



# Oriola-KD Corporation

## January-September 2010

Eero Hautaniemi  
President and CEO  
28 October 2010



## Key Figures January-September 2010

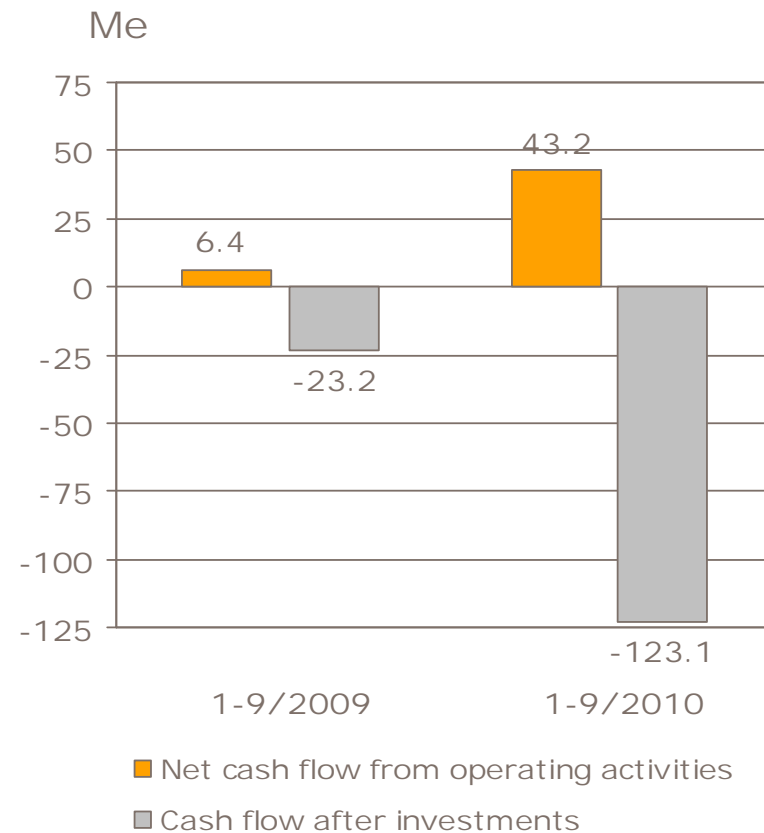
|                                      | 1-9/2010 | 1-9/2009 | Change %   | Q3/2010 | Q3/2009 | Change % |
|--------------------------------------|----------|----------|--|---------|---------|----------|
| Net sales, continuing, Me            | 1401.5   | 1125.8   | +24%   | 498.5   | 379.2   | +31%     |
| Operating profit, continuing, Me     | 6.8      | 31.9     | -79%   | -4.5    | 10.7    | -142%    |
| Operating profit, excl. one-offs, Me | 18.5     | 31.9     | -42%   | 7.2     | 10.7    | -33%     |
| Profit before taxes, Me              | 3.2      | 30.2     | -89%   | -5.8    | 10.8    | -153%    |
| Profit from period, continuing, Me   | 2.4      | 23.9     | -90%   | -5.0    | 8.6     | -158%    |
| Profit from period, discontinued, Me | 56.3     | 4.8      | 1076%  | 0.1     | 1.4     | -95%     |
| Profit from period, total, Me        | 58.7     | 28.7     | 105%   | -4.9    | 10.0    | -150%    |
| Earning/share, continuing, Euro      | 0.02     | 0.16     | -90%   | -0.03   | 0.06    | -159%    |
| Earnings/share, total, Euro          | 0.39     | 0.20     | 96%  | -0.04   | 0.07    | -153%    |
| ROCE, continuing, %                  | 2.0%     | 15.5 %   | (Including Healthcare Trade 1-5/2010 and 1-9/2009) |         |         |          |
| ROE, continuing, %                   | 1.1%     | 18.9 %   | (Including Healthcare Trade 1-5/2010 and 1-9/2009) |         |         |          |

The figures related to financial performance refer to continuing operations and do not include the Healthcare Trade, unless otherwise stated.  
 The retail chain acquired in Sweden has been consolidated with the Oriola-KD figures as of 19 February 2010.  
 The retail chain O3 Apteka acquired in Russia has been consolidated with the Oriola-KD figures as of 31 August 2010.



