



# Oriola-KD Corporation January-June 2006 Financial Information

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Eero Hautaniemi, President and CEO



# Demerger of Orion Corporation

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- Orion Corporation demerged into two new listed companies, Orion Corporation and Oriola-KD Corporation on 1 July 2006
- The Oriola-KD Group was formed from the demerged Orion Group's Wholesale and Distribution Division companies Oriola Oy and Kronans Droghandel AB with their subsidiaries
- The implementation of Orion Corporation's demerger was entered in the Trade Register on 1 July 2006. On the same date, the demerging Orion Corporation was dissolved and the new companies arising in the demerger, Oriola-KD Corporation and Orion Corporation, were entered in the Trade Register
- The figures for the report period presented in this stock exchange release are the figures of Orion Corporation's Wholesale and Distribution Division, which have been extracted from the financial information of the demerged Orion Corporation
- Hereinafter the name Oriola-KD is used in referring to the Wholesale and Distribution Division. The figures for Oriola-KD's report period have been prepared in accordance with the recognition and valuation principles of the IFRS standards
- The financial information is presented in accordance with the accounting policies applied in the Listing Particulars published in June 2006, and they are unaudited

# Actions and Events during the First Half of the Year

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- Take over of business operations
- New Board of Directors and management
- New strategy
- Organisation model supporting the strategy
- Cost efficiency measures started
- Active role in the principal negotiations for 2006
- Evaluation of growth options started according to the strategy
- Demerger and listing

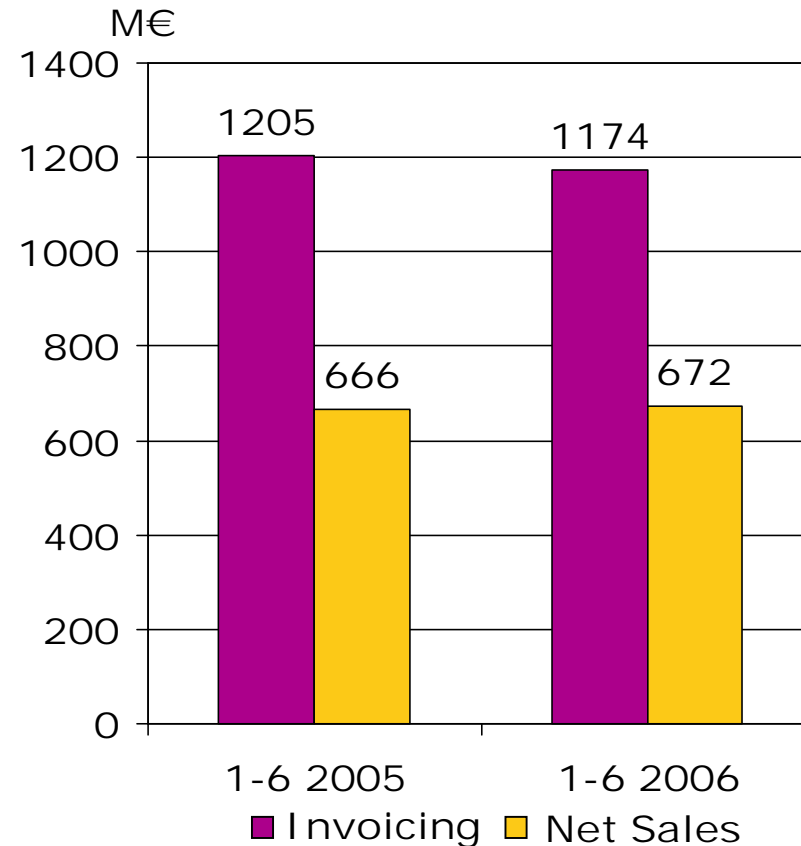
# January-June 2006

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- Comparable invoicing and net sales nearly at the level of the previous year's level
- Operating profit including one-off items lower than last year and unsatisfactory
  - Weakened profitability of Pharmaceutical Trade business segment in the first half of the year
  - Cost efficiency measures progressing as planned
- Earnings per share EUR 0.03 (EUR 0.06)
  - One-off items in total EUR -4.6 million
- Number of personnel at the end of the period 1 609 (1 629)
- Long-term fundamentals in the healthcare market are favourable
- Strong cash flow and balance sheet will enable the company to develop in line with its growth strategy

