

# TURKCELL ILETISIM HIZMETLERI A.S. FIRST QUARTER 2010 RESULTS

## Maintaining Market Leader Position Despite Challenges

Istanbul, Turkey, May 5, 2010 – Turkcell (NYSE:TKC, ISE:TCELL), the leading communications and technology company in Turkey, today announced results for the first quarter ended March 31, 2010. All financial results in this press release are unaudited and prepared in accordance with International Financial Reporting Standards (“IFRS”) and expressed in TRY and 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.

**Highlights of the quarter**

- Group revenue grew by 6.9% to TRY2,249 million (TRY2,103 million) compared to the same period in 2009, driven by Turkcell Turkey and by subsidiaries' contribution except for Inteltek.
  - a. Turkcell Turkey grew its revenues by 7.6% to TRY2,016.3 million (TRY1,873.1 million), reflecting growing usage, increasing contribution from mobile data and higher interconnect revenue. Blended average revenue per user ("ARPU") increased by 13.5% to TRY19.4 (TRY17.1) compared to Q1 2009.
  - b. Turkcell's Superonline business continued to grow, increasing revenues by 61.8% to TRY71 million (TRY43.9 million) and improving its EBITDA margin.
  - c. Group revenues were negatively impacted by Inteltek, revenues of which decreased by 73.4% to TRY11.0 million (TRY41 million) on the back of lower commission rates under its new contract.
- Group EBITDA\* declined by 8.1% to TRY711.3 million (TRY773.6 million), while the EBITDA margin was 31.6%, representing a 5.2 percentage point decrease year-on-year mainly due to increasing interconnection costs.
- Group net income decreased by 25.8% year-on-year to TRY417.6 (TRY562.6 million)
- Turkcell's Annual General Meeting has approved the distribution of TRY859.3 million (approximately \$573.5 million as of April 29, 2010) as cash dividends representing a net and gross cash dividend of TRY0.39 (approximately US\$0.26 as of April 29, 2010) per ordinary share and approximately TRY0.98 (approximately \$0.65 as of April 29, 2010) per ADR.

*\*EBITDA is a non-GAAP financial measure. See pages 12-13 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 March 31, 2010 refer to the same item as at March 31, 2009. For further details, please refer to our consolidated financial statements and notes as at and for March 31, 2009 which can be accessed via our web site in the investor relations section ([www.turkcell.com.tr](http://www.turkcell.com.tr)).*

*\*\*Please note that the Communication and Technologies Authority in Turkey is referred to as "the Telecommunications Authority" herein.*

**Comments from the CEO, Sureyya Ciliv**

In the first quarter of 2010, Turkcell Group revenues increased to TRY2.25 billion with EBITDA of TRY711.3 million and net income of TRY417.6 million. Turkcell Group achieved revenue growth of 7% driven by our strong performance in the Turkish mobile market and a gradual macroeconomic recovery in our key markets.

In the Turkish market, we have adapted to critical changes mainly characterized by lower interconnection rates and maximum price cap levels and have also prepared for the transition to TRY-based pricing from counter based pricing for our prepaid subscribers, all of which came into effect as of April 1, 2010. We believe that we have ensured a smooth and transparent transition through these changes by redesigning our tariffs and offers with an emphasis on achieving an optimum balance between our revenue growth and customer expectations.

In Turkey, despite market challenges, our market leader position remains unchanged and we remain as confident as ever to continue to lead the mobile market. For this purpose, we will

continue to undertake major investments in our 3G and fixed fiber backbone networks in 2010. We believe these investments are vital to continue to win against competition and create future value for our shareholders.

As always, our people remain central to our continued success. I would like to thank all of our customers, employees, business partners, and shareholders for their continued support.

### **OVERVIEW OF THE QUARTER**

Following a very difficult year, the competitive environment in the Turkish mobile market remained challenging in the first quarter of 2010. Despite some recovery in macroeconomic conditions, mobile line penetration in the first quarter fell to 84%, down from 87% in the previous quarter, mainly due to a drop in multiple SIM card usage, which has decreased to 14% from 19% since the implementation of Mobile Number Portability. We expect the declining trend in multiple SIM card usage to continue and mobile line penetration to decrease to around 80% by the year end despite the increase in data SIM cards. However, we do not anticipate any major changes in market composition in 2010.

In February 2010, the Telecommunications Authority (“the Authority”) ruled to decrease Mobile Termination Rates (“MTRs”) and maximum price levels for telecommunication services in the Turkish market, effective from April 1, 2010. The exact impact of the Authority’s most recent decisions on pricing and traffic trends going forward is at present difficult to assess. However, in terms of market conditions, we have seen signs of more rational competitive behavior with some limitations to usage incentives and price adjustments during 1Q 2010. We expect this trend to continue going forward.

