Oriola Corporation’s Financial Statements Release 1 January – 31 December 2018

Released on 22 February 2019 at 3.00 p.m.

Oriola Corporation stock exchange release 22 February 2019 at 3.00 p.m.

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Financial performance October–December 2018, continuing operations

- Invoicing increased by 6.6% (increased 1.5%) to EUR 929.1 (871.6) million. On a constant currency basis invoicing increased by 10.5% and was EUR 963.4 million.
- Net sales decreased by 0.1% (decreased 3.9%) to EUR 394.7 (395.2) million. On a constant currency basis net sales increased by 3.8% and were EUR 410.4 million.
- Adjusted EBITDA was EUR 12.0 (13.1) million. On a constant currency basis the adjusted EBITDA was EUR 12.5 million.
- Adjusted EBIT was EUR 5.2 (6.2) million. On a constant currency basis the adjusted EBIT was EUR 5.5 million.
- Profit for the period totalled EUR -8.5 (2.1) million and earnings per share was EUR -0.05 (0.01)

Financial performance January–December 2018, continuing operations

- Invoicing increased by 5.5% (decreased 0.8%) to EUR 3,518.4 (3,336.3) million. On a constant currency basis invoicing increased by 10.1% and was EUR 3,674.4 million
- Net sales increased by 1.6% (decreased 3.8%) to EUR 1,552.2 (1,527.7) million. On a constant currency basis net sales increased by 6.5% and were EUR 1,626.2 million.
- Adjusted EBITDA was EUR 65.5 (67.6) million. On a constant currency basis the adjusted EBITDA was EUR 68.9 million.
- Adjusted EBIT was EUR 36.9 (39.9) million. On a constant currency basis the adjusted EBIT was EUR 39.1 million.
- Profit for the period totalled EUR 12.7 (25.9) million and earnings per share was EUR 0.07 (0.14).
- The Board of Directors proposes a dividend of EUR 0.09 per share for the year 2018.

Business outlook for 2019

The adjusted EBIT on a constant currency basis is estimated to increase from the 2018 level.

Oriola’s business outlook for 2019 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments.

President and CEO Robert Andersson:

“Oriola’s invoicing on a constant currency basis (EUR 3,674.4 million, +10.1% from previous year) and net sales performance on a constant currency basis (EUR 1,626.2 million, +6.5% from previous year) were strong in 2018. Weaknesses in efficiency, high operational costs, Hehku investment as well as a weak Swedish Krona burdened our EBIT the whole year. However, our net cash flow from operating activities was positive throughout the year, totalling EUR 102.8 million in 2018.

Services Business Area invoicing increased 11.7% and net sales increased 4.2% on a constant currency basis in the fourth quarter compared to the corresponding period last year, but the profitability was affected by inefficiencies in logistics, which mainly were driven by delayed Enköping distribution centre ramp-up. For the Consumer Business Area the final quarter of 2018 was difficult because of strong competition but our online sales continued to grow faster (+73%) than the market (+35%). Healthcare Business Area progressed as planned. Net sales grew on a constant currency basis by 10.9% compared to corresponding period last year.

Our challenging year led us to take decisive steps forward. We renewed leadership, changed ERP-implementation partner, decided to discontinue the Hehku business and established a new customer focused organisation which is able to serve our customers in a holistic way in the growing health and wellbeing market. Our new Business Area organisation is based on customer segments. We also created a new function, “Operations”, which is focusing on efficient and lean operations, scaling sourcing capabilities and developing logistics for fast-growing e-commerce needs.

Year 2019 is full of initiatives to strengthen our business. We are starting the Enköping distribution centre ramp-up during the first quarter to secure capacity and efficiency of our business in the growing Swedish market, with modern and automated processes. By developing our digital service-approach in Kronans Apotek, we want to ensure our capability to serve the growing online demand, but also to build a strong omni-channel experience. This experience includes elements supplied by partly-owned Doktor.se and our own health support experts in Sweden.

This year will be an important milestone to implement and execute the next steps in our transformation. We have recognised and understand our operational challenges in efficiency, in costs and in processes. Key to solve these is to improve customer focus and execution. We have decided to start the 20by20 Excellence programme to systematically review operations and resources to ensure efficient and high-quality operations as well as reduce costs. I’m confident we are on the right track to offer a stronger performance in coming years.”

Key figures, continuing operations EUR million	2018 10-12	2017 10-12	Change %	2018 1-12	2017 1-12	Change %
Invoicing	929.1	871.6	6.6	3,518.4	3,336.3	5.5
Net sales	394.7	395.2	-0.1	1,552.2	1,527.7	1.6
Adjusted EBITDA	12.0	13.1	-8.2	65.5	67.6	-3.0
Adjusted EBITDA %	3.1	3.3		4.2	4.4	
Adjusted EBIT[1]	5.2	6.2	-16.4	36.9	39.9	-7.7
EBIT	-8.0	3.9	-304.4	22.0	37.8	-41.9
Adjusted EBIT %	1.3	1.6		2.4	2.6	
EBIT %	-2.0	1.0		1.4	2.5	
Profit for the period	-8.5	2.1	-495.8	12.7	25.9	-51.1
Earnings per share, EUR, continuing operations	-0.05	0.01	-495.8	0.07	0.14	-51.2
Earnings per share, EUR, discontinued operations	-	-0.00		-	0.00	
Net cash flow from operating activities[2]	48.4	11.0		102.8	23.7	
Gross capital expenditure				39.6	46.1	
Total assets				927.7	922.4	
Net interest-bearing debt				63.6	110.2	
Gearing, %				35.1	55.7	
Net debt / 12-month EBITDA[2]				1.1	1.7	
Equity per share, EUR				1.00	1.09	
Equity ratio, %[2]				19.8	21.8	
Return on equity (ROE), %[2]				6.7	13.0	
Return on capital employed (ROCE), %[2]				6.9	11.7	
Average number of shares, 1000 pcs[3]				181,361	181,328	
Average number of personnel				2,699	2,686	
Number of personnel at the end of the period				2,706	2,619	

[1] Adjustment items are specified in table "Adjusting items included in EBIT"

[2] Includes discontinued operations

[3] Treasury shares held by the company not included

Disclosure procedure

This stock exchange release is a summary of Oriola Corporation's Financial Statements Release January–December 2018. The complete report is attached to this release in pdf format and is also available on Oriola's website at www.oriola.com.

Analyst and investor meeting

Oriola Corporation will organise a meeting for investors, analysts and the press on Friday, 22 February 2019 at 4.00 p.m. at Hotel Scandic Simonkenttä, meeting room Mansku, Simonkatu 9, 00100 Helsinki, Finland.

Publication of the Financial Statements

Oriola Corporation will publish its 2018 Financial Statements by 25 February 2019.

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Distribution:
Nasdaq Helsinki Ltd
Key media

Released by:
Oriola Corporation
Orionintie 5, 02200 Espoo
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Oriola Corporation's Financial Statements Release 1 January–31 December 2018

The commentary of this Financial Statements Release comprises of the continuing operations of the Company unless otherwise stated. From June 2017 onwards the Baltic businesses were classified as discontinued operations. Accordingly the Group also reclassified the comparative periods of the consolidated statement of comprehensive income. The sale of the Baltic business was completed on 18 October 2017.

Operating environment

In 2018, the pharmaceutical market growth accelerated in both Finland and Sweden, driven by higher average sales prices of pharmaceutical products. The sales of traded goods also grew fast, driven by e-commerce and consumers' willingness to invest in health and wellbeing. Consumer confidence declined somewhat towards the end of 2018 in both countries but remained close to long-term average levels.

In Sweden, the growth in the pharmacy market continues to be driven by online sales. The growth rate of physical retail establishments continued to decline compared to the previous years. E-commerce growth in 2018 was approximately 38%, online sales accounting for 8% of the total market. The online opportunities continue to bring new competitors into the marketplace, and traditional pharmacy chains are developing online capabilities to match the offerings of new entrants. Price competition is expected to continue, both online and offline. In Finland, online business is also rapidly growing but is still behind Sweden.

The number of patients in dose dispensing continues to grow moderately both in Sweden and Finland. In Sweden, the competition has continued to put pressure on dose fees paid by the county councils. The fee has been zero or negative in the latest tenders. It is characteristic for the dose dispensing tendering process in Sweden that decisions on awarding contracts are contested by the competitors, resulting in appeals, re-tendering and overall lengthy tender processes.

The Health and wellbeing market is evolving and offering consumers new products and services. The competition in this marketplace is intense and online sales are impacting both assortment and pricing. The public sector is increasingly seeking ways to control the higher costs of healthcare, and these measures offer the pharmaceutical service providers new opportunities, but on the other hand put pressure on pricing of products and services. The pharmaceutical market is expected to continue to grow also in 2019.

Changes in the pharmaceutical regulatory environment along with changes in pricing and reimbursement of medicines continued to impact the markets in which Oriola operates. In Sweden the obligation for wholesalers to deliver pharmaceuticals to pharmacies within 24 hours from receiving the orders, as well as new rules for return of products by pharmacies to wholesalers took effect in 2018. In Finland, the social and healthcare reform will change the financing and structures of healthcare, from primary care to specialised treatments. The pharmacy sector regulation did not take any major steps in 2018 but the pressure for change is growing.

