

TURKCELL ILETISIM HIZMETLERI A S

Form 6-K

November 03, 2016

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 November 3, 2016

Commission File Number: 001-15092

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

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(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

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 November 2, 2016, announcing Turkcell’s Third Quarter 2016 results and Q3 2016 IFRS Report.

Third Quarter 2016 Results

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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.

As previously announced, starting from Q115, we now have three reporting segments:

- o “Turkcell Turkey” which comprises all of our telecom related businesses in Turkey (as used in our previous releases, this term covered only 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. Call centers were previously included in Turkcell Turkey but are, with effect from the fourth quarter of 2015, now included in “Other subsidiaries”. We have made this change because we believe that our third party call center revenues are not telecom related. All figures presented in this document for prior periods have been restated to reflect this change.

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 June 30, 2016 refer to the same item as at June 30, 2015. For further details,

please refer to our consolidated financial statements and notes as at and for June 30, 2016, which can be accessed via our website in the investor relations section (www.turkcell.com.tr).

With effect from Q4 2015, our financial statements are presented in TRY only, the currency in which we recognize the majority of our revenues and expenses. We will no longer present financial statements in US\$. This change allows us align our Turkish and US reporting.

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.

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

Third Quarter 2016 Results

NINE MONTHS SUMMARY

All-time-high nine months revenue and EBITDA¹, both at the Turkcell Turkey and Turkcell Group level in line with our targets

· Turkcell Turkey revenues and EBITDA up 8.6% and 4.7%, respectively with an EBITDA margin of 31.9%

· Group revenues and EBITDA¹ up 8.6% and 5.4%, respectively with an EBITDA margin of 31.7%

Group net income as per IFRS of TRY1,141 million (TRY1,484 million). Group proforma net income² up 4.8% to TRY1,822 million (TRY1,738 million)

Full year guidance³ maintained; Turkcell Turkey and Group revenue growth targeted at 8% - 10%, Group EBITDA margin targeted at 31% - 33% and Group capex over sales at ~25%³

THIRD QUARTER SUMMARY

Turkcell Turkey's revenues and EBITDA up 7.9% and 3.2%, respectively with an EBITDA margin of 33.4%; data and services&solutions revenues, comprising 60% of Turkcell Turkey revenues, up 76.5%

Excluding the impact of emergency packages, Turkcell Turkey revenue growth would have been 9.7%. EBITDA would have grown by 8.9%, while the EBITDA margin would have been 34.7%.

· Group revenues and EBITDA¹ up 8.8% and 4.9%, respectively with an EBITDA margin of 33.3%

Excluding the impact of emergency packages, our Group revenues would have risen by 10.4%. EBITDA would have grown by 10.1%, while the EBITDA margin would have been 34.4%.

Group net income as per IFRS at TRY163 million (TRY630 million). Group proforma net income² up 4.2% to TRY705 million (TRY677 million)

· Turkcell International revenues at TRY222 million (TRY235 million) with an EBITDA margin of 27.2%

Turkcell is the only company in Turkey to sustain 3 investment grade ratings from major rating agencies. Despite recent actions of these rating agencies on sovereign ratings, all of them have affirmed Turkcell's investment grade ratings on the back of our strong financial profile.

FINANCIAL HIGHLIGHTS

TRY million	Q315	Q316	y/y %	9M15	9M16	y/y %
Revenue	3,363.8	3,658.5	8.8%	9,435.0	10,242.0	8.6%
Turkcell Turkey	3,034.7	3,275.7	7.9%	8,483.1	9,211.4	8.6%
EBITDA ¹	1,160.6	1,217.6	4.9%	3,082.3	3,248.4	5.4%

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Turkcell Turkey	1,060.6	1,095.0	3.2%	2,803.7	2,934.3	4.7%
EBITDA Margin	34.5%	33.3%	(1.2pp)	32.7%	31.7%	(1.0pp)
Net Income	630.4	162.6	(74.2%)	1,483.5	1,141.4	(23.1%)
Proforma Net Income ²	676.8	704.9	4.2%	1,738.4	1,822.1	4.8%

(1) EBITDA is a non-GAAP financial measure. See page 14 for the reconciliation and the explanation of how we calculate Adjusted EBITDA to net income.

(2) We use “proforma net income” as a means of presenting our net income net of certain non-operating items and items that we believe are non-recurring. We define “proforma net income” in this document as net Income excluding FX gain / (loss) (including tax and minority impact), interest Income on time deposits of Turkcell Iletisim Hizmetleri, interest expense on loans & borrowings, share of profit of equity accounted investees (Fintur), 4.5G license amortization and one-off items. Please note that this is a non-GAAP measure and that we may in future presentations change the scope of items that we deduct from net income to arrive at “proforma net income.”

(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 2015 filed with U.S. Securities and Exchange Commission, and in particular, the risk factor section therein.

For further details, please refer to our consolidated financial statements and notes as at and for September 30, 2016 which can be accessed via our web site in the investor relations section (www.turkcell.com.tr).

Third Quarter 2016 Results

COMMENTS BY KAAN TERZIOGLU, CEO

With our value driven and service focused approach, we have begun generating returns from our 4.5G investments

We registered all-time-high revenue and EBITDA, both at the Turkcell Turkey and Turkcell Group level in the first nine months. In the third quarter, Turkcell Group achieved the highest growth level of the past three years at 8.8% with a performance that improved every quarter. The EBITDA margin was at 33.3% in the same period. In the aftermath of a treasonous July 15th coup attempt, we fulfilled our duty of delivering accurate and timely information by providing free emergency communication packages to our customers. Revenue growth and EBITDA margin would have been 10.4% and 34.4% respectively, excluding the effect of these packages.

In the first nine months of the year, Turkcell Turkey, generating 90% of Group revenues, continued its growth at 8.6%, recording an EBITDA margin of 31.9%. Group revenues rose 8.6% to TRY10.2 billion, while EBITDA increased 5.4% to TRY3.2 billion on a 31.7% EBITDA margin. Proforma Group net income¹ was at TRY1.8 billion, while net income as per IFRS was at TRY1.1 billion. With these results, which are in line with our plans, we reiterate our 2016 full year guidance of 8%-10% revenue growth, a 31%-33% EBITDA margin and an operational capex to sales ratio of 25%, the latter of which we had revised in Q216.²

In the first nine months of 2016, we continued our 4.5G investments at full speed. With our 4.5G investments, we registered an operational capex to sales ratio of 21.5% for the first nine months of the year. As of today, our 4.5G customers have reached 19 million³, while 22% of total data traffic has derived from our 4.5G network. With the contribution of 4.5G users, data usage per customer increased 61% to 2.6GB compared to last year. Our smartphone penetration in Turkey, gaining momentum, reached 62% at the end of the third quarter. Our data and services&solutions revenues grew by 76.5% year-on-year through our investments and increasing customer demand.

Turkcell Turkey: Our subscriber numbers are rising due to converged services that differentiate us in user experience

During the third quarter of 2016, the total number of subscribers in the five countries where we have direct operations were at 49.7 million with 34.8⁴ million subscribers being from Turkey. Meanwhile, Turkcell Turkey continued to gain mobile, fiber and TV subscribers in the quarter, with mobile subscribers up 179 thousand to 32.8 million. Postpaid customers rose by 897 thousand year-on-year to 52% of our mobile subscriber base. Fiber subscribers in the fixed segment rose by 140 thousand year-on-year to 992 thousand, with total fixed subscribers exceeding 1.7 million.

In line with our convergence strategy, the mobile triple play ratio, which includes customers of voice, data and services combined reached 28%⁵, while multiplay with TV⁶ service users registered at 34%.

