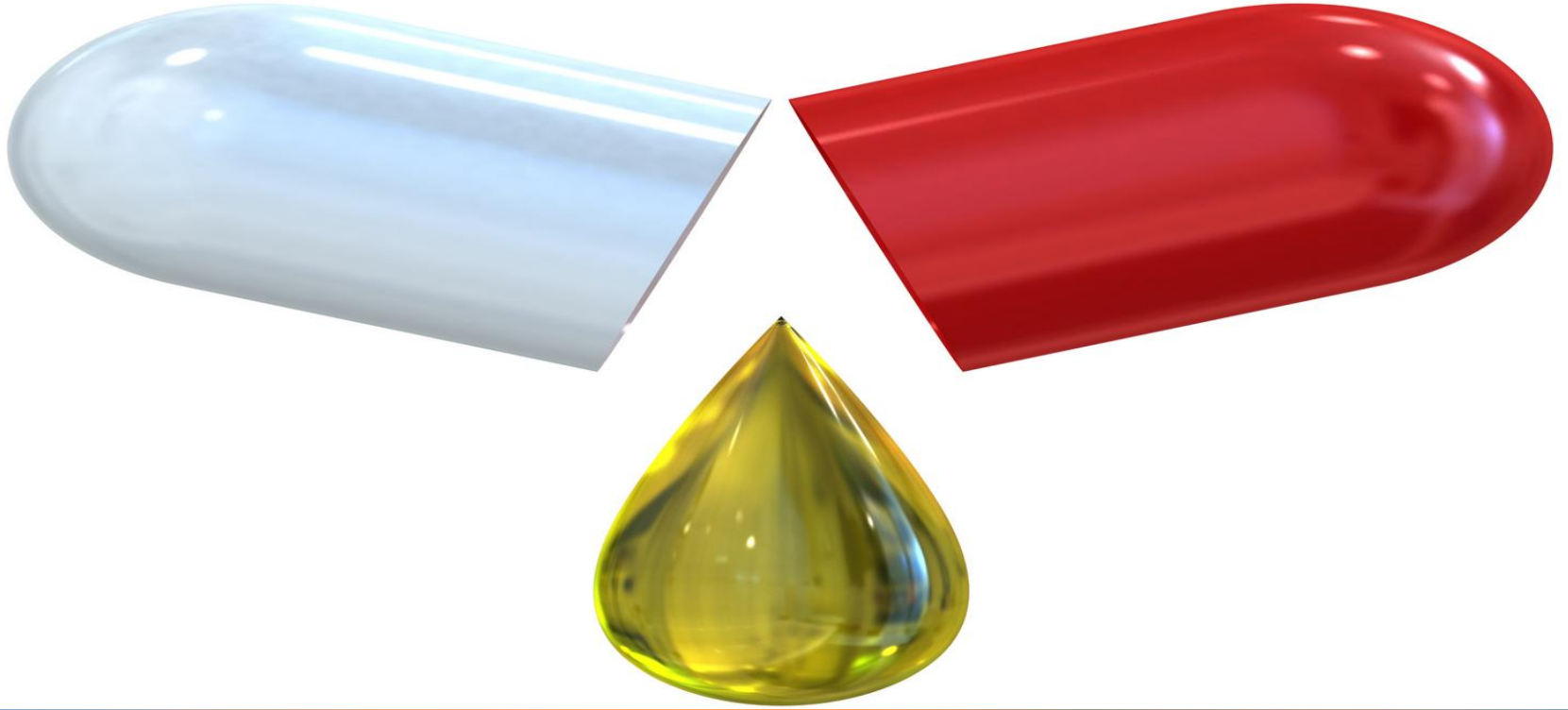


# 1Q11 EARNINGS



**Kursad Duman**  
Head of Investor Relations and Capital Markets

# Contents

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



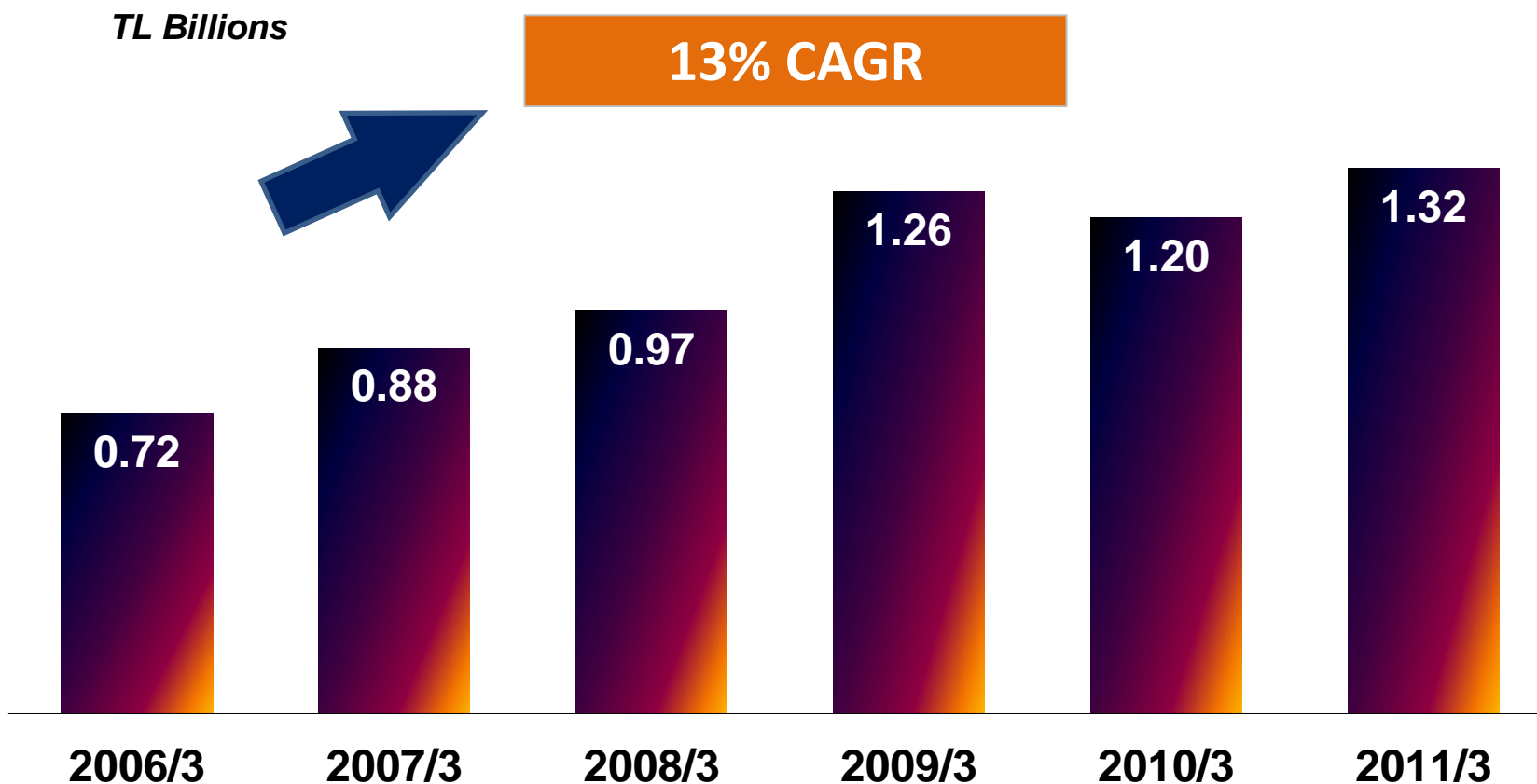
# New Hopes for 2011...



