

## **Speech for the**

### **Annual General Meeting on 16 May 2012**

#### **Markus Pinger, Chairman of the Management Board and CEO**

Dear shareholders,

honoured guests,

Ladies and Gentlemen,

I wish you good morning and welcome you, also on behalf of my Management Board colleagues, to today's Annual General Meeting of Celesio AG. I hope you had a pleasant and comfortable journey here.

This is my first Annual General Meeting as the Chairman of the Management Board and CEO at Celesio. And it is also the first Annual General Meeting of Celesio for my colleague Marion Helmes, who has been the CFO since 1 January 2012, and my colleague Stephan Borchert, who since 1 August 2011 has been the Management Board member responsible for the Patient and Consumer Solutions division and therefore responsible for the pharmacy business. I would like to introduce both of them to you now. In contrast, you will certainly be very familiar with my

colleague Wolfgang Mähr, who has attended numerous Annual General Meetings.

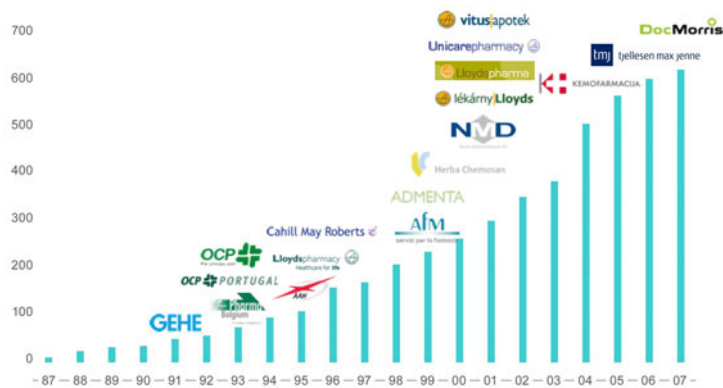
I am very happy that I can personally tell you today about the previous year and explain how we intend to re-shape the future of the company.

However, before that I would like to express my sincere thanks to you. You – as our shareholders – stood by Celesio during a very difficult period and continued to place your trust in us. This was – and still is – a strong source of support and encouragement for us. And it is an important prerequisite for putting the company back on its path to success. That is our aim, and it is an aim that we will achieve.

After nine months at Celesio I can say this with growing conviction. Celesio is a company with very capable employees and an impressive tradition. This inspired me from the very beginning. I am both happy and proud to work for this company.

## Development in earnings at Celesio

Earnings before tax\* from 1987 - 2007  
EUR m



\* Since 2003 according to IAS standards

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Ladies and Gentlemen,

When I joined Celesio in the middle of August, I was impressed not only by its great tradition, but also its economic success story. From 1987 to 2007, this company grew without interruption. With numerous acquisitions it expanded its international presence.

The pinnacle of success was reached in 2007.

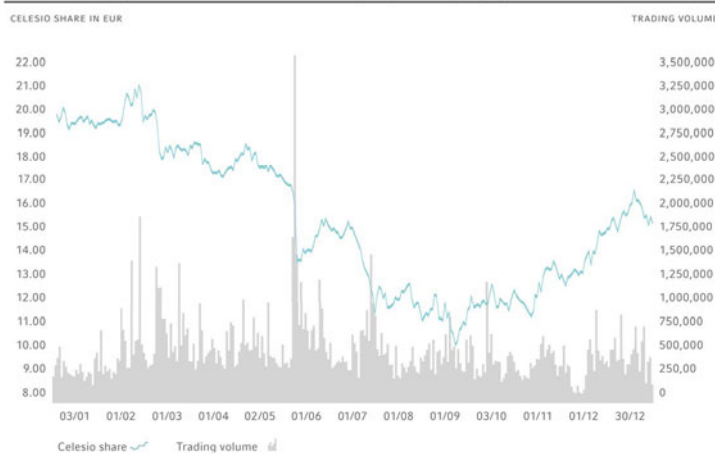


In the previous year 2011, the company's situation deteriorated further. The consequences were a further significant decline in earnings, three forecast adjustments and high extraordinary impairment losses again.

## Share price development and trading volume

### Celesio share

XETRA closing prices 02/01/2011 – 30/12/2011 (only trading days)



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This is also reflected in the development of the share price. In February 2011 it reached its highest value for the year, namely 21 euro. The three forecast adjustments in June, July and finally in October then led to a decline to below 10 euro. Over the course of this price reduction, the value of the company on the stock exchange fell below the book value. As a result, Celesio was forced by law to carry out regular impairment tests during the year as well. After 2008 and 2009, in the second quarter of the last fiscal year this also led to adjustments for impairment losses particularly on goodwill in 2011.

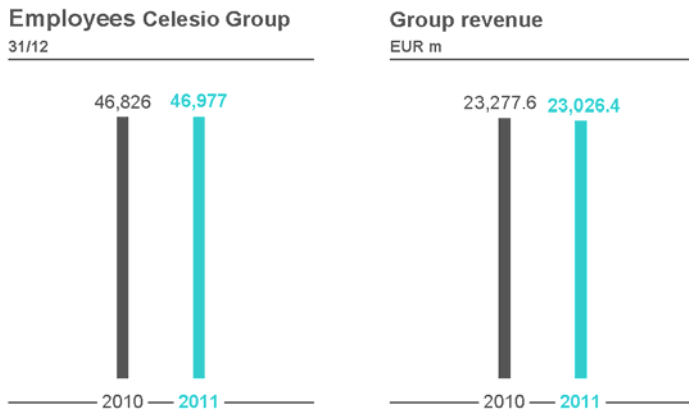
This amounted to a total of 116 million euro and accelerated the fall in the value of the Celesio share.

