



# Oriola-KD Corporation

## January-December 2009

Eero Hautaniemi  
President and CEO  
11 February 2010



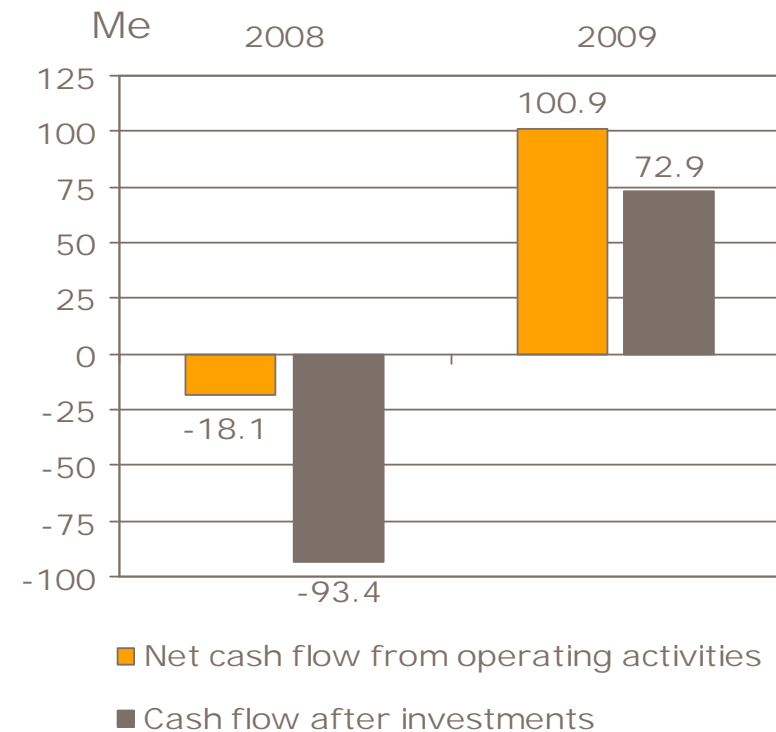
## Key Figures 2009

	2009	2008	Change %	Q4/09	Q4/08	Change %
Net Sales, Me	1713.1	1580.8	+ 8 %	486.5	449.1	+ 8 %
Operating profit, Me	65.4	36.4	+ 80 %	26.9	15.8	+ 70 %
Operating profit, %	3.8 %	2.3 %	-	5.5 %	3.5 %	-
Profit before taxes, Me	62.1	34.6	+ 79 %	25.4	14.4	+ 76 %
Net result, Me	48.6	27.5	+ 77 %	20.0	12.4	+ 61 %
Earnings per share, EUR	0.34	0.19	+ 74 %	0.14	0.09	+ 60 %
ROI, %	18.7 %	13.5 %				
ROCE, %	22.1 %	14.1 %				
Equity ratio, %	29.2 %	25.1 %				
Net gearing, %	6.3 %	33.5 %				
Dividend per share, EUR	0.12*	0.08				

\*) Board's proposal to the Annual General Meeting

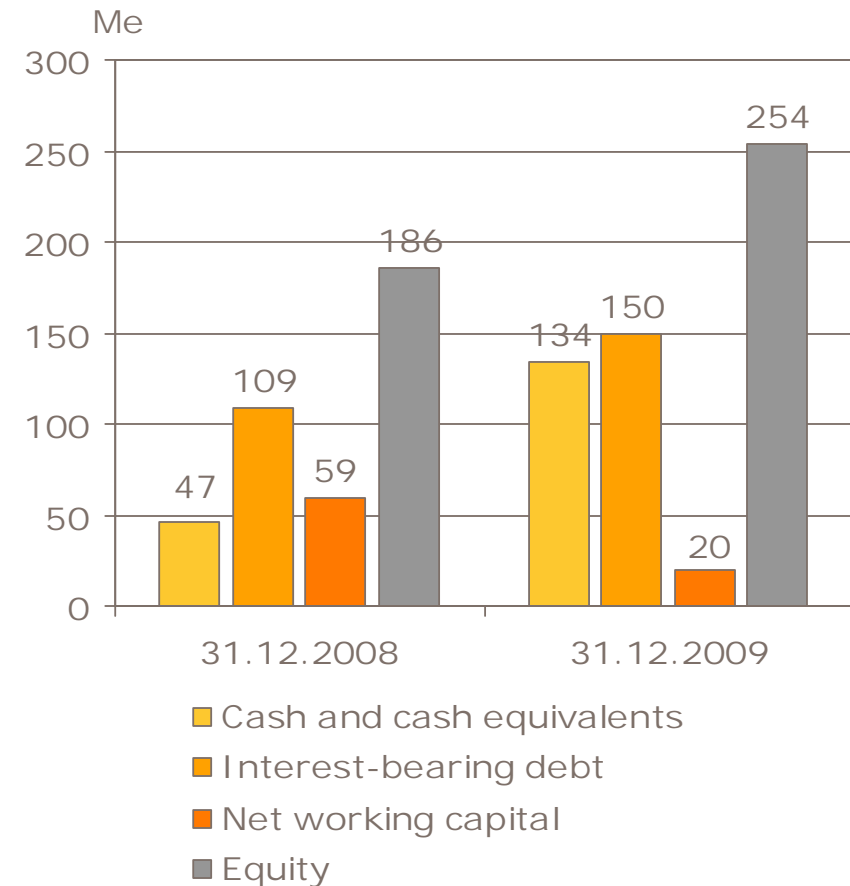
## Cash Flow from Operations and Investments 2009

