Turk Telekom

Revenue and Net Income Beat Expectations; 2026 Revenue Growth Guidance Revised to the Lower End...

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OUTPERFORM
TP: TRY 90.00
Previous TP: TRY 90.00
Upside potential: 68.7%

Türk Telekom has reported net income of TRY 5,962mn in 2Q26 under inflation-adjusted financials. The reported figure came in above both our expectation of TRY 5,206mn and the market median expectation of TRY 4,910mn. The Company had posted net income of TRY 6,438mn in the same quarter of last year. Accordingly, net income declined by 7.4% YoY, while the net income margin contracted by 1.5pp to 8.2%.

The YoY decline in net income was driven by the decrease in operating profit and higher finance expenses. Operating profit excluding other operating income and expenses declined by 19.8% YoY to TRY 11,642mn, while the operating margin contracted by 5.8pp to 16.0%. Depreciation and amortization expenses increased by 25.8% to TRY 16,811mn, reflecting the three-month impact of the concession extension and the 5G license, which entered commercial use on 1 April.

Net finance expense increased by 111.0% YoY to TRY 18,665mn. The Company attributed the increase to FX losses arising from the concession extension and 5G license obligations, as well as higher hedging costs. In contrast, the monetary gain increased from TRY 4,971mn to TRY 16,154mn, significantly limiting the impact of finance expenses. Profit before tax declined by 1.6% to TRY 9,452mn, while the Company recorded net income of TRY 5,962mn following a tax expense of TRY 3,491mn.

Consolidated revenues increased by 9.3% YoY to TRY 72,806mn in 2Q26. Reported revenues came in above both our expectation of TRY 70,931mn and the market median expectation of TRY 70,695mn. Excluding the IFRIC 12 accounting impact, revenues increased by 5.6% to TRY 66,206mn.

Revenue growth was led by fixed broadband, corporate data, ICT solutions and equipment sales. Fixed broadband revenues increased by 14.8%, corporate data revenues by 17.0%, TV revenues by 12.2% and other revenues by 29.8%, while mobile, fixed voice and international revenues declined by 2.4%, 6.5% and 25.8%, respectively. Fixed internet, which accounted for 34% of operating revenues excluding IFRIC 12, made the largest contribution to growth with an additional TRY 2.9bn in YoY revenues. Corporate data, ICT solutions and equipment sales contributed a further TRY 2.7bn in total.

EBITDA increased by 2.1% YoY to TRY 28,453mn, coming in below both our expectation of TRY 29,614mn and the market median expectation of TRY 29,573mn. The EBITDA margin contracted by 2.8pp YoY to 39.1%. The margin contraction was driven by higher direct costs, mostly one-off **commercial expenses and growth in lower-margin IFRIC 12 revenues.**

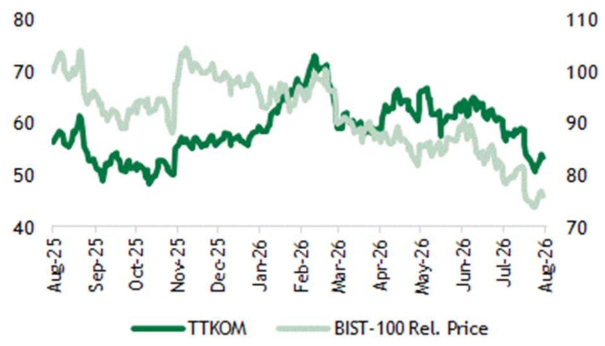
	TRY	US$
Close	53,35	1,12
BIST 100	13.703	289
US$/TRY(CB Bid Rate):	47,488	
52 Week High:	75,65	1,73
52 Week Low:	47,48	1,06
Bloomberg/Reuters Ticker:	TTKOM.TI / TTKOM.IS	

Number of Shares (Mn):	3.500	
	(TRY Mn)	**(US$ Mn)**
Current Mcap :	186.725	3.932
Free Float Mcap :	24.274	511

	1 M	YOY	YTD
TRY Return (%):	-12,8	-3,4	-7,2
US$ Return (%):	-14,4	-17,4	-16,3
BIST 100 Relative (%):	-8,3	-23,5	-23,7
Avg. Daily Vol. (TRY Mn):	1.500,6		
Avg. Daily Vol. (US$ Mn):	34,3		

Beta	1,01
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



On the cost side, direct costs increased by 10.7%, while equipment and technology sales costs rose by 93.5%. The 42.4% increase in commercial expenses was mainly driven by one-off items, while network expenses rose by 22% due to higher technology maintenance and repair costs. Personnel expenses declined by 4.8%, reflecting the reduction in headcount following the completion of projects at AssisTT. As a result, the opex-to-sales ratio increased from 57.8% to 59.6%.

