

ANNUAL REVIEW 2015

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Oriola-KD improves people's wellbeing by ensuring that pharmaceuticals and consumer health products are delivered in a safe and customer-friendly manner. In its own pharmacies Oriola-KD offers expert advice on health and wellbeing, and an extensive and high-quality selection of products. The company offers operators in the health-care sector an extensive selection of services. Oriola-KD provides an effective and reliable link between pharmaceutical companies and consumers in Sweden, Finland, Estonia, Latvia and Lithuania.

Oriola-KD has long experience and a strong position on the Finnish and Swedish pharmaceutical markets. In 2015 Oriola's market share of the Finnish pharmaceutical wholesale business was about 46 per cent, while in Sweden the share was about 39 per cent in the pharmaceutical wholesale business and about 19 per cent in the retail business (Source: ATY, Oriola-KD and The Swedish Pharmacy Association).

Oriola-KD Corporation is listed on the NASDAQ Helsinki Ltd exchange.

3.26

Invoicing, EUR Billion

1.63

Net Sales, EUR Billion

60.8

Operating profit excluding
non-recurring items
EUR Million

62.6

Operating Profit,
EUR Million

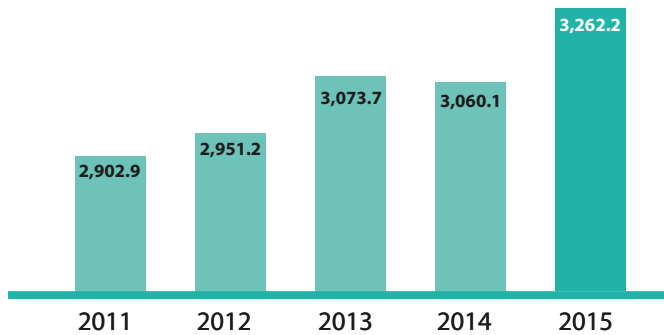
2,353

Number of personnel,
Sweden 77.8%, Finland
and Baltic countries
22.2 %

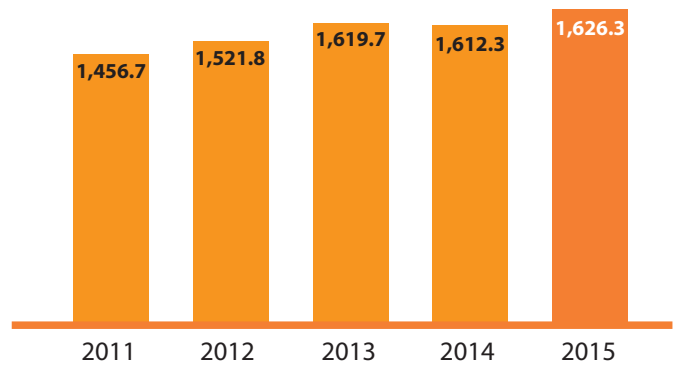
"We improve people's wellbeing by ensuring that pharmaceuticals and consumer health products are delivered in a safe and customer-friendly manner. Oriola-KD provides an effective and reliable link between pharmaceutical companies and consumers"

Oriola-KD operates in Sweden, Finland and the Baltic countries.

