Oriola-KD Corporation

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**Size of pharma market 2011, 18 € billion**

- **Baltics**: 1 € billion
- **Finland**: 2 € billion
- **Sweden**: 3 € billion
- **Russia**: 12 € billion

**Net sales 2011 EUR 2.1 € billion**

- **Baltics**: 2% of total sales
- **Finland**: 18% of total sales
- **Sweden**: 49% of total sales
- **Russia**: 10% of total sales

**4,854 employees end of 2011**

- **Baltics**: 1% of total employees
- **Finland**: 10% of total employees
- **Sweden**: 25% of total employees
- **Russia**: 64% of total employees

**Country Market Position**

- **Finland**: No. 2 ~47%
- **Sweden**: No. 2 ~36%
- **Russia**: No. 7 ~5%
- **Baltics**: ~5-10%

**Wholesale Q1/2012**

- **Finland**: Pharmaceutical Wholesale, 336 Me
- **Sweden**: Pharmaceutical Wholesale, 617 Me
- **Russia**: Pharmaceutical Wholesale, 590 Me
- **Baltics**: Pharmaceutical Wholesale, 34 Me

**Retail Q1/2012**

- **Finland**: Consumer Health 45 Me
- **Sweden**: Pharmaceutical Retail, 483 Me
- **Russia**: Pharmaceutical Retail, 130 Me
- **Baltics**: Pharmaceutical Retail, 249 Me

**Country Market Share**

- **Finland**: ~47%
- **Sweden**: ~36%
- **Russia**: ~5%
- **Baltics**: ~5-10%

* Source: IMS Health & Pharmexpert 04/12
Demerger of Orion and preparation of Oriola-KD’s stock listing

Entering Russian pharmaceutical retail and wholesale market

Entering Swedish Pharmaceutical retail market

Completion of Russian acquisition

Acquisition of 03 Apteka pharmacy chain in Moscow

New vision, mission and values

Common Oriola brand for wholesale

Dental Trade joint venture with Lifco

Preparation of Pharmacy business in Sweden

Sale of Healthcare Trade business to Mediq

Sale of remaining 30 per cent holding of Dental Trade business to Lifco

Net Sales Me

2500
2000
1500
1000
500
0

2006 2007 2008 2009 2010 2011

1335 1377 1581 1713 1929 2146

0 500 1000 1500 2000 2500

Inv. Div.

20 -
30 -
125 -
25 -
200 150
30 -
430 M€ 150 M€
World Pharmaceutical Market Update

<table>
<thead>
<tr>
<th>World market 2011</th>
<th>650 BEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialty pharma 5 years growth</td>
<td>+92 BEUR</td>
</tr>
<tr>
<td>Patent expiration 5 years impact</td>
<td>- 92 BEUR</td>
</tr>
<tr>
<td>Generics 5 years growth</td>
<td>+36 BEUR</td>
</tr>
<tr>
<td>Pharmerging markets 5 years growth</td>
<td>+115 BEUR</td>
</tr>
<tr>
<td>World market 2016</td>
<td>810 BEUR</td>
</tr>
</tbody>
</table>

Largest Pharmaceutical Markets 2011 MEUR

- Russia
- Brazil
- UK
- Canada
- Spain
- Italy
- France
- China
- Germany
- Japan
- USA

Orphan drugs
Biopharmaceuticals
Bio-similars

CAGR 3-6%

In the period 2012-2016, the pharmaceutical market is expected to grow:
- 0.5% in Finland
- 1% in Sweden
- 11.5% in Russia

Russia is one of the fastest growing pharmaceutical markets in the world

Source: IMS Health
Pharmacy Sales Split

- **Russia**: 52% Rx, 35% OTC, 12% Traded Goods
- **Sweden**: 77% Rx, 11% OTC, 12% Traded Goods
- **Finland**: 80% Rx, 14% OTC, 6% Traded Goods
- **Norway**: 60% Rx, 15% OTC, 25% Traded Goods
- **Germany**: 80% Rx, 10% OTC, 10% Traded Goods

Source: Apteekkariliitto, KPMG & Pharmexpert based on 2010-2011 sales
Pharmaceutical Trade Finland and Baltics
Pharmaceutical Wholesale Finland

