



ORION CORPORATION FINANCIAL STATEMENT RELEASE 2014 4 FEBRUARY 2015 at 12:00 noon EET

Orion Group Financial Statement Release for 2014

Orion's net sales in 2014 totalled EUR 1,015 million (EUR 1,007 million in 2013).

- Operating profit was EUR 272 (268) million.
- Profit before taxes was EUR 268 (264) million.
- Equity ratio was 52% (54%).
- ROCE before taxes was 37% (39%).
- ROE after taxes was 41% (40%).
- Basic earnings per share were EUR 1.50 (1.46).
- Cash flow per share before financial items was EUR 1.72 (1.02).
- Board's proposal for dividend per share is EUR 1.30 (1.25).
- A dividend distribution target of distributing an annual dividend that in the next few years will be at least EUR 1.20 per share and increasing the dividend in the long term has been added to Orion's financial objectives.
- Orion estimates that in 2015 net sales will be slightly lower than in 2014. Operating profit is estimated to exceed EUR 200 million.

ORION'S KEY FIGURES FOR THE REVIEW PERIOD

	Q4/14	Q4/13	Change %	2014	2013	Change %
Net sales, EUR million	255.3	272.6	-6.3%	1,015.3	1,006.9	+0.8%
International operations, EUR million.	175.7	201.1	-12.6%	719.8	732.3	-1.7%
% of net sales	68.8%	73.8%		70.9%	72.7%	
Operating profit, EUR million	55.3	65.8	-16.1%	272.4	267.7	+1.8%
% of net sales	21.7%	24.2%		26.8%	26.6%	
Profit before taxes, EUR million	53.8	64.5	-16.5%	267.8	264.0	+1.4%
% of net sales	21.1%	23.6%		26.4%	26.2%	
Income tax expense, EUR million	13.0	8.8	+47.9%	56.6	57.8	-2.2%
R&D expenses, EUR million	28.3	29.7	-4.9%	106.2	101.9	+4.2%
% of net sales	11.1%	10.9%		10.5%	10.1%	
Capital expenditure, EUR million	14.3	20.1	-29.2%	57.1	77.9	-26.8%
% of net sales	5.6%	7.4%		5.6%	7.7%	
Assets total, EUR million				1,001.5	979.0	+2.3%
Equity ratio,%				52.3%	53.6%	
Gearing,%				-4.7%	8.4%	
Interest-bearing liabilities, EUR million				234.5	257.8	-9.0%
Non-interest-bearing liabilities, EUR million				252.0	207.3	+21.6%
Cash and cash equivalents and money market investments, EUR million				258.5	214.7	+20.4%
ROCE (before taxes),%				36.6%	38.5%	
ROE (after taxes),%				41.1%	40.3%	
Basic earnings per share, EUR	0.29	0.40	-26.6%	1.50	1.46	+2.7%
Diluted earnings per share, EUR	0.29	0.40	-26.6%	1.50	1.46	+2.7%
Cash flow per share before financial items, EUR	0.38	0.46	-17.0%	1.72	1.02	+68.4%
Equity per share, EUR				3.66	3.66	+0.1%
Personnel at the end of the period				3,450	3,519	-2.0%
Average personnel during the period				3,493	3,540	-1.3%
Personnel expenses, EUR million				219.2	218.1	+0.5%

President and CEO Timo Lappalainen:

“Good year in pharmaceutical development and commercialisation projects”

“In 2014 our net sales and operating profit were both similar to the previous year. However, as regards operating profit in particular, it should be noted that milestone payments from collaboration partners higher than in the previous year are included.

“We are especially pleased with the strides forward in our main clinical pharmaceutical development and commercialisation projects in 2014. During the year we received national marketing authorisations for our new Bufomix Easyhaler® in most European countries, and in the summer our collaboration partner Novartis received marketing authorisation for Stalevo® in Japan.

“In June we commenced global collaboration with Bayer in the development and commercialisation of the ODM-201 compound for treatment of prostate cancer. We have jointly started a Phase III clinical trial, and in accordance with our agreement, since the beginning of 2015 Bayer has been the driving force for the project and taken main responsibility for future costs.

“As regards the alpha-2c adrenoceptor antagonist for treatment of symptoms of Alzheimer’s disease (ORM-12741), during the year with our collaboration partner Janssen Pharmaceuticals we focused on optimising the drug composition and we are preparing to commence a new Phase IIa clinical trial with the compound. Of the two COMT inhibitors for treatment of Parkinson’s disease (ODM-103 and ODM-104), we selected ODM-104 for further development. In addition, we began Phase I clinical safety trials with the ODM-203 molecule, which is a new targeted FGFR+VEGFR inhibitor that slows growth of certain solid cancerous tumours. During the current year, our clinical development pipeline will be further boosted as we commence Phase I clinical safety trials with an investigational CYP17 enzyme and androgen receptor inhibitor (ODM-204) for treatment of castration-resistant prostate cancer, and with a GABA-B receptor positive allosteric modulator (ODM-106) for treatment of symptoms of essential tremor.

“Deliveries of our Parkinson’s drugs to Novartis and sales through Orion’s own sales network were lower than a year ago. In Europe generic competition to Stalevo commenced in Germany in 2014, and competition is expected to have extended in Europe by the end of this year, decreasing Orion’s sales. In addition, generic competition to the Precedex® intensive care sedative commenced in the United States during autumn 2014, and sales of the product and the royalties received from it have subsequently clearly decreased.

“Sales of other products especially through Orion’s own sales network developed well and sales of Pharmaceuticals as a whole remained similar to the previous year. The intensive care sedative Dexdor® and the Easyhaler® product family in particular maintained their strong growth. In the Specialty Products business division, net sales of generic entacapone products grew especially strongly, and sales of the other products in the portfolio also grew.

“In 2012 we commenced for Orion significant investment and production reorganisation projects to develop and ensure future growth, delivery reliability and quality standards. During 2014 these projects progressed as planned, and among other things, we celebrated the inauguration of the new Salo plant in March. During the current year we will mostly complete the investment programme and projects still in progress.

“A financial objective of Orion is to increase net sales. During the current year the steadily growing business areas such as Specialty Products, Dexdor and the Easyhaler product family will not be able to compensate fully for the decrease in net sales and operating profit due to some rapid changes, such as extension of generic competition to Stalevo in Europe, declining royalties from Precedex and the timing of milestone payments. For these reasons among others, we estimate that our net sales will be slightly lower in 2015. We estimate that operating profit will remain above 20% of net sales, in line with our financial objectives. The negative impact due to Stalevo and Precedex is expected to level out in 2016 as growth in other areas starts to have a positive effect on development of the entire company. We estimate that in 2015 our net sales will be slightly lower than in 2014. Operating profit is estimated to exceed EUR 200 million. Our outlook estimate and the basis for it can be found in this report under ‘Outlook for 2015’ and ‘Basis for outlook’.”

Events in 2014

On 14 April Orion announced that it had received the first marketing authorisations in Europe for Bufomix Easyhaler[®].

On 2 June Orion and Bayer entered into an agreement for development and commercialisation of a novel prostate cancer treatment. At the same time Orion upgraded its outlook estimate for 2014.

On 4 July Orion's collaboration partner Novartis received marketing authorisation for Stalevo[®] in Japan.

On 22 September Orion announced that the settlement agreement concerning the proprietary drug Precedex[®] had been amended.

On 24 September Orion announced that it had received from The Capital Group Companies, Inc. a disclosure under Chapter 9, Section 5 of the Securities Markets Act according to which the total number of Orion B shares under the management of The Capital Group Companies, Inc. decreased below five (5) per cent of the total number of Orion Corporation shares on 22 September 2014.

Events after the period

There were no significant events after the period.

News conference and teleconference

A news conference and teleconference on the published results will be held today, Wednesday 4 February 2015, at 13:30 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 at Orion's website at www.orion.fi/en/investors. After the presentation, questions can be asked by telephone in Finnish and English.

The teleconference code is 951029 and to participate in the teleconference, please call:

from United States: +1 334 323 6201

from other countries: +44 (0)20 7162 0077

News conference recordings

A recording of the webcast of the event in English and a recording of the presentation by the President and CEO in Finnish will be published on the Orion website during Wednesday 4 February 2015.

Financial report material

Financial reports and related presentation material are available at www.orion.fi/en/investors promptly after publication. The website also has a form for subscribing to Orion's releases.

Dates in Orion Calendar 2015

Annual General Meeting 2015	Tuesday 24 March 2015
Interim Report January–March 2015	Wednesday 29 April 2015
Capital Market Day 2015	Tuesday 26 May 2015
Interim Report January–June 2015	Tuesday 28 July 2015
Interim Report January–September 2015	Tuesday 27 October 2015

The Financial Statements and Report by the Board of Directors for 2014 will be published on the Company's website at the latest in week 10/2015.

