

**Oriola-KD Corporation Stock Exchange Release 23 October 2014 at 8.30 a.m.**

**Oriola-KD Corporation's Interim Report for 1 January–30 September 2014**

**Financial performance July–September 2014**

- Net sales decreased by 13.6 per cent to EUR 565.6 (654.4) million
- EBITDA excluding non-recurring items decreased by 33.9 per cent to EUR 11.3 (17.1) million
- EBITDA was EUR 11.2 (15.1) million
- Operating profit excluding non-recurring items was EUR 4.6 (10.6) million
- Operating profit was EUR 4.6 (8.6) million
- Net cash flow from operations was EUR -10.5 (-19.5) million
- Profit for the period totalled EUR -1.6 (2.3) million and earnings per share were EUR -0.02 (0.01)

**Financial performance January–September 2014**

- Net sales decreased by 8.7 per cent to EUR 1,752.5 (1,918.8) million
- EBITDA excluding non-recurring items decreased by 2.8 per cent to EUR 32.8 (33.8) million
- EBITDA was EUR 31.5 (27.8) million
- Operating profit excluding non-recurring items was EUR 12.9 (16.6) million
- Operating profit was EUR -59.5 (10.6) million
- Net cash flow from operations was EUR -19.2 (-21.0) million
- Profit for the period totalled EUR -81.1 (0.2) million and earnings per share were EUR -0.55 (0.00)

<b>Key figures</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>	<b>2013</b>
<b>EUR million</b>	<b>7-9</b>	<b>7-9</b>	<b>%</b>	<b>1-9</b>	<b>1-9</b>	<b>%</b>	<b>1-12</b>
Net sales	565.6	654.4	-13.6	1,752.5	1,918.8	-8.7	2,598.5
Retail business	207.3	221.4	-6.4	639.1	583.7	9.5	809.9
Wholesale business	444.5	499.7	-11.0	1,378.3	1,500.7	-8.2	2,025.9
EBITDA excluding non-recurring items	11.3	17.1	-33.9	32.8	33.8	-2.8	53.2
EBITDA	11.2	15.1	-25.6	31.5	27.8	13.4	46.7
Operating profit excluding non-recurring items	4.6	10.6	-56.5	12.9	16.6	-22.4	29.0
Retail business	9.5	7.2	32.4	24.1	14.6	65.0	21.1
Wholesale business	-3.2	4.4		-6.5	7.6		14.2
Operating profit	4.6	8.6	-47.2	-59.5	10.6		21.0
Retail business	9.5	5.8	63.7	23.1	9.2	150.8	13.7
Wholesale business	-3.2	3.8		-77.8	7.0		13.6
Operating profit % excluding non-recurring items	0.8	1.6		0.7	0.9		1.1
Retail business	4.6	3.2		3.8	2.5		2.6
Wholesale business	-0.7	0.9		-0.5	0.5		0.7
Operating profit %	0.8	1.3		-3.4	0.6		0.8
Retail business	4.6	2.6		3.6	1.6		1.7
Wholesale business	-0.7	0.8		-5.6	0.5		0.7
Profit for the period	-1.6	2.3		-81.1	0.2		5.8
Earnings per share, EUR	-0.02	0.01		-0.55	0.00		0.04
Net cash flow from operating activities				-19.2	-21.0		29.8
Return on equity (ROE), %				-41.5	0.1		2.0
Gearing, %				86.9	80.9		65.3

**Outlook for 2014**

Oriola-KD estimates that net sales and operating profit excluding non-recurring items will decrease from 2013 level.

Oriola-KD revised its guidance announced in interim report 24 July, 2014 with stock exchange release on 10 October, 2014.

#### **President and CEO Eero Hautaniemi's comments regarding the interim report:**

"Profitability improved in both operating segments in Pharmaceutical Trade Sweden. Third quarter operating profit percentage excluding non-recurring items for Swedish retail business was 5.5 (3.8) per cent. The Swedish wholesale business' profitability was strengthened by the increased volume of the business as well as the efficiency programme that was started in the third quarter of 2013.

In Finland we strengthened the product portfolio of our online shop by reaching a co-operation agreement with Orion Corporation. Orion's traded goods products were transferred over to Oriolashop.fi product portfolio as of the beginning of September.

Russian retail business developed according to our plan despite of the challenging market conditions. Weak development of the Russian wholesale business contributed negatively to Oriola-KD's net sales and operating profit during the first three quarters. Operating profit of the Russian wholesale business was poor and the operating segment's profitability was clearly behind the goals set regardless of slightly improved September net sales. Continued intense competition and planned change in business model contributed negatively to Russian wholesale business profitability. Further to measures to improve the performance of the Russian wholesale business we have nominated a financial advisor to investigate the conditions for selling the Company's Russia businesses. We will continue the ongoing initiatives to develop Company's Russian businesses."

#### **Oriola-KD Corporation's Interim Report for 1 January–30 September 2014**

The text section of this financial statements release focuses on the January-September result. A comparison in accordance with the International Financial Reporting Standards (IFRS) has been carried out on the figures for the corresponding period in 2013, unless otherwise stated. The figures in this interim report are unaudited. The figures in the tables have been rounded independently.

<b>Key Figures</b>	<b>2014 1-9</b>	<b>2013 1-9</b>	<b>2013 1-12</b>
Goodwill, EUR million	285.4	389.4	379.0
Equity, EUR million	211.3	278.5	278.1
Interest-bearing debt, EUR million	252.6	321.1	318.8
Net interest-bearing debt, EUR million	183.7	225.4	181.5
Total assets, EUR million	1,267.5	1,467.2	1,500.1
Equity ratio, %	17.2	19.5	19.2
Return on equity (ROE), %	-41.5	0.1	2.0
Return on capital employed (ROCE), %	-14.7	2.8	4.2
Gearing, %	86.9	80.9	65.3
Net debt / rolling 12-month EBITDA	3.6	5.2	3.9
Equity per share, EUR	1.40	1.84	1.84
Earnings per share, EUR	-0.55	0.00	0.04
Average number of shares, 1000 pcs	151,134	151,161	151,157
Average number of personnel	4,977	5,087	5,135

Number of personnel at the end of the period	4,738	5,327	5,256
Gross investments, EUR million	29.6	184.6	193.7

### Changes in the Group Structure in January–September 2014

There were no changes in the Group structure during the period.

### The Group's net sales and result for July–September 2014

Oriola-KD's third quarter net sales were EUR 565.6 (654.4) million. Operating profit excluding non-recurring items was EUR 4.6 (10.6) and operating profit was EUR 4.6 (8.6) million. The retail business' net sales were EUR 207.3 (221.4) million, operating profit excluding non-recurring items was EUR 9.5 (7.2) million and operating profit was EUR 9.5 (5.8) million. The wholesale business' net sales were EUR 444.5 (499.7) million, operating profit excluding non-recurring items was EUR -3.2 (4.4) million and operating profit was EUR -3.2 (3.8) million.

Profit after financial items was EUR 1.6 (4.5) million. Oriola-KD's financial expenses were EUR 2.9 (4.1) million and profit for the period was EUR -1.6 (2.3) million. Earnings per share were EUR -0.02 (0.01).

### The Group's net sales and result for January–September 2014

Oriola-KD's net sales decreased by 8.7 per cent to EUR 1,752.5 (1,918.8) million and its operating profit excluding non-recurring items decreased by 22.4 per cent to EUR 12.9 (16.6) million. Operating profit was EUR -59.5 (10.6) million. The positive development of Oriola-KD's operating profit was supported by the improved profitability in Swedish operating segments. Oriola-KD's January - September operating profit was negatively impacted by EUR 71.1 (-) million impairment charge recognised for the second quarter. During the second quarter a change in the marketing income and bonus receivables estimate regarding the Russian wholesale business pharmaceutical principle contracts led to a EUR 7.2 million expense. The comparative period operating profit includes EUR 2.7 million expenses associated with a business acquisition in Sweden.