With the announcement of the strategic realignment in October 2011, we were able to win back investor confidence. The upward movement in the share price since then shows that the capital market and investors have responded positively to our new strategy. The projects and initiatives associated with the realignment have made many demands on our employees. We owe it to their dedication that we have progressed so quickly and successfully with the implementation of important measures. I would like to thank our employees for this most sincerely at this point.

Ladies and Gentlemen,

Let us now look in detail at the economic development of the company in the past 2011 fiscal year.

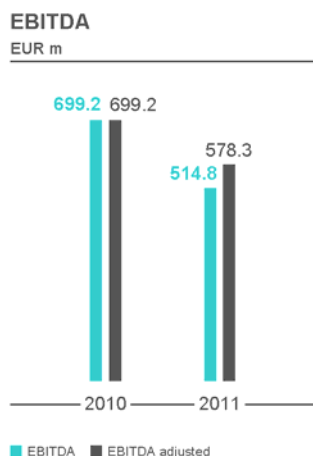
## Employees and revenue



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Our workforce remained constant with nearly 47,000 employees. The **revenue** decreased only slightly by 1 per cent to around 23 billion euro.

## EBITDA



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Unfortunately, this does not apply to the **earnings development**.

Despite the almost stable revenue, the adjusted operating profit, the **EBITDA**, declined before one-off expenditures by around 15 per cent or approximately 120 million euro to 578 million euro. This significant decline in earnings can be explained in part by a further deterioration of the market environment. Renewed government savings in the healthcare market and the continuing strong competition in important markets such as France, Germany and the United Kingdom have increased the pressure on margins. Of these, especially our wholesale subsidiaries OCP and Gehe, as well as our British company Lloydspharmacy were affected.

However: these negative impacts from the market developments were not offset on the part of the company by appropriate efficiency improvements or innovations.



Additionally, an adverse effect was the negative earnings development at Lloydspharmacy and high investments, with which the British pharmacy business was to be realigned. Moreover, investments were made in the expansion of our Swedish pharmacy business and further pharmacies were opened. However, the related start-up losses were twice as high as originally planned.

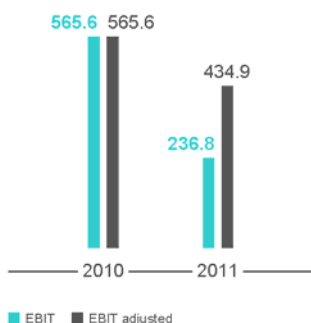
Last but not least, the attempts to develop new activities outside of the actual core business placed an additional burden on earnings. These were also associated with high levels of investment and start-up losses. This applies, for example, to the joint venture with Medco, from which we have withdrawn in the mean time.

As part of our strategic realignment, we responded immediately to these developments. For this, we started an optimisation programme that we call the Operational Excellence Programme. This programme contains a number of measures with which we will improve the earning power of Celesio in the short and medium term. I will go into the details of these measures later when explaining our new strategy. The optimisation programme is linked to one-off expenditures totalling approximately 100 million euro. Of these, 80 million euro have already been taken into account on the balance sheet for 2011.

Including these one-off expenditures, the EBITDA fell by around 184 million euro to approximately 515 million euro. With the sharp decline in the EBITDA, the negative trend since 2007 continued unabated in 2011.

## EBIT

EBIT  
EUR m

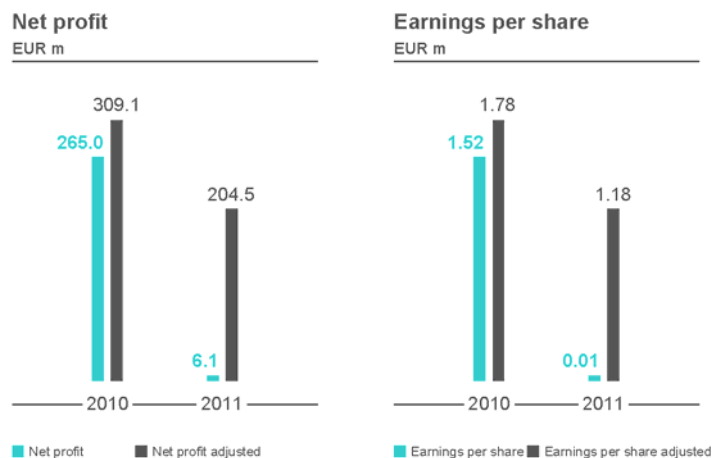


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This is particularly evident in the earnings before interest and taxes, i.e. the **EBIT**. Here, the aforementioned impairment losses have had a negative impact. As a result, the EBIT almost halved to around 237 million euro. Excluding impairment losses and special effects, the EBIT declined by 23 per cent to around 435 million euro.

The profit before tax fell after extraordinary depreciation and amortisation and one-off effects of around 409 million euro in the previous year to approximately 104 million euro. It therefore reached the level of 1995.

## Net profit and earnings per share



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The **net profit** decreased from 265 million euro in the previous year to around 6 million euro. This is virtually a black zero. Accordingly, the earnings per share were also partly zero.

