

A young couple is hiking in a scenic landscape. They are sitting on a red and black patterned blanket on the grassy bank of a calm lake. The man, on the right, is wearing a white t-shirt and shorts, and has a large green and black backpack. He is holding an open map and pointing at it. The woman, on the left, is wearing a light-colored patterned shirt and shorts, and is looking at the map with a smile. The background shows a dense forest of green trees and a mountain range in the distance under a clear sky.

# The leading specialist in wholesale of pharmaceuticals and health products

Danske Bank Healthcare Seminar | Helsinki 13 June 2024

# Speakers and agenda for today



**Katarina Gabrielson**  
CEO



**Timo Leinonen**  
CFO

- Oriola today
- Strategy
- Sustainability
- Long-term financial targets
- Q1 2024 financials
- Q&A

# We create value through the entire healthcare value chain

Securing the distribution of medicines to patients and customers is a key element in the Nordic welfare societies and the healthcare system.

Oriola has been serving customers in this area since the establishment of its first medicine wholesaler in 1907. The company's long tradition has set the foundation for our expertise in the pharmaceutical sector.

We aim to be a forerunner in the advanced distribution of pharmaceuticals and in providing advisory services to pharmaceutical companies throughout the products' lifecycle.

# Strong position in the health and wellbeing markets in Finland and Sweden

Local scale and services

Deep customer understanding

Long experience in the markets

Strong focus on quality and safety

Sustainability at the core of business

Stable operating environment

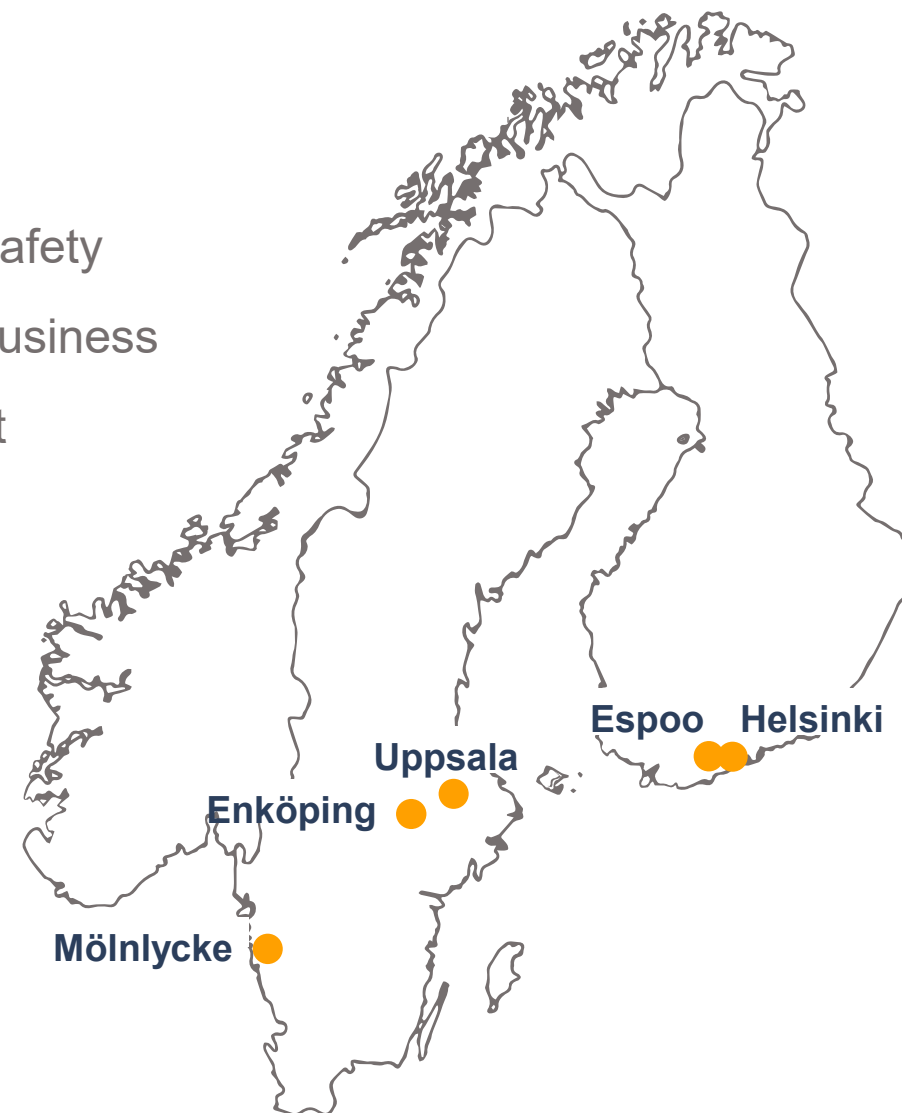
## KEY FIGURES 2023\*

Invoicing  
**3.6**  
EUR billion

Net sales  
**1.5**  
EUR billion

Adj. EBIT  
**19.5**  
EUR million

Employees  
**932**



\* Net sales and adjusted EBIT excluding Swedish dose dispensing business

# We deliver customer value through our integrated service offering



<p><b>Distribution</b> provides logistics and dose dispensing services mainly of pharmaceuticals</p>	<p><b>Wholesale</b> is our business in traded goods and OTC offered to our pharmacy and retail customers including parallel import and specialised medicines</p>	<p><b>Advisory</b> provides expert services to pharmaceutical companies and pharmacies such as clinical trials, patient support, market access and tenders</p>
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# Oriola's refined business strategy – the way forward

Growing Oriola's  
wholesale business

2023

The forerunner in the advanced distribution of pharmaceuticals and in providing advisory services to pharmaceutical companies

- Focus on core business
- Improvement of profitability
- Infrastructure company in securing the availability of pharmaceuticals

2024–2026

The leading specialist in wholesale of pharmaceuticals and health products

- Strong partnerships
- Enhanced efficiency
- Portfolio and market expansion

# Market drivers creating opportunities

## Ageing population

- The share of people older than 80 years will grow, and elderly consume more medicines.
- Growth driver of Oriola's distribution business.

## Wellbeing and healthcare

- Preventive care is growing as people are willing to invest in their high quality and active lifestyle.
- Growth driver for Oriola's wholesale business.

