

# ORIOLA

ORIOLA CORPORATION

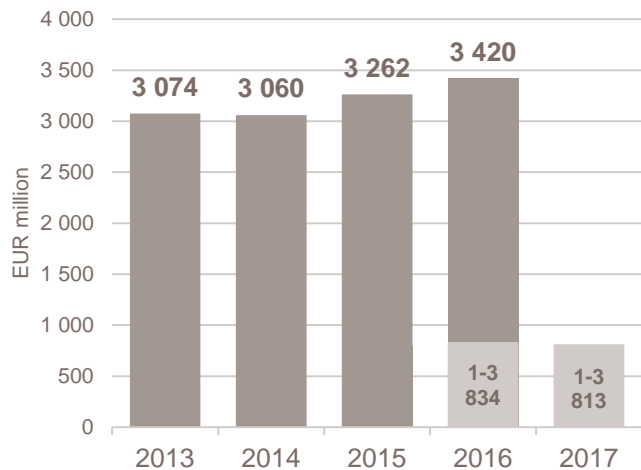
January – March 2017

Eero Hautaniemi,  
President and CEO  
28 April 2017

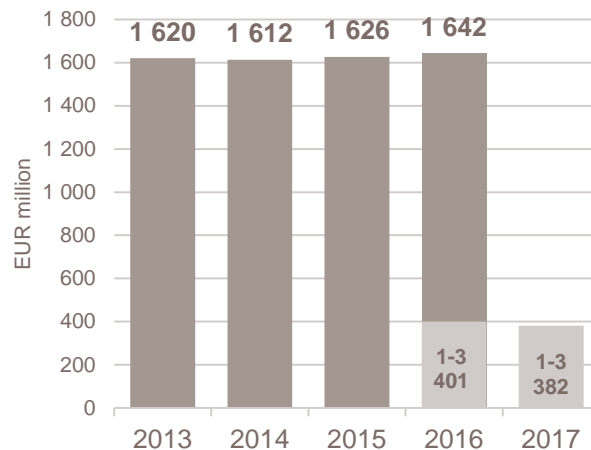


# Oriola Key Figures

## INVOICING //

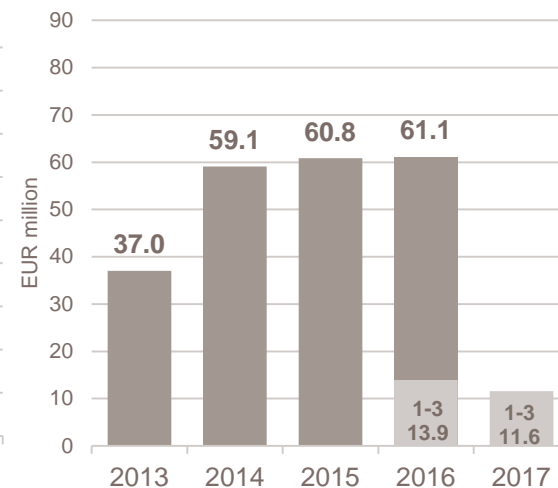


## NET SALES //



1-3/2017 net sales at comparable EUR/SEK rate EUR 387.1 million

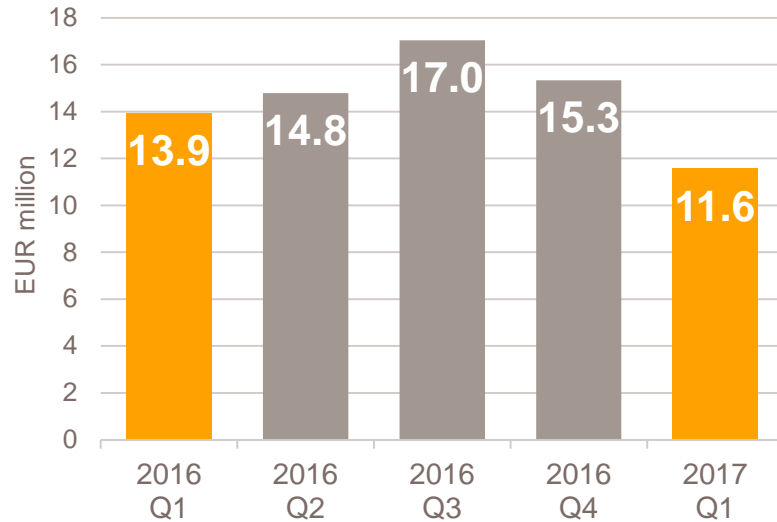
## ADJUSTED EBIT //



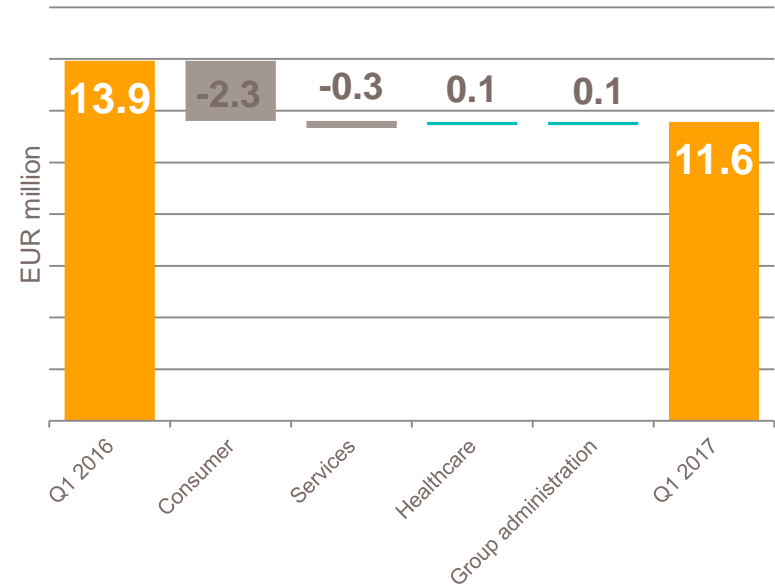
1-3/2017 adjusted EBIT at comparable EUR/SEK rate EUR 11.7 million