The Group's net sales and result for October–December 2018

Oriola's fourth quarter net sales decreased by 0.1% (decreased 3.9%) to EUR 394.7 (395.2) million and adjusted EBIT decreased by 16.4% (decreased 59.4%) to EUR 5.2 (6.2) million. The adjusting items were EUR -13.2 (-2.3) million, and EBIT was EUR -8.0 (3.9) million. The adjusting items are specified in section Adjusting items in the notes to the Financial Statements Release.

The fourth quarter invoicing increased by 6.6% (increased 1.5%), on a constant currency basis invoicing increased by 10.5%. Invoicing increased mainly in the Services Business Area due to increased volumes in Sweden.

October–December net sales on a constant currency basis increased 3.8% to EUR 410.4 million. The depreciation of the Swedish krona from the corresponding period impacted the euro denominated adjusted EBIT by EUR -0.3 million. The adjusted EBIT at constant currencies was EUR 5.5 million.

Oriola announced on 21 November 2018 that Hehku, the joint venture with Kesko, had not reached its business and financial targets. The co-operation negotiations at Hehku Kauppa Oy were completed on 19 December 2018, and it was decided to close down the business. In the last quarter of 2018, Oriola recognised in EBIT impairment charges and provisions for liabilities as well as other costs related to Hehku totalling EUR 12.7 million. The impact related to Hehku is reported as adjusting items to EBIT.

Oriola's net financial expenses were EUR 0.6 (0.7) million. Profit for the period was EUR -8.5 (2.1) million. Earnings per share were EUR -0.05 (0.01).

The Group's net sales and result for January–December 2018

Invoicing increased by 5.5% (decreased 0.8%). On a constant currency basis invoicing increased by 10.1%. Invoicing increased mainly in the Services Business Area due to increased volumes in Sweden.

Oriola's net sales increased by 1.6% (decreased 3.8%) to EUR 1,552.2 (1,527.7) million and adjusted EBIT decreased by 7.7% (decreased 33.3%) to EUR 36.9 (39.9) million. The adjusting items were EUR -14.9 (-2.1) million, and EBIT was EUR 22.0 (37.8) million.

January–December net sales on a constant currency basis increased 6.5% to EUR 1,626.2 million. The depreciation of the Swedish krona from the corresponding period impacted the euro denominated adjusted EBIT by EUR -2.2 million. The adjusted EBIT at constant currencies was EUR 39.1 million.

On 17 August 2018, Oriola announced that Oriola and the provider of the new logistics and warehouse IT system have mutually agreed to end the current contract by 31 December 2018 by entering into a settlement agreement. The parties agreed that the provider for the new IT system will contribute an amount of EUR 9 million to Oriola's incurred costs, and the amount was paid to Oriola during the third and fourth quarters of 2018. Oriola recognised the amount in other operating income.

Oriola's net financial expenses were EUR 3.0 (3.9) million. Profit for the period was EUR 12.7 (25.9) million. Income taxes for January–December were EUR 6.3 (7.9) million, which corresponds to an effective tax rate of 33.4% (23.4%). Earnings per share were EUR 0.07 (0.14).

Reporting segments

Oriola's operating and reporting segments consist of the following business areas: Consumer, Services and Healthcare.

Oriola announced on 18 September 2018 that it will change its organisation, and Oriola's operations will be divided into three business areas: Consumer, Pharma and Retail. As of 1 January 2019, these three business areas are also the new financial reporting segments.

Consumer

The Consumer Business Area provides comprehensive health and wellbeing offering as well as expert advice for consumers. The business consists of retail business in Sweden and Finland.

Key Figures EUR million	2018 10-12	2017 10-12	Change %	2018 1-12	2017 1-12	Change %
Invoicing	195.9	193.3	1.3	769.5	780.5	-1.4
Net Sales	190.8	188.7	1.1	751.9	762.0	-1.3
Adjusted EBIT	3.0	4.4	-31.1	18.8	25.2	-25.4
Adjusted EBIT %	1.6	2.3		2.5	3.3	
Number of personnel at the end of period	1,601	1,581		1,601	1,581	

October–December 2018

The fourth quarter net sales of the Consumer business increased by 1.1% (decreased 0.3%) to EUR 190.8 (188.7) million. At constant currencies net sales increased by 6.6%. Adjusted EBIT decreased by 31.1% (decreased 40.2%) to EUR 3.0 (4.4) million. Profitability weakened due to depreciated Swedish krona, higher share of sales of RX medicines, price pressures and cost of online development. Hehku impact in Consumer Business Area's adjusted EBIT was EUR -0.9 (-0.6) million during the fourth quarter.

Net change in Oriola's number of pharmacies in Sweden was + 1 in the fourth quarter of 2018.

January–December 2018

The pharmacy market in Sweden grew by 9.7% (3.2%) in Swedish krona in January–December 2018 (source: Apoteksförening). The number of pharmacies in Sweden increased by ten pharmacies in January–December 2018. At the end of December there were 1,428 (1,418) pharmacies, including 7 (8) online pharmacies, in Sweden.

Oriola's market share in the pharmaceutical retail market in Sweden in January–December 2018 was 17.1% (17.7%) (source: Apoteksförening). The relative share of OTC and traded goods from net sales was 25.6% (26.6%). At the end of the reporting period, Oriola had 327 (326) pharmacies in Sweden. Oriola established six new pharmacies and closed five pharmacies during the reporting period.

Online sales in the Swedish pharmacy market continued to grow fast and reached approximately 8% (7%) of the pharmacy market by the end of 2018. Oriola's online sales continued to develop well and grew faster than the market in January–December 2018. The growth has been strongest in OTC and traded goods products. Online sales accounted for 2.8% (1.8%) of Oriola's Consumer sales in Sweden.

The net sales of the Consumer business decreased by 1.3% (decreased 1.3%) to EUR 751.9 (762.0) million. On a constant currency basis net sales increased by 5.1%. Adjusted EBIT decreased by 25.4% (decreased 24.0%) to EUR 18.8 (25.2) million. Depreciated Swedish krona, the cost of online development as well as higher share of sales of RX medicines weakened the profitability. Hehku impact on Consumer Business Area's adjusted EBIT was EUR -4.6 (-1.1) million during the reporting period.

Services

The Services Business Area offers tailored logistics and expert services to pharmaceutical companies, pharmacies, hospital pharmacies, veterinaries and veterinary clinics, as well as other health and wellbeing industry operators and the grocery trade in Sweden and Finland.

Key Figures EUR million	2018 10-12	2017 10-12	Change %	2018 1-12	2017 1-12	Change %
Invoicing	807.2	747.5	8.0	3,034.9	2,832.6	7.1
Net Sales	278.0	275.9	0.8	1,086.8	1,042.9	4.2
Adjusted EBIT	4.3	3.2	31.6	26.9	22.6	19.2
Adjusted EBIT %	1.5	1.2		2.5	2.2	
Number of personnel at the end of period	906	868		906	868	

October–December 2018

The Services Business Area's invoicing increased by 8.0% (increased 0.7%) during the fourth quarter driven by higher volumes and higher pharmaceuticals prices in Sweden. On a constant currency basis invoicing increased by 11.7%. The adjusted EBIT was EUR 4.3 (3.2) million. Profitability continued to be impacted by extra staffing costs in Finland and Sweden to ensure quality and customer deliveries with increased volumes. Total impact related to the ERP system change was EUR -1 (-4) million during fourth quarter.

January–December 2018

The pharmaceutical market at wholesale prices in Sweden grew by 8.7% (2.1%) in Swedish krona in January–December 2018 (source: Reveal). According to Oriola's estimate Oriola's share of the Swedish pharmaceutical wholesale market was approximately 40% (35%).

The Finnish pharmaceutical market at wholesale prices grew by 8.5% (1.2%) in January–December 2018 (source: LTK). According to Oriola's estimate Oriola's share of the Finnish pharmaceutical wholesale market was approximately 43% (46%).

The invoicing of the Services business increased from the previous year by 7.1% (decreased 2.3%) to EUR 3,034.9 (2,832.6) million. On a constant currency basis invoicing increased by 11.6%. Net sales increased by 4.2% (decreased 8.7%) to EUR 1,086.8 (1,042.9) million, and on a constant currency basis, net sales increased by 8.5%. This development was mainly driven by higher volumes in Sweden. Adjusted EBIT increased by 19.2% (decreased 33.0%) to EUR 26.9 (22.6) million. The adjusted EBIT in 2018 includes a settlement totalling EUR 9 million received from the provider of the logistics and warehouse IT system. The total impact related to the ERP system change in adjusted EBIT was EUR -7 (-9) million in January-December 2018. Profitability was impacted in Finland by the increased costs in logistics and distribution services to ensure quality and customer deliveries. In Sweden higher volumes and high capacity usage combined with project costs for our new distribution centre drove the cost level up.

Healthcare

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

Key Figures EUR million	2018 10-12	2017 10-12	Change %	2018 1-12	2017 1-12	Change %
Invoicing	24.3	22.9	6.1	92.5	71.2	29.9
Net Sales	24.2	22.8	6.0	92.0	70.7	30.1
Adjusted EBIT	-0.1	-0.2	18.9	0.1	-1.7	107.7
Adjusted EBIT %	-0.6	-0.8		0.1	-2.4	
Number of personnel at the end of period	131	125		131	125	

October–December 2018

The fourth quarter net sales of Healthcare business was EUR 24.2 (22.8) million. On a constant currency basis net sales increased by 10.9%. Adjusted EBIT was EUR -0.1 (-0.2) million.

