



Oriola-KD Corporation

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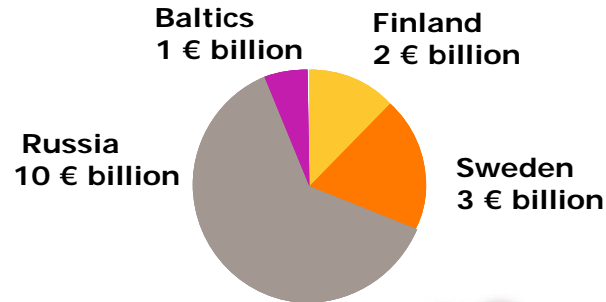
Espoo, 16 May 2011



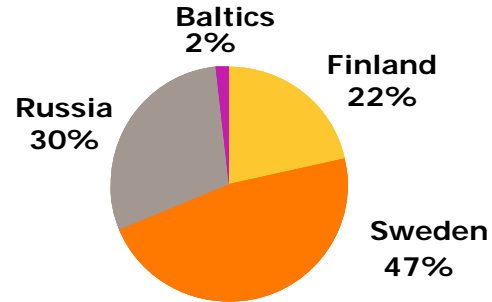
Oriola-KD is The Pharmaceutical Channel
in Northern Europe and Russia



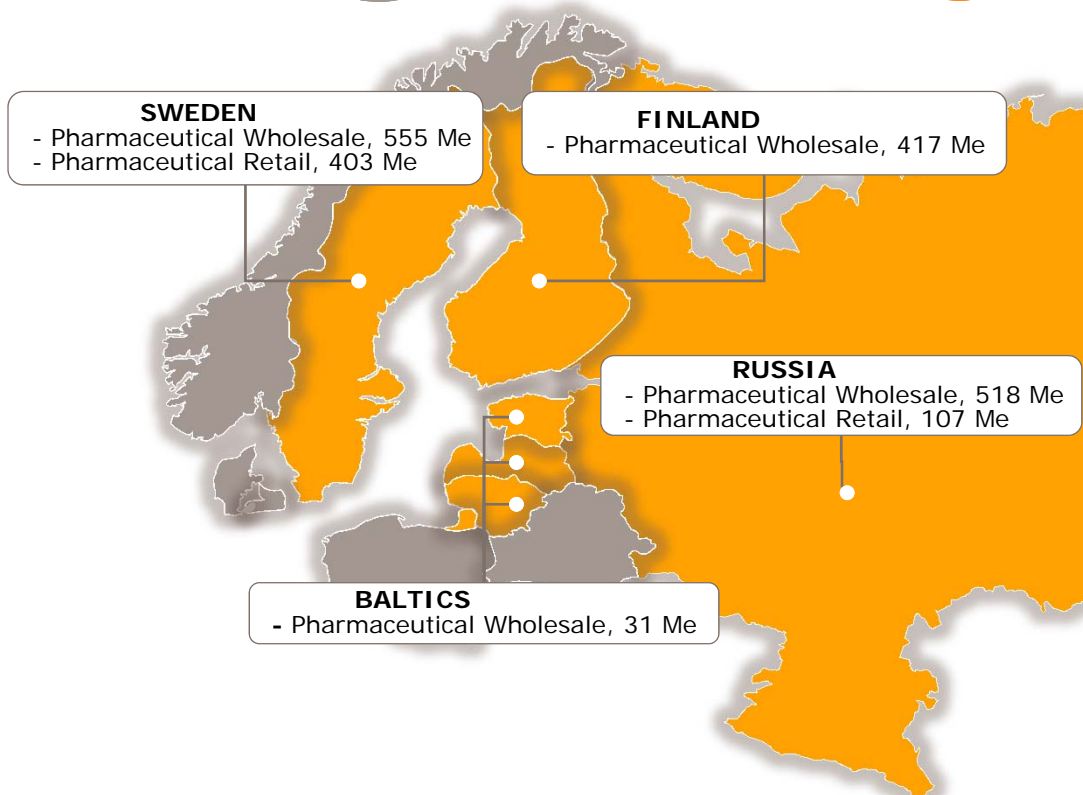
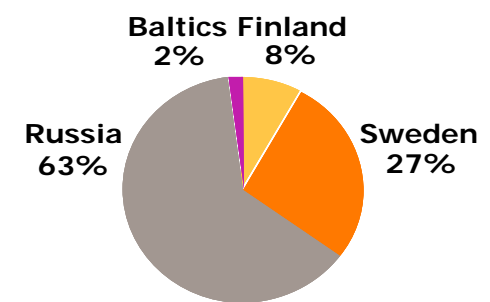
Size of pharma market, €billion



Net sales EUR 1.9 billion



5400 employees



Business	Market Position / market share
Finland: Wholesale	Number 2 46% market share
Sweden: Wholesale	Number 2 40% market share
Sweden: Retail	Number 3 14% market share
Russia: Wholesale	Number 6 in Russia 7% market share of commercial market
Russia: Retail	Number 2 in Moscow Number 6 in Russia
Baltics: Wholesale, Latvia, Lithuania	5-10% market share

