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Turkcell

Analyst Meeting Notes

The infrastructure of the new digital world: cloud, hyperscale, and data centers...

Basak KAMBER

Analyst

bkamber@sekeryatirim.com

Notes from Turkcell's analyst meeting held in Istanbul on February 05, 2026:

The rapid growth in data generation driven by artificial intelligence is accelerating demand for data centers. The recent acceleration in digitalization, the widespread adoption of cloud computing services, and particularly the strong momentum in AI applications point to a structural shift in global data production and consumption dynamics. In this context, the Turkcell Europe Data Center, with its Tier III certification, provides enterprises with a comprehensive range of services including colocation, cloud computing, connectivity, backup, cybersecurity, disaster recovery, managed services, and hardware provisioning. During the traditional digital transformation phase, data growth was largely driven by user-generated transactions. In the new era, however, AI systems have evolved into structures that both consume data intensively and continuously generate new data. This transformation is positioning data centers among the core and strategic investments of the digital economy. AI workloads require significantly higher levels of storage, computing power, and bandwidth compared to conventional cloud services. In particular, generative AI applications create new data and additional processing demand with every user interaction, leading to exponential growth in data consumption. As a result, AI-driven workloads are estimated to require 5-10 times more infrastructure than traditional enterprise applications. This trend is directly reflected in the cloud and data center markets. While the global cloud market is expected to grow at an annual compound rate of approximately 19% in USD terms over the next five years, demand for data center capacity is projected to increase by roughly 2.7x by 2030. A significant portion of this growth is expected to stem directly from AI-driven demand, which is forecast to expand by approximately 3.5x. This outlook indicates that data center investments have entered a long-term, structural growth cycle. Beyond capacity expansion, a major transformation is also taking place on the architectural front. Next-generation applications—such as 5G services, real-time AI assistants, autonomous systems, and industrial automation solutions—are creating use cases that are extremely sensitive to latency. Rather than transporting data to distant, centralized data centers, processing data closer to users and points of generation is becoming increasingly critical. Indeed, over the past five years, the number of hyperscale cloud regions has doubled, surpassing 290 globally. In addition to technical requirements, regulatory developments are reinforcing this regionalization trend. Rising concerns over data security and digital sovereignty have led many countries to mandate that critical data be stored domestically. Regulations requiring the local hosting of financial, public, and strategic data are gaining momentum, and as of today, more than 140 countries have established legal frameworks focused on data localization and data sovereignty. This dynamic is pushing global cloud providers to build local capacity in each market, making regional data center investments a permanent and structural component of the global digital infrastructure landscape.

	TRY	US\$
Close	116,10	2,67
BIST 100	13.589	313
US\$/TRY(CB Bid Rate):	43,425	
52 Week High:	119,50	2,93
52 Week Low:	81,29	2,07
Bloomberg/Reuters Ticker:	TCELL.TI / TCELL.IS	

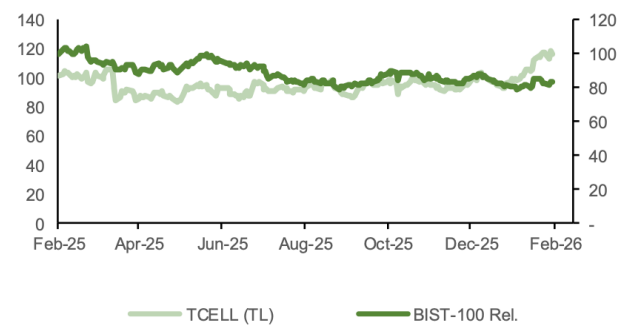
Number of Shares (Mn): 2.200

	(TRY Mn)	(US\$ Mn)
Current Mcap :	255.420	5.878
Free Float Mcap :	112.385	2.586

	1 M	YOY	YTD
TRY Return (%):	19,9	14,0	24,7
US\$ Return (%):	18,6	-5,9	23,0
BIST 100 Relative (%):	3,3	-18,4	3,3
Avg. Daily Vol. (TRY Mn):	2.614,8		
Avg. Daily Vol. (US\$ Mn):	65,0		

