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TCELL and TTKOM
Initiation of Coverage

November 16, 2026

We initiate coverage of the Turkish telecom sector with 12-month target prices of TL 162.97 for Turkcell, implying 69% upside, and TL 89.13 for Türk Telekom, implying 76% upside (closing price as of 12th Novemeber). Our valuations blend a DCF (75% weight) with a peer-multiple approach (25% weight), with the DCF capturing the expected cash-flow recovery as the sector moves beyond its current investment peak. Both operators trade at discounts to international peers on 2026F EV/EBITDA and P/E. **We believe resilient recurring revenues, recovering pricing power and declining investment intensity could act as catalysts for a re-rating.**

We see the Turkish telecom sector entering a transition from a capex-heavy investment phase towards stronger cash-flow generation. Connectivity has increasingly become an essential service, supporting recurring demand even during periods of economic and currency pressure, while more rational competition and regular price adjustments are supporting revenue per user. At the same time, the largest investment requirements (5G licences, network rollout, fibre expansion and Türk Telekom's concession renewal) are concentrated in 2026–27. As these obligations ease, lower capex intensity should support a recovery in free cash flow and gradually strengthen the sector's financial profile.

Turkcell combines mobile leadership with a diversified digital-services platform, supported by a strong balance sheet and low leverage. Beyond its core mobile business, the company has additional growth exposure through data centres, its Google Cloud partnership, fintech and digital business services, while its large spectrum position provides capacity for the ongoing 5G cycle. Our TL **162.97** target price implies **69%** upside, with our DCF reflecting the near-term capex burden and the subsequent recovery in free cash flow. Turkcell trades at **6.1x** 2026F P/E and **2.2x** EV/EBITDA, below peer averages, leaving scope for the discount to narrow as the benefits of ARPU growth, lower investment intensity and new digital businesses become more visible.

Türk Telekom combines a nationwide fibre network and a long-term concession with significant free-cash-flow upside as investment intensity normalizes. Its fixed-line infrastructure provides a strong platform for broadband, mobile and corporate data growth, while the 2026–27 investment cycle includes substantial spending on 5G, fibre and the concession renewal. Our TL **89.13** target price implies **76%** upside, with our DCF capturing the expected recovery in free cash flow after the investment peak. Türk Telekom trades at **5.0x** 2026F P/E and **2.2x** EV/EBITDA, below peer averages, although its higher leverage and foreign-currency exposure from licence and concession obligations remain important considerations for the investment case.

76% Upside Potential

Listing Details and View				
Bloomberg Ticker				**TTKOM TI**
View				Outperform
Closing Price, TRY				50,55
Target Price, TRY				89,13
Upside Potential				76%
Key Financials, TL mln	2024	**2025**	**2026F**	**2027F**
Revenues	263.041	**301.132**	**330.459**	**429.101**
Operating Profit	37.452	**64.521**	**64.620**	**85.820**
Gross Profit	96.733	**125.814**	**135.488**	**175.931**
EBITDA	96.064	**123.201**	**137.320**	**180.222**
EBITDA Margin	36,5%	**40,9%**	**41,6%**	**42,0%**
Net Profit	13.760	**28.569**	**35.599**	**48.457**
P/E	10,8	6,3	5,0	3,7
EV/EBITDA	2,4	2,0	2,2	1,6

Source: Company Data, PhillipCapital Research

69% Upside Potential

Listing Details and View				
Bloomberg Ticker				**TCELL TI**
View				Outperform
Closing Price, TRY				96,45
Target Price, TRY				162,97
Upside Potential				69%
Key Financials, TL mln	2024	**2025**	**2026F**	**2027F**
Revenues	218.160	**241.471**	**329.191**	**432.579**
Operating Profit	30.446	**41.517**	**56.950**	**72.241**
Gross Profit	53.834	**68.346**	**88.882**	**116.796**
EBITDA	92.523	**104.867**	**139.248**	**180.386**
EBITDA Margin	42,4%	**43,4%**	**42,3%**	**41,7%**
Net Profit	30.790	**17.604**	**34.741**	**44.461**
P/E	6,2	12,1	6,1	4,8
EV/EBITDA	2,5	2,7	2,2	1,7

Source: Company Data, PhillipCapital Research

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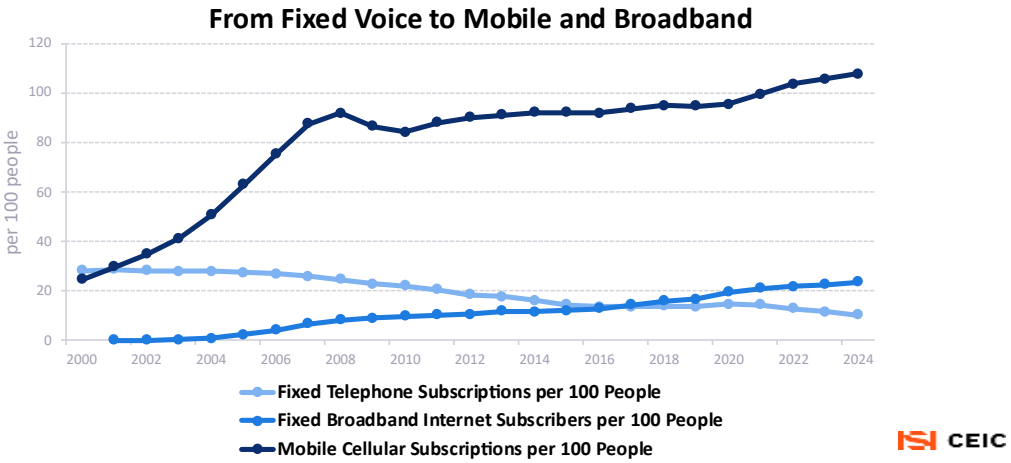
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Market Structure and Trends Overview

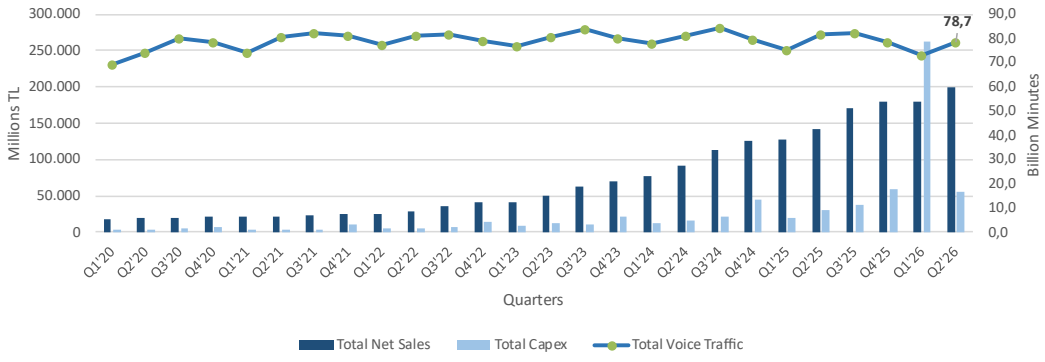
Overall Turkish Telecom Market

From Fixed Voice to Mobile and Broadband Data: Türkiye's Historical Connectivity Evolution, 2000–2024



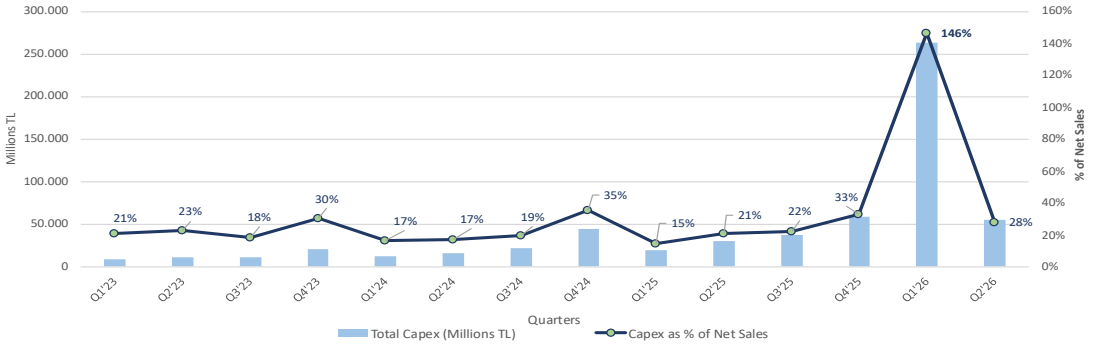
Source: CEİC

Sector Net Sales, Capex & Voice Traffic, Q1 2023-Q2 2026



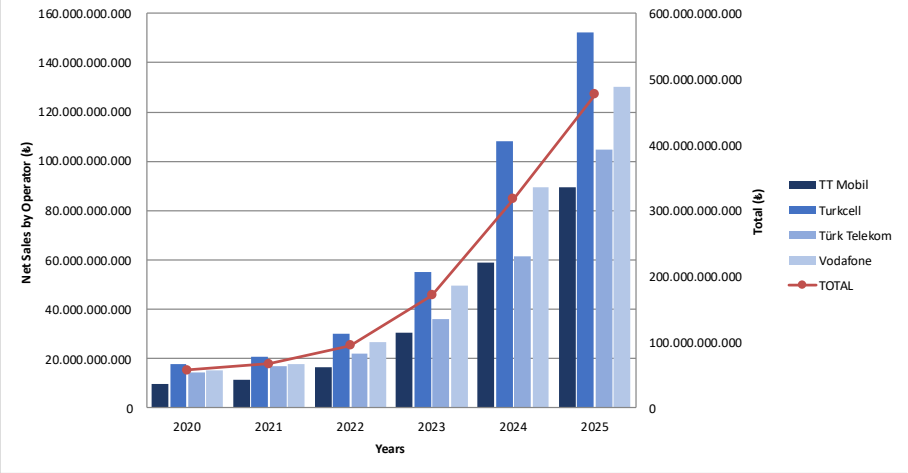
Source: ICTA
Note: Q1'26 CAPEX includes the licence fees from the 5G authorisation tender and Türk Telekom's concession extension fee.

Sector Capex & Capex Intesity, Q1 2023-Q2 2026



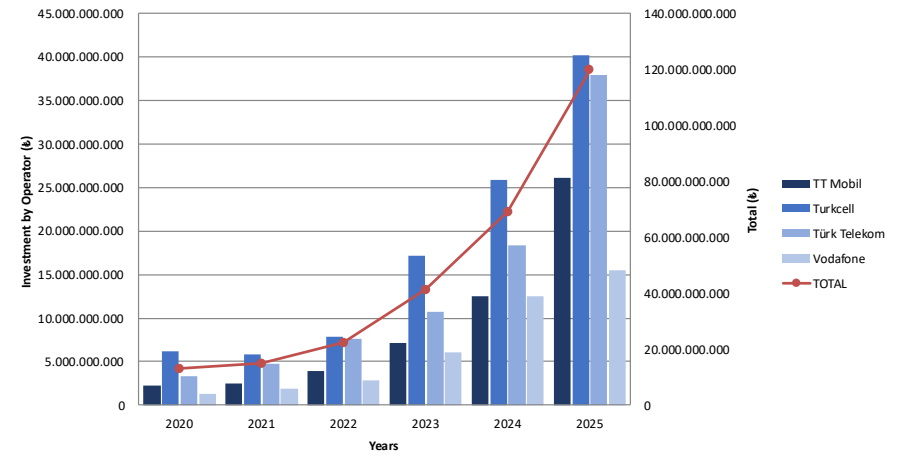
Source: ICTA
Note: Q1'26 CAPEX includes the licence fees from the 5G authorisation tender and Türk Telekom's concession extension fee.

Annual Net Sales Revenues (₺), 2020-2025



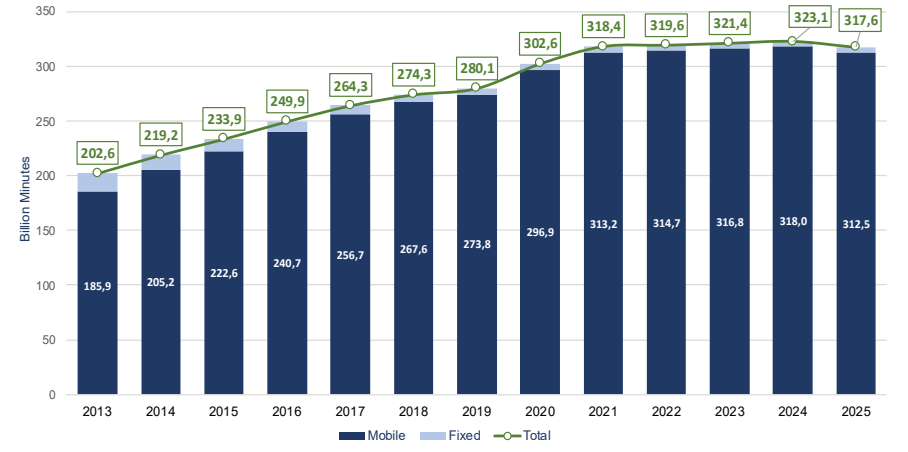
Source: ICTA

Total Annual CAPEX (Investment) (₺), 2020-2025



Source: ICTA

Total Annual Telephony Traffic Volumes, Billion Minutes, 2013-2025

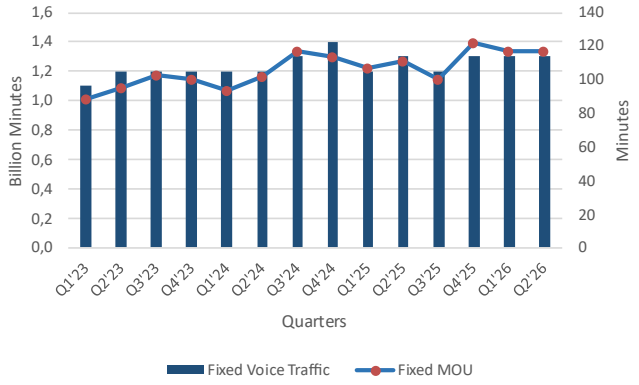


Source: ICTA

Fixed Voice Market

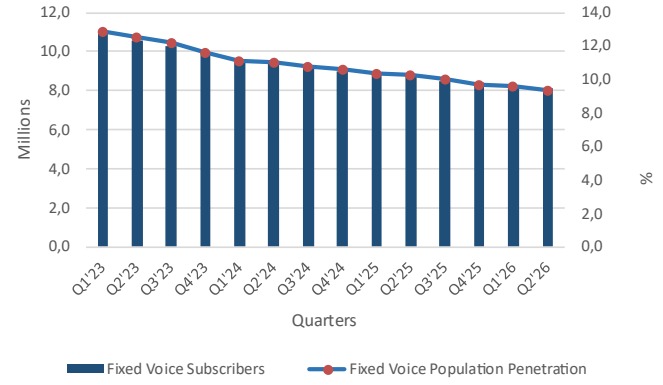
Volume & subscriber trends

Fixed Voice Traffic and Minutes of Usage, Q1'23-Q2'26



Source: ICTA

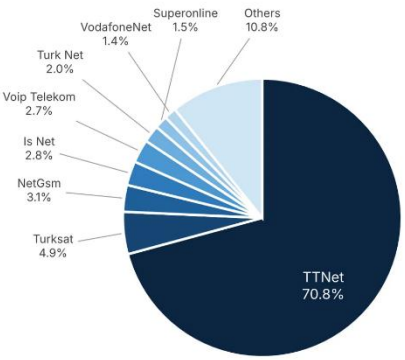
Fixed Voice Subscribers & Population Penetration, Q1'23-Q2'26



