

**Celesio AG**  
Annual Report  
2013



celesio

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More  
positive  
lives

## The fiscal year at a glance

### KEY FIGURES OF THE CELESIO GROUP

		2012	2013	Change on a € basis %	Organic change %
<b>Continuing operations</b>					
Revenue	€ M	22,270.8	21,407.7	-3.9	-1.6
Gross profit	€ M	2,425.1	2,349.9	-3.1	0.3
adjusted <sup>1)</sup>	€ M	2,423.4	2,349.5	-3.1	0.4
EBITDA	€ M	542.5	532.8	-1.8	2.3
adjusted <sup>1) 2)</sup>	€ M	579.6	548.6	-5.4	-1.5
EBIT	€ M	370.1	406.6	9.9	14.7
adjusted <sup>1) 2) 3)</sup>	€ M	444.8	423.6	-4.8	-0.7
Profit before tax	€ M	214.7	268.7	25.2	/
adjusted <sup>1) 2) 3) 4)</sup>	€ M	316.1	285.7	-9.6	/
Net profit/loss	€ M	109.6	171.2	56.2	/
adjusted <sup>1) 2) 3) 4)</sup>	€ M	201.5	186.4	-7.5	/
Earnings per share (basic)	€	0.60	0.97	60.7	/
Earnings per share (basic), adjusted <sup>1) 2) 3) 4)</sup>	€	1.14	1.06	-7.4	/
Net cash flow from operating activities	€ M	432.9	405.7	-6.3	/
Net cash flow from investing activities	€ M	-292.9	-58.2	80.1	/
Free cash flow	€ M	37.5	242.8	>100	/
Full-time equivalents <sup>5)</sup>		28,812	28,653	/	/
Retail pharmacies <sup>5)</sup>		2,177	2,175	/	/
Wholesale branches <sup>5)</sup>		136	133	/	/
<b>Discontinued operations</b>					
Net profit/loss	€ M	-258.6	-4.8	98.1	/
Earnings per share (basic)	€	-1.52	-0.03	98.1	/
Full-time equivalents <sup>4)</sup>		65	/	/	/
<b>Continuing and discontinued operations</b>					
Total assets <sup>5)</sup>	€ M	<sup>5)</sup> 7,928.7	<sup>4)</sup> 7,598.3	-4.2	/
Equity <sup>5)</sup>	€ M	<sup>5)</sup> 2,195.9	<sup>4)</sup> 2,192.0	-0.2	/
Equity ratio <sup>5)</sup>	%	<sup>5)</sup> 27.7	<sup>4)</sup> 28.8	/	/
Full-time equivalents <sup>5)</sup>		28,877	28,653	/	/
Employees <sup>5)</sup>		38,940	38,871	/	/
Net profit/loss	€ M	-149.0	166.4	/	/
Earnings per share (basic)	€	-0.92	0.94	/	/

1) Adjusted for special effects from certain non-recurring expenses and income (including tax effect).

2) Adjusted in 2012 for special effects from revaluations pursuant to IFRS 5 as well as deconsolidation effects in 2013 (including tax effect).

3) Adjusted in 2012 for impairment losses recorded on non-current assets (including tax effect).

4) Adjusted in 2012 for special effects in the financial result (including tax effect).

5) Closing figures at the end of the reporting period.


## Celesio at a glance

**Celesio** is a leading international wholesale and retail company and provider of logistics and services to the pharmaceutical and healthcare sector. Our proactive and preventive approach ensures that patients receive the products and support that they require for optimum care.

With approximately 39,000 employees, we operate in 14 countries around the world. Every day, we serve over 2 million customers – at almost 2,200 pharmacies of our own and 4,300 participants in our brand partnership schemes.

With around 130 wholesale branches, we supply 65,000 pharmacies and hospitals every day with up to 130,000 pharmaceutical products. Our services benefit a patient pool of about 15 million per day.

More  
positive  
lives



# Optimum provision of medicines by means of efficient pharmaceutical logistics

Anyone who goes to a pharmacy would like to leave with their medicine straight away. While blockbusters such as painkillers may well always be in stock, making sure that this is the case for special medicines for the chronically ill is much more difficult to achieve.

(BLOCKBUSTER → mini-dictionary)

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**“I was amazed when my doctor recently prescribed me a new form of therapy and my pharmacist had the new medicine directly in stock,”** reports asthma sufferer Valerie Konstantin from Münster. **“That was the first time I had wondered how on earth that was possible.”**

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### Care and commitment

Without a doubt, the challenges faced by wholesalers and pharmacies are huge: on average a pharmacy in Germany stocks 6,000 products. Should it not have the product in stock itself, its pharmaceutical wholesaler receives a customer order from a list of up to 130,000 products which must be stored in different ways, picked in the shortest possible time and prepared for dispatch. It mostly only takes 45 minutes from the time the order is received from the pharmacy to when it is ready for dispatch at the wholesale branch. During this process, a wide variety of legal requirements relating to storage and handling must be observed. These result from the sensitivity of the range of products, for example for veterinary, refrigerated and blood products or narcotics. While legal requirements are increasing, the remuneration for logistics services is falling. The latter is a consequence of a large portion of business being invoiced by the general healthcare system with margins set by the government; rising cost pressure is the result.

In fact, provision of medicines requires a supplier in the background with an overview of the entire supply chain. A supplier for whom it is particularly important to offer efficient and innovative healthcare services that contribute to a higher quality of life. Celesio's employees are unique in their passion and dedication, be it at the group's headquarters in Stuttgart or at the regional companies, in the back office, as an employee in one of the wholesale warehouses or in some countries as on-site pharmacists.





# Facts & Figures



**65,000**

pharmacies supplied  
by Celesio up to  
six times a day

**1,000**

**KM RADIUS**

is the area of delivery  
per branch in sparsely  
populated countries such  
as Brazil and Norway,  
while in countries like  
Germany and France the  
radius is approx. 150 km



**8,200**

employees  
in wholesale  
worldwide

**133**

**WHOLESALE  
BRANCHES**  
worldwide



**8.5**

**MILLION**  
products  
delivered daily

**500,000**

order-picking boxes  
pass along the order-  
picking conveyor lines  
at Celesio's wholesale  
warehouses every day



**130,000**

listed products  
per wholesale  
branch



**100,000**

**DELIVERIES**  
a day worldwide

**1.5**

**MILLION KM**  
are travelled on  
average every day – the  
equivalent of 40 times  
around the Earth

**3.0**

**MILLION**  
order-picking  
lines a day

**2,175**

corporate-run  
retail pharmacies

## Competence and efficiency

Celesio's core business – in addition to the pharmacy business – involves pharmacy wholesale and services along the entire pharmaceutical logistics chain. This task is complex because it entails trying to satisfy the often competing targets of wholesale, pharmacists and patients at the same time. Wholesale's primary goal is to support the pharmacist as best it can, so that, freed of administrative work, the latter can dedicate their time to their actual task, advising patients. Because once the pharmacist has been convinced of the advantages of ordering larger quantities, wholesale also benefits from flatter midday peaks and lower "panic orders" and therefore lowering the number of delivery tours at the end of the day. For pharmacists, the focus is on reducing their own inventories while at the same time increasing product availability as well as optimising process costs. The aim of the patient, on the other hand, is clear by comparison. All they want to do is get their medicine at the pharmacy the first time round.

How can you achieve the greatest efficiency between stock days, lot size and owings rate? Innovative inventory management solutions such as the system software "WAWI Top" (WARENWIRTSCHAFT TOP → mini-dictionary) and its resulting product "OPR" (OPTIMISED PHARMACY REPLENISHMENT → mini-dictionary) are essential components of Celesio's logistics approach and complement each other perfectly in order to cut through this Gordian knot.

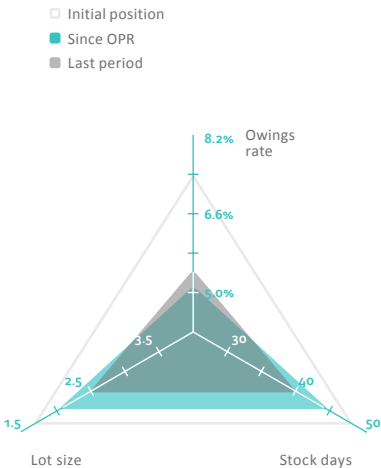
## Improved supply capability and storage management

Customers that purchase WAWI Top or OPR or use them via a licence model are independent pharmacies. The OPR software is also used in the Celesio Group's own pharmacies. The software solutions are already used successfully by more than 1,000 pharmacies in four European countries: in Germany since 2008, in Italy since 2012 and in Belgium and Austria since 2013. There are already plans to implement the solutions at further pharmacies in countries in which Celesio operates.

### EFFICIENT

### Optimising the triangle

OPR HELPS THE GREATEST LEVEL OF COST-EFFICIENCY BETWEEN STOCK DAYS, LOT SIZE AND OWINGS RATE.

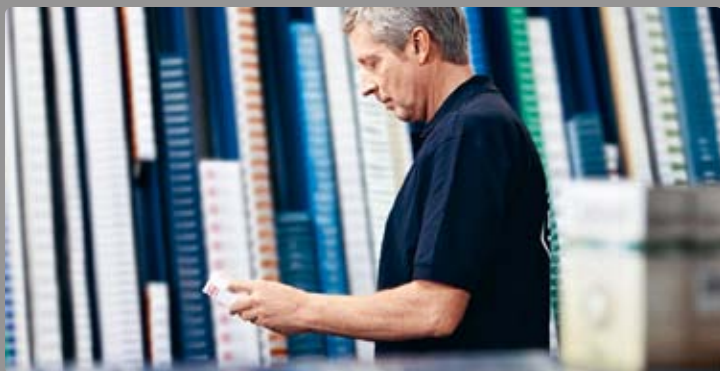


How it works:

## “OPR is software that optimises a pharmacy’s existing inventory control system.”

The OPR tool is linked to the inventory control system in the pharmacy. This involves a daily exchange of data between the pharmacy and the central OPR servers. A complex algorithm calculates the optimum minimum inventory levels and order margins for each item and sends these figures back to the pharmacy’s inventory control system on a daily basis.

OPR is not a standard piece of software; it is adjusted to the particular features of each inventory control system and also the individual pharmacies. The OPR software optimises the stock days, the availability of the requested items and the number of packages per order line (i.e., per product). In this way OPR reduces the process costs (procurement and storage), lowers capital commitment costs (storage costs) and increases the satisfaction of the pharmacy customers (improved availability of goods and more time for consultations with staff through optimised processes). The tool will also be available in the European pharmacy network.



A pharmacist's assessment:  
Mag. Pharm. Ilona Leitner,  
St. Lucas Apotheke, Vienna, Austria

**“The requirements of an inventory control system for our pharmacy are increasing constantly, especially due to the increasing number of generic products on the market.”**

(GENERICS → mini-dictionary)

Doctors are prescribing a larger range of different items and the time in which these items are stored at pharmacies is becoming increasingly shorter. This is resulting in a considerable rise in stock days. With OPR we no longer have to check ourselves which items we should remove from our order list and which we should add. The system automatically controls our inventories based on procurement criteria tailored specifically to our pharmacy. We already had a very clever inventory control system in the past, but OPR is a dramatic improvement.



## A complete solution is more than pure software

When a pharmacy located between Flensburg and Garmisch chooses WAWI Top, it receives more than just a piece of software. The pharmacist gets their own personal advisor on site into the bargain. One such example is Jens Rabien who, as a WAWI Top advisor, is responsible for the north of Germany. Although he hasn't been in this role for long, he knows the stores of some pharmacies in the north like the back of his hand. The pharmacies installing WAWI Top are thrilled for they have two new helpers at once: the digital one that keeps their stocks up to date and the human one who is there in person for all questions and concerns. WAWI Top is virtually a two-in-one deal. "It begins as soon as the contract is signed. The team then begins to go through a check list," explains Jens Rabien. "That may sound a little old-fashioned in connection with as innovative a solution as WAWI Top, but it is simple and efficient. The team documents the current situation at the pharmacy in terms of **NON-SALES** (→ mini-dictionary) or items that need to be procured. Furthermore, important store parameters and business data of the pharmacy are gathered to allow WAWI Top to get the most out of the store. "Once all necessary data have been collected, the optimum set-up parameters can be generated for the pharmacy. This takes around two weeks and is of course different for each pharmacy. "The good thing about WAWI Top is that the solution can include those exact individual parameters in the calculations, such as local demand, the current inventory value or the rate of non-sales," continues Jens Rabien. Before this stage there is still a bit for the WAWI Top advisors to do. The parameters set up are transferred and entered into the respective inventory control system. This can be done in one night. After that, Jens Rabien trains the pharmacy team. "That takes a maximum of three

hours, after which everyone knows how WAWI Top works and where adjustments have been made." It also doesn't take long to get used to the changes to the order process, or to the fact that the pharmacy now has more packs in storage although the inventory value remains the same. Jens Rabien explains: "For example, the team orders larger volumes of cheaper items instead of smaller volumes more often. This also reduces the work when having to sort the items into the **PHARMACY DRAWER SYSTEM** (→ mini-dictionary) or **BEHIND-THE-COUNTER** (→ mini-dictionary)."

## Improved availability of medicines on site

Once WAWI Top is installed, things become really interesting for the advisors. "To constantly see how the work flows at the pharmacy are being optimised and the achievement of the first successes – it's just fun. The pharmacy employees notice pretty quickly that they have far less work to do, particularly with incoming goods. Capacities are freed up for other activities, above all for advising customers. The effect of WAWI Top is two- and three-fold. There are more efficient processes in the back office, more satisfied customers at the sales counter and the pharmacy's gross profit increases as a result of improved supply capacity and reduced courier costs."

## Win-win-win thanks to OPR

### 01

Customers at the pharmacy benefit from improved product availability.

### 02

Pharmacists are reporting falling process and storage costs thanks to improved product availability, while witnessing an increase in customer loyalty and optimised processes.

### 03

Wholesale benefits from lower costs and higher revenue.

## Collaboration and innovation

Regardless of the issue at hand, silo thinking rarely leads to success. Celesio therefore places great value on streamlined hierarchies and interdisciplinary cooperation. Celesio firmly believes that nowadays it is only possible to keep up with the rapid development of technology through the close exchange of information. Whether it always makes sense to then implement this directly is another question and depends on many factors, including the current state of the technical equipment and the profitability of the respective business unit, as well as on regulatory frameworks. The latter currently do

not allow promising new developments, like those Celesio is currently testing in the UK, to be employed in Germany. At the wholesale warehouse in Warrington near Manchester, an exclusive service is being offered to pharmacists as part of a pilot programme under the name Intelligent Prescription Picking, or IPP for short (→ [mini-dictionary](#)). This service lessens the workload for pharmacists noticeably in their day-to-day business, meaning that they have considerably more time to dedicate themselves to their actual task: advising their customers.

What form does this service take exactly? It is generally the case that a patient, after seeing the doctor, takes his prescription to the pharmacy to collect the medicine that has been prescribed. This is mostly a one-off. This is different for the chronically ill, who regularly receive the same prescription with several special medicines. In this case it makes sense to automate the order process and delivery. And this is exactly where the IPP process comes in. For example, a patient receives a three-month prescription, although the medicines are only issued on a monthly basis. The chronically ill patient now hands in their quarterly prescription to the pharmacist. The pharmacist initially gives the patient their first monthly dose. Several days before the beginning of the next month, the order for the next monthly ration is then issued automatically to the supplier. In order to protect the patient, it is important to ensure that the medicines are prepared individually for the patient, but the data are handled confidentially. After all, only a pharmacist should have access to sensitive personal medicine data. For this reason, Celesio set up a pharmacy in the wholesale warehouse in Warrington in which only pharmacists and pharmaceutical staff work. Here the pharmacist can place their order on site. In the wholesale warehouse pharmacy the products are aggregated

from the different orders and then all the steps for a “normal” order are followed (→ see below). The processed orders are delivered from the wholesale warehouse in order-picking boxes (→ page 24) to the pharmacy. In the pharmacy, the aggregated anonymous orders are sorted entirely automatically, the individual packages are then labelled with patient names and packed into opaque bags for sending to each customer. The processed customer orders are automatically sent with address labels and delivered in standard dispatch boxes via the branch network to the respective pharmacy.

The pharmacist on site therefore does not have all the time and effort involved in compiling repeat orders for its customers, and instead can spend more time on his customers. “IPP makes it possible to pick recurring orders for the chronically ill in plenty of time and to compile the order automatically,” explains Danny McNally, Head of Supply Chain Development. “It’s a perfect example of cooperation between wholesale, pharmacy and patient, which all those involved can benefit from.” The pilot machine in Warrington can process several thousand packages an hour and, if successful, more such systems will be installed in the UK. Celesio also offers monthly blister packages for certain pills for each patient, the Community Dosage System (CDS). This service is also in high demand in the UK, particularly in nursing homes.

## From prescription to delivery

Ensuring rapid supplies of medicines to pharmacies is a logistics challenge which Celesio has faced ever since its inception. The latest technology, large warehouses with up to 130,000 stock keeping units (SKU → mini-dictionary) and an average of 64 employees: all of these factors are in place to ensure that patients receive all

their health needs. Goods have a long stock trail behind them before they finally make it into the pharmacy. This begins with incoming goods at the wholesale warehouse. The products are generally supplied here directly by the manufacturers and are entered into the stock system by the incoming goods department. After their bar codes are scanned, the goods are examined to check that the deliveries are complete. The date of expiry must also display an adequate remaining shelf life. Goods which do not pass the quality check are rejected and sent back to the manufacturer. Once it has been ensured that everything is correct, the medicines are shifted to the warehouse. Here the products are stored in the corresponding section of the warehouse on the basis of their saleability and product requirements. This might involve a number of order-picking machines, **GOODS-TO-MAN SYSTEMS** (→ mini-dictionary), pull-out units or manual units with running shelves and special fittings. Cool cells for the various temperature ranges, primarily from 2 – 8 degrees C guarantee proper storage of refrigerated articles. Narcotics are kept in a specially secured storage area.





























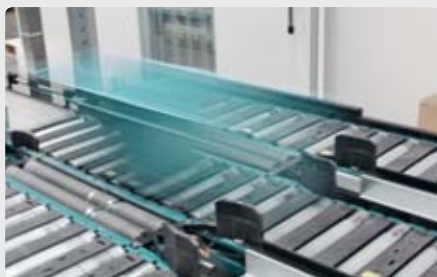


## The wholesale function is solely to deliver products in their original packaging to pharmacies. Packaging/sales packaging is merely passed on as received from the manufacturers.

**Medicines and other products are usually delivered to pharmacies in returnable containers, so-called pharmaceutical boxes or order-picking containers.**

GEHE Pharma Handel introduced the multi-delivery boxes back at the beginning of the 20th century. Made out of wood at that time, paper after the Second World War and plastic since 1980 and also used throughout the group since, it has helped standardise deliveries, optimise transport and storage and save costs. And, even if not the focus right at the beginning, it makes a contribution to environmental protection that no-one had thought about at the time.

The boxes have a service life of around ten years. Celesio strives to greatly reduce packaging material and use it sparingly. This is in the economic interest of both the manufacturers and the distributors and makes a contribution towards environmental protection.



MULTI-DELIVERY BOX IN ACTION

## Automation enhances quality

Currently, 7,000 pharmacies in Germany and 65,000 pharmacies worldwide source their merchandise from a Celesio wholesale warehouse. The warehouses serve territories within a radius of up to 100 km in Germany. In sparsely populated countries like Brazil or Norway, the delivery territory might be ten times as large. Well over 90% of all orders are processed fully automatically. After being sent to a central warehouse, these orders then automatically trigger a retrieval process from the racks although the employees are always in a position to trigger critical or urgent orders manually. In addition, via a call centre, pharmacists can add to their orders at short notice and clarify any special wishes. Customer orders are allocated to the order-picking containers automatically by smart software. This ensures that order-picking containers are optimally filled and the orders positioned in such a way so as to optimise the route and minimise the throughput times as the container only needs to access individual sections of the warehouse. After that, the order containers are conveyed to the relevant section of the warehouse where they are either automatically filled with products provided by the order-picking machines or processed manually by staff members in the warehouse. The use of bar code scanners can also ensure that manual **ORDER PICKING** (→ mini-dictionary) attains the highest level of quality and safety. Across-the-board application of scanning technology in the various sections of the warehouse and its processes facilitates seamless tracking of expiry dates and batch numbers. One particular challenge is not to lose track of the expiry date for slow-moving products (**STOCK DAYS** → mini-dictionary), as this information is generally not on the pack in a form that can be automatically scanned. In order to master this problem,

Celesio tested a pilot plant at its wholesale warehouse in Weiterstadt which records the expiry date for each pack when it is registered and traces this further down the line during storage and order picking. This greater accuracy achieved as a result produces quality improvements and a reduction in personnel expenses. The results were so convincing that Celesio will roll out the new machines to all its warehouses in Germany over the next two years. "We were able to secure an exclusive three-year licence for these machines for all the countries in which we operate," says Stefan Neuhaus, Head of Procurement Indirect Spend at Celesio. "In addition, this significant investment in wholesale warehouse equipment allowed us to negotiate attractive discounts, also for our own chains of pharmacies which often procure equipment for their own needs from the same supplier."

Refrigerated articles are picked in separate refrigerated containers and transported directly to the shipping department without any detours. This ensures the most rapid loading. As an additional quality element, all containers are weighed and compared with the weight calculated by the system. If there are no problems, the invoice is printed and placed automatically in the container. Finally, the container is closed automatically and sealed, before continuing on its way to the shipping department where it is loaded into a van. In total, the freight contractor runs 50 tours each day. The entire process is reviewed in the individual countries by the corresponding audit agencies and certified accordingly. As a result, Celesio can ensure that it meets the high quality standards in terms of cleanliness and safety at all times.

## Together we are strong

A strong community is characterised by its social cohesion and support for each other, e.g., by sharing knowledge and enabling others to profit from the wealth of someone else's experience. This was impressively demonstrated by the cross-border cooperation that was seen when a major fire destroyed Celesio's wholesale warehouse in Evere, Belgium, in November 2012. The 8,000 m<sup>2</sup> warehouse was razed to the ground. Approximately seven million articles stored in the warehouse were lost in the fire. In the first few days following the devastating fire, Celesio supplied its customers from the Pharma warehouse in Houdeng, Belgium, and kept them constantly up-to-date about the state of play and future deliveries. Many of the employees from Evere, commuted to Houdeng, 65 km away, to support their colleagues who now had additional work to do. In addition, OCP France and the Gehe branch in Düsseldorf provided valuable assistance. "Cooperation was exemplary and is a clear demonstration of the sense of belonging and the work attitude of all our employees. At the same time, it shows the benefits of an international network for our customers," reminisces Alain Charlier, Supply Chain Manager from Pharma Belgium. "In the process, we won a lot of respect from our customers and proved that we are a reliable and professional partner and service provider even in emergencies."

## Knowledge transfer and swapping parts

Knowledge transfer and the transfer of best practices is part of Celesio's culture. When new technology or processes are installed in a country, it is a matter of course that the colleagues concerned are sent to other locations in the group which already use their processes,

in order to learn from their experiences. For example, when a new warehouse was opened in Gorgonzola in Italy in October 2013, the employees visited two branches in Portugal. "It was extremely helpful that our Portuguese colleagues invited us to a 14-day training course in Porto and Lisbon and communicated the lessons learned to us in such depth," reports warehouse supervisor Gianpaulo Plescia. "This enabled us to get going right away." The same message is heard from Brazilian colleagues for whom Celesio organised training at the German and Austrian business units as well as information events provided by suppliers.

Cross-border knowledge sharing and everyday cooperation was also evident in other areas. When the new warehouse was constructed in Oslo, a lot of the controlling instruments for the old system, which still worked perfectly well, were still in stock. "Since we knew that the warehouse in São Paulo was not going to be renovated for another one to two years, we didn't waste any time in sending the material to Brazil to bridge the time until the next upgrade," explains Nadir Odza, Warehouse Manager in Oslo.

Interview with Achim Hellmich,  
Head of Supply Chain Operations, Celesio AG, Stuttgart:

## “Innovative distribution models in the competitive healthcare market”

Mr Hellmich, what are the current challenges in pharmaceutical logistics?

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Permanent improvement of processes and the technology used by automation concepts is now an essential aspect. However, that alone is no longer sufficient. The growing pressure on health costs could lead to a gradual deregulation of the markets. We also expect that the market will shift away from conventional wholesale and that this will lead to a loss of margins. Due to heightened competitive pressure from manufacturers of generic products, producers running their own research operations are increasingly looking for ways of marketing their products directly, avoiding wholesalers where possible.

How do you want to structure your wholesale division for proprietary and affiliated pharmacies to create an even more efficient logistics platform?

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We are permanently looking for ways to keep developing and to enter new lines of business by providing additional services. Offering market analyses, e.g., of sell-through, is one

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possibility. Another option is to introduce optimised distribution platforms which allow us to compete with other logistics providers. As wholesalers we must create better networks between patients and producers and optimise distribution using product-specific solutions. In short: we must secure greater availability of products at lower costs.

How do you see future cooperation between Celesio and the logistics of pharmaceutical producers?

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The share of direct-to-pharmacy deliveries will rise. Similarly, the fee-for-service business, which is free of government-regulated margins, will also grow. There will be tailored solutions for individual product segments such as OTC PHARMACEUTICALS (→ mini-dictionary) which can be purchased without a prescription, or, for example, generic products, refrigerated products and biotech products.

# Mini-dictionary

## B

### BEHIND-THE-COUNTER

Medicines that must be dispensed by pharmacists, but do not require a prescription. These items can be seen by the customer, but are not directly accessible. They are mostly located behind the counter (as opposed to “self-service”: the term for all products that are freely available for sale).

### BLOCKBUSTER

Best-seller; particularly profitable product.

## C

### CDS

Community Dosage System. Patient-specific monthly blister packaging for individual pills.

## G

### GENERIC

Pharmaceuticals that are a chemically identical copy of an existing branded product. Once the initial supplier’s patent protection has expired, a product can generally be obtained from competitors.

### GOODS-TO-MAN SYSTEM

Goods-to-man is the term for a picking system in automated warehouses which involves the goods being brought by a retrieval machine via a conveyor system to the picking point. After this, the order picker documents this and the goods are brought automatically to their storage location.

## I

### IPP

Intelligent Prescription Picking. Exclusive service for Celesio’s pharmacy customers, which considerably reduces back-office work, allowing more time for advising patients.

(For more information → page 10)

## N

### NON-SALES

Requests made by a customer for a product that is not in stock. These are known as non-sales.



# O

## OPR

Optimised Pharmacy Replenishment. Software that simultaneously optimises inventories, availability and process costs in the pharmacy by ensuring that the right products are always available in the right volumes without inventories having to be increased overall.

## ORDER PICKING

Compilation of certain parts from a total assortment provided on the basis of customer orders. The employee who compiles the order is known as the order-picker.

## ORDER-PICKING LINE

Line in a picking list. This contains data such as item number and item description, quantity of an item as well as where the stand-by unit is stored. For item-based order picking, an order line may contain items for several orders which are then allocated to those orders in a second step.

## OTC

Over-the-counter. Products that are dispensed without a prescription.

# P

## PHARMACY DRAWER SYSTEM

Cabinets in which pharmacies store their proprietary prescription medicines alphabetically. Proprietary medicines are manufactured industrially in contrast to formulated medicines.

# S

## SKU

Stock Keeping Units. Term for a stocked item.

## STOCK DAYS

Sell-through rate of a product. Uses three terms: fast-movers, medium-movers and slow-movers. They are also categorised into A, B and C, measured in terms of stock days and sales volume. The parameter is an important indicator for the ordering system in inventory management systems (WaWi).

# W

## WAWI TOP

see OPR. Standard software at Celesio to optimise warehouse logistics.





## more positive lives

### 01

#### To our shareholders

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To our  
shareholders  
Celesio AG  
2013



# Letter from the Speaker of the Management Board

*Dear Shareholders,  
Ladies and Gentlemen,*

2013 was an eventful, challenging yet also successful year for Celesio. We worked hard to drive our strategic projects forward. Piloting our European pharmacy network under the single 'Lloyds' brand has proved a success. Back in December 2012, we launched the new concept in four pilot pharmacies in Italy and the UK, which was received positively by the general public. We successfully rolled out the concept over the course of the year and now have over 100 pilot pharmacies. We have already achieved substantial revenue growth in our two main focal categories of "skin" and "pain".

The results of our Operational Excellence Program are clear for all to see. Some significant progress has been made, most notably with our 'Top-in-Class Procurement' purchasing initiative, and the earnings situation has improved as a result. We have also taken the first few important steps to optimise our supply chain.

In terms of operations, our operational performance was influenced by sustained and intense competition over rebates in Germany, which overshadowed the ongoing optimisation measures across the group and could not be offset in full. Nevertheless, we actually succeeded in increasing revenue slightly after adjustments for currency and consolidation effects.

We achieved the figures predicted in the revised forecast from the midpoint of the year. At 423 million euro, adjusted EBIT was towards the top of the expected range.

A significant milestone in our company's history was reached on 24 October 2013, when the McKesson Corporation, a leading US company in the healthcare services and information technology sectors, announced that it had signed an agreement to acquire a majority interest in Celesio. We greatly welcomed this strategic combination right from the outset, as it offers us and all our stakeholders a great many benefits, particularly the opportunity to create new global distribution and logistics capacity together. This will make our supply chain significantly more efficient and allow us to exploit powerful synergies in worldwide procurement. Each company will also be able to incorporate the other's tried-and-tested examples of best practice, increasing the benefit to customers. On 23 January 2014, McKesson announced that it had acquired a majority stake in Celesio, enabling the two companies to forge a common path from now on.





We are delighted with the excellent foundations that this has given us to achieve profitable growth in a consolidating market, to continue implementing our strategic targets and to steadily expand our position as the leader on multiple markets. The combination has created one of the world's largest pharmaceutical wholesalers and leading providers of logistics and services to the healthcare sector.

Having joined forces, we are ideally placed to meet the demands of the healthcare industry and what is now an increasingly global distribution network for medicines. We have established a sound basis for further growth.

I would like to take this opportunity to thank our shareholders, customers, partners and employees for their support and commitment in these challenging times. We are doing all we can to justify the trust you have placed in us and look forward to opening a new chapter with you at our side.

STUTTGART, MARCH 2014

A handwritten signature in black ink, appearing to read 'Marion Helmes', followed by a long horizontal flourish.

DR MARION HELMES

SPEAKER OF THE MANAGEMENT BOARD

## The Management Board

**Martin Fisher**  
Member of the  
Management Board

**Dr Marion Helmes**  
Speaker of the Management  
Board and CFO



**Stephan Borchert**

Member of the  
Management Board



# The Supervisory Board

## MEMBERS OF THE SUPERVISORY BOARD OF CELESIO AG <sup>1)</sup>

Stephan Gemkow \_\_\_\_\_ (Chairman)  
Ihno Goldenstein <sup>2)</sup> \_\_\_\_\_ (Deputy Chairman)  
Klaus Borowicz <sup>2)</sup> \_\_\_\_\_  
Dr Florian Funck \_\_\_\_\_  
Jörg Lauenroth-Mago <sup>2)</sup> \_\_\_\_\_  
Pauline Lindwall \_\_\_\_\_ (since 16 May 2013)  
Susan Naumann <sup>2)</sup> \_\_\_\_\_  
Ulrich Neumeister <sup>2)</sup> \_\_\_\_\_  
W.M. Henning Rehder \_\_\_\_\_  
Patrick Schwarz-Schütte \_\_\_\_\_ (since 16 May 2013)  
Hanspeter Spek \_\_\_\_\_  
Gabriele Stall <sup>2)</sup> \_\_\_\_\_ (since 16 May 2013)

## RETIRED FROM OFFICE IN THE 2013 FISCAL YEAR

Prof Dr med. Julius Michael Curtius \_\_\_\_\_ (since 16 May 2013)  
Dr Hubertus Erlen \_\_\_\_\_ (since 16 May 2013)  
Dirk-Uwe Kerrmann <sup>2)</sup> \_\_\_\_\_ (since 16 May 2013)

## MEMBERS OF THE SUPERVISORY BOARD COMMITTEES OF CELESIO AG <sup>1)</sup>

**General Committee** \_\_\_\_\_ Stephan Gemkow (Chairman)  
\_\_\_\_\_ Dr Hubertus Erlen (until 16 May 2013)  
\_\_\_\_\_ Ihno Goldenstein  
\_\_\_\_\_ Patrick Schwarz-Schütte (since 16 May 2013)

**Audit Committee** \_\_\_\_\_ W.M. Henning Rehder (Chairman)  
\_\_\_\_\_ Klaus Borowicz  
\_\_\_\_\_ Dr Florian Funck  
\_\_\_\_\_ Ulrich Neumeister

**Nomination Committee** \_\_\_\_\_ Stephan Gemkow (Chairman)  
\_\_\_\_\_ Dr Hubertus Erlen (until 16 May 2013)  
\_\_\_\_\_ Hanspeter Spek (since 16 May 2013)

**Arbitration Committee** \_\_\_\_\_ Stephan Gemkow (Chairman)  
\_\_\_\_\_ Ihno Goldenstein  
\_\_\_\_\_ Susan Naumann  
\_\_\_\_\_ Hanspeter Spek

<sup>1)</sup> As of 31/12/2013.

<sup>2)</sup> Employee representative.

**Dear shareholders,  
Ladies and gentlemen,**

We, the Supervisory Board of Celesio AG, regularly advised the Management Board on executive matters and constantly monitored its management of the company in the 2013 fiscal year. We performed the tasks required of us by law, the articles of association and the rules of procedure with great care. As an oversight body, we closely examined the economic and financial development of the company and its strategic alignment. We were involved in all fundamental corporate decisions at an early stage.

## Cooperation with the Management Board

Our cooperation with the Management Board in the previous year was once again characterised by in-depth and frank exchange based on mutual trust. The Management Board reported regularly and extensively to the Supervisory Board and its Chairman on the situation of the company, both in writing and by means of oral communication. Our work together focused on the earnings, financial position and assets position of the group, the development of business in each of the divisions, the development of the market environment, corporate strategy and planning as well as portfolio considerations. With regard to the strategic realignment of the group, the Management Board, among other things, presented us with various options for action and discussed these with us in great detail. This largely involved analysing and discussing the planned takeover by McKesson Corporation, San Francisco, based on careful examination. The considerations made by the Management Board and Supervisory Board in this regard were included in the joint statement on the takeover bid made by Dragonfly GmbH & Co. KGaA, a subsidiary of McKesson Corporation, dated 11 December 2013, where they were presented in detail. The Supervisory Board expressly welcomed this takeover bid as well as McKesson's intention to further Celesio's strategic development. Other topics included risk management, compliance and diversity management.

Any deviations from the planned business performance were explained individually by the Management Board and discussed by the Supervisory Board. Where required by law, the articles of association or the rules of procedure, the Management Board voted in favour of all its reports and resolution proposals to the Supervisory Board, which approved them following careful consideration.

Following extensive preparatory work by the General Committee and by the Supervisory Board as a whole, the Supervisory Board took a number of personnel decisions in 2013 regarding the Management Board.

## Meetings

The Supervisory Board held one constituent meeting, four ordinary and four extraordinary meetings in 2013. Two further resolutions were also passed. In preparation for the meetings, the Management Board provided the Supervisory Board with written reports and proposals for resolutions.

The average attendance rate stood at over 95%. Every member of the Supervisory Board attended at least half of the meetings. We also maintained close contact with the Management Board between meetings. The Chairman of the Supervisory Board regularly discussed the current business performance, significant transactions and strategy with the Chairman of the Management Board or the speaker of the Management Board.

The first ordinary meeting of the Supervisory Board took place on 21 March 2013 and addressed the separate financial statements of Celesio AG and the consolidated financial statements for the 2012 fiscal year as well as the dependent company report. We approved them following detailed examination and discussion, based on the recommendation of the Audit Committee and taking into account the audit reports issued by the independent auditor. The Supervisory Board also passed resolutions on the report of the Supervisory Board, the joint Corporate Governance Report of the Management Board and Supervisory Board as well as the resolution proposals, including the proposed dividend, for the annual general meeting on 16 May 2013 and the exercise of ownership rights pursuant to Sec. 32 Mitbestimmungsgesetz (MitbestG, Codetermination Act).

At the ordinary meeting on 16 May 2013 before the annual general meeting, the Supervisory Board appointed Martin Fisher to the Management Board of Celesio AG and at the same time approved his Management Board contract. The Chairman of the Supervisory Board was authorised to set a date for the beginning of Martin Fisher's term of office. Furthermore, a new plan for the allocation of duties effective as of the beginning of Martin Fisher's term of office was concluded. We discussed the audit engagement for the separate and consolidated financial statements as well as the management report and group management report for the 2013 fiscal year as well as any reviews of the 2013 interim financial reports as well as the 2014 interim financial report, which will be prepared before

the 2014 annual general meeting. We also discussed the development of business in the first quarter of 2013 and prepared for the annual general meeting.

At the constituent meeting on 16 May 2013 following on from the annual general meeting, Stephan Gemkow was elected Chairman of the Supervisory Board and therefore simultaneously member and Chairman of the General Committee, the Nomination Committee as well as the committee pursuant to Sec. 27 (3) MitbestG (Arbitration Committee). The board also elected Ihno Goldenstein Deputy Chairman of the Supervisory Board and therefore simultaneously member of the committee pursuant to Sec. 27 (3) MitbestG (Arbitration Committee). In addition, Hanspeter Spek and Susan Naumann were appointed to the Arbitration Committee, Ihno Goldenstein and Patrick Schwarz-Schütte to the General Committee, W.M. Henning Rehder (Chairman), Klaus Borowicz, Dr Florian Funck and Ulrich Neumeister to the Audit Committee as well as Hanspeter Spek to the Nomination Committee.

On 24 June 2013, Stephan Gemkow set the beginning of Martin Fisher's term of office as 16 September 2013.

At the extraordinary meeting on 3 July 2013, the Supervisory Board revoked Markus Pinger's appointment to the Management Board with immediate effect for good cause. At the same time, Dr Marion Helmes was appointed as speaker of the Management Board and entrusted with Markus Pinger's management board tasks until further notice. The implementation of central automated processing of original pack dispensing (OPD) in the UK was also approved.

By resolution of the shareholder representatives from 17 July 2013, the dismissal of Markus Pinger as shareholder representative of the Supervisory Board of GEHE Pharma Handel GmbH and the appointment of Stephan Borchert as new shareholder representative were approved.

A core topic of the extraordinary meeting on 26 July 2013 was the discussion of the market position of the Celesio Group and, based on the reviews performed and presented by the Management Board, the discussion of the options for action on the further strategic alignment of Celesio AG stemming from observed market changes.

At the ordinary meeting on 18 September 2013, the current developments in the core markets, including the resulting opportunities to strategically realign the group, at Oncoprod as well as the respective status of the core projects European Pharmacy Network (EPN) and Top-in-Class-Procurement (TIC) were the key topics. Furthermore, the results of the independent remuneration expert, who had reviewed the remuneration structure as well as the amount of remuneration, were

presented to the Supervisory Board; Celesio was found to conform with legal regulations as well as provisions of the German Corporate Governance Code. Also on the agenda were the reappointment of Dr Marion Helmes and Stephan Borchert as members of the Management Board of Celesio AG and the adjustment of the remuneration of Dr Marion Helmes for the duration of performing the management board tasks of the former Chairman of the Management Board and her appointment as speaker of the Management Board. The new plan for the allocation of duties effective as of 18 September 2013 was also approved.

At the extraordinary meeting on 23 October 2013, we authorised the Management Board, after having assessed the detailed examination of the advantages of a strategic transaction with McKesson as commissioned by the board, to bring negotiations with McKesson about a business combination agreement to a conclusion and to conclude them for the company. Moreover, the conclusion of the settlement agreement between Celesio AG and Markus Pinger was approved. The transaction bonus which Dr Marion Helmes and Stephan Borchert receive from Franz Haniel & Cie. GmbH upon conclusion of the transaction with McKesson was acknowledged and approved. The contracts of Dr Marion Helmes and Stephan Borchert were also amended with regard to any intended extraordinary rights of termination in the event of a change of control.

At the extraordinary meeting on 11 December 2013, the Supervisory Board concluded the joint statement by the Management Board and Supervisory Board on the takeover bid made by Dragonfly GmbH & Co. KGaA.

The last ordinary meeting on 18 December 2013 focused on the budget for the 2014 fiscal year and the status reports from IT and Panpharma. A discussion on the findings of the Supervisory Board's annual efficiency review was also held. The Supervisory Board also approved the declaration of compliance pursuant to Sec. 161 AktG. Furthermore, resolutions were passed approving the long-term incentive plan tranche 2014 as well as a new plan for the allocation of duties effective as of 18 December 2013.





## Committees

The Supervisory Board of Celesio AG has set up four committees to ensure it exercises its duties efficiently. The General, Audit, Nomination and Arbitration Committees prepare the resolutions and agenda items to be discussed by the Supervisory Board. They also pass some resolutions in place of the entire Supervisory Board. The composition of the four committees is set out on [page 40](#) of this annual report. The Chairman of the Supervisory Board is also the chairman of the committees with the exception of the Audit Committee, which is chaired by W.M. Henning Rehder. The Supervisory Board is regularly updated with full details of the committees' activities.

## General Committee

The General Committee met four times in the reporting period; one resolution was passed in writing.

At the meeting on 15 May 2013, the committee prepared the appointment of Martin Fisher as member of the Management Board of Celesio AG, authorised Stephan Gemkow to set a date for the beginning of Martin Fisher's term of office as well as the resolution for a new plan for the allocation of duties effective as of the beginning of Martin Fisher's term of office.

For the resolution passed on 3 July 2013, the committee prepared the revocation of Markus Pinger's appointment to the Management Board with immediate effect for good cause as well as the temporary appointment of Dr Marion Helmes to perform Marcus Pinger's Management Board tasks and her appointment as speaker of the Management Board.

At the meeting on 13 September 2013, the results of the review of the remuneration structure and amount of remuneration by an independent remuneration expert was discussed. Celesio was found to conform with legal regulations as well as provisions of the German Corporate Governance Code. The committee also discussed the reappointment of Dr Marion Helmes and Stephan Borchert as members of the Management Board of Celesio AG and the adjustment of the remuneration of Dr Marion Helmes for the duration of performing the management board tasks of the former Chairman of the Management Board and her appointment as speaker of the Management Board. The meeting was also an opportunity to prepare the resolution for a new plan for the allocation of duties effective as of 18 September 2013. The committee approved the 2010 global contingent capital

certificates as well as the appointment of Dr Marion Helmes to the Supervisory Board of NXP Semiconductors N.V.

At the meeting on 18 October 2013, the committee prepared the resolutions on personnel matters to be passed at the Supervisory Board meeting on 23 October 2013.

At its last meeting on 18 December 2013, the committee discussed the long-term incentive plan tranche 2014 as well as changes to the plan for the allocation of duties.

## Audit Committee

The Audit Committee held four meetings in 2013, all of which were attended by the independent auditor.

At the first meeting on 20 March 2013, the committee reviewed the separate and consolidated financial statements for the 2012 fiscal year, the management report and dependent company report as well as the audit reports on the separate and consolidated financial statements, together with the proposal for the appropriation of profits. The Audit Committee discussed the 2012 audit reports including the proposal for the appropriation of profits with the Management Board and the auditor. The committee also confirmed the independence of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft and prepared a recommendation for the annual general meeting to approve the proposal for the election of the independent auditor. Internal audit was another topic of discussion. The committee examined the internal audit system for 2013.

On 13 May 2013, the committee determined the audit focus for the 2013 fiscal year and informed the independent auditor of the scope of the audit engagement. The committee also examined the interim consolidated report as of the first quarter of 2013. A further topic was Celesio's compliance management system.

At its meeting on 12 August 2013, the committee primarily discussed and examined the interim consolidated report for the 1st half year of 2013 and dealt with the outlook and risk management. It also addressed Celesio's risk management system and risk landscape.

At its last meeting on 12 November 2013, the committee discussed and examined the interim consolidated report of the first nine months of 2013 and also dealt with the internal control system.

## Nomination Committee

On 11 March 2013 the Nomination Committee prepared the passing of the resolution for nominating Patrick Schwarz-Schütte as member of the Supervisory Board and successor of Dr Hubertus Erlen who was leaving the board.

## Arbitration Committee

There was no occasion for the Arbitration Committee (founded to satisfy Sec. 27 (3) MitbestG) to convene in the reporting period.

## Corporate governance

Corporate governance was a regular topic at our Supervisory Board meetings in the reporting period. We primarily discussed the application and development of the standards issued by the Government Commission German Corporate Governance Code. Celesio fully complied with the recommendations of the Code in the reporting year.

A resolution to approve the updated compliance declaration – also approved by the Management Board in accordance with Sec. 161 AktG – was passed at the Supervisory Board meeting on 18 December 2013 and then published on Celesio's website.

This annual report also contains the declaration on →page 64. At the final meeting of the year we also performed our scheduled efficiency review of Supervisory Board activities. No major efficiency enhancement measures were required. The Supervisory Board and Management Board take a joint approach to corporate governance – please refer to our joint Corporate Governance Report on →page 63 for further details.

## Separate financial statements, consolidated financial statements and management report

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, audited the separate and consolidated financial statements of Celesio AG and the combined management report for the year ended 31 December 2013. The auditors rendered an unqualified audit opinion on both sets of financial statements. The Supervisory Board had awarded the audit engagement on the recommendation of the Audit

Committee and pursuant to the resolution of the annual general meeting on 16 May 2013.

The documentation pertaining to the financial statements together with the audit reports were made available to all members of the Supervisory Board and were discussed thoroughly, including with the auditor, at the Supervisory Board's closing meeting on 13 March 2014. Based on the results of the audit, the Supervisory Board had no reservations. Following the recommendation of the Audit Committee, the board agreed with the results of the audit and approved the financial statements of Celesio AG and the consolidated financial statements authorised for issue by the Management Board. The Supervisory Board has examined and approved the Management Board's proposal for the appropriation of profits.

In light of the majority shareholding in Franz Haniel & Cie. GmbH, Duisburg, Germany, in 2013, the Management Board presented the Supervisory Board with the dependent company report for the 2013 fiscal year prepared pursuant to Sec. 312 AktG and the audit report on this prepared by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, in its capacity as independent auditor pursuant to Sec. 313 AktG. Based on the audit completed with no cause for objections, the independent auditor issued the following audit opinion:

**"Based on our audit and assessment in accordance with professional standards, we confirm that:**

- 1. the actual disclosures contained in the report are correct**
- 2. the payments made by the company in connection with transactions detailed in the report were not unreasonably high."**

The Supervisory Board reviewed and approved the dependent company report and the review report thereon. We, the Supervisory Board of the company, do not raise any objections to the Management Board's concluding statement contained therein.

## Changes to the Supervisory Board

In 2013, Prof Dr med. Julius Michael Curtius, Dr Hubertus Erlen and Dirk-Uwe Kerrmann left the Supervisory Board as of 16 May 2013 as scheduled. We would like to thank Prof Dr med. Julius Michael Curtius, Dr Hubertus Erlen and Dirk-Uwe Kerrmann for the constructive and trusting working relationship over many years.

On 16 May 2013 the annual general meeting appointed new members Pauline Lindwall and Patrick Schwarz-Schütte to the Supervisory Board. Gabriele Stall had been elected prior to that by the employees as a new member of the Supervisory Board.

### Changes to the Management Board

Effective as of 3 July 2013, the Supervisory Board revoked Markus Pinger's appointment to the Management Board with immediate effect. The Supervisory Board appointed Martin Fisher as a new member of the Management Board of Celesio AG with effect as of 16 September 2013.

### Thanks

The Supervisory Board would like to thank the Management Board, the management of the group companies and all employees. We particularly appreciate the high degree of personal commitment, extraordinary dedication, outstanding performance and high level of loyalty shown by everyone in the 2013 fiscal year. With our strategic realignment, we are confident that Celesio is on the right path to overcoming the challenges that lie ahead and seizing any opportunities as they arise in 2014.

STUTTGART, MARCH 2014

ON BEHALF OF THE SUPERVISORY BOARD

  
STEPHAN GEMKOW  
CHAIRMAN

## The stock markets

The consequences of the European banking and sovereign debt crisis as well as the ongoing challenging economic conditions shaped the stock markets in the 2013 fiscal year. Despite these negative conditions, the economy managed to grow on the whole. At the beginning of the year, the weaker economic figures and the escalating sovereign debt crisis impacted the markets in several euro countries. In particular, the threat of France slipping into a recession burdened the markets. Uncertainty surrounding US fiscal policy, discussions on budgetary policy and reaching the debt ceiling subsequently had a negative impact on the markets. By contrast, the decision made by the ECB to lower the base rate and the associated signal for the continuation of an expansive fiscal policy generated positive impetus. In addition, announcements of falling inflation in the autumn supported the market mood.

The DAX started very positively in 2013 and passed the 8,000-point mark for the first time in mid-March. The downward trend from then onwards resulted in an annual low of 7,459.96 points at the end of April. A recovery in prices followed until the end of May and, after a short period of recovery, there was a sideward trend which lasted until the end of September. In the last quarter, the announcement made by the ECB that money market rates would be kept low to aid the economy helped boost the stock markets. The resulting clear upward trend at the end of October allowed the 9,000-point mark to be exceeded for the first time. Following a brief correction at the beginning of December, the DAX picked up steam towards the end of the year reaching its annual high of 9,589.39 points on 27 December 2012. The DAX ended 2013 at 9,552.16 points, up 25% on the close of the previous year.

The MDAX, which includes the Celesio share in its basket, also showed a clear upward trend in the past fiscal year. At 11,914.37 points, the MDAX started at its low for 2013. By the first quarter, the MDAX had outperformed the positive development of the DAX and over the course of the year showed a stronger upward trend compared to the DAX. The index exceeded the 16,000-point mark in November and on 27 December 2013 reached its annual high of 16,625.72 points. The MDAX ended 2013 at 16,574.45 points, up 39% on the close of the previous year. This meant that the index for medium-sized companies exceeded the successful course of the DAX by a considerable margin.

## The Celesio share

The Celesio share was extremely buoyant in the 2013 fiscal year, significantly outperforming both MDAX and DAX. After a somewhat reserved start to the year, the Celesio share showed a stronger upward trend from February lasting until the end of the first half year, buoyed, among other things, by ongoing market speculation of a potential takeover. By the end of the first quarter, the development of the Celesio share had already outperformed that of the DAX and MDAX. After a temporary fall in the share price at the beginning of July following the announcement of changes being made to the Management Board, renewed speculation of a takeover favoured the performance of the share price. Following a negative development in August, September was characterised by rising share prices. Media reports of a pending takeover of Celesio AG on 8 October 2013 boosted the share price to over € 20.00. Following McKesson Corporation's ("McKesson") announcement on 24 October 2013 of its intention to acquire Celesio AG and submit an offer of € 23.00 per share to the remaining shareholders, the share price jumped to the level of the announced takeover price. In November 2013, boosted by speculation of a higher takeover price, the share price increased once again peaking at € 23.79 on 3 December. However, following the start of the takeover bid on 5 December 2013, which was subject to the condition of McKesson reaching a minimum acceptance threshold of 75% of Celesio shares on a diluted basis by the 9 January 2014 deadline, the share price then levelled off at a price of € 23.00 per share. It closed 2013 at € 23.00, up 76% on the end of the previous year.

Market capitalisation came to € 3.91bn as of the end of 2013 (previous year € 2.22bn). The trading volume of our share on the Xetra market averaged 551,808 shares per day in the reporting period, up 37% on the previous-year level of 402,592 shares per day.



## Developments after year-end 2013

On 23 January 2014 Franz Haniel & Cie. GmbH announced that it had held 75.99% of the shares in Celesio AG on 22 January 2014. Pursuant to § 11 (d) of the terms and conditions of the convertible bonds, a change of control had therefore occurred.

Also on 23 January 2014 McKesson announced that it would hold a share of approximately 75% on a diluted basis (after converting the Celesio convertible bonds into shares) through various share purchase agreements. Firstly, McKesson (or rather its subsidiary Dragonfly GmbH) concluded a share purchase agreement on the acquisition of 75.99% (undiluted) with Franz Haniel & Cie. GmbH. Secondly, McKesson concluded purchase agreements with Elliott companies on the acquisition of 4,840 of the 7,000 convertible bonds due in October 2014 as well as on the acquisition of 2,180 of the 3,500 convertible bonds due in April 2018.

McKesson, via its subsidiary Dragonfly, also intends to make a new voluntary takeover bid for a consideration of € 23.50 per share. The takeover bid is not to be subject to certain conditions.

On 28 January Celesio AG and Celesio Finance B.V. announced that a change of control pursuant to the terms and conditions of the convertible bonds of its 3.75% convertible bonds due on 29 October 2014 as well as its 2.50% convertible bonds due on 7 April 2018 had occurred.

The control record date pursuant to § 11 (d) of the terms and conditions of the convertible bonds is 10 March 2014.

The adjusted conversion price pursuant to § 11 (c) of the terms and conditions of the convertible bonds amounts to € 21.66 for the convertible bonds due on 29 October 2014 (ISIN DE000A1AN5K5, WKN A1AN5K). The adjusted conversion price pursuant to § 11 (c) of the terms and conditions of the convertible bonds amounts to € 19.05 for the convertible bonds due on 7 April 2018.

In the announcement, Celesio indicated that one or more further changes of control pursuant to the terms and conditions of the convertible bonds may occur until the control record date.

As a consequence of the change of control, holders of convertible bonds may either redeem their convertible bonds early or exercise their right of conversion on the basis of the adjusted conversion price.

In order to redeem the convertible bonds early, holders must give notice at least 10 days before 10 March 2014 pursuant to the terms and conditions and declare all or some of their convertible bonds due. In such case, the convertible bonds will be redeemed on 10 March 2014 at the principal amount plus interest accrued until but excluding 10 March 2014 to those holders who validly terminated their convertible bonds.

To, alternatively, exercise the conversion right on the basis of the adjusted conversion price, holders must, pursuant to the terms and conditions of the convertible bonds, deliver a conversion notice as well as the corresponding convertible bonds on or before 10 March 2014 to the principal conversion agent, BNP Paribas Securities Services S.C.A., Europa-Allee 12, 60327 Frankfurt, Germany, via their respective custodian bank.

Upon the exercise of the conversion right, the settlement shares will be transferred as soon as practicable thereafter. Fractions of settlement shares will be compensated in cash. The settlement shares will be delivered from a conditional capital of Celesio AG.

The conditional capital that Celesio AG has provided to settle the convertible bonds has a capacity of 17,010,000 shares. Insofar as Celesio AG is unable to issue shares from conditional capital, it will pay the holder a cash amount in euro in lieu of the delivery of settlement shares pursuant to the terms and conditions of the convertible bonds. Celesio AG will notify the holder who has delivered a conversion notice no later than on the second business day after the valid exercise of the conversion right whether and to what extent it will effect a cash payment.

On 31 January 2014 Celesio AG announced that the total number of voting rights as of the end of the month of January 2014 amounted to 181,543,569 voting rights. The increase is attributable to the issuance of 11,443,569 new shares due to exercising the conversion rights of the convertible bonds. The share capital of Celesio AG was increased by € 14,647,768.32 to € 232,375,768.32 accordingly. The conditional capital was reduced accordingly.

On 5 February 2014 McKesson Corporation, San Francisco, USA, informed us in accordance with Sec. 21 (1) WpHG [“Wertpapierhandelsgesetz”: Securities Trading Act] that its voting share in Celesio AG, Stuttgart, Germany, exceeded the threshold of 3% and 5% of the voting rights on 3 February 2014 and amounted to 6.30% on that date (11,443,569 voting rights).

The voting rights are held by McKesson Corporation in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG via the following companies controlled by McKesson Corporation and its affiliates: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited, Cougar III UK Limited, McKesson US Finance Corporation.

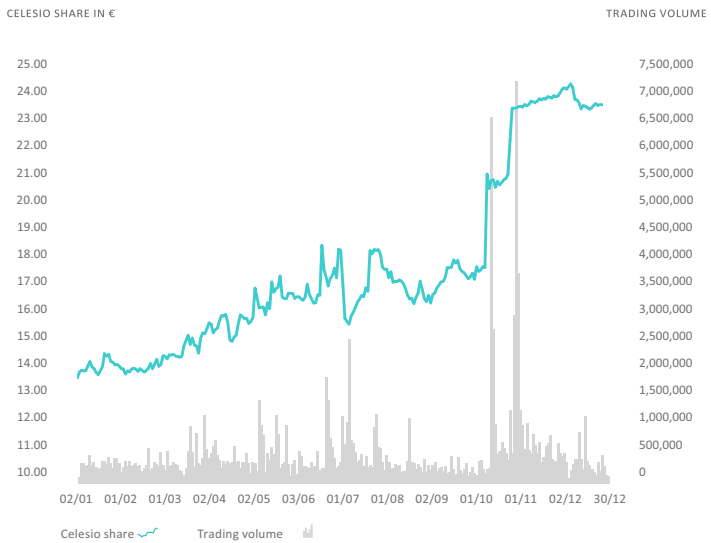
On 6 February 2014 McKesson Corporation announced the completion of the acquisition of more than 75% of Celesio shares. McKesson, a leading North American pharmaceutical wholesaler and provider of innovative technology and business services, is therefore the new majority shareholder in Celesio.

More information on events after 6 February 2014 can be found in the section on subsequent events beginning on →page 187.

## Share price 2013

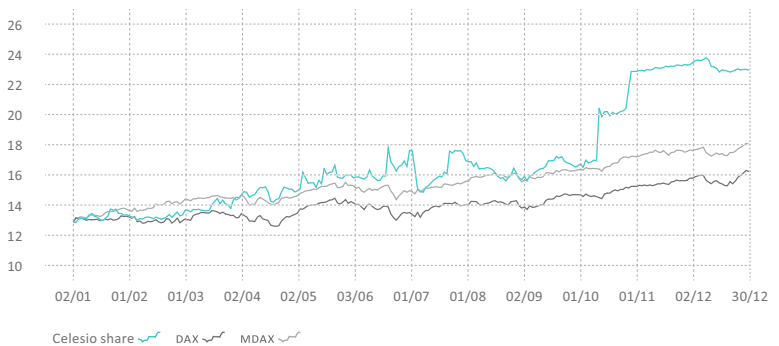
### DEVELOPMENT OF THE CELESIO SHARE AND TRADING VOLUME

CLOSING PRICES ON XETRA 02/01/2013–30/12/2013 (TRADING DAYS ONLY)



### DEVELOPMENT OF THE CELESIO SHARE, DAX AND MDAX

CLOSING PRICES ON XETRA 02/01/2013–30/12/2013 (TRADING DAYS ONLY),  
SCALED TO THE CELESIO SHARE PRICE



### Shareholder structure as of 31 December 2013

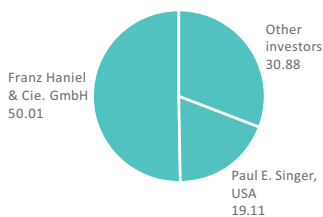
As of 31 December 2013, Franz Haniel & Cie. GmbH, Duisburg, was the majority shareholder of Celesio AG with 50.01% of the shares. On 23 November 2013, Paul E. Singer, USA, and the companies of the Elliott hedge fund group affiliated with him announced to Celesio AG that he had exceeded the voting right threshold of 25% as of 19 November 2013. On this date, he and those companies attributable to him received 19.11% of the shares outstanding as well as a further share of 6.05% (relating to 170,100,000 shares outstanding) of the voting rights as a result of financial instruments held pursuant to Sec. 25a WpHG.

BlackRock, Inc., New York, NY, USA, reported to us several times over the course of the 2013 fiscal year that the voting right threshold of 3% had been either fallen short of or exceeded. It last reported to us on 12 December 2013 pursuant to Sec. 21 (1) WpHG that its share of voting rights in Celesio AG amounted to 2.993%. On 31 December 2013, 30.88% of the Celesio shares were in free float. Of the shares in free float, most were held by institutional investors, primarily based in Germany, the UK and the US.

As of 31 December 2013, the shareholder structure was divided as follows: 96% legal entities and 4% natural persons.

#### SHAREHOLDER STRUCTURE

31/12/2013



### Employee share programme

Since 1985, Celesio has also offered its employees the opportunity to participate in the company's success by subscribing to employee shares. In spring 2013, some 2,900 employees in the German group companies received a further opportunity to acquire Celesio shares at favourable conditions. At 36%, participation in this programme was down slightly on the previous year. Since establishing the programme in 1985, some 44% of eligible employees on average have taken part in the various campaigns.

### Annual general meeting

Celesio AG's 2012 annual general meeting was held in the Porsche Arena in Stuttgart on 16 May 2013. With 67% of voting rights represented, attendance was below the previous-year turnout of 75%. All resolutions of the annual general meeting followed the proposals put forward by management.

The next annual general meeting will once again be held in the Porsche Arena in Stuttgart and is scheduled for 15 May 2014<sup>1)</sup>. As always, all documents and information on the annual general meeting are published in advance at [www.celesio.com/annual-general-meeting](http://www.celesio.com/annual-general-meeting).

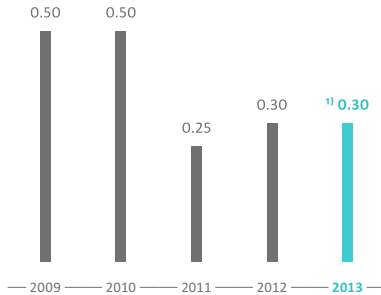
### Dividends

The annual general meeting of Celesio AG passed a resolution on 16 May 2013 to distribute a dividend of € 0.30 per share for the 2012 fiscal year. The dividend was paid out on 17 May 2013.

On 15 May 2014 the Management Board and Supervisory Board will recommend to the annual general meeting that a dividend of € 0.30 per share be paid for the 2013 fiscal year, which would put distribution per share at the previous-year level. With this, Celesio is maintaining its policy of distributing consistent dividends and distributing an amount that is commensurate with the company's economic situation.

<sup>1)</sup> Subject to change.

#### DIVIDEND PER SHARE €



1) Proposal by the Management Board and Supervisory Board to the 2014 annual general meeting.

#### Investors with a focus on sustainability

Sustainability is moving up the agenda. There is a steady trend for investors to invest in companies guided by the principle of sustainability. Besides an approach that is as transparent as possible, environmental and social criteria are also growing concerns. The financial market and those who operate in it are increasingly viewing corporate social responsibility as a fixed component of their everyday actions. Read more around this topic in our CR report starting on [page 71](#).

Our measures and activities in pursuit of a sustainable business strategy and governance were once again recognised in the 2013 fiscal year. The Celesio share once again qualified for the ECPI Ethical Index and was included in the FTSE4Good index. FTSE4Good, the sustainability index of the London Stock Exchange and the Financial Times, only accepts companies that meet all of their predefined social, environmental and ethical criteria. Examples include activities that promote environmental sustainability, positive and sustainable relationships with stakeholders and the respect and support of human rights.

#### KEY SHARE FIGURES

Number of shares outstanding <sup>1)</sup>	_____	million	_____
Market capitalisation <sup>1)</sup>	_____	€ m	_____
Closing price <sup>1) 2)</sup>	_____	€	_____
High <sup>2)</sup>	_____	€	_____
Low <sup>2)</sup>	_____	€	_____
Average trading volume per day <sup>2)</sup>	_____	shares	_____
Dividend per share	_____	€	_____
Dividend yield <sup>4)</sup>	_____	%	_____

1) Closing figures as of 31 December.

2) Xetra closing rate, source: Bloomberg.

3) Proposed by the Management Board and Supervisory Board to the 2014 annual general meeting.

4) Related to the closing share prices (Xetra).

### Coverage

The financial community showed great interest in Celesio AG once again in 2013 – as reflected in the high level of coverage by analysts. Regular analyses and evaluations of our company and the Celesio share were issued by 14 financial analysts in 2013.

Two of these 14 analysts expressed recommendations to purchase our share as of year-end. A further seven suggested it for holding while four classed it for sale. One bank ceased reporting on the Celesio share entirely as the share price was said to no longer be based on fundamental data as a result of the takeover situation. Another bank opted not to disclose a target price for this reason. As of 31 December 2013, analysts predicted an average share price target of € 21.74 in light of the takeover bid, a considerable increase on the previous-year level of € 16.40. Find out more at [celesio.com](http://celesio.com).



	2007	2008	2009	2010	2011	2012	2013
	170.1	170.1	170.1	170.1	170.1	170.1	170.1
	7,229.3	3,299.9	3,010.8	3,163.9	2,082.0	2,218.9	3,912.3
	42.50	19.40	17.70	18.60	12.24	13.05	23.00
	55.02	42.39	21.69	25.50	20.05	15.65	23.79
	36.21	17.01	13.70	15.96	9.28	10.88	13.05
	485,665	733,755	434,703	588,134	559,444	402,592	551,808
	0.77	0.48	0.50	0.50	0.25	0.30	<sup>3)</sup> 0.30
	1.8	2.5	2.8	2.7	2.0	2.3	1.3

### Investor relations

At Celesio AG, investor relations is about reporting fully and promptly to the financial community, while ensuring continuity and a maximum of transparency. This is implemented in open dialogue with analysts, investors and potential investors. These principles are the basis from which we operate day-to-day and guide us in our interaction with the capital markets.

We actively engaged with our analysts as well as current and potential investors at numerous meetings, conferences and roadshows in the past fiscal year. For instance, the Management Board of Celesio AG, supported by investor relations, exploited the opportunities afforded by conferences and roadshows at all the major financial centres of Europe and the United States of America to provide comprehensive updates on Celesio, its strategic realignment and our recent progress and to exchange ideas with the financial community. For Celesio AG's management, personal contact and regular exchange with capital market players is a key component of our communication with capital market.

We also have a dedicated section about this topic on our website [www.celesio.com](http://www.celesio.com) – Investor Relations, which provides more information on our company and our share. The website provides the latest news and dates, presentations and speeches as well as our annual and quarterly reports. Our free alert service is a convenient way for subscribers to receive news releases and information by e-mail.

#### INFORMATION ON THE CELESIO SHARE

Share type	_____	No-par value registered shares
Share capital in € on 31/12/2013	_____	217,728,000
ISIN code	_____	DE000CLS1001
German securities code	_____	CLS 100
German stock exchange code	_____	CLS1
Bloomberg	_____	CLS1 GY
Reuters	_____	CLSGn.DE
Stock exchanges	_____	Xetra, Berlin, Düsseldorf, Frankfurt, Hamburg, Hanover, Munich, Stuttgart
Indices (selection)	_____	MDAX, MSCI, Germany Index, FTSE4Good, ECPI Ethical Index EMU

# Corporate governance report and corporate governance declaration<sup>1)</sup>

Corporate governance stands for responsible management and control of a company generating sustainable value-added.

A balanced corporate governance strategy aims to secure the company's competitive position, strengthen confidence in our company – both on the capital markets and among the general public – and create value over the long term. The key principles of good corporate governance are efficient cooperation and segregation of functions between management and supervisory boards, respect for shareholder interests as well as open and transparent corporate communication.

## Corporate Governance Code

The Celesio Management Board and Celesio Supervisory Board act in accordance with the German Corporate Governance Code. The Code contains the main legal provisions for the management and monitoring of German companies listed on the stock markets as well as internationally accepted standards of good and responsible management. It aims to improve transparency and applicability of the German corporate governance system.

Stock corporations are required by law to make an annual declaration of compliance presenting the extent to which they have adhered to the Corporate Governance Code as well as to justify any deviations.

1) This corporate governance report constitutes the corporate governance declaration required by Sec. 289a Handelsgesetzbuch (HGB, German Commercial Code) and also forms part of the management report.

## Declaration of compliance

The following declaration of compliance pursuant to Sec. 161 Aktiengesetz (AktG, German Stock Corporations Act) was issued by the Supervisory Board and Management Board on 18 December 2013:

The Management Board and Supervisory Board declare that, since their last declaration of compliance in December 2012, Celesio AG has complied with the recommendations of the Government Commission of the German Corporate Governance Code initially in the version dated 15 May 2012 and then in the version of the Code dated 13 May 2013, since it came into force.

STUTTGART, DECEMBER 2013

ON BEHALF OF THE SUPERVISORY BOARD

ON BEHALF OF THE MANAGEMENT BOARD



STEPHAN GEMKOW



DR MARION HELMES

### Working methods of the Management Board and Supervisory Board

Celesio has a dual management system in line with legal regulations. The Management Board is responsible for managing the company and the Supervisory Board for advising and monitoring the management of the company by the Management Board. The areas of competence of the Management Board and of the Supervisory Board are laid down in the AktG, the articles of association and the respective rules of procedure. The two boards work closely together for the good of the company yet are strictly segregated, both in terms of their composition and their respective areas of competence. The Supervisory Board seeks to safeguard diversity and increase the percentage of female members on the Management Board. The Management Board applies the same approach to filling managerial positions in the company.

### Management Board

The Management Board, currently made up of three members, is responsible for managing the company. It does so in the interest of the company, taking into account the needs and concerns of all our stakeholders with the aim of raising the value of the company in the long term. The Management Board represents the company, develops its strategy and is responsible, among other things, for compliance, corporate governance and an effective risk management system. The following board changes took place in 2013:

Markus Pinger was dismissed from his position as member of the Management Board as of 3 July 2013. Dr Marion Helmes assumed the role of speaker of the Management Board in addition to her function as Chief Financial Officer. Martin Fisher joined the Management Board on 16 September 2013. The employment contracts of Dr Marion Helmes and Stephan Borchert were extended by five years as of 1 October 2013. For further information including the composition of the Management Board, please refer to → page 358. None of the members of the Management Board served in a comparable function on more than three supervisory boards of non-group listed companies or oversight bodies of companies with similar requirements (see also →page 358 of the notes to the financial statements).

### Supervisory Board

The Supervisory Board's duty is to advise and effectively control the Management Board in its management of the company on an ongoing basis. It appoints and dismisses members of the Management Board and works with management on long-term successor planning. The Supervisory Board has a close and trusting

working relationship with the Management Board and is involved in all fundamental business decisions. As in previous years, no current or former members of the Management Board served on the Supervisory Board in 2013. The committees set up by the Supervisory Board (General, Audit, Arbitration and Nomination Committees) support it in fulfilling its duties. The composition of the Supervisory Board and its committees is presented on → page 40. The Supervisory Board regularly reviews the effectiveness of its activities in line with the requirements of the German Corporate Governance Code (No. 5.6). The 2013 review revealed that the Supervisory Board performs its work to a very high standard, meaning that no major measures to boost efficiency were required. Suggestions from the Supervisory Board members were taken into account in the course of the continuous improvement process. The Supervisory Board has to be composed in such a way that its members as a group possess the knowledge, ability and expert experience required to properly complete its tasks. We aim to have at least two female members on the Supervisory Board in the medium term and four in the long term. There are currently three women on the Supervisory Board. Particular attention should be paid to ensuring the diversity of professional backgrounds and experience when filling board positions. Art. 4 (1) of the Supervisory Board's rules of procedure provides for the disclosure of conflicts of interest and Art. 1 (4) sets the maximum age for members of the Supervisory Board at 70. At least three of the Supervisory Board members should be independent shareholder representatives. This target is currently met. The report of the Supervisory Board starting on → page 41 details the function, structure and work of the Supervisory Board and its committees.

