Oriola-KD Corporation
January-June 2013

Eero Hautaniemi
President and CEO
25 July 2013
Oriola-KD January-June 2013

• Net sales grew by 7.1% to EUR 1,264.5 million.

• Operating profit excluding non-recurring items decreased from EUR 9.2 million to EUR 6.0 million.
  • Operating profit excluding non-recurring items includes EUR 2.7 million project costs arising from the transformation of the Swedish pharmacy market.
  • The non-recurring items of EUR 4.0 million in January-June related to the EUR 0.8 million restructuring expenses and the write-off of the EUR 3.2 million contract-based accrual in the Swedish retail business.

• Medstop acquisition has been completed at the end of May according to plan.
  • Increased goodwill allocated to Swedish pharmaceutical retail business by EUR 128.8 million.
  • Increased Oriola-KD’s net interest-bearing debt to EUR 199.8 (52.0) million at the end of June.
• Second-quarter operating profit excluding non-recurring items decreased from EUR 4.0 million to EUR 3.7 million.

• Second quarter operating profit excluding non-recurring items includes project costs EUR 1.7 million arising from the transformation of the Swedish pharmacy market.
# Key figures January-June 2013

<table>
<thead>
<tr>
<th></th>
<th>Q2 2013</th>
<th>Q2 2012</th>
<th>Change %</th>
<th>1-6 2013</th>
<th>1-6 2012</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales, EUR million</td>
<td>652.1</td>
<td>589.7</td>
<td>10.6%</td>
<td>1,264.5</td>
<td>1,180.6</td>
<td>7.1%</td>
</tr>
<tr>
<td>EBITDA excluding non-recurring items, EUR million*</td>
<td>9.3</td>
<td>8.5</td>
<td>8.7%</td>
<td>16.7</td>
<td>18.1</td>
<td>-7.9%</td>
</tr>
<tr>
<td>EBITDA, EUR million*</td>
<td>5.2</td>
<td>8.5</td>
<td>-38.5%</td>
<td>12.7</td>
<td>18.1</td>
<td>-30.1%</td>
</tr>
<tr>
<td>Operating profit excluding non-recurring items, EUR million*</td>
<td>3.7</td>
<td>4.0</td>
<td>-7.5%</td>
<td>6.0</td>
<td>9.2</td>
<td>-34.5%</td>
</tr>
<tr>
<td>Operating profit, EUR million*</td>
<td>-0.3</td>
<td>4.0</td>
<td>-</td>
<td>2.0</td>
<td>9.2</td>
<td>-78.4%</td>
</tr>
<tr>
<td>Profit for the period, EUR*</td>
<td>-2.8</td>
<td>1.5</td>
<td>-</td>
<td>-2.1</td>
<td>2.8</td>
<td>-</td>
</tr>
<tr>
<td>Earnings per share, EUR</td>
<td>-0.02</td>
<td>0.01</td>
<td>-</td>
<td>-0.01</td>
<td>0.02</td>
<td>-</td>
</tr>
<tr>
<td>Net cash flow from operations, EUR million</td>
<td>-1.5</td>
<td></td>
<td></td>
<td></td>
<td>-8.1</td>
<td></td>
</tr>
<tr>
<td>Return on equity, %</td>
<td>-1.4</td>
<td></td>
<td></td>
<td></td>
<td>1.9</td>
<td></td>
</tr>
<tr>
<td>Gearing-ratio, %</td>
<td>71.4</td>
<td></td>
<td></td>
<td></td>
<td>18.0</td>
<td></td>
</tr>
</tbody>
</table>

*) Q2/2013 includes project costs EUR 1.7 million and 1-6/2013 includes project costs EUR 2.7 million arising from the transformation of the Swedish pharmacy market
The progress of the key focus areas in 2013
1. Continue planned measures to improve profitability

<table>
<thead>
<tr>
<th></th>
<th>Net sales, EUR million</th>
<th>Operating profit excluding non-recurring items, EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q2 2013</td>
<td>Q2 2012</td>
</tr>
<tr>
<td>Pharmaceutical Trade Finland and Baltics</td>
<td>112</td>
<td>117</td>
</tr>
<tr>
<td>Pharmaceutical Trade Sweden</td>
<td>304</td>
<td>256</td>
</tr>
<tr>
<td>Pharmaceutical Trade Russia</td>
<td>235</td>
<td>217</td>
</tr>
<tr>
<td>Group administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total, excluding non-recurring items</strong></td>
<td>652</td>
<td>590</td>
</tr>
</tbody>
</table>
2. Prepare for successful implementation of new automated distribution center in Moscow

