


# ORIOLA-KD CORPORATION

## January – September 2016

Eero Hautaniemi, President and CEO

20 October 2016

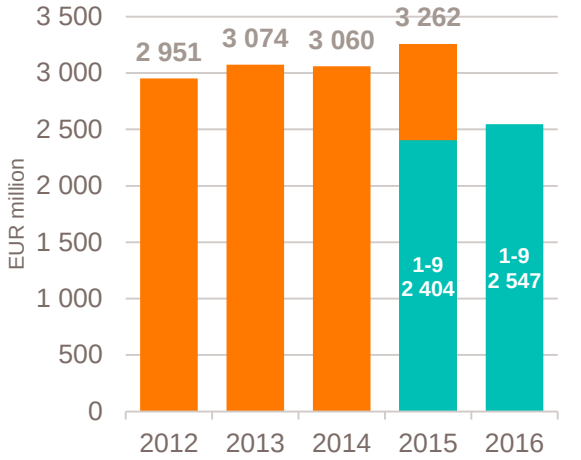



Oriola KD
The Channel for Health

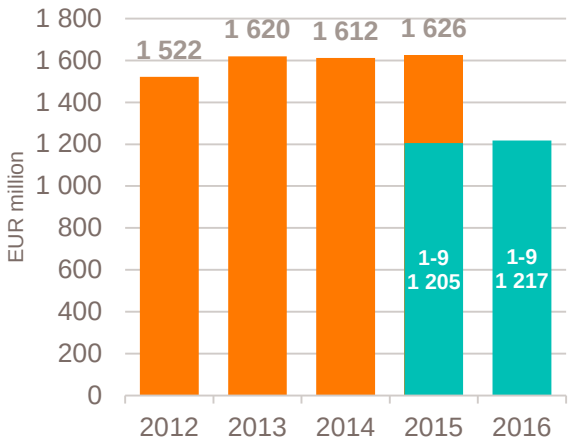


# Oriola-KD Key Figures

**Invoicing**

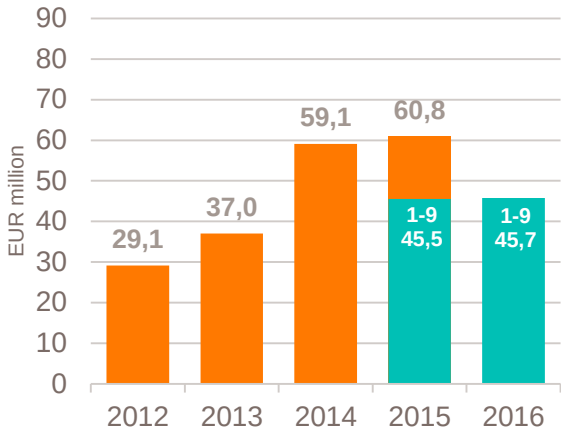



**Net Sales**




1-9/2016 net sales at comparable EUR/SEK rate EUR 1 218 million

**Adjusted Operating profit**

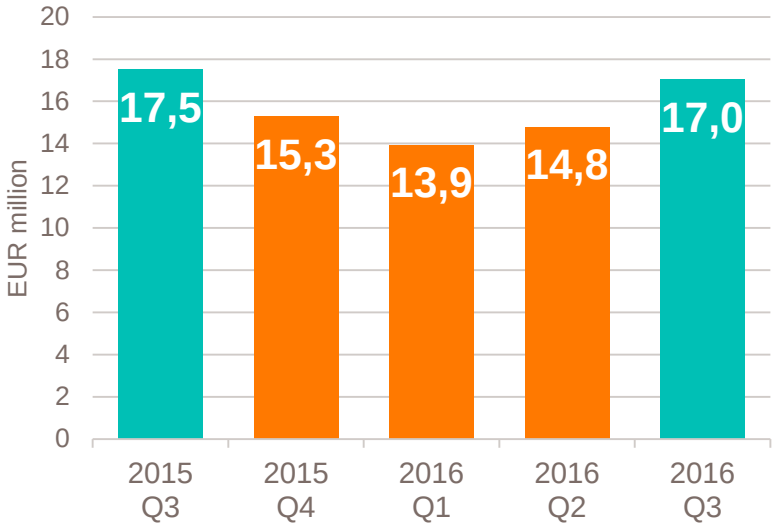



1-9/2016 adjusted operating profit at comparable EUR/SEK rate EUR 45.7 million

