



# Oriola-KD Corporation January-March 2011

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President and CEO  
28 April 2011



## Key Figures January-March 2011

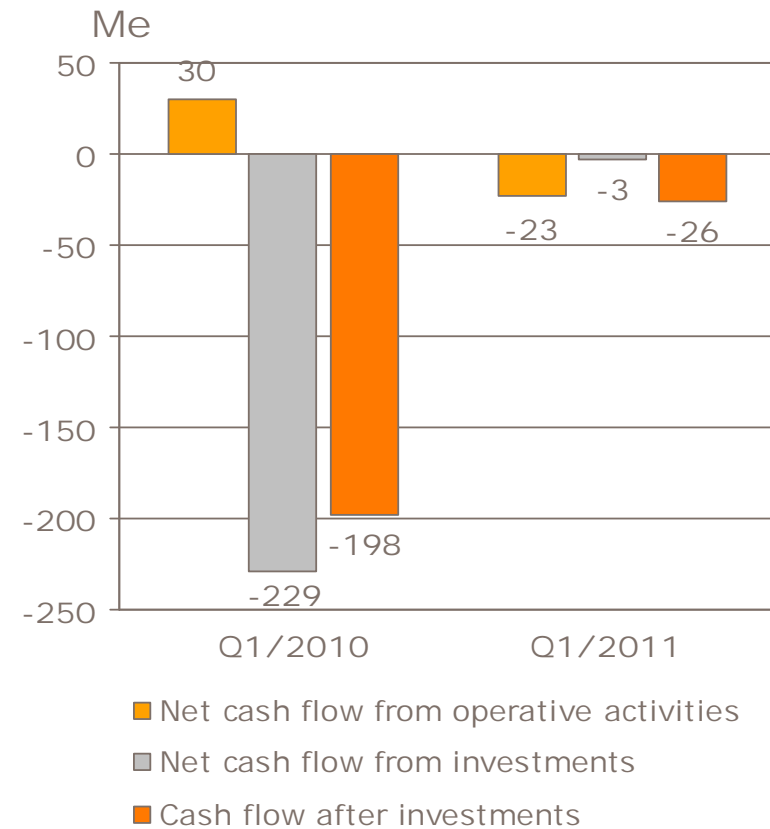
	Q1/2011	Q1/2010	Change %	2010
Net sales, Me	530	416	28%	1929
Operating profit, Me	5.0	1.3	276%	9.8 (22.5) *
Profit before taxes, Me	3.0	0.5	530%	4.5
Net profit, Me	2.1	0.4	498%	3.5
Earnings/share, Euro	0.01	0.00	498%	0.02
ROE , %	2.4%	0.6%		1.2%

