

Oriola-KD Corporation's Interim Report for 1 January – 30 June 2016

Released on 19 July 2016 at 8.30 a.m.



Oriola-KD Corporation Stock Exchange Release 19 July 2016 at 8.30 a.m.**Oriola-KD Corporation's Interim Report for 1 January – 30 June 2016****Financial performance April–June 2016**

- Invoicing increased by 7.8 per cent to EUR 887.3 (823.1) million
- Net sales increased by 0.8 per cent to EUR 420.2 (417.1) million
- Adjusted EBITDA increased by 3.5 per cent to EUR 21.3 (20.6) million
- Adjusted operating profit was EUR 14.8 (14.9) million
- Profit for the period totalled EUR 9.7 (10.9) million and earnings per share were EUR 0.05 (0.06)

Financial performance January–June 2016

- Invoicing increased by 6.5 per cent to EUR 1,721.7 (1,616.5) million
- Net sales decreased by 0.8 per cent to EUR 821.5 (828.4) million
- Adjusted EBITDA increased by 5.4 per cent to EUR 41.4 (39.3) million
- Adjusted operating profit was EUR 28.7 (28.1) million
- Profit for the period totalled EUR 19.8 (18.3) million and earnings per share were EUR 0.11 (0.11)

Outlook for 2016

Oriola-KD estimates its full-year net sales to remain at the 2015 level on constant currency basis. Adjusted operating profit is estimated to remain at 2015 level or to increase, on a constant currency basis. Full-year net sales in 2015 were EUR 1,626.3 million and adjusted operating profit was EUR 60.8 million.

President and CEO Eero Hautaniemi:

The first half of 2016 went in line with our expectations. In Consumer business our growth continued to be slightly below market, but the sales mix developed favorably supporting the profitability. In Q2 we succeeded well with the sales of seasonal products. In Services business volumes continued to be at good level and we completed the closure of Oulu distribution center as planned. Healthcare business was somewhat burdened with start-up costs related to hospital and veterinarian businesses but dose dispensing business performed according to plans. July 18 announced acquisition of Pharmaservice Oy in Finland makes Oriola-KD a leading dose dispensing company in our main markets Sweden and Finland and is an important step in our way to build the third business area, Healthcare.

Impact of new ESMA guidelines

New ESMA (European Securities and Markets Authority) guidelines on Alternative Performance Measures (APMs) are effective for the financial year 2016. Oriola-KD presents APMs to reflect the underlying business performance and to enhance comparability between financial periods. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. As of Q1 2016, Oriola-KD relabels the previously referenced "excluding non-recurring items" with "adjusted". Reporting segments' operating profit is reported excluding adjustment items. In addition Oriola-KD uses "invoicing" as the measure to describe the business volume. The reconciliation of the alternative performance measurements to performance measurements defined by IFRS are presented at the end of this interim report.

| Key figures | | | | | | | |
|--------------------------------------------------|---------------------|-----------------------------------|---------------------|---------------------|-----------------------------------|---------------------|----------------------|
| EUR million | 2016 4-6 | 2015 4-6 ¹⁾ | Change % | 2016 1-6 | 2015 1-6 ¹⁾ | Change % | 2015 1-12 |
| Invoicing | 887.3 | 823.1 | 7.8 | 1,721.7 | 1,616.5 | 6.5 | 3,262.2 |
| Net sales | 420.2 | 417.1 | 0.8 | 821.5 | 828.4 | -0.8 | 1,626.3 |
| Adjusted EBITDA | 21.3 | 20.6 | 3.5 | 41.4 | 39.3 | 5.4 | 83.4 |
| Adjusted EBITDA % | 5.1 | 4.9 | | 5.0 | 4.7 | | 5.1 |
| Adjusted operating profit ²⁾ | 14.8 | 14.9 | -1.1 | 28.7 | 28.1 | 2.3 | 60.8 |
| Operating profit | 14.0 | 15.2 | -7.8 | 27.9 | 26.9 | 3.8 | 62.6 |
| Adjusted operating profit % | 3.5 | 3.6 | | 3.5 | 3.4 | | 3.7 |
| Operating profit % | 3.3 | 3.6 | | 3.4 | 3.2 | | 3.8 |
| Profit for the period | 9.7 | 10.9 | -10.8 | 19.8 | 18.3 | 7.9 | 44.5 |
| Earnings per share, EUR | 0.05 | 0.06 | -14.3 | 0.11 | 0.11 | 1.2 | 0.25 |
| Net cash flow from operating activities | 21.7 | 25.6 | | -5.1 | 38.9 | | 85.6 |
| Gross investments, EUR million | | | | 35.5 | 8.1 | | 20.4 |
| Total assets | | | | 934.1 | 911.9 | | 946.9 |
| Net interest-bearing debt | | | | 66.2 | 42.0 | | 6.6 |
| Gearing, % | | | | 35.8 | 25.9 | | 3.4 |
| Net debt / 12-month EBITDA | | | | 0.8 | 0.5 | | 0.1 |
| Equity per share, EUR | | | | 1.02 | 0.90 | | 1.07 |
| Equity ratio, % | | | | 20.6 | 18.4 | | 21.1 |
| Return on equity (ROE), % | | | | 21.9 | 28.5 | | 29.1 |
| Return on capital employed (ROCE), % | | | | 17.6 | 18.7 | | 19.9 |
| Average number of shares, 1000 pcs ³⁾ | | | | 181,389 | 169,984 | | 177,502 |
| Average number of personnel | | | | 2,419 | 2,299 | | 2,327 |
| Number of personnel at the end of the period | | | | 2,465 | 2,312 | | 2,353 |

¹⁾ Equity-related key figures restated as a result of correction of an error relating to previous financial periods. Correction was made in 2015 Financial Statements.

²⁾ Adjustment items are specified in table "Adjusting items included in Operating Profit"

³⁾ Treasury shares held by the company not included

Disclosure procedure

This stock exchange release is a summary of Oriola-KD Corporation's Interim Report January-June 2016. The complete report is attached to this release in pdf format and is also available on Oriola-KD's website at www.oriola-kd.com/investors.

Next interim report

Oriola-KD Corporation will publish its results for the third quarter of 2016 on 20 October 2016.

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Oriola-KD Corporation's interim report 1 January–30 June 2016**The Group's net sales and result for April–June 2016**

Oriola-KD's second quarter net sales were EUR 420.2 (417.1) million. The increase came from Consumer segment and from the new Healthcare operations. Adjusted operating profit was EUR 14.8 (14.9) million. The adjusting items were EUR -0.8 (0.2) million, related to restructuring costs in Finland and Sweden. Operating profit was EUR 14.0 (15.2) million.

Oriola-KD's net financial expenses were EUR 1.5 (1.5) million. Profit for the period was EUR 9.7 (10.9) million. Earnings per share were EUR 0.05 (0.06).

