

ORION CORPORATION INTERIM REPORT JANUARY–SEPTEMBER 2009 26 OCTOBER at 12:00 EET

Orion Group Interim Report January–September 2009

Orion's net sales for January–September 2009 totalled EUR 578.2 million (EUR 530.9 million for January–September 2008), up by 8.9% on the comparative period.

- Operating profit was EUR 163.1 (152.2) million.
- Profit before taxes was EUR 160.6 (152.0) million.
- Equity ratio was 57.6% (65.5%).
- ROCE before taxes was 39.6% (44.8%).
- ROE after taxes was 38.4% (35.9%).
- Earnings per share were EUR 0.84 (0.79).
- Cash flow per share before financial items was EUR 0.69 (0.43).

ORION'S KEY FIGURES FOR THE REVIEW PERIOD

| | Q3/09 | Q3/08 | Change % | Q1–Q3/09 | Q1–Q3/08 | Change % | 2008 |
|---|-------|-------|----------|----------|----------|----------|-------|
| Net sales, EUR million | 191.8 | 170.1 | +12.8% | 578.2 | 530.9 | +8.9% | 710.7 |
| International operations, EUR million | 136.2 | 117.3 | +16.1% | 414.1 | 368.9 | +12.3% | 493.6 |
| % of net sales | 71.0% | 69.0% | | 71.6% | 69.5% | | 69.4% |
| Operating profit, EUR million | 55.7 | 43.6 | +27.9% | 163.1 | 152.2 | +7.1% | 185.0 |
| % of net sales | 29.0% | 25.6% | | 28.2% | 28.7% | | 26.0% |
| Profit before taxes, EUR million | 54.9 | 43.1 | +27.6% | 160.6 | 152.0 | +5.6% | 184.2 |
| % of net sales | 28.6% | 25.3% | | 27.8% | 28.6% | | 25.9% |
| Income tax expense, EUR million | 14.6 | 11.3 | +29.0% | 42.2 | 40.4 | +4.5% | 47.8 |
| R&D expenses, EUR million | 20.5 | 20.3 | +0.8% | 69.6 | 64.5 | +7.9% | 90.0 |
| % of net sales | 10.7% | 11.9% | | 12.0% | 12.1% | | 12.7% |
| Capital expenditure, EUR million | 11.2 | 12.7 | -11.9% | 51.2 | 44.0 | +16.3% | 56.8 |
| % of net sales | 5.8% | 7.5% | | 8.9% | 8.3% | | 8.0% |
| Assets total, EUR million | | | | 701.6 | 606.5 | +15.7% | 695.5 |
| Equity ratio,% | | | | 57.6% | 65.5% | | 60.2% |
| Gearing,% | | | | 1.6% | 0.2% | | -7.1% |
| Interest-bearing liabilities, EUR million | | | | 158.2 | 95.9 | +64.9% | 146.3 |
| Non-interest-bearing liabilities, EUR million | | | | 139.1 | 113.5 | +22.5% | 130.6 |
| Cash and cash equivalents, EUR million | | | | 151.5 | 95.1 | +59.3% | 176.1 |
| ROCE (before taxes),% | | | | 39.6% | 44.8% | | 38.5% |
| ROE (after taxes),% | | | | 38.4% | 35.9% | | 32.1% |
| Earnings per share, EUR | 0.29 | 0.23 | +27.0% | 0.84 | 0.79 | +6.1% | 0.97 |
| Cash flow per share before financial items, EUR | 0.33 | 0.18 | +89.4% | 0.69 | 0.43 | +61.6% | 0.66 |
| Equity per share, EUR | | | | 2.87 | 2.82 | +1.8% | 2.97 |
| Personnel at the end of the period | | | | 3 125 | 3 300 | -5.3% | 3 309 |
| Average personnel during the period | | | | 3 210 | 3 255 | -1.4% | 3 270 |
| Personnel expenses, EUR million | | | | 123.9 | 120.1 | +3.2% | 170.9 |

The Orion Group changed its accounting policy regarding product development costs as of 1 January 2009. Costs relating to the support of products already on the market (mainly generic products) are now recognised in cost of goods sold instead of R&D expenses in the Statement of Comprehensive Income. This change has no effect on reported key figures, operating profit and Statement of Financial Position, but it reduces the R&D expenses previously reported for 2008 by EUR 13.4 million and correspondingly increases the cost of goods sold.

On 1 January 2009, the Easyhaler[®] business was transferred from the Specialty Products to the Proprietary Products division. At the same time, hormone replacement products, such as the Divina[®] range, and toremifene products, such as Fareston[®], were transferred to Specialty Products.

The key figures for comparative periods have been adjusted in accordance with these reporting changes. In addition, the adjusted key figures for previous periods are presented in the table “Adjusted Key Figures” at the end of this report.

CEO Timo Lappalainen’s review

“Strong growth in business”

“Orion’s net sales for the first nine months grew well to about nine per cent higher than in the comparative period last year. Orion’s products based on in-house R&D were most successful. Deliveries of the Parkinson’s disease drugs Stalevo and Comtan to Novartis and sales of Simdax heart failure drug, Easyhaler pulmonary drugs and Precedex sedative for patients in intensive care were considerably higher than in the comparative period.

“We are also pleased to report good progress for us in the crucial domestic market in Finland, where we have succeeded in increasing our sales and market share in very challenging market conditions. A new reference price system was implemented in Finland this year that has further intensified price competition, so the domestic pharmaceutical market has not grown during the period under review.

“Thanks to the strong sales, our operating profit was higher than in the comparative period despite slightly lower margins and higher fixed costs. Costs were higher mainly due to the launching of sales and marketing operations for Simdax in a number of new countries, outsourced research projects and the ongoing patent litigation in the United States.

“The transfer from Abbott to Orion of the Simdax marketing rights repurchased in May has progressed according to plan. In the summer and early autumn, Orion launched its own sales operations in Spain, Italy, Austria, Greece and Portugal.

“After the period under review, Orion and Pfizer agreed that the distribution rights for animal sedatives in Europe would revert to Orion. Relating to this arrangement, Pfizer is to pay Orion four million euros this year. Approval from the European Commission is still required for this agreement to be implemented.

“Our current forecast for the Group’s outlook for the full year 2009 excluding non-recurring items remains unchanged from that published earlier in the Financial Statements and the previous Interim Reports, in other words we are expecting our net sales and operating profit to be slightly higher than in 2008. However, the four million euros to be received from Pfizer later this year would lift the operating profit above this estimate. The outlook forecast and basis for it can be found on pages 5–6 of this report.”

Events during the period

In September, Orion and Hospira, Inc. sued Sandoz companies in the United States to enforce their US patents covering the proprietary drug Precedex®.

Events after the review period

In October, Orion withdrew the application in the United States to extend the indication of its drug Stalevo® for the treatment of early-stage Parkinson’s disease. This was due to Orion’s assessment of the results from clinical studies with the drug that did not show a consistent risk/benefit profile in patients with early Parkinson’s disease at the dose used in the studies.

In October, Orion and Pfizer Animal Health agreed that the rights in Europe to an animal sedative product family that Orion had developed shall revert to Orion. Pfizer had been marketing Orion’s drugs Dexdomitor®, Domitor®, Domosedan® and Antisedan® almost worldwide. Following the merger between Pfizer and Wyeth, the European Commission has required Pfizer to relinquish some animal health products in Europe, so it returned the rights to distribute the product family in Europe to Orion. Pfizer will continue to market the products in the rest of the world. Relating to this arrangement, Pfizer is to pay Orion four million euros this year. Approval from the European Commission is still required for this agreement to come into force.

News conference and teleconference

A news conference and teleconference on the January–September 2009 results will be held **today, Monday 26 October 2009, at 14:30 EET at Hotel Kämp**, address: Pohjoisesplanadi 29, Helsinki. CEO Timo Lappalainen will give a brief presentation in English on the Group's results.

The event can be followed live as a webcast accessible via the Orion website at www.orion.fi/en/. After the presentation, questions can be asked also by telephone in Finnish and English.

To participate in the teleconference, please call:
from the USA: +1 334 323 6203
from other countries: +44 (0)20 7162 0125

News conference recordings

A recording of the webcast of the event will be available later the same day via a link on the Orion website. A recording of the CEO's presentation in Finnish will be available on the Orion website on the following day.