The retail business' net sales were EUR 639.1 (583.7) million, operating profit excluding non-recurring items was EUR 24.1 (14.6) million and operating profit was EUR 23.1 (9.2) million. The wholesale business' net sales were EUR 1,378.3 (1,500.7) million, operating profit excluding non-recurring items was EUR -6.5 (7.6) million and operating profit was EUR -77.8 (7.0) million.

Profit after financial items was EUR -68.8 (1.5) million and profit for the period was EUR -81.1 (0.2) million. Oriola-KD's financial expenses increased to EUR 9.3 (9.1) million. Earnings per share were EUR -0.55 (EUR 0.00).

Return on equity was -41.5 (0.1) per cent during January - September 2014.

### Reporting segments

Oriola-KD's reporting segments are Pharmaceutical Trade Finland and Baltics, Pharmaceutical Trade Sweden and Pharmaceutical Trade Russia. Oriola-KD has formed its reporting segments by combining its operating segments. The Pharmaceutical Trade Finland and Baltics reporting segment comprises the Finnish pharmaceutical wholesale business, the Consumer Health and the Pharmaceutical Trade Baltics operating segments. The Pharmaceutical Trade Sweden reporting segment comprises the Swedish pharmaceutical retail and Swedish pharmaceutical wholesale operating segments. The Pharmaceutical Trade Russia reporting segment comprises the Russian pharmaceutical retail and Russian pharmaceutical wholesale operating segments.

Reporting segment results in the Oriola-KD management reports are presented without management fee. Segment information for 2013 has been revised to correspond with the current presentation.

### Pharmaceutical Trade Finland and Baltics

Key Figures	2014	2013	Change	2014	2013	Change	2013
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<b>EUR million</b>	<b>7-9</b>	<b>7-9</b>	<b>%</b>	<b>1-9</b>	<b>1-9</b>	<b>%</b>	<b>1-12</b>
Net Sales	108.5	96.0	13.1	316.3	316.0	0.1	425.3
Pharmaceutical wholesale in Finland	87.0	75.8	14.8	252.9	253.9	-0.4	342.1
Pharmaceutical wholesale in Baltics	11.5	9.9	15.3	33.7	30.2	11.5	41.0
Consumer Health	10.1	10.3	-2.3	30.1	32.2	-6.5	42.7
Operating profit	5.5	5.3	5.0	14.7	14.6	0.7	18.8
Operating profit %	5.1	5.5		4.7	4.6		4.4
Number of personnel at the end of period				504	508		501

### July–September 2014

The net sales of Pharmaceutical Trade Finland and Baltics in the third quarter of 2014 were EUR 108.5 (96.0) million and operating profit was EUR 5.5 (5.3) million. Net sales of the wholesale business in Finland were EUR 87.0 (75.8) million and invoicing was EUR 253.5 (244.7) million. The net sales of the wholesale business in the Baltic countries were EUR 11.5 (9.9) million and net sales of the Consumer Health business totalled EUR 10.1 (10.3) million.

### January–September 2014

The Finnish pharmaceutical market grew by 4.0 (2.1) per cent in January–September 2014 (source: IMS Health). Oriola-KD's market share of the Finnish pharmaceutical wholesale market was 45.6 (46.6) per cent in January–September 2014 (source: ATY).

The net sales of Pharmaceutical Trade Finland and Baltics increased by 0.1 per cent to EUR 316.3 (316.0) million and operating profit increased by 0.7 per cent to EUR 14.7 (14.6) million.

The net sales of the wholesale business in Finland was EUR 252.9 (253.9) million and invoicing totalled EUR 741.6 (764.7) million during January-September. Net sales of the wholesale business in the Baltic countries increased due to broadened service portfolio and were EUR 33.7 (30.2) million. Net sales of the Consumer Health business were EUR 30.1 (32.2) million.

The EBITDA of Pharmaceutical Trade Finland and Baltics was EUR 17.7 (17.1) million.

Profitability of Pharmaceutical Trade Finland and Baltics remained at the level of the comparative period. In Finland, a co-operation agreement with Orion Corporation strengthened the product portfolio of the Oriolashop.fi online shop targeted to the healthcare professionals. Orion's traded goods products moved over to Oriolashop.fi from the beginning of September. Oriola-KD started delivering pharmaceutical re-packing services from Baltics.

### Pharmaceutical Trade Sweden

<b>Key Figures</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>	<b>2013</b>
<b>EUR million</b>	<b>7-9</b>	<b>7-9</b>	<b>%</b>	<b>1-9</b>	<b>1-9</b>	<b>%</b>	<b>1-12</b>
Net Sales	281.3	315.7	-10.9	878.3	893.9	-1.7	1,194.4
Retail business	181.1	189.7	-4.6	556.3	476.8	16.7	669.6
Wholesale business	181.0	187.1	-3.3	570.0	569.4	0.1	743.4
Operating profit excluding non-recurring items	12.4	8.2	52.0	33.7	16.2	108.2	24.1
Retail business	9.9	7.1	39.3	26.0	14.5	80.1	20.3
Wholesale business	2.5	1.0	142.3	7.9	2.0	299.5	4.2
Operating profit	12.3	6.2	99.7	32.7	10.2	220.9	16.4
Retail business	9.9	5.7	72.3	25.0	9.0	177.2	12.9

Wholesale business	2.5	0.4	459.4	7.9	1.4	465.0	3.8
Operating profit % excluding non-recurring items	4.4	2.6		3.8	1.8		2.0
Retail business	5.5	3.8		4.7	3.0		3.0
Wholesale business	1.4	0.5		1.4	0.3		0.6
Operating profit %	4.4	2.0		3.7	1.1		1.4
Retail business	5.4	3.0		4.5	1.9		1.9
Wholesale business	1.4	0.2		1.4	0.2		0.5
Number of personnel at the end of period				1,790	1,861		1,836
Retail business				1,512	1,589		1,562
Wholesale business				278	272		275

### July–September 2014

The third quarter net sales of Pharmaceutical Trade Sweden in 2014 were EUR 281.3 (315.7) million. Operating profit excluding non-recurring items was EUR 12.4 (8.2) million and operating profit was EUR 12.3 (6.2) million. The net sales of the retail business were EUR 181.1 (189.7) million. Operating profit excluding non-recurring items for the retail business totalled EUR 9.9 (7.1) million and operating profit was EUR 9.9 (5.7) million. The net sales of the wholesale business totalled EUR 181.0 (187.1) million. Operating profit excluding non-recurring items for the wholesale business was EUR 2.5 (1.0) million and operating profit was EUR 2.5 (0.4) million. Invoicing for the wholesale business was EUR 368.0 (361.0) million. The Medstop pharmacy chain has been consolidated in the figures of Oriola-KD as of 1 June 2013.

### January–September 2014

The pharmaceutical market grew by 2.8 (declined 2.1) per cent (source: IMS Health) and the retail market for OTC products and traded goods grew by 4.5 (6.1) per cent (source: Nielsen) during January-September. Based on Oriola-KD's estimate 25 new pharmacies were established in Sweden during first three quarters, at the end of September there was 1,331 pharmacies in Sweden.

During January-September the net sales of Pharmaceutical Trade Sweden decreased by 1.7 per cent to EUR 878.3 (893.9) million, and on a constant currency basis, net sales increased by 3.5 per cent. January-September net sales strengthened due to ongoing development of the businesses and the acquisition of Medstop in June 2013. January-September retail business net sales were EUR 556.3 (476.8) million, wholesale business net sales totalled EUR 570.0 (569.4) million. Invoicing for the Swedish wholesale business was EUR 1,121.6 (1,136.1) million.

The Swedish retail business' EBITDA excluding non-recurring items was EUR 37.7 (23.1) million and EBITDA was EUR 36.6 (17.6) million during January-September. The EBITDA percentage excluding non-recurring items and the management fee for the retail business was 6.9 (4.9) per cent.

The Swedish wholesale business' EBITDA excluding non-recurring items was EUR 9.8 (3.9) million and EBITDA was EUR 9.8 (3.3) million.