(1) We use “proforma net income” as a means of presenting our net income net of certain non-operating items and items that we believe are non-recurring. We define “proforma net income” in this document as net income excluding FX gain / (loss) (including tax and minority impact), interest Income on time deposits of Turkcell Iletisim Hizmetleri, interest expense on loans & borrowings, share of profit of equity accounted investees (Fintur), 4.5G license amortization and one-off items. Please note that this is a non-GAAP measure and that we may in future presentations change the scope of items that we deduct from net income to arrive at “proforma net income.”

(2) 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 2015 filed with U.S. Securities and Exchange Commission, and in particular, the risk factor section therein.

(3) Customers registered to 4.5G services through SMS confirmation

(4) Total of mobile, fixed and IPTV subscribers

(5) Breakdown among mobile voice users which excludes subscribers who do not use their line in the last 3 months

(6) Multiplay customers with TV: Internet + TV users & internet + TV + voice users

Third Quarter 2016 Results

With the rise in postpaid base and data and service revenues, ARPU from mobile subscribers rose 6.9% year-on-year to TRY27.9. Excluding the free emergency communication package impact, ARPU would have increased by 8.8% to TRY28.4. Meanwhile, fixed residential ARPU rose 5.1% to TRY51.6.

English Premier League now on Turkcell TV+

In the third quarter, Turkcell TV+ became the official broadcaster of the UK's Premier League, which is considered one of the world's most prestigious football leagues. On the mobile platform, the Premier League is now available exclusively through Turkcell TV+. Along with the English Premier League, Turkcell TV+ providing privileged coverage to sports fans, also holds the broadcasting rights for the Bundesliga, NBA and Formula 1. We will continue to provide diversified services to our customers on our 4.5G platform, which has the widest spectrum. In this context, we remain excited about the upcoming Turkish Super League live broadcast tender, and the possibility of broadcasting it through our mobile TV platform, with a view to providing football content to even more people.

Our Digital Services attract global attention

Innovation in our digital services, our key focal point, has continued in this quarter. Developed entirely with national resources, BiP continues to attract interest from all over the world, including Europe and the USA. Having been downloaded more than 10 million times in 192 countries, BiP has been a major success within a short period of time. As the number of customers who downloaded the application from abroad exceeded 1 million, BiP has progressed towards becoming a global brand. BiP, a new dimension in the concept of communication, has marked a world-first with its fax service through BiP message.

Meanwhile, fizy, one of Turkey's largest music platforms, integrated with video clips and live concerts, has reached one million users by broadcasting Open Air Concerts, becoming Turkey's largest digital concert broadcaster. Elsewhere, the "Hello Hope" application was developed by Turkcell to meet the communication needs of Syrian refugees by making their lives easier through language assistance. The app, operational on all-access, has exceeded 100 thousand active users in just one month. Meanwhile, Turkey's first and only integrated game platform, Gamecell, made a fast entry into the games market, which has an estimated size of TRY2 billion. The platform, which currently offers around 2,000 games, will also enable its users to build their teams and participate in tournaments, besides the opportunity of following the latest developments in the games industry.

We confidently work towards achieving our 2016 targets and keenly look forward to 2017

We have progressed in line with our plans over the past nine months, despite macroeconomic and geopolitical challenges. We expect to meet our year-end operational and financial targets, and are working towards a strong start to 2017. In this regard, to create more value for our stakeholders through maximizing the value of the strategic assets on our balance sheet, we are evaluating all options accordingly. We are currently evaluating various strategic alternatives for Fintur, in which we own a 41.45% stake, including its sale, following the inconclusive negotiations with Telia Company regarding the acquisition of the remaining stake in this asset.

Global Tower is another strategic asset on our balance sheet. With a view to a more focused management of Global Tower, and to transforming it into a regional tower company, the first planned step was its initial public offering, now postponed to 2017. Investor interest in Global Tower during its IPO process has strengthened our confidence in our tower business model.

We would like to take this opportunity to once again thank our Board of Directors and the Turkcell team for their outstanding performance, dedication and compassion, which fully embodies the Turkcell spirit.

Third Quarter 2016 Results

FINANCIAL AND OPERATIONAL REVIEW OF THE THIRD QUARTER 2016

The following discussion focuses principally on the developments and trends in our business in the third quarter of 2016 in TRY terms. Selected financial information presented in this press release for the third quarter and nine months 2015 and 2016 is based on IFRS figures.

Selected financial information for the third quarter of 2015, for the second and third quarters of 2016, nine months 2015 and 2016 prepared in accordance with IFRS and Turkish Accounting standards, is also included at the end of this press release.

Financial Review of Turkcell Group

Profit & Loss Statement (million TRY)	Quarter			Nine Months		
	Q315	Q316	y/y %	9M15	9M16	y/y %
Total Revenue	3,363.8	3,658.5	8.8%	9,435.0	10,242.0	8.6%
Direct cost of revenues ¹	(1,987.8)	(2,372.6)	19.4%	(5,714.7)	(6,628.3)	16.0%
Direct cost of revenues ¹ /revenues	(59.1%)	(64.9%)	(5.8pp)	(60.6%)	(64.7%)	(4.1pp)
Depreciation and amortization	(426.9)	(577.0)	35.2%	(1,230.7)	(1,598.9)	29.9%
Gross Margin	40.9%	35.1%	(5.8pp)	39.4%	35.3%	(4.1pp)
Administrative expenses	(168.2)	(177.3)	5.4%	(459.4)	(531.8)	15.8%
Administrative expenses/revenues	(5.0%)	(4.8%)	0.2pp	(4.9%)	(5.2%)	(0.3pp)
Selling and marketing expenses	(474.1)	(468.0)	(1.3%)	(1,409.3)	(1,432.4)	1.6%
Selling and marketing expenses/revenues	(14.1%)	(12.8%)	1.3pp	(14.9%)	(14.0%)	0.9pp
EBITDA ²	1,160.6	1,217.6	4.9%	3,082.3	3,248.4	5.4%
EBITDA Margin	34.5%	33.3%	(1.2pp)	32.7%	31.7%	(1.0pp)
EBIT ³	733.7	640.6	(12.7%)	1,851.6	1,649.5	(10.9%)
Net finance income / (expense)	30.4	(162.5)	(634.5%)	(55.9)	25.5	n.m
Finance expense	(144.7)	(349.7)	141.7%	(658.5)	(545.4)	(17.2%)
Finance income	175.1	187.2	6.9%	602.6	570.9	(5.3%)
Share of profit of associates	80.1	(5.1)	(106.4%)	268.9	2.2	(99.2%)
Other income / (expense)	(18.4)	(192.6)	946.7%	(194.9)	(189.9)	(2.6%)
Non-controlling interests	(12.2)	(11.5)	(5.7%)	171.7	(34.0)	(119.8%)
Income tax expense	(183.2)	(106.3)	(42.0%)	(557.9)	(311.9)	(44.1%)
Net Income	630.4	162.6	(74.2%)	1,483.5	1,141.4	(23.1%)
Proforma Net Income ⁴	676.8	704.9	4.2%	1,738.4	1,822.1	4.8%

(1) Including depreciation and amortization expenses.

(2) EBITDA is a non-GAAP financial measure. See page 14 for the reconciliation and an explanation of how we calculate Adjusted EBITDA to net income.

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

(4) We use “proforma net income” as a means of presenting our net income net of certain non-operating items and items that we believe are non-recurring. We define “proforma net income” in this document as net income excluding FX gain / (loss) (including tax and minority impact), interest Income on time deposits of Turkcell Iletisim Hizmetleri, interest

expense on loans & borrowings, share of profit of equity accounted investees (Fintur), 4.5G license amortization and one-off items. Please note that this is a non-GAAP measure and that we may in future presentations change the scope of items that we deduct from net income to arrive at “proforma net income.”

Revenues of the Group rose by 8.8% year-on-year in Q316, in line with our full-year guidance. In July, we provided free of charge emergency packages to our customers for their communication needs following the coup attempt in Turkey. Excluding the impact of emergency packages, our Group revenues would have risen by 10.4%.

