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Türk Telekom

Significantly Above-Expected Net Income in 1Q26...

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Türk Telekom reported a net income of TRY 10,457mn in 1Q26 under inflation accounting (IAS 29 adjusted financials), compared to TRY 6,719mn in 1Q25. The market median expectation was TRY 6,188mn, while our estimate pointed to a net income of TRY 5,800mn. A higher-than-expected monetary gain position was the main reason behind the deviation from our forecast in 1Q26. Net financial expenses and tax expenses, however, weighed on bottom-line profitability during the quarter. **The Company's IAS 29-adjusted revenues increased by 8.7% YoY to TRY 64,858mn in 1Q26, in line with both our estimate of TRY 64,445mn and the market median expectation of TRY 64,393mn (1Q25: TRY 59,671mn).** Fixed broadband and corporate data revenues led top-line growth, while the strong increase in IT solutions revenues also supported performance. Excluding the IFRIC 12 accounting impact, 1Q26 revenues increased by 5.9% YoY to TRY 61.2bn. Fixed broadband revenues grew by 17.8% YoY, TV revenues by 15%, and corporate data revenues by 28.1%, while international revenues declined by 27.5% due to weaker international voice revenues. Mobile, fixed voice and other revenues remained broadly flat on a yearly basis. On the subscriber side, Türk Telekom added 613 thousand net subscribers in 1Q26, reaching a total subscriber base of 57.2 million. Excluding the 163 thousand net subscriber loss in the fixed voice segment, total net subscriber additions reached 776 thousand during the quarter despite the relatively weak seasonality of the first quarter. Fixed broadband subscriber growth remained robust in the first quarter of 2026. The Company's focus on high-speed tariffs continued to be a key driver of ARPU growth. Packages with speeds of 50 Mbps and above accounted for 66% of the subscriber base, and despite the high base effect from the same period of last year, ARPU increased strongly by 17.7% YoY, supporting a 17.8% increase in fixed broadband revenues.

Effective cost management supported operational profitability. IAS 29-adjusted EBITDA increased by 17.4% YoY to TRY 27,298mn in 1Q26, slightly above both our estimate of TRY 26,745mn and the market median expectation of TRY 26,606mn. EBITDA margin improved to 42.1% in 1Q26 (1Q25: 39.0%).

The Company's net debt position increased. Net debt rose from TRY 63.8bn at the end of 2025 to TRY 111.5bn as of 03/2026. Net Debt/EBITDA ratio increased moderately from 0.60x in the previous quarter to 0.99x in 1Q26, mainly due to concession and 5G license-related payments.

2026 Guidance: Supported by continued strong subscriber growth across its core business segments, pricing actions, and the rapid increase in average speeds within the fixed broadband subscriber base, the Company expects revenue growth of 8-9% in 2026. EBITDA margin is expected to improve slightly and remain within the 41-42% range. In addition, the capex-to-sales ratio is projected to increase to 33-34%, driven by 5G investments as well as rising brownfield (transformation) and greenfield (new fiber network) investments.

In conclusion, we believe that the market reaction to the Company's 1Q26 financial results will be mildly positive in the short term, as the overall results were in line with expectations while the net profit figure came in significantly above expectations. Accordingly, **we raise our target price for the Company's shares to TRY 90.00 and maintain our "OUTPERFORM" recommendation.**

OUTPERFORM
TP: TRY 90.00
Previous TP: TRY 80.00
Upside potential: 37.1%

	TRY	US\$
Close	65,65	1,45
BIST 100	14,917	330
US\$/TRY(CB Bid Rate):	45,134	
52 Week High:	75,65	1,73
52 Week Low:	47,48	1,13
Bloomberg/Reuters Ticker:	TTKOM.TI / TTKOM.IS	

Number of Shares (Mn): 3.500

	(TRY Mn)	(US\$ Mn)
Current Mcap :	229.775	5.090
Free Float Mcap :	29.871	662

	1 M	YOY	YTD
TRY Return (%):	11,2	21,6	14,2
US\$ Return (%):	9,6	3,8	8,4
BIST 100 Relative (%):	-2,3	-25,6	-13,8
Avg. Daily Vol. (TRY Mn):	1.240,1		
Avg. Daily Vol. (US\$ Mn):	29,5		

