



Orion Group
Q1–Q2/2008 Interim Report
5 August 2008

Timo Lappalainen, CEO



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.



Main events in Q1–Q2/2008

- Net sales increased by almost 5% thanks to the broad basic product portfolio and successful product launches
 - operating profit increased by about 4%
 - investments in R&D and sales continued as planned
 - US-dollar continued to weaken
- Strengthening the product portfolio continued by entering into new licencing agreements
- Expenditure on research continued as planned
 - development programme of the new COMT inhibitor, which had progressed to the end of clinical phase I, was decided to discontinue
 - resources are directed to other projects



Outline of the strategy remains unchanged

- The aim is still to grow profitably and to increase the shareholder value while managing the business risks
- All five business divisions have an important role in reaching the business targets
 - current operations in Europe will be strengthened
 - partnerships in other countries
 - product portfolio will be broadened
 - leading position in Finland will be maintained
 - focus of R&D operations continues on early research
 - overall number of programmes will be increased
 - risks of individual projects will be balanced
 - new early research molecules will be acquired
 - emphasis on actions to meet challenges created by expiry of entacapone patents



Steady growth continued

	Q1-Q2/08	Q1-Q2/07	Change %	2007
Net sales, EUR million	362.3	345.8	+4.8%	683.6
Operating profit (EBIT), EUR million	108.6	104.3	+4.1%	192.0
% of net sales	30.0%	30.2%		28.1%
Profit before taxes, EUR million	108.9	105.1	+3.7%	193.4
Earnings per share, EUR	0.57	0.55	+3.8%	1.02

- Net sales increased by almost 5%
 - new product launches continued
 - Calcimagon license ended in the end of 2007
 - deliveries to Novartis decreased slightly
 - weak US-dollar
- EBIT increased by over 4%
 - investments in sales, marketing and R&D continued as planned



Business reviews



Growth of Pharmaceuticals business continued

EUR million	Q1-Q2/08	Q1-Q2/07	Change %	2007
Net sales of the Pharmaceuticals Business	338.5	324.7	+4.3%	643.3
Proprietary Products	144.3	135.0	+6.9%	270.8
Specialty Products	126.0	120.6	+4.4%	241.5
Animal Health	34.4	36.2	-4.9%	66.8
Fermion	19.4	20.8	-6.4%	38.1
Other	14.5	12.1	+19.0%	26.1
EBIT of the Pharmaceuticals Business	108.8	105.3	+3.3%	197.1

- Net sales of Parkinson's Disease product franchise up by 3%
 - sales of Stalevo and Comtess through own sales network up by over 10%
 - deliveries to Novartis down by 2%
 - net sales from Stalevo up by almost 18%
- Generic product portfolio in Finland and eastern Europe was further strengthened



In-licensing agreements to strengthen current product portfolio

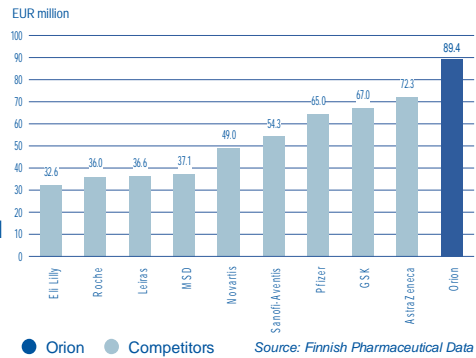
- European-wide marketing rights for Vantas[®] (histrelin)
 - for the treatment of advanced prostate cancer
 - Vantas is an implant that releases active ingredient during a 12-month period
 - product is already marketed e.g. in the USA
 - Mutual Recognition Procedure for European approvals is under way, launches expected in 2009
- Rights to market Kentera[®] (oxybutynin) in the territory of the Nordic countries and Switzerland
 - for the treatment of urge incontinence and overactive bladder
 - Kentera is a patch that contains the active ingredient
 - approved in the USA in 2003 and in Europe in 2004
 - launch in all Nordic countries already in June and in Switzerland by the end of 2008
- Marketing rights for Paclical[®] Vet (paclitaxel) were expanded to cover the whole Europe
 - new nano particle formulation
 - paclitaxel is being studied in human use for the treatment of women's ovarian cancer and for animal use in the treatment of dogs' skin cancer
 - Orion has already purchased the rights for human paclitaxel for the treatment of women's ovarian cancer
- Active in-licensing of generic products continued