Beta	0,96
Volatility (Stock)	0,35
Volatility (BIST 100)	0,25

Shareholder Structure	%
TWF	26,2
IMTIS Holdings	19,8
Other (publicly traded)	54,0
Total	100,0



Türkiye stands out among the countries well positioned to capture its share of this transformation. Increasing data localization regulations, rising demand from enterprise customers for local hosting, the need for low-latency services, and Türkiye's role as a bridge between Europe, the Middle East, and Central Asia are collectively positioning the country as a regional digital infrastructure hub. In this context, Google's planned data center investment in Türkiye is viewed as a strategic move aimed not only at increasing market penetration but also at positioning Türkiye as a regional hub for cloud services and data processing.

The new digital world can only operate on cloud and hyperscale architectures. In particular, the widespread adoption of artificial intelligence applications is significantly increasing infrastructure requirements. This digital infrastructure model, which does not require upfront capital investment, provides organizations with flexible, on-demand, and instantly scalable capacity, substantially enhancing operational agility. As a result, the transition from idea to product is accelerated, allowing companies to access the resources they need through a usage-based pricing model without incurring high initial costs.

AI workloads, in particular, generate far greater infrastructure demand due to model training and inference processes that require large numbers of processors and intensive computational power. In AI applications, capacity requirements are not static; instead, they increase dynamically and rapidly depending on usage intensity. This necessitates substantial scaling within short timeframes, rendering traditional systems insufficient to meet these demands.

Rising and volatile capacity requirements make hyperscale architectures inevitable. Large-scale infrastructure platforms deliver high computing power and extensive storage capacity while offering near-unlimited scalability, enabling seamless responses to sudden spikes in demand. As a result, organizations gain access to a digital infrastructure that is both sustainable and flexible in terms of performance and cost efficiency.

Under the strategic partnership between Turkcell and Google Cloud, Türkiye's first hyperscale data center (Cloud Region) is expected to reach a total investment size of USD 3 billion over a period extending to 2032. Turkcell plans to invest approximately USD 1 billion by the end of 2032 for the construction and integration of local infrastructure, data centers, and cloud technologies. Google Cloud, within the scope of a seven-year investment program, has committed USD 2 billion for the establishment of the new Cloud Region. The scale of Google's financial contribution serves as a strong financial assurance that the Cloud Region will be built to the highest global standards and equipped with state-of-the-art hardware and advanced AI infrastructure. We believe this structure will significantly reduce the capital expenditure (CAPEX) burden on Turkcell, allowing the company to shift its focus toward market penetration and operational efficiency (OPEX).

Türkiye Cloud Outlook: Broad-Based Growth Across All Layers- Türkiye's cloud services market is exhibiting a strong growth trajectory, driven by the acceleration of digitalization, increasing cloud adoption among enterprise customers, and the rapid expansion of AI-based applications. As of 2024, the market size stands at approximately USD 1.7 billion, and according to IDC projections, despite the absence of a fully comprehensive local cloud infrastructure, the market is expected to reach USD 4.2 billion by 2029. This outlook highlights the strength of underlying organic demand, even amid existing capacity constraints. While Google Cloud services can currently be purchased from Türkiye, the fact that data centers are located abroad limits the available product set. High latency, data localization requirements, and regulatory constraints continue to restrict cloud adoption—particularly for financial institutions, public entities, and large-scale enterprise customers. As a result, a significant portion of potential demand has yet to fully materialize in the market. The establishment of a local cloud region (domestic cloud infrastructure) in Türkiye is expected to mark a critical inflection point from both a technical and commercial perspective. With local infrastructure in place, lower latency, higher performance, compliance with data sovereignty requirements, and regulatory advantages will be achieved. In addition, more than 200 advanced cloud and AI services will become accessible within Türkiye. This expansion of the product portfolio will enable enterprise customers to migrate more complex and higher-volume workloads to the cloud, while also supporting higher spend per customer. Therefore, the local cloud infrastructure investment represents not merely a capacity expansion to meet existing demand, but a structural growth catalyst that enlarges the overall market by broadening service coverage and removing access barriers. Within this framework, Türkiye's cloud market is expected to gain momentum beyond current forecasts, strengthening the country's position as a regional digital infrastructure and cloud hub. Furthermore, given that cloud adoption in Türkiye still lags behind European levels, there is meaningful upside potential over the next five years as penetration converges toward EU averages—implying 2-3x growth potential in the SME segment and 1.5-2x additional growth potential among large enterprises.

