

TURKCELL ILETISIM HIZMETLERI A S
Form 6-K
October 19, 2012

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 October 19, 2012

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

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

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

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 October 19, 2012 announcing Turkcell's Third Quarter 2012 results.

TURKCELL ILETISIM HIZMETLERI

THIRD QUARTER 2012 RESULTS

“CONSISTENT GROWTH WITH SEQUENTIAL MARGIN IMPROVEMENT”

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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 September 30, 2012 refer to the same item as at September 30, 2011. For further details, please refer to our consolidated financial statements and notes as at and for September 30, 2012 which can be accessed via our web site in the investor relations section (www.turkcell.com.tr).
- Please note that the Information and Communication Technologies Authority in Turkey is referred to as “the Telecommunications Authority” herein.

HIGHLIGHTS OF THE THIRD QUARTER OF 2012

- Turkcell Group sustained its consistent growth trend in the third quarter of 2012, registering high single-digit revenue growth and achieving sequential improvement in EBITDA margin
 - Group revenues rose by 9% to TRY2,753 million (TRY2,527 million) posting all-time highest quarter revenue
 - Group EBITDA¹ also reached TRY912 million (TRY871 million) on a 5% year-on-year increase, while the Group EBITDA margin was at 33.1% (34.5%)
 - Turkcell Turkey registered revenues of TRY2,300 million (TRY2,174 million) achieving 6% growth
 - Turkcell Turkey grew voice revenues² by 4%, sustaining the growth trend for the fourth consecutive quarter
 - Mobile broadband & services revenues rose by 12% to TRY591 million (TRY528 million)
 - §Mobile broadband revenues reached TRY276 million (TRY207 million) on a rise of 34%
 - §Mobile broadband and service revenues constituted 26% (24%) of Turkcell Turkey revenues
- Revenues of subsidiaries³ showed a 28% increase to TRY453 million (TRY353 million), while their contribution to the top line rose 2pp to 16% (14%)
 - EBITDA of subsidiaries³ improved by 8% to TRY128 million (TRY118 million), while their contribution to Group EBITDA stayed flat at 14% (14%)
- Group net income increased by 6% to TRY571 million (TRY537 million), mainly driven by strong operational performance, despite one time negative impact of TRY72 million due to impairment recognized for A-Tel.*

(1) EBITDA is a non-GAAP financial measure. See page 12 for the reconciliation of EBITDA to net cash from operating activities.

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

(3) Including eliminations.

(*) For details, please refer to our consolidated financial statements and notes as at and for Sep 30, 2012 which can be accessed via our web site.

COMMENTS FROM CEO, SUREYYA CILIV

“In the third quarter of 2012, Turkcell Group revenue increased by 9% year on year to TRY2.8 billion, while we recorded EBITDA of TRY912 million and net profit of TRY571 million.

As Turkcell, we remained the operator of choice with our focus on innovation and customer satisfaction. In the third quarter of the year, we increased our subscriber base to 35.2 million with 442 thousand net additions in the Turkish mobile market. As a result, Turkcell Turkey’s revenues rose by 6% compared to last year, while voice revenues grew by 4% and mobile broadband revenues increased by 34%.

Our vision is to widen mobile broadband access in Turkey. Accordingly, we increased the number of smartphones in our network to 5.5 million via affordable “Turkcell Maxi series” smartphones and our “Smartphone Festival” campaign. Additionally, we continued to combine the advantages of mobile communication technologies with sectoral solutions. Most recently, we launched “Turkcell Wallet”, which combines commerce and payment systems on a single platform.

In addition to the successful performance of Turkcell Turkey, Group companies continued to increase their contribution. Turkcell Superonline, providing fiber broadband in Turkey, grew by 51% year on year, while our

Ukrainian operation increased its revenues by 7% in US Dollar terms.

We have raised our full year 2012 expectations for Group revenue and EBITDA. We now expect revenue in the range of TRY 10.3-10.4 billion and EBITDA in the range of TRY 3.1-3.2 billion for 2012. Meanwhile, our guidance for the capex over sales ratio is unchanged at 16%.

We would like to thank all of our customers, employees, business partners and shareholders, who constitute the Turkcell family, and who are always beside us, for their continued support.”

OVERVIEW OF TURKCELL TURKEY

During the quarter, based on our estimates mobile line penetration slightly rose to around 90%, and is expected to be similar for the year-end.

In the quarter, the market focus remained on postpaid, as well as increasing smartphone penetration, where we continued to differentiate ourselves from the competition with our superior solutions for customer needs. In the meantime, we have observed some increases in the communication of the service quality and coverage in the market, besides price focused communication.

However, the competitive pressure on pricing remains in place through high incentives, including all direction tariffs. This continued to result in higher off-net traffic and thus higher interconnect costs, which in turn pressured profitability in the market.

As Turkcell Turkey, our ongoing focus on value propositions, together with segmented offers, resulted in expansion of our subscriber base. Accordingly, we recorded the highest quarterly net additions of 442K since the launch of MNP, with a significant decline in the churn rate for the quarter to 6.9%. With further improvement in the postpaid share in our total subscriber base, plus growth in mobile broadband revenues, led to a 4.3% rise in ARPU to TRY22.0.

