

ANNUAL REVIEW
2014

"Our Swedish businesses performed extremely well.
In Finland and the Baltic countries our operations were stable.
We decided to sell our unprofitable Russian businesses."

Our Swedish businesses performed extremely well

We set three key goals for 2014: to successfully implement the new main logistics centre in Russia, to increase the profitability of the pharmaceutical wholesale business in Russia and to complete the integration of the retail business in Sweden.

In Sweden our goal was to complete the integration of Medstop. I am very satisfied with the work that was carried out, and we achieved all the targets set for the acquisition during 2014. We also continued to develop our product selection and customer loyalty programme. In October, Kronans Apotek celebrated its millionth customer club member. At the same time, excellent efforts were being made to improve efficiency, quality, profitability and customer satisfaction in the pharmaceutical wholesale business in Sweden. The development projects that were launched the previous year and the focused and methodical work on these projects are now producing results.

In Finland and the Baltic countries we have been working hard on developing our services business. We successfully renegotiated our agreements with important pharmaceutical companies. We also continued to develop our e-services. In September, Orion's traded goods were added to the oriolashop.fi webshop, significantly increasing the product selection. As a consequence of the growth in clientele and product selection, oriolashop.fi's sales increased during the latter part of the year.

In Finland and the Baltic countries our operations were stable

In the Baltic countries we successfully launched new service concepts. We launched the internetapteka.lv webshop during the beginning of the year and reinforced our online pharmacy operations by acquiring a pharmacy in the centre of Riga. We started to produce Oriola AB's repackaging services in Lithuania and were able to maintain our solid position in our pre-wholesale business.

We decided to sell our unprofitable Russian businesses

In spite of our hard work and the various measures taken, we were unable to achieve profitable wholesale operations in Russia. On account of the developments taking place in the market environment and our profitability outlook for the coming years, we took the decision to sell our Russian businesses. We had to carry out the sale in very challenging market conditions, so the successful finalization of this sale can be considered a good achievement.

I would like to take this opportunity to thank our shareholders, customers and employees for the year 2014.

Eero Hautaniemi



FOR 2015 WE HAVE THREE MAIN GOALS:

These main goals cover all our businesses and countries of operation.

- Development of digital channels.
- Improving service businesses and expanding to healthcare B2B market.
- Improving efficiency by exploiting group synergies.

PHARMACEUTICAL TRADE IN SWEDEN

Oriola-KD is the third biggest operator on Sweden's pharmacy market and has been a pharmaceutical wholesaler in Sweden for more than 100 years.

Kronans Apotek, which belongs to Oriola-KD, is Sweden's third biggest pharmacy chain and has a nationwide network of pharmacies. Kronans Apotek is known for its impeccable customer service and high-quality wellbeing and lifestyle products. At the end of 2014 there were 304 Kronans Apotek pharmacies in Sweden.

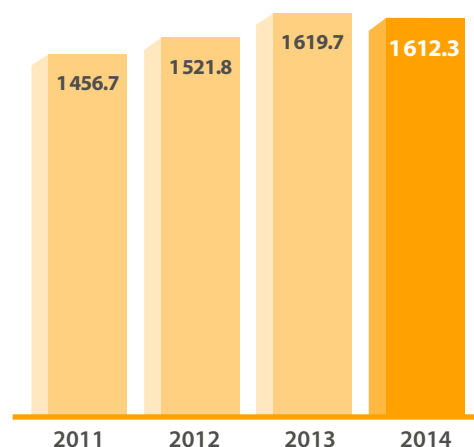
Oriola AB is a Swedish pharmaceutical wholesaler. Oriola AB provides pharmacy chains with pharmaceutical distribution, logistics and purchasing services. Oriola's customers are pharmaceutical companies, pharmacies, hospitals, veterinarians and grocery stores.