January–December 2018

The net sales of Healthcare business were EUR 92.0 (70.7) million. On a constant currency basis net sales increased by 37.2%. Adjusted EBIT was EUR 0.1 (-1.7) million. Amortisation of purchase price allocations related to acquisition of Svensk Dos and Pharmaservice affected Healthcare adjusted EBIT by EUR -0.9 (-1.4) million.

The net sales of the Healthcare Business Area continued to grow, driven by the increased number of dose dispensing patients in Sweden. The number of dose dispensing patients in Sweden was approximately 52,000 and in Finland approximately 20,000.

Balance sheet, cash flow and financing

Oriola's total assets at the end of December 2018 were EUR 927.7 (922.4) million. Equity attributable to the equity holders was EUR 181.5 (197.7) million. Cash and cash equivalents totalled EUR 65.8 (17.0) million. Net cash flow from operating activities in January–December 2018 was EUR 102.8 (23.7) million, of which changes in working capital accounted for EUR 57.2 (-18.2) million. Net working capital was positively impacted by the change in timing of the Swedish trade receivables sales and increased sales. Net cash flow from investing activities was EUR -41.5 (-37.7) million. Net cash flow from financing activities was EUR -12.3 (-29.7) million. A dividend of EUR 16.3 million was distributed to the shareholders in April 2018.

At the end of December 2018, interest-bearing debt was EUR 129.4 (127.2) million. The non-current interest-bearing liabilities were EUR 59.1 (61.0) million and current interest-bearing liabilities were EUR 70.3 (66.3) million. Current interest-bearing liabilities mainly consist of commercial paper issues of EUR 57.0 (50.0) million and advance payments from Finnish pharmacies totalling EUR 12.4 (15.0) million. Interest-bearing net debt was EUR 63.6 (110.2) million and gearing 35.1% (55.7%).

The non-recourse trade receivables sales programmes continued in Sweden. In the last quarter of 2018 Oriola agreed with the financial institutions to change the timing of selling the trade receivables. As a result, the amount of sold trade receivables at the balance sheet date increased. Changing the timing of the trade receivables sales had an EUR 27.1 million positive impact on the January-December cash flow. At the end of December 2018, a total of EUR 140.5 (94.8) million in trade receivables had been sold. Including the sold trade receivables, the adjusted gearing was 112.5% (103.7%). The average interest rate on the interest bearing liabilities was 0.91% (0.88%).

During the last quarter of 2018, Oriola rearranged its EUR 30 million term loan agreement. This five-year bilateral loan replaced the earlier financing agreement that was signed in November 2016. The agreement includes financial covenants that are maximum net debt to EBITDA -ratio of 3.0 and maximum net debt to equity ratio of 100%. The Group has agreed with financial institutions on applying frozen GAAP to all of the current long-term agreements. At the end of the reporting period the financial covenants were fulfilled.

The committed long-term revolving credit facility of EUR 100.0 million and EUR 14.9 million of short-term credit limit were unused at the end of December 2018.

At the end of December 2018 Oriola's equity ratio was 19.8% (21.8%). The return on capital employed was 6.9% (11.7%) and the return on equity 6.7% (13.0%).

Investments and depreciation

Gross investments in January–December 2018 totalled EUR 39.6 (46.1) million and consisted mainly of investments into improvements in logistics efficiency, investment in the Swedish online medical centre Doktor.se as well as investments in Hehku. Investments in Hehku amounted to EUR 9.2 million during the reporting period.

On 4 May 2018 the Oriola Corporation announced, that it has invested in the Swedish online medical centre Doktor.se. Oriola subscribed for shares in Doktor.se, which gave it an ownership of approximately 17% of the total number of shares in Doktor.se. The total investment in Doktor.se amounted to EUR 9.4 million during the reporting period.

Depreciation, amortisation and impairment amounted to EUR 24.1 (25.7) million. In addition, the Group recognised an impairment charge on the investment in Hehku totalling EUR 5.1 million in the last quarter of 2018.

The capital expenditure in 2019 excluding acquisitions is estimated to be approximately EUR 35 million.

Personnel

At the end of December 2018, Oriola had 2,706 (2,619) employees, 59% (60%) of whom worked in the Consumer Business Area, 33% (33%) in Services Business Area, and 5% (5%) in Healthcare Business Area. The group administration employed 2% (2%) of the total number of employees. The average number of personnel in January-December 2018 was 2,699, (2,686 in 2017 and 2,425 in 2016). Personnel numbers consist of members of staff in active employment in continuing operations.

The total amount of wages, salaries and bonuses in 2018 was EUR 121.4 million (122.5 in 2017 and 109.2 in 2016).

Corporate Governance

The Annual General Meeting (AGM), held on 19 March 2018 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 2017.

The AGM resolved that a dividend of EUR 0.09 per share would be paid on the basis of the balance sheet adopted for the financial year ending 31 December 2017. The dividend was paid to shareholders registered in the company's shareholders register held by Euroclear Finland Ltd on the dividend record date 21 March 2018. The payment date of the dividend was 11 April 2018.

The AGM confirmed that the Board of Directors is composed of seven members. Ms Anja Korhonen, Ms Mariette Kristenson, Ms Eva Nilsson Bågenholm, Ms Lena Ridström, Mr Staffan Simberg and Mr Anssi Vanjoki were re-elected to the Board of Directors and Mr Juko-Juho Hakala elected new member of the Board of Directors. Mr Anssi Vanjoki was re-elected Chairman of the Board of Directors.

The AGM confirmed that the fee for the term of office of the Chairman of the Board of Directors is EUR 48,400, the fee for the term of office of the Vice Chairman of the Board of Directors and for the Chairman of the Board's Audit Committee is EUR 30,250 and the fee for the term of office of other members of the Board of Directors is EUR 24,200. The Chairman of the Board of Directors receives an attendance fee of EUR 1,000 per meeting and the other members EUR 500 per meeting. Attendance fees are correspondingly also paid to the chairmen and members of Board and company committees. Travel expenses are compensated in accordance with the travel policy of the company. In accordance with the decision of the Annual General Meeting, 60% of the annual remuneration was paid in cash and 40% in class B shares.

In its constitutive meeting convening after the AGM, the Board of Directors of Oriola Corporation elected Eva Nilsson Bågenholm as Vice Chairman of the Board of Directors.

The Board appointed Ms Anja Korhonen (Chairman), Ms Lena Ridström and Mr Staffan Simberg to the Board's Audit Committee, and Ms Eva Nilsson Bågenholm (Chairman), Mr Juko-Juho Hakala and Ms Mariette Kristenson to the Board's Compensation and Human Resources Committee.

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

Authorised Public Accountants KPMG Oy Ab, who has put forward authorised public accountant Ms Kirsi Jantunen as principal auditor, was elected as the auditor of the company. The auditor's fees shall be paid according to invoice approved by the company.

The AGM resolved to establish a Shareholders' Nomination Board in accordance with the proposal of the Board of Directors. The Annual General Meeting confirmed the rules of procedure of the Shareholders' Nomination Board in the format proposed by the Board of Directors.

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

The largest shareholders of Oriola Corporation appointed on 26 September 2018 in accordance with the rules of procedure of the Shareholders' Nomination Board Mr Mikael Aro, Mr Peter Immonen, Mr Mikko Mursula, Mr Pekka Pajamo and Mr Into Ylppö to the Nomination Board.

Mr Pekka Pajamo was elected Chairman of the Nomination Board. Mr Anssi Vanjoki, Chairman of the Board of Directors of Oriola, will serve as an expert member of the Nomination Board.

After the reporting period, on 31 January 2019, the Shareholders' Nomination Board submitted its proposal to the 2019 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 Juko-Juho Hakala, Anja Korhonen, Mariette Kristenson, Eva Nilsson Bågenholm, Lena Ridström and Anssi Vanjoki would be re-elected and Harri Pärssinen would be elected new member of the Board of Directors. Anssi Vanjoki would be re-elected as Chairman of the Board of Directors. Current member of the Board of Directors, Staffan Simberg, will leave the Board of Directors after the 2019 Annual General Meeting.

The Corporate Governance Statement and the Remuneration Statement for 2018 will be prepared as part of the Report of the Board of Directors, in accordance with the Finnish Corporate Governance Code 2015. The statements can be viewed on the company's website at: http://www.oriola.com/CorporateGovernance.

Authorisations

The Annual General Meeting authorised the Board to decide on a share issue against payment in one or more issues, including the right to issue new shares or to assign treasury shares held by the company. The authorisation covers a combined maximum of 5,650,000 class A shares and 12,500,000 class B shares of the company and includes the right to derogate from the shareholders' pre-emptive subscription right. The authorisation is in force for 18 months following the decision of the Annual General Meeting.

The Board was also authorised to decide on a share issue against payment of class B shares in one or more issues including 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 including the right to derogate from the shareholders' pre-emptive subscription right. The authorisation is in force for a maximum of 18 months following the decision of the Annual General Meeting.

The Annual General Meeting authorised the Board to decide on a share issue of class B shares without payment to the Company and on a directed share issue of class B shares in order to execute the share-based incentive plan for Oriola Group's executives and the share savings plan for Oriola Group's key personnel. The maximum number of new class B shares to be issued under this authorisation is 1,715,000, which represents of 0.94 % of all shares in the Company. The authorisation is in force for eighteen (18) months from the decision of the Annual General Meeting.

