



Orion Group Financial Review Proforma 1-12/2006

6 February 2007

7-12/2006 was the first official financial accounting period
of the present Orion.

The figures for 1-6/2006 and the years 2004 and 2005 have been carved
out from the financial statements of the demerged Orion.

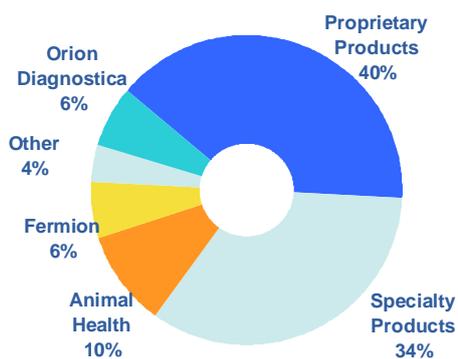


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Orion Group



Group net sales 2006
EUR 641.1 million

Orion's Businesses

Pharmaceuticals

- Proprietary Products
– patented prescription products
- Specialty Products
– off-patent prescription products
and OTC
- Animal Health
- Fermion

Diagnostics

- Orion Diagnostica



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13 key global pharma markets in 11/2005 – 10/2006

Source: IMS Health Retail Drug Monitor 12/2006

	Pharma sales 11/05 - 11/06 USD billion	Change on comparative period	Break- down
North America	208,4	+7 %	54 %
Europe top 5	93,3	+4 %	24 %
Japan	56,8	+1 %	15 %
Latin America top 3	19,0	+12 %	5 %
Australia / New Zealand	5,8	+4 %	2 %
13 key markets total	383,7	+5 %	100 %



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Big markets continue showing moderate growth

- Growth rate has been slowing down both in the US, Europe and Japan.
- Sales of the largest therapeutic categories in the 13 key global markets in 12 months to October 2006:
 - Cardiovascular USD 75.5 bn +6%
 - Central nervous system USD 72.1 bn +7%
 - Alimentary/Metabolism USD 54.6 bn +6%
- Cytostatics are the fastest growing category, annual rate 13%.
- Great differences between therapeutic categories appear among individual countries.
- The best-selling single medicine is the cholesterol lowering drug Lipitor (atorvastatin), MAT sales over USD 11.7 billion.



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Finnish pharmaceutical market in 2006

- Total pharmaceutical wholesales were EUR 1,727 million, same as in the comparative period (change -0.8%).
- Wholesales of Orion's pharmaceutical products were EUR 152.4 million, -10.7% down from 2005.
 - The value of wholesales is depressed by
 - 5% price cut induced at the year-start on all reimbursable medicines
 - elimination of discounts grantable by manufacturers/marketers to pharmacies
 - aggressive price competition in the group of substitutable products.
- Orion's market share was 8.8% (9.9%)
 - Orion rose to the top in Finland
 - Of the total volume of wholesales, Orion's products account for about one-third, clearly the largest part
- In self-medication products Orion continues to be at the top, with an over 23% market share in terms of wholesale value.



Market for Parkinson's Disease products

- Wholesales of Parkinson's Disease medicines in the 12-month period Oct./2005 – Sept. /2006
 - Sales in the USA were about USD 974 million, +21.6%. The exceptionally rapid growth includes the impact of the use of one dopamine agonist for RLS.
 - Sales in the top 5 European markets were about EUR 730 million, +8.1%
- Market shares of entacapone products in selected countries, November 2006:

	Combined	Stalevo	Comtess/Comtan
USA	16,1%	8,7%	7,4%
Germany	16,5%	10,5%	6,0%
Sweden	18,2%	9,1%	9,1%
Finland	31,0%	23,5%	7,5%



Orion key figures 2004 – 2006

	2004 Proforma	2005 Proforma	2006 Proforma	Change %
Net sales, EUR m	553,0	585,6	641,1	+9,5%
Operating profit, EUR m	105,3	155,2	196,7	+26,7%
% of net sales	19,0%	26,5%	30,7%	
Profit before taxes, EUR m	104,1	154,3	197,3	+27,9%
Earnings per share, EUR	0,55	0,83	1,03	+24,7%
R&D expenses, EUR m	78,4	80,1	84,1	+5,1%
ROCE, %	24,8%	40,7%	46,5%	
ROE, %	19,7%	32,9%	34,5%	
Equity ratio %	54,1%	65,6%	75,4%	
Gearing, %	2,2%	-28,7%	-22,6%	
Personnel at end of period	2 995	3 003	3 061	+1,9%



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Group Income Statements for 2005 – 2006

