



ORION CORPORATION FINANCIAL STATEMENT RELEASE 2009 9 FEBRUARY 2010 at 12:00 EET

## Orion Group Financial Statement Release of 2009

Orion's net sales in 2009 totalled EUR 771.5 million (EUR 710.7 million in 2008), up by 8.5% on the previous year.

- Operating profit was EUR 207.0 (185.0) million.
- Profit before taxes was EUR 203.7 (184.2) million.
- Equity ratio was 60.6% (60.2%).
- ROCE before taxes was 37.4% (38.5%).
- ROE after taxes was 35.3% (32.1%).
- Earnings per share were EUR 1.07 (0.97).
- Cash flow per share before financial items was EUR 1.03 (0.66).
- Board's proposal for dividend per share is EUR 1.00 (0.95).
- Proposal by the Board that EUR 0.10 per share be distributed from the expendable fund in the distributable equity as a repayment of capital.

### ORION'S KEY FIGURES FOR THE REVIEW PERIOD

	Q4/09	Q4/08	Change %	2009	2008	Change %
Net sales, EUR million	193.3	179.9	+7.4%	771.5	710.7	+8.5%
International operations, EUR million	134.1	124.6	+7.6%	548.2	493.6	+11.1%
% of net sales	69.4%	69.3%		71.1%	69.4%	
Operating profit, EUR million	43.9	32.8	+33.8%	207.0	185.0	+11.9%
% of net sales	22.7%	18.3%		26.8%	26.0%	
Profit before taxes, EUR million	43.1	32.1	+34.2%	203.7	184.2	+10.6%
% of net sales	22.3%	17.9%		26.4%	25.9%	
Income tax expense, EUR million	10.1	7.5	+35.4%	52.3	47.8	+9.3%
R&D expenses, EUR million	25.6	25.5	+0.2%	95.2	90.0	+5.7%
% of net sales	13.2%	14.2%		12.3%	12.7%	
Capital expenditure, EUR million	9.1	12.8	-28.6%	60.4	56.8	+6.2%
% of net sales	4.7%	7.1%		7.8%	8.0%	
Assets total, EUR million				727.1	695.5	+4.5%
Equity ratio, %				60.6%	60.2%	
Gearing, %				-8.9%	-7.1%	
Interest-bearing liabilities, EUR million				131.5	146.3	-10.1%
Non-interest-bearing liabilities, EUR million				156.5	130.6	+19.8%
Cash and cash equivalents, EUR million				170.5	176.1	-3.2%
ROCE (before taxes), %				37.4%	38.5%	
ROE (after taxes), %				35.3%	32.1%	
Earnings per share, EUR	0.23	0.18	+33.8%	1.07	0.97	+11.1%
Cash flow per share before financial items, EUR	0.34	0.23	+48.1%	1.03	0.66	+56.9%
Equity per share, EUR				3.11	2.97	+4.9%
Proposed dividend per share, EUR <sup>1)</sup>				1.00	0.95	+5.3%
Personnel at the end of the period				3,147	3,309	-4.9%
Average personnel during the period				3,192	3,270	-2.4%
Personnel expenses, EUR million				171.4	170.9	+0.3%

1) The Board of Directors proposes to the Annual General Meeting that EUR 0.10 per share be distributed from the expendable fund in the distributable equity as a repayment of capital.

The Orion Group changed its accounting policy regarding product development costs as of 1 January 2009. Costs relating to the support of products already on the market (mainly generic products) are now recognised in cost of goods sold instead of R&D expenses in the Statement of Comprehensive Income. This change has no effect on reported key figures, operating profit and Statement of Financial Position, but it reduces the R&D expenses previously reported for 2008 by EUR 13.4 million and correspondingly increases the cost of goods sold.

On 1 January 2009, the Easyhaler<sup>®</sup> business was transferred from the Specialty Products to the Proprietary Products division. At the same time, hormone replacement products, such as the Divina<sup>®</sup> range, and toremifene products, such as Fareston<sup>®</sup>, were transferred to Specialty Products.

The key figures for comparative periods have been adjusted in accordance with these reporting changes. In addition, the adjusted key figures for previous periods are presented in the table "Adjusted Key Figures" at the end of this report.

## President and CEO Timo Lappalainen's review

### "A successful year"

"Orion's net sales in 2009 grew well to nearly nine per cent higher than in the previous year. The growth in net sales later in the year was better than forecast in almost all business divisions and geographic regions.

"Sales of Orion's key proprietary products based on its own R&D – our Parkinson's drugs, Simdax heart failure drug, Easyhaler pulmonary drugs and Precedex sedative for patients in intensive care – were clearly higher.

"It was also a successful year for generic drugs and self-care products. We succeeded in increasing our sales and market share in our domestic market, Finland, despite very challenging market conditions. The new reference price system implemented in Finland in April further intensified price competition, so the domestic pharmaceutical market did not grow during the period under review.

"Thanks to strong sales, our operating profit was higher than in the previous year and for the first time exceeded EUR 200 million. Fixed costs were higher, mainly due to repurchasing Simdax in May and starting sales and marketing of it in a number of new countries. In addition, the costs of outsourced research projects and the ongoing patent litigation in the United States were higher.

"The transfer of the Simdax marketing rights from Abbott to Orion proceeded according to plan. Our own sales operations established in Spain, Italy, Austria, Greece and Portugal in the summer and early autumn were fully operational by the end of the year.

"Reversion of animal sedative distribution rights in Europe from Pfizer to Orion was approved by the European Commission in December. Relating to this arrangement, Pfizer paid Orion four million euros, which is included in the results under other operating income.

"We believe that in the current year this good progress will continue, and we estimate our net sales and operating profit will be slightly higher than in 2009. The outlook estimate and basis for it can be found on pages 6–7 of this report."

## Events in 2009

In January 2009, Orion completed the statutory co-determination negotiations to restructure its pharmaceutical R&D operating model and structure. As a result of the negotiations, Orion decided on staff reductions of about 205 people in Finland.

In March, Orion announced that it would withdraw the EU marketing authorisation application to expand the indication of Stalevo.

At the beginning of April, the price reference system was implemented in Finland. Since this change, Orion has strengthened its market leadership position despite the slowing of general market growth in Finland due to implementation of the system.

In April, Orion and the Wockhardt companies reached an agreement in the dispute in which Orion had filed a lawsuit against Wockhardt in the United States after Wockhardt had submitted Abbreviated New Drug Applications (ANDA) for generic versions of Orion's Comtan<sup>®</sup> and Stalevo<sup>®</sup> products.

In May, Orion repurchased the rights to intravenous levosimendan (Simdax<sup>®</sup>). Simdax is Orion's own proprietary drug for acute decompensated heart failure.

In September, Orion and Hospira, Inc. started legal proceedings against Sandoz companies in the United States to enforce their patents covering the proprietary drug Precedex<sup>®</sup>.

In October, Orion withdrew the application in the United States to extend the indication of Stalevo<sup>®</sup>.

In October, Orion and Pfizer Animal Health agreed that the rights in Europe to an animal sedative product family that Orion had developed would revert to Orion.

## News conference and teleconference

A news conference and teleconference on the published results will be held today, Tuesday 9 February 2010, at 14:30 EET in Hotel Kämp, address: Pohjoisesplanadi 29, Helsinki. President and CEO Timo Lappalainen will give a brief presentation in English on the Financial Review.

The event can be followed live as a webcast accessible via the Orion website at [www.orion.fi/investors](http://www.orion.fi/investors). After the presentation, questions can be asked by telephone in Finnish and English.

To participate in the teleconference, please call:  
from the USA: +1 334 323 6203  
from other countries: +44 (0)20 7162 0125

### News conference recordings

A recording of the webcast of the event in English will be available later the same day via a link on the Orion website. A recording of the presentation by the President and CEO in Finnish will be available on the Orion website at the latest on the following day.

## Financial report material

Orion's financial reports and related presentation material are available on the Group's website at [www.orion.fi/en/](http://www.orion.fi/en/) promptly after publication. The website also has a form for subscribing to Orion's publications for investors and releases.



