



TURKCELL ILETISIM HIZMETLERI

FIRST QUARTER 2018 RESULTS

“STRONG START

TOWARDS 3-YEAR TARGETS”

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- Please note that all financial data is consolidated and comprises that of Turkcell İletişim Hizmetleri A.Ş. (the “Company”, or “Turkcell”) and its subsidiaries and associates (together referred to as the “Group”), unless otherwise stated.
- We have three reporting segments:
 - “Turkcell Turkey” which comprises all of our telecom related businesses in Turkey (as used in our previous releases in periods prior to Q115, this term covered only the mobile businesses). All non-financial data presented in this press release is unconsolidated and comprises Turkcell Turkey only figures, unless otherwise stated. The terms “we”, “us”, and “our” in this press release refer only to Turkcell Turkey, except in discussions of financial data, where such terms refer to the Group, and except where context otherwise requires.
 - “Turkcell International” which comprises all of our telecom related businesses outside of Turkey.
 - “Other subsidiaries” which is mainly comprised of our information and entertainment services, call center business revenues, financial services revenues and inter-business eliminations.
- 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 March 31, 2018 refer to the same item as at March 31, 2017. For further details, please refer to our consolidated financial statements and notes as at and for March 31, 2018, which can be accessed via our website in the investor relations section (www.turkcell.com.tr).
- Selected financial information presented in this press release for the first and fourth quarters of 2017 and the first quarter of 2018 is based on IFRS figures in TRY terms unless otherwise stated.
- In accordance with our strategic approach and IFRS requirements, Fintur is classified as ‘held for sale’ and reported as discontinued operations as of October 2016. Certain operating data that we previously presented with Fintur included has been restated without Fintur.
- In the tables used in this press release totals may not foot due to rounding differences. The same applies to the calculations in the text.
- Year-on-year and quarter-on-quarter percentage comparisons appearing in this press release reflect mathematical calculation.

FINANCIAL HIGHLIGHTS

TRY million	Q117	Q417	Q118	y/y %	q/q %
Revenue	4,053	4,666	4,762	17.5%	2.0%
EBITDA ¹	1,400	1,739	2,022	44.4%	16.3%
EBITDA Margin (%)	34.5%	37.3%	42.5%	8.0pp	5.2pp
Net Income	459	216	501	9.2%	132.0%

FIRST QUARTER HIGHLIGHTS

- Operational momentum maintained:
 - Mobile triple play subscriber ratio² at 58.7%, up 16pp year-on-year; and multiplay with TV subscriber ratio³ at 45.7%, up 7pp year-on-year
 - Data usage of 4.5G users at 6.1GB in March
 - 16 million 4.5G compatible smartphones on our network, up 1 million QoQ
- Solid financial results achieved:
 - All time high quarterly revenue and EBITDA at the Group level
 - Group revenues up 17.5% YoY and 48% on two year cumulative basis
 - Group EBITDA up 44.4% YoY with an EBITDA margin of 42.5%
 - Without IFRS 9, 15, 16 (early adoption) impacts, Group EBITDA at TRY1,699 million on 21.3% growth with an EBITDA margin of 35.7%
 - Group net income up 9.2% YoY to TRY501 million (TRY459 million) on strong operational performance
- On March 5, 2018, Fintur transferred its 51.3% total shareholding in Azertel Telekomunikasyon Yatirim Dis Ticaret A.Ş to Azerbaijan International Telecom LLC, for EUR221.7 million
- On March 20, 2018, Fintur completed the transfer of its 99.99% shareholding in Geocell LLC to Silknet JSC, for US\$153 million
- On March 29, 2018, TRY1.9 billion dividend approved at the General Assembly
- On April 11, 2018, US\$500 million Eurobond issuance completed. This Eurobond is the first and only issuance with 10 year maturity among Turkish corporates since 2015
- Guidance⁴ announced at the Capital Markets day held on March 14th
 - 2018 guidance: Revenue growth of 14%-16%, EBITDA margin of 37%-40% and operational capex over sales ratio⁵ of 19%-18%
 - Medium term guidance (2018-2020): Revenue CAGR⁶ of 14%-16%, EBITDA margin of 37%-40% and operational capex over sales ratio⁵ of around 18%-16%

(1) EBITDA is a non-GAAP financial measure. See page 13 for the explanation of how we calculate Adjusted EBITDA and its reconciliation to net income.

(2) Share among mobile voice users excluding subscribers who have not used their lines in the last 3 months

(3) Multiplay subscribers with TV: Internet + TV users & internet + TV + voice users

(4) Please note that this paragraph contains forward looking statements based on our current estimates and expectations regarding market conditions for each of our different businesses. No assurance can be given that actual results will be consistent with such estimates and expectations. For a discussion of factors that may affect our results, see our Annual Report on Form 20-F for 2017 filed with U.S. Securities and Exchange Commission, and in particular, the risk factor section therein.

(5) Excluding license fee

(6) Compound annual growth rate that is calculated between 2017 and 2020.

For further details, please refer to our consolidated financial statements and notes as at and for March 31, 2018 which can be accessed via our website in the investor relations section (www.turkcell.com.tr).

COMMENTS BY KAAAN TERZIOGLU, CEO

Encouraged by the financial success of our digital transformation, our digital model goes global

The first quarter of 2018 has been a period in which we solidified our international digital growth strategy, and observed close interest from a wide array of parties - including investors and international operators – in our digital transformation journey. In Turkey, we marked a first by testing over 1 Gbps speed on our 4.5G network while launching 4G services in Ukraine. We unveiled lifecell Europe in Germany and lifecell Ventures, which carries the mission to take our digital services abroad, at the GSMA World Mobile Congress to a global audience. Through lifecell Ventures, we opened up fizy, Dergilik and lifebox to international markets. We have modernized our brand identity and logo in Turkey and completed the digital and visual transformation of our stores. We announced our three-year strategy and upwards revised our guidance at the Turkcell Capital Markets Day. We issued another asset-backed security for TRY100 million from the Financell loan portfolio. In early April, we successfully issued a new US\$500 million senior unsecured 10-year note, further strengthening our balance sheet, despite the fragility of global markets. All these actions and more were made possible within such a short period of time thanks to the agility, efficiency and vision we have gained through Turkcell's digital transformation.

