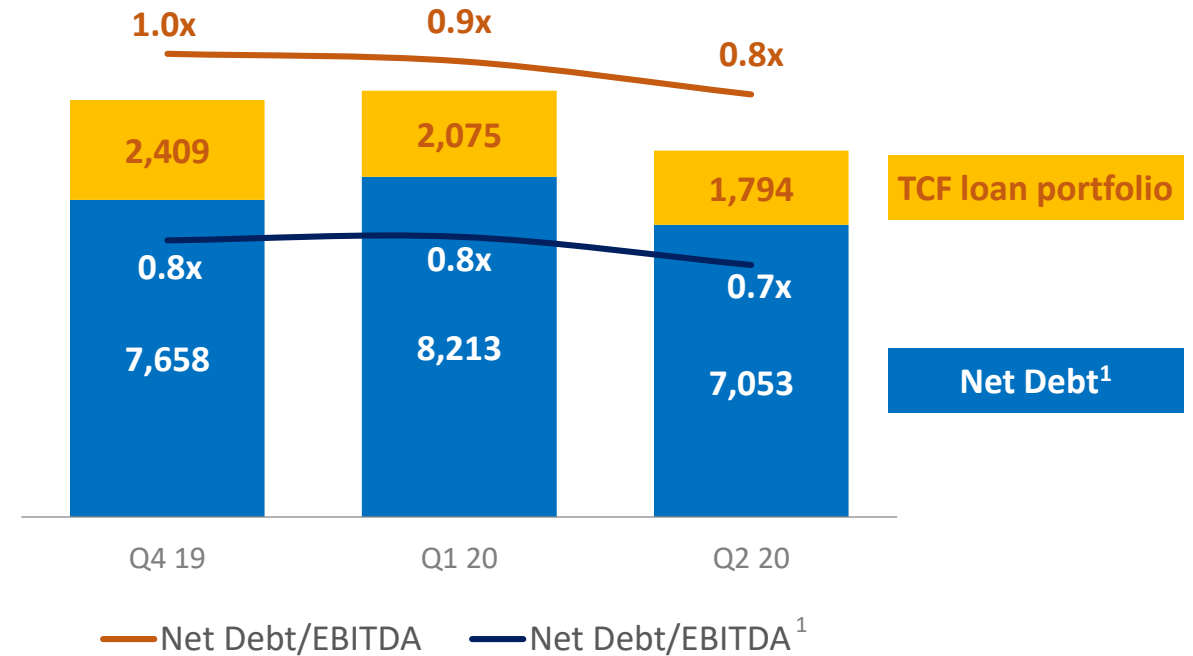
# Solid Balance Sheet

## SUMMARY

MILLION TL

	Q4 19	Q1 20	Q2 20
<b>Total Cash</b>	10,239	9,212	10,929
<b>Total Assets</b>	45,715	45,329	47,042
<b>Total Debt</b>	20,306	19,500	19,776
<i>Lease Obligations</i>	1,533	1,482	1,485
<b>Total Equity</b>	18,083	18,678	19,538
<b>Net Debt</b>	10,067	10,288	8,847
<b><i>Net Debt</i><sup>1</sup></b>	7,658	8,213	7,053

## NET DEBT/ EBITDA



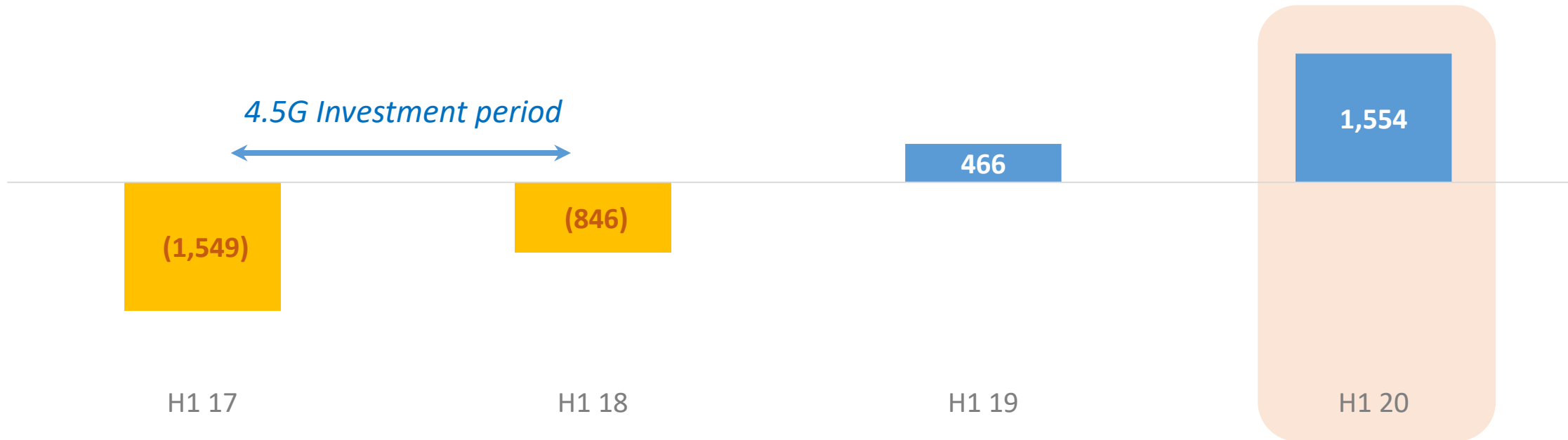
<sup>1</sup> Excludes Turkcell Finance Company's loan portfolio



# Free Cash Flow Generation

MILLION TL

*Strong free cash flow generation despite unprecedented COVID-19 pandemic...*

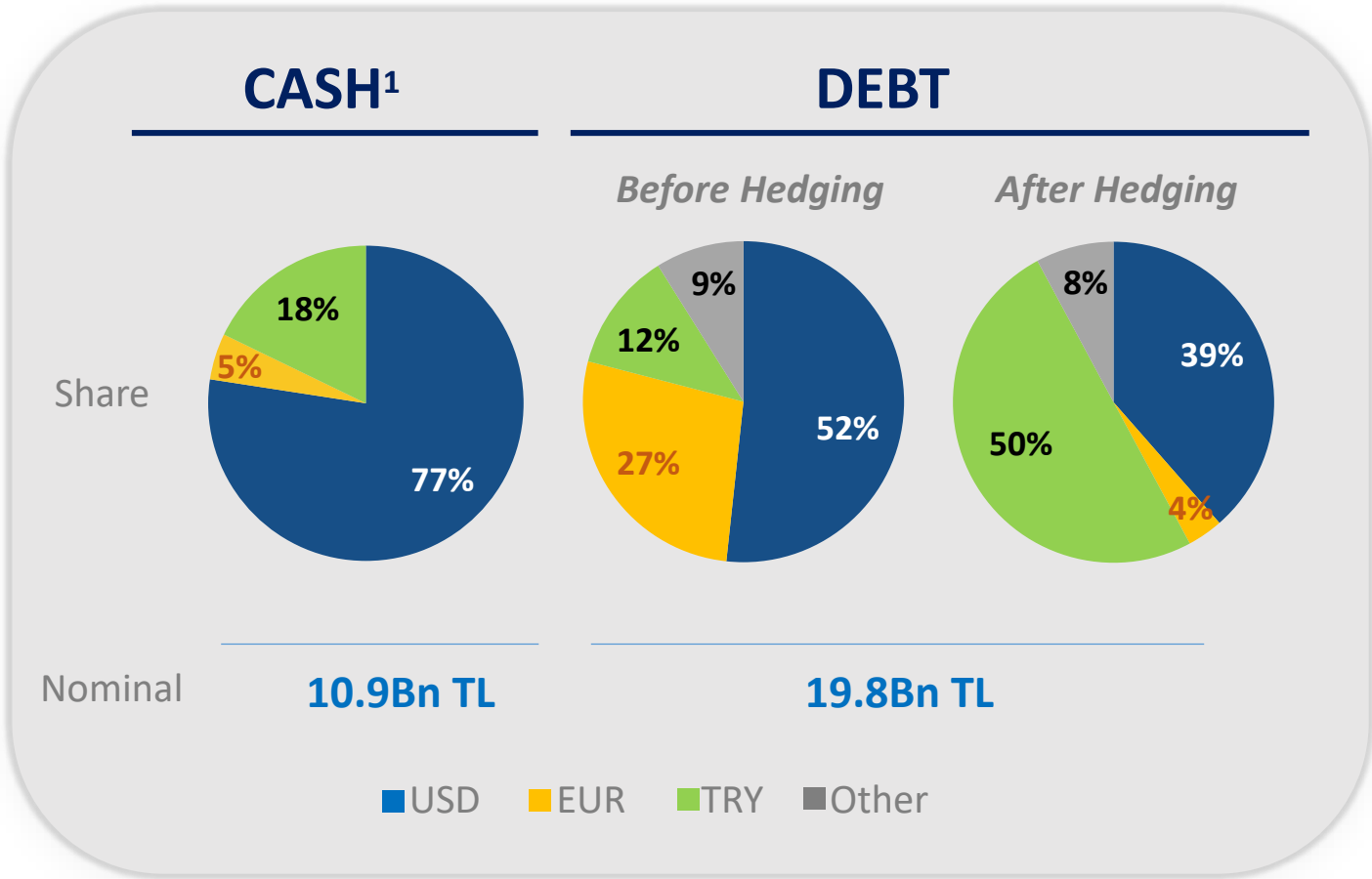


- Strong free cash flow\* generation in the first half of 2020
- Effective cost control and successful collection performance despite COVID-19 pandemic
- We aim to continue to generate positive FCF in the upcoming periods

\*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

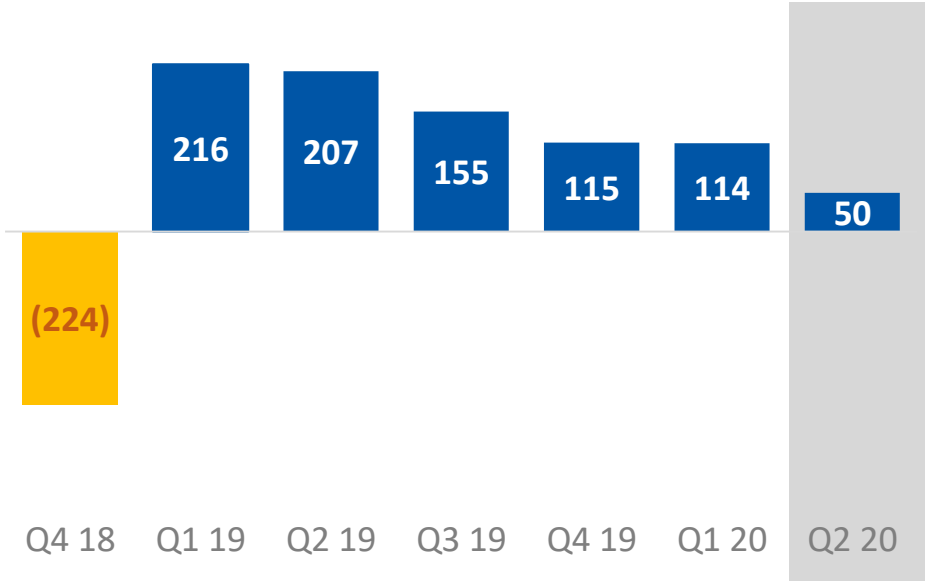


# FX Exposure



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

USD MILLION



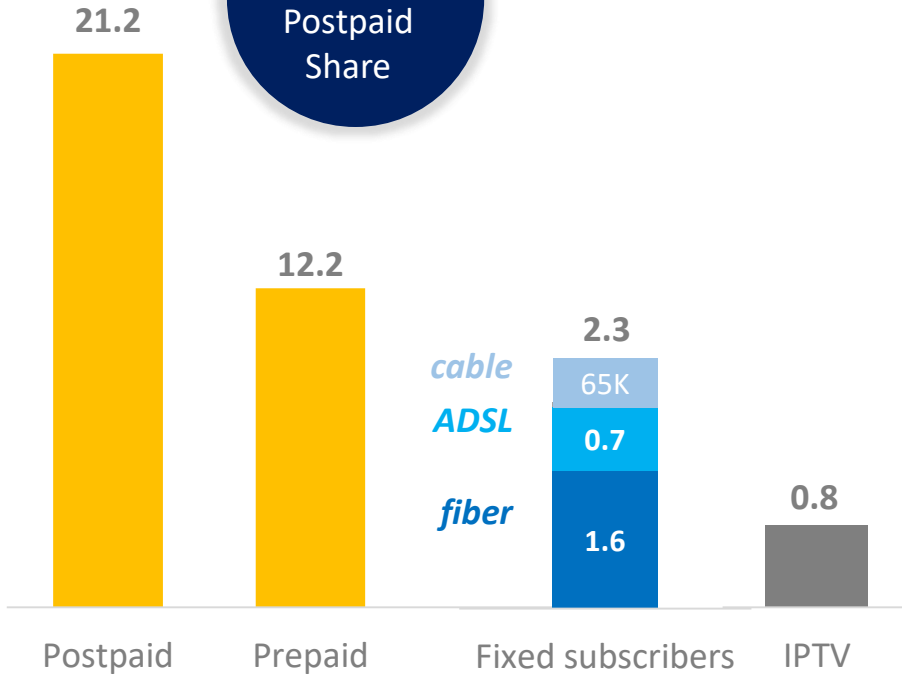
<sup>1</sup> Excluding FX swap transactions. <sup>2</sup> Including advance payments, derivative transactions for hedging purposes and excluding FX swap transactions



# Operational Highlights

## TURKEY SUBSCRIBERS MILLION

**63%**  
Postpaid  
Share

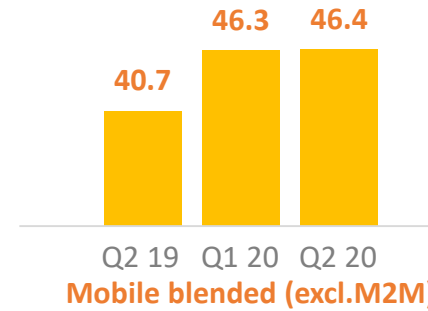


Net add

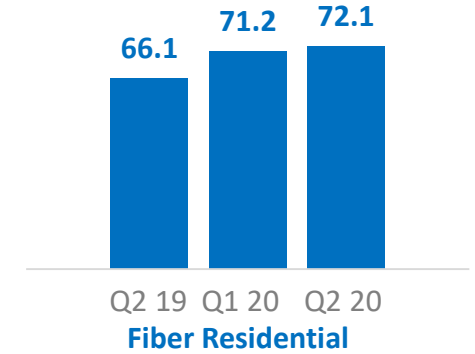
	<i>fiber</i>	<i>ADSL</i>	<i>IPTV</i>	<i>Total</i>
QoQ	144K↑	37K↓	36K↑	7K↑
	25K↑			181K↑

## ARPU TL

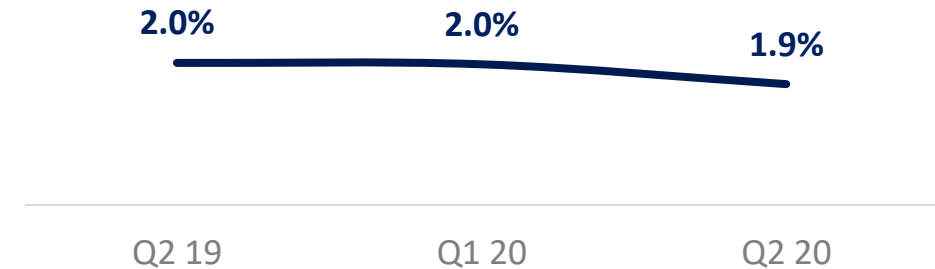
↑ 14.0% YoY



↑ 9.1% YoY



## MONTHLY AVERAGE MOBILE CHURN RATE





# Superbox: Increasing Penetration

## SUBSCRIBER TREND

THOUSAND

*Net Add*

73

91

130

491

Q2 19

Q2 20

Tapped  
**500K**  
in July

- Alternative to fiber, offering fiber-like speed
- Accelerated demand given the speed and convenience