Financial report material

Orion's financial reports and related presentation material are available on the Group's website at www.orion.fi/en/ promptly after publication. The website also has a form for subscribing to Orion's publications and releases.

Dates in Orion Calendar 2009 and 2010

| | | |
|---------------------------------------|-------------------|-----------------------------|
| Orion Capital Markets Day (CMD) 2009 | Tuesday | 1 December 2009 in Helsinki |
| Financial Statements Review for 2009 | Tuesday | 9 February 2010 |
| Annual Report 2009 will be published | In week beginning | 1 March 2010 |
| Annual General Meeting | Wednesday | 24 March 2010 in Helsinki |
| Interim Report January–March 2010 | Tuesday | 27 April 2010 |
| Interim Report January–June 2010 | Tuesday | 10 August 2010 |
| Interim Report January–September 2010 | Tuesday | 26 October 2010 |

Additional information:

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www.orion.fi/en/
www.orion.fi/en/investors/

Financial review Q1–Q3/2009

Net sales

The Orion Group's net sales for January–September 2009 totalled EUR 578.2 million (EUR 530.9 million in Q1–Q3/2008), up by 8.9% on the comparative period. The net effect of currency exchange rates was plus EUR 3.2 million.

The Pharmaceuticals business's net sales were up by 9.8% at EUR 546.6 (498.0) million. The products based on in-house R&D accounted for EUR 263.2 (230.0) million, or 48% (46%) of the operating segment's net sales. Net sales of Orion's Parkinson's drugs Stalevo[®] (carbidopa, levodopa and entacapone) and Comtess[®]/Comtan[®] (entacapone) totalled EUR 182.2 (155.7) million, or about 33% (31%) of the segment's sales.

The Diagnostics business's net sales were EUR 33.2 (34.3) million, down by 3.2% on the comparative period. Sales of QuikRead[®] infection tests grew, but sales of the older product portfolio were lower than in the comparative period.

Operating profit

The Orion Group's operating profit for January–September 2009 was up by 7.1% at EUR 163.1 (152.2) million.

The Pharmaceuticals business's operating profit was EUR 165.1 (153.1) million. Although fixed costs increased, operating profit grew by 7.8% due to good sales.

The Diagnostics business's operating profit was down by 27.1% at EUR 4.3 (5.9) million due to the slight decline in sales and clearly increased investment in product development.

Operating expenses

The Group's sales and marketing expenses were up by 8.5% at EUR 113.5 (104.6) million. The increase was mainly due to the repurchase of the Simdax business and related launching of sales operations in Southern Europe.

R&D expenses were up by 7.9% at EUR 69.6 (64.5) million and accounted for 12.0% (12.1%) of the Group's net sales. Pharmaceutical R&D expenses amounted to EUR 65.4 (61.3) million. Ongoing research projects are reported in more detail under Pharmaceuticals in the Business Reviews.

Administrative expenses were EUR 38.2 (32.7) million, which is higher than in the previous year mainly because of the EUR 7.6 (4.4) million costs resulting from the ongoing patent litigation in the United States. There is more information on the ongoing legal proceedings in the section "Legal proceedings".

Other operating income and expenses increased profit by EUR 2.2 (0.9) million, mainly due to exchange rate hedging.

Profit before taxes

Group profit before taxes totalled EUR 160.6 (152.0) million. Earnings per share were EUR 0.84 (0.79) and equity per share EUR 2.87 (2.82). The return on capital employed before taxes (ROCE) was 39.6% (44.8%) and the return on equity after taxes (ROE) 38.4% (35.9%).

Financial position

The Group's gearing was 1.6% (0.2%) and the equity ratio 57.6% (65.5%).

Total liabilities at 30 September 2009 were EUR 297.2 (209.4) million. At the end of the period, interest-bearing liabilities amounted to EUR 158.2 (95.9) million, including EUR 117.2 (41.5) million of long-term

loans. The rise in the loans increased the Group's cash and cash equivalents, which were EUR 151.5 (95.1) million at the end of the period, but the Group's equity ratio and ROCE decreased slightly at the same time.

The Group's cash and cash equivalents are invested in short-term interest-bearing instruments issued by financially solid financial institutions and corporations.

Cash flow

Operating cash flow increased to EUR 147.9 (101.8) million. Operating profit was slightly higher than in the comparative period, and the amount tied up in working capital was EUR 38.3 million less than for the comparative period.

Cash flow from investing activities was EUR -51.1 (-41.9) million.

Cash flow from financing activities was EUR -122.2 (- 54.9) million, as the Group took out markedly less in loans in the current year than the comparative period. This was because most of the Group's financing requirement was covered by the long-term loans taken out at the end of 2008.

Capital expenditure

The Group's capital expenditure totalled EUR 51.2 (44.0) million. This comprised EUR 17.9 (25.4) million on property, plant and equipment and EUR 33.3 (18.6) million on intangible assets. The largest individual investment was the repurchase of the Simdax marketing rights from Abbott in May for EUR 26 million, including signature and milestone payments as per the agreement.

Outlook for 2009

Net sales will increase slightly compared with 2008. Sales of pharmaceuticals through Orion's own sales network will continue to increase in Finland and other European countries. Global in-market sales of Comtess/Comtan and Stalevo drugs will show further growth, but at a slower rate than before. Deliveries of Parkinson's drugs to Novartis are expected to increase.

Marketing expenditure will increase due to the launching of sales and marketing activities in several countries for Simdax, which was repurchased from Abbott, as well as the launching of other products. Research expenditure will be slightly higher than in 2008. The costs of ongoing patent litigation in the United States are estimated to be higher than in 2008.

Operating profit excluding non-recurring items is forecast to be slightly higher than in 2008. In addition, a non-recurring payment of EUR 4 million to be received from Pfizer later this year would increase the operating profit. A prerequisite for the payment is that the European Commission approves the agreement between Orion and Pfizer concerning reversion of animal sedative marketing rights in Europe to Orion.

R&D expenses will be about EUR 95 million. In addition, about EUR 10 million will be used to support products already on the market. The latter item is now included in costs of goods sold in the Statement of Comprehensive Income, while previously both items were included in R&D expenses.

The Group's capital expenditure will be about EUR 65 million, including the repurchase of Simdax but excluding other new substantial company or product acquisitions.

Basis for outlook

The reference price system that was implemented in Finland in April 2009 has as expected increased price competition in the category of substitutable products. However, it has also provided new business opportunities for Orion. Following the change, general market growth in Finland has been slower than in 2008. Launches of new products will support Orion's growth in Finland. On the other hand, growth will be slowed by intense price competition especially affecting substitutable prescription drugs, which are important products for Orion.

As anticipated, in-market sales of the Parkinson's drugs Stalevo and Comtess/Comtan grew by just over 10% in 2008, which was slower than in previous years. Further slight slowing in growth is expected during 2009. Orion's own sales are expected to grow in line with the overall market for Parkinson's drugs. Deliveries to Novartis will depend on Novartis's sales and any change in its stock levels. Current information indicates that Novartis will not continue to reduce its stock levels in 2009.

Repurchasing of the marketing rights to Simdax from Abbott will increase sales in the latter part of the year. However, because of the costs of launching the sales and marketing operations for the product and the transfer from Abbott to Orion, the purchase will have no material effect on Orion's operating profit in 2009 compared with when Abbott was responsible for sales of the product.

Because the registrations and launches of new products are projects that take more than a year, the increase in resources and other inputs required for them in 2009 were planned mainly in the previous year.

Research and development costs can be estimated quite accurately in advance. They are partly the Company's internal fixed cost items, such as salaries and maintenance of the operating infrastructure, and partly the costs of long-term clinical trials, which are typically performed in clinics located in several countries. The most important clinical trials scheduled for 2009 are either ongoing from the previous year or at an advanced stage of planning, so their cost level can be estimated rather accurately.

The estimated costs of the ongoing patent litigation in the United States are based on the planned timetables and work estimates. The costs due to the litigation will depend on a number of factors, which at present are difficult to estimate accurately.

Near-term risks and uncertainties relating to the outlook

The Company is not aware of any significant risk factors relating to the earnings outlook for 2009.