EUR million	2005 Proforma	2006 Proforma	Change
Net sales	585,6	641,1	+9,5%
Cost of goods sold	-188,9	-205,2	+8,6%
Gross profit	396,7	435,8	+9,9%
Other operating income	11,4	+13,8	+21,2%
Selling and marketing expenses	-129,3	-128,9	-0,3%
R&D expenses	-80,1	-84,1	+5,1%
Administrative expenses	-43,4	-39,9	-8,1%
Operating profit, EBIT	155,2	196,7	+26,7%
Profit before taxes	154,3	197,3	+27,9%
Profit for the period	113,9	145,1	+27,3%



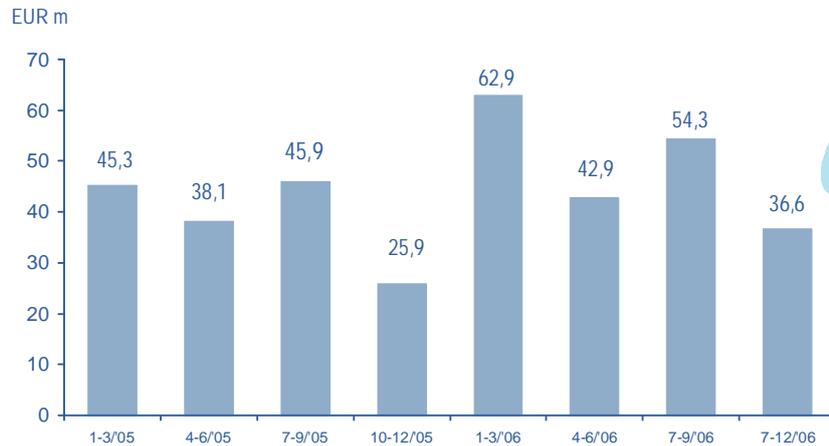
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Group EBIT by annual quarters

No milestone payments have been received in the periods



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Balance Sheet

EUR m

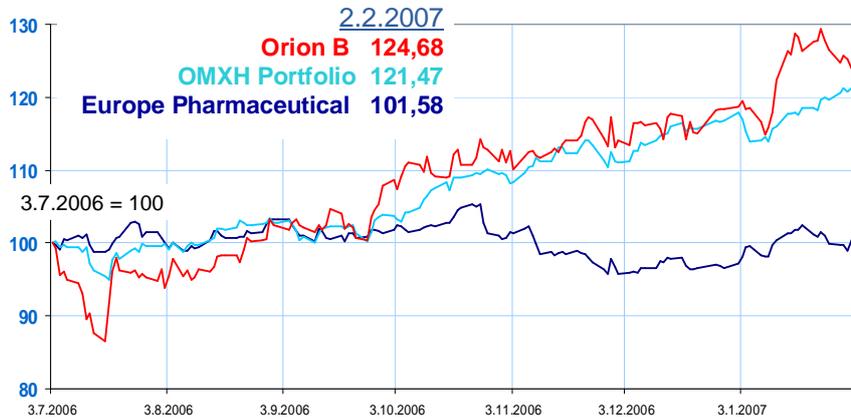


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Orion B in relation to OMX Portfolio and Europe Pharmaceutical indices 3 July – 2 February 2007

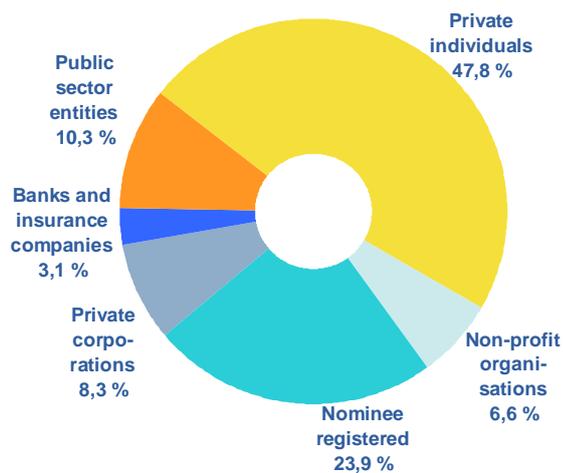


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Ownership base on 31 January 2007



On 31 January 2007:

23.9% of the total shares were in foreign ownership, representing 7.3% of the total votes.

The total number of shares is 141.3 million, of which class A 55.3 million class B 86.0 million.



