

# Annual Report 2014

Celesio AG

celesio

<b>01</b>	<b>To our shareholders</b>
004	Letter from the Chairman of the Management Board
006	The supervisory board
007	Report of the supervisory board
016	The stock markets and the Celesio share
019	Corporate governance report and corporate governance declaration
027	Corporate responsibility
<b>02</b>	<b>Combined management report</b>
032	Background of the group/Business activity and organisation
061	Market and strategy
065	Economic Report
066	Revenue and earnings development
076	Division Consumer Solutions
079	Division Pharmacy Solutions
083	Financial position
090	Assets position
092	Celesio AG financial statements (holding)
095	Employees
099	Research and development
099	Additional non-financial information
100	Overall picture of the economic situation
103	Risk and opportunities report
120	Subsequent events
121	Outlook
<b>03<sup>1</sup></b>	<b>Consolidated financial statements</b>
132	Group income statement
133	Group statement of comprehensive income
134	Group statement of financial position
136	Group statement of cash flows
138	Group statement of changes in equity
<b>03<sup>2</sup></b>	<b>Notes to the consolidated financial statements</b>
142	Group segment reporting by division
146	Group segment reporting by country
149	General disclosures
180	Notes to the group income statement
192	Notes to the group statement of financial position
253	Notes to the group statement of cash flows
255	Notes to the group segment reporting
<b>03<sup>3</sup></b>	<b>Other disclosures</b>
257	Other notes
375	Company boards
381	Responsibility statement
<b>04</b>	<b>Other information</b>
382	Audit opinion
387	Contacts and imprint

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 almost 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 over 4,300 participants in our brand partnership schemes. With 133 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.

# The fiscal year at a glance

KEY FIGURES OF THE CELESIO GROUP

2013

2014

Change on EUR  
basis %

Change in local  
currency %

## Continuing operations

Revenue	EUR m	21,407.7	22,325.9	4.3	4.2
Gross profit	EUR m	2,349.9	2,379.3	1.2	0.5
adjusted <sup>1)</sup>	EUR m	2,349.5	2,380.0	1.3	0.5
EBITDA	EUR m	532.8	487.4	-8.5	-10.6
adjusted <sup>1)</sup>	EUR m	548.6	532.2	-3.0	-4.9
EBIT	EUR m	406.6	237.0	-41.7	-46.0
adjusted <sup>1)</sup>	EUR m	423.6	410.9	-3.0	-5.4
Profit before taxes	EUR m	268.7	158.8	-40.9	/
adjusted <sup>1)</sup>	EUR m	285.7	332.7	16.5	/
Net profit/loss	EUR m	171.2	52.9	-69.1	/
adjusted <sup>1)</sup>	EUR m	186.4	216.6	16.2	/
Earnings per share (basic)	EUR	0.97	0.25	-74.5	/
Earnings per share (basic), adjusted <sup>1)</sup>	EUR	1.06	1.07	1.1	/
Cash inflow/outflow from operating activities	EUR m	405.7	222.3	-45.2	/
Net cash flow from investing activities	EUR m	-58.2	-129.8	>-100	/
Free cash flow	EUR m	242.8	-14.6	/	/
Employees (full-time equivalent) <sup>3)</sup>		28,653	29,123	/	/
Retail pharmacies <sup>3)</sup>		2,175	2,184	/	/
Wholesale branches <sup>3)</sup>		133	133	/	/

## Discontinued operations

Net profit/loss	EUR m	-4.8	-0.5	89.6	/
Earnings per share (basic)	EUR	-0.03	0.00	91.6	/
Employees (full-time equivalent) <sup>3)</sup>		/	/	/	/

## Continuing and discontinued operations

Total assets	EUR m	7,598.3 <sup>2)</sup>	7,829.6 <sup>3)</sup>	3.0	/
Equity	EUR m	2,192.0 <sup>2)</sup>	2,761.5 <sup>3)</sup>	26.0	/
Equity ratio	%	28.8 <sup>2)</sup>	35.3 <sup>3)</sup>	/	/
Net Financial Debt	EUR m	1,363.4 <sup>2)</sup>	867.0 <sup>3)</sup>	-36.4	/
Net Financial Debt/EBITDA adj. <sup>1) 4)</sup>		2.49 <sup>2)</sup>	1.63 <sup>3)</sup>	/	/
Employees (full-time equivalent) <sup>3)</sup>		28,653	29,123	/	/
Employees <sup>3)</sup>		38,871	38,788	/	/
Net profit/loss	EUR m	166.4	52.4	/	/
Earnings per share (basic)	EUR	0.94	0.25	/	/

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

2) Closing figures as at 31 December 2013.

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

4) Based on EBITDA of the last twelve months.

# To our shareholders Celesio AG 2014

## Letter from the Chairman of the Management Board



Dear Shareholders,  
Ladies and gentlemen,

2014 was an extraordinary year for Celesio. The adjustments to the shareholder structure have given valuable momentum to our future development and further growth. With the registration of the domination and profit and loss transfer agreement in the Commercial Register on 2 December 2014, McKesson and Celesio achieved an important milestone. We can now work as an integrated company and create even more value for all our stakeholders.

We have identified areas of potential synergies, preparing solutions and then effecting a gradual integration into the organisational structure of McKesson. We have established a leadership team which will strengthen the position of Celesio as a leading international wholesale and retail company in the pharmaceutical and healthcare sectors. The individuals on the team bring a wealth of experience, energy and passion to their new roles. I feel highly confident that our team will be able to continue charting the right course for the company and continue striving to always better serve our patients, pharmacies and manufacturing partners, while developing our leadership talent and making Celesio an even better place to work.

Joining forces with McKesson makes us even stronger. As one of the world's largest pharmaceutical wholesalers and providers of healthcare services, the combined company will generate annual revenue in excess of USD 175 billion, leverage the diverse talents of approximately 85,000 colleagues worldwide and operate in more than 20 countries. Great opportunities lie ahead for our customers and for Celesio.

We would like to thank our shareholders, customers and business partners and above all our employees for the trusting relationship which we enjoy and which we look forward to continuing.

STUTTGART, MARCH 2015

A handwritten signature in black ink, reading "Marc Owen". The signature is fluid and cursive, with the first name "Marc" and the last name "Owen" clearly distinguishable.

MARC E. OWEN

CHAIRMAN OF THE MANAGEMENT BOARD

# The Supervisory Board

MEMBERS OF THE SUPERVISORY BOARD OF CELESIO AG AS OF 31/12/2014

John H. Hammergren	<sup>2) 4) 5) 6)</sup>	_____ (since 14/03/2014)	_____ (Chairman)
Ihno Goldenstein	<sup>1) 2) 5)</sup>	_____	_____ (Deputy Chairman)
Klaus Borowicz	<sup>1) 3)</sup>	_____	_____
Prof. Dr. Wilhelm Haarmann	<sup>3)</sup>	_____ (since 14/03/2014)	_____
Paul C. Julian	<sup>4) 5)</sup>	_____ (since 14/03/2014)	_____
Jörg Lauenroth-Mago	<sup>1)</sup>	_____	_____
Pauline Lindwall		_____	_____
Susan Naumann	<sup>1) 5)</sup>	_____	_____
Ulrich Neumeister	<sup>1) 3)</sup>	_____	_____
W.M. Henning Rehder	<sup>3) 6)</sup>	_____	_____
Patrick Schwarz-Schütte	<sup>2)</sup>	_____	_____
Gabriele Stall	<sup>1)</sup>	_____	_____

RETIRED FROM OFFICE IN FISCAL 2014

Stephan Gemkow	<sup>2) 4) 5) 6)</sup>	_____ (until 13/03/2014)	_____ (Chairman)
Dr. Florian Funck	<sup>3)</sup>	_____ (until 13/03/2014)	_____
Hanspeter Spek	<sup>4) 5)</sup>	_____ (until 13/03/2014)	_____

<sup>1)</sup> Employee representative  
<sup>2)</sup> General Committee  
<sup>3)</sup> Audit Committee  
<sup>4)</sup> Nomination Committee  
<sup>5)</sup> Mediation Committee  
<sup>6)</sup> Chairman of the respective Committee



# Report of the Supervisory Board

**Shareholders,  
Ladies and gentlemen,**

Throughout the 2014 reporting year, we the Supervisory Board of Celesio AG regularly advised the management board in its management of the company and continuously supervised its management team. We performed the tasks required of us by law, our Articles of Association and our rules of procedure with great diligence. As the supervisory board, we dealt in detail with the commercial and financial development of the company, and its strategic alignment. Additionally, we dealt with the topic of the business combination with McKesson and related questions concerning the determination of the value of the company in detail. Furthermore, we became involved in all decisions of fundamental importance to the company at an early stage.

## Cooperation with the management board

The cooperation between the management board and ourselves over the past year was marked by intensive and frank dialogue that was based upon trust. The management board regularly and comprehensively informed the Board and the Chairman of the Supervisory Board, both verbally and in writing, of the situation of the company. The key points in our collaboration included the revenue and operating results and assets position of the group, the course of business in the divisions, the development of the market, company strategy and planning, and the portfolio considerations.

With regard to the takeover by the McKesson Corporation of San Francisco, future cooperation with McKesson was analysed and discussed, measures debated and the necessary resolutions adopted in particular.

Further issues included IT, risk management and compliance.

Moreover, the supervisory board had to make several personnel decisions in 2014 in relation to the management board, following careful consideration by the General Committee and the entire Board.

## Meetings

In 2014, the supervisory board convened for four ordinary sessions and two extraordinary sessions. There were five further resolutions. In preparation for the meetings and resolutions, the management board sent written reports and proposed resolutions to the supervisory board.

The attendance rate of members of the supervisory board at the meetings was just under 95% on average; each member attended at least half of the meetings. We also remained in close contact with the management board outside of the meetings. The Chairman of the supervisory board frequently conferred with and advised the Chairman or Speaker of the management board regarding current business developments, significant business transactions and strategy.

In the first ordinary meeting held on 13 March 2014, the supervisory board deliberated over the annual financial statements of Celesio AG, the consolidated financial statements for fiscal 2013 and the dependent company report. On the recommendation of the Audit Committee and having considered the auditor's reports, these were approved following a thorough examination and consultation. The supervisory board also approved the report of the supervisory board and the joint corporate governance report of the management board and the supervisory board, and adopted proposed resolutions including a dividend proposal for the Annual General Meeting and on the exercising of interests under Section 32 of the German Codetermination Act (Mitbestimmungsgesetz). The release of the joint reasoned statement of the management board and the supervisory board on the takeover offer of Dragonfly GmbH & Co. KG, which was announced on 28 February 2014, was also approved. The management board and supervisory board express their support for the business combination with the McKesson Group believing it to be in the best interest of the company. Furthermore, the management board remuneration for Stephan Borchert was reviewed.

In the resolution of 14 March 2014, John H. Hammergren was elected as the Chairman of the Supervisory Board and therefore also Member and Chairman of the General Committee, Nomination Committee and Mediation Committee. Paul C. Julian was elected as a Member of the Mediation Committee and the Nomination Committee. Prof. Wilhelm Haarmann was elected as a Member of the Audit Committee.

In the extraordinary meeting of 22 May 2014, the conclusion of the domination and profit and loss transfer agreement between Celesio AG and Dragonfly GmbH & Co. KGaA and its submission to the Annual General Meeting featured on the agenda. In addition, the amended proposed resolutions for the Annual General

Meeting of 15 July 2014 were determined. Martin Fisher's resignation from office as a Member of the Management Board of Celesio AG with effect from 22 May 2014 was accepted. A new schedule of responsibilities with effect from 23 May 2014 was adopted accordingly. Moreover, the termination of Dr Marion Helmes's appointment as a Member of the Management Board with effect from 15 July 2014, and the appointment of Marc E. Owen as Member and Chairman of the Management Board of Celesio AG and of Alain Vachon (CFO) as a Member of the Management Board of Celesio AG, both with effect from 16 July 2014, were approved. Owing to these changes in personnel, a new schedule of responsibilities with effect from 16 July 2014 was adopted.

In the resolution of 27 June 2014, an M&A transaction that was not effected was approved.

In the ordinary meeting of 15 July 2014, we addressed the audit commissioned to auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft for the annual financial and consolidated financial statements and the management report and group management report for fiscal 2014 and for any reviews of the interim management reports 2014 so far as a review of these reports is commissioned, and the audit commissioned to auditor Deloitte & Touche GmbH for the annual financial and consolidated financial statements and the management report and group management report for the 2015 short fiscal year from 1 January 2015 until 31 March 2015 and for any reviews of the interim management reports for fiscal 2016 so far as a review of these reports is commissioned to be prepared prior to the Annual General Meeting in 2015. Furthermore, arrangements were made for the Annual General Meeting and amended remuneration elements for Alain Vachon were approved.

In the constituent meeting of 15 July 2014, following the Annual General Meeting, John H. Hammergren was elected as the Chairman of the Supervisory Board and therefore also as Member and Chairman of the General Committee, Nomination Committee and Mediation Committee. The Board also elected Paul C. Julian as a Member of the Mediation Committee and the Nomination Committee. Prof. Wilhelm Haarmann was elected to the Audit Committee.

The written resolution of 1 August 2014 approved the transfer of the remaining 40% minority stake in Oncoprod SA to Admenta France SA.

With the supervisory board's resolution of 18 August 2014, the partnership Freshfields Bruckhaus Deringer LLP was granted power of attorney for the legal proceedings in particular at Stuttgart District Court after contesting the Annual

General Meeting resolutions of the ordinary Annual General Meeting of 15 July 2014, and John H. Hammergren was appointed the authorised signatory.

In the ordinary meeting of 16 September 2014, the supervisory board approved a new management structure and terminated Stephan Borchert's appointment to the management board with effect from 22 September 2014. Moreover, Tilo Köster was appointed as a Member of the Management Board of Celesio AG with effect from 23 September 2014. A new schedule of responsibilities with effect from 23 September 2014 was adopted simultaneously.

On 7 November 2014, the indirect acquisition of a 100% stake in Mediq Apotheken Nederland B.V. by the associated Company Brocacef was approved in a written resolution.

The focus of the final ordinary meeting of 17 December 2014 was on the approval of capital expenditure for the relocation of the warehouse in Bologna to a new location and the approval of an investment in a new group wide harmonised IT program known as ERP (Enterprise Resource Planning). Additionally, the supervisory board adopted the compliance statement pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz).

## Committees

In order to ensure that it performs its tasks efficiently, the Supervisory Board of Celesio AG formed four committees: a General, an Audit, a Nomination and a Mediation Committee. The committees prepare the resolutions and topics for the supervisory board to be discussed at the plenum. They also pass resolutions in lieu of the entire supervisory board on occasions. The list of personnel appointed to the four committees can be found on → page 6 of this annual report. With the exception of the Audit Committee (Chairman: W.M. Henning Rehder), the Chairman of the Supervisory Board presides over all committees. The entire supervisory board is regularly and comprehensively informed of the activities of the committees.

## General Committee

During the reporting year, a total of four meetings of the General Committee were held and one written resolution was passed.

In the meeting of 13 March 2014, the Committee prepared the review of the management board remuneration for Stephan Borchert. Moreover, the short term incentive tranche 2013 and long term incentive plan tranches 2012 and 2013 were informed.

In the resolution of 5 May 2014, the Committee gave its approval for the external admission of Dr Marion Helmes to the supervisory board.

In the meeting of 22 May 2014, preparations were made for Martin Fisher's resignation as a Member of the Management Board of Celesio AG with immediate effect. The following proposals were approved: a new schedule of responsibilities with effect from 23 May 2014; the termination of Dr Marion Helmes's appointment to the management board with effect from 15 July 2014; the appointment of Marc E. Owen as Member and Chairman of the Management Board of Celesio AG and authority to conclude his management board contract from 16 July 2014; the appointment of Alain Vachon as a Member of the Management Board of Celesio AG and the authority to conclude his management board contract from 16 July 2014; and a new schedule of responsibilities with effect from 16 July 2014. The resolution to amend the version of the Articles of Association of Celesio AG in relation to share capital, the number of non-par-value shares and contingent capital 2009 and 2010 was also passed.

In the meeting of 15 July 2014, the Committee addressed the arrangements for the amended remuneration elements for Alain Vachon.

In its final meeting of 16 September 2014, the Committee discussed preparations for the termination of Stephan Borchert's appointment to the management board with effect from 22 September 2014, the appointment of Tilo Köster as a Member of the Management Board of Celesio AG and the authority to conclude his management board contract from 23 September 2014, and the new schedule of responsibilities with effect from 23 September 2014.

## Audit Committee

The Audit Committee met four times in 2014. The auditors of Ernst & Young also attended two meetings.

The discussion and audit of the annual financial and consolidated financial statements for fiscal 2013, including the summary of the management report and dependent company report 2013, the relevant audit reports of the annual financial and consolidated financial statement from Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, and the proposal on the appropriation of the net retained profit formed the focus of the first of the Committee's meetings on 12 March 2014. The Audit Committee discussed the proposal on the appropriation of the net retained profit with the management board and the auditor. The Committee also asserted its independence from the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft and prepared the recommendation for a proposed resolution to appoint an auditor at the Annual General Meeting. A further topic was the internal audit. The Committee discussed the audit plan 2014 and compliance issues.

On 8 May 2014, the focus of the audit for fiscal 2014 was decided upon and the scope of the audit specified for the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. The Committee also discussed the interim report for the first quarter of 2014. A further topic was the compliance report. Furthermore, preparations were made for the audit of the consolidated financial statements 2014 by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft and the US GAAP audit for McKesson, carried out by Deloitte & Touche GmbH from 1 February 2014 until 31 March 2014, was discussed. The audit period of two months arose from the time of acquisition and hence the first consolidation of Celesio in the consolidation group of the McKesson Corporation. Finally, the independence of the auditor was asserted and an amended recommendation of the Audit Committee for the proposed resolution of the supervisory board to appoint auditor Deloitte & Touche GmbH at the Annual General Meeting for the 2015 short fiscal year was made.

In its meeting of 29 July 2014, the Committee discussed and reviewed the interim report for the first half of 2014 in particular, and addressed the forecast and risk management. Additionally, the Committee received details of the US GAAP review for McKesson, carried out between 1 April 2014 and 30 June 2014 by Deloitte & Touche GmbH.

In its final meeting of 27 October 2014, the Committee discussed and reviewed the interim report for the first nine months of 2014, and addressed the internal control system and the requirements of the Sarbanes-Oxley Act (SOX) in conjunction with the business combination with the McKesson Corporation. In addition, the Committee received details of the US GAAP review for McKesson, carried out between 1 July 2014 and 30 September 2014 by Deloitte & Touche GmbH.

### Nomination Committee

On 20 February 2014, the Nomination Committee prepared the resolution for the nomination of John H. Hammergren, Paul C. Julian and Prof. Wilhelm Haarmann as Members of the Supervisory Board.

### Mediation Committee

The Mediation Committee formed pursuant to Section 27 paragraph 3 of the German Codetermination Act did not convene during the reporting year.

### Corporate governance

Corporate governance was a frequently discussed topic in the supervisory board meetings during the reporting year. In essence, we discussed the implementation and further development of the standards published by the government commission the German Corporate Governance Code. Celesio fully complied with the Code's recommendations in the reporting year.

The updated compliance statement, also adopted by the management board pursuant to Section 161 of the German Stock Corporation Act, was enacted in the supervisory board meeting of 17 December 2014 and subsequently published on the Celesio website.

This statement can be found in this annual report on → page 20. The supervisory board and management board share a common understanding on the subject of corporate governance; our joint report on the matter can be found on → page 21.

## Annual financial and consolidated financial statements and the management report

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, audited the annual financial statements of Celesio AG and the consolidated financial statements and the joint management report as at 31 December 2014, and issued an unqualified audit opinion. The audit was commissioned by the supervisory board on the recommendation of the Audit Committee and in accordance with the resolution of the Annual General Meeting on 15 July 2014.

The required documentation and the auditor's reports were provided to each member of the supervisory board and discussed extensively with the auditor in the balance sheet meeting of the supervisory board on 11 March 2015. Following the final outcome of its audit, the supervisory board had no objections to make. In accordance with the recommendation of the Audit Committee, it approved the outcome of the audit of the financial statements, the annual financial statements prepared by the Management Board of Celesio AG and the consolidated financial statements. The supervisory board reviewed the recommendation of the management board on the appropriation of the net retained profit and agreed to it.

## Changes to the supervisory board

Stephan Gemkow, Dr Florian Funck and Hanspeter Spek resigned from the supervisory board on 16 March 2014. We thank Stephan Gemkow, Dr Florian Funck and Hanspeter Spek for their ever constructive and trusted cooperation.

Following the judicial appointment, the Annual General Meeting of Celesio AG re-elected John H. Hammergren, Paul C. Julian and Prof. Wilhelm Haarmann to the supervisory board on 15 July 2014.

## Changes to the management board

The supervisory board approved the termination of Martin Fisher's appointment to the management board with effect from 22 May 2014, the termination of Dr Marion Helmes' appointment to the management board with effect from 15 July 2014 and the termination of Stephan Borchert's appointment to the management board with effect from 22 September 2014. The supervisory board thanks Martin Fisher, Dr Marion Helmes and Stephan Borchert for all their work and their constructive and trusted cooperation. The supervisory board re-appointed Marc E. Owen as Chairman of the Management Board and Alain Vachon as a Member of



the Management Board of Celesio AG, with effect from 16 July 2014. The supervisory board appointed Tilo Köster as a Member of the Management Board of Celesio AG, with effect from 23 September 2014.

## Thanks

The supervisory board thanks the management board, the management teams of the Group companies and all employees. We would like to especially acknowledge the immense personal commitment, continuous dedication, exceptional performance and strong sense of loyalty of the entire staff throughout the fiscal 2014. We are confident that together Celesio and McKesson are well on track and have the expertise to seize the opportunities and overcome the challenges that 2015 will bring.

STUTTGART, MARCH 2015

ON BEHALF OF THE SUPERVISORY BOARD

A handwritten signature in black ink, reading "John Hammergren". The signature is fluid and cursive, with a long horizontal stroke at the end.

JOHN H. HAMMERGREN  
CHAIRMAN

## The Celesio share

The performance of the Celesio share was heavily influenced by the takeover by McKesson in fiscal 2014. The share price was largely able to decouple from developments in the MDAX and DAX. Celesio shares ended fiscal 2014 at a price of EUR 26.72 on 30 December 2014 (31 December 2013: EUR 23.00).

As of 31 December 2014, the market capitalisation was EUR 5.43bn (prior year EUR 3.91bn). In the reporting period, the average Xetra trading volume per day of Celesio shares was 269,219 and therefore 51% down on the prior-year period figure of 551,808 shares per day.

For additional information on the history of the takeover offer, we refer to the information provided within the half-year report 2014 and the annual report for fiscal 2013.

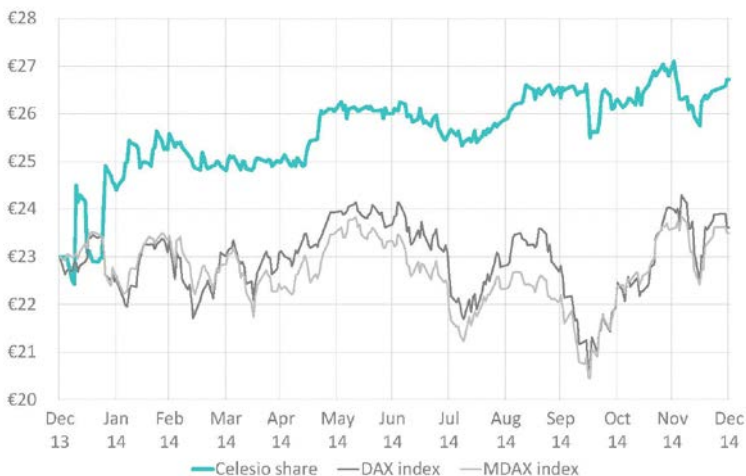
KEY SHARE FIGURES		2013	2014
Number of shares outstanding <sup>1)</sup>	million	170.1	203.2
Market capitalisation <sup>1)</sup>	EUR m	3,912.3	5,352.8
Closing price <sup>1) 2)</sup>	EUR	23.00	26.72
High <sup>2)</sup>	EUR	23.79	27.11
Low <sup>2)</sup>	EUR	13.05	22.43
Average Xetra trading volume per day	shares	551,808	269,219

1) Closing figures as at 31 December.

2) Xetra closing prices, source: Bloomberg.

#### CELESIO SHARE PRICE PERFORMANCE, DAX, MDAX

XETRA CLOSING PRICES 02/01/2014 – 31/12/2014 (ONLY TRADING DAYS),  
INDEXED TO PRICE OF CELESIO AG



#### INFORMATION ON THE SHARE

Type of share	No-par value registered shares
Share capital in EUR on 31/12/2014	260,122,792.96
ISIN	DE000CLS1001
WKN	CLS 100
German stock exchange code	CLS1
Bloomberg	CLS1 GY
Reuters	CLSGn.DE
Stock exchange	Xetra, Berlin, Dusseldorf, Frankfurt, Hamburg, Hanover, Munich, Stuttgart
Indices (selection)	MDAX, MSCI, Germany Index, FTSE4Good, ECPI Ethical Index EMU

### Shareholder structure as of 31 December 2014

As of 31 December 2014, McKesson Corporation, San Francisco, USA is the majority shareholder in Celesio. The McKesson Corporation and the companies attributable to it held 154,287,993 Celesio shares. This equates to a stake of 75.92% of the total share capital issued and of the voting rights in Celesio.

On 3 April 2014, Magnetar Financial LLC, Evanston, Illinois, USA, notified that the share of the voting rights held by it and companies attributable to it amounted to 3.14% (which equates to 6,387,521 voting rights) on 27 March 2014.

On 31 December 2014, the free float of Celesio amounted to 20.94% of the shares.

### Annual general meeting

The 2014 Annual General Meeting of Celesio AG took place on 15 July 2014 in the Porsche Arena in Stuttgart. With 83.6% of represented voting rights, the attendance this year was above the previous year's figure of 67.1%. All resolutions of the annual general meeting followed the proposals recommended by the management.

The next annual general meeting will once again be held in the Porsche Arena in Stuttgart and is scheduled for 11 August 2015<sup>1)</sup>. As always, all documents and information on the annual general meeting are published at [www.celesio.com/annual-general-meeting](http://www.celesio.com/annual-general-meeting).

### Dividend

The Annual General Meeting of Celesio AG passed a resolution to pay a dividend of EUR 0.30 per share (PY EUR 0.30) for fiscal 2013. The dividend was paid on 17 July 2014.

As the domination and profit and loss transfer agreement became effective on 2 December 2014, the guaranteed dividend amounting to EUR 0.83 is granted for fiscal 2014 guaranteed by McKesson Deutschland GmbH & Co. KGaA. To the extent that the dividend (including any payments on account) paid in respect of fiscal 2014 by Celesio for each Celesio share falls short of the guaranteed dividend, McKesson Deutschland GmbH & Co. KGaA will pay to each outside shareholder of Celesio the corresponding difference per share. Payment of any such difference is payable on the first banking day after the ordinary general shareholders' meeting of Celesio for fiscal 2014 of Celesio.

---

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

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

Good corporate governance means responsible management and control of a company generating sustainable added value.

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.

<sup>1)</sup> 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 of the Aktiengesetz (AktG, German Stock Corporations Act) was issued by the supervisory board and management board on 17 December 2014:

The Management Board and Supervisory Board of Celesio AG hereby declare in accordance with Section 161 of the Aktiengesetz (AktG; German Stock Corporations Act) that since the last declaration of compliance in December 2013 the recommendations of the government commission on the Corporate Governance Code – initially in the version dated 13 May 2013, followed since it came into effect by the version dated 25 June 2014 – have been and are being complied with.

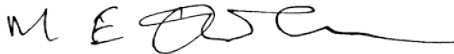
STUTTGART, DECEMBER 2014

ON BEHALF OF THE SUPERVISORY BOARD

A handwritten signature in black ink, appearing to read 'John Hammergren', with a long horizontal flourish extending to the right.

JOHN H. HAMMERGREN

ON BEHALF OF THE MANAGEMENT BOARD

A handwritten signature in black ink, appearing to read 'M E Owen', with a long horizontal flourish extending to the right.

MARC E. OWEN

### 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 is responsible 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 2014:

Martin Fisher resigned from his position as Member of the Management Board as of 22 May 2014. Dr Marion Helmes resigned from her position as Member of the Management Board and Speaker of the Management Board on conclusion of 15 July 2014. Marc E. Owen has been appointed as Chairman of the Management Board as of 16 July 2014. Alain Vachon joined the management board as of 16 July 2014. Stephan Borchert resigned his position as Member of the Management Board as of 22 September 2014. Tilo Köster joined the management board on 23 September 2014. For further information including the composition of the management board, please refer to → page 375. 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.

### 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 2014. The committees set up by the supervisory board (General, Audit, Mediation and Nomination Committees) support it in fulfilling its duties. The composition of the supervisory board and its committees is presented on → page 6. The supervisory board regularly reviews the effectiveness of its activities in line with the requirements of the German Corporate Governance Code (No. 5.6). 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 7 details the function, structure and work of the supervisory board and its committees.

### Domination Agreement

On 2 December 2014 a domination and profit and loss transfer agreement between McKesson Deutschland GmbH & Co. KG and Celesio AG was entered into the Stuttgart commercial register. The agreement is valid upon registration and with it Celesio submits its management control to McKesson Deutschland GmbH & Co. KG.



## 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. In 2014 the Annual General Meeting took place on 15 July. In order to allow for the resolution on the domination and profit and loss agreement between McKesson Deutschland GmbH & Co. KGaA and Celesio AG within the regular Annual General Meeting, it was moved from 15 May to 15 July 2014. 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 decision 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 2014 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 Speaker of the Management Board live on the internet.

The 2014 Annual General Meeting of Celesio AG was held in the Porsche Arena in Stuttgart on 15 July. 83.6 % of the voting rights were represented (previous year 67.1%). All of the management proposals were approved. The next Annual General Meeting is scheduled for 11 August 2015<sup>1</sup>, 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).

---

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

## 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 and its employees. 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](https://celesio.com) under Group/Compliance.

From an organisational perspective, compliance has been strengthened even more in its position as Tilo Köster, who already was Group Compliance Officer and Group Legal Director, was appointed Board Member with the new responsibilities of Compliance, Legal and External Affairs in the third quarter of the year. To back this decision a new department has been split from the Group Legal Department and new Group Compliance and Corporate is now responsible for regularly reviewing, refining, implementing and monitoring the group wide compliance management system.

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

Constant communicating and trainings on compliance topics have raised the awareness and made compliance a part of everyday work.

## 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, German 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 the following such transactions at Celesio in 2014. They are published on the Celesio homepage.<sup>1</sup>

DIRECTORS' DEALINGS FINANCIAL YEAR 2014	Transaction Date	Transaction	Shares	Value per share in EUR
Ilhno Goldenstein	23/01/2014	Sale of Shares	800	23.380
Stephan Borchert	30/04/2014	Sale of Shares	2,000	23.500
Jörg Lauenroth-Mago	15/05/2014	Sale of Shares	1,000	25.495

<sup>1</sup> Transactions subject to mandatory reporting until 31 December 2014 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 103.

## 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 2014 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 fiscal 2014, and as independent auditor for any reviews of the quarterly reports, if mandated. Before awarding the engage-

ment, 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 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 and by e-mail, 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 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 almost 180 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 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 comprehensive 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. Trust is the basis of every working relationship and successful business operations.

## Employees

Through globalisation and demographic developments, we regard the task of attracting, 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 on 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 efficient delivery of pharmaceutical supply chain services. 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, the Celesio 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 quality 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 supply chain experts and 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 contact 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 interactions with the European institutions are carried out with full transparency and we are therefore subscribers to the Transparency Register. Celesio is registered under the EU Transparency Register No. 009272210002-09.

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



# Combined Management Report Celesio AG 2014

# Background 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 supply chain services for pharmaceutical manufacturers and 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 ten European countries and Brazil.

We have around 2,200 pharmacies of our own in six countries globally. With a focus on professional 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. We are developing our core business through new concepts and innovative approaches as part of our strategy.

## Optimising key areas of business activities together with McKesson

On 6 February 2014, McKesson Corporation, San Francisco, USA announced the completion of the acquisition of more than 75% of Celesio shares. McKesson is therefore the majority shareholder in Celesio.

On 2 December 2014 the domination and profit and loss transfer agreement between McKesson Deutschland GmbH & Co. KGaA (formerly known as Dragonfly GmbH & Co. KGaA), a wholly owned subsidiary of McKesson, and Celesio AG was registered in the Commercial Register. Having achieved this important milestone, Celesio and McKesson can now work together as an integrated global company and create even more value for their stakeholders. Throughout the year we focussed on identifying common top priorities in order to make the best out of our joint resources. While prioritising the areas we concentrated on those issues that will have the biggest impact in the short, medium and long term.

Key to our further success is leveraging procurement synergies by bundling procurement power on a global scale and capitalising on it. We have already identified several areas for potential savings due to the planned combined procurement activities with the McKesson Corporation. Group Procurement will align the global approach with local actions and drive the execution of the strategy.

When it comes to aligning processes and operations in order to have clear organisational structures and realise synergies, IT plays a fundamental role. Improving IT services and upgrading data centres is one of the priorities.

The management board has established a leadership team, which will further strengthen the position of Celesio as a leading international wholesale and retail company in the pharmaceutical and healthcare sectors. The team consists of leaders from Celesio country management teams and group functions. They define the strategic and operating priorities of the group. The individuals on the team bring a wealth of experience, energy and passion to their new roles.

In 2014 we also made significant progress in rolling out our competitive pan-European pharmacy network EPN by offering a modular structure, available not only for our own organisation, but also for independent pharmacies. With this we built on proven and established concepts, for example Pharmactiv in France, gesundleben in Germany and the Careway partner scheme in the UK. We also made substantial progress with our franchise concept in Italy and Ireland. The result of our efforts is that each pharmacist can either select individual components or choose the full-range service package. This approach is trend-setting for the European pharmacy business. We are convinced that our new concept will help to fundamentally strengthen the role of pharmacies in the European healthcare systems by making healthcare more efficient and sustainable. These improvements saw us gain further momentum for growth.

## 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 is comprised of the pharmacy business. Pharmacy Solutions serves pharmacies and is primarily concerned with the group's wholesale activities.

The organisational structure of the Celesio Group is arranged functionally. It is divided into four business areas:

- Marketing and Sales
- Operations
- Finance
- Governance

Additionally, a new leadership team has been put in place in order to take advantage of the great opportunities to better serve patients, pharmacies and manufacturing partners.

## 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.

On 2 December 2014 the domination and profit and loss transfer agreement between McKesson Deutschland GmbH & Co. KGaA, a wholly owned subsidiary of McKesson, and Celesio AG was registered in the Commercial Register and became effective. This means that starting from 1 January 2015 Celesio AG must transfer all of its profits to McKesson. Conversely, but already valid for fiscal 2014, McKesson undertakes to offset any possible losses incurred by Celesio. An essential element of the domination agreement is granting the parent company the authority to issue instructions. McKesson Deutschland GmbH & Co. KGaA is authorised to issue instructions to Celesio AG with regard to the management of the company. Celesio nevertheless remains a legally independent company with its own executive bodies, as described above. It also continues to be the responsibility of the Celesio Management Board to run and represent the company.

If no instructions are issued, the Celesio Management Board can and must run the company on its own authority.

The management report in the corporate governance report starting on → page 19 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 the Management Board of Celesio AG. 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.

In its reporting, the remuneration report follows the recommendations of the German Corporate Governance Code (DCGK) and the requirements of German Accounting Standard (DRS) 17, the Handelsgesetzbuch (HGB, German Commercial Code) and International Financial Reporting Standards (IFRS). Notes in accordance with IFRS pursuant to IAS 24 are contained in the consolidated financial statements.

## Main features of the remuneration 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. The total remuneration of the members of the management board breaks down into performance-related and non-performance-related components. The remuneration structure is conducive to the sustainable development of the company due to the long-term incentive components of the remuneration. 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. At the instigation of the General Commit-

tee, the supervisory board regularly reviews the structure and appropriateness of the remuneration system.

Within the contracts of the active management board members, there is no longer any special provision for a change of control ("change in control" clause).

## Non-performance-related remuneration components

The non-performance-related components consist of a fixed basic salary, additional benefits and pension contributions. An instalment of the fixed basic salary 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 Section 93(2) Clause 3 of the AktG, the excess for D&O insurance is 10% of claims, but no more than one-and-a-half times the fixed basic annual salary. Members of the management board have to pay tax on any monetary benefits arising from the private use of company cars.

## Performance-related remuneration components

The performance-related components consist of a bonus and a rolling remuneration component. Since 2012, 70% of the bonus is paid out annually, with the remaining 30% deferred for a retention 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 before tax and interest of the relevant fiscal year (EBIT - as reported). A sum in euro is determined individually as a target bonus 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 target bonus.

The members of the management board will receive a cash payment for 70% of the bonus calculated for fiscal 2014 directly after the 2015 Annual General Meeting.

In accordance with the share deferral arrangements in all management board contracts, the remaining 30% of the bonus calculated for fiscal 2014 is deferred for a retention period that expires on the date of the Annual General Meeting of the third fiscal year following the reporting period. This portion will be converted into virtual shares of Celesio AG directly after the Annual General Meeting 2015. The number of virtual 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, as regards their virtual shares, the management board members are treated in the same way as the owners of real shares. The amount paid out from the retained bonus (share deferral) is calculated on the normal calculation date after approximately three years even if the member of the management board has left the company in the meantime. If the Celesio share is delisted or Celesio undergoes a merger or is split up or converted into a different legal form, calculation of the closing reference price will be the date on which the measure takes effect. The pay-out of the virtual shares remains unaffected and, at the end of the three-year retention period, these shares are paid out in cash plus any dividends. The reference share prices used for conversion are based on the average share price of the last 30 stock exchange trading days at the beginning and at the end of the retention period. This share deferral scheme serves as a long-term incentive by strengthening commitment to sustainability and ownership.

Applying the provisions of DRS 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 virtual shares depending on meeting these targets, as well as the share price on the date of issue of these share-based payments as of 1 January 2014.

