

Selçuk Ecza Deposu

Income from investing activities and a lower net monetary position loss supported net income.

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Selçuk Ecza announced a net profit of TRY 1,377 million including the TMS-29 effect in 4Q24, well above the market expectation of TRY 644 million and our expectation of TRY 650 million (4Q23: TRY 734 million). In 4Q24, the income from investment activities (term deposit interest and investment fund value increase) and the decreasing net monetary position loss supported the net profit. On the other hand, the deferred tax expense of TRY 33 million in 4Q24, compared to the deferred tax income of TRY 1,120 million in 4Q23, was one of the factors that suppressed the net profit.

In 4Q24, Selçuk Ecza achieved net sales revenues of TRY 33,218 million, in line with the market expectation of TRY 33,841 million and above our expectation of TRY 29,998 million, up 0.7% annually (4Q23: TRY 32,974 million). Recent increases in drug prices have positively affected net sales revenues. As will be recalled, the Euro value of the Turkish Lira to be used in pricing human medical products was increased by 23.50% from TRY 17.5483 to TRY 21.6721 as of October 25, 2024. In the fourth quarter of the year, the Company's market share in TRY terms was realized as 36.63%; while its market share in terms of boxes was realized as 35.95%. The company works with approximately 27 thousand of the approximately 30 thousand pharmacies in Turkey, and its market share calculated with 12-month cumulative data corresponds to 36.36% on a TRY basis and 36.21% on a box basis.

EBITDA including TMS-29 effect was announced as TRY 1,835 million in 4Q24, up 29.6% YoY, well below our TRY 2,894 million and the market's TRY 2,286 million expectation. All profit margins increased in 4Q24 due to Selçuk Ecza's effective cost management. Gross profit margin was 11.3%, EBITDA margin was 5.5% and net profit margin was 4.1%. (4Q23: 9.2%, 4.3%, 2.2%)

2024 results- The Company's net sales revenues decreased by 8.8% annually, including the impact of TAS-29, to TRY 128.6 billion in YE24. EBITDA including the impact of TAS-29 decreased by 18.3% annually, to TRY 5.8 billion in YE24. The Company's gross and EBITDA margins, which were 9.4% and 5.0% in YE23, were realized as 10.1% and 4.5% in YE24, respectively. On the other hand, the Company generated income from net investment activities of TRY 5,269 million (term deposit interest income and investment funds) in YE24 (YE23: TRY 2,069 million) and the net monetary position loss of TRY 6,014 million in YE23 decreased to TRY 4,174 million in YE24.

Dividend - The company decided to pay a net dividend of TRY 0.34 per share on April 17. (Gross dividend: TRY 0.40). This indicates a gross dividend yield of 0.60% based on the closing price of the company's shares on February 28, 2025.

As a result, in 4Q24, effective cost management, together with income from investment activities (term deposit interest income, investment fund value increase) and reduced net monetary position loss significantly supported net profit. We expect the financial results announced in 4Q24 to have a positive impact on stock performance in the short term. We maintain our 12-month target price per share at TRY 92.00 for SELEC and revise our recommendation from "Marketperform" to "Outperform". Our target price has a potential to yield 40.24% based on the closing price of SELEC shares on February 28, 2025.

OUTPERFORM
TP: TRY 92.00
Previous: TRY 92.00
Upside: %40.24

	TRY	US\$
Close	65,60	1,80
BIST 100	9.659	265
US\$/TRY (CB Bid Rate):	36,3812	
52 Week High:	85,00	2,45
52 Week Low:	43,70	1,34
Bloomberg/Reuters Ticker:	SELEC.TI / SELEC.IS	

Number of Shares (Mn):	621	
	(TRY Mn)	(US\$ Mn)
Current Mcap :	40.738	1.120
Free Float Mcap:	6.111	168

	1 M	YOY	YTD
TRY Return (%):	-6,0	11,8	-18,0
US\$ Return (%):	-7,7	-4,5	-20,6
BIST 100 Relative (%):	-2,7	4,9	-16,5
Avg. Daily Vol. (TRY Mn):	116		
Avg. Daily Vol. (US\$ Mn):	3,4		

Beta	0,72
Volatility (Stock)	0,48
Volatility (BIST 100)	0,27

Shareholder Structure	%
Selçuk Ecza Holding A.Ş.	82,42
Other	17,58
Total	100,0

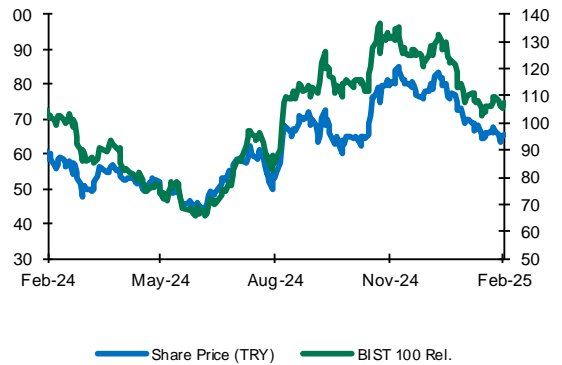


Figure 1: Financials (Including IAS-29 Effect)