## Dates in Orion Calendar 2010

Annual Report 2009 will be published	In week beginning 1 March 2010
Deadline for registering for AGM	19 March 2010 at 10:00
Annual General Meeting	24 March 2010 at 14:00 in Helsinki
Record date for dividend payment	29 March 2010
Dividend payment date	7 April 2010
Interim Report January–March 2010	27 April 2010
Interim Report January–June 2010	10 August 2010
Interim Report January–September 2010	26 October 2010

A separate release will be published today on the matters to be handled at the AGM.

**For additional information about the Financial Review:**

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## Financial review 2009

### Net sales

**The Orion Group's net sales** in 2009 totalled EUR 771.5 million (EUR 710.7 million in 2008), up by 8.5% on the previous year. The net effect of currency exchange rates was minus EUR 0.3 million.

**The Pharmaceuticals business's net sales** were up by 9.1% at EUR 728.5 (667.6) million. The products based on in-house R&D accounted for EUR 346.5 (307.5) million, or 48% (46%) of the Pharmaceuticals business's net sales. Net sales of Orion's Stalevo<sup>®</sup> (carbidopa, levodopa and entacapone) and Comtess<sup>®</sup>/Comtan<sup>®</sup> (entacapone) Parkinson's drugs totalled EUR 234.9 (208.5) million, or about 32% (31%) of the segment's net sales.

**The Diagnostics business's net sales** were EUR 45.2 (45.0) million. Sales of QuikRead<sup>®</sup> infection tests grew, but sales of the older product portfolio were lower than in the comparative period.

### Operating profit

**The Orion Group's operating profit** in 2009 was up by 11.9% at EUR 207.0 (185.0) million.

**The Pharmaceuticals business's operating profit** was EUR 210.7 (188.5) million. Although fixed costs increased, operating profit grew by 11.8% due to good sales.

**The Diagnostics business's operating profit** was EUR 5.6 (6.1) million, down by 9.1% due to clearly increased investment in product development.

### Operating expenses

**The Group's sales and marketing expenses** were up by 11.2% at EUR 160.0 (143.9) million. The increase was mainly due to the repurchase of Simdax and the related establishment of sales operations in Southern Europe. Expenses in 2009 include EUR 5.7 million of royalties paid to Abbott due to the acquisition of Simdax.

**R&D expenses** were up by 5.7% at EUR 95.2 (90.0) million and accounted for 12.3% (12.7%) of the Group's net sales. Pharmaceutical R&D expenses amounted to EUR 89.4 (85.4) million. Ongoing research projects are reported in more detail under Pharmaceuticals in the Business Reviews.

**Administrative expenses** were EUR 50.2 (51.5) million. The expenses for the comparative period include a provision of EUR 3.9 million made in December 2008 for staff reduction costs. The costs of the ongoing patent litigation in the United States were EUR 8.8 (6.7) million. There is more information on the legal proceedings in the section "Legal proceedings".

**Other operating income and expenses** increased profit by EUR 6.0 (3.1) million. This includes the one-time payment of EUR 4.0 million from Pfizer related to an agreement under which animal sedative distribution rights in Europe reverted to Orion.

### Profit before taxes

Group profit before taxes totalled EUR 203.7 (184.2) million. Earnings per share were EUR 1.07 (0.97) and equity per share EUR 3.11 (2.97). The return on capital employed before taxes (ROCE) was 37.4% (38.5%) and the return on equity after taxes (ROE) 35.3% (32.1%).

### Financial position

The Group's gearing was -8.9% (-7.1%) and the equity ratio 60.6% (60.2%).



Total liabilities at 31 December 2009 in the Consolidated Statement of Financial Position were EUR 287.9 (276.9) million. At the end of the period, interest-bearing liabilities amounted to EUR 131.5 (146.3) million, including EUR 108.7 (109.9) million of long-term loans.

The Group had EUR 170.5 (176.1) million of cash and cash equivalents at the end of the year, which are invested in short-term interest-bearing instruments issued by financially solid financial institutions and corporations.

#### Cash flow

**Cash flow from operating activities** increased to EUR 204.6 (144.4) million. Operating profit was EUR 22.0 million higher than in the comparative period, and the amount tied up in working capital was EUR 30.3 million less than in 2008.

**Cash flow from investing activities** was EUR -59.5 (-51.8) million.

**Cash flow from financing activities** was EUR -152.1 (-4.8) million. The change was because the Group's loans increased by EUR 141.1 million in 2008 and decreased by EUR 17.6 million in 2009.

#### Capital expenditure

The Group's capital expenditure totalled EUR 60.4 (56.8) million. This comprised EUR 25.1 (32.8) million on **property, plant and equipment** and EUR 35.2 (24.0) million on **intangible assets**. The largest individual investment was the repurchase of the Simdax marketing rights from Abbott in May for EUR 26 million, including signature and milestone payments as per the agreement.

## Outlook estimate for 2010

**Net sales** will be slightly higher than in 2009.

Marketing expenditure will be higher due to the increased number of product launches and increased costs of sales and marketing related to Simdax. Research expenditure will be slightly lower than in 2009. The costs of ongoing patent litigation in the United States are also expected to be similar to 2009.

**Operating profit** excluding non-recurring items will be slightly higher than in 2009.

**The Group's capital expenditure** will be about EUR 40 million excluding substantial corporate or product acquisitions.

#### Basis for outlook

The reference price system implemented in Finland in April 2009 increased price competition in the category of substitutable products, which led to a clear decrease in prices. During 2010 price competition is expected to moderate slightly compared with the previous year. Product launches will support Orion's position as market leader in 2010 too.

In-market sales of the Parkinson's drugs Stalevo and Comtess/Comtan grew by just over 10% in 2009, as in the previous year. However, the growth was faster than anticipated, and is forecast to slow down slightly in 2010. These forecasts assume that generic competition does not yet begin in the United States during 2010.

Repurchasing of the marketing rights to Simdax from Abbott in May 2009 will increase sales compared with the previous year because in-market sales of the product will appear as Orion's own sales throughout the year. During the first four months of 2009, for Simdax Orion recorded in its own sales only sales of the product to Abbott.

Because the registrations and launches of new products are projects that take more than a year, the increases in resources and other inputs required in 2010 were planned mainly during the previous year.

Research and development costs can be estimated quite accurately in advance. They are partly the Company's internal fixed cost items, such as salaries and maintenance of the operating infrastructure, and partly external variable costs. External costs arise from, among other things, long-term clinical trials, which are typically performed in clinics located in several countries. The most important clinical trials scheduled for 2010 are either ongoing from the previous year or at an advanced stage of planning, therefore their cost level can be estimated rather accurately.

The estimated costs of the ongoing patent litigation in the United States are based on the planned timetables and work estimates. The costs due to the litigation will depend on a number of factors, which at present are difficult to estimate accurately.

### **Near-term risks and uncertainties relating to the outlook**

The Company is not aware of any significant risk factors relating to the earnings outlook for 2010.

Sales of individual products and also Orion's sales in individual markets may vary slightly depending on the extent to which the ever-tougher price and other competition prevailing in pharmaceutical markets in recent years will specifically affect Orion's products. Deliveries to Novartis are based on timetables that are jointly agreed in advance. Nevertheless, they can change, for example as a consequence of decisions by Novartis concerning adjustments of stock levels. It is assumed that the ongoing litigation will not affect the sales of Comtan or Stalevo in the United States in 2010, but it is not impossible that generic competition will commence already during the current year.

Most of the exchange rate risk relates to the US dollar. Typically, only less than 15% of Orion's net sales come from the United States. As regards currencies in European countries, the overall effect will be abated by the fact that Orion has organisations of its own in most of these countries, which means that in addition to sales income, there are also costs in these currencies.

Research projects always entail uncertainty factors that may either increase or decrease estimated costs. The projects may progress more slowly or faster than assumed, or they may be discontinued. Nonetheless, changes that may occur in ongoing clinical studies are reflected in costs relatively slowly, and they are not expected to have a material impact on earnings in the current year. Owing to the nature of the research process, the timetables and costs of new studies that are being started are known well in advance. They therefore typically do not lead to unexpected changes in the estimated cost structure.

## **Financial objectives**

Orion's financial objectives are ensuring the Group's financial stability and creating a foundation for long-term profitable growth.

