



Orion Interim Report Q1—Q2/2011

2 August 2011

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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.

Solid growth continued

- Net sales and operating profit continued to grow well
 - Sales of Parkinson's drugs continued to rise
 - Sales from other product ranges grew well
 - Orion's sales of human pharmaceuticals in Finland up by 8%
- Committee for Medicinal Products for Human Use (CHMP) of European Medicines Agency (EMA) issued positive opinion on Orion's *dexdor*[®] (dexmedetomidine) intensive care sedative
 - European Commission is expected to make the final decision on granting marketing authorisation in the coming months

Net sales and operating profit grew

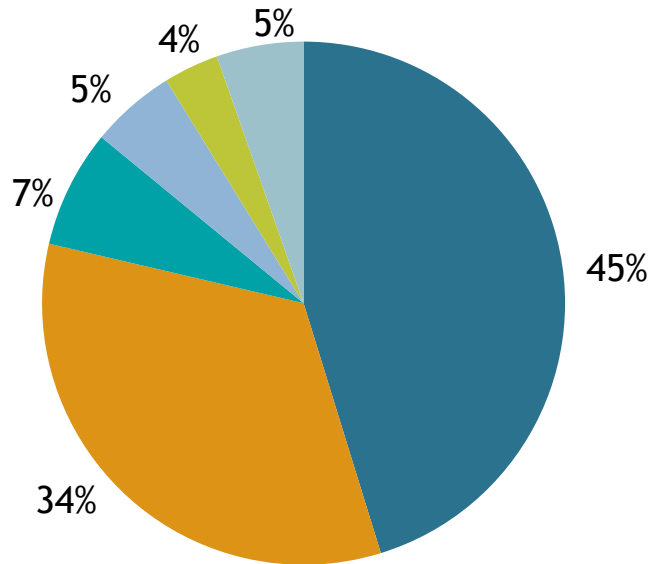
Group key figures	Q1–Q2/11	Q1–Q2/10	Change %	2010
Net sales, EUR million	471	422	+12%	850
Operating profit, EUR million	158	131	+21%	254
Basic earnings per share, EUR	0.83	0.68	+21%	1.31
Cash flow per share before financial items, EUR	0.54	0.48	+13%	1.26

- Net sales grew by 12%
 - Sales of products based on in-house R&D, which accounted for 49% of Pharmaceuticals business's net sales, grew by 10%
 - Market share in Finland 10%
- Operating profit grew by 21%
 - Faster growth than in net sales due especially to increased royalties and milestone payments

Breakdown of net sales

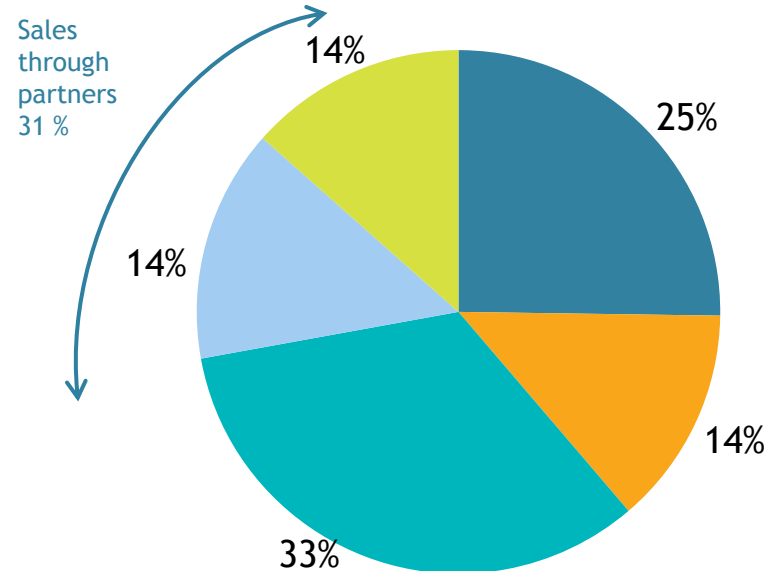
By business divisions

- Proprietary Products
- Specialty Products
- Animal Health
- Fermion
- Contract manufacturing & Other
- Orion Diagnostica



