



Orion Group Interim Report January–March 2014

Orion's net sales in January–March 2014 totalled EUR 245 million (EUR 249 million in January–March 2013).

- Operating profit was EUR 67 (74) million.
- Profit before taxes was EUR 66 (74) million.
- Equity ratio was 39% (41%).
- ROCE before taxes was 39% (51%).
- ROE after taxes was 47% (50%).
- Basic earnings per share were EUR 0.37 (0.39).
- Cash flow per share before financial items was EUR 0.30 (0.07).
- Orion received the first marketing authorisations in Europe for Bufomix Easyhaler® in April after the review period.
- The outlook estimate for 2014 remains unchanged. Orion estimates that in 2014 net sales will be at similar level to 2013 and that operating profit will be slightly lower than in 2013.

ORION'S KEY FIGURES FOR THE REVIEW PERIOD

	Q1/14	Q1/13	Change %	2013
Net sales, EUR million	245.0	249.4	-1.8%	1,006.9
International operations, EUR million.	174.6	181.6	-3.8%	732.3
% of net sales	71.3%	72.8%		72.7%
Operating profit, EUR million	67.4	74.1	-9.1%	267.7
% of net sales	27.5%	29.7%		26.6%
Profit before taxes, EUR million	66.5	73.8	-9.9%	264.0
% of net sales	27.1%	29.6%		26.2%
Income tax expense, EUR million	13.9	18.2	-24.0%	57.8
R&D expenses, EUR million	26.3	24.6	+6.8%	101.9
% of net sales	10.7%	9.9%		10.1%
Capital expenditure, EUR million	16.1	19.3	-16.9%	77.9
% of net sales	6.6%	7.8%		7.7%
Assets total, EUR million	1,026.9	928.7	+10.6%	979.0
Equity ratio, %	38.9%	41.2%		53.6%
Gearing, %	-0.1%	-4.6%		8.4%
Interest-bearing liabilities, EUR million	253.9	175.2	+45.0%	257.8
Non-interest-bearing liabilities, EUR million	381.0	371.2	+2.6%	207.3
Cash and cash equivalents, EUR million	254.3	192.7	+31.9%	214.7
ROCE (before taxes), %	38.9%	50.6%		38.5%
ROE (after taxes), %	46.5%	49.8%		40.3%
Basic earnings per share, EUR	0.37	0.39	-5.1%	1.46
Diluted earnings per share, EUR	0.37	0.39	-5.1%	1.46
Cash flow per share before financial items, EUR	0.30	0.07	+319.4%	1.02
Equity per share, EUR	2.79	2.71	+2.8%	3.66
Personnel at the end of the period	3,482	3,514	-0.9%	3,519
Average personnel during the period	3,485	3,494	-0.2%	3,540
Personnel expenses, EUR million	54.7	54.0	+1.2%	218.1

President and CEO Timo Lappalainen's review

"First marketing authorisations in Europe for Bufomix Easyhaler®"

"Our net sales were similar to the previous year and as expected our operating profit was slightly lower than in 2013. The decrease in operating profit was mainly due to products with lower margins accounting for an increasing proportion of sales.

"Deliveries of our Parkinson's drugs to Novartis were clearly lower than a year ago. Total sales generated by Stalevo® and Comtess® in Orion's own sales organisation were slightly lower than in the previous year. The first competing generic versions of Stalevo in Europe were granted marketing authorisation in Germany.

"Following the expiry of the basic Precedex® patent in the United States in January, the level of royalties received by Orion from Hospira decreased and consequently the net sales recorded by Orion decreased. Generic competition has not commenced in US markets.

"Sales of the other products in our portfolio as a whole grew slightly and almost compensated for the decline in sales of Parkinson's drugs. The Specialty Products business division continued to grow steadily and became Orion's largest business division in terms of net sales. In our proprietary drugs, the intensive care sedative *dexdor*® and the Easyhaler® product family grew strongly. We were also pleased to receive the first marketing authorisations in Europe for Bufomix Easyhaler® in April after the review period. Also for the other business divisions, the year has started as anticipated.

"Collaboration with Janssen Pharmaceuticals in the clinical phase trial of an alpha-2c adrenoceptor antagonist (ORM-12741) being further developed for treatment of symptoms of Alzheimer's disease has commenced. As regards the androgen receptor inhibitor (ODM-201) for the treatment of prostate cancer, we are continuing preparations for a Phase III clinical trial and negotiations to find a suitable partner for collaboration on the next phase of worldwide development and commercialisation of the product.

"Our significant investment and production reorganisation projects are progressing as planned. Through the measures being undertaken, we will develop and ensure future growth, delivery reliability and quality standards. During the review period we celebrated the inauguration of the Salo plant, where we are centralising our tablet packaging and logistics functions.

"Our outlook estimate, which can be found with the basis for it under 'Outlook for 2014' and 'Basis for outlook' in this report, remains unchanged. We estimate that our net sales in 2014 will be at similar level to 2013 and our operating profit will be slightly lower than in 2013."

Events during the period

On 3 March Orion transferred altogether 119,326 Orion Corporation B shares held by the Company as a share bonus for the earning periods 2011–2013 and 2013 to the persons employed by the Group and belonging to the Share-based Incentive Plan for key persons of the Group.

On 25 March Orion Corporation's Annual General Meeting was held in Helsinki.

Events after the period

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

News conference and teleconference

A news conference and teleconference on the published results will be held today, Tuesday 29 April 2014, 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. After the presentation, questions can be asked by telephone in Finnish and English.