For additional information about the financial review:

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<http://www.orion.fi/en/investors>

Financial review 2014

Net sales

The Orion Group's net sales in 2014 were EUR 1,015 million (EUR 1,007 million in 2013). The net effect of currency exchange rates was EUR -11 million.

The Pharmaceuticals business's net sales were EUR 962 (953) million. Net sales of Orion's Stalevo[®] (carbidopa, levodopa and entacapone) and Comtess[®]/Comtan[®] (entacapone) Parkinson's drugs were down by 18% at EUR 169 (207) million, which was 18% (22%) of the Pharmaceuticals business's net sales. The Pharmaceuticals business's net sales of products in the portfolio other than Stalevo[®] and Comtess[®]/Comtan[®] and excluding milestone payments were up by 2% at EUR 754 (741) million.

The Diagnostics business's net sales were EUR 56 (57) million. Net sales in the comparative period include sales of products discontinued in 2013.

Operating profit

The Orion Group's operating profit was up by 2% at EUR 272 (268) million. Milestone payments accounted for EUR 39 (5) million of the operating profit.

The Pharmaceuticals business's operating profit was EUR 276 (273) million, including the EUR 39 (5) million of milestone payments. The gross profit percentage on product sales remained similar to the previous year.

The Diagnostics business's operating profit was up by 38% at EUR 6.4 (4.6) million. The operating profit in the comparative period included EUR 1.4 million of costs related to contraction of the product portfolio, closure of the Turku manufacturing plant and personnel reductions.

Operating expenses

The Group's sales and marketing expenses were down by 6% at EUR 193 (205) million. The single most important reason for the decrease in expenses was the ending of Simdax royalty payments to AbbVie in April 2014.

R&D expenses were up by 4% at EUR 106 (102) million and accounted for 11% (10%) of the Group's net sales. Pharmaceutical R&D expenses amounted to EUR 99 (94) million. Research projects are reported in more detail under Pharmaceuticals in the Business Reviews.

Administrative expenses were down by 3% at EUR 43 (45) million.

Other operating income and expenses were EUR 2 (6) million, improving the financial results.

Group's profit

The Group's profit before taxes totalled EUR 268 (264) million. Basic earnings per share were EUR 1.50 (1.46) and diluted earnings per share were EUR 1.50 (1.46). Equity per share was EUR 3.66 (3.66). The return on capital employed before taxes (ROCE) was 37% (39%) and the return on equity after taxes (ROE) 41% (40%).

Financial position

The Group's **gearing** was -5% (8%) and the **equity ratio** 52% (54%).

The Group's **total liabilities** at 31 December 2014 were EUR 487 (465) million. At the end of the period, interest-bearing liabilities amounted to EUR 235 (258) million, including EUR 210 (233) million of non-current loans.

The Group had EUR 259 (215) million of **cash and cash equivalents and money market investments** at the end of the period. The cash and cash equivalents are invested in short-term interest-bearing instruments issued by financially solid financial institutions and corporations.

Cash flow

Cash flow from operating activities was higher than in the comparative period at EUR 297 (215) million. The significant improvement was mainly due to the increase in operating profit and the decrease of EUR 43 million in the amount of cash tied up in working capital. Working capital increased by EUR 22 million in the comparative period. All items included in working capital developed well during the year.

Cash flow from investing activities was EUR -55 (-71) million.

Cash flow from financing activities was EUR -201 (-74) million. The change was mainly due to the EUR 150 million bond issued in the comparative period.

Capital expenditure

The Group's capital expenditure totalled EUR 57 (78) million. This comprised EUR 52 (70) million on property, plant and equipment and EUR 5 (8) million on intangible assets.

Outlook for 2015

Net sales will be slightly lower than in 2014 (net sales were EUR 1,015 million in 2014).

Operating profit is estimated to exceed EUR 200 million.

The Group's capital expenditure will be about EUR 50 million excluding substantial corporate or product acquisitions. (The Group's capital expenditure was EUR 57 million in 2014)

Basis for outlook

A financial objective of Orion is to increase net sales. During the current year the steadily growing business areas such as Specialty Products, Dexdor[®] and the Easyhaler[®] product family will not be able to compensate fully for the decreases in net sales and operating profit due to some rapid changes, such as extension of generic competition to Stalevo[®] in Europe, decreasing royalties from Precedex[®] and the timing of milestone payments. For these reasons among others, net sales are not expected to grow in 2015. However, operating profit is estimated to remain above 20% of net sales, in line with the financial objectives. The negative impact due to Stalevo and Precedex is expected to level out in 2016 as growth in other areas starts to have a positive effect on development of the entire company.

Orion's Parkinson's drugs are Comtess[®], Comtan[®] and Stalevo[®]. Generic competition to them commenced in the United States in 2012, and in 2014 US markets accounted for about EUR 12 million of Orion's EUR 169 million total net sales of Parkinson's drugs. In Europe the majority of net sales come from Stalevo. Generic competition to Comtess and Comtan, which have clearly lower sales, commenced already in 2013. The first generic marketing authorisations for Stalevo were granted in Germany and generic competition commenced there in 2014. The competition is expected to extend in Europe during 2015 and significantly decrease Orion's sales of Stalevo. In 2014 Europe accounted for about EUR 111 million of the net sales of Orion's Parkinson's drugs. Elsewhere in the world generic competition is not expected to have a material impact on sales volumes of these products in the current year.

In the United States two competitor companies received marketing authorisation for their own generic versions of Precedex in August 2014. In addition, the agreement previously reached with Sandoz was amended in September 2014 to allow Sandoz to launch its generic version earlier than originally agreed. Following these changes, the royalties from Precedex received by Orion decreased. They were EUR 10 million in the second half of 2014, which was 64% less than in the corresponding period a year ago. The decline is continuing in 2015, and royalties will be clearly lower than in 2014.

Sales of Dexdor and the Easyhaler product family, which are also key proprietary drugs, are forecast to continue to grow. The patent for the Simdax[®] molecule expires in September 2015 but this is not expected to have a material impact on sales in the current year.

Sales of generic products have been accounting for a greater proportion of Orion's total sales, and price competition has remained intense in many markets. Competition in Finland, the most important generic market for Orion, remains intense in 2015. However, product launches continue to support Orion's position as market leader.

Collaboration agreements with other pharmaceutical companies are an important component of Orion's business model. Often payments related to these agreements are recorded in net sales, and in 2014 they totalled EUR 39 million. Forecasting the timing and amount of payments is difficult. Possible future payments relating to agreements already made have in some cases been conditional on, for instance, the progress of research projects or results received, which are not known until studies have been completed. On the other hand, making new agreements is generally a process for which neither the schedule nor the outcome is known before the final signing of the agreement.

Investments commenced in 2012 to develop and ensure future growth, delivery reliability and quality standards, and the related reorganisations of production will mostly be completed during 2015. They are no longer expected materially to decrease production capacity and increase production costs. Projects launched as part of the reorganisations to increase production efficiency are expected gradually to improve productivity from the beginning of 2015.

Marketing expenditure will be at similar level to the previous year. 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 2015 were planned mainly during the previous year. Royalty payments to AbbVie previously recorded in marketing expenditure and related to the reacquisition of rights to Simdax ended in April 2014. About EUR 10 million of royalties were paid in 2013 and about EUR 3 million in 2014.

Research and development costs will be slightly higher than in 2014. 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 2015 are either ongoing from the previous year or at an advanced stage of planning, therefore their cost level can be estimated rather accurately. The accrued costs are materially affected by collaboration arrangements and how the costs arising are allocated between Orion and its collaboration partners. For instance, Bayer is paying the majority of the ODM-201 research costs.

Near-term risks and uncertainties

Sales of Orion's Parkinson's drugs will decrease in 2015 due to generic competition. The effects of the competition have been taken into account in the outlook estimate for the current year. However, the timing of commencement and the intensity of generic competition to Stalevo in Europe still entails uncertainty that may materially affect the accuracy of the estimate made at this stage. Competition is expected to have extended in Europe by the end of 2015, decreasing Stalevo sales.

Sales of individual products and also Orion's sales in individual markets may vary, for example 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 of Parkinson's drugs to Novartis, the most important collaboration partner, are based on timetables that are jointly agreed in advance. Nevertheless, they can change, for example as a consequence of decisions by Novartis concerning among others adjustments of stock levels. In addition, changes in market prices and exchange rates affect the value of deliveries to Novartis.

