

TURKCELL ILETISIM HIZMETLERI A S

Form 6-K

February 21, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

Report on Form 6-K dated February 21, 2014

Commission File Number: 001-15092

TURKCELL ILETISIM HIZMETLERI A.S.
(Translation of registrant's name in English)

Turkcell Plaza
Mesrutiyet Caddesi No. 153
34430 Tepebasi
Istanbul, Turkey

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Q

Form 40-F ☐ £

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes ☐ £

No ☒ Q

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes ☐ £

No ☒ Q

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐

No ☐

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

Enclosure: A press release dated February 19, 2014 announcing Turkcell’s Fourth Quarter and Full Year 2013 results and IFRS Report for Q4 2013.

Fourth Quarter and Full Year 2013 Results

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- Please note that all financial data is consolidated and comprises that of Turkcell Iletisim Hizmetleri A.S., (the “Company”, or “Turkcell”) and its subsidiaries and associates (together referred to as the “Group”). All non-financial data is unconsolidated and comprises Turkcell only figures. The terms “we”, “us”, and “our” in this press release refer only to the Company, except in discussions of financial data, where such terms refer to the Group, and where context otherwise requires.
- In this press release, a year on year comparison of our key indicators is provided and figures in parentheses following the operational and financial results for the year end 2013 refer to the same item at the year end of 2012 and figures in parentheses following the operational and financial results for the fourth quarter of 2013 refer to the same item in the fourth quarter of 2012. For further details, please refer to our consolidated financial statements and notes as at and for the year ended December 31, 2013, which can be accessed via our website in the investor relations section (www.turkcell.com.tr).
- Please note that selected financial information presented in this press release for the fourth quarters and year end of 2013 and 2012, both in TRY and US\$ is based on IFRS figures.

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In the tables used in this press release totals may not foot due to rounding differences. The same applies for the calculations in the text.

Fourth Quarter and Full Year 2013 Results

HIGHLIGHTS

FULL YEAR 2013

- Turkcell Group delivered a solid performance in 2013. The Group, excluding the MTR cut and one-off impacts, reached revenues of TRY11,637 million and EBITDA of TRY3,585 million, both rising by 11%.
- On a reported basis, Turkcell Group, registering 9% growth, posted revenues of TRY11,408 million (TRY10,507 million). Group EBITDA¹ rose by 9% to TRY3,544 million (TRY3,242 million), while the Group EBITDA margin rose slightly to 31.1% (30.9%).
- Turkcell's mobile business in Turkey recorded 5% revenue and EBITDA growth, reaching TRY9,123 million (TRY8,724 million) and TRY2,832 million (TRY2,710 million), respectively, while the EBITDA margin was at 31.0% (31.1%).
 - o Mobile broadband revenues grew by 38% to TRY1,437 million (TRY1,040 million).
 - o Voice revenues² were slightly up by 0.3% to TRY6,460 million (TRY6,442 million).
- Subsidiaries³ grew their revenues by 28% to TRY2,285 million (TRY1,783 million) and EBITDA by 34% to TRY712 million (TRY532 million), increasing their profitability.
- Group net income increased by 12% to TRY2,326 million (TRY2,079 million).

Excluding MTR cut and one-off impacts⁴:

- Turkcell Group revenues would be TRY11,637 million on 11% growth.
- Turkcell's mobile business in Turkey would be TRY9,352 million on 7% growth, including 4% growth of voice revenues.
- EBITDA would be TRY3,585 million on 11% growth.
- Net income would increase by 9% to TRY2,495 million.

FOURTH QUARTER 2013

- Turkcell Group recorded revenues of TRY2,884 million (TRY2,807 million) on a 3% rise with EBITDA¹ at TRY851 million (TRY848 million) and an EBITDA margin of 29.5% (30.2%).
- Revenues of Turkcell's mobile business in Turkey were down 2% to TRY2,240 million (TRY2,290 million), while EBITDA declined by 4% to TRY670 million (TRY702 million):
 - o Mobile broadband revenues rose by 34% to TRY394 million (TRY295 million).
 - o Voice revenues declined by 8% to TRY1,547 million (TRY1,675 million).

