



Orion Group Interim Report January–March 2015

Orion's net sales in January–March 2015 totalled EUR 260 million (EUR 245 million in January–March 2014).

- Operating profit was EUR 83 (67) million.
- Profit before taxes was EUR 83 (66) million.
- Equity ratio was 38% (39%).
- ROCE before taxes was 50% (39%).
- ROE after taxes was 57% (47%).
- Basic earnings per share were EUR 0.47 (0.37).
- Cash flow per share before financial items was EUR 0.38 (0.30).
- The outlook estimate for 2015 was updated after the review period. Orion estimates that in 2015 net sales will be slightly lower than in 2014 and the operating profit is estimated to exceed EUR 230 million.

ORION'S KEY FIGURES FOR THE REVIEW PERIOD

	Q1/15	Q1/14	Change %	2014
Net sales, EUR million	259.9	245.0	+6.1%	1,015.3
International operations, EUR million.	181.5	174.6	+4.0%	719.8
% of net sales	69.8%	71.3%		70.9%
Operating profit, EUR million	83.1	67.4	+23.3%	272.4
% of net sales	32.0%	27.5%		26.8%
Profit before taxes, EUR million	82.7	66.5	+24.4%	267.8
% of net sales	31.8%	27.1%		26.4%
Income tax expense, EUR million	17.0	13.9	+22.5%	56.6
R&D expenses, EUR million	25.1	26.3	-4.6%	106.2
% of net sales	9.7%	10.7%		10.5%
Capital expenditure, EUR million	8.0	16.1	-50.1%	57.1
% of net sales	3.1%	6.6%		5.6%
Assets total, EUR million	1,070.3	1,026.9	+4.2%	1,001.5
Equity ratio, %	38.1%	38.9%		52.3%
Gearing, %	-20.3%	-0.1%		-4.7%
Interest-bearing liabilities, EUR million	230.7	253.9	-9.2%	234.5
Non-interest-bearing liabilities, EUR million	437.8	381.0	+14.9%	252.0
Cash and cash equivalents and money market investments, EUR million	312.2	254.3	+22.8%	258.5
ROCE (before taxes), %	50.4%	38.9%		36.6%
ROE (after taxes), %	57.4%	46.5%		41.1%
Basic earnings per share, EUR	0.47	0.37	+24.8%	1.50
Diluted earnings per share, EUR	0.47	0.37	+24.8%	1.50
Cash flow per share before financial items, EUR	0.38	0.30	+24.3%	1.72
Equity per share, EUR	2.85	2.79	+2.4%	3.66
Personnel at the end of the period	3,418	3,482	-1.8%	3,450
Average personnel during the period	3,418	3,485	-1.9%	3,493
Personnel expenses, EUR million	54.3	54.7	-0.8%	219.2

President and CEO Timo Lappalainen:

“Year started strongly”

“In the first quarter of 2015 our net sales were slightly higher and operating profit was clearly higher than in the comparative period.

“The net sales of the Specialty Products business division continued to develop well. As regards proprietary products, the Easyhaler[®] product family and Dexdor[®] maintained their strong growth. Sales of Simdax[®] and Comtan[®], which have been in the markets for a long time, were also higher than in the previous year. Stalevo[®] and Precedex[®] sales continued to decrease due to generic competition, but good growth in other proprietary products was able to compensate for this decline in net sales, and as a whole the net sales of the Proprietary Products business division were similar to the previous year. Growth in the Animal Health business division was mainly due to good growth in sales of the animal sedative product family and a payment related to the sale of product rights.

“The increase in operating profit was due partly to good growth in sales, but especially to higher gross profit. The margin level in the first quarter of the year was improved by exchange rate changes, in addition to slightly lower production costs.

“As we announced already in Financial Statement release, during the first quarter of the year we commenced 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 alleviation of symptoms of essential tremor.

“We have also commenced Phase I clinical safety trials with a novel, highly potent, selective and reversible negative allosteric modulator of the TRPA1 ion channel (ODM-108) for treatment of neuropathic pain. Our clinical drug development pipeline will be further strengthened when we commence Phase II clinical trials with orally administered levosimendan (ODM-109) for treatment of patients with amyotrophic lateral sclerosis (ALS). Our other research projects progressed as planned during the review period.

