



## Chairman's and CEO's review

Dear shareowners,

In the past years your company's overall performance has not been satisfactory. Tamro has had difficulties in its financial results, in IT implementations and in utilising its strong market position as a platform for further growth and success. In addition, the start-up of the new Tampere service centre in Finland did not come near to meeting expectations.

At the end of 2000, the Board of Directors took the firm decision to help Tamro Group find the road back to sustainable positive development. The Board's Budget Committee was set up in order to control Tamro's day to day business monthly. The financial year 2001 was characterised by a huge effort to improve the transparency as well as the efficiency and quality of Tamro's core processes and thereby the operational profitability.



Dr Bernd Scheifele



Jo Langmoen

At the same time the Board of Directors changed Tamro's strategy significantly. We finally gave up the vision of the "Nordic concept", which was never realised due to the huge differences of the pharmaceutical markets in the Nordic countries. We decided to focus on cost leadership through permanent benchmarking of the core processes and to create added value through forward integration.

## Change of management

With this changed strategy in mind, new Managing Directors were appointed in Sweden, Finland and Norway. A Group Logistics Director was likewise appointed. In January 2002 the leadership of the whole Tamro Group changed when the Board of Directors accepted the resignation of the former CEO and appointed Mr Jo Langmoen the new CEO. The Tamro Group management now consists of the CEO, the CFO and the Group Logistics Director supported by the Managing Directors of each country and Tamro MedLab.

## Decentralisation

With the change of the management the internal Group Organisation was also restructured. We clearly stated that the Group companies in the different countries are the profit centres. They act as true entrepreneurs in their local markets and have broad responsibilities and competences. Following this strategy we simplified the total internal organisation in the Corporate Centre in Vantaa. The Baltic Management Centre was consequently dismantled.

As in all big companies, it will be an ongoing effort within Tamro to keep bureaucracy as light as possible.

## Future strategy

Tamro's future strategy can be described in three concepts: cost leadership, customer orientation and forward integration.

In Tamro's core business of pharmaceutical distribution the goal is to become the clear cost leader in the Nordic and Baltic markets. In order to implement this strategy a cost cutting programme was launched in all companies. This will be an important driving force behind the successful development of Tamro's group result.

At the same time we have to increase customer orientation throughout the organisation, thus improving customer satisfaction and ultimately Tamro's market position.

Forward integration into the pharmacy retail market is a strong trend in our business in Continental Europe. In 2001 this trend also reached Tamro's operating countries, when the liberalisation of the pharmacy market started in Norway and the Baltic States.

Tamro used this opportunity decisively to reach the leading market position in Norway and start retail operations in the Baltics. In countries with more traditional structures, like Denmark, we are developing logistics and IT concepts to establish partnership links with our pharmacy customers to our mutual benefit. Further substantial investments will be required in the future, and this will provide a stable basis for long-term growth and profitability for Tamro Group.

### Thanks to our employees

We would like to thank our employees in Denmark, Sweden, Finland, Norway, Estonia, Latvia, Lithuania and Russia. The commitment, loyalty and inventiveness of each individual employee are essential for Tamro's future success. A corporate policy focusing on cost leadership, customer orientation and satisfaction is not viable without committed employees.

### Outlook for 2002

Tamro Group had a promising start in 2002. Sales are well above the level of 2001 and exceed our expectations. Simultaneously the cost cutting programme is progressing well. However, many difficult tasks still lie ahead and the fast changing health care markets in the Nordic and Baltic countries present a huge challenge.

In 2002 we have our sights set on a substantial growth in the ordinary pre-tax profit excluding non-recurring items. Consolidated sales are expected to grow by 7-9%.

In 2002 the decisions of the Board of Directors and the group management will be guided by the principles of profit-oriented growth, cost leadership and improved customer satisfaction.

Thank you for supporting us.

Vantaa, 28 February 2002

**Dr Bernd Scheifele**  
Chairman of the Board

**Jo Langmoen**  
CEO

