



Orion Interim Report January—June 2013

30 July 2013

Timo Lappalainen
President & CEO

This presentation contains forward-looking statements which involve risks and uncertainty factors. These statements are not based on historical facts but relate to the Company's future activities and performance. They include statements about future strategies and anticipated benefits of these strategies.

These statements are subject to risks and uncertainties. Actual results may differ substantially from those stated in any forward-looking statement. This is due to a number of factors, including the possibility that Orion may decide not to implement these strategies and the possibility that the anticipated benefits of implemented strategies are not achieved. Orion assumes no obligation to update or revise any information included in this presentation.

First half of the year progressed as anticipated

- Net sales were at similar level to comparative period of previous year
- Operating profit was slightly lower than in previous year as expected
- Novartis has submitted application for marketing authorisation for Stalevo in Japan
- Orion Diagnostica's co-operation negotiations about streamlining operations and improving profitability were completed
- Orion issued EUR 150 million bond

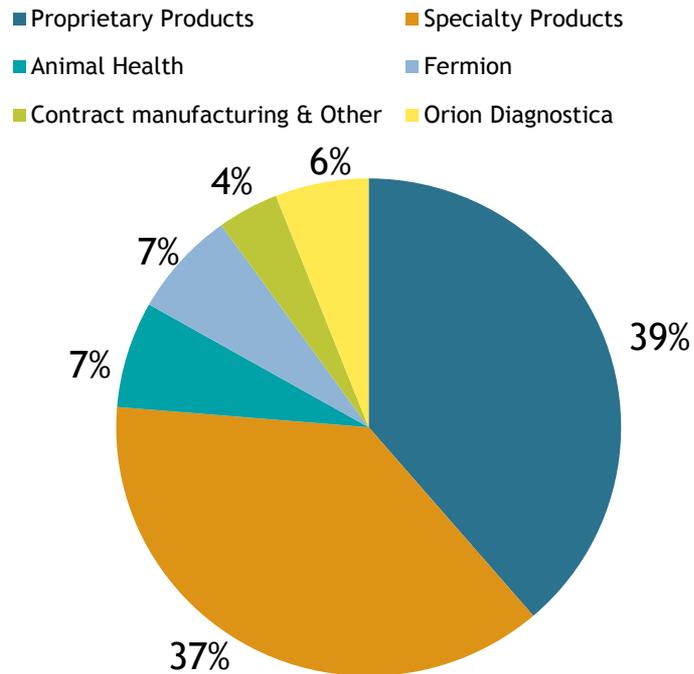
Net sales and operating profit

Group key figures	Q1–Q2/2013	Q1–Q2/2012*	Change %	2012*
Net sales, EUR million	497	480	+4%	980
Operating profit, EUR million	135	144	-6%	278
Basic earnings per share, EUR	0.72	0.77	-6%	1.47
Cash flow per share before financial items, EUR	0.27	0.50	-46%	1.23

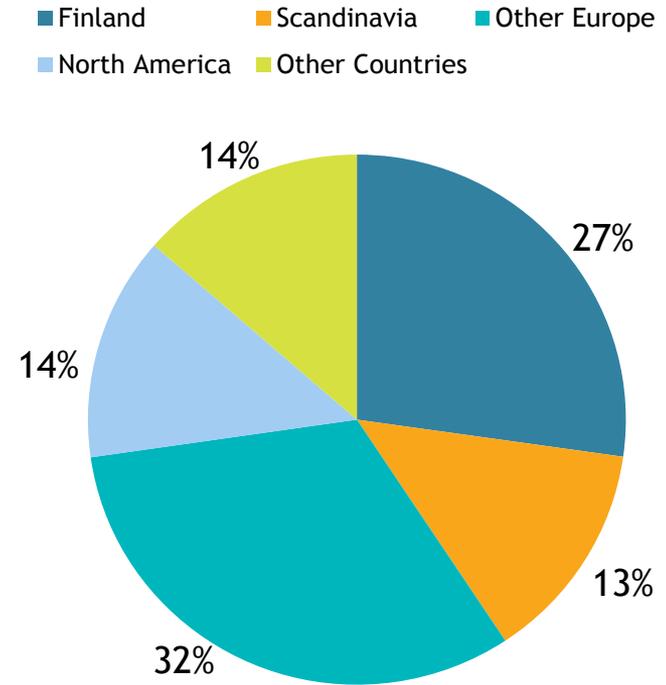
- Net sales similar to comparative period
 - Pharmaceuticals business's net sales excluding Parkinson's drugs (Stalevo[®], Comtess[®] and Comtan[®]) up by 7%
- Operating profit
 - Margin lower due to higher proportion of sales from lower margin products, lower prices and higher production costs
 - Research expenses higher
- Cash flow from operating activities lower than in comparative period
 - Amount tied up into working capital in inventories and other receivables greater than in comparative period
 - Capital expenditure increased

