

Oriola-KD Corporation Stock Exchange Release 5 February 2016 at 8.30 a.m.

Oriola-KD Corporation's Financial Statements Release 2015

Financial performance October–December 2015

- Invoicing, indicating volume, of the business increased by 5.3 (4.3) per cent to EUR 858.0 (814.6) million
- Net sales increased by 0.8 (1.9) per cent to EUR 420.9 (417.7) million
- EBITDA excluding non-recurring items increased by 1.3 (19.3) per cent to EUR 21.0 (20.8) million
- EBITDA was EUR 23.0 (27.7) million
- Operating profit excluding non-recurring items was EUR 15.3 (15.1) million
- Operating profit was EUR 17.3 (22.1) million
- Net cash flow from operations was EUR 30.5 (8.4) million
- Profit for the period totalled EUR 12.4 (18.0) million and earnings per share from continuing operations were EUR 0.07 (0.11)

Financial performance January–December 2015

- Invoicing, indicating volume, of the business increased by 6.6 (decreased 0.4) per cent to EUR 3,262.2 (3,060.1) million
- Net sales increased by 0.9 (decreased by 0.5) per cent to EUR 1,626.3 (1,612.3) million
- EBITDA excluding non-recurring items increased by 2.6 (45.3) per cent to EUR 83.4 (81.3) million
- EBITDA was EUR 85.1 (87.2) million
- Operating profit excluding non-recurring items was EUR 60.8 (59.1) million
- Operating profit was EUR 62.6 (65.0) million
- Net cash flow from operations was EUR 85.6 (-10.8) million
- Profit for the period totalled EUR 44.5 (46.5) million and earnings per share from continuing operations were EUR 0.25 (0.28)

Key figures from continuing operations

	2015	2014	Change	2015	2014	Change
EUR million	10-12	10-12	%	1-12	1-12¹⁾	%
Invoicing	858.0	814.6	5.3	3,262.2	3,060.1	6.6
Net sales	420.9	417.7	0.8	1,626.3	1,612.3	0.9
EBITDA excluding non-recurring items	21.0	20.8	1.3	83.4	81.3	2.6
EBITDA	23.0	27.7	-16.8	85.1	87.2	-2.4
Operating profit excluding non-recurring items	15.3	15.1	1.0	60.8	59.1	3.0
Operating profit	17.3	22.1	-21.7	62.6	65.0	-3.7
Operating profit % excluding non-recurring items	3.6	3.6		3.7	3.7	
Operating profit %	4.1	5.3		3.8	4.0	
Profit for the period	12.4	18.0	-31.1	44.5	46.5	-4.2
Earnings per share, EUR ²⁾	0.07	0.11	-36.8	0.25	0.28	-9.5
Net cash flow from operating activities	30.5	8.4		85.6	-10.8	
Return on equity (ROE), %				29.1	23.9	
Gearing, %				3.4	91.8	

¹⁾ Equity-related key figures restated as a result of correction of an error relating to previous financial periods. The correction increased the amount of deferred tax liability and decreased the amount of equity by EUR 2.1 million.

²⁾ Calculated based on the rights issue -adjusted weighted average number of shares, comparative figures adjusted accordingly.

Outlook for 2016

Oriola-KD estimates its full-year net sales to remain at the 2015 level on constant currency basis. Adjusted Operating profit is estimated to remain at 2015 level or to increase, on a constant currency basis. Full-year net sales in 2015 were EUR 1,626 million and Operating profit excluding non-recurring items was EUR 60.8 million.

Adjusted Operating profit excludes 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, or other income or expenses arising from rare events.

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

Year 2015 was successful and we managed to grow the volumes especially in the wholesale business despite of the slow growth in the market.

We were able to further increase the margin of OTC medicines and the sales and margin of traded goods in the Swedish retail business. Operating profit in euros remained at the level of previous year, due to above all price cuts in the generics and unfavourable development of the Swedish Krona. The combined effect resulted in a significant decline in parallel imports from the previous year.

The business volume in the Swedish wholesale increased significantly which also resulted in an improved profitability compared to previous year. In Finland we renewed important, multi-annual pharmaceutical company agreements and improved our efficiency. As a result of a successful rights-issue and strong cash flow our balance sheet strengthened significantly.

We renewed our strategy and operating model in the second half of the year 2015 and signed an agreement to acquire Svensk dos, a Swedish company specialising in dose dispensing of pharmaceuticals.

Oriola-KD Corporation's interim report 1 January–31 December 2015

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. The consolidated statement of cash flows for the comparative period 2014 includes net cash flow of discontinued operations. The figures in the tables have been rounded independently.

	2015	2014
Key Figures	1-12	1-12 ¹⁾
Goodwill, EUR million	256.5	250.9
Equity, EUR million ¹⁾	194.6	111.5
Interest-bearing debt, EUR million	128.6	193.9
Net interest-bearing debt, EUR million	6.6	102.4
Total assets, EUR million	946.9	874.0
Equity ratio, % ¹⁾	21.1	13.1
Return on equity (ROE), % ¹⁾	29.1	23.9
Return on capital employed (ROCE), %	19.9	14.4
Gearing, % ¹⁾	3.4	91.8
Net debt / 12-month EBITDA from continuing operations	0.1	1.2
Equity per share, EUR	1.07	0.69
Earnings per share, continuing operations, EUR ²⁾	0.25	0.28

Earnings per share, incl. discontinued operations, EUR ²⁾	0.25	-1.33
Average number of shares, 1000 pcs ^{2) 3)}	177,502	160,741
Average number of personnel, continuing operations	2,327	2,377
Number of personnel at the end of the period, continuing operations	2,353	2,356
Gross investments, continuing operations, EUR million	20.4	25.7

¹⁾ Equity-related key figures restated as a result of correction of an error relating to previous financial periods. The correction increased the amount of deferred tax liability and decreased the amount of equity by EUR 2.1 million.

²⁾ Calculated based on the rights issue -adjusted weighted average number of shares, comparative figures adjusted accordingly.

³⁾ Treasury shares held by the company not included.

Changes in the Group Structure in January–December 2015

The following subsidiary mergers have been completed during the final quarter of 2015 in order to simplify Oriola-KD Group structure: SIA Rigas Elizabetes aptieka merged into SIA Panpharmacy, Aloiro AB merged into Oriola Oy, Oriola-KD Holding Sverige AB merged into Oriola-KD Holding Oy after which Oriola-KD Holding Oy merged into Oriola-KD Oy.

Oriola-KD agreed on 2 December 2015 to acquire the shares in Svensk dos AB. Svensk dos is a Swedish pharmacy company specialised in dose dispensing of pharmaceuticals. In 2014, the net sales of Svensk dos were approximately EUR 25 million and estimated market share was 13 per cent. Svensk dos has approximately 60 employees and is based in Uppsala.

