

1Q14 EARNINGS



Contents

- # **Financial Review**
- # Operational Review
- # A New Scope: Toiletries
- # Ownership
- # Appendices



Focused on Profitability...

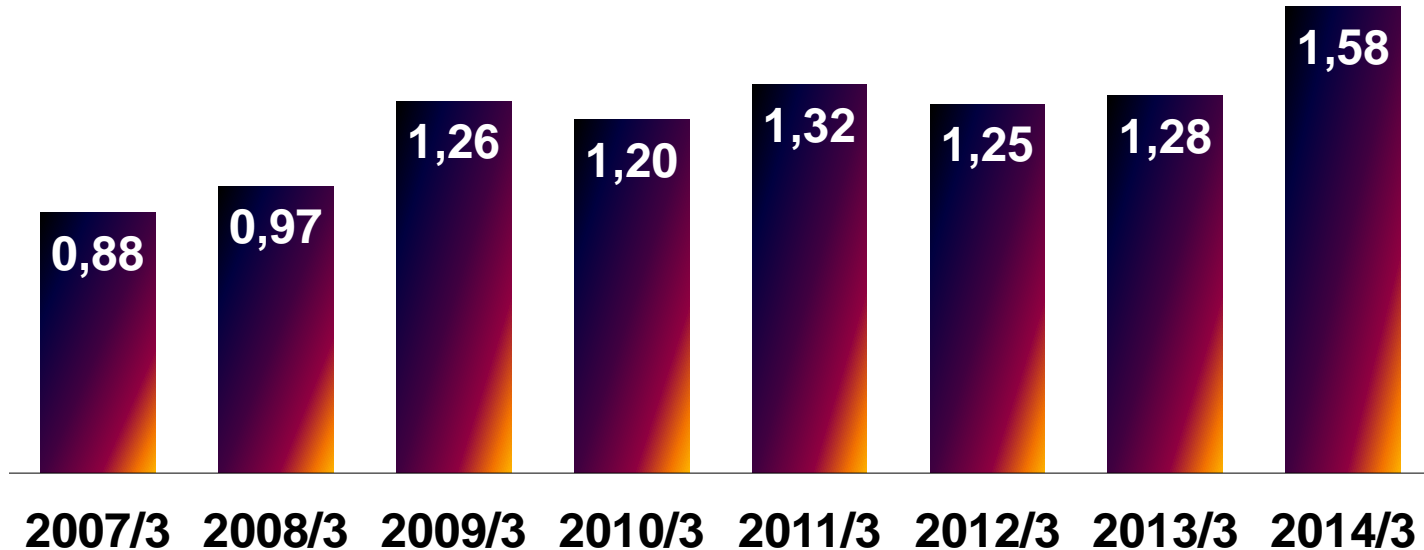
(TRL in millions except EPS)

	As of March 31,		
	2014	2013	Chg
Revenues	1,582.53	1,284.47	23.21%
Gross Income	120.85	102.84	17.5
Gross Margin	7.64%	8.01%	-0.37 pts.
EBITDA	54.34	38.45	41.32%
EBITDA Margin	3.43	2.99%	0,44 pts.
Net Income	49.25	37.10	32.74%
Net Income Margin	3.11	2.89%	0,22 pts.
EPS	0.079	0.060	31,66%

We have a track record of strong revenue growth...

