

Turkcell

We attended the analyst meeting held with the participation of Turkcell's senior management and investor relations. In addition to the latest developments regarding the company's current operations, the meeting covered strategic priorities as well as data center and cloud investments that are expected to contribute to growth in the medium to long term.

Main Topics of the Meeting

Management outlined a framework aimed at creating value through scalable digital infrastructure assets beyond the identity of a telecom operator. Main focus of the company's growth plans and investments is concentrated on fiber, 5G technology, artificial intelligence, renewable energy, and data center & cloud.

Leadership in Data Centers and Growth Plans

It was stated that the company has strengthened its leadership in the corporate data center market thanks to its early-mover advantage and that it holds a clear leadership position in the corporate market with a 39% market share. It was emphasized that the company's total capacity has reached 54 MW and that active capacity is approximately 50 MW. The data centers, in which a cumulative investment of approximately EUR 545 million has been made to date, are located in Tekirdağ/Çorlu, Kocaeli/Gebze, İzmir/Torbali, and Ankara/Temelli.

On the cloud side, this was discussed as a critical lever especially for early-stage companies and SMEs. The company emphasized that the cloud infrastructure's ability to allow testing without making high upfront investments accelerates innovation and increases the chances of commercializing new ideas. According to IDC estimates, Turkey's cloud computing market is expected to have a 20% annual compound growth rate until 2029, and the market, which currently stands at USD 1.7 billion, is expected to reach USD 4.2 billion in 2029. Turkey lags significantly behind Europe in terms of cloud penetration both for SMEs and large enterprises. This picture supports that growth will come not only from overall market expansion but also from the normalization of penetration levels. It is stated that this convergence could create 2-3x growth potential in SMEs/startups and 1.5x growth potential in large enterprises.

Looking at expectations, it was shared that along with capacity expansion in the data center and cloud business line, EBITDA growth of more than 20% per year in U.S. dollar terms is targeted until 2032. While the scaling of active capacity and the expansion of the corporate customer base form the basis of this growth, the expectation that segment EBITDA will exceed USD 100 million in 2026 was also emphasized.

It was stated that AI workloads are one of the main drivers increasing data center capacity needs and that demand-side growth is structural rather than cyclical. This framework aims for data center & cloud activities to make a more pronounced contribution to Turkcell's total value in the medium to long term.

TCELL

Share Data

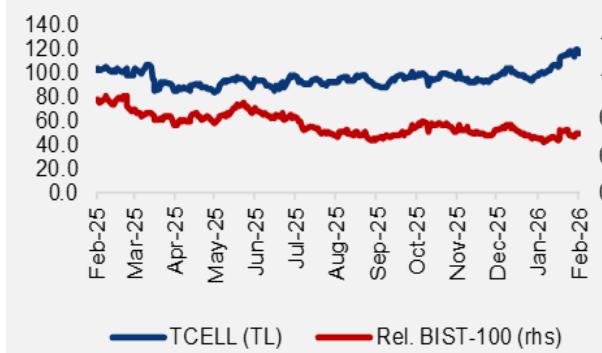
	TCELL TI
Ticker:	116.10
Share price (as of 05.02.2026)	116.10
Share price (52 week range)	83.2 / 118.5
Market cap. (TL mn - USD mn)	255,420 - 5,878
# of shares (mn) & free float	2200.0 - 44%

Avg. trading volume	1M	3M	12M
USD mn	93.0	66.0	64.4

Price performance	1M	3M	Y-t-D
TL	20%	21%	30%
USD	19%	17%	6%
Rel. to BIST-100	3%	-2%	-6%

Forecasts (TL mn)	2024	2025E	2026E
Revenues	209,055	241,584	315,992
EBITDA	88,662	103,177	128,332
Net Earnings	30,786	20,295	23,226

Valuation	2024	2025E	2026E
P/E	7,0x	10,7x	9,3x
P/BV	0,9x	0,9x	0,8x
EV/EBITDA	2,8x	2,4x	1,9x



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Management highlighted that the data center and cloud business has a different valuation logic than the telecom business and brought forward their approach to running these activities under a separate corporate entity. When looking at global peers in the data center and cloud space, companies are valued at higher multiples. It is anticipated that data center and cloud revenues will increase sixfold through 2032 and that the data center and cloud business line's share of total revenues, currently at 2–3%, will reach the 8–10% range in the coming period.

