



Orion Interim Report January—June 2014

29 July 2014

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President & 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.

Payments from partners increased net sales and operating profit

- Net sales increased slightly and operating profit increased
- Orion began global partnership with Bayer for developing and commercialising compound ODM-201
- Net sales and operating profit include payments received from Bayer (EUR 23 million) and Takeda (EUR 6 million)
- Stalevo granted marketing authorisation in Japan in beginning of July
- Generic competition to Stalevo that has begun in Germany has not yet materially affected Orion's sales

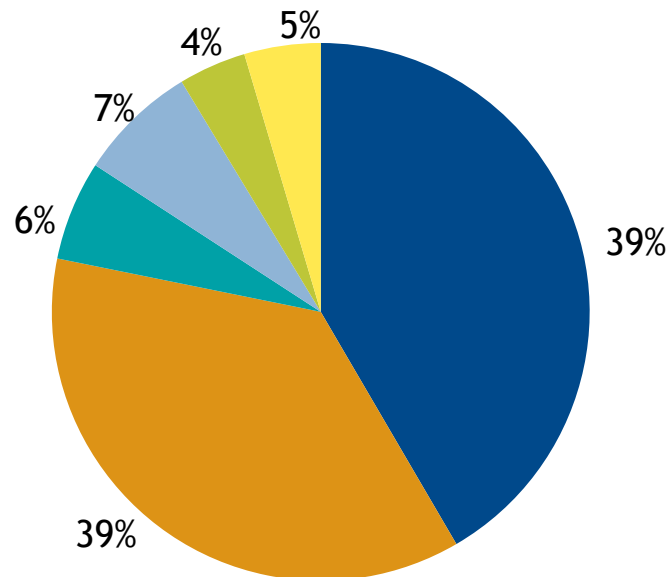
Net sales and operating profit

Group key figures	Q1–Q2/2014	Q1–Q2/2013	Change %	2013
Net sales, EUR million	522	497	+5%	1,007
Operating profit, EUR million	153	135	+13%	268
Basic earnings per share, EUR	0.86	0.72	+19%	1.46
Cash flow per share before financial items, EUR	0.93	0.27	+248%	1.02

- Net sales increased slightly
 - Pharmaceuticals business's net sales excluding Parkinson's drugs (Stalevo[®], Comtess[®] and Comtan[®]) and significant milestone payments up by 4%
- Operating profit higher due to payments received from Bayer and Takeda
- Cash flow from operating activities clearly higher than in previous year
 - Significant improvement mainly due to higher operating profit and EUR 19 million decrease in amount of cash tied up in working capital. Working capital increased by EUR 44 million in the comparative period. Decrease in working capital mainly due to EUR 27 million of advance payment received from Bayer that will be used in compound ODM-201 research and development costs.

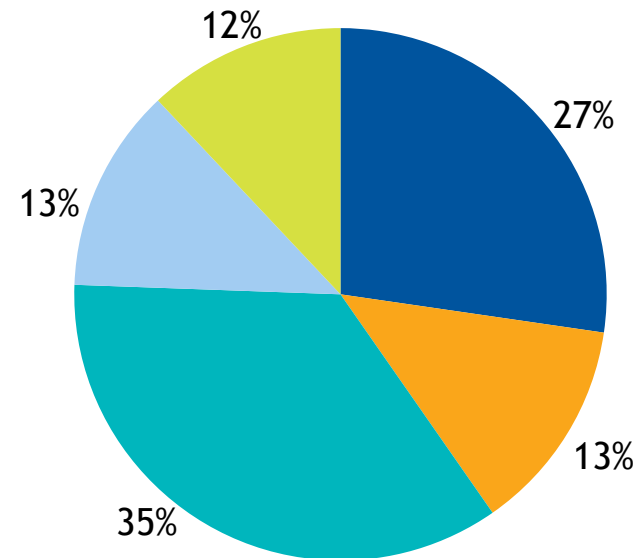
Breakdown of net sales

By business division



- 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 business

Key figures for Pharmaceuticals business	Q1–Q2/2014	Q1–Q2/2013	Change %	2013
Net sales of Pharmaceuticals, EUR million	494	469	+5%	953
Proprietary Products	204	193	+5%	390
Specialty Products	204	188	+9%	385
Animal Health	32	35	-7%	71
Fermion	35	34	+2%	64
Contract manufacturing and other	20	20	+3%	43
Pharmaceuticals operating profit, EUR million	155	138	+12%	273

