Oriola-KD Corporation Stock Exchange Release 25 April 2013 at 8.30 a.m.

Oriola-KD Corporation's Interim Report for 1 January - 31 March 2013

Financial performance January–March 2013

- Net sales increased by 3.6 per cent to EUR 612.3 (590.8) million.
- Operating profit was EUR 2.3 (5.2) million.
- Net cash flow from operations was EUR -26.1 (-27.1) million.
- Profit for the period came to EUR 0.7 (1.3) million and earnings per share were EUR 0.00 (0.01).
- Return on equity was 0.9 (1.7) per cent.

Key figures **EUR million**	**2013** **Jan–Mar**	**2012** **Jan–Mar**	**Change** **%**	**2012** **Jan–Dec**
Net sales	612.3	590.8	3.6%	2,474.4
Operating profit excluding non-recurring items*	2.3	5.2	-55.3%	26.8
Operating profit	2.3	5.2	-55.3%	25.8
Profit for the period	0.7	1.3	-46.3%	16.4
Earnings per share, EUR	0.00	0.01	-46.3%	0.11
Net cash flow from operations	-26.1	-27.1		46.1
Return on equity (ROE), %	0.9	1.7		5.4
Gearing ratio, end of period, %	12.6	17.5		2.1

*) Year 2012: operating profit excluding non-recurring items of a receivable write-off of EUR 1.1 million in Sweden.

Outlook for 2013

- Oriola-KD estimates that net sales and operating profit excluding non-recurring items will increase from 2012 level. Growth of the net sales of Pharmaceutical Trade Russia will slow down in the first part of the year and operating profit will be weaker than the previous year, as a result of challenges related to the implementation of the warehouse management system started in January 2013.

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

"Oriola-KD's net sales increased by 3.6 per cent to EUR 612.3 and operating profit came to EUR 2.3 million in January-March 2013. Pharmaceutical Trade Sweden's operating profit improved from EUR 3.4 million to EUR 3.8 million while Pharmaceutical Trade Russia's operating loss grew from EUR 1.1 million to EUR 3.6 million. In the review period, the operating profit of the Swedish retail business grew as a result of growth in the relative share of sales of parallel imports, the OTC assortment and traded goods. The performance of the Russian retail business continued to improve and the business recorded an operating profit. Operating profit for the first quarter declined especially because of the increased operating loss of the Russian wholesale business caused by delivery problems associated with the implementation of the warehouse management system. Also, the operating profit of the Swedish wholesale business decreased as a result of costs from the launch of centralised purchasing, warehousing and pharmacy distribution of OTC products and traded goods. During the review period, business in Finland and the Baltics developed mainly as planned. In addition, the consolidated operating profit for the first quarter was reduced by a EUR 1.0 million expenses associated with acquisition in Sweden."

Oriola-KD Corporation's Interim Report for 1 January – 31 March 2013

The text section of this financial statements release focuses on the January-March result. A comparison in accordance with the International Financial Reporting Standards (IFRS) has been carried out on the figures for the corresponding period in 2012, unless otherwise stated. The figures in this interim report are unaudited. The figures in the tables have been rounded independently.

The Group’s net sales and result for January–March 2013

The Oriola-KD Group’s (hereinafter Oriola-KD) net sales in January–March 2013 increased by 3.6 per cent to EUR 612.3 (590.8) million. Pharmaceutical Trade Sweden’s net sales grew by 5.7 per cent to EUR 273.7 (258.9) million and Pharmaceutical Trade Russia’s net sales grew by 7.4 per cent to EUR 231.1 (215.2) million. The net sales of Pharmaceutical Trade Finland and Baltics decreased by 7.9 per cent to EUR 107.5 (116.8) million.

Oriola-KD’s operating profit for January–March decreased by 55.3 per cent to EUR 2.3 (5.2) million. The operating profit of the Pharmaceutical Trade Sweden grew by 9.7 per cent to EUR 3.8 (3.4) million. The operating profit of Pharmaceutical Trade Finland and Baltics grew by 3.6 per cent to EUR 4.8 (4.6) million. The operating loss of Pharmaceutical Trade Russia grew from EUR 1.1 million to EUR 3.6 million. The operating profit of the Swedish retail business grew in the review period as a result of growth in the relative share of sales of parallel imports, the OTC assortment and traded goods. The Russian retail business recorded an operating profit for January–March 2013. The first quarter profit was held back by the increased operating loss of the Russian wholesale business caused by delivery difficulties in the Moscow region associated with the implementation of the warehouse management system, while the decline in operating profit in the Swedish wholesale business was a result of the continued increase of the share of parallel imports and generic medicines. Also, costs from the launch of a centralised purchasing, warehousing and pharmacy distribution of OTC products and traded goods had a negative impact on the operating profit of the Swedish wholesale business. The profitability of the Finnish wholesale business improved during the review period as a result of improvements in operating efficiency and growth in service sales. During the first quarter, the profitability of the Consumer Health business was affected by a low customer flow at pharmacies and investments in the development of strong brands. During the review period, business in the Baltics developed as planned. In addition, the consolidated operating profit for the first quarter was reduced by a EUR 1.0 million expense associated with acquisition in Sweden.

Profit after financial items was EUR 0.9 (2.5) million and profit for the period was EUR 0.7 (1.3) million. Oriola-KD’s financial expenses decreased to EUR 1.4 (2.7) million, due to lower interest expenses and a EUR 0.7 million accrual cost of an arrangement fee for a loan repaid in connection with the renewal of bank loans with an impact on 2012 financial items. Earnings per share were EUR 0.00 (EUR 0.01).