Pharmaceutical Trade Sweden's operating profit excluding non-recurring items increased by 108.2 per cent to EUR 33.7 (16.2) million and operating profit increased by 220.9 per cent and was EUR 32.7 (10.2) million during the first three quarters. Operating profit excluding non-recurring items for the Swedish retail business totalled EUR 26.0 (14.5) million and operating profit was EUR 25.0 (9.0) million. Operating profit excluding non-recurring items for the Swedish wholesale business was EUR 7.9 (2.0) million and operating profit was EUR 7.9 (1.4) million.

Profitability of the Swedish retail business developed positively during the reporting period. Pharmacy and product portfolios have been developed according to the plan. Oriola-KD has opened 7 new pharmacies, operating under the Kronans Apotek brand, during the first three quarters. At the end of September 2014, Oriola-KD had a total of 303 (295) pharmacies in Sweden. Oriola-KD estimates that its market share of the pharmaceutical retail market was 21 (21) per cent at the end of the period.

Strong development of Swedish wholesale business' net sales and operating profit was driven by increased volume and profitability programs carried out. The relative share of parallel imports in the Swedish pharmaceutical market has decreased during the first three quarters. Based on the company's estimate parallel imports share of the Swedish pharmaceutical market was approximately 14.5 per cent, Oriola-KD estimates that its market share of the wholesale trade was 38 (41) per cent during January-September.

### Pharmaceutical Trade Russia

Key Figures EUR million	2014	2013	Change	2014	2013	Change	2013
	7-9	7-9	%	1-9	1-9	%	1- 12
Net Sales	175.8	242.7	-27.6	557.9	709.0	-21.3	978.8
Retail business	26.2	31.7	-17.4	82.8	106.9	-22.5	140.3
Wholesale business	155.0	216.5	-28.4	492.0	615.3	-20.0	857.2
Operating profit excluding non-recurring items	-11.7	-1.9		-31.0	-8.8		-8.0
Retail business	-0.4	0.0		-1.9	0.2		0.8
Wholesale business	-11.3	-1.9		-29.1	-9.0		-8.8
Operating profit	-11.7	-1.9		-102.5	-8.8		-8.3
Retail business	-0.4	0.0		-2.0	0.2		0.8
Wholesale business	-11.3	-1.9		-100.5	-9.0		-9.1
Operating profit % excluding non-recurring items	-6.7	-0.8		-5.6	-1.2		-0.8
Retail business	-1.6	0.2		-2.3	0.2		0.6
Wholesale business	-7.3	-0.9		-5.9	-1.5		-1.0
Operating profit %	-6.7	-0.8		-18.4	-1.2		-0.8
Retail business	-1.6	0.2		-2.4	0.2		0.6
Wholesale business	-7.3	-0.9		-20.4	-1.5		-1.1
Number of personnel at the end of period				2,405	2,928		2,881
Retail business				1,060	1,254		1,210
Wholesale business				1,345	1,674		1,671

### July–September 2014

The third quarter net sales of Pharmaceutical Trade Russia in 2014 were EUR 175.8 (242.7) million. Operating profit excluding non-recurring items was EUR -11.7 (-1.9) million and operating profit was EUR -11.7 (-1.9) million. The net sales of the Russian retail business were EUR 26.2 (31.7) million. Operating profit excluding non-recurring items for the Russian retail business totalled EUR -0.4 (0.0) million and operating profit was EUR -0.4 (0.0) million. The net sales of the Russian wholesale business were EUR 155.0 (216.5) million. Operating profit excluding non-recurring items for the Russian wholesale business totalled EUR -11.3 (-1.9) million and operating profit was EUR -11.3 (-1.9) million. Russian retail business developed as planned despite of the challenging market conditions. Weak development of the Russian wholesale business contributed negatively to Oriola-KD's net sales and operating profit during the first three quarters regardless of slightly improved September net sales. Continued intense competition and planned change in business model contributed negatively to Russian wholesale business profitability.

### January–September 2014

During January-September the net sales of Pharmaceutical Trade Russia decreased by 21.3 per cent to EUR 557.9 (709.0) million, and on a constant currency basis, net sales decrease was 9.3 per cent. Russian retail business net sales decreased by 22.5 per cent to EUR 82.8 (106.9) million in January-September, and on a constant currency basis net sales decrease was 10.8 per cent. Russian wholesale business net sales decreased by 20.0 per cent to EUR 492.0 (615.3) million, and on a constant currency basis net sales decrease was 7.9 per cent.

The Russian retail business' EBITDA excluding non-recurring items was EUR -0.7 (1.8) million and EBITDA was EUR -0.7 (1.8) million. The Russian wholesale business' EBITDA excluding non-recurring items was EUR 27.0 (-6.6) million and EBITDA was EUR -27.3 (-6.6) million.

Pharmaceutical Trade Russia's operating profit excluding non-recurring items decreased to EUR -31.0 (-8.8) million and operating profit was EUR -102.5 (-8.8) million. Operating profit excluding non-recurring items for the retail business was EUR -1.9 (0.2) million and operating profit was EUR -2.0 (0.2) million. Profitability of the Russian wholesale business was poor. Operating profit excluding non-recurring items for the wholesale business was EUR -29.1 (-9.0) million and operating profit was EUR -100.5 (-9.0) million.

The second quarter result of the Group include EUR 77.2 (-) million impairment charge for Russian pharmaceutical wholesale business. The impairment charge is reported as a non-recurring, non-cash item of expense. During the second quarter a change in the marketing income and bonus receivables estimate regarding the Russian wholesale business pharmaceutical principle contracts led to a EUR 7.2 million expense.

As a result of efficiency measures initiated in the Russian businesses, the headcount reduction at the end of September 2014 in comparison to September 2013 was 523. Oriola-KD has continued the ongoing initiatives to develop Company's Russian businesses.

At the end of September 2014, Oriola-KD had 229 (233) pharmacies in the Moscow area.

### Non-recurring items

A non-recurring item is an income or expense arising from non-recurring or rare events. Gains or losses from the sale or discontinuation of business operations or assets, gains or losses from restructuring business operations, and impairment losses of goodwill and other non-current assets are recognised by Oriola-KD as non-recurring items.

<b>Non-recurring items included in Operating Profit EUR million</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>7-9</b>	<b>7-9</b>	<b>1-9</b>	<b>1-9</b>	<b>1- 12</b>
Pharmaceutical Trade Sweden					
Restructuring costs	-0.1	-2.0	-1.0	-2.8	-4.6
Write-off of contract-based accrual	-	-	-	-3.2	-3.1
Pharmaceutical Trade Russia					
Impairment charges	-	-	-71.1	-	-
Restructuring costs	-	-	-0.3	-	-0.3
<b>Total</b>	<b>-0.1</b>	<b>-2.0</b>	<b>-72.5</b>	<b>-6.0</b>	<b>-8.0</b>

Non-recurring items reported during January-September relate to restructuring charges in Pharmaceutical Trade Sweden and in Pharmaceutical Trade Russia as well as the impairment charge recognised for Pharmaceutical Trade Russia.

### Balance sheet, financing and cash flow

Oriola-KD's total assets at 30 September 2014 were EUR 1,267.5 (1,467.2) million. Cash and cash equivalents totalled EUR 68.9 (95.7) million and equity was EUR 211.3 (278.5) million. The equity ratio was 17.2 (19.5) per cent and gearing was 86.9 (80.9) per cent.

Oriola-KD's goodwill of EUR 285.4 (389.4) million has been allocated in impairment testing to the cash-generating units consisting of the Group's operating segments. Oriola-KD prepares the goodwill impairment testing twice a year, in accordance with the timetable of its strategy and planning process. At the end of September 2014, EUR 231.3 (243.4) million of the goodwill was allocated to the Swedish pharmaceutical retail business, EUR 26.1 (27.5) million to the Swedish pharmaceutical wholesale business and EUR 28.0 (39.1) million to the Russian pharmaceutical retail business.

At the end of September, interest-bearing debt was EUR 252.6 (321.1) million of which syndicated bank loans totalled EUR 167.6 (155.9) million, commercial papers EUR 29.9 (114.0) million, advance payments from pharmacies EUR 35.2 (35.9) million, a contingent consideration related to Medstop-acquisition EUR 14.9 (14.7) million and finance lease liabilities EUR 5.0 (0.6) million. Long-term interest bearing-liabilities were EUR 163.9 (171.0) million and short-term interest-bearing liabilities were EUR 88.7 (150.1) million. Interest-bearing net debt was EUR 183.7 (225.4) million. The non-recourse trade receivables sales programmes were continued in the Pharmaceutical Trade Sweden in the third quarter of 2014. At the end of September 2014, a total of EUR 80.7 (80.4) million in trade receivables had been sold.