Strong start towards 3-year targets

Our first quarter financial and operational performance has confirmed our progress towards our three-year targets on the back of a continued strong trend. Group revenues rose 17.5% year on year to TRY4.8 billion. We have observed the positive reflection of the continuous improvement in our operational performance while reflecting the latest IFRS impacts. EBITDA¹ grew by 44.4% to TRY2.0 billion and the EBITDA margin to 42.5% by 8.0 percentage points. Net income rose 9.2% year-on-year to TRY501 million. We gained 536 thousand net mobile subscribers, 155 thousand of which were postpaid, reaching 34.6 million subscribers in the mobile segment and 37.3 million in total in Turkey. Nearly 59%² of our mobile customers have actively used voice, data and at least one digital service, increasing our triple-play ratio. In the fixed segment, our fiber subscribers exceeded 1.2 million on a 44 thousand quarterly increase. Multiplay users with TV+ reached 45.7%³. Customer loyalty continued its positive trend; our mobile churn rate was 4.2% this quarter.

Digital export with Lifecell Ventures; international money transfer with BiP

At the GSMA World Mobile Congress in Barcelona, we presented our subsidiary lifecell Ventures to a global audience as the franchise holder of our digital services for other operators around the world. A month later, we redefined Turkcell Europe as "lifecell Europe" in Germany in accordance with our digital operator concept. Through lifecell Europe, we introduced our digital music platform fizy, digital publishing app Dergilik and personal cloud app lifebox to the German market.

Meanwhile, BiP, which has entered our lives as an instant messaging platform, marked another first in the sector by launching a new innovative feature: domestic money transfer without the need for a bank account. Through BiP, we have also made international money transfer possible in 57 countries.

We continue to improve the user experience in other digital services with new features. lifebox, the most preferred personal cloud service in Turkey, today offers face, object and venue recognition, enabling easier image search within the application.

1 Gbps speed on our 4.5G network

On April 1st, we celebrated the second anniversary of 4.5G services in Turkey with a speed test for 1 Gbps through LTE-Advanced and three carrier aggregation technologies. We achieved this speed for the first time on a live network, confirming necessary steps being taken towards our readiness for 5G. Further, we offer 10 Gbps speed on our fiber network. Our efforts towards an ultra-high-speed broadband experience enhances our ongoing work to develop 5G use-cases with a wide range of ecosystem players, including universities and international institutions.

lifecell was the first to offer 4G services in Ukraine

Earlier this quarter, lifecell, our subsidiary in Ukraine, was awarded the 15 MHz band at both 2600 MHz and 1800 MHz tenders, becoming the operator with the widest LTE spectrum in the country per subscriber. On March 30th, lifecell became the first operator in Ukraine to launch 4G services. We are confident that lifecell's strong network will serve as a solid base to offer the real digital experience to its customers.

We have raised our three year guidance

We announced our three year guidance⁴ at the Capital Markets Day on March 14, 2018. Accordingly, we target revenue growth of 14% - 16%, an EBITDA margin of 37% - 40% and operational capex over sales ratio⁵ of 18% - 16%. We have also raised our guidance for 2018, which we had previously disclosed with our fourth quarter results. While a higher EBITDA margin reflects the impact of new IFRS standards, we expect to achieve higher revenue growth through the monetization of 4.5G and digital services.

We delivered our dividend distribution policy

Our shareholders approved the distribution of TRY1.9 billion in dividends at the AGM on March 29. Including this, we will have distributed 60% of our net income since 2010. Meanwhile, three representatives of our major shareholder, Turkcell Holding, have been elected to the Turkcell Board of Directors. We appreciate both of these decisions that we believe favor all of our shareholders.

Global confidence in Turkcell is confirmed once again

Global investor confidence in Turkcell was confirmed once again with our issuance of a 10-year note in early April. We are pleased to see that demand for our note stood at twice the level available, despite a market where investors were cautious and volatility was high. Listed on the Irish Stock Exchange, our USD500 million issuance bore a 5.8% coupon rate. Since its last issuance in 2015, Turkcell remains the only Turkish corporate to have tapped the bond market with a 10-year maturity note.

We work tirelessly to locally develop a national AI as well as technology that serve our people

We hosted the ninth annual Turkcell Technology Summit where over 10 thousand attendees and nearly 100 Turkish and international opinion leaders met at over 30 sessions to brainstorm technology and its management. At the summit, we reiterated our determination to be the frontrunner in Turkey's advancement of upcoming technologies, where AI, coupled with 5G technology, will shape our lives.

During the summit, we announced a partnership with the DQ Institute and the Ministry of Education of Turkey to improve children's digital literacy. Within this partnership, internationally tested digital literacy content – "DQ World" – will be made available in Turkish to 8-12 year-old school children. With this program, children will learn 8 key digital skills including protection from exposure to harmful content and avoiding harmful behavior in the digital space.

We have had a strong start to 2018 and are progressing in step with our targets. We thank all our colleagues for the role they have played in our success, along with our Board of Directors for their unyielding trust and support. We also express our gratitude to our customers and business partners, who have remained with us throughout our success story.

(1) EBITDA is a non-GAAP financial measure. See page 13 for the explanation of how we calculate Adjusted EBITDA and its reconciliation to net income.

(2) Share among mobile voice users excluding subscribers who have not used their lines in the last 3 months

(3) Multiplay subscribers with TV: Internet + TV users & internet + TV + voice users

(4) Please note that this paragraph contains forward looking statements based on our current estimates and expectations regarding market conditions for each of our different businesses. No assurance can be given that actual results will be consistent with such estimates and expectations. For a discussion of factors that may affect our results, see our Annual Report on Form 20-F for 2017 filed with U.S. Securities and Exchange Commission, and in particular, the risk factor section therein.

