



Orion Group  
Interim report Q1–Q3/2008  
28 October 2008

*CEO Timo Lappalainen*



*This presentation includes forward-looking statements (statements that are not historical facts and relate to the future activities and performance) that involve risks and uncertainties. These forward-looking statements include statements about future strategies and the anticipated benefits of these strategies, and they are subject to risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of factors, including the possibility that Orion may decide not to implement these strategies, and the possibility that, even if the strategies are implemented, their anticipated benefits are not achieved. Orion assumes no obligation to update or revise any information contained in this presentation.*

*Former Orion Corporation demerged on 1 July 2006 into two new companies, Orion Corporation and Oriola-KD Corporation. All financial information before that date presented here is based on information that has been carved-out from the financial statements of the demerged Orion Corporation. This historical financial information has, however, been prepared for illustrative purposes only and does not necessarily describe what the results of the Orion Group, or its financial position, changes in equity and cash flows would have been if the Orion Group had operated as a separate legal entity before 1 July 2006.*

*The Orion Group has changed the policy of recording the disability pension liability. Due to the change, the operating profit reported for 2007 was reduced by approximately EUR 2.0 million whereas the ROE and ROCE improved slightly. The effect on the equity ratio was insignificant.*



## Events in Q1–Q3/2008

- Net sales increased by 4% as a result of broad basic product portfolio and large number of product launches
  - operating profit decreased by about 1%
  - expenditure on R&D and sales
  - cost relating to the on-going patent litigations in the USA
  - weak US dollar rate
- Expenditure on research continued
  - regulatory process for expanded indication for Stalevo in the USA and Europe is on-going based on the results from the FIRST STEP study
  - results from the STRIDE PD study are expected at the turn of 2008–2009
  - studies with dexmedetomidine have been prolonged
    - results are expected in summer 2010



## Profitability slightly down

	Q1–Q3/08	Q1–Q3/07	Change %	2007
Net sales, EUR million	530.1	509.6	+4.0%	683.6
Operating profit (EBIT), EUR million	152.2	153.4	-0.8%	192.0
% of net sales	28.7%	30.1%		28.1%
Profit before taxes, EUR million	152.0	154.3	-1.5%	193.4
Earnings per share, EUR	0.79	0.80	-1.2%	1.02

- Net sales increased by 4%
  - new product launches continued
  - exit of Calcimagon in the end of 2007
  - deliveries to Novartis decreased slightly
  - weak US dollar rate
- EBIT decreased by about 1%
  - expenditure on sales and R&D continued as planned
  - costs relating to the on-going patent litigations in the USA



## Business reviews



Interim report Q1–Q3/2008 28 Oct 2008 5

## Pharmaceutical sales continued to grow

EUR million	Q1–Q3/08	Q1–Q3/07	Change %	2007
Net sales of the Pharmaceuticals Business	497.2	479.4	+3.7%	643.3
Proprietary Products	213.8	203.5	+5.1%	270.8
Specialty Products	187.4	178.4	+5.1%	241.5
Animal Health	50.7	51.4	-1.5%	66.8
Fermion	26.3	26.7	-1.8%	38.1
Other	19.1	19.4	-1.4%	26.1
EBIT of the Pharmaceuticals Business	153.1	155.4	-1.5%	197.1

- Net sales of Parkinson's disease product franchise up by 2%
  - sales of Stalevo and Comtess through own sales organisation up by over 11%
  - deliveries to Novartis down by 4%
  - total net sales from Stalevo up by 12%
- Generic product portfolio in Finland and eastern European markets was further strengthened



Interim report Q1–Q3/2008 28 Oct 2008 6

## Orion continued as the market leader in Finland

- Wholesales of human pharmaceuticals in Finland in Q1–Q3/2008 totalled EUR 1 423.7 million
  - market up by over 6%
- Orion's share was EUR 133.3 million
  - up by almost 10%
- Orion is the market leader in Finland with 9.4% market share
- Orion is especially strong in the sectors of pharmacy purchases, self-care products and prescription drugs



