

## Oriola-KD Corporation Stock Exchange Release 6 February 2015 at 8.30 a.m.

### Oriola-KD Corporation's Financial Statements Release 2014

#### Financial performance October–December 2014 for continuing operations

- Net sales increased by 1.9 per cent to EUR 417.7 (409.8) million
- EBITDA excluding non-recurring items increased by 19.3 per cent to EUR 20.8 (17.4) million
- EBITDA was EUR 27.7 (17.1) million
- Operating profit excluding non-recurring items was EUR 15.1 (11.6) million
- Operating profit was EUR 22.1 (9.9) million
- Net cash flow from operations including discontinued operations was EUR 8.4 (50.8) million
- Profit for the period totalled EUR 18.0 (6.6) million and earnings per share were EUR 0.12 (0.04)

#### Financial performance January–December 2014 for continuing operations

- Net sales decreased by 0.5 per cent to EUR 1,612.3 (1,619.7) million
- EBITDA excluding non-recurring items increased by 45.3 per cent to EUR 81.3 (55.9) million
- EBITDA was EUR 87.2 (49.7) million
- Operating profit excluding non-recurring items was EUR 59.1 (37.0) million
- Operating profit was EUR 65.0 (29.3) million
- Net cash flow from operations including discontinued operations was EUR -10.8 (29.8) million
- Profit for the period totalled EUR 46.5 (17.1) million and earnings per share were EUR 0.29 (0.11)

<b>Key figures from continuing operations</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>
<b>EUR million</b>	<b>10-12</b>	<b>10-12</b>	<b>%</b>	<b>1-12</b>	<b>1-12</b>	<b>%</b>
Net sales	417.7	409.8	1.9	1,612.3	1,619.7	-0.5
EBITDA excluding non-recurring items	20.8	17.4	19.3	81.3	55.9	45.3
EBITDA	27.7	17.1	61.6	87.2	49.7	75.6
Operating profit excluding non-recurring items	15.1	11.6	30.7	59.1	37.0	59.5
Operating profit	22.1	9.9	123.5	65.0	29.3	121.7
Operating profit % excluding non-recurring items	3.6	2.8		3.7	2.3	
Operating profit %	5.3	2.4		4.0	1.8	
Profit for the period	18.0	6.6	172.6	46.5	17.1	171.3
Earnings per share, EUR	0.12	0.04	164.2	0.29	0.11	160.1
Net cash flow from operating activities	8.4	50.8		-10.8	29.8	
Return on equity (ROE), %				23.7	2.0	
Gearing, %				90.1	65.3	

#### Outlook for 2015

Oriola-KD estimates its full-year net sales to remain at the 2014 level. Operating profit excluding non-recurring items is estimated to increase from the 2014 level. Full-year net sales for continuing operations were EUR 1,612.3 million and operating profit excluding non-recurring items was EUR 59.1 million.

#### President and CEO Eero Hautaniemi's comments regarding the financial statements release:

"Profitability improved in both operating segments in Pharmaceutical Trade Sweden. In the Swedish retail business we continued to develop our product portfolio and customer loyalty programme. In October Kronans Apotek pharmacy chain's loyalty programme celebrated its millionth member. The fourth quarter profitability of the Swedish retail business was negatively affected by price reductions of certain prescription medicines. The profitability of the Swedish wholesale business was strengthened by the increased volume

as well as the efficiency program carried out according to our plan. In accordance of our strategy we will continue the efficiency measures to improve the performance of the Swedish businesses in 2015.

In Finland we renewed major agreements with Roche and AbbVie and continued to improve our online services. In September the product portfolio of our online shop increased significantly when Orion's traded goods products moved over to Oriolashop.fi . In Baltics we strengthened our position in pharmaceutical retail business by acquiring "SIA Rigas Elizabetes aptieka", a pharmacy in Riga city centre.

On December 8<sup>th</sup> we entered into an agreement to sell all our Russian businesses to the Russian pharmacy chain CJSC Apteki 36.6. The Russian businesses have fallen behind set goals for several years. The decision to sale the Russian businesses was based on our estimates on the outlook of the Russian pharmaceutical markets, on the competitive environment and the further development of profitability of the Russian businesses. Profit for the period for Russian businesses in 2014 was EUR -111.1 (-11.4) million, impairment loss, accumulated translation differences, foreign exchange differences and cost of disposal recognised on sale of the Russian businesses totalled EUR -147.7 million. Profit for the period from discontinued operations was EUR -258.8 (-11.4) million.

Going forward, we will focus on developing our businesses in Finland, Sweden and Baltic countries in accordance with our strategy. We want to be the leading pharmaceutical retail operator and pharmaceutical distributor and service provider for pharmaceutical companies and consumers."

### **Oriola-KD Corporation's financial statements release 1 January–31 December 2014**

The commentary for this financial statements release comprises of the continuing operations of the Company unless otherwise stated. The results for the Russian businesses sold in December 2014 are presented as discontinued operations separately from the results from continuing operations in 2014 and 2013 results have been revised accordingly. The consolidated statement of financial position for 2013 includes the assets and liabilities of discontinued operations. The figures in the tables have been rounded independently.

<b>Key Figures</b> <sup>1)</sup>	<b>2014</b>	<b>2013</b>
	<b>1-12</b>	<b>1-12</b>
Goodwill, EUR million	250.9	379.0
Equity, EUR million	113.6	278.1
Interest-bearing debt, EUR million	193.9	318.8
Net interest-bearing debt, EUR million	102.4	181.5
Total assets, EUR million	874.0	1,500.1
Equity ratio, %	13.3	19.2
Return on equity (ROE), %	23.7	2.0
Return on capital employed (ROCE), %	14.4	4.2
Gearing, %	90.1	65.3
Net debt / 12-month EBITDA from continuing operations	1.2	3.7
Equity per share, EUR	0.75	1.84
Earnings per share, continuing operations, EUR	0.29	0.11
Earnings per share, incl. Discontinued operations, EUR	-1.42	0.04
Average number of shares, 1000 pcs <sup>2)</sup>	151,130	151,157
Average number of personnel, continuing operations	2,377	2,156
Number of personnel at the end of the period, continuing operations	2,356	2,375
Gross investments, continuing operations, EUR million	25.7	189.6

<sup>1)</sup> Comparative balance sheet items include discontinued operations unless otherwise stated.

<sup>2)</sup> Treasury shares held by the company not included

## **Changes in the Group Structure in 2014**

On 21<sup>st</sup> of November 2014 Oriola-KD sold share capital of Oriola-KD Holding Sverige AB to Oriola-KD Holding Russia Oy as an intra-group share transaction. Oriola-KD Russia Holding Oy name was changed to Oriola-KD Holding Oy in December 2014.

On 1<sup>st</sup> of December 2014 Oriola-KD Group company Oriola Oy acquired the share capital of "SIA Rigas Elizabetes aptieka" a pharmacy in Latvia in Riga city centre.

On 8 December 2014 Oriola-KD Group company Oriola-KD Holding Russia Oy sold the share capital of its Russian subsidiaries to CJSC Apteki 36.6. Oriola-KD classifies Russian businesses as discontinued operations.

## **The Group's net sales and result for October–December 2014 for continuing operations**

Oriola-KD's fourth quarter net sales were EUR 417.7 (409.8) million. Operating profit excluding non-recurring items was EUR 15.1 (11.6) and operating profit was EUR 22.1 (9.9) million. Oriola-KD recognised a non-recurring capital gain of EUR 7.5 million for the fourth quarter 2014 regarding the sale and leaseback agreement of Mölnlycke central warehouse in Sweden.

Profit after financial items was EUR 20.3 (6.7) million. Oriola-KD's net financial expenses were EUR 1.8 (3.2) million and profit for the period was EUR 18.0 (6.6) million. Earnings per share were EUR 0.12 (0.04).

