

# **Oriola-KD Corporation's Interim Report for 1 January – 30 September 2016**

Released on 20 October 2016 at 8.30 a.m.



**Oriola-KD Corporation Stock Exchange Release 20 October 2016 at 8.30 a.m.****Oriola-KD Corporation's Interim Report for 1 January–30 September 2016****Financial performance July–September 2016**

- Invoicing increased by 4.8 per cent to EUR 825.6 (787.7) million
- Net sales increased by 5.0 per cent to EUR 395.8 (377.1) million
- Adjusted EBITDA increased by 2.1 per cent to EUR 23.5 (23.1) million
- Adjusted operating profit was EUR 17.0 (17.5) million
- Profit for the period totalled EUR 12.3 (13.8) million and earnings per share were EUR 0.07 (0.08)

**Financial performance January–September 2016**

- Invoicing increased by 6.0 per cent to EUR 2,547.3 (2,404.2) million
- Net sales increased by 1.0 per cent to EUR 1,217.3 (1,205.5) million
- Adjusted EBITDA increased by 4.2 per cent to EUR 65.0 (62.4) million
- Adjusted operating profit was EUR 45.7 (45.5) million
- Profit for the period totalled EUR 32.0 (32.1) million and earnings per share were EUR 0.18 (0.18)

**Outlook for 2016**

Oriola-KD estimates its full-year net sales to remain at the 2015 level on constant currency basis. Adjusted operating profit is estimated to remain at 2015 level or to increase, on a constant currency basis. Full-year net sales in 2015 were EUR 1,626.3 million and adjusted operating profit was EUR 60.8 million.

**President and CEO Eero Hautaniemi:**

The third quarter invoicing in the Services business grew in line with the market, and profitability developed well in all operating countries. In the Consumer business our growth was weaker, but the sales mix continued to develop positively. We have established eight new pharmacies this year, and there are some to be opened in the fourth quarter as well. The profitability of the Consumer business declined due to the establishment costs.

We developed Oriola-KD according to our strategy; the acquisition of PharmaService complemented the Healthcare business with dose dispensing in Finland, and the acquisition of Farenta strengthened our Services offering to pharmacies and pharmaceutical companies.

**Impact of new ESMA guidelines**

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

<b>Key figures</b>							
<b>EUR million</b>	<b>2016 7-9</b>	<b>2015 7-9 <sup>1)</sup></b>	<b>Change %</b>	<b>2016 1-9</b>	<b>2015 1-9 <sup>1)</sup></b>	<b>Change %</b>	<b>2015 1-12</b>
Invoicing	825.6	787.7	4.8	2,547.3	2,404.2	6.0	3,262.2
Net sales	395.8	377.1	5.0	1,217.3	1,205.5	1.0	1,626.3
Adjusted EBITDA	23.5	23.1	2.1	65.0	62.4	4.2	83.4
Adjusted EBITDA %	5.9	6.1		5.3	5.2		5.1
Adjusted operating profit <sup>2)</sup>	17.0	17.5	-2.6	45.7	45.5	0.4	60.8
Operating profit	16.8	18.4	-8.5	44.7	45.3	-1.2	62.6
Adjusted operating profit %	4.3	4.6		3.8	3.8		3.7
Operating profit %	4.3	4.9		3.7	3.8		3.8
Profit for the period	12.3	13.8	-11.2	32.0	32.1	-0.3	44.5
Earnings per share, EUR	0.07	0.08	-9.2	0.18	0.18	-3.1	0.25
Net cash flow from operating activities	19.4	16.2		14.3	55.1		85.6
Gross investments, EUR million				73.5	13.2		20.4
Total assets				929.3	928.7		946.9
Net interest-bearing debt				81.7	28.9		6.6
Gearing, %				42.5	16.6		3.4
Net debt / 12-month EBITDA				0.9	0.3		0.1
Equity per share, EUR				1.06	0.96		1.07
Equity ratio, %				21.5	19.4		21.1
Return on equity (ROE), %				22.7	31.1		29.1
Return on capital employed (ROCE), %				18.3	20.4		19.9
Average number of shares, 1000 pcs <sup>3)</sup>				181,374	176,204		177,502
Average number of personnel				2,497	2,320		2,327
Number of personnel at the end of the period				2,866	2,346		2,353

<sup>1)</sup> Equity-related key figures restated as a result of correction of an error relating to previous financial periods. Correction was made in 2015 Financial Statements.

<sup>2)</sup> Adjustment items are specified in table "Adjusting items included in Operating Profit"

<sup>3)</sup> Treasury shares held by the company not included

## Disclosure procedure

This stock exchange release is a summary of Oriola-KD Corporation's Interim Report January-September 2016. The complete report is attached to this release in pdf format and is also available on Oriola-KD's website at [www.oriola-kd.com/investors](http://www.oriola-kd.com/investors).

## Financial statements release

Oriola-KD Corporation will publish the financial statements release for 2016 on 10 February 2017.

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## Oriola-KD Corporation's interim report 1 January–30 September 2016

### The Group's net sales and result for July–September 2016

Oriola-KD's third quarter net sales were EUR 395.8 (377.1) million. Adjusted operating profit was EUR 17.0 (17.5) million. The adjusting items were EUR -0.2 (0.9) million. Operating profit was EUR 16.8 (18.4) million.

Oriola-KD's net financial expenses were EUR 1.3 (1.3) million. Profit for the period was EUR 12.3 (13.8) million. Earnings per share were EUR 0.07 (0.08).

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

Oriola-KD's net sales increased by 1.0 per cent to EUR 1,217.3 (1,205.5) million and adjusted operating profit increased by 0.4 per cent to EUR 45.7 (45.5) million. The adjusting items were EUR -1.0 (-0.2) million, and the operating profit was EUR 44.7 (45.3) million. January–September net sales at comparable exchange rate EUR/SEK was EUR 1,217.6 million.

