



Orion Group
Interim Report Q1/2009
27 April 2009

CEO Timo Lappalainen



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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.

The Orion Group changed its accounting policy regarding product development costs as of 1 January 2009. Costs relating to maintenance of the product portfolio already on the market (mainly generic products) are now recognised in cost of goods sold instead of R&D expenses in the income statement. This change has no effect on reported key figures, operating profit and Statement of Financial Position, but it reduces the previously reported R&D expenses 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 Specialty Products to Proprietary Products. At the same time, hormone replacement products, such as the Divina® series, and toremifene products, such as Fareston®, were transferred to Specialty Products.



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First quarter as expected

	Q1/2009	Q1/2008	Change %	2008
Net sales, EUR million	190.1	180.2	+5.5%	710.7
Operating profit, EUR million	56.9	63.4	-10.2%	185.0
Earnings per share, EUR	0.30	0.33	-11.0%	0.97
Cash earnings per share before financial items, EUR	0.25	0.07	+243.0%	0.66

- Net sales grew by approximately 6%
 - deliveries to Novartis were clearly up
- Operating profit decreased by 10%
 - planned investments on research continued
 - expenses of the US patent litigations
- Investments on research were up on the comparative period
 - new structure for R&D organisation was implemented early in the year
 - EU marketing authorisation application to expand the indication of Stalevo was withdrawn
 - reporting of product development expenditure was changed as of 1 Jan 2009
 - costs relating to maintenance of product portfolios already on the market were transferred from the R&D expenses to the cost of goods sold in the income statement

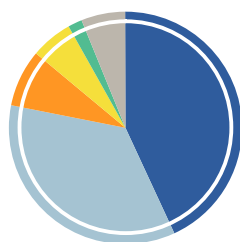


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Breakdown of net sales Q1/2009 EUR 190.1 million

By business area



- Proprietary Products 43%
- Specialty Products 35%
- Animal Health 8%
- Ferion 6%
- Others 2%
- Orion Diagnostica 6%

By geographical area



- Finland 28%
- Scandinavia 13%
- Other European countries 32%
- North America 12%
- Other countries 15%

By sales network



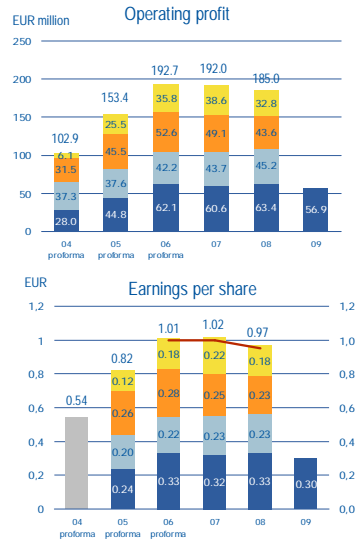
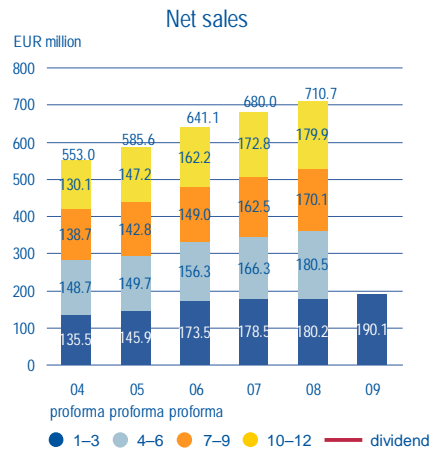
- Orion's sales in Finland 28%
- Orion's sales in other markets 43%
- Sales through partners 29%



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Orion's financial figures per quarter 2004–3/2009



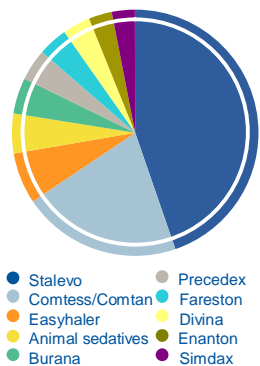
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Sales of Parkinson's drugs continued to grow