The Group's net sales and result for October–December 2015

Oriola-KD's final quarter net sales were EUR 420.9 (417.7) million. Operating profit excluding non-recurring items was EUR 15.3 (15.1) million, operating profit was EUR 17.3 (22.1) million. In the final quarter of 2015 a non-recurring income of EUR 2.3 million was recognised due to a revaluation of the contingent consideration for Medstop acquisition. In the fourth quarter of 2014 the central warehouse property in Mölnlycke, Sweden was sold and leased back, and a non-recurring gain of EUR 7.5 million was recognised on the sale.

Profit after financial items was EUR 15.6 (20.3) million and profit for the period was EUR 12.4 (18.0) million. Oriola-KD's net financial expenses were EUR 1.7 (1.8) million. Earnings per share were EUR 0.07 (0.11).

The Group's net sales and result for January–December 2015

Oriola-KD's net sales increased by 0.9 (decreased by 0.5) per cent to EUR 1,626.3 (1,612.3) million and operating profit excluding non-recurring items increased by 3.0 (59.5) per cent to EUR 60.8 (59.1) million. Operating profit was EUR 62.6 (65.0) million. Operating profit in 2015 increased due to a non-recurring revaluation of the contingent consideration for Medstop acquisition of EUR 3.4 million and in 2014 due to afore mentioned non-recurring gain of EUR 7.5 million.

The depreciation of the Swedish Krona from the corresponding period negatively affected the euro denominated operating profit by approximately EUR 1.2 million.

Profit after financial items was EUR 56.1 (57.1) million and profit for the period was EUR 44.5 (46.5) million. Oriola-KD's net financial expenses were EUR 6.5 (7.8) million. Income taxes were 11.5 (10.7) which corresponds to effective tax rate of 20.6 (18.7) per cent. Earnings per share for the full year were EUR 0.25 (0.28).

On 25 September 2015 Oriola-KD decided to transfer the management of its Finnish companies' statutory occupational pensions and associated pension portfolio from Oriola Pension Fund to Ilmarinen Mutual Pension Insurance Company and supplementary pension benefits and the associated pension portfolio to OP Life Assurance Company Ltd. The transfer took place on 31 December 2015.

Reportable segments

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

In December 2014 Oriola-KD sold its Russian businesses and as a result classifies the Pharmaceutical Trade Russia reportable segment as discontinued operations.

Pharmaceutical Trade Sweden

Key Figures	2015	2014	Change	2015	2014	Change
EUR million	10-12	10-12	%	1-12	1-12	%
Invoicing	543.1	516.0	5.2	2,098.5	1,955.1	7.3
Retail business	197.7	192.0	3.0	769.3	757.5	1.6
Wholesale business	430.9	405.0	6.4	1,661.2	1,526.6	8.8
Net Sales	302.8	298.1	1.6	1,190.1	1,176.4	1.2
Retail business	193.0	187.9	2.7	752.8	744.2	1.2
Wholesale business	195.3	191.2	2.1	769.3	761.2	1.1
Operating profit excluding non-recurring items	11.6	10.2	13.1	46.4	44.0	5.6
Retail business	7.6	7.7	-2.1	33.9	33.8	0.3
Wholesale business	4.0	2.5	60.5	12.6	10.4	20.9
Operating profit	11.6	17.7	-34.8	46.4	50.5	-8.0
Retail business	7.6	7.7	-2.2	33.9	32.8	3.4
Wholesale business	4.0	10.0	-60.1	12.6	17.9	-29.7
Operating profit % excluding non-recurring items	3.8	3.4		3.9	3.7	
Retail business	3.9	4.1		4.5	4.5	
Wholesale business	2.0	1.3		1.6	1.4	
Operating profit %	3.8	6.0		3.9	4.3	
Retail business	3.9	4.1		4.5	4.4	
Wholesale business	2.0	5.2		1.6	2.4	
Number of personnel at the end of period				1,831	1,792	
Retail business				1,555	1,524	
Wholesale business				276	268	

October–December 2015

The final quarter net sales of Pharmaceutical Trade Sweden were EUR 302.8 (298.1) million. Operating profit excluding non-recurring items was EUR 11.6 (10.2) million and operating profit was EUR 11.6 (17.7) million. In the fourth quarter of 2014 the central warehouse property in Mölnlycke, Sweden was sold and leased back, and a non-recurring gain of EUR 7.5 million was recognised on the sale.

Retail business net sales were EUR 193.0 (187.9) million. Operating profit excluding non-recurring items for the retail business was EUR 7.6 (7.7) million and operating profit was EUR 7.6 (7.7) million. The operating profit was negatively affected by the opening of two new pharmacies and increased discounts in traded goods campaigns. The net sales of the wholesale business totalled EUR 195.3 (191.2) million. Operating profit excluding non-recurring items for the wholesale business was EUR 4.0 (2.5) million and operating profit was EUR 4.0 (10.0) million. Operating profit strengthened in the final quarter due to increase in business volume.

January–December 2015

The pharmaceutical market in Sweden grew by 6.7 (4.2) per cent (source: IMS Health) and the retail market for OTC products and traded goods grew by 7.1 (4.0) per cent (source: Apoteksföreningen) in 2015. Parallel imports' share of the Swedish pharmaceutical market was 11 (17) per cent (source: IMS Health).

Invoicing, indicating the business volume of the Oriola-KD Pharmaceutical Trade Sweden, grew from the previous year by 10.3 (4.5) per cent in Swedish Krona. Retail volume grew by 4.4 (17.8) per cent and wholesale by 11.9 (6.4) per cent, in Swedish Krona. Oriola-KD's market share of the pharmaceutical retail market in 2015 was 19 (19) per cent (source: Apoteksföreningen) and the share of the Swedish pharmaceutical wholesale market was approximately 39 (36) per cent (Oriola-KD estimate). Number of pharmacies in Sweden increased by 29 pharmacies in 2015 and at the end of December 2015 there were 1,358 pharmacies in Sweden. At the end of the reporting period Oriola-KD had a total of 309 (304) pharmacies in Sweden.

The net sales of Pharmaceutical Trade Sweden in 2015 increased by 1.2 (decreased by 1.5) per cent to EUR 1,190.1 (1,176.4) million, and on a constant currency basis, net sales increased by 4.0 (3.6) per cent. Retail business net sales were EUR 752.8 (744.2) million and wholesale business net sales totalled EUR 769.3 (761.2) million. On a constant currency basis retail business net sales increased by 4.0 (16.9) per cent and wholesale business net sales increased by 3.9 (7.7) per cent.