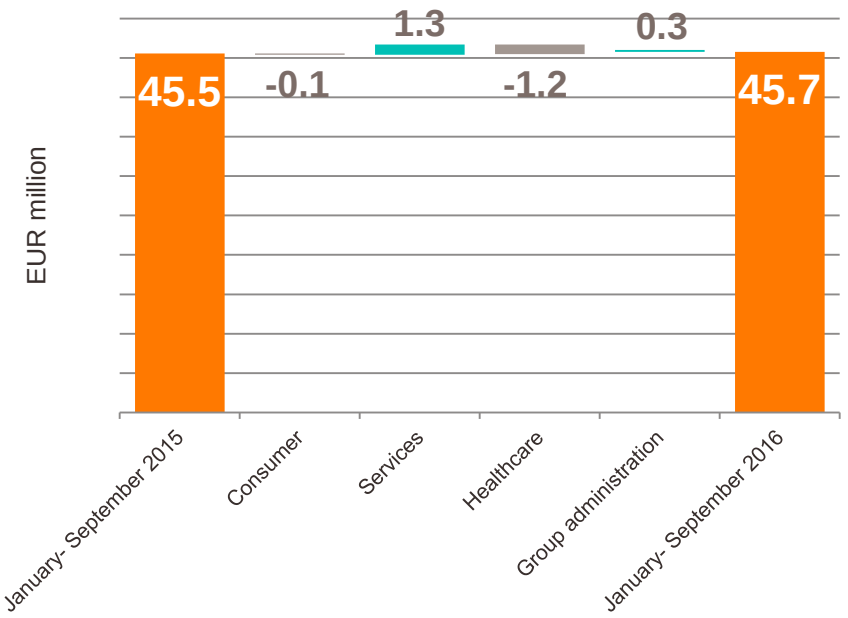
All figures for Continuing operations

# Adjusted operating Profit January – September 2016

## Adjusted Operating profit




## Adjusted Operating profit, waterfall



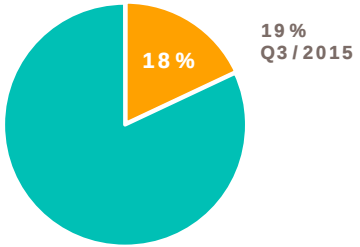


# Reporting segments January – September 2016

# Solid Position in Selected Markets

## MARKET SHARE

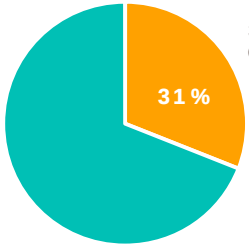
**Sweden Retail**




19 %
Q3/2015

APOTEK

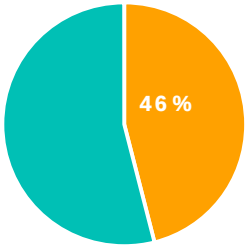
**TG/OTC for pharmacies in Sweden**




32 %
Q3/2015

Oriola · LloydsApotek · APOTEK · apoteksgruppen