(5) Excluding license fee

FINANCIAL AND OPERATIONAL REVIEW

Financial Review of Turkcell Group

Profit & Loss Statement (million TRY)	Q117	Q417	Q118	y/y %	q/q %
Revenue	4,052.6	4,666.0	4,761.6	17.5%	2.0%
Cost of revenue ¹	(2,616.6)	(3,016.2)	(3,114.8)	19.0%	3.3%
Cost of revenue¹/Revenue	(64.6%)	(64.6%)	(65.4%)	(0.8pp)	(0.8pp)
Depreciation and amortization	(628.4)	(700.5)	(979.8)	55.9%	39.9%
Gross Margin	35.4%	35.4%	34.6%	(0.8pp)	(0.8pp)
Administrative expenses	(199.8)	(67.3)	(214.9)	7.6%	219.3%
Administrative expenses/Revenue	(4.9%)	(1.4%)	(4.5%)	0.4pp	(3.1pp)
Selling and marketing expenses	(464.6)	(544.1)	(389.8)	(16.1%)	(28.4%)
Selling and marketing expenses/Revenue	(11.5%)	(11.7%)	(8.2%)	3.3pp	3.5pp
EBITDA²	1,399.9	1,738.9	2,022.0	44.4%	16.3%
EBITDA Margin	34.5%	37.3%	42.5%	8.0pp	5.2pp
EBIT³	771.5	1,038.4	1,042.1	35.1%	0.4%
Net finance income / (costs)	(146.6)	(106.7)	(313.5)	113.8%	193.8%
Finance income	201.5	471.3	464.8	130.7%	(1.4%)
Finance costs	(348.1)	(578.0)	(778.3)	123.6%	34.7%
Other income / (expense)	3.7	(625.8)	(33.5)	n.m	(94.6%)
Non-controlling interests	(12.8)	(20.5)	(24.2)	89.1%	18.0%
Income tax expense	(157.2)	(69.5)	(170.2)	8.3%	144.9%
Discontinued operations	-	-	-	-	-
Net Income	458.6	215.9	500.8	9.2%	132.0%

(1) Including depreciation and amortization expenses.

(2) EBITDA is a non-GAAP financial measure. See page 13 for the explanation of how we calculate Adjusted EBITDA and its reconciliation to net income.

(3) EBIT is a non-GAAP financial measure and is equal to EBITDA minus depreciation and amortization expenses.

Revenue of the Group grew by 17.5% year-on-year in Q118. This growth was mainly driven by the continued monetization of 4.5G on the back of rising data and digital services usage as well as increased multiplay subscribers on both mobile and fixed side. A larger mobile subscriber base in Turkey with a higher postpaid ratio also supported this growth.

Turkcell Turkey revenues, at 86% of Group revenues, grew by 15.6% to TRY4,117 million (TRY3,563 million).

- Data and digital services revenues grew by 16.0% to TRY2,768 million (TRY2,386 million).
 - Increased smartphone penetration, larger number of data users and higher data consumption per user were the main drivers of data and digital services revenue growth on the mobile side. On the fixed side the main drivers were a growing subscriber base, price adjustments, and an increased share of multiplay subscribers with TV.
 - Revenues from our digital publishing service Dergilik, TV+, music platform fizy, personal cloud service lifebox and other mobile services helped the growth of data and digital services revenues.
- Wholesale revenues grew by 52.8% to TRY166 million (TRY108 million) due to increased carrier traffic and the positive impact of TRY depreciation on FX based revenues.

Turkcell International revenues, constituting 6% of Group revenues, rose by 12.6% to TRY279 million (TRY248 million), mainly with the increase in lifecell, BeST and Kuzey Kıbrıs Turkcell revenues.

Other subsidiaries' revenues, at 8% of Group revenues, which includes information and entertainment services, call center revenues and revenues from financial services grew by 51.0% to TRY365 million (TRY242 million). This was mainly driven by the increase in the consumer finance company's revenues to TRY212 million (TRY116 million) in Q118.

Cost of revenue increased to 65.4% (64.6%) as a percentage of revenues in Q118. This was mainly due to the rise in depreciation and amortization expenses (5.1pp), despite the decline in radio costs (0.9pp), interconnect costs (0.6pp), treasury share (0.5pp) and other cost items (2.3pp).

The impact of new IFRS standards is TRY271 million negative in depreciation and amortization expenses and TRY191 million positive in other cost of revenue items.

Administrative expenses declined to 4.5% (4.9%) as a percentage of revenues in Q118. The impact of new IFRS standards is TRY9 million positive.

Selling and marketing expenses declined to 8.2% (11.5%) as a percentage of revenues in Q118. This was driven by the decline in selling expenses (2.4pp), prepaid subscriber frequency usage fees (0.2pp), marketing expenses (0.2pp) and other cost items (0.5pp).

Impact of new IFRS standards is TRY125 million positive.

EBITDA¹ rose by 44.4% year-on-year in Q118 leading to an 8.0pp increase in EBITDA margin to 42.5% (34.5%). Cost of revenue (excluding depreciation and amortization) declined by 4.3pp, administrative expenses declined by 0.4pp and selling and marketing expenses declined by 3.3pp as a percentage of revenues.

The impact of new IFRS standards on EBITDA is TRY323 million positive. Excluding IFRS impacts, EBITDA rose 21.3% on the back of strong revenue growth and effective cost management. Organic EBITDA growth was also supported by the reorganization of sales channel and the increased contribution of the consumer finance company.

- Turkcell Turkey's EBITDA grew by 40.4% to TRY1,781 million (TRY1,269 million) with an EBITDA margin of 43.3% (35.6%) on 7.7pp increase. The impact of new IFRS standards is TRY300 million positive.
- Turkcell International EBITDA increased by 53.8% to TRY93 million (TRY60 million) leading to an EBITDA margin of 33.2% (24.3%). The impact of new IFRS standards is TRY25 million positive.
- The EBITDA of other subsidiaries rose by 110.2% to TRY148 million (TRY70 million) with the increasing contribution of our consumer finance company. The impact of new IFRS standards is TRY3 million negative.