A significant proportion of the exchange rate risk is related to the US dollar. Typically, less than 15% of Orion's net sales comes 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. Changes in the Japanese yen exchange rate have become more important as sales of Parkinson's drugs in Japan have increased. In 2014 rapid and severe weakening of the Russian rouble towards the end of the year had a negative currency exchange rate effect. However, Russian sales are not a significant portion of Orion's entire net sales.

Orion's currently high production capacity utilisation rate and its broad product range may cause risks to the delivery reliability and make it more challenging than before to maintain the very high quality standard required. Authorities and key customers in different countries undertake regular and detailed inspections of development and manufacturing of drugs. Any remedial actions that may be required may at least temporarily have effects that decrease delivery reliability and increase costs.

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. Orion generally undertakes the last, in other words Phase III, clinical trials in collaboration with other pharmaceutical companies. Commencement of these collaboration relationships and their structure also materially affect the schedule and cost level of research projects.

Collaboration arrangements are an important component of Orion's business model. Possible collaboration and licensing agreements related to these arrangements also often include payments to be recorded in net sales that may materially affect Orion's financial results. In 2014 a total of EUR 39 million of such payments were received, which was clearly higher than average for the payments received by Orion in previous years. The payments may be subject to certain conditions relating to the development of research projects or sales, and whether these conditions are triggered and the timing of triggering always entail uncertainties.

Orion's dividend distribution 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: dividend per share EUR 1.30

The parent company's distributable funds are EUR 255,953,061.62 or EUR 1.82 per share, including EUR 191,746,498.98, or EUR 1.36 per share, of profit for the financial year. These per share amounts are calculated excluding treasury shares held by the Company.

The Board of Directors proposes that a dividend of EUR 1.30 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 distribution record date. On the day when the profit distribution was proposed, the number of shares conferring entitlement to receive dividend totalled 140,688,163, on which the total dividend payment would be EUR 182,894,611.90. The Group's payout ratio for the financial year 2014 would be 86.7% (85.6%). The dividend payment date would be 2 April 2015, and shareholders registered in the Company's shareholder register on 26 March 2015 would be entitled to the dividend payment.

The Board of Directors further proposes that EUR 250,000 (250,000) be donated to medical research and other purposes of public interest in accordance with a separate decision by the Board and that EUR 72,808,449.72 remain in equity.

Strategy

Orion's Board of Directors has updated the Company's strategy.

Operating environment

Orion's strategy is affected by global healthcare megatrends that have material impact on trends in consumption of drugs, the price level of drugs and progress in pharmaceutical research. These megatrends include:

- Ageing of population
- Advances in science, such as personalised medicine, increased genetic and epigenetic data, developments in drug dosing and developments in diagnostics
- The increasing cost burden of healthcare and consequent need for cost-effective treatments and drugs
- Increased personal responsibility for own health

Mission and values

Orion's mission is to build well-being. Orion builds well-being by bringing to markets drugs and diagnostic tests that give patients help and an effective treatment for their illnesses. An effective drug also creates added value for the patient by improving the quality of life. Underlying Orion's strategy are Orion's values, which characterise our way of working within the Company. These values are:

- mutual trust and respect
- quality, reliability and safety
- customer focus
- innovation
- achievement

Focus areas

To fulfil our mission and achieve the strategic targets defined for Orion, within the Company there must be systematic concentration on key focus areas and their development. The crucial focus areas for implementing our strategy are:

- **Quality and safety.** High quality, product safety and complying with requirements of authorities are indispensable in the pharmaceutical industry. To meet ever increasing requirements and expectations of stakeholder groups, we are continuously and systematically developing these areas.
- **Productivity and flexibility.** Under pressure from declining prices for drugs, we need cost awareness in our operations and seamless co-operation between different parts of Orion to achieve the targeted profitability level. In addition, operations must be flexible and able to react rapidly to changes identified in the operating environment. Due to its size, Orion can be more agile than large companies and gain a competitive advantage from this.
- **Partnerships.** Our operations are almost in their entirety based on utilising worldwide networks in which well-managed partnerships and collaborations are a competitive advantage for us. This requires us to be unprejudiced and open to learning new things from our partners and collaborators. Partnerships must also be managed so that jointly agreed modes of operation and responsibilities are adopted at every level.
- **Competitive and strong portfolio,** which is crucial for our success. This requires from us continuous striving to renew the portfolio, which in addition to product development, acquisition or manufacturing, includes effective launching of products and management of their entire life cycle.
- **Strong corporate culture of working together,** the basis of which is valuable and important work for the customer. We want to be an excellent workplace and a responsible

and attractive employer that promotes the well-being of its personnel at work and continuously develops their expertise.

Strategic targets

The following strategic targets have been confirmed, and their achievement is monitored with clearly defined indicators:

- **Providing new innovative and cost-effective drugs and treatments for patients.** We launch a steady stream of new drugs and diagnostic tests into markets. The product development pipeline has balanced numbers of proprietary products and generic projects in different phases. In our research we aim for the best input/output ratio in the field.
- **Working together to benefit the customer.** Our personnel are committed and understand the needs of our customers. Our working atmosphere, our customer satisfaction and the image of Orion are outstanding.
- **Continuous improvement in operations as regards sustainability.** Patient safety is the most vital aspect of our corporate responsibility. The key to patient safety is that our products are safe when used appropriately. Managing the Company's environmental responsibilities is also an important part of sustainability. Our aims additionally include continuous development of our personnel's occupational safety and ability to cope with their work.
- **Growing faster than the markets.** Growth enables a company to develop and take manageable risks. This aim should be achieved by the Company as a whole and in the geographic and product areas in which Orion operates.
- **Strong development of profitability.**

Financial objectives

We have updated Orion's financial objectives. Through them we aim, as until now, to develop the Group's shareholder value and ensure financial stability and profitable growth.

Orion's financial objectives are:

- Increasing net sales. Achievement of this objective requires continuous investment in development of the product portfolio.
- Maintaining profitability at a good level, the aim being operating profit that exceeds 20% of net sales.
- Keeping the equity ratio at least 50%.
- Distributing an annual dividend that in the next few years will be at least EUR 1.20 per share, and increasing the dividend in the long term.

In the short term what actually happens may deviate from the objectives. Especially in 2015, the steadily growing business areas such as Specialty Products, Dexdor and Bufomix Easyhaler will not be able to compensate fully for the decrease in net sales and operating profit due to some rapid changes, such as extension of generic competition to Stalevo in Europe, declining royalties from Precedex and the timing of milestone payments. However, the negative impact due to Stalevo and Precedex is expected to level out in 2016 as growth in other areas starts to have a positive effect on development of the entire company.

Promising developments in the R&D project pipeline will probably somewhat increase the Company's research expenses in the next few years. However, agreements already made relating to research projects (Bayer/ODM-201, Janssen/ORM-12741) and possible new agreements with partners relating to other projects are expected to generate material upfront and milestone payments in coming years, and thereby have a positive effect on Orion's net sales and especially operating profit even before possible approval of new proprietary drugs and before the actual commencement of product sales.

Shares and shareholders

On 31 December 2014 Orion had a total of 141,257,828 (141,257,828) shares, of which 40,412,981 (42,022,816) were A shares and 100,844,847 (99,235,012) B shares. The Group's share capital was EUR 92,238,541.46 (92,238,541.46). At the end of December 2014 Orion held 569,665 (688,991) B shares as treasury shares. On 31 December 2014 the aggregate number of votes conferred by the A and B shares was 908,534,802 (939,002,341) excluding treasury shares.

At the end of December 2014, Orion had 51,917 (56,762) registered shareholders.

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 a General Meeting of Shareholders. The Company itself and Orion Pension Fund do not have the right to vote at an Orion Corporation General Meeting 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 within the limitation on the maximum number of shares of a class. In 2014 a total of 1,609,835 shares were converted.

Trading in Orion's shares

Orion's A shares and B shares are quoted on NASDAQ 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 2014 the market capitalisation of the Company's shares excluding treasury shares was EUR 3,596 million.

In 2014 a total of 2,595,181 A shares and 74,824,531 B shares were traded on NASDAQ Helsinki. The total value of the shares traded was EUR 1,982 million. During the year, 6% of the A shares and 75% of the B shares were traded. The average turnover in Orion's shares was 55%.

The price of Orion's A shares increased by 23% and the price of its B shares by 26% during 2014. On 31 December 2014 the closing quotation was EUR 25.03 for the A shares and EUR 25.77 for the B shares. The highest quotation for Orion's A shares in 2014 was EUR 31.11 and the lowest quotation was EUR 19.13. The highest quotation for the B shares in 2014 was EUR 31.33 and the lowest quotation was EUR 19.07.