The Group's net sales and result for January–June 2016

Oriola-KD's net sales decreased by 0.8 per cent to EUR 821.5 (828.4) million and adjusted operating profit increased by 2.3 per cent to EUR 28.7 (28.1) million. The adjusting items were EUR -0.8 (-1.2) million, and the operating profit was EUR 27.9 (26.9) million. January-June net sales at comparable exchange rate EUR/SEK was EUR 819.1 million.

The decrease in net sales was due to changes in volumes between ownership and consignment stock, the volume of the business, measured by invoicing, increased by 6.5 per cent. Increase in operating profit was supported by volume growth.

The appreciation of the Swedish krona from the corresponding period positively affected the euro denominated operating profit by approximately EUR 0.1 million.

Oriola-KD's net financial expenses were EUR 2.5 (3.5) million. Profit for the period was EUR 19.8 (18.3) million. Income taxes for January–June were 5.6 (5.1) which corresponds to effective tax rate of 22.2 (21.7) per cent. Earnings per share were EUR 0.11 (0.11).

Reportable segments

Oriola-KD's reportable segments as of 1 January 2016 are Consumer, Services and Healthcare.

Consumer

The Consumer segment focuses on the needs of the consumers' for health and wellbeing related products and services. The business consists of retail business in Sweden, Finland and Latvia, whereof over 90 per cent of the net sales originates from the Swedish retail business.

Key Figures

| Key Figures EUR million | 2016 | 2015 | Change | 2016 | 2015 | Change | 2015 |
|------------------------------------------|-------|-------|--------|-------|-------|--------|-------|
| | 4-6 | 4-6 | % | 1-6 | 1-6 | % | 1-12 |
| Invoicing | 213.0 | 200.3 | 6.3 | 416.9 | 397.2 | 5.0 | 794.4 |
| Net Sales | 208.0 | 196.1 | 6.0 | 407.2 | 388.9 | 4.7 | 777.1 |
| Adjusted operating profit | 8.9 | 8.3 | 7.4 | 16.6 | 15.9 | 4.3 | 33.7 |
| Adjusted operating profit % | 4.3 | 4.2 | | 4.1 | 4.1 | | 4.3 |
| Number of personnel at the end of period | 1,631 | 1,534 | | 1,631 | 1,534 | | 1,574 |

April–June 2016

The second quarter net sales in Consumer segment increased by 6.0 per cent. The profitability was supported by good seasonal sales.

Net increase in Oriola-KD's number of pharmacies in Sweden was two. Additionally, an agreement was made to acquire six pharmacies from Apotek Hjärtat in exchange of selling two pharmacies. The new pharmacies are expected to be taken over during the fourth quarter of 2016. In Finland, a new parapharmacy shop was opened at the Espoo distribution center.

January–June 2016

The pharmaceutical retail market in Sweden grew by 6.6 (8.0) per cent in Swedish krona in January–June 2016 (source: Apoteksförening). Parallel imports' share of the Swedish pharmaceutical market was 10.8 (10.6) per cent (source: IMS Health). Based on Oriola-KD's estimate the number of pharmacies in Sweden increased by 17 pharmacies in January – June 2016. At the end of June there were 1,375 (1,343) pharmacies in Sweden.

Oriola-KD's market share of the pharmaceutical retail market in Sweden in January–June 2016 was 18 (19) per cent (source: Apoteksförening). Oriola-KD's relative share of OTC and traded goods from the net sales was 27.1 (26.0) per cent in the Swedish consumer business. At the end of the reporting period, Oriola-KD had a total of 316 (306) pharmacies of which 314 (304) were in Sweden and 2 (2) were in Latvia. Net increase January-June was five pharmacies.

The net sales increased by 4.7 (1.0) per cent to EUR 407.2 (388.9) million, and on a constant currency basis, net sales increased by 4.3 (5.2) per cent. Adjusted operating profit increased by 4.3 (decreased 0.3) per cent to EUR 16.6 (15.9) million. On a constant currency basis adjusted operating profit increased by 3.9 (4.0) per cent.

Consumer segment sales developed well, however slightly weaker than the market. The decline in the market share was mainly due to weaker growth in prescription medicines. Profitability was supported by volume and enhanced product mix.

Services

The Services segment offers tailored services to pharmaceutical companies and pharmacies in Sweden, Finland and in the Baltic countries. In addition Oriola-KD Services offers sales and marketing services of large assortment of traded goods in Finland and in the Baltic countries.

| Key Figures EUR million | 2016 | 2015 | Change | 2016 | 2015 | Change | 2015 |
|------------------------------------------|-------|-------|--------|---------|---------|--------|---------|
| | 4-6 | 4-6 | % | 1-6 | 1-6 | % | 1-12 |
| Invoicing | 762.2 | 708.4 | 7.6 | 1,479.7 | 1,388.1 | 6.6 | 2,802.0 |
| Net Sales | 300.2 | 306.5 | -2.1 | 589.2 | 608.2 | -3.1 | 1,183.4 |
| Adjusted operating profit | 8.0 | 8.3 | -2.8 | 16.5 | 15.3 | 7.5 | 33.2 |
| Adjusted operating profit % | 2.7 | 2.7 | | 2.8 | 2.5 | | 2.8 |
| Number of personnel at the end of period | 728 | 741 | | 728 | 741 | | 745 |

April–June 2016

Oriola-KD Services segment's invoicing grew by 7.6 per cent during the second quarter. Growth was especially strong in Sweden, both in services to pharmaceutical companies and in services to pharmacies. Adjusted operating profit was negatively affected by increased operating costs, as the number of order lines has significantly increased, whereas the monetary value of the lines has declined. New distribution agreement was made with Meda in Sweden. The sales of Meda in 2015 at wholesale prices were SEK 1.1 billion and market share in value was 3.2 percent in Sweden (source: IMS Health).

January–June 2016

The pharmaceutical market at wholesale prices in Sweden grew by 5.5 (9.3) per cent in Swedish krona (source: IMS Health) in January–June 2016. Oriola-KD's share of the Swedish pharmaceutical wholesale market was approximately 40 (39) per cent (Oriola-KD estimate).

The Finnish pharmaceutical market at wholesale prices grew by 3.3 (2.1) per cent in January – June 2016 (source: IMS Express). Oriola-KD's share of the Finnish pharmaceutical wholesale market was 46 (46) per cent (source: ATY).

The invoicing of the Services segment increased from the previous year by 6.6 (8.9) per cent to EUR 1,479.7 (1,388.1) million. On a constant currency basis invoicing increased by 6.3 (11.7) per cent. Net sales decreased by 3.1 (increased by 3.5) per cent to EUR 589.2 (608.2) million, and on a constant currency basis, net sales decreased by 3.5 (increased 6.5) per cent. Adjusted operating profit increased by 7.5 (3.8) per cent to EUR 16.5 (15.3) million. On a constant currency basis adjusted operating profit increased by 7.3 (5.4) per cent.

