**Oriola-KD in brief 2007**

Oriola-KD is a leading company in pharmaceutical and healthcare trade. There are 1,300 healthcare professionals working in Oriola-KD Corporation. The company operates via its subsidiaries Oriola Oy and Kronans Droghandel AB in Finland, Sweden, Denmark and the Baltic countries. Oriola-KD is listed on OMX Nordic Exchange Helsinki.

<table>
<thead>
<tr>
<th>Pharmaceutical Trade</th>
<th>Healthcare Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Invoicing</strong></td>
<td><strong>Operating profit</strong></td>
</tr>
<tr>
<td>EUR 2,253.4 million</td>
<td>EUR 17.4 million</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>EUR 271.2 million</td>
</tr>
<tr>
<td><strong>Business description by countries</strong></td>
<td>EUR 14.9 million</td>
</tr>
<tr>
<td>Oriola-KD engages pharmaceutical distribution and trade in Finland and Sweden, pharmaceutical wholesale in Estonia and Latvia. Oriola-KD owns pharmacy chain in Latvia. Healthcare consumer products are marketed in Finland, Estonia, Latvia, Lithuania and on small scale in Sweden.</td>
<td>Oriola-KD markets, sells, installs and services healthcare equipment and supplies in Finland, Sweden, Denmark, Estonia, Latvia and Lithuania.</td>
</tr>
<tr>
<td><strong>Customers</strong></td>
<td></td>
</tr>
<tr>
<td>Pharmaceuticals manufacturers and importers as well as pharmacies, hospitals, healthcare centres and other parties in the healthcare system acting as both retailers and end-users.</td>
<td>Hospitals and primary healthcare, laboratory products for healthcare and industry and research institutes.</td>
</tr>
<tr>
<td><strong>Personnel</strong></td>
<td></td>
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<tr>
<td>850 persons</td>
<td>450 persons</td>
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</table>
IMPORTANT DATES 2007
The publication dates of the Interim Reports in 2008 are as follows:
Interim Report 1–9/2008 on Friday, 24 October 2008

Oriola-KD Corporation’s Annual General Meeting will be held on Monday, 17 March 2008 in Helsinki.

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Communications & IR
P.O. Box 8,
FI-02101 Espoo, Finland

communications@oriola-kd.com
www.oriola-kd.com
STRATEGY

- Oriola-KD’s objective is to be a leading company in both Pharmaceutical and Healthcare & Dental Trade in Finland and Sweden by developing and investing in both business segments.
- Oriola-KD’s target is to grow selectively in the Baltic Countries, Denmark, Poland and Russia organically and through acquisitions.

DIVIDENT POLICY

- Oriola-KD will seek to pay out as dividends approximately 50 percent of earnings per share annually. The company’s financial position and operational strategy shall be taken into consideration when determining annual dividend.

LONG-TERM FINANCIAL TARGETS

- The Group’s long-term financial goals are based on the development of its operating profit (EBIT) and return on capital employed (ROCE).
- The long-term goal for the Group’s operating profit excluding oneoff items is set at growth of at least five percent over the previous year.
- Return on capital employed shall be at least 13 percent in 2010.
CEO’s review

The emphasis in the first full year of Oriola-KD as an independent listed company was on improving financial performance. We strongly developed those core businesses where the company has the potential of winning a significant share of the market in the long-term. We also continued the pruning of poorly performing and non-core businesses started in 2006. The efficiency programme launched in spring 2006 allowed us to reap in full the cost savings of five million euro sought in 2007.

In terms of strategy, the most important event of the year was the Dental Trade business merger with Lifco in Finland, Sweden, Norway, Denmark and the Baltics. Together, we have created the leading northern European marketer of dental care equipment and supplies. The new company arising from the merger has a strong market standing and comprehensive product offering in all its countries of operation as well as keen insight into future market trends gained through long-standing customer relationships. With its strong balance sheet and freedom from interest-bearing debt, the company is better poised than ever to create new growth and respond to the consolidation trend prevailing in the market.