Orion shares are also traded on various alternative trading platforms in addition to NASDAQ Helsinki. In 2014 NASDAQ Helsinki accounted for about 92% of the entire trading volume in Orion A shares. In 2014 NASDAQ Helsinki accounted for about 43% of the entire trading volume in Orion B shares (source: Fidessa Fragmentation Index).

Authorisations of the Board of Directors

Orion's Board of Directors was authorised by the Annual General Meeting on 19 March 2013 to decide on acquisition of shares in the Company and on a share issue in which shares held by the Company can be conveyed. The authorisation to acquire shares was utilised during 2013. The Board of Directors is authorised to decide on conveyance of no more than 600,000 Orion Corporation B shares held by the Company. The authorisation to issue shares is valid for five years from the decision taken by the Annual General Meeting. The terms and conditions of the authorisations were reported in more detail in a stock exchange release on 19 March 2013.

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

Share-based Incentive Plans

Orion has two currently operating share-based incentive plans for key persons of the Group, which were announced in stock exchange releases published on 18 February 2010 and 5 February 2013.

Share ownership

Orion's shares are in the book-entry system maintained by Euroclear Finland, and Euroclear Finland maintains Orion's official shareholder register.

At the end of 2014 Orion had a total of 51,917 (56,762) registered shareholders, of whom 95% (95%) were private individuals holding 43% (46%) of the entire share stock and 63% (64%) of the total votes. There were altogether 57 (48) million nominee-registered shares, which was 40% (34%) of all shares, and they conferred entitlement to 8% (7%) of the total votes.

At the end of December 2014 Orion held 569,665 (688,991) B shares as treasury shares, which is 0.4% (0.5%) of the Company's total share stock and 0.06% (0.07%) of the total votes.

Notification threshold

On 24 September 2014 Orion announced that on 22 September 2014 the total number of Orion Corporation B shares under the management of The Capital Group Companies, Inc. had decreased below five (5) per cent of all Orion Corporation shares. According to the notification, The Capital Group Companies, Inc. owned 6,975,982 Orion B shares, which was 4.9384% of the shares and 0.7586% of Orion's total number of votes.

Management's shareholdings

At the end of 2014, the members of the Board of Directors owned a total of 2,172,289 of the Company's shares, of which 1,825,264 were A shares and 347,025 B shares. At the end of 2014, the President and CEO owned 52,519 of the Company's shares, which were all B shares. The members of the Group's Executive Management Board (excluding the President and CEO) owned a total of 141,260 of the Company's shares, which were all B shares. Thus, the Company's executive management held 1.68% of all of the Company's shares and 4.07% of the total votes.

The Company does not have stock option programmes.

Personnel

The average number of employees in the Orion Group in 2014 was 3,493 (3,540). At the end of 2014 the Group had a total of 3,450 (3,519) employees, of whom 2,769 (2,816) worked in Finland and 681 (703) outside Finland.

Salaries and other personnel expenses in 2014 totalled EUR 219 (218) million.



Significant legal proceedings

Legal proceedings in the United States concerning patent No. 6,716,867

On 12 November 2010 Orion Corporation and Hospira, Inc. filed a patent infringement lawsuit in the United States against Sun Pharmaceutical Industries, Inc. (previously Caraco Pharmaceutical Laboratories, Ltd.) and Gland Pharma Ltd. to enforce Orion's and Hospira's joint patent No. 6,716,867, which protects Orion's proprietary drug Precedex[®] (dexmedetomidine hydrochloride 100 µg/ml).

In addition, there are also other patent infringement lawsuits pending in the United States relating to patent No. 6,716,867 with Hospira and Orion as plaintiffs.

Orion estimates that the costs of the aforesaid legal proceedings will not be material for the Company.

The previously reported lawsuit brought by Par Sterile Products, LLC against Hospira and Orion has since been settled.

Business Reviews

Pharmaceuticals

Review of human pharmaceuticals market

Finland is the most important individual market for Orion, generating about one-quarter of the total net sales. According to IMS Health statistics, **Finnish wholesale of human pharmaceuticals** in 2014 was up by 5% on the previous year at EUR 2,167 (2,070) million. Orion was able to increase its sales and maintained its position as leader in marketing pharmaceuticals in Finland. According to statistics collected by IMS Health, **Orion's wholesale of human pharmaceuticals in Finland** in 2014 amounted to EUR 251 (233) million, up by 8% compared with the previous year. Orion's market share of Finnish pharmaceuticals markets was 12% (11%).

The most important individual therapy area for Orion is still the treatment of Parkinson's disease. Orion's branded Parkinson's drugs containing entacapone (Stalevo[®], Comtess[®] and Comtan[®]) accounted for about one-sixth of the Group's net sales in 2014.

Total sales of all Parkinson's drugs:

EUR or USD million		MAT9/2014	MAT9/2013	Change %
United States	USD	810	751	+8%
Europe TOP 5	EUR	996	978	+2%
Japan	EUR	497	523	-5%

Source: IMS Health pharmaceutical sales statistics MAT9/2014 (10/2013-9/2014)

The five largest European markets for Parkinson's disease drugs were Germany, the United Kingdom, France, Spain and Italy. The size of the Japanese market as a whole decreased due to depreciation of the yen exchange rate. Measured in terms of local currency, sales of Orion's Parkinson's drugs grew in Japan.

Total sales of all Parkinson's drugs containing entacapone:

EUR or USD million		MAT9/2014	MAT9/2013	Change %
United States	USD	119	153	-22%
Europe TOP 5	EUR	147	153	-4%
Japan	EUR	53	59	-10%

Source: IMS Health pharmaceutical sales statistics MAT9/2014 (10/2013-9/2014)

Total sales of Orion's branded Parkinson's drugs:

EUR or USD million		MAT9/2014	MAT9/2013	Change %
United States	USD	20	37	-47%
Europe TOP 5	EUR	127	131	-4%
Japan	EUR	53	59	-10%

Source: IMS Health pharmaceutical sales statistics MAT9/2014 (10/2013-9/2014)

Sales of Orion's branded Parkinson's drugs decreased in the United States due the trend to generics in the market and in Japan due to depreciation of the yen exchange rate. The market share of Orion's branded Parkinson's drugs was 2% in the United States, on average 13% in the five largest European markets and 11% in Japan.

According to IMS Health pharmaceutical sales statistics, sales of **Precedex[®] intensive care sedative** (dexmedetomidine) were up by 10% at USD 401 million in the 12-month period ending in September 2014 (USD 365 million in the previous 12-month period). The largest market, with sales of USD 335 (305) million, was the United States, where Precedex sales grew by 10%. IMS Health pharmaceutical sales statistics have become more comprehensive as regards reporting of Precedex, following which the figures for the reported

period and comparative period are greater than as previously. Generic competition to Precedex in the United States commenced in August 2014, but the effect of competition was not yet significant in the figures reported by IMS Health for the period ending in September 2014.

According to IMS Health pharmaceutical sales statistics, total sales of the most common intravenous anaesthetics and intensive care sedatives (propofol, midazolam, remifentanyl and dexmedetomidine) in Europe in the 12-month period ending in September 2014 were up by 3% at EUR 490 (476) million. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in September 2014 sales of Orion's **Dexdor[®] intensive care sedative** (dexmedetomidine) were up by 29% at EUR 26 (20) million in Europe.

Net sales and operating profit of the Pharmaceuticals business

Net sales of the Pharmaceuticals business in 2014 were EUR 962 (953) million. The operating profit of the Pharmaceuticals business was EUR 276 (273) million, including milestone payments of EUR 39 (5) million. The operating profit of the Pharmaceuticals business was 29% (29%) of the segment's net sales.

Net sales of Orion's top ten pharmaceuticals in 2014 were down by 7% at EUR 422 (455) million. They accounted for 44% (48%) of the total 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[®] pulmonary drugs.

Net sales of Proprietary Products in 2014 were down by 4% at EUR 373 (390) million.

Orion's drugs for treatment of Parkinson's disease are Stalevo[®] (active ingredients carbidopa, levodopa and entacapone) and Comtess[®]/Comtan[®] (entacapone). Their total net sales in 2014 were down by 18% at EUR 169 (207) million. In the United States Orion's Parkinson's drugs have several generic competitors. In Europe Comtess and Comtan have several generic competitors, and generic competition to Stalevo commenced in Germany in 2014.