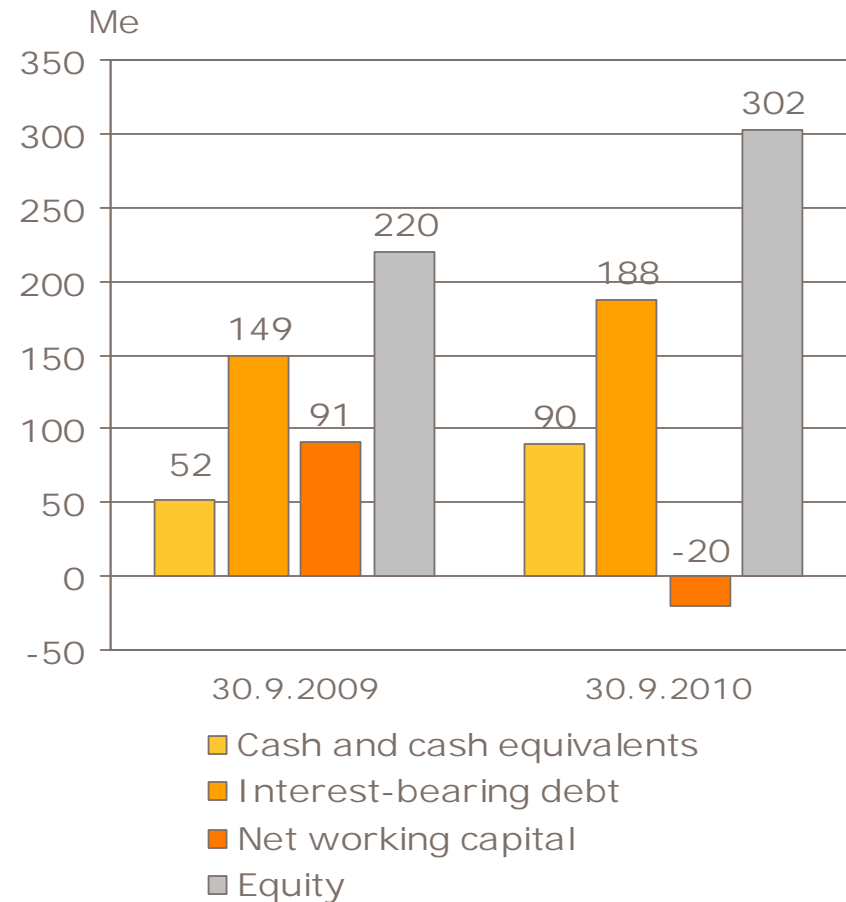
## Cash Flow and Investments January-September 2010

- Change in working capital  
32.1 Me (-26.2 Me)
- Net cash flow from investments  
-166.3 Me (-29.6 Me)
  - Acquisition of pharmacy chain in Sweden
  - Acquisition of 25 per cent holding in the Russian companies
  - Acquisition of 03 Apteka pharmacy chain in Russia
  - Sale of Healthcare Trade
  - Operative investments
- Gross investments 186.1 Me (31.5 Me)
  - Acquisition of pharmacy chain in Sweden, 161.5 Me
  - Acquisition of 03 Apteka pharmacy chain in Russia, 11.9 Me
  - Operative investments, 12.7 Me
- Oriola-KD paid 18.1 Me in dividends for 2009



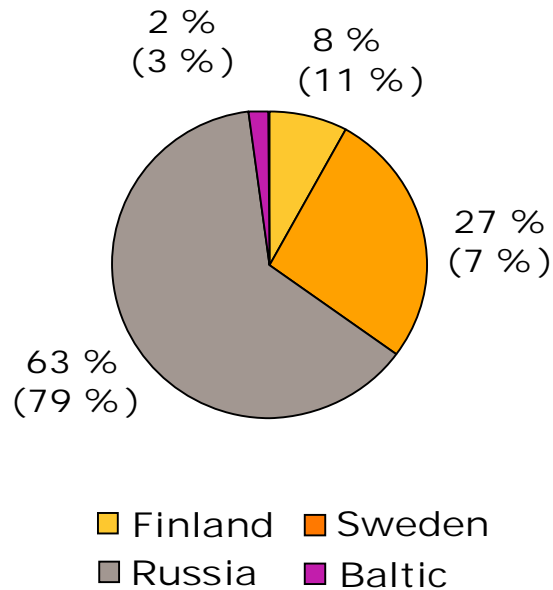
## Balance Sheet 30 September 2010

- Total assets 1144.3 Me (855.5 Me)
- Equity ratio 27.1% (26.4%)
- Net gearing 32.5% (44.2%)
- Interest-bearing net debt 98.4 Me (97.1 Me)
- The terms of the financial covenants were met by a wide margin at the end of September 2010
- Oriola-KD's long-term revolving credit limit facilities of 102.8 Me and 41.9 Me in short-term credit account facilities stood unused at the end of the review period
- Oriola-KD had drawn 36.5 Me from the 150.0 Me commercial paper programme



## Personnel 30 September 2010

Personnel by country



Personnel by segment

| Operating segments           | 30.9.2010   | 30.9.2009   | Change, %   |
|------------------------------|-------------|-------------|-------------|
| Pharmaceutical Trade Finland | 417         | 410         | +2%         |
| Pharmaceutical Trade Sweden  | 1455        | 273         | +433%       |
| Pharmaceutical Trade Russia  | 3336        | 3011        | +11%        |
| Pharmaceutical Trade Baltics | 103         | 123         | -16%        |
| <b>TOTAL</b>                 | <b>5311</b> | <b>3817</b> | <b>+39%</b> |



