



Orion Group financial review pro forma 1-6/2006

7 August 2006

The figures in the review have been carved out from the financial statements of the demerged Orion



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Orion Group as of 1 July 2006

Pharmaceuticals business

Pharmaceuticals

- **Proprietary Products**
 - patented prescription products
- **Specialty Products**
 - off-patent prescription products and self-medication products
- **Animal Health**
- **Fermion**
 - active pharmaceutical ingredients (API)

Diagnostics business (Orion Diagnostica)

Diagnostic tests



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13 key global pharma markets in 5/2005 – 4/2006

Source: IMS Health Retail Drug Monitor 7/2006

	Pharma sales 5/05 - 4/06 USD billion	Change on comparative period	Break- down
North America	199.5	+4 %	54 %
Europe top 5	90.4	+4 %	24 %
Japan	58.0	+4 %	15 %
Latin America top 3	17.7	+23 %	5 %
Australia / New Zealand	5.7	+4 %	2 %
13 key markets total	371.3	+5 %	100 %



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Big markets showing slower growth

- Growth rate has been slowing down both in the US and in Europe.
- Sales of the largest therapeutic categories in the 13 key global markets in 12 months to April 2006:
 - Cardiovascular USD 73.4 bn +6 %
 - Central nervous system USD 68.9 bn +5 %
 - Alimentary/Metabolism USD 52.7 bn +5 %
- Great differences between therapeutic categories among individual countries.
- The best-selling single medicine is the cholesterol lowering drug Lipitor (atorvastatin), MAT sales USD 11 billion



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Finnish pharmaceutical market in 1-6/2006

- Total pharmaceutical wholesales were EUR 855 (862) million, change -0,1 % (+8,8 %)
- Wholesales of Orion's pharmaceutical products were EUR 75.7 million, 9 % down from the comparative period. Orion's market share was 8.9 % (9.9 %)
 - Orion is the 2nd largest marketer, with 0.5 percentage points behind the leader
 - Sales are depressed by
 - 5 % price cut on reimbursable medicines at the year-start
 - elimination of discounts grantable to pharmacies
 - aggressive price competition in the group of substitutable products.
- In self-medication products, Orion continues to be at the top, with 22.2% market share.



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Market for Parkinson's Disease products

- Wholesales of Parkinson's Disease medicines in the 12-month period 4/2005 - 3/2006
 - USA about USD 872 million, +16%
 - Top 5 European markets about EUR 703 million, +9%

Market shares of entacapone products in selected countries, May 2006:

	<u>Total</u>	<u>Stalevo</u>	<u>Comtess/Comtan</u>
USA	16.0 %	8.5 %	7.5 %
Germany	15.2 %	9.9 %	5.3 %
Sweden	20.5 %	10.4 %	10.1 %
Finland	32.1 %	23.3 %	8.8 %



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Orion key figures 1-6/2006 vs 1-6/2005

	1-6/2006 IFRS	1-6/2005 IFRS	Change %	2005 IFRS
Net sales, EUR million	329,8	295,6	+11,6%	585,6
Operating profit, EUR million	105,8	83,4	+26,9%	155,2
% of net sales	32,1%	28,2%		26,5%
Profit before taxes, EUR million	105,9	82,7	+28,0%	154,3
Earnings per share, EUR	0,56	0,45	+24,9%	0,83
R&D expenses, EUR million	41,1	36,9	+11,4%	80,1
ROCE, %	54,2%	44,4%		40,7%
ROE, %	40,6%	38,1%		32,9%
Equity ratio %	72,8%	65,2 %		65,6%
Gearing, %	-5,1%	-1,7%		-28,7%
Personnel at end of period, persons	3 178	3 080	+3,2%	3 003



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Group Income Statement for 1-6/2006