Breakdown of sales of Parkinson's drugs:

EUR million	2014	2013	Change %
Stalevo deliveries to Novartis	73	81	-11%
Comtan deliveries to Novartis	26	34	-23%
Orion's Stalevo sales	64	84	-23%
Orion's Comtess sales	7	9	-21%

After the review period Orion received notification that the US Food and Drug Administration (FDA) had completed the safety review of Stalevo that began in spring 2009. Epidemiological studies undertaken at the request of the FDA indicate that Stalevo does not increase the risk of myocardial infarction or prostate cancer. According to the FDA statement, the additional studies undertaken are sufficient and there is no need for further studies or actions.

Net sales of Simdax[®], a drug for treatment of acute decompensated heart failure, in 2014 were up by 2% at EUR 47 (46) million.

Total net sales of the Easyhaler[®] product family for treatment of asthma and chronic obstructive pulmonary disease were up by 22% in 2014 at EUR 35 (29) million. The increase was due to good development of sales of monoproductions that have been on the markets for a long time and sales of Bufomix Easyhaler[®] (budesonide-formoterol), the new combined formulation in the product family. Sales of Bufomix Easyhaler totalled EUR 3 (0) million in 2014. Bufomix Easyhaler received national marketing authorisations in over twenty European countries in 2014 and processing of the national phase of marketing authorisation application is still ongoing in Greece and Italy. Sales of Bufomix Easyhaler have commenced in more than ten countries, but because it is not within generic substitution in pharmacies, growth is slower than for ordinary generic products, especially in the launch phase. In 2014 Orion and Takeda terminated the

collaboration agreement relating to co-promoting of Easyhaler combined formulations in Europe. Collaboration regarding the Middle East and North Africa remains unchanged, and the agreement has been extended to cover certain other African countries too. In Europe Orion currently markets the products through its own sales network and local partners.

Net sales of the Precedex[®] intensive care sedative (dexmedetomidine) were down by 50% in 2014 at EUR 30 (59) million. In the United States and markets outside Europe the sedative is sold by Orion's partner Hospira. Following the expiry of the Precedex basic patent in the United States in January, the royalties received by Orion from Hospira decreased. The decline in sales recorded by Orion accelerated in August when the first generic competitors entered the US market. Most of the net sales of Precedex has come from the United States.

Net sales of Orion's Dexdor[®] intensive care sedative (dexmedetomidine) in 2014 were up by 39% at EUR 35 (25) million.

Specialty Products

Net sales of the Specialty Products business division's off-patent, i.e. generic prescription drugs, self-care products and biosimilars in 2014 were up by 11% at EUR 427 (385) million. Sales of generic entacapone products were up by 151% at EUR 26 (10) million. Sales of products from the rest of the portfolio were up by 7%.

Finland, Scandinavia, and Eastern Europe and Russia are the most important markets for Specialty Products. The business division's sales in Finland in 2014 were up by 9% at EUR 256 (234) million. Orion managed to increase its sales, especially in prescription drugs. Sales were up by 21% at EUR 50 (42) million in Scandinavia and sales were EUR 56 (56) million in Eastern Europe and Russia. Depreciation of the rouble weakened the development of sales in Eastern Europe and Russia.

Net sales of Remsima[®] for treatment of rheumatoid arthritis among other things were EUR 6 million in 2014. Remsima is a biosimilar infliximab developed and manufactured by Orion's collaboration partner, for which Orion has marketing rights in Finland, Scandinavia and the Baltic States.

Animal Health

In the Nordic countries and some Eastern European markets Orion itself sells veterinary drugs, and in other markets the Company operates through partners. In addition, in the Nordic countries Orion markets and sells veterinary drugs manufactured by several other companies. Orion's Animal Health business division has a strong market position in the Nordic countries, its home markets.

Net sales of the Animal Health business division in 2014 were EUR 70 (71) million. Sales of the animal sedative product family at EUR 25 (25) million accounted for 35% (35%) of the division's net sales. The product family comprises Orion's animal sedatives Dexdomitor[®] (dexmedetomidine), Domitor[®] (medetomidine) and Domosedan[®] (detomidine), and antagonist Antisedan[®] (atipamezole), which reverses the effects of the sedatives.

Fermion

Fermion manufactures active pharmaceutical ingredients for Orion and other pharmaceutical companies. Its product range comprises nearly 30 pharmaceutical ingredients. Fermion's net sales in 2014 excluding pharmaceutical ingredients supplied for Orion's own use were down by 10% at EUR 57 (64) million and accounted for about two-thirds of Fermion's entire net sales. Significant sales of one individual product clearly increased net sales in the comparative period. Net sales from rest of the product range were slightly higher in 2014 than in the previous year. Several key products performed well, even though competition in the markets remained intense. Arto Toivonen became President of Fermion on 1 January 2015.

Research and development projects

The Group's **R&D expenses** in 2014 were up by 4% at EUR 106 (102) million, of which the Pharmaceuticals business accounted for EUR 99 (94) million. The Group's R&D expenses accounted for 11% (10%) of the Group's net sales. R&D expenses also include expenses related to development of the current portfolio.

In 2014 Orion commenced global collaboration with Bayer in the development and commercialisation of an investigational novel oral **androgen receptor inhibitor (ODM-201)**. ODM-201 is in clinical development for the treatment of patients with prostate cancer. Bayer and Orion jointly have started a Phase III clinical trial for further evaluation of the efficacy and safety of ODM-201 in patients with non-metastatic castration-resistant prostate cancer (nm-CRPC).

Orion has an ongoing project to broaden the range of the inhalable **Easyhaler® drugs** product family. Orion is developing a **fluticasone-salmeterol combined formulation** for European markets. In this formulation fluticasone acts as an anti-inflammatory agent and salmeterol acts as a long-acting bronchodilator.

Orion has commenced additional trials with the **Bufomix Easyhaler® combined formulation (budesonide-formoterol)**. The aim is to obtain marketing authorisation for the product in at least some of the European countries that were not included in the decentralised marketing authorisation application process. In this formulation budesonide acts as an anti-inflammatory agent and formoterol acts as a long-acting bronchodilator.

Orion is continuing development of an **alpha-2c adrenoceptor antagonist (ORM-12741)** for treatment of symptoms of Alzheimer's disease in collaboration with Janssen Pharmaceuticals Inc. In the initial Phase IIa clinical trial conducted by Orion, the efficacy and safety of the drug candidate in treatment of cognitive and behavioural symptoms related to Alzheimer's disease were investigated with positive results. In 2014 Orion and Janssen focussed on optimising the drug composition, and Orion is preparing to commence a new Phase IIa clinical trial with the drug candidate.

Orion has completed Phase I clinical safety trials with new **COMT inhibitors (ODM-103 and ODM-104)**. Based on the results obtained, Orion has decided to select ODM-104 for further development and is preparing to commence Phase II clinical trials with the molecule. ODM-104 is a new molecule that enhances the therapeutic effects of levodopa used to treat Parkinson's disease by blocking the COMT enzyme. The pre-clinical and pharmacokinetic study results indicated that it is more effective than the COMT inhibitor entacapone, which is already in the markets.

Orion has commenced Phase I clinical safety trials with a new targeted FGFR+VEGFR inhibitor (**ODM-203**) for treatment of cancers. Pre-clinical study results indicate that ODM-203 slows growth of certain solid cancerous tumours.

Orion is commencing Phase I clinical safety trials with a unique investigational **CYP17 enzyme and androgen receptor inhibitor (ODM-204)**. The pre-clinical study results indicated that ODM-204 blocks the growth of castration-resistant prostate cancer (CRPC).

Orion is commencing Phase I safety trials with a **GABA-B receptor positive allosteric modulator (ODM-106)** for treatment of symptoms of essential tremor (ET). Preclinical studies indicate that ODM-106 has the potential to alleviate essential tremor, parkinsonian tremor and levodopa-induced dyskinesia in patients with Parkinson's disease, without causing sedation.

Orion's partner Tenax Therapeutics, Inc. (formerly Oxygen Biotherapeutics, Inc.) will develop and commercialise **levosimendan** in US and Canadian markets for a new cardiovascular indication, prevention of low cardiac output syndrome (LCOS) in cardiac surgery patients. The company has an ongoing Phase III clinical trial. Orion's collaboration partner Recro Pharma, Inc. is developing an intranasal formulation of **dexmedetomidine** for treatment of pain. Recro has an ongoing Phase IIb clinical trial with patients suffering from post-operative pain.

In addition, Orion has several projects in the early research phase investigating central nervous system diseases, cancer and neuropathic pain, among others.

Diagnositics

Orion Diagnostica manufactures convenient and quick in vitro diagnostic tests and testing systems suitable for point-of-care testing. Net sales of the Diagnostics business in 2014 were EUR 56 (57) million. Net sales in the comparative period included sales of products discontinued in 2013.