“Based on the good start for the year we have updated our outlook estimate for 2015. Extension of generic competition to Stalevo outside Germany did not yet significantly affect the first quarter figures. 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. We estimate that in 2015 net sales will be slightly lower than in 2014. We estimate that operating profit will exceed EUR 230 million. Our outlook estimate and the basis for it can be found in this report under ‘Outlook for 2015’ and ‘Basis for outlook’.”

Events during the period

On 2 March Orion transferred altogether 141,949 Orion Corporation B shares held by the Company as a share bonus for the earning periods 2012–2014 and 2014 to the persons employed by the Group and belonging to the Share-based Incentive Plan for key persons of the Group.

On 24 March Orion Corporation's Annual General Meeting was held in Helsinki.

Events after the period

On 24 April Orion upgraded the full-year outlook for 2015.

News conference and teleconference

A news conference and teleconference on the published results will be held today, Wednesday 29 April 2015, at 13:30 EEST 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 952732 and the telephone numbers to participate in the teleconference are:

Finland: +358 (0)9 2313 9201
Sweden: +46 (0)8 5052 0110
United Kingdom: +44 (0)20 7162 0077
United States: +1 334 323 6201

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 29 April 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

Capital Markets Day 2015	Tuesday 26 May 2015
Interim Report January–June 2015	Tuesday 28 July 2015
Interim Report January–September 2015	Tuesday 27 October 2015

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Financial review January–March 2015

Net sales

The Orion Group's net sales in January–March 2015 were EUR 260 million (EUR 245 million in January–March 2014). The net effect of currency exchange rates was plus EUR 8 million.

The Pharmaceuticals business's net sales were EUR 244 (229) million. Net sales of Orion's Stalevo[®] (carbidopa, levodopa and entacapone) and Comtess[®]/Comtan[®] (entacapone) Parkinson's drugs were down by 10% at EUR 42 (47) million, which was 17% (21%) 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 8% at EUR 197 (182) million.

The Diagnostics business's net sales were EUR 16 (16) million.

Operating profit

The Orion Group's operating profit was up by 23% at EUR 83 (67) million. Milestone payments accounted for EUR 5 (0) million of the operating profit.

The Pharmaceuticals business's operating profit was up by 22% at EUR 81 (67) million. Milestone payments accounted for EUR 5 (0) million of the operating profit. The gross profit percentage on product sales was slightly higher due to lower production costs and changes in exchange rates.

The Diagnostics business's operating profit was up by 55% at EUR 4.0 (2.6) million mainly due to exchange rate changes and the favourable margin structure of sales from the portfolio.

Operating expenses

The Group's sales and marketing expenses were EUR 47 (46) million.

R&D expenses were EUR 25 (26) million and accounted for 10% (11%) of the Group's net sales. Pharmaceutical R&D expenses amounted to EUR 23 (24) million. Research projects are reported in more detail under Pharmaceuticals in the Business Reviews.

Administrative expenses were EUR 12 (9) million.

Other operating income and expenses, mainly derived from currency hedges, reduced profit by EUR 2 (0) million.

Group's profit

The Group's profit before taxes totalled EUR 83 (66) million. Basic earnings per share were EUR 0.47 (0.37) and diluted earnings per share were EUR 0.47 (0.37). Equity per share was EUR 2.85 (2.79). The return on capital employed before taxes (ROCE) was 50% (39%) and the return on equity after taxes (ROE) 57% (47%).

Financial position

The Group's **gearing** was -20% (0%) and the **equity ratio** 38% (39%).

The Group's **total liabilities** at 31 March 2015 were EUR 669 (635) million. At the end of the period, interest-bearing liabilities amounted to EUR 231 (254) million, including EUR 206 (229) million of non-current loans. The non-interest-bearing liabilities in 2014 and 2015 include the dividends (EUR 183 million) transferred from equity in March but not paid until the beginning of April.

The Group had EUR 312 (254) 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 EUR 63 (59) million. The increase in cash flow was due to the improvement in operating profit. The amount of cash tied up in working capital in the first quarter was slightly higher than in the comparative period.

Cash flow from investing activities was EUR -10 (-16) million.

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

Capital expenditure

The Group's capital expenditure totalled EUR 8 (16) million. This comprised EUR 7 (15) million on property, plant and equipment and EUR 1 (1) million on intangible assets.

New outlook for 2015, provided on 24 April 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 230 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).

Previous outlook for 2015, provided on 4 February 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 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 earlier. 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. In the first quarter of 2015 milestone payments totalled EUR 5 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.