In a competitive environment where the focus of all operators is on valuable and postpaid subscribers, we maintained our market leadership by consistently focusing on our unique value propositions. During this period, we continued to focus on mobile data and services business by encouraging mobile data usage with attractive offers and differentiating Turkcell with 12 total applications for our subscribers which are intended to ease and enrich their lives. Similarly, during the transition from a unit to a TRY-based system, we redesigned our offers by consistently providing our subscribers with transparent and attractive tariffs. Throughout this quarter, we also maintained our value focus, while promoting mobile data and services usage across all segments. At the same time, thanks to our superior 3G offering in Turkey, our data revenues grew by 69.6% to TRY 92.1 million, leading to an increase in the share of mobile data and services revenues in Turkcell Turkey’s revenues by 2.7 pp to 19%. On a consolidated basis, our mobile data and services revenues reached TRY414 million while the portion of our consolidated mobile data and services revenues increased to 18.4% of our consolidated revenues compared to 15.7% in the first quarter of last year.

Going forward, we remain determined to capitalize on the considerable growth potential in mobile data, which we believe will have a positive impact on overall market growth in Turkey. As usual, Turkcell will continue to emphasize value and profitability by pursuing a differentiation and diversity focused business model rather than focusing solely on voice.

**Overview of the Macroeconomic Environment**

	Q109	Q409	Q110	y/y % chg	q/q % chg
<b>TRY / \$ rate</b>					
Closing Rate	1.6880	1.5057	1.5215	(9.9%)	1.0%
Average Rate	1.6407	1.4863	1.5109	(7.9%)	1.7%
<b>INFLATION</b>					
Consumer Price Index	1.0%	4.3%	3.9%	2.9 pp	(0.4pp)
GDP Growth	(13.8%)	6.0%	n/a	-	-
<b>UAH/\$</b>					
Closing Rate	7,700	7,985	7,925	2.9%	(0.8%)
Average Rate	7,700	7,993	7,982	3.7%	(0.1%)

Despite the 9% year-on-year TRY appreciation against the US dollar during the first quarter, the trend compared to the previous quarter was slightly negative with the TRY depreciating by 1.7%. In the fourth quarter of 2009, GDP grew by 6.0%. In the first quarter of 2010 the Ukrainian Hrvinia devalued by 2.9% year-on-year against the US dollar.

**Financial and Operational Review of the First Quarter 2010**

The following discussion focuses principally on the developments and trends in our business in the first quarter of 2010 in TRY terms. Selected financial information for the first quarter of 2009, fourth quarter of 2009 and first quarter of 2010 is also included at the end of this press release.

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

**Financial Review**

(million TRY)	Quarter				
	Q109	Q409	Q110	y/y % chg	q/q % chg
<b>Profit &amp; Loss Statement</b>					
<b>Total Revenue</b>	<b>2,103.4</b>	<b>2,260.6</b>	<b>2,249</b>	<b>6.9%</b>	<b>(0.5%)</b>
Direct cost of revenues	(1,033.6)	(1,321.2)	(1,278)	23.6%	(3.3%)
Depreciation and amortization	(193.8)	(281.3)	(255.9)	32.0%	(9.0%)
<b>Gross Margin</b>	<b>50.9%</b>	<b>41.6%</b>	<b>43.2%</b>	<b>(7.7 pp)</b>	<b>1.6 pp</b>
Administrative expenses	(98.2)	(122.0)	(124)	26.3%	1.6%
Selling and marketing expenses	(391.8)	(416.8)	(392)	0.1%	(6.0%)
<b>EBITDA*</b>	<b>773.6</b>	<b>681.9</b>	<b>711</b>	<b>(8.1%)</b>	<b>4.3%</b>
<b>EBITDA Margin</b>	<b>36.8%</b>	<b>30.2%</b>	<b>31.6%</b>	<b>(5.2 pp)</b>	<b>1.4 pp</b>
Net financial income / expense)	177.4	108.4	66.1	(62.7%)	(39.0%)
Financial expense	(55.5)	(21.5)	(50.2)	(9.5%)	133.5%
Financial income	232.9	129.9	116.3	(50.1%)	(10.5%)
Share of profit of associates	15.1	39.3	46.1	205.3%	17.3%
Income tax expense	(196.9)	(117.0)	(126.7)	(35.7%)	8.3%
<b>Net Income</b>	<b>562.7</b>	<b>252.8</b>	<b>417.6</b>	<b>(25.8%)</b>	<b>65.2%</b>

\*EBITDA is a non-GAAP financial measure. See pages 12-13 for the reconciliation of EBITDA to net cash from operating activities.

**Revenue:** Turkcell's consolidated revenues grew by 6.9% year-on-year to TRY2,249 million as a result of higher mobile voice usage and a strong performance in the mobile data and services business in Turkey as well as higher interconnect revenues due to increase in off-net traffic. Superonline's business which increased its revenues by 62.0% to TRY71.2 million (TRY43.9 million) and Best in Belarus contributed positively by increasing its revenues to TRY15.8 mn (TRY1.8 million). However, the contribution from our betting business Inteltek declined significantly as a result of the lower commission rates under its new contract. Inteltek's revenue during the first quarter of 2010 declined by 73.4% to TRY11.0 million compared to the same period last year.

