



Oriola-KD Corporation

January-December 2011

Eero Hautaniemi
President and CEO
9 February 2011





Year 2011

- Focus areas
 - IT systems for the retail operations
 - Development of pharmacy portfolio
 - Improving the profitability and logistics efficiency of the wholesale business
- Profitability was not on a satisfactory level , particularly the first part of the year was poor
 - Low profitability of the Swedish and Russian retail business improved in the latter part of the year
 - Despite measures taken to improve efficiency and the strong growth in regional sales, the profitability of the Russian wholesale business did not achieve a satisfactory level due to stiff competition
- Steady progress in Finland and Baltics
 - Particularly Consumer Health business performed well



Key Figures 2011

	1-12/11	1-12/10	Change %	Q4/11	Q4/10	Change %
Net sales, Me	2146	1929	11%	559	528	6%
Operating result, Me	-20.2*	9.8	-	5.8	7.3	-21%
Operating result excluding one-off costs and impairment charges, Me	13.2	22.5	-42%	5.8	8.4	-31%
Profit before taxes, Me	-28.9*	4.5	-	4.2	5.6	-25%
Net result, Me	-24.1**	3.5	-	4.0	5.5	-27%
Earnings/share, Euro	-0.16**	0.02	-	0.03	0.04	-
ROE, %	-7.4%	1.2%	-	-	-	-

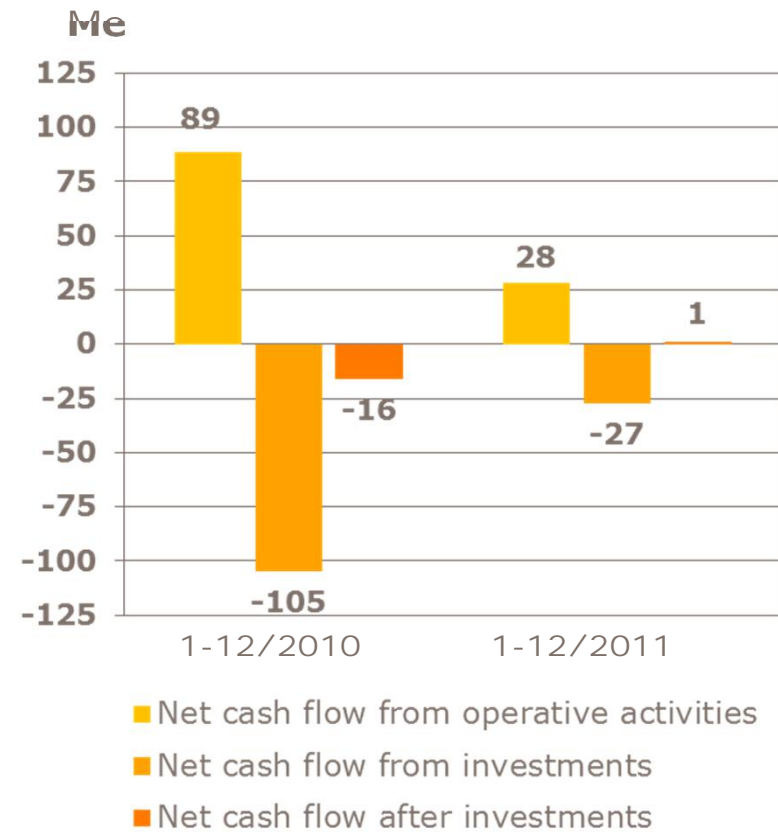
*) Includes 33.4 impairment charge related to the intangible assets of the Stary Lekar brand