Source: ICTA

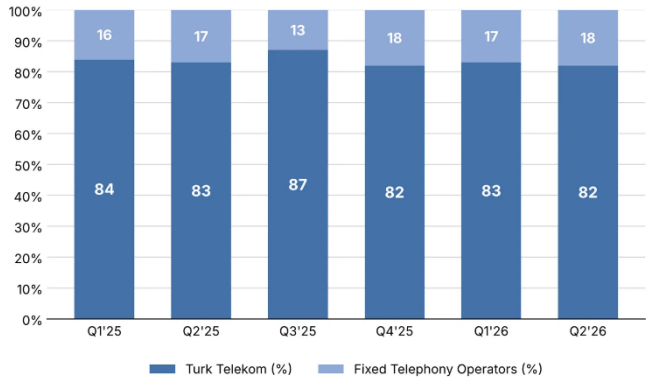
Market shares

Fixed Telephony Market Shares by Subscribers, Q2'26



Source: ICTA

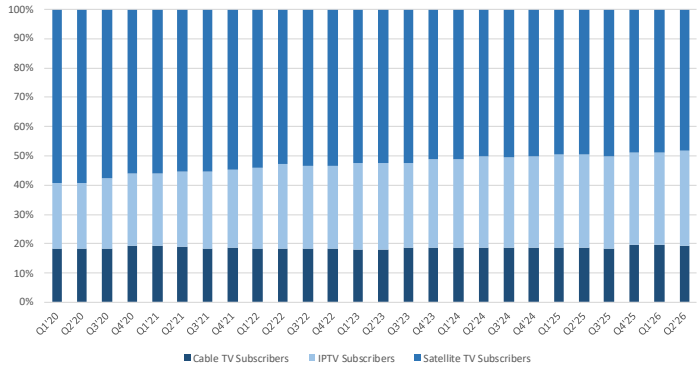
Market Shares of Türk Telekom and Alternative Fixed Telephony Operators by Telephony Service Revenues (%) Q1'25-Q2'26



Source: ICTA

TV Market

TV Market Mix: Cable, IPTV, and Satellite Subscribers, 2020-2026

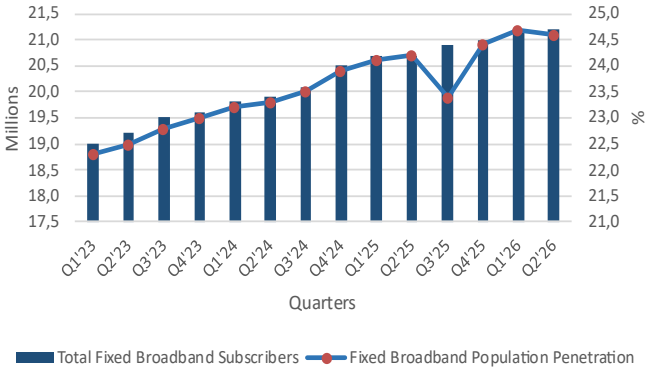


Source: ICTA

Broadband Market

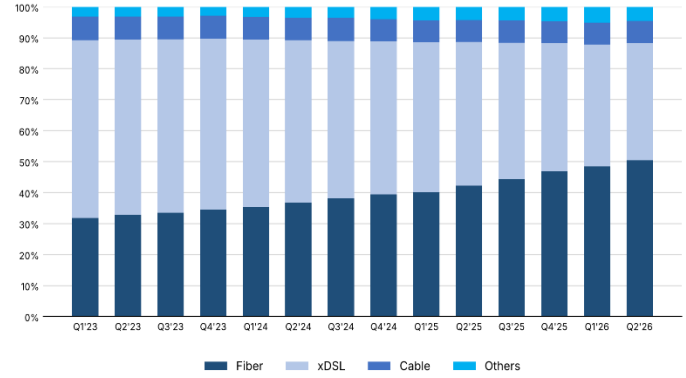
Market size & overall tech mix

Fixed Broadband Subscribers & Population Penetration, Q1'23-Q2'26



Source: ICTA

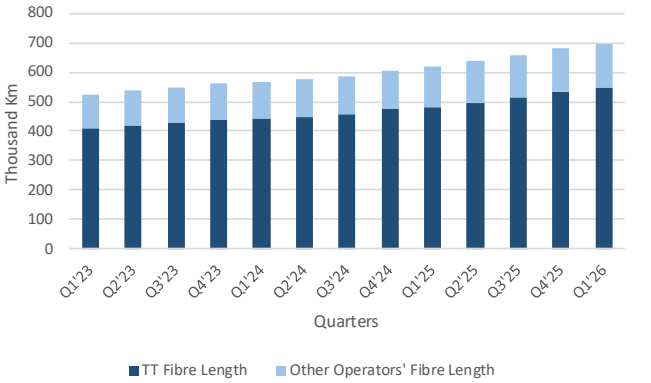
Fixed Broadband: Share by Technology, Q1'23-Q2'26



Source: ICTA

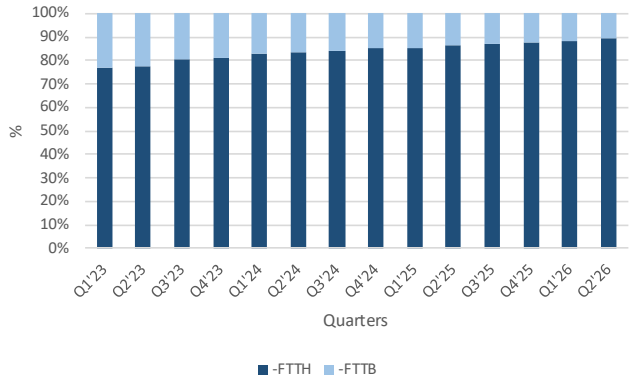
Fibre deep dive

Fibre Infrastructure Build-Out: Türk Telekom vs. Other Operators, Q1'23-Q1'26



Source: ICTA

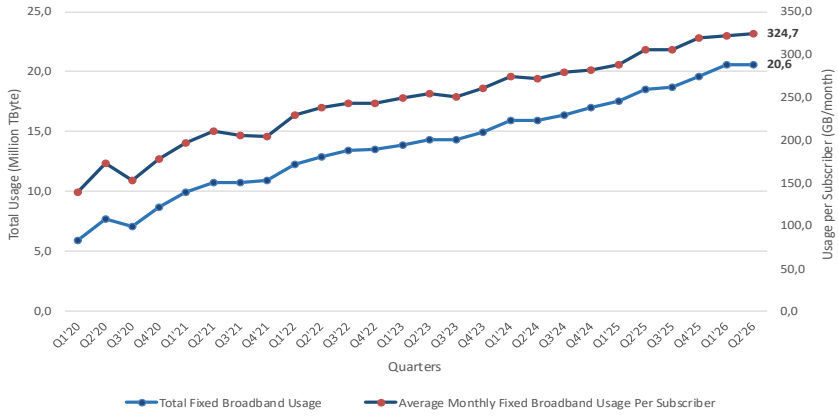
Fibre Subscriber Mix: FTTH vs. FTTB, Q1'23-Q2'26



Source: ICTA

Usage trends

Fixed Broadband Usage: Total and Per-Subscriber, 2020-2026

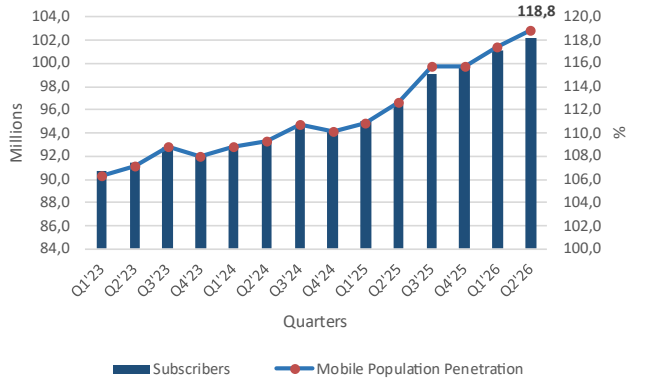


Source: ICTA

Mobile Market

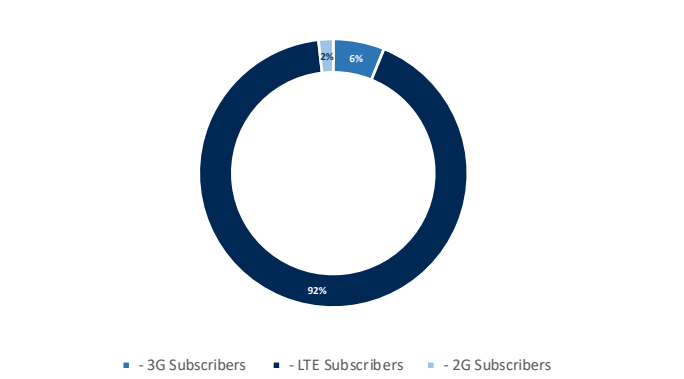
Market size & network mix

Mobile Subscribers & Population Penetration (incl. M2M), Q1'23-Q2'26



Source: ICTA

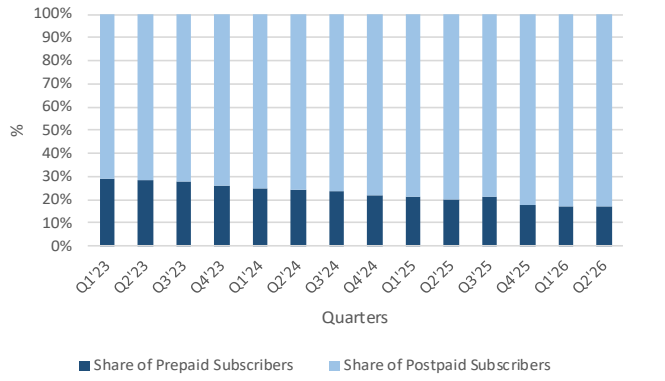
Mobile Subscribers by Network Generation, Q2'26



Source: ICTA

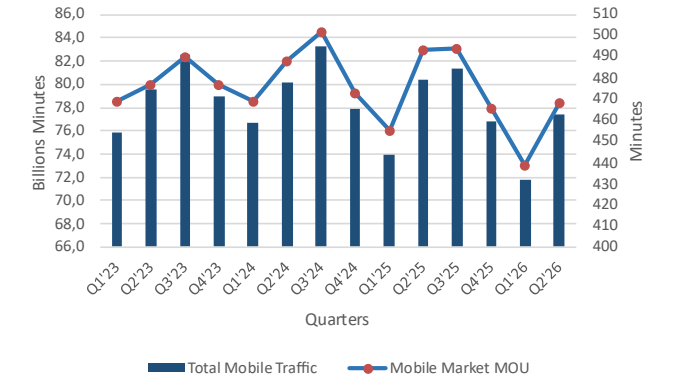
Subscriber behavior

Prepaid vs. Postpaid Subscriber Share Mix, Q1'23-Q2'26



Source: ICTA

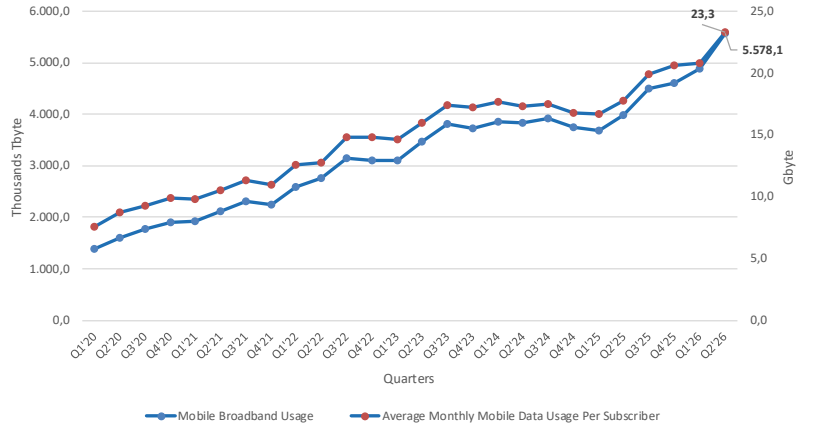
Mobile Voice Traffic & MOU: A Flatlined Market, Q1'23-Q2'26



Source: ICTA

Data consumption

Mobile Broadband Usage: Total & Per-Subscriber, Q1'20-Q2'26

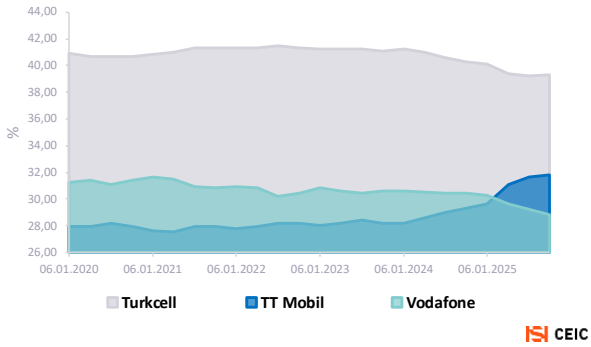


Source: ICTA

Competitive landscape

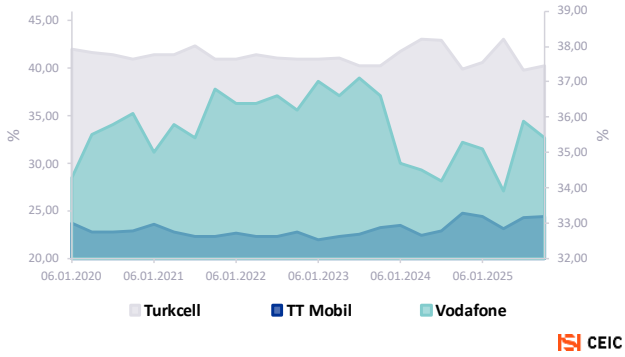
Türkiye's mobile market is a stable three-player oligopoly of Turkcell, Türk Telekom and Vodafone Türkiye. Market share movements between them therefore offer the clearest lens into the sector's competitive dynamics. From the market share perspective:

Market Shares by Subscriber, 2020–2025



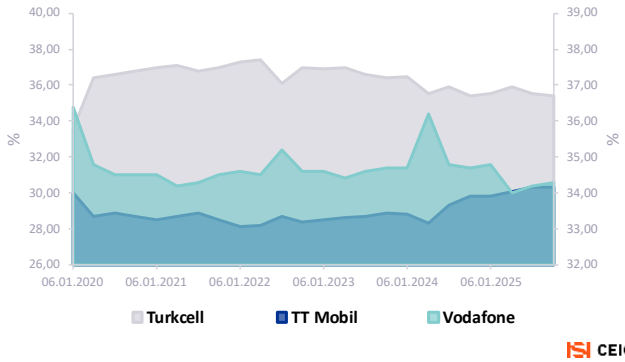
Source: CEİC

Market Shares by Revenue, 2020–2025



Source: CEİC

Market Shares by Call Traffic, 2020–2025

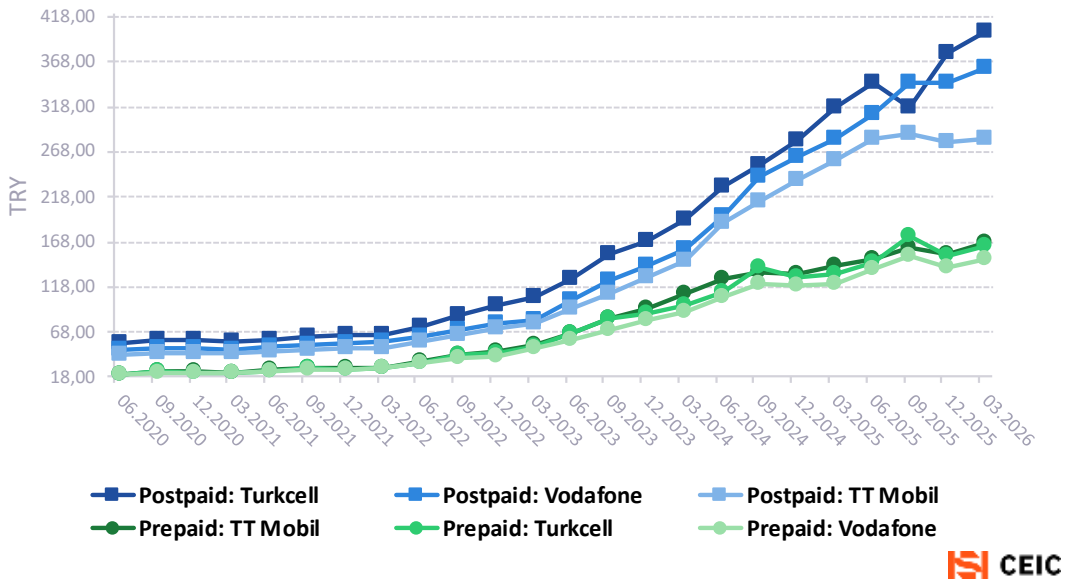


Source: CEİC

Across the three measures, Turkcell leads throughout on subscribers and revenue, and on call traffic for almost the entire period. Vodafone briefly matches or edges ahead of it on traffic only at the start of the period and again around early 2024. The most notable movement is TT Mobil's subscriber trajectory. After several years of stability, its share climbs from mid-2024 and accelerates through 2025. It overtakes Vodafone in second half of 2025 to become the second-largest operator by subscribers and narrows its gap to Turkcell. On call traffic, TT Mobil also makes a sustained gain from 2024, gradually reducing its distance from Turkcell. This momentum carries through to revenue only marginally: TT Mobil's revenue share edges up slightly but remains the smallest throughout, well below its subscriber and traffic standing.

Vodafone shows the opposite pattern. Its subscriber share sits below Turkcell's throughout and has been declining since early 2025, and its traffic share is mostly below Turkcell's. Yet its revenue share is clearly stronger than its subscriber share would suggest. It peaks in 2022–23, eases back in 2024, and dips briefly in mid-2025 before recovering. This suggests a comparatively higher-value customer base, though Vodafone's revenue share remains below Turkcell's throughout the period.

Mobile ARPU by Operator: Postpaid vs. Prepaid (Nominal TL/month), Q2 2020–Q1 2026

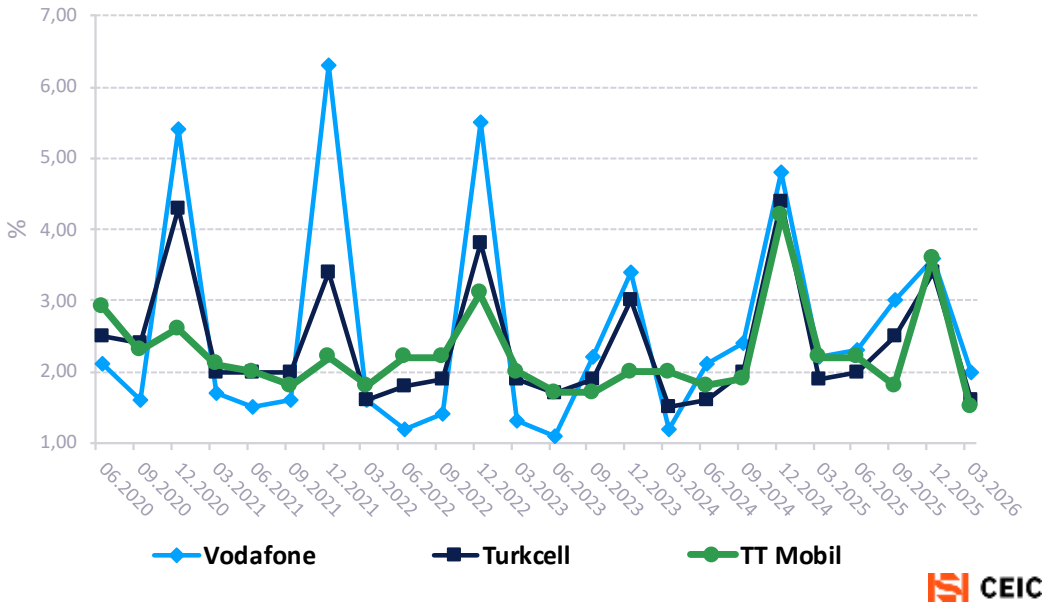


Source: CEIC
Note: Postpaid ARPU includes M2M lines; the plateau in TT Mobil's postpaid ARPU reflects M2M dilution

ARPU data adds a further layer to this picture. Postpaid ARPU runs consistently and substantially higher than prepaid ARPU across all three operators throughout the period, and both tiers show a marked inflection from around 2022 onward, rising sharply through 2023 and 2024, largely reflecting elevated domestic inflation. In the prepaid segment, the three operators remain closely grouped, with TT Mobil at or near the top for much of the later period. Within the postpaid segment, Turkcell leads for almost the entire period, while Vodafone and TT Mobil track closely together until around mid-2024. From 2025, Turkcell and Vodafone continue climbing while TT

Mobil's postpaid ARPU visibly plateaus. This largely reflects a change in subscriber mix: TT Mobil added a large number of M2M lines to its postpaid base, with its M2M subscriber base growing by 3.8 million between the start of 2025 and Q2'26. As M2M lines generate much lower revenue per subscriber than individual postpaid customers, their rapid growth diluted both blended and postpaid ARPU, which is why Türk Telekom reports ARPU excluding M2M in its results communications. The same effect explains the subscriber-revenue divergence noted earlier: a significant part of TT Mobil's recent subscriber gains came from M2M lines, which add to subscriber share but contribute less to revenue share. Looking ahead, M2M offers growth potential as 5G supports wider IoT adoption. It is already widely used in the finance and transportation sectors, and logistics, healthcare and retail are among the sectors expected to benefit over the medium to long term. Having raised its share of the M2M market to the level of its overall subscriber share, Türk Telekom is likely to see its M2M base follow a normalised growth path in line with its total market share, which should gradually ease the dilution effect on reported ARPU.

Churn Rate by operators

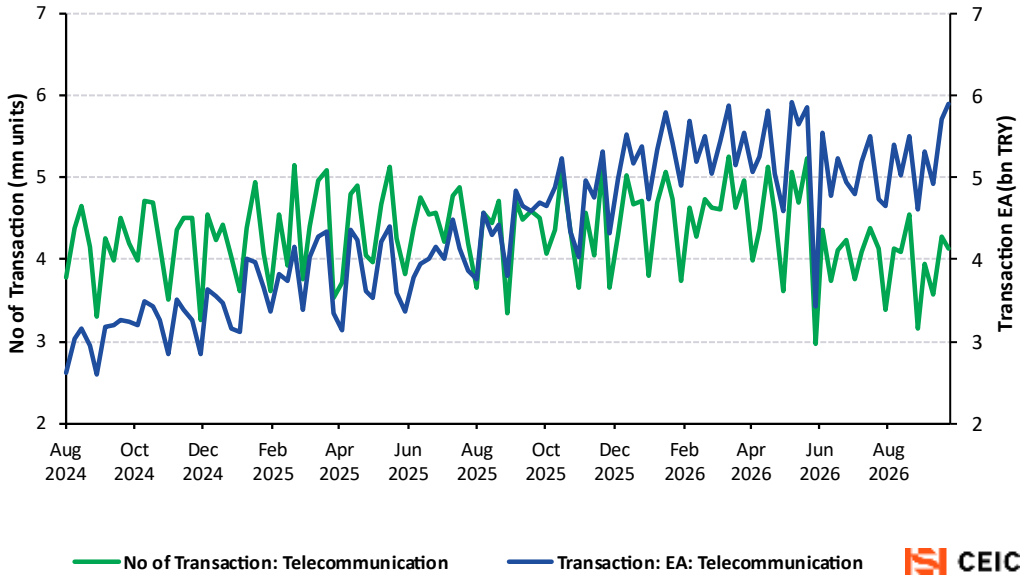


Source: CEİC

Churn patterns add a further dimension to the competitive picture. Vodafone records the highest peaks and the most volatile churn rate of the three operators, with recurring year-end spikes that outpaced both rivals by a wide margin in the earlier years, at one point reaching nearly double Turkcell's peak level, though this margin has narrowed considerably since 2023. Outside these peaks, however, Vodafone's churn is often the lowest of the three. Turkcell's churn tracks the same cyclical pattern as Vodafone's, rising and falling in tandem, but at a generally lower amplitude. TT Mobil initially stood apart from both: its churn rate was the flattest of the three through 2023, largely avoiding the sharp year-end peaks that affected its rivals, though its off-

peak churn was often higher. Over the most recent two years, however, this distinction has faded, as TT Mobil has developed similar year-end spikes and its churn now moves broadly in line with Turkcell's and Vodafone's. This suggests that TT Mobil's recent subscriber gains are driven more by customer acquisition than by superior retention. As discussed above, a significant part of these gains came from M2M lines, which explains why they have not translated into a comparable increase in revenue share.

Telecom Card Spending, Weekly, Aug 2024 – Aug 2026

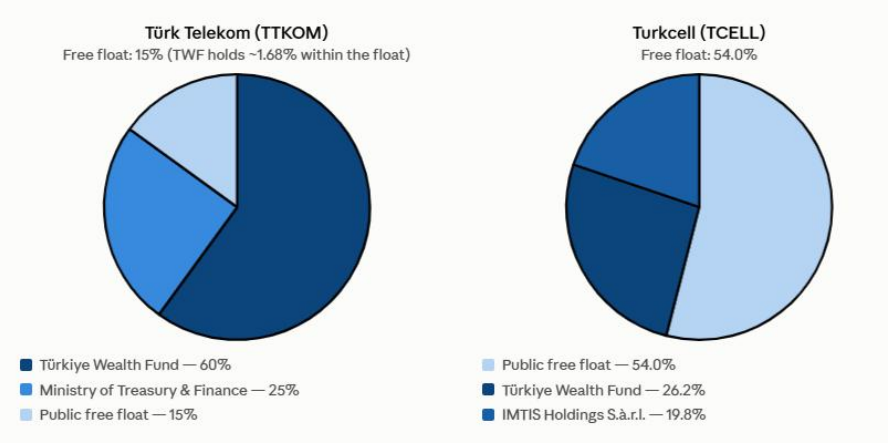


Source: CEİC

Card spending data on telecommunication services adds a sector-wide perspective to this picture. Since mid-2024, the total value of card transactions has risen steadily, climbing through 2025 and holding at elevated levels into 2026, while the number of transactions has remained broadly flat, fluctuating within a stable range and softening somewhat in mid-2026. The stable number of transactions is to be expected, as most subscribers are on contracts and pay once a month. This divergence indicates that the average amount spent per transaction has risen markedly. In other words, consumers are paying more for telecom services rather than paying more often. Although tariff increases have reflected inflation, ARPU growth outpaced inflation in 2024 and 2025, supported by rising data usage per subscriber and a shift towards higher-data tariffs: the share of tariffs above 40 GB in individual postpaid, and above 20 GB in prepaid, has risen markedly. Growth in the sector therefore reflects not only pricing but also upselling, as customers move to larger data packages in mobile and higher speeds in fixed broadband, a trend the rollout of 5G should support further. Although the data above is not broken down by operator, it matters for the competitive picture: operators that can combine price adjustments with successful upselling to higher-value packages are best placed to grow revenue.

Beyond market dynamics, **ownership structure** adds another dimension to the competitive picture, as Turkcell and Türk Telekom share a common controlling shareholder. Both companies are ultimately controlled by the same shareholder, the Türkiye Wealth Fund, but in different ways: it owns a clear majority of Türk Telekom, while at Turkcell it holds a much smaller stake but retains board control through privileged shares embedded within that holding. As a result, the two operators have very different liquidity profiles: most of Turkcell's capital trades freely on the market, while at Türk Telekom the remainder sits almost entirely with the state as well, held by the Ministry of Treasury and Finance rather than the public.