The principal means of achieving these objectives are:

- improving the organic development of net sales and operating profit through product, product portfolio and corporate acquisitions
- increasing the efficiency of operations and cost control
- maintaining a stable financial position, with the equity ratio at least 50%

Sales of the Parkinson's drugs Stalevo and Comtess/Comtan currently account for approximately one-third of Orion's net sales. The key patents for these drugs in Orion's main markets will expire in 2012–2013, which is why their sales are expected to decline over the next few years. Orion will also bring new products to the market to replace this drop in net sales.

The development of Orion's net sales and profitability in the next few years will depend on how fast the sales of Parkinson's drugs will decline and, on the other hand, how the sales of other products will increase in the future. This creates a point of discontinuity in the Group's operations.

## Dividend policy

Orion's dividend distribution takes into account the distributable funds and the capital expenditure and other financial requirements in the medium and long term to achieve the financial objectives.

## Proposal by the Board of Directors for distribution of profit, EUR 1.00 per share

The parent company's distributable funds are EUR 189,019,101.80, including EUR 136,467,859.83 of profit for the financial year.

The Board of Directors proposes that a dividend of EUR 1.00 per share be paid from the parent company's distributable funds. No dividend shall be paid on treasury shares held by the Company on the dividend payment record date. On the day when the profit distribution was proposed, the number of shares conferring entitlement to receive dividend totalled 140,977,798, on which the total dividend payment would be EUR 140,977,798.00. The Group's payout ratio for the financial year 2009 would be 93.5% (97.9%). The dividend payment date would be 7 April 2010, and shareholders registered in the Company's shareholder register on 29 March 2010 would be entitled to the dividend payment.

The Board of Directors further proposes that EUR 150,000.00 be donated to medical research and other purposes of public interest and that EUR 47,901,303.80 remain in the retained earnings accounts.

## Proposal by the Board of Directors for distribution of equity, EUR 0.10 per share

The Board of Directors proposes to the Annual General Meeting of Orion Corporation to be held on 24 March 2010 that EUR 0.10 per share be distributed from the expendable fund in the distributable equity as a repayment of capital. The repayment of distributable equity would be paid to the Orion Corporation shareholders registered in the shareholder register maintained by Euroclear Finland on 29 March 2010, the record date for dividend payment. The payment date would be 7 April 2010.

## Shares and shareholders

On 31 December 2009, Orion had a total of 141,257,828 shares, of which 51,340,668 were A shares and 89,917,160 B shares. The Group's share capital was EUR 92,238,541.46. At the end 2009, Orion held 280,030 B shares as treasury shares. On 31 December 2009, the aggregate number of votes conferred by the A and B shares was 1,116,450,490 excluding treasury shares.

### Voting rights conferred by shares

Each A share entitles its holder to twenty (20) votes at General Meetings of Shareholders and each B share one (1) vote. However, a shareholder cannot vote more than 1/20 of the aggregate number of votes from the different share classes represented at the General Meetings of Shareholders. In addition, Orion and Orion Pension Fund do not have the right to vote at Orion Corporation's General Meetings of Shareholders.

Both share classes, A and B, confer equal rights to the Company's assets and dividends.

### Conversion of shares

The Articles of Association entitle shareholders to demand the conversion of their A shares to B shares. In 2009 a total of 100,000 shares were converted.





### Trading in Orion's shares

Orion's A shares and B shares are quoted on NASDAQ OMX Helsinki in the Large Cap group under the Healthcare sector heading under the trading codes ORNAV and ORNBV. Trading in both of the Company's share classes commenced on 3 July 2006, and information on trading in the Company's shares has been available since this date.

On 31 December 2009 the market capitalisation of the Company's shares excluding treasury shares was EUR 2,122.2 million.

In 2009 a total of 3,815,863 A shares and 84,568,573 B shares were traded on NASDAQ OMX Helsinki. The total value of traded shares was EUR 1,080.4 million. During the year, 7.4% of A shares and 94.1% of B shares were traded. The average turnover in Orion's shares was 62.6%.

### Authorisation of the Board of Directors to dispose of shares

Orion's Board of Directors was authorised by the Annual General Meeting on 23 March 2009 to dispose of shares held by the Company (treasury shares). This authorisation is valid until the close of the 2010 Annual General Meeting.

The Board of Directors is not authorised to increase the share capital or to issue bonds with warrants or convertible bonds or stock options.

Altogether 44,806 B shares held by the Company were transferred in March 2009 as a share bonus for 2008 to key persons employed by the Company and belonging to the Share-based Incentive Plan of the Orion Group. This was based on the authorisation granted by the Annual General Meeting on 25 March 2008. The transfer price of the shares transferred was EUR 11.97 per share, which was the weighted average price of the B shares on 5 March 2009. The total transfer price of the shares transferred was EUR 536,417.43.

### Share ownership

At the end of 2009, Orion had a total of 54,323 (43,119) registered shareholders, of whom 94.0% (94.1%) were private individuals holding 51.9% (48.3%) of the entire share stock and 60.6% (59.2%) of the total votes. There were altogether 31.3 (34.7) million nominee-registered shares, which is 22.1% (24.5%) of all shares, and they conferred entitlement to 4.2% (6.1%) of the votes.

At the end of 2009, Orion held 280,030 B shares as treasury shares, which is 0.2% of the Company's total share stock and 0.03% of the total votes.

No new transactions exceeding the notification threshold set in the Finnish Securities Markets Act were brought to the attention of the Company during 2009.

### Management's shareholdings

At the end of 2009, the members of the Board of Directors owned a total of 2,322,438 Orion Corporation shares, of which 1,903,932 were A shares and 418,506 B shares. At the end of 2009, the President and CEO owned 11,950 Orion Corporation shares, which were all B shares. The members of the Executive Management Board (excluding the President and CEO) owned a total of 66,733 Orion Corporation shares, of which 1,228 were A shares and 65,505 were B shares. Thus, Orion's executive management held 1.7% of all shares and 3.5% of the total votes. The figures also include the holdings of controlled entities.

The Company does not have share option schemes.



## Personnel

The average number of employees in the Group in 2009 was 3,192 (3,270). At the end of 2009, the Group had a total of 3,147 (3,309) employees, of whom 2,529 (2,726) worked in Finland and 617 (583) outside Finland.

Salaries and other personnel expenses in 2009 totalled EUR 171.4 (170.9) million.

## Significant legal proceedings

### Legal proceedings against the Sun companies

On 13 November 2007, 7 February 2008 and 12 November 2008, Orion Corporation filed patent infringement lawsuits in the United States to enforce US Patents No. 6,500,867 and 5,446,194 against companies belonging to the Sun Group.

Sun Pharmaceutical Industries Limited seeks to market generic versions of Orion's Stalevo drug (25/100/200 and 37.5/150/200 mg strengths of carbidopa, levodopa and entacapone) in the United States. Sun Pharma Global, Inc. seeks to market a generic version of Orion's proprietary drug Comtan in the United States.

### Legal proceedings against the Sandoz companies

On 4 September 2009, Orion Corporation and Hospira, Inc. filed together a patent infringement lawsuit in the United States against Sandoz International GmbH and Sandoz Inc. to enforce their patents valid in the United States. The legal proceedings concern Orion's US Patent No. 4,910,214 and Orion's and Hospira's commonly owned US Patent No. 6,716,867.

Sandoz Inc. has sought authorisation to produce and market in the United States a generic version of Orion's proprietary drug Precedex<sup>®</sup> (dexmedetomidine hydrochloride 100 µg base/ml), which is marketed in the United States by Orion's licensee Hospira.

Orion expects the costs of the legal proceedings against the Sandoz companies to be substantially less than the costs of the ongoing entacapone patent litigation in the United States.

### Agreement reached in legal proceedings against the Wockhardt companies

On 29 April 2009, Orion Corporation and Wockhardt USA, LLC and Wockhardt Limited (jointly "Wockhardt") reached a settlement agreement in the dispute in which Orion had filed a lawsuit against Wockhardt to enforce its US patents after Wockhardt had filed Abbreviated New Drug Applications (ANDA) for generic versions of Orion's Comtan<sup>®</sup> and Stalevo<sup>®</sup> products.