- Change in working capital  
37.9 Me (-52.2 Me)
  - Working capital decreased mainly as a result of a sale of a EUR 49.8 million sales receivables programme (non-recourse) by the wholesale company in Sweden.
- Net cash flow from investments  
-28.0 Me (-75.3 Me)
  - Including the additional sum of EUR 21.7 million paid for the 75 per cent holding in the Russian companies
- Investments 47.4 Me (125.7 Me)
  - The increase of anticipated final price of the remaining 25 per cent in the Russian companies
  - Acquisition of the minority holding in Kronans Droghandel AB in Sweden
  - Operative maintenance and PPE investments



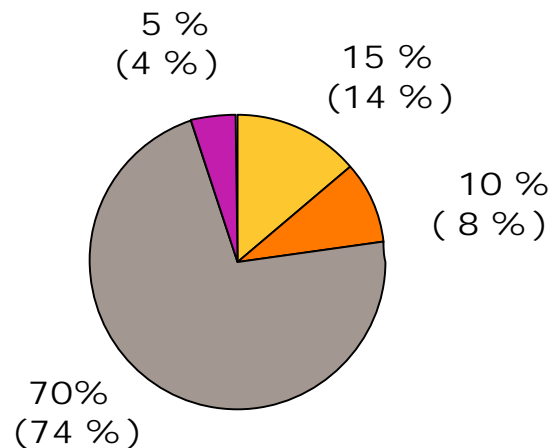
## Balance Sheet 31 January 2009

- Total assets 923.1 Me (790.6 Me)
- Equity ratio 29.2 % (25.1 %)
  - Dividend of 11.3 Me paid in May
  - A directed issue completed in June of 20.6 Me
- Net gearing 6.3 % (33.5 %)
- Interest-bearing debt, which at the end of 2009 was EUR 149.7 million (EUR 108.7 million), comprise of
  - EUR 51.6 million from pharmacy advance payments in Finland
  - A debt of approximately EUR 63.6 million from the anticipated final price for the remaining 25 per cent holding in the Russian companies
  - Finance lease liabilities of EUR 0.4 million
  - In addition, Oriola-KD has a commercial paper programme of EUR 150 million, from which EUR 34.2 million had been drawn at the end of the review period



## Personnel on 31 December 2009

Personnel by country



■ Finland 
 ■ Sweden  
■ Russia 
 ■ Baltics and Denmark

Personnel by segment

OPERATING SEGMENTS	31.12.2009	31.12.2008	Change, %
Pharmaceutical Trade Finland	474	425	+12 %
Pharmaceutical Trade Sweden	309	254	+22%
Pharmaceutical Trade Russia	3023	3482	-13 %
Pharmaceutical Trade Baltics	138	157	-12 %
Healthcare Trade	355	390	-9 %
<b>TOTAL</b>	<b>4299</b>	<b>4709</b>	<b>-9 %</b>



## Operating segments



## Net Sales and Operating Profit

	2009 - 2008				Q4/2009 – Q4/2008			
	Net Sales, Me		EBIT, Me		Net Sales, Me		EBIT, Me	
	2009	2008	2009	2008	Q4/09	Q4/08	Q4/09	Q4/08
Pharmaceutical Trade Finland	504.5	533.4	18.1	16.6	125.6	144.0	4.4	4.7
Pharmaceutical Trade Sweden	547.0	535.9	-5.0 (5.9)*	6.0	159.0	125.9	-2.2 (1.3)*	1.3
Pharmaceutical Trade Russia**	480.7	414.9	44.5	7.4	148.2	127.3	21.6	8.9
Pharmaceutical Trade Baltics	35.7	37.4	0.9	1.1	10.3	9.2	0.3	0.3
Healthcare Trade	145.1	155.2	8.9	7.9	43.4	42.7	2.4	1.7
Dental Trade***	-	-	3.9	2.1	-	-	1.2	0.8
<b>Total</b>	<b>1713.1</b>	<b>1580.8</b>	<b>65.4</b>	<b>36.4</b>	<b>486.5</b>	<b>449.1</b>	<b>26.9</b>	<b>15.8</b>

