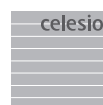




Committed to health

**Interim Report 1<sup>st</sup> Quarter 2007**

**celesio**  
the healthcare group



Cesio Group

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## Highlights

- Celesio increased the group's revenue by 6.2 percent and the profit before tax by 4.3 percent despite 2006 government measures which, as expected, dampened market growth
- New wholesale branches opened in Germany and the United Kingdom
- Celesio Pharmacies were distinguished as Retailer of the Year in the United Kingdom by non-prescription medicine suppliers
- Movianto expanded storage capacities in Ireland and the Czech Republic
- Optimistic forecast: In 2007 overall, the increase in profit before tax is expected to be above the growth rates of the previous year





## Celesio Shares

### Celesio shares in the 1<sup>st</sup> quarter

		2006*	2007	Change in euros %	Change in local currency %
Earnings per share	€	0.58	<b>0.60</b>	3.7	2.5
EBITDA per share	€	1.10	<b>1.19</b>	7.4	6.2
EBIT per share	€	0.96	<b>1.03</b>	7.3	6.0
Cash flow per share	€	0.77	<b>0.81</b>	5.1	4.1
Shareholders' equity per share	€	13.97	<b>16.02</b>	14.7	–
Share price (last trading day)	€	31.54	<b>47.04</b>	49.2	–
Number of outstanding shares (last trading day)	m	170.1	<b>170.1</b>	–	–
Market value (last trading day)	€ m	5,364.1	<b>8,001.5</b>	49.2	–

\* Adjusted for the share split 1:2

### Celesio shares in the focus of international analysts

The annual analysts and investors conference took place on 19 March 2007, on this occasion in Dresden. More than 170 years ago Franz Ludwig Gehe laid the foundation stone for the present-day Celesio Group in this town. About 30 analysts and investors from all over Europe were fully updated on the group's business development, strategy and future perspectives.

## Interim Management Report

### Business Review

**In the first three months of this year the Celesio Group continued its growth course and developed overall better than the market. Revenue rose by 6.2 percent and profit before tax by 4.3 percent. The figures confirm that Celesio is well placed to expand its position in the changing pharmaceutical market.**

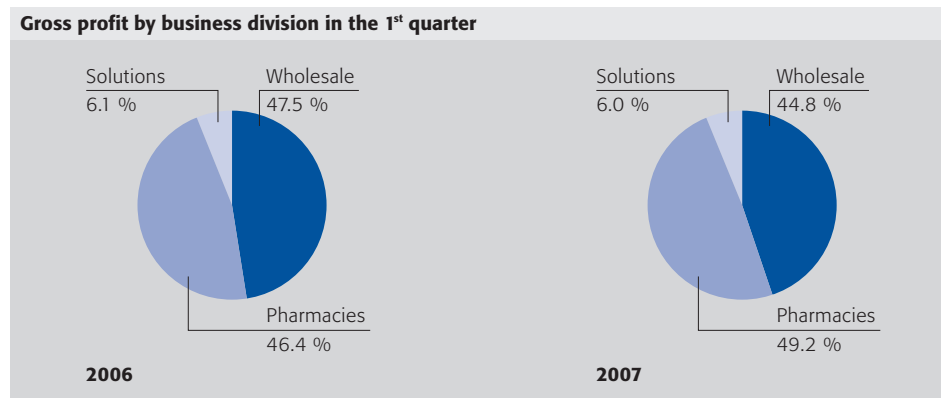
#### Celesio developed well despite government intervention

As expected, government regulations, mainly from 2006, dampened market growth in the first three months of the current fiscal year. Despite this, the pharmaceutical market remains an attractive growth market. The Celesio management board therefore expects that the group will continue to develop well in 2007.

#### Increased revenue and gross profit

In the first quarter of 2007 the Celesio Group increased its revenue by 6.2 percent (5.6 percent in local currency) to 5,637.5 million euros. The favourable development of the pharmacy business and the inclusion of the Danish companies Max Jenne and K.V. Tjellesen, acquired in the prior year, impacted positively on the group's revenue. On the other hand, in the second half of the previous year and the first quarter of 2007, government measures, above all in France, Germany and the United Kingdom, hampered market growth in wholesale and influenced revenue development. Adjusted to take account of exchange rate effects and acquisitions growth would have been 1.8 percent.

Gross profit margin increased from 10.99 percent to 11.16 percent. The increased gross profit margin in the pharmacy business and its growing significance in the group were the main reasons for the group's higher gross profit margin. The business unit Movianto also contributed to the increased absolute gross profit. The Wholesale division, by contrast, was under pressure from government measures and continuing intense competition.



## Business Review

The proportion of other expenses and income to revenue was at about the level of the previous year. Celesio Wholesale kept costs strictly under control, while Celesio Pharmacies had higher expenses due to the increased number of pharmacies.

Personnel costs rose slightly more strongly than revenue. The reason for this is the greater weight on the personnel-intensive pharmacy business. The inclusion of the acquisitions of Max Jenne and K.V. Tjellesen contributed to the absolute increase in personnel costs. 3.2 percent of the personnel costs were attributable to pension expenditure including interest expense.

Included in the net income from investments are the dividends from the holding in Andreae-Noris Zahn AG. In addition, the item includes the pro rata profit of pharmexx. The profit of pharmexx developed positively, as expected.

EBITDA, which measures the operational success before interest, taxes, depreciation, and amortisation increased by 7.4 percent (6.2 percent in local currency) to 201.9 million euros. The improved gross profit margin contributed above all to this. Return on sales, based on EBITDA, increased over the comparable period in the previous year by 4 basis points to 3.58 percent.

Investments, particularly in the Pharmacies division, and the acquisitions in recent years led to an increase in depreciation and amortisation.

Interest result deteriorated compared with the period last year. This is mainly attributable to higher interest rates but also to the higher level of average indebtedness.

