

# Turkcell

## Net income in line with our expectations...

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Turkcell reported TRY 4,634mn net income in 1Q26, marking a 14.9% YoY increase (1Q25: TRY 4,033mn). The reported net income came in line with our estimate of TRY 4,554mn and above the market median expectation of TRY 4,252mn. Despite the higher tax burden and the decline in other operating income during the quarter, net profit was supported by higher monetary gains recorded following the capitalization of the 5G license, as well as the improving contribution from TOGG.

Turkcell generated TRY 68,377mn net sales revenues in 1Q26, representing an 8.9% YoY increase. Reported net sales revenues came in slightly above both our estimate of TRY 66,900mn and the market median expectation of TRY 67,273mn. Total revenues recorded steady growth, mainly driven by strong corporate segment performance. Rising hardware revenues together with continued growth in the data center and cloud business segments were the main contributors to revenue growth. Meanwhile, Paycell continued to support Group revenues. Supported by its ongoing postpaid and fiber-focused strategy, the Company maintained strong subscriber performance and increased the share of postpaid subscribers to 81% with 661 thousand net postpaid mobile subscriber additions. Including wholesale operations, Turkcell achieved 36 thousand net fiber subscriber additions, while Superbox subscriber gains accelerated with 38 thousand net additions. In addition, 138 thousand new fiber home passings were added during 1Q26, bringing the total number of fiber home passings to 6.5 million, while fiber ARPU growth reached 9.7% YoY. Corporate revenues posted a strong 34% YoY growth, largely supported by a 64% increase in Digital Business Services revenues. This performance was mainly driven by higher hardware revenues associated with the successful deployment of large-scale projects, while Data Center and Cloud revenues also increased by 21% YoY. On the consumer segment side, growth remained relatively limited at 2.6%. While the expansion in the postpaid subscriber base and strong fixed ARPU performance supported growth, mobile ARPU (excluding M2M) remained broadly flat during the quarter due to the highly competitive pricing environment observed last year and the ongoing high inflation backdrop. Looking at the Company's total subscriber base, it increased by 642 thousand in the first quarter of 2026 to reach 44.5 million, supported by segment-based offerings tailored to customers. The 661 thousand net additions in the postpaid segment marked the strongest total net mobile subscriber gain of the last 14 quarters, while the share of postpaid subscribers in the total mobile subscriber base increased to 81%, exceeding 32 million subscribers. EBITDA (including TMS-29 impact) increased by 3.5% YoY to TRY 28,654mn in 1Q26. Reported EBITDA came in 4.6% above our estimate of TRY 27,350mn and 3.7% above the market median expectation of TRY 27,582mn. EBITDA margin stood at 41.9% in 1Q26 (1Q25: 44.1%).

The Company's net debt position increased. Net debt, which stood at TRY 16,383mn at FY25-end, increased to TRY 48,827mn as of 1Q26, while the Net Debt/EBITDA ratio was realized at 0.42x.

2026 guidance maintained. Turkcell continues to expect revenue growth of 5-7% and an EBITDA margin of 40-42% for 2026, while targeting an operational expenditure-to-revenue ratio of 25%. In addition, the Company expects revenue growth of 18-20% in its Data Center and Cloud business segment.

As a result, Turkcell's 1Q26 financial results were mainly supported by strong corporate revenue performance, continued growth in the data center and cloud business segment, Paycell's ongoing contribution, and operational profitability exceeding expectations. In addition, strong subscriber gains in the postpaid mobile and fiber segments continued to support the Company's customer base and revenue generation capacity. Although the increasing tax burden and the rise in net debt position created pressure on the financials, the Net Debt/EBITDA ratio remaining below 1.0x at 0.42x indicates that the Company has maintained its strong balance sheet structure. Furthermore, net profit exceeded expectations thanks to higher monetary gains and the improving contribution from TOGG. Within this framework, we expect the announced financial results to have a positive short-term impact on the Company's shares. Accordingly, following the 1Q26 financial results, we revise our target price for the Company upward from TRY 140 to TRY 150 per share, while maintaining our "OUTPERFORM" recommendation. Our target price implies a 23.05% upside potential based on the current share price.