Orion filed its first lawsuit against Wockhardt in the United States in 2007 and two more in 2008. The settlement agreement applies to all three lawsuits. According to the terms of the settlement agreement, Wockhardt may launch generic versions of Comtan and Stalevo in the US market on 30 September 2012, or possibly before that if certain conditions are met. The parties have agreed that Orion will supply the said generic products to Wockhardt. Any other terms of the agreement will not be made public by the parties.

Due to the settlement, all three lawsuits were terminated and Orion's US patents No. 5,446,194; 5,135,950; 6,599,530; 6,797,732; and 6,500,867 will remain in force.

In accordance with current US legislation, Orion has submitted all of the above-mentioned agreements to the US Federal Trade Commission and the United States Department of Justice.

## Business Reviews

### Pharmaceuticals

#### Review of human pharmaceuticals market

Finland is the most important individual market for Orion, generating about one-third of the Group's net sales. According to statistics collected by Finnish Pharmaceutical Data Ltd, **Finnish wholesale of human pharmaceuticals** in 2009 totalled EUR 1,947.3 million, down by 0.5% on the previous year. In terms of the number of packages, overall sales were down by 2.3%. Total pharmacy sales were down by 0.9%, while hospital sales were correspondingly up by 0.9%. The wholesale of prescription drugs in the whole market was down by 0.9% and wholesale of self-care products up by 3.0%. According to Statistics Finland, pharmaceutical prices in Finland decreased by 3.6% in 2009.

Orion continued to strengthen its position as leader in marketing pharmaceuticals in Finland. According to statistics collected by Finnish Pharmaceutical Data, **Orion's wholesale of pharmaceuticals in Finland** in 2009 amounted to EUR 186.0 million, up by 3.2% on the previous year. Orion's sales grew slightly, even though the reference price system implemented in April reduced the overall market. Orion's market share was 9.6% (9.2%), which was 2.5 percentage points higher than the second-largest company's market share.

The most important individual therapy area for Orion is still the treatment of Parkinson's disease. Orion's Parkinson's drugs account for approximately one-third of the Group's net sales. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in September 2009 the **total sales of Parkinson's drugs** in the United States came to USD 981 million (USD 1,057 million in the previous 12-month period), which is 7.2% less than in the comparative period. The rapid change in the market trend was caused by the expiry of the patent for the leading product, a dopamine agonist, and the resulting competition from generic products. The five largest European markets for Parkinson's disease drugs were Germany, the United Kingdom, France, Spain and Italy. In these countries, the combined sales of Parkinson's drugs in the 12-month period ending in September totalled EUR 895 (852) million, and the average market growth was 5.1%.

**Sales of Orion's Parkinson's drugs** continued to grow clearly faster than the market as a whole. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in September 2009, sales of Orion's Parkinson's drugs were up by 15.3% at EUR 492 million (EUR 427 million in the previous 12-month period).

According to statistics, in the United States sales of Orion's Parkinson's drugs in the same 12-month period were USD 171 (154) million, up by 10.9% on the comparative period. The market share of Orion's Parkinson's drugs in the United States was about 17%. In the five largest Parkinson's drugs markets in Europe, sales of Orion's Parkinson's drugs in the same 12-month period totalled EUR 147 (138) million, up by 6.3% on the comparative period. Orion's Parkinson's drugs have an average market share of about 16% in these five markets.

#### Net sales and operating profit of the Pharmaceuticals business

Net sales of the Pharmaceuticals business in 2009 were EUR 728.5 (667.6) million, up by 9.1% on the previous year. The operating profit of the Pharmaceuticals business was up by 11.8% at EUR 210.7 (188.5) million. The operating profit of the Pharmaceuticals business was 28.9% (28.2%) of the segment's net sales.

Net sales of the top ten pharmaceuticals in 2009 were up by 11.4% at EUR 378.3 (339.7) million. They accounted for 52% (51%) of the total net sales of the Pharmaceuticals business. Among these best-sellers, the fastest-growing products were Simdax heart failure drug, Precedex sedative for patients in intensive care, Stalevo Parkinson's drug and Easyhaler pulmonary drugs.

Net sales of the products based on own in-house R&D in 2009 were up by 12.7% at EUR 346.5 (307.5) million. These products accounted for about 48% (46%) of the net sales of the Pharmaceuticals business.



### Proprietary Products

The product portfolio of Proprietary Products consists of patented prescription products in three therapy areas: central nervous system diseases; oncology and critical care; and Easyhaler<sup>®</sup> pulmonary drugs. At the beginning of the year, Easyhaler drugs were transferred from the Specialty Products to the Proprietary Products division. At the same time, hormone replacement products, such as the Divina<sup>®</sup> range, and toremifene products, such as Fareston<sup>®</sup>, were transferred to Specialty Products.

Net sales of Proprietary Products were up by 16.5% in 2009 at EUR 324.0 (278.1) million.

Net sales of Orion's Parkinson's drugs in 2009 totalled EUR 234.9 (208.5) million. The net sales were up by 12.7% and accounted for 32% (31%) of the total net sales of the Pharmaceuticals business. Net sales from deliveries of Stalevo and Comtan to Novartis totalled EUR 137.8 (118.1) million, up by 16.7% on the previous year. Deliveries of Stalevo to Novartis increased by 20.6%, and deliveries of Comtan by 9.8%. Total net sales generated by Stalevo and Comtan in Orion's own sales organisation were up by 7.5% at EUR 97.1 (90.4) million. Net sales of Stalevo through Orion's own sales organisation were up by 16.8% at EUR 77.1 (66.0) million. The depreciation of the British pound and Scandinavian currencies have slowed euro-denominated sales.

Orion has withdrawn the applications in the EU countries and the United States to extend the indication of Stalevo. Currently, Stalevo is approved for treatment of advanced Parkinson's disease.

Orion has ongoing patent litigation in the United States against the Sun companies and Sandoz companies. The Sun companies aim to launch generic versions of Orion's Comtan and Stalevo, and the Sandoz companies a generic version of Orion's Precedex in the United States. Legal proceedings against the Wockhardt companies ended in settlement in April 2009.

In May, Orion repurchased from Abbott the rights to intravenously administered Simdax (levosimendan), a drug for acute decompensated heart failure. The transfer of the rights to Simdax has proceeded according to plan and the sales progressed well.

Net sales of the Easyhaler<sup>®</sup> product family in 2009 were up by 12.2% at EUR 24.9 (22.2) million. The marketing rights to Easyhaler products in the United Kingdom and Hungary were transferred back to Orion in 2009.

Launches of the Vantas<sup>®</sup> implant (histrelin) for treatment of advanced prostate cancer began in Europe during 2009. Orion acquired the European-wide rights for the drug from Endo Pharmaceuticals Solutions Inc. of the United States.

### Specialty Products

Net sales of the Specialty Products business division's off-patent, i.e. generic, prescription drugs and self-care products were up by 5.5% in 2009 at EUR 274.8 (260.5) million. Depreciation of Scandinavian and Eastern European currencies in 2009 slowed the growth of euro-denominated net sales of the business division.

Net sales of Orion's human pharmaceuticals in Finland in 2009 were up by 4.6% at EUR 204.3 (195.3) million. Specialty Products accounted for the majority of sales in Finland. Orion improved its market position owing to its broad product portfolio, particularly in substitutable prescription drugs, although market conditions deteriorated following the introduction of the reference price system in Finland in April. The reference price system has further intensified price competition, but also expanded the range of substitutable products. For example, the anti-psychotic drug Ketipinor<sup>®</sup> (quetiapine) and cholesterol-lowering drug Atorvastatin Orion<sup>®</sup> (atorvastatin) launched at the beginning of the year have been particularly successful.

Net sales of Orion's human pharmaceuticals in Eastern Europe in 2009 were up by 1.8% at EUR 38.7 (38.0) million. Specialty Products accounted for the majority of sales in the region. The growth of euro-denominated net sales in Eastern Europe was slowed by the severe depreciation of currencies in the region and the economic recession.