## **The Group's net sales and result for January–December 2014 for continuing operations**

Oriola-KD's net sales decreased by 0.5 per cent to EUR 1,612.3 (1,619.7) million and operating profit excluding non-recurring items increased by 59.5 per cent to EUR 59.1 (37.0) million. Operating profit was EUR 65.0 (29.3) million. The positive development of Oriola-KD's operating profit was supported by the improved profitability in Swedish operating segments. Oriola-KD recognized a non-recurring capital gain of EUR 7.5 million for the fourth quarter 2014 regarding the sale and leaseback agreement of Mölnlycke central warehouse in Sweden. The comparative period operating profit includes EUR 2.7 million expenses associated with a business acquisition in Sweden.

Profit after financial items was EUR 57.1 (20.9) million and profit for the period was EUR 46.5 (17.1) million. Oriola-KD's net financial expenses decreased to EUR 7.8 (8.4) million. Earnings per share were EUR 0.29 (0.11).

Return on equity was 23.7 (2.0) per cent in 2014. Return on equity is calculated based on continuing operations in year 2014 and include discontinued operations in year 2013.

## **Reportable segments**

Oriola-KD's reportable segments are Pharmaceutical Trade Finland and Baltics and Pharmaceutical Trade Sweden. Oriola-KD has formed its reportable 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.

On 8 December 2014 Oriola-KD sold its Russian businesses to CJSC Apteki 36.6. Oriola-KD classifies Russian businesses as discontinued operations.

Reporting segment results in the Oriola-KD management reports include management fee. Segment information for 2013 has been revised to correspond with the current presentation.

## Pharmaceutical Trade Finland and Baltics

<b>Key Figures</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>
<b>EUR million</b>	<b>10-12</b>	<b>10-12</b>	<b>%</b>	<b>1-12</b>	<b>1-12</b>	<b>%</b>
Net Sales	119.6	109.4	9.3	435.9	425.3	2.5
Pharmaceutical wholesale in Finland	95.9	88.2	8.7	348.7	342.1	1.9
Pharmaceutical wholesale in Baltics	12.9	10.8	19.9	46.6	41.0	13.7
Consumer Health	10.9	10.5	3.4	40.9	42.7	-4.1
Operating profit % excluding non-recurring items	4.9	4.2	16.9	19.6	18.8	4.3
Operating profit	4.4	4.2	6.1	19.2	18.8	1.9
Operating profit % excluding non-recurring items	4.1	3.8		4.5	4.4	
Operating profit %	3.7	3.8		4.4	4.4	
Number of personnel at the end of period				523	501	

### October–December 2014

The net sales of Pharmaceutical Trade Finland and Baltics in the fourth quarter of 2014 were EUR 119.6 (109.4) million. Operating profit excluding non-recurring items was EUR 4.9 (4.2) million and operating profit was EUR 4.4 (4.2) million. Net sales of the wholesale business in Finland were EUR 95.9 (88.2) million and invoicing was EUR 274.1 (257.9) million. The net sales of the wholesale business in the Baltic countries were EUR 12.9 (10.8) million and net sales of the Consumer Health business totalled EUR 10.9 (10.5) million.

### January–December 2014

The net sales of Pharmaceutical Trade Finland and Baltics increased by 2.5 per cent to EUR 435.9 (425.3) million. Operating profit excluding non-recurring items was increased by 4.3 per cent to EUR 19.6 (18.8) million. Operating profit increased by 1.9 per cent to EUR 19.2 (18.8) million.

The net sales of the wholesale business in Finland was EUR 348.7 (342.1) million and invoicing totalled EUR 1,015.7 (1,022.6) million. Net sales of the wholesale business in the Baltic countries increased due to broadened service portfolio and were EUR 46.6 (41.0) million. Net sales of the Consumer Health business were EUR 40.9 (42.7) million.

The EBITDA excluding non-recurring items of Pharmaceutical Trade Finland and Baltics was EUR 23.7 (22.2) million and EBITDA was EUR 23.2 (22.2) million.

Profitability of Pharmaceutical Trade Finland and Baltics remained at the level of the comparative period. During the last quarter of 2014 Oriola-KD renewed agreements with Roche, Novo and AbbVie in Finnish wholesale business. In Finland, a co-operation agreement with Orion Corporation strengthened the product portfolio of the Oriolashop.fi online shop targeted to the healthcare professionals. Orion's traded goods products moved over to Oriolashop.fi from the beginning of September. Sales of the main Consumer Health brands, such as Avène, Lysi, Gefilus and Pharmacare increased in 2014.

Oriola-KD started delivering pharmaceutical re-packing services from Baltics. In Baltics Oriola-KD strengthened its position in pharmaceutical retail business by acquiring "SIA Rigas Elizabetes aptieka", a pharmacy in Riga city centre.

The Finnish pharmaceutical market grew by 4.7 (1.8) per cent in 2014 (source: IMS Health).

Oriola-KD's share of the Finnish pharmaceutical wholesale market was 46 (46) per cent in 2014 (source: ATY).

## Pharmaceutical Trade Sweden

Key Figures EUR million	2014	2013	Change	2014	2013	Change
	10-12	10-12	%	1-12	1-12	%
Net Sales	298.1	300.5	-0.8	1,176.4	1,194.4	-1.5
Retail business	187.9	192.8	-2.6	744.2	669.6	11.1
Wholesale business	191.2	174.0	9.9	761.2	743.4	2.4
Operating profit excluding non-recurring items	10.2	7.9	30.0	44.0	24.1	82.6
Retail business	7.7	5.8	33.0	33.8	20.3	66.6
Wholesale business	2.5	2.2	12.5	10.4	4.2	148.5
Operating profit	17.7	6.2	187.7	50.5	16.4	208.4
Retail business	7.7	3.9	97.5	32.8	12.9	153.0
Wholesale business	10.0	2.4	315.4	17.9	3.8	370.6
Operating profit % excluding non-recurring items	3.4	2.6		3.7	2.0	
Retail business	4.1	3.0		4.5	3.0	
Wholesale business	1.3	1.3		1.4	0.6	
Operating profit %	6.0	2.1		4.3	1.4	
Retail business	4.1	2.0		4.4	1.9	
Wholesale business	5.2	1.4		2.4	0.5	
Number of personnel at the end of period				1,792	1,836	
Retail business				1,524	1,562	
Wholesale business				268	275	

### October–December 2014

The fourth quarter net sales of Pharmaceutical Trade Sweden in 2014 were EUR 298.1 (300.5) million. Operating profit excluding non-recurring items was EUR 10.2 (7.9) million and operating profit was EUR 17.7 (6.2) million. The net sales of the retail business were EUR 187.9 (192.8) million. Operating profit excluding non-recurring items for the retail business totalled EUR 7.7 (5.8) million and operating profit was EUR 7.7 (3.9) million. The net sales of the wholesale business totalled EUR 191.2 (174.0) million. Operating profit excluding non-recurring items for the wholesale business was EUR 2.5 (2.2) million and operating profit was EUR 10.0 (2.4) million. Invoicing for the wholesale business was EUR 405.0 (373.2) million. Oriola-KD recognized a non-recurring capital gain of EUR 7.5 million for the fourth quarter 2014 regarding the sale and leaseback agreement of Mölnlycke central warehouse in Sweden.

### January–December 2014

The net sales of Pharmaceutical Trade Sweden in 2014 decreased by 1.5 per cent to EUR 1,176.4 (1,194.4) million, and on a constant currency basis, net sales increased by 3.6 (11.9) per cent. Retail business net sales in 2014 were EUR 744.2 (669.6) million, wholesale business net sales totalled EUR 761.2 (743.4) million. Invoicing for the Swedish wholesale business was EUR 1,526.6 (1,509.3) million. 2014 net sales of Swedish retail business strengthened due to ongoing development of the businesses and the acquisition of Medstop in June 2013.

The Swedish retail business' EBITDA excluding non-recurring items was EUR 49.4 (33.2) million and EBITDA was EUR 48.4 (27.3) million in 2014. The EBITDA percentage excluding non-recurring items and the management fee for the retail business was 6.9 (5.0) per cent.

The Swedish wholesale business' EBITDA excluding non-recurring items was EUR 12.8 (6.8) million and EBITDA was EUR 20.3 (6.4) million.

