

Oriola-KD Corporation Stock Exchange Release 25 October 2012 at 8.30 a.m.

Oriola-KD Corporation's Interim Report for 1 January – 30 September 2012

Key figures for 1 January - 30 September 2012

- Net sales increased by 11.3 per cent to EUR 1,766.7 million (1-9/2011: EUR 1,587.2 million).
- Operating profit excluding one-off items was EUR 17.2 million (1-9/2011: operating profit excluding one-off items EUR 7.4 million).
- One-off item of a receivable write-off of EUR 1.1 million associated with the bankruptcy of Swedish cash transport company Panaxia AB was recognised in the third quarter.
- Operating profit was EUR 16.1 million (1-9/2011: operating loss EUR 26.0 million including an EUR 33.4 million impairment charge related to the Russian Stary Lekar brand).
- Net cash flow from operations was EUR -9.3 million (1-9/2011: EUR -2.4 million).
- Net profit was EUR 5.5 million (1-9/2011: EUR -28.2 million) and earnings per share were EUR 0.04 (1-9/2011: EUR -0.19).
- Return on equity was 2.4 per cent (1-9/2011: -11.8 per cent).
- Revised outlook for 2012 issued on 25 October 2012: Oriola-KD's net sales are expected to increase 10-15 per cent and operating profit excluding one-off items is expected to come to EUR 24–28 million in 2012. (Previous outlook for 2012 issued on 26 July 2012: Oriola-KD's net sales are expected to increase 10–15 per cent and operating profit excluding one-off items is expected to come to EUR 23–33 million in 2012.)

Key figures for 1 July - 30 September 2012

- Net sales increased by 12.4 per cent to EUR 586.1 million (7-9/2011: EUR 521.6 million).
- Operating profit excluding one-off items was EUR 7.5 million (7-9/2011: EUR 3.4 million).
- A one-off item of a receivable write-off of EUR 1.1 million in Sweden was recognised during the quarter.
- Operating profit was EUR 6.4 million (7-9/2011: operating profit EUR 3.4 million).
- Net profit was EUR 2.3 million (7-9/2011: EUR -0.6 million) and earnings per share were EUR 0.02 (7-9/2011: EUR -0.00).

President and CEO Eero Hautaniemi's comments regarding the interim report:

“Oriola-KD's net sales increased by 11.3 per cent to EUR 1,766.7 million and operating profit excluding one-off items was EUR 17.2 million in January-September 2012. Pharmaceutical Trade Sweden's operating profit excluding one-off items improved from EUR 8.0 million to EUR 11.7 million and Pharmaceutical Trade Russia's operating loss excluding one-off items decreased from EUR 12.8 million to EUR 5.3 million. The wholesale business in Finland performed positively. In the Swedish retail business, the growth in the relative share of sales of traded goods, the OTC assortment and parallel imports has increased the gross margin, and costs related to the implementation of IT systems no longer affected profit in 2012. In the Swedish wholesale business the low level of invoicing and preparation costs of EUR 0.6 million associated with the start-up of OTC products and traded goods purchasing and logistics service for pharmacy chains reduced profit significantly compared to previous year. Delivery of purchasing and logistics services to five pharmacy chains has started according to plan at the beginning of October. The profitability of the Russian retail business improved as a result of the actions to boost the efficiency of operations and the growth in sales of individual pharmacies. The operating loss of the Russian wholesale business decreased as a result of increased regional and hospital sales, intensified operations and improved delivery reliability. We will systematically continue our planned measures to boost profitability.”

Financial performance

The Oriola-KD Group's (hereinafter Oriola-KD) net sales in January–September 2012 were EUR 1,766.7 million (EUR 1,587.2 million), and the operating profit excluding one-off items was EUR 17.2 million (EUR 7.4 million). Pharmaceutical Trade Sweden's operating profit excluding one-off items improved from EUR 8.0 million to EUR 11.7 million and Pharmaceutical Trade Russia's operating loss excluding one-off items decreased from EUR 12.8 million to EUR 5.3 million. Operating profit was EUR 16.1 million including a one-off item recognised in the third quarter of a EUR 1.1 million receivable write-off associated with the bankruptcy of cash transport company Panaxia AB in Sweden (operating loss EUR 26.0 million including an

EUR 33.4 million impairment charge related to the Russian Stary Lekar brand). Profit after financial items came to EUR 9.2 million (EUR -33.1 million), net profit was EUR 5.5 million (EUR -28.2 million) and earnings per share came to EUR 0.04 (EUR -0.19). Oriola-KD's financial expenses were EUR 6.9 million (EUR 7.1 million), including a EUR 0.7 million accrual cost of an arrangement fee for a loan repaid in connection with the renewal of bank loans during the first quarter. Taxes amounted to EUR 3.7 million (EUR 4.9 million positive). Taxes corresponding to the result for the January-September period 2012 are entered under this figure.

Third-quarter net sales came to EUR 586.1 million (EUR 521.6 million) and operating profit excluding one-off items to EUR 7.5 million (EUR 3.4 million). Pharmaceutical Trade Sweden's operating profit excluding one-off items improved from EUR 3.8 million to EUR 4.8 million and Pharmaceutical Trade Russia's operating loss decreased from EUR 5.5 million to EUR 2.0 million compared with the third quarter of 2011. Operating profit was EUR 6.4 million (EUR 3.4 million) including a one-off item of a receivable write-off of EUR 1.1 million associated with the bankruptcy of Swedish cash transport company Panaxia AB that was recognised in the third quarter. Profit after financial items came to EUR 4.2 million (EUR 0.3 million) and net profit was EUR 2.3 million (EUR -0.6 million). Earnings per share in the third quarter were EUR 0.02 (EUR -0.00).