## Notes on corporate governance practice

### Annual general meeting and shareholders

In addition to the Management Board and Supervisory Board, the annual general meeting makes up a further corporate body. Its areas of competence are set out in the AktG and in the articles of association. The annual general meeting regularly takes place at least once annually within the first six months of the fiscal year. If there is special cause, additional extraordinary meetings of the shareholders may also be called. The annual general meeting is an opportunity for the shareholders to exercise their legally afforded rights to contribute to decision making as owners of the share capital in Celesio AG. These include, but are not limited to, the deci-

sion on the appropriation of profits, in the form of a dividend, for example, the exoneration of the Management Board and Supervisory Board and the election of the Supervisory Board, the election of the independent auditor and any changes to the articles of association. Shareholders unable to attend the annual general meeting personally can elect to have their vote exercised by an authorised representative of their choosing or a company proxy bound by instructions. We also offer this service electronically via the internet. In 2013 we once again offered the option of a postal vote at the annual general meeting. Shareholders can also register to attend the annual general meeting and order tickets via our website, where all the required documents and information are published in advance of the meeting. Shareholders who were unable to attend the meeting in person were able to view the speech of the Chairman of the Management Board live on the internet.

Celesio AG's 2013 annual general meeting was held in the Porsche Arena in Stuttgart on 16 May. 67.0% of the voting rights were represented (previous year 75.0%). All of the management proposals were approved. The next annual general meeting will be held on 15 May 2014, once again in the Porsche Arena in Stuttgart. As is customary, all documents and information on the annual general meeting will also be published in advance at [www.celesio.com/annual-general-meeting](http://www.celesio.com/annual-general-meeting).

## Compliance

Compliance is an integral component of the Celesio Group's corporate and leadership culture and refers to the obligation to observe the law and internal corporate guidelines, with the aim of averting and avoiding negative consequences for the company. Compliance is not just about following rules. More than that, it is an ongoing process in which we can reconsider our actions and adapt to new challenges and situations.

In addition to the relevant legal provisions, the organisation of management and control at Celesio is based mainly on the articles of association, the German Corporate Governance Code as well as the rules of procedure of the Supervisory Board and Management Board. At Celesio, internal corporate guidelines are drawn up and introduced by the Management Board or by the group departments. The relevant departments monitor implementation of the regulatory framework, making adjustments as necessary. Some years ago, we established an internal code of conduct which goes beyond the formal legal requirements. In this document, we have defined principles for acting in a transparent, trustworthy and sustainable

way. The code of conduct is available at [celesio.com](http://celesio.com) under Investor Relations/Corporate Governance.

From an organisational perspective, compliance is part of Legal at Celesio AG and its director is automatically group compliance officer. Celesio's compliance management is regularly reviewed and refined.

A compliance jour fixe with representatives from Legal, Audit/Controlling and Risk Management as well as Controlling and Human Resources serves as a platform for integrated exchange. There are local compliance officers in each country who are responsible for developing, implementing and monitoring compliance management systems. A confidential whistleblower system gives all employees round-the-clock access to an external ombudsman free of charge.

In addition to further training sessions, a compliance day was organised in autumn 2013 in Stuttgart for all local employees to be able to take an interactive approach to the topic.

### Directors' dealings

Pursuant to Sec. 15a of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act), members of the management or supervisory board of a listed German company and their close relatives must report their transactions with securities to that company and the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, Federal Financial Supervisory Authority) within five working days. Such notification must then also be published by the company "without delay". These reportable transactions are known as directors' dealings.

There were no such transactions at Celesio in 2013.<sup>1)</sup>

1) Transactions subject to mandatory reporting until 31 December 2013 taken into account.



### **Risk and opportunities management**

Like all companies, Celesio regularly examines the numerous business risks and opportunities that arise. These are the internal and external events that are associated with our business operations and have the potential to affect our company's success and the financial stability of the group. Intangible assets such as brand, image or the environment can also be sources of risk or opportunity. Further details can be found in our risk and opportunities report starting on → page 170.

### **Financial reporting and audit**

The consolidated financial statements of Celesio were prepared pursuant to International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, as adopted by the EU. In addition, the provisions of German commercial law were applied pursuant to Sec. 315a (1) Handelsgesetzbuch (HGB, German Commercial Code). The 2013 annual general meeting elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as independent auditor for the separate financial statements of Celesio AG and the consolidated financial statements for the 2013 fiscal year, and as independent auditor for any reviews of the quarterly reports. Before awarding the engagement, the Supervisory Board confirmed that existing relationships between the auditor and the company or its boards did not give any grounds to doubt the independence of the auditor. The independent auditor of Celesio is concerned with the principles of good corporate governance. Its duties include informing the Supervisory Board of all findings and results of the audit of the financial statements which are relevant for the board's work. The auditor must report any independence issues immediately.

## Transparency

Our aim is to keep shareholders, the capital market, employees and interested members of the public up to date with comprehensive and transparent information on current developments at Celesio. Our company website [celesio.com](https://celesio.com) is a significant component of communication, providing information on the company, its strategy and the Celesio share as well as press releases and all ad hoc announcements, our financial reports, details of our press briefings on annual results, our annual general meeting and our financial calendar. The annual report and three quarterly reports contain detailed analyses and explanations regarding our assets position, financial position and earnings. We attach great importance to personal contact with our investors, employees and other stakeholders. Our Investor Relations team is available to answer questions from investors and analysts by telephone, e-mail or at any of our numerous information events while Group Communications ensures a steady dialogue with representatives from the German and international press. Interested parties can also subscribe to our free e-mail service as a quick and easy way to stay up to date on company news.

- ① Visit our website at [celesio.com](https://celesio.com) to find out more about the principles of corporate governance at Celesio, including:
- Code of conduct
  - Articles of association
  - Directors' dealings
  - Opportunity and risk management
  - Information and documents relating to the annual general meeting

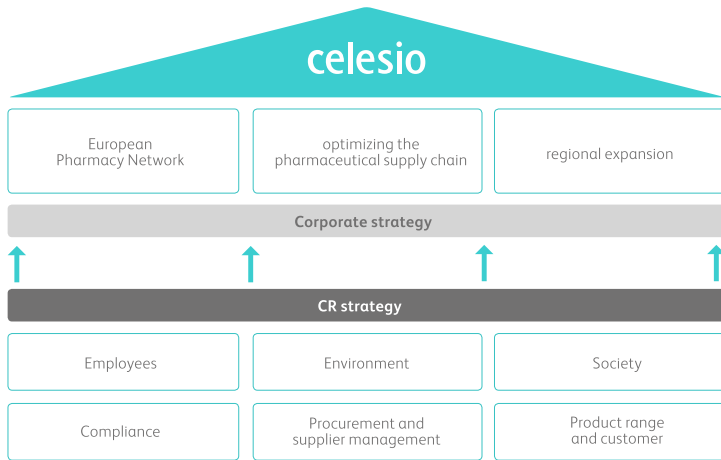
# Corporate responsibility

## Corporate responsibility – our understanding

Corporate responsibility (CR) describes our responsibility to society. We see sustainability as an overarching principle that demands a responsible handling of all resources and encompasses economic, environmental and social factors. In order to firmly anchor this principle, we constantly scrutinise our actions. Corporate responsibility is nothing new to us, quite the opposite in fact: Corporate responsibility is encoded in our company's DNA and has been part of our corporate success ever since the company was founded more than 178 years ago. Sustainable business was and still is a strategic success factor and competitive advantage for us.

## CR strategy as part of the corporate strategy

Work has already begun on developing the basis for our CR strategy as part of our corporate strategy, which has involved us identifying key areas of our CR engagement. Objectives and measures to achieve them as well as corresponding guidelines and monitoring instruments are being applied and constantly developed.



## CR key areas

We analyse the challenges of an economically, environmentally and socially sustainable development using various instruments and processes and assess their importance for the company. In this regard, we enter into close dialogue with the relevant stakeholders. The results of these relevance analyses as well as the criteria of financial and sustainability-oriented indices and reporting standards, such as the Global Reporting Initiative (GRI), are used to identify the CR key areas. It is in these areas that we aim to drive sustainable growth across the entire group. The aim is also to prepare our company for new requirements in the area of sustainability and to use these at an early stage as a basis for our business activities. Our six key areas are:

### Compliance

Alongside the strict regulations in Europe prescribed by national legislation in all areas of corporate management, but particularly in the healthcare sector, Celesio has entered into more comprehensive voluntary commitments. This is so as to allow the company to grant its employees the utmost security for their day-to-day work and at the same time form the basis for a trusting working relationship with the stakeholders. We would like to work in such a way that people are able to trust us. Trust is the basis of every working relationship and successful business operations.

### Employees

Through globalisation and demographic developments, we regard the task of winning, fostering and retaining qualified and motivated employees as a future-oriented one. We support our employees in staying healthy and strive to ensure safety in the work place. We promote a working environment that is free of discrimination at all levels. The personnel strategy supports our corporate strategy. Our employees are our greatest asset. In the medium term, we aim to position ourselves as one of the top employers in the regions in which we operate.

### Environment

From construction, maintenance of our buildings and vehicle management through to business trips, our activities impact the environment in many ways. This is why we strive to constantly improve our environmental management. We aim to achieve more with fewer resources in future.

### Procurement and supplier management

We ease the burden on healthcare systems through the prefinancing of inventories. We offer patients and consumers a secure supply of pharmaceuticals. As a full-line pharmaceutical wholesale business, we have all pharmaceuticals in stock as standard. With particular regard to services, Celesio's procurement department ensures optimum value for money and a long-term working relationship with high-quality, innovative suppliers. We also expect a high degree of flexibility and absolute reliability from our suppliers.

### Product range and customer

Through our product range and services, we aim to help our customers and pharmacies' customers gain a more positive attitude towards life and increase their quality of life. To ensure this, we are strengthening the role of the pharmacies as a pharmaceutically competent healthcare advisor for patients and consumers and as a service provider for the healthcare system.

### Society

We use our strengths to target those areas of society that need help. To this end, we make use of our international, national and local presence, the strong local roots of our logistics experts, the extensive pharmaceutical knowledge and dedication of our employees. In areas such as health and education we aim to benefit people, even outside of our business activities.

### Dialogue with stakeholders

We regularly exchange ideas with our internal and external stakeholders in order to develop viable solutions for the sustainable development of our company. The dialogue shows us which aspects of sustainable business are of particular interest for stakeholders. The more intensely we address the views of our stakeholders on future social requirements, the better and faster we will be able to bring our plans and actions into line with each other. Open dialogue creates the basis for mutual understanding as well as social acceptance. Dialogue with stakeholders makes an important contribution to our opportunity and risk management and forms a basis for the further development of our CR strategy and reporting.

An example of dialogue with stakeholders is the exchange of ideas with the Wittenberg Center for Global Ethics which has taken place regularly since 2010. The main focus is the question of how responsibility can be put into practice in global society. Moreover, we maintain contacts with government and oversight agencies. Our external affairs team works together with various political decision-makers and stakeholders with the aim of identifying regulatory risks and market opportunities for our company.

#### OUR MISSION: MORE POSITIVE LIVES

---

We aim to help make the world a healthier place where more people can live life to the fullest. With our innovative and efficient healthcare services, we want to make our contribution to healthier and more positive lives.

**We have therefore been assuming responsibility:**

- **IN OUR THOUGHTS.**
- **IN OUR ACTIONS.**
- **WITHIN THE COMPANY.**
- **WITH OUR PARTNERS.**
- **FOR CUSTOMERS AND PATIENTS.**
- **WITHIN SOCIETY.**
- **WITH CONVICTION.**
- **FOR MORE THAN 178 YEARS.**

People are always the focus of our attention. Our actions allow us to provide healthcare worldwide. We in the company live our binding values and standards. With our partners we are strong and work together. We give customers and patients a new, positive attitude towards life. We are active in society – after all we are part of a whole!

Further information can be found at [celesio.com](https://celesio.com) in the CR section.

the 1990s, the number of people in the UK who are employed in the public sector has increased by 1.5 million, from 2.5 million in 1980 to 4 million in 1998. The public sector has also become an important employer of women, with 5.5 million women employed in the public sector in 1998, compared with 4.5 million in 1980. The public sector has also become an important employer of young people, with 1.5 million young people employed in the public sector in 1998, compared with 1 million in 1980.

The public sector has also become an important employer of people with disabilities, with 1.5 million people with disabilities employed in the public sector in 1998, compared with 1 million in 1980. The public sector has also become an important employer of people from ethnic minorities, with 1.5 million people from ethnic minorities employed in the public sector in 1998, compared with 1 million in 1980.

The public sector has also become an important employer of people who are over 50 years of age, with 1.5 million people over 50 years of age employed in the public sector in 1998, compared with 1 million in 1980. The public sector has also become an important employer of people who are under 25 years of age, with 1.5 million people under 25 years of age employed in the public sector in 1998, compared with 1 million in 1980.

The public sector has also become an important employer of people who are single, with 1.5 million single people employed in the public sector in 1998, compared with 1 million in 1980. The public sector has also become an important employer of people who are married, with 1.5 million married people employed in the public sector in 1998, compared with 1 million in 1980.

The public sector has also become an important employer of people who are divorced, with 1.5 million divorced people employed in the public sector in 1998, compared with 1 million in 1980. The public sector has also become an important employer of people who are widowed, with 1.5 million widowed people employed in the public sector in 1998, compared with 1 million in 1980.

The public sector has also become an important employer of people who are cohabiting, with 1.5 million cohabiting people employed in the public sector in 1998, compared with 1 million in 1980. The public sector has also become an important employer of people who are living alone, with 1.5 million people living alone employed in the public sector in 1998, compared with 1 million in 1980.

The public sector has also become an important employer of people who are in a civil partnership, with 1.5 million people in a civil partnership employed in the public sector in 1998, compared with 1 million in 1980. The public sector has also become an important employer of people who are in a common-law partnership, with 1.5 million people in a common-law partnership employed in the public sector in 1998, compared with 1 million in 1980.

The public sector has also become an important employer of people who are in a registered partnership, with 1.5 million people in a registered partnership employed in the public sector in 1998, compared with 1 million in 1980. The public sector has also become an important employer of people who are in a civil union, with 1.5 million people in a civil union employed in the public sector in 1998, compared with 1 million in 1980.

The public sector has also become an important employer of people who are in a civil partnership, with 1.5 million people in a civil partnership employed in the public sector in 1998, compared with 1 million in 1980. The public sector has also become an important employer of people who are in a common-law partnership, with 1.5 million people in a common-law partnership employed in the public sector in 1998, compared with 1 million in 1980.





## more positive lives

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# Combined management report

Celesio AG

2013

the 1990s, the number of people in the world who are undernourished has increased from 600 million to 800 million (FAO 1996).

There are a number of reasons for this increase. First, the world population has increased from 5 billion in 1987 to 6 billion in 1999, and is projected to reach 8 billion by 2025 (United Nations 1999). Second, the world population is ageing, and the number of people aged 65 and over is projected to increase from 200 million in 1990 to 400 million in 2025 (United Nations 1999). Third, the world population is becoming more urban, and the number of people living in urban areas is projected to increase from 1 billion in 1990 to 2 billion in 2025 (United Nations 1999). Fourth, the world population is becoming more educated, and the number of people with a primary school education is projected to increase from 1 billion in 1990 to 2 billion in 2025 (United Nations 1999).

These factors are all likely to contribute to the increase in the number of people who are undernourished. However, the most important factor is the increase in the number of people who are living in poverty. The number of people living on less than \$1 a day has increased from 1 billion in 1987 to 1.2 billion in 1999 (World Bank 1999).

The increase in the number of people who are undernourished is a serious problem. It is a problem that is likely to become even more serious in the future. It is a problem that is likely to have a significant impact on the health and well-being of the world's population. It is a problem that is likely to have a significant impact on the world's economy.

There are a number of ways in which the problem of undernutrition can be addressed. First, it is important to ensure that all people have access to food. This can be done by increasing the production of food, and by ensuring that food is distributed fairly. Second, it is important to ensure that all people have access to clean water and sanitation. This can be done by building water supply systems, and by building sanitation facilities.

Third, it is important to ensure that all people have access to health care. This can be done by building health centres, and by training health workers. Fourth, it is important to ensure that all people have access to education. This can be done by building schools, and by training teachers.

These are all important steps that need to be taken in order to address the problem of undernutrition. However, the most important step is to ensure that all people have access to food. This is the most basic need that all people have, and it is the most important need for their health and well-being.

There are a number of ways in which the problem of undernutrition can be addressed. First, it is important to ensure that all people have access to food. This can be done by increasing the production of food, and by ensuring that food is distributed fairly. Second, it is important to ensure that all people have access to clean water and sanitation. This can be done by building water supply systems, and by building sanitation facilities.

Third, it is important to ensure that all people have access to health care. This can be done by building health centres, and by training health workers. Fourth, it is important to ensure that all people have access to education. This can be done by building schools, and by training teachers.

# Basic principles of the group / Business activity and organisation

## Our business model

Our strong brands in 14 pharmaceutical and healthcare markets in Europe and Brazil make Celesio one of the leading international trading companies and service providers in the pharmaceutical market. Our core business consists of pharmaceutical wholesale and pharmacies – we operate our own retail pharmacies and maintain partnership schemes with independent, owner-run pharmacies.

Around 39,000 employees cover the supply chain from the pharmaceutical industry right through to the patient, offering logistics services for pharmaceutical manufacturers, selling medicines, healthcare products and special services for pharmacies via our pharmaceutical wholesale business and retail pharmacies.

Our wholesale network consisting of 133 branches worldwide delivers to some 65,000 pharmacies every day in 10 European countries and Brazil.

We have around 2,200 pharmacies of our own in six European countries. With a keen focus on good advice, we support patients and consumers by supplying medicines and numerous pharmaceutical services for health and well-being.

Our aim and our mission is to actively help people through effective, efficient and innovative healthcare services and Celesio's processes are structured accordingly. We are refining our core business through new concepts and innovative approaches as part of our strategic realignment.

## New concepts to strengthen the pharmacy business

We have developed the new Lloyds pharmacy concept for expanding our international pharmacy business. The concept is centred on offering patients and consumers new and comprehensive advisory and other health and well-being services. This is helping us strengthen the role of the pharmacies as a pharmaceutically competent healthcare advisor as well as a service provider for the healthcare system. We made significant progress in the piloting of our European network of “Lloyds” pharmacies. We have now successfully rolled out the concept in more than 100 pilot pharmacies and as of 2014 we will roll out the first measures gradually across our own pharmacies. We will invite our partner pharmacies to adopt the concept, in Germany and France for example, in accordance with the applicable national legal regulations. We want to develop a competitive pan-European pharmacy network that unifies our own pharmacies and our partner pharmacies to offer comprehensive patient services.

### Optimising the pharmaceutical value chain

There are many links in the pharmaceutical supply chain. In a first step, a medicine is developed by the manufacturer. After being tested and approved, it is produced and stored where – possibly involving a pre-wholesaler – it is transferred to a wholesaler. This wholesaler then stocks the medicines locally, meaning that pharmacies can order any required pharmaceutical quickly and efficiently from one contact. If necessary, Celesio supplies pharmacies several times a day. In turn, these pharmacies ensure that the patient or consumer obtains the medicine they need within an appropriate timeframe.

One of our current core projects is optimising the supply chain. We want to standardise, optimise and redesign every stage of the entire logistics process where possible, from manufacturer to pharmacy, to leverage efficiency gains for every participant. Celesio will also be able to offer special logistics solutions geared to specific product groups or consumer segments, for example, and thus keep up with the demands of markets today – and tomorrow. Examples of possible approaches include direct-to-pharmacy or specialty pharmaceutical distribution. This also includes an improved exchange of data between the various stations in the supply chain with the aim of increasing product availability while simultaneously decreasing inventories.

You can read more about our strategy on → page 111, our pharmacy business model on → page 129, and our wholesale business on → page 137.

## Group structure and management

The organisation and reporting structure of the Celesio Group is divided into two divisions which are aligned to the needs and demands of the respective customer groups. Consumer Solutions is aimed at patients and consumers and mainly contains the pharmacy business. Pharmacy Solutions serves pharmacies and is primarily concerned with the group's wholesale activities.

The Celesio Group's organisational structure is arranged functionally and is consistent across the group. It is divided into four business areas:

- Marketing and Sales
- Operations
- Finance
- Governance.

Marketing and Sales develops and markets all of the product concepts and services of relevance for pharmacy customers – and therefore for pharmaceutical service providers, such as pharmacies, wholesalers and manufacturers – and which can be offered by Celesio. This involves not only consulting and other services that pharmacists provide to customers, but also services to facilitate pharmacy management or improve product availability. This applies both to Celesio's own pharmacies and to cooperation and partner pharmacies which will be joined together in our project to form a powerful European pharmacy network.

Operations brings together and refines all of the procurement and logistics activities on which Celesio's international business is based, as well as quality and regulatory management. The optimisation of the supply chain as well as our top-in-class procurement programme is one of the priorities of Celesio's strategic realignment here.

Global services and processes are bundled in Finance. These include Finance, Accounting and Tax, Controlling, Investor Relations and Real Estate Management.

Governance comprises all of the key functions of company management such as Business Development, Legal, Human Resources, Communication and Audit. The organisational structure enhances the divisional reporting structure, which is divided into Consumer Solutions (primarily the pharmacy business) and Pharmacy Solutions (primarily the wholesale business).

### Management and control

The Management Board manages the Celesio Group based on legal requirements and the rules of procedure laid down by the Supervisory Board. The Management Board is advised and controlled in its management function by the Supervisory Board. The Supervisory Board is made up of an equal number of shareholder and employee representatives and is responsible for appointing members of the Management Board; any major transactions by the Management Board must be approved by the Supervisory Board. The management report in the corporate governance report starting on → page 63 contains further details of the management and control structure.



## Remuneration report

The remuneration report summarises the relevant principles used to determine the total remuneration of the members of Celesio AG's Management Board. It also explains the structure, composition and amount of the individual remuneration components and describes the principles and the amount of remuneration of the members of the Supervisory Board.

The remuneration report follows the recommendations of the German Corporate Governance Code and the requirements of German Accounting Standard 17, the Handelsgesetzbuch (HGB, German Commercial Code) and International Financial Reporting Standards (IFRSs). The notes to the consolidated financial statements contain disclosures pursuant to IAS 24.

## Main features of the compensation structure of the Management Board

Management Board remuneration is determined in accordance with the provisions of the Aktiengesetz (AktG, German Stock Corporations Act) and the German Corporate Governance Code. Total remuneration of the members of the Management Board breaks down into performance-related and non-performance-related components. The compensation structure is conducive to the sustainable development of the company on account of the remuneration components with a long-term incentive that it contains. In determining the remuneration of members of the Management Board, we take into account the size and complexity of the Celesio Group, its economic and financial position and the amount and structure of remuneration of management boards of comparable companies, as well as the compensation structure otherwise in place at Celesio. We also consider the responsibilities and performance of each member of the Management Board. At the instigation of the General Committee, the Supervisory Board regularly reviews the structure and appropriateness of the remuneration system.

Contracts from members of the Management Board contain a special termination right in the event of a change of control. In the event that the special termination right is exercised, the company pays the member of the Management Board all remuneration outstanding until the intended end of the contractual period as a severance payment. In this case, the variable short and long-term remuneration not yet due is set at 100% and the proper observance of the employment contract until the end of the intended term is assumed. For the 2014 tranche of the long-term remuneration components, there is a special regulation in place in the event of Celesio AG being taken over by McKesson Corporation in that this change of control will not result in the tranche being paid out.

In the event of a takeover of Celesio AG by McKesson, Dr Marion Helmes and Stephan Borchert have undertaken to forgo their special termination right for a period of twelve months after the change of control.

In connection with the acquisition of Celesio AG by McKesson Corporation, Franz Haniel & Cie. GmbH agreed, upon conclusion of the transaction, to pay Dr Marion Helmes and Stephan Borchert a transaction bonus to be determined by Franz Haniel & Cie. GmbH at its own discretion. This takes into account any additional work taken on by these members of the Management Board as a result of the transaction as well as the realisation of value for all of Celesio's shareholders in connection with the transaction. This was acknowledged and approved by the Supervisory Board.

## Non-performance-related remuneration components

The non-performance-related components consist of a fixed basic component, additional benefits and pension contributions. A portion of the fixed basic component is paid out each month. The additional benefits received by the Management Board mainly comprise the use of company cars, accident insurance, health insurance abroad, legal protection and D&O insurance. In accordance with Sec. 93 (2) Sentence 3 AktG, the deductible for D&O insurance is 10% of claims, but no more than one-and-a-half times the fixed annual salary. Members of the Management Board have to tax the fringe benefits from private use of company cars.

## Performance-related remuneration components

The performance-related components consist of a bonus and a rolling remuneration component. With effect as of 2012, 70% of the bonus is paid out annually, with the remaining 30% retained for a vesting period of around three years (share deferral). The long-term rolling remuneration component has taken the form of a performance share plan since 2012.

If, in its best judgement, the Supervisory Board deems the extraordinary achievements or successes of a Management Board member to be worthy of special payments, including special remuneration, it is entitled to award these.

### Short-term variable remuneration – bonus

The bonus is calculated based on a percentage share in the company's earnings. A standard bonus (in euro) is determined individually as a guide for each member of the Management Board.

The bonus is determined using EBIT (as reported) for all members of the Management Board. The maximum bonus is capped at twice the standard bonus.

The members will receive a cash payment for 70% of the bonus calculated for the 2012 fiscal year directly after the 2013 annual general meeting.

In accordance with the share deferral arrangements in all management contracts, the remaining 30% of the bonus calculated for the 2012 fiscal year is retained for a vesting period that expires on the date of the annual general meeting in the third fiscal year following the reporting period. This portion will be converted into phantom shares in Celesio AG directly after the annual general meeting in May 2014. The number of phantom shares is calculated by dividing the 30% share of the bonus by an initial reference price. The Management Board participates in price gains and any dividends, but also bears the risk of losses from the conversion date. If Celesio AG decides to carry out any capital measures or restructuring that affect the value of shares issued, the Management Board members' phantom shares are treated in the same way as real shares. The amount paid out from the share deferral scheme is calculated on the scheduled date after approximately three years even if the member of the Management Board has left the company in the meantime. At the end of the three-year vesting period, the phantom shares are paid out in cash plus any dividends. The reference price used for conversion is based on the average closing rate of the last thirty trading days at the beginning and at the end of the vesting period. This share deferral scheme serves as a long-term incentive by strengthening commitment to sustainability and ownership. Applying the provisions of German Accounting Standard 17 and IFRS 2, the total expense arising from share-based payment transactions and the fair value of the deferred shares are to be disclosed as of the issue date. The disclosures below are based on expectations of meeting targets for the grant period and the number of phantom shares depending on these targets, as well as the share price on the date of issue of these share-based payments as of 1 January 2013.

2013	Fair value of share deferral on the date of issue € k	Expected number of phantom shares from share deferral	Total share- based payment in the fiscal year € k
Dr Marion Helmes (Speaker since 04/07/2013)	331	24,871	372
Stephan Borchert	258	19,376	324
Martin Fisher (since 16/09/2013)	68	5,137	56
Markus Pinger (Chairman until 03/07/2013)	404	30,367	70
<b>Total</b>	<b>1,061</b>	<b>79,751</b>	<b>822</b>

2012	Fair value of share deferral on the date of issue € k	Expected number of phantom shares from share deferral	Total share- based payment in the fiscal year € k
Markus Pinger (Chairman)	317	26,757	347
Stephan Borchert	195	16,493	212
Dr Marion Helmes	176	14,888	191
Wolfgang Mähr (until 30/09/2012)	222	18,740	0
<b>Total</b>	<b>910</b>	<b>76,878</b>	<b>750</b>

## Long-term variable remuneration

### Performance cash scheme

The performance cash scheme was first set up with effect as of 1 January 2008 for a period of three years (2008 tranche) and was followed by the 2009 tranche, the 2010 tranche and the 2011 tranche.

The performance cash scheme for the 2011 tranche is based equally on the increase in share price (average of the last 30 trading days at the end of the three-year period compared to the average of the last 30 trading days leading up to the beginning of the three-year period) and accumulated Celesio value added. Celesio value added is a key performance indicator which serves our value-based corporate management. To obtain this indicator, the ratio of EBIT to capital employed is compared with the weighted average cost of capital. The amount payable is capped at three times the standard amount. This standard amount is defined as the amount due if the share price increases by 100% plus the Celesio value added accumulated over three years. Only the target of increasing the share price of the 2011 tranche, which is to be paid out in 2014, was met.

### Performance share plan

The Supervisory Board approved the change to the long-term remuneration component as of 1 January 2012 and passed a resolution to issue a new performance share plan for the period 2012 to 2014 (2012 tranche); this was followed by the 2013 tranche (for the years 2013 to 2015). On 18 December 2013, the 2014 tranche was concluded for the years 2014 to 2016.

At the beginning of the three-year period of the performance share plan, Management Board members receive a fixed standard amount defined as guidance (in €). This fixed standard amount is divided by the average Celesio share price of the last 30 trading days leading up to the beginning of the tranche plus a mark-up of 10% and converted into phantom shares. The performance share plan of the 2012 tranche, the 2013 tranche and the new 2014 tranche includes a performance target based on the average earnings per share (EPS) measured over a period of three years. If this performance target is reached, the target is considered to have been met in full (100%). If the performance target is exceeded (150%), the maximum target achievement is 200%, with the amount payable capped at three times the standard amount predefined as guidance. The long-term target is considered not to have been met if the performance target is missed by 20% or more. Each member of the Management Board is allocated a final number of phantom shares at the end of the term and in accordance with performance against targets.

The performance share plan is payable in cash provided that the targets are met. The amount of cash payment depends on the standard amount set for each member of the Management Board, as well as fulfilment of the performance target, the price development of phantom shares and the dividend paid in the performance period.

The standard amount for the 2013 tranche was € 563k for Dr Marion Helmes, € 425k for Stephan Borchert and € 335k for Martin Fisher (as of 16 September 2013). A standard amount of € 700k applied for Markus Pinger.

2013	Fair value of performance share plan on the date of issue € k	Number of phantom shares on the date of issue	Total expense arising from share-based payments € k
Dr Marion Helmes (Speaker since 04/07/2013)	651	48,981	465
Stephan Borchert	492	37,018	501
Martin Fisher (since 16/09/2013)	97	7,298	39
Markus Pinger (Chairman until 03/07/2013)	810	60,943	232
<b>Total</b>	<b>2,050</b>	<b>154,240</b>	<b>1,237</b>

2012	Fair value of performance share plan on the date of issue € k	Number of phantom shares on the date of issue	Total expense arising from share-based payments € k
Markus Pinger (Chairman)	600	46,058	298
Stephan Borchert	373	28,595	184
Dr Marion Helmes	335	25,716	166
Wolfgang Mähr (until 30/09/2012)	425	32,625	323
<b>Total</b>	<b>1,733</b>	<b>132,994</b>	<b>971</b>



## Total remuneration

The total remuneration of the Management Board came to € 6,954k in the 2013 fiscal year (previous year € 7,578k). This breaks down into € 2,045k for the basic component (previous year € 2,643k including additional benefits), € 1,798k for the portion of bonuses payable immediately (single-year variable component; previous year € 2,292k) and € 3,111k for the value of the 2013 tranche of the performance share plan and the value of retained bonuses on the date of issue (multiple-year variable component; previous year € 2,643k).

Total remuneration breaks down by member as follows:

2013

Dr Marion Helmes (Speaker since 04/07/2013) \_\_\_\_\_

Stephan Borchert \_\_\_\_\_

Martin Fisher (since 16/09/2013) \_\_\_\_\_

Markus Pinger (Chairman until 03/07/2013) \_\_\_\_\_

**Total** \_\_\_\_\_

2012

Markus Pinger (Chairman) \_\_\_\_\_

Stephan Borchert \_\_\_\_\_

Dr Marion Helmes \_\_\_\_\_

Wolfgang Mähr (until 30/09/2012) \_\_\_\_\_

**Total** \_\_\_\_\_

— Multiple-year variable remuneration (€ k) —							
	Basic component € k	Single-year variable re- muneration € k	Performance- cash scheme value added	Total share-based payment	Total multiple-year variable re- muneration	Fringe benefits € k	Total € k
	750	625	/	982	982	16	2,373
	600	487	/	750	750	16	1,853
	200	130	/	165	165	6	501
	450	556	/	1,214	1,214	7	2,227
	<b>2,000</b>	<b>1,798</b>	<b>/</b>	<b>3,111</b>	<b>3,111</b>	<b>45</b>	<b>6,954</b>

— Multiple-year variable remuneration (€ k) —							
	Basic component € k	Single-year variable re- muneration € k	Performance cash scheme value added	Total share-based payment	Total multiple-year variable re- muneration	Fringe benefits € k	Total € k
	934	800	/	917	917	21	2,672
	600	493	/	568	568	16	1,677
	600	445	/	511	511	13	1,569
	450	554	/	647	647	9	1,660
	<b>2,584</b>	<b>2,292</b>	<b>/</b>	<b>2,643</b>	<b>2,643</b>	<b>59</b>	<b>7,578</b>

## Post-employment benefits

Management Board members benefit from a defined contribution plan. An amount of € 220k is added each year to the retirement accounts of Stephan Borchert and Martin Fisher (since 16 September 2013) and an amount of € 260k was added for Dr Marion Helmes in 2013. A payment of € 300k each year was agreed for Markus Pinger's retirement account. The contribution is determined by the Supervisory Board regardless of salary and adjusted as part of the regular remuneration review process. A contractual trust arrangement (CTA) is generally used to insure any claims not already insured against insolvency by Pensions-Sicherungs-Verein a.G., Cologne.

The contribution is made for the contractual term of the Management Board member. The company adds interest of 6% p.a. to the amount on the basic pension account at the beginning of each calendar year until the benefits can be claimed, plus the pro rata share for the final year until benefits can be claimed. Pensions can be claimed after leaving the company and from the age of 60 years. In the case of invalidity or death, the contributions that would have been payable until the age of 63 are credited to the pension account which is then paid out.

All new Management Board contracts or ones that were amended after 2012 provide for severance pay to be capped in accordance with the recommendations of the German Corporate Governance Code. Accordingly, any payments granted to a member of the Management Board upon premature termination of office without due cause are capped at the higher of the remuneration due from the remaining term of the service agreement or two years' annual remuneration. If there are any tranches outstanding from the performance cash scheme/performance share plan when a member of the Management Board leaves the company before the end of the performance period and the targets are met in full, these are settled on a pro rata basis using the standard amount.

## Post-employment expenses

2013	Service cost € k	Defined benefit obligation 31/12 € k	Expense from pension obligations (HGB) € k	Fair value (HGB) 31/12 € k
Dr Marion Helmes (Speaker since 04/07/2013)	289	728	234	596
Stephan Borchert	280	666	218	528
Martin Fisher (since 16/09/2013)	99	99	87	87
Markus Pinger (Chairman until 03/07/2013)	124	1,357	104	1,138
<b>Total</b>	<b>792</b>	<b>2,850</b>	<b>643</b>	<b>2,349</b>

2012	Service cost € k	Defined benefit obligation 31/12 € k	Expense from pension obligations (HGB) € k	Fair value (HGB) 31/12 € k
Markus Pinger (Chairman)	369	551	372	455
Stephan Borchert	225	384	228	295
Dr Marion Helmes	280	280	223	223
Wolfgang Mähr (until 30/09/2012)	227	/	172	/
<b>Total</b>	<b>1,101</b>	<b>1,215</b>	<b>995</b>	<b>973</b>

## Benefits to members of the Management Board that left the company in the reporting period

On 3 July 2013, Markus Pinger was dismissed from his position as member of the Management Board of Celesio AG with immediate effect and his appointment as chairman of the Management Board revoked. His current employment contract with the company ends on 14 August 2014.

Accordingly, Markus Pinger will receive payment of his fixed salary until his current employment contract has expired. The bonuses for 2013 and 2014 as well as claims from the performance cash plan are to be paid out in fixed amounts. Contributions to the pension account for 2013 and 2014 were also approved.

In connection with his exit from the Management Board, Markus Pinger receives the following benefits in 2013 and 2014 in accordance with the contractual arrangements for serving on the board:

	€ k
Remuneration settlement	3,652
Other benefits	46
Contribution commitment to the pension account	413
<b>Total</b>	<b>4,111</b>

In 2012, benefits of € 3,979k were payable in connection with members of the Management Board that left the company.

## Other notes

Former members of the Management Board and their surviving dependents received remuneration of € 4,440k in the reporting period (previous year € 4,308k). Celesio AG has set up pension provisions of € 17,354k (previous year € 15,249k) for this group of persons. In the 2013 fiscal year, no loans were granted to members of the Management Board, nor did the company enter into any contingent liabilities in favour of these persons.

## Total remuneration and compensation structure of the Supervisory Board

The remuneration paid to the Supervisory Board is defined in Art. 5 of the articles of association of Celesio AG. In addition to reimbursement of their out-of-pocket expenses, the members of the Supervisory Board receive fixed remuneration of € 65,000 annually. These payments are net of VAT. The chairman receives twice the standard amount paid to the other members of the Supervisory Board and the deputy chairman receives one and a half times the standard amount. Each member of a committee – with the exception of the Arbitration Committee and the Nomination Committee – receives an additional payment of € 6,000 for each committee membership, with the chairman of a committee receiving € 12,000. The members of the Nomination Committee receive an additional payment of € 3,000 for each committee membership, with the chairman of the Nomination Committee receiving € 6,000. Committee members only receive the remuneration for committee work if the committee in question has convened at least once in the calendar year.

Furthermore, the members of the Supervisory Board receive an attendance fee of € 500 for each meeting of the Supervisory Board and its committee which they attend in person. Should several meetings be held on the same day, the attendance fee is only paid once. The attendance fee is paid for meetings that take place after changes to the articles of association have been entered in the commercial register.

The total remuneration of the Supervisory Board came to € 975.2k in 2013 (previous year € 512.8k). Of this, € 893.7k (previous year € 67.5k) pertained to fixed remuneration for membership of the Supervisory Board. (The variable components pegged to dividend pay-outs for membership of the Supervisory Board came to € 421.2k in the previous year). Remuneration for serving on committees came to € 54.5k (previous year € 25.0k) with attendance fees amount to € 27.0k. The table below shows the remuneration of each Supervisory Board member:

2013

	Fixed component € k	Remuneration for committee work € k	Attendance fee € k	Total € k
Stephan Gemkow (Chairman)	130.0	12.0	2.5	144.5
Ihno Goldenstein (Deputy Chairman)	97.5	6.0	2.5	106.0
Klaus Borowicz	65.0	6.0	3.0	74.0
Prof Dr med. Julius Michael Curtius (until 16/05/2013)	27.1	0.0	0.0	27.1
Dr Hubertus Erlen (until 16/05/2013)	27.1	2.5	0.0	29.6
Dr Florian Funck	65.0	6.0	3.0	74.0
Dirk-Uwe Kerrmann (until 16/05/2013)	27.1	0.0	0.0	27.1
Jörg Lauenroth-Mago	65.0	0.0	2.0	67.0
Pauline Lindwall (since 16/05/2013)	43.3	0.0	1.0	44.3
Susan Naumann	65.0	0.0	2.0	67.0
Ulrich Neumeister	65.0	6.0	3.0	74.0
W. M. Henning Rehder	65.0	12.0	2.5	79.5
Patrick Schwarz-Schütte (since 16/05/2013)	43.3	4.0	2.0	49.3
Hanspeter Spek	65.0	0.0	1.5	66.5
Gabriele Katharina Stall (since 16/05/2013)	43.3	0.0	2.0	45.3
<b>Total</b>	<b>893.7</b>	<b>54.5</b>	<b>27.0</b>	<b>975.2</b>



2012	Fixed component € k	Variable component € k	Remuneration for committee work € k	Total € k
Stephan Gemkow (Chairman since 19/12/2012)	0.4	2.2	0.3	2.9
Prof Dr Jürgen Kluge (Chairman until 18/12/2012)	9.6	60.1	7.7	77.5
Ihno Goldenstein (Deputy Chairman)	7.5	46.8	2.9	56.3
Klaus Borowicz	5.0	31.2	2.0	38.2
Prof Dr med. Julius Michael Curtius	5.0	31.2	0.0	36.2
Dr Hubertus Erlen	5.0	31.2	4.0	40.2
Dr Florian Funck (since 16/05/2012)	3.1	19.6	1.3	24.0
Dirk-Uwe Kerrmann	5.0	31.2	0.0	36.2
Jörg Lauenroth-Mago	5.0	31.2	0.0	36.2
Susan Naumann	5.0	31.2	0.0	36.2
Ulrich Neumeister	5.0	31.2	2.0	38.2
W. M. Henning Rehder	5.0	31.2	3.3	39.5
Hanspeter Spek	5.0	31.2	0.0	36.2
Prof Dr Klaus Trützscher (until 16/05/2012)	1.9	11.7	1.5	15.0
<b>Total</b>	<b>67.5</b>	<b>421.2</b>	<b>25.0</b>	<b>512.8</b>

In the 2013 fiscal year, no loans were granted to members of the Supervisory Board, nor did the company enter into any contingent liabilities in favour of these persons.

## Internal control system

Our earnings management is based on EBIT (earnings before interest and taxes). EBIT allows us to measure the operating business success including amortisation and depreciation and to compare ourselves with other international companies.

Furthermore, EBIT is an important input parameter for determining ROCE (return on capital employed) and value added. ROCE and value added consider capital employed and therefore expresses the performance of the group, our divisions and our investments. ROCE reflects the total return on equity and shows the ratio of EBIT to tied capital. In the reporting year this came to 10.6% compared to 9.4% in the previous year.

Value added is calculated as follows:

$$\text{Value added} = \text{Earnings before interest and taxes (EBIT)} - \text{tied capital} \times \text{weighted average cost of capital (WACC)}$$

Value added expresses the absolute net profit after deducting the cost of capital. The operating indicators focus on operating management and therefore on the continuing operations of the group.

Tied capital is calculated as the total of all non-interest-bearing assets (except tax items) less non-interest-bearing liabilities (except tax items), measured at carrying amounts. WACC (before tax) is the weighted average market cost of debt capital and equity. This has been set at 11.0% since 2012. Value added came to €–17.4m in the reporting period compared to €–62.4m in the previous year. In terms of operations, the value added – in addition to improving the unadjusted EBIT – reflects the success of measures taken to increase capital efficiency. As a result, one project initiated in 2013 involved optimising net working capital.

We also plan and measure a number of other financial and non-financial key performance indicators on a monthly basis. We continue to disclose EBITDA to allow comparability with previous years.

## Notes on capital and shareholder structure

Secs. 289 (4) and Sec. 315 (4) HGB require additional information in the management report and group management report on certain features of the capital and shareholder structure as well as certain arrangements which might be of significance in the event of an acquisition:

1. The share capital of Celesio AG amounted to € 217,728,000 as of the end of the reporting year and was divided into 170,100,000 no-par registered shares. The proportionate nominal value per share is € 1.28.
2. Each share in Celesio AG is given one vote. There are no shares with multiple, preferential or maximum voting rights. Celesio is not aware of any limitations of voting rights arising from shares nor of any limitations on the transferability of shares.
3. At the end of the reporting period the shareholding of Franz Haniel & Cie. GmbH, Duisburg, was 50.01%<sup>1)</sup>. Furthermore, as of year-end Paul E. Singer, USA, and the companies of the Elliott hedge fund group affiliated with him acquired a shareholding of 19.11%<sup>2)</sup>.
4. There are no shareholders with special rights.
5. Employees with shares in the capital of the company may directly exercise their control rights.
6. a) The appointment and dismissal of members of the Management Board is determined in accordance with Secs. 84 and 85 AktG.  
b) Any amendment of the articles of association requires a resolution to be taken at the annual general meeting in accordance with Secs. 179 and 133 AktG. For such a resolution, a majority is required of at least three quarters of the share capital represented at the time the resolution is passed. Pursuant to Art. 5 (10) of the articles of association of Celesio AG, the Supervisory Board is only authorised to make amendments to the articles of association to the extent that they merely affect the wording. For the Supervisory Board to pass this resolution a majority of the votes cast suffices.
7. a) By resolution of the annual general meeting of 17 May 2011, the Management Board is authorised to increase the share capital of the company

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<sup>1)</sup> As of 31 December 2013. Information on changes in shareholdings after the reporting date can be found in the section on subsequent events beginning on page 185.

<sup>2)</sup> Pursuant to the notice dated 19 November 2013. Information on changes in shareholdings after the reporting date can be found in the section on subsequent events beginning on page 185.

on or before 16 May 2016 with the consent of the Supervisory Board by issuing new no-par registered shares in return for cash contributions or contributions in kind on one or more occasions by a maximum of € 65,318,400 (authorised capital 2011). The Management Board is authorised, with the authorisation of the Supervisory Board, to define further details of the capital increase and its execution, in particular the content of the share rights and the conditions governing the issue of shares, pursuant to the conditions of consent and to exclude subscription rights in certain cases (Art. 3 No. 3 of the articles of association of Celesio AG).

- b) By resolution of the annual general meeting of 16 May 2012, the Management Board is authorised to increase the share capital of the company on or before 15 May 2017 with the consent of the Supervisory Board by issuing new no-par registered shares in return for cash contributions on one or more occasions by a maximum of € 43,545,600 (authorised capital 2012). Furthermore, the Management Board is authorised, with the consent of the Supervisory Board, to define further details of the capital increase and its execution, in particular the content of the share rights and the conditions governing the issue of shares, pursuant to the conditions of consent and to exclude subscription rights in certain cases (Art. 3 No. 2 of the articles of association of Celesio AG).
- c) By resolution of the annual general meeting of 8 May 2009, the Management Board was authorised, with the consent of the Supervisory Board, to issue registered option bonds or convertible bonds (together: bonds) with a total nominal value of up to € 500m on or before 7 May 2014 and to grant the holders of option rights and the holders of convertible bond options and conversion rights, respectively, for registered shares in the company with a share in the share capital of the company of up to € 21,772,800 in accordance with the precise conditions of the registered option bonds or convertible bonds, and to exclude shareholders' subscription rights in certain cases.

In accordance with Art. 3 No. 4 of the articles of association of Celesio AG, the share capital of Celesio AG is conditionally increased by up to € 21,772,800.00 (conditional capital 2009) and the Management Board is authorised, with the consent of the Supervisory Board, to define the further conditions of the conditional capital increase and its execution pursuant to the conditions of consent. The Management Board made

partial use of this authorisation in issuing the convertible bond on 29 October 2009. To the extent that the authorisation had not been fully exercised, it was withdrawn by resolution of the annual general meeting on 6 May 2010.

- d) By resolution of the annual general meeting of 6 May 2010, the Management Board is authorised, with the consent of the Supervisory Board, to issue registered option bonds and/or convertible bonds (together: bonds) on one or more occasions with a total nominal value of up to € 500m on or before 5 May 2015 and to grant the holders of registered option bonds and the holders of convertible bonds options conversion rights, respectively, to registered shares in the company with a share in the share capital of the company of up to € 21,772,800 in accordance with the precise conditions of the options or convertible bonds, and to exclude shareholders' subscription rights in accordance with the resolution of the annual general meeting. In accordance with Art. 3 (5) of the articles of association, the share capital can be contingently increased by up to € 21,772,800, split into 17,010,000 no-par registered shares (contingent capital 2010) and the Management Board is authorised, with the authorisation of the Supervisory Board, to define further details of the execution of the conditional capital increase pursuant to the conditions of consent. The Management Board made partial use of this authorisation in issuing the convertible bond on 7 April 2011. To the extent that the authorisation had not been fully exercised, it was withdrawn by resolution of the annual general meeting on 16 May 2013.
- e) By resolution of the annual general meeting of 16 May 2013, the Management Board is authorised, with the consent of the Supervisory Board, to issue registered option bonds and/or convertible bonds (together: bonds) on one or more occasions with a total nominal value of up to € 500m on or before 15 May 2018 and to grant the holders of registered option bonds and the holders of convertible bonds options and conversion rights, respectively, for registered shares in the company with a share in the share capital of the company of up to € 21,772,800 in accordance with the precise conditions of the options or convertible bonds, and to exclude shareholders' subscription rights in accordance with the resolution of the annual general meeting. In accordance with Art. 3 (6) of the articles of association, the share capital can be contingently increased by up to € 21,772,800, split into 17,010,000 no-par registered shares (con-

- tingent capital 2013) and the Management Board is authorised, with the consent of the Supervisory Board, to define further details of the execution of the conditional capital increase pursuant to the conditions of consent.
- f) In the event of the share capital being increased, the distribution of profits may be determined in derogation of Sec. 60 AktG.
  - g) The company may acquire treasury shares with the intention of offering them as part of the employee share programme to persons who are or were employed by the company or an affiliate.
  - h) By resolution of the annual general meeting of 16 May 2012, the company was authorised until 15 May 2017 to purchase treasury shares totalling up to 10% of the share capital on the resolution date or the share capital on the date this authorisation is exercised, if lower. The resolution of the annual general meeting determines the rights of the individual Management Board members in connection with the acquisition and use, including exclusion of put options upon acquisition or subscription rights upon use.
  - i) The entitlement of the shareholders to securitise their shares is excluded. The Management Board is entitled to issue share certificates for several shares (multiple share certificates); the form and content of the share certificates as well as the dividend and renewal certificates are determined by the Management Board, with the agreement of the Supervisory Board.
8. Pursuant to the terms of the convertible bonds issued on 29 October 2009 and 7 April 2011, the bond creditors are entitled in the event of a change of control to terminate prematurely or convert at an adjusted price all or some of the convertible bonds. The terms of the bonds issued by Celesio Finance B.V. and guaranteed by Celesio AG on 26 April 2010 and 18 October 2012 also provide for premature termination by the bond creditors of all or some of the convertible bonds in certain circumstances. In connection with convertible bonds, a change of control can also occur independently of a takeover bid in scenarios including but not limited to when a third party acquires direct or indirect control over at least 30% of the shares in Celesio AG.

Furthermore, the syndicated loan agreement concluded on 12 February 2013 entitles the creditor banks to terminate their investment commitment in the facility prematurely within a specified period in the event of a change in control and to declare any possible outstanding loans under the syndicated loan agreement as due. A change of control is deemed to occur when a third party's interest reaches more than 50% of the shares in Celesio AG as a result of a takeover bid.

9. Contracts from members of the Management Board contain a special termination right in the event of a change of control. In the event that the special termination right is exercised, the company pays the member of the Management Board all remuneration outstanding until the intended end of the contractual period as a severance payment. In this case, the variable short and long-term remuneration not yet due is set at 100% and the proper observance of the employment contract until the end of the intended term is assumed. For the 2014 tranche of the long-term remuneration components, there is a special regulation in place in the event of Celesio AG being taken over by McKesson Corporation in that this change of control will not result in the tranche being paid out.

All new Management Board contracts or ones that were amended after 2012 provide for severance pay to be capped in accordance with the recommendations of the German Corporate Governance Code.

In the event of a takeover of Celesio AG by McKesson, Dr Marion Helmes and Stephan Borchert have undertaken to forgo their special termination right for a period of twelve months as of the change of control.

Pursuant to Sec. 120 (3) AktG the Management Board has considered the mandatory information pursuant to Secs. 289 (4) and 315 (4) HGB. It confirms the regulations in place at Celesio and sees no reason for any change. The mandatory information pertaining to features of the capital and shareholder structure reflects the main current content of the articles of association of Celesio AG.

## Dependent company report

Franz Haniel & Cie. GmbH, Duisburg, has a majority shareholding in Celesio AG as of 31 December 2013. Celesio has therefore prepared a report on relationships with affiliates as required by Sec. 312 AktG. The report concludes as follows: "We hereby declare in summary that in the legal transactions listed in the dependent company report, and according to the circumstances that were known to us when those legal transactions were performed, Celesio AG, Stuttgart, and its subsidiaries, received appropriate consideration in each legal transaction."



### Demographic change of the main drivers of growth in the global pharmaceutical markets

Growth of the global pharmaceutical and healthcare markets will also be driven primarily by global demographic trends in the coming years (source: IMS Global).

- The global population will continue to increase, rising by around 284 million people until 2017.
- The number of patients in developing and emerging economies will increase as more people will have access to healthcare.
- The average age of the global population is increasing; in 2017 the 65+ age group will make up around 9.1% of the population.
- The number of chronically ill people is continuing to rise. For instance, the number of people suffering from diabetes worldwide will increase in most countries. According to estimates, around 592 million people are expected to suffer from a chronic illness in 2035 (2013: 382 million people). The number of people suffering from cardiovascular disorders will also continue to rise. In Germany alone, the demographic change and insufficient prevention efforts are expected to cause a sharp rise in the number of people suffering from cardiovascular disorders, from 313,000 cases a year at present to 440,000 cases a year in 2030 and 548,000 cases in 2050.

The global pharmaceutical and healthcare markets will grow by 5.3% per year on average until 2017, when the total volume will reach USD 1.24 trillion. Through strong population growth, rising affluence, higher expectations as to the quality of life, increased quality in healthcare as well as improved access to it, the developing and emerging economies will contribute to global growth with double-digit growth rates. Industrialised nations on the other hand will mostly only generate growth in the single digits. East and Southeast Asia as well as the Indian subcontinent will be the main growth drivers, with annual increases of 14.2% and 12.5%, respectively. According to IMS Health, the strong growth in the developing and emerging economies and only moderate growth in the industrialised nations will cause North America's, the EU's and Japan's share of global healthcare spending to fall from 70% at present to around 59% in 2017.

## Cost pressure on healthcare systems as a driver of competition and development in Europe

In the advanced and highly regulated markets of Europe, moderate growth of around 0.9% per year is expected until 2017. This will see competition on the European pharmaceutical and healthcare markets remaining high primarily as a result, among other things, of structural reforms in those countries in the EU that are economically weaker. Politicians of all countries hope these reforms will bring a more efficient and improved healthcare system and are driving competition accordingly. At the same time, governments must continue reducing their expenses to avoid further burdening their tight budgets. This is also having an impact on the pharmaceutical market:

- Increased use of cost-benefit analyses to determine reimbursements
- Further cuts in government spending on healthcare at the expense of all market participants
- Mandatory use of less expensive generic products
- Introduction of reference price models in the generic products sector to continue to reduce prices
- Stricter price and cost refund regulations
- Mandatory rebate and discount regulations

These government cost reduction programmes will cause competition for margins and market shares in pharmaceutical distribution to remain high. In the medium term, this pressure will lead to further consolidation in the pharmaceutical business, not only in Europe, in order to realise economies of scale and purchasing advantages. In addition, traditional pharmaceutical distribution models are increasingly adding logistics and services for manufacturers and pharmacies with corresponding new compensation models. The pharmaceutical wholesale business is thus positioning itself as a full service provider between manufacturers and pharmacies. In the pharmacy sector too, the higher competitive pressure is resulting in a concentration of pharmacies in cooperation concepts and – in more highly deregulated markets – to further consolidation. In many European countries, the pharmacy is also shifting more into focus in terms of providing medical care. This relates to both the support of patients suffering from chronic illnesses (advice, helping them take their medication regularly) and the rendering of simple medical services such as measuring blood pressure. This will increase the quality of healthcare and reduce healthcare costs.

## Primary objective “health of the people”

More so than ever, patients and consumers are determining the success of the pharmaceutical and healthcare markets. At Celesio, we address this situation in our guiding principles:

We aim to help make the world a healthier place where more people can live life to the fullest. Our mission: to contribute to healthier, more positive lives by providing innovative and effective healthcare services.

Our entire strategy is based on this ultimate goal. We permanently strive to constantly improve the quality of services for patients and consumers as well as the efficiency of the supply chain through a strategy of innovation. Our corporate mission serves as a framework and directional aid for Celesio’s strategy and structure. This is the pledge of the company and its employees to customers and society as a whole.

## The cornerstones of our strategy

### Piloting the Lloyds pharmacy concept

2013 was all about realignment as part of our strategic roadmap. This was primarily driven by the piloting of the European pharmacy network project. Under the “Lloyds” brand, we will offer patients and consumers new and comprehensive advisory and other health and well-being services, in particular in our two categories with a focus on “Skin” and “Pain”. This is helping us strengthen the role of the pharmacies as a pharmaceutically competent healthcare advisor as well as a service provider for the healthcare system. We will also invite our partner pharmacies to adopt the concept in accordance with the applicable national legal regulations. We want to develop a competitive pan-European pharmacy network that unifies our own pharmacies and our partner pharmacies in one overall system to offer comprehensive patient services.

Adapted concepts can be developed more quickly and times to market will be shorter. At the same time, all participants benefit from economies of scale in procurement and marketing. Pharmacies can improve their prospects by increasing their attractiveness for customers and offering higher-margin products and services. More on our success in implementing the concept can be found in the Consumer Solutions section on → page 129.

### Optimising the value chain

Seamless integration and cooperation of retail and wholesale operations are the key to creating substantial synergies. Celesio is therefore committed to thoroughly optimising all logistics steps and processes from the manufacturer through to the pharmacy. By means of new services and logistics solutions, we will increase the efficiency along the entire supply chain considerably. We are also seeing continuing success with our TIC (top-in-class) procurement programme.

### Regional expansion

Strong economic growth in emerging and developing economies is set to continue in the coming years. An efficient healthcare system is of high priority in these countries. They therefore offer an attractive stage for Celesio to expand its innovative concepts. Following the successful entry to the Brazilian growth market, Celesio has since managed to achieve a strong position in this country and is now the seventh largest German company in Brazil. Further regional expansion in Latin America can be foreseen in the medium term.

## Group structure increases efficiency

Our organisational structure is based on the integration of processes, sharing lessons learned and knowledge and group-wide cooperation. It is divided into the following divisions: marketing and sales, operations, governance functions and support functions.

The group's operating processes for its goods and services, which range from the manufacturer via wholesale and pharmacies through to the pharmacy customer, are intrinsically linked. This helps create a continuous value-added process, which increases our clout and flexibility. We have a clear focus on our pharmacies and their customers. Overlapping functions such as purchasing and IT are bundled centrally to a reasonable extent and foster the development of innovation and increase in productivity. All market participants profit from the resulting efficiency gains.

### Economy in 2013 – eurozone gradually recovering

2013 saw a slight recovery in the wider economic environment, with the financial markets displaying more faith in the continuation of the European Monetary Union. The monetary policy measures taken at the end of 2012 took effect and resulted in a decrease in the segmentation of the bond markets. This had the main effect of causing credit spreads on the bonds of countries in a state of crisis to fall sharply, thus allowing the eurozone to come out of the recession over the course of 2013. Although structural adjustments in some countries and, in some cases, high unemployment figures curbed economic growth, countries in a state of crisis in particular reported an improvement in competitiveness which was reflected in export figures. For this reason, experts at the IfW [“Institut für Weltwirtschaft der Universität Kiel”: Kiel Institute for the World Economy] put development of GDP for the eurozone at –0.4% for 2013. This development is driven by economically strong countries such as Germany, the UK and France, which are growing. However, Mediterranean countries continue to struggle with a weak economy.

Over the course of the year, inflation in the eurozone decreased from 2.0% in January to 0.7% in October and 1.0% in November. Lower increases in energy and food prices had a dampening effect on inflation. Due to the considerable fall in inflation, the ECB decided to lower the base rate to 0.25% in November. This is expected to boost economic development in 2014.

The UK also saw an increase in economic development. For 2013, GDP is expected to increase by 1.4%. The asset position improved as a result of the government easing its restrictive saving measures.

In the US, by making announcements in May and June, the US Federal Reserve prepared the markets for the gradual exit from its expansive monetary policy on account of the improved situation on the labour market. In light of discussions on the household budget and the necessary raising of the debt ceiling, the reduction in securities purchases was postponed until December.

The emerging and developing countries again recorded higher growth rates than the traditional industrialised nations in 2013. The pace of development in 2013 was influenced by the uncertainty of US future monetary policy, above all in Latin America. The impact on the economy in certain countries varied greatly. Investments experienced the greatest fall in Brazil. This was attributable to the uncertainty created which led to production outages in some cases as a result of the national strike mid-year. GDP increased by 2.0% while inflation rose by 5.4% in the previous year to 6.0%.

In the outlook starting on → page 194 we present our assessment of the market environment and future development of the Celesio Group.

## Business development – realignment systematically pursued

Celesio introduced its strategic realignment at the end of October 2011. 2012 was all about stabilising earnings as part of our strategic roadmap. By contrast, the 2013 fiscal year was dedicated to piloting the European pharmacy network project under the heading “realignment”. 2013 was therefore a year of innovations and bringing them to market. The roadmap also covered the continuation of the Operational Excellence Program (OEP) until all measures have been fully and effectively implemented.

The concept of the European pharmacy network, under the “Lloyds” brand, is centred on offering patients and consumers new and comprehensive advisory and other health and well-being services. This approach strengthens the role of the pharmacy as a centre for competent pharmaceutical advice for patients and consumers and as one of the service providers within the healthcare system. We will also invite our partner pharmacies to adopt the new concept in accordance with the applicable national legal regulations. We want to develop a competitive pan-European pharmacy network that unifies our own pharmacies and our partner pharmacies in one overall system to offer comprehensive patient services. Adapted concepts can be developed more quickly and times to market will be shorter. At the same time, all participants benefit from economies of scale in procurement and marketing. Pharmacies can improve their prospects by increasing their attractiveness for customers and offering higher-margin products and services.

In the last quarter of 2012, the European pharmacy network concept was rolled out in a pilot phase under the Lloyds brand. It was implemented in December 2012 at four test pharmacies in Italy and the UK and has been well received by the public so far. We have now rolled out the concept in over 100 pilot pharmacies in total.

The results of the pilot pharmacies are highly promising, in particular in our two categories with a focus on “Skin” and “Pain”. In addition to increasing sales figures in these two categories, we were also able to record growth in other categories.

We also continued successfully with our top-in-class (TIC) procurement program and achieved further positive contributions to earnings. Furthermore, we concentrated on optimising the international logistics network. Investing in the optimisation of the European network of wholesale branches allows us to realise efficiency gains. Furthermore, efforts to save on administration costs across the group were also continued, especially at the head offices in the UK, Germany and



Belgium. Efforts focused on driving down both personnel and non-personnel costs and optimising processes.

In terms of operations, business development was largely shaped by the fierce discounting competition in Germany. Despite continuing with optimisation measures, the ongoing fierce discounting competition affected the earnings situation in that the negative effects could not be fully compensated for. This inevitably resulted in the Management Board feeling left with no other option but to adjust the earnings forecast mid-year.

Currency effects also had a stronger impact on revenue and earnings trends than expected. In the 2013 fiscal year these primarily related to the Brazilian real and the pound sterling.

We fully reached the guideline, amended mid-year from between € 445m and € 475m to between € 405m and € 425m, and generated a figure at the top end of the forecast range.

Revenue, adjusted for currency and consolidation effects, even recorded a slight increase.

The imputed tax rate fell significantly from 49.0% to 36.3%. We also managed to lower the adjusted tax rate as planned from 36.3% to 34.8%.

Despite the investments in the piloting of the European pharmacy network, the investment volume remained below the level originally expected due, among other things, to lower IT investments as well as fewer acquisitions.

More information on the business development of the individual segments can be found in the comments on revenue and earnings for the different divisions → starting on page 130 and → on page 138.

We disclose certain non-recurring expenses and income as a special effect in earnings before interest and tax (EBIT) in the income statement. In the 2013 fiscal year there were additional special effects with an aggregate negative effect on earnings, in particular for termination benefits, in connection with the reorganisation of the Management Board and management structures in Germany as well as the continued implementation of efficiency enhancement measures, especially in Italy, totalling € 17.0m. Of this amount, € 13.9m was attributable to personnel expenses as well as € 2.9 m to recurring expenses primarily for legal expenses and other consulting fees in connection with preparations for the planned acquisition by McKesson Corporation. In the previous year special effects had an impact on EBIT. This relates to expenses and income in connection with the Operational Excellence Program of € 44.2m.

There were also further special effects in 2012 in connection with revaluing assets held for sale to reflect the expected loss on sale of € 10.6m for the Irish Wholesale operation in accordance with IFRS 5, a loss on the sale of the Czech wholesale business of € 5.4m and a gain of € 6.6m on the sale of the Czech pharmacies. Further impairment of goodwill was recorded in the previous year, with the wholesale business in Slovenia particularly affected (€ 20.9m).

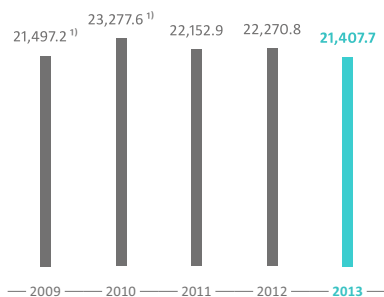
The special effects in the 2012 financial result relate to non-recurring items and, in particular, the settlement of the outstanding purchase price instalment for the acquisition of the remaining shares in Panpharma of € 26.7m.

### Revenue

Group revenue came to € 21,407.7m in the 2013 fiscal year, down 3.9% on the previous-year figure of € 22,270.8m. The decrease in revenue is primarily due to the deconsolidation of the Czech operations in November 2012 and the Irish Wholesale operation in May 2013 as well as currency effects. Moreover, the trend seen in some countries towards substituting original products with cheaper generics continued apace, which, particularly in France, was attributable to a downward market trend. Adjusted for exchange rate losses, mainly related to the Brazilian real but also the pound sterling, revenue fell by 1.6%. Further adjusted for consolidation effects, revenue increased by 0.9% as a result of positive revenue developments, above all in Germany, as well as market share gains in some countries.

## GROUP REVENUE

€ M



1) The figures presented for the reporting periods 2009 to 2010 reflect the values reported in the respective financial statements.

As one of the leading trading companies and service providers, the Celesio Group once again generated most of its revenue on the European markets in the past fiscal year. As in previous periods, France once again made the largest contribution to revenue (29.1%; previous year 28.9%), followed by the UK (21.2%; previous year 20.6%) and Germany (19.5%; previous year 18.1%).

For further information, we refer to the relevant sections on Consumer Solutions and Pharmacy Solutions.

GROUP REVENUE BY COUNTRY	2012	2013	Change on a €-basis	Change in local currency
	€ m	€ m	%	%
United Kingdom	4,603.6	4,535.1	-1.5	3.2
France	6,467.4	6,239.8	-3.5	-3.5
Germany	4,029.9	4,184.0	3.8	3.8
Brazil	1,875.7	1,756.0	-6.4	6.8
Norway	1,171.5	1,191.4	1.7	6.1
Austria	1,087.4	1,098.1	1.0	1.0
Italy	359.9	374.8	4.1	4.1
Portugal	441.7	471.0	6.6	6.6
Ireland	448.2	231.4	-48.4	-48.4
Belgium	625.6	585.7	-6.4	-6.4
Denmark	483.6	389.2	-19.5	-19.4
Sweden	122.7	136.2	11.0	10.4
Slovenia	271.7	245.9	-9.5	-9.5
Czech Republic <sup>1)</sup>	364.2	0.0	-100.0	-100.0
Consolidation	-82.3	-30.9	62.5	62.3
<b>Group</b>	<b>22,270.8</b>	<b>21,407.7</b>	<b>-3.9</b>	<b>-1.6</b>

1) Until November 2012

## Gross profit

Gross profit (revenue less cost of goods sold) fell slightly by 3.1% in the past fiscal year from € 2,425.1m to € 2,349.9m. At € 2,349.5m, gross profit adjusted for special effects was at the previous-year level. The adjusted gross profit margin matched the previous-year level at 11.0%. This development was largely carried by the positive contributions generated from our central procurement activities as well as a positive mix effect resulting from an improved revenue development for Consumer Solutions compared to Pharmacy Solutions. The fierce discounting competition in the German wholesale market as well as the government measures introduced in the United Kingdom had a negative impact on the development of gross profit in the fiscal year. Adjusted for currency effects, gross profit increased by 0.4%. More detailed information on the development of gross profit in the 2013 fiscal year is presented in the reports on the divisions, starting on → page 131 and on → page 139.

### Other income

In the 2013 fiscal year other income decreased by 11.0% to € 220.0m (previous year € 247.1m). In addition to currency effects and the deconsolidation of the Czech operations and the Irish Wholesale operation, this is attributable to the higher income from the disposal of pharmacies in the United Kingdom in the previous-year period. This was offset by income from services and reversals. Other income adjusted for special effects fell by 8.9%. Adjusted for currency effects, other income fell by 6.9%.

### Other expenses

Other expenses came to € 790.4m, down 8.0% on the previous-year level of € 858.8m. In the previous year, special effects of € 19.5m were eliminated, which fell to € 3.1m in the reporting year. Adjusted for special effects, other expenses were down 6.2% in the reporting year. This was largely due to currency effects and the deconsolidation of the Czech operations and the Irish Wholesale operation. In terms of operations, the savings measures introduced in the course of the OEP strategic realignment also had a positive impact. Consulting expenses were also lowered considerably. Adjusted for currency effects, other expenses fell by 3.0%.

### Personnel expenses

At €1,246.7m, personnel expenses fell by 1.9% compared to the previous-year figure of € 1,270.9m. Compared to the adjusted previous-year figure, personnel expenses adjusted for special effects decreased by 1.0%. In the 2013 fiscal year there were additional special effects with a negative effect on earnings, in particular for termination benefits in connection with the continued implementation of efficiency enhancement measures as well as the reorganisation of management structures and the Management Board, totalling € 13.9m. Currency effects and the deconsolidation of the Czech operations as well as the Irish Wholesale operation are primarily reflected in the fall in personnel expenses. Furthermore, cost-saving measures from the OEP, especially in the United Kingdom, were a major factor in this development. However, these positive effects were partly cancelled out by the higher personnel expenses in Brazil and Norway. In Norway, pension costs rose in particular. Adjusted for currency effects, personnel expenses fell by 2.1%.

## EBITDA

In 2013, EBITDA (earnings before interest, taxes, depreciation and amortisation) decreased by 1.8% on the previous year from € 542.5m to € 532.8m. Adjusted for special effects, EBITDA decreased by 5.4% to € 548.6m compared to € 579.6m in the previous year. The decrease in earnings is primarily shaped by the challenging environment on account of the ongoing fierce discounting competition in the German wholesale market. Furthermore, government measures, especially in the United Kingdom, had a negative impact on this development. These effects were unable to be compensated for by the positive development of the gross profit margin in the UK, mainly the result of the success of central procurement measures, as well as the strict implementation of a cost-cutting policy. At 2.6%, the group's adjusted EBITDA margin reached the previous-year level (previous year 2.6%). Exchange rate losses of € 22.0m had a negative impact in the 2013 fiscal year 2013. Further adjusted for these currency effects, adjusted EBITDA fell by 1.5%.

