



TWTF TURKEY
WEALTH FUND

Global Investor Call
26 June 2020

www.turkcellforthefuture.com

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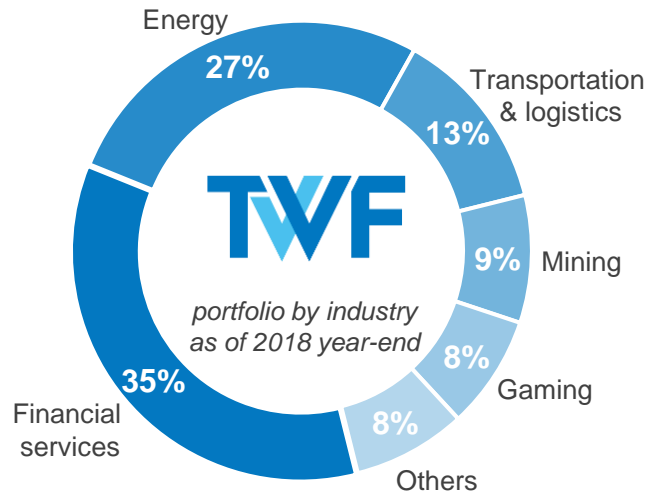
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About Turkey Wealth Fund

Turkey's financial power house and main equity provider

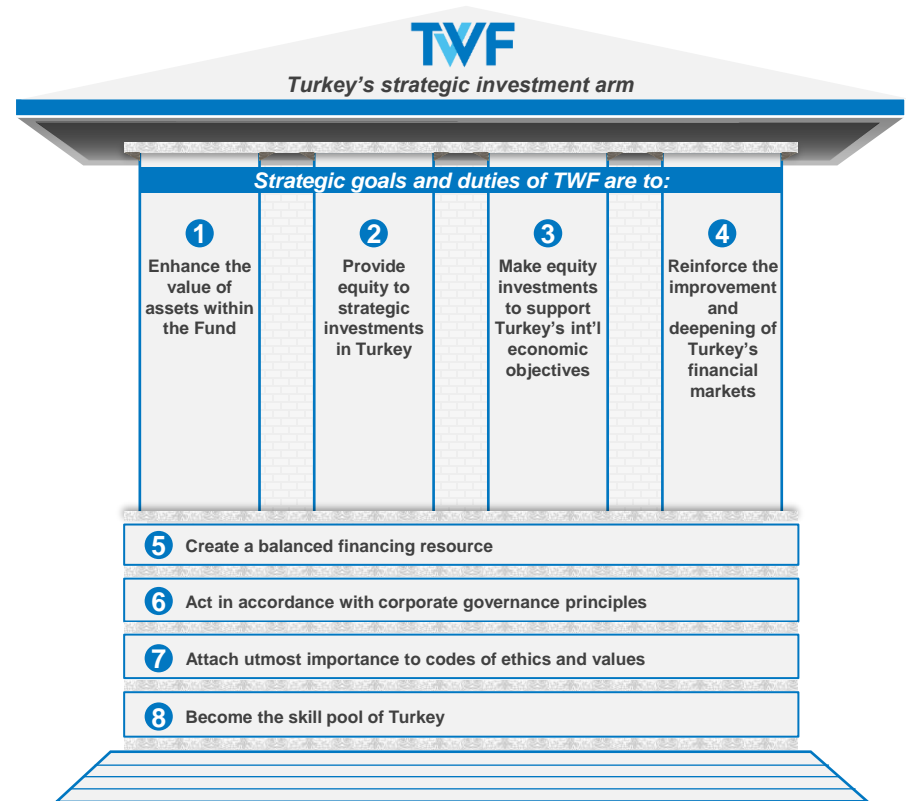
- Established in 2016, **TWF** is the strategic investment arm of Republic of Turkey
- TWF** has a total asset size of **USD 223bn** as of 2018 year-end
- TWF's** asset portfolio includes leading companies from 8 sectors along with gaming license rights and various real estate investments



