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TTKOM (OP) 2Q25 Financial Results – Positive

2Q25	Announced	Consensus	Garanti
Net Sales (TLmn)	50,426	50,250	49,745
EBITDA (TLmn)	21,262	20,012	19,804
EBITDA Margin (%)	42.2%	39.8%	39.8%
Net Profit (TLmn)	4,873	4,957	4,770

Stronger than expected EBITDA

- Türk Telekom disclosed net profit of TL4,873mn in 2Q25, in line with market expectations and up by 14% yoy.
- On an annual basis, despite tax expenses of TL2,398mn in 2Q25 (TL1,215mn in 2Q24), the 23% yoy increase in EBITDA and lower net financial expenses of TL7,635mn (TL8,104mn in 2Q24) supported the 14%yoy increase in net profit.
- Türk Telekom booked TL50,426mn in consolidated revenues in 2Q25, up by 13% yoy and in line with the consensus estimate. Excluding IFRIC 12, revenue growth was 18.8% yoy in fixed broadband, 15.4% yoy in mobile, 19.9% yoy in TV and 23.6% in corporate data revenues. International revenues and other revenues contracted by 13.1% and 17.4% yoy respectively.
- Mobile revenues increased by 15.4% yoy and 4.6% qoq to TL22,100mn and the company added around 678K new subscribers in the quarter. The total mobile subscribers reached 28.5mn in 2Q25, up by 8.3% yoy. Postpaid subscribers comprised 76.8% of the total mobile subscriber base as of 2Q25. (1Q25 was 75.7%).
- The company booked TL14,852mn in broadband segment revenues, up by 18.8% yoy and 2.1% qoq. Broadband segment added around 39K subscribers in the quarter, and total subscribers stood at 15.5mn in 2Q25.
- Türk Telekom recorded EBITDA of TL21,262mn, up by 23% yoy and also 6% above market expectations. Improvement in gross profitability, along with drop in opex to sales ratio in 2Q25 led to the EBITDA margin of 42.2% in 2Q25, up by 3.4pp yoy and stronger than the market expectations of 39.8% by 2.3pp.
- Türk Telekom has revised its 2025 guidance after both revenue growth and EBITDA margin exceeded its expectations in 1H25. Accordingly, the previous forecast of consolidated revenue growth of 8-9% (including IAS 29 and excluding IFRIC 12) has been revised to 10%. The EBITDA margin forecast has been revised from a range of 38-40% to 41%, and the capex-to-sales ratio has been revised from 28-29% to 29%.

We expect a positive market reaction

- Türk Telekom's 2Q25 EBITDA and EBITDA margin was stronger than expectations, combined with the upward revisions in 2025 guidance, we expect a positive market reaction to the results.
- We increase our 12-month target price to **TL86** from TL74 and maintain our Outperform (OP) recommendation for Türk Telekom.

	Quarterly Part			Cumulative Part		Change		
Turk Telekom Summary Financials (mn TL)	2024/2Q	2025/1Q	2025/2Q	2024/6M	2025/6M	2025/2Q-2024/2Q	2025/2Q-2025/1Q	2025/6M-2024/6M
Net Sales	44,535	48,335	50,426	85,395	98,761	13%	4%	16%
Gross Profit (Loss)	16,156	19,662	21,230	30,383	40,892	31%	8%	35%
Operating Profits	6,584	8,574	10,984	10,152	19,557	67%	28%	93%
EBITDA	17,280	18,988	21,262	32,289	40,250	23%	12%	25%
Net Other Income/Expense	-110	-723	-749	-36	-1,472	n.m.	n.m.	n.m.
Income from Invest. Act.	1,053	850	191	2,582	1,041	-82%	-78%	-60%
Financial Inc./Exp.(net)	-8,104	-5,846	-7,635	-16,375	-13,481	n.m.	n.m.	n.m.
Monetary Gain / (Loss)	6,940	6,281	3,763	18,182	10,044	-46%	-40%	-45%
PBT	5,484	9,162	7,271	12,988	16,434	33%	-21%	27%
Tax	-1,215	-3,720	-2,398	-4,971	-6,118	n.m.	n.m.	n.m.
Net Profit	4,269	5,443	4,873	8,017	10,316	14%	-10%	29%
Net Cash	-51,001	-56,255	-56,677	-51,001	-56,677			
Working Capital	-7,700	-6,679	-4,103	-7,700	-4,103			
Cash from Core Operations	13,637	18,203	20,804	22,113	39,006			
Shareholders Equity	166,515	175,145	179,585	166,515	179,585			
Ratios								
Gross Margin	36.3%	40.7%	42.1%	35.6%	41.4%	5.8 pp	1.4 pp	5.8 pp
Operating Margin	14.8%	17.7%	21.8%	11.9%	19.8%	7 pp	4 pp	7.9 pp
EBITDA Margin	38.8%	39.3%	42.2%	37.8%	40.8%	3.4 pp	2.9 pp	2.9 pp
Net Profit Margin	9.6%	11.3%	95.9%	102.8%	94.1%	86.3 pp	84.6 pp	-8.7 pp

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