- Net sales of branded Parkinson's drugs down by 16%, and accounted for 19% of segment's net sales
- Net sales excluding Parkinson's drugs and significant milestone payments up by 4%
- Orion clear market leader in Finland
- Increase in operating profit due to payments received from Bayer and Takeda

Best-selling pharmaceuticals

Orion's best-selling pharmaceuticals, EUR million	Business Division	Q1–Q2/2014	Q1–Q2/2013	Change %	2013
1. Stalevo [®] , Comtess [®] & Comtan [®] (Parkinson's disease)	PP	93	111	-16%	207
2. Simdax [®] (acute decompensated heart failure)	PP	23	23	+1%	46
3. dexdor [®] (intensive care sedative)	PP	17	12	+38%	25
4. Easyhaler [®] product family (asthma, COPD)	PP	16	14	+22%	29
5. Precedex [®] (intensive care sedative)	PP	16	23	-29%	59
6. Generic entacapone products (Parkinson's disease)	SpP	14	5	+180%	10
7. Burana [®] (inflammatory pain)	SpP	11	11	-2%	23
8. Dexdomitor [®] , Domitor [®] , Domosedan [®] and Antisedan [®] (animal sedatives)	AH	9	11	-18%	25
9. Marevan [®] (anticoagulant)	SpP	9	8	+4%	16
10. Trexan [®] (rheumatoid arthritis, cancer)	SpP	7	6	+26%	11
Total		215	223	-4%	452
Share of Pharmaceuticals net sales		43%	47%		47%

Products based on Orion's inventions in blue

PP = Proprietary Products
 SpP = Specialty Products
 AH = Animal Health

Orion clear market leader in Finland

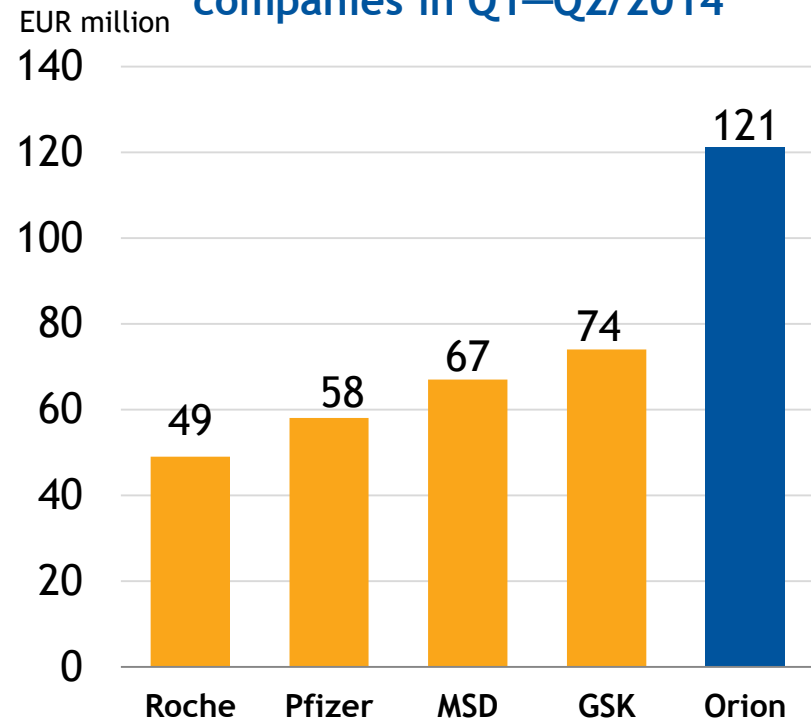
Finnish human pharmaceuticals market in January–June 2014

