



Orion Group Interim Report Q1/2007

25 April 2007

Q3/2006 was the first financial accounting period of the present Orion Group. The figures for Q1–Q2/2006 and the year 2005 have been carved out from the financial statements of the demerged Orion.

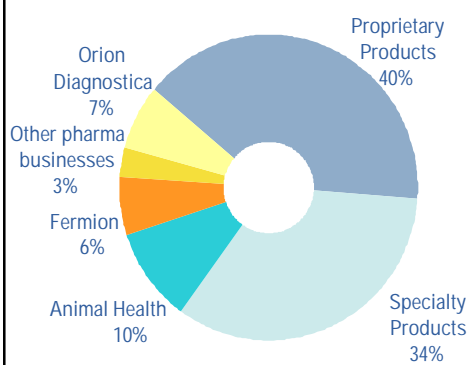


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Interim Report Q1/2007 25 April 2007

1

Orion Group



Group net sales for Q1/2007
EUR 179.2 million

Orion's businesses

- Pharmaceuticals
 - Proprietary Products
 - patented prescription products
 - Specialty Products
 - off-patented prescription products and OTC
 - Animal Health
 - Fermion
 - active pharmaceutical ingredients
- Diagnostics
 - Orion Diagnostica



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2

Market review



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3

Global pharmaceutical markets in 2006

USD billion	Sales in 2006	% change	% of global sales
North America	289.9	+8%	48%
Europe	181.8	+5%	30%
Japan	56.7	-1%	9%
Asia (excl. Japan), Africa and Australia	52.0	+10%	9%
Latin America	27.5	+13%	5%
Audited markets in total	607.9	+7%	100%
All markets in total, approximately	643	+7 %	

Source: IMS Health World Review 2006



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4

Moderate growth in major markets

- Moderate growth has continued both in the USA and Europe, whereas in Japan the demand has started to decline somewhat.
 - In the USA the sales volumes of prescription drugs are showing some increase and the growth rate is boosting slightly. This is mainly due to the implementation of Medicare reimbursement system.
- Oncology has become the fastest-growing therapeutic category with an increase of over 20% during 2006.
- The biggest single therapeutic category by net sales is still cholesterol-lowering agents.
- The sales of the largest therapeutic categories in the 13 key global pharmaceutical markets during 1–12/2006 were:

– Cardiovascular	USD 76 billion	+5%
– Central nervous system	USD 73 billion	+8%
– Alimentary/metabolism	USD 55 billion	+6%
- The best-selling single medicine continues to be the cholesterol-lowering drug Lipitor (atorvastatin), with over USD 13.6 billion sales in 2006.
- Nevertheless, there are great differences between therapeutic categories in individual countries



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5

Finnish pharmaceutical market during Q1/2007

- The pharmaceutical wholesales in total were EUR 443 million, meaning an increase of 5.1% compared to the same quarter of the previous year.
 - The main drivers for the growth were the self-care products, with an increase of 29%.
- The wholesales of Orion's medicines were EUR 41.7 million, up 9% from the comparative period.
- Orion's market share was 9.4% (9.1%).
- Orion was clearly the leader, with ca. 29% market share of the total volume of pharmaceutical sales by the amount of packages sold.
- Orion continued as the leader in the self-medication products category with ca. 25% of the total wholesale volumes. The comparative period was strongly affected by the removal of discounts granted to pharmacies.



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6

Market for the Parkinson's Disease products

- In 2006 the total sales of the Parkinson's Disease products globally were USD 3 122 (2 800) million, up ca. 12% (10%).
 - The exceptionally rapid growth is mainly due to fact that one dopamine agonist for the restless legs syndrome (RLS) is included in the sales statistics of the USA.
 - The sales of the top 5 countries in Europe were ca. EUR 745 (690) million, up 8% (10%).