Orion has strengthened its product portfolio in Scandinavia, especially in self-care products. Orion aims to make its domestic market all the Nordic countries, not just Finland. Strong growth in Scandinavia has been supported by transfer of distribution of the Sebamed product family to Orion and, for instance, the successful launch of Penomax<sup>®</sup> antibiotic (pivmecillinam) in the Nordic countries. Orion is preparing for changes in distribution channels in Sweden too, where the national pharmacy monopoly was abolished in 2009.

A limitation based on new safety data has been added to the product information for Fareston<sup>®</sup> breast cancer drug (toremifene) stating that the drug should not be used by patients with arrhythmia, or increased risk of arrhythmia.

### **Animal Health**

Net sales of the Animal Health business division were down by 7.5% in 2009 at EUR 62.1 (67.2) million. Net sales of the animal sedatives Dexdomitor<sup>®</sup> (dexmedetomidine), Domitor<sup>®</sup> (medetomidine), Domosedan<sup>®</sup> (detomidine) and Antisedan<sup>®</sup> (atipamezole) were down by 21.4% and accounted for 31% (37%) of the division's net sales. Sales of animal sedatives decreased due to price competition in Europe following the expiry of patents.

The rights in Europe to an animal sedative product family that Orion had developed reverted from Pfizer Animal Health to Orion at the end of the year. Following the agreement, Orion will start marketing the product family in some Eastern European markets in addition to the Nordic countries. Pfizer will continue to market Orion's animal sedatives in, for example, North and South America. In other markets partners will market the products. Pfizer paid Orion four million euros at the end of 2009 in connection with this arrangement.

In late 2009, Orion obtained market authorisation in Europe for Domosedan gel, a sedative for horses. Product launches in Europe will begin in early 2010.

Orion remained the Finnish market leader in veterinary drugs with a market share of about 20%. According to statistics for veterinary drugs, the Finnish market for veterinary drugs was about EUR 46 million in 2009, up by 6.8% on the previous year. Orion's position as the market leader is due to Orion's extensive product portfolio and its operations in the Finnish market for veterinary drugs over a long time.

Following the results of the LEVET research programme, Orion is not intending to submit marketing authorisation applications for levosimendan in the United States and Europe. The programme studied the efficacy of orally administered levosimendan in the treatment of heart diseases in dogs.

### **Fermion**

Fermion manufactures active pharmaceutical ingredients for Orion and other pharmaceutical companies. Its product range comprises nearly 30 pharmaceutical ingredients. Fermion's net sales were up by 14.5% in 2009 at EUR 41.4 (36.1) million, excluding pharmaceutical ingredients supplied for Orion's own use. Orders for some key products are still high, even though competition in the markets remains intense. Special attention has been paid to improving cost efficiency in the business division to maintain competitiveness.

## Research and development

Orion's pharmaceutical R&D focuses on the following core therapy areas: central nervous system drugs, oncology and critical care drugs, and Easyhaler pulmonary drugs. In addition to in-house research, Orion invests in early-stage R&D jointly with universities and other pharmaceutical companies. In Phase III clinical studies, Orion prefers to share the costs with other pharmaceutical companies. In this way, Orion can ensure an increasing number of new research projects and balance the risks of projects in the research pipeline. Orion also seeks to purchase new product candidates to reinforce the research pipeline based on its own research projects. In this way Orion reinforces its capability to continue operating as a company that provides new drugs and engages in pharmaceutical R&D.

The Group's **R&D expenses** totalled EUR 95.2 (90.0) million, of which the Pharmaceuticals business accounted for EUR 89.4 (85.4) million. The Group's R&D expenses accounted for 12.3% (12.7%) of the Group's net sales.

Orion has Phase III clinical studies of the **sedative dexmedetomidine** in progress in patients in intensive care as a prolonged infusion administered for over 24 hours. In the United States and Japan, for example, the drug is already available as a sedative for patients in intensive care administrable for a maximum of 24 hours. The aim is to have the drug registered also in the EU. Dexmedetomidine is compared with midazolam in the MIDEX study and with propofol in the PRODEX study. For both studies, 500 patients have been recruited and results of the research programme are expected at the latest in summer 2010.

Orion has an ongoing project to broaden the range of the **Easyhaler** product family. A new **budesonide-formoterol formulation** is being developed in this research that combines budesonide as an anti-inflammatory agent and formoterol as a long-acting bronchodilator. Orion's aim is to utilise Easyhaler technology not just in current products and development projects, but also to develop new products.

Orion is collaborating with Novartis to develop **Stalevo for the Japanese market**.

Orion has an **alpha 2<sub>c</sub> receptor antagonist** undergoing clinical Phase I studies. In early research, this compound has been found to be possibly suitable for the treatment of the symptoms of Alzheimer's disease or schizophrenia.

Orion has several projects in the **early research phase** investigating selective androgen receptor modulators (SARM), prostate cancer, neuropathic pain, Parkinson's disease and other possible indications within intensive care, among others.

Orion has withdrawn the applications in the EU countries and the United States to extend the indication of Stalevo. Currently, Stalevo is approved for treatment of advanced Parkinson's disease.

Following the results of the LEVET programme, Orion is not intending to submit marketing authorisation applications for levosimendan in the United States and Europe. The programme studied the efficacy of orally administered levosimendan in the treatment of heart diseases in dogs.



## Diagnostics

Net sales of the Orion's Diagnostics business in 2009 were EUR 45.2 (45.0) million. Euro-denominated net sales were slowed by depreciation of the Nordic currencies, whereas sales to China and the Czech Republic were higher than in the previous year.

QuikRead<sup>®</sup> tests maintained their position as the main products, with reagent and equipment sales continuing to grow strongly. The tests are used in, for example, detecting infection from the CRP level in a blood sample. The tests can also detect streptococcus A, the causative agent of bacterial tonsillitis, in a pharyngeal sample. The increasing selection of QuikRead products in doctors' surgeries and clinical laboratories creates a solid basis for future demand for reagents.

Sales of dip slide tests, especially sales of hygiene tests for industry, decreased as capacity utilisation rates in industries declined.

Operating profit was EUR 5.6 (6.1) million, down by 9.1% due to increases in planned investments in product development.

Espoo, 9 February 2010

Board of Directors of Orion Corporation

Orion Corporation

Timo Lappalainen  
President and CEO

Jari Karlson  
CFO

## Tables

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q4/09	Q4/08	Change %	2009	2008	Change %
<b>Net sales</b>	<b>193.3</b>	179.9	+7.4%	<b>771.5</b>	710.7	+8.5%
Cost of goods sold	<b>-69.0</b>	-65.6	+5.3%	<b>-265.2</b>	-243.4	+9.0%
<b>Gross profit</b>	<b>124.3</b>	114.3	+8.7%	<b>506.3</b>	467.4	+8.3%
Other operating income and expenses	<b>3.8</b>	2.2	+75.5%	<b>6.0</b>	3.1	+96.7%
Selling and marketing expenses	<b>-46.5</b>	-39.2	+18.4%	<b>-160.0</b>	-143.9	+11.2%
R&D expenses	<b>-25.6</b>	-25.5	+0.2%	<b>-95.2</b>	-90.0	+5.7%
Administrative expenses	<b>-12.0</b>	-18.9	-36.2%	<b>-50.2</b>	-51.5	-2.6%
<b>Operating profit</b>	<b>43.9</b>	32.8	+33.8%	<b>207.0</b>	185.0	+11.9%
Finance income	<b>0.8</b>	3.7	-77.7%	<b>5.1</b>	7.6	-32.8%
Finance expenses	<b>-1.6</b>	-4.4	-63.1%	<b>-8.4</b>	-8.5	-0.9%
<b>Profit before taxes</b>	<b>43.1</b>	32.1	+34.2%	<b>203.7</b>	184.2	+10.6%
Income tax expense	<b>-10.1</b>	-7.5	+35.4%	<b>-52.3</b>	-47.8	+9.3%
<b>PROFIT FOR THE PERIOD</b>	<b>33.0</b>	24.7	+33.9%	<b>151.4</b>	136.3	+11.1%
<b>Other comprehensive income</b>						
Translation differences	<b>0.3</b>	-2.3	+114.6%	<b>1.3</b>	-2.8	+144.0%
Cash flow hedges	<b>0.8</b>	-1.3	+162.7%	<b>0.9</b>	-1.0	+184.5%
<b>Other comprehensive income net of tax</b>	<b>1.1</b>	-3.6	+131.8%	<b>2.1</b>	-3.9	+154.7%
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>						
	<b>34.2</b>	21.1	+61.7%	<b>153.5</b>	132.5	+15.9%
<b>of which attributable to:</b>						
Owners of the parent company	<b>33.0</b>	24.7	+33.8%	<b>151.4</b>	136.3	+11.1%
Minority interest	<b>0.0</b>	0.0		<b>0.0</b>	0.0	
<b>Total comprehensive income attributable to:</b>						
Owners of the parent company	<b>34.2</b>	21.1	+61.7%	<b>153.5</b>	132.5	+15.9%
Minority interest	<b>0.0</b>	0.0		<b>0.0</b>	0.0	
<b>Earnings per share, EUR <sup>1)</sup></b>	<b>0.23</b>	0.18	+33.8%	<b>1.07</b>	0.97	+11.1%
Depreciation and amortisation	<b>9.2</b>	8.4	+9.4%	<b>34.4</b>	31.6	+8.9%
Personnel expenses	<b>47.5</b>	50.8	-6.5%	<b>171.4</b>	170.9	+0.3%