The adjusted operating profit of the Services segment increased in all geographical markets, but mainly in Sweden due to increased volumes. In Finland cooperative negotiations were completed and company's Oulu distribution center was closed.

Healthcare

The Healthcare segment offers services to hospitals, healthcare centres and other healthcare sector operators. The business participates in large tenders covering e.g. pharmaceutical delivery and dispensing services in Sweden.

Healthcare

| Key Figures | 2016 | 2015 | Change | 2016 | 2015 | Change | 2015 |
|------------------------------------------|------|------|--------|------|------|--------|------|
| EUR million | 4-6 | 4-6 | % | 1-6 | 1-6 | % | 1-12 |
| Invoicing | 8.1 | - | - | 13.1 | - | - | - |
| Net Sales | 8.1 | - | - | 13.1 | - | - | - |
| Adjusted operating profit | -0.6 | - | - | -1.2 | - | - | - |
| Adjusted operating profit % | -8.0 | - | - | -9.4 | - | - | - |
| Number of personnel at the end of period | 61 | - | | 61 | - | | - |

April–June 2016

The second quarter net sales of Healthcare segment were EUR 8.1 (-) million. Adjusted operating loss was EUR 0.6 million.

At the end of the second quarter, Oriola-KD had approximately 26,000 dose dispensing patients in Sweden.

January–June 2016

The net sales of Healthcare business were EUR 13.1 (-) million. Adjusted operating loss was EUR 1.2 (-) million. Amortization related to acquisition of Svensk Dos affected Healthcare operating profit by EUR 0.7 million; the whole year amortization is estimated to be EUR 1.5 million.

Oriola-KD's Healthcare business started operation as of Jan 1, 2016. Svensk Dos AB acquisition was completed on Feb 8, 2016.

The Healthcare business in Oriola-KD specializes in pharmaceutical dose dispensing, hospital services and services to private health care actors and veterinarians. The cost of developing these capabilities has burdened the January-June 2016 profitability of the segment.

Cash flow and financing

Oriola-KD's total assets at 30 June 2016 were EUR 934.1 (911.9) million. Cash and cash equivalents totalled EUR 85.7 (91.5) million. Net cash flow from operations in January–June 2016 was EUR -5.1 (38.9) million, of which changes in working capital accounted for EUR -47.1 (10.0) million. Net cash flow from investing activities was EUR -29.2 (-8.0) million. Net cash flow from financing activities was EUR -2.0 (-31.0) million.

At the end of June 2016, interest-bearing debt was EUR 151.9 (133.5) million. Long-term interest bearing-liabilities were EUR 60.2 (72.7) million and short-term interest-bearing liabilities were EUR 91.7 (60.8) million. Short-term liabilities mainly consists of syndicated loans EUR 10.6 (5.4) million, commercial paper issues of EUR 45.0 (10.4) million, and advance payments from Finnish pharmacies EUR 34.5 (27.7) million. Interest-bearing net debt was EUR 66.2 (42.0) million. The non-recourse trade receivables sales programmes were continued in Sweden in January–June 2016. At the end of June 2016, a total of EUR 116.3 (113.6) million in trade receivables had been sold. Including the sold trade receivables, the adjusted gearing was 99 (96) per cent. The average interest rate on the interest bearing liabilities was 1.35 (1.51) per cent.

The committed long-term revolving credit facility of EUR 100.0 million and EUR 15.3 million of short-term credit limit were unused at the end of June.

Investments

Gross investments in January–June 2016 totalled EUR 35.5 (8.1) million and consisted of investments related to the acquisition of Svensk Dos, opening of new pharmacies, information systems and improvements in logistics efficiency.

Personnel

At the end of June 2016, Oriola-KD had a payroll of 2,465 (2,312) employees, 66 (66) per cent of whom worked in the Consumer segment, 30 (32) per cent in Services segment, and 2 (-) in Healthcare segment. The group administration employed 2 (2) percent of the total number of employees. Personnel numbers consist of members of staff in active employment.

Changes in Group Management

Lars Birkeland, Vice President of the Consumer Business area and a member of the Group Management Team left the company on April 12, 2016. Stig Tornell was appointed Vice President, Consumer Business Area and member of the Group Management Team as of April 12, 2016.

The Corporate Governance Statement and the Remuneration Statement for 2015 can be viewed on the company's website at: <http://www.oriola-kd.com/CorporateGovernance>. The Corporate Governance Statement and the Remuneration Statement for 2015 have been prepared in accordance with the Corporate Governance Code 2010.

Resolutions of the Annual General Meeting

The Annual General Meeting (AGM), held on 14 March 2016 adopted the financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial year ending 31 December 2015.

The AGM resolved that a dividend of EUR 0.13 per share shall be paid on the basis of the balance sheet adopted for the financial year ending 31 December 2015. The payment date of the dividend was 5 April 2016.

The AGM confirmed that the Board of Directors is composed of eight members. Anja Korhonen, Kuisma Niemelä, Eva Nilsson Bågenholm, Matti Rihko, Staffan Simberg and Anssi Vanjoki were re-elected to the Board of Directors, and Mariette Kristenson and Lena Ridström were elected new members of the Board of Directors. Anssi Vanjoki was re-elected Chairman of the Board of Directors.

The fee for the term of office of the Chairman of the Board of Directors was confirmed EUR 48,400, the fee for the term of office of the Vice Chairman of the Board of Directors and for the Chairman of the Board's Audit Committee EUR 30,250 and the fee for the term of office of other members of the Board of Directors

EUR 24,200. Of the annual fee, 60 per cent shall be paid in cash and 40 per cent in Oriola-KD Corporation's class B shares. The Chairman of the Board of Directors receives an attendance fee of EUR 1000 per meeting and the other members EUR 500 per meeting. Attendance fees are correspondingly also paid to the chairmen and members of Board and company committees. Travel expenses are compensated in accordance with the travel policy of the company.

In its constitutive meeting convening after the AGM, the Board of Directors of Oriola-KD Corporation elected Eva Nilsson Bågenholm as Vice Chairman of the Board of Directors.

The Board also appointed Ms Anja Korhonen (Chairman), Mr Kuisma Niemelä and Mr Staffan Simberg to the Board's Audit Committee, and Ms Eva Nilsson Bågenholm (Chairman), Ms Mariette Kristenson, Ms Lena Ridström and Mr Matti Rihko to the Board's Remuneration Committee.

The Board of Directors has assessed the independence of the members of the Board, and determined that all members of the Board are independent of the company and its major shareholders.

