

TURKCELL ILETISIM HIZMETLERI A S  
Form 6-K  
February 13, 2015

---

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER  
THE SECURITIES EXCHANGE ACT OF 1934

Report on Form 6-K dated February 13, 2015

Commission File Number: 001-15092

---

TURKCELL ILETISIM HIZMETLERI A.S.  
(Translation of registrant's name in English)

Turkcell Plaza  
Mesrutiyet Caddesi No. 71  
34430 Tepebasi  
Istanbul, Turkey

(Address of Principal Executive Offices)

---

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes

No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes

No

Edgar Filing: TURKCELL ILETISIM HIZMETLERI A S - Form 6-K

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

\_\_\_\_\_

Enclosure: A press release dated February 12, 2014 announcing Turkcell's Fourth Quarter and Full Year 2014 results and IFRS Report for Q4 2014.

\_\_\_\_\_  
\_\_\_\_\_



## Fourth Quarter and Full Year 2014 Results

## Content

|   |    |
|---|----|
| HIGHLIGHTS  | 3  |
| COMMENTS FROM THE CEO, ILKER KURUOZ               | 4  |
| FINANCIAL AND OPERATIONAL REVIEW                  |    |
| FINANCIAL REVIEW OF TURKCELL GROUP                | 6  |
| OPERATIONAL REVIEW IN TURKEY                      | 11 |
| OTHER DOMESTIC AND INTERNATIONAL OPERATIONS       |    |
| ASTELIT   | 11 |
| TURKCELL SUPERONLINE                              | 12 |
| FINTUR  | 13 |
| TURKCELL GROUP SUBSCRIBERS                        | 14 |
| OVERVIEW OF THE MACROECONOMIC ENVIRONMENT         | 15 |
| RECONCILIATION OF NON-GAAP FINANCIAL MEASUREMENTS | 16 |

Please note that all financial data is consolidated and comprises that of Turkcell Iletisim Hizmetleri A.S., (the “Company”, or “Turkcell”) and its subsidiaries and associates (together referred to as the “Group”). All non-financial data is unconsolidated and comprises Turkcell only figures. The terms “we”, “us”, and “our” in this press release refer only to the Company, except in discussions of financial data, where such terms refer to the Group, and where context otherwise requires.

In this press release, year-on-year comparison of our key indicators is provided and figures in parentheses following the operational and financial results for the year end 2014 refer to the same item at the year end of 2013 and figures in parentheses following the operational and financial results for the fourth quarter of 2014 refer to the same item in the fourth quarter of 2013. For further details, please refer to our consolidated financial statements and notes as at and for the year ended December 31, 2014, which can be accessed via our website in the investor relations section ([www.turkcell.com.tr](http://www.turkcell.com.tr)).

Please note that selected financial information presented in this press release for the fourth quarters and year end of 2014 and 2013, both in TRY and US\$ is based on IFRS figures.

In the tables used in this press release totals may not foot due to rounding differences. The same applies for the calculations in the text.



Fourth Quarter and Full Year 2014 Results

HIGHLIGHTS

---

FULL YEAR

- Turkcell Group revenues and EBITDA<sup>1</sup> both grew by 6% to TRY12,044 million (TRY11,408 million) and TRY3,762 million (TRY3,544 million), respectively. EBITDA margin was at 31.2% (31.1%).
- Net income fell 20% to TRY1,865 million (TRY2,326 million), adversely impacted mainly by macroeconomic conditions in our international markets of operation as well as several one off items. Excluding the one-off items, net income would be TRY2,135 million<sup>2</sup>.
- Mobile business revenues in Turkey rose 3% to TRY9,369 million (TRY9,123 million) with an EBITDA margin of 31.2% (31.0%).
  - o Mobile broadband revenues grew by 34% to TRY1,931 million (TRY1,437 million) with strong demand for data.
  - o Voice revenues<sup>3</sup> fell by 1% to TRY6,374 million (TRY6,460 million), mainly due to lower MTRs.
- Subsidiaries<sup>4</sup> registered revenue growth of 17% to TRY2,674 million (TRY2,285 million) and EBITDA growth of 18% to TRY838 million (TRY712 million).
- On January 28, 2015, Turkcell announced CEO, Sureyya Ciliz's resignation. On the same day, the Turkcell Board of Directors appointed Ilker Kuruoz as acting CEO in addition to his role as the Chief Technology Group Officer.