Return on equity was 2.4 per cent (-11.8 per cent) in January–September 2012.

Balance sheet, financing and cash flow

Oriola-KD's balance sheet total on 30 September 2012 stood at EUR 1,276.9 million (EUR 1,136.6 million). Cash assets were EUR 88.6 million (EUR 114.8 million), equity was EUR 305.8 million (EUR 283.8 million) and the equity ratio was 24.5 per cent (25.6 per cent).

Oriola-KD's group goodwill of EUR 279.7 million has been allocated in impairment testing to the operating segments i.e. cash-generating units: EUR 118.5 million to the Swedish pharmaceutical retail business, EUR 28.2 million to the Swedish pharmaceutical wholesale business, EUR 89.1 million to the Russian pharmaceutical wholesale business and EUR 43.9 million to the Russian pharmaceutical retail business. During the second quarter of 2012, goodwill related to Russia of EUR 133.0 million was allocated to the Russian pharmaceutical retail and Russian pharmaceutical wholesale operating segments in relation to future cash-flow forecasts.

Interest-bearing debt at the end of September 2012 was EUR 147.8 million (EUR 149.9 million), interest-bearing net debt was EUR 59.2 million (EUR 35.1 million) and the gearing ratio was 19.3 per cent (12.4 per cent). Interest-bearing debt consisted mainly of the use of the issued commercial paper programme, advance payments from pharmacies in Finland and the estimated discounted value of the minority share of the Swedish pharmacy company that Oriola-KD is obliged to acquire.

Oriola-KD's committed long-term credit facility of EUR 100.0 million and EUR 43.7 million of short-term credit account limits with banks were unused at the end of September 2012. A total of EUR 101.5 million (EUR 0.0 million) of Oriola-KD's EUR 150.0 million commercial paper programme was in use at the end of the review period. In February 2012, Oriola-KD renewed all long-term external loan agreements by signing a multi-currency revolving credit agreement with four banks amounting to EUR 100.0 million that will mature in April 2014.

Net cash flow from operations in January-September 2012 was EUR -9.3 million (EUR -2.4 million), of which changes in working capital accounted for EUR -14.9 million (EUR -6.2 million). In the Swedish pharmaceutical wholesale business, the trade receivables sales programme was continued during 2012. Sold trade receivables were EUR 49.4 million (EUR 59.1 million) at the end of the review period. Net cash flow from investments was EUR -16.1 million (EUR -17.7 million).

Investments

Gross investments for January-September 2012 came to EUR 15.0 million (EUR 20.3 million) and consisted of investments relating to the establishment of new pharmacies, information systems and improvements in logistics efficiency.

Personnel and management team

On 30 September 2012, Oriola-KD had a payroll of 4,823 (4,981) employees, 10 per cent (10 per cent) of whom worked in Finland and the Baltic countries, 27 per cent (25 per cent) in Sweden, and 63 per cent (65 per cent) in Russia. Personnel numbers include the members of staff in active employment.

Changes to the Oriola-KD Group Management Team: Lars Birkeland, M.Sc. (Econ.) (b. 1964) was appointed new Managing Director of Kronans Droghandel Apotek AB starting as of 9 January 2012. Konstantin Minin (b. 1974), Doctor, who was previously Commercial Director of Oriola-KD's Sary Lekar and 03 Apteka pharmacy chains in Russia was appointed Vice President, Pharmaceutical Retail Russia as of 1 March 2012. As of 1 March 2012 Henry Fogels has been in charge of Oriola-KD's wholesale business in Russia. Kimmo Virtanen was appointed Executive Vice President of Oriola-KD's pharmaceutical wholesale businesses in Finland, Sweden and the Baltics and Managing Director of Oriola Oy as of 15 May 2012. Tuomas Itkonen, M.Sc. (Econ.) (b. 1968) was appointed CFO of Oriola-KD Corporation and member of the Group Management Team. He will start on 1 November 2012.

Jukka Niemi, Vice President, Pharmaceutical Wholesale, Finland and Baltics resigned from the Group and from his position as Managing Director of Oriola Oy on 1 May 2012.

Oriola-KD's Group Management Team:

- * Eero Hautaniemi, President and CEO
- * Lars Birkeland, Vice President, pharmaceutical retail, Sweden
- * Henry Fogels, Vice President, pharmaceutical wholesale, Russia
- * Thomas Gawell, Vice President, pharmaceutical wholesale, Sweden
- * Tuomas Itkonen, CFO (as of 1 November 2012)
- * Konstantin Minin, Vice President, pharmaceutical retail, Russia
- * Teija Silver, Vice President, HR
- * Kimmo Virtanen, Executive Vice President and Vice President, pharmaceutical wholesale, Finland, Sweden and the Baltics

Reporting segments

Oriola-KD's reporting segments are Pharmaceutical Trade Finland and Baltics, Pharmaceutical Trade Sweden and Pharmaceutical Trade Russia. Oriola-KD has formed its reporting segments by combining its operating segments. The Pharmaceutical Trade Finland and Baltics reporting segment comprises the Finnish pharmaceutical wholesale, the Consumer Health and the Pharmaceutical Trade Baltics operating segments. The Pharmaceutical Trade Sweden reporting segment comprises the Swedish pharmaceutical retail and Swedish pharmaceutical wholesale operating segments. The Pharmaceutical Trade Russia reporting segment comprises the Russian pharmaceutical retail and Russian pharmaceutical wholesale operating segments.