### Depreciation, amortisation and impairment

Depreciation and amortisation including impairment fell by 26.8% in the reporting period from € 172.4m to € 126.2m. It was primarily the deconsolidation effect of the Czech operations and the Irish Wholesale operation as well as currency effects that were responsible for this decrease. Adjusted amortisation of intangible assets and depreciation of property, plant and equipment came to € 125.0m, a fall of 7.3% on the previous-year figure of € 134.8 for the 2012 fiscal year. Further adjusted for currency effects, amortisation and depreciation fell by 4.3%.

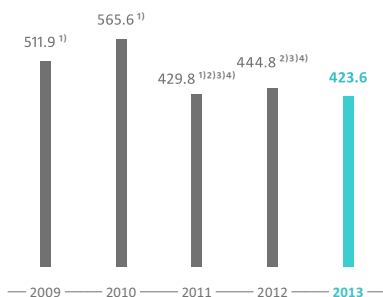
No impairment losses were recorded on intangible assets in the reporting year.

### EBIT

EBIT (earnings before interest and tax) saw a marked increase of 9.9% from € 370.1m to € 406.6m. Adjusted for special effects, EBITDA increased by 4.8% to € 423.6m compared to € 444.8m in the previous year as a result of the effects described previously. Further adjusted for currency effects, EBIT decreased by 0.7%.

## GROUP EBIT ADJUSTED

€ M



1) The figures presented for the reporting periods 2009 to 2011 reflect the values reported in the respective financial statements.

2) Adjusted for non-recurring expenses and income from the Operational Excellence Program (including tax effect).

3) Adjusted in 2012 for special effects from revaluations pursuant to IFRS 5 as well as deconsolidation effects in 2013 (including tax effect).

4) The figures presented for the reporting period 2012 are adjusted for special effects in the financial result (including tax effect).

Taking into account the holding's expenses incurred in euro, the foreign currency share in EBITDA increased by 2.6 percentage points, with currencies other than the euro contributing 78.9% to group EBIT overall. Contributions also include the Brazilian subsidiaries. Income in pounds sterling accounted for 59.0% of EBIT compared to income in euro of 21.1%.



EBIT BY CURRENCY	2012		2013	
	€ m	%	€ m	%
Group total	370.1	100.0	406.6	100.0
€	68.4	18.5	85.7	21.1
£	208.0	56.2	240.0	59.0
Other	93.7	25.3	80.9	19.9

### Investment result

At 11.5m, the investment result was up 41.9% on the previous-year level of € 8.1m. This was primarily attributable to the pleasing development of the Dutch investment Brocacef Holding N.V. in the reporting period owing to the market.

### Financial result

The financial result, the balance of the items interest expense, interest income and other financial result, improved to €−149.4m in the reporting period, compared to €−163.5m in the previous year. Adjusted for special effects, the financial result decreased by 9.2% from €−136.8m in the previous year to €−149.4m in the 2013 fiscal year. Adjustments in the previous period related to the settlements made as well as unwinding the discount and currency effects in connection with the purchase price liability for the purchase of the remaining shares in Panpharma. The decrease in the adjusted financial result is primarily attributable to currency effects.

Adjusted accordingly, the interest coverage ratio was 2.8 (previous year 3.3). This performance indicator reflects the mathematical number of times that the adjusted financial result – if negative – could be covered by adjusted EBIT. The unadjusted interest coverage ratio came to 2.7 (previous year 2.3).

### Profit before tax

Profit before tax was up 25.2% from € 214.7m to € 268.7m in the fiscal year. Adjusted for special effects, profit before tax came to € 285.7m compared to € 316.1m in the 2012 fiscal year, a fall of 9.6% which was primarily attributable to the ongoing fierce discounting competition in Germany.

### Income taxes

The special effects described in this annual report gave rise to tax effects of € 1.8m (previous year € 9.6m). Income taxes decreased considerably by 7.2% to € 97.5m in the fiscal year (previous year € 105.1m). This gives an effective tax rate of 36.3% for the reporting period compared to 49.0% in the previous-year reporting period. Adjusted for special effects, the tax rate would have been 34.8% compared to 36.3% in 2012. This decrease can be primarily attributed to tax-savings measures and a change in the composition of margins at the individual national entities.

### Net profit/loss from continuing operations

The net profit from continuing operations at the Celesio Group came to € 171.2m, an increase of 56.2% on the figure for the 2012 fiscal year of € 109.6m. Adjusted for special effects, net profit from continuing operations was down 7.5% on the previous-year level of € 201.5m to € 186.4. The Celesio Group's basic earnings per share increased from € 0.60 in the previous year to € 0.97. Diluted earnings per share came to € 0.95, following € 0.60 in the previous year.

### Net profit/loss from discontinued operations

The net loss incurred by discontinued operations came to € -4.8m compared to a net loss of € -258.6 in the previous year. The basic and diluted earnings per share therefore came to € -0.03 compared to € -1.52 in the same period of the previous year. The increase is primarily attributable to the absence of one-time carrying amount adjustments performed in the previous year and the net results of deconsolidation by € 251.9m. More information on discontinued operations can be found → on page 143.

### Net profit/loss

Adjusted for special effects, the net profit from continuing and discontinued operations came to € 166.4m compared to a net loss of € -149.0m in the previous year. Accordingly, basic earnings per share came to € 0.94 compared to € -0.92 in the previous year. Diluted earnings per share came to € -0.92 compared to € -0.92 in the previous year.

REVENUE AND EARNINGS DEVELOPMENT CELESIO GROUP	2012		2013		Change on a € basis %	Change in local currency %
	€ m	% of revenue	€ m	% of revenue		
Revenue	22,270.8	100.0	21,407.7	100.0	−3.9	−1.6
Gross profit	2,425.1	10.9	2,349.9	11.0	−3.1	0.3
adjusted <sup>1)</sup>	2,423.4	10.9	2,349.5	11.0	−3.1	0.4
EBITDA	542.5	2.4	532.8	2.5	−1.8	2.3
adjusted <sup>1)2)</sup>	579.6	2.6	548.6	2.6	−5.4	−1.5
EBIT	370.1	1.7	406.6	1.9	9.9	14.7
adjusted <sup>1)2)3)</sup>	444.8	2.0	423.6	2.0	−4.8	−0.7
Profit before tax	214.7	1.0	268.7	1.3	25.2	/
adjusted <sup>1)2)3)4)</sup>	316.1	1.4	285.7	1.3	−9.6	/
Net profit from continuing operations	109.6	0.5	171.2	0.8	56.2	/
adjusted <sup>1)2)3)4)</sup>	201.5	0.9	186.4	0.9	−7.5	/
Net loss from discontinued operations	−258.6	−1.2	−4.8	0.0	98.1	/
<b>Net profit/loss from continuing and discontinued operations</b>	<b>−149.0</b>	<b>−0.7</b>	<b>166.4</b>	<b>0.8</b>	<b>/</b>	<b>/</b>

1) Adjusted for special effects from certain non-recurring expenses and income (including tax effect).

2) Adjusted in 2012 for special effects from revaluations pursuant to IFRS 5 as well as deconsolidation effects in 2013 (including tax effect).

3) Adjusted in 2012 for impairment losses on non-current assets (including tax effect).

4) Adjusted in 2012 for special effects in the financial result (including tax effect).

### Investments and capital expenditures

Investments and capital expenditures of continuing operations recognised in the statement of financial position dropped in the 2013 fiscal year to € 104.7m (previous year € 121.8m). In line with the company's internal reporting guidelines, Celesio differentiates between investments in acquisitions and new pharmacies and capital expenditures on the operating business.

At € 6.4m, investments in acquisitions and new pharmacies fell short of the previous-year level of € 18.5m. Celesio bought two existing pharmacies and opened eleven new ones. Nine pharmacies were closed and six sold in the reporting period due to portfolio optimisations.

In the past fiscal year, Celesio's capital expenditures for its operating business totalled € 98.4m compared to € 103.3m in the previous-year period, a 4.8% fall in the investment level compared to the previous year. This development primarily reflects the decrease in IT projects. The design of a uniform IT landscape was concluded in 2013 and will be implemented in 2014.

## Market environment and business development

Effective as of the first quarter of 2013, the Patient and Consumer Solutions segment was renamed Consumer Solutions.

Celesio is one of the largest pharmacy operators in Europe and as of the end of the 2013 fiscal year had 2,175 of its own retail pharmacies (previous year 2,177) in six countries.

For us, providing our customers with the best possible pharmaceutical care and advice is an absolute priority. In selecting the location of our pharmacies, proximity to our customers, doctors' surgeries and health centres is a particularly important criterion. In the past fiscal year 2013, we opened eleven new pharmacies, acquired two, closed nine and sold six.

In our Consumer Solutions division we cater to our patients and consumers by providing prescription-only pharmaceuticals and a wide range of OTC products. Success hinges on our pharmacists' ability to address the needs of our customers and offer quality advice. Customers in our pharmacies can also use the innovative medical services from our wide portfolio. Besides the obvious benefit for customers, Celesio considers these preventive care measures an important contribution to the constant improvement of the healthcare system. Our pharmacy services are tailored to the varying customer needs and conditions prevailing in each country. In the UK, for instance, we successfully expanded our business with institutional clients such as hospitals or correctional facilities in the fiscal year.

We successfully rolled out the concept of the European pharmacy network in a total of 100 pilot pharmacies. The results are highly promising, in particular in our two categories with a focus on "Skin" and "Pain". As expected, revenue and net profit from these categories increased significantly. We also recorded positive developments in other product categories. We therefore remain fully committed to continuing to expand the European pharmacy network and speed up the process where possible.

Public health policy decisions, particularly in the United Kingdom and Ireland, and the related savings measures weighed heavily on the market in the 2013 fiscal year. Moreover, the trend towards substituting original products with cheaper generics continues apace, also causing revenue from prescription products to fall. There was also a trend towards longer prescription cycles, especially in the United Kingdom, with an associated increase in package sizes. This led to lower income from dispensing fees.

Despite the tense economic environment, operations in Consumer Solutions developed well in the 2013 fiscal year. We reported a noticeable increase in revenue, adjusted for currency and consolidation effects. Although the earnings situation was unable to escape the effects of many countries' continued cost-cutting measures, this was partly compensated for by an improved margin mix as well as cost-cutting measures from the OEP. Furthermore, Sweden, Italy and Belgium reported a pleasing development of earnings.

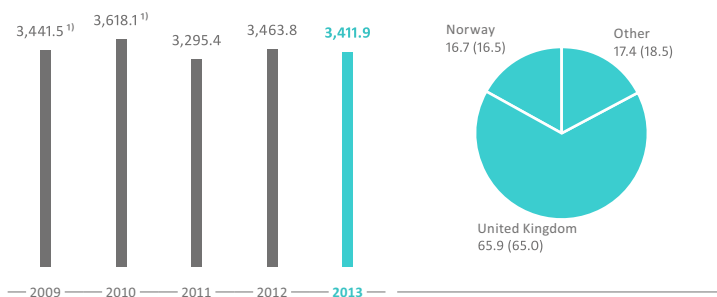
## Revenue and earnings development

### Revenue

Revenue in the Consumer Solutions division decreased by 1.5% in the 2013 fiscal year from € 3,463.8m to € 3,411.9m. This decrease is solely due to currency effects and the deconsolidation of Czech pharmacies. A positive revenue effect was generated from the service agreements with hospitals and the provision of pharmaceuticals to private homes (Evolution Homecare) in the United Kingdom. Adjusted for currency effects, revenue increased by 2.3%. Further adjusted for consolidation effects, mainly due to the disposal of the pharmacies in the Czech Republic, revenue rose by 3.2%.

**REVENUE  
CONSUMER SOLUTIONS**  
€ M

**REVENUE, PHARMACIES BUSINESS AREA,**  
BY COUNTRY 2013, %,   
PREVIOUS-YEAR FIGURES IN BRACKETS



1) The figures presented for the reporting periods 2009-2011 reflect the values reported in the respective financial statements.

### Gross profit

The division's gross profit decreased slightly in the 2013 fiscal year, falling by 1.7% from € 1,198.8m to € 1,178.7m. Compared to the gross profit for the previous year adjusted for special effects of € 1,197.0m, adjusted gross profit decreased by 1.5% to € 1,178.3m in the reporting period. The adjusted gross profit margin fell slightly from 34.6% in the previous year to 34.5% in the past fiscal year. The government measures in place in the United Kingdom since the beginning of October 2012 continued to have a negative effect on the gross margin. Increasingly longer prescription cycles led to lower dispensing fees, which had a direct impact on the development of gross profit. Furthermore, the increase in business at divisions with low-profit margins, as described in the comments on revenue, resulted in a dilution of the gross profit margin. By contrast, in Ireland the gross profit margin was up on the previous year as a result of the increased substitution of original products with generics. In addition to this, our central procurement activities made positive contributions in numerous countries, which almost entirely compensate for the negative factors described above. Further adjusted for currency effects, gross profit increased by 2.2% compared to the previous year.

### Other income

Other income decreased by 40.0% in the reporting period to € 37.8m compared to € 62.9m in 2012. This decrease is primarily due to currency effects and the deconsolidation of Czech pharmacies. In the previous year, higher income from the sale of pharmacies in the UK as well as higher advertising subsidies had also resulted in higher other income. Adjusted for special effects, other income was also down by 33.0%. Further adjusted for currency effects, there was a decrease of 31.1%.

### Other expenses

Other expenses reported a considerable decrease of 8.3% from € 372.0m to € 341.1m. Adjusted for special effects, other expenses decreased by 7.9%. This decrease is primarily due to currency effects and the deconsolidation of Czech pharmacies. Furthermore, the merger of the British headquarters of Lloyds and AAH performed in 2012 led to cost savings. Further adjusted for special effects, other expenses were down by 4.4%.

### Personnel expenses

Personnel expenses decreased slightly in the reporting period, falling by 0.5% from € 614.6m to € 611.3m. Adjusted for special effects, personnel expenses fell by 0.6%. This decrease is primarily due to the deconsolidation of Czech pharmacies. Further adjusted for currency effects, personnel expenses increased by 4.3% largely due to the higher pension costs in Norway. On the other hand, there was a positive savings effect resulting from the Operational Excellence Program which was implemented in 2012.



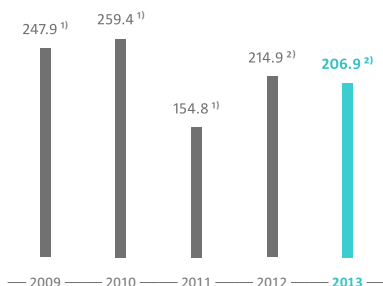
## EBITDA

Compared to the previous-year, the division's EBITDA (earnings before interest, taxes, depreciation and amortisation) decreased by 3.9% from €275.1m to €264.2m. In the reporting period, there were additional special effects with a negative effect on earnings, in particular for termination benefits, in connection with the continued implementation of efficiency enhancement measures within our companies totalling €2.8m. Adjusted for special effects, EBITDA for the 2013 fiscal year decreased by 4.1% from €278.5m in the previous year to €267.0m. This decrease is primarily attributable to currency effects, the fall in income from the disposal of pharmacies as well as a lower gross profit margin. Adjusted for special effects, the EBITDA margin decreased by 0.2 percentage points to 7.8% in light of the factors described.

Exchange rate losses of €10.5m had a negative impact in the 2013 fiscal year. Adjusted for currency effects, EBITDA fell by 0.3%.

### EBIT CONSUMER SOLUTIONS DEVELOPMENT

€ M



1) The figures presented for the reporting periods 2009-2011 reflect the values reported in the respective financial statements.

2) Adjusted for non-recurring expenses and income from the Operational Excellence Program.

## EBIT

EBIT (earnings before interest and tax) amounted to €202.8m compared to €208.1m in the previous year, a fall of 2.5%. Adjusted for special effects, EBIT fell by 3.7% from €215.0m to €206.9m. Further adjusted for currency effects, EBIT increased by 0.2%.

REVENUE BY COUNTRY — CONSUMER SOLUTIONS	Revenue 2012	Revenue 2013	Change on a € basis %	Change in local currency %	Retail pharmacies 31/12/2013
	€ m	€ m			
United Kingdom	2,251.2	2,248.9	−0.1	4.6	1,570
Norway	572.7	569.5	−0.6	3.7	195
Italy	203.3	206.4	1.5	1.5	163
Ireland	133.0	123.7	−7.0	−7.0	73
Belgium	129.4	124.9	−3.5	−3.5	96
Sweden	122.7	136.2	11.0	10.4	78
Germany	3.8	2.3	−38.4	−38.4	/
Czech Republic <sup>1)</sup>	47.7	0.0	−100.0	−100.0	/
Consolidation	0.0	0.0	/	/	/
<b>Total<sup>2)</sup></b>	<b>3,463.8</b>	<b>3,411.9</b>	<b>−1.5</b>	<b>2.3</b>	<b>2,175</b>

1) Until November 2012

2) We also operated one retail pharmacy in the Netherlands until November 2012 in connection with the DocMorris mail-order pharmacy.

## Development in individual countries

The **UK** remains Celesio's most important market for Consumer Solutions. Lloydspharmacy accounts for 65.9% of the business volume, a slight increase on the previous-year figure of 65.0%.

In line with our expectations, Lloydspharmacy enjoyed a positive operating development in the past fiscal year 2013. The closer connection between pharmacy and wholesale business associated with the new structure of the group was beginning to have an effect. In this connection, Celesio merged the headquarters of Lloydspharmacy and the pharmaceutical wholesaler AAH in a move that will significantly boost the efficiency and competitiveness of the business and also leverage synergy effects. In addition, the top-in-class procurement (TIC) initiative and the OEP were major factors in making further cost savings. However, it was not possible to fully offset the negative impact of government intervention and the burden of exchange rate losses due to the weakness of the pound sterling.

As in the previous year, we again reported an increase in supply agreements with public institutions such as hospitals, health centres or correctional facilities. We are consciously responding to the operating principles of the National Health Service in the UK, which is driving outsourcing and privatisation of services in order to cut healthcare costs.

For Celesio, **Norway** is the second most important pharmacy market. The Norwegian business developed well in the past fiscal year, as expected, generating revenue growth of 3.7%. This is primarily attributable to an increase in revenue with high-priced products as well as for OTC pharmaceuticals, relating mainly to services. However, wage and salary increases as well as higher pension costs resulted in an increase in personnel expenses which could not be fully offset by the earnings contributions from the positive development in revenue in the fiscal period.

In **Italy**, we were equally pleased with the increase in revenue from OTC products in the reporting period, a result that was better than expected, and were able to compensate for the decrease in revenue from prescription pharmaceuticals. Furthermore, adjusting opening times to meet the change in customers' needs caused revenue to increase. On account of the cost reductions, we were able to generate a significant rise in earnings in comparison to the previous-year period.

As forecast, our **Irish pharmacy business** continued to be burdened by the difficult economic environment in 2013, with the sales volume of OTC medicines being affected the most. Particularly pleasing was the development in business with over-the-counter (OTC) products, which was also reflected in earnings in addition to the continued cost savings.

As expected, Celesio's pharmacy business in **Belgium** generated a pleasing increase in earnings in 2013 due to improvements to procurement, closer integration of retail and wholesale operations and additional cost-cutting measures.

In line with expectations, the **Swedish pharmacy business** developed very well, with both revenue and the gross profit margin increasing significantly. A change in the product mix combined with price increases made large positive contributions. Further cost savings were made thanks to the procurement association initiated with several pharmacy chains in the previous year as well as restructuring measures performed since the end of 2011. Smaller portfolio optimisations are also taking effect and encourage us to forge ahead with the evaluation of the market situation. Rebranding to the European pharmacy concept (under the LloydsApothek brand) has been completed in Sweden since the first half of 2013.

In line with the divestment programme performed in 2012, Celesio successfully disposed of the **Czech pharmacy business** in the third quarter with effect as of November 2012.

## Market environment and business development

Celesio bundles its wholesale activities with pharmaceutical products in its Pharmacy Solutions division, providing pharmacists with the key products they need for their business. The pharmaceutical wholesale business is a vital link between manufacturers and pharmacies in supplying medicines to patients. Celesio generally procures the medicines approved

in each country as well as other products sold in pharmacies directly from the manufacturers. They are then stored at regional wholesale branches with the support of our efficient warehousing management system. With a refined distribution system that has been tried and tested over many years, Celesio then ensures rapid and reliable delivery directly to our pharmacy customers nationwide. Celesio generally receives a price and country-specific margin for wholesale services. The margin on prescription pharmaceuticals is often government-regulated.

Operating a total of 133 branches (previous year 136) Celesio's subsidiaries are active in ten European countries and also in Brazil and deliver to some 65,000 pharmacies every day.

Celesio leads the market in France, Norway and Austria, among other countries, and is one of the market leaders in most other countries, with the exception of Italy, where we only operate regionally.

In Brazil we also operate in the rapid-growth market of specialty pharmacy. This segment includes oncological products and other medicines for the treatment of complex diseases. The wholesale subsidiaries in all our markets are steadily extending their range. For instance, Celesio offers supplementary services for pharmacists such as the organisation and management of pharmacy cooperation programmes in Germany, France and Belgium. Partners benefit from Celesio's package of solutions and can select the modules they require in the areas of marketing, warehouse management, product range design or tailored financing services. Within the framework of these cooperation programmes, we also support our business partners with offers and campaigns and provide platforms to facilitate the exchange of information. For example, GEHE introduced WAWI Top in Germany, an inventory control system offering customised solutions for the various aspects of pharmacy stockkeeping. In several other countries, the system is offered under country-specific names.

The pharmaceutical wholesale business operates in a relatively stable market environment that is not directly dependent on economic health. However, business is being burdened by government measures in several countries. In Europe, cheaper generics are replacing original products at an increasing rate. Coupled with an equally weak development in volumes, this is causing the market to decline, in particular in France. The fierce discounting competition in the German market which continued in the 2013 fiscal year is also posing an enormous challenge to the entire industry. By contrast, the Brazilian market continues to enjoy dynamic development.

The development of Pharmacy Solutions therefore displayed two disparate trends in the 2013 fiscal year. The pleasing development of earnings in many countries, especially in the UK, was contrasted by burdens from the extreme competitive situation in Germany and from exchange rate losses.

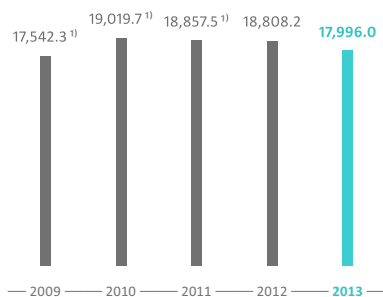
## Revenue and earnings development

### Revenue

The Pharmacy Solutions division generated revenue of € 17,996.0m in the 2013 fiscal year compared to € 18,808.2m in the previous year, a decrease of 4.3% on the previous year. The deconsolidation of the Czech wholesale operations in November 2012 and the Irish Wholesale operation in May 2013 had a large negative impact on business development in the reporting period, as did currency effects relating primarily to the pound sterling. In France, the market contracted on account of the substitution of patent-protected medicines with generics. Germany, however, was able to record a significant increase in revenue. We also recorded a positive development in Brazil, Norway, Austria as well as the important British market. Adjusted for currency effects, revenue fell by 2.3%. By contrast, once the effects of the deconsolidation of the Irish and Czech wholesale operations are eliminated, revenue increased by 0.4%.

## REVENUE PHARMACY SOLUTIONS

€ M



1) The figures presented for the reporting periods 2009-2011 reflect the values reported in the respective financial statements.

### Gross profit

The division's gross profit decreased in the 2013 fiscal year, falling by 4.5% from € 1,226.3m to € 1,171.2m. No adjustments were made in the two fiscal years. In the past fiscal year, the gross profit margin matched the previous-year level of 6.5%. Margin development was largely impacted by the ongoing fierce discounting competition in Germany. By contrast, the gross profit margin improved in the United Kingdom on account of a change in the product mix and the rising sales of higher-margin generics. Special effects also boosted development of the gross profit margin in Brazil. Adjusted for currency effects, gross profit fell by 1.4%.

### Other income

Other income fell by 6.9% from € 268.9m to € 250.3m in the past fiscal year. This decrease is primarily due to currency effects and the deconsolidation of the Czech and Irish Wholesale operation. Adjusted for currency effects, there was a decrease of 4.4%.

### Other expenses

Other expenses reported a considerable decrease of 10.2% from € 530.2m to € 476.1m. Adjusted for special effects, other expenses decreased by 7.1%. This decrease is primarily due to currency effects and the deconsolidation of Czech and Irish Wholesale operation. Further adjusted for currency effects, other operating expenses fell by 3.7% primarily as a result of cost savings stemming from the merger of the British headquarters of Lloyds and AAH.

### Personnel expenses

Personnel expenses decreased in the reporting period, falling by 3.6% from € 613.8m to € 591.7m. Adjusted for special effects, personnel expenses fell by 2.9%. This decrease is primarily due to currency effects and the deconsolidation of Czech and Irish wholesale operations. Adjusted for currency effects, personnel expenses fell by 0.2% in the past fiscal year. In terms of operations, the increase in personnel expenses in Brazil, primarily attributable to inflation, was only partially compensated for by cost savings made in the UK and France.

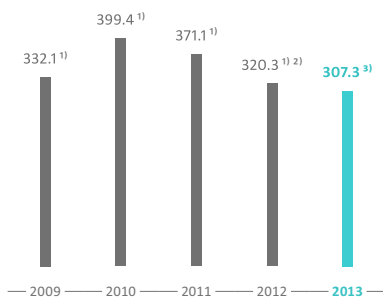
### EBITDA

Compared to the previous year, EBITDA (earnings before interest, taxes, depreciation and amortisation) increased by 0.7% from € 351.0m to € 353.6m. In the previous year, adjustments of € 29.0m were made. In the reporting period, there were additional special effects with a negative effect on earnings, in particular for termination benefits, in connection with the continued implementation of efficiency enhancement measures as well as the reorganisation of management structures within our companies totalling € 5.9m. Adjusted EBITDA fell by 5.4% in comparison to the previous-year period. It was not possible to fully offset the difficult market and, in particular, the negative effects of the above mentioned discounting competition in Germany by means of cost savings, both in personnel expenses as well as other expenses. Currency effects of € 11.5m were incurred in the reporting period. Considered in local currencies, adjusted EBITDA fell by 2.4%.



## EBIT PHARMACY SOLUTIONS DEVELOPMENT

€ M



1) The figures presented for the reporting periods 2009-2011 reflect the values reported in the respective financial statements.

2) The figures presented for the reporting period 2012 are adjusted for special effects from revaluations pursuant to IFRS 5.

3) Adjusted for non-recurring expenses and income from the Operational Excellence Program.

### EBIT

The division's EBIT (earnings before interest and tax) increased by 15.2% in the past fiscal year from € 261.5m to € 301.4. EBIT adjusted for special effects decreased by 4.1% from € 320.1m in the previous year to € 307.3m in the 2013 fiscal year. Further adjusted for exchange rate losses, adjusted EBIT fell by another 1.0%.

REVENUE BY COUNTRY — PHARMACY SOLUTIONS	Revenue 2012	Revenue 2013	Change on a € basis	Change in local currency	Branches 31/12/2013
	€m	€m	%	%	
United Kingdom	2,351.7	2,286.2	−2.8	1.8	18
France	6,450.7	6,239.8	−3.3	−3.3	44
Germany	4,026.1	4,181.7	3.9	3.9	19
Brazil	1,875.7	1,756.0	−6.4	6.8	25
Austria	1,087.4	1,098.1	1.0	1.0	7
Norway	598.8	621.8	3.9	8.3	2
Portugal	441.0	471.0	6.8	6.8	7
Belgium	496.1	460.8	−7.1	−7.1	5
Denmark	483.6	389.2	−19.5	−19.4	2
Slovenia	271.7	245.9	−9.5	−9.5	2
Italy	156.6	168.4	7.5	7.5	2
Czech Republic <sup>1)</sup>	316.4	0.0	−100.0	−100.0	0
Ireland <sup>2)</sup>	282.8	97.4	−65.6	−65.6	0
Consolidation	−30.4	−20.3	33.1	32.9	/
<b>Total</b>	<b>18,808.2</b>	<b>17,996.0</b>	<b>−4.3</b>	<b>−2.3</b>	<b>133</b>

1) Until November 2012

2) Until May 2013

### United Kingdom

As expected, development of the wholesale market in the **UK** in terms of revenue was down slightly. The substitution of expensive products with less expensive generic products continues to hamper development. However, this trend was more than compensated for thanks to rising revenue growth from generics at our pharmaceutical wholesale subsidiary AAH. A more favourable product mix, together with improved procurement and further increases in efficiency contributed to a pleasing increase in earnings.

### France

In **France**, Celesio's most important wholesale market, the increasing prescription of generics continued to have a negative impact on prices in 2013. In addition to this, the sales volume in the current fiscal year continued to be weak on account of the market. These expected negative effects were more than compensated for by systematically implementing measures to increase efficiency.

Additional services rendered to pharmacies as well as improved purchasing advantages also contributed to this result. The number of people taking part in pharmacy cooperation programmes also saw an increase.

### Germany

Despite solid market growth, the expected ongoing fierce discounting competition in **Germany** had a serious impact on earnings. In the 2013 fiscal year, competition picked up steam until mid-year and remained at a high level. This development poses an enormous challenge to the entire industry. Strict implementation of a cost-cutting policy was also not enough to offset the negative effects.

### Brazil

Our activities in **Brazil** generated revenue growth in 2013 adjusted for currency effects. However, the measures taken in 2013 in the traditional wholesale business did not have the desired positive effect. Increases in revenue were mainly reported for sales of high-priced speciality pharmaceuticals, which also have a high profit margin. Overall, earnings matched the previous-year level.

### Austria

In **Austria**, our wholesale subsidiary Herba Chemosan again performed well in 2013 as planned, with revenue from pharmacies and dispensing physicians increasing while the market share rose slightly. There was also an improvement in the gross profit margin.

### Norway

As expected, the business development of our **Norwegian** wholesale subsidiary Norsk Medisinaldepot (NMD) was successful in the past fiscal year. With the gross profit margin stable, revenue volumes with all business partners/business categories were increased. Cost savings were also made as the previous year had been characterised by higher costs as part of commissioning the new warehouse in Oslo.

### Portugal

Our wholesale business in **Portugal** fulfilled expectations in the reporting period, developing well and managing to gain ground in the market. While earnings of our Portuguese wholesale subsidiary OCP Portugal were burdened by the allowances that had to be recognised on uncollectible receivables, the earnings situation improved significantly as a result of consistently pursuing efficiency gains.

### Belgium

Our **Belgian** wholesale business experienced a difficult fiscal year. Although the merger of the headquarters of the retail and wholesale business created synergy effects, these were cancelled out by the difficult market situation and the fire damage caused to our warehouse in Brussels. Although insurance compensated for the financial damage, the measures to improve efficiency and competitiveness could not be implemented in our new provisional warehouse.

### Denmark

Despite the fall in the market, our **Danish** wholesaler Tjellesen Max Jenne managed to boost earnings as planned. This is primarily due to the improved gross profit margin as a result of optimised purchasing conditions.

### Slovenia

The situation in the **Slovenian** wholesale market remains tense. Furthermore, the development in revenue and earnings continued to be hampered by falling prices as well as reduced business with a major customer.

### Ireland and the Czech Republic

In the third quarter of 2012, Celesio successfully disposed of its operations in **Ireland** as well as the **Czech Republic** with effect as of November 2012 in line with the divestment programme conducted in 2012. The transaction was fully executed in May 2013.

## Discontinued operations

In the 2012 fiscal year, Celesio decided to initiate the sales process for a number of companies and activities that no longer constitute the company's core business. This was done as part of Celesio's strategic realignment.

This realignment saw Celesio sell the business units Movianto and Pharmexx as well as the mail-order pharmacy DocMorris (including the brand) in 2012.

On 30 April 2013, the Irish antitrust authorities fully and unconditionally approved the acquisition of Cahill May Roberts Ltd. by Uniphar plc. The transaction was closed as of 15 May 2013, marking the successful conclusion of Celesio's divestiture programme.

The profit/loss from discontinued operations came to € -4.8m in the 2013 fiscal year compared to € -258.6m in the comparable period of the previous year. The result in the previous-year period was burdened by the impairment losses of € 47.0m recorded on the shares in Pharmexx, € 61.8m on Movianto and € 145.7m on the DocMorris mail-order pharmacy and the brand.

## Statement of cash flows

The net cash flow from operating activities comes to €405.7m for continuing operations in the 2013 fiscal year. This compares to cash flow of €432.9m generated in the previous-year period. This development is primarily attributable to the change in net operating assets. In the reporting period, higher stock levels at year-end in France compared to the previous year also contributed to this result as did the increase in revenue in Germany and the UK at year-end in comparison to the previous year. On the other hand, there had been a decrease in trade payables in the previous year in connection with the cut-off date. Net cash flow from operating activities came to €5.8m for discontinued operations, compared to €-10.8m in the previous year.

The net cash flow from investing activities for continuing operations amounted to €-58.2m, compared to €-292.9m in the previous year. In the previous-year period, the net cash flow was driven primarily by payments made in connection with the acquisition of the remaining 49.9% of shares in Panpharma. By contrast, the disposal of the Czech wholesale and pharmacy business led to an increase in proceeds from the sale of subsidiaries in the previous-year period. In the reporting period, the cash received from purchase price receivables in the reporting period, in particular from the sale of the Czech operations in the fourth quarter of 2012 and the cash received from the sale of the wholesale business in Ireland is reflected in the proceeds from the disposal of subsidiaries. Lower investments compared to the previous-year period caused expenditure for investments to fall. For discontinued operations, net cash flow from investing activities came to €10.0m, mainly due to the purchase price payments received for the DocMorris mail-order pharmacy and Movianto Ireland. In the previous year, net cash flow came to €131.0m, in particular from the sale of Movianto, Pharmexx and the DocMorris mail-order pharmacy.

Cash and cash equivalents came to €535.7m as of 31 December 2013, an increase of €11.8m compared to the end of 2012.

Free cash flow, the balance of net cash flow from operating activities, net cash flow from investing activities and interest paid and received, totalled € 242.8m for continuing operations in the 2013 fiscal year compared to € 37.5m in the previous year. This change resulted from the significant payment for the acquisition of the remaining 49.9% of shares in Panpharma in the previous-year period, and on the other hand by a lower cash inflow from operating activities.

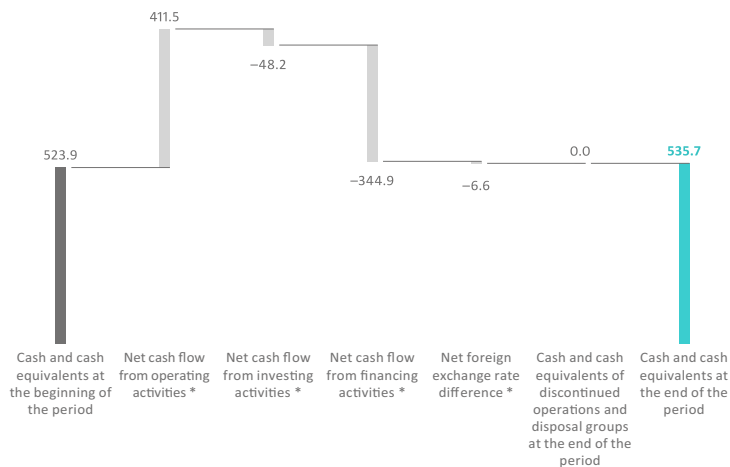
€ m	2012	2013	Change
Net cash inflow from operating activities – continuing operations	432.9	405.7	–27.2
Net cash outflow from investing activities – continuing operations	–292.9	–58.2	234.7
Interest paid and received	–102.5	–104.7	–2.2
<b>Free cash flow</b>	<b>37.5</b>	<b>242.8</b>	<b>205.3</b>
Payments made to shareholders (including non-controlling interests)	–43.9	–52.2	–8.3
Net cash flow from change in borrowings	–43.5	–188.0	–144.5
Payments made in connection with the change in ownership interests in subsidiaries that do not result in a loss of control	–1.1	0.0	1.1
<b>Net change in cash and cash equivalents</b>	<b>–51.0</b>	<b>2.6</b>	<b>53.6</b>
Net foreign exchange rate difference	7.2	–6.6	–13.8
<b>Change in cash and cash equivalents</b>	<b>–43.8</b>	<b>–4.0</b>	<b>39.8</b>

Net debt decreased from € 1,559.0m as of 31 December 2012 to € 1,363.4m as of the 2013 reporting date. The key performance indicator net debt/EBITDA (adjusted) was successfully lowered from 2.7 as of 31 December 2012 to 2.5 as of the 2013 reporting date.

Cash outflow from financing activities amounted to € –344.9m in the reporting period compared to a cash outflow of € –190.7m in the previous-year reporting period. The cash outflow related exclusively to continuing operations in the reporting period. In comparison to the previous-year period, cash inflow from borrowing fell by € 661.2m, while cash outflow for the settlement of financial liabilities fell by € 516.7m.



**CHANGE IN CASH AND CASH EQUIVALENTS**  
IN THE 2013 FISCAL YEAR, IN € M



\* continuing and discontinued operations

As of 31 December 2013, net working capital amounted to € 1,143.7m (previous year € 1,172.9m).

	31/12/2012	31/12/2013	Change in statement of financial position	Change in income state- ment for continuing operations*
€ m				
Inventories	1,582.0	1,597.8	15.8	-99.3
Trade receivables	2,096.1	2,082.7	-13.4	-122.4
Trade payables	2,325.0	2,384.6	59.6	183.0
Other net operating assets	180.2	152.2	-28.0	-25.3
<b>Net operating assets</b>	<b>1,172.9</b>	<b>1,143.7</b>	<b>-29.2</b>	<b>-64.0</b>
<b>Other operating assets and liabilities</b>	<b>-402.0</b>	<b>-440.5</b>	<b>-38.5</b>	<b>-77.2</b>
<b>Net cash flow from change in net working capital</b>				<b>-141.2</b>

\* Change in the statement of financial position adjusted for currency effects, changes in the consolidated group, assets and liabilities held for sale and impairment of operating assets.

## Financing strategy and financial management

**Our financing strategy is founded on the following principles:**

1. Safeguarding liquidity
2. Ensuring entrepreneurial flexibility
3. Minimising financing costs

Celesio consistently pursues a conservative financing strategy that is aligned to our long-term needs. With this in mind, we once again continued efforts to further diversify the group's financing structure and maturity profile in the 2013 fiscal year. In this connection, we extended the syndicated loan of € 500.0m in place since 2006 by five years at the beginning of 2013. Furthermore, a new promissory note was placed in June 2013, two more were prolonged and a redeemable loan of £ 60.0m as of October 2013 taken out. As with all of Celesio's financial liabilities, the financing agreements concluded in 2013 also did not contain any financial covenants. The syndicated loan contains a change of control clause, according to which the creditors may declare either part of or the entire loan due ahead of schedule if certain criteria apply.

FINANCIAL LIABILITIES	31/12/2010	31/12/2011	31/12/2012	31/12/2013
€ m				
Liabilities to banks .....	418.2	254.9	145.5	168.0
Promissory notes and bonds .....	1,464.1	1,779.4	1,912.4	1,713.6
Lease liabilities .....	19.2	20.1	14.8	10.8
Other financial liabilities .....	21.8	12.6	10.2	6.7
<b>Group/total .....</b>	<b>1,923.3</b>	<b>2,067.0</b>	<b>2,082.9</b>	<b>1,899.1</b>

The lending business is exposed to growing capital adequacy requirements, which are emerging in particular in the context of current discussions surrounding the Basel III reform. Celesio is driving efforts to limit bank financing to no more than a fifth of our financial liabilities as a way of addressing these effects. Major financing transactions are processed via Celesio AG and the group's internal financing company Celesio Finance B.V. Local lines of credit are only used where it is not possible or not practical to draw on central sources such as in Brazil.

Celesio is not rated by an external agency. However, third parties regularly assess our credit standing on the basis of selected KPIs and Celesio keeps a very close eye on these. The net debt to adjusted EBITDA ratio is of particular importance here. Our aim is to always keep this ratio lower than 3, something we have achieved in consecutive quarters since 30 September 2012 (based on the net debt as of the reporting date in relation to adjusted EBITDA for each of the last twelve months).

	31/12/2010	31/12/2011	31/12/2012	31/12/2013
<b>Net debt/adjusted EBITDA .....</b>	<b>2.5</b>	<b>2.9</b>	<b>2.7</b>	<b>2.5</b>

We also place particular emphasis on building long-term and sustainable relationships with our banks and creditors. There are currently six credit analysts (fixed income research) publishing regular credit updates on Celesio's corporate bonds. Our creditor relations activities comprise an annual bankers' day, international roadshows and numerous personal meetings to report promptly and in detail on current developments at the company.

## Financial instruments

### Credit lines

Long-term bilateral credit lines approved by banks are a major component of our financing portfolio. As the credit lines are confirmed for up to five years, it is extremely important to maintain a particularly trusting and cooperative working relationship with the banks. We review our bank portfolio continuously, terminate business relationships with that bank if we determine that continuation would no longer make sense for either party and take this relationship to new banks where it is long term. Celesio currently has long-term bilateral lines of credit which have not been drawn totalling more than € 1bn. The lines of credit are provided by numerous international banking groups, most have terms of between two and five years, some can be drawn in a range of currencies and none of them contains a change of control clause.

## Bonds

Celesio had four bonds outstanding in the 2013 fiscal year:

	31/12/2012	31/12/2013	Coupon	Due
€ m			%	
Convertible bond 2014	350.0	350.0	3.75	29/10/2014
Corporate bond 2016	350.0	350.0	4.00	18/10/2016
Corporate bond 2017	500.0	500.0	4.50	26/04/2017
Convertible bond 2018	350.0	350.0	2.50	07/04/2018
<b>Total €</b>	<b>1,550.0</b>	<b>1,550.0</b>		

Although the bond agreements do not contain any financial covenants they do contain a change of control clause which provides for premature termination by the bond creditors of all or some of the convertible bonds in certain circumstances.

## Promissory notes

In the past fiscal year, Celesio issued a new promissory note of € 40.0m with a term until 17 June 2019. Furthermore, two promissory bonds totalling € 50.0m were extended until 17 June 2019. We also paid back portions of several promissory notes of € 130.0m and £ 40.0m ahead of schedule in the 2013 fiscal year which would have originally fallen due in 2014. In the 2013 fiscal year, promissory notes of € 30.0m and £ 60.0m either expired or were repaid ahead of schedule.

PROMISSORY NOTES (NOMINAL VALUE)	31/12/2012	31/12/2013	Due
€ m			
_____ 5.0	_____ /	_____	16/09/2013
_____ 25.0	_____ /	_____	15/12/2013
_____ 30.0	_____ /	_____	17/03/2014
_____ 150.0	_____ 50.0	_____	15/06/2014
_____ 25.0	_____ /	_____	15/03/2016
_____ 27.5	_____ 27.5	_____	15/09/2016
_____ /	_____ 90.0	_____	17/06/2019
<b>Total €</b>	<b>262.5</b>	<b>167.5</b>	

PROMISSORY NOTES (NOMINAL VALUE)	31/12/2012	31/12/2013	Due
£ m			
_____ 60.0	_____ /	_____	15/03/2013
_____ 80.0	_____ 40.0	_____	15/06/2014
<b>Total £</b>	<b>140.0</b>	<b>40.0</b>	

As of 31 December 2013, promissory notes came to a nominal value of € 215.5m (previous year € 434.0m), of which 21.80% (previous year 39.5%) were issued in pounds sterling. The promissory notes do not contain any financial covenants nor were they subject to any change of control clauses.

### Factoring

In 2013, we once again sold receivables of our UK subsidiary Lloydspharmacy from the National Health Service (NHS) in England as well as the devolved administrations of Scotland and Wales. The receivables sold had a total volume of € 137.5m as of year-end (previous year € 156.6m). The factoring programme for Lloydspharmacy for receivables due from the NHS in England was extended by two years the 2013 fiscal year. Our Norwegian subsidiary Norsk Medisinaldepot also continued factoring its receivables from public-sector hospital pharmacies. The receivables sold in Norway had a volume of € 44.4m as of year-end (previous year € 92.3m).

This factoring reduces both our refinancing risk in the respective currencies and our counterparty risk. The very good credit quality of the governments that act as guarantors for the receivables minimises our interest expense. The receivables sold are not recognised in our statement of financial position; this reflects the fact that the significant risks and rewards have been transferred to the purchaser. The factoring programme is not subject to any changes of control clauses.

### Investments

In the past fiscal year, we made overnight deposits with banks. The credit standing was the main selection criterion for banks. We define maximum investment amounts for each bank in order to minimise the risk of default in connection with the different deposit guarantee scheme directives.

### Financing costs

We optimise financing costs and our counterparty risk by funding Celesio AG's working capital, which fluctuates daily, primarily at group level. We have set up cross-border cash pools with banks for accounts denominated in euro. We examine on an ongoing basis whether further group companies can be included in these cash pools.

On 31 December 2013, Celesio AG and its group companies had met all loan obligations and other obligations arising from financing agreements. More detailed information on our financial liabilities in the 2013 fiscal year is provided from → page 306 onwards of the notes to the consolidated financial statements.

The Celesio Group had total assets of € 7,598.3m as of 31 December 2013, a decrease of € 330.4m compared to 31 December 2012.

The gearing, which expresses the ratio of net debt to equity, improved as of 31 December 2013 to 0.62 compared to 0.71 as of 31 December 2012.

Non-current assets decreased by a total of € 142.1m to € 3,037.8m compared to the end of 2012. Of this amount, € 120.4m related to currency effects. This decrease was also attributable to the amortisation of non-current intangible assets and depreciation of property, plant and equipment of € 125.0m. Investments in property, plant and equipment of € 86.5m and a non-current purchase price receivable from the sale of the Irish Wholesale operation and Movianto Ireland of € 9.7m had the opposite effect.

Current assets came to € 4,560.5m as of 31 December 2013, a fall of € 188.3m on 31 December 2012. Trade receivables fell by € 13.4m to € 2,082.7m, chiefly on account of currency effects of € 59.8m. On the other hand, there was an increase in receivables due to a rise in revenue for December, especially in Germany and the UK, which had a positive effect. The increase of € 15.8m in inventories to € 1,597.8m as of 31 December 2013 is mainly the result of higher stock levels compared to the previous year. The effect was counterbalanced by currency effects. As of 31 December 2013, cash and cash equivalents came to € 535.7m compared to € 523.9m as of 31 December 2012, an increase of € 11.8m overall. A number of disparate trends were observed: the decrease in the reporting period was driven primarily by the settlement of financial liabilities, dividend payments as well as cut-off effects from the operating business, while cash received in connection with the sale of the DocMorris mail-order pharmacy and operations in the Czech Republic had a positive effect. As of 31 December 2013, other receivables and other assets decreased by € 84.8m to € 322.9m. This was mainly due to the collection of receivables arising from the sale of the DocMorris mail-order pharmacy and operations in the Czech Republic. Cash and cash equivalents were also increased by a current purchase price instalment of € 7.6m from the sale of the Irish Wholesale operation and Movianto Ireland. As of 31 December 2013, the Celesio Group reported available-for-sale assets of € 2.5m after the disposals of € 100.5m of held-for-sale assets associated with the deconsolidation of the Irish Wholesale operation and Movianto Ireland and property held for sale.

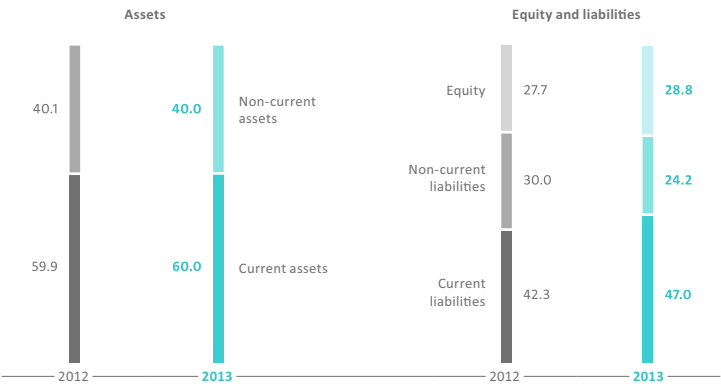


Compared to the end of 2012, equity decreased by € 3.9m to € 2,192.0m as of the reporting date. This development is primarily due to the fall of € 103.7m in OCI reserves. The development of the currency translation reserve played the most significant role in this regard. This was contrasted by the € 100.1m increase in the revenue reserves to € 1,191.3m. The equity ratio came to 28.8% as of 31 December 2013, This corresponds to an increase of 1.1 percentage points compared to the end of December 2012.

Non-current liabilities decreased by an aggregated € 540.5m to € 1,838.6m. The decrease includes a € 520.0m decrease in non-current financial liabilities to € 1,396.0m as of the reporting date, mainly due to reclassifications of current financial liabilities to reflect the term to maturity as well as premature repayments of non-current financial liabilities. In addition, pension provisions were reduced by € 8.3m to € 336.8m on account of pension payments as well as interest and currency changes. Deferred tax liabilities increased by € 2.9m to € 41.7m as of the reporting date.

Current liabilities came to € 3,567.7m as of the reporting date, down € 214.0m on the close of 2012. Trade payables (€ 2,384.6m as of 31 December 2013 compared to € 2,325.0m at the end of 2012) and other liabilities (€ 472.6m compared to € 573.1m as of 31 December 2012) were primarily influenced by cut-off effects. On 31 December 2013 the group did not report any held-for-sale liabilities after liabilities held for sale of € 76.6m were disposed of in the deconsolidation of the Irish Wholesale operation and Movianto Ireland.

STRUCTURE OF THE STATEMENT OF FINANCIAL POSITION OF THE CELESIO GROUP  
AS OF 31/12, %



## Celesio AG financial statements (holding)

The financial statements of Celesio AG reflect its activities as a management holding. Celesio AG holds investments in the national companies – most of which are operating companies – either directly or indirectly via national holdings. Furthermore, the financing of working capital required by the operating companies is provided to a large extent via Celesio AG. The financial statements of Celesio AG were prepared in euro (€) accordance with Sec. 242 et seq. and Sec. 264 et seq. of the Handelsgesetzbuch (HGB, German Commercial Code) as well as the relevant provisions of the Aktiengesetz (AktG, German Stock Corporations Act).

Total assets increased by € 572.4m to € 3,983.3m as of 31 December 2013. Non-current assets increased by € 304.9m, while current assets increased by € 270.2m. This was primarily driven by the increase in loans granted to affiliates and the increase in receivables from affiliates.

The equity of Celesio AG increased by € 28.8m to € 1,825.6m because the net profit for 2013 of € 79.9m was significantly higher than the dividend for the 2012 fiscal year of € 51.0m paid in 2013.

The equity ratio dropped by 6.9% to 45.8% (previous year 52.7%) mainly as a result of the significant increase in net assets. Compared to 2012, Celesio AG's net profit for the year increased by € 69.8m. This increase is primarily attributable to the fall in operating expenses, which came to € 138.3m in the reporting period (previous year € 209.6m).

The net profit for the year mainly comprises the investment result, interest result and the management holding's net expenses.

The investment result comprises the profit transferred or loss absorbed from subsidiaries in Germany as well as profit distributions from foreign subsidiaries and changes in the value of financial assets. The year-on-year increase in the investment result of € 24.8m to € 152.2m (previous year € 127.4m) is mainly due to the fall in the loss absorbed.

The management holding's net expenses primarily consist of personnel expenses and other expenses. The decrease in other expenses of € 71.2m from € 209.6m to € 138.3m is due to lower legal and consulting costs as well as the significant fall in losses from the disposal of investments.

Other income decreased by € 26.7m compared to 2012. This is mainly attributable to lower cost allocations (down € 16.1m) for IT and management fee services rendered to group companies.

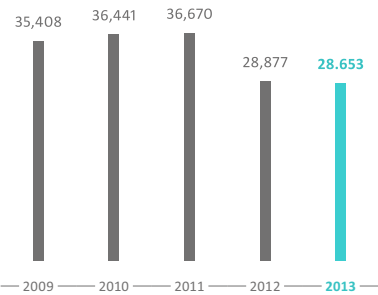
Profit available for distribution amounts to € 79.9m and comprises the net profit for the year of € 2.5m and the profit of € 82.3m carried forward from the previous year. A proposal will be made to the annual general meeting to distribute € 51.0m of the profit available for distribution as a dividend of € 0.30 per ordinary share and to carry forward the remainder of € 31.3m to new account.

The business and earnings development of Celesio AG as management holding is closely connected to that of the Celesio Group. In 2013 and 2014, the earnings development of Celesio AG will once again depend to a large extent on the distributions of foreign subsidiaries, profits transferred to and losses absorbed from German subsidiaries and the results of the financing function. We expect net expenses for the management holding company to be up slightly on the 2013 level.

Qualified professionals are the key to success

We can only live up to our vision and our mission by ensuring our teams comprise the right employees: employees that are motivated and can contribute the right experiences and qualifications. For this reason, an indispensable and key component of our current and future success is to recognise suitable talents both within and outside of the company, promote them in a targeted manner, make optimal use of their strengths and develop them at our company over the long term. Talent management, employer branding as well as transparent and performance-based remuneration count among our top priorities.

CELESIO GROUP EMPLOYEES  
31/12 (FULL-TIME EQUIVALENTS)



# CELESIO GROUP EMPLOYEES

	Full-time equivalents annual average 2012		Full-time equivalents as of 31/12 2012		Employees as of 31/12 2012	
		2013		2013		2013
Continuing operations						
Consumer Solutions	15,279	14,837	14,977	14,946	22,602	22,766
Continuing operations						
Pharmacy Solutions	13,819	13,563	13,582	13,432	15,971	15,787
Group holding	251	265	253	275	299	318
Discontinued operations	4,339	21	65	0	68	0
<b>Continuing and discontinued operations</b>	<b>33,688</b>	<b>28,686</b>	<b>28,877</b>	<b>28,653</b>	<b>38,940</b>	<b>38,871</b>

## Employee figures <sup>1)</sup>

As of 31 December 2013, 28,653 employees worked for Celesio – a decrease of 0.8% on the end of the previous-year period. This was mainly attributable to the sale of business operations. Adjusted for discontinued operations, there was a decrease of 0.6% on the previous year.

A total of 14,946 employees were employed in the Consumer Solutions division (continuing operations) at the end of the reporting period, a decrease of 0.2% year-on-year. This division accounted for the largest share of employees in the group at 52.2% (previous year 52.0%). The Pharmacy Solutions division had 13,432 employees as of year-end, a year-on-year decrease of 1.1%. There were 275 employees working at group level as of the 2013 reporting date (previous year 253). Most of our employees worked outside of Germany. With 93.3% of employees located outside Germany (previous year 93.3%), we are one of the most international German groups.

<sup>1)</sup> Unless otherwise indicated, the employee figures relate to full-time equivalents.

## Integrative personnel management for sustainable success

### Strategic target achievement through international cooperation

One of our main objectives involves the further integration of Celesio's diverse corporate units. Together with colleagues from other specialist areas as well as our subsidiaries, our personnel management creates an active, international HR network and deals with knowledge transfer. In this way, we can ensure that we use the know-how available in the group in a manner that is efficient and targeted so as to benefit the company. In doing so, we rely on the utmost transparency and clarity.

### Talent management secures corporate success

Throughout the group, employee and leadership development is one of our top priorities. Our talent management forms the basis for filling key positions on both a global and national scale with internal candidates. Promoting international careers allows us to make a significant contribution to the long-term success of the company. The cross-border exchange of know-how and leadership in particular strengthens links throughout the group and strengthens our team spirit.

This approach is a way of identifying and nurturing people's skills and talents at an early stage. We target high-potential individuals at the level of the group and subsidiaries and help them build successful careers through targeted action. These high-potential employees go through an international, modular leadership development programme, one which is tailored to Celesio, at a variety of career levels.

In 2012 we launched Celesio's first development programme GROW for international middle management, which was successfully concluded in 2013. In the same year we also continued designing our own leadership programmes to anchor our management culture. One such example is the senior leadership programme DRIVE which started running in autumn 2013. In order to complete our range of programmes on all career levels, our talent management team is currently focused on START, the leadership programme for our high-potential employees with primary managerial responsibility.

Our varied education and training programmes continue to give our employees the skills and know-how they need to perform a wide variety of tasks within the group.

For instance, we give young people the opportunity to complete a vocational training course at the company in wholesale and export trade or warehouse logistics. In Germany we work together with the Cooperative State University of Stuttgart, adding an option to study Business Information Technology in 2010 in addition to the dual-track International Business course. Our finance trainee programme is a good opportunity for launching a career at Celesio. Exciting and varied tasks introduce participants to our multi-faceted company. They have the security of a permanent, unlimited employment contract and spend three months at a foreign subsidiary to familiarise themselves with Celesio's operating business and broaden their horizons.

At our pharmacies, we offer patients and consumers consistently reliable, high-quality advice. We therefore prioritise regular and structured further training of pharmacists and pharmaceutical technicians. In addition to deepening pharmaceutical knowledge, training sessions focus on issues such as advising customers, communication skills and organisation in the work place. We also regularly offer preparatory courses for pharmacy graduates wishing to be admitted to the relevant professional organisation.

### Employer branding

For us, sustainable employer branding begins with a corporate culture that is embodied by all our employees. Our own personnel marketing activities are therefore mainly aimed at our own workforce. To this end, we began running employee surveys in the UK in 2013 to measure the mood among the workforce and to establish measures that improve employee satisfaction. We aim to launch this instrument internationally in 2014. Furthermore, an internal HR expert team comprising international members is currently devising an integrated and modern personnel management system in order to meet the requirements of an internationally structured matrix organisation and to create transparency for the workforce. The aim of our personnel marketing activities is help create a sense of enthusiasm for our qualified workforce and future employees in Celesio and to develop and retain them at the company long-term. The awards we receive from independent institutions are a symbol of recognition to us but are also what drive us. In 2013, for example, we received two awards at the "Irish Pharmacy News Awards" held in May: One of our pharmacies in Donnybrook was crowned "People's Pharmacist of the Year" and our LloydsPharmacy pharmacies received the award for "OTC Retailer of the Year – Chain".



As a general point, we work hard to raise our profile as an attractive employer on the external labour market. We have commenced a variety of initiatives to recruit professional personnel at an international level. This is why we send representatives to universities or job fairs. On our website, we provide detailed information about career options in each of our divisions. Candidates get a genuine impression of what it is like at Celesio thanks to employee profiles where individuals share their experiences – also an effective way to promote contact.

### **Transparent, performance-based remuneration**

We offer our employees an attractive overall remuneration system which is in line with the areas of duty as well as the personal performance of each and every employee. Part of their income is generally based on corporate success to achieve together as well as on personal goals and motivation. We take a clear and transparent approach here.

## Research and development

As a trading company and service provider, we have no need to pursue research and development activities in the course of our business. We of course also develop our range of services and our IT infrastructure on a rolling basis. More information on this can be found in sections on the development of each division.

## Overall picture of the economic situation

The pharmaceutical and healthcare markets in which we operate as a leading service provider are characterised by good long-term prospects for development. Growth is driven by global megatrends such as the rising population, higher life expectancy and people's increased willingness to invest in their health beyond the confines of state-run health and social care systems. Improved patient and consumer access to therapies boost growth on the pharmaceutical and healthcare markets as do advances in medicine and pharmaceuticals.

In contrast, government intervention in pricing and margin-setting is associated with negative effects for Celesio in many of the European markets. Budget bottlenecks in these countries force many governments to take such measures. With operations in 14 countries and a broad portfolio of services that spans the entire pharmaceutical supply chain and is geared towards expansion in non-price-regulated segments, the group is able to spread its business risks and participate in market growth success.

We consider the economic situation of the Celesio Group to be positive.

**Revenue** fell slightly in the 2013 fiscal year – this is attributable, however, to the deconsolidation of the Czech and Irish operations. Currency effects also had a negative impact. Adjusted for both factors, we were able to increase revenue slightly.

These effects had a particular impact on our Consumer Solutions division, which, measured in the reporting currency, recorded a slight fall in revenue. However, without taking currency and consolidation effects into consideration, we were able to generate a significant increase in revenue.

There was a similar situation in the Pharmacy Solutions division. While revenue measured in the reporting currency decreased considerably, levels were up slightly once adjusted for currency and consolidation effects.

Business development was primarily shaped by the ongoing fierce discounting competition in Germany. This interfered with the strict implementation of optimisation measures and could not be fully compensated for. Nevertheless, we reached the guideline, amended mid-year, and generated adjusted **earnings before interest and taxes (EBIT)** at the top end of the forecast range.

This is also reflected in the earnings development within the segments. While the Consumer Solutions division reported a slight increase in earnings adjusted for consolidation and currency effects, earnings in the Pharmacy Solutions division adjusted for these effects decreased mainly as a result of the development in Germany.

Despite continuing economic adversity in certain countries, earnings developed well overall. The measures and efficiency-optimising programmes initiated in the past, such as the Operational Excellence Program concluded, are taking effect. Especially with our top-in-class procurement programme, we made pleasing progress allowing us to generate significant positive contributions to earnings both now and in future. Furthermore, looking at the results of the piloting of our European pharmacy network under the “Lloyds” brand, which we feel has now been concluded, we feel ourselves justified in continuing this strategy.

Our financial position also developed well, with the free cash flow reporting a clear increase. This allowed us to reduce the net debt significantly, thereby lowering the key performance indicator net debt/EBITDA (adjusted) to 2.5.

The assets position showed a healthy structure of the statement of financial position. The equity share increased to 28.8% due, among other things, to the good business development.

McKesson Corporation’s announcement in October 2013 of its intention to acquire the majority shareholding in Celesio represented a significant milestone in our company’s history. Right from the beginning, we welcomed this strategic business combination as it offers many advantages for us and all our stakeholders. On 23 January 2014, McKesson publicly announced that it had acquired a majority shareholding in Celesio. This will allow both companies to take a common path in future.

We are delighted with the excellent foundation this has created for us to achieve profitable growth in a consolidating market, to continue implementing our strategic objective and to continuously expand our market-leading positions. The business combination has created one of the world's largest pharmaceutical wholesalers and leading providers of logistics and services in the healthcare sector. Together, we are ideally positioned to meet the requirements of an increasingly globalised pharmaceutical sales structure and healthcare industry. This will make our supply chain significantly more efficient and allow us to create substantial synergies in global procurement. We have laid a solid foundation for further growth.

But the current 2014 fiscal year, backed by extensive expertise, innovative concepts and a very solid, increasingly diversified financing structure, we also help us actively counter and compensate for the difficult conditions in certain European countries. Developments in the first few weeks of the 2014 fiscal year confirm the targets we have set for the fiscal year that lies ahead.

When the conversion rights of the two outstanding convertible bonds are exercised to create new shares, as triggered by the change of control at the beginning of the year, the composition of the statement of financial position will be improved by the increase in the share of equity. Although this will dilute the share value of the current shareholders in the future, the new shares are not entitled to dividends for the 2013 fiscal year.

# Risk and opportunities report

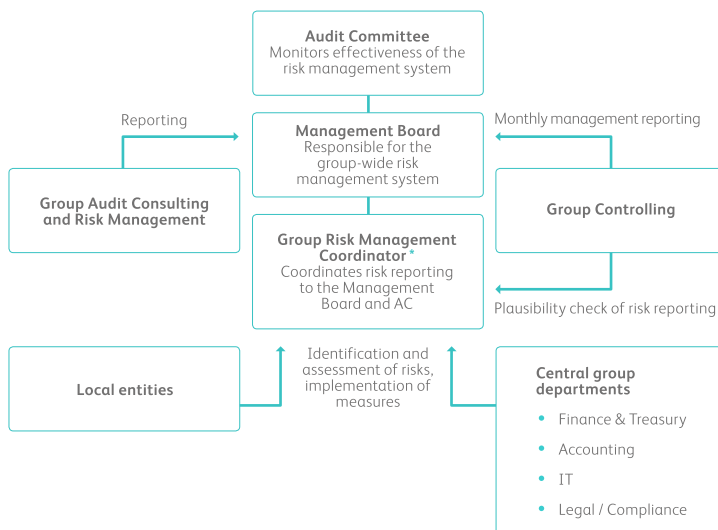
As an international company, we encounter various risks and opportunities in the course of our varied business operations. Each and every corporate decision is based on a conscious weighing up of the opportunities and risks involved. We therefore set up a comprehensive risk management system which allows us to identify and analyse risks in good time and take suitable countermeasures if necessary. The objective of Celesio's risk management system is to identify risks at an early stage, react promptly to any changes in the environment and contain the negative influences on our company.

## Risk management

### Risk management process

Celesio has a well-established risk management system across the group. Celesio's risk management system is made up of a number of components, including the finance and accounting-related reporting system, planning and controlling processes, the internal audit function as well as the separate group-wide risk reporting pursuant to KonTraG [“Gesetz zur Kontrolle und Transparenz im Unternehmensbereich”: German Law on Control and Transparency in Business]. Group-wide guidelines and reporting systems also form another key component.

## GOVERNANCE STRUCTURE RISK MANAGEMENT



\* part of Group Audit

Responsibility for the risk management system at Ceesio lies with the Management Board. Management of the local entities is responsible for identifying, assessing and reporting on any risks of relevance for its entity as well as implementing measures where possible. Group Finance and Treasury is responsible for managing the group's financial risks and reporting to the Management Board. Tasks and responsibilities as well as the risk management process are regulated in the risk management guidelines that apply across the group.

The entities update their risk inventory twice a year. This includes identifying new risks as well as updating the risk evaluation for existing risks in terms of their likelihood of occurrence and potential damage. The assessment is made on a net basis, i.e., the risk remaining after taking into account risk-limiting measures. The effect on EBIT is taken as a reference figure for potential losses. All risks are recorded and maintained in a standardised risk management tool. A catalogue of risk categories stored in this tool allows risks to be identified as best they can. The

resulting current risk situation is reported to the Management Board as part of a standardised notification and reporting system. This involves presenting the significant specific risks of the entities and the central departments in a risk report. Audit, Consulting and Risk Management is responsible for coordinating this process. In addition to this six-monthly regular reporting process, the entities report any significant changes in the risk situation to the Management Board either ad hoc or in the monthly report. Furthermore, Audit, Consulting and Risk Management regularly prepares the risk report for the Supervisory Board's audit committee. The early warning system for the detection of risk is examined annually by external auditors.

## Opportunity management

Alongside risk management, opportunity management is also an important component of our group-wide planning and management systems. However, there is no separate opportunity reporting. This is rather a component of the annual planning process. For us, opportunities are internal and external factors and events with the potential to exert a positive influence on our business. The healthcare market is a dynamic one overall, with opportunities opening up all the time. In order for our opportunity management to be successful, we observe the business climate very closely. This also involves us consulting market research findings and participating in active dialogue with various market participants. From this, we can derive concrete market opportunities that the Management Board coordinates with operational management in the planning process. Opportunities generally arise from the implementation of strategic projects initiated in 2013 – more information on these is provided from → page 111 onwards.



## Significant specific risks and opportunities

Unless stated otherwise, the following risks relate to both the retail and wholesale business.

### Environment/market risks and opportunities

#### Regulatory risks and opportunities

The pharmaceutical and healthcare markets are subject to regulatory intervention in the form of numerous different measures. Growing demand for healthcare services – driven by demographic change – often collides with the interests of squeezed healthcare systems whose financial difficulties are only heightened by the weak economic development in Europe. As seen recently, national governments respond accordingly through intervention, adjusting compensation structures to cut spending as seen recently in France, Ireland, Portugal and the UK. As seen in previous years, these measures have a direct impact on the development of our business and on our income. As the potential loss and likelihood of occurrence is deemed to be high, these represent the greatest risk for Celesio. Besides lean cost management, we rely on a range of strategic projects including our European pharmacy network and the optimisation of the entire value-added chain to compensate for this risk (read more about our strategy on [page 111](#)).

#### Specific market risks and opportunities

Overall, the healthcare sector with its constantly shifting parameters is a dynamic market and can be associated with a number of risks:

- **Innovative wholesale distribution models**

In certain countries and for particular product categories, manufacturers are increasingly keen to reduce the role of the wholesaler and are turning instead to models such as direct-to-pharmacy (DTP) supply by the manufacturer or reduced wholesale where the manufacturer maintains exclusive agreements with just a few wholesalers. This is actually seen as an opportunity rather than a risk at present because Celesio's strong market position makes it a popular partner for these exclusive distribution models. Celesio is sharpening its focus on communication with manufacturers to position itself as an attractive business partner with new offerings for manufacturers. The extension of our logistics competence to the entire supply chain and the seamless integration of all

logistics steps offer us the opportunity to leverage synergy effects and provide a basis for future growth potential.

- **Tougher competition**

Our line of business in pharmaceutical wholesale is an extremely competitive one. Besides attempts from traditional logistics firms to encroach on the pharmaceutical distribution business, our competitors' activities can also squeeze earnings. As seen in Germany this year, this poses a considerable risk largely on account of the high level of potential loss. The effects will be reduced and compensated for by introducing further measures to both reduce costs and increase efficiency. We also aim to foster customer loyalty by improving services and customer loyalty programmes.

- **Patent expiry**

Patent protection has recently run out or will do so over the coming years on a number of blockbusters. This will push up the market share of cheaper generics, impacting our revenue and, depending on the local reimbursement system, our earnings in the medium term. We endeavour to combat this by carefully monitoring patent expiry dates around the world and, if necessary, working closely with manufacturers to come up with more efficient models. Although this represents a significant risk, it can be largely compensated for by taking the measures described.

- **Pharmacy combinations**

There is an increasing trend of pharmacies uniting with buying syndicates as a way of negotiating better conditions with wholesale and organising a portion of their supplies directly. This could lead to a fall in our margins right through to the loss of customers. Pharmacies unifying with pharmacy chains in deregulated markets, such as Brazil, could also have the same effects. This is to be combated with customer loyalty programs and improved services. The overall risk here is moderate.

- **Removal of pharmacy-only status**

The question of whether pharmacy-only status should be lifted for certain OTC products, enabling them to be sold freely in supermarkets, for example, is a recurring topic of political debate. We hope to make pharmacies more appealing and improve their position compared to other outlets by offering our pharmacists regular training and implementing innovative shop concepts. We have implemented this successfully in most countries in which OCT medicines can already largely be purchased outside of pharmacies. As a result, the residual risk is currently deemed to be low.

### **Corporate strategy risks and opportunities.**

Portfolio optimisations contain both opportunities and risks. Acquisition and investment plans are therefore examined in a due diligence process and analysed in terms of return on risks. Our Group M&A and Corporate Development department coordinates closely with the relevant departments in the case of complex acquisition projects. There is also a clearly defined review and authorisation process for smaller acquisitions, such as individual pharmacies, using local resources and expertise on the market and competition. Changes in the market environment could block or hinder original targets, despite extensive due diligence procedures. We therefore conduct annual impairment tests, which can lead to an adjustment of goodwill. We are also exposed to potential risks from the integration of the acquired operations or from interests in companies in which our responsibility for the company is shared or limited.

On the positive side, regional expansion – especially in developing and emerging growth markets – offers further development potential for Celesio.