- Oriola-KD has signed a 10 years leasing agreement on a new main logistic center.
  - In Domodedovo area to the south of Moscow.
  - The total floor space of approximately 30,000 square meters.
  - The level of automation approximately 40 per cent.
  - The plan to achieve the full capacity by the end of the first quarter in 2015.
- The goal is to increase the capacity, to improve the delivery quality and to increase the picking efficiency.
- The total investment is approximately EUR 12 million.
3. Active participation in market change in Sweden

- Oriola-KD has completed the acquisition of Medstop, and Medstop is reported as part of the Pharmaceutical Trade Sweden's segment from 1 June 2013.
- Synergies of the acquisition are estimated to reach EUR 8-10 million annually in value.
  - Full effect of the synergies is estimated to be realized from 2015 onwards.
  - Oriola-KD has started the integration of operations.
- The total value of the acquisition was approximately EUR 176 million.
- Following the acquisition, Oriola-KD's market share in the Swedish retail approximately 20-21 per cent.
Reporting Segments
Pharmaceutical Trade Finland and Baltics January-June 2013

- Pharmaceutical market grew by 1.0 (3.4) per cent in Finland.*
  - The decrease in pharmaceutical reimbursements and the 5 per cent cut in the wholesale prices of patented pharmaceuticals had a negative impact on the growth of the pharmaceutical market.
  - The distribution of AstraZeneca’s products ended at the end of June 2013.
  - Market share of the Finnish pharmaceutical wholesale market was 47.7 (47.2) per cent.
- 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 by a challenging competitive environment and investments into the development of the product assortment.
- Business in the Baltics developed positively.
  - Cooperation with MSD started as planned in the second quarter of the year.

*) Source: IMS Health

![Graph showing net sales and operating profit for Wholesale Finland, Wholesale Baltics, and Consumer Health for Q2 2013, Q2 2012, 1-6 2013, and 1-6 2012.]
The pharmaceutical market decreased 2.7 (grew 4.1)* per cent* and the retail market of OTC pharmaceuticals and traded goods increased 6.0 (3.9) per cent**.

- Market share in wholesale 34.7 (36.3) per cent and in retail 20.1 per cent.

- The operating profit of the retail business grew under the review period.
  - The net sales totalled EUR 287 (249) million. Medstop increased the net sales by EUR 21 million.
  - Number of pharmacies 293 (216)
  - The operating profit grew as a result of more efficient operations and increased sales of OTC pharmaceuticals and traded goods.

- The operating profit of the wholesale business improved in the second quarter.
  - The net sales EUR 382 (292) million.
  - The purchasing and logistics service to the five pharmacy chains boosted the net sales and improved the operating profit.
  - The relative share of parallel imports and generic pharmaceuticals remained high and lowered market share.

*) Source: IMS Health          **) Source: Nielsen
## Pharmacies in Sweden

### Number of Pharmacies

<table>
<thead>
<tr>
<th>Pharmacy Type</th>
<th>Number</th>
<th>2010 Pharmacies</th>
<th>2010 Established</th>
<th>2011 Established</th>
<th>2012 Established</th>
<th>2013 Established</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apoteket (State)</td>
<td>315</td>
<td></td>
<td>30</td>
<td>19</td>
<td>11</td>
<td>1</td>
<td>376</td>
</tr>
<tr>
<td>Apotek Hjärtät &amp; Vårdapotek (Altor)</td>
<td>232</td>
<td></td>
<td>50</td>
<td>14</td>
<td>8</td>
<td>1</td>
<td>305</td>
</tr>
<tr>
<td>Kronans Droghandel &amp; Medstop (Oriola-KD)</td>
<td>232</td>
<td></td>
<td>20</td>
<td>21</td>
<td>11</td>
<td>9</td>
<td>293</td>
</tr>
<tr>
<td>Apoteksgruppen (Private &amp; state)</td>
<td>150</td>
<td></td>
<td>53</td>
<td>-2</td>
<td></td>
<td></td>
<td>156</td>
</tr>
<tr>
<td>Lloyds Apotek (Celesio)</td>
<td>50</td>
<td></td>
<td>31</td>
<td>-4</td>
<td>1</td>
<td></td>
<td>78</td>
</tr>
<tr>
<td>Cura Apoteket (ICA)</td>
<td>30</td>
<td></td>
<td>11</td>
<td>7</td>
<td>6</td>
<td></td>
<td>54</td>
</tr>
<tr>
<td>Muut</td>
<td>12</td>
<td></td>
<td>20</td>
<td>-4</td>
<td></td>
<td></td>
<td>28</td>
</tr>
</tbody>
</table>