₺

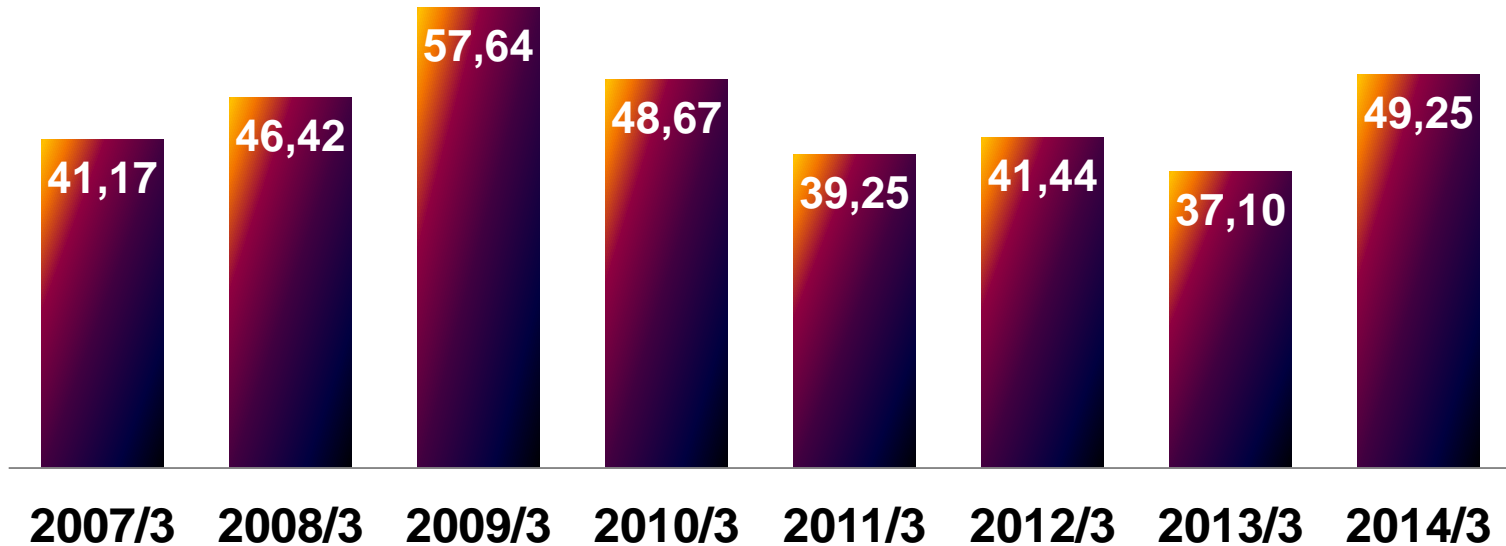
TL Billions



...that we have leveraged into higher income

₺

TL millions



Working Capital Management

₺ mn.	FY ₀₇	FY ₀₈	FY ₀₉	FY ₁₀	FY ₁₁	FY ₁₂	FY ₁₃	1Q ₂₀₁₄
A/R	1,303	1,502	1,538	1,538	1,538	1,571	1,688	1,899
Inventories	387	469	404	545	577	695	659	599
A/P	1,043	1,234	1,228	1,362	1,325	1,342	1,396	1,561
WC	647	737	714	721	790	924	951	937
WC/Sales (%)	17.83	18.21	14.20	14.70	15.57	18.84	18.16	14.81

OpEx Improvement

₺	FY07	FY08	FY09	FY10	FY11	FY12	FY13	1Q2014
Revenue (mn.)	3,628	4,047	5,029	4,902	5,074	4,902	5,238	1,582
# of WHs	100	100	107	114	118	102	99	99
# of Employees	4,554	4,600	4,893	5,162	5,322	5,049	5,187	5,321
OpEx / Sales	4.49%	4.57%	3.93%	4.28%	4.74%	5.37%	5.13%	4.78%
Personnel / Sales	2.69%	2.64%	2.39%	2.66%	2.79%	3.23%	3.05%	2.72%
Employee per WH	46	46	46	45	45	50	52	54
Revenue per Employee	796,743	879,676	1,027,748	949,678	953,495	970,885	1,009,835	1,189,650

Increasing Control Over OpEx

OPERATIONAL EXPENSES	20141Q	%	20131Q	%	2014 vs. 2013
Personnel expense	43.397.453	57,34%	43.168.375	58,54%	0,53%
Health sector fair expenses	4.982.212	6,58%	6.067.170	8,23%	-17,88%
Fuel expense	5.796.885	7,66%	5.507.781	7,47%	5,25%
Transportation expense	3.980.034	5,26%	3.394.570	4,60%	17,25%
Depreciation expense	3.458.744	4,57%	2.971.400	4,03%	16,40%
Outsourced benefits and services	2.817.594	3,72%	2.397.961	3,25%	17,50%
Other	2.107.813	2,79%	1.971.877	2,67%	6,89%
Insurance expense	1.561.552	2,06%	1.481.095	2,01%	5,43%
Repair and maintenance expense of motor vehicles	1.461.534	1,93%	1.433.678	1,94%	1,94%
Rent expense	1.414.560	1,87%	1.381.237	1,87%	2,41%
Communication expense	1.270.720	1,68%	1.164.832	1,58%	9,09%
Tax expense	680.127	0,90%	811.309	1,10%	-16,17%
Donations and aids	883.806	1,17%	803.594	1,09%	9,98%
Stationery expense	880.657	1,16%	559.364	0,76%	57,44%
Promotion expenses	348.218	0,46%	287.182	0,39%	21,25%
Representation and host expenses	416.025	0,55%	278.933	0,38%	49,15%
Advisory and audit fees	224.652	0,30%	56.920	0,08%	294,68%
Total	75.682.586		73.737.278		2,64%