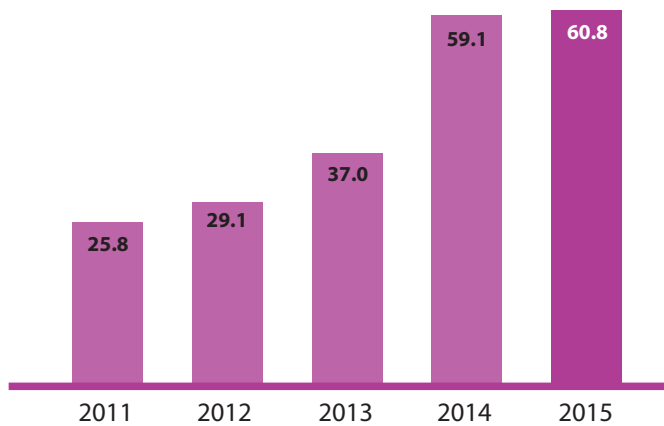
Invoicing, EUR Million



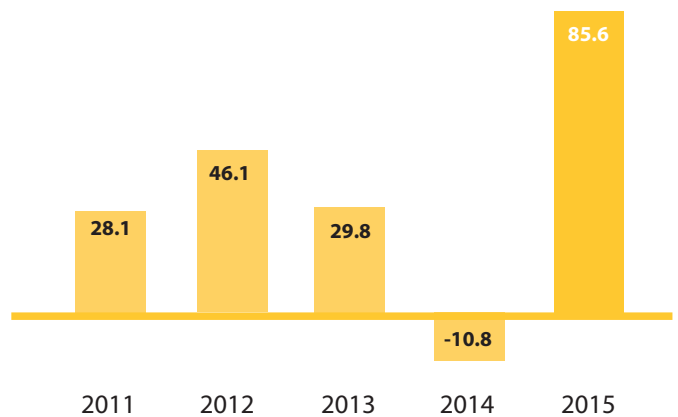
Net Sales, EUR Million



Operating Profit Excluding non-Recurring Items, EUR Million



Net Cash Flow From Operating Activities ¹⁾



¹⁾ Includes the net cash flow from the disposed Russian businesses until 30 November 2014





RIGHTS ISSUE

A successful rights issue for Oriola-KD shareholders raised approximately EUR 75.6 million in gross assets.



UPDATED STRATEGY AND NEW OPERATING MODEL

To meet the challenges of the changing business environment and to further improve the service to customers, Oriola-KD reshaped its operating model and updated its strategy and long-term financial targets for 2016.



MAJOR COOPERATION AGREEMENTS

In Finland, Oriola-KD renewed its long-term cooperation agreements with Abbott, Orion, Boehringer Ingelheim, MSD and Orifarm. In Sweden, cooperation agreements for purchasing and logistics were signed with Apoteksgruppen and Lloyds.



ACQUISITION OF SVENSK DOS

In December, Oriola-KD signed an agreement to acquire Svensk Dos, a company specialising in pharmaceutical dose dispensing. The transaction was completed on 8 February 2016. The acquisition of Svensk Dos opens up an important path to the B2B healthcare market. It also boosts Oriola-KD's growing range of services for healthcare operators.



NEW PHARMACY CONCEPTS IN SWEDEN

Oriola-KD's new web shop for Swedish consumers was opened in September. The product range covers the entire selection of the Kronans Apotek pharmacy chain. Oriola-KD also launched a new Care & Beauty pharmacy concept in Sweden.



POSITIVE DEVELOPMENT IN PROFITABILITY

The year 2015 was successful in many ways. Invoicing indicating the business volume increased and the cash flow was strong.

In 2015 we had three main goals: to develop our digital channels, to expand into the B2B healthcare market and to improve our efficiency by exploiting group synergies. We succeeded well in the achievement all of our main goals, and the year was successful in many ways.

During the first quarter we completed a successful EUR 75.6 million rights issue to strengthen our balance sheet. The rights issue enabled us to redeem our EUR 40 million hybrid bond early and our excellent cash flow meant that our gearing ratio fell to a very good level during the year.

"Successful launch of online business "

In Sweden we launched a new web shop in September. The web shop's product range covers the entire selection of our Kronans Apotek pharmacy chain. Sales through the new channel started off as expected and will form an increasingly important area of our consumer business in the future. Our shops in Finland and the Baltic countries were very successful and sales grew considerably in 2015. Sales and profitability were good in our Swedish operations, which was mainly due to the increase in sales of traded goods and OTC products. The challenges that we faced were the considerable decline in parallel imports and the price reductions for certain pharmaceuticals, which both had a negative impact on our gross margin.

In Finland we signed several long-term agreements with major customers. During the first half of the year we renewed our cooperation agreements with Abbott, Orion and Boehringer Ingelheim, and during the second half with MSD and Orifarm. In Sweden, we renewed cooperation agreements for purchasing and logistics with Apoteksgruppen and Lloyds.

