

TURKCELL ILETISIM HIZMETLERI A S  
Form 6-K  
February 22, 2019

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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 22, 2019  
Commission File Number: 001-15092

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

Aydınevler Mahallesi İnönü Caddesi No:20  
Küçükyalı Ofispark  
34854 Maltepe  
Istanbul, Turkey

(Address of Principal Executive Offices)

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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

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 20, 2019 announcing Turkcell's Fourth Quarter 2018 results and Q4 2018 IFRS Report.

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TURKCELL ILETISIM  
HIZMETLERI

FOURTH QUARTER AND FULL YEAR  
2018 RESULTS

“1440 STRATEGY LED TO SUPERIOR FINANCIAL  
AND OPERATIONAL PERFORMANCE”

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Fourth Quarter and Full Year 2018 Results

Contents

HIGHLIGHTS

COMMENTS BY KAAAN TERZIOGLU, CEO 4

FINANCIAL AND OPERATIONAL REVIEW

FINANCIAL REVIEW OF TURKCELL GROUP 7

OPERATIONAL REVIEW OF TURKCELL TURKEY 11

TURKCELL INTERNATIONAL

lifecell 12

BeST 13

Kuzey Kıbrıs Turkcell 13

FINTUR 14

TURKCELL GROUP SUBSCRIBERS 14

OVERVIEW OF THE MACROECONOMIC ENVIRONMENT 15

RECONCILIATION OF NON-GAAP FINANCIAL MEASUREMENTS 15

Appendix A – Tables 17

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”), unless otherwise stated.

We have three reporting segments:

“Turkcell Turkey” which comprises all of our telecom related businesses in Turkey (as used in our previous releases in periods prior to Q115, this term covered only the mobile businesses). All non-financial data presented in this press release is unconsolidated and comprises Turkcell Turkey only figures, unless otherwise stated. The terms “we”, “us”, and “our” in this press release refer only to Turkcell Turkey, except in discussions of financial data, where such terms refer to the Group, and except where context otherwise requires.

- o “Turkcell International” which comprises all of our telecom related businesses outside of Turkey.

- o “Other subsidiaries” which is mainly comprised of our information and entertainment services, call center business revenues, financial services revenues and inter-business eliminations.

In this press release, a year-on-year comparison of our key indicators is provided, and figures in parentheses

following the operational and financial results for December 31, 2018 refer to the same item as at December 31, 2017. For further details, please refer to our consolidated financial statements and notes as at and for December 31, 2018, which can be accessed via our website in the investor relations section ([www.turkcell.com.tr](http://www.turkcell.com.tr)).

Selected financial information presented in this press release for the fourth quarter and for the full year 2017 and 2018 is based on IFRS figures in TRY terms unless otherwise stated.

In accordance with our strategic approach and IFRS requirements, Fintur is classified as ‘held for sale’ and reported as discontinued operations as of October 2016. Certain operating data that we previously presented with Fintur included has been restated without Fintur.

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

Year-on-year and quarter-on-quarter percentage comparisons appearing in this press release reflect mathematical calculation.

Fourth Quarter and Full Year 2018 Results

FINANCIAL HIGHLIGHTS

TRY million	Q417	Q418	y/y %	FY17	FY18	y/y %
Revenue	4,666	5,626	20.6%	17,632	21,292	20.8%
EBITDA <sup>1</sup>	1,739	2,239	28.8%	6,228	8,788	41.1%
EBITDA Margin (%)	37.3%	39.8%	2.5pp	35.3%	41.3%	6.0pp
Net Income	216	864	300.1%	1,979	2,021	2.1%