The digital infrastructure platform is the foundation of long-term value creation. The Company holds a strong position in the enterprise data center and cloud segment, with an estimated ~39% market share, making it the clear leader in the corporate market. It currently operates 54 MW of installed IT capacity, of which 50 MW is actively utilized. As of 3Q25, total data center investments have reached EUR 545 million. Looking ahead, the Company plans to increase its currently active capacity from 50 MW to 54 MW in the near term, while its strategic partnership with Google Cloud is expected to enable a phased expansion that will lift active capacity beyond 100 MW by 2032. This roadmap is a core component of the Company's strategy to strengthen scale economies in data centers and to evolve into a regional digital infrastructure player. From an operational perspective, the growth outlook is particularly compelling. Enterprise data center and cloud revenues are expected to increase by approximately 6x in USD terms by 2032 compared to current levels, while EBITDA is projected to reach USD 100 million by 2026. Moreover, driven by capacity expansion, cloud adoption, and managed services growth, USD-denominated EBITDA is forecast to grow at a CAGR exceeding 20% through 2032. From a valuation standpoint, traditional telecom companies generally trade at relatively discounted multiples, whereas data center and cloud-focused peers are typically valued at EBITDA multiples of 20x or higher. Importantly, while the average EBITDA growth expectation for companies in this segment is around ~12%, Turkcell's data center and cloud business offers growth potential above 20%, highlighting meaningful upside to the current valuation over the long term. In conclusion, considering the Company's expanding capacity investments, strong growth momentum, and leadership position in the cloud and data center segment, we believe it should be assessed not merely as a telecom operator, but as a high-growth digital infrastructure and data center platform with structurally attractive long-term value creation potential.

Turkcell operates across four separate locations, consisting of its data centers in Gebze, Temelli, İzmir, and Europe.



ŞEKER INVEST RESEARCH

Şeker Yatırım Menkul Değerler A.Ş.
Buyukdere Cad. No:171 Metrocity
A Blok Kat 4-5 34330 SİSLİ /İST
TURKEY

TEL: +90 (212) 334 33 33
Fax: +90 (212) 334 33 34
E-mail: research@sekeryatirim.com
Web: <http://www.sekeryatirim.com/english/index.aspx>

For additional information, please contact:

Research

Kadir Tezeller	Head	+90 (212) 334 33 81	ktezeller@sekeryatirim.com.tr
Burak Demirbilek	Utilities	+90 (212) 334 33 33-128	bdemirbilek@sekeryatirim.com.tr
Atasav Can Tuglu	Food & Beverages, Automotive, Retail, Aviation	+90 (212) 334 33 33-334	atuglu@sekeryatirim.com.tr
Basak Kamber	Glass, Pharmaceutical, Defense, Telcos, Cons. Dur.	+90 (212) 334 33 33-251	bkamber@sekeryatirim.com.tr
M. Mucahid Yıldırım	Banking	+90 (212) 334 33 33-150	myildirim@sekeryatirim.com.tr
Yusuf Kemal Erdekli	Cement, Conglomerates, Real Estate	+90 (212) 334 33 33-115	yerdekli@sekeryatirim.com.tr
O. Furkan Ozdemir	Iron & Steel, Oil- Gas & Deriv.	+90 (212) 334 33 33-245	oozdemir@sekeryatirim.com.tr

Economy & Politics

Abdulkadir Dogan	Chief Economist	+90 (212) 334 91 04	adogan@sekeryatirim.com.tr
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Institutional Sales

Deniz Keskin	Trader	+90 (212) 334 33 36	dkeskin@sekeryatirim.com.tr
Kerim Culum	Trader	+90 (212) 334 33 33-316	kculum@sekeryatirim.com.tr

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