Net finance expense increased to TRY313 million (TRY147 million) in Q118. This was mainly due to higher translation losses and the higher interest expense of loans. The impact of new IFRS standards is TRY56 million negative.

Income tax expense increased 8.3% year-on-year in Q118. Please see Appendix A for details.

Net income of the Group rose to TRY501 million (TRY459 million) in Q118, mainly due to solid operational performance and effective cost control measures despite the rise in net finance expense.

Total cash & debt: Consolidated cash as of March 31, 2018 declined to TRY4,590 million from TRY4,712 million as of December 31, 2017. TRY2,125 million (US\$538 million) of consolidated cash was denominated in US\$, TRY1,032 million (EUR212 million) in EUR and TRY1,432 million in TRY and other local currencies.

Consolidated debt as of March 31, 2018 rose to TRY15,130 million from TRY12,536 million as of December 31, 2017. This was mainly due to the increased debt portfolio of our consumer finance company, Turkcell Turkey and the FX impact on foreign currency denominated debt. Moreover, TRY1,128 million of our total debt is comprised of rent lease obligations resulting from the implementation of IFRS 16.

- Consolidated debt breakdown excluding rent lease obligations resulting from the implementation of IFRS 16:
 - Turkcell Turkey's debt was TRY9,429 million, of which TRY3,982 million (US\$1,009 million) was denominated in US\$, TRY5,029 million (EUR1,033 million) in EUR, TRY127 million (CNY203 million) in CNY and the remaining TRY290 million in TRY.
 - The debt balance of lifecell was TRY620 million, of which TRY585 million (UAH3,935 million) was denominated in UAH and the remaining TRY34 million (EUR7 million) in EUR.
 - Our consumer finance company had a debt balance of TRY3,950 million, of which TRY1,430 million (US\$362 million) was denominated in US\$, and TRY1,049 million (EUR216 million) in EUR with the remaining TRY1,471 million in TRY.

(1) EBITDA is a non-GAAP financial measure. See page 13 for the explanation of how we calculate adjusted EBITDA and its reconciliation to net income.

- TRY659 million of IFRS16 rent lease obligations is denominated in TRY, TRY237 million (US\$60 million) in US\$, TRY139 million (EUR28 million) in EUR and the remaining balance in other local currencies. (please note that the figures in parentheses refer to US\$ or EUR equivalents)

TRY9,412 million of our consolidated debt is set at a floating rate, while TRY5,717 million will mature within less than a year.

Net debt as of March 31, 2018 was at TRY10,541 million. Excluding the rent lease obligations resulting from the implementation of IFRS 16, net debt was at TRY9,413 million with a net debt to EBITDA ratio of 1.4 times. Excluding consumer finance company consumer loans, our telco only net debt was at TRY5,014 million with a leverage of 0.8 times.

Turkcell Group's short position was at US\$204 million as at the end of Q118. Excluding the impact of the implementation of IFRS 16, our short position was at US\$109 million. This is below US\$500 million as advised by our Board considering the size of our operations and balance sheet. *(Please note that this figure takes into account advance payments, hedging and excludes FX swap transactions for TL borrowing).*

Cash flow analysis: Capital expenditures, including non-operational items, amounted to TRY720.5 million (excluding the impact of new IFRS standards) in Q118. The cash flow item noted as "other" in Q118 included mainly tax and prepaid subscribers frequency usage fee payments (TRY545 million) and the negative impact of the decrease in trade payables (TRY1,174 million), the increase in trade receivables (TRY286 million) and the change in other working capital (TRY291 million).

In Q118, operational capital expenditures (excluding license fees) at the Group level were at 11.5% of total revenues.

Consolidated Cash Flow (million TRY)	Q117	Q417	Q118
EBITDA ¹	1,399.9	1,738.9	2,022.0
LESS:			
Capex and License	(571.4)	(1,806.6)	(720.5)
Turkcell Turkey	(533.4)	(1,716.6)	(529.9)
Turkcell International ²	(35.0)	(82.8)	(188.3)
Other Subsidiaries ²	(3.0)	(7.2)	(2.4)
Net interest Income/ (expense)	10.9	250.0	180.5
Other	(991.1)	541.3	(2,295.8)
Net Change in Borrowing	549.9	82.2	691.1
Cash generated / (used)	398.2	805.8	(122.7)
Cash balance before dividend payment	6,450.5	5,712.3	4,589.7
Dividend paid	-	(1,000.0)	-
Cash balance after dividend payment	6,450.5	4,712.3	4,589.7

(1) EBITDA is a non-GAAP financial measure. See page 13 for the explanation of how we calculate adjusted EBITDA and its reconciliation to net income.

(2) The impact from the movement of reporting currency (TRY) against local currencies of subsidiaries in other countries is included in these lines.

Operational Review of Turkcell Turkey

Summary of Operational data	Q117	Q417	Q118	y/y %	q/q %
Number of subscribers (million)	35.8	36.7	37.3	4.2%	1.6%
Mobile Postpaid (million)	17.7	18.5	18.6	5.1%	0.5%
Mobile M2M (million)	2.1	2.3	2.4	14.3%	4.3%
Mobile Prepaid (million)	15.7	15.6	16.0	1.9%	2.6%
Fiber (thousand)	1,085.5	1,204.3	1,248.7	15.0%	3.7%
ADSL (thousand)	879.6	921.4	916.6	4.2%	(0.5%)
IPTV (thousand)	402.0	505.9	535.0	33.1%	5.8%
Churn (%)					
Mobile Churn (%) ¹	5.0%	7.1%	4.2%	(0.8pp)	(2.9pp)
Fixed churn (%)	5.2%	5.7%	5.3%	0.1pp	(0.4pp)
ARPU (Average Monthly Revenue per User) (TRY)					
Mobile ARPU, blended	28.8	30.4	31.5	9.4%	3.6%
Mobile ARPU, blended (excluding M2M)	30.5	32.3	33.6	10.2%	4.0%
Postpaid	41.7	43.8	45.4	8.9%	3.7%
Postpaid (excluding M2M)	47.0	49.6	51.5	9.6%	3.8%
Prepaid	14.3	15.1	15.3	7.0%	1.3%
Fixed Residential ARPU, blended	53.1	55.2	55.3	4.1%	0.2%
Average mobile data usage per user (GB/user)	3.0	4.3	4.4	46.7%	2.3%
Mobile MoU (Avg. Monthly Minutes of usage per subs) blended	323.7	353.4	344.8	6.5%	(2.4%)

(1) In Q117, our churn policy was revised to extend from 9 months to 12 months (the period at the end of which we disconnect prepaid subscribers who have not topped up above TRY10). Additionally, under our revised policy, prepaid customers who last topped up before March will be disconnected at the latest by year-end. Please note that figures for prior periods have not been restated to reflect this change in churn policy.