Major portfolio companies

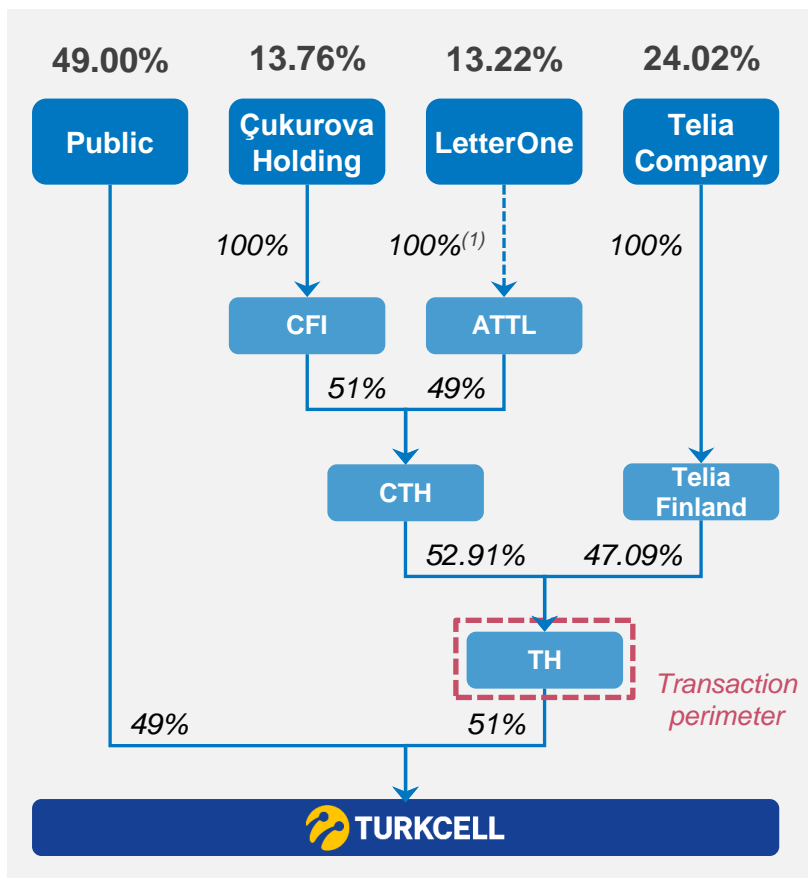


Mandate and roadmap



Turkcell's existing shareholding structure

A complicated structure requiring consensus led to numerous ongoing disputes



TH: Turkcell Holding

CTH: Cukurova Telecom Holdings Limited

CFI: Cukurova Finance International Limited

ATTL: Alfa Telecom Turkey Limited

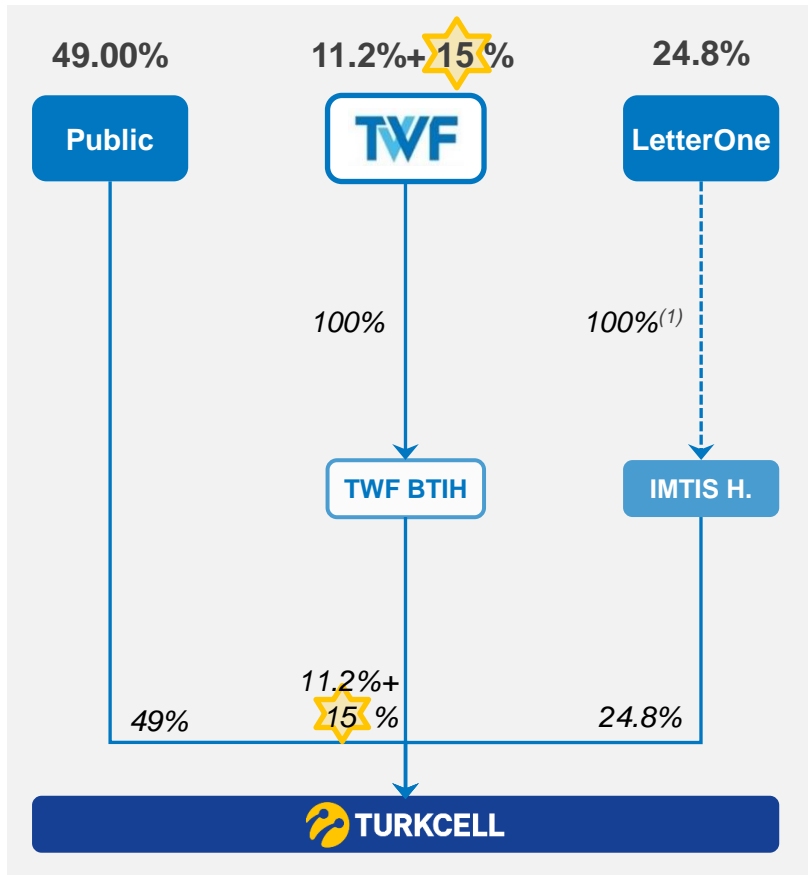
Brief shareholder story of Turkcell

- **1994:** Founded by **Çukurova Holding** as a joint venture including **Sonera** (among others)
- **2000:** IPO in NYSE and Borsa İstanbul
- **2005:** Investment of **Alfa Group (LetterOne)**
- **2005 – today:** Various shareholder disputes
- **2011 – 2015:** No shareholders meeting for 3 consecutive years and no dividend distribution for 4 consecutive years
- **2013 – today:** Board appointments by Capital Markets Board of Turkey to resolve the deadlock

(1) LetterOne has layered ownership

Transparent and simplified ownership

A unique opportunity yielding a positive result to all stakeholders



TVF BTIH: TVF Bilgi Teknolojileri İletişim Hizmetleri Yatırım Sanayi ve Ticaret A.Ş.;
IMTIS H.: IMTIS Holdings S.à r.l.

% Group A shares, privileged

Outcomes of the transaction

- Single layer ownership replacing multi-layer structure
- All existing shareholder disputes and litigations are settled
- The size of the Board of Directors increases from 7 members to 9
- **TWF** gains board control of **Turkcell** (5 out of 9 directors)
