



# Oriola-KD Corporation January-December 2007

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Eero Hautaniemi, President and CEO  
7 February, 2008

# Key Figures

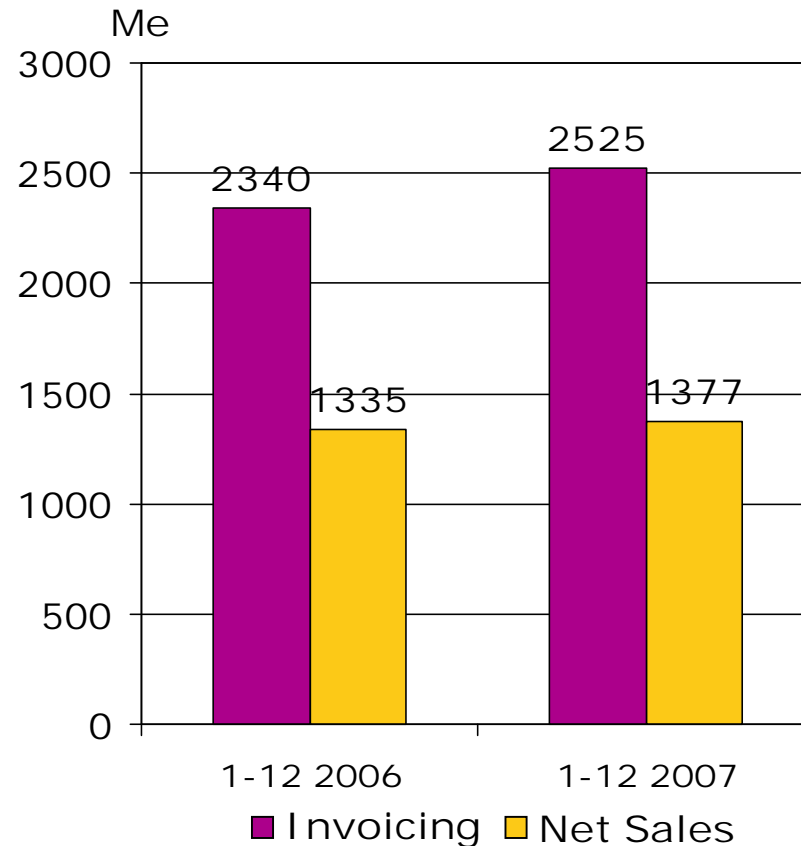
	1-12/2007	1-12/2006	Change, %
Invoicing, Me	2,525	2,340	+8 %
Net Sales, Me	1,377	1,335	+3 %
Operating profit excluding one-off items, Me	29.1	22.6	+29 %
Operating profit including one-off items, Me	29.1	17.4	+67 %
Profit before taxes, Me	31.0	18.4	+68 %
Profit for the period, Me	23.7	14.0	+69 %
Earnings per share, Euro	0.16	0.10	+72 %
ROCE, %	14.2 %	8.6 %	-
Dividend per share*) Euro	0.08	0.06	+0.02 Euro

\*) Board's proposal

January–December 2006 figures are previously published  
unaudited pro forma figures