Profit before tax rose by 4.3 percent (3.0 percent in local currency) and reached 145.1 million euros.

Compared with the comparable period last year, the effective tax rate increased from 29.0 percent to 29.4 percent. This was essentially due to the lower tax revenue not relating to the period under review.

Net profit increased by 3.7 percent (2.5 percent in local currency) to 102.5 million euros. Earnings per share amounted to 0.60 euro thereby exceeding last year's value by 0.02 euro. This represents an increase of 3.7 percent.

## Business Review

### Celesio Group in the 1<sup>st</sup> quarter

	2006		2007		Change in euros %	Change in local currency %
	€ m	% of revenue	€ m	% of revenue		
Revenue	5,306.6	100.00	<b>5,637.5</b>	<b>100.00</b>	6.2	5.6
Gross profit	583.2	10.99	<b>628.9</b>	<b>11.16</b>	7.8	6.7
EBITDA	187.9	3.54	<b>201.9</b>	<b>3.58</b>	7.4	6.2
EBIT	163.6	3.08	<b>175.5</b>	<b>3.11</b>	7.3	6.0
Profit before tax	139.2	2.62	<b>145.1</b>	<b>2.57</b>	4.3	3.0
Net profit	98.9	1.86	<b>102.5</b>	<b>1.82</b>	3.7	2.5
Cash flow	131.6	–	<b>138.3</b>	–	5.1	4.1

### Balance sheet provides a good basis for sustained growth

In the first quarter of the current fiscal year, too, Celesio had a very solid balance sheet structure. The equity ratio increased slightly and at the end of March 2007 was 33.3 percent. The gearing rose slightly to 0.75.

Total assets increased compared with the end of 2006 by 3.1 percent. Changes in the currency spot rates led to reductions of 40.1 million euros.

On 31 March 2007 non-current assets amounted to 3,453.6 million euros thereby exceeding the value on 31 December 2006 by 6.8 million euros. Depreciation and amortisation totalled 26.4 million euros. Of this, 2.5 million euros related to intangible assets and 23.9 million euros to property, plant and equipment. On the other hand, investments, including acquisitions, stood at 65.7 million euros. Investments in the operating business and acquisitions could be financed from cash flow.

Net current assets (current assets minus liabilities without financial liabilities) rose at the end of the first quarter of 2007 by 218.5 million euros to 1,531.0 million euros. Inventories increased by 45.6 million euros due to, amongst others, wholesale stock in the United Kingdom and Germany having increased. Trade receivables increased in comparison with the end of the year 2006. This is attributable to a later receipt of payment from the British National Health Service to pharmacies. Timing differences compared with 31 December 2006 for the settlement of liabilities to suppliers led to a drop in the trade payables.



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## Business Review

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By 31 March 2007 tax liabilities had risen slightly. The rise in other current provisions and other operating liabilities is caused in particular by accounts still outstanding.

Pension provisions and other non-current provisions rose slightly. The proportion of pension provisions in total assets amounted to 1.7 percent.

The positive development of shareholders' equity was mainly a result of the net profit of 102.5 million euros. In addition, revaluation reserves rose. In particular, the market value of derivatives, which are used exclusively to hedge interest and currency risks changed positively. By contrast, the effects of the currency conversion of 11.8 million euros reduced shareholders' equity. The increase in minority interests is mainly due to the net profit attributable to minority interests.

At the end of the quarter, financial liabilities were higher than at the end of last year by 129.7 million euros. Above all, this is attributable to the rise in the net working capital.

## Business Review

### Investments in the operating business financed from cash flow

In the months of January to March 2007 cash flow rose, in comparison with the period last year, by 5.1 percent (4.1 percent in local currency) to 138.3 million euros. Thus it was possible to finance the investments in the operating business and the acquisitions wholly from cash flow. The free cash flow declined to –149.4 million euros particularly as a result of financing the increased net working capital.

### Cash flow in the 1<sup>st</sup> quarter

	2006 € m	2007 € m
Cash flow	131.6	<b>138.3</b>
Dividends paid	0.0	<b>0.0</b>
<b>Cash flow after dividends paid</b>	131.6	<b>138.3</b>
Income from the disposal of non-current assets	8.0	<b>3.4</b>
Investments in the operating business	– 28.1	<b>– 21.3</b>
<b>Free cash flow before acquisitions and change in net working capital</b>	111.5	<b>120.4</b>
Change in net working capital	– 159.1	<b>– 225.4</b>
Acquisitions and new openings	– 19.5	<b>– 34.1</b>
Proceeds from the disposal of subsidiaries	2.2	<b>0.0</b>
Others	0.0	<b>– 10.3</b>
<b>Free cash flow</b>	– 64.9	<b>– 149.4</b>

## Forecast

**Government measures – largely from 2006 – marked the first quarter of 2007 and, as expected, curbed development in important markets. Despite this, Celesio stayed on its growth course. The Celesio management board is convinced that positive development will continue. With its three business divisions, Celesio is in a good position to benefit in the long-term from the opportunities offered by market changes and demographic development.**

Celesio expects that the pharmaceutical market in Europe, without considering government measures, will grow overall by about 5 percent in 2007. Market growth will be stronger in east European countries than in the west European countries.

Government intervention, predominantly from the second half of 2006, will influence the market growth and the revenue development in 2007. This applies particularly to Germany, France and the United Kingdom. In addition, the new health reform came into force in Germany on 1 April 2007. It is not yet clear how it will affect the market in detail. In France, the government is discussing further state measures for the health sector.

In 2007, Celesio Wholesale will grow organically in line with the comparable market. The business division will cushion the effects of government intervention with targeted operational measures, such as by expanding its range of services, improving operational processes and with strict cost management. In the United Kingdom, at the beginning of March, one pharmaceutical manufacturer changed its distribution system to deliver its medicines direct to pharmacies via a single pharmaceutical wholesaler as a logistics partner. It cannot yet be reliably established how the new distribution model will ultimately affect the market and Celesio Wholesale in the United Kingdom.