Dear shareholders,  
Ladies and Gentlemen,

The earnings figures for the 2011 fiscal year speak for themselves. Especially when they are seen in the context of developments since 2007. Specifically, owing to the net profit of now just 6 million euro, it actually appears that a dividend payout to the shareholders is impossible. We are confident, however, that our new strategy will lead to success in the coming years. For this reason we wish to distribute a dividend this year as well.

Therefore, we have adjusted the earnings, as in previous years, to include non-cash one-off effects by the mentioned impairments and the optimisation programme.

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## Dividend proposal

- Proposal of the Management Board and the Supervisory Board:  
EUR 0.25 dividend per share
- Dividend continuity
- Appropriate payout

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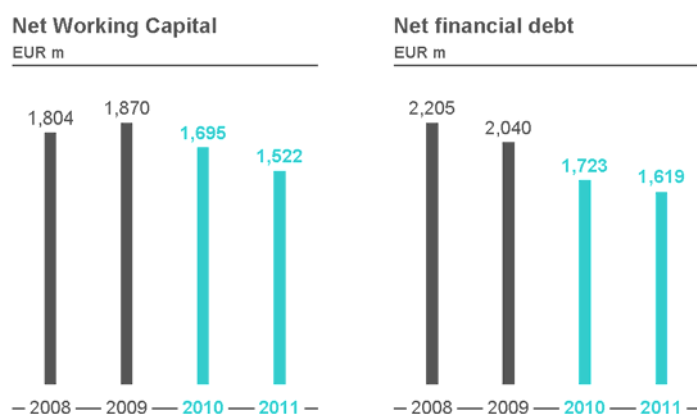
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On this basis, we are today proposing to the Annual General Meeting a **dividend** of 0.25 euro per share. That would still be half the dividend of the previous year. Since we want to invest in the future of Celesio, we see half the dividend of the previous year as being a payout that is appropriate for the economic situation of the company. With this it is our aim – last but not least – to ensure our dividend continuity and thank you, our shareholders, for your loyalty and trust during a difficult time.

Let me now briefly discuss the **financial situation** and then the divisions.

At around 238 million euro, the **free cash flow** was around 194 million euro below the level of the previous year. The main causes of this were a lower cash inflow from operating activities as well as a higher cash outflow from investing and financial activities.

## Net working capital and net financial debt



In comparison to the previous year the **net working capital** was reduced by 173 million euro to around 1.5 billion euro. Despite the effects, for example, from the purchase of Oncoprod, our trade receivables increased only slightly during the previous fiscal year. A significant increase was seen in the trade payables. This mainly concerns the wholesale sector in France, Brazil and Norway.

It is very pleasing that through the improved net working capital management, our **net debt** has been further reduced – despite the

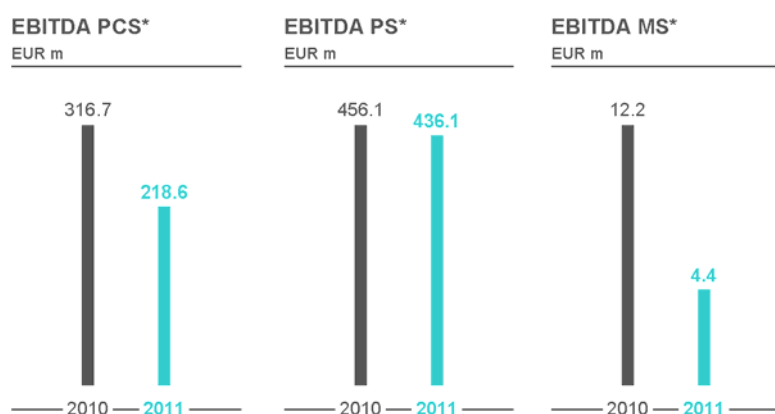
significant decline in the free cash flow. Since 2008 Celesio has reduced its net debt by more than 27 per cent. This is an important achievement in the context of the current European debt crisis and the resulting generally limited financing options.

Celesio continues to operate on a basis of a stable balance sheet and **equity ratio**. The latter was approximately 30 per cent.

Ladies and Gentlemen,

Let me now briefly turn to the earnings development of the individual divisions:

## Development in earnings of the divisions



\* Adjusted for one-off effects (including tax effects) primarily in connection with the Operational Excellence Programme.

In the **Patient and Consumer Solutions** division the adjusted EBITDA fell significantly by approximately 30 per cent to around 219 million euro. I have already mentioned that this was essentially due to negative earnings developments at Lloydspharmacy in the United Kingdom and higher start-up losses of our Swedish pharmacies.

In the **Pharmacy Solutions** division the adjusted EBITDA fell relatively moderately by 4.4 per cent to 436 million euro. This was mainly caused by generally weaker markets, government measures and continuing competitive pressure in France and Germany. In contrast, things went quite well for our wholesale business in the United Kingdom.

The adjusted EBITDA of the **Manufacturer Solutions** division fell by over 60 per cent from 12.2 million euro in the previous year to 4.4 million euro. With these earnings the division contributed less than 1 per cent to the total earnings of the company.

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## Summary 2011: Major challenges / strategic realignment initiated

- Urgent need for action:
  - Decline in earnings
  - Impairments
  - Loss of trust
- New strategy:
  - Five key points
  - Acquisition of Oncoprod
  - Operational Excellence Programme (OEP) started
- Clear goals:
  - short-term stabilisation of earnings
  - long-term profitable growth

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Ladies and Gentlemen,

So much for the development of the company in the previous fiscal year. The numbers have made clear the urgent need for action. We, today's Management Board team at Celesio, have always been aware that such developments in earnings and performance as those of past year and the previous years jeopardise the future of the company. And that, in particular, the developments of the year 2011 have negatively affected the trust of our shareholders, our customers and our employees. We therefore quickly reached an agreement that we must act consistently.