### **Operating business risks**

There are a number of special risks relating to the safety and quality of pharmaceuticals supply in all countries.

- **Interruption of operating business**

Our operating processes, especially transport, storage and dispensing, demand a mature infrastructure and are also highly dependent on IT. As short-term outages at peak times can already have a negative effect on business operations, the interruption of operating business poses a significant risk with a high level of potential damage but a lower likelihood of occurrence. Accordingly, there is a range of measures in place to counter these risks and limit the financial impact. We have contingency plans in place in all divisions to safeguard continued business operations and an uninterrupted supply to our customers in case of unexpected events. We are also insured against business interruptions.

- **Incorrect handling of medicines in the logistics chain**

Medicines need to be handled with particular care, bearing in mind the special challenges. The latest EU guidelines, such as the good distribution practices (GDP) are increasing requirements even further, e.g., those associated with products such as vaccines which require strict maintenance of a cool chain. If the cool chain is broken during storage or transport, such products have to be destroyed. We address this risk through a range of preventive measures such as round-the-clock temperature monitoring at warehouses and insulated transport containers as well as by continuing to invest in infrastructure. We have also implemented various quality control mechanisms to counter further risks such as counterfeit pharmaceuticals. The risk is deemed to be low due to the number of quality control measures in place.

- **Dispensing errors**

Dispensing the wrong medicines is an inherent risk at pharmacies. This risk is characterised by its low likelihood of occurrence but a high level of potential damage, e.g., through a loss of reputation. We minimise this risk using detailed process definitions and regular training for our pharmacists and pharmaceutical technicians.

## Financial risks

### Currency risks

Celesio is economically active in many currency areas, which can give rise to currency risks. Internal guidelines ensure that these risks can be systematically identified and reduced. We distinguish between transaction risks and translation risks:

### Transaction risks

Exchange rate fluctuations can lead to changes in the value of assets bought or sold in a foreign currency. We minimise these through the use of hedges which we conclude with banks. Fluctuations in the value of an asset are offset by opposite fluctuations in hedging transactions. The economic activities of the individual subsidiaries are primarily limited to their own currency areas, thus rendering transaction risks insignificant.

### Translation risks

The statements of financial position of the subsidiaries are entered into the consolidated financial statements in euro. In this regard, the individual items of the statement of financial position (e.g., equity) must be translated from a foreign currency into euro where necessary. Fluctuating exchange rates cause the value of items on both the assets and liabilities side of the statement of financial position to change, which in turn leads to risk. It is possible to lower these translation risks by ensuring that funds are sourced and used in the same currency. Both items being in the same currency avoids unequal changes in the statement of financial position.

Translation risks can also arise in connection with translating income statement items. As in previous years, this represents a significant currency risk especially in pound sterling given the importance of British activities for Celesio. There are also significant currency risks in the Brazilian real and Norwegian krone.

### Risk of default on receivables

Celesio's business activities primarily comprise the supply of goods and rendering of services, for which our customers receive invoices with agreed payment terms. Until these invoices are settled, Celesio is faced with a risk of bad debt which largely depends on the customer structure. The risk of significant payment defaults is low thanks to our diversified customer portfolio. Government or equivalent payers in the healthcare system are regularly monitored using publicly available credit ratings.

Furthermore, we secure our receivables by having a lean and proactive receivables management system in place which comprises continuous checks of our customers' payment behaviour, regular testing of credit standing as well as changes in payment terms and conditions. Factoring is used in the UK and Norway to reduce the risk of payment defaults further. We were able to extend existing agreements. Risk management was again a point of focus in the past fiscal year.

### Liquidity and financing risks

Celesio's financing portfolio ensures that it is in a position to meet its obligations at any time as well as providing it with financial flexibility. Short and long-term financing instruments, such as placements on the capital market, the syndicated loan successfully extended in February and bilateral lines of credit, form a balanced financing base that is optimised in terms of maturity. We also ensure that our portfolio of debt investors is well diversified so as to avoid cluster risks. Our bilateral lines of credit and the syndicated loan of € 500m, which was extended until 2018, have been concluded with reputable international banks. As a result, Celesio's financing is secure and aligned to its long-term needs which means financing risks are deemed to be low.

The convertible bonds issued in 2009 and 2011, the corporate bonds issued in 2010 and 2012 as well as the syndicated loan extended in February 2013 contains change of control clauses which may impact the financing portfolio differently. Regarding the convertible bonds, the creditors – on account of McKesson's successful acquisition – have the possibility between 28 January and 24 March 2014 to convert their convertible bonds into shares on the basis of a (reduced) adjusted conversion price. Converting the convertible bonds into shares increases Celesio's equity share and the maturities and debt are reduced accordingly.

For the corporate bonds, the creditors, in the event that a rating event (as defined in the terms and conditions of the bonds) occurs 90 days after the change of control, are entitled to declare their bonds due ahead of schedule at the determined nominal value plus accrued interest as of the date of repayment pursuant to the terms and conditions of the bonds. Given the current stock exchange price of the corporate bonds, it seems unlikely that creditors will make use of this right.

For the syndicated loan, the loan agreement stipulates that Celesio and the syndicate banks are to negotiate the continuation of the syndicated loan up to 30 days after the announcement of a change of control. Subsequently, each syndicate bank is entitled to terminate its investment commitment within 10 days and to demand repayment of any outstanding loans plus accrued interest giving a

deadline of at least 20 days. As the syndicated loan has not been drawn, no repayment is made following termination by the syndicate banks. However, the liquidity buffer could be reduced by up to € 500.0m.

The bilateral credit agreements as well as the promissory notes issues do not contain any change of control clauses, meaning that Celesio's financing portfolio is not impacted by a change of control.

In our day-to-day operations, liquidity risks are reduced by making use of a cash pool and by constantly lowering net working capital. Overall, the liquidity risks are classified as low.

### Interest rate risks

The price payable on the financial markets for floating-rate liabilities changes regularly. We largely cover the associated risk of changing interest rates by issuing a high volume of financial liabilities with a fixed coupon. Furthermore, we hold long-term interest rate derivatives, ensuring that the derivatives in question have a straightforward and transparent structure. We use these derivatives to swap floating-rate interest payments for fixed ones. The high share of fixed-interest financial liabilities means the risk of changes in the interest rate is low.

### Counterparty risks from derivatives

Foreign currency and interest risks are hedged using derivatives. We conclude such transactions with banks from our portfolio of approved banks. If the counterparty were to default, there is a risk that we would have to restore current items to the market at less favourable conditions (replacement risk). We reduce this counterparty risk with strict regulations regarding the quality requirements of our trading partners. We ensure these risks are minimised by applying clearly defined minimum credit ratings and trading limits. The internal risk department is responsible for monitoring requirements. This counterparty risk is low due to the narrowly defined guidelines.

### Measurement risks

International financial and capital markets are subject to fluctuations that are reflected in volatile securities prices. One of the potential effects is a change in the measurement of investments held to cover pension obligations. The risk is, however, currently classified as low.

## Information technology risks

Celesio relies on IT systems for a considerable portion of its business processes. Not having critical IT systems and applications in place has a direct impact on operating activities. The loss or manipulation of data, e.g., from hacker attacks, can impact operations as well as the accuracy of financial reporting. In order to ensure smooth operations, various data security and availability measures are used. These include redundant computer centres for key IT infrastructures and applications as well as the implementation of back-up processes as well as virus and access protection mechanisms. The systems in place to ensure information security are regularly checked and updated on a continuous basis.

On account of the specifics of the business, we use a range of internally developed applications which makes the IT landscape highly complex and creates dependency. Celesio operates in a dynamic environment. It is therefore important that we take a flexible approach regarding customers' and suppliers' requirements as well as any regulations. Regular investments are made in the IT systems to keep up with and quickly implement changing business processes. Investments are also made with standardisation of the group-wide IT structure in mind. However, there is a risk of unforeseeable events occurring during extensive projects, such as rolling out new systems or converting existing ones. Regular project monitoring and project controlling as well as the involvement of internal and external expertise minimises the likelihood of such events.

The complexity of the IT landscape continues to stem from the heterogeneity of the IT hardware and software used as well as the associated agreements and licenses. We are countering the risks these entail by continuing to expand our IT governance structures.

The Europe-wide outsourcing of the IT infrastructure to an external service provider presents opportunities and risks. Opportunities mainly lie in modernisation and the form of synergy effects from standardising IT infrastructure. On the other hand, there are risks that the IT infrastructure and services might be lacking in quality. It also might not be possible to realise planned reductions in operating costs and avoid complexity. We constantly address these risks through continuous monitoring and controlling, the regular exchange of information with our service provider and security and governance mechanisms in the contractual framework.

Overall, not having data or IT systems in place represents a significant risk, primarily due to the high level of potential damage with a moderate likelihood of occurrence.



The diverse IT risks and corresponding countermeasures are regularly monitored by Celesio's newly established IT risk management as part of its risk management system.

## Personnel risks

Celesio, like all companies, relies on competent and committed employees. Unless we manage and implement our human capital effectively across the international group, our operations could suffer and with them our earnings. Attracting and retaining qualified employees is therefore essential for the continued success of the company. Celesio competes with rivals for the best candidates by offering comprehensive training and further education programmes, attractive development prospects and incentives.

Higher employee turnover is a particular risk during periods of restructuring, which can lead to a loss of know-how. Succession planning and substitution policies are in place to minimise this risk. We also cultivate a culture of open communication in the form of regular international "town hall meetings" and our employee magazine, to name but a few.

## Legal risks

In principle, legal risks are inherent in every operating activity, and Celesio is no exception. At present, however, the Celesio Group is not involved in any legal proceedings which could have a significant impact on our results of operations, financial position and assets position.

For current litigation we analyse and assess the situation. We also make assumptions about the likelihood of potential risks occurring and their range and calculate whether any provisions need to be recognised. In individual cases the actual amounts can differ from these assumptions.

Panpharma, Brazil, in particular is exposed to tax risks in connection with VAT payables. In the course of acquisition, contingent liabilities were recognised for tax risks already in existence at that time. To cover these legal and tax risks, an agreement was entered into with the former owners to cap the maximum amount of reimbursement payable and limit the risks to the level prior to the majority takeover in 2009. The reimbursement claims are an asset in their own right following the

early acquisition of outstanding shares in Panpharma in May 2012. To secure these claims, Celesio has access to assets of the former owners held in trust and other possibilities to offset the claims as well as the collateral granted. Celesio assesses its legal and tax risks at regular intervals, consulting external lawyers where necessary.

There is a general risk that future changes in the tax law landscape, particularly in Brazil, could impact our operations and earnings.

## Control and risk management system with regard to the group accounting process

Pursuant to Sec. 315 (2) No. 5 Handelsgesetzbuch (HGB, German Commercial Code), the main features of the internal control and risk management system with regard to the group accounting process are described below. Our understanding of a control and risk management system with regard to the group accounting process is a comprehensive system to ensure the appropriateness and effectiveness of the accounting process as well as compliance with applicable legal requirements. With regard to group accounting, the risk management system is designed to detect any risk of misstatement in group accounting and is in line with financial reporting. It is intended to ensure the reliability of financial reporting and minimise the risk of inaccurate external or internal group reporting. Not even an appropriate and functioning internal control and risk management system can identify and manage all risks with absolute certainty, however. In line with the requirements of Gesetz zur Modernisierung des Bilanzrechts (BilMoG, German Accounting Law Modernisation Act) which entered into force in 2009, the group-wide internal control and risk management system has been refined and made more systematic on an ongoing basis.

The following structures and processes are a fixed component of the group accounting process:

- The Management Board bears overall responsibility for the internal control and risk management system. All business units included in the consolidated financial statements are incorporated via a defined management and reporting organisation. The Supervisory Board – and its Audit Committee in particular – as well as the internal audit department are responsible for monitoring the effectiveness of the system independently of the process. The Audit Committee

therefore regularly addresses the topic of the internal control and risk management system.

- Our group guidelines and organisational instructions set out the principles governing the structures and procedures of the internal control and risk management system relating to group accounting. In particular, these include the group accounting manual pursuant to uniform International Financial Reporting Standards (IFRSs) to be employed across the group, guidelines governing the scheduling and procedural process for consolidated and interim financial statements, a uniform group chart of accounts and standardised forms for recording notes disclosures at the level of the divisions included in the consolidated financial statements. We revise our guidelines at regular intervals and in urgent cases to reflect current external and internal developments and provide ongoing training for the employees responsible for the financial statements.
- The consolidated financial statements are based on the separate financial statements prepared by the subsidiaries' bookkeeping departments. In some cases, these are directly prepared in accordance with uniform group accounting standards, otherwise they are reconciled to them from locally prepared accounts. Various decentralised IT systems are in use at the subsidiaries. Data reporting for the consolidated financial statements is carried out using a centrally managed group reporting and consolidation package as well as an IT platform for preparing the disclosures in the notes pursuant to IFRSs. Inclusion in the consolidated financial statements generally takes the form of subgroup statements for business areas at the country level, with several legal entities combined. In addition to an internal review, data reporting is also subject to a statutory audit or review by independent auditors. The group accounting department is responsible for further consolidation into the consolidated financial statements. The group accounting department monitors reporting deadlines and the quality of data reported, ensuring that this complies with group provisions. It also serves as a central contact for any accounting or consolidation queries. The process of preparing the consolidated financial statements is divided into the hard close as of 30 September of a given year, almost equivalent to preparing consolidated financial statements in terms of nature and scope, and the fast close as of 31 December of a given year.

In connection with the group accounting process, we attach particular importance to the following components of the internal control and risk management system – these safeguard group accounting and the overall picture conveyed by the consolidated financial statements as well as the group management report:

- Identification by the group accounting department of the significant areas of risk and control relevant for the group accounting process. In particular, this includes unusual and complex business events as well as non-routine transactions.
- Judgements made in the recognition and measurement of assets and liabilities. There is an inherent risk here that they may not be presented correctly in the consolidated financial statements. Our group accounting department regularly reviews the significant areas of risk based on findings arising in the course of preparing the consolidated financial statements as well as the ongoing assessment of special accounting questions. Through the hard close and other interim financial statements, we can identify any new critical issues at an early stage and deal with these before year-end.
- Preventive control measures in the finance and accounting departments of the group and divisions included in the consolidated financial statements. Operating and business processes are also included since these generate important information for the preparation of the financial statements of the divisions incorporated as well as for the consolidated financial statements including the group management report. In this respect, we would like to highlight the segregation of functions in group accounting and at the business units incorporated, the principle of dual control and the predefined approval processes in the relevant areas. This approach is supported by the IT system in place across the group as well as the later preparation of the consolidated financial statements. We perform an annual check to verify that processes and systems are operating effectively.
- Monitoring of the group accounting process and its findings at the level of the Management Board or relevant departments and at the level of the business units. In particular, this consists of monitoring the accounting on a rolling basis by submitting monthly reports to the Management Board, performing quality control on reported data in group accounting and group controlling as well as assessing the significant accounting judgements made by the divisions included in the consolidated financial statements.

- Measures to safeguard the appropriate use of computer-assisted processing of issues and data relating to group accounting, including but not limited to centrally managed user access to the group reporting package, access controls on accounting-related IT systems as well as automated validation of reported data applying centrally defined controls prior to further processing by the group accounting department.
- Selective measures for monitoring the internal control and risk management system relating to group accounting, especially by the internal audit department.
- If necessary, consulting external experts for specific accounting and measurement questions relating to preparation of the financial statements, for example, when preparing pension appraisals or appraisals on purchase price allocation in the event of business combinations.

## Overall assessment of risks and opportunities by management

Based on the information collected in our risk management system, we are currently not aware of any risks that could jeopardise the company's ability to continue as a going concern.

There were no significant changes in the risk situation compared to the previous year. Going forward, the primary risk to our business operations will remain potential regulatory activities in state-run healthcare systems.

We will also always be faced with various market and operational risks in our business operations given the dynamism of the healthcare market. These primarily arise as a result of the changing behaviour of suppliers and competitors but also of customers. However, we also see opportunities in this changing environment. With the initiatives we have started, such as the European pharmacy network or the optimisation of the entire value-added chain, we are confident of Celesio being able to adequately combat risk and seize opportunities.

On 24 October 2013 Dragonfly GmbH & Co. KGaA (the Bidder), a wholly owned indirect subsidiary of McKesson Corporation, San Francisco, USA (McKesson), in accordance with Sec. 10 (5) Sentence 2 WpÜG [“Wertpapiererwerbs- und Übernahmegesetz”: Securities Acquisition and Takeover Act], announced its decision to make a takeover bid pursuant to Sec. 10 (1) in conjunction with Sec. 29 (1) and Sec. 34 WpÜG to the shareholders of Celesio AG, Stuttgart, at a price of € 23.00 per share. The decision was published on 24 October 2013 in accordance with Sec. 10 (3) WpÜG.

Furthermore, the Bidder submitted public takeover bids to the holders of the bonds issued by Celesio and bid € 53,117.78 for every convertible bond that falls due in October 2014 (ISIN DE 000A1AN5K5) with a nominal value of € 50,000 and € 120,798.32 for every convertible bond that falls due in April 2018 (ISIN DE 000A1GPH50) with a nominal value of € 100,000.

Under a share purchase agreement concluded between McKesson and Franz Haniel & Cie. GmbH, Celesio's majority shareholder, McKesson undertook to acquire Haniel's investment in Celesio. This amounted to 50.01% of the shares of the company outstanding at that time. The Board of McKesson and the Supervisory Board of Haniel approved the share purchase agreement. Haniel's share purchase as well as the acquisition/takeover bid were subject to certain conditions, among which approval from the regulatory authorities and a minimum acceptance threshold of 75% of Celesio shares on a diluted basis, i.e., taking particular account of any Celesio shares issued under the terms and conditions of the convertible bonds.

At the same time, McKesson and Celesio AG concluded a business combination agreement. With this agreement, McKesson and Celesio aim to become one of the world's leading integrated pharmaceutical groups with a leading market position in the US and Europe.

On 9 January 2014 the Bidder, McKesson and Franz Haniel & Cie. GmbH announced the amendment to the share purchase agreement and increased the purchase price in the share purchase agreement from € 23.00 per Celesio share to € 23.50 per Celesio share. The takeover bids for the convertible bonds were adjusted accordingly.

In a statement published on 13 January 2014, McKesson gave notice that it had not reached the minimum acceptance threshold of 75% (on a diluted basis). As a result, the merger of McKesson and Celesio was not completed at that time.

On 23 January 2014 Franz Haniel & Cie. GmbH announced that it had held 75.99% of the shares in Celesio AG on 22 January 2014. Pursuant to § 11 (d) of the terms and conditions of the convertible bonds, a change of control had therefore occurred.

Also on 23 January 2014 McKesson announced that it would hold a share of approximately 75% on a diluted basis (after converting the Celesio convertible bonds into shares) through various share purchase agreements. Firstly, on 22 January 2014, McKesson and the bidder agreed on an amendment to the share purchase agreement with Franz Haniel & Cie. GmbH regarding the acquisition of 75.99% of the shares (basic). Secondly, McKesson concluded purchase agreements with the Elliott hedge fund group on the acquisition of 4,840 of the 7,000 convertible bonds due in October 2014 as well as on the acquisition of 2,180 of the 3,500 convertible bonds due in April 2018.

On 22 January 2014, McKesson, the bidder and Celesio AG agreed on an amendment to the business combination agreement and Celesio AG gave permission for McKesson to submit a new voluntary takeover bid to the shareholders of Celesio AG before expiry of the statutory retention period of 12 months pursuant to Sec. 26 WpÜG.

Accordingly, on 23 January 2014 McKesson, pursuant to Sec. 10 (1) Sentence 1 WpÜG with the approval of Celesio AG and the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, Federal Financial Supervisory Authority), announced its intention, via the bidder, to make a new voluntary takeover bid to the shareholders of Celesio AG for a consideration of € 23.50 per share. The new takeover bid is not to be subject to certain conditions.

On 28 January 2014 Celesio AG and Celesio Finance B.V. announced that a change of control pursuant to the terms and conditions of the convertible bonds of its 3.75% convertible bonds due in October 2014 as well as its 2.50% convertible bonds due in April 2018 had occurred.

The control record date pursuant to § 11 (d) of the terms and conditions of the convertible bonds is 10 March 2014.



The adjusted conversion price pursuant to § 11 (c) of the terms and conditions of the convertible bonds amounts to € 21.66 for the convertible bonds due in October 2014 (ISIN DE000A1AN5K5, WKN A1AN5K). The adjusted conversion price pursuant to § 11 (c) of the terms and conditions of the convertible bonds amounts to € 19.05 for the convertible bonds due in April 2018.

In the announcement, Celesio indicated that one or more further changes of control pursuant to the terms and conditions of the convertible bonds may occur until the control record date.

As a consequence of the change of control, holders of convertible bonds may either redeem their convertible bonds early or exercise their right of conversion on the basis of the adjusted conversion price.

In order to redeem the convertible bonds early, holders must give notice at least ten days before 10 March 2014 pursuant to the terms and conditions and declare all or some of their convertible bonds due. In such case, the convertible bonds will be redeemed on 10 March 2014 at the principal amount plus interest accrued until but excluding 10 March 2014 to those holders who validly terminated their convertible bonds.

Alternatively, to exercise the conversion right on the basis of the adjusted conversion price, holders must, pursuant to the terms and conditions, of the convertible bonds deliver a conversion notice as well as the corresponding convertible bonds on or before 10 March 2014 to the principal conversion agent, BNP Paribas Securities Services S.C.A., Europa-Allee 12, 60327 Frankfurt, Germany, via their respective custodian bank.

Upon the exercise of the conversion right, the settlement shares will be transferred as soon as practicable thereafter. Fractions of settlement shares will be compensated in cash. The settlement shares will be delivered from the conditional capital of Celesio AG.

The conditional capital that Celesio AG has provided to settle the convertible bonds has a capacity of 17,010,000 shares. Insofar as Celesio AG is unable to issue shares from conditional capital, it will pay the holder a cash amount in euro in lieu of the delivery of settlement shares pursuant to the terms and conditions of the convertible bonds. Celesio AG will notify the holder who has delivered a conversion notice no later than on the second business day after the valid exercise of the conversion right whether and to what extent it will effect a cash payment.

On 31 January 2014 Celesio AG announced that the total number of voting rights as of the end of the month of January 2014 amounted to 181,543,569 voting rights. The increase is attributable to the issuance of 11,443,569 new shares due to exercising the conversion rights of the convertible bonds. The share capital of Celesio AG was increased by € 14,647,768.32 to € 232,375,768.32 accordingly. The conditional capital was reduced accordingly.

On 5 February 2014 McKesson Corporation, San Francisco, USA, informed us in accordance with Sec. 21 (1) WpHG [“Wertpapierhandelsgesetz”: Securities Trading Act] that its voting share in Celesio AG, Stuttgart, Germany, exceeded the threshold of 3% and 5% of the voting rights on 3 February 2014 and amounted to 6.30% on that date (11,443,569 voting rights).

The voting rights are held by McKesson Corporation in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG via the following companies controlled by McKesson Corporation, San Francisco, USA, and its affiliates: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited, Cougar III UK Limited, McKesson US Finance Corporation.

On 6 February 2014, McKesson announced it now held more than 75% of Celesio shares, making it the new majority shareholder of Celesio.

On 7 February 2014 Franz Haniel & Cie. GmbH, Duisburg, Germany, informed us in accordance with Sec. 21 (1) WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 6 February 2014 fallen short of the threshold of 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% of the voting rights and amounted to 0% on that date (0 voting rights).

On 7 February 2014 Paul E. Singer, USA, and his affiliates informed us in accordance with Sec. 25a (1) WpHG that their voting share in Celesio AG, Stuttgart, Germany, had on 6 February 2014 fallen short of the threshold of 30%, 25%, 20%, 15%, 10% and 5% of the voting rights and amounted to 0% on that date (0 voting rights).

On 11 February 2014 McKesson informed us in accordance with Sec. 25 (1) WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 6 February 2014 fallen short of the threshold of 75%, 50%, 30%, 25%, 20%, 15%, 10% and 5% of the voting rights and amounted to 0% on that date (0 voting rights) and after voting right shares pursuant to Secs. 21, 22 WpHG amounted to 77.59% (141,431,732 voting rights).

On 12 February 2014 McKesson informed us in accordance with Sec. 21 (1) WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 6 February 2014 exceeded the threshold of 10%, 15%, 20%, 25%, 30%, 50% and 75% of the voting rights and amounted to 77.59% on that date (141,431.732 voting rights).

77.59% of the voting rights (141,431,732 voting rights) are held by McKesson Corporation, San Francisco, USA, in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG via the following companies controlled by McKesson Corporation, San Francisco, USA: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited, Cougar III UK Limited, McKesson US Finance Corporation, McKesson International Holdings IV S.à.r.l., McKesson International Holdings, McKesson International Bermuda IP2A Limited.

On 12 February 2014 Celesio Finance B.V. announced that a change of control pursuant to the terms and conditions of its 4% bonds due on 18 October 2016 as well as its 4.50% bonds due on 26 April 2017 had occurred.

On 12 February 2014 Dragonfly GmbH & Co. KGaA (Dragonfly) announced that it had held 77.19% of the shares in Celesio AG on 6 February 2014. Pursuant to § 7 (d) of the terms and conditions of the bonds, a change of control had therefore occurred.

Furthermore, in the event that a rating event (as defined in the terms and conditions of the bonds) occurs 90 days after the change of control, the creditors of the bonds are entitled to declare their bonds due ahead of schedule pursuant to the terms and conditions of the bonds. Should such a rating event occur, Celesio Finance B.V. will publish a further announcement within 21 days after expiration of the 90-day deadline triggered by the change of control.

On 12 February 2014 Celesio AG and Celesio Finance B.V. announced that a change of control pursuant to the terms and conditions of the convertible bonds of its 3.75% convertible bonds due in October 2014 as well as its 2.50% convertible bonds due in April 2018 had occurred.

The control record date pursuant to § 11 (d) of the terms and conditions of the convertible bonds is 24 March 2014.

With regard to the adjusted conversion price announced on 28 January 2014 (convertible bonds due in October 2014 (ISIN DE000A1AN5K5, WKN A1AN5K) € 21.66 /convertible bonds due in April 2018 € 19.05), there are no further adjustments to the conversion prices.

On 12 February 2014 Dragonfly GmbH & Co. KGaA (Dragonfly) announced that it had held 77.19% of the shares in Celesio AG on 6 February 2014. Pursuant to Sec. (d) of the terms and conditions of the convertible bonds, a change of control had therefore occurred.

As a consequence of the change of control, holders of convertible bonds may either redeem their convertible bonds early or exercise their right of conversion on the basis of the adjusted conversion price.

In order to redeem the convertible bonds early, holders must give notice at least ten days before 24 March 2014 pursuant to the terms and conditions and declare all or some of their convertible bonds due. In such case, the convertible bonds will be redeemed on 24 March 2014 at the principal amount plus interest accrued until but excluding 24 March 2014 to those holders who validly terminated their convertible bonds.

Alternatively, to exercise the conversion right on the basis of the adjusted conversion price, holders must, pursuant to the terms and conditions, of the convertible bonds deliver a conversion notice as well as the corresponding convertible bonds on or before 24 March 2014 to the principal conversion agent, BNP Paribas Securities Services S.C.A., Europa-Allee 12, 60327 Frankfurt, Germany, via their respective custodian bank. A form for such a declaration can be obtained at BNP Paribas Securities Services S.C.A. via the creditors' respective custodian bank.

Upon the exercise of the conversion right, the settlement shares will be transferred as soon as practicable thereafter. Fractions of settlement shares will be compensated in cash. The settlement shares will be delivered from conditional capital of Celesio AG.

The conditional capital that Celesio AG has provided to settle the convertible bonds has a capacity of 17,010,000 shares. Insofar as Celesio AG is unable to issue shares from conditional capital, it will pay the holder a cash amount in euro in lieu of the delivery of settlement shares pursuant to the terms and conditions of the convertible bonds. Celesio AG will notify the holder who has delivered a conversion notice no later than on the second business day after the valid exercise of the conversion right whether and to what extent it will effect a cash payment.

Up to and including 17 February 2014 there were further conversions at Celesio AG.

This results in an issuance of 24,097,833 new shares due to exercising the conversion rights of the convertible bonds. The share capital of Celesio AG was increased by € 30,845,226.24 to € 248,573,226.24 accordingly. The conditional capitals were reduced accordingly. The current outstanding nominal volume of the two convertible bonds therefore amounts to € 209.95m in total.

## Overall economic prospects

Development of the global economy is expected to continue to gather pace in 2014. Both the continuation of the expansive monetary policy being witnessed worldwide and countries' softened budgetary constraints will provide crucial impetus. The IfW (Institut für Weltwirtschaft) also assumes the following:

The labour market is expected to stabilise in the European region, which is set to have a positive impact on disposable income and private consumer spending. Experts at the IfW expect Germany to witness a sharp increase in GDP of 1.7% (2014) and 2.5% (2015).

Economic development in the UK is also expected to gain sustainable momentum, with GDP growth forecast at 2.0% (2014) and 2.3% (2015). Above all, the employment rate is expected to fall noticeably, thereby supporting private households' consumption.

France will most likely not be able to participate in this development with GDP forecast to grow by 0.8% (2014) and 1.4% (2015). GDP in those Mediterranean countries which are in a state of crisis is also expected to pick up, with Portugal for example estimated to witness a rise in GDP of 0.7% (2014) and 1.2% (2015). Experts expect consumer prices to report only moderate increases in 2014 with inflation coming to 1.3%. Inflation is only expected to increase slightly in 2015 when it will rise to 1.7% on account of continued economic growth.

Although the US reached compromise on the 2014 budget in December, fiscal restrictions will be highly likely at the beginning of the year mainly due to the measures concluded as part of the preceding agreement process. The debt ceiling has yet to be raised again; however, experts expect there to be workable solution due to an agreement being reached on the federal budget.

The emerging and developing countries in Latin American are also expected to record a surge in economic development in 2014, which will be supported, among other things, by the resurgence of the traditional industrialised nations. As a result, experts forecast GDP for the entire region to increase by 3.9% (2014) and 4.4% (2015). Brazil will likely witness below-average development in 2014 and report GDP growth of 3.5% (2014) and 4.5% (2015).

## Our industry: Growth of the pharmaceutical markets, consolidation and internationalisation

Growth of the pharmaceutical markets slowed worldwide as a result of the global economic and financial crisis in 2008/09 with many patents expiring and governments introducing cost-cutting measures. However, IMS Health expects strong growth to return in the coming years, above all in the developing and emerging economies. IMS Health forecasts average annual growth of 5.3% in the global pharmaceutical markets until 2017. This development will mainly be the result of the double-digit growth in most of the Asian and Latin American markets, driven by steady population growth and a rise in quality and improved access to healthcare systems. IMS Health forecasts an annual growth rate up to 2017 of 12.7% for Brazil, 12.5% for India and 16.7% for China. By contrast, IMS Health forecasts an annual growth rate of a mere 0.9% for Europe and 2.2% for the US lasting until 2017.

Demographic change continues to be a significant factor in the development of the global pharmaceutical and healthcare markets. The over-64s account for just under 8% of the global population at present. However, this is expected to rise in the coming decades to around 9% in 2017. In the industrialised nations, the percentage of over-80s in the population will have increased from the current figure of 4.5% to 9.0% by 2050. In the developing and emerging economies, the percentage of over-80s will have risen by 2 percentage points to 3.2% by 2050. In absolute figures, this means that those 63 million people who currently belong to the 80+ age group will have increased to 268 million by 2050 (by comparison: there will be only 124 million people in the industrialised nations in 2050).

This development is causing a rise in the demand for the treatment of chronic and age-related diseases which result in long-term medical treatment. This will cause costs to rise considerably as the amount spent on the elderly is far higher than the average per capita expenditure.

In addition to the demographic change, changes in lifestyle and consumer behaviour in both developing and western industrialised nations and the inherent increase in so-called diseases of modern society is causing an increase in demand for healthcare services and medicine. In 2013 there were 382 million people suffering from diabetes worldwide. This figure will have risen to 592 million worldwide by 2035. In Europe alone, the number of sufferers will have increased from 56.3 million at present (approx. 8.5% of the population) to 68.9 million (approx. 10% of the population) by 2035.

A constantly growing health consciousness in the industrialised nations and the increasing willingness of consumers to pay for healthcare services themselves represents a further influencing factor and is causing the pharmaceutical and healthcare markets to grow.

Growth is also being driven by medicines manufactured using biotechnology and medicines for treating complex, often chronic diseases such as cancer, HIV or multiple sclerosis. These special pharmaceuticals are more expensive by comparison and are subject to particular storage and transportation requirements (short storage life, must be stored in a cold chain) which may generate additional value in the pharmaceutical supply chain. IMS Health anticipates average growth of around 8% between 2010 and 2020 for specialty pharmaceuticals in the eight most mature pharmaceutical markets compared to 4% for traditional medicines.

The key challenge for the pharmaceutical and healthcare markets and especially for the pharmaceutical distribution markets continues to lie in the continued government price regulation along the entire pharmaceutical supply chain and the effects as increasing numbers of patents expire on blockbuster medicines and the associated growth in comparatively less expensive generic products. The persistently difficult market environment in our industry is resulting in further consolidation primarily in the established markets. There is also the increasing expansion and internationalisation in so-called pharmerging markets such as India and Russia and in particular Brazil and China. Global purchasing cooperative are also forming as a way of realising economies of scale and purchasing advantages, especially in the generics division.



## Divisions

### Consumer Solutions

Despite government intervention in several markets, which we are already aware of, we expect to achieve earnings growth in the Consumer Solutions division in the 2014 fiscal year compared to the past fiscal year. This will be mainly driven by the implementation of our new European pharmacy network under the “Lloyds” brand. However, we expect a somewhat stronger euro exchange rate in 2014 which will again reduce part of the earnings growth from operating activities when translating the results generated in the UK, Norway and Sweden. It is still unclear as to how further government intervention could have a negative effect on earnings.

In the **UK**, we expect a positive development for Lloydspharmacy. Strengthening the integration of our retail and wholesale business is also expected to continue creating synergy effects in 2014. The top-in-class procurement programme will also continue to have a positive impact on our pharmacy business. In addition, the gradual implementation of our pharmacy network will be a key value driver in 2014. This will generate substantial growth in particular in our two categories with a focus on “Skin” and “Pain”. This process will also support the increasing change towards a higher-margin product mix. In our forecast we do not expect government cost-cutting measures to result in any additional substantial burdens in 2014.

In **Norway** we expect earnings to remain stable. The higher rate of wage-cost inflation specific to Norway will be compensated for by the continued expansion in non-prescription sales at least.

In **Sweden** we expect to break even for the first time in 2014. We will cautiously press ahead with efforts to expand our presence in Sweden. However, the start-up losses, which are usual for new pharmacies, will be more moderate on account of their optimum locations and will no longer represent such a burden due to the older locations having reached market maturity in the meantime.

The economic situation on both the **Irish** and the **Italian** market remains tense, with the main factor, the restrictive cost saving measures affecting the healthcare sector, remaining in place. However, we have already shown in both countries over the past few years that our companies are able to overcome the challenges better than the market as a whole. We therefore expect earnings to be more or less stable.

Our activities in **Belgium** will continue to be influenced by challenging market conditions in 2014.

## Pharmacy Solutions

The Management Board expects government austerity packages to continue in the 2014 fiscal year which will have a negative impact on the development of the Pharmacy Solutions division. We also expect a somewhat stronger euro exchange rate in 2014 to burden earnings when translating the results generated in the UK, Norway and Sweden. However, we are confident that we will be able to largely compensate for these negative effects through ongoing optimisation, especially in procurement.

The largest element of uncertainty as to how the division develops in 2014 will be our **business in Germany**. Even if the fierce discounting competition continues unabated, we expect a sense of rationality to return over the course of the year and the discounting battle to ease considerably. This will enable us to significantly improve the earnings situation. However, we expect earnings to fall far short of the 2012 level.

In **France** we will continue to see difficult conditions in 2014 on account of the decline in market growth. Nevertheless, we expect revenue and earnings to reach the previous-year level. Continued optimisation of the cost structure will boost the earnings situation in this regard.

In the **UK**, government cost-cutting measures will have a negative impact on revenue and earnings in 2014. However, we expect that we will be able to compensate for this through improved purchasing terms and closer cooperation with retail.

In **Norway** we expect a moderate increase in revenue as well as an increase in earnings as a result of continued efficiency measures.

In **Brazil** we expect the operational measures commenced in 2013 to increase efficiency to take effect and to thereby generate an increase in revenue and earnings on the previous year.

In **Austria** we forecast solid revenue and earnings in 2014 on account of the stable market environment.

In **Slovenia** we expect a fall in revenue and earnings as the largest customer will continue to supply more of its own branches.

### Investments and capital expenditures

Following the successful piloting, we will continue to roll out our European pharmacy network under the “Lloyds” umbrella brand in the 2014 fiscal year. This will lead to larger investments in pharmacy refurbishments. We will also continue standardising our software landscape, which will cause IT investments to increase significantly. Overall, we therefore expect the investment volume to exceed the low level seen in 2013.

### Depreciation, amortisation and impairment

We expect depreciation and amortisation to increase slightly in the 2014 fiscal year as a result of an increase in capital expenditures on the previous-year level.

### Financial result

With regard to the financial result, we expect interest expenses in 2014 to be considerably lower than the previous-year level. On account of the change in control clauses for the convertible bonds and the positive development in the share price, creditors converted a significant portion of their convertible bonds into shares in the first two months of the current fiscal year. As a result of the conversion, net debt fell significantly and Celesio's equity increased accordingly. The absence of interest expenses for the convertible bonds converted into equity has generated a positive effect on the financial result for 2014. For the rest of the year, we expect the majority of the remaining creditors to make use of their conversion right.

As in previous years, we expect the interest level to exhibit stable development with no further changes to the result expected.

The financial result may be impacted if the euro continues to appreciate against the Brazilian real in particular.

McKesson's acquisition of Celesio will not have a negative impact on the company's financing capability.

### Tax rate

The adjusted tax rate may be influenced by a change in the earnings mix returned by the different countries in which the group operates or a change in the specific effective tax rates in each country. The adjusted figure is again likely to fall short of the 2013 rate by one to two percentage points. This largely depends on how German wholesale activities develop. McKesson's acquisition is not expected to have any significant effects on the tax rate.

### Employees

The headcount will not change significantly in 2014.

### Revenue and earnings forecast

The following statements on future business development and assumptions as to how the market and industry will evolve are estimates that the Management Board considers realistic based on the information currently available. However, the future development of our divisions depends on various factors beyond Celesio's sphere of influence so forecasts can only be made with a limited degree of accuracy. Examples of factors beyond our control are the future economic and regulatory environment, the conduct of competitors and other market participants as well as government intervention in healthcare and social systems. Continued fierce discounting competition in Germany can have a particular impact on our earnings forecast. The following forecasts by the Management Board of Celesio AG are based on the assumption that exchange rates, interest rates and the consolidated group will remain stable.

For Celesio, 2013 was all about strategic realignment. In particular, better integration of the pharmacy and wholesale business, the impact on earnings from improvements to procurement and continuation of the OEP made positive contributions in 2013. However, these contributions were more than offset by worse exchange rates and, above all, the considerable fall in earnings in Germany as a result of the fierce discounting competition, which meant that we fell short of the previous-year result. Celesio will continue to press ahead with the strategic alignment of the company in 2014. In addition to cost structures, we will also continue optimising the efficiency of our companies. The expansion of the European pharmacy network will also take effect and allow us to grow even stronger as of 2015. This income, however, will be partly reduced by project costs in 2014, especially those incurred as part of harmonising our extremely heterogeneous software landscape. We also expect worsening exchange rates to continue burdening earnings in 2014.

Overall, Celesio's Management Board assumes that we will return an adjusted EBIT for the 2014 fiscal year that will be up slightly on the previous-year level. Accordingly, we expect value added and ROCE to report a slight increase.

The earnings situation will largely be influenced by how the German wholesale business continues to develop. The Management Board expects the ongoing fierce discounting competition to ease off over the course of the year.

With regard to revenue development for 2014, the Management Board of Celesio AG anticipates low single-digit percentage growth in revenue.

Special effects will arise as a result of higher consulting and integration costs in connection with the planned acquisition by McKesson Corporation. Overall, the Management Board anticipates special effects in the lower double-digit million range. These are not considered in the forecast, which is only based on adjusted EBIT.

The Management Board and Supervisory Board will propose to the annual general meeting a dividend payment of € 0.30 per share for the 2013 fiscal year, matching the previous-year level.





## more positive lives

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**Consolidated  
financial  
statements  
and notes  
Celesio AG  
2013**

the 1990s, the incidence of *S. flexneri* has increased in the United Kingdom [10]. In the United States, *S. flexneri* has been reported as the most common serotype in children with acute bacterial dysentery [11]. In the United Kingdom, *S. flexneri* has been reported as the most common serotype in children with acute bacterial dysentery [12].

There is a paucity of data on the epidemiology of *S. flexneri* in the United Kingdom. In 1990, 10 isolates of *S. flexneri* were reported from the United Kingdom to the National Reference Laboratory for Enteric Infections, London. In 1991, 15 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 1992, 18 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London.

In 1993, 22 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 1994, 25 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 1995, 28 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 1996, 31 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London.

In 1997, 34 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 1998, 37 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 1999, 40 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 2000, 43 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London.

In 2001, 46 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 2002, 49 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 2003, 52 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 2004, 55 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London.

In 2005, 58 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 2006, 61 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 2007, 64 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 2008, 67 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London.

In 2009, 70 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 2010, 73 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 2011, 76 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 2012, 79 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London.

In 2013, 82 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 2014, 85 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 2015, 88 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 2016, 91 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London.

In 2017, 94 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 2018, 97 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 2019, 100 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London. In 2020, 103 isolates of *S. flexneri* were reported to the National Reference Laboratory for Enteric Infections, London.

**Consolidated  
financial  
statements  
Celesio AG  
2013**

# Group income statement for the 2013 fiscal year

€ m	Notes No.	2012	2013
<b>Revenue</b>	1	<b>22,270.8</b>	<b>21,407.7</b>
Cost of materials		-19,845.7	-19,057.8
<b>Gross profit</b>		<b>2,425.1</b>	<b>2,349.9</b>
Other income	2	247.1	220.0
Other expenses	3	-858.8	-790.4
Personnel expenses	4	-1,270.9	-1,246.7
<b>EBITDA</b>		<b>542.5</b>	<b>532.8</b>
Amortisation of non-current intangible assets and depreciation of property, plant and equipment	5	-134.8	-125.0
Impairment losses recorded on intangible assets and property, plant and equipment	5	-37.6	-1.2
<b>EBIT</b>		<b>370.1</b>	<b>406.6</b>
Result from associates accounted for using the equity method	6	2.8	5.4
Result from other investments	6	5.3	6.1
Interest expense	7	-178.0	-144.9
Interest income	7	10.6	9.8
Other financial result	7	3.9	-14.3
<b>Profit before tax from continuing operations</b>		<b>214.7</b>	<b>268.7</b>
Income taxes	8	-105.1	-97.5
<b>Net profit/loss from continuing operations</b>		<b>109.6</b>	<b>171.2</b>
<b>Net profit/loss from discontinued operations</b>	16	<b>-258.6</b>	<b>-4.8</b>
<b>Net profit/loss</b>		<b>-149.0</b>	<b>166.4</b>
Of which attributable to non-controlling interests		7.1	6.5
<b>Of which attributable to shareholders of Celesio AG</b>		<b>-156.1</b>	<b>159.9</b>
<b>Earnings per share – basic (EUR)</b>		€	€
Net profit/loss from continuing operations	9	0.60	0.97
Net profit/loss from discontinued operations		-1.52	-0.03
Net profit/loss		-0.92	0.94
<b>Earnings per share – diluted (EUR)</b>		€	€
Net profit/loss from continuing operations	9	0.60	0.95
Net profit/loss from discontinued operations		-1.52	-0.03
Net profit/loss		-0.92	0.92

# Group statement of comprehensive income for the 2013 fiscal year

€ m	2012	2013
<b>Net profit/loss</b>	<b>-149.0</b>	<b>166.4</b>
<b>Items that will not be recycled through profit or loss</b>	<b>-61.2</b>	<b>-21.0</b>
Revaluation of defined benefit pension plans	-56.4	-24.5
Share in the revaluation of defined benefit pension plans attributable to associates accounted for using the equity method	-4.8	3.5
<b>Items that may be recycled through profit or loss</b>	<b>-15.1</b>	<b>-97.1</b>
Unrealised gains/losses from the current year	-0.2	0.8
Gains recycled through profit or loss	0.2	0.0
Unrealised gains from marking available-for-sale financial assets to market	0.0	0.8
Unrealised gains/losses from the current year	-7.0	5.1
Gains recycled through profit or loss	11.8	10.4
Unrealised gains from derivative financial instruments used to hedge cash flows	4.8	15.5
Foreign currency translation posted directly to other comprehensive income	-23.6	-113.4
Release to profit or loss due to loss of control	3.7	0.0
Exchange differences	-19.9	-113.4
<b>Other comprehensive income after tax</b>	<b>-76.3</b>	<b>-118.1</b>
from continuing operations	-79.6	-118.1
Of which attributable to non-controlling interests	-3.4	-5.6
Of which attributable to shareholders of Celesio AG	-76.2	-112.5
from discontinued operations <sup>1)</sup>	3.3	0.0
<b>Comprehensive income</b>	<b>-225.3</b>	<b>48.3</b>
from continuing operations	30.0	53.1
Of which attributable to non-controlling interests	3.7	0.9
Of which attributable to shareholders of Celesio AG	26.3	52.2
from discontinued operations <sup>1)</sup>	-255.3	-4.8

1) These amounts are attributable in full to the shareholders of Celesio AG.

The effect of the change in the presentation of foreign currency translation differences is discussed in the separate section of the notes on → page 229.

Further information regarding other comprehensive income can be found in note (10) Components of other comprehensive income.

# Group statement of financial position as of 31 December 2013

ASSETS	Notes	31/12/2012	31/12/2013
€ m	No.		
<b>Non-current assets</b>		<b>3,179.9</b>	<b>3,037.8</b>
Intangible assets	11	2,297.2	2,199.0
Property, plant and equipment	12	529.7	506.9
Associates accounted for using the equity method	13	71.7	78.9
Other financial assets	13	98.0	109.5
Other non-current assets		69.9	39.8
Income tax receivables		2.3	2.0
Deferred tax assets	14	111.1	101.7
<b>Current assets</b>		<b>4,748.8</b>	<b>4,560.5</b>
Inventories	15	1,582.0	1,597.8
Trade receivables	17	2,096.1	2,082.7
Income tax receivables		36.1	18.9
Other receivables and other assets	17	407.7	322.9
Cash and cash equivalents	18	523.9	535.7
Assets held for sale	16	103.0	2.5
<b>Total assets</b>		<b>7,928.7</b>	<b>7,598.3</b>

EQUITY AND LIABILITIES	Notes No.	31/12/2012	31/12/2013
€ m			
<b>Equity</b>	19	<b>2,195.9</b>	<b>2,192.0</b>
Issued capital		217.7	217.7
Capital reserves		1,186.0	1,186.0
Revenue reserves		1,091.2	1,191.3
Revaluation reserves		-333.3	-437.0
<b>Equity attributable to shareholders of Celesio AG</b>		<b>2,161.6</b>	<b>2,158.0</b>
Non-controlling interests		34.3	34.0
<b>Liabilities</b>		<b>5,732.8</b>	<b>5,406.3</b>
<b>Non-current liabilities</b>		<b>2,379.1</b>	<b>1,838.6</b>
Financial liabilities	23	1,916.0	1,396.0
Pension provisions	20	345.1	336.8
Other non-current provisions	21	71.0	63.8
Other liabilities	22	8.2	0.3
Deferred tax liabilities	14	38.8	41.7
<b>Current liabilities</b>		<b>3,353.7</b>	<b>3,567.7</b>
Financial liabilities	23	166.9	503.1
Trade payables	24	2,325.0	2,384.6
Other current provisions	21	156.4	144.0
Income tax liabilities		55.7	63.4
Other liabilities	24	573.1	472.6
Liabilities held for sale	16	76.6	0.0
<b>Total equity and liabilities</b>		<b>7,928.7</b>	<b>7,598.3</b>

# Group statement of cash flows for the 2013 fiscal year

€ m	2012	2013
<b>Net profit/loss from continuing operations</b>	<b>109.6</b>	<b>171.2</b>
Amortisation, depreciation and impairment of non-current intangible and property, plant and equipment	172.4	126.2
Result from associates accounted for using the equity method and other equity investments	-8.1	-11.5
Dividends received	9.9	7.6
Financial result	163.5	149.4
Net result from the disposal of non-current assets and subsidiaries	-8.5	0.8
Impairment of operating assets	61.6	48.7
Change in deferred taxes and income taxes	105.1	97.5
Income taxes paid	-96.1	-77.9
Other non-cash income and expenses	15.1	34.9
Change in net operating assets	-0.3	-64.0
<i>Change in inventories</i>	58.5	-99.3
<i>Change in tradereceivables</i>	74.2	-122.4
<i>Change in trade payables</i>	-168.0	183.0
<i>Change in other net operating assets</i>	35.0	-25.3
Change in other assets and liabilities	-91.3	-77.2
<i>Change in other assets</i>	-57.8	-41.5
<i>Change in other liabilities</i>	-33.5	-35.7
<b>Net cash flow from operating activities – continuing operations</b>	<b>432.9</b>	<b>405.7</b>
<b>Net cash flow from operating activities – discontinued operations</b>	<b>-10.8</b>	<b>5.8</b>
<b>Net cash flow from operating activities – continuing and discontinued operations</b>	<b>422.1</b>	<b>411.5</b>
Proceeds from the disposal of non-current assets	21.1	12.6
Capital expenditure on non-current assets	-120.2	-112.0
Proceeds from the disposal of subsidiaries <sup>1)</sup>	64.4	43.4
Cash paid for business combinations	-258.2	-2.2

1) This line includes the cash payments for the costs directly related to the disposals of operations.



€ m	2012	2013
<b>Net cash flow from investing activities – continuing operations</b>	<b>– 292.9</b>	<b>– 58.2</b>
<b>Net cash flow from investing activities – discontinued operations</b>	<b>131.0</b>	<b>10.0</b>
<b>Net cash flow from investing activities – continuing and discontinued operations</b>	<b>– 161.9</b>	<b>– 48.2</b>
Payments made to shareholders (including non-controlling interests)	– 43.9	– 52.2
Payments made in connection with the change in ownership interests in subsidiaries that do not result in a loss of control	– 1.1	0.0
Proceeds from borrowings	863.6	202.4
Repayment of borrowings	– 907.1	– 390.4
Interest paid	– 113.6	– 113.8
Interest received	11.1	9.1
<b>Net cash flow from financing activities – continuing operations</b>	<b>– 191.0</b>	<b>– 344.9</b>
<b>Net cash flow from financing activities – discontinued operations</b>	<b>0.3</b>	<b>0.0</b>
<b>Net cash flow from financing activities – continuing and discontinued operations</b>	<b>– 190.7</b>	<b>– 344.9</b>
<b>Net change in cash and cash equivalents</b>	<b>69.5</b>	<b>18.4</b>
Non-cash change in cash and cash equivalents	7.2	– 6.6
Cash and cash equivalents at the beginning of the period	448.3	523.9
<b>Cash and cash equivalents at the end of the period</b>	<b>525.0</b>	<b>535.7</b>
Cash and cash equivalents of discontinued operations and disposal groups at the end of the period	1.1	0.0
<b>Cash and cash equivalents at the end of the period (according to the group statement of financial position)</b>	<b>523.9</b>	<b>535.7</b>

# Group statement of changes in equity for the 2013 fiscal year

	Issued capital	Capital reserves	Revenue reserves
€ m			
<b>As of 1 January 2012</b>	<b>217.7</b>	<b>1,186.0</b>	<b>1,091.2</b>
Dividends	0.0	0.0	-51.0
Change in ownership interests in subsidiaries that do not result in a loss of control	0.0	0.0	0.0
Changes to the consolidated group	0.0	0.0	-8.8
Other comprehensive income	0.0	0.0	0.0
Net profit/loss	0.0	0.0	159.9
Comprehensive income	0.0	0.0	159.9
<b>As of 31 December 2012</b>	<b>217.7</b>	<b>1,186.0</b>	<b>1,191.3</b>
<b>As of 1 January 2013</b>	<b>217.7</b>	<b>1,186.0</b>	<b>1,291.5</b>
Dividends	0.0	0.0	-42.5
Change in ownership interests in subsidiaries that do not result in a loss of control	0.0	0.0	-1.3
Changes to the consolidated group	0.0	0.0	-0.4
Other comprehensive income	0.0	0.0	0.0
Net profit/loss	0.0	0.0	-156.1
Comprehensive income	0.0	0.0	-156.1
<b>As of 31 December 2013</b>	<b>217.7</b>	<b>1,186.0</b>	<b>1,091.2</b>

- 1) Of which attributable to discontinued operations and disposal groups € 0.0m (previous year € - 4.1m).
- 2) Of which attributable to discontinued operations € 0.0m (previous year € - 7.4m).
- 3) Of which attributable to discontinued operations and disposal groups € 0.0m (previous year € - 11.5m).
- 4) Of which attributable to discontinued operations in the reporting period € 0.0m (previous year € - 0.2m).

Revaluation reserves						Equity attributable to shareholders of Celesio AG	Non-controlling interests	Equity
Translation reserves	Revaluation of defined benefit plans	Asset revaluation reserves	Available for sale financial assets	Cash flow hedges	Other comprehensive income from associates accounted for using the equity method			
-159.4	-151.6	0.0	0.0	-16.4	-5.9	2,161.6	34.3	2,195.9
0.0	0.0	0.0	0.0	0.0	0.0	-51.0	-1.2 <sup>4)</sup>	-52.2
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	8.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-121.4	-11.3	0.0	0.8	15.9	3.5	-112.5	-5.6	-118.1
0.0	0.0	0.0	0.0	0.0	0.0	159.9	6.5	166.4
-121.4	-11.3	0.0	0.8	15.9	3.5	47.4	0.9	48.3
-280.8 <sup>1)</sup>	-154.1 <sup>2)</sup>	0.0	0.8	-0.5	-2.4	2,158.0 <sup>3)</sup>	34.0	2,192.0
-148.4	-90.1	-0.4	0.0	-20.8	-1.1	2,434.4	32.2	2,466.6
0.0	0.0	0.0	0.0	0.0	0.0	-42.5	-1.6 <sup>4)</sup>	-44.1
0.0	0.0	0.0	0.0	0.0	0.0	-1.3	0.0	-1.3
0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0
-11.0	-61.5	0.0	0.0	4.4	-4.8	-72.9	-3.4	-76.3
0.0	0.0	0.0	0.0	0.0	0.0	-156.1	7.1	-149.0
-11.0	-61.5	0.0	0.0	4.4	-4.8	-229.0	3.7	-225.3
-159.4 <sup>1)</sup>	-151.6 <sup>2)</sup>	0.0	0.0	-16.4	-5.9	2,161.6 <sup>3)</sup>	34.3	2,195.9



**Notes to the  
consolidated  
financial  
statements  
Celesio AG  
2013**

# Group segment reporting by division for the 2013 fiscal year

2013

€ m

**Income statement**

**Revenue**

External revenue

Inter-segment revenue

**Gross profit**

EBITDA

Of which other significant non-cash income

Of which other significant non-cash expenses

Amortisation of non-current intangible assets and depreciation of property, plant and equipment

Impairment losses recorded on intangible assets and property, plant and equipment

**EBIT**

Result from associates accounted for using the equity method

**Segment assets**

Of which non-current assets and disposal groups held for sale

Of which goodwill

Of which associates accounted for using the equity method

**Capital expenditures**

**Employees**

Headcount annual average

Headcount as of 31/12

Full-time equivalents annual average

Full-time equivalents as of 31/12

Consumer Solutions	Pharmacy Solutions	Others	Consolidation	Group (continuing operations)	Discontinued operations
3,411.9	17,996.0	0.0	-0.2	21,407.7	19.1
3,411.7	17,996.0	0.0	0.0	21,407.7	19.1
0.2	0.0	0.0	-0.2	0.0	0.0
1,178.7	1,171.2	0.0	0.0	2,349.9	3.0
264.2	353.6	-84.7	-0.3	532.8	0.4
6.3	13.3	0.1	0.0	19.7	0.0
-3.4	-60.5	-1.2	0.0	-65.1	0.0
-60.1	-52.2	-12.7	0.0	-125.0	0.0
-1.2	0.0	0.0	0.0	-1.2	0.0
202.8	301.4	-97.3	-0.3	406.6	0.4
5.1	0.3	0.0	0.0	5.4	0.0
1,872.3	2,059.3	-69.1	-0.1	3,862.4	0.0
0.5	2.0	0.0	0.0	2.5	0.0
1,579.4	503.3	0.0	0.0	2,082.7	0.0
75.6	3.3	0.0	0.0	78.9	0.0
55.0	42.8	6.9	0.0	104.7	0.0
22,563	15,830	309	0	38,702	23
22,766	15,787	318	0	38,871	0
14,837	13,563	265	0	28,665	21
14,946	13,432	275	0	28,653	0

# Group segment reporting by division for the 2012 fiscal year

2012

€ m

**Income statement**

**Revenue**

External revenue

Inter-segment revenue

**Gross profit**

EBITDA

Of which other significant non-cash income

Of which other significant non-cash expenses

Amortisation of non-current intangible assets and depreciation of property, plant and equipment

Impairment losses recorded on intangible assets and property, plant and equipment

**EBIT**

Result from associates accounted for using the equity method

**Segment assets**

Of which non-current assets and disposal groups held for sale

Of which goodwill

Of which associates accounted for using the equity method

**Capital expenditures**

**Employees**

Headcount annual average

Headcount as of 31/12

Full-time equivalents annual average

Full-time equivalents as of 31/12



Consumer Solutions	Pharmacy Solutions	Other	Consolidation	Group (continuing operations)	Discontinued operations
<b>3,463.8</b>	<b>18,808.2</b>	<b>0.0</b>	<b>-1.2</b>	<b>22,270.8</b>	<b>663.4</b>
3,462.7	18,808.1	0.0	0.0	22,270.8	663.4
1.1	0.1	0.0	-1.2	0.0	0.0
<b>1,198.8</b>	<b>1,226.3</b>	<b>0.0</b>	<b>0.0</b>	<b>2,425.1</b>	<b>268.2</b>
275.1	351.0	-83.6	0.0	542.5	4.7
6.2	17.9	1.0	0.0	25.1	0.1
-7.3	-71.7	-1.6	0.0	-80.6	-4.8
-63.5	-59.9	-11.4	0.0	-134.8	-4.4
-3.5	-29.6	-4.5	0.0	-37.6	0.0
<b>208.1</b>	<b>261.5</b>	<b>-99.5</b>	<b>0.0</b>	<b>370.1</b>	<b>0.3</b>
2.5	0.3	0.0	0.0	2.8	-1.6
<b>1,931.2</b>	<b>2,010.7</b>	<b>120.5</b>	<b>-6.0</b>	<b>4,056.4</b>	<b>3.7</b>
0.6	31.3	0.0	0.0	31.9	0.0
1,632.0	521.3	0.0	0.0	2,153.3	0.0
68.0	3.7	0.0	0.0	71.7	0.0
<b>66.2</b>	<b>48.0</b>	<b>7.6</b>	<b>0.0</b>	<b>121.8</b>	<b>21.4</b>
22,989	16,220	300	0	39,509	4,551
22,602	15,971	299	0	38,872	68
15,279	13,819	251	0	29,349	4,339
14,977	13,582	253	0	28,812	65

# Group segment reporting by country for the 2013 fiscal year

	Germany		France	
€ m	2012	2013	2012	2013
External revenue	4,022.1	4,176.4	6,441.8	6,234.7
Segment assets	658.7	580.9	247.2	305.7
Of which non-current assets <sup>1)</sup>	128.8	115.5	193.6	188.6

1) Non-current assets pursuant to IFRS 8.33b).

United Kingdom		Other countries		Group (continuing operations)		Discontinued operations	
2012	2013	2012	2013	2012	2013	2012	2013
4,598.5	4,535.1	7,208.4	6,461.5	22,270.8	21,407.7	663.4	19.1
1,557.5	1,517.8	1,593.0	1,458.0	4,056.4	3,862.4	3.7	0.0
1,638.0	1,593.7	866.5	808.2	2,826.9	2,706.0	8.4	0.0

Please refer to → page 344 of the notes for further explanations and comments on segment reporting.

RECONCILIATION OF SEGMENT REVENUE  
€ m

2012

2013

<b>Revenue of the reportable segments</b>	<b>22,272.0</b>	<b>21,407.9</b>
Consolidation	-1.2	-0.2
<b>Group revenue</b>	<b>22,270.8</b>	<b>21,407.7</b>

RECONCILIATION OF SEGMENT EARNINGS  
€ m

2012

2013

<b>EBIT</b>	<b>370.1</b>	<b>406.6</b>
Result from associates accounted for using the equity method	2.8	5.4
Result from other investments	5.3	6.1
Interest expense	-178.0	-144.9
Interest income	10.6	9.8
Other financial result	3.9	-14.3
<b>Profit before tax from continuing operations</b>	<b>214.7</b>	<b>268.7</b>

RECONCILIATION OF SEGMENT ASSETS  
€ m

31/12/2012

31/12/2013

<b>Segment assets of the reportable segments</b>	<b>4,062.4</b>	<b>3,862.4</b>
Consolidation	-6.0	0.0
<b>Segment assets of the group</b>	<b>4,056.4</b>	<b>3,862.4</b>
+ Interest-bearing other financial assets	36.7	47.1
+ Non-current and current income tax receivables	38.4	20.9
+ Deferred tax assets	111.1	101.7
+ Other assets	5.3	0.5
+ Cash and cash equivalents	523.9	535.7
+ Assets of discontinued operations	29.7	0.0
- Other non-current provisions	71.0	63.8
- Other current provisions	156.4	144.0
- Trade payables	2,325.0	2,384.6
- Sundry liabilities	574.8	437.6
<b>Total net assets</b>	<b>7,928.7</b>	<b>7,598.3</b>

## Accounting policies

Celesio is an international service provider in the pharmaceutical and healthcare markets. The consolidated financial statements of Celesio AG and its subsidiaries as of 31 December 2013 – comprising the group income statement, the group statement of comprehensive income, the group statement of financial position, the group statement of cash flows, the group statement of changes in equity and the notes to the financial statements – have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), London, UK, as endorsed by the European Union and applicable at the end of the reporting period, and supplemented by the provisions of Sec. 315a (1) Handelsgesetzbuch (HGB, German Commercial Code).

The consolidated financial statements have been prepared in euro (€) with all figures generally presented in million euros (€m). We would like to draw attention to the fact that differences may arise from use of amounts and percentages rounded to the nearest whole number.

The group income statement has been prepared using the nature of expense method. The group statement of financial position has been classified into current and non-current items in accordance with IAS 1. To aid clarity, a number of items have been combined, both in the group statement of financial position and in the group income statement. These are presented in detail in the notes to the consolidated financial statements.

The stock corporation is headquartered in Stuttgart, Germany. The address is Celesio AG, Neckartalstrasse 155, 70376 Stuttgart. The shares of Celesio AG are traded on the public exchange.

The consolidated financial statements were authorised for issue by the Management Board on 19 February 2014.

## Basis of consolidation

The consolidated financial statements have been prepared from the separate financial statements of the consolidated group entities as of 31 December 2013. These have been prepared in compliance with the group's uniform accounting policies, based on IFRSs. The consolidated subsidiaries have reported for the same reporting period as that used for the consolidated financial statements.

Subsidiaries over which Celesio AG has either direct or indirect control as defined by IAS 27 “Consolidated and Separate Financial Statements” and SIC12 “Consolidation – Special Purpose Entities” have been fully consolidated in the consolidated financial statements. Subsidiaries are fully included in the consolidated financial statements on the date on which control is transferred to the group. They are deconsolidated on the date on which control passes from the group. Potential voting rights that can be presently exercised or converted, including potential voting rights held by other entities, are considered when assessing whether an entity is controlled or not. In the course of business combinations, put and call options and combinations of such options have been entered into for the remaining non-controlling interests. If the risks and opportunities inherent in the options have already passed to Celesio, the entities acquired in the business combination are fully consolidated taking account of the existing shares and options. The shares attributable to the options are not treated as non-controlling interests but are recognised as a purchase price liability in accordance with IAS 32.23.

If the risks and opportunities inherent in the options remain with the former owner, the entities acquired in the business combination are consolidated taking account of any non-controlling interests. A purchase price liability was recognised through revenue reserves for put options of the former owner.

The consolidation of investments is performed in accordance with the acquisition method pursuant to IFRS 3. This entails revaluing assets, liabilities and contingencies that meet the recognition criteria of IFRS 3 at fair value on the date on which control passes to the group. Any difference remaining between the consideration paid and the interest in the net assets of the acquired company is recognised as goodwill. The cost of a business combination is measured at the fair value of the assets issued to make the combination less the liabilities entered into or assumed on the date of acquisition. The acquisition-related costs of a business combination are expensed at the time they are incurred and presented under other expenses. Since 1 January 2010, contingent consideration is measured at fair value in the course of purchase accounting. Later adjustments to the fair value of this contingent consideration that constitute an asset or a liability are treated in accordance with IAS 39. Differences in debt instruments are recognised through profit or loss but no adjustment is made in the case of equity instruments. For business combinations prior to 1 January 2010, any purchase price payments that were contingent on future events were only considered in the purchase accounting if they were probable and could be reliably estimated. A change in a contingent

liability is recognised by adjusting the purchase price liability and the historic acquisition cost of the business combination, which impacts on goodwill accordingly.

For business combinations achieved in stages, the shares held are revalued through profit or loss at their fair value on the date control passes to the purchaser.

Transactions between owners, i.e., increases or reductions in shares that do not lead to a loss of control, are recorded as equity transactions in the statement of other comprehensive income. However, if transactions lead to a loss of control the resulting gain or loss is posted through profit or loss. The profit or loss also includes the effect of revaluing any remaining shares in the equity of the investment at fair value.

Any excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill under non-current assets and subject to an impairment test at least once a year in accordance with IFRS 3 and IAS 36. Where any negative goodwill remains after renewed testing, it is posted through profit or loss on the date of purchase accounting.

Non-controlling interests represent the portion of profit or loss and net assets that is not allocable to Celesio. Non-controlling interests are measured at their share in the fair value of the identifiable net assets. These are presented separately in the group income statement and the group statement of financial position. In the group statement of financial position they are presented under equity, separately from the share of equity attributable to Celesio.

Pursuant to IAS 28, associates are included in the consolidated financial statements using the equity method at the time significant influence is acquired. Entities over which Celesio exercises common control together with other parties (joint ventures) are consolidated using the equity method in accordance with the option provided in IAS 31. Other investments are recognised at fair value in accordance with IAS 39 or, if no fair value is available and fair value cannot be reliably determined, at acquisition cost.

The effects of intercompany transactions are eliminated. Intercompany profits and losses, revenue, income and expenses as well as all receivables and liabilities between consolidated companies are offset against each other. Intercompany profits and losses originating from intercompany deliveries of non-current and current assets are eliminated. Pursuant to IAS 12, deferred taxes are recognised on any differences arising from consolidation.

## Currency translation

All financial statements included in the consolidated financial statements that have been prepared in foreign currency are translated into euro using the functional currency concept. Since the companies of the Celesio Group operate their businesses independently, their functional currencies are the national currencies applicable in each case. Assets and liabilities are therefore translated at the rate at the end of the reporting period pursuant to IAS 21. Income statement items are translated using the annual average exchange rates. Any differences arising from currency translation are posted to other comprehensive income. Goodwill arising from business combinations is recorded in the currency of the acquiree and thus translated using the exchange rate at the end of the reporting period. In the event that group companies are deconsolidated, any exchange differences carried in equity are released to profit or loss.



The table below shows the year-on-year development in exchange rates relevant for the Celesio Group:

COUNTRY	Currency	Closing rate		Average exchange rate	
		31/12/2012	31/12/2013	2012	2013
United Kingdom	GBP	0.8161	0.8337	0.8105	0.8491
Brazil	BRL	2.7036	3.2576	2.5012	2.8519
Norway	NOK	7.3483	8.3630	7.4729	7.7933
Denmark	DKK	7.4610	7.4593	7.4437	7.4579
Sweden	SEK	8.5820	8.8591	8.6985	8.6481

Foreign currency positions in the separate statements of financial position of the consolidated companies are measured at the closing rate pursuant to IAS 21. Any unrealised gains or losses from these positions are offset against any gains or losses from marking to market any derivatives used to hedge the foreign exchange exposures in the group statement of comprehensive income. Non-monetary items denominated in foreign currency are recognised at their historical rates in the separate financial statements.

## Adjustments to previous year disclosures

Currency translation differences resulting from the individual line items of comprehensive income are presented net under the line item “Exchange differences” and, in particular, under the line item “Foreign currency translation posted directly to other comprehensive income”. Previously, currency translation differences were reported directly under the various elements of other comprehensive income. The change in the presentation of currency translation differences serves to make the statement of other comprehensive income more informative. The change in the presentation policy was applied retrospectively. Adjustments to previous periods merely arose for line items which may be subsequently recycled through profit or loss. Unrealised gains and losses from derivative financial instruments used in cash flow hedges rose by € 0.4m to € 4.8m. The effects from the revaluation of defined benefit plans led to an increase of € 5.1m to € –56.4m. The exchange differences posted directly to other comprehensive income decreased by € 5.5m to € –19.9m.

## New International Financial Reporting Standards

The IASB and the International Financial Reporting Interpretations Committee (IFRS IC) have issued amendments to existing IFRSs and new standards and interpretations whose application has been mandatory since 1 January 2013. The following standards and interpretations were applied by the Celesio Group for the first time in this reporting period:

In December 2011 the IASB published additions to **“IFRS 7 – Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities”**. This has extended the obligations on the reporting entity to disclose rights of offsetting and the related agreements. The new disclosure requirements apply to financial instruments that are offset but also to any financial instruments that are subject to global netting arrangements or comparable agreements, but are not offset. The consequences of implementing these amendments can be found in the section of the notes to the consolidated financial statements on financial assets and liabilities that are subject to offsetting arrangements, beginning on → page 336. The amendments to **“IAS 12 – Income Taxes – Deferred Taxes: Recovery of Underlying Assets”** published in October 2010 did not have any significant impact on the consolidated financial statements. **“IFRS 13 – Fair Value**

**Measurement**” published by the IASB in June 2011 lays down the uniform treatment for measuring fair value and must be applied prospectively. The impact of applying this standard is presented primarily in the section in the notes dedicated to the grouping of assets and liabilities measured at fair value commencing on → page 331. The amendments to **“IAS 1 – Presentation of Items of Other Comprehensive Income (OCI)”** published by the IASB in June 2011 changed the presentation of other comprehensive income and requires separate presentation of other comprehensive income, before and after tax. This information is reported in note (10) Components of other comprehensive income.

