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Selçuk Ecza Deposu

It announced TRY 205mn net profit in 3Q24

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According to inflation accounting provisions (IAS-29), Selcuk Ecza Deposu announced TRY 204.7mn net profit in 3Q24 (TRY 627mn net loss in 3Q23). Generated TRY 1,219mn from net investment activities in 3Q24 (vs. TRY 535mn in 3Q23) and decreased net monetary loss of TRY 950mn in 3Q24 (vs net monetary loss of TRY 2,014mn in 3Q23) positively affecting the bottom-line. The company recorded Tax expense of TRY 107mn in 3Q24 (3Q23: TRY 1,017mn tax expense), including the IAS-29 impact.

On the operational side, the Company recorded net sales revenue of TRY 29.7bn, down 3% YoY, factoring in the IAS-29 impact, compared to 3Q23 (TRY 30.6bn). EBITDA came in at TRY 971mn, down by 59% YoY parallel to decreased net sales revenues and also increased COGS and OPEX. The gross profit margin decreased to 8.6% in 3Q24 from 12.4% in 3Q23 due to higher COGS, while the EBITDA margin decreased to 3.3% in 3Q24 from 7.7% in 3Q23. On the other hand, realization of financial expenses of TRY 535 mn in 3Q24 (vs. TRY 341mn financial expense in 3Q23), resulting from the IAS-29 effect were negative affected the bottom-line. Selcuk Ecza's market share in TRY reached 36.25% in 9M24 (36,06% in 1H24-38.54% at 1H23).

Following the 3Q24 financial data and the positive impact of the 23.5% increase in the Euro value of the Turkish lira used for pricing pharmaceutical products, we increased our target price for SELEC to TRY 84.50/shr (from TRY 61.50/shr), but we maintain our "Marketperform" recommendation. Our target price has 29% upside potential compared to the current share price.

MARKETPERFORM

TP: TRY 84.50

Previous: TRY 61.50

Upside: %29

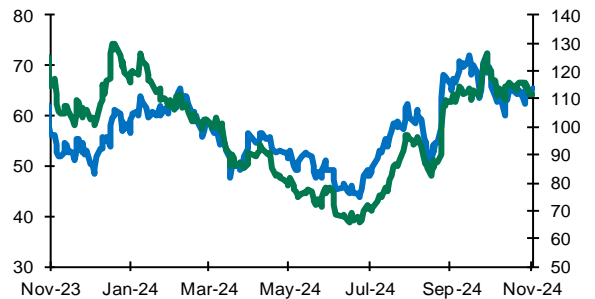
	TRY	US\$
Close	65,50	1,91
BIST 100	9.277	271
US\$/TRY (CB Bid Rate):	34,2869	
52 Week High:	72,35	2,14
52 Week Low:	43,70	1,34
Bloomberg/Reuters Ticker:	SELEC.TI / SELEC.IS	

	(TRY Mn)	(US\$ Mn)
Number of Shares (Mn):	621	
Current Mcap :	40.676	1.187
Free Float Mcap:	6.101	178

	1 M	YOY	YTD
TRY Return (%):	-0,8	16,4	6,8
US\$ Return (%):	-1,1	-3,3	-8,4
BIST 100 Relative (%):	-5,0	-2,5	-14,0
Avg. Daily Vol. (TRY Mn):	122		
Avg. Daily Vol. (US\$ Mn):	3,8		

Beta	0,76
Volatility (Stock)	0,48
Volatility (BIST 100)	0,27

Shareholder Structure	%
Selçuk Ecza Holding A.Ş.	77,32
Nazmiye Gürgen	1,78
M.Sonay Gürgen	0,89
Halka Açık	20,01
Total	100,0



— Share Price (TRY) — BIST 100 Rel.

Figure 1: Financials (3Q24)

TRY Million	9M23	9M24	YoY	3Q23	3Q24	YoY
Revenues	101.733	89.773	-12%	30.584	29.666	-3%
Gross Profit	9.610	8.704	-9%	3.795	2.563	-32%
Gross Profit Margin	9,4%	9,7%		12,4%	8,6%	
EBIT	4.935	3.328	-33%	2.216	835	-62%
EBIT Margin	4,9%	3,7%		7,2%	2,8%	
EBITDA	5.358	3.742	-30%	2.355	971	-59%
EBITDA Margin	5,3%	4,2%		7,7%	3,3%	
Net Profit	-387	642	n.m.	-627	205	n.m.
Net Profit Margin	-0,4%	0,7%		-2,1%	0,7%	

