Q1

Celesio AG
Interim Report
1st Quarter of 2012

Successful start to stabilisation

Steady progress on package of measures

Revenue and earnings up on previous year

Sales process initiated for discontinued operations

celesio

Celesio Interim Report 1st Quarter of 2012

Celesio at a glance

KEY FIGURES OF THE CELESIO GROUP		1st quarter 2011	1st quarter 2012	Change on a euro basis %	Change adjusted for portfolio and currency effects [4] %
Continuing operations					
Revenue	EUR M	5,504.1	**5,642.8**	2.5	0.1
Gross profit	EUR M	582.5	**617.1**	5.9	2.1
adjusted [1]	EUR M	582.5	**617.3**	6.0	2.1
EBITDA	EUR M	133.1	**138.3**	3.9	1.6
adjusted [1]	EUR M	133.1	**139.9**	5.1	2.7
EBIT	EUR M	103.4	**105.1**	1.6	0.2
adjusted [1]	EUR M	103.4	**106.7**	3.2	1.8
Profit before tax	EUR M	79.0	**72.5**	–8.3	/
adjusted [1] [2]	EUR M	78.7	**83.9**	6.6	/
Net profit/loss	EUR M	51.6	**44.0**	–14.7	/
adjusted [1] [2]	EUR M	50.6	**53.0**	4.7	/
Earnings per share (basic)	EUR	0.30	**0.25**	–16.7	/
Earnings per share (basic), adjusted [1] [2]	EUR	0.29	**0.31**	6.9	/
Net cash flow from operating activities	EUR M	–29.1	**21.2**	/	/
Net cash flow from investing activities	EUR M	–22.7	**–29.3**	29.1	/
Free cash flow	EUR M	–68.5	**–19.9**	–70.9	/
Employees (full-time equivalents) [3]		29,263	**29,438**	/	/
Retail pharmacies [3]		2,286	**2,273**	/	/
Wholesale branches [3]		133	**141**	/	/
Discontinued operations					
Net profit/loss	EUR M	3.1	**–48.5**	/	/
Earnings per share (basic)	EUR	0.01	**–0.28**	/	/
Employees (full-time equivalents)		7,161	**5,610**	/	/
Continuing and discontinued operations					
Total assets [3]	EUR M	8,241.4	**8,797.1**	6.7	/
Equity [3]	EUR M	2,618.7	**2,575.6**	–1.6	/
Equity ratio [3]	%	31.8	**29.3**	/	/
Employees (full-time equivalents) [3]		36,424	**35,048**	/	/
Employees (headcount)		46,586	**45,514**	/	/
Net profit/loss	EUR M	54.7	**–4.5**	/	/
Earnings per share (basic)	EUR	0.31	**–0.03**	/	/

1) Adjusted for non-recurring effects (including tax effect) primarily in connection with the Operational Excellence Program.
2) Adjusted for special effects in the financial result.
3) Closing figures at the end of the reporting period.
4) The change adjusted for portfolio and currency effects (organic growth) eliminates the effects of currency translation, consolidated group changes (elimination of all units that were not already consolidated as of 1 January of the previous year) and gains/losses on disposal.

INFORMATION ON THE CELESIO SHARE

Share type	No-par value registered shares
Share capital in EUR on 31/03/2012	217,728,000
ISIN code	DE000CLS1001
German securities code	CLS 100
German stock exchange code	CLS1
Indices (selection)	MDAX, MSCI Germany Index, FTSE4Good, ECPI Ethical Index EMU

The Celesio Group

As a leading international trading company and provider of logistics and services in the pharmaceutical and healthcare sector, Celesio takes a proactive and preventative approach to ensuring that patients receive the products and support that they require for optimum care. We operate in 27 countries around the world and have about 46,000 employees. Every day, we serve over two million customers – at 2,200 pharmacies of our own and 4,500 participants in our brand and other partnership schemes. With around 140 wholesale branches, we supply around 65,000 pharmacies and hospitals every day with up to 130,000 pharmaceutical products.

Key events 2012

1st quarter

- Successful start to stabilisation
- Steady progress on package of measures
- Revenue and earnings up on previous year
- Sales process initiated for discontinued operations

2nd quarter

3rd quarter

To our shareholders

Chairman's letter

MARKUS PINGER
CHAIRMAN OF THE MANAGEMENT BOARD

Dear shareholders,
ladies and gentlemen

The first quarter of 2012 shows that our new strategy has put us back on track. We have achieved the targets we set out to reach and both revenue and earnings are up compared to the same period of the previous year – a highly satisfactory development.

We will use 2012 to build on the strategic realignment kicked off in 2011. As our earnings show, the measures are already taking hold, especially those that are part of the Operational Excellence Program.

We are systematically pursuing expansion opportunities in promising growth markets such as Brazil. Following the acquisition of Oncoprod in October 2011, we completed the 100% takeover of Panpharma, one of Brazil's leading pharmaceutical wholesalers, at the end of April 2012. With our leading market position in Brazil now even stronger, we are better placed to share in future market growth in this country.

In another important step, we initiated the sales process for a number of operations that no longer constitute core business, including the business units Movianto, Pharmexx and the DocMorris mail-order pharmacy.

For the 2012 fiscal year, we anticipate an operating result (EBITDA) of at least EUR 575m after adjusting for non-recurring expenses from the Operational Excellence Program. Our clear focus in 2012 will be on stabilising the situation at Celesio, paving the way for profitable growth from 2013 onwards.

Celesio's Management Board has absolute faith in the new strategy. That is why the compensation structure was changed for members of the Management Board in the first quarter. Their remuneration now depends directly on the successful implementation of the new strategy.

The first quarter of 2012 shows that we are on the right track. With the support of our committed employees, we are determined to continue in the same direction this year.

I would ask you to remain by our side as we make our way into the future, and hope that you will continue to offer us your trust and support.

Yours

MARKUS PINGER
CHAIRMAN OF THE MANAGEMENT BOARD

The stock markets and the Celesio share

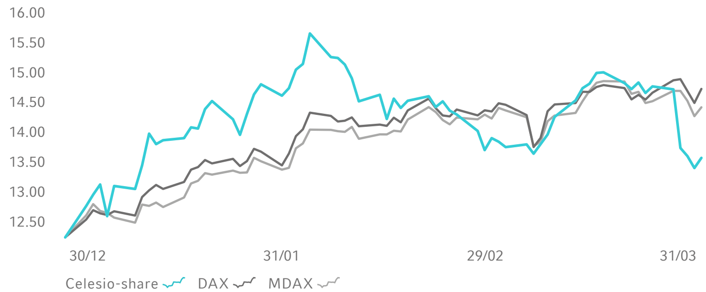
The stock markets

Overall, the DAX rose considerably in the first quarter of 2012, despite the difficult global economic environment and the sovereign debt crisis that persists in the euro zone. The German stock market index climbed to 7,079.23 points on 26 March – the high for the year so far and a gain of almost 17% compared to the beginning of 2012. This high level marked the best first quarter since 1998 for the German market indicator. The MDAX, which includes the Celesio share in its basket, climbed to 10,703.10 points as of 31 March, representing a 17% improvement in the midcap index.

Celesio share

The Celesio share got off to an excellent start in the first quarter of 2012, which reflects investors' confidence in our new corporate strategy. In the first four weeks of the year, the Celesio share climbed to its previous high to date this year, peaking at EUR 15.65 on 3 February 2012. It clearly outperformed both the DAX and the MDAX. Unable to follow the sideways trend observed in both comparative indices until early March 2012, the Celesio share subsequently lost ground, however. Following a highly volatile third month in the first quarter, the Celesio share closed at EUR 13.57 as of 31 March 2012. This corresponds to a gain of 6.3% compared to the beginning of the year. Market capitalisation at the end of the first quarter amounted to EUR 2.16bn (previous year EUR 2.95bn). The trading volume of our share on the Xetra market averaged 535,983 shares per day in the reporting period, down slightly on the previous-year level of 552,934 per day.

DEVELOPMENT OF THE CELESIO SHARE, MDAX, DAX
CLOSING PRICES ON XETRA – 02/01/2012 – 31/03/2012 (TRADING DAYS ONLY), SCALED TO THE CELESIO SHARE PRICE



Investor relations

At our company, we prioritise investor relations. We focus on pursuing close dialogue with the capital market and providing timely, comprehensive and transparent information to all existing and potential investors and analysts. To this end, we were once again involved in active discussion with our capital market stakeholders in the first quarter of 2012. These took the form of individual meetings, as well as conferences and roadshows. We hosted our annual analyst and investor conference in Stuttgart on 27 March 2012, where we not only looked back at the past fiscal year, but also presented our strategic realignment and the clear target to achieve sustainable profitable growth from 2013 onwards.

Further information on the company, the Celesio share, upcoming events and publications can be found in the investor relations section of our website at www.celesio.com.

KEY SHARE FIGURES		1st quarter 2011	**1st quarter 2012**
Shares outstanding [1]	million	170.1	**170.1**
Market capitalisation [1]	EUR M	2,947.8	**2,308.3**
Closing price [1] [2]	EUR	17.33	**13.57**
High [2]	EUR	20.05	**15.65**
Low [2]	EUR	16.99	**12.60**
Average Xetra trading volume per day	shares	552,934	**535,983**

1) Closing figures as of 30 March.
2) Xetra closing rate, source: Bloomberg.

Management Board compensation structure in 2012

As already announced in the 2011 annual report, the compensation structure for members of the Management Board of Celesio AG was refined and modified in the reporting period in light of changes in the economic and strategic environment and in line with endeavours to standardise the system with the support of an external consultant. The potential amount of total remuneration remains essentially unchanged.

In future, bonuses will consist solely of a direct percentage of earnings (defined uniformly as EBIT) in a given fiscal year, although a bonus will still be defined in euro as guidance for each member of the Management Board. The total amount payable is capped at twice the bonus defined as guidance in each case. The payment is settled by a cash component of 70% and phantom shares (with a three-year vesting period) of 30%.

The long-term component will in future take the form of a performance share plan with a term to maturity of three years. The phantom shares will be allocated annually based on the guidance amounts defined individually and the average share price upon granting. The final payout is determined at the end of the term depending on the number of phantom shares allocated, the average earnings per share (EPS) over the term and the average share price upon maturity. The payment due can potentially fall to zero. The payout is settled in cash and is capped at three times the amount predefined as guidance.