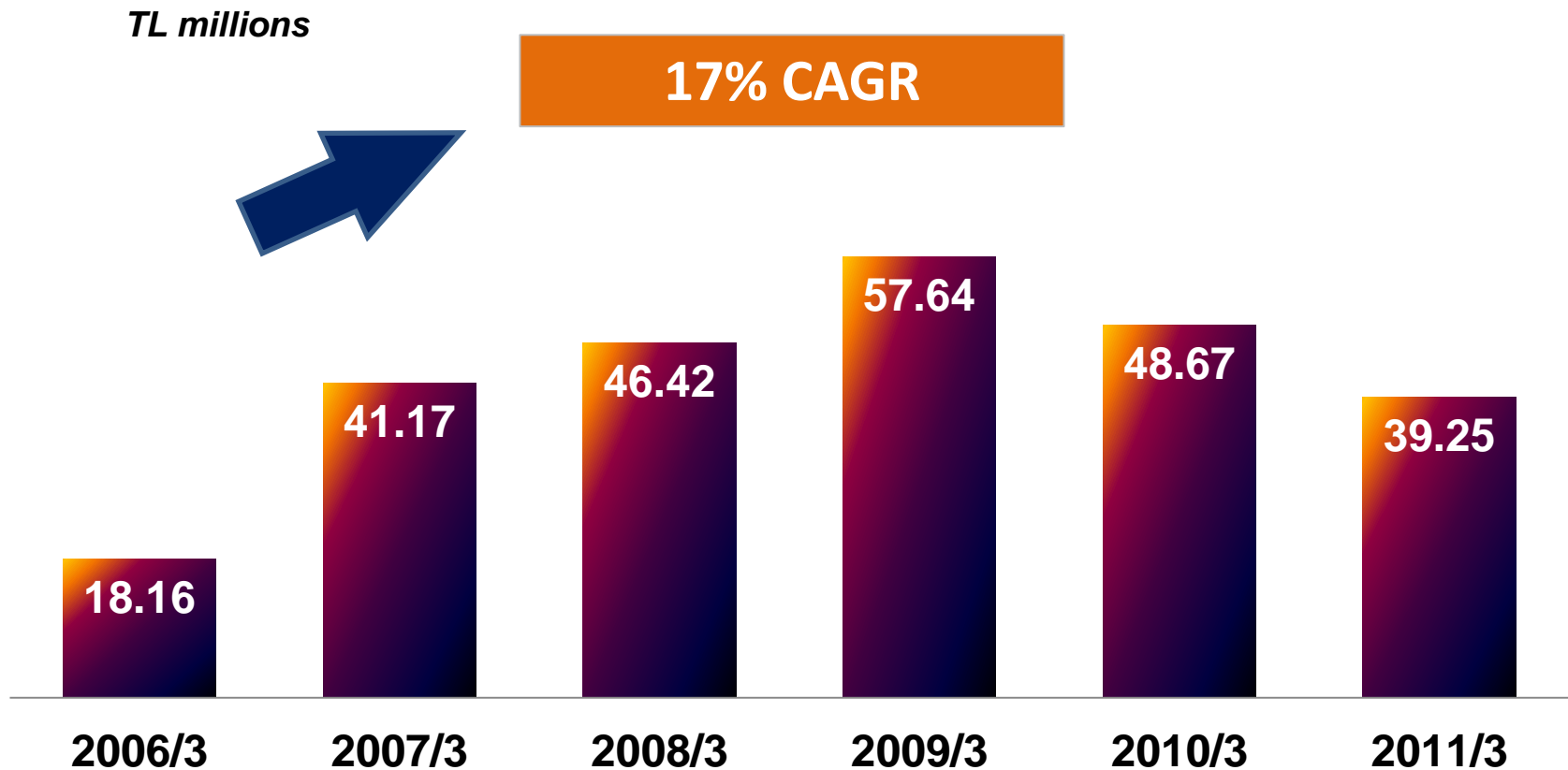
(TRL in millions except EPS)

