

3Q14 EARNINGS



Contents

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



Focused on Profitability...

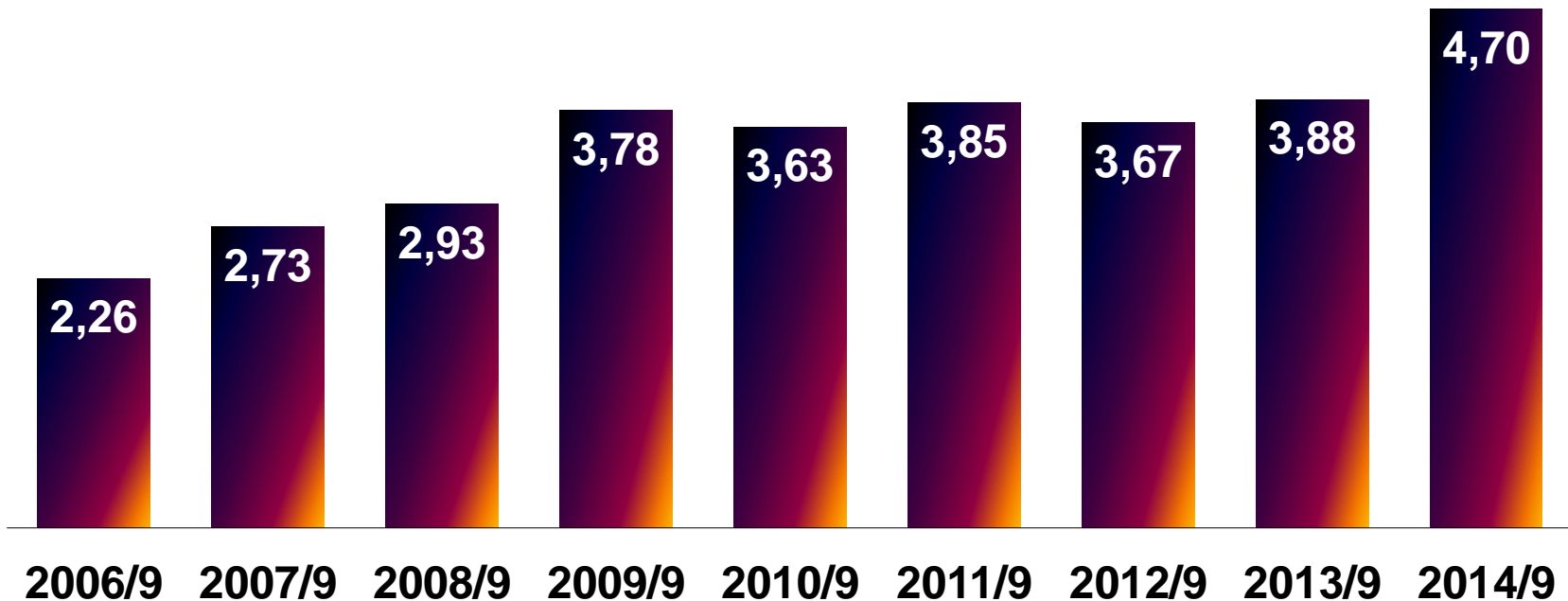


(TRL in millions except EPS)

| | As of Sep 30, | | |
|-------------------|---------------|--------|-----------|
| | 2014 | 2013 | Chg |
| Revenues | 4.700 | 3.875 | 21,27 % |
| Gross Income | 340 | 320 | 6,25 % |
| Gross Margin | 7,24 % | 8,26 % | -1.02 pts |
| EBITDA | 133 | 129 | 3,10 % |
| EBITDA Margin | 2,84 % | 3,34 % | 0,5 pts |
| Net Income | 128 | 118 | 8,47 % |
| Net Income Margin | 2,73 % | 3,05 % | 0,32 pts |
| EPS | 0,206 | 0,190 | |