## Online pharmaceuticals and digitalisation

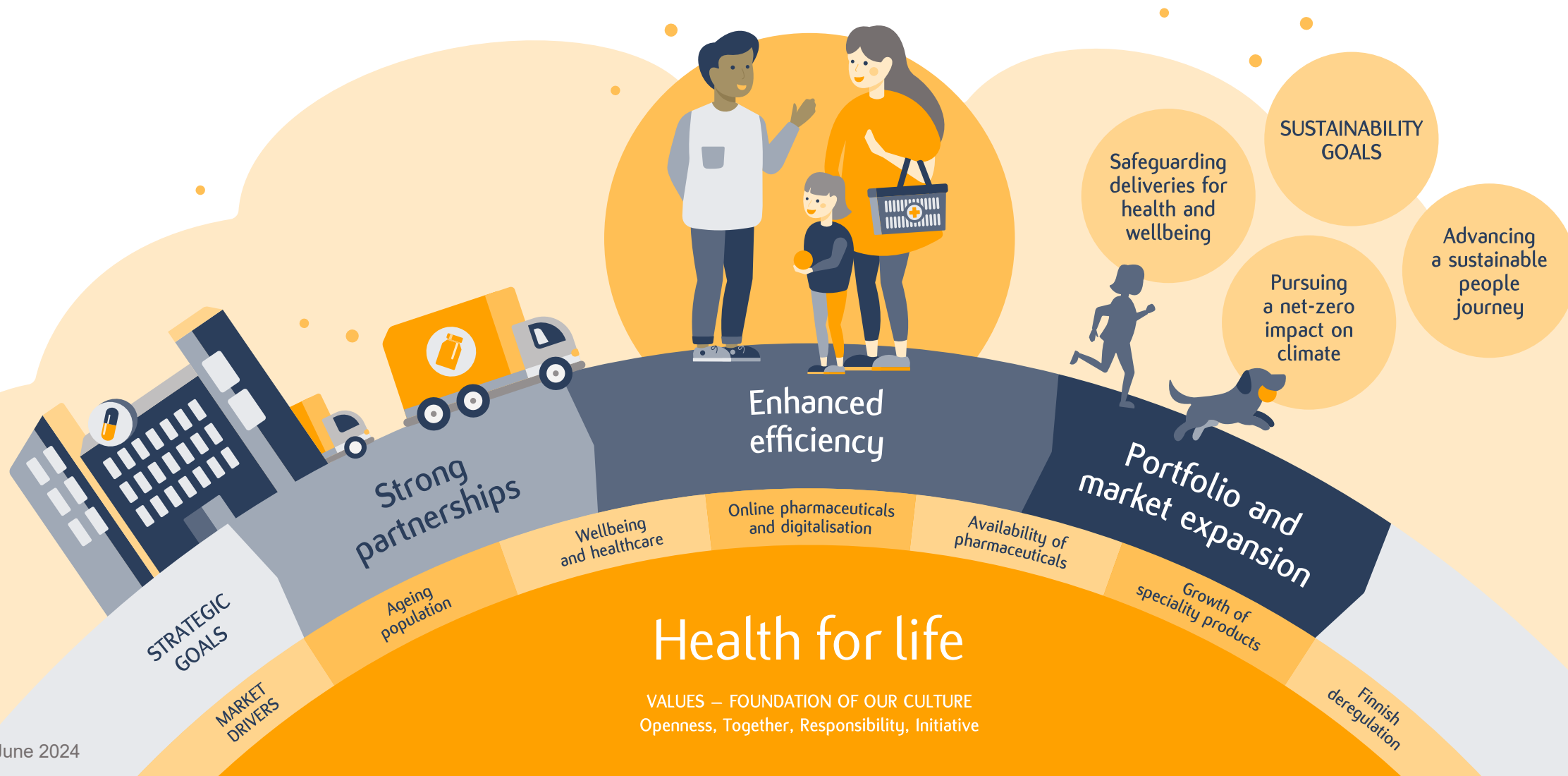
- In general, the products are suitable to sell and distribute via online channels.
- Digitalisation may support optimisation and increased efficiencies in the distribution business.

## Specialty products

- Increased individual pharma solutions drive increased requirements on logistics and ability to manage products with shorter shelf life.
- Market potential through investments and partnerships.



# The leading specialist in wholesale of pharmaceuticals and health products

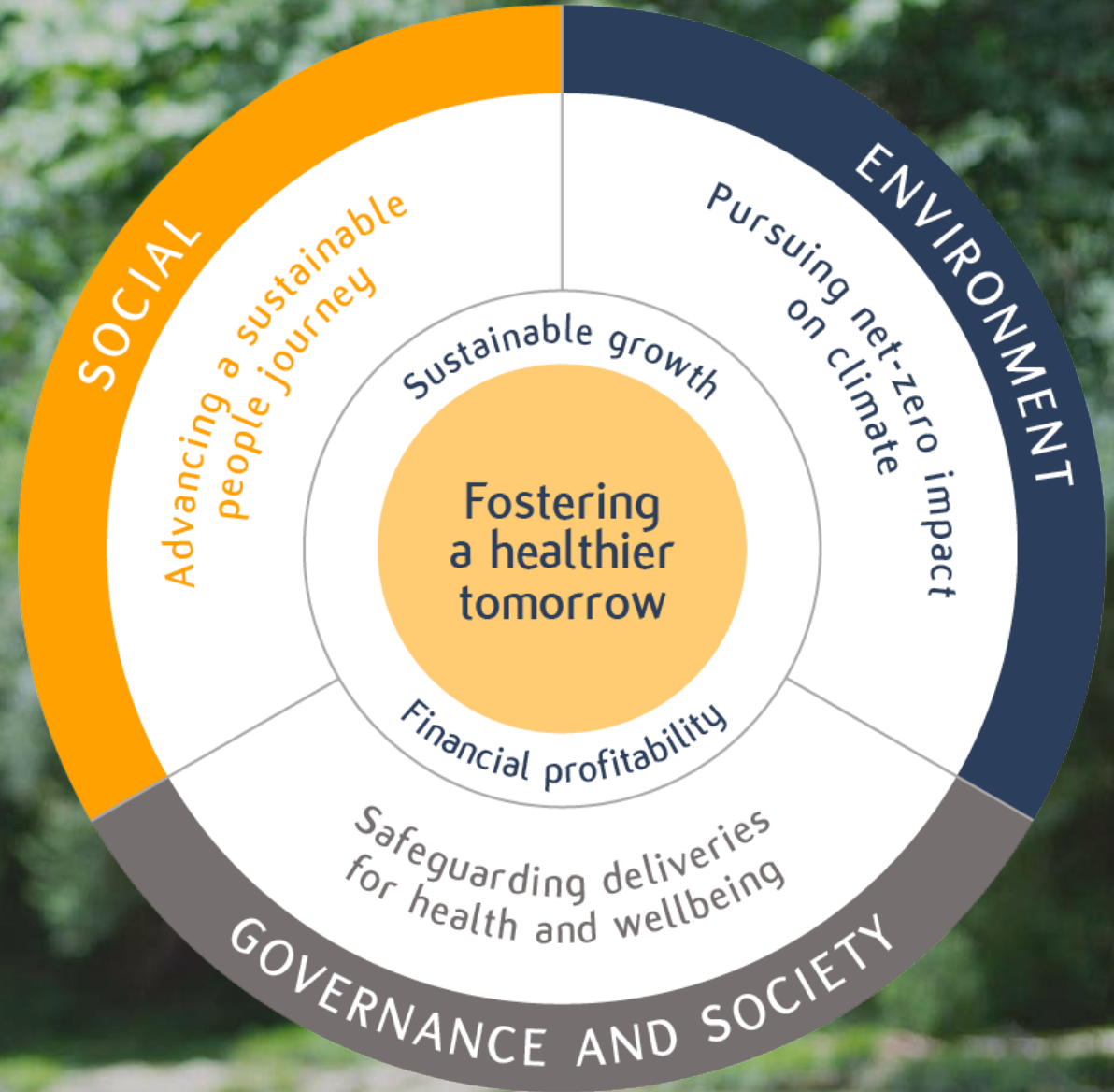




## Strategic investment in ERP and warehouse management

- The investment comprises the renewal of Oriola's ERP (enterprise resource planning) and warehouse management during the years 2025–2027.
- The aim of the project is to have one common system which will enable to harmonise business processes, strengthen data management and enhance customer experience.
- The value of the total investment is about EUR 35 million of which capital expenditure is estimated to be about 3/4 of the total investment.
- The new ERP and warehouse management will replace the current two separate systems in Sweden and Finland.
- The project will start in 2024 and the new system will be deployed in phases during 2025–2027. The first deployment will be in Sweden followed by the deployment in Finland.