The Supervisory Board has already approved the refined compensation structure and implemented the changes in the contracts with Management Board members. As a result, remuneration in the current 2012 fiscal year is uniformly based on the new system.

Interim management report

Economic environment

The global economic environment remained challenging in the first quarter of 2012. There was no sign of a recovery in the euro zone as the sovereign debt crisis continued. The worsening recession in the highly overindebted euro countries of southern Europe compounded the situation.

The first three months of the year were characterised by ongoing tough competition in the German and French pharmaceutical markets as well as the knock-on effects of austerity measures within the healthcare systems.

Revenue and earnings development

As part of the radical strategic shake-up, Celesio decided in the reporting period to initiate the sales process for a number of companies and activities that no longer constitute the company's core business. Following careful scrutiny and analysis of the strategic options, the Management Board of Celesio passed a resolution at the end of March 2012 to dispose of the business units Movianto and Pharmexx as well as the mail-order pharmacy DocMorris (including the brand).

Since the decision was reached, these entities have been classified as discontinued operations. The previous year's figures were restated to allow comparison. Unless stated otherwise, the following comments pertain to continuing operations.

The resolution mentioned above also includes the strategic decision to withdraw from the Czech market completely and therefore to sell the wholesale and pharmacy operations.

After incurring expenses of EUR 80.6m in connection with the Operational Excellence Program (OEP) in the fourth quarter of 2011, the restructuring plan led to additional expenses of EUR 1.6m in the reporting period. In total, we expect to spend at least EUR 100m on OEP measures.

From the 2012 fiscal year onwards, the investment result of EUR 2.9m (previous year EUR 2.2m), comprising the result from associates accounted for using the equity method as well as the result from other investments, is no longer included in EBIT (earnings before interest and tax). Instead it is disclosed separately below this item. This change in disclosure reflects the new structure of internal reporting and the management system and is in line with the general practice of our peers. Celesio is therefore following the trend towards using EBIT as the key control parameter, enabling a more transparent presentation of sustainable corporate success. The previous year's figures were restated to allow comparison.

Group revenue increased by 2.5% to EUR 5,642.8m in the reporting period.

Government measures and continuing competition – especially in Germany and France – led to negative effects. These were, however, compensated by positive currency effects in connection with the weak euro, leading to a rise overall. The development of revenue also reflects the positive impact of the Oncoprod acquisition in the fourth quarter of 2011. Adjusted for portfolio and currency effects, revenue increased by 0.1%. The pharmacy business which used to trade under the "DocMorris" brand now operates as "International Retail".

Gross profit also saw an improvement of 5.9% to EUR 617.1m compared to the same quarter of the previous year. Adjusted for portfolio and currency effects as well as non-recurring effects in connection with the Operational Excellence Program, gross profit was up 2.1% with a gross profit margin of 10.9%. This increase is primarily attributable to the increase in revenue from services at Lloydspharmacy as well as the improvement in the gross profit margin in the German wholesale business.

Between January and March 2012, **other income** increased by 10.0% to EUR 48.2m, mainly as a result of positive effects from receivables that had previously been written down. Adjusted for portfolio and currency effects, other income was up 10.9%.

Other expenses were up 14.2% on the previous-year level to EUR 208.8m. Adjusted for portfolio and currency effects as well as non-recurring effects in connection with the Operational Excellence Program, the increase came to 9.3%. This development is primarily attributable to the increase in expenses for consulting services, a rise in IT costs in connection with the SAP rollout and higher transportation costs.

Personnel expenses increased by 2.5% to EUR 318.2m in the first three months of the year. Adjusted for portfolio and currency effects as well as non-recurring effects in connection with the Operational Excellence Program, they actually fell by 1.1%. The previous-year quarter had been distorted by non-recurring effects, including, for example, the recognition of expenses for contractual claims following the departure of the former Chairman of the Management Board. Furthermore, the cost savings achieved by the Operational Excellence Program were cancelled out by expenses, including the move to a new warehouse in Oslo and annual pay rises.

Compared to the first three months of the previous year, we recorded a 3.9% increase in **EBITDA** (earnings before interest, taxes, depreciation and amortisation) to EUR 138.3m. This positive development was achieved despite continued fierce competition, especially in Germany and France, as well as further strain from government measures with an impact of EUR 16.4m. Adjusted for portfolio and currency effects as well as non-recurring effects in connection with the Operational Excellence Program, EBITDA was up 2.7%. The group's EBITDA margin therefore crept up slightly to 2.5% compared to 2.4% in the same period of the previous year.

Amortisation and depreciation of non-current intangible assets and property, plant and equipment increased by EUR 3.5m to EUR 33.2m compared to the previous-year period. This development is largely attributable to the consolidation of Oncoprod since the fourth quarter of 2011 as well as the 11.8% increase in spending in 2011 on ongoing projects to standardise and modernise IT applications. Adjusted for portfolio and currency effects, amortisation and depreciation was up 6.1%.

No **impairment losses** were recorded in the first quarter of 2012.

At EUR 105.1m, **EBIT** was up 1.6% on the previous year. Adjusted for portfolio and currency effects as well as non-recurring effects in connection with the Operational Excellence Program, EBIT increased by 1.8%.

The **investment result** increased from EUR 2.2m in the previous year to EUR 2.9m in the current fiscal year.

The **financial result**, the balance of the items interest expense, interest income and other financial result, came to EUR –35.5m in the reporting period, compared to EUR –26.6m in the first quarter of 2011. The main contributory factors were currency effects from the Panpharma purchase price liability (EUR 7.8m reduction in earnings compared to the same quarter of the previous year) and higher expenses (up EUR 1.9m compared to the same quarter of the previous year) resulting from the application of the effective interest rate method. This method was used for the convertible bonds due to the issue of a second convertible bond in the second quarter of 2011.

Celesio's **profit before tax** came to EUR 72.5m in the first quarter of 2012, down 8.3% compared to the comparative period in 2011. The fact that it declined despite the positive EBIT development can be explained by the negative effects within the financial result.

Despite the fall in profit before tax, **income taxes** of EUR 28.5m were essentially unchanged on the previous-year level of EUR 27.4m; this corresponds to an effective tax rate of 39.3% (previous year 34.8%). This increase in tax rate is primarily attributable to the special effects described in the section on the financial result, most of which are not tax deductible. Adjusted for these special effects, the tax rate would have been 36.8% compared to 35.7% in the same quarter of the previous year. In addition to a changed composition of the earnings contributed by countries with different tax rates, the tax rate was negatively affected by the increase in the tax rate for France and losses of the German tax group for which no deferred tax assets were recognised.

The **net profit generated by continuing operations** came to EUR 44.0m in the first quarter of 2012 compared to EUR 51.6m in the previous year.

For Celesio's continuing operations, basic **earnings per share** slipped to EUR 0.25 compared to EUR 0.30 in the first three months of 2011.

The **net loss incurred by discontinued operations** came to EUR 48.5m in the first quarter of 2012 compared to net profit of EUR 3.1m in the previous year. The basic earnings per share therefore came to EUR –0.28 compared to EUR 0.01 in the same quarter of the previous year. The decrease is mainly attributable to the fact that the carrying amount of Pharmexx was written down by EUR 45.0m, the expected amount of net sales proceeds.

Accordingly, the **net loss** of the group came to EUR –4.5m compared to a net profit of EUR 54.7m in the previous year (basic earnings per share down to EUR –0.03m compared to EUR 0.31 in the previous year).

GROUP REVENUE BY COUNTRY	1st quarter 2011 EUR M	1st quarter 2012 EUR M	Change on a euro basis %	Change in local currency %
France	1,668.1	1,676.6	0.5	0.5
United Kingdom	1,162.4	1,121.4	–3.5	–5.7
Germany	975.5	990.1	1.5	1.5
Brazil	392.2	507.8	29.5	31.6
Austria	253.4	267.3	5.5	5.5
Norway	249.4	278.8	11.8	8.4
Other	803.1	800.8	–0.3	0.0
Group	**5,504.1**	**5,642.8**	**2.5**	**2.1**

REVENUE AND EARNINGS DEVELOPMENT CELESIO GROUP	1st quarter 2011		1st quarter 2012		Change on a euro basis	Change adjusted for portfolio and currency effects [2]
	EUR M	% OF REVENUE	EUR M	% OF REVENUE	%	%
Revenue	5,504.1	100.0	5,642.8	100.0	2.5	0.1
Gross profit	582.5	10.6	617.1	10.9	5.9	2.1
adjusted [1]	582.5	10.6	617.3	10.9	6.0	2.1
EBITDA	133.1	2.4	138.3	2.5	3.9	1.6
adjusted [1]	133.1	2.4	139.9	2.5	5.1	2.7
EBIT	103.4	1.9	105.1	1.9	1.6	0.2
adjusted [1]	103.4	1.9	106.7	1.9	3.2	1.8
Profit before tax	79.0	1.4	72.5	1.3	–8.3	/
adjusted [1] [3]	78.7	1.4	83.9	1.5	6.6	/
Net profit/loss from continuing operations	51.6	0.9	44.0	0.8	–14.7	/
adjusted [1] [3]	50.6	0.9	53.0	0.9	4.7	/
Net profit/loss from discontinued operations	3.1	0.1	–48.5	/	/	/
Net profit/loss from continuing and discontinued operations	54.7	1.0	–4.5	/	/	/

1) Adjusted for non-recurring effects (including tax effect) primarily in connection with the Operational Excellence Program.
2) Change adjusted for portfolio and currency effects (organic growth) eliminates the effects of currency translation, consolidated group changes (elimination of all entities that were not already consolidated as of 1 January of the previous year) and gains/losses on disposal.
3) Adjusted for special effects in the financial result.

Patient and Consumer Solutions division

Market environment and business development

The Patient and Consumer Solutions division focuses on these two customer groups. We operate pharmacies with the aim of offering our patients and consumers the best possible care.

