

ICT Industry in Turkey

Foreign Market Consulting Ltd. Sti
Istanbul

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FMConsulting prepares market snapshot reports from selected trusted sources in Turkey which are regularly updated. These reports are brief presentations overviewing available facts & figures on major industries in Turkey. If you need a specific research on different segments, please contact with our Head of Market Research Department Mrs. Berna Gurleyen (b.gurleyen@fmconsulting.com). We would be happy to support you.

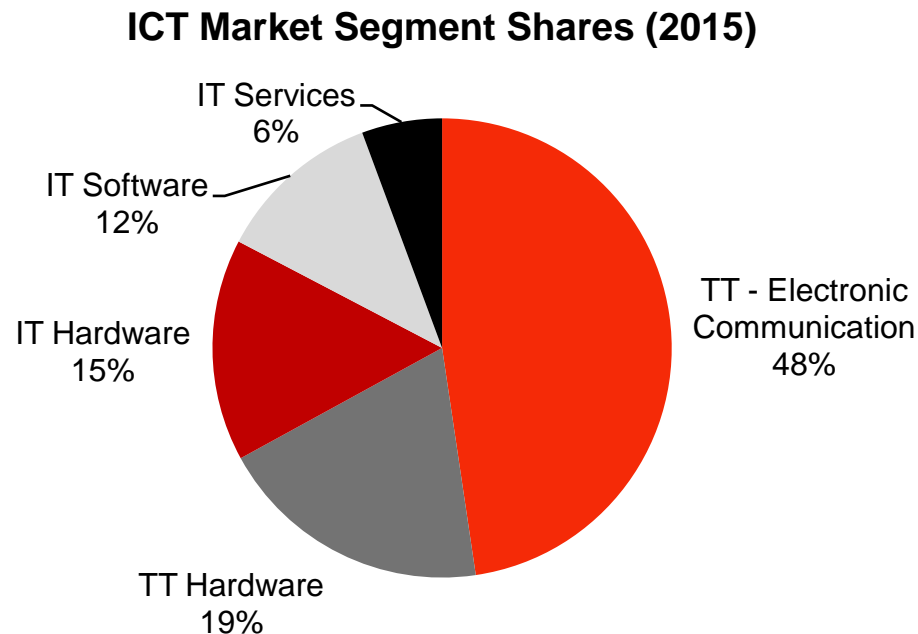


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▶ ICT market

- Total ICT market size is **USD 30.4 bn.**
- Breakdown: Telecommunication technologies/TT (**67%**), information technologies/IT (**33%**).
- **2,979** companies are active.
- **113 thousand** people are employed, **66%** is in IT, **34%** in TT.
- 2016 growth expectation: **5-9%** in USD based market size.





▶ Usage of Devices

- Turkish people become increasingly mobile: Upward trend in portable computers and mobile phones vs. downward trend in desktop computers and fixed line phones.

Availability of Devices in Households (%)						
Year	Desktop computer	Portable computer (Laptop, Tablet, Netbook)	Mobile phone	Game console	Fixed line telephone	Smart TV
2005	11.6	1.1	72.6	2.9	81.3	-
2010	33.8	16.8	90.5	3.1	56.1	-
2012	31.8	27.1	93.2	4.6	45.5	-
2013	30.5	37.5	93.7	5.0	37.9	7.3
2014	27.6	40.1	96.1	5.6	34.6	12.4
2015	25.2	43.2	96.8	5.3	29.6	20.9
2016	22.9	66.0	96.9	5.6	25.6	24.6