On the operational side, the total subscriber base reached 57.6mn, with 455 thousand net additions QoQ. The mobile subscriber base increased to 32.7mn, supported by 539 thousand net additions, while the postpaid segment recorded 415 thousand net additions. The share of postpaid subscribers in the total mobile portfolio stood at 80.3%, while the mobile and postpaid subscriber bases increased by 14.7% and 20.0% YoY, respectively.

The fixed broadband subscriber base remained flat at 15.4mn, while the number of fiber subscribers increased to 14.5mn and their share in the total broadband portfolio rose to 94.1%. The fiber network expanded to 571 thousand kilometers, while the number of households covered by fiber infrastructure reached 34.6mn. Fixed broadband ARPU increased by 15.2%, while the share of packages offering speeds of 50 Mbps and above in the subscriber base rose from 54% to 69%.

In contrast, blended mobile ARPU excluding M2M declined by 5.9% YoY, while postpaid ARPU fell by 7.3%. The Company expects mobile ARPU growth to turn positive again in the second half of the year, supported by the pricing actions implemented.

Capital expenditures excluding solar energy investments increased by 39.8% to TRY 23,116mn, driven by 5G and fiber investments, while total capital expenditures amounted to TRY 23.5bn. Net debt increased from TRY 74.2bn at the end of 2Q25 to TRY 122.4bn at the end of 2Q26, while the Net Debt/EBITDA ratio stood at 1.00x. The net short FX position amounted to USD 2.4bn, including USD 2.8bn of concession and mobile license obligations, while the Company had a net long FX position of USD 331mn excluding these obligations.

The Company generated TRY 13,317mn of operating cash flow in 1H26, while recording a cash outflow of TRY 59,728mn from investing activities. Unlevered free cash flow was negative at TRY 46.4bn, reflecting the first instalment payment for the 5G license and VAT payments related to the license and concession extension. Excluding these payments, unlevered free cash flow amounted to TRY 3.5bn.

The Company raised its 2026 year-end inflation assumption from 22% to 27%, while revising its operating revenue growth guidance excluding IFRIC 12 from the previous 8–9% range to approximately 8%. EBITDA margin guidance was maintained at 41–42%, while the capex-to-sales expectation was revised to approximately 34%.

Overall, we view Türk Telekom's 2Q26 results as slightly positive. Revenue exceeding expectations, EBITDA coming in line with expectations and net income surpassing expectations supported the positive view. While fixed broadband revenues, corporate data and mobile subscriber additions remained strong, the decline in operating profit, the real contraction in mobile ARPU, higher net finance expenses and elevated capital expenditures limited the overall performance. In the second half of the year, the recovery in mobile ARPU, the trend in hedging costs and cash flow performance will be closely monitored.

We maintain our 12-month target price for Türk Telekom at TRY 90.00 per share and reiterate our OUTPERFORM recommendation. Based on the closing share price on 5 August 2026, our target price implies 68.7% upside potential.

Table 1: Summary Income Statement (including TAS 29 effects)

TRY Million	1H25	1H26	YoY	2Q25	2Q26	YoY
Revenues	**130.475**	**142.213**	**9,0%**	**66.619**	**72.806**	**9,3%**
Gross Profit	**54.023**	**57.450**	**6,3%**	**28.047**	**28.626**	**2,1%**
Gross Profit Margin	*41,4%*	*40,4%*	*-1,0 pp*	*42,1%*	*39,3%*	*-2,8 pp*
EBIT	**25.837**	**25.119**	**-2,8%**	**14.511**	**11.642**	**-19,8%**
EBIT Margin	*19,8%*	*17,7%*	*-2,1 pp*	*21,8%*	*16,0%*	*-5,8 pp*
EBITDA	**52.760**	**57.665**	**9,3%**	**27.878**	**28.453**	**2,1%**
EBITDA Margin	*40,4%*	*40,5%*	*+0,1 pp*	*41,8%*	*39,1%*	*-2,8 pp*
Net Profit	**13.628**	**17.152**	**25,9%**	**6.438**	**5.962**	**-7,4%**
Net Profit Margin	*10,4%*	*12,1%*	*+1,6 pp*	*9,7%*	*8,2%*	*-1,5 pp*

