



Orion Interim Report Q1—Q3/2012

23 October 2012

Timo Lappalainen
President and 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.

Sales developed well

- Net sales grew despite decline in sales of Parkinson's drugs as anticipated
 - Sales of other products up by 11%
- Operating profit at similar level to comparative period
- Research projects progressed as planned
 - Positive results from Phase II of ODM-101 project (Parkinson's disease)
 - Promising results from ODM-201 project (prostate cancer)
 - New ODM-103 project entered clinical trial phase (Parkinson's disease)

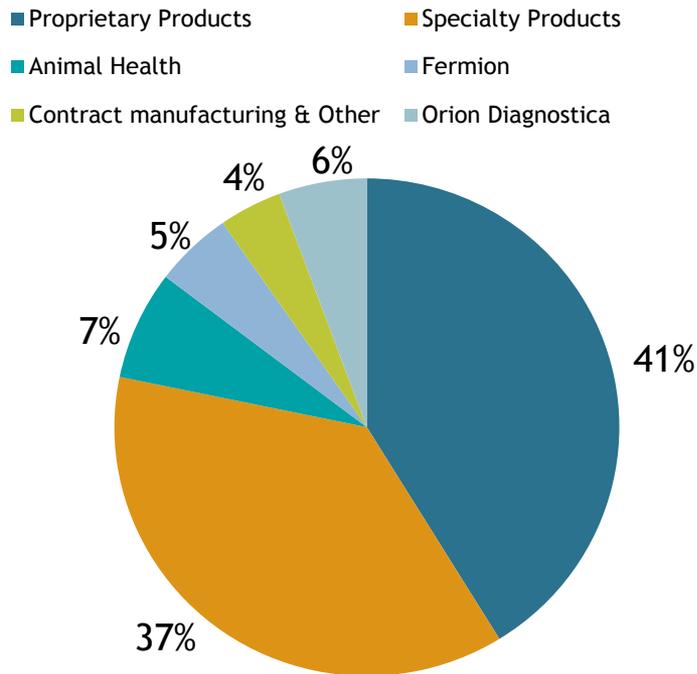
Net sales and operating profit

Group key figures	Q1–Q3/2012	Q1–Q3/2011	Change %	2011
Net sales, EUR million	726	682	+7%	918
Operating profit, EUR million	222	223	-1%	283
Basic earnings per share, EUR	1.18	1.17	+1%	1.49
Cash flow per share before financial items, EUR	0.92	0.77	+19%	1.10

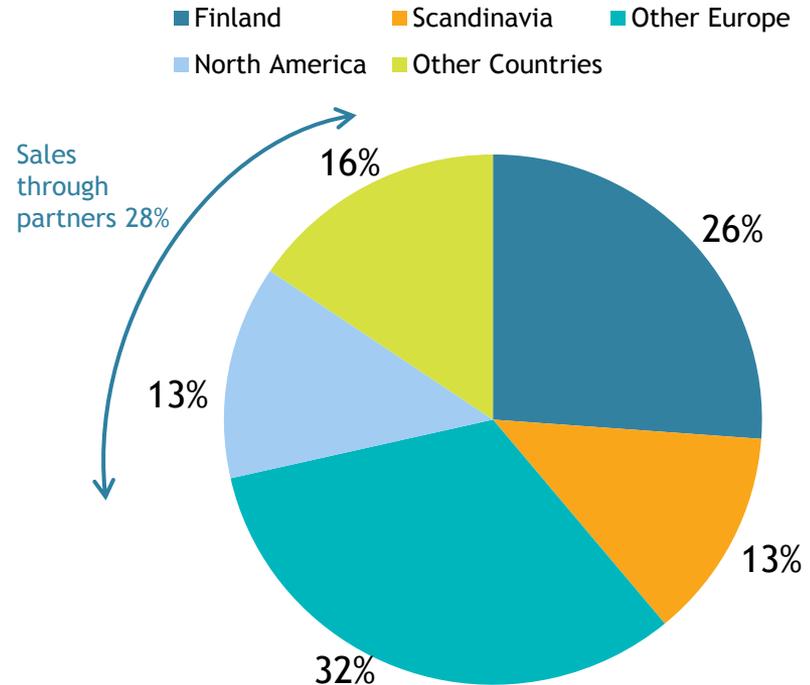
- Net sales up by 7%
 - Sales of products based on in-house R&D, which accounted for 46% of Pharmaceuticals business's net sales, up by 3%
 - Pharmaceuticals business's net sales excluding Parkinson's drugs up by 11%
 - Strong growth in many business divisions
- Operating profit at similar level to comparative period
 - Gross profit-% lower due to products with lower margins accounting for increasing proportion of sales
 - R&D expenses higher as anticipated and sales expenses at similar level to comparative period