# Sustainability at the core of our business



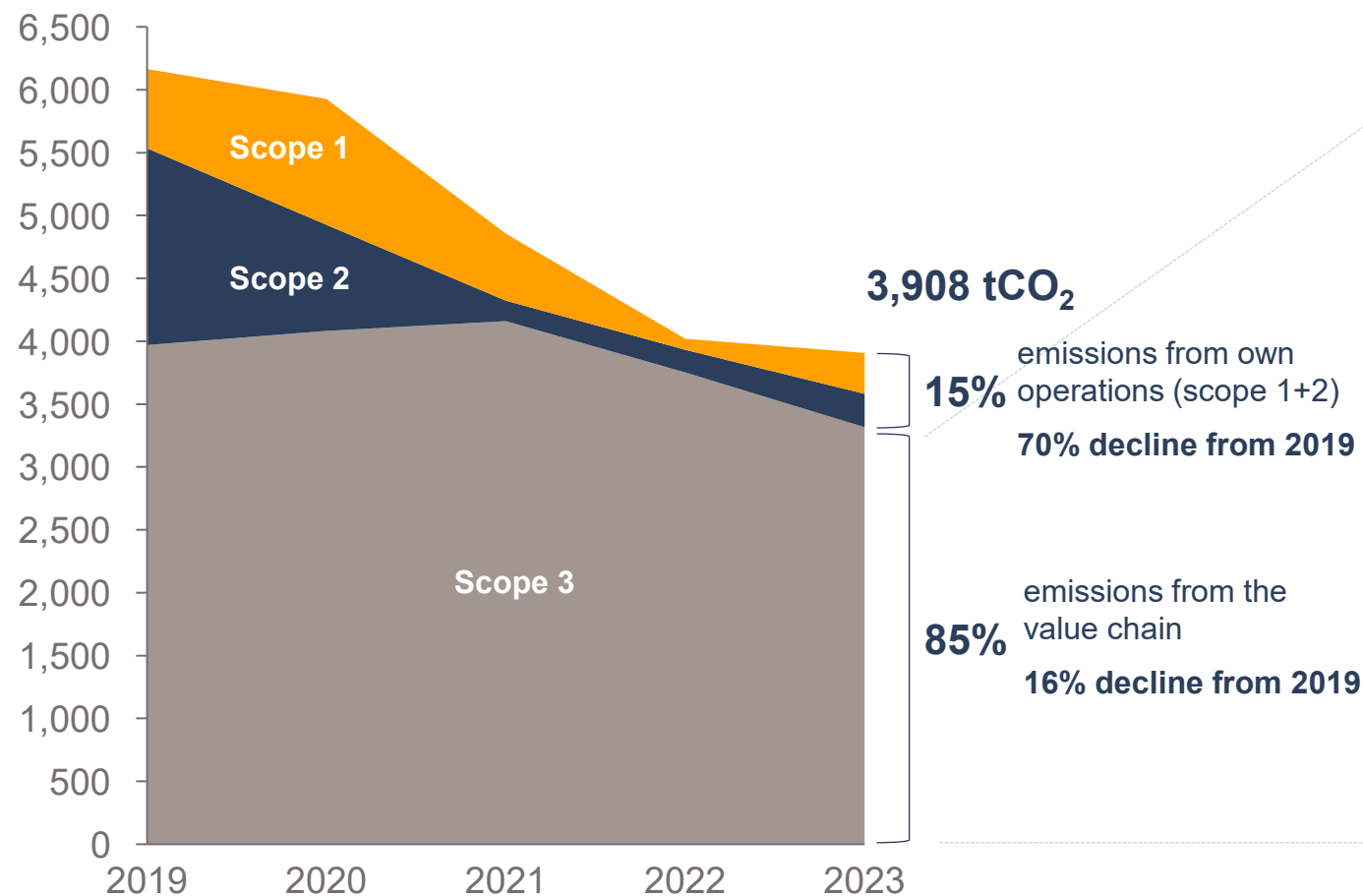
Committed to the UN Sustainable Development Goals (SDGs)



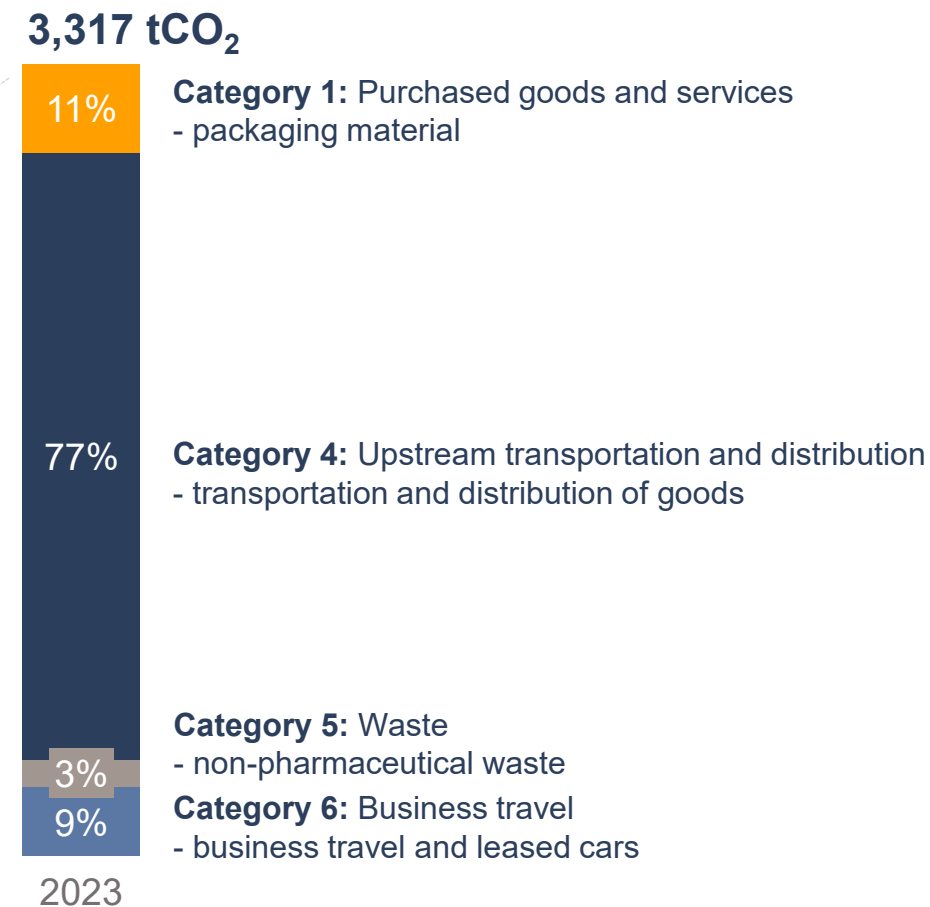
- 3** GOOD HEALTH AND WELL-BEING
- 8** DECENT WORK AND ECONOMIC GROWTH
- 12** RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13** CLIMATE ACTION

