

Interim Report January–June 2009

7 August 2009
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President and CEO

This presentation contains forward-looking statements which involve risks and factors of uncertainty. These statements are not based on historical facts and relate to the company's future activities and performance. They include statements about future strategies and anticipated benefits of these strategies, and they 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.

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

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

The repurchase of Simdax helps Orion build its European presence

- Repurchase of Simdax from Abbott in May
 - a proprietary drug for acute decompensated heart failure
 - supports Orion's growth targets in Europe
- Sales operations launched in Spain, Italy, Austria, Greece and Portugal
- Revised financial objectives
 1. Ensuring financial stability
 2. Creating a foundation for long-term profitable growth
- Group strategy essentially the same as before
 1. Competitive product portfolio
 2. Strengthening the market position in Europe
 3. Efficient and competitive operations
- Outlook estimate remained unchanged

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Steady growth in net sales

Group key figures	Q2/09	Q2/08	Q1-Q2/09	Q1-Q2/08	Change %	2008
Net sales, EUR million	196.4	180.5	386.4	360.7	+7.1%	710.7
Operating profit, EUR million	50.4	45.2	107.3	108.6	-1.2%	185.0
Earnings per share, EUR	0.26	0.23	0.55	0.57	-2.2%	0.97
Cash flow per share before financial items, EUR	0.11	0.18	0.35	0.25	+42.3%	0.66

- Net sales grew by approximately 7%
 - a clear increase in deliveries of Stalevo and Comtan to Novartis
 - the sales of Easyhaler, Simdax and Precedex also rose considerably
- Operating profit at the level of the comparative period
 - the repurchase of Simdax and launching of sales operations in Southern Europe
 - research projects conducted outside the Group
 - patent litigations in the United States

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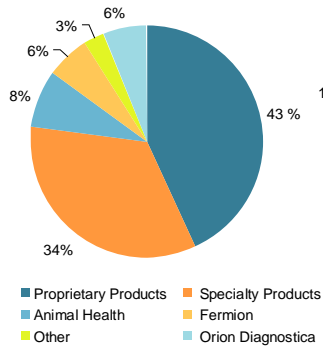
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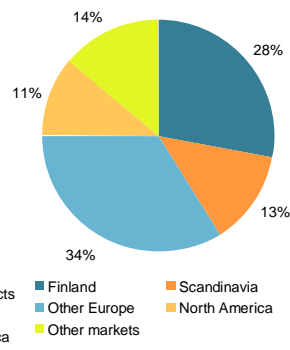
Net sales mainly generated in Europe

Break down of net sales EUR 386.4 million in Q1-Q2/09

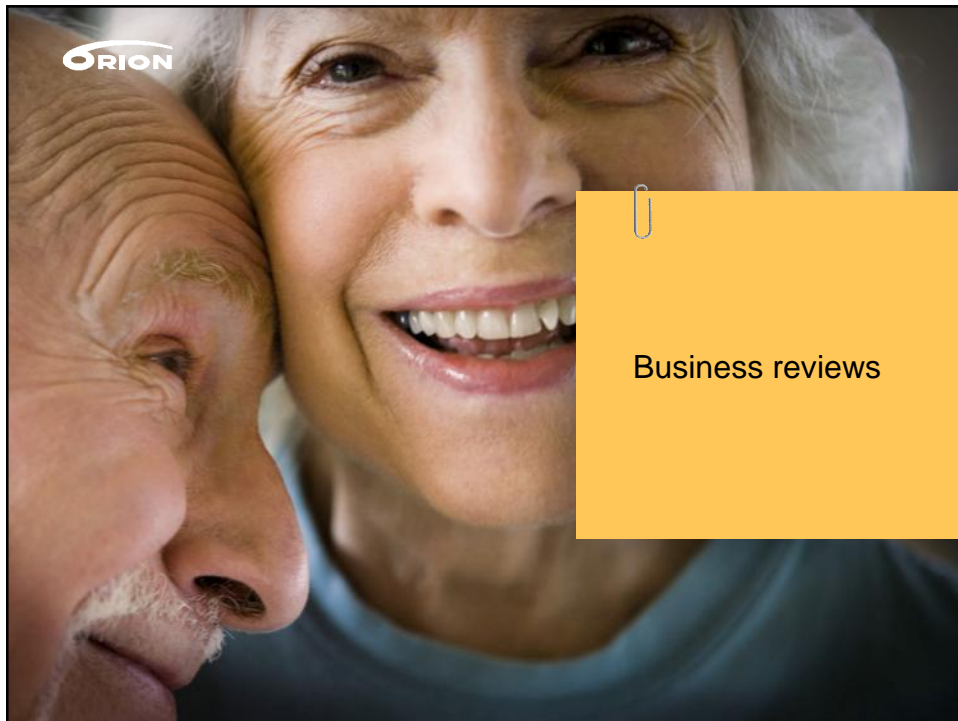
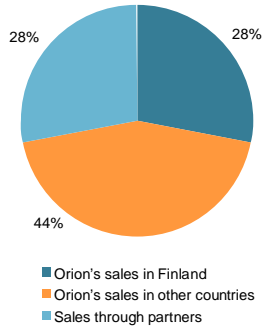
By business