## Superbox Plug-n-Play

- A new version launched in July
- Offers convenience with easy set-up feature



# Leadership in Experience: Standing By Our Customers

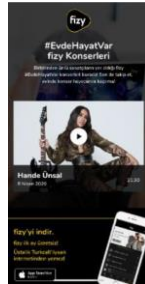
## Q2 2020 CUSTOMER ACTIONS

### Data & Voice

- Campaigns for the elderly and healthcare workers
- 24 Mn additional «Shake and Win» rights
- 56 Mn gifts (data, voice mins & DSS free trials) during Ramadan period

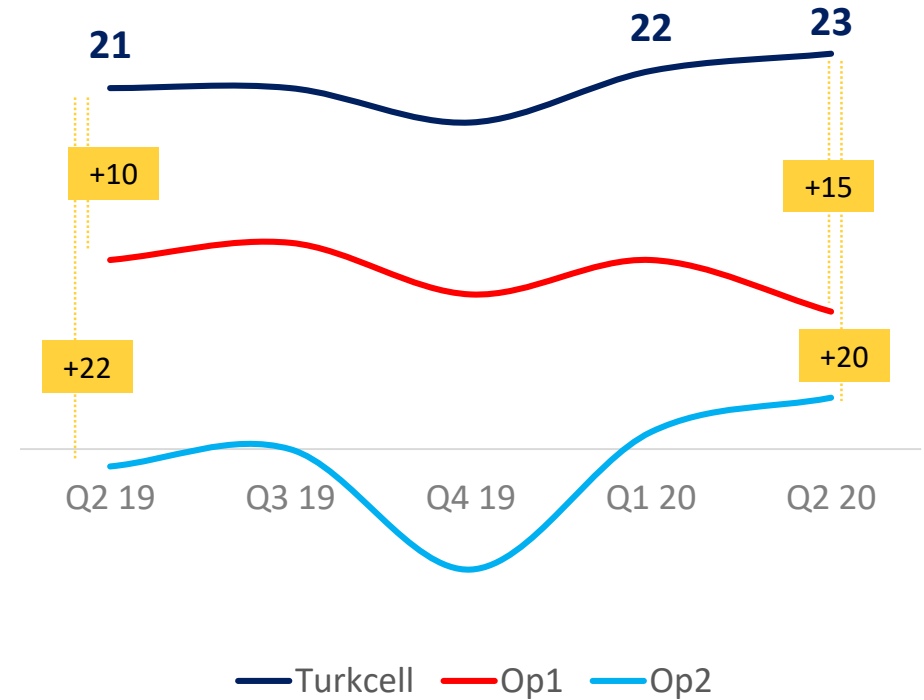
### Digital Services

- 5GB for TV+ users, free data for the users of education channel
- «Life's at home» concerts by fizy: 1.7 Mn reach, 22%↑ in avr. time spent on app
- Free BiP video calls; 90% QoQ increase in BiP video call duration



## CUSTOMER EXPERIENCE

CONSUMER NET PROMOTER SCORE (POINTS)



Source: Future Bright



# Online Channel: Essential in the Digital World



**38Mn**  
Website Visits  
(Q2 Monthly Avg)



**23Mn**  
DO App  
Active User (3M)

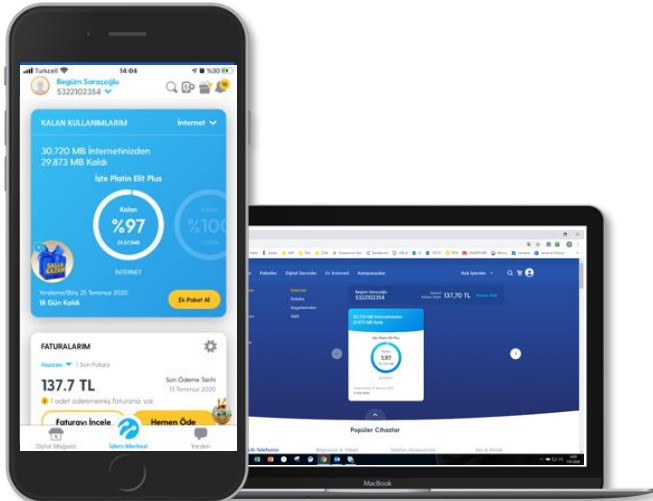
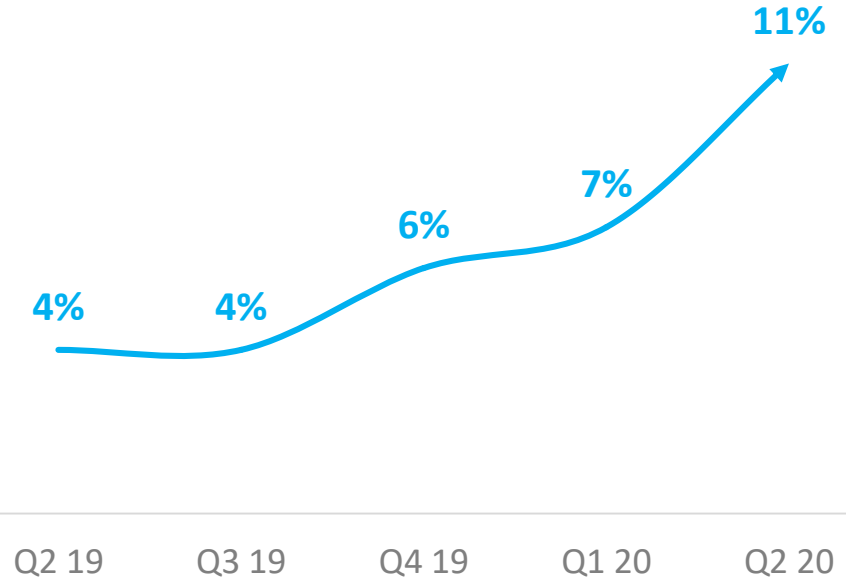


**4.7x**  
# of Online  
Orders (YoY)



**2.0x**  
Online  
Top-up Volume (YoY)

## DIGITAL CHANNELS REVENUE SHARE\*



- Increasing online sales has been a focus area, accelerated with COVID-19
  - 12% of 2022 target almost accomplished
- Brand cooperations in Q2

*\*of Turkcell Turkey consumer revenue excluding fixed business*





# Strategic Focus Areas: Q2 Highlights

## DIGITAL SERVICES



**23%**

Stand-alone revenue  
YoY growth

- New: BiP Conference (beta), Yaani Mail for corporates, Proov
- BiP and Lifebox are launched in Caribbean markets of Digicel
- Establishment of DSS stand-alone companies

## DIGITAL BUSINESS SOLUTIONS



**15%**

Revenue  
YoY growth

- ~1.4 billion TL backlog of contract value
- New pipeline for the demands of remote working & education
- Market leader in hospital management: 3 more are complete; 1 more is on the way
- Strengthening relations with global vendors

## TECHFIN SERVICES



**60%**

Paycell non-group revenue  
YoY growth

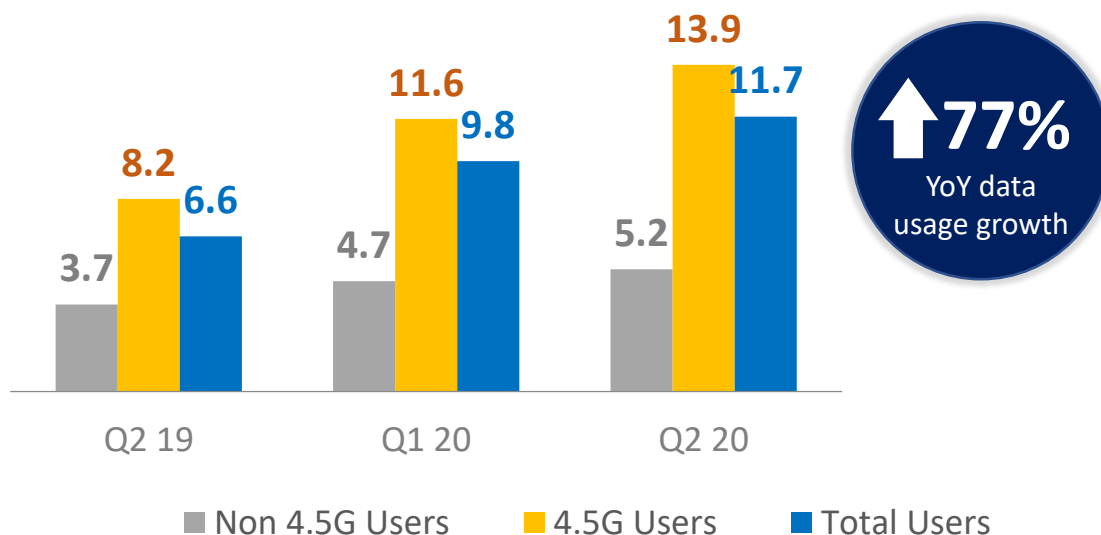
- Outstanding quarter with Paycell leveraging the accelerated demand for mobile payment
- Indicative KPIs of Q2 2020 on a yearly change include:
  - 2.5x Paycell app users
  - 70% rise in transaction volume on Paycell Card
- 24/7 money transfer to IBAN



# Growth Engine: Mobile Data

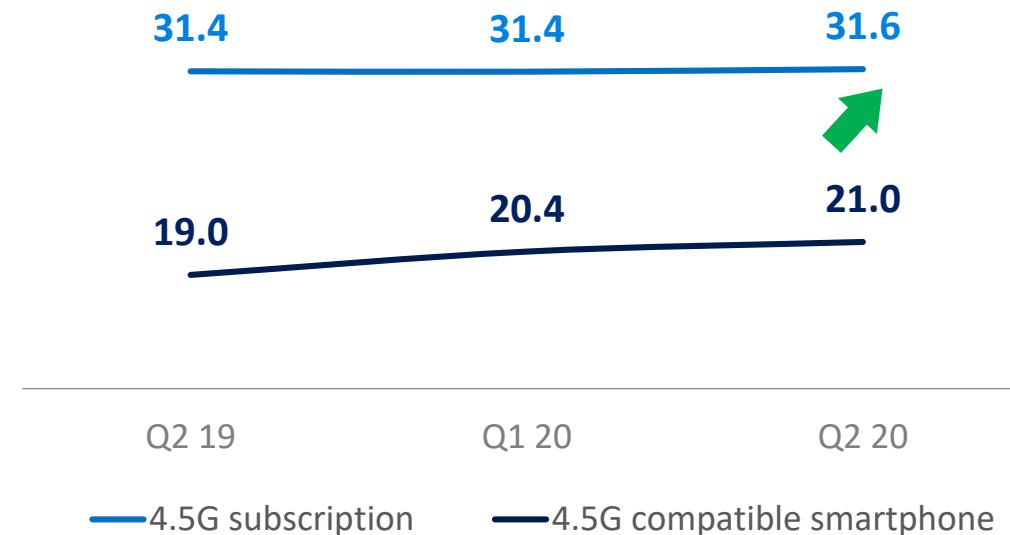
## MOBILE DATA USAGE

AV. GB/USER

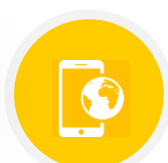


## 4.5G SUBSCRIPTION

MILLION



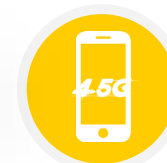
**79%** smartphone penetration



**90%** are 4.5G compatible SPs



**95%** are 4.5G subscribers



**21 million** with 4.5G compatible SPs



# Turkcell International

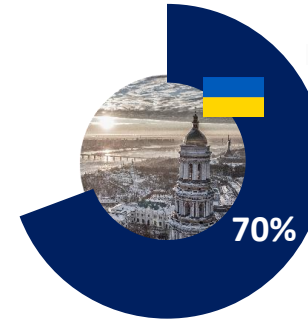
## FINANCIAL HIGHLIGHTS<sup>1</sup>

MILLION TL

	Q2 2020	YoY	H1 2020	YoY
<b>Revenue</b>	578	17.5%	1,138	24.1%
<b>EBITDA</b>	272	18.0%	522	23.1%
<b>EBITDA Margin</b>	47.0%	0.2pp	45.8%	(0.4pp)

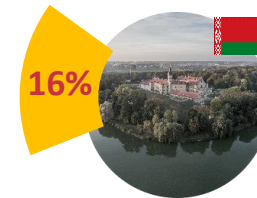
## SUBSIDIARIES AT A GLANCE

Q2 2020 Revenue Share



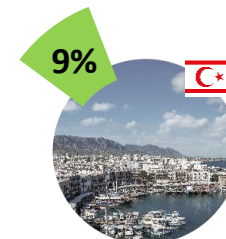
### Lifecell **Ukraine**

- 7.7% yoy revenue growth in local currency
- Recorded first operational net income in June
- 4G user data usage: 11GB/month, ↑39% yoy



### Life :) **Belarus**

- 3.3% yoy revenue decline in local currency due to lower handset sales in COVID-19 environment
- 10.4% mobile ARPU growth in local currency yoy
- 4G user data usage: 13GB/month, ↑53% yoy



### KKTCell **TRNC**

- 3.5% yoy revenue growth
- Solid decrease in roaming revenues due to COVID-19

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

Note: Remaining 6% comprises lifecell Germany, other international operations and intra-company eliminations. Ukraine, Belarus and TRNC local currency growth figures are based on stand-alone financials.



# Techfin: Financing Business

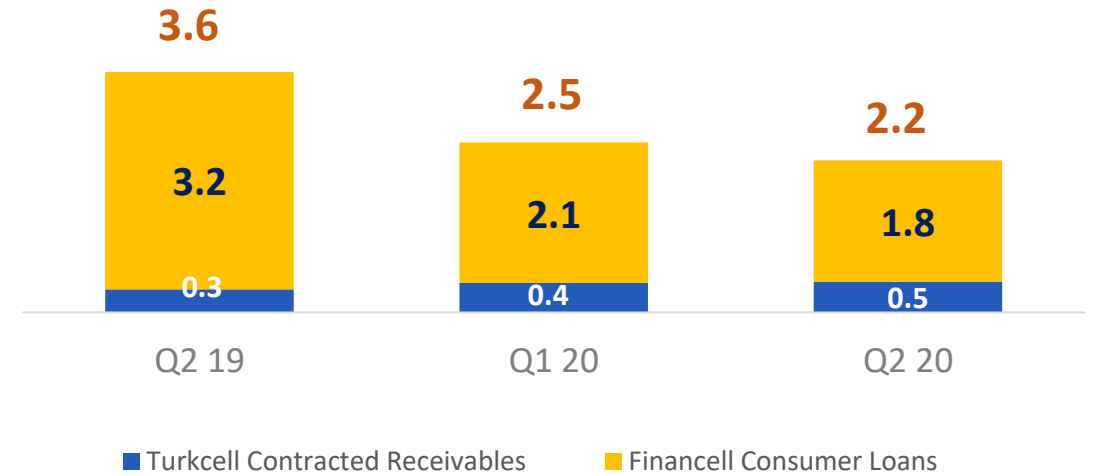


MILLION TL

	Q2 2020	QoQ	YoY
Revenue	131.9	(18.9%)	(44.0%)
EBITDA	76.9	(24.3%)	(38.6%)
<i>EBITDA Margin</i>	58.3%	(4.2pp)	5.1pp
Net Income	48.1	(25.2%)	n.m.