Pharmaceutical Trade Finland and Baltics

The net sales of Pharmaceutical Trade Finland and Baltics in January-September 2012 were EUR 342.2 million (EUR 309.1 million), and its operating profit was EUR 16.2 million (EUR 16.2 million). Invoicing of the pharmaceutical wholesale business in Finland in January-September 2012 was EUR 770.0 million (EUR 725.1 million) and net sales were EUR 283.1 million (EUR 249.6 million). Net sales of pharmaceutical wholesale in the Baltic countries were EUR 26.0 million (EUR 25.4 million) and net sales of the Consumer Health business, i.e. consumer health products sold under Oriola-KD's own brands or exclusive sales rights, were EUR 33.4 million (EUR 34.4 million).

The Finnish pharmaceutical market grew by 2.5 per cent (1.0 per cent) in January-September 2012. Oriola-KD's market share of the Finnish pharmaceutical wholesale market was 47.2 per cent (45.6 per cent) in January-September 2012. (source: IMS Health)

The net sales of Pharmaceutical Trade Finland and Baltics in the third quarter of 2012 were EUR 108.7 million (EUR 101.8 million) and its operating profit was EUR 6.3 million (EUR 5.9 million). Invoicing of the pharmaceutical wholesale business Finland in the third quarter came to EUR 251.8 million (EUR 239.6 million) and net sales to EUR 89.5 million (EUR 82.7 million). Net sales of the pharmaceutical wholesale business in the Baltic countries were EUR 8.8 million (EUR 8.2 million), while net sales of the Consumer Health business were EUR 10.6 million (EUR 11.1 million).

The Finnish wholesale business offers effective distribution of pharmaceuticals and innovative services for pharmaceutical companies and pharmacies. The quality and efficiency of the picking automation line that was taken into use at the main distribution centre in Espoo during the first quarter was increased to the target level at the end of the third quarter. The wholesale business in Finland performed positively. Competition in the Consumer Health business has increased from the previous year. All operating countries within Pharmaceutical Trade Baltics made an operating profit.

Pharmaceutical Trade Finland and Baltics had 476 (496) employees at the end of September 2012.

Pharmaceutical Trade Sweden

Pharmaceutical Trade Sweden's net sales in January-September 2012 were EUR 768.9 million (EUR 783.5 million) and its operating profit excluding one-off items was EUR 11.7 million (EUR 8.0 million).

Operating profit excluding one-off items improved as a result of increased profitability in the retail business. In the retail business, the growth in the relative share of sales of traded goods, the OTC assortment and parallel imports has increased the gross margin, and costs related to the implementation of IT systems no longer affected profit in 2012. In the wholesale business, the low level of invoicing and preparation costs of EUR 0.6 million associated with the start-up of OTC products and traded goods purchasing and logistics service for pharmacy chains reduced profit significantly from the previous year. Wholesale invoicing was EUR 1,016.0 million (EUR 1,083.6 million) and net sales were EUR 432.6 million (EUR 465.9 million). Net sales of the retail business were EUR 376.3 million (EUR 361.6 million).

The operating profit including one-off items was EUR 10.6 million (EUR 8.0 million). A one-off item of a receivable write-off of EUR 1.1 million associated with the bankruptcy of cash transport company Panaxia AB and collected cash in hand from the pharmacies that was not received as a consequence was recognised in the third quarter. Kronans Droghandel Apotek AB had terminated its cooperation with Panaxia at the end of August, five days before the company filed for bankruptcy. The bankruptcy has resulted in significant losses for over 5,000 retailers in Sweden and a total of approximately EUR 70 million is missing.

The Swedish pharmaceutical market declined by 1.6 per cent (grew 2.8 per cent) in January-September 2012. Oriola-KD's market share of the Swedish pharmaceutical wholesale market was 35.9 per cent (38.7 per cent) and 13.6 per cent (13.1 per cent) of the retail market in January-September 2012. (source: IMS Health) The increase in sales of parallel imports and generic medicines in Sweden reduced Oriola-KD's market share in the pharmaceutical wholesale business.

The net sales of Pharmaceutical Trade Sweden in the third-quarter of 2012 were EUR 254.1 million (EUR 249.6 million) and its operating profit excluding one-off items was EUR 4.8 million (EUR 3.8 million). The operating profit including a one-off item of a receivable write-off of EUR 1.1 million was EUR 3.7 million (EUR 3.8 million). Wholesale invoicing was EUR 336.0 million (EUR 337.8 million) and net sales were EUR 140.4 million (EUR 148.4 million). Net sales of the retail business were EUR 126.9 million (EUR 115.3 million).

In 2012, the retail business will focus on improving pharmacies' competitiveness, developing purchasing operations, expanding the selection of traded goods and OTC assortment and opening some 15 new pharmacies. Seven (13) pharmacies have been opened during 2012, and at the end of September there were 216 (202) pharmacies in total. The establishment of new pharmacies in Sweden slowed down during 2012.

In 2012, the focus areas in the wholesale business are the improvement of distribution services provided to pharmaceutical companies and the development of logistics services provided to pharmacy chains. In June 2012, the wholesale company Oriola AB signed agreements with Apoteksgruppen, DocMorris, Medstop and Vårdapoteket on the purchasing, warehousing and pharmacy distribution of OTC products and traded goods. The combined purchases under the agreements are expected to come to approximately EUR 130 million annually from 2013. Oriola AB is also responsible for the purchasing, warehousing and pharmacy distribution of Kronans Droghandel Apotek AB's OTC products and traded goods. The purchasing and logistics service started up according to plan at the beginning of October; the financial benefits of the service will be felt in full as of the second half of 2013. The purchasing and logistics service is expected to increase the profitability of the wholesale and retail businesses as a result of greater delivery volumes and improved purchasing conditions. The new freight agreement that Oriola AB signed during the second quarter of 2012 will lower freight costs and assist in the fulfilment of quality criteria related to the purchasing and logistics service.