The Annual General Meeting authorised the Board to decide on repurchasing up to 18,000,000 of the company's own class B shares. Shares may be repurchased also in a proportion other than in which shares are owned by the shareholders. The authorisation is in force for a maximum of 18 months following the decision of the Annual General Meeting.

All decisions of the Annual General Meeting 2018 are available on the company's website at www.oriola.com.

Changes in the Group Management Team

Robert Andersson, who was appointed President and CEO on 18 December 2017, assumed the position on 12 February 2018.

Anders Torell, who was appointed Vice President, Consumer Business Area and member of the Group Management Team on 7 July 2017, started in his position on 2 January 2018.

Sari Aitokallio, CFO and a member of the Group Management Team, left the company on 12 February 2018. Helena Kukkonen was appointed CFO and member of the Group Management Team on 12 February 2018, and started in her position on 12 March 2018.

Jukka Mäkelä, Vice President, Development and Information Management and member of the Group Management Team, left the company at the end of March 2018. Charlotta Nyström was appointed Oriola Corporation's Chief Information Officer and member of the Group Management Team on 14 March 2018. She started in her position on 1 June 2018.

On 29 May 2018 Oriola announced, that it strengthens its Group Management Team. Group Communications Director Tuula Lehto and General Counsel Petter Sandström were appointed members of Oriola's Group Management Team as of 1 July 2018.

Kimmo Virtanen, Executive Vice President, Services Business Area and a member of the Group Management Team, left the company on 26 June 2018. President and CEO Robert Andersson acted as interim Head of the Services Business Area between 26 June 2018 and 31 December 2018.

After these changes Oriola's Group Management Team consisted of eight members at the end of 2018: Robert Andersson, President and CEO; Thomas Gawell, Vice President, Healthcare Business Area; Helena Kukkonen, CFO; Tuula Lehto, Group Communications Director; Charlotta Nyström, CIO; Petter Sandström, General Counsel; Teija Silver, Vice President, HR; Anders Torell, Vice President, Consumer Business Area.

On 18 September 2018 Oriola announced, that Oriola's Board of Directors has approved the company's new operating model. Oriola's operations will be divided into three business areas operating in Finland and

Sweden: Consumer, Pharma and Retail. As of 1 January 2019, these three business areas are also the new financial reporting segments. The company will unite logistics operations and operational and indirect sourcing into a new group function “Operations” to ensure strong logistics service development in all business areas, as well as sourcing efficiency. Dose manufacturing will be moved under Operations.

Anne Kariniemi was appointed on 1 November 2018 Oriola Corporation’s Vice President Operations and a member of the Group Management Team. She started in the position on 21 January 2019.

The new operating model and responsibilities came into effect from 1 January 2019. Oriola’s Group Management Team and its responsibilities as of 1 January 2019 are: Robert Andersson, President and CEO; Katarina Gabrielson, Vice President, Business Area Retail; Thomas Gawell, Vice President, Business Area Pharma; Anne Kariniemi, Vice President Operations; Helena Kukkonen, CFO; Tuula Lehto, Group Communications Director; Charlotta Nyström, CIO; Petter Sandström, General Counsel; Teija Silver, Vice President, HR; Anders Torell, Vice President, Business Area Consumer.

Oriola Corporation shares

Trading volume of the Oriola Corporation’s class A and B shares in January–December 2018:

	Jan-Dec 2018		Jan-Dec 2017	
Trading volume	**class A**	**class B**	**class A**	**class B**
Trading volume, million	3.1	41.0	2.7	41.7
Trading volume, EUR million	8.4	110.6	10.1	146.1
Highest price, EUR	3.38	3.17	4.53	4.43
Lowest price, EUR	1.92	1.94	2.96	2.77
Closing quotation, end of period, EUR	1.97	1.98	3.00	2.80

Oriola Corporation's market capitalisation on 31 December 2018 was EUR 358.8 (519.2) million.

In the review period, the traded volume of Oriola Corporation shares, excluding treasury shares, corresponded to 24.3% (24.5%) of the total number of shares.

At the end of December 2018, the company had a total of 181,486,213 (181,486,213) shares, of which 55,434,273 (55,434,273) were class A shares and 126,051,940 (126,051,940) were class B shares. The company holds a total of 103,773 (241,822) treasury shares, all of which are class B shares. They account for 0.06% (0.13%) of the company's shares and 0.01% (0.02%) 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 2018, no class A shares were converted into class B shares (50,375).

Share–based incentive plans

On 19 December 2012, Oriola 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 four persons. The reward for the 2015 earning period was based on the Oriola Group’s earnings per share (EPS). The rewards paid in February 2018 on the basis of the performance period 2015 corresponded to the value of 148,524 Oriola Corporation class B shares, including the proportion paid in cash.

On 4 December 2015 the Board of Directors of Oriola Corporation established a share-based incentive plan directed to the Group’s key personnel. The plan covers three performance periods, 2016–2018, and three vesting periods, 2017–2019. The essential precondition for participation in the plan is that a key person has enrolled in the share savings plan, OKShares, and makes monthly saving from his or her fixed gross monthly salary. The reward from the performance period 2016 was based on the Group's EPS. The rewards paid in February 2018 on the basis of the performance period 2016 corresponded to the value of 119,803 Oriola Corporation class B shares, including the proportion paid in cash. The potential reward from the performance period 2017 was based on the Group´s EPS. There were no payments based on the performance period 2017 since the performance criteria for the plan was not met. The potential reward for the performance period 2018 was also based on the Group's earnings per share (EPS). The set EPS target was not met in 2018.

On 14 December 2018 The Board of Directors of Oriola Corporation resolved to establish a new share-based long-term incentive plan 2019–2023 to the Group's key personnel. The long-term incentive plan arrangement has three three-year performance periods 2019–2021, 2020–2022 and 2021–2023. The Board of Directors of the Company will resolve on the plan's performance criteria and on the required performance level for each criterion at the beginning of a performance period. Approximately 30 key persons, including the members of the Group Management Team, belong to the target group of the plan. The prerequisite for participation in the plan and for receipt of reward on the basis of the plan is that a key person has enrolled in the key personnel share savings plan and makes the monthly saving from his or her fixed gross monthly salary, in accordance with the rules of the key personnel share savings plan in force during the first year of the three-year performance period. The potential reward from the performance period 2019–2021 will be based on the Group's earnings per share (EPS) and the Group's total shareholder return (TSR). The rewards to be paid on the basis of the performance period 2019–2021 correspond to the value of an approximate maximum total of 1,700,000 Oriola Corporation class B shares (including also the proportion to be paid in cash). The potential reward will be paid partly in Oriola Corporation class B shares and partly in cash in spring 2022 after the end of the performance period. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to a key person. A member of the Group Management Team must hold 50% of the net shares given on the basis of the long-term incentive plans, until his or her shareholding in the Company in total equals the value of his or her gross annual salary. Such number of shares must be held as long as the key person holds a position as a Group Management Team member.

On 14 December 2018 The Board of Directors of Oriola Corporation resolved to establish a two-year one-off incentive plan 2019–2020 directed to the Group's key personnel to enable the prolonging of the long-term incentive plan performance period to three years and with that change better answer to the requirements of the investors and corporate governance and to be more aligned with the market practice. The one-off long-term incentive plan has a two-year performance period 2019–2020. The Board of Directors of the Company will resolve on the plan's performance criteria and on the required performance level for each criterion at the beginning of a performance period. Approximately 30 key persons, including the members of the Group Management Team, belong to the target group of the plan. The prerequisite for participation in the plan and for receipt of reward on the basis of the plan is that the key person has enrolled in the key personnel share savings plan for long-term incentive plan 2019–2021 and makes the monthly saving for this plan from his or her fixed gross monthly salary, in accordance with the rules of the key personnel share savings plan in force. The potential reward from the performance period 2019-2020 will be based on the Group's earnings per share (EPS) and separately defined two-year strategic projects. The rewards to be paid on the basis of the performance period 2019–2020 correspond to the value of an approximate maximum total of 1,700,000 Oriola Corporation class B shares (including also the proportion to be paid in cash). The potential reward will be paid partly in Oriola Corporation class B shares and partly in cash in spring 2021 after the end of the performance period. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to a key person. The member of the Group Management Team must hold 50% of the net shares given on the basis of the long-term incentive plans, until his or her shareholding in the Company in total equals the value of his or her gross annual salary. Such number of shares must be held as long as the key person holds a position as a Group Management Team member.

Approximately 45 key employees participated in the Oriola Corporation key personnel share savings plan, OKShares, during savings period 1 October 2015–31 December 2016. The matching shares transferred to eligible participants in February 2018 on the basis of the savings period 1 October 2015–31 December 2016 corresponded to the value of 46,024 Oriola Corporation class B shares, including the portion paid in cash.

Approximately 40 key employees participated in the Oriola Corporation key personnel share savings plan for the savings period 1 January–31 December 2017. The matching shares will be transferred to eligible participants in 2019 on the basis of the savings period 1 January–31 December 2017. The estimated number of matching shares, including the portion to be paid in cash, is 40,398.

Approximately 50 key employees participated in the Oriola Corporation key personnel share savings plan for the savings period 1 January–31 December 2018. The accumulated savings will be used for purchasing Oriola'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's class B shares and partly in cash. The matching shares will be transferred to eligible participants in 2020.

Approximately 90 key employees participate in the Oriola Corporation key personnel share savings plan for the savings period 1 January–31 December 2019. The accumulated savings will be used for purchasing Oriola'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's class B shares and partly in cash. The matching shares will be transferred to eligible participants in 2021.