Shareholder structure of Türk Telekom and Turkcell



Source: Türk Telekom IR, Turkcell IR

Leverage Overview of Industry

Following the late-2025 spectrum auction, rising 5G-related capex and license fee obligations are expected to drive increasing indebtedness across all operators from 2026 onward, marking the peak-pressure phase. However, this pressure is not expected to persist indefinitely. As ARPU rises across both operators, EBITDA growth begins to outpace debt accumulation, with this corrective effect becoming observable in Net Debt/EBITDA ratios from 2027 onward, marking the transition from leverage accumulation to deleveraging.

By 2028, capex intensity is expected to normalize across the sector, allowing the deleveraging process to accelerate. The leverage cycle is expected to build up and reach its peak pressure during 2025–2026, before reaching a turning point in 2027, as ARPU growth and pricing regulation begin to support the recovery. From 2028 through 2030, normalizing capex intensity and continued deleveraging are expected to bring leverage levels back toward a more normalized trajectory. Among these factors, ARPU growth is expected to play the most significant role in driving the sector's recovery directly strengthening the revenue and EBİTDA thereby improving the operator's capacity to absorb higher debt levels.

Türk Telekom	2026		2027	2028–2034	2035
USD MN	Q1	Q4			
Concession-VAT	500	-	-	-	-
Concession-Instalments	-	500	500	200 / year	100
5G-VAT	219	-	-	-	-
5G-Instalments	365	365	365	-	-
TOTAL	1,083	865	865	1,400	100

Turkcell	2026	2027	2028T	2029–2032
USD MN				
5G-Instalment 1	408	-	-	-
5G-Instalment 2	408	-	-	-
5G-Instalment 3	-	408	-	-
5G-VAT	245	-	-	-
TOTAL	1,061	408	-	-

Source: Türk Telekom IR, Turkcell IR

The pressure is compounded by a currency mismatch: licence and concession payments are denominated in US dollars, while both operators generate most of their revenue in TL. For Türk Telekom, total concession and 5G licence payments amount to USD 4.3bn, with the majority concentrated in the near term. Around USD 1.9bn is due in 2026 (USD 1.1bn in Q1 and USD 0.9bn in Q4), followed by a further USD 0.9bn in 2027. The payment burden then becomes more manageable, with concession instalments of USD 200mn a year over 2028–2034 and a final USD 100mn payment in 2035.

Turkcell faces a similar near-term profile, with USD 1.5bn of 5G licence fees including VAT, of which USD 1.1bn is due in 2026 and USD 0.4bn in 2027, with the licence fee paid in three instalments between January 2026 and May 2027. In addition, Turkcell has dollar-denominated payments under its Google Cloud partnership, which are spread over 2026–2032 and which we include in our forecasts. Any depreciation of the lira raises the TL cost of these fixed dollar obligations, and the exposure is greatest in 2026–27, when most of the payments fall due.

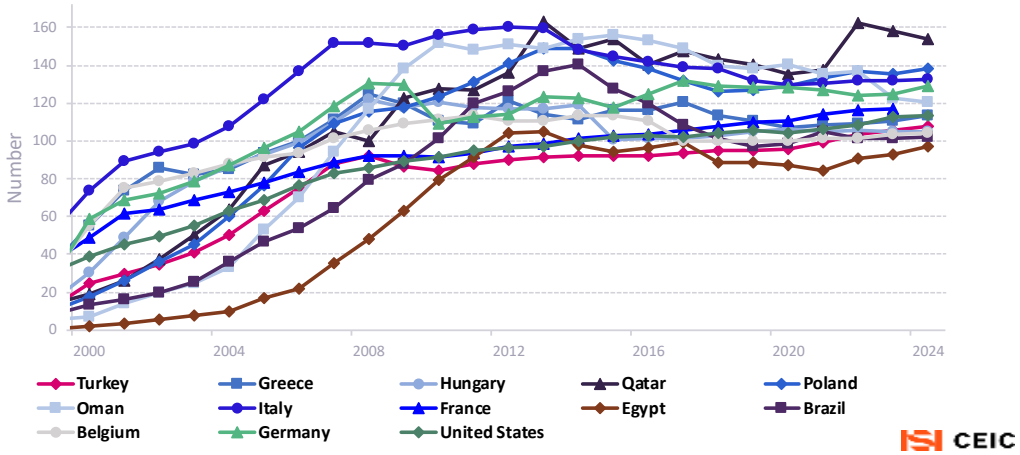
This dynamic makes ARPU repricing an important part of the **deleveraging story**: as TL revenues grow faster than the exchange rate, the relative burden of the remaining dollar obligations gradually declines. The key risk is a faster-than-expected depreciation of the lira, which would increase the TL cost of both the remaining licence and concession payments and any foreign-currency debt used to finance them.

Benchmarking analysis

Türkiye's position within the peer group highlights a telecommunications sector that has caught up rapidly with higher-income markets, while still offering meaningful room for growth. Although fixed-line telephony remained less widespread than in more mature markets, this was not necessarily a sign of weak infrastructure. Rather, the country's fixed-line network expanded less extensively than those in more mature markets, and connectivity shifted relatively early toward mobile. This pattern is common among fast-growing digital economies and can be viewed as a structural advantage rather than a sign of underdevelopment: with less legacy copper

infrastructure to maintain, operators have been able to direct investment towards mobile and fibre networks built for data. The mobile data supports this view: Türkiye's mobile subscription rate rose rapidly in the 2000s, remained broadly stable through most of the 2010s, and picked up again from around 2020, bringing it to levels comparable with established European markets such as Greece and Hungary by 2024.

Mobile Subscriptions per 100 People: Türkiye vs. Peers, 2000–2024

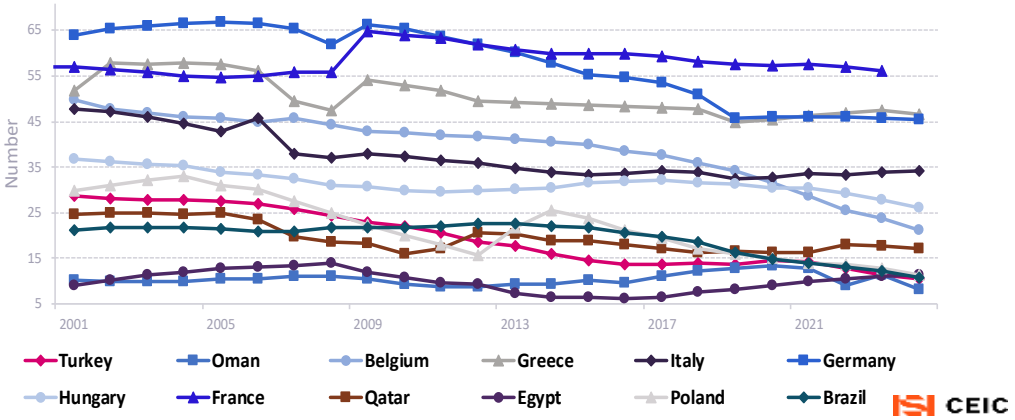


Source: CEİC

Fixed-line data reinforces this picture. Türkiye's fixed telephone subscription rate was already well below that of major Western European markets such as Germany, France and Greece at the start of the period, sitting closer to peers such as Poland and Qatar. From the mid-2000s, it declined steadily, falling faster than most peers, and by 2024 Türkiye ranked among the lowest in the group, alongside Brazil, Oman and Egypt. This decline is not unique to Türkiye: fixed-line subscriptions have fallen across most of the peer group as mobile services have replaced traditional landlines, with only a few markets such as Germany, France and Greece maintaining relatively high levels. The country's sharper decline, however, is consistent with the earlier shift toward mobile noted above. For investors, this low fixed-line base also points to growth potential: as demand shifts from voice to high-speed data, fixed broadband and fibre have considerable room to expand, an opportunity from which Türk Telekom, as the owner of the largest fibre network, is well placed to benefit.

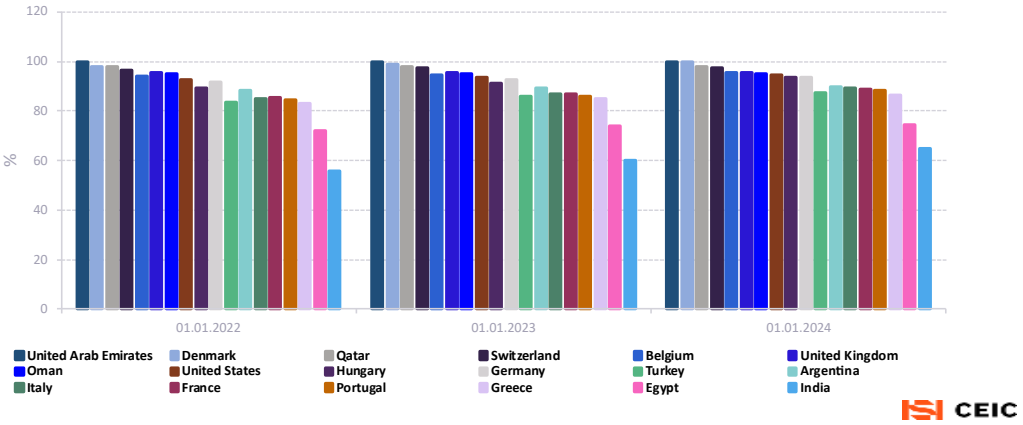
This progress is also visible in internet usage. Between 2022 and 2024, Türkiye's internet penetration rate rose steadily, placing it broadly in line with Southern European markets such as Italy, Portugal and Greece, and well ahead of large emerging markets such as Egypt and India. While it still trails the Gulf states and Northern European markets, where usage is close to universal, the gap has been gradually narrowing. The remaining gap represents further room for growth, supported by a young and increasingly digital population.

Fixed Telephone Subscriptions per 100 People: Türkiye vs. Peers, 2001–2024



Source: CEİC

Internet Users (% of Population): Türkiye vs. Peers, 2022–2024



Source: CEİC

Sector Risks

FX & Currency Risk

Turkcell and Türk Telekom face a structural currency mismatch, as their revenues are generated predominantly in lira while a meaningful portion of their costs and investment commitments are denominated in foreign currency. Network equipment, 5G spectrum fees and other hard-currency obligations create additional pressure when the lira depreciates, particularly during periods of elevated investment when foreign-currency outflows increase. Although ARPU continues to rise, currency depreciation can erode much of this increase when measured in foreign-currency terms, limiting the operators' ability to fully offset higher FX-linked costs through pricing. Price increases are also constrained by competition and consumer affordability, and typically lag the rise in underlying costs. As a result, sharp currency depreciation can weigh on margins and free cash

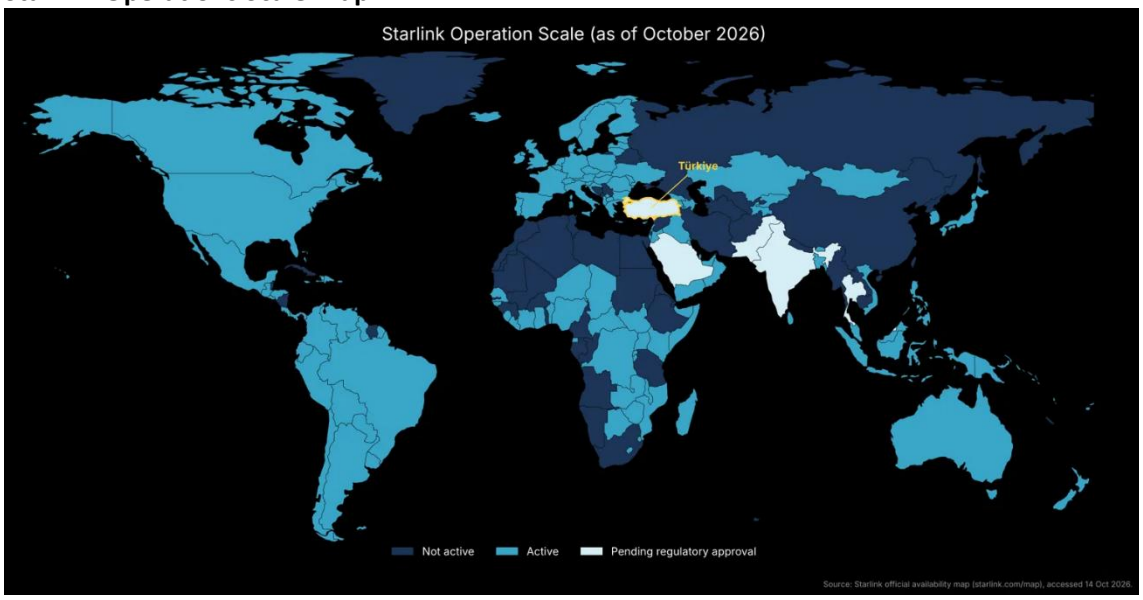
flow. Hedging provides only partial protection, particularly in a high-interest-rate environment, leaving both operators with meaningful exposure to currency movements.

Technology & Infrastructure Risk

Commercial 5G services were launched on 1 April 2026, but the operators remain in the early stages of deployment. As a result, the key risk is shifting from monetisation to network rollout. The significant spectrum and infrastructure investments will only generate sustainable real ARPU growth if coverage, network capacity and 5G handset penetration develop as expected. Slower adoption or delays in the rollout could leave a meaningful portion of the invested capital underutilised, weighing on returns.

Over the longer term, technological substitution presents a broader structural risk. Low-Earth-Orbit satellite broadband, particularly Starlink, is already available across the European Union and is awaiting regulatory approval in Türkiye. If authorised, satellite connectivity could increasingly compete with terrestrial networks, particularly in sparsely populated and underserved areas. This could put pressure on the operators' fixed-line and mobile businesses and reduce the returns generated by their existing network investments.

Starlink Operations Scale Map



Source: Company Research, Starlink Data

Earthquake Risk

Türkiye's exposure to major seismic events, particularly along the North Anatolian and East Anatolian fault lines, represents a structural operational risk for the telecommunications sector. Strong earthquakes can damage critical infrastructure, including base stations, data centres, fibre-optic networks and power systems, potentially interrupting connectivity and necessitating additional expenditure on repairs and network reinforcement. As seismic risk affects both operators, their relative resilience depends largely on the strength of their preparedness and

recovery capabilities. Network redundancy, backup power availability and the effectiveness of disaster-recovery and business-continuity plans are therefore important factors in determining how quickly services can be restored after an earthquake.

Türk Telekom Valuation

Blended Valuation Approach

We combine our DCF and relative valuation using 75% and 25% weights, respectively, to arrive at a blended 12-month target price of TL 89.13, implying 76% upside to the TL 50.55 closing price. Our DCF yields **TL 79.44 (57.2% upside)**, reflecting Türk Telekom's own cash flows, including the 2026–27F capex peak, the subsequent recovery in FCFF, and our expected disinflation path for the discount rate. Peer multiples yield **TL 118.21 (133.8% upside)**, highlighting the significant valuation gap between Türk Telekom and comparable operators. The company trades at a discount to peers on 2026–27F P/E and EV/EBITDA, even after applying a 20% Türkiye discount to peer multiples.

