

Oriola-KD Corporation's Financial Statements Release for 1 January – 31 December 2016

Released on 13 February 2017 at 8.30 a.m.



Oriola-KD Corporation Stock Exchange Release 13 February 2017 at 8.30 a.m.**Oriola-KD Corporation's Financial Statements Release 2016****Financial performance October–December 2016**

- Invoicing increased by 1.7 (5.3) per cent to EUR 872.7 (858.0) million
- Net sales increased by 0.9 (0.8) per cent to EUR 424.8 (420.9) million
- Adjusted EBITDA increased by 3.8 (1.3) per cent to EUR 21.8 (21.0) million
- Adjusted operating profit was EUR 15.3 (15.3) million
- Profit for the period totalled EUR 10.8 (12.4) million and earnings per share were EUR 0.06 (0.07)

Financial performance January–December 2016

- Invoicing increased by 4.8 (6.6) per cent to EUR 3,420.0 (3,262.2) million
- Net sales increased by 1.0 (0.9) per cent to EUR 1,642.1 (1,626.3) million
- Adjusted EBITDA increased by 4.1 (2.6) per cent to EUR 86.8 (83.4) million
- Adjusted operating profit was EUR 61.1 (60.8) million
- Adjusted operating profit with comparable EUR/SEK rate was EUR 61.7 million
- Profit for the period totalled EUR 42.8 (44.5) million and earnings per share were EUR 0.24 (0.25)

Outlook for 2017

Oriola-KD is undergoing a major development phase which started in 2015 and is estimated to be completed by the end of 2018. The costs related to these development projects and the intensified competition in the Swedish retail, especially online, will negatively impact the 2017 profitability.

Adjusted operating profit (Adjusted EBIT) on constant currency basis is estimated to remain at 2016 level.

President and CEO Eero Hautaniemi:

Oriola-KD's business grew at the pace of the market in 2016. The growth was above the market in Services business, and weaker in the Consumer business. The profitability was supported by the efficiency improvement in the logistics, and the continued favourable development of the sales mix in the Consumer business.

We are successfully executing our strategy in all Business areas. In Consumer business we opened 11 new pharmacies in good locations in Sweden, and closed 3 pharmacies in locations where the customer traffic no longer supported the sales. We launched new online application to improve our service to prescription customers. In 2016 our online sales were two per cent of the total sales and continue to have good growth potential.

As a result of increasing competition, especially online, we will intensify our focus on efficient pharmacy operations, establishment strategy and dynamic online offering in our Consumer business. Despite the increasing competition and 14 new pharmacies the result at the comparable EUR/SEK rate stayed at the previous year level in 2016.

In Services business we extended our services offering to pharmaceutical companies and to pharmacies by acquiring Farenta Oy. We are also amidst a three-year development phase as we are implementing a new operating platform and upgrading the automation level of our distribution centres. Still we were able to reach an all-time high result in Services in 2016.

We started the new business area Healthcare by acquiring dose dispensing companies both in Sweden and in Finland and were successful in increasing the number of persons served by us. The new Business area developed well and was able to deliver a positive contribution already during its first year.

The pharmaceutical distribution and dispensing is very much in the public discussion, both in Sweden and in Finland. The pharmacy trade was opened to competition in Sweden almost a decade ago. As a consequence of the deregulation, the availability of pharmacy services has improved significantly and the patient safety has remained on a high level. The number of pharmacies has increased by over 400, the pharmacies have continued to serve the sparsely populated areas and the competition has lowered the

prices of the freely traded products. The customer feedback has been positive. In Finland the discussion has started to acknowledge these facts and the willingness to consider new regulation is increasing.

Our personnel has been working hard with all of our development programs while implementing the new business structure and continuing to serve our customers each and every day. With this dedication to develop our company we are set to continue to improve our businesses and performance.

Impact of new ESMA guidelines

New ESMA (European Securities and Markets Authority) guidelines on Alternative Performance Measures (APMs) are effective for the financial year 2016. Oriola-KD presents APMs to reflect the underlying business performance and to enhance comparability between financial periods. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. As of Q1 2016, Oriola-KD relabels the previously referenced "excluding non-recurring items" with "adjusted". Reporting segments' operating profit is reported excluding adjustment items. In addition Oriola-KD uses "invoicing" as the measure to describe the business volume. The reconciliation of the alternative performance measurements to performance measurements defined by IFRS are presented at the end of this interim report.

Key figures	2016	2015	Change	2016	2015	Change
	EUR million	10-12	10-12	%	1-12	1-12
Invoicing	872.7	858.0	1.7	3,420.0	3,262.2	4.8
Net sales	424.8	420.9	0.9	1,642.1	1,626.3	1.0
Adjusted EBITDA	21.8	21.0	3.8	86.8	83.4	4.1
Adjusted EBITDA %	5.1	5.0		5.3	5.1	
Adjusted operating profit ¹⁾	15.3	15.3	0.4	61.1	60.8	0.4
Operating profit	14.1	17.3	-18.3	58.8	62.6	-6.0
Adjusted operating profit %	3.6	3.6		3.7	3.7	
Operating profit %	3.3	4.1		3.6	3.8	
Profit for the period	10.8	12.4	-12.9	42.8	44.5	-3.8
Earnings per share, EUR	0.06	0.07	-13.2	0.24	0.25	-5.9
Net cash flow from operating activities	25.8	30.5		40.1	85.6	
Gross investments, EUR million				88.8	20.4	
Total assets				925.4	946.9	
Net interest-bearing debt				72.3	6.6	
Gearing, %				35.2	3.4	
Net debt / 12-month EBITDA				0.8	0.1	
Equity per share, EUR				1.13	1.07	
Equity ratio, %				22.7	21.1	
Return on equity (ROE), %				21.4	29.1	
Return on capital employed (ROCE), %				17.8	19.9	
Average number of shares, 1000 pcs ²⁾				181,389	177,502	
Average number of personnel				2,582	2,327	
Number of personnel at the end of the period				2,821	2,353	

¹⁾ Adjustment items are specified in table "Adjusting items included in Operating Profit"

²⁾ Treasury shares held by the company not included

Disclosure procedure

This stock exchange release is a summary of Oriola-KD Corporation's Financial Statement release January-December 2016. The complete report is attached to this release in pdf format and is also available on Oriola-KD's website at www.oriola-kd.com/investors.

Analyst and investor meeting

Oriola-KD Corporation will organize a meeting for investors, analysts and the press on Monday, 13 February 2017 at 10.00 a.m. at Hotel Scandic Simonkenttä, meeting room Tapiola, Simonkatu 9, 00100 Helsinki, Finland.

A teleconference on the financial information will be held by Oriola-KD Corporation on the same day starting at 2.00 p.m. Finnish time, tel. +44 20 3059 8125, confirmation code "Oriola". The event can be followed live as a audiocast accessible at www.oriola-kd.com/investors. The language of the teleconference will be English.

Next interim report

Oriola-KD Corporation will publish its results for the first quarter of 2017 on 28 April 2016.