Market shares for entacapone products

	Q4/2005	Q4/2006
USA	17 %	18 %
Germany	14 %	16 %
Sweden	19 %	19 %
Finland	32 %	29 %



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Interim Report Q1/2007 25 April 2007

7

Key figures Q1/2007



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8

Orion key figures for Q1/2007

	Q1/2007	Q1/2006 Proforma	% change	2006 Proforma
Net sales, EUR million	179.2	173.5	+3.2%	641.1
Operating profit (EBIT), EUR million	61.1	62.9	-2.9%	196.7
% of net sales	34.1%	36.2%		30.7%
Profit before taxes, EUR million	61.9	63.3	-2.3%	197.3
Earnings per share, EUR	0.32	0.33	-3.9%	1.03
R&D expenses, EUR million	21.6	21.1	+2.7%	84.1
ROCE, %	52.4%	67.4%		46.5%
ROE, %	39.1%	51.1%		34.5%
Equity ratio, %	77.9%	64.3%		75.4%
Gearing, %	-27.6%	-3.6%		-22.6%
Personnel at end of the period, persons	3 127	3 025	+3.4%	3 061



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Interim Report Q1/2007

25 April 2007

9

Group's income statement for Q1/2007

EUR million	Q1/2007	Q1/2006 Proforma	% change	2006 Proforma
Net sales	179.2	173.5	+3.2%	641.1
Cost of goods sold	-54.0	-49.7	+8.6%	-205.2
Gross profit	125.2	123.8	+1.1%	435.8
Other operating income	0.7	1.5	-54.1	13.8
Selling and marketing expenses	-33.6	-32.4	+3.8%	-128.9
R&D expenses	-21.6	-21.1	+2.7%	-84.1
Administrative expenses	-9.6	-9.0	+6.3%	-39.9
Operating profit, EBIT	61.1	62.9	-2.9%	196.7
Profit before taxes	61.9	63.3	-2.3%	197.3
Profit for the period	45.5	46.7	-2.4%	145.1



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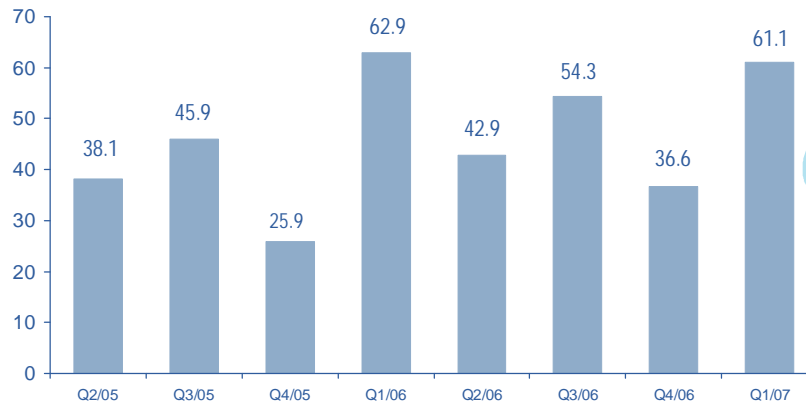
Interim Report Q1/2007

25 April 2007

10

EBIT by annual quarters

EUR million



No milestone payments have been received during the periods under review.



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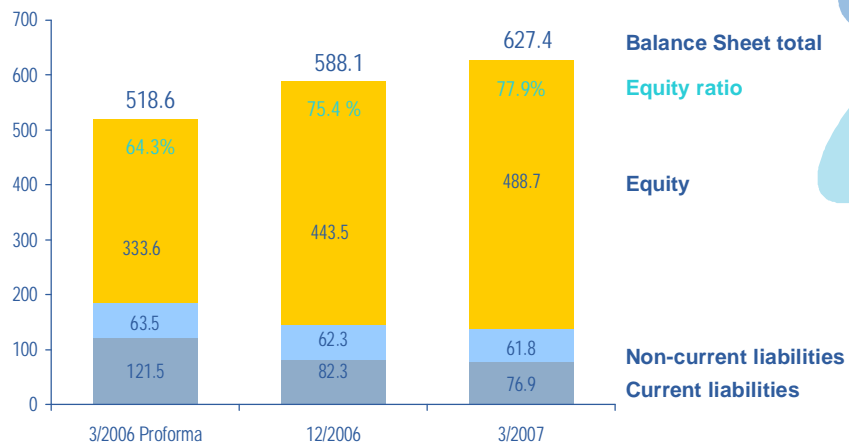
Interim Report Q1/2007