2014	Fair value of share deferral on the date of issue EUR k	Expected number of virtual shares from share deferral	Total expense arising from share-based payments EUR k
Marc E. Owen (since 16/07/2014 Chairman)	106	4,085	93
Tilo Köster (since 23/09/2014)	35	1,343	36
Alain Vachon (CFO, since 16/07/2014)	67	2,571	60
Stephan Borchert (until 22/09/2014)	228	9,814	0
Dr Marion Helmes (until 15/07/2014 Speaker of the Management Board and CFO)	357	15,366	0
Martin Fisher (until 22/05/2014)	182	7,834	0
<b>Total</b>	<b>975</b>	<b>41,013</b>	<b>189</b>



2013	Fair value of share deferral on the date of issue EUR k	Expected number of virtual shares from share deferral	Total expense arising from share- based payments EUR k
Dr. Marion Helmes Chief Financial Officer Speaker of the Management Board (since 4 July 2013)	331	24,871	372
Stephan Borchert	258	19,376	324
Martin Fisher (since 16 September 2013)	68	5,137	56
Markus Pinger Former Chairman of the Management Board (until 03 July 2013)	404	30,367	70
<b>Total</b>	<b>1,061</b>	<b>79,751</b>	<b>822</b>

## Long-term variable remuneration

### Performance Cash Plan

The 2011 tranche of the Performance Cash Plan with the parameters of increased share price and accumulated Celesio value added has been paid out in the amount of EUR 74k in accordance with the plan's conditions.

### 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) and the 2014 tranche (for the years 2014 to 2016).

At the beginning of the three-year period of the Performance Share Plan, management board members receive a pledge for a defined initial value in euro (target value). This target value is divided by the average Celesio share price of the last 30 stock exchange trading days prior to the beginning of the tranche plus a mark-up of 10% and converted into virtual 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 target value. 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 virtual shares at the end of the term and in accordance with performance against targets.

If the Celesio share is delisted, or Celesio undergoes a merger, or is split up or converted into a legal form not eligible for the capital market, or a domination and profit and loss agreement is concluded ("measure"), then the amount paid out is calculated on the basis of the share price prior to the measure taking effect. The regulations pertaining to the date on which the payment amount plus the accumulated virtual dividend is due will not be affected. The Performance Share Plan is payable in cash provided that the targets are met. The amount of the cash payment depends on the target value set for each member of the management board, as well as fulfilment of the performance target, the price development of virtual shares and the dividend paid in the performance period.

The target value for the 2014 tranche was EUR 700k for Marc E. Owen (from 16 July 2014), EUR 275k for Alain Vachon (from 16 July 2014) and EUR 175k for Tilo Köster (from 23 September 2014). A target value of EUR 700k applied for Dr Marion Helmes and EUR 335k for Martin Fisher and EUR 425k for Stephan Borchert.

2014	Fair value of performance share plan on the date of issue EUR k	Number of virtual shares on the date of issue	Total expense arising from share-based payments EUR k
Marc E. Owen (since 16/07/2014 Chairman)	292	11,413	101
Tilo Köster (since 23/09/2014)	44	1,712	15
Alain Vachon (CFO, since 16/07/2014)	115	4,484	40
Stephan Borchert (until 22/09/2014)	425	16,630	188
Dr Marion Helmes (until 15/07/2014 Speaker of the Management Board and CFO)	700	27,391	267
Martin Fisher (until 22/05/2014)	335	13,108	45
<b>Total</b>	<b>1,911</b>	<b>74,737</b>	<b>655</b>

2013	Fair value of performance share plan on the date of issue EUR k	Number of virtual shares on the date of issue	Total expense arising from share-based payments EUR k
Dr. Marion Helmes Chief Financial Officer Speaker of the Management Board (since 4 July 2013)	651	48,981	465
Stephan Borchert	492	37,018	501
Martin Fisher (since 16 September 2013)	97	7,298	39
Markus Pinger Former Chairman of the Management Board (until 03 July 2013)	810	60,943	232
<b>Total</b>	<b>2,050</b>	<b>154,240</b>	<b>1,237</b>

Total remuneration breaks down by members of the management board as follows:

2014

Marc E. Owen (since 16/07/2014 Chairman)	
Tilo Köster (since 23/09/2014)	
Alain Vachon (CFO, since 16/07/2014)	
Stephan Borchert (until 22/09/2014)	
Dr Marion Helmes (until 15/07/2014 Speaker of the Management Board and CFO)	
Martin Fisher (until 22/05/2014)	

Total

2013

Dr Marion Helmes	
Chief Financial Officer and Speaker of the Management Board (since 4 July 2013)	
Stephan Borchert	
Martin Fisher (since 16 September 2013)	
Markus Pinger	
Former Chairman of the Management Board (until 03 July 2013)	

Total

Multiple-year variable remuneration (EUR k) –								
	Basic component EUR k	Single-year variable remuneration EUR k	Performance- Cash-Plan Value Added	Total share- based payment	Total multiple-year variable remuneration	Fringe benefits EUR k	Third party remuneration	Total EUR k
—————	450	211	/	398	398	8	—————	1,067
—————	117	81	/	79	79	3	—————	280
—————	225	135	/	182	182	5	—————	547
—————	450	554	74	653	727	12	2,000	3,743
—————	525	674	/	1,057	1,057	10	3,000	5,265
—————	250	244	/	517	517	32	—————	1,043
—————	<b>2,017</b>	<b>1,899</b>	<b>74</b>	<b>2,886</b>	<b>2,960</b>	<b>69</b>	<b>5,000</b>	<b>11,945</b>

Multiple-year variable remuneration (EUR k)								
	Basic component EUR k	Single-year variable re- muneration EUR k	Performance- Cash-Plan Value Added	Total share- based payment	Total multiple-year variable remuneration	Fringe benefits EUR k	Total EUR 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>	

## Total remuneration

The total remuneration of the members of the management board came to EUR 11,945k (previous year EUR 6,954k). This breaks down into EUR 2,086k for the fixed basic component (previous year EUR 2,045k including additional benefits), EUR 1,899k for the portion of bonuses payable immediately (single-year variable component; previous year EUR 1,798k) and EUR 2,960k for the value of the 2014 tranche of the Performance Share Plan and the value of retained bonuses on the date of issue (multiple-year variable component; previous year EUR 3,111k).

In connection with the acquisition of Celesio AG by McKesson Corporation, Franz Haniel & Cie. GmbH agreed in fiscal 2013, 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 shareholders in connection with the transaction. This was acknowledged by the supervisory board. For Dr Marion Helmes, the transaction bonus amounted to EUR 3,000k and for Stephan Borchert to EUR 2,000k and was payable in fiscal 2014.

## Post-employment benefits

Marc E. Owen and Alain Vachon do not receive a contribution plan. In the framework of a defined contribution plan an amount of EUR 220k is added to the retirement account of Tilo Köster per year.

A yearly payment of EUR 300k was agreed for Dr Marion Helmes; for Martin Fisher and Stephan Borchert a payment of EUR 220k.

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 at the earliest after the age of 62 years is reached. In the case of disability 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.

For all management board contracts, severance pay is 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 maximum of the remuneration due from the remaining term of the service agreement and does not exceed two years' annual remuneration. If there are any tranches outstanding from the Performance Share Plan when a member of the management board leaves the company before the end of the performance period and these are settled with a target achievement of 100%, however on a pro rata basis using the target value.

## Pension payments

2014	Service costs EUR thsd.	Defined benefit obligation 31/12 EUR k	Expense from pension obligations (HGB) EUR k	Fair value (HGB) 31/12 EUR k
Marc E. Owen (since 16/07/2014 Chairman)	_____ / _____	_____ / _____	_____ / _____	_____ / _____
Tilo Köster (since 23/09/2014)	_____ 107	_____ 107	_____ 83	_____ 83
Alain Vachon (CFO, since 16/07/2014)	_____ / _____	_____ / _____	_____ / _____	_____ / _____
Stephan Borchert (until 22/09/2014)	_____ 202	_____ 3,406	_____ 182	_____ 2,109
Dr Marion Helmes (until 15/07/2014 Speaker of the Management Board and CFO)	_____ 204	_____ 3,799	_____ 171	_____ 2,539
Martin Fisher (until 22/05/2014)	_____ 146	_____ 1,076	_____ 128	_____ 824
<b>Total</b>	<b>_____ 659</b>	<b>_____ 8,388</b>	<b>_____ 565</b>	<b>_____ 5,555</b>



2013	Service costs EUR thsd.	Defined benefit obligation 31/12 EUR k	Expense from pension obligations (HGB) EUR k	Fair value (HGB) 31/12 EUR k
Dr. Marion Helmes Chief Financial Officer Speaker of the Management Board (since 4 July 2013)	289	728	234	596
Stephan Borchert	280	666	218	528
Martin Fisher (since 16 September 2013)	99	99	87	87
Markus Pinger Former Chairman of the Management Board (until 03 July 2013)	124	1,357	104	1,138
<b>Total</b>	<b>792</b>	<b>2,850</b>	<b>643</b>	<b>2,349</b>

## Benefits to members of the management board that left the company in the reporting period

On conclusion of 22 September 2014, Stephan Borchert resigned his position as a member of the management board. His management board employment contract was ended prematurely by mutual agreement as of 31 May 2015. His management board employment contract would have ended on 30 September 2018. Due to the premature termination of the contract, Stephan Borchert is to receive a settlement.

On conclusion of 15 July 2014, Dr Marion Helmes resigned her position as Speaker of the Management Board and Chief Financial Officer. Her management board employment contract was ended prematurely by mutual agreement. Her management board employment contract would have ended on 30 September 2018. Due to the early termination of the contract, Dr Marion Helmes is to receive a settlement.

On 22 May 2014, Martin Fisher resigned his position as member of the management board and terminated his management board employment contract within the required period to 31 August 2014 in accordance with the regulations on change of control. His management board employment contract would have ended on 15 September 2016 and all remuneration components were paid out. The remuneration components for the term of the contract comprise the fixed salary, the bonus as well as the tranches of the Performance Share Plan. Furthermore, contributions to the pension account were approved for the remaining term of the contract.

In connection with their exits from the management board, Stephan Borchert, Dr Marion Helmes and Martin Fisher receive the following benefits:

	EUR THSD.	Remuneration settlement	Contribution commitment to the pension account	Other benefits
Stephan Borchert (until 22/09/2014)	7,814	1,636	35	
Dr Marion Helmes (until 15/07/2014 Speaker of the Management Board and CFO)	10,413	2,209	30	
Martin Fisher (until 22/05/2014)	3,957	599	0	
<b>Total</b>	<b>22,184</b>	<b>4,444</b>	<b>65</b>	

In 2013, benefits of EUR 4,111k 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 dependants received remuneration of EUR 27,570k in the reporting period (previous year EUR 4,440k). Celesio AG has set up pension provisions of EUR 22,796 (previous year EUR 17,354k) for this group of persons. In fiscal 2014, 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 Section 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 EUR 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 Mediation Committee and the Nomination Committee – receives additional annual remuneration of EUR 6,000 for each committee membership, with the chairman of a committee receiving EUR 12,000. The members of the Nomination Committee receive additional annual remuneration of EUR 3,000 for each committee membership, with the chairman of the Nomination Committee receiving EUR 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 EUR 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. Both John H. Hammergren, Chairman of the Supervisory Board, and Paul Julian, member of the supervisory board, have waived their supervisory board remuneration.

The total remuneration of the supervisory board came to EUR 814.4k in 2014 (previous year EUR 975.2k). Of this, EUR 736.7k (previous year EUR 893.7k) pertained to fixed remuneration for membership of the supervisory board. Remuneration for serving on committees came to EUR 47.8k (previous year EUR 54.5k) with attendance fees amounting to EUR 30.0k (previous year EUR 27.0k). The table below shows the remuneration of each supervisory board member:

GRANTED BENEFITS	Marc E. Owen Chairman of the Management Board –				Alain Vachon Member of Management Board - Finance				Tilo Köster Member of Management Board - Legal and Compliance			
	Since 16/07/2014				Since 16/07/2014				Since 23/09/2014			
	2013	2014	2014 (Min)	2014 (Max)	2013	2014	2014 (Min)	2014 (Max)	2013	2014	2014 (Min)	2014 (Max)
Basic components	0	450	450	450	0	225	225	225	0	117	117	117
Fringe benefits	0	8	8	8	0	5	5	5	0	3	3	3
<b>Total</b>	<b>0</b>	<b>458</b>	<b>458</b>	<b>458</b>	<b>0</b>	<b>230</b>	<b>230</b>	<b>230</b>	<b>0</b>	<b>120</b>	<b>120</b>	<b>120</b>
Short-term variable remuneration												
Royalty		248	0	809		158	0	158		81	0	81
Long-term variable remuneration												
Royalty - Share Deferral 2014 (2014–2017)		106	0	213		67	0	134		35	0	70
Performance Share Plan - Tranche 2014 (2014–2016)		292	0	875		115	0	344		44	0	131
Others												
Third party remuneration												
<b>Total</b>	<b>0</b>	<b>647</b>	<b>0</b>	<b>1,897</b>	<b>0</b>	<b>340</b>	<b>0</b>	<b>636</b>	<b>0</b>	<b>160</b>	<b>0</b>	<b>282</b>
Benefit obligations	0	0	0	0	0	0	0	0	0	107	107	107
<b>Total remuneration</b>	<b>0</b>	<b>- 1,105</b>	<b>458</b>	<b>- 2,355</b>	<b>0</b>	<b>570</b>	<b>230</b>	<b>866</b>	<b>0</b>	<b>387</b>	<b>227</b>	<b>509</b>

	Stephan Borchert Member of Management Board - Marketing and Sales				Dr Marion Helmes Speaker of the Management Board and CFO				Martin Fisher Member of Management Board - Operations			
	From 01/08/2011 until 22/09/2014				From 01/01/2012 until 15/07/2014				From 16/09/2013 until 22/05/2014			
GRANTED BENEFITS	2013	2014	2014 (Min)	2014 (Max)	2013	2014	2014 (Min)	2014 (Max)	2013	2014	2014 (Min)	2014 (Max)
Basic components	600	450	450	450	750	525	525	525	200	250	250	250
Fringe benefits	16	12	12	12	16	10	10	10	6	32	32	32
<b>Total</b>	<b>616</b>	<b>462</b>	<b>462</b>	<b>462</b>	<b>766</b>	<b>535</b>	<b>535</b>	<b>535</b>	<b>206</b>	<b>282</b>	<b>282</b>	<b>282</b>
Short-term variable remuneration	0											
Royalty	739	533	0	1,035	947	834	0	1,617	68	425	0	819
Long-term variable remuneration												
Royalty - Share Deferral 2014 (2014–2017)		228	0	456		357	0	714		182	0	364
Performance Share Plan - Tranche 2014 (2014–2016)	0	425	0	1,275	0	700	0	2,100	0	335	0	1,005
Others												
Third party remuneration		2,000	2,000	2,000		3,000	3,000	3,000				
<b>Total</b>	<b>739</b>	<b>3,186</b>	<b>2,000</b>	<b>4,766</b>	<b>947</b>	<b>4,891</b>	<b>3,000</b>	<b>7,431</b>	<b>68</b>	<b>924</b>	<b>0</b>	<b>2,188</b>
Benefit obligations	280	202	202	202	289	204	204	204	99	146	146	146
<b>Total remuneration</b>	<b>1,635</b>	<b>3,850</b>	<b>2,664</b>	<b>5,429</b>	<b>2,002</b>	<b>5,630</b>	<b>3,739</b>	<b>8,170</b>	<b>373</b>	<b>1,370</b>	<b>428</b>	<b>2,616</b>

## ACCRUAL

	Marc E. Owen Chairman of the Management Board		Alain Vachon Member of Management Board - Finance		Tilo Köster Member of Management Board - Legal and Compliance	
	Since 16/07/2014		Since 16/07/2014		Since 23/09/2014	
	2013	2014	2013	2014	2013	2014
Basic components	-	450	-	225	-	117
Fringe benefits	-	8	-	5	-	3
<b>Total</b>	-	458	-	230	-	120
Short-term variable remuneration						
Management bonus		211		135		81
Long-term variable remuneration						
Performance Share Plan - Tranche 2011 (2011–2013)						
Performance Share Plan - Tranche 2012 (2012–2014)						
Performance Share Plan - Tranche 2013 (2013–2015)						
Others						
Third party remuneration						
<b>Total</b>	0	211	0	135	0	81
Benefit obligations	0	0	0	0	0	107
<b>Total remuneration</b>	0	669	0	365	0	308

# ACCRUAL

	Stephan Borchert Member of Management Board - Marketing and Sales		Dr Marion Helmes Speaker of the Management Board and CFO		Martin Fisher Member of Management Board - Operations	
	From 01/08/2011 until 22/09/2014		From 01/01/2012 until 15/07/2014		From 16/09/2013 until 22/05/2014	
	2013	2014	2013	2014	2013	2014
Basic components	600	450	750	525	200	250
Fringe benefits	16	12	16	10	6	32
<b>Total</b>	<b>616</b>	<b>462</b>	<b>766</b>	<b>535</b>	<b>206</b>	<b>282</b>
Short-term variable remuneration						
Management bonus	487	554	625	674		244
Long-term variable remuneration						
Performance Share Plan - Tranche 2011 (2011–2013)		74				
Performance Share Plan - Tranche 2012 (2012–2014)		373		563		
Performance Share Plan - Tranche 2013 (2013–2015)		425		335		84
Others						
Third party remuneration		2,000		3,000		
<b>Total</b>	<b>487</b>	<b>3,426</b>	<b>625</b>	<b>4,572</b>	<b>0</b>	<b>328</b>
Benefit obligations	280	202	289	204	99	146
<b>Total remuneration</b>	<b>1,383</b>	<b>4,089</b>	<b>1,680</b>	<b>5,310</b>	<b>305</b>	<b>755</b>

Not included are remuneration settlements and payments of defined contribution plan after resignation.

2014	Fixed component EUR k	Remuneration for committee work	Attendance fees EUR thsd.	Total EUR thsd.
John H. Hammergren (Chairman since 14/03/2014)	0.0	0.0	0.0	0.0
Stephan Gemkow (Chairman until 13/03/2014)	32.5	4.5	0.5	37.5
Ihno Goldenstein (Deputy Chairman)	97.5	6.0	2.5	106.0
Klaus Borowicz	65.0	6.0	4.0	75.0
Dr. Florian Funck (until 13/03/2014)	16.3	1.5	1.0	18.8
Prof. Dr. Wilhelm Haarmann (since 14/03/2014)	54.2	5.0	2.5	61.7
Paul Julian (since 14/03/2014)	0.0	0.0	0.0	0.0
Jörg Lauenroth-Mago	65.0	0.0	2.0	67.0
Pauline Lindwall	65.0	0.0	2.0	67.0
Susan Naumann	65.0	0.0	2.5	67.5
Ulrich Neumeister	65.0	6.0	4.0	75.0
W.M. Henning Rehder	65.0	12.0	3.5	80.5
Patrick Schwarz-Schütte	65.0	6.0	2.5	73.5
Hanspeter Spek (until 13/03/2014)	16.3	0.8	0.5	17.5
Gabriele Katharina Stall	65.0	0.0	2.5	67.5
<b>Total</b>	<b>736.7</b>	<b>47.8</b>	<b>30.0</b>	<b>814.4</b>



2013	Fixed component EUR k	Variable component EUR k	Remuneration for committee work	Total EUR thsd.
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 May 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 May 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>

In fiscal 2014, as in the previous year, no loans were granted to the 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) and EBIT adjusted. A detailed description of special effects leading to the adjustments on EBIT are described on page 67. 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 express 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 6.4% compared to 10.6% 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 EUR –180.0m in the reporting period compared to EUR –17.4m in the previous year. In comparison to the previous year, value added was significantly impacted by impairment losses recorded on intangible assets in particular. 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

On 6 February 2014, the McKesson Corporation, San Francisco, USA announced the completion of the acquisition of more than 75% of Celesio shares. McKesson is therefore the majority shareholder in Celesio. Sec. 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 EUR 260,122,792.96 as of the end of the reporting year and was divided into 203,220,932 no-par value registered shares. The proportionate nominal value per share is EUR 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 McKesson Corporation and its affiliates (mainly McKesson Deutschland GmbH & Co. KGaA) was 75.92%.
4. On 2 December 2014 a domination and profit and loss transfer agreement between McKesson Deutschland GmbH & Co. KGaA and Celesio AG was registered on the Commercial Register in Stuttgart and became effective. The obligation to transfer the annual profit applies for the first time to the profits generated in the fiscal year of Celesio beginning on 1 January 2015.
5. Employees with shares in the capital of the company may exercise their control rights directly.
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 on or before 16 May 2016 with the consent of the supervisory board by issuing new no-par value registered shares in return for cash contributions or contributions in kind on one or more occasions by a maximum of EUR 65,318,400 (authorised capital 2011). 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. 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 value registered shares in return for cash contributions on one or more occasions by a maximum of EUR 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 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 EUR 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 EUR 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 (4) of the articles of association, the share capital can be contingently increased by up to EUR 21,772,800, split into 17,010,000 no-par value registered shares (contingent 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.
- d) In the event of the share capital being increased, the distribution of profits may be determined in derogation of Sec. 60 AktG.
  - e) 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.
  - f) By resolution of the Annual General Meeting of 16 May 2012, the company is 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.
  - g) 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. The terms of the bonds issued by Celesio Finance B.V. and guaranteed by Celesio AG on 26 April 2010 and 18 October 2012 provide for a right of the bond creditors to terminate the bonds prematurely in case of a change of control. A change of control is deemed to occur when a third party's interest reaches more than 50% of the shares in Celesio AG and a rating of a rating agency with a specific rating is not obtained within a set timeframe. 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 offer.

For the entire management board, severance pay is capped in accordance with the recommendations of the German Corporate Governance Code.

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.

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

The growth of the global pharmaceutical and healthcare markets will continue to be driven primarily by global demographic trends in the coming years (source: IMS Global):

- The global population will continue to increase, rising by over 280 million people by 2018.
- 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 2018 the 65+ age group will make up around 9.3% of the population.
- The number of chronically ill people is continuing to rise. For instance, the number of people suffering from diabetes worldwide is set to increase in most countries. It is estimated that around 592 million people will suffer from diabetes in 2035 (2014: 387 million people). The number of people suffering from cardiovascular disorders will also continue to rise. In Germany alone, demographic change and insufficient prevention efforts were responsible for an increase of 7% in the number of people suffering from myocardial infarction in 2013.

Overall, the global pharmaceutical and healthcare markets will grow by 5.6% per year on average until 2018, when the total volume will reach USD 1.294 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.

## 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 1.8% per year is expected until 2018, according to IMS . This will according to IMS see competition on the European pharmaceutical and healthcare markets remaining high, primarily as a result 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 stricter price and cost refund regulations
- Mandatory rebate and discount regulations



These government cost reduction programmes will cause competition 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 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 – in 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: people's health

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 is to contribute to healthier, more positive lives by providing innovative and effective healthcare services.

Our entire strategy is based on this ultimate goal. We continuously strive to 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 the Celesio strategy and structure. This is the pledge of the company and its employees to customers and society as a whole.

## The way we do business

To reach our ambitious goals, we focus on our five priorities, which are

- Enhance customer value
- Encourage a growth mindset
- Strengthen leadership
- Improve collaboration
- Develop our talent pool.

We will enhance customer value through operational excellence, value added services and broader partnerships. We will leverage the great growth opportunities we see over the years through core growth, consolidation, channel expansion and innovation. In order to achieve growth and emphasise customer value across the board, we need the right people and the right organisation. This is why a leadership team has been set up composed of leaders from Celesio's country management teams and central group functions. In the future, this team will define the strategic and operating priorities of the company.

Fundamental for Celesio's success is an improved collaboration between and amongst countries and group functions. As countries differ greatly in terms of regulations and health care systems, in general decisions should be made as close to the customers as possible, i.e. by the local management. In areas like procurement, EPN or IT it is important that we are acting as a larger entity. Last but not least, developing our employees is an overarching task and management process.

## Slowly improving economy in 2014

2014 saw a slight recovery in the economic environment in the wider world. However, economic development varied greatly in certain countries. Whereas the economic upturn has been progressing in the United States and United Kingdom, the eurozone struggled with a slow upturn in 2014. The geopolitical crisis in Ukraine also put pressure on the situation. Even though the monetary policy remains expansionary within the eurozone, this did not pay off in healthy economic growth. Following the weak economic growth, the ECB cut its main refinancing operations rate to 0.05% in September 2014. The interest rate for the deposit facility for banks was reduced to -0.2% at the same time. For these reasons, experts at the IfW ["Institut für Weltwirtschaft der Universität Kiel": Kiel Institute for the World Economy] put development of GDP for the eurozone at 0.8% for 2014. This development is driven by economically strong countries such as Germany, the United Kingdom and some smaller countries, which are growing. However, Mediterranean countries continued to struggle with dampened growth.

Lower increases in energy and food prices had a dampening effect on inflation.

The United Kingdom saw an increase in economic development. For 2014, GDP was expected to increase by 3.0%.

Scandinavian countries were also able to participate on economic growth above the eurozone average, in particular Sweden (2.2%) and Norway (1.7%). Overall, emerging and developing countries again recorded higher growth rates than traditional industrialised nations in 2014. However, overall growth in Latin America is only expected to reach 1.1% for 2014; inflation is still at a high level and remains at 6.3% for 2014 in Brazil.

## Business development

Group revenue was up on the previous year in both divisions. Most business units, in particular Pharmacy Solutions in Germany, in the United Kingdom, in Norway and in Austria as well as Consumer Solutions in the United Kingdom and in Norway were able to increase revenue significantly or at least within our expectations. Group revenue adjusted for currency effects increased by 4.2%.

As part of the preparation of the interim financial statements as at 30 June 2014, goodwill impairment tests were conducted due to adjusted long-term revenue prospects for our Brazilian activities. Progress has certainly been made to date with the initiated realignment of the Brazilian business units, but not at the desired rate or to the extent planned. This is primarily due to lower than expected contributions from the initiated measures, the increasing consolidation of pharmacy chains, and the direct supply deliveries from manufacturers to pharmacies. As part of this process, a non-cash impairment loss on goodwill of EUR 77.0m was identified for the Brazilian wholesale activities as well as EUR 10.7m now for other intangible assets. This goodwill was primarily due to the acquisitions of Panpharma in 2009 and Oncoprod in 2011. Furthermore, a non-cash impairment loss was recognised on the goodwill of the German wholesale business of EUR 7.0m and other impairments on property, plant and equipment of EUR 6.9m. The adjusted result of fiscal 2014 was – against our expectations – negatively impacted by additional allowances of VAT incentives and additional risks resulting from VAT in Brazil, as well as increased adjustments on receivables in Portugal and Brazil. The operational weak performance in France and Brazil was more than compensated for by the earnings growth in other countries, especially in the British wholesale business and by positive effects from pension accounting changes in Norway.

Overall exchange rates had a positive impact on revenue and on earnings in fiscal 2014, when compared to fiscal 2013. The accounting tax rate rose significantly from 36.3% to 66.7% due to the high level of impairments on goodwill. The adjusted tax rate rose slightly from 34.8% to 34.9%.

Value added came to EUR –180.0m in the reporting period compared to EUR –17.4m in the previous year. In the reporting year ROCE came to 6.4% compared to 10.6% in the previous year. Despite the investments for the expansion of the European pharmacy network, the investment volume remained below the level originally expected due to, among other things, a planned time lag of IT investments.

More detailed information on the course of business of the individual segments can be found in the comments on the divisional revenue and operating results figures → from page 76 and → from page 79.

In the income statement, we show defined non-recurring expenses and income as non-recurring effects in earnings before the investment result, taxes and interest (EBIT). These non-recurring effects amounting to EUR 173.9m weighed on earnings in fiscal 2014. These were mainly due to the impairment in Brazil (EUR 87.7m) and to the impairment of individual intangible assets, mainly from out of use IT infrastructure resulting from the IT strategy realignment mainly in the United Kingdom (EUR 27.4m). Additional non-recurring effects occurred due to provisions for restructuring expenses in the wholesale business in Norway (EUR 3.2m) as well as due to contractual claims from members of the management board who have stepped down and other related obligations (EUR 26.7m) and due to legal and other consultancy expenses in connection with the takeover by McKesson Corporation; (EUR 14.5m). Due to the reduction of long-term expectations in earnings, based on the ongoing discount competition in Germany, the goodwill of the German wholesale business was fully impaired (EUR 7.0m). Additionally, unscheduled depreciation on property, plant and equipment of EUR 6.9m for the German wholesale business was recorded. Moreover, adverse effects of EUR 0.5m were adjusted due to a reversal of allowances in conjunction with additional risks derived from the completed deconsolidation of the Czech activities and the Irish wholesale business.

In fiscal 2013, 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 and in the United Kingdom as well as the continued implementation of efficiency enhancement measures, especially in Italy, totalling EUR 17.0m

In Norway the benefit level of the state-regulated pension scheme was adjusted due to a legislative reform, resulting in past service cost of EUR –36.9m. We continued our top-in-class (TIC) procurement programme with great success. Thereby we achieved further positive contributions to earnings. At the same time, we concentrated on identifying several areas for potential savings for the planned combined sourcing with the McKesson Corporation.

Finally, on 2 December 2014, Stuttgart Higher Regional Court approved the registration of the domination and profit and loss transfer agreement between Celesio AG and McKesson Deutschland GmbH & Co. KGaA, a wholly owned subsidiary of the McKesson Corporation, San Francisco, USA. This event marked a key milestone in the acquisition of Celesio, allowing McKesson and Celesio to operate as an integrated company.

### Revenue

Group revenue came to EUR 22,325.9m in fiscal 2014, up 4.3% on the previous-year figure of EUR 21,407.7m. Market growth in Germany as well as in Brazil and the good revenue performance in the United Kingdom, in Austria and in Norway more than compensated the loss in revenue of the Irish wholesale business, which was consolidated until May 2013. Adjusted for exchange rate losses, mainly related to the Brazilian real but also the Norwegian kroner, more than offset by the British pound sterling, revenue rose by 4.2%.

As in previous years, France once again made the largest contribution to revenue (27.9%; previous year 29.1%), followed by the UK (23.0%; previous year 21.2%) and Germany (20.1%; previous year 19.5%).

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

### Gross profit

Gross profit (revenue less cost of goods sold) rose by 1.2%, but less than revenue in fiscal 2014 from EUR 2,349.9m to EUR 2,379.3m. At EUR 2,380.0m, gross profit adjusted for special effects was above the level of the previous year. At 10.7%, the gross profit margin in the reporting period was below the prior year's figure of 11.0%. Higher rebates to our customers in Germany, a change in the product mix towards high-priced but low margin prescription drugs in France and Germany, lower VAT incentives in Brazil and state-imposed price reduction mainly in the United Kingdom could only be partially offset by central purchasing activities. Additionally adjusted for currency effects, gross profit increased by 0.5%.

### Other income

In fiscal 2014, other income decreased by 5.1% to EUR 208.7m (previous year EUR 220.0m). Despite the proceeds from the disposals of our subsidiary Wilkinson Healthcare in the United Kingdom, other operating income fell due to VAT incentives in Brazil which had been higher in the previous year. Other income adjusted for special effects fell by 5.1%. Additionally adjusted for currency effects other income decreased by 4.9%.

### Other expenses

Other expenses came to EUR 844.6m, up 6.9% on the previous-year level of EUR 790.4m. In the previous year, special effects of EUR 3.1m were eliminated, which rose to EUR 12.1m for legal and other consultancy expenses, concerning in particular the takeover by McKesson Corporation, as well as for restructuring costs in Norway in the wholesale business in fiscal 2014. Adjusted for special effects, other expenses were up 5.7% in fiscal 2014. Unexpected allowances mainly on receivables in Portugal and in Brazil, additional further VAT risks and allowances of VAT incentives in Brazil burdened the development. Cost savings in other business units could only partially compensate for the overall rise in other operating expenses. Additionally adjusted for currency effects, other expenses rose by 6.1%.

### Personnel expenses

At EUR 1,256.0m, personnel expenses rose by 0.7% compared to the previous year's figure of EUR 1,246.7m. Compared to the adjusted previous-year figure, personnel expenses adjusted for special effects arising from integration costs as well as from the payment of compensation to former members of the management board, decreased by 0.8%. Salary increases in Brazil and in Norway as well as the filling of vacancies in the United Kingdom were compensated by savings in several entities. In particular, lower social charges in France and significantly lower pension costs in Norway due to a reduction in governmental pension assurances showed substantial positive contributions. Pension plan amendments in France had an adverse impact on the development. Following additional adjustments for currency effects, personnel expenses improved by 1.5%.

## EBITDA

In fiscal 2014, EBITDA (earnings before interest, taxes, depreciation and amortisation) decreased by 8.5 % on the previous year from EUR 532.8m to EUR 487.4m. Adjusted for special effects, EBITDA decreased by 3.0 % to EUR 532.2m compared to EUR 548.6m in the previous year. At 2.4%, the group's adjusted EBITDA margin is below the previous-year level (of 2.6%). Additionally adjusted for currency effects, adjusted EBITDA fell by 4.9%.

## Depreciation and amortisation

Depreciation and amortisation decreased by 2.9% in the reporting period from EUR 125.0m to EUR 121.3m due to investments in the course of fiscal 2014.

## Unscheduled depreciation and amortisation

As part of preparing the interim financial statements as at 30 June 2014, impairment tests were conducted due to an adjustment in the long-term earnings outlook. As part of this process, a non-cash impairment loss on goodwill and other intangible assets of EUR 87.7m was identified for the Brazilian wholesale activities. This goodwill was primarily due to acquisitions in 2009 and 2011. The impairment results from later and lower than expected contributions from the initiated measures and increases in the direct supply deliveries from manufacturers to pharmacies. Due to the reduction of long-term expectations in earnings, based on the ongoing discount competition in Germany, the goodwill of the German wholesale business was fully impaired (EUR 7.0m). Additionally, unscheduled depreciation on property, plant and equipment of EUR 6.9m for the German wholesale business was recorded.

In addition, other individual impairment losses occurred on intangible assets from the strategic realignment of the IT infrastructure, in particular in the United Kingdom. Impairment losses and unscheduled depreciation and amortisation of intangible assets and property, plant and equipment amounted to EUR 129.1m overall.



## EBIT

EBIT (earnings before interest and taxes) saw a sharp decrease of 41.7% from EUR 406.6m to EUR 237.0m due in particular to the extraordinary impairment loss on the goodwill of the Brazilian and the German activities. Adjusted for special effects, EBIT fell by 3.0% to EUR 410.9m compared to EUR 423.6m in fiscal 2013. On an operational basis, in particular the very good performance in the United Kingdom and Norway as well as supportive developments in other countries could compensate for the unfavourable trends in Brazil and France. However, write-offs of sales tax credits and VAT incentives in Brazil as well as additional allowances on receivables in Portugal and in Brazil led to a decrease of EBIT of overall EUR 34.8m. Additionally adjusted for currency effects, EBIT declined by 5.4%.

Taking into account the holding's expenses incurred in euro, the foreign currency share in EBIT increased by 25.3 percentage points. Due to the impairment in Brazil the contribution from currencies other than the EUR and the GBP is negative overall. The EUR contribution is reduced due to the payment of compensation to former members of the management board and due to the increased allowances on receivables in Portugal. These exceptional effects skew the percentage weight of the currencies.

EBIT BY CURRENCY	2013		2014	
	EUR m	%	EUR m	%
<b>Group total</b>	<b>406.6</b>	<b>100.0</b>	<b>237.0</b>	<b>100.0</b>
EUR	85.7	21.1	-10.0	-4.2
GBP	240.0	59.0	263.6	111.2
Others	80.9	19.9	-16.6	-7.0

### Investment result

At 13.9m, the investment result was up 21.1% on the previous-year level of EUR 11.5m. This was primarily attributable to the positive development of the Dutch investment Brocacef Holding N.V. in the reporting period.

### Financial result

The financial result, the balance of the items interest expense, interest income and other financial result, improved to EUR –92.1m in the reporting period, compared to EUR –149.4m in the previous year. This was primarily due to the drop in interest expenses resulting from the convertible bonds, which were converted in several tranches from January till May of the reporting period as well as the favourable level of interest rates and currency effects. Adjusted accordingly, the interest coverage ratio was 4.5 (previous year 2.8). The unadjusted interest coverage ratio came to 2.6 (previous year 2.7).

### Profit before tax

Profit before taxes was down 40.9% from EUR 268.7m to EUR 158.8m in the fiscal year. Adjusted for special effects, profit before taxes came to EUR 332.7m compared to EUR 285.7m in fiscal 2013, a rise of 16.5%, mainly due to the favourable financial result.

### Income taxes

With EUR 103.8m (previous year EUR 97.5m), the tax expenditure increased by 8.6% to in the fiscal year. This gives an effective tax rate of 66.7% for the reporting period compared to 36.3% in fiscal 2013. Adjusted for special effects, the tax rate would have been 34.9% compared to 34.8% in fiscal 2013. Fiscal optimisation measures and the changes in the composition of the earnings contributions of the individual country units could not compensate burdens from the performance in Brazil, in Sweden and in Germany.

### Net profit/loss from continuing operations

The net profit from continuing operations at the Celesio Group came to EUR 52.9m, a decrease of 69.1% on the figure for fiscal 2013 of EUR 171.2m. After adjustments for special effects, net profit from continuing operations, at EUR 217.2m, was up 16.2% on the previous year's figure of EUR 186.4m. The basic earnings per share of the Celesio Group decreased from EUR 0.97 in the previous year to EUR 0.25. Diluted earnings per share came to EUR 0.25, following EUR 0.95 in fiscal 2013.

### Net profit/loss from discontinued operations

The net loss incurred by discontinued operations came to EUR –0.5m compared to a net loss of EUR –4.8m in fiscal 2013. The basic and diluted earnings per share therefore came to EUR 0.00 compared to EUR –0.03 in fiscal 2013.

### Net profit/loss

Net profit from continuing and discontinued operations came to EUR 52.4m compared to a net profit of EUR 166.4m in fiscal 2013. Accordingly, basic and diluted earnings per share came to EUR 0.25 compared to EUR 0.94 in the previous year.