After an intensive analysis of the situation, the Celesio Management Board in its new line-up, together with the supervisory board – and with its full support – launched a radical strategic realignment. And we

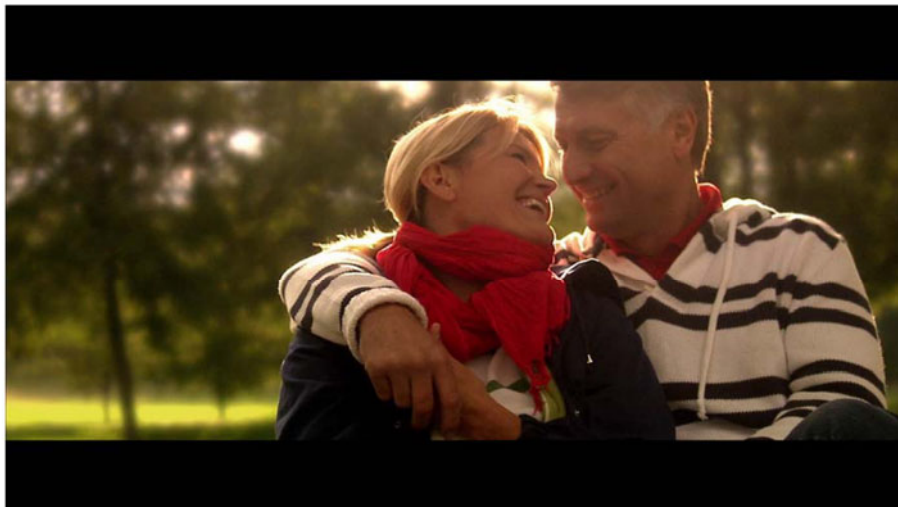


started immediately with its implementation. At the end of September 2011 we withdrew from the joint venture with Medco. Only a short time later we further extended our strong position in the Brazilian growth market with the purchase of Oncoprod, a distributor of specialist medicines.

At the end of October we then presented the focal points of our extensive strategic realignment to the wider public. And as recently as November we started to implement the optimisation programme. We want to stop the long-term negative trend as quickly as possible. And we want to return the company to profitable growth over the long term.

These objectives will be achieved. Our confidence is based not least on the large inner potential of the company. By this I mean its impressive tradition and success story, its outstanding skills and achievements in healthcare provision. This enormous potential is based on the skills and expertise of the employees. By combining forces, through greater integration and across-the-board cooperation, this potential is turned into the energy of progress.

Progress is a tradition at Celesio. Franz Ludwig Gehe founded this company 177 years ago with a great idea: pharmaceuticals are not a privilege of the rich. They should be accessible and affordable to everyone. This led to the development of the modern pharmaceutical wholesale business.



Nothing has changed with respect to this mission and social task. The orientation on people, on patients and end customers still characterises our guiding principle and self-image today. Celesio wants to contribute to a healthier life with efficient solutions and innovative services. And therefore to a better quality of life and more joie de vivre.

Ladies and Gentlemen,

We have developed this guiding principle internally and communicated it internally with exceptionally positive feedback. Important part of this communication is a film which you could watch before the start of the Annual General Meeting. I hope you enjoyed the film as much as our employees did. It encapsulates this guiding principle and self-image of the company – in emotional pictures and concise messages.

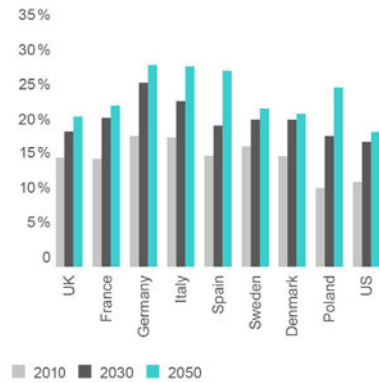
It shows a company on the move. A company with employees who have a task to complete and who fulfil this task with conviction and with passion. This common belief and passion give rise to identity and motivation. And that is the most important source of our future success.

Of course success is not automatic. We have to seek it on the markets and demonstrate our capabilities there. We can, however, look with reasonable optimism into the future.

In the opinion of many experts, pharmaceutical and health issues are the topics of the future. This is ensured by three major developments in society and global megatrends that will drive the growth and dynamics of the international pharmaceutical and healthcare markets in the coming decades:

## Increasing longevity

Proportion of population aged over 60

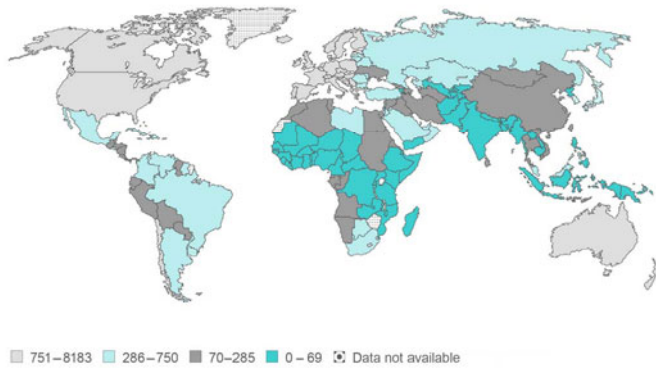


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- Firstly: the world population is growing. At the same time, people are living longer and longer on average. This means: More and more people need sufficient healthcare provision over a longer period of time.