In the first quarter of 2010, Turkcell Turkey's interconnect revenues increased by 2.8 pp and constituted 11.0% of Turkcell Turkey's total revenues compared to a year ago, while its share in consolidated group revenues increased by 2.6 pp to 9.8% .

Quarter-on-quarter, Turkcell Group revenue decreased by 0.5%, mainly due to the lower subscriber base and lower contribution from consolidated subsidiaries.

In 2010, we expect a moderate growth in our consolidated TRY revenues.

**Direct cost of revenues:** Direct cost of revenues including depreciation and amortization increased by 23.6% to TRY1,278 million, representing 56.8% of total revenues compared to 49.1% in the first quarter of 2009. This was mainly due to higher interconnect costs (4.9 percentage points) related to increasing off-net usage, depreciation and amortization expenses (2.2 percentage points), an increase in fixed network expenses (0.4 pp) and other expenses (0.2 percentage points).

Compared to the previous quarter, gross profit margin increased by 1.6 pp as a result of a decrease in interconnect costs by 0.3 pp due to decrease in off-net traffic, network expenses by 0.6 pp and depreciation expenses by 1.2 pp, while wages and salaries increased by 0.3 pp.

In the first quarter of 2010, Turkcell Turkey's interconnect cost increased by 5.6 pp and represented 10.8% of Turkcell Turkey's total revenues compared to a year ago, while its share in consolidated group revenues increased by 5.1 pp to 9.7%.

**Selling and marketing expenses:** Selling and marketing expenses as a percentage of total revenues decreased by 1.2 percentage points to 17.4% in the first quarter of 2010 due to higher revenue base.

Compared to the previous quarter, selling and marketing expenses decreased by 6.0% and declined by 1.0 percentage points as a percentage of revenue due to lower marketing expenses, frequency usage fee payments, and commissions paid to dealers.

**Administrative expenses:** General and administrative expenses as a percentage of revenue increased by 0.8 percentage points year-on-year to 5.5% mainly due to higher bad debt expenses, which increased along with the increasing number of postpaid subscribers and promotional handset campaigns following the 3G rollout and MNP impact.

Compared to the fourth quarter of 2009, general and administrative expenses increased by 2.0%, up by 0.1 percentage points as a proportion of revenues.

**EBITDA<sup>1</sup>:** Nominal EBITDA declined by 8.1% to TRY711.3 million and the EBITDA margin by 5.2 percentage points to 31.6% compared to the same period of last year. This was mainly due to an increase in interconnection cost by TRY119.4million (4.9 percentage points) on the back of higher off-net traffic, bad debt expenses (0.6 percentage points), fixed network expenses (0.4 percentage points), wages and salaries (0.5 percentage points), despite lower frequency usage fees (0.7 percentage points) due to a decrease in the prepaid subscriber base and selling expenses (0.7 percentage points).

Turkcell Group EBITDA margin improved by 1.4 percentage points compared to the fourth quarter of 2009 reflecting lower interconnection costs and fixed network expenses as well as sales and marketing expenses.

In 2010, we expect a moderate growth in our consolidated EBITDA in TRY terms.

**Share of profit of equity accounted investees:** In the first quarter of 2010, our share in net income of unconsolidated investees, consisting of the net income/(expense) impact of Fintur and A-Tel, increased by 205% to TRY46 million mainly due to the improved performance of Fintur's operation in Kazakhstan and foreign exchange rate impact.

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 TRY11.8 million, is netted off from the selling and marketing expenses in our consolidated financial statements. The difference between the total net impact of A-Tel and the amount netted off from selling and marketing expenses amounted to TRY9.3 million and is recorded in the 'share of profit of equity accounted investees' line of our financial statements.

**Net finance income/(expense):** We recorded net financial income of TRY66.1 million compared to TRY177.4 million in the same quarter of 2009 mainly reflecting the decline in interest received from deposits mainly due to a decrease in interest rates, a TRY8.5 million translation loss as opposed to a TRY78.1 million gain recorded last year, and despite the effect of a one-time interest expense recorded in Q1 2009 due to a dispute regarding transmission lines.

**Income tax expense:** The total taxation charge decreased to TRY126.7 million from TRY196.9 million in the same quarter of last year primarily due to lower operational profit and financial income. The taxation charge in the fourth quarter of 2009 was TRY117.0 million.

Of the total tax charge, TRY66.3 million was related to current tax charges and a deferred tax expense of TRY60.4 million was realized during the quarter.

(million TRY)	Q109	Q409	Q110	y/y % chg	q/q % chg
Current tax expense	(137.4)	(133.5)	(66.3)	(51.7%)	(50.3)
Deferred Tax income / (expense)	(59.5)	16.5	(60.4)	1.5%	n.m.
<b>Income Tax expense</b>	<b>(196.9)</b>	<b>(117.0)</b>	<b>(126.7)</b>	<b>35.7%</b>	<b>8.3%</b>

<sup>1</sup> EBITDA is a non-GAAP financial measure. See pages 12-13 for the reconciliation of EBITDA to net cash from operating activities.