CELESIO GROUP REVENUE AND OPERATING RESULTS	2013		2014		Change on EUR basis %	Change in local currency %
	EUR m	of revenue %	EUR m	of revenue %		
Revenue	21,407.7	100.0	22,325.9	100.0	4.3	4.2
Gross profit	2,349.9	11.0	2,379.3	10.7	1.2	0.5
adjusted <sup>1)</sup>	2,349.5	11.0	2,380.0	10.7	1.3	0.5
EBITDA	532.8	2.5	487.4	2.2	-8.5	-10.6
adjusted <sup>1)</sup>	548.6	2.6	532.2	2.4	-3.0	-4.9
EBIT	406.6	1.9	237.0	1.1	-41.7	-46.0
adjusted <sup>1)</sup>	423.6	2.0	410.9	1.8	-3.0	-5.4
Profit before taxes	268.7	1.3	158.8	0.7	-40.9	/
adjusted <sup>1)</sup>	285.7	1.3	332.7	1.5	16.5	/
Net profit from continuing operations	171.2	0.8	52.9	0.2	-69.1	/
adjusted <sup>1)</sup>	186.4	0.9	216.6	1.0	16.2	/
Net profit from discontinued operations	-4.8	0.0	-0.5	0.0	89.6	/
<b>Net profit/loss from continuing and discontinued operations</b>	<b>166.4</b>	<b>0.8</b>	<b>52.4</b>	<b>0.2</b>	<b>-68.5</b>	<b>/</b>

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

### Investments and capital expenditures

Investments and capital expenditures of continuing operations recognised in the statement of financial position increased in fiscal 2014 to EUR 165.4m (previous year EUR 104.7m). In line with the company's internal reporting guidelines, Celesio differentiates between investments in acquisitions and new pharmacies and capital expenditures of the operating business.

At EUR 31.5m, investments in acquisitions and new pharmacies rose above the previous-year level of EUR 6.4m. In fiscal 2014, we opened twenty, acquired sixteen, closed four and sold twenty-three pharmacies due to ongoing optimisation of our portfolio, particularly in Norway and Ireland.

In fiscal 2014, the capital expenditures of Celesio for its operating business totalled EUR 133.8m compared to EUR 98.4m in fiscal 2013, a 36.1% rise in the investment level. This development primarily reflects the very low investment level in fiscal 2013, higher investments for the expansion of EPN concept, higher investments in the modernization of our branch network and higher IT investments.

## Changes in the investment portfolio

On 6 August 2014, Celesio AG announced the completion of the transfer of the remaining 40% of the *Brazilian* company Oncoprod S.A., São Paulo. Celesio has held a majority stake of 60% in the company since September 2011. The transaction was concluded by 5 August 2014. In the course of the transaction, the contractually agreed earn-out component was settled with Oncoprod shares. In addition, Celesio was reimbursed for defined risk from periods prior to the initial acquisition. Those claims were also settled by the former owners with shares.

On 9 December 2014 Celesio announced that *Brocacef Group*, a joint venture of the PHOENIX Group and Celesio, intends to purchase Mediq Apotheken Nederland B.V. In addition to pharmacies and the pharmaceutical wholesale distribution business, the acquisition will also involve pre-wholesale activities. The acquisition is subject to the approval of the relevant competition authorities. The takeover has no impact on the financial situation of Celesio in fiscal 2014.

In December 2014, we sold our entity Wilkinson healthcare, which is specialised in supplying medical devices and appliances in the *United Kingdom*.

## Market environment and business development

Celesio is one of the largest pharmacy operators in Europe. As of the end of fiscal 2014 Celesio operated 2,184 retail pharmacies (previous year 2,175) in six countries.

In fiscal 2014, we opened twenty, acquired sixteen, closed four and sold twenty-three pharmacies due to ongoing optimisation of our portfolio.

In our Consumer Solutions division we cater to 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. In the *United Kingdom*, for instance, we successfully expanded our business with institutional clients such as hospitals or correctional facilities in the fiscal year.

The expansion of the European pharmacy network has also taken effect and will allow us to grow even stronger in fiscal 2015.

Austerity measures, in particular in the *United Kingdom* and *Ireland* had a negative effect on the market in the reporting period. The substitution of cheaper generic drugs for original products also continued. Nevertheless, in the *United Kingdom* in particular, growth in revenue was achieved by higher sales volumes and an increase in service agreements.

Despite the tough economic environment and continuing cutbacks in many countries, the Consumer Solutions division performed well in fiscal 2014. After adjustments for currency effects a considerable increase in revenue was achieved, which was also reflected in a pleasing increase in adjusted results.

## Revenue and earnings development

### Revenue

Revenue in the Consumer Solutions division increased by 7.8% in fiscal 2014 from EUR 3,411.9m to EUR 3,677.8m. Service agreements with hospitals and the growing homecare business (Evolution Homecare) had a particularly positive effect on revenue in the *United Kingdom*. The performance was supported by positive portfolio effects in *Norway*, in *Ireland* and in *Sweden* but also by positive currency exchange rate effects from the British pound. All countries recorded a pleasing development in revenue except for *Belgium*. Adjusted for currency effects, revenue increased by 5.5%.

### Gross profit

In fiscal 2014, the division's gross profit increased by 4.4% from EUR 1,178.7m to EUR 1,230.9m. Compared to fiscal 2013, the adjusted gross profit increased by 4.5% from EUR 1,178.3m to EUR 1,230.9m in the reporting period. The gross profit margin decreased from 34.5% in the previous year to 33.5% in fiscal 2014. The governmental measures in place in the *United Kingdom* since October 2013 and additional measures in Ireland in 2014 continue to weigh on the gross profit margin. Moreover, higher sales and service volumes with lower-margin products put pressure on the overall gross profit margin, particularly in the *United Kingdom*. This was partially offset by improved purchasing conditions in many countries. Adjusted for currency effects, gross profit increased by 2.5% compared to the previous year.

### Other income

Other income increased by 22.1% in the reporting period to EUR 46.2m compared to EUR 37.8m in fiscal 2013, mainly due to higher income from the sale of pharmacies in the *United Kingdom*. Adjusted for currency effects, there was an increase of 21.3%.

### Other expenses

Other expenses increased by 6.3% from EUR 341.1m to EUR 362.7m. Adjusted for special effects, other expenses increased by 6.0%. Major costs drivers were based on the expansion of the European pharmacy network and growing transportation costs especially in the *United Kingdom* as well as in *Norway*. Additionally adjusted for currency effects, other expenses were up by 4.0%.

### Personnel expenses

Personnel expenses decreased by 2.6% in fiscal 2014 from EUR 611.3m to EUR 595.4m. Adjusted for special effects, personnel expenses fell by 2.1%. This development is primarily due to a substantial reduction in governmental pension assurances in *Norway*. Additionally adjusted for currency effects, personnel expenses decreased by 4.2%.

## EBITDA

Compared to the previous-year, the division's EBITDA (earnings before interest, taxes, depreciation and amortisation) increased by 20.8% from EUR 264.2m to EUR 319.0m. Adjusted for special effects, EBITDA for fiscal 2014 increased by 19.9% from EUR 267.0m in the previous year to EUR 320.1m. Adjusted for special effects, the EBITDA margin increased by 0.9 percentage points to 8.7%.

Adjusted for currency effects, EBITDA increased by 18.7%.

## EBIT

EBIT (earnings before interest and taxes) amounted to EUR 240.3m compared to EUR 202.8m in the previous year, a rise of 18.5%. The development was adversely affected by impairment losses incurred on intangible assets from the out-of-use IT infrastructure in context with the strategic realignment of the IT infrastructure, especially in the *United Kingdom*. Adjusted for those special effects; adjusted EBIT increased by 26.7% from EUR 206.9m to EUR 262.0m. Besides the substantial positive contribution from the reduction in pensions costs in Norway, above all, central purchasing activities improved earning power in all countries. Additionally, the increase was supported by the ongoing positive trend in revenue, mainly due to higher sales in non-prescription items, especially in the *United Kingdom*, *in Norway*, *in Sweden* and *in Italy* as well as higher volumes in prescription sales *in the United Kingdom*. However, performance in *Belgium* and in *Ireland* did not meet our expectations. Additionally adjusted for currency effects, EBIT increased by 25.7%.

REVENUE BY COUNTRY - CONSUMER SOLUTIONS	Revenue 2013	Revenue 2014	Changes on EUR basis	Changes in local currency	Retail Pharmacies 31/12/2014
	EUR m	EUR m	%	%	Number
United Kingdom	2,248.9	2,497.0	11.0	5.4	1,545
Norway	569.5	579.4	1.7	9.0	210
Italy	206.4	211.2	2.3	2.3	168
Ireland	123.7	125.5	1.4	1.4	83
Belgium	124.9	122.5	-1.9	-1.9	95
Sweden	136.2	140.5	3.2	8.5	83
Germany	2.3	1.7	-27.4	-27.4	/
Consolidation	0.0	0.0	/	/	/
<b>Total</b>	<b>3,411.9</b>	<b>3,677.8</b>	<b>7.8</b>	<b>5.5</b>	<b>2,184</b>



## 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. Price and margin on prescription pharmaceuticals are usually government-regulated.

With 133 wholesale branches (previous year 133), Celesio subsidiaries are active in ten European countries and also in Brazil.

Celesio leads the market in *France*, in *Norway* and in *Austria*, and is one of the top players 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. Celesio offers supplementary services for pharmacists such as the organisation and management of pharmacy cooperation programmes in *Germany*, in *France*, in *Belgium* and in *Norway*. 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.

The pharmaceutical wholesale business operates in a relatively stable market environment that is not directly dependent on economic stability. 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 discount level in *Germany* is still higher when compared with the prior-year period, but is slowly cooling down since the first quarter of 2014. The discount level will presumably not come down to the level of 2012 in the foreseeable future.

In addition, impairments on the goodwill in *Brazil* and *Germany*, impacted on the earnings for the segment.

The development of Pharmacy Solutions therefore displayed two disparate trends in fiscal 2014. The pleasing development in the *United Kingdom* and *Norway* was contrasted by the negative development in *Germany*, *Brazil*, *France* and *Belgium*. Overall, the positive development in the *United Kingdom* and *Norway* could not compensate for allowances mainly on receivables in *Portugal* and in *Brazil*, for further VAT risks and for allowances on VAT incentives in *Brazil*.

## Revenue and earnings development

### Revenue

In fiscal 2014, the Pharmacy Solutions division generated revenue of EUR 18,648.6m compared to EUR 17,996.0m in the previous year, an increase of 3.6%. Currency effects, caused by the Brazilian real, as well as the deconsolidation of the *Irish* wholesale business in May 2013 weighed on business performance in the reporting period. This was more than offset by positive sales growth in *Germany*, in the *United Kingdom*, in *Norway*, in *Austria* and in *Brazil* as well as some of the smaller entities. Adjusted for currency effects, revenue increased by 4.0%.

### Gross profit

In fiscal 2014, the division's gross profit decreased by 1.9% from EUR 1,171.2m to EUR 1,148.5m. Adjusted for special effects, gross profit declined by 1.9%, too. The gross profit margin of 6.2% in fiscal 2014 remained below the previous-year level of 6.5%. Here, the trend in the margin was affected by the discount competition in *Germany*. The discount level in *Germany* is still higher when compared with the prior-year period, but is slowly cooling down since the first quarter of 2014. The discount level will presumably not come down to the level of 2012 in the foreseeable future. Furthermore, we recorded an additional levelling off of the gross profit margin as a result of lower VAT incentives in *Brazil* and increasing sales figures in the high-priced, but low-margin segment of prescription drugs in *France* and in *Germany*. This was partially offset by good hospital sales in *Norway*. Additionally, adjusted for currency effects, gross profit fell by 1.5%.

### Other income

Other income decreased by 3.7% from EUR 250.3m to EUR 241.0m in fiscal 2014. This decrease is primarily due to income from Brazilian VAT receivables in the previous year period. Adjusted for special effects other income decreased by 3.6%. Additionally, adjusted for currency effects, there was a decrease of 4.2%.

### Other expenses

Other expenses reported a considerable increase of 8.9% from EUR 476.1m to EUR 518.3m. Adjusted for special effects, other expenses increased by 8.8%. Despite positive effects from currency effects and other expenses of the *Irish* wholesale operations accounted for until May 2013, other expenses recorded an increase. This is caused by additional allowances mainly on receivables in Portugal and in Brazil due to worsening creditworthiness of customers, as well as allowances on VAT incentives and further VAT risks in Brazil due to a lack of feasibility. Additionally adjusted for currency effects, other operating expenses increased by 10.4%.

### Personnel expenses

Personnel expenses decreased in the reporting period, falling by 0.2% from EUR 591.7m to EUR 590.3m. Adjusted for special effects, personnel expenses increased by 0.3%. Personnel expenses of the *Irish* wholesale operations were only accounted for until May 2013 and currency effects reduced this increase. Additionally adjusted for currency effects, personnel expenses increased by 1.0% in the past fiscal year. Pension plan amendments in France and increased costs in *Brazil* had a negative impact on the development. These effects were nearly offset by pension effects in *Norway* and cost savings due to lower personnel expenses in *Germany*.

### EBITDA

Compared to the previous year, EBITDA (earnings before interest, taxes, depreciation and amortisation) decreased by 20.6% from EUR 353.6m to EUR 280.8m. In fiscal 2013, adjustments of EUR 5.9m were made. In fiscal 2014, special effects totalled EUR 3.8m. Adjusted EBITDA fell by 20.8% in comparison to the previous-year period. Considered in local currencies, adjusted EBITDA fell by 22.9%.

## EBIT

The division's EBIT (earnings before interest and taxes) decreased by 58.0% in the past fiscal year from EUR 301.4m to EUR 126.7. EBIT adjusted for special effects decreased by 23.3% from EUR 307.3m in the previous year to EUR 235.8m in fiscal 2014. On the one hand we recorded a pleasing development in the *United Kingdom*, resulting from higher earnings contributions derived from higher sales of generics, as well as a positive course of business in *Norway* and in *Austria*. On the other hand we saw challenging conditions in *Germany*, in *Brazil*, in *Portugal*, in *France* and in *Belgium*. Additionally adjusted for currency effects, adjusted EBIT fell by 25.9%.

REVENUE BY COUNTRY - PHARMACY SOLUTIONS	— Revenue 2013	- Revenue 2014	Changes on	Changes in	Branches
	EUR m	EUR m	EUR basis	local currency	31/12/2014
			%	%	Number
United Kingdom	2,286.2	2,628.1	15.0	9.1	18
France	6,239.8	6,237.7	0.0	0.0	44
Germany	4,181.7	4,490.8	7.4	7.4	19
Brazil	1,756.0	1,679.3	-4.4	4.5	25
Austria	1,098.1	1,156.5	5.3	5.3	7
Norway	621.8	670.3	7.8	15.5	2
Portugal	471.0	476.1	1.1	1.1	7
Belgium	460.8	436.0	-5.4	-5.4	5
Denmark	389.2	433.8	11.4	11.4	2
Slovenia	245.9	258.5	5.1	5.1	2
Italy	168.4	205.4	22.0	22.0	2
Ireland <sup>1)</sup>	97.4	0.0	-100.0	-100.0	0
Consolidation	-20.3	-23.9	-17.3	-17.9	/
<b>Total</b>	<b>17,996.0</b>	<b>18,648.6</b>	<b>3.6</b>	<b>4.0</b>	<b>133</b>

1) Until May 2013

## Statement of cash flows

The net cash flow from operating activities comes to EUR 222.3m for continuing operations in fiscal 2014. This compares to cash flow of EUR 405.7m generated in the previous-year period. This trend was primarily the result of changes in operating net assets. The improved revenue development in Germany and in Brazil when compared to the previous year, contributed to this result. Net cash flow from operating activities came to EUR 0.0m for discontinued operations, compared to EUR 5.8m in the previous year.

The net cash flow from investing activities for continuing operations amounted to EUR –129.8m, compared to EUR –58.2m in the previous year. In the previous-year period, the net cash flow was driven primarily by the cash received from purchase price receivables 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. By contrast, payments made in connection with the acquisition of pharmacies in Ireland and Norway led to the higher cash outflow from business combinations at year-end as compared to the previous year. For discontinued operations, net cash flow from investing activities came to EUR 0.0m, in contrast to the net cash flow of EUR 10.0m in the previous year driven mainly by the purchase price payments received for the DocMorris mail-order pharmacy and Movianto Ireland.

Cash and cash equivalents came to EUR 335.8m as of 31 December 2014, a decrease of EUR 199.9m compared to the end of 2013.

Free cash flow, the balance of net cash flow from operating activities, net cash flow from investing activities and interest paid and received, totalled EUR –14.6m for continuing operations in fiscal 2014 compared to EUR 242.8m in the previous year. This change resulted from the significantly lower cash inflow from operating activities.

EUR M	2013	2014	Dev.
Net cash flow from operating activities			
- continuing activities	405.7	222.3	-183.4
Net cash flow from investing activities			
- discontinued operations	-58.2	-129.8	-71.6
Interest paid and received	-104.7	-107.1	-2.4
<b>Free cash flow</b>	<b>242.8</b>	<b>-14.6</b>	<b>-257.4</b>
Payments made to shareholders (including non-controlling interests)			
	-52.2	-53.0	-0.8
Net cash flow from change in borrowings	-188.0	-132.1	55.9
Payments made in connection with the change in ownership interests in subsidiaries that do not result in a loss of control	0.0	-13.0	-13.0
<b>Net change in cash and cash equivalents</b>	<b>2.6</b>	<b>-212.7</b>	<b>-215.3</b>
Net foreign exchange rate difference	-6.6	12.7	19.3
<b>Change in cash and cash equivalents</b>	<b>-4.0</b>	<b>-200.0</b>	<b>-196.0</b>

Net debt decreased from EUR 1,363.4m as of 31 December 2013 to EUR 867.0m as of the 2014 reporting date. This change primarily resulted from the convertible bonds, which were converted in several tranches from January until May of the reporting period. The key performance indicator net debt/EBITDA (adjusted) was successfully lowered from 2.49 as of 31 December 2013 to 1.63 as of the 2014 reporting date.

Cash outflow from financing activities amounted to EUR -305.1m in the reporting period compared to a cash outflow of EUR -344.9m in the previous-year reporting period. The cash outflow related exclusively to continuing operations in the reporting period. In comparison with the previous-year period, cash inflow from borrowing fell by EUR 89.3m, while cash outflow for the settlement of financial liabilities fell by EUR 145.2m.

As part of the acquisition of the full takeover of the remaining 40 percent of the Brazilian company Oncoprod S.A., São Paulo, cash outflows were recorded in the context of changes in subsidiaries (without change in control) with an amount of EUR 13.0m.

As of 31 December 2014, net working capital amounted to EUR 1,276.5m (previous year EUR 1,143.7m).

	31/12/2013	31/12/2014	Change in statement of financial position	Net change in cash and cash equivalents continuing operations*
EUR m				
Inventories	1,597.8	1,745.1	147.3	-160.2
Trade receivables	2,082.7	2,298.4	215.7	-224.5
Trade payables	2,384.6	2,553.1	168.5	120.6
Net operating assets	152.2	213.9	61.7	59.0
<b>Net operating assets</b>	<b>1,143.7</b>	<b>1,276.5</b>	<b>132.8</b>	<b>-205.1</b>
<b>Other assets and liabilities</b>	<b>-440.5</b>	<b>-518.9</b>	<b>-78.4</b>	<b>-54.1</b>
<b>Net cash flow from change in net working capital</b>				<b>-259.2</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. As with all of financial liabilities of Celesio, the financing agreements concluded in 2014 also did not contain any financial covenants.

FINANCIAL LIABILITIES	31/12/2011	31/12/2012	31/12/2013	31/12/2014
EUR m				
Liabilities to banks	254.9	145.5	168.0	257.4
Promissory notes and bonds	1,779.4	1,912.4	1,713.6	935.6
Lease liabilities	20.1	14.8	10.8	7.5
Other financial liabilities	12.6	10.2	6.7	2.3
<b>Group/total</b>	<b>2,067.0</b>	<b>2,082.9</b>	<b>1,899.1</b>	<b>1,202.8</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 the last twelve months adjusted EBITDA).

	31/12/2011	31/12/2012	31/12/2013	31/12/2014
<b>Net Debt/adjusted EBITDA</b>	<b>2.90</b>	<b>2.70</b>	<b>2.49</b>	<b>1.63</b>



## 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 the respective bank if we determine that continuation would no longer make sense for either party and take this relationship to new banks where it is sensible to do so in the long-term. Celesio currently has long-term bilateral and syndicated lines of credit which have not been drawn totalling more than EUR 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, except for the EUR 500m syndicated loan, contains a change of control clause.

### Bonds

Celesio had two bonds outstanding in fiscal 2014:

	31/12/2013	31/12/2014	Coupon	Maturity
EUR m			%	
Convertible bond 2014	350.0	0.0	3.75	29/10/2014
Corporate bond 2016	350.0	349.7	4.00	18/10/2016
Corporate bond 2017	500.0	499.7	4.50	26/04/2017
Convertible bond 2018	350.0	0.0	2.50	07/04/2018
<b>Total EUR</b>	<b>1,550.0</b>	<b>849.4</b>		

The changes in convertible bonds and the corporate bonds as well as the syndicated loan impacted the financing portfolio in 2014. Regarding the convertible bonds, the creditors – on account of McKesson's successful acquisition – had 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. The majority of the convertible bonds were converted while the remaining minor share of outstanding convertible bonds was collected by a clean up call. There are no convertible bonds outstanding as of the end of December 2014.

For the corporate bonds, in the event that a rating event (as defined in the terms and conditions of the bonds) occurs within 90 days after a change of control, the creditors 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. Due to the stock exchange price of the corporate bonds, investors requested a repayment of a nominal value of EUR 0.6m only.

### Promissory notes

In fiscal 2014, we made use of the right of termination of two promissory notes: on 17 June 2014 EUR 27.5m was prepaid and on 2 January 2015 EUR 50.0m was prepaid from the promissory note which was terminated on 15 December 2014. Due to the cancellation of the latter, the maturity of the EUR 50.0m promissory note was reduced from 17 June 2019 to 2 January 2015. In addition, promissory notes with a nominal value of EUR 50m and GBP 40m matured in fiscal 2014.

PROMISSORY NOTES (NOMINAL VALUE)	31/12/2013	31/12/2014	Maturity
EUR m			
_____	50.0	/	15/06/2014
_____	27.5	/	15/09/2016
_____	50.0	50.0	02/01/2015
_____	40.0	40.0	17/06/2019
<b>Total EUR</b>	<b>167.5</b>	<b>90.0</b>	

PROMISSORY NOTES (NOMINAL VALUE)	31/12/2013	31/12/2014	Maturity
GBP m			
_____	/	/	15/03/2013
_____	40.0	/	15/06/2014
<b>Total GBP</b>	<b>40.0</b>	/	

As of 31 December 2014, promissory notes came to a nominal value of EUR 90.0m (previous year EUR 215.5m).

### Factoring

In fiscal 2014, 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 EUR 158.7m as of year-end (previous year EUR 137.5m). Our Norwegian subsidiary Norsk Medisinaldepot also continued factoring its receivables from public-sector hospital pharmacies. The receivables sold in Norway had a volume of EUR 43.2m as of year-end (previous year EUR 44.4m). Further receivables have initially been sold by our Swedish subsidiary Admenta Sweden to the amount of EUR 5.0m (previous year EUR 0.0m).

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.

### Investments

In fiscal 2014, 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 the Celesio 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 2014, 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 fiscal 2014 is provided from → page 142 onwards of the notes to the consolidated financial statements.

As of 31 December 2014, the Celesio Group had total assets of EUR 7,829.6m; an increase of EUR 231.3m compared to 31 December 2013.

The gearing, which expresses the ratio of net debt to equity, consequently improved as of 31 December 2014 to 0.31 compared to 0.62 as of 31 December 2013. This development was mainly driven by the conversion of the convertible bonds into equity.

Non-current assets increased by a total of EUR 0.4m to EUR 3,037.4m compared to the end of 2013. Of this amount, EUR 93.1m related to currency effects and EUR 116.6m related to changes in investment in property, plant and equipment. This was adversely affected by the depreciation of non-current assets and property, plant and equipment of EUR 121.3m, impairments on property, plant and equipment of the wholesale business in Germany of EUR 6.9m as well as impairment losses on goodwill at the Brazilian subsidiaries of EUR 77.0m as well as on the wholesale business in Germany of EUR 7.0m. Additionally, a depreciation of other intangible assets of EUR 10.7m in Brazil as well as software to the amount of EUR 27.4m, mainly in the United Kingdom, was recorded.

As of 31 December 2014, current assets came to EUR 4,792.2m an increase of EUR 231.7m compared to 31 December 2013. Trade receivables rose by EUR 215.7m to EUR 2,298.4m, primarily due to higher receivables in the United Kingdom and Germany, triggered by revenue growth. Currency effects amounting to EUR 23.6m also had a positive impact on trade receivables. Inventories increased by EUR 147.3m to EUR 1,745.1m as at 31 December 2014. This is mainly the result of higher stock levels in Brazil, Germany and the United Kingdom compared to the previous year and a positive currency effect of EUR 20.3m. As of 31 December 2014, cash and cash equivalents came to EUR 335.8m compared to EUR 535.7m as of 31 December 2013; a decrease of EUR 199.9m overall.

As of 31 December 2014, other receivables and other assets increased by EUR 30.8m to EUR 353.7m. This trend was essentially driven by exchange rate effects and higher VAT receivables. As of 31 December 2014, the Celesio Group reported assets as held for sale of EUR 1.0m. The fall of EUR 1.5m compared with 31 December 2013 is due to the sale of property held for sale.

As at the reporting date, we recorded a EUR 569.5m increase in equity capital to EUR 2,761.5m compared to the end of 2013. This trend is primarily attributable to the conversions of convertible bonds. The equity ratio stood at 35.3% on 31 December 2014. This equates to an increase of 6.5 percentage points compared to the end of December 2013.

Non-current liabilities decreased by an aggregated EUR 347.5m to EUR 1,491.1m. The decrease includes a EUR 403.9m decrease in non-current financial liabilities to EUR 992.1m as of the reporting date, mainly due to the conversions of the 2018 convertible bonds. Deferred tax liabilities increased by EUR 18.8m to EUR 22.9m as of the reporting date. This was offset by an increase in pension provisions of EUR 57.2m to EUR 394.0m mainly due to interest rate effects leading to actuarial losses.

Current liabilities stood at EUR 3,577.0m as of the reporting date and were consequently down by EUR 9.3m compared to 31 December 2013. Current financial liabilities decreased by EUR 292.4m to EUR 210.7m. This is primarily attributable to the conversions of the 2014 convertible bonds. Trade payables (EUR 2,553.1m as of 31 December 2014 compared to EUR 2,384.6m at the end of 2013) and other liabilities (EUR 571.7m compared to EUR 472.6m as of 31 December 2013) were primarily influenced by the increase in the United Kingdom and currency and reporting date-related effects.

The annual financial statements of Celesio AG reflect the company's activity 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 short-term resource requirements of the operating companies are predominantly financed via Celesio AG. The annual financial statements of Celesio AG were compiled in euro (EUR) in accordance with Section 242 et seq. and Section 264 et seq. of the Handelsgesetzbuch (HGB, German Commercial Code) and the relevant regulations of the Aktiengesetz (AktG, German Stock Corporation Act).

As of 31 December 2014 the balance sheet total increased by EUR 621.9m to EUR 4,605.2m. The fixed assets increased by EUR 642.5m to EUR 2,700.4m, while the current assets fell by EUR 10.1k. The increase in the fixed assets is fundamentally a result of intangible assets due to investments in software and a result of financial assets from the allocation of new, long-term loans to affiliated companies.

In fiscal 2014, the loans to affiliates thereby rose mainly due to an interest bearing loan with an amount of EUR 757.5m, which was granted to Admenta UK Limited, Coventry, United Kingdom. Furthermore, the loans to affiliates include a loan receivable against McKesson France Holding SAS, Saint-Quen, France with a preliminary nominal value of EUR 630,000k, which results from an intercompany sale without realisation of profit and which therefore has a carrying amount of EUR 0k. In the reporting period, the Celesio AG sold its shares in the subsidiary Admenta France to the previously non-operative subsidiary McKesson France McKesson France, which the Celesio AG had acquired previously for this specific reason. A preliminary purchase price of EUR 900.0m was agreed upon as consideration. The company subsequently put up a partial amount of EUR 270.0m of the agreed purchase price as a contribution to the equity of the purchaser and agreed on a long-term interest-bearing loan with it for the remaining amount. The shares in McKesson France Holding were measured with the previous carrying amount of the transferred shares of around EUR 116.0m. The company's remaining loan receivable for the residual purchase price has not yet been recognised in the annual financial statements of Celesio AG.

The equity capital of Celesio AG increased by EUR 1,299.9m to EUR 3,125.5m. The equity ratio increased by 22.1%-points to 67.9% (previous year 45.8%) in particular through the increase of share capital from the conversion of convertible bonds. The annual net income for 2014 increased by EUR 598.0m to EUR 677.9m (previous year EUR 79.9m). The annual net income consists fundamentally of the

earnings from shareholdings, interest result and income from cost allocations to subsidiaries.

The increase in the annual net income of Celesio AG fundamentally results from an increase from the sale of participations and in the earnings distributed from shareholdings and other income.

The earnings from shareholdings consist of the transfer of profits from domestic subsidiaries and profit distributions from foreign subsidiaries, as well as changes in the value of financial assets. Shareholding earnings increased compared to the previous year by EUR 612.9m to EUR 765.1m due to significant higher dividend income from intercompany dividends mainly from the subsidiary in the United Kingdom. Moreover, write-up of the financial assets (EUR 33.1m) relating to shares in affiliates in Italy, Slovenia and Ireland as well as impairment of financial assets (EUR 100.9m) relating to shares held in affiliates in Belgium, Germany, Denmark and Ireland were recorded. The other income increased compared to 2013 by EUR 30.3m. This is fundamentally a result of an increase in income from management fee and the reversal of provisions.

The net expenditure for the management holding consists primarily of personnel expenses and other expenses. The increase in personnel expenses by EUR 23.4m is mainly due to settlement agreements with management board members who have stepped down and an increase in the number of employees from 275 to 333 in 2014. The increase in other expenses of EUR 39.0m to EUR 177.4m (previous year EUR 138.3m) fundamentally results from consultancy and personnel service costs.

On the basis of the domination and profit and loss transfer agreement of 22 May 2014, McKesson Deutschland GmbH & Co. KGaA guarantees external shareholders of Celesio AG the payment of a guaranteed dividend for fiscal 2014 of EUR 0.83 per share and has declared to the Management Board of Celesio AG that it is prepared to pay this out in the full amount to the external shareholders for fiscal 2014. The external shareholders of Celesio AG thereby receive the guaranteed dividend of EUR 0.83 per share for fiscal 2014.

As a result, the following resolution has been proposed:  
The annual net income of EUR 677,970k and the retained earnings from the previous year of EUR 31,327k result in a net retained profit of EUR 709,297k (previous year EUR 82,357k). It is proposed to the Annual General Meeting that the net retained profit of EUR 709,297k for fiscal 2014 is fully transferred to other revenue reserves.

The business and earnings development of Celesio AG as a management holding is closely connected to that of the Celesio Group. The earnings of Celesio AG in fiscal 2015 and 2016 will therefore depend primarily on the profit distributions from foreign subsidiaries, profits transferred from investments in Germany and the result of the financing function. We expect a net profit for the management holding company (before profit transferal and respectively loss compensation) to be slightly above the respective comparable period. Thereby, the expected sharp decline of dividend income due to considerably reduced intercompany dividend payments has not been taken into account. Due to the valid profit and loss transfer agreement we expect equity to remain unchanged in future fiscals.



## 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 who are motivated and can contribute the right experience 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 talented employees in a targeted manner, make optimal use of their strengths and develop them within 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	Full-time equivalents		Full-time equivalents		Employees	
	annual average	31/12	31/12	31/12	31/12	31/12
	2013	2014	2013	2014	2013	2014
Continuing operations						
Consumer Solutions	14,837	15,101	14,946	15,485	22,766	22,647
Continuing operations						
Pharmacy Solutions	13,563	13,338	13,432	13,305	15,787	15,777
Group holding	265	320	275	333	318	364
Discontinued operations	21	0	0	0	0	0
<b>Continuing and discontinued operations</b>	<b>28,686</b>	<b>28,759</b>	<b>28,653</b>	<b>29,123</b>	<b>38,871</b>	<b>38,788</b>

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

As of 31 December 2014, 29,123 full time equivalents (FTEs) worked for Celesio – an increase of 1.6% against the end of the previous-year period.

A total of 15,485 FTE were employed in the Consumer Solutions division at the end of the reporting period, an increase of 3.6% year-on-year. At 53.2% (previous year 52.2%) this division accounted for the largest share of FTEs in the group. The Pharmacy Solutions division had 13,305 employees as of year-end, a year-on-year decrease of 0.9%. There were 333 employees working at group level as of the 2014 reporting date (previous year 275 employees). Most of our employees worked outside of Germany. With 93.2% (previous year 93.3%) of our employees working outside of Germany, 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 the diverse corporate units at Celesio. 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 the first Celesio 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 all on career levels, our talent management team is currently focused on START, the leadership programme for our high-potential employees with primary managerial responsibility. The first cycle of our new START programme already started in autumn 2014.

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 to study 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 the opportunity to spend three months at a foreign subsidiary to familiarise themselves with the operating business within Celesio 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. 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 to help create a sense of enthusiasm for our qualified workforce and future employees at Celesio and to develop and retain them within the company long-term. The awards we receive from independent institutions are a symbol of recognition to us but are also what drive us.

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 so that we achieve together as well as on personal goals and motivation. We take a clear and transparent approach here.

## Research and development

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

## Additional non-financial information

### Adjustment to the fiscal year

On 15 July 2014, the Annual General Meeting has agreed to adjust the company's fiscal year. In order to harmonise the fiscal year with the McKesson Group and to facilitate consolidated accounting and internal processes in future the fiscal year will start on 1 April and will run until 31 March of the following year. The period from 1 January 2015 to 31 March 2015 constitutes an short fiscal year.

### Domination and profit and loss transfer agreement

The Annual General Meeting of Celesio AG approved the domination and profit and loss transfer agreement with McKesson Deutschland GmbH & Co. KGaA (controlling company). From the beginning of the short fiscal year, starting on 1 January 2015, Celesio AG will transfer all distributable profits to the controlling company, as the agreement has taken effect by reason of its registration in the Commercial Register of Celesio AG by 2 December 2014.

## 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.

In fiscal 2014, we recorded a pleasing development of revenue above our expectations, due to the increase in revenue in Germany, in the United Kingdom, in Brazil and in Norway, in particular. Overall, the revenue development in other countries met our expectation. Currency exchange rate effects had an overall positive effect on the development of revenue.

Revenue was up considerably in the Consumer Solutions division in the United Kingdom, in Norway and in Sweden, in particular, when adjusted for currency effects. In the Pharmacy Solutions division, revenue was up considerably, in particular in the United Kingdom, in Germany, in Norway, in Brazil and in Austria, when adjusted for currency effects.

The business development was shaped by unscheduled depreciation and impairment on goodwill and intangible assets, particularly in Brazil. The initiated realignment of the Brazilian business units showed some progress, but not at the desired rate or to the extent planned. This is primarily due to lower than expected contributions from the initiated measures, the increasing consolidation of pharmacy chains, and the direct supply deliveries from manufacturers to pharmacies. Moreover, we recorded allowances of VAT incentives in Brazil and adjustments on receivables in Portugal and in Brazil.

Due to the reduction of long-term expectations in earnings, based on the on-going discount competition in Germany, the goodwill of the German wholesale business was fully impaired. Additionally, unscheduled depreciation on property, plant and equipment was recorded. Furthermore, impairments of individual intangible assets, mainly from out of use IT infrastructure resulting from the IT strategy realignment mainly in the United Kingdom, were recorded. Additional non-recurring effects occurred due to provisions for restructuring expenses in the wholesale business in Norway as well as due to contractual claims from members of the management board who have stepped down and other related obligations and due to legal and other consultancy expenses in connection with the takeover by the McKesson Corporation.

These special effects act as a significant burden on earnings and considerably exceed the expected level we forecast in the outlook for fiscal 2014 considerably. Hence, EBIT and therefore value added as well as ROCE remained below our expectations.

On an operational basis, the very good performance in the United Kingdom in particular and due to the substantial adjustments in governmental pension assurances in Norway as well as supportive developments in other countries could compensate for the unfavourable trends in Brazil and France.

Currency exchange rate effects had an overall positive effect on the development of revenue and earnings, when compared to fiscal 2013.

This is reflected in the results of the divisions. Whereas the Consumer Solutions division showed a significant increase in EBIT adjusted, the Pharmacy Solutions division recorded a significant decrease in EBIT adjusted, mainly due to the development in Germany, Brazil, Portugal, France and Belgium. As a result, the Consumer Solutions division generated a higher contribution to operating income than the Pharmacy Solutions division, which has a higher share of revenue overall, for the first time.

The adjusted tax rate increased slightly and therefore fell short of our expectations. Despite higher investments for the expansion of EPN concept, the investment volume was below the originally planned level, among other things due to the planned delay in IT investments.

The weak business development combined with a significant increase in net working capital led to a significant decline in cash flow from operating activities, and thus overall negative free cash flow. Nevertheless, we were able to significantly reduce the net financial debt and thus improve the ratio net debt / EBITDA (adjusted) to the current 1.63. The financial position has a healthy balance sheet structure due to the high equity share.

We continued our top-in-class (TIC) procurement programme with great success. With this we achieved further positive contributions to earnings. At the same time, we concentrated on identifying several areas for potential savings for the planned combined sourcing with the McKesson Corporation.

Despite the unsatisfactory earnings development in fiscal 2014, we consider the economic situation of the Celesio Group to be positive.

On 2 December 2014, Stuttgart Higher Regional Court approved the registration of the domination and profit and loss transfer agreement between Celesio AG and McKesson Deutschland GmbH & Co. KGaA, a wholly owned subsidiary of the McKesson Corporation, San Francisco, USA. This event marked a key milestone in the acquisition of Celesio, allowing McKesson and Celesio to operate as an integrated company.