By region



By sales network



Business reviews

Strong growth in pharmaceutical sales

Key figures for Pharmaceuticals business	Q1-Q2/09	Q1-Q2/08	Change %	2008
Net sales of Pharmaceuticals	364.8	337.0	+8.3%	667.6
Proprietary Products	165.7	140.5	+17.9%	278.1
Specialty Products	133.9	129.6	+3.3%	260.5
Animal Health	30.4	34.4	-11.6%	67.2
Fermion	21.9	19.4	+12.7%	36.1
Other	13.0	13.0		25.7
Operating profit of Pharmaceuticals	108.5	108.8	-0.3%	188.5

- The products based on in-house R&D accounted for 48% of the net sales of the Pharmaceuticals business, up by 12%
- Parkinson's drugs made up 34% of the segment's net sales, up by 17%
 - deliveries of Parkinson's drugs to Novartis increased by 26%
 - sales of Parkinson's drugs through Orion's own sales network increased by 5%
- Orion continued to renew and expand its generic product portfolio

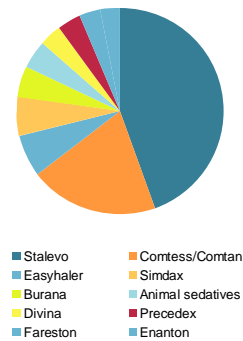
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Top products driving the growth

Orion's best-selling pharmaceuticals	Q1-Q2 /09	Q1-Q2 /08	Change %	2008
Stalevo® (Parkinson's disease)	84.7	72.6	+16.7%	141.0
Comtess®/Comtan® (Parkinson's disease)	38.6	32.6	+18.3%	67.4
Easyhaler® product family (asthma)	12.6	10.7	+17.7%	22.2
Simdax® (heart failure)	11.4	9.5	+20.3%	17.3
Burana® (inflammatory pain)	9.1	9.3	-1.6%	19.4
Dexdomitor®, Domitor®, Domosedan® and Antisedan® (animal sedatives)	8.4	14.0	-39.7%	24.6
Divina® product range (menopausal symptoms)	7.1	7.5	-5.7%	14.7
Precedex® (sedative for patients in intensive care)	6.8	4.3	+58.0%	9.6
Fareston® (breast cancer)	6.2	5.3	+15.4%	10.5
Enanton® (prostate cancer)	6.1	6.5	-6.8%	12.7
Total	190.9	172.3	+10.8%	339.7
Share of pharmaceutical net sales	52%	51%		51%



