



Third Quarter 2009 Results

## TURKCELL ILETISIM HIZMETLERI A.S. THIRD QUARTER 2009 RESULTS

### “Continued Solid Operational Performance”

Istanbul, Turkey, November 12, 2009 – Turkcell (NYSE:TKC, ISE:TCELL), the leading communications and technology company, today announced results for the third quarter ended September 30, 2009. All financial results in this press release are unaudited, prepared in accordance with International Financial Reporting Standards (“IFRS”) and expressed in dollars unless otherwise stated.



Please note that all financial data is consolidated and comprises Turkcell Iletisim Hizmetleri A.S., (the “Company”, or “Turkcell”) and its subsidiaries and its associates (together referred to as the “Group”). All non-financial data is unconsolidated and comprises Turkcell only. 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.

**Highlights of the quarter**

- Turkcell Group continued its solid performance in the third quarter of 2009 despite the tough macroeconomic environment and intense competition.
- Group revenue for the third quarter was TRY2,368.0 million (TRY2,458.4 million) declining by 3.7% yoy and increasing by 7.4% compared to the last quarter. Compared to last year, revenue was negatively impacted by decreasing revenues from outgoing calls and the declining contribution of our consolidated subsidiaries, particularly Astelit and Inteltek.
- Group EBITDA\*\* came in at TRY813.7 million (TRY1,001.8 million). EBITDA margin was 34.4% in the third quarter representing a 6.4pp year on year decrease and a 2.2pp quarter on quarter increase. In addition to the decline in our revenue, the reason for the year-on-year decrease in EBITDA margin was the 4.4 pp increase in interconnection costs, 1.3 pp increase in network expenses, 0.4 pp increase in selling and marketing expenses, and 0.2 pp increase in other items.
- Group net income decreased by 31.4% year on year to TRY496.8 million (TRY724.2 million) but increased by 27.6% compared to the previous quarter in line with the EBITDA trend.
- In Turkey mobile communication revenues continued to grow in the first nine months of 2009. However, mobile line penetration in the market decreased due to the declining multiple SIM card usage. In the third quarter, our postpaid subscriber base grew to 9.1 million with 482,000 net additions, while the total net subscriber loss was 338,500 compared to the last quarter.
- MoU increased by 36.1% to 148.6 minutes and ARPU in TRY terms decreased by 4.4% year-on-year to TRY19.7.
- The performance of Turkcell Group Companies improved in the third quarter with Superonline recording positive EBITDA for the second consecutive quarter, Astelit improving its EBITDA margin and Inteltek improving its performance compared to a quarter ago.
- TRY depreciated by 24.7% year-on-year against the US Dollar, leading to a 22.8% decrease in Group revenue in US dollar terms to \$1,587.9 million (\$2,055.9 million), a 34.9% decrease in EBITDA to \$545.4 million (\$837.8 million), and a decrease in net income of 44.9% to \$332.9 million (\$603.8 million) in the third quarter.

\* Authority: Turkey's Information and Communication Technologies Authority will be referred to as Authority hereafter.

\*\*EBITDA is a non-GAAP financial measure. See pages 13-14 for the reconciliation of EBITDA to net cash from operating activities.

◇ 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 third quarter 2009 refer to the same item in the third quarter of 2008. For further details, please refer to our consolidated financial statements and notes as at and for the nine months ended September, 2009 which can be accessed via our web site in the investor relations section ([www.turkcell.com.tr](http://www.turkcell.com.tr)).

**Comments from the CEO, Sureyya Ciliv**

“In the third quarter of 2009, we delivered solid operational results in a challenging environment: Turkcell Group revenue was TRY 2,368 million, with an EBITDA of TRY 814 million and net income of TRY 497 million.

In Turkey, we strengthened our competitive position through successful launch of Turkcell 3G network offering the fastest mobile broadband and the widest coverage. We are very pleased with the high level customer interest ahead of our expectations and excited about offering innovative mobile services to our consumer and corporate customers. We believe, going forward, our 3G business model will derive the growth in our VAS revenues through increased penetration of mobile broadband and services in this new 3G era.

In 2009, Turkish market was negatively impacted due to higher interconnection costs resulting from the unlimited flat rate offers triggered by competition. We have taken actions to minimize the impact of these challenges and are content to see signs of more rational behaviour beginning at the end of the quarter. During the third quarter, we also saw an improvement in operational results from our consolidated local and international subsidiaries.

Overall, I am satisfied with our performance so far in 2009 and we remain confident and optimistic about 2010. Next year, we expect our revenues and EBITDA to benefit from improvements in the economic environment and consumer confidence combined with growth in our mobile broadband business, a more rational market, and the increasing profitability of our subsidiaries.

I would like to thank all of our customers, employees, business partners, and shareholders for their continued support in such a challenging environment.”

**OVERVIEW OF THE QUARTER**

Following GDP contraction of 10.6% in the first half of the year, the difficult macroeconomic environment in Turkey continued into the third quarter. This, coupled with unlimited flat rate offers introduced in our market, along with mobile number portability, led to a decline in multiple SIM card usage resulting in lower mobile line penetration rate. Mobile line penetration is around 88% as of September 30, 2009 and we expect year end mobile line penetration rate to stay around these levels.

Competition in the third quarter remained intense, particularly due to the continuing unlimited flat rate offers for all directions, which resulted in a change in traffic trends towards off-net. Driven by competition, this trend led to reduced profitability across our sector in 2009. However, we have seen some upward revisions in monthly flat rate package pricing, limitations to the minute incentives on so called unlimited offers, and start up package pricing towards the end of the quarter, in an attempt to increase profitability. Including the recent price increases, our cumulative price increase totaled 9.9% so far in 2009. We view these developments as positive for the sector, although they are yet to translate into a long term trend.