The IASB published additions to **“IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets”** in May 2013. These become mandatory for accounting periods beginning on or after 1 January 2014. Celesio decided to early adopt these changes on 31 December 2013.

The IASB and the IFRIC have issued additional standards and interpretations and corresponding amendments to existing standards and interpretations that are not yet mandatory for the reporting period. The adoption of these standards is contingent upon the European Union recognising those standards which it had not as yet recognised by the date on which the financial statements were compiled. Specifically, the standards and interpretations concerned are:

IFRS Standard / Interpretation	Published by the IASB	Mandatory for fiscal years starting on or after:	EU endorsement
IAS 19 — Employee benefits	21/11/2013	01/07/2014	No
IAS 27 — Separate financial statements	12/05/2011	01/01/2014	Yes
IAS 28 — Investments in associates and joint ventures	12/05/2011	01/01/2014	Yes
IAS 32 — Offsetting financial assets and financial liabilities	16/12/2011	01/01/2014	Yes
IAS 39 — Novation of derivatives and continuation of hedge accounting	27/06/2013	01/01/2014	Yes
IFRS 7 — Disclosures on transition to IFRS 9	16/12/2011	tbd	No
IFRS 9 — Financial instruments	12/11/2009	tbd	No
IFRS 10 — Consolidated financial statements	12/05/2011	01/01/2014	Yes
IFRS 11 — Joint arrangements	12/05/2011	01/01/2014	Yes
IFRS 12 — Disclosure of interests in other entities	12/05/2011	01/01/2014	Yes
IFRIC 21 — Disclosures	20/05/2013	01/01/2014	No

From a current perspective, none of the amendments set out above will have a material impact on the assets position, financial position and earnings of the Celesio Group. However, some changes in the presentation and additional disclosures in the notes are expected in isolated cases. The group has not availed itself of the option to early adopt the standards and interpretations.

## Accounting policies

The consolidated financial statements have been prepared in accordance with the historical cost convention (by which items are measured at historical cost or amortised cost) with the exception primarily of derivative financial instruments, available-for-sale financial assets and financial assets measured at fair value through profit or loss which are recognised at fair value.

Pursuant to IAS 38, acquired **intangible assets** are recognised at historical cost plus any incidental costs of acquisition and less any trade discounts or rebates. If the asset has a limited useful life, it is amortised using the straight-line method.

Internally generated intangible assets from which future benefits are likely to flow to the group and whose cost can be reliably measured are recognised at the cost of production. The cost of production includes all costs directly attributable to development as well as an appropriate portion of allocable production-related overheads. Payments on account include expenses recognised for software being developed including own work capitalised.

Concessions, industrial rights, licences, patents and software have useful lives ranging between 2 and 20 years. Intangible assets that are amortised are subject to an impairment test if there are any material indications or changes in the underlying assumptions which suggest that the carrying value of the asset is no longer recoverable. Where necessary, impairment losses are recorded in accordance with IAS 36. These are reversed as soon as the reasons for the impairment cease to exist.

It is assumed that goodwill has an indefinite useful life. This generally also applies to brands acquired by the group provided that there is an intention to use them for an indefinite period as they mainly pertain to company names. According to IAS 38, intangible assets with an indefinite useful life are not amortised. Rather, they are reviewed at least once annually in accordance with IAS 36 and, if there is any indication of impairment, subjected to an impairment test. Impairment losses are determined by allocating goodwill or brands at the level of the cash-generating

units. The cash-generating units in the Wholesale business area correspond, as in the previous year, to the business area of the respective country. The International Retail cash-generating unit was broken up at the end of 2012 due to a reorganization of the reporting structure and restructured as a business area by country, by analogy to Wholesale.

Impairment losses are recognised at the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's value in use and its fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from the asset or cash-generating unit concerned and is determined using the discounted cash flow method. This relies on the latest business planning approved by management for the next five years (detailed planning period). The planning projections are rolled forward to the following years using a constant growth rate. The growth rates after the detailed planning period are based on historical growth rates, independent studies on medium-term market development – comparing Celesio's projected performance to that of the market – and the expectation for long-term growth in the healthcare market in light of demographic and other developments.

The planning is based on past developments and expectations of future market developments at the level of the cash-generating unit. Significant planning assumptions relate to revenue growth, the development of gross margins and operating margins, the discount rate and the growth rate in the period after the detailed planning period. The anticipated impact of definite or foreseeable government measures is also considered for pharmacies and the wholesale business.

Rising sales revenue is forecast for the Lloydsparmacy cash-generating unit in the detailed planning phase due to the continued implementation of the European pharmacy network (EPN) and the growth in service business. It is expected that these factors will more than compensate the effect of government intervention. The management board is forecasting the pharmacy business in Norway to remain stable on the basis of the continued expansion in non-prescription sales. We believe that the earnings generated by the pharmacies in Ireland will remain stable.

We expect the revenue and earnings of Wholesale UK to remain stable in spite of government cost-cutting as the impact of these measures will be compensated by improvements in the purchasing strategy and closer cooperation with retail. For Wholesale France, the Management Board once again anticipates stable gross profit margins despite growing pressure from competition and stagnating pharmaceutical markets. The stable market in Austria should provide Wholesale Austria with sound revenue and earnings in the coming fiscal years.

Cash flows are discounted using the weighted average cost of capital (before tax) which is determined for each cash-generating unit. The cost of capital is composed of borrowing costs, which are based on the interest rates obtainable on the capital markets, and the costs of equity, which are calculated from a risk-free basic rate of return, a premium for the industry risk and a country-specific risk premium.

Since the previous year, Celesio conducts **scheduled impairment tests** on goodwill and brands in the fourth quarter of each year. The following overview summarises the parameters used in the impairment test for each division to determine the value in use.

	Goodwill		WACC <sup>1)</sup>		Growth rate after the detailed planning period <sup>1)</sup>	
	31/12/2012 € m	31/12/2013 € m	2012 %	2013 %	2012 %	2013 %
Consumer Solutions	1,632.0	1,579.4	8.3–12.7	8.8–12.9	2.0	2.0
Of which Lloyds-pharmacy	1,263.5	1,236.7	8.6	9.4	2.0	2.0
Of which Pharmacies Norway	234.6	208.9	9.0	9.4	2.0	2.0
Of which Pharmacies Ireland	48.7	48.7	11.6	12.1	2.0	2.0
Of which Others	85.2	85.1	8.3–12.7	8.8–12.9	2.0	2.0
Pharmacy Solutions	521.3	503.3	8.6–14.4	9.3–15.1	2.0–3.4	2.0–3.0
Of which Wholesale United Kingdom	153.0	149.8	8.6	9.6	2.0	2.0
Of which Wholesale France	134.2	134.2	10.0	10.7	2.0	2.0
Of which Wholesale Austria	122.2	122.2	8.8	9.3	2.0	2.0
Of which Others	111.9	97.1	9.2–14.4	9.7–15.1	2.0–3.4	2.0–3.0

1) Assumptions as of 31 October 2013

Further scenarios were analysed for the critical calculation parameters to verify the values in use as of 31 October 2013. Management considers the following scenarios to be possible:

- An increase in WACC of 1.0 percentage point
- A decrease in the growth rate after the detailed planning period of 0.5 percentage points
- A one-year delay in planned revenue, retaining the margins of the base scenario, on account of prevailing market uncertainty and the strategic projects currently being implemented.

With our Brazilian Wholesale operation we intend to participate in the market opportunities as they arise and expect our revenue to be slightly above the growth rates forecast for the Brazilian market. We expect to see a rise in our gross profit over the course of the detailed planning period to bring us level with our listed competitors. The projected improvement in profitability will be supported by planned changes to our procurement strategy and internal measures aimed at



realizing efficiency gains. The projected earnings before income taxes and interest should therefore rise by an average of 30.4% in each year of the planning period. The cash-generating unit Wholesale Brazil had a WACC of 15.1% as of 31 October 2013 and a growth rate of 3.0% after the detailed planning period. In addition, the cash-generating unit carried goodwill of € 73.8m at the end of 2013. Based on the above assumptions, the value in use of the cash-generating unit exceeds its carrying amount by € 122.2m. If the weighted average cost of capital were to increase by 2.8% percentage points, the carrying amount of the cash-generating unit would correspond to its value in use. A possible change in the growth rate after the detailed planning phase or a delay in the projected sales revenue would not lead to any need to record an impairment loss. In light of the existing uncertainties on the Brazilian market with regard to its future economic development and the successful implementation of the planned measures and their impact on improving profitability we developed an additional scenario in which it is assumed that only the weighted potential risks of the expected opportunities and risks in the 2014 planning year eventuate and the resulting impact on earnings is rolled forward over the full planning period. The value in use of the cash-generating unit achieves parity with its carrying amount if the average projected growth in earnings before interest and taxes falls by 20.3%. The other scenarios did not reveal any need for a potential impairment.

Fair values and purchase price indications are calculated, where appropriate, based on observable comparable market transactions. The costs to make the sale correspond to the best estimate made on past experience.

**Property, plant and equipment** are carried at amortised cost including all incidental costs of acquisition and less any trade discounts or rebates in accordance with IAS 16. The manufacturing costs of internally constructed property, plant and equipment include all costs which can be directly allocated to the production process as well as an appropriate portion of production-related overheads including depreciation.

Any government grants or subsidies received for the acquisition or production of an asset are recorded as deferred income. As in the previous year, government grants were immaterial.

Property, plant and equipment are depreciated on a straight-line basis over their useful lives; an indefinite useful life is assumed for land. The useful lives of the assets are as follows:

	Years
Buildings	10 – 50
Plant and machinery	3 – 15
Other equipment, furniture and fixtures	3 – 10

Where necessary, impairment losses are recorded on property, plant and equipment pursuant to IAS 36. These are reversed as soon as the reasons for impairment no longer exist.

If the economic ownership of a leased asset can be allocated to a group company (finance leases), the asset is capitalised at the inception of the lease at the present value of the lease payments plus any incidental costs borne by the lessee or at its fair value if lower pursuant to IAS 17.

Generally, the leases are for real estate and computer hardware. The leases for real estate have terms of up to ten years and some contain purchase options. The leased computer hardware generally relates to equipment needed to accommodate the outsourcing of IT services that began in 2009. The leases have a residual term of up to three years. The depreciation methods and useful lives applied correspond to the lower of the term of the lease and the useful life of comparable assets acquired for a consideration. There are no significant finance leases in place that contain contingent lease instalments.

In addition to the finance leases, Celesio entered into rental agreements under which the economic title to the assets remains with the lessor (operating leases). The lease payments are recorded through profit or loss on a straight-line basis over the term of the lease. Depending on the type of assets, the leases contain the customary rental conditions and right of first refusal. Celesio reviews agreements that are not structured as leases from a legal perspective but which nevertheless grant a right to use an asset to determine whether they constitute a lease arrangement.

**Borrowing costs** are capitalised if they are directly related to the acquisition or construction of a qualifying asset that needs a substantial period of time to prepare it for its intended use or sale. All other borrowing costs are expensed in the period. Celesio did not capitalise any borrowing costs in either 2013 or 2012.

**Investments** and securities classified as available-for-sale financial assets or financial assets measured at fair value through profit or loss are allocated to a category on the date they are acquired and measured at fair value in accordance with IAS 39. Acquisitions and sales are recognised on their settlement date. These

assets are measured at fair value in following periods, if this can be reliably determined. Fair value is determined from the official listings issued by stock exchanges. No held-to-maturity financial investments were carried on the reporting date.

Financial instruments are allocated to the available-for-sale category if they are not loans or receivables and are not financial assets measured at fair value through profit or loss. They are initially recognised at fair value plus transaction costs. The unrealised gains and losses from their subsequent measurement are posted to the reserve for available-for-sale financial assets without affecting income until they are realised, taking account of any deferred taxes. If the fair value of an available-for-sale financial asset falls below its cost and there are objective indications that the asset is permanently impaired, an impairment loss is charged through profit or loss. The accumulated losses previously recorded under other comprehensive income are released to the income statement. Pursuant to IAS 39.59, the following criteria are considered to be objective indications of an impairment, particularly for debt instruments:

- Significant financial difficulty of the issuer or obligor
- A breach of contract, such as a default or delinquency in interest or principal payments
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- The disappearance of an active market for that financial asset because of financial difficulties
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets

According to IAS 39.61, there is objective evidence of an impairment in an investment in an equity instrument if the fair value of an available-for-sale equity instrument falls below its cost significantly or for a prolonged time. If the reasons for an impairment loss no longer apply, the assets are reinstated accordingly. Reversals of impairment losses recorded on equity instruments are posted to other comprehensive income whereas debt instruments, provided they meet the criteria of IAS 39, are written up through profit or loss. When financial assets are sold, any gains previously recorded in other comprehensive income are reclassified to profit or loss. If no active market exists for the assets and their fair value cannot be determined without incurring an unreasonable expense, these financial assets are reported at historical cost.

Any transaction costs incurred in the category financial assets measured at fair value through profit or loss are posted to profit or loss. When the assets are subsequently measured, any fluctuations in fair value are posted directly to profit or loss. The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to listed market bid prices at the close of business at the end of the reporting period. For financial instruments for which there is no active market, fair value is determined using generally accepted valuation techniques. Such techniques may include using recent comparable market transactions between knowledgeable, willing and independent parties, referring to the current fair value of another instrument that is substantially the same or to discounted cash flow methods.

The amortised cost of financial assets is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

**Loans to investments and other loans** are receivables extended by the entity and are measured at amortised cost and allocated to the loans and receivables category in accordance with IAS 39.

**Interests in associates** are accounted for using the equity method pursuant to IAS 28. Associates are entities over which Celesio exercises significant influence, but does not have control. Generally, 20% to 50% of the voting rights are held in an associate. Beginning with the historical cost at the time of acquisition of the shares, the respective carrying amount of the investment is increased or decreased by any changes in the equity of the investment, regardless of their impact on profit or loss, that are attributable to Celesio's interest in the associate. The goodwill included in the carrying amounts of the investments, determined in accordance with the policies applying to fully consolidated subsidiaries, is not subject to amortisation. The investment is tested for impairment if there is any indication that the total carrying amount of the investment is impaired. Listed market prices do not exist for any of the associates accounted for using the equity method.

**Interests in joint ventures** are accounted for using the equity method pursuant to IAS 31. The same principles apply here as those for associates. An operation qualifies as a joint venture if Celesio can only take the strategic, financial and operating decisions relating to the activity with the unanimous consent of the parties sharing control.

**Raw materials, consumables and supplies, finished goods and merchandise** are recognised at cost based on weighted average purchase prices and the first-in-first-out method. In the Consumer Solutions division the retail method is also applied. Pursuant to IAS 2 the positions are measured at the lower of cost or net realisable value (selling price less costs of completion and the estimated costs necessary to make the sale). This involves accounting for risks associated with holding and selling inventories by recognising valuation allowances. The company has not entered into any long-term construction contracts pursuant to IAS 11.

**Non-current assets held for sale and assets and liabilities of disposal groups and discontinued operations classified as held for sale** are measured at the lower of their carrying amount or fair value less costs to sell and no longer subject to amortisation and depreciation if their carrying amount is likely to be principally realised from a sale and not from their continued use. This is assumed if the sale is deemed to be highly probable and the relevant management level has agreed a plan for sale. This usually requires approval from the Management Board and if certain thresholds are reached, also from the Supervisory Board. Further requirements are that the asset is available for immediate sale in its present condition, there is an intention to sell the asset and a sale is expected within twelve months.

**Receivables** and **other assets** are measured at amortised cost, including transaction costs, with the exception of financial derivatives, and allocated to loans and receivables in accordance with IAS 39. All objectively discernible specific risks are therefore accounted for by appropriate valuation allowances. The criteria listed in IAS 39.59 and explained in the section on available-for-sale financial assets are considered as objective indications of an impairment. The valuation allowances are posted to a separate allowance account. Receivables are written off as soon as a receivable is actually defaulted on. Corresponding reinstatements are posted through profit or loss. Carrying amounts generally correspond with fair value. Receivables denominated in foreign currency were translated using the exchange rate prevailing at the end of the reporting period. Changes in value due to exchange rate fluctuations were posted to profit or loss.

**Financial assets** are derecognised if legal title to them has been transferred and all related risks and rewards of ownership have passed to the buyer. If all the risks and rewards incidental to ownership in the financial assets of the Celesio Group are neither transferred nor retained, an assessment has to be made as to whether the group still has the power of disposal over the asset or not. If the Celesio Group no longer holds the power of disposal over the financial asset, it is derecognised. If the Celesio Group has retained the power of disposal over the financial asset, the asset is recognised at the amount at which a sustained engagement is retained in the asset.

**Income tax receivables** and **income tax liabilities** are measured at the amount expected to be received from or paid to the tax authorities.

**Cash** and **cash equivalents** contain liquid funds such as cash on hand, cheques and bank balances with a term to maturity of less than three months. They are recognised at nominal value. Foreign cash reserves have been valued using the rate at the end of the reporting period.

All **derivative financial instruments** entered into within the Celesio Group such as forward exchange contracts, options or swaps are used solely to hedge foreign currency exposures, interest exposures and the risks of price fluctuations inherent in our operating business and to reduce the related financing requirements. According to IAS 39 these items are initially recognised at fair value in the statement of financial position and subsequently measured at their fair value at the end of the reporting period. Depending on their fair value at the end of the reporting period, derivative financial instruments are reported under other financial assets or other financial liabilities respectively.

Hedges are used to secure both the net realisable value of items in the statement of financial position and future cash flows. This includes exchange rate hedges for intended purchases of merchandise within a twelve-month period, although no such cases were carried as of the reporting date.

The provisions of IAS 39 have been applied for hedge accounting. At the inception of a hedge relationship, the group formally designates and documents the hedge relationship to which the group wishes to apply hedge accounting and the risk strategy and risk management objective for undertaking the hedge. The documentation contains a definition of the hedging instrument, the hedged item or the hedged transaction and the nature of the risk being hedged. Likewise, the documentation contains a description of how the Celesio Group will determine the effectiveness of the hedging instrument to compensate the risks. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows. They are assessed continuously to determine whether they actually have been highly effective throughout the reporting periods for which they were designated. Hedge accounting involves qualifying a derivative either as a fair value hedge or as a cash flow hedge. Changes in the value of a fair value hedge are recorded directly in profit or loss for the period. Changes in the value of a fair value hedge are recorded directly in profit or loss for the period. Conversely, the portion of the change in value of a cash flow hedge qualifying as highly effective is initially posted to other comprehensive income where it will be reclassified to profit or loss when the underlying future cash flow eventuates.

Currency derivatives used as hedges for fair value risks are not formally subject to the rules on hedge accounting. The changes in the fair value of these derivatives which, from an economic point of view, are effective regarding the group's hedging strategy, are recognised in profit or loss. They are offset by the contrary movements in the fair value of the hedged items.

Derivative financial instruments that are not in an effective hedge as defined by IAS 39 are recognised at fair value and classified as a financial asset or financial liability held for trading.

The fair values of derivatives are determined by reference to capital market data at the end of the reporting period and by use of suitable valuation methods such as the discounted cash flow method and other generally accepted option pricing models. The calculation uses the market interest rates applicable for the remaining term of the derivatives.

**Deferred tax assets and liabilities** are deferred in accordance with IAS 12 using the balance sheet liability method. This involves recognising deferred taxes for all temporary differences between the carrying amounts recognised in the consolidated financial statements and the tax base of assets and liabilities as well as any deferred taxes arising from consolidation. Deferred tax liabilities are only not recorded for the retained earnings of domestic and foreign subsidiaries if they are expected to remain within the company in the long term. Deferred tax assets are recognised on unused tax losses at the amount at which the associated tax benefits are likely to be realised through future taxable profit and these can be reliably measured. The amount is based on tax planning taking into account the future tax strategy and any limitations on carrying forward tax losses. The calculation of deferred taxes is based on the tax rates valid in the countries concerned at the time they were recognised or which had been enacted for future periods. A uniform tax rate of 30.7% is applied by the German companies; this is also used as the group tax rate.



**Provisions for pensions and similar obligations** are determined using the actuarial projected unit credit method in accordance with IAS 19. This method involves considering the biometric parameters and the respective long-term interest rates on the capital markets as well as the latest assumptions on future salary and pension increases. The net interest contained in the pension expense is reported under net interest income/loss.

Actuarial gains and losses (revaluations) are posted directly to other comprehensive income when they arise. The revaluations recorded under other comprehensive income are not recycled through profit or loss in subsequent periods. Rather, they remain as components of other comprehensive income.

The interest on defined benefit plans that are fully or partly funded by plan assets is calculated on the basis of the net assets or net liabilities of the plan. The same interest rate is used to calculate net interest income/loss.

Past service cost arises if an adjustment is made to the plan that has an impact on the benefit obligation arising from past service. Past service cost is recognised in the periods in which the adjustment is made to the plan. Consequently, there is no need to allocate past service cost to future periods.

When setting the discount rate, management refers to the interest rates of corporate bonds with top ratings in the country in question. In Norway, the recommendations of the national standards-setting committee on discount rates are also taken into account.

Pursuant to IAS 37, **other provisions** should be recorded if there is a constructive or legal obligation to a third party based on a past business transaction or event. The flow of economic benefits required to settle the obligation must be probable and reliably measurable. Provisions are measured at the amount needed to settle the obligation taking account of all discernible risks. The most likely amount is taken. Any reimbursement claims are not offset against provisions. If it is not possible to recognise a provision because one of the above criteria is not met, the obligation is disclosed under contingent liabilities. Provisions for onerous contracts are recognised if the contractual obligation is higher than the expected economic benefits. Provisions with a term of more than twelve months are discounted.

Restructuring provisions are only recognised when the company has issued a detailed formal plan for the restructuring and has raised a valid expectation in the employees affected that it will carry out the restructuring.

**Share-based compensation programmes** are accounted for in accordance with IFRS 2. The programmes in the Celesio Group qualify as cash-settled share-based payment transactions. The expenses generated by the programmes and the obligations to settle these benefits are recognised over the vesting period. The obligation is remeasured at the end of each reporting period using a binomial model. Changes in fair value are recognised through profit or loss. The resulting expense is reported as personnel expenses and the obligation is presented under other provisions.

With the exception of derivative financial instruments, **liabilities** are initially recognised at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

The debt components of convertible bonds issued in 2009 and 2011 are measured using the market interest rate obtainable on a similar debt instrument but one that is not convertible. These debt components are measured as liabilities at amortised cost until they are converted into equity or become due for repayment. The remaining component of the proceeds from the bond represents the value of the conversion right. This is presented under capital reserves in equity after deducting any income tax impact. The financial liability increases over the course of time by the difference between the effective interest rate and the hypothetical market interest rate. Transaction costs related to the issue of the instrument are allocated to the debt and equity components of the convertible bond in proportion to the capital extended to the group by the instrument.

The corporate bonds issued in 2010 and 2012 are measured at amortised cost as a liability using the effective interest rate method.

Financial liabilities designated as the hedged item of a fair value hedge are recognised at amortised cost plus any gain or loss allocated to the hedged risk (known as a basis adjustment). No fair value hedges were in place on the reporting date. The fair values of financial liabilities were determined using interest rates valid for the corresponding maturities and repayment schedules at the end of the reporting period.

All liabilities denominated in foreign currency (including any hedged items) are translated using the closing rate at the end of the reporting period. Any resulting changes in value are posted to the income statement.

Current portions of originally non-current assets and liabilities whose residual terms are less than one year are reported on principle as current items in the statement of financial position.

**Financial guarantees** issued by the group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured using the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

**Contingent liabilities** include present obligations that arise from past events where an outflow of resources embodying economic benefits is not probable or where the amount of the obligation cannot be estimated reliably. Contingent liabilities are recognised at their fair value if they were acquired in the course of a business combination and meet the criteria for recognition pursuant to IFRS 3. Subsequent measurement is based on the obligation initially recognised. If the obligation has been extinguished – statute-barred, for example – the contingent liability is released. Contingent liabilities not assumed in the course of a business combination are not recognised. Contingent assets are not recognised.

**Revenue** in the Consumer Solutions and Pharmacy Solutions divisions mainly originates from the sale of merchandise and, to a lesser extent, from the provision of services and receipt of royalties. Revenue and other operating income are recognised when the goods or services are delivered provided that the amount can be reliably measured and it is likely that economic benefits will flow to the group. Any deductions from sales such as returned goods, rebates, discounts allowed and bonuses are deducted from gross revenue.

Upon the sale of merchandise to customers, the date on which the goods are delivered is also the date on which economic title to the merchandise passes to the customer. In this case, the transfer of economic title is not attached to the transfer of legal title. Deliveries of merchandise where past experience shows that returns should be expected are not recognised in income until the deadline for the return has expired.

If Celesio collects amounts in the interest of third parties, these do not represent revenue as they do not represent an inflow of economic benefits for the company. Only the remuneration for arranging the transaction and not the total proceeds are recognised as revenue of the entity. Celesio is only regarded as the principal of such agency transactions if it bears the significant risks and rewards associated with the sale of the goods or the rendering of the services. In this case, all the cash received is recognised as revenue.

Revenue from the rendering of services is recognised using the percentage of completion method. The revenue from long-term service agreements is recognised on a straight-line basis over the term of the agreement or – if the services are not spread uniformly over this term – in accordance with the costs already incurred in relation to total costs measured on the basis of past experience.

**Income from sale and lease-back transactions** is recognised immediately in profit or loss providing the lease qualifies as an operating lease and the sales price corresponds to the fair value of the asset. When classifying a lease as a finance lease, the income is deferred and released through profit and loss over the term of the agreement.

**Operating expenses** are recognised in profit or loss when a service is used or when the costs are incurred. Expenses within the framework of rental agreements and leases that qualify as operating leases are recognised contemporaneously to the use of the rented or leased asset.

**Interest** is recorded as an expense or income respectively in the period in which it arises unless the criteria of IAS 23 are satisfied for capitalising it in the cost of an asset or liability.

**Dividends** are recognised when the legal right to receive the payment is established.

## Management estimates and judgements

The preparation of the consolidated financial statements according to IFRSs requires that assumptions, judgements and estimates be made which have an effect on the carrying amount of assets and liabilities as well as expenses and income.

### Accounting for business combinations

Goodwill is disclosed in the course of business combinations. Upon first-time consolidation, all the identifiable assets, liabilities and contingent liabilities are carried at fair value. The carrying amounts are subject to significant uncertainty. If intangible assets are identified, the fair value of the intangible asset is determined based on the nature of the asset using appropriate valuation techniques. These measurements are closely associated with assumptions of management about the future development of the value of the asset and the discount rates used.

Please refer to the disclosures on business combinations starting on → page 255.

### Accounting for share swaps

In corporate transactions where shares in investments held by Celesio are swapped for shares in third parties, the fair value of the shares given and received first needs to be determined. The fair value is measured using appropriate valuation techniques and the result represents a significant business estimate. These measurements are closely associated with assumptions of management about the future development of the value of the asset and the discount rates used.

### Impairment of goodwill and commercial brands

The annual impairment test of goodwill and brands with an indefinite useful life (31 December 2013 € 2,082.7m (previous year € 2,153.3m) is based on assumptions pertaining to the future. The management planning for the next five years is derived from past developments and the expectations with respect to future market developments and does not include any restructuring activities that the group is not yet committed to or any capital expenditure related to its ordinary business that will enhance the earnings of the cash-generating unit being tested. Significant planning assumptions relate to revenue growth, the development of gross margins and operating margins, the discount rate and the growth rate in the period after the detailed planning period. In addition, the expected impact of government measures in the health sector is of special significance. The assessment of the cash flows from new business activities, on which the recoverable amount is based, is particularly reliant on management estimates of the future development of these market segments. In these cases historical information is available to a limited extent only. Moreover, unforeseen government measures could have a negative impact on future revenue and cash flows of Wholesale and Pharmacies. If demand for these products and services does not develop as expected, or if unexpected government measures are introduced, this could reduce income and cash flows and possibly lead to a need to record an impairment loss. These premises and the underlying calculation model can have a material impact on the respective values and ultimately on the amount of a possible goodwill impairment. Please also refer to the notes on impairment testing for goodwill and brands starting on → page 235.

### Trade receivables and other assets

The allowance for bad debts totalling € 119.6m (previous year € 109.1m) is based to a large extent on estimates and judgements of individual receivables taking into account the creditworthiness of the respective customer, the current economic situation and the analysis of historical bad debts on a portfolio basis. To the extent that impairments are derived from historical bad debt rates on a portfolio basis, a drop in the total volume of receivables reduces such provisions and vice versa. For more information please refer to note (17).

### Pension benefits

The cost of defined benefit post-employment plans and the fair value of the defined benefit obligation of € 814.7m (previous year € 811.5m) are determined using actuarial calculations. Actuarial calculations involve making assumptions about discount rates, future wage and salary increases, the mortality rate and future pension increases. All assumptions are reviewed at each reporting date. When determining the appropriate discount rate, management bases its decision on the interest rates of corporate bonds with top ratings in the country in question. In Norway, the recommendations of the national standards-setting committee on discount rates are also taken into account. Moreover, Celesio conducts sensitivity analyses for the corresponding parameters and their impact on the present benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country. Future salary and pension increases are based on expected future inflation rates for the respective country. For more information please refer to note (20).

### Provisions

When measuring provisions, particularly those relating to property, litigation and tax risks, potential losses and restructuring measures, assumptions and estimates play an important role in assessing the probability of utilisation, the obligation amount and the interest rates used for non-current provisions. The measurement is made on the basis of past experience and future price increases. Celesio recognises provisions for current litigation if it is more likely than not that an obligation will arise that will lead to an outflow of resources embodying economic benefits and these can be reliably measured. Celesio assesses the status of current litigation at regular intervals, also with the involvement of external lawyers. The assessment may change as new information becomes available, making it necessary to adjust the provision for litigation to reflect new developments. Upon conclusion of the litigation, expenses may arise for Celesio which exceed the amount provided for. For more information please refer to note (21).

### Contingent liabilities

Contingent liabilities related to legal and tax risks that are recognised in the course of a business combination are subject to a high degree of planning uncertainty. Contingent liabilities were recognised primarily at Panpharma, Brazil, for legal and tax risks. The tax risks relate primarily to VAT liabilities towards Brazilian federal states. Due to uncertainty as to the exact outflow of cash, the risk was recognised upon initial consolidation as a contingent liability of € 113.9m. This assessment was based on an appraisal by an external expert. The carrying amount as of 31 December 2013 came to € 32.0m (previous year € 46.2m). This involved measuring a range of possible levels of utilisation and probabilities of occurrence. To cover these legal and tax risks, an agreement has been entered into with the former owners limiting reimbursement claims to a maximum amount. The related claims have been recognised as independent assets since the acquisition of the outstanding shares in Panpharma and reported under current and non-current assets respectively. Celesio assesses these legal and tax risks at regular intervals, consulting external lawyers where necessary. The assessment may change as new information becomes available, making it necessary to recognise an additional provision pursuant to IAS 37, adjust the existing provision or release the contingent liability. Upon utilisation, expenses may arise for Celesio which exceed the provision amount.

### Deferred taxes

The measurement of deferred tax assets and liabilities requires management to make certain assumptions and estimates. In addition to the interpretation of the tax legislation applicable to the respective taxpayer, the calculation of deferred tax assets on temporary differences and unused tax losses involves assessing the extent to which future taxable income will become available and how tax strategies will be implemented to exploit loss carryforwards. For more information please refer to note (14).



### Contingent consideration from business combinations

The measurement of contingent consideration from business combination requires management to make certain assumptions and estimates. The measurement is based on management planning, if available. The disclosure of the possible range of contingent consideration usually assumes a hypothetical increase or decrease in the relevant underlying earnings or other performance indicators. Please refer to the disclosures on business combinations starting on → page 255.

All assumptions and estimates are based on circumstances prevailing at the end of the reporting period. Future events and changes in conditions can mean that the actual amounts differ materially from the estimated figures. In such cases, the assumptions and, if necessary, the carrying amounts of the assets and liabilities concerned are adjusted accordingly. At the time of preparing the consolidated financial statements, the underlying discretionary decisions and estimates were not expected to be subject to any major changes. Based on the information available today, no significant adjustment of the carrying amounts of the assets and liabilities disclosed in the consolidated financial statements is therefore expected in the 2014 fiscal year.

### Consolidated group

The consolidated group comprises 358 fully consolidated domestic and foreign companies (previous year 387). As in the previous year, this includes seven special purpose entities which are consolidated pursuant to “SIC 12 Consolidation – Special Purpose Entities”, even though Celesio AG does not hold the majority of the voting rights. The purpose of these companies is generally to lease properties. As of 31 December 2013, no entities were consolidated on the basis of potential voting rights (previous year none) relating to shares not held by Celesio, although there is no longer any actual voting majority.

Compared to the previous year, the consolidated group developed as follows:

	Number
<b>As of 01/01/2013</b>	<b>387</b>
Acquisition of shares	4
Formations	1
Mergers with other group entities	-8
Disposals	-4
Liquidations	-22
<b>As of 31/12/2013</b>	<b>358</b>
<i>Of which domestic entities</i>	19
<i>Of which foreign entities</i>	339

In 2013, 22 group companies were liquidated (previous year 75). In most cases the companies were holding and shelf companies in the UK that were no longer needed and closed in the course of streamlining the investment structure.

Nine (previous year seven) associates were consolidated using the equity method. There were no joint ventures (previous year none).

The complete list of shareholdings – an integral component of the notes to the consolidated financial statements – is published in the German Federal Gazette and on [celesio.com](http://celesio.com).

The table below lists the most significant subsidiaries in which Celesio AG holds a direct or indirect controlling interest.

NAME

Domicile

AAH Pharmaceuticals Limited	Coventry, UK
GEHE Pharma Handel GmbH	Stuttgart, Germany
Herba Chemosan Apotheker-AG	Vienna, Austria
Lloyds Pharmacy Limited	Coventry, UK
Norsk Medisinaldepot AS	Oslo, Norway
OCP Portugal, Produtos Farmaceuticos, S.A.	Maia, Portugal
OCP Répartition S.A.	Saint Ouen, France
Panpharma Distribuidora de Medicamentos Ltda.	Goiânia, Brazil
Pharma Belgium S.A.	Brussels, Belgium
Tjellesen Max Jenne A/S	Rodovre, Denmark

## Business combinations and disposals in the 2013 fiscal year

### Business combinations

In the 2013 fiscal year, the Pharmacy Solutions division acquired 100% of the Brazilian company, Tele Action Servicos Ltda., a call centre provider, and fully consolidated it accordingly.

Moreover, the Consumer Solutions division acquired all the shares in a retail pharmacy in Norway and a retail pharmacy in Sweden in the course of optimising its portfolio and fully consolidated them accordingly.

The table below provides the significant details of the companies acquired in 2013:

€ m	Total
<b>Consideration transferred</b>	<b>2.5</b>
Purchase price payment	2.2
Contingent consideration	0.3
Shares previously recognised using the equity method	0.0
Revaluation of shares previously recognised using the equity method	0.0
<b>Cash purchase price</b>	<b>1.8</b>
<b>Fair value of assets and liabilities assumed</b>	
<b>Total assets</b>	<b>0.8</b>
Property, plant and equipment	0.2
Inventories	0.2
Cash and cash equivalents	0.4
<b>Total liabilities</b>	<b>0.5</b>
Other liabilities	0.5
<b>Goodwill</b>	<b>2.2</b>
<b>Non-controlling interests</b>	<b>0.0</b>

No significant incidental acquisition-related costs were incurred. No equity instruments were issued to settle purchase price liabilities.

The fair value of the receivables acquired in the combinations comes to € 0.1m and corresponds to the gross amounts of the contractual receivables. This contains trade receivables of € 0.1m.

The goodwill essentially reflects the expected future cash flows that will be generated by the business combinations and the expertise of the employees. It is tax deductible up to an amount of € 1.2m.

Revenue attributable to the entities acquired in the 2013 fiscal year amounts to € 1.4m and the net profit to € 0.3m. Had these entities been acquired at the beginning of the fiscal year, they would have contributed € 2.4m to group revenue and € 0.2m to the group's net profit.

### Change in contingent consideration

The contingent consideration recognised for acquisitions in accordance with IFRS 3, which was revised in 2008 and has been mandatory since 2010, decreased by € 0.3m in fiscal year 2013. The addition of a new contingent consideration of € 0.3m is countered by the repayment of existing contingent consideration of € 0.4m. Furthermore, the revaluation of an existing contingent consideration resulted in a decrease of € 0.2m. The fair value adjustment of contingent consideration is generally based on an earnings indicator and takes account of the long-term planning. This did not result in any material adjustments to the range of contingent consideration recorded at the end of the 2013 fiscal year.

## Disposals

Five retail pharmacies in the UK and one retail pharmacy in Sweden were disposed of in the 2013 fiscal year in the course of streamlining the portfolio. Rudolf Spiegel GmbH and RSV-équipement SARL were also disposed of.

€ m	Total
<b>Consideration received</b>	<b>2.3</b>
<i>Of which cash</i>	<b>2.2</b>
 Gain/loss on disposal	 <b>0.5</b>
 <b>Total assets</b>	 <b>2.1</b>
Property, plant and equipment	<b>0.3</b>
Inventories	<b>0.6</b>
Trade receivables	<b>0.5</b>
Cash and cash equivalents	<b>0.1</b>
Other assets	<b>0.6</b>
 <b>Total liabilities</b>	 <b>0.9</b>
Trade payables	<b>0.1</b>
Other liabilities	<b>0.8</b>

Costs to sell also include transaction costs. The gains on disposal totalled € 0.5m and were disclosed under other income/expense.

The disclosures on the disposal and deconsolidation of Movianto Ireland, which was classified as a discontinued operation, and the wholesale business in Ireland, which was classified as a disposal group, as well as the sale of Interim Holding GmbH, which held the equity investment in pharmexx India, can be found in the section on “Discontinued operations and disposal groups” in note (16).

## Change in ownership interests in subsidiaries that do not result in a loss of control

In the 2013 fiscal year insignificant additional share purchases were made in Pharmacy Solutions in Austria and in the Others segment in France. The associated impact on revenue reserves was likewise immaterial.

In the previous year, optimisation of the portfolio led to additional share acquisitions for a number of fully consolidated entities in the Pharmexx Group, in Pharmacy Solutions in Slovenia and in the Others segment in France. The consideration paid to the former shareholders for these acquisitions amounted to € 1.1m. Non-controlling shares were reduced by an immaterial amount with the difference not having any impact on goodwill in accordance with IAS 27. Rather, revenue reserves were reduced by € 1.1m.

## Business combinations and disposals in the 2012 fiscal year

### Business combinations

The table below provides the significant details of the companies acquired in 2012:

€ m	Total
<b>Consideration transferred</b>	<b>4.1</b>
Purchase price payment	0.0
Contingent consideration	3.2
Shares previously recognised using the equity method	1.1
Revaluation of shares previously recognised using the equity method	-0.2
<b>Cash purchase price</b>	<b>-0.7</b>
<b>Fair value of assets and liabilities assumed</b>	
<b>Total assets</b>	<b>1.8</b>
Inventories	0.5
Trade receivables	0.2
Cash and cash equivalents	0.7
Other assets	0.4
<b>Total liabilities</b>	<b>1.2</b>
Other liabilities	1.2
<b>Goodwill</b>	<b>3.5</b>
<b>Non-controlling interests</b>	<b>0.0</b>



No significant incidental acquisition-related costs were incurred.

Due to the fact that the fair value of the investments measured using the equity method, which were already held by the Celesio Group prior to the date on which control was obtained by the group, does not correspond to their carrying amounts, a loss of €-0.2m from revaluing shares was recognised in other income/expenses. Contingent consideration of € 2.8m was already settled over the course of the 2012 fiscal year.

The fair value of the receivables acquired in the combination amounted to € 0.6m. This contains trade receivables of € 0.2m. No valuation allowances were recognised on these receivables. Thus the fair value corresponds to the amount agreed on in the contracts.

The goodwill generally reflects the expected future cash flows that will be generated by the combination – including in some cases as a result of the leading market position of the acquisition – and the expertise of the employees. The full goodwill method was not applied.

Revenue attributable to the entities acquired in the 2012 fiscal year amounted to € 4.6m in the previous year and the net profit to € 0.3m. Had these entities been acquired at the beginning of the comparative period, the entities would have contributed € 7.8m to group revenue. The contribution to the group's net profit would have been € 0.3m.

## Disposals

The table below provides the significant details of the companies disposed of in the 2012 fiscal year:

€ m	Total
<b>Consideration received</b>	<b>7.1</b>
Gain/loss on disposal	5.0
<b>Total assets</b>	<b>25.7</b>
Intangible assets	1.1
Property, plant and equipment	0.9
Trade receivables	15.9
Cash and cash equivalents	1.5
Other assets	6.3
<b>Total liabilities</b>	<b>23.8</b>
Financial liabilities	1.9
Trade payables	7.5
Other current provisions	2.2
Income tax liabilities	0.7
Other liabilities	11.5

The disclosures made in the comparative period of the previous year on the discontinued operations that were deconsolidated in 2012, Movianto (not including Movianto Ireland), Pharmexx and the DocMorris mail-order pharmacy, as well as the operations in the Czech Republic, which were classified as a disposal group, can be found in note (16) "Discontinued operations and disposal groups".

## Acquisition of the remaining shares in Panpharma

On 26 April 2012 the Management Board of Celesio AG decided to prematurely exercise the option to purchase the remaining 49.9% of the shares outstanding in Panpharma. Acquisition of the shares was fully executed in May 2012. The consideration transferred amounted to € 258.2m, of which € 253.3m was in cash. The last revaluation of the purchase price liability on the exercise date resulted in recognition of additional goodwill of € 7.5m in the previous period. The remainder of € 26.4m left after settling the purchase price liability was expensed through profit or loss under interest expenses.

## Non-recurring expenses in the group income statement

In the 2013 fiscal year there were special effects with an aggregate negative effect on earnings, in particular for termination benefits, in connection with the reorganisation of the Management Board and management structures in Germany and the United Kingdom as well as the continuing implementation of efficiency enhancement measures, especially in Italy, totalling € 17.0m. The special effects also included non-recurring expenses for legal expenses and other consulting fees related to the planned acquisition by McKesson Corporation of € 2.9m.

In the previous year, the final measures of the Operational Excellence Program (OEP), which was initiated in the 2011 fiscal year, were brought to a conclusion. The expenses associated with the OEP and the strategic realignment as well as the non-recurring expenses related to the severance agreements offered to employees and the claims lodged by a former member of the Management Board and associated obligations were significant and came to a total of € 25.9m. In the previous year expenses of € 8.8m were incurred for prematurely terminating agreements, primarily rental contracts and leases. In addition, impairment losses of € 13.6m were recorded, most of which relate to IT systems that are no longer needed and property, plant and equipment of € 2.8m.

At the end of the 2012 fiscal year, all the measures of the OEP had been concluded and no significant expenses were incurred in the reporting period.

## (1) Revenue

A breakdown of revenue by division and country is part of segment reporting. The revenue generated by the group consists of € 21,051.7m (previous year € 22,034.0m) from sales of merchandise and € 356.0m (previous year € 236.8m) from services rendered.

## (2) Other income

€ m	2012	2013
Advertising subsidies	73.1	70.2
Income from service offerings for manufacturers and pharmacists	36.9	37.3
Income from receivables written down and bad debts collected	33.2	36.4
Net gain on the disposal of non-current non-financial assets	15.1	2.8
Income from data sales	17.6	13.0
Income from rent and lease agreements	11.2	10.8
Sundry income	60.0	49.5
<b>Total</b>	<b>247.1</b>	<b>220.0</b>

Other income includes income from transactions that are not part of the core business of the Celesio Group. This includes income from marketing activities, services and data processing and IT services as well as income from letting buildings.

The advertising subsidies consist of income from contributions to costs received mainly from suppliers and pharmacies for sales promotions of particular products.

Income from bad debts collected comprises income from the reversal of valuation allowances and collections of bad debts written off in previous reporting periods.

Net gains on the disposal of non-current non-financial assets mainly relate to the sale of retail pharmacies in the United Kingdom and the Wholesale operation in Ireland. In the previous year, income was mainly generated by the sale of retail pharmacies in the United Kingdom and the pharmacy business in the Czech Republic.

Sundry income includes own work capitalised from IT projects of € 1.6m (previous year € 3.0m). Moreover, this line item includes income of € 8.3m from late payments by customers (previous year € 7.7m). Likewise, sundry income includes € 4.8m from recognising insurance claims, most of which relate to the fire damage at a Belgian warehouse in the previous year and water damage at a warehouse operated by German Wholesale. The insurance claims recognised in the previous year came to € 6.3m. These relate solely to the fire damage in Belgium.

### (3) Other expenses

€ m	2012	2013
Transportation expenses	–190.9	–182.6
Building expenses	–211.1	–203.7
IT and communication expenses	–159.0	–143.4
Promotion and advertising expenses	–48.2	–54.8
Restructuring expenses	2.8	0.7
Legal and consulting costs	–48.4	–31.7
Valuation allowances for bad debts	–43.0	–33.6
Travel expenses	–19.9	–19.0
Third-party personnel services	–14.9	–15.5
Net loss on IFRS 5 revaluations and disposal of non-current non-financial assets	–17.4	–2.9
Sundry expenses	–108.8	–103.9
<b>Total</b>	<b>–858.8</b>	<b>–790.4</b>

Building expenses include rent and lease expenses of € –119.4m (previous year € –124.3m).

Restructuring expenses decreased by € 2.1m in comparison to the previous year. The income recognised in the fiscal year and in the previous year originates from the release of provisions that were recognised in previous periods to cover the costs of the OEP.

Legal and consulting costs do not include any expenses from the OEP (previous year € 2.5m).

Expenses from valuation allowances for bad debts consist of the cost of recognising valuation allowances and expenses from writing off bad debts on which no previous allowances had been recognised.

The third-party personnel services mainly include expenses for recruiting as well as basic and advanced staff training.

The net loss on the revaluation and disposal of non-current non-financial assets generally relate to the disposal of property, plant and equipment and the deconsolidation of Rudolf Spiegel GmbH and RSV-équipement SARL. In the previous year, the net loss from IFRS 5 revaluations related to the Wholesale operation in Ireland and the IFRS 5 revaluations and deconsolidation of the Wholesale operation in the Czech Republic.

Sundry expenses relate to the general costs of administration and sales, such as the costs of office supplies, other taxes and fees. In addition, this line item includes audit fees and other advisory services of € 12.7m (previous year € 10.0m) of which € 2.9m constitutes non-recurring expenses for legal counselling and other consulting services related to the planned takeover by the McKesson Corporation. Sundry expenses also include expenses for the security of land and buildings as well as repairs and maintenance of € 7.3m (previous year € 8.0m). The net currency result from operations contains exchange rate gains of € 1.6m (previous year € 1.4m) and exchange rate losses of € 1.6m (previous year € 1.3m), in both cases including the revaluation of the allocated derivatives posted through profit or loss. Income from the reversal of provisions that are related to other expenses has been offset directly against sundry expenses.

In the reporting period, expenses for the development of software of € 7.0m (previous year € 7.7m) were recorded under other expenses because the criteria for recognising them as assets pursuant to IAS 38 were not satisfied.

#### (4) Personnel expenses/employees

€ m	2012	2013
Wages and salaries	–999.6	–974.3
Social security	–175.4	–168.2
Post-employment expenses	–16.4	–39.7
Personnel services	–61.2	–49.6
Other personnel expenses	–18.3	–14.9
<b>Total</b>	<b>–1,270.9</b>	<b>–1,246.7</b>

Wages and salaries in the fiscal year include special effects, mainly for termination benefits, personnel expenses in connection with the continued implementation of efficiency enhancement measures as well as the reorganisation of management structures within our companies totalling € 13.9m.

In the previous year termination benefits paid to employees and expenses in connection with the settlement of the contractual claims of former members of the Management Board, largely connected to the OEP, amounted to € 25.9m.

Personnel services essentially consist of expenses for freelance locum pharmacists used to fill in for absent employees at Celesio pharmacies.

Income from the release of provisions for obligations towards personnel of € 8.6m (previous year € 5.2m) was offset against personnel expenses.

Personnel expenses include € 3.1m (previous year € 1.6m) from cash-settled share-based compensation programmes.

As of 31 December 2013 Celesio employed 28,653 full-time equivalents. As of 31 December 2012 28,877 employees (FTEs) were employed within the Celesio Group of whom 65 were employed at entities that have been reported as discontinued operations since the first quarter of 2012.

## (5) Depreciation, amortisation and impairment

€ m	2012	2013
Depreciation of property, plant and equipment	–94.5	–90.1
Amortisation of intangible assets	–40.3	–34.9
Impairment losses recorded on property, plant and equipment	–3.1	–1.2
Impairment losses recorded on intangible assets	–34.5	0.0
<b>Total</b>	<b>–172.4</b>	<b>–126.2</b>

Of the impairment losses recorded on property, plant and equipment, primarily in connection with pharmacy and branch closures, an amount of € 0.2m was attributable to land, land rights and buildings (previous year € 0.2m). The impairment losses on other equipment, furniture and fixtures amount to € 1.0m (previous year € 2.8m). The figures for the previous year originated from the measures implemented for the OEP.

Of the impairment losses on intangible assets, € 0.0m (previous year € 7.2m) relates to concessions, industrial rights and similar rights that were incurred in connection with the Operational Excellence Program.



No impairment losses were recorded on other intangible assets in either 2012 or 2013. Likewise, no impairment losses were recorded on payments on account in the reporting period (previous year € 6.4m). The impairment losses recorded in the previous year related to IT systems and licences that were no longer needed.

The impairment test on 31 October 2013 did not result in any need to write-down goodwill (previous year € 20.9m).

The impairment losses recorded on goodwill and other intangible assets with indefinite useful lives breaks down among the cash generating units as follows:

	Impairment loss	WACC	Growth rate after the detailed planning period	Impairment loss	WACC	Growth rate after the detailed planning period
	2012 € m	2012 %	2012 %	2013 € m	2013 %	2013 %
Wholesale Slovenia	20.0	11.1	2.0	/	/	/
Other	0.9	9.2	2.0	/	/	/

The impairment losses of € 20.9m recorded on goodwill in the previous year related to the Slovenia and other segments in Wholesale. Weak developments in the corresponding markets coupled with increasing competition and an overall deterioration in business prospects were responsible for the impairment losses.

## (6) Investment result

€ m	2012	2013
Result from associates accounted for using the equity method	2.8	5.4
Result from other investments	5.3	6.1
<b>Total</b>	<b>8.1</b>	<b>11.5</b>

The result from other investments primarily comprises income from dividends from non-listed entities.

## (7) Financial result

€ m	2012	2013
<b>Interest and similar expenses</b>	<b>-178.0</b>	<b>-144.9</b>
Of which received from affiliates	-0.1	0.0
Of which for finance leases	-1.1	-0.8
Of which for pensions	-10.0	-12.0
<b>Interest and similar income</b>	<b>10.6</b>	<b>9.8</b>
Of which received from affiliates	0.0	0.0
<b>Other financial result</b>	<b>3.9</b>	<b>-14.3</b>
<b>Total</b>	<b>-163.5</b>	<b>-149.4</b>

Interest and similar expenses include interest expenses totalling € 118.4m (previous year € 118.6m) for financial liabilities not measured at fair value through profit or loss.

The interest portion of lease agreements that qualify as finance leases under IAS 17 is included in interest and similar expenses.

The net interest portion contained in the additions to pension provisions is recognised under interest expenses.

Interest and similar income includes interest income totalling € 9.8m (previous year € 10.6m) for financial assets not measured at fair value through profit or loss.

The line item other financial result includes changes in the fair value of derivatives used to hedge financial liabilities. There were no changes in the market value of derivative instruments used to hedge interest exposures in the fiscal year (previous year income of € 0.1m). Changes in the market value of derivative exchange rates gave rise to expenses of € 11.9m (previous year income of € 2.3m). Moreover, the other financial result contains exchange rate gains of € 147.1m (previous year € 183.9m) and exchange rate losses of € 151.0m (previous year € 184.8m). In addition, the other financial result contains impairment losses of € 0.2m (previous year € 0.7m) and income from impaired loan receivables of € 1.7m (previous year € 3.1m).

## (8) Income taxes

€ m	2012	2013
Current taxes	–95.7	–104.9
Deferred taxes	–9.4	7.4
<b>Income taxes</b>	<b>–105.1</b>	<b>–97.5</b>

Deferred tax income of € 7.4m (previous year deferred tax expense of € 9.4m) primarily originates in other countries which this year account for € 7.6m (previous year € 7.9m). This was countered to some extent by deferred tax expenses of € 0.2m (previous year € 1.5m) in Germany. With regard to current taxes an amount of € 0.8m is attributable to Germany (previous year € 1.7m) and € 104.1m to other countries (previous year € 94.0m).

Tax expenses comprise income tax at foreign entities, corporate income tax and trade tax on the earnings of German entities and deferred taxes. Other taxes (property tax, vehicle tax and VAT) are included in other expenses.

Temporary differences of € 12.6m (previous year € 63.6m) arose on the retained earnings of domestic and foreign subsidiaries and associates. Deferred tax liabilities of € 3.9m (previous year € 5.5m) were recognised on these differences. No deferred tax liabilities are recorded for the retained earnings of domestic and foreign subsidiaries if they are expected to remain within the company in the long term.

The tax expense decreased by an amount of € 0.0m (previous year € 0.5m) in the fiscal year due to the utilization of tax loss carryforwards on which no deferred taxes had been recognized in previous accounting periods. The change in the estimate of the potential for utilizing tax loss carryforwards in 2013 resulted in an increase in the income tax burden of € 4.2m (previous year a reduction of € 9.6m). At the end of the reporting period, the group carried unused tax losses of € 465.2m (previous year € 451.9m) and interest carried forward of € 104.3m (previous year € 98.7m), which from a current perspective are unlikely to be utilised. Consequently, no deferred taxes have been recognised. Of the total unused tax losses and interest expenses an amount of € 569.5m (previous year € 550.6m) can be carried forward indefinitely. € 0.0m (previous year € 0.0m) expire over the next 15 years, but possibly disqualify owing to the change of ownership (tainted share rule).

In addition, deferred taxes totalling € 28.0m (previous year € 32.1m) were recognised on unused tax losses of € 87.2m (previous year € 99.6m).

Deferred tax assets on unused loss carryforwards were written down by € 0.5m in the reporting period (previous year € 6.1m). Of the total deferred tax assets recognised on unused tax losses, an amount of € 17.3m (previous year € 21.8m) relates to the Brazilian wholesaler, Panpharma. The deferred tax assets were measured on the basis of unused tax losses of € 50.8m (previous year € 64.2m).

Current taxes include tax expense from other periods of € 7.6m (previous year € 1.3m). Deferred taxes on temporary differences led to total income of € 6.2m (previous year € 12.8m).

The table below shows a reconciliation of the differences between the current taxes reported in the income statement and the theoretical tax expenses arising from applying the tax rate of Celesio AG to the group's profit before tax. The tax rate applying to Celesio AG remains unchanged on the previous year at 30.7%.

	31/12/2012		31/12/2013	
	€ m	%	€ m	%
Profit before tax	214.7	100.0	268.7	100.0
<b>Expected income tax expense</b>	<b>65.9</b>	<b>30.7</b>	<b>82.5</b>	<b>30.7</b>
Effect of differing national tax rates	-9.9	-4.6	-15.3	-5.7
Tax from previous periods	-1.3	-0.6	-9.0	-3.4
Tax effect of non-deductible expenses and tax-exempt income	16.3	7.6	12.6	4.7
Impact of changes to tax rates on deferred taxes	-0.5	-0.2	-1.8	-0.7
Non-recognition, adjustment or utilisation of tax losses	13.6	6.3	11.4	4.2
Impact of amortisation of goodwill	3.9	1.8	-2.0	-0.8
Deferred taxes on distributable earnings	5.5	2.6	-1.6	-0.6
Other tax effects	11.6	5.4	20.7	7.7
<b>Income tax expense</b>	<b>105.1</b>	<b>49.0</b>	<b>97.5</b>	<b>36.3</b>

## (9) Earnings per share from continuing operations

	2012	2013
Profit/loss attributable to shareholders of Celesio AG (€m)	102.5	164.7
Weighted number of no-par shares outstanding	170,100,000	170,100,000
<b>Basic earnings per share (EUR)</b>	<b>0.60</b>	<b>0.97</b>
Profit/loss attributable to shareholders of Celesio AG (€m)	102.5	164.7
Adjustment to interest expense for convertible bond (net, €m)	/	12.4
Net profit used to determine diluted earnings per share	102.5	177.1
Weighted number of no-par shares outstanding	170,100,000	170,100,000
Weighted adjustment to potentially convertible no-par shares	/	15,569,395
Weighted average number of shares used to determine diluted earnings per share	170,100,000	185,669,395
<b>Basic earnings per share (€)</b>	<b>0.60</b>	<b>0.95</b>

The basic earnings per share from continuing operations are calculated by dividing the net profit from continuing operations attributable to shareholders of Celesio AG by the weighted average number of shares outstanding during the fiscal year.

The diluted earnings per share from continuing operations are a result of adding all options to Celesio shares associated with convertible bonds to the average number of shares outstanding. As in the previous year, there were 31.1m options outstanding. It is assumed that the convertible bonds will be exchanged in full for shares. According to IAS 33.44 each issue of convertible bonds must be viewed separately when making the assessment of whether there are any potential dilutive shares. The convertible bond issued in 2011 therefore leads to a dilutive effect in the reporting year, in contrast to 2009. In accordance with IAS 33.41, the effect of potentially dilutive no-par shares was not considered in the previous year, as these shares would improve diluted earnings per share.

## (10) Components of other comprehensive income

The line items of other comprehensive income after tax – including non-controlling interests – developed as follows:

€ m	Fiscal year 2012			Fiscal year 2013		
	before tax	taxes	after tax	before tax	taxes	after tax
<b>Items that will not be recycled through profit or loss</b>						
Revaluation of defined benefit pension plans	-78.6	22.2	-56.4	-20.8	-3.7	-24.5
Share in the revaluation of defined benefit pension plans attributable to associates accounted for using the equity method	-4.8	/	-4.8	3.5	/	3.5
<b>Items that may subsequently be recycled through profit or loss</b>						
Unrealised gains/losses from the current year	-0.2	0.0	-0.2	0.8	0.0	0.8
Gains/losses recycled through profit or loss	0.2	0.0	0.2	0.0	0.0	0.0
Unrealised gains/losses from marking available-for-sale financial assets to market	0.0	0.0	0.0	0.8	0.0	0.8
Unrealised gains/losses from the current year	-8.8	1.8	-7.0	3.9	1.2	5.1
Gains/losses recycled through profit or loss	15.6	-3.8	11.8	13.9	-3.5	10.4
Unrealised gains/losses from derivative financial instruments used to hedge cash flows	6.8	-2.0	4.8	17.8	-2.3	15.5
Foreign currency translation posted directly to other comprehensive income	-23.6	/	-23.6	-113.4	/	-113.4
Release to profit or loss due to loss of control	3.7	/	3.7	0.0	/	0.0
Exchange differences	-19.9	/	-19.9	-113.4	/	-113.4
<b>Other comprehensive income</b>	<b>-96.5</b>	<b>20.2</b>	<b>-76.3</b>	<b>-112.1</b>	<b>-6.0</b>	<b>-118.1</b>

# Notes to the group statement of financial position

## (11) Intangible assets

	2012		
	Concessions, industrial rights and similar rights	Goodwill	Other intangible assets
€ m			
<b>Accumulated historical cost as of 01/01</b>	<b>244.3</b>	<b>2,874.9</b>	<b>214.2</b>
Translation differences	2.1	29.4	-6.6
Additions to the consolidated group	0.0	0.0	-2.1
Additions	12.9	12.0	0.1
Reclassifications	20.3	0.0	-1.1
Disposals	-1.1	0.0	-2.1
Disposals from the consolidated group	0.0	-1.1	0.0
Reclassifications to or from assets held for sale	-24.0	-348.6	-121.5
<b>As of 31/12</b>	<b>254.5</b>	<b>2,566.6</b>	<b>80.9</b>
<b>Accumulated amortisation and impairment as of 01/01</b>	<b>156.7</b>	<b>519.4</b>	<b>76.7</b>
Translation differences	1.2	0.0	-2.6
Additions	38.6	20.9	11.1
Reclassifications	0.5	0.0	0.0
Disposals	-0.9	0.0	-1.0
Disposals from the consolidated group	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0
Reclassifications to or from assets held for sale	-15.9	-127.0	-41.2
<b>As of 31/12</b>	<b>180.2</b>	<b>413.3</b>	<b>43.0</b>
<b>Carrying amount as of 31/12</b>	<b>74.3</b>	<b>2,153.3</b>	<b>37.9</b>

The change in goodwill in the previous year was chiefly due to the reclassifications from discontinued operations and disposal groups to assets held for sale. Please also see the explanations in note (16) Discontinued operations and disposal groups.



2012				2013			
Payments on account	Total	Concessions, industrial rights and similar rights	Goodwill	Other intangible assets	Payments on account	Total	
62.0	3,395.4	254.5	2,566.6	80.9	43.1	2,945.1	
0.9	25.8	-4.8	-72.7	-9.2	-2.0	-88.7	
0.0	-2.1	0.0	0.0	0.0	0.0	0.0	
18.5	43.5	10.6	2.1	0.1	4.7	17.5	
-19.2	0.0	3.1	0.0	0.0	-3.1	0.0	
0.0	-3.2	-1.5	0.0	0.0	-0.8	-2.3	
0.0	-1.1	-0.3	-1.0	0.0	0.0	-1.3	
-19.1	-513.2	0.0	0.0	0.0	0.0	0.0	
43.1	2,945.1	261.6	2,495.0	71.8	41.9	2,870.3	
5.4	758.2	180.2	413.3	43.0	11.4	647.9	
0.1	-1.3	-3.1	0.0	-5.0	-0.9	-9.0	
6.4	77.0	27.3	0.0	7.6	0.0	34.9	
-0.5	0.0	0.0	0.0	0.0	0.0	0.0	
0.0	-1.9	-1.5	0.0	0.0	0.0	-1.5	
0.0	0.0	-0.3	-0.9	0.2	0.0	-1.0	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	
0.0	-184.1	0.0	0.0	0.0	0.0	0.0	
11.4	647.9	202.6	412.4	45.8	10.5	671.3	
31.7	2,297.2	59.0	2,082.6	26.0	31.4	2,199.0	

The negative additions from changes in the consolidated group reported under other intangible assets in the previous year resulted from the finalisation of the purchase price allocation at Oncoprod.

Other intangible assets consist of brands with an indefinite useful life of € 9.2m (previous year € 11.1m) obtained in the course of acquisitions. As in the previous year these can be attributed to Wholesale Brazil for the Panpharma and Oncoprod brands.

## (12) Property, plant and equipment

	2012		
	Land, land rights and buildings	Plant and machinery	Other equipment, furniture and fixtures
€ m			
<b>Accumulated historical cost as of 01/01</b>	<b>702.2</b>	<b>309.8</b>	<b>594.4</b>
Foreign currency translation differences	4.9	1.6	10.6
Additions to the consolidated group	0.0	0.0	0.0
Additions	14.7	10.9	48.5
Reclassifications	6.5	6.5	2.8
Disposals	-6.0	-3.6	-16.3
Disposals from the consolidated group	-0.6	0.0	-5.9
Reclassifications to or from assets held for sale	-43.8	-59.4	-30.7
<b>As of 31/12</b>	<b>677.9</b>	<b>265.8</b>	<b>603.4</b>
<b>Accumulated depreciation and impairment as of 01/01</b>	<b>366.5</b>	<b>229.2</b>	<b>420.2</b>
Foreign currency translation differences	2.2	1.1	7.2
Additions	29.1	16.1	54.6
Reclassifications	0.0	0.2	-0.2
Disposals	-3.5	-3.3	-14.6
Disposals from the consolidated group	-0.5	0.0	-5.0
Write-ups	0.0	0.0	-0.1
Reclassifications to or from assets held for sale	-17.7	-32.6	-22.8
<b>As of 31/12</b>	<b>376.1</b>	<b>210.7</b>	<b>439.3</b>
<b>Carrying amount as of 31/12</b>	<b>301.8</b>	<b>55.1</b>	<b>164.1</b>
<i>Of which finance leases</i>			
<i>Carrying amount as of 31/12</i>	<i>23.6</i>	<i>0.4</i>	<i>5.5</i>

Property, plant and equipment of € 54.0m (previous year € 56.0 m) was pledged as collateral.

2012		2013						
Payments on account and assets under construction	Total	Land, land rights and buildings	Plant and machinery	Other equipment, furniture and fixtures	Payments on account and assets under construction	Total		
17.8	1,624.2	677.9	265.8	603.4	8.5	1,555.6		
0.4	17.5	-7.7	-3.4	-15.6	-0.3	-27.0		
0.8	0.8	0.0	0.0	0.1	0.0	0.1		
12.0	86.1	11.9	13.7	47.7	13.2	86.5		
-15.8	0.0	3.7	3.6	2.6	-9.9	0.0		
-1.1	-27.0	-5.7	-2.3	-20.7	-0.4	-29.1		
0.0	-6.5	-0.2	0.0	-1.2	0.0	-1.4		
-5.6	-139.5	-1.6	0.0	0.0	0.0	-1.6		
8.5	1,555.6	678.3	277.4	616.3	11.1	1,583.1		
0.0	1,015.9	376.1	210.7	439.3	-0.2	1,025.9		
0.0	10.5	-3.6	-1.8	-9.7	0.0	-15.1		
0.0	99.8	25.8	13.8	51.7	0.0	91.3		
0.0	0.0	0.0	0.0	0.0	0.0	0.0		
0.0	-21.4	-4.5	-1.9	-18.4	0.0	-24.8		
0.0	-5.5	-0.2	0.0	-0.9	0.0	-1.1		
-0.2	-0.3	0.0	0.0	0.0	0.0	0.0		
0.0	-73.1	0.0	0.0	0.0	0.0	0.0		
-0.2	1,025.9	393.6	220.8	462.0	-0.2	1,076.2		
8.7	529.7	284.7	56.6	154.3	11.3	506.9		
0.0	29.5	20.5	0.2	2.9	0.0	23.6		

### (13) Other financial assets and associates accounted for using the equity method

Other financial assets mainly contain investments in entities that are not listed on a public exchange and over which the group has neither control nor the ability to exercise a significant influence.

If there is no active market for these financial assets, they are measured at amortised cost. As of 31 December 2013, investments in entities not listed on a public exchange with a carrying amount of € 57.3m (previous year € 56.6m) were measured at amortised cost for that reason.

Associates accounted for using the equity method consist primarily of the investments in Brocacef Holding N.V., Netherlands. The reporting date of Brocacef Holding N.V. is 31 January. However, it is consolidated on the basis of profit/loss for the period from 1 January to 31 December 2013.

The share of the net profit of all associates accounted for using the equity method attributable to Celesio, including amortisation of intangible assets identified during the purchase price allocation, amounted to € 5.4m (previous year € 2.8m). The carrying amount of associates accounted for using the equity method came to € 78.9m (previous year € 71.7m).

These entities generated revenue of € 1,303.5m in the reporting period (previous year € 1,252.6m) and net profit of € 3.2m (previous year € 6.7m). Non-current assets totalled € 244.0m (previous year € 244.3m) while current assets came to € 237.6m (previous year € 218.1m). Total liabilities break down into non-current items of € 88.2m (previous year € 77.4m) and current liabilities of € 155.3m (previous year € 155.0m).

#### (14) Deferred taxes

Depending on their origin, deferred tax assets and liabilities can be allocated to the following items in the statement of financial position:

	31/12/2012		31/12/2013	
	assets	liabilities	assets	liabilities
€ m				
Intangible assets	28.6	69.5	23.1	65.5
Property, plant and equipment	2.3	34.7	16.6	30.2
Other non-current assets	1.8	17.8	3.0	9.8
Current assets	23.9	15.6	20.6	8.1
Financial liabilities	4.5	6.6	2.8	4.7
Provisions	84.4	1.3	63.1	0.0
Other liabilities	41.5	1.3	22.5	1.3
<b>Sum of deferred taxes on temporary differences</b>	<b>187.0</b>	<b>146.8</b>	<b>151.7</b>	<b>119.7</b>
Deferred taxes on unused tax losses	32.1	0.0	28.0	0.0
less offsetting	-108.0	-108.0	-78.0	-78.0
<b>Total</b>	<b>111.1</b>	<b>38.8</b>	<b>101.7</b>	<b>41.7</b>

This includes deferred tax assets totalling € 48.2m that have been offset against other comprehensive income (previous year € 59.7m). These are a result of changes in the value of available-for-sale financial assets and derivative financial instruments used for cash flow hedges as well as the revaluation of defined benefit plans, all of which were posted directly to other comprehensive income. More information on deferred taxes can be found in note (8) Income taxes.

## (15) Inventories

€ m	2012	2013
Raw materials, consumables and supplies	1.9	1.2
Finished goods and merchandise	1,579.5	1,596.6
Payments on account	0.6	0.0
<b>Total</b>	<b>1,582.0</b>	<b>1,597.8</b>

Inventories were written down by € 17.4m in the reporting period (previous year € 32.3m). This was offset by write-ups of inventories of € 19.2m (previous year € 18.1m) that were sold after having previously been written down. The carrying amount of inventories, measured at the lower of cost and net realisable value, came to € 40.8m (previous year € 49.1m). In addition to the customary retention of title clauses, inventories of € 85.2m (previous year € 99.6m) at Wholesale Brazil have been pledged as collateral due to pending tax litigation.

## (16) Discontinued operations and disposal groups

### General

As part of the radical strategic shake-up and streamlining of the portfolio, Celesio announced in the previous year that it would initiate the sales process for a number of companies and activities that no longer constitute the company's core business.

Following careful scrutiny and analysis of the strategic options, the Management Board of Celesio passed a resolution at the end of March 2012 to dispose of the business areas Movianto (excluding the logistics and marketing operations in Austria) and Pharmexx as well as the DocMorris mail-order pharmacy (including the brand) and all Czech operations (previously disclosed within the Pharmacy Solutions and Consumer Solutions segments) before the end of 2012.

One aspect of the resolution was the decision to part with Manufacturer Solutions completely. This reflects the focus on core business and the determination to take the necessary structural and organisational steps. In connection with the strategic realignment, a decision was taken to tackle the sales channel conflict with pharmacists that arose specifically in Germany through the acquisition of the DocMorris mail-order pharmacy in 2007. The decision was therefore taken to sell the mail-order pharmacy, including the DocMorris brand. Since the decision was reached in 2012 the corresponding entities have been classified as discontinued operations. The sale of the Movianto business area, with

the exception of Movianto Ireland, was completed on 31 August 2012. The Pharmexx business area was sold on 12 September 2012. The DocMorris mail-order pharmacy was sold on 30 November 2012.

The resolution mentioned above also included the strategic decision to withdraw from the Czech market completely and therefore to sell the wholesale and pharmacy business. Since the decision was reached, the corresponding entities have been classified as disposal groups. In the third quarter of 2012, Celesio successfully disposed of its operations in the Czech Republic with the sale taking effect in November 2012. The outstanding purchase price payment of € 32.6m was settled in the first quarter of 2013.