Return on equity was 0.9 (1.7) per cent in January-March 2013.

The figures for the comparison year have been adjusted due to a revision of the calculation method for pension liabilities (IAS 19R (revision) Employee benefits). The impact has been itemised under Revision of the IAS 19 standard Employee benefits.

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 business, 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

Key figures EUR million	2013 Jan–Mar	2012 Jan–Mar	Change %	2012 Jan–Dec
Net sales	107.5	116.8	-7.9%	460.5
Finnish wholesale	86.4	96.6	-10.5%	380.7
Baltics wholesale	10.4	8.8	17.6%	36.1
Consumer Health	10.9	11.5	-5.4%	44.2
Operating profit	4.8	4.6	3.6%	20.8
Personnel at the end of the period	470	503		476

January–March 2013

The net sales of Pharmaceutical Trade Finland and Baltics in January–March 2013 were EUR 107.5 (116.8) million and operating profit was EUR 4.8 (4.6) million. Invoicing of the wholesale business in Finland came to EUR 255.1 (256.2) million and net sales came to EUR 86.4 (96.6) million. Net sales of the wholesale business in the Baltic countries were EUR 10.4 (8.8) 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 10.9 (11.5) million. The profitability of the Finnish wholesale business improved as a result of improvements in operating efficiency and growth in service sales. The profitability of the Consumer Health business was affected in the first quarter by a low customer flow at pharmacies and investments in developing the product assortment. During the review period, business in the Baltics developed as planned. The warehousing and distribution of Novartis' products has been centralised in Latvia for all Baltic countries since February 2013.

Oriola-KD and Merck Sharp & Dohme (MSD) have signed an agreement on the marketing and distribution of medicines in the Baltic countries. Under the agreement Oriola-KD will distribute and market MSD's medicines in Estonia, Lithuania and Latvia. MSD's sales and marketing personnel in Estonia, Latvia and Lithuania will transfer to Oriola-KD in May 2013. The distribution of MSD's medicines in all Baltic countries will be centralised to Oriola-KD's warehouse in Lithuania as of September 2013. MSD will continue to be in charge of marketing authorisation and product strategy including market access, medical affairs and clinical research in the Baltic countries.

The Finnish pharmaceutical market grew by 1.0 (3.9) per cent in January–March 2013. The decrease in pharmaceutical reimbursements and the 5 per cent cut in the wholesale prices of patented pharmaceuticals in February 2013 had a negative impact on the growth of the pharmaceutical market in Finland. Oriola-KD's market share of the Finnish pharmaceutical wholesale market was 47.3 (47.1) per cent in January–March 2013. The distribution of AstraZeneca's products by Oriola-KD will be discontinued in 2013. AstraZeneca's market share was roughly 3.2 per cent in March 2013. (source: IMS Health)

Pharmaceutical Trade Finland and Baltics had 470 (503) employees at the end of March 2013.

Pharmaceutical Trade Sweden

Key figures EUR million	2013 Jan–Mar	2012 Jan–Mar	Change %	2012 Jan–Dec
Net sales	273.7	258.9	5.7%	1,061.3
Retail trade	131.9	124.8	5.7%	502.5
Wholesale trade	183.0	147.4	24.2%	636.7
Operating profit excluding non-recurring items	3.8	3.4	9.7%	16.2
Operating profit	3.8	3.4	9.7%	15.1
Personnel at the end of the period	1,291	1,232		1,324
Retail trade	1,014	991		1,064
Wholesale trade	277	241		260

January–March 2013

The net sales of Pharmaceutical Trade Sweden in January–March 2013 were EUR 273.7 (258.9) million and operating profit was EUR 3.8 (3.4) million. Invoicing of the wholesale business came to EUR 382.8 (338.5) million and net sales came to EUR 183.0 (147.4) million. The net sales of the wholesale business were increased by the centralised purchasing, warehousing and pharmacy distribution of OTC products and traded goods to five pharmacy chains. Net sales of the retail business were EUR 131.9 (124.8) million.

The operating profit of the retail business grew as a result of growth in the relative share of sales of parallel imports, the OTC assortment and traded goods. The retail market of OTC products and traded goods products increased 5.8 (3.8) per cent in January–March 2013 (source: Nielsen). In the first quarter, Oriola-KD opened 3 (3) pharmacies and at the end of March, there were a total of 222 (212) Kronans Droghandel pharmacies.

The continued growth in the share of parallel imports and generic pharmaceuticals weakened the net sales and operating profit of the wholesale business. Costs from the launch of centralised purchasing, warehousing and pharmacy distribution of OTC products and traded goods had a continued negative impact in the first quarter of 2013. The ramp-up of the centralised purchasing, warehousing and pharmacy distribution was completed by the end of the first quarter.

The pharmaceutical market decreased by 4.2 (grew 2.0) per cent in January–March 2013. Oriola-KD's market share of the pharmaceutical wholesale market was 34.5 (36.9) per cent and 13.4 (13.5) per cent of the retail market in January-March 2013 (source: IMS Health). There were no pharmacy bankruptcies in the Swedish pharmacy market in the review period. In the period, 9 new pharmacies were opened (1 closed) in the Swedish pharmacy market.

Pharmaceutical Trade Sweden had 1,291 (1,232) employees at the end of March 2013, 1,014 (991) of whom were employed in retail and 277 (241) in wholesale.