EUR million	Q1/ 2009	Q1/ 2008	Change %	2008
Stalevo® (Parkinson's disease)	42.5	34.8	+22.1%	141.0
Comtess®/Comtan® (Parkinson's disease)	19.7	17.5	+12.6%	67.4
Easyhaler® product family (asthma)	6.4	4.5	+42.4%	22.2
Dexdomitor®, Domitor®, Domosedan® and Antisedan® (animal sedatives)	4.9	7.4	-33.5%	24.6
Burana® (inflammatory pain)	4.5	5.2	-12.7%	19.4
Precedex® (sedative for patients in intensive care)	4.1	2.5	+63.6%	9.6
Fareston® (breast cancer)	3.7	2.8	+31.8%	10.5
Divina® series (menopausal symptoms)	3.5	3.4	+3.5%	14.7
Enanton® (prostate cancer)	2.9	3.2	-8.7%	12.7
Simdax® (heart failure)	2.8	4.7	-40.1%	17.3
Total	95.1	86.0	+10.6%	339.7
% of pharmaceutical net sales	53%	51%		51%

Orion's 10 best-selling pharmaceutical products in 1–3/2009



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Review of the business areas



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Continued growth in Pharmaceuticals

EUR million	Q1/2009	Q1/2008	Change %	2008
Net sales of the Pharmaceuticals business	178.9	168.5	+6.2%	667.6
Proprietary Products	81.5	70.5	+15.6%	278.1
Specialty Products	66.1	66.5	-0.7%	260.5
Animal Health	15.2	16.6	-8.3%	67.2
Fermion	11.1	8.9	+24.9%	36.1
Other	5.0	6.0	-16.6%	25.7
Operating profit of the Pharmaceuticals business	56.9	63.1	-9.9%	188.5

- Net sales of Orion's Parkinson's disease drugs grew by nearly 19%
 - sales of Stalevo and Comtess through our own network decreased by about 4%
 - deliveries to Novartis increased by approximately 37% in total
 - the net sales of Stalevo increased by 22%
- Sales of the Easyhaler asthma product portfolio continued to develop favourably
- We continued to strengthen our generic product portfolio



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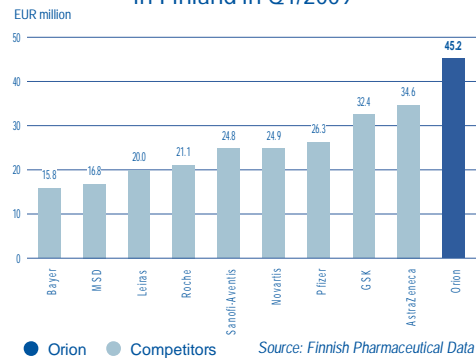
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Orion strengthened its position as the market leader in Finland

- Finnish wholesales of human pharmaceuticals in Q1/2009 totalled EUR 466.3 million
 - market decrease of 1.1%
- Orion's share was EUR 45.2 million
 - growth 0.4%
- With a 9.7% market share, Orion is the market leader
- Orion is especially strong in self-care products and substitutable prescription drugs

Leading marketers of pharmaceuticals in Finland in Q1/2009



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The growth of the Parkinson's Disease drug market continues but at a slower pace

Retail sales of Parkinson's disease drugs

- in the USA in 2008 totalled USD 1,046 million
 - down by 0.5%
- in the top 5 European markets totalled EUR 869 million
 - average growth 8.1% (incl. Germany, Great Britain, France, Spain and Italy)

Sales of Orion's Parkinson's disease drugs

- total in-market sales* EUR 461 million
- wholesales in the USA in 2008 USD 200.1 million
 - growth 12.8%
- wholesales in the top 5 European markets in 2008 EUR 146.1 million
 - growth 9.4%