Turkcell – Google Cloud Collaboration

One of the most critical topics of the meeting was the agreement between Turkcell and Google Cloud. According to the framework shared by management, Turkcell will undertake the construction of the facilities with an investment of approximately USD 1 billion through 2032, while Google will gradually commission the hardware infrastructure with an investment of USD 2 billion. The allocation of three data centers in Ankara to Google at a single location stood out as an important differentiator in terms of the scale and visibility of the agreement. This structure is intended to increase demand visibility on the capacity side and make revenue flows more predictable.

Company also emphasized that the design-build-operate processes of Turkcell's data centers being structured at Tier III level in line with international standards was effective in Google's decision. In addition, it was shared that this agreement could act as a catalyst for other hyperscale data center players to enter Turkey.

In the revenue model, it was stated that Google will receive a colocation-like service from the company and that, in addition, Turkcell will create additional revenue sharing through its privileged reseller role on Google services. Within the shared framework, the initial capacity commissioning is targeted to start as 15 MW as of 2028. Therefore, it is expected that the meaningful revenue contribution of the agreement will become more visible after 2028. While scaling up the data center footprint is the main objective in the medium term, Turkcell positioned increasing active capacity from 50 MW in 2025 to 100 MW in 2032 as a strategic target.

TCELL Summary Tables

Balance Sheet		2024	2025E	2026E	Income statement		2024	2025E	2026E
Cash		86.464	129.566	118.239	Revenues		209.055	241.584	315.992
Accounts receivables		20.959	26.998	43.287	Gross profit		51.588	66.374	85.318
Inventory		846	1.725	1.580	Operating expenses		-22.412	-25.783	-35.731
Financial investments		8.631	9.494	9.494	Operating profit		29.175	40.591	49.587
Fixed assets		233.185	261.805	314.166	EBITDA		88.662	103.177	128.332
Other non-current assets		81.738	103.125	125.062	Other income, net		15.256	28.892	32.310
Total assets		431.823	532.714	611.828	Financial income, net		-24.045	-47.152	-56.879
Short-term financial loans		65.104	75.191	97.957	Earnings before taxes		21.291	28.811	32.484
Accounts payables		28.548	21.855	39.183	Tax expense		-6.103	-8.328	-9.096
Long-term financial loans		65.769	136.415	157.996	Net earnings		30.786	20.295	23.226
Other long-term payables		37.890	50.276	50.779	Cashflow statement				
Non-current liabilities		197.312	283.736	345.915	EBITDA		88.662	103.177	128.332
Shareholders' equity		234.511	248.978	265.913	Taxes on EBIT		-6.103	-8.328	-9.096
Paid in Capital		2.200	2.200	2.200	Capital expenditures		-61.488	-65.264	-90.058
Other Equity		232.311	246.778	263.713	Chg. in NWC		-2.150	2.102	-1.186
Total liabilities & equity		431.823	532.714	611.828	Free cashflows to firm		23.221	27.483	30.364
Net debt		35.779	72.546	128.220	Growth & margins				
Net working capital		-6.743	6.869	5.684	Revenues		8%	16%	31%
Per share (TL)					EBITDA		4%	16%	24%
EPS		13,99	9,22	10,56	Net earnings		25%	-34%	14%
BVPS		106,60	113,17	120,87	Gross margin		24,7%	27,5%	27,0%
DPS		4,17	3,64	2,73	Operating margin		14,0%	16,8%	15,7%
Ratios					EBITDA margin		42,4%	42,7%	40,6%
Profitability					Net margin		14,7%	8,4%	7,4%
ROE		13,1%	8,4%	9,0%	Free cashflow margin		11,1%	11,4%	9,6%
Net margin		14,7%	8,4%	7,4%	Valuation				
Asset turnover		0,5x	0,5x	0,6x	P/E		7,0x	10,7x	9,3x
Leverage		1,8x	2,0x	2,2x	P/BV		0,9x	0,9x	0,8x
ROA		7,1%	4,2%	4,1%	EV/EBITDA		2,8x	2,4x	1,9x
Leverage									
Financial debt/Total assets		30%	40%	42%					
Net debt/Equity		0,15	0,29	0,48					
Net debt/EBITDA		0,40	0,70	1,00					

Source: Company Data, Tacirler Investment

*All figures are stated in millions of TL unless otherwise stated.

Important Disclosures

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