Breakdown of net sales

By business divisions



By market area





Business Reviews

Specialty Products maintained strong growth

Key figures for Pharmaceuticals business	Q1–Q3/2012	Q1–Q3/2011	Change %	2011
Net sales of Pharmaceuticals, EUR million	687	647	+6%	871
Proprietary Products	300	306	-2%	409
Specialty Products	270	238	+13%	321
Animal Health	52	49	+7%	68
Fermion	36	32	+16%	43
Contract manufacturing and other	29	23	+28%	30
Pharmaceuticals operating profit, EUR million	226	226		288

- Net sales of Parkinson's drugs down by 5% and accounted for 28% of segment's net sales
- Net sales excluding Parkinson's drugs grew by 11%
- Orion clear market leader in Finland
- Strong growth in Specialty Products, Fermion and Contract Manufacturing

Best-selling pharmaceuticals

Orion's best-selling pharmaceuticals, EUR million

	Q1–Q3/2012	Q1–Q3/2011	Change %	2011
1. Stalevo [®] , Comtess [®] and Comtan [®] (Parkinson's disease)	192	202	-5%	267
2. Simdax [®] (acute decompensated heart failure)	32	31	+3%	44
3. Precedex [®] (intensive care sedative)	28	22	+27%	33
4. Easyhaler [®] product family (asthma, COPD)	20	23	-12%	31
5. Burana [®] (inflammatory pain)	18	17	+1%	24
6. Dexdomitor [®] , Domitor [®] , Domosedan [®] and Antisedan [®] (animal sedatives)	16	14	+14%	23
7. Generic entacapone products (Parkinson's disease)	13	-	-	0
8. Marevan [®] (anticoagulant)	12	12	+5%	16
9. Divina [®] range (menopausal symptoms)	12	10	+17%	13
10. Fareston [®] (breast cancer)	10	7	+49%	10
Total	353	339	+4%	460
Share of Pharmaceuticals net sales	51%	52%		53%