FOURTH QUARTER 2014

- Group revenues grew by 8% to TRY3,103 million (TRY2,884 million) with the higher contribution of mobile broadband and fiber broadband revenues.
- Group EBITDA<sup>1</sup> rose 8% to TRY917 million (TRY851 million) with an EBITDA margin of 29.6% (29.5%).
- Net income fell by 49% to TRY258 million (TRY505 million), mainly due to currency devaluation in Ukraine and Belarus, along with various one-offs. Excluding one-off impacts, net income would be TRY390 million<sup>2</sup>.
- Mobile business revenues in Turkey reached TRY2,392 million (TRY2,240 million) on 7% growth, while the EBITDA margin rose to 30.1% (29.9%).
  - o Mobile broadband revenues rose by 44% to TRY567 million (TRY394 million), posting the highest growth rate of the year.
    - o Voice revenues<sup>3</sup> grew by 1% to TRY1,555 million (TRY1,547 million).
- Revenues of subsidiaries<sup>4</sup> climbed 10% to TRY711 million (TRY644 million) with an EBITDA increase of 8% to TRY196 million (TRY181 million).

- (1) EBITDA is a non-GAAP financial measure. See page 16 for the reconciliation of EBITDA to net cash from operating activities.
  - (2) The adjusted figures are non-IFRS measures. For further details on the factors for which adjustments have been made and on the calculation of the adjustments, please see page 9.
  - (3) Voice revenues include outgoing, incoming, roaming and other (comprising almost 1% of Turkcell Turkey) revenues.
  - (4) Including eliminations.
- (\*) For details, please refer to our consolidated financial statements and notes as at, and for the year ended December 31, 2014 which can be accessed on our web site in the investor relations section ([www.turkcell.com.tr](http://www.turkcell.com.tr)).

Fourth Quarter and Full Year 2014 Results

COMMENTS FROM CEO, ILKER KURUOZ

---

“Turkcell Group reached its 2014 targets. Consolidated revenues rose 6% to TRY12 billion, while EBITDA grew 6% to TRY3.8 billion. Meanwhile, EBIT rose 9% to TRY2.1 billion, while net income declined by 20% to TRY1.9 billion, mainly due to unfavorable macroeconomic conditions in countries of our international operations.

In 2014, Turkcell Turkey’s revenues grew by 3% on 34% growth in mobile broadband. Meanwhile, Turkcell Superonline revenues grew by 35% year-on-year on the back of an increased fiber subscriber base. Our Ukrainian business sustained its operational performance, and accordingly its revenues rose by 13% in local currency terms. Nonetheless, its revenues contracted 12% in TRY terms due to 97% local currency devaluation in Ukraine.

The Turkcell team in 2014 continued to differentiate itself with its focus on providing superior customer experience and best-in-class service to create more value for its customers through technology, innovation, and operational excellence. We introduced the Turkcell T50 to our customers, Turkey’s first operator branded smartphone with 4G, which ranked among the top selling smartphones in Turkey. Meanwhile, we launched our TV platform Turkcell TV Plus which, differentiated by the synergy between our 3G network and fiber infrastructure, strengthened our offering with a triple play service.

We are proud to have transformed Turkcell from a GSM only operator to a leading communication and technology company, both in Turkey and in the region, over the past 20 years. We sustain our pioneering role and leadership of the sector through consistent investment in technology and infrastructure, thereby providing our customers superior value. In the 4G era, we target creating more value for our customers with a sustained focus on quality, supported by accelerated investments, and innovative products and services.

We believe that the strong team spirit of Turkcell employees and support of our business partners, who together have made the company “Turkey’s Turkcell”, will ensure continued success. We thank all of our stakeholders for sharing our success story with us.”



Fourth Quarter and Full Year 2014 Results

OVERVIEW OF TURKCELL TURKEY

---

The mobile market remained competitive in 2014. The market continued to opt for price oriented offers over product, service and network speed. Furthermore, the market has shifted towards increased data incentive bundled offers. Despite some upward price adjustments in early Q414, these did not lead to significant improvement in overall competition. In light of the first quarter of 2015 thus far, we expect this competitive environment to prevail.

As Turkcell, our strategy has always been to provide a superior and differentiating customer experience through operational excellence and investment in technology and innovation, ensuring a high quality offering.

As a result of our continued focus on quality, our postpaid subscriber base expanded by 1.2 million yearly net additions to 15.2 million. Accordingly, the postpaid share in total subscribers reached 44%, and 70% in total revenues. Overall, our subscriber base declined by 0.5 million to 34.6 million, mainly through losses from the more price-sensitive prepaid segment. Meanwhile, blended ARPU for the full year rose by 4% driven by an increased postpaid subscriber base and rising mobile data demand.