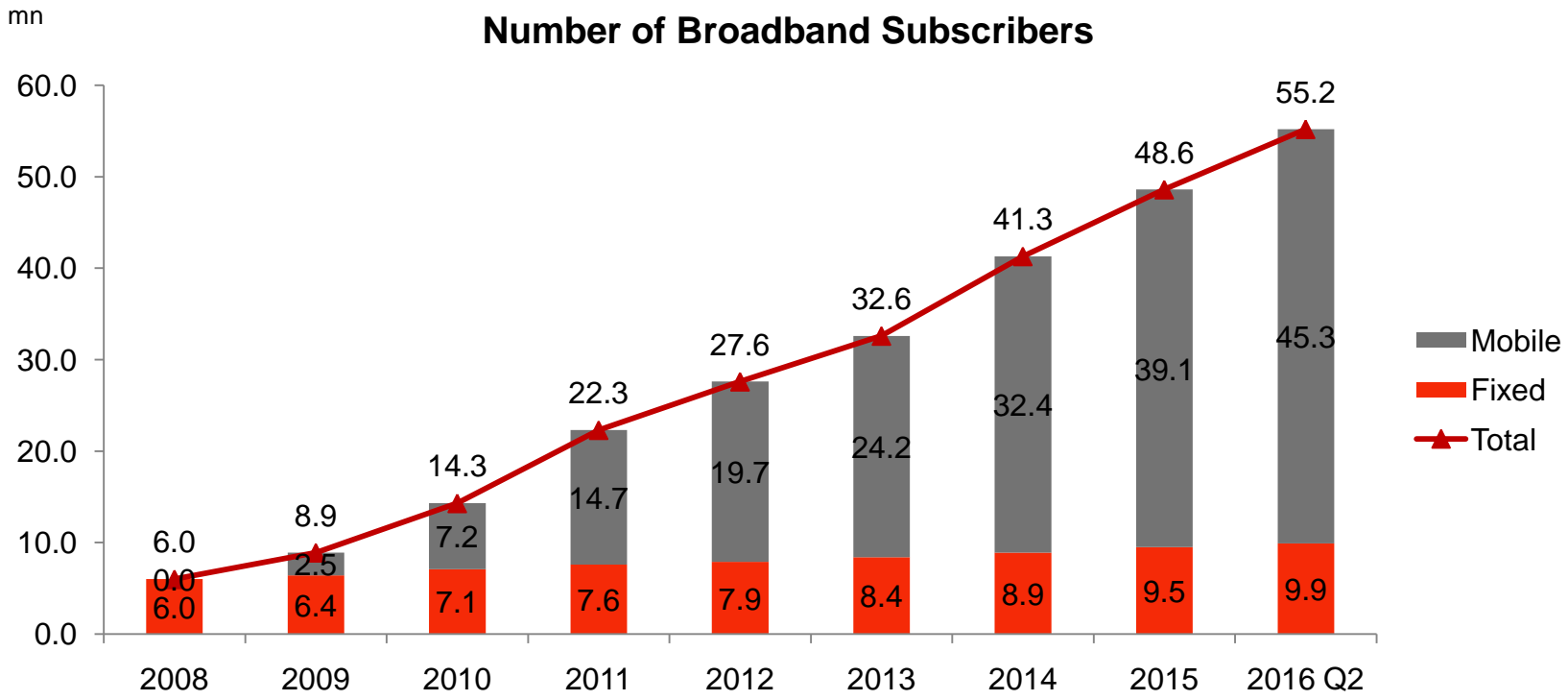
Source: Turkish Statistical Institute, 2016



A. Market

▶ Broadband Subscribers

- The growth has been fastest in mobile segment:
CAGR (2010-2015):
 - Total: **28%**
 - Fixed: **6%**
 - Mobile: **40%**