Shares and shareholders

On 31 March 2015 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 March 2015 Orion held 427,716 (569,665) B shares as treasury shares. On 31 March 2015 the aggregate number of votes conferred by the A and B shares was 908,676,751 (939,121,667) excluding treasury shares.

At the end of March 2015, Orion had 51,872 (55,473) 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. No shares were converted in January–March 2015.

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 March 2015 the market capitalisation of the Company's shares was EUR 3,695 million.

Orion shares are also traded on various alternative trading platforms in addition to NASDAQ 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 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 Plan

Orion has a currently operating share-based incentive plan for key persons of the Group, which was announced in a stock exchange release published on 5 February 2013.

On 2 March 2015 Orion transferred altogether 141,949 Orion Corporation B shares held by the Company as a share bonus for earning periods 2012–2014 and 2014 to the key persons employed by the Orion Group and belonging to the incentive plans of the Orion Group.

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 2015 Orion had a total of 51,872 (55,473) registered shareholders, of whom 95% (95%) were private individuals holding 42% (45%) of the entire share stock and 62% (62%) of the total votes. There were altogether 55 (49) million nominee-registered shares, which was 39% (35%) of all shares, and they conferred entitlement to 8% (7%) of the total votes.

At the end of March 2015 Orion held 427,716 (569,665) B shares as treasury shares, which is 0.3% (0.4%) of the Company's total share stock and 0.05% (0.06%) of the total votes.

Decisions by the Annual General Meeting

The Annual General Meeting of the Shareholders of Orion Corporation was held on 24 March 2015 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 2014

The Annual General Meeting adopted the financial statements of the Company and Group as per 31 December 2014.

Dividend EUR 1.30 per share

A dividend of EUR 1.30 per share was approved in accordance with the Board's proposal. The record date for dividend distribution was 26 March 2015 and the payment date was 2 April 2015.

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 2014.

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 30 March to 2 April 2015 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 2015. 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, Mikael Silvennoinen, Hannu Syrjänen, Heikki Westerlund and Jukka Ylppö were re-elected as members of the Board of Directors for the following term of office. 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. PricewaterhouseCoopers Oy announced that Authorized Public Accountant Kalle Laaksonen is the principally responsible auditor. The auditor's fee shall be paid against an invoice approved by the Company.

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 2015 was 3,418 (3,485). At the end of March 2015 the Group had a total of 3,418 (3,482) employees, of whom 2,745 (2,797) worked in Finland and 673 (685) outside Finland.

Salaries and other personnel expenses in January–March 2015 totalled EUR 54 (55) million.

Significant legal proceedings

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

Orion Corporation, Hospira, Inc., Sun Pharmaceutical Industries, Inc. (previously Caraco Pharmaceutical Laboratories, Ltd.) and Gland Pharma Ltd. have entered into a settlement agreement regarding a patent infringement lawsuit that Orion and Hospira filed in the United States in 2010 to enforce their joint patent No. 6,716,867, which protects Orion's proprietary drug Precedex® (dexmedetomidine hydrochloride 100 µg/ml).

There are also other infringement lawsuits pending in the United States relating to patent No. 6,716,867 with Orion and Hospira as plaintiffs. However, in the current market conditions and as to their costs, these proceedings are not material for Orion, and therefore Orion will no longer report on them.

In addition, companies belonging to the Orion Group are parties to other legal disputes that are not considered to be significant legal proceedings for the Group.

Business Reviews

Pharmaceuticals

Review of human pharmaceuticals market

Finland is the most important individual market for Orion, generating about one-third of the total net sales. According to IMS Health statistics, **Finnish wholesale of human pharmaceuticals** in January–March 2015 was up by 2% on the previous year at EUR 521 (513) million. Orion was able to increase its sales faster than market growth, 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 2015 amounted to EUR 63 (59) million, up by 7% 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[®]) account for about one-sixth of the Group's net sales.

Total sales of all Parkinson's drugs:

EUR or USD million		2014	2013	Change %
United States	USD	816	765	+7%
Europe TOP 5	EUR	992	985	+1%
Japan	EUR	507	495	+2%

Source: IMS Health pharmaceutical sales statistics MAT12/2014 (1/2014–12/2014)

The five largest European markets for Parkinson's disease drugs were Germany, the United Kingdom, France, Spain and Italy.