Invoicing increased 6.0 per cent in line with the market growth in the main markets. The profitability was supported by Services segment while establishment of the Healthcare segment increased costs. The result from the Consumer business was at the previous year level.

The depreciation of the Swedish krona from the corresponding period didn't impact the euro denominated operating profit.

Oriola-KD's net financial expenses were EUR 3.8 (4.8) million. Profit for the period was EUR 32.0 (32.1) million. Income taxes for January–September were 9.0 (8.3) which corresponds to effective tax rate of 21.8 (20.6) per cent. Earnings per share were EUR 0.18 (0.18).

### Reportable segments

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

## Consumer

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

### Key Figures

EUR million	2016	2015	Change	2016	2015	Change	2015
	7-9	7-9	%	1-9	1-9	%	1-12
Invoicing	195.7	192.9	1.4	612.5	590.0	3.8	794.4
Net Sales	191.1	188.7	1.3	598.3	577.7	3.6	777.1
Adjusted operating profit	9.5	10.3	-8.0	26.0	26.2	-0.5	33.7
Adjusted operating profit %	4.9	5.4		4.4	4.5		4.3
Number of personnel at the end of period	1,629	1,575		1,629	1,575		1,574

### July–September 2016

The third quarter net sales in Consumer segment increased by 1.3 per cent. Profitability was weakened by less effective sales campaigns in the summer and higher establishment costs for new pharmacies.

Net increase in Oriola-KD's number of pharmacies in Sweden was one. Kronans Apotek launched a new mobile prescription application in September to strengthen the digital customer services.

### January–September 2016

The pharmaceutical retail market in Sweden grew by 5.9 (8.5) per cent in Swedish krona in January–September 2016 (source: Apoteksförening). Parallel imports' share of the Swedish pharmaceutical market was 11.3 (10.6) per cent (source: IMS Health). Based on Oriola-KD's estimate the number of pharmacies in Sweden increased by 26 pharmacies in January–September 2016. At the end of September there were 1,384 (1,345) pharmacies in Sweden.

Oriola-KD's market share of the pharmaceutical retail market in Sweden in January–September 2016 was 18.1 (18.6) per cent (source: Apoteksförening). Oriola-KD's relative share of OTC and traded goods from the net sales was 27.2 (26.2) per cent in the Swedish consumer business. At the end of the reporting period, Oriola-KD had a total of 317 (309) pharmacies of which 315 (307) were in Sweden and 2 (2) were in Latvia. Net increase in January–September was 6 pharmacies.

The net sales increased by 3.6 (1.0) per cent to EUR 598.3 (577.7) million, and on a constant currency basis, net sales increased by 3.6 per cent. Adjusted operating profit decreased by 0.5 (increased 1.5) per cent to EUR 26.0 (26.2) million. On a constant currency basis adjusted operating profit decreased by 0.5 per cent.

Consumer segment sales growth was weaker than the market growth. The decline in the market share was mainly in the prescription medicines, as the special medicines are dispensed in the hospitals and care centres. Profitability was burdened by higher establishment costs.

## Services

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

Key Figures EUR million	2016	2015	Change	2016	2015	Change	2015
	7-9	7-9	%	1-9	1-9	%	1-12
Invoicing	703.8	674.2	4.4	2,183.5	2,062.3	5.9	2,802.0
Net Sales	278.5	267.7	4.0	867.7	875.9	-0.9	1,183.4
Adjusted operating profit	9.0	8.8	1.7	25.5	24.2	5.4	33.2
Adjusted operating profit %	3.2	3.3		2.9	2.8		2.8
Number of personnel at the end of period	1,076	735		1,076	735		745

## July–September 2016

Oriola-KD Services segment's invoicing grew by 4.4 per cent during the third quarter. The efficiency problems that weakened the profitability during the second quarter were resolved.

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

## January–September 2016

The pharmaceutical market at wholesale prices in Sweden grew by 5.5 (8.5) per cent in Swedish krona (source: IMS Health) in January–September 2016. Oriola-KD's share of the Swedish pharmaceutical wholesale market was approximately 39.7 (39) per cent (Oriola-KD estimate).

The Finnish pharmaceutical market at wholesale prices grew by 3.7 (2.5) per cent in January–September 2016 (source: IMS Express). Oriola-KD's share of the Finnish pharmaceutical wholesale market was 46 (46) per cent (source: ATY).

The invoicing of the Services segment increased from the previous year by 5.9 (7.8) per cent to EUR 2,183.5 (2,062.3) million. On a constant currency basis invoicing increased by 5.9 (10.2) per cent. Net sales decreased by 0.9 (increased by 0.5) per cent to EUR 867.7 (875.9) million, and on a constant currency basis, net sales decreased by 0.9 per cent. Adjusted operating profit increased by 5.4 (5.3) per cent to EUR 25.5 (24.2) million. On a constant currency basis adjusted operating profit increased by 5.4 per cent.

## Healthcare

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

### Healthcare

Key Figures	2016	2015	Change	2016	2015	Change	2015
EUR million	7-9	7-9	%	1-9	1-9	%	1-12
Invoicing	10.7	-	-	23.8	-	-	-
Net Sales	10.7	-	-	23.8	-	-	-
Adjusted operating profit	0.0	-	-	-1.2	-	-	-
Adjusted operating profit %	0.0	-	-	-5.2	-	-	-
Number of personnel at the end of period	118	-	-	118	-	-	-

## July–September 2016

The third quarter net sales of Healthcare segment were EUR 10.7 (-) million. Adjusted operating profit was EUR 0.0 million.

Oriola-KD completed the acquisition of PharmaService Oy, a Finnish company offering dose dispensing supporting services from the Association of Finnish Pharmacies and Orion Corporation on 18 July 2016.

## January–September 2016

The net sales of Healthcare business were EUR 23.8 (-) million. Adjusted operating loss was EUR 1.2 (-) million. Amortization related to acquisition of Svensk dos affected Healthcare operating profit by EUR 1.1 million; the whole year amortization is estimated to be EUR 1.5 million.

