

ORIOLA-KD

ORIOLA-KD
CORPORATION

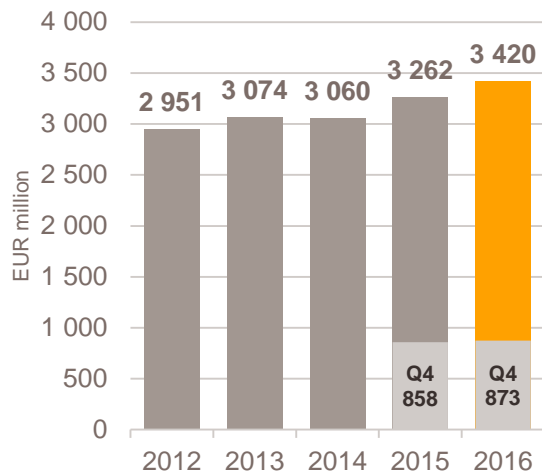
January – December 2016

Eero Hautaniemi,
President and CEO
13 February 2017

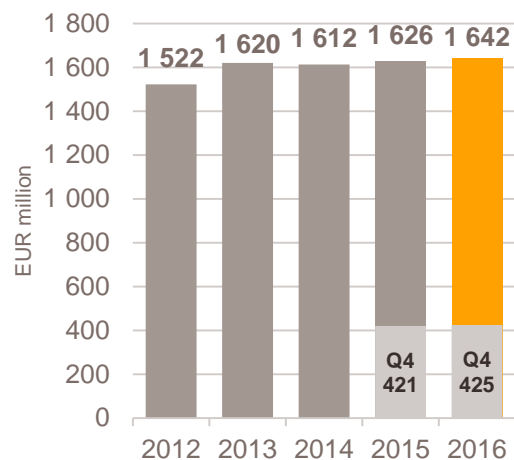


Oriola-KD Key Figures

INVOICING //

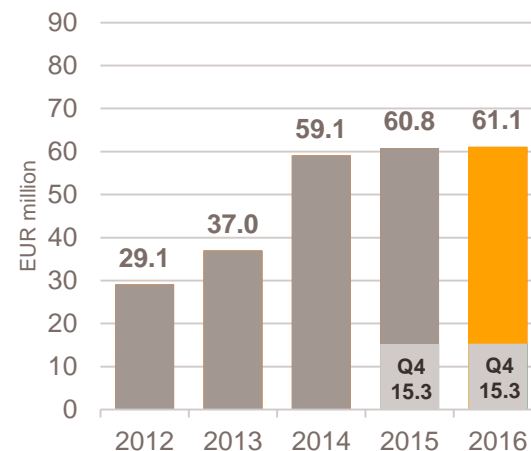


NET SALES //



1-12/2016 net sales at comparable EUR/SEK rate EUR 1,657.1 million

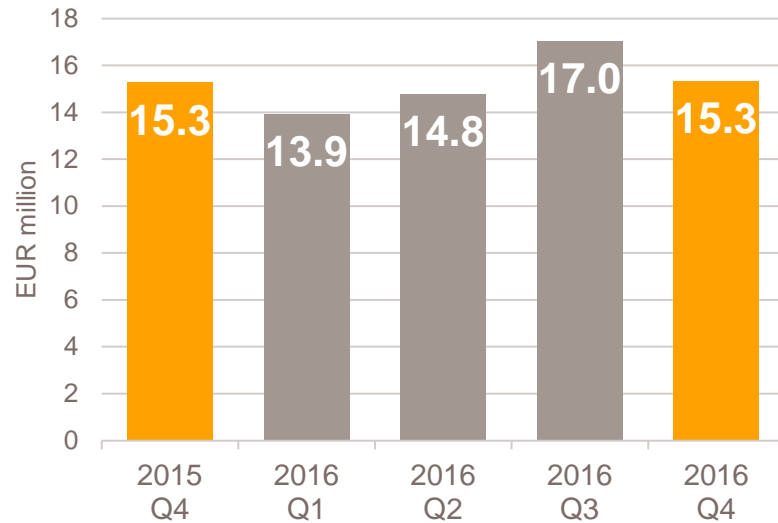
ADJUSTED OPERATING PROFIT //



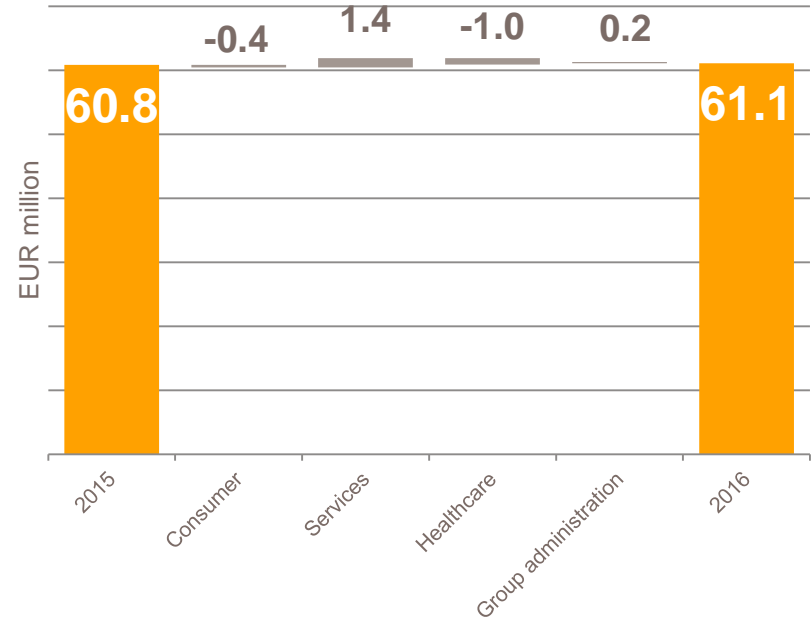
1-12/2016 adjusted operating profit at comparable EUR/SEK rate EUR 61.7 million

Adjusted operating Profit January – December 2016

ADJUSTED OPERATING PROFIT //



ADJUSTED OPERATING PROFIT, WATERFALL //



1-12/2016 adjusted operating profit at comparable EUR/SEK rate EUR 61.7 million

A young child wearing a bright blue hooded raincoat is playing in the rain. The child's mouth is open, and their hands are held up, catching the falling rain. The background is a blurred green, suggesting an outdoor setting. A blue rectangular box is overlaid on the right side of the image, containing white text.

Reporting Segments January – December 2016

Key Focus Areas in 2016



Active development of digital business



Continue developing the Healthcare channel



Successful execution of the efficiency improving strategic development initiatives

2016

- New mobile app in Kronans Apotek
- New Oriola4Care – platform in Sweden
- New ordering platform for veterinarians

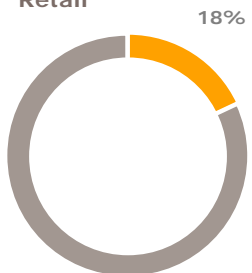
- Acquisition of Svensk dos
- Acquisition of Pharmaservice
- Hospital and Vet deals in Sweden

- Investments in IT
- Investments in automation in Enköping, Mölnlycke and Mankkaa
- Closing of Oulu DC