EUR million	1-6/2006	1-6/2005	Change	2005
Net sales	329,8	295,6	+11,6%	585,6
Cost of goods sold	-99,9	-95,6	+4,5%	-188,9
Gross profit	229,9	200,0	+14,9%	396,7
Other operating income	2,2	4,8	-54,3%	11,4
Selling and distribution costs	-65,7	-64,5	+1,9%	-129,3
R&D expenses	-41,1	-36,9	+11,4%	-80,1
Administrative expenses	-19,5	-20,1	-3,0%	-43,4
Operating profit	105,8	83,4	+26,9%	155,2
Profit before taxes	105,9	82,7	+28,0%	154,3
Profit for the period	78,5	61,3	+28,0%	113,9

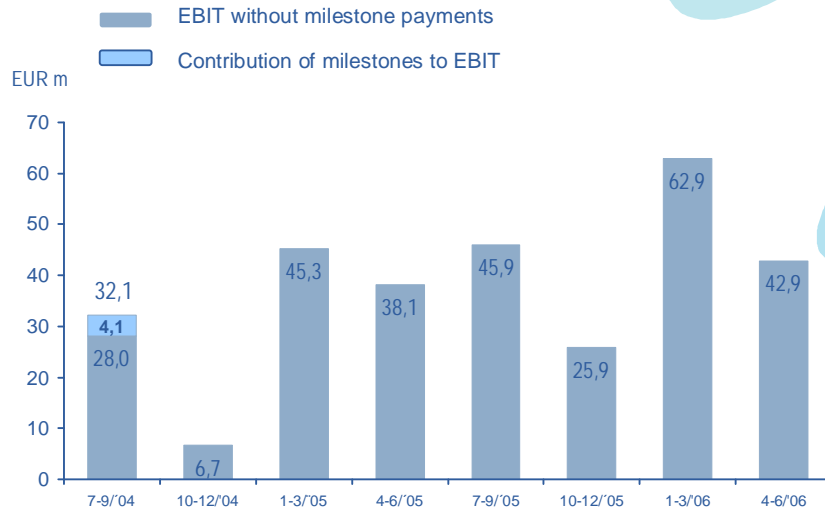


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Group EBIT by annual quarters

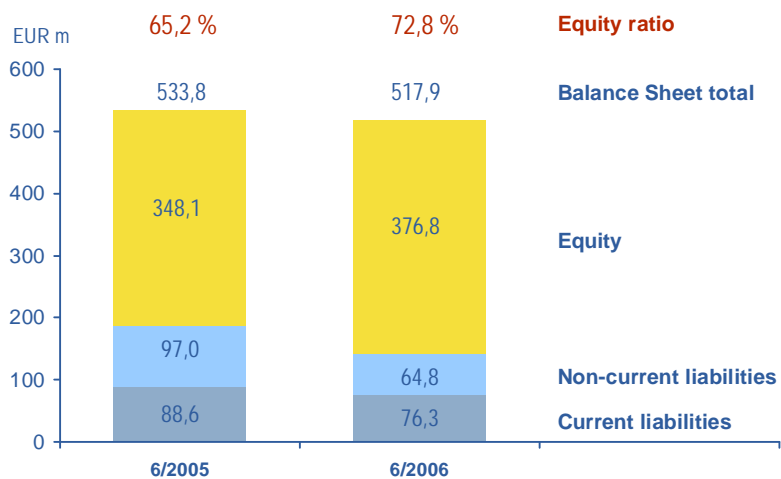


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Balance Sheet on 30 June

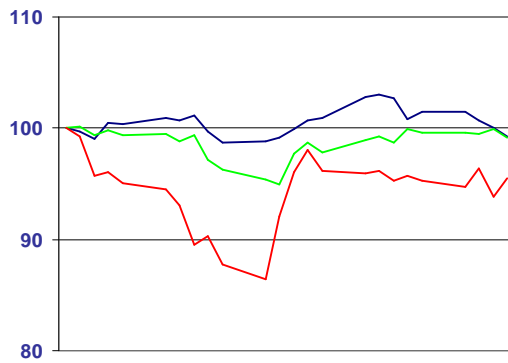


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Orion B in relation to OMX Portfolio and Europe Pharmaceutical indices 3 July – 3 Aug. 2006