We assign a higher weight to the DCF as it is based on the company's own fundamentals and incorporates a Türkiye-specific cost of capital. Relative valuation provides a useful cross-check, but peers operate in more stable markets and their multiples may not fully capture Türkiye-specific risks, limiting its weight to 25%. The DCF remains sensitive to long-term assumptions, particularly the discount rate and terminal value, given the volatile macroeconomic environment. The wide gap between the two methods also highlights how much additional upside would depend on a narrowing of Türk Telekom's discount to peers. The DCF therefore points to a more moderate return, while the blended valuation captures part of the potential re-rating without relying fully on peer convergence. We discuss the DCF and relative valuation methodologies in detail below.

Method	Target Price (TL)	Weight	Weighted Contribution (TL)	Upside / (Downside)
DCF Valuation	79,44	75%	59,58	57,2%
Relative Valuation (Peers)	118,21	25%	29,55	133,8%
Total		**100%**	**89,13**	

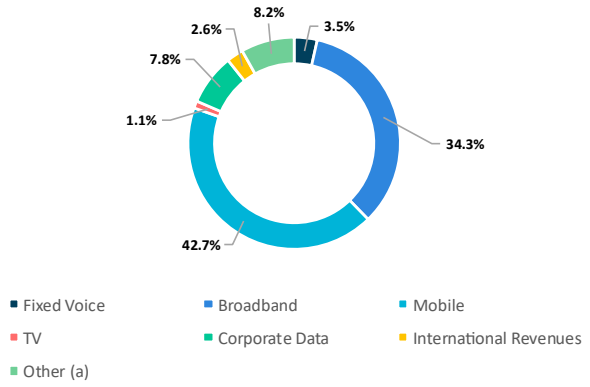
Blended Target Price (TL)	**89,13**
Closing Price (TL)	**50,55**
Blended Upside / (Downside)	**76%**

DCF Model & Assumptions

Unlevered Free Cash Flow Valuation (mln TL)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F
Revenue	**330.459**	**429.101**	**536.830**	**666.015**	**808.374**	**970.142**	**1.133.192**	**1.307.575**	**1.509.967**	**1.738.659**
Nominal Revenue Growth		*29,9%*	*25,1%*	*24,1%*	*21,4%*	*20,0%*	*16,8%*	*15,4%*	*15,5%*	*15,1%*
EBITDA Margin	*41,6%*	*42,0%*	*42,0%*	*41,0%*	*41,0%*	*41,0%*	*41,0%*	*41,0%*	*41,0%*	*41,0%*
EBİTDA	**137.320**	**180.222**	**225.469**	**273.066**	**331.433**	**397.758**	**464.609**	**536.106**	**619.086**	**712.850**
(-) D&A	72.701	94.402	118.103	146.523	177.842	213.431	249.302	287.666	332.193	382.505
EBİT	**64.620**	**85.820**	**107.366**	**126.543**	**153.591**	**184.327**	**215.306**	**248.439**	**286.894**	**330.345**
(-)Taxes	23.263	32.612	38.652	50.617	61.436	73.731	86.123	99.376	114.757	132.138
NOPLAT	**41.356**	**53.209**	**68.714**	**75.926**	**92.155**	**110.596**	**129.184**	**149.063**	**172.136**	**198.207**
(+)D&A	72.701	94.402	118.103	146.523	177.842	213.431	249.302	287.666	332.193	382.505
(-)CAPEX	170.166	184.908	173.396	200.337	225.719	259.670	290.521	320.836	353.953	394.287
(-)İncrease in NWC	(1.576)	562	614	736	811	922	929	994	1.154	1.304
Unlevered FCFF	**(54.532)**	**(37.860)**	**12.807**	**21.376**	**43.466**	**63.436**	**87.036**	**114.900**	**149.223**	**185.121**
Discount Factor	0,76	0,61	0,50	0,42	0,35	0,29	0,25	0,21	0,18	0,16

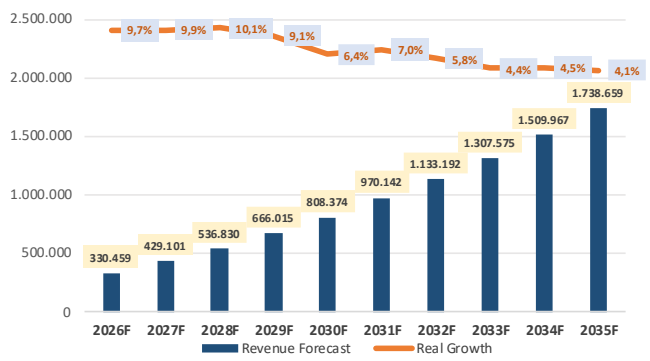
Terminal Growth Rate	4,5%
Discounted Terminal Value	234.638
Sum of Discounted FCFF	86.585
EV	**321.224**
(-)Net Debt	119.413
Equity Value	**201.810**
Shares Outstanding	3.500
Target Price	**57,66**
12 month target price	**79,44**
Closing Price	50,55
Upside / Downside	**57,2%**

Forecasted Revenue Breakdown for 2026F



Source: PhillipCapital Research

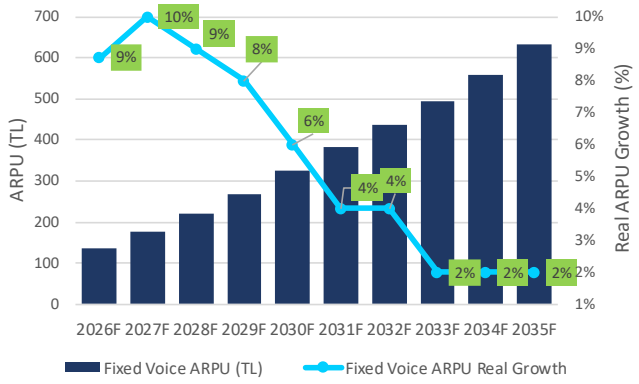
Revenue and Real Growth Forecast (2026F- 2035F)



Source: PhillipCapital Research

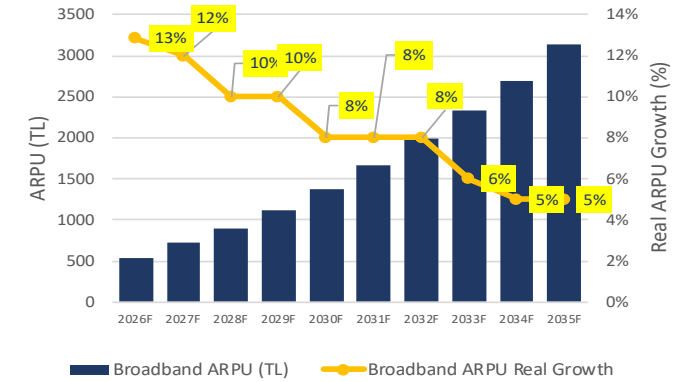
Revenue: We forecast revenue to grow from TL 330bn in 2026F to TL 1,739bn in 2035F, driven mainly by ARPU repricing across broadband and mobile. Real growth reaches 9.9% in 2027F and peaks at 10.1% in 2028F as ARPU repricing runs ahead of inflation. It then eases to 9.1% in 2029F, holds at 6–7% in 2030–31F, and slows to 5.8% in 2032F and around 4–4.5% in 2033–35F as ARPU growth normalizes and subscriber penetration matures.

Fixed Voice: ARPU TL & Real Growth Forecast (2026F - 2035F)



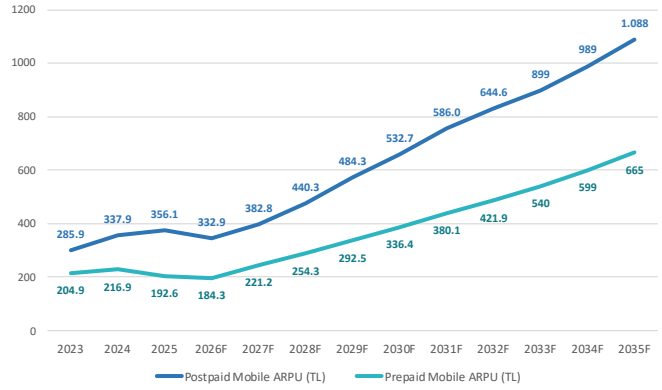
Source: PhillipCapital Research

Fixed Broadband: ARPU TL & Real Growth Forecast (2026F- 2035F)



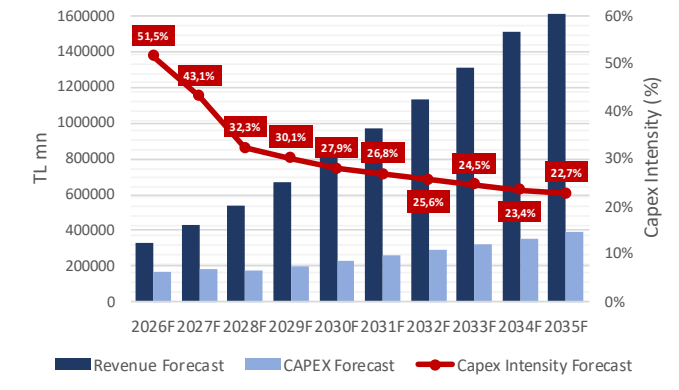
Source: PhillipCapital Research

Mobile: Prepaid & Postpaid ARPU TL Forecast (2026F- 2035F)



Source: PhillipCapital Research

CAPEX & Capex Intensity Forecast (2026F- 2035F)



Source: PhillipCapital Research

Our revenue outlook is driven primarily by repricing rather than subscriber expansion. The customer base is largely mature. Broadband subscribers stay broadly flat at around 15.4–15.6mn,

fixed voice subscribers keep declining by 3–4% a year, and mobile growth is concentrated in postpaid, where we expect the base to grow from 28.1mn in 2026F to 36.7mn by 2035F. ARPU is therefore the key growth driver, as prices gradually catch up with accumulated inflation. We expect this repricing effect to be strongest in the near term. Real revenue growth peaks in 2028F and then moderates gradually as the adjustment runs its course.

Fixed broadband is the main contributor to this dynamic. We project ARPU growth to slow down from 13% in 2026F to 12% in real terms in 2027F and 8% by 2030-32F. Fixed voice follows a similar path on a much smaller revenue base: real ARPU growth eases from 10% in 2027F to 2% by 2035F. Price increases more than offset continued subscriber losses through 2032F, after which real fixed voice revenue declines slightly**.**

In mobile, growth is increasingly driven by subscriber mix. Prepaid ARPU grows modestly in real terms in 2027-29F and broadly tracks inflation from 2030F onwards. Postpaid ARPU recovers from a weaker 2026F to reach TL 398 TL in 2027F. As the postpaid base expands, mobile revenue depends more and more on growth in this higher-value segment rather than on pricing alone.

Capex and free cash flow: Capex and free cash flow: The near-term outlook is shaped by a temporary investment peak. Capex intensity rises to 51.5% of sales in 2026F, well above the historical average of in FY2023–25. Most of this increase is one-off and reflects concession-extension and 5G licence payments, concentrated in 2026F and 2027F. We estimate core capex intensity at 34% of sales in 2026F, broadly in line with company guidance, before it declines gradually towards 22% by 2035F. Total capex still rises in absolute terms, from TL 170bn in 2026F to TL 394bn in 2035F, but it grows much more slowly than revenue (a 9.8% CAGR versus 20.3% for revenue). As a result, total capex intensity falls to 32.3% in 2028F and 22.7% by 2035F.

The investment peak pushes free cash flow into negative territory in 2026F and 2027F, even though EBITDA margins stay broadly stable at around 41-42%. The pressure on cash flow therefore comes largely from the licence and concession payments rather than from weaker underlying operations. Excluding these payments, FCFF would be slightly positive in both years. These two years weigh on near-term valuation and limit the upside, but the effect is temporary. FCFF turns positive in 2028F at TL 13bn and reaches TL 185bn by 2035F, as capex intensity normalises and EBITDA rises from TL 137bn to TL 713bn.

Our DCF still shows 57.2% upside despite absorbing the cash flow pressure of 2026-27F. This indicates that a meaningful part of the valuation rests on the stronger cash generation we expect after the investment peak.

Forecast horizon: We forecast explicitly to 2035F because Türk Telekom's concession payments run until then. The final instalment of USD 100mn falls in 2035, after the 5G licence is fully paid in 2027. Extending the forecast to 2035F keeps these committed payments inside the explicit cash flows, so they are largely captured before the terminal value. By 2035F, core capex intensity has stabilised at 22% of sales (22.7% including the final concession instalment), the EBITDA margin holds at 41%,

and real growth settles at around 4%, which gives a largely normalised base year for the terminal value.

WACC: Türkiye's ongoing disinflation cycle underpins our dynamic WACC assumptions, rather than a flat discount rate. We construct a year-by-year WACC trajectory, declining from 31.1% in 2026F to 17.3% in 2035F, which we maintain through the terminal value. Accordingly, each annual cash flow is discounted using its respective WACC. **Cost of equity:** We apply CAPM using the 10-year Turkish government bond yield as the risk-free rate, which declines from 31.7% to 15.0% in line with our disinflation assumptions. We maintain a 5.5% equity risk premium and a beta of 1.10 throughout the forecast period. Consequently, the cost of equity declines from 37.8% to 21.1%, reflecting the normalization of the risk-free rate rather than any assumed improvement in underlying business risk. **Cost of debt:** We derive the cost of debt from Türk Telekom's effective borrowing profile, incorporating bank loans and bonds, and adjust for the tax shield. The resulting after-tax cost of debt declines from 21.6% in 2026F to 8.5% by 2032F.

WACC (%)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F
Risk-Free Rate	31,7%	25,0%	22,0%	20,0%	18,0%	17,0%	15,0%	15,0%	15,0%	15,0%
Equity Risk Premium (%)	5,50%	5,50%	5,50%	5,50%	5,50%	5,50%	5,50%	5,50%	5,50%	5,50%
Beta	1,1	1,1	1,1	1,1	1,1	1,1	1,1	1,1	1,1	1,1
Cost of Equity (Ke)	37,78%	31,05%	28,05%	26,05%	24,05%	23,05%	21,05%	21,05%	21,05%	21,05%
Cost of Debt (After-Tax)	21,60%	14,55%	11,72%	10,99%	10,99%	9,76%	8,52%	8,52%	8,52%	8,52%
Target Debt Weight	41%	40%	40%	35%	35%	30%	30%	30%	30%	30%
WACC (%)	31,1%	24,4%	21,5%	20,8%	19,5%	19,1%	17,3%	17,3%	17,3%	17,3%

Relative Valuation Model & Assumptions

We use a relative valuation approach to benchmark our estimated target price against comparable listed telecom operators. Given the limited number of directly comparable companies listed on Borsa Istanbul, we broadened the peer set to international operators, incorporating differences in market structure, growth profiles and risk characteristics across the selected companies.