Pharmaceutical Trade Sweden had 1,314 (1,254) employees at the end of September 2012, of whom 1,055 (1,002) were employed in retail and 259 (252) were employed in wholesale.

Pharmaceutical Trade Russia

Pharmaceutical Trade Russia's net sales in January-September 2012 were EUR 655.8 million (EUR 494.9 million) and operating loss was EUR 5.3 million (operating loss EUR 46.2 million including an EUR 33.4 million impairment charge related to the Stary Lekar brand and operating loss excluding impairment charge EUR 12.8 million). The profitability of the retail business improved as a result of the growth in sales of individual pharmacies due to actions to boost efficiency and the changes in pricing implemented in summer 2011. Net sales of the wholesale business in Russia were 565.9 million (EUR 426.0 million) and net sales of the retail business were EUR 107.3 million (EUR 96.6 million). In the wholesale business, net sales of the regional distribution centres outside Moscow increased by some 67 per cent in January-September 2012, and in addition to this, sales of pharmaceuticals to hospitals almost tripled on the previous year. The operating loss of the wholesale business decreased as a result of increased regional and hospital sales, increased efficiency and improved delivery reliability.

Payment times have increased in the wholesale business in Russia, which has led to an increase in credit loss risks. According to its customer credit policy, Oriola-KD books an accrual for credit loss when a trade receivable is more than 180 days overdue and there is no separate guarantee associated with the trade receivable. In January-September 2012, the wholesale business has booked a total of EUR 1.9 million credit loss accruals relating to the trade receivables; the collection of these trade receivables is actively continuing. In order to minimise credit loss risks, the Russian wholesale business has shortened its term of payment to its customers, clarified the trade receivables collection process and strengthened collection department.

The Russian ruble-denominated growth of the pharmaceutical market in Russia was 22.5 per cent (9.9 per cent) in January-September 2012 (source: Pharmexpert). Net sales of Oriola-KD's wholesale business grew by 30.6 per cent (17.3 per cent) and the retail business grew 9.2 per cent (34.8 per cent) in Russian rubles in January-September 2012. Oriola-KD's total net sales increased by 30.3 per cent (25.0 per cent) in Russian rubles in January-September 2012.

Pharmaceutical Trade Russia's third-quarter net sales in 2012 came to EUR 223.3 million (EUR 170.3 million), of which retail accounted for EUR 34.2 million (EUR 31.5 million) and wholesale EUR 194.3 million (EUR 145.7 million). The operating loss of the retail and wholesale businesses was EUR 2.0 million (operating loss EUR 5.5 million). The profitability of both businesses improved on the previous year.

In 2012 the retail business will focus on developing the pharmacy portfolio, improving the competitiveness of individual pharmacies and strengthening the product assortment. At the end of September 2012, Oriola-KD had 237 (264) pharmacies in the Moscow area, of which 167 (189) operated under the Stary Lekar brand and 70 (75) under the 03 Apteka brand. Eight pharmacies were opened and 20 were closed during January-September 2012. In June 2012, Oriola-KD completed its project to close down unprofitable pharmacies. The retail business achieved positive EBITDA during 2012, despite the challenging competition situation..

In 2012, unprofitable products in the assortment of the warehouse business will be eliminated, logistics intensified and delivery reliability improved by developing the internal operating processes. Projects have been started in Russia to implement a new warehouse management system at the start of 2013 and to establish a new automated main logistics centre in Moscow at the beginning of 2014. The wholesale business has twelve regional logistics centres in addition to its main logistics centre in Moscow.

At the end of September 2012, Pharmaceutical Trade Russia had 3,032 (3,231) employees, of whom 1,316 (1,585) were employed in retail and 1,717 (1,646) in wholesale.

Related parties

Related parties in the Oriola-KD Group are deemed to comprise the members of the Board and the President and CEO of Oriola-KD Corporation, the other members of the Group Management Team of the Oriola-KD Group, the immediate family of the aforementioned persons, the companies controlled by the aforementioned persons, and the Oriola Pension Fund. The Group has no significant business transactions

with related parties, except for pension expenses arising from defined benefit plans with the Oriola Pension Fund.

Oriola-KD Corporation shares

Trading volume of the Oriola-KD Corporation's class A and B shares in January–September 2012:

Trading volume	Jan-Sep 2012		Jan-Sep 2011	
	class A	class B	class A	class B
Trading volume, million	4.3	24.4	2.1	58.2
Trading volume, EUR million	8.5	46.7	6.5	163.2
Highest price, EUR	2.44	2.15	3.83	3.74
Lowest price, EUR	1.77	1.70	1.76	1.57
Closing quotation, end of period, EUR	2.08	2.05	1.79	1.69

Oriola-KD Corporation's market capitalisation on 30 September 2012 was EUR 311.5 million (EUR 260.3 million).

In the review period, the traded volume of Oriola-KD Corporation shares, excluding treasury shares, corresponded to 36.6 per cent (39.9 per cent) of the total number of shares. The traded volume of class A shares amounted to 18.1 per cent (4.5 per cent) of the average stock, and that of class B shares, excluding treasury shares, 44.9 per cent (56.0 per cent) of the average stock.