The AGM resolved to amend the following Articles of the company's Articles of Association in accordance with the proposal of the Board of Directors:

- The age limit of Board member elects was removed from § 5.
- A possibility to deliver the notice to the Annual General Meeting by publishing the notice on the company's website was added to § 12.

PricewaterhouseCoopers Oy, who has nominated authorized public accountant Ms Ylva Eriksson as principal auditor, were re-elected as the auditor of the company.

Authorizations

The AGM 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 5,650,000 Class A shares and 12,500,000 Class B shares representing approximately 10.00 per cent of all shares in the company 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 Helsinki Ltd. The authorisation is in effect for a period of eighteen months from the decision of the AGM.

The AGM 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 18,000,000 class B shares of the company, representing approximately 9.92 per cent of all shares in 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 Helsinki Ltd. The authorisation is in effect for a period of eighteen months from the decision of the AGM.

The authorisations revoke 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 AGM 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 18,000,000 of the company's own class B shares, representing approximately 9.92 per cent of all shares in the company. The authorisation may only be used in such a way that in total no more than one tenth of all shares in the company may from time to time be in the possession of the company and its subsidiaries. Shares may be repurchased also in a proportion other than in which shares are owned by the Shareholders. 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. The authorisation to repurchase own shares is in force for a period of not more than eighteen months from the decision of the AGM. This authorisation revokes the authorisation given to the Board of Directors by the AGM on 30 March 2015 in respect of repurchase of the company's own class B shares.

Oriola-KD Corporation shares

Trading volume of the Oriola-KD Corporation's class A and B shares in January–June 2016:

| Trading volume | January-June 2016 | | January-June 2015 | |
|---------------------------------------|-------------------|---------|-------------------|---------|
| | class A | class B | class A | class B |
| Trading volume, million | 0.9 | 10.3 | 2.0 | 23.7 |
| Trading volume, EUR million | 3.7 | 42.5 | 7.8 | 90.3 |
| Highest price, EUR | 4.50 | 4.65 | 4.41 | 4.57 |
| Lowest price, EUR | 3.70 | 3.65 | 3.11 | 3.05 |
| Closing quotation, end of period, EUR | 4.06 | 4.08 | 4.10 | 4.14 |

Oriola-KD Corporation's market capitalisation on 30 June 2016 was EUR 739.4 (749.1) million.

In the review period, the traded volume of Oriola-KD Corporation shares, excluding treasury shares, corresponded to 6.2 (15.5) per cent of the total number of shares.

At the end of June 2015, the company had a total of 181,486,213 (181,486,213) shares, of which 55,484,648 (56,578,452) were class A shares and 126,001,565 (124,907,761) were class B shares. The company has 96,822 (148,338) treasury shares, all of which are class B shares. They account for 0.05 (0.08) per cent of the company's shares and 0.01 (0.01) 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 June 2016, no class A shares were converted into class B shares (0 shares).

Share-based incentive plans

On 19 December 2012, Oriola-KD Corporation's Board of Directors decided on a share incentive scheme for the Group's senior management for the years 2013-2015. The scheme covered six persons. The reward for the 2015 earning period was based on the Oriola-KD Group's earnings per share (EPS) calculated from the adjusted earnings excluding taxes. The rewards to be paid in 2018 on the basis of the performance period 2015 corresponded to the value of 247,541 Oriola-KD Corporation class B shares, including the proportion to be paid in cash.

On 4 December 2015 the Board of Directors of Oriola-KD Corporation established a share-based incentive plan directed to the Group key personnel. The plan covers three performance periods, 2016-2018, and three vesting periods, 2017-2019. The prerequisite for participation in the plan is that a key person has enrolled in the share saving plan, OKShares, and makes monthly saving from his or her fixed gross monthly salary.

The potential reward from the performance period 2016 will be based on the Group's EPS. The rewards to be paid on the basis of the performance period 2016 correspond to the value of an approximate maximum total of 800,000 Oriola-KD Corporation Class B shares including the proportion to be paid in cash.

A total of 39 key employees participated in the Oriola-KD Corporation key personnel share savings plan during a savings period 1 October 2014 – 30 September 2015. The maximum and minimum monthly savings amounted to 10 and 2 per cent, respectively, of each participant's fixed gross monthly salary. Approximately 50 key employees participate in the savings period 1 October 2015 – 31 December 2016.

The accumulated savings will be used for purchasing Oriola-KD's class B shares for the participants at market prices. In return, each participant will receive two free class B matching shares for every three acquired savings shares. Matching shares will be paid partly in Oriola-KD's class B shares and partly in cash.

The savings of plan 2014-2015 correspond to approximately 46,835 savings shares and 30,619 matching shares.

Changes in the Group Structure in January–June 2016

Oriola-KD completed the acquisition of the Swedish dose dispensing company Svensk Dos AB on 8 February 2016. Svensk Dos is reported as part of Oriola-KD Healthcare Business. Oriola-KD established a new subsidiary in Estonia to carry out the existing brands and pharmaceutical marketing businesses.

Flagging announcements

No flagging announcements were received during the period.

Risks and uncertainty factors

Oriola-KD's Board of Directors has approved the company's risk management policy in which the risk management operating model, principles, and 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, pricing of pharmaceuticals and reimbursements may weaken Oriola-KD's net sales and profitability.
- In the Swedish pharmaceutical 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.
- Loss of several key pharmaceutical company agreements would have an adverse effect on net sales and profitability.
- Strategic development projects involve operational risks.

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

Oriola-KD prepares goodwill impairment testing annually, 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

Oriola-KD's strategic development projects involve operational risks which may have an effect on Oriola-KD's profitability.

Oriola-KD is involved in a number of legal actions, claims and other proceedings. It is Oriola-KD's policy to provide for amounts related to the proceedings if liability is probable and amount thereof can be estimated with a reasonable certainty. Taking into account all available information to date, the legal actions, claims and other proceedings are not expected to have material impact on the financial position of the Group.

Outlook

Oriola-KD's outlook for 2016 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments. The Finnish pharmaceutical market is expected to grow during 2015-2020, at an annual rate of 0-3 per cent. Swedish pharmaceutical market is expected to grow an annual rate of 4-7 per cent per year in the local currencies (source: IMS Health).

Outlook for 2016

Oriola-KD estimates its full-year net sales to remain at the 2015 level on constant currency basis. Adjusted operating profit is estimated to remain at 2015 level or to increase, on a constant currency basis. Full-year net sales in 2015 were EUR 1,626.3 million and adjusted operating profit was EUR 60.8 million.

Events after the review period

Oriola-KD group acquired the capital stock of Pharmaservice Oy on 18 July 2016. The company offers pharmaceutical dose dispensing services in Finland. Pharmaservice Oy's net sales were approximately EUR 14 million in 2015, and the company employs 50 employees. Pharmaservice Oy will be consolidated into Oriola-KD group from July 2016 and reported as part of Healthcare segment.

