



Orion Interim Report Q1/2012

24 April 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.

Anticipated start for the year

- Net sales remained at similar level to comparative period despite decline in sales of Parkinson's drugs
 - First deliveries of generic entacapone products to North America
- Operating profit down
 - Net sales and operating profit in the comparative period were increased by a milestone payment of EUR 7 million
- Launching of *dexdor*[®] intensive care sedative progressing in Europe

Net sales and operating profit

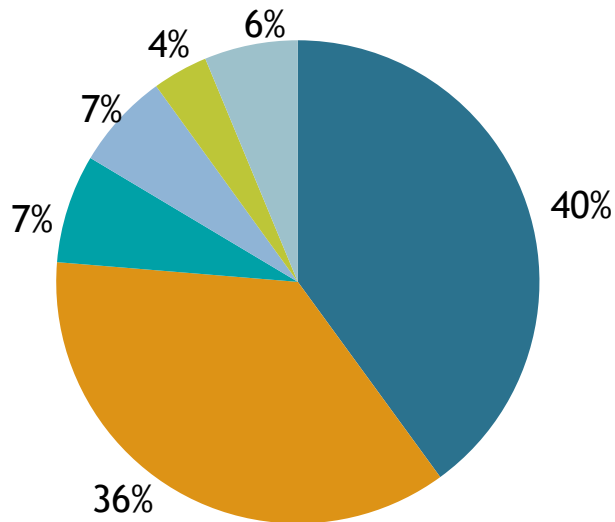
Group key figures	Q1/2012	Q1/2011	Change %	2011
Net sales, EUR million	247	244	+1.3%	918
Operating profit, EUR million	79	93	-14.7%	283
Basic earnings per share, EUR	0.42	0.49	-13.0%	1.49
Cash flow per share before financial items, EUR	0.27	0.34	-22.0%	1.10

- 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 8%
 - Pharmaceuticals business's net sales excluding Parkinson's drugs grew by 8%
 - Market share in Finland 11%
 - Specialty Products growing strongly
- Operating profit down by 15%
 - Reasons for decline include lower sales of Parkinson's drugs and EUR 7 million milestone payment recorded in the comparative period
 - R&D expenses grew as anticipated

Breakdown of net sales

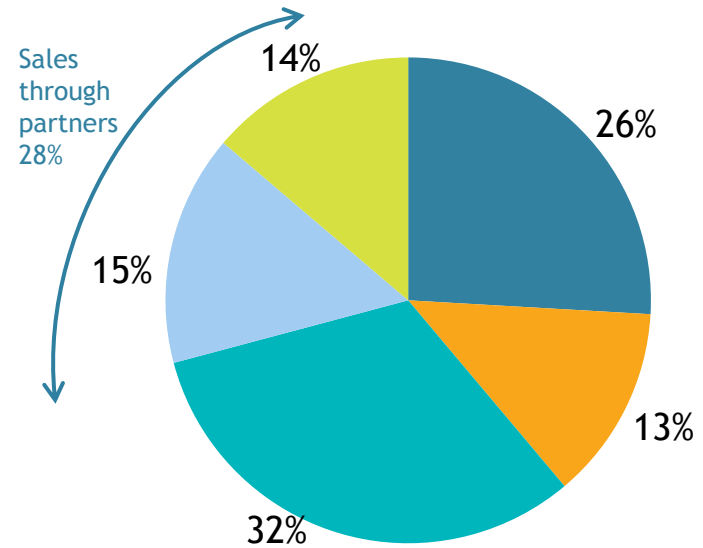
By business divisions

- Proprietary Products
- Specialty Products
- Animal Health
- Fermion
- Contract manufacturing and other
- Orion Diagnostica