The teleconference code is 943080 and to participate in the teleconference, please call:

from United States: +1 334 323 6201

from other countries: +44 (0)20 7162 0025

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 Tuesday 29 April 2014.

Financial report material

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

Dates in Orion Calendar 2014

Interim Report January–June 2014

Tuesday 29 July 2014

Interim Report January–September 2014

Tuesday 21 October 2014

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Financial review Q1/2014

Net sales

The Orion Group's net sales in January–March 2014 were EUR 245 million (EUR 249 million in January–March 2013). The net effect of currency exchange rates was EUR -4 million.

The Pharmaceuticals business's net sales were EUR 229 (234) million. Net sales of Orion's Stalevo[®] (carbidopa, levodopa and entacapone) and Comtess[®]/Comtan[®] (entacapone) Parkinson's drugs were down by 22% at EUR 47 (60) million, which was 21% (26%) of the Pharmaceuticals business's net sales. The net sales of other products in the pharmaceuticals portfolio were up by 5% at EUR 182 (174) million.

The Diagnostics business's net sales were up by 3% at EUR 16 (16) million.

Operating profit

The Orion Group's operating profit was down by 9% at EUR 67 (74) million.

The Pharmaceuticals business's operating profit was down by 10% at EUR 67 (74) million. The gross profit percentage was lower than in the comparative period as products with lower margins accounted for an increasing proportion of sales due to lower sales of Parkinson's drugs and Precedex.

The Diagnostics business's operating profit was up by 14% at EUR 2.6 (2.3) million mainly because operating expenses decreased.

Operating expenses

The Group's sales and marketing expenses were EUR 46 (49) million.

R&D expenses were up by 7% at EUR 26 (25) million and accounted for 11% (10%) of the Group's net sales. Pharmaceutical R&D expenses amounted to EUR 24 (22) million. Research projects are reported in more detail under Pharmaceuticals in the Business Reviews.

Administrative expenses were EUR 9 (11) million.

Other operating income and expenses were small, as in the comparative period.

Group's profit

The Group's profit before taxes totalled EUR 66 (74) million. Basic earnings per share were EUR 0.37 (0.39) and diluted earnings per share were EUR 0.37 (0.39). The decrease in earnings per share was less than the decrease in operating profit due to a reduction in the Finnish tax rate. Equity per share was EUR 2.79 (2.71). The return on capital employed before taxes (ROCE) was 39% (51%) and the return on equity after taxes (ROE) 47% (50%).

Financial position

The Group's gearing was 0% (-5%) and the equity ratio 39% (41%).

The Group's **total liabilities** at 31 March 2014 were EUR 635 (546) million. At the end of the period, interest-bearing liabilities amounted to EUR 254 (175) million, including EUR 229 (103) million of long-term loans. The non-interest-bearing liabilities in 2013 and 2014 include the dividends paid in the beginning of April but transferred from equity already in March.

The Group had EUR 254 (193) million of **cash and cash equivalents** at the end of the period, which 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 59 (29) million. The Group's operating profit was lower but the additional amount of cash tied up into working capital in the first quarter was only EUR 6 million, which was clearly less than the EUR 38 million in the comparative period.

Cash flow from investing activities was EUR -16 (-18) million.

Cash flow from financing activities was EUR -4 (38) million.

Capital expenditure

The Group's capital expenditure totalled EUR 16 (19) million. This comprised EUR 15 (18) million on property, plant and equipment and EUR 1 (2) million on intangible assets.

Outlook for 2014

Net sales will be at similar level to 2013 (net sales in 2013 were EUR 1,007 million).

Operating profit will be slightly lower than in 2013 (operating profit in 2013 was EUR 268 million).

The Group's capital expenditure will be about EUR 60 million excluding substantial corporate or product acquisitions (the Group's capital expenditure in 2013 was EUR 78 million).

Basis for outlook

Competition in the Finnish market will remain intense in 2014. However, product launches will continue to support Orion's position as market leader.

The generic competition that commenced in April 2012 in the United States has decreased sales of Orion's Parkinson's drugs. US markets accounted for about EUR 60 million of the net sales of Orion's Parkinson's drugs in 2011, about EUR 33 million in 2012 and about EUR 10 million in 2013. In addition, sales of generic entacapone products to the United States amounted to about EUR 9 million in 2013. In 2014 sales are expected to be still slightly lower.

The entacapone molecule patent expired in November 2012 in the main European countries for Orion, and as a result generic competitors to Comtan and Comtess entered these markets in 2013. Data protection of Stalevo expired in the European Union in October 2013, and since then many generic pharmaceutical companies have applied for marketing authorisation for their own products in different European countries. The first generic marketing authorisations for Stalevo were granted in Germany in March 2014.

Elsewhere in the world generic competition is not expected to have a material impact on sales volumes of these products in the current year.

Sales of generic products will account for a greater proportion of Orion's total sales and price competition will remain intense in many markets. Investments commenced in 2012 to develop and ensure future growth, delivery reliability and quality standards, and related reorganisations of production are still continuing. Their effects in temporarily decreasing production capacity and increasing production costs will be less than in 2013, but not yet totally eliminated.

Marketing expenditure will be similar 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 2014 were planned mainly during the previous year.

Research and development costs will be slightly higher than in 2013. 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 2014 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.