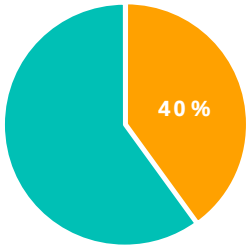
**Finland Wholesale**




46 %
Q3/2015

Oriola

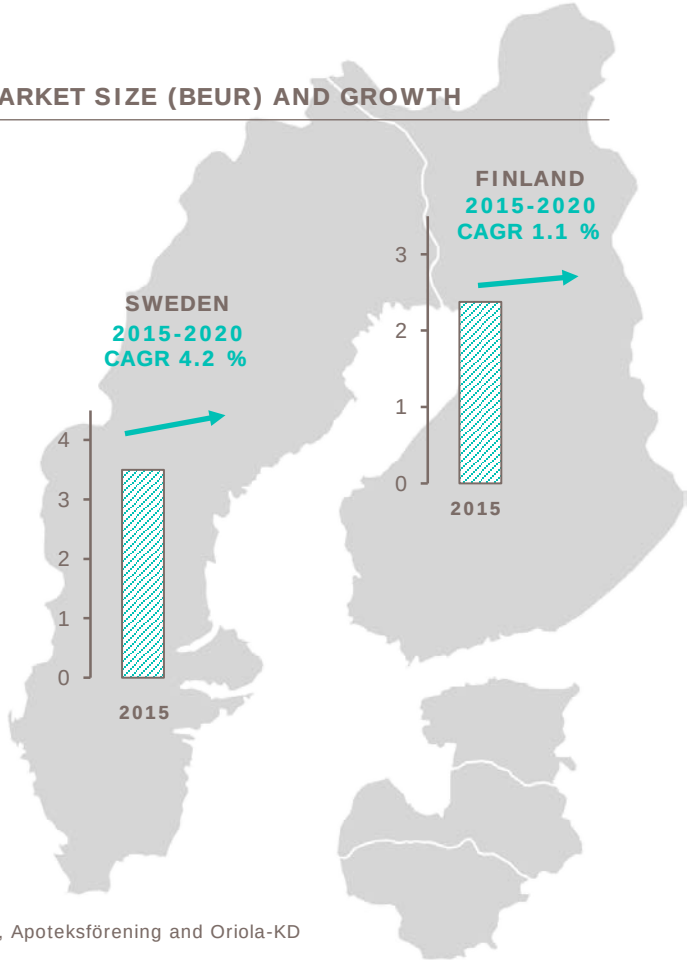
**Sweden Wholesale**




39 %
Q3/2015

Oriola

## MARKET SIZE (BEUR) AND GROWTH




Source: IMS Health, ATY, Apoteksförening and Oriola-KD

# Consumer Segment

- Focus 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.

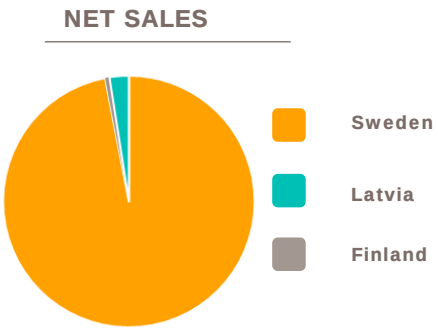


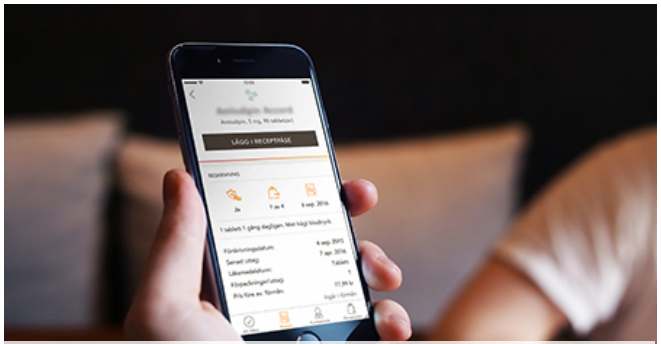

**317**

PHARMACIES

Of which **315** are Kronans Apotek Pharmacies in Sweden and **2** are pharmacies in Latvia