Oriola-KD's Healthcare business started operation as of 1 January 2016. Svensk dos AB acquisition was completed on 8 February 2016. Oriola-KD has continued to develop the Healthcare business by completing the acquisition of PharmaService Oy on 18 July 2016.

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

## Cash flow and financing

Oriola-KD's total assets at 30 September 2016 were EUR 929.3 (928.7) million. Cash and cash equivalents totalled EUR 69.5 (99.5) million. Net cash flow from operations in January–September 2016 was EUR 14.3 (55.1) million, of which changes in working capital accounted for EUR -49.6 (4.5) million. Net cash flow from investing activities was EUR -64.8 (-13.1) million. Net cash flow from financing activities was EUR -2.1 (-34.0) million.

At the end of September 2016, interest-bearing debt was EUR 151.2 (128.3) million. Long-term interest bearing-liabilities were EUR 59.8 (70.9) million and short-term interest-bearing liabilities were EUR 91.4 (57.4) million. Short-term liabilities mainly consists of syndicated loans EUR 10.4 (5.3) million, commercial paper issues of EUR 45.0 (3.0) million, and advance payments from Finnish pharmacies EUR 34.4 (33.2) million. Interest-bearing net debt was EUR 81.7 (28.9) million. The non-recourse trade receivables sales programmes were continued in Sweden in January–September 2016. At the end of September 2016, a total of EUR 115.2 (111.2) million in trade receivables had been sold. Including the sold trade receivables, the adjusted gearing was 102 (81) per cent. The average interest rate on the interest bearing liabilities was 1.24 (1.51) per cent.

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

## Investments

Gross investments in January–September 2016 totalled EUR 73.5 (13.2) million and consisted of investments related to the acquisition of Svensk dos, PharmaService, Farenta Group, opening of new pharmacies, information systems and improvements in logistics efficiency.

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

## Personnel

At the end of September 2016, Oriola-KD had a payroll of 2,866 (2,346) employees, 57 (67) per cent of whom worked in the Consumer segment, 38 (31) per cent in Services segment, and 4 (-) in Healthcare segment. The group administration employed 2 (2) percent of the total number of employees. Personnel numbers consist of members of staff in active employment.

## Corporate Governance

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

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

The Corporate Governance Statement and the Remuneration Statement for 2015 can be viewed on the company's website at: <http://www.oriola-kd.com/CorporateGovernance>. The Corporate Governance Statement and the Remuneration Statement for 2015 have been prepared in accordance with the Corporate Governance Code 2010.

## Resolutions of the Annual General Meeting

The Annual General Meeting (AGM), held on 14 March 2016 adopted the financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial year ending 31 December 2015.

The AGM resolved that a dividend of EUR 0.13 per share shall be paid on the basis of the balance sheet adopted for the financial year ending 31 December 2015. The payment date of the dividend was 5 April 2016.

The AGM confirmed that the Board of Directors is composed of eight members. Anja Korhonen, Kuisma Niemelä, Eva Nilsson Bågenholm, Matti Rihko, Staffan Simberg and Anssi Vanjoki were re-elected to the



Board of Directors, and Mariette Kristenson and Lena Ridström were elected new members of the Board of Directors. Anssi Vanjoki was re-elected Chairman of the Board of Directors.

The fee for the term of office of the Chairman of the Board of Directors was confirmed 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 EUR 30,250 and the fee for the term of office of other members of the Board of Directors EUR 24,200. Of the annual fee, 60 per cent shall be paid in cash and 40 per cent in Oriola-KD Corporation's class B shares. 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 its constitutive meeting convening after the AGM, the Board of Directors of Oriola-KD Corporation elected Eva Nilsson Bågenholm as Vice Chairman of the Board of Directors.

The Board also appointed Ms Anja Korhonen (Chairman), Mr Kuisma Niemelä and Mr Staffan Simberg to the Board's Audit Committee, and Ms Eva Nilsson Bågenholm (Chairman), Ms Mariette Kristenson, Ms Lena Ridström and Mr Matti Rihko to the Board's Remuneration Committee.

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

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

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

## **Authorizations**

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

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

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

The AGM also authorised the Board of Directors to decide on repurchasing of the company's own class B shares. The authorisation entitles the Board of Directors to decide on the repurchase of no more than 18,000,000 of the company's own class B shares, representing approximately 9.92 per cent of all shares in the company. The authorisation may only be used in such a way that in total no more than one tenth of all shares in the company may from time to time be in the possession of the company and its subsidiaries. Shares may be repurchased also in a proportion other than in which shares are owned by the Shareholders. Shares may be repurchased to develop the company's capital structure, to execute corporate transactions or other business arrangements, to finance investments, to be used as a part of the company's incentive schemes or to be otherwise relinquished, held by the company or cancelled. The authorisation to repurchase



own shares is in force for a period of not more than eighteen months from the decision of the AGM. This authorisation revokes the authorisation given to the Board of Directors by the AGM on 30 March 2015 in respect of repurchase of the company's own class B shares.

### Oriola-KD Corporation shares

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

Trading volume	January-September 2016		January-September 2015	
	class A	class B	class A	class B
Trading volume, million	1.3	16.6	2.6	28.8
Trading volume, EUR million	5.5	69.2	9.9	110.2
Highest price, EUR	4.50	4.65	4.52	4.60
Lowest price, EUR	3.70	3.65	3.10	3.01
Closing quotation, end of period, EUR	4.10	4.05	4.19	4.30

Oriola-KD Corporation's market capitalisation on 30 September 2016 was EUR 737.8 (774.2) million.

In the review period, the traded volume of Oriola-KD Corporation shares, excluding treasury shares, corresponded to 9.9 (17.8) per cent of the total number of shares.