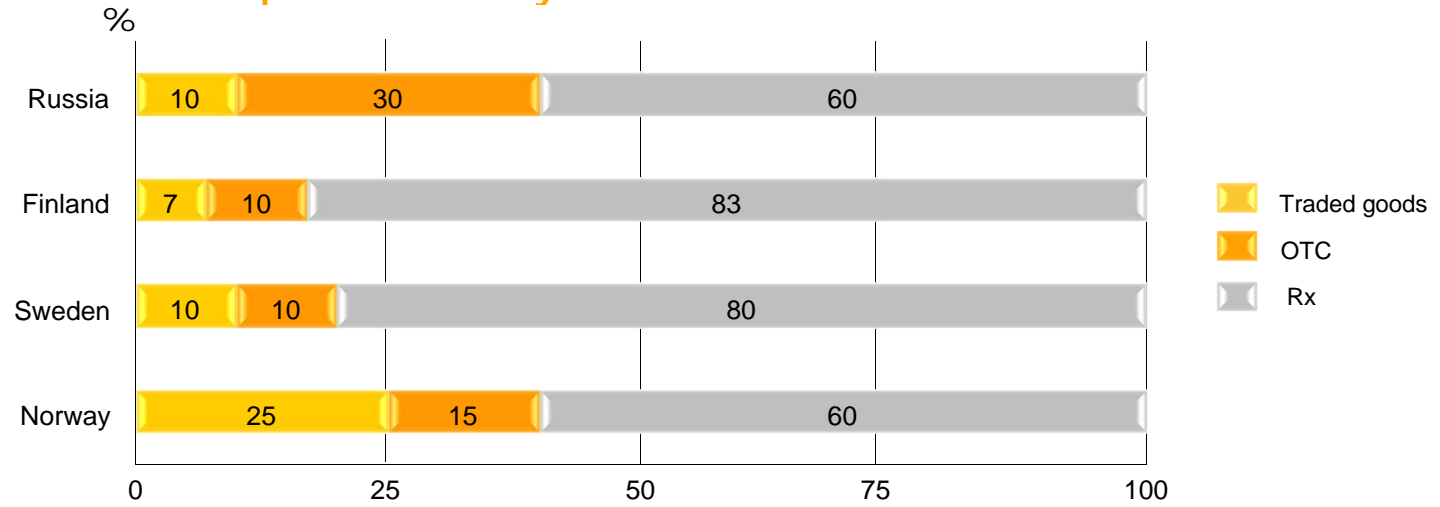
Trends in pharmaceutical market

- World market growth ~5%
 - Mature markets ~3%
 - Russia 11-13%
- Price polarization
 - Still cheaper generics vs. biological & other specialty pharmaceuticals
- Price regulation
 - Massive government interference in several European countries
- Market consolidation
 - Manufacturers, wholesalers, pharmacy chains

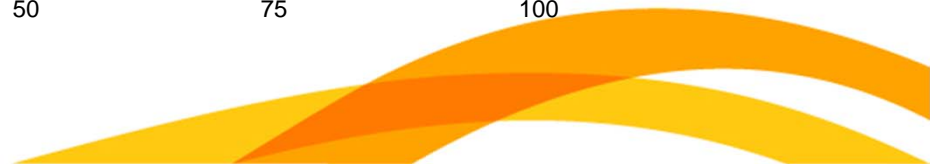
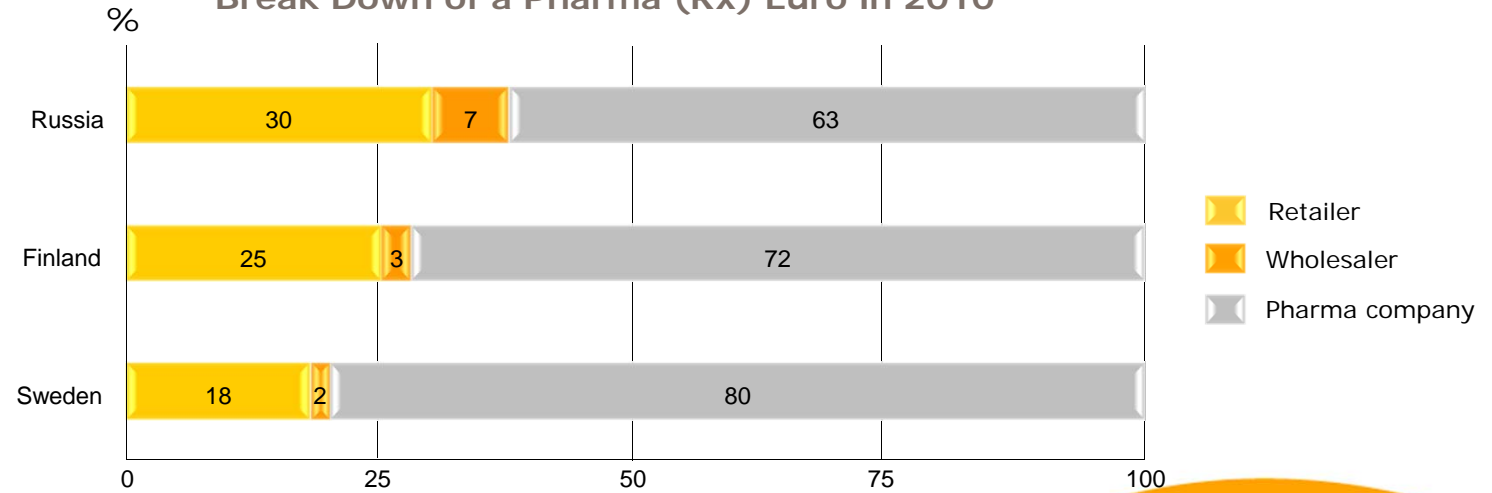
- Blurred boundaries
 - Between suppliers, wholesalers, and retailers
- Unclear what business models will survive
 - Manufacturers' certain interest to bypass the traditional channels
- Geographic reach, size, reliability, high quality, and close partnership with manufacturers
 - Specialty services
 - Vertical integration



Split of Pharmacy Sales in Selected Markets



Break Down of a Pharma (Rx) Euro in 2010



Finland



Pharmaceutical Wholesale Finland

Retail market

- Only private persons can own and run pharmacies
 - Exception: Yliopiston Apteekki (University Pharmacy)
- ~ 800 pharmacies nationwide

Wholesale market

- Single channel model
- Two companies in Finnish pharmaceutical wholesale market
 - Oriola-KD
 - Tamro

Oriola-KD's wholesale operations

- Over 60 years of experience
- 46% market share in pharmaceutical distribution
 - Wide assortment of trade goods for pharmacies
 - Strong cash-flow





Development of Wholesale Operations in Finland

- Growth
 - Expanding the traded goods assortment
 - New value added services for pharmaceutical manufactures and pharmacies
- Efficiency and quality
 - Implementation of ISO 9001 quality system in 2011



Sweden



Pharmaceutical Retail Sweden

Retail market

- Market in development phase
- New establishment to slow down in 2013
 - Lower profitability in the market during development phase and tight competition
 - 400-500 pharmacies expected to be established, exceeding 1400 pharmacies in total
- Lock-up period ends in early 2013 for those who acquired pharmacy clusters in 2010

Oriola-KD's retail operations

- Kronans Droghandel - third largest pharmacy chain in Sweden
- 192 pharmacies nationwide with some 14 per cent market share accounted from sales in April 2011
 - 19 pharmacies opened in 2010
 - 4 pharmacies opened in 2011
- Co-operations with KF (COOP) securing good pharmacy locations