For the Pharmacies division the Celesio management board is expecting organic growth to be above the comparable market in the 2007 fiscal year. Acquisitions and new openings should additionally strengthen the business division.

The Celesio Solutions division has good medium- and long-term growth potential. The expansion of the services offering and storage capabilities creates the precondition for further growth of Movianto in the 2007 fiscal year. The profit of the service provider pharmexx, in which Celesio has a strategic holding, will according to the conviction of the Celesio management board continue to develop positively.

In 2007 Celesio will invest 150 to 170 million euros in the existing business. The focus will be on replacement investment, the optimisation of Celesio's wholesale branch network, and the modernisation of pharmacies. Furthermore, information technology capability in all business divisions will be expanded.



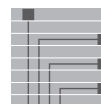
## Forecast

Acquisitions and the opening of new pharmacies in attractive locations are being planned. Acquisitions are less easy to plan for Celesio Wholesale and Celesio Solutions. However, Celesio carefully examines all possibilities for expansion and utilises the opportunities when they are economically attractive.

Celesio anticipates its revenue growth for 2007 to be generally ahead of market growth after government measures. The gross profit margin is to increase in comparison to the prior year. This is attributed in particular to the pharmacy business, where margins are higher than in wholesale, and the absolute contribution of Celesio Solutions. Operational profit (EBITDA) will rise ahead of profit before tax. This is because of the increased depreciation and amortisation as well as higher interest expense.

The growth rate of profit in the second and third quarters of 2007 will be distinctly lower than the growth rate for the whole of 2007. The first quarters of 2007 will be affected by the government measures which came into force in 2006 – particularly in Germany, France and the United Kingdom. The full year effect, especially on market growth, will be felt for the first time in 2007. The absence of the special items from the prior year is expected to lead to an above-proportional rise in profit in the fourth quarter of 2007.

For the year 2007 overall, the increase in pre-tax profit is expected to be higher than the growth rates in the prior year. This does not take into account the direct and indirect impact on profit of the acquisition of the DocMorris group, announced on 26 April 2007. Taking an average over several years, the Celesio management board confirms that profit before tax will grow in double digits.



Celesio Wholesale

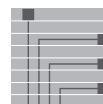
## Celesio Wholesale

### 1<sup>st</sup> quarter

Countries	Revenue 2006	<b>Revenue 2007</b>	Revenue Change in euros	Revenue Change in local currency	Number of branches 2007
	€ m	<b>€ m</b>	%	%	
France	1,818.6	<b>1,807.8</b>	- 0.6	- 0.6	52
Germany	919.3	<b>953.5</b>	3.7	3.7	20
United Kingdom	852.2	<b>852.9</b>	0.1	- 2.2	19
Austria	227.8	<b>239.0</b>	4.9	4.9	7
Portugal	122.6	<b>125.4</b>	2.3	2.3	9
Norway	106.6	<b>120.2</b>	12.8	14.9	4
Denmark	-	<b>104.0</b>	-	-	4
Belgium	98.4	<b>97.7</b>	- 0.7	- 0.7	5
Slovenia*	76.0	<b>85.3</b>	12.1	11.5	9
Ireland	71.5	<b>79.0</b>	10.5	10.5	3
Czech Republic	44.1	<b>56.5</b>	28.0	25.5	3
Italy	33.7	<b>34.0</b>	0.7	0.7	1
<b>Total</b>	<b>4,370.8</b>	<b>4,555.3</b>	<b>4.2</b>	<b>3.8</b>	<b>136</b>

\* Including the subsidiaries in Croatia and Romaina

**Fast, safe, reliable:  
Supplying pharmacies  
everywhere with  
everything they need**



Celesio Wholesale

## Celesio Wholesale

**In the first quarter of 2007 Celesio Wholesale asserted its leading position in Europe despite government intervention in its biggest markets. The business division largely maintained its operating profit.**

### Celesio Wholesale grows in line with the market

In the first quarter of 2007, Celesio Wholesale developed in line with the comparable market. Government measures curbed growth in France, Germany and the United Kingdom, in particular.

Celesio Wholesale's revenue in the first quarter of 2007 rose to 4,555.3 million euros. This represents growth of 4.2 percent (3.8 percent in local currency) compared to the same period in the prior year. The companies K.V. Tjellesen and Max Jenne, acquired in 2006, contributed to the positive development. Without the two Danish companies, revenue would have increased by 1.8 percent (1.4 percent in local currency).

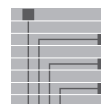
In Germany, GEHE Pharma Handel succeeded in growing significantly above the market and increased its market share in comparison with December 2006. The branch opened in Günzburg at the beginning of 2007 also contributed to this. Celesio Wholesale also developed better than the market in Norway, Slovenia, Ireland and the Czech Republic. Business with hospitals increased in Slovenia and Ireland. In the Czech Republic and Ireland Celesio gained new pharmacy customers.

Celesio Wholesale's gross profit rose in the first three months of the year by 1.8 percent (1.3 percent in local currency) to 281.4 million euros. The gross profit margin dropped by 16 basis points to 6.18 percent. This is attributable above all to the intensive competition in Germany.

Celesio Wholesale will profit from the sustained strong growth of the generic drug market and is expanding its share in this segment. Through cooperation with leading generic drug manufacturers Celesio Wholesale offers its customers a comprehensive range of generic drugs at particularly attractive terms.

Costs developed less strongly than revenue. This was contributed to by the optimisation of processes, begun in 2006 in France, for example regarding delivery and the call centres. Celesio Wholesale also kept personnel costs at a low level – without impairing the high quality of service.

In absolute figures, EBITDA increased slightly compared with the prior year to 108.4 million euros thanks to consistent cost management.



