



## Orion Group Q1/2008 Interim Report 25 April 2008

*Timo Lappalainen, CEO*

*The Orion Group has changed the policy of recording the disability pension liability. Due to the change, the operating profit reported for 2007 was reduced by approximately EUR 2.0 million whereas the ROE and ROCE improved slightly. The effect on the equity ratio was insignificant.*

*The considerable changes in the equity ratio, cash and cash equivalents and the interest-bearing liabilities are a consequence of the timing of the dividend payment.*



Q1/2008 Interim Report 25 April 2008 1

*This presentation includes forward-looking statements (statements that are not historical facts and relate to the future activities and performance) that involve risks and uncertainties. These forward-looking statements include statements about future strategies and the anticipated benefits of these strategies, and they are subject to risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of factors, including the possibility that Orion may decide not to implement these strategies, and the possibility that, even if the strategies are implemented, their anticipated benefits are not achieved. Orion assumes no obligation to update or revise any information contained in this presentation.*

*Former Orion Corporation demerged on 1 July 2006 into two new companies, Orion Corporation and Oriola-KD Corporation. All financial information before that date presented here is based on information that has been carved-out from the financial statements of the demerged Orion Corporation. This historical financial information has, however, been prepared for illustrative purposes only and does not necessarily describe what the results of the Orion Group, or its financial position, changes in equity and cash flows would have been if the Orion Group had operated as a separate legal entity before 1 July 2006.*



Q1/2008 Interim Report 25 April 2008 2

## Main events in Q1/2008

- Operating profit increased by almost 5% thanks to the favourably developed sales of the broad basic product portfolio and new product launches
  - net sales increased only 1.7% from the comparative period
  - investments in sales, marketing and R&D continued to increase slightly as planned
  - US-dollar continued to weaken
- High activity in in-licensing and partnering agreements
- R&D programmes are progressing strongly
- Life-cycle management of Stalevo continues successfully
  - application for the broader indication was filed in the EU and the USA to cover also early Parkinson's Disease
  - higher dose strength (200/50/200 mg) was approved also in the EU



Q1/2008 Interim Report 25 April 2008 3

## Earnings increased steadily

	Q1/08	Q1/07	Change %	2007
Net sales, EUR million	182.2	179.2	+1.7%	683.6
Operating profit (EBIT), EUR million	63.4	60.6	+4.7%	192.0
% of net sales	34.8%	33.8%		28.1%
Profit before taxes, EUR million	64.1	61.3	+4.5%	193.4
Earnings per share, EUR	0.33	0.32	+4.4%	1.02

- Net sales increased slightly
  - new product launches continued in full flow
  - deliveries to Novartis decreased and Calcimagon license ended in 2007
  - US-dollar continued to weaken
- Operating profit increased by almost 5%
  - share of high-margin products increased from Q1/2007
  - investments in sales, marketing and R&D continued to increase slightly as planned



Q1/2008 Interim Report 25 April 2008 4

## Review of the Businesses



Q1/2008 Interim Report 25 April 2008 5

### Pharmaceuticals business showed strong performance

EUR million	Q1/08	Q1/07	Change %	2007
Net sales of the Pharmaceuticals Business	170.5	167.9	+1.6%	643,3
Proprietary Products	73.3	71.3	+2.8%	270,8
Specialty Products	63.7	61.7	+3.3%	241,5
Animal Health	16.6	17.5	-5.4%	66,8
Fermion	8.9	11.1	-19.5%	38,1
Other	8.0	6.3	+27.5%	26,1
EBIT of the Pharmaceuticals Business	63.1	60.2	+4.8%	197,1

- Net sales of the Parkinson's Disease product franchise down by 4%
  - sales of Stalevo and Comtess through own sales network up by 6%
  - supply to Novartis decreased by 11%
  - net sales from Stalevo increased by 5%
- Generic product portfolio in Finland and Eastern Europe was further strengthened