At the end of September 2012, the company had a total of 151,257,828 shares (151,257,828), of which 47,148,710 were class A shares (47,163,160) and 104,109,118 were class B shares (104,094,668). The company has 96,822 treasury shares, all of which are class B shares. These account for 0.06 per cent of the company's shares and 0.009 per cent of the votes.

Under Article 3 of the Articles of Association, a shareholder may demand conversion of class A shares into class B shares. During the period 1 January - 30 September 2012, no class A shares were converted into class B shares (0 shares).

On 10 February 2010, Oriola-KD Corporation's Board of Directors decided on a share incentive scheme for the Group's key personnel for the years 2010–2012. No bonuses have been paid under the incentive scheme for the 2010 and the 2011 earning periods. The Board of Directors of Oriola-KD has determined the earnings criteria for 2012. Any payment for the 2012 earning period will be based on the attainment of business-specific strategic targets.

Decisions of the 2012 Annual General Meeting

The Annual General Meeting of Oriola-KD Corporation, held on 26 March 2012, adopted the 2011 financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial year ending 31 December 2011. According to the decisions of the AGM, the company paid a dividend of EUR 0.05 per share and distributed EUR 0.03 per share as repayment of equity on 12 April 2012.

The AGM re-elected Jukka Alho, Harry Brade, Per Bätelson, Pauli Kulvik, Outi Raitasuo, Olli Riikkala (Chairman), Ilkka Salonen and Mika Vidgrén as Board members. The AGM confirmed a term of office fee of EUR 48,400 for the Chairman, EUR 30,250 for the Vice Chairman, and EUR 24,200 for the other members of the Board. The Chairman receives an attendance fee of EUR 800 per meeting, and the other Board members EUR 400 per meeting. In accordance with the decision of the AGM, 40 per cent of the term of office fee was used to acquire Oriola-KD Corporation's class B shares for the Board members on the NASDAQ OMX Helsinki Stock Exchange on 13 April 2012, and 60 per cent of the fee was paid in cash on 20 April 2012.

PricewaterhouseCoopers Oy was re-elected as auditor for the company, with APA Heikki Lassila as principal auditor.

The AGM authorised the Board to decide on repurchasing up to fifteen million of the company's own class B shares. Shares may be repurchased also in a proportion other than in which shares are owned by the shareholders. The authorisation is in force for eighteen months following the decision of the AGM.

The AGM authorised the Board to decide on a share issue against payment in one or more issues, including the right to issue new class B shares or to assign class B shares held by the company. The authorisation covers a combined maximum of fifteen million class B shares of the company and includes the right to derogate from the shareholders' pre-emptive subscription right. The authorisation is in force for eighteen months following the decision of the AGM.

At its constitutive meeting held immediately after the AGM, the Board of Directors of Oriola-KD Corporation elected Outi Raitasuo as Vice Chairman of the Board. The Board appointed from among its members Outi Raitasuo (Chairman), Harry Brade, Ilkka Salonen and Mika Vidgrén to the Board's Audit Committee, and Olli Riikkala (Chairman), Per Båtelson and Pauli Kulvik to the Board's Remuneration Committee. In addition to the above mentioned members, the Board appointed Harry Brade to the Remuneration Committee at its meeting held on 29 August 2012. The Board of Directors has assessed the independence of its members and determined that all members are independent of both the company and its major shareholders.

Risks

Oriola-KD's Board of Directors has approved the company's risk management policy in which the risk management operating model, principles, responsibilities and reporting are specified. The Group's risk management seeks to identify, measure and manage risks that may threaten Oriola-KD's operations and the achievement of goals set. The roles and responsibilities relating to risk management have been determined in the Group.

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.

During the third quarter of 2012, Oriola-KD updated the principal strategic and operational risks in its business:

- Amendments to pharmaceutical market regulations may weaken Oriola-KD's profitability.
- In the Swedish retail business, the free establishment of pharmacies has led to a rapid increase in the number of pharmacies. The number of pharmacies may continue to grow, which means that the fierce competition could continue.
- In the Russian retail business, tough competition resulting from the large number of pharmacies may lead to a further decrease in the gross margin and a rapid turnover rate of key personnel.
- Extra capacity ensuing from a change in the Swedish wholesale market will intensify competition, which may weaken the profitability of operations. The share of single channel distribution in the pharmaceutical wholesale market may decline rapidly, which may weaken the profitability of operations and lead to the restructuring of wholesale operations.
- As a result of the tough competition in the Russian wholesale business, the gross margin may decline further, which will lead to a continued need to intensify operations and restructure wholesale operations over the long term. The payment behaviour that is typical to the Russian market, combined with the regional expansion of operations may increase credit risks.
- Strategic development projects involve operational risks

The major financial risks for Oriola-KD involve currency rate, liquidity, interest rate and credit risks. Currency risks are the most significant financial risks in Russia and Sweden, as any 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 at least once every year. Changes in cash flow forecasts based on strategic plans, or in the discount rate or perpetuity growth rate, can cause a goodwill write-off, which would weaken Oriola-KD's result. The impairment test of the goodwill of the Russian cash-generating units, in particular, is sensitive to changes in the discount rate or cash-flow forecasts.

Near-term risks and uncertainty factors

A decrease in gross margin resulting from intense competition and an increase in credit risks concerning customers may have an impact on the profitability of the wholesale business in Russia.

Outlook

Oriola-KD's outlook for 2012 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments. In the period 2012-2016, the pharmaceutical market is expected to grow on average per year by 0.3 per cent in Finland, 0.5 per cent in Sweden, and 11.1 per cent in Russia, measured in local currencies (source: IMS Health 09/2012).