Orion clear market leader in Finland

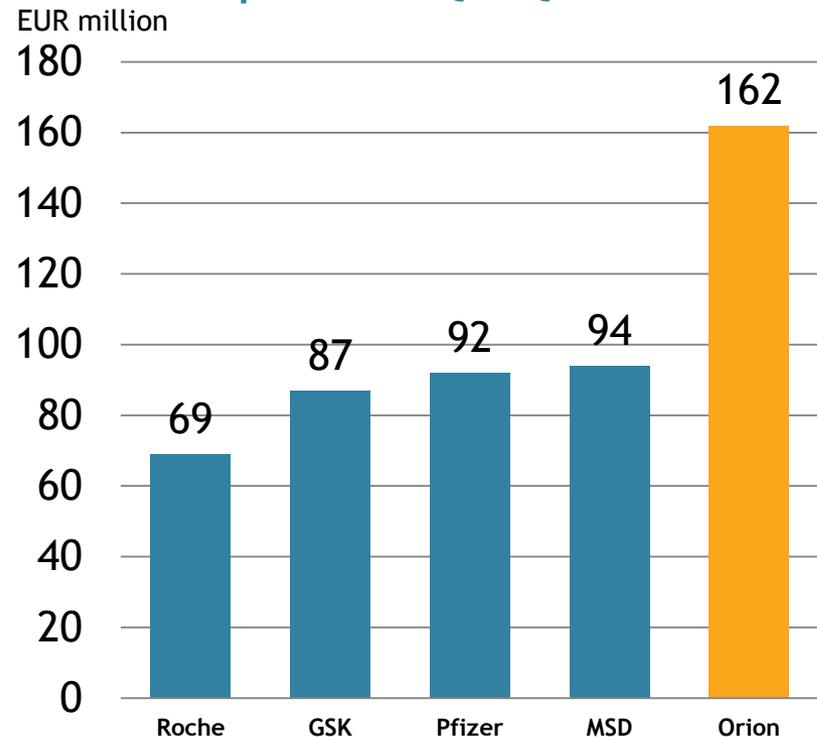
Finnish human pharmaceuticals market in Q1–Q3/2012

- Wholesale EUR 1,489 million (+2%)

Orion in Finnish human pharmaceuticals market

- Sales growth 8%
- 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–Q3/2012



Sales of Parkinson's drugs growing in Japan

Overall markets for Parkinson's drugs July 2011—June 2012

- United States ³⁾ USD 679 million (-11%)
- Five largest European markets ^{1) 3)}
EUR 952 million (-6%)
- Japan ²⁾ EUR 562 million (+13%)

Sales of entacapone drugs July 2011—June 2012

- United States ³⁾ USD 182 million (+0.3%)
- Five largest European markets ^{1) 3)}
EUR 157 million (-1%)
- Japan ²⁾ EUR 62 million (+21%)

Market shares of entacapone drugs	MAT6 2012	MAT6 2011
Finland ²⁾	25%	23%
Sweden ²⁾	14%	15%
Norway ²⁾	15%	15%
Denmark ²⁾	19%	18%
Germany ³⁾	16%	14%
UK ³⁾	15%	14%
United States ^{3) 4)}	27%	24%
Japan ^{2) 4)}	11%	10%