We divide the peer universe into three groups based on market maturity and risk: **(1) Türkiye and Gulf operators, (2) Central and Eastern European operators, and (3) developed European** operators. We place greater weight on Turkcell (%30), the Gulf (%25) and CEE peers (%30), given their closer operating environments, market dynamics and growth profiles relative to Türk Telekom. In contrast, developed European peers (%15) receive lower weights, reflecting the greater maturity of their markets and differences in their risk and return characteristics.

Peers Valuation		P/E		EV/EBITDA					
Companies		2026F	2027F	2026F	2027F	MCap TL	Mcap USD	Country	Weight
TCELL TI Equity	Turkcell Iletisim Hizmet AS	6,1x	4,8x	2,2x	1,7x	211.640	4.202	Türkiye	30%
ETEL EY Equity	Telecom Egypt	7,4x	6,4x	5,2x	4,7x	227.041	4.248	Egypt	10%
ETISALAT UH Equity	Emirates Telecom Group Co	13,6x	14,3x	6,3x	6,0x	193.938	52.801	Uae	10%
OTEL OM Equity	Oman Telecommunications Co	9,8x	10,6x	5,0x	4,6x	1.033	2.682	Oman	5%
MTELEKOM HB Equity	Magyar Telekom Telecommunica	11,4x	11,2x	6,8x	6,6x	2.667.685	8.068	Hungary	10%
PROX BB Equity	Proximus	6,7x	6,7x	3,6x	3,6x	2.180	2.411	Belgium	10%
HTO GA Equity	Hellenic Telecommun Organiza	11,4x	10,9x	5,9x	5,7x	7.621	8.428	Greece	10%
TKA AV Equity	Telekom Austria Ag	8,6x	8,0x	3,4x	3,3x	5.874	6.496	Austria	10%
TEF SM Equity	Telefonica Sa	10,5x	8,4x	4,9x	4,8x	19.732	21.822	Spain	5%
									100%
TTKOM TI Equity	Turk Telekomunikasyon AS	5,0x	3,7x	2,2x	1,6x	177.975	3.534	Türkiye	

On 2026F multiples, Türk Telekom trades at 5.0x P/E and 2.2x EV/EBITDA, compared with weighted peer averages of 8.8x and 4.3x, respectively, implying discounts of approximately 43%

and 50%. The stock trades broadly in line only with Turkcell (6.1x P/E and 2.2x EV/EBITDA), while remaining at a discount to the rest of the peer group. Gulf operators and Central and South-Eastern European telecom companies command materially higher multiples, reflecting differences in country risk and market conditions. The valuation gap therefore appears to reflect primarily Türkiye's country-risk premium rather than company-specific fundamentals, leaving scope for a re-rating as disinflation progresses, earnings visibility improves and the investment cycle normalizes.

Implied Valuation			P/E 2026F	P/E 2027F	EV/EBITDA 2026F	EV/EBITDA 2027F
Median			9,8x	8,4x	5,0x	4,7x
Industry Average			8,8x	8,1x	4,3x	4,0x
TTKOM			5,0x	3,7x	2,2x	1,6x
Premium / (Discount)			**-43,2%**	**-55,1%**	**-49,6%**	**-58,6%**
Equity & Enterprise Value by Multiples (mln TL)			**249.382**	**315.196**	**470.584**	**573.132**
(-) Net Debt (mln TL)					119.413	119.413
Equity Value by Multiples (mln TL)			**249.382**	**315.196**	**351.171**	**453.718**
Weight			50%	0%	50%	0%
Target Market Value (mln TL)			**300.276**			

Shares Outstanding	3.500,00
Target Price	**85,79**
Closing Price	50,55
12 month target price	118,21
Upside	**134%**

We apply peer multiples to our 2026F forecasts to derive an implied equity value and target price, applying a 20% discount to reflect Türkiye's higher country risk. Using a Gordon Growth framework in USD terms and country risk premiums, we estimate a cost of equity of 13.2% for Türk Telekom versus 10.1% for the weighted peer group, reflecting a Türkiye country risk premium of 4.66% compared with a peer average of 1.53%. After adjusting for Türk Telekom's higher expected growth (4.0% vs. 2.5%), the justified discount is 17.7%, which we round up to 20% to account for regulatory risks and inflation accounting not captured by the framework. This remains below the approximately 50% discount implied by headline trading multiples, meaning our relative valuation assumes only a partial re-rating.

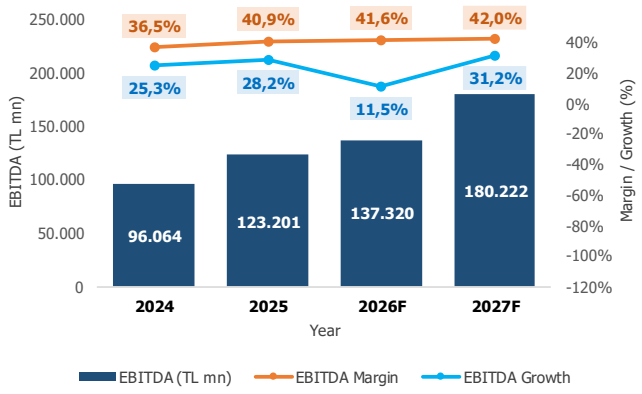
Sensitivity: Peer-Based Target vs. Turkey / EM Discount

Discount to Peers	P/E 2026F Equity Value (mn TL)	EV/EBITDA 2026F Equity Value (mn TL)	Weighted Target Mcap (mn TL)	12M Target Price (TL)	Upside
0%	311.728	468.817	390.272	153,63	203,9%
20%	**249.382**	**351.171**	**300.276**	**118,21**	**133,8%**
30%	218.209	292.348	255.279	100,49	98,8%
40%	187.037	233.525	210.281	82,78	63,8%
50%	155.864	174.702	165.283	65,06	28,7%
Model base (20%)			**300.276**	**118,21**	**133,8%**

Each 10pp increase in the discount applied to peer multiples reduces our peer-based 12-month target price by approximately TL 17.7. At current trading multiples, Türk Telekom trades at a 43% discount on P/E and a 50% discount on EV/EBITDA (2026F) relative to weighted peer averages. Our 20% discount assumption therefore implies that less than half of the current valuation gap persists. However, the impact on our blended target price is moderated by the 25% weight assigned to relative valuation. Even if the discount were widened to 50%, our blended target price would still imply an upside from the current share price.

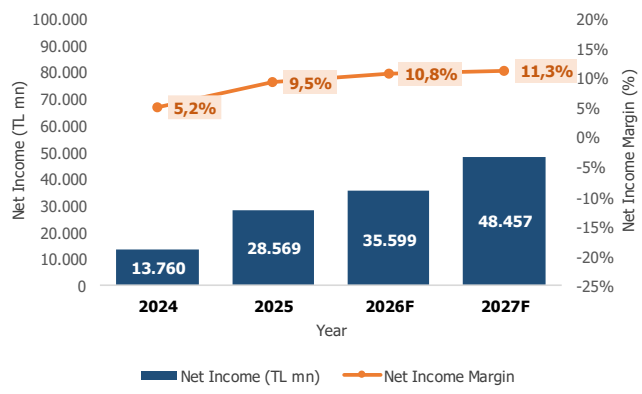
Financial Forecast Overview

EBITDA and EBITDA Margin (2024-2027F)



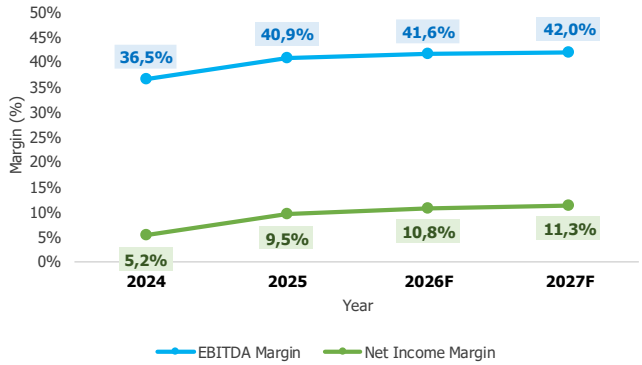
Source: PhillipCapital Research

Net İncome and Net İncome Margin (2024-2027F)



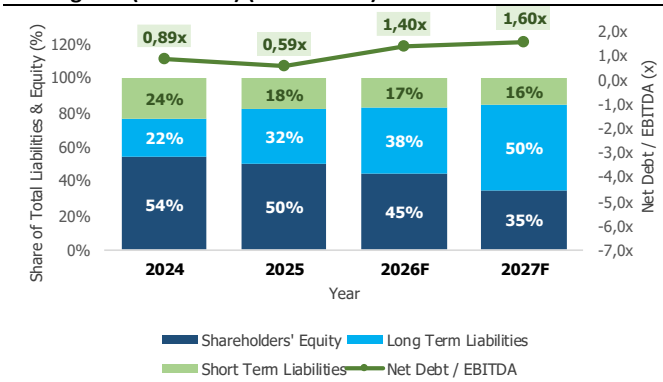
Source: PhillipCapital Research

Profit Margins (2024-2027F)



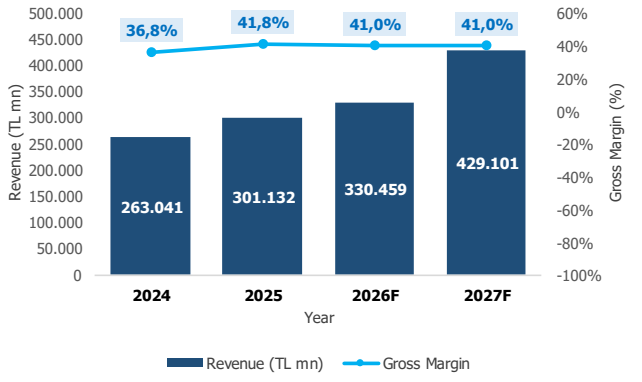
Source: PhillipCapital Research

Funding Mix (% of total) (2024-2027F)



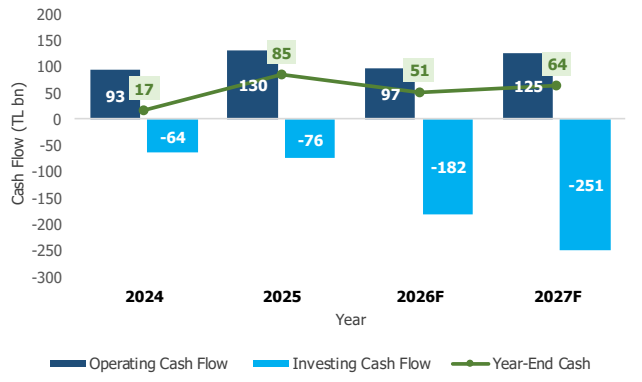
Source: PhillipCapital Research

Revenue and Gross Margin (2024- 2027F)



Source: PhillipCapital Research

Cash Flow Profile (2024 - 2027F)



Source: PhillipCapital Research

Financial Data mn TRY	2024	2025	2026F	2027F
Revenues	263.041	301.132	330.459	429.101
Gross Profit	96.733	125.814	135.488	175.931
Gross Margin	36,8%	41,8%	41,0%	41,0%
Operating Profit	37.452	64.521	64.620	85.820
EBITDA	96.064	123.201	137.320	180.222
EBITDA Growth	25,3%	28,2%	11,5%	31,2%
EBITDA Margin	36,5%	40,9%	41,6%	42,0%
Pre-Tax Profit	40.119	54.589	55.623	78.156
Tax Expense	26.359	26.020	20.024	29.699
Net Income	13.760	28.569	35.599	48.457
Net Income Margin	5,2%	9,5%	10,8%	11,3%
Net Working Capital	4.364	3.460	1.884	2.446

Balance Sheet (mn TRY)	2024	2025	2026F	2027F
Current Assets	96.773	143.156	131.767	226.807
Cash and Cash Equivalents	12.257	83.220	51.347	64.218
Short-Term Trade Receivables	35.567	40.086	43.990	57.121
Inventories	4.470	2.278	2.534	3.290
Other Current Assets	44.479	17.571	33.896	102.178
Fixed Assets	342.995	387.255	485.715	577.108
Total Assets	439.767	530.411	617.482	803.915
Short Term Liabilities	105.111	94.411	106.513	125.628
Long Term Liabilities	96.933	171.903	235.263	398.109
Shareholders' Equity	237.723	264.096	275.706	280.177
Paid-In Capital	4.351	3.500	3.500	3.500
Net Profit (Loss)	13.760	28.569	35.599	48.457
Total Liabilities & Equity	439.767	530.411	617.482	803.915

Ratio Analysis	2024	2025	2026F	2027F
P/E	10,8x	6,3x	5,0x	3,7x
EV/EBITDA	2,4x	2,0x	2,2x	1,6x
P/B	0,62x	0,68x	0,65x	0,64x
ROE	5,8%	10,8%	12,9%	17,3%
ROIC	4,0%	10,0%	8,8%	9,4%
Net Debt	85.358	72.139	192.249	288.356
Net Debt / EBITDA	0,89x	0,59x	1,4x	1,6x
Net Debt / Shareholders Equity	0,36x	0,27x	0,70x	1,03x

Cash Flow (mn TRY)	2024	2025	2026F	2027F
Cash Opening	24.782	10.078	83.220	51.347
Net Earnings	13.760	28.569	35.599	48.457
Adjustments to Net Earnings	87.571	97.660	59.483	77.238
o/w Depreciation	58.613	58.680	72.701	94.402
Change in Working Capital	-8.588	3.908	1.576	-562
Cash Flow from Core Operations	92.743	130.137	96.658	125.132
Cash from Investing & Other Operati	-63.894	-75.659	-182.248	-251.178
Change in Financial Debt	-40.011	40.595	64.489	165.737
Cash from Other Financial Operatior	5.691	-11.797	-23.989	-43.985
Cash from Financial Operations	-34.319	28.798	40.499	121.752
Total Cash Flow	-7.852	75.292	-31.873	12.871
Cash at the End of the Year	16.930	85.370	51.347	64.218

Source: Finnet, PhillipCapital Research

Turkcell Valuation

Blended Valuation Approach

We combine our DCF and relative valuation with 75% and 25% weights, respectively, to reach a blended 12-month target price of TL 162.97, which implies 69% upside to the TL 96.45 close. The DCF gives **TL 153.41 (59.1% upside)**. It captures Turkcell's own cash flows, including the 2026F capex peak, when capex intensity reaches around 47% of revenue before easing toward 26% by 2032F, the recovery in FCFF that follows and our disinflation path for the discount rate. Peer multiples give **TL 191.80 (98.9% upside)**. They show how the market prices comparable operators, and Turkcell trades at a discount of 28–57% to the peer median across our P/E and EV/EBITDA multiples.

