



Orion Interim Report January—September 2013

22 October 2013

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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.

Year progressed as anticipated

- Net sales at similar level to comparative period of previous year
- Operating profit slightly lower than in previous year as expected
- Orion and Hospira have extended their licensing agreement concerning Precedex® in the markets outside the Europe
- Orion and Endo have terminated their collaboration agreement concerning oncology drug research, development and commercialisation
 - Among others, all the rights of ODM-201 revert to Orion
- Investment projects progressing as planned

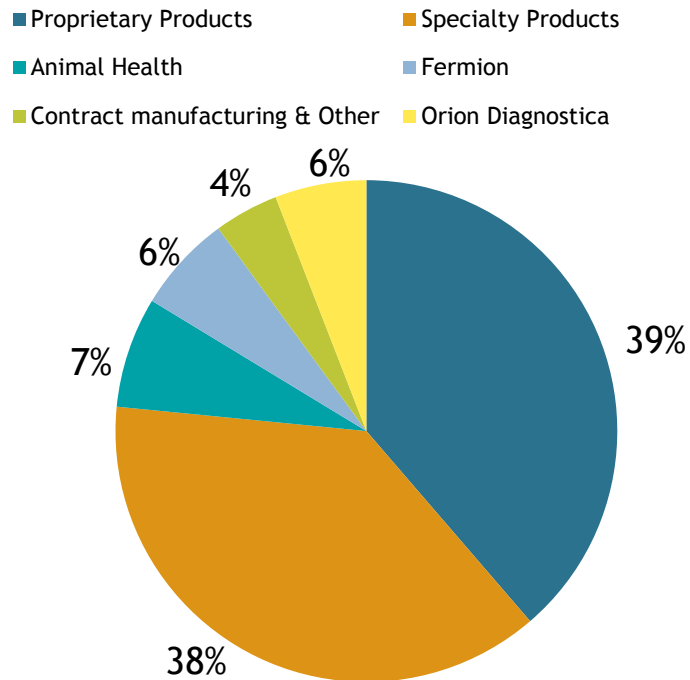
Net sales and operating profit

Group key figures	Q1–Q3/2013	Q1–Q3/2012*	Change %	2012*
Net sales, EUR million	734	726	+1%	980
Operating profit, EUR million	202	220	-8%	278
Basic earnings per share, EUR	1.07	1.17	-9%	1.47
Cash flow per share before financial items, EUR	0.56	0.92	-39%	1.23

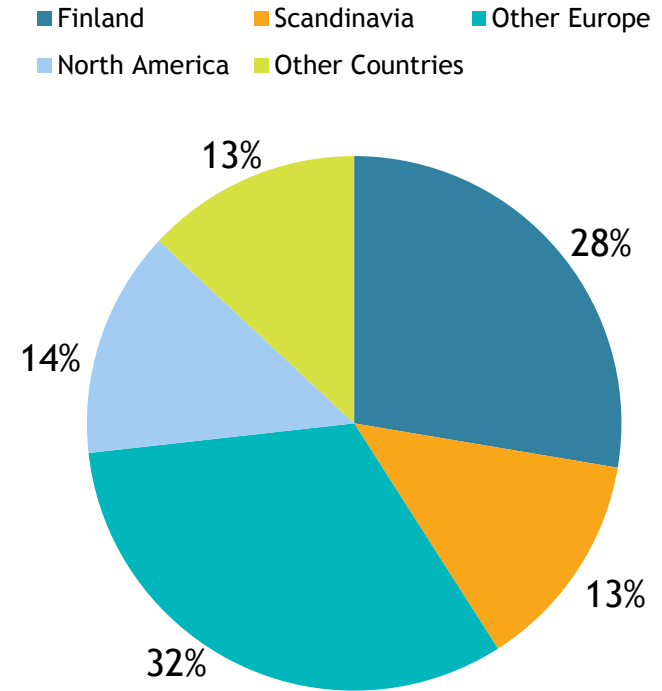
- Net sales similar to comparative period
 - Pharmaceuticals business's net sales excluding Parkinson's drugs (Stalevo[®], Comtess[®] and Comtan[®]) up by 9%
- Operating profit
 - Margin lower due to higher proportion of sales from lower margin products, lower prices and higher production costs
 - Net sales and operating profit in comparative period enhanced by a total of EUR 10 million of compensatory payments related to partner deliveries
- 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

