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Turk Telekom

Despite strong operational performance in 4Q25, tax expenses weighed on net profit

Basak Kamber

Analyst

bkamber@sekeryatirim.com

According to inflation-adjusted financials (IAS 29 impact), Türk Telekom recorded a net profit of TRY 718mn in 4Q25 (4Q24: net loss of TRY 2,075mn). The market median expectation stood at TRY 3,030mn, while our estimate was TRY 4,989mn. Despite strong operational profitability supported by higher revenues, improved gross profitability, and operating expenses increasing at a more limited pace compared to sales, the decline in net monetary position gains and deferred tax expenses caused net profit to come in well below expectations.

Including TMS-29 effects, the company's net sales revenues increased by 16.2% YoY to TRY 69,312mn in 4Q25, exceeding both our estimate of TRY 64,589mn and the market median expectation of TRY 62,533mn (4Q24: TRY 59,652mn). Growth was primarily driven by fixed internet, mobile, and corporate data segments. IFRIC 12 revenues increased significantly in the final quarter due to higher fiber infrastructure investments. Excluding the IFRIC 12 accounting effect, 4Q25 revenues rose by 8.4% YoY to TRY 58.6bn. On a segmental basis, fixed broadband grew by 18.8%, mobile by 5.3%, TV by 17.9%, and corporate data by 26.5%, while fixed voice, international, and other revenues declined by 1.4%, 26.9%, and 4.1%, respectively. The company's total subscriber base reached 56.6 million in 4Q25, supported by 392 thousand new subscribers. Excluding the loss of 224 thousand subscribers in the fixed voice segment, the quarterly net subscriber gain amounted to 617 thousand. Despite the high base of the previous year, ARPU continued its strong performance in 4Q25, increasing 17.9% YoY, bringing full-year 2025 ARPU growth to 16.5%. Successful pricing strategies, strong re-contracting performance, and higher-tier package sales supported the ARPU growth momentum. Mobile ARPU declined by 8.5% YoY in 4Q, mainly due to the high base of 19.8% growth in 4Q24 and the dilutive impact of M2M subscriber additions. Excluding M2M, mobile and postpaid ARPU remained flat YoY in 4Q. For the full year, mobile ARPU grew by 4.2% YoY, on top of the strong 17.1% growth recorded in the previous year. Excluding M2M, mobile and postpaid ARPU increased by 9.4% and 11.7% YoY, respectively. The company expects fixed internet net subscriber additions in 2026 to exceed last year's level, supported by continued pricing actions and ongoing increases in subscriber speeds, which should also drive strong real ARPU growth.

The ongoing disinflation process and effective cost management supported operational profitability. Including TMS-29 effects, EBITDA increased by 35.6% YoY to TRY 26,496mn in 4Q25, exceeding both our estimate of TRY 25,357mn and the market median expectation of TRY 24,851mn. The EBITDA margin reached 38.2% in 4Q25 (4Q24: 32.7%).

The company's net debt position declined. Net debt, which stood at TRY 59.4 billion at the end of September 2025, slightly decreased to TRY 58 billion by FY25. Consequently, the Net Debt/EBITDA ratio declined to 0.6x as of 2025.

OUTPERFORM
TP: TRY 80.00
Previous TP: TRY 80.00
Upside potential: 28.1%

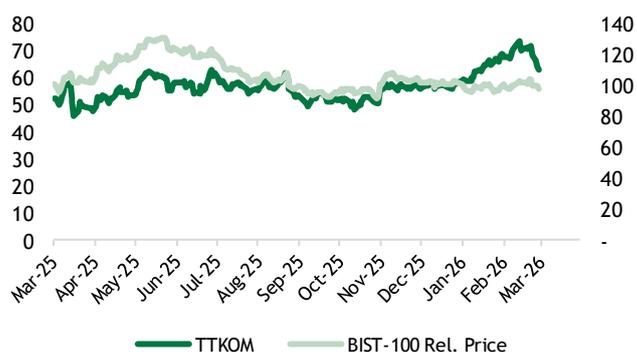
	TRY	US\$
Close	62,45	1,42
BIST 100	12,943	295
US\$/TRY(CB Bid Rate):	43,891	
52 Week High:	75,65	1,73
52 Week Low:	44,80	1,13
Bloomberg/Reuters Ticker:	TTKOM.TI / TTKOM.IS	