¹⁾ Germany, UK, France, Spain and Italy

²⁾ including sales to hospitals and retail distributors

³⁾ sales to retail distributors only

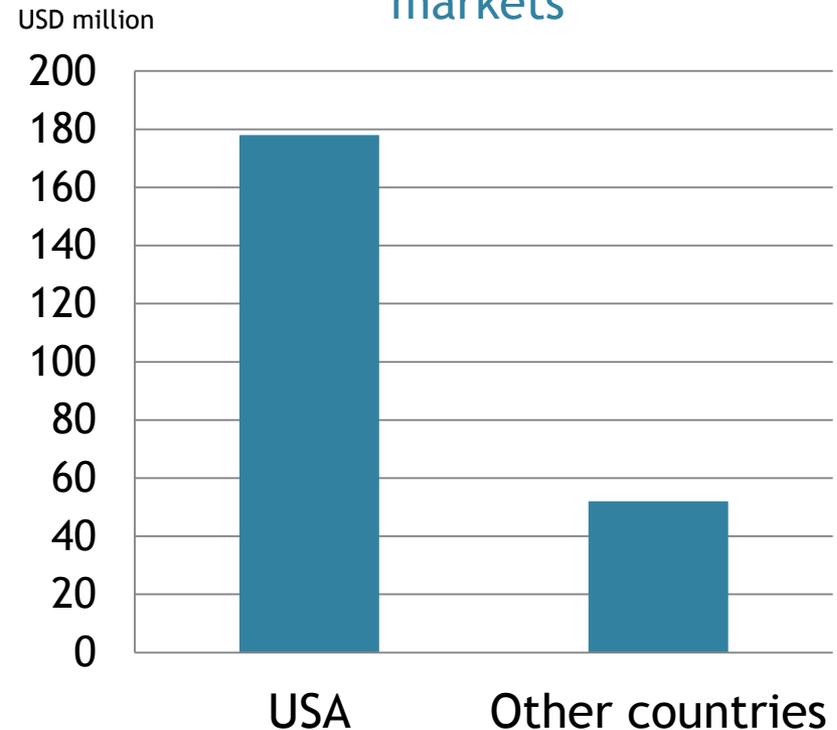
⁴⁾ Novartis sales area

Precedex still growing strongly

Markets for intensive care sedative Precedex July 2011—June 2012

- Total USD 230 million (+27%)
- United States USD 178 million (+22%)

Breakdown of Precedex
markets



Key clinical pharmaceutical development projects

Project	Indication	Clinical phases			Registration
		I	II	III	
Easyhaler® combined formulations	Asthma, COPD	■	■	■	
Stalevo® for Japanese markets ¹⁾	Parkinson's disease	■	■	■	
ODM-101 (more effective levodopa product)	Parkinson's disease	■	■		
ODM-201 ²⁾ (androgen receptor antagonist)	Advanced prostate cancer	■	■		
ORM-12741 (alpha 2 _c receptor antagonist)	Alzheimer's disease	■	■		
ODM-103 (more effective COMT inhibitor)	Parkinson's disease	■			
Androgen receptor antagonist and alpha 2 _c receptor antagonist	Molecule ready for transfer to clinical phase trials if required				
		■	= Phase completed		
		■	= Phase ongoing		

Net sales grew in Diagnostics business

Key figures for Diagnostics business	Q1–Q3/2012	Q1–Q3/2011	Change %	2011
Net sales, EUR million	41	37	+12%	50
Operating profit, EUR million	3.1	4.2	-27%	4.9

- QuikRead® tests remained main product
 - Sales of more user-friendly prefilled QuikRead 101 system and QuikRead go®, a new generation testing instrument, developed well
- Launch of FOB (Faecal Occult Blood) quantitative test for QuikRead 101 system began during the review period
 - New product version helps screen gastrointestinal disorders
- Profit decreased by higher expenditure on product development and marketing

Outlook for 2012 (updated on 9 October)

- **Net sales** will be slightly higher than in 2011
- **Operating profit** will be at similar level to 2011
- **Group's capital expenditure** about EUR 50 million excluding substantial corporate or product acquisitions

Orion Calendar

- Financial Statements 2012 5 February 2013
- Annual General Meeting 2013 19 March 2013
- Interim Report January—March 2013 23 April 2013
- Interim Report January—June 2013 30 July 2013
- Interim Report January—September 2013 22 October 2013
- The Annual Report 2012 will be published on the Company's website at the latest in week 9/2013.