Oriola-KD's committed long-term credit facility of EUR 100.0 million and EUR 41.9 million of short-term credit account limits with banks were unused at the end of September 2014. Oriola-KD signed a financing agreement of approximately EUR 280 million during the second quarter of 2013. The financial covenants contained in the financing agreement are based on the ratio between the Group's net debt and rolling 12-month EBITDA and gearing ratio. The ratio between the Group's net debt and the 12-month rolling EBITDA was 3.64 and the adjusted ratio in accordance with the terms and conditions of the financing agreement, stood at 3.35 at the end of September 2014, the covenant limit in the agreement being 3.50. The Group's gearing ratio was 86.9 per cent and the adjusted gearing ratio in accordance with the terms and conditions of the financing agreement was 79.9 per cent at the end of September 2014, the covenant limit in the agreement being 100 per cent.

<b>Financial covenants contained in the financing agreement</b>	<b>30 Sep 2014</b>	<b>31 Dec 2014</b>	<b>31 Mar 2015</b>	<b>30 Jun 2015</b>
Ratio between net debt and rolling 12-month EBITDA	3.5	3.5	3.0	3.0
Gearing ratio	100%	100%	100%	100%

On 20 February 2014 Oriola-KD issued a EUR 40 million hybrid bond. The bond bears a fixed interest rate of 7.0 per cent per annum until 20 February 2017 and a floating interest rate thereafter. The hybrid bond has no maturity date but the issuer is entitled to redeem the hybrid bond after three years. Interest on the hybrid bond will be paid providing dividend is paid in accordance with the annual general meeting resolution. If dividends are not paid, the Group will make a separate decision regarding interest payment on the hybrid bond. Unpaid interest is accrued and taken into consideration in the calculation of earnings per share.

Income taxes for January-September were EUR -12.3 (-1.4) million, including the EUR 6.1 (-) million write-down of deferred tax asset relating to the Russian wholesale operations subsidiary. The entity has not recorded a deferred tax asset for the losses incurred during the period.

January-September net cash flow from operations was EUR -19.2 (-21.0) million, of which changes in working capital accounted for EUR -38.0 (-35.2) million. Net cash flow from investing activities was EUR -24.7 (-88.8) million.

## **Investments**

Gross investments for January-September totalled EUR 29.6 (184.6) million and consisted of investments related to the opening of new pharmacies, information systems and improvements in logistics efficiency. The investment project for new main logistics centre in Moscow is progressing according to the project plan. The total cost estimate for the project is EUR 25-28 million, of which investments account for EUR 15.7 million. According to the project plan, operations will be gradually transferred to the new facilities and full production capacity will be reached by the end of first quarter in 2015. Due to the investment plan, Oriola-KD will record EUR 0.5 million in accelerated depreciation in 2014.

## **Personnel**

At the end of June 2014, Oriola-KD had a payroll of 4,738 (5,327) employees, 11 (10) per cent of whom worked in Finland and the Baltics, 38 (35) per cent in Sweden, and 51 (55) per cent in Russia. Personnel numbers consist of members of staff in active employment.

## **Administration**



Oriola-KD's Group Management Team:

- \* Eero Hautaniemi, President and CEO
- \* Lars Birkeland, Vice President, pharmaceutical retail, Sweden
- \* Tuomas Itkonen, CFO
- \* Konstantin Minin, Vice President, pharmaceutical wholesale and retail, Russia
- \* Jukka Mäkelä, Vice President, Development
- \* Teija Silver, Vice President, HR
- \* Kimmo Virtanen, Executive Vice President, pharmaceutical wholesale, Finland, Sweden and the Baltics

Oriola-KD applies the Finnish Corporate Governance Code which was issued by the Securities Market Association on 15 June 2010 and which entered into force on 1 October 2010, with the exception that the company's Nomination Committee may also have members who are not members of the company's Board of Directors. The purpose of this deviation from Recommendation 22 of the Corporate Governance Code (Appointment of members to the committees) is to allow the election of major shareholders in the company to the Nomination Committee and thus to ensure that their opinions are heard well before the Annual General Meeting. The Nomination Committee is a body established by the Board for the purpose of preparing and presenting to the Board a recommendation for the proposal to be put to the Annual General Meeting concerning the composition and remuneration of the Board. The Corporate Governance Statement and the Remuneration Statement for 2013 can be viewed on the company's website at: <http://www.oriola-kd.com/en/Corporate-Governance/>.

### **Board authorisations**

The Annual General Meeting, held on 24 March 2014, authorised the Board of Directors to decide on a share issue against payment in one or more issues. The authorisation comprises the right to issue new shares or assign treasury shares held by the company. The authorisation covers a maximum of 9,500,000 Class A shares and 21,000,000 Class B shares and includes the right to derogate from the shareholders' pre-emptive subscription right. Pursuant to the authorisation, shares held by the company as treasury shares may also be sold through trading on a regulated market organised by NASDAQ OMX Helsinki Ltd. The authorisation is in effect for a period of eighteen months from the decision of the Annual General Meeting.

The Annual General Meeting, held on 24 March 2014, authorised the Board of Directors to decide on a share issue against payment in one or more issues. The authorisation comprises the right to issue new class B shares or assign class B treasury shares held by the company. The authorisation covers a combined maximum of 15,000,000 class B shares of the company and includes the right to derogate from the shareholders' pre-emptive subscription right. Pursuant to the authorisation, class B shares held by the Company as treasury shares may also be sold on regulated market organised by NASDAQ OMX Helsinki Ltd. The authorisation is in effect for a period of eighteen months from the decision of the Annual General Meeting.

The authorisation revokes all previous share issue authorisations given to the Board of Directors apart from the authorisation given to the Board of Directors by the Annual General Meeting held on 20 March 2013, pursuant to which the Board of Directors may decide upon directed share issues against or without a payment concerning no more than 1,715,000 class B shares in order to execute the share-based incentive plan for the Oriola-KD Group's executives and the share savings plan for the Oriola-KD Group's key personnel.

The Annual General Meeting, held on 24 March 2014, also authorised the Board of Directors to decide on repurchasing of the company's own class B shares. The authorisation entitles the Board of Directors to decide on the repurchase of no more than 15,000,000 of the company's own class B shares in a proportion other than in which shares are owned by the shareholders. The authorisation to repurchase own shares is in force for a period of not more than eighteen months from the decision of the Annual General Meeting. Shares may be repurchased to develop the company's capital structure, to execute corporate transactions or other business arrangements, to finance investments, to be used as a part of the company's incentive schemes or to be otherwise relinquished, held by the company or cancelled.

### **Oriola-KD Corporation shares**

Trading volume of the Oriola-KD Corporation's class A and B shares during January-September 2014:

<b>Trading volume</b>	<b>January-September 2014</b>		<b>January-September 2013</b>	
	<b>class A</b>	<b>class B</b>	<b>class A</b>	<b>class B</b>
Trading volume, million	5.5	22.9	1.8	18.1
Trading volume, EUR million	13.1	54.2	4.2	42.7
Highest price, EUR	2.85	2.78	2.69	2.73
Lowest price, EUR	2.00	2.10	2.24	2.18
Closing quotation, end of period, EUR	2.41	2.36	2.34	2.36

Oriola-KD Corporation's market capitalisation on 30 September 2014 was EUR 359.3 (356.0) million.

In the review period, the traded volume of Oriola-KD Corporation shares, excluding treasury shares, corresponded to 18.8 (13.1) per cent of the total number of shares. The traded volume of class A shares amounted to 11.7 (3.7) per cent of the average stock, and that of class B shares, excluding treasury shares, to 22.0 (17.4) per cent of the average stock.