The Swedish retail business' EBITDA excluding non-recurring items in 2015 was EUR 50.2 (49.4) million and EBITDA was EUR 50.2 (48.4) million in 2015. The EBITDA percentage excluding non-recurring items and the group management fee for the retail business was 6.9 (6.9) per cent. The wholesale business' EBITDA excluding non-recurring items was EUR 14.3 (12.8) million and EBITDA was EUR 14.3 (20.3) million.

Pharmaceutical Trade Sweden's operating profit excluding non-recurring items increased by 5.6 (82.6) per cent to EUR 46.4 (44.0) million. On a constant currency basis operating profit excluding non-recurring items increased by 8.6 (92.1) per cent. Operating profit was EUR 46.4 (50.5) million. Operating profit excluding non-recurring items for the Swedish retail business totalled EUR 33.9 (33.8) million and operating profit was EUR 33.9 (32.8) million. Operating profit excluding non-recurring items for the Swedish wholesale business was EUR 12.6 (10.4) million and operating profit was EUR 12.6 (17.9) million.

Profitability of the Swedish retail business was supported by increased sales of traded goods and good cost control. Operating profit was negatively affected by significant decrease of parallel import from the corresponding period and price cuts set by Swedish authorities in fourth quarter of 2014 and in second quarter of 2015. Weak seasonal sales in the summer led into increased competition and campaign discounts in retail trade. Increased sales of the new expensive prescription medicine with low margins negatively affected the relative profitability of the Swedish retail business. The relative share of OTC and traded goods from the net sales was 26 (27) per cent. Oriola-KD opened web shop in Sweden in the third quarter. The product assortment of the web shop represents the entire Kronans Apotek's product assortment. In 2015 five new pharmacies were opened of which two were new care & beauty concept stores.

Positive development of the Swedish wholesale business was supported by the new agreements with pharmaceutical companies signed in 2014, increased efficiency and improved profitability in logistic services for retail.

Pharmaceutical Trade Finland and Baltics

Key Figures	2015	2014	Change	2015	2014	Change
EUR million	10-12	10-12	%	1-12	1-12	%
Invoicing	314.9	298.6	5.5	1,163.7	1,105.0	5.3

Pharmaceutical wholesale in Finland	290.2	274.1	5.9	1,069.8	1,015.7	5.3
Pharmaceutical wholesale in Baltics	13.8	13.6	1.5	51.4	48.6	5.6
Consumer Health	11.0	10.9	1.3	43.2	41.1	5.1
Net Sales	118.1	119.6	-1.2	436.4	435.9	0.1
Pharmaceutical wholesale in Finland	94.1	95.9	-1.9	344.8	348.7	-1.1
Pharmaceutical wholesale in Baltics	13.2	12.9	2.0	49.1	46.6	5.3
Consumer Health	11.0	10.9	1.3	43.0	40.9	5.1
Operating profit % excluding non-recurring items	5.1	4.9	3.6	20.5	19.6	4.4
Operating profit	5.1	4.4	14.2	19.5	19.2	1.8
Operating profit % excluding non-recurring items	4.3	4.1		4.7	4.5	
Operating profit %	4.3	3.7		4.5	4.4	
Number of personnel at the end of period				488	523	

October–December 2015

The fourth quarter net sales of Pharmaceutical Trade Finland and Baltics were EUR 118.1 (119.6) million. Operating profit excluding non-recurring items was EUR 5.1 (4.9) million and operating profit was EUR 5.1 (4.4) million.

January–December 2015

The Finnish pharmaceutical market grew by 3.3 (4.7) per cent in 2015 (source: IMS Express). Oriola-KD's share of the Finnish pharmaceutical wholesale market was 46 (46) per cent (source: ATY).

Invoicing, indicating the business volume, of the Finnish wholesale business increased from previous year by 5.3 (decreased 0.7) per cent to EUR 1,069.8 (1,015.7) million. The net sales of Pharmaceutical Trade Finland and Baltics increased by 0.1 (2.5) per cent to EUR 436.4 (435.9) million. Operating profit excluding non-recurring items increased by 4.4 (4.3) per cent to EUR 20.5 (19.6) million. Operating profit increased by 1.8 (1.9) per cent to EUR 19.5 (19.2) million. In 2015 Oriola-KD recognised EUR 0.9 (-) million non-recurring items related to co-operative negotiations concerning Oriola-KD's personnel in Finland. Non-recurring items recognised in 2014 totalled EUR 0.5 million.

The EBITDA excluding non-recurring items of Pharmaceutical Trade Finland and Baltics was EUR 24.8 (23.7) million and EBITDA was EUR 23.8 (23.2) million.

In Finnish wholesale business Oriola-KD renewed long term cooperation agreements among others with Orion, MSD and Orifarm in 2015. Positive development of invoicing was supported by an increase in sales of the key pharmaceutical companies in the Finnish wholesale business. Service sales to the pharmaceutical companies continued to grow in Finnish wholesale business. The sales of Oriolashop.fi increased but profitability of Consumer Health business decreased from the corresponding period due to increased discounts given as a result of continued tight competitive environment.

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. In addition, changes in estimates regarding the realisation of contingent consideration arising from business acquisitions are presented within non-recurring items.

Non-recurring items included in Operating Profit	2015	2014	2015	2014
EUR million	10-12	10-12	1-12	1-12
Pharmaceutical Trade Sweden				
Restructuring costs	-	-	-	-1.0

Gain on sale of property	-	7.5	-	7.5
Pharmaceutical Trade Finland and Baltics				
Restructuring costs	-	-	-0.9	-
Service award arrangement	-	-0.5	-	-0.5
Group items				
Restructuring costs	-	-	-0.5	-
Revaluation of contingent consideration	2.3	-	3.4	-
Service award arrangement	-	-0.1	-	-0.1
Pensions	-0.3	-	-0.3	-
Other	-0.1	-	-0.1	-
Total	2.0	6.9	1.8	5.9

Non-recurring items reported in 2015 relate to restructuring charges in Finnish pharmaceutical wholesale business, Consumer Health and Group functions. In addition, non-recurring items within Group items include the revaluation of a contingent consideration related to the Medstop acquisition and an expense of EUR 0.4 (-) million related to the forthcoming pension reform in Finland and a settlement gain of EUR 0.2 (-) million from the transfer of the management of Finnish companies' statutory occupational pensions and associated pension portfolio. Non-recurring items reported in 2014 relate to restructuring charges in Pharmaceutical Trade Sweden and a gain on sale from a sale-and-leaseback transaction of the Mölnlycke warehouse property.