\*) Including 12.7 Me one-off costs



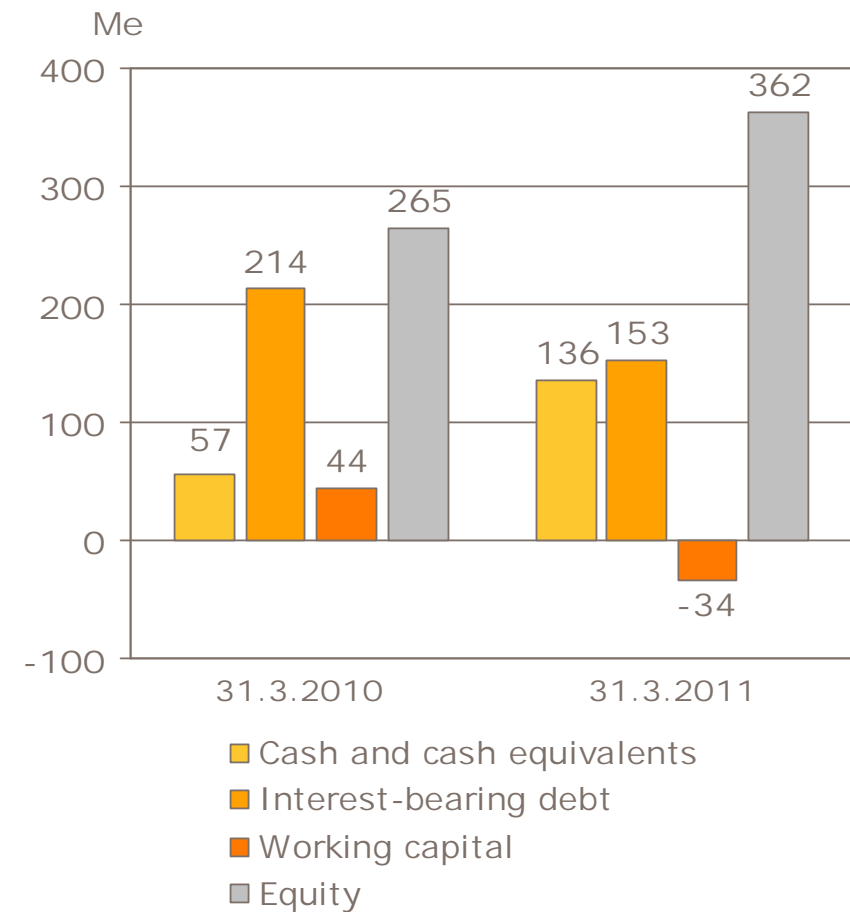
## Cash Flow January-March 2011

- Changes in working capital -26.2 Me (31.6 Me)
- Net cash flow from investments -3.3 Me (-228.5 Me)
  - Growth of pharmacy operations
  - Efficiency of wholesale operations
  - Information systems

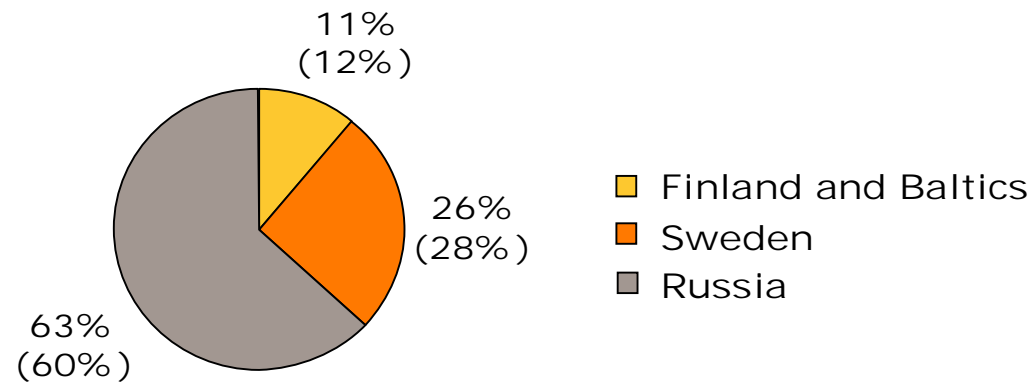


## Balance Sheet 31 March 2011

- Total assets 1228 Me (1107 Me)
- Equity ratio 30.2% (24.6%)
- Net gearing 4.7% (59.6%)
- Interest bearing net debt 16.9 Me (157.8 Me)
- Oriola-KD's committed long-term credit facilities of 104 Me and short-term credit account facilities of 42 Me stood unused at the end of March 2011
- Oriola-KD's 150 Me commercial paper programme was not in use at the end of March 2011
- The terms of the financial covenants were met with a wide margin at the end of March 2011



## Personnel 31 March 2011



OPERATING SEGMENTS	31 March 2011	31 March 2010	Change, %
Pharmaceutical Trade Finland and Baltics	486	502	-3%
Pharmaceutical Trade Sweden	1304	1247	+5%
Pharmaceutical Trade Russia	3131	2716	+15%
TOTAL	4921	4465	+10%



# Operating Segments





# Oriola KD

## Net Sales and Operating Profit January-March 2011

	2011 – 2010				2010	
	Net sales, Me		EBIT, Me		Net sales Me	EBIT Me
	Q1/11	Q1/10	Q1/11	Q1/10	2010	2010
Pharmaceutical Trade Finland and Baltics	103	113	5.6	4.8	448	21.4
Pharmaceutical Trade Sweden	265	181	2.3	-1.4	909	12.5*
Pharmaceutical Trade Russia	162	122	-1.6	-0.4	572	-18.1**
Group Administration	-	-	-1.2	-1.6	-	-6.0
<b>Total</b>	<b>530</b>	<b>416</b>	<b>5.0</b>	<b>1.3</b>	<b>1929</b>	<b>9.8***</b>