	As of March 31,		
	2011	2010	Chg
Revenues	1,317.10	1,196.88	10.04%
Gross Income	90.45	94.61	-4.40%
Gross Margin	6.87%	7.90%	-1.03 pts
EBITDA	37.79	47.58	-20.58%
EBITDA Margin	2.87%	3.98%	-1.11 pts
Net Income	39.25	48.67	-19.35%
Net Income Margin	2.98%	4.07%	-0.86 pts
EPS	0.063	0.078	-19.23%

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



# ...That We Have Leveraged into higher Income



# Working Capital Developments



	FY05	FY06	FY07	FY08	FY09	FY10	1Q11
<b>A/R</b>	1,064	1,209	1,303	1,502	1,538	1,538	<b>1,607</b>
<b>Inventories</b>	300	346	387	469	404	545	<b>517</b>
<b>A/P</b>	876	929	1,043	1,234	1,228	1,362	<b>1,413</b>
<b>WC</b>	488	626	647	737	714	721	<b>711</b>
<b>WC/Sales</b>	17.70%	19.88%	17.83%	18.21%	14.20%	14.70%	<b>14.15%</b>

# OpEx Improvement



	FY05	FY06	FY07	FY08	FY09	FY10	1Q11
Revenue	2,756	3,151	3,628	4,047	5,029	4,902	1,317
# of WHs	91	98	100	100	107	114	117
# of Employees	4,926	4,694	4,554	4,600	4,893	5,162	5,214
OpEx / Sales	4.85%	4.84%	4.49%	4.57%	3.93%	4.28%	4.40%
Personnel / Sales	2.76%	2.86%	2.69%	2.64%	2.39%	2.66%	2.70%
Employee per WH	54	48	46	46	46	45	45
Revenue per Employee (TL)	559,539	671,241	796,743	879,676	1,027,748	949,678	963,262

# OpEx Breakdown



<b>OPERATIONAL EXPENSES</b>	<b>2011 1Q</b>	<b>%</b>	<b>2010 1Q</b>	<b>%</b>
Personnel expense	35,586,411	61.41%	30,766,539	60.87%
Fuel expense	4,907,254	8.47%	4,126,016	8.16%
Transportation expense	2,881,936	4.97%	2,350,615	4.65%
Outsourcing expense	2,740,236	4.73%	3,138,927	6.21%
Depreciation expense	2,186,778	3.77%	1,783,381	3.53%
Other	1,772,182	3.06%	1,524,991	3.02%
Repair and maintenance expense of motor vehicles	1,460,779	2.52%	1,471,679	2.91%
Rent expense	1,444,688	2.49%	1,305,873	2.58%
Communication expense	1,300,090	2.24%	1,081,224	2.14%
Insurance expense	1,124,314	1.94%	869,718	1.72%
Promotion expenses	712,590	1.23%	315,237	0.62%
Stationery expense	608,407	1.05%	578,342	1.14%
Tax expense	534,428	0.92%	449,840	0.89%
Representation and host expenses	498,330	0.86%	251,902	0.50%
Advisory and audit fees	147,543	0.25%	297,351	0.59%
Donations and aids	44,434	0.08%	175,718	0.35%
Employment termination benefit expense	0	0.00%	59,458	0.12%
<b>Total</b>	<b>57,950,400</b>		<b>50,546,811</b>	