On the terminal front, the smartphone market has continued to grow. As Turkcell Turkey, in pursuit of higher smartphone penetration, we have been promoting our own T-Series smartphones, with the launch of Turkcell MaxiPLUS5 and MaxiPRO5. Moreover, our recent "Smartphone Festival" campaign enabled us to offer our customers affordable prices with the most preferred smartphone brands. These combined efforts boosted the smartphone number in our network by 0.7 million to 5.5 million, lifting penetration up to 17%.

For the best customer experience, we have always prioritized investment in our network capabilities and cutting edge technology. Accordingly, we continued to provide cross-industry solutions during the quarter with a focus on cloud computing, M2M and mobile finance. Most recently, in partnership with MasterCard, we launched "Mobile Wallet" solution, which provides innovative solutions on a single commerce and payment platform, including mobile banking, mobile payment and mobile loyalty programs.

As Turkcell Group, we performed better in the third quarter. This was mainly due to higher revenues from voice, mobile broadband and Turkcell Superonline. On the EBITDA side, higher revenues along with reduced selling and marketing expenses resulted in an improvement. And year to date, our revenues have grown by 11% and our EBITDA by 8%. In consequence, we now expect revenue in the range of TRY 10.3-10.4 billion and EBITDA in the range of TRY 3.1-3.2 billion for 2012. Meanwhile, our guidance for the capex over sales ratio is unchanged at 16%.

FINANCIAL AND OPERATIONAL REVIEW OF THE THIRD QUARTER 2012

The following discussion focuses principally on the developments and trends in our business in the third quarter of 2012 in TRY terms. Selected financial information for the third quarter of 2011, and the second and third quarters of 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 are also included at the end of this press release.

Financial Review of Turkcell Group

Profit & Loss Statement (million TRY)	Q311	Q212	Q312	y/y %	q/q %
Total Revenue	2,527.0	2,565.1	2,752.8	8.9%	7.3%
Direct cost of revenues ¹	(1,477.0)	(1,572.3)	(1,663.6)	12.6%	5.8%
Depreciation and amortization	(337.4)	(343.1)	(340.0)	0.8%	(0.9%)
Gross Margin	41.6%	38.7%	39.6%	(2.0pp)	0.9pp
Administrative expenses	(94.8)	(122.6)	(117.6)	24.1%	(4.1%)
Selling and marketing expenses	(421.3)	(434.3)	(399.6)	(5.2%)	(8.0%)
EBITDA ²	871.3	779.0	912.0	4.7%	17.1%
EBITDA Margin	34.5%	30.4%	33.1%	(1.4pp)	2.7pp
Net finance income / (expense)	81.2	105.0	121.3	49.4%	15.5%
Finance expense	(61.0)	(44.5)	(41.9)	(31.3%)	(5.8%)
Finance income	142.2	149.5	163.2	14.8%	9.2%
Share of profit of associates	59.5	65.6	60.9	2.4%	(7.2%)
Other income / (expense)	14.9	3.9	(78.7)	-	-
Monetary gains / (losses)	-	39.3	47.5	-	20.9%
Non-controlling interests	10.0	7.4	5.7	(43.0%)	(23.0%)
Income tax expense	(162.3)	(122.9)	(157.9)	(2.7%)	28.5%
Net Income	537.2	534.2	570.8	6.3%	6.9%

(1) Including depreciation and amortization expenses.

(2) EBITDA is a non-GAAP financial measure. See page 12 for the reconciliation of EBITDA to net cash from operating activities.

Revenue increased 9% year-on-year to TRY2,752.8 million (TRY2,527.0 million) due to 6% growth in Turkcell Turkey's revenues and 28% rise in the contribution of subsidiaries:

- Turkcell Turkey's revenues climbed 6% on the back of 34% growth in mobile broadband revenues to TRY276.2 million (TRY206.7 million), together with a 4% rise in voice revenues.
- Subsidiaries' contribution to the top line rose to 16% (14%). In particular, Turkcell Superonline's revenues grew by 50.7% to TRY186.7 million (TRY123.9 million), while Astelit's revenues increased 6.5% to US\$111.0 million (US\$104.2 million).

On a quarter-on-quarter basis, revenues grew by 7%, mainly due to the 7% increase in the voice revenues and 15% growth in mobile broadband revenues of Turkcell Turkey, together with 9% growth in the contribution of subsidiaries.

Direct cost of revenues climbed 12.6% to TRY1,663.6 million (TRY1,477.0 million), while as a percentage of revenues increasing to 60.4% (58.4%). This was mainly driven by the increase in interconnection costs (2.3pp), wages

& salaries (0.9pp) and network related expenses (0.2pp) as opposed to the decreases in depreciation and amortization (1.0pp) and other cost items (0.4pp).