FULL YEAR HIGHLIGHTS

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- Remarkable financial performance in a challenging macro environment:
  - o All-time high revenue and EBITDA at the Group level
  - o Group revenues up 21% year-on-year, 49% on two-year cumulative basis
  - o Group EBITDA up 41% year-on-year, 90% on two-year cumulative basis, EBITDA margin at 41.3%
  - o Strong group net income of TRY2,021 million
  - o Operational capex over sales ratio<sup>2</sup> at 18.5%, in line with our plan
  - o TRY1.9 billion dividends distributed
  - o Guidance delivered thanks to effective cost control measures and business model hedging strategy comprising three pillars; right pricing, FX & interest rate hedging and liquidity management
- Solid operational performance:
  - o 94% rise in digital services downloads worldwide to 169 million
  - o 347 thousand net postpaid mobile subscriber additions in 2018
  - o Data usage of 4.5G users at 8 GB in December
- 2019 Group guidance<sup>3</sup>; revenue growth target of 16%-18%, EBITDA margin target of 37%-40% and operational capex over sales ratio<sup>2</sup> of 16%-18%.

FOURTH QUARTER HIGHLIGHTS

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- Strong financial results achieved:
  - o Group revenues and EBITDA up 20.6% and 28.8%, respectively leading to an EBITDA margin of 39.8%
  - o Group net income of TRY864 million; stable quarterly run-rate

·Operational momentum continued:

oMobile ARPU<sup>4</sup> growth of 15.8% year-on-year on the back of digital services focused strategy

oMobile multiplay subscriber ratio<sup>5</sup> reached 66.7%, up 10.9pp year-on-year; and multiplay with TV subscribers<sup>6</sup> reached 48.6%, up 4.2pp year-on-year

oLeading NPS in the sector reflecting strong customer appreciation

·Binding agreement with respect to the transfer of our stake in Fintur to Sonera Holding B.V., the other shareholder of Fintur, signed on December 12, 2018; the deal is expected to be completed soon.

(1) EBITDA is a non-GAAP financial measure. See page 15 for the explanation of how we calculate Adjusted EBITDA and its reconciliation to net income.

(2) Excluding license fee

(3) 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 2017 filed with U.S. Securities and Exchange Commission, and in particular, the risk factor section therein

(4) Excluding M2M

(5) Share of mobile voice line users which excludes subscribers who have not used their line in the last 3 months. Multiplay refers to mobile customers who use voice, data and one of core digital services.

(6) Multiplay subscribers with TV: Fiber internet + IPTV users & fiber internet + IPTV + fixed voice users  
For further details, please refer to our consolidated financial statements and notes as at and for December 31, 2018 which can be accessed via our website in the investor relations section ([www.turkcell.com.tr](http://www.turkcell.com.tr)).

Fourth Quarter and Full Year 2018 Results

COMMENTS BY KAAAN TERZIOGLU, CEO

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As Turkcell Group, we have concluded another successful year of operations, having taken firm steps in accordance with our digital business model. While our digital transformation has reached its 4<sup>th</sup> year, our 1440 strategy focused on creating value for every minute of our customers' lives, has led to superior performance, both in operational and financial terms. I am delighted that we have accomplished the vision we set as the "Digital Operator", having fulfilled the very definition of one, creating new business areas in a challenging environment, and reaching a point where this model is now extended to the wider world.

2018 was a year where challenging macroeconomic conditions shaped global and local markets, where global trade decelerated, the emerging markets saw capital outflows and the Turkish Lira depreciated against foreign currencies. And yet, we delivered a strong performance, actually exceeding our initial targets. Turkcell Group's total revenues grew 20.8% to TRY21.3 billion, while EBITDA<sup>1</sup> rose 41.1% to TRY8.8 billion leading to an EBITDA margin of 41.3%. 2-year cumulative growth in revenues reached 49% while EBITDA grew 90.2%. Despite the challenging macro environment, we reported a net income above that of 2017 at TRY2 billion. Our capital expenditures<sup>2</sup> were in line with our plans, at 18.5% of revenues.

As reflected by this solid set of results, our digital operator model and strong balance sheet and business model hedging strategies have successfully passed a significant stress test. I would like to share with you the main components of our strategy that have made this performance possible, and the progress we have achieved throughout the year.