\*) Operating profit excluding the costs incurred in the preparations made for the market change in Sweden

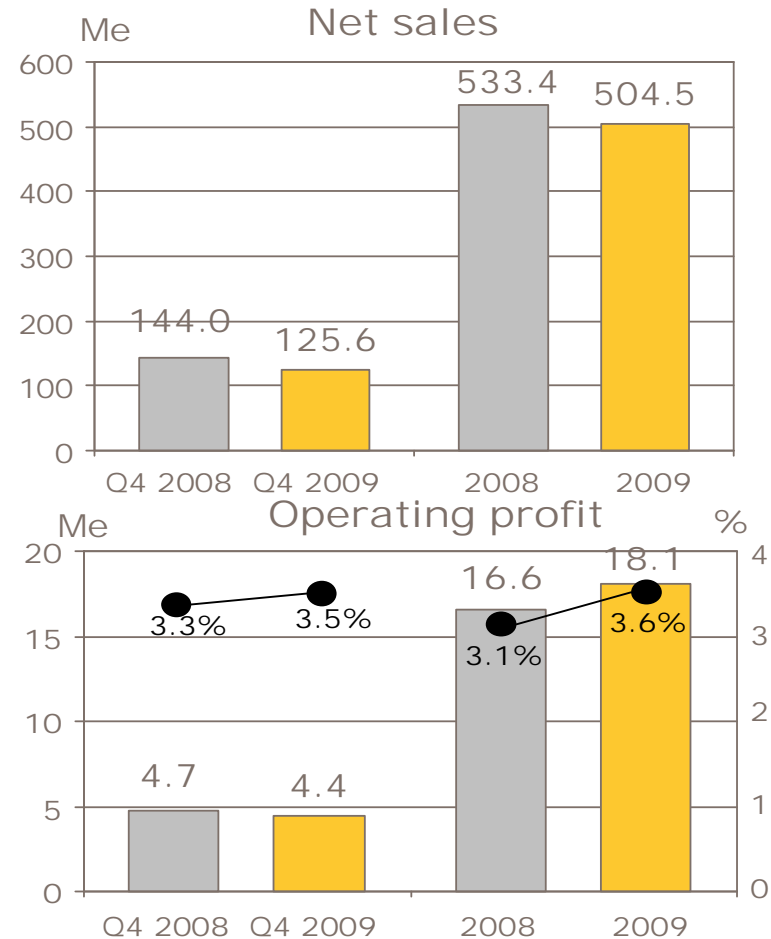
\*\*\*) Proforma net sales in 2008

\*\*\*\*) Profit after taxes



## Pharmaceutical Trade Finland 2009

- Pharmaceutical market grew by 0.0% (6.7 %)\*
- Oriola-KD's share of pharmaceutical wholesale market 46.9 % (47.6 %) \*
  - No major changes in principals that would have had a bearing on market share
- The introduction of a reference price system in Finland at the beginning of April 2009 weakened the growth of net sales