Near-term risks and uncertainties relating to the outlook

Sales of Orion's Parkinson's drugs will decrease in 2014 due to generic competition. The effects of the competition have been taken into account in the outlook estimate. However, the timing of commencement of generic competition to Stalevo in Europe entails uncertainty that may materially affect the accuracy of the estimate made at this stage.

The basic Precedex patent expired in the United States in January. The outlook estimate already includes the estimated effect of the consequent decrease in the royalty payment on the product received by Orion and also the assumption that generic competition will commence during 2014. However, the timing of commencement of generic competition entails uncertainty that may materially affect the accuracy of the estimate made at this stage.

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 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 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.

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 reduce delivery reliability.

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.

Possible collaboration and licensing agreements may include advance payments recorded in net sales that may materially affect Orion's financial results.

Group's financial objectives

Orion's financial objectives are ensuring the Group's financial stability and profitable growth.

These objectives are achieved through:

- 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%.

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.

Shares and shareholders

On 31 March 2014 Orion had a total of 141,257,828 (141,257,828) shares, of which 42,022,816 (43,235,318) were A shares and 99,235,012 (98,022,510) B shares. The Group's share capital was EUR 92,238,541.46 (92,238,541.46). At the end of March 2014 Orion held 569,665 (188,991) B shares as treasury shares. On 31 March 2014 the aggregate number of votes conferred by the A and B shares was 939,121,667 (962,539,879) excluding treasury shares.

At the end of March 2014, Orion had 55,473 (54,961) 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 the General Meetings of Shareholders. The Company itself 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 within the limitation on the maximum number of shares of a class. In January–March 2014 no 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 March 2014 the market capitalisation of the Company's shares excluding treasury shares was EUR 3,078 million.

Orion shares are also traded on various alternative trading platforms in addition to NASDAQ OMX Helsinki.

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 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 and transfer of own shares

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.

On 3 March 2014 Orion transferred altogether 119,326 Orion Corporation B shares held by the Company as a share bonus for earning periods 2011-2013 and 2013 to the key persons employed by the Group and belonging to the Share-based Incentive Plan of the Group.

The transfer was based on the authorisation by the Annual General Meeting on 19 March 2013. The price per share of the transferred shares was EUR 23.4802, which was the volume weighted average quotation of Orion Corporation B shares on 3 March 2014. The total transaction price of the transferred shares was therefore EUR 2,801,798.35.

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 March 2014 Orion had a total of 55,473 (54,961) registered shareholders, of whom 95% (95%) were private individuals holding 45% (48%) of the entire share stock and 62% (64%) of the total votes. There were altogether 49 (47) million nominee-registered shares, which was 35% (33%) of all shares, and they conferred entitlement to 7% (7%) of the total votes.

At the end of March 2014 Orion held 569,665 (188,991) B shares as treasury shares, which is 0.4% (0.1%) of the Company's total share stock and 0.06% (0.02%) of the total votes.

Decisions by the Annual General Meeting

The Annual General Meeting of the Shareholders of Orion Corporation was held on 25 March 2014 at the Helsinki Fair Centre. The following matters among others were handled at the meeting.

Adoption of the financial statements for financial year 1 January to 31 December 2013

The Annual General Meeting adopted the financial statements of the Company and Group as per 31 December 2013.

Dividend EUR 1.25 per share

A dividend of EUR 1.25 per share was approved in accordance with the Board's proposal. The record date for dividend distribution was 28 March 2014 and the payment date was 4 April 2014.

Discharge from liability

The members of the Board of Directors and the President and CEO were discharged from liability for the financial year 1 January to 31 December 2013.

Remuneration of the members of the Board of Directors

As the annual fees for the term of office of the Board of Directors, the Chairman shall receive EUR 76,000, the Vice Chairman shall receive EUR 51,000 and the other Board members shall receive EUR 38,000 each. Furthermore, as a fee for each meeting attended, the Chairman shall receive EUR 1,200, the Vice Chairman shall receive EUR 900 and the other Board members shall receive EUR 600 each. The travel expenses of Board members shall be paid in accordance with previous practice. The aforementioned meeting fees shall also be paid to the Chairmen and to the members of the committees established by the Board.

Of the aforementioned annual fees, 60% was to be paid in cash and 40% in the Company's shares, so Orion Corporation B shares were acquired in the period 31 March to 4 April 2014 from the stock exchange in amounts corresponding to EUR 30,400 for the Chairman, EUR 20,400 for the Vice Chairman and EUR 15,200 for each of the other Board members. The part of the annual fee paid in cash, which corresponds to the approximate sum necessary for the payment of the income taxes on the fees, was to be paid no later than 30 April 2014. The annual fees encompass the full term of office of the Board of Directors.

Members and Chairman of the Board of Directors

The number of members in the Board of Directors was confirmed to be seven. Sirpa Jalkanen, Eero Karvonen, Timo Maasilta, Hannu Syrjänen, Heikki Westerlund and Jukka Ylppö were re-elected as members of the Board of Directors for the following term of office, and Mikael Silvennoinen was elected as a new member. Hannu Syrjänen was re-elected as the Chairman of the Board of Directors.

Auditor and auditor's fee

Authorised Public Accountants PricewaterhouseCoopers Oy were elected as the auditor for the following term of office. The auditor's fee shall be paid against an invoice approved by the Company.

Amendment of Section 12 of the Articles of Association

It was decided to amend Section 12 of the Articles of Association of the Company so that the notice to convene a General Meeting of Shareholders shall be published on the Company's website.

Constitution of the Board of Directors

At its constitutive meeting following the Annual General Meeting, the Board of Directors elected Jukka Ylppö as its Vice Chairman.

