

Eyeing gradual improvements

Oriola reports its Q2 results on July 18th. We expect a fairly steady development, with the profitability of the Wholesale-segment of key interest. We have slightly dimmed our estimates ahead of Q2, expecting more gradual recovery. Overall, we expect continued good growth and volume-driven profitability improvements.

More cautious stance on Wholesale profitability

Oriola reports its Q2 results on July 18th. Performance in Q1 was fairly good but mixed. While the Distribution-segment continued to show good growth and volume driven profitability improvements the Wholesale-segment saw weaker profitability through front-loaded growth investments. We have slightly lowered our estimates for profitability in the Wholesale-segment ahead of Q2, anticipating a more gradual pick up. On group level we expect invoicing to grow by 8% y/y and a similar growth in adj. EBITDA. We estimate a slight improvement in the profitability of Kronans Apotek, which coupled with anticipated ERP and warehouse management related investments puts our net earnings estimate fairly in line with the comparison period.

Continuing to expect good growth and steady profitability

Apart from shifting our expectations for the profitability of the Wholesale-segment to gradually pick up towards Q4, our full year estimates remain intact. We expect the impact of earlier new customer onboardings to keep growth at above market levels in the Distribution-segment, and the Wholesale-segment to show a similar growth pace driven by growth investments. We expect a approx. 6% y/y increase in adj. EBITDA, mainly through volume growth in the Distribution-segment, with margin improvement expected to be limited, in line with company guidance of growth in adj. EBITDA.

ACCUMULATE with a TP of EUR 1.15

Changes made to our estimates reflect an anticipated more gradual pace of recovery in the profitability of the Wholesale segment, while long-term views remain intact. We retain our ACCUMULATE-rating and target price of EUR 1.15.

Rating

➕ Accumulate



Share price, EUR (Last trading day's closing price) **1.08**
Target price, EUR 1.15

Latest change in recommendation 07-Apr-25
Latest report on company 30-Apr-25
Research paid by issuer: YES
No. of shares outstanding, '000's 185 323
No. of shares fully diluted, '000's 185 323
Market cap, EURm 200
Free float, % 65.4 %
Exchange rate 0.0
Reuters code ORIOLA.HE
Bloomberg code ORIOLA FH
Average daily volume, EURm 0.0
Next interim report 18-Jul-25
Web site oriola.com/investors

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➕➕ BUY ➕ ACCUMULATE ➖ REDUCE ➖➖ SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2023	1493.8	-5.3	-0.4%	7.9	-0.11	-9.6	0.2	-52.0	4.0%	0.07
2024	1679.7	13.6	0.8%	29.8	-0.11	-8.1	0.1	16.0	18.5%	0.07
2025E	1851.0	10.7	0.6%	21.5	0.00	-953.2	0.1	14.7	10.8%	0.08
2026E	1940.0	23.3	1.2%	25.8	0.09	11.7	0.1	6.3	12.9%	0.09
2027E	2029.6	31.2	1.5%	35.4	0.15	7.2	0.1	4.1	17.7%	0.10
Market cap, EURm	200		Gearing 2025E, %		37.9 %		CAGR EPS 2024-27, %		0.0 %	
Net debt 2025E, EURm	48		Price/book 2025E		1.6		CAGR Sales 2024-27, %		6.5 %	
Enterprise value, EURm	158		Dividend yield 2025E, %		7.4 %		ROE 2025E, %		-0.2 %	
Total assets 2025E, EURm	928		Tax rate 2025E, %		39.1 %		ROCE 2025E, %		2.6 %	
Goodwill 2025E, EURm	35		Equity ratio 2025E, %		13.6 %		PEG, P/E 25/CAGR		0.0	

All the important disclosures can be found on the last pages of this report.

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	1.08 PV of Free Cash Flow	263 Long-term growth, %	1.5 % Risk-free interest rate, %	2.50 %
DCF share value	3.16 PV of Horizon value	301 WACC, %	7.8 % Market risk premium, %	5.8 %
Share price potential, %	192.5 % Unconsolidated equity	90 Spread, %	0.5 % Debt risk premium %	2.5 %
Maximum value	3.4 Marketable securities	114 Minimum WACC, %	7.3 % Equity beta coefficient	0.95
Minimum value	2.9 Debt – dividend	–183 Maximum WACC, %	8.3 % Target debt ratio, %	20 %
Horizon value, %	53.4 % Value of stock	585 No. of shares, Mn	185.3 Effective tax rate, %	20 %

