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Turkcell

Net Income Beat Expectations, While 5G Spending Pressured Margins

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OUTPERFORM
TP: TRY 150.00
Previous TP: TRY 150.00
Upside potential: 45.5%

Turkcell has reported net income of TRY 5,235mn in 2Q26 based on its inflation-adjusted financial results. Reported net income came in significantly above our expectation of TRY 3,744mn and the median market expectation of TRY 3,821mn. The Company had reported net income of TRY 5,549mn in the same period of last year, implying a 5.7% YoY decline. Despite the limited deterioration in operating profitability and higher depreciation and amortization expenses related to 5G investments, the increase in net monetary position gains, lower losses from equity-accounted investments and lower tax expenses supported net income.

Consolidated revenues increased by 2.5% YoY to TRY 71,775mn in 2Q26. Reported revenues came in slightly below our expectation of TRY 72,703mn and the median market expectation of TRY 72,388mn. Revenues of Turkcell Türkiye, which accounted for approximately 90% of Group revenues, increased by 1.6% YoY to TRY 64,702mn, while Techfin revenues rose by 7.0% to TRY 4,123mn. Within Turkcell Türkiye, consumer segment revenues remained broadly flat, while corporate segment revenues increased by 15.5% YoY. Digital Business Services, where revenues increased by 33.1%, was the main driver of growth in the corporate segment, while Data Center & Cloud revenues rose by 9.8%. In the consumer segment, the delayed reflection of pricing actions on revenues due to the contracted subscriber structure and the base effect stemming from intense competitive conditions in 2025 limited growth.

EBITDA declined by 1.7% YoY to TRY 30,388mn in 2Q26, coming in slightly above our expectation of TRY 30,259mn and the median market expectation of TRY 30,024mn. The EBITDA margin declined by 1.8pp YoY from 44.1% to 42.3%. The margin contraction was mainly driven by higher sales and marketing expenses following the 5G launch, as well as the increasing share of lower-margin Digital Business Services projects in the revenue mix. Sales and marketing expenses as a percentage of revenues increased from 6.3% to 7.6% YoY, while general administrative expenses as a percentage of revenues rose from 3.7% to 4.1%. The improvement in Techfin profitability partially offset the pressure on the consolidated margin.

The increase in depreciation and amortization expenses made the impact of 5G investments on profitability more pronounced. Reported depreciation, amortization and impairment expenses increased by 9.1% YoY to TRY 20,561mn, mainly due to 5G network investments and the related license fee.

	TRY	US$
Close	103,10	2,16
BIST 100	14.132	296
US$/TRY(CB Bid Rate):	47,668	
52 Week High:	129,60	2,97
52 Week Low:	85,45	2,07
Bloomberg/Reuters Ticker:	TCELL.TI / TCELL.IS	

Number of Shares (Mn):	2.200	
	(TRY Mn)	(US$ Mn)
Current Mcap :	226.820	4.757
Free Float Mcap :	99.801	2.093

	1 M	YOY	YTD
TRY Return (%):	-5,4	7,5	10,7
US$ Return (%):	-6,9	-8,4	-0,5
BIST 100 Relative (%):	-5,7	-16,7	-11,8
Avg. Daily Vol. (TRY Mn):	2.680,3		
Avg. Daily Vol. (US$ Mn):	61,4		

Beta	0,96
Volatility (Stock)	0,33
Volatility (BIST 100)	0,23

Shareholder Structure	%
TWF	26,2
IMTIS Holdings	19,8
CITIBANK N.A.	13,3
OTHER	40,7
Total	100,0

Strong subscriber additions continued in the second quarter. Turkcell Türkiye's total subscriber base increased by a net 250k QoQ to 44.8mn, while mobile subscribers exceeded 40mn for the first time following 243k net additions. Postpaid subscribers increased by 8.0% YoY to 32.5mn, while mobile churn improved by 0.6pp to 1.6%. Meanwhile, mobile ARPU excluding M2M declined by 3.9% YoY in real terms, while consumer fiber ARPU increased by 3.2%.

On the fixed side, Turkcell fiber subscribers increased by 5.5% YoY to 2.6mn, while Superbox subscribers rose by 24.9% to 818k. The Company added 31k net fiber and 64k net Superbox subscribers during the quarter and expanded its fiber footprint to an additional 194k households. The share of subscribers using Turkcell's own fiber infrastructure within the fixed subscriber base increased by 3.4pp to 80%, while average mobile data usage per user rose by 37% YoY to 26.3 GB.