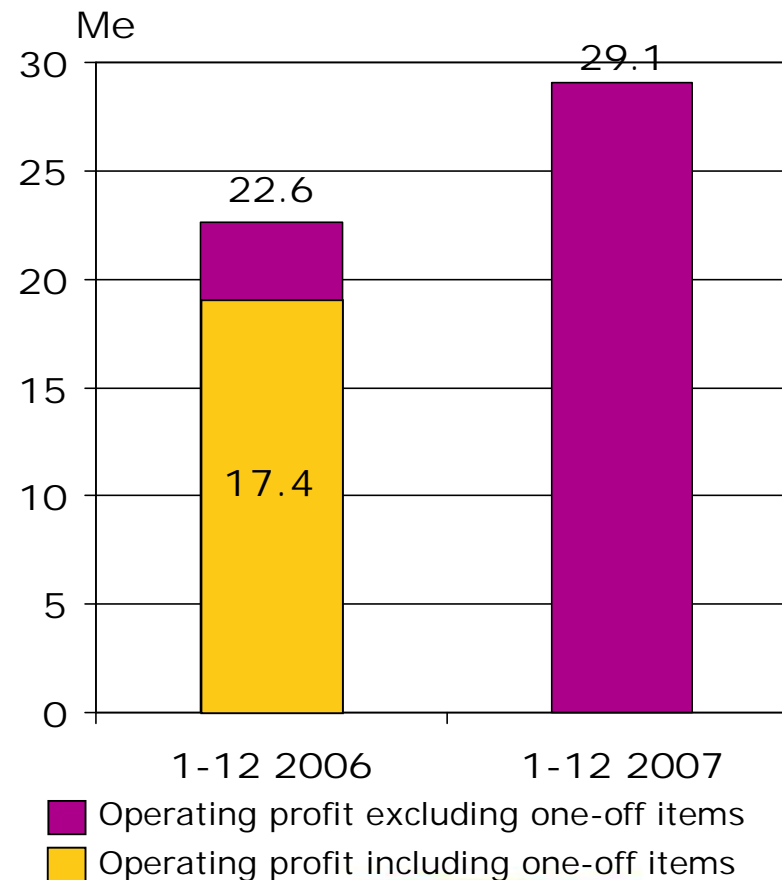
# Invoicing and Net Sales

- Oriola-KD Group
  - Invoicing +8 %
  - Net sales +3 %
- Pharmaceutical Trade
  - Invoicing +9 %
  - Net sales +3 %
- Healthcare and Dental Trade
  - Invoicing -1 %
  - Net sales +2 %



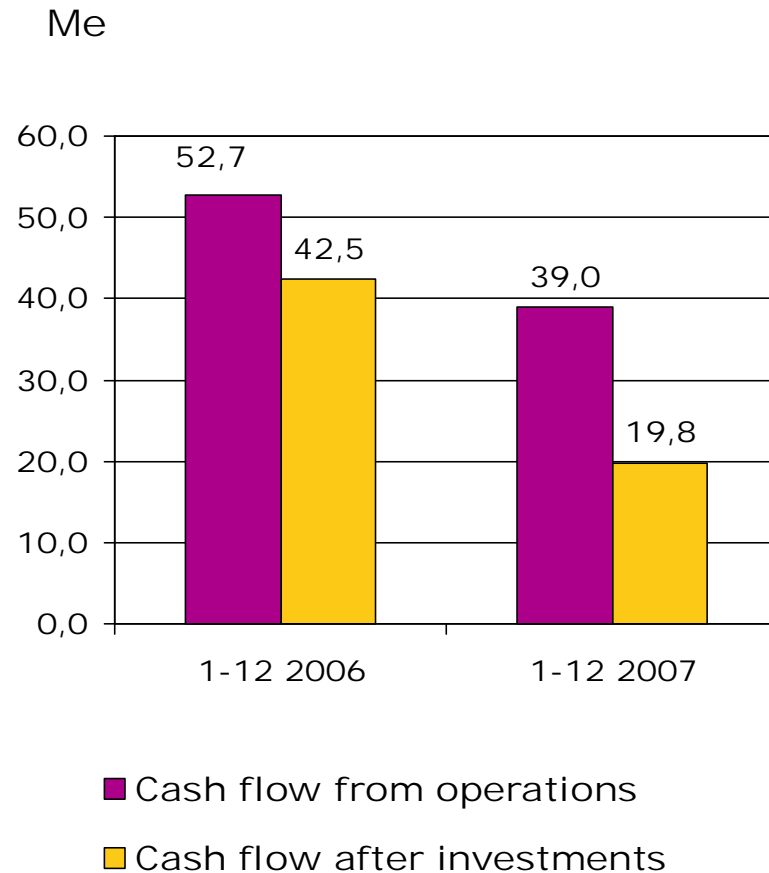
# Operating Profit

- Operating profit excluding one-off items 29.1 Me
  - Pharmaceutical Trade 17.4 Me (15.6 Me)
  - Healthcare and Dental Trade 14.9 Me (10.4 Me)
  - Oriola-KD Corporation's head office and Group administration -3.2 Me (-3.4 Me)
- One-off items 0.0 Me (5.2 Me)



