



Oriola-KD Corporation January – September 2014

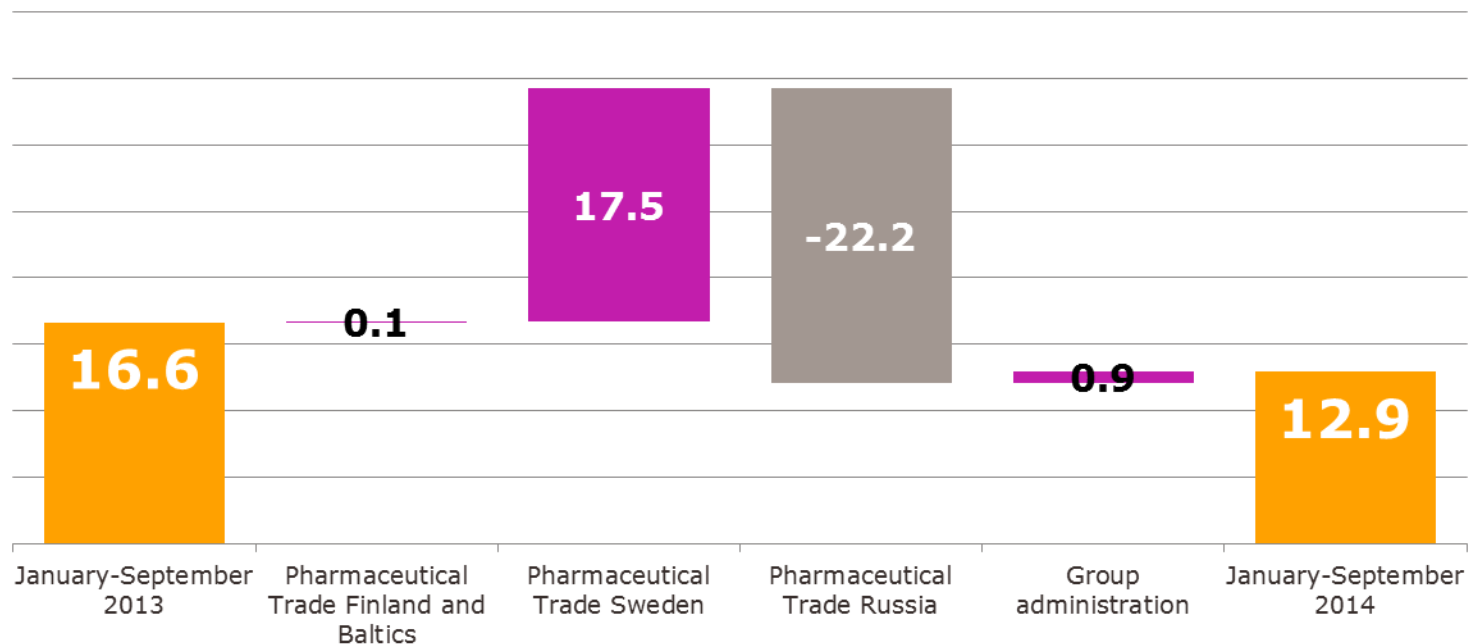
Eero Hautaniemi
President and CEO
23rd October 2014



Oriola-KD January – September 2014

- Oriola-KD's operating profit excl. non-recurring items was EUR 12.9 (16.6) million
 - Profitability of the Swedish wholesale business improved clearly
 - Swedish retail business has developed as planned
 - Profitability of Russian wholesale business was very poor
 - Russian retail business developed as planned
 - Stable development of Pharmaceutical Trade Finland and Baltics

Operating profit excluding non-recurring items January – September 2014 (EUR million)



Key Focus Areas in 2014

Key Focus Area	January– September 2014
1 Successful implementation of the new main logistics centre in Russia in spring 2015.	<ul style="list-style-type: none">• Construction work has been completed and the project is proceeding according to the plan. Transfer of the logistics operations is scheduled to begin in the last quarter in 2014. A full production capacity will be reached by the end of the first quarter in 2015.
2 Improvement of the profitability in pharmaceutical wholesale Russia.	<ul style="list-style-type: none">• Operating profit of the Russian wholesale business was poor and the operating segment's profitability was clearly behind targeted regardless of slightly improved September net sales.• As a result of efficiency measures initiated in the Russian businesses, the headcount reduction at the end of September 2014 in comparison to September 2013 was 523.
3 Completing the integration of the Swedish retail business by the end of the second quarter.	<ul style="list-style-type: none">• Integration was completed during second quarter of 2014• Third quarter operating profit excluding non-recurring items percentage for the Swedish retail business was 5.5 (3.8) per cent and for the Swedish wholesale business 1.4 (0.5) per cent.