As in our Türk Telekom valuation, we place an 75% weight on the DCF and 25% on the relative valuation, for the same reasons. The DCF directly reflects Turkcell's own investment cycle, including the 2026F–2027F capex peak driven by the 5G licence and Google Cloud commitments, which near-term multiples do not capture. The relative valuation depends on peers that operate in more stable markets and may not fully reflect Türkiye-specific risk. We discuss the details and methodology of the DCF and relative models, respectively, below.

Method	Target Price (TL)	Weight	Weighted Contribution (TL)	Upside / (Downside)
DCF Valuation	153,41	75%	115,02	59,1%
Multiples Analysis (Peers)	191,80	25%	47,95	98,9%
Total		**100%**	**162,97**	

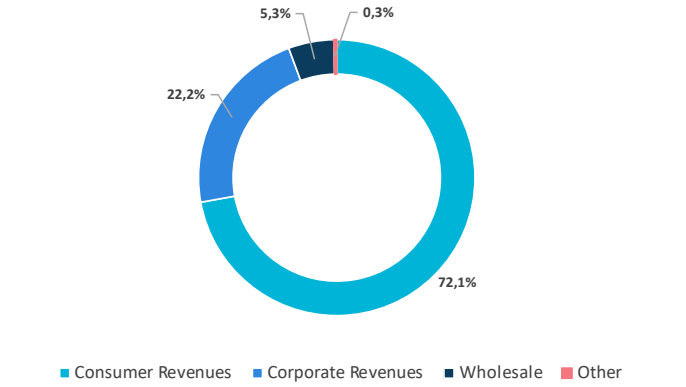
Weighted Target Price (TL)	**162,97**
Closing Price (TL)	**96,45**
Weighted Upside / (Downside)	**69%**

DCF Model & Assumptions

Unlevered Free Cash Flow Valuation (mln TL)	2026F	2027F	2028F	2029F	2030F	2031F	2032F
Revenue	329.191	432.579	530.855	646.292	778.599	909.286	1.046.577
Nominal Revenue Growth		*31,4%*	*22,7%*	*21,7%*	*20,5%*	*16,8%*	*15,1%*
EBITDA Margin	*42,3%*	*41,7%*	*41,2%*	*40,8%*	*40,5%*	*40,3%*	*40,1%*
EBİTDA	**139.248**	**180.386**	**218.712**	**263.687**	**315.333**	**366.442**	**419.677**
(-) D&A	82.298	108.145	132.714	161.573	194.650	227.321	261.644
EBİT	56.950	72.241	85.999	102.114	120.683	139.121	158.033
(-)Taxes	14.238	18.060	21.500	25.529	30.171	34.780	39.508
NOPLAT	42.713	54.181	64.499	76.586	90.512	104.341	118.525
(+)D&A	82.298	108.145	132.714	161.573	194.650	227.321	261.644
(-)CAPEX	153.845	139.733	141.057	167.578	201.119	234.199	268.782
(-)İncrease in NWC	(4.831)	(4.997)	(3.737)	(5.697)	(6.697)	(2.591)	(1.811)
Unlevered FCFF	**(24.004)**	**27.589**	**59.892**	**76.278**	**90.740**	**100.054**	**113.197**
Discount Factor	0,75	0,60	0,49	0,40	0,33	0,28	0,23

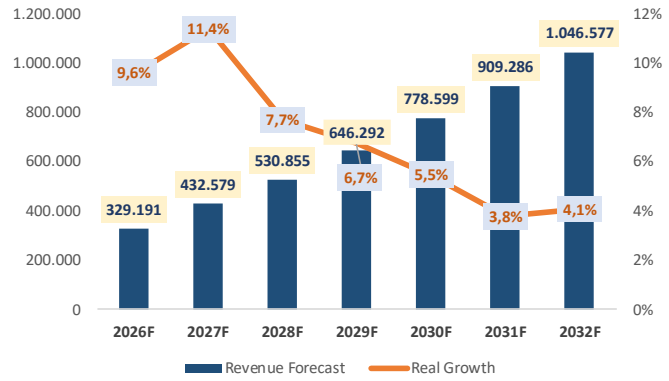
Terminal Growth Rate	4,0%
Discounted Terminal Value	199.859
Sum of Discounted FCFF	141.952
EV	**341.811**
(-)Net Debt	96.861
Equity Value	**244.950**
Shares Outstanding	2.200
Target Price	**111,34**
12 month target price	**153,41**
Closing Price	96,45
Upside / Downside	**59,1%**

Forecasted Turkcell Türkiye Revenue Breakdown for 2026F



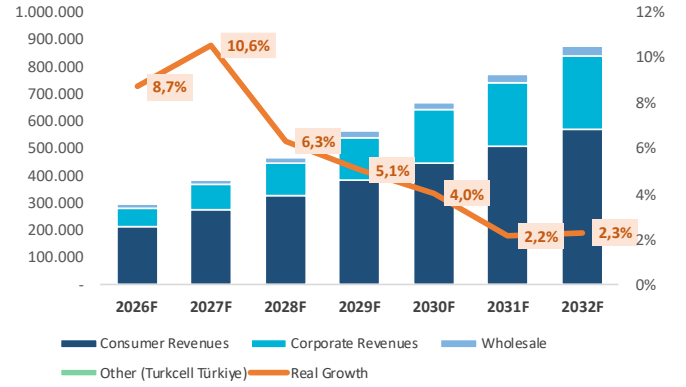
Source: PhillipCapital Research

Revenue and Real Growth Forecast (2026F- 2032F)



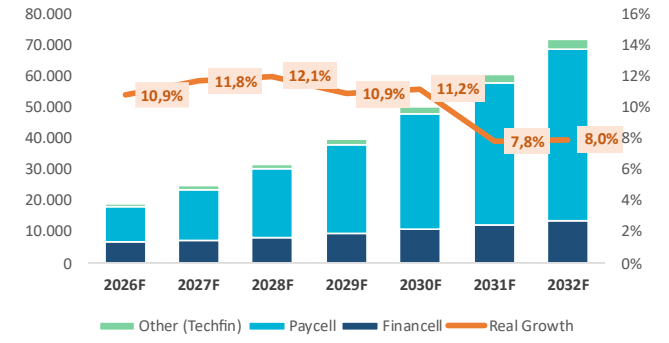
Source: PhillipCapital Research

Turkcell Turkiye Revenue Forecast Breakdown and Real Growth (2026F -2032F)



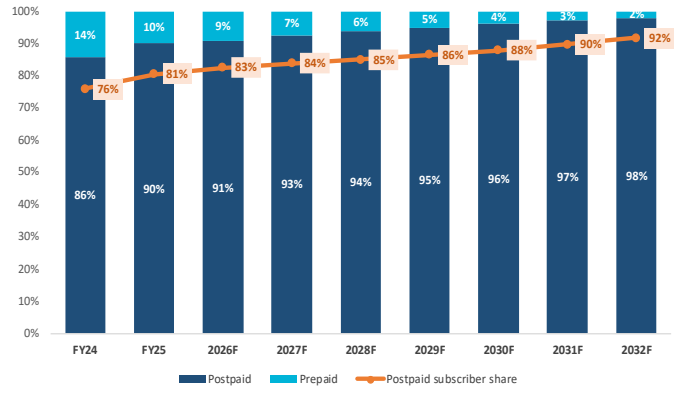
Source: PhillipCapital Research

Techfin Revenue Forecast Breakdown and real Growth (2026F- 2032F)



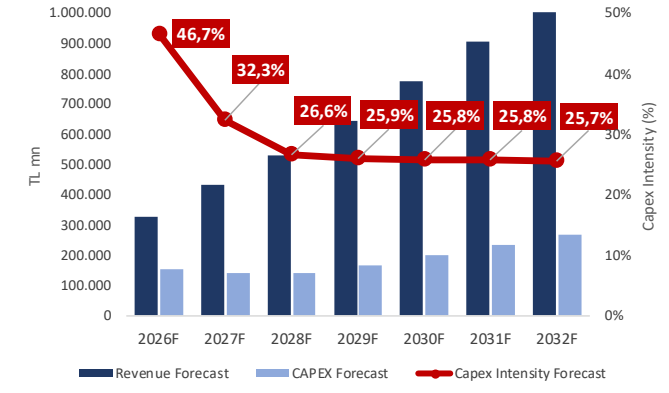
Source: PhillipCapital Research

Turkcell Türkiye Mobile Revenue Mix: Postpaid vs Prepaid



Source: PhillipCapital Research

CAPEX & Capex Intensity Forecast (2026F- 2032F)



Source: PhillipCapital Research

Revenue: We forecast consolidated revenue to increase from TL329bn in 2026F to TL1,047bn in 2032F. Real growth peaks at 11.4% in 2027F, when we expect corporate revenue to grow 20% in

real terms, postpaid subscribers to increase by 5% and Paycell revenue to grow 25% in real terms. Growth subsequently moderates, reaching approximately 4% in 2031–32F as corporate growth normalises and subscriber gains gradually slow. Mobile penetration in Türkiye is already well above 100%, while the remaining prepaid subscriber base available for migration to postpaid continues to narrow.

Consumer mobile remains the core of the business, although we expect the revenue mix to gradually shift towards higher-value postpaid services. Postpaid ARPU is expected to grow modestly ahead of inflation in the near term before broadly tracking inflation later in the forecast period. Consumer revenue growth will therefore be supported by both postpaid subscriber additions and ARPU expansion, alongside the continued migration of prepaid users. We forecast the prepaid subscriber base to decline from 7.2mn in 2026F to 6.5mn by 2032F, increasing postpaid's share of mobile revenue from 90.7% to approximately 98%. Corporate is expected to remain the fastest-growing business within Turkcell Türkiye, with its share of segment revenue increasing from 22.2% to 30.4%, supported by continued demand for digital services and data centres. Outside Turkcell Türkiye, Techfin revenue is forecast to increase from TL18.8bn to TL72.1bn, with Paycell growing faster than Financell, whose real revenue we expect to contract in 2027–28F before stabilising. Consequently, Techfin's contribution to consolidated group revenue increases from 5.7% to 6.9%.

Capex and free cash flow: The near-term outlook is dominated by a temporary peak in investment spending. Capex intensity is expected to reach 46.7% of sales in 2026F before declining to 32.3% in 2027F. This increase is largely driven by approximately USD2.5bn of additional commitments, including USD1.47bn of 5G licence instalments and associated VAT payments in 2026–27F, as well as approximately USD1bn committed to the Google Cloud partnership through 2032F. Excluding these items, core capex intensity remains more moderate at 23% in 2026F, rising to 24.5% from 2027F onward. As these investment-related payments gradually roll off, total capex intensity is expected to normalise to 25.7% by 2032F.

Unlike licence payments, the Google Cloud investment represents growth capex, funding additional data centre and cloud capacity rather than maintaining the existing network. The USD-denominated commitment is spread across the forecast period, with annual payments declining from USD167mn in 2026–28F to USD125mn in 2029–32F. While the TL cost remains sensitive to currency movements, its contribution to total investment spending gradually diminishes relative to the expanding revenue base. We expect this investment to support corporate revenue growth as additional capacity comes online and utilisation increases.

The investment peak weighs on FCFF in the near term, pushing it to TL-24.0 bn in 2026F despite an EBITDA margin of 42.3%. This indicates that temporary cash flow pressure is primarily driven by elevated investment spending rather than weaker operating performance. FCFF turns positive at TL27.6bn in 2027F and is expected to reach TL113.2bn by 2032F as investment intensity normalises and cash generation strengthens.

Despite the near-term outflow, our DCF valuation implies **59.1%** upside based on the model's 12-month target price of TL153.41, with a significant portion of the valuation supported by stronger cash generation expected after the investment peak.

Forecast horizon: We explicitly forecast cash flows through 2032F, by which time all 5G licence instalments will have been paid, while the Google Cloud commitment will reach its final year. Capex intensity is expected to normalise to approximately 25.7% of sales, while real revenue growth moderates to around 4.1%. Beyond the explicit forecast period, we capture longer-term cash flows through a terminal value, assuming 4% perpetual growth in nominal TL terms. The terminal value is anchored to 2032F FCFF, which incorporates the reinvestment requirements reflected in our final forecast year.

WACC: Türkiye is in a disinflation cycle, so we do not use a flat WACC. We build it year by year, from 32.5% in 2026F to 17.8% in 2032F, hold it at that level for the terminal value, and discount each year's cash flow on that path. **Cost of equity**: we use CAPM with the 10-year Turkish government bond yield as the risk-free rate, which falls from 31.7% to 15.0% in line with our disinflation path. We hold the equity risk premium at 5.5% and beta at 1.10, so the cost of equity falls from 37.8% to 21.0%, driven entirely by the risk-free rate rather than any change in business risk. **Cost of debt:** We derive the cost of debt from Turkcell's effective borrowing profile (bank loans and bonds), adjusted for the tax shield, which gives an after-tax cost of 24.8% in 2026F falling to 10.2% by 2032F. As the licence payments roll off, we expect the debt weight to decline from 41% in 2026F toward a target of 30% from 2029F onward.

WACC (%)	2026F	2027F	2028F	2029F	2030F	2031F	2032F
Risk-Free Rate	31,7%	25,0%	22,0%	20,0%	18,0%	17,0%	15,0%
Equity Risk Premium (%)	5,50%	5,50%	5,50%	5,50%	5,50%	5,50%	5,50%
Beta	1,10	1,10	1,10	1,10	1,10	1,10	1,10
Cost of Equity (Ke)	37,78%	31,05%	28,05%	26,05%	24,05%	23,05%	21,05%
Cost of Debt (After-Tax)	24,75%	17,08%	13,24%	13,24%	13,24%	11,71%	10,17%
Target Debt Weight	41%	35%	35%	30%	30%	30%	30%
WACC (%)	32,5%	26,2%	22,9%	22,2%	20,8%	19,6%	17,8%

Relative Valuation Model & Assumptions

We use a relative valuation as the second component of our target price, benchmarking Turkcell against comparable listed telecom operators: **(1) Türkiye and Gulf operators, (2) Central and Eastern European operators, and (3) developed European operators**. We place greater weight on Türk Telekom (%30), the Gulf (%25) and CEE peers (%30), given their closer operating environments, market dynamics and growth profiles relative to Turkcell. In contrast, developed European peers (%15) receive lower weights, reflecting the greater maturity of their markets and differences in their risk and return characteristics.

