

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	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

Turkcell İletişim Hizmetleri A.Ş.

JCR Eurasia Rating, has evaluated the "Turkcell İletişim Hizmetleri A.Ş." in the investment grade category with the highest credit quality 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' as parallel to international ratings and outlooks of Republic of Türkiye.

Turkcell İletişim Hizmetleri A.Ş. (hereinafter referred to as "Turkcell" or "the Company" or "the Group") was established in 1993 and began its operations in 1994 as a Global System for Mobile Communications (GSM) operator. Since then, Turkcell has transitioned into a 'Digital Operator' by broadening its product offerings. Turkcell aims to be an integrated communication and technology services provider in the region, running a unified mobile and fixed network platform while delivering a wide array of innovative products and services. Its value-added offerings include a TV platform, fixed wireless access, instant messaging, video communications, consumer finance, payment solutions, a search engine, cloud services, a music platform, gaming technology, and data centers.

As of FYE 2023, Turkcell has 56.3mn subscribers across four different countries (Türkiye, Ukraine, Belarus, Turkish Republic of Northern Cyprus). As of the Corporate Credit Rating Report date, the process related to the sale of the operations in Ukraine is ongoing, and the sale is likely to be completed in 2024.

Turkcell is the only Turkish company listed on both Borsa İstanbul and on New York Stock Exchanges (NYSE) since 2000. The annual report of the Group stated that it had 24,352 employees in 2023.

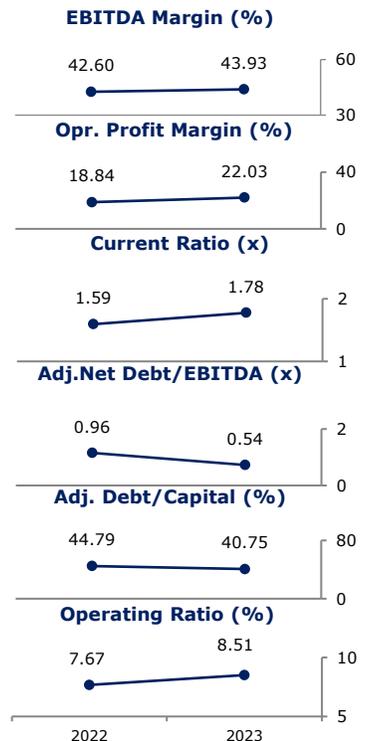
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Increase in sales revenues and EBITDA generation capacity supported by new customer acquisition in FY2023,
- Higher ARPU optimization than CPI in FY2023 in the mobile segment, capability to reflect the increases in costs to service prices ongoing inflationary conjuncture,
- Recovery in core profitability metrics in FY2023,
- Ongoing short-term cash surplus position due to liquid assets being higher than short-term financial liabilities, further improvement in financial leverage metrics in FY2023,
- Wide product network, especially in the telecom sector,
- Becoming one of the most important brands in Türkiye,
- Strong position in the market thanks to the obstacles faced by new players due to the high investment-dependent structure of the telecommunications sector,
- High compliance with corporate governance practices owing to listed status.

Constraints

- Lower ARPU increase against CPI in FY2023 in fiber segment,
- High rates and complexity of taxes specific for the industry,
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.



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.