Espoo, 18 July 2016

Oriola-KD Corporation
Board of Directors

Oriola-KD's Interim Report January – June 2016

| Consolidated Statement of Comprehensive Income (IFRS), EUR million | 2016 4-6 | 2015 4-6 | 2016 1-6 | 2015 1-6 | 2015 1-12 |
|----------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Continuing operations | | | | | |
| Net sales | 420.2 | 417.1 | 821.5 | 828.4 | 1,626.3 |
| Other operating income | 2.6 | 3.2 | 7.5 | 6.4 | 14.9 |
| Cost of goods sold | -331.2 | -333.6 | -648.4 | -665.5 | -1,298.4 |
| Employee benefit expenses | -39.8 | -37.2 | -77.5 | -75.0 | -143.8 |
| Other operating expenses | -31.3 | -28.7 | -62.5 | -56.1 | -113.9 |
| Gross profit | 20.5 | 20.8 | 40.6 | 38.1 | 85.1 |
| Depreciation and impairment | -6.5 | -5.6 | -12.7 | -11.2 | -22.6 |
| Operating profit | 14.0 | 15.2 | 27.9 | 26.9 | 62.6 |
| Financial income and expenses | -1.5 | -1.5 | -2.5 | -3.5 | -6.5 |
| Profit before taxes | 12.5 | 13.6 | 25.4 | 23.4 | 56.1 |
| Income taxes | -2.8 | -2.8 | -5.6 | -5.1 | -11.5 |
| Profit for the period from continuing operations | 9.7 | 10.9 | 19.8 | 18.3 | 44.5 |
| Profit for the period from discontinued operations | - | -0.0 | - | -0.2 | 0.1 |
| Profit for the period | 9.7 | 10.8 | 19.8 | 18.1 | 44.6 |
| Other comprehensive income | | | | | |
| Items which may be reclassified subsequently to profit or loss: | | | | | |
| Translation differences recognised in comprehensive income during the reporting period | -5.7 | 1.2 | -6.1 | 2.7 | 3.6 |
| Cash flow hedge | 0.3 | 0.3 | 0.2 | -0.1 | 0.1 |
| Income tax relating to other comprehensive income | -0.0 | -0.1 | -0.0 | 0.0 | -0.0 |
| | -5.4 | 1.5 | -5.9 | 2.7 | 3.7 |
| Items which will not be reclassified to profit or loss: | | | | | |
| Actuarial gains/losses on defined benefit plan | - | - | - | - | 5.6 |
| Income tax relating to other comprehensive income | - | - | - | - | -1.1 |
| | - | - | - | - | 4.4 |
| Total comprehensive income for the period | 4.3 | 12.3 | 13.8 | 20.8 | 52.8 |

| | | | | | |
|------------------------------------------------------------------------|------|-------|------|-------|------|
| Profit attributable to | | | | | |
| Parent company shareholders | 9.7 | 10.8 | 19.8 | 18.1 | 44.6 |
| Total comprehensive income attributable to | | | | | |
| Parent company shareholders | 4.3 | 12.3 | 13.8 | 20.8 | 52.8 |
| Earnings per share attributable to parent company shareholders: | | | | | |
| Basic earnings per share, EUR | | | | | |
| Continued operations | 0.05 | 0.06 | 0.11 | 0.11 | 0.25 |
| Discontinued operations | - | -0.00 | - | -0.00 | 0.00 |
| From profit of the year | 0.05 | 0.06 | 0.11 | 0.11 | 0.25 |
| Diluted earnings per share, EUR | | | | | |
| Continued operations | 0.05 | 0.06 | 0.11 | 0.11 | 0.25 |
| Discontinued operations | - | -0.00 | - | -0.00 | 0.00 |
| From profit of the year | 0.05 | 0.06 | 0.11 | 0.11 | 0.25 |

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

| | 30 Jun 2016 | 30 Jun 2015 ¹⁾ | 31 Dec 2015 |
|---------------------------------------------------------------|--------------|---------------------------|--------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 71.4 | 73.2 | 72.7 |
| Goodwill | 264.7 | 255.8 | 256.5 |
| Other intangible assets | 73.2 | 62.0 | 63.2 |
| Other non-current assets | 0.2 | 0.0 | 0.3 |
| Deferred tax assets | 4.8 | 6.2 | 3.7 |
| Non-current assets total | 414.3 | 397.1 | 396.4 |
| Current assets | | | |
| Inventories | 200.2 | 198.3 | 201.1 |
| Trade receivables | 203.3 | 190.9 | 194.0 |
| Other receivables | 30.7 | 34.0 | 33.4 |
| Cash and cash equivalents | 85.7 | 91.5 | 121.9 |
| Current assets total | 519.9 | 514.7 | 550.5 |
| ASSETS TOTAL | 934.1 | 911.9 | 946.9 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 36.2 | 36.2 | 36.2 |
| Hedging reserve | -1.1 | -1.4 | -1.2 |
| Contingency fund | 19.4 | 19.4 | 19.4 |
| Invested unrestricted equity reserve | 74.8 | 74.8 | 74.8 |
| Other reserves | 0.2 | 0.1 | 0.2 |
| Translation differences | -5.6 | -0.4 | 0.5 |
| Retained earnings | 61.0 | 33.7 | 64.7 |
| Equity attributable to the parent company shareholders | 184.9 | 162.5 | 194.6 |
| Non-current liabilities | | | |
| Deferred tax liabilities | 16.1 | 15.9 | 15.8 |
| Pension obligations | 9.9 | 15.5 | 10.0 |
| Borrowings | 60.2 | 72.7 | 66.9 |
| Other non-current liabilities | 2.0 | 2.3 | 2.1 |
| Non-current liabilities total | 88.2 | 106.4 | 94.7 |

| | | | |
|-------------------------------------|--------------|--------------|--------------|
| Current liabilities | | | |
| Trade payables | 508.5 | 528.7 | 547.7 |
| Provisions | 0.1 | 0.3 | - |
| Borrowings | 91.7 | 60.8 | 61.7 |
| Other current liabilities | 60.8 | 53.1 | 48.1 |
| Current liabilities total | 661.1 | 642.9 | 657.5 |
| EQUITY AND LIABILITIES TOTAL | 934.1 | 911.9 | 946.9 |

¹⁾ Comparative figures restated as a result of correction of an error relating to previous financial periods. Correction was made in 2015 Financial Statements.