## Operating segments





## Net Sales and Operating Profit for Continuing Operations

|                              | 1-9/2010 – 1-9/2009 |        |                   |        | Q3/2010 – Q3/2009 |       |                   |       |
|------------------------------|---------------------|--------|-------------------|--------|-------------------|-------|-------------------|-------|
|                              | Net sales, Me       |        | EBIT, Me          |        | Net sales, Me     |       | EBIT, Me          |       |
|                              | 1-9/10              | 1-9/09 | 1-9/10            | 1-9/09 | Q3/10             | Q3/09 | Q3/10             | Q3/09 |
| Pharmaceutical Trade Finland | 314.2               | 379.3  | 15.3              | 13.7   | 103.8             | 120.6 | 5.9               | 4.9   |
| Pharmaceutical Trade Sweden  | 661.9               | 389.0  | 9.1*<br>(10.9)    | -2.8   | 239.5             | 132.1 | 4.9*<br>(6.6)     | -0.4  |
| Pharmaceutical Trade Russia  | 402.8               | 332.5  | -18.1**<br>(-8.2) | 22.8   | 147.8             | 118.6 | -15.7**<br>(-5.7) | 6.6   |
| Pharmaceutical Trade Baltics | 23.0                | 25.4   | 0.7               | 0.6    | 7.4               | 8.0   | 0.3               | 0.2   |
| Dental Trade*                | -                   | -      | 4.4               | 2.6    | -                 | -     | 1.3               | 0.8   |
| Total                        | 1401.5              | 1125.8 | 6.8***<br>(18.5)  | 31.9   | 498.5             | 379.2 | -4.5***<br>(7.2)  | 10.7  |

\*) Including 1.7 Me one-off costs

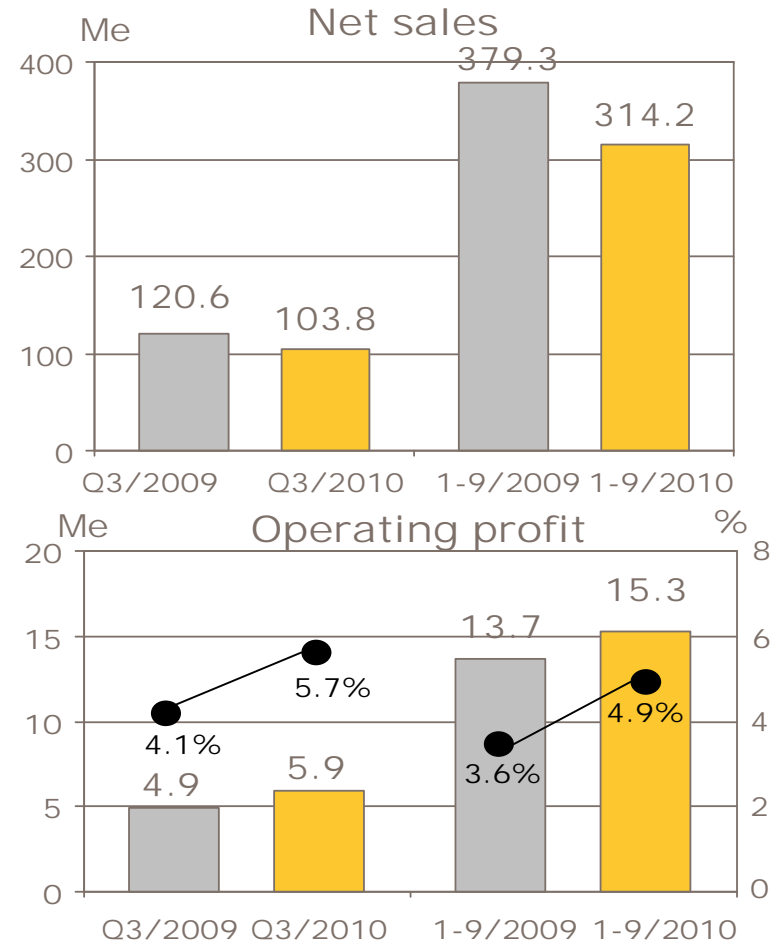
\*\*\*) Including 10.0 Me one-off costs

\*\*\*) Including 11.7 Me one-off costs



## Pharmaceutical Trade Finland January-September 2010

- Pharmaceutical market declined -0.9% (0.0%)\*
- Oriola-KD's market share of pharmaceutical wholesale 46.5% (46.9%)\*
- During the review period, changes from the stock owned by Oriola-KD to consignment stock, agreed with pharmaceutical companies, reduced net sales