In the Pharmaceutical Distribution business, the focus in 2007 was on renegotiating the terms of less profitable, mainly small and medium-sized pharmaceutical distribution contracts to better reflect cost trends in the industry. The new contracts are estimated to contribute to improved profitability starting in 2008. Quality development efforts, such as enhanced batch monitoring to identify potential counterfeit medicines, were continued to ensure even higher safety throughout the pharmaceutical shipping and distribution chain. A new shipping package concept was also introduced in Finland to help us ensure the integrity of pharmaceutical shipments, especially expensive special medicines requiring temperature control.

Several development projects were initiated in the fields of purchasing and logistics in 2007. The aim of these projects is to enhance efficiency and quality while also permitting us to respond more rapidly to changes in our business environment. The pilot stage of the performance-based bonus system for logistics employees implemented in the latter half of the year under review, for example, produced highly promising results and the system will be deployed across Finland and Sweden in early 2008.

Besides developing operative business activities, we also continued our examination of strategic expansion opportunities in both our business segments. The year 2008 will show whether a change will come in the retail sales of pharmaceuticals in Sweden. We have built Oriola-KD during 2007 to even better meet our customers’ current and future needs and to enhance our abilities actively to capitalise on the opportunities presented by critical changes in the market.

I wish to extend my thanks to our customers, employees, partners and shareholders for your trust in our company.

Eero Hautaniemi
President and CEO

“The main goal in 2007 was to improve financial performance”
Market review

PHARMACEUTICAL MARKET
Measured in wholesale prices, the Finnish pharmaceutical market in 2007 was valued at EUR 1.85 billion, the Swedish at EUR 3.0 billion and the combined Estonian, Latvian and Lithuanian market at EUR 810 million. Oriola-KD anticipates long-term growth in the range of 3–5 percent annually in the Finnish and Swedish markets. A higher rate of growth is projected for the Baltics.

PHARMACEUTICAL DISTRIBUTION MARKET
In the pharmaceutical trade, the established practice in Finland and Sweden is the single-channel model, wherein a pharmaceutical distributor agrees with a pharmaceutical company on the exclusive distribution of all the company’s products to all the pharmacies nationwide. Finland and Sweden both have another pharmaceutical distributor besides Oriola-KD. The Baltics have in place a multi-channel model allowing various wholesalers to purchase pharmaceuticals from the same manufacturer and market these to pharmacies. In the Baltics, pharmaceutical wholesalers may also own pharmacies.

PHARMACY MARKET
Finland has some 800 pharmacies, Sweden roughly 900, Estonia 500, Latvia some 800 and Lithuania approximately 1,500. In Finland, pharmacies may only be owned by private individuals, exception University Pharmacies. A corresponding state monopoly on pharmacies is in place in Sweden. The current government has proposed deregulation of the pharmacy market in 2009. A political decision to deregulate could open up new business opportunities for Oriola-KD as well. Pharmacies in the Baltics may be owned by private individuals and enterprises alike. Oriola-KD owns two pharmacies in Latvia operating under the name Pansana.

HEALTHCARE CONSUMER MARKET
The healthcare consumer market is growing as people pay more attention to their personal wellbeing. In meeting increased customer demand, pharmacies have evolved into an important distribution and customer communication channel for functional products. Oriola-KD markets healthcare consumer products such as food supplements, special dietary products, herbal remedies and skincare products in Finland and the Baltics and is establishing a footing in the business in Sweden as well.

HEALTHCARE EQUIPMENT AND SUPPLIES MARKET
The healthcare equipment and supplies market in the Nordic and the Baltic countries combined in 2007 was valued at some EUR 4 billion. Market growth is estimated to outpace growth in the pharmaceutical market. Consolidation continues in the manufacturing sector of healthcare products. The healthcare customer base has also seen ongoing consolidation both in the public and private sector. Hospital units and municipal healthcare districts seek to streamline activities e.g. by cutting down on the number of equipment and supplies providers. Oriola-KD engages in the healthcare business in all its countries of operation.