By market area

- Finland
- Scandinavia
- Other Europe
- North America
- Other Countries





Business Reviews

Pharmaceuticals sales performed well

Key figures for Pharmaceuticals business	Q1–Q2/2011	Q1–Q2/2010	Change %	2010
Net sales of Pharmaceuticals, EUR million	447	399	+12%	806
Proprietary Products	214	184	+16%	371
Specialty Products	158	144	+10%	299
Animal Health	34	33	+5%	68
Fermion	25	26	-4%	45
Contract manufacturing and other	16	13	+27%	24
Pharmaceuticals operating profit, EUR million	159	131	+22%	252

- 32% of segment's net sales from Parkinson's drugs, which grew by 14%
 - Parkinson's drugs deliveries to Novartis up by 23%
 - Parkinson's drugs sales through own sales network down by 2%
- Sales from other product ranges grew well throughout first half of the year (+11%)
 - Rapid growth strengthened market position in Finland, market share 10%
 - Growth in Scandinavia and Eastern Europe continued

Best-selling pharmaceuticals

Orion's best-selling pharmaceuticals, EUR million

	Q1–Q22011	Q1–Q2/2010	Change %	2010
1. Stalevo [®] , Comtess [®] and Comtan [®] (Parkinson's disease)	142.5	125.6	+14%	253
2. Simdax [®] (acute decompensated heart failure)	21.2	20.2	+5%	40
3. Easyhaler [®] product family (asthma, COPD)	16.8	14.6	+15%	28
4. Precedex [®] (intensive care sedative)	14.4	12.9	+12%	27
5. Burana [®] (inflammatory pain)	11.4	10.1	+13%	22
6. Dexdomitor [®] , Domitor [®] , Domosedan [®] and Antisedan [®] (animal sedatives)	11.0	10.9	+2%	24
7. Marevan [®] (anticoagulant)	8.1	6.4	+26%	13
8. Divina [®] range (menopausal symptoms)	6.8	6.8	-1%	13
9. Enanton [®] (prostate cancer)	6.2	6.4	-4%	13
10. Solomet [®] (inflammatory diseases)	4.9	4.5	+9%	9
Total	243.2	218.4	+11%	442
Share of Pharmaceuticals net sales, %	54%	55%		55%

Orion clear market leader in Finland

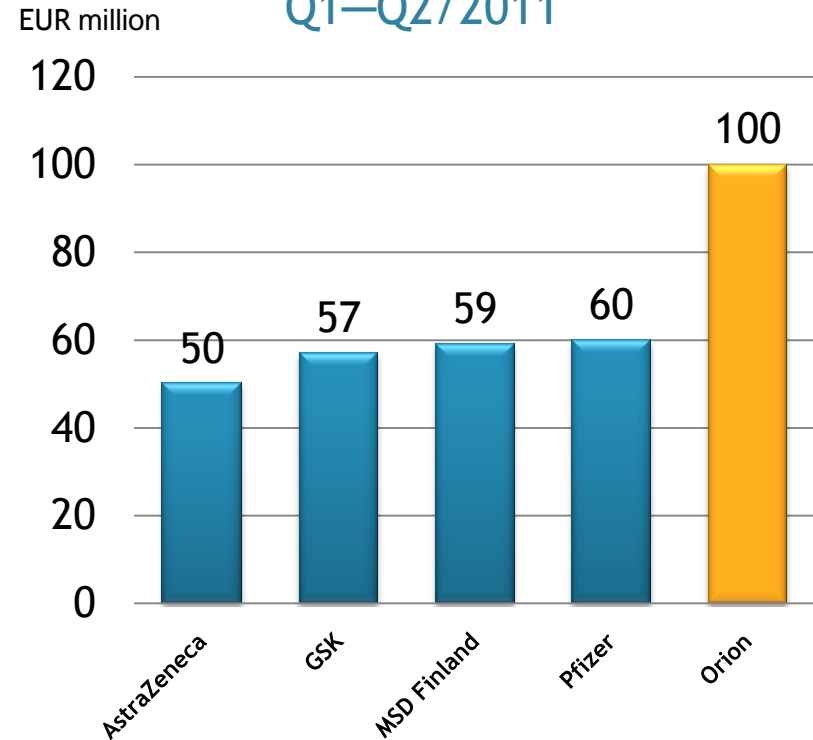
Finnish human pharmaceuticals market in Q1–Q2/2011

- Wholesale EUR 967 million (+3%)

Orion in Finnish human pharmaceuticals market

- Quarter of Orion's net sales from Finland
- Sales growth 8%
- Orion strengthened market leadership
 - Market share 10%
- Orion especially strong in self-care and substitutable prescription drugs