- Wholesale EUR 1,048 million (+4%)

Orion in Finnish human pharmaceuticals market

- Sales growth +5%
- Orion clear market leader
 - Market share 12%
- Orion especially strong in self-care products and substitutable prescription drugs

Finland's biggest pharmaceutical companies in Q1–Q2/2014



Review of Parkinson's drugs markets

Overall markets for Parkinson's drugs in April 2013 – March 2014

- United States ³⁾ USD 792 million (+8%)
- Five largest European markets ^{1) 3)} EUR 993 million (+3%)
- Japan ²⁾ EUR 494 million (-15%)

Sales of Orion's Stalevo, Comtess & Comtan Parkinson's drugs in April 2013 – March 2014

- United States ³⁾ USD 26 million (-68%)
- Five largest European markets ^{1) 3)} EUR 128 million (-5%)
- Japan ²⁾ EUR 55 million (-17%)

Market shares of Orion's branded Parkinson's drugs	MAT3 2014	MAT3 2013
Finland ²⁾	22%	24%
Sweden ²⁾	15%	14%
Norway ²⁾	16%	15%
Denmark ²⁾	16%	20%
Germany ³⁾	15%	16%
UK ³⁾	14%	14%
United States ^{3) 4)}	3%	11%
Japan ^{2) 4)}	11%	11%

¹⁾ Germany, UK, France, Spain and Italy

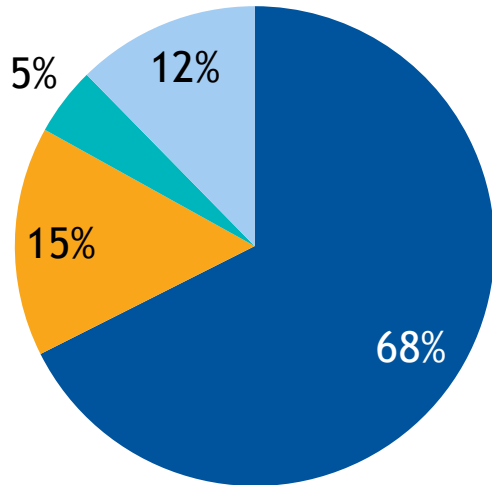
²⁾ including sales to hospitals and retail distributors

³⁾ sales to retail distributors only

⁴⁾ Novartis sales area

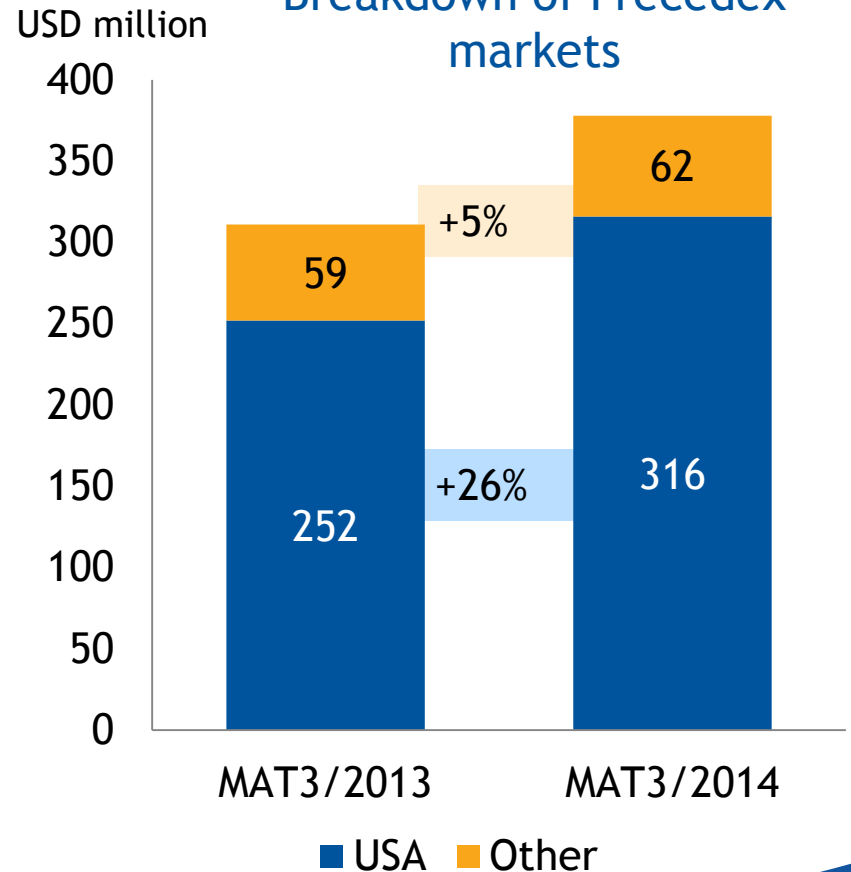
Precedex[®] and dexdor[®] intensive care sedatives