Breakdown of net sales

By business divisions



By market area





Business Reviews

Pharmaceuticals business

Key figures for Pharmaceuticals business	Q1–Q2/2013	Q1–Q2/2012*	Change %	2012*
Net sales of Pharmaceuticals, EUR million	469	453	+4%	929
Proprietary Products	193	193		404
Specialty Products	188	177	+6%	367
Animal Health	35	34	+1%	69
Fermion	34	28	+21%	48
Contract manufacturing and other	20	20	-3%	41
Pharmaceuticals operating profit, EUR million	138	146	-6%	287

- Net sales of Parkinson's drugs down by 6%, and accounted for 24% of segment's net sales
- Net sales excluding Parkinson's drugs up by 7%
- Orion further strengthened its position as market leader in Finland
- Fermion's sales grew strongly

Best-selling pharmaceuticals

Orion's best-selling pharmaceuticals, EUR million

	Business Division	Q1–Q2/2013	Q1–Q2/2012	Change %	2012
1. Stalevo [®] , Comtess [®] and Comtan [®] (Parkinson's disease)	PP	111	118	-6%	250
2. Precedex [®] (intensive care sedative)	PP	23	21	+8%	45
3. Simdax [®] (acute decompensated heart failure)	PP	23	22	+4%	44
4. Easyhaler [®] product family (asthma, COPD)	PP	14	14	-5%	27
5. dexdor [®] (intensive care sedative)	PP	12	5	+146%	13
6. Burana [®] (inflammatory pain)	SpP	11	11	-2%	23
7. Dexdomitor [®] , Domitor [®] , Domosedan [®] and Antisedan [®] (animal sedatives)	AH	11	10	+9%	23
8. Marevan [®] (anticoagulant)	SpP	8	8	-2%	16
9. Divina [®] range (menopausal symptoms)	SpP	7	8	-9%	16
10. Fareston [®] (breast cancer)	SpP	6	6	-2%	12
Total		226	224	+1%	468
Share of Pharmaceuticals net sales		48%	50%		50%

= Products based on Orion's inventions

PP = Proprietary Products
SpP = Specialty Products
AH = Animal Health

Orion clear market leader in Finland

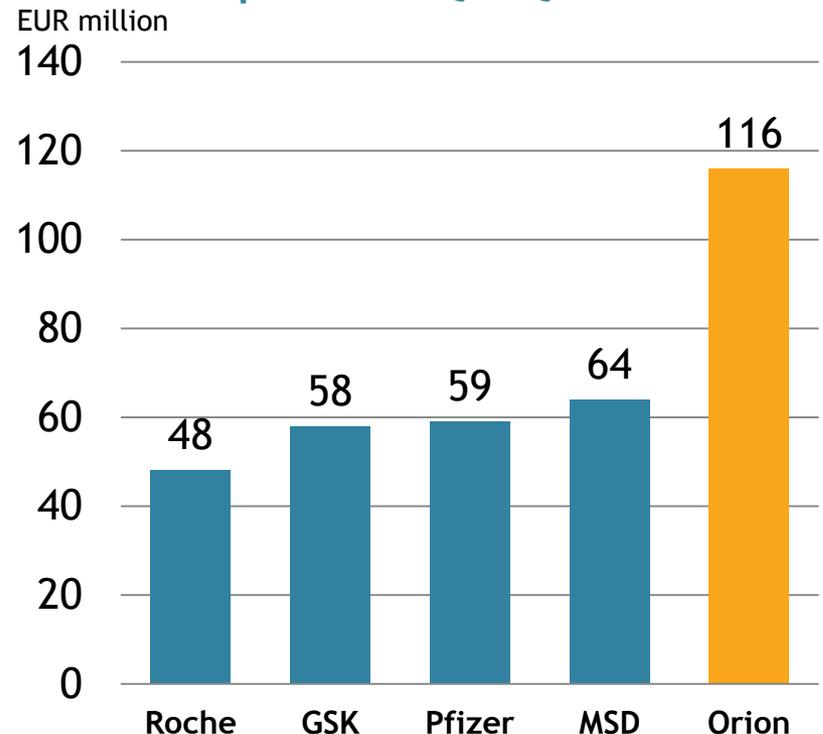
Finnish human pharmaceuticals market in Q1–Q2/2013