"Expansion into healthcare markets"

In December, we signed an agreement to acquire Svensk Dos, a company specialising in pharmaceutical dose dispensing. The transaction was completed on 8 February 2016. The acquisition of Svensk Dos opens up an important path for us to the B2B healthcare market. It also boosts our range of services for healthcare operators, which is growing according to plan.

In August we announced our updated strategy, new operating model and long-term financial targets. To support our strategy, investments were made to increase our operational efficiency and strengthen our market position. Oriola-KD's Board of Directors decided on additional investments of about EUR 20 million to update the Group's IT systems and increase efficiency at the logistics centre in Mankkaa. The investments that have now been decided will be made over the following three years. The new operating

model will ensure an even higher level of service for our customers. Here at Oriola-KD the changes will help us to become a more united and efficient company. According to our new operating model, Oriola-KD's businesses were divided into three business areas and operating segments as of 1 January 2016: Consumer, Services and Healthcare.

"New operating model ensures competitiveness"

As I write this, 2016 looks like being similar to 2015 in many ways. Finnish and Swedish authorities have already decided on or are currently discussing measures to reduce healthcare costs. This is both a threat and an opportunity for Oriola-KD. However, I am far more convinced by the opportunities that the necessary reforms in healthcare structures and new digital business models will offer Oriola-KD.

In 2016 we have three main goals:

1. Active development of digital business
2. Successful execution of the efficiency improving strategic development initiatives
3. Further development of our healthcare business

Eero Hautaniemi

President and CEO



In 2015 Oriola-KD's business was divided into two business segments: Pharmaceutical Trade in Sweden and Pharmaceutical Trade in Finland and the Baltic Countries.

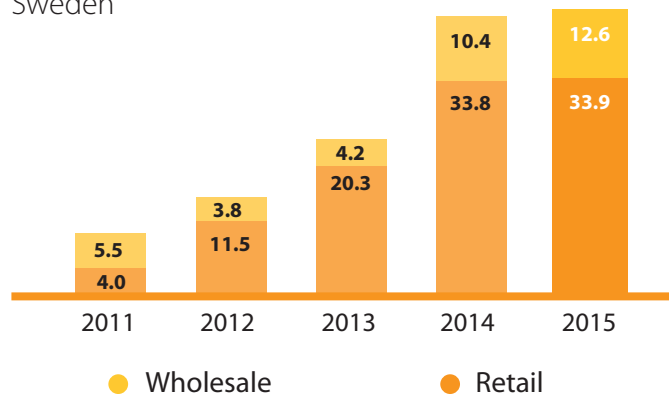
PHARMACEUTICAL TRADE IN SWEDEN

- Profitability of the Swedish retail business was supported by growth in sales of OTC pharmaceuticals and consumer health products, and management of the cost structure.
- Operating profit was adversely affected by a significant decline in parallel imports and pharmaceutical price reductions implemented by the Swedish authorities in the fourth quarter of 2014 and second quarter of 2015.
- Increased sales of new and expensive prescription medicines with low margins negatively affected the relative profitability of the Swedish retail business.
- Oriola-KD launched a web shop in Sweden on 16 September 2015 as planned.
- In 2015 Oriola-KD opened 5 new Kronans Apotek pharmacies in Sweden. Oriola-KD had a total of 309 pharmacies at the end of 2015.
- OTC and consumer health products made up 26(27%) of total sales at the end of 2015.
- New agreements with pharmaceutical companies made in 2014 and improved efficiency supported the positive performance of the Swedish wholesale business.
- During the first quarter Oriola-KD renewed cooperation agreements for purchasing and logistics with Apoteksgruppen and Lloyds.

