



Orion Group
Financial Statements 2007
7 February 2008

Timo Lappalainen, President and 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.



Main events in 2007

- Net sales grew by almost 7%
 - sales of the Parkinson's Disease product franchise grew by 14%
 - supply to Novartis increased by 4%
 - generics, OTC products and animal health products showed strong sales performance
- Investments increased as planned
 - expansion of the sales organisation as well as new product launches continued
 - three new clinical research programmes
- ANDAs for generic versions of Comtan and Stalevo were filed in the US
 - Orion started litigation procedures against Wockhardt and Sun Pharmaceuticals
- Networking continued in R&D
- Change of CEO at the start of 2008



Earnings remained at a good level

	2007	proforma 2006	Change %
Net sales, EUR million	683,6	641,1	+6,6 %
Operating profit (EBIT), EUR million	194,0	196,7	-1,4 %
% of net sales	28,4 %	30,7 %	
Pre-tax profit, EUR million	195,5	197,3	-0,9 %
Earnings per share, EUR	1,03	1,03	-0,2 %
Dividend (proposed), EUR	1,00*	1,00	0 %

* Board proposal

- Net sales showed steady growth
 - all five business divisions performed well
 - numerous new in-licensing agreements were closed in the the course of the year
 - Sales of Parkinson's products showed further growth
- All core clinical study programmes are in progress
- Good success on the Finnish market continued despite heavy competition



Review of the Businesses



Financial Statements 2007 7 February 2008 5

Pharmaceuticals business continued showing strong performance

EUR million	2007	proforma 2006	Change %
Net sales of the Pharmaceuticals Business	643,3	601,4	+7,0 %
Proprietary Products	270,8	256,6	+5,5 %
Specialty Products	241,5	218,7	+10,4 %
Animal Health	66,8	63,3	+5,5 %
Fermion	38,1	38,5	-1,0 %
Other	26,1	24,2	+7,9 %
EBIT of the Pharmaceuticals Business	199,0	189,9	+4,8 %

- Growth was based on increased sales by Orion's own sales network
 - Strong sales development of the focus products in the Proprietary Products business
 - More in-licensed products for the Specialty Products and Animal Health businesses than in previous years

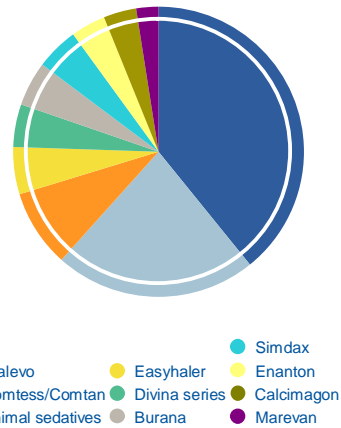


Financial Statements 2007 7 February 2008 6

Parkinson's products leading the sales

EUR million	proforma		Change %
	2007	2006	
Stalevo®	126,9	111,3	+14,0 %
Comtess® /Comtan®	73,3	74,7	-1,9 %
Dexdomitor®, Domitor®, Domosedan® and Antisedan®	27,5	26,3	+4,6 %
Easyhaler®	17,3	15,9	+9,1 %
Divina® series	15,9	16,2	-1,8 %
Burana®	15,6	12,0	+29,2 %
Simdax®	15,1	13,2	+14,5 %
Enanton®	12,9	13,3	-2,9 %
Calcimagon®	11,7	11,7	-0,4 %
Marevan®	8,3	7,0	+19,6 %
Total	324,3	301,4	+7,6 %
% of Pharmaceutical net sales	50 %	50 %	