## Rising healthcare expenditures

Healthcare expenditures  
per capita in USD



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- Secondly: As a result of these developments and medical progress, the healthcare expenditures per capita are also increasing. And not only in the industrialised countries, but also in the emerging and developing countries.
- Thirdly: Particularly in the emerging and developing countries, economic progress also results in a growing social need to provide a country's own population with better and wider access to healthcare provision. In these countries the focus is therefore increasingly on the development of efficient healthcare systems.

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## Strategic realignment

- Focusing on the core business
- European pharmacy network
- Regional expansion
- Review options for Manufacturer Solutions
- Operational Excellence Programme

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Because of these global megatrends, the pharmaceutical and healthcare sector has good long-term growth prospects. And that is the precise aim of our strategic realignment. We have defined five priorities:

- focusing on the core business
- development of a European pharmacy network
- regional expansion
- review of the Manufacturer Solutions division
- finally, an Operational Excellence Programme

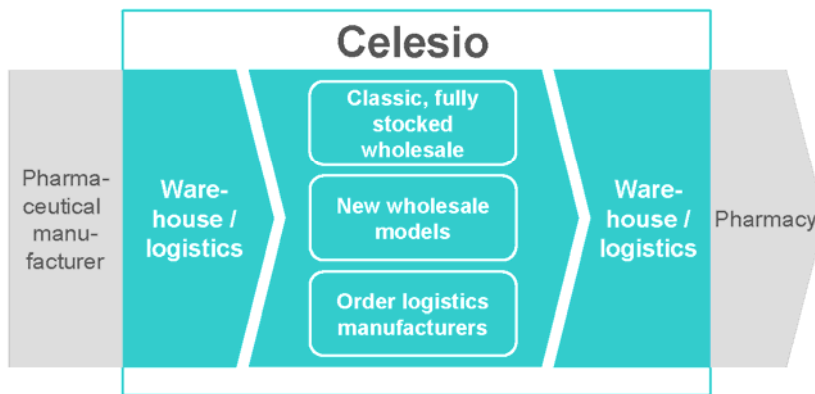
I would like to explain these priorities to you in more detail.

### **The first priority: focusing on the core business**

Celesio has evolved over decades into a leading international pharmaceutical distributor with excellent logistics expertise. This core

competency has made Celesio successful. All attempts to grow beyond the core business, did not lead to success.

## Integrated logistics expertise across all stages of the value chain



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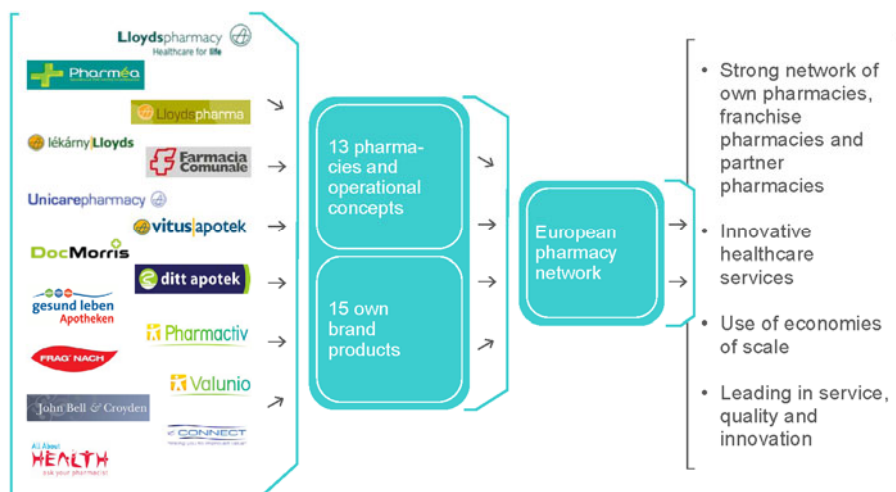
For this reason we will be placing the spotlight on the core business again. Under the heading of "end-to-end supply chain" we want to further develop and expand our logistics expertise on the entire value chain. Our goal is to offer all services associated with the logistics and distribution of medicines which are in demand on the market. This begins with the logistics and warehousing of the manufacturer and ends with warehouse management and the commercial administration of the individual pharmacy – as well as comprising all steps in between of course.

Through the intelligent integration and optimisation of the entire value chain, we can leverage significant efficiency reserves to the benefit of

all concerned. In this way Celesio will acquire new business, attract new customers and expand its market shares.

## Second priority: development of an European pharmacy network

### The European pharmacy network



Today Celesio has approximately 2,300 of its own pharmacies in Europe. At the same time we work together with our wholesale subsidiaries in Germany, France and Austria with approximately 4,500 owner-operated pharmacies. In future we want to be even more competitive on a national basis with regard to these activities in the form of cross-national cooperation in important areas such as procurement and marketing.

Our goal is to integrate our own pharmacies and the cooperation pharmacies into a Europe-wide pharmacy network. As part of this



network, we can develop, test and roll out new shop concepts and innovative service better and faster.

With this we will generate higher-margin sources of revenue for the pharmacies. At the same time we can improve the cost base of the pharmacies by taking advantage of the economies of scale of such a network in the areas of purchasing and marketing.