We increased our share of 1440 minutes with our digital services

In 2018, we continued to expand and enrich our digital services portfolio with new features, a key pillar of our digital operator transition. We saw 169 million downloads of our digital services, receiving a higher share of our customers' 1440 minutes and creating greater value for them within those minutes.

Our digital communication and experience platform BiP has been equipped with two important capabilities this year. BiP now allows the use of two numbers on a single handset, as well as money transfer, in addition to its enriched messaging experience, multiuser video and voice call capability and subscription to service provider channels. We reached 34.6 million downloads and 11.5 million active users<sup>3</sup> of BiP on the back of rising customer appreciation in 2018.

fizy, over which 7 million songs were streamed daily in the fourth quarter, reached 3.2 million active users<sup>3</sup>, while TV+ became one of Turkey's largest digital TV platforms with its customers reaching 3.4 million users<sup>4</sup>. Dergilik, now with international magazines in its portfolio, led evening editions of newspapers to be published once again in Turkey. Reaching 12.5 million active users<sup>3</sup>, Dergilik continued to transform the publishing sector.

Turkey's search engine, Yaani, which we launched at the end of 2017, has been downloaded 7.6 million times to date, while its active users<sup>3</sup> have reached 3 million. Over Yaani, the web version of which we now also offer our customers, 2.7 million searches were performed on average every day.

In the attractive gaming market, we are committed to growth on multiple platforms including Playcell, BiP Gaming and TavlaGo. Playcell, a safe-zone for kids offering a variety of educational and entertaining games, had 18.7 million total visitors in 2018, while BiP Gaming users have reached 4.8 million as at the end of 2018.

We took effective steps to grow the digital economy

Our Fast Login application, which enables a secure and fast login experience to mobile applications, and mobile and online websites, has been used 232 million times to date by its 15.3 million registered users. Thanks to Fast Login, Turkey became the first market to meet the commercial sustainability criteria set by the GSMA (Global Mobile Operators Association) in digital authentication, an area we consider the cornerstone of the digital economy.

In techfin solutions, we strengthened the foundations of our business, deepened our competencies, and increased our customer interaction. One key focus, Paycell, continues its firm progress towards becoming one of the strongest players in the mobile payment world. The Paycell application has been downloaded 2.6 million times and more than 1 million Paycell Cards have been issued. Financell, our consumer finance company, continued to facilitate our customers' access to smart devices supporting them with the loans it provided. This year we expanded our competencies in financial services establishing Güvencell Sigorta, our insurance agency; the first insurance product offered to our customers was a health insurance package aimed at women.



## Fourth Quarter and Full Year 2018 Results

Our traffic management, digital authentication and mobile payment solutions introduced for online and mobile content and service providers to grow e-commerce, offered a seamless digital experience to numerous entrepreneurs this year.

Our customers increasingly benefited from our products and services. We raised the bar in 4.5G.

The average data consumption of 4.5G users reached 7.6 GB on the back of our innovative mobile services. Turkcell Turkey's multiplay customer ratio<sup>5</sup> on the mobile front reached 66.7% with a 10.9 percentage point increase, while the ratio of multiplay with TV+ users<sup>6</sup> reached 48.6% in the fixed segment.

Our infrastructure investments enable our customers to take full advantage of the digital world. In April, we reached a new milestone by serving at speeds in excess of 1 Gbps on our 4.5G network.

We initiated our NB-IoT services, deploying our products on our infrastructure. We started to serve our customers with our NB-IoT featured device, Filiz, together with its application aimed at increasing agricultural productivity through remote monitoring.

As part of steps taken to ensure seamless and high-speed communication, we launched Superbox, our FWA (Fixed Wireless Access) product, to great appreciation from our customers. Moreover, we developed Dronecell, which will enable us to provide 4.5G services in areas where intensive data traffic is likely to be experienced. Dronecell, Turkey's first flying base station, will play an important role in ensuring uninterrupted communication to save lives, particularly in emergencies and disasters.