**Net income:** Net income declined by 25.8% year-on-year to TRY417.6 million and net income margin by 8.2 percentage points to 18.6% mainly due to a decrease in EBITDA, translation loss recorded, increase in depreciation and amortization expenses as well as TRY42.2 million of litigation provisions recorded during the quarter due to the Authority's recent administrative fine announced on April 28, 2010 regarding maximum pricing and some marketing campaigns, while Fintur's contribution increased by 90% to TRY55 million (TRY29 million).

The quarter-on-quarter increase of 65.2% in net income was mainly due to the effect of litigation provisions, fixed asset write-offs, and the impairment charges registered in the last quarter of 2009 despite the negative impact of TRY42.2 million of litigation provisions recorded during the quarter due to the Authority's recent administrative fine announced on April 28, 2010 regarding maximum pricing and some marketing campaigns.

**Total Debt:** Consolidated debt amounted to TRY2,297.9 million as of March 31, 2009. TRY910.3 million of this was related to Turkcell's Ukrainian operations. TRY1,591.1 million of our consolidated debt is at a floating rate and TRY1,023.3 million will mature in less than a year. As of March 31, 2010 our debt/annual EBITDA ratio is 78.8%.

<b>Consolidated Cash Flow (million TRY)</b>	<b>Q109</b>	<b>Q409</b>	<b>Q110</b>
EBITDA*	774	682	711
LESS:			
Capex and License	(425)	(637)	(367)
Turkcell	(307)	(269)	(180)
Ukraine**	(71)	(163)	(41)
Investment & Marketable Securities	(127)	(151)	42
Net Interest Income/Expense	99	45	75
Other	(443)	288	(705)
Net Change in Debt	(8)	518	(36)
Cash Generated	(130)	745	(280)
Cash Balance	4,799	4,661	4,381

(\*) EBITDA is a non-GAAP financial measure. See pages 12-13 for the reconciliation of EBITDA to net cash from operating activities.

(\*\*)The devaluation of local currency against USD is included in this line.

**Cash Flow Analysis:** Capital expenditures in the first quarter of 2010 amounted to TRY 366.6 million, of which TRY 180 million was related to Turkcell Turkey, TRY 41.3 million to our Ukrainian operations, TRY 74.4 million to Superonline and TRY54.7 million to Belarusian operations.

We plan to spend up to \$1.5 billion in 2010 in Turkey and for our international subsidiaries of which approximately \$650 million for Turkcell Turkey, \$340 million for Superonline, and \$400 million for international subsidiaries.

#### **Dividend Distribution**

On April 29, 2010, the Turkcell Board of Directors' dividend distribution proposal was approved at the Ordinary General Assembly of Shareholders. The distribution of cash

dividends is in an amount of approximately TRY859.3 million (approximately \$573.5 million as of April 29, 2010).

This corresponds to 50.1% of Turkcell's distributable net income of 2009 and represents a net and gross cash dividend of TRY0.39 (approximately \$0.26 as of April 29, 2010) per ordinary share with a nominal value of TRY1 and approximately TRY0.98 (approximately \$0.65 as of April 29, 2010) per ADR. (Dollar figures are calculated based on Turkish Central Bank's TRY/\$ exchange rate of 1.4984 for April 29, 2010)

### Operational Review

Summary of Operational Data	Q109	Q409	Q110	y/y % chg	q/q % chg
Number of total subscribers (million)	36.4	35.4	34.3	(5.8%)	(3.1%)
Number of postpaid subscribers (million)	7.8	9.4	9.3	19.2%	(1.1%)
Number of prepaid subscribers (million)	28.6	26.0	24.9	(12.9%)	(4.2%)
ARPU (Average Monthly Revenue per User), blended (US\$)	10.4	12.5	12.8	23.1%	2.4%
ARPU, postpaid (US\$)	25.3	26.3	26.5	4.7%	0.8%
ARPU, prepaid (US\$)	6.5	7.7	7.7	18.5%	-
ARPU, blended (TRY)	17.1	18.6	19.4	13.5%	4.3%
ARPU, postpaid (TRY)	41.4	39.0	40.4	(2.4%)	3.6%
ARPU, prepaid (TRY)	10.6	11.5	11.6	9.4%	0.9%
Churn (%)	8.2%	9.7%	11.1%	2.9pp	1.4pp
MOU (Average Monthly Minutes of usage per subscriber), blended	107.0	153.6	153.3	43.3%	(0.2%)

**Subscribers:** As of March 31, 2010, our subscriber base totaled 34.3 million (36.4 million). The composition of the subscriber base improved in favor of the postpaid to 27.1% (21.4%), in line with our value focus.

In the first quarter of 2010, we focused on retaining valuable and postpaid subscribers. During this quarter, we lost 1.1 million subscribers the majority of which were prepaid subscribers. The main reason for the contraction in the postpaid subscriber base by 70,000 and in the prepaid subscriber base by 1 million was the increase in port-outs following the implementation of mobile number portability, and a contraction in the overall market.