## LOAN PORTFOLIO

BILLION TL



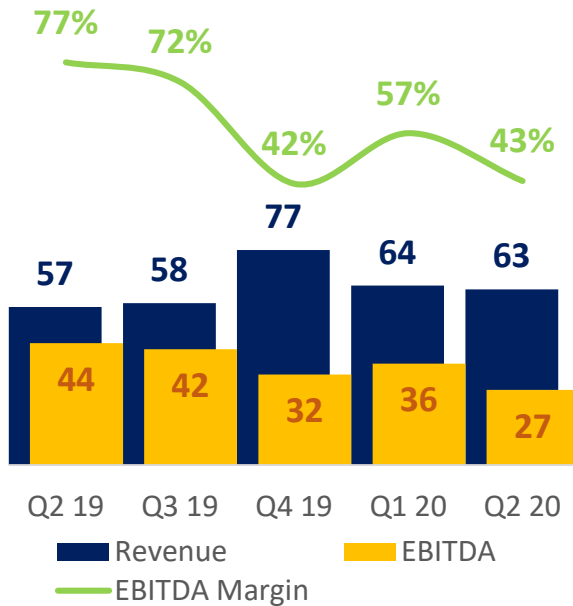
- Declining portfolio due to regulation
- CoR rose slightly from 3.3% in Q1 to 3.4% in Q2



# Techfin: Payment Services Platform



MILLION TL



**4.7 million**  
Paycell 3MAU\*



**2.1 billion TL**  
Total transaction volume\*

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

## FOUR PILLARS OF REVENUE GENERATION



### DIRECT CARRIER BILLING

**84%** ↑

215 Million TL  
DCB transactions



### BILL PAYMENT

**97%** ↑

3.3 million  
3<sup>rd</sup> party Bill Payments



### MERCHANT SOLUTIONS

**10K**

Points Paycell is  
Accepted



### PAYCELL CARD

**70%** ↑

71.8 million TL  
Paycell Card transactions

Note: Growth figures are based on non-group transactions and indicate y-o-y growth in Q2 2020.

## HIGHLIGHTS

- Catalyst for Paycell: change in habits towards cashless payment
  - Rising Paycell Card and Paycell app users and DCB transaction volume in Q2
  - Increasing registered credit cards by 30% QoQ to 5.5 million
- Launched in July: Instant limit at Paycell Card
- Upcoming: Paycell Android POS





# E-Mobility Initiative: Update on Auto Project

**SMART INVESTMENT FOR TURKCELL GROUP**  
Value accretive potential given benchmarks



**Production facility groundbreaking realized in July**  
Planned production capacity 175k/year

## KEY HIGHLIGHTS

-  **Europe's first** non-traditional, native battery-electric SUV manufacturer
-  **Pioneer** in technological transformation in Turkey
-  **Owned** intellectual properties
-  **Environmentally-friendly** plant
-  **Opportunities:** Car as a smart device, mobility ecosystem

## MILESTONES

- |                   |   |
|-------------------|---|
| <b>Jun 2018</b>   | 6 founding partners   |
| <b>Dec 2019</b>   | Preview cars unveiled;<br>comprehensive incentive & tax breaks approved |
| <b>Jul 2020</b>   | Production facility groundbreaking realized                             |
| <b>2022-end</b>   | Production to start ( <i>expected</i> )                                 |
| <b>Until 2030</b> | A total of 5 models to be launched ( <i>expected</i> )                  |



# Looking Ahead: 2020 Guidance Reiterated

**REVENUE GROWTH**

**10% - 12%**

**EBITDA MARGIN**

**40% - 42%**

**EBIT MARGIN**

**19% - 21%**

**OP.CAPEX/SALES\***

**17% - 19%**

\*Excluding license fees

***Results confirm our guidance announced on April 28, 2020***

***We see upside risks, yet we'll continue to monitor developments in Q3 for a potential revision.***

# APPENDIX





# Differentiation with Unique Skills

Strategic Focus:  
Digital Services



Investor Presentation



## Top-Notch Features

- Translation
- Group Video Call
- Emergency Button
- BiP Conference
- Timeshift & Cloud Recording
- Lyrics
- Music Video
- Live Broadcasting

## Telco-OTT Power

- App2NW
- 2nd Number
- Fixed Number
- Quality of Service
- Dedicated Bandwidth
- OTT Box

## Integrated Experiences

- fizy
- Digital Mags
- TV+
- Cross Platform Recommendation



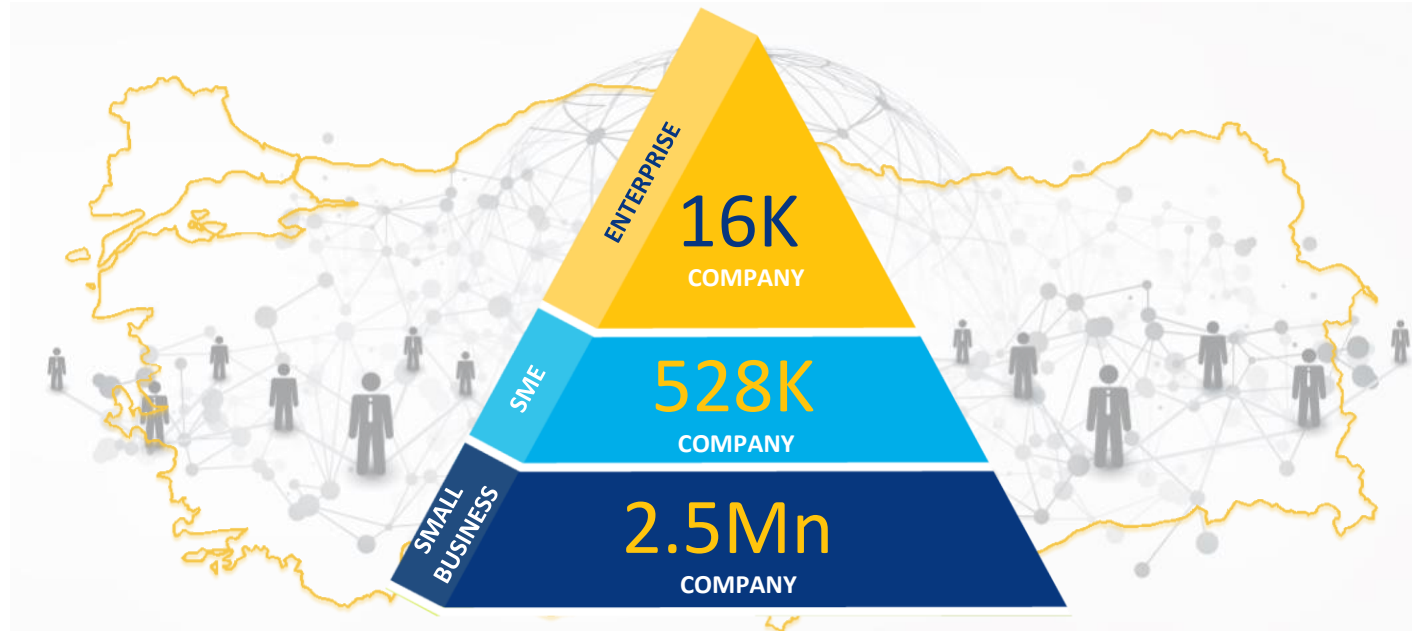
- **NEGOTIATION**
- **DONE DEAL**





# Corporate Customers' Needs in Turkey

3 MILLION COMPANIES



OPTIMIZE  
COSTS

INCREASE  
REVENUES

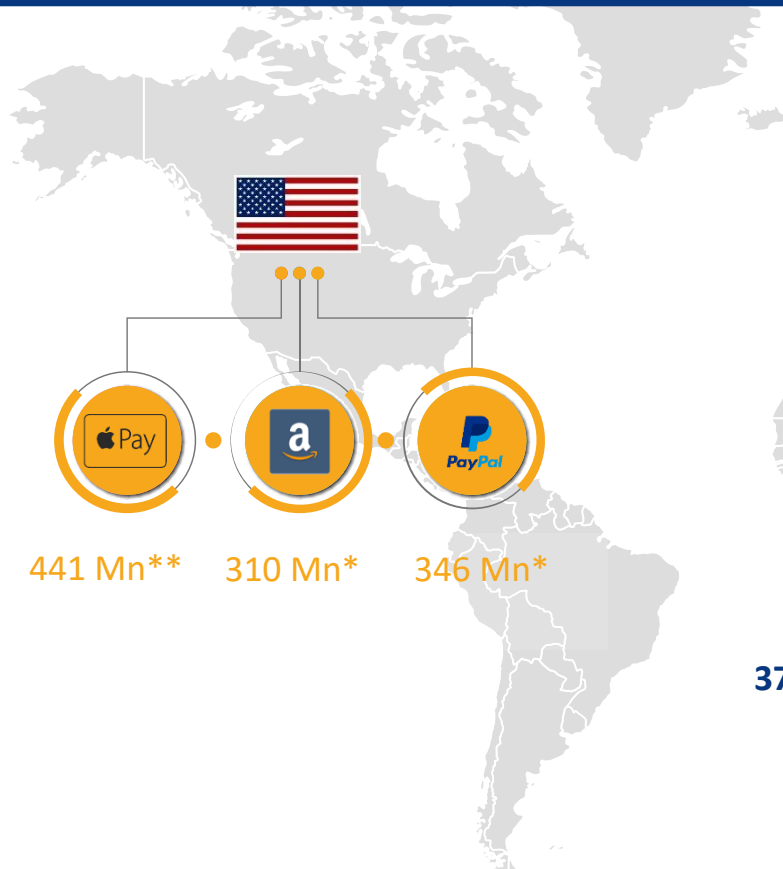
INCREASING **END TO END DIGITALIZATION**  
OF CORPORATE CUSTOMERS



# Global Techfin Revolution

## KEY DRIVERS IN WEST

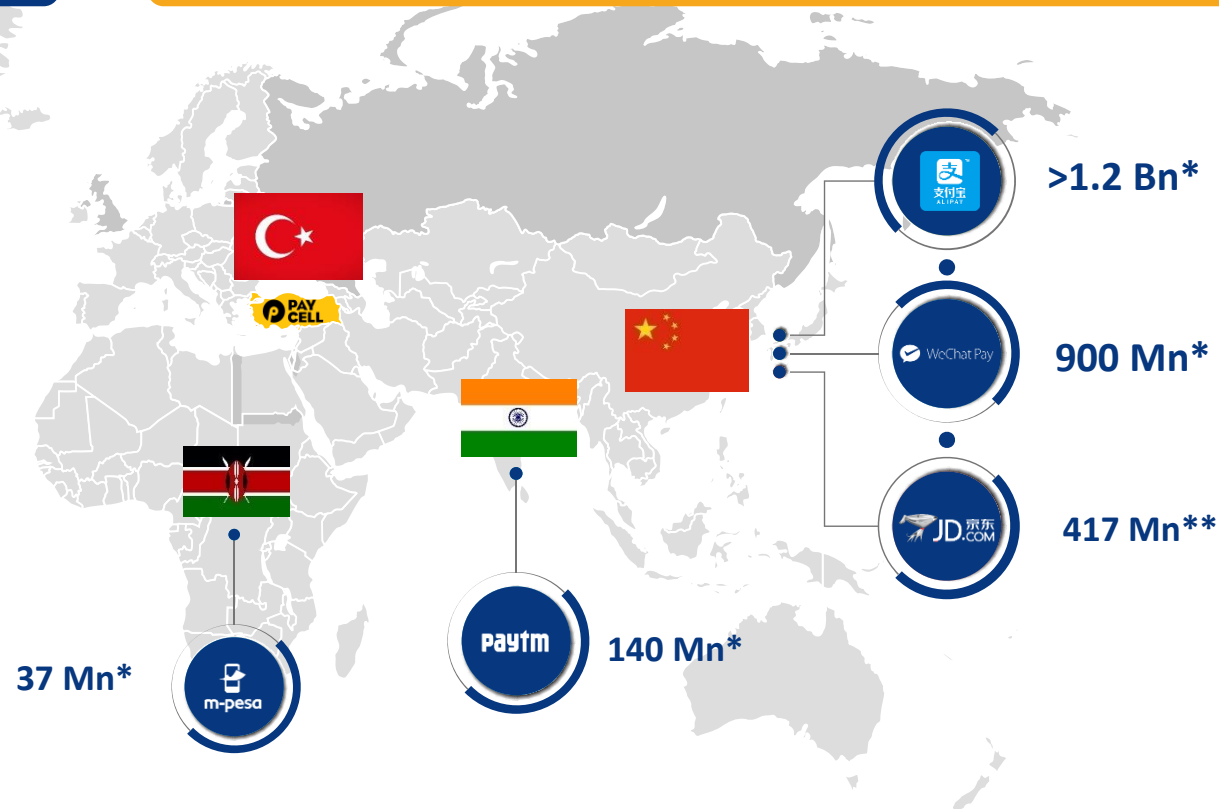
- E-Commerce
- Tech Savvy
- Regulatory Environment



\* Active users  
\*\* Registered users

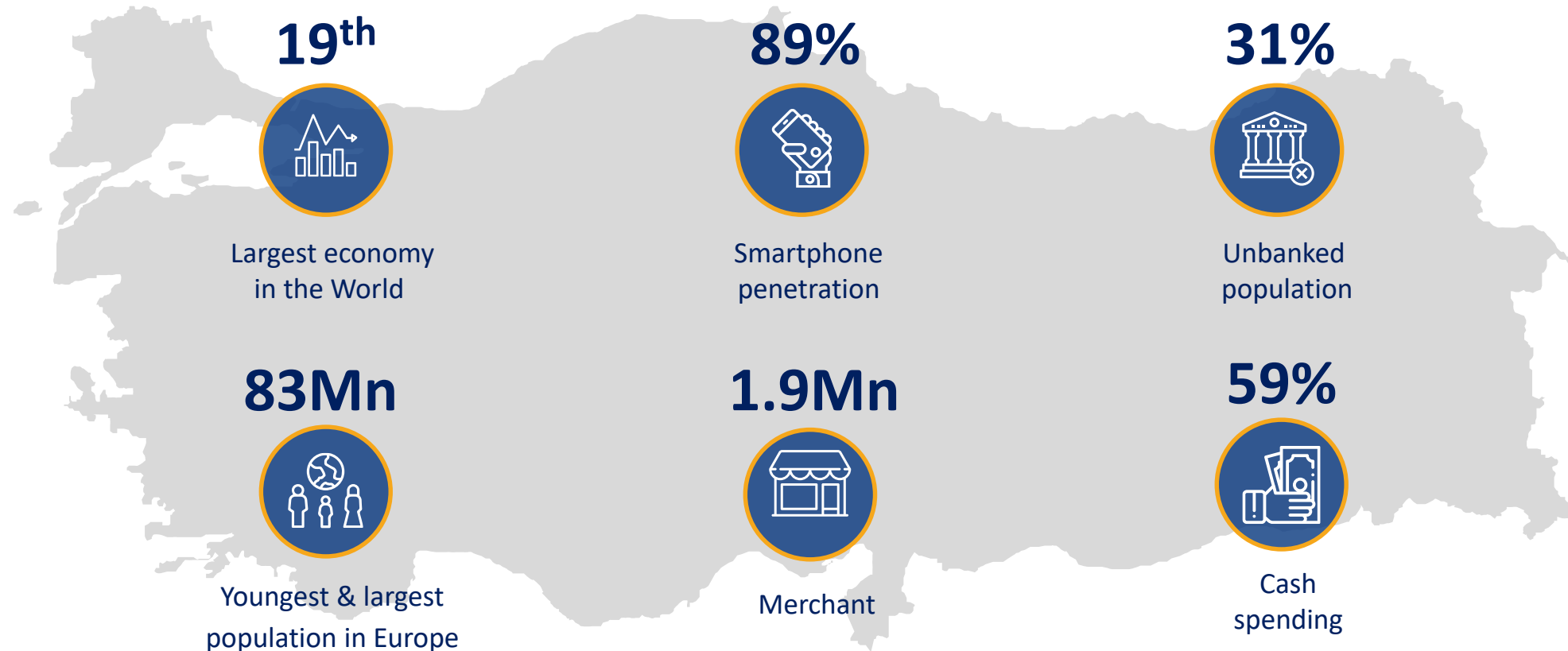
## KEY DRIVERS IN EAST

- Unbanked Population
- Tech Savvy
- Regulatory Environment





# Turkey: Attractive Dynamics





# Key Performance Metrics



2019

2022E



3-Month Active  
User

4.5Mn

17Mn



Volume (TRY)