Pharmaceutical Trade Sweden's operating profit excluding non-recurring items increased by 82.6 per cent to EUR 44.0 (24.1) million and operating profit increased by 208.4 per cent and was EUR 50.5 (16.4) million.

Operating profit excluding non-recurring items for the Swedish retail business totalled EUR 33.8 (20.3) million and operating profit was EUR 32.8 (12.9) million. Operating profit excluding non-recurring items for the Swedish wholesale business was EUR 10.4 (4.2) million and operating profit was EUR 17.9 (3.8) million. Oriola-KD recognized a non-recurring capital gain of EUR 7.5 million for the fourth quarter 2014 regarding the sale and leaseback agreement of Mölnlycke central warehouse in Sweden. The Medstop pharmacy chain has been consolidated in the figures of Oriola-KD as of 1 June 2013.

Profitability of the Swedish retail business improved during the reporting period. The fourth quarter profitability of the Swedish retail business was negatively affected by price reductions of certain prescription medicines such as asthma medicine Symbicort. Pharmacy and product portfolios were developed according to the plan. The share of OTC and traded goods increased to 26.9 (25.9) per cent in 2014. Oriola-KD has opened 8 new pharmacies, operating under the Kronans Apotek brand in 2014. At the end of December 2014, Oriola-KD had a total of 304 (296) pharmacies in Sweden. Oriola-KD's market share of the pharmaceutical retail market in 2014 was 19 (20) per cent (source: Apoteksföreningen).

Strong increase in Swedish wholesale business' net sales and operating profit was driven by increased volume and profitability program carried out. In Swedish wholesale business Oriola-KD made several new small and medium size agreements with pharmaceutical companies in 2014. The relative share of parallel imports in the Swedish pharmaceutical market has decreased during the reporting period. Parallel imports share of the Swedish pharmaceutical market was approximately 13 (21) per cent at the end of 2014 (source: IMS Health), Oriola-KD estimates that its share of the Swedish pharmaceutical wholesale market was 39 (37) per cent in 2014.

The pharmaceutical market in Sweden grew by 4.2 (declined 1.4) per cent in Swedish krona (source: IMS Health) and the retail market for OTC products and traded goods grew by 4.0 (6.1) per cent in Swedish krona (source: Nielsen) in 2014. Based on Oriola-KD's estimate 32 new pharmacies were established in Sweden in 2014, at the end of December there was 1,336 pharmacies in Sweden.

## 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 or discontinuation of business operations or assets, gains or losses from restructuring business operations, and impairment losses of goodwill and other non-current assets are recognised by Oriola-KD as non-recurring items.

### Non-recurring items included in Operating Profit

EUR million	2014 10-12	2013 10-12	2014 1-12	2013 1-12
Pharmaceutical Trade Finland and Baltics				
Service award arrangement	-0.5	-	-0.5	-
Pharmaceutical Trade Sweden				
Restructuring costs	-	-1.7	-1.0	-4.6
Write-off of contract-based accrual	-	-	-	-3.1
Gain on sale of property	7.5	-	7.5	-
Group items				
Service award arrangement	-0.1	-	-0.1	-
<b>Total</b>	<b>6.9</b>	<b>-1.7</b>	<b>5.9</b>	<b>-7.7</b>

Non-recurring items reported in 2014 relate to restructuring charges in Pharmaceutical Trade Sweden, the sale and leaseback agreement of Mölnlycke central warehouse in Sweden and service award arrangement recognised in accordance with IAS 19 in Pharmaceutical Trade Finland and Baltics and in group functions.

## Balance sheet, financing and cash flow

Oriola-KD's total assets at 31 December 2014 were EUR 874.0 (1,500.1) million. Cash and cash equivalents totalled EUR 91.5 (137.3) million and equity was EUR 113.6 (278.1) million. The equity ratio was 13.3 (19.2) per cent and gearing was 90.1 (65.3) per cent.

Oriola-KD's goodwill of EUR 250.9 (379.0) million has been allocated in impairment testing to the cash-generating units consisting of the Group's operating segments. Oriola-KD has prepared goodwill impairment testing twice a year, in accordance with the timetable of its strategy and planning process. At the end of December 2014, EUR 225.3 (238.9) millions of the goodwill was allocated to the Swedish pharmaceutical retail business, EUR 25.4 (26.9) million to the Swedish pharmaceutical wholesale business and EUR 0.2 (-) million to the Pharmaceutical Trade Baltics.

At the end of December, interest-bearing debt was EUR 193.9 (318.8) million of which syndicated bank loans totalled EUR 102.2 (172.4) million, commercial papers EUR 51.8 (83.1) million, advance payments from pharmacies EUR 20.6 (47.8) million, a contingent consideration related to Medstop-acquisition EUR 14.7 (14.6) million and finance lease liabilities EUR 4.5 (0.8) million. Long-term interest bearing-liabilities were EUR 98.5 (176.2) million and short-term interest-bearing liabilities were EUR 95.4 (142.6) million. Interest-bearing net debt was EUR 102.4 (181.5) million. The non-recourse trade receivables sales programmes were continued in the Pharmaceutical Trade Sweden in 2014. At the end of December 2014, a total of EUR 100.1 (76.8) million in trade receivables had been sold.

Oriola-KD's committed long-term credit facility of EUR 100.0 million and EUR 55.6 million of short-term credit account limits with banks were unused at the end of December 2014. Oriola-KD signed a financing agreement of approximately EUR 280 million during the second quarter of 2013. The financial covenants contained in the financing agreement are based on the ratio between the Group's net debt and rolling 12-month EBITDA and gearing ratio. The ratio between the Group's net debt and the 12-month rolling EBITDA was 1.17 and the adjusted ratio in accordance with the terms and conditions of the financing agreement, stood at 1.01 at the end of December 2014, the covenant limit in the agreement being 3.50. In connection with sale of Oriola-KD's Russian businesses the financing agreement was amended, gearing covenant was not tested on 31<sup>st</sup> of December 2014.

<b>Financial covenants contained in the financing agreement</b>	<b>31 Dec 2014</b>	<b>31 Mar 2015</b>	<b>30 Jun 2015</b>	<b>30 Sep 2015</b>
Ratio between net debt and rolling 12-month EBITDA	3.50	3.00	3.00	3.00
Gearing ratio	100%	100%	100%	100%

On 20 February 2014 Oriola-KD issued a EUR 40 million hybrid bond. The bond bears a fixed interest rate of 7.0 per cent per annum until 20 February 2017 and a floating interest rate thereafter. The hybrid bond has no maturity date but the issuer is entitled to redeem the hybrid bond after three years. Interest on the hybrid bond will be paid providing dividend is paid in accordance with the annual general meeting resolution. If dividends are not paid, the Group will make a separate decision regarding interest payment on the hybrid bond. Unpaid interest is accrued and taken into consideration in the calculation of earnings per share.

Income taxes for continuing operations in 2014 were EUR 10.7 (3.8) million.

Net cash flow from operations including discontinued operations in 2014 was EUR -10.8 (29.8) million, of which changes in working capital accounted for EUR -42.5 (3.5) million. Net cash flow from investing activities was EUR 40.3 (-97.8) million.

## Investments

Gross investments for continuing operations in 2014 totalled EUR 25.7 (189.6) million and consisted of investments related to the opening of new pharmacies, information systems and improvements in logistics efficiency, and in 2013 the acquisition of Medstop.

## Personnel

At the end of year 2014, Oriola-KD had a payroll of 2,356 (2,375) employees, 23.9 (22.7) per cent of whom worked in Finland and the Baltics and 76.1 (77.3) per cent in Sweden. Personnel numbers consist of members of staff in active employment.

## Administration

The Annual General Meeting (AGM) of Oriola-KD Corporation held on 24 March 2014 elected the following persons as members of the company's Board of Directors: Mr Jukka Alho (Chair), Mr Harry Brade and Mr Per Bätelson, and elected Ms Anja Korhonen, Mr Kuisma Niemelä and Mr Matti Rihko as new members. At its constitutive meeting, convening immediately after the AGM, the Board of Directors of Oriola-KD Corporation elected Mr Matti Rihko as Vice Chairman of the Board of Directors. The Board appointed the following from among its members: Ms Anja Korhonen (Chairman), Mr Harry Brade and Mr Matti Rihko to the Board's Audit Committee, and Mr Jukka Alho (Chairman), Mr Per Bätelson and Mr Kuisma Niemelä to the Board's Remuneration Committee.