Solid Position in Selected Markets

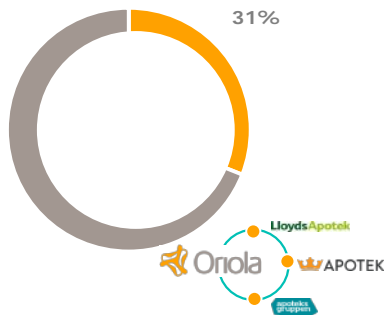
MARKET SHARE

Sweden
Retail



 APOTEK 18%

TG/OTC for pharmacies in
Sweden

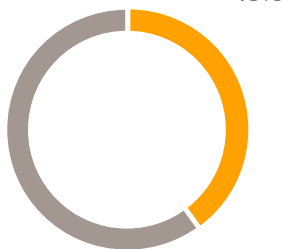


Finland
Wholesale



 Oriola 46%

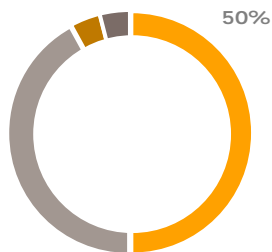
Sweden
Wholesale



 Oriola 40%

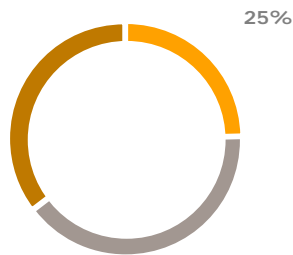
MARKET SHARE DOSE DISPENSING

Finland



Pharmaservice

Sweden



Svensk dos

DOSE MARKET



~40,000

PATIENTS

10%

ANNUAL GROWTH
IN AVERAGE



~200,000

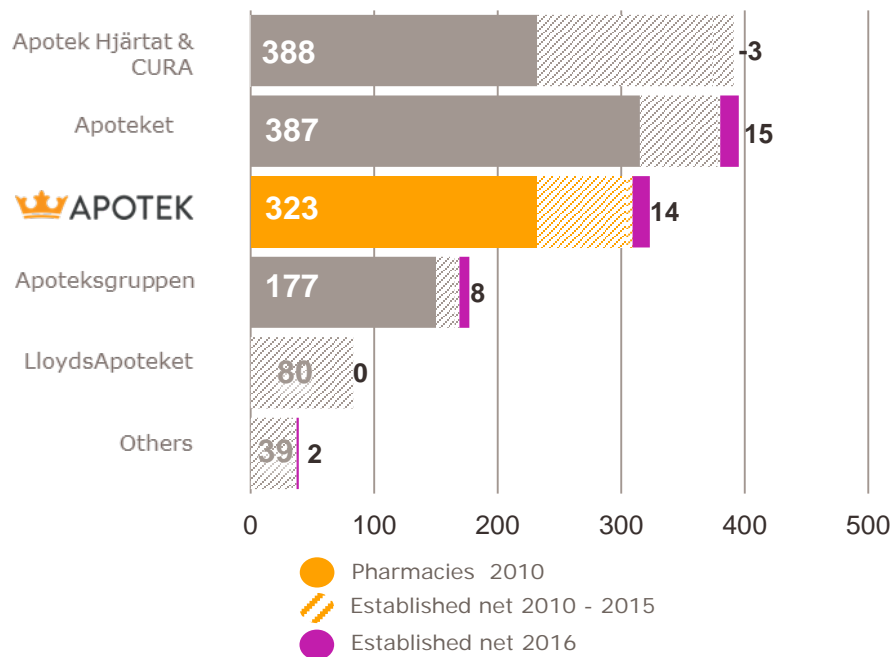
PATIENTS

8%

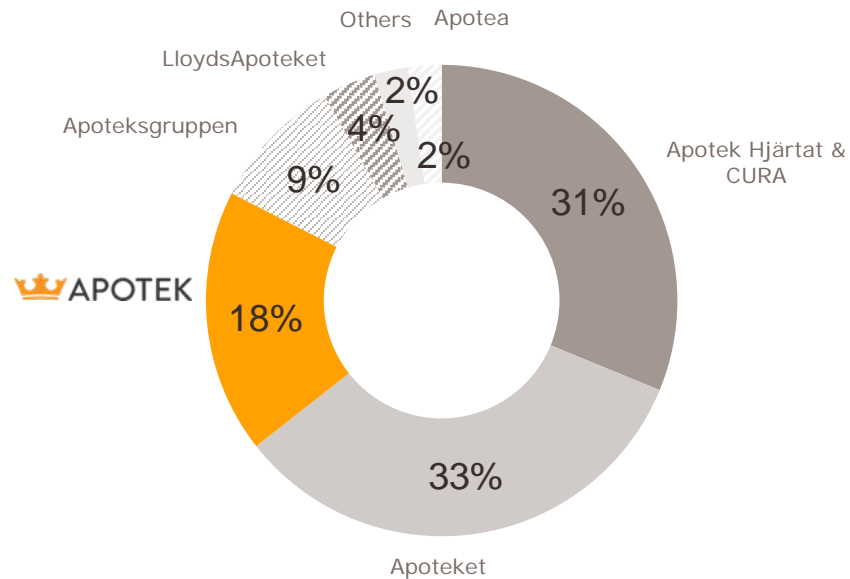
ANNUAL GROWTH
IN SKÅNE AREA
(ESTIMATE)