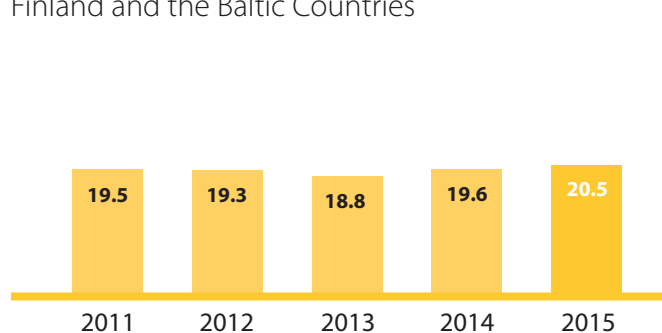


Operating Profit, Excluding Non-Recurring Items, EUR Million

Sweden

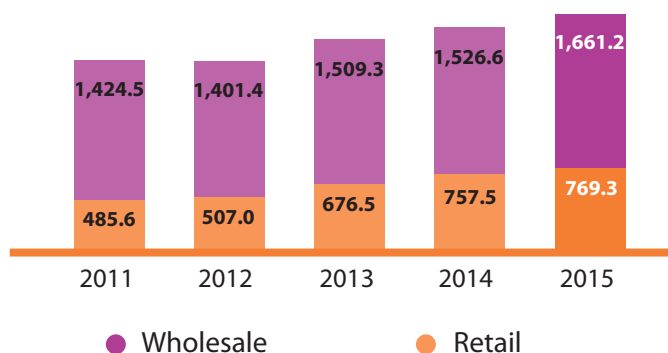


Finland and the Baltic Countries

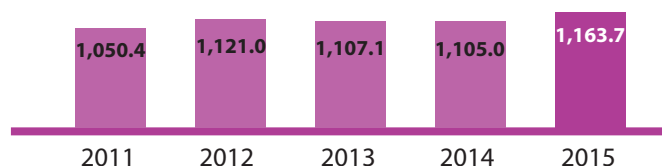


Invoicing, EUR million

Sweden

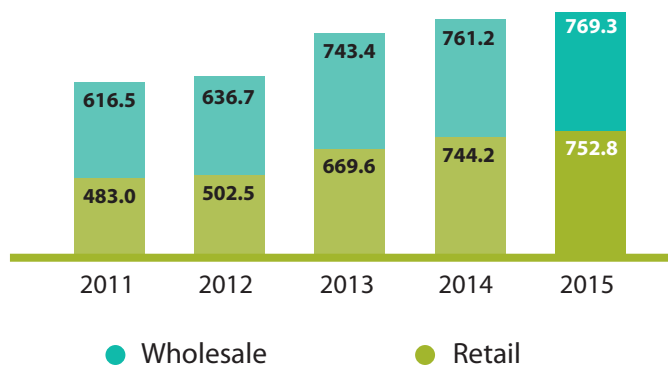


Finland and the Baltic Countries

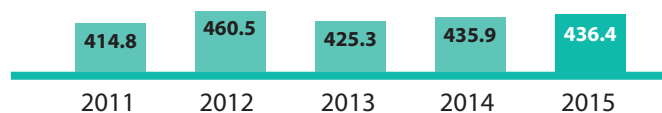


Net Sales, EUR million

Sweden

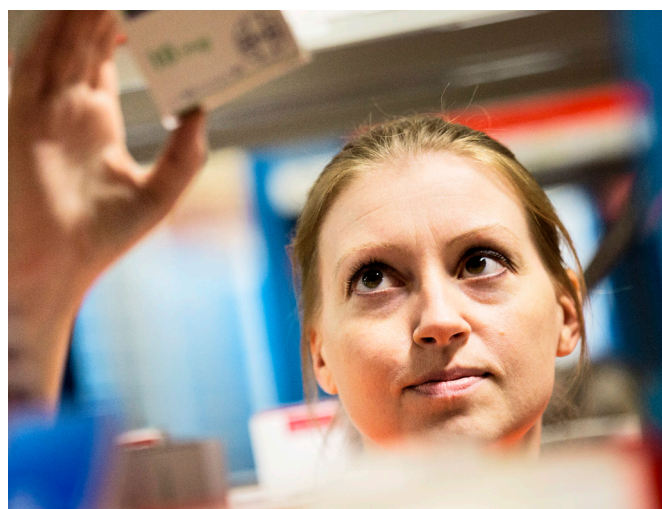


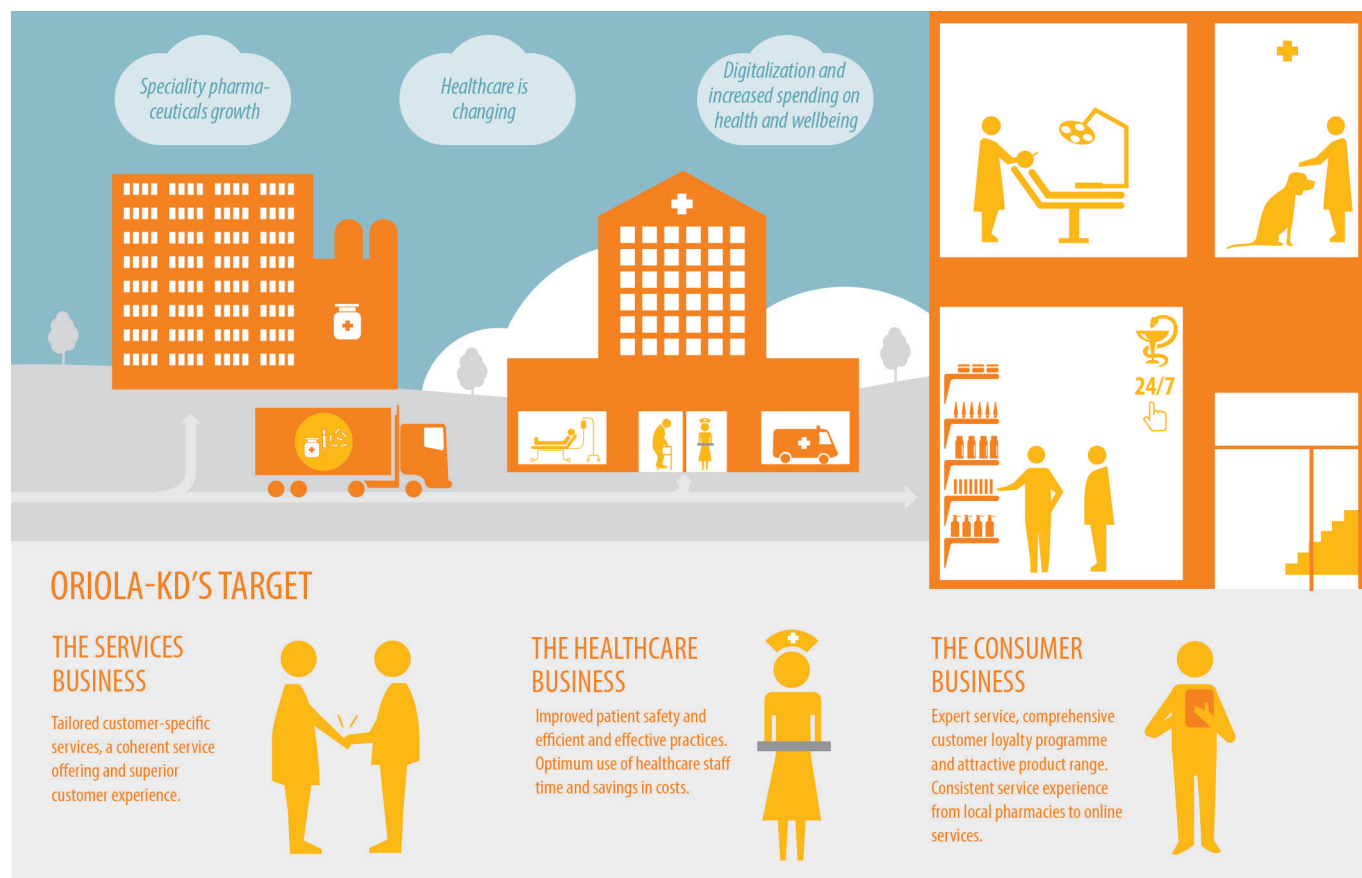
Finland and the Baltic Countries



PHARMACEUTICAL TRADE IN FINLAND AND THE BALTIC COUNTRIES

- In the Finnish wholesale business, Oriola-KD renewed significant long-term cooperation agreements with Abbott, Orion, Boehringer Ingelheim, MSD and Orifarm.
- Sales growth experienced by key pharmaceutical company customers of the Finnish wholesale business boosted the positive trend in wholesale invoicing.
- Service sales to pharmaceutical companies performed well.
- Oriolashop.fi's sales growth supported the increase in Consumer Health's net sales.
- Profitability of the Consumer Health business declined in relation to the comparison period, however, due to continued tough competition resulting from increasing discounts.