Beta	0,94
Volatility (Stock)	0,34
Volatility (BIST 100)	0,23

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

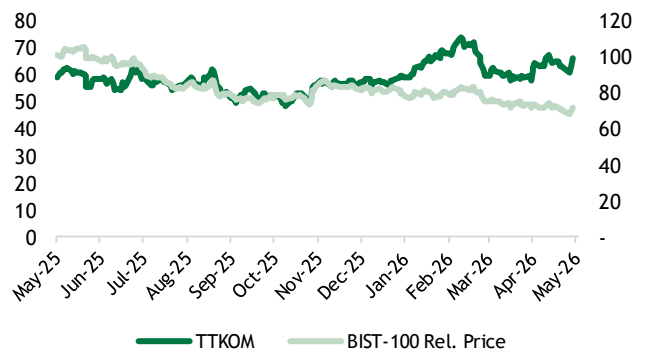


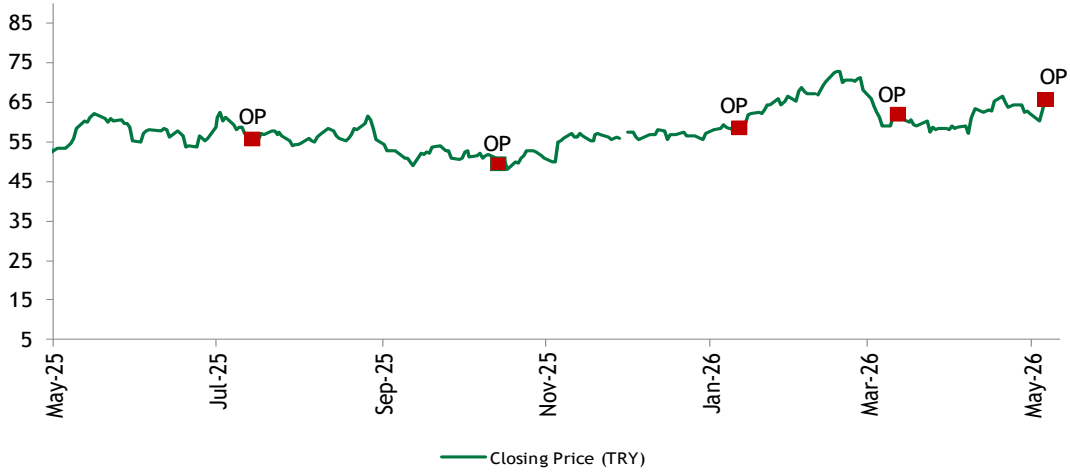
Figure 1: Financials (Including IAS-29)

TRY Million	1Q25	1Q26	YoY	4Q25	QoQ
Revenues	59.671	64.858	8,7%	76.278	-15,0%
Gross Profit	24.274	26.934	11,0%	30.263	-11,0%
<i>Gross Profit Margin</i>	<i>40,7%</i>	<i>41,5%</i>		<i>39,7%</i>	
EBIT	10.584	12.594	19,0%	14.921	-15,6%
<i>EBIT Margin</i>	<i>17,7%</i>	<i>19,4%</i>		<i>19,6%</i>	
EBITDA	23.251	27.298	17,4%	29.159	-6,4%
<i>EBITDA Margin</i>	<i>39,0%</i>	<i>42,1%</i>		<i>38,2%</i>	
Net Profit	6.719	10.457	55,6%	791	N.M.
<i>Net Profit Margin</i>	<i>11,3%</i>	<i>16,12%</i>		<i>1,0%</i>	

Figure 2: Key financials (Including IAS-29)

BALANCE SHEET (TRY Mn)	2025/12	2026/03	% Chg
PP&E	181.771	187.809	3,3%
Intangibles	145.143	281.391	93,9%
Other Non-Current Assets	15.872	15.938	0,4%
Trade Receivables	35.483	34.114	-3,9%
Cash&Equivalents	73.664	30.437	-58,7%
Other Current Assets	17.570	51.783	194,7%
Total Assets	469.505	601.472	28,1%
Long Term Debt	116.268	120.603	3,7%
Other Non current liabilities	35.895	121.869	239,5%
Short Term Debt	3.031	2.861	-5,6%
Trade Payables	34.437	31.041	-9,9%
Other current liabilities	46.102	81.500	76,8%
Total Liabilities	235.734	357.874	51,8%
Total Equity	233.770	243.598	4,2%
Total Equity&Liabilities	469.505	601.472	28,1%
INCOME STATEMENT (TRY Mn)	2025/03	2026/03	% Chg
Revenues	59.671	64.858	8,7%
COGS	35.397	37.924	7,1%
Gross Profit (Loss)	24.274	26.934	11,0%
Operating Expenses	13.690	14.340	4,8%
Operating Profit/(Loss)	10.584	12.594	19,0%
Net Other Ope. Rev./(Exp.)	(893)	(179)	N.M.
Income/(Loss) from Investing Activities	1.050	113	-89,2%
Financial Expenses	(6.905)	(8.631)	N.M.
Gains (losses) on net monetary positions	7.753	13.988	80,4%
Profit Before Tax (Loss)	11.311	17.572	55%
Tax	(4.592)	(7.115)	N.M.
Net Profit (Loss)	6.719	10.457	55,6%
Minority Interest	-	-	N.M.
Majority Interest	6.719	10.457	55,6%

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
5-Nov-25	Outperform (OP)	72.50
9-Jan-26	Outperform (OP)	80.00
5-Mar-26	Outperform (OP)	80.00
7-May-26	Outperform (OP)	90.00

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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