- Wholesale EUR 1,010 million (+1%)

Orion in Finnish human pharmaceuticals market

- Sales growth 7%
- Orion clear market leader
 - Market share 11%
- Orion especially strong in self-care products and substitutable prescription drugs

Finland's biggest pharmaceutical companies in Q1–Q2/2013



Sales of Parkinson's drugs growing in Japan

Overall markets for Parkinson's drugs April 2012 – March 2013

- United States ³⁾ USD 783 million (+10%)
- Five largest European markets ^{1) 3)}
EUR 965 million (+2%)
- Japan ²⁾ EUR 580 million (+9%)

Sales of Orion's Stalevo, Comtess & Comtan Parkinson's drugs April 2012 – March 2013

- United States ³⁾ USD 96 million (-49%)
- Five largest European markets ^{1) 3)}
EUR 154 million (-1%)
- Japan ²⁾ EUR 66 million (+14%)

Market shares of Orion's branded Parkinson's drugs

	MAT3 2013	MAT3 2012
Finland ²⁾	24%	25%
Sweden ²⁾	14%	14%
Norway ²⁾	15%	16%
Denmark ²⁾	20%	19%
Germany ³⁾	16%	16%
UK ³⁾	14%	14%
United States ^{3) 4)}	12%	27%
Japan ^{2) 4)}	11%	11%

¹⁾ Germany, UK, France, Spain and Italy

²⁾ including sales to hospitals and retail distributors

³⁾ sales to retail distributors only

⁴⁾ Novartis sales area

Precedex[®] and *dexdor*[®] growing strongly

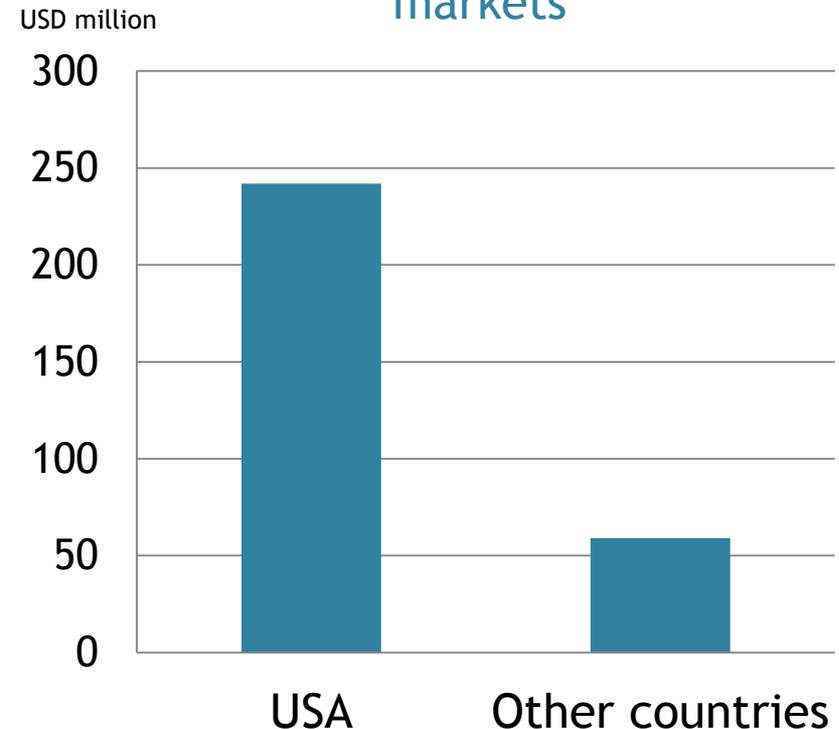
Markets for Precedex[®] intensive care sedative April 2012 – March 2013