# We are committed to carbon neutrality 2030

## Oriola's total emissions, tCO<sub>2</sub>



## Oriola's emissions from the value chain



# Ambitious goals steer our sustainability work

**90%**  
Recycling rate  
by 2025

**99.0%**  
picking quality  
at Group level  
by 2026

**4.5**  
Lost time incident  
frequency (LTIF)  
by 2026

**Result 2023:  
81%**

**Result 2023:  
99.8%**

**Result 2023:  
6.09**

## Reporting



CDP Score C  
(2023)



Among top 5%  
(2023)

## Corporate Sustainability Reporting Directive (CSRD)

Sustainability Statement to be published  
in **2025**

Key development areas identified incl.  
policies, process descriptions and data  
metrics

## Science-based targets

Oriola will initiate the project to set  
science-based emission reductions  
targets. The aim is to submit targets  
for validation in 2024

# Financials

# Long-term financial targets and dividend policy

## GROWTH

Annual sales growth at the rate of market, minimum 4%

## PROFITABILITY

Adjusted EBIT margin above 3%

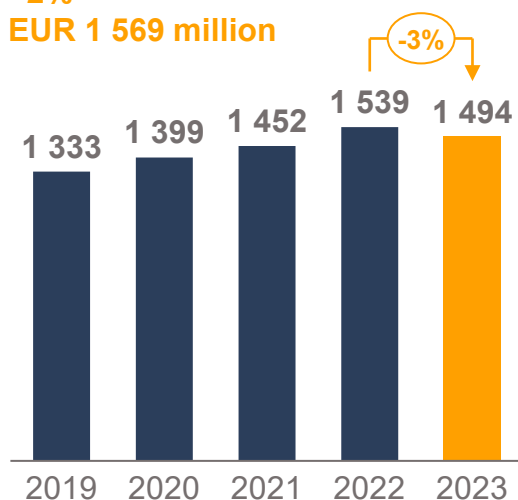
## EQUITY

Return on equity >20%

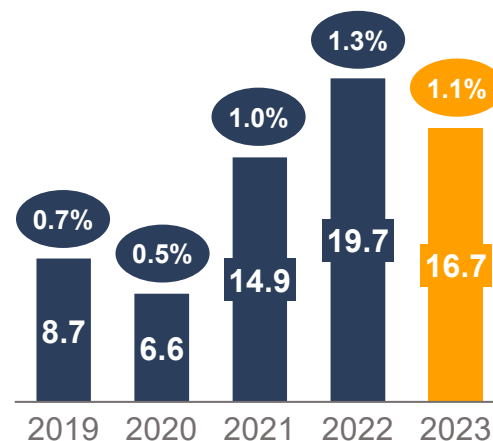
## DIVIDEND POLICY

Oriola's aim is to pay out an increasing annual dividend of 2/3 of net profit.

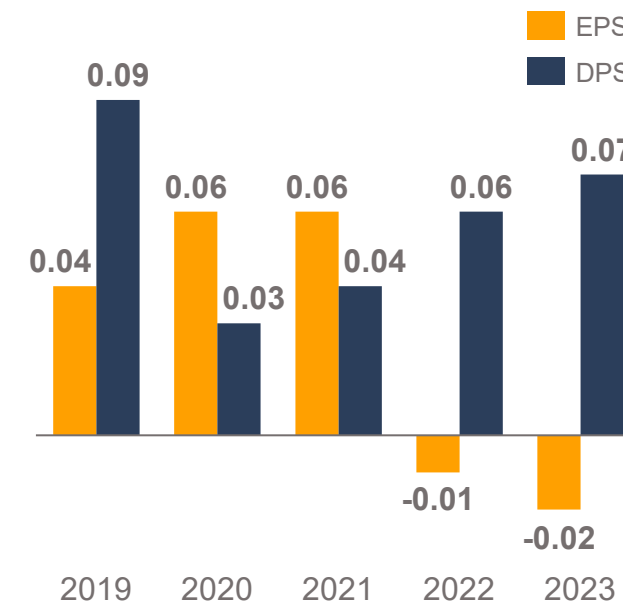
Net sales in constant currency:  
+2%  
EUR 1 569 million



Adj EBIT excl. Dose Sweden:  
+64%  
EUR 19.5 (11.9) million, 1.3%



2023: -10.4%



# Q1 24

Net sales

**375 (360) +4%**

EUR million

Adjusted EBIT excl. Dose Sweden

**4.5 (3.9) +14%**

EUR million

Adjusted EBIT

**4.0 (3.5) +13%**

EUR million

## Sales growth and improved profitability

- Net sales growth driven by both Distribution and Wholesale segments
- Profitability improvement was supported by lower operating expenses compared with the previous year, and lower freight costs.
- Implementation of our refined strategy, launched at the end of last year, has progressed well
- At joint venture company Kronans Apotek the focus remains on long-term profitability improvement, integration activities and business development – new CEO Tomas Rupšys from 17 April 2024

## Sale of Svensk dos AB

- The agreement to sell all shares in Svensk dos AB to Apotekstjänst Sverige AB was signed in October.
- On 29 April, the Swedish Competition Authority (Konkurrensverket) announced its decision on prohibiting Oriola's sale of Svensk dos AB to Apotekstjänst Sverige AB due to negative effects on the competition in the market.
- The tender market structure and dynamics in Sweden have not changed, which is why we will also consider other options for exiting the Swedish dose dispensing business.

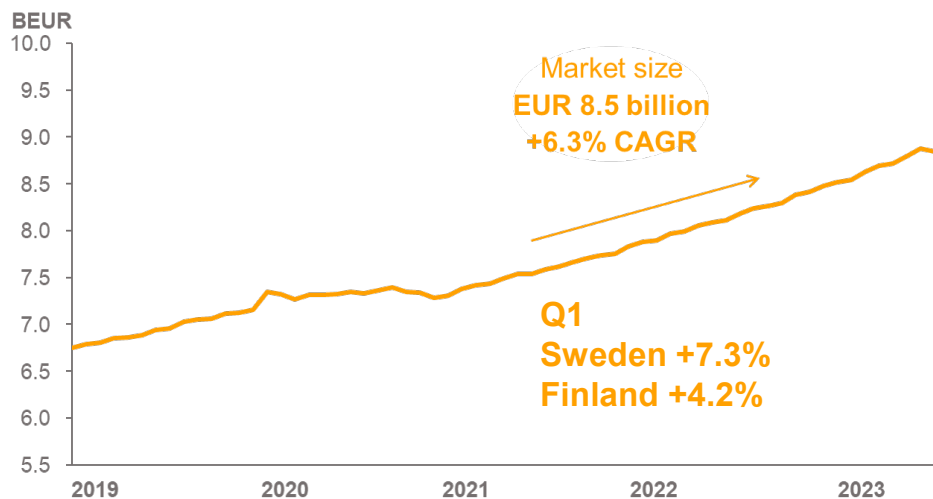
Note: Svensk dos was acquired by Oriola in 2016.