Q1/2008 Interim Report 25 April 2008 6

## New in-licensing agreements to strengthen current product portfolio

- Collaboration with the Swedish Oasmia Pharmaceutical AB expanded into veterinary products
  - new licensing agreement covers Paclical® Vet (paclitaxel), which is currently being developed by Oasmia
  - the potential main indication will for the treatment of mast cell tumours in dogs
  - Orion received the marketing rights for the Nordic countries, Poland, the Czech Republic, Slovakia and Hungary
  - in late 2007 Orion received the marketing rights for human Paclical that will be used to treat ovarian cancer
- In-licensing agreement with the US-based Indevus Pharmaceuticals, Inc.
  - Orion received European-wide marketing rights for Vantas® (histrelin) for the treatment of advanced prostate cancer
  - the product is already marketed e.g. in the USA
  - a Mutual Recognition Procedure for European approvals is under way, based on the marketing authorisation already granted by the UK in 2007
- Active in-licensing of generic products continued

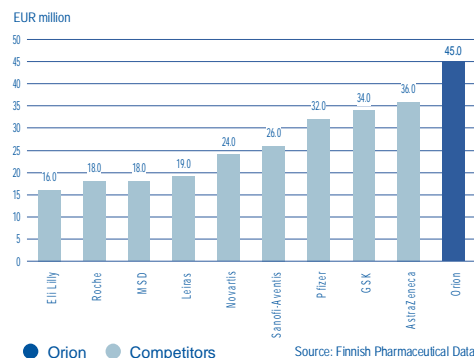


Q1/2008 Interim Report 25 April 2008 7

## Orion continued as the market leader in Finland

- Wholesales of human pharmaceuticals in Q1/2008 totalled to EUR 471.7 (442.9) million
  - market up by 6.5%
- During the same period wholesales of Orion's human products totalled to EUR 45.3 million
  - up by 8.7%
  - clearly faster growth than that of the total market in average
- Orion is the market leader in Finland with 9.6% (9.2%) market share
- Orion's domestic marketing organisation achieved silver prize in The Best Workplaces in Finland 2008 competition

Leading marketers of pharmaceuticals in Finland in Q1/08



Q1/2008 Interim Report 25 April 2008 8

## Market for Parkinson's Disease continuing to grow, although more slowly

Total in-market sales of  
Parkinson's medicines in 2007

- Sales in the USA were  
USD 1 250 (1 003) million,  
up by 25%
  - exceptionally high growth is due  
to the broadened indication of  
one product
- European top 5 markets totalled to  
EUR 842 (771) million, average  
growth about 9%
  - these markets comprise Germany,  
UK, France, Spain and Italy

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

%	2007	2006
Finland	30%	32%
Denmark	20%	25%
Sweden	18%	19%
Germany	16%	15%
UK	12%	11%
USA	15%	16%

Source: IMS Health



Q1/2008 Interim Report 25 April 2008 9

## Diagnostics Business continued at relatively good level

EUR million	Q1/08	Q1/07	Change %	2007
Net sales	12.2	11.8	+3.5%	42,0
Operating profit	2.3	3.2	-26.6%	6,3

- QuikRead® tests continued showing strong growth
- Sales of dip slide tests progressed also steadily
- Launch activities for Hygicult® ON continued as planned
- Share of low-margin products larger than in Q1/2007
- Operating profit decreased from Q1/2007 but was still high  
compared to other earlier quarters



Q1/2008 Interim Report 25 April 2008 10

## R&D portfolio



Q1/2008 Interim Report 25 April 2008 11

## Pharmaceutical R&D pipeline



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



Q1/2008 Interim Report 25 April 2008 12

## Outlook and Objectives



Q1/2008 Interim Report 25 April 2008 13

### Outlook for 2008

- **Net sales** will grow slightly from 2007.
  - Pharmaceutical sales via Orion's own sales network are expected to continue growing moderately in Finland and to continue showing growth outside Finland, where growth will nevertheless be slowed down by the expiry at the end of 2007 of the licence agreement for the osteoporosis drug Calcimagon that was marketed in Germany.
  - In-market sales of Parkinson's drugs will show further growth, but at a slower rate than previously.
  - The volume of Parkinson's drugs to be delivered to Novartis is forecasted to grow slightly.
- **Marketing and research expenditure** will increase moderately.
  - Marketing expenses will be added in particular by the product launches by Orion's own units outside Finland.
  - Research expenses will grow mainly due to the clinical studies that were started in the previous year. The patent litigations having started in the United States will increase administrative expenses in 2008.
- **Operating profit** excluding non-recurring items is estimated to grow slightly from 2007.
  - Such non-recurring items include the one-off compensation received due to the termination of the Calcimagon licence agreement in 2007 and the patent litigation expenses in 2008.
- **R&D expenses** will be slightly over EUR 100 million.
- **Capital expenditure** will be about EUR 40 million, not including substantial product or company acquisitions.