Oriola KD Pharmacy Market Developmet

Pharmacy chain	Acquired Clusters in auction	1/2010 Nr. of pharm.	4/2011 Nr. of pharm.										
apoteket	Cluster 9: Nation wide cluster	315	348										
APOTEK	Cluster 1: Nation wide cluster Cluster 8: Bigger cities cluster	206	264										
Kronans DROGHADEL 1907	Cluster 2: Nation wide cluster	170	192										
apoteksgruppen	Cluster 10: Nation wide cluster	150	150										
medstop® SWISS PHARMACY	Cluster 3: Stockholm cluster Cluster 4: Gothenburg cluster Cluster 5: 21 Skåne cluster	62	64										
Vård apoteket	Cluster 6: Central Sweden cluster Cluster 7: Southern Sweden cluster	24	25										
	All clusters in total	927											
			<table border="1"> <tr> <td> DocMorris APOTEK</td> <td>52</td> </tr> <tr> <td> ICA cura apoteket</td> <td>34</td> </tr> <tr> <td> ÅHLÉNS APOTEK</td> <td>5</td> </tr> <tr> <td> Boots</td> <td>3</td> </tr> <tr> <td>Other</td> <td>17</td> </tr> </table>	DocMorris APOTEK	52	ICA cura apoteket	34	ÅHLÉNS APOTEK	5	Boots	3	Other	17
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Boots	3												
Other	17												
			<div style="border: 1px solid orange; padding: 5px; display: inline-block;">+ 24%</div>										
			1154										

90%

10%

Price Model for Pharmaceuticals in Sweden

- Swedish price authority (TLV) sets maximum sell out prices for all products within the reimbursement system
- Pharmacies can negotiate purchase prices of parallel imported pharmaceuticals
 - Possibility to set different sell out price for consumers
- Pharmacies can negotiate purchase prices of patented pharmaceuticals
 - No possibility for sell out price differences
- Pharmacies can not negotiate purchase prices for generics pharmaceuticals
 - Authority (TLV) defines prices monthly
- Pharmacies can negotiate purchase prices for OTC pharmaceuticals and traded goods
 - Possibility to set different sell out prices



Development of Retail Operations in Sweden

Growth

- Establishment of 100 new pharmacies by end of 2013
 - ~30 pharmacies in 2011
- Market share target over 15%
- Assortment development
 - Increase of traded goods to 11% of sales
 - Target share for traded goods over 15% of sales
 - New private label products to be introduced
- Extensive culture and sales training programs
- Improved availability of pharmaceuticals and pharmacy services

Efficiency

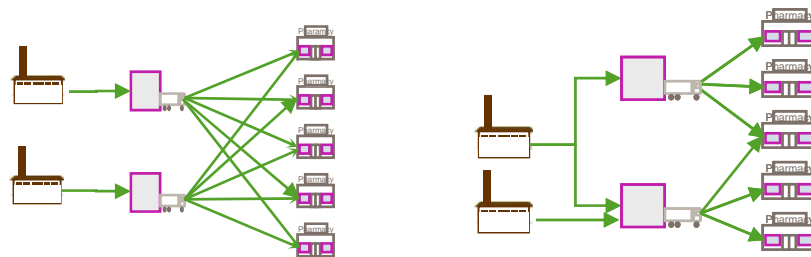
- Optimisation of personnel in pharmacies
- Replacement of IT systems by end of September 2011
 - Enabling better chain management
 - Increasing efficiency
- Pharmacy outlet/space optimisation
- Inventory and delivery optimisation



Pharmaceutical Wholesale Sweden

Wholesale market

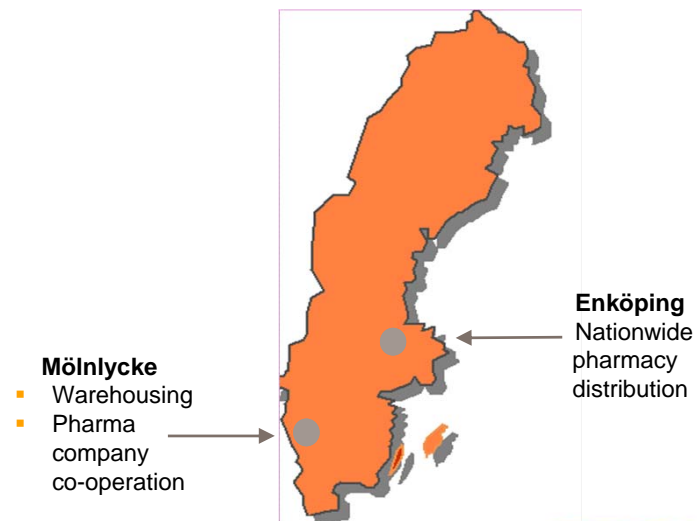
- Since the deregulation there have been several new entrants in the wholesale market
 - Mainly in traded goods distribution
 - Movement towards OTC
- Smaller pharmaceutical manufactures moving towards multi channel
- Big pharmaceutical companies seems to prefer single channel/DTP



From single channel to hybrid model

Oriola-KD's wholesale operations

- 40% market share
- Structural change completed
 - Pharmacy distribution centralised at the Enköping distribution centre
 - Pharmaceutical storage and cooperation with pharmaceutical manufacturers centralised at Mölnlycke
 - Decrease of 40 persons from Q2 2011



Russia



Pharmaceutical Market in Russia

Pharmaceutical market in Russia

- Russia will become one of the largest pharmaceutical markets in Europe
 - Pharmaceutical market is expected to grow annually 11-13% in average
- Consumption of pharmaceuticals per capita is significantly lower than in Europe in average
 - Western pharmaceuticals represent some 70% of value
 - Russian and East European pharmaceuticals represent some 70% of volume
- Commercial market is some 75% of total pharmaceutical market
- Pharmaceuticals were the only product category in Russia that declined in value in 2010
 - Average consumer product inflation was 8.8% in 2010