- **Telia Company** divests its **Turkcell Holding** stake to **TWF** for **USD 530 million**
- **LetterOne** restructures its indirect ownership and invests to become the largest minority shareholder
- **Çukurova Holding** exits its indirect interest in **Turkcell**
- **Turkcell** corporate governance is enhanced and **TWF** intends to continue the dividend payout policy, expected to support **Turkcell's** valuation and performance
- **Minority shareholder** rights are protected as 4 of 9 board members (including 3 independent directors) can be elected without **TWF's** privileges. **Minorities** are able to impact key shareholders matters including dividend payout

(1) Depository receipts issued by IMTIS Holdings' parent are held by LetterOne

Positive market reaction following announcement

Market appreciated the transaction as reflected by the share price

TCELL share price (TRY)



06/19/2020 11:03:23 [BFW]

Turkish Fund Eyes 'White Knight' Role in Turkcell After Takeover

By Anna Edwards

(Bloomberg) -- Turkish Sovereign Wealth Fund's CEO [Zafer Sonmez](#) says in interview with Bloomberg TV that his takeover of a majority stake in Turkcell will enable a resolution to years of legal troubles at Turkey's largest mobile operator.

Turkcell Surges as TWF Moves to Take Effective Control

By Tugce Ozsoy

(Bloomberg) -- Shares of Turkcell Iletisim rise as much as 10%, the biggest jump since 2011, as Turkey Wealth Fund [agrees](#) to acquire control of the company.