QuikRead[®] infection tests remained the main product, with sales continuing to increase. Launching of new QuikRead go[®] tests progressed as planned in 2014. With the QuikRead go[®] hsCRP+Hb test, two results – for CRP and haemoglobin – can be obtained from a single sample. The QuikRead go[®] iFOBT (Faecal Occult Blood) quantitative test is helpful in screening gastrointestinal disorders.

At the end of the review period the first new Orion GenRead[®] test system products were released for sale – an instrument and a *C. difficile* test for detecting intestinal *Clostridium difficile* infection occurring during antibiotic treatment. Orion GenRead[®] is based on an isothermal nucleic acid amplification technique, SIBA[®] technology, global rights to which are owned by Orion Diagnostica in all fields of application.

The QuikRead go[®] Feeder instrument was also released for sale during the review period. It offers increased automation for users handling large test volumes.

The operating profit of the Diagnostics business was up by 38% at EUR 6.4 (4.6) million. The operating profit in the comparative period included EUR 1.4 million of costs related to contraction of the product portfolio, closure of the Turku manufacturing plant and personnel reductions.

Espoo, 4 February 2015

Board of Directors of Orion Corporation

Orion Corporation

Timo Lappalainen
President and CEO

Jari Karlson
CFO

Tables

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q4/14	Q4/13	Change %	2014	2013	Change %
Net sales	255.3	272.6	-6.3%	1,015.3	1,006.9	+0.8%
Cost of goods sold	-106.2	-106.6	-0.4%	-401.7	-393.5	+2.1%
Gross profit	149.1	166.0	-10.2%	613.6	613.4	
Other operating income and expenses	2.1	2.2	-4.8%	1.7	5.6	-68.8%
Sales and marketing expenses	-55.5	-60.2	-7.8%	-193.4	-204.9	-5.6%
R&D expenses	-28.3	-29.7	-4.9%	-106.2	-101.9	+4.2%
Administrative expenses	-12.1	-12.4	-2.5%	-43.3	-44.5	-2.7%
Operating profit	55.3	65.8	-16.1%	272.4	267.7	+1.8%
Finance income	0.7	1.0	-24.6%	4.8	4.4	+11.3%
Finance expenses	-2.2	-2.4	-6.7%	-9.9	-8.3	+19.2%
Share of associated companies' results				0.4	0.3	+55.6%
Profit before taxes	53.8	64.5	-16.5%	267.8	264.0	+1.4%
Income tax expense	-13.0	-8.8	+47.9%	-56.6	-57.8	-2.2%
Profit for the period	40.8	55.7	-26.7%	211.3	206.2	+2.5%

OTHER COMPREHENSIVE INCOME INCLUDING TAX EFFECTS

Change in value of cash flow hedges	0.0	0.0		0.0	0.1	
Change in value of available-for-sale investments	0.4			4.1		
Translation differences	-0.9	-0.3		0.6	-1.3	
Items that may be reclassified subsequently to profit and loss	-0.5	-0.3		4.7	-1.2	
Items due to remeasurement of defined benefit plans	-41.3	-9.7		-41.3	-9.7	
Items that will not be reclassified to profit and loss	-41.3	-9.7		-41.3	-9.7	
Other comprehensive income net of tax	-41.7	-10.1		-36.5	-10.9	
Comprehensive income for the period including tax effects	-0.9	45.6	-102.0%	174.7	195.3	-10.5%

PROFIT ATTRIBUTABLE TO:

Owners of the parent company	40.8	55.7	-26.7%	211.3	206.2	+2.5%
Non-controlling interests	0.0	0.0		0.0	0.0	

COMPREHENSIVE INCOME ATTRIBUTABLE TO:

Owners of the parent company	-0.9	45.6	-102.0%	174.7	195.3	-10.5%
Non-controlling interests	0.0	0.0		0.0	0.0	

Basic earnings per share, EUR ¹⁾	0.29	0.40	-26.6%	1.50	1.46	+2.7%
Diluted earnings per share, EUR ¹⁾	0.29	0.40	-26.6%	1.50	1.46	+2.7%
Depreciation, amortisation and impairment	10.7	10.9	-2.0%	39.6	38.5	+2.9%
Personnel expenses	58.1	61.3	-5.2%	219.2	218.1	+0.5%

1) The figure has been calculated from the profit attributable to the owners of the parent company.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR million	12/14	12/13	Change %
Property, plant and equipment	269.1	247.3	+8.8%
Goodwill	13.5	13.5	
Intangible rights	47.7	54.0	-11.7%
Other intangible assets	2.7	3.3	-16.4%
Investments in associates	2.1	1.7	+25.0%
Available-for-sale investments	5.6	0.5	
Pension asset		26.6	-100.0%
Deferred tax assets	6.7	1.2	+457.3%
Other non-current assets	1.6	1.2	+34.8%
Non-current assets total	349.1	349.2	
Inventories	178.7	195.5	-8.6%
Trade receivables	174.0	169.9	+2.4%
Other receivables	41.2	49.7	-17.1%
Money market investments	73.0		
Cash and cash equivalents	185.5	214.7	-13.6%
Current assets total	652.4	629.8	+3.6%
Assets total	1,001.5	979.0	+2.3%

EQUITY AND LIABILITIES

EUR million	12/14	12/13	Change %
Share capital	92.2	92.2	
Expendable fund	0.5	0.5	
Other reserves	5.9	1.6	+270.4%
Retained earnings	416.3	419.6	-0.8%
Equity attributable to owners of the parent company	514.9	513.9	+0.2%
Non-controlling interests	0.0	0.0	-85.2%
Equity total	514.9	513.9	+0.2%
Deferred tax liabilities	30.1	32.1	-6.1%
Pension liability	31.1	1.6	
Provisions	0.4	0.1	+292.5%
Interest-bearing non-current liabilities	210.0	233.3	-10.0%
Other non-current liabilities	0.2	0.5	-64.3%
Non-current liabilities total	271.8	267.6	+1.6%
Trade payables	66.6	60.0	+11.0%
Current tax liabilities	1.1	1.7	-35.7%
Other current liabilities	122.5	111.2	+10.2%
Provisions		0.1	-100.0%
Interest-bearing current liabilities	24.5	24.5	-0.2%
Current liabilities total	214.7	197.5	+8.7%
Liabilities total	486.5	465.1	+4.6%
Equity and liabilities total	1,001.5	979.0	+2.3%

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- a. Share capital
- b. Expendable fund
- c. Other reserves
- d. Items due to remeasurement of defined benefit plans
- e. Translation differences
- f. Retained earnings
- g. Non-controlling interests

h. Equity total

EUR million	Equity attributable to owners of the parent company							g.	h.
	a.	b.	c.	d.	e.	f.			
Equity at 31 December 2012									
before change in accounting policies	92.2	0.5	0.8		-2.6	420.5	0.0		511.3
Effect of change in accounting policies				0.2		-2.0			-1.8
Equity at 1 January 2013	92.2	0.5	0.8	0.2	-2.6	418.4	0.0		509.6
Profit for the period						206.2			206.2
Other comprehensive income:									
Change in value of cash flow hedges			0.1						0.1
Translation differences					-1.3				-1.3
Items due to remeasurement of defined benefit plans				-9.7					-9.7
Transactions with owners									
Dividend and capital repayment						-183.4			-183.4
Treasury shares						-9.6			-9.6
Share-based incentive plan						2.2			2.2
Other adjustments			0.7			-0.8	0.0		-0.2
Equity at 31 December 2013	92.2	0.5	1.6	-9.5	-3.9	433.0	0.0		513.9
Profit for the period						211.3			211.3
Other comprehensive income:									
Change in value of cash flow hedges			0.0						0.0
Change in value of available-for-sale investments			4.1						4.1
Translation differences					0.6				0.6
Items due to remeasurement of defined benefit plans				-41.3					-41.3
Transactions with owners									
Dividend and capital repayment						-175.9			-175.9
Share-based incentive plan						2.4			2.4
Other adjustments			0.2			-0.4	-0.0		-0.3
Equity at 31 December 2014	92.2	0.5	5.9	-50.8	-3.3	470.4	0.0		514.9