5.7Bn

41Bn



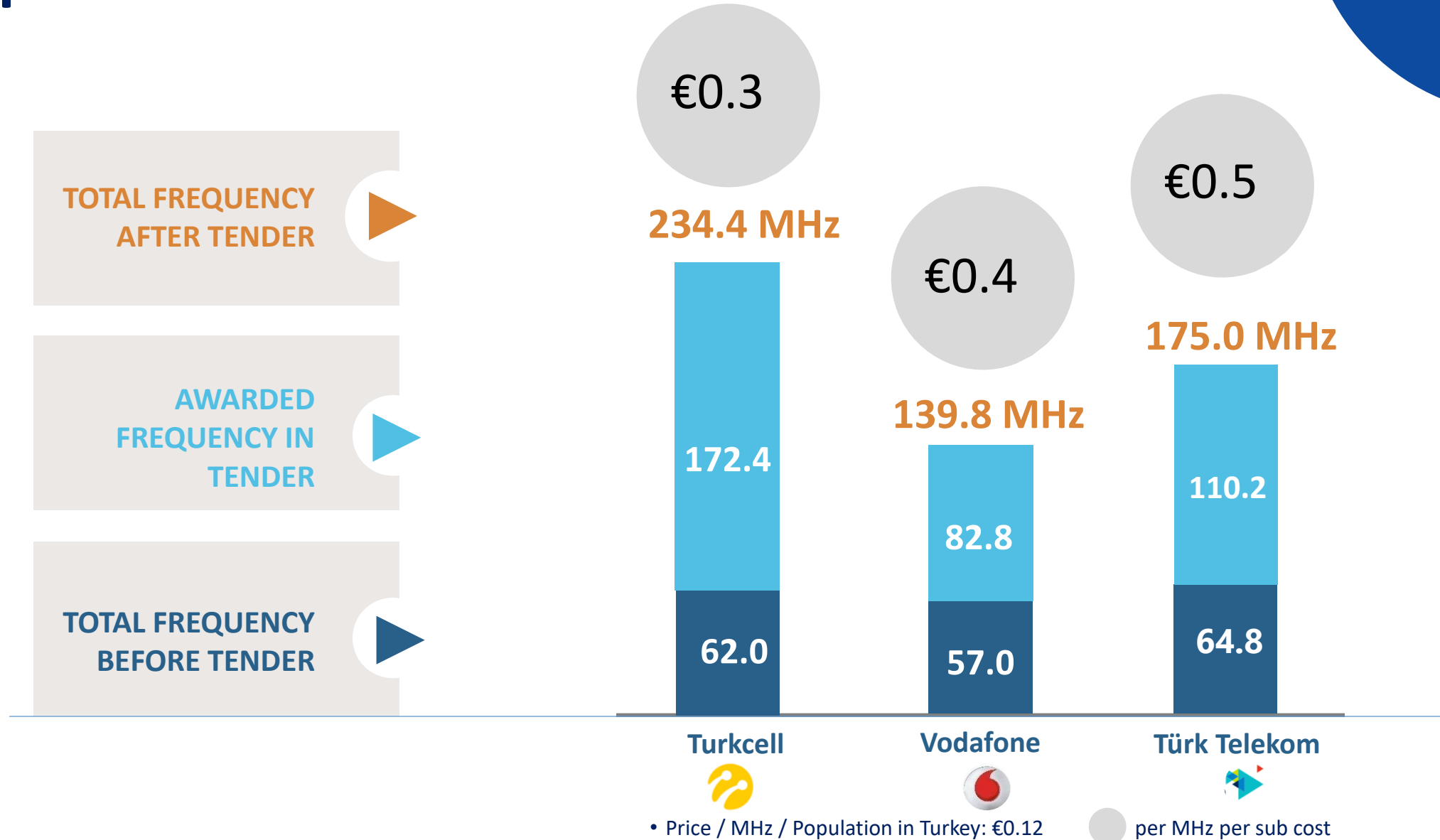
Revenue (TRY)

252Mn

750Mn



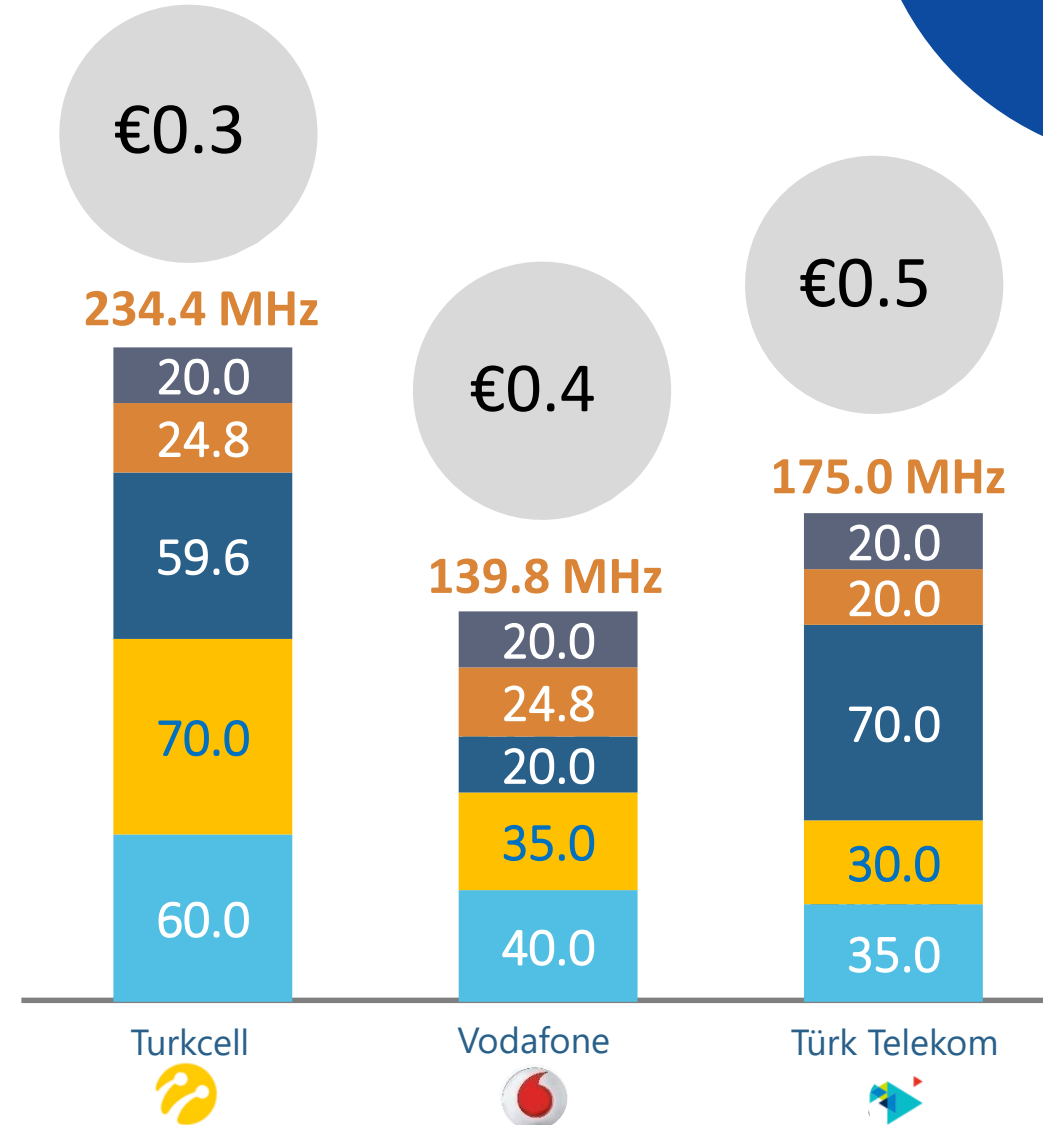
# Frequencies Before and After 4.5G Tender





# Frequency Bands After 4.5G Tender

800 MHz	4.5G main coverage layer
900 MHz	2G/3G coverage and voice layer
1800 MHz	Main layer for 4.5G Terminal support, capacity and coverage layer
2100 MHz	Mobile broadband layer for 3G 4.5G usage for mid/long term
2600 MHz	4.5G capacity boost layer for hot spots



• Price / MHz / Population in Turkey: €0.12

per MHz per sub cost

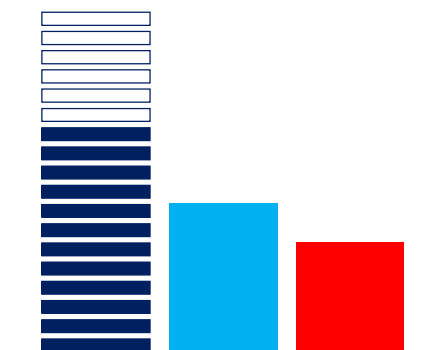




# Fastest & Best & Widest

## SPEED

**1,200 Mbps**



2018

**Gigabit LTE\***

\* Source: <https://gsacom.com/paper/progress-gigabit-lte-networks-2/>

## QUALITY



**4x4 MIMO**  
all network



**Carrier Aggregation**  
all network



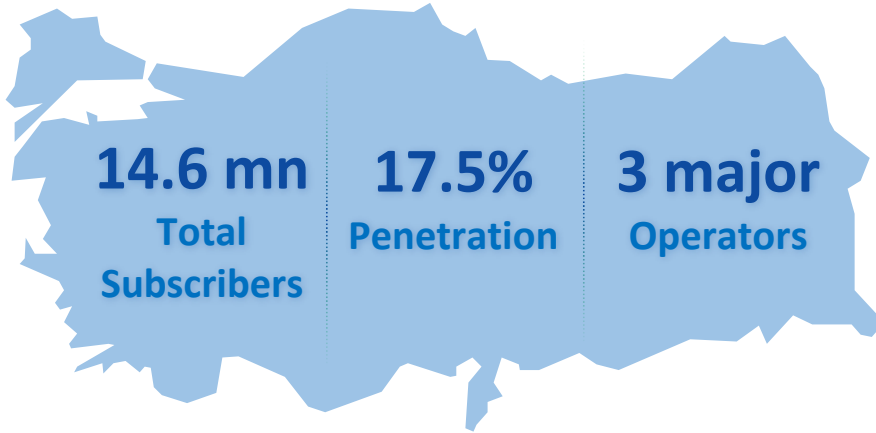
**The Best Experts**

MIMO: Multi Input Multi Output



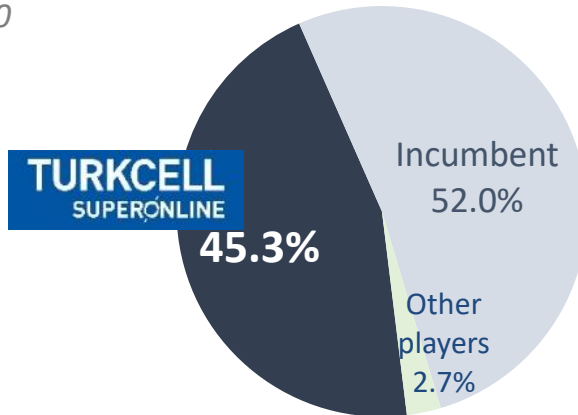
# Fixed Broadband Market

## TURKISH FIXED BROADBAND MARKET



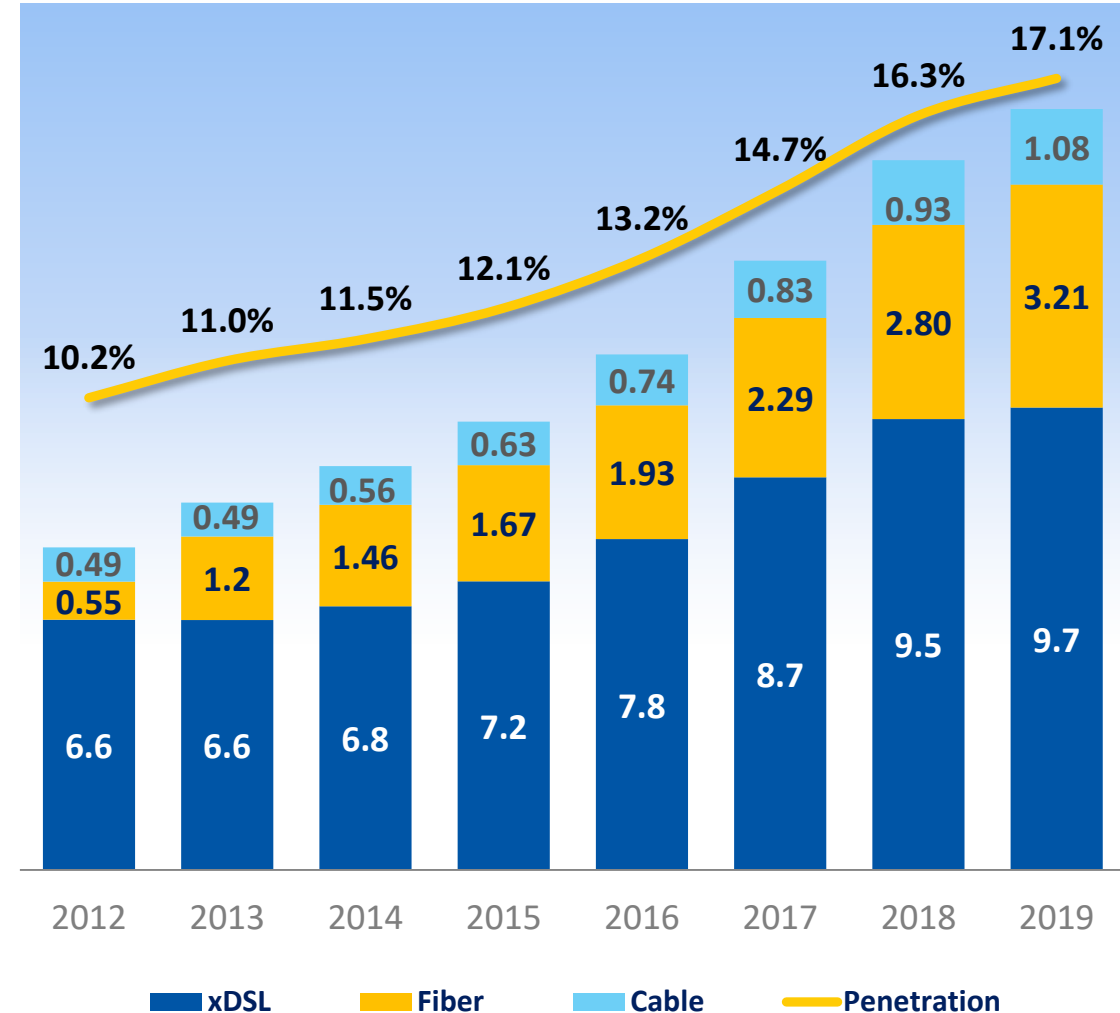
## FIBER SUBSCRIBER MARKET SHARE

Q1 2020



Note: Company calculation based on data in ICTA Q1 2020 Report

## FIXED BROADBAND MARKET BY TECHNOLOGY (Mn)





# Well-invested Infrastructure: Focus on Sharing

Turkcell  
(stand-alone)