# Adjusted EBIT January – March 2017

ADJUSTED EBIT //



ADJUSTED EBIT, WATERFALL //

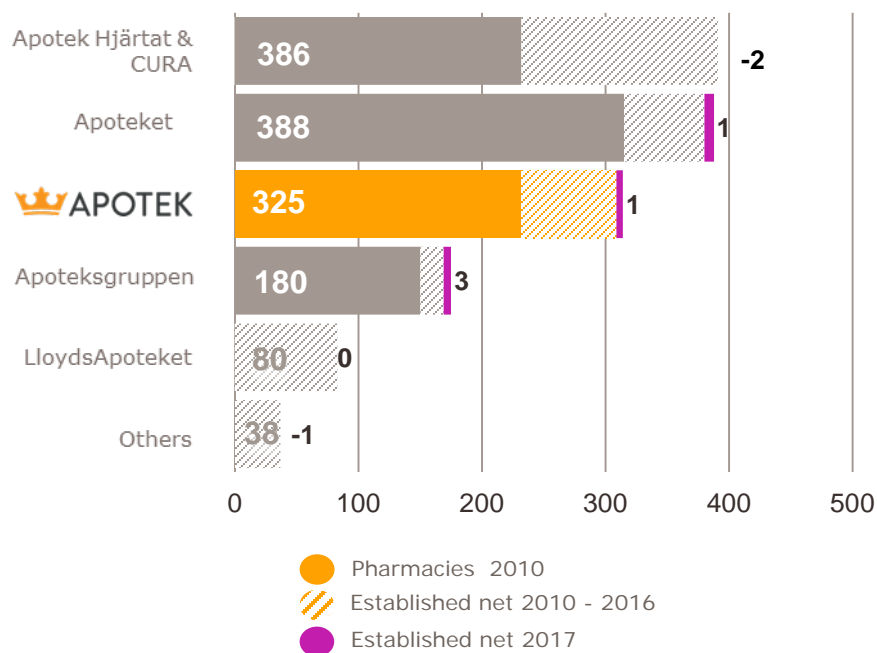


A young child wearing a bright blue hooded raincoat is playing in the rain. The child's mouth is open, and their hands are held up, catching the falling rain. The background is a blurred green, suggesting an outdoor setting. A blue rectangular box is overlaid on the right side of the image, containing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