**Retail market**
- Only private persons can own and run pharmacies
  - Exception: University Pharmacy
- ~800 pharmacies nationwide

**Wholesale market**
- Single channel model
- Two wholesalers
  - Oriola-KD
  - Tamro (Phoenix)

**Oriola-KD’s wholesale operations**
- Over 60 years of experience
- Wide assortment of trade goods for pharmacies
  - Second largest provider of trade goods products for pharmacies in Finland
- Strong cash-flow
- 47.1% market share (Q1/2012) in pharmaceutical distribution
- New picking automation line to improve efficiency from Q2/2012
Pharmaceutical Trade Sweden
Pharmaceutical Wholesale Sweden

**Wholesale market**

- Several wholesalers
  - Wide pharmacy chains creating own logistics operations, started in OTC products and traded goods distribution
    - Apoteket AB
    - Apotek Hjärtat
    - Four pharmacy chain collaboration
      - Apoteksgruppen
      - DocMorris
      - Medstop
      - Vårdapoteket
  - Two main companies in pharmaceutical wholesale
    - Oriola-KD
    - Tamro (Phoenix)
- Big pharmaceutical companies prefer DTP (single channel) model

**Oriola-KD’s wholesale operations**

- Pharmacy distribution centralised at the Enköping distribution centre
- Pharmaceutical storage and cooperation with pharmaceutical manufacturers centralised at Mölnlycke
- 36.9% market share Q1/2012 in pharmaceutical distribution
- New transportation set-up with Schenker started May 2012
Oriola AB has signed a letter of intent on purchasing, warehousing and pharmacy distribution of OTC products and traded goods for four pharmacy chains in Sweden – Apoteksgruppen, DocMorris, Medstop and Vårdapoteket – Combined market share of some 25 percent – Estimated purchases ~1 200 MSEK in twelve months – Full assortment distribution of OTC products and traded goods to all ~320 pharmacies within the collaboration

Timetable
– Letter of intent signed 9 May 2012
– Signing of the co-operation agreement during Q2/2012
– Co-operation estimated to start gradually in the autumn of 2012

Oriola AB will continue to provide and develop high quality services for pharmaceutical companies and pharmacies in Sweden
New Pharmacy Supply Chain Structure for OTC Products and Traded Goods in Sweden

**Current structure**

- **Pharmaceutical distributors**: Oriola, DB Schenker, 3PL, DTP
- **Pharmacy chains**: APOTEK, Tamro, Kronans, Apoteket

**Future structure * )**

- **Pharmaceutical distributors**: Oriola, DTP
- **Pharmacy chains**: APOTEK, Tamro, Kronans, Apoteket

<table>
<thead>
<tr>
<th>Approximate market shares</th>
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<tbody>
<tr>
<td>Pre-wholesale DTP 3PL</td>
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<tr>
<td>Pre-wholesale 3PL</td>
</tr>
<tr>
<td>Wholesale DTP</td>
</tr>
<tr>
<td>DB Schenker 3PL</td>
</tr>
<tr>
<td>Apoteket</td>
</tr>
</tbody>
</table>

*) Including purchasing, warehousing and pharmacy distribution of OTC products and traded goods

Total market share ~25% of collaboration between 4 pharmacy chains

- ~22%
- ~4%
- ~14%
- ~35%
Kronans Droghandel is the third largest pharmacy chain in Sweden.

- 212 pharmacies nationwide with 13.5 per cent market share
  - 3 pharmacies opened in Q1/2012

- Co-operations with KF (COOP) providing excellent new pharmacy locations and access to MedMera loyalty program

*) Retail starting from 19 February 2010
Development of Pharmacy Market in Sweden

- **apoteket** (state): 315 (35.8%) - 30 (9.8%) = 285
- **APOTEK** (state): 208 (23.1%) - 50 (18.3%) = 158
- **Kronans** (state): 170 (18.9%) - 19 (11.2%) = 151
- **apotekgruppen** (private/state): 150 (16.6%) - 4 (2.6%) = 146
- **medstop** (private/state): 62 (6.6%) - 2 (1.2%) = 60
- **Vård apoteket** (private/state): 24 (2.6%) - 1 (0.6%) = 23
- **DocMorris** (private/state): 50 (5.5%) - 6 (2.1%) = 44
- **Cura apoteket** (private/state): 30 (3.3%) - 1 (0.3%) = 29
- **Boots** (private/state): 8 - 1 (0.2%) = 7
- **Others**: 12 (1.3%) - 1 (0.6%) = 11

