



Orion Interim Report Q1—Q2/2012

31 July 2012

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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 remained at similar level to comparative period despite decline in sales of Parkinson's drugs as anticipated
 - Sales of other products up by 10%
- Operating profit down
 - Net sales and operating profit in the comparative period were increased by a milestone payment of EUR 7 million
 - Products with lower margins accounted for increasing proportion of sales

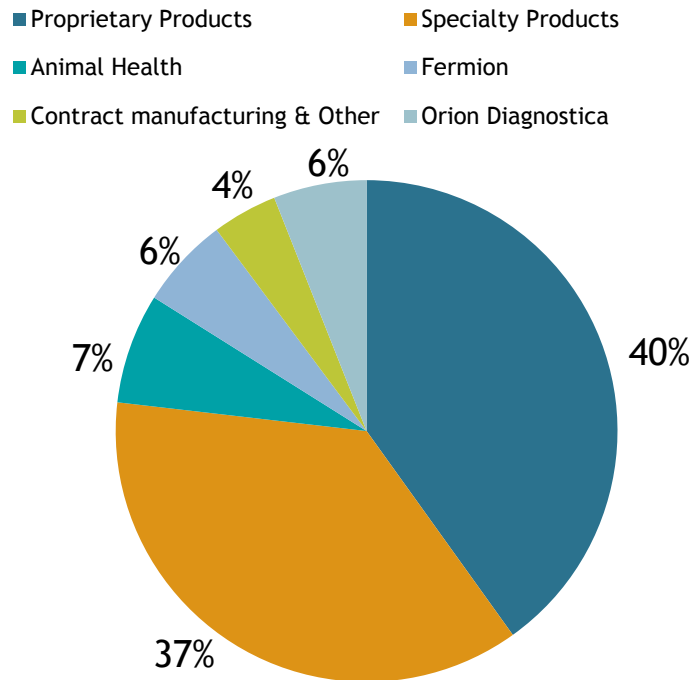
Net sales and operating profit

Group key figures	Q1–Q2/2012	Q1–Q2/2011	Change %	2011
Net sales, EUR million	480	471	+2%	918
Operating profit, EUR million	145	158	-8%	283
Basic earnings per share, EUR	0.77	0.83	-7%	1.49
Cash flow per share before financial items, EUR	0.50	0.54	-8%	1.10

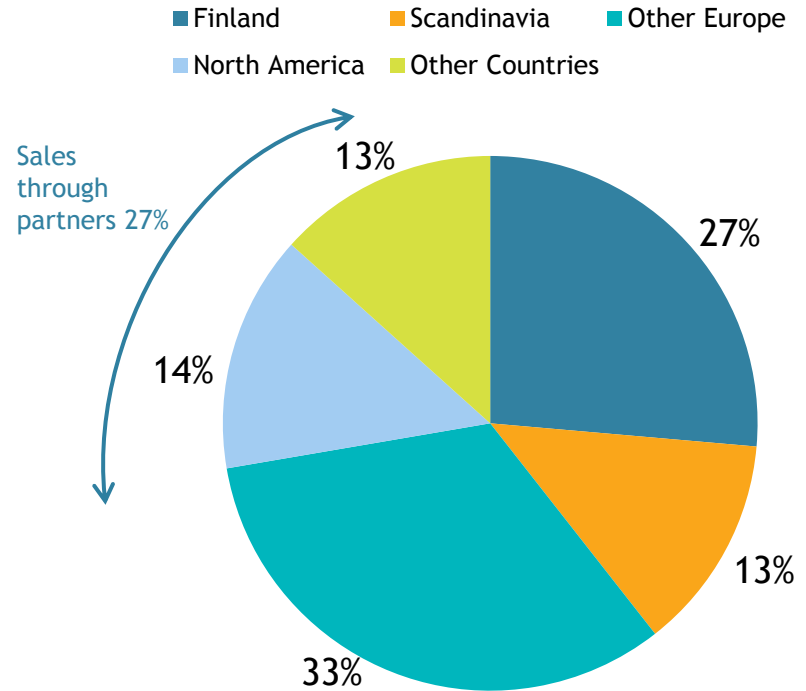
- Net sales at similar level to comparative period
 - Sales of products based on in-house R&D, which accounted for 45% of Pharmaceuticals business's net sales, down by 6%
 - Pharmaceuticals business's net sales excluding Parkinson's drugs grew by 10%
 - Specialty Products growing strongly
- Operating profit down by 8%
 - Reasons for decline include lower sales of Parkinson's drugs and EUR 7 million milestone payment recorded in the comparative period
 - R&D expenses higher as anticipated and sales expenses lower