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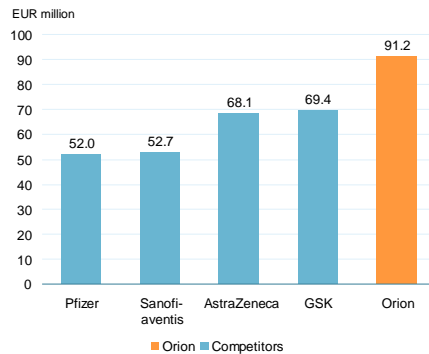
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Market leadership strengthened in Finland

- Finnish wholesales of human pharmaceuticals unchanged y-on-y
- In terms of the number of packages, overall sales fell by nearly 7%
- The reference price system has intensified price competition and expanded the range of substitutable products
- Orion's sales grew by 3%
- Orion is the market leader with a market share of 9.5%
- Orion is especially strong in self-care products and substitutable prescription drugs
 - this development was supported by Orion's broad and continuously updated product portfolio

Leading pharmaceutical companies in Finland January–June 2009



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Source: Finnish Pharmaceutical Data



Continued market growth for Parkinson's drugs

Overall market for Parkinson's drugs

- sales to retail distributors in the US USD 966 million
 - down by 11%
- sales to retail distributors in the five largest European markets¹⁾ EUR 877 million
 - up by 7%

Market for Orion's Parkinson's drugs

- combined retail and hospital sales in total about EUR 460 million
- sales to retail distributors in the US USD 163 million
 - up by 13%
- sales to retail distributors in the five largest European markets¹⁾ EUR 143 million
 - up by 8%

Market shares of Orion's Parkinson's drugs	March/09	March/08
Finland ²⁾	30%	30%
Norway ²⁾	17%	19%
Sweden ²⁾	17%	18%
Germany ³⁾	15%	16%
Denmark ²⁾	14%	19%
UK ³⁾	13%	12%
US ³⁾	17%	13%

(1) incl. Germany, the UK, France, Spain and Italy
 (2) incl. also sales to hospitals
 (3) incl. sales to retail distributors only

Source: IMS Health sales statistics for the period April/08–March/09

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Pharmaceutical research pipeline

Project	Indication	Pre-clinical	Clinical phases			Registration
			I	II	III	
Histrelin implant (Vantas®)	advanced prostate cancer	Endo Pharmaceuticals Solutions				
Stalevo®, expansion of the indication in the US	early stage Parkinson's disease	Own proprietary drug research				
Dexmedetomidine (intravenous) for European markets	sedative for patients in intensive care	Own proprietary drug research				
Stalevo®, development for the Japanese market	Parkinson's disease	Own proprietary drug research				
Easyhaler® combined formulation	asthma, COPD	Own proprietary drug research				
Toremifene	prostate cancer, osteoporosis	GT x				
Paclitaxel for human use (Paclical®)	ovarian cancer	Oasmia				
Levosimendan for dogs (oral)	dogs' heart disease	Own proprietary drug research				
Paclitaxel for dogs (Paccal®)	mastocytoma (skin cancer)	Oasmia				
Alfa 2 _c receptor pharmacology	schizophrenia, Alzheimer	Own proprietary drug research				
Dexmedetomidine (non-intravenous)	pain management	Récro Pharma				
Pharmacology of steroid receptors	SARM, prostate cancer	Own proprietary drug research				