Market shares of Orion's Parkinson's drugs of the total sales of Parkinson's drugs

	2008	2007
Finland	30%	31%
Sweden	17%	18%
Denmark	14%	20%
Norway	18%	20%
Germany	15%	16%
Great Britain	13%	12%
The top 5 European markets on average	16%	16%
USA	16%	14%

* in the 12-month period ending in September 2008

Source: IMS Health



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Diagnostics increased investments in product development

EUR million	Q1/2009	Q1/2008	Change %	2008
Net sales	11.7	12.2	-3.9%	45.0
Operating profit	2.2	2.3	-4.6%	6.1

- QuikRead tests continued as the main products with strong growth of sales
 - reagent and instrument sales continued to grow
 - instrument sales create a solid basis for demand for reagents in the future
- The sales of many older product categories decreased
- Operating profit was lower because of increased investments in product development

R&D portfolio

Pharmaceutical research and development

 Own proprietary drug research
 Own proprietary veterinary drug research
 Developed by a partner

Note: The end point of the line indicates the current stage of development

Project	Indication	Pre-clinical	Clinical Phases			Registration
			I	II	III	
Stalevo®, expansion of the indication in the USA	early stage Parkinson's disease					
Histrelin (Vantas®)	advanced prostate cancer					
Dexmedetomidine (intravenous) European markets	sedative for patients in intensive care					
Stalevo®, development for the Japanese market	Parkinson's disease					
Levosimendan for dogs (oral)	dogs' heart disease					
Easyhaler® combined formulation	asthma, COPD					
Toremifene	prostate cancer, osteoporosis					
Paclitaxel for human use (Pacical®)	ovarian cancer					
Paclitaxel for dogs (Paccal®)	mastocytoma (skin cancer)					
Alpha 2 _c receptor pharmacology	schizophrenia, Alzheimer's					
Levosimendan for human use (oral)	treatment of stroke					
Dexmedetomidine (non-intravenous)	pain management					
Pharmacology of steroid receptors	SARM, prostate cancer					



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Outlook and targets



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Outlook for 2009

- **Net sales** will increase slightly from 2008. Sales of pharmaceuticals through Orion's own sales network will continue to increase both in Finland and other European countries. Global in-market sales of the 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 slightly.
- Marketing expenditure will increase moderately, mainly owing to product launches. Research expenditure will remain at the level of 2008. The on-going patent litigations in the United States will continue. Their costs are estimated to be slightly higher than in 2008.
- **Operating profit** is estimated to increase slightly from 2008. The economic crisis is not estimated to have a material effect on the result, but the crisis increases uncertainty relating to profitability estimates.
- **R&D expenses** will be about EUR 90 million. Additionally, about EUR 10 million will be used in maintenance of product portfolios that are already on the market. The latter item is now included in costs of goods sold in the income statement, while previously both items were included in R&D expenses.
- **Capital expenditure** will be about EUR 45 million, not including substantial company or product acquisitions.



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Financial objectives and dividend policy

- The moderate organic growth of the net sales within 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 50% at least.
- In dividend distribution, Orion takes into account the company's 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.



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Orion's calendar for 2009

The Interim Reports for 2009:

Interim Report January–June 2009

7 August 2009

Interim Report January–September 2009

26 October 2009

For additional information on Orion, including the Orion investor calendar, can be found at: www.orion.fi/investors



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Appendices



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Orion's key figures¹⁾ 2004–3/2009