Pharmaceutical Trade Russia

Key figures **EUR million**	**2013** **Jan–Mar**	**2012** **Jan–Mar**	**Change** **%**	**2012** **Jan–Dec**
Net sales	231.1	215.2	7.4%	952.7
Retail	39.8	37.3	6.8%	148.6
Wholesale	194.7	184.5	5.5%	831.1
Operating profit	-3.6	-1.1	232.9%	-2.3
Personnel at the end of the period	3,048	3,048		3,056
Retail	1,326	1,382		1,309
Wholesale	1,722	1,666		1,747

January–March 2013

The net sales of Pharmaceutical Trade Russia in January–March 2013 were EUR 231.1 (215.2) million and operating loss was EUR 3.6 (operating loss 1.1) million. Net sales of the wholesale business in Russia were 194.7 (184.5) million and net sales of the retail business were EUR 39.8 (37.3) million. Oriola-KD has booked EUR 0.2 million in accelerated depreciation from the current main logistics centre in Moscow for the first quarter.

The retail business made an operating profit in January–March 2013. The sales of traded goods and pharmacy-specific sales grew on the previous year and the cost structure continued to improve. At the end of March 2013, Oriola-KD had 239 (243) pharmacies in the Moscow area, of which 168 (174) operated under the Stary Lekar brand and 71 (69) under the 03 Apteka brand. During January-March 2013, 1 (3) pharmacy was opened and 2 (9) pharmacies were closed.

The growth of net sales from the wholesale business slowed and operating loss increased due to difficulties with deliveries in the Moscow region associated with the implementation of the warehouse management system. Deliveries in January–March 2013 in the Moscow region declined temporarily by some 50 per cent on the comparison period. The net sales of the distribution centres outside Moscow continued to grow as planned in January-March 2013. In accordance with its customer credit policy, Oriola-KD has booked EUR 0.1 (0.3) million credit loss write-offs relating to the trade receivables in January–March 2013. Monitoring of customers' terms of payment and the collection of trade receivables has been intensified in order to minimise credit loss risks. Oriola-KD has signed a letter of intent on a 10-year lease agreement to transfer a new main logistics centre in Moscow region and on the logistics centre's automation solution. The project has been continued according to plan in the first quarter of 2013.

The ruble-denominated growth in the Russian pharmaceutical market was about 20.5 (4.5) per cent in January-March 2013 (source: IMS Health). Net sales of Oriola-KD's retail business increased by 8.4 (10.8) per cent while the increase in wholesale was 7.1 (30.8) per cent in Russian rubles in January–March 2013. Oriola-KD's net sales grew by 9.0 (31.0) per cent in Russian rubles in the same period.

Pharmaceutical Trade Russia had 3,048 (3,048) employees at the end of March 2013, of whom 1,326 (1,382) were employed in retail and 1,722 (1,666) in wholesale.

Non-recurring items

A non-recurring item is an income or expense arising from non-recurring or rare events. Gains or losses from the sale of business operations or assets, gains or losses from discontinuing or restructuring business operations as well as impairment losses of goodwill and other assets are recognised as non-recurring items.

No non-recurring items were recognised in the first quarter of 2013. A non-recurring item of a receivable write-off of EUR 1.1 million associated with the bankruptcy of a Swedish cash transport company was recognised in the Swedish retail company in the third quarter of 2012.

Balance sheet, financing and cash flow

Oriola-KD's balance sheet total on 31 March 2013 stood at EUR 1,331.9 (1,212.8) million. Cash assets were EUR 83.4 (71.3) million, equity was EUR 304.2 (297.9) million and the equity ratio was 23.4 (25.0) per cent.

Oriola-KD's group goodwill of EUR 283.0 million has been allocated in impairment testing to the cash-generating units consisting of the Group's operating segments. EUR 119.9 million of the goodwill was allocated to the Swedish pharmaceutical retail business, EUR 28.5 million to the Swedish pharmaceutical wholesale business, EUR 90.2 million to the Russian pharmaceutical wholesale business and EUR 44.4 million to the Russian pharmaceutical retail business.

Interest-bearing debt at the end of March 2013 was EUR 121.9 (123.4) million, interest-bearing net debt was EUR 38.5 (52.1) million and the gearing ratio was 12.6 (17.5) per cent. Interest-bearing debt consisted mainly of the use of the issued commercial paper programme and advance payments from pharmacies in Finland. The non-recourse trade receivables sales programmes related to monthly trade receivables from Swedish county councils and Apoteket AB were continued in the retail and wholesale businesses in Sweden in the first quarter of 2013. At the end of March 2013, a total of EUR 68.0 (56.6) million in trade receivables had been sold.

Oriola-KD's committed long-term credit facility of EUR 100.0 million and EUR 43.9 million of short-term credit account limits with banks were unused at the end of March 2013. A total of EUR 89.5 (85.7) million of Oriola-KD's EUR 150.0 million commercial paper programme was in use at the end of the review period.

Net cash flow from operations in January–March 2013 was EUR -26.1 (-27.1) million, of which changes in working capital accounted for EUR -30.6 (-33.1) million. Net cash flow from operations was EUR -6.0 (-4.6) million.

Investments

Gross investments for January–March 2013 came to EUR 5.8 (4.3) million and consisted of investments related to the opening of new pharmacies, information systems and improvements in logistics efficiency. As per plan, Oriola-KD has booked EUR 0.2 million in accelerated depreciation due to the investment plan for the logistics centre in Moscow in the first quarter of 2013.