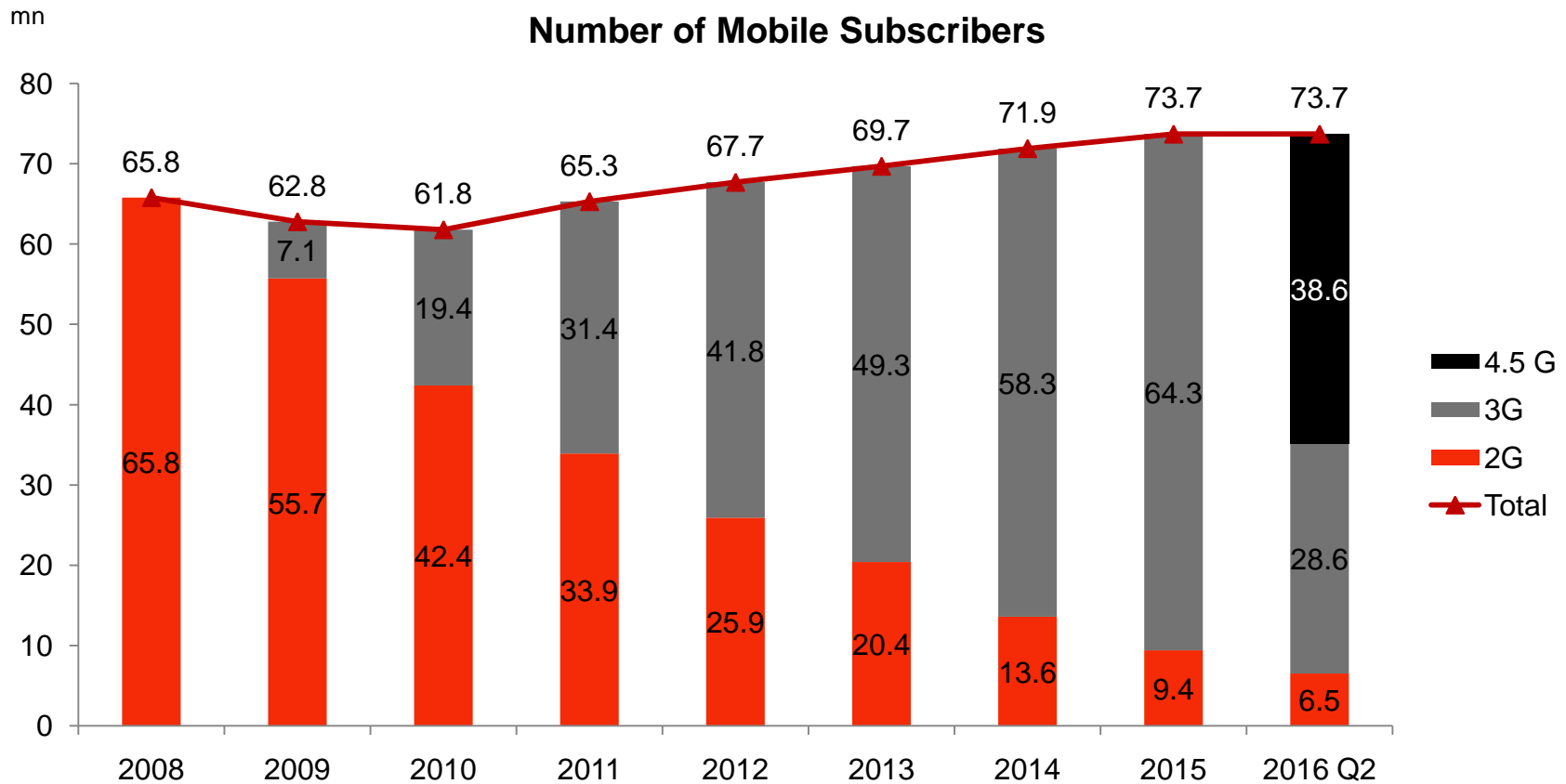


Source: BTK (Information and Communication Technologies Authority), 2016



▶ Mobile Subscribers

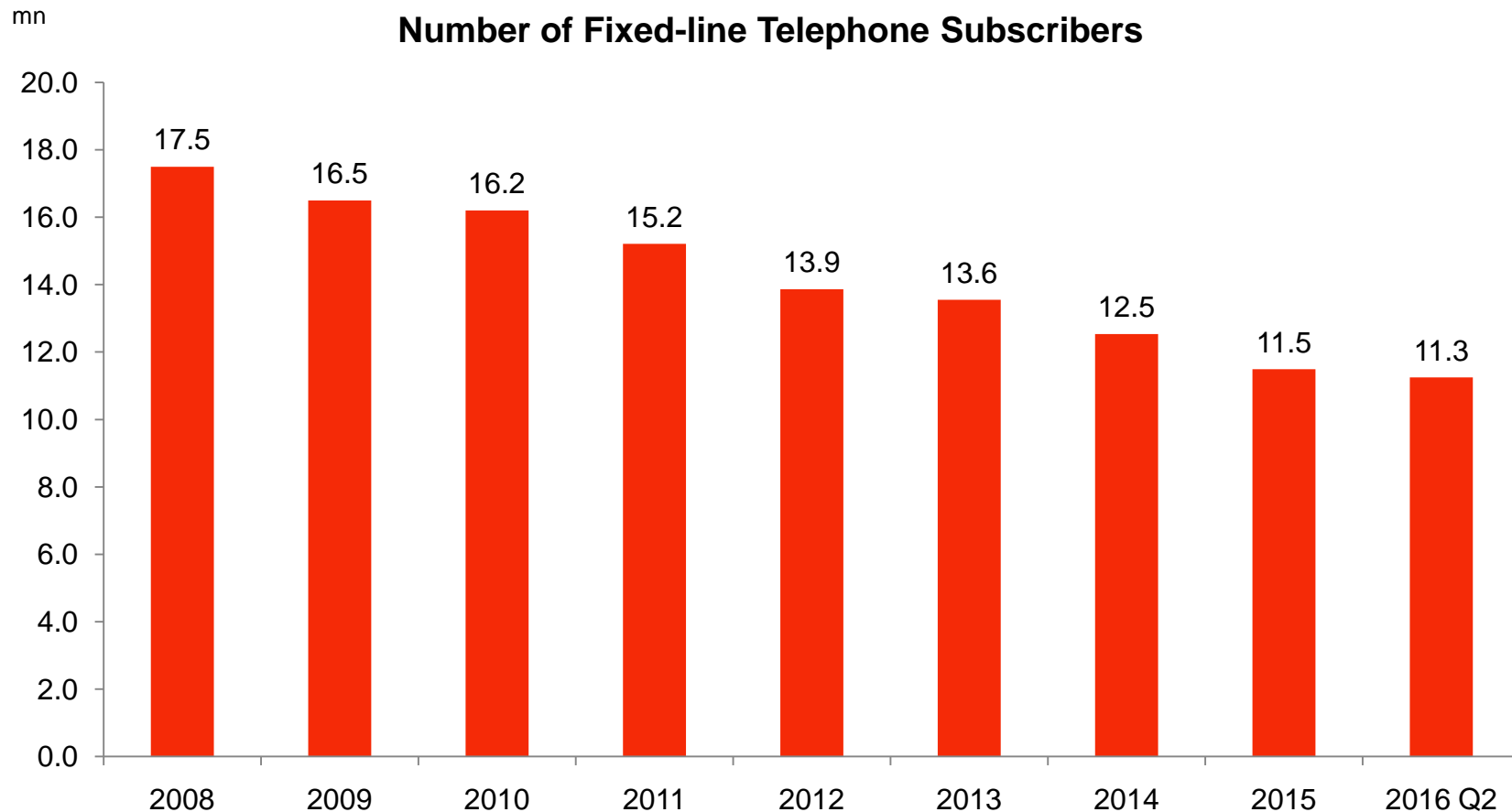
- Total number of mobile subscribers is **73.7 mn** in 2016 Q2.
- **4.5G** is available since April 1, 2016, rapidly replacing 3G.





► Fixed-line Telephone Subscribers

- As the number of mobile subscribers increases, the number of fixed-line telephone subscribers decreases.