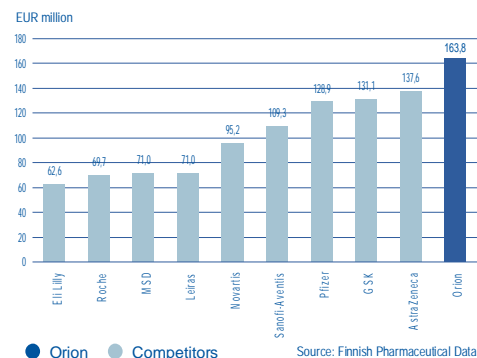
Orion's Top 10 drugs



Heavy competition continued in the Finnish market for pharmaceuticals

- Wholesales of human pharmaceuticals totalled EUR 1,827 (1,727) million
 - market up by 5.8%
 - OTC products up by 8.9%
 - hospital products up by 8.4%
- Wholesales of Orion's human pharmaceuticals totalled EUR 163.8 million
 - up by 7.4%
 - clearly faster growth than that of average total market
- Orion is the market leader with 9.0% (8.8%) market share
- Orion's market leadership strengthened also in the units of packages sold, to 28.3% (27.3%)

Leading marketers of pharmaceuticals in Finland 2007



Source: Finnish Pharmaceutical Data



Market for PD continuing to grow, although more slowly

- Total in-market sales of Parkinson's medicines MAT Sept. 2007
 - US sales USD 1,188 (948) million, +25%
 - The exceptionally high growth is due to the broadened indication of one product
 - European top 5 markets totalled EUR 788 (727) million, average growth about 8%
 - these markets comprise Germany, UK, France, Spain and Italy

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

%	10/06-9/07	10/05-9/06
Finland	30%	32%
Denmark	23%	26%
Sweden	18%	19%
Germany	16%	15%
UK	12%	11%
USA	15%	16%

Source: IMS Health



Diagnostics Business was at the previous year's level

EUR million	2007	2006	Change %
Net sales	42,0	41,5	+1,2 %
Operating profit	6,5	6,6	-1,9 %

- QuikRead® tests went on showing strong sales growth
- Dipslide sales progressed favourably throughout the year
- Own Finnish and Scandinavian sales organisation continued generating increased sales
- The best export sales growth was seen in Czech Rep. and Slovakia



Big players are dominating the market for diagnostics

- The worldwide market for diagnostics is estimated at about USD 33 billion
- The market for equipment and test reagents used by centralised laboratories is dominated by a handful of major players
- As a whole, the sector is very fragmented, and Orion Diagnostica is a medium-sized player



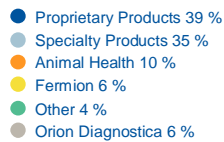
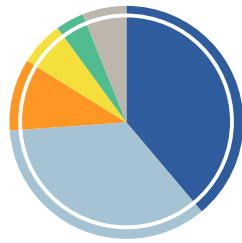
Key figures 2007