At the end of September 2016, the company had a total of 181,486,213 (181,486,213) shares, of which 55,484,648 (56,458,452) were class A shares and 126,001,565 (125,027,761) were class B shares. The company has 96,822 (148,338) treasury shares, all of which are class B shares. They account for 0.05 (0.08) per cent of the company's shares and 0.01 (0.01) per cent of the votes.

Under Article 3 of the Articles of Association, a shareholder may demand conversion of class A shares into class B shares. During the period 1 January–30 September 2016, no class A shares were converted into class B shares.

### Share-based incentive plans

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

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

The potential reward from the performance period 2016 will be based on the Group's EPS. The rewards to be paid on the basis of the performance period 2016 correspond to the value of an approximate maximum total of 800,000 Oriola-KD Corporation Class B shares including the proportion to be paid in cash.

A total of 39 key employees participated in the Oriola-KD Corporation key personnel share savings plan during a savings period 1 October 2014–30 September 2015. Approximately 50 key employees participate in the savings period 1 October 2015–31 December 2016.

The accumulated savings will be used for purchasing Oriola-KD's class B shares for the participants at market prices. In return, each participant will receive two free class B matching shares for every three acquired savings shares. Matching shares will be paid partly in Oriola-KD's class B shares and partly in cash.

The savings of plan 2014–2015 correspond to approximately 46,818 savings shares and 31,212 matching shares.

## Changes in the Group Structure in January–September 2016

Oriola-KD completed the acquisition of the Swedish dose dispensing company Svensk dos AB on 8 February 2016. During the second quarter Oriola-KD established a new subsidiary in Estonia to carry out the existing brands and pharmaceutical marketing businesses.

During the third quarter Oriola-KD completed the acquisition of PharmaService Oy and the acquisition of approximately 71 per cent of Farenta Oy. Farenta is consolidated 100 per cent to Oriola-KD.

### Flagging announcements

No flagging announcements were received during the period.

### Risks and uncertainty factors

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

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

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

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

### Near-term risks and uncertainty factors

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

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

### Outlook

Oriola-KD's outlook for 2016 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments. The Finnish pharmaceutical market is expected to grow during 2015–2020, at an annual rate of 0-3 per cent. Swedish pharmaceutical market is expected to grow an annual rate of 4-7 per cent per year in the local currencies (source: IMS Health).

### Outlook for 2016

Oriola-KD estimates its full-year net sales to remain at the 2015 level on constant currency basis. Adjusted operating profit is estimated to remain at 2015 level or to increase, on a constant currency basis. Full-year net sales in 2015 were EUR 1,626.3 million and adjusted operating profit was EUR 60.8 million.

### Events after the period

There were no events after the period.

Espoo, 19 October 2016

Oriola-KD Corporation  
Board of Directors

**Oriola-KD's Interim Report January – September 2016**

<b>Consolidated Statement of Comprehensive Income (IFRS), EUR million</b>	<b>2016 7-9</b>	<b>2015 7-9</b>	<b>2016 1-9</b>	<b>2015 1-9</b>	<b>2015 1-12</b>
<b>Continuing operations</b>					
<b>Net sales</b>	395.8	377.1	1,217.3	1,205.5	1,626.3
Other operating income	9.1	3.7	16.6	10.1	14.9
Cost of goods sold	-310.2	-297.1	-958.6	-962.5	-1,298.4
Employee benefit expenses	-34.5	-32.4	-111.9	-107.4	-143.8
Other operating expenses	-30.5	-27.4	-93.0	-83.5	-113.9
<b>Gross profit</b>	<b>29.7</b>	<b>24.0</b>	<b>70.3</b>	<b>62.1</b>	<b>85.1</b>
Depreciation and impairment	-12.9	-5.6	-25.6	-16.8	-22.6
<b>Operating profit</b>	<b>16.8</b>	<b>18.4</b>	<b>44.7</b>	<b>45.3</b>	<b>62.6</b>
Financial income and expenses	-1.3	-1.3	-3.8	-4.8	-6.5
<b>Profit before taxes</b>	<b>15.6</b>	<b>17.1</b>	<b>41.0</b>	<b>40.5</b>	<b>56.1</b>
Income taxes	-3.3	-3.3	-9.0	-8.3	-11.5
<b>Profit for the period from continuing operations</b>	<b>12.3</b>	<b>13.8</b>	<b>32.0</b>	<b>32.1</b>	<b>44.5</b>
Profit for the period from discontinued operations	-	-0.0	-	-0.2	0.1
<b>Profit for the period</b>	<b>12.3</b>	<b>13.8</b>	<b>32.0</b>	<b>31.9</b>	<b>44.6</b>
<b>Other comprehensive income</b>					
<b>Items which may be reclassified subsequently to profit or loss:</b>					
Translation differences recognised in comprehensive income during the reporting period	-5.1	-3.0	-11.2	-0.3	3.6
Cash flow hedge	0.3	-0.0	0.5	-0.1	0.1
Income tax relating to other comprehensive income	-0.1	0.0	-0.1	0.0	-0.0
	<b>-4.9</b>	<b>-3.0</b>	<b>-10.8</b>	<b>-0.4</b>	<b>3.7</b>
<b>Items which will not be reclassified to profit or loss:</b>					
Actuarial gains/losses on defined benefit plan	-	-	-	-	5.6
Income tax relating to other comprehensive income	-	-	-	-	-1.1
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.4</b>
<b>Total comprehensive income for the period</b>	<b>7.4</b>	<b>10.8</b>	<b>21.2</b>	<b>31.6</b>	<b>52.8</b>
<b>Profit attributable to</b>					
Parent company shareholders	12.3	13.8	32.0	31.9	44.6
<b>Total comprehensive income attributable to</b>					
Parent company shareholders	7.4	10.8	21.2	31.6	52.8
<b>Earnings per share attributable to parent company shareholders:</b>					
<b>Basic earnings per share, EUR</b>					
Continued operations	0.07	0.08	0.18	0.18	0.25
Discontinued operations	-	-0.00	-	-0.00	0.00
From profit of the year	0.07	0.08	0.18	0.18	0.25