# Risk and opportunities report

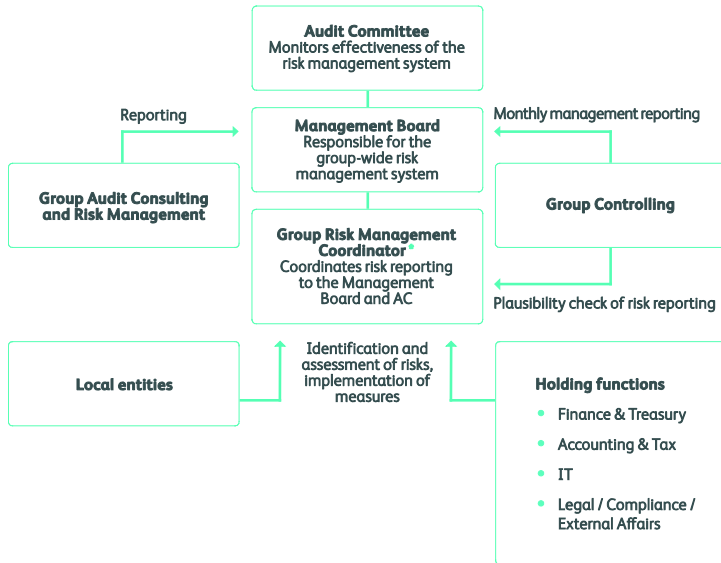
As an international company, we encounter various risks and opportunities in the course of our varied business operations. Each and every corporate decision is based on a conscious weighing up of the opportunities and risks involved. We therefore set up a comprehensive risk management system which allows 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 Celesio 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 is provided to support the identification of risks. 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 group departments in a risk report. Group Audit is responsible for coordinating this process. In addition to this biannual reporting process, the entities report any significant changes in the risk situation to the management board either ad hoc or in the monthly management reporting. Furthermore, Group Audit regularly prepares the risk report for the supervisory board's audit committee.

## 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 particularly arise from the business combination with the McKesson Group. It offers Celesio great opportunities and significant long-term growth potential, especially through joint purchasing and standardised IT systems.

## 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 various regulatory interventions. Growing demand for healthcare services – driven by demographic change – often collides with the interests of squeezed healthcare systems whose financial difficulties are further 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 for example in France, Ireland, Portugal and the UK. As experienced 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 61).

#### 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 is involved in countries with a strong market position in wholesale in 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 poses a considerable risk with high potential loss. The effects will be reduced and compensated for by introducing further measures to both cut 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 to establish buying syndicates as a way of negotiating better conditions with wholesale and organising a portion of their supplies directly. This could lead to a reduction of our margins as far as 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.

- **Liberalisation of OTC selling**

The question of whether the “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 aim 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 investments 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 low likelihood of occurrence. Accordingly, there is a range of measures in place to counter these risks and limit the finan-

cial impact. We have contingency plans in place in all divisions to safeguard continued business operations and ensure 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. The latest EU guidelines, such as the 2011/62/EC Falsified Medicines Directive are increasing requirements even further, e.g., those associated with products such as vaccines which require strict maintenance of a cold chain. If the cold 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 through 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 the 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 lowered due to our diversified customer portfolio. The risk of bad debt from government-equivalent payers is classified as very low. The potential damage connected to this is, however, high. In comparison to this, the risk of bad debt from private-sector debtors is considerably higher, but the potential damage is lower than for a governmental or equivalent debtor. However, a high level of damage can still occur here, in case defaults of individual debtors accumulate. 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 com-



prises continuous checks of our customers' payment behaviour, regular testing of credit standing as well as changes in payment terms and conditions. If dubious customer receivables are identified within this, then these are provided for by prompt adjustment. 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 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 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 syndicated loan was successfully maintained and the liquidity buffer of EUR 500.0m remains unchanged in fiscal 2014.

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

In future, the financing strategy could change due to the domination and profit and loss transfer agreement. In this context, financing risks are considered to be 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.

## 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 implemented. 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.

To meet 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 contractual obligations. We are countering the risks these entail by continuing to expand our IT governance and compliance 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. It also might not be possible to realise planned reductions in operating costs and avoid complexity due to changing demands and requirements. 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.

Furthermore, other risks which are involved with heterogeneous IT systems are reduced due to a centralised licence management system which makes monitoring and controlling possible. The probability of risk is therefore deemed to be moderate.

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

The diverse IT risks and corresponding countermeasures are regularly monitored by Celesio's 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 and organisational changes, 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 and tax risks

In principle, legal and tax risks are inherent in every operating activity, and Celesio is no exception. At present, however, the Celesio Group is involved in legal or tax proceedings which could have a significant impact on our results of operations, financial position and assets position as set out below.

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.

In Slovenia, the administrative court delivered its judgement on 28 April 2014 on the antitrust case against Kemofarmacija from 2010. The court upheld the decision of the antitrust authority regarding the violation of Slovenian antitrust law against our wholesale subsidiary. Kemofarmacija has lodged an appeal against the decision. As regards the violation of European antitrust law, the court has remanded the decision back to the Slovenian antitrust authority. A new decision is expected within the next few months. Administrative proceedings regarding a fine have now been initiated by the authority. We do not consider the outcome of this case as material. However, an appropriate provision in an amount of EUR 0.5m was recognised to cover the expected risks. The maximum possible penalty, the likelihood of occurrence of which is considered to be extremely low, is 10% of the yearly annual revenue of the Slovenian subsidiary. As regards the privatisation process in Slovenia, at first instance a favourable judgement was given for Kemofarmacija. The process is, however, currently under revision. The possibility that a higher court will pronounce a judgement that will lead to a cash outflow for Kemofarmacija is considered to be unlikely. The maximum risk is EUR 8.5m.

There is a general risk that future changes in the tax law landscape, particularly in Brazil, could impact our operations and earnings. Panpharma, Brazil, in particular is exposed to tax risks mainly in connection with the usage of VAT concessions. The

determination of the manner in which the VAT applies to our Brazilian operations is subject to varying interpretations arising from the complex nature of the tax laws.

In the course of the acquisition of Panpharma, 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 for the reimbursement of the risks originating in the time prior to the majority takeover in 2009. The reimbursement claims represent an separate asset after the acquisition of outstanding shares of Panpharma in May 2012.

In Brazil, there are disagreements between states regarding the mutual recognition of VAT concessions. As regards this, in December 2014 Panpharma received a tax statement from a Federal Tax Authority in Rio de Janeiro with an amount of approx. EUR 70m for the years 2009 to 2013. Panpharma filed a defence against this claim. We disagree with the assessment of the Federal Tax Authorities and believe that we have strong legal arguments to defend our positions. The chances of Panpharma losing the legal dispute or of the objection being overruled of the objection have been assessed to be unlikely.

Celesio assesses its legal and tax risks at regular intervals, consulting external lawyers where necessary.

## 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 corresponding 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 the Bilanzrechtsmodernisierungsgesetz (BilMoG, German Accounting Law Modernisation Act) which entered into force in 2009, the group-wide internal control and

risk management system has been further refined. In the course of the ongoing Sarbanes-Oxley-Act (SOX) implementation project, which was drawn up due to the takeover by McKesson, additional requirements regarding the internal control systems over financial reporting are addressed and implemented.

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 an independent monitoring the effectiveness of the system. 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, where necessary, 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 mainly 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 the quality of the group accounting and the overall picture presented in 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 duties 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.

In comparison to the previous year, for certain specific risks there is in part an increase in the likelihood of occurrence. These fundamentally concern legal and tax risks, IT risks and default risks. This is set against future opportunities due to the takeover by McKesson and the future joint purchasing activities. In total, we estimate the overall risk to be unchanged. This is especially because the likelihood of occurrence and the positive effects resulting from future opportunities balance out the scope of potential effects of future risks as a whole. 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 dynamics 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 address risks and seize opportunities.

## Subsequent events

There had been no other events of particular significance after the closure of accounts that could be expected to have a material effect on the assets position and revenue and operating results of the Celesio Group.

## Overall economic prospects

Development of the global economy is expected to continue to gather pace in 2015. Both the continuation of the expansive monetary policy being witnessed worldwide and the drop in oil prices will provide crucial impetus to support economic growth in 2015. The IfW also assumes the following:

Based on the drop in oil prices, inflation within the euro zone is expected to rise by only 0.3% in 2015 and 1.3% in 2016. The labour market is expected to improve in the European region, which will lead to an expected unemployment ratio of 11.2% in 2015 and 10.6% in 2016. Experts at the IfW expect the eurozone to witness an increase in GDP of 1.2% (2015) and 1.5% (2016).

Economic development in the United Kingdom is also expected to gain sustainable momentum, with GDP growth forecast at 2.9% (2015) and 2.6% (2016). Scandinavian countries are also expected to gain momentum, in particular Norway, with 2.0% in 2015 and in 2.3% in 2016 and Sweden, with 2.5% in 2015 and in 2.8% in 2016.

France will most likely not be able to participate in this development; GDP there is forecasted to grow by 0.7% (2015) and 1.1% (2016). GDP in those Mediterranean countries which are in a state of crisis is also expected to pick up, with Portugal for example expected to witness a rise in GDP of 1.2% (2015) and 1.5% (2016).

The emerging and developing countries in Latin America are also expected to record a surge in economic development in 2015, which will be supported, among other things, by the resurgence of the traditional industrialised nations. As a result, experts forecast that GDP for the entire region will increase by 2.1% (2015) and 2.7% (2016). Brazil will likely witness below-average development and report GDP growth of 1.5% (2015) and 2.5% (2016).

## 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 which induced cost-cutting measures by governments. Moreover, patents of many blockbuster products have expired leading to price reductions. However, IMS Health expects stronger growth to return in the coming years, above all in the developing and emerging economies. IMS Health forecasts average annual growth of 5.6% in the global pharmaceutical markets until 2018. 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 the quality of and improved access to healthcare systems. IMS Health forecasts an annual growth rate up to 2018 of 14% for Brazil. By contrast, IMS Health forecasts an annual growth rate of a mere 1.8% for Europe and 3.8% for the US lasting until 2018.

Demographic change continues to be a significant factor in the development of the global pharmaceutical and healthcare markets. The over-65s account for just 8.3% of the global population at present. However, this is expected to rise in the coming decades to around 9% in 2018. 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 the figure of 63 million for people who currently belong to the 80+ age group will have increased to 268 million by 2050 (by comparison, this 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 consciousness of health in the industrialised nations and the increasing willingness of consumers to pay for healthcare services themselves represent a further influencing factor and are 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 as comparatively less expensive generic products grow as a result. The persistently difficult market environment in our industry is resulting in further consolidation primarily in the established markets. There is also increasing expansion and internationalisation in so-called pharmerging markets such as India and Russia and in particular Brazil and China. Global purchasing cooperatives are also forming as a way of realising economies of scale and purchasing advantages, especially in the generics division.

## Information regarding outlook

As the Annual General Meeting has agreed to align the company's fiscal year, the upcoming fiscal will be shortened. It will last from 1 January to 31 March, 2015. However, in the course of the outlook chapter, we will provide an outlook for the upcoming short fiscal 2015 as well as for fiscal 2016 (from 1 April 2015 until 31 March 2016).

## Outlook for divisions

### Consumer Solutions

The development of the upcoming short fiscal 2015 will be burdened by government intervention in several markets. Therefore we expect revenue to be slightly up, but earnings to be considerably down against the unaudited figures for the first quarter 2014.

We expect revenue to be considerably up but earnings considerably below the level of fiscal 2014 in the Consumer Solutions division for fiscal 2016. This development is in particular due to the positive effects from state resolution resulting in lower pension promises in Norway in fiscal 2014. From today's perspective we expect no major impact from exchange rate differences, when compared to fiscal 2014.

In the *United Kingdom* we expect a moderate downturn in earnings as a result of the dispensing fee price cut enacted by the government for the short fiscal 2015 when compared to the unaudited figures for the first quarter 2014.

The substitution of cheaper generic drugs for original products is expected to continue. Nevertheless, in the *United Kingdom* in particular, a moderate growth in revenue is expected to be achieved by considerably higher sales volumes and an increase in service agreements in fiscal 2016, when compared to fiscal 2014.

Furthermore, in fiscal 2016 *Norway* is expected to experience a moderate rise in revenue and earnings levels considerably below the figures for fiscal 2014 due to the positive effects of pension accounting recorded in fiscal 2014.

For our other countries *Belgium, Sweden, Italy and Ireland* we expect an overall slightly improving development in revenue and earnings versus the respective comparison period.

## Pharmacy Solutions

The management board expects government austerity packages to continue in both upcoming fiscals, which will have a negative impact on the development of the Pharmacy Solutions division. However, we are confident that we will be able to largely compensate for negative effects through ongoing optimisation. For the short fiscal 2015, we expect revenue to be on the level of the previous year period. Earnings however, will slightly decrease when compared to the unaudited figures for the first quarter 2014. For fiscal 2016, we expect a slight downturn in revenue. Moreover, earnings should rise significantly, when compared to fiscal 2014, mainly driven by the recovery of the *German* wholesale discount levels and due to the burden of impairments on goodwill especially in Brazil and debt allowances in Brazil and *Portugal* in the comparison period. From today's perspective, we expect no major impact from exchange rates in either fiscal, when compared to fiscal 2014.

In Europe, cheaper generics are replacing original products at an increasing rate. Coupled with an equally weak development in volumes, this will cause the market to decline, in particular in *France*, in both fiscals. In addition, the trend in results in *Brazil* is expected to recover only slowly. In *Norway* we expect a significant fall in revenue and earnings, when compared to fiscal 2014 due to the loss of a major customer.

Despite these burdens, we expect a slight increase of earnings in all other countries. The intensive discount competition in *Germany* is expected to cool off in the course of the upcoming fiscals, when compared to fiscal 2014. The discount level will presumably not come down to the level of 2012 in the foreseeable future. However, this will enable us to improve the earnings situation in *Germany* considerably, when compared to fiscal 2014.

As regards the privatisation process in Slovenia, at first instance a favourable judgement was given for Kemofarmacija in fiscal 2014. The process is, however, currently under revision. Kemofarmacija considers the possibility that a higher court will pronounce a judgement that will lead to a cash outflow to be unlikely.

## Outlook for financial and non-financial figures

### Investments and capital expenditures

The continuing expansion of our European pharmacy network will lead to larger investments in pharmacy refurbishments in both fiscals. We will also continue standardising our software landscape, which will cause IT investments to increase significantly in both fiscals, when compared to comparable periods of time.

### Depreciation, amortisation and impairment

We expect depreciation and amortisation to increase moderately in both fiscals when compared to comparable periods of time as a result of an increase in capital expenditures in fiscal 2014.

### Financial result

With regard to the financial result, we expect interest expenses in both fiscals to be considerably lower than in the comparable periods of time.

The financial result may be affected by exchange rate fluctuations in particular between the euro and the Brazilian real.

### 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 expected to be stable for fiscal 2015 and is likely to decline below the 2014 rate by two percentage points in fiscal 2016 despite negative impacts on the tax rate from the guaranteed dividend treatment under German tax law. This however also largely depends on how well German and Brazilian wholesale activities develop in fiscal 2016.

### Employees

The headcount will not change significantly in either fiscal.



### 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 the company's sphere of influence and 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. The following forecasts by the Management Board of Celesio AG are based on the assumption of relatively stable exchange rates and interest rates, when compared to fiscal 2014.

In addition to cost structures, we will also continue optimising the efficiency of our companies. However, the development of the upcoming short fiscal 2015 will be burdened by government intervention in several markets accompanied by special effects from the integration process and the ongoing challenging environment in Germany, in Brazil, in France and in Belgium. Therefore we expect revenue to increase moderately, and EBIT adjusted to be slightly below the unaudited figures for the first quarter 2014. In addition, project costs in both fiscals, especially those incurred as part of the harmonisation of our extremely heterogeneous software landscape will place a burden on earnings. Furthermore the earnings development is largely influenced by the course of business in Germany, France and Brazil.

Overall, the Management Board of Celesio assumes that we will return revenue and an adjusted EBIT for fiscal 2016 that will be on the level of fiscal 2014. Due to high level of special effects in fiscal 2014, we expect Value added and ROCE to exhibit a considerable increase in fiscal 2016.

In both fiscals consulting and integration costs in connection with the acquisition by McKesson Corporation may still arise. These are not considered in the EBIT forecast, which is only based on adjusted EBIT. Furthermore, possible earnings derived from the combined sourcing with McKesson are not considered in the forecast.

McKesson expects annual synergies of \$275 - \$325 million by the fourth year following registration of the domination and profit and loss transfer agreement on a McKesson group level. Therefore, we anticipate, that expected and granted synergies in procurement resulting from the business combination with McKesson, which are allocated to the individual cash-generating units, to be causal for exceeding the results of fiscal 2014 in fiscal 2016, on a meaningful level.

The management board and supervisory board will propose to the Annual General Meeting that the net retained profit for fiscal 2014 is fully transferred to other revenue reserves. However, the shareholder will receive a guarantee dividend of EUR 0.83 provided by McKesson Deutschland GmbH & Co. KGaA instead.

# Consolidated financial statements and notes Celesio AG 2014



# Consolidated financial statements Celesio AG 2014

# Group income statement for fiscal 2014

EUR M	Notes No.	2013	2014
<b>Revenue</b>	1	<b>21,407.7</b>	<b>22,325.9</b>
Cost of materials		-19,057.8	-19,946.6
<b>Gross profit</b>		<b>2,349.9</b>	<b>2,379.3</b>
Other operating income	2	220.0	208.7
Other operating expenses	3	-790.4	-844.6
Personnel expenses	4	-1,246.7	-1,256.0
<b>EBITDA</b>		<b>532.8</b>	<b>487.4</b>
Depreciation on intangible assets held as non-current assets and on property, plant and equipment	5	-125.0	-121.3
Impairment losses recorded on intangible assets and property, plant and equipment	5	-1.2	-129.1
<b>EBIT</b>		<b>406.6</b>	<b>237.0</b>
Result from associates accounted for using the equity method <sup>1)</sup>	6	10.8	12.8
Result from other investments	6	0.7	1.1
Interest expense	7	-144.9	-96.8
Interest income	7	9.8	7.8
Other financial result	7	-14.3	-3.1
<b>Profit before tax from continuing operations</b>		<b>268.7</b>	<b>158.8</b>
Income taxes	8	-97.5	-105.9
<b>Net profit/loss from continuing operations</b>		<b>171.2</b>	<b>52.9</b>
<b>Net profit/loss from discontinued operations</b>	16	<b>-4.8</b>	<b>-0.5</b>
<b>Net profit/loss</b>		<b>166.4</b>	<b>52.4</b>
Of which attributable to non-controlling interests		6.5	3.8
<b>Of which attributable to shareholders of Celesio AG</b>		<b>159.9</b>	<b>48.6</b>
<b>Earnings per share – undiluted</b>		<b>EUR</b>	<b>EUR</b>
<b>Net profit/loss from continuing operations</b>	9	<b>0.97</b>	<b>0.25</b>
Net profit/loss from discontinued operations		-0.03	0.00
Net profit/loss		0.94	0.25
<b>Earnings per share – diluted</b>		<b>EUR</b>	<b>EUR</b>
Net profit/loss from continuing operations	9	0.95	0.25
Net profit/loss from discontinued operations		-0.03	0.00
Net profit/loss		0.92	0.25

1) Certain European pharmacy holdings that were initially evaluated according to the cost method and recognized as income from other investments. After adjustment, these are now recognised at equity. In fiscal 2013, this adjustment would have caused an increase in the amount of EUR 5.4m at results for income from other at equity investments and a reduction of the same amount for results from other investments. The notes provide further information in the corresponding sections.

# Group statement of comprehensive income for fiscal 2014

EUR M	2013	2014
<b>Net profit/loss</b>	<b>166.4</b>	<b>52.4</b>
<b>Items that may not be recycled through profit or loss</b>	<b>-21.0</b>	<b>-104.7</b>
Revaluation of defined benefit pension plans	-24.5	-96.0
Share in the revaluation of defined benefit pension plans attributable to associates accounted for using the equity method	3.5	-8.7
<b>Items that may be recycled through profit or loss</b>	<b>-97.1</b>	<b>57.1</b>
Unrealised gains/losses from the current year	0.8	-0.6
Gains/losses recycled through profit or loss	0.0	0.0
Unrealised gains/losses from the market valuation of financial assets available-for-sale	0.8	-0.6
Unrealised gains/losses from the current year	5.1	-1.0
Gains/losses recycled through profit or loss	10.4	2.3
Unrealised gains from derivative financial instruments used to hedge cash flows	15.5	1.3
Foreign currency translation posted directly to other comprehensive income	-113.4	56.4
Release to profit or loss due to loss of control	0.0	0.0
Exchange differences	-113.4	56.4
<b>Other comprehensive income after tax</b>	<b>-118.1</b>	<b>-47.6</b>
From continuing operations	-118.1	-47.6
Of which attributable to non-controlling interests	-5.6	1.8
Of which attributable to shareholders of Celesio AG	-112.5	-49.4
From discontinued operations	0.0	0.0
Of which attributable to non-controlling interests	0.0	0.0
<b>Comprehensive income</b>	<b>48.3</b>	<b>4.8</b>
From continuing operations	53.1	5.3
Of which attributable to non-controlling interests	0.9	5.6
Of which attributable to shareholders of Celesio AG	52.2	-0.3
From discontinued operations	-4.8	-0.5

The effect of the change in the presentation of foreign currency translation differences is discussed in the separate section of the notes on → page 224.

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 2014

ASSETS	Notes No.	01/01/2013	31/12/2013	31/12/2014
EUR M				
<b>Non-current assets</b>		<b>3,179.9</b>	<b>3,037.8</b>	<b>3,037.4</b>
Intangible assets	11	2,297.2	2,199.0	2,178.9
Property, plant and equipment	12	529.7	506.9	526.1
Associates accounted for using the equity method <sup>1)</sup>	13	127.3	135.5	131.0
Other financial assets <sup>1)</sup>	13	42.4	52.9	55.4
Other non-current assets		69.9	39.8	31.3
Income tax receivables		2.3	2.0	1.5
Deferred tax assets	14	111.1	101.7	113.2
<b>Current assets</b>		<b>4,748.8</b>	<b>4,560.5</b>	<b>4,792.2</b>
Inventories	15	1,582.0	1,597.8	1,745.1
Trade receivables	17	2,096.1	2,082.7	2,298.4
Income tax receivables		36.1	18.9	58.2
Other receivables and other assets	17	407.7	322.9	353.7
Cash and cash equivalents	18	523.9	535.7	335.8
Assets held for sale	16	103.0	2.5	1.0
<b>Total assets</b>		<b>7,928.7</b>	<b>7,598.3</b>	<b>7,829.6</b>

1) Certain European pharmacy holdings that were initially evaluated according to the cost method and recognized as income from other investments. After adjustment, these are now recognised at equity. In fiscal 2013, this adjustment would have caused an increase in the amount of EUR 5.4m for results from income from other at equity investments and a reduction of the same amount for results from other investments. The notes provide further information in the corresponding sections.



EQUITY AND LIABILITIES	Notes No.	01/01/2013	31/12/2013	31/12/2014
EUR M				
<b>Equity</b>	<b>19</b>	<b>2,195.9</b>	<b>2,192.0</b>	<b>2,761.5</b>
Issued capital		217.7	217.7	260.1
Capital reserves		1,186.0	1,186.0	1,783.2
Revenue reserves		1,091.2	1,191.3	1,194.5
Revaluation reserves		-333.3	-437.0	-494.3
<b>Stake of the shareholders of Celesio AG</b>		<b>2,161.6</b>	<b>2,158.0</b>	<b>2,743.5</b>
Non-controlling interests		34.3	34.0	18.0
<b>Liabilities</b>		<b>5,732.8</b>	<b>5,406.3</b>	<b>5,068.1</b>
<b>Non-current liabilities</b>		<b>2,379.1</b>	<b>1,838.6</b>	<b>1,491.1</b>
Financial liabilities	23	1,916.0	1,396.0	992.1
Pension provisions	20	345.1	336.8	394.0
Other non-current liabilities	21	71.0	63.8	75.0
Other liabilities	22	8.2	0.3	7.1
Deferred tax liabilities	14	38.8	41.7	22.9
<b>Current liabilities</b>		<b>3,353.7</b>	<b>3,567.7</b>	<b>3,577.0</b>
Financial liabilities	23	166.9	503.1	210.7
Trade payables	24	2,325.0	2,384.6	2,553.1
Other current provisions	21	156.4	144.0	119.6
Income tax liabilities		55.7	63.4	121.9
Other liabilities	24	573.1	472.6	571.7
Liabilities held for sale	16	76.6	0.0	0.0
<b>Total assets</b>		<b>7,928.7</b>	<b>7,598.3</b>	<b>7,829.6</b>

# Group statement of cash flows for fiscal 2014

EUR M	2013	2014
<b>Net profit/loss from continuing operations</b>	<b>171.2</b>	<b>52.9</b>
Amortisation, depreciation and impairment of non-current intangible and property, plant and equipment	126.2	250.4
Result from associates accounted for using the equity method and other equity investments	-11.5	-13.9
Dividends received	7.6	3.4
Financial result	149.4	92.1
Net result from the disposal of non-current assets and subsidiaries	0.8	-12.7
Impairment losses on items classified as operating assets	48.7	82.5
Change in deferred taxes and income taxes	97.5	105.9
Income taxes paid	-77.9	-92.5
Other non-cash income and expenses	34.9	13.4
Change in net operating assets	-64.0	-205.1
<i>Change in inventories</i>	-99.3	-160.2
<i>Change in trade receivables</i>	-122.4	-224.5
<i>Change in trade payables</i>	183.0	120.6
<i>Change in other net operating assets</i>	-25.3	59.0
Change in other assets and liabilities	-77.2	-54.1
<i>Change in other assets</i>	-41.5	-36.7
<i>Change in other liabilities</i>	-35.7	-17.4
<b>Net cash flow from operating activities</b>		
- continuing activities	405.7	222.3
<b>Net cash flow from operating activities</b>		
- discontinued operations	5.8	0.0
<b>Net cash flow from operating activities</b>		
- continuing and discontinued operations	411.5	222.3
Proceeds from the disposal of non-current assets	12.6	20.1
Capital expenditure on non-current assets	-112.0	-146.4
Proceeds from the disposal of subsidiaries	43.4	20.2
Cash paid for business combinations	-2.2	-23.7

1) This item includes the cash payments for the costs directly related to the disposal of operations.

EUR M	2013	2014
<b>Net cash flow from investing activities</b>		
- continuing operations	-58.2	-129.8
<b>Net cash flow from investing activities</b>		
- discontinued operations	10.0	0.0
<b>Net cash flow from investing activities</b>		
- continuing and discontinued operations	-48.2	-129.8
Payments made to shareholders (including non-controlling interests)	-52.2	-53.0
Payments made in connection with the change in ownership interests in subsidiaries that do not result in a loss of control	0.0	-13.0
Proceeds from borrowings	202.4	113.1
Repayment of borrowings	-390.4	-245.2
Interest paid	-113.8	-114.2
Interest received	9.1	7.2
<b>Net cash flow from financing activities</b>		
- continuing operations	-344.9	-305.1
<b>Net cash flow from financing activities</b>		
- discontinued operations	0.0	0.0
<b>Net cash flow from financing activities</b>		
- continuing and discontinued operations	-344.9	-305.1
<b>Net change in cash and cash equivalents</b>	18.4	-212.6
Non-cash change in cash and equivalents	-6.6	12.7
Cash and cash equivalents at the beginning of the period	523.9	535.7
<b>Cash and cash equivalents at the end of the period</b>	535.7	335.8
Cash and cash equivalents of discontinued operations and disposal groups at the end of the period	0.0	0.0
<b>Cash and cash equivalents at the end of the period (according to the group statement of financial position)</b>	535.7	335.8

# Group statement of changes in equity for fiscal 2014

	Issued capital	Capital reserves	Revenue reserves
EUR M			
<b>As of 01/01/2014</b>	<b>217.7</b>	<b>1,186.0</b>	<b>1,191.3</b>
Changes in equity	42.4	597.2	0.0
Dividends	0.0	0.0	-51.0
Changes in the amount of the shareholding in subsidiaries involving no loss of control	0.0	0.0	5.5
Changes to the consolidated group	0.0	0.0	0.0
Other comprehensive income	0.0	0.0	0.0
Net profit/loss	0.0	0.0	48.7
Comprehensive income	0.0	0.0	48.7
<b>As of 31/12/2014</b>	<b>260.1</b>	<b>1,783.2</b>	<b>1,194.5</b>
<b>As of 01/01/2013</b>	<b>217.7</b>	<b>1,186.0</b>	<b>1,091.2</b>
Changes in equity	0.0	0.0	0.0
Dividends	0.0	0.0	-51.0
Changes in the amount of the shareholding in subsidiaries involving no 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 31/12/2013</b>	<b>217.7</b>	<b>1,186.0</b>	<b>1,191.3</b>

- 1) Of which attributable to discontinued operations and disposal groups EUR 0.0 m (previous year EUR -5.0m).
- 2) Of which attributable to discontinued operations EUR 0.0 m (previous year EUR -7.4m).
- 3) Of which attributable to discontinued operations and disposal groups EUR 0.0 m (previous year EUR -12.4 m).

Revaluation reserves						Stake of the share- holders 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 compre- hensive income from associates accounted for using the equity method			
— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —
—280.8	—154.1	0.0	0.8	-0.5	-2.4	- 2,158.0	34.0	- 2,192.0
0.0	0.0	0.0	0.0	0.0	0.0	639.6	0.3	639.9
0.0	0.0	0.0	0.0	0.0	0.0	-51.0	-2.0	-53.0
— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —
-6.5	0.0	0.0	0.0	0.0	0.0	-1.0	-19.8	-20.8
0.0	0.0	0.0	0.0	-1.3	0.0	-1.3	0.0	-1.3
48.6	-90.7	0.0	-0.5	1.8	-8.7	-49.5	1.8	-47.7
0.0	0.0	0.0	0.0	0.0	0.0	48.7	3.7	52.4
48.6	-90.7	0.0	-0.5	1.8	-8.7	-0.8	5.6	4.8
—238.7 <sup>1</sup>	—244.8 <sup>2</sup>	0.0	0.3	0.0	-11.1	2,743.5 <sup>3</sup>	18.0	2,761.5 <sup>3</sup>
— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —
-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	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	-51.0	-1.2	-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



# Notes to the consolidated financial statements Celesio AG 2014

# Group segment reporting by division for fiscal 2014

2014

EUR M

<b>Income statement</b>	
<b>Revenue</b>	
External revenue	
Inter-segment revenue	
<b>Gross profit</b>	
<b>EBITDA</b>	
Other significant non-cash income	
Other significant non-cash expenses	
Depreciation on intangible assets held as non-current assets on property, plant and equipment	
Impairment losses recorded on intangible assets and property, plant and equipment	
<b>EBIT</b>	
Result from associates accounted for using the equity method	
<b>Segment assets</b>	
Of which non-current assets and disposal groups held for sale	
Of which goodwill	
Of which associates accounted for using the equity method	
<b>Capital expenditures</b>	
<b>Employees</b>	
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
	<b>3,677.8</b>	<b>18,648.6</b>	<b>0.0</b>	<b>-0.5</b>	<b>22,325.9</b>	<b>0.0</b>
	3,677.7	18,648.2	0.0	0.0	22,325.9	0.0
	0.1	0.4	0.0	-0.5	0.0	0.0
	<b>1,230.9</b>	<b>1,148.5</b>	<b>0.0</b>	<b>-0.1</b>	<b>2,379.3</b>	<b>0.0</b>
	319.0	280.8	-112.3	-0.1	487.4	0.0
	10.9	12.5	5.7	0.0	29.1	0.0
	-5.6	-73.8	0.0	0.0	-79.5	0.0
	-58.0	-48.9	-14.4	0.0	-121.3	0.0
	-20.7	-105.3	-3.1	0.0	-129.1	0.0
	<b>240.3</b>	<b>126.7</b>	<b>-129.9</b>	<b>-0.1</b>	<b>237.0</b>	<b>0.0</b>
	9.2	3.5	0.0	0.1	12.8	0.0
	<b>2,022.7</b>	<b>1,968.2</b>	<b>-19.3</b>	<b>-0.1</b>	<b>3,971.5</b>	<b>0.0</b>
	0.6	0.4	0.0	0.0	1.0	0.0
	1,671.1	431.7	0.0	0.0	2,102.8	0.0
	73.3	57.7	0.0	0.0	131.0	0.0
	<b>103.3</b>	<b>48.0</b>	<b>14.1</b>	<b>0.0</b>	<b>165.4</b>	<b>0.0</b>
	22,568	15,728	352	0	38,648	0
	22,647	15,777	364	0	38,788	0
	15,101	13,338	320	0	28,759	0
	15,485	13,305	333	0	29,123	0

# Group segment reporting by division for fiscal 2013

2013

EUR M

**Income statement**

**Revenue**

External revenue

Inter-segment revenue

**Gross profit**

**EBITDA**

Other significant non-cash income

Other significant non-cash expenses

Depreciation on intangible assets held as non-current assets on 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 <sup>1)</sup>

**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

1) Certain European pharmacy holdings that were initially evaluated according to the cost method are now recognised at equity. This adjustment is a result of reassessing the entities to be included in consolidation. In fiscal 2013, this adjustment would have caused an increase in the amount of EUR 5,4m for results from associates accounted for using the equity method and a reduction of the same amount for results from other investments. The notes provide further information in the appropriate parts.

	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	5.7	0.0	0.0	10.8	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 country for fiscal 2014

	Germany		France	
EUR M	2013	2014	2013	2014
External revenue	4,176.4	4,484.6	6,234.7	6,230.2
Segment assets	580.9	686.2	305.7	302.5
Of which non-current assets <sup>1)</sup>	115.5	97.4	188.6	187.4

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

United Kingdom		Other countries		Group (continuing operations)		Discontinued operations	
2013	2014	2013	2014	2013	2014	2013	2014
4,535.1	5,124.7	6,461.5	6,486.4	21,407.7	22,325.9	19.1	0.0
1,517.8	1,610.4	1,458.0	1,372.4	3,862.4	3,971.5	0.0	0.0
1,593.7	1,699.0	808.2	721.2	2,706.0	2,705.0	0.0	0.0

Please refer to → page 255 of the notes for further explanations and comments on segment reporting.

RECONCILIATION OF SEGMENT REVENUE	2013	2014
EUR M		
Revenue of the reportable segments	21,407.9	22,326.4
Consolidation	-0.2	-0.5
Group revenue	21,407.7	22,325.9

RECONCILIATION OF SEGMENT EARNINGS	2013	2014
EUR M		
EBIT	406.6	237.0
Result from associates accounted for using the equity method <sup>1)</sup>	10.8	12.8
Result from other investments	0.7	1.1
Interest expense	-144.9	-96.8
Interest income	9.8	7.8
Other financial result	-14.3	-3.1
Profit before tax from continuing operations	268.7	158.8

RECONCILIATION OF SEGMENT ASSETS	31/12/2013	31/12/2014
EUR M		
Segment assets of the reportable segments	3,862.4	3,971.6
Consolidation	0.0	-0.1
Segment assets of the group	3,862.4	3,971.5
+ Interest-bearing other financial assets	47.1	50.9
+ Non-current and current income tax receivables	20.9	59.7
+ Deferred tax assets	101.7	113.2
+ Other assets	0.5	0.3
+ Cash and cash equivalents	535.7	335.8
+ Assets of discontinued operations	0.0	0.0
- Other non-current provisions	63.8	75.0
- Other current provisions	144.0	119.6
- Trade liabilities	2,384.6	2,553.1
- Other liabilities	437.6	550.5
Total net assets	7,598.3	7,829.6

1) Certain European pharmacy holdings that were initially evaluated according to the cost method and recognized as income from other investments. After adjustment, these are now recognised at equity. In the fiscal 2013, this adjustment would have caused an increase in the amount of EUR 5.4m for results from income from other at equity investments and a reduction of the same amount for results from other investments. The notes provide further information in the corresponding sections.

## 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 2014 – 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 (EUR) with all figures generally presented in million euro (EUR 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 10 February 2015.

## Basis of consolidation

The consolidated financial statements have been prepared from the separate financial statements of the consolidated group entities as of 31 December 2014. These have been prepared in compliance with the group's uniform accounting policies, based on IFRSs. For those consolidated subsidiaries whose separate financial statements do not have the same reporting date as that used for the

consolidated financial statements, interim financial statements have been prepared.

Subsidiaries over which Celesio AG has either direct or indirect control as defined by the standard for consolidated financial statements (IFRS 10) 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.

The definition of control over an associated company is when the investor is exposed to variable repayments on his lending to the associated company and/or has rights to such payments, and when the investor is able to affect these returns by means of his influence over the associated company.

If an investor holds the majority of the voting rights in an associated company, he is generally said to exercise control. If the investor does not hold the majority of the voting rights, he must take into account the entirety of the facts and circumstances when determining whether he exercises control.

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 IFRS 11 in conjunction with IAS 28. 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	Current exchange rate		Average exchange rate	
		31/12/2013	31/12/2014	2013	2014
United Kingdom	GBP	0.8337	0.7789	0.8491	0.8058
Brazil	BRL	3.2576	3.2207	2.8519	3.1176
Norway	NOK	8.3630	9.0420	7.7933	8.3485
Denmark	DKK	7.4593	7.4453	7.4579	7.4548
Sweden	SEK	8.8591	9.3930	8.6481	9.0951

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.

## 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 01 January 2014. The following standards and interpretations were applied by the Celesio Group for the first time in this reporting period:

In May 2011, the IASB published the standard **IFRS 10 – Consolidated Financial Statements**, which is mandatory in the EU from 1 January 2014. The standard requires that affiliates be consolidated and replaces the rules of the previous standards for compiling consolidated financial statements (IAS 27 – Consolidated and Separate Financial Statements and SIC-12 – Consolidation – Special Purpose Entities). The application of IFRS 10 has had no considerable impact on the scope of consolidation for Celesio AG and thus just as little effect on the consolidated financial statements. In May 2011, the IASB also published the standard **IFRS 11 – Joint Arrangements**, which became mandatory in the EU at the same time as IFRS 10. IFRS 11 defines the accounting regulations for entities that are subject to joint arrangements, for example joint ventures or joint operations. The standard replaces the standards IAS 31 – Interest in Joint Ventures and SIC-13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers. The application of IFRS 11 has had no material impact on the consolidated financial statements. The standard **IFRS 12 – Disclosure of Interests in Other Entities** has the same date of issue and effective date as the two standards mentioned above. IFRS 12 requires the disclosure of a wide range of information about interests in other entities, e.g. subsidiaries, joint arrangements, associates and unconsolidated structured entities. The application of IFRS 12 has made additional disclosures in the notes to the consolidated financial statements necessary.