ORION

ORION
Building well-being

Orion's financial objectives

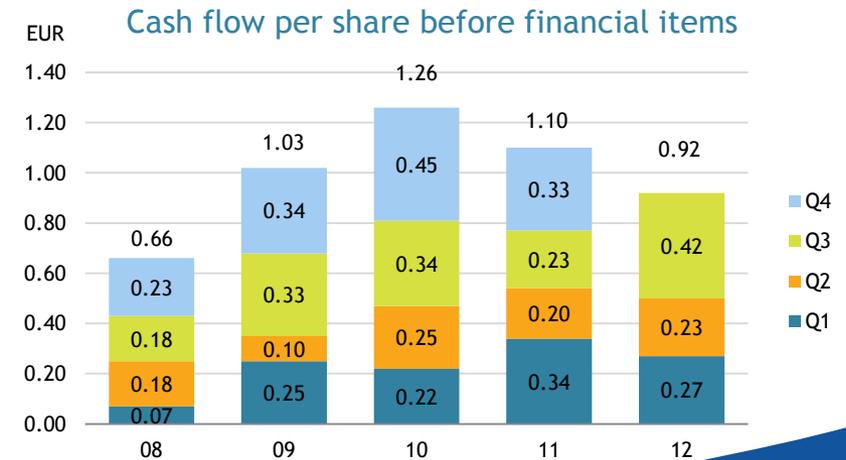
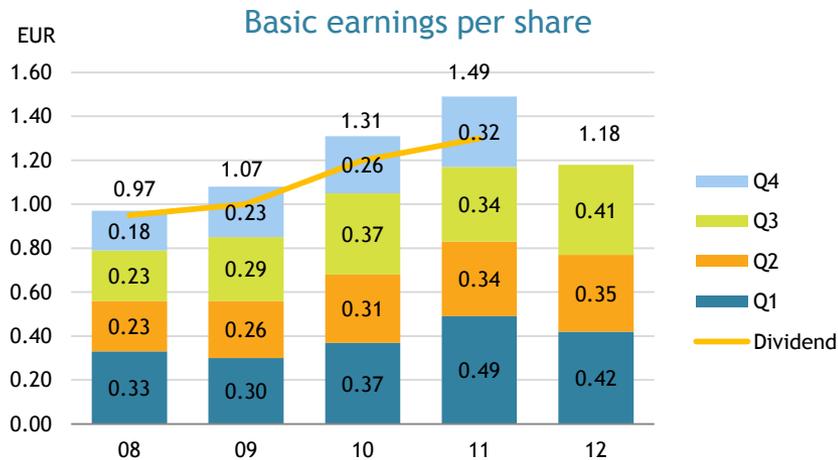
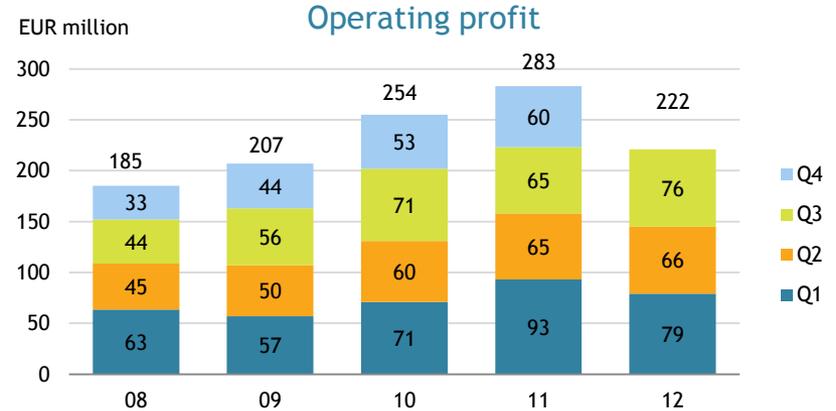
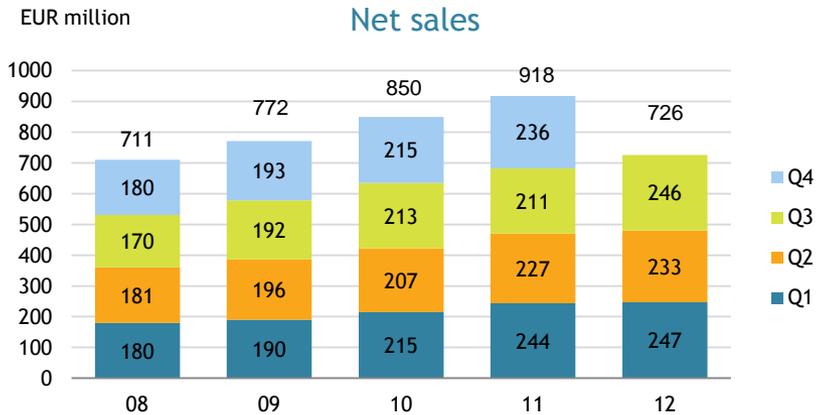
Orion's financial objectives are:

- 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 2008—Q3/2012

Orion's key figures	2008	2009	2010	2011	Q1—Q3/2012	Q1—Q3/2011	Change %
Net sales, EUR million	710.7	771.5	849.9	917.9	726.0	681.8	+6.5%
Operating profit, EUR million	185.0	207.0	254.2	282.9	221.5	223.4	-0.8%
Profit before taxes, EUR million	184.2	203.7	252.6	282.0	220.5	222.4	-0.9%
R&D expenses, EUR million	90.0	95.2	85.5	87.5	73.2	62.1	+17.8%
Equity ratio, %	60.2%	60.6%	62.7%	64.2%	59.2%	64.2%	
Gearing, %	-7.1%	-8.9%	-12.2%	-6.9%	7.6%	2.9%	
ROCE (before taxes), %	38.5%	37.4%	45.0%	49.4%	50.0%	53.4%	
Return on equity, %	32.1%	35.3%	40.7%	43.3%	45.7%	47.6%	
Basic earnings per share, EUR	0.97	1.07	1.31	1.49	1.18	1.17	+1.0%
Cash flow per share before financial items, EUR	0.66	1.03	1.26	1.10	0.92	0.77	+19.4%
Dividend per share, EUR	0.95	1.00 + 0.10 ¹⁾	1.20 + 0.06 ²⁾	1.30 + 0.12 ³⁾			

¹⁾ A capital repayment of EUR 0.10 per share was paid for 2009.

²⁾ A capital repayment of EUR 0.06 per share was paid for 2010.

³⁾ A capital repayment of EUR 0.12 per share was paid for 2011.

Development of sales of own proprietary products

Net sales of proprietary products,
EUR million

	Indication	Q1–Q3/2012	Q1–Q3/2011	Change %	2011
Stalevo [®] , Comtess [®] and Comtan [®]	Parkinson's disease	192.2	202.4	-5.0%	266.7
Simdax [®]	Acute decompensated heart failure	32.1	31.3	+2.6%	44.0
Precedex [®]	Intensive care sedative	28.4	22.4	+27.2%	33.0
Easyhaler [®] product family	Asthma, COPD	20.4	23.1	-11.7%	30.5
Dexdomitor [®] , Domitor [®] , Domosedan [®] and Antisedan [®]	Animal sedatives	16.4	14.3	+14.4%	23.2
Divina [®] range	Menopausal symptoms	11.5	9.8	+17.3%	13.2
Fareston [®]	Breast cancer	9.7	6.5	+49.1%	9.6
<i>dexdor</i> [®]	Intensive care sedative	8.0			0.9
Total		318.7	309.7	+2.9%	421.1
% of pharmaceutical net sales		46%	48%		48%

Income Statement 2008—Q3/2012

Formation of profits, EUR million	2008	2009	2010	2011	Q1-Q3/2012	Q1-Q3/2011	Change %
Net sales	710.7	771.5	849.9	917.9	726.0	681.8	+6.5%
Cost of goods sold	-243.4	-265.2	-283.2	-305.1	-253.7	-219.8	+15.4%
Gross profit	467.4	506.3	566.8	612.8	472.2	462.0	+2.2%
Other operating income and expenses	3.1	6.0	1.2	3.0	2.1	2.5	-18.5%
Sales and marketing expenses	-143.9	-160.0	-188.9	-204.8	-147.5	-151.2	-2.4%
R&D expenses	-90.0	-95.2	-85.5	-87.5	-73.2	-62.1	+17.8%
Administrative expenses	-51.5	-50.2	-39.3	-40.6	-32.2	-27.9	+15.3%
Operating profit	185.0	207.0	254.2	282.9	221.5	223.4	-0.8%
Profit before taxes	184.2	203.7	252.6	282.0	220.5	222.4	-0.9%
Profit for the period	136.3	151.4	184.7	209.5	166.0	164.3	+1.0%