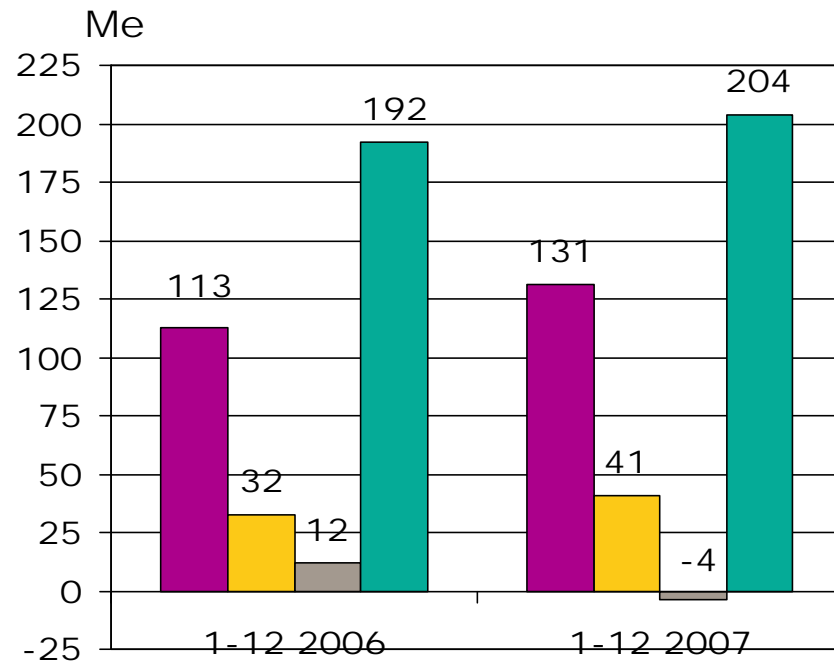
# Cash Flow from Operations

- Changes in working capital  
6.8 Me (25.9 Me)
- Cash flow from investments  
-19.1 Me (-10.2 Me)
- Investments 32.1 Me (16.6 Me)
  - Merger of Dental Trade business  
26.2 Me
    - Include in addition to the transferred business cash payment of 15.8 Me
  - Maintenance and PPE investments, Medith business acquisition and other minor investments came to a total of EUR 5.9
- Cash flow from financing activities include paid dividend of 8.5 Me on 23 March 2007 and dividend of 0.4 Me paid to KD's minority shareholders



# Balance Sheet on 31 December 2007

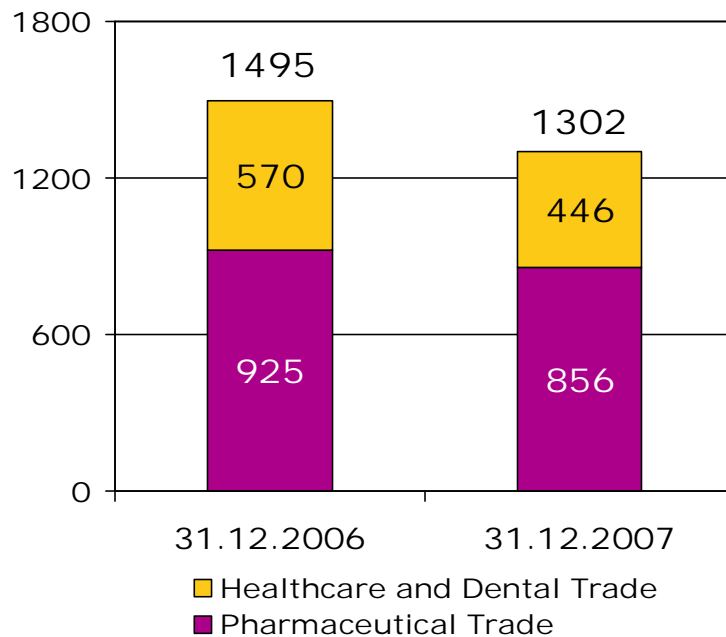
- Total assets 645.5 Me (611.2 Me)
- Equity ratio 33.7 % (33.1 %)
- Net gearing -44.2 % (-42.0 %)
- Interest-bearing debt consisted mainly of pharmacies' advance payments in Finland