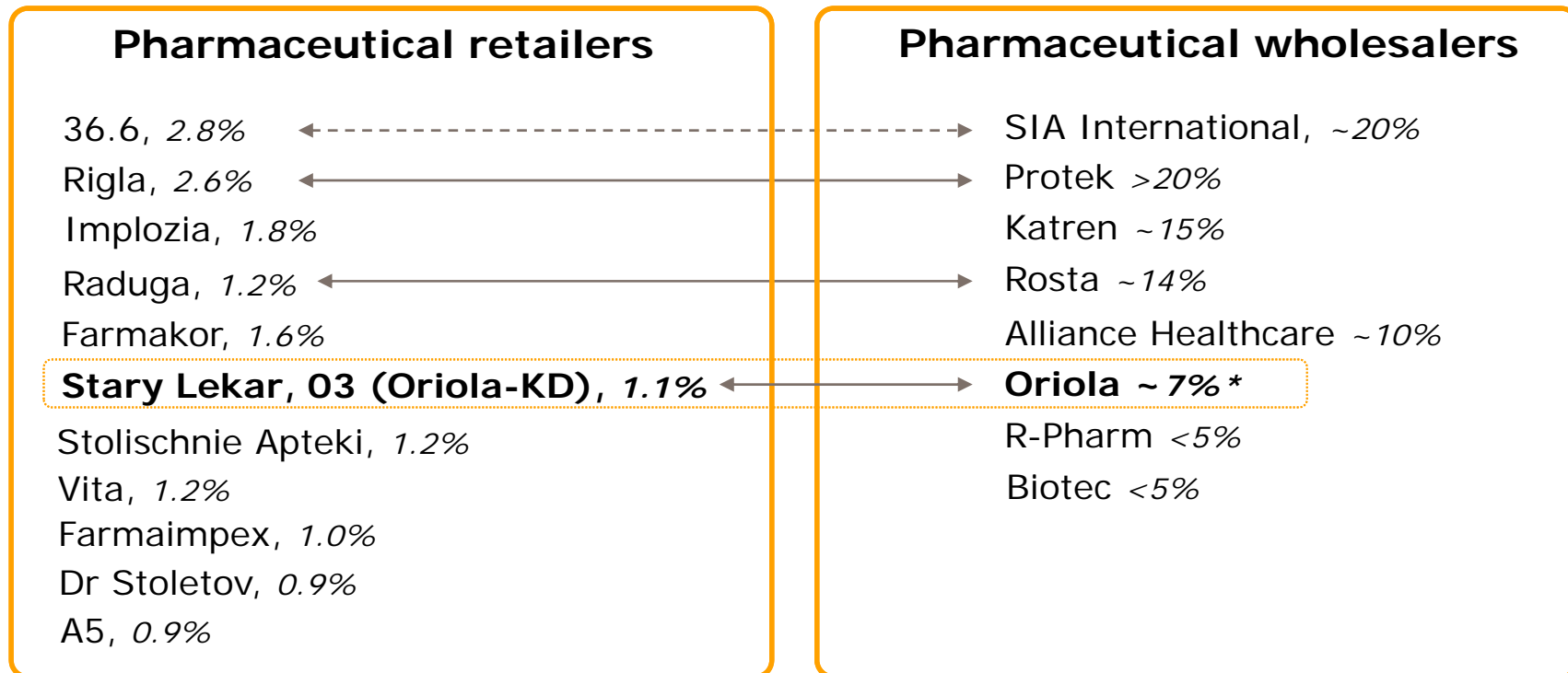
Government's pharmaceutical Strategy 2020

- Budget RUB 177 billion funded by Government, state own banks and companies as well as state owned venture funds
- Local manufacturing to be increased from current 20% to 50%
- R&D premises to be improved significantly
 - From 400 manufactures ~30 fulfil GMP (Good Manufacturing Practise) standards
 - Changes early 2014 as manufactures should meet GMP standards
 - In 2013 large number of western patents will expire which provides opportunity for local generic production
 - Pharma parks and clusters to be established
- Currently price regulated pharmaceuticals represent 42-43% of all pharmaceuticals





Major Pharmaceutical Retail and Wholesale Companies in Russia



*)Market share of commercial market
Oriola-KD's market share of total market ~5%

Source: Pharmexpert, DSM, Management estimate



Pharmaceutical Retail Russia

Retail market

- Retail market is still very fragmented
- Over 30 000 pharmacies
- Top 10 pharmacy chains covering less than 20% of the market
 - Provides long term consolidation and growth opportunity
- New tax legislation outside Moscow region
 - Higher tax rates
- Retail becoming more important

Oriola-KD'S retail operations

- Over 250 pharmacies in Moscow, Moscow region
 - Stary Lekar pharmacy chain
 - O3 pharmacy chain
- Sixth largest in Russia
- Second largest in Moscow
- Pharmaceuticals ~80% of sales





Pharmaceutical Wholesale Russia

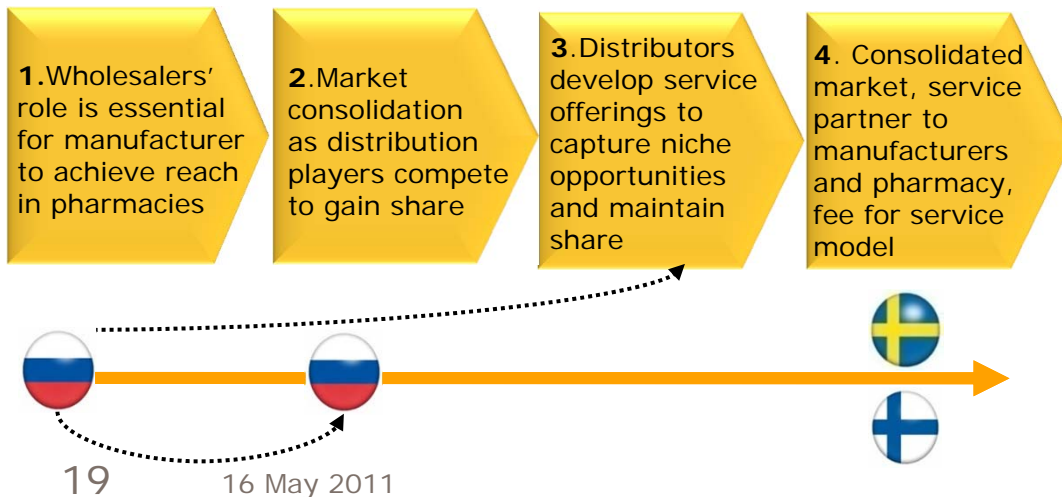
Wholesale market

- Fast consolidation of wholesale market and fierce price competition
- Top 10 wholesalers covering 99% of pharmaceutical purchases from manufacturers
- Some 85% of sales from top 10 wholesalers goes directly to pharmacies and 15% to regional wholesalers

Oriola-KD's wholesale operations

- Oriola-KD's wholesale operations focused in western part of Russia
- 7% market share of Russian commercial market
- Sixth largest wholesaler in Russia
- Main logistics centre in Moscow and 12 regional distribution centres

Developing market



Mature market





Oriola KD

Development of Retail and Wholesale Operations in Russia

Retail

- Growth
 - New pharmacy establishment and acquisition of small pharmacy chains in Moscow
 - Actively looking for opportunities to enter into some new area in Russia
- Efficiency
 - Change of price structure and price perception of Stary Lekar chain
 - Starting mid May 2011
 - 6 months program
 - Selected pharmacies and product categories
 - Closure of non-profitable pharmacies
 - Negotiations to improve lease contract terms
 - Utilising combined purchase power of retail and wholesale