25 April 2007

11

Balance Sheet

EUR million



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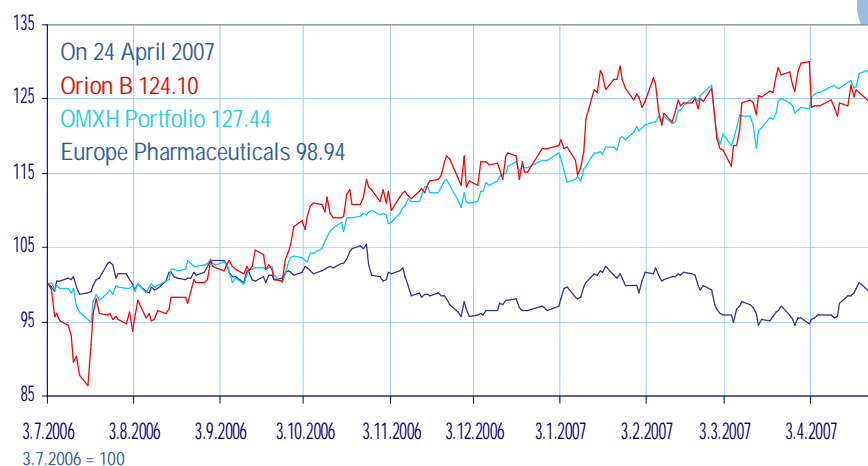
Interim Report Q1/2007

25 April 2007

12

Orion B-share

in relation to OMXH Portfolio and Europe Pharmaceuticals -indexes



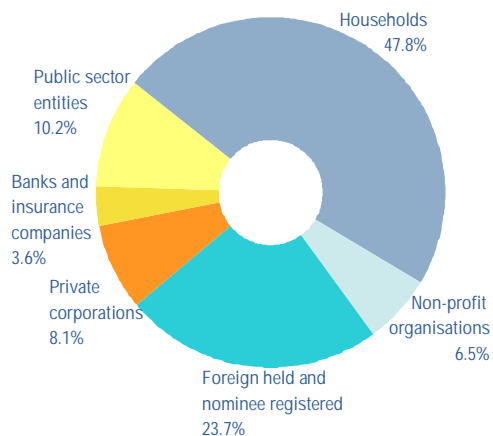
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Interim Report Q1/2007

25 April 2007

13

Ownership base on 31 March 2007



- 23.7% of the total number of shares were in foreign ownership
 - This represents 7.4% of the total votes.
- The number of shares is 141.3 million, of which
 - 55.3 million in Class A
 - 86.0 million in Class B



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Interim Report Q1/2007

25 April 2007

14

Net sales and EBIT by segments



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15

Net sales and EBIT Q1/2007 by business segments

	Net sales		EBIT	
	EUR million	% change	EUR million	% change
Pharmaceuticals	167.9	+3.1%	60.7	-2.1%
Diagnostics	11.8	+5.0%	3.2	+14.8%
Group items	-0.5	-4.0%	-2.9	+46.7%
Group total	179.2	+3.2%	61.1	-2.9%

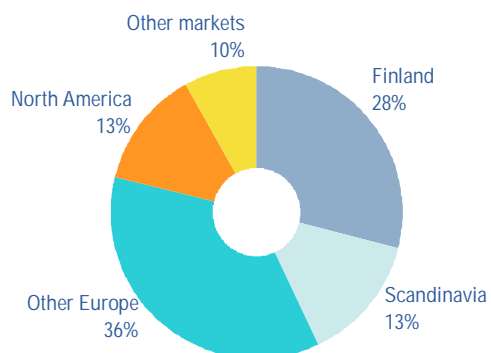


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Interim Report Q1/2007 25 April 2007

16

Net sales by geographical segments Q1/2007



Net sales in total EUR 179.2 million



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Interim Report Q1/2007

25 April 2007

17

Net sales by businesses Q1/2007

EUR million	Q1/2007	Q1/2006 Proforma	% change	2006 Proforma
Pharmaceuticals business	167.9	162.9	+3.1%	601.4
Proprietary Products	71.3	77.0	-7.4%	256.6
Specialty Products	61.7	55.1	+11.9%	218.7
Animal Health	17.5	15.4	+13.7%	63.3
Fermion	11.1	12.3	-9.5%	38.5
Other pharmaceuticals business	6.3	3.0	+106.7%	24.2
Diagnostics business	11.8	11.2	+5.0%	41.5
Group items	-0.5	-0.5	-4.0%	-1.8
Group total	179.2	173.5	+3.2%	641.1