- Total USD 301 million (+39%)
- United States USD 242 million (+44%)

Sales of *dexdor*[®] intensive care sedative April 2012 – March 2013

- EUR 15 million (+530%)

Breakdown of Precedex markets



Key clinical pharmaceutical development projects

Project	Indication	Clinical phases			Registration
		I	II	III	
Easyhaler® budesonide-formoterol	Asthma, COPD	Completed	Completed	Completed	Ongoing
Stalevo® for Japanese markets ¹⁾	Parkinson's disease	Completed	Completed	Completed	Ongoing
Easyhaler® salmeterol-fluticasone	Asthma, COPD	Completed	Completed	Ongoing	Not started
ODM-101 (more effective levodopa product)	Parkinson's disease	Completed	Completed	Not started	Not started
ORM-12741 (alpha-2c adrenoceptor antagonist)	Alzheimer's disease	Completed	IIa	Not started	Not started
ODM-201 ²⁾ (androgen receptor antagonist)	Advanced prostate cancer	Completed	Ongoing	Not started	Not started
ODM-103 (more effective COMT inhibitor)	Parkinson's disease	Ongoing	Not started	Not started	Not started
ODM-104 (more effective COMT inhibitor)	Parkinson's disease	Ongoing	Not started	Not started	Not started
ODM-102 (alpha-2c adrenoceptor antagonist)	Alzheimer's disease	Ongoing	Not started	Not started	Not started
		Completed	= Phase completed		
		Ongoing	= Phase ongoing		

Diagnostics business

Key figures for Diagnostics business

	Q1—Q2/2013	Q1—Q2/2012*	Change %	2012*
Net sales, EUR million	30	29	+3%	54
Operating profit, EUR million	1.9	2.9	-37%	2.3

- QuikRead® tests remained main product
 - Launching of QuikRead go® hsCRP+Hb test started during review period
- Following completion of co-operation negotiations, Orion Diagnostica decided on measures to streamline its operations and improve profitability by among other things simplifying the product portfolio
- Profit reduced by EUR 1.6 million expenses related to contraction of product portfolio, closure of Turku manufacturing plant and personnel reductions

Outlook for 2013 (unchanged)

- **Net sales** will be at similar level to 2012 (net sales in 2012 were EUR 980 million)
- **Operating profit** will be slightly lower than in 2012 (operating profit in 2012 was EUR 278 million*)
- **Group's capital expenditure** will be about EUR 80 million excluding substantial corporate or product acquisitions (Group's capital expenditure in 2012 was EUR 47 million)

Orion Calendar 2013–2014

- Interim Report January–September 2013 22 October 2013
- Capital Markets Day in Helsinki 20 November 2013

- Financial Statement Release for 2013 4 February 2014
- Annual General Meeting 25 March 2014
- Interim Report January–March 2014 29 April 2014
- Interim Report January–June 2014 29 July 2014
- Interim Report January–September 2014 21 October 2014
- The Financial Statements and the report of the Board of Directors 2013 will be published on the Company’s website at the latest in week 10/2014