Compared to the previous quarter, direct costs as a percentage of revenues dropped 0.9pp to 60.4% (61.3%). This mainly stemmed from the decrease in depreciation and amortization (1.0pp), network related costs (0.2pp) and other cost items (0.5pp) as opposed to the increase in interconnection costs (0.8pp).

In Q312, Turkcell Turkey's interconnection costs rose to TRY308.4 million (TRY229.0 million) YoY increasing its interconnection costs as a percentage of revenue by 2.9pp to 13.4% (10.5%). In the meantime, Turkcell Turkey's interconnection revenues rose 43.3% to TRY308.3 million (TRY215.2 million), driven mostly by higher incentives in the market, including all direction minutes. This led to an increased share of interconnection revenues in Turkcell Turkey's revenues to 13.4% (9.9%).

Administrative expenses as a percentage of revenues increased 0.5pp to 4.3% (3.8%) in Q312, mainly due to higher bad debt expenses (0.8pp) as a percentage of revenues mainly due to higher postpaid subscriber base and increased handset bundled offers. Please also note that in Q311 bad debt expenses were positively impacted by improved collections during the quarter. Compared to the previous quarter, administrative expenses as a percentage of revenues decreased 0.5pp to 4.3% from 4.8%, mainly driven by the decrease in legal follow up expenses (0.2pp) and other cost items (0.5pp) as opposed to the increase bad debt expenses (0.2pp).

Selling and marketing expenses as a percentage of revenues fell by 2.2pp to 14.5% (16.7%) in Q312 mainly driven by the decrease in selling expenses (1.7pp) mostly due to lower acquisitions and one-off decline in distributor related expenses due to A-Tel, together with lower prepaid frequency usage fees (0.3pp) and other items (0.2pp). On a quarter-on-quarter basis, selling and marketing expenses as a percentage of revenues dropped 2.4pp to 14.5%, which stemmed from the decrease in selling expenses (1.7pp), marketing expenses (0.6pp) and other cost items (0.1pp).

EBITDA increased 4.7% to TRY912.0 million in Q312 from TRY871.3 million in Q311, while the EBITDA margin was at 33.1% (34.5%). This mainly arose from the increase in direct cost of revenues (excluding depreciation and amortization) of 3.1pp and administrative expenses of 0.5pp as opposed to the decrease in selling and marketing expenses of 2.2pp as a percentage of revenues.

The EBITDA margin improved by 2.7pp from 30.4% to 33.1% QoQ due to the decline in selling and marketing expenses of 2.4pp and general administrative expenses of 0.5pp as opposed to the increase in direct cost of revenues (excluding depreciation and amortization) of 0.2pp.

The contribution of subsidiaries to Group EBITDA of subsidiaries improved by 8% to TRY128 million (TRY118 million) with the improved EBITDA margins of Turkcell Superonline and Astelit. Please also note that in the third quarter we have reached breakeven EBITDA in our Belarusian operations.

Net finance income increased 49.4% to TRY121.3 million in Q312 compared to TRY81.2 million in Q311. This was driven by a higher interest income of TRY133 million earned on time deposits in Q312 (TRY117 million) and lower translation loss of TRY18 million (TRY24 million) in Q312. Compared to the previous quarter, net finance income increased 15.5% to TRY121.3 million, which was driven by higher interest income earned on bank deposits.

Share of profit of equity accounted investees, comprising our share in the net income of unconsolidated investees Fintur and A-Tel increased 2.4% to TRY60.9 million (TRY59.5 million). Compared to the previous quarter, our share in the net income of unconsolidated investees decreased 7.2% to TRY60.9 million (TRY65.6 million).

Income tax expense amounted to TRY157.9 million in Q312 (TRY162.3 million). The taxation charge rose by 28.5% compared to Q212. TRY134.8 million of the total tax charge comprised current tax charges, while deferred tax expense of TRY23.1 million was recorded.

Million TRY	Q311	Q212	Q312	y/y %	q/q %
Current Tax expense	(211.6)	(138.1)	(134.8)	(36.3%)	(2.4%)
Deferred Tax Income/expense	49.3	15.2	(23.1)	-	-
Income Tax expense	(162.3)	(122.9)	(157.9)	(2.7%)	28.5%

Net income increased 6.3% to TRY570.8 million (TRY537.2 million) in Q312, which was achieved through higher EBITDA of TRY912.0 million (TRY871.3 million), higher net finance income of TRY121.3 million (TRY81.2 million), as well as a monetary gain of TRY47.5 million in Q312 (the net effects of inflation adjustments on the non-monetary items in balance sheet and income statement of BeST were recorded as monetary gains/ losses). Please note that there is one time negative impact of TRY72 million on net income due to impairment recognized for A-Tel.*

Quarter-on-quarter, net income increased by 6.9% to TR570.8 million (TRY534.2 million), mainly driven by rise in EBITDA by 17.1%, 15.5% higher net finance income and 20.9% higher monetary gain.

Total debt as of Sep 30, 2012 in consolidated terms was TRY3,127 million (US\$1,752 million).

Total debt (million)	TRY	US\$ equivalent
Ukraine	574	321
Belarus	795	445