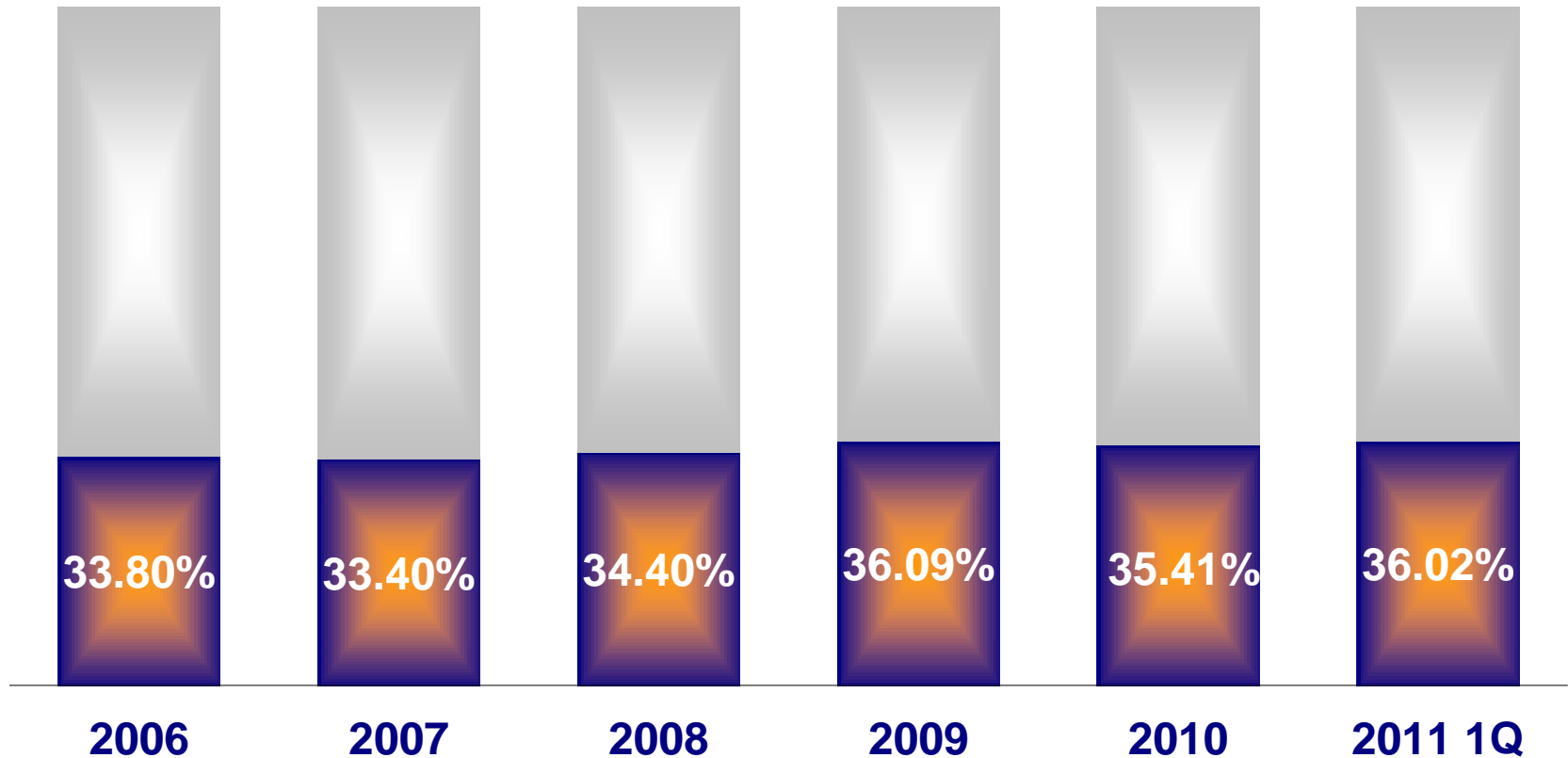




# Sustainable growth to Market Leader Position...



Market Share (%)



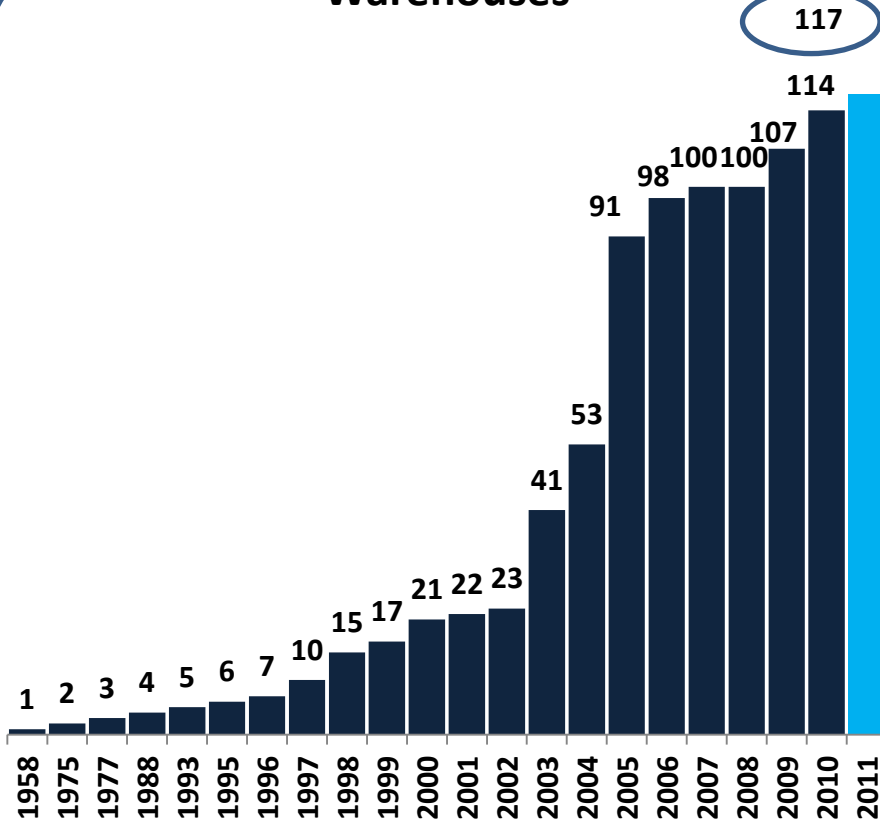
# A progressive network across the Country by over 100 warehouses



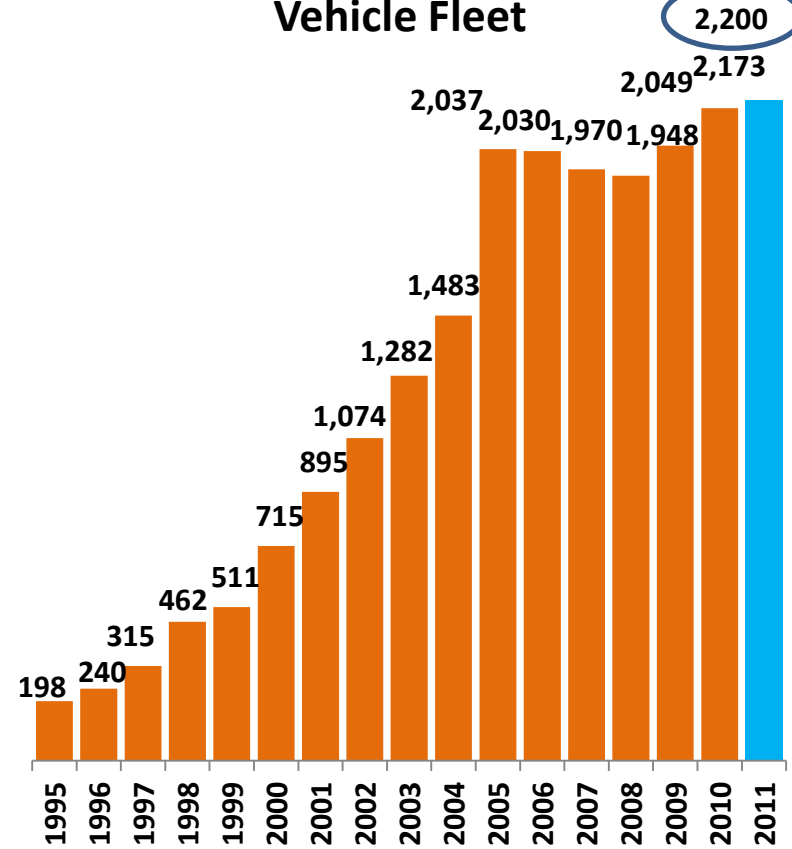
	Main Warehouses	Regional Warehouses	Total
Selçuk Ecza	18	70	88
As Ecza	9	20	29
Group Total	27	90	117