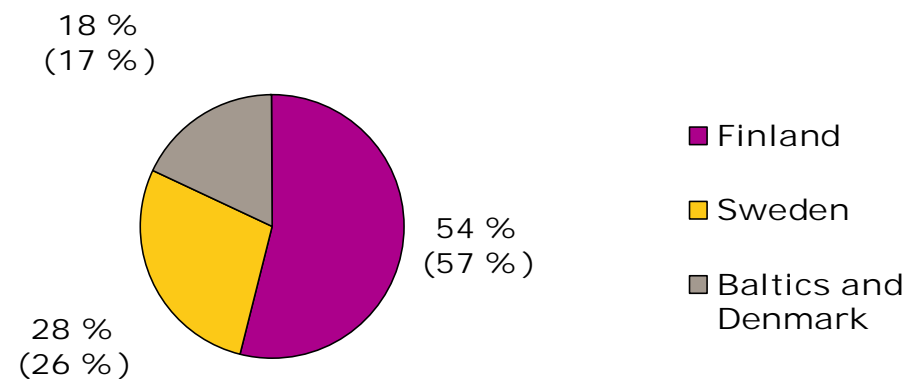
- Cash and cash equivalents
- Interest bearing debt \*
- Networking capital
- Net assets

# Personnel 31 December 2007

Personnel by business segment



Personnel by country



Number of personnel decreased in 2007:

- Cost efficiency program
- Merger of Dental Trade business



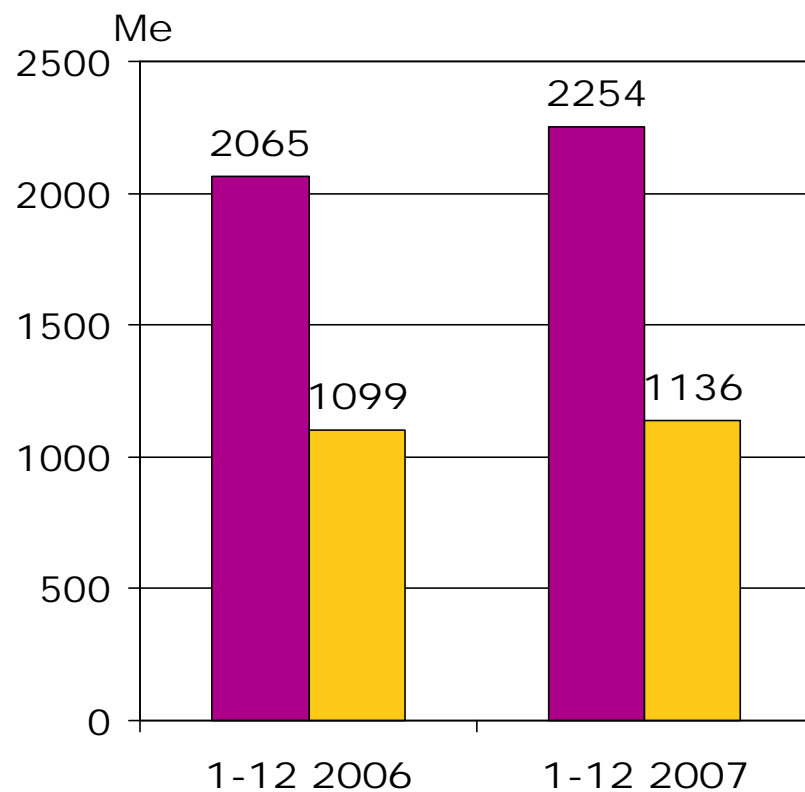
# Business Segments

- Pharmaceutical Trade
  - Healthcare and Dental Trade
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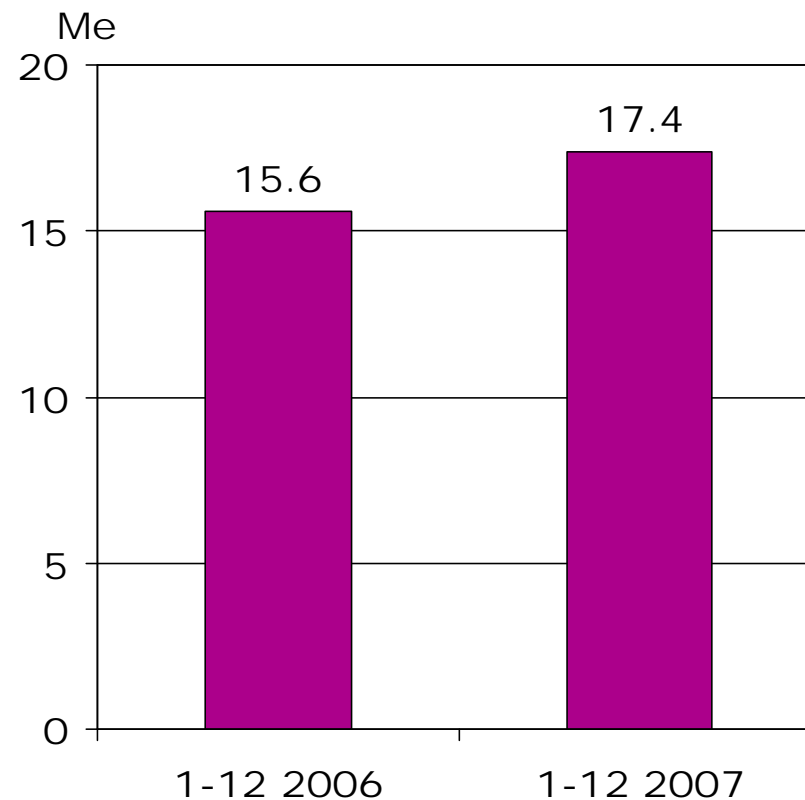


# Pharmaceutical Trade:

## Invoicing, Net Sales and Operating Profit excluding One-off Items



■ Invoicing ■ Net sales



■ Operating profit excluding one-off items

# Pharmaceutical Trade 2007

## Invoicing, Net Sales and Operating Profit

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- Increasing invoicing and net sales
  - Growth of pharmaceutical market
  - New distribution agreements
- Operating profit
  - Operating profit improved due to
    - 5 Me savings from cost efficiency program
    - Discontinuation of unprofitable packaging line in Sweden
    - Improved profitability of Pharmacy and Retail Marketing business
    - Settlement of a claim relating to a Norwegian business transfer of Kronans Droghandel AB in 2002
  - Operating profit eroded due to
    - Damage of pharmaceuticals in Sweden
    - Costs arising from strategic investments relating to the potential deregulation of the Swedish pharmacy market
    - Impact in total over 2 Me, of which more than 1 Me was recognised in Q4
- Negotiations initiated by Oriola-KD in Q2 with unprofitable, mainly small and medium-sized pharmaceutical principals on renewing distribution agreements in Finland and Sweden were completed by the end of the year
  - The new contracts are estimated to contribute to improved profitability starting in 2008

# Pharmaceutical Trade 2007:

## Pharmaceutical Market and Market Share

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- Pharmaceutical market growth in January-December 2007 \*)
  - Finland 7.2 % (-0.4 %)
    - Commensurate growth 5.4 % excluding a large single batch of vaccines
  - Sweden 6.8 % (4.5 %)
- Oriola-KD's market share in pharmaceutical distribution in January-December 2007 \*)
  - Finland 45.9 % (41.4 %)
  - Sweden 42.0 % (43.2 %)
- Oriola-KD's market share estimation for 2008
  - Finland about 45 %
  - Sweden about 42 %