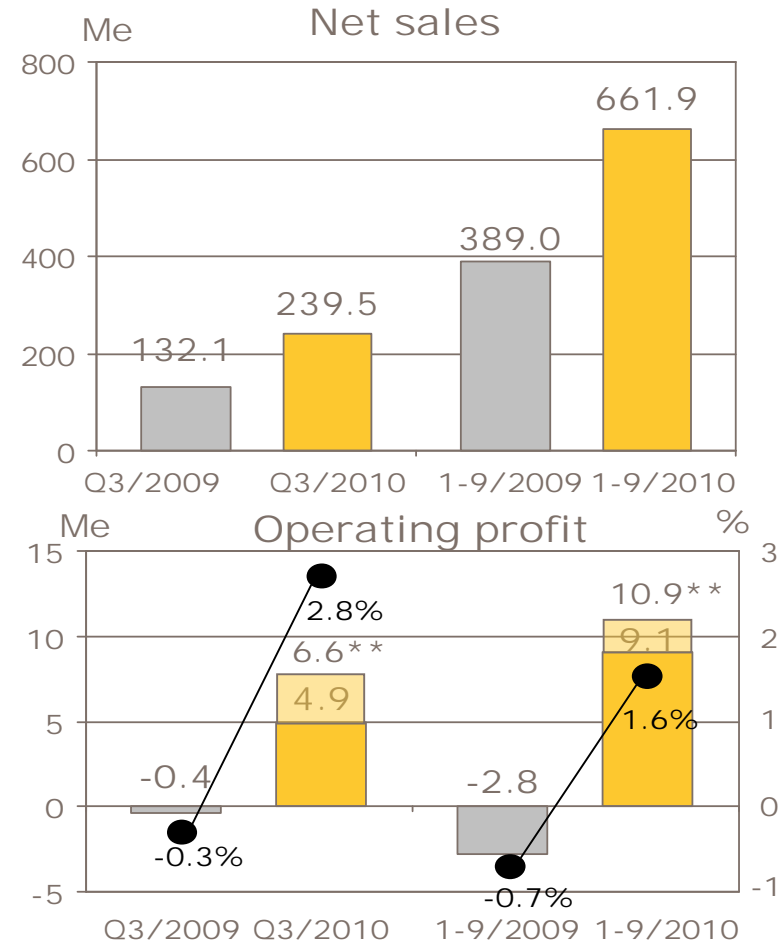


\*) Source: IMS Health



## Pharmaceutical Trade Sweden January-September 2010

- Net sales of retail 282.4 Me (0.0 Me) as of 19 February 2010
- Net sales of wholesale 414.1 Me (389.0 Me)
- One-off costs
  - Operating profit includes a third-quarter one-off provision on a EUR 1.7 million receivable in the wholesale concerning a pharmaceutical company bankruptcy
- The costs of preparations for pharmacy business in Sweden in the period 1 January 2010 – 19 February 2010 came to EUR 2.2 million (Jan–Sep 2009: EUR 8.0 million)
- Planned depreciation of EUR 1.0 million was recognised for January–September on the fair value allocation of the acquisition
- Pharmaceutical market grew by 1.1% (2.6%)\*
- Oriola-KD's market share of wholesale 40.5% (41.4%) and in retail 14%\*
- Number of pharmacies 176

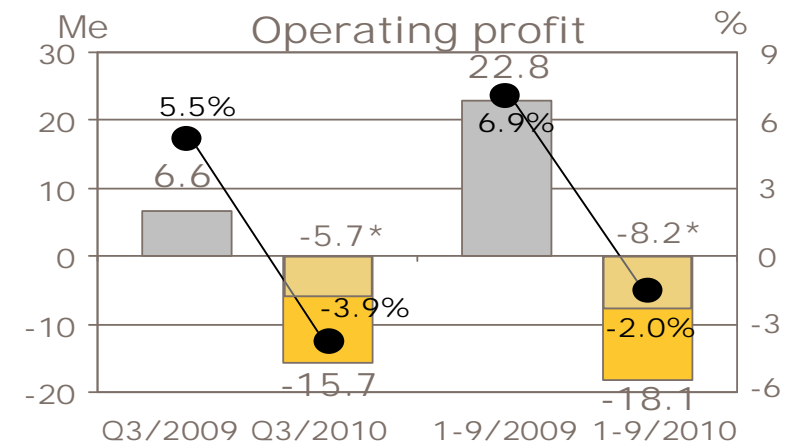
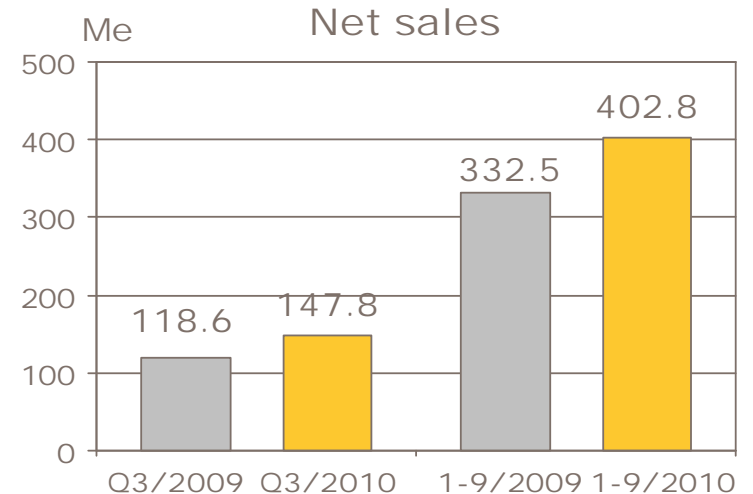