In partnership with  
Türksat & Vodafone

Homepass

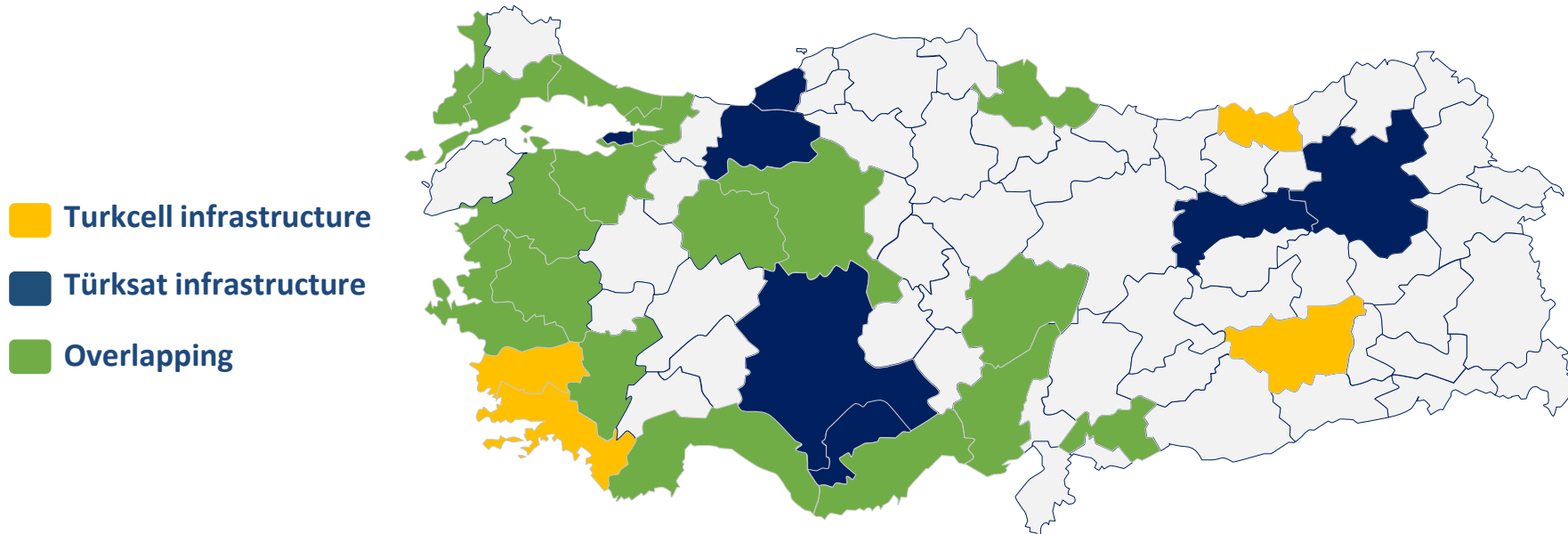
3.7 mn

3.7 mn fiber + 3.0 mn cable (HFC)