The Board of Directors has assessed the independence of the members of the Board, and determined that all members of the Board are independent of the company and its major shareholders.

The AGM elected PricewaterhouseCoopers Oy as the auditor for the company.

Oriola-KD's Group Management Team:

- Eero Hautaniemi, President and CEO
- Lars Birkeland, Vice President, pharmaceutical retail, Sweden
- Tuomas Itkonen, CFO
- Jukka Mäkelä, Vice President, Development
- Teija Silver, Vice President, HR
- Kimmo Virtanen, Executive Vice President, pharmaceutical wholesale, Finland, Sweden and the Baltics
- Konstantin Minin, Vice President, pharmaceutical wholesale and retail, Russia (until December 8, 2014)

Oriola-KD applies the Finnish Corporate Governance Code which was issued by the Securities Market Association on 15 June 2010 and which entered into force on 1 October 2010, with the exception that the company's Nomination Committee may also have members who are not members of the company's Board of Directors. The purpose of this deviation from Recommendation 22 of the Corporate Governance Code (Appointment of members to the committees) is to allow the election of major shareholders in the company to the Nomination Committee and thus to ensure that their opinions are heard well before the Annual General Meeting. The Nomination Committee is a body established by the Board for the purpose of preparing and presenting to the Board a recommendation for the proposal to be put to the Annual General Meeting concerning the composition and remuneration of the Board. The Corporate Governance Statement and the Remuneration Statement for 2014 can be viewed on the company's website at: <http://www.oriola-kd.com/en/Corporate-Governance/>.

## Board authorisations

The Annual General Meeting, held on 24 March 2014, authorised the Board of Directors to decide on a share issue against payment in one or more issues. The authorisation comprises the right to issue new shares or assign treasury shares held by the company. The authorisation covers a maximum of 9,500,000 Class A shares and 21,000,000 Class B shares and includes the right to derogate from the shareholders' pre-emptive subscription right. Pursuant to the authorisation, shares held by the company as treasury shares may also be sold through trading on a regulated market organised by NASDAQ OMX Helsinki Ltd. The authorisation is in effect for a period of eighteen months from the decision of the Annual General Meeting.

The Annual General Meeting, held on 24 March 2014, authorised the Board of Directors to decide on a share issue against payment in one or more issues. The authorisation comprises the right to issue new class B shares or assign class B treasury shares held by the company. The authorisation covers a combined



maximum of 15,000,000 class B shares of the company and includes the right to derogate from the shareholders' pre-emptive subscription right. Pursuant to the authorisation, class B shares held by the Company as treasury shares may also be sold on regulated market organised by NASDAQ OMX Helsinki Ltd. The authorisation is in effect for a period of eighteen months from the decision of the Annual General Meeting.

The authorisation revokes all previous share issue authorisations given to the Board of Directors apart from the authorisation given to the Board of Directors by the Annual General Meeting held on 20 March 2013, pursuant to which the Board of Directors may decide upon directed share issues against or without a payment concerning no more than 1,715,000 class B shares in order to execute the share-based incentive plan for the Oriola-KD Group's executives and the share savings plan for the Oriola-KD Group's key personnel.

The Annual General Meeting, held on 24 March 2014, also authorised the Board of Directors to decide on repurchasing of the company's own class B shares. The authorisation entitles the Board of Directors to decide on the repurchase of no more than 15,000,000 of the company's own class B shares in a proportion other than in which shares are owned by the shareholders. The authorisation to repurchase own shares is in force for a period of not more than eighteen months from the decision of the Annual General Meeting. Shares may be repurchased to develop the company's capital structure, to execute corporate transactions or other business arrangements, to finance investments, to be used as a part of the company's incentive schemes or to be otherwise relinquished, held by the company or cancelled.

### Oriola-KD Corporation shares

Trading volume of the Oriola-KD Corporation's class A and B shares in 2014:

Trading volume	January- December 2014		January- December 2013	
	class A	class B	class A	class B
Trading volume, million	7.4	38.8	3.2	28.6
Trading volume, EUR million	18.6	101.5	7.7	68.3
Highest price, EUR	3.51	3.50	2.69	2.73
Lowest price, EUR	2.00	2.10	2.24	2.18
Closing quotation, end of period, EUR	3.46	3.47	2.60	2.55

Oriola-KD Corporation's market capitalisation on 31 December 2014 was EUR 524.4 (388.1) million.

In the review period, the traded volume of Oriola-KD Corporation shares, excluding treasury shares, corresponded to 30.6 (21.1) per cent of the total number of shares. The traded volume of class A shares amounted to 15.7 (6.8) per cent of the average stock, and that of class B shares, excluding treasury shares, to 37.3 (27.5) per cent of the average stock.

At the end of December 2014, 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 139,752 (115,902) treasury shares (including treasury shares held by third-party service provider), all of which are class B shares. They account for 0.09 (0.08) per cent of the company's shares and 0.013 (0.011) 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 December 2014, 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 share incentive scheme for the Group's senior management for the years 2013-2015. The scheme covers seven persons. 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 2014 earning period is based on the

Oriola-KD Group's earnings per share (EPS). There will be no payment based on the performance period 2014 since the performance criterion was not met.

The Board of Oriola-KD Corporation approved the terms and conditions of the key employees' share savings plan on 28 May 2013. A total of about 50 key employees are participating in the plan. The savings period started on 1 October 2013 and end on 30 September 2014. In addition the Board of Oriola-KD Corporation approved on 27 August 2014 the terms and conditions of the key employees' share savings plan. A total of about 49 key employees are participating in the plan. The savings period started on 1 October 2014 and end on 30 September 2015. For both savings plans the maximum and minimum monthly savings amount to 10 and 2 per cent, respectively, of each participant's fixed gross monthly salary. The accumulated savings will be used for purchasing Oriola-KD's class B shares for the participants at market prices. About two years after the start of the programme, the company will give the participants two class B shares for every three shares purchased as part of the programme. The shares given to the participants will be partially used for paying taxes. Oriola-KD Corporation has an agreement with a third-party service provider concerning administration of the share-based incentive program. At the end of the reporting period, the amount of treasury shares held by the third-party service provider was 42,930 (19,080).

### **Liquidity guarantee**

There is no liquidity guarantee in effect for the shares of Oriola-KD Corporation.

### **Flagging announcements**

On 7 May 2014 Norges Bank (The Central Bank of Norway) portion of the shares of Oriola-KD Corporation exceeded the 1/20 limit referred to in Chapter 9, Section 5 of the Securities Markets Act. On 7 May 2014, the direct shareholding of Norges Bank totalled 5.76 per cent of Oriola-KD Corporation's shares and 1.49 per cent of the votes conferred by the shares.

On 18 September 2014 Mariatorp Oy portion of the shares of Oriola-KD Corporation exceeded the 1/20 limit referred to in Chapter 9, Section 5 of the Securities Markets Act. On 19 September 2014, the direct shareholding of Mariatorp Oy totalled 5.01 per cent of Oriola-KD Corporation's shares and 5.002 per cent of the votes conferred by the shares.

On 10 December 2014 Norges Bank (The Central Bank of Norway) portion of the shares of Oriola-KD Corporation fall below the 1/20 limit referred to in Chapter 9, Section 5 of the Securities Markets Act. On 10 December 2014, the direct shareholding of Norges Bank totalled 3.76 per cent of Oriola-KD Corporation's shares and 0.54 per cent of the votes conferred by the shares.

### **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 net sales and profitability.
- In the Swedish retail business, the free establishment of pharmacies has led to an increase in the number of pharmacies. The number of pharmacies may continue to grow, which could further increase the fierce competition.
- 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.