	2004 pro forma	2005 pro forma	2006 pro forma	2007	2008	Q1/2008	Q1/2009	Change %
Net sales, EUR million	553.0	585.6	641.1	680.0	710.7	180.2	190.1	+5.5%
Operating profit, EUR million	102.9	153.4	192.7	192.0	185.0	63.4	56.9	-10.2%
Profit before taxes, EUR million	101.7	152.5	193.3	193.4	184.2	64.1	56.6	-11.7%
R&D expenses, EUR million	71.5	69.5	73.1	85.0	90.0	20.5	24.1	+18.0%
Capital expenditure, EUR million	22.5	23.7	25.5	35.3	56.8	9.4	5.6	-39.8%
Assets total, EUR million	537.3	589.2	568.3	565.7	695.5	686.4	756.9	+10.3%
Equity ratio, %	53.6%	65.3%	75.5%	76.2%	60.2%	48.4%	43.2%	
Gearing, %	2.3%	-29.6%	-23.4%	-20.0%	-7.1%	-27.5%	-20.0%	
ROCE (before taxes), %	25.8%	41.4%	47.1%	44.8%	38.5%	60.7%	44.6%	
Return on equity, %	19.7%	33.5%	34.9%	33.5%	32.1%	49.4%	44.9%	
Earnings per share, EUR	0.54	0.82	1.01	1.02	0.97	0.33	0.30	-11.0%
Cash flow per share before financial items, EUR	0.95	0.87	0.93	0.92	0.66	0.07	0.25	+243.0%
Dividend per share, EUR	-	-	1.00	1.00	0.95	-	-	
Personnel at the end of the period	2 997	3 003	3 061	3 176	3 309	3 203	3 200	-0.1%

¹⁾ Former Orion Corporation demerged on 1 July 2006 into two new companies, Orion Corporation and Oriola-KD Corporation.



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Consolidated Statement of Income 2006–3/2009

EUR million	2006 pro forma	2007	2008	Q1/2008	Q1/2009	Change %
Net sales	641.1	680.0	710.7	180.2	190.1	+5.5%
Cost of goods sold	-218.8	-232.8	-243.4	-53.4	-61.8	+15.7%
Gross profit	422.3	447.2	467.4	126.8	128.2	+1.1%
Other income and expenses	13.4	12.0	3.1	2.4	0.6	-73.5%
Selling and marketing expenses	-129.6	-143.4	-143.9	-35.1	-35.0	-0.2%
R&D expenses	-73.1	-85.0	-90.0	-20.5	-24.1	+18.0%
Administrative expenses	-40.4	-38.8	-51.5	-10.3	-12.8	+24.4%
Operating profit	192.7	192.0	185.0	63.4	56.9	-10.2%
Profit before taxes	193.3	193.4	184.2	64.1	56.6	-11.7%



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Sales from products based on own research

EUR million	Q1/09	Q1/08	Change %	2008
Stalevo® (Parkinson's disease)	42.5	34.8	+22.1%	141.0
Comtess®/Comtan® (Parkinson's disease)	19.7	17.5	+12.6%	67.4
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Divina® series (menopausal symptoms)	3.5	3.4	+3.5%	14.7
Simdax® (heart failure)	2.8	4.7	-40.1%	17.3
Total	87.6	77.6	+12.9%	307.5
% of pharmaceutical net sales	49%	46%		46%



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Orion's R&D programs in brief

- According to the results from the **STRIDE-PD study**, treatment with Stalevo does not delay the onset of dyskinesias in Parkinson patients
 - Orion withdrew its EU marketing authorisation application to expand the indication of Stalevo
 - application process to expand the indication to treatment of early-stage Parkinson's disease is still pending in the USA, based on the favourable results from the FIRST-STEP study conducted by Novartis
- Orion is collaborating with Novartis to develop **Stalevo for Japan**
- **Dexmedetomidine** is being studied in the Clinical Phase III as a long-term (more than 24 hours) 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 Alpha_{2c} receptor antagonist** is in the Clinical Phase I
 - possible indications include schizophrenia and Alzheimer's disease
- The potential use of oral **levosimendan** in the **treatment of stroke** in human patients is being investigated in preliminary Phase I clinical studies
- **Early phase studies are investigating**, e.g.,
 - selective androgen receptor modulators (SARM), prostate cancer, neuropathic pain, Parkinson's disease and various possible indications within intensive care



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