Interim report Q1–Q3/2008 28 Oct 2008 7

## Market for Parkinson's disease medicines continues to grow, although more slowly

Total in-market sales of Parkinson's medicines in Moving Annual Total (MAT) of 12 months (July/2007–June/2008)

- in the USA USD 1 330 million
  - up by about 18%
  - exceptionally high growth is due to the broadened indication of one product
- in European top 5 markets EUR 876 million
  - average growth less than 9% (incl. Germany, the UK, France, Spain and Italy)

Market shares of Orion's Parkinson's products vs. the total sales of PD medicines

	Rolling 12 months Jul/07–Jun/08	Rolling 12 months Jul/06–Jun/07
Finland	30%	31%
Denmark	17%	23%
Sweden	17%	18%
Germany	16%	16%
UK	12%	12%
USA	14%	15%

Source: IMS Health



Interim report Q1–Q3/2008 28 Oct 2008 8

## Diagnostics sales increased

EUR million	Q1-Q3/08	Q1-Q3/07	Change %	2007
Net sales	34.3	31.5	+8.9%	42.0
Operating profit (EBIT)	5.9	6.2	-4.9%	6.3

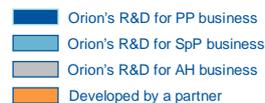
- Profitability decreased slightly as a result of planned expenditure on sales and R&D
- Sales through own sales network increased
- Exports to the Czech Republic and China at a good level
- QuikRead infection tests continued as the main products
  - launch of the QuikRead Strep A -test continued in Scandinavia
- Sales of dip slide tests remained unchanged compared to 2007



## R&D portfolio



## Pharmaceutical R&D pipeline status after Q3/2008



Project	Indication	Pre-clinical	Clinical phases			Registration
			I	II	III	
Broader indication for Stalevo	early Parkinson's Disease					
Histrelin (Vantas)	advanced prostate cancer	Indevus				
Dexmedetomidine for Europe	sedation in intensive care					
Life-cycle management of Stalevo	Parkinson's Disease					
Oral levosimendan for dogs	heart diseases in dogs					
Easyhaler combination product	asthma, COPD					
Toremifene	prostate cancer, osteoporosis	GTx				
Paclitaxel for human use (Paical)	ovarian cancer	Oasmia				
Paclitaxel for dogs (Paical Vet)	mastocytoma (skin cancer)	Oasmia				
Alpha 2 <sub>c</sub> receptor antagonist	schizophrenia, Alzheimer					
Oral levosimendan for human use	stroke					
Steroid receptor pharmacology	SARM, prostate cancer					

*Note: The right end of each bar represents the status of current developments*



Interim report Q1-Q3/2008

28 Oct 2008

11

## Outlook and objectives



Interim report Q1-Q3/2008

28 Oct 2008

12

## Outlook for 2008

- **Net sales** will grow slightly from 2007. Pharmaceutical sales via Orion's own sales network are expected to continue growing moderately in Finland and to continue showing growth outside Finland, where growth will nevertheless be slowed down by the expiry at the end of 2007 of the licence agreement for the Calcimagon osteoporosis drug that was marketed in Germany. In-market sales of Parkinson's drugs will show further growth, but at a slower rate than previously. The deliveries of Parkinson's drugs to Novartis are estimated to remain at the level of 2007.
- Marketing and research expenditure will increase moderately. **Marketing expenses** will be added in particular by the product launches by Orion's own units outside Finland. **Research expenses** will grow mainly due to the clinical studies that were started in the previous year. The patent litigations having started in the United States will increase **administrative expenses** in 2008.
- **Operating profit** excluding non-recurring items is estimated to grow slightly from 2007. Such non-recurring items include the one-off compensation of EUR 6 million for the termination of the Calcimagon licence agreement in 2007, and the patent litigation expenses in 2008 that have accounted for EUR 4.4 million in Jan-Sep/2008.
- **R&D expenditure** will be slightly over EUR 100 million. **Capital expenditure** will be about EUR 55 million, not including new substantial product or company acquisitions.



## Financial objectives and dividend policy

- The moderate organic growth of the net sales in the next few years is accelerated via product, product portfolio and company acquisitions.
- Operating profit will be increased.
- Equity ratio is maintained at the level of at least 50%.
- In the dividend distribution Orion takes into account the distributable funds as well as the medium-long and long-term needs of capital expenditure and other financial needs required for the achievement of the financial objectives.