Revised outlook for 2012 issued on 25 October 2012:

Oriola-KD's net sales are expected to increase 10–15 per cent and operating profit excluding one-off items is expected to come to EUR 24–28 million in 2012.

Previous outlook for 2012 issued on 26 July 2012:

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

Tables

The interim report for 1 January - 30 September 2012 has been prepared in accordance with the recognition policies of the IAS 34 standard. Oriola-KD adopted new IAS/IFRS standards in January-September 2012: IFRS 7 (amendment) and IAS 12 (amendment). The changes in the standards had no impact on Oriola-KD's result. The figures are unaudited.

Consolidated Statement of Comprehensive Income (IFRS), EUR million	1 Jan - 30 Sep 2012	1 Jan - 30 Sep 2011	1 July - 30 Sep 2012	1 July - 30 Sep 2011	1 Jan - 31 Dec 2011
Net sales	1,766.7	1,587.2	586.1	521.6	2,146.0
Cost of goods sold	-1,508.9	-1,355.0	-499.9	-447.9	-1,830.1
Gross profit	257.8	232.2	86.2	73.7	315.9
Other operating income	1.8	2.0	0.7	0.5	2.6
Selling and distribution expenses	-201.2	-186.7	-66.1	-59.2	-250.9
Administrative expenses	-41.2	-40.1	-13.4	-11.6	-54.4
Operating Profit/Loss before One-off items *	17.2	7.4	7.5	3.4	13.2
One-off items**	-1.1	-33.4	-1.1	-	-33.4
Operating Profit/Loss	16.1	-26.0	6.4	3.4	-20.2
Financial income	15.6	7.5	11.4	2.0	10.7
Financial expenses	-22.5	-14.7	-13.6	-5.1	-19.4
Profit/Loss before taxes	9.2	-33.1	4.2	0.3	-28.9
Income taxes ***	-3.7	4.9	-1.9	-0.9	4.8
Profit/Loss for the period	5.5	-28.2	2.3	-0.6	-24.1
Other comprehensive income					
Cash flow hedge	-0.7	-1.2	-0.8	-1.7	-1.3
Income tax relating to other comprehensive income	-0.5	0.9	-0.4	0.8	0.4
Translation difference	14.1	-13.2	10.2	-16.0	-1.2
Total comprehensive income for the period	18.4	-41.7	11.4	-17.5	-26.3

**Attribution of Profit/Loss
for the period**

To parent company shareholders	5.5	-28.2	2.3	-0.6	-24.1
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**Attribution of total
comprehensive
income for the period**

To parent company shareholders	18.4	-41.7	11.4	-17.5	-26.3
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**Earnings per share for the
period
from continuing operations**

Basic earnings per share, EUR	0.04	-0.19	0.02	-0.00	-0.16
Diluted earnings per share, EUR	0.04	-0.19	0.02	-0.00	-0.16

*) Including depreciation, EUR million

	-13.7	-11.1	-4.7	-3.9	-16.1
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**) Receivable write-off in Sweden Q3/2012 and Stary Lekar -brand impairment in Russia Q2/2011, EUR million

	-1.1	-33.4	-1.1	-	-33.4
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**) The tax expense for the period corresponds to the taxes calculated from the profit for the financial period

**Consolidated Balance Sheet (IFRS),
EUR million**

ASSETS	30 Sep 2012	30 Sep 2011	31 Dec 2011
Non-current assets			
Property, plant and equipment	78.9	69.2	74.0
Goodwill	279.7	255.5	266.8
Other intangible assets	53.5	51.1	52.1
Other shares and shareholdings	0.0	0.0	0.0
Other non-current assets	9.4	9.3	9.4
Deferred tax assets	7.0	5.2	7.6
Non-current assets total	428.6	390.4	410.0
Current assets			
Inventories	362.2	309.4	379.8
Trade and other receivables	397.5	322.1	329.7
Cash and cash equivalents	88.6	114.8	153.8
	848.3	746.2	863.3
Non-current assets held for sale	0.0	-	0.0
Current assets total	848.4	746.2	863.4

ASSETS TOTAL	1,276.9	1,136.6	1,273.3
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EQUITY AND LIABILITIES	30 Sep 2012	30 Sep 2011	31 Dec 2011
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Equity of the parent company shareholders

Share capital	36.2	36.2	36.2
Funds	25.9	31.2	31.2
Retained earnings	243.7	216.4	231.9
Equity total	305.8	283.8	299.3

Non-current liabilities

Deferred tax liabilities	15.6	14.5	15.1
Pension obligations	6.8	5.9	6.3
Borrowings	16.4	121.5	127.0
Other non-current liabilities	0.8	0.0	0.0
Non-current liabilities total	39.6	142.0	148.4

Current liabilities

Trade payables and other current liabilities	800.2	682.4	779.7
Borrowings	131.3	28.4	46.0
Current liabilities total	931.5	710.8	825.7

EQUITY AND LIABILITIES TOTAL	1,276.9	1,136.6	1,273.3
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Consolidated Statement of Changes in Equity (IFRS)

Equity of the parent company shareholders

EUR million	Share capital	Hedge fund	Contingency fund	Other funds	Translation differences	Re-tained earnings	Equity total
Equity							
1 Jan 2011	36.2	1.2	30.0	20.9	-6.3	270.8	352.7
Dividends paid and return of equity	-	-	-	-19.7	-	-7.6	-27.2
Net profit/loss for the period	-	-	-	-	-	-28.2	-28.2
Other comprehensive income:							
Cash flow hedge	-	-1.2	-	-	-	-	-1.2
Income tax relating to other comprehensive income	-	-	-	-	0.9	-	0.9
Translation difference	-	-	-	-	-13.2	-	-13.2
Equity							
30 Sep 2011	36.2	-0.0	30.0	1.2	-18.6	235.0	283.8