***) Includes 26.7 Me profit impact of impairment charge related to the intangible assets of Stary Lekar brand



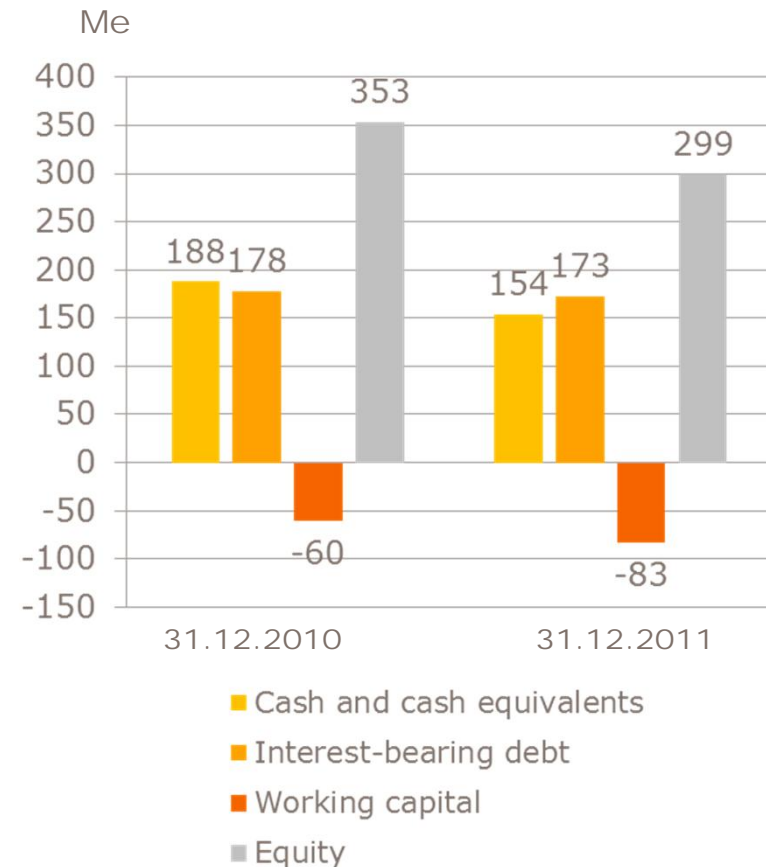
Cash Flow 2011

- Changes in working capital 11.8 Me (73.4 Me)
- Gross investments 28.8 Me (196.9 Me)
 - Pharmacy establishment
 - Information systems
 - Improvements in logistics efficiency

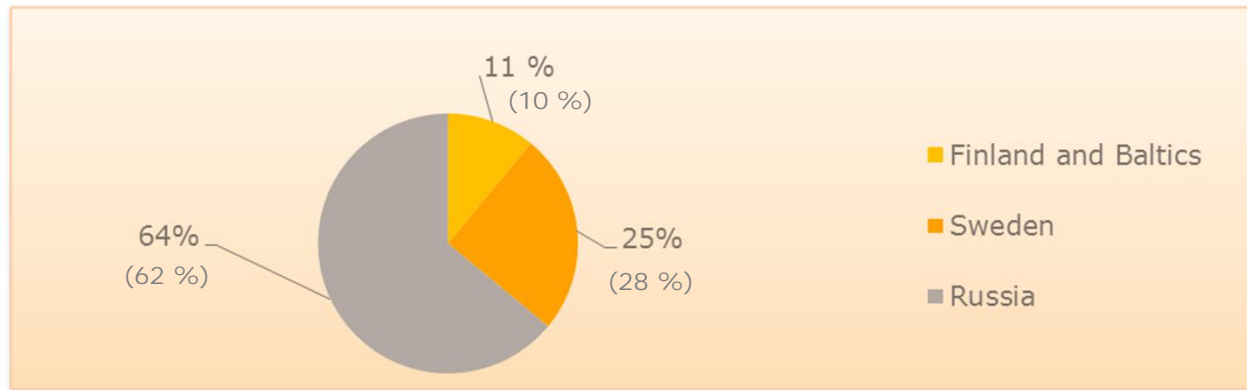


Balance Sheet 31 December 2011

- Total assets 1273 Me (1193 Me)
- Equity ratio 24.4 % (30.8 %)
- Net gearing 6.4 % (-2.7 %)
- Interest bearing net debt 19.2 Me (-9.5 Me)
- Goodwill of Oriola-KD Group 266.8 Me
 - Retail and wholesale Russia 127.3 Me
 - Retail Sweden 112.4 Me
 - Wholesale Sweden 27.2 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 December 2011
- Oriola-KD's 150 Me commercial paper programme was not in use at the end of December 2011
- The terms of the financial covenants were met with a wide margin at the end of December 2011