Key Figures

EUR milloin	2014 Q3	2013 Q3	Change %	2014 1-9	2013 1-9	Change %
Net sales	565.6	654.4	-13.6	1,752.5	1,918.8	-8.7
EBITDA excl. non-recurring items	11.3	17.1	-33.9	32.8	33.8	-2.8
EBITDA	11.2	15.1	-25.6	31.5	27.8	13.4
Operating profit excl. non-recurring items	4.6	10.6	-56.5	12.9	16.6	-22.4
Operating profit	4.6	8.6	-47.2	-59.5	10.6	
Profit for the period	-1.6	2.3		-81.1	0.2	
Earnings per share (EPS), EUR	-0.02	0.01		-0.55	0.00	
Net cash flow from operating activities				-19.2	-21.0	

Balance Sheet and Key Ratios

EUR million	30 September 2014	30 September 2013	31 December 2013
Goodwill	285.4	389.4	379.0
Equity	211.3	278.5	278.1
Interest-bearing debt	252.6	321.1	318.8
Interest-bearing net debt	183.7	225.4	181.5
Balance sheet total	1,267.5	1,467.2	1,500.1
Equity ratio, %	17.2	19.5	19.2
Return on equity (ROE), %	-41.5	0.1	2.0
Return on capital employed (ROCE), %	-14.7	2.8	4.2
Gearing, %	86.9	80.9	65.3
Net debt / 12 month rolling EBITDA	3.6	5.2	3.9
Equity per share, EUR	1.40	1.84	1.84
Earnings per share (EPS), EUR	-0.55	0.00	0.04
Average number of shares, 1000 pcs	151,134	151,161	151,157

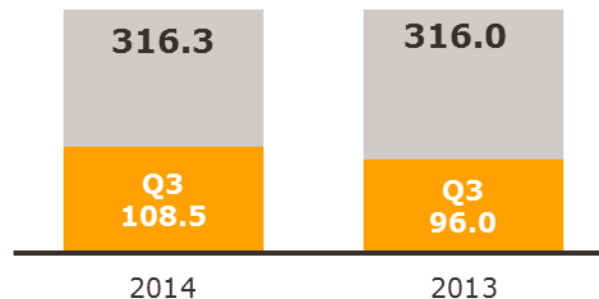
Reporting segments January – September 2014

Pharmaceutical Trade Finland and Baltics

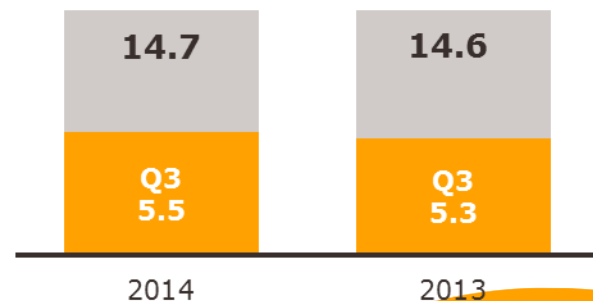
- Finnish pharmaceutical market grew by 4.0 (2.1) per cent*.
- Operating profit percentage for Finland and Baltics was 4.7 (4.6) per cent.
 - Stable development of Pharmaceutical Trade Finland and Baltics.
 - Orion's traded goods products moved over to Oriolashop.fi from the beginning of September.
 - Oriola-KD started delivering pharmaceutical re-packing services from Baltics.