3. Aug. 2006

Orion B 95.47

Europe Pharmaceutical 99.28

OMX Portfolio 99.16

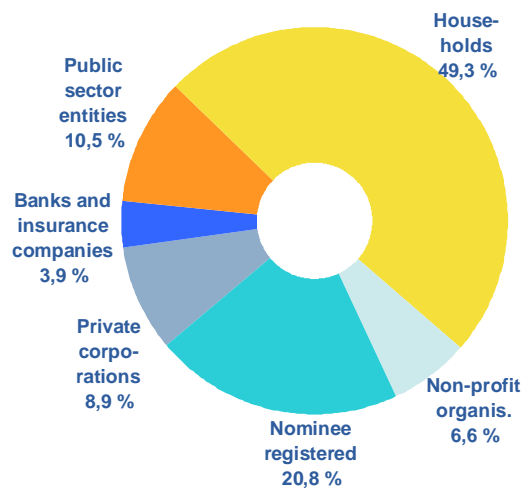


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Ownership base on 31 July 2006



On 31 July 2006:

20,8% of the total shares were in foreign ownership, representing 6.6% of the total votes.

The total number of shares is 141.3 million, of which
class A 56.4 million
class B 84.9 million.



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Net sales and EBIT 1-6/2006 by business segments

	Net sales		EBIT	
	EUR m	Change	EUR m	Change
Pharmaceuticals	309,2	+12,1 %	105,3	+25,0 %
Diagnostics	21,6	+3,9 %	4,5	+20,5 %
Group items	-1,1	-7,4 %	-4,0	-13,2 %
Group total	329,8	+11,6	105,8	+26,9 %



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Net sales by businesses

EUR m	1-6/2006	1-6/2005	Change	2005
Pharmaceuticals business	309,2	275,9	+12,1%	547,0
Proprietary Products	132,7	108,1	+22,8%	214,9
Specialty Products	110,8	111,1	-0,3%	224,3
Animal Health	32,1	30,1	+6,8%	59,5
Fermion	22,1	21,2	+4,5%	38,4
Other	11,5	5,4	+110,8%	9,9
Diagnostics business	21,6	20,8	+3,9%	40,8
Group items	-1,1	-1,2	-7,4%	-2,1
Group total	329,8	295,6	+11,6%	585,6

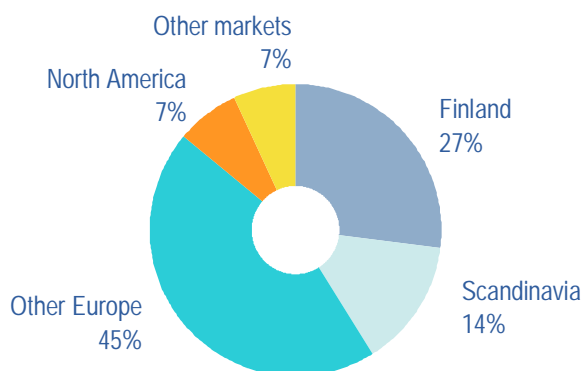


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Net sales by geographic segments in 1-6/2006



Net sales total EUR 329.8 million



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Pharmaceuticals business in 1-6/2006

EUR m	1-6/2006	1-6/2005	Change	2005
Net sales	309,2	275,9	+12,1%	547,0
Operating profit, EBIT	105,3	84,3	+25,0%	154,7

- Favourable profit development continued
 - Sales of products from in-house R&D generated EUR 143.9 (115.8) million, +24,3 %, accounting for 47 % (42 %) of the net sales
 - Entacapone products generated EUR 94.9 (71.5) million in net sales, +33 %
 - R&D expenditure was EUR 39.1 (35.2) million, representing 12,7 % (12,8 %) of the net sales



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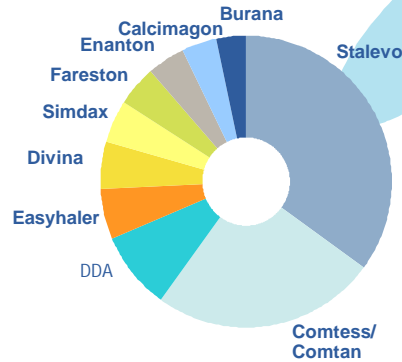
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10 best-selling drugs of Orion