PHARMACEUTICAL TRADE IN FINLAND AND THE BALTIC COUNTRIES

Oriola Oy is a Finnish pharmaceutical distributor, service provider and marketer of health and wellbeing products. Oriola Oy's customers comprise pharmaceutical companies, pharmacies, veterinary practices, grocery stores, health stores, hospitals and healthcare personnel. Oriola offers its customers a range of logistical services covering storage, picking and distribution of pharmaceuticals. In addition, Oriola provides various Oriola+ value added services.

Oriola Oy's Consumer Health business unit markets and sells consumer healthcare products to pharmacies and grocery stores. Its product portfolio in-

Net Sales, EUR Million *

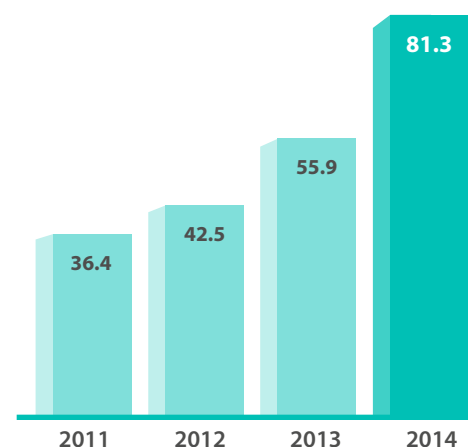


* Continuing operations

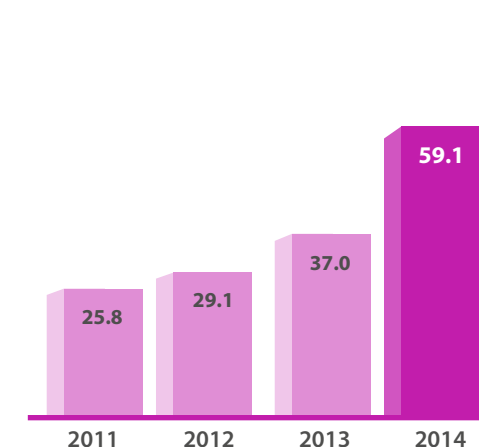
cludes vitamins, dietary supplements, pharmaceutical cosmetics, skincare products, tests, sports drinks and wound care products. Oriola's product selection includes Finland's leading healthcare and wellbeing brands, such as Avène, Gefilus, Lysi and Pharmacare.

Oriola's business operations in the Baltic countries comprise pharmaceutical wholesaling, logistics services for pharmaceutical companies and the marketing of health and wellbeing products in Estonia, Latvia and Lithuania. Oriola is responsible for marketing and distribution of MSD's pharmaceuticals in the Baltic countries. In 2014 Oriola launched an internet pharmacy internetaptieka.lv in Latvia and owns two pharmacies in Riga.

EBITDA (Excluding Non-Recurring items), EUR Million *



Operating Profit Excluding Non-Recurring Items, EUR Million *



ORIOLA-KD IN 2014

- Successful completion of the integration of Medstop and development of our product portfolio and customer loyalty programme in the Swedish retail business.
- Increased volume of the business and efficiency programme carried out in the Swedish wholesale business.
- Entering the consumer business with the oriolashop.fi and internetaptieka.lv webshops in Finland and the Baltic countries.
- Selling the Russian businesses to the Russian pharmacy chain CJSC "Apteki 36.6" on 8 December 2014.

PHARMACEUTICAL TRADE IN SWEDEN

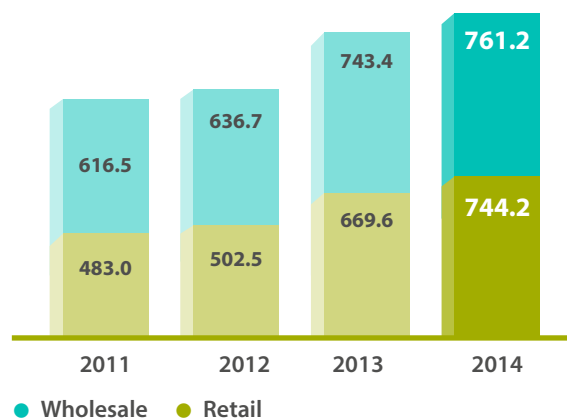
- Profitability of the Swedish retail business improved in 2014.
- Pharmacy and product portfolios were developed according to plan.
- Share of OTC and traded goods increased to 26.9 (25.9) per cent in 2014.
- Oriola-KD opened 8 new pharmacies operating under the Kronans Apotek brand in 2014. At the end of December 2014, Oriola-KD had a total of 304 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, driven by increased volume and profitability programmes.
- Oriola-KD made several new small and medium size agreements with pharmaceutical companies in 2014.
- Oriola-KD estimates that its share of the Swedish pharmaceutical wholesale market was 39 (37) per cent in 2014.