During 2010, we expect slow paced growth in our post-paid subscriber base compared to 2009 and our pre-paid subscriber base to contract further.

**Churn Rate:** Churn refers to voluntarily and involuntarily disconnected subscribers. In the first quarter of 2010, our churn rate increased to 11.1% from 8.2% a year ago mainly due to the challenging competitive environment.

**MoU:** Our blended minutes of usage per subscriber ("MoU") increased to 153.3 minutes, up by 43.1% compared to the first quarter of last year. In addition to improvement in consumer

sentiment and effective communication of our successful campaigns and tariffs aimed at all segments, we sustained solid MoU growth in the first quarter of 2010.

In 2010, we anticipate MoU to increase at a slower rate as our incentives and loyalty programs continue in a cost sensitive manner.

**ARPU:** Blended average revenue per user (“ARPU”) in TRY terms increased by 13.5% to TRY19.4 compared to the same quarter in 2009 due to the positive impact of mobile data and higher MoU. In 2010, we expect ARPU to increase in TRY terms.

Post-paid ARPU in TRY terms was TRY40.4 with a 2.4% year-on-year decrease, mainly due to an increase in subscriptions to minute packages and data lines and the dilutive impact of pre-paid subscribers switched to the post-paid segment.

Pre-paid ARPU in TRY terms increased by 9.4% to TRY11.6 in the first quarter of 2010, mainly due to the effects of the attractive tariffs and campaigns.

### **Regulatory Environment**

In February 2010 the Authority revised termination rates for the Turkish market effective as of April 1, 2010 and reduced Turkcell’s Mobile Termination Rates (“MTR”) by 52% to TRY0.0313 down from TRY0.0655, following the 28% reduction in 2009. Recent rates announced by the Authority maintained the asymmetry between the mobile operators. The asymmetry between Turkcell and Avea remained unchanged at 18% and between Turkcell and Vodafone at 3%.

Additionally, the Authority reduced maximum prices for all mobile operators in February 2010 down to TRY0.40/min (VAT&SCT included), effective as of April 1, 2010.

We believe that some of the Authority’s decisions constitute interference with our retail pricing and may be in conflict with our license agreement and infringes competition rules. We therefore filed two lawsuits in the Highest Administrative Court in April 2010.

Separately, on April 28, 2010, the Authority announced on its website that it has fined Turkcell in the amount of TRY 53,467,062 for the alleged non-compliance with the “GSM Maximum Tariff Schedule” dated March 25, 2009. As per a separate decree dated April 7, 2010, the Authority has also fined Turkcell in the amount of TRY4,008,026 with regards to a subscriber complaint and in the amount of TRY374,152 with regards to a subscriber dissatisfaction resulting from a technical problem in a tariff. Turkcell will evaluate and take the necessary legal steps regarding these administrative fines, which total TRY57,849,240. As per the decrees published and in line with IFRS guidelines we set aside TRY42.2 million of legal reserves in our first quarter 2010 financials.

### **Turkcell Group Subscribers**

We have approximately 62.0 million mobile subscribers as of March 31, 2010. This figure is calculated by taking the number of mobile subscribers in Turkcell and each of our subsidiaries and unconsolidated investees. This figure includes the total number of mobile subscribers at Astelit, BeST, in our operations in the Turkish Republic of Northern Cyprus (“Northern Cyprus”) and Fintur.

Turkcell Group Subscribers (million)	Q109	Q409	Q110	y/y % chg	q/q % chg
Turkcell	36.4	35.4	34.3	(5.8%)	(3.1%)
Ukraine	11.5	12.2	11.9	3.5%	(2.5%)
Fintur	12.8	13.6	14.1	10.2%	3.7%
Northern Cyprus	0.3	0.3	0.3	-	-
Belarus	0.4	1.2	1.4	250.0%	16.7%
<b>TURKCELL GROUP</b>	<b>61.4</b>	<b>62.7</b>	<b>62.0</b>	<b>1.0%</b>	<b>(1.1%)</b>

## International Operations

### Astelit

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

- Astelit’s revenue increased by 4.9% to \$83.0 million compared to the first quarter of 2009. In local currency terms, revenues in the first quarter increased by 8.9% year-on-year.
- In the first quarter Astelit’s increased focus on value resulted in higher operational profitability compared to a year ago. The main drivers of this increase were the tariff redesigns, focusing on profitability per subscriber and cost cutting measures.
- Astelit recorded EBITDA of \$5.8 million in the first quarter of 2010. The EBITDA margin increased by 2.4 percentage points to 7.0%, from 4.6% in the same period of last year, mainly due to the decreasing share of interconnection costs as a percentage of revenue and lower selling and marketing expenses.
- Astelit’s subscribers declined to 11.9 million compared to 12.2 million at the end of 2009 due to redesigning of tariffs with an interconnect cost sensitive approach and pursuing a more value focused strategy in the market. The 3 month active subscriber base was flat at 8.0 million.
- The 3 month active ARPU remained flat year on year. MoU decreased slightly by 1.1% to 156.2 minutes.