Net sales, EUR million	1-6/2006	Change on comp. period
Stalevo (Parkinson's Disease)	55,2	+56,1%
Comtess / Comtan (Parkinson's)	39,7	+10,0%
Domitor, Domosedan and Antisedan (animal sedatives)	13,7	-4,1%
Easyhaler (asthma)	8,8	+61,0%
Divina-sarja (menopause)	8,1	-2,5%
Simdax (heart failure)	7,6	+4,4%
Fareston (breast cancer)	6,9	+3,4%
Enanton (prostate cancer)	6,8	-1,4%
Calcimagon (osteoporosis)	6,1	+27,3%
Burana (inflammatory pain)	5,2	-31,3%
Total	158,1	+19,1%

EUR 158.1 million,
51% of total pharmaceutical
net sales

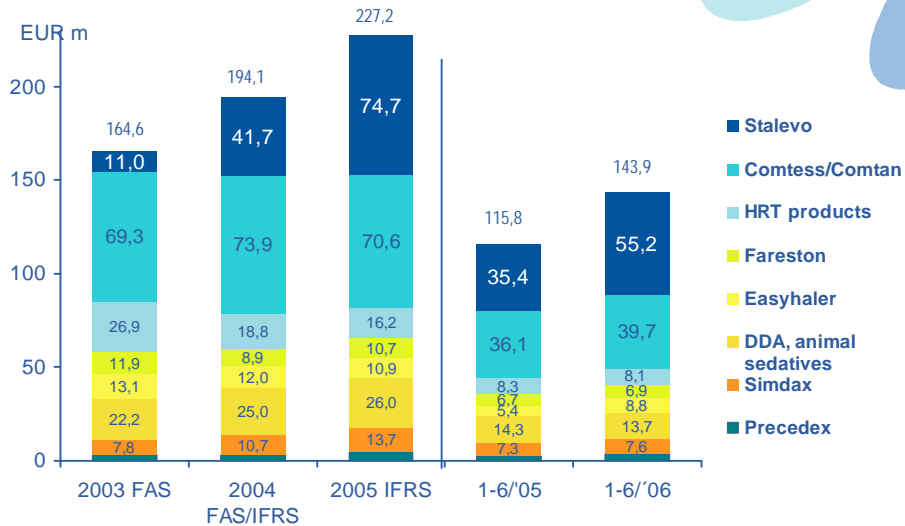


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Contribution of the proprietary products to pharmaceutical net sales, by product

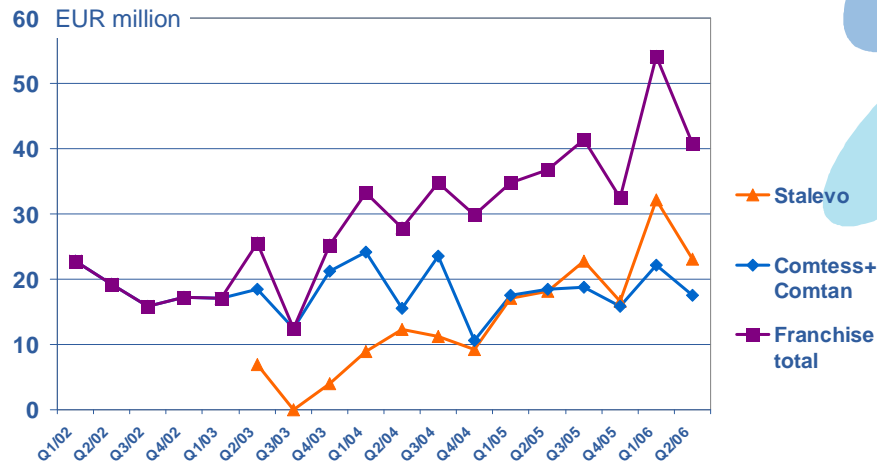


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Quarterly net sales from the entacapone franchise 2002–Q2/2006, by products



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Pharmaceutical research projects