Personnel and Group Management Team

On 31 March 2013, Oriola-KD had a payroll of 4,809 (4,783) employees, 10 (11) per cent of whom worked in Finland and the Baltic countries, 27 (26) per cent in Sweden, and 63 (63) per cent in Russia. Personnel numbers include the members of staff in active employment.

Changes to the Oriola-KD Group Management Team: Jukka Mäkelä, M.Sc. (b. 1963), has been appointed Vice President, Development of Oriola-KD Corporation and member of Oriola-KD's Group Management Team as of 1 April 2013.

Oriola-KD's Group Management Team as of 1 April 2013:

* Eero Hautaniemi, President and CEO
* Lars Birkeland, Vice President, pharmaceutical retail, Sweden
* Henry Fogels, Vice President, pharmaceutical wholesale, Russia
* Tuomas Itkonen, CFO
* Konstantin Minin, Vice President, pharmaceutical retail, Russia
* Jukka Mäkelä, Vice President, Development
* Teija Silver, Vice President, HR
* Kimmo Virtanen, Executive Vice President and Vice President, Pharmaceutical Wholesale, Finland, Sweden and the Baltics

Related parties

Related parties in the Oriola-KD Group are deemed to comprise the members of the Board of Directors 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–March 2013:

Trading volume	January–March 2013		January–March 2012	
	class A	class B	class A	class B
Trading volume, million	0.6	8.3	1.7	10.9
Trading volume, EUR million	1.5	19.9	3.5	21.2
Highest price, EUR	2.69	2.73	2.20	2.15
Lowest price, EUR	2.25	2.24	1.85	1.73
Closing quotation, end of period, EUR	2.42	2.46	1.92	1.87

Oriola-KD Corporation's market capitalisation on 31 March 2013 was EUR 370.2 (285.2) million.

In the review period, the traded volume of Oriola-KD Corporation shares, excluding treasury shares, corresponded to 5.9 (8.4) per cent of the total number of shares. The traded volume of class A shares amounted to 1.3 (3.7) per cent of the average stock, and that of class B shares, excluding treasury shares, 8.0 (10.5) per cent of the average stock.

At the end of March 2013, the company had a total of 151,257,828 (151,257,828) shares, of which 47,148,710 (47,148,710) were class A shares and 104,109,118 (104.109.118) were class B shares. 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 – 31 March 2013, no class A shares were converted into class B shares (0 shares).

On 19 December 2012, Oriola-KD Corporation's Board of Directors decided on a new share incentive scheme for the Group's senior management for the years 2013-2015. The company's Board of Directors will determine the earnings criteria for the earning period and the targets to be set for these at the start of each earning period. The bonus for the 2013 earning period is based on the Oriola-KD Group’s earnings per share (EPS) and return on capital employed (ROCE). Oriola-KD Corporation is also planning to set up a share savings plan for 70 of the Group’s key employees. The Board of Directors of Oriola-KD Corporation is aiming to make the final decision regarding the plan in spring 2013.

Decisions of the Annual General Meeting

The Annual General Meeting of Oriola-KD Corporation, held on 20 March 2013, adopted the 2012 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 2012.

The AGM decided to distribute EUR 0.05 per share in dividend on the 2012 financial year, coming to a total of EUR 7.6 million, and EUR 0.04 per share in repayment of equity, coming to a total of EUR 6.0 million.

The AGM confirmed that the Board comprises six members. Jukka Alho, Harry Brade, Per Båtelson, Outi Raitasuo and Mika Vidgrén were re-elected as Board members and Karsten Slotte was elected as a new member. Jukka Alho was elected to as Chairman of the Board. The AGM confirmed a term of office fee of EUR 48,400 for the Chairman of the Board, EUR 30,250 for the Vice Chairman and for the chairman of the Audit Committee, and EUR 24,200 each 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. Attendance fees will also be paid in the same manner to members of any committees set up by the Board of Directors or the company. Of the annual fees, 60 per cent will be paid in cash and 40 per cent will be used to acquire Oriola-KD Corporation class B shares for the Board members on the Helsinki stock exchange within two weeks of the publication of the Oriola-KD Corporation interim report for 1 January – 31 March 2013.

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

The Board was also authorised to decide on a bonus issue of class B shares to the company in one or more issues, and on a directed issue of class B shares to implement the new share incentive scheme of the Oriola-KD Group’s management and the share savings plan for its key employees. The maximum amount of the company’s new B class shares issued under this authorisation is 1,715,000, which is 1.13 per cent of the company’s total shares. The authorisation will remain in force for a maximum of 5 years following the decision of the AGM.

At its constitutive meeting held immediately after the AGM, the Board of Oriola-KD Corporation elected Outi Raitasuo as Vice Chairman of the Board. The Board of Directors appointed the following from among its members: Outi Raitasuo (Chairman), Harry Brade, Karsten Slotte and Mika Vidgrén to the Board's Audit Committee, and Jukka Alho (Chairman), Per Båtelson and Harry Brade to the Board's Remuneration Committee. 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.

Oriola-KD has identified the following 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 increase in the number of pharmacies. The number of pharmacies may continue to grow, which could further increase the fierce competition.
- 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 and the Swedish krona will have an impact on Oriola-KD's earnings 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. Oriola-KD's strategic development projects in the wholesale business in Russia and the operations in Sweden involve operational risks which may have an effect on Oriola-KD's profitability.

Outlook

Oriola-KD's outlook for 2013 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).