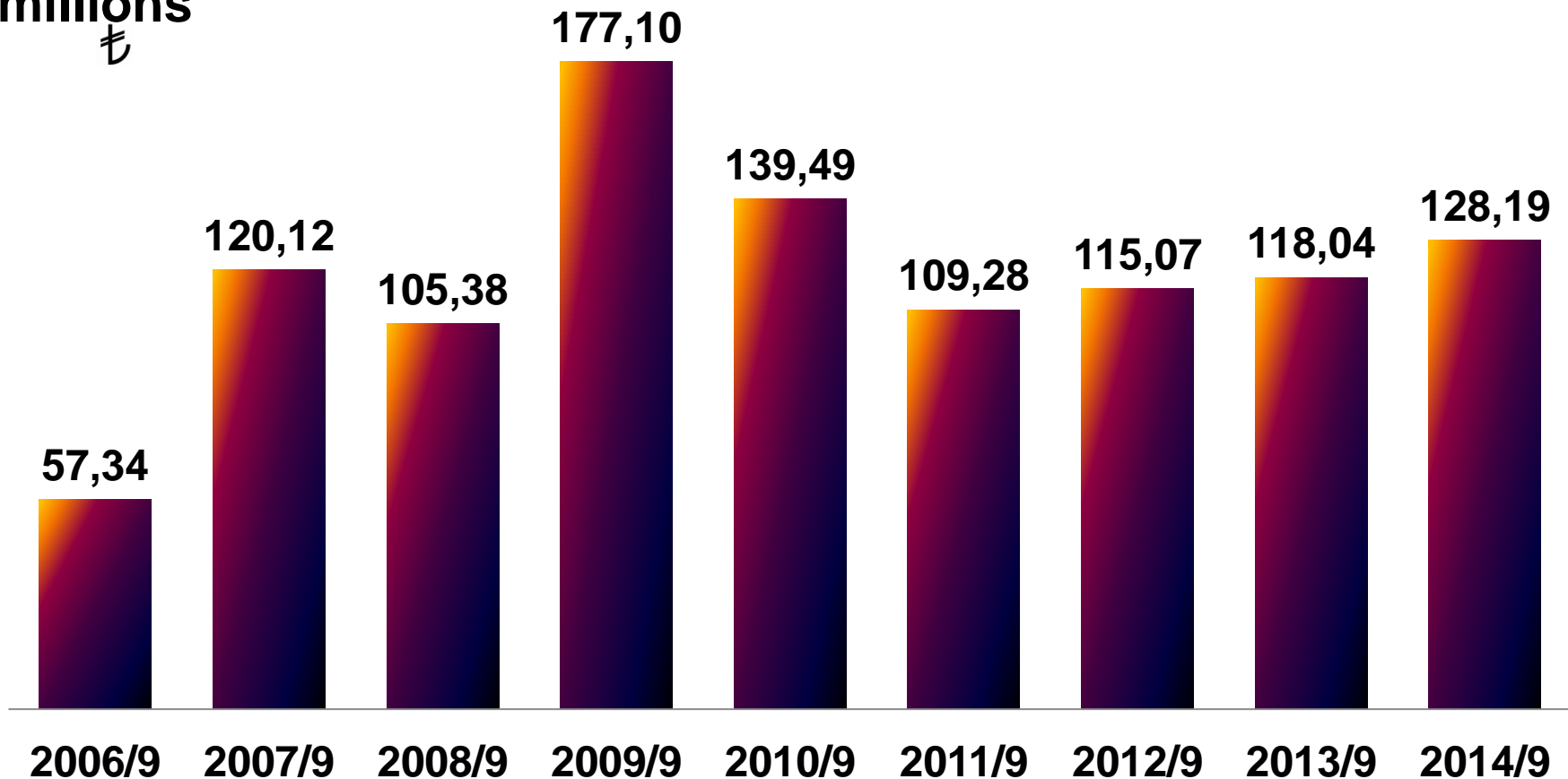
We have a track record of strong revenue growth...

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 | 3Q 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 | 623 |
| A/P | 1,043 | 1,234 | 1,228 | 1,362 | 1,325 | 1,342 | 1,396 | 1,532 |
| WC | 647 | 737 | 714 | 721 | 790 | 924 | 951 | 990 |
| WC/Sales (%) | 17.83 | 18.21 | 14.20 | 14.70 | 15.57 | 18.84 | 18.16 | 15.80% |

OpEx Improvement

| ₺ | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | 3Q2014 |
|----------------------|---------|---------|-----------|---------|---------|---------|-----------|-----------|
| Revenue (mn.) | 3,628 | 4,047 | 5,029 | 4,902 | 5,074 | 4,902 | 5,238 | 4,700 |
| # 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 | 5,461 |
| OpEx / Sales | 4.49% | 4.57% | 3.93% | 4.28% | 4.74% | 5.37% | 5.13% | 4.74% |
| Personnel / Sales | 2.69% | 2.64% | 2.39% | 2.66% | 2.79% | 3.23% | 3.05% | 2.86% |
| Employee per WH | 46 | 46 | 46 | 45 | 45 | 50 | 52 | 55 |
| Revenue per Employee | 796,743 | 879,676 | 1,027,748 | 949,678 | 953,495 | 970,885 | 1,009,835 | 1,147,530 |