Number of cities

21

28





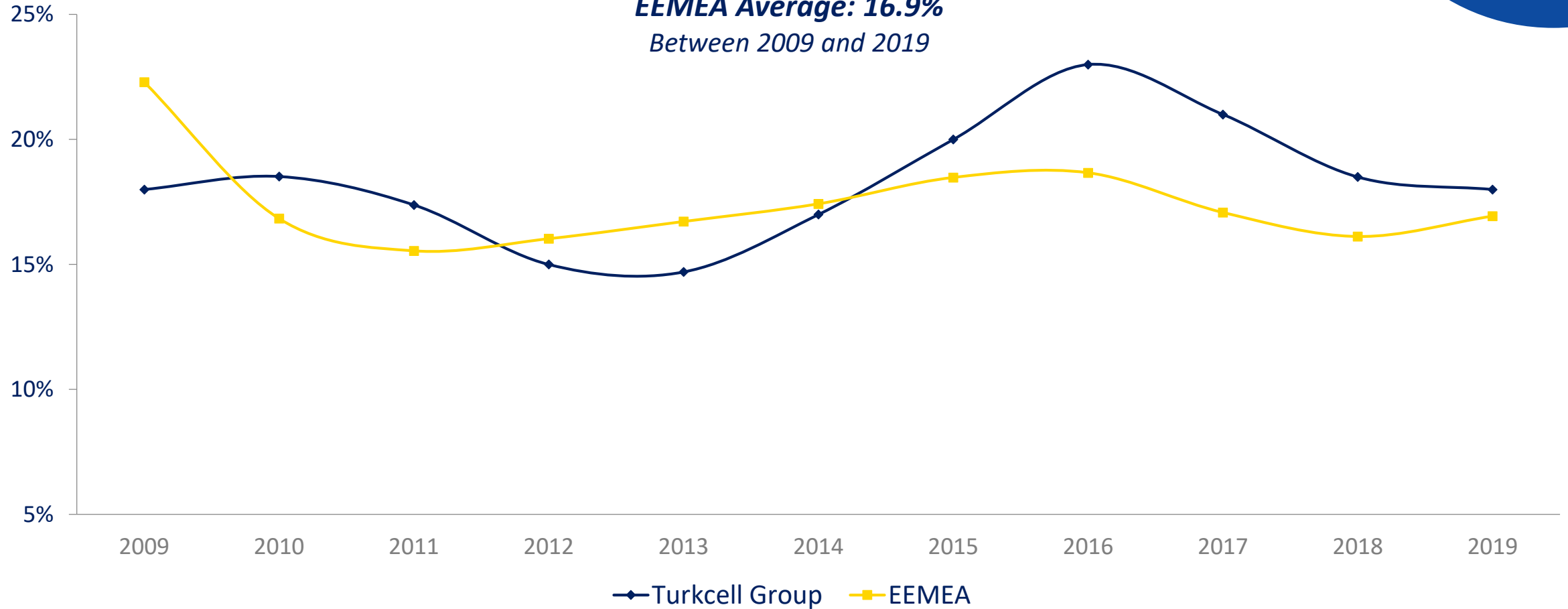
# 5G is an Evolution





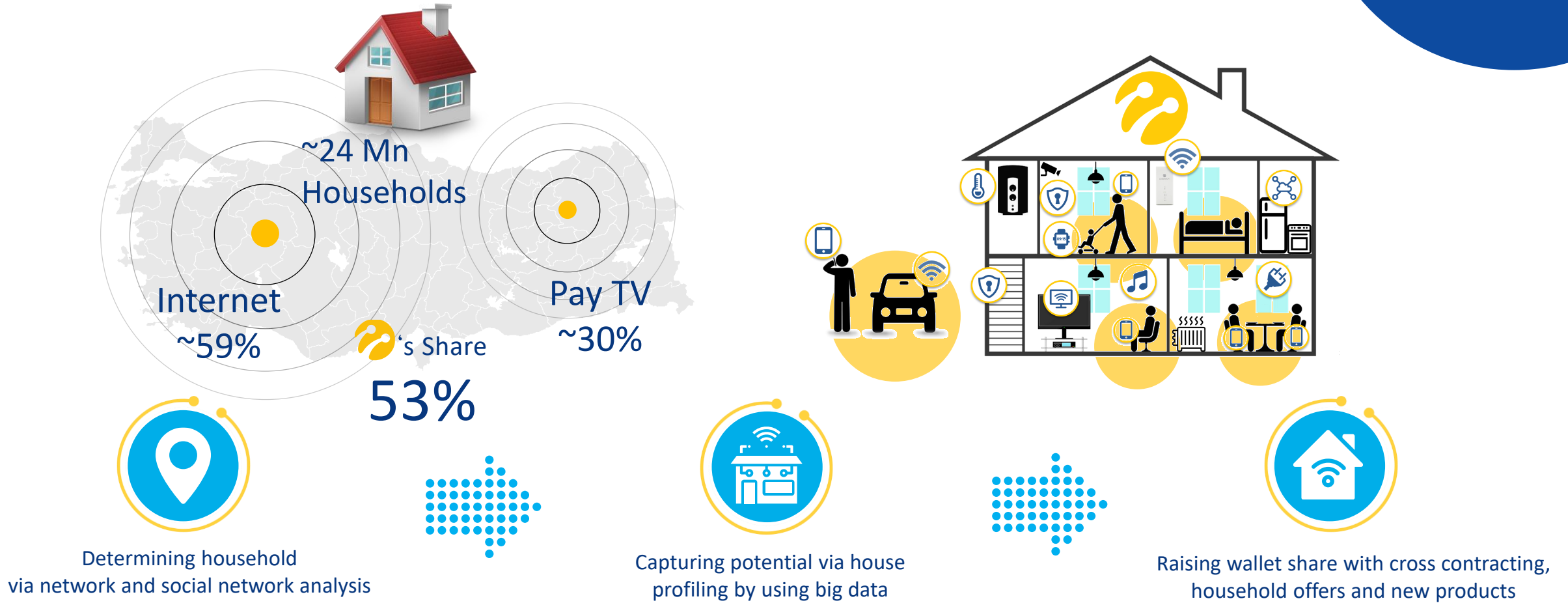
# Capex/Sales Trend

**Turkcell Group Average: 18.0%\***  
**EEMEA Average: 16.9%**  
*Between 2009 and 2019*



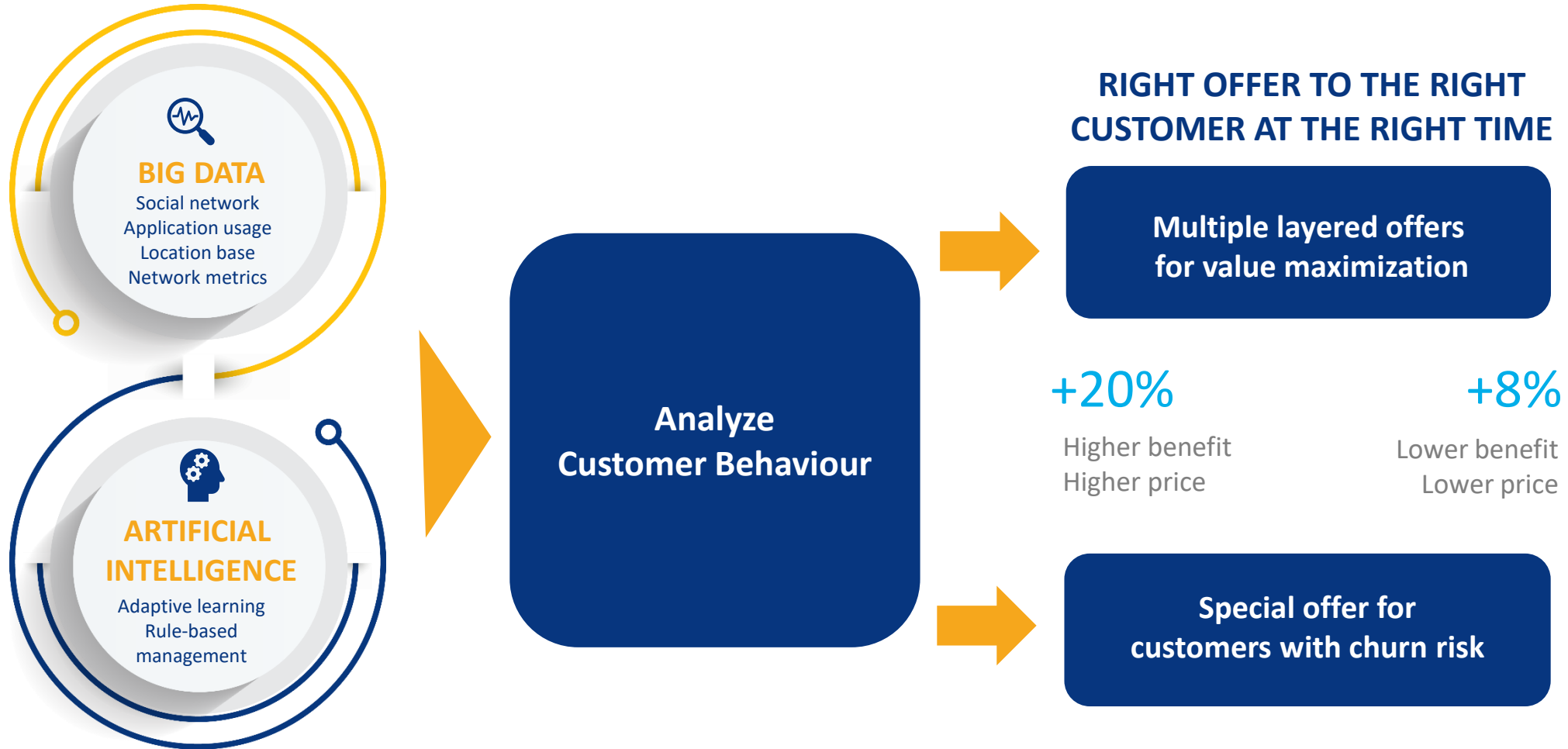


# New Definition of The Customer





# Utilize Big Data to Maximize Consumer Surplus





# New Pricing Approach

1

## HYBRID OFFERS

Mix of postpaid & prepaid offers

Flexible postpaid management

No bill shock

2

## YEARLY PACKAGES

Data benefit which can be used flexibly during 12 months

3

## SEMI CONTRACTS

Contract based on benefit

Flexible price

4

## PURE DIGITAL OFFER

Game changer tariff

Low cost play

Digital channels only

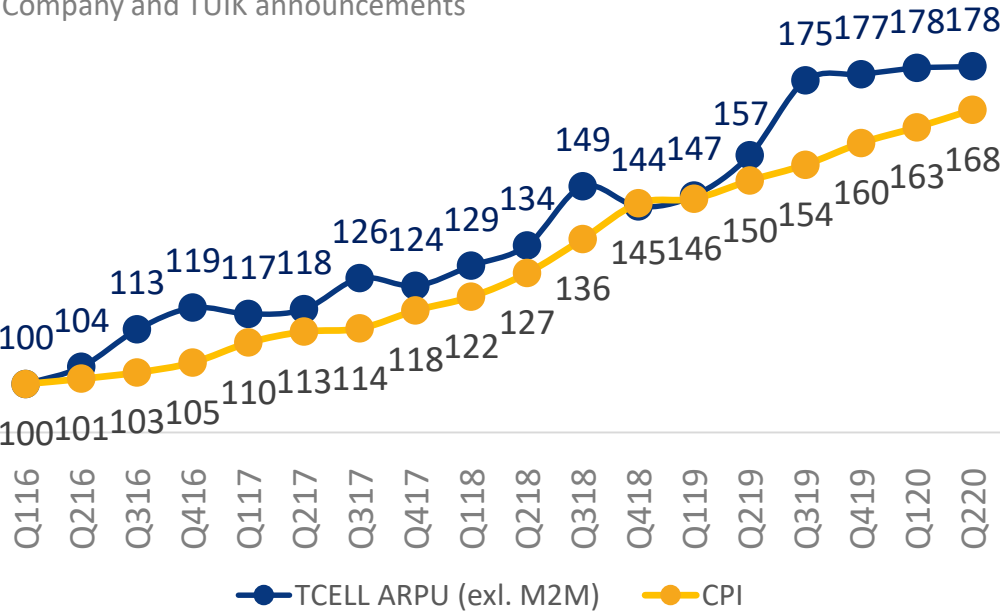




# Inflationary Pricing

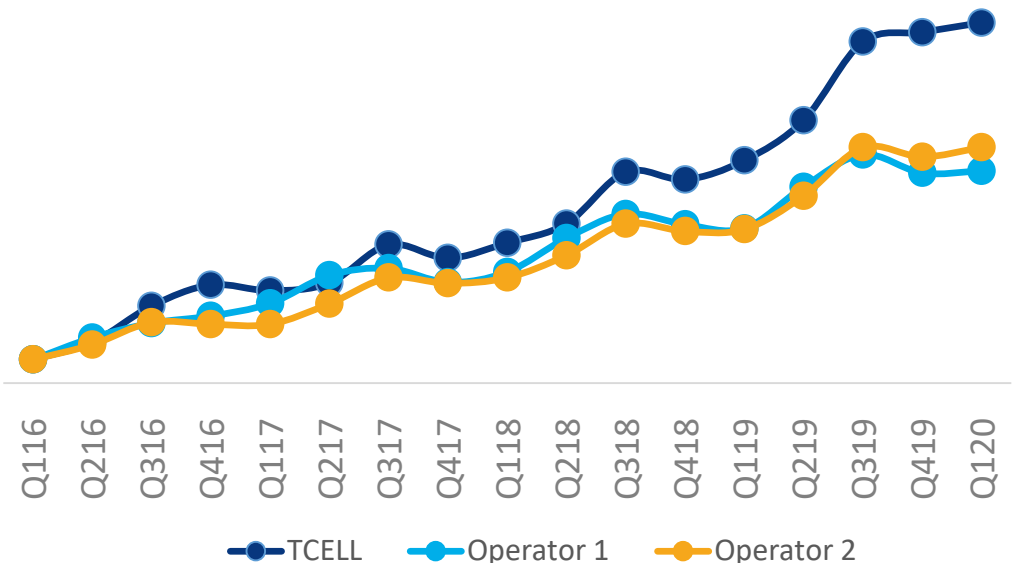
## TURKCELL ARPU VS. CPI TREND

Q116=100  
Company and TUIK announcements



## MOBILE ARPU COMPARISON

Q116=100  
Based on ICTA market report



Key for sustaining growth & margins

Secure ROI of projects & investments

Reflecting costs to the prices

ARPU growth above competition



# Paycell: Turkey's Leading Techfin Company

- Established in 2015, fully owned by Turkcell
- Standalone payment and e-money company
- Payment institution and e-money licenses from BRSA
- Mobile payment solutions in several verticals



## POTENTIAL ACTIONS

### STRATEGIC PARTNER

- Share know-how
- Invest jointly
- Diversify risk

### INORGANIC GROWTH

- Acquire local techfin companies to expand vertical solutions
- Look for synergies



# Turkcell Superonline: Turkey's Fastest Fiber

- 48 thousand km rollout, 21 cities
- 1.6 Mn fiber customers
- Data speed up to 10Gbps
- Infrastructure sharing (Turksat & Vodafone)
- 3.7 Mn fiber homepass



## POTENTIAL ACTIONS

### INITIAL PUBLIC OFFERING

- More transparent articulation of equity story

### STRATEGIC PRE-IPO PARTNER

- Diversify risk
- Invest jointly
- Share know-how

### INORGANIC GROWTH

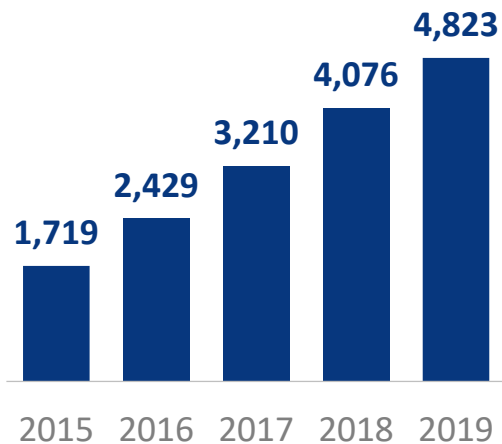
- Acquire local or regional fiber assets, smart-home and security companies
- Look for synergies

### INFRASTRUCTURE SHARING

- Asset light model

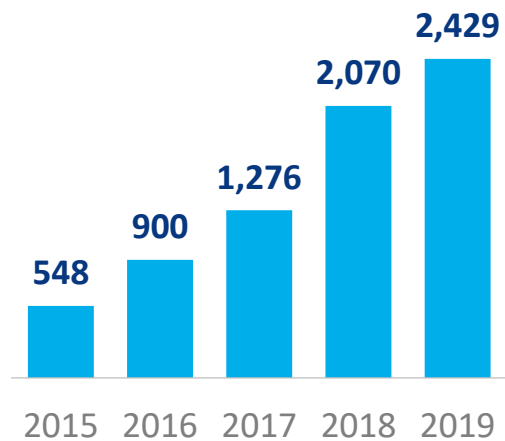
### NET REVENUE TREND

TRY Mn



### EBITDA TREND

TRY Mn





# Global Tower: Turkey's First & Only TowerCo



- First and only TowerCo of Turkey
- Tower portfolio of 10,726 (owned + right of use)
- Regional player operating in 4 countries
- Long term, visible revenue stream & strong profitability



Tenancy  
ratio  
**1.7x**

## POTENTIAL ACTIONS

### INITIAL PUBLIC OFFERING

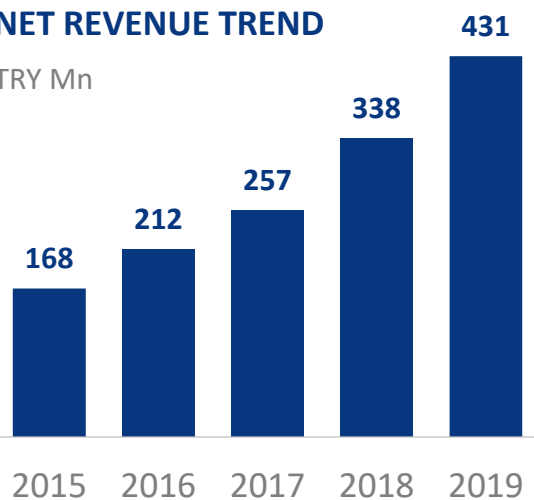
- More transparent articulation of equity story

### INFRASTRUCTURE SHARING

- Asset light model

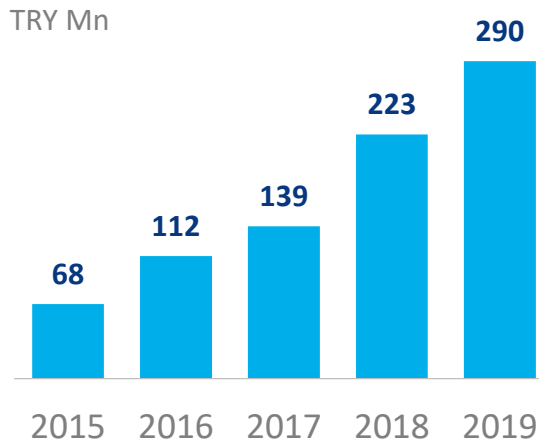
### NET REVENUE TREND

TRY Mn



### EBITDA TREND

TRY Mn



*Note: Tower portfolio includes owned and managed towers and towers for which contract management services are provided.*

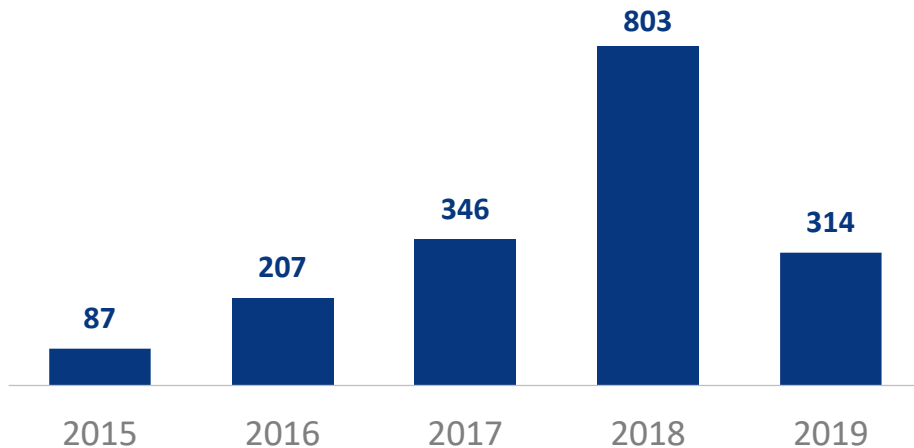


# Datacenters: Largest White Space Capacity in Turkey

- 112k m<sup>2</sup> datacenter space
- 33.5k m<sup>2</sup> white space
- 8 locations
- Ankara datacenter: 44k m<sup>2</sup> datacenter space, 12k m<sup>2</sup> white space
- Gebze datacenter: 33k m<sup>2</sup> datacenter space, 10k m<sup>2</sup> white space
- İzmir datacenter: 15k m<sup>2</sup> datacenter space, 2.4k m<sup>2</sup> white space

## CUMULATIVE DATACENTER INVESTMENTS

TRY Mn



## FUTURE FUNDING

### SELL AND LEASE BACK

- Asset light model

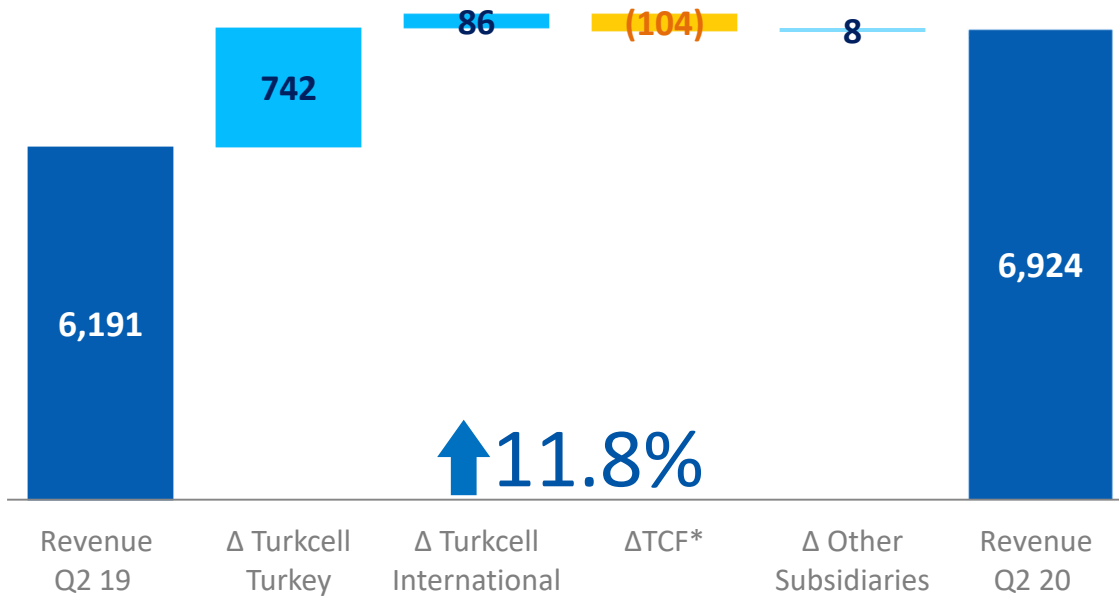
### FREE CASH FLOW GENERATION



# Revenue

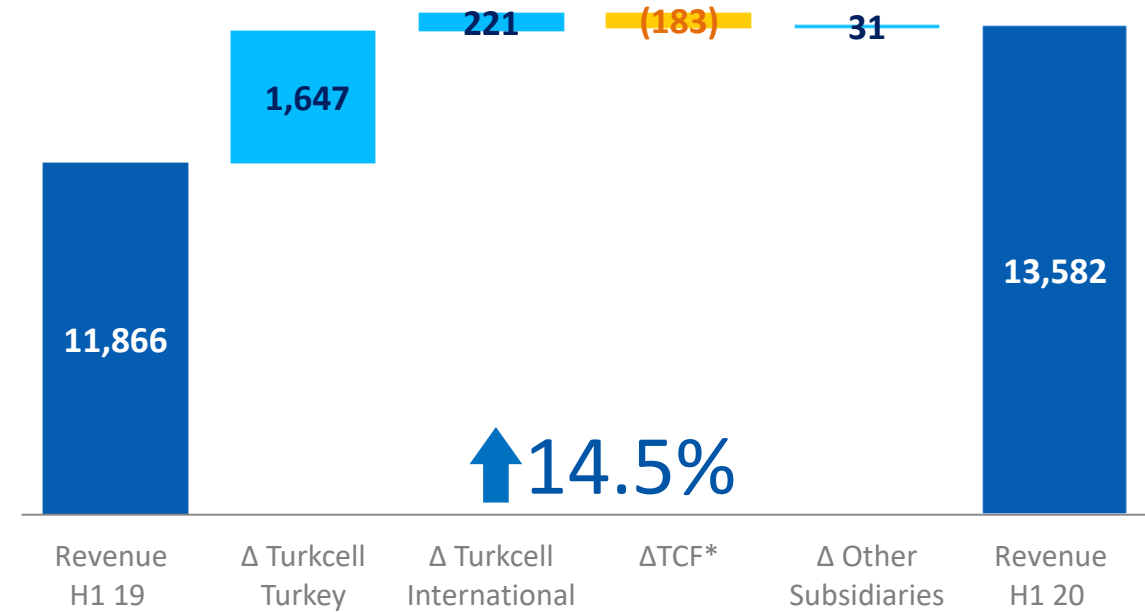
## QUARTER

MILLION TL



## HALF YEAR

MILLION TL



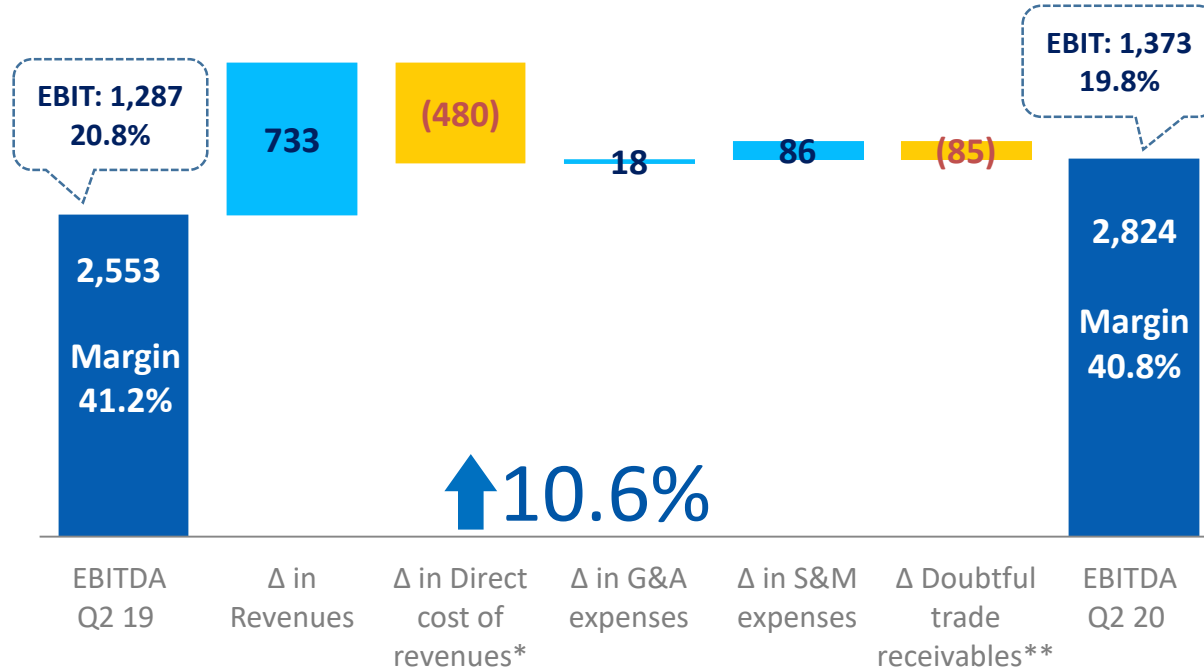
- Yearly incremental revenue generation of 0.7 bn TL in Q2 20
- 1.6 billion TL revenue generation was from Turkcell Turkey in H1 20, resulting from rising postpaid share, upsell efforts & higher data consumption
- Top-line impacted by COVID-19 in addition to slowdown in TCF and exit from Inteltek. Growth (yoy) excl. TCF and Inteltek: 15.0% in Q2 20 and 17.8% in H1 20