Third Quarter 2016 Results

Turkcell Turkey revenues, constituting 90% of Group revenues, grew by 7.9% to TRY3,276 million (TRY3,035 million). Excluding the impact of the aforementioned emergency packages, Turkcell Turkey revenue growth would have been 9.7%. The rise in Turkcell Turkey revenues was driven by a 9.2% increase in consumer segment revenues to TRY2,626 million (TRY2,404 million), and 3.4% rise in corporate segment revenues to TRY536 million (TRY519 million).

Consumer and corporate segment revenues in total grew by 8.2% to TRY3,162 million (TRY2,992 million). Our data and services&solutions revenues, comprising 60% of Turkcell Turkey revenues, rose by 76.5% to TRY1,972 million (TRY1,117 million).

Following the launch of 4.5G, more than 90% of our investments, cost base and our customers' consumption are now data related. Hence, with the annulment of the minimum price rule regulation in Turkey, we are now able to reflect this reality in our tariffs and campaigns.

Demand for our 4.5G services continued to increase in Q316. Accordingly, 22% of our data traffic, which rose 23% for the quarter, came through our 4.5G network. Our 4.5G subscribers consumed 2.1 times more data per month as compared to a non 4.5G user. Coupled with higher smartphone penetration of 62% and increased data users overall, data revenues rose by 80.8% to TRY1,699 million (TRY940 million). Mobile broadband revenues grew by 96.6% to TRY 1,430 million (TRY727 million), while fixed broadband revenues rose by 26.7% to TRY269 million (TRY213 million). Meanwhile, services and solutions revenues grew by 53.8% to TRY273 million (TRY177 million) driven mainly by increased usage of Turkcell TV+, fizy, personal cloud service and other mobile services.

Wholesale revenues grew by 2.2% to TRY133 million (TRY130 million) driven by the rise in carrier traffic.

Turkcell International revenues, comprising 6% of Group revenues, were at TRY222 million (TRY235 million), due to currency devaluation in Ukraine and Belarus as lifecell and BeST grew by 4.7% and 11.0%, respectively in local currency terms.

Other subsidiaries' revenues, at 4% of Group revenues, which includes information and entertainment services, call center revenues and revenues from financial services rose by 69.9% to TRY160 million (TRY94 million). This was mainly driven by the contribution of our consumer finance company, which commenced operations in March 2016.

Direct cost of revenues rose to 64.9% (59.1%) as a percentage of revenues in Q316. This was mainly due to the rise in depreciation and amortization expenses (3.1pp) reflecting the 4.5G license and investments, and various other cost items (2.7pp), mainly arising from our network and retail sales related device costs.

Administrative expenses declined to 4.8% (5.0%) as a percentage of revenues in Q316.

Selling and marketing expenses fell to 12.8% (14.1%) as a percentage of revenues in Q316, driven by the decline in selling expenses (0.7pp) with our value focused customer acquisition strategy, in personnel expenses (0.5pp) and in various other cost items (0.5pp). This more than offset the rise in marketing expenses (0.4pp) related mainly to 4.5G services.

EBITDA¹ rose by 4.9% year-on-year in Q316 with an EBITDA margin of 33.3% (34.5%). Direct cost of revenues (excluding depreciation and amortization) increased by 2.7pp, while administrative expenses and selling and marketing expenses declined by 0.2pp and 1.3pp, respectively. Excluding the impact of emergency packages, EBITDA would have grown by 10.1%, while the EBITDA margin would have been 34.4%.

Turkcell Turkey's EBITDA grew by 3.2% to TRY1,095 million (TRY1,061 million), while the EBITDA margin was at 33.4% (34.9%). Excluding the impact of emergency packages, EBITDA would have grown by 8.9%, while the EBITDA margin would have been 34.7%.

Turkcell International EBITDA was at TRY60 million (TRY70 million) impacted by year-on-year devaluation in Ukraine and Belarus, while the EBITDA margin was at 27.2% (29.6%).

(1) EBITDA is a non-GAAP financial measure. See page 14 for the reconciliation and an explanation of how we calculate Adjusted EBITDA to net income.

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The EBITDA of other subsidiaries rose by 103.8% to TRY62 million (TRY31 million) with the contribution of the financial services business.

Net finance expense of TRY163 million (net finance income of TRY30 million) was recorded in Q316. Depreciation of TRY against US\$ and EUR led to a higher translation loss of TRY238 million in Q316 compared to TRY97 million in Q315. Moreover, the decline in interest income from time deposits and contracted receivables, as well as the rise in interest expenses in relation to loans and 4.5G payables led to a net finance expense in Q316. Please see Appendix A for translation gain and loss details.

Income tax expense declined 42.0 % year-on-year in Q316. Please see Appendix A for details.

Net income of the Group as per IFRS declined to TRY163 million (TRY630 million) in Q316. This was mainly due to higher quarterly translation losses, the negative contribution of Fintur, as well as increased interest expense on loans and 4.5G payables, and a higher amortization expense due to the 4.5G license. Moreover, in Q316 we booked a provision of TRY138 million to benefit from the tax amnesty based on Article 6736 mainly relating to our special communication tax dispute¹. Proforma net income² was at TRY705 million (TRY677 million) in Q316.

The net income of Turkcell Turkey as per IFRS declined to TRY145 million (TRY605 million) in Q316, mainly due to the reasons explained above with respect to the decline in Group net income. Proforma net income² was at TRY662 million (TRY649 million) in Q316.

Please see Appendix A for a reconciliation of Group and Turkcell Turkey proforma net income to net income as per IFRS.

Total debt as of September 30, 2016 rose to TRY8,132 million from TRY7,307 million as of June 30, 2016 mainly due to loans utilized by our consumer finance company and a translation increase in the FX denominated debt portfolio of Turkcell Turkey as TRY depreciated against US\$ and EUR.

Turkcell Turkey's debt was TRY6,802 million, of which TRY3,195 million (US\$1,066 million) was denominated in US\$, TRY3,222 (EUR959 million) in EUR and the remaining TRY385 million in TRY.

The debt balance of lifecell was TRY345 million, denominated in UAH.

Our consumer finance company had a debt balance of TRY980 million denominated in TRY.

In accordance with our hedging policy, in July we engaged in a participating cross currency swap transaction for US\$150 million of our Club loan. In August, with the easing in foreign exchange rates we engaged in another participating cross currency swap transaction for another US\$100 million of our Club loan. With these transactions, US\$250 million of our Club loan with 4 year final maturity and LIBOR + 2% annual interest rate has been swapped to fixed rate TRY denominated liability. Moreover, by converting free cash flow from operations to US\$ and EUR, we decreased our foreign exchange risk in Q316. Having taken these actions, Turkcell Group's short position, which was at US\$1.2 billion as at the end of Q216, declined to US\$0.7 billion as at the end of Q316.

TRY4,865 million of our consolidated debt is set at a floating rate, while TRY1,686 million will mature within less than a year. (Please note that the figures in parentheses refer to US\$ or EUR equivalents).

Cash flow analysis: Capital expenditures, including non-operational items amounted to TRY743.2 million in Q316. The cash flow item noted as “other” included the positive impact of decreases in advances given for fixed asset purchases (TRY210 million), prepaid expenses (TRY168 million) and other working capital (TRY 431 million).

(1) For details, please refer to consolidated financial statements and notes as at and for September 30, 2016 under note 20 on our website.

(2) We use “proforma net income” as a means of presenting our net income net of certain non-operating items and items that we believe are non-recurring. We define “proforma net income” in this document as net Income excluding FX gain / (loss) (including tax and minority impact), interest Income on time deposits of Turkcell Iletisim Hizmetleri, interest expense on loans & borrowings, share of profit of equity accounted investees (Fintur), 4.5G license amortization and one-off items. Please note that this is a non-GAAP measure and that we may in future presentations change the scope of items that we deduct from net income to arrive at “proforma net income.”