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Distribution:
NASDAQ OMX Helsinki Ltd
Key media

Released by:
Oriola-KD Corporation
Corporate Communications
Orionintie 5, 02200 Espoo
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Oriola-KD Corporation's Financial Statements release 1 January–31 December 2016

Operating environment

Oriola-KD's operating environment is affected by a number of megatrends in the pharmaceutical and healthcare businesses. In the pharmaceuticals market a polarization of high value specialty pharmaceuticals and price sensitive generics create demand for both highly customized and logistically efficient storage and distribution solutions. Spend on healthcare and wellbeing is increasing in the countries Oriola-KD operates. Changes in the pharmaceutical regulatory environment along with changes in pricing and reimbursement continue to impact the markets in which Oriola-KD operates.

In the Swedish pharmaceutical retail market the competition is intensifying. This is happening both through an increase of physical stores as well as in online sales. The assortment of traded goods in pharmacies is expanding to cater to changes in customer demands. The pharmaceutical logistics business is seeing an increasing number of order lines, at the same time as the number of stock keeping units is also increasing. This creates a need for agile and efficient logistics solutions.

In the Healthcare sector the social and health care reform in Finland is expected to impact also the pharmaceutical distribution and dispensing although it is still unclear what the actual effects will be. The

benefits in the safety and cost efficiency of dose dispensing have contributed to the increase in the number of dose dispensing patients both in Finland and in Sweden.

The Group's net sales and result for October–December 2016

Oriola-KD's fourth quarter net sales were EUR 424.8 (420.9) million. Adjusted operating profit was EUR 15.3 (15.3) million. The adjusting items were EUR -1.2 (2.0) million. Operating profit was EUR 14.1 (17.3) million.

Oriola-KD's net financial expenses were EUR 1.0 (1.7) million. Profit for the period was EUR 10.8 (12.4) million. Earnings per share were EUR 0.06 (0.07).

The Group's net sales and result for January–December 2016

Oriola-KD's net sales increased by 1.0 (0.9) per cent to EUR 1,642.1 (1,626.3) million and adjusted operating profit increased by 0.4 (3.0) per cent to EUR 61.1 (60.8) million. The adjusting items were EUR -2.2 (1.8) million, and the operating profit was EUR 58.8 (62.6) million.

Invoicing increased 4.8 (6.6) per cent in line with the market growth in the main markets. The profitability was supported by Services segment while the establishment of the Healthcare segment increased costs. The result from the Consumer business was at the previous year level.

January–December net sales at comparable exchange rate EUR/SEK was EUR 1,657.1 million. The depreciation of the Swedish krona from the corresponding period impacted the euro denominated operating profit by EUR -0.6 million, and the adjusted operating profit at comparable currency rate was EUR 61.7 million.

Oriola-KD's net financial expenses were EUR 4.7 (6.5) million. Profit for the period was EUR 42.8 (44.5) million. Income taxes for January–December were 11.3 (11.5) which corresponds to effective tax rate of 20.9 (20.6) per cent. Earnings per share were EUR 0.24 (0.25).

Reporting segments

Oriola-KD's reporting segments as of 1 January 2016 are Consumer, Services and Healthcare.

Consumer

The Consumer segment focuses on the needs of the consumers' for health and wellbeing related products and services. The business consists of retail business in Sweden, Finland and Latvia, whereof over 90 per cent of the net sales originates from the Swedish retail business.

Key Figures

	2016	2015	Change	2016	2015	Change
EUR million	10-12	10-12	%	1-12	1-12	%
Invoicing	199.0	204.3	-2.6	811.5	794.4	2.2
Net Sales	194.2	199.5	-2.6	792.5	777.1	2.0
Adjusted operating profit	7.3	7.6	-3.1	33.4	33.7	-1.1
Adjusted operating profit %	3.8	3.8		4.2	4.3	
Number of personnel at the end of period	1,668	1,574		1,668	1,574	

October–December 2016

The fourth quarter net sales in Consumer segment decreased by 2.6 per cent. Profitability was weakened by intensified competition, especially online, and establishment costs for new pharmacies.

In October six pharmacies acquired from Apotek Hjärtat were taken over and two pharmacies were handed over in exchange. Net increase in Oriola-KD's number of pharmacies in Sweden was eight.

January–December 2016

The pharmaceutical retail market in Sweden grew by 5.5 (6.7) per cent in Swedish krona in January–December 2016 (source: Apoteksförening). Parallel imports' share of the Swedish pharmaceutical market was 12 (10) per cent (source: IMS Health). The number of pharmacies in Sweden increased by 36 in January–December 2016. At the end of December there were 1,394 (1,358) pharmacies in Sweden.

Oriola-KD's market share of the pharmaceutical retail market in Sweden in January–December 2016 was 18.1 (18.5) per cent (source: Apoteksförening). Oriola-KD's relative share of OTC and traded goods from the net sales was 27 (26) per cent in the Swedish consumer business. At the end of the reporting period, Oriola-KD had a total of 325 (311) pharmacies of which 323 (309) were in Sweden and 2 (2) were in Latvia. Net increase in January–December was 14 pharmacies.

The net sales increased by 2.0 (1.4) per cent to EUR 792.5 (777.1) million, and on a constant currency basis, net sales increased by 3.2 per cent. Adjusted operating profit decreased by 1.1 (increased 0.9) per cent to EUR 33.4 (33.7) million. On a constant currency basis adjusted operating profit increased by 0.1 per cent.

Consumer segment sales growth was weaker than the market growth. The decline in the market share was mainly in the prescription medicines, but also in OTC and traded goods due to intensified competition. Profitability was burdened by higher establishment costs.

Services

The Services segment offers tailored services to pharmaceutical companies and pharmacies in Sweden, Finland and in the Baltic countries. In addition the Services segment offers sales and marketing services of large assortment of traded goods in Finland and in the Baltic countries.

Key Figures EUR million	2016	2015	Change	2016	2015	Change
	10-12	10-12	%	1-12	1-12	%
Invoicing	751.1	739.7	1.5	2,934.6	2,802.0	4.7
Net Sales	308.1	307.5	0.2	1,175.8	1,183.4	-0.6
Adjusted operating profit	9.2	9.1	1.5	34.7	33.2	4.3
Adjusted operating profit %	3.0	2.9		2.9	2.8	
Number of personnel at the end of period	989	745		989	745	

October–December 2016

The Services segment's invoicing grew by 1.5 per cent during the fourth quarter. Profitability improved due to increased logistics efficiency.

January–December 2016

The pharmaceutical market at wholesale prices in Sweden grew by 4.8 (7.9) per cent in Swedish krona (source: IMS Health) in January–December 2016. Oriola-KD's share of the Swedish pharmaceutical wholesale market was approximately 40 (39) per cent (Oriola-KD estimate).

The Finnish pharmaceutical market at wholesale prices grew by 3.7 (3.3) per cent in January–December 2016 (source: IMS Express). Oriola-KD's share of the Finnish pharmaceutical wholesale market was 46 (46) per cent (source: ATY).