We opened up our digital model to the World, launching the digital export era.

In 2018, we also transferred our digital competencies to those countries where Turkcell Group operates. lifecell, the first operator to implement 4.5G in Ukraine, is taking firm steps towards becoming the national digital operator.

In accordance with our globalization vision, we aim to expand our digital footprint not only in the countries where we operate, but also throughout the wider world, by cooperating with other operators. Established for this purpose, our subsidiary lifecell Ventures was introduced to the international audience at the GSMA Mobile World Congress, the most prestigious event of our industry, in Barcelona in February 2018. lifecell Ventures conducted its first service export to Moldcell with BiP and lifebox.

Another important development of 2018 was the sale of Fintur subsidiaries, and ultimately the agreement to sell our stake in Fintur to Telia, signed in December. This transaction enhances our efficient balance sheet management and focus on growth through digital services, and will result in a cash inflow of EUR 350 million upon completion.

We created value for our investors with our digital model and business model hedging strategy

Strong operational performance combined with our Business Model Hedging strategy, enabled us to achieve strong profitability and create shareholder value, despite macroeconomic headwinds.

In a landmark development, with our 10-year, USD 500 million Eurobond issuance in April, we became the first Turkish company to issue a 10-year bond since 2015. This has strengthened our balance sheet under favorable financing conditions, while confirming market confidence in Turkcell. Going forward, we plan to keep the average tenure of our debt portfolio at 4-5 years. In addition to the bond issuance, we continued to strengthen our liquidity and diversify financing sources, while registering firsts for the market with vendor financing, lease certificates, asset-backed securities and other debt instruments.



## Fourth Quarter and Full Year 2018 Results

On the back of hedging instruments, we maintained FX risk at a minimum level, generating solid profits, despite TL depreciation. Moreover, hedge accounting principles minimized volatility, allowing for predictable quarterly net profits throughout the year.

Including the TRY1.9 billion dividend paid out in 2018 with a yield of 7.2%, we have distributed nearly 60% of net profit recorded since 2010 to our shareholders.

We have invested in Turkey's future with our technology, social responsibility awareness and now, our Foundation.

We believe that investing in the future means investing in human capital. Accordingly, we welcomed 232 young friends to the Turkcell family within the scope of our GNCYTNK Project. Moreover, with the Whiz Kids project, we support the education of gifted children, while also supporting the education of children overcoming obstacles through the Education without Boundaries Project. We cooperate with DQInstitute in the area of DQ - Digital Intelligence, and help children to develop digital awareness in order to become confident digital citizens.

We support entrepreneurship through various projects and applications, primarily Beehive, our crowd funding platform.

"Hello Hope", our application dedicated to serving Syrian guests in Turkey, has reached nearly 1 million downloads. We will continue to leverage our technology for the benefit of those who most need it.

In this respect, we took another important step by establishing Turkcell Foundation. With a vision of developing Turkey into a technology producer, Turkcell Foundation aims to gather Turkcell's corporate social responsibility activities under one roof and work to increase employment opportunities by supporting scientists and the qualified labor force required across all fields of endeavor.

The future is already here and we are ready for it

The near future will be shaped by technologies such as 5G, artificial intelligence, block chain and augmented and artificial reality the world over. As Turkcell, we have launched strategic alliances with leading technology companies and universities domestically and abroad for the past two years with respect to our studies into 5G. Related activities continued in 2018.

The primary tool for processing the data generated by 5G will be artificial intelligence/machine learning technologies. As Turkcell, we are currently utilizing these technologies to enrich our applications, to make more effective and efficient contact with our customers, and to prevent identity fraud through image processing. Through our R&D Center and creative human capital, we will continue to employ artificial intelligence internally to the highest ethical standards in deploying our services.

Our digital transformation process will keep up the pace.