By market area

- Finland
- Scandinavia
- Other Europe
- North America
- Other countries





Business Reviews

Specialty Products growing well

Key figures for Pharmaceuticals business	Q1/2012	Q1/2011	Change %	2011
Net sales of Pharmaceuticals, EUR million	233	231	+1%	871
Proprietary Products	99	113	-13%	409
Specialty Products	90	80	+13%	321
Animal Health	18	17	+6%	68
Fermion	16	13	+24%	43
Contract manufacturing and other	9	7	+24%	30
Pharmaceuticals operating profit, EUR million	79	92	-14%	288

- Net sales of Parkinson's drugs down by 14% and accounted for 27% segment's net sales
- Net sales excluding Parkinson's drugs grew by 8%
- Orion clear market leader in Finland
- Sales of generic entacapone products reported in net sales of Specialty Products business division

Best-selling pharmaceuticals

Orion's best-selling pharmaceuticals, EUR million

	Q1/2012	Q1/2011	Change %	2011
1. Stalevo [®] , Comtess [®] and Comtan [®] (Parkinson's disease)	63.2	73.6	-14%	267
2. Simdax [®] (acute decompensated heart failure)	10.4	10.6	-2%	44
3. Precedex [®] (intensive care sedative)	10.3	8.3	+25%	33
4. Easyhaler [®] product family (asthma, COPD)	7.0	8.5	-19%	31
5. Dexdomitor [®] , Domitor [®] , Domosedan [®] and Antisedan [®] (animal sedatives)	6.4	6.6	-4%	23
6. Burana [®] (inflammatory pain)	5.8	5.8	+0%	24
7. Marevan [®] (anticoagulant)	4.4	3.8	+16%	16
8. Generic entacapone products (Parkinson's disease)	4.2			
9. Divina [®] range (menopausal symptoms)	3.8	3.4	+13%	13
10. Fareston [®] (breast cancer)	3.5	3.2	+10%	10
Total	118.8	123.6	-4%	459
Share of Pharmaceuticals net sales	51%	54%		53%

Orion clear market leader in Finland

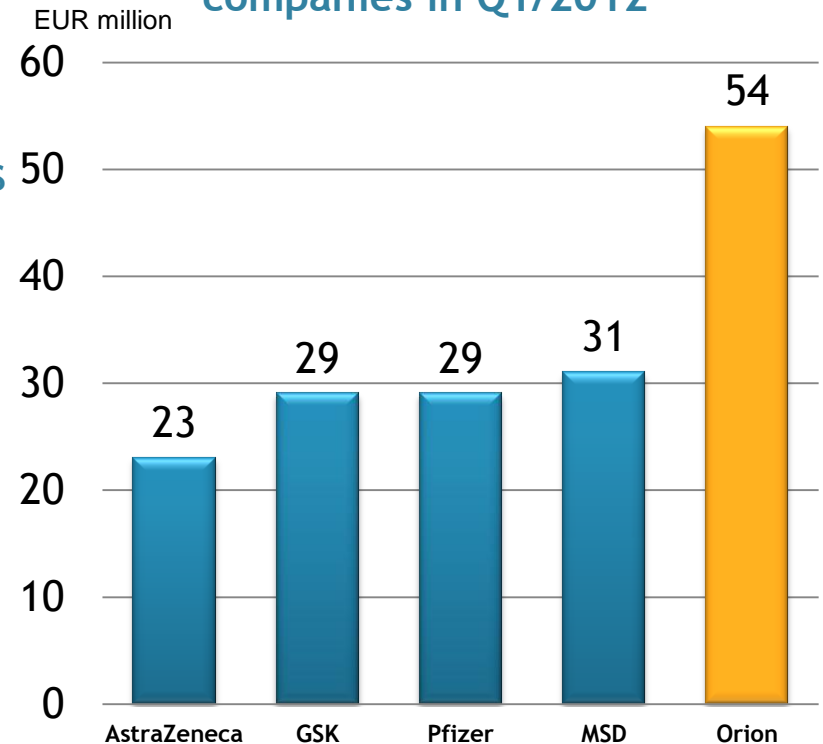
Finnish human pharmaceuticals market in Q1/2012

- Wholesale EUR 493 million (+4%)