·Revenues of subsidiaries³ ramped up by 25% to TRY644 million (TRY517 million), while EBITDA increased by 24% to TRY181 million (TRY146 million).

- Group net income rose by 10% to TRY505 million (TRY459 million).

Excluding MTR cut and one-off impacts⁴:

- Turkcell Group revenues would be TRY3,012 million on 7% growth.
- Turkcell's mobile business in Turkey would be TRY2,367 million on 3% growth with flat voice revenues.
- EBITDA would be TRY872 million on 3% growth.
- Net income would increase by 11% to TRY626 million.

(1) EBITDA is a non-GAAP financial measure. See page 15 for the reconciliation of EBITDA to net cash from operating activities.

(2) Voice revenues include outgoing, incoming, roaming and other (comprising almost 1% of Turkcell Turkey) revenues.

(3) Including eliminations.

(4) The adjusted figures are non-IFRS measures. For further details on the factors for which adjustments have been made and on the calculation of the adjustments, please see page 7 and 9.

(*) For details, please refer to our consolidated financial statements and notes as at, and for the year ended December 31, 2013 which can be accessed via our web site.

Fourth Quarter and Full Year 2013 Results

COMMENTS FROM CEO, SUREYYA CILIV

“For the year of 2013 Turkcell Group accomplished its targets. Group consolidated revenues rose 9% to 11.4 billion TL, while EBITDA grew 9% to 3.5 billion TL. Meanwhile, EBIT grew by 7% to 1.95 billion TL and net income climbed 12% to 2.3 billion TL.

Turkcell’s mobile business revenues in Turkey grew by 5% on 38% growth in mobile broadband. Meanwhile, subsidiaries’ contribution continued to increase, where Turkcell Superonline grew by 35% year on year, while our Ukrainian business rose by 11% in USD terms registering its first ever positive EBIT on a full year basis.

We continue to ease and enrich our customers’ lives by providing a unique experience through technology and innovation. In 2013, with our vision of widening access to mobile broadband, we introduced Turkey’s first domestically designed and produced smartphone, the “T40”, at half the average market price of a smartphone. We believe that the T40 plays a key role in reaching the goals of higher smartphone penetration, equal access to information, contribution to the economy, and the promotion of locally developed software.

In 2013, as Turkcell Group, we invested 1.8 billion TL to further boost mobile and fiber network quality in Turkey. Today, with Turkcell’s superior network infrastructure, information is accessible anytime and anywhere by our customers. With our emphasis on equal access to information, we recently digitized Turkcell Academy in cooperation with the world’s leading educational institutions to make digital learning available to the public with over 2000 items of content.

In 2014, and in line with our growth strategy, we aim to create value for our stakeholders by increasing our investments in mobile and fiber infrastructure, including network modernization.

We thank all of our customers, employees, business partners and shareholders for their contribution to our success.”

Fourth Quarter and Full Year 2013 Results

OVERVIEW OF TURKCELL TURKEY

In 2013, the total number of mobile subscribers in the market rose by 1.9 million on the back of population growth and increased mobile data subscriptions, resulting in a 91% market penetration.

2013 was a challenging year in terms of competition and regulation. Pressure on price levels, coupled with the implementation of the Information and Communication Technologies Authority's (ICTA) decisions in the second half, had a negative impact on market growth.

On the competitive front, competitors' pursuit of market share continued throughout the year. Specifically in the fourth quarter, increased data incentives at lower prices led to higher mobile number portability (MNP) activity, compared to the prior quarter. Thus far, in 2014, this trend has continued at an increasing pace with further increase in incentives offered.

On the regulatory front, the ICTA's voice and SMS MTR cut decisions negatively impacted total market revenue growth by an amount that we estimate at nearly three percent, which also negatively impacted our revenue growth. Yet, we met our targets through growth in mobile broadband and the increased contribution of our subsidiaries.