Swedish Pharmacy market

PHARMACIES //



MARKET SHARE //



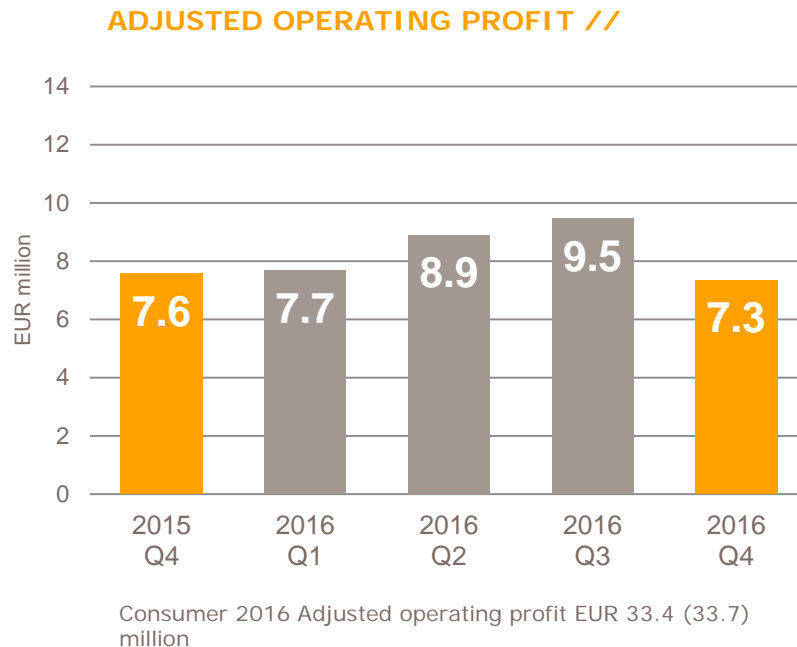
2016 Pharmacy market growth **6%**

The share of online sales **4%**

Source: Apoteksförning and Oriola-KD

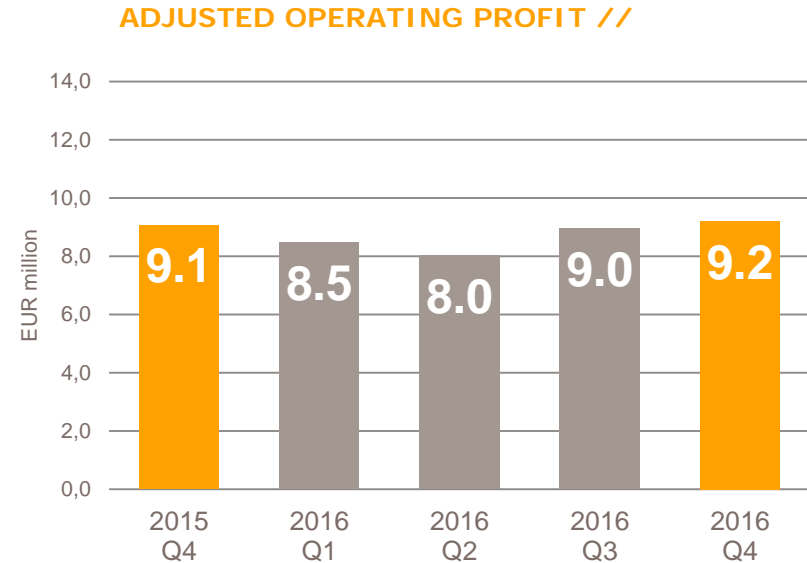
Consumer January – December 2016

- On a constant currency basis the net sales increased by 3.2 per cent
- Intensified online competition lowered prices in OTC and Traded goods
- Market share declined particularly in Rx
 - Share of OTC and traded goods of net sales increased to 27 (26) per cent
- Profitability in SEK stayed at 2015 level
- Net increase of 14 pharmacies in Sweden
- Parallel imports' share of the Swedish pharmaceutical market was approximately 11.5 (10.5) per cent (source: IMS Health)
- Consumer online sales were 2% of total sales