# Operational Stats I

## Warehouses

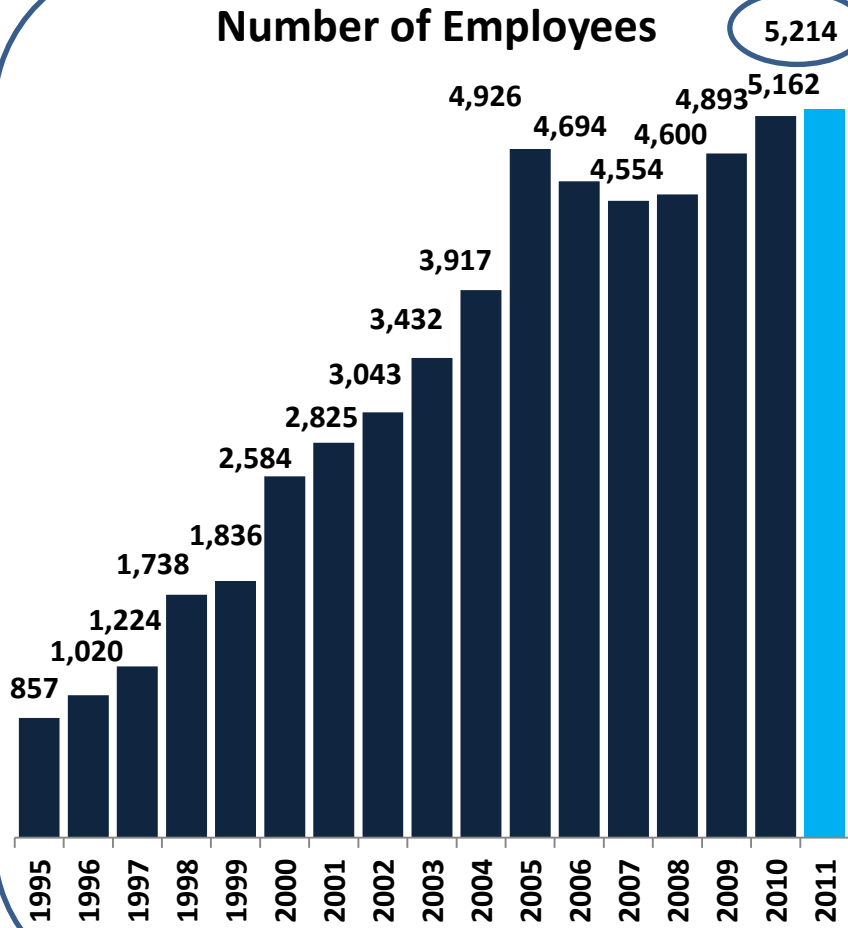


## Vehicle Fleet

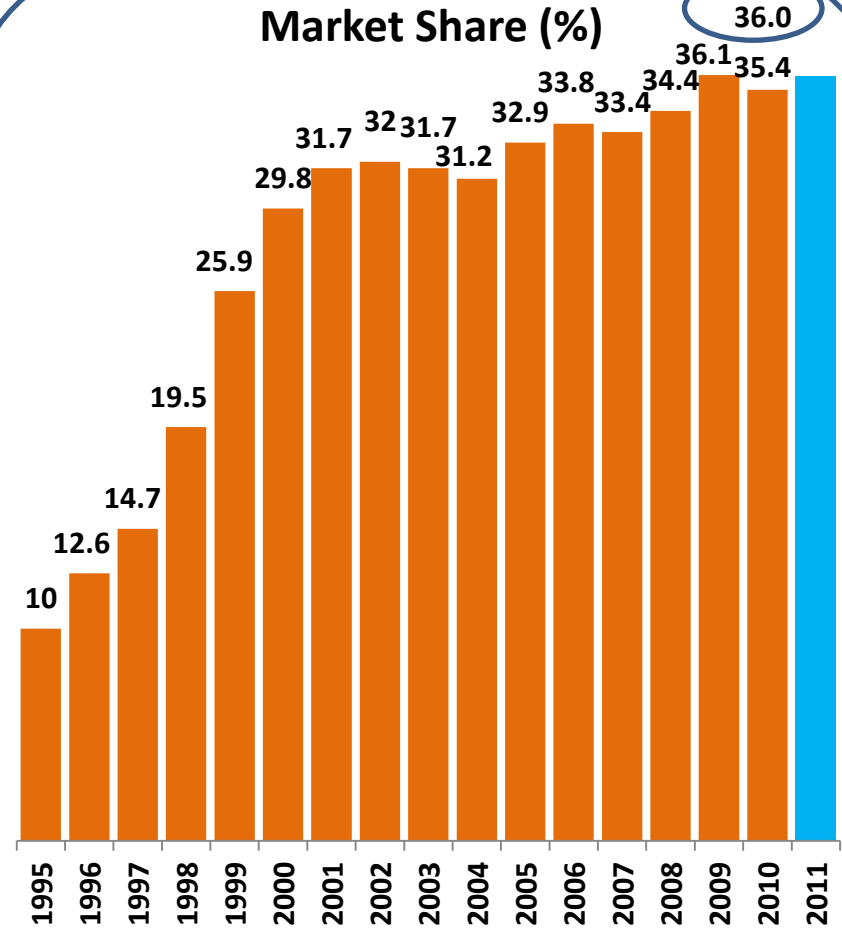


# Operational Stats II

## Number of Employees



## Market Share (%)



# A New Scope: Toiletry Products

✂ 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\$7.5 bn. And almost US\$700-800 mn. of it is pharmacies' share