**Total Number of Pharmacies:** 1290

Source: Oriola-KD 07/13
Swedish retail and wholesale market structure

- **Retail**: 1,290 pharmacies
  - Kronans: ~20%
  - Apoteket: ~36%
  - APOTEK: ~25%
  - Lloyds Apotek + others: ~19%
  - Oriola-KD’s market share: ~2%
  - Others: ~35%

- **Wholesale**:
  - OTC & TG: ~35%
  - RX: DTP ~35%
  - Parallel import: ~20%
  - Oriola: ~35%
  - DB Schenker: ~5%
  - Tamro: ~25%
  - Others: ~2%
Pharmaceutical Trade Russia
January-June 2013

• Russian pharmaceutical market grew 15.6 (8.9) per cent.*

• The retail business made an positive operating profit.
  • Operations more efficient and the sales of OTC pharmaceuticals and traded goods has grown.
  • Pharmacies 242 (235) in Moscow region.

• Growth of the net sales slowed down and operating loss increased in the wholesale.
  • Operating loss increased as a result of the delivery problems in the Moscow region following the implementation of the warehouse management system and due to the challenging market conditions.
  • The problems concerned to the logistic delivery capacity has been resolved during the second quarter of the year.
  • The net sales of the distribution centres outside Moscow continued to grow as planned under the review period.

*) Source: IMS Health
Cash flow, investments and finance
January-June 2013

- Cash flow
  - Working capital increased by EUR 5.6 (19.2) million.
  - Depreciations were EUR 10.7 (8.9) million.
  - Gross investments were EUR 178.4 (9.4) million of which Medstop acquisition was EUR 165.9 million

- Finance
    - Committed long-term credit facilities of EUR 196 million and EUR 43 million short-term credit account limits were unused at the end of June 2013.
    - The bond of SEK 700 million issued by Medstop redeemed on 2 July 2013
    - The value of commercial paper programme increased to EUR 200 million of which EUR 78.0 million unused
  - Interest-bearing net debt was EUR 199.8 (52.0) million at the end of June.
  - The sales of the trade receivables totalled EUR 80.6 (52.8) million
Personnel 30 June 2013

Split of personnel by country

- **Finland and Baltics**: 55% (63%)
- **Sweden**: 34% (26%)
- **Russia**: 10% (11%)

### Operating segments

<table>
<thead>
<tr>
<th>Operating segments</th>
<th>30 June 2013</th>
<th>30 June 2012</th>
<th>Change-%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceutical Wholesale Finland and Baltics</td>
<td>535</td>
<td>523</td>
<td>+2%</td>
</tr>
<tr>
<td>Pharmaceutical Retail Sweden</td>
<td>1593</td>
<td>994</td>
<td>+60%</td>
</tr>
<tr>
<td>Pharmaceutical Wholesale Sweden</td>
<td>277</td>
<td>252</td>
<td>+10%</td>
</tr>
<tr>
<td>Pharmaceutical Retail Russia</td>
<td>1298</td>
<td>1306</td>
<td>-1%</td>
</tr>
<tr>
<td>Pharmaceutical Wholesale Russia</td>
<td>1710</td>
<td>1701</td>
<td>+1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5414</strong></td>
<td><strong>4776</strong></td>
<td><strong>+13%</strong></td>
</tr>
</tbody>
</table>
Outlook of Net Sales and Operating Profit 2013

Outlook for 2013

- Oriola-KD estimates that net sales and operating profit excluding non-recurring items will increase from the 2012 level. Pharmaceutical Trade Russia's operating profit is estimated to be lower than the 2012 level.

Previous outlook of 25 April 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.
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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.

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