

Turkcell

Turkcell reported 1Q26 financial results slightly above our expectations, posting TL 68,377 million in revenue, TL 28,300 million in EBITDA, and TL 4,634 million in net income. Relative to our estimates, revenue and EBITDA came in c.1% above, while net income was c.3% ahead. This quarter was marked by sustained operational growth, with net income exceeding expectations despite a high tax burden, supported by non-operating items and a positive contribution from TOGG. We assess the results as neutral. Accordingly, we maintain our 12-month target price at TL 148 and reiterate our Buy recommendation. Our target price implies 30% upside based on the last closing price.

Corporate and digital business services were the main drivers of revenue growth, while margins came under cost pressure...

Consolidated revenues increased by 8.9% year-on-year to TL 68.4 billion, while Turkcell Türkiye revenues grew by 8.6%. The 34% increase in corporate revenues was mainly driven by hardware revenues related to large-scale projects and 21% growth in data center & cloud revenues, making digital business services the strongest area of the quarter. On the Techfin side, one of the company's strategic focus areas, 15% growth in Paycell revenues continued to support top-line performance, while EBITDA margin declined by 2.3pps year-on-year to 41.4% due to higher personnel, energy, and cost of goods sold pressures. In addition, the broadly flat real mobile ARPU performance suggests that pricing remained somewhat constrained in the retail segment.

Postpaid subscriber growth and the fiber focus stood out operationally...

The total subscriber base rose by 642k in the first quarter to 44.5 million, while 661k net postpaid mobile subscriber additions and a postpaid subscriber share reaching 81% confirmed the strong customer mix in mobile. A decline in mobile churn to 1.6%, 36k net fiber subscriber additions including wholesale resale, 138k new fiber home-passes, and 9.7% growth in individual fiber ARPU were among the other key operational highlights of the quarter. On the Superbox side, reaching 754k subscribers with 38k net additions, the launch of UltraFiber packages, and the rollout of 5G services across all 81 provinces further strengthened the company's position in next-generation connectivity.

Management's decision to maintain its 2026 guidance indicates that the outlook remains constructive despite elevated 5G license payments...

Total capex rose to TL 76.6 billion in the first quarter due to the 5G license impact, of which TL 55.9 billion was related to license and associated costs, while operational capex excluding the license corresponded to 21.5% of revenues. Net debt/EBITDA remained under control at 0.42x. Although the net short FX position rising to USD 1.2 billion remains a key item to monitor, management's decision to maintain its 2026 guidance of 5%-7% real revenue growth, a 40%-42% EBITDA margin, and roughly 25% capex-to-sales excluding the license supports the full-year outlook.

TCELL

BUY

Target Price TL 148
Return potential 30%

Share Data

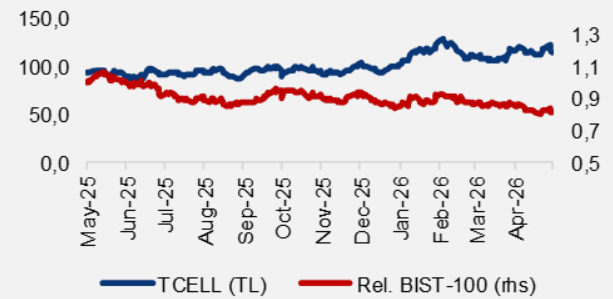
Ticker:	TCELL TI
Share price (as of 13.05.2026)	114,00
Share price (52 week range)	85 / 128
Market cap. (TL mn - USD mn)	250800,0 - 5532,7
# of shares (mn) & free float	2.200 - 44%
Foreign Ownership Rate	44,34%
Market	Star
Industry	Telecommunications

Avg. trading volume	1M	3M	12M
USD mn	51,1	55,7	63,3

Price performance	1M	3M	Y-t-D
TL	-1%	-9%	22%
USD	-3%	-13%	16%
Rel. to BIST-100	-5%	-12%	-6%

Forecasts (TL mn)	2024	2025E	2026E
Revenues	240.064	265.715	322.062
EBITDA	101.813	115.396	132.777
Net Earnings	35.353	20.944	20.273

Valuation	2024	2025E	2026E
P/E	7,1x	12,0x	12,4x
P/BV	0,9x	0,9x	0,8x
EV/EBITDA	3,1x	2,7x	2,4x



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Financial Statements

Balance Sheet	2024	2025	2026E
Cash	99.289	101.048	197.165
Accounts receivables	24.068	26.314	34.090
Inventory	972	988	1.362
Financial investments	9.911	15.581	17.139
Fixed assets	267.773	287.820	353.123
Other non-current assets	93.862	119.081	134.850
Total assets	495.874	550.831	737.728
Short-term financial loans	74.761	39.522	46.429
Accounts payables	32.783	35.889	40.858
Long-term financial loans	75.525	135.055	262.329
Other long-term payables	43.510	54.994	81.925
Non-current liabilities	226.579	265.461	431.540
Shareholders' equity	269.296	285.371	306.188
Paid in Capital	2.421	2.200	2.200
Other Equity	266.875	283.171	303.988
Total liabilities & equity	495.874	550.831	737.728
Net debt	41.086	57.949	94.454
Net working capital	-7.743	-8.587	-5.406

Per share (TL)

EPS	16,07	9,52	9,21
BVPS	122,41	129,71	139,18
DPS	4,79	4,49	4,00

Ratios

Profitability

ROE	13,1%	7,6%	6,9%
Net margin	14,7%	7,9%	6,3%
Asset turnover	0,5x	0,5x	0,5x
Leverage	1,8x	1,9x	2,2x
ROA	7,1%	4,0%	3,1%

Leverage

Financial debt/T total assets	30%	32%	42%
Net debt/Equity	0,15	0,20	0,31
Net debt/EBITDA	0,40	0,50	0,71

Income statement	2024	2025	2026E
Revenues	240.064	265.715	322.062
Gross profit	59.239	75.208	89.539
Operating expenses	-25.737	-29.523	-36.775
Operating profit	33.503	45.686	52.765
EBITDA	101.813	115.396	132.777
Other income, net	17.519	35.124	24.184
Financial income, net	-27.612	-52.361	-54.167
Earnings before taxes	24.449	35.894	35.515
Tax expense	-7.009	-14.744	-15.239
Net earnings	35.353	20.944	20.273

Cashflow statement

EBITDA	101.813	115.396	132.777
Taxes on EBIT	-7.009	-14.744	-15.239
Capital expenditures	-70.608	-78.085	-121.750
Chg. in NWC	-2.469	-843	-582

Growth & margins

Revenues	8%	11%	21%
EBITDA	4%	13%	15%
Net earnings	25%	-41%	-3%
Gross margin	24,7%	28,3%	27,8%
Operating margin	14,0%	17,2%	16,4%
EBITDA margin	42,4%	43,4%	41,2%
Net margin	14,7%	7,9%	6,3%

Valuation

P/E	7,1x	12,0x	12,4x
P/BV	0,9x	0,9x	0,8x
EV/EBITDA	3,1x	2,7x	2,4x

Source: Company Data, Tacirler Investment

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

Important Disclosures

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