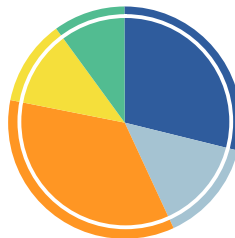
Breakdown of net sales in 2007

EUR 683.6 million

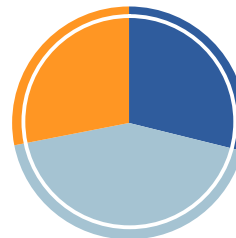
By Businesses



By geographic segments

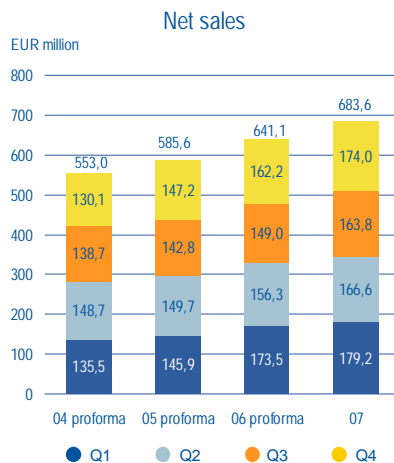


By sales network



Financial Statements 2007 7 February 2008 13

Net sales by annual quarters 2004–2007

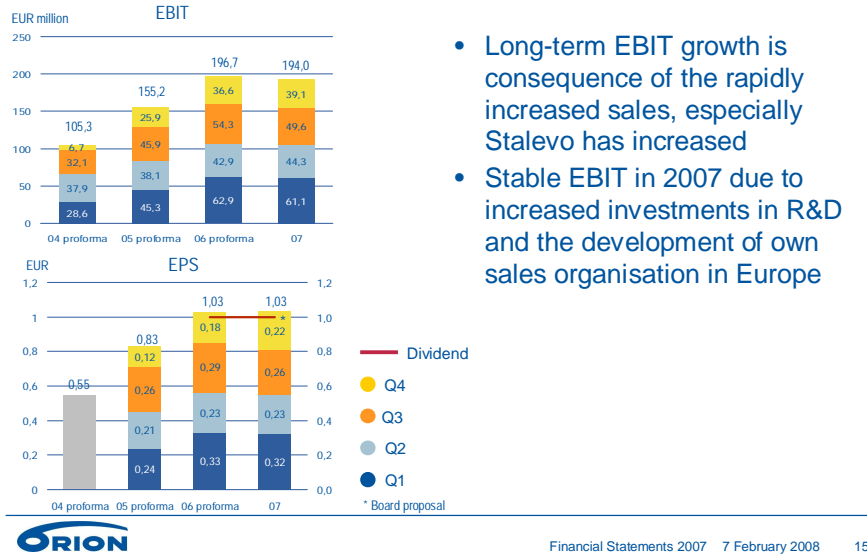


- Moderate but steady growth
- Growth has been mainly boosted by the increase in Stalevo and Comtan sales



Financial Statements 2007 7 February 2008 14

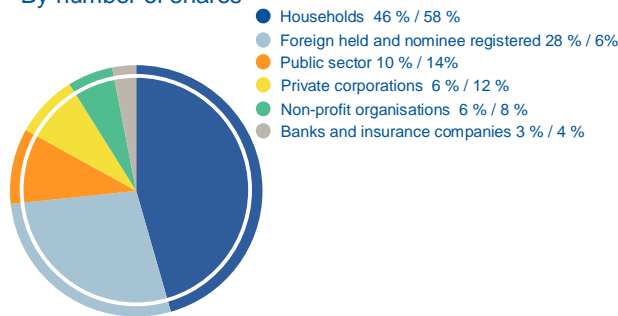
Operating profit (EBIT) by annual quarters 2004–2007



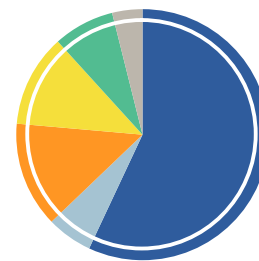
- Long-term EBIT growth is consequence of the rapidly increased sales, especially Stalevo has increased
- Stable EBIT in 2007 due to increased investments in R&D and the development of own sales organisation in Europe

Fragmented ownership base

By number of shares



By number of votes



- On 31 December 2007 altogether 141.3 million shares, of which
 - 52.6 million in Class A (20 votes/share)
 - 88.7 million in Class B (1 vote/share)
 - both classes provide equal rights to the company's assets and dividends
- In total ca. 36 600 shareholders

R&D portfolio



Pharmaceutical R&D pipeline

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

Project	Indication	Preclinical phase	Clinical phase			Registration
			I	II	III	
<i>Central nervous system research:</i>		<i>Note: The right end of each bar represents the status of current developments</i>				
Alpha ₂ receptor pharmacology	schizophrenia	■				
COMT inhibition	Parkinson's Disease	■	■			
Life cycle-management (LCM) of Stalevo	Parkinson's Disease	■	■	■		
<i>Cardiology and critical care research:</i>						
Dexmedetomidine (European development)	sedation in intensive care	■	■	■		
Intravenous levosimendan (Simdax)	acute heart failure	■	■	■	■	
<i>Urology and oncology research:</i>						
Steroid receptor pharmacology	prostate cancer, SARM	■				
Toremifene (Acapodene)	prostate cancer, osteoporosis	■	■	■		
<i>Veterinary research:</i>						
Oral levosimendan	heart diseases of dogs	■	■	■		
<i>Specialty Products:</i>						
Easyhaler	Asthma, COPD	■	■	■	■	
Several products (ca. 20) in LCM development	several indications	■	■	■	■	■
Several in-licensed products (> 30/a)	several indications	■	■	■	■	■



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 volume of Parkinson's drugs to be delivered to Novartis is forecast to grow slightly.
- **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 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 40 million.