**Consolidated Statement of
Changes in Equity (IFRS),
EUR million**

Equity attributable to the parent company shareholders

| | Share capital | Funds | Trans- lation diffe- rences | Re- tained earn- ings | Hybrid bond | Equity total |
|---------------------------------------------------|------------------|-------------|--------------------------------------|--------------------------------|----------------|-----------------|
| Equity 1 Jan 2015 | 36.2 | 19.3 | -3.1 | 19.5 | 39.6 | 111.5 |
| Comprehensive income for the period | | | | | | |
| Net profit for the period | - | - | - | 18.1 | - | 18.1 |
| Other comprehensive income: | | | | | | |
| Cash flow hedge | - | -0.1 | - | - | - | -0.1 |
| Income tax relating to other comprehensive income | - | 0.0 | - | - | - | 0.0 |
| Translation difference | - | - | 2.7 | - | - | 2.7 |
| Comprehensive income for the period total | - | -0.1 | 2.7 | 18.1 | - | 20.8 |
| Transactions with owners | | | | | | |
| Share issue | - | 73.7 | - | - | - | 73.7 |
| Hybrid bond paid interest | - | - | - | -2.6 | - | -2.6 |
| Hybrid bond redemption | - | - | - | -1.3 | -39.6 | -41.0 |
| Share-based payments | - | - | - | 0.1 | - | 0.1 |
| Distributed treasury shares | - | - | - | -0.1 | - | -0.1 |
| Increase in treasury shares | - | - | - | -0.0 | - | -0.0 |
| Transactions with owners total | - | 73.7 | - | -3.9 | -39.6 | 30.2 |
| Equity 30 Jun 2015¹⁾ | 36.2 | 93.0 | -0.4 | 33.7 | - | 162.5 |
| Equity 1 Jan 2016 | 36.2 | 93.1 | 0.5 | 64.7 | - | 194.6 |
| Comprehensive income for the period | | | | | | |
| Net profit for the period | - | - | - | 19.8 | - | 19.8 |
| Other comprehensive income: | | | | | | |
| Cash flow hedge | - | 0.2 | - | - | - | 0.2 |
| Income tax relating to other comprehensive income | - | -0.0 | - | - | - | -0.0 |
| Translation difference | - | - | -6.1 | - | - | -6.1 |
| Comprehensive income for the period total | - | 0.2 | -6.1 | 19.8 | - | 13.8 |
| Transactions with owners | | | | | | |
| Dividend distribution | - | - | - | -23.6 | - | -23.6 |
| Share-based payments | - | - | - | 0.2 | - | 0.2 |
| Distributed treasury shares | - | - | - | -0.1 | - | -0.1 |
| Transactions with owners total | - | - | - | -23.5 | - | -23.5 |
| Equity 30 Jun 2016 | 36.2 | 93.3 | -5.6 | 61.0 | - | 184.9 |

¹⁾ Comparative figures restated as a result of correction of an error relating to previous financial periods. Correction was made in 2015 Financial Statements.

| Condensed Consolidated Statement of Cash Flows (IFRS), EUR million | 2016 | 2015 | 2015 |
|-------------------------------------------------------------------------------|-------------|-------------|--------------|
| | 1-6 | 1-6 | 1- 12 |
| Operating profit | 27.9 | 26.7 | 62.7 |
| Depreciation and amortisation | 12.7 | 11.2 | 22.6 |
| Change in working capital | -47.1 | 10.0 | 11.2 |
| Cash flow from financial items and taxes | -2.2 | -5.8 | -16.9 |
| Other adjustments | 3.6 | -3.3 | 6.2 |
| Net cash flow from operating activities | -5.1 | 38.9 | 85.6 |
| Net cash flow from investing activities | -29.2 | -8.0 | -19.9 |
| Net cash flow from financing activities | -2.0 | -31.0 | -35.2 |
| Net change in cash and cash equivalents | -36.3 | -0.1 | 30.6 |
| Cash and cash equivalents at the beginning of the period | 121.9 | 91.5 | 91.5 |
| Foreign exchange rate differences | 0.1 | 0.1 | -0.1 |
| Net change in cash and cash equivalents | -36.3 | -0.1 | 30.6 |
| Cash and cash equivalents at the end of the period | 85.7 | 91.5 | 121.9 |

Notes to financial statements

Principal accounting policies as of 1 January 2016 (IFRS)

These financial statements release 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 2015 annual financial statements, excluding the standards and interpretations applied as of 1 January 2016 as presented below. However, the interim report does not include all of the information and notes presented in the annual financial statements. Consequently, the interim report should be read together with the company's financial statements for 2015.

In connections with the new operating model, the chief operating decision maker of Oriola-KD is the President and CEO of Oriola-KD Corporation, who makes strategic decisions, allocates resources to the operating segments and assesses their performance.

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 2016:

- Amendments to IAS 16 Property, plant and equipment and IAS 38 Intangible assets
- Annual improvements in IFRS standards 2012-2014

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

The figures in this interim review are unaudited.

Earnings per share

| | 2016 | 2015 | 2016 | 2015 | 2015 |
|----------------------------------------------------------------------------------|------------|-------------|-------------|-------------|--------------|
| EUR million | 4-6 | 4-6 | 1-6 | 1-6 | 1- 12 |
| Profit attributable to equity owners of the parent from continuing operations | 9.7 | 10.9 | 19.8 | 18.3 | 44.5 |
| Accumulated interest on hybrid bond net of tax | - | 0.2 | - | - | - |
| Adjusted profit for the period from continuing operations | 9.7 | 11.1 | 19.8 | 18.3 | 44.5 |
| | 2016 | 2016 | 2016 | 2016 | 2015 |
| EUR million | 4-6 | 4-6 | 1-6 | 1-6 | 1- 12 |
| Profit incl. discontinued operations attributable to equity owners of the parent | 9.7 | 10.8 | 19.8 | 18.1 | 44,6 |
| Accumulated interest on hybrid bond net of tax | - | 0.2 | - | - | - |
| Adjusted profit for the period including discontinued operations | 9.7 | 11.1 | 19.8 | 18.1 | -44,6 |

Average number of outstanding shares (1000 shares)

| | | | | | |
|---------|---------|---------|---------|---------|---------|
| Basic | 181,389 | 169,984 | 181,389 | 169,984 | 177,502 |
| Diluted | 181,389 | 169,984 | 181,389 | 169,984 | 177,502 |

Earnings per share (EUR)**Basic**

| | | | | | |
|--------------------------|-------------|-------------|-------------|-------------|-------------|
| Continuing operations | 0.05 | 0.06 | 0.10 | 0.11 | 0.25 |
| Discontinuing operations | - | -0.00 | - | -0.00 | 0.00 |
| Total | 0.05 | 0.06 | 0.11 | 0.11 | 0.25 |

Diluted

| | | | | | |
|--------------------------|-------------|-------------|-------------|-------------|-------------|
| Continuing operations | 0.05 | 0.06 | 0.10 | 0.11 | 0.25 |
| Discontinuing operations | - | -0.00 | - | -0.00 | 0.00 |
| Total | 0.05 | 0.06 | 0.11 | 0.11 | 0.25 |

Business combinations

Oriola-KD has on 8 February 2016 acquired the entire capital stock of the Swedish pharmacy company Svensk Dos. The acquisition is related to Healthcare business area. Svensk Dos is specialized in dose dispensing of pharmaceuticals. Svensk Dos provides dose dispensed medicines to approximately 25,000 people via extradition locations and nursing homes in the region of Skåne and direct to the Swedish Prison and Probation Service all over Sweden. In 2015, the net sales of Svensk Dos were approximately EUR 28 million and estimated market share was 13 per cent. Svensk Dos has approximately 60 employees and is based in Uppsala.