Source: *PDP, Finnet, Şeker Invest Research*

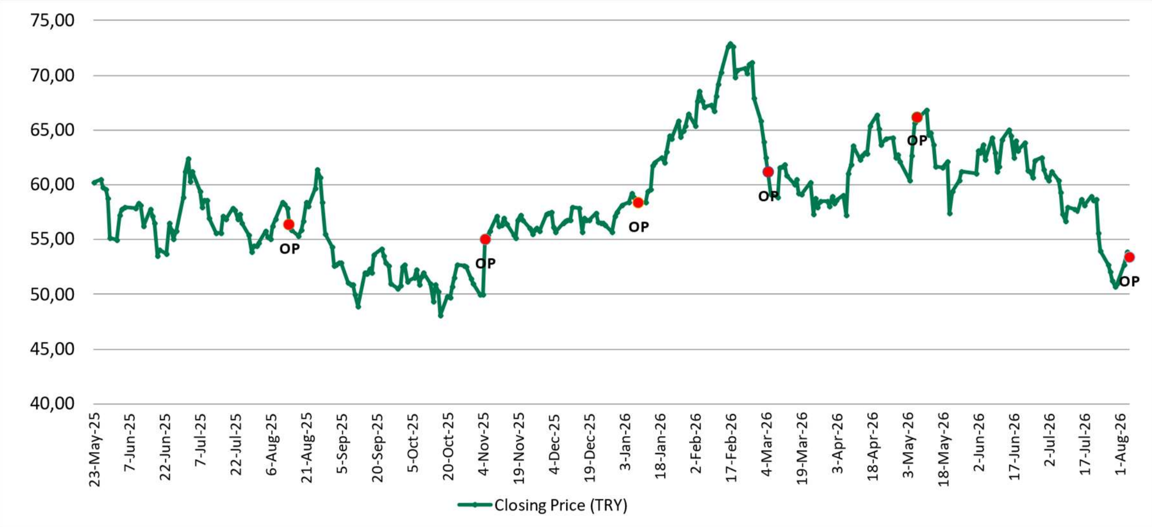
Table 2: Key Financial Tables (including TAS 29 effects)

BALANCE SHEET (TRY Mn)	**2025/12**	**2026/06**	**Change %**
PP&E	194.520	208.397	7,1%
Intangibles	155.323	302.503	94,8%
Other Non-Current Assets	16.986	20.821	22,6%
Trade Receivables	37.972	38.524	1,5%
Cash&Equivalents	78.830	25.641	-67,5%
Other Current Assets	18.802	45.273	140,8%
Total Assets	**502.433**	**641.159**	**27,6%**
Long Term Debt	124.423	127.523	2,5%
Other Non current liabilities	38.413	114.818	198,9%
Short Term Debt	3.244	3.422	5,5%
Trade Payables	36.853	34.852	-5,4%
Other current liabilities	49.335	95.289	93,1%
Total Liabilities	252.267	375.904	49,0%
Total Equity	250.166	265.255	6,0%
Total Equity&Liabilities	**502.433**	**641.159**	**27,6%**

INCOME STATEMENT (TRY Mn)	**2025/06**	**2026/06**	**Change %**
Revenues	130.475	142.213	9,0%
COGS	76.451	84.763	10,9%
Gross Profit/(Loss)	54.023	57.450	6,3%
Operating Expenses	28.186	32.331	14,7%
Operating Profit/(Loss)	25.837	25.119	-2,8%
Net Other Ope. Rev./(Exp.)	-1.945	-362	N.M.
Net Investing Activities Gain/(Loss)	1.376	875	-36,4%
Financial Income/(Expense)	-16.233	-27.901	N.M.
Gains (losses) on net monetary positions	13.269	31.124	134,6%
Profit Before Tax (Loss)	**21.710**	**28.257**	**30,2%**
Tax	-8.082	-11.104	N.M.
Net Profit (Loss)	**13.628**	**17.152**	**25,9%**
Minority Interest	0	0	N.M.
Majority Interest	**13.628**	**17.152**	**25,9%**

Source: *PDP, Finnet, Şeker Invest Research*

Figure 1: 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
6-Aug-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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