Orion Group Financial objectives and Dividend policy

- The moderate organic growth of the net sales in the next few years is accelerated via 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.



In Orion's calendar for 2008

Annual Report 2007	week 10
AGM 2008	Tuesday, 25 March
Interim Report 1–3/2008	Friday, 25 April
Interim Report 1–6/2008	Tuesday, 5 August
Interim Report 1–9/2008	Tuesday, 28 October

- *Additional information about Orion is available at www.orion.fi/investors, including a more detailed calendar, a.o.*





BUILDING WELL-BEING



Additional slides



Orion Group key figures 2007

EUR million	2007	proforma 2006	Change %
Net sales	683,6	641,1	+6,6 %
Operating profit (EBIT)	194,0	196,7	-1,4 %
% of net sales	28,4 %	30,7 %	
Profit before taxes	195,5	197,3	-0,9 %
Earnings per share (EPS), EUR	1,03	1,03	-0,2 %
R&D expenses	97,6	84,1	+16,0 %
ROCE, %	43,8 %	46,5 %	
ROE, %	32,7 %	34,5 %	
Equity ratio, %	75,9 %	75,4 %	
Gearing, %	-19,3 %	-22,6 %	
Personnel at end of the period, persons	3 176	3 061	+3,8 %



Financial Statements 2007 7 February 2008 25

Income Statement

EUR million	2007	proforma 2006	Change %
Net sales	683,6	641,1	+6,6 %
Cost of goods sold	-218,8	-205,2	+6,6 %
Gross profit	464,8	435,8	+6,6 %
Other operating income	9,0	13,8	-35,0 %
Selling and marketing expenses	-143,1	-128,9	+11,0 %
R&D expenses	-97,6	-84,1	+16,0 %
Administrative expenses	-39,0	-39,9	-2,2 %
Operating profit, EBIT	194,0	196,7	-1,4 %
Profit before taxes	195,5	197,3	-0,9 %
Profit for the period	145,4	145,1	+0,3 %



Financial Statements 2007 7 February 2008 26

Orion's R&D programmes

- **STRIDE-PD** with Stalevo in 747 patients with Parkinson's Disease
 - in clinical Phase III. Results are expected at the turn of 2008–2009
- **FIRST-STEP**, conducted by Novartis, gave statistically significant positive outcome of primary endpoint
 - Clinical Phase III study was designed to determine whether treatment with Stalevo provides better symptomatic benefit than conventional levodopa/carbidopa treatment
 - 423 patients with early PD were treated in the USA, Canada and six other countries
- **Dexmedetomidine** (Precedex®) is being studied as a long-term infusion (over 24 h) in the sedation of patients in intensive care
 - progressing in clinical Phase III, estimated to be completed in about two years
- **Easyhaler®** franchise is being broadened with a budesonide-formoterol combination treatment
 - budesonide is an anti-inflammatory treatment, formoterol acting as a long-acting bronchodilator
- **New COMT enzyme inhibitor** is being developed for Parkinson's Disease
 - clinical Phase I is under way
- **LEVET-programme** with levosimendan in the treatment of heart diseases in dogs
 - recruitments in Europe and USA started in August 2007
- **In early research**, among others
 - molecules affecting alpha₂-receptors in the central nervous system
 - selective androgen receptor modulators (SARM)



Financial Statements 2007 7 February 2008 27

Net sales of products from in-house R&D

EUR million	2007	2006	Change %
Stalevo	126,9	111,3	+14,0 %
Comtess/Comtan	73,3	74,7	-1,9 %
Dexdomitor, Domitor, Domosedan and Antisedan	27,5	26,3	+4,6 %
Easyhaler franchise	17,3	15,9	+9,1 %
HRT (Divina series)	15,9	16,2	-1,8 %
Simdax	15,1	13,2	+14,5 %
Fareston	8,2	10,3	-20,0 %
Precedex	8,2	7,5	+9,8 %
Total	292,3	275,2	+6,2 %
% of Pharmaceutical net sales	45 %	46 %	



Financial Statements 2007 7 February 2008 28

Net sales of the Parkinson's franchise by annual quarters