Services January – December 2016

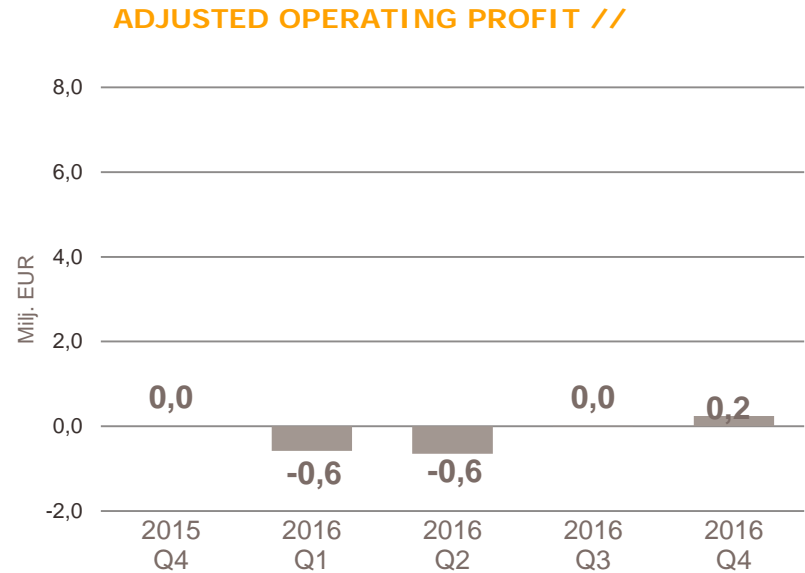
- Market growth: Sweden 4.8 per cent and Finland 3.7 per cent
- On a constant currency basis the invoicing increased by 5.5 per cent
- Profitability developed well despite large development projects
- Farenta services to pharma companies and pharmacies extended offering
- Cash flow from operations decreased due to contractual changes
- 2017 contract changes in Sweden: Meda starts and Abbvie discontinues



Services 2016 Adjusted operating profit EUR 34.7 (33.2) million

Healthcare January – December 2016

- Dose dispensing developed through acquisitions of Svensk dos in February 2016 and PharmaService in July 2016
- New digital platform for veterinarians launched in Sweden and capabilities to serve hospitals developed
- New dose dispensing contract won in Norrland, Sweden covering 19 000 persons
- Amortisation cost EUR 1.7 million in Jan-Dec 2016



Healthcare 2016 Adjusted operating profit EUR -1.0 million

Development projects

- 2016 Mankkaa distribution center automation upgrade was completed
- In 2015 started operative IT-platform development continued in 2016. The first go-live during Q2 2017 in Finland
- In 2016 started extension and automatisation of Swedish distribution center and warehouse. Completion in Q1 2018
- Digital services development in all business areas



Expansion of Mölnlycke central warehouse

Key Focus Areas in 2017



Active development of digital business



Continue developing the Healthcare channel



Successful execution of the efficiency improving strategic development initiatives

2017

- Growth of online offering
- Active management of pharmacy portfolio
- Increased focus on operational efficiency


- Growing dose dispensing in Sweden and Finland
- First hospital contract starting in Sweden
- Organic development of veterinary business

- Extension and automation in Enköping
- SAP go-live during the first half of 2017 in Finland

Outlook 2017

- Forecasted pharmaceutical market growth in Sweden 4,2% and in Finland 1,1%
- 2017 Adjusted operating profit on constant currency basis will remain at 2016 level
 - Development programs
 - Intensified competition in Sweden

