

Turkey Wealth Fund agrees to acquire control of Turkcell

Turkey Wealth Fund (TWF) has agreed to acquire 26.2% of the shares of Turkcell İletişim Hizmetleri AŞ (Turkcell) (BİST: TCELL, NYSE: TKC) by entering into a series of transaction agreements with, among others, Telia Company, LetterOne, Çukurova Holding and Ziraat Bank.

Turkcell, a leading integrated telecoms and technology company, is one of Turkey's most valuable assets and most recognisable brands. Within its portfolio, Turkcell has an international mobile and fixed telecom business with more than 47 million customers, popular local OTT platforms such as BİP, TV+ as well as Paycell and Financell techfin subsidiaries.

As its first equity market transaction on an international scale, the acquisition is an integral part of TWF's mandate of providing equity investments in strategic sectors. This transaction is a one-off opportunity to resolve all shareholder disputes and litigations for the benefit of Turkcell and its investors.

At completion of this transaction:

- TWF becomes the largest shareholder in Turkcell and gains effective control over the board of directors, via 15% privileged shares within its 26.2% shareholding, providing TWF with an ability to appoint 5 directors out of 9.
- Telia Company divests its 24.02% indirect stake at Turkcell for USD 530 million and exits the company.
- LetterOne increases its ownership and acquires, via a restructuring of its current interest in Turkcell Holding, a direct minority interest of 24.8% in Turkcell.
- Turkcell Holding joint venture is effectively terminated and Çukurova Holding exits its indirect interest in Turkcell.
- Minority shareholder rights are strengthened as 4 of 9 board members can be elected without TWF privilege rights.
- Shareholders intend to support Turkcell's existing dividend policy going forward.
- Turkcell continues to be the only company headquartered in Turkey that is dual listed in Borsa İstanbul and New York Stock Exchange.

“As consumers and businesses increase their reliance on data, connectivity and technology in the post-pandemic world, Turkcell has an incredible potential to capitalise on this trend” said Zafer Sönmez, TWF CEO and Board Member.

“Our objectives are to implement a solid value creation plan for the shareholders of Turkcell and achieve best-in-class corporate governance standards. We intend to support Turkcell management in its focus on innovation and their strategic initiatives such as 5G infrastructure while the company continues its pioneering role in product and services innovation. We strongly believe that Turkcell will remain as a performance driven entity and its financial results will be positively affected with our contribution through resolving the decades-long shareholder governance issues.”

The transaction is expected to close during the second half of 2020, subject to obtaining regulatory clearances and the approval of the revised Articles of Association by the shareholders in Turkcell’s Annual General Assembly Meeting.

About TWF

Turkey Wealth Fund (TWF) is the wealth fund and strategic investment arm of the Republic of Turkey. Established in 2016 with the main objectives of increasing the value of the state-owned assets in its portfolio and contributing in Turkey’s strategic investments, public shares of 20 companies in 8 strategic sectors including Turkish Airlines, Ziraat Bank, Halkbank, VakıfBank, Borsa İstanbul, BOTAŞ, TPAO and Türksat, as well as 2 licences and real estates were transferred to TWF. Acting as the equity solutions provider of Turkey, TWF aims to create further value to its portfolio companies, invest in the strategic projects of Turkey, contribute to transforming Turkish companies into regional and global leaders and be the talent pool of Turkey going forward. Further information can be found at <https://www.tvf.com.tr/en/home>.

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