✂ Selcuk Ecza estimates an additional turnover of 4-5% for 2011 for this segment amounting to 250 mn. TRL. while medium term target is around 500 mn TRL

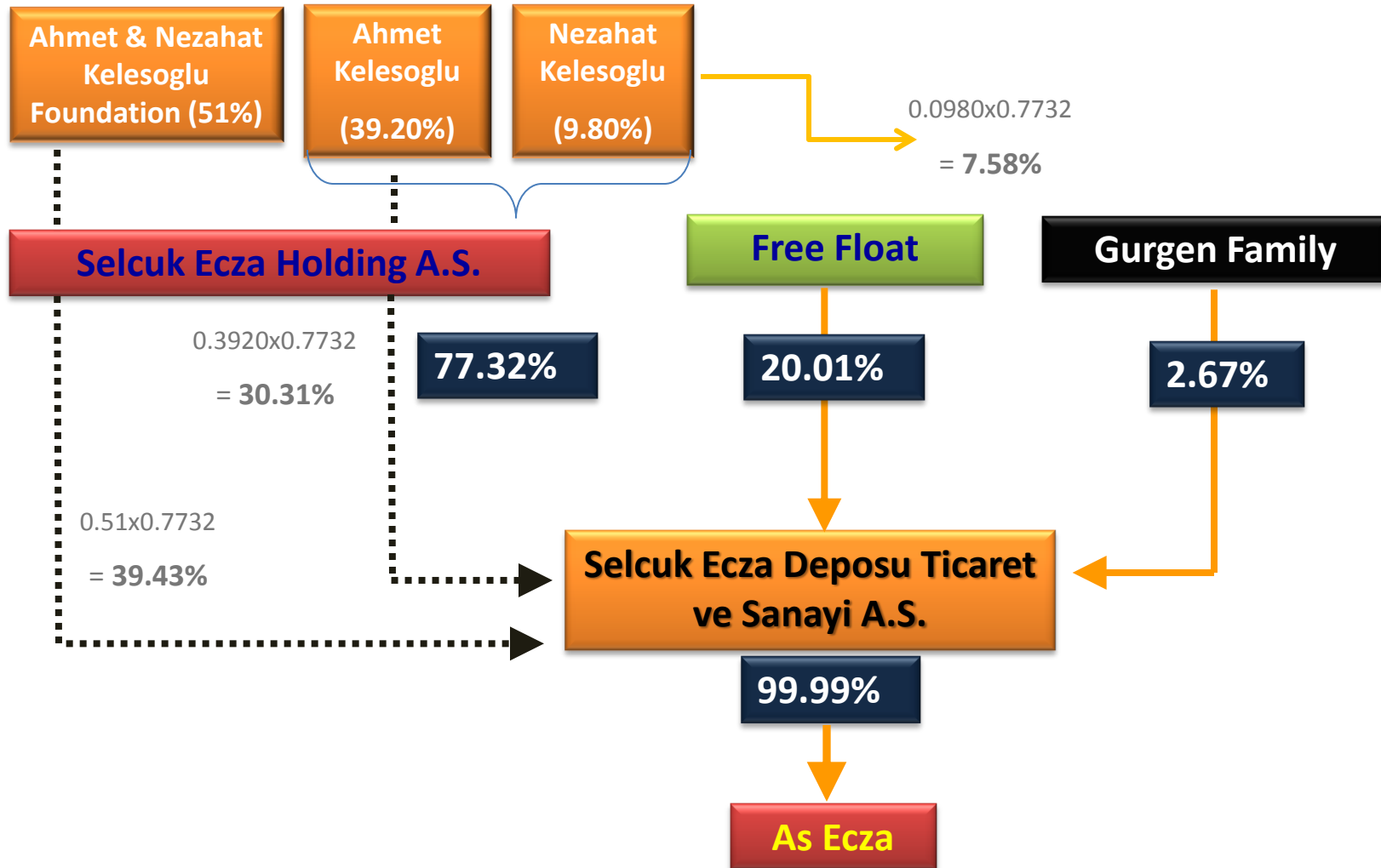
✂ Using the same distribution network, while by using the available spare capacity in warehouses lead to an insignificant increase in CAPEX

✂ Higher gross margin around 15% compared to 7-8% from pharma segment

✂ Strategy to expand business to all clients throughout Turkey by promoting this segment aggressively



# 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

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- ✦ Appendix-1: Reimbursement Schedule
- ✦ Appendix-2: Reference Pricing Scheme
- ✦ Appendix-3: The New Regulation
- ✦ Appendix-4: Summary Financials:  
Income Statement & Balance Sheet