On the smartphone front, the momentum has continued, despite the regulatory change on credit card payment and local currency depreciation. This durable growth of the smartphone market should help us realize our strategy to monetize the mobile broadband business. Our attractive contracted offers and the success of our affordable T-branded smartphones led to 3.1 million additions to our smartphone base, which rose to 12.7 million. This amounted to a 10 pp yearly increase in smartphone penetration on our network to 40%.

In 2014, we had continued to differentiate ourselves with our innovative products and services. We strengthened our leading M2M solution provider position with the launch of our “Connected Car Platform”. We expanded Turkcell-branded applications further with “Super SmallBiz” targeting small businesses and “Turkcell My Child and Me” for parents. Our latest T-series smartphone, T-50, became the top selling smartphone in Turkey in Q314, while Turkcell TV+, our TV platform, strengthened our product offering and enabled Turkcell Superonline to provide triple play services.

Looking forward, we remain quite enthusiastic about the new era of 4G in Turkey. We aim to sustain our technology leadership in the market by leveraging on the synergy with our fiber broadband subsidiary to ensure our customers enjoy the full value of the 4G environment.

Turkcell Group Guidance\*:

For 2015, we anticipate continued growth on a consolidated basis, mainly through our mobile broadband and fiber broadband businesses in Turkey. We target consolidated revenues in the range of TRY12,800 – TRY13,100 million and consolidated EBITDA in the range of TRY3,850 – TRY4,050 million. In accordance with our growth plans, we expect an operational capex to sales ratio of around 20%, with increased investments in preparation of the mobile network to 4G transition, further expansion of the fiber network, and the roll out of Astelit’s 3G network. This ratio excludes new spectrum fees in Turkey and Ukraine related to 4G and 3G, respectively, which are expected to be auctioned this year.

(\* Please note that this paragraph contains forward looking statements based on our current estimates and expectations regarding market conditions for each of our different businesses. No assurance can be given that actual results will be consistent with such estimates and expectations. For a discussion of factors that may affect our results, see our Annual Report on Form 20-F for 2013 filed with U.S. Securities and Exchange Commission, and in particular, the risk factor section therein.

## Fourth Quarter and Full Year 2014 Results

## FINANCIAL AND OPERATIONAL REVIEW

The following discussion focuses principally on the developments and trends in our business in the fourth quarter and full year 2014 in TRY terms. Selected financial information presented in this press release for the fourth quarters and for the full year 2014 and 2013, both in TRY and US\$, is based on IFRS figures.

Selected financial information for the fourth quarter of 2013, third and fourth quarters of 2014 and full year 2013 and 2014, both in TRY and US\$ prepared in accordance with IFRS, and in TRY prepared in accordance with the Turkish Accounting standards is also included at the end of this press release.

## Financial Review of Turkcell Group

| Profit & Loss Statement<br>(million TRY)       | Quarter    |            |         | Year       |            |          |
|--|------------|------------|---------|------------|------------|----------|
|  | Q413       | Q414       | y/y%    | FY13       | FY14       | y/y%     |
| Total Revenue                                  | 2,883.6    | 3,103.2    | 7.6 %   | 11,407.9   | 12,043.6   | 5.6 %    |
| Direct cost of revenues <sup>1</sup>           | (1,851.3 ) | (1,972.2 ) | 6.5 %   | (7,063.9 ) | (7,383.9 ) | 4.5 %    |
| Direct cost of revenues <sup>1</sup> /revenues | (64.2 %)   | (63.6 %)   | 0.6pp   | (61.9 %)   | (61.3 %)   | 0.6pp    |
| Depreciation and amortization                  | (481.6 )   | (450.7 )   | (6.4 %) | (1,594.4 ) | (1,639.4 ) | 2.8 %    |
| Gross Margin                                   | 35.8 %     | 36.4 %     | 0.6pp   | 38.1 %     | 38.7 %     | 0.6pp    |
| Administrative expenses                        | (152.0 )   | (146.8 )   | (3.4 %) | (550.3 )   | (562.7 )   | 2.3 %    |
| Administrative expenses/revenues               | (5.3 %)    | (4.7 %)    | 0.6pp   | (4.8 %)    | (4.7 %)    | 0.1pp    |
| Selling and marketing expenses                 | (510.4 )   | (517.8 )   | 1.4 %   | (1,843.6 ) | (1,974.6 ) | 7.1 %    |
| Selling and marketing expenses/revenues        | (17.7 %)   | (16.7 %)   | 1.0pp   | (16.2 %)   | (16.4 %)   | (0.2pp ) |
| EBITDA <sup>2</sup>                            | 851.5      | 917.1      | 7.7 %   | 3,544.5    | 3,761.8    | 6.1 %    |
| EBITDA Margin                                  | 29.5 %     | 29.6 %     | 0.1pp   |            |            |          |