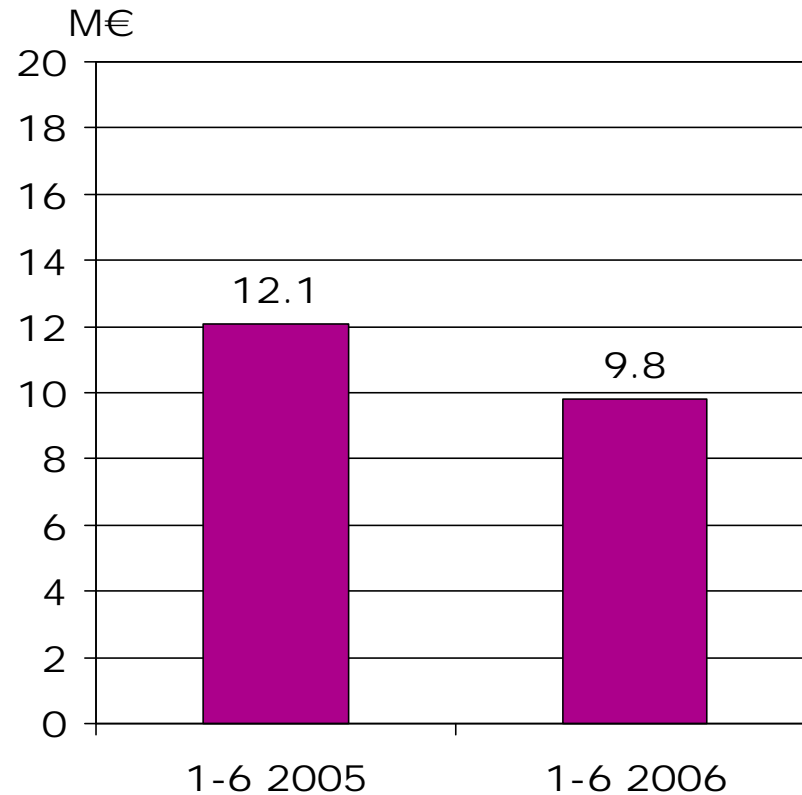
# Invoicing and Net Sales of Oriola-KD

- Invoicing and net sales nearly at the same level than last year
  - Invoicing of Pharmaceutical Trade decreased by 3.4 per cent
  - Invoicing of Healthcare and Dental Trade increased by 4.6 per cent



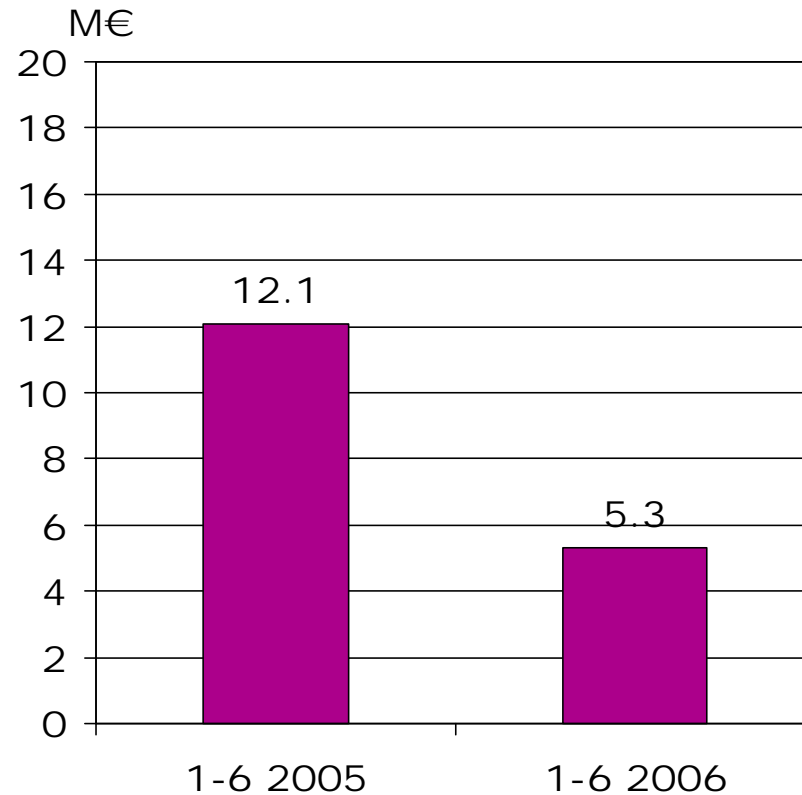
# Operating Profit of Oriola-KD excluding One-off Items