\*) Source: IMS Health

# Pharmaceutical Trade 2007: Distribution Agreements

\*) Source for pharmaceutical manufactures of market shares: IMS Health

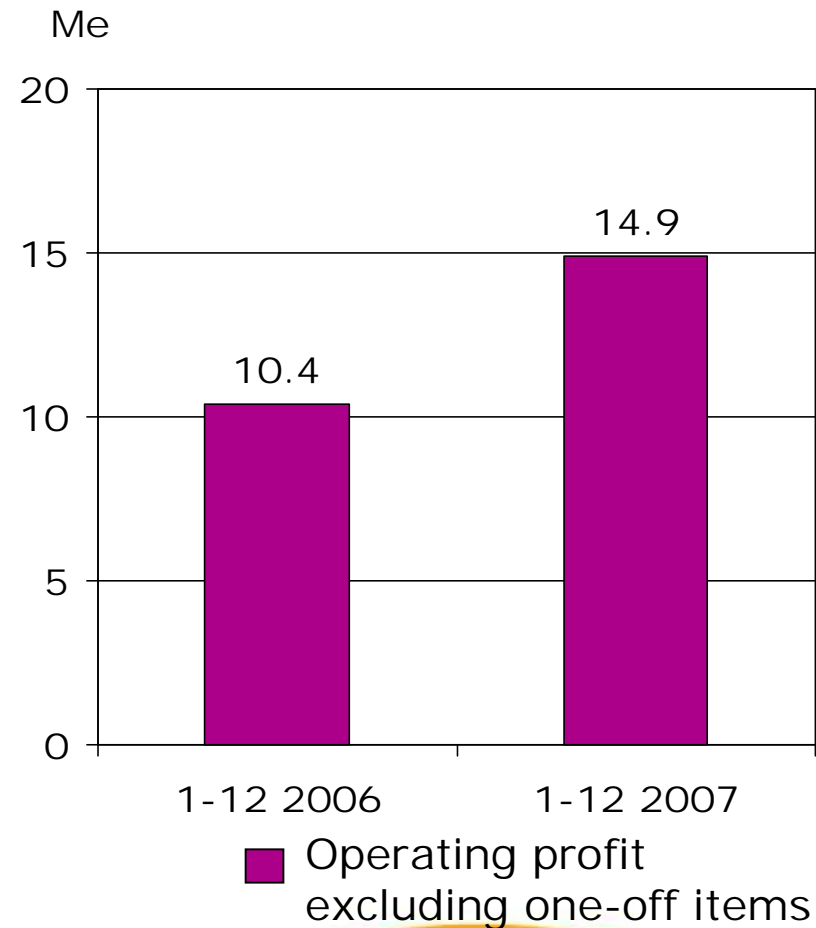
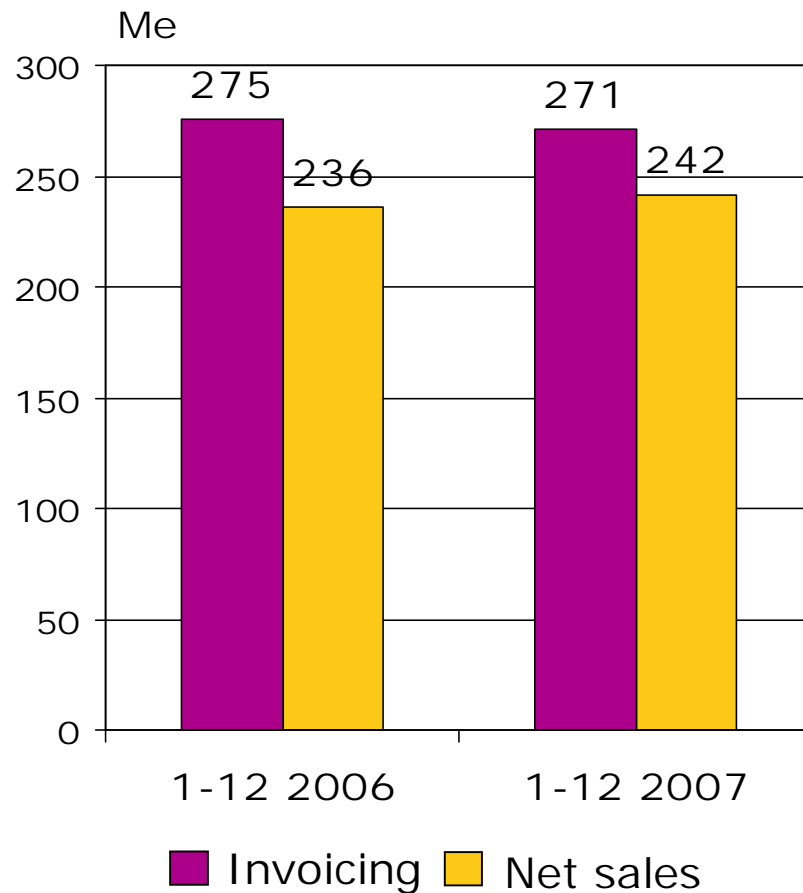
## Pharmaceutical Distribution business