The division had 2,273 retail pharmacies of its own in seven countries as of 31 March 2012. In the first quarter of 2012, we opened eleven new pharmacies, of which seven were in Sweden. We also acquired two new pharmacies in Norway and one in the Czech Republic. At the same time, we closed 18 pharmacies in the UK and Sweden and sold three in the UK.

LLOYDSPHARMACY

The UK remains Celesio's most important market for pharmacies. Lloydspharmacy is the main driver in Patient and Consumer Solutions, accounting for 65.3% of revenue (previous year 65.8%). Revenue from services enjoyed a particularly strong development as did OTC products. We are noticing the results of the optimisation programme for Lloydspharmacy that was launched in 2011 with a focus on streamlining the product range and implementing a comprehensive service and price initiative. Compared to the previous year, our revenue and earnings were both up.

INTERNATIONAL RETAIL

As we have come to expect, business developed well in Norway, our second most important pharmacy market. In the first quarter of 2012, revenue increased not only in the area of prescription medicines, but also for OTC products. Costs already reflect the first positive effects of the Operational Excellence Program.

We are also pleased with the development of our Swedish pharmacy business in the first three months of the year. On the one hand, the pharmacies that have already been opened had a positive effect on revenue, while on the other, earnings were boosted by measures implemented as part of the Operational Excellence Program. The plan was successfully launched in the fourth quarter of 2011 and initial results can already be seen in the first quarter of 2012. In 2012, we will complete the portfolio optimisation process started in 2011; a further fourth quarter of 2011 pharmacies were closed in the first three months of the year as planned.

Due to the realignment of the Celesio Group, the DocMorris mail-order pharmacy was no longer part of Patient and Consumer Solutions in the first quarter of 2012. It is disclosed under discontinued operations. Celesio will also part ways with its Czech operations as part of its portfolio optimisation measures.

Earnings from the investment in Brocacef are not included in the operating result from 2012 onwards; as a result, it is no longer reported separately under Patient and Consumer Solutions.

The previous year's figures were restated to allow comparison.

Revenue and earnings development

Revenue increased by 6.9% to EUR 853.6m in the Patient and Consumer Solutions division in the first three months of 2012. The rise was primarily attributable to the positive development at Lloydspharmacy, which is largely thanks to the increase in the volume of the service business. Adjusted for portfolio and currency effects, revenue increased by 3.6%.

Despite further government price cuts, **gross profit** improved by 8.1% to EUR 298.8m – primarily thanks to the positive development of revenue from services and the positive effects of the optimisation programme launched for Lloydspharmacy. Adjusted for portfolio and currency effects as well as non-recurring effects in connection with the Operational Excellence Program, gross profit was up 5.1%. The gross profit margin came to 35.0% (previous year 34.6%).

EBITDA increased in the reporting period by 24.0% to EUR 60.5m. This marked improvement is above all attributable to the positive development of revenue and gross profit as well as cost-cutting measures at Lloydspharmacy. Adjusted for portfolio and currency effects as well as non-recurring effects in connection with the Operational Excellence Program, EBITDA was up 28.3%.

The division's EBIT was up by a considerable 31.5% to EUR 45.8m in the first quarter of 2012. Adjusted for portfolio and currency effects as well as non-recurring effects in connection with the Operational Excellence Program, EBIT increased by 40.0%.

REVENUE AND EARNINGS DEVELOPMENT PATIENT AND CONSUMER SOLUTIONS	1st quarter 2011		1st quarter 2012		Change on a euro basis %	Change adjusted for portfolio and currency effects[2] %
	EUR M	% OF REVENUE	EUR M	% OF REVENUE		
Revenue	798.2	100.0	**853.6**	**100.0**	6.9	3.6
Gross profit	276.5	34.6	**298.8**	**35.0**	8.1	5.0
adjusted[1]	276.5	34.6	**299.0**	**35.0**	8.1	5.1
EBITDA	48.8	6.1	**60.5**	**7.1**	24.0	25.1
adjusted[1]	48.8	6.1	**62.1**	**7.3**	27.3	28.3
EBIT	34.8	4.4	**45.8**	**5.4**	31.5	35.4
adjusted[1]	34.8	4.4	**47.4**	**5.6**	36.1	40.0

1) Adjusted for non-recurring effects (including tax effect) primarily in connection with the Operational Excellence Program.
2) The change adjusted for portfolio and currency effects (organic growth) eliminates the effects of currency translation, consolidated group changes (elimination of all units that were not already consolidated as of 1 January of the previous year) and gains/losses on disposal.

Pharmacy Solutions division

Market environment and business development

The Pharmacy Solutions division specialises in pharmaceutical wholesale. With 141 branches (previous year 133), we are represented via subsidiaries in 12 European countries and Brazil. The wholesale business is under pressure from sustained financial tension in the euro zone, which has triggered austerity measures affecting welfare systems.

Pressure from competition remains fierce in France, our most important wholesale market. Furthermore, earnings fell just short of the previous-year level, as planned, due to margin cuts resulting from the new margin system. We managed to stabilise our market share despite the highly competitive market.

Business in Germany developed well. However, the impact of Arzneimittelneuordnungsgesetz (AMNOG, Act for the Restructuring of the Pharmaceutical Market in Statutory Health Insurance), which entered into force in 2011, was not quite as positive as we had hoped in the first quarter of 2012. Strong competition did not stand in the way of strong earnings growth for our business in Germany, with GEHE managing to defend its market share.

As already communicated in the 2011 annual report, we expect earnings to fall in the UK in 2012. The decrease in revenue was particularly marked compared to the previous year, above all on account of lower revenue from hospitals and the negative trend in revenue from generic and OTC products. Bad debts continued to have a negative impact.

The wholesale business of our Brazilian entities developed as expected. Oncoprod fared particularly well. Please refer to the section on subsequent events for details of our investment in Panpharma.

Following the move to a new warehouse in Oslo in 2011, the infrastructure and warehouse logistics went into full operation in the first quarter of 2012. The associated relocation costs, coupled with additional activities in the form of overtime and weekend work, also had a negative impact on the earnings of our Norwegian wholesale business. Starting in the second half of the year, we anticipate positive effects, including better contributions to earnings, as a result of efforts to boost efficiency.

With good market growth and small gains in market share, business developed particularly well in Austria. The earnings development also benefited from lower IT costs.

Celesio will part ways with its Czech operations in the course of its portfolio optimisation measures.

The logistics activities in Austria are carried under the operating segment Wholesale Austria with effect as of the first quarter of 2012. From 2012 onwards, "Other business areas" will be reported directly within Pharmacy Solutions. The previous year's figures were restated to allow comparison.

Revenue and earnings development

The Pharmacy Solutions division generated revenue of EUR 4,789.2m in the reporting period. The increase of 1.8% compared to the same quarter of the previous year is mainly attributable to the strong development in Germany and Denmark as well as the acquisition of Oncoprod. Adjusted for portfolio and currency effects, revenue fell by 0.5%.

Gross profit was also up in the reporting period, climbing 4.0% to EUR 318.3m as a result of the improved development of business in Germany and the acquisition of Oncoprod. The gross profit margin came to 6.6% compared to 6.5% in the comparative previous-year period. Adjusted for portfolio and currency effects, gross profit was down 0.5% compared to the previous year.

At EUR 102.4m, **EBITDA** was 5.2% below the previous-year level, despite the improvement in earnings from business in Germany. The decline is attributable to a combination of factors, including ongoing fierce competition and the new margin system introduced in France as well as the negative trend in the UK. Relocation costs and additional activities in the form of overtime and weekend work in connection with the move to our new warehouse in Oslo also had an impact, as did positive special effects in Brazil. Adjusted for portfolio and currency effects, EBITDA fell by 8.5%.

The division's EBIT fell by 8.0% to EUR 86.8m in the first three months of the fiscal year; adjusted for portfolio and currency effects, EBIT dropped by 10.8%.

REVENUE AND EARNINGS DEVELOPMENT PHARMACY SOLUTIONS	1st quarter 2011		1st quarter 2012		Change on a euro basis	Change adjusted for portfolio and currency effects [2]
	EUR M	% OF REVENUE	EUR M	% OF REVENUE	%	%
Revenue	4,705.9	100.0	**4,789.2**	**100.0**	1.8	−0.5
Gross profit	306.0	6.5	**318.3**	**6.6**	4.0	−0.5
adjusted [1]	306.0	6.5	**318.3**	**6.6**	4.0	−0.5
EBITDA	108.1	2.3	**102.4**	**2.1**	−5.2	−8.5
adjusted [1]	108.1	2.3	**102.4**	**2.1**	−5.2	−8.5
EBIT	94.2	2.0	**86.8**	**1.8**	−8.0	−10.8
adjusted [1]	94.2	2.0	**86.8**	**1.8**	−8.0	−10.8

1) Adjusted for non-recurring effects (including tax effect) primarily in connection with the Operational Excellence Program.
2) The change adjusted for portfolio and currency effects (organic growth) eliminates the effects of currency translation, consolidated group changes (elimination of all units that were not already consolidated as of 1 January of the previous year) and gains/losses on disposal.

Discontinued operations

As part of the radical strategic shake-up, Celesio decided in the reporting period to initiate the sales process for a number of companies and activities that no longer constitute the company's core business. Following careful scrutiny and analysis of the strategic options, the Management Board of Celesio passed a resolution at the end of March 2012 to dispose of the business units Movianto and Pharmexx and the mail-order pharmacy DocMorris (including the brand).

One aspect of the resolution was the decision to part ways with Manufacturer Solutions completely. This reflects our focus on core business and our determination to take the necessary structural and organisational steps.

In connection with the strategic realignment, we also took the decision to tackle the sales channel conflict with pharmacists that arose specifically in Germany through the acquisition of the DocMorris mail-order pharmacy in 2007. The decision was therefore taken to sell the mail-order pharmacy, including the DocMorris brand.

Celesio therefore now focuses on its core divisions Pharmacy Solutions and Patient and Consumer Solutions.

Since deciding on this strategic turnaround, the corresponding entities have been classified as discontinued operations. The previous year's figures were restated to allow comparison.

Earnings development

Movianto's gross profit developed well in the first quarter of the year, mainly thanks to new agreements concluded in the previous year. Its EBITDA more or less matched the previous-year figure. The entity's earnings were down around EUR 2.3m on the same quarter of the previous year mainly due to negative tax effects. The logistics activities in Austria were incorporated into the wholesale business.