Balance sheet, financing and cash flow

Oriola-KD's total assets at 31 December 2015 were EUR 946.9 (874.0) million. Cash and cash equivalents totalled EUR 121.9 (91.5) million and equity was EUR 194.6 (111.5) million. The equity ratio was 21.1 (13.1) per cent and gearing was 3.4 (91.8) per cent.

Oriola-KD rearranged its long-term revolving credit facility and term loan agreement on 11 June 2015. The approximately EUR 175 million agreement replaced the previous financing agreement that was signed on 15 May 2013. The new financing agreement consists of EUR 100 million revolving credit facility and Swedish crown denominated approximately EUR 75 million amortized term loan agreement. Revolving credit facility and term loan agreement will mature in May 2018.

During the first quarter of 2015 Oriola-KD completed a rights offering. From the offering Oriola-KD raised gross proceeds of EUR 75.6 million and net proceeds of EUR 73.7 million.

Oriola-KD redeemed its EUR 40 million hybrid bond issued on 20 February 2014 in its entirety together with accrued interest. The bond was redeemed in accordance with its terms and conditions on 20 April 2015 with 103 per cent of its nominal value.

Oriola-KD's goodwill of EUR 256.5 (250.9) million has been allocated in impairment testing to the cash-generating units consisting of the Group's operating segments. Goodwill is tested annually, in accordance with the timetable of its strategy and planning process. At the end of December 2015, EUR 230.3 (225.3) million of the goodwill was allocated to the Swedish pharmaceutical retail business, EUR 26.0 (25.4) million to the Swedish pharmaceutical wholesale business and EUR 0.2 (0.2) million to the Pharmaceutical Trade Baltics.

At the end of December 2015, interest-bearing debt was EUR 128.6 (193.9) million of which syndicated bank loans totalled EUR 76.2 (102.2) million, commercial papers EUR 13.0 (51.8) million, advance payments from pharmacies EUR 23.9 (20.6) million, a contingent consideration related to Medstop-acquisition EUR 12.4 (14.7) million and finance lease liabilities EUR 3.2 (4.5) million. Long-term interest bearing-liabilities were EUR 66.9 (98.5) million and short-term interest-bearing liabilities were EUR 61.7 (95.4) million. Interest-bearing net debt was EUR 6.6 (102.4) million. The non-recourse trade receivables sales programmes were continued in the Pharmaceutical Trade Sweden in 2015. At the end of December 2015, a total of EUR 114.6 (100.1) million in trade receivables had been sold. Oriola-KD's long term revolving credit facility and term loan agreement includes financial covenants that are based on Net Debt to EBITDA –ratio and on Gearing.

Oriola-KD's committed long-term credit facility of EUR 100.0 million and EUR 35.4 million of short-term credit account limits with banks were unused at the end of December 2015.

Net cash flow from operations in 2015 including discontinued operations was EUR 85.6 (-10.8) million, of which changes in working capital accounted for EUR 11.2 (-42.5) million. Net cash flow from investing activities was EUR -19.9 (40.3) million.

Investments

Gross investments in January–December 2015 totalled EUR 20.4 (25.7) million and consisted of investments related to the opening of new pharmacies, information systems and improvements in logistics efficiency.

Personnel

At the end of 2015, Oriola-KD had 2,353 (2,356) employees, 77.8 (76.1) per cent of whom worked in Sweden and 22.2 (23.9) per cent in Finland and the Baltics. Personnel numbers consist of members of staff in active employment.

Administration

Oriola-KD Corporation's Board of Directors:

- Anssi Vanjoki, Chairman
- Jukka Alho, Vice Chairman
- Eva Nilsson Bågenholm
- Per Båtelson
- Anja Korhonen
- Kuisma Niemelä
- Matti Rihko
- Staffan Simberg

Oriola-KD Corporation's Board's Audit Committee members are: Anja Korhonen (Chairman), Kuisma Niemelä and Staffan Simberg. Board's Remuneration Committee members are: Jukka Alho (Chairman), Per Båtelson, Eva Nilsson Bågenholm and Matti Rihko.

Oriola-KD's Group Management Team:

- Eero Hautaniemi, President and CEO
- Sari Aitokallio, CFO (as of 9 April , 2015)
- Lars Birkeland, Vice President, Pharmaceutical Retail, Sweden
- Thomas Gawell, Vice President, Pharmaceutical Wholesale, Sweden (as of 6 February, 2015)
- Jukka Mäkelä, Vice President, Development
- Teija Silver, Vice President, HR
- Kimmo Virtanen, Executive Vice President, Pharmaceutical Wholesale, Finland, Sweden and the Baltics

Tuomas Itkonen, former CFO and member of the Group Management Team, left the company on 1 April, 2015.

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 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 2015 can be viewed on the company's website at: <http://www.oriola-kd.com/en/Corporate-Governance/>.

Oriola-KD Corporations Board appointed on 25 September 2015 members of the company's Nomination Committee: Pekka Pajamo (chairman), Peter Immonen, Timo Leino, Mikko Mursula and Into Ylppö.

The auditor of Oriola-KD Corporation as elected by the Annual General Meeting, PricewaterhouseCoopers Oy, will designate Ylva Eriksson APA as the principal auditor as of July 16, 2015.

Board authorisations

The Annual General Meeting (AGM), held on 30 March 2015, 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 5,650,000 Class A shares and 12,500,000 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 AGM on 30 March 2015 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 18,000,000 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 AGM on 30 March 2015 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 18,000,000 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

Oriola-KD completed a rights offering in the first quarter of 2015. The subscription period of the offering ended on 3 March 2015. In the offering 9,429,742 new A Shares and 20,798,643 new B Shares were subscribed. As a result, the total number of shares of Oriola-KD increased to 181,486,213 shares. The subscription price was EUR 2.50 per offered share. Oriola-KD raised gross proceeds of EUR 75.6 million through the offering. Oriola-KD recognised gross proceeds and the transaction costs less taxes, in total of EUR 73.7 million, in the invested unrestricted equity fund.

Trading volume of the Oriola-KD Corporation's class A and B shares in 2015:

Trading volume ¹⁾	2015		2014	
	class A	class B	class A	class B
Trading volume, million	3.0	35.8	7.9	41.2
Trading volume, EUR million	11.9	140.1	18.6	101.5
Highest price, EUR	4.52	4.60	3.31	3.30

Lowest price, EUR	2.93	2.84	1.89	1.98
Closing quotation, end of period, EUR	4.24	4.32	3.26	3.27

¹⁾ Adjusted by the impact of rights issue, comparative figures adjusted accordingly.

Oriola-KD Corporation's market capitalisation on 31 December 2015 was EUR 779.6 (524.4) million.