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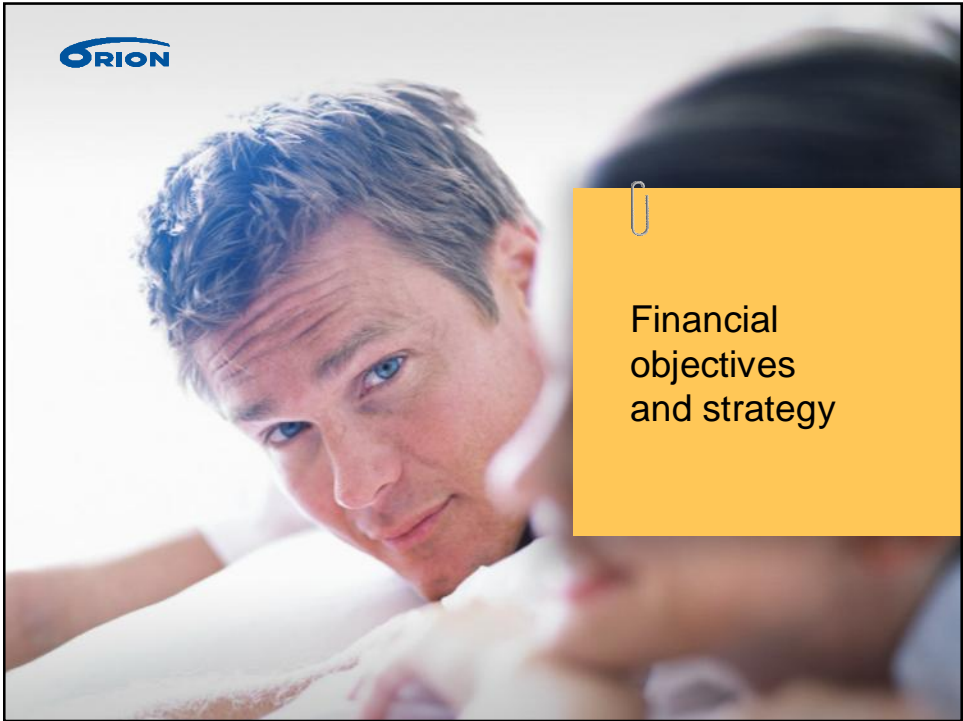
Own proprietary drug research
Developed by a partner



Diagnostics focused on new markets and products

Key figures for Diagnostics business	Q1-Q2/09	Q1-Q2/08	Change %	2008
Net sales	22.6	24.7	-8.5%	45.0
Operating profit	3.3	4.9	-31.9%	6.1

- The main products were the QuikRead® infection tests, whose sales continued to grow
 - increase of equipment creates a solid basis for demand for reagents used in tests in future
- Increased sales to China and the Czech Republic
- The sales of many older product categories fell year-on-year
- Euro-denominated development of net sales was slackened by the weakening of Nordic currencies
- Operating profit was lower due to investments in product development



Financial
objectives
and strategy

Parkinson's drugs Orion's key product group

Total market sales of Stalevo and Comtess/Comtan
EUR 460 million
Orion's net sales from Parkinson's drugs
EUR 210 million annually

Transfer from Comtess/Comtan to Stalevo
Orion will also engage in generic business

The key patents for Comtess/Comtan in the main markets
expire in 2012–13
In Japan, data protection for Comtan expires in 2015

Sales in the US are expected to fall
In the EU, a gradual effect on sales
In other markets, the effect on sales will be slower

Patent litigations in the US

Part of usual business in the US market
Lawsuit against Wockhardt settled in April/09
Legal proceedings against Sun companies continue

Revised financial objectives

1. Ensuring the Group's financial stability
 2. Creating a foundation for long-term profitable growth
- The principal means to achieve the objectives:
 - 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 remaining at a level of at least 50%

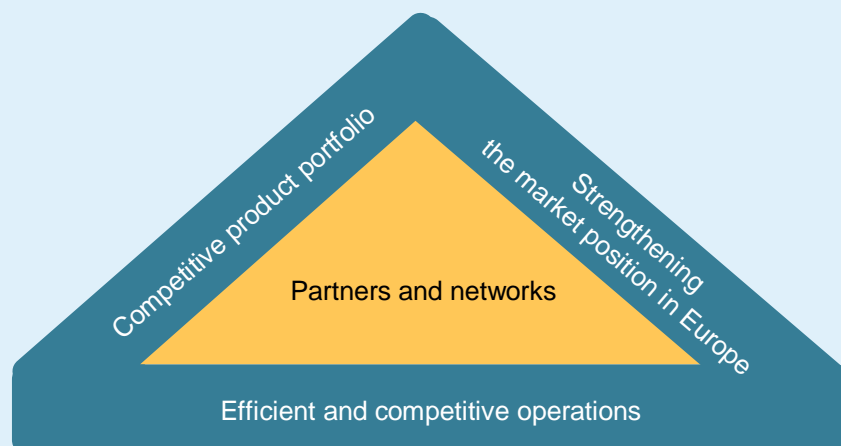
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Strategic objective: profitable growth