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	2014	2013
Operating profit	272.4	267.7
Adjustments	47.8	42.2
Change in working capital	43.2	-21.9
Interest paid	-9.6	-6.1
Interest received	3.5	3.7
Dividends received	0.2	0.3
Income taxes paid	-60.9	-70.8
Total net cash flow from operating activities	296.7	215.2
Investments in property, plant and equipment	-51.5	-65.9
Investments in intangible assets	-4.9	-7.4
Sales of property, plant and equipment and available-for-sale investments	1.5	2.0
Sales of intangible assets		0.0
Total net cash flow from investing activities	-54.9	-71.3
Current loans raised	1.9	41.6
Repayments of current loans	-3.2	-42.6
Non-current loans raised		149.0
Repayments of non-current loans	-23.0	-28.1
Treasury shares		-9.6
Dividends paid and other distribution of profits	-176.2	-183.7
Total net cash flow from financing activities	-200.5	-73.5
Net change in cash and cash equivalents	41.2	70.3
Cash and cash equivalents at the beginning of the period	214.7	145.2
Foreign exchange differences	2.6	-0.9
Net change in cash and cash equivalents	41.2	70.3
Cash and cash equivalents at the end of the period	258.5	214.7
Reconciliation of cash and cash equivalents in statement of financial position		
Cash and cash equivalents in statement of financial position at the end of the period	185.5	214.7
Money market investments at the end of the period	73.0	
Cash and cash equivalents in the statement of cash flows	258.5	214.7

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	12/14	12/13
Carrying amount at the beginning of the period	247.3	205.3
Additions	51.5	70.1
Disposals	-1.7	-1.8
Depreciation and impairments	-27.9	-26.2
Carrying amount at the end of the period	269.1	247.3

CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	12/14	12/13
Carrying amount at the beginning of the period	57.3	62.3
Additions	5.1	7.5
Disposals	-0.2	-0.2
Amortisation and impairments	-11.8	-12.3
Carrying amount at the end of the period	50.4	57.3

COMMITMENTS AND CONTINGENCIES

EUR million	12/14	12/13
CONTINGENCIES FOR OWN LIABILITIES		
Mortgages on land and buildings	32.0	32.0
Guarantees	2.7	2.4
OTHER LIABILITIES		
Leasing liabilities (excluding finance lease contracts)	8.1	6.4
Other liabilities	0.3	0.3

DERIVATIVES

EUR million	12/14	12/13
CURRENCY FORWARD CONTRACTS AND CURRENCY SWAPS		
Fair value, EUR million	1.1	0.5
Nominal value, EUR million	51.3	67.8
CURRENCY OPTIONS		
Fair value, EUR million	0.2	0.1
Nominal value, EUR million	39.7	47.2
INTEREST RATE SWAPS		
Fair value, EUR million	-0.1	-0.2
Nominal value, EUR million	15.2	18.8
ELECTRICITY DERIVATIVES		
Fair value, EUR million	-0.3	-0.7
Nominal amount, GWh	22	57

FAIR VALUE MEASUREMENT AND HIERARCHY OF FINANCIAL INSTRUMENTS

EUR million	Level 1	Level 2	Level 3	Total
Assets				
Derivatives				
Currency derivatives		1.7		1.7
Available-for-sale financial assets				
Shares and investments	5.3		0.3	5.6
Interest-bearing instruments		73.0		73.0
Assets total	5.3	74.7	0.3	80.3
Liabilities				
Derivatives				
Currency derivatives		-0.4		-0.4
Interest rate swaps		-0.1		-0.1
Electricity derivatives	-0.3			-0.3
Liabilities total	-0.3	-0.5		-0.8

The fair value of level 1 financial instruments is based on quotations available in active markets. The fair value of level 2 financial instruments is based on data feeds available in the markets. The fair value of level 3 derivatives cannot be estimated on the basis of data available in the markets.

In the Group the principle is applied that transfers between levels of fair value hierarchy are recognised on the date on which the event triggering the transfer occurred. During the financial period about EUR 5.3 million of shares and investments were transferred from level 3 to level 1 because a market price could then be found for the share. Following the share revaluation, EUR 5.1 million of income (excluding tax effect) was recognised in other comprehensive income. The income is disclosed in the row "Change in value of available-for-sale investments".

RELATED PARTY TRANSACTIONS

EUR million	2014	2013
Management's employment benefits	6.8	6.4

Operating segment performance

NET SALES BY BUSINESS DIVISION

EUR million	Q4/14	Q4/13	Change %	2014	2013	Change %
Pharmaceuticals	241.5	259.8	-7.0%	962.0	953.0	+0.9%
Proprietary Products	88.5	105.5	-16.1%	373.4	390.4	-4.4%
Specialty Products	116.8	105.9	+10.3%	427.1	384.9	+11.0%
Animal Health	20.2	18.3	+10.3%	70.2	70.8	-0.8%
Fermion	11.0	17.4	-36.7%	56.9	63.5	-10.4%
Contract manufacturing and other	5.1	12.7	-60.0%	34.3	43.3	-20.8%
Diagnostics	14.5	13.7	+6.2%	56.4	57.1	-1.2%
Group items	-0.8	-0.8	-10.4%	-3.1	-3.2	-2.8%
Group total	255.3	272.6	-6.3%	1,015.3	1,006.9	+0.8%

OPERATING PROFIT BY BUSINESS AREA

EUR million	Q4/14	Q4/13	Change %	2014	2013	Change %
Pharmaceuticals	56.9	67.9	-16.3%	275.7	272.9	+1.0%
Diagnostics	1.5	0.7	+101.1%	6.4	4.6	+37.6%
Group items	-3.1	-2.8	+9.9%	-9.6	-9.8	-1.8%
Group total	55.3	65.8	-16.1%	272.4	267.7	+1.8%

NET SALES BY ANNUAL QUARTERS

EUR million	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Pharmaceuticals	241.5	226.2	264.8	229.5	259.8	224.1	235.0	234.2
Diagnostics	14.5	12.8	12.7	16.3	13.7	13.5	14.0	15.9
Group items	-0.8	-0.6	-0.9	-0.8	-0.8	-0.7	-0.9	-0.8
Group total	255.3	238.3	276.7	245.0	272.6	236.9	248.0	249.4

OPERATING PROFIT BY ANNUAL QUARTERS

EUR million	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Pharmaceuticals	56.9	63.8	88.3	66.7	67.9	66.7	64.4	73.9
Diagnostics	1.5	1.7	0.6	2.6	0.7	2.0	-0.4	2.3
Group items	-3.1	-1.8	-2.9	-1.9	-2.8	-2.2	-2.9	-2.0
Group total	55.3	63.8	86.0	67.4	65.8	66.6	61.1	74.1

GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

EUR million	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Finland	79.6	73.5	72.0	70.4	71.5	67.6	67.7	67.8
Scandinavia	35.6	31.7	34.6	33.3	33.0	30.7	34.5	32.5
Other Europe	89.1	81.3	104.9	79.1	91.9	77.6	83.6	75.7
North America	24.5	15.2	34.0	30.7	45.2	32.7	33.6	34.5
Other markets	26.5	36.6	31.2	31.5	31.0	28.2	28.8	38.8
Group total	255.3	238.3	276.7	245.0	272.6	236.9	248.0	249.4



Business reviews

KEY FIGURES FOR PHARMACEUTICALS BUSINESS

EUR million	Q4/14	Q4/13	Change %	2014	2013	Change %
Net sales	241.5	259.8	-7.0%	962.0	953.0	+0.9%
Operating profit	56.9	67.9	-16.3%	275.7	272.9	+1.0%
% of net sales	23.6%	26.2%		28.7%	28.6%	
R&D expenses	26.3	27.6	-4.7%	99.1	93.9	+5.5%
% of net sales	10.9%	10.6%		10.3%	9.9%	
Capital expenditure	12.1	18.6	-35.0%	51.3	73.8	-30.4%
% of net sales	5.0%	7.2%		5.3%	7.7%	
Sales revenue from proprietary products	93.1	113.9	-18.3%	363.3	418.5	-13.2%
Assets				669.4	704.3	
Liabilities				180.7	160.1	
Personnel at the end of the period				3,131	3,208	

TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

EUR million	Q4/14	Q4/13	Change %	2014	2013	Change %
Stalevo [®] , Comtess [®] and Comtan [®] (Parkinson's disease)	39.3	51.0	-23.0%	169.2	206.8	-18.2%
Simdax [®] (acute decompensated heart failure)	12.4	12.8	-3.4%	47.1	46.0	+2.3%
Easyhaler [®] product family (asthma, COPD)	10.7	8.0	+33.0%	35.3	28.9	+21.9%
Dexdor [®] (intensive care sedative)	10.5	7.4	+43.1%	35.2	25.3	+39.1%
Precedex [®] (intensive care sedative)	4.9	18.5	-73.4%	29.8	59.1	-49.5%
Generic entacapone products (Parkinson's disease)	6.0	3.4	+77.6%	25.5	10.2	+150.8%
Dexdomitor [®] , Domitor [®] , Domosedan [®] and Antisedan [®] (animal sedatives)	8.9	6.8	+29.5%	24.7	24.8	-0.5%
Burana [®] (inflammatory pain)	6.2	6.1	+3.2%	23.1	23.2	-0.4%
Marevan [®] (anticoagulant)	4.6	4.3	+8.6%	17.2	16.1	+7.2%
Divina [®] range (menopausal symptoms)	4.6	4.4	+4.9%	14.7	14.8	-1.0%
Total	108.1	122.7	-11.9%	421.9	455.2	-7.3%
Share of pharmaceutical net sales	45%	47%		44%	48%	