Digital Business Services, Data Center & Cloud and Techfin continued to support revenue diversification. Digital Business Services revenues increased by 33.1% to TRY 8,666mn, while Data Center & Cloud revenues rose by 9.8% to TRY 1,621mn. Paycell revenues increased by 21.9%, while total transaction volume grew by 67.3% to TRY 63.5bn. Despite lower revenues at Financell, EBITDA increased by 104.2% to TRY 559mn, with the EBITDA margin rising to 36.1%.

On the balance sheet side, net debt increased, while financial leverage remained at a low level. Cash and cash equivalents declined from TRY 108,136mn at end-2025 to TRY 89,275mn as of 30 June 2026, while total debt increased from TRY 186,823mn to TRY 212,068mn. The decline in cash was mainly driven by the first installment of the 5G license payment, amounting to USD 653mn including VAT, together with other cash outflows, while the increase in total debt primarily reflected the USD 1.0bn Murabaha syndicated loan secured in March. Net debt increased from TRY 17,532mn at end-2025 to TRY 44,494mn, while the net debt/EBITDA ratio rose from 0.14x to 0.36x. The net FX position stood at negative USD 1,339mn, remaining within the Company's medium-term target range of negative USD 1.5bn to positive USD 1.5bn. The Company's operational capex increased by 41.3% YoY to TRY 17,945mn in 2Q26.

Turkcell raised its 2026 year-end inflation assumption to 28% due to the change in the macroeconomic outlook, while maintaining its operational guidance. The Company continues to expect 5–7% real revenue growth, a 40–42% EBITDA margin and operational capex at approximately 25% of revenues in 2026. We view the maintenance of the full-year guidance despite the higher inflation assumption as supportive for the operational outlook.

Overall, we assess the results as slightly positive, supported by net income coming in significantly above expectations, strong postpaid subscriber additions, improved churn, robust growth in Digital Business Services and Data Center & Cloud, and the maintenance of full-year guidance. On the other hand, revenues coming in below expectations, the 1.8pp YoY contraction in the EBITDA margin, the real decline in mobile ARPU, and the increase in net debt and the net short FX position alongside 5G investments were the main limiting factors. Nevertheless, we believe the net debt/EBITDA ratio of 0.36x indicates that balance sheet leverage remains manageable.

We maintain our 12-month target price for Turkcell (TCELL.TI) at TRY 150.00 per share and reiterate our OUTPERFORM recommendation. Based on the closing share price on 13 August 2026, our target price implies 45.5% upside potential.

Table 1: Summary Income Statement (including TAS 29 effects)

TRY Million	1H25	1H26	YoY	2Q25	2Q26	YoY
Revenue	**137.216**	**144.948**	**5,6%**	**70.047**	**71.775**	**2,5%**
Sales	130.037	137.467	5,7%	66.445	67.961	2,3%
Revenue from Finance Sector Operations	7.178	7.481	4,2%	3.602	3.814	5,9%
Gross Profit	**38.158**	**37.811**	**-0,9%**	**19.080**	**18.206**	**-4,6%**
Gross Profit Margin	*27,8%*	*26,1%*	*-1,7 pp*	*27,2%*	*25,4%*	*-1,9 pp*
EBIT	**23.831**	**21.386**	**-10,3%**	**12.056**	**9.830**	**-18,5%**
EBIT Margin	*17,4%*	*14,8%*	*-2,6 pp*	*17,2%*	*13,7%*	*-3,5 pp*
EBITDA	**60.529**	**61.052**	**0,9%**	**30.905**	**30.388**	**-1,7%**
EBITDA Margin	*44,1%*	*42,1%*	*-2,0 pp*	*44,1%*	*42,3%*	*-1,8 pp*
Net Profit	**9.866**	**10.195**	**3,3%**	**5.549**	**5.235**	**-5,7%**
Net Profit Margin	*7,2%*	*7,0%*	*-0,2 pp*	*7,9%*	*7,3%*	*-0,6 pp*