- New pharmaceutical distribution agreements transferred to Oriola-KD in 2007
  - Finland: Schering-Plough and Roche
    - In total about 6 percent of Finnish pharmaceutical market
  - Sweden: Meda and Pfizer
    - Oriola-KD distributed about half of Pfizer's pharmaceuticals in Sweden before May 2007
      - Pfizer's market share of Swedish pharmaceutical market was about 9 %
    - In total about 5 % of Swedish pharmaceutical market
- Pharmaceutical distribution agreements transferred from Oriola-KD in 2007
  - Finland: Amgen and Leo Pharma
    - In total about 2 % of Finnish pharmaceutical market
  - Sweden: Schering Nordiska and Amgen
    - In total about 3 % of Swedish pharmaceutical market
- New pharmaceutical distribution agreements transferred to Oriola-KD in the beginning of 2008
  - Finland: Wyeth, about 2 % of Finnish pharmaceutical market
  - Sweden: McNeil, about 2 % of Swedish pharmaceutical market

## Pharmacy and Retail Marketing business

- Manufacturing, distribution, sales and marketing of Valio Gefilus capsules transferred to Oriola-KD in 2007 concerning Finnish, Baltic and Swedish markets

# Healthcare and Dental Trade 2007: Invoicing, Net Sales and Operating Profit excluding One-off Items



# Healthcare and Dental Trade 2007: Invoicing, Net Sales and Operating Profit

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- Invoicing and net sales decreased due to
  - Merger of Dental Trade business with Lifco Dental
  - Sale of home distribution business to Schenker Dedicated Service AB in Sweden
- Operating profit improved due to
  - Market growth and more efficient operations
  - Healthcare Trade business saw mostly positive development in all markets
  - Merger of Dental Trade business with Lifco Dental improved profitability in Q4

# Healthcare and Dental Trade 2007: Principal agreements

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- New principal agreements
  - Ties with Teleflex Medical were strengthened in Finland, Sweden and Denmark
  - The product range will be augmented with Carl Zeiss Meditec's ophthalmic surgery products in early 2008
- Principals transferring from Oriola-KD
  - Transfer of marketing business of Zimmer orthopaedic products to Zimmer in spring 2008
  - Transfer of Sysmex haematology products in Finland and the Baltics to Roche Diagnostics as part of a wider international arrangement at the beginning of 2008

# Healthcare and Dental Trade 2007: Merger of Dental Trade Business

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- Merger of Dental Trade business
  - Business were transferred in Q3 and Q4 2007 with Lifco Dental in Finland, Sweden and Denmark and in the Baltic countries in the beginning of 2008
  - Oriola-KD holds a 30 percent share of the merged dental business while the remaining 70 percent are held by Lifco
  - 120 employees transferred to the new joint venture under their current terms and conditions of employment
- Dental Trade business
  - Invoicing 36.5 Me (45.0 Me)
  - Net sales 35.6 Me (44.0 Me)
  - Operating profit excluding one-off items 2.2 Me (1.4 Me)
  - The operating profit in Dental Trade includes 1.0 Me share of associated company's profit, i.e. 30 percent of the Q4 net profit of associated company Lifco Dental International AB
- Name of the Healthcare and Dental Trade business segment will be changed in the beginning of 2008 to Healthcare Trade business segment, which will include the share of profit from Dental Trade business' associated company



# Trade Volume of Shares

## 1 January – 31 December 2007

- Market capitalisation at 31 December 2007 was 423.8 Me
- The traded volume of Oriola-KD's total outstanding shares amounted to 59.2 %
- At the end of the period
  - Number of A-shares 51,245,405
  - Number of B-shares 90,012,423
  - In the review period 5,049,235 A-shares were transferred to B-shares

Trading of shares January-December 2007

	<b>A-class</b>	<b>B-class</b>
Trading volume, millions	12.1	71.6
Trading volume, EUR million	40.2	231.8
High, EUR	3.70	3.68
Low, EUR	2.64	2.57
Close on 31 December 2007, EUR	3.00	3.00
Traded volume, %	23.1	80.5