Equity

1 Jan 2012	36.2	-0.0	30.0	1.2	-7.2	239.1	299.3
Dividends paid and return of equity	-	-	-4.5	-	-	-7.6	-12.1
Share-based payments	-	-	-	-	-	0.2	0.2
Net profit/loss for the period	-	-	-	-	-	5.5	5.5
Other comprehensive income:							
Cash flow hedge	-	-0.7	-	-	-	-	-0.7
Income tax relating to other comprehensive income	-	-	-	-	-0.5	-	-0.5
Translation difference	-	-	-	-	14.1	-	14.1
Equity							
30 Sep 2012	36.2	-0.8	25.5	1.2	6.5	237.2	305.8

Consolidated Cash Flow Statement (IFRS), EUR million	1 Jan - 30 Sep 2012	1 Jan - 30 Sep 2011	1 Jan - 31 Dec 2011
Operating profit /loss	16.1	-26.0	-20.2
Depreciation	13.7	11.1	16.1
Impairment	-	33.4	33.4
Change in working capital	-14.9	-6.2	11.8
Cash flow from financial items and taxes	-18.7	-14.8	-15.1
Other adjustments	-5.5	0.1	2.1
Net cash flow from operating activities	-9.3	-2.4	28.1
Net cash flow from investing activities	-16.1	-17.7	-27.1
Net cash flow from financing activities	-40.3	-52.5	-35.0
Net change in cash and cash equivalents	-65.7	-72.5	-34.1
Cash and cash equivalents at the beginning of the period	153.8	187.8	187.8
Foreign exchange rate differences	0.5	-0.5	0.1
Net change in cash and cash equivalents	-65.7	-72.5	-34.1
Cash and cash equivalents at the end of the period	88.6	114.8	153.8

Change in Property, Plant and Equipment, EUR million	1 Jan - 30 Sep 2012	1 Jan - 30 Sep 2011	1 Jan - 31 Dec 2011
Carrying amount at the beginning of the period	74.0	68.0	68.0
Increases	10.5	9.9	16.2
Decreases	-0.7	-0.5	-0.6
Depreciation	-8.0	-6.8	-9.6
Transferred to assets of disposal group classified as held for sale	-	-	-0.0
Foreign exchange rate differences	3.1	-1.4	0.1
Carrying amount at the end of the period	78.9	69.2	74.0

Key Figures	1 Jan - 30 Sep 2012	1 Jan - 30 Sep 2011	1 Jan - 31 Dec 2011
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Equity ratio, %	24.5	25.6	24.4
Equity per share, EUR	2.02	1.88	1.98
Return on capital employed (ROCE), %	4.6	-7.2	-4.0
Return on equity (ROE), %	2.4	-11.8	-7.4
Net interest-bearing debt, EUR million	59.2	35.1	19.2
Gearing, %	19.3	12.4	6.4
Earnings per share, EUR	0.04	-0.19	-0.16
Average number of shares, 1000 pcs	151,244	151,161	151,161

Derivatives, Commitments and Contingent Liabilities

30 September 2012

EUR million	Positive fair value	Negative fair value	Nominal values of contracts
Derivatives recognised as cash flow hedges			
Interest rate swaps	-	-0.8	47.3
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	3.4	-	161.7
Interest rate swaps	-	-0.2	118.3

Interest rate risk relating to cash flow from Oriola AB's selling of trade receivables has been hedged with interest rate swaps.

Internal loan of 1 billion Swedish crowns given to Kronans Droghandel Apotek AB has been hedged using foreign currency swap contracts.

30 September 2011

EUR million	Positive fair value	Negative fair value	Nominal values of contracts
Derivatives recognised as cash flow hedges			
Interest rate swaps	-	-0.0	108.0
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	-	-0.0	2.2

Contingencies for Own Liabilities, EUR million

	30 Sep 2012	30 Sep 2011	31 Dec 2011
Guarantees given	34.5	117.0	138.6
Mortgages on land and buildings	2.0	2.0	2.0
Mortgages on company assets	2.5	2.3	2.4
Other guarantees and liabilities	0.6	0.6	0.7
Total	39.7	121.8	143.7
Leasing-liabilities (operating liabilities)	3.0	0.7	0.6
Rent contingencies	66.7	61.9	61.9

Parent company guarantee of 1 billion Swedish crowns given by Oriola-KD Oyj to secure Kronans Droghandel Apotek AB's external loan has expired during the first quarter of 2012.

	1 Jan - 30 Sep 2012	1 Jan - 30 Sep 2011	1 Jan - 31 Dec 2011
Number of personnel			
Average number of personnel	4,813	4,992	4,968
Number of personnel at the end of the period	4,823	4,981	4,854

SEGMENT INFORMATION

	1 Jan - 30 Sep 2012	1 Jan - 30 Sep 2011	1 Jan - 31 Dec 2011
Net Sales, EUR million			
Pharmaceutical Trade			
Finland and Baltics	342.2	309.1	414.8
Pharmaceutical Trade Sweden	768.9	783.5	1,042.0
Pharmaceutical Trade Russia	655.8	494.9	689.4
Net sales to other segments	-0.2	-0.2	-0.2
Group total	1,766.7	1,587.2	2,146.0