<sup>1)</sup> The figure has been calculated from the profit attributable to the owners of the parent company. The Company has no items that could dilute the earnings per share.





## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### Assets

EUR million	Dec/09	Dec/08	Change %
Property, plant and equipment	192.0	192.4	-0.2%
Goodwill	13.5	13.5	
Intangible rights	63.4	37.5	+69.0%
Other intangible assets	3.7	2.9	+26.9%
Investments in associates	0.1	0.1	
Available-for-sale investments	1.0	0.9	+4.7%
Pension asset	29.8	29.3	+1.7%
Deferred tax assets	5.5	4.2	+30.9%
Other non-current assets	0.9	1.5	-39.3%
<b>Non-current assets total</b>	<b>309.9</b>	<b>282.3</b>	<b>+9.8%</b>
Inventories	122.7	131.7	-6.8%
Trade receivables	102.6	83.1	+23.4%
Other receivables	21.4	22.3	-4.0%
Cash and cash equivalents	170.5	176.1	-3.2%
<b>Current assets total</b>	<b>417.2</b>	<b>413.1</b>	<b>+1.0%</b>
<b>ASSETS TOTAL</b>	<b>727.1</b>	<b>695.5</b>	<b>+4.5%</b>

### Equity and liabilities

EUR million	Dec/09	Dec/08	Change %
Share capital	92.2	92.2	
Share premium	17.8	17.8	
Expendable fund	23.0	23.0	
Other reserves	0.0	-0.9	+100.9%
Retained earnings	306.0	286.3	+6.9%
Equity attributable to owners of the parent company	439.1	418.5	+4.9%
Minority interest	0.0	0.0	-9.4%
<b>Equity total</b>	<b>439.1</b>	<b>418.6</b>	<b>+4.9%</b>
Deferred tax liabilities	43.0	42.0	+2.4%
Pension liability	0.8	0.8	+2.6%
Provisions	0.5	0.4	+24.1%
Interest-bearing non-current liabilities	108.7	109.9	-1.0%
Other non-current liabilities	0.1	0.9	-86.7%
<b>Non-current liabilities total</b>	<b>153.1</b>	<b>153.9</b>	<b>-0.5%</b>
Trade payables	42.3	30.2	+40.3%
Income tax liabilities	3.0	2.4	+22.2%
Other current liabilities	66.8	54.0	+23.7%
Provisions	0.0	0.0	
Interest-bearing current liabilities	22.7	36.4	-37.6%
<b>Current liabilities total</b>	<b>134.8</b>	<b>123.0</b>	<b>+9.6%</b>
<b>Liabilities total</b>	<b>287.9</b>	<b>276.9</b>	<b>+4.0%</b>
<b>EQUITY AND LIABILITIES TOTAL</b>	<b>727.1</b>	<b>695.5</b>	<b>+4.5%</b>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

- a. Share capital
- b. Share premium
- c. Expendable fund
- d. Other reserves
- e. Translation differences
- f. Retained earnings
- g. Total**
- h. Minority interest
- i. Equity total**

EUR million	a.	b.	c.	d.	e.	f.	g.	h.	i.
<b>Equity at 1 Jan 2008</b>	<b>92.2</b>	<b>17.8</b>	<b>23.0</b>	<b>0.5</b>	<b>-4.1</b>	<b>301.7</b>	<b>431.1</b>	<b>0.0</b>	<b>431.1</b>
Dividend						-140.9	-140.9		-140.9
Repurchase of own shares						-4.8	-4.8		-4.8
Share-based incentive plan						0.6	0.6		0.6
Other changes				-0.3		0.4	0.1		0.1
Comprehensive income for the period				-1.0	-2.8	136.3	132.4		132.4
<b>Equity at 31 Dec 2008</b>	<b>92.2</b>	<b>17.8</b>	<b>23.0</b>	<b>-0.9</b>	<b>-6.9</b>	<b>293.3</b>	<b>418.5</b>	<b>0.0</b>	<b>418.6</b>
Dividend						-133.9	-133.9		-133.9
Share-based incentive plan						0.9	0.9		0.9
Other changes				0.0		0.1	0.1	-0.0	0.1
Comprehensive income for the period				0.9	1.3	151.4	153.5		153.5
<b>Equity at 31 Dec 2009</b>	<b>92.2</b>	<b>17.8</b>	<b>23.0</b>	<b>0.0</b>	<b>-5.7</b>	<b>311.7</b>	<b>439.1</b>	<b>0.0</b>	<b>439.1</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	2009	2008
Operating profit	207.0	185.0
Adjustments	37.7	28.7
Change in working capital	15.3	-15.0
Interest paid	-9.7	-7.0
Interest received	4.9	7.5
Income taxes paid	-50.6	-54.9
<b>Total net cash flow from operating activities</b>	<b>204.6</b>	<b>144.4</b>
Investments in property, plant and equipment	-24.6	-30.8
Investments in intangible assets	-36.1	-23.0
Sales of property, plant and equipment and available-for-sale investments	0.8	1.5
Sales of intangible assets	0.5	0.5
<b>Total net cash flow from investing activities</b>	<b>-59.5</b>	<b>-51.8</b>
Short-term loans raised	0.7	121.7
Repayments of short-term loans	-19.8	-105.1
Long-term loans raised	22.8	125.0
Repayments of long-term loans	-21.3	-0.5
Repurchase of own shares	0.0	-4.8
Dividends paid and other distribution of profits	-134.4	-141.1
<b>Total net cash flow from financing activities</b>	<b>-152.1</b>	<b>-4.8</b>
<b>Net change in cash and cash equivalents</b>	<b>-7.0</b>	<b>87.7</b>
Cash and cash equivalents at the beginning of the period	176.1	90.4
Foreign exchange differences	1.4	-2.1
Net change in cash and cash equivalents	-7.0	87.7
Cash and cash equivalents at the end of the period	170.5	176.1



### CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	2009	2008
Carrying amount at the beginning of the period	192.4	186.6
Adjustments to previous period carrying amount	2.4	0.0
Additions	25.1	32.8
Disposals	-1.7	-1.8
Depreciation	-26.1	-25.1
<b>Carrying amount at the end of the period</b>	<b>192.0</b>	<b>192.4</b>

### CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	2009	2008
Carrying amount at the beginning of the period	40.4	23.0
Additions	35.2	24.0
Disposals	-0.3	-0.0
Depreciation	-8.3	-6.6
<b>Carrying amount at the end of the period</b>	<b>67.0</b>	<b>40.4</b>

In May, Orion repurchased the rights to Simdax from Abbott. The purchase price, EUR 26.2 million, was recognised in full under intangible rights in the Consolidated Statement of Financial Position.