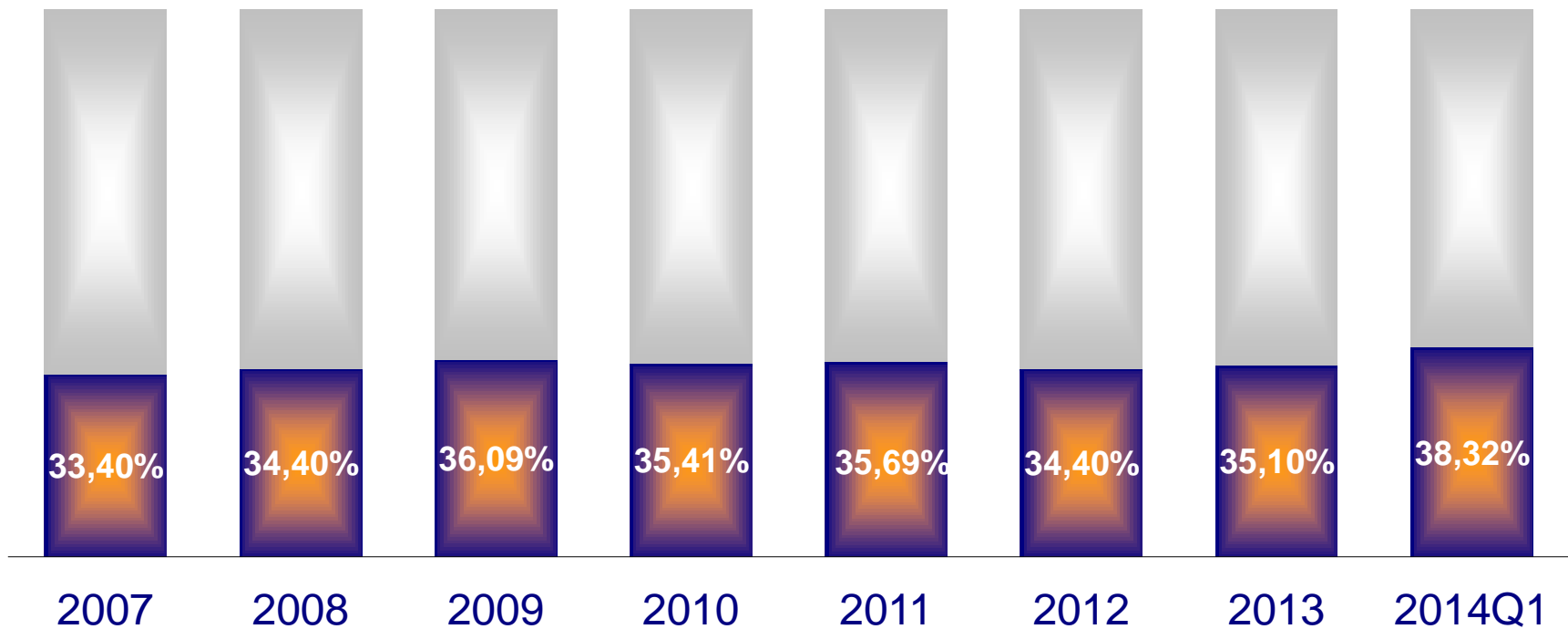
Contents

- ✦ Financial Review
- ✦ **Operational Review**
- ✦ A New Scope: Toiletries
- ✦ Ownership
- ✦ Appendices