The invoicing of the Services segment increased from the previous year by 4.7 (7.3) per cent to EUR 2,934.6 (2,802.0) million. On a constant currency basis invoicing increased by 5.5 per cent. Net sales decreased by 0.6 (increased by 0.6) per cent to EUR 1,175.8 (1,183.4) million, and on a constant currency basis, net sales increased by 0.2 per cent. Adjusted operating profit increased by 4.3 (9.3) per cent to EUR 34.7 (33.2) million. On a constant currency basis adjusted operating profit increased by 4.8 per cent.

Oriola-KD acquired 70.9 per cent of Farenta Oy on 1 September 2016. Additionally, Oriola-KD agreed on the right to acquire the remaining share of Farenta, and the company is consolidated into the Services segment as if it were wholly owned. Farenta offers professional services to pharmaceutical companies and staffing services to pharmacies.

A new distribution agreement was made with Meda in Sweden. The sales of Meda at wholesale prices were approximately SEK 1.1 billion in Sweden in 2015. The distribution agreement with Abbvie in Sweden was discontinued. The sales of Abbvie at wholesale prices were approximately SEK 1.3 billion in Sweden in 2015.

Healthcare

The Healthcare segment offers services to hospitals, healthcare centres and other healthcare sector operators. The business offers pharmaceutical delivery and dispensing services for public and private healthcare customers in Sweden, and dose dispensing services for Finnish pharmacies.

Healthcare

Key Figures	2016	2015	Change	2016	2015	Change
EUR million	10-12	10-12	%	1-12	1-12	%
Invoicing	12.6	-	-	36.3	-	-
Net Sales	12.5	-	-	36.2	-	-
Adjusted operating profit	0.2	-	-	-1.0	-	-
Adjusted operating profit %	1.9	-	-	-2.7	-	-
Number of personnel at the end of period	120	-	-	120	-	-

October–December 2016

The fourth quarter net sales of Healthcare segment were EUR 12.6 (-) million. Adjusted operating profit was EUR 0.2 million. During the fourth quarter a new dose dispensing agreement was made with county council Norrland. The dose dispensing service starts in February 2017 and covers approximately 19,000 persons. The agreement is for 4 years.

At the end of 2016 Oriola-KD served approximately 47 000 persons with dose dispensing in Sweden and Finland.

January–December 2016

The net sales of Healthcare business were EUR 36.2 (-) million. Adjusted operating loss was EUR 1.0 (-) million. Amortization related to acquisition of Svensk dos and PharmaService affected Healthcare operating profit by EUR -1.7 million.

Oriola-KD's Healthcare business started operation as of 1 January 2016. Svensk dos AB acquisition was completed on 8 February 2016, and the acquisition of PharmaService Oy was completed on 18 July 2016.

The Healthcare business in Oriola-KD specializes in pharmaceutical dose dispensing, hospital services and services to private health care actors and veterinarians. The cost of developing these capabilities has negatively impacted the 2016 profitability of the segment.

Balance sheet, cash flow and financing

Oriola-KD's total assets at 31 December 2016 were EUR 925.4 (946.9) million. Equity attributable to the equity holders was EUR 205.2 (194.6) million. Cash and cash equivalents totalled EUR 60.8 (121.9) million. Net cash flow from operations in January–December 2016 was EUR 40.1 (85.6) million, of which changes in working capital accounted for EUR -43.7 (11.2) million. Net cash flow from investing activities was EUR -80.7 (-19.9) million. Net cash flow from financing activities was EUR -20.4 (-35.2) million.

At the end of December 2016, interest-bearing debt was EUR 133.1 (128.6) million. In November 2016 a three-year EUR 30 million term loan was taken for refinancing short term loans and extending the maturity of the loan portfolio. On 31 December 2016, long-term interest bearing-liabilities were EUR 84.6 (66.9) million and short-term interest-bearing liabilities were EUR 48.5 (61.7) million. Short-term liabilities mainly consists of syndicated loans EUR 10.5 (10.9) million, commercial paper issues of EUR 15.0 (13.0) million, and advance payments from Finnish pharmacies EUR 21.5 (23.9) million. Interest-bearing net debt was EUR 72.3 (6.6) million, and gearing 35.2 (3.4) per cent.

The non-recourse trade receivables sales programmes were continued in Sweden in January–December 2016. At the end of December 2016, a total of EUR 118.5 (114.6) million in trade receivables had been sold. Including the sold trade receivables, the adjusted gearing was 93.0 (62.3) per cent. The average interest rate on the interest bearing liabilities was 1.26 (1.50) per cent.

The committed long-term revolving credit facility of EUR 100.0 million and EUR 15.2 million of short-term credit limit were unused at the end of December.

At the end of 2016 Oriola-KD's equity ratio was 22.7 (21.1) percent. Return on capital employed was 17.8 (19.9) percent, the long-term target being over 20 per cent. Adjusted gearing, 93.0 percent fell short of the target 30 – 60 per cent due to acquisitions of Svensk dos, Farenta and PharmaService in 2016, and the strategic investments into the efficiency of the logistic operations in Sweden.

Investments

Gross investments in January–December 2016 totalled EUR 88.8 (20.4) million and consisted of investments into the acquisition of Svensk dos, PharmaService, Farenta, opening of new pharmacies, information systems and improvements in logistics efficiency. Depreciation, amortisation and impairment amounted to EUR 32.2 (22.6) million.

An investment plan of EUR approximately 20 million into group operative IT platform and into automation of the Distribution Centre in Finland was approved in 2015. These investments will be realized during 2015–2018. In 2016 decision on EUR approximately 22 million investments in the expansion and automation of the distribution centre and warehouse during 2016–2018 in Sweden was made. Based on these decisions the average annual capital expenditure 2016–2018 excluding acquisitions is estimated to be approximately EUR 35 million.

Personnel

At the end of 2016, Oriola-KD had a payroll of 2,821 (2,353) employees, 59 (67) per cent of whom worked in the Consumer segment, 35 (31) per cent in Services segment, and 4 (-) per cent in Healthcare segment. The group administration employed 2 (2) percent of the total number of employees. Personnel numbers consist of members of staff in active employment.

Competent and contented staff is a success factor for Oriola-KD. Competence development and good leadership are therefore particularly important. In 2016 we have focused on developing our managers' leadership and change management skills to drive the on-going development programs. We regularly measure our employee engagement to develop work environment, leadership and ways of working. Oriola-KD cares for the total wellbeing of its employees and in the group's Finnish entities a wellbeing survey was piloted in spring 2016. With support of the occupational health care individual development actions have been initiated to maintain and improve ability to work and wellbeing at personal level.

Oriola-KD's employees' age distribution is very balanced: Approximately 27 per cent of our employees are under 30 years old, 45 per cent are between 30–50 years and 28 per cent are over 50 years old. 80 per cent of Oriola-KD's employees are female, and also 77 per cent of managerial positions are occupied by women. This is due to the fact that pharmacist professionals in our Consumer business are predominantly female. In Services and Healthcare business and administrative positions the split is very even.

Environmental, social and governance development in Oriola-KD

In 2016 Oriola-KD started to prepare the ESG reporting for 2017 annual reporting.

