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- Net sales amounted to EUR 672.2 million.
- Tamro Finland's foremost aim in 2002 is to increase productivity, cost-efficiency and maintain service quality at a high level.

Operating environment and markets

The total Finnish pharmaceutical market grew by 12.1%. Overall pharmaceutical sales by wholesalers stood at EUR 1,294 million and the competitive situation remained tight. Tamro's share of drug sales by wholesalers diminished to under 50%. In spite of this, Tamro Finland remained a market leader.

At the end of the year the Ministry of Social Affairs and Health started preparing a national pharmaceuticals strategy. Among other issues, the Ministry will look at the costs and financing of medical treatment, the availability of pharmaceuticals, the distribution system and the benefits of IT in pharmaceuticals management.

Financial performance and operations

| | 2001 | 2000 | Change |
|------------------------|-------|-------|--------|
| Net sales, EUR million | 672.2 | 681.8 | -1.4% |
| Employees | 366 | 440 | -16.8% |

In the year under review six significant cooperation contracts with the pharmaceutical industry were extended, while one important partner was lost, the effects of which will be felt in 2002.

Tamro Finland continued to undergo major changes in 2001. The information system introduced in the previous year was upgraded in March to enhance its euro readiness and improve its stability and manageability. Tamro Finland entered the euro era smoothly.

The biggest logistic change was the completion of the new Tampere regional service centre and its gradual introduction starting in June. The former distribution centre was closed in the end of August. As volumes grew at the new service centre, unexpected technical problems came up and further changes had to be rescheduled. This caused extra labour costs in other service centres which erased the cost benefit obtained as a result of staff reductions in the previous year and turned the company's profit into a loss in 3Q, and with a severe full year impact.

In summer Tamro Finland's warehouse operations were divided between Tamro House's central warehouse and the distribution warehouses of the regional service centres. This streamlining will make it easier to monitor inventory values.

The Pharmakon Unit, which belongs to Tamro Finland, markets healthcare products, hygiene products and cosmetics sold at pharmacies and natural product stores. The sales of Pharmakon remained at the previous year's level. A comprehensive cooperation agreement was concluded with the University Pharmacy concerning the sale of certain products marketed by different companies and of products represented by Pharmakon. The contract was renewed and its scope extended for 2002.

Organisation change

Mr Jorma Turunen was appointed Managing Director of both Tamro's pharmaceutical wholesale trade in Finland and the Tamro MedLab group as of 14 December 2001. Furthermore, Mr Stefan Pflug, Group Logistics Director, was appointed also Logistics Director for Tamro Finland.

Outlook for 2002

Prospects are favourable for the pharmaceutical market also in 2002, but the present tough competitive situation in the wholesale trade is expected to continue. Tamro Finland's foremost aim in 2002 is to increase productivity, cost-efficiency and maintain service quality at a high level. Statutory negotiations due to the plans to concentrate Tamro Finland's distribution and customer service operations to Tampere and decrease the amount of employees started in January 2002.

Net sales



Personnel



Share of consolidated net sales



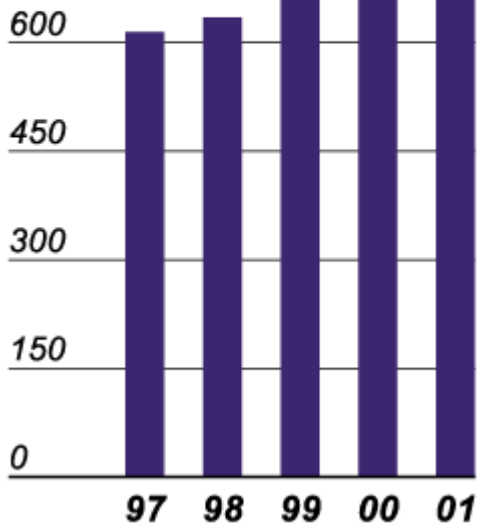
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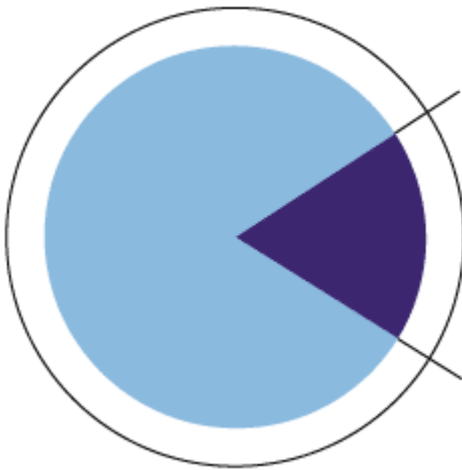
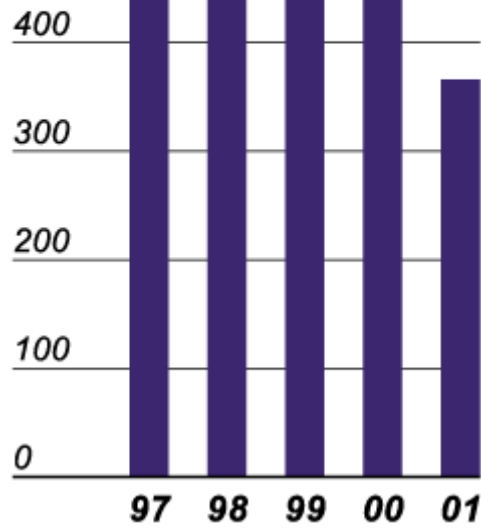
Net sales

750 €m



Employees

500



Share of consolidated net sales 18%