Oriola-KD's different customer groups are at the core of its updated strategy. To customers, the new operating model will be evident in the form of an improved customer experience and other benefits.

People have become more interested in their own health and are living longer. They are also spending more money on wellbeing. Consumers are now more demanding, and willing to use technology and services available 24/7. The retail business is becoming increasingly digital, and electronic services are becoming a necessity.

The pharmaceutical market is undergoing a radical change. The roles of the various operators are changing, new kinds of market participants are emerging and the market consolidates. Pharmaceutical companies are specialising and focusing on their core businesses. Digitalisation has an impact on all operators and the need for electronic services is growing. These changes are increasing the demand for new services.

The percentage of the elderly people is rapidly growing, which is leading to increasing healthcare needs. This change is creating new business opportunities for both the public and private healthcare sectors.

STRATEGY IN A CHANGING BUSINESS ENVIRONMENT

Oriola-KD helps consumers to enhance their wellbeing. In its own pharmacies Oriola-KD offers expert advice on health and wellbeing and an extensive and high-quality selection of products. Oriola-KD offers an extensive range of services for operators in the healthcare sector in Sweden, Finland and the Baltic countries. The company unites consumers and pharmaceutical companies in a unique way. Oriola-KD provides pharmaceutical companies with an effective

access to the market and improves people's wellbeing by ensuring that pharmaceuticals, consumer health products and services are delivered in a safe and customer-friendly manner.

Oriola-KD is Meeting the Business Environment Challenges by:

- expanding traditional pharmaceutical distribution into services for pharmaceutical companies and the retail trade
- offering pharmaceutical companies a single point access to Nordic pharmaceutical markets
- developing online services in its service business and as part of the strategy for its consumer business
- offering pharmaceutical services to the healthcare sector, including hospitals
- offering an excellent customer experience and product assortment
- improving efficiency to enhance competitiveness.

CUSTOMERS

Oriola-KD has an important role in the healthcare value chain. Oriola-KD provides services to healthcare operators (pharmaceutical companies, pharmacies, hospitals, hospital districts, clinics, veterinarians and the groceries) and helps its customers to succeed. Oriola-KD offers consumers expert advice on health and wellbeing and an extensive and high-quality selection of products in its own pharmacies.



NEW BUSINESS AREAS

To meet the challenges of the changing business environment and to further improve the service to customers, Oriola-KD is reshaping its operating model. As of 1 January 2016, Oriola-KD's businesses are divided into three business areas and operating segments: Consumer, Services and Healthcare.

The Consumer business focuses on needs, products and services for consumer health and wellbeing.

The Services business offers tailored services to pharmaceutical companies, pharmacies, grocery stores and veterinarians.

The Healthcare business offers services to hospitals, healthcare centres and other healthcare operators.

LONG-TERM FINANCIAL TARGETS:

- Business growth at the rate of the market
- Annual EPS growth over 5 per cent without non-recurring items
- Return on capital employed of over 20 per cent
- Adjusted gearing ratio of 30-60 per cent*

* non-recourse trade receivables are added to the net debt.



ONE FACE TOWARDS
PHARMACEUTICAL INDUSTRY



We improve people's wellbeing by ensuring that pharmaceuticals and consumer health products are delivered in a safe and customer-friendly manner.

