

Corporate Credit Rating

New Update

Sector: Telecommunication
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| R A T I N G S | | Long Term | Short Term |
|--------------------------------------|-------------------------------|-------------|------------|
| ICRs (Issuer Credit Rating Profile) | National ICR | AAA (tr) | J1+ (tr) |
| | National ICR Outlooks | Stable | Stable |
| | International FC ICR | BB | J3 |
| | International FC ICR Outlooks | Stable | Stable |
| | International LC ICR | BB | J3 |
| ISRs (Issue Specific Rating Profile) | International FC ISR | - | - |
| | International LC ISR | - | - |
| | Foreign Currency | BB (Stable) | - |
| Sovereign* | Local Currency | BB (Stable) | - |

* Assigned by JCR on May 31, 2021

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

JCR Eurasia Rating, has evaluated the "Turkcell İletişim Hizmetleri A.Ş." (referred to as "the Company" or "Turkcell") in the investment-level category and affirmed the Long-Term National Issuer Credit Rating at 'AAA (tr)' and the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Stable'.

Turkcell İletişim Hizmetleri A.Ş. (referred to as 'the Company' or 'Turkcell') was founded in 1993 and commenced its operations in 1994 as a global system for mobile communications (GSM) operator. Since its foundation as a GSM operator, Turkcell has become a 'Digital Operator' by widening its product range. Turkcell aims to become an integrated communication and technology services player in the region, operating a converged mobile and fixed network platform and offering a wide range of innovative products and services. Value-added products of Turkcell are as follow: tv platform (TV+), fixed wireless access (Superbox), instant messaging (BiP), video communications (Bip Meet), consumer finance (Financell), payment solutions (Paycell), search engine (Yaani), cloud services (Lifebox) music platform (Fizy), digital publishing (Dergilik) and data centers.

Turkcell operates in 4 countries and it is the only Turkish company listed on both Borsa İstanbul and on New York Stock Exchanges (NYSE) since 2000. The Company has a staff force of approximately 26 thousand employees as of 2021.

Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Continuous revenue growth thanks to strong subscriber net additions along with increased customer penetration
- Steady growth on operational profitability and sustainable margin
- Robust net cash position and long-term weighted debt structure
- Revenue diversification and sustainable growth with value-added product range
- Solid cash flow generation capacity
- One of the most valuable brand names in Turkey
- Capital intensive and highly regulated feature of telecom business creates barriers to new entries

Constraints

- High CPI environment pressure the real ARPU growth
- Partially deterioration in leverage ratios in 2021
- The impacts of the conflicts between Ukraine and Russia on business volume
- High rates and complexity of taxes specific for the industry

Considering the aforementioned points, the Company's the Long-Term National Rating has been affirmed as 'AAA (Tr)'. JCR The Company's high EBITDA generation capacity, noteworthy cash balance, its leadership position in mobile segment in terms of subscriber, expansion in digital services have been evaluated as important indicators for the stability of the ratings and the outlooks for long- and short-term national ratings are determined as 'Stable'. Sustainability of the Company's profitability performance, changes in market share and equity level together with the trends in financing and telecommunication sectors are to be monitored by JCR Eurasia Rating. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be continued to be monitored.