# EBITDA & EBIT

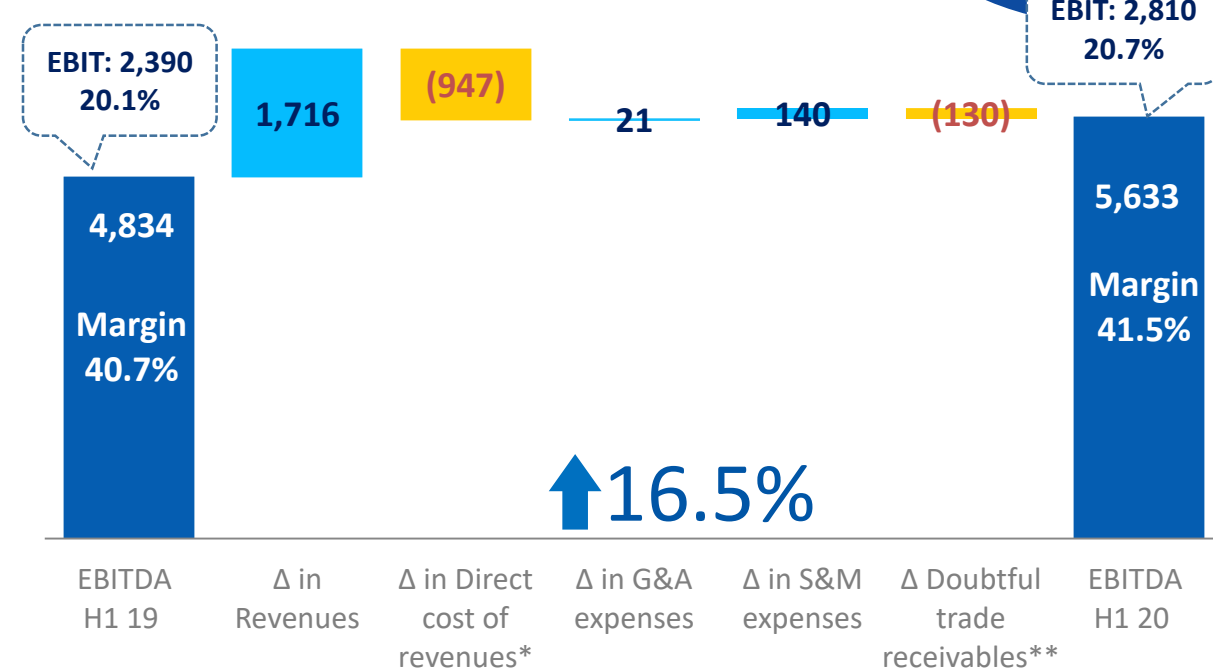
## QUARTER

MILLION TL



## HALF YEAR

MILLION TL



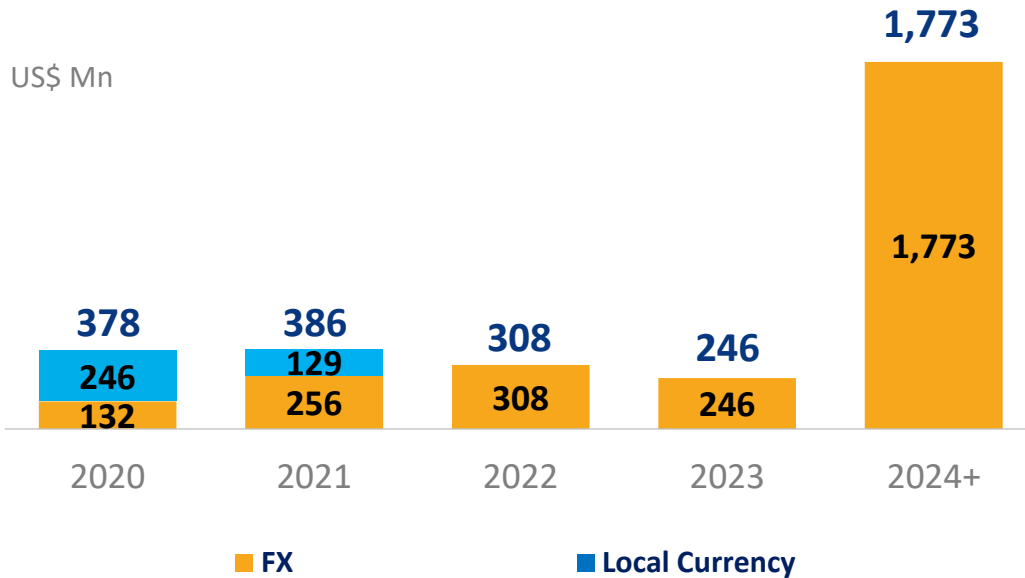
- 10.6% and 16.5% EBITDA growth in Q2 20 and H1 20 respectively on the back of revenue increase & structural changes in OPEX.
- Structural changes in OPEX thanks to higher online sales, remote working practices and thorough review of marketing costs triggered by COVID-19 pandemic.
- Sustainable EBITDA margin improvement in Turkcell Turkey; 0.5pp yoy in Q2 20.



# Effective Balance Sheet Risk Management

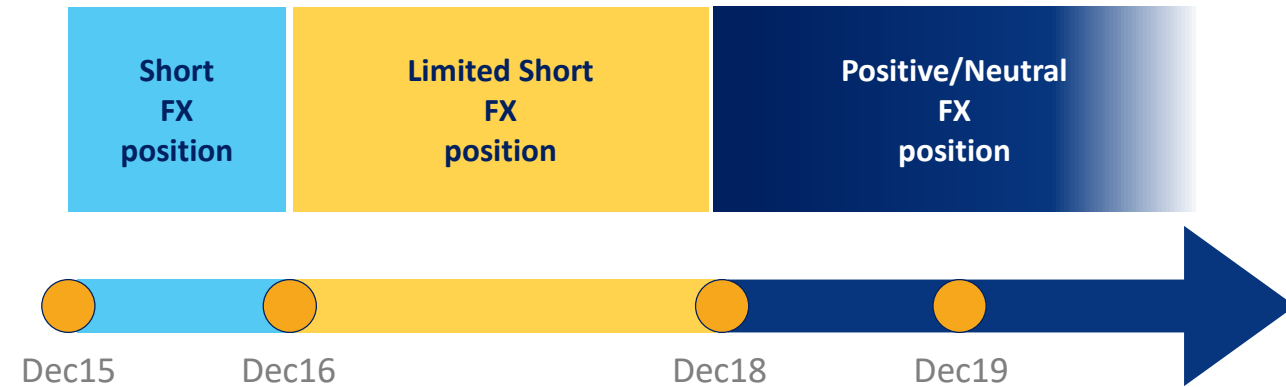
## LIQUIDITY MANAGEMENT

### Principal & Interest Payments<sup>1</sup>



- US\$1.6 Bn equivalent of cash holdings covers maturities until 2024
- Strong free cash flow generation
- Available credit lines from diversified funding sources

## NET FX POSITION



- Almost all cash in hard currency
- 50% of FX denominated debt is hedged
- Hedging for whole maturity (principal & interest)

(1) Data of Turkcell Group, excluding consumer finance business.





# Major Funding Details

TYPE & DATE	AMOUNT	MATURITY	INTEREST	PURPOSE OF FUNDING	UTILIZATION	HEDGING DETAILS
Bond (October 2015)	USD 500M	15.10.2025	5.75% (fixed rate)	CAPEX and inorganic growth opportunities	-	-
China Development Bank (October 2015)	EUR 500M	3-year grace period, 10-year maturity	EURIBOR +2.20%	Debt restructuring	Fully utilized in Oct 15	100% hedged with PCCS
	EUR 750M		EUR: EURIBOR+2.15% USD: LIBOR+2.17% CNY: 5.51%	CAPEX	~EUR 560M fully utilized and availability period is expired	~91% hedged with PCCS & CCS
Bond (April 2018)	USD 500M	11.04.2028	5.80% (fixed rate)	Repayment of existing indebtedness	-	-
EKN-Covered (March 2019)	USD 150M	10-year maturity	1st Tranche: LIBOR+2.10% 2nd-3rd Tranche: 5.35%	CAPEX	USD 97.5M utilized as of Apr 20	IRS - 28% of the utilized amount
Sustainability Linked Loan (May 2019)	EUR 50M	3-year maturity	EURIBOR + 1.95%	General Corporate Purposes	Fully utilized in May 19	-
Green Loan (Mar 2020)	EUR 50M	5-year maturity	EURIBOR + 1.95%	General Corporate Purposes	Fully utilized in Mar 20	-
China Development Bank (Aug 2020)	EUR 500M	3-year availability period, 8-year maturity	EUR Tranche: EURIBOR + 2,29% CNY Tranche: 5,15%	CAPEX	No utilization as of Aug 20	-



# Strategic Focus Areas of Turkcell International



## LIFECCELL UKRAINE

- Growth driven by data
- Expand digital services
- Net profit by 2021



## LIFE :) BELARUS

- Growth driven by data
- Expand digital services



## KKTCCell TRNC

- Grow in fixed broadband
- New revenue streams (Corporate & System Integration)



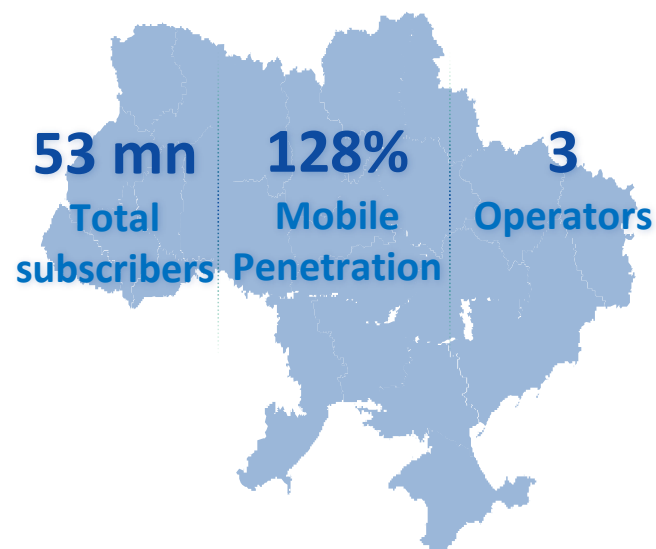
## LIFECCELL VENTURES NL

- Expand DSS footprint
- Make new strategic alliances
- Revenue generation



# Operations in Ukraine

## UKRAINE MOBILE MARKET FACTS\*



**Ownership**  
100% Turkcell



**Ownership**  
100% VEON



**Ownership**  
100% Bakcell

## lifecell PERFORMANCE

UAH MILLION	Q2 2020	YoY%	FY19	YoY%
Revenue	1,596	7.7%	5,984	13.6%
EBITDA	880	10.2%	3,243	17.4%
EBITDA Margin	55.1%	1.2pp	54.2%	1.8pp

## HIGHLIGHTS

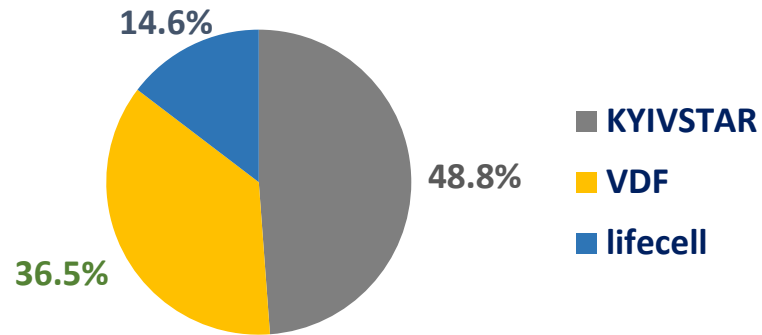
- Operational performance (3 months active):
  - 7.6 million subscribers in Q2 2020
  - UAH 70.3 ARPU, -3.0% YoY
- 79% SP penetration (market leader)
- First to launch 4G services in Ukraine on 2600 MHz
  - 4.5G services on the 1800 MHz frequency since Jul 1<sup>st</sup>, 2018
- NCCIR issued license for both GSM and LTE in 900 MHz band
  - New license became valid as of July 1st, 2020 (for 5 years)



# Ukraine: Mobile Market Performance

## MARKET SHARE

### Subscriber\*

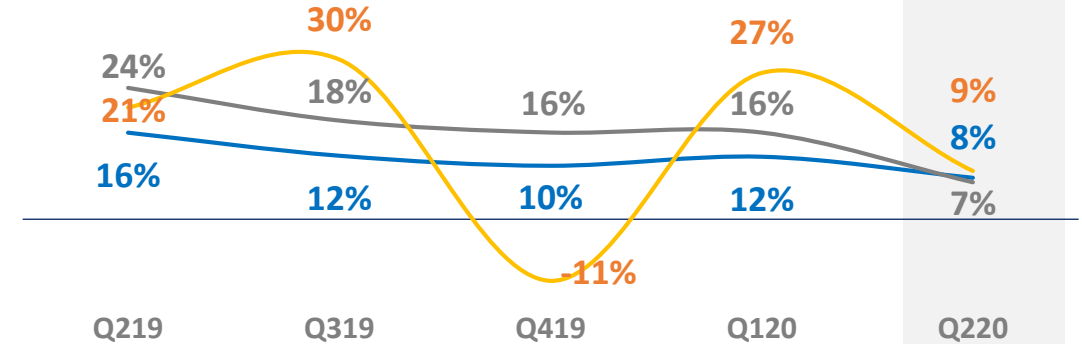


(\*) 3 month active subscribers

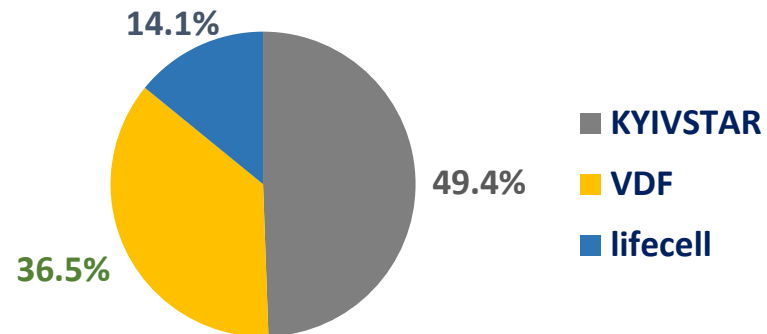
## FINANCIALS

lifecell VDF Kyivstar

### Mobile Revenue Growth (in UAH) (YoY)

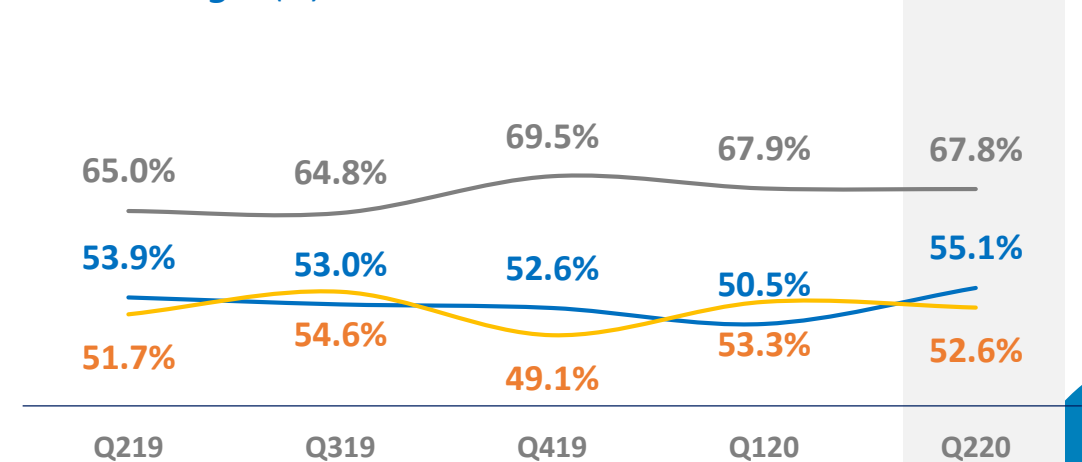


### Mobile Revenue



Source: Company announcements (Q2 2020)