TRY Million	YE23	YE24	YoY	4Q23	4Q24	YoY
Revenues	141.086	128.620	-8,8%	32.974	33.218	0,7%
Gross Profit	13.231	13.014	-1,6%	3.018	3.765	24,7%
Gross Profit Margin	9,4%	10,1%		9,2%	11,3%	
EBIT	6.507	5.188	-20,3%	1.263	1.652	30,8%
EBIT Margin	4,6%	4,0%		3,8%	5,0%	
EBITDA	7.110	5.812	-18,3%	1.416	1.835	29,6%
EBITDA Margin	5,0%	4,5%		4,3%	5,5%	
Net Profit	322	2.059	538,8%	734	1.377	87,7%
Net Profit Margin	0,2%	1,6%		2,2%	4,1%	

Source: Şeker Invest

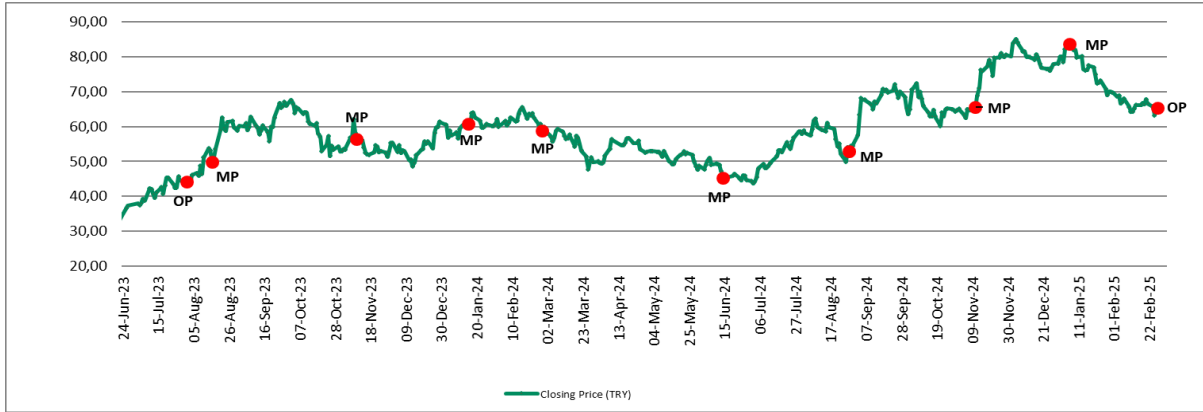
Figure 2: Key financials (Including IAS-29 Effect)

BALANCE SHEET (TRY Mn)	2023/12	2024/12	Change
PP&E	6.977	7.010	0,5%
Intangibles	654	708	8,3%
Other Non-Current Assets	1.992	1.774	-10,9%
Trade Receivables	33.723	32.112	-4,8%
Cash&Equivalents	7.140	3.816	-46,6%
Other Current Assets	14.167	23.976	69,2%
Total Assets	64.654	69.396	7,3%
Long Term Debt	618	61	-90,1%
Other Non current liabilities	829	809	-2,4%
Short Term Debt	1.810	7.422	310,1%
Trade Payables	37.008	35.538	-4,0%
Other current liabilities	2.642	2.071	-21,6%
Total Liabilities	42.907	45.901	7,0%
Total Equity	21.746	23.495	8,0%
Total Equity&Liabilities	64.654	69.396	7,3%

INCOME STATEMENT (TRY Mn)	2023/12	2024/12	Change
Revenues	141.086	128.620	-8,8%
COGS	127.855	115.605	-9,6%
Gross Profit (Loss)	13.231	13.014	-1,6%
Operating Expenses	6.724	7.826	16,4%
Operating Profit/(Loss)	6.507	5.188	-20,3%
Net Other Ope. Rev./(Exp.)	217	(630)	N.M.
Net Investing Activities Gain/Loss	2.060	5.268	156%
Financial Expenses	(1.172)	(2.464)	N.M.
Gains (losses) on net monetary positions	(6.015)	(4.174)	N.M.
Profit Before Tax (Loss)	1.597	3.187	99,5%
Tax	(1.275)	(1.128)	N.M.
Net Profit (Loss)	322	2.059	538,8%
Majority Interest	322	2.059	538,8%

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
7-Jan-25	Marketperform (MP)	92,00
3-Mar-25	Outperform (OP)	92,00

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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