Q1/2008 Interim Report 25 April 2008 14

## Financial objectives and dividend policy

- The moderate organic growth of the net sales in the next few years is accelerated via product, product portfolio and company acquisitions.
- Operating profit will be increased.
- Equity ratio is maintained at the level of at least 50%.
- In the dividend distribution Orion takes into account the distributable funds as well as the medium-long and long-term needs of capital expenditure and other financial needs required for the achievement of the financial objectives.



## Orion's calendar for investors

Interim Report Q1–Q2/2008  
Interim Report Q1–Q3/2008

Tuesday 5 August 2008  
Tuesday 28 October 2008

*For additional information on Orion,  
including a more detailed calendar for investors, kindly visit:*  
[www.orion.fi/english/investors](http://www.orion.fi/english/investors)







**BUILDING WELL-BEING**



Q1/2008 Interim Report 25 April 2008 17

## Appendixes

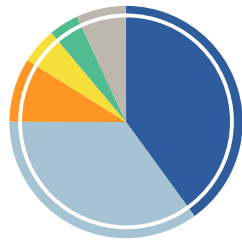


Q1/2008 Interim Report 25 April 2008 18

## Breakdown of net sales Q1/2008

EUR 182.2 million

By Business segment



- Proprietary Products (PP) 40%
- Specialty Products (SpP) 35%
- Animal Health (AH) 9%
- Fermion 5%
- Other 4%
- Orion Diagnostica (OD) 7%

By geographic segment



- Finland 31%
- Scandinavia 15%
- Other Europe 35%
- North America 9%
- Other markets 10%

By sales network



- Orion in Finland 31%
- Orion in other countries 42%
- Sales via partners 27%



Q1/2008 Interim Report

25 April 2008

19

## Orion Group key figures Q1/2008

	Q1/08	Q1/07	Change %	2007
Net sales, EUR million	182.2	179.2	+1.7%	683.6
Operating profit (EBIT), EUR million	63.4	60.6	+4.7%	192.0
% of net sales	34.8%	33.8%		28.1%
Profit before taxes, EUR million	64.1	61.3	+4.5%	193.4
Earnings per share (EPS), EUR	0.33	0.32	+4.4%	1.02
R&D expenses, EUR million	23.7	21.8	+8.6%	98.5
ROCE, %	60.7%	53.6%		44.8%
ROE, %	49.4%	40.0%		33.5%
Equity ratio, %	48.4%	78.0%		76.0%
Gearing, %	-27.5%	-28.5%		-20.0%
Personnel at end of the period, persons	3 202	3 127	+2.4%	3 176



Q1/2008 Interim Report

25 April 2008

20

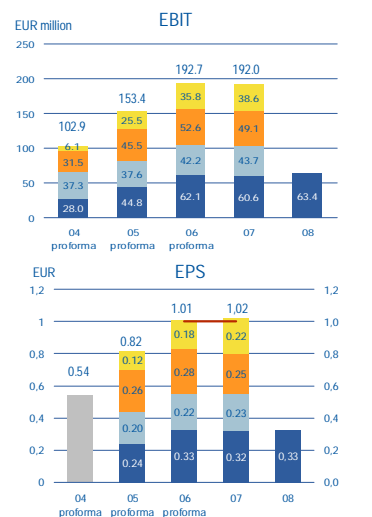
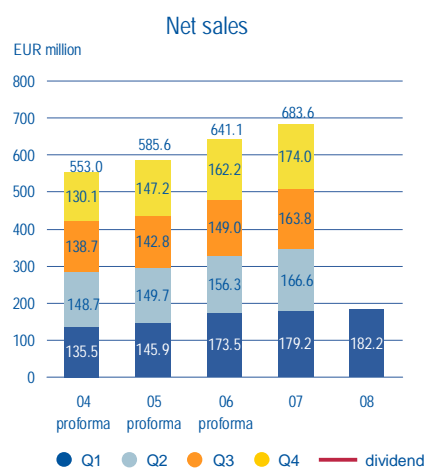
## Group Income Statement Q1/2008