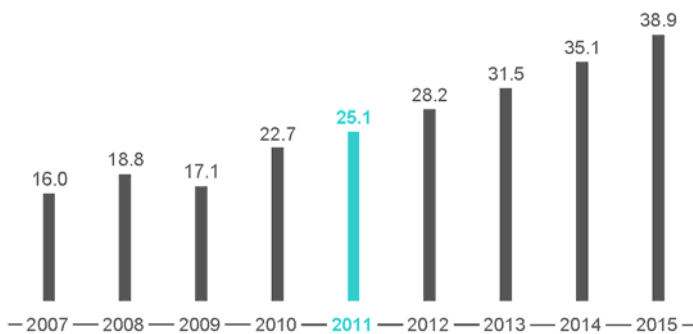
A strong European pharmacy network will therefore result in increasing earnings contributions. At the same time it protects our capital investment. In comparison to the purchase or opening of new pharmacies we need to invest less money in order to expand our commercial activities. The European pharmacy network is a concept for profitable growth. But at this point I would like to emphasise: This is a key strategic project which has great potential and innovative power in the long term. We therefore intend to take the time that is necessary for this.

### **Third priority: the regional expansion of our core business**

Celesio entered the Brazilian market two years ago with the purchase of Panpharma. This was the correct step to enable Celesio to open up growth opportunities outside Europe for the first time. We intend to continue pushing forward with the regional expansion of our core business in particularly promising emerging markets and developing countries.

## Regional expansion: growth market Brazil

Average growth: 11.6% annually to 2015  
US dollar bn



Sources: UN Population Report, IMF World Economic Outlook, IMS Global Pharma Data, CIA Factbook, Business Monitor

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First of all we are concentrating on Brazil. After Panpharma, we bought a majority shareholding in Oncoprod in October of last year. As with Panpharma, this is only the first step as well. With Panpharma and Oncoprod we are today a leading company both in the area of the pharmaceutical wholesale business and in the distribution of specialist medicines. A few years ago Brazil was still uncharted territory for Celesio. Today we are already generating more than 7 per cent of our total revenue here. Brazil is therefore our largest market after France, the United Kingdom and Germany.

A few days ago the Supervisory Board and Management Board decided to acquire the remaining 49.9 per cent of Panpharma earlier than planned. Meanwhile the deal has been concluded. With the complete takeover of Panpharma our intention is to further consolidate our leading market position in Brazil. The Brazilian pharmaceutical

market is growing much faster than the pharmaceutical markets of Western Europe, the USA and Japan. We believe that after full acquisition we will be able to participate even more in this growth. With consolidation of the market we will also be playing an active role, through which we want to gain additional market shares.

The regional expansion into promising growth markets and emerging markets will have a permanent place in our growth agenda in the coming years.

## Fourth priority: review of Manufacturer Solutions

### Review options for Manufacturer Solutions

Development of MS share of earnings  
in the total Celesio earnings as a percentage



- Movianto: sale process initiated
- Pharmexx: sale process initiated
- Medco Celesio: joint venture terminated

As a consequence of focussing on the core business, we have decided to review the prospects of the Manufacturer Solutions division, also outside of the Celesio Group. As you know, over the

past few years the Manufacturer Solutions division generated relatively low earnings contributions – usually less than 3 per cent of total earnings. In the previous 2011 fiscal year this share was even less than 1 per cent. Just to be absolutely clear the commercial activities of the division have good prospects. However, further strategic development requires the investment of capital, which would then not be available for the development of our core business. The initiation of the sales processes is solely a portfolio decision.

After withdrawing from the joint venture with Medco, we therefore also examined all of the options at Movianto and Pharmexx – from restructuring, through integration to a sale. In the meantime we have completed this analytical phase and decided to initiate the sales process for both companies. We believe that both companies have better growth prospects outside of Celesio.

We arrived at the same result in the case of DocMorris. You know that the sale of the DocMorris mail-order pharmacy in 2007 led to a massive conflict with our wholesale customers in Germany, the independent pharmacists. This cost Celesio and/or Gehe an appreciable market share and earnings.

Against this background, we last year pledged that we would resolve this conflict with our pharmacy customers by 2012. In the past months we have intensively reviewed all of the options.

As a result of this review we have decided to initiate the sales process for the DocMorris mail-order business as well.

We are well on target with the aforementioned sales processes, which are complex and time-consuming. However, it is important for us to find the right investors in the interests of the companies and their employees. For this reason we do not want to put ourselves under pressure.

## **Fifth priority: the Operational Excellence Programme**

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### **Operational Excellence Programme**

- Bundling of international procurement activities
- Strengthening of market position in Sweden
- Optimisation of the logistics network, including transport routes and costs
- Reduction of administrative costs

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From the very beginning this is an important part of our realignment. We have already started the optimisation programme – in 2011. We want to increase the efficiency and competitiveness of the company – not only quickly, but also sustainably. We have already made good progress with the implementation. The major projects of the

Operational Excellence Programme are:

- Firstly: the international bundling of procurement activities. In the field of generics this has already produced initial results.
- Secondly: the expansion of our market position in Sweden. With the opening of new pharmacies, Celesio managed to enter the market in Sweden in 2010. That was the right move. Nevertheless, the current implementation has led to unexpectedly high start-up losses. Therefore we have drawn up concepts to ensure the faster positive development of our new pharmacies in Sweden. With our measures we will halve the start-up losses in 2012. We are confident that we will reach break-even point in Sweden by the end of 2013, as originally planned.
- Thirdly: the optimisation of our international branch network. This will enable us to implement further major efficiency gains. With even more efficient sites and logistics networks we will be able to offer our customers improved services.
- Fourthly: the reduction of our administration costs. At our six major administrative centres in Germany, Austria, the United Kingdom and France we have cut the material and personnel costs. It was therefore not possible even to a limited extent to avoid adjustments to the size of our workforce, which we primarily achieved through part-time arrangements and the non-replacement of vacancies, as well as by amicable settlements.