**Diluted earnings per share, EUR**

Continued operations	0.07	0.08	0.18	0.18	0.25
Discontinued operations	-	-0.00	-	-0.00	0.00
From profit of the year	0.07	0.08	0.18	0.18	0.25

**Consolidated Statement of Financial Position (IFRS),  
EUR million**

<b>ASSETS</b>	<b>30 Sep 2016</b>	<b>30 Sep 2015 <sup>1)</sup></b>	<b>31 Dec 2015</b>
<b>Non-current assets</b>			
Property, plant and equipment	70.1	70.7	72.7
Goodwill	282.0	250.5	256.5
Other intangible assets	72.8	61.7	63.2
Other non-current assets	0.3	0.2	0.3
Deferred tax assets	5.0	6.3	3.7
<b>Non-current assets total</b>	<b>430.2</b>	<b>389.5</b>	<b>396.4</b>
<b>Current assets</b>			
Inventories	209.8	204.7	201.1
Trade receivables	191.7	187.4	194.0
Other receivables	28.1	47.6	33.4
Cash and cash equivalents	69.5	99.5	121.9
<b>Current assets total</b>	<b>499.0</b>	<b>539.2</b>	<b>550.5</b>
<b>ASSETS TOTAL</b>	<b>929.3</b>	<b>928.7</b>	<b>946.9</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	36.2	36.2	36.2
Hedging reserve	-0.9	-1.4	-1.2
Contingency fund	19.4	19.4	19.4
Invested unrestricted equity reserve	74.8	74.8	74.8
Other reserves	0.2	0.1	0.2
Translation differences	-10.7	-3.4	0.5
Retained earnings	73.3	47.6	64.7
<b>Equity attributable to the parent company shareholders</b>	<b>192.3</b>	<b>173.4</b>	<b>194.6</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	15.5	15.5	15.8
Pension obligations	9.8	15.6	10.0
Borrowings	59.8	70.9	66.9
Other non-current liabilities	3.4	2.3	2.1
<b>Non-current liabilities total</b>	<b>88.5</b>	<b>104.4</b>	<b>94.7</b>
<b>Current liabilities</b>			
Trade payables	503.4	545.8	547.7
Provisions	-	0.3	-
Borrowings	91.4	57.4	61.7
Other current liabilities	53.7	47.4	48.1
<b>Current liabilities total</b>	<b>648.4</b>	<b>650.9</b>	<b>657.5</b>
<b>EQUITY AND LIABILITIES TOTAL</b>	<b>929.3</b>	<b>928.7</b>	<b>946.9</b>

<sup>1)</sup> Comparative figures restated as a result of correction of an error relating to previous financial periods. Correction was made in 2015 Financial Statements.

**Consolidated Statement of  
Changes in Equity (IFRS),  
EUR million**

**Equity attributable to the parent company shareholders**

	Share capital	Funds	Trans- lation diffe- rences	Re- tained earn- ings	Hybrid bond	Equity total
<b>Equity</b>						
<b>1 Jan 2015</b>	<b>36.2</b>	<b>19.3</b>	<b>-3.1</b>	<b>19.5</b>	<b>39.6</b>	<b>111.5</b>
Comprehensive income for the period						
Net profit for the period	-	-	-	31.9	-	<b>31.9</b>
Other comprehensive income:						
Cash flow hedge	-	-0.1	-	-	-	<b>-0.1</b>
Income tax relating to other comprehensive income	-	0.0	-	-	-	<b>0.0</b>
Translation difference	-	-	-0.3	-	-	<b>-0.3</b>
Comprehensive income for the period total	-	-0.1	-0.3	31.9	-	<b>31.6</b>
Transactions with owners						
Share issue	-	73.7	-	-	-	<b>73.7</b>
Hybrid bond paid interest	-	-	-	-2.6	-	<b>-2.6</b>
Hybrid bond redemption	-	-	-	-1.3	-39.6	<b>-41.0</b>
Share-based incentive	-	-	-	0.3	-	<b>0.3</b>
Distributed treasury shares	-	-	-	-0.1	-	<b>-0.1</b>
Purchase of own shares	-	-	-	-0.0	-	<b>-0.0</b>
Transactions with owners total	-	73.7	-	-3.8	-39.6	<b>30.3</b>
<b>Equity</b>						
<b>30 Sep 2015 <sup>1)</sup></b>	<b>36.2</b>	<b>92.9</b>	<b>-3.4</b>	<b>47.6</b>	<b>-</b>	<b>173.4</b>
<b>Equity</b>						
<b>1 Jan 2016</b>	<b>36.2</b>	<b>93.1</b>	<b>0.5</b>	<b>64.7</b>	<b>-</b>	<b>194.6</b>
Comprehensive income for the period						
Net profit for the period	-	-	-	32.0	-	<b>32.0</b>
Other comprehensive income:						
Cash flow hedge	-	0.5	-	-	-	<b>0.5</b>
Income tax relating to other comprehensive income	-	-0.1	-	-	-	<b>-0.1</b>
Translation difference	-	-	-11.2	-	-	<b>-11.2</b>
Comprehensive income for the period total	-	0.4	-11.2	32.0	-	<b>21.2</b>
Transactions with owners						
Dividend distribution	-	-	-	-23.6	-	<b>-23.6</b>
Share-based payments	-	-	-	0.2	-	<b>0.2</b>
Distributed treasury shares	-	-	-	-0.1	-	<b>-0.1</b>
Transactions with owners total	-	-	-	-23.5	-	<b>-23.5</b>
<b>Equity</b>						
<b>30 Sep 2016</b>	<b>36.2</b>	<b>93.5</b>	<b>-10.7</b>	<b>73.3</b>	<b>-</b>	<b>192.3</b>

<sup>1)</sup> Comparative figures restated as a result of correction of an error relating to previous financial periods. Correction was made in 2015 Financial Statements.