Celesio Wholesale

## Celesio Wholesale

### **Government measures well compensated for**

In the first quarter of 2007 Celesio Wholesale took up the challenges set by the government measures. These were mainly price reductions. Celesio Wholesale managed the effects of these interventions through strict cost management and increased productivity. Geographic diversification also helped to compensate for negative effects in individual countries.

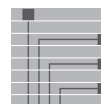
Price reductions were noticeable above all in Germany, France, the United Kingdom, Portugal and Ireland. On 1 October 2006 the English Department of Health cut the prices of generic drugs. In Portugal, in the first quarter of 2007, the prices for prescription only medicines were reduced. In addition, since March of this year, the first stage of the reduction in generic drug prices decided on last year in Ireland was implemented.

In France, specific, pricier medicines are no longer being reimbursed by health insurance companies since 2006. Revenue has accordingly shifted to cheaper alternatives, the more strongly promoted generic drugs. Although they lead to a lower revenue for the same volume, Celesio Wholesale achieves a higher gross profit margin with generic drugs. The reason for this is that Celesio can negotiate better purchasing conditions with the generic drug manufacturers.

### **Improved branch network**

In Germany the customers of GEHE Pharma Handel profited from a better delivery service thanks to the new branch in Günzburg. It began operating in January 2007. Since the end of March customers in the United Kingdom have had a new branch in Stoke at their disposal.

In France Celesio Wholesale continued restructuring the branch network which began in 2006. A new, highly automated branch is under construction in Peronne which will combine the activities of three branches. In Portugal, OCP has replaced two branches with a new and more modern branch in Viseu.



Celesio Wholesale

## Celesio Wholesale

### Varied activities reinforce customer loyalty

Celesio Wholesale regards it as an obligation to strengthen its customers. In particular service offerings contribute to making pharmacies fit for the future. Celesio promotes customer satisfaction and long-term partnerships with customer loyalty models. Several thousand pharmacies in Europe are already benefiting from these programmes.

In Germany Celesio Wholesale is developing further the Commitment model. In 2006 the quality symbol 'gesund leben' [live healthily] was introduced as part of this programme. In the meantime a range of own brands has been introduced under this name. The range included by the end of the first quarter of 2007 food supplements and vitamin preparations, combining high quality at attractive prices. By the end of March, the number of pharmacies participating in this programme grew further and amounted to 2,947.

In Austria Herba Chemosan has extended its campaign to increase the quality of consultation in pharmacies. It supports pharmacies in positioning themselves as the first port of call in all questions of health. For example, Herba Chemosan developed brochures with which pharmacy customers can acquaint themselves with the treatment of minor ailments such as colds and headaches. The pharmacist then takes over individual consultation as required.

### Celesio Wholesale in the 1<sup>st</sup> quarter

	2006		2007		Change in euros %	Change in local currency %
	€ m	% of revenue	€ m	% of revenue		
Revenue	4,370.8	100.00	<b>4,555.3</b>	<b>100.00</b>	4.2	3.8
Gross profit	277.0	6.34	<b>281.4</b>	<b>6.18</b>	1.8	1.3
EBITDA	106.9	2.45	<b>108.4</b>	<b>2.38</b>	1.4	0.8
EBIT	94.6	2.16	<b>95.6</b>	<b>2.10</b>	1.0	0.4





## Celesio Pharmacies

### 1<sup>st</sup> quarter

Countries	Revenue 2006	<b>Revenue 2007</b>	Revenue Change in euros	Revenue Change in local currency	Number of pharmacies 2007
	€ m	<b>€ m</b>	%	%	
United Kingdom	545.1	<b>591.8</b>	8.6	6.1	1,574
Norway	85.3	<b>95.2</b>	11.6	13.6	138
Italy	53.8	<b>53.7</b>	- 0.2	- 0.2	163
Netherlands	29.6	<b>39.7</b>	34.1	34.1	56
Ireland	28.2	<b>30.8</b>	9.3	9.3	60
Belgium	23.4	<b>25.8</b>	10.3	10.3	94
Czech Republic	9.0	<b>10.0</b>	10.9	8.7	43
<b>Total</b>	<b>774.4</b>	<b>847.0</b>	<b>9.4</b>	<b>7.8</b>	<b>2,128</b>

**Our pharmacies:**  
**Advice and care in everything to do**  
**with medicines and health**



## Celesio Pharmacies

**In the first three months of the current fiscal year revenue of Celesio Pharmacies developed organically and through acquisitions ahead of the market. Operating profit rose more strongly than revenue despite the effects of government measures.**

### Celesio Pharmacies exceed market growth

In the first quarter of the current fiscal year, Celesio Pharmacies in most countries grew significantly more strongly than the market. In nearly all markets, however, growth was dampened by government measures.

Revenue of Celesio Pharmacies rose by 9.4 percent (7.8 percent in local currency) to 847.0 million euros thereby growing more strongly than the market. Growth was additionally strengthened by acquired and newly opened pharmacies. Adjusted for acquisitions, new openings and pharmacy disposals, revenue improved by 5.2 percent (3.6 percent in local currency).

Lloydspharmacy in the United Kingdom developed particularly well. A key reason for this is the consistent expansion of services. As part of the so-called Medicine Use Reviews, from July 2005 to the end of March 2007 Lloydspharmacy pharmacists gave about 200,000 patients advice on their medication – far more than any other pharmacy chain. These qualified consultations are reimbursed by the health authorities. Also, since July 2006 more than 100,000 patients have registered for the Minor Ailment Service (MAS) in Scotland at a Lloydspharmacy. MAS allows patients who are exempt from prescription charges to take advice direct from the pharmacist in the event of minor ailments. If necessary, the pharmacist can also write a prescription for the patient. The costs are reimbursed by the National Health Service in Scotland.

Vitusapotek in Norway also developed better than the market. The non-prescription medication segment, to which wellness products also belong, grew particularly strongly. The growth of Unicarepharmacy in Ireland also surpassed the comparable market growth. This development can be explained above all by the high growth rate of medicines only available on prescription.