\*) Including 2.7 Me one-off items

\*\*\*) Including 10 Me one-off items

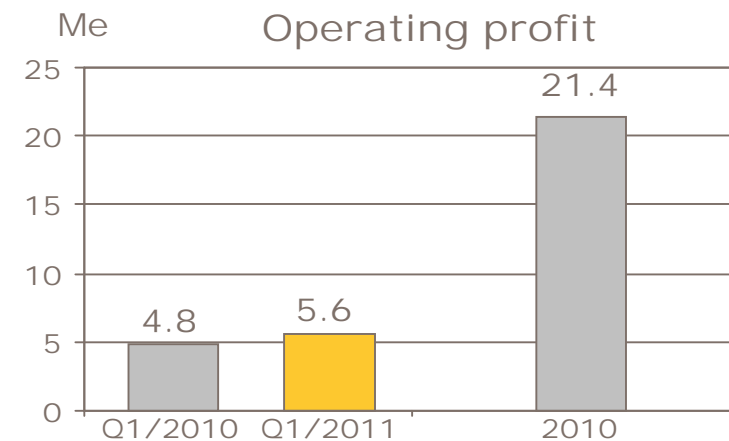
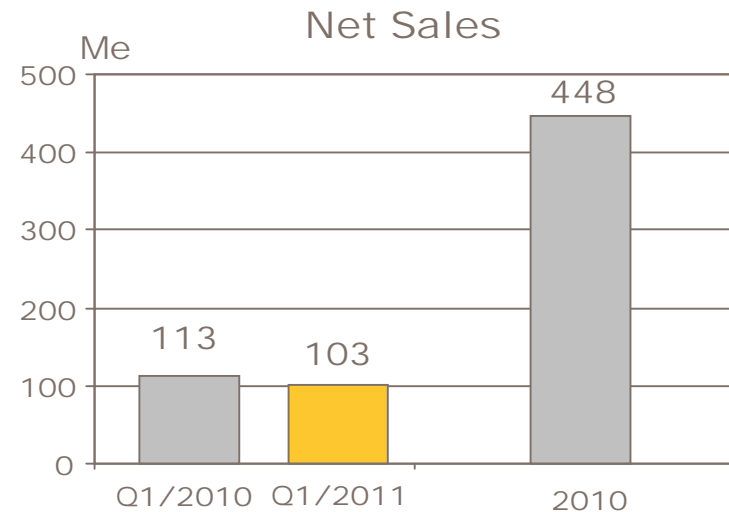
\*\*\*) Including 12.7 Me one-off items





## Pharmaceutical Trade Finland and Baltics January-March 2011

- Invoicing of Pharmaceutical Wholesale Finland 241 Me (237 Me) and net sales 82 Me (94 Me)
- Net sales of Pharmaceutical Wholesale Baltics 9.3 Me (8.3 Me)
- Net sales of Consumer Health business 11.5 Me (10.8 Me)
  
- Pharmaceutical market declined in Finland by -1.7 % (grew by 1.8 %)\*
- Oriola-KD's market share in Finland 46.1% (46.5%)\*
  - Eli Lilly joined Oriola-KD's pharmaceutical distribution in 1 January 2011 (market share some 2%)