Breakdown of net sales

By business divisions



By market area





Business Reviews

Pharmaceuticals business

Key figures for Pharmaceuticals business	Q1–Q3/2013	Q1–Q3/2012*	Change %	2012*
Net sales of Pharmaceuticals, EUR million	693	687	+1%	929
Proprietary Products	285	300	-5%	404
Specialty Products	279	270	+4%	367
Animal Health	53	52	+2%	69
Fermion	46	36	+27%	48
Contract manufacturing and other	31	29	+5%	41
Pharmaceuticals operating profit, EUR million	205	224	-9%	287

- Net sales of Parkinson's drugs down by 19%, and accounted for 22% of segment's net sales
- Net sales excluding Parkinson's drugs up by 9%
- 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–Q3/2013	Q1–Q3/2012	Change %	2012
1. Stalevo [®] , Comtess [®] and Comtan [®] (Parkinson's disease)	PP	156	192	-19%	250
2. Precedex [®] (intensive care sedative)	PP	41	28	+43%	45
3. Simdax [®] (acute decompensated heart failure)	PP	33	32	+3%	44
4. Easyhaler [®] product family (asthma, COPD)	PP	21	20	+3%	27
5. Dexdomitor [®] , Domitor [®] , Domosedan [®] and Antisedan [®] (animal sedatives)	AH	18	16	+10%	23
6. dexdor [®] (intensive care sedative)	PP	18	8	+125%	13
7. Burana [®] (inflammatory pain)	SpP	17	18	-2%	23
8. Marevan [®] (anticoagulant)	SpP	12	12	-3%	16
9. Divina [®] range (menopausal symptoms)	SpP	11	12	-9%	16
10. Trexan [®] (rheumatoid arthritis, cancer)	SpP	9	8	+8%	11
Total		334	347	-4%	467
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

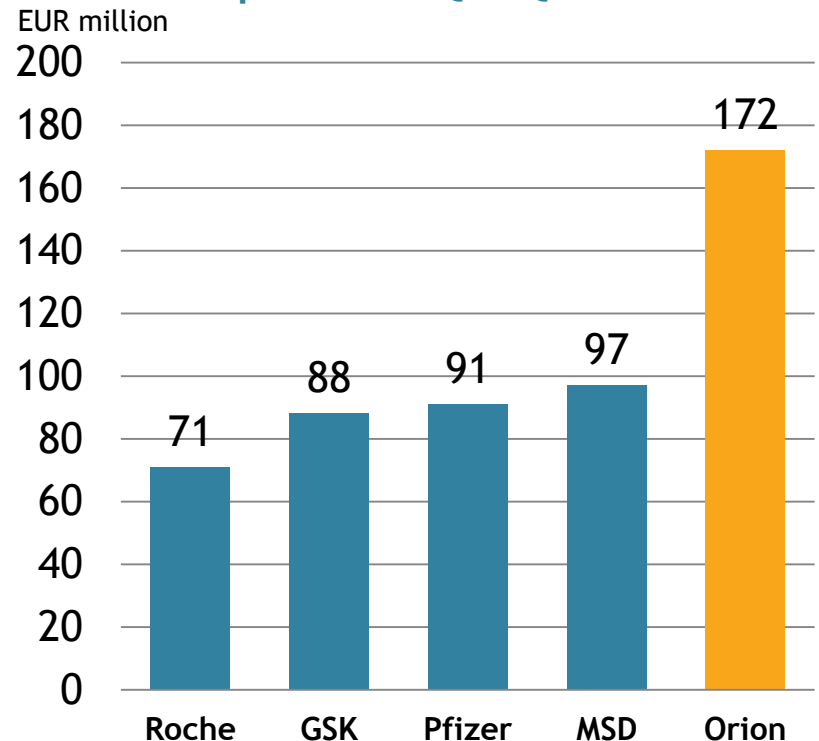
Finnish human pharmaceuticals market in Q1–Q3/2013