\*) Source: IMS Health

\*\*) Operating profit excluding one-off costs (used when calculating the operating margin)

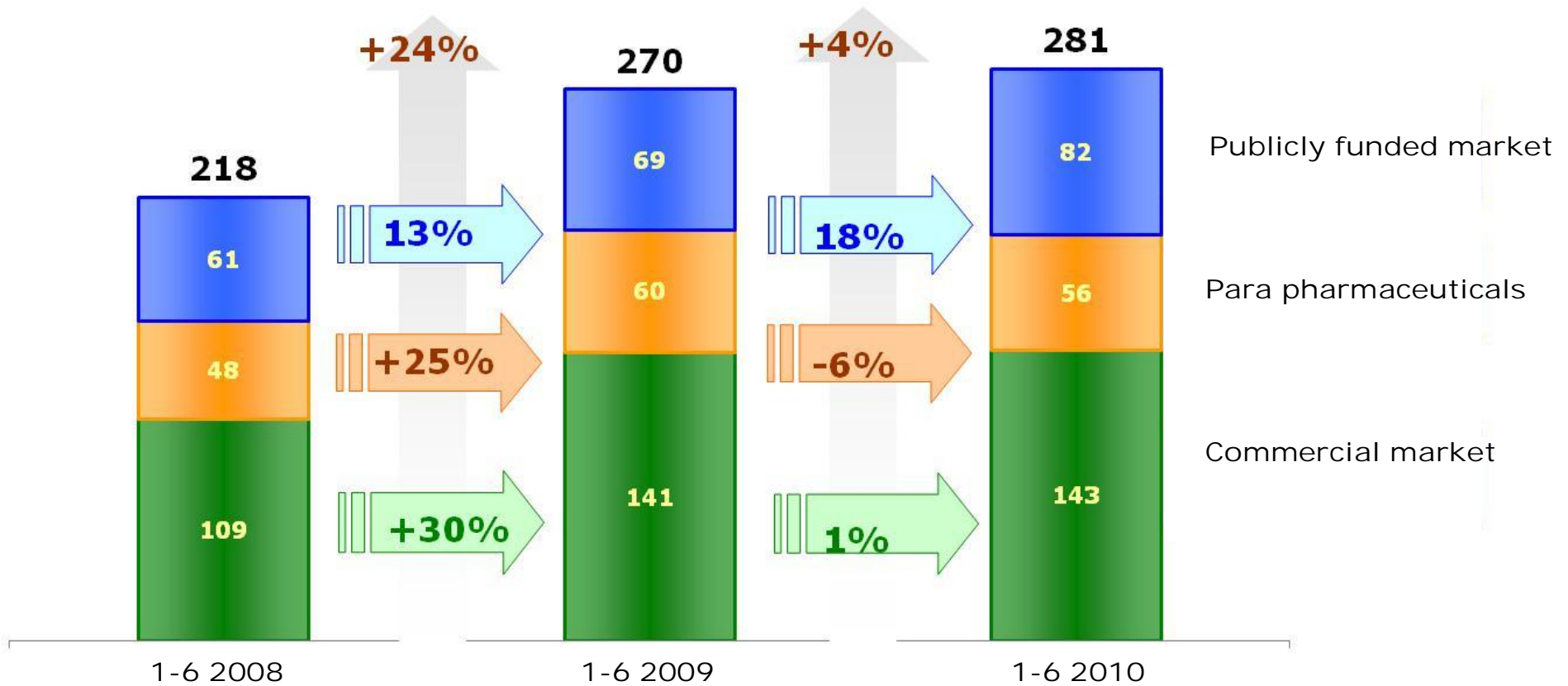
## Pharmaceutical Trade Russia January-September 2010

