Turkcell

Above-Expectation Results Driven by Accelerating Revenue Growth and Improving Operating Margins…

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Turkcell has reported net income attributable to the parent company of TRY 6,737mn in 3Q26, based on its inflation-adjusted consolidated financial results. Reported net income exceeded both our estimate of TRY 5,275mn and the market median expectation of TRY 5,469mn, despite declining by 3.8% YoY.

The YoY decline in net income was primarily driven by higher depreciation, amortization and financial expenses related to 5G investments, while strong operating performance, increased net monetary gains and lower tax expenses largely offset these pressures. Depreciation and amortization expenses increased by 10.3% YoY to TRY 22,621mn, while net financial expenses rose to TRY 16,977mn from TRY 10,642mn. Meanwhile, net monetary gains reached TRY 3,740mn, compared to a net monetary loss in the same period of the previous year, while tax expenses declined by 17.6% to TRY 2,877mn.

Consolidated revenues increased by 6.2% YoY in real terms to TRY 82,044mn in 3Q26, exceeding both our estimate of TRY 79,921mn and the market median expectation of TRY 79,930mn. The acceleration in revenue growth compared to the second quarter was primarily driven by Turkcell Türkiye, which accounts for approximately 90% of Group revenues and recorded 5.1% growth. Corporate segment revenues increased by 30.6% YoY, while Digital Business Services revenues grew by 65.3% to TRY 10,506mn. Hardware sales associated with large-scale system integration projects were a key growth driver, while the increase in recurring service revenues was also a positive development. The return to real revenue growth in the consumer segment indicates a gradual improvement in competitive conditions and the emerging impact of pricing actions.

EBITDA increased by 6.9% YoY to TRY 36,776mn, exceeding both our estimate of TRY 33,926mn and the market median expectation of TRY 33,583mn. Despite the increasing contribution of relatively lower-margin hardware sales and POS services, the EBITDA margin improved by 0.3pp YoY to 44.8%, supported by disciplined operating expense management. The decline in general administrative expenses as a percentage of revenues from 4.4% to 3.7%, and in selling and marketing expenses from 6.9% to 6.1%, supported operating margins. Turkcell Türkiye's EBITDA margin narrowed by 0.2pp to 45.5%, while the Techfin segment's EBITDA margin expanded by 8.0pp to 29.9%.

OUTPERFORM
TP: TRY 150.00
Previous TP: TRY 150.00
Upside potential: 62.9%

	TRY	US$
Close	92,10	1,84
BIST 100	11.713	234
US$/TRY(CB Bid Rate):	49,982	
52 Week High:	129,60	2,97
52 Week Low:	84,85	1,71
Bloomberg/Reuters Ticker:	TCELL.TI / TCELL.IS	

Number of Shares (Mn):	2.200

	(TRY Mn)	(US$ Mn)
Current Mcap :	202.620	4.045
Free Float Mcap :	79.022	1.578

	1 M	YOY	YTD
TRY Return (%):	-6,5	-3,2	-1,1
US$ Return (%):	-8,3	-18,7	-15,4
BIST 100 Relative (%):	-2,1	-9,7	-4,9
Avg. Daily Vol. (TRY Mn):	2.596,7		
Avg. Daily Vol. (US$ Mn):	57,2		

Beta	0,96
Volatility (Stock)	0,32
Volatility (BIST 100)	0,24

Shareholder Structure	%
TWF	26,2
IMTIS Holdings	19,8
CITIBANK N.A.	15,4
OTHER	38,6
Total	100,0



Strong subscriber acquisition continued on the operational front. The Company recorded 579 thousand net mobile subscriber additions in the third quarter, including 701 thousand net additions to its postpaid subscriber base, bringing the share of postpaid subscribers in the total mobile subscriber base to 82%. The 1.0pp YoY improvement in the mobile churn rate to 1.6% was a positive development in terms of customer retention. Nevertheless, mobile ARPU excluding M2M declined by 2.3% YoY in real terms to TRY 512.2, despite a sequential recovery. Management expects the positive impact of pricing adjustments implemented throughout the year to become more pronounced in the final quarter. In fixed broadband, Turkcell added 39 thousand net fiber subscribers, while fiber homepasses increased by 242 thousand to 6.9 million. Superbox recorded 101 thousand net subscriber additions, bringing its total subscriber base to 919 thousand and indicating sustained strong demand for fixed wireless access services.