Summary Data for Astelit	Quarter				
	Q109	Q409	Q110	y/y % chg	q/q % chg
Number of subscribers (million)					
Total	11.5	12.2	11.9	3.5%	(2.5%)
Active (3 months)[1]	8.0	7.8	8.0	-	2.6%
MoU (minutes)	157.9	158.2	156.2	(1.1%)	(1.3%)

Average Revenue per User(ARPU) in US\$					
Total	2.3	2.6	2.3	-	(11.5%)
Active (3 months)	3.5	4.0	3.5	-	(12.5%)
Revenue (UAH)					
	609	742	663	8.9%	(10.6%)
Revenue (US\$)					
	79.1	92.8	83.0	4.9%	(10.6%)
EBITDA <sup>[2]</sup> (US\$)	3.6	6.9	5.8	61.1%	(15.9%)
EBITDA margin	4.6%	7.4%	7.0%	2.4%	(0.4%)
Net Loss (US\$)	(24.4)	(25.2)	(26.5)	8.6%	5.2%
Capex (US\$)	42.2	106.8	27.1	(35.8%)	(74.6%)

<sup>1</sup> Active subscribers are those who in the past three months made a transaction which brought revenue to the Company.

<sup>2</sup> EBITDA is a non-GAAP financial measure. See page 12-13 for the reconciliation of Euroasia's EBITDA to net cash from operating activities. Euroasia holds 100% stake in Astelit.

## Fintur

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

In the first quarter of 2010, Fintur generally maintained its market positions and added approximately 0.5 million net new subscribers with its total subscriber base reaching 14.1 million. Fintur's consolidated revenue increased slightly by 1.4% year on year to \$378.4 million in.

We account for our investment in Fintur using the equity method. Fintur's contribution to net income increased to TRY55.4 million in the first quarter of 2010 from TRY29.0 a year ago mainly due to foreign exchange rate impact.

FINTUR	Quarter				
	Q109	Q409	Q110	y/y % chg	q/q % chg
<b>Subscriber (million)</b>					
Kazakhstan	7.1	7.2	7.5	5.6%	4.2%
Azerbaijan	3.6	3.8	4.0	11.1%	5.3%
Moldova	0.6	0.7	0.7	16.7%	-
Georgia	1.6	1.9	1.9	18.8%	-
<b>TOTAL</b>	<b>12.8</b>	<b>13.6</b>	<b>14.1</b>	10.2%	3.7%
<b>Revenue (US\$ million)</b>					
Kazakhstan	198.2	231.2	208.0	4.9%	(10.0%)
Azerbaijan	119.4	127.3	117.0	(2.0%)	(8.1%)
Moldova	14.5	16.8	13.8	(4.8%)	(17.9%)
Georgia	40.7	44.8	39.1	(3.9%)	(12.7%)
Other*	-	-	0.5	-	-
<b>TOTAL</b>	<b>372.8</b>	<b>420.1</b>	<b>378.4</b>	1.5%	(9.9%)

(\* )includes intersegment eliminations

**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), financial 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), financial 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.

<b>TURKCELL</b> US\$ million	<b>Q109</b>	<b>Q409</b>	<b>Q110</b>	<b>y/y % chg</b>	<b>q/q % chg</b>
EBITDA	472.2	459.1	470.7	(0.3%)	2.5%
Income Tax Expense	(120.1)	(78.7)	(83.9)	(30.1%)	6.6%
Other operating income/(expense)	1.2	(90.6)	(26.5)	(2,308,3%)	(70.8%)
Financial income	1.8	(3.9)	3.5	94.4%	(189.7%)
Financial expense	(32.9)	(60.0)	(26.1)	(20.7%)	(56.5%)
Net increase/(decrease) in assets and liabilities	(286.7)	178.7	(373.3)	30.2%	(308.9%)
<b>Net cash from operating activities</b>	<b>35,6</b>	<b>404.6</b>	<b>(35.6)</b>	<b>(200.3%)</b>	<b>(108.8%)</b>

<b>EUROASIA (Astelit)</b> US\$ million	<b>Q109</b>	<b>Q409</b>	<b>Q110</b>	<b>y/y % chg</b>	<b>q/q % chg</b>
EBITDA	3.6	6.9	5.8	61.1%	(15.9%)