### COMMITMENTS AND CONTINGENCIES

EUR million	Dec/09	Dec/08
<b>Contingencies for own liabilities</b>		
Mortgages on land and buildings	32.0	19.0
of which those to Orion Pension Fund	9.0	9.0
Guarantees	1.1	1.0
<b>Other liabilities</b>		
Leasing liabilities (excluding finance lease contracts)	4.3	4.0
Other liabilities	0.3	0.3

### DERIVATIVES

EUR million	Dec/09	Dec/08
Fair value of forward exchange contracts and swaps	-0.3	2.0
Nominal values of derivatives	-86.4	64.6
Fair value of electricity forward contracts	-0.2	-1.4
Nominal values of derivatives	7.0	5.7

### RELATED PARTY TRANSACTIONS

EUR million	2009	2008
Management's employment benefits	3.5	3.1



## Operating segment performance

### NET SALES BY BUSINESS AREA

EUR million	Q4/09	Q4/08	Change %	2009	2008	Change %
Pharmaceuticals	181.9	169.6	+7.2%	728.5	667.6	+9.1%
Proprietary Products	77.3	69.4	+11.3%	324.0	278.1	+16.5%
Specialty Products	73.0	68.1	+7.1%	274.8	260.5	+5.5%
Animal Health	16.1	16.5	-2.4%	62.1	67.2	-7.5%
Fermion	9.0	9.9	-8.5%	41.4	36.1	+14.5%
Contract manufacturing and others	6.6	5.8	+13.7%	26.2	25.7	+1.9%
Diagnostics	12.0	10.7	+12.0%	45.2	45.0	+0.4%
Group items	-0.6	-0.5	+28.8%	-2.2	-1.9	+15.7%
<b>Group total</b>	<b>193.3</b>	<b>179.9</b>	<b>+7.4%</b>	<b>771.5</b>	<b>710.7</b>	<b>+8.5%</b>

### OPERATING PROFIT BY BUSINESS AREA

EUR million	Q4/09	Q4/08	Change %	2009	2008	Change %
Pharmaceuticals	45.6	35.3	+29.1%	210.7	188.5	+11.8%
Diagnostics	1.2	0.2	+566.6%	5.6	6.1	-9.1%
Group items	-2.9	-2.7	+7.9%	-9.3	-9.6	-3.0%
<b>Group total</b>	<b>43.9</b>	<b>32.8</b>	<b>+33.8%</b>	<b>207.0</b>	<b>185.0</b>	<b>+11.9%</b>

### NET SALES BY ANNUAL QUARTERS

EUR million	2009				2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Pharmaceuticals	181.9	181.8	185.9	178.9	169.6	161.0	168.5	168.5
Diagnostics	12.0	10.5	11.0	11.7	10.7	9.5	12.6	12.2
Group items	-0.6	-0.5	-0.5	-0.5	-0.5	-0.4	-0.5	-0.5
<b>Group total</b>	<b>193.3</b>	<b>191.8</b>	<b>196.4</b>	<b>190.1</b>	<b>179.9</b>	<b>170.1</b>	<b>180.5</b>	<b>180.2</b>

### OPERATING PROFIT BY ANNUAL QUARTERS

EUR million	2009				2008			
	Q4	Q3	Q4	Q3	Q4	Q3	Q4	Q3
Pharmaceuticals	45.6	56.6	51.6	56.9	35.3	44.3	45.7	63.1
Diagnostics	1.2	1.0	1.1	2.2	0.2	1.0	2.5	2.3
Group items	-2.9	-1.9	-2.3	-2.2	-2.7	-1.8	-3.1	-2.1
<b>Group total</b>	<b>43.9</b>	<b>55.7</b>	<b>50.4</b>	<b>56.9</b>	<b>32.8</b>	<b>43.6</b>	<b>45.2</b>	<b>63.4</b>

### GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

EUR million	2009				2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Finland	59.2	55.6	55.0	53.5	55.2	52.8	53.5	55.7
Scandinavia	25.9	24.5	25.8	25.4	23.7	23.3	26.1	28.1
Other Europe	72.8	68.9	71.8	61.2	62.0	56.2	61.4	64.4
North America	12.1	18.1	18.2	22.6	19.2	21.7	18.5	14.4
Other markets	23.4	24.7	25.6	27.4	19.8	16.1	21.1	17.6
<b>Group total</b>	<b>193.3</b>	<b>191.8</b>	<b>196.4</b>	<b>190.1</b>	<b>179.9</b>	<b>170.1</b>	<b>180.5</b>	<b>180.2</b>

## Business reviews

### KEY FIGURES FOR PHARMACEUTICALS BUSINESS

EUR million	Q4/09	Q4/08	Change %	2009	2008	Change %
Net sales	181.9	169.6	+7.2%	728.5	667.6	+9.1%
Operating profit	45.6	35.3	+29.1%	210.7	188.5	+11.8%
% of net sales	25.1%	20.8%		28.9%	28.2%	
R&D expenses	24.0	24.1	-0.2%	89.4	85.4	+4.7%
% of net sales	13.2%	14.2%		12.3%	12.8%	
Capital expenditure	8.4	11.7	-28.4%	57.6	53.3	+8.1%
% of net sales	4.6%	6.9%		7.9%	8.0%	
Sales revenue from proprietary products	83.3	77.5	+7.6%	346.5	307.5	+12.7%
Personnel at the end of the period				2,829	2,995	-5.5%

### NET SALES OF ORION'S TOP 10 PHARMACEUTICAL PRODUCTS

EUR million	Q4/09	Q4/08	Change %	2009	2008	Change %
Stalevo <sup>®</sup> (Parkinson's disease)	39.9	35.0	+13.9%	167.6	141.0	+18.8%
Comtess <sup>®</sup> / Comtan <sup>®</sup> (Parkinson's disease)	12.8	17.7	-27.4%	67.3	67.4	-0.1%
Simdax <sup>®</sup> (heart failure)	9.1	4.4	+108.4%	29.4	17.3	+69.6%
Easyhaler <sup>®</sup> product family (asthma)	6.4	5.9	+8.5%	24.9	22.2	+12.2%
Burana <sup>®</sup> (inflammatory pain)	5.7	5.3	+7.5%	19.9	19.4	+2.4%
Domitor <sup>®</sup> , Dexdomitor <sup>®</sup> , Domosedan <sup>®</sup> and Antisedan <sup>®</sup> (animal sedatives)	5.8	5.4	+7.7%	19.3	24.6	-21.4%
Precedex <sup>®</sup> (sedative for patients in intensive care)	4.5	2.5	+75.7%	14.6	9.6	+51.0%
Divina <sup>®</sup> range (menopausal symptoms)	3.1	3.5	-12.9%	13.2	14.7	-10.8%
Enanton <sup>®</sup> (prostate cancer)	3.0	3.1	-2.8%	11.9	12.7	-6.8%
Fareston <sup>®</sup> (breast cancer)	1.7	3.0	-41.7%	10.2	10.5	-2.8%
<b>Total</b>	<b>92.0</b>	<b>85.8</b>	<b>+7.2%</b>	<b>378.3</b>	<b>339.7</b>	<b>+11.4%</b>
Share of pharmaceutical net sales	51%	51%		52%	51%	

### KEY FIGURES FOR DIAGNOSTICS BUSINESS

EUR million	Q4/09	Q4/08	Change %	2009	2008	Change %
Net sales	12.0	10.7	+12.0%	45.2	45.0	+0.4%
Operating profit	1.2	0.2	+566.6%	5.6	6.1	-9.1%
% of net sales	10.3%	1.7%		12.3%	13.6%	
R&D expenses	1.6	1.5	+6.9%	5.9	4.8	+23.3%
% of net sales	13.0%	13.7%		13.0%	10.6%	
Capital expenditure	0.6	1.0	-37.5%	2.5	2.8	-9.6%
% of net sales	5.3%	9.6%		5.6%	6.2%	
Personnel at the end of the period				291	287	+1.3%



## Information on Orion's shares

### BASIC SHARE INFORMATION 31 DECEMBER 2009

31 December 2009	A shares	B shares	Total
Trading code on NASDAQ OMX Helsinki	ORNAV	ORNBV	
Listing day	1 Jul 2006	1 Jul 2006	
ISIN code	FI0009014369	FI0009014377	
GICS code	30101030	30101030	
Reuters code	ORNAV.HE	ORNBV.HE	
Bloomberg code	ORNAV.FH	ORNBV.FH	
Share capital, EUR million	33.5	58.7	92.2
Counter book value per share, EUR	0.65	0.65	
Total number of shares	51,340,668	89,917,160	141,257,828
% of total share stock	36%	64%	100%
Number of treasury shares		280,030	280,030
Total number of shares excluding treasury shares	51,340,668	89,637,130	140,977,798
Minimum number of shares			1
Maximum number of shares	500,000,000	1,000,000,000	1,000,000,000
Votes per share	20	1	
Number of votes excluding treasury shares	1,026,813,360	89,637,130	1,116,450,490
% of total votes	92%	8%	100%
Total number of shareholders	17,125	43,728	54,323

A shares and B shares confer equal rights to the Company assets and dividends.