Finland's biggest pharmaceutical companies in Q1–Q2/2011



Sales of Parkinson's drugs still growing

Overall markets for Parkinson's drugs April 2010 – March 2011

- United States ³⁾ USD 836 million (-18%)
- Five largest European markets ^{1) 3)}
EUR 1,035 million (+8%)

Sales of Orion's Stalevo, Comtess and Comtan Parkinson's drugs

- United States ³⁾ USD 180 million (+1%)
- Five largest European markets ^{1) 3)}
EUR 158 million (+4%)
- Japan ²⁾ EUR 50 million (+43%)

Market shares of Orion's Parkinson's drugs

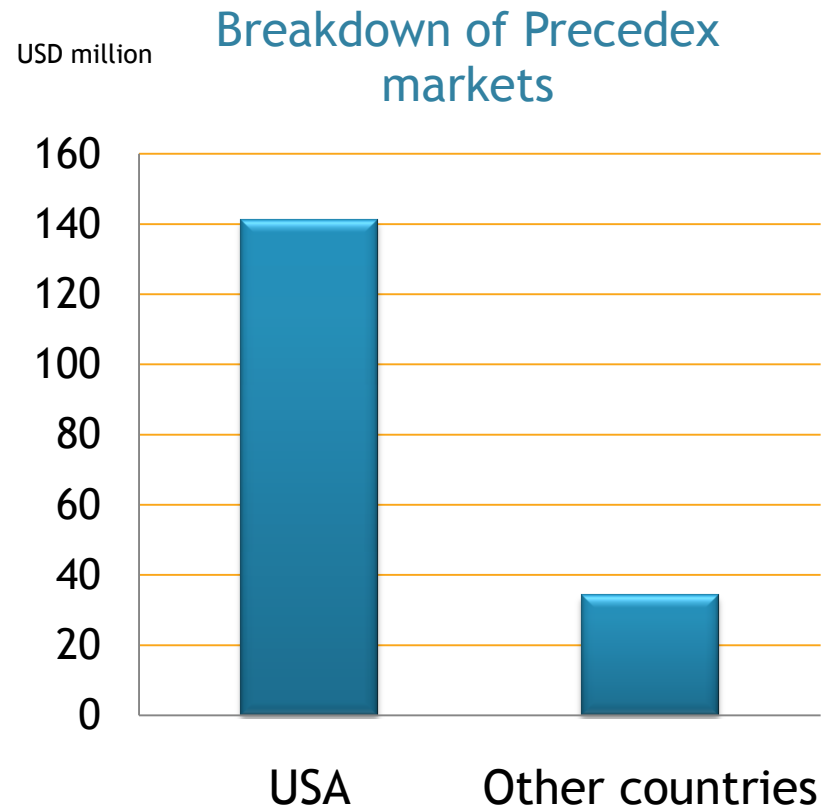
	3/11	3/10
Finland ²⁾	23%	27%
Sweden ²⁾	15%	16%
Norway ²⁾	15%	16%
Denmark ²⁾	17%	16%
Germany ³⁾	14%	14%
UK ³⁾	13%	13%
United States ^{3) 4)}	22%	17%
Japan ^{2) 4)}	10%	9%

- (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 2010 – March 2011

- Total USD 175 million (+51%)
- United States USD 141 million (+42%)



Orion's pharmaceutical research pipeline

Project	Indication	Pre-clinical	Clinical phases			Regis- tration
			I	II	III	
Dexmedetomidine (intravenous) for European markets	Intensive care sedative					
Easyhaler® combined formulations	Asthma, COPD					
Stalevo® for Japanese market	Parkinson's disease					
Androgen receptor antagonist	Advanced prostate cancer	Partner: Endo Pharmaceuticals				
Alpha 2 _c receptor antagonist	Alzheimer's disease					
Alpha 2 _c receptor antagonist	Raynaud's phenomenon					
More effective levodopa product	Parkinson's disease					
Dexmedetomidine (non-intravenous)	Pain management	Partner: Récro Pharma				
Many projects in early research phase	Prostate cancer, neuropathic pain, Parkinson's disease, Alzheimer's disease					

Diagnostics business

Key figures for Diagnostics business	Q1-Q2/2011	Q1-Q2/2010	Change %
Net sales, EUR million	25	24	+6%
Operating profit, EUR million	3.4	4.1	-17%