The global economic recession is not expected to have a material effect on the short-term development of the pharmaceuticals market, but it increases uncertainty and makes forecasting more difficult. For example, risks of payment defaults and credit losses relating to individual countries and customers may increase slightly, and forecasting exchange rate trends will be more challenging, particularly in Eastern Europe.

The sales of individual products and also Orion's sales in individual markets may vary slightly depending on the extent to which the ever-tougher price and other competition prevailing in the pharmaceutical markets in recent years will specifically affect Orion's products. Deliveries to Novartis are based on timetables that are jointly agreed in advance. Nevertheless, they can change, for example as a consequence of decisions by Novartis concerning adjustments of stock levels during the year. It is assumed that the ongoing litigation will not affect the sales of Comtan or Stalevo in the United States in 2009.

Most of the exchange rate risk relates to the US dollar. Typically, only less than 15% of Orion's net sales come from the United States. As regards the other most important currencies, such as the British pound and the Swedish krona, the overall effect will be abated by the fact that Orion has organisations of its own in the United Kingdom and Sweden, which means that in addition to sales income, there are also costs in these currencies. As regards the currencies of East European countries, the situation is similar.

Research projects always entail uncertainty factors that may either increase or decrease estimated costs. The projects may progress more slowly or faster than assumed, or they may be discontinued. Nonetheless, changes that may occur in ongoing clinical studies are reflected in costs relatively slowly, and they are not expected to have a material impact on earnings in the current year. Owing to the nature of the research process, the timetables and costs of new studies that are being started are known well in advance. They therefore typically do not lead to unexpected changes in the estimated cost structure.

Financial objectives

Orion's financial objectives are ensuring the Group's financial stability and creating a foundation for long-term profitable growth.

The principal means of achieving these objectives are:

- improving the organic development of net sales and operating profit through product, product portfolio and company acquisitions
- increasing the efficiency of operations and cost control
- maintaining a stable financial position, with the equity ratio at least 50%

Sales of the Parkinson's disease drugs Stalevo and Comtess/Comtan currently account for approximately one-third of Orion's net sales. The key patents for these drugs in Orion's main markets will expire in 2012–13, which is why their sales are expected to decline over the next few years. Orion will also bring new products to the market to replace this drop in net sales.

The development of Orion's net sales and profitability in the next few years will depend on how fast the sales of Parkinson's drugs will decline and, on the other hand, how the sales of other products will increase in the future. This creates a point of discontinuity in the Group's operations.

Dividend policy

Orion's dividend distribution takes into account the distributable funds and the capital expenditure and other financial requirements in the medium and long term to achieve the financial objectives.

Shares and shareholders

On 30 September 2009, Orion had a total of 141,257,828 shares, of which 51,440,668 were A shares and 89,817,160 B shares. The Group's share capital is EUR 92,238,541.46. At the end of September 2009, Orion held 280,030 B shares as treasury shares. On 30 September 2009, the aggregate number of votes conferred by both share classes was 1,118,350,490, excluding treasury shares.

Voting rights conferred by shares

Each A share entitles its holder to twenty (20) votes at General Meetings of Shareholders and each B share one (1) vote. However, a shareholder cannot vote more than 1/20 of the aggregate number of votes from the different share classes represented at the General Meetings of Shareholders. In addition, Orion and Orion Pension Fund do not have the right to vote at Orion Corporation's General Meetings of Shareholders.

Both share classes, A and B, confer equal rights to the Company's assets and dividends.

The Articles of Association entitle shareholders to demand the conversion of their A shares to B shares. No shares were converted during January–September 2009.

Trading in Orion's shares

Orion's A shares and B shares are quoted on NASDAQ OMX Helsinki in the Large Cap group under the Healthcare sector heading under the trading codes ORNAV and ORNBV. Trading in both of the Company's share classes commenced on 3 July 2006. Information on trading in the Company's shares has been available since this date. On 30 September 2009, the market capitalisation of the Company's shares excluding treasury shares was EUR 1 781.5 million.

Authorisation of the Board of Directors to dispose of shares

Orion's Board of Directors was authorised by the Annual General Meeting on 23 March 2009 to dispose of shares held by the Company (treasury shares). This authorisation is valid until the close of the 2010 Annual General Meeting. The Board of Directors is not authorised to increase the share capital or to issue bonds with warrants or convertible bonds or stock options.

Altogether 44,806 B shares held by the Company were transferred in March as a share bonus for 2008 to persons employed by the Company and belonging to the Share-based Incentive Plan of the Orion Group. This was based on the authorisation granted by the Annual General Meeting on 25 March 2008. The transfer

price of the shares transferred was EUR 11.97 per share, which was the weighted average price of the B shares on 5 March 2009. The total transfer price of the shares transferred was EUR 536,417.43.

Following the transfer, Orion holds 280,030 B shares as treasury shares.

Share ownership

At the end of September 2009, Orion had a total of 50,870 registered shareholders, of whom 94.0% were private individuals holding 51.1% of the entire share stock and 60.0% of the total votes. There were altogether 29.45 million nominee-registered shares (20.8% of all shares) with entitlement to 4.5% of the votes.

At the end of September 2009, Orion held 280,030 B shares as treasury shares, which represent 0.2% of the Company's total share stock and 0.03% of the total votes.

No new transactions exceeding the notification threshold set in the Finnish Securities Markets Act were brought to the attention of the Company during the period under review.

Personnel

The average number of employees in the Group in January–September 2009 was 3,210 (3,255). At the end of September, the Group had a total of 3,125 (3,300) employees, of whom 2,532 (2,716) worked in Finland and 593 (584) outside Finland.

Salaries and other personnel expenses in January–September totalled EUR 123.9 (120.1) million.

Legal proceedings

Legal proceedings against the Sun companies

On 13 November 2007, 7 February 2008 and 12 November 2008, Orion Corporation filed patent infringement lawsuits in the United States to enforce US Patents No. 6,500,867 and 5,446,194 against companies belonging to the Sun Group.

Sun Pharmaceutical Industries Limited seeks to market generic versions of Orion's Stalevo drug (25/100/200 and 37.5/150/200 mg strengths of carbidopa, levodopa and entacapone) in the United States. Sun Pharma Global, Inc. seeks to market a generic version of Orion's proprietary drug Comtan in the United States.

Legal proceedings against the Sandoz companies

On 4 September 2009, Orion Corporation and Hospira, Inc. filed together a patent infringement lawsuit in the United States against Sandoz International GmbH and Sandoz Inc. to enforce their patents valid in the United States. The legal proceedings concern Orion's US Patent No. 4,910,214 and Orion's and Hospira's commonly owned US Patent No. 6,716,867.

Sandoz Inc. has sought authorisation to produce and market in the United States a generic version of Orion's proprietary drug Precedex[®] (dexmedetomidine hydrochloride 100 microgram base/ml), which is marketed in the United States by Orion's licensee Hospira.

Orion expects the costs of the legal proceedings against the Sandoz companies to be substantially less than the costs of the ongoing entacapone patent litigation in the United States.

Business Reviews

Pharmaceuticals

Review of human pharmaceuticals market

Finland is the most important market for Orion, generating just under one-third of Orion's net sales. According to statistics collected by Finnish Pharmaceutical Data Ltd, **Finnish wholesale of human pharmaceuticals** in January–September 2009 totalled EUR 1 433.9 million, down by 0.2% on the comparative period. In terms of the number of packages, overall sales were down by 2.5%. Total pharmacy sales were similar to the comparative period, while hospital sales were up by 0.8%. The wholesale of prescription drugs in the whole market was down by 0.1% and wholesale of self-care products up by 2.7%.

Orion continued to strengthen its position as leader in marketing pharmaceuticals in Finland. According to statistics collected by Finnish Pharmaceutical Data Ltd, **Orion's wholesale of pharmaceuticals in Finland** in January–September 2009 amounted to EUR 137.2 million, up by 4.0% on the comparative period. Orion's sales clearly grew, even though the overall market remained almost unchanged on the comparative period. Orion's market share was 9.6% (9.4%), which was 2.6 percentage points higher than the second-largest company's market share.