Personnel 31 December 2011



Operating segment	31.12.2011	31.12.2010	Change %
Pharmaceutical Wholesale Finland and Baltics	492	496	-1%
Pharmaceutical Retail Sweden	988	1125	-12%
Pharmaceutical Wholesale Sweden	235	282	-17%
Pharmaceutical Retail Russia	1464	1544	-5%
Pharmaceutical Wholesale Russia	1675	1507	+11%
Total	4854	4954	-2%



Reporting Segments





Net Sales and EBIT 2011

	Net sales, Me		EIBT, Me		Net sales, Me		EBIT, Me	
	1-12/11	1-12/10	1-12/11	1-12/10	Q4/11	Q4/10	Q4/11	Q4/10
Pharmaceutical Trade Finland and Baltics	415	448	20.6	21.4	106	112	4.4	5.3
Pharmaceutical Trade Sweden*	1042	909	10.6	15.3	259	247	2.6	4.5
Pharmaceutical Trade Russia*	689	572	-12.6	-8.2	195	170	0.2	0.1
Group administration	-	-	-5.5	-6.0	-	-	-1.4	-1.4
Total, excluding one-off items and impairment charges	2146	1929	13.2	22.5	559	528	5.8	8.4
One-off items and impairment charges*	-	-	-33.4	-12.7	-	-	-	-1.1
Total, including one-off items and impairment charges	2146	1929	-20.2	9.8	559	528	5.8	7.3

*) Year 2010: 2.8 Me in Sweden and 10.0 Me one-off costs in Russia
 Year 2011: 33.4 Me impairment charge of Sary Lekar brand in Russia

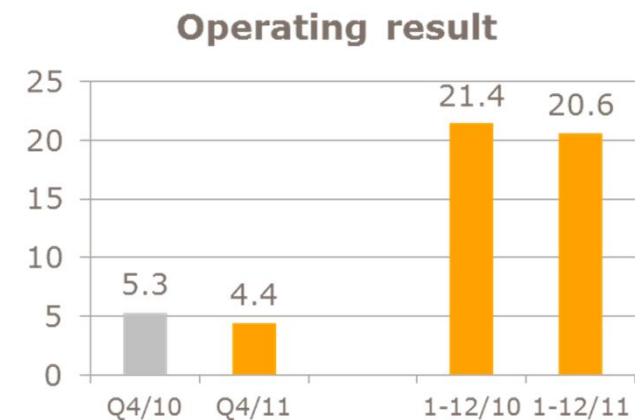
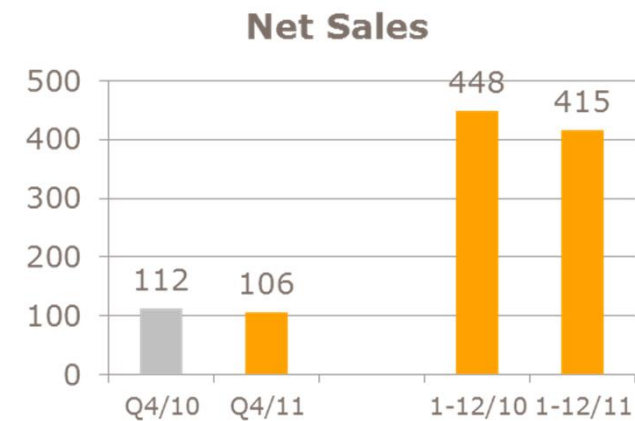