The acquisition cost calculation is based on the company's preliminary statement of financial position as at 31 January 2016, the essential parts of which have been prepared in accordance with IFRS's accounting principles. The acquisition has been recognised on a preliminary basis, as permitted under IFRS 3. Oriola-KD will make the necessary adjustments to these preliminary assessments during the 12 months following the acquisition date.

The preliminary recognised goodwill of EUR 14.0 million is the value of Svensk Dos AB's experienced personnel, dose dispensing system and process, and synergy benefits that can be achieved in purchasing operations, storage and growth expectations.

The statement of profit and loss and the statement of financial position have been consolidated in Oriola-KD as of 1 February 2016.

From the time of its acquisition, Svensk Dos AB has contributed from the ordinary business net sales for the reporting period of EUR 13.0 million and profit for the period of EUR 0.0 million to the Oriola-KD Group.

If the acquisition had taken place on January 1, 2016, net sales for the reporting period would have amounted to EUR 15.2 million and profit for the period to EUR -0.1 million.

Tangible and intangible assets

| Changes in Property, Plant and Equipment, | | | |
|--------------------------------------------------|--------------|--------------|--------------|
| EUR million | 2016 | 2015 | 2015 |
| | 1-6 | 1-6 | 1- 12 |
| Carrying amount at the beginning of the period | 72.7 | 75.2 | 75.2 |
| Business combinations | 1.4 | - | - |
| Increases | 6.5 | 4.6 | 11.9 |
| Decreases | -0.3 | -0.2 | -0.6 |
| Reclassifications | - | - | 0.0 |
| Depreciation | -7.7 | -7.4 | -14.8 |
| Foreign exchange rate differences | -1.2 | 1.0 | 1.0 |
| Carrying amount at the end of the period | 71.4 | 73.2 | 72.7 |
| Changes in Intangible assets, | | | |
| EUR million | 2016 | 2015 | 2015 |
| | 1-6 | 1-6 | 1- 12 |
| Carrying amount at the beginning of the period | 319,7 | 312.3 | 312.3 |
| Business combinations | 1,1 | - | - |
| Increases | 29,0 | 3.5 | 8.5 |
| Reclassifications | - | - | 0.0 |
| Impairments and Amortization | -5,0 | -3.8 | -7.8 |
| Foreign exchange rate differences | -7,0 | 5.9 | 6.7 |
| Carrying amount at the end of the period | 337,9 | 317.8 | 319.7 |

Derivatives

| 30 Jun 2016 | Positive fair | Negative fair | Nominal |
|-------------------------------------------------------------------|----------------------|----------------------|------------------|
| EUR million | value | value | values of |
| | | | contracts |
| Derivatives recognised as cash flow hedges | | | |
| Interest rate swaps | - | 1.5 | 55.2 |
| Derivatives measured at fair value through profit and loss | | | |
| Foreign currency forward and swap contracts | - | 0.0 | 44.5 |
| 30 Jun 2015 | Positive fair | Negative fair | Nominal |
| EUR million | value | value | values of |
| | | | contracts |
| Derivatives recognised as cash flow hedges | | | |
| Interest rate swaps | - | 1.8 | 56.4 |
| Derivatives measured at fair value through profit and loss | | | |
| Foreign currency forward and swap contracts | - | 1.4 | 133.3 |

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 Jun 2016 | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Derivatives measured at fair value through profit and loss | - | - | - | - |
| Liabilities | - | | | |
| Derivatives designated as hedges | - | 1.5 | - | 1.5 |
| Derivatives measured at fair value through profit and loss | - | 0.0 | - | 0.0 |
| Contingent consideration | - | - | 6.4 | 6.4 |

| EUR million | | | | |
|------------------------------------------------------------|----------------|----------------|----------------|--------------|
| 30 Jun 2015 | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Derivatives measured at fair value through profit and loss | - | 0.1 | - | 0.1 |
| Liabilities | | | | |
| Derivatives designated as hedges | - | 1.8 | - | 1.8 |
| Derivatives measured at fair value through profit and loss | - | 1.5 | - | 1.5 |
| Contingent consideration | - | - | 15.5 | 15.5 |

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 | |
|-----------------------------------------------------|-------------|
| Book value 31 Dec 2015 | 12.4 |
| Recognised in financial expenses | 0.2 |
| Decrease in the fair value of financial liabilities | -15.6 |
| Increase in the fair value of financial liabilities | 9.4 |
| Translation differences | 0.1 |
| Book value 30 Jun 2016 | 6.4 |

Financial liabilities recognised at fair value through profit and loss (level 3) include estimated value of a contingent consideration related to the Svensk Dos acquisition. The contingent considerations recognised relates to successful execution of certain distribution agreements. The contingent consideration is expected to be realised in 2016. The decrease in fair value of financial liabilities relates to the payment of Medstop acquisition on 17 Mar 2016. The company also paid 26 Apr 2016 a contingent consideration of EUR 3.2 million relating to Svensk Dos AB acquisition.

Commitments and Contingent Liabilities

| EUR million | 30 Jun 2016 | 30 Jun 2015 | 31 Dec 2015 |
|---------------------------------------------|-------------|-------------|-------------|
| Commitments for own liabilities | | | |
| Guarantees on behalf of own companies | 8.2 | 8.3 | 8.5 |
| Guarantees on behalf of other companies | 0.9 | 14.7 | 2.0 |
| Mortgages on company assets | 2.2 | 2.3 | 2.3 |
| Other guarantees and liabilities | 1.1 | 1.0 | 1.0 |
| Total | 12.4 | 26.2 | 13.7 |
| Leasing liabilities (operating liabilities) | 0.7 | 0.8 | 0.7 |
| Rent liabilities | 41.9 | 40.5 | 40.0 |

Guarantees on behalf of other companies include parent company guarantees given to third parties on behalf of sold Russian entities commercial agreements and rent contracts. In accordance of framework agreement the buyer undertakes to compensate Oriola-KD for any claim against the guarantees. In addition the buyer's bank has given Oriola-KD in aggregate EUR 0.9 (17.6) million counter guarantee mainly subject to parent company guarantees of the commercial agreements. The guarantees on behalf of other companies will expire in 2016.