Orion in Finnish human pharmaceuticals market

- Sales growth 10%
- Orion clear market leader
 - Market share 11%
- Orion especially strong in self-care products and substitutable prescription drugs

Finland's biggest pharmaceutical companies in Q1/2012



Sales of Parkinson's drugs growing in Japan

Overall markets for Parkinson's drugs January–December 2011

- United States ³⁾ USD 669 million (-28%)
- Five largest European markets ^{1) 3)}
EUR 955 million (-8%)
- Japan ²⁾ EUR 523 million (+12%)

Sales of Orion's Stalevo, Comtess and Comtan Parkinson's drugs January–December 2011

- United States ³⁾ USD 181 million (+0.4%)
- Five largest European markets ^{1) 3)}
EUR 156 million (-1%)
- Japan ²⁾ EUR 56 million (+18%)

Market shares of Orion's Parkinson's drugs

	2011	2010
Finland ²⁾	24%	24%
Sweden ²⁾	14%	16%
Norway ²⁾	15%	16%
Denmark ²⁾	20%	16%
Germany ³⁾	15%	14%
UK ³⁾	15%	13%
United States ^{3) 4)}	27%	20%
Japan ^{2) 4)}	11%	10%

¹⁾ Germany, UK, France, Spain and Italy

²⁾ including sales to hospitals and retail distributors

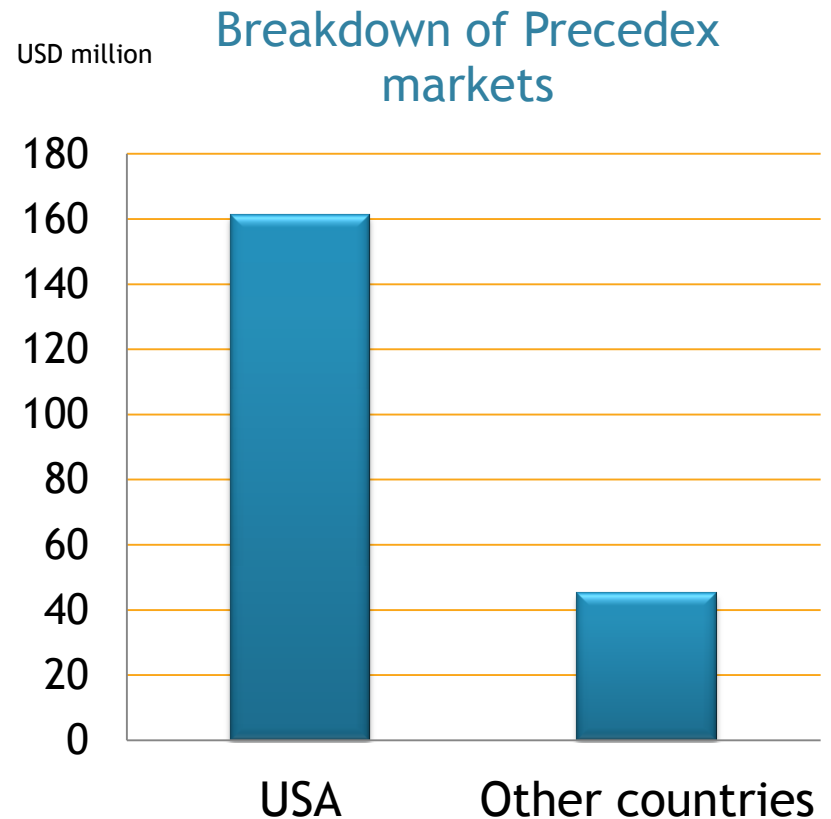
³⁾ sales to retail distributors only

⁴⁾ Novartis sales area

Precedex maintains strong growth

Markets for intensive care sedative
Precedex
January–December 2011

- Total USD 206 million (+33%)
- United States USD 161 million (+22%)



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	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	Q1/2012	Q1/2011	Change %	2011
Net sales, EUR million	16	14	+14%	50
Operating profit, EUR million	2.5	2.8	-9%	4.9