Increasing Control Over OpEx

| OPERATIONAL EXPENSES | 20143Q | % | 20133Q | % | 20133q vs. 20143q |
|--|--------------------|--------|--------------------|--------|----------------------|
| Personnel expense | 134.436.931 | 60,28% | 124.887.016 | 60,30% | 7,65% |
| Depreciation expense | 10.538.261 | 4,73% | 9.048.971 | 4,37% | 16,46% |
| Fuel expense | 16.695.654 | 7,49% | 15.863.639 | 7,66% | 5,24% |
| Communication expense | 4.326.492 | 1,94% | 3.607.416 | 1,74% | 19,93% |
| Transportation expense | 12.205.591 | 5,47% | 10.180.829 | 4,92% | 19,89% |
| Repair and maintenance expense of motor vehicles | 4.173.895 | 1,87% | 3.974.476 | 1,92% | 5,02% |
| Rent expense | 5.769.999 | 2,59% | 4.090.112 | 1,97% | 41,07% |
| Outsourced benefits and services | 7.539.625 | 3,38% | 7.155.861 | 3,46% | 5,36% |
| Tax expense | 2.181.037 | 0,98% | 2.010.676 | 0,97% | 8,47% |
| Insurance expense | 4.941.032 | 2,22% | 4.447.457 | 2,15% | 11,10% |
| Stationery expense | 2.686.493 | 1,20% | 1.851.911 | 0,89% | 45,07% |
| Representation and host expenses | 1.722.614 | 0,77% | 1.684.996 | 0,81% | 2,23% |
| Advisory and audit fees | 522.148 | 0,23% | 358.835 | 0,17% | 45,51% |
| Donations and aids | 1.151.176 | 0,52% | 1.880.978 | 0,91% | -38,80% |
| Health sector fair expenses | 6.363.984 | 2,85% | 9.557.075 | 4,61% | -33,41% |
| Promotion expenses | 616.984 | 0,28% | 662.606 | 0,32% | -6,89% |
| Others | 7.147.487 | 3,20% | 5.852.594 | 2,83% | 22,13% |
| Total | 223.019.403 | | 207.115.448 | | 7,68% |