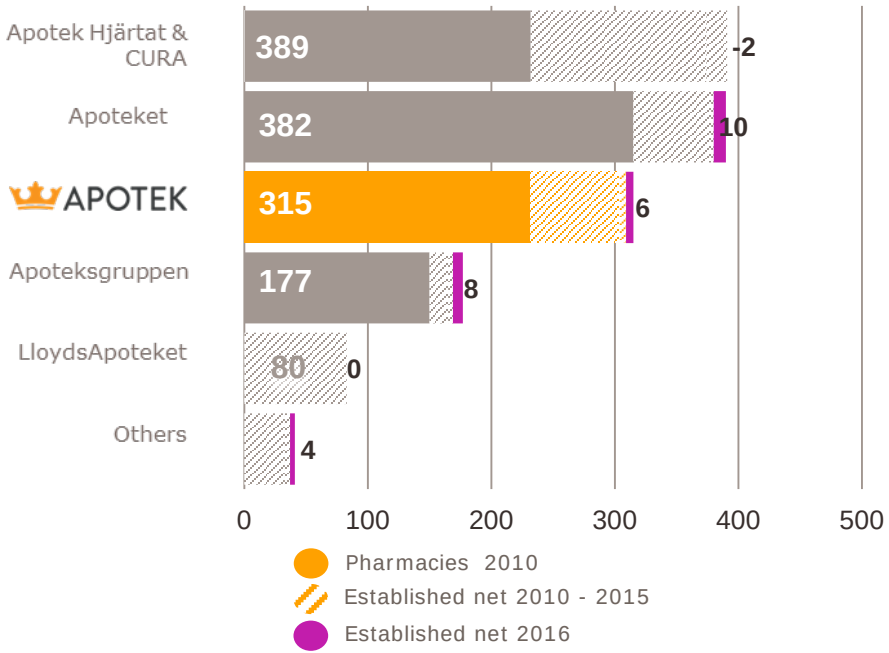


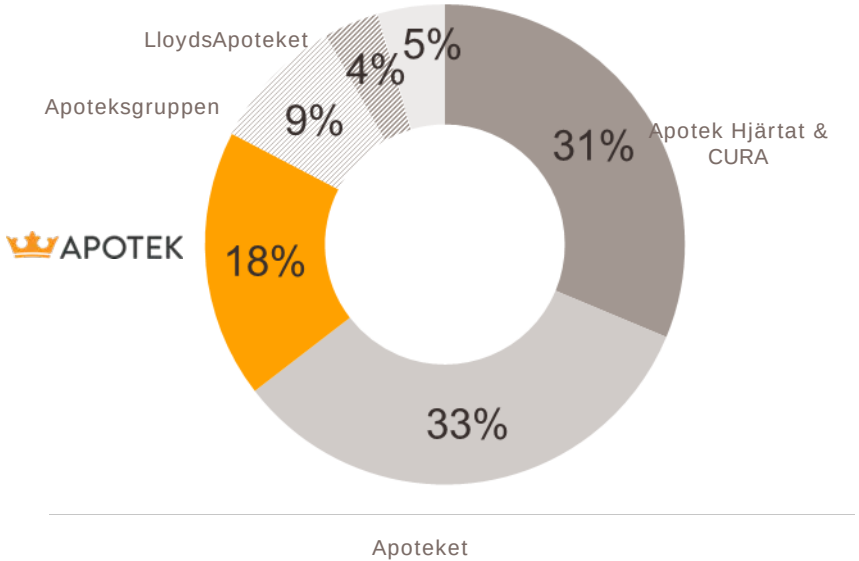
**Application for Swedish prescription medicine customers launched in September**

# Pharmacy chains in Sweden

## Pharmacies




## Market Share

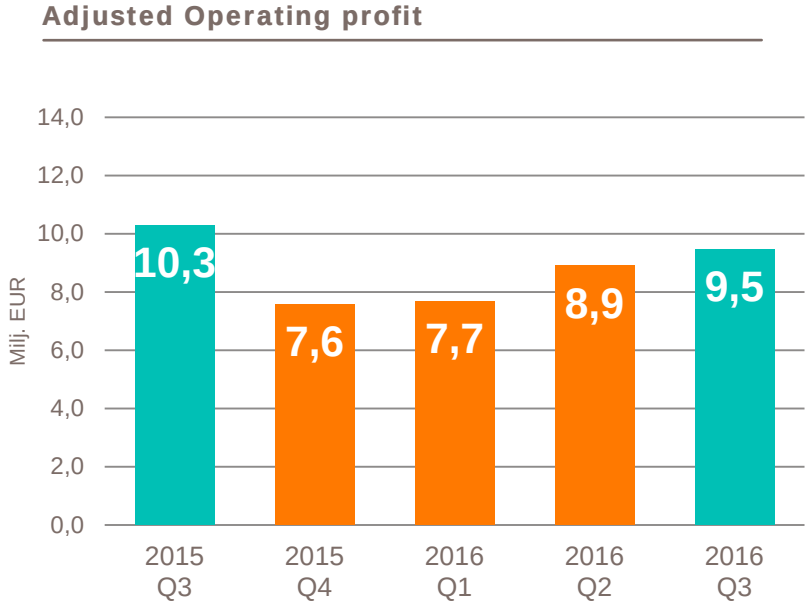



The share of online sales **4 %**

Source: Apoteksförening and Oriola-KD

# Consumer January – September 2016

- On a constant currency basis the net sales increased by 3.6 per cent
- Third quarter result impacted by establishment costs and less successful campaigns.
- Market share declined due to weaker growth in Rx, OTC and Traded goods developed well.
  - Share of OTC and traded goods of net sales increased to 27.2 (26.2) per cent
- Net increase of six pharmacies in Sweden in January-September 2016
- Parallel imports' share of the Swedish pharmaceutical market was approximately 11.3 (10.6) per cent (source: IMS Health)