The write-down of the carrying amount of Pharmexx by EUR 45.0m to expected sales proceeds less transaction costs, restructuring measures of EUR 1.5m and negative tax effects led to a significant EUR 50.3m decrease in earnings compared to the previous-year level. The French activities of Repsco-Pharmexx were already sold in the reporting period.

Revenue of the DocMorris mail-order pharmacy was up significantly – mainly due to successful marketing measures and the marketing cooperation started in the previous year. The EUR 1.4m increase in EBIT compared to the first quarter of 2011 is directly linked to higher revenue. Earnings of EUR 1.5m were up EUR 1.0m on the previous-year figure.

At EUR 21.2m, the **net cash flow from operating activities** for continuing operations developed very well in the first quarter of 2012. In the previous year, the net cash flow amounted to EUR –29.1m. This is largely attributable to the positive development of net working capital, which reduced the outflow of cash and cash equivalents. The decrease in income taxes paid also had a positive impact. At EUR 14.1m, the net cash flow from operating activities for discontinued operations was up on the figure of EUR 6.6m reported in the first quarter of 2011.

Net cash flow from investing activities for continuing operations increased from EUR –22.7m in the previous year to EUR –29.3m in the reporting period. This development primarily reflects the increase in expenditure for investments in connection with ongoing projects to standardise and modernise IT applications. The cash outflow from investing activities for discontinued operations increased from EUR –4.2m to EUR –9.8m in the first three months.

Our **free cash flow** is always somewhat weaker in the first quarter of the year because we only receive two payments from the British National Health Service (NHS) instead of the usual three. This is due to the payment schedule defined by the NHS. Compared to the first quarter of the previous year, we managed to optimise free cash flow considerably, from EUR –68.5m to EUR –19.9m. This was mainly the result of the renewed improvement in net working capital as of 31 March 2012. Free cash flow is the balance of net cash flow from operating activities, net cash flow from investing activities and interest paid and received.

Assets position

The Celesio Group had **total assets** of EUR 8,797.1m as of 31 March 2012, an increase of EUR 2.8m compared to 31 December 2011. There were numerous reclassifications between the individual line items in connection with the group's discontinued operations. The gearing, which expresses the ratio of net debt to equity, came to 0.63 as of 31 March 2012, and thus matches the level of 31 December 2011.

Compared to 31 December 2011, **non-current assets** decreased by EUR 412.4m overall to EUR 3,188.9m as of 31 March 2012. This largely reflects the reclassification of assets held for sale to current assets. As a result, intangible assets dropped particularly sharply (EUR 2,309.4m as of the reporting date compared to EUR 2,637.2 in the previous year), as did property, plant and equipment (EUR 545.8m as of the reporting date compared to EUR 608.3m in the previous year). Besides the effects of reclassification, non-current assets also fell by EUR 55.9m as of the reporting date on account of a decrease in deferred tax assets and the impairment of goodwill at Pharmexx of EUR 45.0m as well as currency effects of EUR 5.0m.

Current assets were down EUR 415.2m at the end of 2011 to EUR 5,608.2m as of 31 March 2012. As was the case for non-current assets, reclassification of certain assets held for sale also had an impact on current assets, especially with regard to inventories and trade receivables. Inventories fell by EUR 216.8m to EUR 1,574.7m, while trade receivables were down EUR 119.0m to EUR 2,410.4m. The decrease in cash and cash equivalents from EUR 448.3m as of 31 December 2011 to EUR 429.3m is also largely in connection with assets held for sale as described above. The group disclosed assets held for sale totalling EUR 794.5m as of 31 March 2012.

At the end of March 2012, **equity** came to EUR 2,575.6m, a decrease of EUR 2.2m on the figure as of 31 December 2011. This development was driven by the EUR 5.6m decrease in the revenue reserves to EUR 1,305.9m as of 31 March 2012 in connection with the net loss for the first three months of 2012. At 29.3%, the equity ratio matched the level of the end of December 2011 (29.3%).

Non-current liabilities came to EUR 2,134.2m, a decrease of EUR 97.9m. Besides the effects of reclassifying liabilities as held for sale, this development also reflects the reclassification of a promissory note of EUR 72.0m from non-current to current liabilities in line with the term to maturity.

Current liabilities came to EUR 4,087.3m as of 31 March 2012, an increase of EUR 102.9m compared to 31 December 2011. Besides the increase in current financial liabilities as a result of reclassifying the promissory note, this development also reflects the reclassification of certain liabilities held for sale. On 31 March 2012, financial liabilities came to EUR 356.5m, an increase of EUR 65.0m compared to the end of December 2011. The reclassification of held for sale liabilities also had a significant effect on trade payables and other liabilities, which decreased between 31 December 2011 and 31 March 2012 from EUR 2,528.9m to EUR 2,799.4m and EUR 609.4m to EUR 662.6m, respectively. The disposal of the French Pharmexx subsidiary RepscoPharmexx SAS also impacted current liabilities, leading to a reduction of EUR 22.3m. The group disclosed liabilities held for sale totalling EUR 384.0m as of 31 March 2012.

Employees

As of 31 March 2012 the Celesio Group had 29,438 employees (full-time equivalents) in continuing operations, a slight increase of 175 employees on the previous year. Of these, 15,346 (previous year 15,065) employees worked in the Patient and Consumer Solutions division and 13,838 (previous year 13,920) in the Pharmacy Solutions division. The remaining employees worked at the holding. Discontinued operations had 5,610 employees compared to 7,161 in the previous year.

Changes to the Management Board

Dr Marion Helmes joined the Management Board of Celesio AG with effect as of 1 January 2012. She is responsible for finance and treasury, controlling, accounting and tax, procurement HR and IT.

Subsequent events

On 26 April 2012, the Management Board and Supervisory Board of Celesio AG approved an agreement with the non-controlling interests of Panpharma S.A. in Brazil to prematurely exercise the call option for the remaining 49.9% of shares.

The purchase price for the remaining shares comes to around BRL 650m (around EUR 260m). We expect to complete the transaction by 30 June 2012, subject to the usual anti-trust procedures. Once the transaction has gone through, Celesio will be the sole shareholder of the Brazilian wholesaler Panpharma. This, in combination with the takeover of Oncoprod in October 2011, has enabled Celesio to strengthen its leading market position in Brazil, meaning that we are even better placed to exploit growth opportunities in this market in the future.

Outlook

Economic development

Despite the ongoing debt crisis in Europe, the International Monetary Fund (IMF) forecast modest global growth of 3.5% in its April 2012 world economic outlook. According to the IMF, the euro zone economy looks set to contract by 0.3% – with the sole exception of Germany where marginal growth of 0.6% is expected. While the euro zone is on course to shrink, the IMF anticipates continued growth in the emerging economies, albeit at a slower pace. The projected growth for countries such as Brazil, India, China and Russia in 2012 averages 5.7%. In its most recent report on global economic prospects, the World Bank expressed concern about the interplay between the downturn in Europe and slow growth in developing countries. The already fragile growth trend could be weakened further if these two developments reinforce one another.

Business development

PATIENT AND CONSUMER SOLUTIONS

Lloydspharmacy

After launching the Operational Excellence Program last year, we expect our earnings to improve slightly. The positive development in the area of services and OTC products should continue in the future. However, the British government cut its healthcare budget once again in October 2011, which is likely to have a negative impact.

International Retail

We anticipate a positive development overall in the International Retail business area (formerly DocMorris). Norway, our second most important pharmacy market, is on course to develop well not only in the area of prescription medicines, but also for OTC products.

We also predict a positive trend for our Swedish business thanks to the closure of selected pharmacies and restructuring measures launched in 2011.

The Italian government is currently working on plans to lift limitations on the permissible number of pharmacy branches, which could lead to numerous new pharmacies being opened. So far, the government has not issued any concrete plans, however, so it is not possible at this stage to estimate how this change will impact our business.

Pharmacy Solutions

In France, the new margin system that has been introduced will place a strain on positive development, as will price cuts for OTC products. Competition will remain fierce on this – already tough – market as a result of these healthcare policy measures.

We expect the German market to continue the recovery already suggested by the earnings growth in the first quarter of 2012. GEHE's earnings power should continue its upward climb.

Patent protection in the UK will expire on several blockbusters in 2012. With large market shares in such products, our British wholesaler AAH will be particularly hard hit.

Following the move to our new warehouse in Oslo, there are early indications of efficiency gains and we therefore expect business to develop positively in Norway.

Strengthened by the early acquisition of remaining shares in Panpharma, one of Brazil's leading wholesalers, we predict a strong performance in this country.

Discontinued operations

We anticipate that all discontinued operations will be sold and derecognised over the course of 2012. The sales process has been initiated accordingly and we aim to complete it in the second half of 2012.

Investments and capital expenditures

Our investments and capital expenditures for 2012 are planned to match the previous-year level, with a focus on driving modernisation and standardisation in our group-wide IT systems. We will also continue to invest in our pharmacy network and wholesale branches in both 2012 and 2013.

Depreciation and amortisation

For 2012, we expect a low double-digit increase in depreciation and amortisation compared to the previous year.

Financial result and tax rate

The group's tax rate may be influenced by a change in the earnings mix returned by countries with varying tax rates, or a change in the effective tax rates in each country. Although we expect volatility over the course of the year, the adjusted rate should drop below the 2011 level before falling once again in 2013. We anticipate a continual improvement in the adjusted tax rate over the next two years overall, although this hinges above all on how the earnings situation develops in Germany.

Employees

Following its launch in 2011, the Operational Excellence Program will lead to a slight reduction in the overall number of employees in 2012. If discontinued operations are sold as expected at some point in the fiscal year, the number of full-time equivalents is expected to decrease significantly to around 29,000.