A further decision was taken in the second quarter of 2012 to dispose of the Irish Wholesale operation (previously disclosed in the Pharmacy Solutions segment). This was subsequently reclassified as a disposal group as well. In the second quarter of 2013 Celesio was able to conclude the sale of the Irish Wholesale operation and Movianto Ireland, effective May 2013.

#### Revaluation differences and disposals

The entities classified as discontinued operations and disposal groups are measured at fair value less costs to sell. In this case, fair value is based on the sales and purchase agreements entered into. No impairment was recorded on Movianto Ireland in the 2013 fiscal year. The profit or loss of the operation until the date of deconsolidation is presented under net loss from discontinued operations. A gain from deconsolidation of € 0.5m arose at Movianto Ireland, which is also reported under net loss from discontinued operations. Likewise, no impairment loss was recorded on the Irish Wholesale operation, reported as a disposal group, in the 2013 fiscal year. The profit or loss of the operation until the date of deconsolidation is presented under net profit from continuing operations. A gain of € 0.4m arose upon the deconsolidation of the Irish Wholesale operation. These effects are presented under the net profit/loss from continuing operations. Costs to sell consist primarily of transaction costs.

In the previous year impairment losses of €-47.0m were recorded on the Pharmexx cash generating unit, €-61.8m on Movianto including Movianto Ireland and € 145.7m for the DocMorris mail-order pharmacy and brand. The additional disposal of foreign currency translation reserves resulted in aggregate losses on deconsolidation of € 55.8m for Movianto (excluding Movianto Ireland) and € 41.3m for Pharmexx. These are reported under the profit/loss from discontinued operations. Impairment losses on disposal groups comprise an impairment loss of € 6.7m on the wholesale business in the Czech Republic and an impairment of € 10.6m on the Irish Wholesale operation (adjusted by € 8.0m due to the retrospective adoption of the revised version of IAS 19 - Employee Benefits at the end of the 2012 fiscal year). These are reported under the profit/loss from continuing operations.



Key information on the deconsolidation in the reporting period of Movianto Ireland, which was classified as a discontinued operation, and the Irish Wholesale operation, which was classified as a disposal group, can be summarised as follows:

€ m	Irish Wholesale	Movianto Ireland	Total
<b>Consideration received</b>	<b>34.8</b>	<b>10.0</b>	<b>44.8</b>
of which expected to affect cash	34.8	10.0	44.8
of which already cash	21.4	6.1	27.5
 Gain/loss on disposal	 0.4	 0.5	 0.9
 <b>Total assets</b>	 <b>98.9</b>	 <b>54.4</b>	 <b>153.3</b>
Intangible assets	0.0	0.0	0.0
Property, plant and equipment	0.0	0.0	0.0
Deferred tax assets	1.1	0.0	1.1
Inventories	19.2	9.9	29.1
Trade receivables	56.6	39.6	96.2
Cash and cash equivalents	10.9	0.0	10.9
Other assets	11.1	4.9	16.0
 <b>Total liabilities</b>	 <b>66.6</b>	 <b>46.0</b>	 <b>112.6</b>
Financial liabilities	0.0	0.0	0.0
Pension provisions	1.1	0.0	1.1
Deferred tax liabilities	0.5	0.2	0.7
Trade payables	49.9	39.7	89.6
Other current provisions	0.4	0.2	0.6
Other liabilities	14.7	5.9	20.6

Key information on the deconsolidation in the reporting period of Movianto, Pharmexx, and the DocMorris mail-order pharmacy, as well as the operations in the Czech Republic, which was classified as a disposal group, can be summarised as follows:

€ m	Movianto	Pharmexx	DocMorris mail-order pharmacy	Czech operations	Total
<b>Consideration received</b>	<b>163.2</b>	<b>47.9</b>	<b>19.5</b>	<b>91.3</b>	<b>321.9</b>
<b>Profit/loss from deconsolidation</b>	<b>-55.8</b>	<b>-41.3</b>	<b>-145.7</b>	<b>1.2</b>	<b>-241.6</b>
Gain/loss on disposal	-3.1	5.7	0.0	7.9	10.5
Impairment loss already recognised	-52.7	-47.0	-145.7	-6.7	-252.1
<b>Total assets</b>	<b>316.3</b>	<b>75.3</b>	<b>51.4</b>	<b>154.5</b>	<b>597.5</b>
Intangible assets	35.8	29.2	0.0	9.9	74.9
Property, plant and equipment	58.3	1.0	0.0	2.0	61.3
Deferred tax assets	1.2	0.8	2.9	0.1	5.0
Inventories	12.3	1.3	5.5	38.9	58.0
Trade receivables	123.3	17.7	30.9	94.0	265.9
Cash and cash equivalents	39.1	6.5	3.4	0.4	49.4
Other assets	46.3	18.8	8.7	9.2	83.0
<b>Total liabilities</b>	<b>166.8</b>	<b>30.2</b>	<b>39.1</b>	<b>80.0</b>	<b>316.1</b>
Financial liabilities	1.6	1.1	0.2	0.1	3.0
Pension provisions	1.2	0.0	0.1	0.0	1.3
Other non-current provisions	2.1	0.0	0.0	0.0	2.1
Deferred tax liabilities	1.3	3.0	0.4	0.2	4.9
Trade payables	128.3	4.0	18.2	75.2	225.7
Other current provisions	1.9	4.0	0.7	0.5	7.1
Income tax liabilities	0.4	1.2	0.7	0.1	2.4
Other liabilities	30.0	16.9	18.8	3.9	69.6

### Assets and liabilities held for sale

The main asset and liability groups held for sale at the end of the reporting period are summarised below:

	31/12/2012				31/12/2013
	Non-current assets held for sale	Disposal groups Wholesale Ireland	Discontinued operations Movianto Ireland	Assets and liabilities held for sale	Non-current assets held for sale
€ m					
Intangible assets	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	1.3	0.0	0.0	1.3	2.5
Inventories	0.0	25.1	7.3	32.4	0.0
Trade receivables	0.0	38.2	18.1	56.3	0.0
Cash and cash equivalents	0.0	1.1	0.0	1.1	0.0
Other assets	0.0	7.6	4.3	11.9	0.0
<b>Assets</b>	<b>1.3</b>	<b>72.0</b>	<b>29.7</b>	<b>103.0</b>	<b>2.5</b>
Financial liabilities	0.0	0.0	0.0	0.0	0.0
Trade payables	0.0	28.4	34.4	62.8	0.0
Other liabilities	0.0	12.9	0.9	13.8	0.0
<b>Equity and liabilities</b>	<b>0.0</b>	<b>41.3</b>	<b>35.3</b>	<b>76.6</b>	<b>0.0</b>

Real estate with a carrying amount of € 2.0m (previous year € 0.7m) held by Pharmacy Solutions is presented under non-current assets held for sale. In Consumer Solutions this item amounts to € 0.5m.

As an element of the 2012 divestment program, the shares in the Pharmexx Group were sold as a part of the discontinued Manufacturer Solutions division. Due to a lack of control, csmo nextierr Private Limited (previously trading under the name of CSMO pharmexx (India) Pvt., Ltd.), which was not sold along with the Pharmexx Group, was deconsolidated and carried as another investment pursuant to IAS 39 as of 31 December 2012 as the group did not have any significant influence over the entity. The investment in csmo nextierr Private Limited was sold in the second quarter of 2013 to the strategic investor, Parazelsus Orient Pte. Ltd, Singapore. The impairment loss recorded on the investment in the first quarter of 2013 resulted in a loss on the measurement of discontinued operations of € -0.2m.

Moreover, the profit after tax from discontinued operations contains the profit or loss from the business activities up until the deconsolidation of Movianto Ireland plus additional deconsolidation effects of € 0.5m. Other risks arising upon the disposal are also reported under net profit/loss from discontinued operations. The net loss from discontinued operations breaks down as follows:

### Net profit/loss from discontinued operations

€ m	DocMorris mail-order pharmacy and brand 2012
FISCAL YEAR	
Revenue	299.0
Cost of materials	-251.7
Gross profit	47.3
EBITDA	0.8
EBIT	-0.1
Profit/loss before tax from discontinued operations	-1.8
Income taxes	-0.1
Profit/loss after tax from discontinued operations	-1.9
Profit/loss after tax from the measurement and disposal of discontinued operations	-145.7
<b>Net profit/loss from discontinued operations</b>	<b>-147.6</b>

	Pharmexx	Movianto		Total
	2012	2012	2012	2013
	103.9	260.5	663.4	19.1
	-1.8	-141.7	-395.2	-16.1
	102.1	118.8	268.2	3.0
	0.5	4.4	4.7	0.4
	-1.6	2.0	0.3	0.4
	-2.2	2.4	-1.6	0.3
	-2.9	-2.1	-5.1	0.0
	-5.1	0.3	-6.7	0.3
	-41.3	-64.9	-251.9	-5.1
	-46.4	-64.6	-258.6	-4.8

### (17) Receivables and other assets

At the end of the reporting period, current receivables and other assets are as follows:

€ m	31/12/2012	31/12/2013
<b>Trade receivables</b>	<b>2,096.1</b>	<b>2,082.7</b>
<b>Income tax receivables</b>	<b>36.1</b>	<b>18.9</b>
Receivables from affiliates	0.1	0.1
Receivables from associates and other investments	4.4	5.3
Derivative financial instruments	5.2	0.5
VAT and other tax receivables	129.8	93.7
Other assets	268.2	223.3
<b>Other receivables and other assets</b>	<b>407.7</b>	<b>322.9</b>
<b>Total</b>	<b>2,539.9</b>	<b>2,424.5</b>

Other assets include supplier bonuses, creditors with debit balances, receivables from employees and other short-term receivables.

Derivative financial instruments are used to hedge interest rates and foreign exchange rates. Derivative financial instruments are discussed in more detail in note (25).

Receivables from affiliates, which are due from the Franz Haniel & Cie. Group, and receivables from associates and other investments were neither impaired nor past due at the end of the reporting period.

Wholesale Brazil pledged receivables totalling € 28.1m (previous year € 25.7m) as collateral for its own liabilities.

Bad debt allowances developed as follows over the reporting period:

€ m	2012	2013
<b>As of 01/01</b>	<b>84.8</b>	<b>89.9</b>
Additions	34.3	26.0
Utilisation	–10.3	–8.7
Reversals	–11.7	–8.9
Currency, consolidated group and other changes	–7.2	0.5
<b>As of 31/12</b>	<b>89.9</b>	<b>98.8</b>

The table below shows the ageing structure of trade receivables as of the reporting date:

€ m	31/12/2012	31/12/2013
Trade receivables that are neither impaired nor past due	1,859.6	1,841.6
Trade receivables that are not impaired but are past due	161.6	164.6
Of which < 3 months	120.8	112.3
Of which 3 – 6 months	16.6	17.1
Of which 6 – 12 months	11.7	15.0
Of which > 12 months	12.5	20.2
Impaired trade receivables	74.9	76.5
<b>Trade receivables</b>	<b>2,096.1</b>	<b>2,082.7</b>

In the case of the receivables that are neither impaired nor past due, there is no indication that the debtors will not be able to meet their payment obligations.

The development of allowances on other receivables reported under other assets is as follows:

€ m	2012	2013
<b>As of 01/01</b>	<b>22.0</b>	<b>19.2</b>
Additions	7.2	7.8
Utilisation	-1.8	-0.9
Reversals	-8.2	-4.6
Currency, consolidated group and other changes	0.0	-0.7
<b>As of 31/12</b>	<b>19.2</b>	<b>20.8</b>

The table below shows the ageing structure of receivables recognised in other assets as of the reporting date:

€ m	31/12/2012	31/12/2013
Receivables reported under other assets that are neither impaired nor past due	190.4	154.0
Receivables reported under other assets that are not impaired but are past due	19.8	21.6
Of which < 3 months	15.4	15.9
Of which 3 – 6 months	3.2	1.1
Of which 6 – 12 months	0.9	2.2
Of which > 12 months	0.3	2.4
Impaired receivables reported under other assets	2.2	2.0
<b>Impaired receivables reported under other assets</b>	<b>212.4</b>	<b>177.6</b>

Impairments of € 2.1m were recorded in addition to the allowances on trade receivables shown above. Moreover, impairments of € 0.3m were incurred on the receivables recorded under other assets in addition to the allowances reported above. The total amount of write-downs on trade receivables and receivables reported under other assets is therefore € 36.2m (previous year € 43.0m).



## (18) Cash and cash equivalents

€ m	31/12/2012	31/12/2013
Cash on hand	6.7	6.8
Cash at banks	517.2	528.9
<b>Total</b>	<b>523.9</b>	<b>535.7</b>

Movements in cash and cash equivalents as defined by IAS 7 are presented in the accompanying statement of cash flows.

Cash at banks is only maintained at selected banks. No bank deposits have been assigned as collateral, either for existing loans or approved lines of credit.

## (19) Equity

The issued capital of Celesio AG is split into 170,100,000 fully paid no-par shares. Authorised capital of € 43.5m has been approved until 15 May 2017 (authorised capital 2012) and of € 65.3m until 16 May 2016 (authorised capital 2011). In addition, the capital stock was contingently increased in 2009, 2010 and 2013 by up to € 21.8m, split into 17,010,000 no-par registered shares (contingent capital 2009, contingent capital 2010 and contingent capital 2013).

In the reporting period, an ordinary dividend of € 0.30 (previous year € 0.25) per no-par share was paid for the preceding year.

## Convertible bond

In 2011 Celesio Finance B.V. issued a convertible bond with a nominal value of € 350.0m guaranteed by Celesio AG and a coupon of 2.5%. The bond falls due on 7 April 2018 unless it is repaid, converted or repurchased in the meantime. The conversion price stood at € 22.48, both on the date the bond was issued and as of the reporting date.

In 2009, Celesio Finance B.V. had already issued a convertible bond – based on the contingent capital 2009 – with a nominal value of € 350.0m and a coupon of 3.75%. The bond falls due on 29 October 2014 unless it is repaid, converted or repurchased in the meantime. The conversion price stood at € 22.49, both on the date the bond was issued and as of the reporting date.

## Reserves

In addition to the reserves carried by Celesio AG, the reserves also contain the retained profits generated by subsidiaries since their first-time consolidation and the effects of consolidation entries. Non-controlling interests are measured on the net assets of the subsidiaries concerned after being adjusted to the accounting policies of the Celesio Group.

Other reserves recorded under other comprehensive income mainly consist of the effects of foreign currency translation and the revaluation of defined benefit plans. The foreign currency translation reserve amounts to € –280.8m (previous year € –159.4m). The revaluation of defined benefit pension plans amounts to € –154.1m as of 31 December 2013 and € –151.6m as of 31 December 2012. In the fiscal year an amount of € 10.4m (previous year € 8.3m), after considering deferred taxes, was reclassified from the reserves and allocated to interest expense, the investment result, other operating result and the result from discontinued operations.

## Capital management

The prime objective of the group's capital management is to ensure that it maintains the company's financial flexibility to allow for investments that will appreciate in value while simultaneously ensuring healthy financial ratios.

The group monitors its capital based on the equity ratio, gearing and the interest coverage ratio. The loan agreements do not contain any covenants.

However, the bond agreements do contain a change of control clause which provides for premature termination by the bond creditors of all or some of the convertible bonds under certain circumstances.

€ m	31/12/2012	31/12/2013
Equity	2,195.9	2,192.0
/ Total equity and liabilities	7,928.7	7,598.3
<b>Equity ratio (%)</b>	<b>27.7</b>	<b>28.8</b>
Net financial debt	1,559.0	1,363.4
/ Equity	2,195.9	2,192.0
<b>Gearing</b>	<b>0.71</b>	<b>0.62</b>
EBIT	370.1	406.6
/ Financial result	163.5	149.4
<b>Interest coverage ratio</b>	<b>2.3</b>	<b>2.7</b>

## (20) Pension provisions

Depending on the economic, legal and tax environment of the respective country, the employees of the Celesio Group are entitled to join various pension schemes. These include both defined benefit schemes and defined contribution schemes.

The obligations arising from the defined benefit schemes are covered by external pension funds and appropriate provisions and are determined using the actuarial projected unit credit method in accordance with IAS 19 (revised 2011). In order to avoid a concentration of risks, plan assets are invested in a range of different investment categories. The investment strategy also takes account of the age structure of the assets and harmonises this with the expected date on which pensions will be paid out.

Most of the obligations relate to companies in the UK, Norway and Germany. These consist primarily of pension plans measured on the final salary. The pension payments to the beneficiaries are generally adjusted for inflation annually.

The obligation in Norway is largely related to the state-regulated pension scheme which is managed by the Norwegian Public Service Pension Fund. According to the terms of the pension fund, the plan assets of state regulated plans in Norway must correspond very closely to the pension obligation calculated using the principles codified in Norwegian law, which do not consider any future salary increases. The shortfall may not exceed 1% of the obligation. If the shortfall exceeds this threshold, it must be remedied within two years.

In the UK there is a joint pension scheme in place for employees of Consumer Solutions and Pharmacy Solutions. This scheme is largely funded by external pension funds. The Trustee Board decides on the minimum contribution to the plan in association with selected employees of the entity. A valuation is performed at regular intervals in order to determine the amount of the contribution and ensure that the minimum contribution is made.

The pension obligation in Germany is financed via provisions with the exception of the contractual trust arrangement entered into in 2011 for some of the pension obligations for the Management Board.

The actuarial calculations for determining the defined benefit obligations were based on the following country-specific parameters:

%	31.12.2012			31.12.2013		
	NO	UK	EU	NO	UK	EU
Interest rate	3.8	4.3	3.7	4.0	4.4	3.7
Future salary increases	3.5	3.8	0.0–3.5	3.8	4.4	1.5–3.0
Future pension increases	2.5	2.8	0.0–2.0	2.8	3.4	0.0–3.0

The mortality tables for the specific country are based on publicly available data.

Net benefit expense recognised in the income statement in the reporting period can be broken down as follows:

€ m	2012	2013
Service cost	23.0	26.9
Past service cost	–18.4	–0.3
Net interest expense	10.0	12.0
Gain or loss from settlements and other plan amendments	0.4	–0.2
<b>Total</b>	<b>15.0</b>	<b>38.4</b>

The net interest expense contained within pension expenses is reported under interest result.

The table below shows a reconciliation of the funding status of defined benefit plans to the amounts recognised in the group statement of financial position:

€ m	31/12/2012	31/12/2013
DBO, funded	658.2	658.4
Fair value of plan assets	-466.4	-477.9
<b>Funded status</b>	<b>191.8</b>	<b>180.5</b>
DBO, unfunded	153.3	156.3
Defined benefit obligation as of 31/12	345.1	336.8

The present value of the defined benefit obligation and the fair value of the plan assets developed as follows in the reporting period:

€ m	2012	2013
<b>Defined benefit obligation as of 01/01</b>	<b>712.7</b>	<b>811.5</b>
Service cost	23.0	26.9
Interest expense	28.3	30.2
Contributions by plan participants	0.3	0.1
Benefits paid	-34.9	-30.3
Actuarial losses from changes in financial assumptions	66.5	9.9
Actuarial losses from changes in demographic assumptions	20.5	0.0
Experience-based adjustments	1.6	19.8
Past service cost	-18.4	-0.3
Gains and losses from plan settlements	0.0	-0.2
Currency changes	24.2	-51.6
Changes in the consolidated group	-12.3	-1.3
Other changes	0.0	0.0
<b>Defined benefit obligation as of 31/12</b>	<b>811.5</b>	<b>814.7</b>

€ 356.4m (previous year € 361.9m) of the defined benefit obligation is attributable to Norway and € 273.5m (previous year € 272.9m) to the United Kingdom.

€ m

2012

2013

<b>Fair value of plan assets as of 01/01</b>	<b>436.4</b>	<b>466.4</b>
Interest income from plan assets	18.3	18.2
Contributions by employer	27.9	36.5
Contributions by plan participants	0.3	0.1
Benefits paid from plan assets	-25.9	-21.5
Difference between interest income recognised through profit and loss and actual return on plan assets	9.9	8.9
Exchange differences	16.1	-30.7
Changes in the consolidated group	-16.2	0.0
Payments on plan settlements	-0.4	0.0
Other changes	0.0	0.0
<b>Fair value of plan assets as of 31/12</b>	<b>466.4</b>	<b>477.9</b>
<b>of which based on an active market</b>		
Cash and cash equivalents	0.5	0.6
Equity instruments	39.3	50.5
Debt instruments	163.3	156.5
Real estate	10.9	13.2
Mutual funds	2.5	10.0
Asset-backed securities	0.0	0.1
Insurance policies	0.4	0.4
Other	34.2	36.1
<b>of which without an active market</b>		
Cash and cash equivalents	8.5	7.2
Equity instruments	25.4	26.1
Debt instruments	117.0	115.8
Real estate	15.0	16.6
Derivatives	6.7	4.1
Insurance policies	3.2	2.9
Other	39.5	37.8

There were no settlements of defined benefit plans in the fiscal year. In the previous year one plan was settled in Norway, leading to an expense of € 0.4m. The pension plan was also amended in Norway in the previous year to accommodate changes to the terms and conditions of early retirement.

€ 258.1m (previous year € 250.0m) of the defined benefit obligation is attributable to the United Kingdom and € 205.9m (previous year € 206.7m) to Norway.

Plan assets do not include any financial instruments or assets used by the Celesio group.

Employer contributions to plan assets are expected to come to € 20.6m in the 2014 fiscal year.

The following table illustrates the impact of an isolated 0.5% change in the interest rate:

	2012	2013
<b>0.5% increase</b>		
Impact on defined benefit obligation	-91.1	-72.5
<b>0.5% decrease</b>		
Impact on defined benefit obligation	98.0	58.1

The following table illustrates the impact of an isolated 0.5% change in the benefit trend:

	2012	2013
<b>0.5% increase</b>		
Impact on defined benefit obligation	51.2	32.8
<b>0.5% decrease</b>		
Impact on defined benefit obligation	-47.9	-29.2

The following table illustrates the impact of an isolated 0.5% change in the salary trend:

	2012	2013
<b>0.5% increase</b>		
Impact on defined benefit obligation	47.1	24.4
<b>0.5% decrease</b>		
Impact on defined benefit obligation	-44.2	-21.9



The following table illustrates the impact of an isolated change of one year in the life expectancy of 10% of the beneficiaries:

	2012	2013
<b>10% increase</b>		
Impact on defined benefit obligation	27.9	22.9
<b>10% decrease</b>		
Impact on defined benefit obligation	-22.0	-23.7

The following table contains the pension payments expected in the coming reporting periods:

€ m	2014	2015– 2018	2019– 2023
Expected payments	28.9	122.5	186.3

The average duration of defined benefit plans in the reporting year was 16 years (previous year 17).

For the defined contribution pension plan there were no further obligations for Celesio Group companies at the end of the reporting period other than the payment of the defined contribution to external funds. The expenses from ongoing contributions amounted to € 13.3m in the reporting period (previous year € 11.4m). In addition, employer contributions were made to state pension funds. The employer's direct contribution amounted to € 36.8m (previous year € 38.6m).

## (21) Other provisions

Non-current provisions and current provisions developed as follows in the reporting period:

	2012	
	Carrying amount as of 31/12	Of which due within 1 year
€ m		
Provisions for obligations to personnel	77.1	44.1
Provisions for litigation and other legal risks	51.1	17.8
Provisions for restructuring measures	31.0	29.9
Other provisions	68.2	64.6
<b>Total</b>	<b>227.4</b>	<b>156.4</b>

Provisions with a term of more than twelve months are discounted. This involves applying risk-free interest rates ranging from 0.4 to 12.7 % (previous year 0.4% to 9.6%) depending on the term and currency zone.

Provisions with an expected term to maturity of more than five years amount to € 14.4m (previous year € 15.4m).

Provisions for obligations to personnel relate primarily to short-term bonuses and severance payments as well as long-term claims arising from the German phased retirement scheme (Altersteilzeit) and long-service bonuses. Moreover, provisions include provisions for ongoing litigation and contingent liabilities for pending legal disputes regarding obligations to personnel.

Share-based compensation programmes account for € 4.2m (previous year € 2.0m) of the personnel obligations. These cash-settled share-based payment transactions comprise the performance cash schemes, the deferred share programme and the performance share plans of the Management Board, a phantom share plan for managers, and a share-based programme for employees. The average residual term of share-based payment programmes is 1.6 years (previous year 1.9 years).

	2013							
Changes in currency and the consolidated group	Additions	Utilisations	Reversals	Unwinding	Reclassifications	Carrying amount as of 31/12	Of which due within 1 year	
— 1.5	58.2	— 38.7	— 8.6	0.6	0.0	87.1	52.9	
— 6.9	4.2	— 0.9	— 10.0	0.0	0.0	37.5	12.2	
— 0.6	12.9	— 16.3	— 3.9	0.0	0.0	23.1	21.8	
— 1.0	24.5	— 24.8	— 6.8	0.0	0.0	60.1	57.1	
— 10.0	99.8	— 80.7	— 29.3	0.6	0.0	207.8	144.0	

The share-based components of the performance cash scheme (until 2011) and the performance share plan (since 2012) and the portion of the Management Board bonus, and the bonuses for managers (deferred share programme), retained over a vesting period of approximately three years are classified as cash-settled share-based payment transactions as defined by IFRS 2. The share-based components of these plans are measured using binominal option pricing models. The main inputs in the calculation relate to the expected goal attainment on the basis of average earnings per share over the next three years, the risk-free interest rate and the expected volatility on the basis of past values.

The expenses for the benefits received or the liability to settle these benefits are recognised over the vesting period. The portion of the Management Board bonus and the bonuses for managers retained over a vesting period of approximately three years were measured at fair value on the reporting date. The liability is remeasured at each reporting date and on the settlement date. Changes in fair value are recognised through profit or loss.

The change in obligations to personnel from share-based payment programmes is as follows:

€ m

2012

2013

<b>As of 01/01</b>	<b>0.4</b>	<b>2.0</b>
Additions due to changes in the consolidated group	0.0	0.0
Granted	1.6	3.1
Exercised	0.0	0.0
Forfeited/released	0.0	0.9
Expired	0.0	0.0
<b>As of 31/12</b>	<b>2.0</b>	<b>4.2</b>
Exercisable	0.0	0.0

The provisions for litigation and other legal risks relate to legal expenses for court costs, ongoing litigation and contingent liabilities for pending litigation. They do not include obligations to personnel and income tax liabilities.

Restructuring provisions mainly relate to claims in connection with termination benefits related to the continued implementation of the measures to improve efficiency and the reorganization of management structures in our entities. In the previous year, these expenses were incurred as a result of measures taken under the Operational Excellence Program. These were primarily related to claims in connection with termination agreements offered to employees as well as obligations from the premature termination of contractual arrangements, for example rental and lease agreements.

Other provisions contain obligations from real estate such as the obligation to restore rented buildings and rooms or pending losses from properties rented under non-cancellable rental agreements that are no longer needed.

In addition, contingent liabilities for legal and tax risks were recognised primarily in the course of the business combination with Panpharma. These are presented under provisions for obligations to personnel and provisions for litigation and other legal risks in accordance with the underlying issues. During the reporting period, these recognised contingent liabilities were reduced by € 1.7m with regard to provisions for obligations to personnel and € 12.7m with regard to provisions for litigation, mainly because the associated legal and tax risks are now statute-barred. Due to the fact that the recognised contingent liabilities originating from the acquisition of Panpharma are offset by rights of reimbursement against the sellers, the reversal of contingent liabilities automatically reduces the rights of reimbursement and therefore has no impact on profit or loss.

Due to the uncertainty about the expected outflow of cash, the risk was recognised at the amount expected to be incurred.

## (22) Liabilities

	31/12/2012			Carrying amount
	< 1 year	Due in 1–5 years	> 5 years	
€ m				
<b>Financial liabilities</b>				
Liabilities to banks	52.9	72.0	20.6	145.5
Promissory notes and bonds	103.5	1,503.8	305.1	1,912.4
Lease liabilities	5.0	8.3	1.5	14.8
Other financial liabilities	5.5	3.6	1.1	10.2
	<b>166.9</b>	<b>1,587.7</b>	<b>328.3</b>	<b>2,082.9</b>
<b>Trade payables and other liabilities</b>				
Trade payables	2,325.0	0.0	0.0	2,325.0
Income tax liabilities	55.7	0.0	0.0	55.7
Liabilities to affiliates	1.0	0.0	0.0	1.0
Liabilities to associates and other investments	2.1	0.0	0.0	2.1
Other liabilities	570.0	8.2	0.0	578.2
	<b>2,953.8</b>	<b>8.2</b>	<b>0.0</b>	<b>2,962.0</b>
<b>Liabilities</b>	<b>3,120.7</b>	<b>1,595.9</b>	<b>328.3</b>	<b>5,044.9</b>

## (23) Financial liabilities

### a) Liabilities to banks

Liabilities to banks consist primarily of long-term bilateral credit lines. In addition, special purpose lease entities have arranged fixed-interest loans of €46.6m to finance real estate (previous year €51.9m). The market value of these fixed interest loans is €51.5m (previous year €60.7m). Liabilities to banks are broken down by the term of the financing.

	31/12/2013			Carrying amount
	< 1 year	Due in 1–5 years	> 5 years	
	56.8	80.0	31.2	168.0
	439.7	1,183.9	90.0	1,713.6
	3.3	7.5	0.0	10.8
	3.3	2.3	1.1	6.7
	<b>503.1</b>	<b>1,273.7</b>	<b>122.3</b>	<b>1,899.1</b>
	2,384.6	0.0	0.0	2,384.6
	63.4	0.0	0.0	63.4
	0.1	0.0	0.0	0.1
	2.6	0.0	0.0	2.6
	469.9	0.3	0.0	470.2
	<b>2,920.6</b>	<b>0.3</b>	<b>0.0</b>	<b>2,920.9</b>
	<b>3,423.7</b>	<b>1,274.0</b>	<b>122.3</b>	<b>4,820.0</b>

#### b) Promissory notes and bonds.

In the course of diversifying and optimizing its financing structure, Celesio placed, as in previous years, promissory notes. In addition, Celesio placed a convertible bond in each of 2009 and 2011 and a corporate bond in each of 2010 and 2012. Explanatory notes on the convertible bonds are presented in note (19).

As of 31 December 2013 the promissory note and bonds displayed the following features:

€ m	Promissory notes		Convertible bonds		Corporate bonds	
	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013
Nominal values	434.0	215.5	700.0	700.0	850.0	850.0
Of which						
at fixed interest	50.0	90.0	700.0	700.0	850.0	850.0
Of which						
at floating rates	384.0	125.5	0.0	0.0	0.0	0.0
Market values	446.0	230.3	713.0	815.1	899.2	903.3
Of which						
at fixed interest	54.9	97.6	713.0	815.1	899.2	903.3
Of which						
at floating rates	391.1	132.7	0.0	0.0	0.0	0.0
Carrying amounts	433.9	215.4	635.5	653.6	843.0	844.6
Currencies	€ , £	€ , £	€	€	€	€
Original maturities	4 – 7 years	4 – 7 years	5 – 7 years	5 – 7 years	4 – 7 years	4 – 7 years
Effective interest rates	1.35–5.36%	0.78–5.35%	5.38–7.10%	5.38–7.10%	4.19–4.74%	4.19–4.74%

### c) Lease liabilities

Pursuant to IAS 17, liabilities from finance leases are recognised at the present value of future minimum lease payments. Most of these relate to liabilities from leasing real estate in the Celesio Wholesale business area. Fair values generally correspond with their carrying amounts.

€ m	31/12/2012	31/12/2013
Minimum lease payments	17.3	12.4
Due within 1 year	5.9	3.9
Due within 2 to 5 years	9.8	8.5
Due in more than 5 years	1.6	0.0
Interest portion	–2.5	–1.6
Net present value	14.8	10.8



#### (24) Trade payables and other liabilities

Trade payables contain payments on account of orders of € 99.5m (previous year € 87.7m).

Other liabilities comprise:

€ m	2012	2013
Personnel liabilities	111.1	110.3
Other tax liabilities	109.6	52.8
Outstanding invoices	176.1	157.6
Derivative financial instruments	47.8	35.3
Interest liabilities	32.2	32.2
Other liabilities	101.4	82.0
<b>Total</b>	<b>578.2</b>	<b>470.2</b>

Derivative financial instruments are used to hedge interest rates and foreign exchange rates. Derivative financial instruments are discussed in more detail in note (25).

## **(25) Financial risk management and derivative financial instruments**

### **a) Principles of risk management**

As regards assets, liabilities and forecast transactions, Celesio is exposed to risks resulting from changes in exchange rates and interest rates, among other things. Based on a risk appraisal, selected hedging instruments are used to limit these risks.

The use of derivatives is subject to uniform group guidelines set by the Management Board, compliance of which is monitored constantly. These include the functional segregation of trading, handling and posting and the authorisation of just a few qualified employees to enter into derivative financial instruments. We only enter into derivatives for hedging purposes and then only with banks with immaculate credit ratings.

Other disclosures on risk concentrations and diversification of risks can be found in the risk and opportunities report of the management report.

### **b) Interest rate risks**

Interest rate risks are understood as the negative impact of fluctuating interest rates on the net profit of the group. A distinction must be made between fixed-interest and floating-rate financial instruments. For fixed-interest financial instruments, a fixed market interest rate is agreed on for the full term of the derivative. The risk is that when market interest rates fluctuate, the market price of the financial instrument will change (fair value risk due to changes in interest rates). The market price is based on the present value of future payments (interest payments plus repayment of principal) discounted using the market interest rate prevailing at the end of the reporting period for the residual term of the respective payment. The fair value risk due to changes in interest rates will therefore lead to a gain or loss if the fixed-interest instrument is sold before maturity.

For floating-rate financial instruments the interest rate is adjusted in line with respective market interest rates. However, there is a risk here that there may be a short-term fluctuation in interest rates leading to changes in the future interest payment (cash flow risk due to interest rates).

Interest swaps were used in the past fiscal year to hedge interest risks. An interest swap involves swapping the fixed or floating interest rate in the underlying transaction for a floating or fixed interest rate respectively for the entire term of the underlying instrument. The decision on whether to use derivative financial instruments is based on the projected interest rate risk and debt. The interest

hedging strategy is reviewed at monthly intervals and new targets are defined. This involves securing interest rates for at least 50% of the projected debt level.

The interest sensitivity analysis presented below shows the hypothetical effects which a change in the market interest rate at the end of the reporting period would have had on the pre-tax profit and on equity. It is assumed here that the exposure at the end of the reporting period is representative of the year as a whole and that the assumed change in the market interest rate at the end of the reporting period was possible:

- A hypothetical increase of one percentage point in the €-market interest rate as of 31 December 2013 would have resulted in a pre-tax profit that was € 1.2m lower (previous year € 1.5m). A hypothetical decrease of one percentage point in the €-market interest rate would have resulted in a pre-tax profit that was € 1.2m higher (previous year € 0.4m). An increase of one percentage point in the €-market interest rate as of 31 December 2013 would have led to a rise in equity of € 0.3m (previous year € 2.0m). A decrease of one percentage point in the €-market interest rate would have led to a fall in equity of € 0.3m (previous year € 1.0m).
- A hypothetical increase of one percentage point in the GBP-market interest rate as of 31 December 2013 would have resulted in a pre-tax profit that was € 1.5m higher (previous year lower by € 0.3m). A hypothetical decrease of one percentage point in the GBP-market interest rate would have resulted in a pre-tax profit that was € 1.6m lower (previous year € 0.8m higher). An increase of one percentage point in the GBP-market interest rate as of 31 December 2013 would have led to a rise in equity of € 4.7m (previous year increase of € 6.4m). A decrease of one percentage point in the GBP-market interest rate would have led to a fall in equity of € 4.9m (previous year € 6.9m).

The convertible bonds issued in 2009 and 2011 and the corporate bonds issued in 2010 and 2012 led to a reduction of the group's floating-rate debt. This greatly reduced the influence of changes in interest rates on pre-tax earnings and equity.

The statistical population of interest sensitivities was expanded in the fiscal year to include factored receivables as a change in market interest rates of these instruments would also have an impact on pre-tax earnings. The previous-year figures were restated accordingly.

### c) Currency risks

Currency risks refer to the possible write-down of items in the statement of financial position and any forward transactions due to fluctuations in exchange rates. The majority of the foreign exchange risks are a result of the development of the euro against pound sterling. The currency risks at Celesio pertain, among other things, to capital expenditures, financing measures and operating activities. As the group companies largely settle their operating business in their respective functional currency, the foreign exchange exposure on transaction costs can be classified as low.

Forward exchange contracts and currency swaps were used in the 2013 fiscal year to hedge against foreign exchange exposures. This involves a direct hedge of the underlying transaction by means of a foreign exchange derivative. In addition, currency derivatives are used to hedge forecast transactions in foreign currency. This involves selecting the currency derivative (or a combination of several derivatives) which best reflects the likelihood of occurrence and timing of the forecast transaction. Celesio eliminates the economic currency risk associated with intercompany loans denominated in a different currency by means of currency swaps.

The basis for the sensitivity analysis of currency risks includes the non-derivative financial instruments at the end of the reporting period which group entities hold in currencies other than the functional currency.

The Celesio Group has concentrated its mid-term and long-term borrowings at Celesio Finance B.V. based in the Netherlands. In addition, the Group also sources some of its finance at Celesio AG by taking out loans. Correspondingly, these entities take out loans in currencies other than euro and extend them to other entities in the group in accordance with their financing requirements. As they are not denominated in the functional currency of the group, these loans must be included in the assessment of the currency risk in accordance with IFRS 7.40.

Without adjusting for loans denominated in currencies other than the functional currency, a 10% appreciation or depreciation of pound sterling against the euro would have increased or decreased pre-tax profit by € 72.3m (previous year increased or decreased by € 74.9m).

Adjusted for these loans, a 10% depreciation or appreciation of pound sterling against the euro would have increased or decreased the pre-tax profit by € 59.8m (previous year increased or decreased by € 55.1m).

A significant portion of this adjusted currency risk sensitivity analysis results from the possible market price fluctuations of currency swaps.

A 10% appreciation or depreciation of pound sterling against the euro as of 31 December 2013 would not have increased or decreased the translation reserves recognised in other comprehensive income (previous year higher or lower by € 0.1m respectively). This is because all the interest swaps held by Celesio AG in 2013 were denominated in currencies other than the euro.

The indirect impact of foreign exchange fluctuations on operating activities is not considered in the sensitivity analysis.

This analysis assumes that the exchange rates change by the percentage stated at the end of the reporting period. Movements over time and the changes in other market parameters observed in reality are not considered in this analysis.

#### d) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Due to its current customer structure, the bad debt risk in the Celesio group can be classified as relatively low as the largest customers are the state-run healthcare systems and therefore enjoyed a very high credit standing in the past. Due to the large number of business relationships there is no significant concentration of risk either. The theoretical maximum credit risk basically corresponds to the carrying amounts of the receivables and financial assets presented in note (17) and in the table allocating the assets to the IAS 39 categories starting on → page 322. In addition, individual significant receivables are secured if needed by using certified land charges or similar instruments. The balance of hedged receivables in 2013 came to € 0.0m (previous year € 9.4m). The Celesio Group's maximum credit risk is limited to the nominal amounts possible from financial guarantees as well as the fair values of financial assets – including derivative financial instruments with a positive fair value – disclosed in the statement of financial position. At the end of the reporting period the group had issued guarantees with a total nominal amount of € 105.8m (previous year € 139.6m). Celesio mitigates the counterparty risk of cash and cash equivalents held at banks by selecting banks with a defined minimum rating. It mitigates the credit risk from financial instruments by only entering into such contracts with selected partners. The maximum theoretical risk of default on current derivative financial instruments equals the positive fair values of the instruments. At the end of the reporting period these came to € 0.5m (previous year € 5.2m).

#### e) Liquidity risk

Liquidity risk is understood as the risk of the Celesio Group not being in the position to meet its ongoing payment obligations at any time. The liquidity risk is managed by means of centralised financial planning which provides the required finance for operations and capital expenditures. Liquidity management takes the form of rolling liquidity planning taking existing lines of credit into account. The Celesio Group has a significant number of unused long-term confirmed lines of credit and bank guarantees and can make use of these at any time. In addition, on the reporting date, the group could have drawn on a syndicated credit line of € 500m. This credit facility expires on 12 February 2018. It had not been drawn on by the reporting date. The Celesio Group maintains a suitable level of free credit lines in reserve commensurate with the group's indebtedness.

The table presented on → page 318 presents the contractually agreed undiscounted debt service payments due on the financial liabilities and derivative financial assets and liabilities over time, and therefore their impact on the liquidity of the group.

#### f) Other price risks

The Celesio Group was not exposed to any material risks from other price fluctuations as of the reporting date.

#### g) Hedges

The Celesio Group uses hedges to secure future cash flows. These include exchange rate hedges for planned purchases of merchandise as well as capital expenditures and disposals, although there were no cases requiring a hedge as of the reporting date.

### Cash flow hedges

The Celesio Group obtains its finance primarily from long-term bilateral lines of credit, promissory notes, two convertible bonds and two corporate bonds. The bilateral lines of credit are generally drawn on a revolving basis with the interest rate fixed for the short term. Celesio uses cash flow hedges as part of the measures to secure the associated interest risk.

The table below shows the periods – broken down by currency – in which the cash flows associated with cash flow hedges that were in place as of 31 December 2013 are expected (interest payments).

€ m	Cash flows 2014	Cash flows 2015	Cash flows 2016 – 2018	Cash flows 2019 – 2023	Cash flows 2024 ff	Total cash flows
€	— 0.1	— 0.0	— 0.0	— 0.0	— 0.0	— 0.1
£	— 0.7	— 0.7	— 1.7	— 0.0	— 0.0	— 3.1

The hedged interest payments result from liabilities subject to floating-interest rates with nominal values of € 70.0m and GBP 100.0m.

The table below shows the periods – broken down by currency – in which the cash flows associated with cash flow hedges that were in place as of 31 December 2012 were expected (interest payments).

€ m	Cash flows 2013	Cash flows 2014	Cash flows 2015 – 2017	Cash flows 2018 – 2022	Cash flows 2023 ff.	Total cash flows
€	—0.3	—0.2	0.0	0.0	0.0	<b>—0.5</b>
£	—0.9	—0.7	—2.0	—0.2	0.0	<b>—3.8</b>
DKK	—0.1	0.0	0.0	0.0	0.0	<b>—0.1</b>

The hedged interest payments in the previous year resulted from liabilities subject to floating-interest rates with nominal values of € 160.0m, £ 140.0m, and DKK 120.0m.

Losses of € 5.5m (previous year € 7.4m) including deferred taxes were made in the reporting period in connection with cash flow hedges which have been recorded under other comprehensive income. During the fiscal year losses of € 10.4m (previous year € 11.8m) from previous years were transferred from equity to interest expenses and deferred taxes. Of this, an amount of € 1.9m (previous year € 0.0m) originates from the sale of hedging instruments, as the underlying transactions were extinguished in the process, and was posted to interest expenses.

#### Fair value hedge

As in the previous year, no fair value hedges were used in the 2013 fiscal year.



## Summary of derivative financial instruments

Derivative financial instruments break down as follows:

€ m	31/12/2012			31/12/2013		
	Nominal volume	Total	Market value Of which cash flow hedges	Nominal volume	Market value	Of which cash flow hedges
Interest instruments	0.0	0.0	0.0	0.0	0.0	0.0
Currency instruments	715.3	5.2	0.0	108.9	0.5	0.0
<b>Derivative financial assets</b>	<b>715.3</b>	<b>5.2</b>	<b>0.0</b>	<b>108.9</b>	<b>0.5</b>	<b>0.0</b>
Interest instruments	352.1	46.1	46.1	189.9	26.4	26.4
Currency instruments	230.8	1.7	0.0	702.7	8.9	0.0
<b>Liabilities from derivative financial instruments</b>	<b>582.9</b>	<b>47.8</b>	<b>46.1</b>	<b>892.6</b>	<b>35.3</b>	<b>26.4</b>

The tables below present the contractually agreed undiscounted debt service payments due on the non-derivative financial liabilities and derivative financial assets and liabilities over time. As of 31 December 2013 the values were as follows:

€ m

**Non-derivative financial liabilities and financial guarantees** \_\_\_\_\_

Liabilities to banks \_\_\_\_\_

Promissory notes and bonds \_\_\_\_\_

Trade payables (excluding payments received on account of orders) \_\_\_\_\_

Liabilities to affiliates \_\_\_\_\_

Liabilities to associates and other investments \_\_\_\_\_

Lease liabilities \_\_\_\_\_

Other financial liabilities \_\_\_\_\_

Liabilities from business combinations \_\_\_\_\_

Financial guarantees \_\_\_\_\_

**Derivative financial assets** \_\_\_\_\_

Derivatives not designated for hedge accounting \_\_\_\_\_

**Derivative financial liabilities** \_\_\_\_\_

Derivatives designated for hedge accounting \_\_\_\_\_

Derivatives not designated for hedge accounting \_\_\_\_\_

Cash flows 2014	Cash flows 2015	Cash flows 2016 – 2018	Cash flows 2019 – 2023	Cash flows 2024 ff.	Total cash flows	Total carrying amounts
— 60.5 —	— 25.3 —	— 77.4 —	— 24.7 —	0.0	— 187.9 —	168.0
— 512.7 —	— 48.7 —	— 1,321.5 —	— 92.1 —	0.0	— 1,975.0 —	1,713.6
— 2,285.1 —	0.0	0.0	0.0	0.0	— 2,285.1 —	2,285.1
— 0.1 —	0.0	0.0	0.0	0.0	— 0.1 —	0.1
— 2.6 —	0.0	0.0	0.0	0.0	— 2.6 —	2.6
— 3.9 —	— 2.9 —	— 5.6 —	0.0	0.0	— 12.4 —	10.8
— 3.4 —	— 1.9 —	— 0.7 —	— 0.3 —	— 1.2 —	— 7.5 —	6.7
— 0.3 —	0.0	0.0	0.0	0.0	— 0.3 —	0.3
— 57.3 —	— 11.8 —	— 20.5 —	— 11.8 —	— 4.4 —	— 105.8 —	2.7
— 2,925.9 —	— 90.6 —	— 1,425.7 —	— 128.9 —	— 5.6 —	— 4,576.7 —	4,189.9
0.5	0.0	0.0	0.0	0.0	0.5	0.5
0.5	0.0	0.0	0.0	0.0	0.5	0.5
— 9.0 —	— 7.6 —	— 17.2 —	0.0	0.0	— 33.8 —	26.4
— 9.8 —	0.0	0.0	0.0	0.0	— 9.8 —	8.9
— 18.8 —	— 7.6 —	— 17.2 —	0.0	0.0	— 43.6 —	35.3

As of 31 December 2012 the values were as follows:

€ m

**Non-derivative financial liabilities and financial guarantees**

Liabilities to banks

Promissory notes and bonds

Trade payables (excluding payments received on account of orders)

Liabilities to affiliates

Liabilities to associates and other investments

Lease liabilities

Other financial liabilities

Liabilities from business combinations

Financial guarantees

**Derivative financial assets**

Derivatives not designated for hedge accounting

**Derivative financial liabilities**

Derivatives designated for hedge accounting

Derivatives not designated for hedge accounting

Cash flows denominated in foreign currency are translated using the spot rate at the end of the reporting period. Variable cash flows from interest are disclosed on the basis of the rate most recently fixed. On-call liabilities have been allocated to the earliest possible period in the table. Consequently, credit lines are presented in the earliest period in which repayment can be demanded by the creditor.

The gross cash flows have been presented for derivatives that are to be settled on a gross basis in cash. However, from an economic perspective, the derivatives will be settled on a net basis.

	Cash flows 2013	Cash flows 2014	C.sh flows 2015 – 2017	C.sh flows 2018 – 2022	Cash flows 2023 ff.	Total cash flows	Total carrying amounts
	– 56.2	– 26.8	– 52.2	– 18.3	– 5.6	– 159.1	145.5
	– 169.4	– 691.3	– 1,026.2	– 358.8	0.0	– 2,245.7	1,912.4
	– 2,237.3	0.0	0.0	0.0	0.0	– 2,237.3	2,237.3
	– 1.0	0.0	0.0	0.0	0.0	– 1.0	1.0
	– 2.1	0.0	0.0	0.0	0.0	– 2.1	2.1
	– 5.9	– 3.9	– 5.9	– 1.6	0.0	– 17.3	14.8
	– 5.6	– 3.0	– 0.9	– 0.3	– 1.1	– 10.9	10.2
	– 0.6	0.0	0.0	0.0	0.0	– 0.6	0.6
	– 81.6	– 13.8	– 24.2	– 14.1	– 5.9	– 139.6	2.4
	– 2,559.7	– 738.8	– 1,109.4	– 393.1	– 12.6	– 4,813.6	4,326.3
	4.9	0.0	0.0	0.0	0.0	4.9	5.2
	4.9	0.0	0.0	0.0	0.0	4.9	5.2
	– 13.8	– 10.6	– 23.2	– 1.9	0.0	– 49.5	46.1
	– 1.9	0.0	0.0	0.0	0.0	– 1.9	1.7
	– 15.7	– 10.6	– 23.2	– 1.9	0.0	– 51.4	47.8

## Reconciliation of financial instruments to IAS 39 categories as of 31 December 2013

€ m

### Assets

Available-for-sale financial assets - equity instruments

Available-for-sale financial assets - debt instruments

Financial assets measured at fair value through profit or loss

Loans to investments

Other loans

### Other financial assets

### Other non-current assets

### Trade receivables

Receivables from affiliates

Receivables from associates and other investments

Derivative financial instruments – designated as hedging instruments

Derivative financial instruments – not designated as hedging instruments

Other assets

### Other receivables and other assets

### Cash and cash equivalents

Trade receivables, receivables from affiliates, joint ventures, associates and other investments, as well as other assets and cash and cash equivalents generally all have short maturities. For this reason in particular, their carrying amounts approximate their fair values on closing date.

2013

Financial assets measured at fair value through profit or loss	Financial assets held for trading	Loans and receivables	Available-for- sale financial assets	No IAS 39 category	Outside the scope of IFRS 7	Carrying amount	Fair value
0.0	0.0	0.0	58.8	0.0	0.0	58.8	58.8
0.0	0.0	0.0	3.6	0.0	0.0	3.6	3.6
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	14.5	0.0	0.0	0.0	14.5	14.4
0.0	0.0	30.9	0.0	1.7	0.0	32.6	32.2
0.0	0.0	45.4	62.4	1.7	0.0	109.5	109.0
0.0	0.0	0.0	0.0	22.7	17.1	39.8	39.8
0.0	0.0	2,082.7	0.0	0.0	0.0	2,082.7	2,082.7
0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.1
0.0	0.0	5.3	0.0	0.0	0.0	5.3	5.3
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.5	0.0	0.0	0.0	0.0	0.5	0.5
0.0	0.0	175.4	0.0	16.5	125.1	317.0	317.1
0.0	0.5	180.8	0.0	16.5	125.1	322.9	323.0
0.0	0.0	535.7	0.0	0.0	0.0	535.7	535.7

The development of impairments on loans and receivables is presented in note (17). Impairment losses of € 0.1m (previous year € 0.2m) were incurred on available-for-sale financial assets.

## Reconciliation of financial instruments to IAS 39 categories as of 31 December 2012

€ m

### Assets

Available-for-sale financial assets - equity instruments

Available-for-sale financial assets - debt instruments

Financial assets measured at fair value through profit or loss

Loans to investments

Other loans

### Other financial assets

### Other non-current assets

### Trade receivables

Receivables from affiliates

Receivables from associates and other investments

Derivative financial instruments – designated as hedging instruments

Derivative financial instruments – not designated as hedging instruments

Other assets

### Other receivables and other assets

### Cash and cash equivalents



2012

Financial assets measured at fair value through profit or loss	Financial assets held for trading	Loans and receivables	Available-for- sale financial assets	No IAS 39 category	Outside the scope of IFRS 7	Carrying amount	Fair value
0.0	0.0	0.0	57.5	0.0	0.0	57.5	57.5
0.0	0.0	0.0	3.7	0.0	0.0	3.7	3.7
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	14.1	0.0	0.0	0.0	14.1	14.1
0.0	0.0	20.9	0.0	1.8	0.0	22.7	22.7
0.0	0.0	35.0	61.2	1.8	0.0	98.0	98.0
0.0	0.0	0.0	0.0	53.7	16.2	69.9	69.9
0.0	0.0	2,096.1	0.0	0.0	0.0	2,096.1	2,096.1
0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.1
0.0	0.0	4.4	0.0	0.0	0.0	4.4	4.4
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	5.2	0.0	0.0	0.0	0.0	5.2	5.2
0.0	0.0	230.0	0.0	4.7	163.3	398.0	398.0
0.0	5.2	234.5	0.0	4.7	163.3	407.7	407.7
0.0	0.0	523.9	0.0	0.0	0.0	523.9	523.9

## Reconciliation of financial instruments to IAS 39 categories as of 31 December 2013

€ m

### Equity and liabilities

Liabilities to banks

Promissory notes and bonds

Lease liabilities

Other financial liabilities

### Non-current financial liabilities

### Other non-current liabilities

Liabilities to banks

Promissory notes and bonds

Lease liabilities

Other financial liabilities

### Current financial liabilities

### Trade payables

Liabilities to affiliates

Liabilities to associates and other investments

Personnel liabilities

Other tax liabilities

Outstanding invoices

Derivative financial instruments – designated as hedging instruments

Derivative financial instruments – not designated as hedging instruments

Interest liabilities

Other liabilities

### Other current liabilities

2013							
	Financial liabilities held for trading	Other financial liabilities	No IAS 39 category	Outside the scope of IFRS 7	Carrying amount	Fair value	
	0.0	111.2	0.0	0.0	111.2	119.9	
	0.0	1,273.9	0.0	0.0	1,273.9	1,461.1	
	0.0	0.0	7.5	0.0	7.5	7.5	
	0.0	3.4	0.0	0.0	3.4	3.3	
	0.0	1,388.5	7.5	0.0	1,396.0	1,591.8	
	0.0	0.0	0.0	0.3	0.3	0.3	
	0.0	56.8	0.0	0.0	56.8	56.8	
	0.0	439.7	0.0	0.0	439.7	487.6	
	0.0	0.0	3.3	0.0	3.3	3.3	
	0.0	3.3	0.0	0.0	3.3	3.3	
	0.0	499.8	3.3	0.0	503.1	551.0	
	0.0	2,285.1	0.0	99.5	2,384.6	2,384.6	
	0.0	0.1	0.0	0.0	0.1	0.1	
	0.0	2.6	0.0	0.0	2.6	2.6	
	0.0	0.0	0.0	110.3	110.3	110.2	
	0.0	0.0	0.0	52.8	52.8	52.8	
	0.0	157.6	0.0	0.0	157.6	157.6	
	0.0	0.0	26.4	0.0	26.4	26.4	
	8.9	0.0	0.0	0.0	8.9	8.9	
	0.0	32.2	0.0	0.0	32.2	32.2	
	0.0	20.9	0.3	60.5	81.7	81.9	
	8.9	213.4	26.7	223.6	472.6	472.7	

## Reconciliation of financial instruments to IAS 39 categories as of 31 December 2012

€ m

### Equity and liabilities

Liabilities to banks

Promissory notes and bonds

Lease liabilities

Other financial liabilities

### Non-current financial liabilities

### Other non-current liabilities

Liabilities to banks

Promissory notes and bonds

Lease liabilities

Other financial liabilities

### Current financial liabilities

### Trade payables

Liabilities to affiliates

Liabilities to associates and other investments

Personnel liabilities

Other tax liabilities

Outstanding invoices

Derivative financial instruments – designated as hedging instruments

Derivative financial instruments – not designated as hedging instruments

Interest liabilities

Other liabilities

### Other current liabilities

2012							
	Financial liabilities held for trading	Other financial liabilities	No IAS 39 category	Outside the scope of IFRS 7	Carrying amount	Fair value	
	0.0	92.6	0.0	0.0	92.6	101.4	
	0.0	1,808.9	0.0	0.0	1,808.9	1,953.6	
	0.0	0.0	9.8	0.0	9.8	9.8	
	0.0	4.7	0.0	0.0	4.7	4.7	
	0.0	1,906.2	9.8	0.0	1,916.0	2,069.5	
	0.0	8.2	0.0	0.0	8.2	8.2	
	0.0	52.9	0.0	0.0	52.9	52.9	
	0.0	103.5	0.0	0.0	103.5	104.6	
	0.0	0.0	5.0	0.0	5.0	5.0	
	0.0	5.5	0.0	0.0	5.5	5.5	
	0.0	161.9	5.0	0.0	166.9	168.0	
	0.0	2,237.3	0.0	87.7	2,325.0	2,325.0	
	0.0	1.0	0.0	0.0	1.0	1.0	
	0.0	2.1	0.0	111.1	2.1	2.1	
	0.0	0.0	0.0	109.6	111.1	111.1	
	0.0	0.0	0.0	0.0	109.6	109.6	
	0.0	176.1	0.0	0.0	176.1	176.1	
	0.0	0.0	46.1	0.0	46.1	46.1	
	1.7	0.0	0.0	0.0	1.7	1.7	
	0.0	32.2	0.0	0.0	32.2	32.2	
	0.0	21.0	0.6	71.6	93.2	93.2	
	1.7	232.4	46.7	292.3	573.1	573.1	

The fair values of the non-current financial liabilities are determined by discounting future contractually agreed cash flows at the current market rate.

Due to their short maturities the fair value of current financial liabilities, trade payables and other current liabilities corresponds to their carrying amounts with the exception of securitised debt instruments.

The net result of IAS 39 categories breaks down as follows:

€ m	2012	2013
Financial assets measured at fair value through profit or loss	0.0	0.0
Financial assets held for trading	2.3	-11.8
Available-for-sale financial assets	5.3	6.1
Loans and receivables	-14.7	-14.2
Other financial liabilities	-114.4	-118.0
Financial liabilities held for trading	0.0	0.0
<b>Total</b>	<b>-121.5</b>	<b>-137.9</b>

The net gains or losses from financial assets measured at fair value through profit or loss are primarily composed of dividends and the results of marking these financial instruments to market.

The net gains or losses from financial assets held for trading include the net gains or losses from changes in fair value as well as interest income and expenses from these financial instruments.

Among other things, net gains and losses from available-for-sale financial assets contain the investment result and any gains on the sale of these shares.

The net gains or losses from loans and receivables chiefly include the net result of impairment losses and write-ups as well as interest income.

The net gains or losses on other financial liabilities that are not measured at fair value through profit or loss generally consist of interest expenses and exchange rate gains and losses from measuring loans denominated in foreign currency.

Measurement gains of € 0.8m (previous year measurement losses € 0.2m) were recorded in other comprehensive income upon the sale of available-for-sale financial assets in the reporting period. This year, no losses (previous year € 0.2m) were reclassified from other comprehensive income to the other investment result.

### Fair value hierarchy of financial instruments

Celesio applies the following fair value hierarchy to define and present its assets and liabilities measured at fair value:

Level 1: Quoted prices on an active market for identical assets and liabilities

Level 2: Quoted prices in active markets for similar assets and liabilities or other valuation techniques, the inputs of which are based on observable market data

Level 3: Valuation techniques in which all the relevant inputs are not based on observable market data

As of 31 December 2013 the following assets and liabilities were measured at fair value, broken down into the fair value hierarchy as shown:

### Assets measured at fair value

€ m

#### Fair value measurement on a recurring basis

Available-for-sale financial assets \_\_\_\_\_

Derivative financial instruments – not designated as hedging instruments \_\_\_\_\_

Available-for-sale financial assets for which there is no active market and whose fair value cannot be reliably determined are measured at cost. For this reason, these amounts are not included in the fair value hierarchy.

### Liabilities measured at fair value

€ m

#### Fair value measurement on a recurring basis \_\_\_\_\_

Derivative financial instruments – designated as hedging instruments \_\_\_\_\_

Derivative financial instruments – not designated as hedging instruments \_\_\_\_\_

Other liabilities \_\_\_\_\_



31/12/2012				31/12/2013			
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
4.6	0.0	0.0	4.6	5.1	0.0	0.0	5.1
0.0	5.2	0.0	5.2	0.0	0.5	0.0	0.5

31/12/2012				31/12/2013			
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
0.0	46.1	0.0	46.1	0.0	26.4	0.0	26.4
0.0	1.7	0.0	1.7	0.0	8.9	0.0	8.9
0.0	0.0	0.6	0.6	0.0	0.0	0.3	0.3

The following table shows the fair value of assets and liabilities of the group that are not measured at fair value, broken down into the fair value hierarchy.

#### Assets not measured at fair value

€ m	31/12/2013			
	Level 1	Level 2	Level 3	Total
Loans to investments	0.0	14.4	0.0	14.4
Other loans	0.0	32.2	0.0	32.2

#### Liabilities not measured at fair value

€ m	31/12/2013			
	Level 1	Level 2	Level 3	Total
<b>Non-current liabilities</b>				
Liabilities to banks	0.0	119.9	0.0	119.9
Promissory notes and bonds	1,331.4	129.7	0.0	1,461.1
Other financial liabilities	0.0	3.3	0.0	3.3
Other non-current liabilities	0.0	0.3	0.0	0.3

#### Current liabilities

Liabilities to banks	0.0	56.8	0.0	56.8
Promissory notes and bonds	387.0	100.6	0.0	487.6
Other financial liabilities	0.0	3.3	0.0	3.3

There were no reclassifications of assets and liabilities measured at fair value on a recurring basis between level 1 and level 2 in the reporting period and no reclassifications to or from level 3.

The fair value of financial instruments that are actively traded on an active market is determined by reference to listed bid prices at the end of the reporting period. In level 2 and 3 assets and liabilities measured at fair value on a recurring basis are determined using the DCF method. This involves discounting the cash flows expected from the financial instruments using market interest rates for instruments of a similar term. Celesio accounts for the credit rating of the respective debtor by means of credit value adjustments (CVA) or debt value adjustments (DVA). Where possible, the CVAs and DVAs are determined from observable prices for credit derivatives on the market.

Level 3 liabilities consist of liabilities from business combinations made after 1 January 2010 that were measured on the basis of earnings indicators as well as the assumptions and estimates of management. Please see → page 256 for a reconciliation of the opening and closing balances of liabilities measured at fair value in level 3 of the hierarchy.

The recurring fair value measurement of financial instruments in level 3 of the hierarchy held as of 31 December 2013 did not result in any aggregate gains and losses.

### Financial instruments subject to an offsetting arrangement

The following table provides a summary of the financial assets and financial liabilities that were offset in the statement of financial position. Moreover, it illustrates the extent to which offsetting arrangements are in place with contractual partners that did not lead to offsetting in the statement of financial position because not all of the criteria of an offsetting arrangement pursuant to IAS 32 were met. The global netting arrangements affecting the Celesio Group consist solely of derivative financial instruments in which master agreements have been entered into with banks to offset the current balance of receivables and liabilities in the event and at the time of default.

### Financial assets subject to an offsetting arrangement

31/12/2013	Gross amount of financial assets recognised in the statement of financial position	Gross amount of financial liabilities offset in the statement of financial position	Net amount of financial assets recognised in the statement of financial position	Related financial liabilities that were not offset in the statement of financial position	Net amount
€ m					
Trade receivables	2,103.3	20.6	2,082.7	/	2,082.7
Cash and cash equivalents	535.7	/	535.7	/	535.7
Derivative financial instruments	0.5	/	0.5	0.4	0.1

31/12/2012	Gross amount of financial assets recognised in the statement of financial position	Gross amount of financial liabilities offset in the statement of financial position	Net amount of financial assets recognised in the statement of financial position	Related financial liabilities that were not offset in the statement of financial position	Net amount
€ m					
Trade receivables	2,150.7	54.6	2,096.1	0.0	2,096.1
Cash and cash equivalents	523.8	0.0	523.8	0.0	523.8
Derivative financial instruments	5.2	0.0	5.2	1.8	3.4

### Financial liabilities subject to an offsetting arrangement

31/12/2013	Gross amount of financial assets recognised in the statement of financial position	Gross amount of financial liabilities offset in the statement of financial position	Net amount of financial assets recognised in the statement of financial position	Related financial liabilities that were not offset in the statement of financial position	Net amount
€ m					
Trade payables (excluding payments received on account of orders)	2,316.0	30.9	2,285.1	/	2,285.1
Liabilities to banks	168.0	/	168.0	/	168.0
Derivative financial instruments	35.3	/	35.3	0.4	34.9

31/12/2012	Gross amount of financial assets recognised in the statement of financial position	Gross amount of financial liabilities offset in the statement of financial position	Net amount of financial assets recognised in the statement of financial position	Related financial liabilities that were not offset in the statement of financial position	Net amount
€ m					
Trade payables (excluding payments received on account of orders)	2,244.9	7.6	2,237.3	0.0	2,237.3
Liabilities to banks	145.5	0.0	145.5	0.0	145.5
Derivative financial instruments	47.8	0.0	47.8	1.8	46.0

## (26) Contingent liabilities and other financial obligations

At the end of the reporting period the group had issued guarantees and warranties of € 105.8m (previous year € 139.6m). The decrease of € 33.8m is mainly due to the reduction of warranties in the UK wholesale operation.

The guarantees and warranties were mainly issued in the Celesio Wholesale business area, particularly in the UK where they amount to € 65.9m (previous year € 92.7m) and Austria where they amount to € 33.7m (previous year € 30.4m).

Provisions of € 2.7m (previous year € 2.4m) have been recognised for some of the warranties and guarantees at Celesio Wholesale. These have been included under other provisions.

As of 31 December 2013 Celesio AG issued the following guarantees to its Irish subsidiaries: "Pursuant to Article 17 (1) (b) of the Companies (Amendment) Act 1986 of the Republic of Ireland, Celesio AG has irrevocably guaranteed the liabilities of its group companies, Unicare Pharmacy Ltd. (including its subsidiaries) and P.C. Cahill and Company Ltd. (including its subsidiaries) originating in the fiscal year." In the opinion of the Management Board of Celesio AG it is unlikely that a substantial risk will result from this guarantee. Consequently, these subsidiaries were exempted from certain disclosure requirements.

As of 31 December 2012 Celesio AG issued the following guarantees for the benefit of certain of its Irish subsidiaries (Pharmacies): "Pursuant to Article 17 (1) (b) of the Companies (Amendment) Act 1986 of the Republic of Ireland, Celesio AG has irrevocably guaranteed the liabilities of its group companies, Unicare Pharmacy Ltd. (including its subsidiaries) originating in the fiscal year." In the opinion of the Management Board of Celesio AG it is unlikely that a substantial risk will result from this guarantee. Consequently, these subsidiaries were exempted from certain disclosure requirements.

The following table summarizes the other financial obligations of the Celesio Group:

€ m	31/12/2012	31/12/2013
<b>Rental agreements and operating leases</b>	<b>903.4</b>	<b>838.3</b>
Due within 1 year	110.9	107.6
Due within 2 to 5 years	324.0	301.8
Due in more than 5 years	468.5	428.9
<b>Purchase commitments for capital expenditures</b>	<b>14.3</b>	<b>10.0</b>
Property, plant and equipment	0.8	1.5
Intangible assets	2.9	2.1
Other assets	10.6	6.4
<b>Total</b>	<b>917.7</b>	<b>848.3</b>

Of the total obligations from rental agreements and leases, an amount of € 468.9m (previous year € 511.1m), relates to the Wholesale and the Pharmacies business areas in the UK an amount of € 194.7m (previous year € 193.6m) to the Wholesale and Pharmacies business areas in Norway, and an amount of € 98.1m (previous year € 103.0m) to retail pharmacies in Ireland. As of the reporting date, the future minimum lease payments expected from uncancellable operating leases come to € 4.3m (previous year € 29.7m). Of this amount € 2.0m (previous year € 7.0m) is due within one year. Another € 2.2m (previous year € 17.5m) is due in between one and five years and € 0.1m (previous year € 5.2m) is due in more than five years. In addition, future revenue from subleases is expected of € 48.6m (previous year € 43.2m). An amount of € 2.4m (previous year € 2.6m) was received as income from contingent rent payments in the 2013 fiscal year.

Due to the outsourcing of all the group's IT infrastructure by virtue of an agreement concluded in February 2009 and effective 1 April 2009, the group has a financial obligation to pay service fees and future lease instalments expected to amount to € 112.1m (previous year € 172.8m) over a period ending 31 March 2016. The amount of the obligation can change depending on the services availed of under the agreement. In addition, there are other financial obligations of € 20.2m (previous year € 31.9m) from data and voice communication service agreements. They have a remaining term of three years.



Contingent liabilities recognised for legal and tax risks in connection with the business combination with Panpharma in 2009 amounted to € 32.0m as of 31 December 2013 (€ 46.2m as of 31 December 2012). The reduction is primarily attributable to legal and tax risks becoming statute barred and arrangements reached with the tax authorities. To cover these legal and tax risks, an agreement was entered into with the former owners limiting reimbursement claims to a maximum amount. Until now, these reimbursements were offset against the purchase price for the remaining shares when the options were exercised. Following the acquisition of the outstanding shares in Panpharma in the second quarter of 2012, these claims were presented under current and non-current assets respectively as a receivable from the former owners. To secure these claims, Celesio has access to assets of the former owners held in trust and other possibilities to offset the claims as well as the collateral granted. These contingent liabilities have been divided into current and non-current provisions based on their maturity. The contingent liabilities include income tax liabilities of € 2.9m (31 December 2012: € 3.9m).

Our Wholesale subsidiary in Slovenia, Kemofamajica, is subject to legal action associated with the privatization of the company in 1993 as well as antitrust proceedings dating from 2010 whose outcome cannot be currently foreseen. It was not possible to reliably determine either the amount or the range of these actions as of 31 December 2013. Consequently no provision was recognized for these risks.

## Notes to the group statement of cash flows

Pursuant to IAS 7, the group statement of cash flows presents the changes in the liquid funds of the Celesio Group due to cash flows over the course of the reporting period. The group statement of cash flows begins by deriving the cash flows from operating activities, followed by the change in cash and cash equivalents from investing activities and financing activities. The cash flows attributable to discontinued operations are presented as net figures within each of these three sections.

Changes in cash flows from operating activities are calculated indirectly. This involves eliminating all non-cash income and expenses from the group's net profit after tax and considering the cash effects of changes in net working capital. Net operating assets comprise inventories, trade receivables and other assets as well as trade payables and certain other operating assets and liabilities. Other assets and liabilities mainly include provisions and other non-interest-bearing liabilities.

Cash flows from investing activities comprise receipts from the sale of non-current assets, payments for capital expenditures, and the cash effects of acquiring and disposing of companies. Proceeds from the sale of subsidiaries – continuing operations – of € 43.4m (previous year € 64.4m) correspond to the proceeds less the cash and cash equivalents transferred of € 11.0m (previous year € 0.4m). The cash flows from the sale of subsidiaries primarily result from the sale of the operation in the Czech Republic and the sale of the Irish Wholesale operation as well as the sale of five retail pharmacies in the United Kingdom.