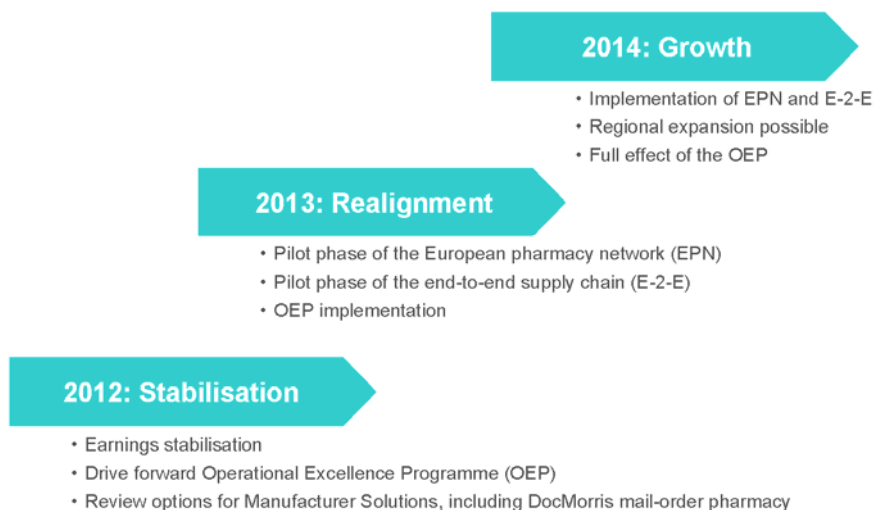
These adjustments were unavoidable in view of the difficult developments in the operating business.

Ladies and gentlemen,

With the priorities of the strategic realignment that I have referred to we will take advantage of the existing opportunities for growth in our European and overseas markets. At the same time we will also sustainably strengthen the competitiveness of Celesio through integration and bundling.

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## Roadmap strategy



In the short term, however, our main priority is to stop the negative earnings development. Accordingly, we have divided our strategic

roadmap for the next few years into three phases: stabilisation, realignment, growth.

We consider the **current year of 2012** to be a transitional year. This means: in 2012 we primarily want to stabilise our earnings. We therefore assume that we will achieve an adjusted EBITDA before one-off effects that is at the level of the previous year. This amounted to 578 million euro.

In addition to the stabilisation of earnings, we will be concentrating in **2012** on doing our homework for all aspects of the realignment.

This initially concerns the full implementation of the Operational Excellence Programme and the sale of the Manufacturer Solutions division and the DocMorris mail-order pharmacy. We have taken an important step with the initiation of the sales process for Movianto, Pharmexx and DocMorris mail-order pharmacy. As they are growth issues, we will be drawing up across all stages of the value chain the final concept of our European Pharmacy Network and, in conjunction with it the concept of an integrated logistics expertise.

Building on this, the **coming year of 2013** will see the practical introduction of our new pharmacy and logistics concepts. These are our growth topics for the future. To this end, we will be starting pilot projects in 2013 at the latest and evaluating their results.

**For 2014** we expect to put into practice our European Pharmacy Network and our concept for extended logistics expertise on a broad



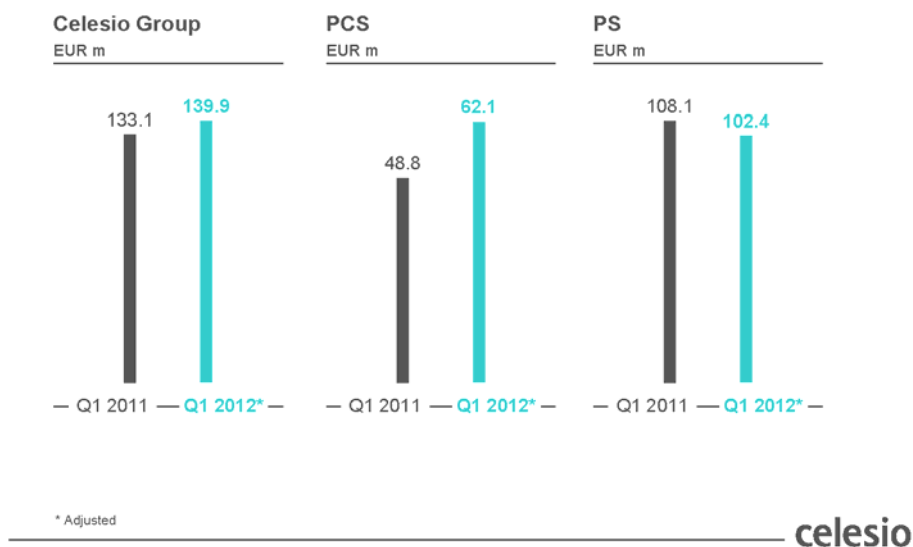
front. We therefore see 2014 as the year of the full implementation of our growth concepts. We will at the same time be focussing more strongly and in a targeted manner on opportunities for regional expansion.

The implementation of our growth concepts will translate into tangible earnings contributions and a rise in the earnings curve overall. And when we talk about growth, we mean profitable growth. For this we will develop appropriate key data in order to be able to successfully control the company with respect to this target.