Digital Business Services and Techfin stood out in terms of revenue diversification, while Data Center & Cloud revenues increased by 4.3% YoY to TRY 1,736mn. The system integration project backlog of Digital Business Services stood at TRY 21.6bn. Techfin revenues increased by 8.9% to TRY 4,817mn, supported by Paycell's strong performance in POS services and mobile payments. At Financell, lower funding costs supported profitability despite the decline in revenues.

On the balance sheet front, consolidated net debt increased to TRY 40,686mn from TRY 18,509mn at end-2025, while the net debt/EBITDA ratio rose to 0.31x from 0.14x. Despite generating TRY 91,333mn in operating cash flow during the first nine months, cash outflows of TRY 88,755mn for purchases of property, plant, equipment and intangible assets highlighted the impact of 5G investments on cash generation. The operational capex-to-revenue ratio, excluding license fees, stood at 22.8%. Following the reporting period, the Company signed a share purchase agreement for EUR 88mn to increase its stake in TOGG from 23% to 34%, representing a development to monitor in terms of capital allocation.

Overall, we view the above-expectation performance in consolidated revenues, EBITDA and net income positively, supported by accelerating real revenue growth, strong postpaid and Superbox subscriber additions, and improving EBITDA margins. Nevertheless, the continued real decline in mobile ARPU, higher depreciation, amortization and financial expenses associated with 5G investments, and pressure on cash flow from elevated capital expenditures warrant close monitoring. The strong subscriber base, expanding corporate and digital services portfolio, and manageable financial leverage support the medium- to long-term investment outlook. We assess the short-term share price impact of the financial results as positive.

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 November 9, 2026, our target price implies an upside potential of 62.9%.

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

TRY Million	9M25	9M26	YoY	3Q25	3Q26	YoY
Revenue	222.094	235.065	5,8%	77.236	82.044	6,2%
Sales	210.729	222.772	5,7%	73.449	77.648	5,7%
Revenue from Finance Sector Operations	11.365	12.294	8,2%	3.787	4.396	16,1%
Gross Profit	62.875	62.062	-1,3%	22.591	22.145	-2,0%
Gross Profit Margin	*28,3%*	*26,4%*	*-1,9 pp*	*29,2%*	*27,0%*	*-2,3 pp*
EBIT	39.074	36.738	-6,0%	13.916	14.160	1,8%
EBIT Margin	*17,6%*	*15,6%*	*-2,0 pp*	*18,0%*	*17,3%*	*-0,8 pp*
EBITDA	98.304	101.228	3,0%	34.404	36.776	6,9%
EBITDA Margin	*44,3%*	*43,1%*	*-1,2 pp*	*44,5%*	*44,8%*	*+0,3 pp*
Net Profit	17.417	17.500	0,5%	7.002	6.737	-3,8%
Net Profit Margin	*7,8%*	*7,4%*	*-0,4 pp*	*9,1%*	*8,2%*	*-0,9 pp*