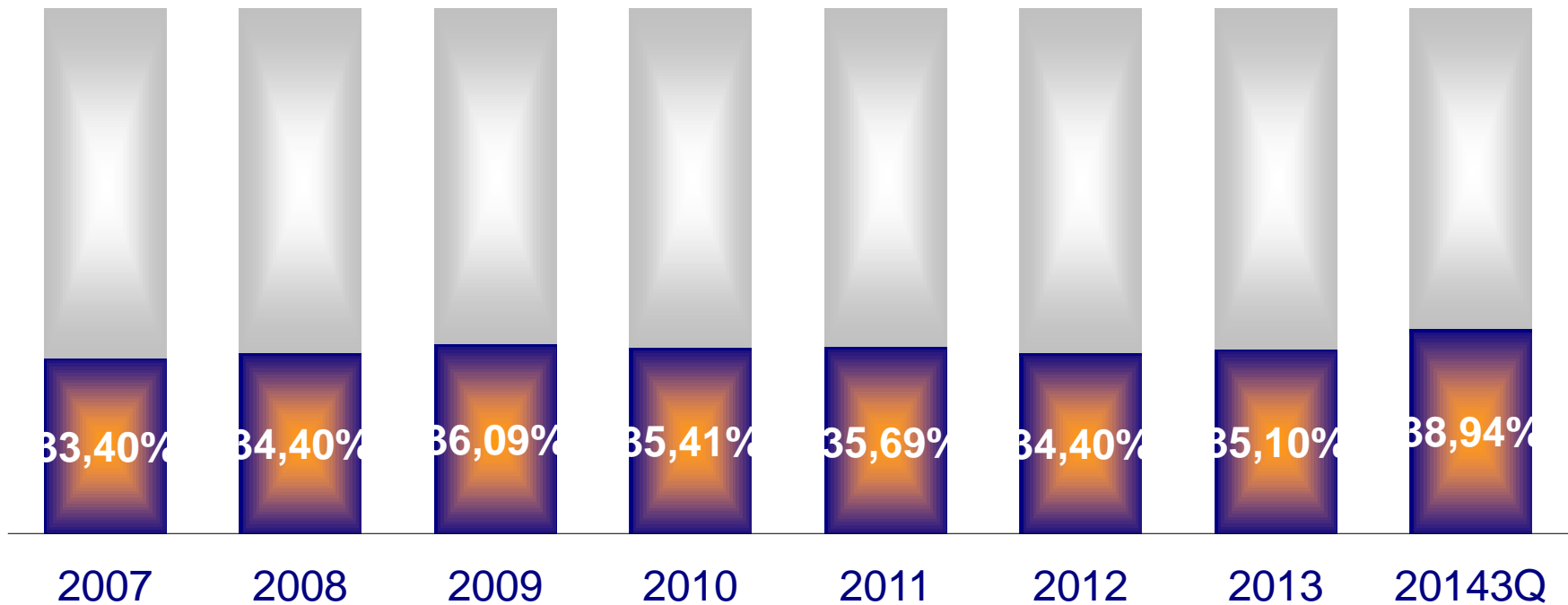
Contents

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

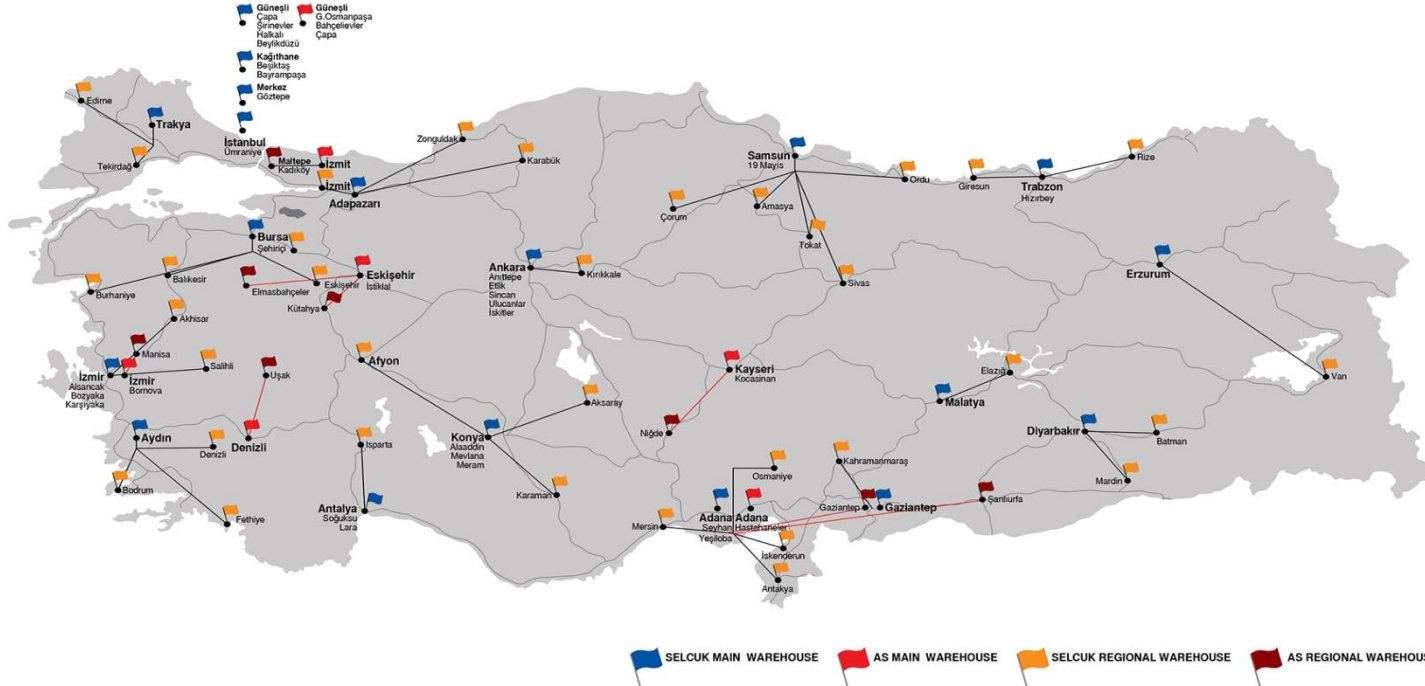


Sustainable growth to Market Leader Position...