- QuikRead® tests remained main product
 - Launches of QuikRead go® progressed as planned and moving into the next geographical phase
- Sales in Nordic countries stronger than in comparative period, and sales continued to grow in China and the Czech Republic, for example
- Profit depressed by higher fixed costs and weaker margin structure of the product sales portfolio than in the comparative period
- Orion Diagnostica strengthened its research and product development base by acquiring new early-phase technology through purchasing all the shares of English technology company GeneForm Technologies Ltd

Outlook for 2011

- Net sales **slightly higher** than in 2010
 - marketing expenditure will be **higher** due to the increased number of product launches
 - research expenditure will be **higher** than in 2010
- Operating profit excluding non-recurring items **higher** than in 2010
- Group capital expenditure about EUR 45 million excluding substantial corporate or product acquisitions

Orion calendar

- Interim Report January-September 2011 25 October 2011
- Financial Statements 2011 7 February 2012
- Annual General Meeting 2012 20 March 2012
- Interim Report January-March 2012 24 April 2012
- Capital Markets Day in Helsinki 24 May 2012
- Interim Report January-June 2012 31 July 2012
- Interim Report January-September 2012 23 October 2012

- The Annual Report 2011 will be published on the company's website latest on week 10/2012



ORION

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. Creating foundation for long-term profitable growth

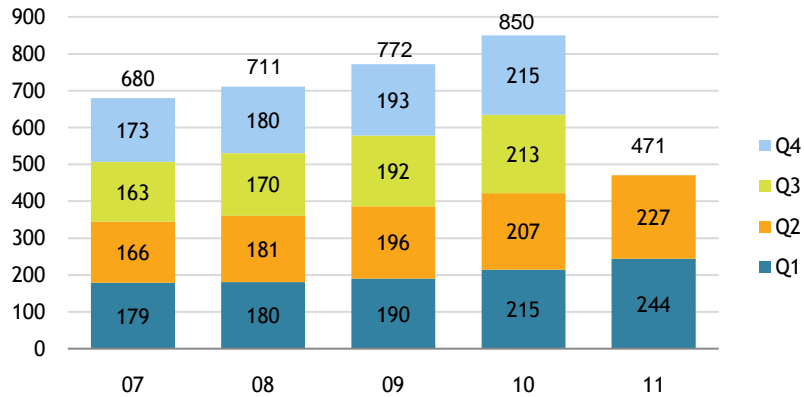
Principal means of achieving objectives:

- 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

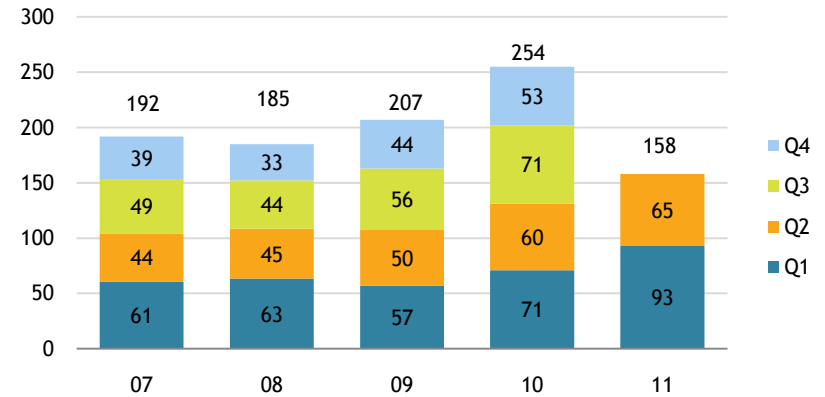
EUR million

Net sales



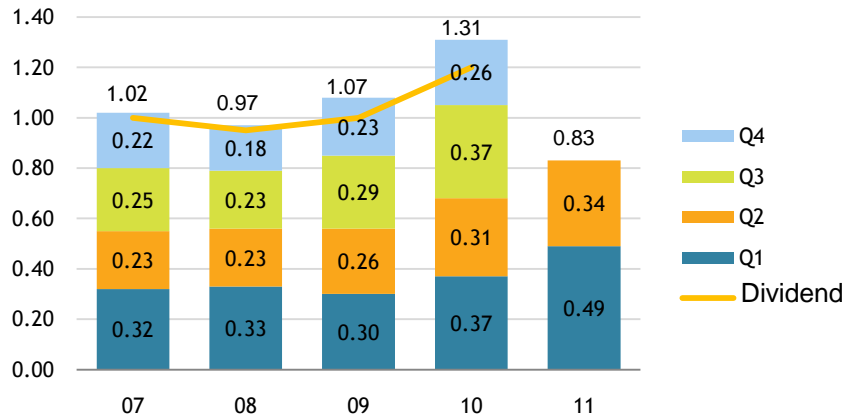
EUR million

Operating profit



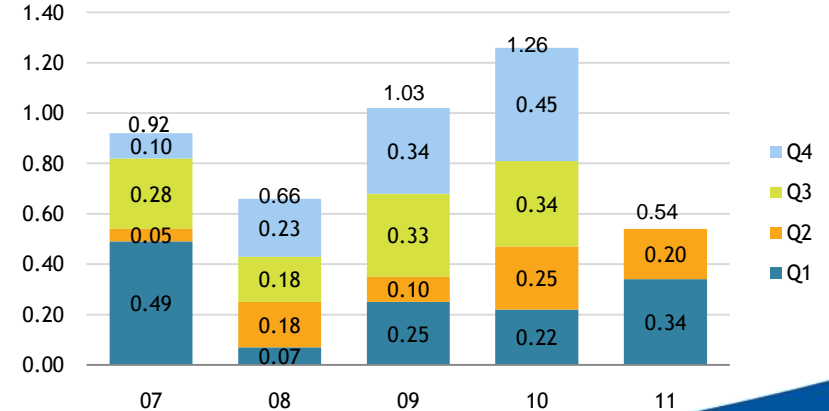
EUR

Basic earnings per share



EUR

Cash flow per share before financial items



Key figures for 2007–Q2/2011

Orion's key figures	2007	2008	2009	2010	Q1–Q2/2011	Q1–Q2/2010	Change %
Net sales, EUR million	680.0	710.7	771.5	849.9	471.2	421.9	+11.7%
Operating profit, EUR million	192.0	185.0	207.0	254.2	158.0	131.0	+20.6%
Profit before taxes, EUR million	193.4	184.2	203.7	252.6	157.5	130.2	+20.9%
R&D expenses, EUR million	85.0	90.0	95.2	85.5	42.7	39.4	+8.4%
Equity ratio, %	76.2%	60.2%	60.6%	62.7%	60.7%	58.7%	
Gearing, %	-20.0%	-7.1%	-8.9%	-12.2%	11.2%	12.6%	
ROCE (before taxes), %	44.8%	38.5%	37.4%	45.0%	59.0%	49.5%	
Return on equity, %	33.5%	32.1%	35.3%	40.7%	53.4%	46.9%	
Basic earnings per share, EUR	1.02	0.97	1.07	1.31	0.83	0.68	+21.0%
Cash flow per share before financial items, EUR	0.92	0.66	1.03	1.26	0.54	0.48	+13.2%
Dividend per share, EUR	1.00	0.95	1.00 + 0.10 ¹⁾	1.20 + 0.06 ²⁾			

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.

Growth in sales of own proprietary products

Net sales of proprietary products,
EUR million

	Indication	Q1–Q2/2011	Q1–Q2/2010	Change %	2010
Stalevo [®] , Comtess [®] and Comtan [®]	Parkinson's disease	142.5	125.6	+13.5%	252.7
Simdax [®]	Acute decompensated heart failure	21.2	20.2	+5.1%	39.9
Easyhaler [®] product family	Asthma, COPD	16.8	14.6	+14.8%	28.1
Precedex [®]	Intensive care sedative	14.4	12.9	+11.7%	27.2
Dexdomitor [®] , Domitor [®] , Domosedan [®] and Antisedan [®]	Animal sedatives	11.0	10.9	+1.5%	24.2
Divina [®] range	Menopausal symptoms	6.8	6.8	-0.5%	13.3
Fareston [®]	Breast cancer	4.3	5.6	-23.8%	11.7
Total		217.0	196.6	+10.4%	397.1
% of pharmaceutical net sales		49%	49%		49%