Globally, the most important individual therapy area for Orion is the treatment of Parkinson's disease. Orion's Parkinson's drugs account for approximately one-third of the Group's net sales. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in June 2009 the **total sales of Parkinson's drugs** to retail distributors in the United States came to USD 945 million (USD 1,096 million in the previous 12-month period), which is 14% less than in the comparative period. The rapid change in the market trend was caused by the expiry of the patent for the leading product, a dopamine agonist, and the resulting competition created by the launch of generic products. The five largest European markets for Parkinson's drugs were Germany, the United Kingdom, France, Spain and Italy. In these countries, the combined sales of Parkinson's drugs to retail distributors in the 12-month period ending in June totalled EUR 885 (834) million, and the average market growth was 6%.

Sales of Orion's Parkinson's drugs continued to grow clearly faster than the market as a whole. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in June 2009, sales of Orion's Parkinson's drugs to retail distributors were up by 13% at EUR 415 million (EUR 367 million in the previous 12-month period). In addition, hospital sales of Orion's Parkinson's drugs amounted to EUR 59 million. In the United States, sales of Orion's Parkinson's drugs to retail distributors in the 12-month period ending in June were USD 166 (149) million, up by 11% on the comparative period. The market share of Orion's Parkinson's drugs in the United States was about 17%. In the five largest Parkinson's drugs markets in Europe, sales of Orion's Parkinson's drugs to retail distributors in the 12-month period ending in June totalled EUR 145 (135) million, up by 7% on the comparative period. Orion's Parkinson's drugs have an average market share of about 16% in these five markets.

Net sales and operating profit of the Pharmaceuticals business

Net sales of the Pharmaceuticals business in January–September 2009 were EUR 546.6 (498.0) million, up by 9.8% on the comparative period. The Pharmaceuticals business operating profit was up by 7.8% at EUR 165.1 (153.1) million. The EBIT margin of the Pharmaceuticals business was 30.2% (30.8%) of the segment's net sales.

Proprietary Products

The product portfolio of Proprietary Products consists of patented prescription products. Net sales of the division in January–September 2009 were up by 18.3% at EUR 246.8 (208.7) million.

Net sales of Orion's Parkinson's drugs in January–September 2009 totalled EUR 182.2 (155.7) million. The net sales were up by 17.0% and accounted for 33% (31%) of the total net sales of the Pharmaceuticals business. Net sales from deliveries of Stalevo and Comtan to Novartis totalled EUR 111.4 (88.3) million, up by 26.1% on the comparative period. Deliveries of Stalevo to Novartis increased by 26.5%, and deliveries of

Comtan by 25.4%. Total net sales generated by Stalevo and Comtess in Orion's own sales organisation were up by 5.0% at EUR 70.8 (67.4) million. Net sales of Stalevo through Orion's own sales organisation were up by 13.4% at EUR 55.3 (48.8) million. The weak British pound and Scandinavian currencies have slowed euro-denominated sales.

Orion has ongoing patent litigation in the United States against the Sun companies and Sandoz companies. The Sun companies aim to launch generic versions of Orion's Comtan and Stalevo, and the Sandoz companies a generic version of Orion's Precedex in the United States.

Sales of Simdax, a drug for acute decompensated heart failure, developed well and the transfer of the rights to the product from Abbott to Orion has progressed according to plan.

Net sales of the Easyhaler[®] product family for the treatment of asthma and chronic obstructive pulmonary disease in January–September 2009 were up by 13.6% at EUR 18.5 (16.3) million. Sales grew especially well in Germany. The rights to Easyhaler products in Hungary were transferred back to Orion in July.

Specialty Products

Net sales of the Specialty Products business division's off-patent, i.e. generic, prescription drugs and self-care products were up by 4.9% in January–September 2009 at EUR 201.8 (192.4) million.

Net sales of Orion's human pharmaceuticals in Finland in January–September 2009 were up by 4% at EUR 150.4 (143.9) million. Specialty Products accounted for the majority of sales in Finland. Although market conditions deteriorated, Orion managed to improve its market position owing to continuous updating of its broad product portfolio, particularly in substitutable prescription drugs. The reference price system, which was introduced in April, has further intensified price competition, but also expanded the range of substitutable products. For example, the anti-psychotic drug Ketipinor[®] (quetiapine) and the cholesterol-lowering drug Atorvastatin Orion[®] (atorvastatin) have been particularly successful.

Net sales of Orion's human pharmaceuticals in Eastern Europe in January–September 2009 were down by 3% at EUR 28.1 (28.9) million. Specialty Products accounted for the majority of sales in the region. The growth of euro-denominated net sales in Eastern Europe has been slowed by the severe depreciation of currencies in the region and the economic recession.

Animal Health

Net sales of the Animal Health business division were down by 9.2% in January–September 2009 at EUR 46.0 (50.7) million. Net sales of the animal sedatives Dexdomitor[®] (dexmedetomidine), Domitor[®] (medetomidine), Domosedan[®] (detomidine) and Antisedan[®] (atipamezole) were down by nearly 30% and accounted for 29% (38%) of the division's net sales. Sales of animal sedatives decreased due to price competition in Europe following the expiry of patents.

Orion is the Finnish market leader in veterinary drugs. Comparing January–September 2009 with the corresponding period in 2008, the Finnish animal health market grew by 7.2% while Orion's net sales of veterinary medicines in Finland grew by 8.7%. Orion's share of the Finnish animal health market was 20.6%. The strong growth in sales was mainly due to Orion's extensive product portfolio and its operations in the Finnish animal health market over a long time.

In July, Orion signed a distribution agreement with the US company SentrX Animal Care, Inc. concerning distribution of wound care and other animal health products in eight European countries.

Fermion

Net sales of Fermion, a manufacturer of active pharmaceutical ingredients, were up by 23.2% in January–September 2009 at EUR 32.4 (26.3) million. The effect of intra-Group transactions (deliveries of active ingredients for Orion's own use) has been eliminated from Fermion's net sales. Sales to other pharmaceutical companies increased despite intense price competition, and orders for some key products are at a high level.

Ten best-selling pharmaceutical products

Net sales of the top ten pharmaceuticals were up by 12.8% in January–September 2009 at EUR 286.3 (253.8) million. These products accounted for 52% (51%) of the total net sales of the Pharmaceuticals business. The heart failure drug Simdax, the Precedex sedative for patients in intensive care, the Parkinson's drug Stalevo and the Easyhaler pulmonary drugs had the fastest growth rates among the best-sellers.

Products from in-house research

Net sales of products from in-house research were up by 14.4% in January–September 2009 at EUR 263.2 (230.0) million. These products accounted for about 48% (46%) of the net sales of the Pharmaceuticals business.

Research and development

Orion's pharmaceutical R&D focuses on the following core therapy areas: central nervous system drugs, oncology and critical care drugs, and Easyhaler pulmonary drugs. In addition to in-house research, Orion invests in early-stage R&D jointly with universities and other pharmaceutical companies. In late stage clinical studies, Orion prefers to share the costs with other pharmaceutical companies. In this way, Orion can ensure an increasing number of new research projects and reinforce its capability to continue operating as a company that provides new drugs and engages in pharmaceutical R&D.

The Group's R&D expenses totalled EUR 69.6 (64.5) million, of which the Pharmaceuticals business accounted for EUR 65.4 (61.3) million. The Group's R&D expenses accounted for 12.0% (12.1%) of the Group's net sales.

In October, Orion withdrew the application in the United States to extend the indication of its drug Stalevo for the treatment of early-stage Parkinson's disease. This was due to Orion's assessment of the results from clinical studies with the drug that did not show a consistent risk/benefit profile in patients with early Parkinson's disease at the dose used in the studies. Stalevo is currently approved for treatment of advanced Parkinson's disease.

Phase III clinical studies with the sedative dexmedetomidine are in progress in patients in intensive care as a prolonged infusion administered for over 24 hours. The programme aims to have the drug registered in the EU. The drug is already available in, for example, the United States and Japan as a sedative for patients in intensive care, administrable as an infusion for a maximum of 24 hours. The efficacy and safety of dexmedetomidine is compared with midazolam in the MIDEX study and with propofol in the PRODEX study. It is planned to recruit 500 patients for both studies. All 500 patients have already been recruited for the MIDEX study, the recruitment of patients for the PRODEX study continues. Results from the whole research programme are expected at the latest in summer 2010.