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Interim Report Q1/2007

25 April 2007

18

Pharmaceuticals business Q1/2007

EUR million	Q1/2007	Q1/2006 Proforma	% change	2006 Proforma
Net sales	167.9	162.9	+3.1%	601.4
Operating profit, EBIT	60.7	62.0	-2.1%	189.9

- Favourable profit development continued.
 - The net sales of the products from own pipeline was EUR 76.9 (80.5) million, -4.5%. Their share of the net sales of the Pharmaceuticals business was 46% (49%).
 - The net sales of entacapone products remained at the same level as in the comparative period, at EUR 54.6 (54.2) million. The share of the entacapone products of the Group net sales continued to be one-third.
 - The net sales from the shipments of Stalevo and Comtan to the marketing partner Novartis were EUR 32.9 (36.2) million, -9%.
 - The net sales generated from Stalevo and Comtess by Orion's own sales organisation were EUR 21.7 (18.0) million, +20.6%.
 - R&D expenses were EUR 20.7 (20.2) million, accounting for 12.4% (12.4%) of the Pharmaceuticals business's net sales.



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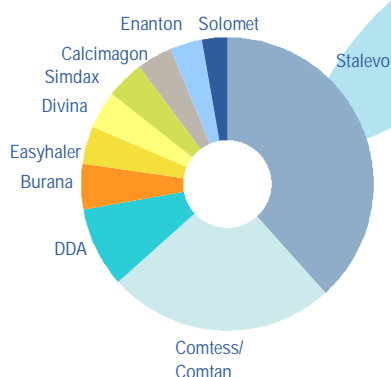
Interim Report Q1/2007

25 April 2007

19

Orion's top 10 best selling brands By net sales

EUR million	Q1/2007	% change
Stalevo (Parkinson's Disease)	33.0	+3.0%
Comtess/Comtan (Parkinson's Disease)	21.6	-2.6%
Domitor, Domosedan and Antisedan (Animal sedatives)	7.9	+13.9%
Burana (Inflammatory pain)	4.1	+79.8%
Easyhaler (Asthma)	3.7	-21.6%
Divina-series (Menopause)	3.6	-8.1%
Simdax (Heart failure)	3.5	-18.0%
Calcimagon (Osteoporosis)	3.4	-6.0%
Enanton (Prostate cancer)	3.3	-3.8%
Solomet (Inflammatory diseases)	2.3	+70.6%
In total	86.4	+2.0%
Share of total pharmaceutical net sales	51%	



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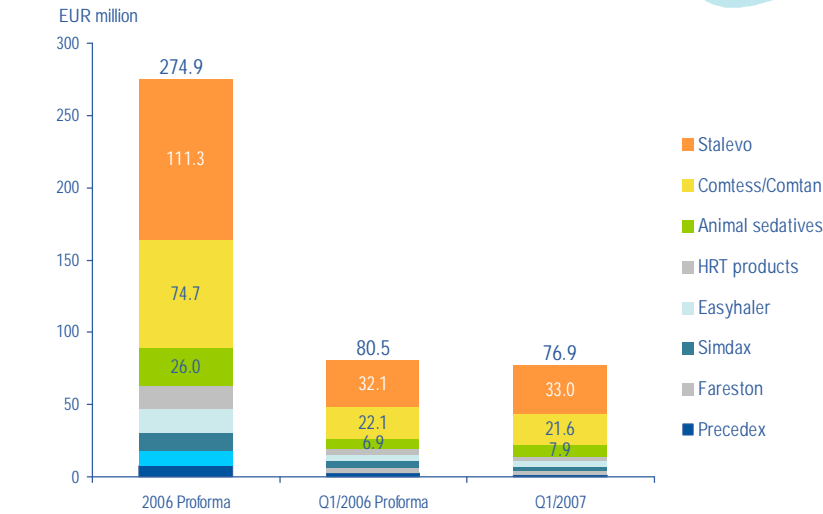
Interim Report Q1/2007