DCF valuation, EURm	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	TERMINAL
Net sales	1 680	1 851	1 940	2 030	2 111	2 195	2 283	2 351	2 422	2 495	2 532	2 570
Sales growth (%)	12.4%	10.2%	4.8%	4.6%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	1.5%	1.5%
Operating income (EBIT)	14	11	23	31	38	40	41	35	36	37	38	39
Operating income margin %	0.8%	0.6%	1.2%	1.5%	1.8%	1.8%	1.8%	1.5%	1.5%	1.5%	1.5%	1.5%
+ Depreciation+amort.	13	18	12	12	9	10	11	12	13	13	14	
EBITDA	27	28	35	43	47	50	52	47	49	51	52	
– Paid taxes	–5	–3	–5	–6	–8	–8	–8	–7	–7	–7	–8	
– Change in NWC	21	12	6	7	6	6	6	5	5	5	3	
NWC / Sales, %	–6.5%	–6.6%	–6.6%	–6.6%	–6.6%	–6.7%	–6.7%	–6.7%	–6.7%	–6.7%	–6.8%	
+ Change in other liabs												
– Operative CAPEX	–3	–15	–4	–5	–8	–8	–8	–9	–9	–9	–9	
opCAPEX / Sales, %	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	
– Acquisitions												
+ Divestments												
– Other items	0	6										
= FCFF	42	34	33	38	38	40	42	37	38	39	38	612
= Discounted FCFF		33	29	32	29	29	28	23	22	21	19	301
= DFCF min WACC		33	29	32	29	29	29	23	22	22	19	342
= DFCF max WACC		33	29	31	28	28	27	22	21	20	18	267

Sensitivity analysis, EUR

		Terminal WACC				
		5.77 %	6.77 %	7.77 %	8.77 %	9.77 %
Terminal EBIT–%	–0.50 %	0.69	0.87	0.98	1.04	1.07
	0.50 %	2.60	2.29	2.07	1.90	1.76
	1.50 %	4.51	3.71	3.16	2.76	2.46
	2.50 %	6.42	5.12	4.25	3.62	3.15
	3.50 %	8.33	6.54	5.34	4.48	3.85

INTERIM FIGURES

EVLI ESTIMATES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Net sales	375.1	439.5	424.4	440.7	1 679.7	447.2	473.7	457.9	472.3	1 851.0	1 940.0	2 029.6
EBITDA	6.7	8.5	5.0	7.0	27.1	6.0	7.2	7.0	8.1	28.3	35.1	43.0
<i>EBITDA margin (%)</i>	<i>1.8%</i>	<i>1.9%</i>	<i>1.2%</i>	<i>1.6%</i>	<i>1.6%</i>	<i>1.3%</i>	<i>1.5%</i>	<i>1.5%</i>	<i>1.7%</i>	<i>1.5%</i>	<i>1.8%</i>	<i>2.1%</i>
EBIT	3.7	5.6	0.3	4.0	13.6	-2.8	4.3	4.1	5.2	10.7	23.3	31.2
<i>EBIT margin (%)</i>	<i>1.0%</i>	<i>1.3%</i>	<i>0.1%</i>	<i>0.9%</i>	<i>0.8%</i>	<i>-0.6%</i>	<i>0.9%</i>	<i>0.9%</i>	<i>1.1%</i>	<i>0.6%</i>	<i>1.2%</i>	<i>1.5%</i>
Net financial items	-5.7	-2.8	-2.5	-21.2	-32.1	-2.6	-2.0	-2.0	-2.5	-9.1	-2.7	2.0
Pre-tax profit	-2.0	2.9	-2.2	-17.2	-18.5	-5.4	2.3	2.1	2.7	1.6	20.7	33.2
Tax	-0.4	-0.9	0.2	-0.5	-1.5		-0.6	-0.5	-0.7	-1.8	-3.6	-5.2
<i>Tax rate (%)</i>	<i>22.6%</i>	<i>21.0%</i>	<i>12.5%</i>	<i>21.7%</i>	<i>23.8%</i>		<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>39.1%</i>	<i>20.0%</i>	<i>20.0%</i>
Net profit	-2.3	2.0	-2.0	-17.7	-20.0	-5.4	1.7	1.5	1.9	-0.2	17.1	28.0
EPS	-0.01	0.01	-0.01	-0.10	-0.11	-0.03	0.01	0.01	0.01	0.00	0.09	0.15
EPS adj. (diluted)	-0.01	0.01	-0.01	-0.10	-0.11	-0.03	0.01	0.01	0.01	0.00	0.09	0.15
Dividend per share					0.07					0.08	0.09	0.10
SALES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Distribution	294.1	358.0	350.8	361.8	1 364.7	359.2	385.8	379.7	387.2	1 511.9	1 579.9	1 647.9
Wholesale	81.1	81.7	73.7	79.1	315.6	88.1	88.0	78.4	85.2	339.7	360.7	382.3
Other	-0.1	-0.2	-0.1	-0.2	-0.6	-0.2	-0.2	-0.2	-0.2	-0.6	-0.6	-0.6
Total	375.1	439.5	424.4	440.7	1 679.7	447.2	473.7	457.9	472.3	1 851.0	1 940.0	2 029.6
SALES GROWTH, Y/Y%	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Distribution	3.8%	15.5%	23.4%	16.1%	14.8%	22.1%	7.8%	8.2%	7.0%	10.8%	4.5%	4.3%
Wholesale	4.6%	3.0%	-0.1%	5.3%	3.2%	8.6%	7.7%	6.3%	7.7%	7.6%	6.2%	6.0%
Other	-67.4%	-3.2%	-39.8%	-2.6%	-32.2%	50.0%	-25.0%	50.0%	-25.0%			
Total	4.1%	13.0%	18.6%	14.0%	12.4%	19.2%	7.8%	7.9%	7.2%	10.2%	4.8%	4.6%
EBIT, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Distribution	4.1	5.4	5.1	5.8	20.4	4.6	5.1	5.7	6.3	21.9	26.9	33.4
Wholesale	2.7	2.3	1.5	2.0	8.5	1.8	2.0	2.1	2.3	8.2	11.3	12.9
Other	-3.1	-2.1	-6.3	-3.8	-15.3	-9.2	-2.9	-3.8	-3.5	-19.4	-14.9	-15.1
Total	3.7	5.6	0.3	4.0	13.6	-2.8	4.3	4.1	5.2	10.7	23.3	31.2
EBIT margin %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Distribution	1.4%	1.5%	1.5%	1.6%	1.5%	1.3%	1.3%	1.5%	1.6%	1.5%	1.7%	2.0%
Wholesale	3.3%	2.8%	2.0%	2.5%	2.7%	2.0%	2.3%	2.7%	2.7%	2.4%	3.2%	3.4%
Other	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total	1.0%	1.3%	0.1%	0.9%	0.8%	-0.6%	0.9%	0.9%	1.1%	0.6%	1.2%	1.5%