Pharmaceutical Trade Finland and Baltics 2011

- **Pharmaceutical wholesale Finland**
 - Invoicing 970 Me (960 Me)
 - Net sales 336 Me (374 Me)
 - Market share 45.1 % (46.0 %)*
 - Pharmaceutical market grew by 1.0 % (declined 1.5 %)*
 - Main new and extended distribution agreements
 - Eli Lilly as of January 2011
 - Five-year extended agreement with Orion as of July 2011
 - Abbott as of January 2012
 - Pharmaceutical companies moving from Oriola-KD's distribution
 - Wyeth as of January 2011
 - Finnish wholesale operations were certified according to ISO 9001:2008 in November 2011

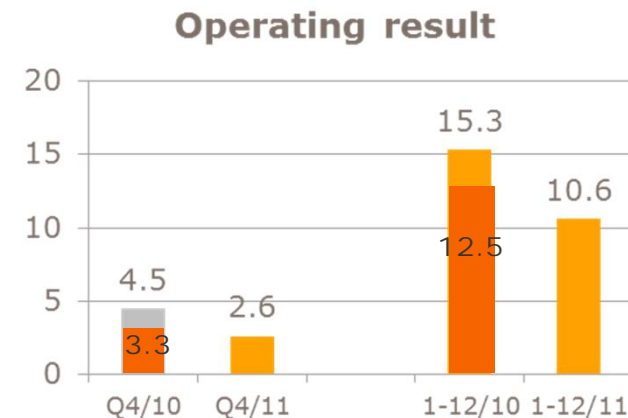
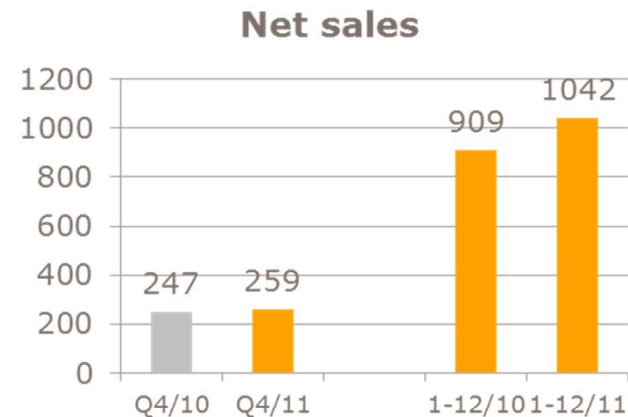
- **Pharmaceutical Wholesale Baltics**
 - Net sales 34 Me (31 Me)

- **Consumer Health business**
 - Net sales 45 Me (43 Me)



Pharmaceutical Trade Sweden 2011

- **Pharmaceutical retail**
 - Net sales 483 Me (403 Me as of 19 February 2010)
 - Market share 13.5 % (~14 %)
 - Pharmacies 209 (189)
 - A programme launched in the summer of 2011 markedly improved retail profitability in the latter part of the year
 - Reduction of 40 full time positions by year end 2011
 - Launch of IT system in September
 - Decreases fixed costs starting from the fourth quarter
- **Pharmaceutical wholesale**
 - Invoicing 1424 Me (1239 Me)
 - Net sales 617 Me (555 Me)
 - Market share 38.1 % (39.7 %)*
 - Main new distribution agreements
 - Abbott as of February 2011
 - Pharmaceutical companies moving from Oriola-KD's distribution
 - Meda as of July 2011
- **Pharmaceutical market grew by 2.0 % (1.1 %)***