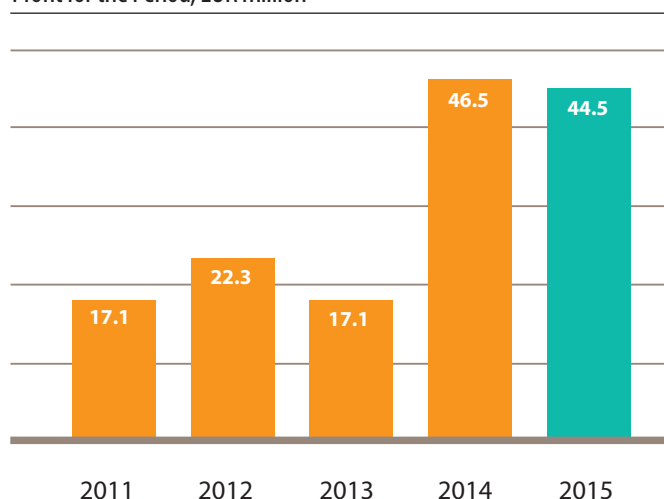


IN TOUCH WITH
THE LOCAL CONSUMER

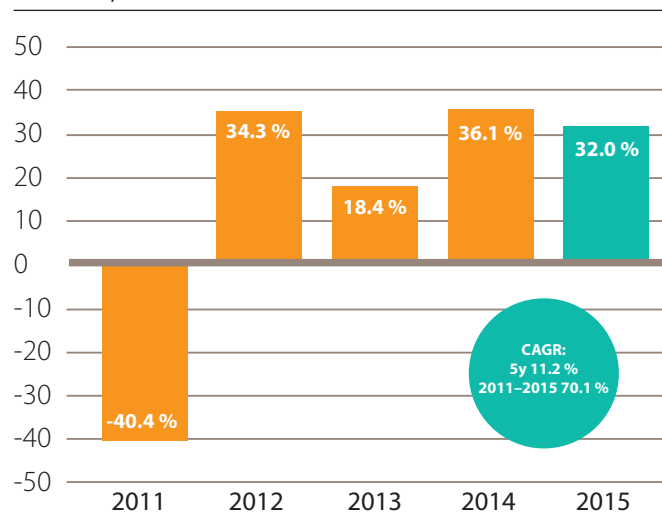
ORIOLA-KD' VALUES

WE ARE OPEN • WE WORK TOGETHER • WE TAKE INITIATIVE • WE TAKE RESPONSIBILITY

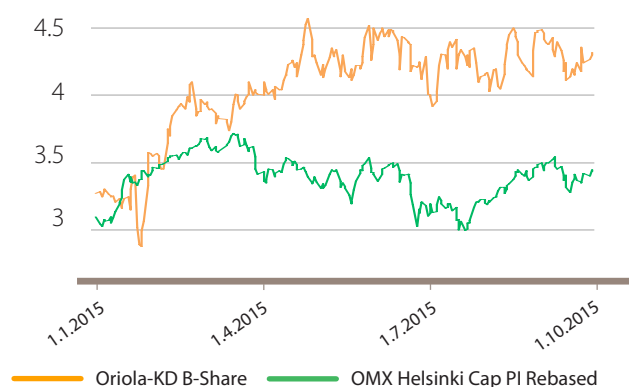
Profit for the Period, EUR million



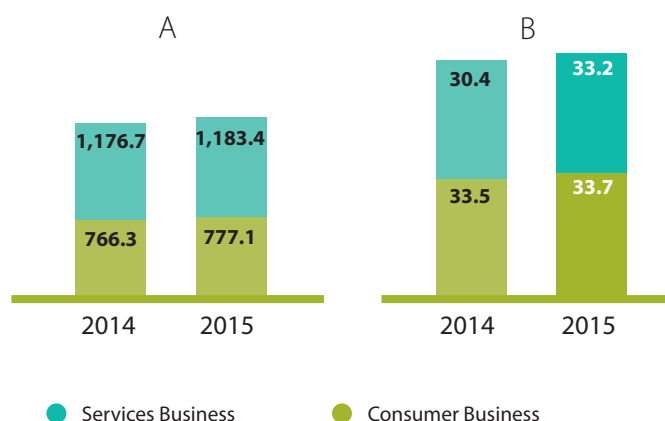
Total Yield, B-Share



Oriola-KD B-Share Price Development, 1.1.2015-31.12.2015, EUR



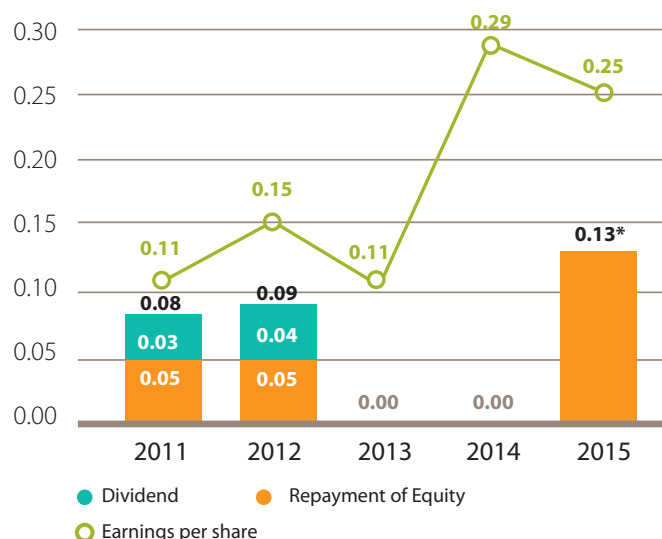
Net Sales (A) and Operating Profit Excluding Non-Recurring Items (B) 2014-2015, EUR Million



Major Shareholders 31 December 2015

	% of total shares	% of total votes
1. Mariatorp Oy	7.77	8.06
2. Wipunen varainhankinta Oy	4.85	4.63
3. Ilmarinen Mutual Pension Insurance Company	4.19	6.16
4. Varma Mutual Pension Insurance Company	4.18	7.26
5. Mandatum Life Insurance Company Limited	2.51	1.85
6. Fondita Nordic Micro Cap	1.87	0.28
7. Fennia Life Insurance Company Ltd	1.53	0.70
8. Medical Investment Trust Ltd	1.14	2.57
9. Maa- ja Vesitekniiikan Tuki ry.	1.13	3.30
10. The Social Insurance Institution of Finland, KELA	1.10	0.16

Dividend and Earnings per Share, EUR



The Board of Directors 2014-2015

**ANSSI VANJOKI**

Chairman of the Board

M.Sc. (Economics), b. 1956

Independent member of the Board since 2015

**JUKKA ALHO**

Vice Chairman

Chairman of the Remuneration Committee

M.Sc. (Eng.) b. 1952

Independent member of the Board since 2011

**PER BÅTELSON**

M.Sc. (Physics), b. 1950