# Pharmaceutical wholesale markets growing

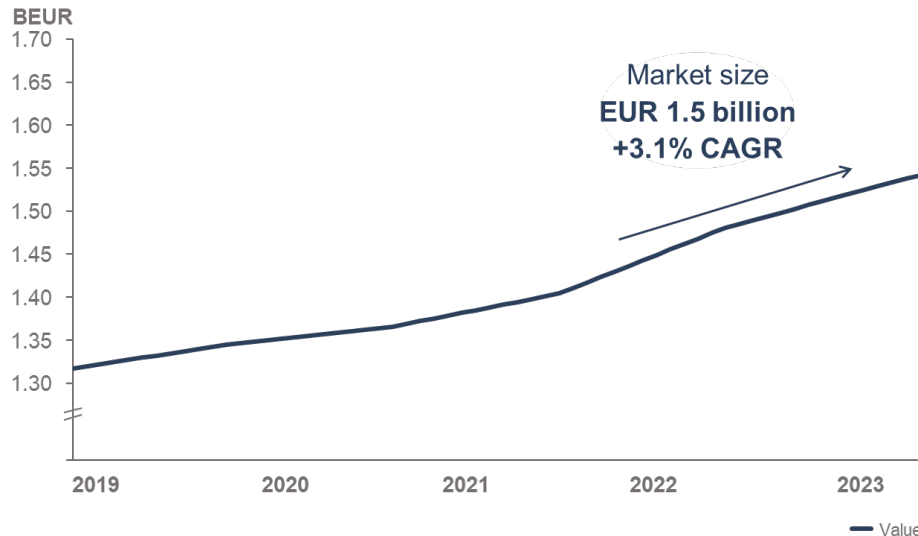
## Finland and Sweden markets combined

### Pharmaceutical distribution



Source: IQVIA, LTK. Market size is 12 month rolling market value. SEK/EUR average exchange rate for 2023. CAGR 2022-2023.

### Consumer health

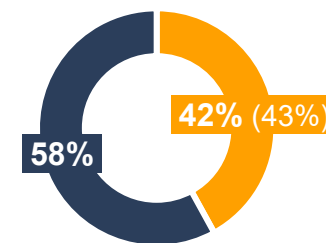


Source: Euromonitor. Market size is 12 month rolling market value. SEK/EUR average exchange rate for 2023. CAGR 2022-2023.