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Capital expenditures, including non-operational items amounted to TRY2,361.2 million in 9M16. The cash flow item noted as “other” included payment of the second installment of the 4.5G license fee (TRY1,320 million), the negative impact of the increase in advances given for fixed asset purchases (TRY443 million) and the change in other working capital (TRY354 million).

In Q316 and 9M16, operational capital expenditures* at the Group level were at 18.6% and 21.5% of total revenues, respectively.

Consolidated Cash Flow (million TRY)	Quarter		Nine Months	
	Q315	Q316	9M15	9M16
EBITDA ¹	1,160.6	1,217.6	3,082.3	3,248.4
LESS:				
Capex and License	(634.4)	(743.2)	(2,347.3)	(2,361.2)
Turkcell Turkey	(506.4)	(686.8)	(1,533.6)	(2,163.7)
Turkcell International ²	(126.0)	(54.2)	(798.2)	(187.0)
Other Subsidiaries ²	(2.0)	(2.2)	(15.5)	(10.5)
Net interest Income	127.8	75.4	478.6	292.8
Other	(94.0)	808.6	(1,270.1)	(2,117.3)
Net Change in Debt	(955.2)	518.4	(1,147.9)	3,664.7
Cash generated / (used)	(395.3)	1,876.8	(1,204.4)	2,727.4
Cash balance before dividend payment	3,902.5	5,646.2	7,827.5	5,646.2
Dividend paid	-	-	(3,925.0)	-
Cash balance after dividend payment	3,902.5	5,646.2	3,902.5	5,646.2

(1) EBITDA is a non-GAAP financial measure. See page 14 for the reconciliation and an explanation of how we calculate Adjusted EBITDA to net income.

(2) The impact from the movement of reporting currency (TRY) against local currencies of subsidiaries in other countries is included in these lines.

(*) Excluding license fees

Third Quarter 2016 Results

Operational Review in Turkey

Summary of Operational data	Q315	Q316	y/y %
Number of subscribers	35.8	34.8	(2.8%)
Mobile Postpaid (million)	16.1	17.0	5.6%
Mobile M2M (million)	1.7	2.0	17.6%
Mobile Prepaid (million)	18.1	15.7	(13.3%)
Fiber (thousand)	851.6	991.6	16.4%
ADSL (thousand)	567.6	723.2	27.4%
IPTV (thousand)	170.7	323.3	89.4%
Churn (%)			
Mobile Churn (%)	6.9%	6.3%	(0.6pp)
Fixed churn (%)	4.4%	5.3%	0.9pp
ARPU (Average Monthly Revenue per User)			
Mobile ARPU, blended (TRY)	26.1	27.9	6.9%
Postpaid	40.4	40.1	(0.7%)
Postpaid (excluding M2M)	44.9	45.1	0.4%
Prepaid	13.5	14.7	8.9%
Fixed Residential ARPU, blended (TRY)	49.1	51.6	5.1%
Mobile MOU (Avg. Monthly Minutes of usage per subs) blended	309.6	342.7	10.7%

The mobile customer base grew by 179 thousand quarterly net additions to 32.8 million in total, driven by our value propositions focused on a richer customer experience. The postpaid subscriber base expanded by 218 thousand quarterly and by 897 thousand annual net additions to 17.0 million, comprising 52.0% (47.1%) of the total subscriber base. Meanwhile, customers in the more price-sensitive prepaid segment declined in parallel to our expectations.

The fixed customer base has continued to grow, exceeding 1.7 million on 74 thousand quarterly net additions; 26 thousand were fiber and 48 thousand were ADSL customers. Annually, we registered 296 thousand net additions to our fixed customer base, of which 140 thousand were fiber and 156 thousand were ADSL customers. IPTV customers reached 323 thousand on 20 thousand quarterly and 153 thousand annual net additions. Mobile TV has been downloaded by 2.3 million users to date.

Mobile churn declined to 6.3% (6.9%) year-on-year, while fixed churn was higher at 5.3% (4.4%) in Q316.

Mobile blended ARPU rose by 6.9% with our upsell strategy and focus on high value customer groups, as well as increased package penetration. The triple play ratio, which includes customers of voice, data and services combined reached 28%¹ and contributed to the ARPU rise. Excluding the impact of emergency packages, the mobile ARPU increase would have been 8.8%.

Fixed residential ARPU rose 5.1% with the increase in multiplay customers with TV² to 34% of total residential fiber customers, in addition to price increases and upsell efforts.

Mobile MoU rose by 10.7% driven by our increased postpaid base and upsell efforts.

Smartphones on our network increased by 951 thousand quarterly net additions leading to a smartphone penetration rate of 62%. Accordingly, there were 18.5 million smartphones on our network at quarter end, with 50% being 4.5G enabled.

- (1) Breakdown among mobile voice users which excludes subscribers who do not use their line in the last 3 months
- (2) Multiplay customers with TV: Internet + TV users & internet + TV + voice users

Third Quarter 2016 Results

TURKCELL INTERNATIONAL

lifecell* Financial Data	Quarter			Nine Months		
	Q315	Q316	y/y%	9M15	9M16	y/y%
Revenue (million UAH)	1,182.9	1,239.0	4.7%	3,317.6	3,523.8	6.2%
EBITDA (million UAH)	412.5	333.4	(19.2%)	1,064.3	993.6	(6.6%)
EBITDA margin (UAH)	34.9%	26.9%	(8.0pp)	32.1%	28.2%	(3.9pp)
Net income / (loss) (million UAH)**	(455.2)	(120.0)	(73.6%)	(4,308.5)	990.8	n.m
Capex (million UAH)	317.0	389.4	22.8%	5,468.7	1,408.8	(74.2%)
Revenue (million TRY)	157.9	145.6	(7.8%)	417.4	405.1	(2.9%)
EBITDA (million TRY)	55.0	39.2	(28.7%)	134.3	114.1	(15.0%)
EBITDA margin (TRY)	34.8%	26.9%	(7.9pp)	32.2%	28.2%	(4.0pp)
Net income / (loss) (million TRY)**	(58.9)	(14.0)	(76.2%)	(524.5)	106.2	n.m

(*) Since July 10, 2015, we hold a 100% stake in lifecell.

(**) During 3rd quarter of 2015, foreign exchange gains and losses arising from receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely occur in the foreseeable future, were considered to form part of a net investment in a foreign operation and were recognized directly in equity in the foreign currency translation differences in the consolidated financial statements. Exchange differences arising in the foreign operations' individual financial statements which were recognized directly in equity in the foreign currency translation differences in the consolidated financial statements were eliminated from the individual financial statements above for reporting purposes.

lifecell revenues grew by 4.7% in local currency terms on almost doubling mobile broadband revenues with the higher data usage through the 3G+ network and increased terminal sales following the launch in June 2016. Through its sales network and online store, lifecell offers its customers a portfolio of terminals bundled with its data packages. lifecell is the first operator in Ukraine to be directly involved in terminal sales. Revenue growth was impacted by the MTR cut in October 2015 on a yearly basis. Eliminating this effect, lifecell would have recorded 10.9% revenue growth. Another MTR cut is announced for January 1, 2017 from UAH0.23/min to UAH0.15/min.

lifecell's EBITDA declined by 19.2% in local currency terms with an EBITDA margin of 26.9% (34.9%), due to higher network related costs resulting from the 3G+ roll-out and operational leasing expense post tower related sale and leaseback transactions, plus higher marketing expenses.

lifecell's revenues and EBITDA in TRY terms declined 7.8% and 28.7% year-on-year, respectively, impacted by annual devaluation.

lifecell* Operational Data	Q315	Q316	y/y%
Number of subscribers (million) ¹	13.8	12.5	(9.4%)
Active (3 months) ²	10.8	9.7	(10.2%)
MOU (minutes) (12 months)	145.4	140.5	(3.4%)
ARPU (Average Monthly Revenue per User), blended (UAH)	28.2	32.6	15.6%
Active (3 months) (UAH)	36.7	42.7	16.3%

(1) We may occasionally offer campaigns and tariff schemes that have an active subscriber life differing from the one that we normally use to deactivate subscribers and calculate churn.