In this challenging environment, our subscriber base continued to grow. Our postpaid subscriber base growth remained strong with 849 thousand yearly net additions, driven mainly by our initiatives aimed at superior customer experience. Blended full year ARPU rose by 4% yearly, driven mainly by continued strong growth in data usage and the increased postpaid subscriber base, despite the MTR cut impact.

As an extension of our mobile broadband growth strategy, we added 3.3 million smartphones to our base throughout the year. As a result, the number of smartphones on our network reached 9.6 million with 30% penetration, up from 19% penetration a year ago. Thus, we sustained our leadership in the smartphone market by offering a wide product portfolio including Turkey's first domestically designed and produced smartphone, the T40.

We continued to differentiate ourselves through our innovative products and services aimed at various customer segments. These diverse services range from technology initiatives for corporates to facilitate initiating and doing business, to services that make consumers' lives easier, like Turkcell Security service that keeps our customers and their children safely connected, particularly in an emergency. Moreover, Turkcell Academy, launched on the digital platform, and covering many topics from entrepreneurship to innovation, provides equal opportunity in information access and brings us closer to our customers.

Regarding the 2014 outlook, macroeconomic challenges may continue in our countries of operation and globally. Meanwhile, we foresee the continuation of the prevailing competitive environment. Yet, we have positioned ourselves accordingly and target further growth, primarily through our mobile broadband business and the increased contribution of our subsidiaries. Consequently, we expect consolidated revenues in the range of TRY12,000 million - TR12,200 million and consolidated EBITDA in the range of TRY 3,700 million - TRY3,800 million. Parallel to our growth targets, we expect an operational group capex to sales ratio of around 17%, having planned to increase our mobile and fiber investments, including network modernization for future technologies*.

(*)Please note that this paragraph contains forward looking statements based on our current estimates and expectations. Actual results may differ. For a discussion of factors that may affect our results, see our Annual Report on Form 20-F for 2012 filed with U.S. Securities and Exchange Commission, and in particular the risk factor section

therein.

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Fourth Quarter and Full Year 2013 Results

FINANCIAL AND OPERATIONAL REVIEW

The following discussion focuses principally on the developments and trends in our business in the fourth quarter and full year 2013 in TRY and US\$ terms where applicable. Selected financial information presented in this press release for the fourth quarter and for the full year 2013 and 2012, both in TRY and US\$, is based on IFRS figures.

Selected financial information for the fourth quarter of 2012, third quarter of 2013 and full year 2012, both in TRY and US\$ prepared in accordance with IFRS, and in TRY prepared in accordance with the Capital Markets Board of Turkey's standards is also included at the end of this press release.

Financial Review of Turkcell Group

Profit & Loss Statement (million TRY)	Quarter			Year		
	Q412	Q413	y/y%	FY12	FY13	y/y%
Total Revenue	2,807.3	2,883.6	2.7 %	10,507.0	11,407.9	8.6 %
Direct cost of revenues1	(1,760.1)	(1,851.3)	5.2 %	(6,487.3)	(7,063.9)	8.9 %
Direct cost of revenues1/Revenues	(62.7 %)	(64.2 %)	(1.5pp)	(61.7 %)	(61.9 %)	(0.2pp)
Depreciation and amortization	(395.5)	(481.6)	21.8 %	(1,411.7)	(1,594.4)	12.9 %
Gross Margin	37.3 %	35.8 %	(1.5pp)	38.3 %	38.1 %	(0.2pp)
Administrative expenses	(125.9)	(152.0)	20.7 %	(484.2)	(550.3)	13.7 %
Administrative expenses/Revenues	(4.5 %)	(5.3 %)	(0.8pp)	(4.6 %)	(4.8 %)	(0.2pp)
Selling and marketing expenses	(469.0)	(510.4)	8.8 %	(1,705.7)	(1,843.6)	8.1 %
Selling and marketing expenses/Revenues	(16.7 %)	(17.7 %)	(1.0pp)	(16.2 %)	(16.2 %)	