Source: PDP, Finnet, Şeker Invest Research

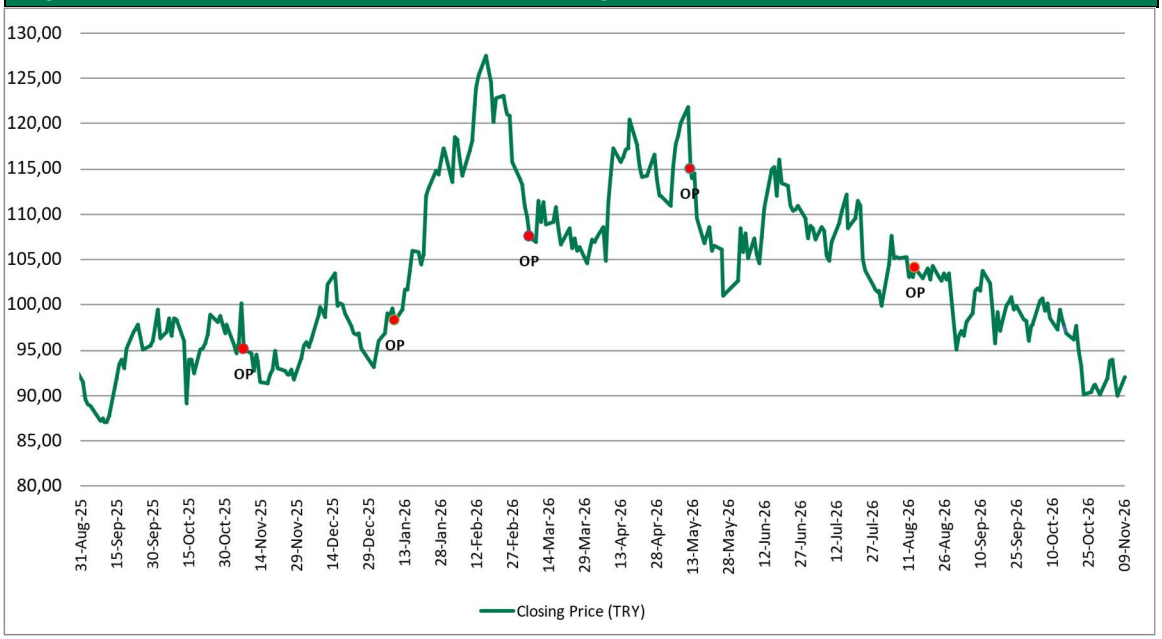
Table 2: Key Financial Tables (including TAS 29 effects)

BALANCE SHEET (TRY Mn)	2025/12	2026/09	Change %
PP&E	195.613	211.836	8,3%
Intangibles	130.508	185.013	41,8%
Other Non-Current Assets	101.461	129.439	27,6%
Trade Receivables	29.728	34.320	15,4%
Cash&Equivalents	114.158	98.952	-13,3%
Other Current Assets	50.830	55.579	9,3%
Total Assets	**622.298**	**715.139**	**14,9%**
Long Term Debt	152.578	185.006	21,3%
Other Non current liabilities	32.965	56.794	72,3%
Short Term Debt	16.733	16.968	1,4%
Trade Payables	40.545	57.577	42,0%
Other current liabilities	57.082	65.523	14,8%
Total Liabilities	299.903	381.867	27,3%
Total Equity	322.396	333.272	3,4%
Total Equity&Liabilities	**622.298**	**715.139**	**14,9%**

INCOME STATEMENT (TRY Mn)	2025/09	2026/09	Change %
Revenue	**222.094**	**235.065**	**5,8%**
Sales	210.729	222.772	5,7%
Revenue from Finance Sector Operations	11.365	12.294	8,2%
Costs	**159.220**	**173.004**	**8,7%**
Cost of Sales	151.482	165.281	9,1%
Cost of Finance Sector Operations	7.738	7.723	-0,2%
Gross Profit/(Loss)	**62.875**	**62.062**	**-1,3%**
Gross Profit/(Loss) from Commercial Operations	59.247	57.491	-3,0%
Gross Profit/(Loss) from Finance Sector Operations	3.628	4.570	26,0%
Operating Expenses	23.801	25.324	6,4%
Operating Profit/(Loss)	39.074	36.738	-6,0%
Net Other Ope. Rev./(Exp.)	32.936	9.595	-70,9%
Net Investing Activities Gain/(Loss)	9.680	12.932	33,6%
Financial Income/(Expense)	-50.496	-42.938	N.M.
Gains (losses) on net monetary positions	2.109	15.049	613,6%
Profit Before Tax (Loss)	**28.622**	**29.783**	**4,1%**
Tax	-10.962	-12.284	N.M.
Net Profit (Loss)	**17.417**	**17.500**	**0,5%**
Minority Interest	0	0	N.M.
Majority Interest	**17.417**	**17.500**	**0,5%**

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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