Orion continued as the market leader in Finland

- Wholesales of human pharmaceuticals in Finland in Jan–Jun/2008 totalled EUR 952.9 (895.7) million
 - market up by 6.3%
- Orion's share was EUR 89.4 million
 - up by 10.0%
 - clearly faster growth than that of the total market on average
- Orion is the market leader in Finland with 9.4% (9.0%) market share
- Orion is especially strong in the sectors of self-care products, prescription drugs and pharmacy purchases

Leading marketers of pharmaceuticals in Finland in Q1–Q2/08



Market for Parkinson's Disease continues to grow, although more slowly

Total in-market sales of Parkinson's medicines in Moving Annual Total (MAT) of 12 months (4/2007–3/2008)

- in the USA
 - USD 1 309 (1 067) million
 - up by about 23%
 - exceptionally high growth is due to the broadened indication of one product
- in European top 5 markets
 - EUR 856 (790) million
 - average growth less than 9% (incl. Germany, UK, France, Spain and Italy)

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

	MAT 12 months 4/07-3/08	MAT 12 months 4/06-3/07
Finland	30%	31%
Denmark	19%	25%
Sweden	18%	19%
Germany*	16%	16%
UK*	12%	11%

*figures do not include hospital sales

Source: IMS Health



Diagnosics Business continued at good level

EUR million	Q1-Q2/08	Q1-Q2/07	Change %	2007
Net sales	24.7	22.1	+12.0%	42.0
Operating profit (EBIT)	4.9	5.0	-1.9%	6.3

- QuikRead® tests continued showing strong growth
- Profitability decreased slightly as a result of planned investments in marketing and research
- EBIT decreased compared to Q1–Q2/2007, but it still remained at a good level
- Sales efforts on products with high profitability
- Launch of the new QuikRead® Strep A -test began also in the Nordic countries
 - test is used to detect streptococcus A -bacteria, the causative agent of bacterial tonsillitis, from the pharyngeal sample
- Sales of dip slide tests progressed also steadily



R&D portfolio



Pharmaceutical R&D pipeline

status after Q2/2008

■ Orion's R&D for PP business
■ Developed by partner
■ Orion's R&D for SpP business

Project	Indication	Pre-clinical	Clinical phases			Registration
			I	II	III	
Broader indication for Stalevo	early Parkinson's Disease					
Intravenous levosimendan (Simdax)	acute heart failure	Abbott				
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 (Acapodene)	prostate cancer, osteoporosis	GTx				
Paclitaxel (Paclical)	ovarian cancer	Oasmia				
Paclitaxel (Paclical Vet)	mastocytoma	Oasmia				
Alpha 2 _c receptor antagonist	Schizophrenia					
Steroid receptor pharmacology	SARM, prostate cancer					

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



Outlook and objectives



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 for the termination of the Calcimagon licence agreement in 2007, and the patent litigation expenses in 2008.
- **R&D expenses** will be slightly over EUR 100 million. **Capital expenditure** will be about EUR 50 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 Interim Reports in 2008

Interim Report Q1–Q3/2008

Tuesday 28 October 2008

*For additional information on Orion,
including a more detailed calendar for investors, kindly visit:*
www.orion.fi/english/investors



Q1-Q2/2008 Interim Report 5 August 2008 17



BUILDING WELL-BEING



Q1-Q2/2008 Interim Report 5 August 2008 18

Appendixes



Q1-Q2/2008 Interim Report 5 August 2008 19

Breakdown of net sales Q1–Q2/2008

EUR 362.3 million

By Business segment



By geographic segment



By sales network

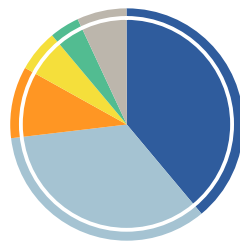


Q1-Q2/2008 Interim Report 5 August 2008 20

Breakdown of net sales Q2/2008

EUR 180.0 million

By Business segment



- Proprietary Products 39%
- Specialty Products 34%
- Animal Health 10%
- Fermion 6%
- Other 4%
- Orion Diagnostica 7%

By geographic segment



- Finland 30%
- Scandinavia 14%
- Other Europe 34%
- North America 10%
- Other markets 12%