During the third quarter, we sustained our strong operational performance in the Turkish Mobile market through our unique value propositions. The strong uptake in postpaid subscriptions and usage continued despite Ramadan thanks to our segmented offers and strong sales efforts.

As for 3G implementation, we have ensured the best coverage and fastest 3G network in Turkey from day one. Our superior service and network quality, coupled with a comprehensive service portfolio and the best mobile broadband offer in the market, created higher than expected demand for our services, resulting in a strong rise in data usage. Our VAS revenues comprised 15% of our consolidated revenue in the third quarter of 2009, compared to 14% a year ago.

In Turkey, going forward we will maintain our focus on primary drivers of top line growth with an emphasis on increasing postpaid subscriptions and usage. In addition, we will capitalize on opportunities in mobile broadband and innovative mobile services, which we see as key drivers of future market growth in Turkey.

## Overview of the Macroeconomic Environment

	Q3 2008	Q2 2009	Q3 2009	Q3 2009- Q3 2008 % Chg	Q3 2009- Q2 2009 % Chg
<b>TRY / \$ rate</b>					
Closing Rate	1.2316	1.5301	1.4820	20.3%	(3.1%)
Average Rate	1.1959	1.5801	1.4910	24.7%	(5.6%)
<b>INFLATION</b>					
Consumer Price Index	0.8%	0.8%	0.3%	(0.5 pp)	(0.5 pp)
GDP Growth	1.0%	(7.0%)	n/a	-	-
<b>UAH/\$</b>					
Average Rate	4.85	7.66	7.84	61.6%	2.3%

The data released in the third quarter of the year pointed to some improvement in the rate of GDP contraction, which slowed to 7% in the second quarter from 14.3% in the first quarter of the year. TRY continued its appreciation against the US dollar. However, it remained 24.7% weaker compared to the same period in 2008, which adversely impacted our financial results in US dollar terms. In addition, we have seen a decline in consumer confidence since June.

During the third quarter of 2009 the Ukrainian Hryvnia devalued by 62% against the US dollar year-on-year.

## Financial and Operational Review of the Third Quarter 2009

The following discussion focuses principally on the developments and trends in our business in the third quarter of 2009. Selected financial information for the third quarter of 2008, second quarter of 2009 and third quarter of 2009 is also included at the end of this press release.

For your convenience, selected financial information in TRY prepared in line with IFRS and the Capital Markets Board of Turkey's standards is also included at the end of this press release.

### Financial Review

Profit & Loss Statement (million \$)	(million \$)					(million TRY)		
	Q308	Q209	Q309	Q309- Q308 % Chg	Q309- Q209 % Chg	Q309	Q309- Q308 % Chg	Q309- Q209 % Chg
<b>Total Revenue</b>	<b>2,055.9</b>	<b>1,398.0</b>	<b>1,587.9</b>	<b>(22.8%)</b>	<b>13.6%</b>	<b>2,368.0</b>	<b>(3.7%)</b>	<b>7.4%</b>
Direct cost of revenues	(935.5)	(741.4)	(836.4)	(10.6%)	12.8%	(1,246.9)	11.5%	6.8%
Depreciation and amortization	(172.0)	(132.8)	(150.5)	(12.5%)	13.3%	(224.2)	8.9%	7.1%
Administrative expenses	(87.9)	(63.6)	(67.6)	(23.1%)	6.3%	(100.8)	(4.1%)	0.6%
Selling and marketing expenses	(366.8)	(277.0)	(289.0)	(21.2%)	4.3%	(430.9)	(1.8%)	(1.4%)
<b>EBITDA</b>	<b>837.8</b>	<b>448.8</b>	<b>545.4</b>	<b>(34.9%)</b>	<b>21.5%</b>	<b>813.7</b>	<b>(18.8%)</b>	<b>14.7%</b>
<b>EBITDA Margin</b>	<b>40.8%</b>	<b>32.1%</b>	<b>34.3%</b>	<b>(6.5 pp)</b>	<b>2.2 pp</b>	<b>34.4%</b>	<b>(6.4 pp)</b>	<b>2.2 pp</b>
Net finance income / (expense)	67.0	(38.3)	(1.2)	(101.8%)	(96.9%)	(1.8)	(102.2%)	(97.0%)
Finance expense	(16.7)	(69.0)	(70.5)	322.2%	2.2%	(103.0)	415.0%	(3.8%)
Finance income	83.7	30.7	69.3	(17.2%)	125.7%	101.2	0.9%	115.8%
Share of profit of associates	25.1	15.1	27.2	8.4%	80.1%	40.5	26.6%	69.5%
Income tax expense	(160.3)	(47.4)	(93.8)	(41.5%)	97.9%	(139.9)	(27.0%)	85.8%
<b>Net Income</b>	<b>603.8</b>	<b>245.8</b>	<b>332.9</b>	<b>(44.9%)</b>	<b>35.4%</b>	<b>496.8</b>	<b>(31.4%)</b>	<b>27.6%</b>

**Revenue:** In the third quarter of 2009, revenue contracted by 3.7% year-on-year to TRY2,368.0 million as a result of the declining revenue from outgoing calls due to the unlimited offers in the market and the lower contribution of our consolidated subsidiaries. The contribution from Turkcell's consolidated subsidiaries was adversely affected by two key developments: the volatile macroeconomic environment in Ukraine which continued to have a negative impact on Astelit mainly due to the 62% depreciation of the Hryvnia against the US dollar, resulting in a 27.1% revenue decrease in US dollar terms to \$93.2 million from \$127.8 million at the same time in 2008; and a decrease in the revenue contribution of our betting business, Inteltek, due to the lower commission rates compared to the same period of last year. Inteltek recorded revenues of TRY10.5 million compared to TRY38.4 million in the third quarter of 2008.

### Third Quarter 2009 Results

In US dollar terms, Turkcell recorded revenue of \$1,587.9 million for the third quarter, down 22.8% compared to the third quarter of 2008, mainly due to the 24.7% depreciation of the TRY against the US dollar.

