

Corporate Credit Rating

New Update

Sector: Telecommunication
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

Türk Telekomünikasyon A.Ş.

JCR Eurasia Rating, has evaluated "Türk Telekomünikasyon A.Ş." in the investment grade category with the highest credit quality and affirmed the Long-Term National Issuer Credit Rating at 'AAA (tr)' and the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

Türk Telekomünikasyon A.Ş. (hereinafter referred to as "Türk Telekom" or "the Company" or "the Group") traces its origin to 1840s when it was a state-owned entity focused on postal services. Over the years, the Company has been a trailblazer in Türkiye's communication sector, both as a company and as an industry innovator. Following a lengthy period of postal services, telegraph, and fixed telephone services, Türk Telekom has evolved into a multifaceted telecommunications group. The Company, which was privatized in 2005, was re-nationalized in 2022. As of today, 61.68% of the Company's shares are owned by the Türkiye Wealth Fund ("TWF") (1.68% is publicly traded), 25% by the Republic of Türkiye Ministry of Treasury and Finance and 15% are publicly traded and quoted in Borsa Istanbul ("BIST") with ticker of TTKOM.

In 2016, the Company gathered its mobile, fixed broadband, voice and TV products under the single brand name, Türk Telekom. Türk Telekom is a market leader in fixed broadband and fixed voice segments, and it stands at second place in Pay TV segment and third place in mobile segment by subscriber number which operations comprise the bulk of the Company's revenue as of FYE2023. The Company is the first integrated telecommunications operator in Türkiye. As of 1Q2024, the Group has 52.8 million subscribers.

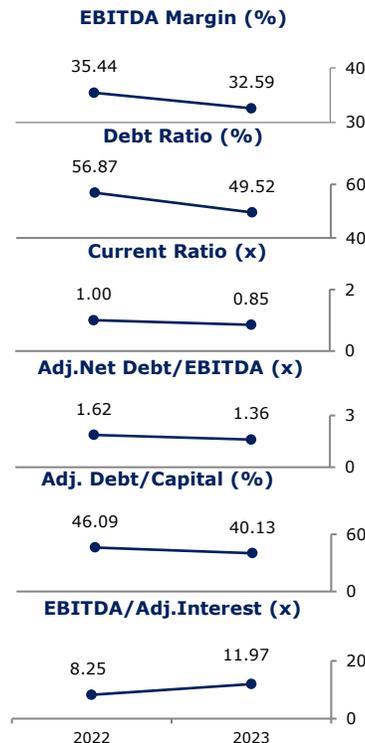
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Diverse business segment and income stream with new subscriber acquisitions,
- Higher ARPU development ability than CPI in FY2023,
- Strong EBITDA generation capacity,
- Low collection risk supporting the asset quality,
- Strong brand value and awareness with reputable partnership structure,
- Established position in the telecommunications market thanks to the obstacles faced by new players due to the high investment-dependent structure of the sector,
- High level of compliance with the corporate governance practices as a publicly listed company

Constraints

- High rates and complexity of sector-specific taxes,
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.



Considering the aforementioned points, the Company's the Long-Term National Rating has been affirmed at 'AAA (tr)'. The Company's EBITDA generation capability, long-term debt structure and brand awareness have been evaluated as important indicators for the stability of the ratings and the outlooks for long-term and short-term national ratings are determined as 'Stable'. Sustainability of the Company's profitability performance, changes in market share and equity level together with the trends in financing opportunity and telecommunication sectors are going to be monitored by JCR Eurasia Rating, as well as the macroeconomic indicators at national and international markets and legal frame about the sector.