On the mobile front, our subscriber base expanded by 536 thousand quarterly net additions, reaching 34.6 million in total. This was mainly driven by 382 thousand quarterly net additions to our prepaid subscribers. Meanwhile, we registered 155 thousand quarterly net additions to postpaid subscribers, reaching 53.8% (52.9%) of our total mobile subscriber base.

Our fixed subscriber base has continued to grow reaching 2.2 million subscribers on 44 thousand quarterly net additions of fiber subscribers, despite five thousand quarterly net loss of ADSL subscribers. IPTV subscribers reached 535 thousand on 29 thousand quarterly net additions. Total TV users including OTT TV only customers reached 2.4 million. As of April, the Turkcell TV+ mobile application has been downloaded 7.6 million times.

In Q118, our mobile churn rate was 4.2%, while our fixed churn rate was 5.3%.

Mobile ARPU (excluding M2M) rose by 10.2% year-on-year in Q118. Mobile ARPU growth was mainly driven by increased data and digital services usage, our upsell efforts, price adjustment and larger postpaid subscriber base. ARPU growth was also supported by the increased share of triple play subscribers, who use voice, data and digital services combined, to 58.7%¹.

Fixed Residential ARPU rose 4.1% in Q118 year-on-year, positively impacted by the increase in multiplay subscribers with TV² to 45.7% of total residential fiber subscribers, along with upsell efforts.

Average mobile data usage per user rose by 46.7% in Q118 year-on-year driven by increased usage of data and digital services offerings. Average mobile data usage of 4.5G users was at 5.8GB in Q118 and 6.1GB in March. Our smartphone penetration reached 73% in Q118, while 4.5G enabled smartphones reached 70% of total smartphones.

(1) Share among mobile voice users excluding subscribers who have not used their lines in the last 3 months

(2) Multiplay subscribers with TV: Internet + TV users & internet + TV + voice users

TURKCELL INTERNATIONAL

lifecell* Financial Data	Q117	Q417	Q118	y/y%	q/q%
Revenue (million UAH)	1,180.2	1,269.2	1,207.9	2.3%	(4.8%)
EBITDA (million UAH)	319.7	331.3	504.9	57.9%	52.4%
EBITDA margin (%)	27.1%	26.1%	41.8%	14.7pp	15.7pp
Net income / (loss) (million UAH)	(137.9)	(179.6)	(178.2)	29.2%	(0.8%)
Capex (million UAH)	237.6	414.3	2,588.7	989.5%	524.8%
Revenue (million TRY)	159.7	178.0	167.9	5.1%	(5.7%)
EBITDA (million TRY)	43.2	46.5	69.8	61.6%	50.1%
EBITDA margin (%)	27.1%	26.1%	41.6%	14.5pp	15.5pp
Net income / (loss) (million TRY)	(18.7)	(25.2)	(24.9)	33.2%	(1.2%)

(*) Since July 10, 2015, we hold a 100% stake in lifecell.

lifecell (Ukraine) revenues increased 2.3% year-on-year in Q118 in local currency terms, mainly driven by growth in mobile data revenues on the back of increased data users and higher data consumption. lifecell's EBITDA in local currency terms increased 57.9% year-on-year leading to an EBITDA margin of 41.8%.

lifecell's revenues in TRY terms rose by 5.1%, while EBITDA increased by 61.6% year-on-year in Q118. The impact of new IFRS standards on lifecell's EBITDA is TRY24.4 million positive in Q118.

lifecell Operational Data*	Q117	Q417	Q118	y/y%	q/q %
Number of subscribers (million) ¹	12.3	11.1	10.3	(16.3%)	(7.2%)
Active (3 months) ²	8.9	8.0	7.7	(13.5%)	(3.8%)
MOU (minutes) (12 months)	127.2	135.7	138.5	8.9%	2.1%
ARPU (Average Monthly Revenue per User), blended (UAH)	31.9	37.0	37.7	18.2%	1.9%
Active (3 months) (UAH)	43.3	52.3	51.4	18.7%	(1.7%)

(1) We may occasionally offer campaigns and tariff schemes that have an active subscriber life differing from the one that we normally use to deactivate subscribers and calculate churn.

(2) Active subscribers are those who in the past three months made a revenue generating activity.

(*) Since July 10, 2015, we hold a 100% stake in lifecell.

lifecell's three-month active subscriber base declined to 7.7 million, mainly due to the declining multiple SIM card usage trend in the country. Blended ARPU (3-month active) rose by 18.7% year-on-year in Q118, mostly on rising mobile data consumption and a greater number of customers with higher ARPU tariffs.

lifecell continued to grow three-month active 3G data users, which exceeded 3.8 million as at the end of Q118, while data usage per 3G user increased 73% in Q118 on a year-on-year basis. Meanwhile, lifecell continued to lead the market in terms of smartphone penetration, which reached 70% as at the end of Q118.

On January 31, 2018, lifecell participated in the 2600 MHz frequency tender as part of the 4G License Tender. lifecell was awarded the license for 15 years, bidding UAH909.3 million for the 15 MHz frequency band, the total of Lot 1 and Lot 2. Furthermore, on March 6, 2018 at the 1800 MHz frequency tender, lifecell was awarded a 15 years license for the 15 MHz frequency band on Lot 1 for UAH795.0 million. On March 30, 2018, lifecell was the first to launch LTE services in Ukraine.