Changes in Group structure in January–December 2018

On 28 September 2018 Oriola acquired the remaining share of Farenta. In 2016 Oriola acquired 70.9% of Farenta, a Finnish company offering services for pharmaceutical companies and pharmacies. Based on the agreement Oriola had an obligation to acquire the remaining share of Farenta, and 100% of the statement of profit and loss and the statement of financial position have been consolidated into the Services segment as of 1 September 2016. As a result of the transaction a total of EUR 0.1 million was recognised in other operating expenses in the consolidated statement of comprehensive income in September 2018, consisting of the difference between the consideration paid for the remaining shares and the contingent consideration in the balance sheet and the transfer taxes paid relating to the transaction. The amount is included in the adjusting items in 2018.

Flagging announcements

Oriola Corporation received on 13 March 2018 a disclosure under Chapter 9, Section 5 of the Securities Markets Act, according to which the total per cent of shares of Mariatorp Oy has exceeded the threshold of 10% of Oriola Corporation's share capital and the total number of voting rights of Mariatorp Oy has exceeded the threshold of 10% of voting rights of Oriola Corporation.

Risks and uncertainty factors

Oriola's risk management seeks to identify, measure and manage risks that may threaten Oriola's operations and the achievement of set goals.

Oriola operates in regulated pharmaceutical distribution and retail markets. The main trends impacting Oriola's business environment are ageing of the population, increased spending on health and wellbeing, growth in specialty pharmaceuticals, the digitalisation of the retail trade and services, and sustainability.

Oriola 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, parallel import and public reimbursement, as well as increased competition through the growing number of companies and pharmacies in e-commerce, the decreasing share of single channel distribution in public healthcare, and the loss of several key pharmaceutical company agreements.

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

More information of Oriola's risk management can be found from Oriola's webpages: www.oriola.com/investors/corporate-governance/risks/.

Near-term risks and uncertainty factors

Oriola's strategic development projects involve operational risks which may have an effect on the profitability. The commissioning of the new Group ERP system in Finland took place in September 2017 and led to disruptions and lower efficiency in operations. The implementation of the corresponding ERP and warehouse management system in Sweden is on hold. The expansion and automation of the distribution centre in Enköping will be taken into use during the first quarter of 2019. The new automated facility will be started using the current warehouse management systems. A thorough risk management and phased ramp-up plan has been done for the start-up phase.

Oriola is from time to time involved in legal actions, claims and other proceedings. It is Oriola's policy to provide for amounts related to the proceedings if liability is probable and such amounts can be estimated with reasonable accuracy. 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's outlook for 2019 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments. The Finnish pharmaceutical market is expected to grow at an average rate of 1.5%. The Swedish pharmaceutical market is expected to grow an average rate of 5.0% per year in local currency (source: IQVIA Market prognosis 2018-2022).

Long-term financial targets

Oriola's Board of Directors has approved the company's long-term financial targets. Oriola's long-term financial targets calculated according to the IFRS standards in force at the end of the reporting period remain unchanged except for the adjusted gearing ratio change from 30%-60% to lower than 70%.

- Business growth at the rate of the market
- Annual EPS growth over 5% without adjusting items
- Return on capital employed of over 20%
- Adjusted gearing ratio of lower than 70%[1]

[1] Non-recourse trade receivables are added to the net debt, as before

Business Outlook for 2019

The adjusted EBIT on a constant currency basis is estimated to increase from the 2018 level.

Oriola's business outlook for 2019 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments.

Events after the period

After the reporting period, on 31 January the Shareholders' Nomination Board of Oriola Corporation presented its proposal to the 2019 Annual General Meeting concerning the composition of the Board of Directors. The proposal has been presented above under Corporate Governance.

After the reporting period, on 22 February, Oriola announced it starts the 20by20 Excellence programme to deliver EUR 20 million annualised savings compared to 2018 cost level. Savings are expected to materialise gradually from second half of 2019, with full effect by the end of 2020. The programme will systematically review all operations and resources to ensure efficient and high-quality operations as well as reduce costs. The Group-wide programme will cover all business areas, operations and functions. The planned actions include improving logistics efficiency, savings in indirect and direct purchasing, product and service portfolio optimisation as well as lean and simplified processes throughout the group.

Profit distribution proposal

Oriola Group's parent company is Oriola Corporation, whose distributable funds according to the balance sheet as at 31 December 2018 were EUR 343.3 (373.6) million. Oriola Corporation's result for the financial year 2018 was EUR -13.9 (33.4) million. Earnings per share of the Oriola Group were EUR 0.07 (0.14).

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.09 (0.09) per share is paid for 2018. The Board of Directors further proposes that the remaining non-restricted equity, EUR 327,022,693.06 be retained and carried forward.

Annual General Meeting

Oriola Corporation's Annual General Meeting will be held on 19 March 2019 at 1 p.m. at the Helsinki Convention 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.com on 25 February 2019 at the latest.

Publication of the Financial Statements

Oriola Corporation will publish its 2018 Financial Statements by 25 February 2019.

Financial calendar 2019

Annual General Meeting, Tuesday, 19 March 2019
January-March Interim Report, Friday, 26 April 2019
January-June Half Year Financial Report, Wednesday, 17 July 2019
January-September Interim Report, Friday, 25 October 2019

Espoo, 22 February 2019

Oriola Corporation
Board of Directors

Oriola's Financial Statements Release January–December 2018

Consolidated statement of comprehensive income (IFRS)

EUR million	2018 10-12	2017 10-12	2018 1-12	2017 1-12
Net sales	394.7	395.2	1,552.2	1,527.7
Other operating income	2.9	3.7	20.4	13.8
Material purchases	-309.6	-306.2	-1,203.5	-1,174.2
Employee benefit expenses	-42.3	-43.1	-165.8	-166.1
Other operating expenses	-41.8	-38.8	-147.5	-136.5
EBITDA	4.0	10.8	55.8	64.6
Depreciation, amortisation and impairments	-6.0	-6.3	-24.1	-25.7
Share of results in joint venture	-0.9	-0.6	-4.6	-1.1
Impairment on investments in joint ventures	-5.1	-	-5.1	-
EBIT	-8.0	3.9	22.0	37.8
Financial income and expenses	-0.6	-0.7	-3.0	-3.9
Profit before taxes	-8.6	3.3	19.0	33.9
Income taxes	0.1	-1.1	-6.3	-7.9
Profit for the period from continuing operations	**-8.5**	**2.1**	**12.7**	**25.9**
Profit for the period from discontinued operations	-	-0.2	-	0.3
Profit for the period	**-8.5**	**1.9**	**12.7**	**26.3**
Other comprehensive income				
Items which may be reclassified subsequently to profit or loss:				
Translation differences recognised in comprehensive income during the reporting period	1.3	-4.6	-9.3	-7.4
Translation differences reclassified to profit and loss during the reporting period	-	0.3	-	0.3
Cash flow hedge	-0.0	0.0	0.1	0.4
Income tax relating to other comprehensive income	0.0	-0.0	-0.0	-0.1
	1.3	**-4.2**	**-9.3**	**-6.7**
Items which will not be reclassified to profit or loss:				
Actuarial gains/losses on defined benefit plans	-1.6	-1.6	-1.6	-1.6
Income tax relating to other comprehensive income	0.3	0.3	0.3	0.3
	-1.3	**-1.2**	**-1.3**	**-1.2**
Total comprehensive income for the period	**-8.4**	**-3.5**	**2.1**	**18.3**
Profit attributable to				
Parent company shareholders	-8.5	1.9	12.7	26.3
Total comprehensive income attributable to				
Parent company shareholders	-8.4	-3.5	2.1	18.3
Earnings per share attributable to parent company shareholders, EUR:				
Basic and diluted:				
Continuing operations	-0.05	0.01	0.07	0.14
Discontinued opearations	-	-0.00	-	0.00
Group total	-0.05	0.01	0.07	0.14

Consolidated statement of financial position (IFRS)

EUR million	31 Dec 2018	31 Dec 2017
Non-current assets		
Property, plant and equipment	77.2	79.0
Goodwill	274.3	282.7
Other intangible assets	75.1	81.2
Investments in joint ventures	0.0	0.5
Other non-current assets	9.7	0.3
Deferred tax assets	2.7	2.4
Non-current assets total	**439.0**	**446.1**
Current assets		
Inventories	214.1	207.8
Trade receivables	180.2	220.5
Income tax receivables	6.6	3.9
Other receivables	22.0	27.2
Cash and cash equivalents	65.8	17.0
Current assets total	**488.7**	**476.3**
Assets total	**927.7**	**922.4**

EUR million	31 Dec 2018	31 Dec 2017
Equity		
Share capital	36.2	36.2
Hedging reserve	-0.3	-0.3
Contingency fund	19.4	19.4
Invested unrestricted equity reserve	74.8	74.8
Other reserves	0.1	0.1
Translation differences	-28.6	-19.2
Retained earnings	79.8	86.8
Equity attributable to the parent company shareholders	**181.5**	**197.7**
Non-current liabilities		
Deferred tax liabilities	15.6	15.3
Pension obligations	13.9	12.3
Borrowings	59.1	61.0
Other non-current liabilities	0.9	3.5
Non-current liabilities total	**89.5**	**92.2**
Current liabilities		
Trade payables	536.5	525.5
Provisions	3.3	0.4
Borrowings	70.3	66.3
Income tax payables	0.7	0.7
Other current liabilities	45.9	39.6
Current liabilities total	**656.7**	**632.6**
Equity and liabilities total	**927.7**	**922.4**