Risks and opportunities

We use high-performance systems to identify, measure and track opportunities and risks. The major opportunities and risks relevant to us are described in detail from page 138 onwards of the 2011 annual report. The risks and opportunities presented there essentially remain unchanged. The following opportunities and risks are particularly relevant for the development of our business and earnings in 2012:

- With our core activities in the pharmacy business and pharmaceutical trade, we are active in markets in which the compensation structures are highly regulated. Any changes to these compensation structures could therefore impact the development of our earnings.
- As we have business activities in different currency areas, significant exchange rate fluctuations impact our earnings. Because a large proportion of our business is in the UK, the pound sterling is of most relevance, followed by the Brazilian real and the Norwegian krone.
- We consider changes in conditions on the healthcare market to be critical to our success. They can also affect earnings. Examples include business combinations between pharmaceutical manufacturers, exclusive wholesale distribution models, fiercer competition in the area of logistics or individual changes in pharmacy-only sale restrictions for prescription medicines.
- Risks and opportunities linked to business combinations, disposals and the ongoing sales process for significant business operations that no longer reflect the group's strategic realignment can have a significant effect on the assets position, financial position and development of earnings. Given that the market and environment can, at times, change rapidly, original assumptions and targets can produce unexpected results.
- Our OTC revenue, which accounts for around 20% of revenue in the Patient and Consumer Solutions division, can be influenced by changes in the economic environment.

Earnings forecast 2012

We assume that EBIDTA in 2012 adjusted for non-recurring effects from the Operational Excellence Program will at least match the level of the 2011 fiscal year. Adjusted EBIT is also expected to follow this trend. And judging by the results for the first quarter of 2012, Celesio is on the right path. For Celesio, 2012 is clearly a transitional year in which we will aim to stabilise earnings with the targeted support of our Operational Excellence Program.

The ongoing implementation of measures in connection with the Operational Excellence Program will lead to additional expenses in the region of EUR 20m to EUR 30m in the first half of 2012. We assume that this programme will compensate for the regulatory intervention already announced in the UK, France and Portugal as well as tougher competition in key markets such as Germany and France. However, we cannot rule out the possibility that extreme government measures could burden our business further over the coming two years.

Our earnings are also sensitive to further exchange rate fluctuations – which could be to our advantage or disadvantage. However, based on our diversified currency portfolio, we assume that any positive or negative effects will balance each other out to some extent at least and cushion the net impact. Once earnings have stabilised, 2013 will see a return to growth in the markets in which we currently operate.

Celesio is currently examining whether the distribution rate for dividends should be increased for 2012 or subsequent years.

The Management Board

Interim condensed financial statements

Group income statement for the 1st quarter of 2012

	1st quarter 2011 EUR M	1st quarter 2012 EUR M
Revenue	**5,504.1**	**5,642.8**
Own work capitalised	0.1	0.0
Total operating performance	**5,504.2**	**5,642.8**
Cost of materials	−4,921.7	−5,025.7
Gross profit	**582.5**	**617.1**
Other income	43.8	48.2
Other expenses	−182.9	−208.8
Personnel expenses	−310.3	−318.2
EBITDA	**133.1**	**138.3**
Amortisation of non-current intangible assets and depreciation of property, plant and equipment	−29.7	−33.2
EBIT	**103.4**	**105.1**
Result from associates accounted for using the equity method	−0.2	1.5
Result from other investments	2.4	1.4
Interest expense	−36.0	−38.7
Interest income	1.8	2.7
Other financial result	7.6	0.5
Profit before tax from continuing operations	**79.0**	**72.5**
Income taxes	−27.4	−28.5
Net profit/loss from continuing operations	**51.6**	**44.0**
Net profit/loss from discontinued operations	**3.1**	**−48.5**
Net profit/loss	**54.7**	**−4.5**
Of which attributable to non-controlling interests	1.4	0.9
Of which attributable to shareholders of Celesio AG	**53.3**	**−5.4**
Basic earnings per share (EUR)		
Net profit/loss from continuing operations	0.30	0.25
Net profit/loss from discontinued operations	0.01	−0.28
Net profit/loss	0.31	−0.03
Earnings per share – diluted (EUR)		
Net profit/loss from continuing operations	0.30	0.25
Net profit/loss from discontinued operations	0.01	−0.28
Net profit/loss	0.31	−0.03

Group statement of comprehensive income

	1st quarter 2011 EUR M	1st quarter 2012 EUR M
Net profit/loss	**54.7**	**−4.5**
Gains/losses from marking available-for-sale financial assets to market	0.0	0.0
Of which income taxes	0.0	0.0
Gains/losses from derivative financial instruments to hedge cash flows	7.3	1.9
Of which income taxes	−3.9	−0.8
Exchange differences	−44.3	−0.3
Other comprehensive income	**−37.0**	**1.6**
from continuing operations	−34.5	1.4
Of which attributable to non-controlling interests	−0.1	−0.2
from discontinued operations	−2.5	0.2
Of which attributable to non-controlling interests	0.0	0.0
Comprehensive income	**17.7**	**−2.9**
from continuing operations	17.1	45.4
Of which attributable to non-controlling interests	1.0	0.7
from discontinued operations	0.6	−48.3
Of which attributable to non-controlling interests	0.3	0.0

Group statement of financial position

ASSETS	31/12/2011 EUR M	31/03/2012 EUR M
Non-current assets	**3,601.3**	**3,188.9**
Intangible assets	2,637.2	2,309.4
Property, plant and equipment	608.3	545.8
Associates accounted for using the equity method	82.3	80.6
Other financial assets	116.6	118.7
Other non-current assets	29.5	31.7
Income tax receivables	2.5	2.6
Deferred tax assets	124.9	100.1
Current assets	**5,193.0**	**5,608.2**
Inventories	1,791.5	1,574.7
Trade receivables	2,529.4	2,410.4
Income tax receivables	28.9	33.9
Other receivables and other assets	392.7	365.4
Cash and cash equivalents	448.3	429.3
Assets held for sale	2.2	794.5
Total assets	**8,794.3**	**8,797.1**

EQUITY AND LIABILITIES	31/12/2011 EUR M	31/03/2012 EUR M
Equity	**2,577.8**	**2,575.6**
Issued capital	217.7	**217.7**
Capital reserves	1,186.0	**1,186.0**
Revenue reserves	1,311.5	**1,305.9**
Revaluation reserves	–169.6	**–167.8**
Equity attributable to shareholders of Celesio AG	**2,545.6**	**2,541.8**
Non-controlling interests	32.2	**33.8**
Liabilities	**6,216.5**	**6,221.5**
Non-current liabilities	**2,232.1**	**2,134.2**
Financial liabilities	1,775.5	**1,708.3**
Pension provisions	134.6	**138.3**
Other non-current provisions	92.5	**86.7**
Other liabilities	120.9	**125.0**
Deferred tax liabilities	108.6	**75.9**
Current liabilities	**3,984.4**	**4,087.3**
Financial liabilities	291.5	**356.5**
Trade payables	2,799.4	**2,528.9**
Other current provisions	176.2	**151.6**
Income tax liabilities	54.7	**56.9**
Other liabilities	662.6	**609.4**
Liabilities held for sale	0.0	**384.0**
Total equity and liabilities	**8,794.3**	**8,797.1**

Group statement of cash flows

	2011 EUR M	2012 EUR M
Net profit/loss from continuing operations	**51.6**	**44.0**
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	29.7	**33.2**
Result from associates accounted for using the equity method and other equity investments	–2.2	**–2.9**
Dividends received	1.7	**1.7**
Financial result	26.6	**35.5**
Net result from the disposal of non-current assets and subsidiaries	–2.8	**–0.5**
Impairment of operating assets	7.3	**12.4**
Change in deferred taxes and income taxes	27.4	**28.5**
Income taxes paid	–38.4	**–25.9**
Other non-cash income and expenses	5.7	**6.3**
Change in net operating assets	–127.4	**–73.7**
Change in inventories	95.3	**144.0**
Change in trade receivables	–146.0	**–153.8**
Change in trade payables	–57.7	**–21.1**
Change in other net operating assets	–19.0	**–42.8**
Change in other assets and other liabilities	–8.3	**–37.4**
Change in other assets	–27.7	**–44.1**
Change in other liabilities	19.4	**6.7**
Net cash flow from operating activities – continuing operations	**–29.1**	**21.2**
Net cash flow from operating activities – discontinued operations	**6.6**	**14.1**
Net cash flow from operating activities – continuing and discontinued operations	**–22.5**	**35.3**
Proceeds from the disposal of non-current assets	5.6	**5.3**
Capital expenditure on non-current assets	–25.2	**–35.3**
Proceeds from the disposal of subsidiaries	0.8	**0.3**
Cash paid for business combinations	–3.9	**0.4**
Net cash flow from investing activities – continuing operations	**–22.7**	**–29.3**
Net cash flow from investing activities – discontinued operations	**–4.2**	**–9.8**
Net cash flow from investing activities – continuing and discontinued operations	**–26.9**	**–39.1**

	2011 EUR M	2012 EUR M
Proceeds from borrowings	147.0	86.5
Repayment of borrowings	−195.0	−62.5
Interest paid	−18.5	−14.5
Interest received	1.8	2.7
Net cash flow from financing activities – continuing operations	**−64.7**	**12.2**
Net cash flow from financing activities – discontinued operations	**−3.7**	**−4.0**
Net cash flow from financing activities – continuing and discontinued operations	**−68.4**	**8.2**
Net change in cash and cash equivalents	**−117.8**	**4.4**
Net foreign exchange rate difference	−5.6	2.3
Cash and cash equivalents at the beginning of the period	200.8	448.3
Cash and cash equivalents at the end of the period	**77.4**	**455.0**
Cash and cash equivalents of discontinued operations and disposal groups at the end of the period	−12.2	−25.7
Cash and cash equivalents at the end of the period (according to group statement of financial position)	65.2	429.3

Please refer to page 57 of the notes for further explanations, especially relating to the restatement of previous-year figures in the group statement of cash flows.