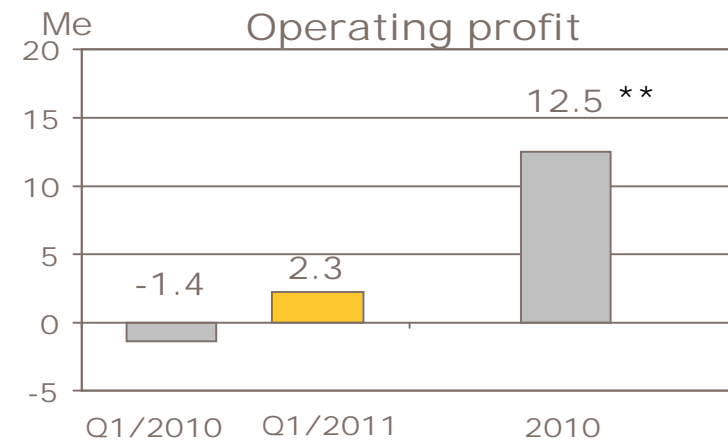
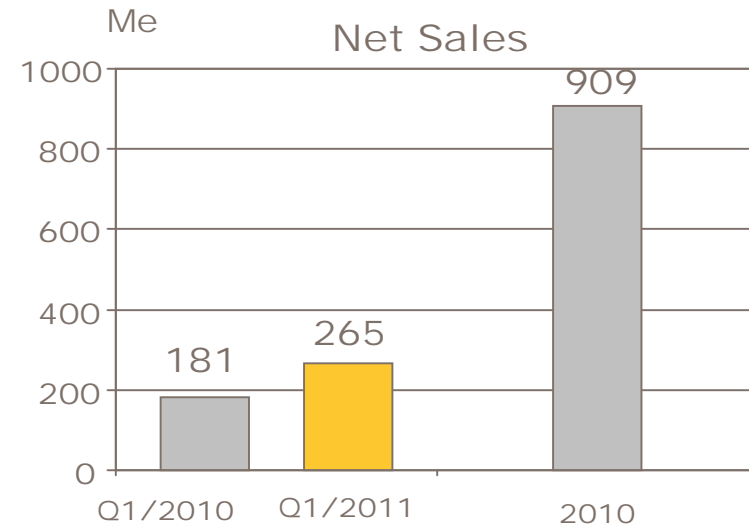
\*) Source: IMS Health





## Pharmaceutical Trade Sweden January-March 2011

- **Pharmaceutical retail**
  - Net sales 124 Me (51 Me, as of 19 February 2010)
  - Market share some 14%
  - Pharmacies 191 (171)
  
- **Pharmaceutical wholesale**
  - Invoicing 372 Me (290 Me)
  - Net sales 156 Me (136 Me)
  - Market share 39.9% (40.6%)\*
  - Abbott joined Oriola-KD's pharmaceutical distribution in February 2011 (market share some 3%)
  - Pharmacy distribution operations were centralised to Enköping and warehousing and pharmaceutical supplier cooperation to Mölnlycke
    - Personnel reduction some 40 persons from the start of the second quarter
  
- **Pharmaceutical market grew by 3.1% (0.9%)\***



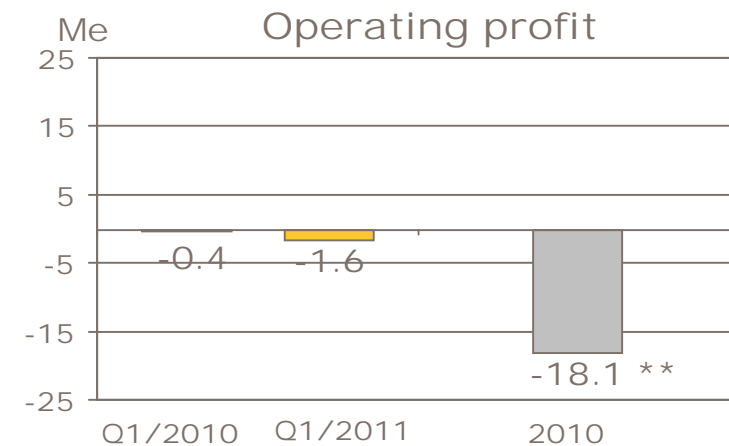
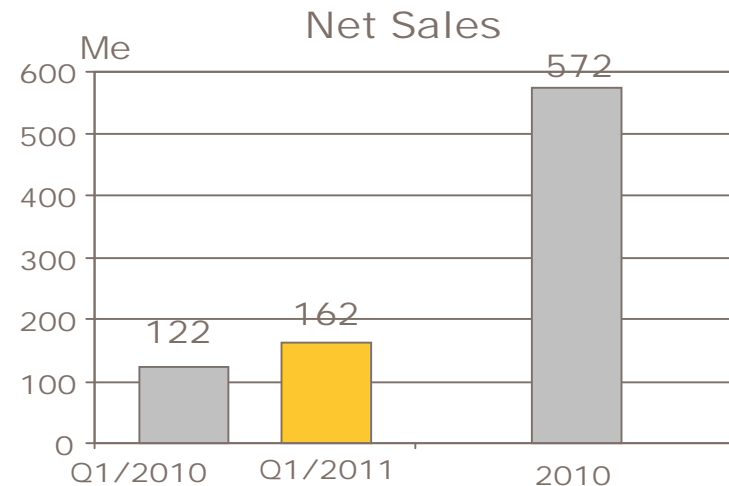
\*) Source: IMS Health