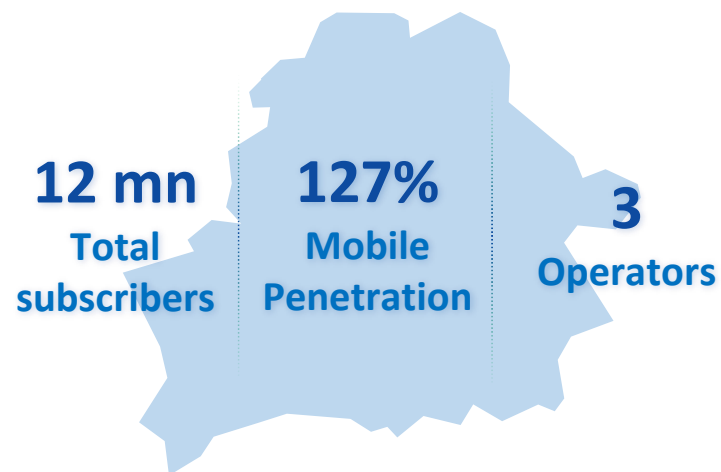
### EBITDA Margin (%)





# Operations in Belarus

## BELARUS MOBILE MARKET FACTS\*



**Ownership**  
80% Turkcell  
20% Belarusian State



**Ownership**  
51% Belarusian State  
49% MTS



**Ownership**  
100% Telekom Austria



## BeST PERFORMANCE

<i>BYN MILLION</i>	Q2 2020	YoY%	FY19	YoY%
Revenue	32.6	(3.3%)	135.0	8.1%
EBITDA	7.6	(31.5%)	35.5	27.2%
EBITDA Margin	23.3%	(9.7pp)	26.3%	4.0pp

## HIGHLIGHTS

- 1.0 million subscribers in Q2 2020 (3-month active)
- Provides 4G LTE services in 6 regions and 191 cities
- Average monthly data consumption grew by 65% yoy to 10.6GB
- 4G users reached 57% of 3-month active users, driving further data and digital services usage.

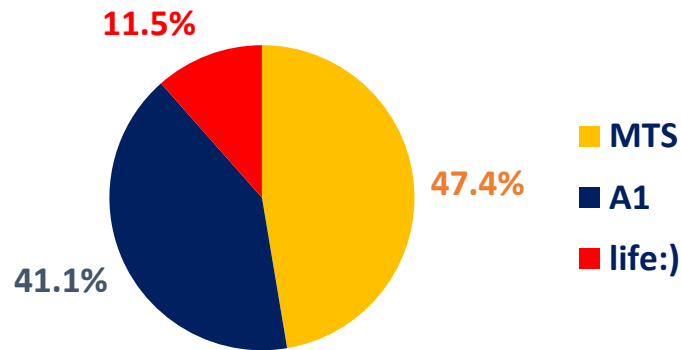
\*Source: Company calculation based on Q2 2020 results



# Belarus: Mobile Market Performance

## MARKET SHARE

### Subscriber\*

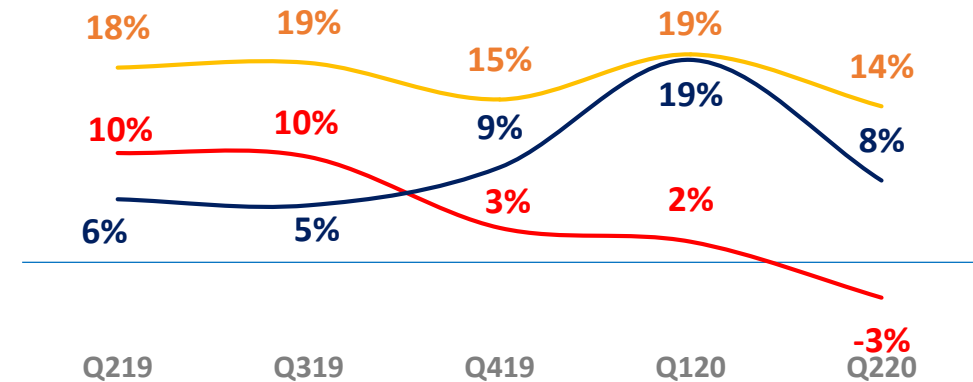


(\*) 3 month active subscribers

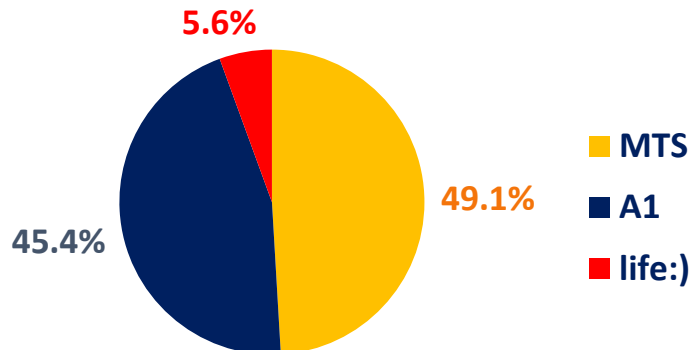
## FINANCIALS

— life:) — A1 — MTS

### Mobile Revenue Growth (in BYN) (YoY)

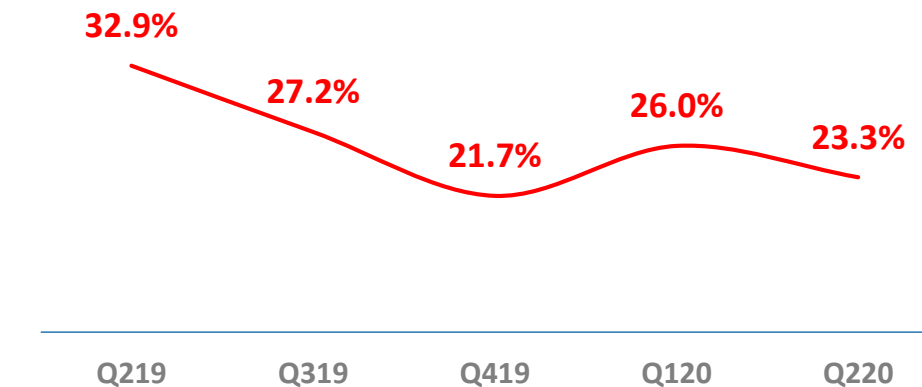


### Revenue



Source: Company announcements (Q2 2020)

### life :) EBITDA Margin Trend\*





# Taxation in Turkey

TAX	MOBILE	FIXED
Special Communication Tax (SCT)	7.5%	7.5%
VAT	18%	18%
Treasury Share <sup>1</sup>	15%	1%
TRX fees	5% (of net sales)	-
Contribution Share to Telecom Authority	0.35% (of net sales)	0.35% (of net sales)
New subscription SCT <sup>2</sup> (at first enrollment)	TRY 79.00	-
Wireless license fees (per acquisition)	TRY 34.15	-
Wireless usage fees (annual)	TRY 34.15	-

<sup>1</sup>Under the license agreement Turkcell pays a treasury share equal to 15% of its gross revenue from Turkish GSM operations

<sup>2</sup>Excluding M2M SIMs



# Mobile/SMS Termination Rates in Turkey

MTR RATES  
TRY/kr.

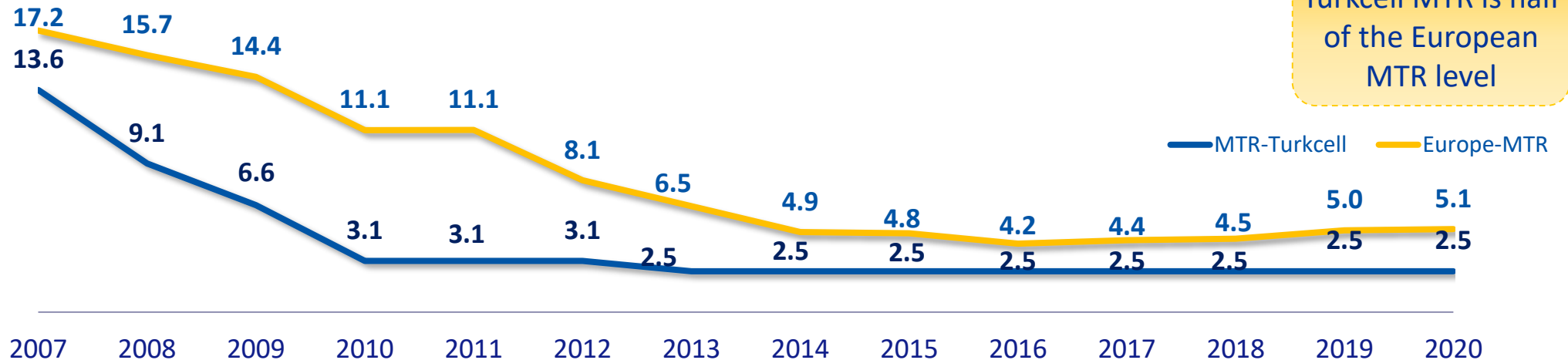
## Mobile Voice Rates

## SMS Rates

	OLD	Since 2013	Asymmetry	OLD	Since 2013	Asymmetry
Turkcell	3.13	2.50	-	1.70	0.43	-
Vodafone TR	3.23	2.58	3%	1.73	0.43	-
TTKOM	3.70	2.96	18%	1.87	0.47	9%

## EVOLUTION OF MTR

TRY kuruş per min.

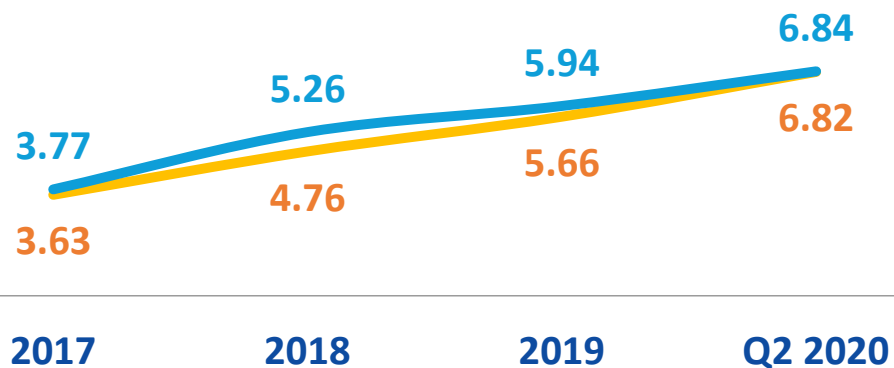




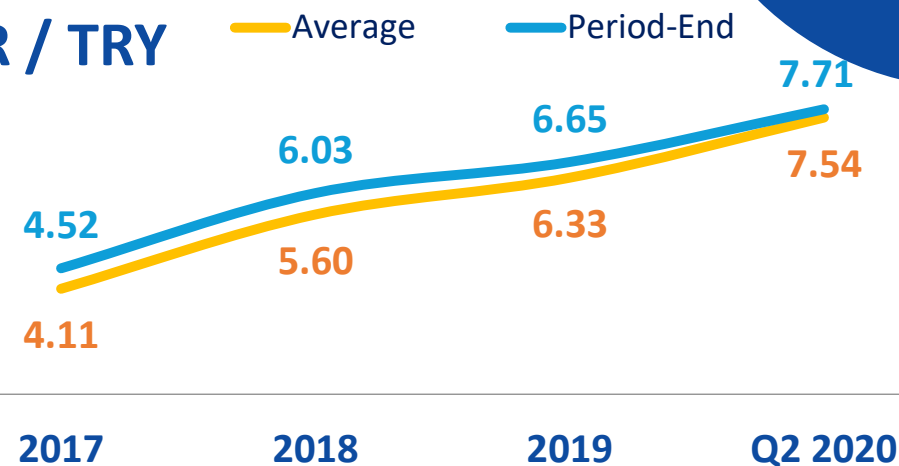


# Currency Trends

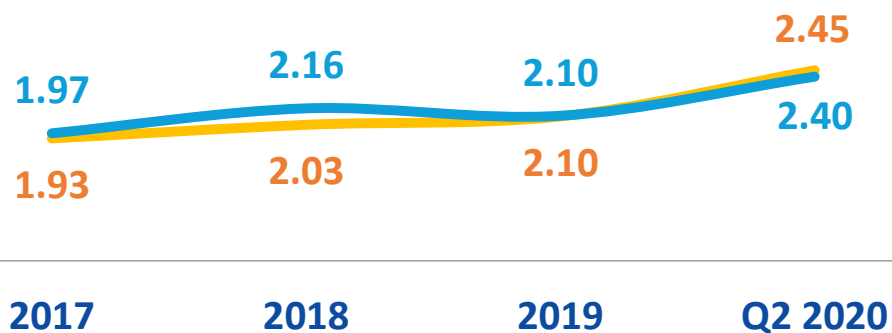
## USD / TRY



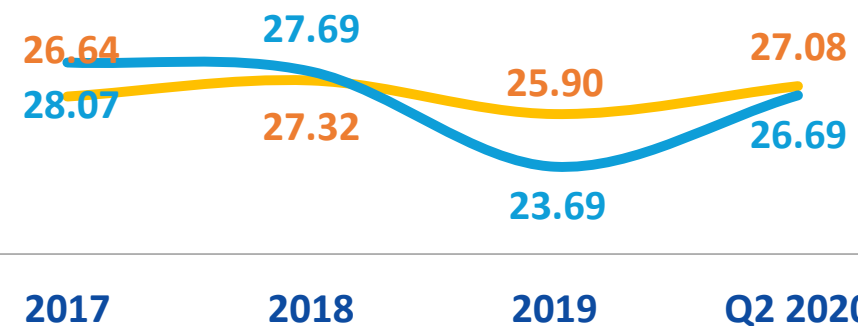
## EUR / TRY



## USD / BYN



## USD / UAH





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# THANK YOU

For further information please e-mail  
[investor.relations@turkcell.com.tr](mailto:investor.relations@turkcell.com.tr)  
or call Turkcell Investor Relations at  
(+90 212 313 1888)

[Turkcell IR Website](http://turkcell.com.tr)