Group statement of changes in equity

	Issued capital EUR M	Capital reserves EUR M	Revenue reserves EUR M	Revaluation reserves: Translation reserves EUR M	Revaluation reserves: Asset re-valuation reserves EUR M	Revaluation reserves: Available-for-sale financial assets EUR M	Revaluation reserves: Cash flow hedges EUR M	Equity attributable to shareholders of Celesio AG EUR M	Non-controlling interests EUR M	Equity EUR M
As of 01/01/2012	**217.7**	**1,186.0**	**1,311.5**	**−148.4**	**−0.4**	**0.0**	**−20.8**	**2,545.6**	**32.2**	**2,577.8**
Change in capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	**0.0**	**0.0**
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	**−0.2**	**−0.2**
Change in ownership interests in subsidiaries that do not result in a loss of control	0.0	0.0	−0.2	0.0	0.0	0.0	0.0	**−0.2**	**0.2**	**0.0**
Changes to the consolidated group	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	**0.9**	**0.9**
Other comprehensive income	0.0	0.0	0.0	−0.1	0.0	0.0	1.9	**1.8**	**−0.2**	**1.6**
Net profit/loss	0.0	0.0	−5.4	0.0	0.0	0.0	0.0	**−5.4**	**0.9**	**−4.5**
Comprehensive income	0.0	0.0	−5.4	−0.1	0.0	0.0	1.9	**−3.6**	**0.7**	**−2.9**
As of 31/03/2012	**217.7**	**1,186.0**	**1,305.9**	**−148.5** [1]	**−0.4** [2]	**0.0**	**−18.9**	**2,541.8** [3]	**33.8**	**2,575.6**
As of 01/01/2011	**217.7**	**1,145.2**	**1,393.7**	**−151.5**	**−0.4**	**−0.6**	**−14.9**	**2,589.2**	**11.9**	**2,601.1**
Change in capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	**0.0**	**0.0**
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	**−0.1**	**−0.1**
Change in ownership interests in subsidiaries that do not result in a loss of control	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	**0.0**	**0.0**
Changes to the consolidated group	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	**0.0**	**0.0**
Other comprehensive income	0.0	0.0	0.0	−44.2	0.0	0.0	7.3	**−36.9**	**−0.1**	**−37.0**
Net profit/loss	0.0	0.0	53.3	0.0	0.0	0.0	0.0	**53.3**	**1.4**	**54.7**
Comprehensive income	0.0	0.0	53.3	−44.2	0.0	0.0	7.3	**16.4**	**1.3**	**17.7**
As of 31/03/2011	**217.7**	**1,145.2**	**1,447.0**	**−195.7**	**−0.4**	**−0.6**	**−7.6**	**2,605.6**	**13.1**	**2,618.7**

1) Of which attributable to discontinued operations and disposal groups: EUR −24.1m.
2) Of which attributable to discontinued operations: EUR −0.4m.
3) Of which attributable to discontinued operations and disposal groups: EUR −24.5m.

Selected explanatory notes to the consolidated financial statements

Group segment reporting by division

1ST QUARTER 2012	Patient and Consumer Solutions EUR M	Pharmacy Solutions EUR M	Other EUR M	Consolidation EUR M	Group (continuing operations) EUR M	Discontinued operations EUR M
Income statement						
Revenue	**854.2**	**4,789.2**	**0.0**	**−0.6**	**5,642.8**	**249.5**
External revenue	853.6	4,789.2	0.0	0.0	5,642.8	229.3
Intra-group revenue	0.6	0.0	0.0	−0.6	0.0	20.2
Gross profit	**298.8**	**318.3**	**0.0**	**0.0**	**617.1**	**95.2**
EBITDA	60.5	102.4	−24.6	0.0	138.3	4.2
EBIT	**45.8**	**86.8**	**−27.5**	**0.0**	**105.1**	**−0.1**
Segment assets	**2,074.5**	**1,975.9**	**−19.6**	**−0.4**	**4,030.4**	**366.7**

Group segment reporting by division

1ST QUARTER 2011	Patient and Consumer Solutions EUR M	Pharmacy Solutions EUR M	Other EUR M	Consolidation EUR M	Group (continuing operations) EUR M	Discontinued operations EUR M
Income statement						
Revenue	**798.5**	**4,705.9**	**0.0**	**−0.3**	**5,504.1**	**232.3**
External revenue	798.2	4,705.9	0.0	0.0	5,504.1	218.8
Intra-group revenue	0.3	0.0	0.0	−0.3	0.0	13.5
Gross profit	**276.5**	**306.0**	**0.0**	**0.0**	**582.5**	**110.0**
EBITDA	48.8	108.1	−23.8	0.0	133.1	6.2
EBIT	**34.8**	**94.2**	**−25.6**	**0.0**	**103.4**	**3.3**
Segment assets	**2,041.5**	**2,245.9**	**−31.1**	**−5.1**	**4,251.2**	**400.5** [1]

1) For segment reporting purposes, the segment assets of Manufacturer Solutions and the DocMorris mail-order pharmacy are already disclosed under discontinued operations in the previous year.

No impairment losses were recognised on intangible assets or property, plant and equipment in the reporting period or in the same period of the previous year.

Please refer to page 57 of the notes for further explanations and comments on segment reporting and the restatement of previous-year figures.

RECONCILIATION OF SEGMENT RESULTS FOR THE 1ST QUARTER	2011 EUR M	2012 EUR M
Revenue of the reportable segments	**5,504.4**	**5,643.4**
Consolidation	−0.3	**−0.6**
Group revenue	**5,504.1**	**5,642.8**

RECONCILIATION OF SEGMENT EARNINGS FOR THE 1ST QUARTER	2011 EUR M	2012 EUR M
EBIT	**103.4**	**105.1**
Result from associates accounted for using the equity method	−0.2	**1.5**
Result from other investments	2.4	**1.4**
Interest expense	−36.0	**−38.7**
Interest income	1.8	**2.7**
Other financial result	7.6	**0.5**
Profit before tax	**79.0**	**72.5**

RECONCILIATION OF SEGMENT ASSETS	31/03/2011 EUR M	31/03/2012 EUR M
Segment assets of the reportable segments [1]	**4,656.8**	**4,030.8**
Consolidation [1]	−5.1	**−0.4**
Segment assets of the group	**4,651.7**	**4,030.4**
+ Interest-bearing other financial assets	49.9	**59.6**
+ Non-current and current income tax receivables	31.4	**36.5**
+ Other non-current assets	0.0	**31.7**
+ Deferred tax assets	116.2	**100.1**
+ Other assets	12.7	**5.3**
+ Cash and cash equivalents	77.4	**429.3**
+ Assets of discontinued operations [2]	n/a	**649.5**
– Other current provisions	152.6	**151.6**
– Trade payables	2,425.0	**2,528.9**
– Sundry liabilities	724.5	**774.2**
Total assets	**8,241.4**	**8,797.1**

1) Previous-year figures restated in line with group segment reporting.
2) Segment assets contain non-current assets held for sale and disposal groups.

Accounting policies

The interim condensed consolidated report of Celesio AG for the first quarter of 2012, comprising the group statement of financial position, group income statement, group statement of comprehensive income, group statement of cash flows, group statement of changes in equity and condensed notes to the consolidated financial statements with selected explanatory notes, is based on »International Accounting Standard (IAS) 34 – Interim Financial Reporting«. All International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, and endorsed by the European Union as of 31 March 2012 and all interpretations (IFRIC) of the International Financial Reporting Standards Interpretation Committee were observed in the process of preparing the interim report. The accounting principles applied in the preparation of the interim report generally correspond to those applied in the annual report as of 31 December 2011. Changes in the accounting policies are explained below and in the comments on the statement of cash flows and segment reporting. The condensed interim report should therefore be read in conjunction with the consolidated financial statements of Celesio AG for the 2011 fiscal year.

The following standard, whose application was mandatory for the first time from 1 January 2012, did not have any impact on the interim report: »**IFRS 7 – Disclosures: transfers of financial assets**«.

The consolidated financial statements have been prepared in euro (EUR) with all figures presented in million euros (EUR M) unless otherwise indicated. 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.

Starting in the 2012 fiscal year, the investment result, comprising the result from associates accounted for using the equity method as well as the result from other investments, is no longer included in EBIT (earnings before interest and tax). Instead it is disclosed separately below this item. This change in disclosure reflects the new structure of internal reporting and the management system and is in line with the general practice of our peers. The previous year's figures were restated to allow comparison. The investment result for the first quarter of 2012 amounts to EUR 2.9m (previous year EUR 2.2m) and affects the EBIT and EBITDA by the same amount.

Consolidated group

BUSINESS COMBINATIONS AND DISPOSALS IN THE FIRST QUARTER OF 2012

Business combinations

In the first quarter of 2012, the Patient and Consumer Solutions division acquired and consolidated two retail pharmacies in Norway and one retail pharmacy in the Czech Republic in the course of optimising its portfolio.

First-time consolidation was performed on the basis of a preliminary purchase price allocation as it was not possible to finish the allocation of fair value by the end of the reporting period. The purchase price allocation will be concluded within twelve months of the acquisition date in each case.

The table below provides the significant details of the companies acquired in the first quarter of 2012:

	Total EUR M
Consideration transferred	1.9
Purchase price payment	0.0
Contingent consideration	1.0
Shares previously recognised using the equity method	1.1
Remeasurement of shares previously recognised using the equity method	–0.2
Cash purchase price	–0.4
Fair value of assets and liabilities assumed	
Total assets	0.8
Inventories	0.2
Trade receivables	0.1
Cash and cash equivalents	0.4
Other assets	0.1
Total liabilities	0.5
Other liabilities	0.5
Goodwill	1.6
Non-controlling interests	0.0

No incidental acquisition-related costs were incurred. No equity instruments were issued to settle purchase price liabilities. Due to the fact that the fair value of the investment measured using the equity method, which was already held by the Celesio Group prior to the date on which control was obtained by the group, does not correspond to its carrying amount, a loss of EUR –0.2m from revaluing shares was recognised in other income/expense.

The fair value of the receivables acquired in the business combination amount to EUR 0.2m. This includes trade receivables of EUR 0.1m.

The goodwill generally reflects the expected future cash flows that will be generated by the business combinations and the expertise of the employees. The full goodwill method was not applied.

Revenue attributable to the entities acquired in the first quarter of 2012 amounts to EUR 0.6m and the net profit to EUR 0.1m. Had these entities been acquired right at the beginning of the fiscal year, the entities would have contributed EUR 0.9m to group revenue and EUR 0.0m to the group's net profit.