Quarter-on-quarter, revenue increased by 7.4% in TRY terms mainly due to seasonally higher usage in Turkey, despite the month of Ramadan which generally adversely impacts usage.

**Direct cost of revenues:** Direct cost of revenues including depreciation and amortization decreased by 10.6% to \$836.4 million in the third quarter of 2009. During the same period, direct cost of revenues as a percentage of total revenues increased to 52.7% from 45.5%. This was due to the increase in interconnection costs (4.4 pp) as a result of increasing off-net traffic, network related expenses (1.3 pp), higher depreciation and amortization expenses (1.1 pp), and other expenses (0.4 pp) as a percentage of revenues.

Compared to the previous quarter, direct cost of revenues including depreciation and amortization increased by 12.8%. However, as a proportion of revenues it remained almost flat mainly due to higher interconnection costs (0.2 pp) netted off with decreasing costs from handsets (0.6 pp) bundled for the loyalty programs.

**Administrative expenses:** General and administrative expenses as a percentage of revenue remained flat year-on-year at 4.3%.

**Selling and marketing expenses:** Selling and marketing expenses increased slightly by 0.4 pp to 18.2% as a percentage of revenue in the third quarter of 2009 mainly due to higher advertising expenses with the launch of 3G and a higher frequency usage fee due to higher fee per subscriber compared to the third quarter of the previous year.

Compared to the previous quarter, selling and marketing expenses as a percentage of revenue decreased by 1.6 pp mainly due to declining selling expenses as a result of our efficiency efforts.

**EBITDA<sup>1</sup>:** EBITDA, in nominal terms, decreased by 34.9% to \$545.4 million and the EBITDA margin by 6.5 pp to 34.3%. This was mainly due to the decline in our revenue coupled with the 4.4 pp increase in interconnection costs, higher network related expenses by 1.3 pp, slight increase in selling and marketing expenses by 0.4 pp, and increase in other items by 0.4pp as a percentage of revenues,

EBITDA in TRY terms decreased by 18.8% to TRY813.7 million compared to the third quarter of 2008.

Compared to the second quarter of 2009, EBITDA margin increased by 2.2 pp. This was mainly due to absence of litigation provision set in the second quarter of 2009 related to Turkcell's ongoing dispute in regards to international voice traffic and the decrease in selling and marketing expenses as a percentage of revenues partially netted off with the increasing interconnect costs as a result of increasing off-net traffic.

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<sup>1</sup> EBITDA is a non-GAAP financial measure. See pages 13 for the reconciliation of EBITDA to net cash from operating activities.

**Third Quarter 2009 Results**

**Share of profit of equity accounted investees:** In the third quarter of 2009, our share in the net income of unconsolidated investees, consisting of the net income/(expense) impact of Fintur and A-Tel, increased by 8.4% to \$27.2 million due to better contribution of Fintur.

The results of our 50% owned subsidiary A-Tel impacted two items in our financial statements. A-Tel's revenue generated from Turkcell, amounting to \$10.0 million, is netted out from the selling and marketing expenses in our consolidated financial statements in proportion to our ownership. The difference between the total net impact of A-Tel and the amount netted out from selling and marketing expenses amounted to \$13.9 million and is recorded in the 'share of profit of equity accounted investees' line of our financial statements in the third quarter of 2009.

**Net finance income/(expense):** In the third quarter of 2009, we recorded a net finance expense of \$1.2 million compared to a net finance income of \$67.0 million in the same period of 2008, mainly due to a decrease in interest income as a result of a decrease in our cash balance and declining interest rates and the higher translation loss. During the quarter, we recorded a translation loss of \$46.6 million mainly due to the exchange rate fluctuations between TRY and the US dollar on Turkcell's long foreign exchange position and Hryvnia and the US dollar on Astelit's foreign currency debt.

Compared to the previous quarter, the finance income increased to \$69.3 million from \$30.7 million mainly due to decrease in translation loss. The finance expense remained almost stable at \$70.5 million due to increase in translation loss and loan interest expense netted off with the absence of the interest component of the litigation provisions recorded during the second quarter which amounted to \$62.0 million.

**Income tax expense:** The total taxation charge in the third quarter of 2009 decreased to \$93.8 million, from \$160.3 million in the same quarter of last year.

The total tax charge of \$94.4 million was related to current tax charges while deferred tax income of \$0.6 million was recorded.

(million \$)	Q308	Q209	Q309	Q309- Q308 % Chg	Q309- Q209 % Chg
Current tax expense	(172.5)	(83.6)	(94.4)	(45.3%)	12.9%
Deferred Tax income / (expense)	12.2	36.2	0.6	(95.1%)	(98.3%)
<b>Income Tax expense</b>	<b>(160.3)</b>	<b>(47.4)</b>	<b>(93.8)</b>	<b>(41.5%)</b>	<b>97.9%</b>

**Net income:** Net income decreased by 44.9% year-on-year to \$332.9 million and net income margin by 8.4 pp to 21.0% mainly due to lower EBITDA.

Compared to the second quarter, net income increased by 35.4% due to increase in EBITDA and the absence of litigation provisions negatively impacting results in the second quarter of 2009.



### Third Quarter 2009 Results

**Total Debt:** Consolidated debt amounted to \$1,162.2 million as of September 30, 2009 increasing from \$776.2 million as of June 30, 2009. \$533.3 million of this was related to Turkcell's Ukrainian operations. \$982.9 million of our consolidated debt is at a floating rate and \$601.7 million will mature in less than a year. We believe that we have maintained a strong balance sheet throughout the financial crisis with a solid cash position and a debt/annual EBITDA ratio of 58%.