## Orion's calendar for 2009

Result release for 2008	Fri 6 Feb 2009
Annual Report 2008	in the week of 2 Mar 2009
Annual General Meeting	Mon 23 Mar 2009 at 14.00

Interim reports in 2009:	
Interim report Q1/2009	Mon 27 Apr 2009
Interim report Q1–Q2/2009	Fri 7 Aug 2009
Interim report Q1–Q3/2009	Mon 26 Oct 2009

*For additional information on Orion, including a calendar for investors, kindly visit:*

[www.orion.fi/english/investors](http://www.orion.fi/english/investors)



Interim report Q1–Q3/2008 28 Oct 2008 15



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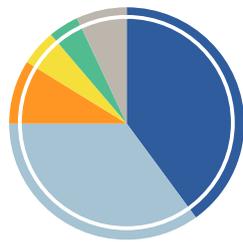
Interim report Q1–Q3/2008 28 Oct 2008 16

# Appendixes



## Breakdown of net sales Q1–Q3/2008 EUR 530.1 million

By business division



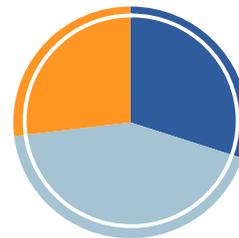
- Proprietary Products 40%
- Specialty Products 35%
- Animal Health 10%
- Fermion 5%
- Other 4%
- Orion Diagnostica 6%

By geographical region



- Finland 31%
- Scandinavia 15%
- Rest of Europe 34%
- North America 10%
- Other markets 10%

By sales network



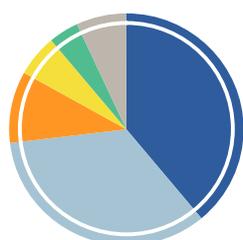
- Orion in Finland 31%
- Orion in other markets 43%
- Sales through partners 26%



## Breakdown of net sales Q3/2008

EUR 167.8 million

By business division



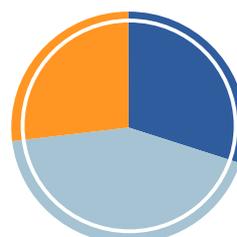
- Proprietary Products 41%
- Specialty Products 36%
- Animal Health 10%
- Fermion 4%
- Other 3%
- Orion Diagnostica 6%

By geographical region



- Finland 31%
- Scandinavia 14%
- Rest of Europe 33%
- North America 12%
- Other markets 10%

By sales network



- Orion in Finland 31%
- Orion in other markets 44%
- Sales through partners 25%



Interim report Q1–Q3/2008

28 Oct 2008

19

## Orion's key figures Q1–Q3/2008

	Q3/08	Q3/07	Change %	Q1–Q3/08	Q1–Q3/07	Change %	2007
Net sales, EUR million	167.8	163.8	+2.4%	530.1	509.6	+4.0%	683.6
Operating profit (EBIT), EUR million	43.6	49.1	-11.3%	152.2	153.4	-0.8%	192.0
% of net sales	26.0%	30.0%		28.7%	30.1%		28.1%
Profit before taxes, EUR million	43.1	49.2	-12.5%	152.0	154.3	-1.5%	193.4
Earnings per share (EPS), EUR	0.23	0.26	-11.8%	0.79	0.80	-1.2%	1.02
R&D expenses, EUR million	23.1	22.2	+4.0%	74.0	69.7	+6.1%	98.5
ROCE, %				44.8%	48.9%		44.8%
ROE, %				35.9%	36.4%		33.5%
Equity ratio, %				65.5%	75.8%		76.0%
Gearing, %				0.2%	-12.4%		-20.0%
Personnel at end of the period				3,300	3,149	+4.8%	3,176