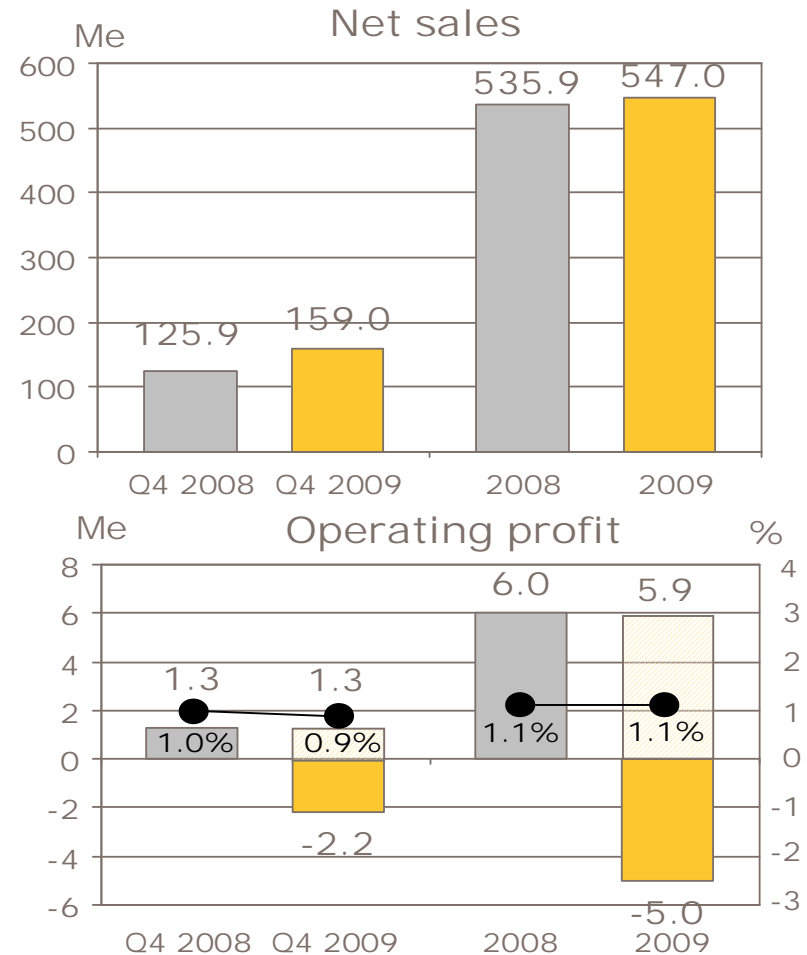
\*) Source: IMS Health





## Pharmaceutical Trade Sweden 2009

- Pharmaceutical market grew by 2.4 % (4.1 %)\*
- Oriola-KD's share of pharmaceutical wholesale market 41.2 % (43.8 %)\*
  - Pharmaceutical manufacturers Schering-Plough and Organon discontinued as pharmaceutical principals in Sweden during the period under review
- Operating profit was reduced by
  - The costs incurred in the preparations made for the change of the pharmacy market in Sweden came to EUR 11.7 million in 2009
    - EUR 3.7 million was recorded in the fourth quarter
    - Of the total preparation costs, EUR 0.7 million has been recorded for the Group
    - The preparation costs include the fees of advisors in the acquisition
  - Operating profit of Pharmaceutical Trade Sweden excluding project costs was 5.9 Me



\*) Source: IMS Health

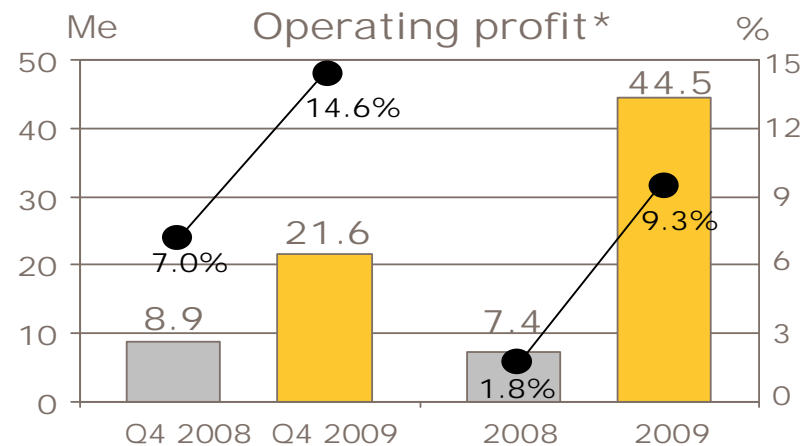
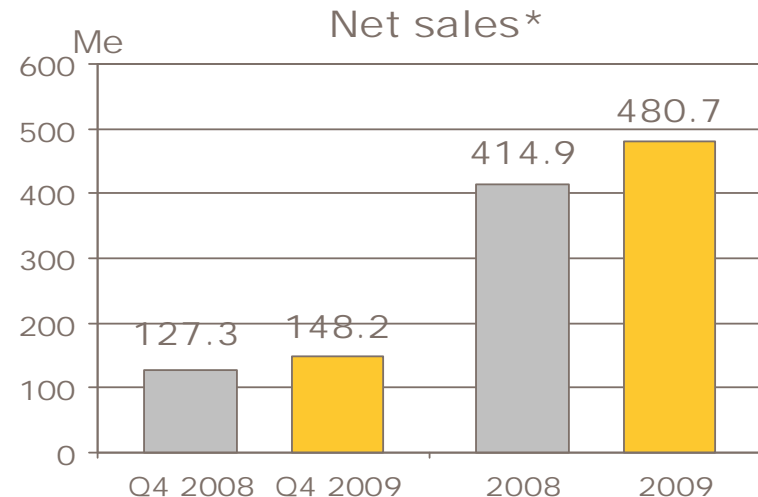
## Acquisition of Pharmacy Chain in Sweden

- Kronans Droghandel Retail AB, a jointly owned company of Oriola-KD and KF (Kooperativa Förbundet), and Apoteket AB signed an agreement under which the jointly owned company will acquire a national pharmacy company of 171 pharmacies
- The cash price of the acquisition is expected to be roughly SEK 1.56 billion
- The deal is expected to be completed within the first quarter of 2010
- The pro forma net sales of the pharmacies were SEK 4.4 billion in 2008
- Their pro forma operating profit, inclusive of the average administrative costs of Apoteket AB, was SEK 183 million in 2008
  - 4.2 per cent of the net sales
- The net debt of the pharmacy cluster was SEK 136 million in the end of August 2009
- Personnel some 930
- Market share of some 15 per cent