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Net sales and EBIT 1-12/2006 by business segments

	Net sales Proforma		EBIT Proforma	
	EUR m	Change	EUR m	Change
Pharmaceuticals	601,4	+9,9%	189,9	+22,8%
Diagnostics	41,5	+1,8%	6,6	+5,1%
Group items	-1,8	-14,8%	0,2	-103,5%
Group total	641,1	+9,5%	196,7	+26,7%



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Net sales by businesses

EUR million	1-12/2005 Proforma	1-12/2006 Proforma	Change
Pharmaceuticals business	547,0	601,4	+9,9%
Proprietary Products	214,9	256,6	+19,4%
Specialty Products	224,3	218,7	-2,5%
Animal Health	59,5	63,3	+6,3%
Fermion	38,4	38,5	+0,4%
Other pharmaceuticals business	9,9	24,2	+145,0%
Diagnostics business	40,8	41,5	+1,8%
Group items	-2,1	-1,8	-2,1%
Group total	585,6	641,1	+9,5%

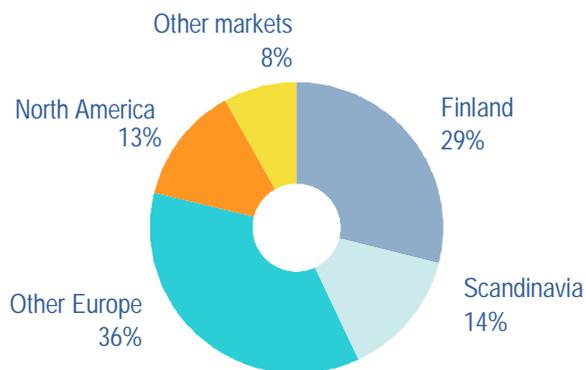


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Net sales by geographic segments in 2006



Net sales total EUR 641.1 million



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Pharmaceuticals business 1-12/2006

EUR m	2005	2006	Change
	Proforma	Proforma	
Net sales	547,0	601,4	+9,9%
Operating profit	154,7	189,9	+22,8%

- Favourable profit development continued
 - Net sales from products from own pipeline were EUR 274.9 (227.2) million, up 21,0%, and accounting for 46% (42%) of the net sales
 - Entacapone franchise generated EUR 186,0 (145,3) million in net sales, up 28% and accounting for 31% (27%) of the net sales
 - Supply of Stalevo and Comtan to Novartis rose by 42% to EUR 112.1 (78.8) million
 - R&D expenditure was EUR 79.7 (76.5) million, representing 13.3% (14.0%) of the net sales



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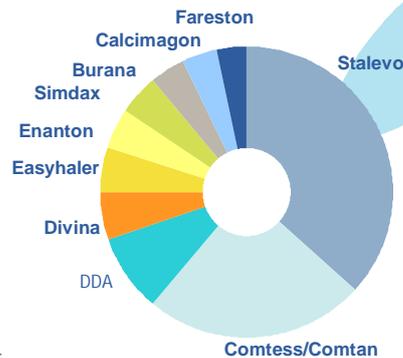
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10 best-selling drugs of Orion in 2006

EUR m	2006 Proforma	Change on 2005
Stalevo (Parkinson's disease)	111,3	+49,1%
Comtess / Comtan (Parkinson)	74,7	+5,8%
Domitor, Domosedan, Antisedan (animal sedatives)	26,0	-0,0%
Divina- series (menopause)	16,2	-0,1%
Easyhaler (asthma)	15,9	+45,1%
Enanton (prostate cancer)	13,3	-2,0%
Simdax (heart failure)	13,2	-4,2%
Burana (inflammatory pain)	12,0	-30,6%
Calcimagon (osteoporosis)	11,7	+14,3%
Fareston (breast cancer)	10,3	-3,6%
10 best-sellers total	304,5	+15,4%

EUR 304.5 million,
51% of total pharmaceutical
net sales

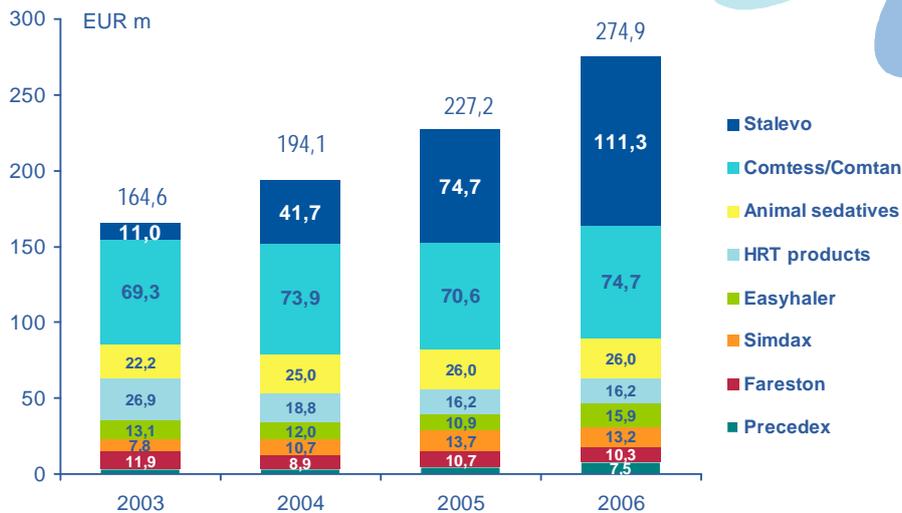


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Net sales from the proprietary franchise, by product