- Operating profit decreased mainly as a consequence of the weakened profitability of the Pharmaceutical trade
- Cost efficiency measures progressing according to plan
  - About EUR 5 million cost yearly savings in Finland and Sweden in 2007



# Operating Profit of Oriola-KD including One-off Items

- One-off items during the period was EUR -4.6 million
  - Cost efficiency measures EUR 2.1 million
  - Change of accounting treatment of inventory measurement EUR 1.6 million
  - Expenses related to demerger EUR 0.9 million



# Costs of Oriola-KD Corporation's Head Office and Group Administration

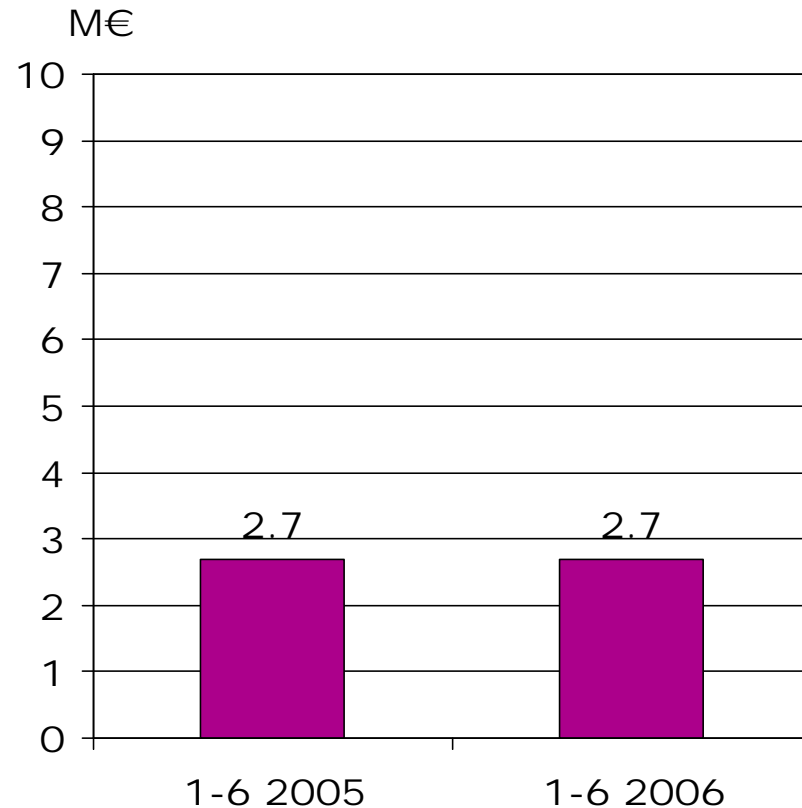
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- Group administration costs allocated from Orion to Oriola-KD during the first half year period were EUR 1.2 million (EUR 0.5 million)
- The costs of Oriola-KD Corporation's Head Office and Group Administration are estimated to be about EUR 3 million annually, compared with EUR 1.8 million of Group Administration expenses allocated by the demerged Orion Corporation to Oriola-KD in the extracted financial statement information for 2005