Turkcell Jumps as Wealth Fund Takes Control and Billionaire Ups Stake

By [Ercan Ersoy](#) and [Kerim Karakaya](#)

June 18, 2020, 12:02 PM GMT+3 Updated on June 18, 2020, 3:36 PM GMT+3

- ▶ Swedish operator Telia to fully exit 27 year-old investment
- ▶ Changes will end 15-year-old shareholder fight for control

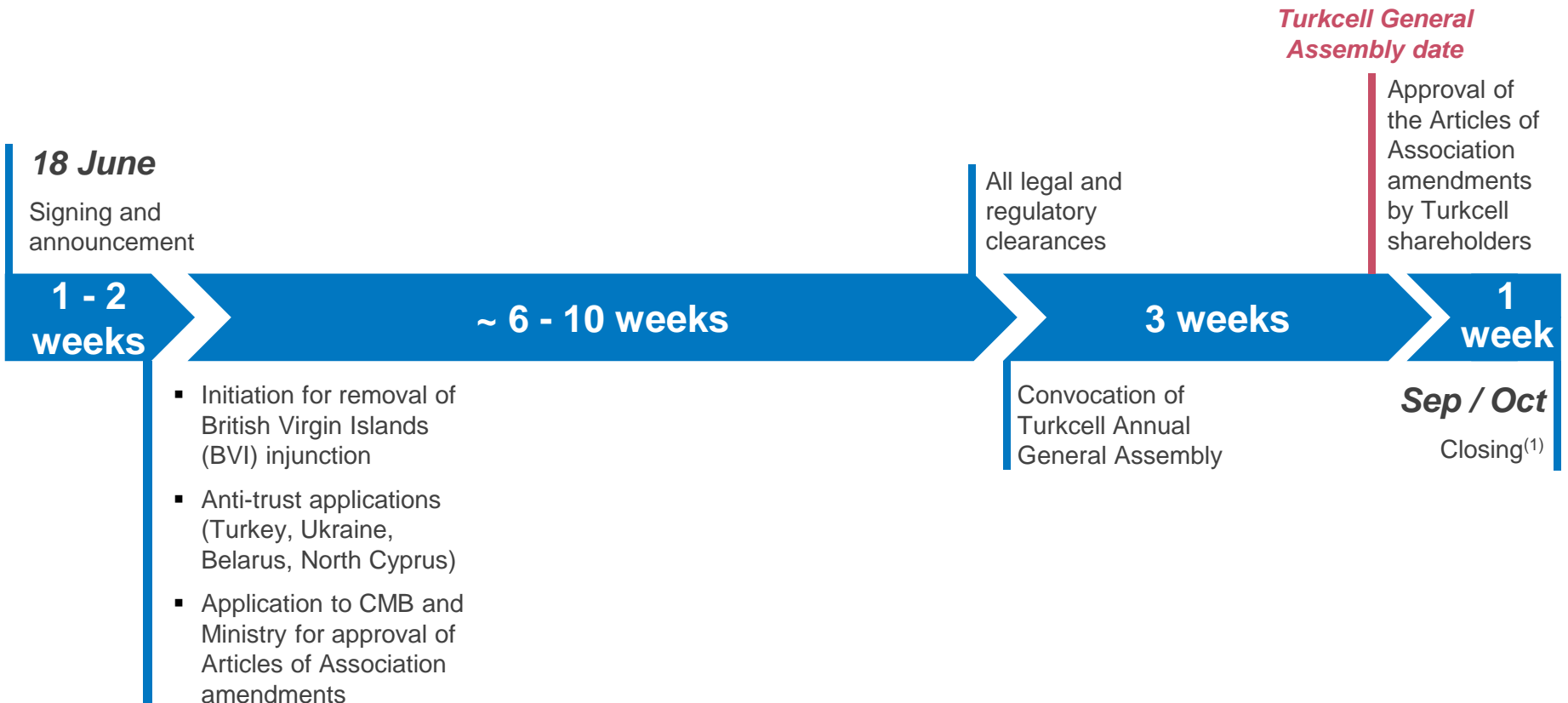
Turkey Wealth Fund buying control of Turkcell; shares +10.3%

Jun. 17, 2020 7:00 PM ET | About: [Turkcell Iletisim Hizmetle...](#) (TKC) | By: [Jason Aycock](#), SA News Editor

- The Turkey Wealth Fund has agreed to [acquire control](#) of Turkcell (NYSE:TKC) with a series of transaction agreements.