Consolidated statement of changes in equity (IFRS)

EUR million	Share capital	Funds	Translation differences	Retained earnings	Equity total
Equity 1 Jan 2017	**36.2**	**93.7**	**-8.6**	**83.8**	**205.2**
Comprehensive income for the period					
Net profit for the period	-	-	-	26.3	**26.3**
Other comprehensive income:					
Cash flow hedge	-	0.4	-	-	**0.4**
Actuarial gains and losses	-	-	-	-1.6	**-1.6**
Income tax relating to other comprehensive income	-	-0.1	-	0.3	**0.2**
Translation difference	-	-	-11.0	3.6	**-7.4**
Translation difference reclassified to profit and loss	-	-0.0	0.3	-	**0.3**
Comprehensive income for the period total	-	0.3	-10.7	28.7	**18.3**
Transactions with owners					
Dividend distribution	-	-	-	-25.4	**-25.4**
Share-based incentive	-	-	-	0.3	**0.3**
Purchase of own shares	-	-	-	-0.6	**-0.6**
Sale of subsidiaries	-	-0.1	-	-	**-0.1**
Transactions with owners total	-	-0.1	-	-25.7	**-25.8**
Equity 31 Dec 2017	**36.2**	**94.0**	**-19.2**	**86.8**	**197.7**
Equity 1 Jan 2018	**36.2**	**94.0**	**-19.2**	**86.8**	**197.7**
Adjustment of adoption of IFRS 15[1]	-	-	-	-2.2	**-2.2**
Adjustment of adoption of IFRS 9[1]	-	-	-	-0.1	**-0.1**
Adjustment of adoption of IFRS 2 amendment	-	-	-	0.4	**0.4**
Restated equity 1 Jan 2018	**36.2**	**94.0**	**-19.2**	**84.9**	**195.9**
Comprehensive income for the period					
Net profit for the period	-	-	-	12.7	**12.7**
Other comprehensive income:					
Cash flow hedge	-	0.1	-	-	**0.1**
Actuarial gains and losses	-	-	-	-1.6	**-1.6**
Income tax relating to other comprehensive income	-	-0.0	-	0.3	**0.3**
Translation difference	-	-	-9.3	-	**-9.3**
Comprehensive income for the period total	-	0.1	-9.3	11.4	**2.1**
Transactions with owners					
Dividend distribution	-	-	-	-16.3	**-16.3**
Share-based incentive	-	-	-	-0.2	**-0.2**
Purchase of own shares	-	-	-	-0.1	**-0.1**
Transactions with owners total	-	-	-	-16.6	**-16.6**
Equity 31 Dec 2018	**36.2**	**94.0**	**-28.6**	**79.8**	**181.5**

[1] Net of tax

Condensed Consolidated Statement of Cash Flows (IFRS)

EUR million	2018 1-12	2017[1] 1-12
EBIT	22.0	38.7
Depreciation and amortisation	24.1	25.8
Impairment	-	0.7
Share of result in joint venture	4.6	1.1
Impairment on investment in joint venture	5.1	-
Change in working capital	57.2	-18.2
Cash flow from financial items and taxes	-13.3	-23.5
Other adjustments	3.1	-1.0
Net cash flow from operating activities	102.8	23.7
Net cash flow from investing activities	-41.5	-37.7
Net cash flow from financing activities	-12.3	-29.7
Net change in cash and cash equivalents	48.9	-43.7
Cash and cash equivalents at the beginning of the period	17.0	60.8
Translation differences	-0.1	-0.1
Net change in cash and cash equivalents	48.9	-43.7
Cash and cash equivalents at the end of the period	**65.8**	**17.0**

[1] Includes the cash flows from discontinued operations

Notes to the Financial Statements Release January–December 2018

Principal accounting policies as of 1 January 2018 (IFRS)

This Financial Statements Release has been prepared in accordance with IFRS standards (IAS 34 Interim Financial Reporting) and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2017. The accounting policies and calculation methods applied in the report are the same as those in the 31 December 2017 Annual Financial Statements, however with the addition of the standards and interpretations applied as of 1 January 2018 presented below. This Financial Statements Release does not include all of the information and notes presented in the Annual Financial Statements. The figures in this Financial Statements Release are based on audited 2018 Financial Statements.

In 2018 the group has adopted the following new standards and amendments issued by the IASB:

IFRS 9 Financial Instruments: IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. In accordance with the transitional provisions in IFRS 9 the comparative figures have not been restated and the cumulative impact of the adoption was recognised in retained earnings as of 1 January 2018.The impacts of IFRS 9 adoption are described below.

Under IFRS 9, financial assets are classified according to their cash flow characteristics and the business model they are managed in. The financial assets of the Group consist of trade and other receivables and cash and cash equivalents previously classified to loans and other receivables and measured at amortised cost which meet the conditions for classification at amortised cost under IFRS 9 and derivatives previously classified and measured at fair value through profit and loss which are measured on the same basis under IFRS 9. The reclassification of the financial assets of the Group did not have any impact on equity. The new standard did not have an impact on the group's accounting for financial liabilities.

Under IFRS 9 more risk positions qualify for hedge accounting as hedge accounting is allowed for separate risk components and IFRS 9 relaxes the requirements for hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the hedged ratio to be the same as the one management actually uses for risk management purposes. The Group's hedging process and hedge accounting continue under IFRS 9 as earlier.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. The majority of the Group's financial assets subject to IFRS 9's new expected credit loss model are trade receivables. The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group uses a provision matrix for loss allowance provision. In calculating the expected credit loss rates, the Group considers historical observed default rates and incorporates forward looking information. Considering this, the Group has made an adjustment of EUR -0.1 million in retained earnings and trade receivables as of 1 January 2018. Figures in the comparison periods have not been restated.

On the date of initial application, 1 January 2018, the financial instruments of the Group were as follows, with any reclassifications noted:

EUR million	Measurement category IAS 39	Measurement category IFRS 9	Carrying amount IAS 39	Carrying amount IFRS 9	Change
Financial assets					
Trade and other receivables	Loans and other receivables	Amortised cost	224.4	178.6	-45.8
Cash and cash equivalents	Loans and other receivables	Amortised cost	17.0	17.0	-
Derivatives	Fair value through profit and loss	Fair value through profit and loss	0.2	0.2	-
Trade receivables for sale	Loans and other receivables	Fair value through profit and loss	-	45.8	45.8
Financial assets total			**241.7**	**241.6**	**-0.1**
Financial liabilities					
Non-current interest bearing liabilities	Amortised cost	Amortised cost	61.0	61.0	-
Current interest bearing liabilities	Amortised cost	Amortised cost	66.3	66.3	-
Trade and other payables	Amortised cost	Amortised cost	564.7	564.7	-
Derivatives	Fair value through profit and loss	Fair value through profit and loss	0.6	0.6	-
Contingent consideration	Fair value through profit and loss	Fair value through profit and loss	2.5	2.5	-
Financial liabilities total			**695.0**	**695.0**	**-**

IFRS 15 Revenue from contracts with customers: As of 1 January 2018 the Group has adopted IFRS 15 Revenue from Contracts with Customers. The Group has adopted the standard using the modified retrospective approach which means that the cumulative impact of the adoption was recognised in retained earnings as of 1 January 2018 and that comparatives were not restated. The impact of IFRS 15 adoption is described below.

The Group has made an assessment of the impact of IFRS 15 in a project, which started in 2015. The main customer contracts and different revenue streams have been identified, reviewed and documented. The Group's revenue consists mainly of contracts, which include the sale of pharmaceutical products or services to customers. The Group has not identified any significant changes in revenue recognition. According to IFRS 15 revenue is recognised when the customer obtains control of the goods. The revenue is recognised to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The change of control in the sale of pharmaceutical products or services is at the point of time when the goods or services are transferred to the customer and the performance obligation is satisfied. Recognition of revenue is therefore based on delivery terms, when the goods or services have been delivered to the customer. IFRS 15 does not change the timing of the revenue. At the same time with the sale of pharmaceutical products the Group provides also delivery and handling services. In accordance with IFRS 15 these delivery and handling services are not distinct products and therefore they are considered as one performance obligation with sale of pharmaceutical products and revenue is recognised at the same time.

The Group has such distribution and warehousing agreements with pharmaceutical manufacturers, which are categorised as consignment stock agreements. A significant share of the sales of pharmaceutical products is done in relation to consignment stock agreements. In case of consignment stock agreement the Group considers that the performance obligation is sale of warehousing services to pharmaceutical manufacturers and in such cases the Group is acting as an agent and the revenue is recognised on a net basis as a fee or commission. The assessment of IFRS 15 did not result in material changes to the previous practise.

Due to the operational and regulation framework in the Group's main market area, Finland and Sweden, the Group has significantly more control and responsibility over the availability and distribution of the pharmaceutical products than distributors in other markets. The Group is obligated to deliver goods and services to the end customers in 24 hours and to follow Good distribution practice, which is a quality system for warehousing and distribution of pharmaceutical products endorsed by the EU.