Oriola-KD estimates that net sales and operating profit excluding non-recurring items will increase from 2012 level. Growth of the net sales of Pharmaceutical Trade Russia will slow down in the first part of the year and operating profit will be weaker than the previous year, as a result of challenges related to the implementation of the warehouse management system started in January 2013.

Events after the review period

On 8 April 2013, Oriola-KD announced that it had signed an agreement to acquire the entire capital stock of Sweden's fifth largest pharmacy chain Medstop Group Holding AB ("Medstop") from Segulah Management IV Limited. The total value of the acquisition is approximately SEK 1,460 million (EUR 176 million), comprising three separate items: a SEK 680 million (EUR 82 million) cash acquisition price, the net debt of the acquired company and a conditional earn-out payment payable on the basis of the consolidated 2015 EBITDA of Oriola-KD's combined Swedish Retail business. Oriola-KD will finance the acquisition in full with a bank loan. The deal is expected to be concluded in the second quarter of 2013 and is subject to the approval of the Swedish Competition Authority (Konkurrensverket) and the Swedish Medical Products Agency (Läkemedelsverket).

The Medstop pharmacy chain has a total of 65 pharmacies located in shopping centres and city centre locations in the Stockholm, Gothenburg and Malmö areas. Its net sales were EUR 273 (299) million and EBITDA was EUR 11.6 (11.5) million excluding non-recurring items. The EBITDA is approximately 4.2 (3.8) per cent of net sales. At the end of 2012, the net debt of the pharmacy chain was EUR 75 (80) million and its balance sheet total was EUR 215 (223) million. Medstop's market share was approximately 7.5 per cent of the Swedish pharmacy market at the end of 2012. The chain employed 578 persons at the end of 2012.

According to the decisions of the Annual General Meeting, the company paid a dividend of EUR 0.05 per share, totalling EUR 7.6 million, and distributed EUR 0.04 per share as repayment of equity, totalling EUR 6.0 million, on 12 April 2013.

Next interim report

Oriola-KD Corporation will publish its results for the second quarter of 2013 on Thursday 25 July 2013 at about 8.30 am.

Oriola-KD´s Interim Report for January – March 2013

Consolidated Statement of Comprehensive Income (IFRS), EUR million	1 Jan - 31 Mar 2013	1 Jan - 31 Mar 2012	1 Jan - 31 Dec 2012
Net sales	612.3	590.8	2,474.4
Cost of goods sold	-524.9	-504.8	-2,117.8
Gross profit	87.5	86.0	356.6
Other operating income	2.0	0.5	2.3
Selling and distribution expenses	-72.0	-67.4	-277.1
Administrative expenses	-15.2	-13.9	-54.9
Operating Profit before Non-recurring items *	2.3	5.2	26.8
Non-recurring items**	-	-	-1.1
Operating Profit	2.3	5.2	25.8
Financial income	3.8	2.0	22.7
Financial expenses	-5.2	-4.7	-28.0
Profit before taxes	0.9	2.5	20.5
Income taxes ***	-0.3	-1.2	-4.1
Profit for the period	0.7	1.3	16.4
Other comprehensive income			
Cash flow hedge	0.5	0.0	-0.9
Actuarial gains/losses on defined benefit plan	-	-	1.6
Income tax relating to other comprehensive income	-0.2	0.8	-0.6
Translation difference	6.3	13.4	11.4
Total comprehensive income for the period	7.3	15.5	27.9
Attribution of Profit for the period			
To parent company shareholders	0.7	1.3	16.4
Attribution of total comprehensive income for the period			
To parent company shareholders	7.3	15.5	27.9
Earnings per share for the period			
Basic earnings per share, EUR	0.00	0.01	0.11
Diluted earnings per share, EUR	0.00	0.01	0.11
*) Including depreciation, EUR million	-5.1	-4.4	-18.8
**) Receivable write-off in Sweden Q3/2012	-	-	-1.1

***) 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	31 Mar 2013	31 Mar 2012	31 Dec 2012
Non-current assets			
Property, plant and equipment	84.8	75.1	81.4
Goodwill	283.0	277.5	276.7
Other intangible assets	52.1	52.1	52.3
Other shares and shareholdings	0.0	0.0	0.0
Other non-current assets	6.4	4.3	6.6
Deferred tax assets	6.5	7.3	6.1
Non-current assets total	433.0	416.4	423.1
Current assets			
Inventories	393.1	354.3	389.8
Trade and other receivables	422.4	370.8	415.2
Cash and cash equivalents	83.4	71.3	88.1
	898.9	796.3	893.1
Non-current assets held for sale	0.0	0.0	0.0
Current assets total	899.0	796.4	893.1
ASSETS TOTAL	**1,331.9**	**1,212.8**	**1,316.2**

EQUITY AND LIABILITIES	31 Mar 2013	31 Mar 2012	31 Dec 2012
Equity of the parent company shareholders			
Share capital	36.2	36.2	36.2
Funds	20.3	26.7	26.0
Other equity	247.7	235.1	248.4
Equity total	304.2	297.9	310.5
Non-current liabilities			
Deferred tax liabilities	14.2	14.2	14.1
Pension obligations	10.0	7.8	9.7
Borrowings	0.4	15.2	0.4
Other non-current liabilities	0.5	-	1.0
Non-current liabilities total	25.1	37.2	25.2
Current liabilities			
Trade payables and other current liabilities	881.1	769.4	886.1
Borrowings	121.5	108.2	94.3
Current liabilities total	1,002.6	877.7	980.5
EQUITY AND LIABILITIES TOTAL	**1,331.9**	**1,212.8**	**1,316.2**