Indicative timeline

The transaction is expected to close in H2 2020



(1) The long-stop date for the transaction completion is set as 15 January 2021

2020 Turkcell Annual General Assembly

Agenda will include articles amendments in addition to regular items

**Ordinary AGM
agenda items
of Turkcell**



Agenda items

1. Opening and constitution of the Presiding Committee
2. Authorizing the Presiding Committee
- 3. Articles of association amendments**
4. Reading and discussion of the activity report of the Board of Directors
5. Reading the summary of the independent audit report
6. Reading, discussion and approval of the financial statements
7. Discussion of and decision on the release of the Board Members from the activities and operations of the Company
8. Informing the General Assembly on the donation amounts; discussion of and decision on Board of Directors' proposal concerning determination of donation limit
9. Submission of the board members, who were elected due to the vacancies in the memberships of the Board of Directors, to the approval of General Assembly
10. Determination of the remuneration of the Board Members
11. Discussion of and approval of the election of the independent audit firm
12. Discussion of and decision on the distribution of dividend
13. Decision permitting the Board Members to be active in areas falling within or outside the scope of the Company's operations and to participate in companies operating in the same business and to perform other acts
14. Informing the shareholders regarding the guarantees, pledges and mortgages provided by the Company in favour of third parties or the derived income thereof
15. Closing

The date of Annual General Assembly will be announced depending on regulatory clearances

A new Articles of Association

Amendments are proposed to improve and simplify corporate governance

Articles	 TURKCELL under current Articles	 TURKCELL under new proposed Articles ⁽¹⁾
# of board members	7	9
Nomination and voting privilege	-	Group A shareholder ⁽²⁾ to have 5 board seats
Board control over restricting shareholders' pre-emptive rights in share issuance	Board can restrict shareholders' pre-emptive rights	Board cannot restrict shareholders' pre-emptive rights
Board quorums	Meeting quorum: 5 Decision quorum: 4 (if 5 members attend) or 5 (if 6 or 7 members attend)	Meeting quorum: 5 Decision quorum: 5
General assembly quorums	Meeting quorum: 51% Decision quorum: Majority of the present	1 st meeting quorum: 51% 2 nd meeting quorum: - Decision quorum: majority
	Meeting quorum: 2/3 Decision quorum: 2/3 of the present	Meeting quorum: 2/3 Decision quorum: 2/3 of the present
Termination event of the privilege	-	When all Group A shares are not owned by a single shareholder

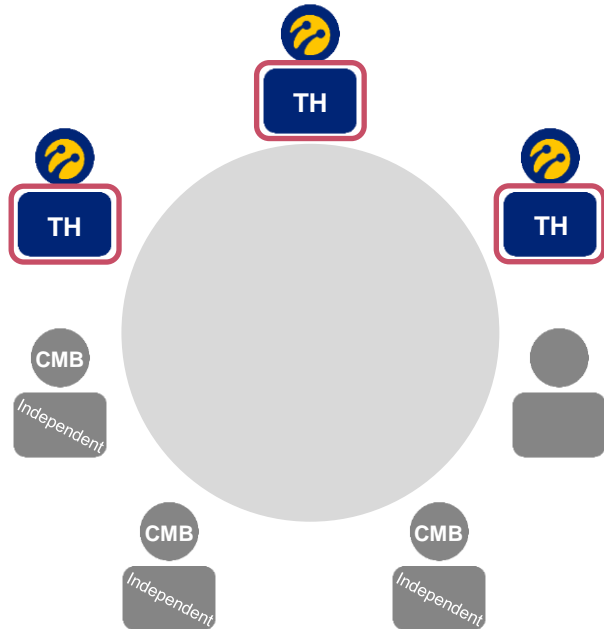
(1) Please visit www.turkcellforthefuture.com for the complete text of proposed changes in Turkcell's articles.