- Changes in share of parallel imports in Swedish pharmaceutical market may affect profitability of the Swedish wholesale and retail businesses.
- Strategic development projects involve operational risks.

The main financial risks for Oriola-KD involve currency rate, liquidity, interest rate and credit risks. Currency risk is the most significant financial risks in Sweden, as any changes in the value of the Swedish krona will have an impact on Oriola-KD's net sales, earnings and equity.

Oriola-KD has prepared goodwill impairment testing twice a year, in accordance with the timetable of its strategy and planning process. 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.

### **Near-term risks and uncertainty factors**

Oriola-KD's strategic development projects involve operational risks which may have an effect on Oriola-KD's profitability.

Oriola-KD's long-term financing agreement contains financial covenants concerning the ratio between Oriola-KD's net debt and rolling 12-month EBITDA and the group's gearing ratio. Weakening profitability of Oriola-KD's business operations may affect Oriola-KD's ability to meet the financial covenants contained in the financing agreement.

### **Outlook**

Oriola-KD's outlook for 2015 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments. During the five-year period from 2013-2018, the Finnish pharmaceutical market is expected to grow at an annual rate of 2.6 per cent and Swedish pharmaceutical market is expected to change an average of 0 per cent per year in the local currencies (source: IMS Health Prognosis 2014-2018, September 2014).

### **Outlook for 2015**

Oriola-KD estimates its full-year net sales to remain at the 2014 level. Operating profit excluding non-recurring items is estimated to increase from the 2014 level. Full-year net sales for continuing operations were EUR 1,612.3 million and operating profit excluding non-recurring items was EUR 59.1 million.

### **Events after the review period**

Oriola-KD begin co-operation negotiations in Finland on 28 January 2015. The negotiations concern the planned efficiency programme of Oriola-KD Corporation and Oriola Oy and possible impacts on personnel due to the restructuring of operations in accordance with the planned programme as well as production-related reasons. Approximately 500 people fall within the scope of the negotiations. According to the company's preliminary estimate, the negotiations could result in a need to reduce the workforce by 50-65 people in Finland, which would be equivalent to an annual cost saving of approximately 2 million euros.

On January 20, 2015 Oriola-KD Corporation renewed the agreement to provide centralised sourcing services for Apoteksgruppen and Lloyds Apotek pharmacy chains in Sweden. The renewed contract has been agreed to be valid until end of 2017.

On 28 January 2015 the Nomination Committee of Oriola-KD presented to the Board of Directors its recommendation on the proposal to the 2015 Annual General Meeting concerning the composition of the Board of Directors as follows:

- The number of members of the Board of Directors would be eight
- The present members of the Board of Directors Jukka Alho, Per Båtelson, Anja Korhonen, Kuisma Niemelä and Matti Rihko would be re-elected
- Eva Nilsson Bågenholm, Staffan Simberg and Anssi Vanjoki would be elected new members of the Board of Directors
- Anssi Vanjoki would be elected as Chairman of the Board of Directors

Member of the Board of Directors Harry Brade will leave the office of Board of Directors after the 2015 Annual General Meeting.

### Distribution proposal

Oriola-KD's parent company is Oriola-KD Corporation, whose distributable assets based on the balance sheet on 31 December 2014 were EUR 253.2 (226.7) million. Oriola-KD Corporation's net profit in 2014 was EUR 26.6 (15.7) million.

The Board proposes to the Annual General Meeting that no dividend be distributed on 2014 (no dividend distributed on 2013) and that no funds from the invested non-restricted equity fund be distributed as repayment of equity (no repayment of equity 2013).

### Annual General Meeting

Oriola-KD Corporation's Annual General Meeting will be held on 30 March 2015 at 5.00 p.m. at the Helsinki Fair Centre. The matters specified in article 10 of the Articles of Association and other proposals of the Board of Directors, if any, will be dealt with at the meeting. The Board of Directors will decide on the notice of the Annual General Meeting and the proposals contained in it at a later date. The full notice of the Annual General Meeting will be published on 6 March 2015.

### Publication of the annual report

Oriola-KD Corporation will publish its 2014 annual summary on 6 February 2015. The financial statements in their entirety will be published by 9 March 2015.

### Next interim report

Oriola-KD Corporation will publish its results for the first quarter of 2015 on 23 April 2015 at about 8.30 am.

### Oriola-KD's Financial Statements Release January – December 2014

Consolidated Statement of Comprehensive Income (IFRS), EUR million	2014	2013	2014	2013
	10-12	10-12	1- 12	1- 12
		Revised <sup>1) 2)</sup>		Revised <sup>1) 2)</sup>
<b>Continuing operations</b>				
<b>Net sales</b>	417.7	409.8	1,612.3	1,619.7
Other operating income	14.2	1.4	21.0	3.7
Cost of goods sold	-336.0	-324.9	-1,287.9	-1,319.9
Employee benefit expenses	-36.2	-36.6	-143.8	-136.8
Other operating expenses	-32.1	-32.5	-114.5	-117.0
<b>Gross profit</b>	27.7	17.1	87.2	49.7
Depreciation and impairment	-5.6	-7.3	-22.2	-20.4
<b>Operating profit</b>	22.1	9.9	65.0	29.3
Financial income and expenses	-1.8	-3.2	-7.8	-8.4
<b>Profit before taxes</b>	20.3	6.7	57.1	20.9
Income taxes <sup>3)</sup>	-2.2	-0.1	-10.7	-3.8
<b>Profit for the period from continuing operations</b>	18.0	6.6	46.5	17.1
Profit for the period from discontinued operations	-149.2	-1.0	-258.8	-11.4
<b>Profit for the period</b>	-131.1	5.6	-212.3	5.8

**Other comprehensive income**  
Items which may be reclassified  
subsequently to profit or loss:

Translation differences recognised in comprehensive income during the reporting period	-42.2	-9.8	-52.1	-29.7
Translation differences transferred to Profit for the period from discontinued operations	74.3	-	74.3	-
Cash flow hedge	-0.4	-0.3	-1.4	0.8
Income tax relating to other comprehensive income	0.2	0.1	0.3	0.3
	<b>31.9</b>	<b>-10.0</b>	<b>21.1</b>	<b>-28.6</b>
<b>Items which will not be reclassified to profit or loss:</b>				
Actuarial gains/losses on defined benefit plan	-16.5	5.9	-16.5	5.9
Income tax relating to other comprehensive income	3.3	-1.3	3.3	-1.3
	<b>-13.1</b>	<b>4.6</b>	<b>-13.1</b>	<b>4.6</b>
<b>Total comprehensive income for the period</b>	<b>-112.4</b>	<b>0.2</b>	<b>-204.3</b>	<b>-18.3</b>
<b>Profit attributable to</b>				
Parent company shareholders	-131.1	5.6	-212.3	5.8
<b>Total comprehensive income attributable to</b>				
Parent company shareholders	-112.4	0.2	-204.3	-18.3
<b>Earnings per share attributable to parent company shareholders:</b>				
<b>Basic earnings per share, EUR</b>				
Continued operations	0.12	0.04	0.29	0.11
Discontinued operations	-0.99	-0.01	-1.71	-0.08
From profit of the year	-0.87	0.04	-1.42	0.04
<b>Diluted earnings per share, EUR</b>				
Continued operations	0.12	0.04	0.29	0.11
Discontinued operations	-0.99	-0.01	-1.71	-0.08
From profit of the year	-0.87	0.04	-1.42	0.04

<sup>1)</sup> The 2013 figures have been revised as a result of the sale of the Russia business in year 2014.

<sup>2)</sup> The presentation of consolidated statement of comprehensive income has been changed from the "function of expense" method to the "nature of expense" method in 2014. The 2013 figures have been revised to correspond with the new presentation.

