

TURKCELL ILETISIM HIZMETLERI A S
Form 6-K
March 05, 2008

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**Report of Foreign Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

For the month of **March 2008**

Commission File Number **001-15092**

TURKCELL ILETISIM HIZMETLERI A.S.

(Translation of registrant's name into English)

**Turkcell Plaza
Mesrutiyet Caddesi No. 153
34430 Tepebasi
Istanbul, Turkey**
(Address of principal executive offices)

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

Form 20-F: **Form 40-F:**

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

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

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

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

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

Yes: No:

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

PRESS RELEASE

TURKCELL ILETISIM HIZMETLERI A.S. REPORTS RESULTS FOR THE YEAR END 2007

“Another year of strong execution and performance”

‘Record high top line in Q4 2007 despite seasonality’

Istanbul, Turkey, February 27, 2008 – Turkcell (NYSE:TKC, ISE:TCELL), the leading provider of mobile communications services in Turkey, today announced results for the fourth quarter and the year ended December 31, 2007. All financial results in this press release are unaudited, prepared in accordance with International Financial Reporting Standards (“IFRS”) and expressed in US\$.

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.

Fourth Quarter and Full Year 2007 Results

Turkcell Iletisim Hizmetleri A.S. Reports Results for the Full Year 2007

Highlights of the Fourth Quarter and Full Year 2007

Full Year

- § Revenue increased by 35% to US\$6.3 billion (US\$4.7 billion) due to higher usage and subscriber growth combined with the positive contribution of consolidated subsidiaries
- § EBITDA* increased by 44% on an annual basis to US\$2.6 billion (US\$1.8 billion) and recorded EBITDA margin of 42%
- § Recorded net income of US\$1.4 billion (US\$0.9 billion) with a growth rate of 54% on an annual basis
- § Turkcell’s subscriber base grew by 11% on an annual basis to 35.4 million (31.8 million) as of December 31, 2007

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- § Average revenue per user (“ARPU”) grew by 18% on an annual basis to US\$14.3 (US\$12.1)
- § Blended minutes of usage per subscriber (“MoU”) grew by 9% to 76.3 minutes (70.3 minutes)
- § Turkcell’s Ukrainian subsidiary, Astelit’s revenues increased by 191% to US\$256 million (US\$88 million)
- § Board of Directors of Turkcell recommended to distribute TRY648.7 million (equivalent to US\$546.0 million as of February 27, 2008) as cash dividends

Fourth Quarter

- § Revenue increased by 50% to US\$1.8 billion (US\$1.2 billion)
- § EBITDA* increased by 60% compared to the fourth quarter of last year to US\$745.4million (US\$465.2 million) and recorded EBITDA margin of 41%
- § Recorded net income of US\$403.2 million (US\$289.6 million) with a growth rate of 39% compared to the fourth quarter of last year
- § Average revenue per user (“ARPU”) grew by 31% compared to the fourth quarter of last year to US\$15.5 (US\$11.8)
- § Astelit recorded positive EBITDA* for the second consecutive quarter since it started its operations

*EBITDA is a non-GAAP financial measure. See pages 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 fourth quarter 2007 refer to the same item in the fourth quarter of 2006 and figures in parentheses following the operational and financial results for the year end 2007 refer to the same item in the year end of 2006. For further details, please refer to our consolidated financial statements and notes as at and for the year ended December 31, 2007 which can be accessed via our web site in the investor relations section (www.turkcell.com.tr).

Comments from the CEO, Sureyya Ciliv

“We are pleased about our performance and record results in year 2007. In a challenging year of intense competition, we recorded strong growth in all aspects of our business. Our focus on delivering the best value and user experience for our customers, our strong brand and our technology leadership have set us apart.

Our 2007 revenues grew by 35% to record \$6.3 billion, EBITDA increased by 44%. In Turkey our subscriber base reached 35.4 million, one of the largest in any country in Europe. In our Ukraine operations our revenues grew 191% in 2007 and reported positive EBITDA for the second half. Our Fintur operations continue to grow rapidly and contribute to our bottom line. Dynamic economies of Turkey and Ukraine together with the emerging markets of Fintur operations provided the right setting.

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I thank to all of our customers for choosing us. We will continue to work hard to deliver them the highest quality services and solutions. I thank to all Turkcell employees, business partners for their hard work which has created this success. I also want to express my gratitude to our shareholders for their support and confidence in Turkcell.”

OVERVIEW OF 2007

2007 was marked by two local elections in Turkey and uncertainty in the global financial markets. Meanwhile, Turkey remained quite resilient and consumer sentiment in the domestic market remained relatively positive. Although the inflation target set by the government for 2007 was not attained, there was no significant deterioration in demand in the market and the TRY remained strong against the US\$ through the year. Since the beginning of 2008, concerns over the state of the global financial markets have increased and there has been some downward trend in consumer sentiment in Turkey.