- Net sales grew some 9 per cent in Russian rubles (40 per cent)
  - Net sales of retail 72.9 Me (71.1 Me)
  - Net sales of wholesale 369.5 Me (302.5 Me)
  - The O3 Apteka pharmaceutical retail business acquired has been consolidated with the Oriola-KD figures as of 31 August 2010
- The Russian pharmaceutical market grew in Russian rubles some 3 per cent in January-September 2010 (some 20 per cent)
  - Very intense competition
  - Price control system
- The operating loss includes EUR 10.0 million one-off costs
  - Write-off provision on a EUR 2.1 million trade receivable concerning a pharmaceutical chain bankruptcy
  - 7.9 million write-off by booking purchase-related discounts into the stock value
- One month's share of the annual EUR 0.4 million depreciation was recognised for September based on the fair value allocation of the acquisition
- Number of pharmacies 251 (170)
- The organisation in Russia will be further strengthened in the latter part of the year, with the aim of developing the operating activities and achieving business growth in line with the strategy



\*) Operating profit excluding one-off costs  
(used when calculating the operating margin)

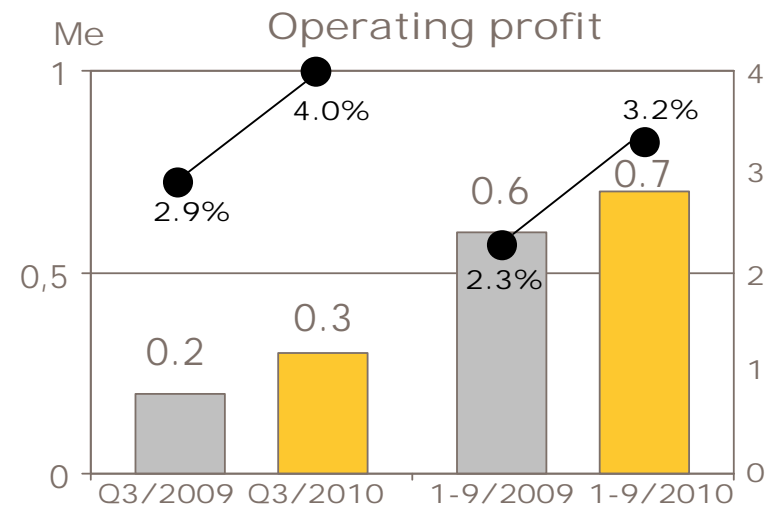
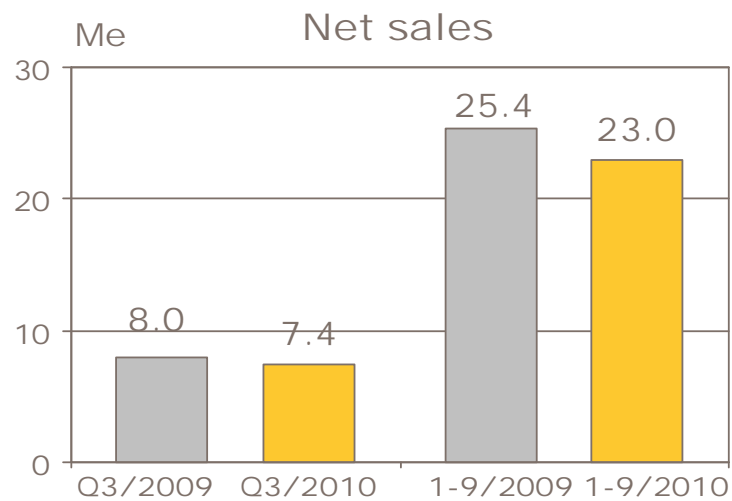
## Pharmaceutical Market in Russia



Source: DSM Group

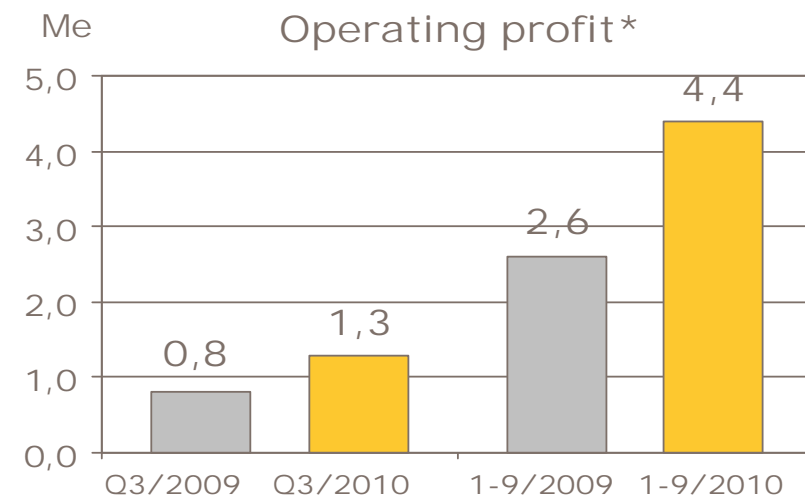


## Pharmaceutical Trade Baltics January-September 2010



## Dental Trade January-September 2010

- The Dental trade business of Oriola-KD Corporation and Lifco AB:n were combined in 2007