Operating result in Sweden in 2010 includes 2.8 Me one-off costs

*) Source: IMS Health



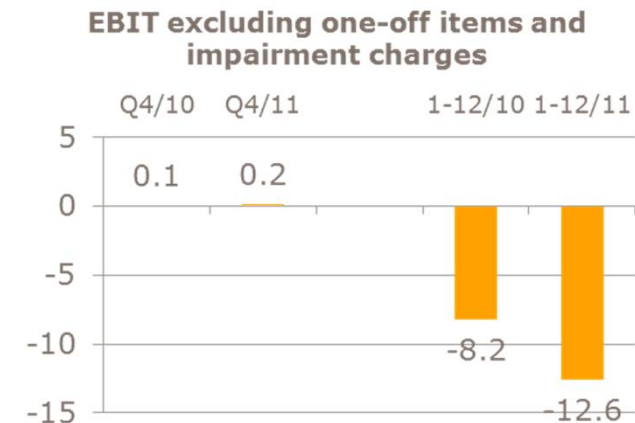
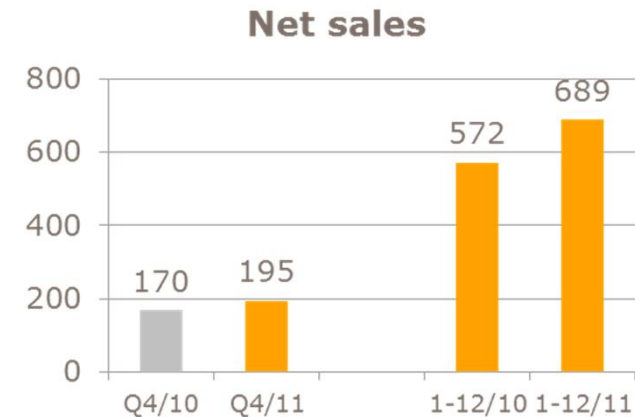
Pharmaceutical Trade Russia 2011

- **Pharmaceutical retail**
 - Net sales 132 Me (107 Me)
 - Pharmacies 249 (254) in Moscow
 - Sary Lekar 181 (181)
 - O3 Apteka 68 (73)
 - A programme launched in the summer of 2011 markedly improved retail profitability in the latter part of the year
 - Sary Lekar and O3 Apteka pharmacy chains were integrated
 - 32 new pharmacies were opened and 37 were closed down
 - The sales of the Sary Lekar pharmacy chain improved as a result of changes in pricing

- **Pharmaceutical wholesale**
 - Net sales 591 Me (518 Me)
 - Sales margins were raised, a number of unprofitable operations were discontinued, the organisation was strengthened and the project for boosting the efficiency of logistics was continued during 2011
 - Sales of the regional distribution centres outside Moscow increased by some 50 per cent compared to 2010

- Net sales grew by some 25% in Russian Rubles (~9%)

- Commercial pharmaceutical market grew by 12.4% (~5%) in Russian Rubles*



- Year 2010: Includes 10.0 Me one-off items
- Year 2011: 33.4 Me impairment charge of Sary Lekar brand of

Traded Volume of Shares 2011

- Market capitalisation on 31 Decmeber 2011 was 269 Me (483Me)
- The traded volume of all shares amounted to 49.4 % (65.9 %)*
- Number of shares at the end of December 2011 in total 151,257,828 (151.257.828)
 - Number of class A shares 47,148,710 (47,163,160)
 - Number of class B shares 104,109,118 (104,094,668)
 - In 2011 14,450 class A shares were converted to class B shares (504,199)
 - The compnay held 96,822 class B shares

Share class	2011		2010	
	Class A	Class B	Class A	Class B
Trading volume, million	2.9	71.8	5.9	93.6
Trading volume, Me	8.2	188.2	25.7	379.8
High, EUR	3.83	3.74	5.47	5.49
Low, EUR	1.70	1.57	3.09	3.07
Close at 31 December 2011, EUR	1.89	1.72	3.19	3.19
Traded volume, %*	6.1 %	69.0 %	12.5 %	90.5 %

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

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 impairment testing made at least once a year
 - Changes in cash flow forecasts based on strategic plans, or in the discount rate or perpetuity growth rate, can cause a goodwill write-down, which would weaken Oriola-KD's profit
 - Especially the impairment test of the goodwill of the Russian cash-generating unit is more sensitive than before to changes in the discount rate or cash-flow forecasts
- Near-term risks and uncertainty factors
 - Intense competition and the number of new pharmacies to be established will have an impact on the profitability of Oriola-KD's pharmacy business in Sweden and Russia
 - Changes in the exchange rate of the Russian Ruble, a potential increase in credit risks concerning customers and changes in the competitive environment may have an impact on the profitability of the wholesale business in Russia