<sup>3)</sup> The tax expense for the period corresponds to the taxes calculated from the profit for the financial period

## Consolidated Statement of Financial Position (IFRS),

EUR million

**ASSETS** 31 Dec 2014    31 Dec 2013 <sup>1)</sup>

**Non-current assets**

Property, plant and equipment	75.2	93.2
Goodwill	250.9	379.0
Other intangible assets	61.3	72.0
Pension assets	-	9.3
Other non-current assets	0.0	0.0
Deferred tax assets	3.3	8.3
<b>Non-current assets total</b>	<b>390.8</b>	<b>561.8</b>
<b>Current assets</b>		
Inventories	185.0	391.4
Trade receivables	178.4	337.9
Other receivables	28.4	71.8
Cash and cash equivalents	91.5	137.3
<b>Current assets total</b>	<b>483.2</b>	<b>938.3</b>
<b>ASSETS TOTAL</b>	<b>874.0</b>	<b>1,500.1</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	36.2	36.2
Hedging reserve	-1.3	-0.2
Contingency fund	19.4	19.4
Hybrid bond	39.6	-
Other reserves	1.2	1.2
Translation differences	-3.1	-25.3
Retained earnings	21.6	246.8
<b>Equity attributable to the parent company shareholders</b>	<b>113.6</b>	<b>278.1</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	12.7	17.7
Pension obligations	14.9	7.6
Borrowings	98.5	176.2
Other non-current liabilities	2.2	0.3
<b>Non-current liabilities total</b>	<b>128.3</b>	<b>201.7</b>
<b>Current liabilities</b>		
Trade payables and other current liabilities	536.1	874.7
Provisions	0.6	3.0
Borrowings	95.4	142.6
<b>Current liabilities total</b>	<b>632.1</b>	<b>1,020.3</b>
<b>EQUITY AND LIABILITIES TOTAL</b>	<b>874.0</b>	<b>1,500.1</b>

<sup>1)</sup> Includes the assets and liabilities of the Russian businesses sold in December 2014

### Consolidated Statement of Changes in Equity (IFRS)

Equity attributable to the parent company  
shareholders

Trans-      Re-

EUR million	Share capital	Funds	lation differences	tained earnings	Hybrid bond	Equity total
<b>Equity</b>						
<b>1 Jan 2013</b>	<b>36.2</b>	<b>26.0</b>	<b>3.8</b>	<b>244.5</b>	<b>-</b>	<b>310.5</b>
Comprehensive income for the period						
Net profit for the period	-	-	-	5.8	-	5.8
Other comprehensive income:						
Cash flow hedge	-	0.8	-	-	-	0.8
Actuarial gains and losses	-	-	-	5.9	-	5.9
Income tax relating to other comprehensive income	-	-0.3	0.6	-1.3	-	-1.0
Translation difference	-	0.0	-29.7	-	-	-29.7
Comprehensive income for the period total	-	0.5	-29.1	10.4	-	-18.3
Transactions with owners						
Dividends paid and repayment of equity	-	-6.0	-	-7.6	-	-13.6
Share-based payments	-	-	-	0.2	-	0.2
Purchase of treasury shares	-	-	-	-0.7	-	-0.7
Transactions with owners total	-	-6.0	-	-8.1	-	-14.2
<b>Equity</b>						
<b>31 Dec 2013</b>	<b>36.2</b>	<b>20.4</b>	<b>-25.3</b>	<b>246.8</b>	<b>-</b>	<b>278.1</b>
<b>Equity</b>						
<b>1 Jan 2014</b>	<b>36.2</b>	<b>20.4</b>	<b>-25.3</b>	<b>246.8</b>	<b>-</b>	<b>278.1</b>
Comprehensive income for the period						
Net profit for the period	-	-	-	-212.3	-	-212.3
Other comprehensive income:						
Cash flow hedge	-	-1.4	-	-	-	-1.4
Actuarial gains and losses	-	-	-	-16.5	-	-16.5
Income tax relating to other comprehensive income	-	0.3	-	3.3	-	3.6
Translation difference	-	0.0	22.2	-	-	22.2
Comprehensive income for the period total	-	-1.1	22.2	-225.4	-	-204.3
Transactions with owners						
Hybrid bond	-	-	-	-	39.6	39.6
Share-based incentive	-	-	-	0.2	-	0.2
Purchase of own shares	-	-	-	-0.1	-	-0.1
Transactions with owners total	-	-	-	0.1	39.6	39.8
<b>Equity</b>						
<b>31 Dec 2014</b>	<b>36.2</b>	<b>19.3</b>	<b>-3.1</b>	<b>21.6</b>	<b>39.6</b>	<b>113.6</b>

#### Condensed Consolidated Statement of Cash Flows (IFRS),

EUR million <sup>1)</sup>	2014 1- 12	2013 1- 12
Operating profit	-42.4	21.0
Depreciation and amortisation	26.2	25.7
Impairment	71.1	-

Change in working capital	-42.5	3.5
Cash flow from financial items and taxes	-13.5	-13.8
Other adjustments	-9.7	-6.7
<b>Net cash flow from operating activities</b>	<b>-10.8</b>	<b>29.8</b>
Net cash flow from investing activities	40.3	-97.8
Net cash flow from financing activities	-80.3	118.4
Net change in cash and cash equivalents	-50.8	50.4
Cash and cash equivalents at the beginning of the period	137.3	88.1
Foreign exchange rate differences	5.0	-1.2
<b>Net change in cash and cash equivalents</b>	<b>-50.8</b>	<b>50.4</b>
Cash and cash equivalents at the end of the period	91.5	137.3

<sup>1)</sup> Includes the net cash flow from the Russian businesses until 30 November 2014.

## Notes to financial statements

### Principal accounting policies as of 1 January 2014 (IFRS)

This financial statements release 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 2013 annual financial statements, excluding the standards and interpretation applied as of 1 January 2014 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 2013.

On 8 December 2014 Oriola-KD sold its Russian businesses to CJSC Apteki 36.6 and reports the results of the Russian businesses as a discontinued operation for 2014 separately from results from continuing operations in 2014. The comparative financial information for 2013 has been revised accordingly. The consolidated statement of financial position for 2013 includes the assets and liabilities of discontinued operations.

The calculation principles of key figures in this interim report are the same as for the annual financial statements, except for the calculation of earnings per share (EPS) whereby the profit attributable to equity owners of the parent has been adjusted with the unpaid hybrid loan interest including tax impact.

The presentation of consolidated statement of comprehensive income has been changed from the "function of expense" method to the "nature of expense" method. The comparable figures have been revised to correspond with the current presentation.

The figures in the interim report have been rounded independently.

New standards or amendments to the existing ones that have been applied as of 1 January 2014:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 (revised in 2011) Separate Financial Statements
- IAS 28 (revised in 2011) Investments in Associates



The new standards have not had a material impact on the Group's financial position.

On 20 February 2014 Oriola-KD issued a hybrid bond, classified as equity. Interest on the hybrid bond is paid in accordance with a decision made by the Board of Directors. Unpaid interest is accrued and reported on the balance sheet upon the interest payment decision. Unpaid interest is taken into consideration in the calculation of earnings per share.

Reporting segment results reported to Oriola-KD management include management fee. Segment information for 2013 has been revised to correspond with the current presentation.

The 2014 financial information in this financial statement release is based on audited 2014 financial statements.