Breakdown of net sales

By business divisions



By market area





Business Reviews

Specialty Products maintained strong growth

Key figures for Pharmaceuticals business	Q1–Q2/2012	Q1–Q2/2011	Change %	2011
Net sales of Pharmaceuticals, EUR million	453	447	+1%	871
Proprietary Products	193	214	-10%	409
Specialty Products	177	158	+12%	321
Animal Health	34	34	-1%	68
Fermion	28	25	+14%	43
Contract manufacturing and other	20	16	+25%	30
Pharmaceuticals operating profit, EUR million	148	159	-7%	288

- Net sales of Parkinson's drugs down by 17% and accounted for 26% of segment's net sales
- Net sales excluding Parkinson's drugs grew by 10%
- 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–Q2/2012	Q1–Q2/2011	Change %	2011
1. Stalevo [®] , Comtess [®] and Comtan [®] (Parkinson's disease)	118	143	-17%	267
2. Simdax [®] (acute decompensated heart failure)	22	21	+3%	44
3. Precedex [®] (intensive care sedative)	21	14	+48%	33
4. Easyhaler [®] product family (asthma, COPD)	14	17	-15%	31
5. Burana [®] (inflammatory pain)	11	11	+0%	24
6. Dexdomitor [®] , Domitor [®] , Domosedan [®] and Antisedan [®] (animal sedatives)	10	11	-9%	23
7. Marevan [®] (anticoagulant)	8	8	+3%	16
8. Divina [®] range (menopausal symptoms)	8	7	+19%	13
9. Generic entacapone products (Parkinson's disease)	7	-	-	-
10. Fareston [®] (breast cancer)	6	4	+49%	10
Total	226	237	-4%	459
Share of Pharmaceuticals net sales	50%	53%		53%

Orion clear market leader in Finland

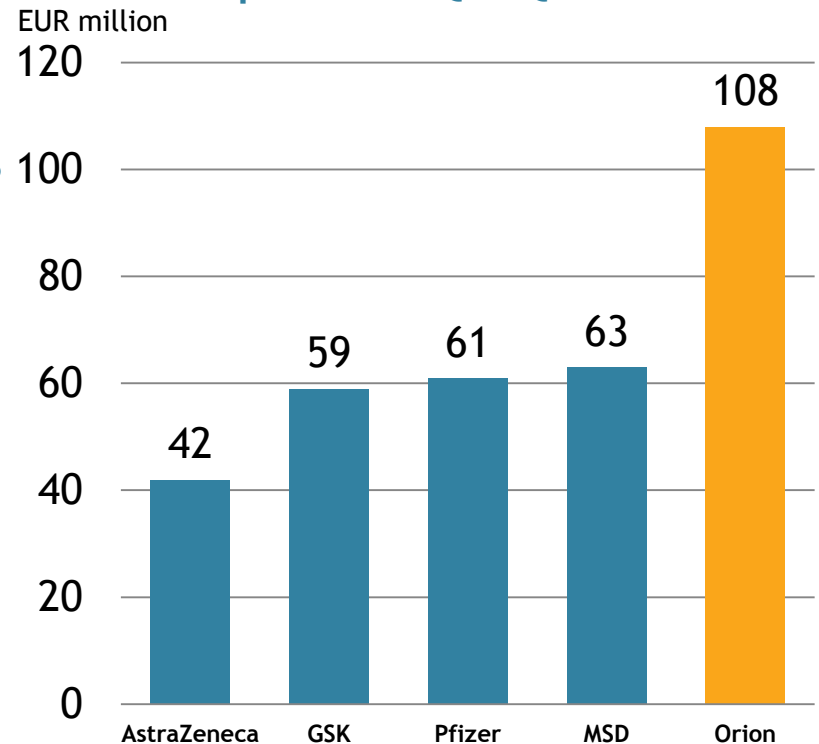
Finnish human pharmaceuticals market in Q1–Q2/2012

- Wholesale EUR 1,000 million (+3%)

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–Q2/2012



Sales of Parkinson's drugs growing in Japan

Overall markets for Parkinson's drugs April 2011–March 2012

- United States ³⁾ USD 664 million (-21%)
- Five largest European markets ^{1) 3)}
EUR 951 million (-8%)
- Japan ²⁾ EUR 533 million (+8%)