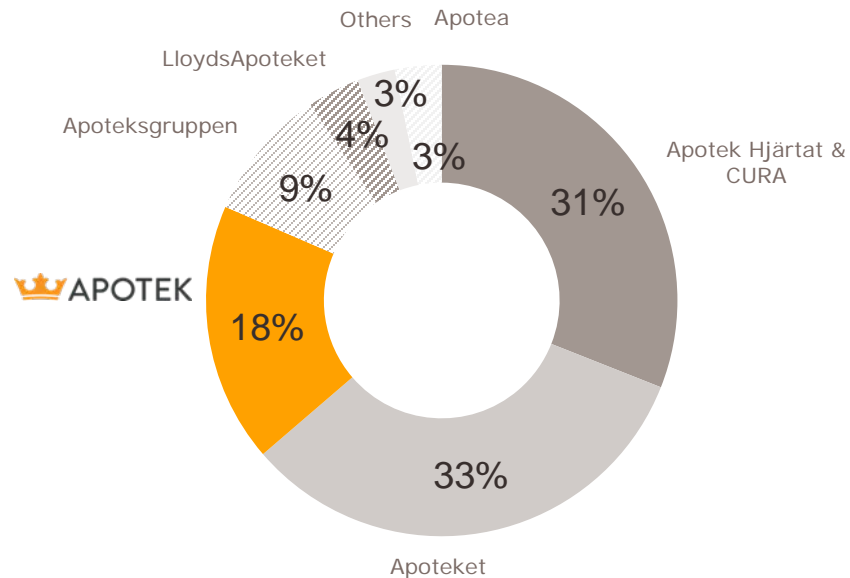
# Reporting Segments January – March 2017

# Swedish Pharmacy market

## PHARMACIES //



## MARKET SHARE //



Q1/17 Pharmacy market growth **3%**

The share of online sales **6%**

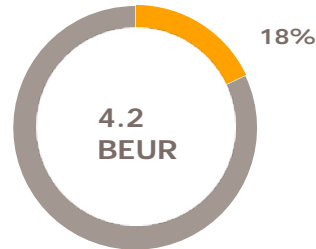
Source: Apoteksförening and Oriola

# Consumer Segment

- Focuses on the needs of consumers in health and wellbeing related products and services
- Offers expert advice on health and wellbeing as well as an extensive and high-quality selection of products in own pharmacies
- Consistent service experience throughout all service channels, from local pharmacies to online services



## Retail market in Sweden



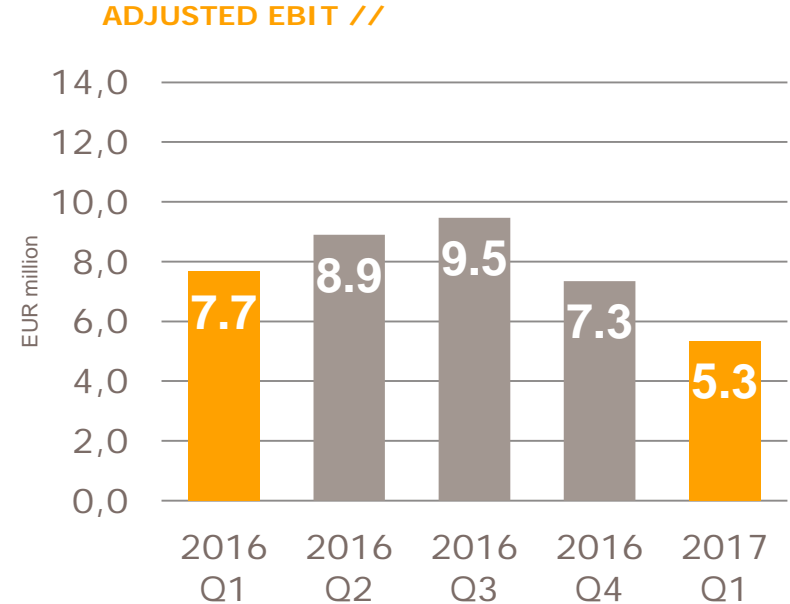
**327**  
PHARMACIES

Of which **325** are  
Kronans Apotek  
Pharmacies in Sweden  
and **2** are pharmacies  
in Latvia