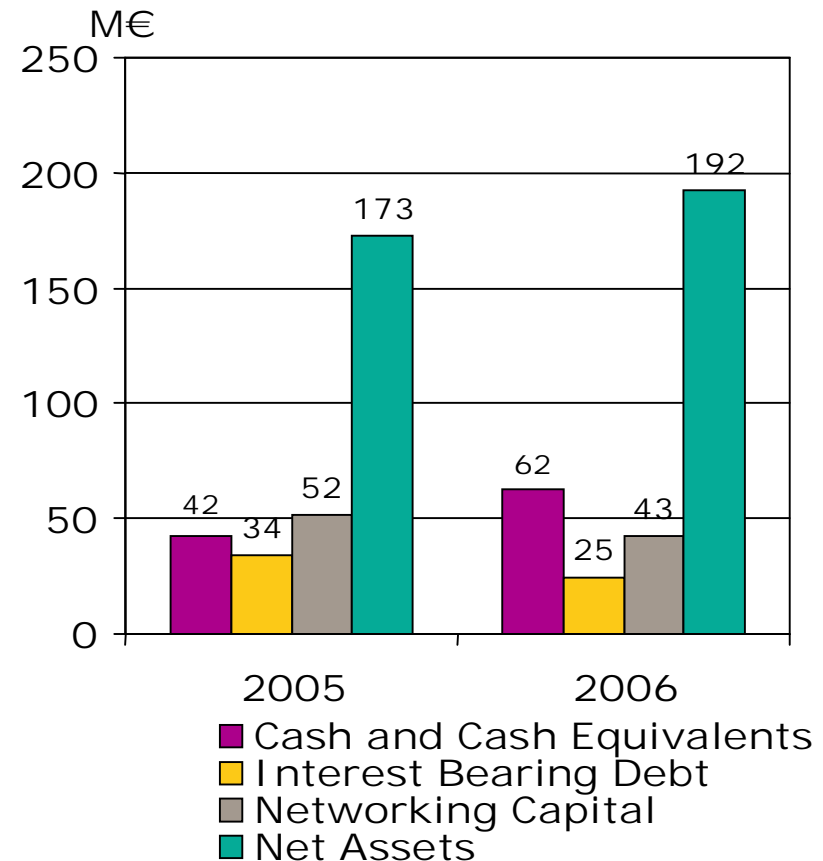
# Cash Flow after Investments of Oriola-KD

- Cash flow after operating activities EUR 7.0 million (EUR 7.0 million)
  - Changes in working capital EUR -3.0 million (EUR -8.0 million)
- Cash flow from investments EUR -4.3 million (EUR -4.3 million)



# Balance Sheet of Oriola-KD in 30 June 2006

- Total assets  
EUR 591 million  
(EUR 595 million)
- Equity ratio 33.5 %  
(30.0 %)
- Gearing -19.7 %  
(-4.5 %)





# Business Segments

- Pharmaceutical Trade
  - Healthcare and Dental Trade
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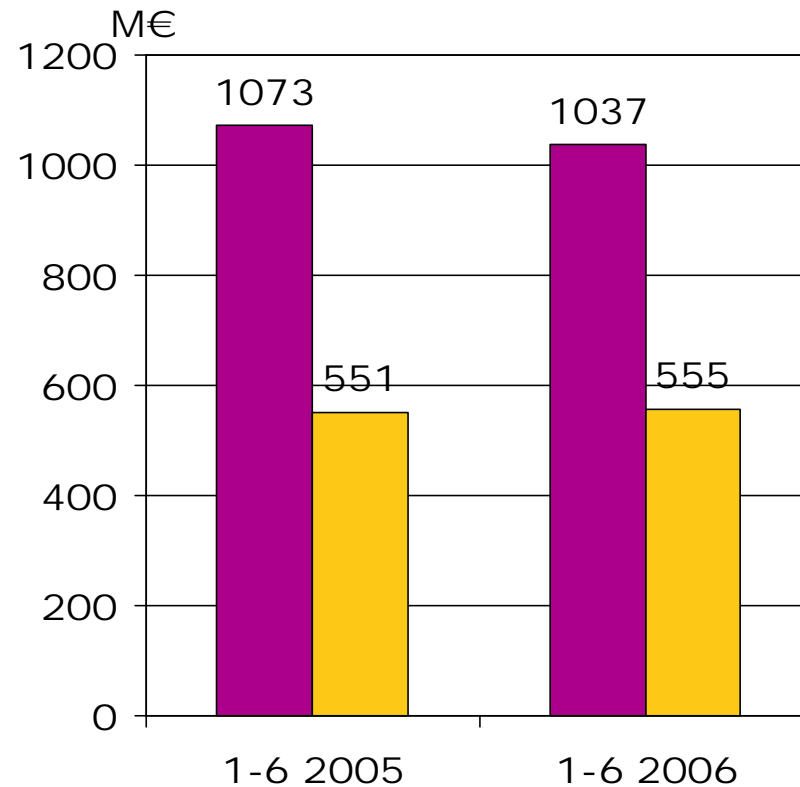
# Pharmaceutical Trade: January-June 2006