Source: Şeker Invest

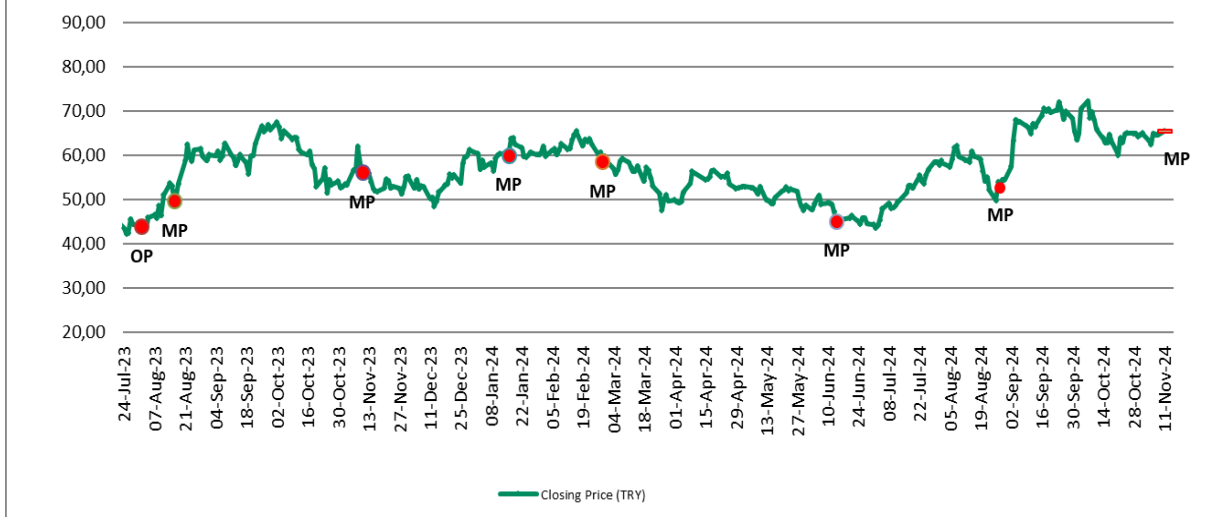
Figure 2: Key financials

BALANCE SHEET (TRY Mn)	2022/12	2023/12	2024/09
PP&E	4.789	6.565	6.449
Intangibles	454	616	673
Other Non-Current Assets	1.093	1.875	1.865
Trade Receivables	23.045	31.734	27.865
Cash&Equivalents	1.496	6.718	9.311
Other Current Assets	9.293	13.331	13.175
Total Assets	40.169	60.839	59.339
Long Term Debt	29	582	22
Other Non current liabilities	470	780	894
Short Term Debt	450	1.703	4.407
Trade Payables	22.940	34.825	31.789
Other current liabilities	1.081	2.486	1.411
Total Liabilities	24.970	40.376	38.522
Total Equity	15.199	20.463	20.817
Total Equity&Liabilities	40.169	60.839	59.339

INCOME STATEMENT (TRY Mn)	2022/12	2023/12	2023/09	2024/09	Change
Revenues	85.197	132.761	101.733	89.773	-12%
COGS	76.317	120.311	92.123	81.069	-12%
Gross Profit (Loss)	8.880	12.450	9.610	8.704	-9%
Operating Expenses	4.219	6.327	4.675	5.376	15%
Operating Profit/(Loss)	4.660	6.123	4.935	3.328	-33%
Net Other Ope. Rev./(Exp.)	118	204	237	(249)	n.m.
Net Investing Activities Gain/Loss	386	1.939	1.211	3.314	174%
Financial Expenses	(151)	(1.103)	(835)	(1.656)	n.m.
Gains (losses) on net monetary positions	(4.127)	(5.660)	(4.007)	(3.702)	n.m.
Profit Before Tax (Loss)	886	1.503	1.541	1.032	-33%
Tax	250	1.200	1.928	391	-80%
Net Profit (Loss)	636	303	(387)	642	n.m.
Majority Interest	636	303	(387)	642	n.m.

Source: Şeker Invest

Historical Recommendations and target prices



Date	Rec	Target Price (TRY)
1-Aug-23	Outperform (OP)	56,50
16-Aug-23	Marketperform (MP)	54,80
10-Nov-23	Marketperform (MP)	63,00
16-Jan-24	Marketperform (MP)	67,50
28-Feb-24	Marketperform (MP)	67,50
14-Jun-24	Marketperform (MP)	61,50
28-Aug-24	Marketperform (MP)	61,50
11-Nov-24	Marketperform (MP)	84,50

Basis for 12m equity ratings

Outperform:	The total return is expected to exceed the return of the BIST 100 by more than 10%.
Underperform:	The total return is expected to fall below the return of the BIST 100 by more than 10%.
Market Perform:	The total return is expected to be in line with the return of the BIST 100.

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