In December 2010, the IASB published an amendment to the standard IAS 32 **Offsetting Financial Assets and Financial Liabilities** with the purpose of clarifying the offsetting criteria described in IAS 32. The amendment became mandatory as of 1 January 2014 and has had no impact on the consolidated financial statements. The amendment to IAS 39 **Novation of Derivatives and Continuation of Hedge Accounting** was published by the IASB in June 2013 and became mandatory for accounting periods beginning on or after 1 January 2014. The application of this amendment has had no significant impact on the consolidated financial statements. 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
IFRS 9	Financial instruments	24/07/2014	01/01/2018	No
IFRS 14	Regulatory Deferral Accounts	30/01/2014	01/01/2016	No
IFRS 15	Revenue from Contracts with Customers	28/05/2014	01/01/2017	No
Amendment	Employee contributions (IAS 19)	21/11/2013	01/07/2014	Yes
	Investment Entities: Applying the Consolidation			
Amendment	Exception (IFRS 10, 12; IAS 28)	18/12/2014	01/01/2016	No
Amendment	Disclosure initiative (IAS 1)	18/12/2014	01/01/2016	No
	Sale or Contribution of Assets between an			
	Investor and its Associate or Joint Venture (IFRS			
Amendment	10; IAS 28)	11/09/2014	01/01/2016	No
	Equity Method in Separate Financial Statements			
Amendment	(IAS 27)	12/08/2014	01/01/2016	No
Amendment	Bearer Plants (IAS 16, 41)	30/06/2014	01/01/2016	No
	Clarification of Acceptable Methods of			
Amendment	Depreciation and Amortisation (IAS 16, 38)	12/05/2014	01/01/2016	No
	Accounting for Acquisitions of Interests in Joint			
Amendment	Operations (IFRS 11)	06/05/2014	01/01/2016	No

From a current perspective, none of the new and completed amendments set out above will have a material impact on the assets position, financial position and results of operations of the Celesio Group. However, some changes in the presentation and additional disclosures in the notes are expected in isolated cases. The potential impact of applying IFRS 15 and IFRS 9 is currently being evaluated. 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 and Pharmacy business area correspond, as in the previous year, to the business area of the respective country.

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 as well as expected granted synergies in procurement resulting from the business combination with McKesson, which are allocated to the individual cash-generating units. The anticipated impact of definite or foreseeable government measures is also considered for pharmacies and the wholesale business.

For the Lloydspharmacy cash-generating unit, the management board expects higher sales figures and continued growth in the area of service provision, as well as a positive contribution from procurement synergies. This will compensate for governmental measures and the continued substitution of original products with generics. We expect that revenue and income from our pharmacy business in Norway will still record a positive development, whereas the negative impact of political cost-cutting will have an effect in Ireland.

The management board expects the revenue and earnings of Wholesale UK to remain stable overall in spite of government cost-cutting as the impact of these measures will be offset by improvements in the purchasing strategy and closer cooperation with retail. We anticipate growth in Wholesale France to slow slightly due to the fact that original products are increasingly being replaced by cheaper

generics, although these should, however, be offset by procurement synergies to a large extent. 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.

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 1)	
	31/12/2013 EUR m	31/12/2014 EUR m	2013 %	2014 %	2013 %	2014 %
Consumer Solutions	1,579.4	1,671.1	8.8–12.9	7.7–11.9	2.0	1.0
Of which Lloyds-pharmacy	1,236.7	1,323.1	9.4	8.5	2.0	1.0
Of which Pharmacies Norway	208.9	200.9	9.4	8.4	2.0	1.0
Of which Pharmacies Ireland	48.7	63.4	12.1	9.7	2.0	1.0
Of which other	85.1	83.7	8.8–12.9	7.7–11.9	2.0	1.0
Pharmacy Solutions	503.3	431.7	9.3–15.1	8.5–15.0	2.0–3.0	1.0–2.0
Of which Wholesale United Kingdom	149.8	158.9	9.6	8.5	2.0	1.0
Of which Wholesale France	134.2	134.2	10.7	10.0	2.0	1.0
Of which Wholesale Austria	122.2	122.2	9.3	8.5	2.0	1.0
Of which other	97.1	16.4	9.7–15.1	9.0–15.0	2.0–3.0	1.0–2.0

1) Assumptions as of 31/12/2014

Further scenarios were analysed for the critical calculation parameters to verify the values in use as of 31 December 2014. Management considers the following scenarios to be possible:

- An increase in the total cost of capital 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 regarding the political framework in the health sector and competition conditions in the markets which are relevant for Celesio. This scenario illustrates the effects on the impairment of goodwill, especially in markets with planned revenue growth and with the risk of competition becoming more intensive or political frameworks preventing growth.

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
Property, plant and equipment	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 2014 or 2013.

**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 IFRS 11 in conjunction with IAS 28. 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. Celesio AG does not currently have any interests in joint ventures.

**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. 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 29.8% 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 and converted in 2014 are measured using the market interest rate obtainable on a similar debt instrument but one that is not convertible. These debt components were measured as liabilities at amortised cost until they were converted into equity. The remaining component of the proceeds from the bond represents the value of the conversion right. This was 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 were 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 173.

### 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 2014: EUR 2,102.8m; previous year EUR 2082.7m) is based largely 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, the growth rate in the period after the detailed planning period as well as granted synergies in procurement resulting from the business combination with McKesson, which are allocated to the individual cash-generating units. 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 157.

### Trade receivables and other assets

The allowance for bad debts totalling EUR 145.3m (previous year EUR 119.6m) 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 EUR 946.6m (previous year EUR 814.7m) 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 EUR 113.9m. This assessment was based on an appraisal by an external expert. The carrying amount as of 31 December 2014 came to EUR 25.3m (previous year EUR 32.0m). This involved measuring a range of possible levels of utilisation and probabilities of occurrence. 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.

In Brazil, the states are in dispute over the mutual recognition of value-added tax benefits. In this regard, in December 2014 Panpharma received a tax bill from a Federal Tax Authority of Rio de Janeiro referring to the years 2009 to 2013 with an amount of approx. EUR 70m. We disagree with the assessment of the Federal Tax Authorities and believe that we have strong legal arguments to defend our positions. The chances of Panpharma losing the case have been assessed to be unlikely. For further explanation, please refer to the notes under (26). In Slovenia, contingent liabilities for risks due to an antitrust case were recognised.

### 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 173.

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 fiscal 2015.

## Consolidated group

The consolidated group comprises 335 (previous year 358) fully consolidated domestic and foreign companies. This includes six special purpose entities which are consolidated pursuant to IFRS 10 – Consolidated Financial Statements, even though Ceesio AG does not hold the majority of the voting rights. The purpose of these companies is generally to lease properties. As of 31 December 2014, no entities were consolidated on the basis of potential voting rights (previous year none) relating to shares not held by Ceesio, although there is no longer any actual voting majority.

Compared to the previous year, the consolidated group developed as follows:

	Number
<b>As of 01/01/2014</b>	<b>358</b>
Acquisition of shares	13
Formations/First Consolidation	3
Mergers with other group entities	-10
Disposals	0
Liquidation	-29
<b>As of 31/12/2014</b>	<b>335</b>
<i>Of which domestic entities</i>	18
<i>Of which foreign entities</i>	317

In 2014, 29 group companies were liquidated (previous year 22). 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.

60 (previous year 62) associates were consolidated using the equity method. There were no joint ventures (previous year none).

The complete list of major shareholdings – an integral component of the notes to the consolidated financial statements – is published in the German Federal Gazette and on the website [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 fiscal 2014

### Business combinations

The Consumer Solutions division acquired seven retail pharmacies in Norway and eight retail pharmacies in Ireland in the course of fiscal 2014. Furthermore, one retail pharmacy was acquired in the UK as part of an asset deal. All of these acquisitions help to strengthen the Consumer Solutions division's market position and have been fully consolidated.

Furthermore, the German company GesuCon GmbH, a provider of IT solutions for optimising pharmacists' ordering and stock management, was acquired 100% and fully consolidated in the Others division. Moreover, the French company McKesson France Holding SAS, a shelf company without significant assets and liabilities was acquired in its entirety and fully consolidated in the Others division.

The table below provides the significant details of the companies acquired in 2014:

EUR M	Total
<b>Consideration transferred</b>	<b>31.4</b>
Purchase price payment	22.0
Contingent consideration	8.1
Shares previously recognised using the equity method	1.3
Revaluation of shares previously recognised using the equity method	0.0
<b>Cash purchase price</b>	<b>16.9</b>
<b>Fair value of assets and liabilities assumed</b>	
<b>Total assets</b>	<b>13.1</b>
Intangible assets	2.7
Property, plant and equipment	0.6
Inventories	2.1
Trade receivables	2.0
Cash and cash equivalents	5.1
Other assets	0.6
<b>Total liabilities</b>	<b>4.5</b>
Deferred tax liabilities	0.8
Trade payables	1.6
Other liabilities	2.1
<b>Goodwill</b>	<b>22.8</b>
<b>Non-controlling interests</b>	<b>0.0</b>

Incidental acquisition costs of EUR 0.5m were recognised in other expenses.

No equity instruments were issued to settle purchase price liabilities.

The fair value of the receivables acquired in the combinations comes to EUR 2.6m and corresponds to the gross amounts of the contractual receivables. This includes trade receivables of EUR 2.0m.



The resulting 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 EUR 0.4m.

Revenue of EUR 16.6m and a net profit of EUR 0.0m are attributable to the companies acquired in fiscal 2014. If these companies had been acquired at the beginning of the fiscal year, they would have contributed EUR 28.2m to the revenues and EUR 1.3m to the net profit of the group.

### 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, increased by EUR 0.7m in fiscal 2014. Access to a new contingent consideration of EUR 7.3m was offset by repayment of existing contingent considerations amounting to EUR 6.6m. The adjustment to the current value of contingent considerations is mainly determined on the basis of an earnings variable taking account of long-term planning. This did not result in any material adjustments to the range of contingent consideration recorded at the end of fiscal 2013.

### Disposals

23 retail pharmacies in the UK were disposed of in fiscal 2014 in the course of streamlining the portfolio. Wilkinson, a small part of the Pharmacy Solution division in the UK, which is specialised in supplying medical devices and appliances in the United Kingdom was also disposed of.

All disposals were made as part of an asset deal.

EUR M	Total
<b>Consideration received</b>	<b>20.0</b>
<i>Of which cash</i>	<b>20.0</b>
<i>Expenses related to sale</i>	<b>1.1</b>
Gain/loss on disposal	<b>13.1</b>
<b>Total assets</b>	<b>5.9</b>
<b>Goodwill</b>	<b>2.5</b>
Intangible assets	<b>0.3</b>
Property, plant and equipment	<b>0.9</b>
Inventories	<b>2.2</b>
<b>Total liabilities</b>	<b>0.1</b>
Other liabilities	<b>0.1</b>

The gains on disposal totalled EUR 13.1m and were disclosed under other operating income.

## Business combinations and disposals in fiscal 2013

### Business combinations

The table below provides the significant details of the companies acquired in 2013:

EUR 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.

The fair value of the receivables acquired in the combination amounted to EUR 0.1m. This includes trade receivables of EUR 0.1m. No valuation allowances were recognised on these receivables. Thus the fair value corresponds to the amount agreed on in the contracts.

The resultant goodwill mainly represents the future prospects expected with the acquisitions and the value of the experience among the employees acquired and is tax deductible in the amount of EUR 1.2m.

Revenue of EUR 1.4m and a net profit of EUR 0.3m were attributable in the previous year period to the companies acquired in fiscal 2013. If these companies had been acquired at the beginning of the comparative period, they would have contributed EUR 2.4m to the revenues of the group. The contribution to the group's net profit would have been EUR 0.2m.

### Disposals

The table below provides the significant details of the companies disposed of in fiscal 2013:

EUR M	Total
<b>Consideration received</b>	<b>2.3</b>
of which cash	<b>2.2</b>
<i>Expenses related to sale</i>	<b>0.5</b>
Gain/loss on disposal	<b>0.5</b>
<b>Total assets</b>	<b>2.2</b>
Goodwill	<b>0.1</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>

## Change in ownership interests in subsidiaries that do not result in a loss of control

In fiscal 2014, minor additional stakes were acquired in the Pharmacy Solutions division in Slovenia and in the Others division in France. The effects on retained earnings were also correspondingly minor.

In the course of the transaction with the minority shareholders in Oncoprod, the contractually agreed transaction was treated as an equity transaction, with the following result:

EUR M	Total
Consideration transferred to non-controlling shareholders	–20.7
Carrying value of additional interest in Oncoprod	19.7
<b>Difference recognised in equity</b>	<b>–1.0</b>
thereof recognised in currency revaluation reserve	–6.5
thereof included in retained earnings	5.5

# Notes to the group income statement

## Non-recurring expenses in the consolidated income statement

Non-recurring effects amounting to EUR 173.9m weighed on earnings in fiscal 2014. These non-recurring effects are due in particular to the unscheduled impairment losses on goodwill (amounting to EUR 77.0m for Brazil and EUR 7.0m for Germany) and other intangible assets belonging to the Brazilian activities (amounting to EUR 10.7m) and unscheduled impairment losses on land and buildings at Wholesale Germany (amounting to EUR 6.9m). Additionally, impairment losses were mainly taken on specific intangible assets with regard to IT infrastructure which could no longer be used expediently, as part of the strategic realignment of a centralised IT, primarily in the UK (amounting to EUR 27.4m). Additional non-recurring effects occurred due to contractual claims for termination benefits for former members of the management board and other related obligations (EUR 26.7m), legal and other consultancy expenses in connection with the takeover by the McKesson Corporation (EUR 14.5m) and provisions for restructuring expenses in Norway (EUR 3.2m).

In contrast, non-recurring effects amounting to EUR –17.0m weighed on earnings in the reference period. These included in particular 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.

## (1) Revenue

A breakdown of revenue by division and country is part of segment reporting. The revenue generated by the group consists of EUR 21,840.6m (previous year EUR 21,051.7m) from sales of merchandise and EUR 485.3m (previous year EUR 356.0m) from services rendered.

## (2) Other income

EUR M	2013	2014
Income from service offerings for manufacturer	68.6	74.7
Income from service offerings for pharmacists	38.9	45.1
Income from receivables written down and bad debts collected	36.4	11.1
Net gain on the disposal of non-current non-financial assets	2.8	15.2
Income from data sales	13.0	11.7
Income from rent and lease agreements	10.8	9.4
Sundry income	49.5	41.5
<b>Total</b>	<b>220.0</b>	<b>208.7</b>

Other income includes income from transactions that are not part of the core business of the Celesio Group. This mainly includes income from marketing activities, services and data processing and IT services as well as income from letting buildings.

The income from service offerings for manufacturers and pharmacists includes advertising subsidies, income for sales promotions of particular products and other value-adding activities.

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 related to the sale of retail pharmacies in the United Kingdom and of Wilkinson, a small part of the Pharmacy Solutions division in the UK. In the previous year, income was mainly generated by the sale of retail pharmacies in the United Kingdom and the Wholesale operation in Ireland.

Sundry income includes own work capitalised from IT projects of EUR 2.5m (previous year EUR 1.6m). Moreover, this line item includes income of EUR 4.6m from IT (previous year EUR 9.3m). In addition, income of EUR 5.4m was generated from financial services. Likewise, sundry income includes EUR 3.2m from recognising insurance claims, some of which relate to payments for lost stocks and damage to real estate in the United Kingdom and water damage at a warehouse operated by German Wholesale. The insurance claims recognised in the previous year came to EUR 4.8m. These related solely to the fire damage in Belgium. Due to the increase in the company's stake in Oncoprod in August 2014, the earn-out and indemnification assets were revalued by EUR 0.0m (previous year EUR 0.2m) with an impact on revenues. This is also included in the sundry income.

### (3) Other expenses

EUR M	2013	2014
Transportation costs	-182.6	-199.8
Building expenses	-203.7	-212.1
IT and communication expenses	-143.4	-137.6
Promotion and advertising expenses	-54.8	-59.6
Legal and consulting costs	-31.7	-35.7
Valuation allowances for bad debts	-33.6	-58.2
Travel expenses	-19.0	-20.0
Third-party personnel services	-15.5	-17.3
Net loss on IFRS 5 revaluations and disposal of non-current non-financial assets	-2.9	-2.4
Sundry expenses	-103.2	-101.9
<b>Total</b>	<b>-790.4</b>	<b>-844.6</b>

Building expenses include rent and lease expenses of EUR 123.7m (previous year EUR 119.4m).

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.

Sundry expenses relate to the general costs of administration and sales, such as the costs of office supplies, other taxes and fees. Moreover, this line item includes audit fees and other advisory services of EUR 9.4m (previous year EUR 12.7m), whereof one-off expenses amounting to EUR 0.8m (previous year EUR 2.9m) were incurred in the reporting year in relation to the takeover by McKesson Corporation. Sundry expenses also include expenses for the security of land and buildings amounting to EUR 8.9m (previous year EUR 8.0m) as well as repairs and maintenance of EUR 8.5m (previous year EUR 7.3m). The net currency result from operations contains exchange rate gains of EUR 0.4m (previous year EUR 1.6m) and exchange rate losses of EUR 0.6m (previous year EUR 1.6m), 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. Sundry expenses also include expenses for conferences, seminars and meetings amounting to EUR 7.5m (previous year EUR 6.6m) and insurance costs of EUR 7.2m (previous year EUR 6.9m). Non-income related taxes amounting to EUR 8.1m (previous year EUR 10.1m) are included in sundry expenses. Furthermore, sundry expenses feature bank charges of EUR 7.8m (previous year EUR 7.4m). In the reporting period, expenses for the development of software of EUR 7.1m (previous year EUR 7.0m) were recorded under other expenses because the criteria for recognising them as assets pursuant to IAS 38 were not satisfied.

#### (4) Personnel expenses/employees

EUR M	2013	2014
Wages and salaries	—974.3	— <b>1,007.5</b>
Social security	—168.2	— <b>168.6</b>
Post-employment expenses	—39.7	— <b>10.4</b>
Personnel services	—49.6	— <b>53.8</b>
Other personnel expenses	—14.9	— <b>15.7</b>
<b>Total</b>	<b>—1,246.7</b>	<b>— 1,256.0</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 EUR 3.9m. In the current fiscal year, severance payments to three former members of the management board amounted to EUR 22.2m. 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 amounted to EUR 13.9m.

Pension benefit costs include a past service cost of EUR 26.8m resulting from plan amendments and curtailments in Norway, France and at Celesio AG.

Personnel services essentially consist of expenses for freelance locum pharmacists used to fill in for absent employees at Celesio pharmacies and for external sales staff in Wholesale.

Income from the release of provisions for obligations towards personnel of EUR 10.6m (previous year EUR 8.6m) was offset against personnel expenses.

Personnel expenses include EUR 2.9m (previous year EUR 3.1m) from cash-settled share-based compensation programmes.

As of 31 December 2014 Celesio employed 29,123 full-time equivalents. As of 31 December 2013 the Celesio Group had employed 28,653 full-time equivalents.

## (5) Depreciation, amortisation and impairment

EUR M	2013	2014
Depreciation on property, plant and equipment	—90.1	—90.2
Amortisation on intangible assets	—34.9	—31.1
Impairment losses recorded on property, plant and equipment	—1.2	—6.9
Impairment losses recorded on intangible assets	0.0	—122.2
<b>Total</b>	<b>—126.2</b>	<b>—250.4</b>

Unscheduled writedowns of EUR 6.9m (previous year EUR 0.2m) were taken on land and buildings at Wholesale Germany in 2014.

Impairment losses on other intangible assets amounted to EUR 10.7m in 2014 (previous year EUR 0m). Additionally, impairment losses of EUR 27.4m (previous year EUR 0m) occurred on IT infrastructure which could no longer be used expediently, as part of the strategic realignment of centralised IT, primarily in the UK.

As a result of the scheduled impairment test in the fourth quarter of 2014, goodwill and property, plant and equipment for Wholesale Germany were written down. In addition, an unscheduled impairment test as of 30 June 2014 revealed the need to recognise impairment losses on goodwill and other intangible assets with indefinite useful lives for the Brazilian wholesale activities.

The impairment losses recorded on goodwill and other intangible assets with indefinite useful lives breaks down among the cash-generating units as follows:

	Impairment losses	WACC	Growth rate after the detailed planning period	Impairment losses	WACC	Growth rate after the detailed planning period
	2013	2013	2013	2014	2014	2014
	EUR m	%	%	EUR m	%	%
Pharmacy Solutions Brazil	/	/	/	87.7	15.0	3.0
Pharmacy Solutions Germany	/	/	/	13.9	9.0	1.0

As a result of the ongoing discount competition in Germany and a reduction in the long-term earnings prospects, the remaining goodwill of the German wholesale business was impaired, as the value in use was below the carrying amount not including goodwill. As the value in use exceeds the the asset value and the goodwill by further EUR6.9m, additionally unscheduled writedowns were taken on buildings and property, plant and equipment in Germany. Due to an adjustment in the long-term earnings outlook at the Wholesale Brazil cash-generating unit, an unscheduled impairment test was required, which resulted in the valuation being adjusted by a total of EUR 87.7m. Progress has certainly been made to date with the initiated realignment of the Brazilian business units, but not at the desired rate or to the extent planned, primarily due to the increasing consolidation of pharmacy chains as well as direct delivery and the resulting fiercer competition.

Unscheduled writedowns of EUR 84.0m related mainly to the goodwill in Brazil dating back to 2009 and 2011 amounting to EUR 77.0m and the remaining goodwill of Wholesale Germany amounting to EUR 7.0m. This amount was fully impaired. Furthermore, unscheduled writedowns of EUR 6.9m (previous year EUR 0.2m) were taken on land and buildings at Wholesale Germany in 2014. In addition, brand rights for Brazilian activities amounting to EUR 10.7m were subject to an unscheduled impairment, as the value in use was below the carrying amount not including goodwill.

## (6) Investment result

EUR M	2013	2014	Dev..	Dev. In %
Result from associates accounted for using the equity method <sup>1)</sup>	10.8	12.8	2.0	18.5
Result from other investments	0.7	1.1	0.4	57.1
<b>Total</b>	<b>11.5</b>	<b>13.9</b>	<b>2.4</b>	<b>20.9</b>

- 1) Certain European pharmacy holdings that were initially evaluated according to the cost method are now recognised at equity. This adjustment is a result of reassessing the entities to be included in consolidation. In fiscal 2013, this adjustment would have caused an increase in the amount of EUR 5,4m for results from associates accounted for using the equity method and a reduction of the same amount for results from other investments. The notes provide further information in the corresponding sections.

The result from other investments primarily comprises income from dividends from non-listed entities.

## (7) Financial result

EUR M	2013	2014
<b>Interest and similar expenses</b>	<b>–144.9</b>	<b>–96.8</b>
Of which received from affiliates	0.0	0.0
Of which for finance leases	–0.8	–0.8
Of which for pensions	–12.0	–10.7
<b>Interest and similar income</b>	<b>9.8</b>	<b>7.8</b>
Of which received from affiliates	0.0	0.0
<b>Other financial result</b>	<b>–14.3</b>	<b>–3.1</b>
<b>Total</b>	<b>–149.4</b>	<b>–92.1</b>

Interest and similar expenses include interest expenses totalling EUR 78.3m (previous year EUR 118.4m) 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 EUR 7.8m (previous year EUR 9.8m) for financial liabilities not measured at fair value through profit or loss.

Other financial income contains changes in the market value of derivatives used to hedge financial liabilities, which were recognised through profit or loss. Changes in the market value of derivative exchange rates gave rise to expenses of EUR 19.5m (previous year income of EUR 11.9m). Moreover, the other financial result contains exchange rate gains of EUR 85.5m (previous year EUR 147.1m) and exchange rate losses of EUR 69.9m (previous year EUR 151.0m). In addition, the other financial result contains impairment losses of EUR 0.0m (previous year EUR 0.2m) and income from impaired loan receivables of EUR 0.8m (previous year EUR 1.7m).

## (8) Income taxes

EUR M	2013	2014
Current taxes	–104.9	–109.5
Deferred tax	7.4	3.6
<b>Income taxes</b>	<b>–97.5</b>	<b>–105.9</b>

Deferred tax income of EUR 3.6m (previous year EUR 7.4 m) comprises EUR 2.5m (previous year deferred tax expenses of EUR 0.2m) from Germany and EUR 1.1m (previous year deferred tax income of EUR 7.6m) from other countries. With regard to current taxes an amount of EUR 0.6m is attributable to Germany (previous year EUR 0.8m) and an amount of EUR 108.9m to other countries (previous year EUR 104.1m).

Tax expenses include income tax at foreign and German entities and deferred taxes. Other taxes (property tax, vehicle tax and VAT) are included in other expenses.

Temporary differences of EUR 12.6m (previous year EUR 12.6m) arose on the retained earnings of domestic and foreign subsidiaries and associates. Deferred tax liabilities of EUR 3.9m (previous year EUR 3.9m) 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.

At the end of the reporting period, the group carried unused tax losses of EUR 400.4m (previous year EUR 465.2m) and interest carried forward of EUR 0.0m (previous year EUR 104.3m), which from a current perspective are unlikely to be utilised. Consequently, no deferred taxes have been recognised. The change in the shareholder structure at Celesio AG is primarily responsible for this. Of the total unused tax losses an amount of EUR 431.1m (previous year EUR 569.5m) can be carried forward indefinitely. EUR 2.8m (previous year EUR 0.0m) will generally expire within the next twelve years.

In addition, deferred taxes totalling EUR 9.7m (previous year EUR 28.0m) were recognised on unused tax losses of EUR 33.5m (previous year EUR 87.2m).

Deferred tax assets on unused loss carryforwards were written down by EUR 20.9m in the reporting period (previous year EUR 0.5m) and relate mainly to the Brazilian wholesale operations.

Current taxes include tax expenses from other periods of EUR 5.1m (previous year EUR 7.6m). Deferred taxes on temporary differences led to total income of EUR 22.6m (previous year EUR 6.2m).

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 applied at Celesio AG fell from 30.7% in 2013 to 29.8% in 2014 due to a change in the trade tax rate.

	31/12/2013		31/12/2014	
	EUR m	%	EUR m	%
Profit before taxes	268.7	100.0	158.8	100.0
<b>Expected income tax expense</b>	<b>82.5</b>	<b>30.7</b>	<b>47.3</b>	<b>29.8</b>
Effect of differing national tax rates	-15.3	-5.7	-26.8	-16.9
Tax from previous periods	-9.0	-3.4	-2.6	-1.6
Tax effect of non-deductible expenses and tax-exempt income	12.6	4.7	27.0	17.0
Impact of changes to tax rates on deferred taxes	-1.8	-0.7	0.7	0.4
Non-recognition, adjustment or utilisation of tax losses	11.4	4.2	46.8	29.5
Impact of amortisation of goodwill	-2.0	-0.8	26.2	16.5
Deferred taxes on distributable earnings	-1.6	-0.6	0.0	0.0
Other tax effects	20.7	7.7	-12.7	-8.0
<b>Income tax expense</b>	<b>97.5</b>	<b>36.3</b>	<b>105.9</b>	<b>66.7</b>

The effective tax rate amounted to 66.7% for the reporting period, compared to 36.3% in fiscal 2013. This is largely due to impairments of intangible assets, for which no tax benefit could be recognised. Adjusted for special effects, the tax rate would have been 34.9% compared to 34.8% in fiscal 2013.

## (9) Earnings per share from continuing operations

	2013	2014
Profit/loss attributable to shareholders of Celesio AG (EUR m)	164.7	49.2
Weighted number of no-par shares outstanding	170,100,000	199,041,538
<b>Earnings per share – undiluted (EUR)</b>	<b>0.97</b>	<b>0.25</b>
Profit/loss attributable to shareholders of Celesio AG (EUR m)	164.7	49.2
Adjustment to interest expense for convertible bond (net, EUR m)	12.4	/
Net profit used to determine diluted earnings per share	177.4	49.2
Weighted number of no-par shares outstanding	170,100,000	199,041,538
Weighted adjustment to potentially convertible no-par shares	15,569,395	/
Weighted average number of shares used to determine diluted earnings per share	185,669,395	199,041,538
<b>Earnings per share – diluted (EUR)</b>	<b>0.95</b>	<b>0.25</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. In the previous year there were 31.1m options outstanding, therefore the convertible bond issued in 2011 results in a dilutive effect in the reporting year, in contrast to the convertible bond issued in 2009. 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.

In the reporting year the convertible bonds were converted from January to May in several portions and therefore the weighted average number of shares was calculated according to IAS 33.20. The number of no-par shares outstanding at the beginning of the period, adjusted by the number of no-par shares issued during the period multiplied by a time-weighting factor – the number of days that the shares are outstanding as a portion of the total number of days in the period – reflects the weighted average number of shares. 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 taxes – including non-controlling interests – performed as follows:

	2013			2014		
	before taxes	taxes	after taxes	before taxes	taxes	after taxes
<b>Items that will not be recycled through profit or loss</b>						
Revaluation of defined benefit plans	-20.8	-3.7	-24.5	-113.9	17.9	-96.0
Share in the revaluation of defined benefit pension plans attributable to associates accounted for using the equity method	3.5	/	3.5	-8.7	/	-8.7
<b>Items that may be subsequently recycled through profit or loss</b>						
Unrealised gains/losses from the current year	0.8	0.0	0.8	-0.6	0.0	-0.6
Gains/losses recycled through profit or loss	0.0	0.0	0.0	0.0	0.0	0.0
Unrealised gains from marking available-for-sale financial assets to market	0.8	0.0	0.8	-0.6	0.0	-0.6
Unrealised gains/losses from the current year	3.9	1.2	5.1	-2.1	1.1	-1.0
Gains/losses recycled through profit or loss	13.9	-3.5	10.4	3.7	-1.4	2.3
Unrealised gains from derivative financial instruments used to hedge cash flows	17.8	-2.3	15.5	1.6	-0.3	1.3
Foreign currency translation posted directly to other comprehensive income	-113.4	0.0	-113.4	56.4	/	56.4
Release to profit or loss due to loss of control	0.0	0.0	0.0	0.0	/	0.0
Exchange differences	-113.4	0.0	-113.4	56.4	/	56.4
<b>Other comprehensive income</b>	<b>-112.1</b>	<b>-6.0</b>	<b>-118.1</b>	<b>-65.2</b>	<b>17.6</b>	<b>-47.6</b>

EUR M

# Notes to the group statement of financial position

## (11) Intangible assets

	2013		
	Concessions, industrial rights and similar rights	Goodwill	Other intangible assets
EUR M			
<b>Accumulated historical costs as of 01/01</b>	<b>254.5</b>	<b>2,566.6</b>	<b>80.9</b>
Foreign currency translation differences	-4.8	-72.7	-9.2
Additions to the consolidated group	0.0	0.0	0.0
Additions	10.6	2.1	0.1
Reclassifications	3.1	0.0	0.0
Disposals	-1.5	0.0	0.0
Disposals from the consolidated group	-0.3	-1.0	0.0
Reclassification to or from assets held for sale	0.0	0.0	0.0
<b>As of 31/12</b>	<b>261.6</b>	<b>2,495.0</b>	<b>71.8</b>
<b>Accumulated amortisation and impairment as of 01/01</b>	<b>180.2</b>	<b>413.3</b>	<b>43.0</b>
Foreign currency translation differences	-3.1	0.0	-5.0
Additions	27.3	0.0	7.6
Reclassifications	0.0	0.0	0.0
Disposals	-1.5	0.0	0.0
Disposals from the consolidated group	-0.3	-0.9	0.2
Write-ups	0.0	0.0	0.0
Reclassification to or from assets held for sale	0.0	0.0	0.0
<b>As of 31/12</b>	<b>202.6</b>	<b>412.4</b>	<b>45.8</b>
<b>Carrying amount as of 31/12</b>	<b>59.0</b>	<b>2,082.6</b>	<b>26.0</b>

Software impairments are the result of the decrease in concessions, industrial rights and similar rights compared to the previous reporting period. Impairment of goodwill impacts the Wholesale Brazil cash-generating unit and Wholesale Germany. Further information on the impairment of goodwill can be found in note (5) Impairments.

2013				2014			
Payments on account	Total	Concessions, industrial rights and similar rights	Goodwill	Other intangible assets	Payments on account	Total	
43.1	2,945.1	261.6	2,495.0	71.8	41.9	2,870.3	
-2.0	-88.7	1.3	81.3	0.5	1.4	84.5	
0.0	0.0	0.0	0.4	2.6	0.0	3.0	
4.7	17.5	9.8	22.4	5.7	10.1	48.0	
-3.1	0.0	7.3	0.0	-2.4	-5.7	-0.8	
-0.8	-2.3	-4.9	0.0	0.0	0.0	-4.9	
0.0	-1.3	-0.3	-2.5	0.0	0.0	-2.8	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	
41.9	2,870.3	274.8	2,596.6	78.2	47.7	2,997.3	
11.4	647.9	202.6	412.4	45.8	10.5	671.3	
-0.9	-9.0	1.2	-2.5	-0.1	0.4	-1.0	
0.0	34.9	30.1	84.0	14.8	24.2	153.1	
0.0	0.0	-0.1	0.0	0.0	0.0	-0.1	
0.0	-1.5	-4.9	0.0	0.0	0.0	-4.9	
0.0	-1.0	0.0	0.0	0.0	0.0	0.0	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	
10.5	671.3	228.9	493.9	60.5	35.1	818.4	
31.4	2,199.0	45.9	2,102.7	17.7	12.6	2,178.9	

Other intangible assets consist of brands with an indefinite useful life of EUR 2.3m (previous year EUR 9.2m) obtained in the course of acquisitions. As in the previous year these can be attributed to Wholesale Brazil for the Panpharma and Oncoprod brands. Additionally, impairment losses were taken on specific intangible assets with regard to IT infrastructure which could no longer be used expediently, as part of the strategic realignment of central IT, primarily in the UK.

## (12) Property, plant and equipment

	2013		
	Land, land rights and buildings	Plant and machinery	Other equipment, furniture and fixtures
EUR M			
<b>Accumulated historical costs as of 01/01</b>	<b>677.9</b>	<b>265.8</b>	<b>603.4</b>
Foreign currency translation differences	-7.7	-3.4	-15.6
Additions to the consolidated group	0.0	0.0	0.1
Additions	11.9	13.7	47.7
Reclassifications	3.7	3.6	2.6
Disposals	-5.7	-2.3	-20.7
Disposals from the consolidated group	-0.2	0.0	-1.2
Reclassification to or from assets held for sale	-1.6	0.0	0.0
<b>As of 31/12</b>	<b>678.3</b>	<b>277.4</b>	<b>616.3</b>
<b>Accumulated amortisation and impairment as of 01/01</b>	<b>376.1</b>	<b>210.7</b>	<b>439.3</b>
Foreign currency translation differences	-3.6	-1.8	-9.7
Additions	25.8	13.8	51.7
Reclassifications	0.0	0.0	0.0
Disposals	-4.5	-1.9	-18.4
Disposals from the consolidated group	-0.2	0.0	-0.9
Write-ups	0.0	0.0	0.0
Reclassification to or from assets held for sale	0.0	0.0	0.0
<b>As of 31/12</b>	<b>393.6</b>	<b>220.8</b>	<b>462.0</b>
<b>Carrying amount as of 31/12</b>	<b>284.7</b>	<b>56.6</b>	<b>154.3</b>
<i>Of which finance leases</i>			
<i>Carrying amount as of 31/12</i>	20.5	0.2	2.9

Property, plant and equipment of EUR 36.2m (previous year EUR 54.0 m) was pledged as collateral.

2013		2014					
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	
8.5	1,555.6	678.3	277.4	616.4	11.0	1,583.1	
-0.3	-27.0	3.9	4.4	22.1	0.0	30.4	
0.0	0.1	0.1	0.0	0.6	0.0	0.7	
13.2	86.5	18.2	20.3	62.1	11.9	112.5	
-9.9	0.0	1.6	8.1	3.7	-13.4	0.0	
-0.4	-29.1	-8.1	-3.2	-39.8	-0.3	-51.4	
0.0	-1.4	-0.6	-0.4	-2.3	0.0	-3.3	
0.0	-1.6	-0.2	0.0	0.0	0.0	-0.2	
11.1	1,583.1	693.2	306.6	662.8	9.2	1,671.8	
-0.2	1,025.9	393.6	220.8	462.0	-0.2	1,076.2	
0.0	-15.1	1.2	3.6	18.3	0.0	23.1	
0.0	91.3	36.0	14.2	47.1	0.0	97.3	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	
0.0	-24.8	-7.6	-2.9	-37.8	0.0	-48.3	
0.0	-1.1	-0.3	-0.3	-1.9	0.0	-2.5	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	
0.0	0.0	-0.1	0.0	0.0	0.0	-0.1	
-0.2	1,076.2	422.8	235.4	487.7	-0.2	1,145.7	
11.3	506.9	270.4	71.2	175.1	9.4	526.1	
0.0	23.6	17.6	0.1	1.1	0.0	18.8	

### (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 2014, investments in entities not listed on a public exchange with a carrying amount of EUR 0.3m (previous year EUR 0.7m) 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 2014. The following chart presents key financial information of the Brocacef Groep N.V.:

EUR M	2013	2014
Received (dividend) payments from Brocacef	1.0	2.9
Revenue	1,282.4	1,341.4
Total profit / loss after taxes from continued operations	13.7	24.1
Total profit / loss after taxes from discontinued operations	0.0	0.0
Other comprehensive income / expenses	7.8	-10.5
Total comprehensive income / expenses	21.5	13.6
Current assets	232.9	233.0
Non-current assets	242.6	254.1
Current liabilities	151.3	178.8
Non-current liabilities	87.6	73.2
Equity	236.6	235.0
Equity net of goodwill	95.2	93.6
Proportion of Celesio Group's ownership (45.0 %)	42.8	42.1
Carrying amount of intangible assets and goodwill identified during the purchase price allocation	32.6	30.8
<b>Carrying amount of the interest as of 31/12</b>	<b>75.4</b>	<b>72.9</b>

As part of reassessing the entities to be included in consolidation, the figures reported by certain European pharmacy holdings were corrected. The previous year's figures were adjusted accordingly and presented in a comparable manner. The share of the net profit of all other associates measured at equity attributable to Celesio, including amortisation of intangible assets identified during the purchase price allocation, amounted to EUR 3.7m (previous year EUR 5.8m). No amount was recorded in other comprehensive income in this or the last fiscal year. The carrying amount of other associates measured at equity came to EUR 58.1m (previous year EUR 60.1m).