INCOME STATEMENT, EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales			1 539.1	1 493.8	1 679.7	1 851.0	1 940.0	2 029.6
<i>Sales growth (%)</i>				-2.9%	12.4%	10.2%	4.8%	4.6%
EBITDA			25.0	29.9	27.1	28.3	35.1	43.0
<i>EBITDA margin (%)</i>			1.6%	2.0%	1.6%	1.5%	1.8%	2.1%
Depreciation			-15.4	-13.8	-13.5	-17.6	-11.8	-11.8
EBITA			9.5	16.1	13.6	10.7	23.3	31.2
Goodwill amortization / writedown				-21.4				
EBIT			9.5	-5.3	13.6	10.7	23.3	31.2
<i>EBIT margin (%)</i>			0.6%	-0.4%	0.8%	0.6%	1.2%	1.5%
Reported EBIT			9.5	-5.3	13.6	16.4	23.3	31.2
<i>EBIT margin (reported) (%)</i>			0.6%	-0.4%	0.8%	0.9%	1.2%	1.5%
Net financials			-2.7	-12.4	-32.1	-9.1	-2.7	2.0
Pre-tax profit			6.9	-17.6	-18.5	1.6	20.7	33.2
Taxes			-2.1	-3.1	-1.5	-1.8	-3.6	-5.2
Minority shares								
Net profit			4.8	-20.7	-20.0	5.5	17.1	28.0
Cash NRIs								
Non-cash NRIs						5.8		
BALANCE SHEET, EURm								
Assets								
Fixed assets			343	303	266	261	256	253
Goodwill			61	35	35	35	35	35
Right of use assets			14	9	12	14	16	19
Inventory			149	163	176	194	204	213
Receivables			232	285	272	298	312	326
Liquid funds			161	138	114	125	131	137
Total assets			961	935	876	928	955	983
Liabilities								
Shareholders' equity			226	171	133	126	129	140
Minority interest								
Convertibles								
Lease liabilities						14	16	19
Deferred taxes			5	3	1	1	1	1
Interest bearing debt			137	214	170	159	152	136
Non-interest bearing current liabilities			581	532	557	614	643	673
Other interest-free debt			13	14	14	14	14	14
Total liabilities			961	935	876	928	955	983
CASH FLOW, EURm								
+ EBITDA			25	30	27	28	35	43
- Net financial items			-3	-12	-32	-9	-3	2
- Taxes			-4	-4	-3	-2	-4	-5
- Increase in Net Working Capital			28	-13	21	12	6	7
+/- Other			32	10	25			
= Cash flow from operations			78	10	39	30	35	46
- Capex			234	-2	-9	-8	-10	-11
- Acquisitions								
+ Divestments								
= Free cash flow			312	8	30	22	26	35
+/- New issues/buybacks			221	-23	-5			
- Paid dividend			11	13	13	15	17	19
+/- Other			-372	3	-37	3	-5	-13
Change in cash			161	-22	-25	12	6	6