- Wholesale EUR 1,520 million (+2%)

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–Q3/2013



Review of Parkinson's drugs markets

Overall markets for Parkinson's drugs July 2012 – June 2013

- United States ³⁾ USD 791 million (+8%)
- Five largest European markets ^{1) 3)}
EUR 969 million (+2%)
- Japan ²⁾ EUR 553 million (-2%)

Sales of Orion's Stalevo, Comtess & Comtan Parkinson's drugs July 2012 – June 2013

- United States ³⁾ USD 71 million (-60%)
- Five largest European markets ^{1) 3)}
EUR 152 million (-3%)
- Japan ²⁾ EUR 63 million (+1%)

Market shares of Orion's branded Parkinson's drugs

	MAT6 2013	MAT6 2012
Finland ²⁾	23%	25%
Sweden ²⁾	15%	14%
Norway ²⁾	15%	15%
Denmark ²⁾	19%	19%
Germany ³⁾	15%	16%
UK ³⁾	14%	14%
United States ^{3) 4)}	9%	24%
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

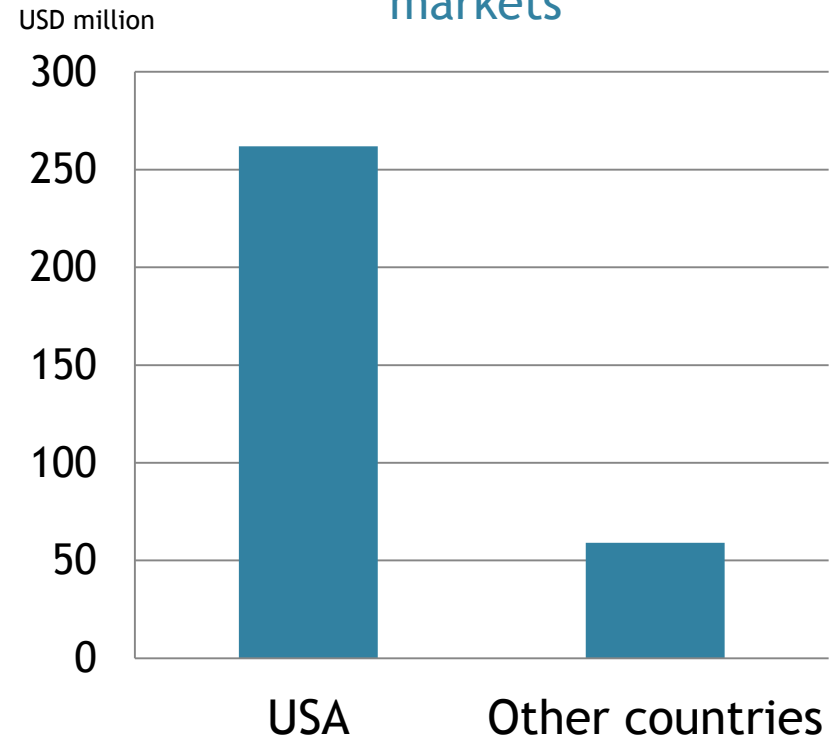
Markets for Precedex[®] intensive care sedative July 2012 — June 2013

- Total USD 321 million (+39%)
- United States USD 262 million (+46%)

Sales of *dexdor*[®] intensive care sedative July 2012 — June 2013

- EUR 18 million (+259%)