Consolidated Statement of Changes in Equity (IFRS)

EUR million	Equity of the parent company shareholders							
	Share capital	Hedge fund	Contin gency fund	Other funds	Trans- lation diffe- rences	Actuarial gains/ losses	Retained earnings	Equity total
Equity 31 Dec 2011	**36.2**	**-0.0**	**30.0**	**1.2**	**-7.2**	**-**	**239.1**	**299.3**
Change in accounting policy (IAS19)	-	-	-	-	-	-4.8	-	-4.8
Equity 1 Jan 2012	**36.2**	**-0.0**	**30.0**	**1.2**	**-7.2**	**-4.8**	**239.1**	**294.5**
Comprehensive income for the period								
Net profit for the period	-	-	-	-	-	-	1.3	1.3
Other comprehensive income:								
Cash flow hedge	-	0.0	-	-	-	-	-	0.0
Income tax relating to other comprehensive income	-	-	-	-	0.8	-	-	0.8
Translation difference	-	-	-	-	13.4	-	-	13.4
Comprehensive income for the period total	-	0.0	-	-	14.1	-	1.3	15.5
Owners related transactions								
Dividends paid and return of equity			-4.5			-	-7.6	-12.1
Share-based payments	-	-	-	-	-	-	0.1	0.1
Owners related transactions total	-	-	-4.5	-	-	-	-7.5	-12.0
Equity 31 Mar 2012	**36.2**	**-**	**25.5**	**1.2**	**7.0**	**-4.8**	**232.9**	**297.9**
Equity 31 Dec 2012	**36.2**	**-0.7**	**25.5**	**1.2**	**3.9**	**-**	**248.9**	**314.9**
Change in accounting policy (IAS19)	-	-	-	-	-0.0	-3.6	-0.8	-4.4
Equity 1 Jan 2013	**36.2**	**-0.7**	**25.5**	**1.2**	**3.8**	**-3.6**	**248.1**	**310.5**
Comprehensive income for the period								
Net profit for the period	-	-	-	-	-	-	0.7	0.7
Other comprehensive income:								
Cash flow hedge	-	0.5	-	-	-	-	-	0.5
Income tax relating to								

other comprehensive income	-	-0.1	-	-	-0.1	-	-	-0.2
Translation difference	-	-0.0	-	-	6.3	-	-	6.3
Comprehensive income for the period total	-	0.4	-	-	6.2	-	0.7	7.3
Owners related transactions								
Dividends paid and return of equity	-	-	-6.0	-	-	-	-7.6	-13.6
Share-based payments	-	-	-	-	-	-	0.0	0.0
Owners related transactions total	-	-	-6.0	-	-	-	-7.5	-13.6
Equity 31 Mar 2013	**36.2**	**-0.3**	**19.4**	**1.2**	**10.0**	**-3.6**	**241.3**	**304.2**

Consolidated Cash Flow Statement (IFRS), EUR million	**1 Jan - 31 Mar 2013**	**1 Jan - 31 Mar 2012**	**1 Jan - 31 Dec 2012**
Operating profit	2.3	5.2	25.8
Depreciation	5.1	4.4	18.8
Impairment	-	-	-
Change in working capital	-30.6	-33.1	23.1
Cash flow from financial items and taxes	-1.8	-3.0	-20.3
Other adjustments	-1.1	-0.6	-1.2
Net cash flow from operating activities	-26.1	-27.1	46.1
Net cash flow from investing activities	-6.0	-4.6	-34.9
Net cash flow from financing activities	27.2	-51.3	-77.3
Net change in cash and cash equivalents	-4.9	-83.0	-66.2
Cash and cash equivalents at the beginning of the period	88.1	153.8	153.8
Foreign exchange rate differences	0.2	0.5	0.4
Net change in cash and cash equivalents	-4.9	-83.0	-66.2
Cash and cash equivalents at the end of the period	83.4	71.3	88.1

Principal accounting policies as of 1 January 2013 (IFRS)

This interim report has been prepared in accordance with IFRS standards (IAS 34). The accounting policies and calculation methods applied in the interim report are the same as those in the 31 December 2012 annual financial statements, excluding the standards and interpretation applied as of 1 January 2013 and presented below. However, the interim report does not include all of the information and notes present in the annual financial statements. Consequently, the interim report should be read with the company’s financial statements for 2012. The accounting policies of the 2012 and 2013 financial years are comparable. The company has not discontinued any operations in 2012 or 2013 that it should report.

The same principles of calculation have been used for the indicators in this interim report as for those of the annual financial statements.

The figures in the interim report have been rounded independently.

New amendments that have been applied since 1 January 2013:

- Amendment to the standard IAS 12 Income Taxes (effective in financial years beginning on or after 1 January 2013).
- Amendment to the standard IAS 19R (revised) Employee Benefits (effective in financial years beginning on or after 1 January 2013).
- IFRS 13 Fair Value Measurement (effective in financial years beginning on or after 1 January 2013).

The impact of the amendment of standard IAS 19 Employee benefits on the consolidated result has been itemised below. The amendments of the other new standards referred to above have had minor impact on the Group.

The figures in this interim review are unaudited.