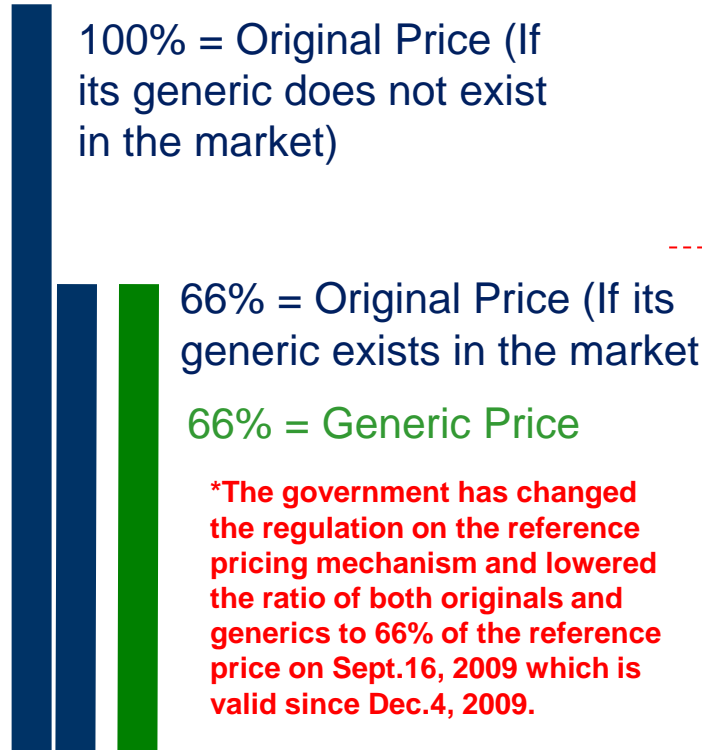


## REIMBURSEMENT to PHARMACIES by THE SSI

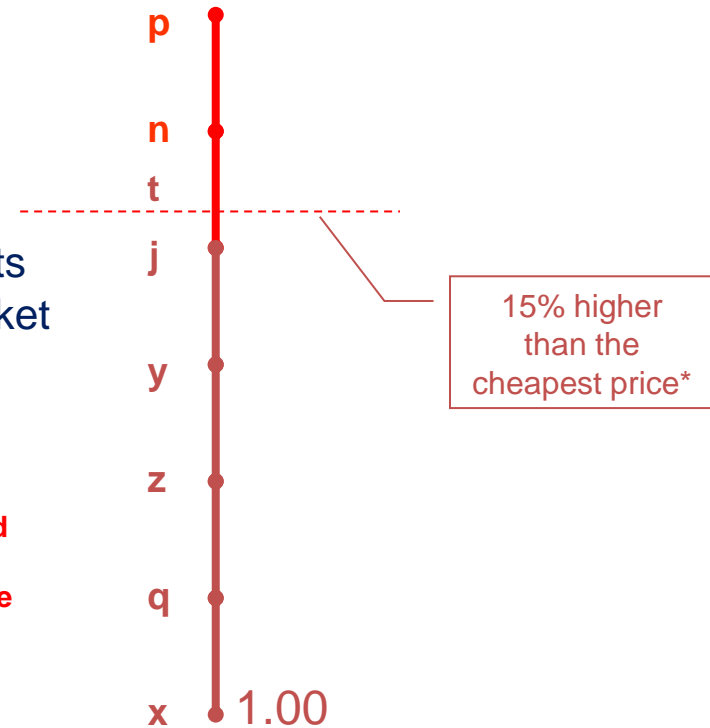


# Appendix-2: Reference Pricing Scheme

Reference Countries  
 France  
 Italy  
 Spain  
 Portugal  
 Greece



## REIMBURSEMENT Generic Drugs in the Same Bioequivalence Group



p & n NOT reimbursed

**\*\* The government recently lowered the price ceiling from 22% to 15% for the reimbursement price of generic drugs (which is applied over the lowest price of the generic product in the market; the lower 15% limit came into force from August 1, 2009).**



# Appendix-3: The Last Amendment: Major Regulation Changes



- 📌 The price ceiling for original drugs has been reduced to 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 original drug has a generic substitute in the market, although the price ceiling remained at 100% for original drugs that do not have generic substitutes.
- 📌 The price ceiling for generics has also been lowered from 80% to 66% of the reference price.
- 📌 The drugs which stay on the market more than 20 years and with a price lower than TL6.79, all drugs with prices lower than TL3.56, 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 will 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

TL Million	Mar. 31, 2011	Mar. 31, 2010	2011 vs. 2010
<b>Volume</b>			
<b>Net Sales</b>	<b>1,317.10</b>	<b>1,196.88</b>	<b>10.04%</b>
Cost of sales (-)	(1,226.64)	(1,102.27)	11.28%
<b>GROSS PROFIT</b>	<b>90.45</b>	<b>94.61</b>	<b>-4.39%</b>
OPEX	(57.95)	(50.55)	14.65%
Other operating income/Exp.(Net)	3.10	1.73	78.90%
<b>EBIT</b>	<b>35.60</b>	<b>45.80</b>	<b>-22.26%</b>
EBIT (exc.other)	32.50	44.06	-26.23%
Finance income /Exp.(Net)	13.61	15.21	-10.57%
Income before minority Int.& Tax	49.21	61.01	-19.34%
Minority interest	(0.00)	(0.00)	-18.60%
Income tax expense	(9.96)	(12.34)	-19.33%
Net Income / (Loss)	39.25	48.67	-19.35%
<b>EBITDA</b>	<b>37.79</b>	<b>47.58</b>	<b>-20.57%</b>
EBITDA (exc.other)	34.69	45.85	-24.33%
<b>Gross Margin</b>	<b>6.87%</b>	<b>7.90%</b>	
<b>EBIT Margin</b>	<b>2.70%</b>	<b>3.83%</b>	
<b>EBIT Margin (exc.other)</b>	<b>2.47%</b>	<b>3.68%</b>	
<b>EBITDA Margin</b>	<b>2.87%</b>	<b>3.98%</b>	
<b>EBITDA Margin (exc.other)</b>	<b>2.63%</b>	<b>3.83%</b>	