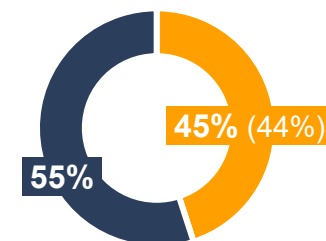
## Market shares

### Pharmaceutical distribution

#### Sweden

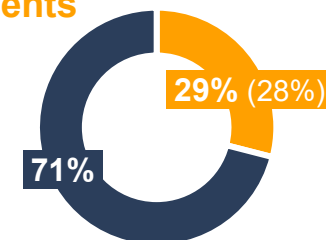


#### Finland



### Dose dispensing in Finland

#### 110,000 patients

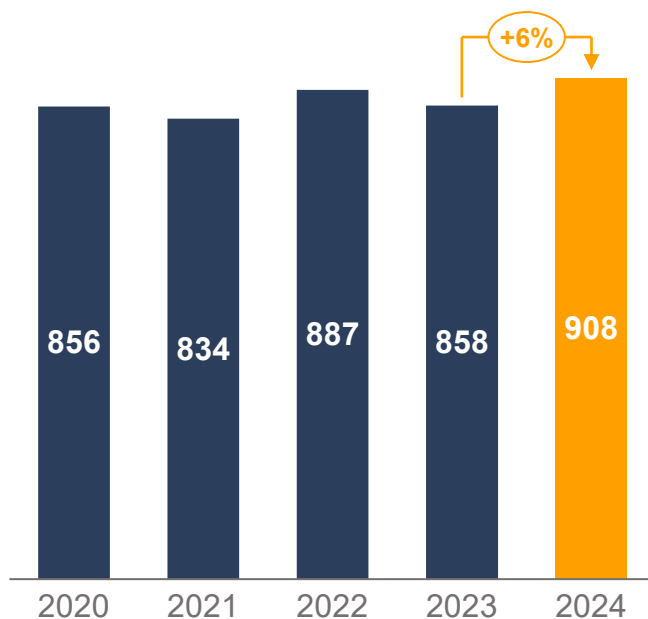


Legend: ■ Oriola ■ Others

# Sales growth and improved profitability

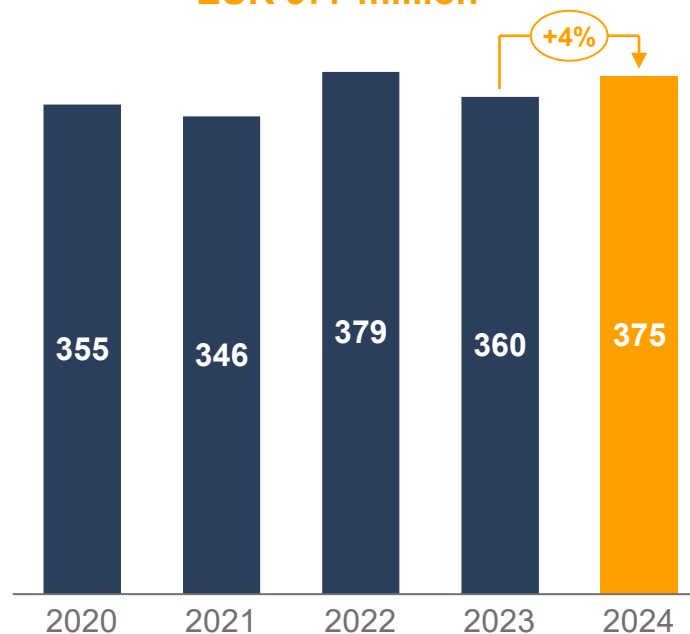
## Invoicing Q1 EUR million

In constant currency:  
+6%  
EUR 912 million



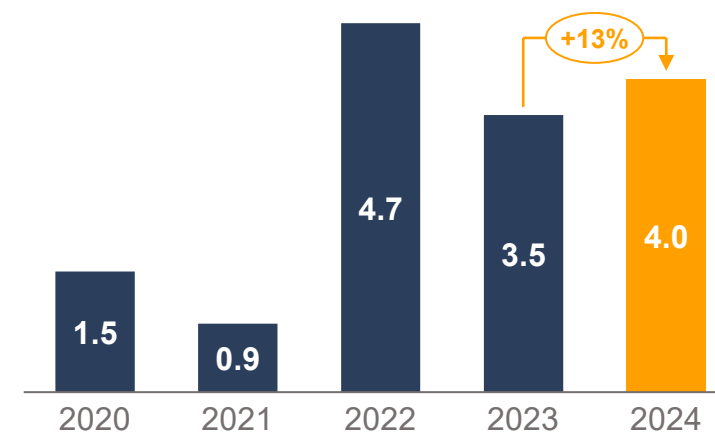
## Net sales Q1 EUR million

In constant currency:  
+5%  
EUR 377 million



## Adjusted EBIT Q1 EUR million

Adj. EBIT excl. Dose Sweden  
+14%  
EUR 4.5 (3.9) million



# New reporting segments



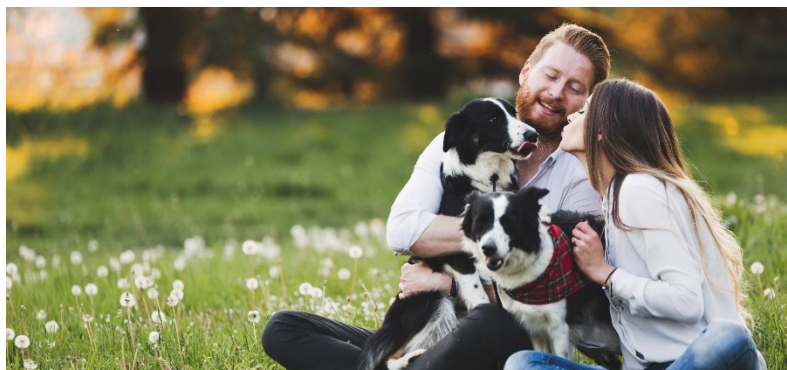
## Distribution segment

- Pharmaceutical logistics
- Dose dispensing services

### Key figures 2023

Excl. Swedish dose dispensing business

- Net sales: EUR 1,170.4 (1,112.1) million
- Adjusted EBIT: EUR 17.4 (13.8) million
- Personnel: 396 (333)



## Wholesale segment

- Wholesale of traded goods and over-the-counter (OTC) products
- Parallel import
- Special licensed medicines
- Advisory services

### Key figures 2023

- Net sales: EUR 305.7 (351.4) million
- Adjusted EBIT: EUR 8.9 (6.5) million
- Personnel: 284 (250)

## Net sales by segment<sup>1</sup> %



## Adj. EBIT by segment<sup>2</sup> %



<sup>1</sup>Net sales between segments EUR -0.4m

<sup>2</sup>Group administration and others EUR -6.8m

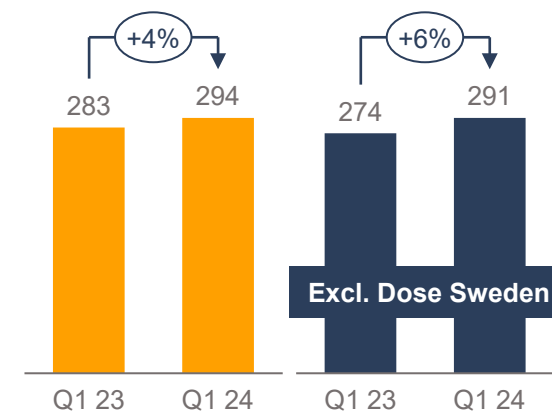
Key figures are unaudited



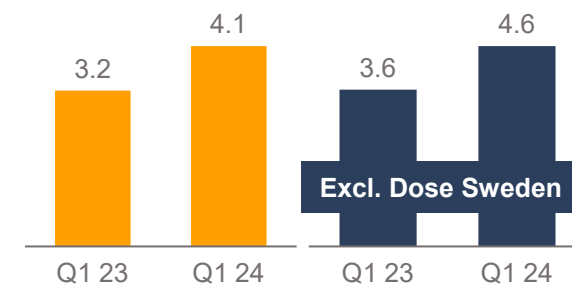
## Distribution segment

- Net sales growth driven by steady market growth
- Profitability improved by 29%
- Lower cost base year-on-year
- Continue to build on steady development from last year
- Stable market shares
- New customers and renewed contracts

Net sales EUR million



Adjusted EBIT EUR million

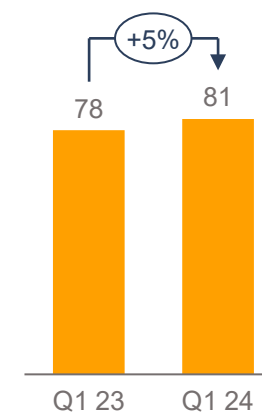




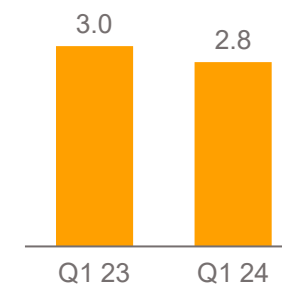
## Wholesale segment

- Good growth on topline
- Solid performance in Swedish wholesale business
- Good development in advisory services
- Profitability burdened by lower volumes in Finnish wholesale business
- Long-term strategic goal to grow wholesale business by developing brand portfolio and product categories