Sales of Orion's Parkinson's drugs April 2011–March 2012

- United States ³⁾ USD 180 million (+0.0%)
- Five largest European markets ^{1) 3)}
EUR 157 million (-1%)
- Japan ²⁾ EUR 58 million (+16%)

Market shares of Orion's Parkinson's drugs

	MAT3 2012	MAT3 2011
Finland ²⁾	25%	23%
Sweden ²⁾	14%	15%
Norway ²⁾	16%	15%
Denmark ²⁾	20%	17%
Germany ³⁾	16%	14%
UK ³⁾	15%	13%
United States ^{3) 4)}	27%	22%
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

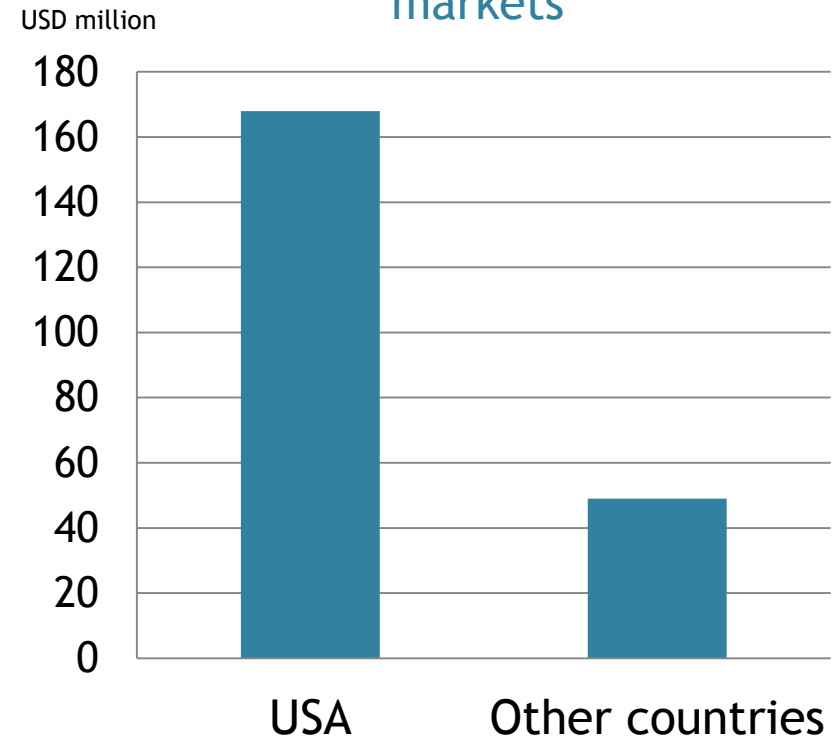
⁴⁾ Novartis sales area

Precedex maintains strong growth

Markets for intensive care sedative Precedex April 2011—March 2012

- Total USD 217 million (+28%)
- United States USD 168 million (+19%)

Breakdown of Precedex
markets



Orion's pharmaceutical research pipeline

Project	Indication	Pre-clinical	Clinical phases			Regis- tration
			I	II	III	
Easyhaler® combined formulations	Asthma, COPD					
Stalevo® for Japanese markets	Parkinson's disease					
Androgen receptor antagonist	Advanced prostate cancer	Partner: Endo Pharmaceuticals				
Alpha 2 _c receptor antagonist	Alzheimer's disease					
More effective levodopa product	Parkinson's disease					
Dexmedetomidine (non-intravenous)	Pain management	Partner: Récro Pharma				
Androgen receptor antagonist and alpha 2 _c receptor antagonist	Molecule ready for transfer to clinical phase trials if required					
Many projects in early research phase	Prostate cancer, neuropathic pain, Parkinson's disease, Alzheimer's disease					

Net sales grew in Diagnostics business

Key figures for Diagnostics business	Q1–Q2/2012	Q1–Q2/2011	Change %	2011
Net sales, EUR million	29	25	+14%	50
Operating profit, EUR million	3.1	3.4	-11%	4.9

- QuikRead® tests remained main product
 - Sales of more user-friendly prefilled QuikRead 101 system in particular developed well
- Further progress in Nordic countries and sales growth was strong, especially in China and Japan
- Profit decreased by higher expenditure on product development and marketing

Outlook for 2012 (updated on 3 July)

- **Net sales** will be slightly higher than in 2011
- **Operating profit** will be slightly higher than in 2010
- **Group's capital expenditure** about EUR 50 million excluding substantial corporate or product acquisitions

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%.