As a pharmaceutical wholesaler and pharmacy operator, Oriola-KD has a responsible role in the pharmaceutical supply chain. Oriola-KD handles and delivers pharmaceutical manufacturers' products safely, efficiently and on time, and provides appropriate pharmaceutical advice of a high quality in the Group's pharmacies.

Patient and pharmaceutical safety is the most important requirement governing Oriola-KD's operations. Pharmaceutical manufacturers' products must be delivered to patients safely, efficiently and on time, regardless of circumstances. Professional customer service, pharmaceutical advice and a comprehensive product range of a high quality are the key factors ensuring success in Oriola-KD pharmacies.

Competent and contented staff constitutes the key success factor for Oriola-KD. Continuous development of competence and good personnel management are therefore particularly important. Oriola-KD wishes to create an environment for its personnel in which working towards common targets can be performed safely and efficiently.

The work for environment concentrates on finding and implementing energy efficient solutions for warehousing and distribution as well as reducing and recycling waste. Handling of pharmaceutical waste is part of Oriola-KD's services.

Resolutions of the Annual General Meeting

The Annual General Meeting (AGM), held on 14 March 2016 adopted the financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial year ending 31 December 2015. The AGM resolved that a dividend of EUR 0.13 per share shall be paid on the basis of the balance sheet adopted for the financial year ending 31 December 2015. The payment date of the dividend was 5 April 2016.

The AGM resolved to amend the following Articles of the company's Articles of Association in accordance with the proposal of the Board of Directors: The age limit of Board member elects was removed from § 5 and a possibility to deliver the notice to the Annual General Meeting by publishing the notice on the company's website was added to § 12.

All decisions of the Annual General Meeting 2016 are available on the company's website at www.oriola-kd.com.

Corporate Governance

The Annual General Meeting confirmed that the Board of Directors is composed of eight members

- Anssi Vanjoki, Chairman
- Eva Nilsson Bågenholm, Vice Chairman
- Mariette Kristenson
- Anja Korhonen
- Kuisma Niemelä
- Lena Ridström
- Matti Rihko
- Staffan Simberg.

Board's Audit Committee members are: Anja Korhonen (Chairman), Kuisma Niemelä and Staffan Simberg. Board's Remuneration Committee members are: Eva Nilsson Bågenholm (Chairman), Mariette Kristenson, Lena Ridström and Matti Rihko.

The Board of Directors has assessed the independence of the members of the Board, and determined that all members of the Board are independent of the company and its major shareholders.

PricewaterhouseCoopers Oy, who has nominated authorized public accountant Ylva Eriksson as principal auditor, were re-elected as the auditor of the company.

On 23 September 2016 the Board of Directors of Oriola-KD appointed the company's Nomination Committee. The committee members are: Pekka Pajamo (chairman), Peter Immonen, Timo Leino, Mikko Mursula and Into Ylppö.

After the reporting period, on 31 January 2017, the Nomination Committee of Oriola-KD presented to the Board of Directors its recommendation on the proposal to the 2017 Annual General Meeting concerning the composition of the Board of Directors as follows:

- The number of members of the Board of Directors would be seven
- The present members of the Board of Directors Anja Korhonen, Mariette Kristenson, Kuisma Niemelä, Eva Nilsson Bågenholm, Lena Ridström, Staffan Simberg and Anssi Vanjoki would be re-elected
- Anssi Vanjoki would be re-elected as Chairman of the Board of Directors

Current member of the Board of Directors Matti Rihko had informed the Nomination Committee that he is not available for re-election to the Board of Directors after the 2017 Annual General Meeting.

Oriola-KD's Group Management Team:

- Eero Hautaniemi, President and CEO
- Sari Aitokallio, CFO
- Thomas Gawell, Vice President, Healthcare Business Area
- Jukka Mäkelä, Vice President, Development
- Teija Silver, Vice President, HR
- Stig Tornell, Vice President, Consumer Business Area
- Kimmo Virtanen, Executive Vice President, Services Business Area

Lars Birkeland, Vice President of the Consumer Business area and a member of the Group Management Team left the company on April 12, 2016. Stig Tornell was appointed Vice President, Consumer Business Area and member of the Group Management Team as of April 12, 2016.

The Corporate Governance Statement and the Remuneration Statement for 2016 can be viewed on the company's website at: <http://www.oriola-kd.com/CorporateGovernance>. The Corporate Governance Statement and the Remuneration Statement for 2016 have been prepared in accordance with the Corporate Governance Code 2015.

Authorizations

The AGM authorised the Board of Directors to decide on a share issue against payment in one or more issues. The authorisation comprises the right to issue new shares or assign treasury shares held by the company. The authorisation covers a maximum of 5,650,000 Class A shares and 12,500,000 Class B shares representing approximately 10.00 per cent of all shares in the company and includes the right to derogate from the shareholders' pre-emptive subscription right. Pursuant to the authorisation, shares held by the company as treasury shares may also be sold through trading on a regulated market organised by NASDAQ Helsinki Ltd. The authorisation is in effect for a period of eighteen months from the decision of the AGM.

The AGM authorised the Board of Directors to decide on a share issue against payment in one or more issues. The authorisation comprises the right to issue new class B shares or assign class B treasury shares held by the company. The authorisation covers a combined maximum of 18,000,000 class B shares of the company, representing approximately 9.92 per cent of all shares in the company and includes the right to derogate from the shareholders' pre-emptive subscription right. Pursuant to the authorisation, class B shares held by the Company as treasury shares may also be sold on regulated market organised by NASDAQ Helsinki Ltd. The authorisation is in effect for a period of eighteen months from the decision of the AGM.

The authorisations revoke all previous share issue authorisations given to the Board of Directors apart from the authorisation given to the Board of Directors by the Annual General Meeting held on 20 March 2013, pursuant to which the Board of Directors may decide upon directed share issues against or without a payment concerning no more than 1,715,000 class B shares in order to execute the share-based incentive plan for the Oriola-KD Group's executives and the share savings plan for the Oriola-KD Group's key personnel.

The AGM also authorised the Board of Directors to decide on repurchasing of the company's own class B shares. The authorisation entitles the Board of Directors to decide on the repurchase of no more than 18,000,000 of the company's own class B shares, representing approximately 9.92 per cent of all shares in the company. The authorisation may only be used in such a way that in total no more than one tenth of all shares in the company may from time to time be in the possession of the company and its subsidiaries. Shares may be repurchased also in a proportion other than in which shares are owned by the Shareholders. Shares may be repurchased to develop the company's capital structure, to execute corporate transactions or other business arrangements, to finance investments, to be used as a part of the company's incentive schemes or to be otherwise relinquished, held by the company or cancelled. The authorisation to repurchase own shares is in force for a period of not more than eighteen months from the decision of the AGM. This authorisation revokes the authorisation given to the Board of Directors by the AGM on 30 March 2015 in respect of repurchase of the company's own class B shares.

Oriola-KD Corporation shares

Trading volume of the Oriola-KD Corporation's class A and B shares in January–December 2016:

Trading volume	January-December 2016		January-December 2015	
	class A	class B	class A	class B
Trading volume, million	1.9	22.5	3.0	35.8
Trading volume, EUR million	7.9	94.1	11.9	140.1
Highest price, EUR	4.50	4.65	4.52	4.60
Lowest price, EUR	3.70	3.65	2.93	2.84
Closing quotation, end of period, EUR	4.25	4.31	4.24	4.32

Oriola-KD Corporation's market capitalisation on 31 December 2016 was EUR 778.9 (779.6) million.