### Earnings per share

	2014	2013	2014	2013
EUR million	10-12	10-12	1- 12	1- 12
Profit attributable to equity owners of the parent from continuing operations	18.0	6.6	46.5	17.1
Accumulated interest on hybrid bond net of tax	-0.6	-	-1.9	-
<b>Adjusted profit for the period from continuing operations</b>	<b>17.5</b>	<b>6.6</b>	<b>44.6</b>	<b>17.1</b>
	2014	2013	2014	2013
EUR million	10-12	10-12	1- 12	1- 12
Profit incl. discontinued operations attributable to equity owners of the parent	-131.1	5.6	-212.3	5.8
Accumulated interest on hybrid bond net of tax	-0.6	-	-1.9	-
<b>Adjusted profit for the period including discontinued operations</b>	<b>-131.7</b>	<b>5.6</b>	<b>-214.2</b>	<b>5.8</b>

### Average number of outstanding shares (1000 shares)

Basic	151,130	151,157	151,130	151,157
Diluted	151,130	151,157	151,130	151,157

### Earnings per share (EUR)

#### Basic

Continuing operations	0.12	0.04	0.29	0.11
Discontinuing operations	-0.99	-0.01	-1.71	-0.08
<b>Total</b>	<b>-0.87</b>	<b>0.04</b>	<b>-1.42</b>	<b>0.04</b>

#### Diluted

Continuing operations	0.12	0.04	0.29	0.11
Discontinuing operations	-0.99	-0.01	-1.71	-0.08
<b>Total</b>	<b>-0.87</b>	<b>0.04</b>	<b>-1.42</b>	<b>0.04</b>

### Discontinued operations

On 8th of December 2014 Oriola-KD sold its Russian businesses to CJSC Apteki 36.6. The cash and debt free selling price was EUR 56.4 million. The decision to sale the Russian businesses was based on our estimates on the outlook of the Russian pharmaceutical markets, on the competitive environment and the further development of profitability of the Russian businesses

The Russian businesses are classified as a discontinued operation. The 2014 profit for the period from discontinuing operations was EUR -258.8 million, of which the impairment loss resulting from re-measurement the assets at fair value, cumulative translation differences recognised differences through income statement and cost of disposal totaled EUR -147.7 million. The profit for the period from discontinued operations is shown separately from the continuing operations for all periods presented. Operative results for the Russian businesses are consolidated to the Group up until 30 November 2014.

As the sale of Russian businesses closed on 8 December 2014, the financial results of the discontinued operations are not comparable to the financial results of the discontinued operations in previous periods.

<b>Profit for the period from discontinued operations</b>		
<b>EUR million</b>	<b>2014</b>	<b>2013</b>
<b>Net sales</b>	677.8	978.8
Other operating income	0.8	2.0
Cost of goods sold	-632.8	-879.5
Employee benefit expenses	-34.6	-49.7
Other operating expenses	-43.5	-54.5
<b>Gross profit</b>	-32.4	-3.0
Depreciation and impairment	-4.0	-5.3
Impairment	-71.1	-
<b>Operating profit</b>	-107.4	-8.3
Financial income and expenses	-4.9	-5.2
<b>Profit before taxes</b>	-112.3	-13.5
Income taxes	1.2	2.1
<b>Profit for the period</b>	-111.1	-11.4
Impairment loss resulting from re-measurement of assets	-64.7	-
Translation differences recognised through income statement	-74.3	-
Foreign exchange differences	-4.8	-
Cost of disposal	-3.8	-
<b>Profit for the period from discontinued operations</b>	<b>-258.8</b>	<b>-11.4</b>

#### **Cash flows from discontinued operations**

<b>EUR million</b>	<b>2014</b>	<b>2013</b>
Net cash flow from operating activities	-79.0	-15.7
Net cash flow from investing activities	-8.3	-4.1
Net cash flow from financing activities	80.0	28.1
<b>Total cash flows</b>	<b>-7.3</b>	<b>8.3</b>
Cash consideration received	56.4	
Cash and cash equivalents disposed of	-7.3	
<b>Impact on cash flows</b>	<b>49.1</b>	

#### **Tangible and intangible assets**

##### **Impairment loss in relation to Russian pharmaceutical wholesale operating segment**

Following a revised business plan developed by the new Russian pharmaceutical wholesale operational management, the Group assessed the recoverable amount of the Russian pharmaceutical wholesale operating segment during the second quarter of 2014. Based on the business plan, the growth in future net sales and profitability are expected to be below those of the earlier plans. The Group's revised outlook on the growth of Russian pharmaceutical wholesale operations is consistent with the weakening view of external information sources regarding the future development of the Russian markets.

Based on the assessment, the carrying amount of the cash generating unit was determined to be higher than its recoverable amount and an impairment loss of EUR 77.2 million was recognised. The impairment charge consists of goodwill EUR 70.2 million, intangible assets EUR 0.9 million and deferred tax assets EUR 6.1 million. After the impairment no goodwill is allocated to the Russian wholesale business. The impairment charge is included within “depreciation and impairments” and “income taxes” in the consolidated statement of comprehensive income.

The recoverable amount of the cash generating unit was based on value in use and was determined on the basis of discounted cash flows (DCF-model). The cash flow forecasts are based on five-year strategic plans approved by the management, which are consistent with the current business structure. The cash flows of 2020–2024 are based on the assumption that the net sales growth percentage and the operating profit percentage will gradually normalise at the level of terminal growth. Value in use was determined similarly to the 31 December 2013 goodwill impairment test.

The key parameters applied in the value-in-use calculation of the Russian pharmaceutical wholesale (31 December 2013) were as follows:

- Post-tax discount rate 11.8 (10.1) per cent
- Operating profit 0.2 (0.8) per cent. Operating profit percentage in the value-in-use calculation is the average operating profit percentage over a ten year period.
- Terminal growth 2.0 (1.0) per cent. Terminal growth rate is applied from the beginning of year 2025.
- Net sales growth 5.0 (8.4) per cent. Net sales growth rate is the average growth rate over a ten-year period

#### **Changes in Property, Plant and Equipment,**

<b>EUR million</b>	<b>2014 1- 12</b>	<b>2013 1- 12</b>
Carrying amount at the beginning of the period	93.2	81.4
Increases through acquisitions of subsidiary shares	0.0	8.0
Increases	27.0	22.4
Decreases	-13.2	-1.4
Divestment of business	-11.3	-
Reclassifications	0.2	-
Depreciation, Continuing operations	-15.0	-13.1
Depreciation, Discontinued operations	-1.3	-1.7
Foreign exchange rate differences	-4.4	-2.4
<b>Carrying amount at the end of the period</b>	<b>75.2</b>	<b>93.2</b>

<b>EUR million</b>	<b>2014 1- 12</b>	<b>2013 1- 12</b>
Carrying amount at the beginning of the period	451.0	329.0
Increases through acquisitions of subsidiary shares	0.2	157.8
Increases	6.8	5.4
Decreases	-0.2	-0.0
Divestment of business	-24.5	-
Reclassifications	-0.2	-
Amortisation, Continuing operations	-7.2	-7.2
Impairments and amortisation, Discontinued operations	-73.8	-3.6
Foreign exchange rate differences	-39.8	-30.4
<b>Carrying amount at the end of the period</b>	<b>312.3</b>	<b>451.0</b>

## Derivatives

31 Dec 2014 EUR million	Positive fair value	Negative fair value	Nominal values of contracts
<b>Derivatives recognised as cash flow hedges</b>			
Interest rate swaps	-	1.7	55.4
<b>Derivatives measured at fair value through profit and loss</b>			
Foreign currency forward and swap contracts	1.0	-	154.7

31 Dec 2013 EUR million	Positive fair value	Negative fair value	Nominal values of contracts
<b>Derivatives recognised as cash flow hedges</b>			
Interest rate swaps	-	0.3	45.2
<b>Derivatives measured at fair value through profit and loss</b>			
Foreign currency forward and swap contracts	0.8	-	159.3

Derivatives measured at fair value through profit and loss are mainly related to hedging of group's internal transactions. 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.

## Fair value hierarchy

EUR million 31 Dec 2014	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivatives measured at fair value through profit and loss	-	1.4	-	1.4
<b>Liabilities</b>				
Derivatives designated as hedges	-	1.7	-	1.7
Derivatives measured at fair value through profit and loss	-	0.3	-	0.3
Contingent consideration	-	-	14.7	14.7

EUR million 31 Dec 2013	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivatives measured at fair value through profit and loss	-	1.1	-	1.1
<b>Liabilities</b>				
Derivatives designated as hedges	-	0.3	-	0.3
Derivatives measured at fair value through profit and loss	-	0.4	-	0.4
Contingent consideration	-	-	14.6	14.6

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

### Reconciliation of financial liabilities recognised at fair value through profit and loss according to the level 3

#### EUR million

<b>Book value 31 Dec 2013</b>	<b>14.6</b>
Recognised in financial expenses	1.0
Translation differences	-0.9
<b>Book value 30 Sep 2014</b>	<b>14.7</b>

Financial liabilities recognised at fair value through profit and loss (level 3) include estimated discounted fair value of a contingent consideration related to the Medstop acquisition. Payment of the contingent consideration will be based on 2015 EBITDA of Oriola-KD's combined Swedish retail businesses and will be paid in first quarter of 2016. The fair value of the contingent consideration has been calculated using discounted cash flow method. The discount rate used in the valuation is determined using the weighted average cost of capital of the Group.