In the review period, the traded volume of Oriola-KD Corporation shares, excluding treasury shares, corresponded to 21.9 (30.5) per cent of the total number of shares. The traded volume of class A shares amounted to 5.5 (15.7) per cent of the average stock, and that of class B shares, excluding treasury shares, to 29.3 (37.2) per cent of the average stock.

At the end of September 2015, the company had a total of 181,486,213 (160,876,788) shares, of which 55,484,648 (50,147,044) were class A shares and 126,001,565 (110,729,744) were class B shares. The company has 124,024 (139,752) treasury shares (including treasury shares held by third-party service provider), all of which are class B shares. They account for 0.07 (0.09) per cent of the company's shares and 0.01 (0.01) 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 2015, 1,093,804 (0) class A shares were converted into class B 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 six 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 2015 earning period is based on the Oriola-KD Group's earnings per share (EPS) calculated from the earnings excluding non-recurring items and taxes. The rewards to be paid on the basis of the performance period 2015 will correspond to the value of a maximum total of 1,010,000 Oriola-KD Corporation class B shares (also including the proportion to be paid in cash), of which approximately 625,500 Oriola-KD Corporation class B shares (also including the proportion to be paid in cash) have been allocated to the current participants.

On 4 December 2015 the Board of Directors of Oriola-KD Corporation resolved to establish a new share-based incentive plan directed to the Group key personnel (the Plan). Approximately 20 key persons, including the members of the Group Management Team, participate in the Plan. The Plan includes three performance periods, calendar years 2016, 2017 and 2018, and three vesting periods, calendar years 2017, 2018 and 2019, respectively. The Board of Directors of the Company will resolve on the Plan's performance criteria and on the required performance level for each criterion at the beginning of a performance period.

The prerequisite for participation in the Plan and for receipt of reward on the basis of the Plan is that a key person has enrolled in the OKShares and makes the monthly saving from his or her fixed gross monthly salary, in accordance with the Rules of the OKShares in force. The aim is also to harmonize the Company's incentive plans into a One-Platform Plan where the Company's Key Personnel Share Savings Plan (the OKShares) and Long-Term Incentive Plan are combined.

The potential reward of from the performance period 2016 will be based on the Group's Earnings per Share (EPS). The rewards to be paid on the basis of the performance period 2016 correspond to the value of an approximate maximum total of 800,000 Oriola-KD Corporation Class B shares (including also the proportion to be paid in cash). The potential reward will be paid partly in Oriola-KD Corporation Class B shares and partly in cash in 2018. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to a key person.

The member of the Group Management Team must hold 50 per cent of the net shares given on the basis of the entire Plan, until his or her shareholding in the Company in total equals the value of his or her gross annual salary. Such number of shares must be held as long as the key person holds a position as a Group Management Team member.

On 28 May 2013 the Board of Directors of Oriola-KD Corporation decided to launch a key personnel share savings plan. A total of 34 key employees participated in the plan during a savings period 1 October 2013 – 30 September 2014. A total of 39 key employees participated in the plan during a savings period 1 October 2014 – 30 September 2015. For both savings plans the maximum and minimum monthly savings amounted to 10 and 2 per cent, respectively, of each participant's fixed gross monthly salary.

On 18 June 2015 the Board of Directors of Oriola-KD Corporation decided to launch a new savings period 2015-2016. This savings period begun on 1 October 2015 and will end on 31 December 2016. The maximum monthly saving is 8.3 percent and the minimum is 2 percent of each participant's fixed monthly gross salary. During the final quarter in 2015, a total of about 50 key employees participate in the plan.

The accumulated savings will be used for purchasing Oriola-KD's class B shares for the participants at market prices. In return, each participant will receive two free class B matching shares for every three acquired savings shares. Matching shares will be delivered to a participant if the participant holds the acquired shares from the savings period until the end of the designated holding period and the employment has not terminated by the last day of the holding period. Matching shares will be paid partly in Oriola-KD's class B shares and partly in cash. The cash proportion is intended for covering taxes and tax-related payments arising from the reward to a key person.

During 2015, in total 24,314 company's class B shares were granted under the savings period 2013 - 2014. The savings of plan 2014-2015 correspond to approximately 48,600 savings shares and 32,400 matching shares estimated at the share price level of the year end.

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 27,202 (42,930).

Liquidity guarantee

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

Flagging announcements

Oriola-KD Corporation received from Mariatorp Oy (business ID 1948056-9) on 30 April 2015 a disclosure, according to which Mariatorp Oy on 30 April 2015 had signed a demerger plan. Following the completion of the demerger the Oriola-KD shares owned by Mariatorp Oy, a company controlled by Niklas Herlin, would be transfer to a newly established company Mariatorp Oy.

Oriola-KD has on 31 August 2015 received from Mariatorp Oy (business ID 1948056-9) ("Demerged Company") a disclosure according to which Mariatorp Oy on 31 August 2015 has registered execution of a demerger. All Oriola-KD shares owned by the Demerged Company will transfer to a newly established company Mariatorp Oy (business ID 2690035-7). After the execution of the demerger, the ownership of the new Mariatorp Oy of Oriola-KD Corporation's share capital is 7.76 per cent and total number of voting rights is 7.92 per cent comprising a total of 14,075,000 shares of which 4,500,000 A shares and 9,575,000 B 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, pricing of pharmaceuticals and reimbursements 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 consolidated statement of financial position.

Oriola-KD prepares goodwill impairment testing annually, 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.

Outlook

Oriola-KD's outlook for 2016 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments. The Finnish pharmaceutical market is expected to grow during 2015-2019, at an annual rate of 1-4 per cent and Swedish pharmaceutical market is expected to grow an annual rate of 2-5 per cent per year in the local currencies (source: IMS Health).

Outlook for 2016

Oriola-KD estimates its full-year net sales to remain at the 2015 level on constant currency basis. Adjusted Operating profit is estimated to remain at 2015 level or to increase, on a constant currency basis. Full-year net sales in 2015 were EUR 1,626 million and Operating profit excluding non-recurring items was EUR 60.8 million.

Adjusted Operating profit excludes 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, or other income or expenses arising from rare events.

Strategy and Operational Model

On 17 August 2015, as part of the company's annual strategy work, Oriola-KD's Board of Directors approved the company's updated strategy, new operating model and new long-term financial targets. Oriola-KD's operations will be divided into three business areas and operating segments: Consumer, Services and Healthcare. The new operating model and responsibilities will be in force starting 1 January 2016. Comparable financial information 2015 in the new structure will be published on 5 February 2016.