In the review period, the traded volume of Oriola-KD Corporation shares, excluding treasury shares, corresponded to 13.4 (21.9) per cent of the total number of shares.

At the end of December 2016, the company had a total of 181,486,213 (181,486,213) shares, of which 55,484,648 (55,484,648) were class A shares and 126,001,565 (126,001,565) were class B shares. The company has 96,822 (96,822) treasury shares, all of which are class B shares. They account for 0.05 (0.05) per cent of the company's shares and 0.01 (0.01) per cent of the votes.

Under Article 3 of the Articles of Association, a shareholder may demand conversion of class A shares into class B shares. During the period 1 January–31 December 2016, no class A shares were converted into class B shares (1,093,804).

Share-based incentive plans

On 19 December 2012, Oriola-KD Corporation's Board of Directors decided on a share incentive scheme for the Group's senior management for the years 2013-2015. The scheme covered six persons. The reward for the 2015 earning period was based on the Oriola-KD Group's earnings per share (EPS) calculated from the adjusted earnings excluding taxes. The rewards to be paid in 2018 on the basis of the performance period 2015 correspond to the value of 247,541 Oriola-KD Corporation class B shares, including the proportion to be paid in cash.

On 4 December 2015 the Board of Directors of Oriola-KD Corporation established a share-based incentive plan directed to the Group key personnel. The plan covers three performance periods, 2016–2018, and three vesting periods, 2017-2019. The prerequisite for participation in the plan is that a key person has enrolled in the share saving plan, OKShares, and makes monthly saving from his or her fixed gross monthly salary.

The potential reward from the performance period 2016 is based on the Group's EPS. The rewards to be paid on the basis of the performance period 2016 correspond to the value of approximately 200,000 Oriola-KD Corporation Class B shares including the proportion to be paid in cash. Similarly the potential reward from the performance period 2017 will be based on the Group's EPS,

A total of 39 key employees participated in the Oriola-KD Corporation key personnel share savings plan during a savings period 1 October 2014–30 September 2015. A total of 31, 212 matching shares, including the proportion paid in cash, were transferred to eligible participants in November 2016.

Approximately 50 key employees participated in the savings period 1 October 2015–31 December 2016. A total of 57 key employees enrolled in the Oriola-KD Corporation key personnel share savings plan for the savings period 1 January-31 December 2017. The accumulated savings will be used for purchasing Oriola-KD's class B shares for the participants at market prices. In return, each participant will receive two free class B matching shares for every three acquired savings shares. Matching shares will be paid partly in Oriola-KD's class B shares and partly in cash.

Changes in the Group Structure in January–December 2016

Oriola-KD completed the acquisition of the Swedish dose dispensing company Svensk dos AB on 8 February 2016. During the second quarter Oriola-KD established a new subsidiary in Estonia to carry out the existing brands and pharmaceutical marketing businesses. Oriola-KD completed the acquisition of PharmaService Oy on 18 July 2016 and the acquisition of approximately 71 per cent of Farenta Oy on 1 September 2016.

Flagging announcements

No flagging announcements were received during the period.

Risks and internal control

Oriola-KD has specified the company's risk management model, principles, organization and process in the Risk management policy. The Group's risk management seeks to identify, measure and manage risks that may have an adverse or beneficial impact on Oriola-KD's operations and achievement of the set goals. Additionally the Group has a Code of conduct policy and a Treasury policy covering compliance and financial risks. The internal control and risk management systems related to Oriola-KD's financial reporting aim to ensure the reliability of the company's financial statements and financial reporting, as well as the company's compliance with legislation and generally approved accounting principles.

Oriola-KD operates in regulated pharmaceutical distribution and retail markets. The main trends impacting Oriola-KD's business environment are increased spending on health and well-being, growth in speciality pharmaceuticals, the efforts to control the growth in the costs of the public healthcare, and the digitalization of the retail trade and services.

Oriola-KD has identified the following principal strategic and operational risks that can have an adverse impact on the results: Changes in the pharmaceutical market regulation, pricing and public reimbursement, as well as increased competition through growing number of pharmacies and companies in e-commerce, decreasing share of single channel distribution in public healthcare, and loss of several key pharmaceutical company agreements.

The main financial risks for Oriola-KD involve currency rate, liquidity, interest rate and credit risks. Changes in the value of the Swedish krona has an impact on Oriola-KD's net sales, earnings and consolidated statement of financial position. Changes in cash flow forecasts can cause goodwill write-off.

Near-term risks and uncertainty factors

Oriola-KD's strategic development projects involve operational risks which may have an effect on Oriola-KD's profitability.

Oriola-KD is involved in a number of legal actions, claims and other proceedings. It is Oriola-KD's policy to provide for amounts related to the proceedings if liability is probable and amount thereof can be estimated with a reasonable certainty. Taking into account all available information to date, the legal actions, claims and other proceedings are not expected to have material impact on the financial position of the Group.

Market outlook

Oriola-KD's outlook for 2017 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments. The Finnish pharmaceutical market is expected to grow during 2015–2020, at an average rate of 1.1 per cent. Swedish pharmaceutical market is expected to grow an average rate of 4.2 per cent per year in the local currencies (source: IMS Health).

Outlook for 2017

Oriola-KD is undergoing a major development phase which started in 2015 and is estimated to be completed by the end of 2018. The costs related to these development projects and the intensified competition in the Swedish retail, especially online, will negatively impact the 2017 profitability.

Oriola-KD estimates that the adjusted operating profit (EBIT) on constant currency basis will remain at 2016 level.

Events after the period

Oriola-KD Corporation's 50,375 A-shares converted into B-shares. In accordance with Section 3 of the Articles of Association of Oriola-KD Corporation, 50,375 A-shares have been converted into 50,375 B-shares. The conversion has been entered into the Trade Register on 4 January 2017. After the conversion there are 55,434,273 A-shares and 126,051,940 B-shares in the company. The total number of shares is 181,486,213 and the total number of votes is 1,234,737,400.

On 31 January 2017 the Nomination Committee of Oriola-KD presented to the Board of Directors its recommendation on the proposal to the 2017 Annual General Meeting concerning the composition of the Board of Directors. The proposal has been presented above under Corporate Governance.

Profit distribution proposal

Oriola-KD's parent company is Oriola-KD Corporation, whose distributable assets based on the balance sheet on 31 December 2016 were EUR 366.3 (368.8) million. Oriola-KD Corporation's profit for the financial year 2016 was EUR 21.1 (40.2) million. Earnings per share were EUR 0.24 (0.25).

The Board proposes to the Annual General Meeting that a dividend of EUR 0.14 (0.13) per share.