At the end of September 2014, the company had a total of 151,257,828 (151,257,828) shares, of which 47,148,710 (47,148,710) were class A shares and 104,109,118 (104,109,118) were class B shares. The company has 134,982 (96,822) treasury shares (including treasury shares held by third-party service provider), all of which are class B shares. They account for 0.09 (0.06) per cent of the company's shares and 0.013 (0.009) per cent of the votes.

Under Article 3 of the Articles of Association, a shareholder may demand conversion of class A shares into class B shares. During the period 1 January – 30 September 2014, no class A shares were converted into class B shares (0 shares).

On 19 December 2012, Oriola-KD Corporation's Board of Directors decided on a new share incentive scheme for the Group's senior management for the years 2013-2015. The scheme covers seven persons. The company's Board of Directors will determine the earnings criteria for the earning period and the targets to be set for these at the start of each earning period. The bonus for the 2014 earning period is based on the Oriola-KD Group's earnings per share (EPS). The rewards to be paid on the basis of the performance period 2014 will correspond to the value of a maximum total of 1,010,000 Oriola-KD Corporation class B shares (also including the proportion to be paid in cash), of which 720,000 Oriola-KD Corporation class B shares (also including the proportion to be paid in cash) have been allocated to the current participants.

The Board of Oriola-KD Corporation approved the terms and conditions of the key employees' share savings plan on 28 May 2013. A total of about 50 key employees are participating in the plan. The savings period started on 1 October 2013 and end on 30 September 2014. In addition the Board of Oriola-KD Corporation approved on 27 August 2014 the terms and conditions of the key employees' share savings plan. A total of about 49 key employees are participating in the plan. The savings period started on 1 October 2014 and end on 30 September 2015. For both savings plans the maximum and minimum monthly savings amount to 10 and 2 per cent, respectively, of each participant's fixed gross monthly salary. The accumulated savings will be used for purchasing Oriola-KD's class B shares for the participants at market prices. About two years after the start of the programme, the company will give the participants two class B shares for every three shares purchased as part of the programme. The shares given to the participants will be partially used for paying taxes. Oriola-KD Corporation has an agreement with a third-party service provider concerning administration of the share-based incentive program. At the end of the reporting period, the amount of treasury shares held by the third-party service provider was 38,160.

### **Liquidity guarantee**

There is no liquidity guarantee in effect for the shares of Oriola-KD Corporation.

### **Flagging announcements**

On 7 May 2014 Norges Bank (The Central Bank of Norway) portion of the shares of Oriola-KD Corporation exceeded the 1/20 limit referred to in Chapter 9, Section 5 of the Securities Markets Act. On 7 May 2014, the

direct shareholding of Norges Bank totalled 5.76 per cent of Oriola-KD Corporation's shares and 1.49 per cent of the votes conferred by the shares.

On 18 September 2014 Mariatorp Oy portion of the shares of Oriola-KD Corporation exceeded the 1/20 limit referred to in Chapter 9, Section 5 of the Securities Markets Act. On 19 September 2014, the direct shareholding of Mariatorp Oy totalled 5.01 per cent of Oriola-KD Corporation's shares and 5.002 per cent of the votes conferred by the shares.

## **Risks**

Oriola-KD's Board of Directors has approved the company's risk management policy in which the risk management operating model, principles, responsibilities and reporting are specified. The Group's risk management seeks to identify, measure and manage risks that may threaten Oriola-KD's operations and the achievement of goals set. The roles and responsibilities relating to risk management have been determined in the Group.

Oriola-KD's risks are classified as strategic, operational and financial. Risk management is a key element of the strategic process, operational planning and daily decision-making at Oriola-KD.

Oriola-KD has identified the following principal strategic and operational risks in its business:

- Amendments to pharmaceutical market regulations may weaken Oriola-KD's net sales and profitability.
- In the Swedish retail business, the free establishment of pharmacies has led to an increase in the number of pharmacies. The number of pharmacies may continue to grow, which could further increase the fierce competition.
- Extra capacity ensuing from a change in the Swedish wholesale market will intensify competition, which may weaken the profitability of operations. The share of single channel distribution in the pharmaceutical wholesale market may decline rapidly, which may weaken the profitability of operations and lead to the restructuring of wholesale operations.
- Changes in share of parallel imports in Swedish pharmaceutical market may affect profitability of the Swedish wholesale and retail businesses.
- In the Russian retail business, tough competition resulting from the increasing number of pharmacies and potential consolidation of the pharmacy market may lead to a further decrease in the gross margin and a rapid turnover rate of key personnel.
- As a result of the tough competition in the Russian wholesale business, the gross margin may decline further, which will lead to a continued need to intensify operations and restructure wholesale operations over the long term. The payment behaviour that is typical to the Russian market, combined with the regional expansion of operations may increase credit risks.
- Strategic development projects involve operational risks.

The main financial risks for Oriola-KD involve currency rate, liquidity, interest rate and credit risks. Currency risks are the most significant financial risks in Russia and Sweden, as any changes in the value of the Russian ruble and the Swedish krona will have an impact on Oriola-KD's net sales, earnings and equity.

Oriola-KD prepares goodwill impairment testing twice a year, in accordance with the timetable of its strategy and planning process. Changes in cash flow forecasts based on strategic plans, or in the discount rate or perpetuity growth rate, can cause a goodwill write-off, which would weaken Oriola-KD's result.

## **Near-term risks and uncertainty factors**

A slowing down in the economic growth of Russia as well as the continuing weakening of the external value of the Russian ruble may have an effect of the net sales and profitability of the Oriola-KD Russian businesses in 2014. A decrease in gross margin resulting from intense competition, weak development of the operations and relationship to Pharmaceutical principles and an increase in credit risks concerning customers may have a negative impact on the profitability of the wholesale business in Russia.

Oriola-KD's strategic development projects in the Russian wholesale business and the operations in Sweden involve operational risks which may have an effect on Oriola-KD's profitability.

Oriola-KD's long-term financing agreement contains financial covenants concerning the ratio between Oriola-KD's net debt and rolling 12-month EBITDA and the group's gearing ratio. Weakening profitability of Oriola-KD's business operations may affect Oriola-KD's ability to meet the financial covenants contained in the financing agreement.

## **Outlook**

Oriola-KD's outlook for 2014 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments. During the five-year period from 2014-2018, the Finnish pharmaceutical market is expected to grow at an annual rate of 2.6 per cent and change an average of 0 per cent in Sweden per year while the Russian pharmaceutical market is expected to grow by an average of almost 8.7 per cent annually in the local currencies (source: IMS Health Prognosis 2014-2018, September 2014).

### **Outlook for 2014**

Oriola-KD estimates that net sales and operating profit excluding non-recurring items will decrease from 2013 level.

Oriola-KD revised its guidance announced in interim report July 24, 2014 with stock exchange release on October 10, 2014.

### **Events after the review period**

Oriola-KD has stated in its stock exchange release on October 10, 2014 that the Company has nominated a financial advisor to investigate the conditions for selling the Company's Russian businesses and conducted negotiations in the matter. No decision has been made on the sale of the businesses, and there is no certainty regarding the completion of any possible sale. In addition to the ongoing initiatives to develop Company's Russian businesses, the Company will also continue to investigate other strategic alternatives.

### **Next interim report**

Oriola-KD Corporation will publish its financial statements release for 2014 on February 6, 2014 at about 8:30 a.m.

