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Turk Telekom

2025 Expectations revised upwards

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According to its financials, which included inflation accounting (TMS-29 effect), Türk Telekom achieved a net profit of TRY 4,873mn in Q2 2025 (TRY 4,269mn in Q2 2024). The market expected a net profit of TRY 4,813mn, and we expected a net profit of TRY 4,125mn. Strengthened operational profitability thanks to cost and operational expense control plus a decrease in net financial expense were the key factors supporting net profit. However, net other expenses of TRY 748mn, the decline in income from investment activities to net TRY 191mn in Q2 2025 compared to TRY 1,053mn in 2Q2024, and an increase period tax expense all weighed on net profit. The Company's net sales revenues, including the impact of TMS-29, were TRY50,426mn (Q224: TRY44,534mn), compared to our estimate of TRY52,795mn and the market expectation of TRY49,881mn. Total subscriber count reached 54.2 million in 2Q25 with a quarterly net subscriber gain of 573,000. Excluding the 165,000 subscriber loss in the fixed voice segment, quarterly net subscriber gains rose to 738,000, demonstrating strong growth both quarterly and annually. Despite contractions in the international and other revenue segments, segment-wise fixed broadband grew by 18.8%, mobile by 15.4%, TV by 20%, corporate data by 23.6%, and fixed voice by 1.4%.

Operational profitability strengthened thanks to cost and operational expense control. EBITDA, including the impact of IAS-29, increased by 23% year-over-year to TRY 21,102mn, in line with our guidance of TRY 21,360mn and exceeding the market expectation of TRY 19,784mn. EBITDA margin reached 41.8% (Q2 2024: 38.7%).

Net debt decreased. The company's net debt decreased from TRY 59,466mn at the end of 2025/03 to TRY56,347mn.

2025 guidance has been revised upwards. Revenue growth and the EBITDA margin exceeded expectations in the first half of 2025. Thus also considering the high base effect on revenue growth in the second half of the year, the low seasonality in EBITDA margin in the final quarters of the year, and the expectation that certain operating expenses will accelerate in the second half, consolidated revenue growth for 2025 was revised from 8-9% to approximately 10%, excluding IFRIC 12. The EBITDA margin was revised from 38-40% to approximately 41%. In addition, the capital expenditures-to-sales revenue ratio forecast was revised from 28-29% to approximately 29%. The revision in the revenue and EBITDA margin forecasts reflects a better-than-expected performance in revenue generation and cost management. The change in the capital expenditures-to-sales revenue ratio was driven by limited upward revisions to year-end macroeconomic assumptions, plus the expanded scope of certain mobile project investments. (The company set its targets assuming annual CPI of 29% by the end of 2025.)

In addition to the company's strong financial results this quarter, we remain pleased with its operational performance. With the new pricing measures implemented in the fixed internet and mobile segments in July and August, respectively, we expect ARPU growth to remain strong in the second half of the year. Following strong financials, both revenue growth and EBITDA margin exceeded company expectations in the first half of 2025. Therefore, we expect the upward revisions made by the company to its 2025 revenue growth, EBITDA margin, and Capex/Sales revenue expectations to positively impact on the share price. Following the 2Q25 financials, we revise our 12-month target price from TRY 68.57 per share to TRY 72.50. TTKOM has a 25.2% potential return based on its closing price on August 13, 2025, and we maintain our OUTPERFORM rating.

OUTPERFORM
TP: TRY 72.50
Previous TP: TRY 68.57
Upside potential: 25.2%

	TRY	US\$
Close	57,90	1,42
BIST 100	10.950	269
US\$/TRY(CB Bid Rate):	40,638	
52 Week High:	62,80	1,71
52 Week Low:	42,88	1,18
Bloomberg/Reuters Ticker:	TTKOM.TI / TTKOM.IS	

Number of Shares (Mn): 3.500

	(TRY Mn)	(US\$ Mn)
Current Mcap :	202.650	4.984
Free Float Mcap :	26.345	648

	1 M	YOY	YTD
TRY Return (%):	1,6	16,3	33,2
US\$ Return (%):	0,0	-4,2	15,6
BIST 100 Relative (%):	-3,9	5,3	19,6
Avg. Daily Vol. (TRY Mn):	1.019,3		
Avg. Daily Vol. (US\$ Mn):	28,0		

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

Shareholder Structure	%
Turkish Wealth Fund	61,7
Turkish Treasury	25,0
Free Float	13,3
Total	100,0

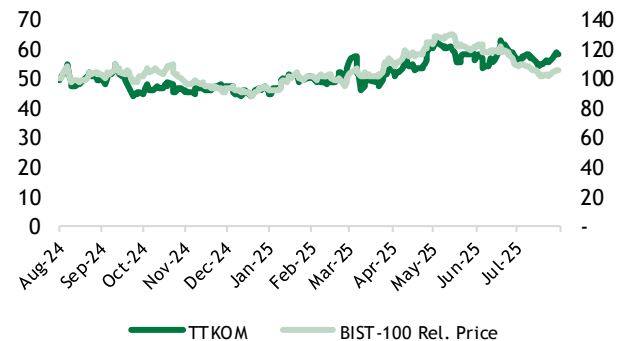


Figure 1: Financials (Including IAS-29)