In the first quarter of 2007 the business division's gross profit was 309.5 million euros. This represents a growth of 14.3 percent (12.6 percent in local currency). The higher gross profit is essentially the result of the increased proportion of generic drugs in the product mix and the expansion of services offered. Although the prices of generic drugs fell in the United Kingdom and Norway, they made a positive contribution to the gross profit because of their higher margin. Improved purchasing conditions also impacted positively. The gross profit margin rose by 158 basis points to 36.54 percent.



## Celesio Pharmacies

The higher overall costs are essentially attributable to the new openings of pharmacies and salary increases arising from collective agreements.

Thanks to the good revenue and gross profit development, EBITDA rose in the reporting period by 15.6 percent (13.7 percent in local currency) to 97.5 million euros.

### Challenges from government measures

Dealing with government measures is a daily business for Celesio Pharmacies. Celesio Pharmacies meets these challenges, among others, by extending its range of high quality health products at attractive prices. Furthermore, Celesio Pharmacies is also continually expanding its services and has implemented sustained cost management systems in its companies. Of course, Celesio Pharmacies also compensates for negative effects in individual countries by its geographic diversification.

In the United Kingdom and Norway price reductions in the generic drug sector impacted on Celesio Pharmacies. In Italy market growth was marked by price cuts, introduced in 2006, and the liberalisation of the market for non-prescription medicines. The government reduced the reimbursement prices for prescription only medicines in three stages. Since July 2006, non-prescription medicines can also be sold outside pharmacies under the supervision of a pharmacist. Revenue development was also restrained by price reductions in Ireland, Belgium and the Netherlands.

### Distinctions for pharmacies in Ireland, Norway and the United Kingdom

Committed and motivated employees are the basis of sustained success. The success of Irish and Norwegian Celesio Pharmacies in awards for employer and workplace attractiveness shows how popular these pharmacies are for employees. The Irish Unicarepharmacy was the only retailer to achieve a place in the top ten companies in a competition initiated by the international Great Place to Work Institute. Vitusapotek also attained one of the leading positions in a competition from the same institute in Norway.

In the United Kingdom Lloydspharmacy was distinguished by suppliers of non-prescription medicines as the Best Retailer of the Year. The successful health campaigns, for example, on the identification of diabetes and high blood pressure, as well as the high level of service orientation, received great praise.



## Celesio Pharmacies

### Celesio participates in health centres

Celesio is everywhere where patients need to be supplied with medicines quickly. Therefore, in partnership with authorities and doctors, Celesio is developing health centres. They consist of doctors' practices and pharmacies, and frequently other health service providers as well. Patients benefit from an all-round medical provision and shorter distances to receive them. At the same time, Celesio's pharmacies are located directly at the source of prescriptions. In the first quarter of 2007, Celesio participated in the planning and construction of 20 health centres in Norway, the Netherlands and Italy.

### Celesio Pharmacies extends its market presence

On 31 March 2007 Celesio Pharmacies operated 2,128 pharmacies in seven European countries. Celesio consistently expanded its pharmacy portfolio in the first quarter of the current fiscal year, and acquired 18 pharmacies, opened 13 new ones and sold or closed three.

Celesio Pharmacies will continue its acquisition strategy above all in Ireland, the Netherlands and Belgium, but also in the United Kingdom. Celesio is also following the continuing discussions on the liberalisation of the European pharmacy market with great interest. At present the EU Commission is examining the pharmacy market, in particular the respective branch restrictions in Italy, Austria, Spain and France.

### Celesio Pharmacies in the 1<sup>st</sup> quarter

	2006		2007		Change in euros %	Change in local currency %
	€ m	% of revenue	€ m	% of revenue		
Revenue	774.4	100.00	<b>847.0</b>	<b>100.00</b>	9.4	7.8
Gross profit	270.7	34.96	<b>309.5</b>	<b>36.54</b>	14.3	12.6
EBITDA	84.3	10.89	<b>97.5</b>	<b>11.51</b>	15.6	13.7
EBIT	74.4	9.60	<b>85.9</b>	<b>10.14</b>	15.5	13.5



Celesio Solutions

## Celesio Solutions

### 1<sup>st</sup> quarter

Business unit	Gross profit 2006	<b>Gross profit 2007</b>	Gross profit change in euros	Gross profit change in local currency
	€ m	<b>€ m</b>	%	%
Movianto	35.5	<b>37.9</b>	7.0	5.9

**Growth driver:  
Innovative services  
related to medicines**



## Celesio Solutions

**The business division Celesio Solutions offers services concerned with medicine. Its business unit Movianto and the strategic cooperation with pharmexx have made good progress in the first quarter of 2007.**

### **Solutions develops positively: Movianto's gross profit grows**

The business unit Movianto increased its gross profit\* from January to March 2007 by 7.0 percent (5.9 percent in local currency) to 37.9 million euros. New transnational contracts and the consolidation of the manufacturer logistics division of the Danish company K.V. Tjellesen since the third quarter of 2006 have contributed to the good development of Movianto. The manufacturer logistics division of K.V. Tjellesen complements perfectly Movianto's European service spectrum, in particular as regards central solutions for northern Europe.

pharmexx, one of the world's leading suppliers of sales and marketing solutions for the pharmaceutical industry, significantly increased its profit compared with last year. Therefore, the 30 percent shareholding of Celesio in the company also contributed to an improvement of the business division's operational profit. EBITDA of Celesio Solutions rose by 2.4 percent (1.6 percent in local currency) to 5.9 million euros.

### **Service competence reinforced and storage capacities expanded**

In the period under review Movianto has expanded the key account management at European level. It allows, with the help of national teams, customers who operate in multiple countries to have a single point of contact.

A European IT platform has been installed in the Movianto head office in Stuttgart. It allows customers to inform themselves about stock lists, the status of their orders and sales statistics at any time.