ORION

ORION
Building well-being

Orion's financial objectives

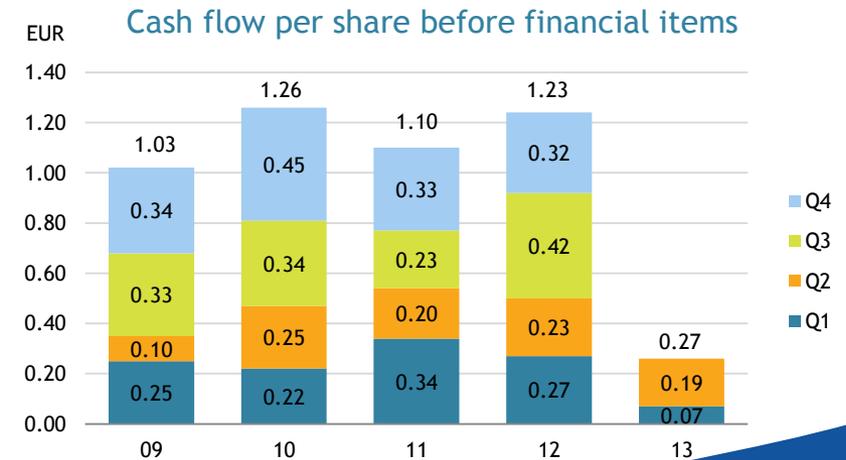
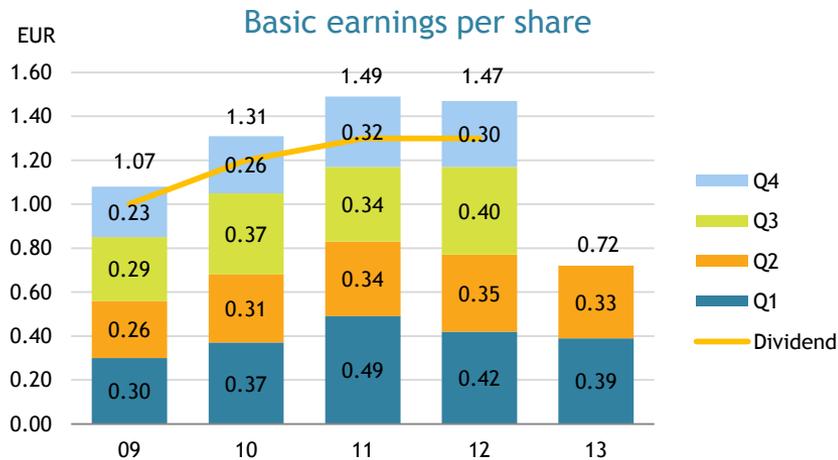
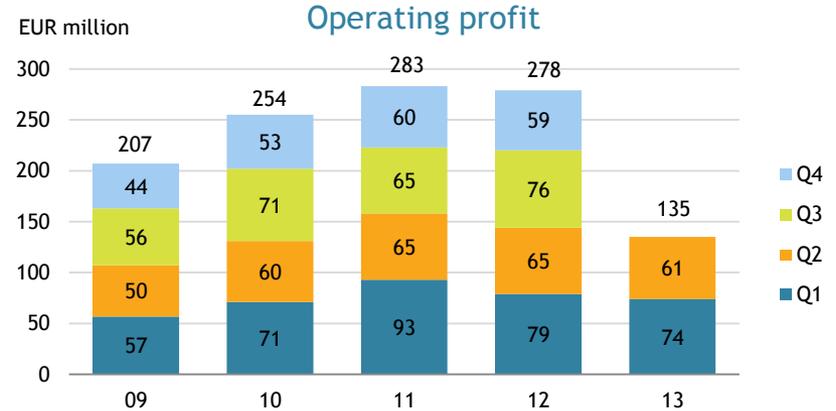
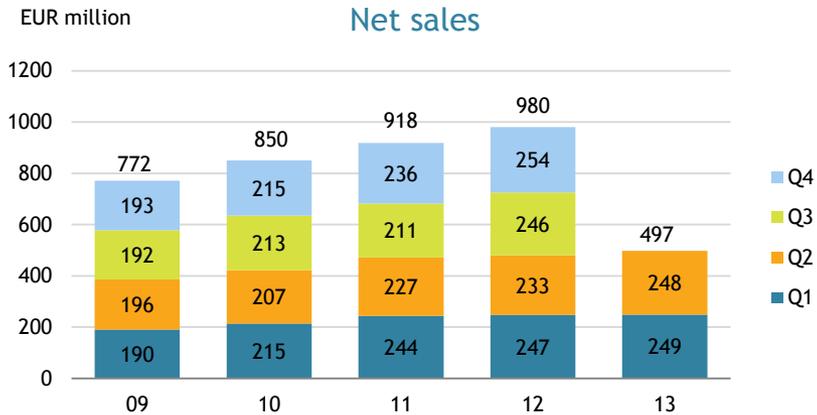
Orion's financial objectives are:

- Ensuring financial stability
- Profitable growth

The objectives are achieved through:

- Increasing net sales. Achievement of this objective requires continuous investment in development of the product portfolio.
- Maintaining profitability at a good level, the aim being operating profit that exceeds 20% of net sales.
- Keeping the equity ratio at least 50%.