Market Share (%)

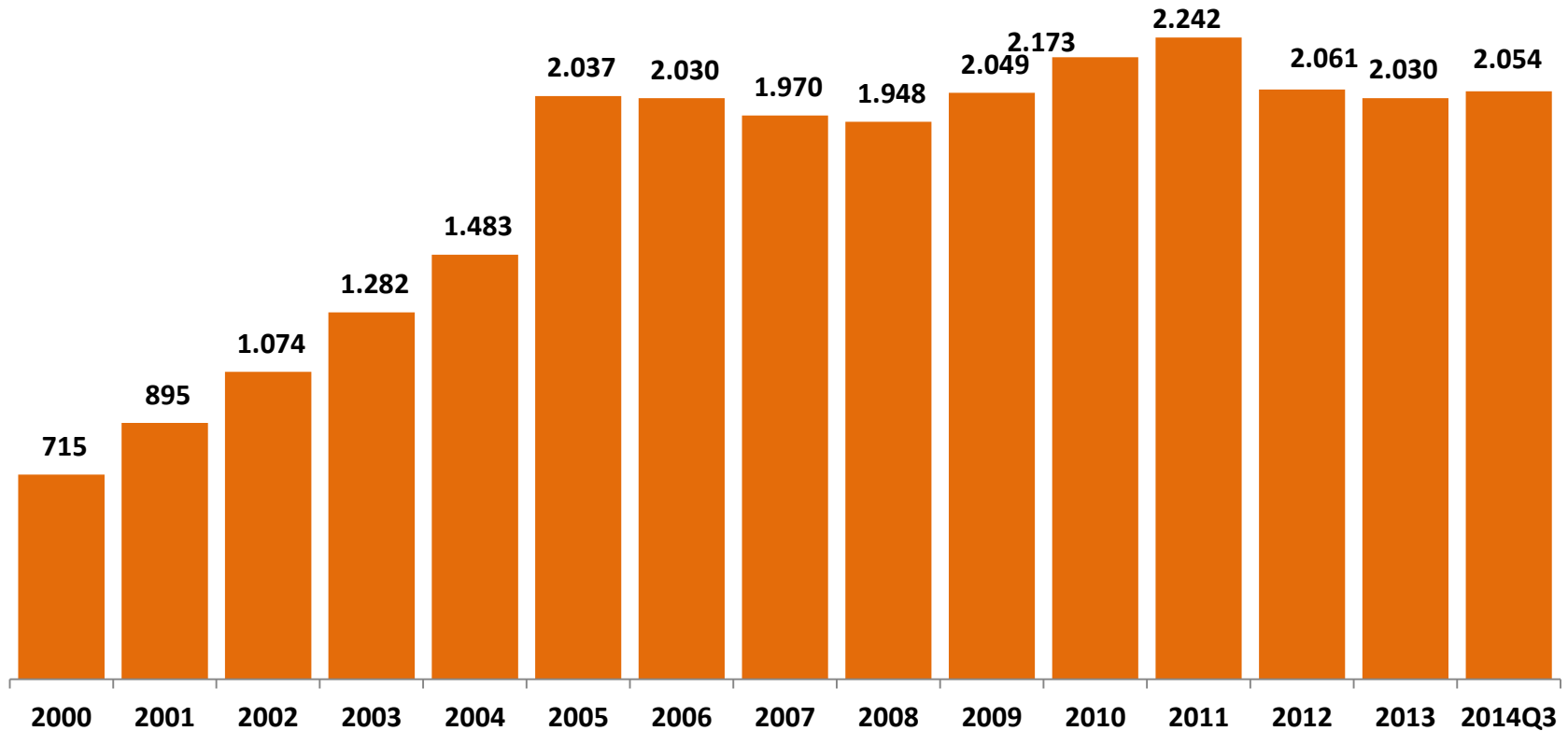


A progressive network across the Country...