Source: IMS Health, ATY, Apoteksforening and Oriola

# Consumer January – March 2017

- Pharmacy market grew by 3.3 % in Sweden - Oriola sales remained flat in SEK
- Intensified competition in OTC and Traded goods
  - Lost some share in traditionally strong categories to grocery and online competition
  - Share of OTC and traded goods of net sales 26 (27) %
- Profitability was burdened by costs of 2016 establishment and online development
- Initiated corrective actions
  - Rx availability, regional structure, pricing
  - Effective end of Q2 onwards



# Services Segment

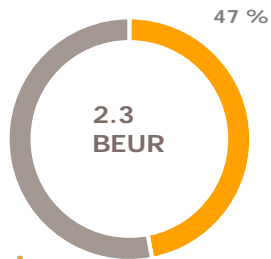
- Focuses on long-term customer relationships and a wide service offering
- Provides logistics services and wide range of value adding services for Pharmaceutical companies and pharmacies
- Purchase and distribution services of OTC and traded goods in Sweden
- Sales and marketing services of large assortment of traded goods in Finland and in the Baltic countries
- Staffing Services for Finnish pharmacies



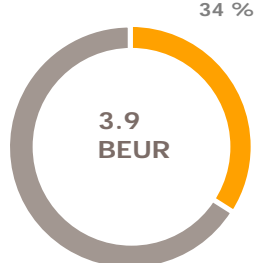
**Services for healthcare actors who want to succeed in the Nordic and Baltic countries.**

We provide high quality and ensure that products are delivered unchanged from Oriola's warehouses to the pharmacies, hospitals and veterinaries.