PHARMACEUTICAL TRADE IN FINLAND AND THE BALTIC COUNTRIES

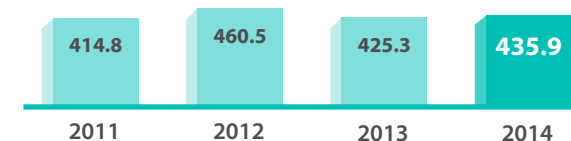
- A cooperation agreement with Orion Corporation strengthened the product portfolio of the oriolashop.fi webshop, which is targeted at healthcare professionals. Orion's traded goods products moved over to oriolashop.fi in September.
- Sales of the main Consumer Health brands, such as Avène, Gefilus, Lysi and Pharmacare, increased in 2014.
- Oriola-KD renewed cooperation agreements with AbbVie, Novo and Roche Oy in the Finnish wholesale business.
- Oriola-KD started delivering pharmaceutical re-packing services from the Baltic countries.
- Oriola-KD launched an internet pharmacy internetaptieka.lv in Latvia and acquired a pharmacy in Riga city centre.
- Oriola-KD's share of the Finnish pharmaceutical wholesale market was 46 (46) per cent in 2014 (source: ATY).

Segment Net Sales and Breakdown of Net Sales, EUR Million

Sweden

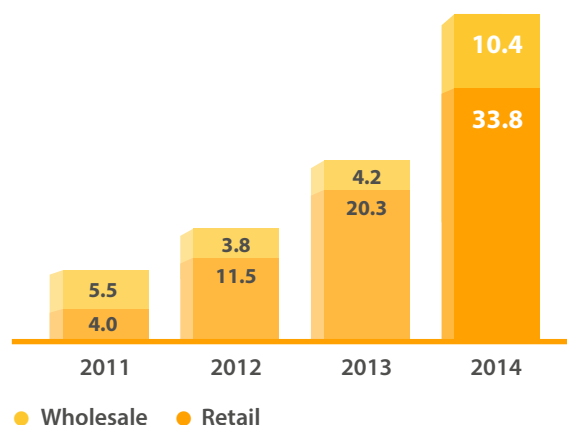


Finland and the Baltic Countries

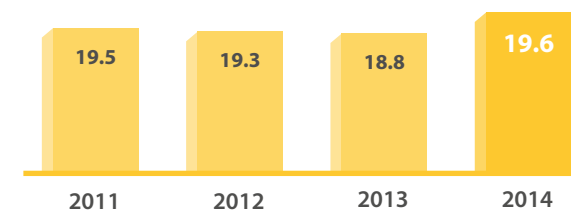


Segment Operating Profit Excluding Non-Recurring Items, EUR Million

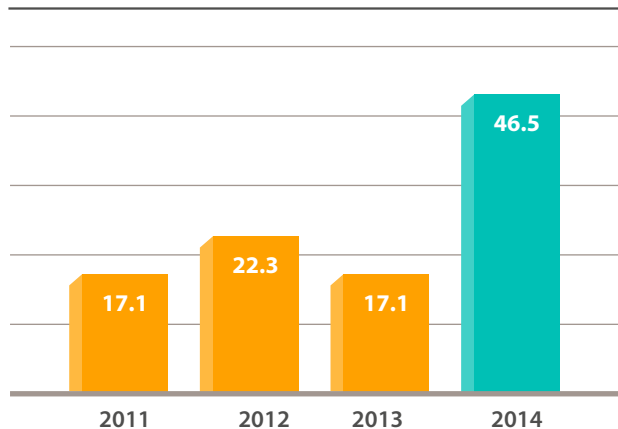
Sweden



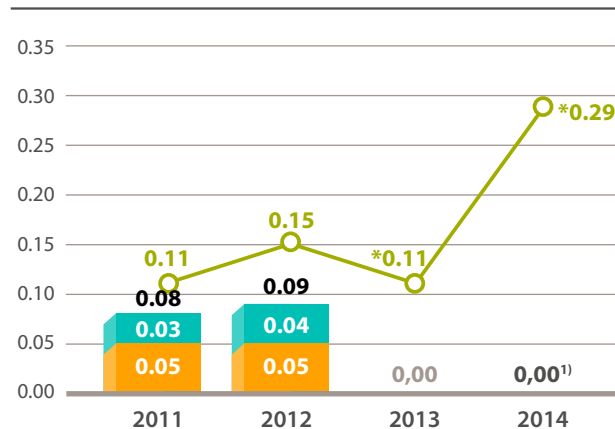
Finland and the Baltic Countries



Profit For the Period, Continuing Operations, EUR Million



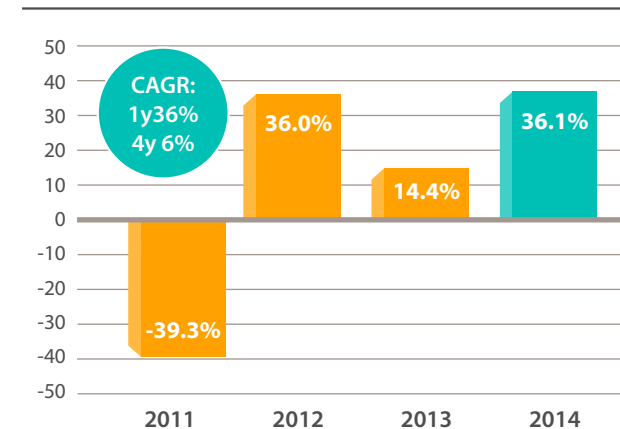
Dividend and Earnings Per Share of Continuing Operations, EUR



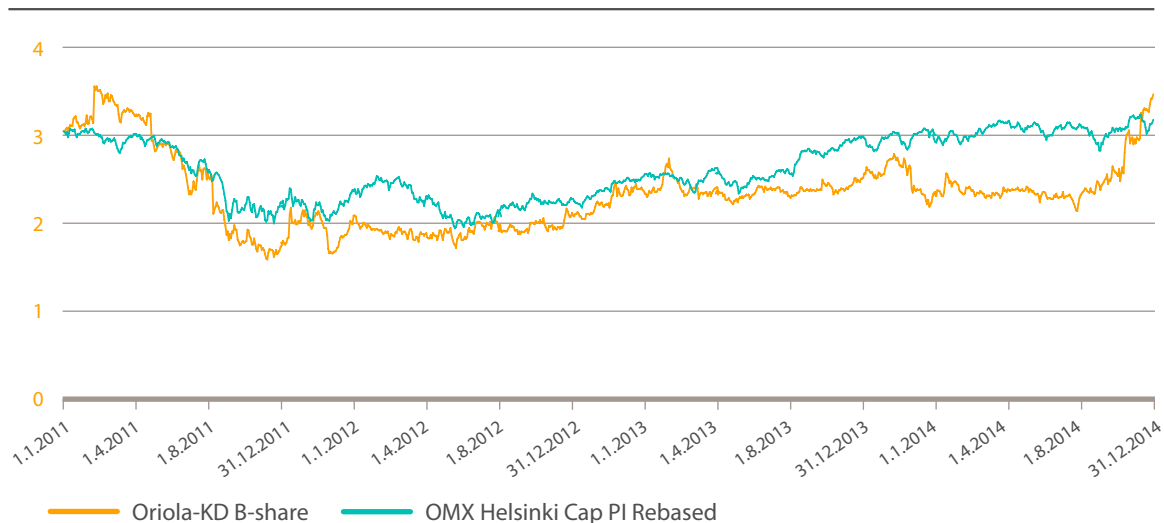
¹⁾ Proposal by the Board of Directors
 *Earnings per share -1.42 (0.04) eur