Consolidated Cash Flow (million \$)	Q308	Q209	Q309
EBITDA	837.8	448.8	545.4
LESS:			
Capex and License	(175.7)	(789.5)	(326.1)
Turkcell	(80.8)	(670.8)	(196.4)
Ukraine	(47.7)	(35.1)	(31.9)
Investment & Marketable Securities	(300.0)	-	30.6
Net Interest Income/Expense	101.6	5.8	45.4
Other	(256.3)	166.7	(25.5)
Net Change in Debt	73.2	1.8	409.0
Dividend paid	-	(713.3)	-
Cash Generated	280.6	(879.7)	678.8
Cash Balance	3,156.8	1,963.5	2,642.3

**Cash Flow Analysis:** Capital expenditures in the third quarter of 2009 amounted to \$326.1 million of which \$31.9 million was related to our Ukrainian operations, \$32.7 million to our Belarusian operations and \$43.5 million to our Superonline operations.

Capital expenditures year to date totalled \$1,367.6 million of which \$1,048.8 million (including 3G license fee) was related to Turkcell Turkey, \$109.2 million to our Ukrainian operations, \$69.6 million to our Belarusian operations and \$92.1 million to our Superonline operations.

Turkcell recorded free cash flow (cash flow from operating activities minus capital expenditure) of \$191.2 million, compared to \$478.3 million in the same period of 2008, primarily due to an increase in capital expenditure and a decrease in EBITDA.

The increase in our cash balance to \$2.6 billion from \$2.0 billion a quarter ago was mainly due to the increase in cash flow from operating activities and lower capital expenditures related with the absence of 3G license fee payment in the third quarter of 2009.

**Operational Review**

Summary of Operational Data (Turkcell)	Q308	Q209	Q309	Q309-Q308 % Chg	Q309-Q209 % Chg
Number of total subscribers (million)	36.3	36.3	36.0	(0.8%)	(0.8%)
Number of postpaid subscribers (million)	7.2	8.6	9.1	26.4%	5.8%
Number of prepaid subscribers (million)	29.1	27.7	26.9	(7.6%)	(2.9%)
ARPU (Average Monthly Revenue per User), blended (\$)	17.3	11.8	13.2	(23.7%)	11.9%
ARPU, postpaid (\$)	41.9	26.5	28.1	(32.9%)	6.0%
ARPU, prepaid (\$)	11.2	7.5	8.4	(25.0%)	12.0%
ARPU, blended (TRY)	20.6	18.6	19.7	(4.4%)	5.9%
ARPU, postpaid (TRY)	50.1	41.8	41.8	(16.6%)	0.0%
ARPU, prepaid (TRY)	13.4	11.8	12.5	(6.7%)	5.9%
Churn (%)	6.2%	9.0%	10.2%	4.0 pp	1.2 pp
MOU (Average Monthly Minutes of usage per subscriber), blended	109.2	127.9	148.6	36.1%	16.2%

**Subscribers:** Our subscriber base totaled 36.0 million as of September 30, 2009 slightly down by 0.8% compared to the third quarter of 2008 and the second quarter of 2009. However, in the third quarter, we successfully grew our postpaid subscriber base by 26.4% to 9.1 million from 7.2 million a year ago. The share of the postpaid subscriber base improved to 25.3% from 19.8% in the same period last year.

In the third quarter of 2009, the number of prepaid subscribers decreased by 7.6% to 26.9 million as a result of market contraction due to declining multiple SIM card usage as a result of mobile number portability. Our postpaid subscriber base grew to 9.1 million with 482,000 net additions while we recorded a net subscriber loss of 338,500 stemming from the greater churn in a highly competitive market.

**Churn Rate:** Churn refers to voluntarily and involuntarily disconnected subscribers. In the third quarter of 2009, we recorded a churn rate of 10.2% mainly due to prepaid involuntary churn.

**MoU:** In the third quarter of 2009, our blended minutes of usage per subscriber (“MoU”) increased by 36.1% to 148.6 minutes compared to the same period of last year. Our successful campaigns and tariffs resulted in the highest usage levels since 2001, despite the negative impact of Ramadan in the third quarter.

**ARPU:** In the third quarter of 2009, our blended average revenue per user (“ARPU”) in TRY terms decreased by 4.4% to TRY19.7 compared to the same period of last year with increasing subscriptions to minute packages and lower mobile termination rates. However,

the 24.7% depreciation of the TRY against the US dollar resulted in a 23.7% decline in blended ARPU in US dollar terms to \$13.2.

Postpaid ARPU in TRY terms was TRY41.8, a 16.6% decrease year-on-year. This mainly stemmed from the subscriptions to tariffs in the form of minute packages, the adverse impact of the worsening macroeconomic conditions. However, postpaid ARPU remained flat compared to the last quarter, thanks to our segmented offers.

Prepaid ARPU in TRY terms decreased by 6.7% to TRY12.5 in the third quarter of 2009, mainly due to the effects of new tariffs and campaigns in a highly competitive market.

## **Regulatory and Legal Issues**

On 27 April 2009, the Authority notified upper ceiling for onnet and offnet calling prices. On 20 October 2009, the Authority stated that the Company applied tariffs above upper ceiling and requested the Company to reimburse overcharged amounts to subscribers within one month. The calculation methodology for overcharged amounts and reimbursement method are not clarified by the Authority as of 12 November 2009 and negotiations between the Company Management and the Authority on this issue are continuing. Based on the management's estimation, an accrual amounting to TRY 23,7 million (equivalent to \$16,0 million as at 30 September 2009) is set for the possible reimbursement to compensate the aforementioned issue and other complaints of the subscribers and deducted from revenues in the consolidated interim financial statements as at and for the nine months ended 30 September 2009.

