

## Corporate Credit Rating

New  Update

**Sector:** Telecommunication

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

\* Assigned by JCR on August 18, 2022

## TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

JCR Eurasia Rating, has evaluated "Turkcell İletişim Hizmetleri A.Ş." (referred to as "the Company" or "the Group" 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/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

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), gaming technology (Game+) and data centers. The Company had 54.6mn subscribers as of 1Q2023 (FYE2022: 54mn). 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 FYE2022.

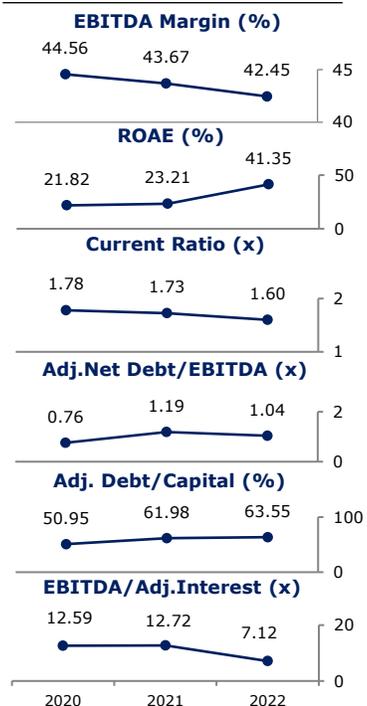
Key rating drivers, as strengths and constraints, are provided below.

### Strengths

- Consistent revenue growth ability thanks to strong subscriber net additions along with increased customer penetration
- Steady and strong EBITDA generation capacity
- Short-term cash surplus position and long-term weighted borrowing structure
- Revenue diversification and sustainable growth with value-added product range
- Solid cash flow generation capacity
- One of the most valuable brand names in Türkiye
- Capital intensive and highly regulated feature of telecom business creates barriers to new entries
- High compliance with corporate governance practices owing to listed status

### Constraints

- High CPI environment pressure the ARPU growth
- High rates and complexity of taxes specific for the industry
- As China's reopening and stable exchange rates generate significant headwinds to Türkiye's exporters, tight financial conditions, accompanied by global banking concerns, disrupt global growth projections



Considering the aforementioned points, the Company's the Long-Term National Rating has been affirmed at 'AAA (tr)'. The Company's strong EBITDA generation capacity, consistent sales growth, short-term cash surplus and solid cash flow generation capacity 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 going to be monitored by JCR Eurasia Rating, as well as the macroeconomic indicators at national and international markets and legal frame about the sector.