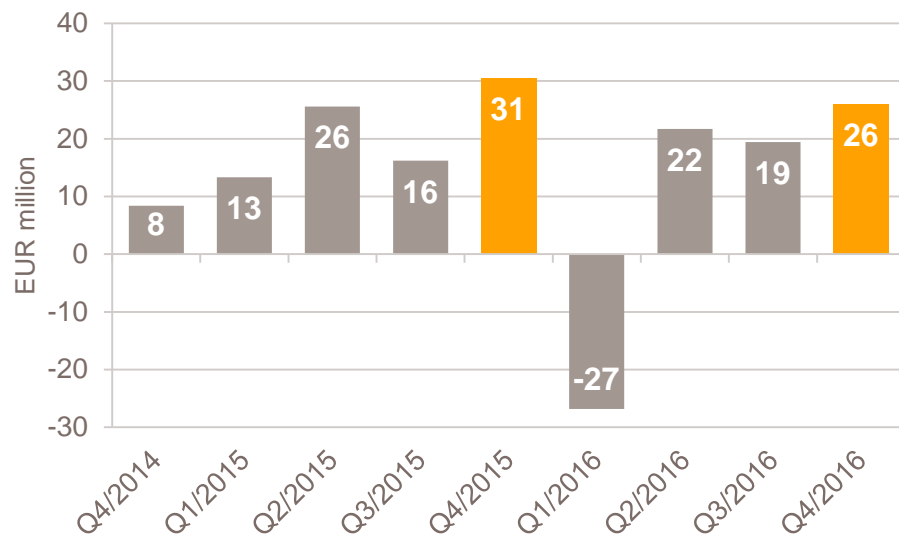




Key Figures January – December 2016

Cash flow

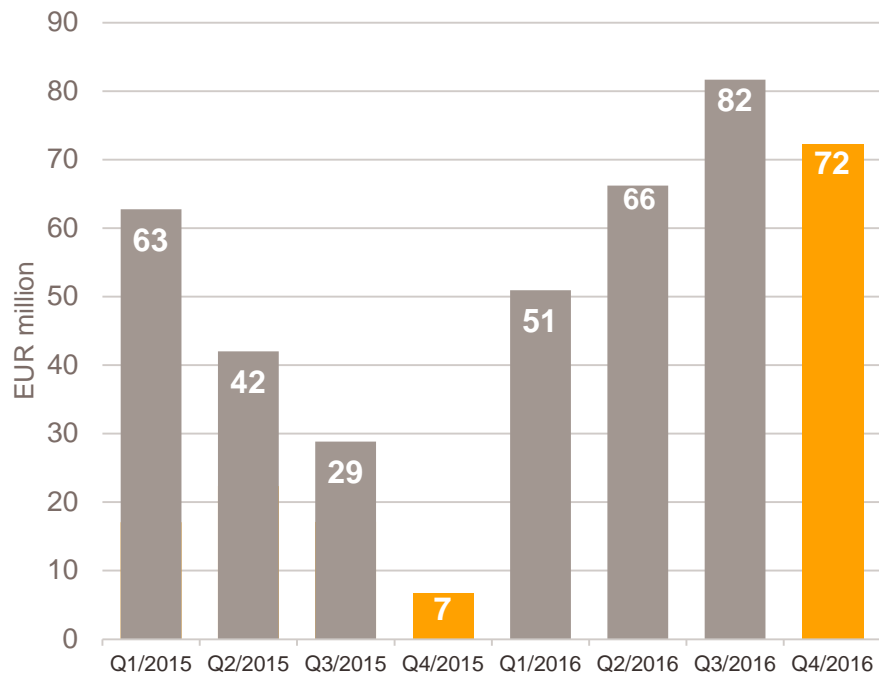
QUARTERLY NET CASH FLOW FROM OPERATING ACTIVITIES //



EUR million	1-12/2016	1-12/2015
Change in working capital	-43.7	11.2
Net cash flow from operating activities	40.1	85.6
Net cash flow from investing activities	-80.7	-19.9
Net cash flow from financing activities	-20.4	-35.2
Net change in cash	-61.0	30.6
Cash and cash equivalents at the end of period	60.8	121.9