(2) Active subscribers are those who in the past three months made a revenue generating activity.

(*) Since July 10, 2015, we hold a 100% stake in lifecell.

lifecell has continued its rapid 3G+ network roll-out, offering the largest geographical coverage in Ukraine in terms of number of settlements covered. lifecell's 3G+ adoption momentum continued, reaching 3.1 million three-month active 3G data users. Meanwhile, lifecell has more than doubled data usage per user since the introduction of 3G+ with smartphone penetration of 52.7%, the highest rate in the market.

lifecell's three-month active subscriber base reached 9.7 million on 62 thousand quarterly net additions. Blended ARPU (3-month active) rose by 16.3% driven by increased mobile broadband usage and smartphone tariffs with higher ARPU. MoU (12-month active) fell by 3.4% due to changing consumer behavior.

Third Quarter 2016 Results

BeST*	Quarter			Nine Months		
	Q315	Q316	y/y%	9M15	9M16	y/y%
Number of subscribers (million) ¹	1.5	1.6	6.7%	1.5	1.6	6.7%
Active (3 months)	1.1	1.2	9.1%	1.1	1.2	9.1%
Revenue (million BYN)	22.7	25.2	11.0%	59.3	72.1	21.6%
EBITDA (million BYN)	0.5	1.2	140.0%	0.9	2.3	155.6%
EBITDA margin (BYN)	2.1%	4.6%	2.5pp	1.6%	3.2%	1.6pp
Net loss (million BYN)**	(10.5)	(11.1)	5.7%	(291.2)	(33.6)	(88.5%)
Capex (million BYN)	2.1	2.7	28.6%	6.3	7.8	23.8%
Revenue (million TRY)	39.3	38.0	(3.3%)	103.5	105.5	1.9%
EBITDA (million TRY)	0.8	1.7	112.5%	1.7	3.4	100.0%
EBITDA margin (TRY)	2.1%	4.6%	2.5pp	1.6%	3.2%	1.6pp
Net loss (million TRY)**	(17.6)	(16.8)	(4.5%)	(511.0)	(49.1)	(90.4%)
Capex (million TRY)	3.4	4.8	41.2%	10.9	12.2	11.9%

(1) Starting from Q116, subscriber figure for BeST includes suspended subscriptions whose contracts are still in place. All figures presented in this document for prior periods have been restated to reflect this change.

(*)BeST, in which we hold an 80% stake, has operated in Belarus since July 2008.

(**)During 3rd quarter of 2015, foreign exchange gains and losses arising from receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely occur in the foreseeable future, were considered to form part of a net investment in a foreign operation and were recognized directly in equity in the foreign currency translation differences in the consolidated financial statements. Exchange differences arising in the foreign operations' individual financial statements which were recognized directly in equity in the foreign currency translation differences in the consolidated financial statements were eliminated from the individual financial statements above for reporting purposes.

BeST revenues grew by 11.0% in Q316 in local currency terms with the expansion of the subscriber base along with increased voice and terminal revenues on higher smartphone sales. EBITDA margin improved by 2.5pp to 4.6% (2.1%), mainly driven by top-line growth and better operational expense management.

BeST's revenues in TRY terms declined 3.3% year-on-year impacted by annual devaluation, while EBITDA in TRY terms more than doubled.

BeST launched 4G services in August with a one month free trial for all customers in partnership with beCloud. From September onwards, a wide range of commercial product portfolios covering packages from 2GB to 50GB have been offered. BeST is committed to offer new mobile services as part of Turkcell's globally relevant services strategy. For now, 4G services are only available in Minsk city centre.

KKTCELL (million TRY)*	Quarter			Nine Months		
	Q315	Q316	y/y%	9M15	9M16	y/y%
Number of subscribers (million) ¹	0.5	0.5	-	0.5	0.5	-
Revenue	33.3	34.2	2.7%	97.6	100.3	2.8%
EBITDA	12.7	13.7	7.9%	37.9	37.8	(0.3%)
EBITDA margin	38.0%	40.1%	2.1pp	38.9%	37.7%	(1.2pp)
Net income	7.5	8.1	8.0%	22.2	25.0	12.6%
Capex	8.8	5.7	(35.2%)	15.5	12.9	(16.8%)

(1) Starting from Q116, subscriber figure for KKTCELL includes M2M subscriptions as well. All figures presented in this document for prior periods have been restated to reflect this change.

(*) KKTCELL, in which we hold a 100% stake, has operated in Northern Cyprus since 1999.

KKTCELL's revenues increased by 2.7% year-on-year to TRY34 million, reflecting mobile broadband growth on the back of higher data demand. EBITDA increased by 7.9% to TRY14 million leading to an EBITDA margin of 40.1% (38.0%).

Fintur's consolidated revenues declined by 38.4% year-on-year in Q316. Still high competition in Kazakhstan pressured Kcell revenues. Year-on-year currency devaluation also impacted Kcell and Azercell revenues negatively. Fintur subscribers increased by 319 thousand quarterly net additions in Q316 to 17.0 million, mainly driven by Kcell and Geocell. Fintur had a negative contribution of US\$2 million (US\$28 million positive contribution) to Group net income in Q316. This was mainly due to weak operational performance, currency devaluation and impairment.

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Fintur*	Quarter			Nine Months		
	Q315	Q316	y/y%	9M15	9M16	y/y%
Subscribers (million) ¹	17.9	17.0	(5.0%)	17.9	17.0	(5.0%)
Kazakhstan	10.8	9.9	(8.3%)	10.8	9.9	(8.3%)
Azerbaijan	4.2	4.2	-	4.2	4.2	-
Moldova	0.9	0.9	-	0.9	0.9	-
Georgia	2.0	2.0	-	2.0	2.0	-
Revenue (million US\$)	346	213	(38.4%)	1,107	618	(44.2%)
Kazakhstan	201	108	(46.3%)	666	317	(52.4%)
Azerbaijan	105	64	(39.0%)	319	188	(41.1%)
Moldova	16	16	-	49	44	(10.2%)
Georgia	25	25	-	73	69	(5.5%)
Fintur's contribution to Group's net income	28	(2)	(107.1%)	102	1	(99.0%)

(1) Telia Company disclosed a change to the definition of prepaid mobile subscription for all countries of operations in its Q115 results announcement on April 21, 2015. Prepaid subscriptions are counted if the subscriber has been active during the last three months. In line with Telia Company's reporting, we disclose Fintur operations' subscriber numbers as three-month active. Prior periods are restated accordingly.

(*) We hold a 41.45% stake In Fintur, which has interests in Kazakhstan, Azerbaijan, Moldova and Georgia.

Turkcell Group Subscribers

Turkcell Group subscribers amounted to approximately 66.7 million as of September 30, 2016. This figure is calculated by taking the number of subscribers of Turkcell Turkey and each of our subsidiaries and unconsolidated investees. It includes the total number of mobile, fiber, ADSL and IPTV subscribers of Turkcell Turkey, the mobile subscribers of lifecell and BeST, as well as those of KKTCELL, Turkcell Europe and Fintur.

Turkcell Group Subscribers	Q315	Q316	y/y %
Mobile Postpaid (million)	16.1	17.0	5.6%
Mobile Prepaid (million)	18.1	15.7	(13.3%)
Fiber (thousand)	851.6	991.6	16.4%
ADSL (thousand)	567.6	723.2	27.4%
IPTV (thousand)	170.7	323.3	89.4%
Turkcell Turkey subscribers (million) ¹	35.8	34.8	(2.8%)
Ukraine	13.8	12.5	(9.4%)
Belarus ²	1.5	1.6	6.7%
KKTCELL ³	0.5	0.5	-
Turkcell Europe ⁴	0.3	0.3	-
Consolidated Subscribers (million)	52.0	49.7	(4.4%)
Fintur ⁵	17.9	17.0	(5.0%)
Turkcell Group Subscribers* (million)	69.8	66.7	(4.4%)

(*) Turkcell Group subscribers figure includes the subscriber figures of our non-consolidated subsidiaries.