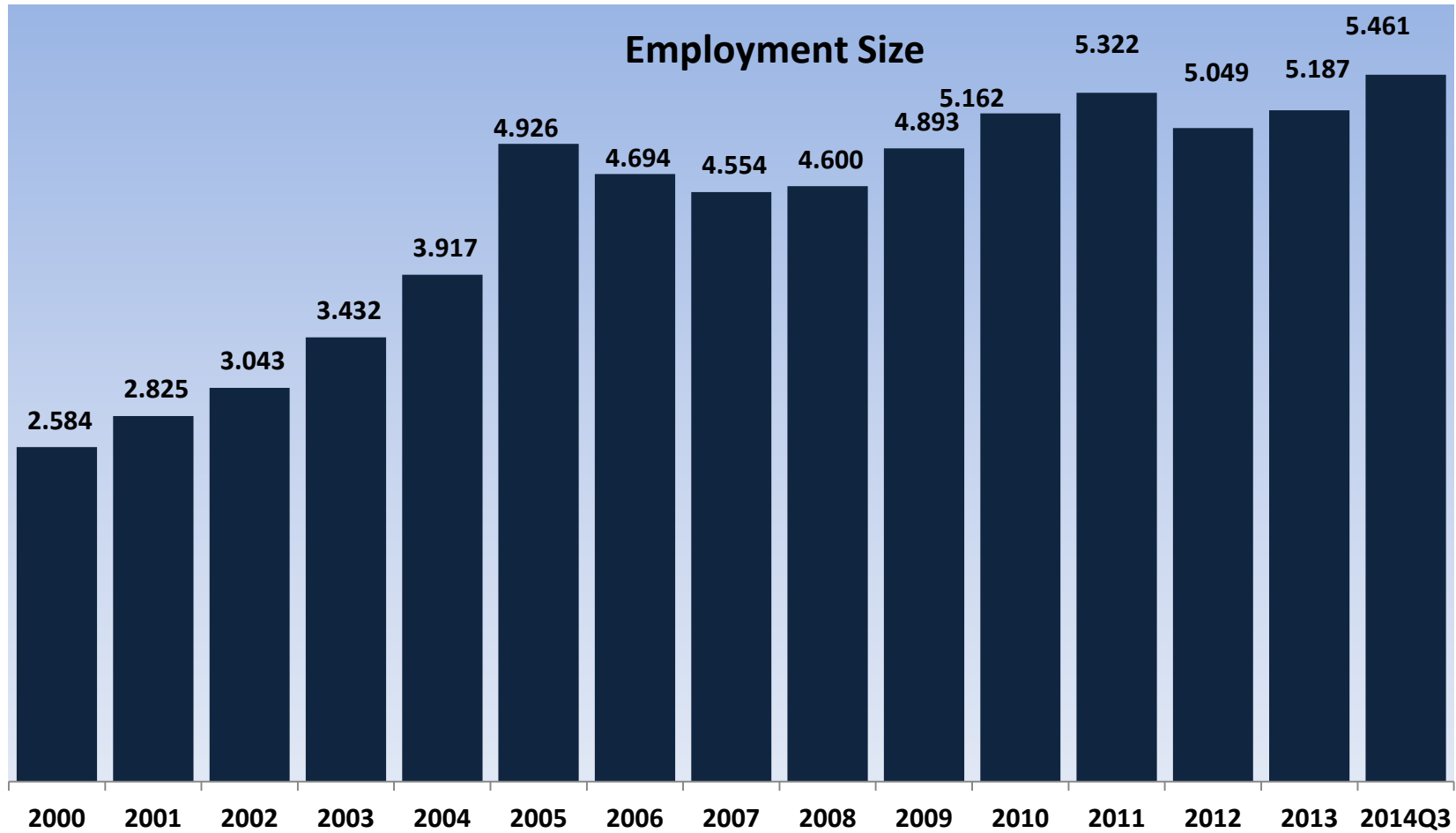


| | Main Warehouses | Regional Warehouses | Total |
|-------------|-----------------|---------------------|-------|
| Selçuk Ecza | 19 | 58 | 77 |
| As Ecza | 7 | 15 | 22 |
| Group Total | 26 | 73 | 99 |