Key figures by quarter*



Key figures for 2009–Q2/2013

Orion's key figures	2009	2010	2011	2012*	Q1–Q2/2013	Q1–Q2/2012*	Change %
Net sales, EUR million	771.5	849.9	917.9	980.4	497.4	480.2	+3.6%
Operating profit, EUR million	207.0	254.2	282.9	278.3	135.2	143.9	-6.0%
Profit before taxes, EUR million	203.7	252.6	282.0	276.6	134.3	143.2	-6.2%
R&D expenses, EUR million	95.2	85.5	87.5	105.8	50.9	47.5	+7.2%
Equity ratio, %	60.6%	62.7%	64.2%	61.0%	48.1%	54.5%	
Gearing, %	-8.9%	-12.2%	-6.9%	-1.7%	32.7%	24.0%	
ROCE (before taxes), %	37.4%	45.0%	49.4%	45.9%	40.9%	51.6%	
Return on equity, %	35.3%	40.7%	43.3%	41.0%	43.3%	48.1%	
Basic earnings per share, EUR	1.07	1.31	1.49	1.47	0.72	0.77	-6.0%
Cash flow per share before financial items, EUR	1.03	1.26	1.10	1.23	0.27	0.50	-46.2%
Dividend per share, EUR	1.00	1.20	1.30	1.30			
Capital repayment per share, EUR	0.10	0.06	0.12				

Income Statement 2009—Q2/2013

Formation of profits, EUR million	2009	2010	2011	2012*	Q1—Q2/2013	Q1—Q2/2012*	Change %
Net sales	771.5	849.9	917.9	980.4	497.4	480.2	+3.6%
Cost of goods sold	-265.2	-283.2	-305.1	-350.8	-190.6	-169.0	+12.8%
Gross profit	506.3	566.8	612.8	629.6	306.8	311.2	-1.4%
Other operating income and expenses	6.0	1.2	3.0	6.3	1.7	1.3	+30.6%
Sales and marketing expenses	-160.0	-188.9	-204.8	-206.1	-99.7	-98.3	+1.4%
R&D expenses	-95.2	-85.5	-87.5	-105.8	-50.9	-47.5	+7.2%
Administrative expenses	-50.2	-39.3	-40.6	-45.7	-22.7	-22.8	-0.6%
Operating profit	207.0	254.2	282.9	278.3	135.2	143.9	-6.0%
Profit before taxes	203.7	252.6	282.0	276.6	134.3	143.2	-6.2%
Profit for the period	151.4	184.7	209.5	206.9	101.4	107.8	-5.9%

Main pharmaceutical development projects

- Expansion of *Easyhaler*[®] product family. Under development are *new budesonide-formoterol* and *fluticasone-salmeterol combined formulations* for treatment of asthma and COPD
 - Orion submitted the marketing authorisation application for the budesonide-formoterol formulation in Europe in March
- Orion and Novartis are developing Parkinson's drug *Stalevo*[®] for Japanese markets
 - Novartis submitted application for marketing authorisation for the product in June 2013
- Development of *androgen receptor antagonist (ODM-201)* for treatment of advanced prostate cancer is in Phase II clinical trials undertaken jointly with Endo Pharmaceuticals. Negotiations to find a suitable partner for collaboration on the next phase of development of the product and commercialisation are ongoing
- Orion has completed Phase II clinical trials with an *alpha-2c adrenoceptor antagonist (ORM-12741)*. The trials investigated the efficacy and safety of the drug candidate in treatment of cognitive and behavioural symptoms relating to Alzheimer's disease. The results were positive, and negotiations to find a suitable partner for the next development phase are ongoing. In addition, Orion began Phase I clinical pharmacokinetic trials with another *alpha-2c adrenoceptor antagonist (ODM-102)*, a backup molecule to ORM-12741
- Orion is developing a new *more effective levodopa product (ODM-101)* based on optimised new formulations and doses of known compounds. Results obtained from Phase II clinical trials on efficacy were positive, and the search for a suitable collaboration model for the next development phase is ongoing
- Orion has ongoing Phase I clinical safety trials initiated in summer 2012 with a new *COMT inhibitor (ODM-103)*. In addition, Orion has started Phase I clinical safety trials with another new *COMT inhibitor (ODM-104)*. ODM-103 and ODM-104 are new molecules that enhance the therapeutic effects of levodopa used to treat Parkinson's disease by blocking the COMT enzyme. The pre-clinical study results indicated that they are more effective than the COMT inhibitor entacapone, which is already in the markets
- Pre-clinical studies include:
 - Prostate cancer, neuropathic pain, Parkinson's disease and Alzheimer's disease