Personnel

The average number of employees in the Orion Group in January–March 2014 was 3,485 (3,494). At the end of March 2014 the Group had a total of 3,482 (3,514) employees, of whom 2,797 (2,820) worked in Finland and 685 (694) outside Finland.

Salaries and other personnel expenses in January–March 2014 totalled EUR 55 (54) 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 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 that were initiated in April 2014 by Hospira and Orion as plaintiffs.

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

Business Reviews

Pharmaceuticals

Review of human pharmaceuticals market

According to IMS Health pharmaceutical sales statistics, **Finnish wholesale of human pharmaceuticals** in January–March 2014 was up by 3% on the previous year at EUR 513 (497) million.

Finland is the most important individual market for Orion, generating about one-quarter of the total net sales. 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 January–March 2014 amounted to EUR 59 (57) million, up by 2% compared with the previous year. Orion's market share of Finnish pharmaceuticals markets was 11% (12%).

According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in December 2013 the **total sales of Parkinson's drugs** in the United States were up by 6% at USD 763 million (USD 720 million in the previous 12-month period). 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 totalled EUR 986 (965) million in the 12-month period ending in December 2013, and the average market growth was 2%. In Japan sales of Parkinson's drugs were down by 17% at EUR 494 (593) million.

According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in December 2013 the **total sales of Parkinson's drugs containing entacapone** were USD 144 (181) million in the United States and EUR 152 (157) million in the five largest European markets.

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[®]) account for about one-fifth of the Group's net sales. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in December 2013, **sales of Orion's branded Parkinson's drugs** in the United States were down by 74% at USD 31 (118) million. Sales were down by 5% at EUR 130 (136) million in the five largest markets in Europe, and in Japan sales were EUR 55 (67) million. The decrease in sales in Japan was due to depreciation of the yen exchange rate. Measured in terms of local currency, the market as whole and sales of Orion's Parkinson's drugs both grew. The market share of Orion's branded Parkinson's drugs was 4% 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 22% at USD 327 million in the 12-month period ending in December 2013 (USD 269 million in the previous 12-month period). About four-fifths of the sales amounting to USD 266 (211) million were in the United States, where Precedex sales grew by 26%.

According to IMS Health pharmaceutical sales statistics, total sales of the most common intravenous anaesthetics and intensive care sedatives (propofol, midazolam, remifentanil and dexmedetomidine) in Europe in the 12-month period ending in December 2013 were EUR 475 (473) million. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in December 2013 sales of Orion's **dexdor[®] intensive care sedative** (dexmedetomidine) were up by 82% at EUR 21 (12) million in Europe.

Net sales and operating profit of the Pharmaceuticals business

Net sales of the Pharmaceuticals business in January–March 2014 were EUR 229 (234) million, down by 2% compared with the previous year. The operating profit of the Pharmaceuticals business was down by 10% at EUR 67 (74) million. The operating profit of the Pharmaceuticals business was 29% (32%) of the segment's net sales.

Net sales of Orion's top ten pharmaceuticals in January–March 2014 were down by 6% at EUR 108 (115) million. They accounted for 47% (49%) 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 January–March 2014 were down by 12% on the previous year at EUR 88 (100) million. The decrease was mainly due to the decline in sales of Parkinson's drugs, which was not fully compensated by growth of other products.

Orion's drugs for treatment of Parkinson's disease are Stalevo[®] (active ingredients carbidopa, levodopa and entacapone) and Comtess[®]/Comtan[®] (entacapone), and their net sales in January–March 2014 totalled EUR 47 (60) million. Sales of Parkinson's drugs were down by 22% and accounted for 21% (26%) of the total net sales of the Pharmaceuticals business. Deliveries of Stalevo to Novartis were down by 25% at EUR 19 (25) million and deliveries of Comtan were down by 47% at EUR 7 (13) million. Sales of Stalevo through Orion's own sales network were EUR 20 (20) million. Sales of Comtess were down by 14% at EUR 2 (2) million. In the United States Orion's Parkinson's drugs have several generic competitors. In Europe Comtess and Comtan have several generic competitors, and as regards Stalevo, the first generic competitors have been granted marketing authorisation in Germany.

The US Food and Drug Administration (FDA) has an ongoing safety review of Stalevo, which began in spring 2009. Orion is assisting the FDA in undertaking the safety review. The FDA has requested additional data based on databases concerning the significance of the results of the STRIDE-PD study, and consequently Orion and Novartis have undertaken epidemiological studies, and results from them were submitted to authorities for review in the third quarter of 2012 and the study reports in early 2014.

Net sales of Simdax[®], a drug for treatment of acute decompensated heart failure, in January–March 2014 were EUR 11 (11) million.

Total net sales of the Easyhaler[®] product family for treatment of asthma and chronic obstructive pulmonary disease were up by 27% in January–March 2014 at EUR 8 (6) million. Bufomix Easyhaler[®] (budesonide-formoterol), the new combined formulation in the product family, received the first marketing authorisations in Europe in April after the review period. The marketing authorisations in Ireland, Hungary, Sweden, Slovakia and Finland were granted through the decentralised marketing authorisation process, which included 22 countries, and in which Sweden acted as reference member state. In addition, the product has received national marketing authorisation in Norway and Iceland. Processing of the national phase of marketing authorisation application is ongoing in the following EU countries: Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Greece, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovenia and Spain.