We received another notification, based on the Tax Investigation Reports dated 2 October, 2009 from the Presidency of Large Taxpayers Office, Audit Group Management, on a different matter on 21 October, 2009 indicating that:

We should calculate Value Added Tax ("VAT") and Special Communication Tax ("SCT") on charges paid to international Mobile operators for the calls initiated by our subscribers abroad (roaming), charge VAT and SCT to and collect them from our subscribers. Based on this notification, we have been asked to provide collateral for the principal of VAT and SCT amounting to TRY258 million for the period from April 2005 to July 2009, and for an interest to be calculated until the day of payment.

Based on the ruling dated 9 February, 2005 from the Ministry of Finance, Presidency of Revenue Administration, we did not charge our subscribers any VAT and SCT related to roaming charges paid to international Mobile operators on the calls initiated abroad from April 2005 onwards.

The aforementioned VAT and SCT are collected and passed on to the government by Turkcell, which carries out all tax applications in accordance with the views and directives of the Ministry of Finance and related government bodies.

Our Company will cooperate with the representatives of the Presidency of Revenue Administration at the Ministry of Finance in an effort to eliminate all discrepancies to resolve this issue in a manner that is fair to both the government and our subscribers.

Our company provided the requested collateral and filed a lawsuit for the cancellation of the decision of Tax Authority requesting collateral.

Additionally, there is a development about the court case initiated by Turk Telekom due to international interconnection agreement for carrying the voice traffic through Milleni.com GmbH. The international interconnection agreement signed between our Company and Milleni.com GmbH for carrying voice traffic has been signed with the permission and the approval of the Ministry of Transportation and Information and Communication Technologies Authority (formerly known as Telecommunications Authority). Accordingly, the aforementioned agreement and the commercial activities conducted with this regard is legal; thus this court decision is not fair and in contradiction with the law and the practice. We are confident and maintain our view that this case has no legal basis. We, therefore, will appeal this decision once we receive the court decision.

As we have stated in our notes to our previous financial statements; following two expertise reports and taking into consideration the developments in the related case, a provision totaling to a nominal amount of TRY 122.3 million, including TRY44.9 million in principal and TRY 77.4 million in accrued interest, was provisioned in our consolidated interim financial statements dated June 30, 2009. Notwithstanding our constitution of a provision, we continue to disagree with the alleged legal basis on which Turk Telekom's claim has been made. We are not planning to set aside any additional provisions other than the one in our financial statements.

## **International Operations**

### **Astelit**

Astelit, in which we hold a 55% stake through Euroasia, has operated in Ukraine since February 2005 under the brand "life:)".

- The volatile political and macro-economic environment in Ukraine continued to have an adverse impact on the local currency. The year-on-year depreciation of Hryvnia against the US dollar was approximately 62% in the third quarter of 2009.
- Astelit's revenue decreased by 27.1% to \$93.2 million compared to the third quarter of last year mainly due to the depreciation effect of the local currency against the US dollar.
- Astelit recorded positive EBITDA<sup>2</sup> of \$7.4 million during the third quarter. The EBITDA margin decreased slightly to 7.9% from 8.8% in the same period of 2008. EBITDA margin improved by 5.2pp from 2.7% compared to a quarter ago.
- Astelit's net loss increased by 75.6% to \$42.5 million compared to the third quarter of last year mainly due to higher translation loss.
- Astelit's number of subscribers grew by 10.3% on an annual basis to 11.8 million. In the third quarter of 2009:

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<sup>2</sup> EBITDA is a non-GAAP financial measure. See pages 14 for the reconciliation of Euroasia's EBITDA to net cash from operating activities. Euroasia holds a 100% stake in Astelit.

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- The 3 month active subscriber base grew 23.8% year-on-year, reaching 66% of the total subscriber base.
- The 3 month active ARPU decreased by 45.7% on an annual basis.
- Astelit's capital expenditure amounted to \$31.9 million in the third quarter of the year.

To ensure effective cash management, our 100% subsidiary Financell B.V signed a vendor financing agreement for up to approximately US\$75 million for Astelit LLC's 2G infrastructure investments on July 16, 2009. Our commitment to the Ukrainian market remains strong.

Summary Data for Astelit	Q308	Q209	Q309	Q309-Q308 % Chg	Q309-Q209 % Chg
<b>Number of subscribers (million)</b>					
Total	10.7	11.7	11.8	10.3%	0.9%
Active (3 months) <sup>3</sup>	6.3	8.0	7.8	23.8%	(2.5%)
<b>Average Revenue per User (ARPU) in \$</b>					
Total	4.1	2.5	2.6	(36.6%)	4.0%
Active (3 months)	7.0	3.5	3.8	(45.7%)	8.6%
Revenue	127.8	85.9	93.2	(27.1%)	8.5%
EBITDA	11.3	2.3	7.4	(34.5%)	221.7%
Net Loss	(24.2)	(19.6)	(42.5)	75.6%	116.8%
Capex	47.7	35.1	31.9	(33.1%)	(9.1%)

**Fintur**

Turkcell holds a 41.45% stake in Fintur and through Fintur has interests in Mobile operations in Kazakhstan, Azerbaijan, Moldova, and Georgia.

FINTUR	Q308	Q209	Q309	Q309-Q308 % Chg	Q309-Q209 % Chg
<b>Subscriber (million)</b>					
Kazakhstan	7.0	7.1	7.1	1.4%	0.0%
Azerbaijan	3.4	3.6	3.7	8.8%	2.8%
Moldova	0.5	0.6	0.6	20.0%	0.0%
Georgia	1.5	1.6	1.6	6.7%	0.0%
<b>TOTAL</b>	<b>12.4</b>	<b>12.9</b>	<b>13.0</b>	<b>4.8%</b>	<b>0.8%</b>
<b>Revenue</b>					
Kazakhstan	276	210	223	(19.2%)	6.2%
Azerbaijan	148	124	132	(10.8%)	6.5%
Moldova	17	16	17	0.0%	6.3%
Georgia	59	42	47	(20.3%)	11.9%
Other*	-	1	1	-	0.0%
<b>TOTAL</b>	<b>500</b>	<b>393</b>	<b>420</b>	<b>(16.0%)</b>	<b>6.9%</b>

<sup>3</sup> Active subscribers are those who in the past three months made a transaction which brought revenue to the Company.