EUR million	Q1/08	Q1/07	Change %	2007
Net sales	182.2	179.2	+1.7%	683.6
Cost of goods sold	-50.2	-54.1	-7.2%	-219.3
Gross profit	132.1	125.1	+5.6%	464.3
Other operating income	0.5	0.7	-29.8%	9.0
Selling and marketing expenses	-35.1	-33.7	+4.1%	-143.4
R&D expenses	-23.7	-21.8	+8.6%	-98.5
Administrative expenses	-10.4	-9.7	+7.2%	-39.4
Operating profit, EBIT	63.4	60.6	+4.7%	192.0
Profit before taxes	64.1	61.3	+4.5%	193.4
Profit for the period	47.1	45.1	+4.4%	143.9



Q1/2008 Interim Report 25 April 2008 21

## Orion's financial figures by annual quarters 2004–2008

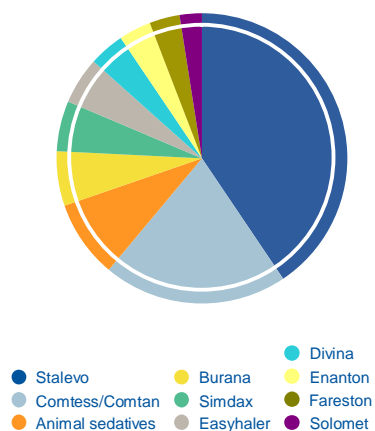


Q1/2008 Interim Report 25 April 2008 22

## Stalevo continues strongly

EUR million	Q1/08	Q1/07	Change %	2007
Stalevo®	34.8	33.0	+5.3%	126.9
Comtess® /Comtan®	17.5	21.6	-18.9%	73.3
Dexdomitor®, Domitor®, Domosedan® and Antisedan®	7.4	8.0	-7.5%	27.5
Burana®	5.2	4.1	+25.2%	15.6
Simdax®	4.7	3.5	+35.1%	15.1
Easyhaler®	4.5	3.7	+19.8%	17.3
Divina® series	3.4	3.6	-6.1%	15.9
Enanton®	3.2	3.3	-3.1%	12.9
Fareston®	2.8	2.1	+36.2%	8.2
Solomet®	2.1	2.3	-6.4%	7.6
Total	85.6	85.2	+0.4%	320.2
% of Pharmaceutical net sales	50%	51%		50%

Orion's top 10 medicines



Q1/2008 Interim Report 25 April 2008 23

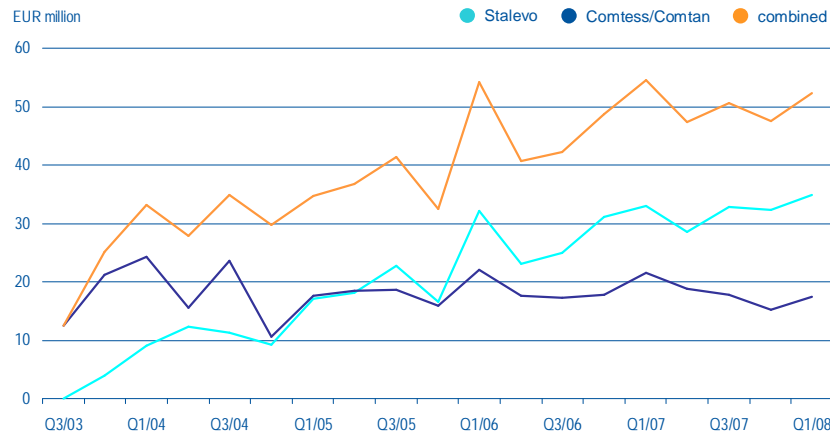
## Net sales of products from in-house R&D

EUR million	Q1/08	Q1/07	Change %	2007
Stalevo	34.8	33.0	+5.3%	126.9
Comtess/Comtan	17.5	21.6	-18.9%	73.3
Dexdomitor, Domitor, Domosedan and Antisedan	7.4	8.0	-7.5%	27.5
Simdax	4.7	3.5	+35.1%	15.1
Easyhaler franchise	4.5	3.7	+19.8%	17.3
Hormone replacement therapy (Divina series)	3.4	3.6	-6.1%	15.9
Fareston	2.8	2.1	+36.2%	8.2
Precedex	2.5	1.5	+68.8%	8.2
Total	77.6	77.0	+0.8%	292.3
% of Pharmaceutical net sales	46%	46%		45%