Net Interest-Bearing Debt

NET INTEREST-BEARING DEBT //



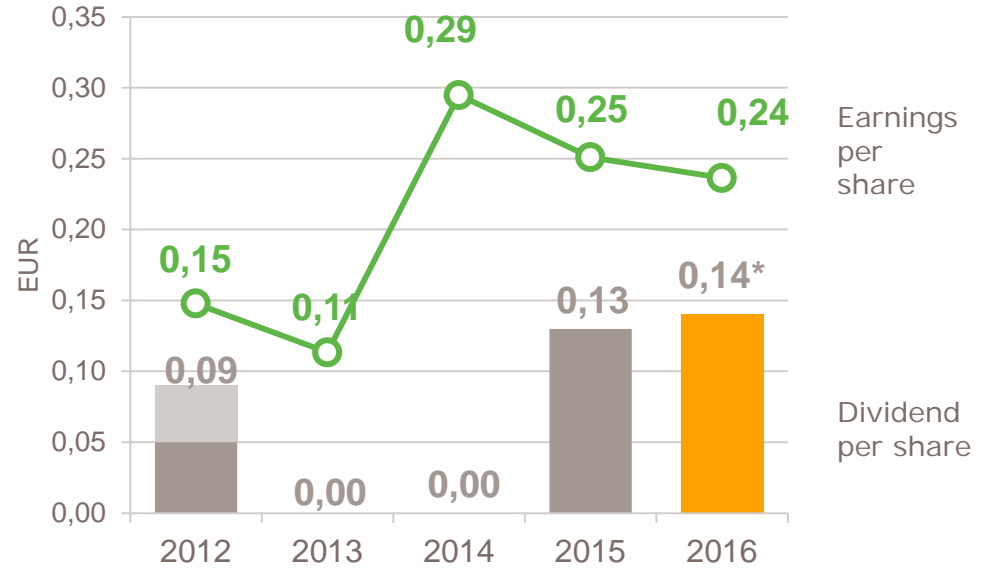
EUR million	31 Dec 2016	31 Dec 2015
Bank loans (syndicated & term)	93.9	76.2
Commercial papers	15.0	13.0
Advance payment from pharmacies	21.5	23.9
Other	2.7	15.6
Cash and cash equivalents	60.8	121.9
Net interest-bearing debt	72.3	28.9
Sold trade receivables	118.5	111.2
Gearing, %	35.2	16.6

Balance Sheet and Key Ratios

EUR million	31 Dec 2016	31 Dec 2015
Goodwill	286.8	256.5
Equity	205.2	194.6
Interest-bearing debt	133.1	128.6
Interest-bearing net debt	72.3	6.6
Balance sheet total	925.4	946.9
Equity ratio, %	22.7	21.1
Return on equity (ROE), %	21.4	29.1
Return on capital employed (ROCE), %	17.8	19.9
Gearing, %	35.2	3.4
Equity per share, EUR	1.13	1.07
Earnings per share (EPS), EUR	0.24	0.25
Average number of shares, 1000 pcs	181,389	177,502

Dividend Proposal

- The Board proposes to the Annual General Meeting that a dividend of EUR 0.14 (0.13) per share is paid for 2016



* Proposed by the Board of Directors

Long-term financial targets

KPI	2015 ACT	2016 ACT	Long-term target
Invoicing growth	5,4%	4,8 %	At market rate
EPS	0.25 EUR	0.24 EUR	
EPS Growth		-4,0 %	> 5%
ROCE	19,9 %	17,8 %	> 20%
Adjusted Gearing (Net debt + factoring) / Equity	62 %	93 %	30-60 %

Sustainability in Oriola-KD



Responsible
employer



Responsible
partner



Environmental
Responsibility

Over
4,000
employees whereof
1,500 pharmacists



Safe and reliable
delivery of
pharmaceuticals



Sustainable
delivery chain



Financial
Responsibility



Responsible
business
operations

Capital employed
320 m€