Orion's main research programmes

- Expansion of *Easyhaler*[®] product family. Under development are *new budesonide-formoterol* and *fluticasone-salmeterol combined formulations* for treatment of asthma and COPD.
- Orion and Novartis are developing Parkinson's drug *Stalevo*[®] for Japanese markets.
 - Novartis will initiate a clinical bioavailability study in November 2012
- *Androgen receptor antagonist (ODM-201)* for treatment of advanced prostate cancer is in Phase II clinical trials undertaken jointly with Endo Pharmaceuticals.
- *Alpha 2_c receptor antagonist (ORM-12741)* is in Phase II clinical trials.
 - The trials are investigating the efficacy and safety of the drug candidate in treating Alzheimer's disease
- Orion is developing a new more effective *levodopa product (ODM-101)* based on optimised new formulations and doses of known compounds. The results from Phase II clinical trials were positive.
- Orion has begun Phase I clinical safety trials with a *COMT inhibitor (ODM-103)*.
 - New molecule enhances the effects of levodopa used to treat Parkinson's disease
 - Pre-clinical study results indicated that new molecule is more effective than entacapone
- Orion has completed pre-clinical studies with another *androgen receptor antagonist molecule* and another *alpha 2_c receptor antagonist molecule*.
 - Progress of these drug candidates into clinical trials will depend on the results of the ongoing androgen receptor antagonist and alpha 2_c receptor antagonist clinical trials
- 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⁾	July 2013	June 2012