To expand the Easyhaler product family, Orion has an ongoing research programme to develop a new budesonide-formoterol formulation combining budesonide as an anti-inflammatory agent and formoterol as a long-acting bronchodilator. Orion's aim is to utilise Easyhaler technology not just in current products and development projects, but also to develop new products.

Orion is collaborating with Novartis to develop Stalevo for the Japanese market.

The LEVET programme is studying the efficacy of orally administered levosimendan in the treatment of heart diseases in dogs, with the aim of obtaining marketing authorisations in the United States and Europe.

An alpha_{2c} receptor antagonist is being studied in clinical Phase I. In early research, this compound has been found to be possibly suitable for the treatment of the symptoms of schizophrenia or Alzheimer's disease.

Orion has several projects in early research phase investigating selective androgen receptor modulators (SARM), prostate cancer, neuropathic pain, Parkinson's disease and other possible indications within intensive care, among others.



Diagnostics

Net sales of the Diagnostics business in January–September 2009 were EUR 33.2 (34.3) million, down by 3.2% on the comparative period. Sales of several older product lines continued to decline further on the comparative period. In contrast, sales of QuikRead[®] instruments and tests continued to grow. Euro-denominated net sales were slowed by weakening of Nordic currencies, whereas sales to China and the Czech Republic increased on the comparative period.

Operating profit at EUR 4.3 (5.9) million was 27.1% down on the comparative period due to a decline in sales and planned increased investments in product development.

Espoo, 26 October 2009

Board of Directors of Orion Corporation

Orion Corporation

Timo Lappalainen
President and CEO

Jari Karlson
CFO

Tables

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| EUR million | Q3/09 | Q3/08 | Change % | Q1–Q3/09 | Q1–Q3/08 | Change % | 2008 |
|--|--------------|-------|----------|---------------|----------|----------|--------|
| Net sales | 191.8 | 170.1 | +12.8% | 578.2 | 530.9 | +8.9% | 710.7 |
| Cost of goods sold | -66.3 | -61.5 | +7.8% | -196.1 | -177.8 | +10.3% | -243.4 |
| Gross profit | 125.6 | 108.6 | +15.6% | 382.1 | 353.1 | +8.2% | 467.4 |
| Other income and expenses | 0.0 | -1.6 | -100.9% | 2.2 | 0.9 | +147.1% | 3.1 |
| Selling and marketing expenses | -38.2 | -32.3 | +18.2% | -113.5 | -104.6 | +8.5% | -143.9 |
| R&D expenses | -20.5 | -20.3 | +0.8% | -69.6 | -64.5 | +7.9% | -90.0 |
| Administrative expenses | -11.2 | -10.8 | +3.5% | -38.2 | -32.7 | +16.7% | -51.5 |
| Operating profit | 55.7 | 43.6 | +27.9% | 163.1 | 152.2 | +7.1% | 185.0 |
| Finance income | 1.2 | 1.5 | -24.6% | 4.3 | 3.9 | +9.6% | 7.6 |
| Finance expenses | -1.9 | -2.0 | -5.2% | -6.8 | -4.1 | +65.9% | -8.5 |
| Profit before taxes | 54.9 | 43.1 | +27.6% | 160.6 | 152.0 | +5.6% | 184.2 |
| Income tax expense | -14.6 | -11.3 | +29.0% | -42.2 | -40.4 | +4.5% | -47.8 |
| PROFIT FOR THE PERIOD | 40.3 | 31.7 | +27.1% | 118.4 | 111.6 | +6.0% | 136.3 |
| Other comprehensive income | | | | | | | |
| Translation differences | -0.2 | -0.3 | -15.1% | 0.9 | -0.6 | +263.5% | -2.8 |
| Cash flow hedges | -0.2 | -0.5 | -65.6% | 0.1 | 0.3 | -75.0% | -1.0 |
| Other comprehensive income net of tax | -0.4 | -0.7 | -48.4% | 1.0 | -0.3 | +417.2% | -3.9 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | | | | | | |
| | 40.0 | 31.0 | +28.9% | 119.4 | 111.3 | +7.2% | 132.5 |
| of which attributable to: | | | | | | | |
| Parent company shareholders | 40.3 | 31.7 | +27.1% | 118.4 | 111.6 | +6.0% | 136.3 |
| Minority interest | 0.0 | 0.0 | | 0.0 | 0.0 | | 0.0 |
| Total comprehensive income attributable to: | | | | | | | |
| Parent company shareholders | 40.0 | 31.0 | +28.9% | 119.4 | 111.3 | +7.2% | 132.5 |
| Minority interest | 0.0 | 0.0 | | 0.0 | 0.0 | | 0.0 |
| Earnings per share, EUR ¹⁾ | 0.29 | 0.23 | +27.0% | 0.84 | 0.79 | +6.1% | 0.97 |
| Depreciation and amortisation | 8.8 | 8.0 | +10.6% | 25.3 | 23.2 | +8.7% | 31.6 |
| Personnel expenses | 37.5 | 36.2 | +3.8% | 123.9 | 120.1 | +3.2% | 170.9 |

(1) The figure has been calculated from the profit attributable to the parent company shareholders. The Company has no items that could dilute the earnings per share.

STATEMENT OF FINANCIAL POSITION

Assets

| EUR million | 9/09 | 9/08 | Change % | 2008 |
|---------------------------------|--------------|--------------|---------------|--------------|
| Property, plant and equipment | 190.3 | 192.4 | -1.1% | 192.4 |
| Goodwill | 13.5 | 13.5 | | 13.5 |
| Intangible rights | 63.8 | 34.6 | +84.4% | 37.5 |
| Other intangible assets | 3.6 | 2.3 | +57.1% | 2.9 |
| Investments in associates | 0.1 | 0.1 | -18.6% | 0.1 |
| Available-for-sale investments | 1.0 | 0.9 | +4.7% | 0.9 |
| Pension asset | 33.8 | 25.2 | +33.9% | 29.3 |
| Deferred tax assets | 3.8 | 3.2 | +16.5% | 4.2 |
| Other non-current assets | 1.6 | 4.2 | -61.1% | 1.5 |
| Non-current assets total | 311.4 | 276.4 | +12.7% | 282.3 |
| Inventories | 121.9 | 134.9 | -9.6% | 131.7 |
| Trade receivables | 101.3 | 85.1 | +19.0% | 83.1 |
| Other receivables | 15.5 | 14.9 | +3.6% | 22.3 |
| Cash and cash equivalents | 151.5 | 95.1 | +59.3% | 176.1 |
| Current assets total | 390.2 | 330.1 | +18.2% | 413.1 |
| ASSETS TOTAL | 701.6 | 606.5 | +15.7% | 695.5 |

Equity and liabilities

| EUR million | 9/09 | 9/08 | Change % | 2008 |
|---|--------------|--------------|---------------|--------------|
| Share capital | 92.2 | 92.2 | | 92.2 |
| Share premium | 17.8 | 17.8 | | 17.8 |
| Expendable fund | 23.0 | 23.0 | | 23.0 |
| Other reserves | -0.8 | 0.4 | -290.3% | -0.9 |
| Retained earnings | 272.1 | 263.6 | +3.2% | 286.3 |
| Equity of the parent company shareholders | 404.4 | 397.1 | +1.8% | 418.5 |
| Minority interest | 0.0 | 0.0 | -15.4% | 0.0 |
| Equity total | 404.4 | 397.1 | +1.8% | 418.6 |
| Deferred tax liabilities | 41.6 | 41.4 | +0.4% | 42.0 |
| Pension liability | 0.7 | 0.9 | -27.3% | 0.8 |
| Provisions | 0.5 | 0.4 | +18.8% | 0.4 |
| Interest-bearing non-current liabilities | 117.2 | 41.5 | +182.7% | 109.9 |
| Other non-current liabilities | 0.7 | 2.1 | -66.3% | 0.9 |
| Non-current liabilities total | 160.6 | 86.3 | +86.2% | 153.9 |
| Trade payables | 35.4 | 24.2 | +46.0% | 30.2 |
| Income tax liabilities | 2.2 | 2.6 | -17.6% | 2.4 |
| Other current liabilities | 58.1 | 41.8 | +38.9% | 54.0 |
| Provisions | 0.0 | 0.0 | -100.0% | 0.0 |
| Interest-bearing current liabilities | 41.0 | 54.4 | -24.8% | 36.4 |
| Current liabilities total | 136.6 | 123.1 | +10.9% | 123.0 |
| Liabilities total | 297.2 | 209.4 | +41.9% | 276.9 |
| EQUITY AND LIABILITIES TOTAL | 701.6 | 606.5 | +15.7% | 695.5 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- a. Share capital
- b. Share premium
- c. Expendable fund
- d. Other reserves
- e. Translation differences
- f. Retained earnings
- g. Total**
- h. Minority interest
- i. Equity total**