(1) Subscribers to more than one service are counted separately for each service.

(2) Starting from Q116, subscriber figure for BeST includes suspended subscriptions whose contracts are still in place. All figures presented in this document for prior periods have been restated to reflect this change.

(3) Starting from Q116, subscriber figure for KKTCELL includes M2M subscriptions as well. All figures presented in this document for prior periods have been restated to reflect this change.

(4) The “wholesale traffic purchase” agreement, signed between Turkcell Europe GmbH operating in Germany and Deutsche Telekom for five years in 2010, had been modified to reflect the shift in business model to a “marketing partnership”. The new agreement between Turkcell and a subsidiary of Deutsche Telekom was signed on August 27, 2014. The transfer of Turkcell Europe operations to Deutsche Telekom’s subsidiary was completed on January 15, 2015. Subscribers are still included in the Turkcell Group Subscriber figure.

(5)Telia Company disclosed a change to the definition of prepaid mobile subscription for all countries of operations in its Q115 results announcement on April 21, 2015. Prepaid subscriptions are counted if the subscriber has been active during the last three months. In line with Telia Company’s reporting, we disclose Fintur operations’ subscriber numbers as three-month active. Prior periods are restated accordingly.

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OVERVIEW OF THE MACROECONOMIC ENVIRONMENT

The foreign exchange rates used in our financial reporting, along with certain macroeconomic indicators, are set out below.

	Quarter					Nine Months		
	Q315	Q216	Q316	y/y%	q/q%	9M15	9M16	y/y%
US\$ / TRY rate								
Closing Rate	3.0433	2.8936	2.9959	(1.6%)	3.5%	3.0433	2.9959	(1.6%)
Average Rate	2.8513	2.8736	2.9706	4.2%	3.4%	2.6572	2.9215	9.9%
EUR / TRY rate								
Closing Rate	3.4212	3.2044	3.3608	(1.8%)	4.9%	3.4212	3.3608	(1.8%)
Average Rate	3.1772	3.2292	3.3104	4.2%	2.5%	2.9626	3.2523	9.8%
Consumer Price Index (Turkey)	1.4%	1.8%	1.1%	(0.3pp)	(0.7pp)	6.2%	4.7%	(1.5pp)
GDP Growth (Turkey)	3.9%	3.1%	n.a	n.a	n.a	3.4%	n.a	n.a
US\$ / UAH rate								
Closing Rate	21.53	24.85	25.91	20.3%	4.3%	21.53	25.91	20.3%
Average Rate	21.36	25.30	25.28	18.4%	(0.1%)	21.32	25.45	19.4%
US\$ / BYN rate*								
Closing Rate	1.7703	2.0053	1.9264	8.8%	(3.9%)	1.7703	1.9264	8.8%
Average Rate	1.6428	1.9698	1.9732	20.1%	0.2%	1.5253	1.9994	31.1%

* The official currency of the Republic of Belarus has been redenominated on July 1, 2016. As a result, BYR10,000 has become BYN1 starting from 1 July 2016. Prior periods have been adjusted accordingly for presentation purposes.

RECONCILIATION OF NON-GAAP FINANCIAL MEASUREMENTS: We believe Adjusted EBITDA, among other measures, facilitates performance comparisons from period to period and management decision making. It also facilitates performance comparisons from company to company. Adjusted EBITDA as a performance measure eliminates potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact of changes in effective tax rates on periods or companies) and the age and book depreciation of tangible assets (affecting relative depreciation expense). We also present Adjusted EBITDA because we believe it is frequently used by securities analysts, investors and other interested parties in evaluating the performance of other mobile operators in the telecommunications industry in Europe, many of which present Adjusted EBITDA when reporting their results.

Our Adjusted EBITDA definition includes Revenue, Direct Cost of Revenue excluding depreciation and amortization, Selling and Marketing expenses and Administrative expenses, but excludes translation gain/(loss), finance income, share of profit of equity accounted investees, gain on sale of investments, income/(loss) from related parties, minority interest and other income/(expense).

Nevertheless, Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations, as reported under IFRS. The following table provides a reconciliation of Adjusted EBITDA, as calculated using financial data prepared in accordance with IFRS as issued by the IASB, to net profit, which we believe is the most directly comparable financial measure calculated and presented in accordance with IFRS as issued by the IASB.

Turkcell Group (million TRY)	Quarter	Nine Months
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	Q315	Q316	y/y%	9M15	9M16	y/y%
Adjusted EBITDA	1,160.6	1,217.6	4.9%	3,082.3	3,248.4	5.4%
Finance income	175.1	187.2	6.9%	602.6	570.9	(5.3%)
Finance costs	(144.7)	(349.7)	141.7%	(658.5)	(545.4)	(17.2%)
Other income / (expense)	(18.4)	(192.6)	946.7%	(194.9)	(189.9)	(2.6%)
Share of profit of equity accounted investees	80.1	(5.1)	(106.4%)	268.9	2.2	(99.2%)
Depreciation and amortization	(426.9)	(577.0)	35.2%	(1,230.7)	(1,598.9)	29.9%
Consolidated profit before income tax & minority interest	825.8	280.4	(66.0%)	1,869.7	1,487.3	(20.5%)
Income tax expense	(183.2)	(106.3)	(42.0%)	(557.9)	(311.9)	(44.1%)
Consolidated profit before minority interest	642.6	174.1	(72.9%)	1,311.8	1,175.4	(10.4%)

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FORWARD-LOOKING STATEMENTS: This release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Safe Harbor provisions of the US Private Securities Litigation Reform Act of 1995. This includes, in particular, our targets for revenue, EBITDA and capex in 2016 and our 4.5G development in Turkey and our three year outlook regarding adequacy of funding. More generally, all statements other than statements of historical facts included in this press release, including, without limitation, certain statements regarding our operations, financial position and business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as, among others, “will,” “expect,” “intend,” “estimate,” “believe,” “continue” and “guidance”.

Although Turkcell believes that the expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements. For a discussion of certain factors that may affect the outcome of such forward looking statements, see our Annual Report on Form 20-F for 2015 filed with the U.S. Securities and Exchange Commission, and in particular the risk factor section therein. We undertake no duty to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

ABOUT TURKCELL: Turkcell is a converged telecommunication and technology services provider, founded and headquartered in Turkey. It serves its customers with voice, data, TV and value-added consumer and enterprise services on mobile and fixed networks. Turkcell launched LTE services in its home country on April 1st, 2016, employing LTE-Advanced and 3 carrier aggregation technologies in 81 cities. In 2G and 3G, Turkcell’s population coverage is at 99.75% and 95.26%, respectively, as of September 2016. It offers up to 1 Gbps fiber internet speed with its FTTH services. Turkcell Group companies serve 66.7 million subscribers in 9 countries – Turkey, Ukraine, Belarus, Northern Cyprus, Germany, Azerbaijan, Kazakhstan, Georgia, Moldova – as of September 30, 2016. Turkcell Group reported a TRY3.7 billion revenue in Q316 with total assets of TRY30.2 billion as of September 30, 2016. It has been listed on the NYSE and the BIST since July 2000, and is the only NYSE-listed company in Turkey. Read more at www.turkcell.com.tr

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This press release can also be viewed using the Turkcell Investor Relation app, which can be downloaded [here](#) for iOS, and [here](#) for Android mobile devices.