● Dividend ● Repayment of Equity
 ● Earnings per Share

Total Yield B-Share



Oriola-KD B-Share Price Development 1 January 2011 - 31 December 2014, EUR



Major Shareholders 31 December 2014

	% of total shares	% of total votes
1 Mariatorp Oy	6.90	7.06
2 Wipunen Varainhallinta Oy	4.69	4.31
3 Ilmarinen Mutual Pension Insurance Company	4.25	5.09
4 Varma Mutual Pension Insurance Company	4.18	7.14
5 Mandatum Life Insurance Company Limited	2.51	1.81
6 Fondita Nordic Micro Cap Placeringsfond	1.58	0.23
7 Mutual Insurance Company Pension-Fennia	1.48	0.67
8 Medical Investment Trust Oy	1.14	2.52
9 The Land and Water Technology Foundation	1.10	3.17
10 The Social Insurance Institution	1.10	0.16

Pharmaceutical markets across Europe are going through considerable changes. For Oriola-KD, the changing business environment provides new business opportunities.

The amount of ageing population is increasing rapidly and the need for healthcare services is growing. More and more of the new pharmaceuticals are expensive biomedicines for specific uses. On the other hand, patent expirations are leading to an increase in the proportion of generic pharmaceuticals.

The pharmaceuticals market is starting to polarize, as the shares of very inexpensive and very expensive pharmaceuticals are growing. These changes are creating pressures on pharmaceutical companies and pharmacies to change their operations. Pharmaceutical companies will focus more on their core business and the role of pharmacies in society will change. Oriola-KD holds a unique position and specialist knowledge of the Nordic markets. The changes in the business environment provide an excellent opportunity for Oriola-KD to transform itself from a traditional pharmaceutical wholesale company into a pharmaceutical services provider with a wide service portfolio in the Nordic countries.

Consumers are becoming more technically oriented and expecting services to be available 24/7. At the same time, they appreciate commitment and a personal, consistent customer experience. The retail industry is undergoing a digital transformation and the availability of e-services must be ensured. Oriola-KD wants to be part of this revolution and offer its customers a wide product assortment and a superior digital customer experience.

HEALTHCARE IS CHANGING

The amount of ageing population is increasing, which is leading to growing healthcare needs and costs. This offers new business opportunities in niche services provided to public and private healthcare.

INCREASED SPENDING ON HEALTH & WELLBEING

Rising income levels enable consumers to prioritize health and wellbeing. People want to live a healthy life. Spending on health and wellbeing is on the increase.



SPECIALITY PHARMACEUTICALS GROWTH

The demand for speciality pharmaceuticals in the hospital sector is growing. These expensive biomedicines require special handling, storage and transportation. Unique handling of the pharmaceuticals and new special services for small customer groups will increase.

DIGITALIZATION

Consumers are becoming more technically oriented and expecting services to be available 24/7. The retail industry is undergoing a digital transformation and developing its range of e-services.

The changing business environment provides new business opportunities for Oriola-KD. To ensure our competitiveness in the changing environment, we are constantly developing our operations.

We will focus on improving our management of the entire supply chain in both our retail and wholesale business. We will also investigate the possibilities for expanding into new business areas in veterinary pharmaceuticals and the hospital business in Sweden. For pharmaceutical companies and pharmacies we aim to offer new solutions and the best customer experience in the market.

We will continue to develop our services business and to strengthen customer relationships in all of our markets. Our aim is to offer a superior digital customer experience to consumers and our other customers and to continue developing our webshops and online services. To ensure this, we will work more intensively and in cooperation with all our business units. We will begin by standardizing our processes and then developing our information systems.