DENTAL EQUIPMENT AND SUPPLIES MARKET
The dental trade market in 2007 in Scandinavia and Baltic countries combined was valued at EUR 300 million. Market growth in traditional dental care supplies is estimated to outpace growth in the pharmaceutical market. In 2007, Oriola-KD merged its dental trade business with the Swedish Lifco Dental.
Financial review

Oriola-KD Corporation was entered in the Trade Register on 1 July 2006 as a result of the demerger of Orion Corporation. Trading in Class A and Class B shares in Oriola-KD Corporation commenced on the main list of the OMX Nordic Exchange Helsinki on 3 July 2006.

KEY FIGURES IN 2007:
• Invoicing EUR 2,524.5 million and net sales EUR 1,377.3 million
• Operating profit excluding one-off items EUR 29.1 million and operating profit including one-off items EUR 29.1 million
• Operating cashflow EUR 39.0 million
• Return on capital employed 14.2 percent
• Earnings per share EUR 0.16

INVOICING AND NET SALES
EUR million

<table>
<thead>
<tr>
<th>IFRS 2005</th>
<th>IFRS 2006</th>
<th>IFRS 2007</th>
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<tbody>
<tr>
<td>Invoicing</td>
<td>2,524.5</td>
<td>2,400</td>
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<tr>
<td>Net Sales</td>
<td>1,377.3</td>
<td>1,200</td>
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OPERATING PROFIT
EUR million

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<tr>
<th>IFRS 2005</th>
<th>IFRS 2006</th>
<th>IFRS 2007</th>
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<tbody>
<tr>
<td>Operating Profit excluding One-off Items</td>
<td>25.8</td>
<td>22.6</td>
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<tr>
<td>Operating Profit including One-off Items</td>
<td>17.4</td>
<td>14.2</td>
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EARNINGS PER SHARE

<table>
<thead>
<tr>
<th>IFRS 2005</th>
<th>IFRS 2006</th>
<th>IFRS 2007</th>
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<tbody>
<tr>
<td>Earnings per share</td>
<td>EUR 0.16</td>
<td>EUR 0.16</td>
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BALANCE SHEET, TOTAL AND EQUITY
EUR million

<table>
<thead>
<tr>
<th>IFRS 2005</th>
<th>IFRS 2006</th>
<th>IFRS 2007</th>
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<tbody>
<tr>
<td>Balance sheet, total</td>
<td>EUR 645</td>
<td>EUR 635</td>
</tr>
<tr>
<td>Equity</td>
<td>EUR 199.8</td>
<td>EUR 205.61</td>
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RETURN ON CAPITAL EMPLOYED (ROCE)
%

<table>
<thead>
<tr>
<th>IFRS 2005</th>
<th>IFRS 2006</th>
<th>IFRS 2007</th>
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</table>
| Return on capital employed | 16%

CASH FLOW FROM OPERATIONS
EUR million

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<tr>
<th>IFRS 2005</th>
<th>IFRS 2006</th>
<th>IFRS 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operations</td>
<td>EUR 39.5</td>
<td>EUR 54.7</td>
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</tbody>
</table>

All 2005 and 2006 figures are pro forma figures.
Market growth is supported by ageing population and interest in personal wellbeing.
Pharmaceutical Trade business segment

Oriola-KD engages in Pharmaceutical Distribution and Trade in Finland and Sweden, Pharmaceutical Wholesale in Estonia and Latvia, Pre-wholesale in Lithuania and Pharmacy operations in Latvia. Healthcare consumer products are marketed in Finland, Estonia, Latvia and Lithuania and on a small scale in Sweden.

Efficiency, dependability, clearly defined processes, attention to detail and modern information and ERP systems as well as flexibility in customer service are key factors in the Pharmaceutical Distribution and play a vital role in the profitability of the business segment. In the Pharmacy and Retail Marketing business, product marketing skills and distribution channel management are the essential success factors alongside logistical efficiency.

The business segment’s invoicing in 2007 was EUR 2,253.4 million (2,064.7), net sales EUR 1,135.8 million (1,098.7) and operating profit excluding one-off items EUR 17.4 million (15.6). The segment accounted for 89.3 percent (88.2) of Oriola-KD’s total invoicing in 2007, 82.5 percent of net sales (82.3) and 54.0 percent of operating profit excluding one-off items (60.0). The Pharmaceutical Trade business segment had 856 employees at the end of 2007 (925).