European sedative market MAT3/2014
Total market value EUR 479 million (+1.4%)



- Propofol EUR 323 million (+4%)
- Midazolam EUR 74 million (-5%)
- Dexmedetomidine EUR 22 million (+46%)
- Remifentanyl EUR 59 million (-13%)

Breakdown of Precedex markets





Key clinical pharmaceutical development projects

Project	Indication	PHASE			Registration
Stalevo® for Japanese markets ¹⁾	Parkinson's disease	I	II	III	Registration
Bufomix Easyhaler® (budesonide-formoterol) ⁵⁾	Asthma, COPD	I	II	III	
Easyhaler® salmeterol-fluticasone	Asthma, COPD	I	II	III	
ODM-201 (androgen receptor inhibitor)	Prostate cancer	I	II	III	
Levosimendan ³⁾	Low Cardiac Output Syndrome	I	II	III	
ORM-12741 (alpha-2c adrenoceptor antagonist) ²⁾	Alzheimer's disease	I	IIa		
Dexmedetomidine ⁴⁾ (intranasal)	Treatment of pain	I	IIb		
ODM-103 (more effective COMT inhibitor)	Parkinson's disease	I			
ODM-104 (more effective COMT inhibitor)	Parkinson's disease	I			

¹⁾ Partner: Novartis, ²⁾ In collaboration with Janssen Pharmaceuticals

³⁾ Partner: Oxygen Biotherapeutics, Inc. ⁴⁾ Partner: Recro Pharma, Inc.

⁵⁾ Aim is to obtain marketing authorisation for product in at least some European countries not included in decentralised marketing authorisation application process.

 = Phase completed
 = Phase ongoing

Diagnostics business

Key figures for Diagnostics business	Q1–Q2/2014	Q1–Q2/2013	Change %	2013
Net sales, EUR million	29	30	-3%	57
Operating profit, EUR million	2.9	1.9	+59%	4.6

- Decrease in net sales mainly due to ending of sales of products discontinued in 2013
- Operating profit in comparative period included EUR 1.4 million of costs related to contraction of product portfolio, Turku manufacturing plant closure and personnel reductions
- QuikRead® tests remained main product

Outlook for 2014 (updated on 2 June 2014)

- **Net sales** will be at similar level to 2013 (net sales in 2013 were EUR 1,007 million)
- **Operating profit** will be at similar level to 2013 (operating profit in 2013 was EUR 268 million)
- **Group's capital expenditure** will be about EUR 60 million excluding substantial corporate or product acquisitions (Group's capital expenditure in 2013 was EUR 78 million)

Orion Calendar 2014–2015

- Interim Report January–September 2014 21 October 2014
- Financial Statement Release for 2014 4 February 2015
- Annual General Meeting 2015
planned to be held on 24 March 2015
- Interim Report January–March 2015 29 April 2015
- Interim Report January–June 2015 28 July 2015
- Interim Report January–September 2015 27 October 2015
- The Financial Statements and Report by the Board of Directors for 2014 will be published on the Company’s website at the latest in week 10/2015