### Commitments and Contingent Liabilities

EUR million	31 Dec 2014	31 Dec 2013
<b>Commitments for own liabilities</b>		
Guarantees on behalf of own companies	8.1	21.3
Guarantees on behalf of other companies	22.0	-
Mortgages on company assets	2.2	2.4
Other guarantees and liabilities	1.1	0.9
Accumulated interest on hybrid bond	2.4	-
<b>Total</b>	<b>35.8</b>	<b>24.6</b>
Leasing liabilities (operating liabilities)	0.8	2.6
Rent liabilities	44.3	77.0

Guarantees on behalf of other companies include parent company guarantees given to third parties on behalf of sold Russian entities commercial agreements and rent contracts. In accordance of framework agreement the buyer undertakes to compensate Oriola-KD for any claim against the guarantees. In addition the buyer's bank has given Oriola-KD in aggregate EUR 20.7 million counter-guarantee mainly subject to parent company guarantees of the commercial agreements. Majority of the guarantees on behalf of other companies will expire in 2015.

The most significant guarantees are bank guarantees against trade payables in wholesale company in Sweden. In addition, Oriola-KD Corporation has granted parent company guarantees of EUR 4.7 (26.4) million against subsidiaries' trade payables and EUR 82.8 (153.6) million against Oriola-KD Holding Sverige AB's external loan.

### Provisions

On 31 December 2014 Oriola-KD had restructuring provisions totalling EUR 0.2 (3.0) million related to restructuring costs incurred by Pharmaceutical Trade Sweden in connection with the integration of the Medstop acquisition and an efficiency program. In addition, group items include a provision of EUR 0.4 (-) million related to the sale of Russian businesses included within profit for the period from discontinued operations.

## 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.

## Segment information, continuing operations

	<b>2014</b>	<b>2013</b>
<b>Net Sales, EUR million</b>	<b>1- 12</b>	<b>1- 12</b>
Pharmaceutical Trade		
Finland and Baltics	435.9	425.3
Pharmaceutical Trade Sweden	1,176.4	1,194.4
Net sales to other segments	-0.0	-0.0
<b>Continuing operations total</b>	<b>1,612.3</b>	<b>1,619.7</b>

	<b>2014</b>	<b>2013</b>
<b>Operating Profit, EUR million</b>	<b>1- 12</b>	<b>1- 12</b>
Pharmaceutical Trade		
Finland and Baltics	19.2	18.8
Pharmaceutical Trade Sweden	50.5	16.4
Group Administration and Others	-4.6	-5.9
<b>Continuing operations total</b>	<b>65.0</b>	<b>29.3</b>

	<b>2014</b>	<b>2013</b>
<b>Operating Profit excl. Non-recurring items, EUR million</b>	<b>1- 12</b>	<b>1- 12</b>
Pharmaceutical Trade		
Finland and Baltics	19.6	18.8
Pharmaceutical Trade Sweden	44.0	24.1
Group Administration and Others	-4.5	-5.9
<b>Operating Profit excl. non-recurring items</b>	<b>59.1</b>	<b>37.0</b>
Non-recurring items	5.9	-7.7
<b>Operating Profit, Continuing operations</b>	<b>65.0</b>	<b>29.3</b>

	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
<b>Quarterly Net Sales, EUR million</b>	<b>10-12</b>	<b>7-9</b>	<b>4-6</b>	<b>1-3</b>	<b>10-12</b>	<b>7-9</b>	<b>4-6</b>	<b>1-3</b>
Pharmaceutical Trade								
Finland and Baltics	119.6	108.5	107.0	100.8	109.4	96.0	112.5	107.5
Pharmaceutical Trade Sweden	298.1	281.3	298.5	298.5	300.5	315.7	304.5	273.7
Net sales to other segments	0.0	-0.0	-0.0	-0.0	-0.0	0.0	-0.0	-0.0
<b>Continuing operations total</b>	<b>417.7</b>	<b>389.8</b>	<b>405.5</b>	<b>399.3</b>	<b>409.8</b>	<b>411.6</b>	<b>416.9</b>	<b>381.3</b>
	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
<b>Quarterly Operating Profit, EUR million</b>	<b>10-12</b>	<b>7-9</b>	<b>4-6</b>	<b>1-3</b>	<b>10-12</b>	<b>7-9</b>	<b>4-6</b>	<b>1-3</b>

Pharmaceutical Trade								
Finland and Baltics	4.4	5.5	4.4	4.8	4.2	5.3	5.2	4.2
Pharmaceutical Trade Sweden	17.7	12.3	11.0	9.4	6.2	6.2	0.8	3.2
Group Administration and Others	-0.1	-1.6	-1.5	-1.3	-0.5	-1.0	-3.0	-1.4
<b>Continuing operations total</b>	<b>22.1</b>	<b>16.3</b>	<b>13.8</b>	<b>12.8</b>	<b>9.9</b>	<b>10.5</b>	<b>3.0</b>	<b>5.9</b>
<b>Quarterly Operating Profit, excl. non-recurring items, EUR million</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>10-12</b>	<b>7-9</b>	<b>4-6</b>	<b>1-3</b>	<b>10-12</b>	<b>7-9</b>	<b>4-6</b>	<b>1-3</b>
Pharmaceutical Trade								
Finland and Baltics	4.9	5.5	4.4	4.8	4.2	5.3	5.2	4.2
Pharmaceutical Trade Sweden	10.2	12.4	11.3	10.0	7.9	8.2	4.9	3.2
Group Administration and Others	-0.0	-1.6	-1.5	-1.3	-0.5	-1.0	-3.0	-1.4
<b>Group total excl. Non-recurring items</b>	<b>15.1</b>	<b>16.3</b>	<b>14.2</b>	<b>13.5</b>	<b>11.6</b>	<b>12.5</b>	<b>7.1</b>	<b>5.9</b>
Non-recurring items	6.9	-0.1	-0.3	-0.6	-1.7	-2.0	-4.0	-
<b>Quarterly Operating Profit, Continuing operations</b>	<b>22.1</b>	<b>16.3</b>	<b>13.8</b>	<b>12.8</b>	<b>9.9</b>	<b>10.5</b>	<b>3.0</b>	<b>5.9</b>
<b>Net Sales by Market, EUR million</b>	<b>2014</b>	<b>2013</b>						
	<b>1- 12</b>	<b>1- 12</b>						
Finland	388.3	382.9						
Sweden	1,114.8	1,135.0						
Baltic countries	43.5	38.8						
Other countries	65.7	63.0						
<b>Continuing operations total</b>	<b>1,612.3</b>	<b>1,619.7</b>						
<b>Quarterly Net Sales by Market, EUR million</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>10-12</b>	<b>7-9</b>	<b>4-6</b>	<b>1-3</b>	<b>10-12</b>	<b>7-9</b>	<b>4-6</b>	<b>1-3</b>
Finland	106.1	97.1	95.9	89.2	98.2	85.3	102.5	96.8
Sweden	280.9	265.8	283.7	284.4	283.0	303.5	289.5	259.0
Baltic countries	11.8	11.1	9.8	10.9	10.0	9.1	9.6	10.0
Other countries	19.0	15.9	16.1	14.8	18.7	13.7	15.3	15.4
<b>Continuing operations total</b>	<b>417.7</b>	<b>389.8</b>	<b>405.5</b>	<b>399.3</b>	<b>409.8</b>	<b>411.6</b>	<b>416.9</b>	<b>381.3</b>

Espoo, 6 February 2015

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Distribution:  
NASDAQ OMX Helsinki Ltd  
Key media

Released by:  
Oriola-KD Corporation  
Corporate Communications  
Orionintie 5  
02200 Espoo  
[www.oriola-kd.com](http://www.oriola-kd.com)