- QuikRead® tests remained main product
 - Launching of QuikRead go® new generation testing instrument progressed as planned
- Sales progressed well in the main markets (China and Nordic countries)
- Profit decreased by higher expenditure on product development and marketing

Outlook for 2012 (unchanged)

- **Net sales** will be at similar level to 2011
- **Operating profit** will be at similar level to 2010
- **Group's capital expenditure** about EUR 50 million excluding substantial corporate or product acquisitions

Orion Calendar

- Capital Markets Day in Helsinki 24 May 2012
- Interim Report January—June 2012 31 July 2012
- Interim Report January—September 2012 23 October 2012



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Orion's financial objectives

Net sales and profitability in next few years depend on rate of:

- Decline in sales of Parkinson's drugs
- Growth in sales of other products

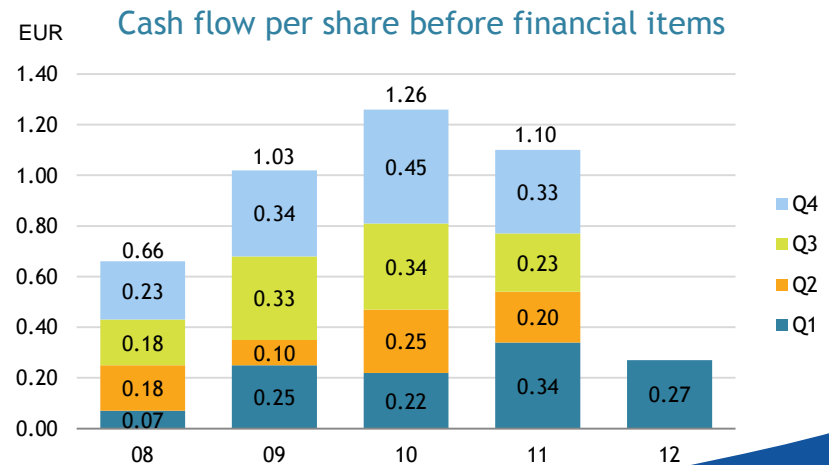
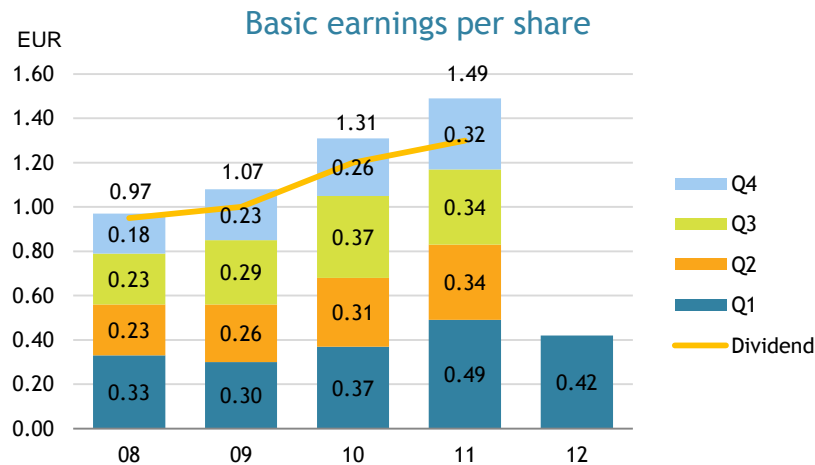
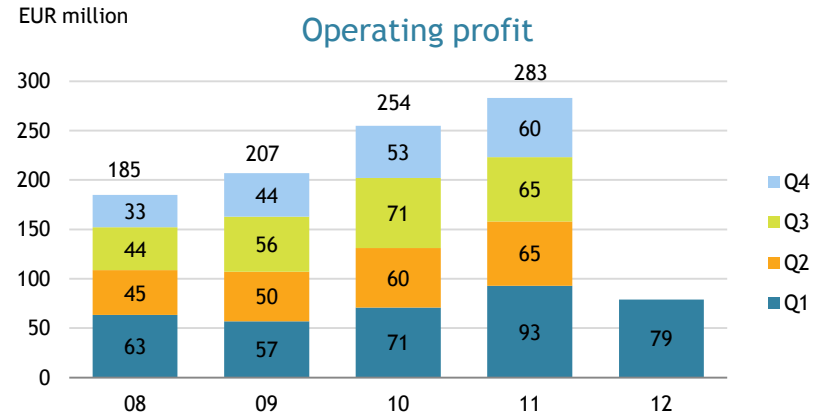
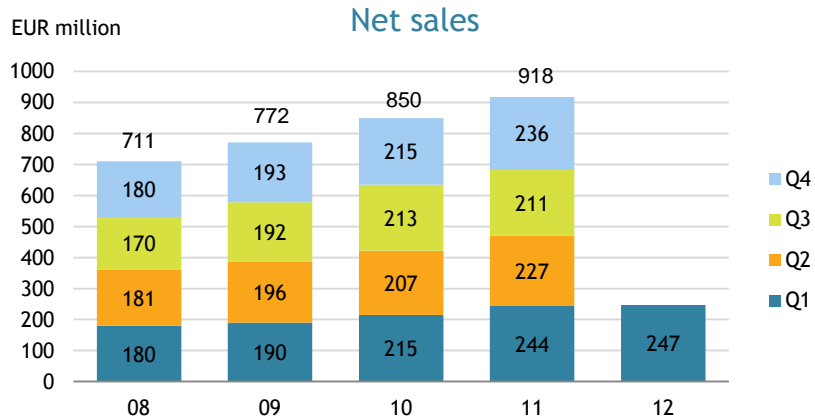
Orion's financial objectives:

1. Ensuring financial stability
2. Long-term profitable growth

Principal means of achieving objectives:

- Improving organic growth of net sales and operating profit through product, product portfolio and corporate acquisitions
- Increasing efficiency of operations and cost control
- Maintaining stable financial position; equity ratio at least 50%

Key figures by quarter



Key figures for 2008–Q1/2012

Orion's key figures	2008	2009	2010	2011	Q1/2012	Q1/2011	Change %
Net sales, EUR million	710.7	771.5	849.9	917.9	247.4	244.1	+1.3%
Operating profit, EUR million	185.0	207.0	254.2	282.9	79.3	92.9	-14.7%
Profit before taxes, EUR million	184.2	203.7	252.6	282.0	79.3	92.7	-14.4%
R&D expenses, EUR million	90.0	95.2	85.5	87.5	22.8	19.8	+15.3%
Equity ratio, %	60.2%	60.6%	62.7%	64.2%	39.8%	44.1%	
Gearing, %	-7.1%	-8.9%	-12.2%	-6.9%	-20.0%	-29.3%	
ROCE (before taxes), %	38.5%	37.4%	45.0%	49.4%	57.8%	72.1%	
Return on equity, %	32.1%	35.3%	40.7%	43.3%	55.4%	66.3%	
Basic earnings per share, EUR	0.97	1.07	1.31	1.49	0.42	0.49	-13.0%
Cash flow per share before financial items, EUR	0.66	1.03	1.26	1.10	0.27	0.34	-22.0%
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	Q1/2012	Q1/2011	Change %	2011
Stalevo [®] , Comtess [®] and Comtan [®]	Parkinson's disease	63.2	73.6	-14.1%	267
Simdax [®]	Acute decompensated heart failure	10.4	10.6	-1.8%	44
Precedex [®]	Intensive care sedative	10.3	8.3	+24.5%	33
Easyhaler [®] product family	Asthma, COPD	7.0	8.5	-18.5%	31
Dexdomitor [®] , Domitor [®] , Domosedan [®] and Antisedan [®]	Animal sedatives	6.4	6.6	-4.0%	23
Divina [®] range	Menopausal symptoms	3.8	3.4	+12.9%	13
Fareston [®]	Breast cancer	3.5	3.2	+9.6%	10
Total		104.5	114.1	-8.4%	420
% of pharmaceutical net sales		45%	49%		48%