(\*)includes intersegment eliminations

Fintur's subscriber base continued to grow in the third quarter despite continuing economic challenges in the countries where Fintur operates. The total number of subscribers increased by 4.8% to 13.0 million compared to the same period last year. Consolidated revenue decreased by 16.0% compared to the same period last year but grew by 6.9% compared to the second quarter mainly due to seasonality.

We account for our investment in Fintur using the equity pick up method. Fintur's contribution to our net income increased to \$41.1 million in the third quarter of 2009 compared to the third quarter of 2008.

### **Reconciliation of Non-GAAP Financial Measures**

*We believe that EBITDA is a measure commonly used by companies, analysts and investors in the telecommunications industry, which enhances the understanding of our cash generation ability and liquidity position and assists in the evaluation of our capacity to meet our financial obligations. We also use EBITDA as an internal measurement tool and, accordingly, we believe that the presentation of EBITDA provides useful and relevant information to analysts and investors.*

*Beginning from the 2006 fiscal year, we have revised the definition of EBITDA which we use and we report EBITDA using this new definition starting from the first quarter of 2006 results announcement to provide a new measure to reflect solely cash flow from operations.*

*The EBITDA definition used in our previous press releases and announcements had included Revenue, Direct Cost of Revenue excluding depreciation and amortization, Selling and Marketing expenses, Administrative expenses, translation gain/(loss), finance income, share of profit of equity accounted investees, gain on sale of investments, income/(loss) from related parties, minority interest and other income/(expense). Our new EBITDA definition includes Revenue, Direct Cost of Revenue excluding depreciation and amortization, Selling and Marketing expenses and Administrative expenses, but excludes translation gain/(loss), finance income, share of profit of equity accounted investees, gain on sale of investments, income/(loss) from related parties, minority interest and other income/(expense).*

*EBITDA is not a measure of financial performance under IFRS and should not be construed as a substitute for net earnings (loss) as a measure of performance or cash flow from operations as a measure of liquidity.*

*The following table provides a reconciliation of EBITDA, which is a non-GAAP financial measure, to net cash from operating activities, which we believe is the most directly comparable financial measure calculated and presented in accordance with IFRS.*

**Third Quarter 2009 Results**

<b>TURKCELL</b> \$ million	<b>Q308</b>	<b>Q209</b>	<b>Q309</b>	<b>Q309-Q308</b> % Chg	<b>Q309-Q209</b> % Chg
EBITDA	837.8	448.8	545.4	(34.9%)	21.5%
Income Tax Expense	(160.3)	(47.4)	(93.8)	(41.5%)	97.9%
Other operating income/(expense)	3.7	(2.7)	7.0	89.2%	(359.3%)
Finance income	2.0	3.6	(0.5)	(125.0%)	(113.9%)
Finance expense	(8.4)	(68.5)	(26.9)	220.2%	(60.7%)
Net increase/(decrease) in assets and liabilities	(20.8)	3.7	86.1	(513.9%)	2227.0%
<b>Net cash from operating activities</b>	<b>654.0</b>	<b>337.5</b>	<b>517.3</b>	<b>(20.9%)</b>	<b>53.3%</b>

<b>EUROASIA (Astelit)</b> \$ million	<b>Q308</b>	<b>Q209</b>	<b>Q309</b>	<b>Q309-Q308</b> % Chg	<b>Q309-Q209</b> % Chg
EBITDA	11.3	2.3	7.4	(34.5%)	221.7%
Other operating income/(expense)	0.6	(0.9)	2.1	250.0%	(333.3%)
Finance income	2.0	0.5	0.2	(90.0%)	(60.0%)
Finance expense	(8.5)	(6.9)	(0.2)	(97.6%)	(97.1%)
Net increase/(decrease) in assets and liabilities	36.4	27.2	13.2	(63.7%)	(51.5%)
<b>Net cash from operating activities</b>	<b>41.8</b>	<b>22.2</b>	<b>22.7</b>	<b>(45.7%)</b>	<b>2.3%</b>

**Turkcell Group Subscribers**

We had approximately 61.9 million subscribers as of September 30, 2009. This figure is calculated by taking the number of subscribers in Turkcell and each of our subsidiaries and unconsolidated investees. This figure includes the total number of subscribers in Astelit, BeST, in our operations in the Turkish Republic of Northern Cyprus ("Northern Cyprus") and Fintur. In the past, when presenting our total group subscribers, we have presented this figure on a proportional basis, adjusted to reflect our ownership interest in each subsidiary. We believe that the method of calculation given above is a good indicator of our Group's reach and intend to use this new method of calculation going forward.

<b>Turkcell Group Subscribers</b> (million)	<b>Q308</b>	<b>Q209</b>	<b>Q309</b>	<b>Q309-Q308</b> % Chg	<b>Q309-Q209</b> % Chg
Turkcell	36.3	36.3	36.0	(0.8%)	(0.8%)
Ukraine	10.7	11.7	11.8	10.3%	0.9%
Fintur	12.4	12.9	13.0	4.8%	0.8%
Northern Cyprus	0.3	0.3	0.3	0.0%	0.0%
Belarus	0.2	0.6	0.8	300.0%	33.3%
<b>TURKCELL GROUP</b>	<b>59.9</b>	<b>61.8</b>	<b>61.9</b>	<b>3.3%</b>	<b>0.2%</b>

**Forward-Looking Statements**

*This release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Safe Harbor provisions of the US Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included in this press release, including, without limitation, certain statements regarding our operations, financial position and business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as, among others, "may," "will," "expect," "intend," "plan," "estimate," "anticipate," "believe" or "continue."*