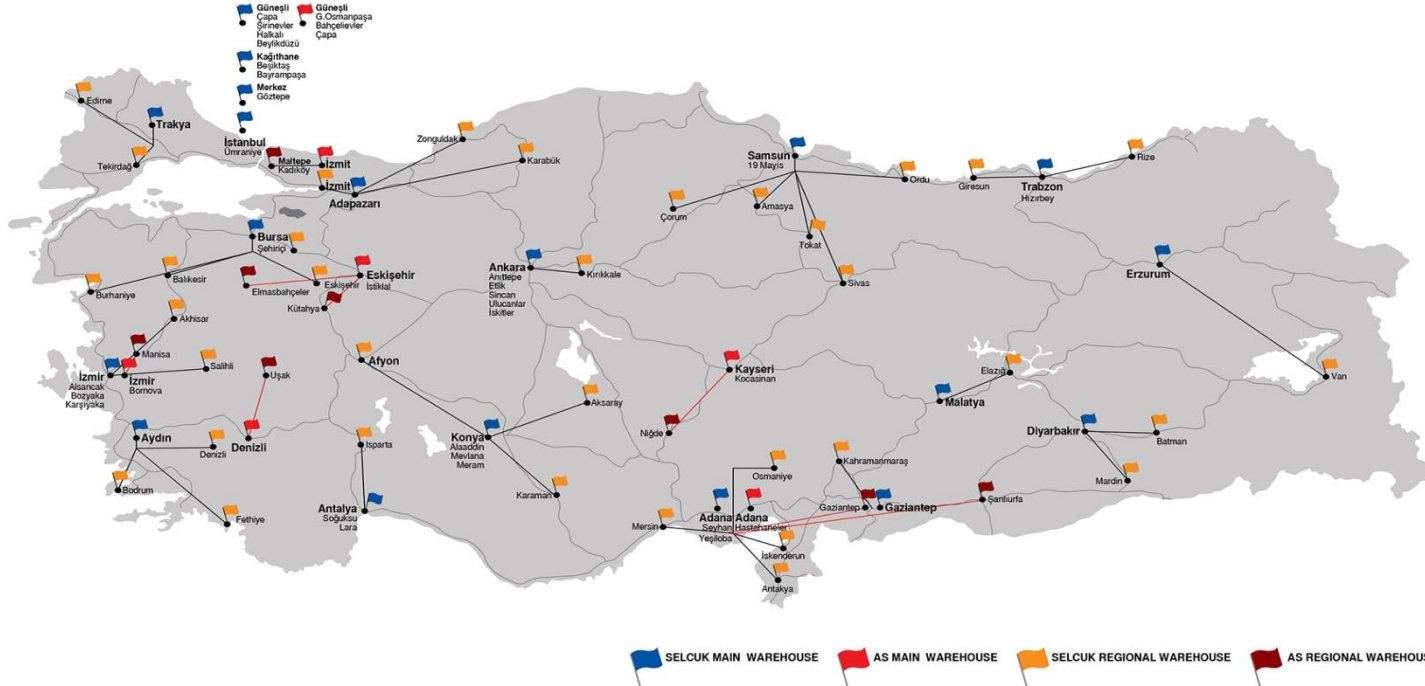


Sustainable growth to Market Leader Position...

Market Share (%)