The most significant guarantees are bank guarantees against trade payables in Sweden. In addition, Oriola-KD Corporation has granted parent company guarantees of EUR 2.8 (2.8) million against subsidiaries' trade payables.

Provisions

On 30 June 2016 Oriola-KD had recognised provisions amounting to EUR 0.1 million relating to the restructuring of Oulu distribution centre. On 30 June 2015 Oriola-KD had recognised a restructuring provisions totalling EUR 0.3 million. The provision was related to the sale of Russian businesses and recorded in group items.

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 and the companies controlled by the aforementioned persons. The Group has no significant business transactions with related parties.

Segment information

Reportable segments 1-6/2016

| EUR million | Consumer | Services | Healthcare | Group items | Total |
|-----------------------------|--------------|----------------|-------------|---------------|----------------|
| External Invoicing | 416.9 | 1,291.8 | 13.1 | - | 1,721.7 |
| Internal Invoicing | 0.0 | 187.9 | - | -187.9 | - |
| Invoicing | 416.9 | 1,479.7 | 13.1 | -187.9 | 1,721.7 |
| External Net Sales | 407.2 | 401.3 | 13.1 | - | 821.5 |
| Internal Net Sales | 0.0 | 187.9 | - | -187.9 | - |
| Net Sales | 407.2 | 589.2 | 13.1 | -187.9 | 821.5 |
| Operating profit | 16.0 | 16.2 | -1.3 | -3.1 | 27.9 |
| Adjusted operating profit | 16.6 | 16.5 | -1.2 | -3.1 | 28.7 |
| Assets | 457.4 | 347.3 | 25.6 | 103.9 | 934.1 |
| Liabilities | 75.2 | 508.5 | 5.4 | 160.2 | 749.2 |
| Investments | 7.9 | 2.1 | 19.0 | 6.5 | 35.5 |
| Depreciation | 8.7 | 2.8 | 1.1 | 0.1 | 12.7 |
| Average number of personnel | 1,611 | 720 | 48 | 40 | 2,419 |

Reportable segments 1-6/2015

| EUR million | Consumer ¹⁾ | Services | Healthcare | Group items | Total |
|-----------------------------|-------------------------------|-----------------|-------------------|--------------------|----------------|
| External Invoicing | 397.2 | 1,219.3 | - | - | 1,616.5 |
| Internal Invoicing | - | 168.8 | - | -168.8 | - |
| Invoicing | 397.2 | 1,388.1 | - | -168.8 | 1,616.5 |
| External Net Sales | 388.9 | 439.5 | - | - | 828.4 |
| Internal Net Sales | - | 168.8 | - | -168.8 | - |
| Net Sales | 388.9 | 608.2 | - | -168.8 | 828.4 |
| Operating profit | 15.9 | 14.5 | - | -3.5 | 26.9 |
| Adjusted operating profit | 15.9 | 15.3 | - | -3.2 | 28.1 |
| Assets | 457.1 | 354.0 | - | 100.8 | 911.9 |
| Liabilities | 76.3 | 534.0 | - | 139.1 | 749.4 |
| Investments | 5.7 | 2.2 | - | 0.2 | 8.1 |
| Depreciation | 8.3 | 2.9 | - | 0.1 | 11.2 |
| Average number of personnel | 1,527 | 732 | - | 40 | 2,299 |

¹⁾ Comparative figures restated as a result of correction of an error relating to previous financial periods

Geographical information**1-6/2016**

| EUR million | Sweden | Finland | Baltic countries | Other countries | Total |
|--------------------|---------------|----------------|-------------------------|------------------------|--------------|
| Net Sales | 587.2 | 173.2 | 25.6 | 35.6 | 821.5 |
| Assets | 673.1 | 243.7 | 17.4 | - | 934.1 |
| Investments | 26.8 | 8.6 | 0.1 | - | 35.5 |

1-6/2015

| EUR million | Sweden | Finland | Baltic countries | Other countries | Total |
|--------------------|---------------|----------------|-------------------------|------------------------|--------------|
| Net Sales | 585.4 | 186.6 | 22.4 | 33.9 | 828.4 |
| Assets | 653.6 | 241.8 | 16.4 | - | 911.9 |
| Investments | 6.4 | 1.6 | 0.1 | - | 8.1 |

Alternative performance measurements reconciliation table

| Invoicing | 2016 | 2015 | 2016 | 2015 | 2015 |
|-----------------------------------------|--------------|--------------|----------------|----------------|----------------|
| EUR million | 4-6 | 4-6 | 1-6 | 1-6 | 1-12 |
| Net sales | 420.2 | 417.1 | 821.5 | 828.4 | 1,626.3 |
| + Acquisition cost of consignment stock | 461.7 | 401.6 | 889.6 | 779.0 | 1,617.0 |
| + Cash discounts | 5.3 | 4.5 | 10.5 | 9.1 | 18.8 |
| Invoicing | 887.3 | 823.1 | 1,721.7 | 1,616.5 | 3,262.2 |
| Adjusting EBITDA | 2016 | 2015 | 2016 | 2015 | 2015 |
| EUR million | 4-6 | 4-6 | 1-6 | 1-6 | 1-12 |
| Operating profit | 14.0 | 15.2 | 27.9 | 26.9 | 62.6 |
| Depreciation and impairment | 6.5 | 5.6 | 12.7 | 11.2 | 22.6 |
| EBITDA | 20.5 | 20.8 | 40.6 | 38.1 | 85.1 |
| - Adjusting items | 0.8 | -0.2 | 0.8 | 1.2 | -1.8 |
| Adjusting EBITDA | 21.3 | 20.6 | 41.4 | 39.3 | 83.4 |

Adjusting items

Adjustments to EBITDA and operating profit exclude 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, or other income or expenses arising from rare events and, changes in estimates regarding the realisation of contingent consideration arising from business acquisitions.

Adjusting items included in Operating Profit

| | 2016 | 2015 | 2016 | 2015 | 2015 |
|-----------------------------------------|-------------|-------------|-------------|-------------|-------------|
| EUR million | 4-6 | 4-6 | 1-6 | 1-6 | 1-12 |
| Restructuring costs | -0.8 | 0.2 | -0.8 | -1.2 | -1.4 |
| Impairments | 0.0 | - | 0.0 | - | - |
| Revaluation of contingent consideration | 0.0 | - | 0.0 | - | 3.4 |
| Pensions | - | - | - | - | -0.3 |
| Other | - | - | - | - | -0.1 |
| Total | -0.8 | 0.2 | -0.8 | -1.2 | 1.8 |

Adjusting items in January-June 2016 relate to restructuring charges in Consumer and Services. Adjusting items reported in January-June of 2015 relate to restructuring charges in the Services segment and in the Group.