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Appendix A – Tables

Table: Translation gain and loss details

Million TRY	Quarter			Nine Months		
	Q315	Q316	y/y %	9M15	9M16	y/y %
Turkcell Turkey	(48.6)	(233.3)	380.0%	356.2	(260.4)	(173.1%)
Turkcell International	(50.6)	(7.0)	(86.2%)	(894.5)	(7.8)	(99.1%)
Other Subsidiaries	1.9	2.4	26.3%	3.8	0.9	(76.3%)
Turkcell Group	(97.3)	(237.9)	144.5%	(534.5)	(267.3)	(50.0%)

Table: Income tax expense details

Million TRY	Quarter			Nine Months		
	Q315	Q316	y/y %	9M15	9M16	y/y %
Current Tax expense	(147.9)	(37.7)	(74.5%)	(545.0)	(188.3)	(65.4%)
Deferred Tax Income/expense	(35.3)	(68.6)	94.3%	(12.9)	(123.6)	858.1%
Income Tax expense	(183.2)	(106.3)	(42.0%)	(557.9)	(311.9)	(44.1%)

Table: Reconciliation of proforma net income to net income per IFRS

Group net income:

Net income impacts (million TRY)	Q315	Net income impacts (million TRY)	Q316
Proforma net income	677	Proforma net income	705
FX impact (net of tax and minority interest)	(108)	FX impact (net of tax)	(193)
Interest income (net of tax)	24	Interest income (net of tax)	50
Interest expense (net of tax)	(32)	Interest expense (net of tax)	(89)
One-off impacts (net of tax)		One-off impacts (net of tax)	
		Provision booked for tax amnesty	(138)
		4.5G license depreciation	(81)
		Coup attempt emergency communication packages	(48)
Fintur contribution	76	Fintur contribution	(5)
Other impacts	(7)	Other impacts	(38)
Net income - IFRS	630	Net income -IFRS	163

Net income impacts (million TRY)	9M15	Net income impacts (million TRY)	9M16
Proforma net income	1,738	Proforma net income	1,822
FX impact (net of tax and minority interest)	(442)	FX impact (net of tax)	(216)
Interest income (net of tax)	165		71

		Interest income (net of tax)	
Interest expense (net of tax)	(75)	Interest expense (net of tax)	(207)
One-off impacts (net of tax)		One-off impacts (net of tax)	
		Provision booked for tax amnesty	(138)
		4.5G license depreciation	(180)
Commercial agreement terminations	(112)	Coup attempt emergency communication packages	(48)
Fintur contribution	255	Fintur contribution	2
Other impacts	(45)	Other impacts	35
Net income - IFRS	1,484	Net income - IFRS	1,141

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Turkcell Turkey net income:

Net income impacts (million TRY)	Q315	Net income impacts (million TRY)	Q316
Proforma net income	649	Proforma net income	662
FX impact (net of tax)	(58)	FX impact (net of tax)	(187)
Interest income (net of tax)	24	Interest income (net of tax)	50
Interest expense (net of tax)	(5)	Interest expense (net of tax)	(78)
One-off impacts (net of tax)		One-off impacts (net of tax)	
		Provision booked for tax amnesty	(138)
		4.5G license depreciation	(81)
		Coup attempt emergency communication packages	(48)
Other impacts	(5)	Other impacts	(35)
Net income - IFRS	605	Net income -IFRS	145
Net income impacts (million TRY)	9M15	Net income impacts (million TRY)	9M16
Proforma net income	1,708	Proforma net income	1,735
FX impact (net of tax)	266	FX impact (net of tax)	(208)
Interest income (net of tax)	165	Interest income (net of tax)	71
Interest expense (net of tax)	(20)	Interest expense (net of tax)	(174)
One-off impacts (net of tax)		One-off impacts (net off tax)	
		Provision booked for tax amnesty	(138)
		4.5G license depreciation	(180)
Commercial agreement terminations	(112)	Coup attempt emergency communication packages	(48)
Other impacts	(41)	Other impacts	36
Net income - IFRS	1,966	Net income - IFRS	1,094

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

	Note	30 September 2016	31 December 2015
Assets			
Property, plant and equipment	9	7,678,264	6,821,494
Intangible assets	10	8,093,799	8,232,637
GSM and other telecommunication operating licenses		6,243,380	6,505,739
Computer software		1,626,424	1,570,346
Other intangible assets		223,995	156,552
Investment properties		43,061	49,572
Investments in equity accounted investees	11	958,936	981,939
Other non-current assets	15	801,313	441,940
Trade receivables	12	302,522	836,256
Receivables from financial services		658,470	-
Deferred tax assets		44,817	48,615
Total non-current assets		18,581,182	17,412,453
Inventories		141,740	75,471
Due from related parties	21	9,881	11,760
Trade receivables and accrued income	12	3,646,835	4,098,928
Receivables from financial services		993,724	-
Other current assets	13	1,210,769	1,689,902
Cash and cash equivalents	14	5,646,205	2,918,796
Total current assets		11,649,154	8,794,857
Total assets		30,230,336	26,207,310
Equity			
Share capital		2,200,000	2,200,000
Share premium		269	269
Capital contributions		35,026	35,026
Reserves		776,046	861,111
Actuarial gain/ (loss) from employee termination benefit		(16,042)	(14,320)
Treasury shares	16	(22,452)	-
Retained earnings		12,429,816	11,272,731
Total equity attributable to equity holders of Turkcell Iletisim Hizmetleri AS		15,402,663	14,354,817
Non-controlling interests		42,621	64,085
Total equity		15,445,284	14,418,902
Liabilities			
Loans and borrowings	17	6,445,189	3,487,786
Employee benefits		127,620	114,869

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Provisions		140,307	130,619
Other non-current liabilities		398,067	366,670
Trade and other payables		-	1,270,610
Deferred tax liabilities		340,531	113,437
Total non-current liabilities		7,451,714	5,483,991
Loans and borrowings	17	1,735,691	728,744
Income taxes payable	8	45,614	12,855
Trade and other payables		5,173,184	5,283,070
Due to related parties	21	8,969	6,555
Deferred income		132,164	121,078
Provisions		237,716	152,115
Total current liabilities		7,333,338	6,304,417
Total liabilities		14,785,052	11,788,408
Total equity and liabilities		30,230,336	26,207,310

The accompanying notes on page 7 to 40 are an integral part of these condensed interim consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine months ended 30 September 2016

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

		Nine months ended		Three months ended	
		30	30	30	30
		September	September	September	September
	Note	2016	2015	2016	2015
Revenue		10,147,749	9,434,960	3,596,154	3,363,827
Direct costs of revenue		(6,600,106)	(5,714,661)	(2,349,536)	(1,987,775)
Gross profit from business operations		3,547,643	3,720,299	1,246,618	1,376,052
Revenue from financial services		94,214	-	62,337	-
Direct cost of revenue from financial services		(28,159)	-	(23,069)	-
Gross profit from financial operations		66,055	-	39,268	-
Gross profit		3,613,698	3,720,299	1,285,886	1,376,052
Other income	7	52,404	24,795	7,052	2,772
Selling and marketing expenses		(1,432,390)	(1,409,334)	(467,978)	(474,140)
Administrative expenses		(531,782)	(459,389)	(177,307)	(168,201)
Other expenses	7	(242,356)	(219,659)	(199,688)	(21,217)
Results from operating activities		1,459,574	1,656,712	447,965	715,266
Finance income	6	570,941	602,582	187,235	175,218
Finance costs	6	(545,427)	(658,543)	(349,756)	(144,777)
Net finance income / (expense)		25,514	(55,961)	(162,521)	30,441
Share of profit of equity accounted investees	11	2,209	268,936	(5,092)	80,106
Profit before income tax		1,487,297	1,869,687	280,352	825,813
Income tax expense	8	(311,880)	(557,863)	(106,195)	(183,156)
Profit for the period		1,175,417	1,311,824	174,157	642,657
Profit / (loss) attributable to:					
Owners of Turkcell Iletisim Hizmetleri AS		1,141,439	1,483,530	162,635	630,444
Non-controlling interest		33,978	(171,706)	11,522	12,213
Profit for the period		1,175,417	1,311,824	174,157	642,657
Basic earnings per share (in full TL)		0.52	0.67	0.07	0.29

