

Selçuk Ecza Deposu

Strong operational performance

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Selçuk Ecza reported TRY 1,540mn net income in 1Q26, above both the market median expectation of TRY 1,478mn and our estimate of TRY 1,058mn (1Q25: TRY 3mn net income). During 1Q26, the periodic Euro exchange rate adjustment applied to pharmaceutical pricing supported revenue growth, while the resulting inventory gains had a positive impact on the financial results. In addition, the contribution from the updates in the reference Euro exchange rate, strong operational performance, improvement in gross profit margin, and relatively controlled operating expenses led to a significant recovery in operational margins, which were among the key drivers supporting profitability.

Selçuk Ecza generated TRY 51,926mn net sales revenue in 1Q26, representing a 5.8% YoY increase. The Company's net sales came in slightly below our estimate of TRY 52,500mn and the market median expectation of TRY 52,461mn. According to consumer price-based statistics, approximately TRY 210.64bn worth of pharmaceuticals and around 752.77 million boxes were sold in Türkiye during the first three months of 2026. Within this framework, the Company's market share stood at 37.91% in value terms and 38.30% in volume terms. The reference Euro exchange rate used in pharmaceutical pricing was increased from TRY 26.88 to TRY 29.11 as of April 1, corresponding to an approximately 8.3% increase. Furthermore, when combined with the previous 6.1% adjustment made on March 13, the cumulative increase in the reference Euro exchange rate since March 12 reached approximately 14.9%.

EBITDA including TMS-29 impact increased by 224.7% YoY to TRY 3,485mn in 1Q26 (1Q25: TRY 1,073mn). The Company's EBITDA came in below our estimate of TRY 4,560mn and the market median expectation of TRY 4,358mn. Despite the limited growth in net sales revenues during 1Q26, the inventory gain effect resulting from the updates in the reference Euro exchange rate used in pharmaceutical pricing significantly supported operational profitability. In addition, strong operational performance, improvement in gross profit margin, and the relatively controlled course of operating expenses led to a notable recovery in operational margins. Supported by these developments, the Company's EBITDA performance recorded a strong YoY increase. In 1Q26, gross profit margin, EBITDA margin, and net profit margin were realized at 11.8%, 6.7%, and 3.0%, respectively (1Q25: 8.0%, 2.2%, and 0.0%). As a result, the updates in the reference Euro exchange rate and the resulting inventory gains were the key factors supporting the Company's operational performance and profitability in 1Q26. Strong operational performance and the improvement in operational margins enabled net profit to exceed expectations. In addition, we expect the Company's sector-leading market share, strong distribution network, and the positive impact of pharmaceutical price adjustments to continue supporting financial performance in the upcoming periods. Accordingly, following the 1Q26 financial results, we revise our 12-month target price for SELEC upward from TRY 110.10 to TRY 140.00 per share. While our target price implies a 23.9% upside potential based on the current share price, we also revise our recommendation for the Company from "MARKETPERFORM" to "OUTPERFORM."

OUTPERFORM
TP: TRY 140.00
Previous: TRY 110.10
Upside: 23.9%

	TRY	US\$
Close	113,00	2,49
BIST 100	15.134	334
US\$/TRY (CB Bid Rate):	45,2951	
52 Week High:	113,00	2,57
52 Week Low:	62,64	1,58
Bloomberg/Reuters Ticker:	SELEC.TI / SELEC.IS	

	(TRY Mn)	(US\$ Mn)
Number of Shares (Mn):	621	
Current Mcap :	70.173	1.553
Free Float Mcap:	10.526	233

	1 M	YOY	YTD
TRY Return (%) :	31,7	63,4	30,5
US\$ Return (%) :	29,7	39,4	23,8
BIST 100 Relative (%) :	22,4	1,4	-2,9
Avg. Daily Vol. (TRY Mn) :	112		
Avg. Daily Vol. (US\$ Mn) :	2,7		