On the back of our solid fundamentals, in 2019, we target<sup>7</sup> Group revenue growth of 16% - 18%, an EBITDA margin of 37% - 40% and an operational capex to sales ratio<sup>2</sup> of 16% - 18%. Meanwhile, we will launch our DO1440 strategy at the GSMA Mobile World Congress next week.

I would like to thank all our stakeholders, primarily our shareholders, for their unyielding support during 2018, where we crowned our transformation process into a digital operator with notable achievements. I sincerely believe that our success story will continue with the trust and support of all our stakeholders in the upcoming period.

(1) EBITDA is a non-GAAP financial measure. See page 15 for the explanation of how we calculate Adjusted EBITDA and its reconciliation to net income.

(2) Excluding license fee

(3) 3-month active users

(4) IPTV users and OTT only cumulative active users

(5) Share of mobile voice line users which excludes subscribers who have not used their line in the last 3 months.

Multiplay refers to mobile customers who use voice, data and one of core digital services.

(6) Multiplay subscribers with TV: Fiber internet + IPTV users & fiber internet + IPTV + fixed voice users

(7) 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 2017 filed with U.S. Securities and Exchange Commission, and in particular, the risk factor section therein

## Fourth Quarter and Full Year 2018 Results

## FINANCIAL AND OPERATIONAL REVIEW

## Financial Review of Turkcell Group

Profit & Loss Statement (million TRY)	Quarter			Year		
	Q417	Q418	y/y %	FY17	FY18	y/y %
Revenue	4,666.0	5,626.3	20.6%	17,632.1	21,292.5	20.8%
Cost of revenue <sup>1</sup>	(2,315.7)	(2,607.3)	12.6%	(8,753.2)	(9,858.0)	12.6%
Cost of revenue <sup>1</sup> /Revenue	(49.6%)	(46.3%)	3.3pp	(49.6%)	(46.3%)	3.3pp
Gross Margin <sup>1</sup>	50.4%	53.7%	3.3pp	50.4%	53.7%	3.3pp
Administrative expenses	(67.3)	(198.2)	194.5%	(645.2)	(673.4)	4.4%
Administrative expenses/Revenue	(1.4%)	(3.5%)	(2.1pp)	(3.7%)	(3.2%)	0.5pp
Selling and marketing expenses	(544.1)	(500.8)	(8.0%)	(2,005.4)	(1,626.7)	(18.9%)
Selling and marketing expenses/Revenue	(11.7%)	(8.9%)	2.8pp	(11.4%)	(7.6%)	3.8pp
Net impairment losses on financial and contract assets	-	(81.0)	n.m	-	(346.4)	n.m
EBITDA <sup>2</sup>	1,738.9	2,239.0	28.8%	6,228.3	8,788.0	41.1%
EBITDA Margin	37.3%	39.8%	2.5pp	35.3%	41.3%	6.0pp
Depreciation and amortization	(700.5)	(1,287.0)	83.7%	(2,597.0)	(4,288.0)	65.1%
EBIT <sup>3</sup>	1,038.4	952.0	(8.3%)	3,631.3	4,500.0	23.9%
Net finance income / (costs)	(106.7)	(18.5)	(82.7%)	(322.9)	(1,687.0)	422.5%
Finance income	385.9	(1,225.9)	(417.7%)	818.3	1,932.1	136.1%
Finance costs <sup>4</sup>	(492.5)	1,207.4	(345.2%)	(1,141.2)	(3,619.1)	217.1%
Other income / (expense)	(625.8)	46.5	(107.4%)	(698.9)	(140.1)	(80.0%)
Non-controlling interests	(20.5)	(77.7)	279.0%	(58.6)	(156.3)	166.7%
Share of profit of equity accounted investees	-	0.3	n.m	-	(0.1)	n.m
Income tax expense	(69.5)	(38.7)	(44.3%)	(571.8)	(495.5)	(13.3%)
Net Income	215.9	863.9	300.1%	1,979.2	2,021.2	2.1%

(1) Excluding depreciation and amortization expenses.

