



Nomeco

- The brisk growth of pharmaceutical sales continued in Denmark.
- Nomeco's net sales amounted to EUR 919.8 million (852.5).
- In 2002, Nomeco will concentrate on improving the efficiency of the Copenhagen branch.

Operating environment and markets

The brisk growth of pharmaceutical sales continued in Denmark. Overall pharmaceutical sales by wholesalers rose by 9.4% and amounted to EUR 900 million in pharmacy purchasing prices.

The development during the year was considerably influenced by legislative changes, which have had a great impact on the conditions of pharmaceutical distribution in Denmark.

The price freeze on pharmaceuticals expired in the beginning of July. Consultations between the Ministry of Health and the manufacturers' association resulted in an adjustment of the Danish price level. The prices of pharmaceuticals are now an average of the North European prices and the reference calculations no longer include prices from low-price South European markets. By the fourth quarter the price level had been adjusted according to the new calculations. This in combination with the introduction of new and more expensive products has had as a consequence that the aggregate market increased more than expected in the beginning of 2001.

As of 1 October 2001 also the non-pharmacy retail trade has been allowed to include selected OTC products in its assortment. The entire assortment comprises approximately 400 items. No significant changes - apart from the sale of nicotine dependency treatments - have been noted in the pharmacies' net sales for the said OTC products. The risk still exists that wider patient access to pharmaceutical products will increase the total consumption, which is neither desirable nor intended.

Financial performance and operations

	2001	2000	Change
Net sales, EUR million	919.8	852.5	7.9 %
Employees	632	667	-5.2 %

Nomeco's operating profit improved compared to 2000.

Since 1 July 2000 wholesalers have been allowed to grant cost-related discounts on pharmaceuticals to pharmacies. Danish legislators' estimates of total discount costs of approx. DKK 60 million have proved correct. The fact that pharmaceutical wholesalers have been unable to compensate for this cost fully with cost savings influenced earnings negatively in 2001.

In the beginning of the year Nomeco sold all its shares in the subsidiary Bang & Tegner A/S to Apotekernes A/S, which is owned by the Danish Pharmaceutical Association.

In spring 2001 Nomeco received its ISO certificate 9001. The process has been extremely resource-consuming at all levels of the organisation, but on the other hand, the certificate will contribute to supporting the company's image as a quality company.

During the last 12 months the Pharmacy Division has been phasing in the VMI concept (Vendor Managed Inventory), which ensures replenishment of the pharmacies stocks without direct placing of orders. The concept has been met with considerable interest among Nomeco's customers.

Outlook for 2002

The financial performance of Nomeco is closely linked both to legislative initiatives with an impact on

the pharmacies' situation in general and to the rules governing the setting of pharmaceutical prices. Furthermore, earnings will be influenced by any initiatives seeking to limit consumption, e.g., by decreasing reimbursement rates and the like. So far no signs indicate changes in these parameters. In 2002, Nomeco will concentrate on improving the efficiency of the Copenhagen branch.

Net sales



Personnel



Share of consolidated net sales

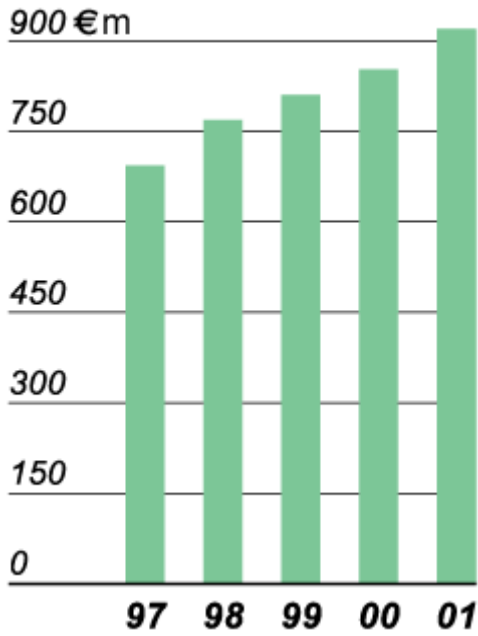


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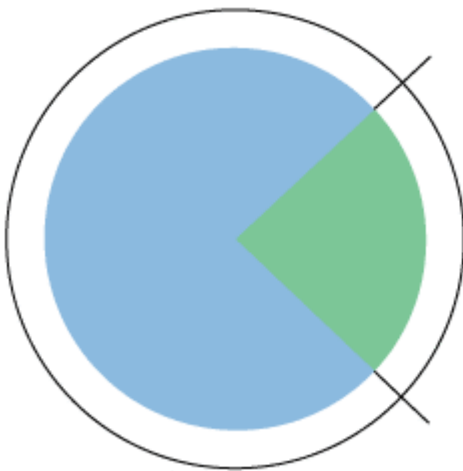
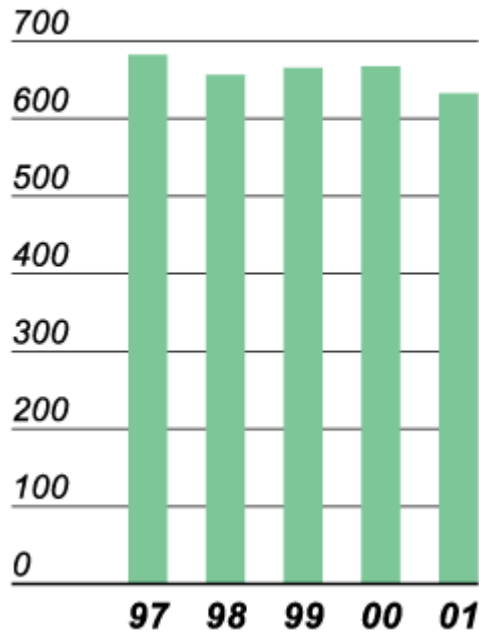




Net sales



Employees



Share of consolidated net sales 24%

