

Corporate Credit & Issue Rating

New Update

Sector: Telecommunication
 Publishing Date: 12/06/2018

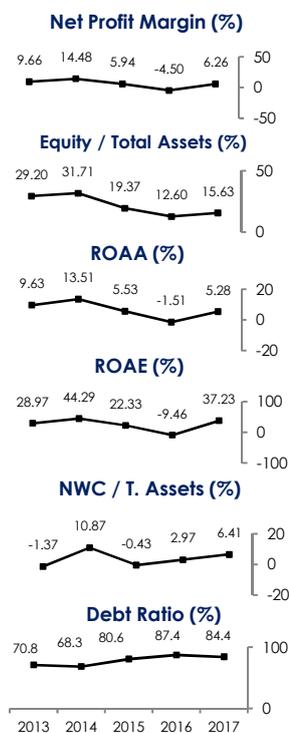
Analyst

Utku Karagülle
 +90 212 352 56 73
 utku.karagulle@jcrer.com.tr

RATINGS

		Long Term	Short Term
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB	A-3
	Outlook	FC Stable LC Positive	Stable Positive
	Issue Rating**	BBB-	BBB-
National	Local Rating	AA-(Trk)	A-1+(Trk)
	Outlook	Positive	Positive
	Issue Rating	AA-(Trk)	A-1+(Trk)
Sponsor Support	Stand-Alone	4	-
	Stand-Alone	A	-
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC Stable LC Stable	- -

*Affiliated by JCR on November 10, 2017
 **SUDIR- Senior Unsecured FC Debt Issue Rating



Türk Telekomünikasyon A.Ş.

Company Overview

Financial Data	1Q2018	2017	2016	2015	2014
Total Assets (000 USD)	7,580,898	7,727,812	7,636,523	8,864,322	8,572,076
Total Assets (000 TRY)	29,936,209	29,148,535	26,874,451	25,773,904	19,877,787
Equity (000 TRY)	4,966,819	4,555,087	3,386,621	4,993,368	6,303,340
Net Profit (000 TRY)	56,276	1,135,532	-724,340	862,850	1,968,968
Sales (000 TRY)	4,686,023	18,139,554	16,108,594	14,522,855	13,601,623
Net Profit Margin (%)	1.20	6.26	-4.50	5.94	14.48
ROAA (%)	N/A	5.28	-1.51	5.53	13.51
ROAE (%)	N/A	37.23	-9.46	22.33	44.29
Equity / Total Assets (%)	16.59	15.63	12.60	19.37	31.71
Net Working Capital / T. Assets (%)	7.58	6.41	2.97	-0.43	10.87
Debt Ratio (%)	83.41	84.37	87.40	80.63	68.29
Asset Growth Rate (%)	N/A	8.46	4.27	29.66	8.95

Türk Telekomünikasyon A.Ş. (referred to as ‘the Company’ or ‘Türk Telekom’) has its roots back to 1840s, as a state-owned entity operating in the fields of postal services. Throughout the history, the Company was the pioneer of the communication of Turkey, not only as a company but a sector creator. After a long history offering the citizens postal services, telegraph, telex, fixed phones, Türk Telekom is transformed into a multidimensional telecommunication group today. The Company is privatized in 2005 and currently 55% of the shares are owned by Ojer Telekomünikasyon A.Ş. while 25% and %5 is controlled by Turkish Treasury and Turkish Wealth Fund. The rest of the shares are publicly traded and quoted in Borsa Istanbul (BIST) with ticker as TTKOM.

Türk Telekom offers various solutions to both consumers and corporates through its country-wide infrastructure. The Company’s main services are internet service providing, mobile operation, fixed telephone/voice services and pay TV. As of 1Q2018, Türk Telekom has 19.9 million subscribers in mobile, 10.1 million in broadband internet, 13.9 million in fixed access lines and 2.9 million in TV. In addition to the services mentioned, the Company offers IT and call center services, PSTN and broadband wholesaling, educational content providing and international communication solutions.

Strengths

- Steadfast market share in the sector and good standing
- A leading brand in Turkey with high value: ‘Türk Telekom’
- Robust EBITDA and improved internal resource generation capacity
- Constant positive trend in total subscriber base with most diversified portfolio
- Growth potential of fiber connection and total fixed broadband segment amid low penetration in Turkey

Constraints

- Short FX position deteriorating the bottom line profit
- Moderately high debt-to-equity (total liabilities divided by total assets) ratio
- Increasing tension and conflicts in the local political environment, together with negatively impacted cost of funding and investments