# 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

Logistic services

Staffing services

Sales and marketing services

Purchase and distribution services

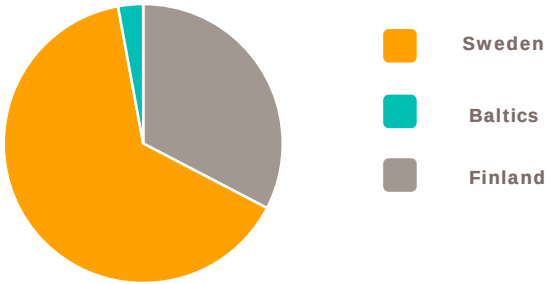
Value adding services



**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.

**INVOICING**

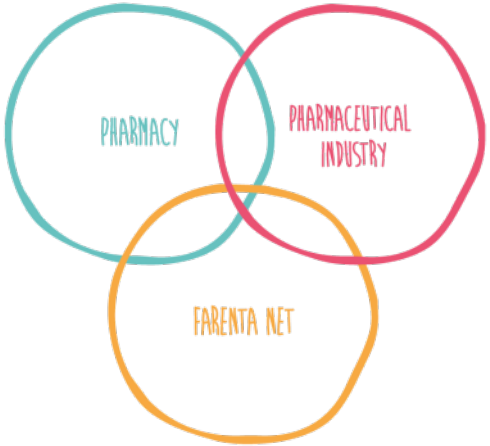


# Farenta in a Nutshell

- A complete professional service offering for pharma companies starting from clinical trials to consumer services
- Unique career development possibilities for pharmacists
- Connecting customers, employees and patients every day life with digital channels
- High seasonal demand for staffing services

FARENTA

*Freedom to do better*




**NET SALES (2015)**

**14.6 EUR MILLION**

**RESEARCH NETWORK**

Finland: 160 pharmacies
Poland: 170 pharmacies

**EMPLOYEES**

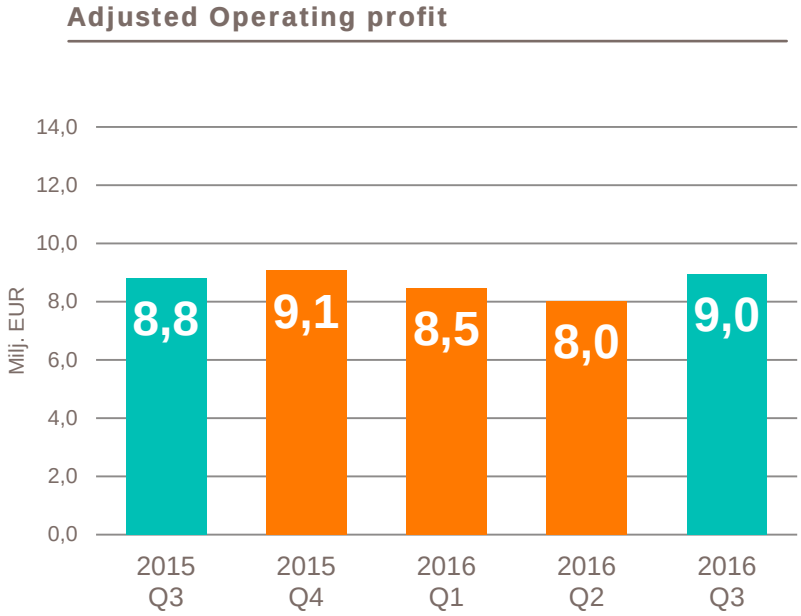
**400**

**CUSTOMERS**

Pharmacies: 350
Pharmaceutical companies: 113

# Services January – September 2016

- On a constant currency basis the invoicing increased by 5.9 per cent.
- Profitability developed well in all operating countries.
- Efficiency in Sweden improved back to normal.
- Farenta acquisition complements services offering to pharma companies and pharmacies.
- Negative cash flow from operations due to contractual changes



# Oriola-KD invests in the services and efficiency

- The investments in 2016-2018 will be approximately EUR 35 million annually
  - Without M&A
- Investments in the logistics efficiency
  - Group operative IT-platform 2015-2018
  - Automation in the Distribution Centre in Finland 2015-2016
  - Expansion and automation of the Distribution Centre and warehouse in Sweden 2016-2018
- Investments in digital services
- Investments in the pharmacy chain in Sweden



# 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-KD'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-KD Group and specialized in dose dispensing services.