(2) TWF will own 26.2% of Turkcell shares of which 15% represents all of the Group A shares

A new board structure

Proposed changes hand over the effective board control to TVF

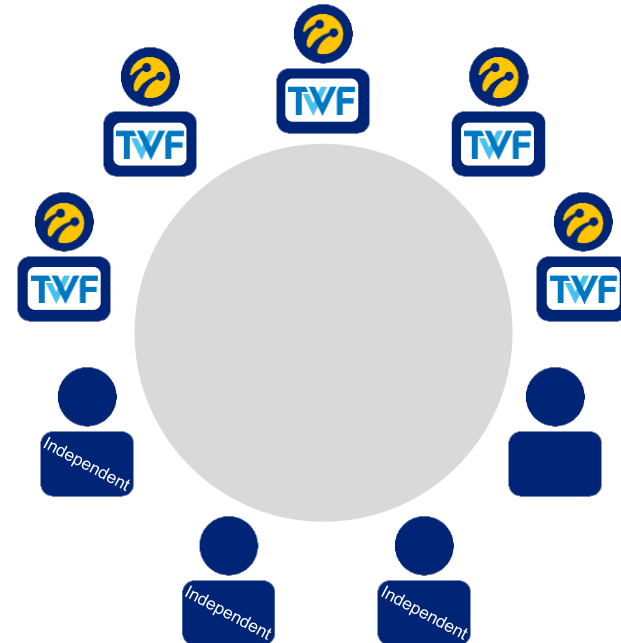
Current board structure: 7 directors⁽¹⁾



TH Shareholders' Agreement

CTH Shareholders' Agreement

Proposed board structure: 9 directors



Privileges

(1) Ingrid Maria Stenmark and Christopher James Powell, representing Telia and L1 interests respectively, will resign post-completion

Key governance improvements

Minorities gain significant influence on shareholder decisions

TWF privilege rights

- Election of 5 out of 9 board members
 - Election of Chairman of the Board
- Election of the Chairman of the General Assembly

No privileges

- Election of 4 board members
(including independents)
 - Dividend distribution
- Any other shareholder matters