Other operating income/(expense)	0.9	(0.4)	-	n.m.	n.m.
Financial income	0.6	0.8	0.2	(66.7%)	(75.0%)
Financial expense	(11.7)	(13.9)	(14.3)	22.2%	2.9%
Net increase/(decrease) in assets and liabilities	16.1	18.6	26.3	63.4%	41.4%
<b>Net cash from operating activities</b>	<b>9.5</b>	<b>12.0</b>	<b>18.0</b>	<b>89.5%</b>	<b>50.0%</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." In particular, this document contains forward looking statements regarding our expectations for competition in the Turkish mobile market and our 2010 revenues, EBITDA, subscriber levels, MOU and ARPU. These assumptions include (I) our assessment of the cost structures and marketing strategies of our competitors, (II) that the Telecommunications Authority does not impose further limitations on our tariffs and interconnection pricing and that other regulatory actions do not infringe upon our business, (III) that our customers continue to respond positively to our data and value added services, (IV) that we are able to continue to retain and attract high value customers with these and other services, (V) that the Superonline and non-Turkish mobile businesses continue to grow at projected rates and within projected financing expectations, (VI) that the Turkish economy and the other economies in which we operate continue their recoveries and are not subject to further shocks or crises, and that relevant currency exchange rates remain stable.*

*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. 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 2007 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 communications and technology company in Turkey with 34.3 million postpaid and prepaid customers and a market share of approximately 56% as of March 31, 2010 (Source: Our estimations, operators' and Authority's announcements). Turkcell provides high quality data and voice services to approximately 70% of the Turkish population with its 3G and EDGE technology supported network. Turkcell reported TRY 2.2 billion (\$ 1.5 billion) net revenue for the period ended March 31, 2010 and its total assets reached TRY 14.3 billion (\$ 9.3 billion) as of March 31, 2010. Turkcell is the only Turkish operator among the global operators to have implemented HSDPA+ and has become one of the first operators in the world to reach to 42.2 Mbps speed with its 3G network, as of March 5th

2010. Turkcell is a leading regional player and has interests in international mobile operations in Azerbaijan, Belarus, Georgia, Kazakhstan, Moldova, Northern Cyprus and Ukraine which, together with its Turkish operations, had approximately 62 million subscribers as of March 31, 2010. Turkcell has been listed on the NYSE and the ISE since July 2000 and is the only NYSE-listed company in Turkey and is among the top 15% companies listed on NYSE by its size. 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. Read more at <http://www.turkcell.com.tr/en>

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

	Quarter Ended March 31, <u>2009</u>	Quarter Ended December 31, <u>2009</u>	12 months December 31, <u>2009</u>	Quarter Ended March 31, <u>2010</u>
<b>Consolidated Statement of Operations Data</b>				
Revenues				
Communication fees	1,976.3	2,164.2	8,575.7	2,157.7
Commission fees on betting business	41.4	23.0	66.1	10.8
Monthly fixed fees	18.3	16.1	66.0	19.0
Simcard sales	8.0	6.9	35.3	7.0
Call center revenues and other revenues	59.4	50.4	193.3	54.5
Total revenues	2,103.4	2,260.6	8,936.4	2,249.0
Direct cost of revenues	(1,033.6)	(1,321.2)	(4,769.3)	(1,277.5)
Gross profit	1,069.8	939.4	4,167.1	971.5
Administrative expenses	(98.2)	(122.0)	(421.2)	(124.4)
Selling & marketing expenses	(391.8)	(416.8)	(1,676.2)	(391.7)
Other Operating Income / (Expense)	2.1	(172.5)	(164.6)	(40.3)
Operating profit before financing costs	581.9	228.1	1,905.1	415.1
Finance costs	(55.5)	(21.5)	(287.1)	(50.2)
Finance income	232.9	129.9	510.9	116.3
Share of profit of equity accounted investees	15.1	39.3	118.8	46.1
Income before taxes and minority interest	774.4	375.8	2,247.7	527.3
Income tax expense	(196.9)	(117.0)	(529.1)	(126.7)
Income before minority interest	577.5	258.8	1,718.6	400.6
Non-controlling interests	(14.8)	(6.0)	(17.0)	17.0
Net income	562.7	252.8	1,701.6	417.6
Net income per share	0.255773	0.114909	0.773455	0.189818
<b>Other Financial Data</b>				
Gross margin	51%	42%	47%	43%
EBITDA(*)	773.6	681.9	2,978.4	711.3
Capital expenditures	425.3	637.2	2,664.0	366.6
<b>Consolidated Balance Sheet Data (at period end)</b>				
Cash and cash equivalents	4,799.3	4,660.9	4,660.9	4,380.6
Total assets	12,916.5	14,034.3	14,034.3	14,192.6
Long term debt	289.1	1,236.4	1,236.4	1,274.6
Total debt	1,311.3	2,276.6	2,276.6	2,297.9
Total liabilities	4,047.3	5,156.4	5,156.4	4,914.6
Total shareholders' equity / Net Assets	8,869.2	8,877.9	8,877.9	9,278.0

\* Please refer to the notes on reconciliation of Non-GAAP Financial measures on page 12-13

\*\* For further details, please refer to our consolidated financial statements and notes as at 31 March 2010 on our web site.