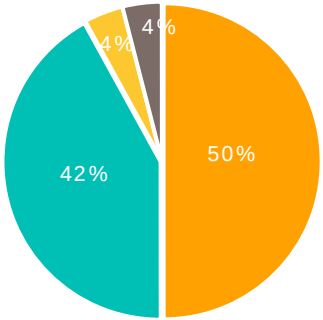



| | svensk dos | PHARMASERVICE |
|---|---|---|
| NET SALES (2015) | 28 EUR MILLION | 14 EUR MILLION |
| EMPLOYEES | 60 | 50 |
| PATIENTS<br>Typically 85 years old | ~26,000 | ~20,000 |
| DOSE POACHES ANNUALLY | 26 MILLION | 22 MILLION |

# Dose Dispensing

## MARKET SHARE

### FINLAND



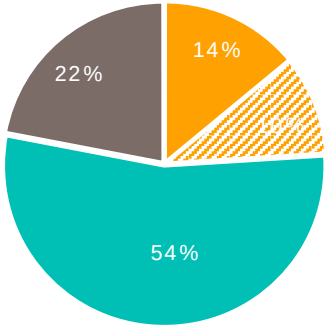

PHARMASERVICE

Pharmac Finland Oy

University Pharmacy (YA)

Pharmados Oy

### SWEDEN




svensk dos

Apoteket AB
Svensk Dos as of February 2017

Apoteket AB

Apotekstjänst

## DOSE MARKET

**~40,000**
PATIENTS

**10 %**
ANNUAL GROWTH
IN AVERAGE

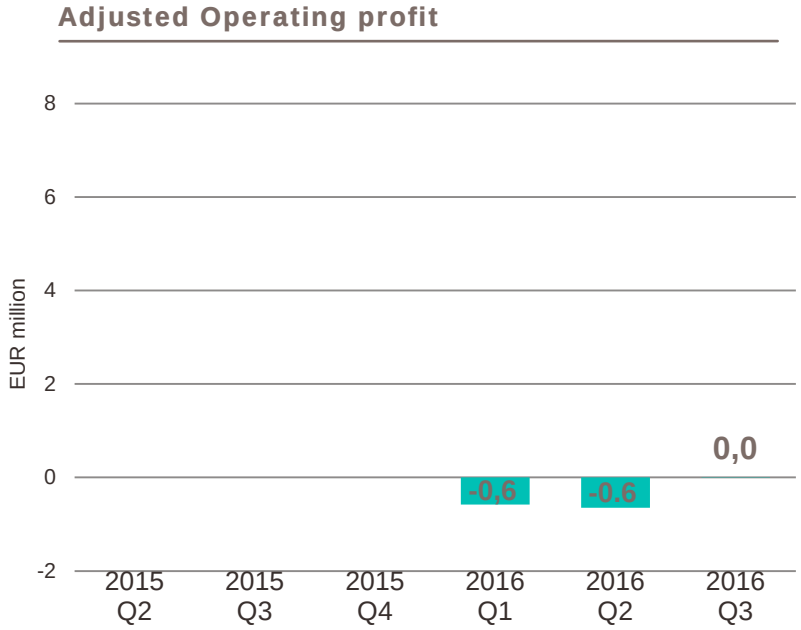
**~200,000**
PATIENTS

**8 %**
ANNUAL
GROWTH
IN SKÅNE AREA
(ESTIMATE)

Source: Oriola-KD

# Healthcare January – September 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.
- Contract with Evidensia in Sweden.
- Amortisation cost EUR 1.1 million in Jan-Sep 2016, estimated EUR 1.5 million in 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