Income Statement 2007 – Q2/2011

Formation of profits, EUR million	2007	2008	2009	2010	Q1–Q2/2011	Q1–Q2/2010	Change %
Net sales	680.0	710.7	771.5	849.9	471.2	421.9	+11.7%
Cost of goods sold	-232.8	-243.4	-265.2	-283.2	-147.5	-137.8	+7.0%
Gross profit	447.2	467.4	506.3	566.8	323.7	284.0	+14.0%
Other operating income and expenses	12.0	3.1	6.0	1.2	3.0	-4.6	+165.4%
Sales and marketing expenses	-143.4	-143.9	-160.0	-188.9	-106.6	-88.7	+20.1%
R&D expenses	-85.0	-90.0	-95.2	-85.5	-42.7	-39.4	+8.4%
Administrative expenses	-38.8	-51.5	-50.2	-39.3	-19.5	-20.3	-3.8%
Operating profit	192.0	185.0	207.0	254.2	158.0	131.0	+20.6%
Profit before taxes	193.4	184.2	203.7	252.6	157.5	130.2	+20.9%
Profit for the period	143.9	136.3	151.4	184.7	116.4	96.4	+20.8%

Orion's main research programmes

- Processing of marketing authorisation application for intensive care sedative *dexmedetomidine* by European Medicines Agency continues. After the review period, in July Orion was informed that the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) had issued a positive opinion recommending granting of marketing authorisation for the new intensive care sedative *dexdor*[®].
- Expansion of *Easyhaler* product family. Under development are *new budesonide-formoterol* and *fluticasone-salmeterol combined formulations* for treatment of asthma and COPD.
 - Bioequivalence results of the budesonide-formoterol combined formulation development programme are anticipated in early 2012.
- Orion and Novartis are developing Parkinson's drug *Stalevo* for Japanese markets.
 - Timeline for regulatory submission is under evaluation by Novartis
- An *androgen receptor antagonist* for treatment of advanced prostate cancer is in 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 and Raynaud's phenomenon.
- Orion has moved to clinical trials of a new more effective *levodopa product* based on optimised new formulations and doses of known compounds.
- Early-phase studies include:
 - Prostate cancer, neuropathic pain, Parkinson's disease and Alzheimer's disease.

Patent 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 [®]	Intensive care sedative	Not marketed	July 2013	June 2012

¹⁾ Stalevo data protection expires

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

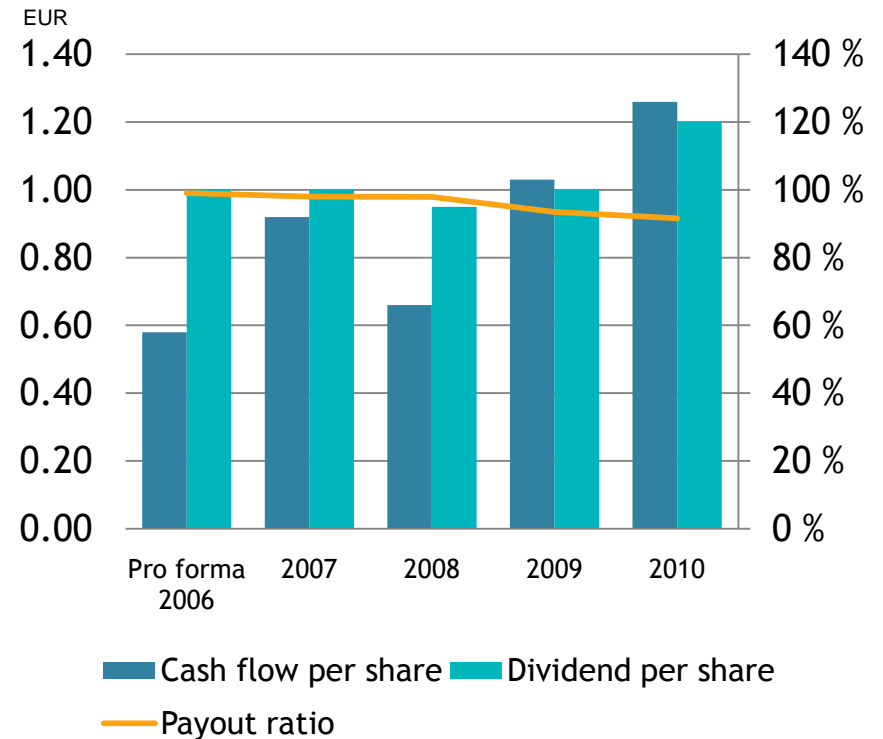
³⁾ Data protection expires; currently only Comtan available, project to develop Stalevo for Japanese markets ongoing

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 policy





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Building well-being