| EUR million | a. | b. | c. | d. | e. | f. | g. | h. | i. |
|------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|------------|--------------|
| Equity on 31 Dec 2008 | 92.2 | 17.8 | 23.0 | -0.9 | -6.9 | 293.3 | 418.5 | 0.0 | 418.6 |
| Dividend | | | | | | -133.9 | -133.9 | | -133.9 |
| Share-based incentive plan | | | | | | 0.5 | 0.5 | | 0.5 |
| Comprehensive income | | | | 0.1 | 0.9 | 118.4 | 119.4 | 0.0 | 119.4 |
| Equity on 30 Sep 2009 | 92.2 | 17.8 | 23.0 | -0.8 | -6.0 | 278.2 | 404.4 | 0.0 | 404.4 |
| Equity on 31 Dec 2007 | 92.2 | 17.8 | 23.0 | 0.5 | -4.1 | 301.7 | 431.1 | 0.0 | 431.2 |
| Dividend | | | | | | -140.9 | -140.9 | | -140.9 |
| Repurchase of own shares | | | | | | -4.8 | -4.8 | | -4.8 |
| Share-based incentive plan | | | | | | 0.5 | 0.5 | | 0.5 |
| Transfer in equity | | | | -0.3 | | 0.3 | | | |
| Comprehensive income | | | | 0.3 | -0.6 | 111.6 | 111.3 | 0.0 | 111.3 |
| Equity on 30 Sep 2008 | 92.2 | 17.8 | 23.0 | 0.4 | -4.7 | 268.3 | 397.1 | 0.0 | 397.1 |

CONSOLIDATED CASH FLOW STATEMENT

| EUR million | Q1–Q3/09 | Q1–Q3/08 | 2008 |
|--|---------------|--------------|--------------|
| Operating profit | 163.1 | 152.2 | 185.0 |
| Adjustments | 22.8 | 26.6 | 28.7 |
| Change in working capital | 1.0 | -37.3 | -15.0 |
| Interest paid | -6.3 | -2.3 | -7.0 |
| Interest received | 4.3 | 4.0 | 7.5 |
| Income taxes paid | -36.9 | -41.3 | -54.9 |
| Total net cash from operating activities | 147.9 | 101.8 | 144.4 |
| Investments in property, plant and equipment | -18.1 | -24.4 | -30.8 |
| Investments in intangible assets | -33.6 | -18.6 | -23.0 |
| Sales of property, plant and equipment and available-for-sale investments | 0.8 | 1.1 | 1.5 |
| Sales of intangible assets | -0.2 | 0.0 | 0.5 |
| Total net cash used in investing activities | -51.1 | -41.9 | -51.8 |
| Withdrawals of short-term loans | 0.6 | 51.2 | 121.7 |
| Repayments of short-term loans | -0.9 | 0.0 | -105.1 |
| Withdrawals of long-term loans | 22.8 | 40.0 | 125.0 |
| Repayments of long-term loans | -10.8 | -0.4 | -0.5 |
| Repurchase of own shares | 0.0 | -4.8 | -4.8 |
| Dividends paid and other distribution of profits | -133.9 | -140.9 | -141.1 |
| Total net cash used in financing activities | -122.2 | -54.9 | -4.8 |
| Net change in cash and cash equivalents | -25.3 | 5.1 | 87.7 |
| Cash and cash equivalents at the beginning of the period | 176.1 | 90.4 | 90.4 |
| Foreign exchange differences | 0.7 | -0.4 | -2.1 |
| Net change in cash and cash equivalents | -25.3 | 5.1 | 87.7 |
| Cash and cash equivalents at the end of the period | 151.5 | 95.1 | 176.1 |

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

| EUR million | Q1–Q3/09 | Q1–Q3/08 | 2008 |
|---|--------------|--------------|--------------|
| Carrying amount at the beginning of the period | 192.4 | 186.6 | 186.6 |
| Additions | 17.9 | 25.4 | 32.8 |
| Disposals | -0.8 | -1.1 | -1.8 |
| Depreciation | -19.2 | -18.5 | -25.1 |
| Carrying amount at the end of the period | 190.3 | 192.4 | 192.4 |

CHANGES IN INTANGIBLE ASSETS (EXCL. GOODWILL)

| EUR million | Q1–Q3/09 | Q1–Q3/08 | 2008 |
|---|-------------|-------------|-------------|
| Carrying amount at the beginning of the period | 40.4 | 23.0 | 23.0 |
| Additions | 33.3 | 18.6 | 24.0 |
| Disposals | -0.3 | -0.0 | -0.0 |
| Depreciation | -6.0 | -4.7 | -6.6 |
| Carrying amount at the end of the period | 67.4 | 36.9 | 40.4 |

In May, Orion repurchased the rights to Simdax from Abbott. The purchase price, EUR 26.2 million, was recognised in full under intangible rights in the Statement of Financial Position.

COMMITMENTS AND CONTINGENCIES

| EUR million | 9/09 | 9/08 | 2008 |
|---|------|------|------|
| Contingent for own liabilities | | | |
| Mortgages on land and buildings | 45.0 | 19.0 | 19.0 |
| of which those to Orion Pension Fund | 9.0 | 9.0 | 9.0 |
| Guarantees | 1.0 | 1.2 | 1.0 |
| Other liabilities | | | |
| Leasing liabilities (excl. finance lease contracts) | 4.0 | 3.9 | 4.0 |
| Other liabilities | 0.3 | 0.3 | 0.3 |

DERIVATIVES

| EUR million | 9/09 | 9/08 | 2008 |
|---|------|------|------|
| Fair value of currency forward contracts | -0.0 | -1.2 | 2.0 |
| Nominal values of derivatives | 67.7 | 63.9 | 64.6 |
| Fair value of electricity forward contracts | -1.3 | 0.3 | -1.4 |
| Nominal values of derivatives | 7.0 | 4.9 | 5.7 |

RELATED PARTY TRANSACTIONS

| EUR million | Q1–Q3/09 | Q1–Q3/08 | 2008 |
|----------------------------------|----------|----------|------|
| Management's employment benefits | 2.9 | 2.5 | 3.1 |

Performance by operating segment

NET SALES BY BUSINESS AREA

| EUR million | Q3/09 | Q3/08 | Change % | Q1–Q3/09 | Q1–Q3/08 | Change % | 2008 |
|----------------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| Pharmaceuticals | 181.8 | 161.0 | +12.9% | 546.6 | 498.0 | +9.8% | 667.6 |
| Proprietary Products | 81.1 | 68.1 | +19.1% | 246.8 | 208.7 | +18.3% | 278.1 |
| Specialty Products | 67.9 | 62.8 | +8.2% | 201.8 | 192.4 | +4.9% | 260.5 |
| Animal Health | 15.6 | 16.3 | -4.2% | 46.0 | 50.7 | -9.2% | 67.2 |
| Fermion | 10.4 | 6.8 | +53.0% | 32.4 | 26.3 | +23.2% | 36.1 |
| Other | 6.6 | 6.9 | -4.2% | 19.6 | 19.9 | -1.5% | 25.7 |
| Diagnostics | 10.5 | 9.5 | +10.4% | 33.2 | 34.3 | -3.2% | 45.0 |
| Group items | -0.5 | -0.4 | +22.7% | -1.5 | -1.4 | +11.1% | -1.9 |
| Group total | 191.8 | 170.1 | +12.8% | 578.2 | 530.9 | +8.9% | 710.7 |