*Source: IMS Health

Net sales (EUR million)



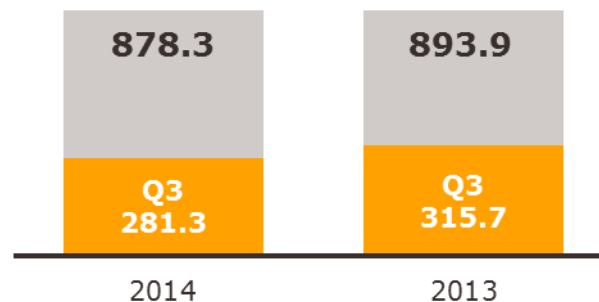
Operating profit (EUR million)



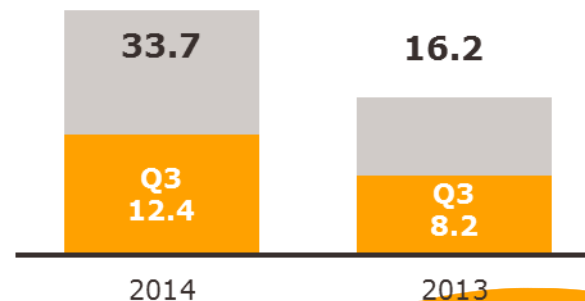
Pharmaceutical Trade Sweden

- Pharmaceutical market in Sweden increased by 2.8 (decrease 2.1) per cent* OTC and Traded Goods market increased by 4.5 (6.1) per cent**.
- Swedish retail business' net sales decreased by 1.7 per cent, on a constant currency basis net sales increased by 3.5 per cent.
- Retail business' EBITDA percentage excl. non-recurring items and management fee was 6.9 (4.9) per cent.
- Pharmacy and product portfolios have been developed according to the plan.
- Wholesale business' operating profit percentage was 1.4 (0.2) per cent.
- Strong development was driven by increased volume and profitability programs carried out.

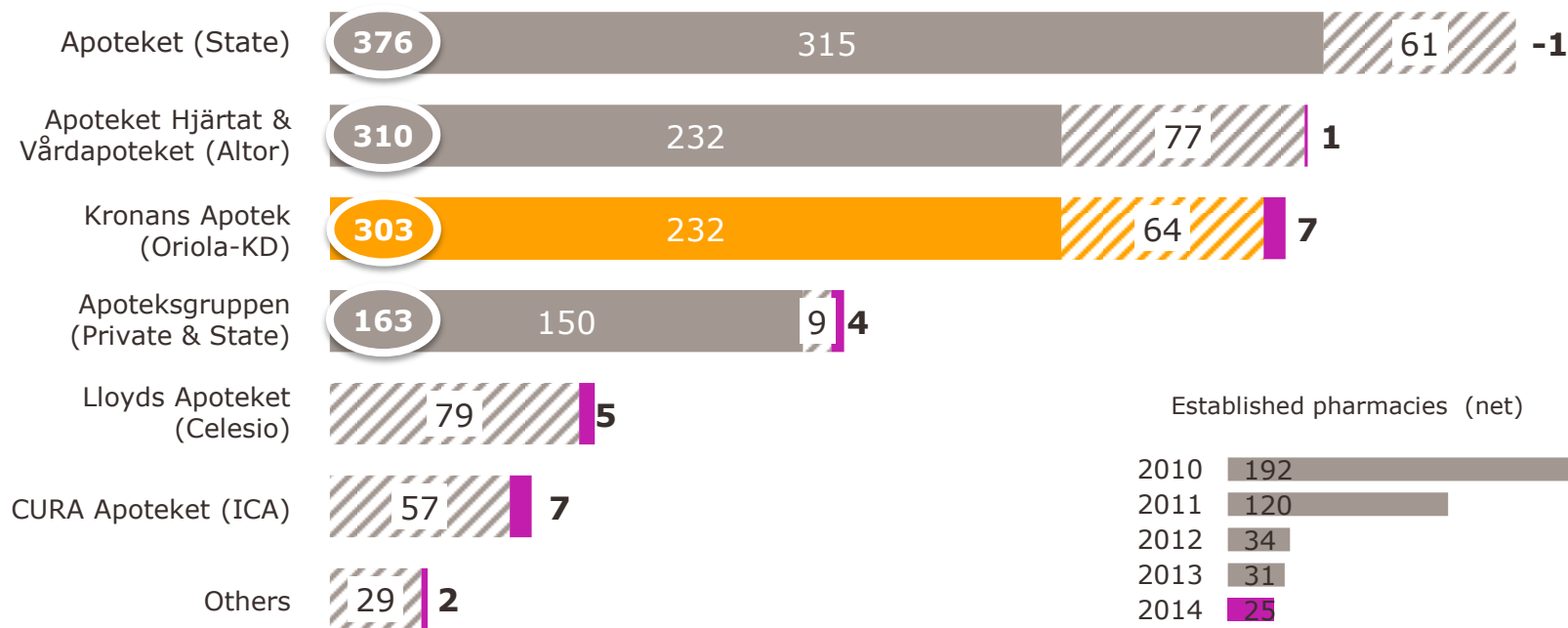
Net sales (EUR million)