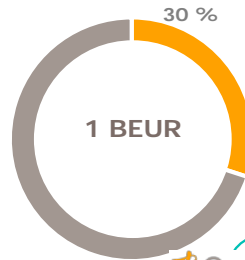
Finland Wholesale



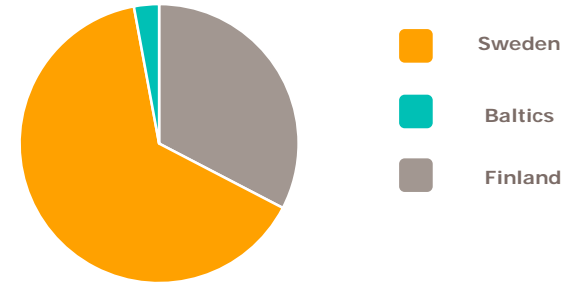
Sweden Wholesale



3 TG/OTC for pharmacies in Sweden



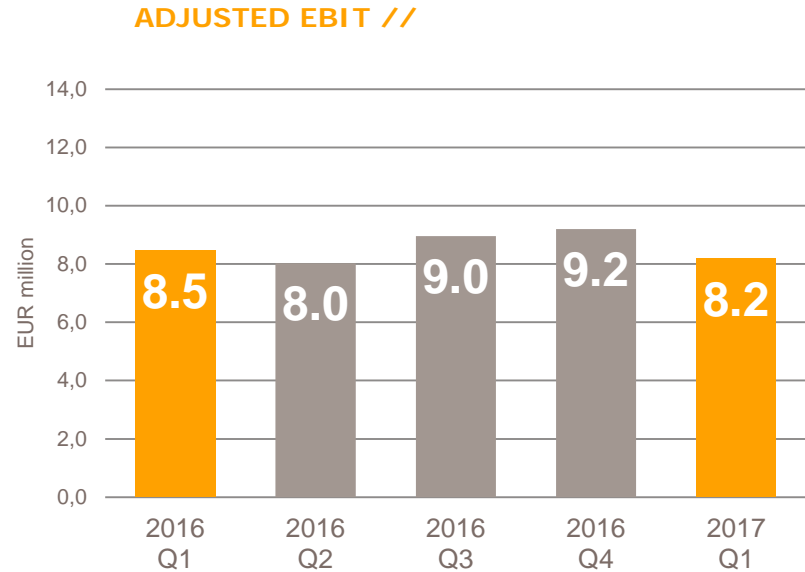
## INVOICING





# Services January – March 2017

- Market growth: Sweden 4.7 per cent and Finland 1.8 per cent
- Invoicing decreased by 5.2 per cent
  - Abbvie distribution in Sweden discontinued from the beginning of Q1/17
  - Distribution of Meda in Sweden to commence Q2/17
- Logistics efficiency improved
- Development projects continued
  - Group IT platform
  - Enköping and Mölnlycke logistic centres



# Healthcare Segment

- The Healthcare segment offers services to hospitals, healthcare centres and other healthcare operators in Sweden
- Many growing business opportunities, such as hospital pharmaceutical care, dose dispensing and home distribution of pharmaceuticals
- Finnish healthcare sector in transformation



## HEALTHCARE BUSINESS GOALS

- Built on Oriola's knowledge of market and customers
- Providing new services for healthcare organizations like clinics and hospitals



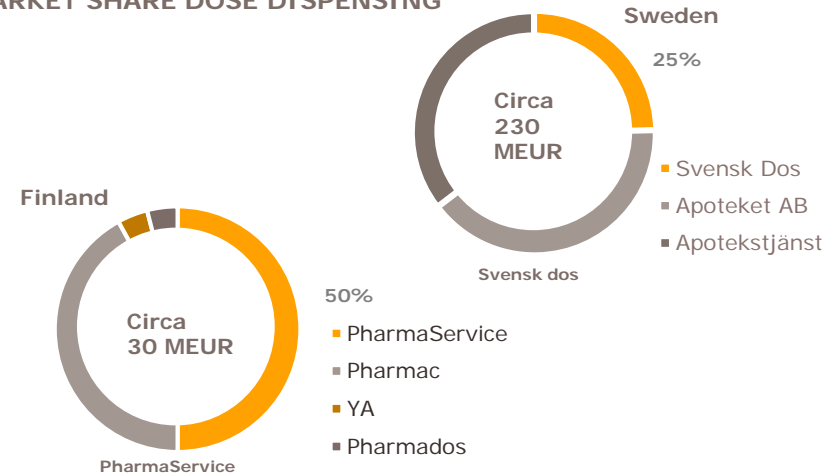
## DOSE DISPENSING SERVICES



Svensk Dos in Sweden and PharmaService in Finland are part of Oriola Group and specialized in dose dispensing services