# Risk Factors

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- Oriola-KD's risks are classified as strategic, operative and financial
- Risk management is a key element of the strategic process, operative planning and daily decision-making at Oriola-KD
- Oriola-KD has identified the following most significant strategic and operative risks in its business
  - Changes in bargaining position vis-à-vis suppliers and customers
  - Impact of the possible shift in the structure of the Swedish market to business concepts
  - Maintenance of cost-effectiveness and flexibility in costs
  - Provision of competitive products and services in expanding and consolidating markets
  - Expansion-related risks in new markets and business areas
  - Commitment of key employees
- The major financial risks for Oriola-KD involve currency exchange rates, interest rates, liquidity and credit
- During the period under review, there were no material change in the risks and uncertainty factors faced by Oriola-KD in the near future

# Proposals of the Board of Directors to Annual General Meeting

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- Dividend from 2007
  - EUR 0.08 per share
- The Nomination Committee gave its recommendation to the Board of Directors for the proposal to the Annual General Meeting on 17 March 2008
  - Composition of the Board of Directors as follows
    - The number of Board members would be seven  
As Board members would be re-elected Mr. Harry Brade, Mr. Pauli Kulvik, Ms. Outi Raitasuo, Mr. Antti Remes, Mr. Olli Riikkala, Mr. Jaakko Uotila and Mr. Mika Vidgrén
    - Mr. Olli Riikkala would be re-elected as Chairman of the Board
  - Remunerations are recommended to be paid to the Board of Directors
    - Chairman: annual fee EUR 44,000, fee for each meeting EUR 800, telephone as a fringe benefit
    - Vice Chairman: annual fee EUR 27,500, fee for each meeting EUR 400
    - Other members of the Board: annual fee EUR 22,000, fee for each meeting EUR 400
    - The annual fees to be paid in cash no later than 1 April, 2008
    - Fees for meetings would be paid respectively also to members of the Corporate or Board Committees
    - Travel expenses would be paid in accordance with the travel policy of the company

# Events after the Period Under Review

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- Dental Trade businesses of Oriola-KD in Estonia, Latvia and Lithuania were merged with and into Lifco Dental on 2 January 2008
- A government-appointed advisor recommended on 8 January 2008 that the Swedish pharmacy market be deregulated by the year 2009
  - The decision on deregulation is proposed for 2008
  - Oriola-KD is preparing for possible changes in the pharmacy market

# Future Outlook for 2008: Market Development

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- The Oriola-KD Group's outlook for 2008 is based on external market forecasts, agreements with principals, cumulative orders and management's estimates
  - Long term fundamentals and growth prospects are deemed favourable in the healthcare market
  - Oriola-KD estimates that the pharmaceutical market in Finland and Sweden will grow by about 3-5 percent annually over the next few years, which is in line with the longer-term average growth rate of these markets
  - Oriola-KD estimates that growth in the market for healthcare equipment and supplies will outpace that of the pharmaceutical market in Finland and in Sweden

# Future Outlook for 2008: Invoicing and Operating Profit

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- Invoicing
  - Oriola-KD's invoicing in 2008 is projected as higher than the previous year's comparable invoicing, mainly due to the growth of the pharmaceutical market
  - Invoicing in the Healthcare and Dental Trade business segment is projected as lower than in the previous year due to the merger of Dental business with and into Lifco Dental and the sale of the home distribution business in Sweden
- Operating profit
  - Operating profit in the Pharmaceutical Trade business segment is anticipated to see positive development in 2008
    - Oriola-KD invests in growth initiatives and to the potential deregulation of the Swedish pharmaceutical market, which may cause additional costs in 2008
  - The merger in the dental business is estimated to improve comparable operating profit for 2008
  - Operating profit for 2008 in the healthcare trade business is expected to fall from the previous year due to the reported changes in principals in Finland
  - Oriola-KD's operating profit excluding one-off items for 2008 is expected to exceed the previous year's comparable operating profit

# Annual Report, Annual General Meeting and Interim Reports

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- Annual report
  - Will be published in week 10
- Annual General Meeting
  - 17 March 2008 at 5.00 pm Finnish Time, at Helsinki Fair Centre
- Interim report 1-3/2008
  - 25 April 2008
- Interim report 1-6/2008
  - 18 July 2008
- Interim report 1-9/2008
  - 24 October 2008



Oriola-KD is a leading Nordic company in  
Pharmaceutical and Healthcare Trade Businesses

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The invoicing of Oriola-KD:n in 2007 was  
EUR 2.5 billion and number of personnel  
is about 1,300



# 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.