WE WILL ENHANCE OUR POSITION IN THE PHARMACEUTICAL CHANNEL:

- Improve management of the entire supply chain
- Enter the growing niche markets in B2B healthcare
- From traditional wholesale business towards pharmaceutical service business
- Integrated distribution and service platforms
- Extended product assortment
- Multiple channels to fulfil our customers' needs, including innovative digital solutions
- Common solutions and processes

SWEDEN PROFIT GROWTH

Optimizing the entire supply chain from pharmaceutical companies to pharmacies will create clear competitive advantages and growth opportunities. We will also investigate possibilities for expanding into new business areas in veterinary pharmaceuticals and the hospital business.



DIGITAL CUSTOMER EXPERIENCE

We aim to offer a superior digital customer experience, including high-quality customer services and a wide product assortment in our webshops. We will develop our existing webshops and the product assortment in oriolashop.fi and internetapteka.lv in Finland and Latvia. In Sweden we are planning to open webshop both for consumers and business customers in 2015.

PHARMA SERVICES IN THE NORDICS

We offer solutions to meet the needs of our customers – pharmaceutical companies, pharmacies and veterinary clinics. We develop common service concepts and service models in the Nordic countries and the Baltic countries.

ORIOLA-KD'S VALUE CHAIN

Pharmaceutical Companies



ONE FACE TOWARDS
PHARMACEUTICAL INDUSTRY



OriolaKD
The Channel for Health



Patients and Consumers



TOUCHING THE LOCAL
CONSUMER

VALUES

WE ARE OPEN • WE WORK TOGETHER • WE TAKE INITIATIVE • WE TAKE RESPONSIBILITY

ORIOLA-KD TODAY

Oriola-KD is a Finnish stock-listed company operating in the pharmaceutical retail and wholesale business. Oriola-KD provides an efficient and reliable link between pharmaceutical companies and consumers in Northern Europe. Oriola-KD's pharmaceutical retail operations, i.e. pharmacies, are in Sweden. The company also owns an internet pharmacy in Latvia. Oriola-KD's pharmaceutical wholesale and distribution operations are in Finland, Sweden, Latvia, Lithuania and Estonia. In addition Oriola-KD markets health and wellbeing products in Finland and the Baltic countries.

KEY FIGURES, CONTINUING OPERATIONS

Net sales EUR 1,612.3 (1,619.7*) million

Operating profit excluding non-recurring items EUR 59.1 (37.0*) million

Operating profit EUR 65.0 (29.3*) million

Profit for the period EUR 46.5 (17.1*) million

Earnings per share EUR 0.29 (0.11*)

Gearing ratio 90.1 (65.3)%

Return on equity 23.7 (2.0)%

*) The 2013 figures have been revised as a result of the sale of the Russian businesses

In 2014 Oriola-KD's market share in the pharmaceutical wholesale business in Finland was about 46 per cent and in pharmaceutical wholesale business in Sweden about 39 per cent. Oriola-KD's market share in the pharmaceutical retail business in Sweden was about 19 per cent. Oriola-KD is listed on NASDAQ OMX Helsinki Ltd.



306

PHARMACIES, OF WHICH 304 ARE KRONANS APOTEK PHARMACIES IN SWEDEN AND 2 ARE PHARMACIES IN LATVIA.



2,350

THE NUMBER OF PERSONNEL IS 2,350, OF WHOM 76% WORK IN SWEDEN AND 24% IN FINLAND AND THE BALTIC COUNTRIES.



1.6

NET SALES, EUR BILLION



OPERATING COUNTRIES:

ORIOLA-KD OPERATES IN FINLAND, SWEDEN AND THE BALTIC COUNTRIES.



7 LOGISTICS CENTRES:

THE MAIN LOGISTICS CENTRES ARE IN ESPOO, MÖLNLYCKE AND VILNIUS, AND THERE ARE DISTRIBUTION CENTRES IN OULU, JUVANMALMI, ENKÖPING AND RIGA.