Net sales of the Precedex[®] intensive care sedative (dexmedetomidine) were down by 25% in January–March 2014 at EUR 9 (12) 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 level of royalties received by Orion from Hospira decreased and consequently the sales recorded by Orion decreased. About four-fifths of net sales of Precedex are in US markets, where generic competition has not commenced.

Net sales of Orion's *dexdor*[®] intensive care sedative (dexmedetomidine) in January–March 2014 were up by 40% at EUR 8 (6) million.

Specialty Products

Net sales of the Specialty Products business division's off-patent, i.e. generic prescription drugs and self-care products in January–March 2014 were up by 7% at EUR 102 (96) million. Sales of generic entacapone products were up by 165% at EUR 7 (3) million. Sales of products from the rest of the portfolio were up by 2%.

Finland, Scandinavia, and Eastern Europe and Russia are the most important markets for Specialty Products. The business division's sales in Finland in January–March 2014 were up by 5% at EUR 61 (58) million. Orion managed to increase its sales, especially in prescription drugs. Sales were up by 24% at EUR 12 (10) million in Scandinavia and sales were EUR 11 (11) million in Eastern Europe and Russia.

Orion has launched its first biosimilar in Norway and Finland. Remsima[®] (infliximab) is a drug used for treatment of rheumatoid arthritis and Crohn's disease, for example, developed by the Korean pharmaceutical company Celltrion. Orion is marketing the product in Scandinavia, Finland and Estonia.

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 international 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 January–March 2014 were up by 4% at EUR 15 (15) million. Sales of the animal sedative product family at EUR 5 (5) million accounted for 32% (33%) 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 January–March 2014 excluding pharmaceutical ingredients supplied for Orion's own use were up by 11% at EUR 15 (13) million and accounted for about two-thirds of Fermion's entire net sales. Several key products performed well, even though competition in the markets remained intense. Capacity utilisation at Fermion's plants was very high during the review period. Capacity utilisation was increased by manufacturing active ingredients required for development work on Orion's own proprietary drugs, in addition to the normal product range.

Research and development projects

The Group's **R&D expenses** in January–March 2014 were up by 7% at EUR 26 (25) million, of which the Pharmaceuticals business accounted for EUR 24 (22) 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.

The Phase II clinical trial of an **androgen receptor inhibitor (ODM-201)** for the treatment of prostate cancer showed that initial results concerning efficacy were promising, and the product was well tolerated with no significant adverse events detected. Results have been presented at several international oncology congresses. Orion has commenced preparations for a Phase III clinical trial and also continues negotiations to find a suitable partner for collaboration on the next phase of worldwide development and commercialisation of the product.

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

Orion is collaborating with Novartis to develop **Stalevo[®] drug** for the Japanese markets. Novartis submitted an application for marketing authorisation for the product in June 2013.

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. Orion is preparing to commence an additional follow-up Phase IIa clinical trial.

Orion has ongoing Phase I clinical safety trials initiated in summer 2012 with a new **COMT inhibitor (ODM-103)** and Phase I clinical safety trials initiated in summer 2013 with another new **COMT inhibitor (ODM-104)**. ODM-103 and ODM-104 are new molecules that enhance the therapeutic effects of levodopa used to treat Parkinson's disease by blocking the COMT enzyme. The pre-clinical study results indicated that they are more effective than the COMT inhibitor entacapone, which is already in the markets.

In October 2013 Orion and Phyxius Pharma, Inc. agreed on licensing of levosimendan injection rights to Phyxius Pharma, which in turn has transferred the rights to Oxygen Biotherapeutics, Inc. Oxygen Biotherapeutics 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.

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 January–March 2014 were up by 3% at EUR 16 (16) million.

QuikRead[®] infection tests remained the main product, with sales continuing strong. Launching of new QuikRead go[®] tests in markets during 2013 progressed as planned. 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.

The operating profit of the Diagnostics business was up by 14% at EUR 2.6 (2.3) million mainly due to lower operating expenses.

Espoo, 29 April 2014

Board of Directors of Orion Corporation

Orion Corporation

Timo Lappalainen
President and CEO

Jari Karlson
CFO

Tables

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q1/14	Q1/13	Change %	2013
Net sales	245.0	249.4	-1.8%	1,006.9
Cost of goods sold	-95.8	-91.8	+4.4%	-393.5
Gross profit	149.2	157.6	-5.3%	613.4
Other operating income and expenses	0.2	0.3	-38.9%	5.6
Sales and marketing expenses	-46.3	-48.5	-4.6%	-204.9
R&D expenses	-26.3	-24.6	+6.8%	-101.9
Administrative expenses	-9.4	-10.6	-12.0%	-44.5
Operating profit	67.4	74.1	-9.1%	267.7
Finance income	1.0	1.6	-38.4%	4.4
Finance expenses	-2.4	-2.3	+5.3%	-8.3
Share of associated companies' results	0.4	0.3		0.3
Profit before taxes	66.5	73.8	-9.9%	264.0
Income tax expense	-13.9	-18.2	-24.0%	-57.8
Profit for the period	52.6	55.6	-5.3%	206.2

OTHER COMPREHENSIVE INCOME INCLUDING TAX EFFECTS

Change in value of cash flow hedges	0.0	0.0		0.1
Translation differences	0.2	-0.7		-1.3
Items that may be reclassified subsequently to profit and loss	0.2	-0.7		-1.2
Items due to remeasurement of defined benefit plans	0.0	0.0		-9.7
Items that will not be reclassified to profit and loss	0.0	0.0		-9.7
Other comprehensive income net of tax	0.2	-0.7		-10.9
Comprehensive income for the period including tax effects	52.8	54.9	-3.8%	195.3