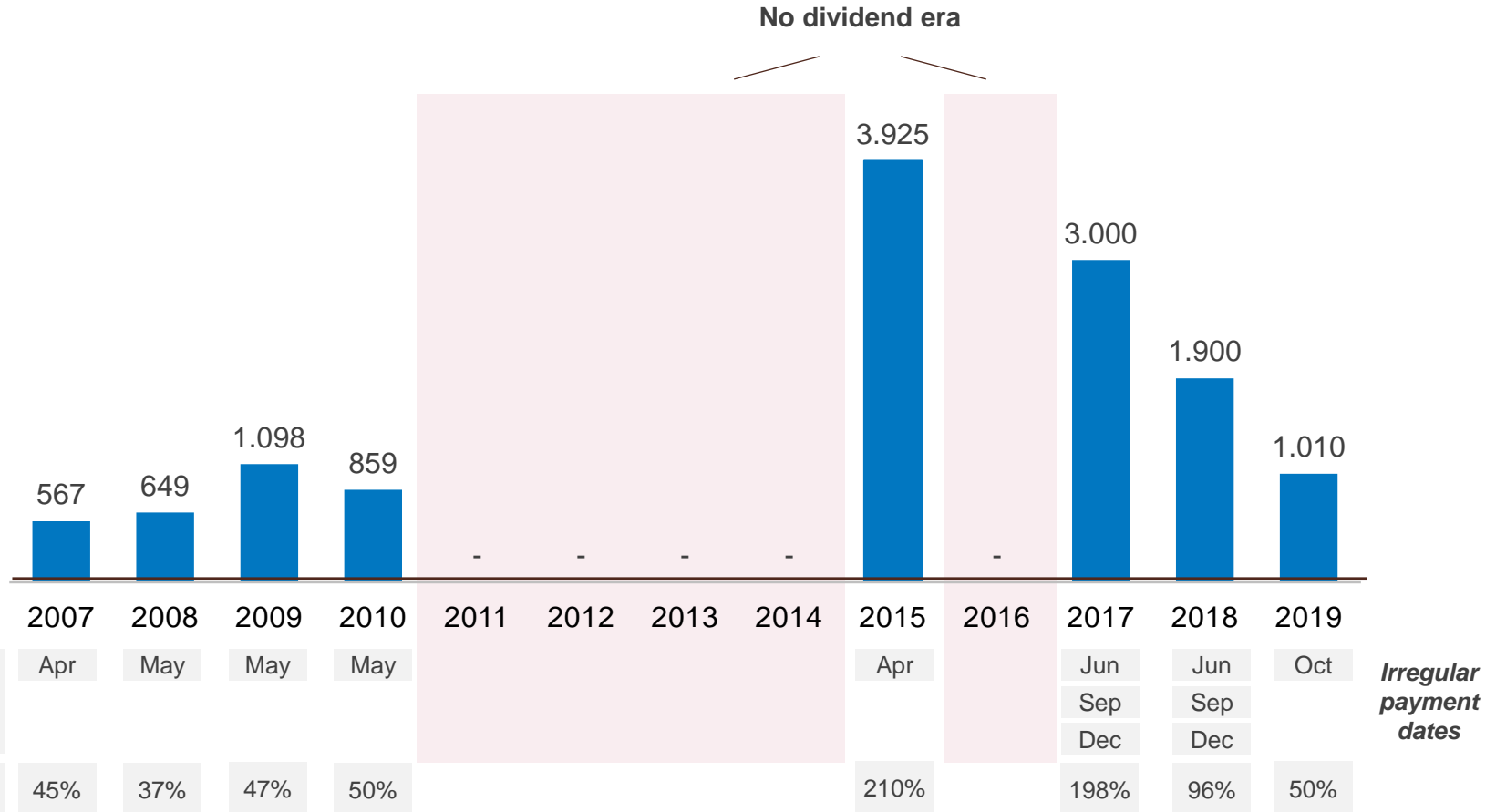
Corporate governance improvements

- **Empowered shareholders:** no single shareholder has absolute control over ordinary matters in shareholder meeting decisions compared to status quo where Turkcell Holding has 51% of shares and minority shareholders have limited rights and influence in AGMs
- **4 out of 9 seats to be elected by all Turkcell shareholders without any privilege rights.** 3 directors are required to be independent per CMB regulation
- Turkcell board will not be able to restrict **shareholders' pre-emptive rights** in share issuance
- No quorum will be required in second shareholder meeting (in case quorum is not met in first one) where no shareholder can unilaterally block shareholder meetings **preventing any potential deadlock**

Turkcell dividend payout development

TWF has agreed to support existing dividend payout policy of min.50%

Turkcell dividend payments, bn TL



Dividend visibility improvement going forward

Turkcell value creation

Turkcell increasingly focuses on digital and tech-fin



“

Turkcell is a world-class asset and TWF's investment represents both a major milestone for the Fund, as well as the unlocking of a complex ownership structure. Our objective is to support and collaborate with Turkcell management in its focus on innovation and their strategic initiatives while the company continues its pioneering role in digital product and services innovation

”

Zafer Sönmez, TWF CEO

What happens if the shareholders do not support?

Shareholder support is required to pass articles amendments

1

Parties return to status quo

- Risk of continuation of 15-year-long shareholder disputes and legal challenges
- Uncertainty and potential governance issues which could likely adversely affect Turkcell's valuation and strategy

2

Dividend uncertainty impact shareholder returns

- Turkcell Holding shareholders have agreed to vote for dividend distribution in 2020, following approval of Articles of Association
- Deterioration of future dividend expectations could result in depressed company valuation

3

A unique, comprehensive opportunity would be missed

- TWF is the only successful party that has achieved to bring all existing major shareholders together and solve historical deadlock

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