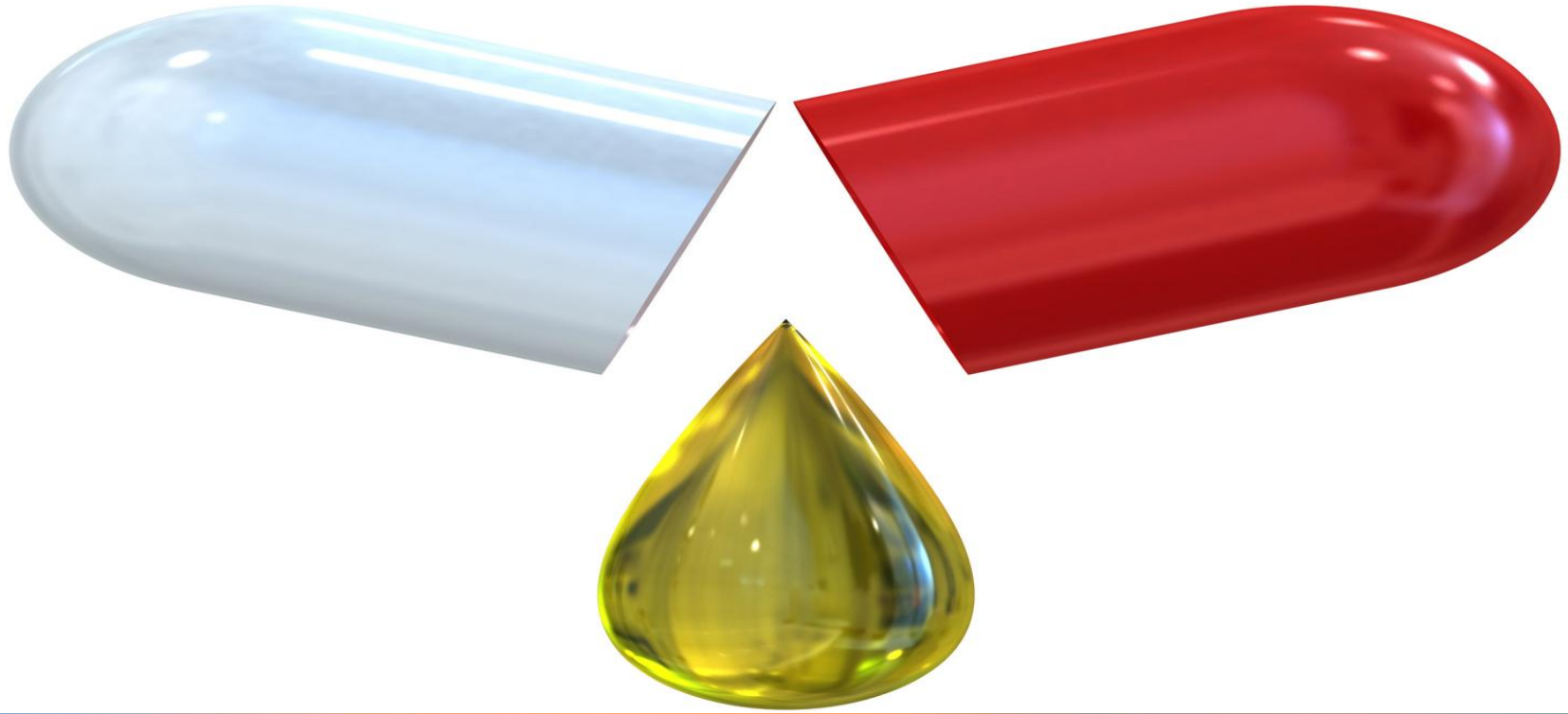
# Appendix-4: Summary Financials: Balance Sheet



## Balance Sheet

(TL million)					
Assets			Liabilities & Equity		
	Mar. 31, 2011	Dec. 31, 2010		Mar. 31, 2011	Dec. 31, 2010
Cash and cash equivalents	1,485.20	1,839.23	Short-term debt	1,234.15	1,641.03
Accounts rec.& due from related parties	1,606.60	1,538.07	Accounts payable & due to related parties	1,413.00	1,361.93
Inventories	516.96	544.73	Provisions & other current liabilities	33.37	36.27
Other current assets	60.37	74.67	<b>Total Current Liabilities</b>	<b>2,680.51</b>	<b>3,039.23</b>
<b>Total Current Assets</b>	<b>3,669.13</b>	<b>3,996.69</b>	Long-term debt	0.00	0.00
PP&E	131.24	124.18	Provision for Employee Benefits & Other Liabilities	8.15	8.10
Intangible Assets(Including Goodwill)	31.52	31.59	Deferred tax liability	14.50	12.58
Other non-current assets	5.22	5.23	Other liabilities	0.00	0.00
Deferred tax assets	17.39	14.32	<b>Total Non-Current Liabilities</b>	<b>22.65</b>	<b>20.69</b>
<b>Total Non-Current Assets</b>	<b>185.37</b>	<b>175.32</b>	Shareholder's equity & minority interest	1,151.33	1,112.08
<b>Total Assets</b>	<b>3,854.50</b>	<b>4,172.01</b>	<b>Total Liabilities &amp; Equity</b>	<b>3,854.50</b>	<b>4,172.00</b>

# 1Q11 EARNINGS



Selcuk Ecza Deposu A.S.  
Investor Relations & Capital Markets Division  
Tel: +90 216 554 0554  
Fax: +90 216 554 0517  
www.selcukecza.com.tr

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

Kursad Duman  
Head of Investor Relations & Capital Markets  
Tel: +90 216 554 0693-0695  
e-mail: k.duman@selcukecza.com.tr