The accompanying notes on page 7 to 40 are an integral part of these condensed interim consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2016

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

	Nine months ended		Three months ended	
	30	30	30	30
	September	September	September	September
	2016	2015	2016	2015
Profit for the period	1,175,417	1,311,824	174,157	642,657
Other comprehensive income / (expense):				
Items that will not be reclassified to profit or loss:				
Actuarial gain / (loss) arising from employee termination benefit	(2,199)	7,847	(1,226)	8,431
Tax effect of actuarial gain / (loss) from employee termination benefits	477	(1,478)	261	(1,573)
	(1,722)	6,369	(965)	6,858
Items that will or may be reclassified subsequently to profit or loss:				
Change in cash flow hedge reserve	-	719	-	-
Foreign currency translation differences	(21,688)	259,988	(1,353)	(6,364)
Share of foreign currency translation differences of the equity accounted investees	(56,305)	(428,519)	(64,549)	(49,506)
Tax effect of foreign currency translation differences	(22,338)	(30,687)	(19,320)	(37,992)
	(100,331)	(198,499)	(85,222)	(93,862)
Other comprehensive income / (expense) for the period, net of income tax	(102,053)	(192,130)	(86,187)	(87,004)
Total comprehensive income / (expense) for the period	1,073,364	1,119,694	87,970	555,653
Total comprehensive income / (expense) attributable to:				
Owners of Turkcell Iletisim Hizmetleri AS	1,039,159	1,240,531	76,238	543,196
Non-controlling interests	34,205	(120,837)	11,732	12,457
Total comprehensive income / (expense) for the period	1,073,364	1,119,694	87,970	555,653

The accompanying notes on page 7 to 40 are an integral part of these condensed interim consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2016

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

	Attributable to equity holders of the Company						Non-Controlling Interest			
	Share Capital	Treasury Shares	Capital Contributions	Share Premiums	Legal Reserves	Cash Flow Hedge Reserve	Reserve for Non-Controlling Interest Put Option	Actuarial Gain/(Loss) on Employee Termination Benefit	Translation Reserve	Retained Earnings
Balance at 1 January 2015	2,200,000	-	35,026	269	839,284	(719)	(758,432)	(3,417)	350,254	14,431,158
Total comprehensive income/(expense) Profit/(loss) for the period										1,483,530
Other comprehensive income/(expense) Foreign currency translation differences	-	-	-	-	-	-	(281,999)		31,912	-
Employee termination benefit actuarial losses	-	-	-	-	-	-	-	6,369	-	-
Change in cash flow hedge reserve	-	-	-	-	-	719	-	-	-	-
Total other comprehensive income/(expense), net of income tax	-	-	-	-	-	719	(281,999)	6,369	31,912	-
Total comprehensive income/(expense)	-	-	-	-	-	719	(281,999)	6,369	31,912	1,483,530
Transfer to legal reserves	-	-	-	-	366,794	-	-	-	-	(366,794)
Dividend paid	-	-	-	-	-	-	-	-	-	(3,925,000)
Change in fair value of minority put option	-	-	-	-	-	-	244,914	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	(929,013)
	2,200,000	-	35,026	269	1,206,078	-	(795,517)	2,952	382,166	10,693,881

Balance at 30 September 2015												
Total comprehensive income/(expense)												
Profit / (loss) for the period												584,124
Other comprehensive income/(expense)												
Foreign currency translation differences	-	-	-	-	-	-	52,826	-	(243,342)	-		
Employee termination benefit actuarial losses	-	-	-	-	-	-	-	(17,272)	-	-		
Total other comprehensive income/(expense), net of income tax	-	-	-	-	-	-	52,826	(17,272)	(243,342)	-		
Total comprehensive income/(expense)	-	-	-	-	-	-	52,826	(17,272)	(243,342)		584,124	
Transfer to legal reserves	-	-	-	-	5,274	-	-	-	-	(5,274)		
Dividend paid	-	-	-	-	-	-	-	-	-	-		
Change in fair value of minority put option	-	-	-	-	-	-	253,626	-	-	-		
Balance at 31 December 2015	2,200,000	-	35,026	269	1,211,352	-	(489,065)	(14,320)	138,824		11,272,731	
Balance at 1 January 2016	2,200,000	-	35,026	269	1,211,352	-	(489,065)	(14,320)	138,824		11,272,731	
Total comprehensive income/(expense)												
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-		1,141,439	
Other comprehensive income/(expense)												
Foreign currency translation differences	-	-	-	-	-	-	(19,234)	-	(81,324)	-		
Employee termination benefit actuarial losses	-	-	-	-	-	-	-	(1,722)	-	-		
	-	-	-	-	-	-	(19,234)	(1,722)	(81,324)	-		

Total other
comprehensive
income/(expense),
net of income tax

Total comprehensive income/(expense)	-	-	-	-	-	-	(19,234)	(1,722)	(81,324)	1,141,439
Transfer from legal reserves	-	-	-	-	(15,646)	-	-	-	-	15,646
Dividends paid	-	-	-	-	-	-	-	-	-	-
Change in fair value of minority put option	-	-	-	-	-	-	31,139	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-
Treasury shares (-) (Note 16)	-	(22,452)	-	-	-	-	-	-	-	-
Balance at 30 September 2016	2,200,000	(22,452)	35,026	269	1,195,706	-	(477,160)	(16,042)	57,500	12,429,816

The accompanying notes on page 7 to 40 are an integral part of these condensed interim consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2016

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

		Nine months ended 30 September	
	Note	2016	2015
Cash flows from operating activities			
Profit for the year		1,175,417	1,311,824
Adjustments for:			
Depreciation and impairment of fixed assets and investment property	9	934,908	828,576
Amortization of intangible assets	10	664,002	402,167
Net finance (income)	7	(141,068)	(479,488)
Fair value gains on derivative financial instruments		(27,042)	-
Income tax expense	8	311,880	557,863
Share of profit of equity accounted investees	11	(2,209)	(268,936)
(Gain) on sale of property, plant and equipment		(15,869)	(7,167)
Unrealized foreign exchange and monetary (loss)/ gain on operating assets		269,635	675,445
Provisions		275,429	153,135
Deferred income		40,347	(12,201)
		3,485,430	3,161,218
Change in trade receivables	12	819,774	(572,303)
Change in due from related parties	21	2,231	3,946
Change in receivables from financial operations		(1,652,194)	-
Change in inventories		(69,813)	1,294
Change in other current assets	13	274,322	(197,807)
Change in other non-current assets	15	84,537	(23,110)
Change in due to related parties	21	2,361	(19,521)
Change in trade and other payables		(1,623,297)	(149,173)
Change in other non-current liabilities		(648)	7,778
Change in employee benefits		10,552	(1,511)
Change in other working capital		(59,787)	(16,038)
		1,273,468	2,194,773
Interest paid		(138,418)	(104,505)
Income tax paid		(52,391)	(562,704)
Net cash generated by operating activities		1,082,659	1,527,564
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	(1,786,500)	(1,453,462)
Acquisition of intangible assets	10	(516,810)	(888,771)
Proceeds from sale of property, plant and equipment		31,305	17,163
Proceeds from currency option contracts		-	780
Change in property, plant and equipment advances		(442,911)	176,096
Change in financial assets		-	19,284
Interest received		457,699	592,058
Acquisition of non-controlling interest		-	(267,920)
Capital decrease in subsidiaries		(9,000)	-

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Net cash provided/(used in) investing activities	(2,266,217)	(1,804,772)
Cash flows from financing activities		
Proceeds from issuance of loans and borrowings	5,188,114	3,301,386
Repayment of borrowings	(1,523,506)	(4,449,280)