In 2007, the Turkish GSM market continued its strong subscriber growth and the mobile line penetration rate in Turkey reached 88% as of 2007 year end. In 2008, we anticipate growth in the Turkish GSM market to continue although at a slower pace relative to 2007, and we expect the mobile line penetration rate in Turkey to reach about 100%.

In an increasingly competitive year, we successfully grew our subscriber base and drove usage that resulted with a strong top line growth. In line with our value focus, we designed our offers and campaigns to attract and retain value customers. Through these efforts we have been able to keep our churn rate below the market average, and increase average revenue per user (ARPU) on annual basis at a rate that surpasses that of our competitors. Throughout the year, our competitors' aggressive subscriber acquisition initiatives, dealer activities and campaigns to manage price perception have continued. However, during the period, we introduced a number of initiatives to strengthen customer loyalty and increase average minutes of usage per user.

We believe our continued focus on the Value Added Services area has stood in good stead compared to our competitors through the course of the year. We have launched new initiatives such as Turkcell mobile signature allowing users to execute transactions that legally require wet signature and “turkcell-im benim” (“my Turkcell”) which is a life sharing social network through photographs and videos.

During 2007, we invested an additional US\$400 million in Turkey into our network infrastructure to enhance quality and coverage of our services. Through these continuous investments, we have been able to distinguish Turkcell from our competition and ensure that our brand name and image continue to stand well against our competitors.

Financial and Operational Review of the Fourth Quarter and Full Year 2007

The following discussion focuses principally on the developments and trends in our business in the fourth quarter of 2007 and full year 2007. Selected financial information for the fourth quarter of 2006, third quarter of 2007, and full year 2006 is also included at the end of this press release.

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

Macro environment Information

	Q4 2006	Q3 2007	Q4 2007	Q4 2007-Q4 2006 % Chg	Q4 2007-Q3 2007 % Chg	YE 2006	YE 2007	YE 2007- YE 2006 % Chg
TRY / US\$ rate								
Closing Rate	1.4056	1.2048	1.1647	(17.1%)	(3.3%)	1.4056	1.1647	(17.1%)
Average Rate	1.4538	1.2932	1.1851	(18.5%)	(8.4%)	1.4313	1.3031	(9.0%)
INFLATION								
Consumer Price Index	2.8%	0.3%	4.0%	-	-	9.7%	8.4%	-
GDP Growth	5.2%	1.5%	NA	-	-	6.1%	3.8*	-
* GDP growth nine months								

Post-election optimism in the Turkish financial markets was interrupted by the global economic concerns in late July and early August. Change in the global risk appetite resulted in volatility in the exchange rate of the TRY against the US\$ and some changes in the credit environment. However, Turkey proved resilient and consumer sentiment remained relatively positive. While GDP growth expectation of about 5% for 2007 is a healthy level, some weakening in GDP growth during the first three quarters of 2007 was observed.

At the start of 2008, the global backdrop became the main topic, while the magnitude of the current credit crunch's effect on the US economy and the global impact remained unclear resulting in further volatility in the financial markets. Generally, GDP growth rate in Turkey is expected to be relatively slower in the first half of 2008 than the second half of the year while 2008 GDP growth target set by the government is at similar levels to that of 2007.

Our results of operations and business and financial performance are affected by the macro economic environment, developments in the geopolitical environment, the competitive environment and the dynamics of consumer confidence in Turkey. Therefore, we will continue to monitor the developments in these areas closely.

Fourth Quarter and Full Year 2007 Results

Financial Review

Profit & Loss Statement	Q4	Q3	Q4	Q4	Q4 2007-Q3	YE	YE	YE 2007-
(million US\$)	2006	2007	2007	2007-Q4	2007	2006	2007	YE 2006
				% Chg	% Chg			% Chg
Total revenue	1,203.3	1,722.8	1,807.6	50.2%	4.9%	4,700.3	6,328.6	34.6%
Direct cost of revenue	(662.0)	(799.9)	(849.2)	28.3%	6.2%	(2,627.9)	(3,103.4)	18.1%
Depreciation and amortization	(164.9)	(202.2)	(204.2)	23.8%	1.0%	(730.0)	(793.0)	8.6%
Administrative expenses	(29.2)	(56.9)	(89.1)	205.1%	56.6%	(154.9)	(252.8)	63.2%
Selling and marketing expenses	(211.8)	(296.9)	(328.0)	54.9%	10.5%	(827.5)	(1,138.2)	37.5%
EBITDA	465.2	771.5	745.4	60.2%	(3.4%)	1,820.0	2,627.1	44.3%
EBITDA Margin	39%	45%	41%	2 p.p.	(4 p.p.)	39%	42%	3 p.p.

Net finance income / (expense)