Beta	0,51
Volatility (Stock)	0,48
Volatility (BIST 100)	0,27

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



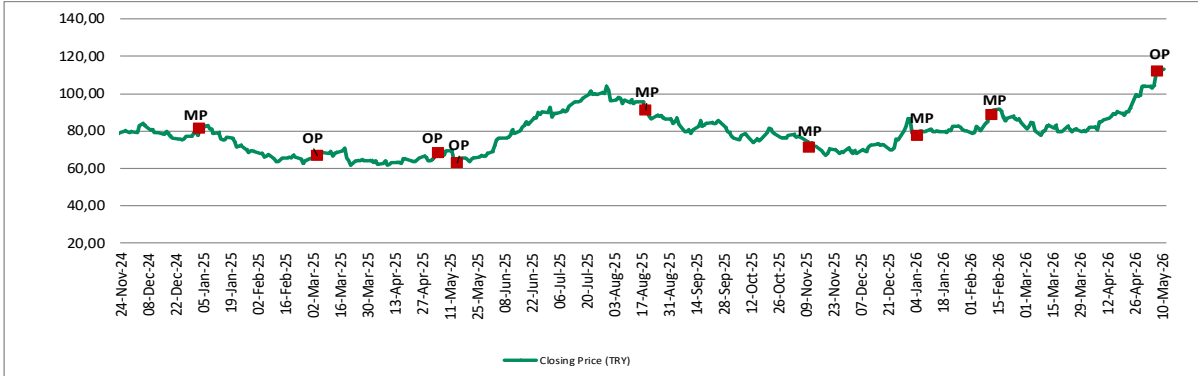
Figure 1: Financials (Including IAS-29 Effect)

TRY Million	1Q25	1Q26	YoY	4Q25	QoQ
Revenues	49.061	51.926	5,8%	47.183	10,1%
Gross Profit	3.939	6.133	55,7%	4.295	42,8%
<i>Gross Profit Margin</i>	<i>8,0%</i>	<i>11,8%</i>		<i>9,1%</i>	
EBIT	845	3.236	282,8%	1.438	125,1%
<i>EBIT Margin</i>	<i>1,7%</i>	<i>6,2%</i>		<i>3,0%</i>	
EBITDA	1.073	3.485	224,7%	1.729	101,6%
<i>EBITDA Margin</i>	<i>2,2%</i>	<i>6,7%</i>		<i>3,7%</i>	
Net Profit	3	1.540	N.M.	232	564,2%
<i>Net Profit Margin</i>	<i>0,0%</i>	<i>2,96%</i>		<i>0,5%</i>	

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

BALANCE SHEET (TRY Mn)	2025/12	2026/03	% Chg
PP&E	10.089	10.033	-0,6%
Intangibles	981	973	-0,8%
Other Non-Current Assets	2.221	2.026	-8,8%
Trade Receivables	46.838	49.913	6,6%
Cash&Equivalents	3.252	6.437	97,9%
Other Current Assets	25.671	28.198	9,8%
Total Assets	89.052	97.579	9,6%
Long Term Debt	138	110	-20,0%
Other Non current liabilities	1.034	1.104	6,8%
Short Term Debt	738	5.974	709,7%
Trade Payables	52.077	53.194	2,1%
Other current liabilities	2.084	2.732	31,1%
Total Liabilities	56.070	63.114	12,6%
Total Equity	32.982	34.466	4,5%
Total Equity&Liabilities	89.052	97.579	9,6%
INCOME STATEMENT (TRY Mn)	2025/03	2026/03	% Chg
Revenues	49.061	51.926	5,8%
COGS	45.122	45.792	1,5%
Gross Profit (Loss)	3.939	6.133	55,7%
Operating Expenses	3.094	2.898	-6,3%
Operating Profit/(Loss)	845	3.236	282,8%
Net Other Ope. Rev./ (Exp.)	(290)	(155)	N.M.
Income/(Loss) from Investing Activities	1.658	783	-52,8%
Financial Expenses	(578)	(141)	N.M.
Gains (losses) on net monetary positions	(1.053)	(926)	N.M.
Profit Before Tax (Loss)	583	2.797	380%
Tax	(580)	(1.257)	N.M.
Net Profit (Loss)	3	1.540	N.M.
Minority Interest	0	0	N.M.
Majority Interest	3	1.540	N.M.

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
19-Aug-25	Marketperform (MP)	110,00
11-Nov-25	Marketperform (MP)	110,00
9-Jan-26	Marketperform (MP)	110,00
18-Feb-26	Marketperform (MP)	110,00
12-May-26	Outperform (OP)	140,00

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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