## Pharmaceutical Trade Russia 2009

- The Russian pharmaceutical market grew by some 20 per cent in Russian rubles (RUB) in 2009
- Oriola-KD's net sales by more than 40 per cent in Russian rubles (RUB) in 2009
- Operating profit was increased in 2009 by investments, increased volume of pharmaceutical wholesale, annual discounts typical of the business received in the fourth quarter, improved operating efficiency and better retail trade profitability
- Number of pharmacies at the end of 2009 was 175 (150)
- Pharmaceutical wholesale operations were launched in the fourth quarter in Rostov-on-Don in southern Russia

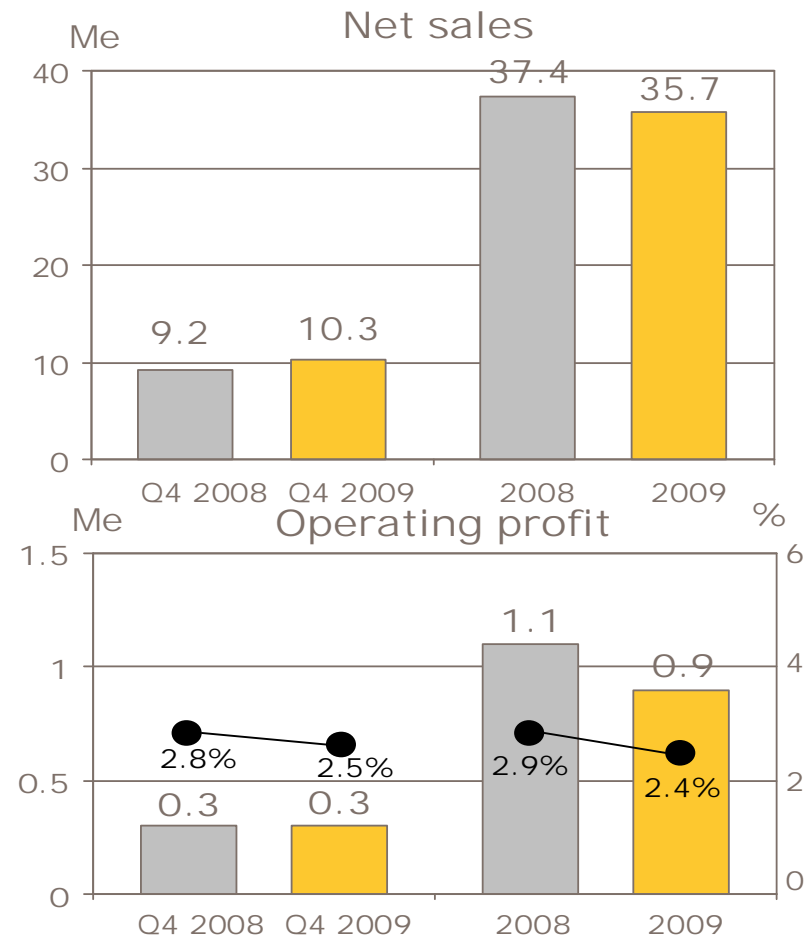


\*) The retail and wholesale companies in Russia have been consolidated into Oriola-KD's accounts since 1 April 2008. The figures in Russia in 2008 are pro forma figures.