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



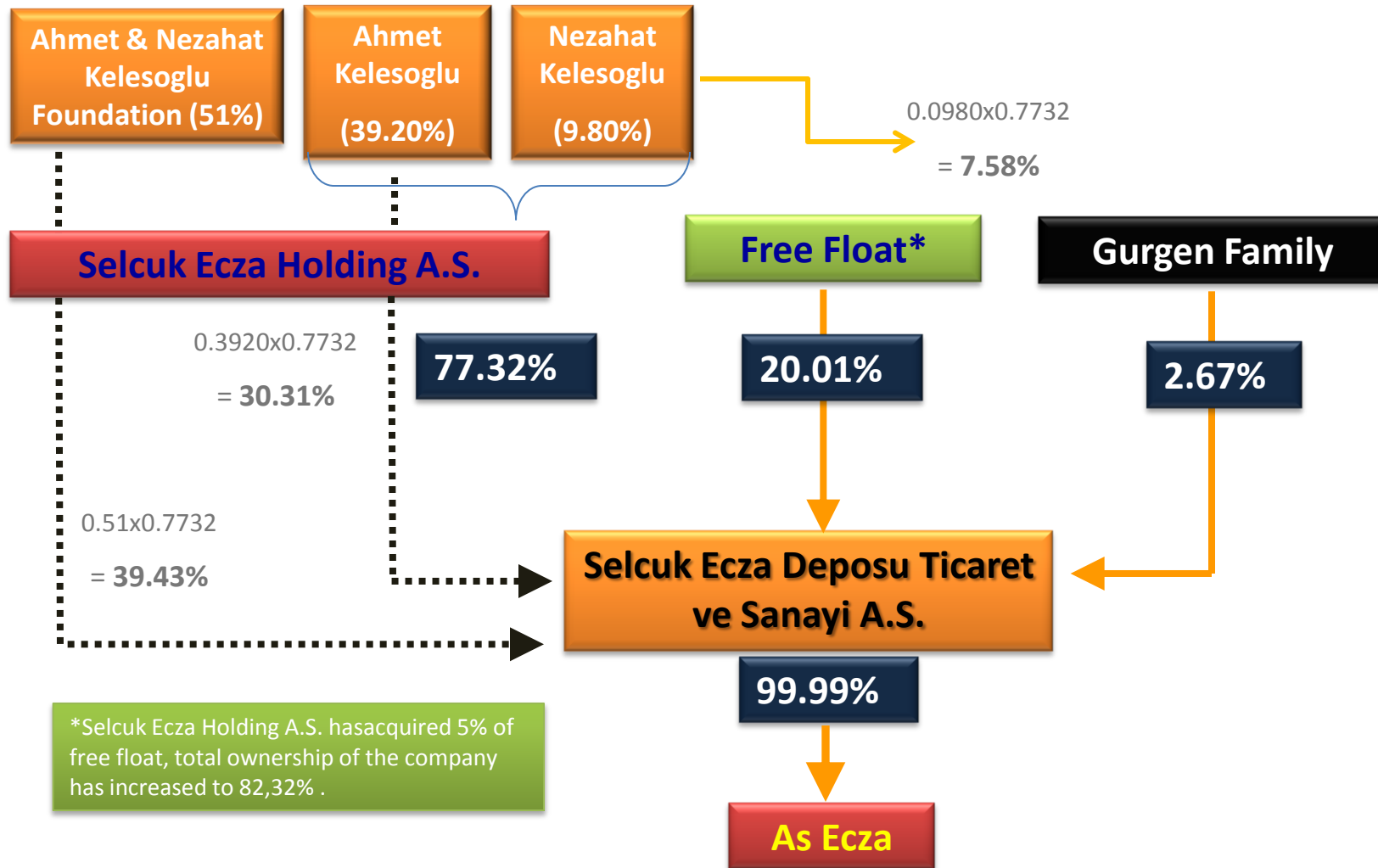
✂ Selcuk Ecza's medium term target is 500 mn TRL

Contents

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



Ownership



Contents

✦ Appendices

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



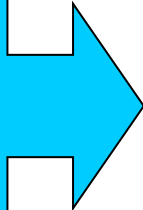
REIMBURSEMENT to PHARMACIES by THE SSI



Appendix-2: Reference Pricing Scheme

Reference Countries

France
Italy
Spain
Portugal
Greece



100% = Brands Price (If its generic does not exist in the market)

60% = Brands Price (If its generic exists in the market)