\*\*\*) Including 2.7 Me one-off items



## Pharmaceutical Trade Russia January-March 2011

- **Pharmaceutical retail**
  - Net sales 33 Me (24 Me)
  - Pharmacies 258 (180) in Moscow and Moscow region
- **Pharmaceutical wholesale**
  - Net sales 140 Me (111 Me)
  - New distribution centre was opened in Stavropol
- Net sales increased by some 29 per cent in Russian rubles (some 6 per cent)
- Commercial pharmaceutical market grew by some 9 per cent in Russian rubles\*
- **Operational focus in 2011**
  - Strengthening the organisation
  - Retail growth
  - Wholesale efficiency



\*) Source: Pharmexpert

\*\*\*) Including 10 Me one-off items



## Traded Volume of Shares January-March 2011

- Market capitalisation on 31 March 2011 was 530 Me (737 Me)
- The traded volume of all shares amounted to 15.8% (14.4%)\*
- Number of shares at the end of March 2011 in total 151,257,828 (151,257,828)
  - Number of class A shares 47,163,160 (47,667,359)
  - Number of class B shares 104,094,668 (103,590,469)
  - In January-March 2011 no class A shares were converted to class B shares (0)
  - The company held 96,822 class B shares on 31 March 2011

	Q1/2011		Q1/2010	
	Class A	Class B	Class A	Class B
Trading volume, million	0.9	22.9	2.5	19.3
Trading volume, Me	3.3	77.4	12.5	95.7
High, EUR	3.83	3.74	5.47	5.49
Low, EUR	3.20	3.15	4.21	4.16
Close at 31 March 2011, EUR	3.73	3.40	4.88	4.87
Traded volume, % *)	2.0	22.0	5.2	18.7

\*) The traded volume of average outstanding stock in the review period, excluding treasury shares



## Risks

- Oriola-KD has identified the following principal strategic and operational risks in its business
  - Growth in number of pharmacies outperforms growth in the market, leading to intense competition
  - Competition for market share in pharmaceutical wholesale in a consolidating market
  - Ensuring cost efficiency, flexibility and quality
  - Development of processes and infrastructure required by strategic expansion
  - Requirements and restrictions on pharmaceutical retail and wholesale imposed by the authorities, especially price regulation
  - Commitment of key employees
- The major financial risks for Oriola-KD involve currency exchange rates, liquidity, interest rates and credit
  - Expansion of operations into new business areas and new markets has increased the financial risks
  - Currency risks are the most significant financial risks in Russia and Sweden,
    - Changes in the value of the Russian ruble or the Swedish krona will have an impact on Oriola-KD's financial performance and equity
- Goodwill and intangible rights are subject to annual impairment testing, which may have a negative effect on Oriola-KD's financial performance.
- Near-term risks and uncertainty factors
  - Intense competition and the changes in price control system for pharmaceuticals have a material impact on Oriola-KD's near-term outlook in Russia
  - The development of the Swedish pharmaceutical retail and wholesale markets are subject to uncertainties
    - The number and speed of establishment of new pharmacies have a significant effect on Oriola-KD's profitability in Sweden



## Resolutions of the Annual General Meeting

- Dividend EUR 0.05 per share
- Return of equity EUR 0.13 per share
- The AGM authorised the Board to decide on the distribution of additional dividend from the retained earnings and/or distribution of assets from the reserves of unrestricted equity or both so that the maximum distribution of dividend and/or return of equity based on the authorisation is no more than EUR 0.10 per share
- The AGM authorised the Board to decide on the repurchase of no more than 15,000,000 own class B shares
- The AGM authorised Board to decide on the issuance of no more than 15,000,000 class B shares against payment
- As members of the Board were re-elected
  - Harry Brade, Per Bätelson, Pauli Kulvik, Outi Raitasuo, Olli Riikkala and Mika Vidgrén
- As new members were elected
  - Jukka Alho and Ilkka Salonen
- Olli Riikkala were re-elected as Chairman of the Board
- The Board elected Outi Raitasuo as Vice Chairman of the Board
- PwC was re-elected as auditor with Heikki Lassila as principal auditor
- Decisions of the constitutive Board meeting
  - Audit Committee
    - Outi Raitasuo (Chairman), Harry Brade, Ilkka Salonen and Mika Vidgrén
  - Remuneration Committee
    - Olli Riikkala (Chairman), Per Bätelson and Pauli Kulvik