Wholesale

- Growth
 - Increase sales in present regions
 - Better capacity utilisation
 - Strengthening of sales organisation
- Efficiency
 - Focus to serve some 40 leading pharmaceutical companies in Russia
 - Improved purchasing terms
 - Already better terms achieved
 - Utilising combined purchase power of retail and wholesale Increased sales in areas
 - No new branches to be opened in 2011, Stavropol opened in March
 - Development of logistics processes and quality
 - Large number of selected improvement projects ongoing



January-March 2011



Key Figures January-March 2011

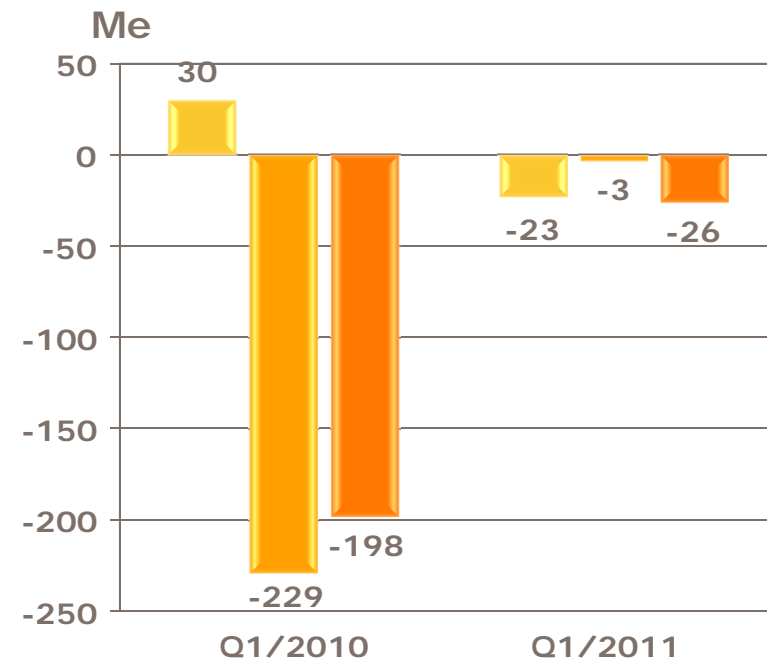
	Q1/2011	Q1/2010	Change%	2010
Net sales, Me	530	416	28%	1929
Operating profit, Me	5.0	1.3	276%	9.8 (22.5)*
Profit before taxes, Me	3.0	0.5	530%	4.5
Net profit, Me	2.1	0.4	498%	3.5
Earnings/share, Euro	0.01	0.00	498%	0.02
ROE , %	2.4%	0.6%		1.2%




*) Including 12.7 Me one-off costs



Cash Flow January-March 2011

- Changes in working capital -26.2 Me (31.6 Me)
- Net cash flow from investments -3.3 Me (-228.5 Me)
 - Growth of pharmacy operations
 - Efficiency of wholesale operations
 - Information systems

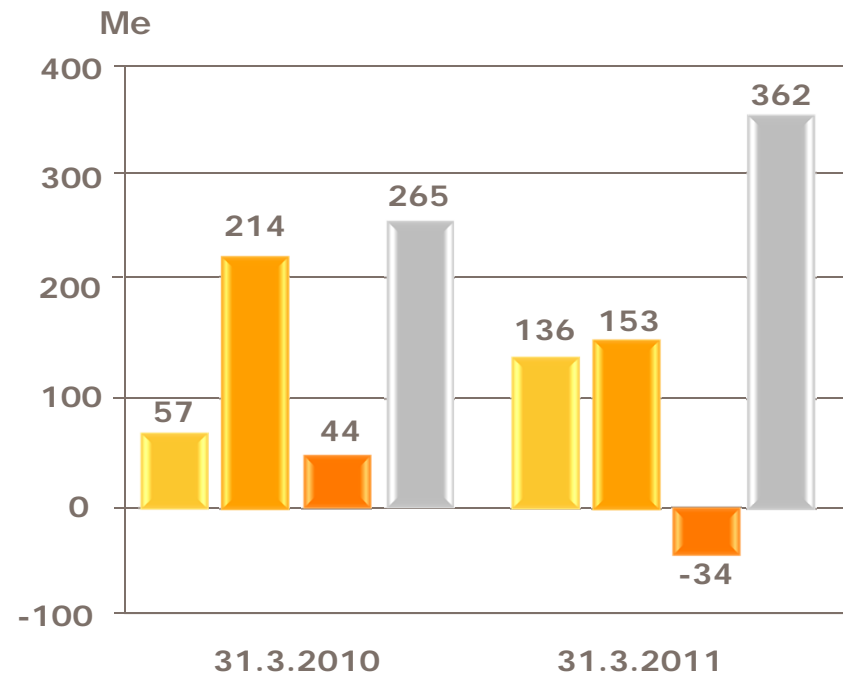


-  Net cash flow from operative activities
-  Net cash flow from investments
-  Cash flow after investments



Balance Sheet 31 March 2011

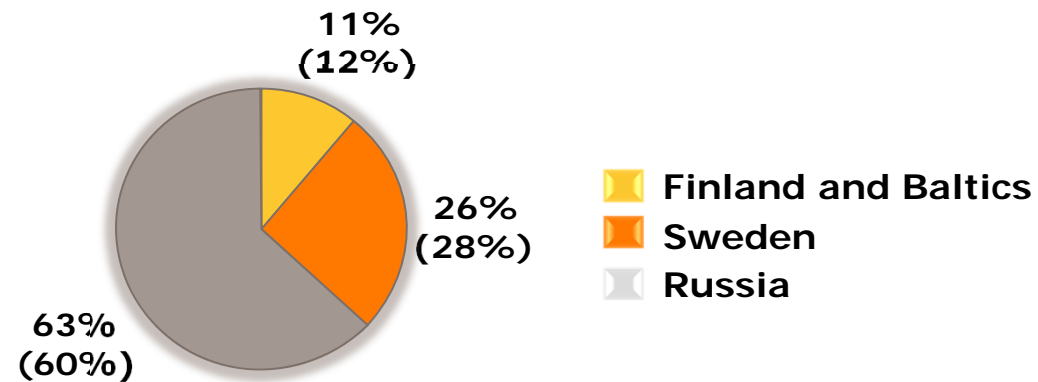
- Total assets 1228 Me (1107 Me)
- Equity ratio 30.2% (24.6%)
- Net gearing 4.7% (59.6%)
- Interest bearing net debt 16.9 Me (157.8 Me)
- Oriola-KD's committed long-term credit facilities of 104 Me and short-term credit account facilities of 42 Me stood unused at the end of March 2011
- Oriola-KD's 150 Me commercial paper programme was not in use at the end of March 2011
- The terms of the financial covenants were met with a wide margin at the end of March 2011