KEY FIGURES FOR DIAGNOSTICS BUSINESS

EUR million	Q4/14	Q4/13	Change %	2014	2013	Change %
Net sales	14.5	13.7	+6.2%	56.4	57.1	-1.2%
Operating profit	1.5	0.7	+101.1%	6.4	4.6	+37.6%
% of net sales	10.3%	5.4%		11.3%	8.1%	
R&D expenses	2.0	2.2	-8.5%	7.2	8.3	-12.9%
% of net sales	13.6%	15.7%		12.8%	14.5%	
Capital expenditure	2.1	1.2	+66.2%	6.3	3.3	+91.2%
% of net sales	14.2%	9.1%		11.3%	5.8%	
Assets				48.9	47.3	
Liabilities				16.5	16.6	
Personnel at the end of the period				296	287	

Information on Orion's shares

BASIC SHARE INFORMATION 31 DECEMBER 2014

	A shares	B shares	Total
Trading code on NASDAQ OMX Helsinki	ORNAV	ORNBV	
Listing day	1 July 2006	1 July 2006	
ISIN code	FI0009014369	FI0009014377	
ICB code	4500	4500	
Reuters code	ORNAV.HE	ORNBV.HE	
Bloomberg code	ORNAV.FH	ORNBV.FH	
Share capital, EUR million	26.4	65.8	92.2
Counter book value per share, EUR	0.65	0.65	
Total number of shares	40,412,981	100,844,847	141,257,828
% of total share stock	29%	71%	100%
Number of treasury shares		569,665	569,665
Total number of shares excluding treasury shares	40,412,981	100,275,182	140,688,163
Minimum number of shares			1
Maximum number of A and B shares, and maximum number of all shares	500,000,000	1,000,000,000	1,000,000,000
Votes per share	20	1	
Number of votes excluding treasury shares	808,259,620	100,275,182	908,534,802
% of total votes	89%	11%	100%
Total number of shareholders	17,343	40,459	51,917

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

INFORMATION ON TRADING ON NASDAQ HELSINKI 1 JANUARY – 31 DECEMBER 2014

	A shares	B shares	Total
Shares traded	2,595,181	74,824,531	77,419,712
% of the total number of shares	6.3%	74.9%	54.8%
Trading volume, EUR million	66.7	1,914.9	1,981.6
Closing quotation on 31 December 2013, EUR	20.35	20.42	
Lowest quotation, EUR (A and B 4 February 2014)	19.13	19.07	
Average quotation, EUR	25.70	25.59	
Highest quotation, EUR (A and B 30 September 2014)	31.11	31.33	
Closing quotation on 31 December 2014, EUR	25.03	25.77	
Market capitalisation on 31 December 2014 excluding treasury shares, EUR million	1,011.5	2,584.1	3,595.6

PERFORMANCE PER SHARE

	Q4/14	Q4/13	Change %	2014	2013	Change %
Basic earnings per share, EUR	0.29	0.40	-26.6%	1.50	1.46	+2.7%
Diluted earnings per share, EUR	0.29	0.40	-26.6%	1.50	1.46	+2.7%
Cash flow per share before financial items, EUR	0.38	0.46	-17.0%	1.72	1.02	+68.4%
Equity per share, EUR				3.66	3.66	+0.1%
Proposed dividend per share, EUR				1.30	1.25	+4.0%
Proposed payout ratio, %				86.7%	85.6%	
Total proposed dividend, EUR million				182.9	175.7	+4.1%
Effective dividend yield according to proposal, %						
A share				5.2%	6.1%	
B share				5.0%	6.1%	
Price/earnings ratio (P/E)						
A share				16.69	13.94	+19.7%
B share				17.18	13.99	+22.8%
Average number of shares excluding treasury shares, 1,000 shares	140,688	140,909		140,668	141,006	

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 other, 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 the IAS and IFRS standards as well as SIC and IFRIC interpretations effective at 31 December 2014.

- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosures of Interests in Other Entities
- An amendment to transitional provisions relating to the following standards: IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements, and IFRS 12 Disclosures of Interests in Other Entities
- IAS 28 (revised), Associates and Joint Ventures
- IAS 32 (amendment), Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- IAS 36 (amendment), Impairment of Assets
- IAS 39 (amendment), Financial Instruments: Recognition and Measurement
- IFRIC 21, Levies

The effects of the new IFRS 11 on the consolidated financial statements are described below. The other new IFRS standards and amendments or improvements to them had no material effect on the consolidated financial statements.

IFRS 11, Joint Arrangements

The Group applies the new IFRS 11 to accounting for joint arrangements. Joint arrangements are either joint ventures or joint operations.

Joint operations are joint arrangements that have been implemented without a separate investment instrument or in which the legal form of the arrangement is such that the parties have direct rights to certain assets or obligations for certain liabilities. Joint operations are incorporated into the consolidated financial statements in accordance with the proportional interest in the joint operation. Expenses for research and development projects that are classified as joint operations are included in the Group's research and development expenses. The portion of the expenses that corresponds to the Group's contractual share of a project is recognised as an expense.

Joint ventures are joint arrangements in which the parent companies or subsidiaries have joint control of an entity that is not part of the Group and in which a parent company or subsidiary has rights to the net assets of the arrangement. Associates and joint ventures are incorporated into the consolidated financial statements using the equity method of accounting.

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

Other matters

The data in this financial review are audited.

The figures in parentheses are for the corresponding period of the previous year. All the figures in this report have been rounded, which is why the total sums of individual figures may differ from the total sums shown.

CALCULATION OF THE KEY FIGURES

Return on capital employed (ROCE), %	=	$\frac{\text{Profit before taxes + Interest and other finance expenses}}{\text{Total assets - Non-interest-bearing liabilities (average during the period)}} \times 100$
Return on equity (ROE), %	=	$\frac{\text{Profit for the period}}{\text{Total equity (average during the period)}} \times 100$
Equity ratio, %	=	$\frac{\text{Equity}}{\text{Total assets - Advances received}} \times 100$
Gearing, %	=	$\frac{\text{Interest-bearing liabilities - Cash and cash equivalents - Money market investments}}{\text{Equity}} \times 100$
Earnings per share, EUR	=	$\frac{\text{Profit available for the owners of the parent company}}{\text{Average number of shares during the period, excluding treasury shares}}$
Cash flow per share before financial items, EUR	=	$\frac{\text{Cash flow from operating activities + Cash flow from investing activities}}{\text{Average number of shares during the period, excluding treasury shares}}$
Equity per share, EUR	=	$\frac{\text{Equity of the owners of the parent company}}{\text{Number of shares at the end of the period, excluding treasury share}}$
Dividend per share, EUR	=	$\frac{\text{Dividend to be distributed for the period}}{\text{Number of shares at the end of the period, excluding treasury shares}}$
Payout ratio, %	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Effective dividend yield, %	=	$\frac{\text{Dividend per share}}{\text{Closing quotation of the period}} \times 100$
Price/earnings ratio (P/E)	=	$\frac{\text{Closing quotation of the period}}{\text{Earnings per share}}$
Average share price, EUR	=	$\frac{\text{Total EUR value of shares traded}}{\text{Average number of traded shares during the period}}$
Market capitalisation, EUR million	=	Number of shares at the end of the period × Closing quotation of the period

Publisher:

Orion Corporation
<http://www.orion.fi/>
<http://www.twitter.com/OrionCorpIR>

Orion is a globally operating Finnish company developing pharmaceuticals and diagnostic tests – a builder of well-being. Orion develops, manufactures and markets human and veterinary pharmaceuticals, active pharmaceutical ingredients and diagnostic tests. The company is continuously developing new drugs and treatment methods. The core therapy areas of Orion's pharmaceutical R&D are central nervous system (CNS) disorders, oncology and respiratory for which Orion develops inhaled Easyhaler® pulmonary drugs.

Orion's net sales in 2014 amounted to EUR 1,015 million and the Company had about 3,500 employees. Orion's A and B shares are listed on NASDAQ Helsinki.