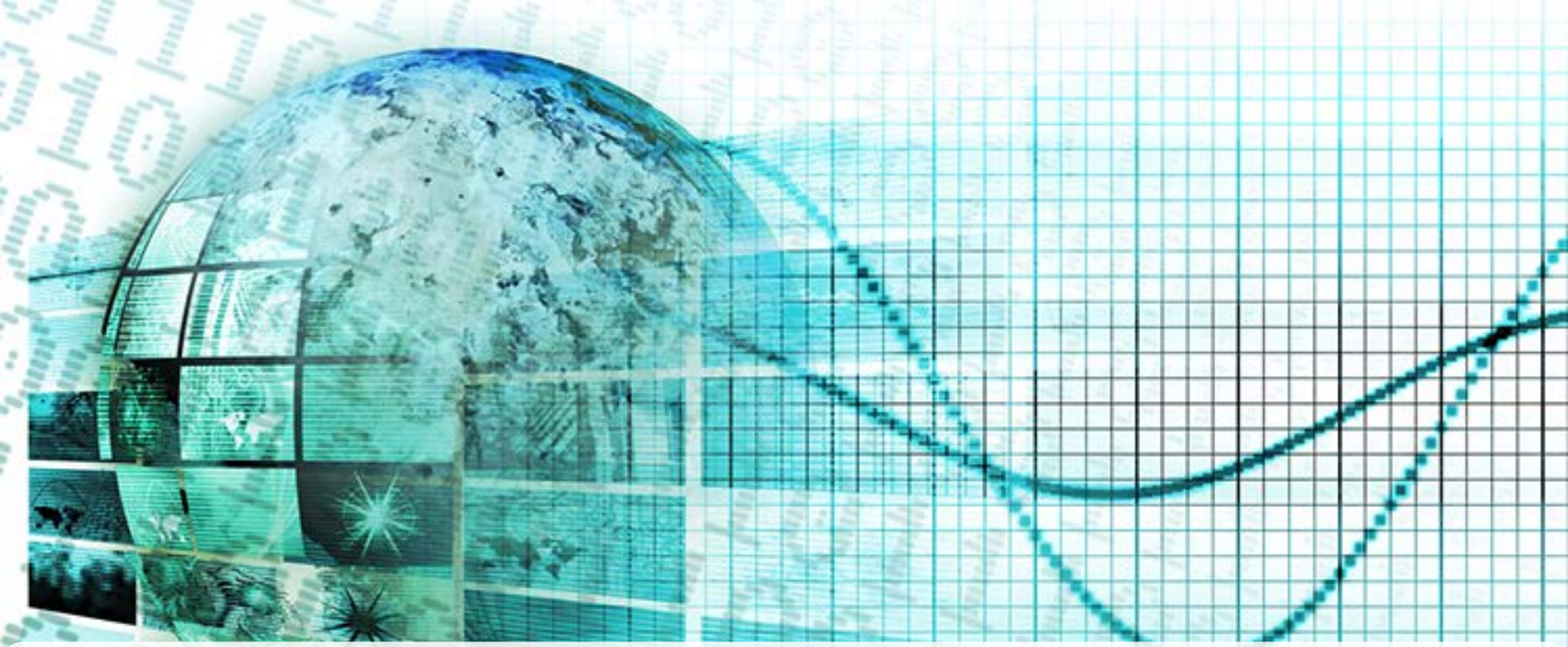


## 2016

- New mobile app in Kronans Apotek
- New Oriola4Care – platform in Sweden

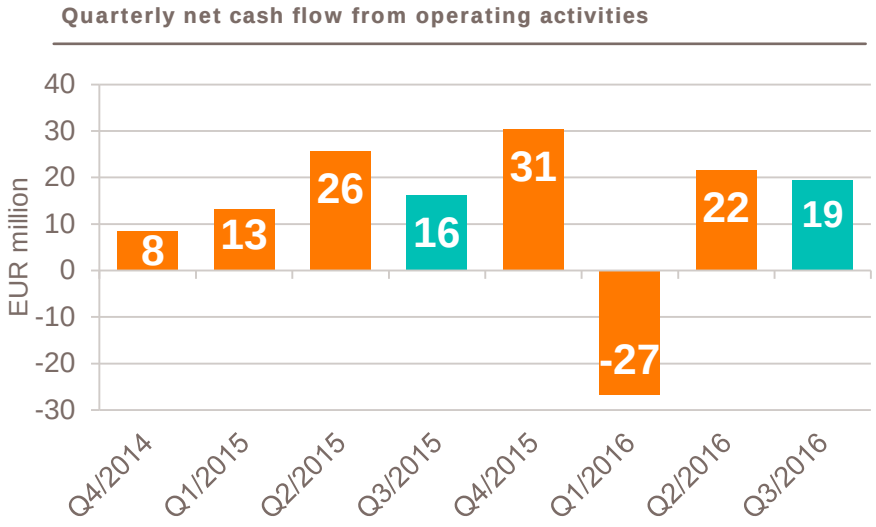
- Acquisition of Svensk dos
- Acquisition of Pharmaservice
- Hospital and Vet deals in Sweden