Breakdown of Precedex markets



Key clinical pharmaceutical development projects

Project	Indication	Clinical phases			Registration
		I	II	III	
Easyhaler® budesonide-formoterol	Asthma, COPD	●	●	●	○
Stalevo® for Japanese markets ¹⁾	Parkinson's disease	●	●	●	○
Easyhaler® salmeterol-fluticasone	Asthma, COPD	●	●	○	
ODM-101 (more effective levodopa product)	Parkinson's disease	●	●		
ORM-12741 (alpha-2c adrenoceptor antagonist)	Alzheimer's disease	●	IIa		
ODM-201 (androgen receptor antagonist)	Advanced prostate cancer	●	●		
ODM-103 (more effective COMT inhibitor)	Parkinson's disease	○			
ODM-104 (more effective COMT inhibitor)	Parkinson's disease	○			
ODM-102 (alpha-2c adrenoceptor antagonist)	Alzheimer's disease	○			

¹⁾ Conducted by partner Novartis

● Phase completed ○ = Phase ongoing

Diagnostics business

Key figures for Diagnostics business

	Q1—Q3/2013	Q1—Q3/2012*	Change %	2012*
Net sales, EUR million	43	41	+6%	54
Operating profit, EUR million	3.9	2.9	+33%	2.3

- Good growth in sales increased profit which includes EUR 1.6 million of expenses recorded in June due to contraction of product portfolio, closure of Turku manufacturing plant and personnel reductions
- QuikRead® tests remained main product
 - Launching of QuikRead go® hsCRP+Hb test progressed as planned
- Through measures decided following co-operation negotiations, Orion Diagnostica continued streamlining its operations according to planned schedule during review period

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

- 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
- Financial Statements and Report by the Board of Directors for 2013 will be published on the Company’s website at latest in week 10/2014



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Orion's financial objectives