In the Consumer Business Area the Group has a customer loyalty bonus discount programme. The Group's net sales are adjusted with estimated future bonus discounts of customer loyalty programme. According to IFRS 15 the total consideration must be allocated to the goods based on the relative stand-alone selling prices. As a result of the adoption of IFRS 15 timing of the recognition of customer loyalty bonus discounts is slightly changed. Accordingly the Group has made an adjustment of EUR 2.2 million (net of tax) in retained earnings and EUR 2.8 million in contract liabilities.

The following table summarises the impacts of adopting IFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and on the Group's consolidated statement of comprehensive income for the period of January-December 2018:

EUR million	As reported	Adjustments	Amounts without adoption of IFRS 15
Consolidated statement of financial position			
Income tax receivables	6.6	-0.6	6.0
Retained earnings	79.8	2.2	82.0
Other current liabilities	45.9	-2.8	43.2
Consolidated statement of comprehensive income			
Net sales	1,552.2	0.1	1,552.3
Income taxes	-6.3	0.0	-6.4

Amendment to IFRS 2 Share-based Payments: The amendment concerns the accounting for equity-settled share-based payments with net settlement features to cover withholding tax obligations. Previously the standard required the entity to divide the payment in equity-settled and cash-settled component. According to new requirements, the Group classifies the transactions with net settlement features as equity-settled in its entirety.

The change was implemented prospectively without restatement of comparatives. The Group's other current liabilities as at 31 December 2017 included a EUR 0.4 million liability relating to cash-settled component of unvested plans. At the transition date 1 January 2018, the liability was transferred to equity's retained earnings.

Application of IFRS 16 Leases

IFRS 16 Leases (effective in the financial years beginning on or after 1 January 2019): The new standard requires lessees to recognise a lease liability reflecting the future lease payments and a 'right-of-use' asset representing its right to use the underlying asset for all long-term lease contracts. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard. IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases – Incentives and SIC-27 Evaluating the substance of transactions involving the legal form of a lease.

The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below. The actual impacts of adopting the standard on 1 January 2019 may change because the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

The Group will recognise new assets and liabilities for its operating leases. These include real estate leases for pharmacies, warehouses and offices, leases of vehicles consisting mainly of company cars, leases of IT equipment and leases of other machinery and equipment such as waste presses, dose dispensing machinery and office equipment. The Group elects to apply the recognition exemption for low-value asset to the leases of IT equipment and other machinery and equipment. The nature of expenses related to the operating leases will change as the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between the actual lease payments and the expense recognised. The total cost of the leasing period will be equivalent to the current standard. At the beginning of the leasing period, the cost for the period will be higher than towards the end of the period, which is due to the linear depreciation and reduced interest expenses over time.

The standard will have a significant effect in Consumer segment as future lease payments of the rental agreements for pharmacy premices will be recognised as a lease liability and a 'right-of-use' asset. At the end of 2018 Oriola had 327 pharmacies in Sweden. The leasing contracts for retail premises in Sweden typically include a renewal option. Oriola has to use management judgement in determining, whether it will renew the contracts or terminate them. For those pharmacies, which are in attractive locations, which are or are expected to be profitable and which support the Group's strategy, Oriola considers it is reasonably certain to exercise the renewal option.

Based on the information currently available, the Group estimates that it will recognise additional lease liablities totalling EUR 98 million and right-of-use assets totalling EUR 94 million as at 1 January 2019. The impact of the adoption of IFRS 16 in retained earnings is estimated to be EUR -6 million. The implementation of the standard on 1 January 2019 is estimated to decrease the equity ratio of the Group to 17.4% (19.8%) and to increase gearing to 92.3% (35.1%).

Based on the Group's current leasing contracts and on the information as of 1 January 2019, the application of the standard will have a positive impact of approximately EUR 20 million on the Group's EBITDA due to reduced leasing expenses in 2019. The depreciation expenses are estimated to increase by approximately EUR 18 million, and thus the standard is estimated to have a positive impact of approximately EUR 3 million on the Group's EBIT in 2019. Financial expenses are estimated to increase by approximately EUR 2 million. Net impact on the result of the period in 2019 is estimated to be approximately EUR 1 million positive.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the financial statements.

The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2019 and that comparative information will not be restated. As permitted in the standard, the Group will measure right-of-use assets retrospectively using transition discount rate.

The group will apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

Earnings per share

EUR million	2018 10-12	2017 10-12	2018 1-12	2017 1-12
Profit attributable to equity owners of the parent				
Continuing operations	-8.5	2.1	12.7	25.9
Discontinued operations	-	-0.2	-	0.3
Group total:	-8.5	1.9	12.7	26.3
Average number of outstanding shares (1000 shares)				
Basic	181,382	181,244	181,361	181,328
Diluted	181,486	181,416	181,464	181,412
Earnings per share (EUR)				
Basic and diluted:				
Continuing operations	-0.05	0.01	0.07	0.14
Discontinued opearations	-	-0.00	-	0.00
Group total	-0.05	0.01	0.07	0.14

Business combinations

2018

There were no business combinations in January–December 2018.

2017

Oriola acquired the Swedish services company ICTHS Health Support AB on 31 August 2017. ICTHS Health Support AB, founded in 2007, provides services to pharmacies, pharmaceutical companies and healthcare operators. In 2016, the company's net sales were approximately 5 million euros, and the company employs around 60 people. The acquisition of ICTHS Health Support is in line with Oriola's strategy to offer a wide range of services to pharmacies, pharmaceutical companies and healthcare operators in Sweden and Finland. The statement of profit and loss and the statement of financial position have been consolidated into the Services segment as of 1 September 2017. The acquisition cost calculation was based on the company's statement of financial position as at 31 August 2017, the essential parts of which have been prepared in accordance with IFRS's accounting principles.

Discontinued operations

Oriola announced on 13 July 2017 its decision to divest its businesses in the Baltic countries. From June 2017 onwards the Baltic businesses were classified as discontinued operations. Accordingly the Group also reclassified the comparative periods of the consolidated statement of comprehensive income. The sale of the Baltic business was completed on 18 October 2017.

Profit for the period from discontinued operations EUR million	2017 10-12	2017 1-12
Net sales	4.2	48.9
EBITDA	0.0	1.8
EBIT	0.0	1.6
Profit for the period, ordinary activities	**0.0**	**1.3**
Impairment loss on assets classified as held for sale	-	-0.7
Loss on sale of business	-0.3	-0.3
Profit for the period from discontinued operations	**-0.2**	**0.3**

Assets and liabilities disposed EUR million	2017 1-12
Inventories	8.7
Trade and other receivables	10.3
Cash and cash equivalents	2.1
Total assets	**21.1**
Trade and other payables	13.3
Total liabilities	**13.3**
Net assets disposed of	**7.8**

Cash flows from discontinued operations EUR million	2017 1-12
Net cash flow from operating activities	2.2
Net cash flow from investing activities	-0.1
Net cash flow from financing activities	-0.2
Total cash flows	**1.9**
Cash consideration received	8.1
Cash and cash equivalents disposed of	-2.1
Impact on cash flows	**6.1**

Loss on the sale of the discontinued operations EUR million	2017 1-12
Cash consideration received	8.1
Net assets disposed of	-7.8
Costs to sell	-0.2
Total	**0.1**
Translation differences reclassified from other comprehensive income	-0.3
Loss on the sale of the discontinued operations	**-0.3**

Tangible and intangible assets

Changes in property, plant and equipment, EUR million	2018 1-12	2017 1-12
Carrying amount at the beginning of the period	79.0	71.5
Business combinations	-	0.0
Increases	13.6	25.4
Decreases	-0.4	-0.3
Reclassifications	-	-0.5
Depreciation, continuing operations	-12.7	-15.2
Depreciation, discontinued operations	-	-0.1
Impairments, discontinued operations [1)]	-	-0.5
Foreign exchange rate differences	-2.4	-1.3
Carrying amount at the end of the period	**77.2**	**79.0**

Changes in goodwill, EUR million	2018 1-12	2017 1-12
Carrying amount at the beginning of the period	282.7	286.8
Increases	-	2.6
Impairments, discontinued operations [1)]	-	-0.3
Foreign exchange rate differences	-8.5	-6.5
Carrying amount at the end of the period	**274.3**	**282.7**

Changes in other intangible assets, EUR million	2018 1-12	2017 1-12
Carrying amount at the beginning of the period	81.2	76.2
Increases	7.4	16.5
Decreases	-0.0	-0.1
Reclassifications	-	0.5
Amortisation, continuing operations	-11.4	-10.5
Amortisation, discontinued operations	-	-0.0
Impairments, discontinued operations [1)]	-	-0.0
Foreign exchange rate differences	-2.1	-1.5
Carrying amount at the end of the period	**75.1**	**81.2**

[1)] Net assets related to Baltic business measured at fair value

Derivatives

31 Dec 2018 EUR million	Positive fair value	Negative fair value	Nominal values of contracts
Derivatives recognised as cash flow hedges			
Interest rate swaps	-	0.5	50.7
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	0.0	0.0	45.1

31 Dec 2017 EUR million	Positive fair value	Negative fair value	Nominal values of contracts
Derivatives recognised as cash flow hedges			
Interest rate swaps	-	0.6	52.8
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	0.2	0.1	18.0

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 recognised 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

31 Dec 2018 EUR million	Level 1	Level 2	Level 3	Total
Assets				
Derivatives measured at fair value through profit and loss	-	0.0	-	**0.0**
Other investments measured at fair value through OCI	-	-	9.4	**9.4**
Liabilities				
Derivatives designated as hedges	-	0.3	-	**0.3**
Derivatives measured at fair value through profit and loss	-	0.1	-	**0.1**

31 Dec 2017 EUR million	Level 1	Level 2	Level 3	Total
Assets				
Derivatives measured at fair value through profit and loss	-	0.2	-	**0.2**
Liabilities				
Derivatives designated as hedges	-	0.4	-	**0.4**
Derivatives measured at fair value through profit and loss	-	0.2	-	**0.2**
Contingent consideration	-	-	2.5	**2.5**

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 assets and liabilities recognised at fair value according to the level 3

Financial assets on level 3, EUR million	2018 1-12	2017 1-12
Book value at the beginning of the period	**-**	**-**
Acquisition of shares	9.4	-
Book value at the end of the period	**9.4**	**-**

Financial assets recognised at fair value through other comprehensive income (level 3) include Oriola's holding in Swedish online medical center Doktor.se.