Moreover, lifecell continued to enrich its digital services portfolio. In addition to its fizy radio platform service, in April lifecell launched the complete fizy service in the Ukrainian market with both local and international content.

BeST*	Q117	Q417	Q118	y/y%	q/q%
Number of subscribers (million)	1.6	1.6	1.6	-	-
Active (3 months)	1.3	1.3	1.2	(7.7%)	(7.7%)
Revenue (million BYN)	24.0	30.4	29.2	21.7%	(3.9%)
EBITDA (million BYN)	(1.3)	1.8	5.3	n.m	194.4%
EBITDA margin (%)	(5.3%)	6.0%	18.2%	23.5pp	12.2pp
Net loss (million BYN)	(13.3)	(9.4)	(10.0)	(24.8%)	6.4%
Capex (million BYN)	3.0	5.1	30.0	900.0%	488.2%
Revenue (million TRY)	46.0	58.2	56.6	23.0%	(2.7%)
EBITDA (million TRY)	(2.4)	3.5	10.3	n.m	194.3%
EBITDA margin (%)	(5.2%)	6.0%	18.2%	23.4pp	12.2pp
Net loss (million TRY)	(25.6)	(18.0)	(19.4)	(24.2%)	7.8%
Capex (million TRY)	5.8	10.6	59.6	927.6%	462.3%

(*)BeST, in which we hold an 80% stake, has operated in Belarus since July 2008.

BeST revenues rose by 21.7% year-on-year in Q118 in local currency terms, driven mainly by growth in voice and mobile data revenues. BeST's EBITDA margin rose to 18.2%, mainly driven by top-line growth and better operational expense management as well as the positive impact of new IFRS standards implementation.

BeST's revenues in TRY terms rose by 23.0% year-on-year in Q118 while its EBITDA margin rose to 18.2%. The impact of new IFRS standards on BeST's EBITDA is TRY6.7 million positive in Q118.

BeST continued to offer its 4G services in all regions of Belarus, increasing its coverage. The increased penetration of 4G services among subscribers led to greater data revenues. In accordance with Turkcell's global digital services strategy, BeST continued to increase the penetration of its digital services within its customer base. Accordingly, during the quarter, BeST launched a digital publishing service.

Kuzey Kıbrıs Turkcell (million TRY)*	Q117	Q417	Q118	y/y%	q/q%
Number of subscribers (million)	0.5	0.5	0.5	-	-
Revenue	36.2	41.2	43.5	20.2%	5.6%
EBITDA	13.0	10.6	14.1	8.5%	33.0%
EBITDA margin (%)	36.0%	25.7%	32.4%	(3.6pp)	6.7pp
Net income	7.6	7.7	7.3	(3.9%)	(5.2%)
Capex	3.6	14.2	15.1	319.4%	6.3%

(*) Kuzey Kıbrıs Turkcell, in which we hold a 100% stake, has operated in Northern Cyprus since 1999.

Kuzey Kıbrıs Turkcell revenues grew by 20.2% year-on-year in Q118 on the back of growing mobile data and device sales revenues. EBITDA rose 8.5% leading to an EBITDA margin of 32.4%. Decline in EBITDA margin was mainly due to the rise in the cost of devices sold and interconnection costs. The impact of new IFRS standards on Kuzey Kıbrıs Turkcell's EBITDA is TRY1.4 million positive in Q118.

Fintur had operations in Azerbaijan, Kazakhstan, Moldova and Georgia, and we hold a 41.45% stake in the company. In accordance with our strategic approach and IFRS requirements, Fintur is classified as 'held for sale' and reported as discontinued operations as of October 2016.

On March 5, 2018, Fintur transferred its 51.3% total shareholding in Azertel Telekomunikasyon Yatırım Dış Ticaret A.Ş. to Azerbaijan International Telecom LLC, a fully state-owned company of the Republic of Azerbaijan, for EUR221.7 million.

On March 20, 2018, Fintur completed the transfer of its 99.99% total shareholding in Geocell LLC to Silknet JSC, a joint stock company organized under the laws of Georgia, for a total consideration of US\$153 million.

These transactions have no impact on our financial statements since Fintur is classified as "assets held for sale" in our financials.

Turkcell Group Subscribers

Turkcell Group subscribers amounted to approximately 50.1 million as of March 31, 2018. This figure is calculated by taking the number of subscribers of Turkcell Turkey and each of our subsidiaries. It includes the total number of mobile, fiber, ADSL and IPTV subscribers of Turkcell Turkey, and the mobile subscribers of lifecell and BeST, as well as those of Kuzey Kıbrıs Turkcell and lifecell Europe.

Turkcell Group Subscribers	Q117	Q417	Q118	y/y%	q/q%
Mobile Postpaid (million)	17.7	18.5	18.6	5.1%	0.5%
Mobile Prepaid (million)	15.7	15.6	16.0	1.9%	2.6%
Fiber (thousand)	1,085.5	1,204.3	1,248.7	15.0%	3.7%
ADSL (thousand)	879.6	921.4	916.6	4.2%	(0.5%)
IPTV (thousand)	402.0	505.9	535.0	33.1%	5.8%
Turkcell Turkey subscribers (million)¹	35.8	36.7	37.3	4.2%	1.6%
Ukraine	12.3	11.1	10.3	(16.3%)	(7.2%)
Belarus	1.6	1.6	1.6	-	-
Kuzey Kıbrıs Turkcell	0.5	0.5	0.5	-	-
lifecell Europe ²	0.3	0.3	0.3	-	-
Turkcell Group Subscribers (million)	50.4	50.2	50.1	(0.6%)	(0.2%)

(1) Subscribers to more than one service are counted separately for each service.

(2) The “wholesale traffic purchase” agreement, signed between Turkcell Europe GmbH operating in Germany and Deutsche Telekom for five years in 2010, had been modified to reflect the shift in business model to a “marketing partnership”. The new agreement between Turkcell and a subsidiary of Deutsche Telekom was signed on August 27, 2014. The transfer of Turkcell Europe operations to Deutsche Telekom’s subsidiary was completed on January 15, 2015. Subscribers are still included in the Turkcell Group Subscriber figure. Turkcell Europe was rebranded as lifecell Europe on January 15, 2018.