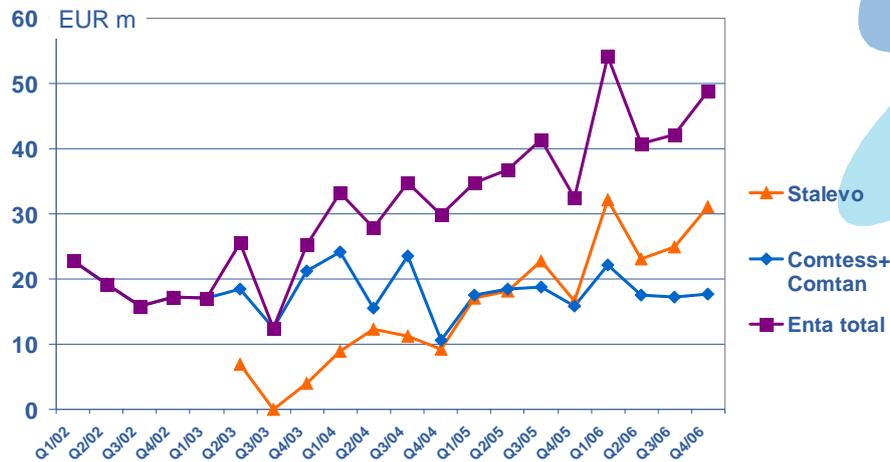


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Quarterly net sales from the entacapone franchise 2002 – 2006, by products



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Pharmaceutical research projects

- **STRIDE-PD** with Stalevo in 740 patients with Parkinson's Disease, is progressing as planned. Results are anticipated in the first half of 2008.
- Phase 3 is being started with **dexmedetomidine** (Precedex) as a long-term infusion in the sedation of patients in intensive care. The purpose is to receive European marketing approvals.
 - **Dexdomitor®**, a new-generation sedative for small animals, received a US marketing approval in December 2006.
- The **CLEVET** programme with **levosimendan** in the treatment of heart diseases in dogs is being taken to the last research phase with an aim to receive marketing authorisations.
- Phase 1 has been started at the turn of the year with a **new COMT inhibitor** for Parkinson's disease.
- In **early research**, molecules affecting alpha 2 receptors in the central nervous system, and selective androgen receptor modulators (SARM) are being studied, among others.



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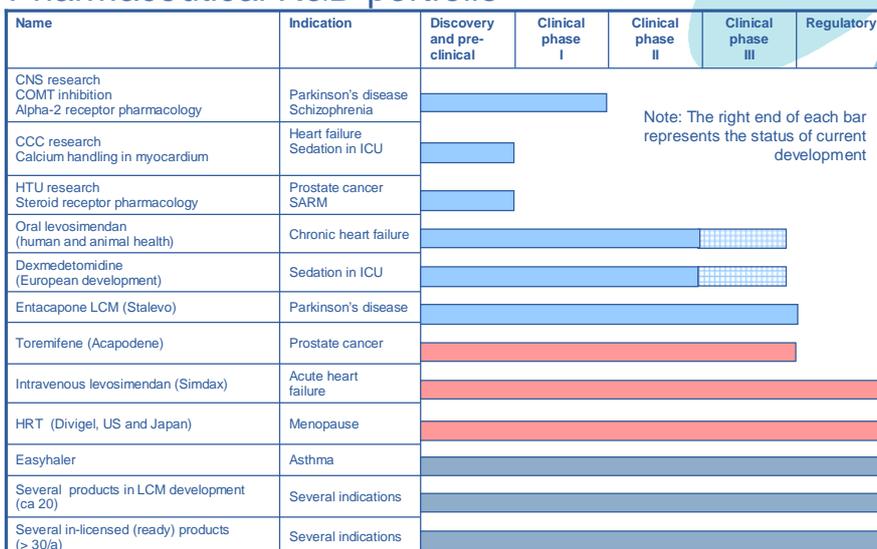
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Situation of the Simdax (i.v. levosimendan) project