Change in contingent consideration

The contingent consideration recognised for acquisitions in accordance with IFRS 3 (revised in 2008, applicable as of 2010) increased by EUR 1.1m in the first quarter of 2012. The change was attributable to a new contingent consideration (EUR 1.0m) and unwinding effects (EUR 0.1m). The fair value of contingent consideration was in most cases determined on the basis of an earnings indicator taking long-term planning into account. This did not give rise to any major changes in the ranges in the first quarter of 2012.

Disposals

Three retail pharmacies in the UK were sold in the first quarter of 2012 in the course of streamlining the portfolio. Furthermore, the French company RepscoPharmexx SAS from the Marketing Solutions business area, which has since been discontinued, was sold along with its subsidiaries, which had been consolidated until now on the basis of exercisable call options. In the process, assets (mainly receivables) of EUR 24.7m and liabilities of EUR 24.5m were disposed of.

Losses from the disposals totalled EUR 0.7m. They were disclosed under other income/expense.

Business combinations in the first quarter of 2011

BUSINESS COMBINATIONS

Preliminary purchase price allocations were used as the basis for consolidation for business combinations in the first quarter of 2011. They were all completed within twelve months of the acquisition date in each case. There were no significant effects on the comparable period from the finalisation of the purchase price allocation. The final figures are presented below.

The table below provides the significant details of the companies acquired in the first quarter of 2011:

	Total EUR M
Consideration transferred	7.6
Purchase price payment	4.2
Contingent consideration	0.0
Shares previously recognised using the equity method	3.4
Remeasurement of shares previously recognised using the equity method	0.0
Cash purchase price	2.9
Fair value of assets and liabilities assumed	
Total assets	2.0
Intangible assets	0.3
Property, plant and equipment	0.1
Trade receivables	0.1
Cash and cash equivalents	1.3
Other assets	0.2
Total liabilities	1.6
Financial liabilities	1.2
Trade payables	0.2
Other liabilities	0.2
Goodwill	7.2
Non-controlling interests	0.0

The fair value of the receivables acquired in the combination amount to EUR 0.3m. 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 goodwill generally reflects the expected future cash flows that will be generated by the combination – including in some cases as a result of the leading market position of the acquisition – and the expertise of the employees. The full goodwill method was not applied.

The entities acquired in the first quarter of 2011 generated revenue of EUR 0.2m as of the previous-year reporting date and contributed EUR 0.0m to earnings. Had these entities been consolidated from the beginning of the fiscal year, they would have contributed EUR 1.9m to group revenue. The contribution to group earnings would have been EUR 0.0m.

Extraordinary impairment test

In accordance with »**IAS 36** – Impairment of Assets« an entity must assess at each reporting date whether there is any indication of impairment, and if so (triggering event), it must determine the recoverable amount of the assets or cash-generating unit. As of 31 March 2012, the market capitalisation of Celesio AG, i.e. the value of all shares issued by the company, had fallen below the carrying amount of equity as was already the case on 31 December 2011. An impairment test was carried out for all assets that fall within the scope of IAS 36.

It is assumed that goodwill and brands have an indefinite useful life. This also applies to brands acquired by the group provided that there is an intention to use them for an indefinite period. Impairment testing is carried out by allocating goodwill or brands at the level of the cash-generating units. The composition of cash-generating units is largely unchanged compared to the financial statements 2011. If necessary, planning was updated to reflect current events and capitalisation rates were recalculated.

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 taken as the key measurement parameter. It is determined based on the present value of the future cash flows expected to be derived from the asset or cash-generating unit concerned using the discounted cash flow method.

Scenarios for critical calculation parameters such as the weighted average cost of capital (WACC), sustainable growth rates and the timing of cash flows were carried out to validate the values in use of continuing operations. Management considered the following scenarios to be possible as of 31 March 2012:

- An increase in WACC of 1.0 percentage point
- A decrease in sustainable growth rates of 0.5 percentage points
- A one-year delay in planned revenue retaining the margins of the base scenario

None of these scenarios reveal a potential need for impairment.

The intention to sell the DocMorris mail-order pharmacy, Pharmexx and Movianto, which are classified as discontinued operations, as well as the Czech operations (classified as disposal groups), is also a triggering event for impairment testing. Further details on this are provided in the section on discontinued operations and disposal groups.

Discontinued operations and disposal groups

As part of the radical strategic shake-up and portfolio optimisation, Celesio announced in the reporting period that it would initiate the sales process for a number of companies and activities that no longer constitute the company's core business. Following careful scrutiny and analysis of the strategic options, the Management Board of Celesio passed a resolution at the end of March 2012 to dispose of the business units Movianto (without the logistics operations in Austria) and Pharmexx as well as the DocMorris mail-order pharmacy (including the brand) and all Czech operations (previously disclosed under Pharmacy Solutions and Patient and Consumer Solutions) before the end of 2012.

One aspect of the resolution was the decision to part ways with Manufacturer Solutions completely. This reflects our focus on core business and our determination to take the necessary structural and organisational steps. In connection with the strategic realignment, we also took the decision to tackle the sales channel conflict with pharmacists that arose specifically in Germany through the acquisition of the DocMorris mail-order pharmacy in 2007. The decision was therefore taken to sell the mail-order pharmacy, including the DocMorris brand. Since the decision was reached, the corresponding entities have been classified as discontinued operations. The previous year's figures were restated in the group income statement to allow comparison.

The resolution mentioned above also includes the strategic decision to withdraw from the Czech market completely and therefore to sell the wholesale and pharmacy operations. Since the decision was reached, the corresponding entities have been classified as disposal groups.

The entities classified as discontinued operations and disposal groups are measured at fair value less costs to sell. The fair value is determined initially on the basis of sufficiently concrete purchase bids if available. Otherwise, customary business valuation models such as the discounted cash flow method are used. Sufficiently concrete purchase bids have already been made for Movianto, Pharmexx and the Czech pharmacy business. As a result, the cash-generating unit Pharmexx was impaired by EUR 45.0m (before and after tax). This is disclosed in net profit/loss from discontinued operations. In the first quarter 2012 there was no need to recognise an impairment loss on any of the other discontinued operations or disposal groups.

The main asset and liability groups held for sale in the first quarter of 2012 are summarised below:

	Assets and liabilities held for sale 31/12/2011 EUR M	Disposal groups Czech operations EUR M	Discontinued operations DocMorris mail-order pharmacy and brand EUR M	Discontinued operations Pharmexx EUR M	Discontinued operations Movianto EUR M	Assets and liabilities held for sale 31/03/2012 EUR M
Intangible assets	0.0	10.0	152.1	42.6	89.3	294.0
Property, plant and equipment	2.2	3.4	1.2	1.1	53.7	59.4
Deferred tax assets	0.0	0.1	2.8	0.2	1.2	4.3
Inventories	0.0	34.2	13.1	6.4	34.7	88.4
Trade receivables	0.0	85.4	30.8	19.4	116.6	252.2
Cash and cash equivalents	0.0	2.8	0.0	2.2	20.7	25.7
Other assets	0.0	9.1	6.1	5.6	49.7	70.5
Total	**2.2**	**145.0**	**206.1**	**77.5**	**365.9**	**794.5**
Financial liabilities	0.0	32.9	0.2	1.5	1.5	36.1
Deferred tax liabilities	0.0	0.0	18.7	3.0	0.3	22.0
Trade payables	0.0	56.8	15.5	7.0	176.1	255.4
Other liabilities	0.0	4.6	10.7	30.2	25.0	70.5
Total	**0.0**	**94.3**	**45.1**	**41.7**	**202.9**	**384.0**

Within the Czech operations, assets held for sale of EUR 122.2m relate to wholesale, while an amount of EUR 22.8m relates to the pharmacy business. Of liabilities held for sale in the Czech Republic, EUR 87.2m relates to wholesale and EUR 7.1m to the pharmacy business.

Net profit/loss from discontinued operations breaks down as follows:

	DocMorris mail-order pharmacy and brand EUR M		Pharmexx EUR M		Movianto EUR M		Total EUR M	
	Q1 2011	**Q1 2012**	Q1 2011	**Q1 2012**	Q1 2011	**Q1 2012**	Q1 2011	**Q1 2012**
Revenue	76.9	**87.0**	61.4	**43.0**	80.5	**99.3**	218.8	**229.3**
Cost of materials	–63.7	**–72.4**	–5.4	**–5.0**	–39.7	**–56.7**	–108.8	**–134.1**
Gross profit	13.2	**14.6**	56.0	**38.0**	40.8	**42.6**	110.0	**95.2**
EBITDA	0.6	**3.0**	3.0	**–1.1**	2.6	**2.3**	6.2	**4.2**
EBIT	0.6	**2.0**	2.0	**–2.1**	0.7	**0.0**	3.3	**–0.1**
Profit/loss before tax from discontinued operations	0.6	**1.5**	1.9	**–2.5**	0.9	**0.1**	3.4	**–0.9**
Income taxes	–0.1	**0.0**	–0.3	**–1.2**	0.1	**–1.4**	–0.3	**–2.6**
Profit/loss after tax from discontinued operations	0.5	**1.5**	1.6	**–3.7**	1.0	**–1.3**	3.1	**–3.5**
Profit/loss after tax from the measurement of discontinued operations	0.0	**0.0**	0.0	**–45.0**	0.0	**0.0**	0.0	**–45.0**
Net profit/loss from discontinued operations	**0.5**	**1.5**	**1.6**	**–48.7**	**1.0**	**–1.3**	**3.1**	**–48.5**

Contingent liabilities and other financial obligations

The contingent liabilities and other financial liabilities presented in the consolidated financial statements as of 31 December 2011 did not change materially in the first quarter of 2012.

Contingent liabilities recognised for legal and tax risks in connection with the business combination with Panpharma amounted to EUR 67.5m as of 31 March 2012 (EUR 73.1m as of 31 December 2011). 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 has been entered into with the former owners limiting reimbursement claims to a maximum amount; the reimbursements can possibly be offset against future purchase price instalments. For this reason, the reduction in contingent liabilities does not have any corresponding impact on profit or loss. These recognised contingent liabilities have been divided into current and non-current provisions based on their maturity. The contingent liabilities include income tax liabilities of EUR 4.3m (EUR 4.4m as of 31 December 2011).