These entities generated revenue of EUR 146.8m in the reporting period (previous year EUR 149.7m) and net profit of EUR 6.9m (previous year EUR 6.9m). Non-current assets totalled EUR 32.4m (previous year EUR 31.7m) while current assets came to EUR 16.1m (previous year EUR 15.3m). Total liabilities break down into non-current items of EUR 2.5m (previous year EUR 2.2m) and current liabilities of EUR 13.9m (previous year EUR 13.3m).

#### (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:

	31/12/2013		31/12/2014	
	assets	liabilities	assets	liabilities
EUR M				
Intangible assets	23.1	65.5	25.6	66.1
Property, plant and equipment	16.6	30.2	16.1	28.8
Other non-current assets	3.0	9.8	7.1	5.0
Current assets	20.6	8.1	26.9	5.1
Financial liabilities	2.8	4.7	1.6	3.7
Provisions	63.1	0.0	83.6	0.0
Other liabilities	22.5	1.3	29.3	0.9
<b>Sum of deferred taxes on temporary differences</b>	<b>151.7</b>	<b>119.7</b>	<b>190.2</b>	<b>109.6</b>
Deferred taxes on unused tax losses	28.0	0.0	9.7	0.0
./. Less offsetting	-78.0	-78.0	-86.7	-86.7
<b>Total</b>	<b>101.7</b>	<b>41.7</b>	<b>113.2</b>	<b>22.9</b>

Other comprehensive income includes deferred tax assets totalling EUR 63.7m (previous year EUR 48.2m). 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. More information on deferred taxes can be found in note (8) Income taxes.



## (15) Inventories

EUR M	2013	2014
Raw materials, consumables and supplies	1.2	1.3
Finished goods and merchandise	1,596.6	1,743.8
<b>Total</b>	<b>1,597.8</b>	<b>1,745.1</b>

Inventories were written down by EUR 16.5m in the reporting period (previous year EUR 17.4m). This was offset by write-ups of inventories of EUR 6.2m (previous year EUR 19.2m) 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 EUR 32.7m (previous year EUR 40.8m). In addition to the customary retention of title clauses, inventories of EUR 92.0m (previous year EUR 85.2m) at Wholesale Brazil have been pledged as collateral due to pending tax litigation.

## (16) Discontinued operations and disposal groups

### General

As part of its far-reaching strategic realignment and portfolio optimisation, in 2012 Celesio announced plans to initiate the sale process for a range of companies and activities which no longer formed part of the company's core business. Accordingly, the Movianto business entity was disposed of in 2012, with the exception of Movianto Ireland, the Pharmexx business entity and the DocMorris mail-order pharmacy. Movianto Ireland and Wholesale Ireland were divested in the second quarter of 2013.

No entities were classified as discontinued operations and disposal groups in fiscal 2014. The profit from discontinued operations, which is largely due to provisions for the expected occurrence of additional risks in relation to the activities divested, amounted to EUR -0.5m in 2014 compared to EUR -4.8m in the prior-year period.

### Revaluation differences and disposals

The units classified as discontinued operations and disposal groups are measured at fair value less the costs of disposal. In this case, fair value is based on the sales and purchase agreements entered into.

No entities classified as discontinued operations and disposal groups were deconsolidated in the reporting period.

### 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:

	31/12/2013 Non-current assets held for sale	31/12/2014 Non-current assets held for sale
EUR M		
Intangible assets	0.0	0.0
Property, plant and equipment	2.5	1.0
Inventories	0.0	0.0
Trade receivables	0.0	0.0
Cash and cash equivalents	0.0	0.0
Other assets	0.0	0.0
<b>Assets</b>	<b>2.5</b>	<b>1.0</b>
Financial liabilities	0.0	0.0
Trade payables	0.0	0.0
Other liabilities	0.0	0.0
<b>Equity and liabilities</b>	<b>0.0</b>	<b>0.0</b>

Property with a carrying value of EUR 0.4m (previous year EUR 2.0m) is reported as non-current assets held for sale in the Pharmacy Solutions division. The figure in the Consumer Solutions division amounts to EUR 0.6m (previous year EUR 0.5m).

### Net profit/loss from discontinued operations

The follow-on effects arising from disposals in 2012 and 2013, due to provisions for the expected occurrence of additional risks in relation to the activities divested, are reported under Net profit/loss from discontinued operations.

The net loss from discontinued operations breaks down as follows:

	Total	
EUR M	2013	2014
Revenue	19.1	0.0
Cost of materials	-16.1	0.0
Gross profit	3.0	0.0
EBITDA	0.4	0.0
EBIT	0.4	0.0
Profit/loss before tax from discontinued operations	0.3	0.0
Income taxes	0.0	0.0
Profit/loss after tax from discontinued operations	0.3	0.0
Profit/loss after tax from the measurement and disposals of discontinued operations	-5.1	-0.5
<b>Net profit/loss from discontinued operations</b>	<b>-4.8</b>	<b>-0.5</b>

### (17) Receivables and other assets

At the end of the reporting period, current receivables and other assets are as follows:

EUR M	31/12/2013	31/12/2014
<b>Trade receivables</b>	<b>2,082.7</b>	<b>2,298.4</b>
<b>Income tax receivables</b>	<b>18.9</b>	<b>58.2</b>
Receivables from affiliates	0.1	2.4
Receivables from associates and other investments	5.3	3.9
Derivative financial instruments	0.5	0.3
VAT and other tax receivables	93.7	144.6
Other assets	223.3	202.8
<b>Other receivables and other assets</b>	<b>322.9</b>	<b>353.7</b>
<b>Total</b>	<b>2,424.5</b>	<b>2,710.3</b>

Other assets include supplier bonuses, creditors with debit balances, receivables from employees and other short-term receivables.

In the previous year derivative financial instruments had been used for interest and currency hedging. In the reporting year derivative financial instruments served as currency hedges. Derivative financial instruments are discussed in more detail in note (25).

Receivables from affiliates, which are due from the McKesson Group (previous year 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 EUR 58.7m (previous year EUR 28.1m) as collateral for its own liabilities.

Bad debt allowances developed as follows over the reporting period:

EUR M	2013	2014
<b>As of 01/01</b>	<b>89.9</b>	<b>98.8</b>
Additions	26.0	36.7
Utilisations	-8.7	-17.9
Reversals	-8.9	-5.5
Currency, consolidated group and other changes	0.5	0.7
<b>As of 31/12</b>	<b>98.8</b>	<b>112.8</b>

The table below shows the ageing structure of trade receivables as of the reporting date:

EUR M	31/12/2013	31/12/2014
Trade receivables that are neither impaired nor past due	1,841.6	2,049.2
Trade receivables that are not impaired but are past due	164.6	162.6
Of which < 3 month	112.3	116.9
Of which 3 – 6 month	17.1	30.8
Of which 6 – 12 month	15.0	7.4
Of which > 12 month	20.2	7.5
Impaired trade receivables	76.5	86.6
<b>Trade receivables</b>	<b>2,082.7</b>	<b>2,298.4</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:

EUR M	2013	2014
<b>As of 01/01</b>	<b>19.2</b>	<b>20.8</b>
Additions	7.8	19.6
Utilisations	-0.9	-6.6
Reversals	-4.6	-1.0
Currency, consolidated group and other changes	-0.7	-0.3
<b>As of 31/12</b>	<b>20.8</b>	<b>32.5</b>

The table below shows the ageing structure of receivables recognised in other assets as of the reporting date:

EUR M	31/12/2013	31/12/2014
Receivables reported under other assets that are not impaired but are past due	154.0	111.0
Receivables reported under other assets that are not impaired but are past due	21.6	18.5
Of which < 3 month	15.9	11.6
Of which 3 – 6 month	1.1	3.0
Of which 6 – 12 month	2.2	0.8
Of which > 12 month	2.4	3.1
Impaired receivables reported under other assets	2.0	23.1
<b>Impaired receivables reported under other assets</b>	<b>177.6</b>	<b>152.6</b>

Impairments of EUR 1.8m (previous year EUR 2.1 m) were recorded in addition to the allowances on trade receivables shown above. Moreover, impairments of EUR 0.1m (previous year EUR 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 EUR 58.2m (previous year EUR 36.2m).

### (18) Cash and cash equivalents

EUR M	31/12/2013	31/12/2014
Cash on hand	6.8	8.6
Cash at banks	528.9	327.2
<b>Total</b>	<b>535.7</b>	<b>335.8</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 203,220,932 no-par value registered shares.

Authorised capital of EUR 43.5m has been approved until 15 May 2017 (authorised capital 2012) and of EUR 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 EUR 21.8m, split into 17,010,000 no-par registered shares (contingent capital 2009, contingent capital 2010 and contingent capital 2013).

In 2009, Celesio Finance B.V. had issued a convertible bond – based on the contingent capital 2009 – with a nominal value of EUR 350.0m and a coupon of 3.75%. The bond fell due on 29 October 2014 unless it was repaid, converted or repurchased prior to that date. The conversion price stood at EUR 22.49, both on the date the bond was issued and as of the reporting date.

In 2011 Celesio Finance B.V. issued a convertible bond, based on the contingent capital 2010, with a nominal value of EUR 350.0m guaranteed by Celesio AG and a coupon of 2.5%. The bond fell due on 7 April 2018 unless it was repaid, converted or repurchased prior to that date. The conversion price when the bond was issued stood at EUR 22.48.

Until the end of 6 May 2014, convertible bonds with a total nominal value of EUR 42,394,792.96 were converted into 33,120,932 new no-par value registered shares in Celesio AG. The new shares were issued from the contingent capital 2009 and the contingent capital 2010.

As a result the share capital increased from EUR 217,728,000 to EUR 260,122,792.96, split into 203,220,932 no-par value registered shares. Accordingly, the contingent capital 2009 fell from EUR 21,772,800 to EUR 1,150,807.04, however there are no outstanding convertible bonds and no more shares will be issued in this respect. The contingent capital 2010 has decreased accordingly from EUR 21,772,800 to EUR 0.00.

The articles of association were amended as per the resolution by the General Committee of the Celesio AG Supervisory Board as of 22 May 2014 (share capital, number of no-par value shares, deletion of the paragraphs Sec. 3, clauses 4 and 5 (contingent capital 2009 and 2010)) and reported to the Commercial Register.

The capital reserve increased by EUR 630,645,776.74 on 2013 to EUR 1,762,626,617.98. As a result of the conversion rights exercised by the shareholders, the amount exceeding the EUR 1.28 nominal value of the share was transferred to the capital reserves.

In the reporting period, a dividend of EUR 0.30 (previous year EUR 0.30) per no-par share was paid for the preceding year.

### 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 EUR –238.7m (previous year EUR –280.8m). The revaluation of defined benefit pension plans amounts to EUR –244.8m as of 31 December 2014 and EUR –154.1m as of 31 December 2013. In the fiscal year an amount of EUR 2.3m (previous year EUR 10.4m), after considering deferred taxes, was reclassified from the reserves and allocated to interest expense, the investment result, other operating income 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.

EUR M	31/12/2013	31/12/2014
Equity	2,192.0	2,761.5
/ Total assets	7,598.3	7,829.6
<b>Equity ratio (%)</b>	<b>28.8</b>	<b>35.3</b>
Net Financial Debt	1,363.4	867.0
/ Equity capital	2,192.0	2,761.5
<b>Gearing</b>	<b>0.62</b>	<b>0.31</b>
EBIT	406.6	237.0
/ Financial result	149.4	92.0
<b>Interest coverage ratio</b>	<b>2.7</b>	<b>2.6</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 compensated 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:

	2013			2014		
%	NO	UK	EU	NO	UK	EU
Interest rate	4.0	4.4	3.7	2.3	3.2	2.2
Future salary increases	3.8	4.4	1.5–3.0	2.75	4.0	2.75–3.9
Future pension increases	2.8	3.4	0.0–3.0	1.75	2.9	1.75–2.0

For domestic pension plans, the actuarial tables 2005 G by K. Heubeck are used for life expectancy. For foreign pension plans comparable measurement bases are used. Net benefit expense recognised in the income statement in the reporting period can be broken down as follows:

EUR M	2013	2014
Service cost	26.9	25.2
Past service cost	-0.3	-26.8
Net interest expense	12.0	10.7
Gain or loss from settlements and other plan amendments	-0.2	0.0
<b>Total</b>	<b>38.4</b>	<b>9.1</b>

The net interest expense contained within pension expenses is reported under net interest income.

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:

EUR M	31/12/2013	31/12/2014
DBO, funded	658.4	733.7
Fair value of plan assets	-477.9	-552.6
<b>Funded status</b>	<b>180.5</b>	<b>181.1</b>
DBO, unfunded	156.3	212.9
Defined benefit obligation as of 31/12	336.8	394.0

The present value of the defined benefit obligation and the fair value of the plan assets developed as follows in the reporting period:

EUR M	2013	2014
<b>Defined benefit obligation as of 01/01</b>	<b>811.5</b>	<b>814.7</b>
Service cost	26.9	25.2
Interest expense	30.2	31.2
Contributions by plan participants	0.1	0.1
Benefits paid	-30.3	-36.0
Actuarial losses from changes in financial assumptions	9.9	147.3
Actuarial losses from changes in demographic assumptions	0.0	-6.3
Experience-based adjustments	19.8	4.4
Past service cost	-0.3	-26.8
Gains and losses from plan settlements	-0.2	0.0
Currency changes	-51.6	-7.2
changes in the consolidated group	-1.3	0.0
Other changes	0.0	0.0
<b>Defined benefit obligation as of 31/12</b>	<b>814.7</b>	<b>946.6</b>

EUR 362.3 m (previous year EUR 356.4m) of the defined benefit obligation is attributable to Norway, EUR 330.1m (previous year EUR 273.5m) to the United Kingdom and EUR 168.0m to Germany (previous year EUR 119.1m).

EUR M	2013	2014
<b>Fair value of plan assets as of 01/01</b>	<b>466.4</b>	<b>477.9</b>
Interest income from plan assets	18.2	20.5
Contributions by employer	36.5	39.6
Contributions by plan participants	0.1	4.2
Benefits paid from plan assets	-21.5	-24.3
Difference between interest income recognised through profit and loss and actual return on plan assets	8.9	31.4
Currency changes	-30.7	3.3
Changes in the consolidated group	0.0	0.0
Benefits paid from plan settlements	0.0	0.0
Other changes	0.0	0.0
<b>Fair value of plan assets as of 31/12</b>	<b>477.9</b>	<b>552.6</b>
<b>of which based on an active market</b>		
Cash and cash equivalents	0.6	1.3
Equity instruments	50.5	61.2
Notes and loans	156.5	188.0
Real estate	13.2	16.8
Mutual funds	10.0	12.7
Asset-backed securities	0.1	1.7
Insurance policies	0.4	1.3
Others	36.1	41.6
<b>of which without an active market</b>		
Cash and cash equivalents	7.2	5.5
Equity instruments	26.1	26.9
Notes and loans	115.8	130.0
Real estate	16.6	17.1
Derivatives	4.1	4.4
Insurance policies	2.9	3.0
Others	37.8	41.1

In 2014 the plan in France was amended arising from an adjustment to the benefits payable to pensioners that retire after a certain age. This amounted to past service cost of EUR 8.6m. In Norway the benefit level of the state-regulated pension scheme was adjusted due to a legislative reform, resulting in past service cost of EUR –36.9m. The pension plan in the United Kingdom was also amended to accommodate an increase to the pension payments to pensioners in place of a future pension increase, amounting to a past service cost of EUR –0.6m. The reduction of the numbers of employees covered by a minor pension plan in Norway resulted in past service cost of EUR –2.3m. Early termination of contracts with three members of the management board gave rise to past service costs of EUR 4.4m in 2014.

EUR 310.0 m (previous year EUR 258.1m) of the defined benefit obligation is attributable to the United Kingdom and EUR 220.9m (previous year EUR 205.9m) to Norway.

Plan assets do not include any financial instruments or assets owned or used by the Celesio Group.

Employer contributions to plan assets are expected to come to EUR 7.8m in the short fiscal 2015 and to EUR 31.2m in the following twelve months.

The following table illustrates the impact of an isolated 0.5% change in the interest rate:

EUR M	2013	2014
<b>0.5% increase</b>		
Impact on defined benefit obligation	–72.5	–72.2
<b>0.5% decrease</b>		
Impact on defined benefit obligation	58.1	90.1

The following table illustrates the impact of an isolated 0.5% change in the benefit trend:

EUR M	2013	2014
<b>0.5% increase</b>		
Impact on defined benefit obligation	32.8	39.0
<b>0.5% decrease</b>		
Impact on defined benefit obligation	–29.2	–33.1

The following table illustrates the impact of an isolated 0.5% change in the salary trend:

EUR M	2013	2014
<b>0.5% increase</b>		
Impact on defined benefit obligation	24.4	29.5
<b>0.5% decrease</b>		
Impact on defined benefit obligation	-21.9	-24.3

The following table illustrates the impact of an isolated change of one year in the life expectancy of 10% of the beneficiaries:

EUR M	2013	2014
<b>10% increase</b>		
Impact on defined benefit obligation	22.9	23.6
<b>10% decrease</b>		
Impact on defined benefit obligation	-23.7	-25.1

The following table contains the pension payments expected in the subsequent reporting periods:

EUR M	2015	2016–2019	2020–2024
Expected payments	23.8	101.9	149.3

The average duration of defined benefit plans in the reporting year was 16 years (previous year 16).

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 EUR 12.8m in the reporting period (previous year EUR 13.3m). In addition, employer contributions were made to state pension funds. The employer's direct contribution amounted to EUR 37.7m (previous year EUR 36.8m).

## (21) Other provisions

Non-current provisions and current provisions developed as follows in the reporting period:

	2013	
	Carrying amount as of 31/12	Of which due within 1 year
EUR M		
Provisions for obligations to personnel	87.1	52.9
Provisions for litigation and other legal risks	37.5	12.2
Provisions for restructuring measures	23.1	21.8
Other provisions	60.1	57.1
<b>Total</b>	<b>207.8</b>	<b>144.0</b>

Provisions with a term of more than twelve months are discounted. This involves applying risk-free interest rates ranging from 0.2 –12.4% (previous year 0.4% - 12.7%) depending on the term and currency zone.

Provisions with an expected term to maturity of more than five years amount to EUR 29.0m (previous year EUR 14.4m). The increase is mainly due to the recognition of restoration obligations and onerous contracts as liabilities.

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.

Obligations to personnel consist of share-based compensation programmes. In previous years these cash-settled share-based payment transactions comprised 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. Since 2012 the long-term rolling remuneration component has taken the form of a Performance Share Plan. The prior Performance Cash Plan was paid out in accordance with the plan's conditions.

The average residual term of share-based payment programmes is 2.0 years (previous year 1.6 years).



2014								
Changes in currency and the consolidated group	Additions	Utilisation	Reversals	Unwinding	Reclassificatio ns	Carrying amount as of 31/12	Of which due within 1 year	
0.9	69.4	-65.3	-10.6	3.7	-0.4	84.8	52.1	
0.5	2.6	-1.0	-5.6	0.0	0.0	34.0	8.4	
0.5	4.6	-13.3	-2.3	0.0	0.4	13.0	10.7	
2.0	21.8	-10.4	-8.1	0.1	-2.7	62.8	48.4	
3.9	98.4	-90.0	-26.6	3.8	-2.7	194.6	119.6	

The Performance Share Plan, the portion of the management board bonus and the bonuses for managers (deferred share programme) are classified as cash-settled share-based payment transactions as defined by IFRS 2.

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 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 preparation for losing a major customer in Norway from January 2015, restructuring provisions were established for various charges in 2014.

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 litigation and other legal risks in accordance with the underlying issues. During the reporting period, these recognised contingent liabilities were reduced by EUR 0.6m with regard to provisions for obligations to personnel and EUR 6.1m 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.

Tax provisions and income tax liabilities of EUR 14.2m were recognised in Brazil in 2014 to cover risks for corporate income tax and VAT, resulting from various interpretations due to the complexity of the tax laws. For more information please refer to note (26).

In Slovenia, the administrative court delivered its judgement on 28 April 2014 on the case against Kemofarmacija from 2010. The court upheld the decision of the antitrust authority regarding the violation of Slovenian antitrust law against our wholesale subsidiary. Kemofarmacija has lodged an appeal against the decision. As regards the violation of European antitrust law, the court has remanded the decision back to the Slovenian antitrust authority. A new decision is expected within the next few months. Administrative proceedings regarding a fine have now been initiated by the authority. We do not consider the outcome of this case on the income, asset and financial position as material. However, a provision of EUR 0.5m was recognised to cover potential risks. The maximum conceivable penalty, which is considered extremely unlikely to be imposed, is 10% of the annual revenue of the Slovenian subsidiary.

Due to the uncertainty about the expected outflow of cash, the risk was recognised at the amount expected to be incurred.

## (22) Liabilities

	31/12/2013			Carrying amount
	< 1 year	Due in 1 – 5 years	> 5 years	
EUR M				
<b>Financial liabilities</b>				
Liabilities to banks	56.8	80.0	31.2	168.0
Promissory notes and bonds	439.7	1,183.9	90.0	1,713.6
Lease liabilities	3.3	7.5	0.0	10.8
Other financial liabilities	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>
<b>Trade payables and other liabilities</b>				
Trade payables	2,384.6	0.0	0.0	2,384.6
Income tax liabilities	63.4	0.0	0.0	63.4
Liabilities to affiliates	0.1	0.0	0.0	0.1
Liabilities to associates and other investments	2.6	0.0	0.0	2.6
Other liabilities	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>Liabilities</b>	<b>3,423.7</b>	<b>1,274.0</b>	<b>122.3</b>	<b>4,820.0</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 33.1m to finance real estate (previous year EUR 46.6m). The market value of these fixed interest loans is EUR 37.1m (previous year EUR 51.5m). Liabilities to banks are broken down by the term of the financing.

31/12/2014				Carrying amount
< 1 year	Due in 1 – 5 years	> 5 years		
158.2	88.1	11.2	257.4	
50.0	885.7	0.0	935.6	
2.2	5.2	0.0	7.5	
0.3	0.9	1.1	2.3	
210.7	979.8	12.3	1,202.8	
2,553.1	0.0	0.0	2,553.1	
121.9	0.0	0.0	121.9	
0.0	0.0	0.0	0.0	
3.1	0.0	0.0	3.1	
568.6	7.1	0.0	575.7	
3,246.7	7.1	0.0	3,253.8	
3,457.4	986.9	12.3	4,456.6	

#### b) Promissory notes and bonds

In the course of diversifying and optimising its financing structure, Celesio placed, as in previous years, promissory notes. In addition, Celesio placed a convertible bond in 2009 and 2011 and a corporate bond in 2010 and 2012.

In 2014, the convertible bonds were fully converted within the authorised capital. Convertible bonds for which there were no more shares available from the authorised capital were paid out in cash. Explanatory notes on the convertible bonds are presented in note (19).

As of 31 December 2014 the promissory note and bonds displayed the following features:

EUR M	Promissory notes		Convertible bonds		Corporate bonds	
	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014
Nominal values	215.5	90.0	700.0	0.0	850.0	850.0
Of which at fixed interest	90.0	40.0	700.0	0.0	850.0	850.0
Of which at floating interest	125.5	50.0	0.0	0.0	0.0	0.0
Market values	230.3	96.5	815.1	0.0	903.3	902.7
Of which at fixed interest	97.6	46.6	815.1	0.0	903.3	902.7
Of which at floating interest	132.7	50.0	0.0	0.0	0.0	0.0
Carrying amount	215.4	90.0	653.6	0.0	844.6	845.6
Currencies	EUR, GBP	EUR	EUR	-	EUR	EUR
Original maturities	4–7 years	4–7 years	5–7 years	-	4–7 years	4–7 years
Effective interest rates	0.78–5.35%	1.23–5.35%	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.

EUR M	31/12/2013	31/12/2014
Minimum lease payments	12.4	8.5
Due within 1 year	3.9	2.8
Due within 2 to 5 years	8.5	5.7
Due in more than 5 years	0.0	0.0
Interest portion	–1.6	–1.0
Net present value	10.8	7.5

#### (24) Trade payables and other liabilities

Trade payables contain payments on account of orders of EUR 107.6m (previous year EUR 99.5m).

Other liabilities comprise:

EUR M	2013	2014
Personnel liabilities	110.3	112.8
Other tax liabilities	52.8	87.4
Outstanding invoices	157.6	224.1
Derivative financial instruments	35.3	28.2
Interest liabilities	32.3	21.8
Other liabilities	82.0	101.4
<b>Total</b>	<b>470.2</b>	<b>575.7</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 good 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).



Existing interest swaps in EUR, which were used in the past to hedge interest rate risks, expired as scheduled in fiscal 2014. Furthermore an interest swap in GBP was announced in advance. 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 EUR-market interest rate as of 31 December 2014 would have resulted in a pre-tax profit that was EUR 3.9m lower (previous year EUR 1.2m). A hypothetical decrease of one percentage point in the EUR-market interest rate would have resulted in a pre-tax profit that was EUR 3.9m higher (previous year EUR 1.2m). An increase of one percentage point in the EUR-market interest rate as of 31 December 2014 would have led to a rise in equity of EUR 0.0m (previous year EUR 0.3m). A decrease of one percentage point in the EUR-market interest rate would have led to a fall in equity of EUR 0.0m (previous year EUR 0.3m).
- A hypothetical increase of one percentage point in the GBP-market interest rate as of 31 December 2014 would have resulted in a pre-tax profit that was EUR 0.8m higher (previous year EUR 1.5m higher). A hypothetical decrease of one percentage point in the GBP-market interest rate would have resulted in a pre-tax profit that was EUR 0.8m lower (previous year EUR 1.6m lower). An increase of one percentage point in the GBP-market interest rate as of 31 December 2014 would have led to a rise in equity of EUR 0.0m (previous year increase of EUR 4.7m). A decrease of one percentage point in the GBP-market interest rate would have led to a fall in equity of EUR 0.0m (previous year EUR 4.9m).

- A hypothetical increase of one percentage point in the BRL-market interest rate as of 31 December 2014 would have resulted in a pre-tax profit that was EUR 1.0m lower (previous year EUR 0.5m). A hypothetical decrease of one percentage point in the BRL-market interest rate would have resulted in a pre-tax profit that was EUR 1.0m higher (previous year EUR 0.5m). Equity was not impacted in 2014 or 2013.

The corporate bonds issued in 2010 and 2012 led to a reduction in floating-rate debt. This reduced the influence of changes in interest rates on pre-tax earnings and equity.

### 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 fiscal 2014 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 and Celesio AG. 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 EUR 139.6m (previous year increased or decreased by EUR 72.3m).

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 EUR 127.8m (previous year increased or decreased by EUR 59.8m).

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 2014 would not have increased or decreased the translation reserves recognised in other comprehensive income (previous year higher or lower by EUR 0.0m respectively).

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 234 In addition, individual significant receivables are secured if needed by using certified land charges or similar instruments. The balance of hedged receivables in 2014 came to EUR 4.0m (previous year EUR 0.0m). 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 EUR 78.8m (previous year EUR 105.8m). 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 EUR 0.3m (previous year EUR 0.5m).

#### 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 EUR 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 230 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

In the previous year, the Celesio Group obtained 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
EUR	—0.1	—0.0	—0.0	—0.0	—0.0	—0.1
GBP	—0.7	—0.7	—1.7	—0.0	—0.0	—3.1

The hedged interest payments in the previous year resulted from liabilities subject to floating-interest rates with nominal values of EUR 160.0m, GBP 140.0m, and DKK 120.0m.

Losses of EUR 0.4m (previous year EUR 5.5m) 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 EUR 2.3m (previous year EUR 10.4m) from previous years were transferred from equity to interest expenses and deferred taxes. Of this, an amount of EUR 1.9m (previous year EUR 1.9m) 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 fiscal 2014.

## Summary of derivative financial instruments

Derivative financial instruments break down as follows:

EUR M	31/12/2013			31/12/2014		
	Market value					
	Nominal volume	Total	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	108.9	0.5	0.0	118.0	0.3	0.0
<b>Derivative financial assets</b>	<b>108.9</b>	<b>0.5</b>	<b>0.0</b>	<b>118.0</b>	<b>0.3</b>	<b>0.0</b>
Interest instruments	189.9	26.4	26.4	0.0	0.0	0.0
Currency instruments	702.7	8.9	0.0	1,370.9	28.2	0.0
<b>Liabilities from derivative financial instruments</b>	<b>892.6</b>	<b>35.3</b>	<b>26.4</b>	<b>1,370.9</b>	<b>28.2</b>	<b>0.0</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 2014 the values were as follows:

EURM

**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 2015	Cash flows 2016	Cash flows 2017–2019	Cash flows 2020–2024	Cash flows 2025 ff	Total cash flows	Total carrying amounts
	–164.3	–27.5	–76.9	–8.6	0.0	–277.3	257.4
	–88.0	–387.6	–566.5	0.0	0.0	–1,042.1	935.6
	–2,445.6	0.0	0.0	0.0	0.0	–2,445.6	2,445.6
	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	–3.1	0.0	0.0	0.0	0.0	–3.1	3.1
	–2.8	–2.5	–3.0	0.0	0.0	–8.3	7.5
	–0.4	–0.9	–0.2	–0.3	–1.2	–3.0	2.3
	–1.0	0.0	0.0	0.0	0.0	–1.0	1.0
	–44.3	–8.4	–14.7	–8.4	–3.1	–78.9	0.7
	–2,749.5	–426.9	–661.3	–17.3	–4.3	–3,859.3	3,653.2
	0.3	0.0	0.0	0.0	0.0	0.3	0.3
	0.3	0.0	0.0	0.0	0.0	0.3	0.3
	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	–30.2	0.0	0.0	0.0	0.0	–30.2	28.2
	–30.2	0.0	0.0	0.0	0.0	–30.2	28.2

As of 31 December 2013 the values were as follows:

EURM

**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 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

## Reconciliation of financial instruments to IAS 39 categories as of 31 December 2014

EUR 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.

2014

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	0.9	0.0	0.0	0.9	0.9
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	14.3	0.0	0.0	0.0	14.3	14.2
0.0	0.0	34.8	0.0	1.9	0.0	36.7	36.3
0.0	0.0	49.1	4.5	1.9	0.0	55.5	55.0
0.0	0.0	0.0	0.0	24.8	6.5	31.3	31.4
0.0	0.0	2,298.4	0.0	0.0	0.0	2,298.4	2,298.4
0.0	0.0	2.4	0.0	0.0	0.0	2.4	2.4
0.0	0.0	3.9	0.0	0.0	0.0	3.9	3.9
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.3	0.0	0.0	0.0	0.0	0.3	0.3
0.0	0.0	164.3	0.0	3.2	179.9	347.4	347.3
0.0	0.3	170.6	0.0	3.2	179.9	354.0	353.9
0.0	0.0	335.8	0.0	0.0	0.0	335.8	335.8

The development of impairments on loans and receivables is presented in note (17). Impairment losses of EUR 0.0m were incurred on available-for-sale financial assets (previous year EUR 0.0m).

## Reconciliation of financial instruments to IAS 39 categories as of 31 December 2013

EUR 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**

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

## Reconciliation of financial instruments to IAS 39 categories as of 31 December 2014

EUR M

### Equity and liabilities

Liabilities to banks

Promissory notes and bonds

Lease liabilities

Other financial liabilities

### Non-current liabilities

#### Other non-current liabilities

Liabilities to banks

Promissory notes and bonds

Lease liabilities

Other financial liabilities

### Current 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 non-current financial liabilities



2014

	Financial liabilities held for trading	Other financial liabilities	No IAS 39 category	Outside the scope of IFRS 7	Carrying amount	Fair value
	0.0	99.3	0.0	0.0	99.3	105.8
	0.0	885.7	0.0	0.0	885.7	949.3
	0.0	0.0	5.2	0.0	5.2	5.2
	0.0	2.0	0.0	0.0	2.0	2.0
	0.0	987.0	5.2	0.0	992.2	1,062.3
	0.0	0.0	6.9	0.2	7.1	7.1
	0.0	158.2	0.0	0.0	158.2	158.2
	0.0	50.0	0.0	0.0	50.0	50.0
	0.0	0.0	2.3	-0.1	2.2	2.2
	0.0	0.3	0.0	0.0	0.3	0.3
	0.0	208.5	2.3	-0.1	210.8	210.8
	0.0	2,445.6	0.0	107.6	2,553.1	2,553.1
	0.0	0.0	0.0	0.0	0.0	0.0
	0.0	3.1	0.0	0.0	3.1	3.1
	0.0	0.0	0.0	112.8	112.8	112.8
	0.0	0.0	0.0	87.4	87.4	87.4
	0.0	224.1	0.0	0.0	224.1	224.1
	0.0	0.0	0.0	0.0	0.0	0.0
	28.2	0.0	0.0	0.0	28.2	28.2
	0.0	21.8	0.0	0.0	21.8	21.8
	0.0	29.1	1.0	64.2	94.3	94.3
	28.2	278.1	1.0	264.4	571.7	571.7

## Reconciliation of financial instruments to IAS 39 categories as of 31 December 2013

EUR M

### Equity and liabilities

Liabilities to banks

Promissory notes and bonds

Lease liabilities

Other financial liabilities

### Non-current liabilities

#### Other non-current liabilities

Liabilities to banks

Promissory notes and bonds

Lease liabilities

Other financial liabilities

### Current 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 non-current financial 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

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:

EUR M	2013	2014
Financial assets measured at fair value through profit or loss	0.0	0.0
Financial assets held for trading	-11.8	-19.5
Available for sale financial assets	6.1	1.2
Loans and receivables	-14.2	-29.3
Other financial liabilities	-118.0	-58.2
Financial liabilities held for trading	0.0	0.0
<b>Total</b>	<b>-137.9</b>	<b>-105.8</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 losses of EUR 0.5m (previous year measurement gains EUR 0.8m) 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 EUR 0.0m) 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 2014 the following assets and liabilities were measured at fair value, broken down into the fair value hierarchy as shown:

### Assets measured at fair value

EUR 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

EUR 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 \_\_\_\_\_

31/12/2013				31/12/2014			
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
5.1	0.0	0.0	5.1	4.2	0.0	0.0	4.2
0.0	0.5	0.0	0.5	0.0	0.3	0.0	0.3

31/12/2013				31/12/2014			
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
0.0	26.4	0.0	26.4	0.0	0.0	0.0	0.0
0.0	8.9	0.0	8.9	0.0	28.2	0.0	28.2
0.0	0.0	0.3	0.3	0.0	0.0	1.0	1.0

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

EUR M	
Loans to investments	
Other loans	

Liabilities not measured at fair value

EUR M	
Non-current liabilities	
Liabilities to banks	
Promissory notes and bonds	
Other financial liabilities	
Other non-current liabilities	
Current liabilities	
Liabilities to banks	
Promissory notes and bonds	
Other financial liabilities	



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.

31/12/2013					31/12/2014				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
	0	14.4	0	14.4	0.0	14.2	0.0	14.2	
	0	32.2	0	32.2	0.0	36.3	0.0	36.3	

31/12/2013					31/12/2014				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
	0.0	119.9	0.0	119.9	0.0	105.8	0.0	105.8	
	1,331.4	129.7	0.0	1,461.1	902.7	46.6	0.0	949.3	
	0.0	3.3	0.0	3.3	0.0	2.0	0.0	2.0	
	0.0	0.3	0.0	0.3	0.0	7.1	0.0	7.1	

	0.0	56.8	0.0	56.8	0.0	158.2	0.0	158.2	
	387.0	100.6	0.0	487.6	0.0	50.0	0.0	50.0	
	0.0	3.3	0.0	3.3	0.0	0.4	0.0	0.4	

The fair value of financial instruments, which are traded on an active market, is based on listed prices on the balance sheet date. 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) on the basis of a mark-up/mark-down procedure. 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 173 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 2014 did not result in any aggregate gains and losses (previous year none).

### 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

31/12/2014	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
EUR M					
Trade receivables	2,314.3	15.9	2,298.4	/	2,298.4
Cash at banks	14.0	/	14.0	/	14.0
Cash and cash equivalents	335.8	/	335.8	/	335.8
Derivative financial instruments	0.3	/	0.3	0.3	0.0

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
EUR 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

## Financial liabilities subject to an offsetting arrangement

	Gross amount of financial liabilities offset in the statement of financial position	Gross amount of financial assets recognised in the statement of financial position	Net amount of financial liabilities offset in the statement of financial position	Related financial assets that were not recognised in the statement of financial position	Net amount
31/12/2014					
EUR M					
Trade payables (excluding payments received on account of orders)	2,471.7	26.1	2,445.6	/	2,445.6
Liabilities to banks	257.4	/	257.4	/	257.4
Derivative financial instruments	28.2	/	28.2	0.3	27.9

31/12/2013

EUR M

	Gross amount of financial liabilities offset in the statement of financial position	Gross amount of financial assets recognised in the statement of financial position	Net amount of financial liabilities offset in the statement of financial position	Related financial assets that were not recognised in the statement of financial position	Net amount
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

## (26) Contingent liabilities and other financial obligations

At the end of the reporting period the group had issued guarantees and warranties of EUR 78.8m (previous year EUR 105.8m). The decrease of EUR 27.0m 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 EUR 46.2m (previous year EUR 65.9m) and Austria where they amount to EUR 31.9m (previous year EUR 33.7m).

Provisions of EUR 0.7m (previous year EUR 2.7m) have been established for some of the warranties and guarantees at Celesio Wholesale. These have been included under other provisions.

Panpharma, Brazil, in particular is exposed to tax risks mainly in connection with VAT concessions as well as corporate income tax on these concessions. These result from the complexity of the tax laws as well as disagreements between states regarding the mutual recognition of concessions. In this regard, in December 2014 Panpharma received a tax bill from the Federal Tax Authority of Rio de Janeiro referring to the years 2009 to 2013 with an amount of approx. EUR 70m. Panpharma filed a defence against this claim. We disagree with the assessment of the Federal Tax Authorities and believe that we have strong legal arguments to defend our positions. The chances for Panpharma of losing the case have been assessed to be unlikely.