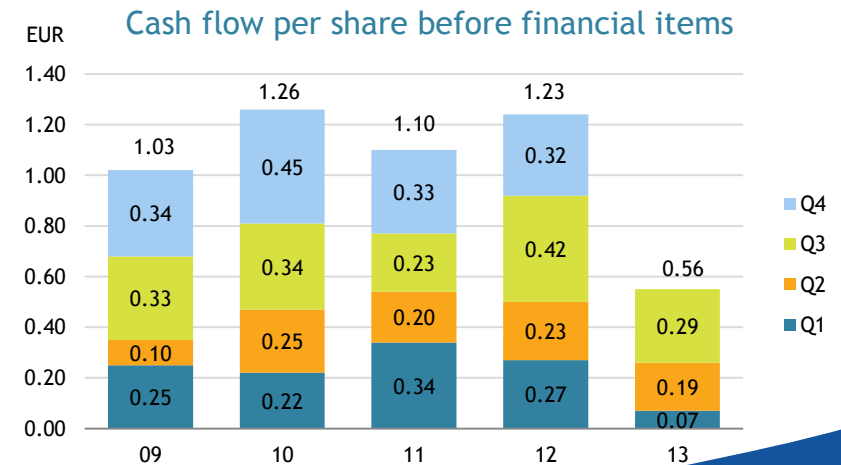
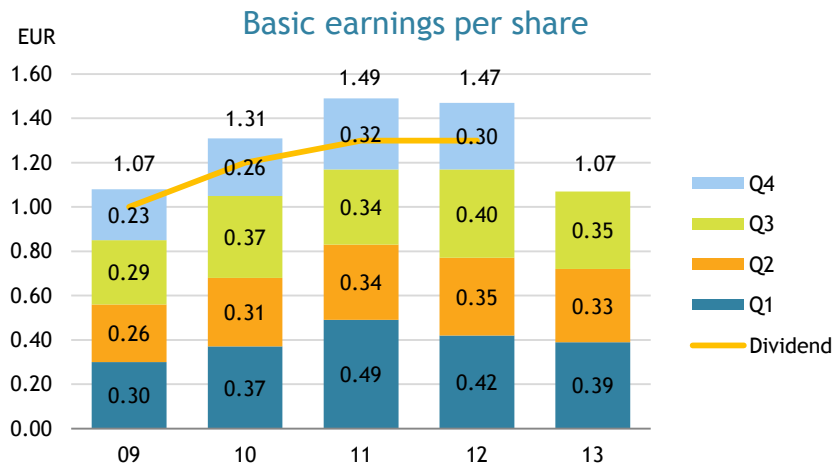
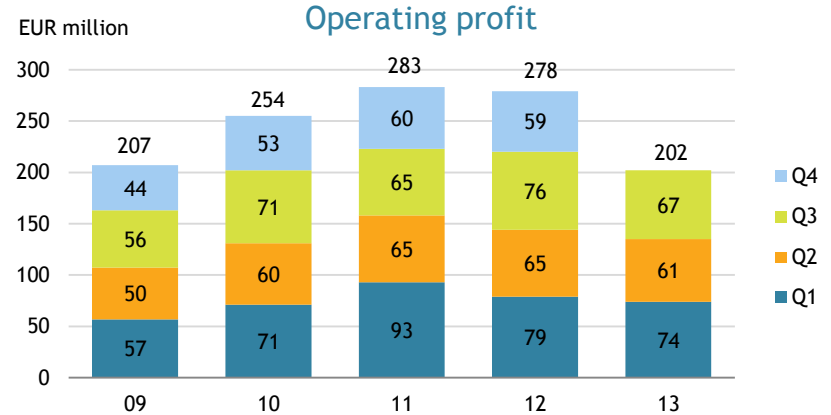
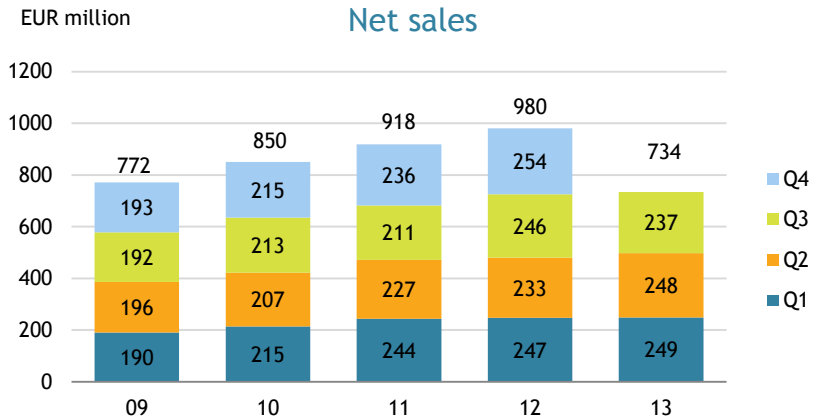
Orion's financial objectives are:

- 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–Q3/2013

Orion's key figures	2009	2010	2011	2012*	Q1–Q3/2013	Q1–Q3/2012*	Change %
Net sales, EUR million	771.5	849.9	917.9	980.4	734.3	726.0	+1.1%
Operating profit, EUR million	207.0	254.2	282.9	278.3	201.8	219.5	-8.1%
Profit before taxes, EUR million	203.7	252.6	282.0	276.6	199.6	218.5	-8.7%
R&D expenses, EUR million	95.2	85.5	87.5	105.8	72.2	73.9	-2.3%
Equity ratio, %	60.6%	62.7%	64.2%	61.0%	51.5%	58.9%	
Gearing, %	-8.9%	-12.2%	-6.9%	-1.7%	20.5%	7.7%	
ROCE (before taxes), %	37.4%	45.0%	49.4%	45.9%	39.4%	49.9%	
Return on equity, %	35.3%	40.7%	43.3%	41.0%	40.7%	45.6%	
Basic earnings per share, EUR	1.07	1.31	1.49	1.47	1.07	1.17	-8.6%
Cash flow per share before financial items, EUR	1.03	1.26	1.10	1.23	0.56	0.92	-38.9%
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—Q3/2013