Oriola KD

Events After Review Period

- Lars Birkeland, M.Sc. (Econ.) (b. 1960) has been appointed Managing Director of Kronans Droghandel AB and a member of the Oriola-KD Group Management Team as of 9 January 2012
- On 31 January 2012, the Nomination Committee of Oriola-KD Corporation presented to the Board of Directors its recommendation that the Board propose the following to the 2012 Annual General Meeting regarding the composition of the Board of Directors
 - The number of members of the Board of Directors would remain eight.
 - The present members of the Board of Directors, Mr. Jukka Alho, Mr. Harry Brade, Mr. Per Bâtelson, Mr. Pauli Kulvik, Ms. Outi Raitasuo, Mr. Olli Riikkala, Mr. Iikka Salonen and Mr. Mika Vidgrén, would be re-elected
 - Mr. Olli Riikkala would be re-elected as Chairman of the Board of Directors
- The Nomination Committee also announced as its recommendation that the following remunerations would be continued to be paid to the members of the Board of Directors
 - Chairman of the Board: annual fee of 48,400 euros, attendance fee of 800 euros per meeting, telephone as fringe benefit
 - Vice chairman of the Board: annual fee of 30,250 euros, attendance fee of 400 euros per meeting
 - Other members of the Board: annual fee of 24,200 euros, attendance fee of 400 euros per meeting
 - Attendance fees would be paid respectively also to members of company and Board committees
 - Of the annual fee, 60 per cent would be paid in cash and 40 per cent would be used to acquire Oriola-KD Corporation's class B-shares for the members of the Board of Directors on the NASDAQ OMX Helsinki Stock Exchange on 13 April 2012. The cash part of the annual fee would be paid no later than 20 April 2012
 - Travel expenses would be reimbursed in accordance with the travel policy of the company
- The Nomination Committee stated that its recommendation on board remuneration was not given to the Board of Directors, but the matter will be proposed by a shareholder at the 2012 Annual General Meeting



Distribution Proposal and AGM

- Oriola-KD's parent company is Oriola-KD Corporation, whose distributable assets based on the balance sheet on 31 December 2011, were EUR 221.9 million (EUR 184.5 million)
- Oriola-KD Corporation's net profit in 2011 was EUR 64.6 million (EUR 106.5 million)
- The Board proposes to the Annual General Meeting that a dividend of EUR 0.05 per share (EUR 0.05 per share) is paid for 2011, and that EUR 0.03 per share (EUR 0.13 per share) is distributed from the reserves of unrestricted equity as repayment of equity, totaling EUR 0.08 per share (EUR 0.18 per share) in distributed assets
- Annual General Meeting
 - Oriola-KD Corporation's Annual General Meeting will be held on 26 March 2012 at 5.00 p.m. at the Helsinki Fair Centre
 - The notice of the Annual General Meeting will be published in the Helsingin Sanomat newspaper on 5 March 2012 at the latest
- Publication of the annual report
 - Oriola-KD Corporation will publish its annual report for 2011 on 5 March 2012 at the latest



Outlook 2012 – Market Development

- Oriola-KD's outlook for 2012 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 annually in average by some 3 per cent in Finland, 2-3 per cent in Sweden, and 11-13 per cent in Russia, measured in local currencies (source: IMS Health)
- Competition is expected to remain very tough in the Russian pharmaceutical retail and wholesale business and the Swedish pharmaceutical retail business





Outlook 2012

- Oriola-KD's net sales are expected to increase 10–15 per cent and operating profit excluding one-off items is expected to be EUR 23–33 million in 2012



2012 Focus Areas

- Profitability improvement
- Retail in Sweden and Russia
 - Develop the pharmacy portfolio
 - Improve the competitiveness of individual pharmacies
- Wholesale Russia
 - Improve logistics efficiency
 - Improve operational reliability
 - Increase regional sales
- Wholesale Sweden
 - Develop services to pharmaceutical companies
 - Develop logistics services for pharmacy chains
- Wholesale Finland and Baltics
 - Develop the traded goods assortment and increase sales







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