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

## Traded Volume of Shares January-September 2010

- Market capitalisation 30 September 2010 was 645.4 Me (623.3 Me)
- The traded volume of all shares amounted to 48.6% (61.7%)\*
- Number of shares at the end of September 2010 in total 151,257,828 (151,257,828)
  - Number of class A shares 47,217,359 (47,967,359)
  - Number of class B shares 104,040,469 (103,290,469)
  - In January-September 2010 450,000 A-shares converted to B-shares (724,844)
  - The company held 96,822 B shares on 30 September
- In October 2010 the Board decided not to use the authorisation granted to it by the Annual General Meeting of 7 April 2010 regarding payment of an additional dividend from undistributed profits and/or distribution of funds from the company's invested non-restricted equity funds

|                             | 1-9/2010 |         | 1-9/2009 |         |
|-----------------------------|----------|---------|----------|---------|
| Class A/B                   | Class A  | Class B | Class A  | Class B |
| Trading volume, million     | 4.5      | 68.8    | 6.1      | 83.6    |
| Trading volume, Me          | 20.5     | 287.3   | 15.0     | 214.4   |
| High, EUR                   | 5.47     | 5.49    | 4.15     | 4.20    |
| Low, EUR                    | 3.30     | 3.30    | 1.29     | 1.30    |
| Close at 30 Sept. 2010, EUR | 4.26     | 4.27    | 4.10     | 4.13    |
| Traded volume, % *)         | 9.5      | 66.6    | 12.6     | 86.1    |

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



## Risks

- Oriola-KD's risks are classified as strategic, operational and financial. Risk management is a key element of the strategic process, operational planning and daily decision-making at Oriola-KD
- 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, as 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 price control system for pharmaceuticals have a material impact on Oriola-KD's near-term outlook in Russia
  - The development of the Swedish pharmacy market is subject to uncertainties that may have a significant effect on Oriola-KD's business in Sweden

## Outlook: Market Development

- Oriola-KD's outlook for 2010 is based on external market forecasts, supplier and customer agreements, the order intake 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 2010 figures for the Russian pharmaceutical market are expected to show growth below the longer term trend and the continuation of tough competition
- Competition in the Swedish retail market is expected to continue to be stiff as a result of the deregulation





Oriola KD

## Outlook: 2010

- Guidelines issued on 28 July 2010 concerning net sales and operating profit
  - Oriola-KD's net sales from its continuing operations for 2010 are expected to be higher than in 2009 and operating profit is forecasted to be lower than in 2009
  - The operating profit of Pharmaceutical Trade Russia is expected to be lower than in 2009
- Revised guidelines issued on 28 October 2010 concerning net sales and operating profit
  - Oriola-KD's net sales from its continuing operations for 2010 are expected to be higher than in 2009 and operating profit is forecasted to be clearly lower than in 2009
  - The operating result of Pharmaceutical Trade Russia, including the recognised one-off costs in the third quarter, is expected to be negative