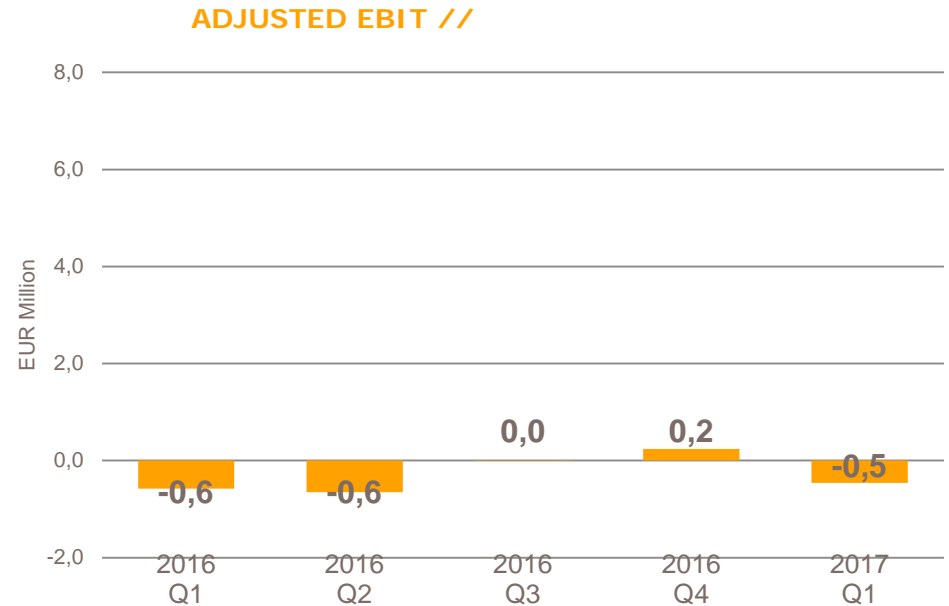


## MARKET SHARE DOSE DISPENSING



# Healthcare January – March 2017

- New dose dispensing contract started in Norrland, Sweden covering 19,000 persons
  - Production ramp-up cost burdened Q1/2017
  - New dose dispensing machinery investment of EUR 3.7 million
- Amortisation cost EUR 0.5 million in Q1/2017



# Development projects

- Planned wellbeing store chain in Finland: 12 MEUR investment within next three years
- 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 2018



# 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

# Outlook 2017

- Forecasted pharmaceutical market growth in Sweden 3.9% and in Finland 1.5%
- 2017 Adjusted EBIT on constant currency basis will remain at 2016 level
  - Development programs, go-live Finland
  - Intensified competition in Sweden