- Orion Corporation and Abbott are continuing negotiations concerning a possible additional Phase 3 clinical study with i.v. levosimendan (Simdax). The two companies are also discussing on the sharing of the costs of the possible study. Orion has announced that it considers to contribute by carrying a total of EUR 20 million of the costs during the study provided that the prerequisites for conducting the study are reasonable and acceptable on the basis of the upcoming consultation by Abbott and Orion with the FDA, tentatively agreed to start in March 2007.
- Due to the many still open questions concerning the scope and timelines of the possible study, the timings of the study and possible payments as well as the impacts on Orion's cash flows can not be estimated at this stage.
- Orion emphasises that the realisation of the study and the agreement between Orion and Abbott on the study is uncertain.
- Orion will inform about the solution of the matter as soon as it has been reached.
- Discussions regarding further registration through the European mutual recognition procedure will be begun by Abbott in the third quarter of 2007.



Pharmaceutical R&D portfolio



■ Orion R&D/PP business
 ■ Developed by partner
 ■ Orion R&D/ Sp business



Diagnostics business in 1-12/2006

EUR m	2005 Proforma	2006 Proforma	Change
Net sales	40,8	41,5	+1,8%
Operating profit	6,3	6,6	+5,1%

- Net sales growth remained low owing to the flat development in the second half of the year.
- In-focus products, such as the QuikRead® CRP tests and the UniQue® collagen tests, performed particularly well.
- Sales of certain ageing products continued to decrease.
- Overall profitability developed favourably, and operating profit improved from the comparative year. The latter half of the year included costs, which burdened especially the last quarter.



Outlook for 2007 (Proforma)

- **Net sales** will grow somewhat from those of 2006. Sales of pharmaceuticals via Orion's own marketing organisation are anticipated to start showing moderate growth in Finland and to go on showing growth in the markets outside Finland. In-market sales of the entacapone product franchise will continue showing steady, although slower growth than in the previous years. Deliveries to Novartis are anticipated to be at the same level as in 2006, in which they increased considerably, partly because of higher reserve stockpile levels of Novartis.
- **Operating profit**, one-off earnings excluded, is estimated to grow somewhat from 2006, despite increased investments in marketing and pharmaceutical research. Marketing expenses will grow especially due to investments in product launches by Orion's own European marketing units outside Finland. The higher R&D expenditure is mainly caused by the new clinical research programmes being started in 2007.
- **Research and development expenditure** will be about EUR 95 million, of which pharmaceutical R&D will account for about EUR 90 million. **Capital expenditure** will be about EUR 35 million.



Financial objectives and Dividend policy

Financial objectives

- The moderate organic growth of the net sales in the next few years is accelerated via product, portfolio and company acquisitions.
- Operating profit will be increased
- Equity ratio is maintained at the level of at least 50%.

Dividend policy

- 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.



Proposed dividend

- The Board of Directors proposes a dividend of EUR 1.00 per share
 - total dividends EUR 141.3 million
 - payout ratio 97.1% (proforma)
- The record date for the dividend payment is 5 April 2007
- The dividend payment date is 16 April 2007



Other matters on the agenda of the AGM on 2 April 2007

- The proposed number of members of the Board of Directors is six. **Eero Karvonen, Matti Kavetvuo, Leena Palotie and Vesa Puttonen** are proposed to be re-elected. **Hannu Syrjänen** and **Jukka Ylppö** are proposed to be elected as new members.
- Matti Kavetvuo is proposed to be re-elected as Chairman.
 - Professor Heikki Vapaatalo is no more eligible to the Board due to the age limitation provided in the Articles of Association.
- Authorisations to the BoD to acquire and convey the company's own shares



Executive Management Board of the Orion Group as of 1 February 2007

Jukka Viinanen, President and CEO, Chairman of the EMB, Orion Diagnostica

Markku Huhta-Koivisto, Senior VP, Specialty Products and Fermion

Olli Huotari, Senior VP, Corporate Functions

Pekka Kaivola, Senior VP, Global Sales

Jari Karlson, Chief Financial Officer (CFO)

Pekka Konsi, Senior VP, Supply Chain

Timo Lappalainen, Senior VP, Proprietary Products and Animal Health

Liisa Remes, Research Assistant, employee representative

Reijo Salonen, Senior VP, Research and Development

Riitta Vartiainen, Senior VP, Business Development and Support



Orion's reporting schedule in 2007

Annual Report	Week 10/2007	
AGM	Monday	2 April 2007
Interim Report 1-3/2007	Wednesday	25 April 2007
Interim Report 1-6/2007	Monday	6 August 2007
Interim Report 1-9/2007	Wednesday	24 October 2007



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SINCE 1917**



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