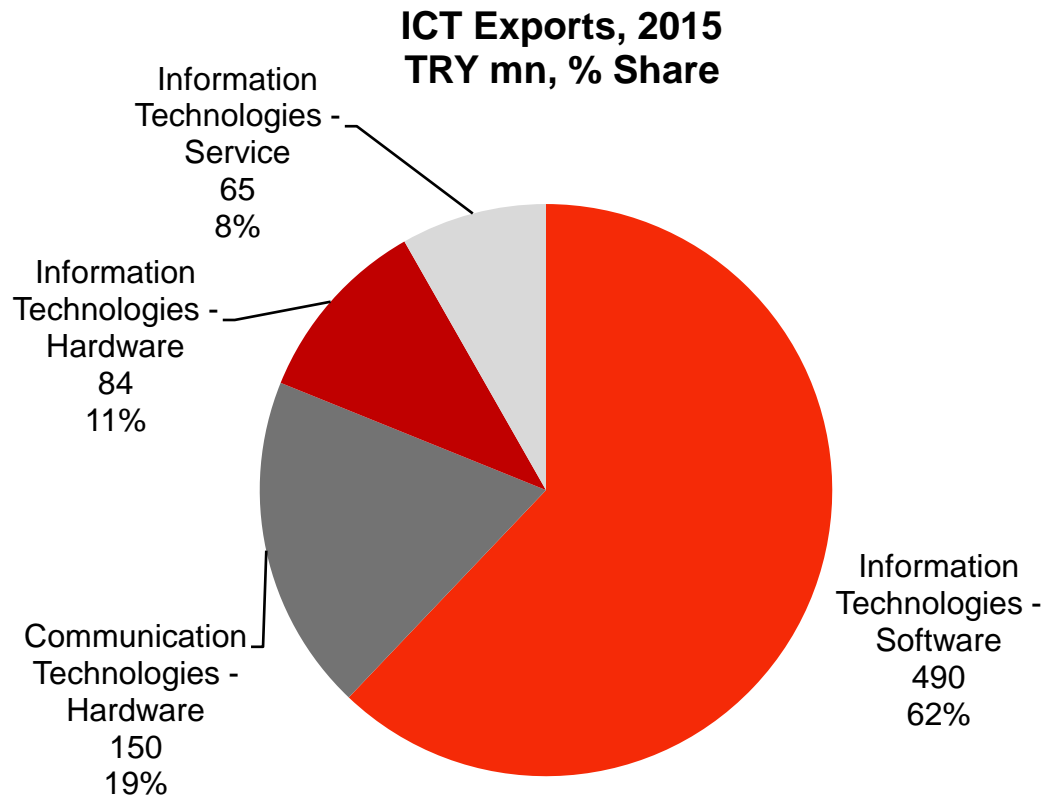




B. Exports

▶ Exports

- **USD 788 mn** exports in 2015.
- Main destinations of exports (2015): **Azerbaijan, USA, Northern Cyprus, UK, UAE.**

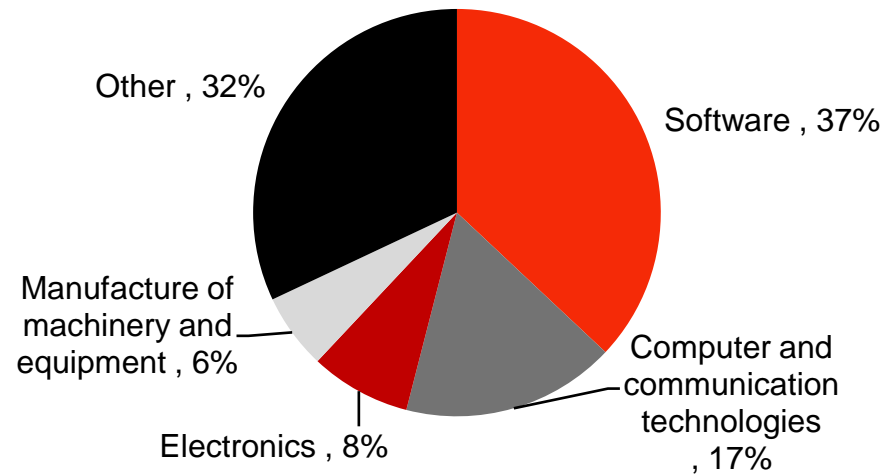




▶ Statistics

- As of Sep. 2016:
 - **64** technoparks, **51** are active
 - **4,217** companies in total, **182** are foreign capital
 - **41,172** employees in total, **33,293** are R&D staff
 - **29,317** projects completed and in-progress
 - **TRY 35 bn*** sales volume, **USD 2.4 bn** exports volume

Distribution of Companies in Technoparks by Segments



* EUR 1 = TRY 3.3608 as of Sep. 30, 2016

Source: Ministry of Science, Industry and Technology, 2016



▶ Advantages

- By the end of 2023:
 - Earnings derived from software development, design and R&D activities are exempt from income and corporate taxes.
 - Sales of application software produced exclusively in technoparks are exempt from VAT.
 - Wages of R&D, design and support personnel are exempt from all taxes by the end of 2023.
 - 50% of the employer's share of the social security premium will be paid by the government.
- Investments required for the production of the technological products generated as a result of R&D or design projects conducted in the zone, can be carried out within the zone, if eligible.
- Customs duty exemption for imported products and stamp duty exemption for related documents within the scope of software development, R&D, innovation and design projects.