Product protection situation of key products

Molecule	Product	Indication	Key patents or data protection expire		
			Europe	USA	Japan
Entacapone	Stalevo [®] , Comtess [®] and Comtan [®]	Parkinson's disease	November 2012 October 2013 ¹⁾	October 2013 ²⁾	2015 ³⁾
Levosimendan	Simdax [®]	Acute decompensated heart failure	September 2015	Not marketed	Not marketed
Dexmedetomidine	Precedex [®] <i>dexdor</i> [®]	Intensive care sedative	July 2013 September 2021 ⁴⁾	January 2014 ⁵⁾	June 2012

¹⁾ Stalevo data protection expires

²⁾ Entry of Wockhardt and Sun companies into markets in April 2012, Mylan in April 2013

³⁾ Data protection expires; currently only Comtan available, project to develop Stalevo for Japanese markets ongoing

⁴⁾ Dexdor data protection expires

⁵⁾ Six months paediatric exclusivity granted for Precedex in the United States expires

Dividend distribution policy

Dividend distribution policy

Orion's dividend distribution takes into account distributable funds and capital expenditure and other financial requirements in medium and long term to achieve the financial objectives

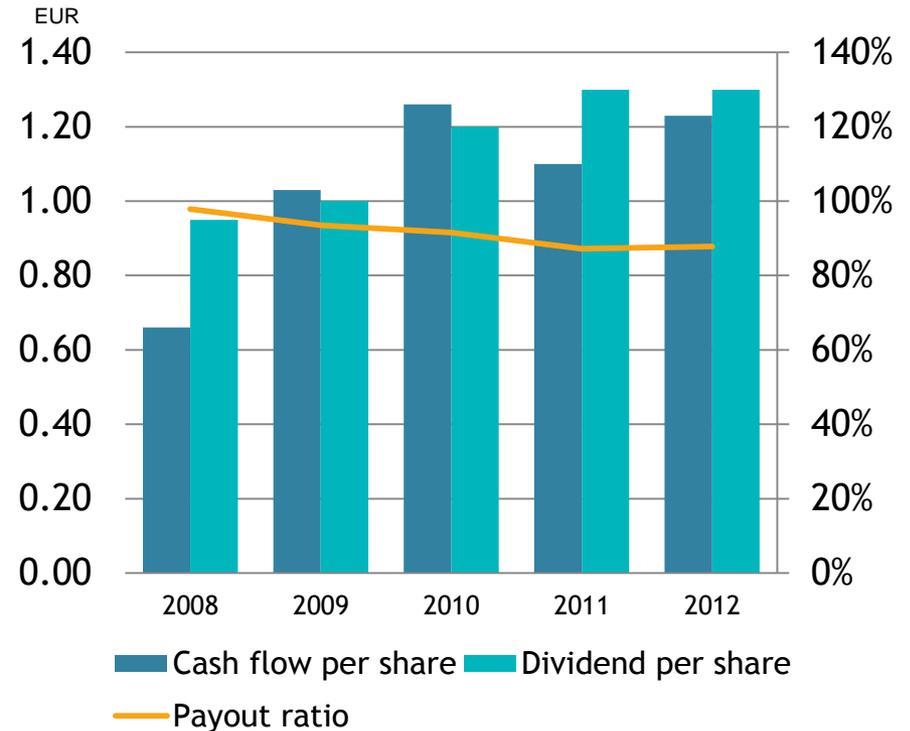
Repayments of capital 2009–2011

2009: EUR 0.10 per share

2010: EUR 0.06 per share

2011: EUR 0.12 per share

Dividend distribution history





ORION

ORION
Building well-being