Oriola-KD’s focus in 2007 was on restoring the pharmaceutical distribution market to a sound basis and improving the profitability of the business.
PHARMACEUTICAL DISTRIBUTION IN FINLAND AND SWEDEN IN 2007

Oriola-KD’s customers in Pharmaceutical Distribution are pharmaceutical manufacturers and importers as well as pharmacies, hospitals, healthcare centres and other parties in the healthcare system acting as both retailers and end-users. Some 60 pharmaceutical companies in Finland and roughly 70 in Sweden are served by Oriola-KD.

In the period between January and December 2007, Oriola-KD’s share of the pharmaceutical wholesale market in Finland was 45.9 percent (41.4) and in Sweden 42.0 percent (43.0) (source: IMS Health and ATY). The pharmaceutical market in Finland grew by 7.2 percent (-0.4) in 2007. Growth in the Finnish pharmaceutical market excluding one major shipment of vaccines in Finland in late 2007 came to 5.4 percent. In Sweden, the pharmaceutical market grew by 6.8 percent (4.5). (Source: IMS Health). The pharmaceutical market in Baltics grew by 20.0 percent (15) in 2007. Oriola-KD estimates its market share to be in pharmaceutical distribution in Finland 45 percent and in Sweden 42 percent in 2008.

Growth in the value of the pharmaceutical market fell short of volume growth in both Finland and Sweden, due i.a. to the growing prevalence of generic drugs and the lower prices of these compared to branded medicines. Price policies set by the authorities and provisions on reimbursability have been used to curb the rise in the State’s drug reimbursement costs. Generic drugs accounted for 14 percent of the total pharmaceutical market value in 2007 in Finland and in Sweden (Source: IMS Health). The pharmaceutical market in the Nordic and Baltic countries is growing due to the ageing of the population.

Deliveries of pharmaceuticals to pharmacies, when measured in value, represented about 75 percent of the total value of the market in Finland and about 84 percent in Sweden. Deliveries of pharmaceuticals to hospital dispensaries represented about 25 percent of the pharmaceutical market value in Finland and about 16 percent in Sweden. Hospital dispensaries saw growth outpacing that of other pharmacies in both Finland and Sweden in 2007.
For Oriola-KD, one of the targets for 2007 was to restore the pharmaceutical distribution market to a sound basis and improve the profitability of the business. During the year under review, Oriola-KD conducted negotiations on the renewal of poorly performing distribution contracts in Finland and Sweden. The new contracts concluded as a result of these negotiations are estimated to contribute to improved profitability starting in 2008. Distribution fees in both Finland and Sweden are the lowest in Europe. This is partly due to the single-channel model in place in both countries.

Comprehensive quality development to ensure even higher safety throughout the pharmaceutical shipping and distribution chain was a pervasive theme in Finnish Pharmaceutical Distribution in 2007. For example, Oriola-KD introduced a new shipping package concept developed in-house which allows further ensuring the absolute integrity of shipments of expensive low-volume biochemical medicines requiring temperature control as well as insulins and other pharmaceuticals that need to be handled with particular care. The new concept also meets even better the handling demands of expensive cancer treatment medications which are becoming increasingly prevalent in the market. General medical safety concerns in the pharmaceutical market were also addressed in Finland and Sweden by developing methods to identify counterfeit medicines through batch monitoring.

During the period under review, Oriola-KD gained pharmaceutical distribution principals Schering-Plough and Roche in Finland. In Sweden, new principals Meda and Pfizer pharmaceutical distribution in its entirety were won. The new contracts represent ca. 6 percent of the Finnish market and 5 percent of the Swedish market. Prior the end of May 2007, Oriola-KD distributed half of Pfizer’s pharmaceutical brands in Sweden. (Source: IMS Health).