OPERATING PROFIT BY BUSINESS AREA

| EUR million | Q3/09 | Q3/08 | Change % | Q1–Q3/09 | Q1–Q3/08 | Change % | 2008 |
|--------------------|-------------|-------------|---------------|--------------|--------------|--------------|--------------|
| Pharmaceuticals | 56.6 | 44.3 | +27.9% | 165.1 | 153.1 | +7.8% | 188.5 |
| Diagnostics | 1.0 | 1.0 | -4.5% | 4.3 | 5.9 | -27.1% | 6.1 |
| Group items | -1.9 | -1.8 | +9.0% | -6.4 | -6.9 | -7.2% | -9.6 |
| Group total | 55.7 | 43.6 | +27.9% | 163.1 | 152.2 | +7.1% | 185.0 |

NET SALES BY ANNUAL QUARTERS

| EUR million | 2009 | | | | 2008 | | | 2007 |
|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| Pharmaceuticals | 181.8 | 185.9 | 178.9 | 169.6 | 161.0 | 168.5 | 168.5 | 162.7 |
| Diagnostics | 10.5 | 11.0 | 11.7 | 10.7 | 9.5 | 12.6 | 12.2 | 10.5 |
| Group items | -0.5 | -0.5 | -0.5 | -0.5 | -0.4 | -0.5 | -0.5 | -0.4 |
| Group total | 191.8 | 196.4 | 190.1 | 179.9 | 170.1 | 180.5 | 180.2 | 172.8 |

OPERATING PROFIT BY ANNUAL QUARTERS

| EUR million | 2009 | | | | 2008 | | | 2007 |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| Pharmaceuticals | 56.6 | 51.6 | 56.9 | 35.3 | 44.3 | 45.7 | 63.1 | 41.7 |
| Diagnostics | 1.0 | 1.1 | 2.2 | 0.2 | 1.0 | 2.5 | 2.3 | 0.1 |
| Group items | -1.9 | -2.3 | -2.2 | -2.7 | -1.8 | -3.1 | -2.1 | -3.1 |
| Group total | 55.7 | 50.4 | 56.9 | 32.8 | 43.6 | 45.2 | 63.4 | 38.6 |

GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

| EUR million | 2009 | | | | 2008 | | | 2007 |
|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| Finland | 55.6 | 55.0 | 53.5 | 55.2 | 52.8 | 53.5 | 55.7 | 53.7 |
| Scandinavia | 24.5 | 25.8 | 25.4 | 23.7 | 23.3 | 26.1 | 28.1 | 24.3 |
| Other Europe | 68.9 | 71.8 | 61.2 | 62.0 | 56.2 | 61.4 | 64.4 | 57.5 |
| North America | 18.1 | 18.2 | 22.6 | 19.2 | 21.7 | 18.5 | 14.4 | 15.4 |
| Other markets | 24.7 | 25.6 | 27.4 | 19.8 | 16.1 | 21.1 | 17.6 | 21.9 |
| Group total | 191.8 | 196.4 | 190.1 | 179.9 | 170.1 | 180.5 | 180.2 | 172.8 |

Business reviews

KEY FIGURES FOR PHARMACEUTICALS BUSINESS

| EUR million | Q3/09 | Q3/08 | Change % | Q1–Q3/09 | Q1–Q3/08 | Change % | 2008 |
|--|-------|-------|----------|----------|----------|----------|-------|
| Net sales | 181.8 | 161.0 | +12.9% | 546.6 | 498.0 | +9.8% | 667.6 |
| Operating profit | 56.6 | 44.3 | +27.9% | 165.1 | 153.1 | +7.8% | 188.5 |
| % of net sales | 31.2% | 27.5% | | 30.2% | 30.8% | | 28.2% |
| R&D expenses | 19.3 | 19.3 | -0.1% | 65.4 | 61.3 | +6.7% | 85.4 |
| % of net sales | 10.6% | 12.0% | | 12.0% | 12.3% | | 12.8% |
| Capital expenditure | 10.2 | 12.0 | -14.9% | 49.2 | 41.5 | +18.5% | 53.3 |
| % of net sales | 5.6% | 7.5% | | 9.0% | 8.3% | | 8.0% |
| Sales revenue from in-house developed products | 87.5 | 73.6 | +18.9% | 263.2 | 230.0 | +14.4% | 307.5 |
| Personnel at the end of the period | | | | 2 806 | 2 985 | -6.0% | 2 995 |

NET SALES OF ORION'S TOP 10 PHARMACEUTICAL PRODUCTS

| EUR million | Q3/09 | Q3/08 | Change % | Q1–Q3/09 | Q1–Q3/08 | Change % | 2008 |
|---|-------------|-------------|---------------|--------------|--------------|---------------|--------------|
| Stalevo® (Parkinson's disease) | 43.0 | 33.4 | +28.6% | 127.7 | 106.0 | +20.5% | 141.0 |
| Comtess® / Comtan® (Parkinson's disease) | 15.9 | 17.1 | -7.1% | 54.5 | 49.7 | +9.6% | 67.4 |
| Simdax® (heart failure) | 8.9 | 3.5 | +154.7% | 20.3 | 13.0 | +56.6% | 17.3 |
| Easyhaler® product family (asthma, COPD) | 5.9 | 5.6 | +5.9% | 18.5 | 16.3 | +13.6% | 22.2 |
| Burana® (inflammatory pain) | 5.0 | 4.8 | +4.8% | 14.2 | 14.1 | +0.5% | 19.4 |
| Domitor®, Dexdomitor®, Domosedan® and Antisedan® (animal sedatives) | 5.0 | 5.2 | -2.3% | 13.5 | 19.2 | -29.6% | 24.6 |
| Precedex® (sedative for patients in intensive care) | 3.4 | 2.8 | +18.2% | 10.1 | 7.1 | +42.2% | 9.6 |
| Divina® range (menopausal symptoms) | 3.0 | 3.7 | -19.1% | 10.1 | 11.2 | -10.1% | 14.7 |
| Enanton® (prostate cancer) | 2.8 | 3.2 | -10.7% | 8.9 | 9.7 | -8.1% | 12.7 |
| Fareston® (breast cancer) | 2.3 | 2.2 | +6.0% | 8.5 | 7.5 | +12.7% | 10.5 |
| Total | 95.3 | 81.5 | +16.9% | 286.3 | 253.8 | +12.8% | 339.7 |
| Share of pharmaceutical net sales | 52% | 51% | | 52% | 51% | | 51% |

KEY FIGURES FOR DIAGNOSTICS BUSINESS

| EUR million | Q3/09 | Q3/08 | Change % | Q1–Q3/09 | Q1–Q3/08 | Change % | 2008 |
|------------------------------------|-------|-------|----------|----------|----------|----------|-------|
| Net sales | 10.5 | 9.5 | +10.4% | 33.2 | 34.3 | -3.2% | 45.0 |
| Operating profit | 1.0 | 1.0 | -4.5% | 4.3 | 5.9 | -27.1% | 6.1 |
| % of net sales | 9.4% | 10.8% | | 13.0% | 17.3% | | 13.6% |
| Capital expenditure | 1.0 | 0.3 | +187.9% | 1.9 | 1.8 | +6.6% | 2.8 |
| % of net sales | 9.3% | 3.6% | | 5.7% | 5.1% | | 6.2% |
| Personnel at the end of the period | | | | 292 | 288 | +1.0% | 287 |

Information on Orion's shares

BASIC SHARE INFORMATION 30 SEPTEMBER 2009

| | A shares | B shares | Total |
|--|---------------|---------------|---------------|
| ISIN code | FI0009014369 | FI0009014377 | |
| Trading code on NASDAQ OMX Helsinki | ORNAV | ORNBV | |
| Reuters code | ORNAV.HE | ORNBV.HE | |
| Bloomberg code | ORNAV.FH | ORNBV.FH | |
| Share capital, EUR million | 33.6 | 58.6 | 92.2 |
| Counter book value of the share, EUR | 0.65 | 0.65 | |
| Total number of shares | 51 440 668 | 89 817 160 | 141 257 828 |
| % of total share stock | 36% | 64% | 100% |
| Number of treasury shares | | 280 030 | 280 030 |
| Total number of shares excluding treasury shares | 51 440 668 | 89 537 130 | 140 977 798 |
| Minimum number of shares | | | 1 |
| Maximum number of shares | 500 000 000 | 1 000 000 000 | 1 000 000 000 |
| Votes per share | 20 | 1 | |
| Number of votes excluding treasury shares | 1 028 813 360 | 89 537 130 | 1 118 350 490 |
| % of total votes | 92% | 8% | 100% |
| Total number of shareholders | 16 268 | 34 602 | 50 870 |

A shares and B shares confer equal rights to the Company assets and dividends.