KEY FIGURES	2021	2022	2023	2024	2025E	2026E	2027E
M-cap		316	198	162	200	200	200
Net debt (excl. convertibles)		-24	76	57	48	37	18
Enterprise value		292	274	218	158	147	128
Sales		1 539	1 494	1 680	1 851	1 940	2 030
EBITDA		25	30	27	28	35	43
EBIT		10	-5	14	11	23	31
Pre-tax		7	-18	-19	2	21	33
Earnings		5	-21	-20	0	17	28
Equity book value (excl. minorities)		226	171	133	126	129	140

Valuation multiple	2021	2022	2023	2024	2025E	2026E	2027E
EV/Sales		0.2	0.2	0.1	0.1	0.1	0.1
EV/EBITDA		11.7	9.1	8.1	5.6	4.2	3.0
EV/EBITA		30.6	17.0	16.0	14.7	6.3	4.1
EV/EBIT		30.6	-52.0	16.0	14.7	6.3	4.1
EV/OCF		3.7	28.5	5.6	5.3	4.1	2.8
EV/FCF		0.9	22.9	5.2	4.6	4.5	3.4
P/FCFR		1.0	25.0	5.4	9.3	7.8	5.6
P/E		66.0	-9.6	-8.1	-953.2	11.7	7.2
P/BV		1.4	1.2	1.2	1.6	1.6	1.4
Target EV/EBITDA					9.2	7.1	5.4
Target EV/EBIT					24.4	10.7	7.4
Target EV/FCFF					12.1	9.7	6.5
Target P/BV					1.7	1.7	1.5
Target P/E, diluted					-1014.9	12.5	7.6

Per share measures	2021	2022	2023	2024	2025E	2026E	2027E
Number of shares (million)		181.49	181.49	181.49	185.32	185.32	185.32
Number of shares (diluted, million)		181.49	181.49	181.49	185.32	185.32	185.32
EPS		0.03	-0.11	-0.11	0.00	0.09	0.15
Operating cash flow per share		0.43	0.05	0.21	0.16	0.19	0.25
Free cash flow per share		1.72	0.04	0.16	0.12	0.14	0.19
Book value per share		1.24	0.94	0.74	0.68	0.69	0.75
Dividend per share		0.06	0.07	0.07	0.08	0.09	0.10
Dividend payout ratio, %		227.4%	-61.3%	-63.5%	-7 060.5%	97.6%	66.2%
Dividend yield, %		3.5%	6.4%	7.9%	7.4%	8.3%	9.3%
FCF yield, %		98.7%	4.0%	18.5%	10.8%	12.9%	17.7%

Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE			-10.4%	-13.1%	-0.2%	13.4%	20.9%
ROCE		4.2%	-2.7%	-3.3%	2.6%	8.8%	12.9%

Financial ratios	2021	2022	2023	2024	2025E	2026E	2027E
Inventories as % of sales		9.7%	10.9%	10.5%	10.5%	10.5%	10.5%
Receivables as % of sales		15.0%	19.1%	16.2%	16.1%	16.1%	16.1%
Non-int. bearing liabilities as % of sales		37.8%	35.6%	33.2%	33.2%	33.2%	33.2%
NWC/sales, %		-13.1%	-5.6%	-6.5%	-6.6%	-6.6%	-6.6%
Operative CAPEX/Sales, %		-15.2%	0.1%	0.5%	0.5%	0.5%	0.5%
CAPEX/sales (incl. acquisitions), %		-15.2%	0.1%	0.5%	0.5%	0.5%	0.5%
FCFF/EBITDA		13.0	0.4	1.5	1.2	0.9	0.9
Net Debt/EBITDA, book-weighted		-0.9	2.5	2.1	1.7	1.0	0.4
Debt/equity, market-weighted		0.4	1.1	1.1	0.8	0.8	0.7
Equity ratio, book-weighted		0.2	0.2	0.2	0.1	0.1	0.1
Gearing, %		-10.5%	44.3%	42.5%	37.9%	28.7%	12.9%

COMPANY DESCRIPTION: Oriola is a pharmaceutical distribution and services company, maintaining a leading position within its operating markets Finland and Sweden. Oriola operates through two segments: Distribution and Wholesale. Oriola also owns 50% of Swedens third-largest pharmacy chain Kronans Apotek. Headquartered in Espoo, Finland, Oriola employs around 800 employees (FTE).

