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Turk Telekom

Real growth continued, results exceed expectations

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According to inflation accounting provisions (IAS-29), Turk Telekom printed a net profit of TRY 5,134mn in 1Q25. (1Q24: TRY 1,441mn net profit +45%). Our expectation was for net profit of TRY 4,356mn, while the market's was for TRY 3,266mn. A higher-than-expected monetary gain (TRY 5,925mn) led to deviation from our net profit expectation. In this quarter, TRY 5,276mn of net financial expenses and TRY 3,509mn of tax expenses suppressed net profit.

The company booked a net sales revenue of TRY 45,596mn adjusted for the IAS-29 effect, somewhat above our TRY 44,117mn expectation and the market's TRY 43,725mn expectation. Total subscribers rose to 53,6mn with a 447k net addition. Excluding the 155k loss in the fixed voice segment quarterly net additions were at 602k despite low seasonality. The fixed broadband and mobile segments led to increased revenues despite suppressed international revenues and the fixed voice segment. ARPU has increased 19.4% YoY in the fixed broadband segment and 18.6% YoY in mobile blended, supporting revenues.

While the costs and operational expenses increased quarterly, suppressed operational profitability was milder compared to last year. EBITDA came in at TRY 17,912mn, up 26% YoY, including the IAS-29 effect, above our TRY 17,693mn estimate and the market's TRY 17,407mn expectation. The EBITDA margin was at 39.3% in 1Q25 (1Q24: 36.7%).

Net debt slightly decreased... At the end of 2025/03, the net debt position slightly shrank to TRY 56bn from TRY 57.7n.

2025 guidance remained: The company expects an 8-9% revenue increase and 38-40% EBITDA margin. (The company has determined its targets with the assumption of annual CPI in the mid-upper range of 20% levels by the end of 2025).

In light of the financial statements, the company's guidance and our expectations, we maintain our 12-month target price for TTKOM of TRY 68.57/share. We also maintain our "OUTPERFORM" recommendation as our target price represents 26% upside potential compared to the closing price on May 7, 2025.

OUTPERFORM
TP: TRY 68.57
Previous TP: TRY 68.57
Upside potential: 26%

	TRY	US\$
Close	54,55	1,41
BIST 100	9.075	235
US\$/TRY(CB Bid Rate):	38,526	
52 Week High:	57,85	1,71
52 Week Low:	39,88	1,18
Bloomberg/Reuters Ticker:	TTKOM.TI / TTKOM.IS	

Number of Shares (Mn): 3.500

	(TRY Mn)	(US\$ Mn)
Current Mcap :	190.925	4.952
Free Float Mcap :	24.820	644

	1 M	YOY	YTD
TRY Return (%):	10,9	33,4	25,5
US\$ Return (%):	9,1	11,5	14,8
BIST 100 Relative (%):	14,9	52,0	35,9
Avg. Daily Vol. (TRY Mn):	996,6		
Avg. Daily Vol. (US\$ Mn):	28,5		

Beta	1,00
Volatility (Stock)	0,39
Volatility (BIST 100)	0,25

Shareholder Structure	%
Turkish Wealth Fund	60,0
Turkish Treasury	25,0
Free Float	15,0
Total	100,0

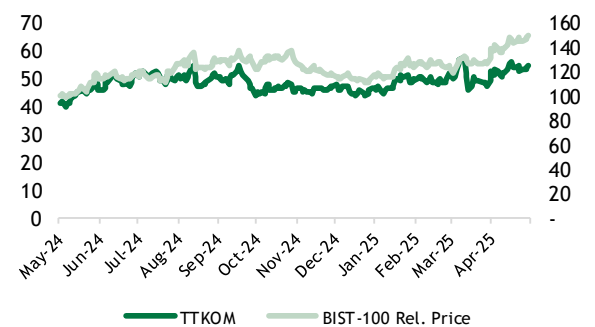


Figure 1: Financials (Including IAS-29)

TRY Million	1Q24	1Q25	YoY
Revenues	38.545	45.596	18,3%
Gross Profit	13.420	18.548	38,2%
<i>Gross Profit Margin</i>	<i>34,8%</i>	<i>40,7%</i>	
EBIT	4.275	8.233	92,6%
<i>EBIT Margin</i>	<i>11,1%</i>	<i>18,1%</i>	
EBITDA	14.158	17.912	26,5%
<i>EBITDA Margin</i>	<i>36,7%</i>	<i>39,3%</i>	
Net Profit	3.536	5.134	45,2%
<i>Net Profit Margin</i>	<i>9,2%</i>	<i>11,3%</i>	

Source: Finnet, Seker Invest Research

Figure 2: Key financials (Including IAS-29)