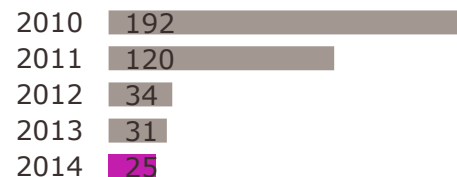
Operating profit (excl. non-recurring items)



Pharmacy Chains in Sweden

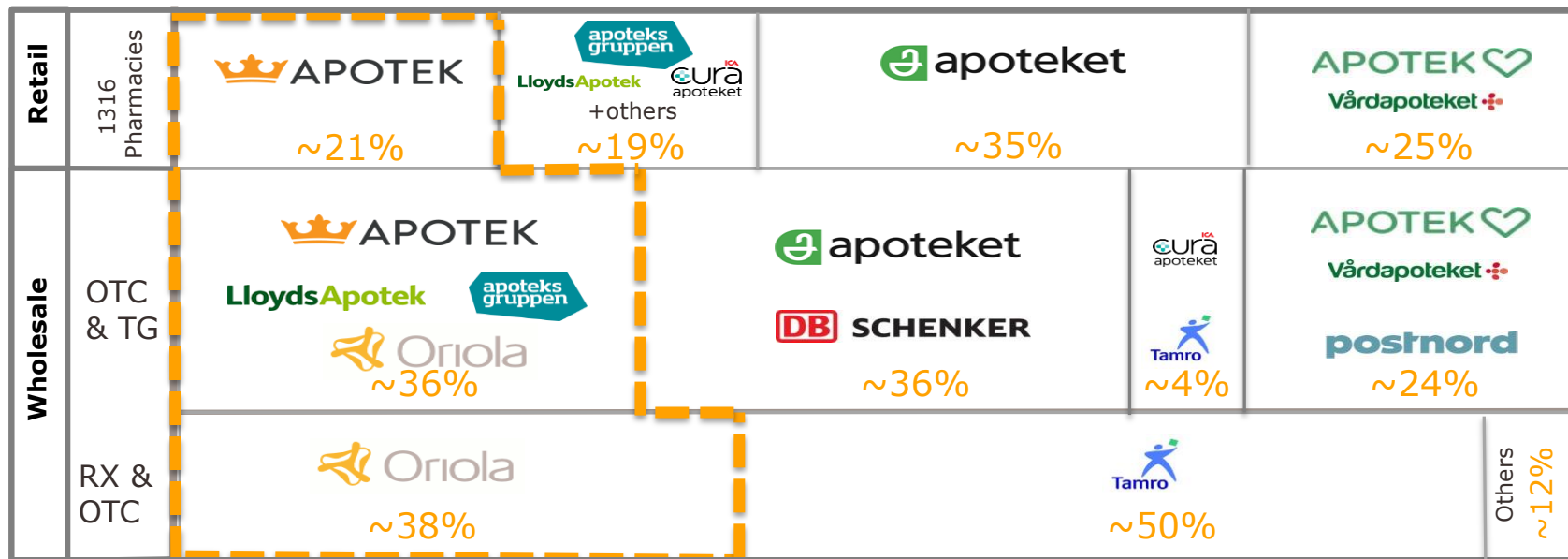


Established pharmacies (net)