PROFIT ATTRIBUTABLE TO:

Owners of the parent company	52.6	55.6	-5.3%	206.2
Non-controlling interests	0.0	0.0		0.0

COMPREHENSIVE INCOME ATTRIBUTABLE TO:

Owners of the parent company	52.8	54.9	-3.8%	195.3
Non-controlling interests	0.0	0.0		0.0

Basic earnings per share, EUR ¹⁾	0.37	0.39	-5.1%	1.46
Diluted earnings per share, EUR ¹⁾	0.37	0.39	-5.1%	1.46

Depreciation, amortisation and impairment	9.3	9.2	+1.5%	38.5
Personnel expenses	54.7	54.0	+1.2%	218.1

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	3/14	3/13	Change %	12/13
Property, plant and equipment	254.8	216.3	+17.8%	247.3
Goodwill	13.5	13.5		13.5
Intangible rights	52.6	57.4	-8.3%	54.0
Other intangible assets	3.1	3.8	-18.7%	3.3
Investments in associates	2.1	1.7	+25.0%	1.7
Available-for-sale financial assets	0.5	0.5		0.5
Pension asset	25.1	38.5	-34.6%	26.6
Deferred tax assets	1.0	1.1	-6.3%	1.2
Other non-current assets	1.2	1.5	-25.4%	1.2
Non-current assets total	354.0	334.2	+5.9%	349.2
Inventories	198.0	189.2	+4.6%	195.5
Trade receivables	168.3	164.4	+2.4%	169.9
Other receivables	52.4	48.2	+8.8%	49.7
Cash and cash equivalents	254.3	192.7	+31.9%	214.7
Current assets total	673.0	594.5	+13.2%	629.8
Assets total	1,026.9	928.7	+10.6%	979.0

EQUITY AND LIABILITIES

EUR million	3/14	3/13	Change %	12/13
Share capital	92.2	92.2		92.2
Expendable fund	0.5	0.5		0.5
Other reserves	1.6	0.9	+86.3%	1.6
Retained earnings	297.7	288.7	+3.1%	419.6
Equity attributable to owners of the parent company	392.0	382.3	+2.5%	513.9
Non-controlling interests	0.0	0.0	+22.9%	0.0
Equity total	392.0	382.4	+2.5%	513.9
Deferred tax liabilities	29.7	41.5	-28.3%	32.1
Pension liability	1.5	1.4	+13.2%	1.6
Provisions	0.4	0.1	+533.1%	0.1
Interest-bearing non-current liabilities	229.3	103.4	+121.6%	233.3
Other non-current liabilities	0.4	0.6	-35.4%	0.5
Non-current liabilities total	261.4	147.0	+77.8%	267.6
Trade payables	63.4	60.2	+5.3%	60.0
Current tax liabilities	2.6	9.0	-71.5%	1.7
Other current liabilities	282.8	258.5	+9.4%	111.2
Provisions	0.1	0.0	+127.4%	0.1
Interest-bearing current liabilities	24.7	71.7	-65.6%	24.5
Current liabilities total	373.5	399.4	-6.5%	197.5
Liabilities total	634.9	546.4	+16.2%	465.1
Equity and liabilities total	1,026.9	928.7	+10.6%	979.0

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							
	a.	b.	c.	d.	e.	f.	g.	h.
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						55.6		55.6
Other comprehensive income:								
Change in value of cash flow hedges			0.0					0.0
Translation differences				0.0	-0.7			-0.7
Transactions with owners								
Dividend and capital repayment						-183.4		-183.4
Share-based incentive plan						1.6		1.6
Other adjustments						-0.3		-0.3
Equity at 31 March 2013	92.2	0.5	0.9	0.2	-3.4	292.0	0.0	382.4
Equity at 1 January 2014	92.2	0.5	1.6	-9.5	-3.9	433.0	0.0	513.9
Profit for the period						52.6		52.6
Other comprehensive income:								
Change in value of cash flow hedges			0.0					0.0
Translation differences				-0.0	0.2			0.2
Transactions with owners								
Dividend and capital repayment						-175.9		-175.9
Share-based incentive plan						1.4		1.4
Other adjustments			0.0			-0.3	0.0	-0.3
Equity at 31 March 2014	92.2	0.5	1.6	-9.5	-3.7	310.9	0.0	392.0

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Q1/14	Q1/13	2013
Operating profit	67.4	74.1	267.7
Adjustments	12.6	10.9	42.2
Change in working capital	-5.7	-38.3	-21.9
Interest paid	-1.3	-1.7	-6.1
Interest received	1.0	1.5	3.7
Dividends received	0.0		0.3
Income taxes paid	-15.0	-17.8	-70.8
Total net cash flow from operating activities	59.1	28.7	215.2
Investments in property, plant and equipment	-15.6	-16.7	-65.9
Investments in intangible assets	-1.1	-1.9	-7.4
Sales of property, plant and equipment and available-for-sale investments	0.4	0.2	2.0
Sales of intangible assets	0.0	-0.0	0.0
Total net cash flow from investing activities	-16.3	-18.4	-71.3
Current loans raised	0.9	40.1	41.6
Repayments of current loans	-1.1	-0.3	-42.6
Non-current loans raised			149.0
Repayments of non-current loans	-4.1	-1.8	-28.1
Treasury shares			-9.6
Dividends paid and other distribution of profits	0.0	0.0	-183.7
Total net cash flow from financing activities	-4.3	38.0	-73.5
Net change in cash and cash equivalents	38.6	48.3	70.3
Cash and cash equivalents at the beginning of the period	214.7	145.2	145.2
Foreign exchange differences	1.0	-0.8	-0.9
Net change in cash and cash equivalents	38.6	48.3	70.3
Cash and cash equivalents at the end of the period	254.3	192.7	214.7