25 April 2007

20

Net sales from proprietary franchise

By products



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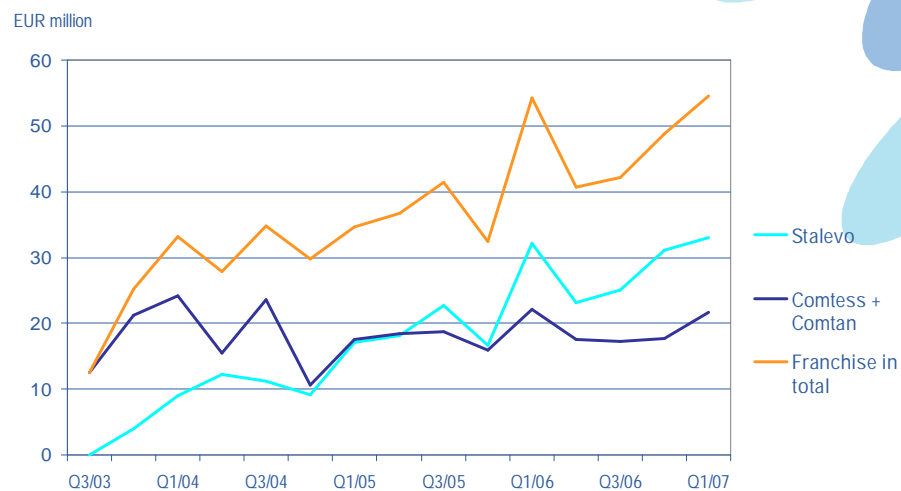
Interim Report Q1/2007

25 April 2007

21

Quarterly net sales of entacapone franchise

By products



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Interim Report Q1/2007

25 April 2007

22

Pharmaceutical research and development

- **STRIDE-PD** with **Stalevo** in 740 patients with Parkinson's Disease, is progressing in Phase 3 as planned. Results are expected to be available in the first half of 2008.
- A research programme is under way in clinical Phase 1 for the development of a new COMT inhibitor.
- The clinical Phase 3 is expected to start in May 2008 with **dexmedetomidine** (Precedex®) as a long-term infusion for sedation of patients in intensive care. The aim is to register the product in the EU.
- **LEVET**-programme with levosimendan in the treatment of heart diseases in dogs is progressing into the last research phase with an aim to receive market authorisations.
- **In early research** Orion is investigating molecules affecting alpha 2 receptors in the central nervous system, and selective androgen receptor modulators (SARM), among others.
- Orion has recently started a **research collaboration with Aurigene Discovery Technologies Ltd**, an Indian-based discovery service company. The aim of the collaboration is to identify completely new medicinal approaches to treat cancers.



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Interim Report Q1/2007

25 April 2007

23

Abbott discontinues development of levosimendan (Simdax) in the US

- Orion has been informed by Abbott, the license holder for the intravenously administered formulation of levosimendan (trade name Simdax), an Orion-originated compound for acute decompensated heart failure, that Abbott has decided not to continue the development program for the product in the US, because it would not be commercially reasonable. Accordingly, the considered additional Phase 3 studies will not be conducted by Abbott.
- Abbott continues to assess feedback from discussions with European authorities.
- Simdax will remain available in the markets where it already has been approved. The product has marketing authorisations or submitted applications in more than 40 countries.
- Under a renewed licensing agreement concluded in April 2004, Abbott took over the development programme of the intravenously administered formulation of levosimendan and received also extended marketing rights to the product.



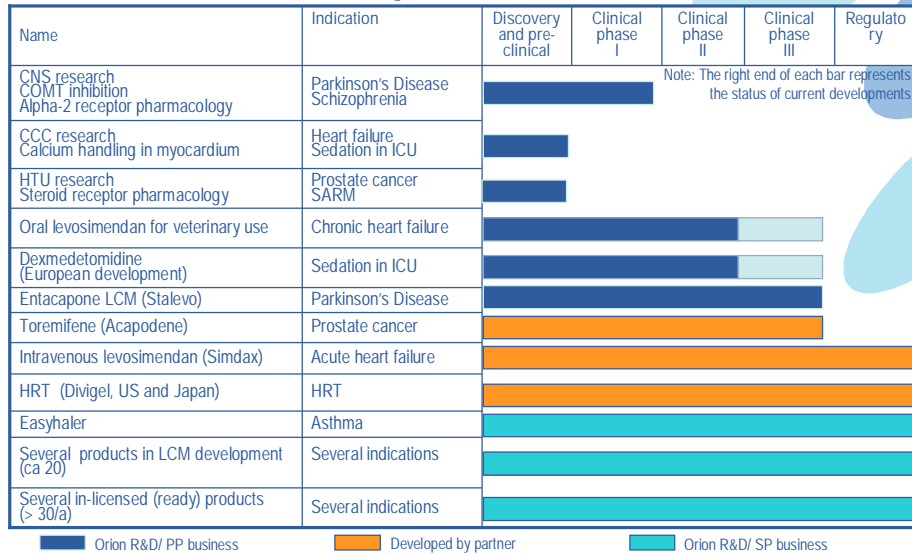
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Interim Report Q1/2007