...and increased shareholder value, whilst keeping business risks under control



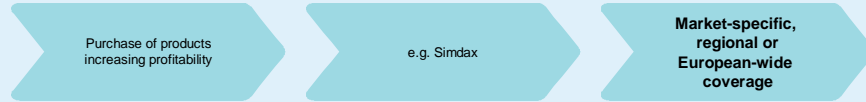
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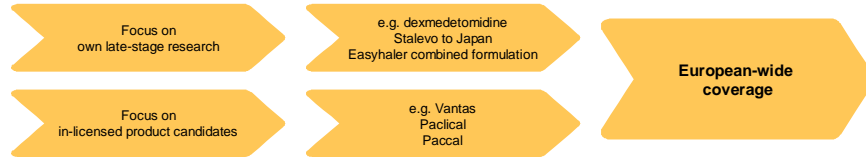


Growth based on competitive product portfolio

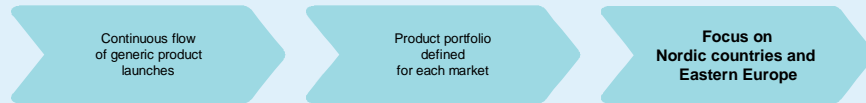
All businesses



Branded products (Proprietary Products)



Generic products (Specialty Products)



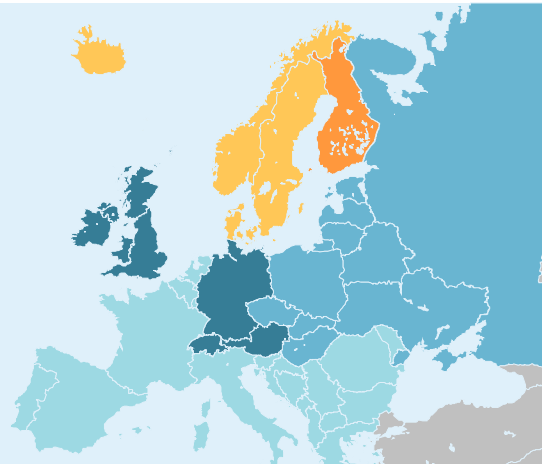
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Market position strengthened by region

Finland Market leader
Scandinavia Established home market
Western and Central Europe Strong position with Proprietary Products
Eastern Europe Orion brand with Specialty Products
Southern Europe Progress with Proprietary Products



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Focus on efficiency

- Competitiveness is improved systematically throughout the value chain
 - improve the efficiency of operations
 - cost control
- Active networking and partnership building
- Key projects:
 - implementing the new R&D model
 - increasing the efficiency of the supply chain
 - improving the competitiveness of sales operations

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Outlook for 2009

- Net sales will grow slightly from 2008
 - marketing expenditure will increase
 - research expenditure will remain at the previous year's level
 - patent litigation costs will be higher than in 2008
- Operating profit expected to grow slightly from 2008
- R&D expenses will be about EUR 90 million
 - additional EUR 10 million will be used to promote products that are already on the market
- The Group's capital expenditure will be about EUR 65 million
 - including the repurchase of Simdax but excluding other substantial company or product acquisitions

