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# Turkcell

## Significant improvement in EBITDA margin thanks to cost control

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According to inflation accounting provisions (IAS-29), Turkcell announces TRY 14,280mn net profit for 3Q24 (3Q23: TRY 4,495mn loss). TRY 11,214mn one-off revenue from the transferred Ukraine operations was the main reason for the high net profit. Control of cost and operational expenses supported profitability. While TRY 7,037mn of net financial expenses suppressed net profit, the company recorded a TRY 1,526mn monetary gain, TR 3,705mn other income and TRY 2,290mn tax income. The net profit margin was 35.5%.

Turkcell booked net sales revenue of TRY 40,141mn including the IAS-29 effect, with a 7% yearly rise. Turkcell gained 322k net subscribers in 3Q24. A growing subscriber base and strong ARPU growth supported sales revenues, forming the basis for real growth. ARPU has increased 6.9% YoY in the mobile segment and 15.1% in the fixed individual fiber segment thanks to successful price adjustments and performance of subscribers upgrading their packages.

Decrease in costs and interconnection expenses compared to turnover, supported EBITDA improvement. EBITDA came in at TRY 17,757mn, up 10% from TRY 16,091mn at 3Q23, including the IAS-29 effect. The EBITDA margin was 44.2% in 3Q24 (3Q23: 42.8%).

**Net debt decreased:** Turkcell's net debt position decreased to TRY 19,038mn at the end of 2024/09 from TRY 39,765mn at the end of 2024/06, thanks to substantial cash from the transferred Ukraine operations.

**2024 revenue guidance revised:** As a result of changing inflation expectations, the company revised its low double-digit revenue growth expectation for 2024 to approximately 7% real growth. Expectations of a 42% EBITDA margin and a 23% operating expenses/sales ratio for 2024 are maintained.

In line with the financial statements and our expectations, we maintain our 12-month target price for TCELL at 145.20/share and maintain our "OUTPERFORM" recommendation given the 63% return potential.

**OUTPERFORM**  
TP: TRY 145.20  
Previous TP: TRY 145.20  
Upside potential: 63%

	TRY	US\$
Close	89,00	2,60
BIST 100	8.946	262
US\$/TRY(CB Bid Rate):	34,184	
52 Week High:	115,30	3,50
52 Week Low:	51,22	1,77
Bloomberg/Reuters Ticker:	TCELL.TI / TCELL.IS	

Number of Shares (Mn): 2.200

	(TRY Mn)	(US\$ Mn)
Current Mcap :	195.800	5.729
Free Float Mcap :	105.732	3.094

	1 M	YOY	YTD
TRY Return (%):	10,0	66,7	61,4
US\$ Return (%):	9,8	38,6	38,7
BIST 100 Relative (%):	9,1	43,8	32,3
Avg. Daily Vol. (TRY Mn):	2.056,0		
Avg. Daily Vol. (US\$ Mn):	64,4		

Beta	0,96
Volatility (Stock)	0,35
Volatility (BIST 100)	0,24

Shareholder Structure	%
TWF	26,2
IMTIS Holdings	19,8
Other (publicly traded)	54,0
Total	100,0

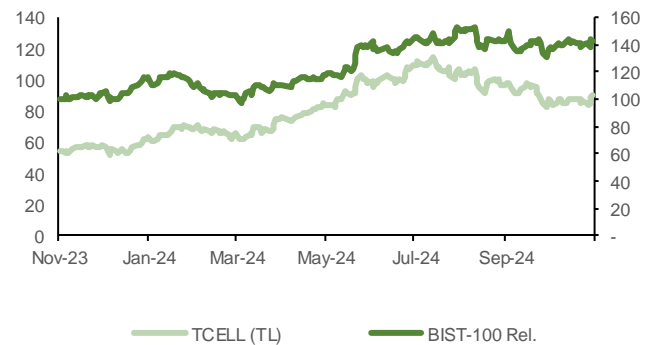


Figure 1: Financials (Including IAS-29)

TRY mn	9M23	9M24	YoY	3Q23	3Q24	YoY
<b>Revenues</b>	<b>108.295</b>	<b>114.592</b>	<b>6%</b>	<b>37.590</b>	<b>40.171</b>	<b>7%</b>
<b>Gross Profit</b>	<b>24.145</b>	<b>27.954</b>	<b>16%</b>	<b>9.327</b>	<b>10.976</b>	<b>18%</b>
<i>Gross Profit Margin</i>	<i>22,3%</i>	<i>24,4%</i>		<i>24,8%</i>	<i>27,3%</i>	
<b>EBIT</b>	<b>14.188</b>	<b>15.810</b>	<b>11%</b>	<b>5.795</b>	<b>6.552</b>	<b>13%</b>
<i>EBIT Margin</i>	<i>13,1%</i>	<i>13,8%</i>		<i>15,4%</i>	<i>16,3%</i>	
<b>EBITDA</b>	<b>44.485</b>	<b>49.031</b>	<b>10%</b>	<b>16.091</b>	<b>17.757</b>	<b>10%</b>
<i>EBITDA Margin</i>	<i>41,1%</i>	<i>42,8%</i>		<i>42,8%</i>	<i>44,2%</i>	
<b>Net Profit</b>	<b>-5.707</b>	<b>20.555</b>	<b>N.M.</b>	<b>-4.495</b>	<b>14.280</b>	<b>N.M</b>
<i>Net Profit Margin</i>	<i>-5,3%</i>	<i>17,9%</i>		<i>-12,0%</i>	<i>35,5%</i>	