Interim report Q1–Q3/2008

28 Oct 2008

20

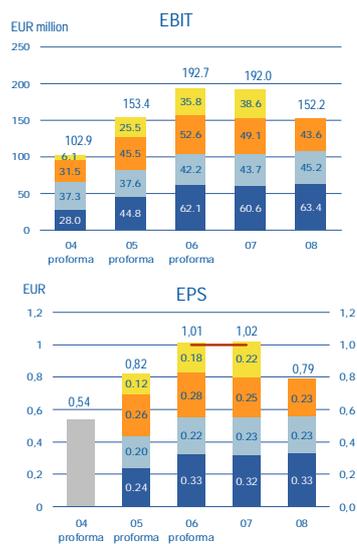
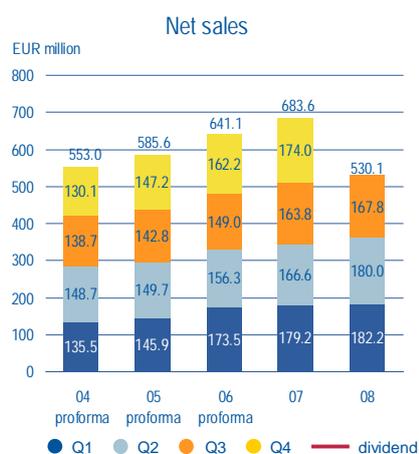
## Group Income Statement Q1–Q3/2008

EUR million	Q3/08	Q3/07	Change %	Q1–Q3/08	Q1–Q3/07	Change %	2007
Net sales	167.8	163.8	+2.4%	530.1	509.6	+4.0%	683.6
Cost of goods sold	-58.7	-53.1	+10.5%	-168.3	-160.4	+4.9%	-219.3
Gross profit	109.1	110.7	-1.4%	361.8	349.2	+3.6%	464.3
Other operating income	0.8	1.0	-18.6%	1.9	2.3	-18.0%	9.0
Selling and marketing expenses	-32.3	-32.3	+0.1%	-104.6	-101.5	+3.1%	-143.4
R&D expenses	-23.1	-22.2	+4.0%	-74.0	-69.7	+6.1%	-98.5
Administrative expenses	-10.9	-8.0	+36.2%	-32.9	-26.8	+22.6%	-39.4
Operating profit, EBIT	43.6	49.1	-11.3%	152.2	153.4	-0.8%	192.0
Profit before taxes	43.1	49.2	-12.5%	152.0	154.3	-1.5%	193.4
Profit for the period	31.7	36.1	-12.0%	111.6	113.2	-1.4%	143.9



Interim report Q1–Q3/2008 28 Oct 2008 21

## Orion's financial figures by annual quarters 2004–Q3/2008

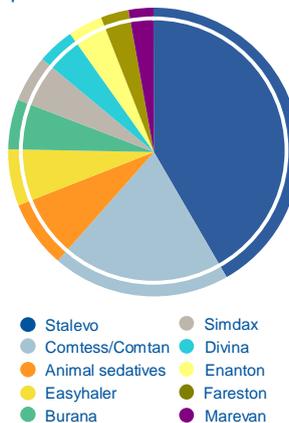


Interim report Q1–Q3/2008 28 Oct 2008 22

## Stalevo continued strongly in Q1–Q3/2008

EUR million	Q1–Q3/08	Q1–Q3/07	Change %	2007
Stalevo®	106.0	94.6	+12.1%	126.9
Comtess®/Comtan®	49.7	58.0	-14.3%	73.3
Dexdomitor®, Domitor®, Domosedan® and Antisedan®	19.2	22.0	-12.8%	27.5
Easyhaler® franchise	16.3	12.1	+34.2%	17.3
Burana®	14.1	11.6	+21.8%	15.6
Simdax®	13.0	10.2	+27.2%	15.1
Divina® series	11.2	11.6	-2.8%	15.9
Enanton®	9.7	9.7	+0.2%	12.9
Fareston®	7.5	6.2	+22.3%	8.2
Marevan®	7.2	5.9	+21.2%	8.3
Total	253.9	241.8	+5.0%	320.9
% of pharmaceutical net sales	51%	50%		50%