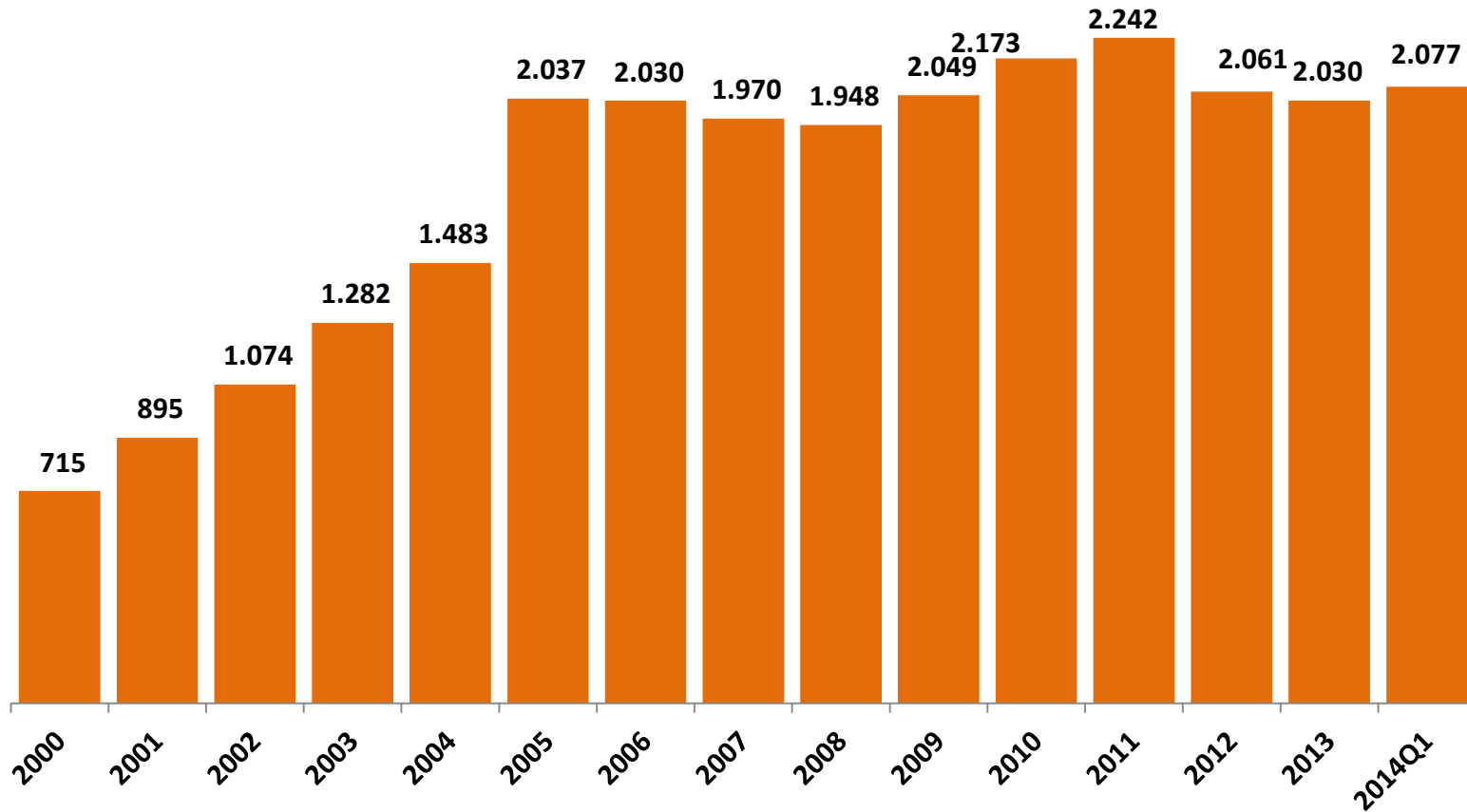


A progressive network across the Country...