INVESTMENT CASE: Oriola's profitability has been low throughout the 2020's, with the adj. EBIT margin at around 1.0–1.5%. Through focus on higher-margin wholesale business and enhanced efficiency, the company ambitiously targets a 3% EBIT margin in the long term. The underlying market through its defensive nature provides steady, volume driven growth, further supported by trends driving value growth. Valuation upside is considerable, should the company reach its targeted levels of profitability.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Mariatorp Oy	27 132 142	29.303	14.6 %
Wipunen Varainhallinta Oy	9 185 714	9.921	5.0 %
Varma Mutual Pension Insurance Company	7 902 214	8.534	4.3 %
Ilmarinen Mutual Pension Insurance Company	6 153 033	6.645	3.3 %
Fennia Life Insurance Company Ltd	4 447 342	4.803	2.4 %
Maa- ja Vesitekniiikan Tuki ry.	4 312 883	4.658	2.3 %
Greenzap Oy	3 214 285	3.471	1.7 %
The Social Insurance Institution of Finland, KELA	1 991 481	2.151	1.1 %
Ylppö Jukka Arvo	1 890 450	2.042	1.0 %
Phoebus	1 615 571	1.745	0.9 %
Ten largest	67 845 115	73.273	36.6 %
Residual	117 478 263	126.877	63.4 %
Total	185 323 378	200.149	100%

EARNINGS CALENDAR

July 18, 2025	Q2 report
October 30, 2025	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Katarina Gabrielson	Orionintie 5, FI-02200 Espoo
CFO: Mats Danielsson	Tel: +358 10 429 99
IR: Tua Stenius-Örnholm	

DEFINITIONS

P/E $\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS $\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV $\frac{\text{Price per share}}{\text{Shareholder's equity} + \text{taxed provisions per share}}$	DPS Dividend for the financial period per share
Market cap Price per share * Number of shares	OCF (Operating cash flow) EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value) Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow) Operating cash flow – Operative CAPEX – acquisitions + divestments
EV/Sales $\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, % $\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX / Sales $\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT $\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital Current assets – current liabilities
Net debt Interest bearing debt – financial assets	Capital employed / Share $\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets Balance sheet total	Gearing $\frac{\text{Net debt}}{\text{Equity}}$
Div yield, % $\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, % $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, % $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, % $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, % $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, % Cumulative annual growth rate = Average growth rate per year
ROE, % $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	

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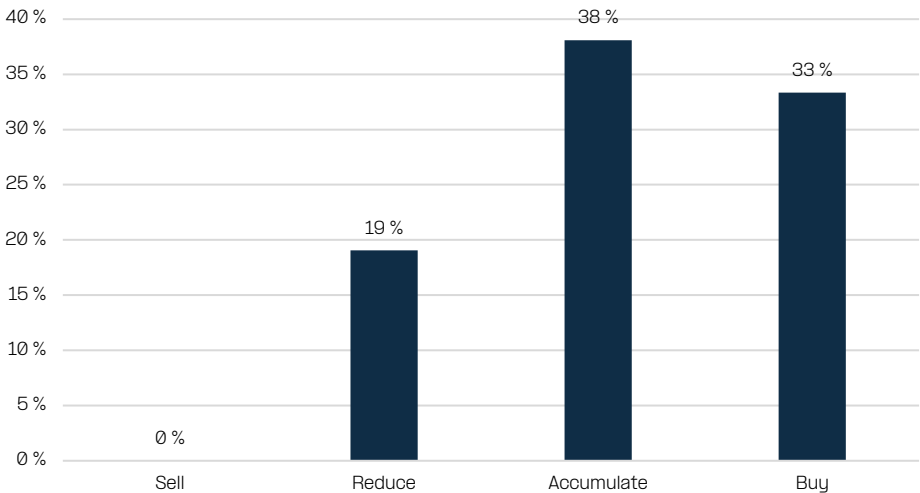
Investment recommendations are defined as follows:

Target price compared to share price
< -10 %
-10 - 0 %
0 - (+10) %
> 10 %

Recommendation
SELL
REDUCE
ACCUMULATE
BUY

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Name(s) of the analyst(s): Jerker Salokivi

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