Annual General Meeting

Oriola-KD Corporation's Annual General Meeting will be held on 14 March 2017 at 2 p.m. at the Helsinki Fair Centre. The matters specified in article 10 of the Articles of Association and other proposals of the Board of

Directors, if any, will be dealt with at the meeting. The Board of Directors will decide on the notice of the Annual General Meeting and the proposals contained in it at a later date. The notice to convene will be available on the company's website at www.oriola-kd.com on 16 February 2017.

Publication of the financial statements

Oriola-KD Corporation will publish its 2016 financial statements by 20 February 2017.

Financial calendar 2017

Annual General Meeting, Tuesday, 14 March 2017

January-March 2017 interim report, Friday, 28 April 2017

January-June 2017 half year report, Friday, 21 July 2017

January-September 2017 interim report, Wednesday, 25 October 2017

Espoo, 10 February 2017

Oriola-KD Corporation
Board of Directors

Oriola-KD's Financial Statement release January – December 2016

Consolidated Statement of Comprehensive Income (IFRS), EUR million	2016 10-12	2015 10-12	2016 1-12	2015 1-12
Continuing operations				
Net sales	424.8	420.9	1,642.1	1,626.3
Other operating income	3.6	4.8	20.2	14.9
Cost of goods sold	-333.0	-335.8	-1,291.6	-1,298.4
Employee benefit expenses	-42.6	-36.4	-154.5	-143.8
Other operating expenses	-32.2	-30.4	-125.2	-113.9
Gross profit	20.7	23.0	91.0	85.1
Depreciation and impairment	-6.6	-5.8	-32.2	-22.6
Operating profit	14.1	17.3	58.8	62.6
Financial income and expenses	-1.0	-1.7	-4.7	-6.5
Profit before taxes	13.2	15.6	54.1	56.1
Income taxes	-2.4	-3.2	-11.3	-11.5
Profit for the period from continuing operations	10.8	12.4	42.8	44.5
Profit for the period from discontinued operations	-	0.3	-	0.1
Profit for the period	10.8	12.7	42.8	44.6
Other comprehensive income				
Items which may be reclassified subsequently to profit or loss:				
Translation differences recognised in comprehensive income during the reporting period	2.1	3.9	-9.1	3.6
Cash flow hedge	0.3	0.2	0.8	0.1
Income tax relating to other comprehensive income	-0.1	-0.1	-0.2	-0.0
	2.3	4.1	-8.5	3.7
Items which will not be reclassified to profit or loss:				
Actuarial gains/losses on defined benefit plan	-0.5	5.6	-0.5	5.6
Income tax relating to other comprehensive income	0.1	-1.1	0.1	-1.1
	-0.4	4.4	-0.4	4.4
Total comprehensive income for the period	12.8	21.2	34.0	52.8
Profit attributable to				
Parent company shareholders	10.8	12.7	42.8	44.6
Total comprehensive income attributable to				
Parent company shareholders	12.8	21.2	34.0	52.8
Earnings per share attributable to parent company shareholders:				
Basic earnings per share, EUR				
Continued operations	0.06	0.07	0.24	0.25
Discontinued operations	-	0.00	-	0.00
From profit of the year	0.06	0.07	0.24	0.25
Diluted earnings per share, EUR				
Continued operations	0.06	0.07	0.24	0.25
Discontinued operations	-	0.00	-	0.00
From profit of the year	0.06	0.07	0.24	0.25

Consolidated Statement of Financial Position (IFRS),

EUR million

ASSETS	31 Dec 2016	31 Dec 2015
Non-current assets		
Property, plant and equipment	71.5	72.7
Goodwill	286.8	256.5
Other intangible assets	76.2	63.2
Other non-current assets	0.3	0.3
Deferred tax assets	2.4	3.7
Non-current assets total	437.2	396.4
Current assets		
Inventories	199.4	201.1
Trade receivables	192.6	194.0
Other receivables	35.4	33.4
Cash and cash equivalents	60.8	121.9
Current assets total	488.3	550.5
ASSETS TOTAL	925.4	946.9
EQUITY AND LIABILITIES		
Equity		
Share capital	36.2	36.2
Hedging reserve	-0.6	-1.2
Contingency fund	19.4	19.4
Invested unrestricted equity reserve	74.8	74.8
Other reserves	0.1	0.2
Translation differences	-8.6	0.5
Retained earnings	83.8	64.7
Equity attributable to the parent company shareholders	205.2	194.6
Non-current liabilities		
Deferred tax liabilities	16.2	15.8
Pension obligations	10.6	10.0
Borrowings	84.6	66.9
Other non-current liabilities	3.4	2.1
Non-current liabilities total	114.8	94.7
Current liabilities		
Trade payables	504.3	547.7
Borrowings	48.5	61.7
Other current liabilities	52.7	48.1
Current liabilities total	605.4	657.5
EQUITY AND LIABILITIES TOTAL	925.4	946.9

Consolidated Statement of Changes in Equity (IFRS)

Equity attributable to the parent company shareholders

EUR million	Share capital	Funds	Translation differences	Retained earnings	Hybrid bond	Equity total
Equity						
1 Jan 2015	36.2	19.3	-3.1	19.5	39.6	111.5
Comprehensive income for the period						
Net profit for the period	-	-	-	44.6	-	44.6
Other comprehensive income:						
Cash flow hedge	-	0.1	-	-	-	0.1
Actuarial gains and losses	-	-	-	5.6	-	5.6
Income tax relating to other comprehensive income	-	-0.0	-	-1.1	-	-1.2
Translation difference	-	-	3.6	-	-	3.6
Comprehensive income for the period total	-	0.1	3.6	49.1	-	52.8
Transactions with owners						
Share issue	-	73.7	-	-	-	73.7
Hybrid bond paid interest	-	-	-	-2.6	-	-2.6
Hybrid bond redemption	-	-	-	-1.3	-39.6	-41.0
Share-based incentive	-	-	-	0.3	-	0.3
Distributed treasury shares	-	-	-	-0.1	-	-0.1
Purchase of own shares	-	-	-	-0.0	-	-0.0
Transactions with owners total	-	73.7	-	-3.8	-39.6	30.3
Equity						
31 Dec 2015	36.2	93.1	0.5	64.7	-	194.6
Comprehensive income for the period						
Net profit for the period	-	-	-	42.8	-	42.8
Other comprehensive income:						
Cash flow hedge	-	0.8	-	-	-	0.8
Actuarial gains and losses	-	-	-	-0.5	-	-0.5
Income tax relating to other comprehensive income	-	-0.2	-	0.1	-	-0.0
Translation difference	-	-	-9.1	-	-	-9.1
Comprehensive income for the period total	-	0.6	-9.1	42.5	-	34.0
Transactions with owners						
Dividends distribution	-	-	-	-23.6	-	-23.6
Share-based incentive	-	-	-	0.3	-	0.3
Distributed treasury shares	-	-	-	-0.1	-	-0.1
Transactions with owners total	-	-	-	-23.4	-	-23.4
Equity						
31 Dec 2016	36.2	93.7	-8.6	83.8	-	205.2

	2016	2015
EUR million	1-12	1-12
Operating profit	58.8	62.7
Depreciation and amortisation	25.8	22.6
Impairment	6.4	-
Change in working capital	-43.7	11.2
Cash flow from financial items and taxes	-15.1	-16.9
Other adjustments	7.9	6.2
Net cash flow from operating activities	40.1	85.6
Net cash flow from investing activities	-80.7	-19.9
Net cash flow from financing activities	-20.4	-35.2
Net change in cash and cash equivalents	-61.0	30.6
Cash and cash equivalents at the beginning of the period	121.9	91.5
Foreign exchange rate differences	-0.1	-0.1
Net change in cash and cash equivalents	-61.0	30.6
Cash and cash equivalents at the end of the period	60.8	121.9

Notes to financial statements

Principal accounting policies as of 1 January 2016 (IFRS)

This financial statements release has been prepared in accordance with IFRS standards (IAS 34). The accounting policies and calculation methods applied in the report are the same as those in the 31 December 2015 annual financial statements, however with the addition of the standards and interpretations applied as of 1 January 2016 presented below. The report does not include all of the information and notes presented in the annual financial statements.