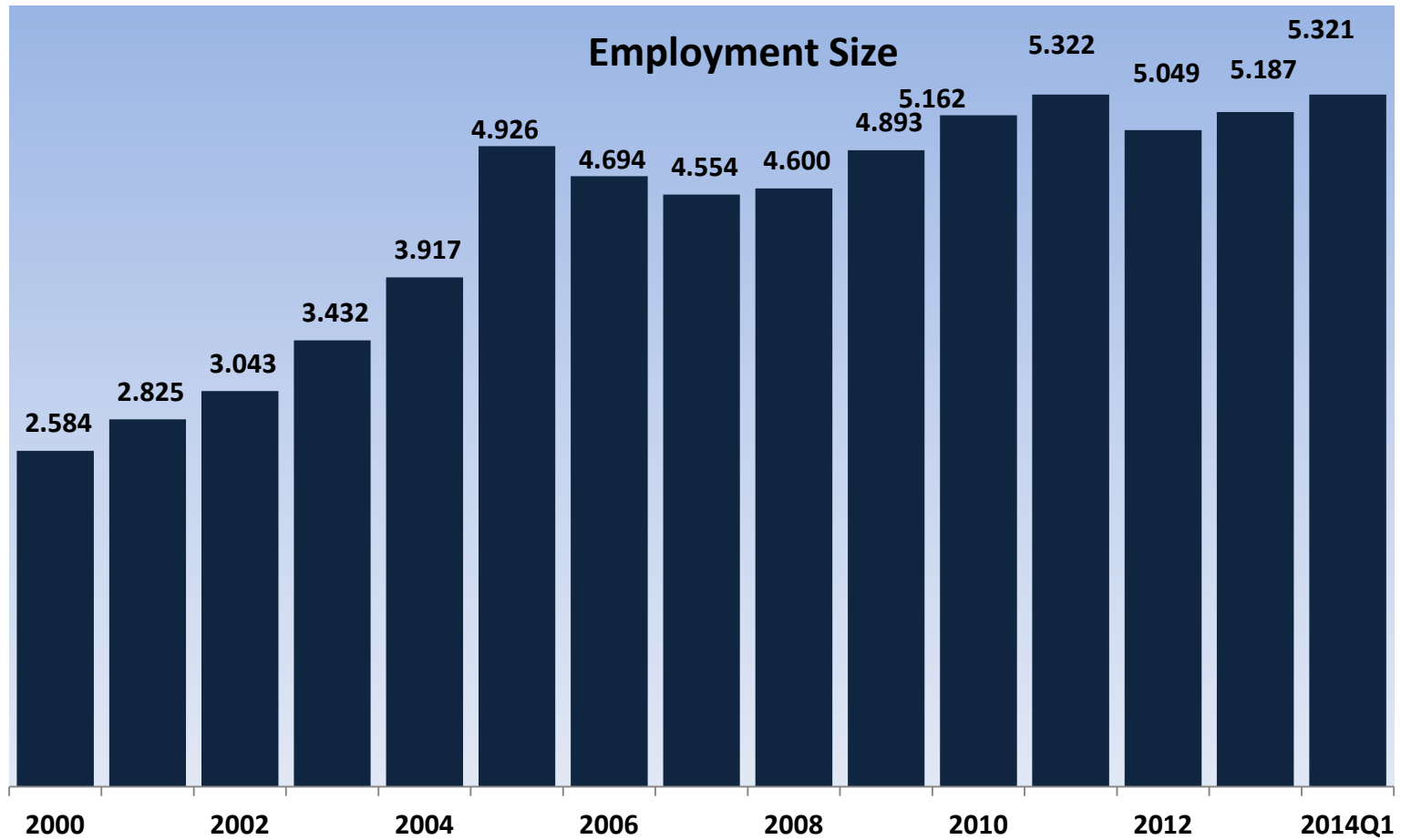


	Main Warehouses	Regional Warehouses	Total
Selçuk Ecza	19	58	77
As Ecza	7	15	22
Group Total	26	73	99

Vehicle Fleet



Operational Stats II



Contents

- ✦ Financial Review
- ✦ Operational Review
- ✦ **A New Scope: Toiletries**
- ✦ Ownership
- ✦ Appendices



Toiletry Segment: A significant catalyst...

✚ Selcuk Ecza has started to sell/distribute toiletry products (personal care products, cosmetics etc.) by June 1, 2009 and expanded it to all of its warehouses

✚ The market size in Turkey for toiletry products is approximately as of US\$11 bn. And almost US\$1 bn. of it is pharmacies' share



✚ Using the same distribution network, while by using the available spare capacity in warehouses lead to an insignificant increase in CAPEX

✚ Strategy to create a steady amount of additional revenue from this segment in order to support a sustainable profit level

✚ Higher gross margin around 10-11% compared to 7-8% from pharma segment



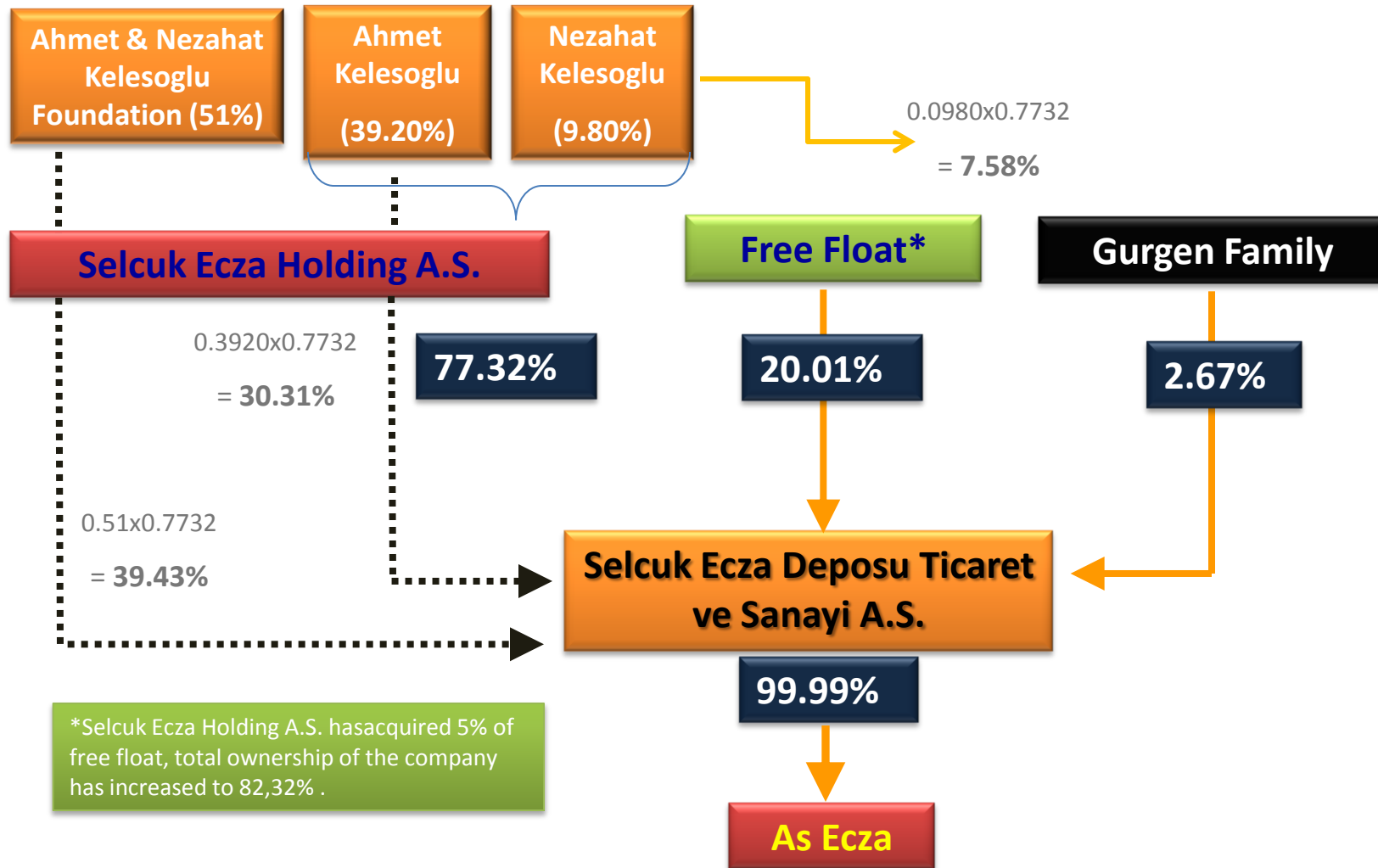
✚ Selcuk Ecza's medium term target is 500 mn TRL