The conclusion of transnational contracts and the increased capacity utilisation prove that Movianto's offer is in demand. At the turn of the year from 2006 to 2007 Movianto began operations in two newly built warehouses in Ireland and the Czech Republic, and thereby increased capacities in these countries to 22,500 pallet spaces. Movianto now has altogether 160,000 pallet spaces in nine countries.

\* For Movianto it is the absolute gross profit that is the measure of success rather than revenue, as customers generally pay on the basis of services rendered. Only in isolated cases is trading revenue involved. Gross profit is derived from total remuneration for services rendered and margins from trading revenue. Due to the particular structure of revenue, the gross profit ratio is not representative for the business unit Movianto



## Celesio Solutions

With the Movianto brand, Celesio Solutions is well on the way to developing into a leading European service provider within the pharmaceutical sector. In the first quarter of 2007 Movianto presented its range of services at international congresses for the pharmaceutical industry. Among these were, for example, the Cold Chain Conference in Brussels or the Clinical Trial Conference in London.

### pharmexx cooperation bears fruit

With the cooperation with pharmexx begun in spring 2006, Celesio opened up new potential for supporting pharmaceutical producers in sales and marketing. In this segment, the Celesio partner is one of the world's leading companies, with more than 4,500 employees. pharmexx makes available to customers qualified field work employees for a limited or project-related period of time. At the end of the period under review, the service provider was working in 24 countries and has set the course for further growth – in Europe and beyond.

In the period under review pharmexx also expanded its customer portfolio further. Business progress in the first quarter confirmed Celesio in building up the cooperation with pharmexx as the second strong pillar of Celesio Solutions. The close cooperation with other Celesio divisions leads not only to synergies. It makes service offerings possible which are unique and give the pharmaceutical manufacturers clear added value.

### Celesio Solutions in the 1<sup>st</sup> quarter

	2006		2007		Change in euros %	Change in local currency %
	€ m	% of gross profit	€ m	% of gross profit		
Gross profit	35.5	100.00	<b>37.9</b>	<b>100.0</b>	7.0	5.9
EBITDA	5.7	16.15	<b>5.9</b>	<b>15.46</b>	2.4	1.6
EBIT	4.4	12.48	<b>4.4</b>	<b>11.67</b>	0.1	- 0.6



Celesio Group

## Interim Statements

### Income Statement for the 1<sup>st</sup> Quarter of the Celesio Group

	2006 € m	2007 € m
<b>Revenue</b>	<b>5,306.6</b>	<b>5,637.5</b>
Own work capitalised	0.5	0.0
<b>Total operating performance</b>	<b>5,307.1</b>	<b>5,637.5</b>
Cost of raw materials, consumables and supplies, and of purchased goods	4,723.9	5,008.6
<b>Gross profit</b>	<b>583.2</b>	<b>628.9</b>
Other expenses and income	- 120.2	- 131.4
Personnel expenses	279.0	299.1
Income from associates accounted for using the equity method	0.5	0.8
Net income from other investments	3.4	2.7
<b>EBITDA</b>	<b>187.9</b>	<b>201.9</b>
Amortisation of intangible assets and depreciation of property, plant and equipment	24.3	26.4
<b>EBIT</b>	<b>163.6</b>	<b>175.5</b>
Interest expenses	- 27.9	- 30.9
Interest income	3.5	2.7
Other financial result	0.0	- 2.2
<b>Profit before tax</b>	<b>139.2</b>	<b>145.1</b>
Income taxes	40.3	42.6
<b>Net profit</b>	<b>98.9</b>	<b>102.5</b>
Profit attributable to minority interests	1.0	0.8
<b>Profit attributable to equity holders of Celesio AG</b>	<b>97.9</b>	<b>101.7</b>
<b>Earnings per share – basic</b>	<b>€ 0.58</b>	<b>0.60</b>
<b>Earnings per share – diluted</b>	<b>€ 0.58</b>	<b>0.60</b>



## Balance Sheet at 31/03/2007 of the Celesio Group

	31/12/2006 € m	31/03/2007 € m
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	2,569.8	2,580.3
Property, plant and equipment	636.8	634.1
Investments accounted for using the equity method	55.5	55.8
Other financial assets	134.8	137.4
Income tax receivables	3.5	3.5
Deferred tax assets	46.4	42.5
	<b>3,446.8</b>	<b>3,453.6</b>
<b>Current assets</b>		
Inventories	1,645.9	1,691.5
Trade receivables	2,503.3	2,656.4
Income tax receivables	65.3	72.2
Other receivables and other assets	255.6	292.9
Cash and cash equivalents	9.6	6.7
	<b>4,479.7</b>	<b>4,719.7</b>
<b>Total assets</b>	<b>7,926.5</b>	<b>8,173.3</b>

	31/12/2006 € m	31/03/2007 € m
<b>Equity and liabilities</b>		
<b>Shareholders' equity</b>		
Issued capital	217.7	217.7
Capital reserves	1,113.0	1,113.0
Revenue reserves	1,148.9	1,250.4
Revaluation reserves	129.3	124.6
Minority interests	19.1	19.9
	<b>2,628.0</b>	<b>2,725.6</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities	1,727.4	1,852.2
Pension provisions	139.5	140.0
Other non-current provisions	34.9	35.1
Other liabilities	5.3	0.0
Deferred tax liabilities	55.7	58.2
	<b>1,962.8</b>	<b>2,085.5</b>
<b>Current liabilities</b>		
Financial liabilities	168.6	173.5
Trade payables	2,447.5	2,425.6
Other current provisions	146.1	151.3
Income tax liabilities	130.3	131.9
Other liabilities	443.2	479.9
	<b>3,335.7</b>	<b>3,362.2</b>
<b>Total equity and liabilities</b>	<b>7,926.5</b>	<b>8,173.3</b>