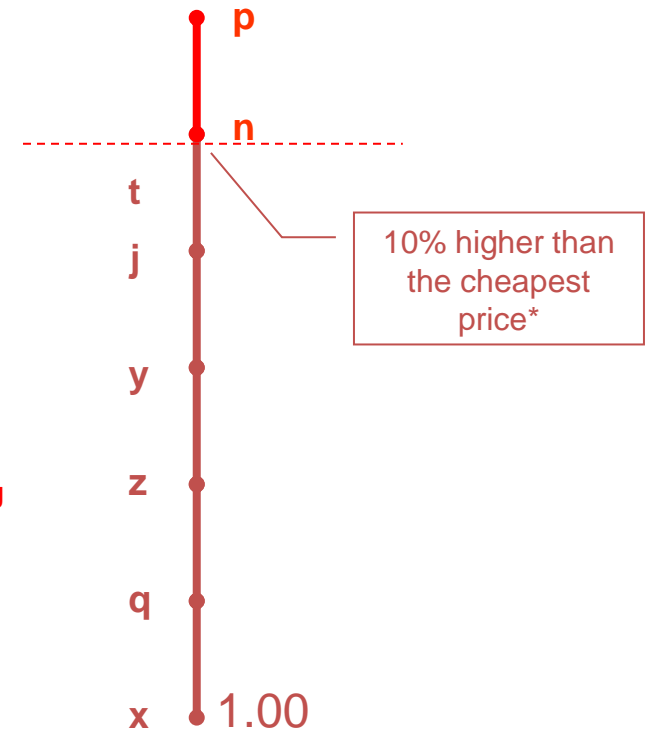
60% = Generic Price

***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

| | 01.01.- 30.09.2014 | 01.01.- 30.09.2013 |
|-----------------------------------|--------------------|--------------------|
| Sales | 4.700,26 | 3.875,65 |
| Cost of Sales | -4.359,83 | -3.555,56 |
| Gross Income | 340,43 | 320,09 |
| <i>OPEX</i> | -223,02 | -207,12 |
| Other Operating Income/exp (Net) | 26,38 | 23,09 |
| Operating Income | 143,79 | 136,07 |
| Income/exp from Investments (Net) | 20,60 | 49,67 |
| Financial Income/Exp.(Net) | -3,70 | -37,75 |
| Income Before Tax | 160,69 | 147,99 |
| Tax Expenses (Net) | -32,51 | -29,95 |
| Net Income | 128,19 | 118,04 |
| EBIT | 122,77 | 120,4 |
| <i>EBIT Margin (%)</i> | 2,61% | 3,11% |
| EBITDA | 133,31 | 129,45 |
| <i>EBITDA Margin(%)</i> | 2,84% | 3,34% |
| <i>Net Income Margin(%)</i> | 2,73% | 3,05% |

Appendix-4: Summary Financials:

Balance Sheet

Balance Sheet

| (TL million) | | | | | |
|---|-----------------|-----------------|---|-----------------|-----------------|
| Assets | Sep 30, 2014 | Dec. 31, 2013 | Liabilities & Equity | Sep 30, 2014 | Dec. 31, 2013 |
| Cash and cash equivalents | 257,68 | 549,85 | Short-term debt | 71,26 | 332,13 |
| Accounts rec.& due from related parties | 1.898,78 | 1.688,54 | Accounts payable & due to related parties | 1.532,34 | 1.396,71 |
| Inventories | 623,18 | 659,36 | Provisions & other current liabilities | 49,67 | 42,70 |
| Other current assets | 89,82 | 74,65 | Total Current Liabilities | 1.653,26 | 1.771,54 |
| Total Current Assets | 2.869,46 | 2.972,40 | Long-term debt | 0,00 | 0,00 |
| PP&E | 288,30 | 201,21 | Provision for Employee Benefits & Other Liabilities | 15,23 | 13,49 |
| Intangible Assets(Including Goodwill) | 31,76 | 31,93 | Deferred tax liability | 19,30 | 14,73 |
| Other non-current assets | 0,27 | 15,12 | Other liabilities | | 0,00 |
| Deferred tax assets | 25,84 | 18,67 | Total Non-Current Liabilities | 34,53 | 28,22 |
| Total Non-Current Assets | 346,17 | 266,93 | Shareholder's equity & minority interest | 1.527,81 | 1.439,57 |
| Total Assets | 3.215,63 | 3.239,33 | Total Liabilities & Equity | 3.215,63 | 3.239,33 |



3Q14 EARNINGS



Selcuk Ecza Deposu A.S.
Tel: +90 216 554 0554
Fax: +90 216 554 0517

Istanbul Stock Exchange: SELEC.IS
Bloomberg: SELEC.TI
Reuters: SELEC.IS

Investor Relations & Capital Markets
Tel: +90 216 554 0581-0582
www.selcukecza.com.tr
investorrelations@selcukecza.com.tr