<b>Condensed Consolidated Statement of Cash Flows (IFRS), EUR million</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>1-9</b>	<b>1-9</b>	<b>1- 12</b>
Operating profit	44.7	45.1	62.7
Depreciation and amortisation	19.2	16.8	22.6
Impairment	6.4	-	-
Change in working capital	-49.6	4.5	11.2
Cash flow from financial items and taxes	-8.6	-9.5	-16.9
Other adjustments	2.2	-1.8	6.2
<b>Net cash flow from operating activities</b>	<b>14.3</b>	<b>55.1</b>	<b>85.6</b>
<b>Net cash flow from investing activities</b>	<b>-64.8</b>	<b>-13.1</b>	<b>-19.9</b>
<b>Net cash flow from financing activities</b>	<b>-2.1</b>	<b>-34.0</b>	<b>-35.2</b>
<b>Net change in cash and cash equivalents</b>	<b>-52.6</b>	<b>8.0</b>	<b>30.6</b>
Cash and cash equivalents at the beginning of the period	121.9	91.5	91.5
Foreign exchange rate differences	0.2	0.0	-0.1
<b>Net change in cash and cash equivalents</b>	<b>-52.6</b>	<b>8.0</b>	<b>30.6</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>69.5</b>	<b>99.5</b>	<b>121.9</b>

## Notes to financial statements

### Principal accounting policies as of 1 January 2016 (IFRS)

These financial statements release has been prepared in accordance with IFRS standards (IAS 34). The accounting policies and calculation methods applied in the interim report are the same as those in the 31 December 2015 annual financial statements, excluding the standards and interpretations applied as of 1 January 2016 as presented below. However, the interim report does not include all of the information and notes presented in the annual financial statements. Consequently, the interim report should be read together with the company's financial statements for 2015.

In connections with the new operating model, the chief operating decision maker of Oriola-KD is the President and CEO of Oriola-KD Corporation, who makes strategic decisions, allocates resources to the operating segments and assesses their performance.

The figures in the interim report have been rounded independently.

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

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

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

The figures in this interim review are unaudited.

**Earnings per share**

	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
<b>EUR million</b>	<b>7-9</b>	<b>7-9</b>	<b>1-9</b>	<b>1-9</b>	<b>1-12</b>
Profit attributable to equity owners of the parent from continuing operations	12.3	13.8	32.0	32.1	44.5
<b>Adjusted profit for the period from continuing operations</b>	<b>12.3</b>	<b>13.8</b>	<b>32.0</b>	<b>32.1</b>	<b>44.5</b>
<b>EUR million</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>7-9</b>	<b>7-9</b>	<b>1-9</b>	<b>1-9</b>	<b>1-12</b>
Profit incl. discontinued operations attributable to equity owners of the parent	12.3	13.8	32.0	31.9	44.6
<b>Adjusted profit for the period including discontinued operations</b>	<b>12.3</b>	<b>13.8</b>	<b>32.0</b>	<b>31.9</b>	<b>44.6</b>

**Average number of outstanding shares (1000 shares)**

Basic	181,389	181,338	181,374	176,204	177,502
Diluted	181,389	181,338	181,374	176,204	177,502

**Earnings per share (EUR)****Basic**

Continuing operations	0.07	0.08	0.18	0.18	0.25
Discontinuing operations	-	-0.00	-	-0.00	0.00
<b>Total</b>	<b>0.07</b>	<b>0.08</b>	<b>0.18</b>	<b>0.18</b>	<b>0.25</b>

**Diluted**

Continuing operations	0.07	0.08	0.18	0.18	0.25
Discontinuing operations	-	-0.00	-	-0.00	0.00
<b>Total</b>	<b>0.07</b>	<b>0.08</b>	<b>0.18</b>	<b>0.18</b>	<b>0.25</b>

**Business combinations**

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

The acquisition cost calculation is based on the company's preliminary statement of financial position as at 31 January 2016, the essential parts of which have been prepared in accordance with IFRS's accounting principles. The acquisition has been recognised on a preliminary basis, as permitted under IFRS 3. Oriola-KD will make the necessary adjustments to these preliminary assessments during the 12 months following the acquisition date.

Oriola-KD completed the acquisition of PharmaService Oy, a Finnish company offering dose dispensing supporting services from the Association of Finnish Pharmacies and Orion Corporation on 18 July 2016. PharmaService provides supporting services for automated dose dispensing of medicines to pharmacies in Finland, serving approximately 20,000 of the pharmacies' customers. In 2015, the net sales of PharmaService were approximately 14 MEUR, and it has approximately 50 employees in Helsinki.

The statement of profit and loss and the statement of financial position have been consolidated in Oriola-KD as of 18 July 2016.

The acquisition cost calculation is based on the company's preliminary statement of financial position as at 18 July 2016, the essential parts of which have been prepared in accordance with IFRS's accounting principles. The acquisition has been recognised on a preliminary basis, as permitted under IFRS 3. Oriola-KD will make the necessary adjustments to these preliminary assessments during the 12 months following the acquisition date.



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

The acquisition cost calculation is based on the company's preliminary statement of financial position as at 31 August 2016, the essential parts of which have been prepared in accordance with IFRS's accounting principles. The acquisition has been recognised on a preliminary basis, as permitted under IFRS 3. Oriola-KD will make the necessary adjustments to these preliminary assessments during the 12 months following the acquisition date.

The preliminary recognised goodwill of these acquisitions is EUR 42.1 million.

At the date of the acquisition of Svensk dos, the company had won the tender for dose dispensing in the Sjuklövern counties, but the contract was under appeal. After the decision of The Swedish Supreme Administrative Court Sjuklövern has confirmed that they will issue a new tender for the dose dispensing in the counties. Consequently, a EUR 6.2 million goodwill impairment charge was recognised in September 2016 and the remaining contingent liability related to the acquisition was released through profit and loss amounting to EUR 6.3 million.