## Cash Flow Statement for the 1<sup>st</sup> Quarter of the Celesio Group

	2006 € m	2007 € m
<b>Net profit</b>	<b>98.9</b>	<b>102.5</b>
Depreciation and amortisation/write-up of property, plant and equipment and intangible assets	24.3	26.4
Net result from disposal of non-current assets	- 2.6	- 0.2
Non-cash changes in net working capital	12.4	9.0
Other non-cash income and expenses	- 1.4	0.6
<b>Cash flow</b>	<b>131.6</b>	<b>138.3</b>
Change in operating assets	44.8	- 256.6
Change in operating liabilities	- 203.9	31.2
<b>Net cash flow from operating activities</b>	<b>- 27.5</b>	<b>- 87.1</b>
Proceeds from the disposal of non-current assets	8.0	3.4
Investment in non-current assets	- 30.1	- 31.5
Proceeds from the disposal of subsidiaries	2.2	0.0
Cash paid for acquisitions of subsidiaries	- 17.5	- 34.2
<b>Net cash flow from investing activities</b>	<b>- 37.4</b>	<b>- 62.3</b>
Proceeds from borrowings	182.4	168.0
Repayment of borrowings	- 121.0	- 21.5
<b>Net cash flow from financing activities</b>	<b>61.4</b>	<b>146.5</b>
<b>Net change in cash and cash equivalents</b>	<b>- 3.5</b>	<b>- 2.9</b>
Net foreign exchange difference	0.0	0.0
Cash and cash equivalents at the beginning of the period	8.1	9.6
<b>Cash and cash equivalents at the end of the period</b>	<b>4.6</b>	<b>6.7</b>

## Statement of Shareholders' Equity for the 1<sup>st</sup> Quarter of the Celesio Group

	Issued capital	Capital reserves	Revenue reserves	Revaluation reserves		Shareholders of Celesio AG	Minority interests	Shareholders' equity
	€ m	€ m	€ m	Translation reserve	Other comprehensive income			
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
<b>01/01/2007</b>	<b>217.7</b>	<b>1,113.0</b>	<b>1,148.9</b>	<b>104.4</b>	<b>24.9</b>	<b>2,608.9</b>	<b>19.1</b>	<b>2,628.0</b>
Currency adjustments	0.0	0.0	0.0	- 11.5	- 0.3	- 11.8	0.0	- 11.8
Net profit	0.0	0.0	101.7	0.0	0.0	101.7	0.8	102.5
Revaluation of financial instruments	0.0	0.0	0.0	0.0	7.1	7.1	0.0	7.1
Changes to consolidated group/others	0.0	0.0	- 0.2	0.0	0.0	- 0.2	0.0	- 0.2
<b>31/03/2007</b>	<b>217.7</b>	<b>1,113.0</b>	<b>1,250.4</b>	<b>92.9</b>	<b>31.7</b>	<b>2,705.7</b>	<b>19.9</b>	<b>2,725.6</b>
<b>01/01/2006</b>	<b>217.7</b>	<b>1,113.0</b>	<b>845.5</b>	<b>88.5</b>	<b>11.4</b>	<b>2,276.1</b>	<b>8.1</b>	<b>2,284.2</b>
Currency adjustments	0.0	0.0	0.0	- 14.4	- 0.2	- 14.6	0.0	- 14.6
Net profit	0.0	0.0	97.9	0.0	0.0	97.9	1.0	98.9
Revaluation of financial instruments	0.0	0.0	0.0	0.0	7.6	7.6	0.0	7.6
Changes to consolidated group/others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>31/03/2006</b>	<b>217.7</b>	<b>1,113.0</b>	<b>943.4</b>	<b>74.1</b>	<b>18.8</b>	<b>2,367.0</b>	<b>9.1</b>	<b>2,376.1</b>



## Segment Reporting for the 1<sup>st</sup> Quarter of the Celesio Group by Business Division

	Celesio Wholesale		Celesio Pharmacies		Celesio Solutions		Others		Consolidation		Group	
	2006 € m	2007 € m	2006 € m	2007 € m	2006 € m	2007 € m	2006 € m	2007 € m	2006 € m	2007 € m	2006 € m	2007 € m
<b>Revenue</b>	<b>4,373.2</b>	<b>4,555.3</b>	<b>774.4</b>	<b>847.0</b>	<b>221.4</b>	<b>315.2</b>	<b>0.0</b>	<b>0.0</b>	<b>- 62.4</b>	<b>- 80.0</b>	<b>5,306.6</b>	<b>5,637.5</b>
External revenue	4,370.8	4,555.3	774.4	847.0	161.4	235.2	0.0	0.0	0.0	0.0	5,306.6	5,637.5
Inter-segment revenue	2.4	0.0	0.0	0.0	60.0	80.0	0.0	0.0	- 62.4	- 80.0	0.0	0.0
<b>EBITDA</b>	<b>106.9</b>	<b>108.4</b>	<b>84.3</b>	<b>97.5</b>	<b>5.7</b>	<b>5.9</b>	<b>- 9.0</b>	<b>- 9.9</b>	<b>0.0</b>	<b>0.0</b>	<b>187.9</b>	<b>201.9</b>
<b>Segment profit from operations</b>	<b>94.1</b>	<b>95.3</b>	<b>74.4</b>	<b>85.9</b>	<b>4.4</b>	<b>3.9</b>	<b>- 9.8</b>	<b>- 10.4</b>	<b>0.0</b>	<b>0.0</b>	<b>163.1</b>	<b>174.7</b>
Income from associates accounted for using the equity method	0.5	0.3	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.5	0.8
<b>EBIT</b>	<b>94.6</b>	<b>95.6</b>	<b>74.4</b>	<b>85.9</b>	<b>4.4</b>	<b>4.4</b>	<b>- 9.8</b>	<b>- 10.4</b>	<b>0.0</b>	<b>0.0</b>	<b>163.6</b>	<b>175.5</b>

## Notes

### Accounting principles and valuation policies

The consolidated interim statements for Celesio AG for the first quarter of 2007 have been drawn up on the basis of the International Accounting Standard (IAS) 34. In so doing, all relevant International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London and all interpretations of the International Financial Reporting Interpretation Committee (IFRIC) as of 31 March 2007 were taken into account. The accounting standards applied to prepare the interim statements largely correspond to those that were applied for the consolidated financial statements for the year ended 31 December 2006. The interim statements are therefore to be read in conjunction with the consolidated financial statements of Celesio AG for the 2006 fiscal year. The standards and interpretations that were legally required to be applied as of 1 January 2007 did not have any significant effect on the interim statements.