Orion Calendar

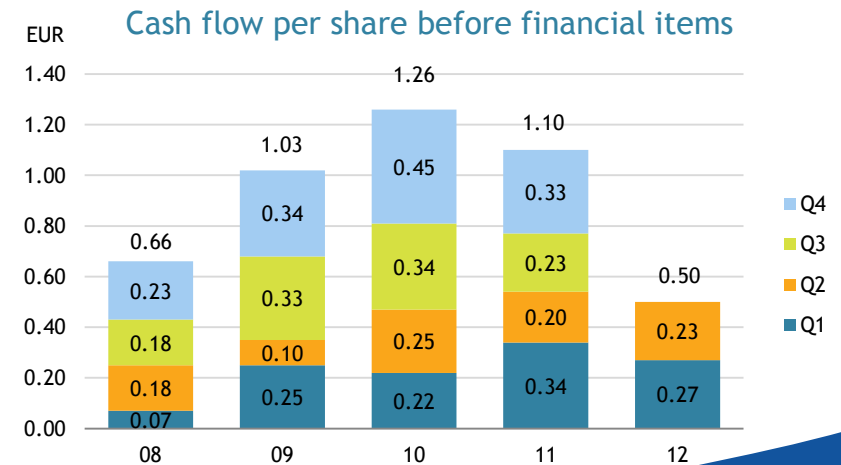
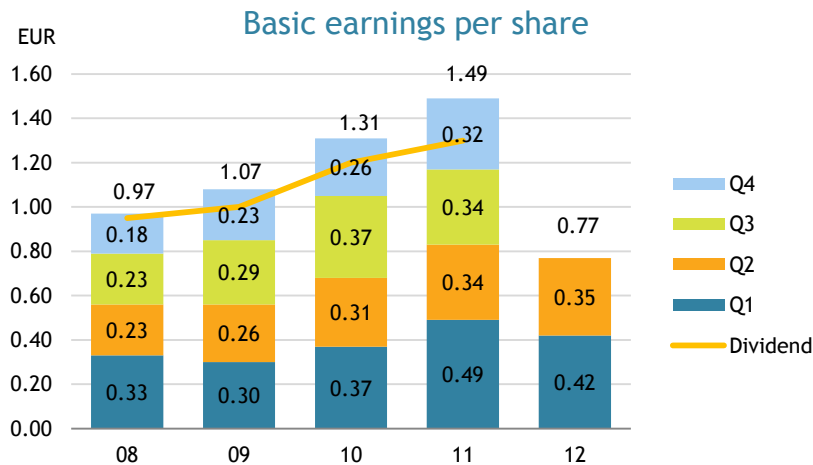
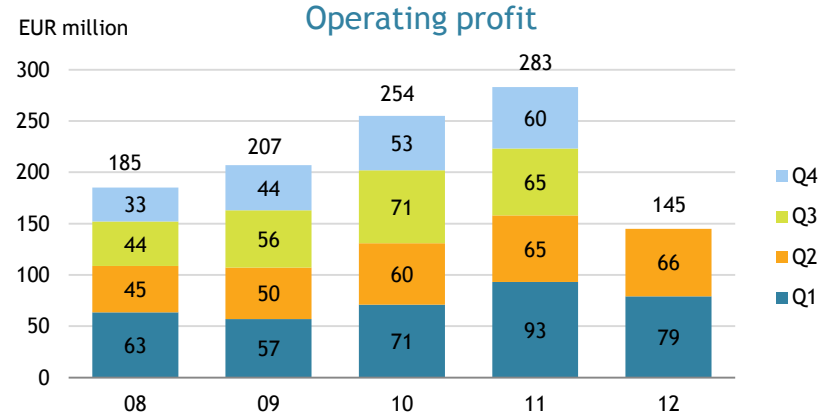
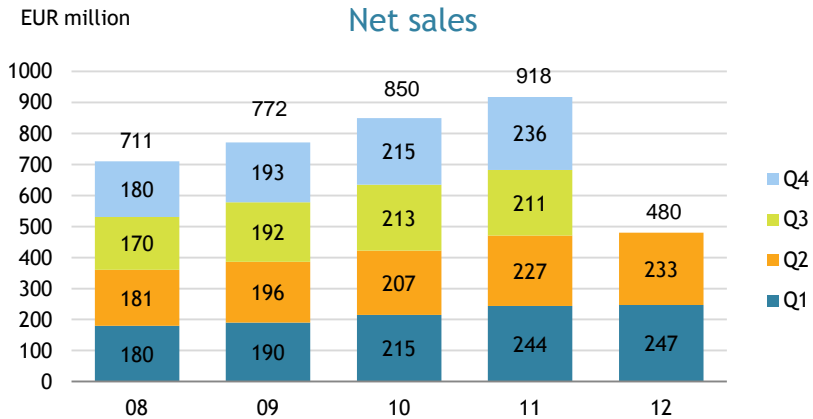
- Interim Report January—September 2012 23 October 2012
- Financial Statements 2012 5 February 2012
- Annual General Meeting 2013 19 March 2013
- Interim Report January—March 2013 23 April 2013
- Interim Report January—June 2013 30 July 2013
- Interim Report January—September 2013 22 October 2013
- The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