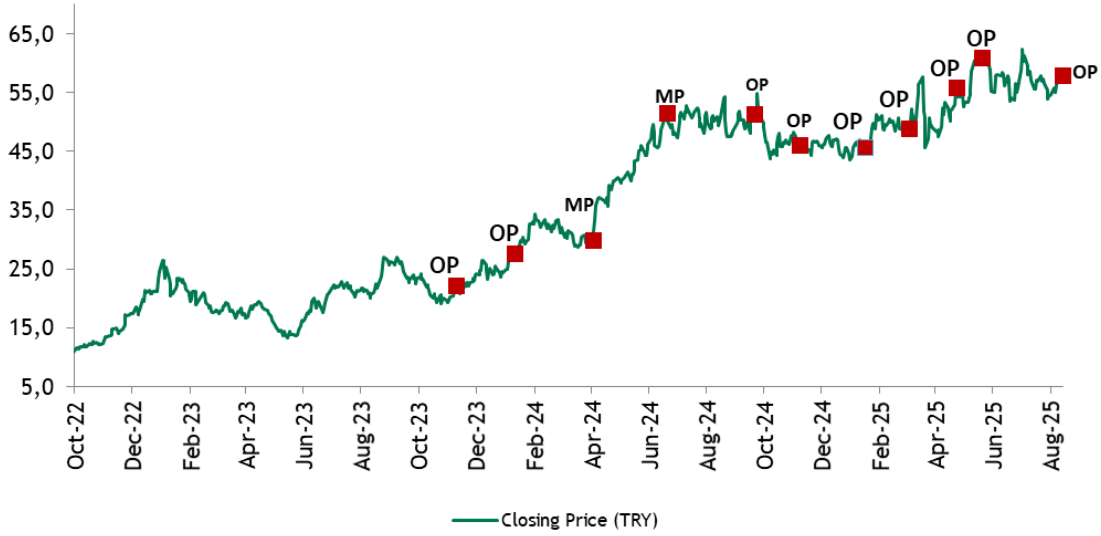
TRY Million	1H24	1H25	YoY	2Q24	2Q25	YoY
Revenues	85.395	98.762	15,7%	44.535	50.426	13,2%
Gross Profit	30.383	40.892	34,6%	16.156	21.230	31,4%
<i>Gross Profit Margin</i>	<i>35,6%</i>	<i>41,4%</i>		<i>36,3%</i>	<i>42,1%</i>	
EBIT	10.152	19.557	92,6%	6.584	10.984	66,8%
<i>EBIT Margin</i>	<i>11,9%</i>	<i>19,8%</i>		<i>14,8%</i>	<i>21,8%</i>	
EBITDA	31.262	39.936	27,7%	17.218	21.102	22,6%
<i>EBITDA Margin</i>	<i>36,6%</i>	<i>40,4%</i>		<i>38,7%</i>	<i>41,8%</i>	
Net Profit	8.017	10.316	28,7%	4.269	4.873	14,2%
<i>Net Profit Margin</i>	<i>9,4%</i>	<i>10,4%</i>		<i>9,6%</i>	<i>9,7%</i>	

Figure 2: Key financials (Including IAS-29)

BALANCE SHEET (TRY Mn)	2024/12	2025/06	% Chg
PP&E	132.559	137.265	3,5%
Intangibles	98.231	98.922	0,7%
Other Non-Current Assets	15.142	15.265	0,8%
Trade Receivables	25.502	25.911	1,6%
Cash&Equivalents	8.788	9.592	9,1%
Other Current Assets	35.097	21.058	-40,0%
Total Assets	315.319	308.012	-2,3%
Long Term Debt	51.226	47.075	-8,1%
Other Non current liabilities	18.276	20.917	14,5%
Short Term Debt	14.029	3.704	-73,6%
Trade Payables	25.578	24.304	-5,0%
Other current liabilities	35.759	32.427	-9,3%
Total Liabilities	144.869	128.427	-11,3%
Total Equity	170.451	179.585	5,4%
Total Equity&Liabilities	315.319	308.012	-2,3%

INCOME STATEMENT (TRY Mn)	2024/06	2025/06	% Chg
Revenues	85.395	98.762	15,7%
COGS	55.012	57.869	5,2%
Gross Profit (Loss)	30.383	40.892	34,6%
Operating Expenses	20.231	21.335	5,5%
Operating Profit/(Loss)	10.152	19.557	92,6%
Net Other Ope. Rev./(Exp.)	(36)	(1.472)	N.M.
Income/(Loss) from Investing Activities	2.582	1.041	-59,7%
Financial Expenses	(17.632)	(12.288)	N.M.
Gains (losses) on net monetary positions	18.182	10.044	-44,8%
Profit Before Tax (Loss)	12.988	16.434	26,5%
Tax	(4.971)	(6.118)	N.M.
Net Profit (Loss)	8.017	10.316	28,7%
Minority Interest	-	-	N.M.
Majority Interest	8.017	10.316	28,7%

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
14-Aug-25	Outperform (OP)	72.50

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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