**Pharmacies +34%**: 1240

- **2010 acquired**: 929
- **2010 established**: 198
- **2011 established**: 114
- **Q1 2012 established ***: 6
- **Q1 2012 closed ***: -7

Source: KPMG report 01/12, * Oriola-KD 04/12

28 June 2012
Profitability by Pharmacy Chains in Sweden

*) 2010 based on proforma sales

Source: Annual reports and press releases
Pharmaceutical Trade Russia
Pharmaceutical Market in Russia

• Russia will become one of the largest pharmaceutical markets in Europe
  – Pharmaceutical market is expected to grow in average 11.5% per year during the next four years
  – Pharmaceutical market has been growing in average 15% per year during the past four years
  – Growth driven by the increased access to pharmaceuticals by the consumers

• Consumption of pharmaceuticals per capita is significantly lower than in Europe in average
  – Western pharmaceuticals represent some 70% of value
  – Russian and East European pharmaceuticals represent some 70% of volume

• Commercial market is some 75% of total pharmaceutical market in value term

• Government has announced pharmaceutical strategy for 2020
  – Increase the share of local manufacturing from the current 20% to 50%
  – Improve local research and development premises
  – Increase the share of manufactures who fulfil the Good Manufacturing Practices
  – Budget of some RUB 177 billion

• Currently price regulated pharmaceuticals represent some 42% of all pharmaceuticals
  – List of regulated pharmaceuticals unchanged in 2013

Source: Pharmexpert, IMS & DSM
Wholesale and Retail Market in Russia

**Wholesale market**

- Fast consolidation of wholesale market and fierce price competition
- Wholesalers are widening their operations to retail and production
- Top 10 wholesalers covering some 98% of pharmaceutical purchases from manufacturers
- Some 85% of sales from top 10 wholesalers goes directly to pharmacies and 15% to regional wholesalers
- Macro economical factors like GDP and oil price will effect market growth in Russia

**Retail market**

- Retail market is still very fragmented
- 30,000 – 60,000 pharmacies in Russia
- Top 10 pharmacy chains covering less than 20% of the market
  - Provides long-term consolidation and growth opportunity
- New tax legislation scheme for the regions outside of Moscow started in 2011
  - Increased tax rates in the regions
- New business models evolving franchise and discounter pharmacies
- OTC & Traded Goods categories driving the growth

Source: Pharmexpert, IMS & DSM 01/12
# Major Pharmaceutical Wholesale and Retail Companies in Russia

<table>
<thead>
<tr>
<th>Rank</th>
<th>Wholesalers</th>
<th>Share 2011 *</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SIA International</td>
<td>17.0%</td>
</tr>
<tr>
<td>2</td>
<td>Protek</td>
<td>15.7%</td>
</tr>
<tr>
<td>3</td>
<td>Katren</td>
<td>13.2%</td>
</tr>
<tr>
<td>4</td>
<td>Rosta</td>
<td>10.5%</td>
</tr>
<tr>
<td>5</td>
<td>Alliance Healthcare</td>
<td>7.6%</td>
</tr>
<tr>
<td>6</td>
<td>R-Pharm</td>
<td>~5,0%</td>
</tr>
<tr>
<td>7</td>
<td>Oriola-KD</td>
<td>~5,0%</td>
</tr>
<tr>
<td>8</td>
<td>Pulse</td>
<td>~2,5%</td>
</tr>
<tr>
<td>9</td>
<td>Biotec</td>
<td>~2,5%</td>
</tr>
<tr>
<td>10</td>
<td>Imperia Pharma</td>
<td>~2,0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rank</th>
<th>Pharmacy chain</th>
<th>Share 2011 **</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rigla</td>
<td>2.6%</td>
</tr>
<tr>
<td>2</td>
<td>36.6</td>
<td>2.3%</td>
</tr>
<tr>
<td>3</td>
<td>A5</td>
<td>2,0%</td>
</tr>
<tr>
<td>4</td>
<td>Pharmacor</td>
<td>1.6%</td>
</tr>
<tr>
<td>5</td>
<td>Implozia</td>
<td>1.3%</td>
</tr>
<tr>
<td>6</td>
<td>Pharmimpex</td>
<td>1.2%</td>
</tr>
<tr>
<td>7</td>
<td>Raduga</td>
<td>1.0%</td>
</tr>
<tr>
<td>8</td>
<td>Oriola-KD</td>
<td>0.9%</td>
</tr>
<tr>
<td>9</td>
<td>Samson Pharma</td>
<td>0.8%</td>
</tr>
<tr>
<td>10</td>
<td>Doctor Stoletov</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