Source: *PDP, Finnet, Şeker Invest Research*

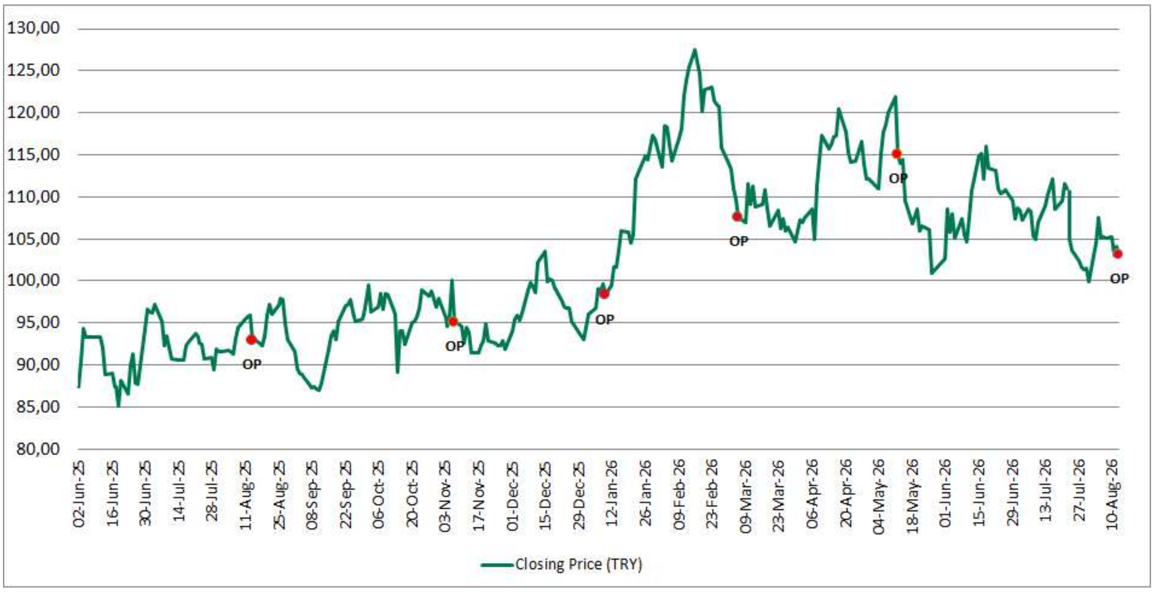
Table 2: Key Financial Tables (including TAS 29 effects)

BALANCE SHEET (TRY Mn)	2025/12	2026/06	Change %
PP&E	185.293	195.190	5,3%
Intangibles	123.623	179.643	45,3%
Other Non-Current Assets	96.108	104.502	8,7%
Trade Receivables	28.160	29.386	4,4%
Cash&Equivalents	108.136	89.275	-17,4%
Other Current Assets	48.148	61.899	28,6%
Total Assets	**589.467**	**659.894**	**11,9%**
Long Term Debt	144.528	175.001	21,1%
Other Non current liabilities	31.225	54.225	73,7%
Short Term Debt	15.850	13.498	-14,8%
Trade Payables	38.406	48.556	26,4%
Other current liabilities	54.070	59.054	9,2%
Total Liabilities	284.080	350.334	23,3%
Total Equity	305.387	309.560	1,4%
Total Equity&Liabilities	**589.467**	**659.894**	**11,9%**

INCOME STATEMENT (TRY Mn)	2025/06	2026/06	Change %
Revenue	**137.216**	**144.948**	**5,6%**
Sales	130.037	137.467	5,7%
Revenue from Finance Sector Operations	7.178	7.481	4,2%
Costs	**99.057**	**107.137**	**8,2%**
Cost of Sales	94.445	102.742	8,8%
Cost of Finance Sector Operations	4.613	4.395	-4,7%
Gross Profit/(Loss)	**38.158**	**37.811**	**-0,9%**
Gross Profit/(Loss) from Commercial Operations	35.593	34.726	-2,4%
Gross Profit/(Loss) from Finance Sector Operations	2.566	3.086	20,3%
Operating Expenses	14.328	16.425	14,6%
Operating Profit/(Loss)	23.831	21.386	-10,3%
Net Other Ope. Rev./(Exp.)	25.597	5.063	-80,2%
Net Investing Activities Gain/(Loss)	6.560	7.379	12,5%
Financial Income/(Expense)	-37.751	-24.592	N.M.
Gains (losses) on net monetary positions	2.434	10.712	340,1%
Profit Before Tax (Loss)	**17.191**	**19.105**	**11,1%**
Tax	-7.078	-8.910	N.M.
Net Profit (Loss)	**9.866**	**10.195**	**3,3%**
Minority Interest	0	0	N.M.
Majority Interest	**9.866**	**10.195**	**3,3%**

Source: *PDP, Finnet, Şeker Invest Research*

Figure 1: Historical Recommendations and Target Prices



Date	Rec	Target Price (TRY)
8-Nov-23	Outperform (OP)	79.90
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)	136.60
12-May-25	Outperform (OP)	136.60
14-Aug-25	Outperform (OP)	136.60
7-Nov-25	Outperform (OP)	136.60
9-Jan-26	Outperform (OP)	140.00
6-Mar-26	Outperform (OP)	140.00
12-May-26	Outperform (OP)	150.00
14-Aug-26	Outperform (OP)	150.00

Basis for 12m equity ratings

Outperform: The total return is expected to exceed the return of the BIST 100 by more than 10%.

Underperform: The total return is expected to fall below the return of the BIST 100 by more than 10%.

Market Perform: The total return is expected to be in line with the return of the BIST 100.

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