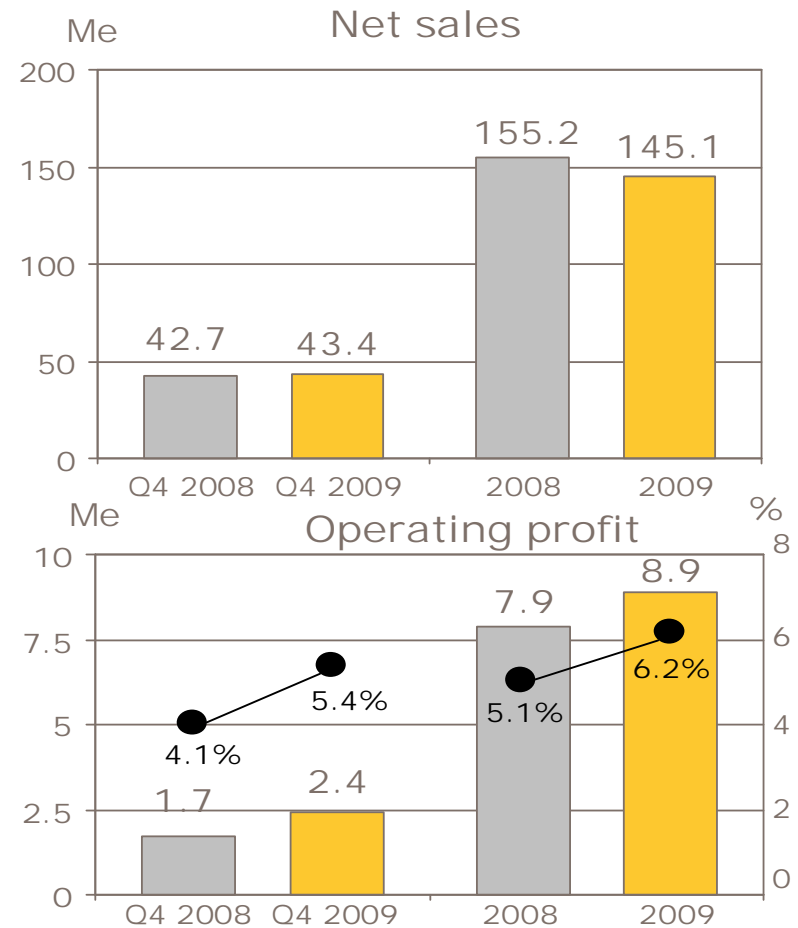
## Pharmaceutical Trade Baltics 2009

- The Baltic market was challenging, which had a negative effect on net sales and operating profit
- Oriola-KD discontinued its small-scale pharmacy business in Latvia in 2009



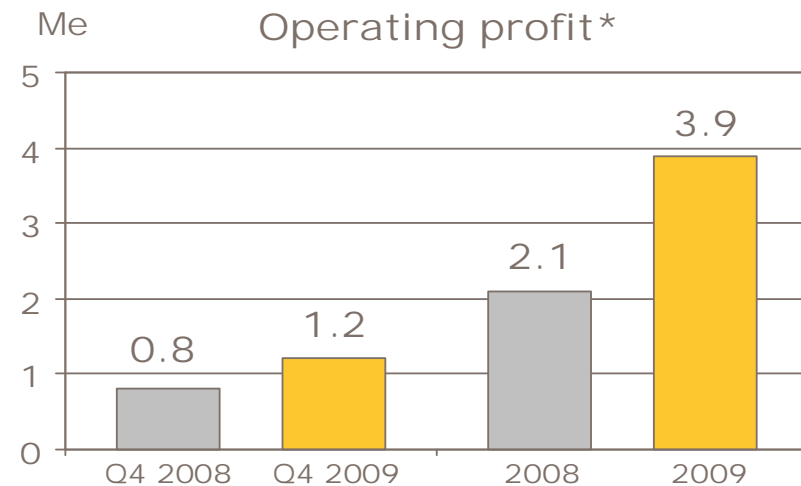
## Healthcare Trade 2009

- The sale of the ConvaTec wound and stoma care business to the manufacturer of the products in Finland in the second quarter improved the 2009 operating profit
- In December 2009 Oriola-KD signed a five-year agreement on healthcare warehousing and materials management services with the Swedish provinces of Skåne and Halland
  - The agreement will come into force in April 2010 and the associated annual net sales will be approximately EUR 35 million
  - The agreement will involve the transfer of about 50 persons to Oriola-KD



## Dental Trade 2009

- Lifco's net sales in 2009 were in total 156.6 Me and EBITA 18.3 Me
- The operating profit improved mainly as a result of the positive trend in the Finnish, Swedish and Danish businesses
- The dental trade businesses of Oriola-KD and Lifco AB were combined in 2007
- Oriola-KD holds a 30 per cent share of the Dental Trade business, while Lifco has a 70 per cent holding



\*) Operating profit after taxes (Oriola-KD's minority share)

## Changes in Oriola Oy's corporate structure

- At the end of 2009, Oriola-KD carried out a partial demerger of Oriola Oy
  - Following the demerger, Pharmaceutical Trade continues in Oriola Oy
  - Oriola Oy's Healthcare Trade business in the Nordic countries was transferred to a new company named Oriola-KD Healthcare Oy
- The demerger took place at the beginning of 2010, and Oriola-KD Corporation now has two fully owned Finnish operational subsidiaries
  - Oriola Oy
  - Oriola-KD Healthcare Oy
- The demerger will simplify the corporate structure and increase the efficiency of managing business operations
- The change will have no impact on Oriola-KD's operating segments