### Consolidated group

In the first quarter of 2007, numerous pharmacies – mainly in the United Kingdom – were consolidated for the first time in the Celesio Pharmacies division. The inclusion of these companies for the first time does not affect comparability with the previous year.

### Employees

At the end of the first quarter of 2007, Celesio employed 36,105 members of staff (head count) compared with 35,031 in the previous year.

### Notes to the segment reporting

Segmentation at Celesio has been performed in line with IAS 14. It is based on the internal organisational and reporting structures of the company. The same accounting standards are used as those employed for the group.

The internal organisation and reporting structure of Celesio is based on the business divisions Celesio Wholesale, Celesio Pharmacies, Celesio Solutions and Others. The Celesio Wholesale division includes the wholesale activities of Celesio with third-party customers. The Celesio Pharmacies division represents all activities related to the provision of services in Celesio's pharmacies. This covers the entire logistics chain from purchasing goods from the manufacturer to their delivery to the end consumer. The Celesio Solutions division comprises the provision of logistics services for pharmaceutical manufacturers within the Movianto business unit as well as the strategic cooperation with pharmexx. The activities of the group's parent company Celesio AG and other non-operational companies are posted to Others. The consolidation measures between the business divisions are shown separately. The operational segment profit in accordance with IAS 14 corresponds to the EBIT without taking into account the income from associates accounted for using the equity method.

## Review Report

To Celesio AG, Stuttgart

We have reviewed the condensed consolidated interim financial statements – comprising the balance sheet, income statement, cash flow statement, statement of changes in equity and selected explanatory notes - together with the interim group management report of Celesio AG, Stuttgart, for the period from 1 January to 31 March 2007 which are components of the quarterly financial report pursuant to § (Article) 37x Abs. (paragraph) 3 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standard require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and thus provides less assurance than an audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

## Review Report

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Stuttgart, 24 April 2007

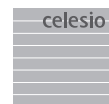
PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

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(Wagner)  
Wirtschaftsprüfer

A handwritten signature in blue ink, appearing to read "W. Wißfeld".

(Wißfeld)  
Wirtschaftsprüfer



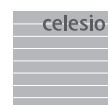
Celesio Group

## Financial Calendar

Balance sheet press conference, Stuttgart	15 March 2007
Celesio analysts and investors conference, Dresden	19 March 2007
International Bankers Day, Dresden	20 March 2007
Annual general meeting 2007, Stuttgart	26 April 2007
Dividend payment	27 April 2007
Interim report 1 <sup>st</sup> quarter 2007	14 May 2007
Interim report 1 <sup>st</sup> half year 2007	9 August 2007
Interim report 1 <sup>st</sup> – 3 <sup>rd</sup> quarters 2007	13 November 2007

Subject to change





Celesio Group

## Contact

### Websites

#### Celesio AG and companies in the Celesio Group

[www.celesio.com](http://www.celesio.com)

#### Celesio Wholesale

Austria	<a href="http://www.herba-chemosan.at">www.herba-chemosan.at</a>
Belgium	<a href="http://www.pharmabelgium.be">www.pharmabelgium.be</a>
Czech Republic	<a href="http://www.gehe.cz">www.gehe.cz</a>
Denmark	<a href="http://www.maxjenne.dk">www.maxjenne.dk</a> <a href="http://www.tjellesen.dk">www.tjellesen.dk</a>
France	<a href="http://www.point.ocp.fr">www.point.ocp.fr</a>
Germany	<a href="http://www.gehe.de">www.gehe.de</a>
Norway	<a href="http://www.nmd.no">www.nmd.no</a>
Slovenia	<a href="http://www.kemofarmacija.si">www.kemofarmacija.si</a>
United Kingdom	<a href="http://www.aah.com">www.aah.com</a>

#### Celesio Wholesale offers access- protected business-to-business solutions for pharmacies

Austria	<a href="http://www.herba-point.at">www.herba-point.at</a>
Germany	<a href="http://www.gehe-point.de">www.gehe-point.de</a>
Italy	<a href="http://www.afmpoint.it">www.afmpoint.it</a>
United Kingdom	<a href="http://www.aah-point.com">www.aah-point.com</a>

#### Celesio Pharmacies

Belgium	<a href="http://www.lloydspharma.be">www.lloydspharma.be</a>
Czech Republic	<a href="http://www.lloyds.cz">www.lloyds.cz</a>
Ireland	<a href="http://www.unicarepharmacy.ie">www.unicarepharmacy.ie</a>
Italy	<a href="http://www.admentaitalia.it">www.admentaitalia.it</a>
Netherlands	<a href="http://www.lloydsapotheken.nl">www.lloydsapotheken.nl</a>
Norway	<a href="http://www.vitusapotek.no">www.vitusapotek.no</a>
United Kingdom	<a href="http://www.lloydspharmacy.co.uk">www.lloydspharmacy.co.uk</a> <a href="http://www.johnbellcroyden.co.uk">www.johnbellcroyden.co.uk</a>

#### Celesio Solutions

Movianto	<a href="http://www.movianto.com">www.movianto.com</a>
pharmexx	<a href="http://www.pharmexx.com">www.pharmexx.com</a>

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the healthcare group