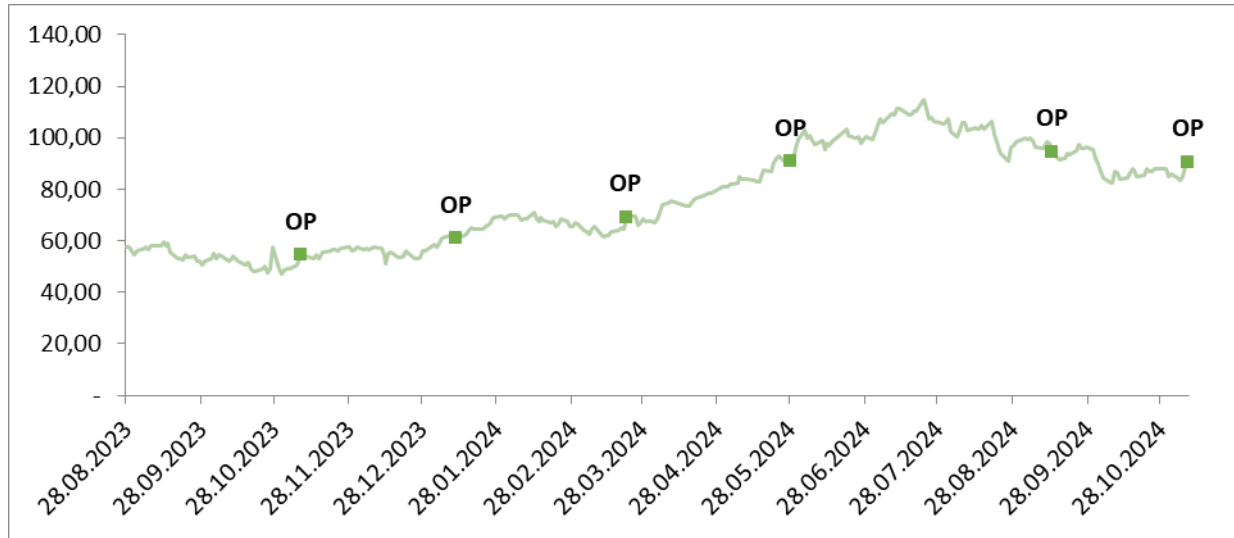
Source: Finnet, PDP, Seker Invest Research

Figure 2: Key financials (Including IAS-29)

BALANCE SHEET (TRY Mn)	2023/12K	2024/09	%
PP&E	90.551	92.509	2%
Intangibles	79.494	75.842	-5%
Other Non-Current Assets	26.324	34.165	30%
Trade Receivables	15.076	16.542	10%
Cash&Equivalents	67.901	81.009	19%
Other Current Assets	56.342	26.598	-53%
<b>Total Assets</b>	<b>335.688</b>	<b>326.665</b>	<b>-3%</b>
Long Term Debt	78.727	71.038	-10%
Other Non current liabilities	12.464	12.922	4%
Short Term Debt	22.334	20.800	-7%
Trade Payables	19.257	12.904	-33%
Other Current Liabilities	36.838	34.522	-6%
Total Liabilities	169.620	152.186	-10%
Total Equity	166.069	174.479	5%
<b>Total Equity &amp; Liabilities</b>	<b>335.688</b>	<b>326.665</b>	<b>-3%</b>
INCOME STATEMENT (TRY mn)	2023/09	2024/09	%Chg
Net Sales	108.295	114.592	6%
COGS	(82.294)	(83.164)	1%
Gross Profit (Loss)	24.145	27.954	16%
Other Operating Inc./ (Exp.), net	12.173	9.342	-23%
Operating Expenses	(8.847)	(11.381)	29%
Operating Profit/(Loss)	15.298	16.573	8%
Income / (expense) from investing activities & impairment (gains) in accordance with IFRS 9	9.255	3.795	-59%
Monetary Gain / (Loss)	2.976	5.964	100%
Financial Expenses	(31.127)	(20.781)	-33%
<b>Profit Before Tax (Loss)</b>	<b>6.160</b>	<b>11.798</b>	<b>92%</b>
Tax	(13.520)	(3.680)	-73%
<b>Net Profit (Loss)</b>	<b>(5.711)</b>	<b>20.546</b>	<b>n.m.</b>
Attributable to ow ners of parent	(5.707)	20.555	n.m.

Source: Finnet, PDP, Seker Invest Research

## Historical Recommendations and target prices



10-Mar-23	Outperform (OP)	51.35
10-May-23	Outperform (OP)	51.35
1-Aug-23	Outperform (OP)	71.96
18-Aug-23	Outperform (OP)	71.96
8-Nov-23	Outperform (OP)	79.9
11-Jan-24	Outperform (OP)	87.05
21-Mar-24	Outperform (OP)	104.30
28-May-24	Outperform (OP)	116.50
13-Sep-24	Outperform (OP)	145.20
8-Nov-24	Outperform (OP)	145.20

## Basis for 12m equity ratings

<b>Outperform:</b>	The total return is expected to exceed the return of the BIST 100 by more than 10%.
<b>Underperform:</b>	The total return is expected to fall below the return of the BIST 100 by more than 10%.
<b>Market Perform:</b>	The total return is expected to be in line with the return of the BIST 100.

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