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- Pharmaceutical market growth in the first half of the year (source: IMS Health)
  - Sweden 5.0 %
  - Finland 1.1 %
    - Cut in wholesale prices of prescription drugs at the beginning of 2006 and the pharmacies' exceptionally large purchases of self-medication products towards the end of the previous year slowed down the growth
- Oriola-KD's market share in pharmaceutical distribution in January-June (source: IMS Health)
  - Sweden 43.8 % (46.5 %)
  - Finland 41.6 % (43.7 %)
- Major changes in principals did not take place during the report period
- Number of employees at the end of the period 1 034

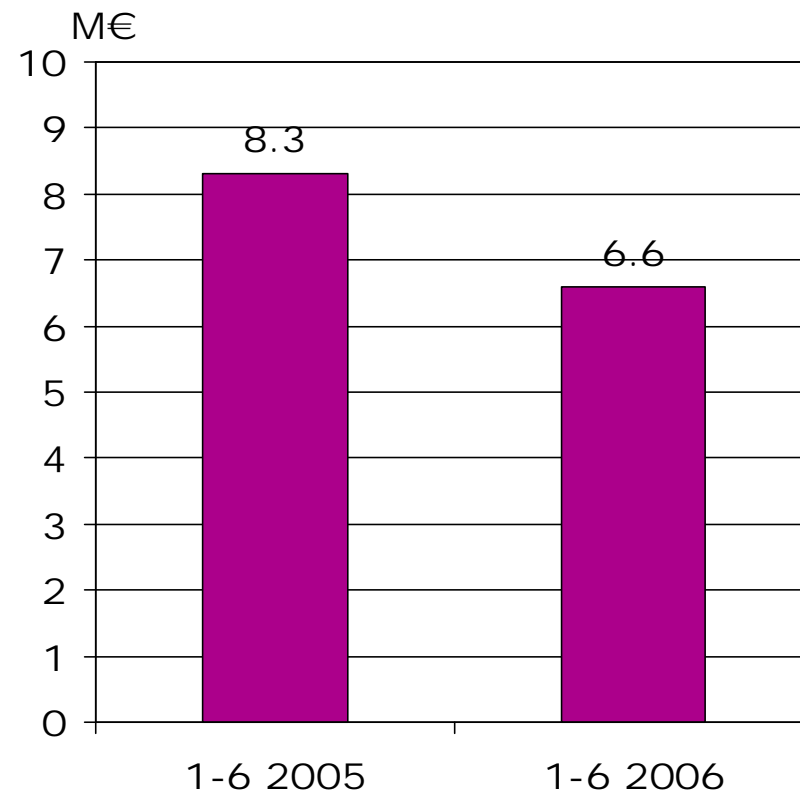
# Pharmaceutical Trade: Invoicing and Net Sales