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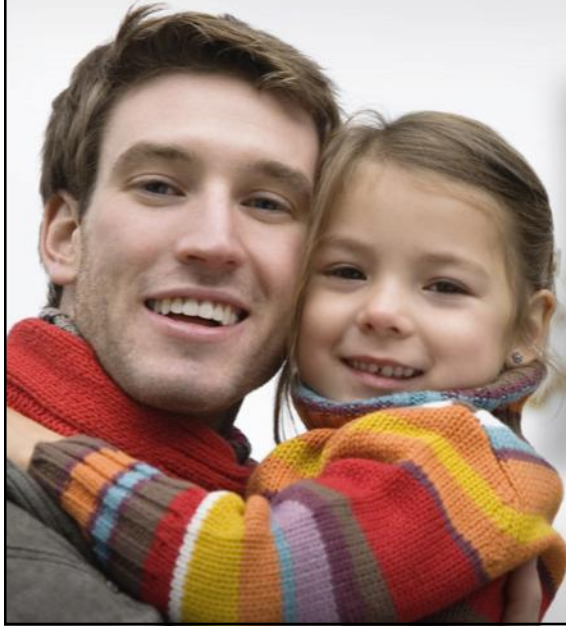
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Dividend policy unchanged

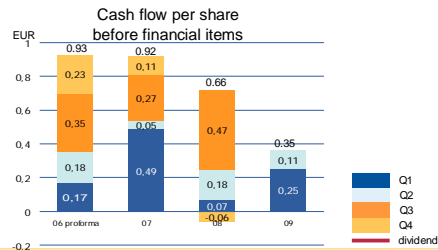
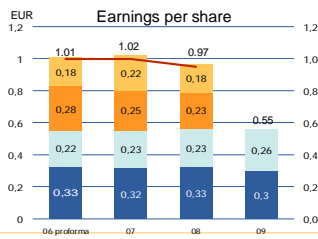
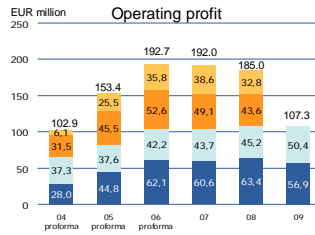
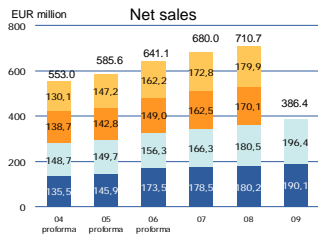
In dividend distribution, Orion takes into account the distributable funds as well as the medium-long- and long-term needs of capital expenditure and other financial needs required for the achievement of the financial objectives.





Appendices

Key figures by quarter



Steady growth in net sales

Orion's key figures (1)	proforma 2004	proforma 2005	proforma 2006	2007	2008	Q1-Q2 /09	Q1-Q2 /08	Change %
Net sales, EUR m	553.0	585.6	641.1	680.0	710.7	386.4	360.7	+7.1%
Operating profit, EUR m	102.9	153.4	192.7	192.0	185.0	107.3	108.6	-1.2%
Profit before taxes, EUR m	101.7	152.5	193.3	193.4	184.2	105.6	108.9	-3.0%
R&D expenses, EUR m	71.5	69.5	73.1	85.0	90.0	49.1	44.2	+11.2%
Equity ratio, %	53.6%	65.3%	75.5%	76.2%	60.2%	55.5%	63.0%	
Gearing, %	2.3%	-29.6%	-23.4%	-20.0%	-7.1%	14.7%	6.8%	
ROCE (before taxes), %	25.8%	41.4%	47.1%	44.8%	38.5%	40.4%	50.0%	
Return on equity, %	19.7%	33.5%	34.9%	33.5%	32.1%	39.9%	40.1%	
Earnings per share, EUR	0.54	0.82	1.01	1.02	0.97	0.55	0.57	-2.2%
Cash flow per share before financial items, EUR	0.95	0.87	0.93	0.92	0.66	0.35	0.25	+42.3%
Dividend per share, EUR			1.00	1.00	0.95			

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(1) On 1 July 2006, former Orion Corporation demerged into two new companies, Orion Corporation and Oriola-KD Corporation.