Oriola-KD agreed in late 2007 to distribute McNeil’s pharmaceuticals in Sweden and Wyeth’s pharmaceuticals in Finland as of the beginning of 2008. McNeil represents ca. 2 percent of the Swedish market and Wyeth 2 per cent of the Finnish market. (Source: IMS Health).
Transport cooler

In mid-2007, Oriola-KD introduced in Finland a new transport cooler for pharmaceuticals developed in-house at Oriola-KD. Quality can now be even better ensured in the refrigerated transportation of pharmaceuticals throughout the distribution chain. The material of the cooler and its lid has excellent insulation properties and is long-lasting. The top and bottom insulation plates inside the cooler protect the products transported from the cold packs, which prevents cold shock in the products. The cooler is placed inside the blue transport boxes used by Oriola-KD in Finland. This permits the handling of the boxes in the automated packing department. Environmental tests have validated the cooler’s ability to remain at a temperature between +2 and +8 degrees C. The introduction of the new transport cooler is a major step forward for the company’s quality assurance in the transportation of pharmaceuticals.

Pharmaceutical principles transferring from Oriola-KD in the year under review were Amgen in Finland and Schering Nordiska and Amgen in Sweden. The transferring contracts represent ca. 2 percent of the Finnish market and 3 percent of the Swedish market.

In the year under review, Oriola-KD closed down a loss-making automated pharmaceuticals packing line in Mölnlycke in Sweden as part of its streamlining and focus on core business development.

In Sweden, Oriola-KD prepared for the possible deregulation of the pharmacy market by taking part in the consultations of a working group appointed by the Swedish government and drafting strategic scenarios for the potential restructuring of the Swedish market. A political decision to deregulate the current State monopoly on pharmacies and allow independent operators market entry could open up new business opportunities for Oriola-KD as well.

WHOLESALE AND PHARMACY OPERATIONS IN THE BALTICS

Oriola-KD engages in pharmaceutical wholesale in Estonia and Latvia and pre-wholesale in Lithuania. In Lithuania, Oriola-KD signed a new pre-wholesale contract with pharmaceutical company Teva. Under the contract, Oriola-KD assumes responsibility for the warehousing and shipping to pharmaceutical wholesalers of Teva products in all three Baltic countries as of January 2008. Pharmacies in Latvia are operated under the Group’s own modern Pansana concept. The pharmacies stock drugs and also offer a comprehensive range of healthcare consumer products. Oriola-KD decided in 2007 to discontinue pharmacy operations in Estonia, as the chain could not be expanded through the establishment of new pharmacies and acquisitions, in light of the company’s investment criteria, were an unviable option due to higher prices.
PHARMACY AND RETAIL MARKETING BUSINESS

Healthcare consumer products are marketed in Finland, Estonia, Latvia and Lithuania and on a small scale in Sweden. The business is responsible for the entire product procurement, marketing, sales and delivery chain in the consumer market. Products marketed comprise food supplements, special dietary products and skincare products. Oriola-KD is the exclusive distributor for part of its product range and also owns individual brands. Major brands marketed by Oriola-KD include Avène, Canderel, Dexal, Gefilus and Lysi. During 2007, Oriola-KD continued to hone its product offering by focusing resources on the most profitable product categories and its own brands.

Distribution channels and customers in the business include pharmacies, health food stores, veterinarians’ offices, sporting goods stores, consumer goods retailers and healthcare personnel. The most important distribution channel is pharmacies, whose role as consumer marketer has been growing. In keeping with the overall health trend, pharmacies have increased their supply of functional consumer products.

Oriola-KD has also sought to streamline the product procurement chain in a bid to reduce the number of middlemen between manufacturer and consumer. An increasing number of contracts are being concluded directly with producers in respect of i.a. products sourced from Asia, thus generating cost benefits for Oriola-KD and the consumer alike.

In Sweden, the company established a footing for its healthcare consumer product business with the market launch of the Vivag line. The possible deregulation of the Swedish pharmacy market may open up new business opportunities also for Oriola-KD’s consumer products marketing business.

DID YOU KNOW THAT?

- Oriola-KD is responsible for distributing all vaccines belonging to the national vaccine program in Finland.
- Oriola-KD’s Pansalt 450g is the market leader in Finland in the "dried spieces" category (Ac Nielsen, 2007).
Identifying customer needs and operating efficiently are the key success factors.
Healthcare and Dental Trade business segment

The Healthcare and Dental Trade business segment consists of two businesses: Healthcare Trade and Dental Trade. The dental trade segment merged with the Swedish Lifco Dental in 2007. The business segment will be renamed the Healthcare Trade business segment at the beginning of the 2008 financial year but the share of profits from the associated company in dental trade will continue to be recognised for the segment.