By sales network



- Orion in Finland 30%
- Orion in other countries 43%
- Sales via partners 27%



Q1-Q2/2008 Interim Report 5 August 2008 21

Orion's key figures Q1–Q2/2008

	O2/08	O2/07	% change	Q1-Q2/08	Q1-Q2/07	% change	2007
Net sales, EUR million	180.0	166.6	+8.0%	362.3	345.8	+4.8%	683.6
Operating profit (EBIT), EUR million	45.2	43.7	+3.4%	108.6	104.3	+4.1%	192.0
% of net sales	25.1%	26.2%		30.0%	30.2%		28.1%
Profit before taxes, EUR million	44.9	43.7	+2.6%	108.9	105.1	+3.7%	193.4
Earnings per share (EPS), EUR	0.23	0.23	+2.9%	0.57	0.55	+3.8%	1.02
R&D expenses, EUR million	27.1	25.7	+5.7%	50.8	47.5	+7.0%	98.5
ROCE, %				50.0%	51.6%		44.8%
ROE, %				40.1%	38.9%		33.5%
Equity ratio, %				63.0%	72.1%		76.0%
Gearing, %				6.8%	-5.6%		-20.0%
Personnel at end of the period				3 351	3 254	+3.0%	3 176



Q1-Q2/2008 Interim Report 5 August 2008 22

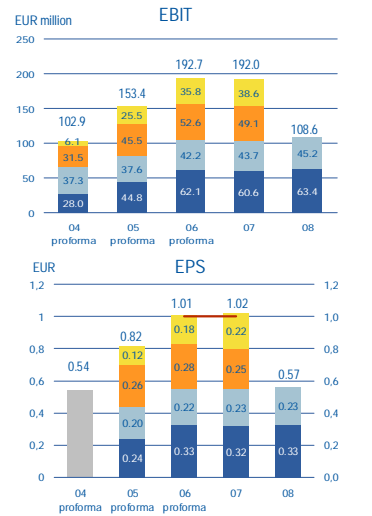
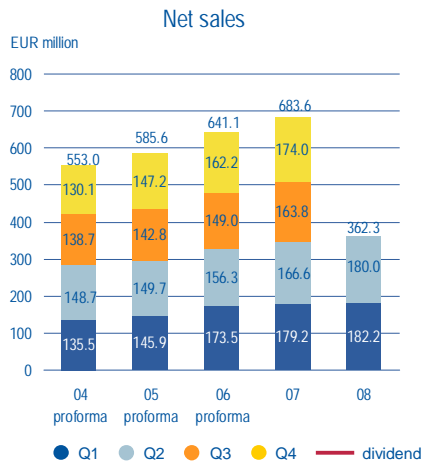
Group Income Statement Q1–Q2/2008

EUR million	Q2/08	Q2/07	% change	Q1-Q2/08	Q1-Q2/07	% change	2007
Net sales	180.0	166.6	+8.0%	362.3	345.8	+4.8%	683.6
Cost of goods sold	-59.5	-53.2	+11.7%	-109.6	-107.3	+2.2%	-219.3
Gross profit	120.6	113.4	+6.3%	252.6	238.5	+5.9%	464.3
Other operating income	0.6	0.6	-4.5%	1.1	1.3	-17.6%	9.0
Selling and marketing expenses	-37.2	-35.5	+4.8%	-72.3	-69.2	+4.5%	-143.4
R&D expenses	-27.1	-25.7	+5.7%	-50.8	-47.5	+7.0%	-98.5
Administrative expenses	-11.7	-9.2	+26.8%	-22.0	-18.8	+16.8%	-39.4
Operating profit, EBIT	45.2	43.7	+3.4%	108.6	104.3	+4.1%	192.0
Profit before taxes	44.9	43.7	+2.6%	108.9	105.1	+3.7%	193.4
Profit for the period	32.8	32.0	+2.6%	79.9	77.1	+3.6%	143.9