## Changes in the Group Management Team

- Henry Fogels, Vice President of Pharmaceutical Retail and Vladimir Kniazev, Vice President of Pharmaceutical Wholesale in Russia, and Thomas Gawell, Vice President of Pharmaceutical Wholesale in Sweden, have been appointed as members of the Oriola-KD Group Management Team as of 1 January 2010
- On 1 January 2010, Oriola-KD Corporation's Group Management Team was composed of
  - Eero Hautaniemi President and CEO
  - Henry Fogels, Vice President, Pharmaceutical Retail, Russia
  - Thomas Gawell, Vice President, Pharmaceutical Wholesale, Sweden
  - Anne Kariniemi, Vice President, Logistics and Sourcing
  - Vladimir Kniazev, Vice President, Pharmaceutical Wholesale, Russia
  - Cecilia Marlow, Vice President, Pharmaceutical Retail, Sweden
  - Jukka Niemi, Vice President, Pharmaceutical Wholesale, Finland
  - Ilari Vaalavirta, Vice President, Healthcare Trade
  - Kimmo Virtanen, Executive Vice President & CFO
- The Group also has an extended Group Management Team, composed of the Group Management Team and the heads of Group functions: human resources, legal affairs, treasury, finance, IM administration, and corporate communications and investor relations



## Traded Volume of Shares 2009

- Market capitalisation at 31 December 2009 was 665.1 Me (184.5 Me)
- The traded volume of all shares amounted to 76.0 % (33.0 %)\*
- Number of shares at the end of 2009 in total 151.257.828 (141.907.828)
  - Number of class A shares 47.667.359 (48.692.203)
  - Number of class B shares 103.590.469 (93.215.625)
  - In 2009 1.024.844 class A shares were transferred to class B shares (2.553.202)
  - The company held 343.472 class B shares on 31 December 2009

	2009		2008	
Class A/B	Class A	Class B	Class A	Class B
Trading volume, million	7.2	104.5	5.5	41.3
Trading volume, Me	19.5	298.5	12.0	98.1
High, EUR	4.41	4.43	3.10	3.10
Low, EUR	1.29	1.30	1.22	1.20
Close at 31 December, EUR	4.39	4.40	1.30	1.30
Traded volume, % *)	14.9	106.1	11.2	45.0

\*) The traded volume of shares in the review period excluding treasury shares of average outstanding stock

## Risks

- Oriola-KD has identified the following principal strategic and operational risks in its business
  - changes in bargaining position vis-à-vis suppliers and customers
  - impact on business concepts as a result of changes in the structure of the Swedish market
  - 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 businesses, especially in Sweden and in Russia
  - commitment of key employees
- The major financial risks for Oriola-KD involve currency exchange rates, interest rates, liquidity and credit
  - The anticipated USD-denominated purchase price of the remaining 25 per cent holding in the Russian business acquisition has been hedged in accordance with the Group's treasury policy.
- Oriola-KD's exposure to risks relating to new markets and businesses as well as financial risks has increased as a result of the company's expansion into the Russian pharmaceutical retail and wholesale market
  - Currency risks are the most significant of Oriola-KD's financial risks in Russia, as any changes in the value of the ruble (RUB) will have an impact on Oriola-KD's financial performance and equity
  - Oriola-KD has used some EUR 90 million to acquire a 75 per cent holding in the Russian companies and anticipates that the final price for the remaining 25 per cent will be roughly EUR 64 million
  - In addition, by the end of December it had provided the companies with long-term financing amounting to approximately EUR 64 million
  - The Russian companies have no external loans
- 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
  - The completion of the processes involved in the Russian acquisition, the price regulation system that comes into effect in the beginning of 2010 and stiffening competition have significant bearing on Oriola-KD's outlook in the short term in Russia
  - The change in the Swedish pharmacy market is subject to uncertainty that may have a substantial effect on Oriola-KD's Swedish business

## Events after the Period under Review

- The Nomination Committee of Oriola-KD Corporation has given its recommendation to the Board of Directors for the proposal to the Annual General Meeting on 7 April 2010 concerning the composition of the Board of Directors as follows
  - The number of members of the Board would be increased from seven to eight
  - The present Board members, Mr. Harry Brade, Mr. Pauli Kulvik, Ms. Outi Raitasuo, Mr. Antti Remes, Mr. Olli Riikkala, Mr. Jaakko Uotila and Mr. Mika Vidgrén would be re-elected
  - Mr. Per Båtelson would be elected as a new member of the Board
    - Mr. Per Båtelson, M.Sc. (Physics) born 1950, serves as CEO of Global Health Partner Plc. He has previously served as President and CEO of Capio AB. Mr. Båtelson is a member of the Boards of Permobil AB, Sentoclone AB and Unilabs AB. Mr Per Båtelson served as Chairman of the Board of Directors of Apoteket AB from 2006 to 2009.
  - Mr. Olli Riikkala would be re-elected as Chairman of the Board