Cash paid for business combinations – continuing operations – corresponds to the purchase prices paid of € 2.6m (previous year € 258.9m) less the cash and cash equivalents acquired of € 0.4m (previous year € 0.7m). This includes payments to settle contingent purchase obligations for business combinations made in previous years totalling. At the end of the reporting period these came to € 0.5m (previous year € 256.1m). The corresponding disclosures are contained in the notes on business combinations. Non-cash investments of € 0.2m were made in non-current assets in the reporting period (previous year € 1.4m) by means of finance leases. The cash flow from investing activities – discontinued operations of € 10.0m in the reporting year results from the payments received for the DocMorris mail-order pharmacy and Movianto Ireland as well as back-payments mainly related to the separation of previously closely integrated IT systems of Movianto and those of the entities remaining in the group.

The cash flow from financing activities – continuing operations comprises dividends paid to the owners of Celesio AG and the non-controlling interests of subsidiaries as well as cash flows associated with new financial liabilities and repayments of such liabilities plus any capital contributions from the owners and the interest received and paid. The line item “Payments made in connection with the change in ownership interests in subsidiaries that do not result in a loss of control” reflects cash paid to increase the ownership interest or cash received as a result of reducing the ownership interest of subsidiaries that do not result in a loss of control.

Segmentation is based on the internal reporting structure of Celesio and is divided into two divisions, Consumer Solutions (previously Patient and Consumer Solutions) and Pharmacy Solutions. These divisions form the basis for the internal controlling by the Management Board and thus correspond to the reportable segments.

The Management Board of Celesio AG is the chief operating decision maker referred to in IFRS 8.7. The divisions of Celesio AG can be described as follows:

- The Consumer Solutions division is aimed at patients and consumers. This covers the entire logistics chain, from purchasing merchandise through to selling to end consumers. The division mainly encompasses the retail pharmacies, mail-order pharmacies and brand partnerships. As in 2012, a distinction is made in Consumer Solutions between the operating segments, International Retail and Lloydspharmacy, which were combined for segment reporting. Since the end of 2012, the International Retail operating segment has been split up on account of a reorganisation of its organisation and reporting structure and defined by country, similar to the Wholesale unit, which is also combined for the purposes of segment reporting.  
In addition, the division contains our investment in Brocacef Holding N.V. in the Netherlands, which is reported as an associate.
- The Pharmacy Solutions division focuses on the wholesale business with external customers. The operating segments in this division have likewise been combined at country level. Starting in the 2012 fiscal year, logistics solutions activities in Austria are reported in this segment. The Pharmacy Solutions division comprises the property developers for pharmacies "Inten" and, up until its sale in September 2013, Rudolf Spiegel Versand für Apotheken- und Laborausstattung.
- The Others division is primarily used to report the activities of the group's parent, Celesio AG, and other companies not directly attributable to operating activities. Celesio AG holds investments in the major operating national companies and national holdings. In addition, the operating entities of the Celesio Group are primarily financed via Celesio AG and Celesio Finance B.V., Netherlands. Moreover, Celesio AG bundles essential group functions, primarily in the fields of accounting, controlling, treasury and IT. Consolidation of intra-group activities is shown separately.

The Management Board takes EBIT under IFRSs as a measure of the success of the segments. EBIT is defined as earnings before interest, taxes and investment result. In addition, information on the gross profit and EBITDA is disclosed voluntarily.

Segment assets pursuant to IFRS 8 correspond with the tied capital, which is calculated as the sum of the carrying amount of all non-interest-bearing assets (except for income tax assets) less non-interest-bearing liabilities (except for income tax liabilities).

Capital expenditures include non-cash additions to non-current assets.

The same accounting standards as for the Celesio Group have been used in segment reporting. Intercompany transactions are measured at market prices. There are no customers individually accounting for more than 10% of revenue.

With regard to the information on countries, segment revenue is allocated to the country in which the revenue is generated. Segment assets are allocated to the country in which they are located.

Related parties

Related parties as defined by IAS 24 (Related Party Disclosures) are legal entities and natural persons who can exercise significant influence or control over Celesio AG and its subsidiaries or, alternatively, are subject to the control or significant influence of Celesio AG or its subsidiaries. This includes the majority shareholder, Franz Haniel & Cie. GmbH, Duisburg, Germany, and its subsidiaries, joint ventures and associates. In addition, related parties include the joint ventures, associates and members of the boards of Celesio AG. Paul E. Singer, USA, and the companies related to him (Elliot) also qualify as related parties of the group.

All transactions with related parties have been conducted at arm's length.

There are management and service agreements in place with Franz Haniel & Cie. GmbH and its subsidiaries, joint ventures and associates.

Likewise, there are ongoing business relationships with joint ventures and associates that entail but are not limited to supplies of merchandise.

There were no material transactions between the group and Paul E. Singer and the companies related to him (Elliot) during the reporting period.

The goods and services received from or supplied to related parties are summarised below:

	Franz Haniel & Cie. GmbH, Duisburg	
€ m	31/12/2012	31/12/2013
Loans and receivables	0.0	0.0
Liabilities	0.9	0.0
Income	0.1	0.4
Expenses	0.5	1.1

The disclosure of remuneration of key management personnel in accordance with IAS 24 requires the disclosure of the remuneration of the Management Board and Supervisory Board.

The bonus consists solely of a direct percentage of earnings (defined uniformly as EBIT) in a given fiscal year, although a bonus will still be defined in euro as guidance for each member of the Management Board. The total amount payable is capped at twice the bonus defined as guidance in each case. The payment is settled by a cash component of 70% and phantom shares (with a three-year vesting period) of 30%.

	Subsidiaries of Franz Haniel & Cie. GmbH		Joint ventures and associates of Franz Haniel & Cie. GmbH		Joint ventures and associates of Celesio AG	
	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013
	0.1	0.1	0.0	0.0	2.1	2.1
	0.0	0.1	0.2	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	18.9	10.4
	0.4	0.3	1.6	1.2	0.0	0.0

The long-term component takes the form of a performance share plan with a term to maturity of three years. The phantom shares are allocated annually based on the guidance amounts defined individually and the average share price upon granting. The final pay-out is determined at the end of the term depending on the number of phantom shares allocated, the average earnings per share (EPS) over the term and the average share price upon maturity. The payment due can potentially fall to zero. The pay-out is settled in cash and is capped at three times the amount predefined as guidance. The performance share plan is measured in accordance with IFRS 2.

The active members of the Management Board and Supervisory Board received the following remuneration in the reporting period and in the comparative period:

€ K	2012	2013
Short-term benefits	5,448	4,818
Service cost	1,101	792
Termination benefits	3,979	4,111
Long-term benefits	0	0
Share-based payment	1,720	2,058
<b>Total</b>	<b>12,248</b>	<b>11,779</b>

The total remuneration of the Management Board in terms of Sec. 314 (1) No. 6 a) Sentence 1 to 4 HGB came to € 6,954k in the 2013 fiscal year (previous year € 7,578k). This breaks down into € 2,045k for the basic component including additional benefits (previous year € 2,643k), € 1,798k for the portion of benefits payable immediately (single year variable component; previous year € 2,292k) and € 3,111 for the value of the 2012 and 2013 tranches of the performance cash scheme and the value of retained bonuses on the date of issue (multiple year variable component previous year € 2,643k).

No advances, loans or similar benefits were granted to members of the Management Board or Supervisory Board in the reporting period or in the previous year.



Former members of the Management Board and their surviving dependants received remuneration of € 4,440k in the reporting period (previous year € 4,308k). Celesio AG has set up pension provisions of € 17,354k (previous year € 15,249k) for this group of persons. On 3 July 2013, Mr Markus Pinger was dismissed from his position as member of the Management Board of Celesio AG with immediate effect and his appointment as chairman of the Management Board revoked. His current employment contract with the company ends on 14 August 2014. In connection with the settlement of the contractual claims resulting from the employment contract, termination benefits of € 4.2m were recognised under personnel expenses in accordance with IAS 24.17d). Of this amount, € 0.4m is attributable to pension commitments. The benefits paid in the comparative period include the benefits paid in connection with terminating Wolfgang Mähr's Management Board contract.

Remuneration for serving on Celesio AG's Supervisory Board came to € 975k in the fiscal year (previous year € 513k) including attendance fees. The entire amount comprised short-term benefits. In addition, the employee representatives sitting on the Supervisory Board received the customary market salaries for their services.

No remuneration was paid to members of the Supervisory Board for services rendered individually nor were transactions requiring disclosure conducted between members of the Supervisory Board or Management Board and other persons of the management, where such persons hold key positions. Likewise no transactions were conducted between members of the Supervisory Board or Management Board and any other entities where such persons sit on the respective management or supervisory boards. This also applies to close family members of these persons.

The main features of the compensation structure of the Management Board and the remuneration paid to members of the Management Board and the Supervisory Board in the fiscal year are described in the remuneration report, which is a component of the management report.

## Audit fees

The annual financial statements of Celesio AG, the German subsidiaries and the consolidated financial statements were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (Ernst & Young Germany), Stuttgart. In the fiscal year, expenses for services rendered by Ernst & Young Germany totalled € 1.7m

(previous year € 2.0m). Of this amount € 1.3m (previous year € 0.5m) is for the audit of the financial statements, € 0.1m for other attest services (previous year € 0.4m), € 0.3m for tax advisory services (previous year € 0.2m) and € 0.1m for other services (previous year € 0.9m).

### Exemption pursuant to Sec. 264 (3) and Sec. 264b HGB

The following entities are exempted under Sec. 264 (3) HGB from the duty to publish their financial statements:

- ABG Apotheken-Beratungsgesellschaft mbH, Stuttgart
- Admenta Deutschland GmbH, Stuttgart
- DocMorris Kooperationen GmbH, Stuttgart
- GEHE Pharma Handel GmbH, Stuttgart
- Gesellschaft für Versorgungskonzepte in der Wundbehandlung GmbH, Stuttgart
- GEHE Informatik Services GmbH, Stuttgart
- Ancavion GmbH, Weiterstadt

GEHE Immobilien GmbH & Co. KG (Stuttgart) is exempted from the duty to publish its financial statements pursuant to Secs. 264b, 264a HGB.

### Notices from shareholders

Franz Haniel & Cie. GmbH prepares consolidated financial statements containing Celesio AG and its subsidiaries. These consolidated financial statements are published in the electronic version of the German Federal Gazette. To the knowledge of Celesio AG, the shareholding of Franz Haniel & Cie. GmbH, Duisburg, came to 50.01 % (previous year 54.6 %) at the end of the reporting period.

### 28 June 2013

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On June 27, 2013, BlackRock, Inc., New York, NY, USA has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% threshold of the Voting Rights on June 24, 2013 and on that day amounted to 3.02% (this corresponds to 5144099 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 3.02% of the Voting Rights (this corresponds to 5144099 Voting Rights) is to be attributed to the company.

#### 4 July 2013

##### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On July 02, 2013, BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% threshold of the Voting Rights on June 28, 2013 and on that day amounted to 3.002% (this corresponds to 5106957 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 3.002% of the Voting Rights (this corresponds to 5106957 Voting Rights) is to be attributed to the company.

#### 4 July 2013

##### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On July 02, 2013, BlackRock Financial Management, Inc., New York, NY, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Ceesio AG, Stuttgart, Deutschland, have exceeded the 3% threshold of the Voting Rights on June 28, 2013 and on that day amounted to 3.002% (this corresponds to 5106957 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 3.002% of the Voting Rights (this corresponds to 5106957 Voting Rights) is to be attributed to the company.

### 23 October 2013

#### **Ceesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On October 23, 2013, BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Ceesio AG, Stuttgart, Deutschland, have fallen below the 3% threshold of the Voting Rights on October 22, 2013 and on that day amounted to 2.96% (this corresponds to 5028956 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 2.96% of the Voting Rights (this corresponds to 5028956 Voting Rights) is to be attributed to the company.

### 23 October 2013

#### **Ceesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On October 23, 2013, BlackRock Financial Management, Inc., New York, NY, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Ceesio AG, Stuttgart, Deutschland, have fallen below the 3%

threshold of the Voting Rights on October 22, 2013 and on that day amounted to 2.96% (this corresponds to 5028956 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 2.96% of the Voting Rights (this corresponds to 5028956 Voting Rights) is to be attributed to the company.

### 29 October 2013

#### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

Notification of voting rights pursuant to Art. 25a, Sec. 1 WpHG

#### **We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on October 29, 2013:**

##### **1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

##### **2. Notifier:**

Dragonfly GmbH & Co. KGaA, Frankfurt am Main, Deutschland

##### **3. Triggering event:**

Exceeding Threshold

##### **4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30% and 50%

##### **5. Date at which the threshold is crossed or reached:**

24.10.2013

##### **6. Total amount of voting rights:**

50.01% (equals 85058505 voting rights)

calculated from the following total number of voting rights issued: 170100000

#### **7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

50.01% (equals 85058505 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

#### **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

ISIN or name/description of the financial/other instrument: Share Purchase Agreement

Maturity:

Expiration date:

#### **29 October 2013**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

Notification of voting rights pursuant to Art. 25a, Sec. 1 WpHG

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on October 29, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Dragonfly Verwaltungs GmbH, Frankfurt am Main, Deutschland

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30% and 50%

**5. Date at which the threshold is crossed or reached:**

24.10.2013

**6. Total amount of voting rights:**

50.01% (equals 85058505 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

50.01% (equals 85058505 voting rights)

*thereof held indirectly:*

50.01% (equals 85058505 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Dragonfly GmbH & Co. KGaA

ISIN or name/description of the financial/other instrument: Share Purchase Agreement

Maturity:

Expiration date:

**29 October 2013**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

Notification of voting rights pursuant to Art. 25a, Sec. 1 WpHG

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on October 29, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Cougar I UK Limited, London, United Kingdom

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30% and 50%

**5. Date at which the threshold is crossed or reached:**

24.10.2013



**6. Total amount of voting rights:**

50.01% (equals 85058505 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

50.01% (equals 85058505 voting rights)

*thereof held indirectly:*

50.01% (equals 85058505 voting rights)

**Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:**

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH

ISIN or name/description of the financial/other instrument: Share Purchase Agreement

Maturity:

Expiration date:

## 29 October 2013

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

Notification of voting rights pursuant to Art. 25a, Sec. 1 WpHG

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on October 29, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Cougar II UK Limited, London, United Kingdom

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30% and 50%

**5. Date at which the threshold is crossed or reached:**

24.10.2013

**6. Total amount of voting rights:**

50.01% (equals 85058505 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

50.01% (equals 85058505 voting rights)

*thereof held indirectly:*

50.01% (equals 85058505 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

#### **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited

ISIN or name/description of the financial/other instrument: Share Purchase Agreement

Maturity:

Expiration date:

#### **29 October 2013**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

Notification of voting rights pursuant to Art. 25a, Sec. 1 WpHG

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on October 29, 2013:**

##### **1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Cougar III UK Limited, London, United Kingdom

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30% and 50%

**5. Date at which the threshold is crossed or reached:**

24.10.2013

**6. Total amount of voting rights:**

50.01% (equals 85058505 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a,  
Sec. 1 WpHG:

50.01% (equals 85058505 voting rights)

*thereof held indirectly:*

50.01% (equals 85058505 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25  
WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

**Voting rights pursuant to sec. 21, 22 WpHG:**

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a,  
Sec. 1 WpHG:**

Chain of controlled undertakings:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited,  
Cougar II UK Limited

ISIN or name/description of the financial/other instrument: Share Purchase Agreement

Maturity:

Expiration date:

### 30 October 2013

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

Notification of voting rights pursuant to Art. 25a, Sec. 1 WpHG

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on October 30, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

McKesson Corporation, San Francisco, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30% and 50%

**5. Date at which the threshold is crossed or reached:**

24.10.2013

**6. Total amount of voting rights:**

50.51% (equals 85910269 voting rights)

calculated from the following total number of voting rights issued: 170100000

## **7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a,

Sec. 1 WpHG:

50.51% (equals 85910269 voting rights)

*thereof held indirectly:*

50.51% (equals 85910269 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

## **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited, Cougar III UK Limited, McKesson International Holdings IV S.a.r.l., McKesson International Holdings, McKesson International Bermuda IP2A Limited

ISIN or name/description of the financial/other instrument: Share Purchase Agreement

Maturity:

Expiration date:

ISIN or name/description of the financial/other instrument: DE 000 A1AN5K5

Maturity: 31.10.2014

Expiration date:

ISIN or name/description of the financial/other instrument: DE 000 A1GPH50

Maturity: 30.04.2018

Expiration date:

#### 4 November 2013

##### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Braxton Associates, Inc., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% and 5% threshold of the Voting Rights on October 28, 2013 and on that day amounted to 7.07% (this corresponds to 12033350 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 4.31% of the Voting Rights (this corresponds to 7333350 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands and Elliott Capital Advisors, L.P., U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 2.76% of the Voting Rights (this corresponds to 4700000 Voting Rights) is to be attributed to the company.

#### 4 November 2013

##### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Braxton Associates, Inc., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10% threshold of the Voting Rights on October 30, 2013 and on that day amounted to 10.06% (this corresponds to 17110850 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 7.30% of the Voting Rights (this corresponds to 12410850 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands and Elliott Capital Advisors, L.P., U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 2.76% of the Voting Rights (this corresponds to 4700000 Voting Rights) is to be attributed to the company.

#### 4 November 2013

##### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Cornwall (Luxembourg) S.à r.l., Luxembourg, Luxembourg has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% threshold of the Voting Rights on October 28, 2013 and on that day amounted to 4.31% (this corresponds to 7332700 Voting Rights).

#### 4 November 2013

##### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Cornwall (Luxembourg) S.à r.l., Luxembourg, Luxembourg has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 5% threshold of the Voting Rights on October 29, 2013 and on that day amounted to 5.93% (this corresponds to 10093200 Voting Rights).



#### 4 November 2013

##### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Elliott Capital Advisors, L.P., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% and 5% threshold of the Voting Rights on October 28, 2013 and on that day amounted to 7.07% (this corresponds to 12033350 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 4.31% of the Voting Rights (this corresponds to 7333350 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands and Hambledon, Inc., Cayman Islands.

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 2.76% of the Voting Rights (this corresponds to 4700000 Voting Rights) is to be attributed to the company.

#### 4 November 2013

##### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Elliott Capital Advisors, L.P., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10% threshold of the Voting Rights on October 30, 2013 and on that day amounted to 10.06% (this corresponds to 17110850 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 7.30% of the Voting Rights (this corresponds to 12410850 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands and Hambledon, Inc., Cayman Islands.

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 2.76% of the Voting Rights (this corresponds to 4700000 Voting Rights) is to be attributed to the company.

#### 4 November 2013

##### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Elliott Asset Management LLC, Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% and 5% threshold of the Voting Rights on October 28, 2013 and on that day amounted to 7.07% (this corresponds to 12033350 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 4.31% of the Voting Rights (this corresponds to 7333350 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands and Elliott Capital Advisors, L.P., U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 2.76% of the Voting Rights (this corresponds to 4700000 Voting Rights) is to be attributed to the company.

#### 4 November 2013

##### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Elliott Asset Management LLC, Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10% threshold of the Voting Rights on October 30, 2013 and on that day amounted to 10.06% (this corresponds to 17110850 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 7.30% of the Voting Rights (this corresponds to 12410850 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands and Elliott Capital Advisors, L.P., U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 2.76% of the Voting Rights (this corresponds to 4700000 Voting Rights) is to be attributed to the company.

#### 4 November 2013

##### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Elliott International Capital Advisors Inc., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% and 5% threshold of the Voting Rights on October 28, 2013 and on that day amounted to 6.11% (this corresponds to 10388350 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 6 of the WpHG, 6.11% of the Voting Rights (this corresponds to 10388350 Voting Rights) is to be attributed to the company.

#### 4 November 2013

##### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Elliott International, L.P., Grand Cayman, Cayman Islands has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% and 5% threshold of the Voting Rights on October 28, 2013 and on that day amounted to 6.11% (this corresponds to 10388350 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 4.31% of the Voting Rights (this corresponds to 7333350 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg and Maidenhead LLC, U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 of the WpHG, 1.8% of the Voting Rights (this corresponds to 3055000 Voting Rights) is to be attributed to the company.

#### 4 November 2013

##### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Elliott International Limited, Grand Cayman, Cayman Islands has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the

3% threshold of the Voting Rights on October 28, 2013 and on that day amounted to 4.31% (this corresponds to 7333350 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 4.31% of the Voting Rights (this corresponds to 7333350 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg and Maidenhead LLC, U.S.A.

#### 4 November 2013

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Elliott International Limited, Grand Cayman, Cayman Islands has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 5% threshold of the Voting Rights on October 29, 2013 and on that day amounted to 5.93% (this corresponds to 10094850 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 5.93% of the Voting Rights (this corresponds to 10094850 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg and Maidenhead LLC, U.S.A.

#### 4 November 2013

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Hambledon, Inc., Grand Cayman, Cayman Islands has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% and 5%

threshold of the Voting Rights on October 28, 2013 and on that day amounted to 6.11% (this corresponds to 10388350 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 4.31% of the Voting Rights (this corresponds to 7333350 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A. and Elliott International, L.P., Cayman Islands.

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 1.80% of the Voting Rights (this corresponds to 3055000 Voting Rights) is to be attributed to the company.

#### 4 November 2013

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Maidenhead LLC, Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% threshold of the Voting Rights on October 28, 2013 and on that day amounted to 4.31% (this corresponds to 7333350 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 4.31% of the Voting Rights (this corresponds to 7332700 Voting Rights) is to be attributed to the company from Wolverton (Luxembourg) S.à r.l. via Cornwall (Luxembourg) S.à r.l., Luxembourg and Wolverton (Luxembourg) S.à r.l., Luxembourg.

#### 4 November 2013

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Maidenhead LLC, Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 5% threshold of the Voting Rights on October 29, 2013 and on that day amounted to 5.93% (this corresponds to 10094850 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 5.93% of the Voting Rights (this corresponds to 10094200 Voting Rights) is to be attributed to the company from Wolverton (Luxembourg) S.à r.l. via Cornwall (Luxembourg) S.à r.l., Luxembourg and Wolverton (Luxembourg) S.à r.l., Luxembourg.

#### 4 November 2013

##### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Mr Paul E. Singer, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares his Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% and 5% threshold of the Voting Rights on October 28, 2013 and on that day amounted to 7.07% (this corresponds to 12033350 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 4.31% of the Voting Rights (this corresponds to 7333350 Voting Rights) is to be attributed to Mr Singer via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., Braxton Associates, Inc., U.S.A. and Elliott Asset Management LLC, U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 2.76% of the Voting Rights (this corresponds to 4700000 Voting Rights) is to be attributed to Mr Singer.

According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 6.11% of the Voting Rights (this corresponds to 10388350 Voting Rights) is to be attributed to Mr Singer.

#### 4 November 2013

##### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Mr Paul E. Singer, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares his Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10% threshold of the Voting Rights on October 30, 2013 and on that day amounted to 10.06% (this corresponds to 17110850 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 7.30% of the Voting Rights (this corresponds to 12410850 Voting Rights) is to be attributed to Mr Singer via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., Braxton Associates, Inc., U.S.A. and Elliott Asset Management LLC, U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 2.76% of the Voting Rights (this corresponds to 4700000 Voting Rights) is to be attributed to Mr Singer.

According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 9.09% of the Voting Rights (this corresponds to 15465500 Voting Rights) is to be attributed to Mr Singer.

#### 4 November 2013

##### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**



Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Wolverton (Luxembourg) S.à r.l., Luxembourg, Luxembourg has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% threshold of the Voting Rights on October 28, 2013 and on that day amounted to 4.31% (this corresponds to 7332700 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 4.31% of the Voting Rights (this corresponds to 7332700 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg.

#### 4 November 2013

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Wolverton (Luxembourg) S.à r.l., Luxembourg, Luxembourg has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 5% threshold of the Voting Rights on October 29, 2013 and on that day amounted to 5.93% (this corresponds to 10094200 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 5.93% of the Voting Rights (this corresponds to 10093200 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg.

#### 5 November 2013

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 05, 2013, Elliott International Capital Advisors Inc., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10% threshold of the Voting Rights on October 31, 2013 and on that day amounted to 11.68% (this corresponds to 19869650 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 6 of the WpHG, 11.68% of the Voting Rights (this corresponds to 19869650 Voting Rights) is to be attributed to the company.

### 5 November 2013

#### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 05, 2013, Elliott International, L.P., Grand Cayman, Cayman Islands has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10% threshold of the Voting Rights on October 31, 2013 and on that day amounted to 11.68% (this corresponds to 19869650 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 8.99% of the Voting Rights (this corresponds to 15287150 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg and Maidenhead LLC, U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 of the WpHG, 2.69% of the Voting Rights (this corresponds to 4582500 Voting Rights) is to be attributed to the company.

### 5 November 2013

#### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 05, 2013, Hambledon, Inc., Grand Cayman, Cayman Islands has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10% threshold of the Voting Rights on October 31, 2013 and on that day amounted to 11.68% (this corresponds to 19869650 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 8.99% of the Voting Rights (this corresponds to 15287150 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A. and Elliott International, L.P., Cayman Islands.

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 2.69% of the Voting Rights (this corresponds to 4582500 Voting Rights) is to be attributed to the company.

## 8 November 2013

### **Celesio AG: Correction of release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution of November 06, 2013**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Mr Paul E. Singer, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares his Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% and 5% threshold of the Voting Rights on October 28, 2013 and on that day amounted to 7.07% (this corresponds to 12033350 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 4.31% of the Voting Rights (this corresponds to 7333350 Voting Rights) is to be attributed to Mr Singer via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., Braxton Associates, Inc., U.S.A. and Elliott Asset Management LLC, U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 2.76% of the Voting Rights (this corresponds to 4700000 Voting Rights) is to be attributed to Mr Singer.

According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 6.11% of the Voting Rights (this corresponds to 10388350 Voting Rights) is to be attributed to Mr Singer, whereby 4.31% of the voting rights (corresponding to 7332700 voting rights) are to be attributed to Mr Singer from Cornwall (Luxembourg) S.à r.l., Luxembourg.

**Celesio AG: Correction of release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution of November 06, 2013**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Elliott International Capital Advisors Inc., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% and 5% threshold of the Voting Rights on October 28, 2013 and on that day amounted to 6.11% (this corresponds to 10388350 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 6 of the WpHG, 6.11% of the Voting Rights (this corresponds to 10388350 Voting Rights) is to be attributed to the company, whereby 4.31% of the voting rights (corresponding to 7332700 voting rights) are to be attributed to Elliott International Capital Advisors Inc. from Cornwall (Luxembourg) S.à r.l., Luxembourg.

**Celesio AG: Correction of release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution of November 06, 2013**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Maidenhead LLC, Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% threshold of the Voting

Rights on October 28, 2013 and on that day amounted to 4.31% (this corresponds to 7333350 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 4.31% of the Voting Rights (this corresponds to 7332700 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg and Wolverton (Luxembourg) S.à r.l., Luxembourg.

**Celesio AG: Correction of release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution of November 06, 2013**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Maidenhead LLC, Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 5% threshold of the Voting Rights on October 29, 2013 and on that day amounted to 5.93% (this corresponds to 10094850 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 5.93% of the Voting Rights (this corresponds to 10094200 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg and Wolverton (Luxembourg) S.à r.l., Luxembourg.

**Celesio AG: Correction of release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution of November 06, 2013**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Mr Paul E. Singer, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares his Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10% threshold of the Voting Rights on October 30, 2013 and on that day amounted to 10.06% (this corresponds to 17110850 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 7.30% of the Voting Rights (this corresponds to 12410850 Voting Rights) is to be attributed to Mr Singer inter alia via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., Braxton Associates, Inc., U.S.A. and Elliott Asset Management LLC, U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 2.76% of the Voting Rights (this corresponds to 4700000 Voting Rights) is to be attributed to Mr Singer.

According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 9.09% of the Voting Rights (this corresponds to 15465500 Voting Rights) is to be attributed to Mr Singer, whereby 7.30% of the voting rights (corresponding to 12408850 voting rights) are to be attributed to Mr Singer from Cornwall (Luxembourg) S.à r.l., Luxembourg.

**Celesio AG: Correction of release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution of November 06, 2013**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Elliott Asset Management LLC, Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10% threshold of the Voting Rights on October 30, 2013 and on that day amounted to 10.06% (this corresponds to 17110850 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 7.30% of the Voting Rights (this corresponds to 12410850 Voting Rights) is to be attributed to the company inter alia via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands and Elliott Capital Advisors, L.P., U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 2.76% of the Voting Rights (this corresponds to 4700000 Voting Rights) is to be attributed to the company.

**Celesio AG: Correction of release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution of November 06, 2013**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Braxton Associates, Inc., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10% threshold of the Voting Rights on October 30, 2013 and on that day amounted to 10.06% (this corresponds to 17110850 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 7.30% of the Voting Rights (this corresponds to 12410850 Voting Rights) is to be attributed to the company inter alia via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands and Elliott Capital Advisors, L.P., U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 2.76% of the Voting Rights (this corresponds to 4700000 Voting Rights) is to be attributed to the company.

**Celesio AG: Correction of release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution of November 06, 2013**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 04, 2013, Elliott Capital Advisors, L.P., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10% threshold of the Voting Rights on October 30, 2013 and on that day amounted to 10.06% (this corresponds to 17110850 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 7.30% of the Voting Rights (this corresponds to 12410850 Voting Rights) is to be attributed to the company inter alia via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton

(Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands and Hambledon, Inc., Cayman Islands.

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 2.76% of the Voting Rights (this corresponds to 4700000 Voting Rights) is to be attributed to the company.

**Celesio AG: Correction of release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution of November 06, 2013**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 05, 2013, Elliott International Capital Advisors Inc., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10% threshold of the Voting Rights on October 31, 2013 and on that day amounted to 11.68% (this corresponds to 19869650 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 6 of the WpHG, 11.68% of the Voting Rights (this corresponds to 19869650 Voting Rights) is to be attributed to the company, whereby 8.99% of the voting rights (corresponding to 15285500 voting rights) are to be attributed to Elliott International Capital Advisors Inc. from Cornwall (Luxembourg) S.à r.l., Luxembourg.

**11 November 2013**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 11, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland



**2. Notifier:**

Mr. Paul E. Singer, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

5% and 10%

**5. Date at which the threshold is crossed or reached:**

30.10.2013

**6. Total amount of voting rights:**

11.00% (equals 18716144 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0.94% (equals 1605294 voting rights)

*thereof held indirectly:*

0.94% (equals 1605294 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

10.06% (equals 17110850 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., Braxton Associates, Inc., U.S.A., Elliott Asset Management LLC, U.S.A., The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd. Bermuda, Elliott Associates, L.P., U.S.A., Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: 29.10.2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: 07.04.2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 11, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott Asset Management LLC, Wilmington, DE, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

5% and 10%

**5. Date at which the threshold is crossed or reached:**

October 30, 2013

**6. Total amount of voting rights:**

11.00% (equals 18716144 voting rights)

calculated from the following total number of voting rights issued: 170100000

#### **7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0.94% (equals 1605294 voting rights)

*thereof held indirectly:*

0.94% (equals 1605294 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

10.06% (equals 17110850 voting rights)

#### **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd. Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 11, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Braxton Associates, Inc., Wilmington, DE, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

5% and 10%

**5. Date at which the threshold is crossed or reached:**

October 30, 2013

**6. Total amount of voting rights:**

11.00% (equals 18716144 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0.94% (equals 1605294 voting rights)

*thereof held indirectly:*

0.94% (equals 1605294 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

10.06% (equals 17110850 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd. Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 11, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott Capital Advisors, L.P., Wilmington, DE, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

5% and 10%

**5. Date at which the threshold is crossed or reached:**

October 30, 2013

**6. Total amount of voting rights:**

11.00% (equals 18716144 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0.94% (equals 1605294 voting rights)

*thereof held indirectly:*

0.94% (equals 1605294 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

10.06% (equals 17110850 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd. Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 11, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Hambledon Inc., Grand Cayman, Cayman Islands

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

5%

**5. Date at which the threshold is crossed or reached:**

October 30, 2013

**6. Total amount of voting rights:**

9,71% (equals 16512722 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0.62% (equals 1047222 voting rights)

*thereof held indirectly:*

0.62% (equals 1047222 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

9.09% (equals 15465500 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec.**

**1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on  
November 11, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott International, L.P., Grand Cayman, Cayman Islands

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

5%

**5. Date at which the threshold is crossed or reached:**

October 30, 2013

**6. Total amount of voting rights:**

9.71% (equals 16512722 voting rights)

calculated from the following total number of voting rights issued: 170100000



**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0.62% (equals 1047222 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

9,09% (equals 15465500 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**11 November 2013**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 11, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Mr. Paul E. Singer, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

15%

**5. Date at which the threshold is crossed or reached:**

October 31, 2013

**6. Total amount of voting rights:**

15.15% (equals 25770760 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

2.02% (equals 3433260 voting rights)

*thereof held indirectly:*

2.02% (equals 3433260 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

13.13% (equals 22337500 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., Braxton Associates, Inc., U.S.A., Elliott Asset Management LLC, U.S.A., The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd., Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 11, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott Asset Management LLC, Wilmington, DE, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

15%

**5. Date at which the threshold is crossed or reached:**

October 31, 2013

**6. Total amount of voting rights:**

15.15% (equals 25770760 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

2.02% (equals 3433260 voting rights)

*thereof held indirectly:*

2.02% (equals 3433260 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

13.13% (equals 22337500 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd., Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50) Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 11, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Braxton Associates, Inc., Wilmington, DE, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

15%

**5. Date at which the threshold is crossed or reached:**

October 31, 2013

**6. Total amount of voting rights:**

15.15% (equals 25770760 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

2.02% (equals 3433260 voting rights)

*thereof held indirectly:*

2.02% (equals 3433260 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

13.13% (equals 22337500 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd., Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 11, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott Capital Advisors, L.P., Wilmington, DE, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

15%

**5. Date at which the threshold is crossed or reached:**

October 31, 2013

**6. Total amount of voting rights:**

15.15% (equals 25770760 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a,

Sec. 1 WpHG:

2.02% (equals 3433260 voting rights)

*thereof held indirectly:*

2.02% (equals 3433260 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

13.13% (equals 22337500 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd., Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 11, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Hambledon, Inc., Grand Cayman, Cayman Islands

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

10%

**5. Date at which the threshold is crossed or reached:**

October 31, 2013

**6. Total amount of voting rights:**

12.97% (equals 22068795 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

1.29% (equals 2199145 voting rights)

*thereof held indirectly:*

1.29% (equals 2199145 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)



Voting rights pursuant to sec. 21, 22 WpHG:

11.68% (equals 19869650 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec.**

**1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on  
November 11, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott International, L.P., Grand Cayman, Cayman Islands

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

10%

**5. Date at which the threshold is crossed or reached:**

October 31, 2013

**6. Total amount of voting rights:**

12.97% (equals 22068795 voting rights)

calculated from the following total number of voting rights issued: 170100000

#### **7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

1.29% (equals 2199145 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

11.68% (equals 19869650 voting rights)

#### **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

#### **11 November 2013**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 11, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Hambledon, Inc., Grand Cayman, Cayman Islands

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

15%

**5. Date at which the threshold is crossed or reached:**

November 1, 2013

**6. Total amount of voting rights:**

15.51% (equals 26381775 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

3.32% (equals 5639125 voting rights)

*thereof held indirectly:*

3.32% (equals 5639125 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

12.19% (equals 20742650 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 11, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott International, L.P., Grand Cayman, Cayman Islands

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

15%

**5. Date at which the threshold is crossed or reached:**

November 1, 2013

**6. Total amount of voting rights:**

15.51% (equals 26381775 voting rights)

calculated from the following total number of voting rights issued: 170100000

#### **7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

3.32% (equals 5639125 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

12.19% (equals 20742650 voting rights)

#### **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

#### **11 November 2013**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 11, 2013, Mr Paul E. Singer, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares his Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 15% threshold of the Voting Rights on November 5, 2013 and on that day amounted to 15.69% (this corresponds to 26692000 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 10.99% of the Voting Rights (this corresponds to 18692000 Voting Rights) is to be attributed to Mr Singer inter alia via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., Braxton Associates, Inc., U.S.A. and Elliott Asset Management LLC, U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 4.70% of the Voting Rights (this corresponds to 8000000 Voting Rights) is to be attributed to Mr Singer.

According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 14.05% of the Voting Rights (this corresponds to 23891650 Voting Rights) is also to be attributed to Mr Singer, whereby 10.99% of the voting rights (corresponding to 18690000 voting rights) are to be attributed to Mr Singer from Cornwall (Luxembourg) S.à r.l., Luxembourg.

On November 11, 2013, Elliott Asset Management LLC, Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 15% threshold of the Voting Rights on November 5, 2013 and on that day amounted to 15.69% (this corresponds to 26692000 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 10.99% of the Voting Rights (this corresponds to 18692000 Voting Rights) is to be attributed to the company inter alia via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, and Elliott Capital Advisors, L.P., U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 4.70% of the Voting Rights (this corresponds to 8000000 Voting Rights) is to be attributed to the company.

On November 11, 2013, Braxton Associates, Inc., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 15% threshold of the Voting Rights on November 5, 2013 and on that day amounted to 15.69% (this corresponds to 26692000 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 10.99% of the Voting Rights (this corresponds to 18692000 Voting Rights) is to be attributed to the company inter alia via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, and Elliott Capital Advisors, L.P., U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 4.70% of the Voting Rights (this corresponds to 8000000 Voting Rights) is to be attributed to the company.

On November 11, 2013, Elliott Capital Advisors, L.P., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 15% threshold of the Voting Rights on November 5, 2013 and on that day amounted to 15.69% (this corresponds to 26692000 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 10.99% of the Voting Rights (this corresponds to 18692000 Voting Rights) is to be attributed to the company inter alia via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands, and Hambledon, Inc., Cayman Islands.

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 4.70% of the Voting Rights (this corresponds to 8000000 Voting Rights) is to be attributed to the company.

On November 11, 2013, Elliott International Limited, Grand Cayman, Cayman Islands has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10% threshold of the Voting Rights on November 5, 2013 and on that day amounted to 10.99% (this corresponds to 18691650 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 10.99% of the Voting Rights (this corresponds to 18691650 Voting Rights) is to be attributed to

the company via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, and Maidenhead LLC, U.S.A..

On November 11, 2013, Maidenhead LLC, Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10% threshold of the Voting Rights on November 5, 2013 and on that day amounted to 10.99% (this corresponds to 18691650 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 10.99% of the Voting Rights (this corresponds to 18691000 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg, and Wolverton (Luxembourg) S.à r.l., Luxembourg.

On November 11, 2013, Wolverton (Luxembourg) S.à r.l., Luxembourg, Luxembourg has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10% threshold of the Voting Rights on November 5, 2013 and on that day amounted to 10.99% (this corresponds to 18691000 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 10.99% of the Voting Rights (this corresponds to 18690000 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg.

On November 11, 2013, Cornwall (Luxembourg) S.à r.l., Luxembourg, Luxembourg has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10% threshold of the Voting Rights on November 5, 2013 and on that day amounted to 10.99% (this corresponds to 18690000 Voting Rights).

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 11, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Mr. Paul E. Singer, U.S.A.



**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

20%

**5. Date at which the threshold is crossed or reached:**

November 5, 2013

**6. Total amount of voting rights:**

21.13% (equals 35949045 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

5.44% (equals 9257045 voting rights)

*thereof held indirectly:*

5.44% (equals 9257045 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

15.69% (equals 26692000 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., Braxton Associates, Inc., U.S.A., Elliott Asset Management LLC, U.S.A., The Liverpool Limited Partnership, Bermuda, Liverpool

Associates, Ltd., Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 11, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott Asset Management LLC, Wilmington, DE, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

20%

**5. Date at which the threshold is crossed or reached:**

November 5, 2013

**6. Total amount of voting rights:**

21.13% (equals 35949045 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

5.44% (equals 9257045 voting rights)

*thereof held indirectly:*

5.44% (equals 9257045 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

15.69% (equals 26692000 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd., Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 11, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Braxton Associates, Inc., Wilmington, DE, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

20%

**5. Date at which the threshold is crossed or reached:**

November 5, 2013

**6. Total amount of voting rights:**

21.13% (equals 35949045 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

5.44% (equals 9257045 voting rights)

*thereof held indirectly:*

5.44% (equals 9257045 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

15.69% (equals 26692000 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., The Liverpool Limited Partnership, Bermuda, Liverpool

Associates, Ltd., Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 11, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott Capital Advisors, L.P., Wilmington, DE, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

20%

**5. Date at which the threshold is crossed or reached:**

November 5, 2013

**6. Total amount of voting rights:**

21.13% (equals 35949045 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

5.44% (equals 9257045 voting rights)

*thereof held indirectly:*

5.44% (equals 9257045 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

15.69% (equals 26692000 voting rights)

#### **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd., Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

#### **11 November 2013**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

On November 11, 2013, BlackRock, Inc., New York, NY, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have fallen below the 3% threshold of the Voting Rights on November 07, 2013 and on that day amounted to 2.99% (this corresponds to 5081321 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 2.99% of the Voting Rights (this corresponds to 5081321 Voting Rights) is to be attributed to the company.

### 15 November 2013

#### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights Announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 15, 2013, Elliott International Capital Advisors Inc., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 15% threshold of the Voting Rights on November 12, 2013 and on that day amounted to 15.21% (this corresponds to 25866650 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 6 of the WpHG, 15.21% of the Voting Rights (this corresponds to 25866650 Voting Rights) is to be attributed to the company, whereby 11.67% of the Voting Rights (corresponding to 19852500 Voting Rights) are to be attributed to Elliott International Capital Advisors Inc. from Cornwall (Luxembourg) S.à r.l., Luxembourg.

On November 15, 2013, Hambledon, Inc., Grand Cayman, Cayman Islands has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 15% threshold of the Voting Rights on November 12, 2013 and on that day amounted to 15.21% (this corresponds to 25866650 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 11.67% of the Voting Rights (this corresponds to 19854150 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A. and Elliott International, L.P., Cayman Islands.

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 3.53% of the Voting Rights (this corresponds to 6012500 Voting Rights) is to be attributed to the company.

On November 15, 2013, Elliott International, L.P., Grand Cayman, Cayman Islands has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 15% threshold of the Voting Rights on November 12, 2013 and on that day amounted to 15.21% (this corresponds to 25866650 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 11.67% of the Voting Rights (this corresponds to 19854150 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg and Maidenhead LLC, U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 of the WpHG, 3.53% of the Voting Rights (this corresponds to 6012500 Voting Rights) is to be attributed to the company.

### 18 November 2013

#### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On November 18, 2013, BlackRock, Inc., New York, NY, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% threshold of the Voting Rights on November 14, 2013 and on that day amounted to 3.002% (this corresponds to 5105753 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 3.002% of the Voting Rights (this corresponds to 5105753 Voting Rights) is to be attributed to the company.

### 20 November 2013

#### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.



**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 20, 2013:**

**1. Listed company:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott International, L.P., Grand Cayman, Cayman Islands

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

20%

**5. Date at which the threshold is crossed or reached:**

November 15, 2013

**6. Total amount of voting rights:**

20.42% (equals 34735355 voting rights)  
calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG: 3.96% (equals 6728705 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

16.46% (equals 28006650 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec.**

**1 WpHG:**

ISIN or name/description of the financial/other instrument:

Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument:

Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**20 November 2013**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 20, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Hambledon, Inc., Grand Cayman, Cayman Islands

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

20%

**5. Date at which the threshold is crossed or reached:**

November 15, 2013

**6. Total amount of voting rights:**

20.42% (equals 34735355 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art.

25a, Sec. 1 WpHG: 3.96% (equals 6728705 voting rights)

*thereof held indirectly:*

3.96% (equals 6728705 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

16.46% (equals 28006650 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands

ISIN or name/description of the financial/other instrument:

Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument:

Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

### 23 November 2013

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 23, 2013:**

**1. Listed company:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Mr. Paul E. Singer, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

25%

**5. Date at which the threshold is crossed or reached:**

November 19, 2013

**6. Total amount of voting rights:**

25.16% (equals 42803603 voting rights)  
calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:  
6.05% (equals 10290949 voting rights)

*thereof held indirectly:*

6.05% (equals 10290949 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

19.11% (equals 32512654 voting rights)

#### **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., Braxton Associates, Inc., U.S.A., Elliott Asset Management LLC, U.S.A., The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd. Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

#### **We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 23, 2013:**

##### **1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

##### **2. Notifier:**

Elliott Asset Management LLC, Wilmington, DE, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

25%

**5. Date at which the threshold is crossed or reached:**

November 19, 2013

**6. Total amount of voting rights:**

25.16% (equals 42803603 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

6.05% (equals 10290949 voting rights)

*thereof held indirectly:*

6.05% (equals 10290949 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

19.11% (equals 32512654 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., The Liverpool Limited Partnership, Bermuda,

Liverpool Associates, Ltd. Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 23, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Braxton Associates, Inc., Wilmington, DE, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

25%

**5. Date at which the threshold is crossed or reached:**

November 19, 2013

**6. Total amount of voting rights:**

25.16% (equals 42803603 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

6.05% (equals 10290949 voting rights)

*thereof held indirectly:*

6.05% (equals 10290949 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

19.11% (equals 32512654 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd. Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on November 23, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott Capital Advisors, L.P., Wilmington, DE, U.S.A.



**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

25%

**5. Date at which the threshold is crossed or reached:**

November 19, 2013

**6. Total amount of voting rights:**

25.16% (equals 42803603 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

6.05% (equals 10290949 voting rights)

*thereof held indirectly:*

6.05% (equals 10290949 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

19.11% (equals 32512654 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd. Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

## 2 December 2013

### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

Notification of voting rights pursuant to Sec. 27a para. 1 sentences 1 and 3 WpHG:

#### **We received the following notification pursuant to Sec. 27a para. 1 sentences 1 and 3 WpHG on December 02, 2013:**

##### **Mr Paul E. Singer**

Mr Paul E. Singer, U.S.A. informed us on December 2, 2013 pursuant to sec. 27a para. 1 sentences 1 and 3 WpHG thereby making reference to the crossing of the threshold of 10% of the voting rights on October 30, 2013, in respect of the objectives pursued with the acquisition of the voting rights that:

1. the prevalent aim of the investment is implementing strategic objectives where the sale of the shares shall not be excluded;
2. the reporting person plans to acquire further voting rights of Celesio AG within the next twelve months by means of purchase or by other means;
3. the reporting person intends to exert influence on the appointment or removal of members of the administrative, managing and supervisory bodies of Celesio AG; and

4. the reporting person intends to achieve a material change in the capital structure of Celesio AG, in particular as regards the ratio between its own funds and external funds and the dividend policy.

In respect of the origin of the funds used to acquire the voting rights Mr Paul E. Singer notifies pursuant to Sec. 27a para. 1 sentence 4 WpHG that the acquisition of the voting rights is financed by 100% of own funds.

#### **Elliott Asset Management LLC**

Elliott Asset Management LLC, Wilmington, DE, U.S.A. informed us on December 2, 2013 pursuant to sec. 27a para. 1 sentences 1 and 3 WpHG thereby making reference to the crossing of the threshold of 10% of the voting rights on October 30, 2013, in respect of the objectives pursued with the acquisition of the voting rights that:

1. the prevalent aim of the investment is implementing strategic objectives where the sale of the shares shall not be excluded;
2. Elliott Asset Management LLC plans to acquire further voting rights of Celesio AG within the next twelve months by means of purchase or by other means;
3. Elliott Asset Management LLC intends to exert influence on the appointment or removal of members of the administrative, managing and supervisory bodies of Celesio AG; and
4. Elliott Asset Management LLC intends to achieve a material change in the capital structure of Celesio AG, in particular as regards the ratio between its own funds and external funds and the dividend policy.

In respect of the origin of the funds used to acquire the voting rights Elliott Asset Management LLC notifies pursuant to Sec. 27a para. 1 sentence 4 WpHG that the acquisition of the voting rights is financed by 100% of own funds.

**Braxton Associates, Inc.**

Braxton Associates, Inc., Wilmington, DE, U.S.A. informed us on December 2, 2013 pursuant to sec. 27a para. 1 sentences 1 and 3 WpHG thereby making reference to the crossing of the threshold of 10% of the voting rights on October 30, 2013, in respect of the objectives pursued with the acquisition of the voting rights that:

1. the prevalent aim of the investment is implementing strategic objectives where the sale of the shares shall not be excluded;
2. Braxton Associates, Inc. plans to acquire further voting rights of Celesio AG within the next twelve months by means of purchase or by other means;
3. Braxton Associates, Inc. intends to exert influence on the appointment or removal of members of the administrative, managing and supervisory bodies of Celesio AG; and
4. Braxton Associates, Inc. intends to achieve a material change in the capital structure of Celesio AG, in particular as regards the ratio between its own funds and external funds and the dividend policy.

In respect of the origin of the funds used to acquire the voting rights Braxton Associates, Inc. notifies pursuant to Sec. 27a para. 1 sentence 4 WpHG that the acquisition of the voting rights is financed by 100% of own funds.

**Elliott Capital Advisors, L.P.**

Elliott Capital Advisors, L.P., Wilmington, DE, U.S.A. informed us on December 2, 2013 pursuant to sec. 27a para. 1 sentences 1 and 3 WpHG thereby making reference to the crossing of the threshold of 10% of the voting rights on October 30, 2013, in respect of the objectives pursued with the acquisition of the voting rights that:

1. the prevalent aim of the investment is implementing strategic objectives where the sale of the shares shall not be excluded;

2. Elliott Capital Advisors, L.P. plans to acquire further voting rights of Celesio AG within the next twelve months by means of purchase or by other means;

3. Elliott Capital Advisors, L.P. intends to exert influence on the appointment or removal of members of the administrative, managing and supervisory bodies of Celesio AG; and

4. Elliott Capital Advisors, L.P. intends to achieve a material change in the capital structure of Celesio AG, in particular as regards the ratio between its own funds and external funds and the dividend policy.

In respect of the origin of the funds used to acquire the voting rights Elliott Capital Advisors, L.P. notifies pursuant to Sec. 27a para. 1 sentence 4 WpHG that the acquisition of the voting rights is financed by 100% of own funds.

**Elliott International Capital Advisors Inc.**

Elliott International Capital Advisors Inc., Wilmington, DE, U.S.A. informed us on December 2, 2013 pursuant to sec. 27a para. 1 sentences 1 and 3 WpHG thereby making reference to the crossing of the threshold of 10% of the voting rights on October 31, 2013, in respect of the objectives pursued with the acquisition of the voting rights that:

1. the prevalent aim of the investment is implementing strategic objectives where the sale of the shares shall not be excluded;

2. Elliott International Capital Advisors Inc. plans to acquire further voting rights of Celesio AG within the next twelve months by means of purchase or by other means;

3. Elliott International Capital Advisors Inc. intends to exert influence on the appointment or removal of members of the administrative, managing and supervisory bodies of Celesio AG; and

4. Elliott International Capital Advisors Inc. intends to achieve a material change in the capital structure of Celesio AG, in particular as regards

the ratio between its own funds and external funds and the dividend policy.

In respect of the origin of the funds used to acquire the voting rights Elliott International Capital Advisors Inc. notifies pursuant to Sec. 27a para. 1 sentence 4 WpHG that the acquisition of the voting rights is financed by 100% of own funds.

**Hambledon, Inc.**

Hambledon, Inc. Grand Cayman, Cayman Islands informed us on December 2, 2013 pursuant to sec. 27a para. 1 sentences 1 and 3 WpHG thereby making reference to the crossing of the threshold of 10% of the voting rights on October 31, 2013, in respect of the objectives pursued with the acquisition of the voting rights that:

1. the prevalent aim of the investment is implementing strategic objectives where the sale of the shares shall not be excluded;
2. Hambledon, Inc. plans to acquire further voting rights of Celesio AG within the next twelve months by means of purchase or by other means;
3. Hambledon, Inc. intends to exert influence on the appointment or removal of members of the administrative, managing and supervisory bodies of Celesio AG; and
4. Hambledon, Inc. intends to achieve a material change in the capital structure of Celesio AG, in particular as regards the ratio between its own funds and external funds and the dividend policy.

In respect of the origin of the funds used to acquire the voting rights Hambledon, Inc. notifies pursuant to Sec. 27a para. 1 sentence 4 WpHG that the acquisition of the voting rights is financed by 100% of own funds.

**Elliott International, L.P.**

Elliott International, L.P., Grand Cayman, Cayman Islands informed us on December 2, 2013 pursuant to sec. 27a para. 1 sentences 1 and 3 WpHG thereby making reference to the crossing of the threshold of 10% of the voting rights on October

31, 2013, in respect of the objectives pursued with the acquisition of the voting rights that:

1. the prevalent aim of the investment is implementing strategic objectives where the sale of the shares shall not be excluded;
2. Elliott International, L.P. plans to acquire further voting rights of Celesio AG within the next twelve months by means of purchase or by other means;
3. Elliott International, L.P. intends to exert influence on the appointment or removal of members of the administrative, managing and supervisory bodies of Celesio AG; and
4. Elliott International, L.P. intends to achieve a material change in the capital structure of Celesio AG, in particular as regards the ratio between its own funds and external funds and the dividend policy.

In respect of the origin of the funds used to acquire the voting rights Elliott International, L.P. notifies pursuant to Sec. 27a para. 1 sentence 4 WpHG that the acquisition of the voting rights is financed by 100% of own funds.

#### **Elliott International Limited**

Elliott International Limited, Grand Cayman, Cayman Islands informed us on December 2, 2013 pursuant to sec. 27a para. 1 sentences 1 and 3 WpHG thereby making reference to the crossing of the threshold of 10% of the voting rights on November 5, 2013, in respect of the objectives pursued with the acquisition of the voting rights that:

1. the prevalent aim of the investment is implementing strategic objectives where the sale of the shares shall not be excluded;
2. Elliott International Limited plans to acquire further voting rights of Celesio AG within the next twelve months by means of purchase or by other means;

3. Elliott International Limited intends to exert influence on the appointment or removal of members of the administrative, managing and supervisory bodies of Ceesio AG; and

4. Elliott International Limited intends to achieve a material change in the capital structure of Ceesio AG, in particular as regards the ratio between its own funds and external funds and the dividend policy.

In respect of the origin of the funds used to acquire the voting rights Elliott International Limited notifies pursuant to Sec. 27a para. 1 sentence 4 WpHG that the acquisition of the voting rights is financed by 100% of own funds.

#### **Maidenhead LLC**

Maidenhead LLC, Wilmington, DE, U.S.A. informed us on December 2, 2013 pursuant to sec. 27a para. 1 sentences 1 and 3 WpHG thereby making reference to the crossing of the threshold of 10% of the voting rights on November 5, 2013, in respect of the objectives pursued with the acquisition of the voting rights that:

1. the prevalent aim of the investment is implementing strategic objectives where the sale of the shares shall not be excluded;

2. Maidenhead LLC plans to acquire further voting rights of Ceesio AG within the next twelve months by means of purchase or by other means;

3. Maidenhead LLC intends to exert influence on the appointment or removal of members of the administrative, managing and supervisory bodies of Ceesio AG; and

4. Maidenhead LLC intends to achieve a material change in the capital structure of Ceesio AG, in particular as regards the ratio between its own funds and external funds and the dividend policy.

In respect of the origin of the funds used to acquire the voting rights Maidenhead LLC notifies pursuant to Sec. 27a para. 1 sentence 4 WpHG that the acquisition of the voting rights is financed by 100% of own funds.



**Wolverton (Luxembourg) S.à r.l.**

Wolverton (Luxembourg) S.à r.l., Luxembourg, Luxembourg informed us on December 2, 2013 pursuant to sec. 27a para. 1 sentences 1 and 3 WpHG thereby making reference to the crossing of the threshold of 10% of the voting rights on November 5, 2013, in respect of the objectives pursued with the acquisition of the voting rights that:

1. the prevalent aim of the investment is implementing strategic objectives where the sale of the shares shall not be excluded;
2. Wolverton (Luxembourg) S.à r.l. plans to acquire further voting rights of Celesio AG within the next twelve months by means of purchase or by other means;
3. Wolverton (Luxembourg) S.à r.l. intends to exert influence on the appointment or removal of members of the administrative, managing and supervisory bodies of Celesio AG; and
4. Wolverton (Luxembourg) S.à r.l. intends to achieve a material change in the capital structure of Celesio AG, in particular as regards the ratio between its own funds and external funds and the dividend policy.

In respect of the origin of the funds used to acquire the voting rights Wolverton (Luxembourg) S.à r.l. notifies pursuant to Sec. 27a para. 1 sentence 4 WpHG that the acquisition of the voting rights is financed by 100% of own funds.

**Cornwall (Luxembourg) S.à r.l.**

Cornwall (Luxembourg) S.à r.l., Luxembourg, Luxembourg informed us on December 2, 2013 pursuant to sec. 27a para. 1 sentences 1 and 3 WpHG thereby making reference to the crossing of the threshold of 10% of the voting rights on November 5, 2013, in respect of the objectives pursued with the acquisition of the voting rights that:

1. the prevalent aim of the investment is implementing strategic objectives where the sale of the shares shall not be excluded;

2. Cornwall (Luxembourg) S.à r.l. plans to acquire further voting rights of Celesio AG within the next twelve months by means of purchase or by other means;
3. Cornwall (Luxembourg) S.à r.l. intends to exert influence on the appointment or removal of members of the administrative, managing and supervisory bodies of Celesio AG; and
4. Cornwall (Luxembourg) S.à r.l. intends to achieve a material change in the capital structure of Celesio AG, in particular as regards the ratio between its own funds and external funds and the dividend policy.

In respect of the origin of the funds used to acquire the voting rights Cornwall (Luxembourg) S.à r.l. notifies pursuant to Sec. 27a para. 1 sentence 4 WpHG that the acquisition of the voting rights is financed by 100% of own funds.

## 2 December 2013

### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On December 02, 2013, BlackRock, Inc., New York, NY, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have fallen below the 3% threshold of the Voting Rights on November 28, 2013 and on that day amounted to 2.99% (this corresponds to 5084306 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 2.99% of the Voting Rights (this corresponds to 5084306 Voting Rights) is to be attributed to the company.

#### 4 December 2013

##### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On December 4, 2013, Elliott International Limited, Grand Cayman, Cayman Islands has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 15% threshold of the Voting Rights on November 29, 2013 and on that day amounted to 15.35% (this corresponds to 26104619 Voting Rights). According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 15.35% of the Voting Rights (this corresponds to 26104619 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, and Maidenhead LLC, U.S.A..

On December 4, 2013, Maidenhead LLC, Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 15% threshold of the Voting Rights on November 29, 2013 and on that day amounted to 15.35% (this corresponds to 26104619 Voting Rights). According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 15.35% of the Voting Rights (this corresponds to 26103969 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg, and Wolverton (Luxembourg) S.à r.l., Luxembourg.

On December 4, 2013, Wolverton (Luxembourg) S.à r.l., Luxembourg, Luxembourg has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 15% threshold of the Voting Rights on November 29, 2013 and on that day amounted to 15.35% (this corresponds to 26103969 Voting Rights). According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 15.35% of the Voting Rights (this corresponds to 26102969 Voting Rights) is to be attributed to the company via Cornwall (Luxembourg) S.à r.l., Luxembourg.

On December 4, 2013, Cornwall (Luxembourg) S.à r.l., Luxembourg, Luxembourg has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 15% threshold of the Voting Rights on November 29, 2013 and on that day amounted to 15.35% (this corresponds to 26102969 Voting Rights).

## 6 December 2013

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

Notification of voting rights pursuant to Art. 25a, Sec. 1 WpHG

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on December 6, 2013:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

McKesson US Finance Corporation, San Francisco, CA, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30% and 50%

**5. Date at which the threshold is crossed or reached:**

December 2, 2013

**6. Total amount of voting rights:**

50.01% (equals 85058505 voting rights)

calculated from the following total number of voting rights issued:

170100000

#### **7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:  
50.01% (equals 85058505 voting rights)

*thereof held indirectly:*

50.01% (equals 85058505 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:  
0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:  
0% (equals 0 voting rights)

#### **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited, Cougar III UK Limited

ISIN or name/description of the financial/other instrument: Share Purchase Agreement  
No specific maturity

#### **12 December 2013**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On December 12, 2013, BlackRock, Inc., New York, NY, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have fallen below the 3% threshold of the Voting Rights on December 10, 2013 and on that day amounted to 2.993% (this corresponds to 5090680 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 6 of the WpHG, 2.993% of the Voting Rights (this corresponds to 5090680 Voting Rights) is to be attributed to the company.

### 13 December 2013

**Celesio AG: Correction of release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution of December 4, 2013**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On December 13, 2013 BlackRock, Inc., New York, NY, U.S.A. has informed us of retraction of its notification dated December 2, 2013 according to Article 21, Section 1 of the WpHG that via shares its voting rights on Celesio AG, Stuttgart, Deutschland have fallen below the 3% threshold of voting rights on November 28, 2013.

### 14 January 2014

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 14, 2014, BlackRock, Inc., New York, NY, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% threshold of the Voting Rights on January 10, 2014 and on that day amounted to 3.002% (this corresponds to 5105767 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 3.002% of the Voting Rights (this corresponds to 5105767 Voting Rights) is to be attributed to the company.

### 15 January 2014

#### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 15, 2014, BlackRock, Inc., New York, NY, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have fallen below the 3% threshold of the Voting Rights on January 13, 2014 and on that day amounted to 2.67% (this corresponds to 4535964 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 2.67% of the Voting Rights (this corresponds to 4535964 Voting Rights) is to be attributed to the company.

### 16 January 2014

#### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

Notification of voting rights pursuant to Art. 25a, Sec. 1 WpHG

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 16, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

McKesson Corporation, San Francisco, U.S.A.

**3. Triggering event:**

Falling below threshold

**4. Threshold(s) crossed or reached:**

3%, 5%, 10%, 15%, 20%, 25%, 30% und 50%

**5. Date at which the threshold is crossed or reached:**

January 13, 2014

**6. Total amount of voting rights:**

0.50% (equals 851764 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0.50% (equals 851764 voting rights)

*thereof held indirectly:*

0.50% (equals 851764 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

McKesson International Holdings IV S.a.r.l., McKesson International Holdings, McKesson International Bermuda IP2A Limited



ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

### 16 January 2014

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

Notification of voting rights pursuant to Art. 25a, Sec. 1 WpHG

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 16, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

McKesson US Finance Corporation, San Francisco, U.S.A.

**3. Triggering event:**

Falling below threshold

**4. Threshold(s) crossed or reached:**

3%, 5%, 10%, 15%, 20%, 25%, 30% und 50%

**5. Date at which the threshold is crossed or reached:**

January 13, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 170100000

#### **7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

#### **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

ISIN or name/description of the financial/other instrument:

#### **16 January 2014**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

Notification of voting rights pursuant to Art. 25a, Sec. 1 WpHG

We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 16, 2014:

##### **1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Cougar III UK Limited, London, United Kingdom

**3. Triggering event:**

Falling below threshold

**4. Threshold(s) crossed or reached:**

3%, 5%, 10%, 15%, 20%, 25%, 30% und 50%

**5. Date at which the threshold is crossed or reached:**

January 13, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a,  
Sec. 1 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25  
WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a,  
Sec. 1 WpHG:**

Chain of controlled undertakings:

ISIN or name/description of the financial/other instrument:

**16 January 2014**

Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

Notification of voting rights pursuant to Art. 25a, Sec. 1 WpHG

We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 16, 2014:

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Cougar II UK Limited, London, United Kingdom

**3. Triggering event:**

Falling below threshold

**4. Threshold(s) crossed or reached:**

3%, 5%, 10%, 15%, 20%, 25%, 30% und 50%

**5. Date at which the threshold is crossed or reached:**

January 13, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 170100000

#### **7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0% (equals 0 voting rights)

thereof held indirectly:

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

thereof held indirectly:

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

#### **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

ISIN or name/description of the financial/other instrument:

#### **16 January 2014**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

Notification of voting rights pursuant to Art. 25a, Sec. 1 WpHG

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 16, 2014:**

##### **1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Cougar I UK Limited, London, United Kingdom

**3. Triggering event:**

Falling below threshold

**4. Threshold(s) crossed or reached:**

3%, 5%, 10%, 15%, 20%, 25%, 30% und 50%

**5. Date at which the threshold is crossed or reached:**

January 13, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a,  
Sec. 1 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25  
WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a,  
Sec. 1 WpHG:**

Chain of controlled undertakings:

ISIN or name/description of the financial/other instrument:

**16 January 2014**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

Notification of voting rights pursuant to Art. 25a, Sec. 1 WpHG

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 16, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Dragonfly Verwaltungs GmbH, Frankfurt am Main, Deutschland

**3. Triggering event:**

Falling below threshold

**4. Threshold(s) crossed or reached:**

3%, 5%, 10%, 15%, 20%, 25%, 30% und 50%

**5. Date at which the threshold is crossed or reached:**

January 13, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

ISIN or name/description of the financial/other instrument:

**16 January 2014**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

Notification of voting rights pursuant to Art. 25a, Sec. 1 WpHG

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 16, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Dragonfly GmbH & Co. KGaA, Frankfurt am Main, Deutschland



**3. Triggering event:**

Falling below threshold

**4. Threshold(s) crossed or reached:**

3%, 5%, 10%, 15%, 20%, 25%, 30% und 50%

**5. Date at which the threshold is crossed or reached:**

January 13, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

thereof held indirectly:

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

ISIN or name/description of the financial/other instrument:

## 16 January 2014

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 16, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Mr. Paul E. Singer, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

30%

**5. Date at which the threshold is crossed or reached:**

January 13, 2014

**6. Total amount of voting rights:**

32.01% (equals 54448572 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

7.93% (equals 13488365 voting rights)

*thereof held indirectly:*

7.93% (equals 13488365 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:  
0% (equals 0 voting rights)

*thereof held indirectly:*  
0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:  
24.08% (equals 40960207 voting rights)

#### **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., Braxton Associates, Inc., U.S.A., Elliott Asset Management LLC, U.S.A., The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd., Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)  
Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)  
Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 16, 2014:**

##### **1. Listed company:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Deutschland

##### **2. Notifier:**

Elliott Asset Management LLC, Wilmington, DE, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

30%

**5. Date at which the threshold is crossed or reached:**

January 13, 2014

**6. Total amount of voting rights:**

32.01% (equals 54448572 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

7.93% (equals 13488365 voting rights)

*thereof held indirectly:*

7.93% (equals 13488365 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

24.08% (equals 40960207 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., The Liverpool Limited Partnership, Bermuda,

Liverpool Associates, Ltd., Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 16, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Braxton Associates, Inc., Wilmington, DE, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

30%

**5. Date at which the threshold is crossed or reached:**

January 13, 2014

**6. Total amount of voting rights:**

32.01% (equals 54448572 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

7.93% (equals 13488365 voting rights)

*thereof held indirectly:*

7.93% (equals 13488365 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

24.08% (equals 40960207 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd. Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 16, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott Capital Advisors, L.P., Wilmington, DE, U.S.A.

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

30%

**5. Date at which the threshold is crossed or reached:**

January 13, 2014

**6. Total amount of voting rights:**

32.01% (equals 54448572 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a,  
Sec. 1 WpHG:

7.93% (equals 13488365 voting rights)

*thereof held indirectly:*

7.93% (equals 13488365 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25  
WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

24.08% (equals 40960207 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a,  
Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd. Bermuda, Elliott Associates, L.P., U.S.A., and Elliott Special GP, LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1ANSK5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 16, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Hambledon Inc., Grand Cayman, Cayman Islands

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

25%

**5. Date at which the threshold is crossed or reached:**

January 13, 2014

**6. Total amount of voting rights:**

28.08% (equals 47770107 voting rights)

calculated from the following total number of voting rights issued: 170100000



#### **7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

5.16% (equals 8785454 voting rights)

*thereof held indirectly:*

5.16% (equals 8785454 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

22.92% (equals 38984653 voting rights)

#### **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 16, 2014:**

##### **1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott International, L.P., Grand Cayman, Cayman Islands

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

25%

**5. Date at which the threshold is crossed or reached:**

January 13, 2014

**6. Total amount of voting rights:**

28.08% (equals 47770107 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a,  
Sec. 1 WpHG:

5.16% (equals 8785454 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25  
WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

22.92% (equals 38984653 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a,  
Sec. 1 WpHG:**

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

### 16 January 2014

#### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 16, 2014, Mr Paul E. Singer, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares his Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 20% threshold of the Voting Rights on January 13, 2014 and on that day amounted to 24.08% (this corresponds to 40960207 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 20.75% of the Voting Rights (this corresponds to 35292103 Voting Rights) are to be attributed to Mr Singer inter alia from the following undertakings which are controlled by Mr Singer and whose holdings of voting rights amount to 3% or more in Celesio AG: Cornwall (Luxembourg) S.à.r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., U.S.A., Braxton Associates, Inc., U.S.A. and Elliott Asset Management LLC, U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 3.33% of the Voting Rights (this corresponds to 5668104 Voting Rights) are to be attributed to Mr Singer.

According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 22.92% of the Voting Rights (this corresponds to 38984653 Voting Rights) are also to be attributed to Mr Singer, whereby 20.75% of the voting rights

(corresponding to 35290103 voting rights) are to be attributed to Mr Singer from Cornwall (Luxembourg) S.à.r.l., Luxembourg.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 16, 2014, Elliott Asset Management LLC, Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 20% threshold of the Voting Rights on January 13, 2014 and on that day amounted to 24.08% (this corresponds to 40960207 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 20.75% of the Voting Rights (this corresponds to 35292103 Voting Rights) are to be attributed to Elliott Asset Management LLC inter alia from the following undertakings which are controlled by Elliott Asset Management LLC and whose holdings of voting rights amount to 3% or more in Celesio AG: Cornwall (Luxembourg) S.à.r.l., Luxembourg, Wolverton (Luxembourg) S.à.r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, and Elliott Capital Advisors, L.P., U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 3.33% of the Voting Rights (this corresponds to 5668104 Voting Rights) are to be attributed to the company.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 16, 2014, Braxton Associates, Inc., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 20% threshold of the

Voting Rights on January 13, 2014 and on that day amounted to 24.08% (this corresponds to 40960207 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 20.75% of the Voting Rights (this corresponds to 35292103 Voting Rights) are to be attributed to Braxton Associates Inc. inter alia from the following undertakings which are controlled by Braxton Associates, Inc. and whose holdings of voting rights amount to 3% or more in Celesio AG: Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à.r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, and Elliott Capital Advisors, L.P., U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 3.33% of the Voting Rights (this corresponds to 5668104 Voting Rights) are to be attributed to the company.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 16, 2014, Elliott Capital Advisors, L.P., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 20% threshold of the Voting Rights on January 13, 2014 and on that day amounted to 24.08% (this corresponds to 40960207 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 20.75% of the Voting Rights (this corresponds to 35292103 Voting Rights) are to be attributed to Elliott Capital Advisors, L.P. inter alia from the following undertakings which are controlled by Elliott Capital Advisors, L.P. and whose holdings of voting rights amount to 3% or more in Celesio AG: Cornwall (Luxembourg) S.à.r.l., Luxembourg, Wolverton (Luxembourg) S.à.r.l., Luxembourg, Maidenhead LLC, U.S.A., Elliott International, L.P., Cayman Islands, and Hambledon, Inc., Cayman Islands.

