

Selçuk Ecza Deposu

Weak Operational Results

Basak Kamber

Analyst

bkamber@sekeryatirim.com

Selçuk Ecza (SELEC) reported a net profit of TRY 2mn including the TMS-29 effect in 1Q25, against our TRY 609mn and the market's TRY 868mn (1Q24: TRY 342mn net profit) estimate. The decline in operating profit (1Q25: TRY 424mn, 1Q24: TRY 2,326mn) as a result of weak operational performance (decreased net sales revenue, gross profit and EBITDA) and increased operational expenses in 1Q25 suppressed net profit. On the other hand, income from investment activities, TL 10mn deferred tax income (against TRY 312mn deferred tax expense in 1Q24), a decline in net financing expense (1Q25: TRY 442mn - 1Q24: TRY 641mn) and reduction in net monetary position loss were the factors supporting profitability.

Selçuk Ecza's net sales revenues decreased by 3% on an annual basis in 1Q25 to TRY 37,489 mn (Şeker Invest: TRY 35,002 million - Market: TRY 36,066 million). Approximately 0.72 billion boxes of medicines worth approximately TRY 153.08 billion were sold in Turkey in the first 3 months of 2025. On the other hand, the reference Euro exchange rate was increased by 23.5% in October 2024. The company's market share increased by 1.24 points in TL terms in 1Q25. It was 37.60% (YE24 36.36%) and 37.34% on a box basis (YE24: % 36.21%).

EBITDA including the TMS-29 effect was announced as TRY 820mn in 1Q25, marking a 66% decrease annually (1Q24: TRY 2,445mn), well below our TRY 2,593mn and the market's TRY 2,076mn expectation. Decreasing sales revenues and increasing sales and operating expenses were effective in the decrease. The gross profit margin was 8.03%, the EBITDA margin was 2.19% and the net profit margin was 0.01% (1Q24: 11.79%, 6.36%, 0.89%).

As a result, we expect financial results to negatively impact the stock performance in the short term due to weak operational performance. We expect the Ministry of Health's exchange rate update on drug prices to have a positive impact on financials in Q2 and thereafter, and we maintain our 12-month target price of TRY 85.47/shr and our "OUTPERFORM" recommendation.

OUTPERFORM

TP: TRY 85.47

Previous: TRY 85.47

Upside: 22.4%

	TRY	US\$
Close	69,85	1,72
BIST 100	9.703	251
US\$/TRY (CB Bid Rate):	38,6761	
52 Week High:	84,46	2,43
52 Week Low:	43,42	1,33
Bloomberg/Reuters Ticker:	SELEC.TI / SELEC.IS	

	(TRY Mn)	(US\$ Mn)
Number of Shares (Mn):	621	
Current Mcap :	41.203	1.065
Free Float Mcap:	6.181	160

	1 M	YOY	YTD
TRY Return (%):	4,7	33,4	-16,5
US\$ Return (%):	2,5	10,9	-24,0
BIST 100 Relative (%):	1,3	38,3	-15,4
Avg. Daily Vol. (TRY Mn):	125		
Avg. Daily Vol. (US\$ Mn):	3,6		

Beta	0,68
Volatility (Stock)	0,48
Volatility (BIST 100)	0,27

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

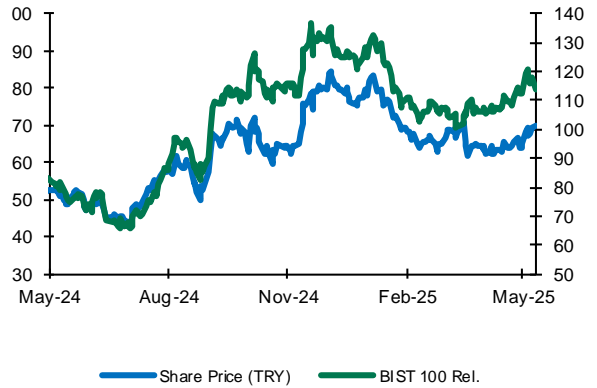


Figure 1: Financials (Including IAS-29 Effect)

TRY Million	1Q24	1Q25	YoY	4Q24	QoQ
Revenues	38.464	37.489	-2,5%	36.560	2,5%
Gross Profit	4.534	3.010	-33,6%	4.144	-27,4%
<i>Gross Profit Margin</i>	<i>11,8%</i>	<i>8,0%</i>		<i>11,3%</i>	
EBIT	2.280	646	-71,7%	1.818	-64,5%
<i>EBIT Margin</i>	<i>5,9%</i>	<i>1,7%</i>		<i>5,0%</i>	
EBITDA	2.445	820	-66,5%	2.020	-59,4%
<i>EBITDA Margin</i>	<i>6,4%</i>	<i>2,2%</i>		<i>5,5%</i>	
Net Profit	342	2	-99,4%	1.516	-99,9%
<i>Net Profit Margin</i>	<i>0,9%</i>	<i>0,01%</i>		<i>4,1%</i>	