OVERVIEW OF THE MACROECONOMIC ENVIRONMENT

The foreign exchange rates used in our financial reporting, along with certain macroeconomic indicators, are set out below.

	Q117	Q417	Q118	y/y%	q/q%
GDP Growth (Turkey)	5.4%	7.3%	n.a	n.a	n.a
Consumer Price Index (Turkey)	4.3%	4.3%	2.8%	(1.5%)	(1.5%)
US\$ / TRY rate					
Closing Rate	3.6386	3.7719	3.9489	8.5%	4.7%
Average Rate	3.6665	3.7942	3.8077	3.9%	0.4%
EUR / TRY rate					
Closing Rate	3.9083	4.5155	4.8673	24.5%	7.8%
Average Rate	3.9012	4.4747	4.6795	20.0%	4.6%
US\$ / UAH rate					
Closing Rate	26.98	28.07	26.54	(1.6%)	(5.5%)
Average Rate	27.09	27.05	27.42	1.2%	1.4%
US\$ / BYN rate*					
Closing Rate	1.8720	1.9727	1.9501	4.2%	(1.1%)
Average Rate	1.9109	1.9812	1.9663	2.9%	(0.8%)

RECONCILIATION OF NON-GAAP FINANCIAL MEASUREMENTS: We believe Adjusted EBITDA, among other measures, facilitates performance comparisons from period to period and management decision making. It also facilitates performance comparisons from company to company. Adjusted EBITDA as a performance measure eliminates potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact of changes in effective tax rates on periods or companies) and the age and book depreciation of tangible assets (affecting relative depreciation expense). We also present Adjusted EBITDA because we believe it is frequently used by securities analysts, investors and other interested parties in evaluating the performance of other mobile operators in the telecommunications industry in Europe, many of which present Adjusted EBITDA when reporting their results.

Our Adjusted EBITDA definition includes Revenue, Cost of Revenue excluding depreciation and amortization, Selling and Marketing expenses and Administrative expenses, but excludes translation gain/(loss), finance income, finance expense, share of profit of equity accounted investees, gain on sale of investments, minority interest and other income/(expense).

Nevertheless, Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations, as reported under IFRS. The following table provides a reconciliation of Adjusted EBITDA, as calculated using financial data prepared in accordance with IFRS as issued by the IASB, to net profit, which we believe is the most directly comparable financial measure calculated and presented in accordance with IFRS as issued by the IASB.

Turkcell Group (million TRY)	Q117	Q417	Q118	y/y%	q/q%
Adjusted EBITDA	1,399.9	1,738.9	2,022.0	44.4%	16.3%
Depreciation and amortization	(628.4)	(700.5)	(979.8)	55.9%	39.9%
Finance income	201.5	471.3	464.8	130.7%	(1.4%)
Finance costs	(348.1)	(578.0)	(778.3)	123.6%	34.7%
Other income / (expense)	3.7	(625.8)	(33.5)	n.m	(94.6%)
Consolidated profit from continued operations before income tax & minority interest	628.6	305.8	695.2	10.6%	127.3%
Income tax expense	(157.2)	(69.5)	(170.2)	8.3%	144.9%
Consolidated profit from continued operations before minority interest	471.4	236.3	525.0	11.4%	122.2%
Discontinued operations	-	-	-	-	-
Consolidated profit before minority interest	471.4	236.3	525.0	11.4%	122.2%

NOTICE: *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. This includes, in particular, our targets for revenue, EBITDA and capex for 2018 and for the medium-term 2018 to 2020. More generally, all statements other than statements of historical facts included in this press release, including, without limitation, certain statements regarding the launch of new businesses, 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, "will," "expect," "intend," "estimate," "believe", "continue" and "guidance".*

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. 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 2017 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.

The Company makes no representation as to the accuracy or completeness of the information contained in this press release, which remains subject to verification, completion and change. No responsibility or liability is or will be accepted by the Company or any of its subsidiaries, board members, officers, employees or agents as to or in relation to the accuracy or completeness of the information contained in this press release or any other written or oral information made available to any interested party or its advisers.

ABOUT TURKCELL: *Turkcell is a digital operator headquartered in Turkey, serving its customers with its unique portfolio of digital services along with voice, messaging, data and IPTV services on its mobile and fixed networks. Turkcell Group companies operate in 8 countries – Turkey, Ukraine, Belarus, Northern Cyprus, Germany, Azerbaijan, Kazakhstan, Moldova. Turkcell launched LTE services in its home country on April 1st, 2016, employing LTE-Advanced and 3 carrier aggregation technologies in 81 cities. In 2G and 3G, Turkcell's population coverage in Turkey is at 99.63% and 97.84%, respectively, as of March, 2018. Turkcell offers up to 10 Gbps fiber internet speed with its FTTH services. Turkcell Group reported TRY4.8 billion revenue in Q118 with total assets of TRY37.1 billion as of March 31, 2018. It has been listed on the NYSE and the BIST since July 2000, and is the only NYSE-listed company in Turkey. Read more at www.turkcell.com.tr*

For further information please contact Turkcell

Investor Relations

Tel: + 90 212 313 1888

investor.relations@turkcell.com.tr

Corporate Communications:

Tel: + 90 212 313 2321

Turkcell-Kurumsal-iletisim@turkcell.com.tr

This press release can also be viewed using the Turkcell Investor Relation app, which can be downloaded [here](#) for iOS, and [here](#) for Android mobile devices.