● Pharmacies 2010
 Established net 2010 - 2013
 ● Established net 2014

Swedish pharma market structure

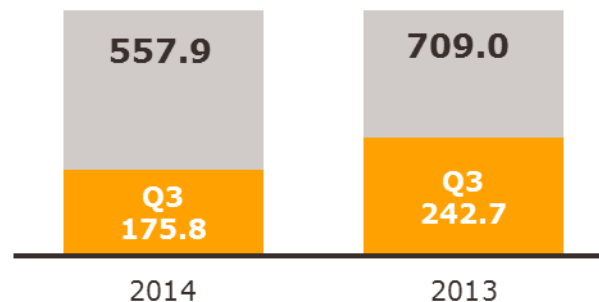


Source: Nielsen, IMS Health, Oriola-KD

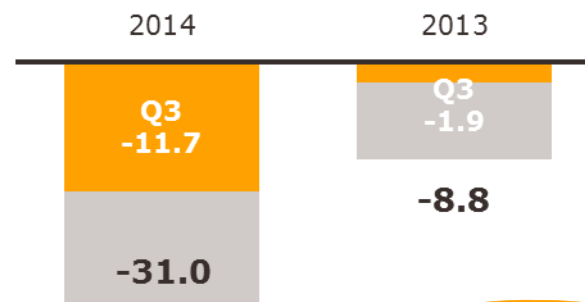
Pharmaceutical Trade Russia

- The weak performance of the Russian wholesale business had a negative impact on Oriola-KD's net sales and operating profit.
- Third quarter profitability of the Russian wholesale business was very poor, operating profit excl. non-recurring items was EUR -11.7 (-1.9) million.
 - Continued intense competition and planned change in business model contributed negatively to Russian wholesale business profitability.
 - As a result of efficiency measures initiated in the Russian businesses, the headcount reduction at the end of September 2014 in comparison to September 2013 was 523.
- Russian retail business developed as planned despite of the challenging market conditions.
 - At the end of September 2014, Oriola-KD had 229 (233) pharmacies in the Moscow area.

Net Sales (EUR million)



Operating profit (excl. non-recurring items)



Financial Position

- Interest-bearing debt was EUR 252.6 (321.1) million
- Interest-bearing net debt was EUR 183.7 (225.4) million
- Net debt / 12 month rolling EBITDA was 3.6 (5.2)
- Gearing ratio was 86.9 (80.9) per cent
- EUR 40 million hybrid bond was issued in February 2014 in order to strengthen Oriola-KD's balance sheet

Financial covenants according to the financing agreement	Actual 30 Sep 2014	Covenant 30 Sep 2014	Q4 2014	Q1 2015	Q2 2015
Net debt / 12-month rolling EBITDA	3.35x	3.5x	3.5x	3.0x	3.0x
Gearing ratio	79.9 %	100 %	100 %	100 %	100 %

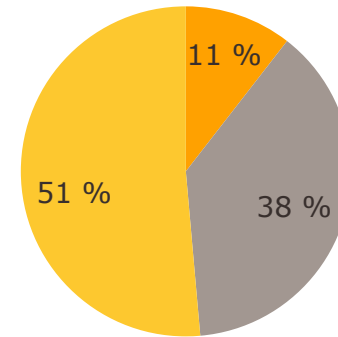
Consolidated Cash Flow

EUR million	2014 1-9	2013 1-9	2013 1-12
Change in working capital	-38.0	-35.2	3.5
Net cash flow from operating activities	-19.2	-21.0	29.8
Net cash flow from investing activities	-24.7	-88.8	-97.8
Net cash flow from financing activities	-26.3	118.1	118.4
Net change in cash and cash equivalents	-70.2	8.3	50.4
Cash and cash equivalents at the end of the period	68.9	95.7	137.3

Personnel

Personnel by Reporting Segments	30 Sep 2014	30 Sep 2013	31 Dec 2013
Pharmaceutical Trade Finland and Baltics	504	508	501
Pharmaceutical Trade Sweden	1,790	1,861	1,836
Pharmaceutical Trade Russia	2,405	2,928	2,881

Personnel by country



■ Finland and Baltics ■ Sweden ■ Russia

Outlook for 2014

- Oriola-KD estimates that net sales and operating profit excluding non-recurring items will decrease from 2013 level.
- Oriola-KD revised its guidance announced in interim report 24 July, 2014 with stock exchange release on 10 October, 2014.

Events after the review period

Oriola-KD has stated in its stock exchange release on October 10, 2014 that the Company has nominated a financial advisor to investigate the conditions for selling the Company's Russian businesses and conducted negotiations in the matter. No decision has been made on the sale of the businesses, and there is no certainty regarding the completion of any possible sale. In addition to the ongoing initiatives to develop Company's Russian businesses, the Company will also continue to investigate other strategic alternatives.



Oriola KD

The Channel for Health