Source: Pharmexpert & DSM 03/12 * Share of Direct Sales ** Out of the pocket market
Key figures for 2011:
• The 7th largest wholesaler in Russia
• All operations under Oriola brand
• 13 logistics centres
• Net sales EUR 591 million
• Personnel 1,675
Pharmaceutical Market Growth and Oriola Wholesale
Russia’s Net Sales Growth in Russian Roubles

*) Oriola Wholesale Russia’s net sales growth in April-December 2008

28 June 2012
Key figures for 2011
- The 3rd largest pharmacy chain in Moscow
- Operations under Stary Lekar and 03 brands
- 249 pharmacies
- Net sales EUR 132 million
- Personnel 1,464
Financials
Q1 2012

28 June 2012
Q1 2012

- Net sales grew by 11.5% to 591 Me
  - Net sales in Russia grew by 31% in Russian Rubles
- Operating profit was 5.4 Me (5.0)
  - Operating profit of Pharmaceutical Trade Sweden increased from previous year
  - Operating loss of Pharmaceutical Trade Russia decreased from previous year
- Oriola-KD systematically continues to work on projects in order to improve profitability in 2012
### Income Statement

<table>
<thead>
<tr>
<th></th>
<th>Q1 2012</th>
<th>Q1 2011</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales, Me</td>
<td>591</td>
<td>530</td>
<td>2146</td>
</tr>
<tr>
<td>Operating result excluding one-off costs and impairment charges, Me</td>
<td>5.4</td>
<td>5.0</td>
<td>13.2</td>
</tr>
<tr>
<td>Net result, Me</td>
<td>1.5</td>
<td>2.1</td>
<td>-24.1</td>
</tr>
<tr>
<td>Earnings/share, Euro</td>
<td>0.01</td>
<td>0.01</td>
<td>-0.16</td>
</tr>
</tbody>
</table>

### Balance Sheet

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Equity, Me</td>
<td>303</td>
<td>362</td>
<td>299</td>
</tr>
<tr>
<td>Operative working capital, Me</td>
<td>-35</td>
<td>-34</td>
<td>-83</td>
</tr>
<tr>
<td>Interest-bearing net debt, Me</td>
<td>52</td>
<td>17</td>
<td>19</td>
</tr>
<tr>
<td>Balance sheet, total, Me</td>
<td>1218</td>
<td>1228</td>
<td>1273</td>
</tr>
<tr>
<td>Equity ratio, %</td>
<td>25%</td>
<td>30%</td>
<td>24%</td>
</tr>
<tr>
<td>Net gearing, %</td>
<td>17%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>ROE</td>
<td>2.0%</td>
<td>2.4%</td>
<td>-7.4%</td>
</tr>
</tbody>
</table>
In February 2012, Oriola-KD renewed all long-term external loan agreements:
- 100.0 Me multi-currency revolving credit agreement
- Maturity April 2014
- Financial covenants are based on ratio of net debt to EBITDA and on the gearing ratio
- The terms of the financial covenants were met with a wide margin at the end of March 2012

New committed long-term revolving credit facility of 100 Me and short-term credit account facilities of 43 Me stood unused at the end of March 2012.

Of the 150 Me commercial paper programme 86 Me (0 Me) was used at the end of March 2012.