(2) EBITDA is a non-GAAP financial measure. See page 15 for the explanation of how we calculate Adjusted EBITDA and its reconciliation to net income.

(3) EBIT is a non-GAAP financial measure and is equal to EBITDA minus depreciation and amortization expenses.

(4) Fair value loss and interest expense in relation to derivative instruments reported under finance cost were netted off from respective fair value gain and interest income in relation to derivative instruments reported under finance income. Historical periods were restated to reflect this change.

Revenue of the Group grew by 20.6% year-on-year in Q418. Turkcell Turkey's strong ARPU performance on the back of dedicated execution of our digital services-focused strategy as well as our focus on customer satisfaction was the main driver of this growth.

Turkcell Turkey revenues, comprising 85% of Group revenues, rose by 18.4% to TRY4,785 million (TRY4,041 million).

-Data and digital services revenues grew by 16.1% to TRY3,177 million (TRY2,735 million).

o Higher number of data users, increased data consumption per user and rise in penetration of digital services along with upsell performance were the main drivers on the mobile front.

o On the fixed front, a larger subscriber base and increased ratio of multiplay subscribers with TV were the main drivers.

- Wholesale revenues grew by 42.0% to TRY217 million (TRY153 million) on the back of increased carrier traffic and the positive impact of TRY depreciation on FX based revenues.

Turkcell International revenues, at 7% of Group revenues, increased 46.3% to TRY422 million (TRY288 million), mainly with the rise in lifecell and BeST revenues.

Fourth Quarter and Full Year 2018 Results

Other subsidiaries' revenues, at 7% of Group revenues, and which includes information and entertainment services, call center revenues and revenues from financial services rose by 24.3% to TRY419 million (TRY337 million). This was mainly driven by the increase in the consumer finance company's revenues to TRY247 million (TRY183 million) in Q418.

For the full year, Turkcell Group revenues rose by 20.8%.

Turkcell Turkey revenues grew by 18.2% to TRY18,266 million (TRY15,450 million).

-Data and digital services revenues grew by 16.4% to TRY11,997 million (TRY10,304 million).

-Wholesale revenues grew by 54.9% to TRY910 million (TRY587 million).

Turkcell International revenues rose by 36.5% to TRY1,457 million (TRY1,067 million).

Other subsidiaries' revenues grew by 40.8% to TRY1,570 million (TRY1,115 million).

Cost of revenue (excluding depreciation and amortization) declined to 46.3% (49.6%) as a percentage of revenues in Q418. This was mainly due to the decline in radio expenses (1.8pp), interconnection costs (1.0pp) and other cost items (1.6pp), despite the rise in TRX expenses (1.1pp) as a percentage of revenues.

The impact of new IFRS standards is TRY264 million positive in cost of revenue items in Q418.

For the full year, cost of revenue decreased to 46.3% (49.6%) as a percentage of revenues. This was mainly due to the decrease in radio costs (2.4pp), interconnection costs (0.8pp) and other cost items (1.4pp), despite the increase in TRX costs (1.3pp) as a percentage of revenues.

Administrative expenses was at 3.5% (1.4%) as a percentage of revenues in Q418. Administrative expenses included a positive impact of TRY133 million in Q417 due to the change we made in our doubtful receivable provision assumptions based on improvement in collection performance.

The impact of new IFRS standards is TRY10 million positive in administrative expenses in Q418.

For the full year, administrative expenses was at 3.2% (3.7%) as a percentage of revenues. As explained above administrative expenses included a positive impact of TRY133 million in 2017.

Please note that starting from Q418 net impairment expense recognized on receivables reported under administrative expenses was classified under net impairment losses on financial and contract assets item. Prior years' financials have not been restated to reflect this change. Net impairment expense recognized on receivables amounted to TRY45 million in Q418 and TRY205 million for the full year.

Selling and marketing expenses