Contingent liabilities recognised for tax risks of EUR 113.9m in connection with the business combination with Panpharma in 2009 amounted to EUR 25.3m as of 31 December 2014 (31 December 2013: EUR 32m). 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 for the reimbursement of the risks originating in the time prior to the majority takeover in 2009. Until March 2014, these reimbursement claims were limited to a maximum amount and 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. Celesio has options to offset the claims with liabilities, which partially hedges the potential reimbursement claims. These contingent liabilities have been divided into current and non-current provisions based on their maturity. The contingent liabilities include income tax liabilities of EUR 1.3m (31 December 2013: EUR 2.9m).

As regards the privatisation process in Slovenia, at first instance a favourable judgement was given for Kemofarmacija. The process is, however, currently under revision. The possibility that a higher court will pronounce a judgement that will lead to a cash outflow for Kemofarmacija is considered to be unlikely. The maximum risk is EUR 8.5m.

The following table summarizes the other financial obligations of the Celesio Group:

EUR M	31/12/2013	31/12/2014
<b>Rental agreements and operating leases</b>	<b>838.3</b>	<b>851.0</b>
Due within 1 year	107.6	110.6
Due within 2 to 5 years	301.8	310.4
Due in more than 5 years	428.9	430.0
<b>Purchase commitments for capital expenditures</b>	<b>10.0</b>	<b>57.8</b>
Property, plant and equipment	1.5	0.8
Intangible assets	2.1	0.8
Other assets	6.4	56.2
<b>Total</b>	<b>848.3</b>	<b>908.8</b>

Of the total obligations from rental agreements and leases, an amount of EUR 481.5m (previous year EUR 468.9m), relates to the Wholesale and the Pharmacies business areas in the UK, an amount of EUR 199.4m (previous year EUR 194.7m) to the Wholesale and Pharmacies business areas in Norway, and an amount of EUR 91.7m (previous year EUR 98.1m) to retail pharmacies in Ireland. As of the reporting date, the future minimum lease payments expected from uncancellable operating leases come to EUR 3.6m (previous year EUR 4.3m). Of this amount EUR 1.6m (previous year EUR 2.0m) is due within a year. An additional EUR 1.9m (previous year EUR 2.2m) is due in a period of between two and five years and EUR 0.1m (previous year EUR 0.1m) after a period of five years. In addition, future revenue from subleases is expected of EUR 35.5m (previous year EUR 48.6m). An amount of EUR 2.1m (previous year EUR 2.4m) was recognised as income from contingent rent payments in fiscal 2014.

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 EUR 58.9m (previous year EUR 112.1m) 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 EUR 13.5m (previous year EUR 20.2m) from data and voice communication service agreements. They have a remaining term of three years.

# 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 EUR 20.2m (previous year EUR 43.4m) correspond to the proceeds less the cash and cash equivalents transferred of EUR 0.0m (previous year EUR 11.0m). The cash flows from the sale of subsidiaries primarily result from the sale of twenty five retail pharmacies as well as the Wilkinson wholesale operations in the United Kingdom.

Cash paid for business combinations – continuing operations – corresponds to the purchase prices paid of EUR 28.9m (previous year EUR 2.6m) less the cash and cash equivalents acquired of EUR 5.2m (previous year EUR 0.4m). This includes payments to settle contingent purchase obligations for business combinations made in previous years. These came to EUR 0.8m (previous year EUR 0.5m). The corresponding disclosures are contained in the notes on business combinations. There were no non-cash investments in non-current assets in the reporting period (previous year EUR 0.2m). The cash flow from investing activities – discontinued operations amounted to EUR 0.0m in the reporting year (previous year EUR 10.0m).

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. In the current year this line item corresponds to the transaction with the minority shareholders of Oncoprod. In the reporting period cash effect in connection with the increase of ownership interests amounted to EUR –13.0m.



The segments are defined in line with the internal reporting structure of Celesio and are divided into the Consumer Solutions and Pharmacy Solutions divisions. 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. It includes the entire logistics chain from purchasing merchandise to handing it over to end consumers. In particular, the division includes activities relating to retail and mail-order pharmacies, as well as activities in brand partner shops. 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 offers solutions for pharmacists; it concentrates on wholesale business with third party customers. The operating segments in this division have likewise been combined at country level. 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 mainly includes the activities of the ultimate parent company Celesio AG and other companies that are not attributable directly to operations. Celesio AG has shareholdings in the key national operating companies and holding companies. 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 measures the success of the segments through EBIT calculated in accordance with IFRS. EBIT is defined as earnings before interest, taxes and investment result. Gross profit and EBITDA are also provided as additional voluntary information.

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. Transactions within the group 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.

## Other disclosures

### 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. Up to and including 5 February 2014 Franz Haniel & Cie. GmbH, Duisburg was a related party of Celesio AG. Since 6 February 2014, the related parties of Celesio AG have included the majority shareholder McKesson Corporation, San Francisco, USA, and its subsidiaries, joint ventures and associates. In addition, related parties include the joint ventures, associates and members of the boards of Celesio AG. All transactions with related parties have been conducted at arm's length.

There are ongoing business relationships with joint ventures and associates, in particular with regard to supplies of merchandise.

The goods and services received from or supplied to related parties are summarised below:

	Franz Haniel & Cie. GmbH, Duisburg		Subsidiaries of Franz Haniel & Cie. GmbH		Joint Ventures and associates of Franz Haniel & Cie. GmbH	
	31/12/2013	05/02/2014	31/12/2013	05/02/2014	31/12/2013	05/02/2014
EUR m						
Loans and receivables	0.0	0.0	0.1	0.1	0.0	0.0
Liabilities	0.0	0.0	0.1	0.0	0.0	0.0
	01.01.2013 - 31.12.2013	01.01.2014 - 05.02.2014	01.01.2013 - 31.12.2013	01.01.2014 - 05.02.2014	01.01.2013 - 31.12.2013	01.01.2014 - 05.02.2014
Income	0.4	0.0	0.0	0.0	0.0	0.1
Expenses	1.1	0.0	0.3	0.0	1.2	0.0

McKesson Corporation,  
 San Francisco, USA  
 31/12/2013      31/12/2014

EUR M

Loans and receivables	/	2.4
Liabilities	/	0.0

McKesson Corporation,  
 San Francisco, USA  
 2013      2014

EUR M

Income	/	5.9 <sup>1</sup>
Expenses	/	0.0

- 1) The income in the amount of EUR 5.9m is confronted with expenses to third parties of the same amount.  
 2) The income in the amount of EUR 0.5m is derived from the same reasons as 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.

EUR THSD.	2013	2014
Short-term benefits	4,818	4,800
Service cost	792	659
Termination benefits	4,111	26,693
long-term benefits	0	0
share-based compensation	2,058	844
<b>Total</b>	<b>11,779</b>	<b>32,995</b>

Subsidiaries of McKesson Corporation, San Francisco, USA		Joint Ventures and associates of McKesson Corporation, San Francisco, USA		Joint ventures and associates of Celesio AG	
31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014
	/ 0.0		/ 0.0	2.1	1.8
	/ 0.0		/ 0.0	0.0	0.0

Subsidiaries of McKesson Corporation, San Francisco, USA		Joint Ventures and associates of McKesson Corporation, San Francisco, USA		Joint ventures and associates of Celesio AG	
2013	2014	2013	2014	2013	2014
	/ 0.5 <sup>2</sup>		/ 0.0	10.4	9.6
	/ 0.0		/ 0.0	0.0	0.0

The active members of the management board and supervisory board received the following remuneration in the reporting period and in the comparative period.

The total remuneration of the management board in terms of Sec. 314 (1) No. 6 a) Sentence 1 to 4 HGB came to EUR 11,945k in fiscal 2014 (previous year EUR 6,954k). This breaks down into EUR 2,086k for the basic component including additional benefits (previous year EUR 2,045k), EUR 1,899k for the portion of bonuses payable immediately (single-year variable remuneration; previous year EUR 1,798k) and EUR 2,960k for the value of the 2014 tranches of the Performance Cash Plan and the value of retained bonuses on the date of issue (multiple-year variable component; previous year EUR 3,111k).

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 EUR 27.570k (previous year EUR 4,440k). Celesio AG has set up pension provisions of EUR 22.796k (previous year EUR 17,354k) for this group of persons. On 15 July 2014 Dr Marion Helmes resigned her position as Speaker of the Management Board of Celesio AG. Her management board employment contract would have ended on 30 September 2018 and all remuneration components were paid out or were promised. In addition Martin Fisher, who resigned his position as member of the management board for Operations on 22 May 2014, and Stephan Borchert, who stepped down as Chief Marketing & Sales Officer on 22 September 2014, also received their remuneration. In connection with the settlement of the contractual claims resulting from the management board employment contract, termination benefits of EUR 26.7m were recognised under personnel expenses in accordance with IAS 24.17d). EUR 4.4m is due to guaranteed pension benefits. The benefits paid in the comparative period include the benefits paid in connection with ending the employment contract of former Chairman of the Management Board at Celesio Mr Markus Pinger.

Remuneration for serving on the supervisory board of Celesio AG came to EUR 814.4k in the fiscal year (previous year EUR 975.2k) 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 EUR 1.9m (previous year EUR 1.7m). Of this amount EUR 1.4m (previous year EUR 1.3m) is for the audit of the financial statements, EUR 0.2m (previous year EUR 0.1m) for other attest services, EUR 0.3m (previous year EUR 0.3m) for tax advisory services and EUR 0.1m (previous year EUR 0.1m) for other services.

## 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

McKesson Deutschland GmbH & Co. KGaA, Schönefeld, formerly known as Dragonfly GmbH & Co. KGaA, Frankfurt am Main, is the German parent company of Celesio AG. Celesio AG and McKesson Deutschland GmbH & Co. KGaA are indirectly owned by the McKesson Corporation, San Francisco, USA, who is the leading parent company and are included in their consolidated financial statements as of 31 March 2015 in accordance with SEC generally accepted accounting principles in the US.

As of 31 December 2014, McKesson Corporation, San Francisco, USA is the majority shareholder in Celesio. The McKesson Corporation and the companies attributable to it held 154,287,993 Celesio shares. This equates to a stake of 75.92% of the total share capital issued and of the voting rights in Celesio.

On 3 April 2014, Magnetar Financial LLC, Evanston, Illinois, USA, notified that the share of the voting rights held by it and companies attributable to it amounted to 3.14% (which equates to 6,387,521 voting rights) on 27 March 2014.

Notices from shareholders in fiscal 2014 are listed below:



#### 14 January 2014

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 14 January 2014, BlackRock, Inc., New York, NY, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 10 January 2014 passed the threshold of 3% of the voting rights and amounted to 3.002% on that date (5,105,767 voting rights). 3.002% of the voting rights (5,105,767 voting rights) are held by the company pursuant to Section 22 (1) 1, No. 6 of the WpHG in conjunction with Section 22 (1) 2.

#### 15 January 2014

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 15 January 2014, BlackRock, Inc., New York, NY, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 13 January 2014 fallen short of the threshold of 3% of the voting rights and amounted to 2.67% on that date (4,535,964 voting rights). 2.67% of the voting rights (4,535,964 voting rights) are held by the company pursuant to Section 22 (1) 1, No. 6 of the WpHG in conjunction with Section 22 (1) 2.

#### 16 January 2014

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

**Voting rights announcement pursuant to Section 25a (1) of the WpHG**

We received the following announcement pursuant to Section 25a (1) of the WpHG on 16 January 2014:

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

McKesson Corporation, San Francisco, USA

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

3%, 5%, 10%, 15%, 20%, 25%, 30% and 50%

**5. Date of threshold deviation:**

13/01/2014

**6. Share of voting rights subject to notification requirement:**

0.50% (equates to 851,764 voting rights)  
of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

0.50% (equates to 851,764 voting rights)

*of which are held indirectly:*

0.50% (equates to 851,764 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*  
0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:  
0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

McKesson International Holdings IV S.a.r.l., McKesson International Holdings,  
McKesson International Bermuda IP2A Limited

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE  
000 A1AN5K5)

Maturity: 29/10/2014

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE  
000 A1GPH50)

Maturity: 07/04/2018

**16 January 2014**

Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

**Voting rights announcement pursuant to Section 25a (1) of the WpHG**

We received the following announcement pursuant to Section 25a (1) of the WpHG on 16 January 2014:

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

McKesson US Finance Corporation, San Francisco, USA

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

3%, 5%, 10%, 15%, 20%, 25%, 30% and 50%

**5. Date of threshold deviation:**

13/01/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

ISIN or designation of the (financial/other) instrument:

## 16 January 2014

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

### **Voting rights announcement pursuant to Section 25a (1) of the WpHG**

We received the following announcement pursuant to Section 25a (1) of the WpHG on 16 January 2014:

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Cougar III UK Limited, London, United Kingdom

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

3%, 5%, 10%, 15%, 20%, 25%, 30% and 50%

**5. Date of threshold deviation:**

13/01/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)  
of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:  
0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

ISIN or designation of the (financial/other) instrument:

**16 January 2014**

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

**Voting rights announcement pursuant to Section 25a (1) of the WpHG**

We received the following announcement pursuant to Section 25a (1) of the WpHG on 16 January 2014:

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Cougar II UK Limited, London, United Kingdom

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

3%, 5%, 10%, 15%, 20%, 25%, 30% and 50%

**5. Date of threshold deviation:**

13/01/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

ISIN or designation of the (financial/other) instrument:

**16 January 2014**

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

**Voting rights announcement pursuant to Section 25a (1) of the WpHG**

We received the following announcement pursuant to Section 25a (1) of the WpHG on 16 January 2014:

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Cougar I UK Limited, London, United Kingdom

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

3%, 5%, 10%, 15%, 20%, 25%, 30% and 50%

**5. Date of threshold deviation:**

13/01/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)  
of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:  
0% (equates to 0 voting rights)

*of which are held indirectly:*



0% (equates to 0 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

#### **8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

ISIN or designation of the (financial/other) instrument:

#### **16 January 2014**

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

#### **Voting rights announcement pursuant to Section 25a (1) of the WpHG**

We received the following announcement pursuant to Section 25a (1) of the WpHG on 16 January 2014:

##### **1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

##### **2. Party subject to notification requirement:**

Dragonfly Verwaltungs GmbH, Frankfurt am Main, Germany

##### **3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

3%, 5%, 10%, 15%, 20%, 25%, 30% and 50%

**5. Date of threshold deviation:**

13/01/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

ISIN or designation of the (financial/other) instrument:

## 16 January 2014

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

### **Voting rights announcement pursuant to Section 25a (1) of the WpHG**

We received the following announcement pursuant to Section 25a (1) of the WpHG on 16 January 2014:

#### **1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

#### **2. Party subject to notification requirement:**

Dragonfly GmbH & Co. KGaA, Frankfurt am Main, Germany

#### **3. Type of threshold deviation:**

Deviation below

#### **4. Affected reporting thresholds:**

3%, 5%, 10%, 15%, 20%, 25%, 30% and 50%

#### **5. Date of threshold deviation:**

13/01/2014

#### **6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)  
of the total number of voting rights held by the issuer of: 170,100,000

#### **7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:  
0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

ISIN or designation of the (financial/other) instrument:

**16 January 2014**

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

We received the following announcement pursuant to Section 25a (1) of the WpHG on 16 January 2014:

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Mr Paul E. Singer, USA

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

30%

**5. Date of threshold deviation:**

13/01/2014

**6. Share of voting rights subject to notification requirement:**

32.01% (equates to 54,448,572 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

7.93% (equates to 13,488,365 voting rights)

*of which are held indirectly:*

7.93% (equates to 13,488,365 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

24.08% (equates to 40,960,207 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., USA, Braxton Associates, Inc., USA, Elliott Asset Management LLC, USA, The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd., Bermuda, Elliott Associates, L.P., USA, and Elliott Special GP, LLC, USA

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1AN5K5)

Maturity: 29/10/2014

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1GPH50)

Maturity: 07/04/2018

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 16 January 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Elliott Asset Management LLC, Wilmington, DE, USA

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

30%

**5. Date of threshold deviation:**

13/01/2014

**6. Share of voting rights subject to notification requirement:**

32.01% (equates to 54,448,572 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

7.93% (equates to 13,488,365 voting rights)

*of which are held indirectly:*

7.93% (equates to 13,488,365 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

24.08% (equates to 40,960,207 voting rights)

#### **8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., USA, The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd., Bermuda, Elliott Associates, L.P., USA, and Elliott Special GP, LLC, USA

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1AN5K5)

Maturity: 29/10/2014

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1GPH50)

Maturity: 07/04/2018

#### **We received the following announcement pursuant to Section 25a (1) of the WpHG on 16 January 2014:**

##### **1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

##### **2. Party subject to notification requirement:**

Braxton Associates, Inc., Wilmington, DE, USA

##### **3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

30%

**5. Date of threshold deviation:**

13/01/2014

**6. Share of voting rights subject to notification requirement:**

32.01% (equates to 54,448,572 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

7.93% (equates to 13,488,365 voting rights)

*of which are held indirectly:*

7.93% (equates to 13,488,365 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

24.08% (equates to 40,960,207 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., USA, The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd., Bermuda, Elliott Associates, L.P., USA, and Elliott Special GP, LLC, USA



ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1AN5K5)

Maturity: 29/10/2014

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1GPH50)

Maturity: 07/04/2018

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 16 January 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Elliott Capital Advisors, L.P., Wilmington, DE, USA

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

30%

**5. Date of threshold deviation:**

13/01/2014

**6. Share of voting rights subject to notification requirement:**

32.01% (equates to 54,448,572 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

7.93% (equates to 13,488,365 voting rights)

*of which are held indirectly:*

7.93% (equates to 13,488,365 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

24.08% (equates to 40,960,207 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, The Liverpool Limited Partnership, Bermuda, Liverpool Associates, Ltd., Bermuda, Elliott Associates, L.P., USA, and Elliott Special GP, LLC, USA

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1AN5K5)

Maturity: 29/10/2014

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1GPH50)

Maturity: 07/04/2018

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 16 January 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Hambledon Inc., Grand Cayman, Cayman Islands

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

25%

**5. Date of threshold deviation:**

13/01/2014

**6. Share of voting rights subject to notification requirement:**

28.08% (equates to 47,770,107 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

5.16% (equates to 8,785,454 voting rights)

*of which are held indirectly:*

5.16% (equates to 8,785,454 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

22.92% (equates to 38,984,653 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

Elliott International, L.P., Cayman Islands

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1AN5K5)

Maturity: 29/10/2014

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1GPH50)  
Maturity: 07/04/2018

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 16 January 2014:**

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Elliott International, L.P., Grand Cayman, Cayman Islands

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

25%

**5. Date of threshold deviation:**

13/01/2014

**6. Share of voting rights subject to notification requirement:**

28.08% (equates to 47,770,107 voting rights)  
of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

5.16% (equates to 8,785,454 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*  
0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:  
22.92% (equates to 38,984,653 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1AN5K5)  
Maturity: 29/10/2014

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1GPH50)  
Maturity: 07/04/2018

**16 January 2014**

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 16 January 2014, Mr Paul E. Singer, USA notified us pursuant to Section 21 (1) of the WpHG that his voting share in Celesio AG, Stuttgart, Germany, had on 13 January 2014 passed the threshold of 20% of the voting rights and amounted to 24.08% on that date (40,960,207 voting rights).

20.75% of the voting rights (35,292,103 voting rights) are held by Mr Singer pursuant to Section 22 (1) 1, No. 1 of the WpHG including via the following companies controlled by Mr Singer, which each have a voting share in Celesio AG of 3% or more: Cornwall (Luxembourg) S.à.r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, USA, Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, Elliott Capital Advisors, L.P., USA, Braxton Associates, Inc., USA and Elliott Asset Management LLC, USA.

3.33% of the voting rights (5,668,104 voting rights) are held by Mr Singer pursuant to Section 22 (1) 1, No. 2 of the WpHG in conjunction with Section 22 (1) 2.

22.92% of the voting rights (38,984,653 voting rights) are also held by Mr Singer pursuant to Section 22 (1) 1, No. 6 of the WpHG in conjunction with Section 22 (1) 2. Of these 20.75% of the voting rights (35,290,103 voting rights) are held by Mr Singer via Cornwall (Luxembourg) S.à.r.l., Luxembourg.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 16 January 2014, Elliott Asset Management LLC, Wilmington, DE, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 13 January 2014 passed the threshold of 20% of the voting rights and amounted to 24.08% on that date (40,960,207 voting rights).

20.75% of the voting rights (35,292,103 voting rights) are held by Elliott Asset Management LLC pursuant to Section 22 (1) 1, No. 1 of the WpHG, including via the following companies controlled by Elliott Asset Management LLC, which each have a voting share in Celesio AG of 3% or more: Cornwall (Luxembourg) S.à.r.l., Luxembourg, Wolverton (Luxembourg) S.à.r.l., Luxembourg, Maidenhead LLC, USA, Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, and Elliott Capital Advisors, L.P., USA.

3.33% of the voting rights (5,668,104 voting rights) are held by the company pursuant to Section 22 (1) 1, No. 2 of the WpHG in conjunction with Section 22 (1) 2.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 16 January 2014, Braxton Associates, Inc., Wilmington, DE, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 13 January 2014 passed the threshold of 20% of the voting rights and amounted to 24.08% on that date (40,960,207 voting rights).

20.75% of the voting rights (35,292,103 voting rights) are held by Braxton Associates, Inc. pursuant to Section 22 (1) 1, No. 1 of the WpHG, including via the following companies controlled by Braxton Associates, Inc., which each have a voting share in Celesio AG of 3% or more: Cornwall (Luxembourg) S.à.r.l., Luxembourg, Wolverton (Luxembourg) S.à.r.l., Luxembourg, Maidenhead LLC, USA, Elliott International, L.P., Cayman Islands, Hambledon, Inc., Cayman Islands, and Elliott Capital Advisors, L.P., USA.

3.33% of the voting rights (5,668,104 voting rights) are held by the company pursuant to Section 22 (1) 1, No. 2 of the WpHG in conjunction with Section 22 (1) 2.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 16 January 2014, Elliott Capital Advisors, L.P., Wilmington, DE, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 13 January 2014 passed the threshold of 20% of the voting rights and amounted to 24.08% on that date (40,960,207 voting rights).

20.75% of the voting rights (35,292,103 voting rights) are held by Elliott Capital Advisors, L.P. pursuant to Section 22 (1) 1, No. 1 of the WpHG, including via the following companies controlled by Elliott Capital Advisors, L.P., which each have a voting share in Celesio AG of 3% or more: Cornwall (Luxembourg) S.à.r.l.,

Luxembourg, Wolverton (Luxembourg) S.à.r.l., Luxembourg, Maidenhead LLC, USA, Elliott International, L.P., Cayman Islands, and Hambledon, Inc., Cayman Islands.

3.33% of the voting rights (5,668,104 voting rights) are held by the company pursuant to Section 22 (1) 1, No. 2 of the WpHG in conjunction with Section 22 (1) 2.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 16 January 2014, Elliott International Capital Advisors Inc., Wilmington, DE, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 13 January 2014 passed the threshold of 20% of the voting rights and amounted to 22.92% on that date (38,984,653 voting rights).

22.92% of the voting rights (38,984,653 voting rights) are also held by the company pursuant to Section 22 (1) 1, No. 6 of the WpHG. Of these 20.75% of the voting rights (35,290,103 voting rights) are held by Elliott International Capital Advisors Inc. via Cornwall (Luxembourg) S.à.r.l., Luxembourg.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 16 January 2014, Hambledon, Inc., Grand Cayman, Cayman Islands notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 13 January 2014 passed the threshold of 20% of the voting rights and amounted to 22.92% on that date (38,984,653 voting rights).



20.75% of the voting rights (35,291,753 voting rights) are held by Hambledon, Inc. pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Hambledon, Inc., which each have a voting share in Celesio AG of 3% or more: Cornwall (Luxembourg) S.à.r.l., Luxembourg, Wolverton (Luxembourg) S.à.r.l., Luxembourg, Maidenhead LLC, USA and Elliott International, L.P., Cayman Islands.

2.17% of the voting rights (3,692,900 voting rights) are held by the company pursuant to Section 22 (1) 1, No. 2 of the WpHG in conjunction with Section 22 (1) 2.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 16 January 2014, Elliott International, L.P., Grand Cayman, Cayman Islands notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 13 January 2014 passed the threshold of 20% of the voting rights and amounted to 22.92% on that date (38,984,653 voting rights).

20.75% of the voting rights (35,291,753 voting rights) are held by Elliott International, L.P. pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Elliott International, L.P., which each have a voting share in Celesio AG of 3% or more: Cornwall (Luxembourg) S.à.r.l., Luxembourg, Wolverton (Luxembourg) S.à.r.l., Luxembourg and Maidenhead LLC, USA.

2.17% of the voting rights (3,692,900 voting rights) are held by the company pursuant to Section 22 (1) 1, No. 2 of the WpHG.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 16 January 2014, Elliott International Limited, Grand Cayman, Cayman Islands notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 13 January 2014 passed the threshold of 20% of the voting rights and amounted to 20.75% on that date (35,291,753 voting rights).

20.75% of the voting rights (35,291,753 voting rights) are held by Elliott International Limited pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Elliott International Limited, which each have a voting share in Celesio AG of 3% or more: Cornwall (Luxembourg) S.à.r.l., Luxembourg, Wolverton (Luxembourg) S.à.r.l., Luxembourg, and Maidenhead LLC, USA.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 16 January 2014, Maidenhead LLC, Wilmington, DE, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 13 January 2014 passed the threshold of 20% of the voting rights and amounted to 20.75% on that date (35,291,753 voting rights).

20.75% of the voting rights (35,291,103 voting rights) are held by Wolverton (Luxembourg) S.à.r.l. pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Maidenhead LLC, which each have a voting share in Celesio AG of 3% or more: Cornwall (Luxembourg) S.à.r.l., Luxembourg, and Wolverton (Luxembourg) S.à.r.l., Luxembourg.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 16 January 2014, Wolverton (Luxembourg) S.à r.l., Luxembourg, Luxembourg notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 13 January 2014 passed the threshold of 20% of the voting rights and amounted to 20.75% on that date (35,291,103 voting rights).

20.75% of the voting rights (35,290,103 voting rights) are held by Wolverton (Luxembourg) S.à.r.l. pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Wolverton (Luxembourg) S.à.r.l., which each have a voting share in Celesio AG of 3% or more: Cornwall (Luxembourg) S.à.r.l., Luxembourg.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 16 January 2014, Cornwall (Luxembourg) S.à.r.l., Luxembourg, Luxembourg notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 13 January 2014 passed the threshold of 20% of the voting rights and amounted to 20.75% on that date (35,290,103 voting rights).

## 22 January 2014

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

Voting rights announcement pursuant to Section 25a (1) of the WpHG

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 22 January 2014:**

### 1. Issuer:

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Hambledon Inc., Grand Cayman, Cayman Islands

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

30%

**5. Date of threshold deviation:**

17/01/2014

**6. Share of voting rights subject to notification requirement:**

30.98% (equates to 52,698,237 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

7.24% (equates to 12,307,984 voting rights)

*of which are held indirectly:*

7.24% (equates to 12,307,984 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights) 2

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

23.75% (equates to 40,390,253 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:  
Elliott International, L.P., Cayman Islands

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1AN5K5)  
Maturity: 29/10/2014

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1GPH50)  
Maturity: 07/04/2018

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 22 January 2014:**

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Elliott International, L.P., Grand Cayman, Cayman Islands

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

30%

**5. Date of threshold deviation:**

17/01/2014

**6. Share of voting rights subject to notification requirement:**

30.98% (equates to 52,698,237 voting rights)  
of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:  
7.24% (equates to 12,307,984 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

23.75% (equates to 40,390,253 voting rights)

#### **8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1AN5K5)

Maturity: 29/10/2014

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1GPH50)

Maturity: 07/04/2018

#### **23 January 2014**

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

**We received the following announcement pursuant to Section 25 (1) of the WpHG on 23 January 2014:**

##### **1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

##### **2. Party subject to notification requirement:**

Franz Haniel & Cie. GmbH, Duisburg, Germany

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

22/01/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

75.99% (equates to 129,258,505 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25 of the WpHG:**

**23 January 2014**

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 23 January 2014, Franz Haniel & Cie. GmbH, Duisburg, Germany notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 22 January 2014 passed the threshold of 75% of the voting rights and amounted to 75.99% on that date (129,258,505 voting rights).

### 23 January 2014

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

**We received the following announcement pursuant to Section 25 (1) of the WpHG on 23 January 2014:**

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Franz Haniel & Cie. GmbH, Duisburg, Germany

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date of threshold deviation:**

20/01/2014

**6. Share of voting rights subject to notification requirement:**

75.99% (equates to 129,258,505 voting rights)  
of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:



25.98% (equates to 44,200,000 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

50.01% (equates to 85,058,505 voting rights)

#### **8. Details on the (financial/other) instruments pursuant to Section 25 of the WpHG:**

##### **23 January 2014**

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 23 January 2014, Mr Paul E. Singer, USA notified us pursuant to Section 21 (1) of the WpHG that his voting share in Celesio AG, Stuttgart, Germany, had on 22 January 2014 fallen short of the thresholds of 20%, 15%, 10%, 5% and 3% of the voting rights and amounted to 1.15% on that date (1,960,603 voting rights).

0.00% of the voting rights (2,000 voting rights) are held by Mr Singer pursuant to Section 22 (1) 1, No. 1 of the WpHG.

1.15% of the voting rights (1,958,603 voting rights) are held by Mr Singer pursuant to Section 22 (1) 1, No. 2 of the WpHG in conjunction with Section 22 (1) 2.

0.75% of the voting rights (1,274,742 voting rights) are held by Mr Singer pursuant to Section 22 (1) 1, No. 6 of the WpHG in conjunction with Section 22 (1) 2.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 23 January 2014, Elliott Asset Management LLC, Wilmington, DE, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 22 January 2014 fallen short of the thresholds of 20%, 15%, 10%, 5% and 3% of the voting rights and amounted to 1.15% on that date (1,960,603 voting rights).

0.00% of the voting rights (2,000 voting rights) are held by Elliott Asset Management LLC pursuant to Section 22 (1) 1, No. 1 of the WpHG.

1.15% of the voting rights (1,958,603 voting rights) are held by Elliott Asset Management LLC pursuant to Section 22 (1) 1, No. 2 of the WpHG in conjunction with Section 22 (1) 2.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 23 January 2014, Braxton Associates, Inc., Wilmington, DE, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 22 January 2014 fallen short of the thresholds of 20%, 15%, 10%, 5% and 3% of the voting rights and amounted to 1.15% on that date (1,960,603 voting rights).

0.00% of the voting rights (2,000 voting rights) are held by Braxton Associates, Inc. pursuant to Section 22 (1) 1, No. 1 of the WpHG.

1.15% of the voting rights (1,958,603 voting rights) are held by Braxton Associates, Inc. pursuant to Section 22 (1) 1, No. 2 of the WpHG in conjunction with Section 22 (1) 2.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 23 January 2014, Elliott Capital Advisors, L.P., Wilmington, DE, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 22 January 2014 fallen short of the thresholds of 20%, 15%, 10%, 5% and 3% of the voting rights and amounted to 1.15% on that date (1,960,603 voting rights).

0.00% of the voting rights (2,000 voting rights) are held by Elliott Capital Advisors, L.P. pursuant to Section 22 (1) 1, No. 1 of the WpHG.

1.15% of the voting rights (1,958,603 voting rights) are held by Elliott Capital Advisors, L.P. pursuant to Section 22 (1) 1, No. 2 of the WpHG in conjunction with Section 22 (1) 2.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 23 January 2014, Elliott International Capital Advisors Inc., Wilmington, DE, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 22 January 2014 fallen short of the thresholds of 20%, 15%, 10%, 5% and 3% of the voting rights and amounted to 0.75% on that date (1,274,742 voting rights).

0.75% of the voting rights (1,274,742 voting rights) are held by Elliott International Capital Advisors Inc. pursuant to Section 22 (1) 1, No. 6 of the WpHG.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 23 January 2014, Hambledon, Inc., Grand Cayman, Cayman Islands notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 22 January 2014 fallen short of the thresholds of 20%, 15%, 10%, 5% and 3% of the voting rights and amounted to 0.75% on that date (1,274,742 voting rights).

0.00% of the voting rights (1,650 voting rights) are held by Hambledon, Inc. pursuant to Section 22 (1) 1, No. 1 of the WpHG.

0.75% of the voting rights (1,273,092 voting rights) are held by Hambledon, Inc. pursuant to Section 22 (1) 1, No. 2 of the WpHG in conjunction with Section 22 (1) 2.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 23 January 2014, Elliott International, L.P., Grand Cayman, Cayman Islands notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 22 January 2014 fallen short of the thresholds of 20%, 15%, 10%, 5% and 3% of the voting rights and amounted to 0.75% on that date (1,274,742 voting rights).

0.00% of the voting rights (1,650 voting rights) are held by Elliott International, L.P. pursuant to Section 22 (1) 1, No. 1 of the WpHG.

0.75% of the voting rights (1,273,092 voting rights) are held by Elliott International, L.P. pursuant to Section 22 (1) 1, No. 2 of the WpHG.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 23 January 2014, Elliott International Limited, Grand Cayman, Cayman Islands notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 22 January 2014 fallen short of the thresholds of 20%, 15%, 10%, 5% and 3% of the voting rights and amounted to 0.00% on that date (1,650 voting rights).

0.00% of the voting rights (1,650 voting rights) are held by Elliott International Limited pursuant to Section 22 (1) 1, No. 1 of the WpHG.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 23 January 2014, Maidenhead LLC, Wilmington, DE, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 22 January 2014 fallen short of the thresholds of 20%, 15%, 10%, 5% and 3% of the voting rights and amounted to 0.00% on that date (1,650 voting rights).

0.00% of the voting rights (1,000 voting rights) are held by Maidenhead LLC pursuant to Section 22 (1) 1, No. 1 of the WpHG.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 23 January 2014, Wolverton (Luxembourg) S.à.r.l., Luxembourg, Luxembourg notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 22 January 2014 fallen short of the thresholds of 20%, 15%, 10%, 5% and 3% of the voting rights and amounted to 0.00% on that date (1,000 voting rights).

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 23 January 2014, Cornwall (Luxembourg) S.à.r.l., Luxembourg, Luxembourg notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 22 January 2014 fallen short of the thresholds of 20%, 15%, 10%, 5% and 3% of the voting rights and amounted to 0.00% on that date (0 voting rights).