## Tangible and intangible assets

<b>Changes in Property, Plant and Equipment,</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
<b>EUR million</b>	<b>1-9</b>	<b>1-9</b>	<b>1- 12</b>
Carrying amount at the beginning of the period	72.7	75.2	75.2
Business combinations	1.9	-	-
Increases	9.5	6.4	11.9
Decreases	-0.3	-0.4	-0.6
Reclassifications	-	0.6	0.0
Depreciation	-11.6	-11.1	-14.8
Foreign exchange rate differences	-2.1	-0.1	1.0
<b>Carrying amount at the end of the period</b>	<b>70.1</b>	<b>70.7</b>	<b>72.7</b>
<b>Changes in Intangible assets,</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
<b>EUR million</b>	<b>1-9</b>	<b>1-9</b>	<b>1- 12</b>
Carrying amount at the beginning of the period	319.7	312.3	312.3
Business combinations	1.6	-	-
Increases	60.5	6.8	8.5
Reclassifications	-	-0.6	0.0
Impairments and Amortization	-14.0	-5.7	-7.8
Foreign exchange rate differences	-12.9	-0.5	6.7
<b>Carrying amount at the end of the period</b>	<b>354.8</b>	<b>312.2</b>	<b>319.7</b>

## Impairment

Oriola-KD's goodwill of EUR 282.0 (250.5) million has been allocated in impairment testing to the cash-generating units. Goodwill is tested annually, in accordance with the timetable of the strategy and planning process. Oriola-KD conducted impairment testing of goodwill in September 2016 based on the strategic plans for 2016-2019.

During the third quarter of 2016 the Group determined the recoverable amount of the Swedish Healthcare business based on a revised business plan due to the rejection of the Sjuklövern tender contract. According to the revised business plan the growth in future net sales and profitability were expected to be below those of the earlier plans. Based on the determination the carrying value of the tested assets exceeded their recoverable amount and as a result a EUR 6.2 million goodwill impairment charge was recognised. Due to the fact that the tender was rejected also the contingent consideration related to Svensk dos acquisition lapsed. The change in the contingent liability amounted to EUR 6.3 million and recognised in the statement of profit and loss.

**Derivatives**

<b>30 Sep 2016</b>	<b>Positive fair</b>	<b>Negative fair</b>	<b>Nominal</b>
<b>EUR million</b>	<b>value</b>	<b>value</b>	<b>values of</b>
			<b>contracts</b>
<b>Derivatives recognised as cash flow hedges</b>			
Interest rate swaps	-	1.2	54.0
<b>Derivatives measured at fair value through profit and loss</b>			
Foreign currency forward and swap contracts	-	0.1	21.3
<b>30 Sep 2015</b>			
<b>EUR million</b>	<b>Positive fair</b>	<b>Negative fair</b>	<b>Nominal</b>
	<b>value</b>	<b>value</b>	<b>values of</b>
			<b>contracts</b>
<b>Derivatives recognised as cash flow hedges</b>			
Interest rate swaps	-	1.8	55.3
<b>Derivatives measured at fair value through profit and loss</b>			
Foreign currency forward and swap contracts	0.3	-	119.9

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

**Fair value hierarchy**

<b>EUR million</b>				
<b>30 Sep 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Derivatives measured at fair value through profit and loss	-	-	-	-
<b>Liabilities</b>	-			
Derivatives designated as hedges	-	1.2	-	<b>1.2</b>
Derivatives measured at fair value through profit and loss	-	0.1	-	<b>0.1</b>
Contingent consideration	-	-	2.5	<b>2.5</b>

<b>EUR million</b>				
<b>30 Sep 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Derivatives measured at fair value through profit and loss	-	0.8	-	<b>0.8</b>
<b>Liabilities</b>				
Derivatives designated as hedges	-	1.8	-	<b>1.8</b>
Derivatives measured at fair value through profit and loss	-	0.5	-	<b>0.5</b>
Contingent consideration	-	-	14.3	<b>14.3</b>

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

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

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

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

<b>EUR million</b>	
<b>Book value 31 Dec 2015</b>	<b>12.4</b>
Recognised in financial expenses	0.2
Decrease in the fair value of financial liabilities	-21.9
Increase in the fair value of financial liabilities	11.9
Translation differences	0.0
<b>Book value 30 Sep 2016</b>	<b>2.5</b>

Financial liabilities recognised at fair value through profit and loss (level 3) include estimated value of contingent and deferred considerations for acquisitions.

## Commitments and Contingent Liabilities

EUR million	30 Sep 2016	30 Sep 2015	31 Dec 2015
<b>Commitments for own liabilities</b>			
Guarantees on behalf of own companies	8.0	8.1	8.5
Guarantees on behalf of other companies	0.9	3.2	2.0
Mortgages on company assets	3.4	2.2	2.3
Other guarantees and liabilities	1.1	1.0	1.0
<b>Total</b>	<b>13.3</b>	<b>14.5</b>	<b>13.7</b>
Leasing liabilities (operating liabilities)	0.9	0.7	0.7
Rent liabilities	40.5	35.5	40.0

Guarantees on behalf of other companies include parent company guarantees given to third parties on behalf of sold Russian entities commercial agreements. In accordance of framework agreement the buyer undertakes to compensate Oriola-KD for any claim against the guarantees. In addition the buyer's bank has given Oriola-KD in aggregate EUR 0.9 (6.5) million counter guarantee mainly subject to parent company guarantees of the commercial agreements. The guarantees on behalf of other companies will expire in 2016.

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

## Provisions

On 30 September 2016 Oriola-KD had no recognised provisions. On 30 September 2015 Oriola-KD had recognised a restructuring provisions totalling EUR 0.3 million. The provision was related to the sale of Russian businesses and recorded in group items.