The business segment’s invoicing in 2007 was EUR 271.2 million (275.4), net sales EUR 241.5 million (236.0) and operating profit excluding one-off items EUR 14.9 million (10.4). The segment accounted for 10.7 percent (11.8) of Oriola-KD’s total invoicing in 2007, 17.5 percent of net sales (17.7) and 46.0 percent of operating profit excluding one-off items (40.0). The Healthcare Trade business segment had 446 employees at the end of 2007 (570) and the Dental Trade business segment had 0 employees (120).

HEALTHCARE TRADE BUSINESS SEGMENT

In Healthcare Trade, Oriola-KD markets, sells, installs and services healthcare equipment and supplies in Finland, Sweden, Denmark, Estonia, Latvia and Lithuania. Oriola-KD is the leading wholesaler of healthcare equipment and supplies in Finland and is strongly established in the Baltics. The business operates on a relatively smaller scale in Sweden and Denmark.

The Dental Trade businesses were merged with Lifco Dental. The goal is to create the leading northern European marketer of dental care equipment and supplies.

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All 2005 and 2006 figures are pro forma figures.
Oriola-KD’s success factors in the business comprise name recognition, customer insight, strong brands, comprehensive field organisation in sales, regional coverage, scope and standard of technical service and cost benefits derived from comprehensive deliveries. The main product groups are medical imaging products, medical procedure products and medical products for hospitals and primary healthcare, and laboratory products for healthcare, industry and research institutes. In addition, Oriola-KD provides healthcare product-related logistics services in Sweden.

**BRISK YEAR IN HEALTHCARE TRADE**

The Healthcare Trade business saw mostly positive development in all markets in 2007. In Finland, Oriola-KD strengthened its standing in the sector of respiratory care and patient monitoring with the acquisition of a substantial portion of the hospital equipment and supplies marketing business of Medith Oy. The businesses of the two were integrated as planned during 2007. The year under review also saw development according to plan in the Swedish healthcare equipment and supplies business with the company expanding its product offering through the acquisition of Meteko Instrument AB in 2006.

The target in the healthcare logistics services business in Sweden was to improve profitability by focusing on the provision of turnkey logistics solutions and launching wholesale operations. In central Sweden, the development of the hospital logistics services outsourced to Oriola-KD continued as planned. Poorly performing businesses were pruned and the home distribution business sold to Schenker Dedicated Service AB. The home distribution business comprised logistics and transportation in incontinence products to individual patients in the Skåne region. Overall, logistics services account for roughly half of the business segment’s invoicing but contribute less than ten percent to operating profit.

Ties with Teleflex Medical were strengthened in Denmark, Sweden and Finland in the latter half of the year by including in the product range the Hudson anaesthesia products earlier acquired by the company. Oriola-KD also agreed on augmenting its product range in early 2008 with Carl Zeiss Meditec’s ophthalmic surgery products.

A letter of intent was signed in September on the sale in spring 2008 of the marketing business of Zimmer orthopaedic products, marketed in Finland by Oriola-KD, to a Finnish sales company established by Zimmer. An agreement was also made on transferring the sale of Sysmex haematology products in Finland and the Baltics to Roche Diagnostics at the beginning of 2008. The transfer is part of a wider international arrangement.

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**Pyxis® system brings increased efficiency to hospitals**

The Pyxis® automation system is the solution to the management of supplies and medications at hospitals. Pyxis® puts activities on a more systematic footing, streamlines the monitoring of supplies and medications and automates the ordering, reporting and monitoring processes. A Pyxis® solution can deliver significant cost savings while also freeing up personnel for actual patient care through greater efficiency achieved in operational processes. Moreover, a medication automation system improves medical safety in patient care and allows precise monitoring of medicine usage. In Finland, the Pyxis® supplies automation system has already been piloted at the Oulu University Hospital and the Pyxis® medications automation system is currently being tested at Helsinki University Central Hospital. Pyxis® is manufactured by the American Cardinal Health.
The healthcare equipment and supplies market remains highly fragmented into different product groups and customer groups. Oriola-KD seeks to participate in industry consolidation and to strengthen its standing in Finland as well as the Swedish, Danish and Baltic markets both organically and through acquisitions.