Components of other comprehensive income

Other comprehensive income – presented in the statement of comprehensive income – consists of the following components:

	1st quarter	
	2011 EUR M	2012 EUR M
Gains/losses from the current year	0.0	–0.3
Less reclassification to profit and loss	0.0	–0.3
Available-for-sale financial assets	**0.0**	**0.0**
Gains/losses from the current year	1.5	–0.9
Less reclassification to profit and loss	–5.8	–2.8
Derivative financial instruments to hedge cash flows	**7.3**	**1.9**

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 presentation of cash flows from operating activities was changed effective as of the first quarter of 2012. With effect as of 1 January 2012, the change cash and cash equivalents is based on profit after tax from continuing operations. The change in disclosure of income taxes of EUR –28.5m (previous year EUR –27.4m) reflects the new structure of internal reporting and the management system and is in line with the general practice of our peers. The previous year's figures were restated to allow comparison.

Notes to the segment reporting

Segmentation mirrors the internal reporting structure of Celesio and has changed in comparison to the previous year as a result of the strategic realignment, which led to the sale of the Manufacturer Solutions division. The internal reporting structure is now divided into two divisions, Patient and Consumer Solutions and Pharmacy Solutions. These divisions form the basis for internal controlling by the Management Board and thus correspond to the reportable segments. Starting from the first quarter of 2012, the Manufacturer Solutions division is reported under discontinued operations; as a result, it is no longer carried as a reportable segment. Discontinued operations also include the activities of the DocMorris mail-order pharmacy, including the DocMorris brand.

The Management Board of Celesio AG is the chief operating decision maker referred to in IFRS 8.7. The Management Board receives condensed information for each division.

- The Patient and Consumer Solutions division is aimed at patients and consumers. This covers the entire logistics chain, from purchasing merchandise through to selling to end consumers. The division mainly encompasses the retail pharmacies, mail-order pharmacies and brand partnerships. Effective this fiscal year, the division also includes the activities of Evolution Homecare, our specialty pharmacy business in the UK, which were previously reported under »Efficient Care Pharma« in the discontinued division Manufacturer Solutions. Furthermore, the division contains our investment in Brocacef Holding N.V. in the Netherlands, which is recognised as an associate; the corresponding investment result is no longer included in the division's EBIT from 2012 onwards.
- The Pharmacy Solutions division focuses on the wholesale business with external customers. The operating segments in this division have been combined at country level. Starting in this fiscal year, logistics solutions activities in Austria are reported in this segment. In the previous year, they had been disclosed under Logistics Solutions within the Manufacturer Solutions division, which has now been discontinued. The Pharmacy Solutions division also includes Rudolf Spiegel Versand for pharmacy and laboratory equipment and Inten, the property developer for pharmacies.

The Others segment is primarily used to report the activities of the group's parent, Celesio AG, and other companies not directly allocable to operating activities. Celesio AG holds investments in the major operating national companies and national holdings. In addition, the operating entities of the Celesio Group are primarily financed via Celesio AG and Celesio Finance B.V., Netherlands (Amsterdam). Moreover, Celesio AG bundles essential group functions, primarily in the fields of accounting, controlling, treasury and IT. In the comparative period, the joint venture Medco Celesio, which used to be reported under Manufacturer Solutions and which was discontinued as of 30 September 2011, was reported in the Others segment.

Consolidation of intra-group activities is shown separately.

The Management Board takes EBIT (earnings before interest and taxes) under IFRSs as a measure of the success of the segments. Additional information on the gross profit and EBITDA is disclosed voluntarily.

Segment assets pursuant to IFRS 8 correspond with the tied capital, which is calculated as the sum of the carrying amount of all non-interest-bearing assets (except for income tax assets) less non-interest-bearing liabilities (except for income tax liabilities).

The same accounting standards as for the Celesio Group have been used in segment reporting. Intercompany transactions are measured at market prices.

Related party transactions

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. In particular, related parties include the majority shareholder, Franz Haniel & Cie., Duisburg, and its subsidiaries and associates, as well as the joint ventures, associates and members of the boards of Celesio AG.

All transactions with related parties are conducted at arm's length.

There are contracts for management and other services in place with Franz Haniel & Cie. GmbH and its subsidiaries and associates.

There are ongoing business relationships with joint ventures and associates for the supply 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		Joint ventures and associates of Celesio AG	
	31/12/2011 EUR M	**31/03/2012 EUR M**	31/12/2011 EUR M	**31/03/2012 EUR M**	31/12/2011 EUR M	**31/03/2012 EUR M**	31/12/2011 EUR M	**31/03/2012 EUR M**
Loans and receivables	0.0	**0.0**	0.5	**3.1**	0.0	**0.0**	1.0	**0.7**
Liabilities	0.0	**0.0**	0.1	**1.0**	0.2	**0.2**	1.7	**1.5**

1ST QUARTER	Franz Haniel & Cie. GmbH, Duisburg		Subsidiaries of Franz Haniel & Cie. GmbH		Joint ventures and associates of Franz Haniel & Cie. GmbH		Joint ventures and associates of Celesio AG	
	2011 EUR M	**2012 EUR M**	2011 EUR M	**2012 EUR M**	2011 EUR M	**2012 EUR M**	2011 EUR M	**2012 EUR M**
Income	0.0	**0.0**	0.0	**0.0**	0.0	**0.0**	4.8	**4.8**
Expenses	0.0	**0.0**	0.2	**0.1**	0.3	**0.4**	0.0	**0.0**

As already announced in the 2011 annual report, the compensation structure for members of the Management Board of Celesio AG was refined and modified in the reporting period in light of changes in the economic and strategic environment and in line with endeavours to standardise the system with the support of an external consultant. The total amount of possible remuneration remains essentially unchanged.

In future, bonuses will consist solely of a direct percentage of earnings (defined uniformly as EBIT) in a given fiscal year, although a bonus will still be defined in euro as guidance for each member of the Management Board. The total amount payable is capped at twice the bonus defined as guidance in each case. The payment is settled by a cash component of 70% and phantom shares (with a three-year vesting period) of 30%.

The long-term component will in future take the form of a performance share plan with a term to maturity of three years. The phantom shares will be allocated annually based on the guidance amounts defined individually and the average share price upon granting. The final payout is determined at the end of the term depending on the number of phantom shares allocated, the average earnings per share (EPS) over the term and the average share price upon maturity. The payment due can potentially fall to zero. The payout is settled in cash and is capped at three times the amount defined as guidance in advance. The performance share plan is measured in accordance with IFRS 2.

The Supervisory Board has already approved the refined compensation structure and implemented the changes in the contracts with Management Board members. As a result, remuneration in the current 2012 fiscal year is uniformly based on the new system.

Employees

At the end of the first quarter of 2012, Celesio employed 35,048 employees (full-time equivalents, FTEs). Of those, 5,610 (previous year 7,161) work for companies reported under discontinued operations from this quarter onwards. A total of 36,424 FTEs were employed at the Celesio Group in the previous year.

Other notes

The line item other financial result relates to changes in the fair value of derivatives used to hedge financial liabilities. Changes in market values of derivative exchange rate hedges in the reporting period gave rise to income of EUR 0.1m (previous year EUR 1.1m). Changes in the market values of derivative exchange rate hedges gave rise to expenses of EUR 1.2m (previous year income of EUR 4.9m). Moreover, the other financial result contains exchange rate gains of EUR 30.2m (previous year EUR 44.2m) and exchange rate losses of EUR 29.3m (previous year EUR 42.6m). The item other financial result also contains income of EUR 0.7m (previous year none) from loan receivables that had been written down.

There were no other issues requiring reporting in the interim reporting period.

STUTTGART, 9 MAY 2012

The Management Board

Review report

To Celesio AG, Stuttgart

We have reviewed the interim condensed consolidated financial statements, comprising the group statement of financial position, the group income statement, the group statement of comprehensive income, the group statement of cash flows, the group statement of changes in equity and selected explanatory notes, and the interim group management report of Celesio AG, Stuttgart, for the period from 1 January 2011 to 30 September 2011, which are part of the quarterly financial report pursuant to Sec. 37x (3) WpHG (Wertpapierhandelsgesetz, German Securities Trading Act). The preparation of the interim condensed consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the company's management. Our responsibility is to issue a review report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW, Institute of Public Auditors in Germany). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the applicable provisions of the WpHG. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we could obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

STUTTGART, 10 MAY 2012

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

PROF DR PFITZER	**MATISCHIOK**
WIRTSCHAFTSPRÜFER	WIRTSCHAFTSPRÜFER
(GERMAN PUBLIC AUDITOR)	(GERMAN PUBLIC AUDITOR)

Financial calendar 2012

(Excerpt)

Interim report, 1st half year of 2012

14 AUGUST 2012

Interim report, 1st to 3rd quarter of 2012

14 NOVEMBER 2012

Annual report 2012

26 MARCH 2013

Subject to amendment. Other dates and updates can be found at celesio.com under Investor Relations/Financial calendar.

Imprint

CELESIO AG

Neckartalstrasse 155
70376 Stuttgart
Germany
Telephone + 49 711.50 01 00
Fax + 49 711.50 01 12 60
service@celesio.com
www.celesio.com

CORPORATE INVESTOR RELATIONS

Telephone + 49 711.50 01 7 35
Fax + 49 711.50 01 7 40
investor@celesio.com

This interim report was published on 14 May 2012 and is available in German and English. It can be downloaded or ordered from the investor relations section at www.celesio.com. The German version of the annual report is legally binding.

Forward-looking statements

This interim report contains forward-looking statements that are based on the latest estimates made by the management of future developments. Such statements are subject to inherent risks and uncertainties. It lies beyond the powers of Celesio to control or precisely estimate these risks and uncertainties which can include future market conditions and economic environment, state intervention, the behaviour of other market players or the successful integration of corporate acquisitions and realisation of expected synergies. Should one of these or another uncertainty or risk factor eventuate or should the assumptions on which these forward-looking statements are made prove to be incorrect, then the actual events could diverge significantly from the explicit or implied events contained in the statements. Celesio does not intend, nor does it assume any special obligation, to update forward-looking statements to reflect events or developments occurring after this report went to press.