Continued growth in leading proprietary products

Net sales of proprietary products, EUR million		Q1-Q2 /09	Q1-Q2 /08	Change %	2008
Stalevo®	Parkinson's disease	84.7	72.6	+16.7%	141.0
Comtess®/Comtan®	Parkinson's disease	38.6	32.6	+18.3%	67.4
Easyhaler® product family	Asthma, COPD	12.6	10.7	+17.7%	22.2
Simdax®	heart failure	11.4	9.5	+20.3%	17.3
Dexdomitor®, Domitor®, Domosedan® and Antisedan®	animal sedatives	8.4	14.0	-39.7%	24.6
Divina® range	menopausal symptoms	7.1	7.5	-5.7%	14.7
Precedex®	sedative for patients in intensive care	6.8	4.3	+58.0%	9.6
Fareston®	breast cancer	6.2	5.3	+15.4%	10.5
Total		175.7	156.5	+12.3%	307.5
% of pharmaceutical net sales		48%	46%		46%

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Focus on R&D continues

Formation of profits, EUR million	proforma 2006	2007	2008	Q1-Q2 /09	Q1-Q2 /08	Change %
Net sales	641.1	680.0	710.7	386.4	360.7	+7.1%
Cost of goods sold	-218.8	-232.8	-243.4	-129.9	-116.3	+11.7%
Gross profit	422.3	447.2	467.4	256.5	244.5	+4.9%
Other income and expenses	13.4	12.0	3.1	2.2	2.5	-12.0%
Selling and marketing expenses	-129.6	-143.4	-143.9	-75.3	-72.3	+4.2%
R&D expenses	-73.1	-85.0	-90.0	-49.1	-44.2	+11.2%
Administrative expenses	-40.4	-38.8	-51.5	-27.0	-21.9	+23.2%
Operating profit	192.7	192.0	185.0	107.3	108.6	-1.2%
Profit before taxes	193.3	193.4	184.2	105.6	108.9	-3.0%

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Clear increase in intangible assets

Changes in intangible assets, (excl. goodwill), EUR million	Q1-Q2/09	Q-Q2/08	2008
Carrying amount at the beginning of the period	40.4	23.0	23.0
Additions	30.7	15.5	24.0
Disposals		-0.0	-0.0
Depreciation	-3.8	-3.0	-6.6
Carrying amount at the end of the period	67.3	35.5	40.4

- Main single addition
 - Simdax reacquisition EUR 26 million in May

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Orion's research programmes in brief

- Orion has applied for an expanded indication for Stalevo with the aim to extend the indication to the treatment of early-stage Parkinson's disease in the United States.
 - the application is based on the encouraging results obtained in the FIRST-STEP study
- Orion is collaborating with Novartis to launch Stalevo in Japan
- Dexmedetomidine is being studied in the clinical Phase III as a long-term (more than 24 h) sedative of patients in intensive care
 - comparison with midazolam and propofol; the planned recruitment for both studies is 500 patients
 - the studies were launched in summer 2007, and results are expected in summer 2010
- The LEVET programme is studying the efficacy of oral levosimendan in the treatment of heart diseases in dogs
- The Easyhaler product family will grow with the development of a new product combining budesonide and formoterol for the treatment of asthma and COPD
- An Alfa 2c receptor antagonist is in the clinical Phase I
 - possible indications include schizophrenia and Alzheimer's disease
- Orion has decided to discontinue the preliminary Phase I clinical studies aimed at investigating the potential use of levosimendan for the treatment of stroke in human patients
- Early-phase studies are investigating, for example
 - selective androgen receptor modulators (SARM), prostate cancer, neuropathic pain, Parkinson's disease and various possible indications within intensive care

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Main patents expire within few year

Molecule	Indication	Compound patents expire	
		in Europe	in the US
Entacapone	Parkinson's disease	Nov 2012	Oct 2013
Levosimendan	e.g. acute heart failure	Sep 2015	Oct 2013
Toremifene	e.g. breast cancer	-	Sep 2009
Dexmedetomidine	Sedative for humans and animals	July 2013	July 2013

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