DENTAL TRADE BUSINESS SEGMENT

In the Dental Trade business Oriola-KD markets, sells, installs and services equipment and supplies for oral healthcare. The product range comprises all products needed in dental care. The customer base consists of private and public sector dental care providers. The geographical area of operations covers Finland, Sweden, Denmark, Estonia, Latvia and Lithuania.

Oriola-KD’s dental trade accounted for EUR 36.5 million (45.0) of the business segment’s invoicing in 2007, EUR 35.6 million (44.0) of its net sales and EUR 2.2 million (1.4) of its operating profit excluding one-off items.

AIMING TO BECOME THE LEADING NORTHERN EUROPEAN COMPANY IN DENTAL CARE

Oriola-KD and the Swedish Lifco AB merged their dental trade businesses in Finland, Sweden, Norway, Denmark and the Baltics. The merger aims to bring about the leading northern European company in this sector. The newly established company has strong complementary geographical presence, product offering and knowledge in local markets. The parties’ primary objective is to enhance their offering, efficiency and quality to their customers in each country where they operate while generating growth. The annual cost synergies are estimated at two million euro starting in 2008, which will be attained mainly through the consolidation of operations in the various countries. The new company launches operations with a strong balance sheet and no interest-bearing debt. In addition to the merger of businesses, Oriola-KD will increase its holding in the company to be established to 30 percent with a cash contribution of EUR 15.8 million. Lifco will hold a 70-percent stake in the new company.

Oriola-KD strengthened its healthcare equipment and supplies business in Sweden through the acquisition of hospital supply company Meteko Instrument AB, which has been active in the market for 40 years. The May 2006 acquisition allowed Oriola-KD to expand its offering of brand-name devices by the manufacturers it represents in the fields of anaesthetics, urology and operating room supplies to all its countries of operation. The healthcare trade segment seeks to locate companies to complement Oriola-KD’s existing product ranges and enable the marketing of products in all the countries where the company operates.

Did you know that?

• New product katalog for primary healthcare has been published at the beginning of year 2008 in Finland. It presents commonly known products used in primary healthcare. This helps customers to choose the right products for them.
• Oriola-KD’s Technical Service is the biggest healthcare equipment maintenance unit in Finland. It deals with more than 16,500 cases yearly.
Oriola-KD employees find their work meaningful and independent.

Oriola-KD’s personnel in Finland: Veikko Joensuu, Kimmo Virtanen, Sari Rönnholm, Sari Ignatius
**Personnel**

**PERSONNEL SATISFACTION AND DEVELOPMENT**

The personnel satisfaction survey conducted in 2007 had a response rate of 79 percent (77) and the general index came to 270, a rise of 8 percent on the previous year. According to the survey, Oriola-KD employees find their work meaningful and independent, with 91 percent of employees saying they enjoy working for the company. 74 percent of respondents said they felt Oriola-KD’s development projects were steering the company in the right direction. Personnel satisfaction was evaluated with HUPO (Human Potential Index®) method, which has been developed to meet the management and development needs of human capital in organisations.

In 2007, personal development reviews were conducted with roughly 77 percent (ca. 50 in 2006) of Group employees. Personal development reviews are a key tool for management and development at Oriola-KD. The goal is for all employees to review personal development with their supervisor. Under the Group-wide personal development review process revised in 2006, job descriptions and goals in support of strategy are defined for all employees along with personal development plans.

The sectors chosen in the 2006 personnel satisfaction survey were the focus of development in 2007. The key sectors of development concerned information flows, feedback, compensation and expertise. Special attention was paid in 2007 to the quality and quantity of development reviews between employees and their supervisors. Better use was made of the personnel database in resource allocation and internal communications were improved by surveying information flow processes and policies in greater detail. A new intranet for the entire Group was brought online at the beginning of 2008.