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	3/14	3/13	12/13
Carrying amount at the beginning of the period	247.3	205.3	205.3
Additions	14.6	17.5	70.1
Disposals	-0.3	-0.3	-1.8
Depreciation and impairments	-6.7	-6.2	-26.2
Carrying amount at the end of the period	254.8	216.3	247.3

CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	3/14	3/13	12/13
Carrying amount at the beginning of the period	57.3	62.3	62.3
Additions	1.1	1.8	7.5
Disposals	-0.0	-0.0	-0.2
Amortisation and impairments	-2.6	-3.0	-12.3
Carrying amount at the end of the period	55.7	61.2	57.3

COMMITMENTS AND CONTINGENCIES

EUR million	3/14	3/13	12/13
CONTINGENCIES FOR OWN LIABILITIES			
Mortgages on land and buildings	32.0	41.0	32.0
of which those to Orion Pension Fund		9.0	
Guarantees	2.6	1.8	2.4
OTHER LIABILITIES			
Leasing liabilities (excluding finance lease contracts)	6.2	6.2	6.4
Other liabilities	0.3	0.3	0.3

DERIVATIVES

EUR million	3/14	3/13	12/13
CURRENCY FORWARD CONTRACTS AND CURRENCY SWAPS			
Fair value, EUR million	0.3	-0.8	0.5
Nominal value, EUR million	58.3	53.1	67.8
CURRENCY OPTIONS			
Fair value, EUR million	-0.0	-0.4	0.1
Nominal value, EUR million	63.0	54.6	47.2
INTEREST RATE SWAPS			
Fair value, EUR million	-0.2	-0.2	-0.2
Nominal value, EUR million	17.9	21.4	18.8
CROSS CURRENCY SWAPS			
Fair value, EUR million		-0.1	
Nominal value, EUR million		9.6	
ELECTRICITY DERIVATIVES			
Fair value, EUR million	-0.8	-0.5	-0.7
Nominal amount, GWh	48	97	57

DERIVATIVE CATEGORIES USING FAIR VALUE HIERARCHY

EUR million	Level 1	Level 2	Level 3
Currency forward contracts and currency swaps		0.3	
Currency options		0.0	
Interest rate swaps		-0.2	
Electricity derivatives	-0.8		

All derivatives are OTC derivatives, and market quotations available at the end of the reporting period have been used as their fair value.

The fair value of level 1 derivatives is based on quotations available in the markets. The fair value of level 2 derivatives is based on data 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 has occurred.

No transfers between levels occurred during the reporting period.

RELATED PARTY TRANSACTIONS

EUR million	Q1/14	Q1/13	2013
Management's employment benefits	4.1	4.1	6.4

Operating segment performance

NET SALES BY BUSINESS DIVISION

EUR million	Q1/14	Q1/13	Change %	2013
Pharmaceuticals	229.5	234.2	-2.0%	953.0
Proprietary Products	88.2	100.3	-12.1%	390.4
Specialty Products	102.1	95.7	+6.7%	384.9
Animal Health	15.4	14.8	+4.4%	70.8
Fermion	14.9	13.4	+11.3%	63.5
Contract manufacturing and other	8.9	10.1	-11.7%	43.3
Diagnostics	16.3	15.9	+2.8%	57.1
Group items	-0.8	-0.8	+6.5%	-3.2
Group total	245.0	249.4	-1.8%	1,006.9

OPERATING PROFIT BY BUSINESS AREA

EUR million	Q1/14	Q1/13	Change %	2013
Pharmaceuticals	66.7	73.9	-9.7%	272.9
Diagnostics	2.6	2.3	+14.0%	4.6
Group items	-1.9	-2.0	+5.5%	-9.9
Group total	67.4	74.1	-9.1%	267.7

NET SALES BY ANNUAL QUARTERS

EUR million	2014		2013			2012		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Pharmaceuticals	229.5	259.8	224.1	235.0	234.2	242.1	234.2	220.1
Diagnostics	16.3	13.7	13.5	14.0	15.9	13.1	12.1	13.4
Group items	-0.8	-0.8	-0.7	-0.9	-0.8	-0.8	-0.5	-0.7
Group total	245.0	272.6	236.9	248.0	249.4	254.4	245.8	232.8

OPERATING PROFIT BY ANNUAL QUARTERS

EUR million	2014		2013			2012		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Pharmaceuticals	66.7	67.9	66.7	64.4	73.9	62.2	78.0	67.5
Diagnostics	2.6	0.7	2.0	-0.4	2.3	-0.6	0.0	0.5
Group items	-1.9	-2.8	-2.2	-2.9	-2.0	-2.9	-2.3	-2.7
Group total	67.4	65.8	66.6	61.1	74.1	58.8	75.6	65.3

GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

EUR million	2014		2013			2012		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Finland	70.4	71.5	67.6	67.7	67.8	67.3	63.3	62.7
Scandinavia	33.3	33.0	30.7	34.5	32.5	33.3	30.3	30.3
Other Europe	79.1	91.9	77.6	83.6	75.7	68.1	76.5	79.2
North America	30.7	45.2	32.7	33.6	34.5	54.7	27.1	30.4
Other markets	31.5	31.0	28.2	28.8	38.8	31.0	48.6	30.2
Group total	245.0	272.6	236.9	248.0	249.4	254.4	245.8	232.8

Business reviews

KEY FIGURES FOR PHARMACEUTICALS BUSINESS

EUR million	Q1/14	Q1/13	Change %	2013
Net sales	229.5	234.2	-2.0%	953.0
Operating profit	66.7	73.9	-9.7%	272.9
% of net sales	29.1%	31.5%		28.6%
R&D expenses	24.5	22.4	+9.4%	93.9
% of net sales	10.7%	9.5%		9.9%
Capital expenditure	17.8	18.5	-3.9%	73.8
% of net sales	7.7%	7.9%		7.7%
Sales revenue from proprietary products	92.4	108.0	-14.5%	418.5
Assets	709.9	667.6		704.3
Liabilities	158.0	124.4		160.1
Personnel at the end of the period	3,181	3,141		3,208

TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

EUR million	Q1/14	Q1/13	Change %	2013
Stalevo [®] , Comtess [®] and Comtan [®] (Parkinson's disease)	47.2	60.3	-21.7%	206.8
Simdax [®] (acute decompensated heart failure)	10.7	10.8	-1.5%	46.0
Precedex [®] (intensive care sedative)	9.0	12.0	-24.5%	59.1
dexdor [®] (intensive care sedative)	8.0	5.7	+39.7%	25.3
Easyhaler [®] product family (asthma, COPD)	7.8	6.2	+26.9%	28.9
Generic entacapone products (Parkinson's disease)	6.8	2.6	+164.6%	10.2
Burana [®] (inflammatory pain)	5.5	5.8	-5.1%	23.2
Marevan [®] (anticoagulant)	4.9	4.0	+20.6%	16.1
Dexdomitor [®] , Domitor [®] , Domosedan [®] and Antisedan [®] (animal sedatives)	4.9	4.9	-0.8%	24.8
Trexan [®] (rheumatoid arthritis, cancer)	3.4	2.9	+15.1%	11.4
Total	108.1	115.2	-6.1%	451.9
Share of pharmaceutical net sales	47%	49%		47%

KEY FIGURES FOR DIAGNOSTICS BUSINESS

EUR million	Q1/14	Q1/13	Change %	2013
Net sales	16.3	15.9	+2.8%	57.1
Operating profit	2.6	2.3	+14.0%	4.6
% of net sales	15.7%	14.2%		8.1%
R&D expenses	1.9	2.3	-19.6%	8.3
% of net sales	11.4%	14.6%		14.5%
Capital expenditure	0.6	0.8	-21.3%	3.3
% of net sales	3.8%	4.9%		5.8%
Assets	46.8	51.0		47.3
Liabilities	9.5	17.2		16.6
Personnel at the end of the period	278	349		287

Information on Orion's shares

BASIC SHARE INFORMATION 31 MARCH 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	27.4	64.8	92.2
Counter book value per share, EUR	0.65	0.65	
Total number of shares	42,022,816	99,235,012	141,257,828
% of total share stock	30%	70%	100%
Number of treasury shares		569,665	569,665
Total number of shares excluding treasury shares	42,022,816	98,665,347	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	840,456,320	98,665,347	939,121,667
% of total votes	89%	11%	100%
Total number of shareholders	18,244	43,367	55,473

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

INFORMATION ON TRADING ON NASDAQ OMX HELSINKI 1 JANUARY – 31 MARCH 2014

	A shares	B shares	Total
Shares traded	688,372	19,923,841	20,612,213
% of the total number of shares	1.6%	20.1%	14.6%
Trading volume, EUR million	15.6	443.2	458.8
Closing quotation on 31 December 2013, EUR	20.35	20.42	
Lowest quotation, EUR (A and B 28 February 2014)	19.13	19.07	
Average quotation, EUR	22.68	22.25	
Highest quotation, EUR (A 5 and 6 March, B 6 March 2014)	24.67	24.77	
Closing quotation on 31 March 2014, EUR	21.80	21.91	
Market capitalisation on 31 March 2014 excluding treasury shares, EUR million	916.1	2,161.8	3,077.9

PERFORMANCE PER SHARE

	Q1/14	Q1/13	Change %	2013
Basic earnings per share, EUR	0.37	0.39	-5.1%	1.46
Diluted earnings per share, EUR	0.37	0.39	-5.1%	1.46
Cash flow per share before financial items, EUR	0.30	0.07	+319.4%	1.02
Equity per share, EUR	2.79	2.71		3.66
Average number of shares excluding treasury shares, 1,000 shares	140,606	140,978		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

This Interim Report has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The same accounting policies as for the Financial Statements for 2013 have been applied in preparing the Interim Report, except for amendments to existing IFRS and IAS standards endorsed by the EU that have been adopted as of 1 January 2014. The amendments to standards had no effect on the Consolidated Financial Statements.

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

Other matters

The data in this financial review are not 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

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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. Pharmaceutical R&D focuses on central nervous system drugs, oncology and critical care drugs, and Easyhaler® pulmonary drugs.

Orion's net sales in 2013 amounted to EUR 1,007 million and the Company had about 3,500 employees. Orion's A and B shares are listed on NASDAQ OMX Helsinki.