Income Statement 2008–Q1/2012

Formation of profits, EUR million	2008	2009	2010	2011	Q1/2012	Q1/2011	Change %
Net sales	710.7	771.5	849.9	917.9	247.4	244.1	+1.3%
Cost of goods sold	-243.4	-265.2	-283.2	-305.1	-86.6	-72.7	+19.1%
Gross profit	467.4	506.3	566.8	612.8	160.8	171.4	-6.2%
Other operating income and expenses	3.1	6.0	1.2	3.0	1.5	2.1	-26.2%
Sales and marketing expenses	-143.9	-160.0	-188.9	-204.8	-49.2	-52.1	-5.7%
R&D expenses	-90.0	-95.2	-85.5	-87.5	-22.8	-19.8	+15.3%
Administrative expenses	-51.5	-50.2	-39.3	-40.6	-11.1	-8.7	+27.4%
Operating profit	185.0	207.0	254.2	282.9	79.3	92.9	-14.7%
Profit before taxes	184.2	203.7	252.6	282.0	79.3	92.7	-14.4%
Profit for the period	136.3	151.4	184.7	209.5	59.6	68.5	-12.9%

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.
 - Study results on budesonide-formoterol formulation received early in 2012 were promising, but not yet sufficient for submission of an application for marketing authorisation. Orion will continue development of the formulation in 2012.
- 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

Key patents or data protection expire

Molecule	Product	Indication	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 March 2019 ⁴⁾	July 2013	June 2012

¹⁾ Stalevo data protection expires

²⁾ Wockhardt and Sun companies entering markets from 1 April 2012

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

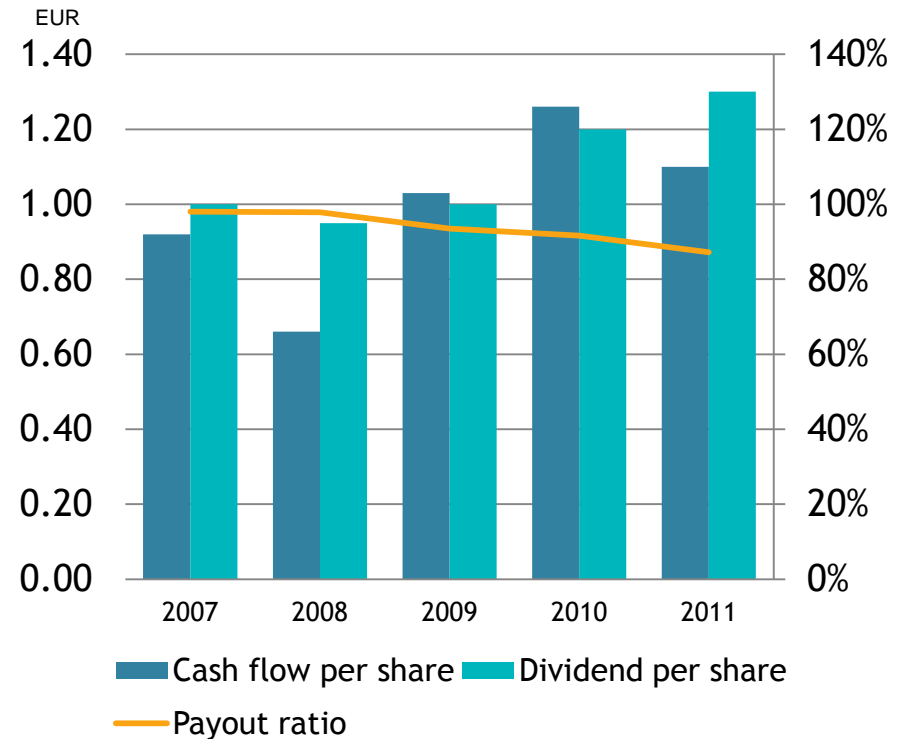
⁴⁾ Use of dexmedetomidine for ICU sedation