INFORMATION ON TRADING 1 JAN–30 SEP 2009

| | A shares | B shares | Total |
|--|-----------|------------|------------|
| Shares traded | 2 321 005 | 67 163 442 | 69 484 447 |
| % of the total number of shares | 4.5% | 75.0% | 49.3% |
| Trading volume, EUR million | 27.8 | 797.5 | 825.3 |
| Closing quotation on 2 Jan 2009, EUR | 12.55 | 12.63 | |
| Lowest quotation, EUR (A and B, 30 Mar 2009) | 10.42 | 10.35 | |
| Average quotation, EUR | 11.97 | 11.87 | |
| Highest quotation, EUR (A and B, 30 Jan 2009) | 13.95 | 13.98 | |
| Closing quotation on 30 Sep 2009, EUR | 12.70 | 12.60 | |
| Market capitalisation on 30 Sep 2009 excluding treasury shares, EUR million | 653.3 | 1 128.2 | 1 781.5 |

PERFORMANCE PER SHARE

| | Q3/09 | Q3/08 | Change % | Q1–Q3/09 | Q1–Q3/08 | Change % | 2008 |
|---|---------|---------|----------|----------|----------|----------|---------|
| Earnings per share, EUR | 0.29 | 0.23 | +27.0% | 0.84 | 0.79 | +6.1% | 0.97 |
| Cash flow per share before financial items, EUR | 0.33 | 0.18 | +89.4% | 0.69 | 0.43 | +61.6% | 0.66 |
| Equity per share, EUR | | | | 2.87 | 2.82 | +1.8% | 2.97 |
| Average number of shares excluding treasury shares, 1,000 shares | 140 978 | 140 933 | | 140 967 | 141 026 | | 141 003 |

Appendices

Orion Group structure

Orion Corporation is the parent company of the Orion Group. The Group consists of two business areas, or operating segments, and five business divisions:

- Pharmaceuticals business
 - Proprietary Products (patented prescription products)
 - Specialty Products (off-patent, generic prescription products and self-care products)
 - Animal Health (veterinary products for pets and production animals)
 - Fermion (active pharmaceutical ingredients)
- Diagnostics business
 - Orion Diagnostica (diagnostic tests).

Accounting policies

This Interim Report of the Orion Group has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on *Interim Financial Reporting* and in the Group's Financial Statements for 2008. In addition, the following standard amendments have been applied as of 1 January 2009

- IFRS 8, *Operating Segments*. The Group's operating segments are based on the Group's internal organisational structure and intra-Group financial reporting. The monitoring of business by the Executive Management Board is based on products and geographical regions. The amendment to the standard had no effect on the division into segments. The operating segments are the Pharmaceuticals business and the Diagnostics business. The geographical regions for reporting are Finland, Scandinavia, Other Europe, North America and Other Countries.
- IAS 1, *Presentation of Financial Statements*. The Group has adopted Statement of Comprehensive Income, presented as one statement. The amendment to the standard has also been taken into account in the way in which the Statement of Changes in Equity is presented.

The following standards and interpretations that came into force in 2009 were applied in the financial period. The adoption of these standards and interpretations had no material effect on the consolidated financial statements:

- IAS 23 (Amendment), *Borrowing Costs*. Borrowing costs relating to assets that meet the criteria are capitalised as part of the acquisition cost of the asset.
- IFRS 2, *Share-based Payments*.
- IFRIC 11, IFRS 2, *Group and Treasury Share Transactions*.

The policies and calculation methods applied during the period are available on the Orion website at www.orion.fi/en/investors/.

The figures in this Interim Report have not been audited.

The figures in parentheses are for the comparative period, i.e. the corresponding period in the previous year. The per-share ratios have been adjusted. All the figures have been rounded, which is why the total sums of individual figures may differ from the total sums shown.

CALCULATION OF THE KEY FIGURES

| | | |
|---|---|--|
| Return on capital employed (ROCE),% | = | $\frac{\text{Profit before taxes} + \text{Interest and other finance expenses}}{\text{Total assets} - \text{Non-interest-bearing liabilities (average during the period)}} \times 100$ |
| Return on equity (ROE),% | = | $\frac{\text{Profit for the period}}{\text{Equity total (average during the period)}} \times 100$ |
| Equity ratio, % | = | $\frac{\text{Equity}}{\text{Total assets} - \text{Advances received}} \times 100$ |
| Gearing, % | = | $\frac{\text{Interest-bearing liabilities} - \text{Cash and cash equivalents}}{\text{Equity}} \times 100$ |
| Earnings per share, EUR | = | $\frac{\text{Profit available for the parent company shareholders}}{\text{Average number of shares during the period, excluding treasury shares}}$ |
| Cash flow per share before financial items, EUR | = | $\frac{\text{Cash flow from operating activities} + \text{Cash flow from investing activities}}{\text{Average number of shares during the period, excluding treasury shares}}$ |
| Equity per share, EUR | = | $\frac{\text{Equity of the parent company shareholders}}{\text{Number of shares at the end of the period, excluding treasury shares}}$ |
| Average share price, EUR | = | $\frac{\text{Total EUR value of shares traded}}{\text{Average number of traded shares during the period}}$ |
| Market capitalisation, EUR million | = | Number of shares at the end of the period x Closing quotation of the period |

ADJUSTED KEY FIGURES

| | Q3/08 Earlier reported | Q3/08 Adjusted | Q1-Q3/08 Earlier reported | Q1-Q3/08 Adjusted | 2008 Earlier reported | 2008 Adjusted |
|---|------------------------------|-------------------|---------------------------------|----------------------|-----------------------------|------------------|
| Gross profit, EUR million | 109.1 | 108.6 | 361.8 | 353.1 | 480.8 | 467.4 |
| R&D expenses, EUR million | 23.1 | 20.3 | 74.0 | 64.5 | 103.4 | 90.0 |
| % of net sales | 13.8% | 11.9% | 14.0% | 12.1% | 14.5% | 12.7% |
| Net sales Proprietary Products, EUR million | 69.5 | 68.1 | 213.8 | 208.7 | 284.7 | 278.1 |
| Net sales Specialty Products, EUR million | 61.4 | 62.8 | 187.4 | 192.4 | 254.0 | 260.5 |

| | 2008 Earlier reported | 2008 Adjusted | 2007 Earlier reported | 2007 Adjusted | Pro forma 2006 Earlier reported | Pro forma 2006 Adjusted |
|---|-----------------------------|------------------|-----------------------------|------------------|--|-------------------------------|
| Gross profit, EUR million | 480.8 | 467.4 | 460.7 | 447.2 | 434.9 | 422.3 |
| R&D expenses, EUR million | 103.4 | 90.0 | 98.5 | 85.0 | 85.7 | 73.1 |
| % of net sales | 14.5% | 12.7% | 14.5% | 12.5% | 13.4% | 11.4% |
| Net sales Proprietary Products, EUR million | 284.7 | 278.1 | 270.8 | 259.6 | 256.6 | 242.0 |
| Net sales Specialty Products, EUR million | 254.0 | 260.5 | 241.5 | 252.5 | 218.7 | 233.3 |



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www.orion.fi/en/

Orion is an innovative European R&D-based pharmaceutical and diagnostic company with a special emphasis on developing medicinal treatments and diagnostic tests for global markets. Orion develops, manufactures and markets human and veterinary pharmaceuticals, active pharmaceutical ingredients and diagnostic tests. Orion's pharmaceutical R&D focuses on the following core therapy areas: central nervous system drugs, cancer and critical care drugs, and Easyhaler[®] pulmonary drugs.

The Group's net sales in 2008 amounted to EUR 711 million. The Company invested EUR 90 million in research and development. At the end of 2008, the Group had a total of 3,300 employees, of whom 2,700 worked in Finland and 600 in other European countries. Orion's A and B shares are listed on NASDAQ OMX Helsinki.