**Oriola-KD's Interim Report for January – September 2014, unaudited**

<b>Consolidated Statement of Comprehensive Income (IFRS), EUR million</b>	<b>2014 7-9</b>	<b>2013 7-9</b>	<b>2014 1-9</b>	<b>2013 1-9</b>	<b>2013 1- 12</b>
<b>Net sales</b>	565.6	654.4	1,752.5	1,918.8	2,598.5
Other operating income	2.2	1.1	7.7	3.7	5.7
Cost of goods sold	-477.5	-551.7	-1,473.1	-1,632.1	-2,199.4
Employee benefits	-41.1	-45.3	-137.3	-138.4	-186.5
Other operating expenses	-37.9	-43.3	-118.4	-124.3	-171.5
<b>Gross profit</b>	11.2	15.1	31.5	27.8	46.7
Depreciation and impairment	-6.7	-6.5	-91.0	-17.1	-25.7
<b>Operating Profit</b>	4.6	8.6	-59.5	10.6	21.0
Financial income	4.3	2.4	12.2	7.6	14.1
Financial expenses	-7.3	-6.5	-21.5	-16.7	-27.7
<b>Profit before taxes</b>	1.6	4.5	-68.8	1.5	7.4
Income taxes *	-3.2	-2.3	-12.3	-1.4	-1.6
<b>Profit for the period</b>	-1.6	2.3	-81.1	0.2	5.8
<b>Other comprehensive income</b>					
<b>Items which may be reclassified subsequently to profit or loss:</b>					
Translation difference	-15.1	-3.7	-25.0	-20.0	-29.7
Cash flow hedge	-0.3	0.0	-1.3	1.1	0.8
Income tax relating to other comprehensive income	0.9	0.1	1.0	0.2	0.3
	-16.0	-1.2	-106.3	-18.5	-22.9
<b>Items which are not reclassified subsequently to profit or loss:</b>					
Actuarial gains/losses on defined benefit plan	-	-	-	-	5.9
Income tax relating to other comprehensive income	-	-	-	-	-1.3
<b>Total comprehensive income for the period</b>	-16.0	-1.2	-106.3	-18.5	-18.3
<b>Attribution of Profit for the period</b>					
To parent company shareholders	-1.6	2.3	-81.1	0.2	5.8
<b>Attribution of total comprehensive income for the period</b>					
To parent company shareholders	-16.0	-1.2	-106.3	-18.5	-18.3
<b>Earnings per share for the period</b>					
Basic earnings per share, EUR	-0.02	0.01	-0.55	0.00	0.04
Diluted earnings per share, EUR	-0.02	0.01	-0.55	0.00	0.04

\*) The tax expense for the period corresponds to the taxes calculated from the profit for the financial period

**Consolidated Statement of Financial Position (IFRS),  
EUR million**

<b>ASSETS</b>	<b>30 Sept 2014</b>	<b>30 Sept 2013</b>	<b>31 Dec 2013</b>
<b>Non-current assets</b>			
Property, plant and equipment	102.1	93.9	93.2
Goodwill	285.4	389.4	379.0
Other intangible assets	67.5	76.3	72.0
Other shares and shareholdings	0.0	0.0	0.0
Pension assets	9.1	6.2	9.3
Other non-current assets	0.0	0.2	0.0
Deferred tax assets	2.9	11.5	8.3
<b>Non-current assets total</b>	<b>467.1</b>	<b>577.5</b>	<b>561.8</b>
<b>Current assets</b>			
Inventories	342.5	361.9	391.4
Trade and other receivables	318.6	355.7	337.9
Other receivables	70.5	76.3	71.8
Cash and cash equivalents	68.9	95.7	137.3
<b>Current assets total</b>	<b>800.4</b>	<b>889.7</b>	<b>938.3</b>
<b>ASSETS TOTAL</b>	<b>1,267.5</b>	<b>1,467.2</b>	<b>1,500.1</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity of the parent company shareholders</b>			
Share capital	36.2	36.2	36.2
Hedging reserve	-1.2	0.1	-0.2
Contingency fund	19.4	19.4	19.4
Hybrid bond	39.6	-	-
Other reserves	1.2	1.2	1.2
Other equity	116.0	221.6	221.5
<b>Equity total</b>	<b>211.3</b>	<b>278.5</b>	<b>278.1</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	15.5	18.6	17.7
Pension obligations	7.4	10.1	7.6
Borrowings	163.9	171.0	176.2
Other non-current liabilities	-	-	0.3
<b>Non-current liabilities total</b>	<b>186.8</b>	<b>199.7</b>	<b>201.7</b>
<b>Current liabilities</b>			
Trade payables and other current liabilities	780.3	836.2	874.7
Provisions	0.4	2.7	3.0
Borrowings	88.7	150.1	142.6
<b>Current liabilities total</b>	<b>869.4</b>	<b>989.0</b>	<b>1,020.3</b>
<b>EQUITY AND LIABILITIES TOTAL</b>	<b>1,267.5</b>	<b>1,467.2</b>	<b>1,500.1</b>

**Consolidated Statement of Changes in Equity  
(IFRS)**

EUR million	Equity of the parent company shareholders					Equity total
	Share capital	Funds	Translation differences	Retained earnings	Hybrid bond	
<b>Equity</b>						
<b>31 Dec 2012</b>	<b>36.2</b>	<b>26.0</b>	<b>3.9</b>	<b>248.9</b>	<b>-</b>	<b>314.9</b>
Change in accounting policy (IAS19)	-	-	-0.0	-4.3	-	-4.4
<b>Equity, revised*</b>						
<b>1 Jan 2013</b>	<b>36.2</b>	<b>26.0</b>	<b>3.8</b>	<b>244.5</b>	<b>-</b>	<b>310.5</b>
Comprehensive income for the period						
Net profit for the period	-	-	-	0.2	-	0.2
Other comprehensive income:						
Cash flow hedge	-	1.1	-	-	-	1.1
Income tax relating to other comprehensive income	-	-0.3	0.5	-	-	0.2
Translation difference	-	0.0	-20.0	-	-	-20.0
Comprehensive income for the period total	-	0.8	-19.5	0.2	-	-18.5
Owners-related transactions						
Dividends paid and repayment of equity	-	-6.0	-	-7.6	-	-13.6
Share-based payments	-	-	-	0.1	-	0.1
Owners-related transactions total	-	-6.0	-	-7.4	-	-13.5
<b>Equity</b>						
<b>30 Sept 2013</b>	<b>36.2</b>	<b>20.7</b>	<b>-15.7</b>	<b>237.3</b>	<b>-</b>	<b>278.5</b>
<b>Equity</b>						
<b>1 Jan 2014</b>	<b>36.2</b>	<b>20.4</b>	<b>-25.3</b>	<b>246.8</b>	<b>-</b>	<b>278.1</b>
Comprehensive income for the period						
Net profit for the period	-	-	-	-81.1	-	-81.1
Other comprehensive income:						
Cash flow hedge	-	-1.3	-	-	-	-1.3
Income tax relating to other comprehensive income	-	0.3	0.7	-	-	1.0
Translation difference	-	-0.0	-25.0	-	-	-25.0
Comprehensive income for the period total	-	-1.0	-24.2	-81.1	-	-106.3
Owners-related transactions						
Hybrid bond	-	-	-	-	39.6	39.6
Share-based incentive	-	-	-	0.0	-	0.0
Purchase of own shares	-	-	-	-0.1	-	-0.1
Owners-related transactions total	-	-	-	-0.1	39.6	39.5
<b>Equity</b>						
<b>30 Sept 2014</b>	<b>36.2</b>	<b>19.4</b>	<b>-49.5</b>	<b>165.6</b>	<b>39.6</b>	<b>211.3</b>

\*) Revised standard IAS 19 Employee benefits has been applied as of 1 January 2013

**Condensed Consolidated Statement of Cash Flows  
(IFRS), EUR million**

	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>1-9</b>	<b>1-9</b>	<b>1- 12</b>
Operating profit	-59.5	10.6	21.0
Depreciation	19.9	17.1	25.7
Impairment	71.1	-	-
Change in working capital	-38.0	-35.2	3.5
Cash flow from financial items and taxes	-9.6	-13.1	-13.8
Other adjustments	-3.1	-0.6	-6.7
Net cash flow from operating activities	-19.2	-21.0	29.8
Net cash flow from investing activities	-24.7	-88.8	-97.8
Net cash flow from financing activities	-26.3	118.1	118.4
Net change in cash and cash equivalents	-70.2	8.3	50.4
Cash and cash equivalents at the beginning of the period	137.3	88.1	88.1
Foreign exchange rate differences	1.8	-0.6	-1.2
Net change in cash and cash equivalents	-70.2	8.3	50.4
Cash and cash equivalents at the end of the period	68.9	95.7	137.3

**Principal accounting policies as of 1 January 2014 (IFRS)**

This interim report has been prepared in accordance with IFRS standards (IAS 34). The accounting policies and calculation methods applied in the interim report are the same as those in the 31 December 2013 annual financial statements, excluding the standards and interpretation applied as of 1 January 2014 and presented below. However, the interim report does not include all of the information and notes present in the annual financial statements. Consequently, the interim report should be read with the company's financial statements for 2013. The accounting policies of the 2013 and 2014 financial years are comparable. The company has no discontinued operations in 2013 or 2014 that it should report.