**OUTPERFORM**  
**TP: TRY 150.00**  
 Previous TP: TRY 140.00  
 Upside: 23.05%

	TRY	US\$
Close	121,90	2,69
BIST 100	15.134	334
US\$/TRY(CB Bid Rate):	45,190	
52 Week High:	129,60	2,97
52 Week Low:	85,18	2,07
Bloomberg/Reuters Ticker:	TCELL.TI / TCELL.IS	

Number of Shares (Mn): 2.200

	(TRY Mn)	(US\$ Mn)
Current Mcap :	268.180	5.921
Free Float Mcap :	117.999	2.605

	1 M	YOY	YTD
TRY Return (%):	3,9	37,4	30,9
US\$ Return (%):	2,1	17,0	23,9
BIST 100 Relative (%):	-3,4	-14,8	-2,6
Avg. Daily Vol. (TRY Mn):	2.582,3		
Avg. Daily Vol. (US\$ Mn):	61,3		

Beta	0,96
Volatility (Stock)	0,31
Volatility (BIST 100)	0,22

Shareholder Structure	%
TWF	26,2
IMTIS Holdings	19,8
CITIBANK N.A.	10,8
OTHER	43,2
<b>Total</b>	<b>100,0</b>

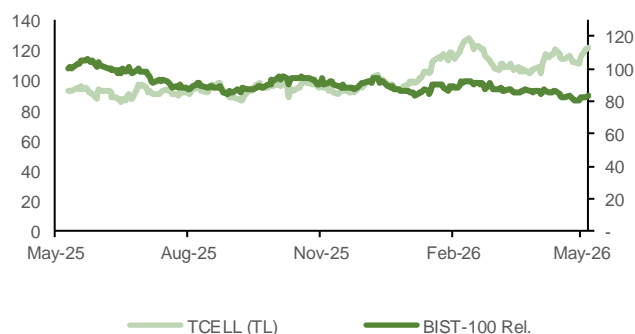


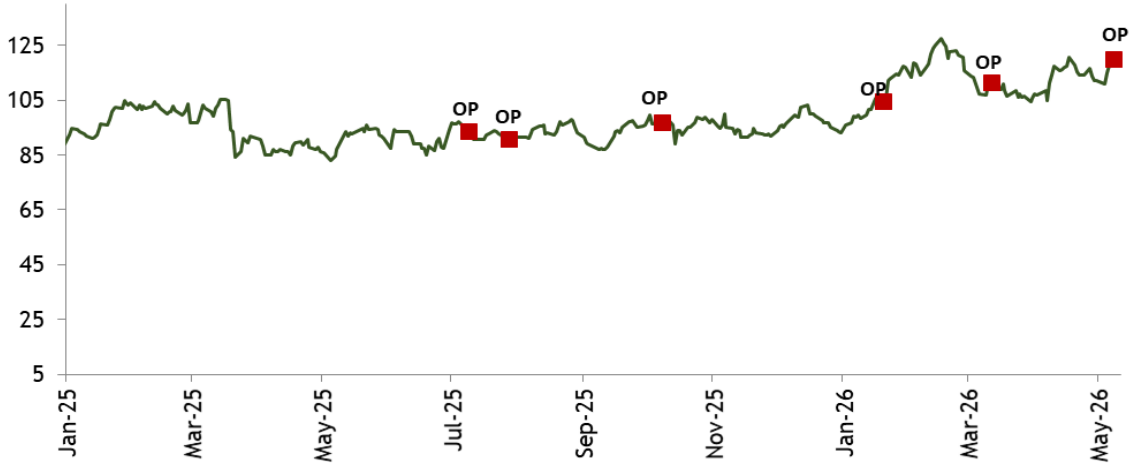
Figure 1: Financials (Including IAS-29 Effect)