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

	Quarter Ended March 31, <u>2009</u>	Quarter Ended December 31, <u>2009</u>	12 months December 31, <u>2009</u>	Quarter Ended March 31, <u>2010</u>
<b>Consolidated Statement of Operations Data</b>				
Revenues				
Communication fees	1,205.4	1,456.1	5,557.3	1,427.9
Commission fees on betting business	25.3	15.6	42.7	7.1
Monthly fixed fees	11.2	10.8	42.5	12.5
Simcard sales	4.9	4.7	22.9	4.6
Call center revenues and other revenues	36.3	33.9	124.6	36.1
Total revenues	1,283.1	1,521.1	5,790.0	1,488.2
Direct cost of revenues	(630.7)	(888.7)	(3,097.1)	(845.2)
Gross profit	652.4	632.4	2,692.9	643.0
Administrative expenses	(59.9)	(82.0)	(273.1)	(82.3)
Selling & marketing expenses	(238.7)	(280.4)	(1,085.1)	(259.2)
Other Operating Income / (Expense)	1.4	(115.6)	(110.3)	(26.4)
Operating profit before financing costs	355.2	154.4	1,224.4	275.1
Finance costs	(33.6)	(14.4)	(187.5)	(33.3)
Finance income	142.1	87.4	329.6	77.1
Share of profit of equity accounted investees	9.6	26.4	78.4	30.5
Income before taxes and minority interest	473.3	253.8	1,444.9	349.4
Income tax expense	(120.1)	(78.7)	(340.1)	(83.9)
Income before minority interest	353.2	175.1	1,104.8	265.5
Non-controlling interests	(9.0)	(4.0)	(10.8)	11.2
Net income	344.2	171.1	1,094.0	276.7
Net income per share	0.156465	0.077754	0.497269	0.125794
<b>Other Financial Data</b>				
Gross margin	51%	42%	47%	43%
EBITDA(*)	472.2	459.1	1,925.4	470.7
Capital expenditures	252.0	401.7	1,769.3	240.9
<b>Consolidated Balance Sheet Data (at period end)</b>				
Cash and cash equivalents	2,843.2	3,095.5	3,095.5	2,879.1
Total assets	7,651.9	9,320.8	9,320.8	9,328.0
Long term debt	171.3	821.2	821.2	837.7
Total debt	776.9	1,512.0	1,512.0	1,510.3
Total liabilities	2,397.7	3,424.6	3,424.6	3,230.1
Total equity	5,254.2	5,896.2	5,896.2	6,097.9

\* Please refer to the notes on reconciliation of Non-GAAP Financial measures on page 12-13

\*\* For further details, please refer to our consolidated financial statements and notes as at 31 March 2010 on our web site.

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

	Quarter Ended March 31, 2009	Quarter Ended December 31, 2009	12 months December 31, 2009	Quarter Ended March 31, 2010
<b>Consolidated Statement of Operations Data</b>				
Revenues				
Communication fees	1,976.3	2,164.2	8,575.7	2,157.7
Commission fees on betting business	41.4	23.0	66.1	10.8
Monthly fixed fees	18.3	16.1	66.0	19.0
Simcard sales	8.0	6.9	35.3	7.0
Call center revenues and other revenues	59.4	50.4	193.3	54.4
Total revenues	2,103.4	2,260.6	8,936.4	2,248.9
Direct cost of revenues	(1,029.3)	(1,316.1)	(4,752.6)	(1,274.7)
Gross profit	1,074.1	944.5	4,183.8	974.2
Administrative expenses	(98.2)	(122.0)	(421.2)	(124.4)
Selling & marketing expenses	(391.8)	(416.8)	(1,676.2)	(391.7)
Other Operating Income / (Expense)	2.4	(170.3)	(162.3)	(40.2)
Operating profit before financing costs	586.5	235.4	1,924.1	417.9
Finance costs	(55.5)	(21.5)	(287.1)	(50.2)
Finance income	232.9	129.9	510.9	116.3
Share of profit of equity accounted investees	15.1	39.3	118.8	46.1
Income before taxes and minority interest	779.0	383.1	2,266.7	530.1
Income tax expense	(198.1)	(118.4)	(533.0)	(127.3)
Income before minority interest	580.9	264.7	1,733.7	402.8
Non-controlling interests	(14.8)	(5.9)	(17.0)	17.0
Net income	566.1	258.8	1,716.7	419.8
Net income per share	0.257310	0.117634	0.780325	0.190847
<b>Other Financial Data</b>				
Gross margin	51%	42%	47%	43%
EBITDA	773.6	681.9	2,978.9	711.3
Capital expenditures	425.3	637.2	2,664.0	366.6
<b>Consolidated Balance Sheet Data (at period end)</b>				
Cash and cash equivalents	4,799.3	4,660.9	4,660.9	4,380.6
Total assets	12,846.7	13,978.9	13,978.9	14,139.9
Long term debt	289.1	1,236.4	1,236.4	1,274.6
Total debt	1,311.3	2,276.6	2,276.6	2,297.9
Total liabilities	4,034.8	5,146.7	5,146.7	4,905.5
Total shareholders' equity / Net Assets	8,811.9	8,832.2	8,832.2	9,234.4

\*\* For further details, please refer to our consolidated financial statements and notes as at 31 March 2010 on our web site.