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 3.33% of the Voting Rights (this corresponds to 5668104 Voting Rights) are to be attributed to the company.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 16, 2014, Elliott International Capital Advisors Inc., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 20% threshold of the Voting Rights on January 13, 2014 and on that day amounted to 22.92% (this corresponds to 38984653 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 6 of the WpHG, 22.92% of the Voting Rights (this corresponds to 38984653 Voting Rights) are to be attributed to the company, whereby 20.75% of the Voting Rights (corresponding to 35290103 Voting Rights) are to be attributed to Elliott International Capital Advisors Inc. from Cornwall (Luxembourg) S.à.r.l., Luxembourg.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 16, 2014, Hambledon, Inc., Grand Cayman, Cayman Islands has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 20% threshold of the Voting Rights on January 13, 2014 and on that day amounted to 22.92% (this corresponds to 38984653 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 20.75% of the Voting Rights (this corresponds to 35291753 Voting Rights) are to be attributed to Hambledon, Inc. from the following undertakings which are controlled by

Hambledon, Inc. and whose holdings of voting rights amount to 3% or more in Celesio AG: Cornwall (Luxembourg) S.à.r.l., Luxembourg, Wolverton (Luxembourg) S.à.r.l., Luxembourg, Maidenhead LLC, U.S.A. and Elliott International, L.P., Cayman Islands.

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 2.17% of the Voting Rights (this corresponds to 3692900 Voting Rights) are to be attributed to the company.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 16, 2014, Elliott International, L.P., Grand Cayman, Cayman Islands has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 20% threshold of the Voting Rights on January 13, 2014 and on that day amounted to 22.92% (this corresponds to 38984653 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 20.75% of the Voting Rights (this corresponds to 35291753 Voting Rights) are to be attributed to Elliott International, L.P. from the following undertakings which are controlled by Elliott International, L.P. and whose holdings of voting rights amount to 3% or more in Celesio AG: Cornwall (Luxembourg) S.à.r.l., Luxembourg, Wolverton (Luxembourg) S.à.r.l., Luxembourg and Maidenhead LLC, U.S.A..

According to Article 22, Section 1, Sentence 1, No. 2 of the WpHG, 2.17% of the Voting Rights (this corresponds to 3692900 Voting Rights) are to be attributed to the company.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 16, 2014, Elliott International Limited, Grand Cayman, Cayman Islands has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 20% threshold of the Voting Rights on January 13, 2014 and on that day amounted to 20.75% (this corresponds to 35291753 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 20.75% of the Voting Rights (this corresponds to 35291753 Voting Rights) are to be attributed to Elliott International Limited from the following undertakings which are controlled by Elliott International, L.P. and whose holdings of voting rights amount to 3% or more in Celesio AG: Cornwall (Luxembourg) S.à.r.l., Luxembourg, Wolverton (Luxembourg) S.à.r.l., Luxembourg, and Maidenhead LLC, U.S.A..

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 16, 2014, Maidenhead LLC, Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 20% threshold of the Voting Rights on January 13, 2014 and on that day amounted to 20.75% (this corresponds to 35291753 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 20.75% of the Voting Rights (this corresponds to 35291103 Voting Rights) are to be attributed to Wolverton (Luxembourg) S.à.r.l. from the following undertakings which are controlled by Maidenhead LLC and whose holdings of voting rights amount to 3% or more in Celesio AG: Cornwall (Luxembourg) S.à.r.l., Luxembourg, and Wolverton (Luxembourg) S.à.r.l., Luxembourg.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.



On January 16, 2014, Wolverton (Luxembourg) S.à.r.l., Luxembourg, Luxembourg has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Cellesio AG, Stuttgart, Deutschland, have exceeded the 20% threshold of the Voting Rights on January 13, 2014 and on that day amounted to 20.75% (this corresponds to 35291103 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 20.75% of the Voting Rights (this corresponds to 35290103 Voting Rights) are to be attributed to Wolverton (Luxembourg) S.à.r.l. from the following undertakings which are controlled by Wolverton (Luxembourg) S.à.r.l. and whose holdings of voting rights amount to 3% or more in Cellesio AG: Cornwall (Luxembourg) S.à.r.l., Luxembourg.

**Cellesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 16, 2014, Cornwall (Luxembourg) S.à.r.l., Luxembourg, Luxembourg has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Cellesio AG, Stuttgart, Deutschland, have exceeded the 20% threshold of the Voting Rights on January 13, 2014 and on that day amounted to 20.75% (this corresponds to 35290103 Voting Rights).

**22 January 2014**

**Cellesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

Notification of voting rights pursuant to Art. 25a, Sec. 1 WpHG

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 22, 2014:**

**1. Listed company:**

Cellesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Hambledon Inc., Grand Cayman, Cayman Islands

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

30%

**5. Date at which the threshold is crossed or reached:**

January 17, 2014

**6. Total amount of voting rights:**

30.98% (equals 52698237 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a,  
Sec. 1 WpHG:

7.24% (equals 12307984 voting rights)

*thereof held indirectly:*

7.24% (equals 12307984 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25  
WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

23.75% (equals 40390253 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Elliott International, L.P., Cayman Islands

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 22, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott International, L.P., Grand Cayman, Cayman Islands

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

30%

**5. Date at which the threshold is crossed or reached:**

January 17, 2014

**6. Total amount of voting rights:**

30.98% (equals 52698237 voting rights)

calculated from the following total number of voting rights issued: 170100000

#### **7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

7.24% (equals 12307984 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

23.75% (equals 40390253 voting rights)

#### **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

#### **23 January 2014**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

**We received the following notification pursuant to sec. 25 WpHG on January 23, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Franz Haniel & Cie. GmbH, Duisburg, Deutschland

**3. Triggering event:**

Falling below threshold

**4. Threshold(s) crossed or reached:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date at which the threshold is crossed or reached:**

22.01.2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

75.99% (equals 129258505 voting rights)

**8. Detailed information on financial/other instruments pursuant to sec. 25 WpHG:**

### 23 January 2014

#### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 23, 2014, Franz Haniel & Cie. GmbH, Duisburg, Deutschland has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 75% threshold of the Voting Rights on January 22, 2014 and on that day amounted to 75.99% (this corresponds to 129258505 Voting Rights).

### 23 January 2014

#### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

**We received the following notification pursuant to sec. 25 WpHG on January 23, 2014:**

**1. Listed company:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Franz Haniel & Cie. GmbH, Duisburg, Deutschland

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date at which the threshold is crossed or reached:**

20.01.2014

**6. Total amount of voting rights:**

75.99% (equals 129258505 voting rights) calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG: 25.98% (equals 44200000 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

50.01% (equals 85058505 voting rights)

**8. Detailed information on financial/other instruments pursuant to sec. 25 WpHG:**

**23 January 2014**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 23, 2014, Mr Paul E. Singer, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares his Voting Rights on Celesio AG, Stuttgart, Deutschland, fell below the 20%, 15%, 10%, 5% and 3% threshold of the Voting Rights on January 22, 2014 and on that day amounted to 1.15% (this corresponds to 1960603 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 0.00% of the Voting Rights (this corresponds to 2000 Voting Rights) are to be attributed to Mr Singer.

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 1.15% of the Voting Rights (this corresponds to 1958603 Voting Rights) are to be attributed to Mr Singer.

According to Article 22, Section 1, Sentence 1, No. 6 in connection with sentence 2 of the WpHG, 0.75% of the Voting Rights (this corresponds to 1274742 Voting Rights) are also to be attributed to Mr Singer.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 23, 2014, Elliott Asset Management LLC, Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, fell below the 20%, 15%, 10%, 5% and 3% threshold of the Voting Rights on January 22, 2014 and on that day amounted to 1.15% (this corresponds to 1960603 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 0.00% of the Voting Rights (this corresponds to 2000 Voting Rights) are to be attributed to Elliott Asset Management LLC.

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 1.15% of the Voting Rights (this corresponds to 1958603 Voting Rights) are to be attributed to Elliott Asset Management LLC.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 23, 2014, Braxton Associates, Inc., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, fell below the 20%, 15%, 10%, 5% and 3% threshold of the Voting Rights on January 22, 2014 and on that day amounted to 1.15% (this corresponds to 1960603 Voting Rights).



According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 0.00% of the Voting Rights (this corresponds to 2000 Voting Rights) are to be attributed to Braxton Associates Inc..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 1.15% of the Voting Rights (this corresponds to 1958603 Voting Rights) are to be attributed to Braxton Associates, Inc..

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 23, 2014, Elliott Capital Advisors, L.P., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, fell below the 20%, 15%, 10%, 5% and 3% threshold of the Voting Rights on January 22, 2014 and on that day amounted to 1.15% (this corresponds to 1960603 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 0.00% of the Voting Rights (this corresponds to 2000 Voting Rights) are to be attributed to Elliott Capital Advisors, L.P..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 1.15% of the Voting Rights (this corresponds to 1958603 Voting Rights) are to be attributed to Elliott Capital Advisors, L.P..

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 23, 2014, Elliott International Capital Advisors Inc., Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, fell below the 20%,

15%, 10%, 5% and 3% threshold of the Voting Rights on January 22, 2014 and on that day amounted to 0.75% (this corresponds to 1274742 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 6 of the WpHG, 0.75% of the Voting Rights (this corresponds to 1274742 Voting Rights) are to be attributed to Elliott International Capital Advisors Inc..

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 23, 2014, Hambledon, Inc., Grand Cayman, Cayman Islands has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, fell below the 20%, 15%, 10%, 5% and 3% threshold of the Voting Rights on January 22, 2014 and on that day amounted to 0.75% (this corresponds to 1274742 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 0.00% of the Voting Rights (this corresponds to 1650 Voting Rights) are to be attributed to Hambledon, Inc..

According to Article 22, Section 1, Sentence 1, No. 2 in connection with sentence 2 of the WpHG, 0.75% of the Voting Rights (this corresponds to 1273092 Voting Rights) are to be attributed to Hambledon, Inc..

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 16, 2014, Elliott International, L.P., Grand Cayman, Cayman Islands has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, fell below the 20%, 15%, 10%,

5% and 3% threshold of the Voting Rights on January 13, 2014 and on that day amounted to 0.75% (this corresponds to 1274742 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 0.00% of the Voting Rights (this corresponds to 1650 Voting Rights) are to be attributed to Elliott International, L.P..

According to Article 22, Section 1, Sentence 1, No. 2 of the WpHG, 0.75% of the Voting Rights (this corresponds to 1273092 Voting Rights) are to be attributed to Elliott International, L.P..

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 23, 2014, Elliott International Limited, Grand Cayman, Cayman Islands has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, fell below the 20%, 15%, 10%, 5% and 3% threshold of the Voting Rights on January 22, 2014 and on that day amounted to 0.00% (this corresponds to 1650 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 0.00% of the Voting Rights (this corresponds to 1650 Voting Rights) are to be attributed to Elliott International.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 23, 2014, Maidenhead LLC, Wilmington, DE, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland fell below the 20%, 15%, 10%, 5% and 3%

threshold of the Voting Rights on January 22, 2014 and on that day amounted to 0.00% (this corresponds to 1650 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 0.00% of the Voting Rights (this corresponds to 1000 Voting Rights) are to be attributed to Maidenhead LLC.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 23, 2014, Wolverton (Luxembourg) S.à.r.l., Luxembourg, Luxembourg has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, fell below the 20%, 15%, 10%, 5% and 3% threshold of the Voting Rights on January 22, 2014 and on that day amounted to 0.00% (this corresponds to 1000 Voting Rights).

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On January 23, 2014, Cornwall (Luxembourg) S.à.r.l., Luxembourg, Luxembourg has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, fell below the 20%, 15%, 10%, 5% and 3% threshold of the Voting Rights on January 22, 2014 and on that day amounted to 0.00% (this corresponds to 0 Voting Rights).

**23 January 2014**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 16, 2014:**

**1. Listed company:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott International Limited, Grand Cayman, Cayman Islands

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15% and 20%

**5. Date at which the threshold is crossed or reached:**

January 22, 2014

**6. Total amount of voting rights:**

24.90% (equals 42360253 voting rights)  
calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:  
24.90% (equals 42358603 voting rights)

*thereof held indirectly:*

24.90% (equals 42358603 voting rights)

**Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:**

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0.00% (equals 1650 voting rights)

## **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec.**

### **1 WpHG:**

Chain of controlled undertakings:

Cornwall (Luxembourg) S.à.r.l., Luxembourg, Wolverton (Luxembourg) S.à.r.l., Luxembourg and Maidenhead LLC, U.S.A.

ISIN or name/description of the financial/other instrument:

Atypical share lending agreement

Expiration date: January 27, 2014

We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 23, 2014:

### **1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

### **2. Notifier:**

Maidenhead LLC, Wilmington, DE, U.S.A.

### **3. Triggering event:**

Exceeding Threshold

### **4. Threshold(s) crossed or reached:**

5%, 10%, 15% and 20%

### **5. Date at which the threshold is crossed or reached:**

January 22, 2014

### **6. Total amount of voting rights:**

24.90% (equals 42360253 voting rights)

calculated from the following total number of voting rights issued: 170100000

## **7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art.

25a, Sec. 1 WpHG:

24.90% (equals 42358603 voting rights)

*thereof held indirectly:*

24.90% (equals 42358603 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0.00% (equals 1650 voting rights)

## **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Cornwall (Luxembourg) S.à.r.l., Luxembourg and Wolverton (Luxembourg) S.à.r.l.,  
Luxembourg

ISIN or name/description of the financial/other instrument:

Atypical share lending agreement

Expiration date: January 27, 2014

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on  
January 23, 2014:**

### **1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

### **2. Notifier:**

Wolverton (Luxembourg) S.à.r.l., Luxembourg, Luxembourg

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15% and 20%

**5. Date at which the threshold is crossed or reached:**

January 22, 2014

**6. Total amount of voting rights:**

24.90% (equals 42359603 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

24.90% (equals 42358603 voting rights)

*thereof held indirectly:*

24.90% (equals 42358603 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0.00% (equals 1000 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Cornwall (Luxembourg) S.à r.l., Luxembourg

ISIN or name/description of the financial/other instrument:



Atypical share lending agreement

Expiration date: January 27, 2014

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 23, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Cornwall (Luxembourg) S.à.r.l., Luxembourg, Luxembourg

**3. Triggering event:**

Exceeding Threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15% and 20%

**5. Date at which the threshold is crossed or reached:**

January 22, 2014

**6. Total amount of voting rights:**

24.90% (equals 42359603 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

24.90% (equals 42358603 voting rights)

*thereof held indirectly:*

24.90% (equals 42358603 voting rights)

**Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:**

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0.00% (equals 0 voting rights)

## **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec.**

### **1 WpHG:**

Chain of controlled undertakings:

ISIN or name/description of the financial/other instrument:

Atypical share lending agreement

Expiration date: January 27, 2014

## **29 January 2014**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 29, 2014:**

### **1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

### **2. Notifier:**

Dragonfly GmbH & Co. KGaA, Frankfurt am Main, Deutschland

### **3. Triggering event:**

Exceeding threshold

### **4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date at which the threshold is crossed or reached:**

January 23, 2014

**6. Total amount of voting rights:**

89.29% (equals 151874742 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

13.30% (equals 22616237 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

75.99% (equals 129258505 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 29, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Dragonfly Verwaltungs GmbH, Frankfurt am Main, Deutschland

**3. Triggering event:**

Exceeding threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date at which the threshold is crossed or reached:**

January 23, 2014

**6. Total amount of voting rights:**

89.29% (equals 151874742 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

13.30% (equals 22616237 voting rights)

thereof held indirectly:

13.30% (equals 22616237 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

75.99% (equals 129258505 voting rights)

thereof held indirectly:

75.99% (equals 129258505 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Dragonfly GmbH & Co. KGaA

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 29, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Cougar I UK Limited, London, United Kingdom

**3. Triggering event:**

Exceeding threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date at which the threshold is crossed or reached:**

January 23, 2014

**6. Total amount of voting rights:**

89.29% (equals 151874742 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1

WpHG:

13.30% (equals 22616237 voting rights)

*thereof held indirectly:*

13.30% (equals 22616237 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

75.99% (equals 129258505 voting rights)

thereof held indirectly:

75.99% (equals 129258505 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 29, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Cougar II UK Limited, London, United Kingdom

**3. Triggering event:**

Exceeding threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date at which the threshold is crossed or reached:**

January 23, 2014

**6. Total amount of voting rights:**

89.29% (equals 151874742 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1

WpHG:

13.30% (equals 22616237 voting rights)

*thereof held indirectly:*

13.30% (equals 22616237 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

75.99% (equals 129258505 voting rights)

*thereof held indirectly:*

75.99% (equals 129258505 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds  
(ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 29, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Cougar III UK Limited, London, United Kingdom

**3. Triggering event:**

Exceeding threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date at which the threshold is crossed or reached:**

January 23, 2014

**6. Total amount of voting rights:**

89.29% (equals 151874742 voting rights)

calculated from the following total number of voting rights issued: 170100000



## **7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1

WpHG:

13.30% (equals 22616237 voting rights)

*thereof held indirectly:*

13.30% (equals 22616237 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

75.99% (equals 129258505 voting rights)

*thereof held indirectly:*

75.99% (equals 129258505 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

## **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 29, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

McKesson US Finance Corporation, San Francisco, U.S.A.

**3. Triggering event:**

Exceeding threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date at which the threshold is crossed or reached:**

January 23, 2014

**6. Total amount of voting rights:**

89.29% (equals 151874742 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

13.30% (equals 22616237 voting rights)

*thereof held indirectly:*

13.30% (equals 22616237 voting rights)

**Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:**

75.99% (equals 129258505 voting rights)

*thereof held indirectly:*

75.99% (equals 129258505 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

## **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec.**

### **1 WpHG:**

Chain of controlled undertakings:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK

Limited, Cougar III UK Limited

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on January 29, 2014:**

### **1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

### **2. Notifier:**

McKesson Corporation, San Francisco, U.S.A.

### **3. Triggering event:**

Exceeding threshold

### **4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

### **5. Date at which the threshold is crossed or reached:**

January 23, 2014

### **6. Total amount of voting rights:**

89.86% (equals 152846782 voting rights)

calculated from the following total number of voting rights issued: 170100000

## **7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

13.87% (equals 23588277 voting rights)

*thereof held indirectly:*

13.87% (equals 23588277 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

75.99% (equals 129258505 voting rights)

*thereof held indirectly:*

75.99% (equals 129258505 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

## **8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited, Cougar III UK Limited, McKesson US Finance Corporation, McKesson International Holdings IV S.a.r.l., McKesson International Holdings, McKesson International Bermuda IP2A Limited

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000A1AN5K5)

Maturity: October 29, 2014

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1GPH50)

Maturity: April 7, 2018

## **29 January 2014**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

**We received the following notification pursuant to sec. 25 WpHG on January 29, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Dragonfly GmbH & Co. KGaA, Frankfurt am Main, Deutschland

**3. Triggering event:**

Exceeding threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date at which the threshold is crossed or reached:**

23.01.2014

**6. Total amount of voting rights:**

75.99% (equals 129258505 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

75.99% (equals 129258505 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to sec. 25**

**WpHG:**

ISIN or name/description of the financial/other instrument: Share Purchase Agreement

Maturity: February 6, 2014

**We received the following notification pursuant to sec. 25 WpHG on January 29, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Dragonfly Verwaltungs GmbH, Frankfurt am Main, Deutschland

**3. Triggering event:**

Exceeding threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date at which the threshold is crossed or reached:**

23.01.2014

**6. Total amount of voting rights:**

75.99% (equals 129258505 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

75.99% (equals 129258505 voting rights)

*thereof held indirectly:*

75.99% (equals 129258505 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

## **8. Detailed information on financial/other instruments pursuant to sec. 25**

### **WpHG:**

Chain of controlled undertakings:

Dragonfly GmbH & Co. KGaA

ISIN or name/description of the financial/other instrument: Share Purchase Agreement

Maturity: February 6, 2014

### **We received the following notification pursuant to sec. 25 WpHG on January 29, 2014:**

#### **1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

#### **2. Notifier:**

Cougar I UK Limited, London, United Kingdom

#### **3. Triggering event:**

Exceeding threshold

#### **4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

5. Date at which the threshold is crossed or reached:

23.01.2014

#### **6. Total amount of voting rights:**

75.99% (equals 129258505 voting rights)

calculated from the following total number of voting rights issued: 170100000

#### **7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

75.99% (equals 129258505 voting rights)

*thereof held indirectly:*

75.99% (equals 129258505 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to sec. 25 WpHG:**

Chain of controlled undertakings:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH

ISIN or name/description of the financial/other instrument: Share Purchase Agreement

Maturity: February 6, 2014

**We received the following notification pursuant to sec. 25 WpHG on January 29, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Cougar II UK Limited, London, United Kingdom

**3. Triggering event:**

Exceeding threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date at which the threshold is crossed or reached:**

23.01.2014

**6. Total amount of voting rights:**

75.99% (equals 129258505 voting rights)

calculated from the following total number of voting rights issued: 170100000



**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

75.99% (equals 129258505 voting rights)

*thereof held indirectly:*

75.99% (equals 129258505 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to sec. 25 WpHG:**

Chain of controlled undertakings:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited

ISIN or name/description of the financial/other instrument: Share Purchase Agreement

Maturity: February 6, 2014

**We received the following notification pursuant to sec. 25 WpHG on January 29, 2014:****1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Cougar III UK Limited, London, United Kingdom

**3. Triggering event:**

Exceeding threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date at which the threshold is crossed or reached:**

23.01.2014

**6. Total amount of voting rights:**

75.99% (equals 129258505 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

75.99% (equals 129258505 voting rights)

*thereof held indirectly:*

75.99% (equals 129258505 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to sec. 25 WpHG:**

Chain of controlled undertakings:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited

ISIN or name/description of the financial/other instrument: Share Purchase Agreement

Maturity: February 6, 2014

**We received the following notification pursuant to sec. 25 WpHG on January 29, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

McKesson US Finance Corporation, San Francisco, U.S.A.

**3. Triggering event:**

Exceeding threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date at which the threshold is crossed or reached:**

23.01.2014

**6. Total amount of voting rights:**

75.99% (equals 129258505 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

75.99% (equals 129258505 voting rights)

*thereof held indirectly:*

75.99% (equals 129258505 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to sec. 25**

**WpHG:**

Chain of controlled undertakings:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited,  
Cougar II UK Limited, Cougar III UK Limited

ISIN or name/description of the financial/other instrument: Share Purchase  
Agreement

Maturity: February 6, 2014

**We received the following notification pursuant to sec. 25 WpHG on January 29,  
2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

McKesson Corporation, San Francisco, U.S.A.

**3. Triggering event:**

Exceeding threshold

**4. Threshold(s) crossed or reached:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date at which the threshold is crossed or reached:**

23.01.2014

**6. Total amount of voting rights:**

75.99% (equals 129258505 voting rights)

calculated from the following total number of voting rights issued: 170100000

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

75.99% (equals 129258505 voting rights)

*thereof held indirectly:*

75.99% (equals 129258505 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to sec. 25**

**WpHG:**

Chain of controlled undertakings:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited,

Cougar II UK Limited, Cougar III UK Limited, McKesson US Finance Corporation

ISIN or name/description of the financial/other instrument: Share Purchase Agreement

Maturity: February 6, 2014

### 31 January 2014

#### **Celesio AG: Release according to Article 26a of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution**

Total voting rights announcement transmitted by DGAP - a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

Celesio AG hereby announces that at the end of the month of January 2014 the number of Voting Rights amounts to a total of 181 543 569 Voting Rights.

### 3 February 2014

#### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On February 03, 2014, Franz Haniel & Cie. GmbH, Duisburg, Deutschland has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have fallen below the 75% threshold of the Voting Rights on January 31, 2014 and on that day amounted to 71.20% (this corresponds to 129258505 Voting Rights).

### 5 February 2014

#### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On February 5, 2014, Dragonfly GmbH & Co. KGaA, Frankfurt am Main, Deutschland has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% and 5% threshold of the Voting Rights on February 3, 2014 and on that day amounted to 6.30% (this corresponds to 11443569 Voting Rights).

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On February 5, 2014, Dragonfly Verwaltungs GmbH, Frankfurt am Main, Deutschland has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% and 5% threshold of the Voting Rights on February 3, 2014 and on that day amounted to 6.30% (this corresponds to 11443569 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 6.30% of the Voting Rights (this corresponds to 11443569 Voting Rights) are attributed to Dragonfly Verwaltungs GmbH from the following undertakings which are controlled by Dragonfly Verwaltungs GmbH: Dragonfly GmbH & Co. KGaA.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On February 5, 2014, Cougar I UK Limited, London, United Kingdom has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% and 5% threshold of the Voting Rights on February 3, 2014 and on that day amounted to 6.30% (this corresponds to 11443569 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 6.30% of the Voting Rights (this corresponds to 11443569 Voting Rights) are attributed to Cougar I UK Limited from the following undertakings which are controlled by Cougar I UK Limited: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On February 5, 2014, Cougar II UK Limited, London, United Kingdom has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% and 5% threshold of the Voting Rights on February 3, 2014 and on that day amounted to 6.30% (this corresponds to 11443569 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 6.30% of the Voting Rights (this corresponds to 11443569 Voting Rights) are attributed to Cougar II UK Limited from the following undertakings which are controlled by Cougar II UK Limited: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On February 5, 2014, Cougar III UK Limited, London, United Kingdom has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% and 5% threshold of the Voting Rights on February 3, 2014 and on that day amounted to 6.30% (this corresponds to 11443569 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 6.30% of the Voting Rights (this corresponds to 11443569 Voting Rights) are attributed to Cougar III UK Limited from the following undertakings which are controlled by Cougar III UK Limited: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On February 5, 2014, McKesson US Finance Corporation, San Francisco, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% and 5% threshold of the Voting Rights on February 3, 2014 and on that day amounted to 6.30% (this corresponds to 11443569 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 6.30% of the Voting Rights (this corresponds to 11443569 Voting Rights) are attributed to McKesson US Finance Corporation from the following undertakings which are controlled by McKesson US Finance Corporation: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited, Cougar III UK Limited.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On February 5, 2014, McKesson Corporation, San Francisco, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 3% and 5% threshold of the Voting Rights on February 3, 2014 and on that day amounted to 6.30% (this corresponds to 11443569 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 6.30% of the Voting Rights (this corresponds to 11443569 Voting Rights) are attributed to McKesson Corporation from the following undertakings which are controlled by McKesson Corporation: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited, Cougar III UK Limited, McKesson US Finance Corporation.



## 6 February 2014

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on February 6, 2014:**

**1. Listed company:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott International, L.P., Grand Cayman, Cayman Islands

**3. Triggering event:**

Falling below threshold

**4. Threshold(s) crossed or reached:**

30%

**5. Date at which the threshold is crossed or reached:**

January 31, 2014

**6. Total amount of voting rights:**

28.20% (equals 51196442 voting rights)  
calculated from the following total number of voting rights issued: 181543569

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

28.20% (equals 51196442 voting rights)

*thereof held indirectly:*

23.33% (equals 42358603 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

Chain of controlled undertakings:

Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg and Maidenhead LLC, U.S.A.

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

Share pledge agreement

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on February 6, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Hambledon, Inc., Grand Cayman, Cayman Islands

**3. Triggering event:**

Falling below threshold

**4. Threshold(s) crossed or reached:**

30%

**5. Date at which the threshold is crossed or reached:**

January 31, 2014

**6. Total amount of voting rights:**

28.20% (equals 51196442 voting rights)

calculated from the following total number of voting rights issued: 181543569

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

28.20% (equals 51196442 voting rights)

*thereof held indirectly:*

28.20% (equals 51196442 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

**Voting rights pursuant to sec. 21, 22 WpHG:**

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, U.S.A. and Elliott International, L.P., Cayman Islands

ISIN or name/description of the financial/other instrument: Convertible Bonds (ISIN DE 000 A1AN5K5)

Maturity: October 29, 2014

Share pledge agreement

## 7 February 2014

### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On February 7, 2014, Franz Haniel & Cie. GmbH, Duisburg, Deutschland has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have fallen below the 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% threshold of the Voting Rights on February 6, 2014 and on that day amounted to 0% (this corresponds to 0 Voting Rights).

## 7 February 2014

### **Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

### **We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on February 7, 2014**

#### **1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

#### **2. Notifier:**

Mr. Paul E. Singer, U.S.A.

#### **3. Triggering event:**

Falling below Threshold

#### **4. Threshold(s) crossed or reached:**

30%, 25%, 20%, 15%, 10% and 5%

**5. Date at which the threshold is crossed or reached:**

February 6, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 181543569

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on February 7, 2014**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott Asset Management LLC, Wilmington, DE, U.S.A.

**3. Triggering event:**

Falling below Threshold

**4. Threshold(s) crossed or reached:**

30%, 25%, 20%, 15%, 10% and 5%

**5. Date at which the threshold is crossed or reached:**

February 6, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 181543569

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

**Voting rights pursuant to sec. 21, 22 WpHG:**

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on February 7, 2014**

**1. Listed company:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Braxton Associates, Inc., Wilmington, DE, U.S.A.

**3. Triggering event:**

Falling below Threshold

**4. Threshold(s) crossed or reached:**

30%, 25%, 20%, 15%, 10% and 5%

**5. Date at which the threshold is crossed or reached:**

February 6, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 181543569

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

**Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:**

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

**Voting rights pursuant to sec. 21, 22 WpHG:**

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on February 7, 2014**

**1. Listed company:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott Capital Advisors, L.P., Wilmington, DE, U.S.A.

**3. Triggering event:**

Falling below Threshold

**4. Threshold(s) crossed or reached:**

30%, 25%, 20%, 15%, 10% and 5%

**5. Date at which the threshold is crossed or reached:**

February 6, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 181543569

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)



*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on February 7, 2014**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Hambledon, Inc., Grand Cayman, Cayman Islands

**3. Triggering event:**

Falling below Threshold

**4. Threshold(s) crossed or reached:**

25%, 20%, 15%, 10% and 5%

**5. Date at which the threshold is crossed or reached:**

February 6, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 181543569

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on February 7, 2014**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott International, L.P., Grand Cayman, Cayman Islands

**3. Triggering event:**

Falling below Threshold

**4. Threshold(s) crossed or reached:**

25%, 20%, 15%, 10% and 5%

**5. Date at which the threshold is crossed or reached:**

February 6, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 181543569

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art.

25a, Sec. 1 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on February 7, 2014**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Elliott International Limited, Grand Cayman, Cayman Islands

**3. Triggering event:**

Falling below Threshold

**4. Threshold(s) crossed or reached:**

20%, 15%, 10% and 5%

**5. Date at which the threshold is crossed or reached:**

February 6, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 181543569

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on February 7, 2014**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Maidenhead LLC, Wilmington, DE, U.S.A.

**3. Triggering event:**

Falling below Threshold

**4. Threshold(s) crossed or reached:**

20%, 15%, 10% and 5%

**5. Date at which the threshold is crossed or reached:**

February 6, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 181543569

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on February 7, 2014**

**1. Listed company:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Wolverton (Luxembourg) S.à r.l., Luxembourg, Luxembourg

**3. Triggering event:**

Falling below Threshold

**4. Threshold(s) crossed or reached:**

20%, 15%, 10% and 5%

**5. Date at which the threshold is crossed or reached:**

February 6, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 181543569

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

**Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:**

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

**We received the following notification pursuant to Art. 25a, Sec. 1 WpHG on February 7, 2014**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Cornwall (Luxembourg) S.à r.l., Luxembourg, Luxembourg

**3. Triggering event:**

Falling below Threshold

**4. Threshold(s) crossed or reached:**

20%, 15%, 10% and 5%

**5. Date at which the threshold is crossed or reached:**

February 6, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 181543569

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:  
0% (equals 0 voting rights)

*thereof held indirectly:*  
0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:  
0% (equals 0 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

**11 February 2014**

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

**We received the following notification pursuant to sec. 25 WpHG on February 11, 2014:**

**1. Listed company:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Dragonfly GmbH & Co. KGaA, Frankfurt am Main, Deutschland

**3. Triggering event:**

Falling below threshold

**4. Threshold(s) crossed or reached:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date at which the threshold is crossed or reached:**

February 6, 2014



**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 182273227

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

77.19% (equals 140702074 voting rights)

**8. Detailed information on financial/other instruments pursuant to sec. 25 WpHG:**

Chain of controlled undertakings:

ISIN or name/description of the financial/other instrument:

**We received the following notification pursuant to sec. 25 WpHG on February 11, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Dragonfly Verwaltungs GmbH, Frankfurt am Main, Deutschland

**3. Triggering event:**

Falling below threshold

**4. Threshold(s) crossed or reached:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date at which the threshold is crossed or reached:**

February 6, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 182273227

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

77.19% (equals 140702074 voting rights)

**8. Detailed information on financial/other instruments pursuant to sec. 25 WpHG:**

Chain of controlled undertakings:

ISIN or name/description of the financial/other instrument:

**We received the following notification pursuant to sec. 25 WpHG on February 11, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Cougar I UK Limited, London, United Kingdom

**3. Triggering event:**

Falling below threshold

**4. Threshold(s) crossed or reached:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date at which the threshold is crossed or reached:**

February 6, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 182273227

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

77.19% (equals 140702074 voting rights)

**8. Detailed information on financial/other instruments pursuant to sec. 25**

**WpHG:**

Chain of controlled undertakings:

ISIN or name/description of the financial/other instrument:

**We received the following notification pursuant to sec. 25 WpHG on February 11, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Cougar II UK Limited, London, United Kingdom

**3. Triggering event:**

Falling below threshold

**4. Threshold(s) crossed or reached:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date at which the threshold is crossed or reached:**

February 6, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 182273227

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

77.19% (equals 140702074 voting rights)

**8. Detailed information on financial/other instruments pursuant to sec. 25 WpHG:**

Chain of controlled undertakings:

ISIN or name/description of the financial/other instrument:

**We received the following notification pursuant to sec. 25 WpHG on February 11, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

Cougar III UK Limited, London, United Kingdom

**3. Triggering event:**

Falling below threshold

**4. Threshold(s) crossed or reached:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date at which the threshold is crossed or reached:**

February 6, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 182273227

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

77.19% (equals 140702074 voting rights)

**8. Detailed information on financial/other instruments pursuant to sec. 25**

**WpHG:**

Chain of controlled undertakings:

ISIN or name/description of the financial/other instrument:

**We received the following notification pursuant to sec. 25 WpHG on February 11, 2014:**

**1. Listed company:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

McKesson US Finance Corporation, San Francisco, U.S.A.

**3. Triggering event:**

Falling below threshold

**4. Threshold(s) crossed or reached:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date at which the threshold is crossed or reached:**

February 6, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 182273227

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to sec. 25

WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

77.19% (equals 140702074 voting rights)

**8. Detailed information on financial/other instruments pursuant to sec. 25**

**WpHG:**

Chain of controlled undertakings:

ISIN or name/description of the financial/other instrument:

**We received the following notification pursuant to sec. 25 WpHG on February 11, 2014:**

**1. Listed company:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Deutschland

**2. Notifier:**

McKesson Corporation, San Francisco, U.S.A.

**3. Triggering event:**

Falling below threshold

**4. Threshold(s) crossed or reached:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date at which the threshold is crossed or reached:**

February 6, 2014

**6. Total amount of voting rights:**

0% (equals 0 voting rights)

calculated from the following total number of voting rights issued: 182273227

**7. Detailed information on the voting rights proportion:**

Voting rights proportion based on financial/other instruments pursuant to sec. 25 WpHG:

0% (equals 0 voting rights)

*thereof held indirectly:*

0% (equals 0 voting rights)

Voting rights pursuant to sec. 21, 22 WpHG:

77.59% (equals 141431732 voting rights)

**8. Detailed information on financial/other instruments pursuant to sec. 25 WpHG:**

Chain of controlled undertakings:

ISIN or name/description of the financial/other instrument:

12 February 2014

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On February 12, 2014, Dragonfly GmbH & Co. KGaA, Frankfurt am Main, Deutschland has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10%, 15%, 20%, 25%, 30%, 50% and 75% threshold of the Voting Rights on February 6, 2014 and on that day amounted to 77.19% (this corresponds to 140702074 Voting Rights).

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On February 12, 2014, Dragonfly Verwaltungs GmbH, Frankfurt am Main, Deutschland has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10%, 15%, 20%, 25%, 30%, 50% and 75% threshold of the Voting Rights on February 6, 2014 and on that day amounted to 77.19% (this corresponds to 140702074 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 77.19% of the Voting Rights (this corresponds to 140702074 Voting Rights) are attributed to Dragonfly Verwaltungs GmbH from the following undertakings which are controlled by Dragonfly Verwaltungs GmbH: Dragonfly GmbH & Co. KGaA.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.



On February 12, 2014, Cougar I UK Limited, London, United Kingdom has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10%, 15%, 20%, 25%, 30%, 50% and 75% threshold of the Voting Rights on February 6, 2014 and on that day amounted to 77.19% (this corresponds to 140702074 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 77.19% of the Voting Rights (this corresponds to 140702074 Voting Rights) are attributed to Cougar I UK Limited from the following undertakings which are controlled by Cougar I UK Limited: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On February 12, 2014, Cougar II UK Limited, London, United Kingdom has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10%, 15%, 20%, 25%, 30%, 50% and 75% threshold of the Voting Rights on February 6, 2014 and on that day amounted to 77.19% (this corresponds to 140702074 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 77.19% of the Voting Rights (this corresponds to 140702074 Voting Rights) are attributed to Cougar II UK Limited from the following undertakings which are controlled by Cougar II UK Limited: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On February 12, 2014, Cougar III UK Limited, London, United Kingdom has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10%, 15%,

20%, 25%, 30%, 50% and 75% threshold of the Voting Rights on February 6, 2014 and on that day amounted to 77.19% (this corresponds to 140702074 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 77.19% of the Voting Rights (this corresponds to 140702074 Voting Rights) are attributed to Cougar III UK Limited from the following undertakings which are controlled by Cougar III UK Limited: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On February 12, 2014, McKesson US Finance Corporation, San Francisco, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10%, 15%, 20%, 25%, 30%, 50% and 75% threshold of the Voting Rights on February 6, 2014 and on that day amounted to 77.19% (this corresponds to 140702074 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 77.19% of the Voting Rights (this corresponds to 140702074 Voting Rights) are attributed to McKesson US Finance Corporation from the following undertakings which are controlled by McKesson US Finance Corporation: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited, Cougar III UK Limited.

**Celesio AG: Release according to Article 26, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide Distribution**

Dissemination of a Voting Rights announcement transmitted by DGAP – a company of EQS Group AG. The issuer is solely responsible for the content of this announcement.

On February 12, 2014, McKesson Corporation, San Francisco, U.S.A. has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Celesio AG, Stuttgart, Deutschland, have exceeded the 10%, 15%, 20%, 25%,

30%, 50% and 75% threshold of the Voting Rights on February 6, 2014 and on that day amounted to 77.59% (this corresponds to 141431732 Voting Rights).

According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 77.59% of the Voting Rights (this corresponds to 141431732 Voting Rights) are attributed to McKesson Corporation from the following undertakings which are controlled by McKesson Corporation: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited, Cougar III UK Limited, McKesson US Finance Corporation, McKesson International Holdings IV S.à r.l., McKesson International Holdings, McKesson International Bermuda IP2A Limited.

## Corporate governance

The Management Board and Supervisory Board last issued a declaration of compliance with the recommendations of the German Corporate Governance Codex pursuant to Sec. 161 Aktiengesetz (AktG, German Stock Corporation Act) in December 2013. This has been complied with since the last version was released on 13 May 2013. Moreover, the declaration of compliance was made permanently available on the website [celesio.com](http://celesio.com).

## Proposal of the Management Board for the appropriation of profits

The profit available for distribution of Celesio AG amounts to € 82,356,815 (previous year € 53,523,005). The Management Board proposes distributing € 51,030,000 (previous year € 51,030,000) of the profit available for distribution as a dividend for the 2013 fiscal year and carrying forward € 31,326,815 (previous year € 2,493,005) to new account. On the basis of this proposal for the appropriation of profits, the dividend for a no-par share will be € 0.30 (previous year an ordinary dividend of € 0.30).

## Subsequent events

On 24 October 2013 Dragonfly GmbH & Co. KGaA (the Bidder), a wholly owned indirect subsidiary of McKesson Corp., San Francisco, USA (McKesson), in accordance with Sec. 10 (5) Sentence 2 WpÜG [“Wertpapiererwerbs- und Übernahmegesetz”: Securities Acquisition and Takeover Act], announced its decision to make a takeover bid pursuant to Sec. 10 (1) in conjunction with Sec. 29 (1) and Sec. 34 WpÜG to the shareholders of Celesio AG, Stuttgart, at a price of € 23.00 per share. The decision was published on 24 October 2013 in accordance with Sec. 10 (3) WpÜG.

Furthermore, the Bidder submitted public takeover bids to the holders of the bonds issued by Celesio and bid € 53,117.78 for every convertible bond that falls due in October 2014 (ISIN DE 000A1AN5K5) with a nominal value of € 50,000 and € 120,798.32 for every convertible bond that falls due in April 2018 (ISIN DE 000A1GPH50) with a nominal value of € 100,000.

Under a share purchase agreement concluded between McKesson and Franz Haniel & Cie. GmbH, Celesio's majority shareholder, McKesson undertook to acquire Haniel's investment in Celesio. This amounted to 50.01% of the shares of the company outstanding at this point in time. The Board of McKesson and the Supervisory Board of Haniel approved the share purchase agreement. Haniel's share purchase as well as the acquisition/takeover bid were subject to certain conditions, among which approval from the regulatory authorities and a minimum acceptance threshold of 75% of Celesio shares on a diluted basis, i.e., taking into account in particular any convertible bonds of Celesio shares to be issued.

At the same time, McKesson and Celesio AG concluded a business combination agreement. With this agreement, McKesson and Celesio aimed to become one of the world's leading integrated pharmaceutical groups with a leading market position in the US and Europe.

On 9 January 2014 the Bidder announced the amendment to the share purchase agreement to McKesson and Franz Haniel & Cie. GmbH and increased the purchase price in the share purchase agreement from € 23.00 per Celesio share to € 23.50 per Celesio share. The takeover bids for the convertible bonds were adjusted accordingly.

In a statement published on 13 January 2014, McKesson gave notice that it had not reached the minimum acceptance threshold of 75% (on a diluted basis). As a result, the merger of McKesson and Celesio was not completed at that time.

On 23 January 2014 Franz Haniel & Cie. GmbH announced that it had held 75.99% of the shares in Celesio AG on 22 January 2014. Pursuant to § 11 (d) of the terms and conditions of the convertible bonds, a change of control had therefore occurred.

Also on 23 January 2014 McKesson announced that it would hold a share of approximately 75% on a diluted basis (after converting the Celesio convertible bonds into shares) through various share purchase agreements. Firstly, McKesson and the Bidder agreed on 22 January 2014 on an adjustment to the share purchase agreement with Franz Haniel & Cie. GmbH with regard to the acquisition of 75.99% (undiluted) of the shares. Secondly, McKesson concluded purchase agreements with the Elliott hedge fund group on the acquisition of 4,840 of the 7,000 convertible bonds due in October 2014 as well as on the acquisition of 2,180 of the 3,500 convertible bonds due in April 2018.

On 22 January 2014 McKesson, the Bidder and Celesio AG agreed to amend the Business Combination Agreement and gave Celesio AG their approval to reissue a voluntary takeover bid to the shareholders of Celesio AG prior to expiry of the statutory limit of 12 months set in Sec. 26 WpÜG.

Thereupon McKesson issued a public announcement pursuant to Sec. 10 (1) sentence 1 WpÜG on 23 January 2014 with the approval of Celesio AG and the Federal Financial Supervisory Authority (BaFin) declaring their intention to reissue a voluntary takeover bid via the Bidder to the shareholders of Celesio AG for a price of € 23.50 per share. The new takeover bid is not to be subject to certain conditions.

On 28 January 2014 Celesio AG and Celesio Finance B.V. announced that a change of control pursuant to the terms and conditions of the convertible bonds of its 3.75% convertible bonds due in October 2014 as well as its 2.50% convertible bonds due in April 2018 had occurred.

The control record date pursuant to § 11 (d) of the terms and conditions of the convertible bonds is 10 March 2014.

The adjusted conversion price pursuant to § 11 (c) of the terms and conditions of the convertible bonds amounts to € 21.66 for the convertible bonds due in October 2014 (ISIN DE000A1AN5K5, WKN A1AN5K). The adjusted conversion price pursuant to § 11 (c) of the terms and conditions of the convertible bonds amounts to € 19.05 for the convertible bonds due in April 2018.

In the announcement, Celesio indicated that one or more further changes of control pursuant to the terms and conditions of the convertible bonds may occur until the control record date.

As a consequence of the change of control, holders of convertible bonds may either redeem their convertible bonds early or exercise their right of conversion on the basis of the adjusted conversion price.

In order to redeem the convertible bonds early, holders must give notice at least 10 days before 10 March 2014 pursuant to the terms and conditions and declare all or some of their convertible bonds due. In such case, the convertible bonds will be redeemed on 10 March 2014 at the principal amount plus interest accrued until but excluding 10 March 2014 to those holders who validly terminated their convertible bonds.

To, alternatively, exercise the conversion right on the basis of the adjusted conversion price, holders must, pursuant to the terms and conditions, of the convertible bonds deliver a conversion notice as well as the corresponding convertible bonds on or before 10 March 2014 to the principal conversion agent, BNP Paribas Securities Services S.C.A., Europa-Allee 12, 60327 Frankfurt, Germany, via their respective custodian bank.

Upon the exercise of the conversion right, the settlement shares will be transferred as soon as practicable thereafter. Fractions of settlement shares will be compensated in cash. The settlement shares will be delivered from conditional capital of Celesio AG.

The conditional capital that Celesio AG has provided to settle the convertible bonds has a capacity of 17,010,000 shares. Insofar as Celesio AG is unable to issue shares from conditional capital, it will pay the holder a cash amount in euro in lieu of the delivery of settlement shares pursuant to the terms and conditions of the convertible bonds. Celesio AG will notify the holder who has delivered a conversion notice no later than on the second business day after the valid exercise of the conversion right whether and to what extent it will effect a cash payment.

On 31 January 2014 Celesio AG announced that as of the end of the month of January 2014 there were a total of 181,543,569 voting rights. This rise resulted from the issue of 11,443,569 new shares due to exercising the conversion rights of the convertible bonds. The share capital of Celesio AG was increased by € 14,647,768.32 to € 232,375,768.32 accordingly. The conditional capital was reduced accordingly.

On 5 February 2014 McKesson Corporation, San Francisco, USA, informed us in accordance with Sec. 21 (1) WpHG [“Wertpapierhandelsgesetz”: Securities Trading Act] that its voting share in Celesio AG, Stuttgart, Germany, exceeded the threshold of 3% and 5% of the voting rights on 3 February 2014 and amounted to 6.30% on that date (11,443,569 voting rights).

According to the terms of Sec. 22 (1) Sentence 1 No. 1 WpHG, the voting rights are controlled by McKesson Corporation, San Francisco, USA, via the following affiliates which are controlled by McKesson Corporation, San Francisco, USA: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited, Cougar III UK Limited, McKesson US Finance Corporation.

On 6 February 2014, McKesson announced it now held more than 75% of Celesio shares, making it the new majority shareholder of Celesio.

On 7 February 2014 Franz Haniel & Cie. GmbH, Duisburg, Germany, informed us in accordance with Sec. 21 (1) WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 6 February 2014 fallen short of the threshold of 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% of the voting rights and amounted to 0% on that date (0 voting rights).

On 7 February 2014 Paul E. Singer, USA, and his affiliates informed us in accordance with Sec. 25a (1) WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 6 February 2014 fallen short of the threshold of 30%, 25%, 20%, 15%, 10% and 5% of the voting rights and amounted to 0% on that date (0 voting rights).

On 11 February 2014 McKesson informed us in accordance with Sec. 25 (1) WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 6 February 2014 fallen short of the threshold of 75%, 50%, 30%, 25%, 20%, 15%, 10% and 5% of the voting rights and amounted to 0% on that date (0 voting rights) and based on voting right shares 77.59% pursuant to Secs. 21, 22 WpHG (corresponding to 141,431,732 voting rights).

On 12 February 2014 McKesson informed us in accordance with Sec. 21 (1) WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 6 February 2014 passed the thresholds of 10%, 15%, 20%, 25%, 30%, 50% and 75% of the voting rights and amounted to 77.59% on that date (141,431,732 voting rights).

77.59% of the voting rights (141,431,732 voting rights) are held by McKesson Corporation, San Francisco, USA, in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG via the following companies controlled by McKesson Corporation, San Francisco, USA: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited, Cougar III UK Limited, McKesson US Finance Corporation, McKesson International Holdings IV S.à.r.l., McKesson International Holdings, McKesson International Bermuda IP2A Limited.

On 12 February 2014 Celesio Finance B.V. announced that a change of control pursuant to the terms and conditions of its 4% bonds due on 18 October 2016 as well as its 2.50% bonds due on 26 April 2017 had occurred.

On 12 February 2014 Dragonfly GmbH & Co. KGaA (Dragonfly) announced that it had held 77.19 % of the shares in Celesio AG on 6 February 2014. Pursuant to § 7 (d) of the terms and conditions of the bonds, a change of control had therefore occurred.

Furthermore, in the event that a rating event (as defined in the terms and conditions of the bonds) occurs 90 days after the change of control, the creditors of the bonds are entitled to declare their bonds due ahead of schedule pursuant to the terms and conditions of the bonds. Should such a rating event occur, Celesio Finance B.V. will publish a further announcement within 21 days after expiration of the 90-day deadline triggered by the change of control.

On 12 February 2014 Celesio AG and Celesio Finance B.V. announced that a change of control pursuant to the terms and conditions of the convertible bonds of its 3.75% convertible bonds due in October 2014 as well as its 2.50% convertible bonds due in April 2018 had occurred.

The control record date pursuant to § 11 (d) of the terms and conditions of the convertible bonds is 24 March 2014.

With regard to the adjusted conversion price announced on 28 January 2014 (convertible bonds due in October 2014 (ISIN DE000A1AN5K5, WKN A1AN5K) € 21.66/convertible bonds due in April 2018 € 19.05 €), there are no further adjustments to the conversion prices.

On 12 February 2014 Dragonfly GmbH & Co. KGaA (Dragonfly) announced that it had held 77.19 % of the shares in Celesio AG on 6 February 2014. Pursuant to § 11 (d) of the terms and conditions of the convertible bonds, a change of control had therefore occurred.



As a consequence of the change of control, holders of convertible bonds may either redeem their convertible bonds early or exercise their right of conversion on the basis of the adjusted conversion price.

In order to redeem the convertible bonds early, holders must give notice at least 10 days before 24 March 2014 pursuant to the terms and conditions and declare all or some of their convertible bonds due. In such case, the convertible bonds will be redeemed on 24 March 2014 at the principal amount plus interest accrued until but excluding 24 March 2014 to those holders who validly terminated their convertible bonds.

To, alternatively, exercise the conversion right on the basis of the adjusted conversion price, holders must, pursuant to the terms and conditions, of the convertible bonds deliver a conversion notice as well as the corresponding convertible bonds on or before 24 March 2014 to the principal conversion agent, BNP Paribas Securities Services S.C.A., Europa-Allee 12, 60327 Frankfurt, Germany, via their respective custodian bank. A form for such a declaration can be obtained at BNP Paribas Securities Services S.C.A. via the creditors' respective custodian bank.

Upon the exercise of the conversion right, the settlement shares will be transferred as soon as practicable thereafter. Fractions of settlement shares will be compensated in cash. The settlement shares will be delivered from a conditional capital of Celesio AG.

The conditional capital that Celesio AG has provided to settle the convertible bonds has a capacity of 17,010,000 shares. Insofar as Celesio AG is unable to issue shares from conditional capital, it will pay the holder a cash amount in euro in lieu of the delivery of settlement shares pursuant to the terms and conditions of the convertible bonds. Celesio AG will notify the holder who has delivered a conversion notice no later than on the second business day after the valid exercise of the conversion right whether and to what extent it will effect a cash payment.

Up to and including 17 February 2014 there were further conversions at Celesio AG.

This results in the issue of 24,097,833 new shares due to exercising the conversion rights of the convertible bonds. The share capital of Celesio AG was increased by € 30,845,226.24 to € 248,573,226.24. The conditional capital was reduced accordingly. The current outstanding nominal volume of the two convertible bonds therefore amounts to € 209.95 m in total.

Stuttgart, 19 February 2014

The Management Board

## Members of the Management Board<sup>1)</sup>

Name	Membership in other supervisory boards and comparable bodies	Celesio shares
Dr. Marion Helmes Chief Financial Officer Speaker of the Management Board (since 4 July 2013)	<ul style="list-style-type: none"> <li>• Brocacef Holding N.V., Member of the Supervisory Board</li> <li>• Fugro N.V., Member of the Supervisory Board</li> <li>• NXP Semiconductors N.V., member of the Supervisory Board (since 10 October 2013)</li> </ul>	None
Markus Pinger Former Chairman of the Management Board (until 3 July 2013)	<ul style="list-style-type: none"> <li>• GEHE Pharma Handel GmbH, Chairman of the Supervisory Board (until 17 July 2013)</li> </ul>	None
Stephan Borchert	<ul style="list-style-type: none"> <li>• GEHE Pharma Handel GmbH, Chairman of the Supervisory Board (from 18 July 2013)</li> <li>• Norsk Medisinaldepot AS, Member of the Supervisory Board</li> <li>• ONCO PROD DISTRIBUIDORA DE PRODUTOS HOSPITALARES E ONCOLÓGICOS S/A, Chairman of the Supervisory Board</li> </ul>	2,000
Martin Fisher (since 16 September 2013)	None	None

1) as of December 31, 2013

## Members of the Supervisory Board<sup>1)</sup>

Name	Occupation	Membership in other supervisory boards and comparable bodies	Celesio shares
Stephan Gemkow (Chairman)	Chairman of the Management Board of Franz Haniel & Cie. GmbH	<ul style="list-style-type: none"> <li>• Amadeus IT Group S.A. (Madrid), Member of the Board of Directors (until 30 June 2013)</li> <li>• Amadeus IT Holding S.A. (Madrid), Member of the Board of Directors (until 30 June 2013)</li> <li>• Evonik Industries AG, Member of the Supervisory Board</li> <li>• JetBlue Airways Corp. (New York), Member of the Board of Directors</li> <li>• TAKKT AG, Member of the Supervisory Board (since 14 January 2013) and Chairman of the Supervisory Board (since 1 February 2013)</li> </ul>	None
Ilhno Goldenstein (Deputy Chairman)	Employee goods-in department, GEHE Pharma Handel GmbH Delmenhorst branch, Chairman of the European Works Council of Celesio AG, Chairman of the General Works Council of GEHE Pharma Handel GmbH	None	800
Klaus Borowicz	Head of Hamburg branch of GEHE Pharma Handel GmbH Head of the Northern branch of GEHE Pharma Handel GmbH	None	77

1) as of December 31, 2013

Name	Occupation	Membership in other supervisory boards and comparable bodies	Celesio shares
Prof Dr med. Julius Michael Curtius (until 16 May 2013)	Cardiologist in private practice	None	None
Dr Hubertus Erlen (until 16 May 2013)	Member of supervisory and advisory boards	<ul style="list-style-type: none"> <li>• Schaeffler GmbH, Member of the Supervisory Board</li> </ul>	None
Dr Florian Funck	Member of the Management Board, Franz Haniel & Cie. GmbH, Duisburg	<ul style="list-style-type: none"> <li>• Metro AG, Member of the Supervisory Board</li> <li>• TAKKT AG, Member of the Supervisory Board</li> </ul>	None
Dirk-Uwe Kerrmann (until 16 May 2013)	<p>Commercial employee of GEHE Pharma Handel GmbH</p> <p>Head of inventory, Weiterstadt branch of GEHE Pharma Handel GmbH</p> <p>Chairman of the Works Council of GEHE Pharma Handel GmbH</p>	None	2,508


<b>Name</b>	<b>Occupation</b>	<b>Membership in other supervisory boards and comparable bodies</b>	<b>Celesio shares</b>
Jörg Lauenroth-Mago	Trade Union Secretary responsible for the trade division in Saxony, Saxony-Anhalt and Thuringia, ver.di – Vereinte Dienstleistungsgewerkschaft	• GEHE Pharma Handel GmbH, Member of the Supervisory Board	1,000
Pauline Lindwall (until 16 May 2013)	Category Director Coffee Southern Europe of Mondelez Europa, Zürich	None	None
Susan Naumann	Trade Union Secretary responsible for the legal and accounting division in Hamburg, ver.di – Vereinte Dienstleistungsgewerkschaft	• GEHE Pharma Handel GmbH, Member of the Supervisory Board	None
Ulrich Neumeister	Logistics employee of GEHE Pharma Handel GmbH, Stuttgart branch	None	197
W.M. Henning Rehder	Former Member of the Management Board (CFO) of Siemens Enterprise Communications GmbH & Co. KG (SEN Group), Munich	• Karl Kühne KG, Chairman of the Administrative Board	None

Name	Occupation	Membership in other supervisory boards and comparable bodies	Celesio shares
Patrick Schwarz-Schütte (until 16 May 2013)	Managing Director of Black Horse Investments GmbH, Düsseldorf	<ul style="list-style-type: none"> <li>• BFP Financial Planning GmbH, Member of the Advisory Board (until 31 December 2013)</li> <li>• Heinrich-Heine-University Düsseldorf, Deputy Chairman of the University Council / Chairman of the Finance Committee</li> <li>• Mediengruppe M. DuMont Schauberg GmbH &amp; Co. KG, Member of the Supervisory Board (until 31 December 2013)</li> </ul>	None
Hanspeter Spek	Former Member of the Management Board of Sanofi SA, Paris	<ul style="list-style-type: none"> <li>• Hoechst GmbH, Chairman of the Supervisory Board</li> <li>• Sanofi-Aventis Deutschland GmbH, Chairman of the Supervisory Board</li> <li>• Sanofi-Aventis SpA, Italy, Member of the Board of Directors</li> <li>• Sanofi-Aventis Nichi-Iko K.K. (Japan), Chairman &amp; Director</li> <li>• Sanofi-Aventis K.K. (Japan), Director</li> <li>• Sanofi SA (Sanofi AG), Switzerland, Member of the Board of Directors</li> <li>• Sanofi-Aventis (Suisse) SA, Switzerland, Member of the Board of Directors</li> <li>• Sanofi-Aventis Pharma Beijing co. Ltd. (China), Chairman &amp; Director</li> <li>• Sanofi (Hangzhou) Pharmaceuticals Co. Ltd. (China), Chairman &amp; Director</li> <li>• Hangzhou Sanofi Minsheng Consumer Health Care Co. Ltd. (China), Vice Chairman &amp; Director</li> </ul>	None
Gabriele Katharina Stall (since 16 May 2013)	Assistant of the Branch Management of GEHE Pharma Handel GmbH, Troisdorf branch	None	152

## Responsibility statement

To the best of our knowledge and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Stuttgart, 19 February 2014



**DR MARION HELMES**  
SPEAKER OF THE MANAGEMENT BOARD  
CHIEF OPERATING OFFICER



**MARTIN FISHER**  
CHIEF FINANCIAL OFFICER



**STEPHAN BORCHERT**  
MEMBER OF THE MANAGEMENT BOARD



## Audit opinion

We have audited the consolidated financial statements, comprising the group income statement, the group statement of comprehensive income, the group statement of financial position, the group statement of cash flows, the group statement of changes in equity as well as the notes to the financial statements as well as the combined group management report and the management report of the company prepared by Celesio AG, Stuttgart, for the fiscal year from 1 January to 31 December 2013. The preparation of the consolidated financial statements in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB (Handelsgesetzbuch, German Commercial Code) is the responsibility of the company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW, Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the European Union, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks relating to future development.

Stuttgart, 24 February 2014

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft



**MARBLER**  
WIRTSCHAFTSPRÜFER



**MATISCHOK**  
WIRTSCHAFTSPRÜFER

## Cash pooling

Financial management tool to balance intercompany liquidity. Surplus liquidity is invested internally and liquidity requirements are met by loans within the group.

## Derivative financial instruments / derivatives

Certificates or contracts that are not assets in their own right but relate to another – generally tradable – asset. These financial instruments are also generally themselves tradable. Examples are interest swaps, forward exchange contracts or currency options.

## DTP

Direct to Pharmacy. Direct deliveries to pharmacies using individual wholesalers or logistics providers.

## Earnings per share

Pursuant to IAS 33, earnings per share are calculated by dividing the net profit attributable to the shareholders of Celesio AG by the weighted average number of shares outstanding during the fiscal year. The diluted earnings per share are calculated by adjusting the earnings allocable to the shareholders of the parent and the weighted average number of shares outstanding for any dilution effects of potential shares.

## Equity method

A method of accounting for associates and joint ventures in the consolidated financial statements. The investment in the associate or joint venture is initially measured at cost and this carrying amount is adjusted subsequently to reflect any developments in the equity of the entity.

### Financial statements

These are prepared by the management board of a stock corporation and then audited by a German Public Auditor to verify compliance before being reviewed and approved by the supervisory board. The financial statements comprise the statement of financial position, the income statement, the statement of cash flows, the statement of comprehensive income, statement of changes in equity, the notes to the financial statements and the management report of a company.

### Generics

Imitations of original pharmaceuticals that have lost their patent protection.

### Gross profit

Difference between revenue and cost of goods sold.

### Hedging

Hedging interest, currency and exchange rate risks by use, for example, of derivative financial instruments which limit the risk of the underlying transaction.

### IFRS

International Financial Reporting Standards. Issued by the International Accounting Standards Board (IASB) with the aim of harmonising international financial reporting and improving the comparability of financial statements.

### Interest rate swap

An agreement between two parties to exchange interest payments on the basis of different interest rates. In this way floating interest rates can be swapped with fixed interest rates.

### Market capitalisation

Reflects the current market value of a company. It is calculated by multiplying the share price by the number of shares. The trading volume and market liquidity of a share frequently rise when market capitalisation is high and particularly when the free float is high.

### Market value

When items in the statement of financial position are measured at the amount that could be realised on the market, e.g. a stock exchange, as of the end of the reporting period.

### MDAX

The mid-cap index, in which Celesio AG is listed, issued by the Frankfurt stock exchange. The index comprises the 50 most important shares on the market after the 30 DAX shares.

**Net financial debt**

Difference between non-current and current financial liabilities and cash and cash equivalents.

**Net working capital**

Financial indicator to measure the capital employed and the liquidity structure of a company. Calculated as the difference between current operating assets (inventories, trade receivables and other assets) and current operating liabilities (trade payables, provisions and other liabilities).

**OTC**

Over the counter. An abbreviation used for non-prescription products in the healthcare sector.

**Reduced wholesale model**

When manufacturers supply to a limited number of wholesalers. Generally used for the distribution of certain products or product categories.

**Transaction risk**

Exchange rate risk associated with the exchange of currency, existing for items of the statement of financial position in foreign currencies from creation until payment due to uncertainty regarding the future exchange rate development.

**Translation risk**

Exchange rate risk associated with the valuation of items of the statement of financial position, resulting from the valuation and accounting principles applied to the translation of items stated in foreign currencies.

**WACC**

Weighted Average Cost of Capital. The WACC consists of costs of both equity and debt capital.

# Contacts and Imprint

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This annual report was published on 18 March 2014. It is available in German and English and can be downloaded from the investor relations section of celesio.com. Alternatively, a printed version can be ordered from the website. The German version of the annual report is legally binding.

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**Quarterly financial report  
as of 30 March 2014**

**13/05/2014**

**Annual general meeting 2014**

**15/07/2014**

**Half-year financial report  
as of 30 June 2014**

**12/08/2014**

**Quarterly financial report  
as of 30 September 2014**

**13/11/2014**

(Excerpt)



## 7-year summary of the Celesio Group

		14) 2007	14) 2008	14) 2009	14) 2010	2011	2012	2013
<b>Earnings development</b>								
Revenue	€ M	22,349.5	21,166.6 <sup>11)</sup>	21,497.2	23,277.6	22,152.9	22,270.8	21,407.7
Gross profit	€ M	2,523.7	2,410.5	2,507.2	2,838.1	2,335.0	2,425.1	2,349.9
adjusted	€ M	2,523.7	2,410.5	2,507.2	2,838.1	2,339.0 <sup>1)</sup>	2,423.4 <sup>1)</sup>	2,349.5 <sup>1)</sup>
EBITDA	€ M	842.5	657.3	627.6	699.2	495.4	542.5	532.8
adjusted	€ M	842.5	657.3	627.6	699.2	554.9 <sup>1)</sup>	579.6 <sup>1) 2) 3)</sup>	548.6 <sup>1) 3)</sup>
EBIT	€ M	727.7	256.2	237.6	565.6	308.0	370.1	406.6
adjusted	€ M	727.7	543.2 <sup>4)</sup>	511.9 <sup>4)</sup>	565.6	429.8 <sup>1) 4)</sup>	444.8 <sup>1) 2) 3) 4)</sup>	423.6 <sup>1) 3) 4)</sup>
Profit before tax	€ M	608.8	125.2	119.5 <sup>12)</sup>	409.3	176.9	214.7	268.7
adjusted	€ M	608.8	412.2 <sup>4)</sup>	403.6 <sup>4) 5)</sup>	454.0 <sup>5)</sup>	319.9 <sup>1) 4) 5)</sup>	316.1 <sup>1) 2) 3) 4) 5)</sup>	285.7 <sup>1) 3) 4)</sup>
Net profit/loss of continuing operations	€ M	/	/	/	/	76.7	109.6	171.2
adjusted	€ M	/	/	/	/	200.6 <sup>1) 4) 5)</sup>	201.5 <sup>1) 2) 3) 4) 5)</sup>	186.4 <sup>1) 3) 4)</sup>
Net profit/loss of discontinued operations	€ M	/	/	/	/	-70.9	-258.6	-4.8
Net profit/loss	€ M	435.4	-18.5	6.5 <sup>12)</sup>	265.0	5.8	-149.0	166.4
adjusted	€ M	435.4	268.5 <sup>4)</sup>	282.4 <sup>4) 5)</sup>	309.1 <sup>4)</sup>	/	/	/
Earnings per share of continuing operations (basic)	€	/	/	/	/	0.43	0.60	0.97
adjusted	€	/	/	/	/	1.16 <sup>1) 4) 5)</sup>	1.14 <sup>1) 2) 3) 4) 5)</sup>	1.06 <sup>1) 3) 4)</sup>
Earnings per share of discontinued operations (basic)	€	/	/	/	/	-0.42	-1.52	-0.03
Earnings per share (basic)	€	2.53	-0.12	0.02 <sup>12)</sup>	1.52	0.01	-0.92	0.94
adjusted	€	2.53	1.56 <sup>4)</sup>	1.64 <sup>4) 5)</sup>	1.78 <sup>4)</sup>	/	/	/
<b>Financial position</b>								
Net cash flow from operating activities <sup>6)</sup>	€ M	170.7	536.4	578.2	652.3	559.3	432.9	405.7
Net cash flow from investing activities	€ M	-528.0	-265.2	-203.1	-124.0	-200.4	-292.9	-58.2
<b>Assets position<sup>7)</sup></b>								
Total assets	€ M	8,343.2	7,523.3	8,075.6 <sup>12)</sup>	8,402.7	8,826.8	7,928.7	7,598.3
Equity	€ M	2,819.6	2,269.6	2,352.1 <sup>12)</sup>	2,601.1	2,466.6	2,195.9	2,192.0
Equity ratio	%	33.8	30.2	29.1	31.0	27.9	27.7	28.8
Gearing		0.84	0.97	0.87	0.66	0.66	0.71	0.62
Net financial debt	€ M	2,345.7	2,205.2	2,040.4	1,722.5	1,618.7	1,559.1	1,363.4
Non-current assets	€ M	3,867.0	3,287.1	3,443.1 <sup>12)</sup>	3,450.8	3,633.8	3,179.9	3,037.8
Current assets	€ M	4,476.2	4,236.2	4,632.5	4,951.9	5,193.0	4,748.8	4,560.5
Non-current liabilities	€ M	2,325.0	2,257.5	2,432.9 <sup>12)</sup>	2,292.6	2,375.8	2,379.1	1,838.6
Current liabilities	€ M	3,198.6	2,996.2	3,290.6 <sup>12)</sup>	3,509.0	3,984.4	3,353.7	3,567.7
Capital expenditure and investments <sup>8)</sup>	€ M	679.7	265.1	381.5	198.8	272.7	143.2	104.7
<b>The share</b>								
Closing share price (Xetra) <sup>9)</sup>	€	42.50	19.40	17.70	18.60	12.24	13.05	23.00
Dividend per share <sup>9) 13)</sup>	€	0.77	0.48	0.50	0.50	0.25	0.30	0.30
Dividend yield <sup>10)</sup>	%	1.8	2.5	2.8	2.7	2.0	2.3	1.3
Full-time equivalents <sup>7)</sup>		27,748	28,354	35,408	36,441	36,670	28,877	28,653
Employees <sup>7)</sup>		37,516	37,746	46,095	46,826	46,977	38,940	38,871
Retail pharmacies <sup>7)</sup>		2,273	2,337	2,296	2,277	2,280 <sup>14)</sup>	2,177	2,175
Wholesale branches <sup>7)</sup>		123	120	137	133	141	136	133

1) Adjusted for special effects from defined non-recurring expenses and income (including tax effect).

2) Adjusted for special effects from revaluations pursuant to IFRS 5 (including tax effect).

3) Adjusted for special effects from deconsolidation effects (including tax effect).

4) Adjusted for impairment losses recognised on non-current assets (including tax effect).

5) Adjusted for special effects in the financial result (including tax effect).

6) Since 2008, interest paid and received is allocated to cash flow from financing activities.

7) Closing figures as of 31 December.

8) Since the 2010 fiscal year, investments and capital expenditures do not include additions to non-current receivables or loans.

9) Adjusted for the 1:2 share split carried out on 24 July 2006.

10) Related to the closing share price (Xetra).

11) Restated due to changes in accounting policies in the Movianto business area.

12) Restated due to the completion of purchase price allocation for the Panpharma acquisition.

13) For 2013: Proposed by the Management Board and Supervisory Board to the 2014 annual meeting.

14) The figures presented for the reporting periods 2006 to 2010 reflect the values reported in the respective financial statements.

15) We also operated one retail pharmacy in the Netherlands until November 2012 in connection with the DocMorris mail-order pharmacy.