## Outlook: Market Development

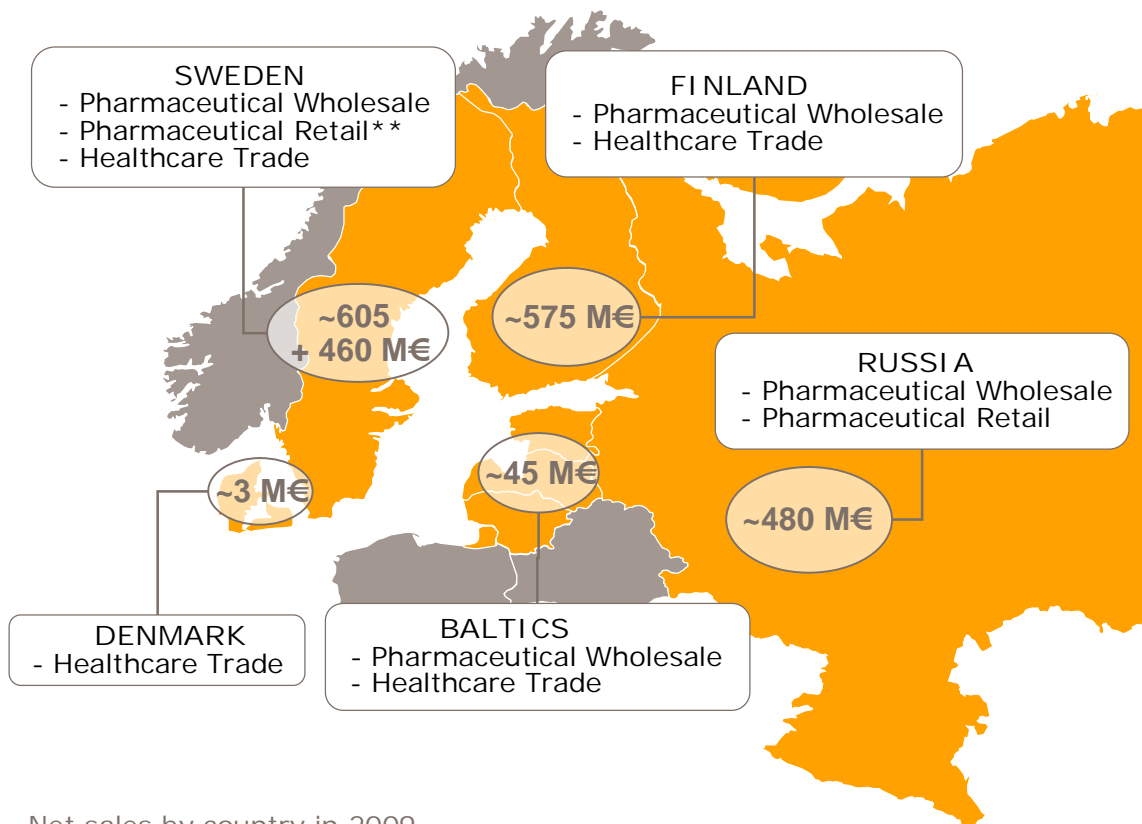
- Oriola-KD's outlook for 2010 is based on external market forecasts, agreements with principals, order intake and management assessments
- Long-term fundamentals and growth prospects are deemed to remain favourable in the healthcare market
- Oriola-KD expects that the pharmaceutical market in Finland and Sweden will grow by approximately 3-5 per cent annually in local currency over the next few years, which is in line with the longer-term average growth rate of these markets
- The Russian pharmaceutical market is expected to see annual growth of approximately 15-20 per cent in Russian rubles (RUB) in the next few years
- Growth in the market for healthcare equipment and supplies in Finland and Sweden is expected to outpace that of the pharmaceutical market

## Outlook 2010

- Oriola-KD's net sales and operating profit for 2010 are forecast to be higher than in 2009
- The growth of the Russian pharmaceutical market in 2010 is expected to be slower than in the long term, mainly because of the difficult state of the Russian economy and the price regulation system
- Competition in the Swedish pharmacy market is expected to be stiff in 2010 as a result of the changes in the pharmacy market



## Oriola-KD in 2010



Business	Market Position / market share
Finland: Pharmaceutical Wholesale	Number 2 47 % market share
Sweden: Pharmaceutical Wholesale	Number 2 41 % market share
Sweden: Pharmaceutical Retail	Number 3 15 % market share
Russia: Pharmaceutical Wholesale	Number 5 in Russia 8 % market share
Russia: Pharmaceutical Retail	Number 3 in Moscow Number 6 in Russia
Baltics: Pharmaceutical Wholesale	5-10 % market share
Healthcare Trade FI, SWE, DK, BALT	One of the leading companies in Finland, Sweden and Baltics
Dental Trade* FI, SWE, DK, NOR, BALT	Market leader

Net sales by country in 2009

\*) Joint company with Swedish Lifco, Oriola-KD's share 30 per cent

\*\*\*) Swedish 460 M€ refers to the acquired retail operations



## 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