Financial liabilities on level 3, EUR million	2018 1-12	2017 1-12
Book value at the beginning of the period	**2.5**	**2.7**
Recognised in financial expenses	0.0	-0.0
Recognised in other operating expenses	0.0	-
Payment of contingent consideration	-2.5	-
Decrease in the fair value of financial liabilities	-	-0.2
Book value at the end of the period	**-**	**2.5**

Financial liabilities recognised at fair value through profit and loss (level 3) include the estimated value of contingent and deferred considerations for acquisitions. On 28 September 2018 Oriola acquired the remaining share of Farenta, a subsidiary acquired in 2016. The difference between the consideration paid for the remaining shares and the contingent consideration in the balance sheet was recognised to other operating expenses in the consolidated statement of comprehensive income in September 2018.

Commitments and Contingent Liabilities

EUR million	31 Dec 2018	31 Dec 2017
Commitments for own liabilities		
Guarantees on behalf of own companies	7.3	7.5
Mortgages on company assets	3.5	3.3
Other guarantees and liabilities	1.1	1.2
Total	**11.9**	**12.1**
Leasing liabilities	0.9	1.0
Rent liabilities	50.6	54.7

The most significant guarantees are bank guarantees against trade payables in Sweden. In addition, Oriola Corporation has granted parent company guarantees of EUR 0.4 (2.1) million against other subsidiaries' trade payables.

Related parties

Related parties in the Oriola Group are deemed to comprise the members of the Board of Directors and the President and CEO of Oriola Corporation, the other members of the Group Management Team of the Oriola Group, the immediate family of the aforementioned persons and the companies controlled by the aforementioned persons, the Group's subsidiaries and joint ventures.

Oriola Corporation and Kesko Group established in June 2017 a new joint venture, Hehku Kauppa Oy. Oriola reports 50% of the result of the joint venture Hehku Kauppa Oy in the Consumer segment EBIT. Oriola announced on 21 November 2018, that the joint venture had not reached its business and financial targets. The co-operation negotiations at Hehku Kauppa Oy were completed on 19 December 2018, and it was decided to close down the business. Due to the decision to close down Hehku Kauppa Oy Oriola recognised in the last quarter of 2018 a provision totalling EUR 3.1 million consisting of liabilities relating to Hehku. Transactions with the joint venture are presented in the following table:

Transactions with joint venture EUR million	2018 10-12	2017 10-12	2018 1-12	2017 1-12
Sales	1.1	0.1	8.8	0.1
Purchases	-0.0	-	-0.3	-
Trade and other receivables			0.6	0.9

Investments in Hehku amounted to EUR 9.2 million during the reporting period. The Group has no significant business transactions with other related parties.

Segment information

1-12/2018 EUR million	Consumer	Services	Healthcare	Group items	Total
External Invoicing	769.5	2,656.4	92.5	-	**3,518.4**
Internal Invoicing	0.1	378.5	-	-378.5	**-**
Invoicing	**769.5**	**3,034.9**	**92.5**	**-378.5**	**3,518.4**
External Net Sales	751.9	708.3	92.0	-	**1,552.2**
Internal Net Sales	0.1	378.5	-	-378.5	**-**
Net Sales	**751.9**	**1,086.8**	**92.0**	**-378.5**	**1,552.2**
EBIT	17.7	22.3	0.1	-18.1	**22.0**
Adjusted EBIT	18.8	26.9	0.1	-8.9	**36.9**
Assets	378.0	392.2	48.5	109.0	**927.7**
Liabilities	51.0	553.5	6.2	135.5	**746.2**
Investments	7.0	9.9	1.1	21.7	**39.6**
Depreciation, amortisation and impairments	14.8	6.3	2.5	0.5	**24.1**
Average number of personnel	1,591	924	122	62	**2,699**

1-12/2017 EUR million	Consumer	Services	Healthcare	Group items	Total
External Invoicing	780.3	2,484.9	71.1	-	**3,336.3**
Internal Invoicing	0.2	347.7	0.0	-347.9	**-**
Invoicing	**780.5**	**2,832.6**	**71.2**	**-347.9**	**3,336.3**
External Net Sales	761.8	695.2	70.7	-	**1,527.7**
Internal Net Sales	0.2	347.7	0.0	-347.9	**-**
Net Sales	**762.0**	**1,042.9**	**70.7**	**-347.9**	**1,527.7**
EBIT	25.2	21.4	-1.7	-7.1	**37.8**
Adjusted EBIT	25.2	22.6	-1.7	-6.1	**39.9**
Assets	424.1	401.4	48.5	48.5	**922.4**
Liabilities	58.6	526.9	8.2	131.0	**724.7**
Investments	9.1	22.3	3.9	10.8	**46.1**
Depreciation, amortisation and impairments	17.0	5.4	3.0	0.3	**25.7**
Average number of personnel	1,582	929	129	47	**2,686**

Geographical information

1-12/2018 EUR million	Sweden	Finland	Other countries	Total
Net Sales	1,066.6	400.5	85.1	**1,552.2**
Assets	646.3	281.4	0.0	**927.7**
Investments	14.5	25.2	-	**39.6**
Average number of personnel	1,987	710	2	**2,699**

1-12/2017 EUR million	Sweden	Finland	Other countries	Total
Net Sales	1,060.1	376.4	91.2	**1,527.7**
Assets	691.2	231.2	0.0	**922.4**
Investments	30.0	16.0	-	**46.1**
Average number of personnel	1,940	745	2	**2,686**

Disaggregation of revenue

In the following table, the Group’s external revenue is disaggregated by the Group’s major revenue streams and reconciled with the Group’s reportable segments.

1-12/2018 EUR million	Consumer	Services	Healthcare	Total
Wholesale	-	643.6	25.5	**669.2**
Retail sale	751.9	-	-	**751.9**
Services	-	64.7	66.5	**131.1**
Net sales total	**751.9**	**708.3**	**92.0**	**1,552.2**

1-12/2017 EUR million	Consumer	Services	Healthcare	Total
Wholesale	-	633.3	9.6	**642.9**
Retail sale	761.8	-	-	**761.8**
Services	-	61.9	61.0	**123.0**
Net sales total	**761.8**	**695.2**	**70.7**	**1,527.7**

Alternative performance measurement reconciliation table

Invoicing EUR million	2018 10-12	2017 10-12	2018 1-12	2017 1-12
Net sales	394.7	395.2	1,552.2	1,527.7
+ Acquisition cost of consignment stock	529.2	471.6	1,948.0	1,789.6
+ Cash discounts	5.2	4.7	18.2	19.0
Invoicing	**929.1**	**871.6**	**3,518.4**	**3,336.3**

Adjusted EBITDA EUR million	2018 10-12	2017 10-12	2018 1-12	2017 1-12
EBIT	-8.0	3.9	22.0	37.8
Depreciations and impairments	6.0	6.3	24.1	25.7
Share of results in joint venture	0.9	0.6	4.6	1.1
Impairment on investments in joint ventures	5.1	-	5.1	-
EBITDA	4.0	10.8	55.8	64.6
Adjusting items included in EBITDA	8.1	2.3	9.8	3.0
Adjusted EBITDA	**12.0**	**13.1**	**65.5**	**67.6**

Adjusting items

Adjusted EBITDA and EBIT 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 EBIT EUR million	2018 10-12	2017 10-12	2018 1-12	2017 1-12
Restructuring costs	-0.1	0.0	-0.8	-0.3
Costs of termination of the CEO service contract	-	-0.4	-	-0.4
Costs and impairment charges relating to Hehku	-12.7	-	-12.7	-
Revaluation of contingent consideration	-	0.2	-0.1	0.2
Legal fees related to the change of the provider for the new logistics and warehouse IT system	-0.3	-	-0.3	-
Contractual liabilities due to delivery failures in Finland	-	-1.2	-	-1.2
Other	0.0	-0.8	-0.9	-0.4
Adjusting items total	**-13.2**	**-2.3**	**-14.9**	**-2.1**

Adjusting items in 2018 include costs and impairment charges relating to Hehku, restructuring charges related to changes in the Group Management Team and in the organisation, legal fees related to the change of the provider for the new logistics and warehouse IT system, an adjustment to pension liabilities in Sweden as well as an adjustment to other current assets related to the Swedish Consumer business. Adjusting items in 2017 include restructuring charges, and preparation costs incurred before the joint venture with Kesko was established in the Consumer business area, the costs of termination of the CEO service contract, the contractual liabilities due to delivery failures in Finland and the costs of major business development projects, as well as an adjustment to the valuation of non-current assets in the Swedish Consumer segment.