25 April 2007

24

Pharmaceutical R&D portfolio



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Interim Report Q1/2007

25 April 2007

25

Diagnostics business in Q1/2007

EUR million	Q1/2007	Q1/2006 Proforma	% change	2006 Proforma
Net sales	11.8	11.2	+5.0%	41.5
Operating profit, EBIT	3.2	2.8	+14.8%	6.6

- Favorable development continued in Orion Diagnostica.
 - QuikRead® CRP infection tests continued to show the best growth.
 - In the export markets the best growth percentages were achieved in China, France, Czech, Austria and the UK.
 - The good performance in mainly a consequence of the strong focus of the sales efforts on the most profitable products.
 - During the period, a new rapid hygiene test, Hygicult ON, was launched on the first markets.



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Interim Report Q1/2007

25 April 2007

26

Outlook and targets



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Interim Report Q1/2007 25 April 2007

27

Outlook for 2007 (proforma)

- **Net sales**
 - Net sales will grow somewhat from those of 2006.
 - Sales of pharmaceuticals via Orion's own marketing organisation are anticipated to start showing moderate growth in Finland and to go on showing growth in the markets outside Finland.
 - In-market sales of the entacapone product franchise will continue showing steady, although slower growth than in the previous years. Deliveries to Novartis are anticipated to be at the same level as in 2006, in which they increased considerably, partly because of higher reserve stockpile levels of Novartis.
- **Operating profit**
 - Operating profit, one-off earnings excluded, is estimated to grow somewhat from 2006, despite increased investments in marketing and pharmaceutical research.
 - Marketing expenses will grow especially due to investments in product launches by Orion's own European marketing units outside Finland.
 - The higher R&D expenditure is mainly caused by the new clinical research programmes being started in 2007.
- **Research and development expenditure** will be about EUR 95 million, of which pharmaceutical R&D will account for about EUR 90 million.
- **Capital expenditure** will be about EUR 35 million.



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Interim Report Q1/2007 25 April 2007

28

Financial objectives and dividend policy

- **Financial objectives**

- The moderate organic growth of the net sales in the next few years is accelerated via product, portfolio and company acquisitions.
- Operating profit will be increased
- Equity ratio is maintained at the level of at least 50%.

- **Dividend policy**

- 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.



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Interim Report Q1/2007 25 April 2007

29

Decisions by the AGM



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Interim Report Q1/2007 25 April 2007

30

Decisions by the AGM on 2 April 2007

- A dividend of 1.00 EUR per share was decided to be paid, as proposed by the Board of Directors.
 - Payment date was 16 April 2007.
- **The Articles of Association** were decided to be amended as proposed by the Board, to be in line with the new provisions in the Companies Act.
- The Board of Directors was authorised to **acquire and convey own shares** in line with the Board's proposal.
- Ernst & Young was re-elected as **Auditor** for the next term and Päivi Virtanen continues as Deputy Auditor.



Members of the Board of Directors as of 2 April 2007

- The following members were elected to the Board of Directors for the next term of office
 - Mr. **Matti Kavetvuo** (Chairman)
 - Mr. **Jukka Ylppö** (Vice Chairman), new member
 - Mr. **Eero Karvonen**
 - Mrs. **Leena Palotie**
 - Mr. **Vesa Puttonen**
 - Mr. **Hannu Syrjänen**, new member



Interim Report schedule in 2007

Interim Report for Q2/2007	Monday, 6 August 2007
Interim Report for Q3/2007	Wednesday, 24 October 2007

For more information on Orion, please visit:

www.orion.fi/english/investors



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Interim Report Q1/2007 25 April 2007

33



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Interim Report Q1/2007 25 April 2007

34