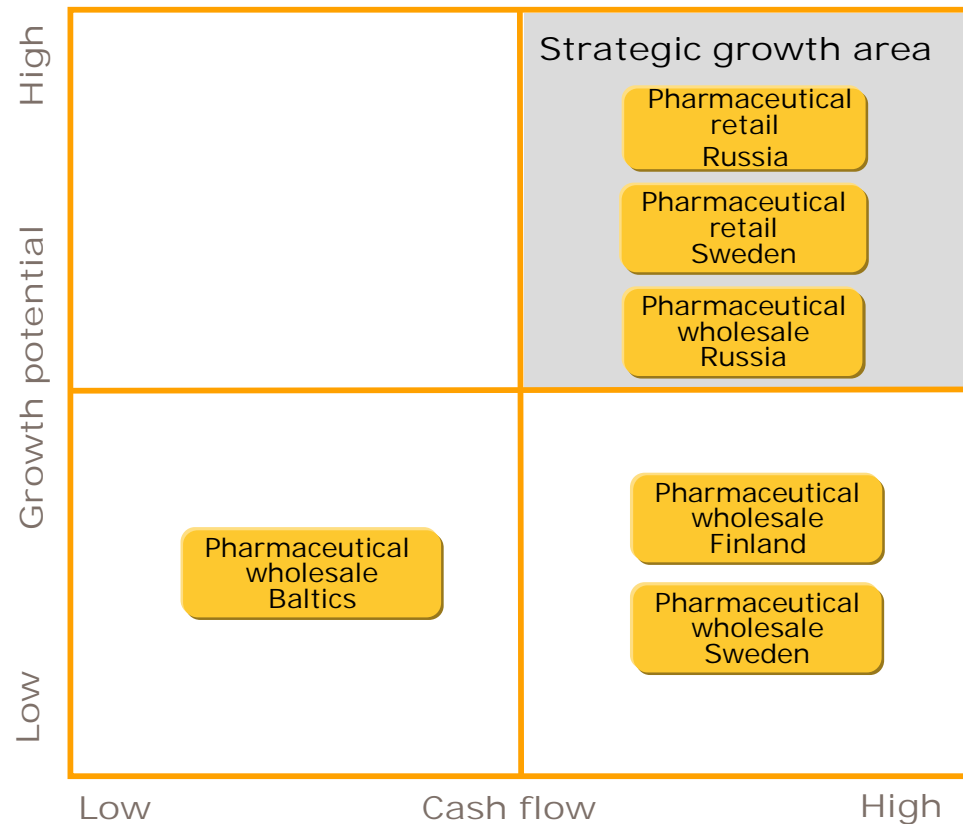


## Outlook: 2011

- Oriola-KD's outlook for 2011 is based on external market forecasts, supplier and customer agreements and management assessments
  - In the period 2011-2014 the pharmaceutical market is expected to grow by about 3 per cent in Finland, 2–3 per cent in Sweden, and 11–13 in Russia, measured in local currencies (source: IMS Health)
  - The Russian pharmaceutical market is expected to show growth below the longer term trend in 2011 and the tough competition to continue
    - The visibility in Russian pharmaceutical market development is still poor
  - Competition in the Swedish retail market is expected to continue to be stiff as a result of the deregulation
- Oriola-KD's net sales is expected to be higher and operating profit from continuing operations excluding one-off items clearly better than in 2010

## Strategy and Focus Areas for Operations

- **Russia**
  - Retail: Growth and efficiency
  - Wholesale: Sales growth in regions, focus to serve selected pharmaceutical companies and increase efficiency
  
- **Sweden**
  - Retail: Growth and efficiency
  - Wholesale: Quality program and efficiency
  
- **Finland**
  - Value added services
  - Quality program and efficiency
  - Sales growth of Consumer Health products









## Disclosure Aspects

- The assumptions, opinions, estimates and views expressed in this presentation are solely the opinions and views of the company unless a reference to the source of the information is stated
- They reflect the current view of the company with regard to the discussed issues
- Several factors can however cause changes to these opinions and views
- Neither the company nor its management can answer for any future accuracy of the opinions or views expressed in this presentation or the actual occurrence of any forecasts