Changes in working capital:
-33.1 Me (-26.2 Me)

Depreciations 4.4 Me (3.5 Me)

Gross investments 4.3 Me (5.6 Me)
- Pharmacy establishment
- Information systems
- Improvements in logistics efficiency
Personnel 31 March 2012

<table>
<thead>
<tr>
<th>Operating segment</th>
<th>31.3.2012</th>
<th>31.3.2011</th>
<th>Change, %</th>
</tr>
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<tbody>
<tr>
<td>Pharmaceutical Wholesale Finland and Baltics</td>
<td>503</td>
<td>486</td>
<td>+3%</td>
</tr>
<tr>
<td>Pharmaceutical Retail Sweden</td>
<td>991</td>
<td>1022</td>
<td>-3%</td>
</tr>
<tr>
<td>Pharmaceutical Wholesale Sweden</td>
<td>241</td>
<td>282</td>
<td>-15%</td>
</tr>
<tr>
<td>Pharmaceutical Retail Russia</td>
<td>1381</td>
<td>1582</td>
<td>-13%</td>
</tr>
<tr>
<td>Pharmaceutical Wholesale Russia</td>
<td>1666</td>
<td>1549</td>
<td>+8%</td>
</tr>
<tr>
<td>Total</td>
<td>4783</td>
<td>4921</td>
<td>-3%</td>
</tr>
</tbody>
</table>
Risks

• Oriola-KD has identified the following principal strategic and operational risks in its business
  - Growth in number of pharmacies outperforms growth in the market, leading to intense competition
  - Competition for market share in pharmaceutical wholesale in a consolidating market
  - Ensuring cost efficiency, flexibility and quality
  - Development of processes and infrastructure required by strategic expansion
  - Requirements and restrictions on pharmaceutical retail and wholesale imposed by the authorities, especially price regulation
  - Commitment of key employees

• The major financial risks for Oriola-KD involve currency rate, liquidity, interest rate and credit risks
  - Expansion of operations into new business areas and new markets has increased the financial risks
  - Currency risks are the most significant financial risks in Russia and Sweden
    - Changes in the value of the Russian Ruble or the Swedish Krona will have an impact on Oriola-KD’s financial performance and equity

• Goodwill and intangible rights are subject to impairment testing made at least once a year
  - Changes in cash flow forecasts based on strategic plans, or in the discount rate or perpetuity growth rate, can cause a goodwill write-down, which would weaken Oriola-KD’s profit
  - Especially the impairment test of the goodwill of the Russian cash-generating unit is more sensitive than before to changes in the discount rate or cash-flow forecasts

• Near-term risks and uncertainty factors
  - Intense competition and the number of new pharmacies to be established will have an impact on the profitability of Oriola-KD’s pharmacy business in Sweden and Russia
  - Changes in the exchange rate of the Russian Ruble, a potential increase in credit risks concerning customers and changes in the competitive environment may have an impact on the profitability of the wholesale business in Russia
Outlook 2012
Market Development

• Oriola-KD's outlook for 2012 is based on external market forecasts, supplier and customer agreements and management assessments.

• In the period 2012-2016, the pharmaceutical market is expected to grow annually in average by 0.5 per cent in Finland, 1 per cent in Sweden, and 11.5 per cent in Russia, measured in local currencies (source: IMS Health 04/2012).

• Competition is expected to remain very tough in the Russian pharmaceutical retail and wholesale business and the Swedish pharmaceutical retail business.
Outlook 2012

- Outlook for 2012 unchanged
  - Oriola-KD’s net sales are expected to increase 10–15 per cent and operating profit excluding one-off items is expected to be EUR 23–33 million in 2012
Focus Areas in 2012

**Wholesale**

**Finland**
- New picking automation line taken in use 
  increases efficiency of logistics

**Sweden**
- Development of new logistics services for pharmacy chains

**Russia**
- Increase of regional and hospital sales
- Implementation of new warehouse management system at the start of 2013
- Investigate opportunities to establish a new automated main logistics centre in Moscow

**Retail**

**Sweden**
- Opening some 15 new pharmacies
- Improving the competitiveness of individual pharmacies
- Purchasing
- Increase of traded goods and OTC assortment

**Russia**
- Development of pharmacy portfolio
- Improving the competitiveness of individual pharmacies
- Strengthening the product assortment
Long Term Targets and Dividend Policy

**Growth**
- To grow faster than the relevant markets

**Profitability**
- ROE (Return on Equity) target is over 15 per cent

**Balance sheet**
- Long-term average gearing ratio target is between 40 - 60 per cent

**Dividend Policy**
- Oriola-KD will seek to pay out annually as dividends approximately 50 per cent of earnings per share
- The Company’s strategy and financial position shall be taken into consideration when determining the annual dividend payout ratio
Disclosure Aspects

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