Appendix A – Tables
Table: Translation gain and loss details

Million TRY	Q117	Q417	Q118	y/y %	q/q %
Turkcell Turkey	(154.8)	(284.7)	(366.5)	136.8%	28.7%
Turkcell International	(6.9)	(9.4)	(9.4)	36.2%	-
Other Subsidiaries	4.2	(62.7)	(118.1)	n.m	88.4%
Turkcell Group	(157.5)	(356.7)	(494.0)	213.7%	38.5%

Table: Income tax expense details

Million TRY	Q117	Q417	Q118	y/y %	q/q %
Current Tax expense	(96.1)	(84.3)	(180.2)	87.5%	113.8%
Deferred Tax Income/ (expense)	(61.1)	14.8	10.0	(116.4%)	(32.4%)
Income Tax expense	(157.2)	(69.5)	(170.2)	8.3%	144.9%

TURKCELL İLETİSİM HİZMETLERİ A.Ş.
IFRS SELECTED FINANCIALS (TRY Million)

	Quarter Ended Mar 31, <u>2017</u>	Quarter Ended Dec 31, <u>2017</u>	Year Ended Dec 31, <u>2017</u>	Quarter Ended Mar 31, <u>2018</u>
Consolidated Statement of Operations Data				
Turkcell Turkey	3,562.7	4,040.7	15,450.2	4,117.0
Turkcell International	248.0	288.3	1,067.1	279.4
Other	241.9	337.1	1,114.8	365.2
Total revenues	4,052.6	4,666.1	17,632.1	4,761.6
Direct cost of revenues	(2,616.6)	(3,016.3)	(11,350.2)	(3,114.8)
Gross profit	1,436.0	1,649.8	6,281.9	1,646.8
Administrative expenses	(199.8)	(67.3)	(645.2)	(214.9)
Selling & marketing expenses	(464.6)	(544.1)	(2,005.4)	(389.8)
Other Operating Income / (Expense)	3.6	(625.9)	(698.9)	(33.4)
Operating profit before financing costs	775.2	412.5	2,932.4	1,008.7
Finance costs	(348.1)	(577.9)	(1,413.3)	(778.3)
Finance income	201.5	471.3	1,090.4	464.8
Income before tax and non-controlling interest	628.6	305.9	2,609.5	695.2
Income tax expense	(157.2)	(69.6)	(571.8)	(170.2)
Income from continuing operations before non-controlling interest	471.4	236.3	2,037.7	525.0
Discontinued operations	-	-	-	-
Non-controlling interests	(12.8)	(20.4)	(58.6)	(24.2)
Net income	458.6	215.9	1,979.1	500.8
Net income per share	0.21	0.10	0.90	0.23
Other Financial Data				
Gross margin	35.4%	35.4%	35.6%	34.6%
EBITDA(*)	1,399.9	1,739.0	6,228.3	2,022.0
Capital expenditures	571.4	1,807.6	4,090.4	2,544.6
Consolidated Balance Sheet Data (at period end)				
Cash and cash equivalents	6,450.5	4,712.3	4,712.3	4,589.7
Total assets	32,954.7	33,982.5	33,982.5	37,073.1
Long term debt	7,408.5	8,258.0	8,258.0	9,414.2
Total debt	10,730.1	12,536.1	12,536.1	15,130.5
Total liabilities	16,418.3	18,937.4	18,937.4	22,825.5
Total shareholders' equity / Net Assets	16,536.4	15,045.1	15,045.1	14,247.6

(*) Please refer to the notes on reconciliation of Non-GAAP Financial measures on page 13
For further details, please refer to our consolidated financial statements and notes as at 31 March 2018 on our web site

TURKCELL ILETISIM HIZMETLERI A.S.
TURKISH ACCOUNTING STANDARDS SELECTED FINANCIALS (TRY Million)

Quarter Ended	Quarter Ended	Year Ended	Quarter Ended
Mar 31,	Dec 31,	Dec 31,	Mar 31,
<u>2017</u>	<u>2017</u>	<u>2017</u>	<u>2018</u>

Consolidated Statement of Operations Data

Turkcell Turkey	3,562.7	4,040.7	15,450.2	4,117.0
Turkcell International	248.0	288.3	1,067.1	279.4
Other	241.9	337.1	1,114.8	365.2
Total revenues	4,052.6	4,666.1	17,632.1	4,761.6
Direct cost of revenues	(2,616.6)	(3,016.3)	(11,350.2)	(3,114.8)
Gross profit	1,436.0	1,649.8	6,281.9	1,646.8
Administrative expenses	(199.8)	(67.3)	(645.2)	(214.9)
Selling & marketing expenses	(464.6)	(544.1)	(2,005.4)	(389.8)
Other Operating Income / (Expense)	259.2	(348.3)	114.3	100.5
Operating profit before financing and investing costs	1,030.8	690.1	3,745.6	1,142.6
Income from investing activities	10.8	16.4	33.8	8.7
Expense from investing activities	(20.6)	(4.1)	(28.6)	(14.2)
Income before financing costs	1,021.0	702.4	3,750.8	1,137.1
Finance income	61.3	332.9	589.6	398.1
Finance expense	(453.7)	(729.3)	(1,730.9)	(840.0)
Income from continuing operations before tax and non-controlling interest	628.6	305.9	2,609.5	695.2
Income tax expense from continuing operations	(157.2)	(69.6)	(571.8)	(170.2)
Income from continuing operations before non-controlling interest	471.4	236.3	2,037.7	525.0
Discontinued operations	-	-	-	-
Income before non-controlling interest	471.4	236.3	2,037.7	525.0
Non-controlling interest	(12.8)	(20.4)	(58.6)	(24.2)
Net income	458.6	215.9	1,979.1	500.8
Net income per share	0.21	0.10	0.90	0.23

Other Financial Data

Gross margin	35.4%	35.4%	35.6%	34.6%
EBITDA	1,399.9	1,739.0	6,228.3	2,022.0
Capital expenditures	571.4	1,807.6	4,090.4	2,544.6

Consolidated Balance Sheet Data (at period end)

Cash and cash equivalents	6,450.5	4,712.3	4,712.3	4,589.7
Total assets	32,954.7	33,982.5	33,982.5	37,073.1
Long term debt	7,408.5	8,258.0	8,258.0	9,414.2
Total debt	10,730.1	12,536.1	12,536.1	15,130.5
Total liabilities	16,418.3	18,937.4	18,937.4	22,825.5
Total shareholders' equity / Net Assets	16,536.4	15,045.1	15,045.1	14,247.6