Q1-Q2/2008 Interim Report 5 August 2008 23

Orion's financial figures by annual quarters 2004–2008

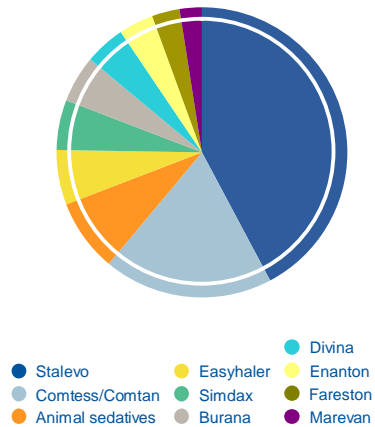


Q1-Q2/2008 Interim Report 5 August 2008 24

Stalevo continued strongly in Q1–Q2/2008

EUR million	Q1-Q2/08	Q1-Q2/07	change %	2007
Stalevo®	72.6	61.7	+17.7%	126.9
Comtess® /Comtan®	32.6	40.3	-19.2%	73.3
Dexdomitor®, Domitor®, Domosedan® and Antisedan®	14.0	16.1	-13.1%	27.5
Easyhaler®	10.7	7.6	+40.5%	17.3
Simdax®	9.5	6.6	+42.8%	15.1
Burana®	9.3	7.7	+19.9%	15.6
Divina® -series	7.5	7.3	+3.2%	15.9
Enanton®	6.5	6.5	-0.6%	12.9
Fareston®	5.3	3.9	+36.7%	8.2
Marevan®	4.5	4.2	+6.8%	8.3
Total	172.5	162.1	+6.4%	320.9
% of Pharmaceutical net sales	51%	50%		50%

Orion's top 10 medicines

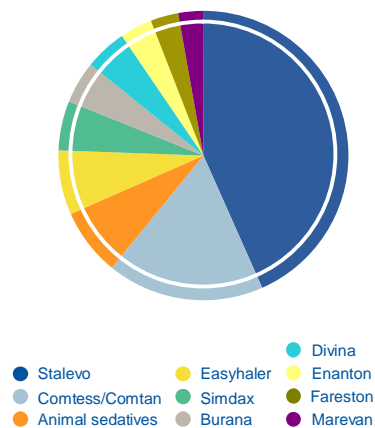


Q1-Q2/2008 Interim Report 5 August 2008 25

Top 10 pharmaceutical products in Q2/2008

EUR million	Q2/08	Q2/07	change %	2007
Stalevo®	37.8	28.6	+32.1%	126.9
Comtess® /Comtan®	15.1	18.8	-19.6%	73.3
Dexdomitor®, Domitor®, Domosedan® and Antisedan®	6.6	8.1	-18.6%	27.5
Easyhaler®	6.2	3.9	+60.4%	17.3
Simdax®	4.8	3.1	+51.3%	15.1
Burana®	4.1	3.6	+13.8%	15.6
Divina® -series	4.1	3.7	+12.4%	15.9
Enanton®	3.3	3.2	+2.0%	12.9
Fareston®	2.5	1.8	+37.2%	8.2
Marevan®	2.5	2.3	+5.7%	8.3
Total	87.0	77.2	+12.6%	320.9
% of Pharmaceutical net sales	52%	49%		50%

Orion's top 10 medicines



Q1-Q2/2008 Interim Report 5 August 2008 26

Net sales of products from in-house R&D

EUR million	Q2/08	Q2/07	% change	Q1-Q2/08	Q1-Q2/07	% change	2007
Stalevo	37.8	28.6	+32.1%	72.6	61.7	+17.7%	126.9
Comtess/Comtan	15.1	18.8	-19.6%	32.6	40.3	-19.2%	73.3
Dexdomitor, Domitor, Domosedan and Antisedan	6.6	8.1	-18.6%	14.0	16.1	-13.1%	27.5
Easyhaler franchise	6.2	3.9	+60.4%	10.7	7.6	+40.5%	17.3
Simdax	4.8	3.1	+51.3%	9.5	6.6	+42.8%	15.1
Hormone replacement therapy (Divina-series)	4.1	3.7	+12.4%	7.5	7.3	+3.2%	15.9
Fareston	2.5	1.8	+37.2%	5.3	3.9	+36.7%	8.2
Precedex	1.8	2.2	-17.5%	4.3	3.6	+17.7%	8.2
Total	78.9	70.2	+12.4%	156.5	147.2	+6.3%	292.3
% of Pharmaceutical net sales	47%	45%		46%	45%		45%



Q1-Q2/2008 Interim Report 5 August 2008 27

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 the EU 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 currently 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
 - the programme was started in the summer of 2007 and it is estimated to last two years
- The **LEVET** programme is studying the efficacy of levosimendan in the treatment of heart diseases in dogs
- New formulation is being developed for the **Easyhaler** product family combining budesonide and formoterol
- **Alpha 2_c receptor antagonist** is being studied in clinical phase I
 - potential indications include the treatment of schizophrenia, Alzheimer's Disease and depression
- **In early research**, among others, selective androgen receptor modulators (SARM), prostate cancer, neuropathic pain, Parkinson's Disease and other possible indications within intensive care
- The development of the new **COMT enzyme inhibitor** studied in clinical phase I has been decided to discontinue



Q1-Q2/2008 Interim Report 5 August 2008 28



BUILDING WELL-BEING



Q1-Q2/2008 Interim Report 5 August 2008 29