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Orion's financial objectives

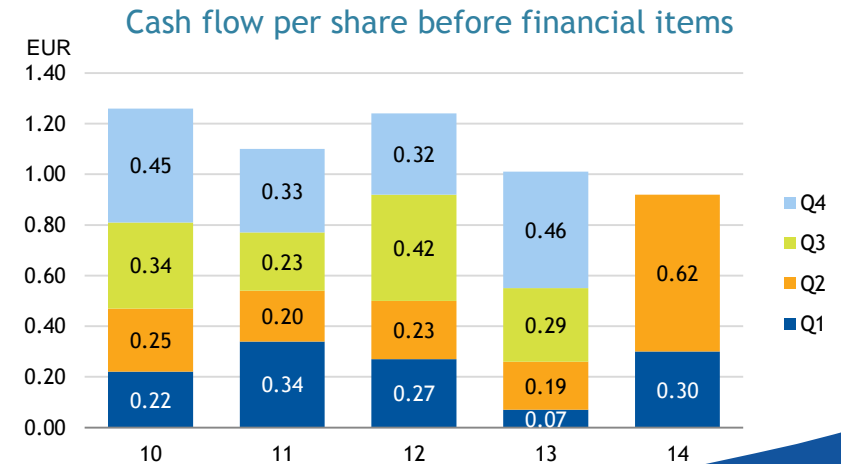
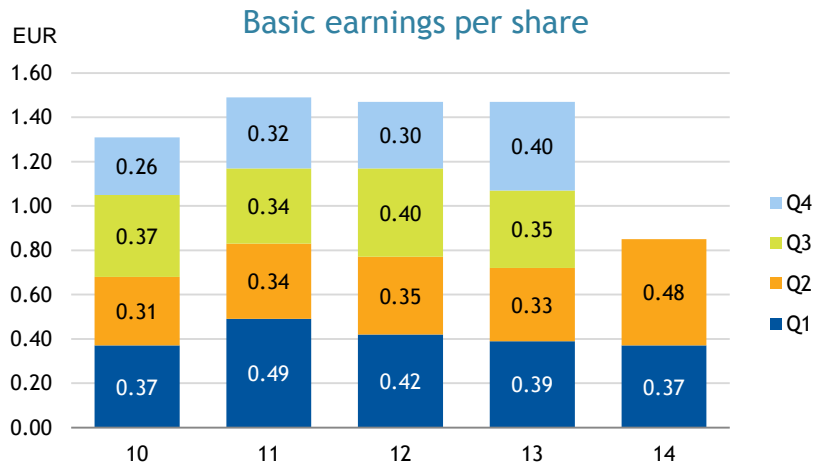
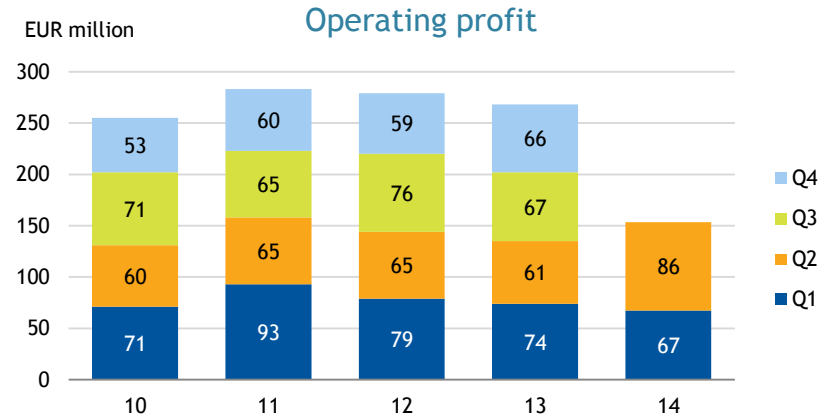
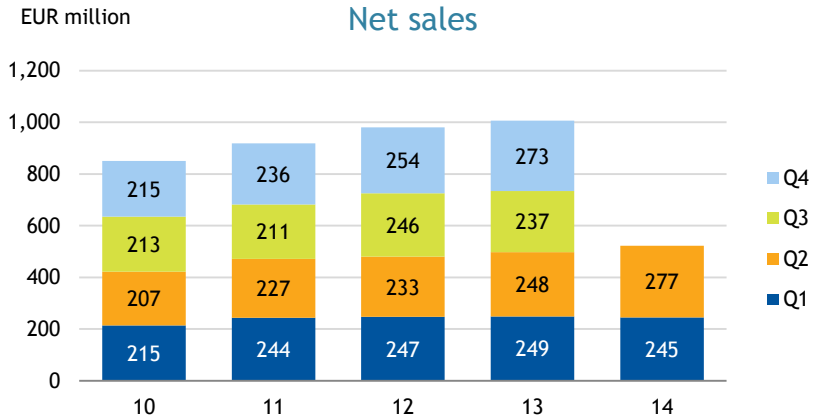
Orion's financial objectives are:

- Ensuring financial stability
- Profitable growth

The objectives are achieved through:

- Increasing net sales. Achievement of this objective requires continuous investment in development of the product portfolio.
- Maintaining profitability at a good level, the aim being operating profit that exceeds 20% of net sales.
- Keeping the equity ratio at least 50%.

Key figures by quarter



Key figures for 2010–Q2/2014

Orion's key figures	2010	2011	2012	2013	Q1–Q2/2014	Q1–Q2/2013	Change %
Net sales, EUR million	849.9	917.9	980.4	1,006.9	521.7	497.4	+4.9%
Operating profit, EUR million	254.2	282.9	278.3	267.7	153.4	135.2	+13.4%
Profit before taxes, EUR million	252.6	282.0	276.6	264.0	151.2	134.3	+12.6%
R&D expenses, EUR million	85.5	87.5	105.8	101.9	56.9	50.9	+11.6%
Equity ratio, %	62.7%	64.2%	61.0%	53.6%	51.3%	48.1%	
Gearing, %	-12.2%	-6.9%	-1.7%	8.4%	18.9%	32.7%	
ROCE (before taxes), %	45.0%	49.4%	45.9%	38.5%	42.1%	41.0%	
Return on equity, %	40.7%	43.3%	41.0%	40.3%	49.3%	43.3%	
Basic earnings per share, EUR	1.31	1.49	1.47	1.46	0.86	0.72	+19.3%
Cash flow per share before financial items, EUR	1.26	1.10	1.23	1.02	0.93	0.27	+247.9%
Dividend per share, EUR	1.20	1.30	1.30	1.25			
Capital repayment per share, EUR	0.06	0.12					

Income Statement 2010–Q2/2014

Formation of profits, EUR million	2010	2011	2012	2013	Q1–Q2/2014	Q1–Q2/2013	Change %
Net sales	849.9	917.9	980.4	1,006.9	521.7	497.4	+4.9%
Cost of goods sold	-283.2	-305.1	-350.8	-393.5	-195.3	-190.6	+2.4%
Gross profit	566.8	612.8	629.6	613.4	326.4	306.8	+6.4%
Other operating income and expenses	1.2	3.0	6.3	5.6	0.7	1.7	-61.8%
Sales and marketing expenses	-188.9	-204.8	-206.1	-204.9	-95.5	-99.7	-4.2%
R&D expenses	-85.5	-87.5	-105.8	-101.9	-56.9	-50.9	+11.6%
Administrative expenses	-39.3	-40.6	-45.7	-44.5	-21.3	-22.7	-6.0%
Operating profit	254.2	282.9	278.3	267.7	153.4	135.2	+13.4%
Profit before taxes	252.6	282.0	276.6	264.0	151.2	134.3	+12.6%
Profit for the period	184.7	209.5	206.9	206.2	120.7	101.4	+18.9%