Number of Shares (Mn):	3.500	
	(TRY Mn)	(US\$ Mn)
Current Mcap :	218.575	4.980
Free Float Mcap :	28.415	647

	1 M	YOY	YTD
TRY Return (%):	-9,0	27,7	8,6
US\$ Return (%):	-9,9	5,9	6,0
BIST 100 Relative (%):	-2,3	-2,3	-5,5
Avg. Daily Vol. (TRY Mn):	1.296,9		
Avg. Daily Vol. (US\$ Mn):	31,7		

Beta	0,99
Volatility (Stock)	0,38
Volatility (BIST 100)	0,25

Shareholder Structure	%
Turkish Wealth Fund	61,7
Turkish Treasury	25,0
Free Float	13,3
Total	100,0



2025 Performance: In 2025, the company increased its revenues by 14.5% YoY (excluding IFRIC 12) to TRY 242,229mn, exceeding its 10% revenue growth guidance. Revenue growth was mainly supported by price adjustments and strong operational performance, reinforcing the company's operating structure. The EBITDA margin stood at 40.9%, slightly below the company's 41.5% guidance, although the company largely maintained its high operational profitability throughout the year.

2026 Guidance: The company expects 8-9% revenue growth in 2026, supported by continued strong subscriber growth across core business segments, ongoing pricing actions, and rapid increases in average speeds in the fixed broadband subscriber base. The EBITDA margin is expected to improve slightly to the 41-42% range. In addition, capital expenditures as a percentage of revenues are projected to increase to 33-34%, driven by 5G investments and increased brownfield (transformation) and greenfield (new) fiber investments.

We maintain our "OUTPERFORM" recommendation for Türk Telekom. Although the net profit reported in 4Q25 came in below expectations, this deviation mainly stemmed from the decline in net monetary position gains and tax-related items. On the operational side, the company continues to demonstrate strong performance. Therefore, the shortfall in net profit appears to be driven largely by financial and accounting-related effects rather than any operational weakness. Within this framework, we maintain our positive view on the company over the medium to long term. Following the announcement of the 4Q25 financial results, we maintain our 12-month target price at TRY 80.00 per share. Based on the closing price as of March 04, 2026, our target price implies an upside potential of 28.1%, and accordingly we reiterate our "OUTPERFORM" recommendation.

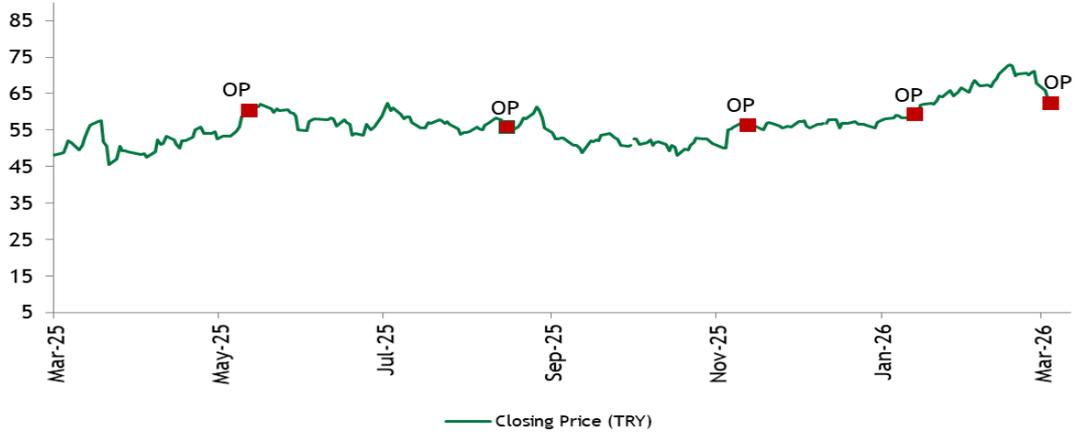
Figure 1: Financials (Including IAS-29)