*Although Turkcell believes that the expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements particularly in the current operating and macro environment. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.*

*For a discussion of certain factors that may affect the outcome of such forward looking statements, see our Annual Report on Form 20-F for 2008 filed with the U.S. Securities and Exchange Commission, and in particular the risk factor section therein.*

*We undertake no duty to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.*

[www.turkcell.com.tr](http://www.turkcell.com.tr)

**ABOUT TURKCELL**

Turkcell is the leading Mobile operator in Turkey with 36.0 million postpaid and prepaid customers as of September 30, 2009 operating in a three player market with a market share of approximately 56% as of September 30, 2009 (Source: operators' announcements). Turkcell, is the technology leader providing EDGE technology across the country. Turkcell also provides high quality data and voice services to 65% of the population (as at 30 September 2009) through the implementation of its 3G technology. Turkcell provides roaming with 628 operators in 206 countries as of September 18, 2009. Serving a large subscriber base in Turkey with its high-quality wireless telephone network, Turkcell reported \$1.6 billion net revenue for the quarter ended September 30, 2009 as per IFRS financial statements. Turkcell has interests in international Mobile operations in Azerbaijan, Belarus, Georgia, Kazakhstan, Moldova, Northern Cyprus and Ukraine and together with Turkey had approximately 61.9 million subscribers as of September 30, 2009. Turkcell has been listed on the NYSE ("New York Stock Exchange") and the ISE ("Istanbul Stock Exchange") since July 2000 and is the only NYSE listed company in Turkey. 51.00% of Turkcell's share capital is held by Turkcell Holding, 0.05% by Cukurova Group, 13.07% by Sonera Holding, 2.32% by M.V. Group and 0.08% by others while the remaining 33.48% is free float.



## Third Quarter 2009 Results

**For further information please contact Turkcell**

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**TURKCELL ILETISIM HIZMETLERI A.S.**  
**IFRS SELECTED FINANCIALS (US\$ MILLION)**

	Quarter Ended September 30, <u>2008</u>	Quarter Ended June 30, <u>2009</u>	Quarter Ended September 30, <u>2009</u>	Nine Months Ended September 30, <u>2008</u>	Nine Months Ended September 30, <u>2009</u>
<b>Consolidated Statement of Operations Data</b>					
Revenues					
Communication fees	1,963.9	1,359.5	1,536.3	5,119.1	4,101.2
Commission fees on betting business	37.1	(5.2)	7.0	131.8	27.1
Monthly fixed fees	17.6	10.3	10.2	52.5	31.7
Simcard sales	9.4	6.7	6.6	21.1	18.2
Call center revenues and other revenues	27.9	26.7	27.8	60.9	90.7
Total revenues	2,055.9	1,398.0	1,587.9	5,385.4	4,268.9
Direct cost of revenues	(935.5)	(741.4)	(836.4)	(2,607.6)	(2,208.4)
Gross profit	1,120.4	656.6	751.5	2,777.8	2,060.5
Administrative expenses	(87.9)	(63.6)	(67.6)	(233.5)	(191.1)
Selling & marketing expenses	(366.8)	(277.0)	(289.0)	(1,025.5)	(804.7)
Other Operating Income / (Expense)	3.7	(3.0)	7.0	(16.5)	5.3
Operating profit before financing costs	669.4	313.0	401.9	1,502.3	1,070.0
Finance expense	(16.7)	(69.0)	(70.5)	(48.0)	(173.1)
Finance income	83.7	30.7	69.3	394.8	242.2
Share of profit of equity accounted investees	25.1	15.1	27.2	74.4	52.0
Income before taxes and minority interest	761.5	289.8	427.9	1,923.5	1,191.1
Income tax expense	(160.3)	(47.4)	(93.8)	(405.5)	(261.4)
Income before minority interest	601.2	242.4	334.1	1,518.0	929.7
Minority interest	2.6	3.4	(1.2)	(1.0)	(6.8)
Net income	603.8	245.8	332.9	1,517.0	922.9
Net income per share	0.274451	0.111719	0.151330	0.689558	0.419515
<b>Other Financial Data</b>					
Gross margin	54%	47%	47%	52%	48%
EBITDA(*)	837.8	448.8	545.4	2,055.8	1,466.3
Capital expenditures	175.7	789.5	326.1	597.5	1,367.6
<b>Consolidated Balance Sheet Data (at period end)</b>					
Cash and cash equivalents	3,156.8	1,963.5	2,642.3	3,156.8	2,642.3
Total assets	9,570.3	7,876.3	8,875.2	9,570.3	8,875.2
Long term debt	151.0	168.5	560.5	151.0	560.5
Total debt	738.3	776.2	1,162.2	738.3	1,162.2
Total liabilities	2,918.7	2,603.7	3,107.9	2,918.7	3,107.9
Total equity	6,651.5	5,272.5	5,767.3	6,651.5	5,767.3

\* Please refer to the notes on reconciliation of Non-GAAP Financial measures on page 13-14

\*\* For further details, please refer to our consolidated financial statements and notes as at 30 September 2009 on our web site.