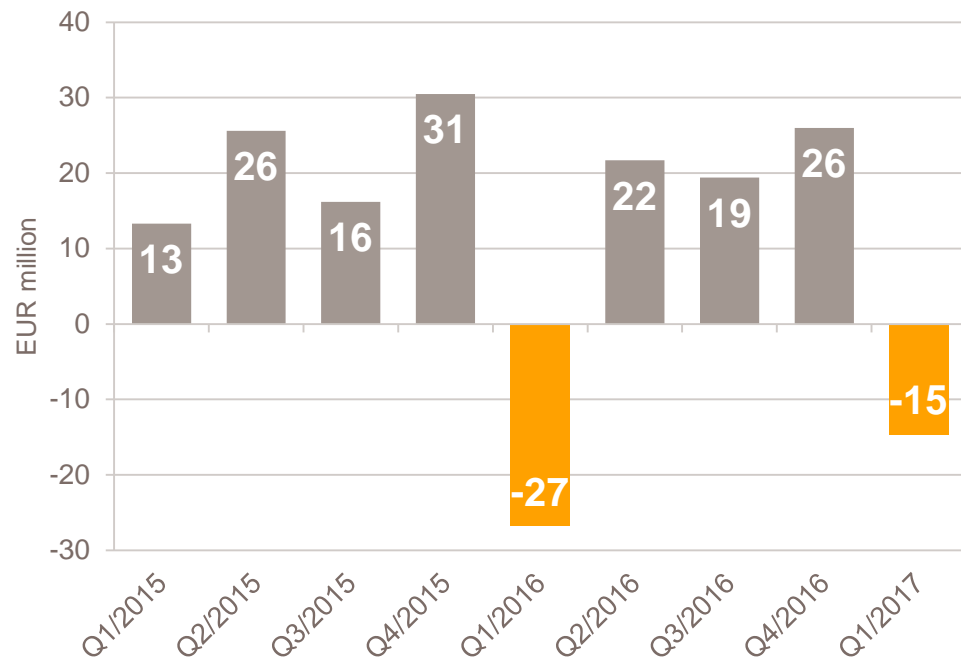




**Key  
Figures  
January –  
March  
2017**

# Cash flow

## QUARTERLY NET CASH FLOW FROM OPERATING ACTIVITIES //

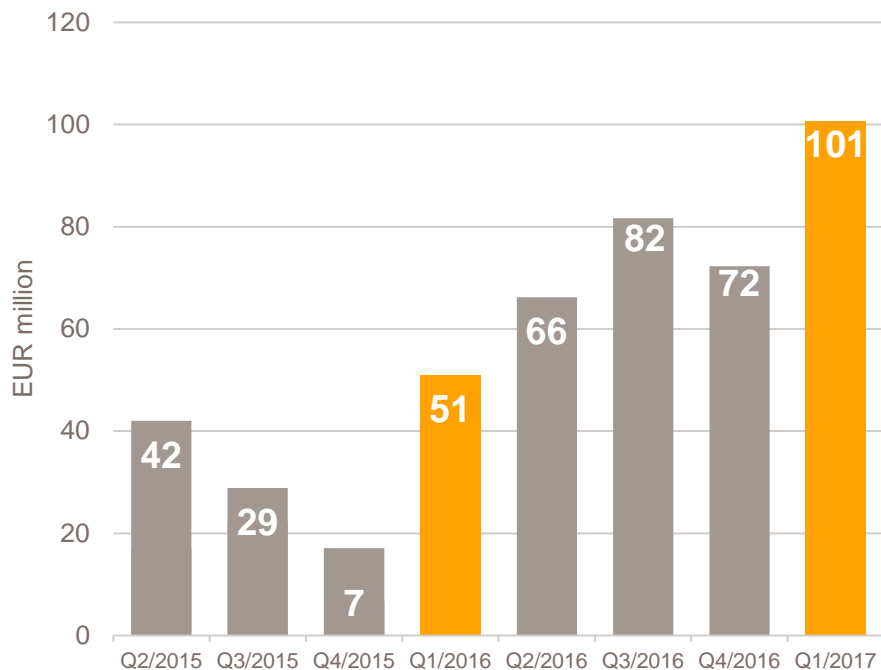


EUR million	1-3/2017	1-3/2016
Change in working capital	-22.9	-46.0
Net cash flow from operating activities	-14.6	-26.8
Net cash flow from investing activities	-13.9	-16.2
Net cash flow from financing activities	-6.2	16.6
Net change in cash	-34.8	-26.3
Cash and cash equivalents at the end of period	26.0	95.6



# Net Interest-Bearing Debt

## NET INTEREST-BEARING DEBT //



EUR million	31 Mar 2017	31 Mar 2016
Bank loans (syndicated & term)	92.9	75.9
Commercial papers	9.0	40.0
Advance payment from pharmacies	21.2	26.0
Other	3.6	4.8
Cash and cash equivalents	26.0	95.6
<b>Net interest-bearing debt</b>	<b>100.7</b>	<b>50.9</b>
Sold trade receivables	105.7	115.5
Gearing, %	53.5	28.2

# Key Figures

EUR million	1-3/2017	1-3/2016	Change %	1-12/2016
Net sales	381.7	401.3	-4.9	1,642.1
Adjusted EBITDA	18.5	20.1	-7.9	86.8
Adjusted EBIT	11.6	13.9	-16.9	61.1
EBIT	11.1	13.9	-20.4	58.8
Profit for the period	8.0	10.1	-20.7	42.8

# Balance Sheet and Key Ratios

EUR million	31 Mar 2017	31 Mar 2016	31 Dec 2016
Goodwill	287.3	269.9	286.8
Equity	188.3	180.9	205.2
Interest-bearing debt	126.8	146.6	133.1
Interest-bearing net debt	100.7	50.9	72.3
Balance sheet total	908.4	950.5	925.4
Equity ratio, %	21.2	19.6	22.7
Return on equity (ROE), %	17.2	23.2	21.4
Return on capital employed (ROCE), %	14.3	18.3	17.8
Gearing, %	53.5	28.2	35.2
Equity per share, EUR	1.04	1.00	1.13
Earnings per share (EPS), EUR	0.04	0.06	0.24
Average number of shares, 1000 pcs	181,389	181,362	181,389

# Sustainability in Oriola



Responsible  
employer



Responsible  
partner



Environmental  
Responsibility

**3,000**  
employees whereof  
**1,600** pharmacists



Safe and reliable  
delivery of  
pharmaceuticals



Sustainable  
delivery chain



Financial  
Responsibility



Responsible  
business  
operations

ROCE  
**14.3 %**



# Oriola

*The Channel for Health*