Q1/2008 Interim Report 25 April 2008 24

## Net sales of the Parkinson's franchise by annual quarters



Q1/2008 Interim Report 25 April 2008 25

## Orion's R&D programmes in brief

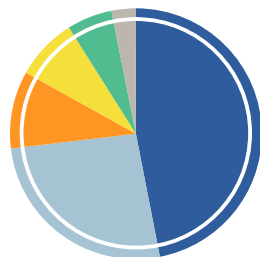
- Based on the positive results received from the **FIRST STEP** study conducted by Novartis, Orion has initiated actions for broadening the indication of Stalevo for the treatment of early Parkinson's Disease
- **STRIDE-PD** with Stalevo in 747 patients with Parkinson's Disease
  - comparison to the conventional levodopa/carbidopa
  - to determine whether Stalevo can delay the onset of dyskinesias in Parkinson's patients
  - results are currently expected at the turn of 2008–2009.
- **New COMT enzyme inhibitor** is being developed for Parkinson's Disease
  - progressing as planned in clinical Phase I
- **An alpha 2c receptor antagonist** is progressing into Phase I clinical studies
  - compound has potential for the treatment of the symptoms of schizophrenia, other possible indications are Alzheimer's Disease and depression
- **Dexmedetomidine** (Precedex®) is being studied as a long-term infusion (over 24 h) in the sedation of patient in intensive care
  - comparison with midazolam and propofol, both studies are planned to involve 500 patients
  - the programme was started in the summer of 2007 and it is estimated to last two years
- New formulation is being developed for **Easyhaler®** product family combining budesonide and formoterol
- The **LEVET** programme is studying the efficacy of levosimendan in the treatment of heart diseases in dogs
- **In early research**, among others, selective androgen receptor modulators (SARM) and Parkinson's Disease



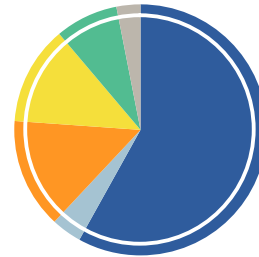
Q1/2008 Interim Report 25 April 2008 26

## Fragmented ownership base

By number of shares



By number of votes



- Households 47% / 58 %
- Foreign held and nominee registered 26% / 4%
- Public sector 10% / 14%
- Private corporations 8% / 13%
- Non-profit organisations 6% / 8%
- Banks and insurance companies 3% / 3%

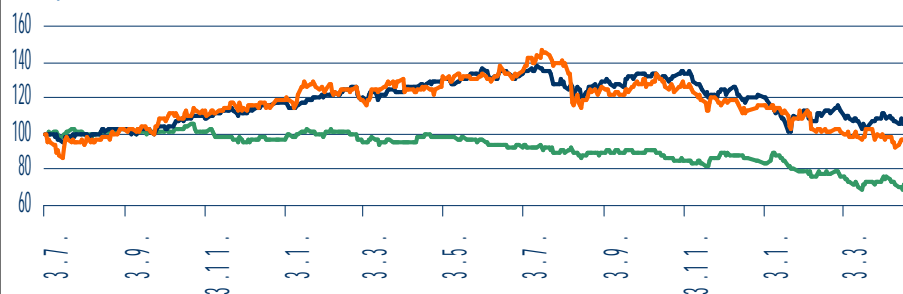
- On 31 March 2008 altogether 141.3 million shares, of which
  - 52.5 million in Class A (20 votes/share)
  - 88.8 million in Class B (1 vote/share)
  - both classes provide equal rights to the company's assets and dividends
- In total 38 855 shareholders



Q1/2008 Interim Report 25 April 2008 27

## Orion B-share in relation to OMXH Portfolio and European Pharmaceuticals -indexes

3 July 2006 = 100



Indexed closing quotations on 24 April 2008

- Orion B 94.46
- OMXH Portfolio 105.60
- European Pharmaceuticals 73.21



Q1/2008 Interim Report 25 April 2008 28



**BUILDING WELL-BEING**



Q1/2008 Interim Report 25 April 2008 29