New long-term financial targets published in connection with the updated strategy include:

- Business growth at the rate of the market
- Annual EPS growth over 5 per cent without non-recurring items
- Return on capital employed of over 20 per cent
- Adjusted gearing ratio of 30-60 per cent

Non-recourse trade receivables are added to the net debt.

To support its strategy Oriola-KD will invest in improving its operational efficiency and strengthening company's market position. To support this Oriola-KD's Board of Directors has decided on additional investments, of about EUR 20 million, into Group's IT systems and the logistics centre in Finland. These investments will be realised during 2016 – 2018.

Events after the review period

On 1 February 2016 the Nomination Committee of Oriola-KD presented to the Board of Directors its recommendation on the proposal to the 2016 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 Anja Korhonen, Kuisma Niemelä, Eva Nilsson Bågenholm, Staffan Simberg, Matti Rihko and Anssi Vanjoki would be re-elected
- Mariette Kristenson and Lena Ridström would be elected new members of the Board of Directors
- Anssi Vanjoki would be re-elected as Chairman of the Board of Directors

Members of the Board of Directors Per Båtelson and Jukka Alho will leave the office of Board of Directors after the 2016 Annual General Meeting.

Profit distribution proposal

Oriola-KD's parent company is Oriola-KD Corporation, whose distributable assets based on the balance sheet on 31 December 2015 were EUR 368.8 (253.2) million. Oriola-KD Corporation's profit for the financial year 2015 was EUR 40.2 (26.6) million.

The Board proposes to the Annual General Meeting that a dividend of EUR 0.13 (-) per share is paid for 2015.

Annual General Meeting

Oriola-KD Corporation's Annual General Meeting will be held on 14 March 2016 at 2 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 notice of the Annual General Meeting will be published in Helsingin Sanomat newspaper on 19 February 2016.

Publication of the financial statements

Oriola-KD Corporation will publish its 2015 financial statements by 22 February 2016.

Next interim report

Oriola-KD Corporation will publish its result for the first quarter of 2016 on 22 April 2017 at about 8.30 am.

Oriola-KD's Financial Statements Release January – December 2015

Consolidated Statement of Comprehensive Income (IFRS), EUR million	2015 10-12	2014 10-12	2015 1- 12	2014 1- 12
Continuing operations				
Net sales	420.9	417.7	1,626.3	1,612.3

Other operating income	4.8	14.2	14.9	21.0
Cost of goods sold	-335.8	-336.0	-1,298.4	-1,287.9
Employee benefit expenses	-36.4	-36.2	-143.8	-143.8
Other operating expenses	-30.4	-32.1	-113.9	-114.5
Gross profit	23.0	27.7	85.1	87.2
Depreciation and impairment	-5.8	-5.6	-22.6	-22.2
Operating profit	17.3	22.1	62.6	65.0
Financial income and expenses	-1.7	-1.8	-6.5	-7.8
Profit before taxes	15.6	20.3	56.1	57.1
Income taxes	-3.2	-2.2	-11.5	-10.7
Profit for the period from continuing operations	12.4	18.0	44.5	46.5
Profit for the period from discontinued operations	0.3	-149.2	0.1	-258.8
Profit for the period	12.7	-131.1	44.6	-212.3
Other comprehensive income				
Items which may be reclassified subsequently to profit or loss:				
Translation differences recognised in comprehensive income during the reporting period	3.9	-42.2	3.6	-52.1
Translation differences transferred to Profit for the period from discontinued operations	-	74.3	-	74.3
Cash flow hedge	0.2	-0.4	0.1	-1.4
Income tax relating to other comprehensive income	-0.1	0.2	-0.0	0.3
	4.1	31.9	3.7	21.1
Items which will not be reclassified to profit or loss:				
Actuarial gains/losses on defined benefit plan	5.6	-16.5	5.6	-16.5
Income tax relating to other comprehensive income	-1.1	3.3	-1.1	3.3
	4.4	-13.1	4.4	-13.1
Total comprehensive income for the period	21.2	-112.4	52.8	-204.3
Profit attributable to				
Parent company shareholders	12.7	-131.1	44.6	-212.3
Total comprehensive income attributable to				
Parent company shareholders	21.2	-112.4	52.8	-204.3
Earnings per share attributable to parent company shareholders:				
Basic earnings per share, EUR ²⁾				
Continued operations	0.07	0.11	0.25	0.28
Discontinued operations	0.00	-0.93	0.00	-1.61
From profit of the year	0.07	-0.82	0.25	-1.33

Diluted earnings per share, EUR ²⁾

Continued operations	0.07	0.11	0.25	0.28
Discontinued operations	0.00	-0.93	0.00	-1.61
From profit of the year	0.07	-0.82	0.25	-1.33

¹⁾ Calculated based on the rights issue -adjusted weighted average number of shares, comparative figures adjusted accordingly.

**Consolidated Statement of Financial Position (IFRS),
EUR million**

	31 Dec 2015	31 Dec 2014 ¹⁾
ASSETS		
Non-current assets		
Property, plant and equipment	72.7	75.2
Goodwill	256.5	250.9
Other intangible assets	63.2	61.3
Other non-current assets	0.3	0.0
Deferred tax assets	3.7	3.3
Non-current assets total	396.4	390.8
Current assets		
Inventories	201.1	185.0
Trade receivables	194.0	178.4
Other receivables	33.4	28.4
Cash and cash equivalents	121.9	91.5
Current assets total	550.5	483.2
ASSETS TOTAL	946.9	874.0
EQUITY AND LIABILITIES		
Equity		
Share capital	36.2	36.2
Hedging reserve	-1.2	-1.3
Contingency fund	19.4	19.4
Invested unrestricted equity reserve	74.8	1.1
Hybrid bond	-	39.6
Other reserves	0.2	0.1
Translation differences	0.5	-3.1
Retained earnings ¹⁾	64.7	19.5
Equity attributable to the parent company shareholders ¹⁾	194.6	111.5
Non-current liabilities		
Deferred tax liabilities ¹⁾	15.8	14.8
Pension obligations	10.0	14.9
Borrowings	66.9	98.5
Other non-current liabilities	2.1	2.2

Non-current liabilities total ¹⁾	94.7	130.4
Current liabilities		
Trade payables	547.7	494.3
Provisions	-	0.6
Borrowings	61.7	95.4
Other current liabilities	48.1	41.8
Current liabilities total	657.5	632.1
EQUITY AND LIABILITIES TOTAL	946.9	874.0

¹⁾ A correction of an error relating to previous financial periods was made in the financial statements. The correction increased the amount of deferred tax liability and decreased the amount of equity by EUR 2.1 million.