- Cash and cash equivalents
- Interest-bearing debt
- Working capital
- Equity



Personnel 31 March 2011



OPERATING SEGMENTS	31 March 2011	31 March 2010	Change, %
Pharmaceutical Trade Finland and Baltics	486	502	-3%
Pharmaceutical Trade Sweden	1304	1247	+5%
Pharmaceutical Trade Russia	3131	2716	+15%
TOTAL	4921	4465	+10%





Oriola KD

Net Sales and Operating Profit January-March 2011

	2011 – 2010				2010	
	Net sales, Me		EBIT, Me		Net sales Me	EBIT Me
	Q1/11	Q1/10	Q1/11	Q1/10	2010	2010
Pharmaceutical Trade Finland and Baltics	103	113	5.6	4.8	448	21.4
Pharmaceutical Trade Sweden	265	181	2.3	-1.4	909	12.5*
Pharmaceutical Trade Russia	162	122	-1.6	-0.4	572	-18.1**
Group Administration	-	-	-1.2	-1.6	-	-6.0
Total	530	416	5.0	1.3	1929	9.8***

*) Including 2.7 Me one-off items

***) Including 10 Me one-off items

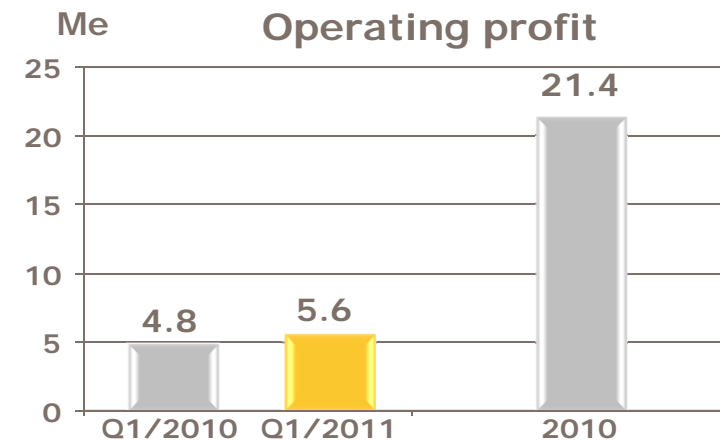
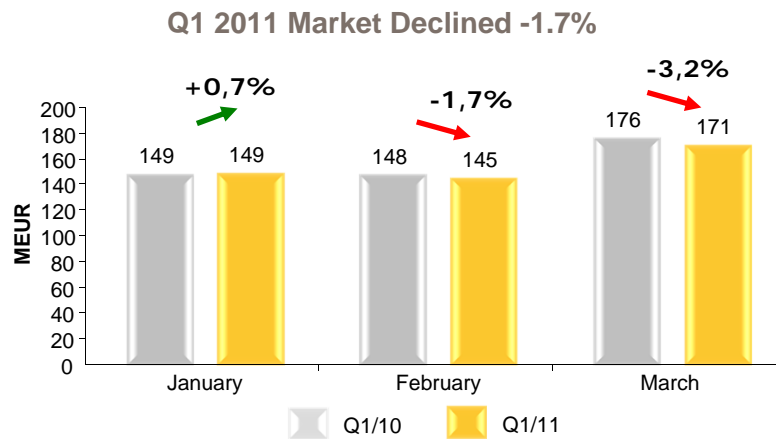
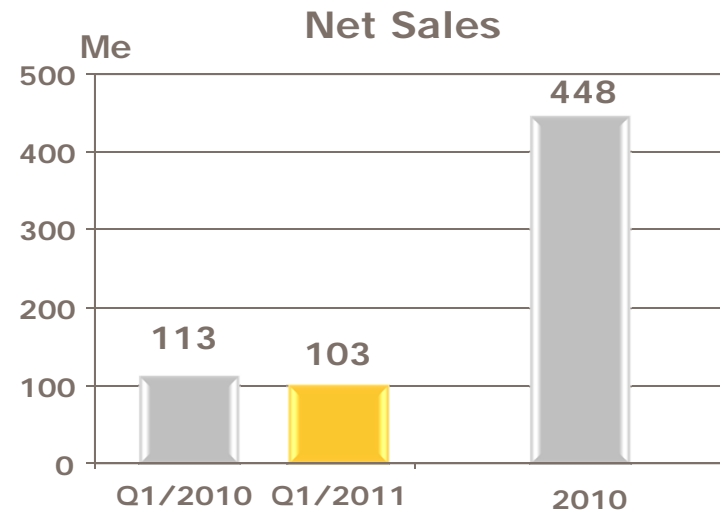
****) Including 12.7 Me one-off items