Peers Valuation		P/E		EV/EBITDA					
	Companies	2026F	2027F	2026F	2027F	MCap TL	Mcap USD	Country	Weight
TTKOM TI Equity	Turk Telekomunikasyon AS	5,0x	3,7x	2,2x	1,6x	177.975	3.534	Türkiye	30%
ETEL EY Equity	Telecom Egypt	7,4x	6,4x	5,2x	4,7x	227.041	4.248	Egypt	10%
ETISALAT UH Equity	Emirates Telecom Group Co	13,6x	14,4x	6,3x	6,0x	194.633	52.990	Uae	10%
OTEL OM Equity	Oman Telecommunications Co	9,8x	10,6x	5,0x	4,6x	1.033	2.682	Oman	5%
MTELEKOM HB Equity	Magyar Telekom Telecommunica	11,4x	11,2x	6,8x	6,6x	2.667.685	8.068	Hungary	10%
PROX BB Equity	Proximus	6,7x	6,7x	3,6x	3,6x	2.180	2.411	Belgium	10%
HTO GA Equity	Hellenic Telecommun Organiza	11,4x	10,9x	5,9x	5,7x	7.621	8.428	Greece	10%
TKA AV Equity	Telekom Austria Ag	8,6x	8,0x	3,4x	3,3x	5.874	6.496	Austria	10%
TEF SM Equity	Telefonica Sa	10,5x	8,4x	4,9x	4,8x	19.732	21.822	Spain	5%
									100%
TCELL TI Equity	Turkcell Iletisim Hizmet AS	6,1x	4,8x	2,2x	1,7x	211.750	4.204	Türkiye	

On 2026F multiples, Turkcell trades at 6.1x P/E and 2.2x EV/EBITDA, against weighted peer averages of 8.4x and 4.3x, respectively, implying discounts of 28% on P/E and 48% on EV/EBITDA. On EV/EBITDA, the stock trades broadly in line only with Türk Telekom (5.0x P/E and 2.2x EV/EBITDA), while remaining at a discount to the rest of the peer group. Gulf operators and Central and South-Eastern European telecom companies command materially higher multiples, reflecting differences in country risk and market conditions. The valuation gap therefore appears to reflect primarily Türkiye's country-risk premium rather than company-specific fundamentals, leaving scope for a re-rating as disinflation progresses, earnings visibility improves and the investment cycle normalizes.

Implied Valuation	P/E 2026F	P/E 2027F	EV/EBITDA 2026F	EV/EBITDA 2027F
Median	9,8x	8,4x	5,0x	4,7x
Industry Average	8,4x	7,8x	4,3x	4,0x
TCELL	6,1x	4,8x	2,2x	1,7x
Premium / (Discount)	**-27,5%**	**-38,8%**	**-48,0%**	**-56,7%**
Equity & Enterprise Value by Multiples (mln TL)	**234.021**	**277.425**	**475.353**	**570.931**
(-) Net Debt (mln TL)			96.861	96.861
Equity Value by Multiples (mln TL)	**234.021**	**277.425**	**378.492**	**474.070**
Weight	50%	0%	50%	0%
Target Market Value (mln TL)	**306.257**			

Shares Outstanding	2.200,00
Target Price	**139,21**
Closing Price	96,45
12 month target price	191,80
Upside	**99%**

We apply a 20% discount to peer multiples to reflect Türkiye's higher country risk. Using a Gordon Growth framework in USD terms and Damodaran's country risk premium estimates (January 2026, with Türkiye's figure updated in February 2026), we estimate a cost of equity of 13.2% for Turkcell versus 10.1% for the weighted peer group, reflecting a 4.66% Türkiye country risk premium against a peer average of 1.53%. After adjusting for Turkcell's higher expected growth (4.0% versus 2.5%), the implied justified valuation discount is approximately 17.4%, which we round up to 20% to account for additional regulatory, inflation-accounting and liquidity risks not fully captured by the framework. This remains below the approximately 28–58% discounts implied by the current peer multiples in our model, meaning our relative valuation assumes only a partial re-rating.

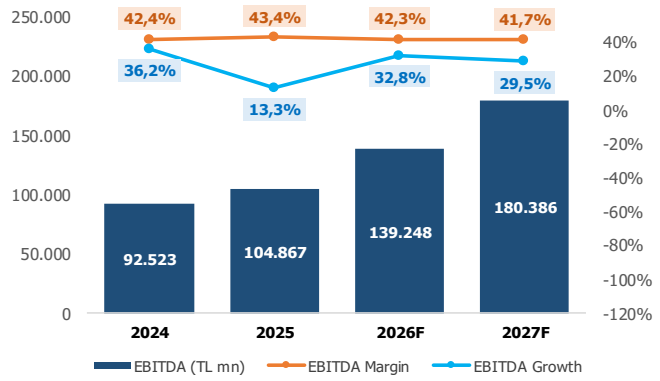
Sensitivity: Peer-Based Target vs. Turkey / EM Discount

Discount to Peers	P/E 2026F Equity Value (mn TL)	EV/EBITDA 2026F Equity Value (mn TL)	Weighted Target Mcap (mn TL)	12M Target Price (TL)	Upside
0%	292.527	497.331	394.929	247,33	156,4%
20%	234.021	378.492	306.257	191,80	98,9%
30%	204.769	319.073	261.921	164,03	70,1%
40%	175.516	259.654	217.585	136,27	41,3%
50%	146.263	200.235	173.249	108,50	12,5%
Model base (20%)			306.257	191,80	98,9%

Each 10pp change in the discount applied to peer multiples moves our peer-based 12-month target price by approximately TL27.8. At the current share price, Turkcell trades at an implied discount of approximately 40% to weighted peer average multiples (28% on P/E and 48% on EV/EBITDA, 2026F). Accordingly, our 20% assumption implies that approximately half of the current valuation discount persists. However, given the 25% weight of relative valuation in our blended methodology, the impact on our overall target price is more limited: even at a 50% discount, our blended target price would be still implying an upside.

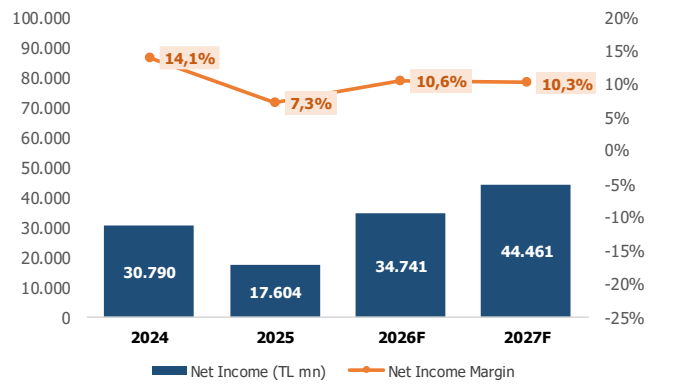
Financial Forecast Overview

EBITDA and EBITDA Margin (2024-2027F)



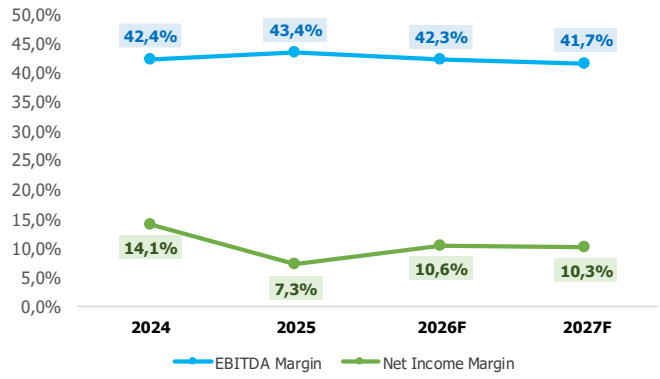
Source: PhillipCapital Research

Net İncome and Net İncome Margin (2024-2027F)



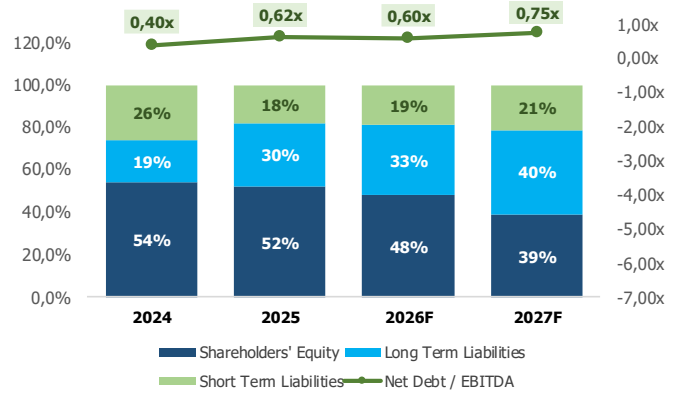
Source: PhillipCapital Research

Profit Margins (2024-2027F)



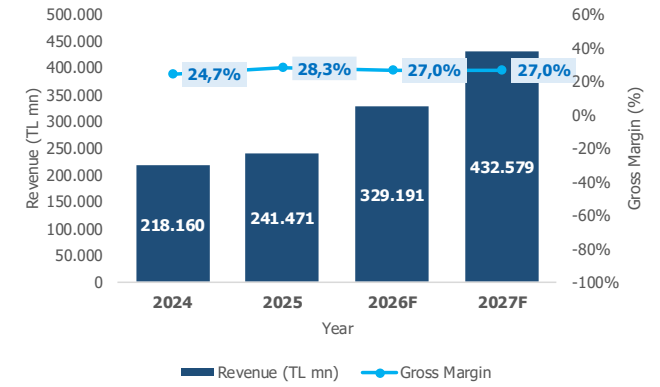
Source: PhillipCapital Research

Funding Mix (% of total) (2024-2027F)



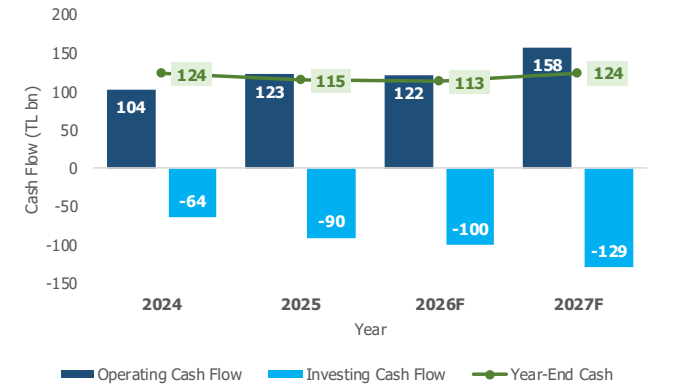
Source: PhillipCapital Research

Revenue and Gross Margin (2024- 2027F)



Source: PhillipCapital Research

Cash Flow Profile (2024 2027F)



Source: PhillipCapital Research

Financial Data mn TRY	2024	2025	2026F	2027F
Revenues	218.160	241.471	329.191	432.579
Gross Profit	53.834	68.346	88.882	116.796
Gross Margin	24,7%	28,3%	27,0%	27,0%
Operating Profit	30.446	41.517	56.950	72.241
EBITDA	92.523	104.867	139.248	180.386
EBITDA Growth	36,2%	13,3%	32,8%	29,5%
EBITDA Margin	42,4%	43,4%	42,3%	41,7%
Pre-Tax Profit	20.881	31.190	61.848	74.102
Tax Expense	6.369	13.399	27.107	29.641
Net Income	30.790	17.604	34.741	44.461
Net Income Margin	14,1%	7,3%	10,6%	10,3%
Net Working Capital	-7.037	-9.701	-14.532	-19.529

Balance Sheet (mn TRY)	2024	2025	2026F	2027F
Current Assets	148.815	194.716	209.609	240.891
Cash and Cash Equivalents	90.230	114.158	113.407	124.376
Short-Term Trade Receivables	21.872	29.728	40.527	53.256
Inventories	883	1.116	1.550	2.036
Other Current Assets	35.830	49.714	54.126	61.222
Fixed Assets	301.815	427.582	451.815	472.789
Total Assets	450.630	622.298	661.424	713.680
Short Term Liabilities	118.895	114.360	125.687	150.750
Long Term Liabilities	87.011	185.543	218.565	283.621
Shareholders' Equity	244.725	322.396	317.172	279.308
Paid-In Capital	2.200	2.200	2.200	2.200
Net Profit (Loss)	30.790	21.885	34.741	44.461
Total Liabilities & Equity	450.630	622.298	661.424	713.680

Ratio Analysis	2024	2025	2026F	2027F
P/E	6,2x	12,1x	6,1x	4,8x
EV/EBITDA	2,5x	2,7x	2,2x	1,7x
P/B	0,78x	0,66x	0,67x	0,76x
ROE	12,6%	5,5%	11,0%	15,9%
ROIC	7,5%	6,1%	8,0%	10,5%
Net Debt	37.337	65.468	83.549	135.289
Net Debt / EBITDA	0,40x	0,62x	0,60x	0,75x
Net Debt / Shareholders Equity	0,15x	0,20x	0,26x	0,48x

Cash Flow (mn TRY)	2024	2025	2026F	2027F
Cash Opening	101.719	89.863	114.158	113.407
Net Earnings	30.779	17.604	34.741	44.461
Adjustments to Net Earnings	77.646	110.493	82.298	108.145
o/w Depreciation	62.077	63.349	82.298	108.145
Change in Working Capital	-4.812	-5.388	4.831	4.997
Cash Flow from Core Operations	103.613	122.710	121.870	157.603
Cash from Investing & Other Operati	-63.948	-90.465	-99.986	-128.974
Change in Financial Debt	15.174	60.655	17.329	64.666
Cash from Other Financial Operatior	-27.980	-62.186	-39.965	-82.325
Cash from Financial Operations	-12.807	-1.531	-22.636	-17.659
Total Cash Flow	22.001	25.010	-752	10.970
Cash at the End of the Year	123.720	114.873	113.407	124.376

Source: Finnet, PhillipCapital Research

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