TRY Million	1Q25	1Q26	YoY	4Q25	QoQ
<b>Revenues</b>	<b>62.767</b>	<b>68.377</b>	<b>8,9%</b>	<b>69.128</b>	<b>-1,1%</b>
<b>Gross Profit</b>	<b>17.828</b>	<b>18.321</b>	<b>2,8%</b>	<b>19.555</b>	<b>-6,3%</b>
<i>Gross Profit Margin</i>	28,4%	26,8%		28,3%	
<b>EBIT</b>	<b>11.003</b>	<b>10.799</b>	<b>-1,9%</b>	<b>11.100</b>	<b>-2,7%</b>
<i>EBIT Margin</i>	17,5%	15,8%		16,1%	
<b>EBITDA</b>	<b>27.682</b>	<b>28.654</b>	<b>3,5%</b>	<b>28.382</b>	<b>1,0%</b>
<i>EBITDA Margin</i>	44,1%	41,9%		41,1%	
<b>Net Profit</b>	<b>4.033</b>	<b>4.634</b>	<b>14,9%</b>	<b>3.955</b>	<b>17,2%</b>
<i>Net Profit Margin</i>	6,4%	6,78%		5,7%	

Figure 2: Key financials (Including IAS-29 Effect)

BALANCE SHEET (TRY Mn)	2025/12	2026/03	% Chg
PP&E	173.148	175.291	1,2%
Intangibles	115.520	171.722	48,7%
Other Non-Current Assets	89.809	86.779	-3,4%
Trade Receivables	26.314	27.942	6,2%
Cash&Equivalents	101.048	95.773	-5,2%
Other Current Assets	44.993	60.644	34,8%
<b>Total Assets</b>	<b>550.831</b>	<b>618.151</b>	<b>12,2%</b>
Long Term Debt	135.055	168.063	24,4%
Other Non current liabilities	29.179	50.228	72,1%
Short Term Debt	14.811	12.690	-14,3%
Trade Payables	35.889	67.122	87,0%
Other current liabilities	50.526	29.139	-42,3%
Total Liabilities	265.461	327.242	23,3%
Total Equity	285.371	290.909	1,9%
<b>Total Equity&amp;Liabilities</b>	<b>550.831</b>	<b>618.151</b>	<b>12,2%</b>
<b>INCOME STATEMENT (TRY Mn)</b>	<b>2025/03</b>	<b>2026/03</b>	<b>% Chg</b>
Revenues	62.767	68.377	8,9%
COGS	42.828	48.182	12,5%
Gross Profit (Loss)	16.597	16.768	1,0%
Operating Expenses	6.825	7.522	10,2%
Operating Profit/(Loss)	11.003	10.799	-1,9%
Net Other Ope. Rev./ (Exp.)	10.692	1.997	-81,3%
Income/(Loss) from Investing Activities	3.193	2.575	-19,4%
Financial Expenses	(16.197)	(8.895)	N.M.
Gains (losses) on net monetary positions	1.255	5.465	335,5%
<b>Profit Before Tax (Loss)</b>	<b>8.561</b>	<b>11.887</b>	<b>38,8%</b>
Tax	(4.528)	(7.252)	N.M.
<b>Net Profit (Loss)</b>	<b>4.033</b>	<b>4.634</b>	<b>14,9%</b>
Minority Interest	-	-	N.M.
Majority Interest	4.033	4.634	14,9%

## Historical Recommendations and target prices



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
7-Jan-25	Outperform (OP)	148.48
28-Feb-25	Outperform (OP)	148.48
2-May-25	Outperform (OP)	136.6
12-May-25	Outperform (OP)	136.6
14-Aug-25	Outperform (OP)	136.6
7-Nov-25	Outperform (OP)	136.6
9-Jan-26	Outperform (OP)	140.00
6-Mar-26	Outperform (OP)	140.00
12-May-26	Outperform (OP)	150.00

## 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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