## Related parties

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

## Segment information

### Reportable segments 1-9/2016

EUR million	Consumer	Services	Healthcare	Group items	Total
External Invoicing	612.5	1,911.0	23.8	-	<b>2,547.3</b>
Internal Invoicing	0.0	272.5	-	-272.5	-
<b>Invoicing</b>	<b>612.5</b>	<b>2,183.5</b>	<b>23.8</b>	<b>-272.5</b>	<b>2,547.3</b>
External Net Sales	598.3	595.2	23.8	-	<b>1,217.3</b>
Internal Net Sales	0.0	272.5	-	-272.5	-
<b>Net Sales</b>	<b>598.3</b>	<b>867.7</b>	<b>23.8</b>	<b>-272.5</b>	<b>1,217.3</b>
Operating profit	25.5	25.0	-7.6	1.9	<b>44.7</b>
Adjusted operating profit	26.0	25.5	-1.2	-4.5	<b>45.7</b>
Assets	442.3	352.7	43.3	90.9	<b>929.3</b>
Liabilities	77.4	499.7	5.7	154.2	<b>736.9</b>
Investments	10.8	11.1	43.2	8.4	<b>73.5</b>
Depreciation and impairments	13.0	4.3	8.2	0.2	<b>25.6</b>
Average number of personnel	1,622	766	69	41	<b>2,497</b>

**Reportable segments 1-9/2015**

<b>EUR million</b>	<b>Consumer <sup>1)</sup></b>	<b>Services</b>	<b>Healthcare</b>	<b>Group items</b>	<b>Total</b>
External Invoicing	590.0	1,814.1	-	-	<b>2,404.2</b>
Internal Invoicing	-	248.1	-	-248.1	-
<b>Invoicing</b>	<b>590.0</b>	<b>2,062.3</b>	-	<b>-248.1</b>	<b>2,404.2</b>
External Net Sales	577.7	627.8	-	-	<b>1,205.5</b>
Internal Net Sales	-	248.1	-	-248.1	-
<b>Net Sales</b>	<b>577.7</b>	<b>875.9</b>	-	<b>-248.1</b>	<b>1,205.5</b>
Operating profit	26.2	23.2	-	-4.1	<b>45.3</b>
Adjusted operating profit	26.2	24.2	-	-4.8	<b>45.5</b>
Assets	441.8	375.4	-	111.4	<b>928.7</b>
Liabilities	72.3	549.3	-	133.7	<b>755.3</b>
Investments	8.0	3.5	-	1.7	<b>13.2</b>
Depreciation	12.4	4.3	-	0.2	<b>16.8</b>
Average number of personnel	1,542	739	-	39	<b>2,320</b>

<sup>1)</sup> Comparative figures restated as a result of correction of an error relating to previous financial periods

**Geographical information****1-9/2016**

<b>EUR million</b>	<b>Sweden</b>	<b>Finland</b>	<b>Baltic countries</b>	<b>Other countries</b>	<b>Total</b>
Net Sales	857.4	267.5	37.9	54.4	<b>1,217.3</b>
Assets	650.7	260.4	18.1	0.1	<b>929.3</b>
Investments	33.7	39.6	0.2	-	<b>73.5</b>

**1-9/2015**

<b>EUR million</b>	<b>Sweden</b>	<b>Finland</b>	<b>Baltic countries</b>	<b>Other countries</b>	<b>Total</b>
Net Sales	839.8	281.1	33.4	51.2	<b>1,205.5</b>
Assets	655.8	257.0	15.8	-	<b>928.7</b>
Investments	8.9	4.1	0.3	-	<b>13.2</b>

**Alternative performance measurements reconciliation table**

<b>Invoicing</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
<b>EUR million</b>	<b>7-9</b>	<b>7-9</b>	<b>1-9</b>	<b>1-9</b>	<b>1-12</b>
Net sales	395.8	377.1	1,217.3	1,205.5	1,626.3
+ Acquisition cost of consignment stock	425.0	406.2	1,314.6	1,185.2	1,617.0
+ Cash discounts	4.8	4.4	15.3	13.5	18.8
<b>Invoicing</b>	<b>825.6</b>	<b>787.7</b>	<b>2,547.3</b>	<b>2,404.2</b>	<b>3,262.2</b>
<b>Adjusting EBITDA</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
<b>EUR million</b>	<b>7-9</b>	<b>7-9</b>	<b>1-9</b>	<b>1-9</b>	<b>1-12</b>
Operating profit	16.8	18.4	44.7	45.3	62.6
Depreciations and impairments	12.9	5.6	25.6	16.8	22.6
<b>EBITDA</b>	<b>29.7</b>	<b>24.0</b>	<b>70.3</b>	<b>62.1</b>	<b>85.1</b>
- Adjusting items included in EBITDA	-6.2	-0.9	-5.4	0.2	-1.8
<b>Adjusting EBITDA</b>	<b>23.5</b>	<b>23.1</b>	<b>65.0</b>	<b>62.4</b>	<b>83.4</b>

**Adjusting items**

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

**Adjusting items included in Operating Profit**

	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
<b>EUR million</b>	<b>7-9</b>	<b>7-9</b>	<b>1-9</b>	<b>1-9</b>	<b>1-12</b>
Restructuring costs	-0.2	-0.2	-1.0	-1.4	-1.4
Impairments	-6.4	-	-6.4	-	-
Revaluation of contingent consideration	6.4	1.1	6.4	1.1	3.4
Pensions	-	-	-	-	-0.3
Other	0.0	-	0.0	-	-0.1
<b>Total</b>	<b>-0.2</b>	<b>0.9</b>	<b>-1.0</b>	<b>-0.2</b>	<b>1.8</b>

Adjusting items in January-September 2016 relate to restructuring charges in Consumer and Services. Adjusting items reported in January-September of 2015 relate to restructuring charges in the Services segment and in the Group.