Source: Şeker Invest

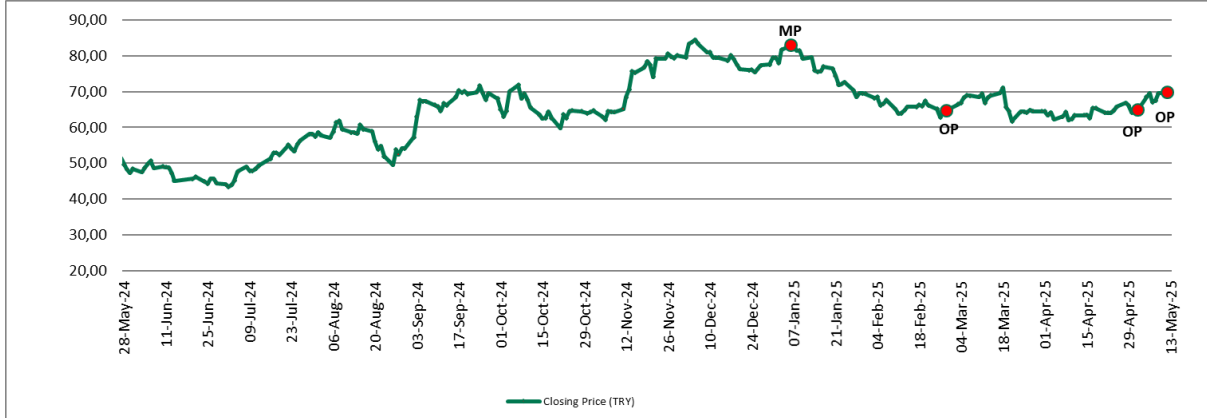
Figure 2: Key financials (Including IAS-29 Effect)

BALANCE SHEET (TRY Mn)	2024/12	2025/03	Change
PP&E	7.715	7.718	0,0%
Intangibles	780	772	-1,0%
Other Non-Current Assets	1.953	1.954	0,1%
Trade Receivables	35.343	36.054	2,0%
Cash&Equivalents	4.200	2.989	-28,8%
Other Current Assets	26.388	23.025	-12,7%
Total Assets	76.379	72.512	-5,1%
Long Term Debt	68	53	-21,8%
Other Non current liabilities	890	971	9,0%
Short Term Debt	8.168	3.334	-59,2%
Trade Payables	39.114	40.283	3,0%
Other current liabilities	2.280	2.042	-10,4%
Total Liabilities	50.520	46.682	-7,6%
Total Equity	25.859	25.829	-0,1%
Total Equity&Liabilities	76.379	72.512	-5,1%

INCOME STATEMENT (TRY Mn)	2024/03	2025/03	Change
Revenues	38.464	37.489	-2,5%
COGS	33.929	34.480	1,6%
Gross Profit (Loss)	4.534	3.010	-33,6%
Operating Expenses	2.255	2.364	4,8%
Operating Profit/(Loss)	2.280	646	-71,7%
Net Other Ope. Rev./(Exp.)	46	(221)	N.M.
Net Investing Activities Gain/Loss	1.239	1.267	2%
Financial Expenses	(641)	(442)	N.M.
Gains (losses) on net monetary positions	(1.460)	(804)	N.M.
Profit Before Tax (Loss)	1.464	445	-69,6%
Tax	(1.122)	(443)	N.M.
Net Profit (Loss)	342	2	-99,4%
Majority Interest	342	2	-99,4%

Source: Şeker Invest

Historical Recommendations and target prices



Date	Rec	Target Price (TRY)
7-Jan-25	Marketperform (MP)	92,00
3-Mar-25	Outperform (OP)	92,00
2-May-25	Outperform (OP)	85,47
13-May-25	Outperform (OP)	85,47

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.

ŞEKER INVEST RESEARCH

Şeker Yatırım Menkul Değerler A.Ş.
Buyukdere Cad. No:171 Metrocity
A Blok Kat 4-5 34330 SİSLİ /İST
TURKEY

TEL: +90 (212) 334 33 33
Fax: +90 (212) 334 33 34
E-mail: research@sekeryatirim.com
Web: <http://www.sekeryatirim.com/english/index.aspx>

For additional information, please contact:

Research

Kadir Tezeller	Head	+90 (212) 334 33 81	ktezeller@sekeryatirim.com
Burak Demirbilek	Utilities, Defense Industry	+90 (212) 334 33 33-128	bdemirbilek@sekeryatirim.com
Engin Degirmenci	Glass, Cement	+90 (212) 334 33 33-201	edegirmenci@sekeryatirim.com
A. Can Tuglu	Food & Bev., Retail, Auto, Aviation	+90 (212) 334 33 33-334	atuglu@sekeryatirim.com.tr
Esra Uzun Ozbaskin	Telcos, Iron & Steel, Cons. Dur., Oil&Gas	+90 (212) 334 33 33-245	euzun@sekeryatirim.com
Basak Kamber	Pharmaceutical, Defense Industry, Glass	+90 (212) 334 33 33-251	bkamber@sekeryatirim.com

Economy & Politics

Abdulkadir Dogan	Economist	+90 (212) 334 91 04	adogan@sekeryatirim.com
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Institutional Sales

Batuhan Alpman	Head	+90 (212) 334 33 70	balpman@sekeryatirim.com
Deniz Keskin	Trader	+90 (212) 334 33 36	dkeskin@sekeryatirim.com
Muhammed Kerim Culum	Trader	+90 (212) 334 33 33-316	kculum@sekeryatirim.com.tr

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