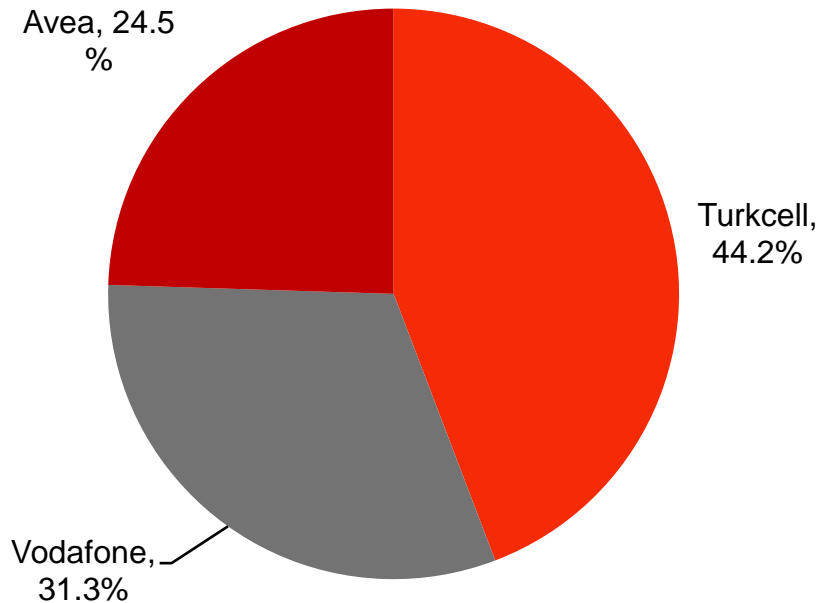


D. Main Companies

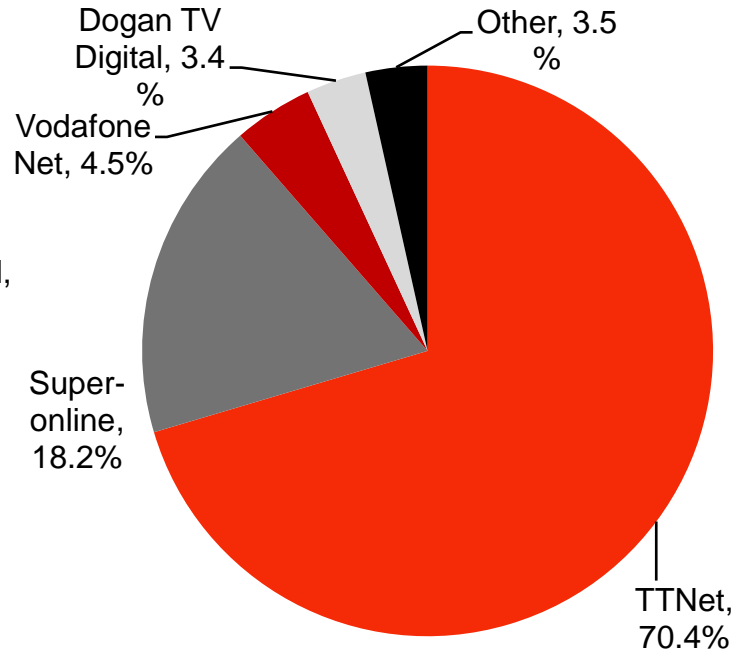
▶ Main MNOs & ISPs

- **Turkcell** is the main mobile network operator.
- **TTNet** is the leading internet service provider.

**Market Shares of Main MNOs, 2016 Q2
(By Number of Subscribers)**



**Market Shares of Main ISPs, 2016 Q2
(By Number of Subscribers)**





D. Main Companies

▶ Largest ICT Companies

Company Name	Net Sales, TRY mn, 2015	Number of Employees
Turk Telekomunikasyon	14,522.9	34,147
Turkcell Iletisim	12,769.4	16,649
Foxconn TR Teknoloji	1,012.1	NA
Netas Telekomunikasyon	1,009.0	2,204
Turksat Uydu Haberlesme	846.2	989
Koc Sistem Bilgi ve Iletisim	690.8	1,190
Oracle Bilgisayar	612.0	NA
Lenovo	536.0	NA
D-Smart	500.4	NA
Sentim Bilisim	366.0	570
Alcatel Lucent Teletas	330.3	523
Biotekno Butunlesik	325.6	NA
NCR Bilisim	313.2	331

EUR 1 = TRY 3.021 in 2015

Source: Fortune and Capital magazines, 2016

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