	1 Jan - 30 Sep 2012	1 Jan - 30 Sep 2011	1 Jan - 31 Dec 2011
Operating Profit/Loss, EUR million			
Pharmaceutical Trade			
Finland and Baltics	16.2	16.2	20.6
Pharmaceutical Trade Sweden	10.6	8.0	10.6
Pharmaceutical Trade Russia	-5.3	-46.2	-46.0
Group Administration and Others	-5.3	-4.0	-5.5
Group total	16.1	-26.0	-20.2

	1 Jan - 30 Sep 2012	1 Jan - 30 Sep 2011	1 Jan - 31 Dec 2011
Operating Profit/Loss excl. One-off items, EUR million			
Pharmaceutical Trade			
Finland and Baltics	16.2	16.2	20.6
Pharmaceutical Trade Sweden	11.7	8.0	10.6
Pharmaceutical Trade Russia	-5.3	-12.8	-12.6
Group Administration and Others	-5.3	-4.0	-5.5
Operating Profit/Loss excl. One-off items	17.2	7.4	13.2
One-off items *	-1.1	-33.4	-33.4
Group total	16.1	-26.0	-20.2

*) EUR -1.1 million receivable write-off in Pharmaceutical Trade Sweden Q3/2012 and EUR -33.4 million Stary Lekar -brand impairment in Pharmaceutical Trade Russia Q2/2011

Quarterly Net Sales, EUR million	Q3/2012	Q2/2012	Q1/2012	Q4/2011	Q3/2011	Q2/2011	Q1/2011
Pharmaceutical Trade							
Finland and Baltics	108.7	116.6	116.8	105.7	101.8	104.8	102.5
Pharmaceutical Trade Sweden	254.1	255.9	258.9	258.6	249.6	268.6	265.3
Pharmaceutical Trade Russia	223.3	217.3	215.2	194.5	170.3	162.2	162.4
Net sales to other segments	-0.0	-0.1	-0.0	-0.0	-0.0	-0.1	-0.1
Group total	586.1	589.7	590.8	558.8	521.6	535.5	530.1

**Quarterly Operating Profit/Loss,
EUR million**

	Q3/2012	Q2/2012	Q1/2012	Q4/2011	Q3/2011	Q2/2011	Q1/2011
Pharmaceutical Trade							
Finland and Baltics	6.3	5.0	4.8	4.4	5.9	4.7	5.6
Pharmaceutical Trade Sweden	3.7	3.4	3.4	2.6	3.8	1.9	2.3
Pharmaceutical Trade Russia	-2.0	-2.2	-1.1	0.2	-5.5	-39.1	-1.6
Group Administration and Others	-1.5	-2.0	-1.8	-1.4	-0.9	-1.9	-1.2
Group total	6.4	4.3	5.4	5.8	3.4	-34.4	5.0

**Quarterly Operating Profit/Loss,
excl. One-off items, EUR million**

	Q3/2012	Q2/2012	Q1/2012	Q4/2011	Q3/2011	Q2/2011	Q1/2011
Pharmaceutical Trade							
Finland and Baltics	6.3	5.0	4.8	4.4	5.9	4.7	5.6
Pharmaceutical Trade Sweden	4.8	3.4	3.4	2.6	3.8	1.9	2.3
Pharmaceutical Trade Russia	-2.0	-2.2	-1.1	0.2	-5.5	-5.7	-1.6
Group Administration and Others	-1.5	-2.0	-1.8	-1.4	-0.9	-1.9	-1.2
Group total excl. One-off items	7.5	4.3	5.4	5.8	3.4	-1.0	5.0
One-off items *	-1.1	-	-	-	-	-33.4	-
Group total	6.4	4.3	5.4	5.8	3.4	-34.4	5.0

*) EUR -1.1 million receivable write-off in Pharmaceutical Trade Sweden Q3/2012 and EUR -33.4 million Stary Lekar -brand impairment in Pharmaceutical Trade Russia Q2/2011

Net Sales by Market, EUR million	1 Jan - 30 Sep	1 Jan - 30 Sep	1 Jan - 31 Dec
	2012	2011	2011
Finland	314.6	283.3	379.4
Sweden	746.2	762.3	1,013.0
Russia	655.8	494.9	689.4
Baltic countries	25.1	24.4	32.6
Other countries	24.9	22.4	31.5
Group total	1,766.7	1,587.2	2,146.0

**Quarterly Net
Sales by Market,
EUR million**

	Q3/2012	Q2/2012	Q1/2012	Q4/2011	Q3/2011	Q2/2011	Q1/2011
Finland	99.7	107.6	107.4	96.1	93.6	96.5	93.1
Sweden	244.7	249.3	252.2	250.7	241.8	262.1	258.4
Russia	223.3	217.3	215.2	194.5	170.3	162.2	162.4
Baltic countries	8.6	8.1	8.4	8.3	8.0	7.7	8.7
Other countries	10.0	7.4	7.5	9.1	8.0	6.9	7.5
Group total	586.1	589.7	590.8	558.8	521.6	535.5	530.1

Oriola-KD Corporation's Board of Directors

Oriola-KD Corporation

Eero Hautaniemi
President and CEO

Kimmo Virtanen
Executive Vice President and CFO

Further information:

Eero Hautaniemi
President and CEO
tel. +358 (0)10 429 2109
e-mail: eero.hautaniemi@oriola-kd.com

Kimmo Virtanen
Executive Vice President and CFO
tel. +358 (0)10 429 2069
e-mail: kimmo.virtanen@oriola-kd.com

Joni Ihantola
Vice President, Treasury and IR
tel. +358 (0)10 429 4386
e-mail: joni.ihantola@oriola-kd.com

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Oriola-KD Corporation
Corporate Communications
Orionintie 5
FI-02200 Espoo, Finland
www.oriola-kd.com