The calculation principles of key figures in this interim report are the same as for the annual financial statements, except for the calculation of earnings per share (EPS) whereby the profit attributable to equity owners of the parent has been adjusted with the unpaid hybrid loan interest.

The presentation of consolidated statement of comprehensive income has been changed from the "function of expense" method to the "nature of expense" method. The comparable figures have been revised to correspond with the current presentation.

The figures in the interim report have been rounded independently.

New standards or amendments to the existing ones that have been applied as of 1 January 2014:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 (revised in 2011) Separate Financial Statements
- IAS 28 (revised in 2011) Investments in Associates

The new standards have not had a material impact on the Group's financial position.



On 20 February 2014 Oriola-KD issued a hybrid bond, classified as equity. Interest on the hybrid bond is paid in accordance with a decision made by the Board of Directors. Unpaid interest is accrued and reported on the balance sheet upon the interest payment decision. Unpaid interest is taken into consideration in the calculation of earnings per share.

Reporting segment results reported to Oriola-KD management exclude the management fee. Segment information for 2013 has been revised to correspond with the current presentation.

The figures in this interim review are unaudited.

<b>Earnings per share</b>					
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
<b>EUR million</b>	<b>7-9</b>	<b>7-9</b>	<b>1-9</b>	<b>1-9</b>	<b>1- 12</b>
Profit attributable to equity owners of the parent	-1.6	2.3	-81.1	0.2	5.8
Accumulated interest on hybrid bond net of tax	-0.6	-	-1.4	-	-
<b>Adjusted profit for the period</b>	<b>-2.2</b>	<b>2.3</b>	<b>-82.5</b>	<b>0.2</b>	<b>5.8</b>
<b>Average number of outstanding shares (1000 shares)</b>					
Basic	151,134	151,161	151,134	151,161	151,157
Diluted	151,134	151,161	151,134	151,161	151,157
<b>Earnings per share (EUR)</b>					
Basic	-0.02	0.01	-0.55	0.00	0.04
Diluted	-0.02	0.01	-0.55	0.00	0.04

## **Tangible and intangible assets**

### **Impairment loss in relation to Russian pharmaceutical wholesale operating segment**

Following a revised business plan developed by the new Russian pharmaceutical wholesale operational management, the Group assessed the recoverable amount of the Russian pharmaceutical wholesale operating segment during the second quarter of 2014. Based on the business plan, the growth in future net sales and profitability are expected to be below those of the earlier plans. The Group's revised outlook on the growth of Russian pharmaceutical wholesale operations is consistent with the weakening view of external information sources regarding the future development of the Russian markets.

Based on the assessment, the carrying amount of the cash generating unit was determined to be higher than its recoverable amount and an impairment loss of EUR 77.2 million was recognised. The impairment charge consists of goodwill EUR 70.2 million, intangible assets EUR 0.9 million and deferred tax assets EUR 6.1 million. After the impairment no goodwill is allocated to the Russian wholesale business. The impairment charge is included within "depreciation and impairments" and "income taxes" in the consolidated statement of comprehensive income.

The recoverable amount of the cash generating unit was based on value in use and was determined on the basis of discounted cash flows (DCF-model). The cash flow forecasts are based on five-year strategic plans approved by the management, which are consistent with the current business structure. The cash flows of 2020–2024 are based on the assumption that the net sales growth percentage and the operating profit percentage will gradually normalise at the level of terminal growth. Value in use was determined similarly to the 31 December 2013 goodwill impairment test.

The key parameters applied in the value-in-use calculation of the Russian pharmaceutical wholesale (31 December 2013) were as follows:

- Post-tax discount rate 11.8 (10.1) per cent

- Operating profit 0.2 (0.8) per cent. Operating profit percentage in the value-in-use calculation is the average operating profit percentage over a ten year period.
- Terminal growth 2.0 (1.0) per cent. Terminal growth rate is applied from the beginning of year 2025.
- Net sales growth 5.0 (8.4) per cent. Net sales growth rate is the average growth rate over a ten-year period.

<b>Changes in Property, Plant and Equipment, EUR million</b>	<b>2014 1-9</b>	<b>2013 1-9</b>	<b>2013 1- 12</b>
Carrying amount at the beginning of the period	93.2	81.4	81.4
Increases through acquisitions of subsidiary shares	-	9.0	8.0
Increases	23.1	14.4	22.4
Decreases	-0.3	-0.1	-1.4
Reclassifications	0.8	-	-
Depreciation	-12.3	-9.9	-14.8
Foreign exchange rate differences	-2.4	-0.8	-2.4
<b>Carrying amount at the end of the period</b>	<b>102.1</b>	<b>93.9</b>	<b>93.2</b>

<b>Changes in Intangible assets, EUR million</b>	<b>2014 1-9</b>	<b>2013 1-9</b>	<b>2013 1- 12</b>
Carrying amount at the beginning of the period	451.0	329.0	329.0
Increases through acquisitions of subsidiary shares	-	156.9	157.8
Increases	6.5	4.2	5.4
Decreases	-0.2	0.0	-0.0
Reclassifications	-0.8	-	-
Impairments and depreciation	-78.8	-7.3	-10.8
Foreign exchange rate differences	-24.9	-17.3	-30.4
<b>Carrying amount at the end of the period</b>	<b>352.9</b>	<b>465.6</b>	<b>451.0</b>

## Derivatives

<b>30 Sept 2014 EUR million</b>	<b>Positive fair value</b>	<b>Negative fair value</b>	<b>Nominal values of contracts</b>
<b>Derivatives recognised as cash flow hedges</b>			
Interest rate swaps	-	-1.5	43.7
<b>Derivatives measured at fair value through profit and loss</b>			
Foreign currency forward and swap contracts	-	-0.1	131.3

<b>30 Sept 2013 EUR million</b>	<b>Positive fair value</b>	<b>Negative fair value</b>	<b>Nominal values of contracts</b>
<b>Derivatives recognised as cash flow hedges</b>			
Interest rate swaps	0.1	-	46.2
<b>Derivatives measured at fair value through profit and loss</b>			

Foreign currency forward and swap contracts	2.3	-	122.4
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Derivatives measured at fair value through profit and loss are mainly related to hedging of group's internal transactions. Fair values of the derivatives have been booked to balance sheet in gross amount as the derivatives contracts are related to credit events and cannot be netted in financial statements. The group has not given nor received collateral to/from derivatives counterparties.

### Fair value hierarchy

EUR million 30 Sept 2014	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivatives measured at fair value through profit and loss	-	0.2	-	<b>0.2</b>
<b>Liabilities</b>				
Derivatives designated as hedges	-	1.5	-	<b>1.5</b>
Derivatives measured at fair value through profit and loss	-	0.3	-	<b>0.3</b>
Contingent consideration	-	-	14.9	<b>14.9</b>

EUR million 30 Sept 2013	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivatives measured at fair value through profit and loss	-	2.3	-	<b>2.3</b>
Derivatives designated as hedges	-	0.1	-	<b>0.1</b>
<b>Liabilities</b>				
Contingent consideration	-	-	14.7	<b>14.7</b>

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

### Reconciliation of financial liabilities recognised at fair value through profit and loss according to the level 3

EUR million	
<b>Carrying amount 31 Dec 2013</b>	<b>14.6</b>
Recognised in financial expenses	0.7
Foreign exchange rate differences	-0.5
<b>Carrying amount 30 Sept 2014</b>	<b>14.9</b>

Financial liabilities recognised at fair value through profit and loss (level 3) include estimated discounted fair value of a contingent consideration related to the Medstop acquisition. Payment of the contingent consideration will be based on 2015 EBITDA of Oriola-KD's combined Swedish retail businesses and will be paid in first quarter of 2016. The fair value of the contingent consideration has been calculated using discounted cash flow method. The discount rate used in the valuation is determined using the weighted average cost of capital of the Group.