Amendment of the IAS 19 standard Employee benefits

The Oriola-KD Group has applied the standard IAS 19 Employee benefits as of 1 January 2013. The amendment impacts the Oriola-KD Group's pension costs and result and the pension assets and obligations and equity on the balance sheet. As a consequence of the amendment, the 2012 consolidated profit and loss account and balance sheet have been updated as required by the revised standard.

The key amendments of the standards IAS 19R (revised) Employee benefits are that all actuarial gains and losses must be recognised immediately in other comprehensive income and that expected yield from assets no longer depends on investment distribution. The discount rate used in the calculation of pension debt is used as the expected yield of investments. The corridor method will no longer be used and financing expenditure will be the sum of net interest rates. The net interest rate is the difference between the interest rate costs of pension debt and the interest rate income from assets. Despite the amendment, the Group has decided to recognise the sum of net interest rate in personnel expenses.

With the implementation of the revised standard IAS 19 Employee benefits, the Oriola-KD Group's operating profit excluding non-recurring items, operating profit and profit for the financial year 2012 and, on the balance sheet, the pension assets and equity are smaller and pension obligation is larger than when calculated in accordance with the standard in force up to 31 December 2012. The impact of the implementation on consolidated operating profit excluding non-recurring items and operating profit for 2012 is EUR 1.0 million. The impact on Group equity on the 2012 opening balance sheet is EUR -4.8 million and EUR -4.4 million on the 31 December 2012 balance sheet due to the recognition of actuarial gains and losses and their tax effect on equity on the consolidated balance sheet. The following tables present a summary of the key figures following the amendment of the accounting policy.

EUR million	**1 Jan–31 Mar 2012**	**1 Jan–30 Jun 2012**	**1 Jan–30 Sep 2012**	**1 Jan–31 Dec 2012**
Operating profit excluding non-recurring items	5.2	9.2	16.4	26.8
Operating profit	5.2	9.2	15.3	25.8
Profit before taxes	2.5	4.5	8.4	20.5
Profit for the period	1.3	2.8	5.0	16.4
Comprehensive profit for the period	15.5	6.6	17.8	27.9
Earnings per share to shareholders of the parent company on the profit for the period, EUR				
Diluted, EUR	0.01	0.02	0.03	0.11
Adjusted for the dilution effect, EUR	0.01	0.02	0.03	0.11

EUR million	1 Jan–31 Mar 2012	1 Apr–30 Jun 2012	1 July–30 Sep 2012	1 Oct–31 Dec 2012	1 Jan–31 Dec 2012
Operating profit excluding non-recurring items	5.2	4.0	7.2	10.5	26.8
Operating profit	5.2	4.0	6.2	10.5	25.8
Profit before taxes	2.5	2.0	4.0	12.0	20.5
Profit for the period	1.3	1.5	2.1	11.4	16.4
Comprehensive profit for the period	15.5	-8.8	11.2	10.1	27.9
Earnings per share for shareholders of the parent company on the profit for the period, EUR					
Diluted, EUR	0.01	0.01	0.01	0.08	0.11
Adjusted for the dilution effect, EUR	0.01	0.01	0.01	0.08	0.11

EUR million	31 Mar 2012	30 Jun 2012	30 Sep 2012	31 Dec 2012
Non-current pension assets	4.3	4.1	3.8	6.6
Non-current pension obligations	7.8	7.9	8.3	9.7
Equity of the parent company’s shareholders	297.9	289.2	300.4	310.5

Notes

Change in Property, Plant and Equipment, EUR million	1 Jan - 31 Mar 2013	1 Jan - 31 Mar 2012	1 Jan - 31 Dec 2012
Carrying amount at the beginning of the period	81.4	74.0	74.0
Increases	5.1	3.3	16.6
Decreases	-0.1	-0.3	-0.5
Depreciation	-3.0	-2.6	-11.1
Foreign exchange rate differences	1.6	0.6	2.4
Carrying amount at the end of the period	84.8	75.1	81.4

Key Figures	1 Jan - 31 Mar 2013	1 Jan - 31 Mar 2012	1 Jan - 31 Dec 2012
Equity ratio, %	23.4	25.0	24.5
Equity per share, EUR	2.01	1.97	2.05
Return on capital employed (ROCE), %	2.2	4.6	5.9
Return on equity (ROE), %	0.9	1.7	5.4
Net interest-bearing debt, EUR million	38.5	52.1	6.7
Gearing, %	12.6	17.5	2.1
Earnings per share, EUR	0.00	0.01	0.11
Average number of shares, 1000 pcs	151,161	151,161	151,248

Derivatives, Commitments and Contingent Liabilities

31 March 2013

EUR million	**Positive fair value**	**Negative fair value**	**Nominal values of contracts**
Derivatives recognised as cash flow hedges			
Interest rate swaps	-	-0.5	47.9
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	-	-1.4	142.9

31 March 2012

EUR million	**Positive fair value**	**Negative fair value**	**Nominal values of contracts**
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	0.5	-	191.6
Interest rate swaps	-	-0.0	113.1

Derivatives measured at fair value through profit and loss are mainly related to hedging of group's internal transactions. All of the financial instruments which are measured at fair value are derivatives and have been classified to level 2 in fair value hierarchy. Fair values of the derivatives have been booked to balance sheet in gross amount as the derivatives contracts are related to credit events and cannot be netted in financial statements. The group has not given nor received collateral to/from derivatives counterparties.