- **STRIDE-PD** with Stalevo in 740 patients with Parkinson's Disease, is progressing in Phase 3 as planned. Results will be reported in 2008.
- **Dexmedetomidine** (Precedex) is studied in Phase 2 as a long-term infusion in the sedation of patients in intensive care. The purpose is to receive European marketing approvals. Results will be reported in the second half of 2006.
- The results of **PERSIST**, a Phase 2 trial with **orally administered levosimendan** for severe chronic heart failure, are not sufficient for starting Phase 3 trials.
- **CLEVET** is a programme under way with **levosimendan** in the treatment of heart diseases in dogs.
- In **non-clinical research**, a new COMT enzyme inhibitor for Parkinson's Disease, molecules affecting alpha 2 receptors in the central nervous system, and selective androgen receptor modulators (SARM), are studied, among others.



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Situation of the Simdax (i.v. levosimendan) project

- Orion and Abbott Laboratories have started discussions about a possible additional Phase 3 clinical trial and its financing.
- Orion will inform about the solutions as soon as reached.



Pharmaceutical R&D portfolio

Name	Indication	Discovery and non-clinical	Clinical phase I	Clinical phase II	Clinical phase III	Regulatory
CNS research COMT inhibition Alpha-2 receptor pharmacology	Parkinson's Disease Schizophrenia					
CCC research Calcium handling in myocardium	Heart failure Sedation in ICU					
HTU research Steroid receptor pharmacology	Prostate cancer SARM					
Oral levosimendan (human and animal health)	Chronic heart failure					
Dexmedetomidine (European development)	Sedation in ICU					
Entacapone LCM (Stalevo)	Parkinson's Disease					
Toremifene (Acapodene)	Prostate cancer					
I.v. levosimendan (Simdax)	Acute heart failure					
HRT (Divigel, US and Japan)	HRT					
Easyhaler	Asthma					
Several products in LCM development (ca 20)	Several indications					
Several in-licensed (ready) products (> 30/ annum)	Several indications					

Orion R&D/PP business

Developed by partner

Orion R&D/ SpP business

Note: The right end of each line represents the status of current development.



Diagnostics business in 1-6/2006

EUR m	1-6/2006	1-6/2005	Change	2005
Net sales	21,6	20,8	+3,9%	40,8
Operating profit, EBIT	4,5	3,7	+20,5%	6,3

- Orion Diagnostica showed low net sales growth in the second quarter, which together with the costs and accruals allocated to the period led to dampened profit development.
- Operating profit for the first half of the year was good as a whole, however.
- New-generation products are generating an increasing part of the net sales, with the QuikRead® infection tests showing the best growth.



Outlook for 2006

1 (3)

Pharmaceuticals business

- **Net sales** are estimated to increase, thanks to the entacapone product franchise especially. Their net sales growth will level off in the course of the rest of the year. In the first half and especially in the first months of the year, the deliveries to the marketing partner Novartis were exceptionally high.
- The changes in the Finnish Pharmaceuticals Act, especially the price cut of reimbursable medicines and the ban on discounts grantable to pharmacies, led to lower domestic net sales in the first half of the year. The domestic pharmaceutical sales in the latter half of the year are anticipated to reach the levels of the corresponding period of 2005.
- **Operating profit** is estimated to improve somewhat in consequence of the net sales growth. Selling and distribution costs as well as R&D expenses will slightly increase from the previous year.



Outlook for 2006

2 (3)

Diagnostics business

- Net sales will increase
- Operating profit will improve from the previous year



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Outlook for 2006

3 (3)

- Due to one-off earnings items, the operating profit resulting from the Group items is anticipated to be better than in 2005.
- The Group's R&D expenditure is estimated to be about EUR 85 million, of which the Pharmaceuticals business will account for over EUR 80 million.
- Capital expenditure is estimated to be slightly over EUR 20 million.
- The consolidated net sales and operating profit are estimated to grow somewhat from the previous year.



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Orion's calendar for rest of 2006

- Shareholders' Meeting of the demerged Orion, Helsinki **Monday, 16 October 2006**
- Interim Report 7-9/2006 **Thursday, 2 November 2006**
(proforma figures for 1-6/2006 and 1-12/2005)
- Capital Markets Day in London **Wednesday, 22 November 2006**



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