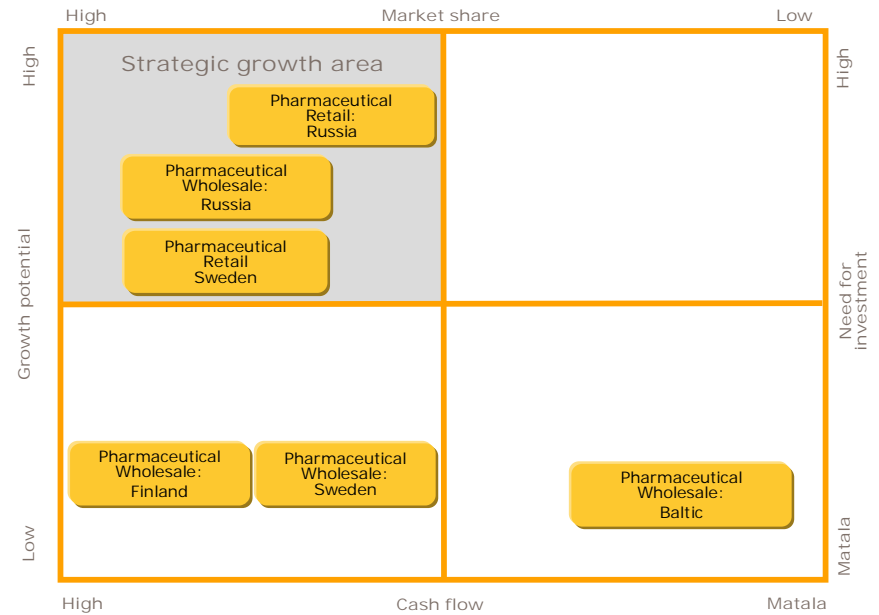
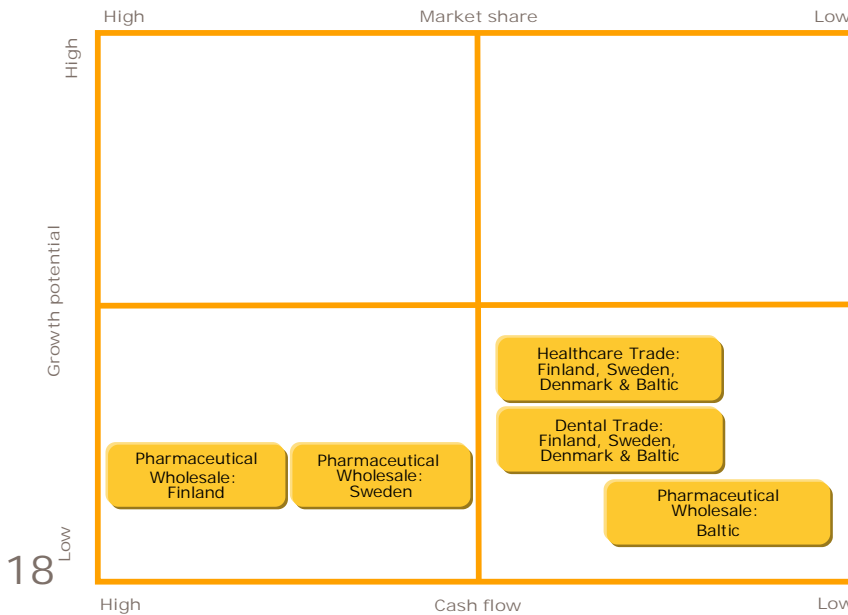
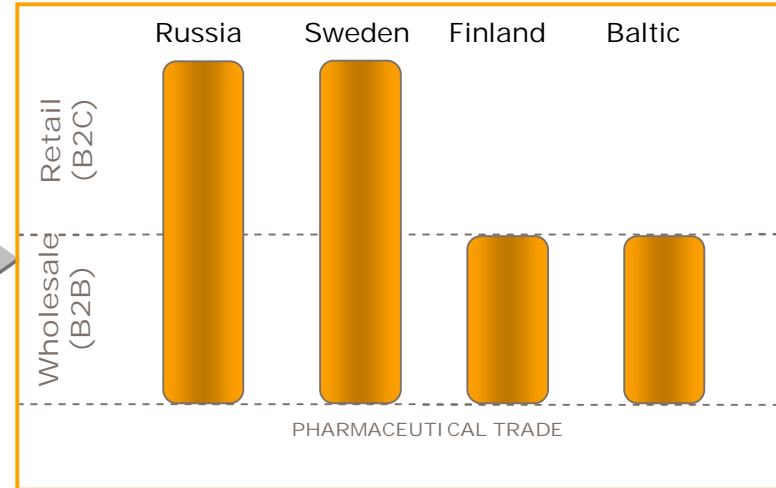
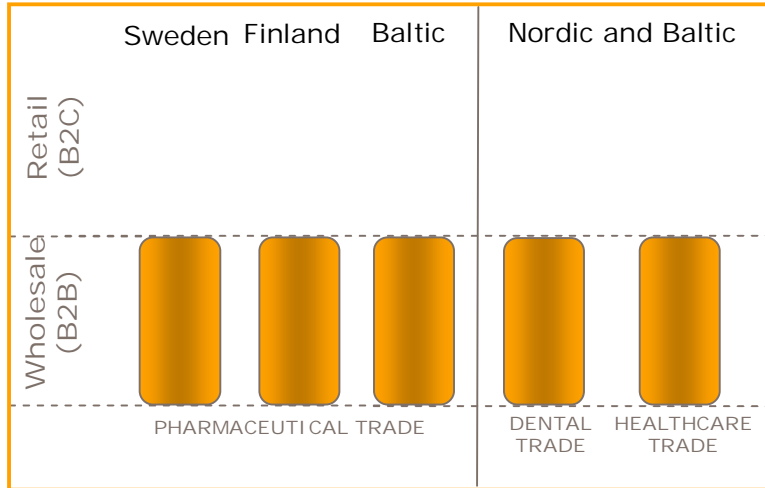


# Oriola KD

## Oriola-KD's change

2007

2010



## Capital Markets Day 1 December 2010

- Oriola-KD Corporation will arrange a Capital Markets Day event on 1 December 2010 for investors, analysts and media
  - Restaurant Palace Gourmet, Eteläranta 10, 10th floor, Helsinki, Finland at 12.00 a.m. – 4.00 p.m
- During the Capital Markets Day Oriola-KD will present its vision, mission and strategy with insight to its businesses in Finland, Sweden and Russia
  - Register no later than 12 November 2010 through Oriola-KD's web site [www.oriola-kd.com/registration-cmd](http://www.oriola-kd.com/registration-cmd)
  - A lunch buffet is available for participants at 12-12.30 a.m.

## 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



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