- Invoicing and net sales nearly at the same level than last year
  - Invoicing decreased by 3.4 % compared to last year
  - Net sales increased by 0.9 % compared to last year
- No major principal changes during the period
  - Negotiations on distribution agreements with pharmaceutical companies are mainly held in July–October each year
  - The duration of the distribution agreements that are negotiated is 1–5 years
  - Negotiations are held with a few principals annually in both Finland and Sweden, and some changes in principals take place each year
  - The largest pharmaceutical companies have a market share of about 10 per cent in Finland and Sweden



# Pharmaceutical Trade: Operating Profit excluding One-off Items

- Operating profit was decreased
  - Heavy competitive situation
  - slow growth of the pharmaceutical market in Finland in the first part of the year
  - higher distribution costs in Finland and Sweden
- The objective of the cost efficiency measures that were launched in the first half of 2006 is to achieve a substantial improvement in the profitability of the Pharmaceutical Trade business segment in 2007



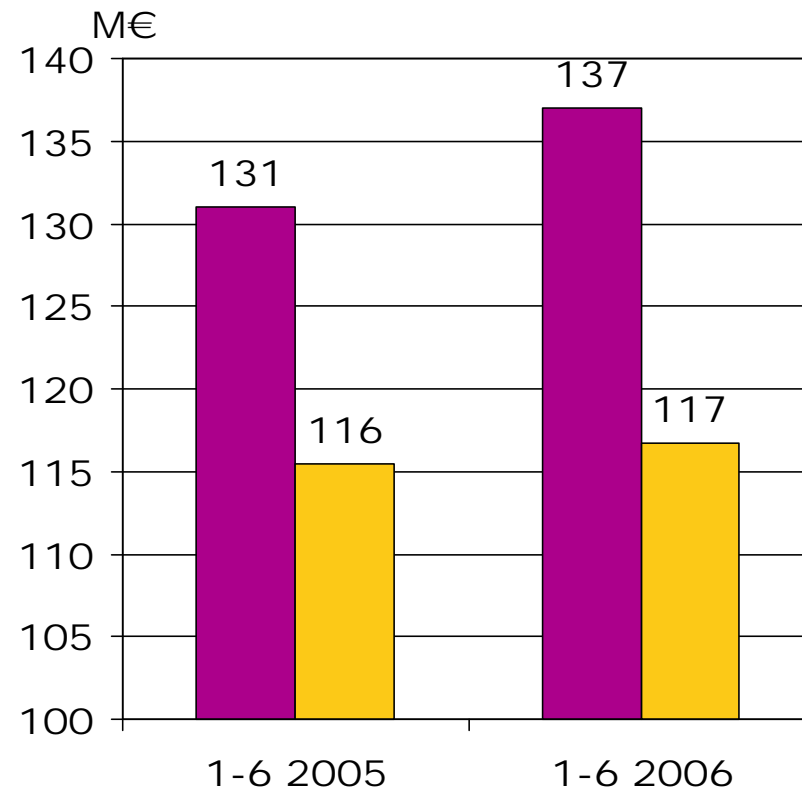
# Healthcare and Dental Trade: January-June 2006

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- Healthcare and Dental Trade business segment include three business areas:
  - Sales of Healthcare Equipment and Supplies (about one third of invoicing)
  - Healthcare Logistics Services (close to half of invoicing)
  - Dental Trade (about one fifth of invoicing)
- Healthcare equipment and supplies business developed favourably
  - Purchase of entire shares outstanding in Meteko in Sweden strengthens business
- Business development in Sweden within Healthcare Logistics Services was unsatisfactory, primarily due to the loss of a principal agreement during 2005
  - No effect on the segment's operating profit
- Dental Trade
  - In the Baltic countries business development has been strong
  - In Finland, Sweden and Denmark the development has been unsatisfactory
- Number of employees at the end of the period 575