Contents

- ✦ Financial Review
- ✦ Operational Review
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- ✦ Appendices



Ownership



Selcuk Ecza: A precious link to sustainable value creation



✦ **Attractive markets**

- ✦ Demographics drive long-term demand
- ✦ Public policy agenda supports greater access and improved efficiency

✦ **Well-positioned businesses**

- ✦ Solid operating profit and cash flow strength from distribution segment
- ✦ Nationwide network built over mutual commercial interests

✦ **Steady track record of delivering results and a balanced approach to capital deployment**

✦ **Strong balance sheet and solid liquidity position**

✦ **Experienced and tenured management team**

Contents

✦ Appendices

- ✦ Appendix-1: Reimbursement Schedule
- ✦ Appendix-2: Reference Pricing Scheme
- ✦ Appendix-3: Major Regulatory items
- ✦ Appendix-4: Summary Financials:
Income Statement & Balance Sheet



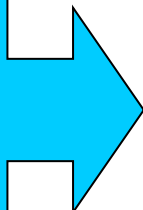
REIMBURSEMENT to PHARMACIES by THE SSI



Appendix-2: Reference Pricing Scheme

Reference Countries

France
Italy
Spain
Portugal
Greece

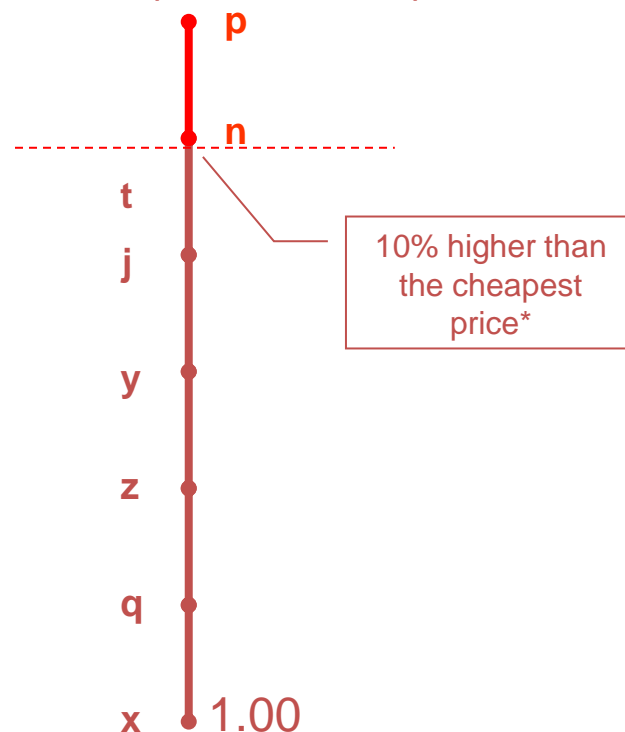


***The government has changed the regulation on the reference pricing mechanism and lowered the ratio of both brands and generics to 60% of the reference price on Nov.10, 2011 which is valid since Nov.18, 2011.**