### 23 January 2014

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 16 January 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Elliott International Limited, Grand Cayman, Cayman Islands

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

5%, 10%, 15% and 20%

**5. Date of threshold deviation:**

22/01/2014

**6. Share of voting rights subject to notification requirement:**

24.90% (equates to 42,360,253 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

24.90% (equates to 42,358,603 voting rights)

*of which are held indirectly:*

24.90% (equates to 42,358,603 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0.00% (equates to 1,650 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

Cornwall (Luxembourg) S.à.r.l., Luxembourg, Wolverton (Luxembourg) S.à.r.l., Luxembourg and Maidenhead LLC, USA

ISIN or designation of the (financial/other) instrument:

Agreement on atypical stock lending

Expiry: 27/01/2014

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 23 January 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Maidenhead LLC, Wilmington, DE, USA

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

5%, 10%, 15% and 20%

**5. Date of threshold deviation:**

22/01/2014

**6. Share of voting rights subject to notification requirement:**

24.90% (equates to 42,360,253 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

24.90% (equates to 42,358,603 voting rights)

*of which are held indirectly:*

24.90% (equates to 42,358,603 voting rights)



Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0.00% (equates to 1,650 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

Cornwall (Luxembourg) S.à.r.l., Luxembourg and Wolverton (Luxembourg) S.à.r.l., Luxembourg

ISIN or designation of the (financial/other) instrument:

Agreement on atypical stock lending

Expiry: 27/01/2014

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 23 January 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Wolverton (Luxembourg) S.à r.l., Luxembourg, Luxembourg

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

5%, 10%, 15% and 20%

**5. Date of threshold deviation:**

22/01/2014

**6. Share of voting rights subject to notification requirement:**

24.90% (equates to 42,359,603 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

24.90% (equates to 42,358,603 voting rights)

*of which are held indirectly:*

24.90% (equates to 42,358,603 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0.00% (equates to 1,000 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

Cornwall (Luxembourg) S.à.r.l., Luxembourg

ISIN or designation of the (financial/other) instrument:

Agreement on atypical stock lending

Expiry: 27/01/2014

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 23 January 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Cornwall (Luxembourg) S.à.r.l., Luxembourg, Luxembourg

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

5%, 10%, 15% and 20%

**5. Date of threshold deviation:**

22/01/2014

**6. Share of voting rights subject to notification requirement:**

24.90% (equates to 42,358,603 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

24.90% (equates to 42,358,603 voting rights)

*of which are held indirectly:*

24.90% (equates to 42,358,603 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0.00% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

ISIN or designation of the (financial/other) instrument:

Agreement on atypical stock lending

Expiry: 27/01/2014

### 29 January 2014

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 29 January 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Dragonfly GmbH & Co. KGaA, Frankfurt am Main, Germany

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date of threshold deviation:**

23/01/2014

**6. Share of voting rights subject to notification requirement:**

89.29% (equates to 151,874,742 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

13.30% (equates to 22,616,237 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

75.99% (equates to 129,258,505 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

#### **8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1AN5K5)

Maturity: 29/10/2014

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1GPH50)

Maturity: 07/04/2018

#### **We received the following announcement pursuant to Section 25a (1) of the WpHG on 29 January 2014:**

##### **1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

##### **2. Party subject to notification requirement:**

Dragonfly Verwaltungs GmbH, Frankfurt am Main, Germany

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date of threshold deviation:**

23/01/2014

**6. Share of voting rights subject to notification requirement:**

89.29% (equates to 151,874,742 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

13.30% (equates to 22,616,237 voting rights)

*of which are held indirectly:*

13.30% (equates to 22,616,237 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

75.99% (equates to 129,258,505 voting rights)

*of which are held indirectly:*

75.99% (equates to 129,258,505 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

Dragonfly GmbH & Co. KGaA

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1AN5K5)

Maturity: 29/10/2014

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1GPH50)

Maturity: 07/04/2018

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 29 January 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Cougar I UK Limited, London, United Kingdom

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date of threshold deviation:**

23/01/2014

**6. Share of voting rights subject to notification requirement:**

89.29% (equates to 151,874,742 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

13.30% (equates to 22,616,237 voting rights)

*of which are held indirectly:*

13.30% (equates to 22,616,237 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

75.99% (equates to 129,258,505 voting rights)

*of which are held indirectly:*

75.99% (equates to 129,258,505 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1AN5K5)

Maturity: 29/10/2014

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1GPH50)

Maturity: 07/04/2018

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 29 January 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Cougar II UK Limited, London, United Kingdom

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**



5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date of threshold deviation:**

23/01/2014

**6. Share of voting rights subject to notification requirement:**

89.29% (equates to 151,874,742 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

13.30% (equates to 22,616,237 voting rights)

*of which are held indirectly:*

13.30% (equates to 22,616,237 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

75.99% (equates to 129,258,505 voting rights)

*of which are held indirectly:*

75.99% (equates to 129,258,505 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1AN5K5)

Maturity: 29/10/2014

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1GPH50)

Maturity: 07/04/2018

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 29 January 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Cougar III UK Limited, London, United Kingdom

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date of threshold deviation:**

23/01/2014

**6. Share of voting rights subject to notification requirement:**

89.29% (equates to 151,874,742 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

13.30% (equates to 22,616,237 voting rights)

*of which are held indirectly:*

13.30% (equates to 22,616,237 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

75.99% (equates to 129,258,505 voting rights)

*of which are held indirectly:*

75.99% (equates to 129,258,505 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1AN5K5)

Maturity: 29/10/2014

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1GPH50)

Maturity: 07/04/2018

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 29 January 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

McKesson US Finance Corporation, San Francisco, USA

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date of threshold deviation:**

23/01/2014

**6. Share of voting rights subject to notification requirement:**

89.29% (equates to 151,874,742 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

13.30% (equates to 22,616,237 voting rights)

*of which are held indirectly:*

13.30% (equates to 22,616,237 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

75.99% (equates to 129,258,505 voting rights)

*of which are held indirectly:*

75.99% (equates to 129,258,505 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited, Cougar III UK Limited

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1AN5K5)

Maturity: 29/10/2014

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1GPH50)

Maturity: 07/04/2018

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 29 January 2014:**

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

McKesson Corporation, San Francisco, USA

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date of threshold deviation:**

23/01/2014

**6. Share of voting rights subject to notification requirement:**

89.86% (equates to 152,846,782 voting rights)  
of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

13.87% (equates to 23,588,277 voting rights)

*of which are held indirectly:*

13.87% (equates to 23,588,277 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

75.99% (equates to 129,258,505 voting rights)

*of which are held indirectly:*

75.99% (equates to 129,258,505 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:  
0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

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 designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1AN5K5)

Maturity: 29/10/2014

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1GPH50)

Maturity: 07/04/2018

**29 January 2014**

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

**We received the following announcement pursuant to Section 25 (1) of the WpHG on 29 January 2014:**

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Dragonfly GmbH & Co. KGaA, Frankfurt am Main, Germany

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date of threshold deviation:**

23/01/2014

**6. Share of voting rights subject to notification requirement:**

75.99% (equates to 129,258,505 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

75.99% (equates to 129,258,505 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25 of the WpHG:**

ISIN or designation of the (financial/other) instrument: Share purchase agreement

Maturity: 06/02/2014

**We received the following announcement pursuant to Section 25 (1) of the WpHG on 29 January 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Dragonfly Verwaltungs GmbH, Frankfurt am Main, Germany

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date of threshold deviation:**

23/01/2014

**6. Share of voting rights subject to notification requirement:**

75.99% (equates to 129,258,505 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

75.99% (equates to 129,258,505 voting rights)

*of which are held indirectly:*

75.99% (equates to 129,258,505 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25 of the WpHG:**

Chain of controlled companies:

Dragonfly GmbH & Co. KGaA

ISIN or designation of the (financial/other) instrument: Share purchase agreement

Maturity: 06/02/2014

**We received the following announcement pursuant to Section 25 (1) of the WpHG on 29 January 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany



**2. Party subject to notification requirement:**

Cougar I UK Limited, London, United Kingdom

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date of threshold deviation:**

23/01/2014

**6. Share of voting rights subject to notification requirement:**

75.99% (equates to 129,258,505 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

75.99% (equates to 129,258,505 voting rights)

*of which are held indirectly:*

75.99% (equates to 129,258,505 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25 of the WpHG:**

Chain of controlled companies:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH

ISIN or designation of the (financial/other) instrument: Share purchase agreement

Maturity: 06/02/2014

**We received the following announcement pursuant to Section 25 (1) of the WpHG on 29 January 2014:**

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Cougar II UK Limited, London, United Kingdom

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date of threshold deviation:**

23/01/2014

**6. Share of voting rights subject to notification requirement:**

75.99% (equates to 129,258,505 voting rights)  
of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

75.99% (equates to 129,258,505 voting rights)

*of which are held indirectly:*

75.99% (equates to 129,258,505 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25 of the WpHG:**

Chain of controlled companies:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited

ISIN or designation of the (financial/other) instrument: Share purchase agreement

Maturity: 06/02/2014

**We received the following announcement pursuant to Section 25 (1) of the WpHG on 29 January 2014:**

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Cougar III UK Limited, London, United Kingdom

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date of threshold deviation:**

23/01/2014

**6. Share of voting rights subject to notification requirement:**

75.99% (equates to 129,258,505 voting rights)  
of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

75.99% (equates to 129,258,505 voting rights)

*of which are held indirectly:*

75.99% (equates to 129,258,505 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25 of the WpHG:**

Chain of controlled companies:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited,  
Cougar II UK Limited

ISIN or designation of the (financial/other) instrument: Share purchase agreement

Maturity: 06/02/2014

**We received the following announcement pursuant to Section 25 (1) of the WpHG on 29 January 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

McKesson US Finance Corporation, San Francisco, USA

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date of threshold deviation:**

23/01/2014

**6. Share of voting rights subject to notification requirement:**

75.99% (equates to 129,258,505 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

75.99% (equates to 129,258,505 voting rights)

*of which are held indirectly:*

75.99% (equates to 129,258,505 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25 of the WpHG:**

Chain of controlled companies:

Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited, Cougar III UK Limited

ISIN or designation of the (financial/other) instrument: Share purchase agreement

Maturity: 06/02/2014

**We received the following announcement pursuant to Section 25 (1) of the WpHG on 29 January 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

McKesson Corporation, San Francisco, USA

**3. Type of threshold deviation:**

Deviation above

**4. Affected reporting thresholds:**

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

**5. Date of threshold deviation:**

23/01/2014

**6. Share of voting rights subject to notification requirement:**

75.99% (equates to 129,258,505 voting rights)

of the total number of voting rights held by the issuer of: 170,100,000

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

75.99% (equates to 129,258,505 voting rights)

*of which are held indirectly:*

75.99% (equates to 129,258,505 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

#### **8. Details on the (financial/other) instruments pursuant to Section 25 of the WpHG:**

Chain of controlled companies:

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 designation of the (financial/other) instrument: Share purchase agreement

Maturity: 06/02/2014

#### **31 January 2014**

**Celesio AG: Publication of the total number of voting rights pursuant to Section 26a of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of the total number of voting rights via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

Celesio AG hereby announces that the total number of voting rights at the end of the month of January 2014 amounted to 181,543,569 voting rights.

#### **3 February 2014**

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 3 February 2014, Franz Haniel & Cie. GmbH, Duisburg, Germany notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 31 January 2014 fallen short of the threshold of 75% of the voting rights and amounted to 71.20% on that date (129,258,505 voting rights).

### 5 February 2014

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 5 February 2014, Dragonfly GmbH & Co. KGaA, Frankfurt am Main, Germany notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 3 February 2014 passed the thresholds of 3% and 5% of the voting rights and amounted to 6.30% on that date (11,443,569 voting rights).

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 5 February 2014, Dragonfly Verwaltungs GmbH, Frankfurt am Main, Germany notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 3 February 2014 passed the thresholds of 3% and 5% of the voting rights and amounted to 6.30% on that date (11,443,569 voting rights).

6.30% of the voting rights (11,443,569 voting rights) are held by Dragonfly Verwaltungs GmbH pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Dragonfly Verwaltungs GmbH: Dragonfly GmbH & Co. KGaA.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 5 February 2014, Cougar I UK Limited, London, United Kingdom notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 3 February 2014 passed the thresholds of 3% and 5% of the voting rights and amounted to 6.30% on that date (11,443,569 voting rights).

6.30% of the voting rights (11,443,569 voting rights) are held by Cougar I UK Limited pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Cougar I UK Limited: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 5 February 2014, Cougar II UK Limited, London, United Kingdom notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 3 February 2014 passed the thresholds of 3% and 5% of the voting rights and amounted to 6.30% on that date (11,443,569 voting rights).

6.30% of the voting rights (11,443,569 voting rights) are held by Cougar II UK Limited pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Cougar II UK Limited: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited.



**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 5 February 2014, Cougar III UK Limited, London, United Kingdom notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 3 February 2014 passed the thresholds of 3% and 5% of the voting rights and amounted to 6.30% on that date (11,443,569 voting rights).

6.30% of the voting rights (11,443,569 voting rights) are held by Cougar III UK Limited pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Cougar III UK Limited: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungen GmbH, Cougar I UK Limited, Cougar II UK Limited.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 5 February 2014, McKesson US Finance Corporation, San Francisco, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 3 February 2014 passed the thresholds of 3% and 5% of the voting rights and amounted to 6.30% on that date (11,443,569 voting rights).

6.30% of the voting rights (11,443,569 voting rights) are held by McKesson US Finance Corporation pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by McKesson US Finance Corporation: Dragonfly GmbH & Co. KGaA., Dragonfly Verwaltungen GmbH, Cougar I UK Limited, Cougar II UK Limited, Cougar III UK Limited.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 5 February 2014, McKesson Corporation, San Francisco, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 3 February 2014 passed the thresholds of 3% and 5% of the voting rights and amounted to 6.30% on that date (11,443,569 voting rights).

6.30% of the voting rights (11,443,569 voting rights) are held by McKesson Corporation pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies 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: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

We received the following announcement pursuant to Section 25a (1) of the WpHG on 6 February 2014:

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Elliott International, L.P., Grand Cayman, Cayman Islands

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

30%

**5. Date of threshold deviation:**

31/01/2014

**6. Share of voting rights subject to notification requirement:**

28.20% (equates to 51,196,442 voting rights)

of the total number of voting rights held by the issuer of: 181,543,569

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

28.20% (equates to 51,196,442 voting rights)

*of which are held indirectly:*

23.33% (equates to 42,358,603 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg and Maidenhead LLC, USA

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1AN5K5)

Maturity: 29/10/2014

Pledging of shares

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 6 February 2014:**

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Hambledon, Inc., Grand Cayman, Cayman Islands

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

30%

**5. Date of threshold deviation:**

31/01/2014

**6. Share of voting rights subject to notification requirement:**

28.20% (equates to 51,196,442 voting rights)  
of the total number of voting rights held by the issuer of: 181,543,569

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:  
28.20% (equates to 51,196,442 voting rights)

*of which are held indirectly:*

28.20% (equates to 51,196,442 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:  
0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

Cornwall (Luxembourg) S.à r.l., Luxembourg, Wolverton (Luxembourg) S.à r.l., Luxembourg, Maidenhead LLC, USA and Elliott International, L.P., Cayman Islands

ISIN or designation of the (financial/other) instrument: Convertible bond (ISIN DE 000 A1AN5K5)

Maturity: 29/10/2014

Pledging of shares

**7 February 2014**

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

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

**7 February 2014**

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 7 February 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Mr Paul E. Singer, USA

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

06/02/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 181,543,569

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 7 February 2014:**

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Elliott Asset Management LLC, Wilmington, DE, USA

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

06/02/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)  
of the total number of voting rights held by the issuer of: 181,543,569

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:  
0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:  
0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 7 February 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Braxton Associates, Inc., Wilmington, DE, USA

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

06/02/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 181,543,569

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*



0% (equates to 0 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 7 February 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Elliott Capital Advisors, L.P., Wilmington, DE, USA

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

06/02/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 181,543,569

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 7 February 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Hambledon, Inc., Grand Cayman, Cayman Islands

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

06/02/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 181,543,569

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 7 February 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Elliott International, L.P., Grand Cayman, Cayman Islands

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

06/02/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 181,543,569

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 7 February 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Elliott International Limited, Grand Cayman, Cayman Islands

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

06/02/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 181,543,569

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 7 February 2014:**

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Elliott International Limited, Grand Cayman, Cayman Islands

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

06/02/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)  
of the total number of voting rights held by the issuer of: 181,543,569

**7. Details regarding the share of voting rights:**

**Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:**

0% (equates to 0 voting rights)  
of which are held indirectly:  
0% (equates to 0 voting rights)

**Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:**

0%(equates to 0 voting rights)  
of which are held indirectly:  
0% (equates to 0 voting rights)

**Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:**

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 7 February 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Maidenhead LLC, Wilmington, DE, USA

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

06/02/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 181,543,569

**7. Details regarding the share of voting rights:**

**Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:**

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

**Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:**

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

**Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:**

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 7 February 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Wolverton (Luxembourg) S.à r.l., Luxembourg, Luxembourg

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

06/02/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 181,543,569

**7. Details regarding the share of voting rights:**



Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 7 February 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Cornwall (Luxembourg) S.à r.l., Luxembourg, Luxembourg

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

06/02/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 181,543,569

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

0% (equates to 0 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

**11 February 2014**

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

**We received the following announcement pursuant to Section 25 (1) of the WpHG on 11 February 2014:**

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Dragonfly GmbH & Co. KGaA, Frankfurt am Main, Germany

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

06/02/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 182,273,227

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

77.19% (equates to 140,702,074 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25 of the WpHG:**

Chain of controlled companies:

ISIN or designation of the (financial/other) instrument:

**We received the following announcement pursuant to Section 25 (1) of the WpHG on 11 February 2014:**

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Dragonfly Verwaltungs GmbH, Frankfurt am Main, Germany

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

06/02/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)  
of the total number of voting rights held by the issuer of: 182,273,227

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

77.19% (equates to 140,702,074 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25 of the WpHG:**

Chain of controlled companies:

ISIN or designation of the (financial/other) instrument:

**We received the following announcement pursuant to Section 25 (1) of the WpHG on 11 February 2014:**

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Cougar I UK Limited, London, United Kingdom

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

06/02/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)  
of the total number of voting rights held by the issuer of: 182,273,227

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

77.19% (equates to 140,702,074 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25 of the WpHG:**

Chain of controlled companies:

ISIN or designation of the (financial/other) instrument:

**We received the following announcement pursuant to Section 25 (1) of the WpHG on 11 February 2014:**

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Cougar II UK Limited, London, United Kingdom

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

06/02/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)  
of the total number of voting rights held by the issuer of: 182,273,227

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

77.19% (equates to 140,702,074 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25 of the WpHG:**

Chain of controlled companies:

ISIN or designation of the (financial/other) instrument:

**We received the following announcement pursuant to Section 25 (1) of the WpHG on 11 February 2014:**

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Cougar III UK Limited, London, United Kingdom

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

06/02/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 182,273,227

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:

77.19% (equates to 140,702,074 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25 of the WpHG:**

Chain of controlled companies:

ISIN or designation of the (financial/other) instrument:

**We received the following announcement pursuant to Section 25 (1) of the WpHG on 11 February 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

McKesson US Finance Corporation, San Francisco, USA

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

06/02/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 182,273,227

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:



77.19% (equates to 140,702,074 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25 of the WpHG:**

Chain of controlled companies:

ISIN or designation of the (financial/other) instrument:

**We received the following announcement pursuant to Section 25 (1) of the WpHG on 11 February 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

McKesson Corporation, San Francisco, USA

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

06/02/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 182,273,227

**7. Details regarding the share of voting rights:**

Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:

0% (equates to 0 voting rights)

*of which are held indirectly:*

0% (equates to 0 voting rights)

Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:  
77.59% (equates to 141,431,732 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25 of the WpHG:**

Chain of controlled companies:

ISIN or designation of the (financial/other) instrument:

**12 February 2014**

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 12 February 2014, Dragonfly GmbH & Co. KGaA, Frankfurt am Main, Germany notified us pursuant to Section 21 (1) of the 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 77.19% on that date (140,702,074 voting rights).

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 12 February 2014, Dragonfly Verwaltungs GmbH, Frankfurt am Main, Germany notified us pursuant to Section 21 (1) of the 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 77.19% on that date (140,702,074 voting rights).

77.19% of the voting rights (140,702,074 voting rights) are held by Dragonfly Verwaltungs GmbH pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Dragonfly Verwaltungs GmbH: Dragonfly GmbH & Co. KGaA.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 12 February 2014, Cougar I UK Limited, London, United Kingdom notified us pursuant to Section 21 (1) of the 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 77.19% on that date (140,702,074 voting rights).

77.19% of the voting rights (140,702,074 voting rights) are held by Cougar I UK Limited pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Cougar I UK Limited: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 12 February 2014, Cougar II UK Limited, London, United Kingdom notified us pursuant to Section 21 (1) of the 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 77.19% on that date (140,702,074 voting rights).

77.19% of the voting rights (140,702,074 voting rights) are held by Cougar II UK Limited pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Cougar II UK Limited: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 12 February 2014, Cougar III UK Limited, London, United Kingdom notified us pursuant to Section 21 (1) of the 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 77.19% on that date (140,702,074 voting rights).

77.19% of the voting rights (140,702,074 voting rights) are held by Cougar III UK Limited pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Cougar III UK Limited: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 12 February 2014, McKesson US Finance Corporation, San Francisco, USA informed us pursuant to 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 77.19% on that date (140,702,074 voting rights).

77.19% of the voting rights (140,702,074 voting rights) are held by McKesson US Finance Corporation pursuant to Section 22 (1) 1, No. 1 of the WpHG via the

following companies 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: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 12 February 2014, McKesson Corporation, San Francisco, USA informed us pursuant to 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 pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies 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.

**28 February 2014**

**Total voting rights announcement**

Celesio AG / publication of total number of voting rights  
28 February 2014

**Celesio AG: Publication of the total number of voting rights pursuant to Section 26a of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of the total number of voting rights via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

Celesio AG hereby announces that the total number of voting rights at the end of the month of February 2014 amounted to 196,220,249 voting rights.

**24 March 2014**

**Voting rights announcement**

Celesio AG

24 March 2014

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 24 March 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Dragonfly GmbH & Co. KGaA, Frankfurt am Main, Germany

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

19/03/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 203,058,744

**7. Details regarding the share of voting rights:**

**Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:**

0% (equates to 0 voting rights)

of which are held indirectly:

0% (equates to 0 voting rights)

**Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:**

0% (equates to 0 voting rights)

of which are held indirectly:

0% (equates to 0 voting rights)

**Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:**

75.02% (equates to 152,331,805 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 24 March 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Dragonfly Verwaltungs GmbH, Frankfurt am Main, Germany

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

19/03/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 203,058,744

**7. Details regarding the share of voting rights:**

**Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:**

0% (equates to 0 voting rights)

of which are held indirectly:

0% (equates to 0 voting rights)

**Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:**

0% (equates to 0 voting rights)

of which are held indirectly:

0% (equates to 0 voting rights)

**Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:**

75.02% (equates to 152,331,805 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 24 March 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**



Cougar I UK Limited, London, United Kingdom

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

19/03/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 203,058,744

**7. Details regarding the share of voting rights:**

**Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:**

0% (equates to 0 voting rights)

of which are held indirectly:

0% (equates to 0 voting rights)

**Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:**

0% (equates to 0 voting rights)

of which are held indirectly:

0% (equates to 0 voting rights)

**Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:**

75.02% (equates to 152,331,805 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 24 March 2014:**

**1. Issuer:**

Celesio AG  
Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Cougar II UK Limited, London, United Kingdom

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

19/03/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)  
of the total number of voting rights held by the issuer of: 203,058,744

**7. Details regarding the share of voting rights:**

**Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:**

0% (equates to 0 voting rights)  
of which are held indirectly:  
0% (equates to 0 voting rights)

**Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:**

0% (equates to 0 voting rights)  
of which are held indirectly:  
0% (equates to 0 voting rights)

**Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:**

75.02% (equates to 152,331,805 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 24 March 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

Cougar III UK Limited, London, United Kingdom

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

19/03/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 203,058,744

**7. Details regarding the share of voting rights:**

**Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:**

0% (equates to 0 voting rights)

of which are held indirectly:

0% (equates to 0 voting rights)

**Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:**

0% (equates to 0 voting rights)

of which are held indirectly:

0% (equates to 0 voting rights)

**Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:**

75.02% (equates to 152,331,805 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 24 March 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

McKesson US Finance Corporation, San Francisco, USA

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

19/03/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 203,058,744

**7. Details regarding the share of voting rights:**

**Share of voting rights based on (financial/other) instruments pursuant to Section 25a of the WpHG:**

0% (equates to 0 voting rights)

of which are held indirectly:

0% (equates to 0 voting rights)

**Share of voting rights based on (financial/other) instruments pursuant to Section 25 of the WpHG:**

0% (equates to 0 voting rights)

of which are held indirectly:

0% (equates to 0 voting rights)

**Shares of voting rights pursuant to Sections 21 and 22 of the WpHG:**

75.02% (equates to 152,331,805 voting rights)

**8. Details on the (financial/other) instruments pursuant to Section 25a of the WpHG:**

Chain of controlled companies:

**We received the following announcement pursuant to Section 25a (1) of the WpHG on 24 March 2014:**

**1. Issuer:**

Celesio AG

Neckartalstr. 155, 70376 Stuttgart, Germany

**2. Party subject to notification requirement:**

McKesson Corporation, San Francisco, USA

**3. Type of threshold deviation:**

Deviation below

**4. Affected reporting thresholds:**

75%, 50%, 30%, 25%, 20%, 15%, 10% and 5%

**5. Date of threshold deviation:**

19/03/2014

**6. Share of voting rights subject to notification requirement:**

0% (equates to 0 voting rights)

of the total number of voting rights held by the issuer of: 203,058,744

**7. Details regarding the share of voting rights:**

**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:**

75.50% (equals 153303845 voting rights)

**8. Detailed information on financial/other instruments pursuant to Art. 25a, Sec. 1 WpHG:**

Chain of controlled undertakings:

**26 March 2014**

**Voting rights announcement**

Celesio AG

26 March 2014

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 26 March 2014, Dragonfly GmbH & Co. KGaA, Frankfurt am Main, Germany notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 21 March 2014 fallen short of the threshold of 75%

of the voting rights and amounted to 74.98% on that date (152,331,805 voting rights).

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 26 March 2014, Dragonfly Verwaltungs GmbH, Frankfurt am Main, Germany notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 21 March 2014 fallen short of the threshold of 75% of the voting rights and amounted to 74.98% on that date (152,331,805 voting rights).

74.98% of the voting rights (152,331,805 voting rights) are held by Dragonfly Verwaltungs GmbH pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Dragonfly Verwaltungs GmbH: Dragonfly GmbH & Co. KGaA.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 26 March 2014, Cougar I UK Limited, London, United Kingdom notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 21 March 2014 fallen short of the threshold of 75% of the voting rights and amounted to 74.98% on that date (152,331,805 voting rights).

74.98% of the voting rights (152,331,805 voting rights) are held by Cougar I UK Limited pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Cougar I UK Limited: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 26 March 2014, Cougar II UK Limited, London, United Kingdom notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 21 March 2014 fallen short of the threshold of 75% of the voting rights and amounted to 74.98% on that date (152,331,805 voting rights).

74.98% of the voting rights (152,331,805 voting rights) are held by Cougar II UK Limited pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Cougar II UK Limited: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 26 March 2014, Cougar III UK Limited, London, United Kingdom notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 21 March 2014 fallen short of the threshold of 75% of the voting rights and amounted to 74.98% on that date (152,331,805 voting rights).

74.98% of the voting rights (152,331,805 voting rights) are held by Cougar III UK Limited pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Cougar III UK Limited: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 26 March 2014, McKesson US Finance Corporation, San Francisco, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG,



Stuttgart, Germany, had on 21 March 2014 fallen short of the threshold of 75% of the voting rights and amounted to 74.98% on that date (152,331,805 voting rights).

74.98% of the voting rights (152,331,805 voting rights) are held by McKesson US Finance Corporation pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies 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.

### 31 March 2014

#### **Total voting rights announcement**

Celesio AG / publication of total number of voting rights

31 March 2014

#### **Celesio AG: Publication of the total number of voting rights pursuant to Section 26a of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of the total number of voting rights via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

Celesio AG hereby announces that the total number of voting rights at the end of the month of March 2014 amounted to 203,178,694 voting rights.

### 3 April 2014

#### **Voting rights announcement**

Celesio AG

3 April 2014

#### **Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 3 April 2014, Mr Alec N. Litowitz, USA notified us pursuant to Section 21 (1) of the WpHG that his voting share in Celesio AG, Stuttgart, Germany, had on 27 March 2014 passed the threshold of 3% of voting rights and amounted to 3.14% on that date (6,387,521 voting rights).

3.14% of the voting rights (6,387,521 voting rights) are held by Mr Litowitz pursuant to Section 22 (1) 1, No. 6 of the WpHG in conjunction with Section 22 (1) 2 of the WpHG.

### 3 April 2014

#### Voting rights announcement

Celesio AG

3 April 2014

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 3 April 2014, Supernova Management LLC, Evanston, Illinois, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 27 March 2014 passed the threshold of 3% of the voting rights and amounted to 3.14% on that date (6,387,521 voting rights).

3.14% of the voting rights (6,387,521 voting rights) are held by the company pursuant to Section 22 (1) 1, No. 6 of the WpHG in conjunction with Section 22 (1) 2 of the WpHG.

### 3 April 2014

#### Voting rights announcement

Celesio AG

3 April 2014

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 3 April 2014, Magnetar Capital Partners LP, Evanston, Illinois, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 27 March 2014 passed the threshold of 3% of the voting rights and amounted to 3.14% on that date (6,387,521 voting rights).

3.14% of the voting rights (6,387,521 voting rights) are held by the company pursuant to Section 22 (1) 1, No. 6 of the WpHG in conjunction with Section 22 (1) 2 of the WpHG.

### 3 April 2014

#### **Voting rights announcement**

Celesio AG

3 April 2014

#### **Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 3 April 2014, Magnetar Financial LLC, Evanston, Illinois, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 27 March 2014 passed the threshold of 3% of the voting rights and amounted to 3.14% on that date (6,387,521 voting rights).

3.14% of the voting rights (6,387,521 voting rights) are held by the company pursuant to Section 22 (1) 1, No. 6 of the WpHG.

### 30 April 2014

#### **Total voting rights announcement**

Celesio AG / publication of total number of voting rights

30 April 2014

**Celesio AG: Publication of the total number of voting rights pursuant to Section 26a of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of the total number of voting rights via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.  
Celesio AG hereby announces that the total number of voting rights at the end of the month of April 2014 amounted to 203,192,033 voting rights.

**5 May 2014**

**Voting rights announcement**

Celesio AG

5 May 2014

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 5 May 2014, Dragonfly GmbH & Co. KGaA, Frankfurt am Main, Germany notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 30 April 2014 passed the threshold of 75% of the voting rights and amounted to 75.45% on that date (153,305,846 voting rights).

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 5 May 2014, Dragonfly Verwaltungs GmbH, Frankfurt am Main, Germany notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 30 April 2014 passed the threshold of 75% of the voting rights and amounted to 75.45% on that date (153,305,846 voting rights).

75.45% of the voting rights (153,305,846 voting rights) are held by Dragonfly Verwaltungs GmbH pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Dragonfly Verwaltungs GmbH: Dragonfly GmbH & Co. KGaA.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 5 May 2014, Cougar I UK Limited, London, United Kingdom notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 30 April 2014 passed the threshold of 75% of the voting rights and amounted to 75.45% on that date (153,305,846 voting rights).

75.45% of the voting rights (153,305,846 voting rights) are held by Cougar I UK Limited pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Cougar I UK Limited: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 5 May 2014, Cougar II UK Limited, London, United Kingdom notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 30 April 2014 passed the threshold of 75% of the voting rights and amounted to 75.45% on that date (153,305,846 voting rights).

75.45% of the voting rights (153,305,846 voting rights) are held by Cougar II UK Limited pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Cougar II UK Limited: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 5 May 2014, Cougar III UK Limited, London, United Kingdom notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 30 April 2014 passed the threshold of 75% of the voting rights and amounted to 75.45% on that date (153,305,846 voting rights).

75.45% of the voting rights (153,305,846 voting rights) are held by Cougar III UK Limited pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies controlled by Cougar III UK Limited: Dragonfly GmbH & Co. KGaA, Dragonfly Verwaltungs GmbH, Cougar I UK Limited, Cougar II UK Limited.

**Celesio AG: Publication pursuant to Section 26 (1) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of a voting rights announcement via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement.

On 5 May 2014, McKesson US Finance Corporation, San Francisco, USA notified us pursuant to Section 21 (1) of the WpHG that its voting share in Celesio AG, Stuttgart, Germany, had on 30 April 2014 passed the threshold of 75% of the voting rights and amounted to 75.45% on that date (153,305,846 voting rights).

75.45% of the voting rights (153305846 voting rights) are held by McKesson US Finance Corporation pursuant to Section 22 (1) 1, No. 1 of the WpHG via the following companies 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.

**30 May 2014**

**Total voting rights announcement**

Celesio AG / publication of total number of voting rights

30 May 2014

**Celesio AG: Publication of the total number of voting rights pursuant to Section 26a of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act) intended for distribution across Europe**

Publication of the total number of voting rights via DGAP – a company of EQS Group AG. The issuer is responsible for the content of the announcement. Celesio AG hereby announces that the total number of voting rights at the end of the month of May 2014 amounted to 203,220,932 voting rights.

## 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 2014. This has been complied with since the last version was released on 13 May 2013 and since the version dated 25 June 2014 came into effect. Moreover, the declaration of compliance was made permanently available on the website, [www.celesio.com](http://www.celesio.com).

## Proposal of the management board for the appropriation of profits

The annual net income of EUR 677,970,320m (previous year EUR 51,030,000) and the retained earnings from the previous year of EUR 31,326,815 result in a net retained profit of EUR 709,297,135 (previous year EUR 82,356,005). It is proposed to the Annual General Meeting that the net retained profit for fiscal 2014 is fully transferred to other revenue reserves.

On the basis of the domination and profit and loss transfer agreement of 22 May 2014, McKesson Deutschland GmbH & Co. KGaA (previously Dragonfly GmbH & Co. KGaA) guarantees external shareholders of Celesio AG the payment of a guaranteed dividend for fiscal 2014 of EUR 0.83 per share and has declared to the management board of Celesio AG that it is prepared to pay this out in the full amount to the external shareholders for fiscal 2014.

## Events after the reporting period

There had been no other events of particular significance after the closure of accounts that could be expected to have a material effect on the assets position and revenue and operating results of the Celesio Group.

Stuttgart, 3 March 2015

The Management Board



## Members of the management board<sup>1)</sup>

Name	Membership in other supervisory boards and comparable bodies	Celesio shares
<p>Marc E. Owen Chairman of the Management Board (since 16/07/2014)</p> <p>President, McKesson Europe/Latin America</p>	<ul style="list-style-type: none"> <li>Norsk Medisinaldepot AS, Member of the Supervisory Board (since 25/11/ 2014)</li> <li>Brocacef Holding N.V., Member of the Supervisory Board (since 16/07/2014)</li> </ul>	None
<p>Dr Marion Helmes Chief Financial Officer Speaker of the Management Board (until 15/07/2014)</p>	<ul style="list-style-type: none"> <li>Brocacef Holding N.V., Member of the Supervisory Board (until 15/07/2014)</li> <li>FUGRO N.V., Member of the Supervisory Board (until 6/05/2014)</li> <li>NXP Semiconductors N.V., Member of the Supervisory Board</li> <li>ProSiebenSat.1 Media AG, Member of the Supervisory Board (since 26/06/2014)</li> </ul>	None
<p>Stephan Borchert Member of the Management Board (until 22/09/2014)</p>	<ul style="list-style-type: none"> <li>GEHE Pharma Handel GmbH, Chairman of the Supervisory Board (until 22/09/2014)</li> <li>Norsk Medisinaldepot AS, Member of the Supervisory Board (until 25/11/2014)</li> <li>ONCO PROD DISTRIBUIDORA DE PRODUTOS HOSPITALARES E ONCOLÓGICOS S/A, Chairman of the Supervisory Board (until 05/08/2014)</li> </ul>	None

Martin Fisher Member of the Management Board (until 22/05/2014)	None	None
Tilo Köster Member of the Management Board (since 23/09/2014)	<ul style="list-style-type: none"> <li>• GEHE Pharma Handel GmbH, Member of the Supervisory Board (since 14/03/2014) and Chairman of the Supervisory Board (since 23/09/2014)</li> <li>• Norsk Medisinaldepot AS, Member of the Supervisory Board (since 16/09/2014)</li> <li>• Tjellesen Max Jenne A/S, Member of the Supervisory Board</li> <li>• Todin A/S, Chairman of the Supervisory Board</li> </ul>	None
Alain Vachon Chief Financial Officer (since 16/07/2014)	None	None
Senior Vice President and Chief Financial Officer, McKesson Europe/Latin America		

## Members of the supervisory board<sup>1)</sup>

Name	Occupation / Current position	Membership(s) of German and foreign supervisory boards and/or in supervisory bodies of companies with comparable requirements	Celesio shares
John H. Hammergren (Chairman since 14/03/2014)	Chairman of the Board, President and Chief Executive Officer, McKesson Corporation, San Francisco (USA)	<ul style="list-style-type: none"> <li>McKesson Corporation, USA, Chairman of the Board of Directors</li> </ul>	None
Stephan Gemkow (Chairman until 13/03/2014)	Chairman of the Management Board of Franz Haniel & Cie. GmbH, Duisburg	<ul style="list-style-type: none"> <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, Chairman of the Supervisory Board</li> </ul>	None
Ihno 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	None

Klaus Borowicz	Head of Hamburg branch of GEHE Pharma Handel GmbH Head of the Northern branch of GEHE Pharma Handel GmbH	None	None
Dr Florian Funck (until 13/03/2014)	Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg	<ul style="list-style-type: none"> <li>• Deutsche Annington Immobilien SE, Member of the Supervisory Board (since 21/08/2014)</li> <li>• Metro AG, Member of the Supervisory Board</li> <li>• TAKKT AG, Member of the Supervisory Board</li> </ul>	None
Prof. Dr Wilhelm Haarmann (since 14/03/2014)	Lawyer, auditor, tax consultant and partner, Linklaters LLP, Frankfurt am Main	<ul style="list-style-type: none"> <li>• SAP SE, Member of the Supervisory Board</li> </ul>	None
Paul C. Julian (since 14/03/2014)	Executive Vice President and Group President, McKesson Corporation, San Francisco, USA	<ul style="list-style-type: none"> <li>• Univar, Inc., USA, Member of the Board of Directors</li> </ul>	None
Jörg Lauenroth-Mago	Trade Union Secretary responsible for the trade division in Saxony, Saxony-Anhalt and Thuringia, ver.di – Vereinte Dienstleistungsge-	<ul style="list-style-type: none"> <li>• GEHE Pharma Handel GmbH, Member of the Supervisory Board</li> </ul>	None

werkschaft			
Pauline Lindwall	Category Director Coffee Southern Europe of Mondelez Europa, Zurich	<ul style="list-style-type: none"> <li>DUNI AB, Sweden, Member of the Supervisory Board (since 06/05/2014)</li> </ul>	None
Susan Naumann	Trade Union Secretary responsible for legal and accounting, ver.di division in Hamburg,	<ul style="list-style-type: none"> <li>GEHE Pharma Handel GmbH, Member of the Supervisory Board</li> </ul>	None
Ulrich Neumeister	Logistics employee of GEHE Pharma Handel GmbH, Stuttgart Headquarters	None	None
W.M. Henning Rehder	Former Member of the Management Board (CFO) of Siemens Enterprise Communications GmbH & Co. KG (SEN Group), Munich	<ul style="list-style-type: none"> <li>Karl Kühne KG, Chairman of the Administrative Board</li> </ul>	None
Patrick Schwarz- Schütte	Managing Director of Black Horse Investments GmbH, Düsseldorf	<ul style="list-style-type: none"> <li>Heinrich-Heine-University Düsseldorf, Deputy Chairman of the University Council / Chairman of the Finance Committee</li> </ul>	None
Hanspeter Spek (until 13/03/2014)	Former Member of the Management Board of Sanofi SA, Paris	<ul style="list-style-type: none"> <li>Cardio3 BioSciences SA, Belgium, Member of the Board of Directors</li> </ul>	None

---

		<ul style="list-style-type: none"> <li>• Genpact Limited, USA, Member of the Board of Directors</li> </ul>	
Gabriele Katharina Stall	Assistant of the Branch Management of GEHE Pharma Handel GmbH, Troisdorf branch	None	None

---

## 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, 3 March 2015



MARC E. OWEN  
Chairman of the  
Management Board  
Labour Relations Director



ALAIN VACHON  
Member of the Management Board  
Finance



TILO KÖSTER  
Member of the Management Board  
Legal and Compliance

## 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 2014. 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, Friday, 10 March 2015

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft



**MARBLER**

CERTIFIED PUBLIC ACCOUNTANT



**MATISCHOK**

CERTIFIED PUBLIC ACCOUNTANT

## 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

## Celesio AG

Neckartalstrasse 155  
70376 Stuttgart  
Germany  
Telephone +49 (0) 711 5001-00  
Fax +49 (0) 711 5001-1260  
[service@celesio.com](mailto:service@celesio.com)  
[www.celesio.com](http://www.celesio.com)

## Communications

Telephone +49 (0) 711 5001-549  
Fax +49 (0) 711 5001-543  
[media@celesio.com](mailto:media@celesio.com)

## Investor Relations

Telephone +49 (0) 711 5001-735  
Fax +49 (0) 711 5001-740  
[investor@celesio.com](mailto:investor@celesio.com)

This annual report was published on 17 March 2015. It is available in German and English and can be downloaded from the investor relations section of [celesio.com](http://celesio.com). A printed version of the annual report can be ordered there. The German version is legally binding.

This annual report was generated with the assistance of the editing package FIRE.sys.