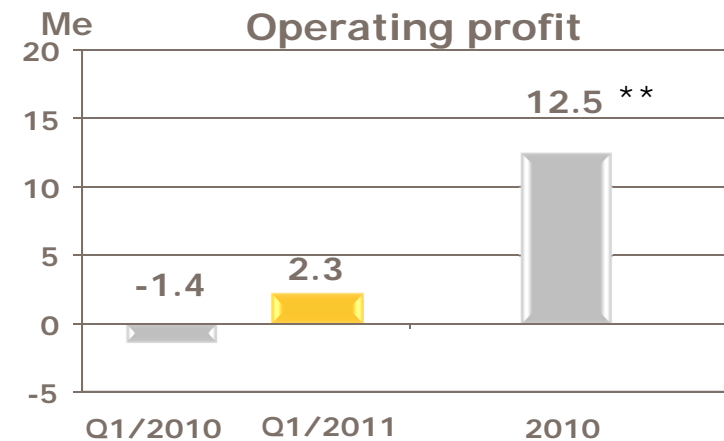
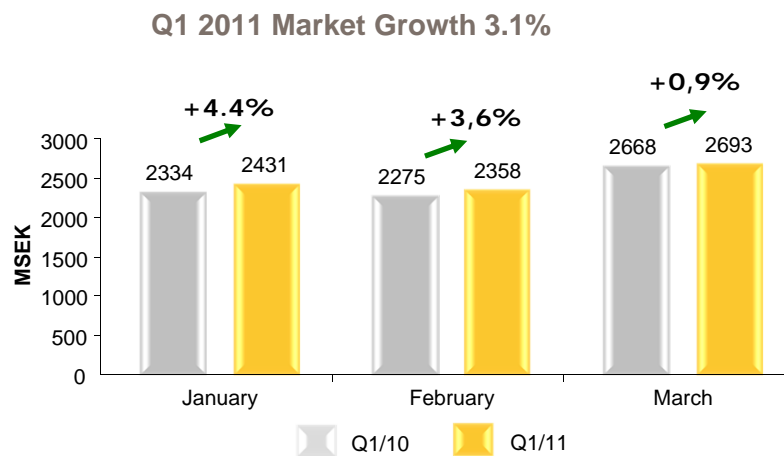
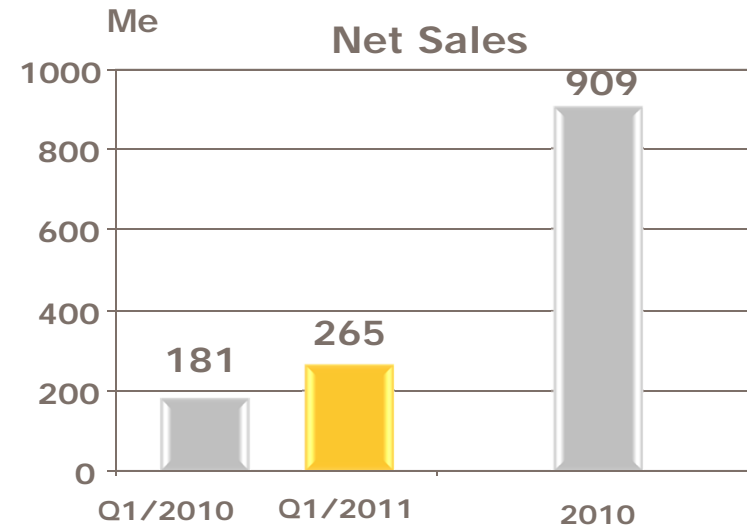
Pharmaceutical Trade Finland and Baltics January-March 2011

- Invoicing of Pharmaceutical Wholesale Finland 241 Me (237 Me) and net sales 82 Me (94 Me)
- Net sales of Pharmaceutical Wholesale Baltics 9.3 Me (8.3 Me)
- Net sales of Consumer Health business 11.5 Me (10.8 Me)
- Oriola-KD's market share in Finland 46.1% (46.5%)*
 - Eli Lilly joined Oriola-KD's pharmaceutical distribution in 1 January 2011 (market share some 2%)



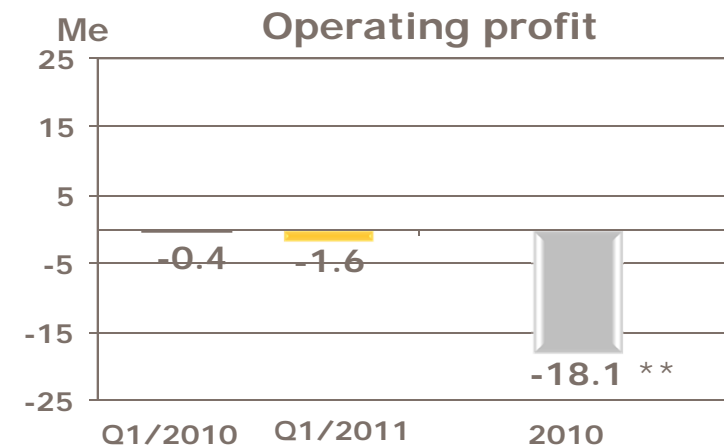
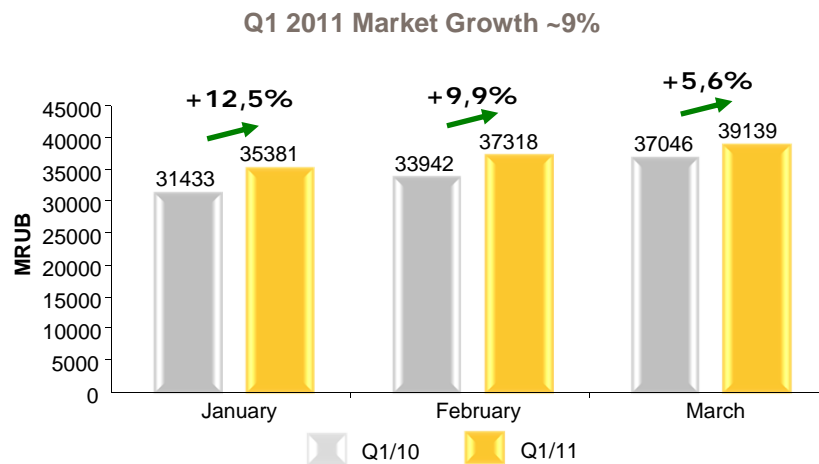
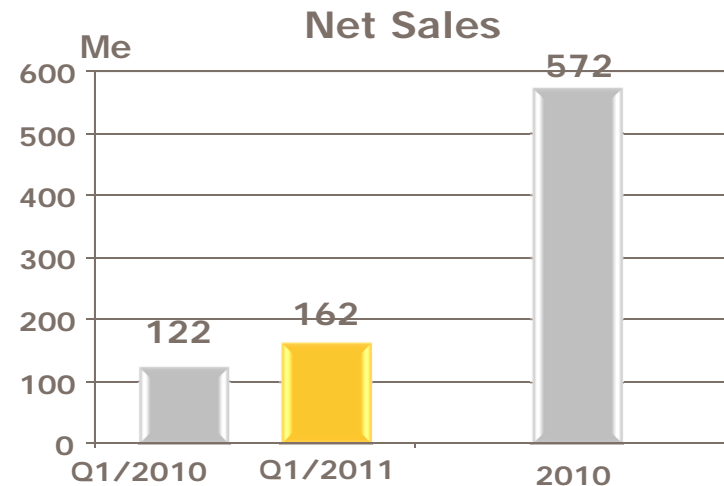
Pharmaceutical Trade Sweden January-March 2011

- **Pharmaceutical retail**
 - Net sales 124 Me (51 Me, as of 19 February 2010)
 - Market share some 14%
 - Pharmacies 191 (171)
- **Pharmaceutical wholesale**
 - Invoicing 372 Me (290 Me)
 - Net sales 156 Me (136 Me)
 - Market share 39.9% (40.6%)*
 - Abbott joined Oriola-KD's pharmaceutical distribution in February 2011 (market share some 3%)
 - Pharmacy distribution operations were centralised to Enköping and warehousing and pharmaceutical supplier cooperation to Mölnlycke
 - Personnel reduction some 40 persons from the start of the second quarter