Product protection situation of key products

Key patents or data protection expire

Molecule	Product	Indication	Europe	USA	Japan
Entacapone	Stalevo [®] , Comtess [®] and Comtan [®]	Parkinson's disease	November 2012 October 2013 ¹⁾	October 2013	January 2015 ²⁾
Levosimendan	Simdax [®]	Acute decompensated heart failure	September 2015	Not marketed	Not marketed
Dexmedetomidine	Precedex [®] <i>dexdor</i> [®]	Intensive care sedative	July 2013 September 2021 ³⁾	January 2014 ⁴⁾	June 2012

¹⁾ Stalevo data protection expired

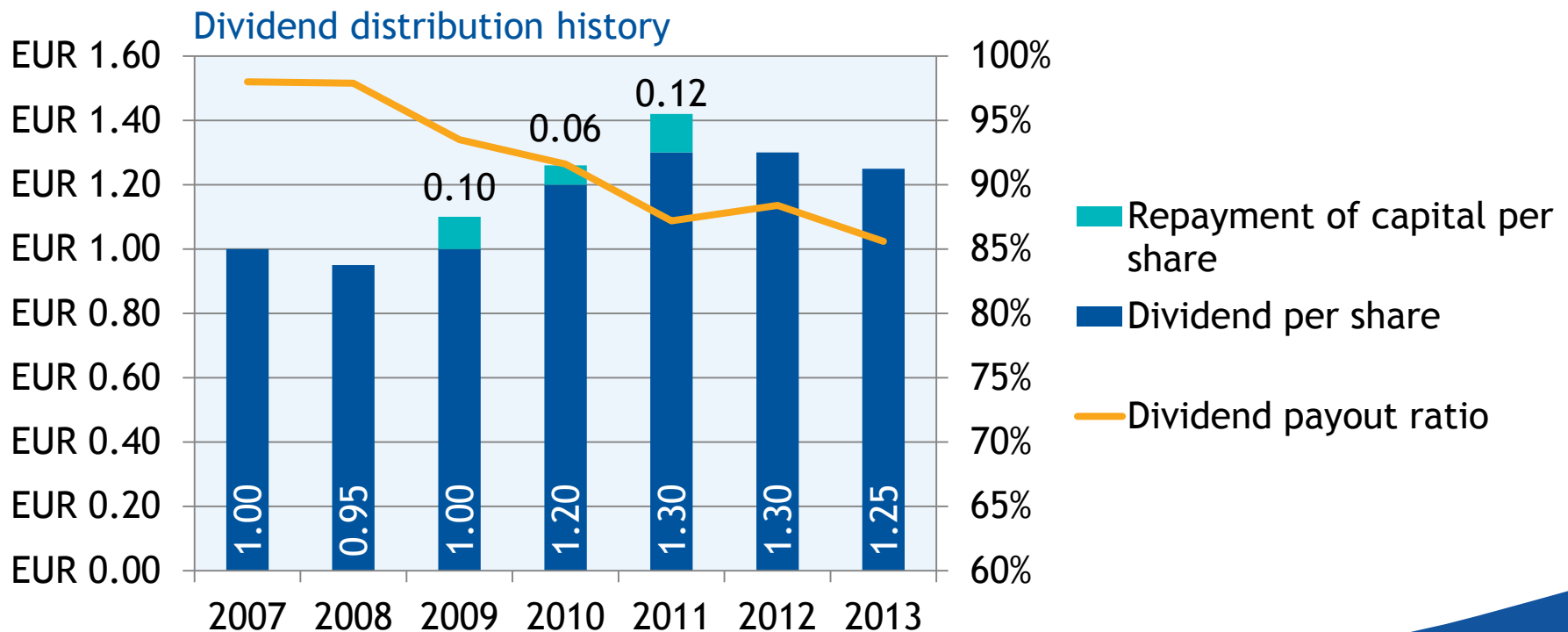
²⁾ Data protection of Comtan expires;

³⁾ Dexdor data protection expires

⁴⁾ Six months paediatric exclusivity granted for Precedex in the United States expired

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.





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