New standards or amendments to the existing ones that have been applied as of 1 January 2016:

- Amendments to IAS 16 Property, plant and equipment and IAS 38 Intangible assets
- Annual improvements in IFRS standards 2012-2014

The amended standards have not had a material impact on the Group's financial position.

The figures in this financial statements release are based on audited 2016 financial statements.

Earnings per share				
	2016	2015	2016	2015
EUR million	10-12	10-12	1-12	1-12
Profit attributable to equity owners of the parent from continuing operations	10.8	12.4	42.8	44.5
Adjusted profit for the period from continuing operations	10.8	12.4	42.8	44.5
	2016	2015	2016	2015
EUR million	10-12	10-12	1-12	1-12
Profit incl. discontinued operations attributable to equity owners of the parent	10.8	12.7	42.8	44.6
Adjusted profit for the period including discontinued operations	10.8	12.7	42.8	44.6
Average number of outstanding shares (1000 shares)				
Basic	181,389	181,389	181,389	177,502
Diluted	181,389	181,389	181,389	177,502
Earnings per share (EUR)				
Basic				
Continuing operations	0.06	0.07	0.24	0.25
Discontinuing operations	-	0.00	-	0.00
Total	0.06	0.07	0.24	0.25
Diluted				
Continuing operations	0.06	0.07	0.24	0.25
Discontinuing operations	-	0.00	-	0.00
Total	0.06	0.07	0.24	0.25

Business combinations

Oriola-KD acquired on 8 February 2016 the Swedish pharmacy company Svensk dos. Svensk dos provides dose dispensed medicines to approximately 25,000 people. In 2015, the net sales of Svensk dos were approximately EUR 28 million and estimated market share was 13 per cent. Svensk dos has approximately 60 employees and is based in Uppsala. The statement of profit and loss and the statement of financial position have been consolidated into the Healthcare segment as of 1 February 2016.

The acquisition cost calculation is based on the company's statement of financial position as at 31 January 2016, the essential parts of which have been prepared in accordance with IFRS's accounting principles.

Oriola-KD completed the acquisition of PharmaService Oy, a Finnish company offering dose dispensing supporting services from the Association of Finnish Pharmacies and Orion Corporation on 18 July 2016. PharmaService provides supporting services for automated dose dispensing of medicines to pharmacies in Finland, serving approximately 20,000 of the pharmacies' customers. In 2015, the net sales of PharmaService were approximately EUR 14 million, and it has approximately 50 employees in Helsinki. The statement of profit and loss and the statement of financial position have been consolidated into the Healthcare segment as of 18 July 2016.

The acquisition cost calculation is based on the company's statement of financial position as at 18 July 2016, the essential parts of which have been prepared in accordance with IFRS's accounting principles.

On 1 September 2016 Oriola-KD acquired 70.9 per cent of Farenta, a Finnish company offering services for pharmaceutical companies and pharmacies. Additionally, Oriola-KD agreed on the right to acquire the remaining share of Farenta. Farenta serves over 100 pharmaceutical companies and 300 Finnish pharmacies. The net sales of Farenta were EUR 14.6 million in 2015, and the company has approximately 400 employees. The statement of profit and loss and the statement of financial position have been consolidated into the Services segment as of 1 September 2016.

The acquisition cost calculation is based on the company's statement of financial position as at 31 August 2016, the essential parts of which have been prepared in accordance with IFRS's accounting principles.

During 2016 Oriola-KD acquired eight pharmacies from Apotek Hjärtat in Sweden. Pharmacies are consolidated into Consumer segment as part of Kronans Apotek AB.

The goodwill recognised of these acquisitions is EUR 45.1 million.

At the date of the acquisition of Svensk dos, the company had won the tender for dose dispensing in the Sjuklövern counties, but the contract was under appeal. After the decision of The Swedish Supreme Administrative Court Sjuklövern has confirmed that they will issue a new tender for the dose dispensing in the counties. Consequently, a EUR 6.4 million goodwill impairment charge was recognised in September 2016 and the remaining contingent liability related to the acquisition was released through profit and loss amounting to EUR 6.3 million.

Tangible and intangible assets

Changes in Property, Plant and Equipment, EUR million	2016 1-12	2015 1-12
Carrying amount at the beginning of the period	72.7	75.2
Business combinations	1.9	-
Increases	16.0	11.9
Decreases	-2.1	-0.6
Reclassifications	-	0.0
Depreciation	-15.2	-14.8
Foreign exchange rate differences	-1.8	1.0
Carrying amount at the end of the period	71.5	72.7

Changes in Intangible assets, EUR million	2016 1-12	2015 1-12
Carrying amount at the beginning of the period	319.7	312.3
Business combinations	1.6	-
Increases	69.2	8.5
Decreases	-0.0	-
Reclassifications	-	-0.0
Impairments and Amortisation	-16.9	-7.8
Foreign exchange rate differences	-10.5	6.7
Carrying amount at the end of the period	363.0	319.7

Impairment testing

Oriola-KD's goodwill of EUR 286.8 (256.5) million has been allocated in impairment testing to the cash-generating units. Goodwill is tested annually, in accordance with the timetable of the strategy and planning process. Oriola-KD conducted impairment testing of goodwill in September 2016 based on the strategic plans for 2016-2019.

During the third quarter of 2016 the Group determined the recoverable amount of the Swedish Healthcare business based on a revised business plan due to the rejection of the Sjuklövern tender contract. According to the revised business plan the growth in future net sales and profitability were expected to be below those of the earlier plans. Based on the determination the carrying value of the tested assets exceeded their recoverable amount and as a result a EUR 6.4 million goodwill impairment charge was recognised. Due to the fact that the tender was rejected also the contingent consideration related to Svensk dos acquisition lapsed. The change in the contingent liability amounted to EUR 6.3 million and recognised in the statement of profit and loss.

Derivatives

31 Dec 2016 EUR million	Positive fair value	Negative fair value	Nominal values of contracts
Derivatives recognised as cash flow hedges			
Interest rate swaps	-	0.9	54.4
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	0.1	-	12.1

31 Dec 2015 EUR million	Positive fair value	Negative fair value	Nominal values of contracts
Derivatives recognised as cash flow hedges			
Interest rate swaps	-	1.6	56.6
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	-	1.2	126.9

Derivatives measured at fair value through profit and loss are mainly related to hedging of group's internal transactions. Fair values of the derivatives have been booked to balance sheet in gross amount as the derivatives contracts are related to credit events and cannot be netted in financial statements. The group has not given nor received collateral to/from derivatives counterparties.