TRY Million	YE24	YE25	YoY	4Q24	4Q25	YoY
Revenues	211.589	242.229	14,5%	59.652	69.312	16,2%
Gross Profit	77.812	101.204	30,1%	20.423	27.499	34,6%
<i>Gross Profit Margin</i>	36,8%	41,8%		34,2%	39,7%	
EBIT	30.126	51.900	72,3%	7.710	13.558	75,8%
<i>EBIT Margin</i>	14,2%	21,4%		12,9%	19,6%	
EBITDA	77.274	99.102	28,2%	19.534	26.496	35,6%
<i>EBITDA Margin</i>	36,5%	40,9%		32,7%	38,2%	
Net Profit	11.068	22.981	107,6%	-2.075	718	N.M.
<i>Net Profit Margin</i>	5,2%	9,5%		-3,5%	1,0%	

Figure 2: Key financials (Including IAS-29)

BALANCE SHEET (TRY Mn)	2024/12	2025/12	% Chg
PP&E	148.713	165.183	11,1%
Intangibles	110.202	131.898	19,7%
Other Non-Current Assets	16.987	14.424	-15,1%
Trade Receivables	28.610	32.245	12,7%
Cash&Equivalents	9.859	66.942	579,0%
Other Current Assets	39.374	15.967	-59,4%
Total Assets	353.746	426.659	20,6%
Long Term Debt	57.469	105.658	83,9%
Other Non current liabilities	20.503	32.620	59,1%
Short Term Debt	15.738	2.754	-82,5%
Trade Payables	28.695	31.295	9,1%
Other current liabilities	40.117	41.895	4,4%
Total Liabilities	162.523	214.222	31,8%
Total Equity	191.223	212.437	11,1%
Total Equity&Liabilities	353.746	426.659	20,6%
INCOME STATEMENT (TRY Mn)	2024/12	2025/12	% Chg
Revenues	211.589	242.229	14,5%
COGS	133.777	141.025	5,4%
Gross Profit (Loss)	77.812	101.204	30,1%
Operating Expenses	47.686	49.303	3,4%
Operating Profit/(Loss)	30.126	51.900	72,3%
Net Other Ope. Rev./(Exp.)	2.970	(3.177)	N.M.
Income/(Loss) from Investing Activities	5.405	1.601	-70,4%
Financial Expenses	(35.973)	(23.534)	N.M.
Gains (losses) on net monetary positions	30.627	17.858	-41,7%
Profit Before Tax (Loss)	32.271	43.911	36,1%
Tax	(21.203)	(20.931)	N.M.
Net Profit (Loss)	11.068	22.981	107,6%
Minority Interest	-	-	N.M.
Majority Interest	11.068	22.981	107,6%

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

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.

ŞEKER INVEST RESEARCH

Şeker Yatırım Menkul Değerler A.Ş.
Buyukdere Cad. No:171 Metrocity
A Blok Kat 4-5 34330 SİSLİ /IST
TURKEY

TEL: +90 (212) 334 33 33
Fax: +90 (212) 334 33 34
E-mail: research@sekeryatirim.com
Web: <http://www.sekeryatirim.com/english/index.aspx>

For additional information, please contact:

Research

Kadir Tezeller	Head	+90 (212) 334 33 81	ktezeller@sekeryatirim.com
Burak Demirbilek	Utilities	+90 (212) 334 33 33-128	bdemirbilek@sekeryatirim.com
Atasav Can Tuglu	Retail, Automotive, Aviation, Beverages	+90 (212) 334 33 33-334	atuglu@sekeryatirim.com.tr
Basak Kamber	Glass, Pharm., Defense, Food, Telcos., Cons. Dur.	+90 (212) 334 33 33-251	bkamber@sekeryatirim.com
M. Mucahid Yildirim	Banking	+90 (212) 334 33 33-150	myildirim@sekeryatirim.com
Yusuf Kemal Erdekli	Cement, Conglomerates, Real Estate	+90 (212) 334 33 33-115	yerdekli@sekeryatirim.com
O. Furkan Ozdemir	Iron & Steel, Oil, Gas, & Derivatives	+90 (212) 334 33 33-245	oozdemir@sekeryatirim.com

Economy & Politics

Abdulkadir Dogan	Chief Economist	+90 (212) 334 91 04	adogan@sekeryatirim.com
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Institutional Sales

Deniz Keskin	Trader	+90 (212) 334 33 36	dkeskin@sekeryatirim.com
M. Kerim Culum	Trader	+90 (212) 334 33 33-316	kulum@sekeryatirim.com

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