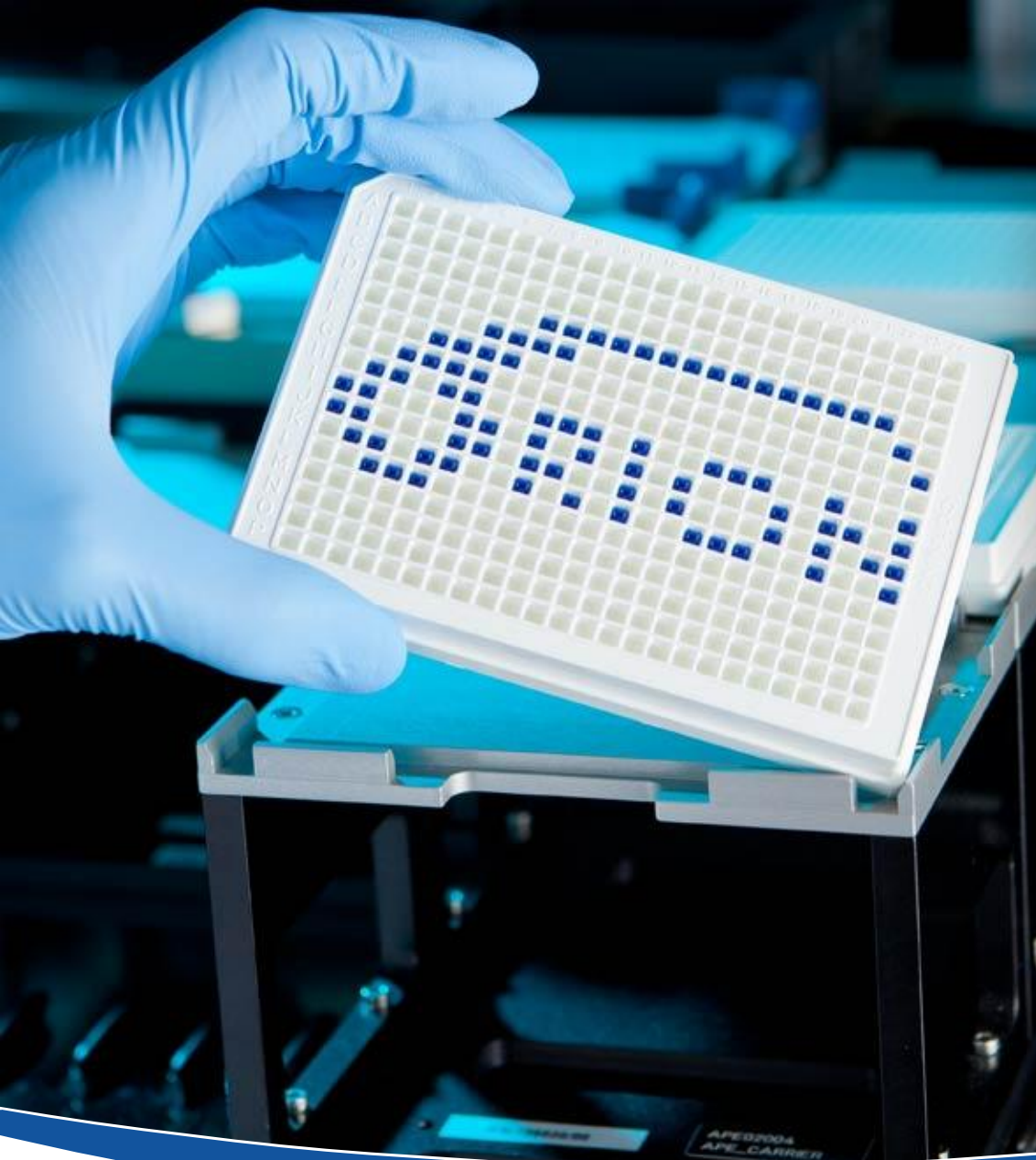
Dividend distribution policy

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





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