Independent member of the Board since 2010

**ANJA KORHONEN**

Chairman of the Audit Committee

M.Sc. (Economics), b. 1953

Independent member of the Board since 2014

**KUISMA NIEMELÄ**

M.Sc., b. 1958

Independent member of the Board since 2014

**EVA NILSSON BÅGENHOLM,**

Physician, b. 1960

Independent member of the Board since 2015

**MATTI RIIHKO**

M.Sc. (Economics), M.Sc. (Psychology), b. 1962

Independent member of the Board since 2014

**STAFFAN SIMBERG**

MBA, b. 1949

Independent member of the Board since 2015

Group Management Team 31 December 2015

**EERO HAUTANIEMI**

President and CEO

M. Sc. (Econ.), b. 1965

Employed by Oriola-KD since 2006.

**SARI AITOKALLIO**

CFO

Master of Laws, b. 1960

Employed by Oriola-KD since 2015.

**LARS BIRKELAND**

Vice President, Consumer Business

M.Sc. (Econ.), b. 1964

Employed by Oriola-KD since 2012.

**THOMAS GAWELL**

Vice President, Healthcare Business

M.Sc. (Econ.), b. 1963

Employed by Oriola-KD since 2001.

**JUKKA MÄKELÄ**

Vice President, Development and Information Management

M. Sc., b. 1963

Employed by Oriola-KD since 2013.

**TEIJA SILVER**

Vice President, Human Resources

M.Sc. (Econ.), b. 1964

Employed by Oriola-KD since 2006.

**KIMMO VIRTANEN**Executive Vice President, Services Business
Deputy to CEO of Oriola-KD Corporation

M. Sc. (Econ.), b. 1968

Employed by Oriola-KD since 2006.

Investor relations

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