¹⁾ Stalevo data protection expires

²⁾ Wockhardt and Sun companies entered markets in April 2012

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

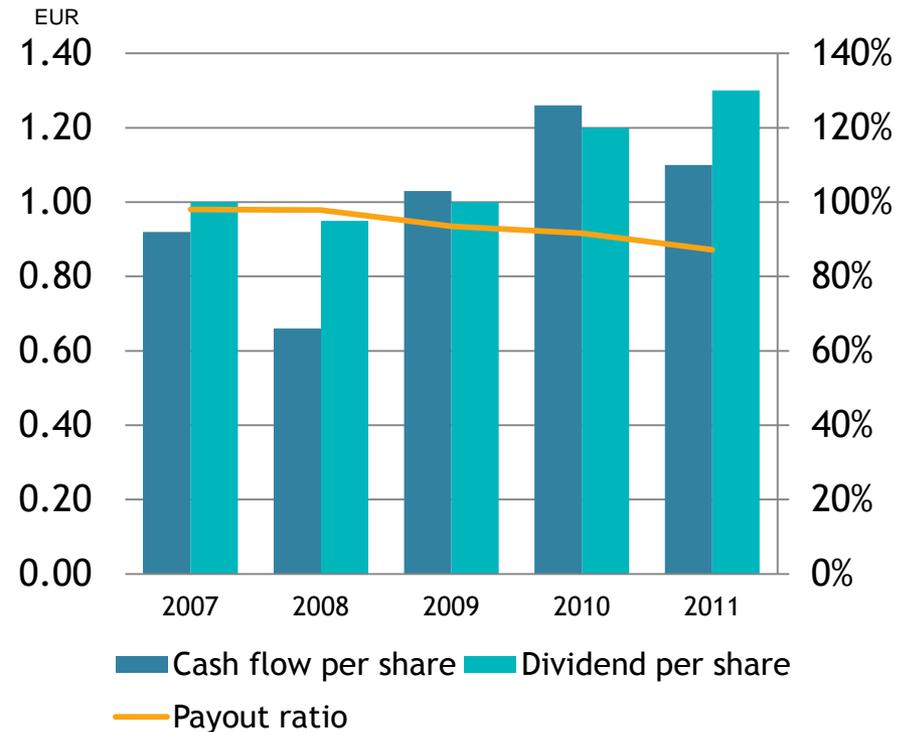
⁴⁾ Dexdor data protection expires

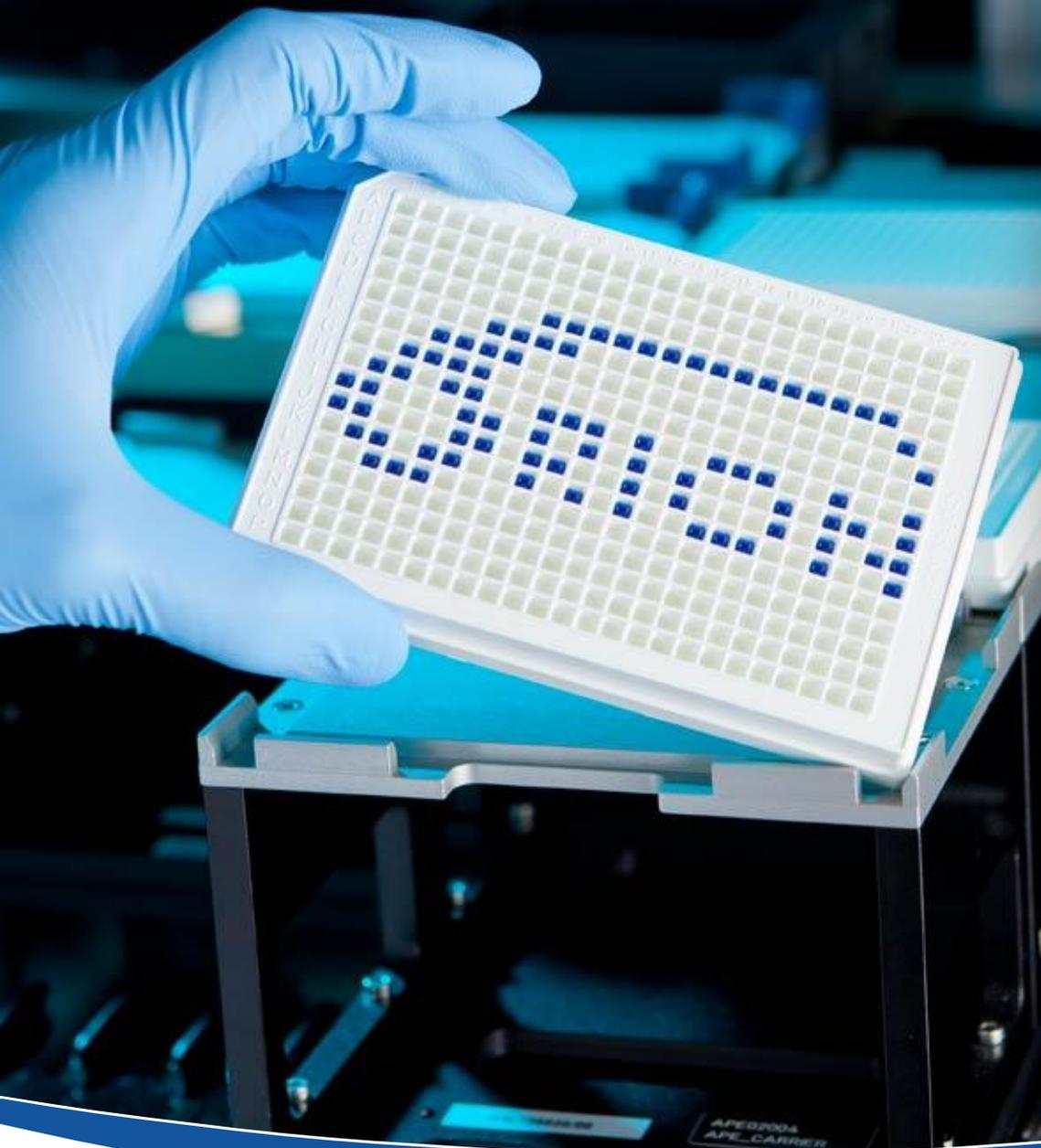
Dividend distribution policy

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

Dividend distribution history





ORION

ORION
Building well-being