**Net sales** EUR million

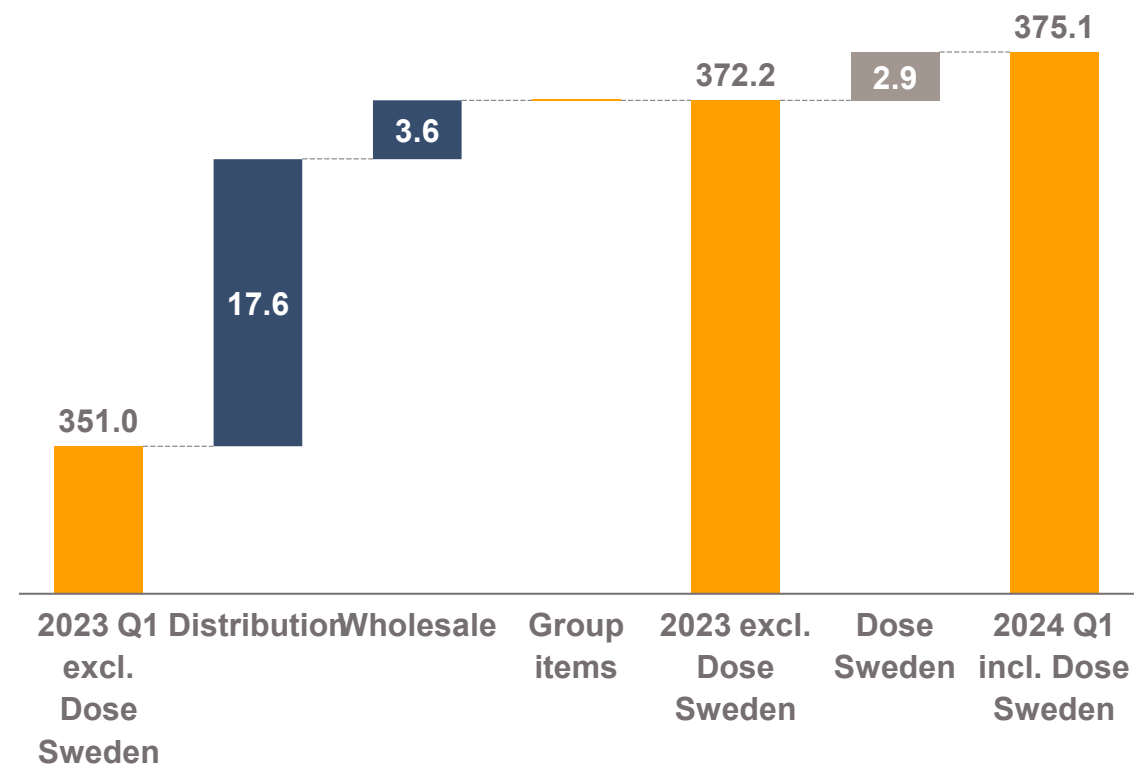


**Adjusted EBIT** EUR million



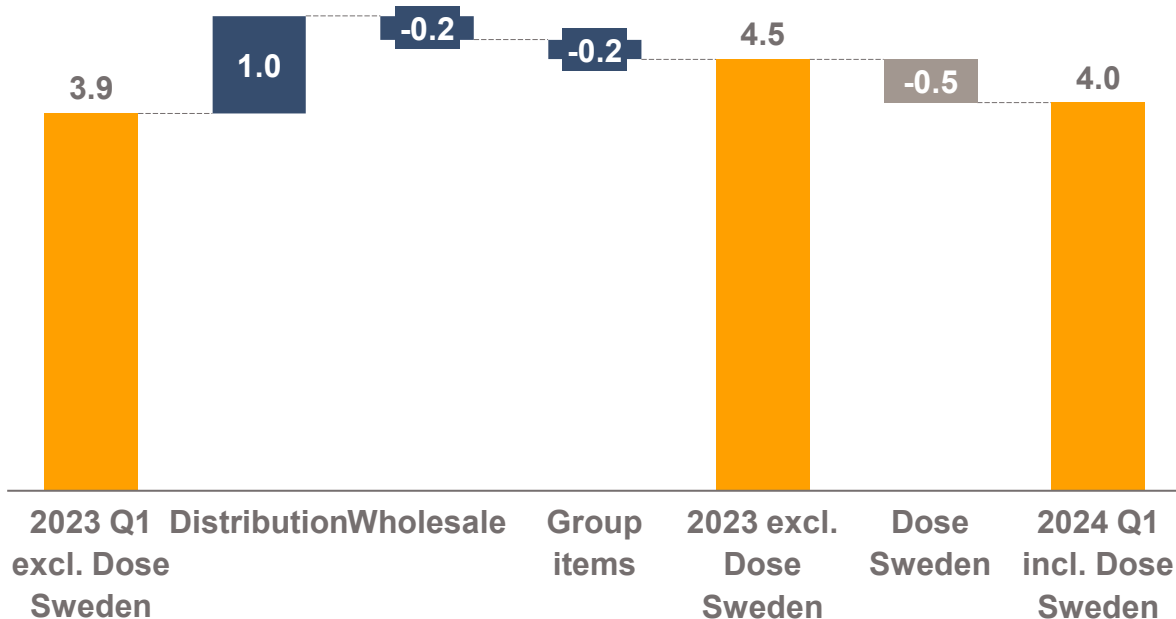
# Improved performance by Distribution

Net sales by segment EUR million



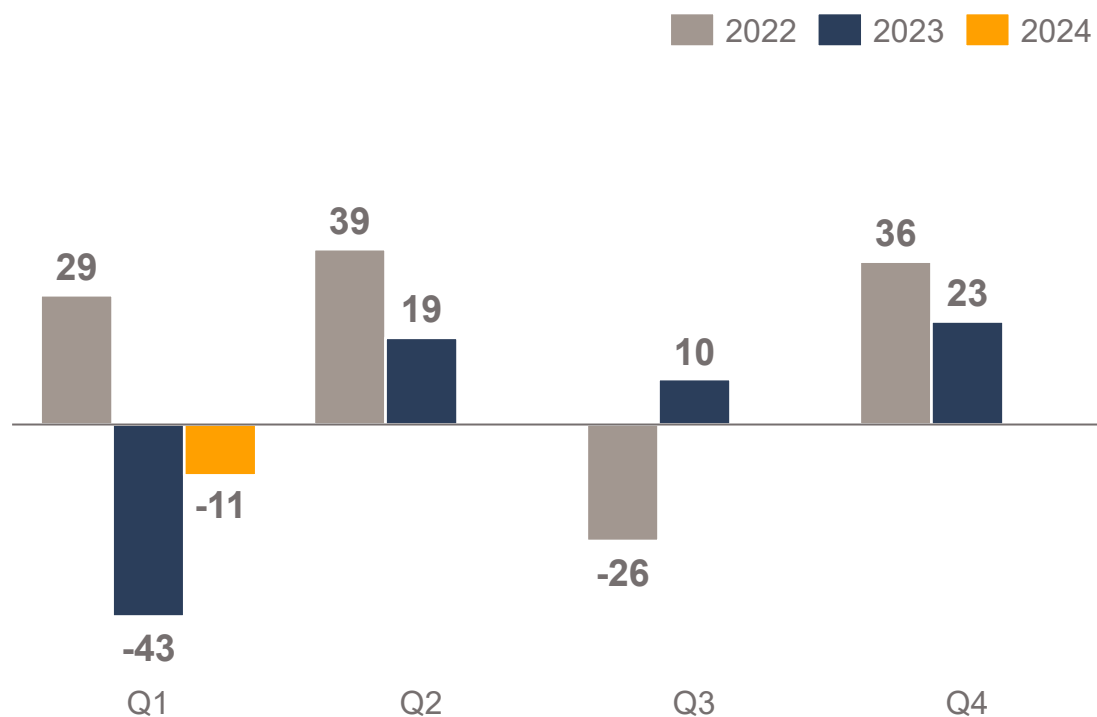
Adjusted EBIT by segment EUR million

ERP project-related costs  
Q1 23: EUR 0.7 million

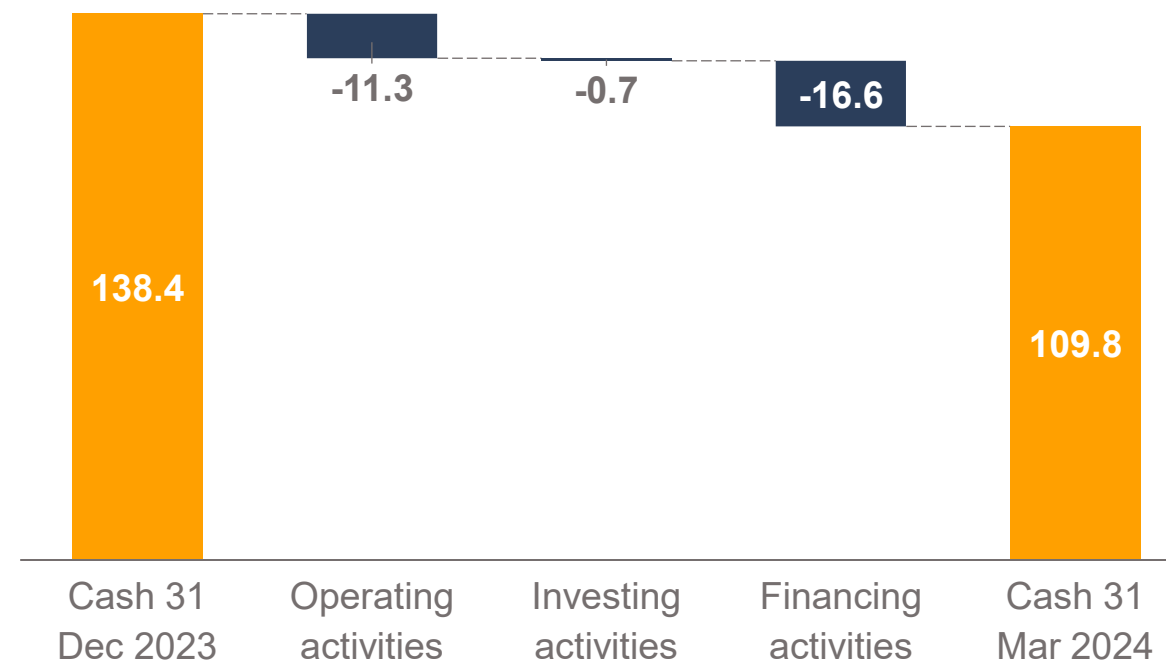


# Negative cash flow in Q1

Quarterly net cash flow from operating activities  
EUR million

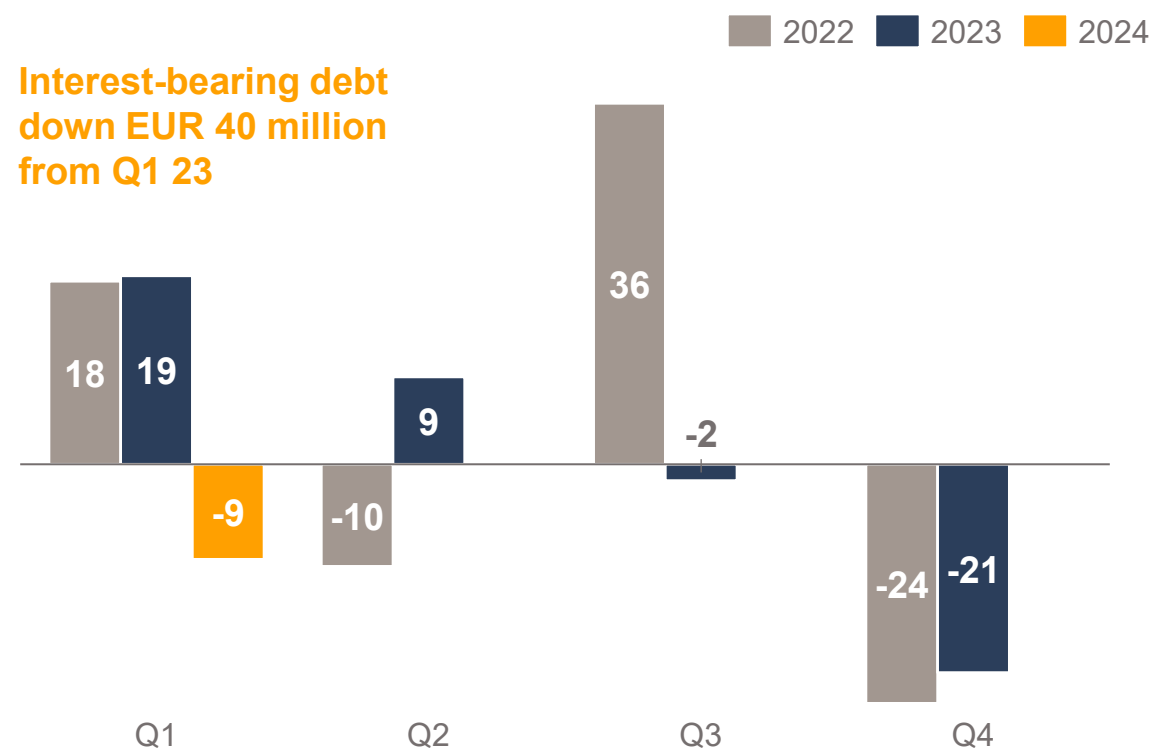


2024 Q1 change in cash  
EUR million



# Net debt on a low level

## Net interest-bearing debt EUR million



## Net interest-bearing debt items EUR million

Net interest-bearing debt item	31 Mar 2024	31 Mar 2023
Bank loans (syndicated Bank & term)	57.2	59.7
Commercial papers	24.5	53.7
Advance payment from pharmacies	10.5	11.4
Lease liabilities	8.3	13.0
Cash and cash equivalents	109.8	119.1
<b>Net interest-bearing debt</b>	<b>-9.4</b>	<b>18.7</b>
Sold trade receivables	93.2	97.6
Gearing % <sup>2</sup>	-6.2	8.7

<sup>2</sup>Excluding the impact of IFRS 16 gearing would have been -11.6% (2.7%)





## Kronans Apotek (Swedish Pharmacy Holding)

Key figures, EUR million	2024 1-3	2023 1-3	Change %	2023 1-12
Net sales	286.4	279.7	2.4	1,126.9
EBITA	-4.4	1.7	-353.6	0.7
EBITA %	-1.5	0.6		0.1
Adjusted EBIT	-5.0	0.0		-2.0
Adjusted EBIT %	-1.7	0.0		-0.2
Net interest-bearing debt	94.7	82.6	14.6	93.0