Pharmaceutical Trade Russia January-March 2011

- **Pharmaceutical retail**
 - Net sales 33 Me (24 Me)
 - Pharmacies 258 (180) in Moscow and Moscow region
 - Profitable result for O3 pharmacy chain
 - Negative result for Sary Lekar pharmacy chain
- **Pharmaceutical wholesale**
 - Net sales 140 Me (111 Me)
 - New distribution centre was opened in Stavropol
- Net sales increased by some 29 per cent in Russian rubles (some 6 per cent)



Risks

- Oriola-KD has identified the following principal strategic and operational risks in its business
 - Growth in number of pharmacies outperforms growth in the market, leading to intense competition
 - Competition for market share in pharmaceutical wholesale in a consolidating market
 - Ensuring cost efficiency, flexibility and quality
 - Development of processes and infrastructure required by strategic expansion
 - Requirements and restrictions on pharmaceutical retail and wholesale imposed by the authorities, especially price regulation
 - Commitment of key employees
- The major financial risks for Oriola-KD involve currency exchange rates, liquidity, interest rates and credit
 - Expansion of operations into new business areas and new markets has increased the financial risks
 - Currency risks are the most significant financial risks in Russia and Sweden,
 - Changes in the value of the Russian ruble or the Swedish krona will have an impact on Oriola-KD's financial performance and equity
- Goodwill and intangible rights are subject to annual impairment testing, which may have a negative effect on Oriola-KD's financial performance.
- Near-term risks and uncertainty factors
 - Intense competition and the changes in price control system for pharmaceuticals have a material impact on Oriola-KD's near-term outlook in Russia
 - The development of the Swedish pharmaceutical retail and wholesale markets are subject to uncertainties
 - The number and speed of establishment of new pharmacies have a significant effect on Oriola-KD's profitability in Sweden



Outlook: 2011

- Oriola-KD's outlook for 2011 is based on external market forecasts, supplier and customer agreements and management assessments
 - In the period 2011-2014 the pharmaceutical market is expected to grow by about 3 per cent in Finland, 2–3 per cent in Sweden, and 11–13 in Russia, measured in local currencies (source: IMS Health)
 - The Russian pharmaceutical market is expected to show growth below the longer term trend in 2011 and the tough competition to continue
 - The visibility in Russian pharmaceutical market development is still poor
 - Competition in the Swedish retail market is expected to continue to be stiff as a result of the deregulation
- Oriola-KD's net sales is expected to be higher and operating profit from continuing operations excluding one-off items clearly better than in 2010



Long Term Targets and Dividend Policy

Growth

- To grow faster than the relevant markets

Profitability

- ROE (Return on Equity) target is over 15 per cent

Balance sheet

- Long-term average gearing ratio target is between 40 - 60 per cent

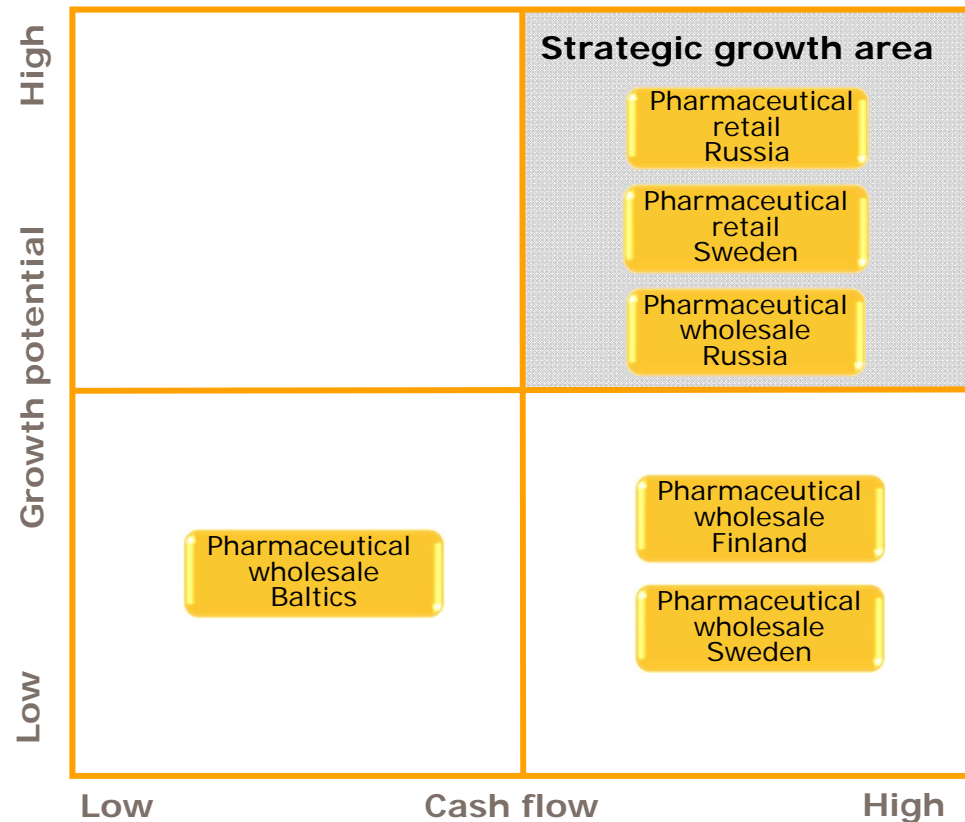
Dividend Policy

- Oriola-KD will seek to pay out annually as dividends approximately 50 per cent of earnings per share
- The Company's strategy and financial position shall be taken into consideration when determining the annual dividend payout ratio



Strategy and Focus Areas for Operations

- **Russia**
 - Retail: Growth and efficiency
 - Wholesale: Sales growth in regions, focus to serve selected pharmaceutical companies and increase efficiency
- **Sweden**
 - Retail: Growth and efficiency
 - Wholesale: Quality program and efficiency
- **Finland**
 - Value added services
 - Quality program and efficiency
 - Sales growth of Consumer Health products





Oriola KD

The Channel for Health





Oriola KD

Disclosure Aspects

- The assumptions, opinions, estimates and views expressed in this presentation are solely the opinions and views of the company unless a reference to the source of the information is stated
- They reflect the current view of the company with regard to the discussed issues
- Several factors can however cause changes to these opinions and views
- Neither the company nor its management can answer for any future accuracy of the opinions or views expressed in this presentation or the actual occurrence of any forecasts