Ladies and Gentlemen,

I have presented the concepts, plans and measures of our strategic realignment to you in condensed form. With this, we want to stop the negative earnings development quickly and turn it back into a positive development. The test of any strategy is its consequences in reality. Even though we are still at a very early stage of implementation, I am pleased to be able to inform you of the first successes. To this purpose I would like to address the topic of the current developments of the company in the first quarter of 2012.

## EBITDA development first quarter



The developments in the first quarter of 2012 confirm our strategic direction and the measures that we have initiated. Despite the continuing difficult markets, we have succeeded in increasing the **group revenue** by 2.5 per cent to around 5.64 billion euro.

The adjusted earnings before interest, taxes, depreciation and amortisation, EBITDA, rose in comparison to the previous year by 5.1 per cent to 139.9 million euro.

We owe these improvements mainly to the first positive effects of the strategic realignment, especially our optimisation programme in our international pharmacy business.

This is clearly shown by the earnings development in the Patient and Consumer Solutions division. This division has been able to improve its

earnings by a very pleasing 27 per cent to around 62.1 million euro. Especially our pharmacy business in the United Kingdom, Sweden and Norway contributed to this positive development.

The Pharmacy Solutions division achieved an adjusted EBITDA of 102.4 million euro. Despite a positive development in Germany, the earnings were 5.2 per cent below the previous year. This shows, that the prolonged negative market and competition development in the European pharmaceutical wholesale business continues. Therefore, our initiated measures will not result in a significant improvement in the short term. In the mid term, we are, however, convinced of the success of our concepts.

Since we no longer count the activities of the Manufacturer Solutions division or those of DocMorris as part of our core business, we have classified these activities as discontinued operations. At Pharmexx we again had to include an impairment of 45 million euro on the basis of current sales processes and as part of the impairment tests.

The overall positive trend in the first quarter shows that our internal measures are beginning to bite. We have achieved our targets and improved our earnings compared to the same period of the previous year. We are very satisfied with this development. We will continue on our positive path during the remainder of the year. We explicitly reaffirm our earnings forecast that in 2012 we will achieve an adjusted EBITDA that is at least at the level of the previous year.



Ladies and Gentlemen,

After this detailed information about business developments in the previous year and our new strategy, I would now like to take a quick look at the agenda and the formalities of today's Annual General Meeting.

Agenda items 2 to 5, i.e. the resolutions on

- the appropriation of net retained profit
- the ratification of the actions of the members of the Management Board
- the ratification of the actions of the members of the Supervisory Board
- the election of the auditor and group auditor for the 2012 fiscal year

are the usual items on which you as a shareholder regularly vote.

In agenda item 6, the Supervisory Board proposes that you elect Dr Florian Funk as the shareholders' representative on the Supervisory Board. This election has become necessary because Professor Dr Klaus Trützscher has resigned from his post with effect from the end of this Annual General Meeting. The Celesio Management Board wishes to thank Professor Dr

Trützscher, who headed the audit committee, for his very trusting and constructive cooperation.

Under agenda item 7 we ask you to provide us again with the authorisation to increase the company's share capital by issuing new individual share certificates either once or on several occasions by up to a total amount of 43,545,600 euro. The corresponding old authorisation of 2007 expired on 25 April 2012.

The requested authorisation therefore follows on from this and is limited to 15 May 2017. You will find extensive explanations on this and a detailed report of the Management Board in the invitation to today's Annual General Meeting. I explicitly refer to this once more.

Under agenda item 8 we ask that you authorise us in accordance with section 71, paragraph 1, subparagraph 8 of the German Companies Act (Aktiengesetz) to acquire and use our own shares and exclude subscription rights. The requested authorisation follows on from the authorisation which expired in 2011 and is limited until 15 May 2017. We reported in detail on the proposed resolution in the invitation to today's Annual General Meeting. I again refer explicitly to this report of the Management Board, which is printed on pages 13 to 17 of the invitation.

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## Closing remark

- Strategic realignment initiated
- 1st quarter 2012: measures starting to make an impact
- Earnings stabilisation for 2012 confirmed
- Long-term profitable growth through integration, innovation and expansion

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celesio

Dear Shareholders,

2011 was a difficult year with major challenges. Of this there can be no doubt in view of the significant negative development in earnings, the high impairment losses, the strong falls in the price of the Celesio share – and as a consequence a stock market value of the company that is lower than the book value.

Within a short time we have initiated a profound strategic realignment. And immediately started with the implementation of measures. The course that we are following is correct. This is demonstrated by the positive development during the first quarter. The long-term prospects for Celesio are good and will become even better with the implementation of our strategy. Our markets offer a wealth of opportunities and the company has potential.

I would like to take this opportunity on behalf of the Management Board to thank our Supervisory Board and particularly the Chairman of our Supervisory Board Jürgen Kluge. They have been determined initiators of the realignment. The success of the company will also be theirs.

But we still have much work to do in order to stabilise the development in earnings in the short term and regain profitable growth over the long term. It will not be easy and there will be more challenges waiting for us. In order to overcome these, this company needs to work undisturbed and take the necessary time. Therefore we have developed a three-year plan for the strategic realignment. For the successful implementation we need also your trust, the trust of our shareholders.

We are confident that we can turn the company around and achieve our targets. We have skilled and dedicated employees who are committed to the company. We have customers who appreciate our expertise and services. And we have shareholders who stand behind the company.

I would like to ask you to maintain your trust in us in the future.

Thank you very much for giving me your attention.