Consolidated Statement of Changes in Equity (IFRS)

EUR million	Equity attributable to the parent company shareholders					Equity total
	Share capital	Funds	Translation differences	Retained earnings	Hybrid bond	
Equity						
1 Jan 2014	36.2	20.4	-25.3	246.8	-	278.1
Correction of error	-	-	-	-2.1	-	-2.1
Restated equity						
1 Jan 2014	36.2	20.4	-25.3	244.7	-	276.0
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 payments	-	-	-	0.2	-	0.2
Purchase of treasury shares	-	-	-	-0.1	-	-0.1
Transactions with owners total	-	-	-	0.1	39.6	39.8
Equity						
31 Dec 2014	36.2	19.3	-3.1	19.5	39.6	111.5
Comprehensive income for the period						
Net profit for the period	-	-	-	44.6	-	44.6
Other comprehensive income:						

Cash flow hedge	-	0.1	-	-	-	0.1
Actuarial gains and losses	-	-	-	5.6	-	5.6
Income tax relating to other comprehensive income	-	-0.0	-	-1.1	-	-1.2
Translation difference	-	-	3.6	-	-	3.6
Comprehensive income for the period total	-	0.1	3.6	49.0	-	52.8
Transactions with owners						
Share issue	-	73.7	-	-	-	73.7
Hybrid bond paid interest	-	-	-	-2.6	-	-2.6
Hybrid bond redemption	-	-	-	-1.3	-39.6	-41.0
Share-based incentive	-	-	-	0.3	-	0.3
Distributed treasury shares	-	-	-	-0.1	-	-0.1
Purchase of own shares	-	-	-	-0.0	-	-0.0
Transactions with owners total	-	73.7	-	-3.8	-39.6	30.3
Equity						
31 Dec 2015		36.2	93.1	0.5	64.7	-
						194.6

A correction of an error relating to previous financial periods was made in the financial statements. The amount of deferred tax liability relating to depreciation difference has been corrected in 2014 opening equity in accordance with retrospective correction of errors pursuant to IAS 8. The impact of the correction on opening equity was EUR -2.1 million. The error relates to Pharmaceutical Trade Sweden -segment.

Condensed Consolidated Statement of Cash Flows (IFRS),

	2015	2014
EUR million ¹⁾	1- 12	1- 12
Operating profit	62.7	-42.4
Depreciation and amortisation	22.6	26.2
Impairment	-	71.1
Change in working capital	11.2	-42.5
Cash flow from financial items and taxes	-16.9	-13.5
Other adjustments	6.2	-9.7
Net cash flow from operating activities	85.6	-10.8
Net cash flow from investing activities	-19.9	40.3
Net cash flow from financing activities	-35.2	-80.3
Net change in cash and cash equivalents	30.6	-50.8
Cash and cash equivalents at the beginning of the period	91.5	137.3
Foreign exchange rate differences	-0.1	5.0
Net change in cash and cash equivalents	30.6	-50.8
Cash and cash equivalents at the end of the period	121.9	91.5

¹⁾ Includes the net cash flow from the disposed Russian businesses until 30 November 2014.

Notes to financial statements

Principal accounting policies as of 1 January 2015 (IFRS)

These 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 2014 annual financial statements, excluding the standards and interpretations applied as of 1 January 2015 as presented below. However, the interim report does not include all of the information and notes presented in the annual financial statements. Consequently, the financial statements release should be read together with the company's financial statements for 2014.

Results of the Russian businesses, sold in December 2014, are reported as discontinued operations separately from results from continuing operations. The consolidated statement of cash flows for comparative period 2014 includes net cash flow of discontinued operations.

The calculation principles of key figures in this financial statements release are the same as for the annual financial statements, expect for the calculation of earnings per share (EPS) whereby the average number of shares includes the impact of the 2015 rights issues and 2014 comparatives have been adjusted accordingly.

The figures in the financial statement release have been rounded independently.

New standards or amendments to the existing ones that have been applied as of 1 January 2015:

- Amendment to IAS 19 Defined benefit plans
- Annual improvements in IFRS standards 2010-2012 and 2011-2013

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

The figures in this financial statements release are unaudited.

Earnings per share

	2015	2014	2015	2014
EUR million	10-12	10-12	1- 12	1- 12
Profit attributable to equity owners of the parent from continuing operations	12.4	18.0	44.5	46.5
Accumulated interest on hybrid bond net of tax	-	-0.6	-	-1.9
Adjusted profit for the period from continuing operations	12.4	17.5	44.5	44.6
	2015	2014	2015	2014
EUR million	10-12	10-12	1- 12	1- 12
Profit incl. discontinued operations attributable to equity owners of the parent	12.7	-131.1	44.6	-212.3
Accumulated interest on hybrid bond net of tax	-	-0.6	-	-1.9
Adjusted profit for the period including discontinued operations	12.7	-131.7	44.6	-214.2

Average number of outstanding shares (1000 shares) ¹⁾

Basic	177,502	160,741	177,502	160,741
Diluted	177,502	160,741	177,502	160,741

Earnings per share (EUR) ¹⁾

Basic

Continuing operations	0.07	0.11	0.25	0.28
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Discontinuing operations	0.00	-0.93	0.00	-1.61
Total	0.07	-0.82	0.25	-1.33

Diluted

Continuing operations	0.07	0.11	0.25	0.28
Discontinuing operations	0.00	-0.93	0.00	-1.61
Total	0.07	-0.82	0.25	-1.33

¹⁾ Calculated based on the rights issue -adjusted weighted average number of shares, comparative figures adjusted accordingly.

Tangible and intangible assets

Changes in Property, Plant and Equipment, EUR million	2015 1- 12	2014 1- 12
Carrying amount at the beginning of the period	75.2	93.2
Increases through acquisitions of subsidiary shares	-	0.0
Increases	11.9	27.0
Decreases	-0.6	-13.2
Divestment of business	-	-11.3
Reclassifications	0.0	0.2
Depreciation, Continuing operations	-14.8	-15.0
Depreciation, Discontinued operations	-	-1.3
Foreign exchange rate differences	1.0	-4.4
Carrying amount at the end of the period	72.7	75.2

Changes in Intangible assets, EUR million	2015 1- 12	2014 1- 12
Carrying amount at the beginning of the period	312.3	451.0
Increases through acquisitions of subsidiary shares	-	0.2
Increases	8.5	6.8
Decreases	-	-0.0
Divestment of business	-	-24.5
Reclassifications	0.0	-0.2
Amortisation, Continuing operations	-7.8	-7.2
Impairments and amortisation, Discontinued operations	-	-73.8
Foreign exchange rate differences	6.7	-39.8
Carrying amount at the end of the period	319.7	312.3

Derivatives

31 Dec 2015 EUR million	Positive fair value	Negative fair value	Nominal values of contracts
Derivatives recognised as cash flow hedges			
Interest rate swaps	-	1.6	56.6
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	-	1.2	126.9