### INFORMATION ON TRADING 1 JANUARY – 31 DECEMBER 2009

	A shares	B shares	Total
Shares traded	3,815,863	84,568,573	88,384,436
% of the total number of shares	7.4%	94.1%	62.6%
Trading volume, EUR million	48.3	1,032.2	1,080.4
Closing quotation on 2 Jan 2009, EUR	12.55	12.63	
Lowest quotation, EUR (A and B, 30 Mar 2009)	10.42	10.35	
Average quotation, EUR	12.65	12.21	
Highest quotation, EUR (A/B 22/30 Dec 2009)	15.75	15.34	
Closing quotation on 31 Dec 2009, EUR	15.06	15.05	
Market capitalisation on 31 Dec 2009 excluding treasury shares, EUR million	773.2	1,349.0	2,122.2

### PERFORMANCE PER SHARE

	Q4/09	Q4/08	Change %	2009	2008	Change %
Earnings per share, EUR	0.23	0.18	+33.8%	1.07	0.97	+11.1%
Cash flow per share before financial items, EUR	0.34	0.23	+48.1%	1.03	0.66	+56.9%
Equity per share, EUR				3.11	2.97	+4.9%
Proposed dividend per share, EUR <sup>1)</sup>				1.00	0.95	+5.3%
Proposed payout ratio, %				93.5%	97.9%	
Total proposed dividend, EUR million				141.0	133.9	+5.3%
Effective dividend yield according to proposal, %						
A share				6.6%	7.9%	
B share				6.6%	7.9%	
Price/earnings ratio (P/E)						
A share				14.07	12.37	
B share				14.07	12.44	
Average number of shares						
excluding treasury shares, 1,000 shares	140,978	140,933		140,970	141,003	

1) The Board of Directors proposes to the Annual General Meeting that EUR 0.10 per share be distributed from the expendable fund in the distributable equity as a repayment of capital.

## Appendices

### Reporting

Orion Corporation is the parent company of the Orion Group. The Group consists of two business areas, or operating segments, and five business divisions. Orion reports on its operations segmentally.

- Pharmaceuticals business
  - Proprietary Products (patented prescription products for three therapy areas)
  - Specialty Products (off-patent, generic prescription products and self-care products)
  - Animal Health (veterinary products for pets and production animals)
  - Fermion (active pharmaceutical ingredients for Orion and other companies)
- Diagnostics business
  - Orion Diagnostica (diagnostic test systems for point-of-care in healthcare and hygiene tests for industry).

Contract manufacturing and others, i.e. manufacturing for other companies, is included in the Pharmaceuticals business segment, but it is not a separate business division, it is part of the Group's Supply Chain organisation.

### Accounting policies

The Consolidated Financial Statements of the Orion Group have been prepared in accordance with International Financial Reporting Standards (IFRS), applying IAS and IFRS standards as well as SIC and IFRIC interpretations effective as of 31 December 2009.

For the financial year, the Group has adopted the following relevant standards, interpretations and amendments that became effective in 2009.

- IAS 1, *Presentation of Financial Statements* revised standard. The revised standard affects the presentation of the Consolidated Statement of Comprehensive Income and the Statement of Changes in Equity.

The policies and calculation methods applied during the period can be found on the Orion website at [www.orion.fi/en/investors/](http://www.orion.fi/en/investors/).

### Other matters

The data in this Financial Statement Release are audited.

The figures in parentheses are for the comparative period of the previous year. The Company has no items that could dilute the earnings per share. All the figures have been rounded, which is why the total sums of individual figures may differ from the total sums shown.



## CALCULATION OF THE KEY FIGURES

$$\text{Return on capital employed (ROCE), \%} = \frac{\text{Profit before taxes + Interest and other finance expenses}}{\text{Total assets - Non-interest-bearing liabilities (average during the period)}} \times 100$$

$$\text{Return on equity (ROE), \%} = \frac{\text{Profit for the period}}{\text{Total equity (average during the period)}} \times 100$$

$$\text{Equity ratio, \%} = \frac{\text{Equity}}{\text{Total assets - Advances received}} \times 100$$

$$\text{Gearing, \%} = \frac{\text{Interest-bearing liabilities - Cash and cash equivalents}}{\text{Equity}} \times 100$$

$$\text{Earnings per share, EUR} = \frac{\text{Profit available for the owners of the parent company}}{\text{Average number of shares during the period, excluding treasury shares}}$$

$$\text{Cash flow per share before financial items, EUR} = \frac{\text{Cash flow from operating activities + Cash flow from investing activities}}{\text{Average number of shares during the period, excluding treasury shares}}$$

$$\text{Equity per share, EUR} = \frac{\text{Equity of the owners of the parent company}}{\text{Number of shares at the end of the period, excluding treasury shares}}$$

$$\text{Dividend per share, EUR} = \frac{\text{Dividend to be distributed for the period}}{\text{Number of shares at the end of the period, excluding treasury shares}}$$

$$\text{Payout ratio, \%} = \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

$$\text{Effective dividend yield, \%} = \frac{\text{Dividend per share}}{\text{Closing quotation of the period}} \times 100$$

$$\text{Price/earnings ratio (P/E)} = \frac{\text{Closing quotation of the period}}{\text{Earnings per share}}$$

$$\text{Average share price, EUR} = \frac{\text{Total EUR value of shares traded}}{\text{Average number of traded shares during the period}}$$

$$\text{Market capitalisation, EUR million} = \text{Number of shares at the end of the period} \times \text{Closing quotation of the period}$$



## ADJUSTED KEY FIGURES

	Q4/08 Earlier reported	Q4/08 Adjusted	2008 Earlier reported	2008 Adjusted
Gross profit, EUR million	118.2	114.3	480.8	467.4
R&D expenses, EUR million	29.4	25.5	103.4	90.0
% net sales	16.4%	14.2%	14.5%	12.7%
Net sales Proprietary Products, EUR million	70.9	69.4	284.7	278.1
Net sales Specialty Products, EUR million	66.6	68.1	254.0	260.5

	2008 Earlier reported	2008 Adjusted	2007 Earlier reported	2007 Adjusted	Pro forma 2006 Earlier reported	Pro forma 2006 Adjusted
Gross profit, EUR million	480.8	467.4	460.7	447.2	434.9	422.3
R&D expenses, EUR million	103.4	90.0	98.5	85.0	85.7	73.1
% net sales	14.5%	12.7%	14.5%	12.5%	13.4%	11.4%
Net sales Proprietary Products, EUR million	284.7	278.1	270.8	259.6	256.6	242.0
Net sales Specialty Products, EUR million	254.0	260.5	241.5	252.5	218.7	233.3

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[www.orion.fi/en/](http://www.orion.fi/en/)

Orion is an innovative European R&D-based pharmaceutical and diagnostic company with a special emphasis on developing medicinal treatments and diagnostic tests for global markets. Orion develops, manufactures and markets human and veterinary pharmaceuticals, active pharmaceutical ingredients and diagnostic tests. Orion's pharmaceutical R&D focuses on the following core therapy areas: central nervous system drugs, cancer and critical care drugs, and Easyhaler<sup>®</sup> pulmonary drugs.

The Group's net sales in 2009 amounted to EUR 772 million. The Company invested EUR 95 million in research and development. At the end of 2009, the Group had a total of 3,100 employees, of whom 2,500 worked in Finland and 600 in other European countries. Orion's A and B shares are listed on NASDAQ OMX Helsinki.