

# Financial Analysis – 4Q24

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TACIRLER  
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## Turkcell

TCELL announced its 4Q24 financial results, reporting a net profit of TL 1.68 billion, which was below market expectations. During this period, the company's revenue and EBITDA generation were in line with expectations, while operating expenses, non-operating expenses, and net monetary loss adjustments created pressure on net profit. We evaluate TCELL's 4Q24 financial results as Slightly Negative and continue to hold it in our model portfolio with a target price of TL 156.30, implying a 45% upside potential.

### Key Highlights

**4Q24 net profit came in below expectations...** In 4Q24, while the company's revenues were in line with expectations, its gross profit increased by 61% y/y to TL11.4bn due to effective cost management, and gross profit margin rose from 18% to 25%. However, high operational expenses led to EBITDA remaining flat y/y. Additionally, the increase in non-operating expenses and net monetary loss adjustments due to inflation accounting created pressure on net profit.

**Growth in Mobile ARPU-CPI gap in 4Q24...** During 4Q24, 479k new postpaid subscribers were added, while prepaid subscribers declined by 900k. Blended Mobile ARPU increased by 66% y/y to TL285.4, driven by customers upgrading to higher-tier packages. While 4Q24 inflation (TÜFE) stood at 46.6%, the gap between Mobile ARPU growth and TÜFE reached nearly 2,000 basis points. However, the churn rate increased as competitors launched aggressive campaigns to gain market share.

**5G auction expected in 2025...** Although no official announcement has been made regarding 5G auctions, the company expects the auction to take place in 2025. Recently, Turkcell conducted a 5G test at a stadium with over 50k people, achieving a peak internet speed of 1GB per second during the trial.

**2025 Outlook...**Turkcell's 2025 guidance (adjusted for inflation accounting) includes:

- Revenue growth of 7-9%
- EBITDA margin of 41-42%
- Operational investments as a percentage of revenue at 24%
- 32-34% annual growth in data center & cloud segment

**Despite weak reported net profit, we expect Turkcell to benefit positively from normalized inflation conditions in 2025, given its business model. The lagging impact of past high inflation due to long-term commitments is expected to support profitability. Therefore, we maintain our TL 156.30 target price and continue to hold TCELL in our Model Portfolio.**

## TCELL

Buy

Target Price TL 156,30  
Return potential 45%

### Share Data

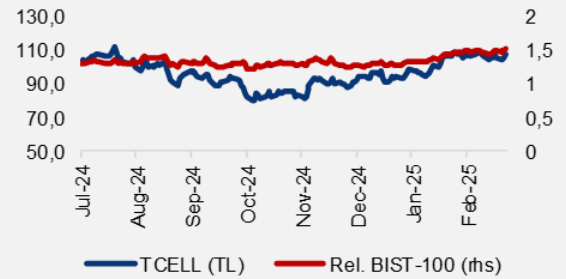
Ticker:	TCELL TI
Share price (as of 27.02.2025)	107,70
Share price (52 week range)	65 / 111
Market cap. (TL mn - USD mn)	236940,0 - 6.516
# of shares (mn) & free float	2.200 - 54%
Foreign Ownership Rate	62,59%
Market	Star
Industry	

Avg. trading volume	1M	3M	12M
USD mn	54,2	62,9	61,0

Price performance	1M	3M	Y-t-D
TL	2%	19%	98%
USD	0%	13%	60%
Rel. to BIST-100	4%	18%	52%

Forecasts (TL mn)	2023	2024E	2025E
Revenues	154.653	166.671	230.006
EBITDA	71.079	75.795	97.645
Net Earnings	22.725	29.653	25.384

Valuation	2023	2024E	2025E
P/E	10,4x	8,0x	9,3x
P/BV	1,3x	1,3x	1,1x
EV/EBITDA	3,9x	2,8x	2,1x
EV/Sales	1,9x	1,6x	1,2x
Dividend Yield	2%	3%	0%



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## Turkcell – Summary

Balance Sheet	2023	2024	2025E
Cash	72.159	68.934	74.741
Accounts receivables	16.022	16.710	22.584
Inventory	780	675	997
Financial investments	12.806	6.881	6.881
Fixed assets	180.118	185.909	191.384
Other non-current assets	74.851	65.167	89.930
<b>Total assets</b>	<b>356.736</b>	<b>344.276</b>	<b>386.517</b>
Short-term financial loans	37.737	51.905	56.905
Accounts payables	20.464	22.760	29.619
Long-term financial loans	83.663	52.435	57.435
Other long-term payables	38.372	30.208	30.208
<b>Non-current liabilities</b>	<b>180.236</b>	<b>157.309</b>	<b>174.167</b>
<b>Shareholders' equity</b>	<b>176.500</b>	<b>186.967</b>	<b>212.350</b>
Paid in Capital	2.200	2.200	2.200
Other Equity	174.300	184.767	210.150
<b>Total liabilities &amp; equity</b>	<b>356.736</b>	<b>344.276</b>	<b>386.517</b>
Net debt	49.241	35.406	39.600
Net working capital	-3.662	-5.376	-6.037

**Per share (TL)**

EPS	10,33	13,48	11,54
BVPS	80,23	84,98	96,52
DPS	1,63	3,32	0,00

**Ratios****Profitability**

ROE	15,9%	16,3%	12,7%
Net margin	14,7%	17,8%	11,0%
Asset turnover	0,5x	0,5x	0,6x
Leverage	2,1x	1,9x	1,8x
ROA	7,7%	8,5%	6,9%

**Leverage**

Financial debt/Total assets	34%	30%	30%
Net debt/Equity	0,28	0,19	0,19
Net debt/EBITDA	0,69	0,47	0,41

Income statement	2023	2024	2025E
<b>Revenues</b>	<b>154.653</b>	<b>166.671</b>	<b>230.006</b>
Gross profit	35.916	46.237	64.957
Operating expenses	-13.156	-17.869	-27.422
Operating profit	49.071	64.106	92.380
<b>EBITDA</b>	<b>71.079</b>	<b>75.795</b>	<b>97.645</b>
Other income, net	14.454	12.163	13.163
Financial income, net	-36.661	-19.170	-22.565
Earnings before taxes	39.410	57.820	84.213
Tax expense	6.751	-4.866	-3.975
<b>Net earnings</b>	<b>22.725</b>	<b>29.653</b>	<b>25.384</b>

**Cashflow statement**

EBITDA	<b>71.079</b>	<b>75.795</b>	<b>97.645</b>
Taxes on EBIT	-5.993	-18.759	-27.360
Capital expenditures	-18.373	-28.640	-38.165
Chg. in NWC	-2.377	-1.714	-661
<b>Free cashflows to firm</b>	<b>49.091</b>	<b>30.109</b>	<b>32.781</b>

**Growth & margins**

Revenues	65%	8%	38%
EBITDA	73%	7%	29%
Net earnings	158%	30%	-14%
Gross margin	23,2%	27,7%	28,2%
Operating margin	31,7%	38,5%	40,2%
EBITDA margin	46,0%	45,5%	42,5%
Net margin	14,7%	17,8%	11,0%
Free cashflow margin	31,7%	18,1%	14,3%

**Valuation**

P/E	10,4x	8,0x	9,3x
P/BV	1,3x	1,3x	1,1x
EV/EBITDA	3,9x	2,8x	2,1x
EV/Sales	1,9x	1,6x	1,2x
Dividend Yield	1,5%	3,1%	0,0%
Free cashflow yield	20,7%	12,7%	13,8%

Source: Company Data, Tacirler Investment

\* All figures are stated in millions of TL unless otherwise stated.

## Important Disclosures

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