# Healthcare and Dental Trade : Invoicing and Net Sales

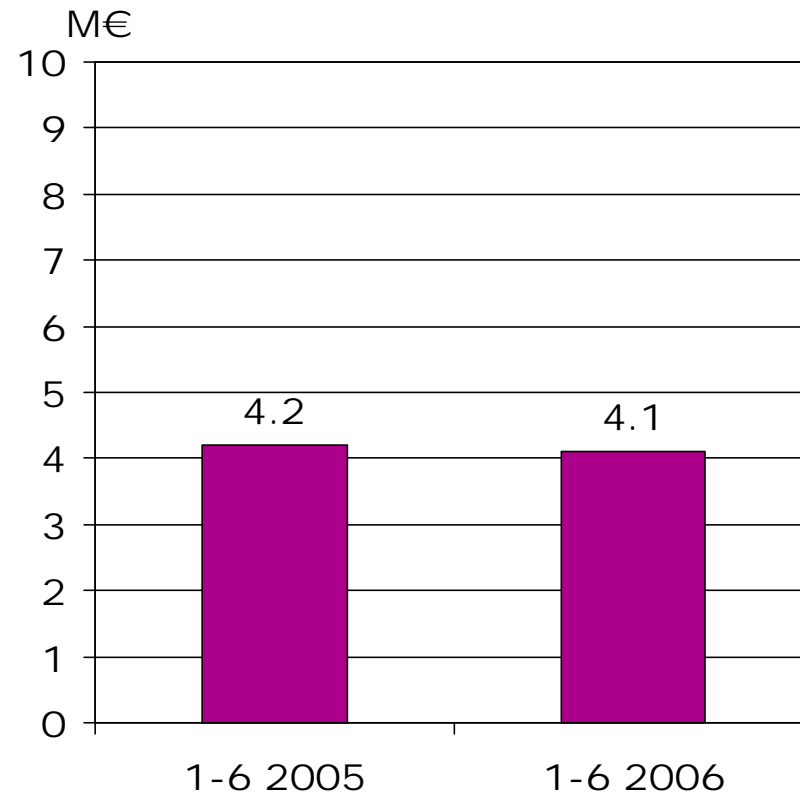
- Invoicing increased by 4.6 %
- Net sales increased by 1.0 %
- Increase of invoicing and net sales mainly due to healthcare equipment and supplies business





# Healthcare and Dental Trade : Operating Profit excluding One-off Items

- Business development of healthcare equipment and supplies was favourably
- Business development of dental trade was unsatisfactory



# Oriola-KD Corporation's Corporate Governance: Board of Directors of Oriola-KD

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- Board of Directors
  - Olli Riikkala, M.Sc. (Eng.)  
MBA
    - Chairman
  - Antti Remes, Honorary Counselor
    - Vice chairman
  - Pauli Kulvik, M.Sc. (Eng.),  
MBA
  - Outi Raitasuo, Attorney-at-law
  - Jaakko Uotila, President and CEO
  - Mika Vidgrén, Pharmacist
- Audit Committee
  - Antti Remes
    - Chairman
  - Outi Raitasuo
  - Mika Vidgrén
- Compensation Committee
  - Olli Riikkala
    - Chairman
  - Pauli Kulvik
  - Jaakko Uotila

# Events after the Period

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- Oriola-KD Corporation entered in the Trade Register on 1 July 2006
- Trading in Oriola-KD Corporation's Class A and Class B shares commenced on the Main List of the Helsinki Stock Exchange on 3 July 2006
  - GICS-based industry code is 35102010 – Health Care Distributors, and the industry class is Healthcare
- Oriola-KD announced a distribution agreement of Pfizer AB's pharmaceuticals in Sweden
  - Under the agreement, the Oriola-KD Corporation Group will have responsibility for Pfizer's entire pharmaceutical distribution in Sweden as from the second quarter of 2007
  - At present, the Group acts as the distributor for about half of Pfizer's pharmaceuticals

# Trade Volume of Oriola-KD Corporation's Share 3 June 2006 – 31 June 2006

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- Market capitalisation at 31 July 2006 was EUR 273.8 million
- Closing price of shares
  - Class A share EUR 1.98
  - Class B share EUR 1.91