Contingencies for Own Liabilities,

EUR million	**31 Mar 2013**	**31 Mar 2012**	**31 Dec 2012**
Guarantees given	19.1	9.6	23.4
Mortgages on land and buildings	-	2.0	2.0
Mortgages on company assets	2.5	2.4	2.4
Other guarantees and liabilities	0.8	0.7	0.8
Total	22.5	14.7	28.7
Leasing-liabilities (operating liabilities)	2.4	3.4	2.8
Rent contingencies	66.9	63.9	66.9

The most significant reported guarantees are bank guarantees against trade payables in wholesale companies in Russia and Sweden. Oriola-KD Corporation has also granted parent company guarantees of EUR 27.0 million (EUR 18.1 million) against subsidiaries' trade payables.

Number of personnel	**1 Jan - 31 Mar 2013**	**1 Jan - 31 Mar 2012**	**1 Jan - 31 Dec 2012**
Average number of personnel	4,838	4,835	4,818
Number of personnel at the end of the period	4,809	4,783	4,856

SEGMENT INFORMATION

Net Sales, EUR million	1 Jan - 31 Mar 2013	1 Jan - 31 Mar 2012	1 Jan - 31 Dec 2012
Pharmaceutical Trade Finland and Baltics	107.5	116.8	460.5
Pharmaceutical Trade Sweden	273.7	258.9	1,061.3
Pharmaceutical Trade Russia	231.1	215.2	952.7
Net sales to other segments	-0.0	-0.0	-0.0
Group total	612.3	590.8	2,474.4

Operating Profit, EUR million	1 Jan - 31 Mar 2013	1 Jan - 31 Mar 2012	1 Jan - 31 Dec 2012
Pharmaceutical Trade Finland and Baltics	4.8	4.6	20.8
Pharmaceutical Trade Sweden	3.8	3.4	15.1
Pharmaceutical Trade Russia	-3.6	-1.1	-2.3
Group Administration and Others	-2.6	-1.8	-7.8
Group total	2.3	5.2	25.8

Operating Profit excl. Non-recurring items, EUR million	1 Jan - 31 Mar 2013	1 Jan - 31 Mar 2012	1 Jan - 31 Dec 2012
Pharmaceutical Trade Finland and Baltics	4.8	4.6	20.8
Pharmaceutical Trade Sweden	3.8	3.4	16.2
Pharmaceutical Trade Russia	-3.6	-1.1	-2.3
Group Administration and Others	-2.6	-1.8	-7.8
Operating Profit excl. Non-recurring items	2.3	5.2	26.8
Non-recurring items *	-	-	-1.1
Group total	2.3	5.2	25.8

*) EUR -1.1 million receivable write-off in Pharmaceutical Trade Sweden Q3/2012

Quarterly Net Sales, EUR million	Q1/2013	Q4/2012	Q3/2012	Q2/2012	Q1/2012
Pharmaceutical Trade Finland and Baltics	107.5	118.3	108.7	116.6	116.8
Pharmaceutical Trade Sweden	273.7	292.4	254.1	255.9	258.9
Pharmaceutical Trade Russia	231.1	296.9	223.3	217.3	215.2
Net sales to other segments	-0.0	0.2	-0.0	-0.1	-0.0
Group total	612.3	707.8	586.1	589.7	590.8

Quarterly Operating Profit, EUR million	Q1/2013	Q4/2012	Q3/2012	Q2/2012	Q1/2012
Pharmaceutical Trade Finland and Baltics	4.8	5.2	6.1	4.8	4.6
Pharmaceutical Trade Sweden	3.8	4.6	3.7	3.4	3.4
Pharmaceutical Trade Russia	-3.6	3.1	-2.0	-2.2	-1.1
Group Administration and Others	-2.6	-2.4	-1.6	-2.0	-1.8

Group total	2.3	10.5	6.2	4.0	5.2

Quarterly Operating Profit, excl. Non-recurring items, EUR million	**Q1/2013**	**Q4/2012**	**Q3/2012**	**Q2/2012**	**Q1/2012**
Pharmaceutical Trade Finland and Baltics	4.8	5.2	6.1	4.8	4.6
Pharmaceutical Trade Sweden	3.8	4.6	4.8	3.4	3.4
Pharmaceutical Trade Russia	-3.6	3.1	-2.0	-2.2	-1.1
Group Administration and Others	-2.6	-2.4	-1.6	-2.0	-1.8
Group total excl. Non-recurring items	2.3	10.5	7.2	4.0	5.2
Non-recurring items *	-	-	-1.1	-	-
Group total	2.3	10.5	6.2	4.0	5.2

*) EUR -1.1 million receivable write-off in
Pharmaceutical Trade Sweden Q3/2012

Net Sales by Market, EUR million	**1 Jan - 31 Mar 2013**	**1 Jan - 31 Mar 2012**	**1 Jan - 31 Dec 2012**
Finland	96.8	107.4	422.4
Sweden	259.0	252.2	1,028.8
Russia	231.1	215.2	952.7
Baltic countries	10.0	8.4	34.6
Other countries	15.4	7.5	35.9
Group total	612.3	590.8	2,474.4

Quarterly Net Sales by Market, EUR million	**Q1/2013**	**Q4/2012**	**Q3/2012**	**Q2/2012**	**Q1/2012**
Finland	96.8	107.8	99.7	107.6	107.4
Sweden	259.0	282.6	244.7	249.3	252.2
Russia	231.1	296.9	223.3	217.3	215.2
Baltic countries	10.0	9.4	8.6	8.1	8.4
Other countries	15.4	11.0	10.0	7.4	7.5
Group total	612.3	707.8	586.1	589.7	590.8

Espoo, 24 April 2013

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