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



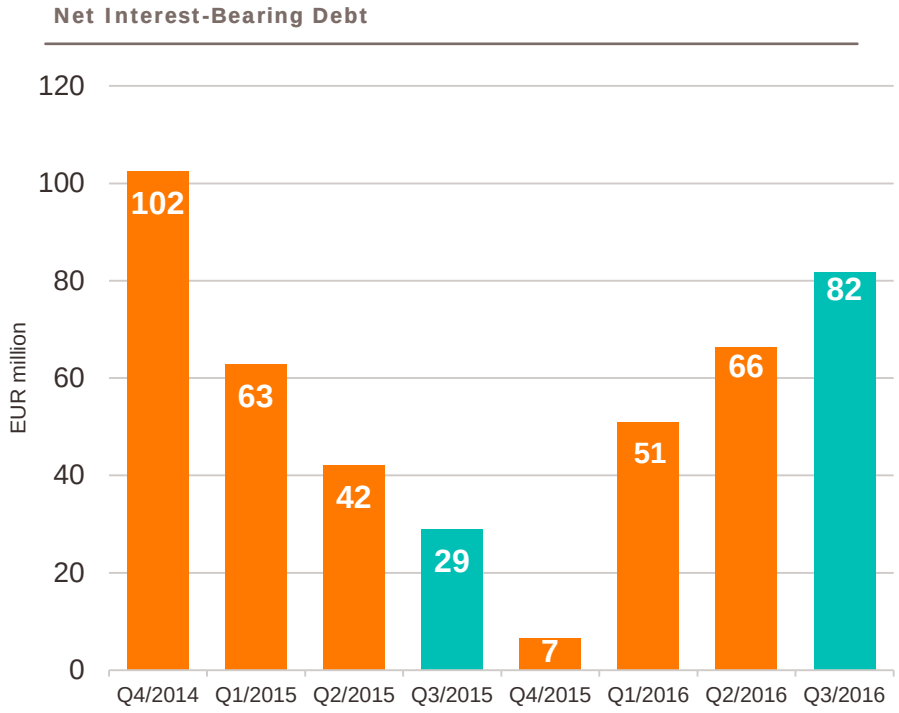
# Key Figures January – September 2016

# Cash flow




| EUR million | 1-9/2016 | 1-9/2015 |
|---|---|---|
| Change in working capital | -49.6 | 4.5 |
| Net cash flow from operating activities | 14.3 | 55.1 |
| Net cash flow from investing activities | -64.8 | -13.1 |
| Net cash flow from financing activities | -2.1 | -34.0 |
| Net change in cash | -52.6 | 8.0 |
| Cash and cash equivalents at the end of period | 69.5 | 99.5 |

# Net Interest-Bearing Debt




| EUR million | 30 Sep 2016 | 30 Sep 2015 |
|---|---|---|
| Syndicated bank loans | 67.6 | 74.4 |
| Commercial papers | 45.0 | 3.0 |
| Advance payment from pharmacies | 34.4 | 33.2 |
| Other | 4.2 | 17.7 |
| Cash and cash equivalents | 69.5 | 99.5 |
| **Net interest-bearing debt** | **81.7** | **28.9** |
| Sold trade receivables | 115.2 | 111.2 |
| Gearing, % | 42.5 | 16.6 |

# Key Figures

| EUR million | 7-9 2016 | 7-9 2015 | Change % | 1-9 2016 | 1-9 2015 | Change % | 1-12 2015 |
|---|---|---|---|---|---|---|---|
| Net sales | 395.8 | 377.1 | 5.0 | 1217.3 | 1205.5 | 1.0 | 1,626.3 |
| Adjusted EBITDA | 23.5 | 23.1 | 2.1 | 65.0 | 62.4 | 4.2 | 83.4 |
| EBITDA | 29.7 | 24.0 | 23.9 | 70.3 | 62.1 | 13.2 | 85.1 |
| Adjusted Operating profit | 17.0 | 17.5 | -2.6 | 45.7 | 45.5 | 0.4 | 60.8 |
| Operating profit | 16.8 | 18.4 | -8.5 | 44.7 | 45.3 | -1.2 | 62.6 |
| Profit for the period | 12.3 | 13.8 | -11.2 | 32.0 | 32.1 | -0.3 | 44.5 |

# Balance Sheet and Key Ratios

| EUR million | 30 Sep 2016 | 30 Sep 2015 | 31 Dec 2015 |
|---|---|---|---|
| Goodwill | 282.0 | 250.5 | 256.5 |
| Equity | 192.3 | 173.4 | 194.6 |
| Interest-bearing debt | 151.2 | 128.3 | 128.6 |
| Interest-bearing net debt | 81.7 | 28.9 | 6.6 |
| Balance sheet total | 929.3 | 928.7 | 946.9 |
| | | | |
| Equity ratio, % | 21.5 | 19.4 | 21.1 |
| Return on equity (ROE), % | 22.7 | 31.1 | 29.1 |
| Return on capital employed (ROCE), % | 18.3 | 20.4 | 19.9 |
| Gearing, % | 42.5 | 16.6 | 3.4 |
| | | | |
| Equity per share, EUR | 1.06 | 0.96 | 1.07 |
| Earnings per share (EPS), EUR | 0.18 | 0.18 | 0.25 |
| Average number of shares, 1000 pcs | 181,374 | 176,204 | 177,502 |

# 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€**


Oriola KD
The Channel for Health