Fair value hierarchy

EUR million 31 Dec 2016	Level 1	Level 2	Level 3	Total
Assets				
Derivatives measured at fair value through profit and loss	-	0.1	-	0.1
Liabilities				
Derivatives designated as hedges	-	0.9	-	0.9
Contingent consideration	-	-	2.7	2.7

EUR million 31 Dec 2015	Level 1	Level 2	Level 3	Total
Assets				
Derivatives measured at fair value through profit and loss	-	0.1	-	0.1
Liabilities				
Derivatives designated as hedges	-	1.6	-	1.6
Derivatives measured at fair value through profit and loss	-	1.3	-	1.3
Contingent consideration	-	-	12.4	12.4

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Reconciliation of financial liabilities recognised at fair value through profit and loss according to the level 3

EUR million

Book value 31 Dec 2015	12.4
Recognised in financial expenses	0.2
Decrease in the fair value of financial liabilities	-21.9
Increase in the fair value of financial liabilities	11.9
Translation differences	0.1
Book value 31 Dec 2016	2.7

Financial liabilities recognised at fair value through profit and loss (level 3) include estimated value of contingent and deferred considerations for acquisitions. The decrease in fair value of financial liabilities relates to the payment of the contingent consideration related to Medstop acquisition.

Commitments and Contingent Liabilities

EUR million	31 Dec 2016	31 Dec 2015
Commitments for own liabilities		
Guarantees on behalf of own companies	8.3	8.5
Guarantees on behalf of other companies	1.0	2.0
Mortgages on company assets	3.4	2.3
Other guarantees and liabilities	1.0	1.0
Total	13.6	13.7
Leasing liabilities (operating liabilities)	0.9	0.7
Rent liabilities	59.2	40.0

Guarantees on behalf of other companies relate to the sold Russian entities. The guarantees on behalf of other companies expired on 31 December 2016.

The most significant guarantees are bank guarantees against trade payables in Sweden. In addition, Oriola-KD Corporation has granted parent company guarantees of EUR 2.7 (2.8) million against other subsidiaries' trade payables.

Provisions

On 31 December 2016 Oriola-KD had no recognised provisions.

Related parties

Related parties in the Oriola-KD Group are deemed to comprise the members of the Board of Directors and the President and CEO of Oriola-KD Corporation, the other members of the Group Management Team of the Oriola-KD Group, the immediate family of the aforementioned persons and the companies controlled by the aforementioned persons. The Group has no significant business transactions with related parties.

Segment information**Reportable segments****1-12/2016**

EUR million	Consumer	Services	Health-care	Group items	Total
External Invoicing	811.5	2,572.1	36.3	-	3,420.0
Internal Invoicing	0.0	362.4	-	-362.4	-
Invoicing	811.5	2,934.6	36.3	-362.4	3,420.0
External Net Sales	792.5	813.4	36.2	-	1,642.1
Internal Net Sales	0.0	362.4	-	-362.4	-
Net Sales	792.5	1,175.8	36.2	-362.4	1,642.1
Operating profit	32.8	33.6	-7.6	0.1	58.8
Adjusted operating profit	33.4	34.7	-1.0	-6.0	61.1
Assets	453.9	340.6	44.5	86.4	925.4
Liabilities	73.9	504.1	5.8	136.4	720.3
Investments	17.4	14.6	44.5	12.2	88.8
Depreciation and impairments	17.1	5.7	9.0	0.3	32.2
Average number of personnel	1,638	822	80	42	2,582

1-12/2015

EUR million	Consumer	Services	Health-care	Group items	Total
External Invoicing	794.4	2,467.8	-	-	3,262.2
Internal Invoicing	0.0	334.2	-	-334.2	-
Invoicing	794.4	2,802.0	-	-334.2	3,262.2
External Net Sales	777.1	849.2	-	-	1,626.3
Internal Net Sales	0.0	334.2	-	-334.2	-
Net Sales	777.1	1,183.4	-	-334.2	1,626.3
Operating profit	33.7	32.2	-	-3.4	62.6
Adjusted operating profit	33.7	33.2	-	-6.1	60.8
Assets	454.1	360.1	-	132.6	946.9
Liabilities	76.2	544.4	-	131.6	752.3
Investments	12.5	5.0	-	2.9	20.4
Depreciation	16.6	5.7	-	0.2	22.6
Average number of personnel	1,550	739	-	38	2,327

Geographical information**1-12/2016**

EUR million	Sweden	Finland	Baltic countries	Other countries	Total
Net Sales	1,143.1	372.5	50.7	75.8	1,642.1
Assets	664.1	242.1	19.2	0.1	925.4
Investments	44.7	43.9	0.2	-	88.8
Average number of personnel	1,927	498	157	1	2,582

1-12/2015

EUR million	Sweden	Finland	Baltic countries	Other countries	Total
Net Sales	1,124.4	385.7	45.7	70.6	1,626.3
Assets	656.9	271.4	18.6	-	946.9
Investments	13.6	6.4	0.4	-	20.4
Average number of personnel	1,800	372	155	-	2,327

Alternative performance measurement reconciliation table

Invoicing	2016	2015	2016	2015
EUR million	10-12	10-12	1-12	1-12
Net sales	424.8	420.9	1,642.1	1,626.3
+ Acquisition cost of consignment stock	442.6	431.8	1,757.2	1,617.0
+ Cash discounts	5.3	5.3	20.6	18.8
Invoicing	872.7	858.0	3,420.0	3,262.2
Adjusting EBITDA	2016	2015	2016	2015
EUR million	10-12	10-12	1-12	1-12
Operating profit	14.1	17.3	58.8	62.6
Depreciations and impairments	6.6	5.8	32.2	22.6
EBITDA	20.7	23.0	91.0	85.1
- Adjusting items included in EBITDA	1.1	-2.0	-4.2	-1.8
Adjusting EBITDA	21.8	21.0	86.8	83.4

Adjusting items

Adjustments to EBITDA and operating profit exclude gains or losses from the sale or discontinuation of business operations or assets, gains or losses from restructuring business operations, and impairment losses of goodwill and other non-current assets, or other income or expenses arising from rare events and, changes in estimates regarding the realisation of contingent consideration arising from business acquisitions.

Adjusting items included in Operating Profit EUR million	2016 10-12	2015 10-12	2016 1-12	2015 1-12
Restructuring costs	-0.4	-	-1.4	-1.4
Impairments	0.0	-	-6.4	-
Revaluation of contingent consideration	-0.1	2.3	6.3	3.4
Pensions	-	-0.3	-	-0.3
Other	-0.8	-0.1	-0.7	-0.1
Total	-1.2	2.0	-2.2	1.8

Adjusting items in January-December 2016 relate to restructuring charges in Consumer and Services. The impairment and revaluation items in 2016 relate to Svensk dos.