Kronans Apotek's adjusted EBIT and net result were burdened by amortisations related to the purchase price allocations (PPA), which also have a significant impact on the recognised share of result of joint venture in Oriola's statement of comprehensive income.

Kronans Apotek is an important strategic partner for Oriola, and Oriola will actively support Kronans Apotek's value creation as a major shareholder. Kronans Apotek expects its full profit potential to materialise by the end of 2025.

New CEO Tomas Rupšys from 17 April 2024.

## Outlook 2024

In 2024, the pharmaceutical distribution market is expected to continue to grow. A continuation of a weak consumer confidence might impact the wholesale market development.

The recent overall inflationary environment and related cost pressures may have an impact on Oriola's profitability.

**Oriola expects the adjusted EBIT, excluding the dose dispensing business in Sweden, for the year 2024 to increase from the adjusted EBIT for 2023 (EUR 19.5 million).**

Published on 16 February 2024

A photograph of a man with glasses and a beard, wearing a grey t-shirt and blue jeans, kneeling on a wooden floor. He is smiling and holding the hands of a young child who is walking towards the camera. The child is wearing a white long-sleeved shirt and brown pants. The room is brightly lit by natural light from a window in the background. A white table is visible on the left, and a hanging macramé chair is on the right. The text "Health for life" is overlaid in a large, orange, sans-serif font across the center of the image.

# Health for life