**** The government recently lowered the price ceiling from 15% to 10% for the reimbursement price of generic drugs in the same bioequivalence group (which is applied over the lowest price of the generic product in the market; the lower 10% limit came into force from Nov. 5, 2011).**

REIMBURSEMENT

Generic Drugs in the Same Bioequivalence Group



p & n NOT reimbursed

Appendix-3: Major Regulatory Items as of Nov. 2011



- 👤 The price ceiling for **branded drugs** has been reduced to **60%** from 66% of the reference price, which is determined according to lowest price in the five reference EU member countries (France, Italy, Spain, Portugal, Greece), if the branded drug has a generic substitute available in the market, although the price ceiling remained at 100% for branded drugs that do not have generic substitutes.
- 👤 The price ceiling for **generics** has been also decreased from 66% to **60%** of the reference price.
- 👤 The drugs which stay on the market more than 20 years and with a wholesaler price higher than **TRL 6.79**, shall be priced at most **80%** of its reference price while their generics shall not be priced higher than their branded ones' wholesaler prices.
- 👤 All drugs with prices lower than **TRL3.56**, OTC drugs (without prescription), blood products, infant food, radiopharmaceutical products, enteral feeding products, and all other products that are not stated in public reimbursement list shall not be priced according to this new regulation.
- 👤 The exchange rate mechanism used to determine drug prices has also been changed. According to the new mechanism, the exchange rate may only be revised if the **90-day moving average of EUR/TRL exchange rate exceeds/falls** below the periodic EURO value band by **+/-5%**; while the upper end of this band is estimated as **10% higher** of the EUR/TRL exchange rate in effect for calculation of drug prices. (**The official EUR/TRL rate is 1.9595 since April 2009**)
- 👤 The Notice period for amending the "Reference Countries List" by the MoH has been reduced from 4 months to 2 months.

Appendix-4: Summary Financials:

Income Statement-Consolidated

Income Statement

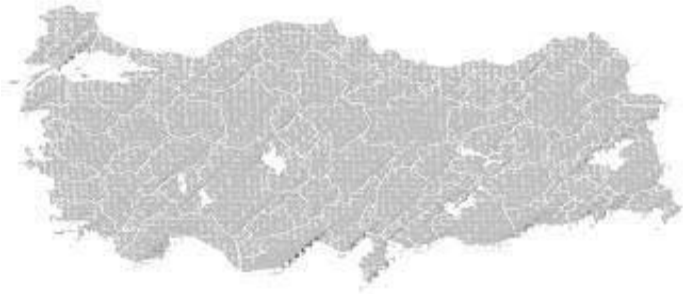
	31.03.2014	31.03.2013
Net Sales	1.582,53	1.284,47
Cost of sales (-)	(1.461,68)	(1.181,63)
GROSS PROFIT	120,85	102,84
OPEX	(75,68)	(73,74)
Other operating income/Exp.(Net)	10,03	6,38
EBIT	55,20	35,48
EBIT (exc.other)	45,17	29,10
Finance income /Exp.(Net)	6,58	11,12
Income before minority Int.& Tax	61,78	46,60
Minority interest	--	0,00
Income tax expense	(12,52)	(9,50)
Net Income / (Loss)	49,25	37,10
EBITDA	54,34	38,45
EBIT	50,88	35,48
Gross Margin	7,64%	8,01%
EBIT Margin	3,49%	2,76%
EBITDA Margin	3,49%	2,99%
Net income Margin	3,11%	2,89%

Appendix-4: Summary Financials: Balance Sheet

Balance Sheet

(TL million)

Assets	31.03.2014	31.03.2013	Liabilities & Equity	31.03.2014	31.03.2013
Cash and cash equivalents	345	1.343	Short-term debt	89	1.111
Accounts rec.& due from related parties	1.899	1.627	Accounts payable & due to related parties	1.561	1.419
Inventories	600	654	Provisions & other current liabilities	46	42
Other current assets	92	99	Total Current Liabilities	1.696	2.571
Total Current Assets	2.936	3.724	Long-term debt	-	-
PP&E	207	169	Provision for Employee Benefits & Other Liabilities	15	12
Intangible Assets(Including Goodwill)	32	32	Deferred tax liability	21	19
Other non-current assets	15	15	Other liabilities	-	-
Deferred tax assets	27	23	Total Non-Current Liabilities	36	30
Total Non-Current Assets	281	239	Shareholder's equity & minority interest	1.486	1.362
Total Assets	3.217	3.963	Total Liabilities & Equity	3.217	3.963



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