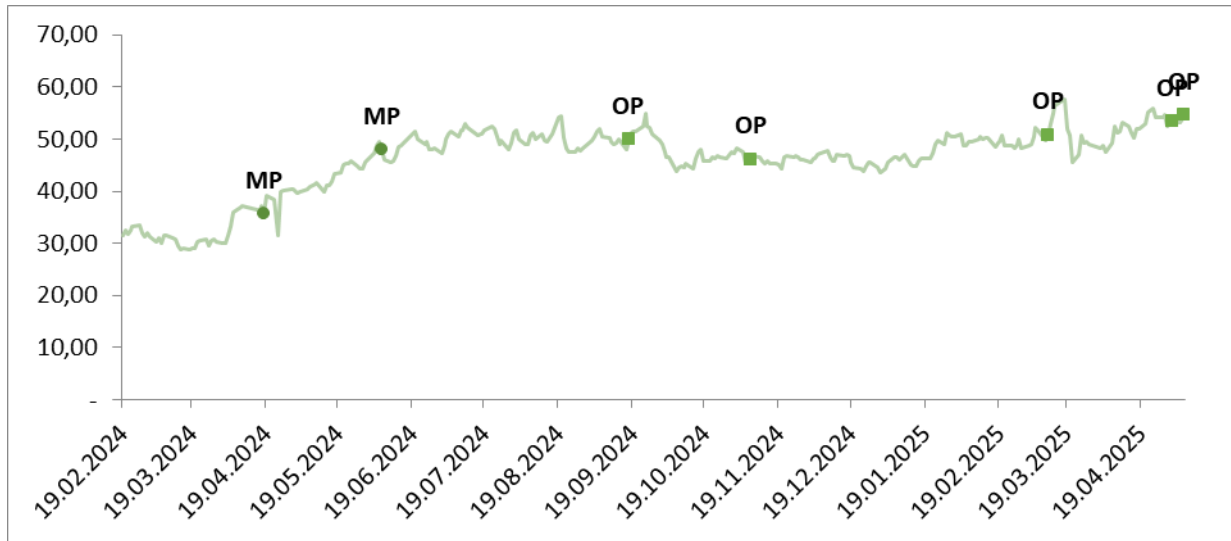
BALANCE SHEET (TRY Mn)	2024/12	2025/03	%
PP&E	125.048	125.627	0,5%
Intangibles	92.665	92.052	-0,7%
Other Non-Current Assets	14.284	14.506	1,6%
Trade Receivables	24.057	23.604	-1,9%
Cash&Equivalents	8.290	7.915	-4,5%
Other Current Assets	33.108	21.692	-34,5%
Total Assets	297.453	285.396	-4,1%
Long Term Debt	48.324	50.270	4,0%
Other Non current liabilities	17.241	19.255	11,7%
Short Term Debt	13.234	5.418	-59,1%
Trade Payables	24.129	19.543	-19,0%
Other Current Liabilities	33.733	25.690	-23,8%
Total Liabilities	136.660	120.175	-12,1%
Total Equity	160.793	165.221	2,8%
Total Equity&Liabilities	297.453	285.396	-4,1%

INCOME STATEMENT (TRY Mn)	2024/12	2024/03	2025/03	%
Net Sales	177.918	38.545	45.596	18
COGS	112.489	25.124	27.048	8
Gross Profit/(Loss)	65.429	13.420	18.548	38
Operating Expenses	40.097	10.055	10.461	4
Operating Profit/(Loss)	25.332	3.365	8.088	140
Net Other Operational Gain/(Loss)	2.497	70	(682)	N.M.
Income/(Loss) from Investing Activities	4.545	1.442	802	(44)
Financial Income/(Expense)	(30.248)	(8.279)	(5.276)	N.M.
Monetary Gain / (Loss)	23.399	10.605	5.925	(44)
Profit Before Tax (Loss)	27.136	7.078	8.643	22
Tax	17.829	3.543	3.509	(1)
Net Profit/(Loss)	9.307	3.536	5.134	45
Minority Interest	-	-	-	N.M.
Parent Equity	9.307	3.536	5.134	45,2

TTKOM

Source: Seker Invest

Historical Recommendations and target prices



Date	Rec	Target Price (TRY)
7-Nov-23	Outperform (OP)	31.58
16-Jan-24	Outperform (OP)	41.12
18-Apr-24	Market Perform (MP)	41.12
6-Jun-24	Market Perform (MP)	56.78
17-Sep-24	Outperform (OP)	69.05
7-Nov-24	Outperform (OP)	69.05
7-Jan-25	Outperform (OP)	74.82
11-Mar-25	Outperform (OP)	74.82
2-May-25	Outperform (OP)	68.57
8-May-25	Outperform (OP)	68.57

Basis for 12m equity ratings

Outperform:	The total return is expected to exceed the return of the BIST 100 by more than 10%.
Underperform:	The total return is expected to fall below the return of the BIST 100 by more than 10%.
Market Perform:	The total return is expected to be in line with the return of the BIST 100.

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