Orion's top 10 pharmaceuticals in Q1–Q3/08



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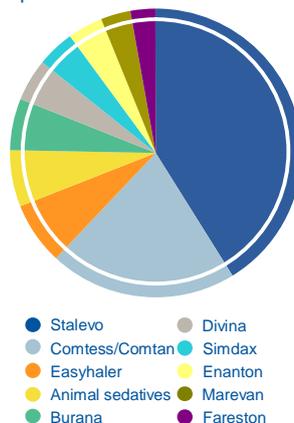
28 Oct 2008

23

## Top 10 pharmaceuticals in Q3/2008

EUR million	Q3/08	Q3/07	Change %	2007
Stalevo®	33.4	32.9	+1.5%	126.9
Comtess® /Comtan®	17.1	17.7	-3.2%	73.3
Easyhaler® franchise	5.6	4.5	+23.7%	17.3
Dexdomitor®, Domitor®, Domosedan® and Antisedan®	5.2	5.9	-12.2%	27.5
Burana®	4.8	3.8	+25.6%	15.6
Divina® series	3.7	4.3	-13.0%	15.9
Simdax®	3.5	3.6	-1.7%	15.1
Enanton®	3.2	3.1	+1.8%	12.9
Marevan®	2.7	1.7	+56.5%	8.3
Fareston®	2.2	2.2	-2.6%	8.2
Total	81.4	79.8	+2.0%	320.9
% of pharmaceutical net sales	51%	52%		50%

Orion's top 10 pharmaceuticals in Q3/2008



Interim report Q1–Q3/2008

28 Oct 2008

24

## Net sales of products from in-house R&D

EUR million	Q3/08	Q3/07	Change %	Q1-Q3/08	Q1-Q3/07	Change %	2007
Stalevo	33.4	32.9	+1.5%	106.0	94.6	+12.1%	126.9
Comtess/Comtan	17.1	17.7	-3.2%	49.7	58.0	-14.3%	73.3
Dexdomitor, Domitor, Domosedan and Antisedan	5.2	5.9	-12.2%	19.2	22.0	-12.8%	27.5
Easyhaler franchise	5.6	4.5	+23.7%	16.3	12.1	+34.2%	17.3
Simdax	3.5	3.6	-1.7%	13.0	10.2	+27.2%	15.1
Divina series	3.7	4.3	-13.0%	11.2	11.6	-2.8%	15.9
Fareston	2.2	2.2	-2.6%	7.5	6.2	+22.3%	8.2
Precedex	2.8	1.9	+50.0%	7.1	5.5	+28.8%	8.2
Total	73.6	73.0	+0.8%	230.0	220.2	+4.5%	292.3
% of pharmaceutical net sales	46%	47%		46%	46%		45%



Interim report Q1-Q3/2008 28 Oct 2008 25

## Orion's R&D programmes in brief

- Based on the positive results received from the **FIRST STEP** study, Orion has initiated actions for broadening the indication of Stalevo in Europe and the USA
- **STRIDE-PD** programme with Stalevo continues in clinical phase III, with 747 patients
  - to determine whether Stalevo can delay the onset of dyskinesias in Parkinson's patients
  - results are expected at the turn of 2008–2009
- **Dexmedetomidine** is being studied in clinical phase III as a long-term infusion (over 24 h) in the sedation of patient in intensive care
  - comparison with midazolam and propofol, both studies are planned to involve 500 patients
  - programme was started in summer 2007, as the studies have been slightly delayed the results are expected in summer 2010
- The **LEVET** programme is studying the efficacy of oral levosimendan in the treatment of heart diseases in dogs
- **Easyhaler** franchise will be broadened by developing a new budesonide-formoterol combination product for the treatment of asthma and Chronic Obstructive Pulmonary Disease (COPD)
- **Alpha 2<sub>c</sub> receptor antagonist** is being studied in clinical phase I
  - potential indications include the treatment of schizophrenia, Alzheimer's Disease and depression
- The potential use of oral **levosimendan** for the treatment of stroke is being investigated in preliminary phase I clinical studies
- **In early research**, among others, selective androgen receptor modulators (SARM), prostate cancer, neuropathic pain, Parkinson's Disease and other possible indications within intensive care



Interim report Q1-Q3/2008 28 Oct 2008 26



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Interim report Q1-Q3/2008

28 Oct 2008

27