### Commitments and Contingent Liabilities

## Contingencies for own liabilities

EUR million	30 Sept 2014	30 Sept 2013	31 Dec 2013
Guarantees given	16.9	19.9	21.3
Mortgages on land and buildings	-	-	-
Mortgages on company assets	2.3	2.4	2.4
Other guarantees and liabilities	1.1	0.8	0.9
Accumulated interest on hybrid bond	1.7	-	-
<b>Total</b>	<b>21.9</b>	<b>23.1</b>	<b>24.6</b>
Leasing commitments	0.9	3.0	2.6
Non-cancellable rental agreements	87.2	81.8	77.0

The most significant guarantees are bank guarantees against trade payables in wholesale companies in Russia and Sweden. In addition, Oriola-KD Corporation has granted parent company guarantees of EUR 23.8 (24.3) million against subsidiaries' trade payables and EUR 148.3 (157.0) million against Oriola-KD Holding Sverige AB's external loan.

## Provisions

On 30 September 2014 Oriola-KD had restructuring provisions totalling EUR 0.4 (2.7) million related to restructuring costs incurred by Pharmaceutical Trade Sweden in connection with the integration of the Medstop acquisition and an efficiency program as well as by Pharmaceutical Trade Russia in connection with a profitability improvement program.

## Related parties

Related parties in the Oriola-KD Group are deemed to comprise the members of the Board of Directors and the President and CEO of Oriola-KD Corporation, the other members of the Group Management Team of the Oriola-KD Group, the immediate family of the aforementioned persons, the companies controlled by the aforementioned persons, and the Oriola Pension Fund. The Group has no significant business transactions with related parties, except for pension expenses arising from defined benefit plans with the Oriola Pension Fund.

## Segment information

	2014 1-9	2013 1-9	2013 1-12
<b>Net Sales, EUR million</b>			
Pharmaceutical Trade			
Finland and Baltics	316.3	316.0	425.3
Pharmaceutical Trade Sweden	878.3	893.9	1,194.4
Pharmaceutical Trade Russia	557.9	709.0	978.8
Net sales to other segments	-0.0	-0.0	-0.0
<b>Group total</b>	<b>1,752.5</b>	<b>1,918.8</b>	<b>2,598.5</b>
	2014 1-9	2013 1-9	2013 1-12
<b>Operating Profit, EUR million</b>			
Pharmaceutical Trade			
Finland and Baltics	14.7	14.6	18.8
Pharmaceutical Trade Sweden	32.7	10.2	16.4
Pharmaceutical Trade Russia	-102.5	-8.8	-8.3
Group Administration and Others	-4.5	-5.4	-5.9
<b>Group total</b>	<b>-59.5</b>	<b>10.6</b>	<b>21.0</b>

<b>Operating Profit excl. Non-recurring items, EUR million</b>	<b>2014 1-9</b>	<b>2013 1-9</b>	<b>2013 1-12</b>
Pharmaceutical Trade			
Finland and Baltics	14.7	14.6	18.8
Pharmaceutical Trade Sweden	33.7	16.2	24.1
Pharmaceutical Trade Russia	-31.0	-8.8	-8.0
Group Administration and Others	-4.5	-5.4	-5.9
<b>Operating Profit excl. non-recurring items</b>	<b>12.9</b>	<b>16.6</b>	<b>29.0</b>
Non-recurring items	-72.5	-6.0	-8.0
<b>Group total</b>	<b>-59.5</b>	<b>10.6</b>	<b>21.0</b>

<b>Quarterly Net Sales, EUR million</b>	<b>2014 7-9</b>	<b>2014 4-6</b>	<b>2014 1-3</b>	<b>2013 10-12</b>	<b>2013 7-9</b>	<b>2013 4-6</b>	<b>2013 1-3</b>
Pharmaceutical Trade							
Finland and Baltics	108.5	107.0	100.8	109.4	96.0	112.5	107.5
Pharmaceutical Trade Sweden	281.3	298.5	298.5	300.5	315.7	304.5	273.7
Pharmaceutical Trade Russia	175.8	187.6	194.6	269.8	242.7	235.2	231.1
Net sales to other segments	-0.0	-0.0	-0.0	-0.0	0.0	-0.0	-0.0
<b>Group total</b>	<b>565.6</b>	<b>593.1</b>	<b>593.9</b>	<b>679.6</b>	<b>654.4</b>	<b>652.1</b>	<b>612.3</b>

<b>Quarterly Operating Profit, EUR million</b>	<b>2014 7-9</b>	<b>2014 4-6</b>	<b>2014 1-3</b>	<b>2013 10-12</b>	<b>2013 7-9</b>	<b>2013 4-6</b>	<b>2013 1-3</b>
Pharmaceutical Trade							
Finland and Baltics	5.5	4.4	4.8	4.2	5.3	5.2	4.2
Pharmaceutical Trade Sweden	12.3	11.0	9.4	6.2	6.2	0.8	3.2
Pharmaceutical Trade Russia	-11.7	-85.0	-5.8	0.5	-1.9	-3.4	-3.6
Group Administration and Others	-1.6	-1.5	-1.3	-0.5	-1.0	-3.0	-1.4
<b>Group total</b>	<b>4.6</b>	<b>-71.2</b>	<b>7.1</b>	<b>10.4</b>	<b>8.6</b>	<b>-0.3</b>	<b>2.3</b>

<b>Quarterly Operating Profit, excl. non-recurring items, EUR million</b>	<b>2014 7-9</b>	<b>2014 4-6</b>	<b>2014 1-3</b>	<b>2013 10-12</b>	<b>2013 7-9</b>	<b>2013 4-6</b>	<b>2013 1-3</b>
Pharmaceutical Trade							
Finland and Baltics	5.5	4.4	4.8	4.2	5.3	5.2	4.2
Pharmaceutical Trade Sweden	12.4	11.3	10.0	7.9	8.2	4.9	3.2
Pharmaceutical Trade Russia	-11.7	-14.0	-5.4	0.8	-1.9	-3.4	-3.6
Group Administration and Others	-1.6	-1.5	-1.3	-0.5	-1.0	-3.0	-1.4
<b>Group total excl. Non-recurring items</b>	<b>4.6</b>	<b>0.2</b>	<b>8.1</b>	<b>12.4</b>	<b>10.6</b>	<b>3.7</b>	<b>2.3</b>
Non-recurring items	-0.1	-71.4	-1.0	-2.0	-2.0	-4.0	-
<b>Group total</b>	<b>4.6</b>	<b>-71.2</b>	<b>7.1</b>	<b>10.4</b>	<b>8.6</b>	<b>-0.3</b>	<b>2.3</b>

<b>Net Sales by Market, EUR million</b>	<b>2014 1-9</b>	<b>2013 1-9</b>	<b>2013 1-12</b>
Finland	282.2	284.7	382.9
Sweden	833.9	852.1	1,135.0

Russia	557.9	709.0	978.8
Baltic countries	31.7	28.7	38.8
Other countries	46.8	44.3	63.0
<b>Group total</b>	<b>1,752.5</b>	<b>1,918.8</b>	<b>2,598.5</b>

	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
<b>Quarterly Net Sales by Market, EUR million</b>	<b>7-9</b>	<b>4-6</b>	<b>1-3</b>	<b>10-12</b>	<b>7-9</b>	<b>4-6</b>	<b>1-3</b>
Finland	97.1	95.9	89.2	98.2	85.3	102.5	96.8
Sweden	265.8	283.7	284.4	283.0	303.5	289.5	259.0
Russia	175.8	187.6	194.6	269.8	242.7	235.2	231.1
Baltic countries	11.1	9.8	10.9	10.0	9.1	9.6	10.0
Other countries	15.9	16.1	14.8	18.7	13.7	15.3	15.4
<b>Group total</b>	<b>565.6</b>	<b>593.1</b>	<b>593.9</b>	<b>679.6</b>	<b>654.4</b>	<b>652.1</b>	<b>612.3</b>

Espoo, 23 October 2014

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