Formation of profits, EUR million	2009	2010	2011	2012*	Q1—Q3/2013	Q1—Q3/2012*	Change %
Net sales	771.5	849.9	917.9	980.4	734.3	726.0	+1.1%
Cost of goods sold	-265.2	-283.2	-305.1	-350.8	-286.9	-254.4	+12.8%
Gross profit	506.3	566.8	612.8	629.6	447.4	471.6	-5.1%
Other operating income and expenses	6.0	1.2	3.0	6.3	3.4	2.1	+64.2%
Sales and marketing expenses	-160.0	-188.9	-204.8	-206.1	-144.7	-147.8	-2.0%
R&D expenses	-95.2	-85.5	-87.5	-105.8	-72.2	-73.9	-2.3%
Administrative expenses	-50.2	-39.3	-40.6	-45.7	-32.1	-32.5	-1.3%
Operating profit	207.0	254.2	282.9	278.3	201.8	219.5	-8.1%
Profit before taxes	203.7	252.6	282.0	276.6	199.6	218.5	-8.7%
Profit for the period	151.4	184.7	209.5	206.9	150.5	164.5	-8.5%

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⁾	January 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

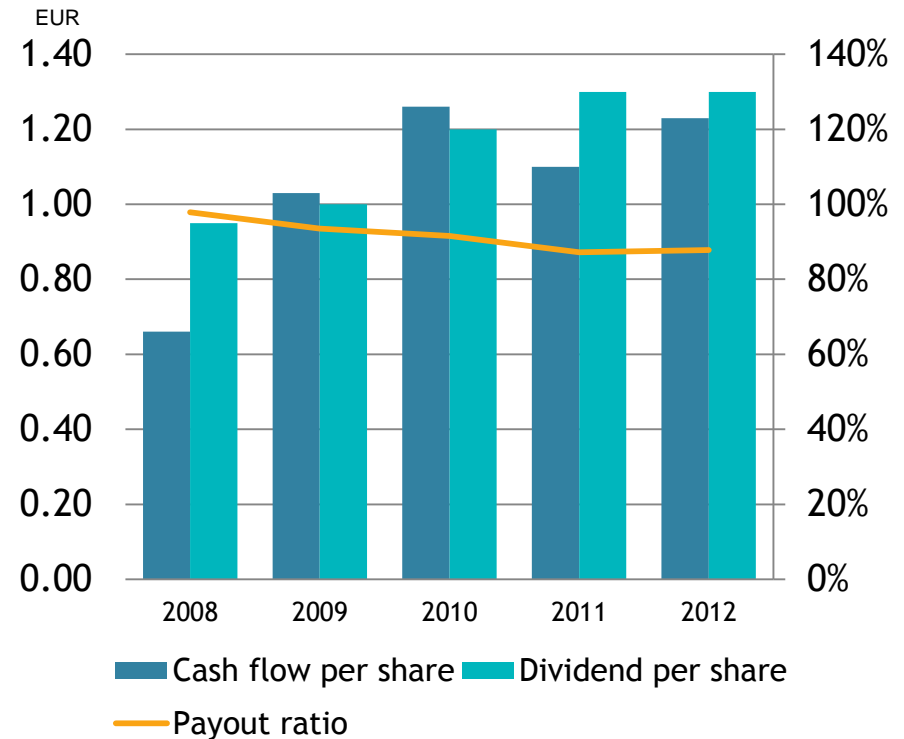
Repayments of capital 2009–2011

2009: EUR 0.10 per share

2010: EUR 0.06 per share

2011: EUR 0.12 per share

Dividend distribution history





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