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Key figures by quarter



Key figures for 2008—Q2/2012

Orion's key figures	2008	2009	2010	2011	Q1—Q2/2012	Q1—Q2/2011	Change %
Net sales, EUR million	710.7	771.5	849.9	917.9	480.2	471.2	+1.9%
Operating profit, EUR million	185.0	207.0	254.2	282.9	145.2	158.0	-8.1%
Profit before taxes, EUR million	184.2	203.7	252.6	282.0	144.5	157.5	-8.2%
R&D expenses, EUR million	90.0	95.2	85.5	87.5	47.1	42.7	+10.1%
Equity ratio, %	60.2%	60.6%	62.7%	64.2%	55.1%	60.7%	
Gearing, %	-7.1%	-8.9%	-12.2%	-6.9%	23.2%	11.2%	
ROCE (before taxes), %	38.5%	37.4%	45.0%	49.4%	51.4%	59.0%	
Return on equity, %	32.1%	35.3%	40.7%	43.3%	47.8%	53.4%	
Basic earnings per share, EUR	0.97	1.07	1.31	1.49	0.77	0.83	-6.6%
Cash flow per share before financial items, EUR	0.66	1.03	1.26	1.10	0.50	0.54	-8.3%
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—Q2/2012	Q1—Q2/2011	Change %	2011
Stalevo [®] , Comtess [®] and Comtan [®]	Parkinson's disease	118.1	142.5	-17.2%	266.7
Simdax [®]	Acute decompensated heart failure	21.8	21.2	+2.6%	44.0
Precedex [®]	Intensive care sedative	21.2	14.4	+47.5%	33.0
Easyhaler [®] product family	Asthma, COPD	14.2	16.8	-15.2%	30.5
Dexdomitor [®] , Domitor [®] , Domosedan [®] and Antisedan [®]	Animal sedatives	10.0	11.0	-8.9%	23.2
Divina [®] range	Menopausal symptoms	8.1	6.8	+18.9%	13.2
Fareston [®]	Breast cancer	6.4	4.3	+48.7%	9.6
<i>dexdor</i> [®]	Intensive care sedative	4.8	-	-	-
Total		204.6	217.0	-5.7%	420.2
% of pharmaceutical net sales		45%	49%		48%

Income Statement 2008—Q2/2012

Formation of profits, EUR million	2008	2009	2010	2011	Q1-Q2/2012	Q1-Q2/2011	Change %
Net sales	710.7	771.5	849.9	917.9	480.2	471.2	+1.9%
Cost of goods sold	-243.4	-265.2	-283.2	-305.1	-168.5	-147.5	+14.3%
Gross profit	467.4	506.3	566.8	612.8	311.6	323.7	-3.7%
Other operating income and expenses	3.1	6.0	1.2	3.0	1.3	3.0	-56.2%
Sales and marketing expenses	-143.9	-160.0	-188.9	-204.8	-98.1	-106.6	-8.0%
R&D expenses	-90.0	-95.2	-85.5	-87.5	-47.1	-42.7	+10.1%
Administrative expenses	-51.5	-50.2	-39.3	-40.6	-22.6	-19.5	+15.8%
Operating profit	185.0	207.0	254.2	282.9	145.2	158.0	-8.1%
Profit before taxes	184.2	203.7	252.6	282.0	144.5	157.5	-8.2%
Profit for the period	136.3	151.4	184.7	209.5	108.8	116.4	-6.5%

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.
 - Timeline for regulatory submission is under evaluation by Novartis
- *Androgen receptor antagonist* for treatment of advanced prostate cancer is in Phase I/II clinical trials undertaken jointly with Endo Pharmaceuticals.
- *Alpha 2_c receptor antagonist* 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* based on optimised new formulations and doses of known compounds.
- 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