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

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 2015	Level 1	Level 2	Level 3	Total
Assets				
Derivatives measured at fair value through profit and loss	-	0.1	-	0.1
Liabilities				
Derivatives designated as hedges	-	1.6	-	1.6
Derivatives measured at fair value through profit and loss	-	1.3	-	1.3
Contingent consideration	-	-	12.4	12.4

EUR million

31 Dec 2014	Level 1	Level 2	Level 3	Total
Assets				
Derivatives measured at fair value through profit and loss	-	1.4	-	1.4
Liabilities				
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

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	
Book value 31 Dec 2014	14.7
Recognised in financial expenses	0.9
Change in fair value recognised in other operating income	-3.4
Translation differences	0.2
Book value 31 Dec 2015	12.4

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 2015	31 Dec 2014
Commitments for own liabilities		
Guarantees on behalf of own companies	8.5	8.1
Guarantees on behalf of other companies	2.0	22.0
Mortgages on company assets	2.3	2.2
Other guarantees and liabilities	1.0	1.1
Accumulated interest on hybrid bond	-	2.4
Total	13.7	35.8
Leasing liabilities (operating liabilities)	0.7	0.8
Rent liabilities	40.0	44.3

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 4.1 million counter guarantee mainly subject to parent company guarantees of the commercial agreements. The guarantees on behalf of other companies will expire in 2016.

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 2.8 (4.7) million against subsidiaries' trade payables.

Provisions

On 31 December 2015 Oriola-KD had provisions totalling EUR - (0.2) million.

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 until 31 December 2015. 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

Reportable segments

1-12/2015

EUR million	Pharmaceutical		Group items	Total
	Pharmaceutical Trade Sweden	Pharmaceutical Trade Finland and Baltics		
External Invoicing	2,098.4	1,163.7	-	3,262.2
Internal Invoicing	0.1	0.0	-0.1	-
Invoicing	2,098.5	1,163.7	-0.1	3,262.2
External Net Sales	1,190.0	436.3	-	1,626.3
Internal Net Sales	0.1	0.0	-0.1	-
Net Sales	1,190.1	436.4	-0.1	1,626.3
Operating profit	46.4	19.5	-3.4	62.6
Operating Profit excl. non-recurring items	46.4	20.5	-6.1	60.8
Assets	650.3	163.8	132.7	946.9
Liabilities	408.8	211.8	131.6	752.3
Investments	13.6	3.9	2.9	20.4
Depreciation	18.0	4.3	0.2	22.6
Average number of personnel	1,800	489	38	2,327

1-12/2014 ¹⁾

EUR million	Pharmaceutical		Group items	Total
	Pharmaceutical Trade Sweden	Pharmaceutical Trade Finland and Baltics		
External Invoicing	1,955.1	1,105.0	-	3,060.1
Internal Invoicing	0.0	0.0	-0.1	-
Invoicing	1,955.1	1,105.0	-0.1	3,060.1
External Net Sales	1,176.5	435.8	-	1,612.3
Internal Net Sales	-0.0	0.0	0.0	-
Net Sales	1,176.4	435.9	0.0	1,612.3
Operating profit	50.5	19.2	-4.6	65.0
Operating Profit excl. non-	44.0	19.6	-4.5	59.1

recurring items

Assets	624.3	150.5	99.3	874.0
Liabilities	368.6	195.9	198.0	762.5
Investments	21.0	4.2	0.6	25.7
Depreciation	18.0	4.0	0.2	22.2
Average number of personnel	1,826	511	40	2,377

¹⁾ The impact of the correction of an error on the Pharmaceutical trade Sweden -segment liabilities was EUR 2.1 million.

10-12/2015

EUR million	Pharmaceutical		Group items	Total
	Pharmaceutical Trade Sweden	Trade Finland and Baltics		
External Invoicing	543.1	314.9	-	858.0
Internal Invoicing	0.0	0.0	-0.0	-
Invoicing	543.1	314.9	-0.0	858.0
External Net Sales	302.8	118.1	-	420.9
Internal Net Sales	0.0	0.0	-0.0	-
Net Sales	302.8	118.1	-0.0	420.9
Operating profit	11.6	5.1	0.6	17.3
Operating Profit excl. non-recurring items	11.6	5.1	-1.4	15.3
Assets	650.3	163.8	132.7	946.9
Liabilities	408.8	211.8	131.6	752.3
Investments	4.7	1.2	1.2	7.2
Depreciation	4.6	1.1	0.1	5.8

10-12/2014¹⁾

EUR million	Pharmaceutical		Group items	Total
	Pharmaceutical Trade Sweden	Trade Finland and Baltics		
External Invoicing	516.0	298.6	-	814.6
Internal Invoicing	0.1	0.0	-0.1	-
Invoicing	516.1	298.6	-0.1	814.6
External Net Sales	298.1	119.6	-	417.7
Internal Net Sales	0.0	0.0	-0.0	-
Net Sales	298.1	119.6	-0.0	417.7
Operating profit	17.7	4.4	-0.1	22.1
Operating Profit excl. non-recurring items	10.2	4.9	-0.0	15.1
Assets	624.3	150.5	99.3	874.0

Liabilities	368.6	195.9	198.0	762.5
Investments	2.7	1.0	0.0	3.7
Depreciation	4.5	1.1	0.1	5.6

¹⁾ The impact of the correction of an error on the Pharmaceutical trade Sweden -segment liabilities was EUR 2.1 million.

Geographical information

1-12/2015

EUR million	Sweden	Finland	Baltic countries	Other countries	Total
Net Sales	1,124.4	385.7	45.7	70.6	1,626.3
Assets	656.9	271.4	18.6	-	946.9
Investments	13.6	6.4	0.4	-	20.4

1-12/2014

EUR million	Sweden	Finland	Baltic countries	Other countries	Total
Net Sales	1,114.8	388.3	43.5	65.7	1,612.3
Assets	631.1	225.8	17.1	-	874.0
Investments	21.0	4.2	0.5	0.0	25.7

10-12/2015

EUR million	Sweden	Finland	Baltic countries	Other countries	Total
Net Sales	284.6	104.6	12.3	19.4	420.9
Assets	656.9	271.4	18.6	-	946.9
Investments	4.7	2.4	0.1	-	7.2

10-12/2014

EUR million	Sweden	Finland	Baltic countries	Other countries	Total
Net Sales	280.9	106.1	11.8	19.0	417.7
Assets	631.1	225.8	17.1	-	874.0
Investments	2.7	0.7	0.3	-	3.7

Espoo, 5 February 2016

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