**TURKCELL ILETISIM HIZMETLERI A.S.**  
**IFRS SELECTED FINANCIALS (TRY Million)**

	Quarter Ended September 30, <u>2008</u>	Quarter Ended June 30, <u>2009</u>	Quarter Ended September 30, <u>2009</u>	Nine Months Ended September 30, <u>2008</u>	Nine Months Ended September 30, <u>2009</u>
<b>Consolidated Statement of Operations Data</b>					
Revenues					
Communication fees	2,348.2	2,144.2	2,291.0	6,190.7	6,411.5
Commission fees on betting business	44.2	(8.8)	10.5	159.6	43.1
Monthly fixed fees	21.0	16.3	15.2	63.6	49.9
Simcard sales	11.3	10.6	9.9	25.4	28.4
Call center revenues and other revenues	33.7	42.1	41.4	73.7	142.9
Total revenues	2,458.4	2,204.4	2,368.0	6,513.0	6,675.8
Direct cost of revenues	(1,118.7)	(1,167.6)	(1,246.9)	(3,154.0)	(3,448.1)
Gross profit	1,339.7	1,036.8	1,121.1	3,359.0	3,227.7
Administrative expenses	(105.1)	(100.2)	(100.8)	(282.2)	(299.2)
Selling & marketing expenses	(438.6)	(436.8)	(430.9)	(1,241.2)	(1,259.4)
Other Operating Income / (Expense)	4.4	(4.5)	10.4	(20.1)	7.9
Operating profit before financing costs	800.4	495.3	599.8	1,815.5	1,677.0
Finance expense	(20.0)	(107.1)	(103.0)	(58.5)	(265.6)
Finance income	100.3	46.9	101.2	478.7	381.0
Share of profit of equity accounted investees	32.0	23.9	40.5	92.3	79.5
Income before taxes and minority interest	912.7	459.0	638.5	2,328.0	1,871.9
Income tax expense	(191.7)	(75.3)	(139.9)	(491.8)	(412.1)
Income before minority interest	721.0	383.7	498.6	1,836.2	1,459.8
Minority interest	3.2	5.6	(1.8)	(1.5)	(11.0)
Net income	724.2	389.3	496.8	1,834.7	1,448.8
Net income per share	0.329127	0.176918	0.225890	0.833997	0.658561
<b>Other Financial Data</b>					
Gross margin	54%	47%	47%	52%	48%
EBITDA(*)	1,001.8	709.2	813.7	2,484.9	2,296.5
Capital expenditures	219.7	1,168.2	433.2	735.9	2,026.8
<b>Consolidated Balance Sheet Data (at period end)</b>					
Cash and cash equivalents	3,887.9	3,004.3	3,915.9	3,887.9	3,915.9
Total assets	11,786.7	12,051.5	13,153.0	11,786.7	13,153.0
Long term debt	186.0	257.9	830.7	186.0	830.7
Total debt	909.3	1,187.7	1,722.4	909.3	1,722.4
Total liabilities	3,594.7	3,984.0	4,605.9	3,594.7	4,605.9
Total shareholders' equity / Net Assets	8,192.0	8,067.5	8,547.1	8,192.0	8,547.1

\*\* For further details, please refer to our consolidated financial statements and notes as at and for the nine months ended 30 September 2009 on our web site.

**TURKCELL ILETISIM HIZMETLERI A.S.**  
**CMB\* SELECTED FINANCIALS (TRY Million)**

	Quarter Ended September 30, <u>2008</u>	Quarter Ended June 30, <u>2009</u>	Quarter Ended September 30, <u>2009</u>	Nine Months Ended September 30, <u>2008</u>	Nine Months Ended September 30, <u>2009</u>
<b>Consolidated Statement of Operations Data</b>					
Revenues					
Communication fees	2,348.2	2,144.2	2,291.0	6,190.7	6,411.5
Commission fees on betting business	44.2	(8.8)	10.5	159.6	43.1
Monthly fixed fees	21.0	16.3	15.2	63.6	49.9
Simcard sales	11.3	10.6	9.9	25.4	28.4
Call center revenues and other revenues	33.7	42.1	41.4	73.7	142.9
Total revenues	2,458.4	2,204.4	2,368.0	6,513.0	6,675.8
Direct cost of revenues	(1,114.4)	(1,164.0)	(1,243.2)	(3,138.3)	(3,436.5)
Gross profit	1,344.0	1,040.4	1,124.8	3,374.7	3,239.3
Administrative expenses	(105.1)	(100.2)	(100.8)	(282.2)	(299.2)
Selling & marketing expenses	(438.6)	(436.8)	(430.9)	(1,241.2)	(1,259.4)
Other Operating Income / (Expense)	4.5	(4.1)	9.8	(19.8)	8.0
Operating profit before financing costs	804.8	499.3	602.9	1,831.5	1,688.7
Finance expense	(20.0)	(107.1)	(103.0)	(58.5)	(265.6)
Finance income	100.3	46.9	101.2	478.7	381.0
Share of profit of equity accounted investees	32.0	23.9	40.5	92.3	79.5
Income before taxes and minority interest	917.1	463.0	641.6	2,344.0	1,883.6
Income tax expense	(192.6)	(76.1)	(140.4)	(494.9)	(414.6)
Income before minority interest	724.5	386.9	501.2	1,849.1	1,469.0
Minority interest	3.2	5.5	(1.8)	(1.5)	(11.1)
Net income	727.7	392.4	499.4	1,847.6	1,457.9
Net income per share	0.330752	0.178384	0.226996	0.839800	0.662691
<b>Other Financial Data</b>					
Gross margin	55%	47%	48%	52%	49%
EBITDA(*)	1,001.8	709.7	813.7	2,485.0	2,297.0
Capital expenditures	219.7	1,168.2	433.2	735.9	2,026.8
<b>Consolidated Balance Sheet Data (at period end)</b>					
Cash and cash equivalents	3,887.9	3,004.3	3,915.9	3,887.9	3,915.9
Total assets	11,708.9	11,985.7	13,090.4	11,708.9	13,090.4
Long term debt	186.0	257.9	830.7	186.0	830.7
Total debt	909.3	1,187.7	1,722.4	909.3	1,722.4
Total liabilities	3,580.4	3,972.3	4,594.9	3,580.4	4,594.9
Total shareholders' equity / Net Assets	8,128.5	8,013.4	8,495.5	8,128.5	8,495.5

\*Capital Markets Board

\*\* For further details, please refer to our consolidated financial statements and notes as at and for the nine months ended 30 September 2009 on our web site.