Supervisory performance was developed with the expanded 360° evaluations introduced in 2006. Some 80 persons were evaluated in 2007 (ca. 40 in 2006). Development of the sales bonus system started and sales management development training was initiated. Oriola-KD also focused on cooperation in the sectors of language and cultural skills training in a bid to improve both internal and external interaction skills.

**REMUNERATION AND BONUS SYSTEMS**

Remuneration at Oriola-KD is based on the collective agreements in force from time to time. The aim is to offer a competitive level of salary and bonus for each position. Base salary is based on job requirements and the qualifications, experience and performance of the employee.

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Oriola-KD aims to further enhance job rotation and development opportunities within the company as well as compensation systems in order to provide good premises to work in an international business environment.
Bonus systems at Oriola-KD are based, as applicable for each country, on the financial performance of Oriola-KD and the business segments and well as personal performance. The pilot phase of the bonus system for warehouses in Finland was introduced during 2007 and the goal is to create an ongoing bonus system in logistics. The system will be deployed across Finland and Sweden in early 2008. A key focus in logistics development has been the redefinition of policies and areas of responsibility in order to streamline operations by means such as reducing collection errors.

Working conditions monitoring was intensified in 2007 in respect of industrial accidents, sick leaves and churn with an eye to improving job satisfaction and creating a better working environment. In Estonia, preparations were launched for relocating to new and more modern logistics and office premises in early 2008.

Oriola-KD aims to further enhance job rotation and development opportunities within the company as well as compensation systems during 2008 and to create a better platform for managing international business projects.

**CHANGES IN ORGANISATION AND PERSONNEL DOWNSIZING**

Roughly 20 employees were downsized in the Oriola-KD Group in Finland and Sweden as part of the reorganisation and streamlining measures initiated in 2006. Outplacement and career counselling services were provided to all downsized employees.

The acquisition of Medith Oy in the Healthcare Trade segment in 2007 brought Oriola-KD ten new employees in the latter half of the year. A letter of intent was signed in September on the sale in spring 2008 of the marketing business of Zimmer orthopaedic products, represented in Finland by Oriola-KD, to a Finnish sales company established by Zimmer. An agreement was also reached, as part of a wider international arrangement, on transferring the sale of Sysmex haematology products in Finland and the Baltics to Roche Diagnostics at the beginning of 2008. The Zimmer and Sysmex deals will result in 20 Oriola-KD employees transferring from the company in the first half of 2008.
Six employees transferred to Schenker Dedicated Service AB in the latter half of 2007 as part of the home distribution business sale executed in Sweden. No jobs were affected by the closure of an automated pharmaceutical packing line in Sweden.

The merger in the Dental Trade segment at Oriola-KD resulted in roughly 120 employees from all our countries of operation transferring to the new companies under their current terms and conditions of employment in the latter half of 2007.

CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL IMPACTS
In late 2007, Oriola-KD initiated a new corporate social responsibility programme used to allocate donations in a centralised manner to protecting the Baltic Sea: Oriola-KD is one of main sponsors of the Mermaid programme of the WWF.

The company car policy was modified in Finland in late 2007. The new policy favours low-emission models in selection of company cars. In Sweden the low-emission models are also in favour.

Oriola-KD supports sustainable development in all its activities and attends to environmental concerns by conforming to the environmental system best suited to its operations with an eye to minimising adverse environmental impacts. Although the company has no manufacturing of its own, transportation and the logistics management of large flows of goods are an essential part of operations at Oriola-KD. The efficiency and economy of distribution are based on a scheduled route network according to which goods deliveries are timed in a bid to minimise total travel. Deliveries are optimised with information systems developed for this purpose. Deliveries to established customers are packed in recyclable plastic boxes that can be used hundreds of times. Large volumes of goods are delivered in recyclable packaging or on pallets or rolls.

Waste prevention, reuse, sorting and recycling are essential principles of waste management. Pharmaceutical and other hazardous waste is sorted and delivered to a hazardous waste treatment plant for disposal with the methods required by medical and environmental authorities.

DID YOU KNOW THAT?
• Up to 44 percent of Oriola-KD’s supervisors are women.
• Oriola-KD has been operating 100 years in Sweden, 60 years in Finland and over 15 years in the Baltic countries.
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