	<b>Class A share</b>	<b>Class B share</b>
<b>Trade volume, millions</b>	1.0	21.9
<b>Trade volume, EUR million</b>	2.0	43.3
<b>High, EUR</b>	2.15	2.15
<b>Low, EUR</b>	1.91	1.90

# Oriola-KD's Share: 20 Largest Shareholders in the Book-entry System at 31 July 2006

	Shareholder	Holding, % (A & B)	Voting rights, % (A&B)
•	Demerged Orion Pension Fund	3.48 %	6.09
1.	Varma Mutual Pension Insurance Company	1.83 %	3.50 %
2.	Oy Etra Ab	1.71 %	3.85 %
3.	Ilmarinen Mutual Pension Insurance Company	1.29 %	2.62 %
4.	The Social Insurance Institution of Finland	1.74 %	0.14 %
5.	Ylppö Jukka Arvo	1.09 %	2.08 %
6.	Medical Investment Trust Ltd	0.92 %	2.14 %
7.	Saastamoinen Foundation	0.84 %	1.96 %
8.	Tukinvest Oy	0.74 %	1.73 %
9.	Maa- ja Vesitekniikan Tuki Ry.	0.73 %	1.71 %
10.	The Finnish Cultural Foundation	0.65 %	0.58 %
11.	The State Pension Fund	0.60 %	0.07 %
12.	Ylppö Into	0.58 %	0.97 %
13.	Lamy Oy	0.50 %	0.81 %
14.	Helsingin Lääkärikeskus Oy	0.47 %	1.09 %
15.	OP Delta Mutual Fund	0.46 %	0.18 %
16.	Etera Mutual Pension Insurance Company	0.43 %	0.41 %
17.	Mutual Insurance Company Pension Fennia	0.39 %	0.50 %
18.	Laakkonen Reino	0.40 %	0.74 %
19.	Relander Gustaf	0.37 %	0.86 %
	<b>Nominee-registered</b>	<b>21.53 %</b>	<b>5.66 %</b>

# Future Outlook

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- The Oriola-KD Group's outlook for 2006 is based on external market forecasts, agreements with principals, cumulative orders and management's estimates
- The long-term fundamentals for the healthcare market are favourable

# Future Outlook

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- International market research institute IMS Health predicts the pharmaceutical market growth in 2006 in Finland to be flat and the Swedish market to grow by 4–5 per cent
- The long-term fundamentals for the healthcare market are favourable
- The Oriola-KD Group estimates that the longer term pharmaceutical market will grow by about 3–5 per cent in Finland and Sweden over the next few years, which is in line with the average growth rate of these markets
- The overall objective of the cost efficiency measures that were launched in the early part of 2006 is to achieve total savings of about five million euros annually in the Group's operations in Finland and Sweden, with full impact as of 2007
  - The one-off items of the cost efficiency measures are estimated to be about EUR 3 million and they will occur in 2006

# Future Outlook

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- Oriola-KD Group estimates that the market for healthcare and dental equipment and supplies will grow by more than 5 per cent in Finland and Sweden in 2006
  - The Oriola-KD Group estimates that the growth in its sales of healthcare equipment and supplies will grow faster than the market
  - The growth of dental trade is expected to be slower than the market
  - Invoicing for the healthcare logistics services in Sweden is estimated to be at the previous year's level



# Future Outlook

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- Oriola-KD Group's invoicing in 2006 is forecast to be nearly at the level of the previous year's comparable invoicing
- Operating profit for 2006 is forecast to be lower than the previous year's comparable operating profit, owing mainly to the tight competitive situation within pharmaceutical distribution and trade, and the slow growth in Finland's pharmaceutical market in the early part of the year as well as to one-off expenses for the demerger and the reorganisation of functions

# Company Strengths

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- Basic market fundamentals support long term growth
- Deep knowledge of the Nordic healthcare market – since 1907
- Independent and locally managed company
- Two strong business segments
  - Excellent position in Pharmaceutical trade
  - Growing Healthcare & Dental business
- Strong balance sheet and cash flow

# Disclosure Aspects

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- 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.

# Growing Healthcare Professional

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