Total sales of all Parkinson's drugs containing entacapone:

EUR or USD million		2014	2013	Change %
United States	USD	108	144	-25%
Europe TOP 5	EUR	144	152	-5%
Japan	EUR	54	55	-2%

Source: IMS Health pharmaceutical sales statistics MAT12/2014 (1/2014–12/2014)

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

EUR or USD million		2014	2013	Change %
United States	USD	17	31	-45%
Europe TOP 5	EUR	123	130	-5%
Japan	EUR	54	55	-2%

Source: IMS Health pharmaceutical sales statistics MAT12/2014 (1/2014–12/2014)

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 12% 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 down by 7% at USD 346 million in the 12-month period ending in December 2014 (USD 371 million in the previous 12-month period). The largest market, with sales of USD 280 (310) million, was the United States, where Precedex sales were down by 10%. The decrease in sales was due to generic competition, which commenced in the United States in August 2014.

According to IMS Health pharmaceutical sales statistics, in Europe total sales of the most common intravenous anaesthetics and intensive care sedatives (propofol, midazolam, remifentanyl and dexmedetomidine) in the 12-month period ending in December 2014 were up by 3% at EUR 509 (494) million. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in December 2014 sales of Orion's **Dexdor[®] intensive care sedative** (dexmedetomidine) were up by 28% at EUR 28 (22) million in Europe.

Net sales and operating profit of the Pharmaceuticals business

Net sales of the Pharmaceuticals business in January–March 2015 were up by 7% at EUR 245 (229) million. The operating profit of the Pharmaceuticals business was EUR 81 (67) million, including milestone payments of EUR 5 (0) million. The operating profit of the Pharmaceuticals business was 33% (29%) of the segment's net sales.

Net sales of Orion's top ten pharmaceuticals in January–March 2015 were up by 3% at EUR 110 (108) million. They accounted for 45% (47%) 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 2015 were EUR 89 (88) 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 January–March 2015 were down by 10% at EUR 42 (47) million. In the United States Orion's Parkinson's drugs have several generic competitors. In Europe Comtess and Comtan have several generic competitors. Generic competition to Stalevo commenced in Germany in 2014 and competition has started to extend in Europe.

Breakdown of sales of Parkinson's drugs:

EUR million	Q1/2015	Q1/2014	Change %
Stalevo deliveries to Novartis	20	19	+4%
Comtan deliveries to Novartis	10	7	+43%
Orion's Stalevo sales	11	20	-42%
Orion's Comtess sales	2	2	-16%

Net sales of Simdax[®], a drug for treatment of acute decompensated heart failure, in January–March 2015 were up by 19% at EUR 13 (11) million.

Total net sales of the Easyhaler[®] product family for treatment of asthma and chronic obstructive pulmonary disease were up by 59% in January–March 2015 at EUR 12 (8) 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 January–March 2015. The product received national marketing authorisation during the review period in Greece and processing of the national phase of marketing authorisation application is still ongoing in 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.

Net sales of the Precedex[®] intensive care sedative (dexmedetomidine) were down by 49% in January–March 2015 at EUR 5 (9) million. In the United States and markets outside Europe the sedative is sold by Orion's partner Hospira. Most of the net sales of Precedex has come from the United States, where generic competition commenced in August 2014.

Net sales of Orion's Dexdor[®] intensive care sedative (dexmedetomidine) in January–March 2015 were up by 40% at EUR 11 (8) 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 January–March 2015 were up by 6% at EUR 109 (102) million. Sales of generic entacapone products were down by 9% at EUR 6 (7) million. Sales of products from the rest of the portfolio were up by 8%.

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 2015 were up by 7% at EUR 65 (61) million. Orion managed to increase its sales, especially in prescription drugs. Sales were up by 20% at EUR 15 (12) million in Scandinavia and sales were up by 2% at EUR 12 (11) million in Eastern Europe and Russia. Depreciation of the rouble weakened development of the euro value of sales in Eastern Europe and Russia. Sales measured in local currency grew in Russia.

Net sales of Remsima[®] for treatment of rheumatoid arthritis among other things were EUR 3 (1) million in January–March 2015. Remsima is a biosimilar infliximab developed and manufactured by Orion's collaboration partner, for which Orion has marketing rights in Finland, Scandinavia 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 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 January–March 2015 were up by 40% at EUR 22 (15) million. The increase was mainly due to good growth in sales of the animal sedative product family and a non-recurring milestone payment recorded on the sale of product rights. Sales of the animal sedative product family at EUR 7 (5) million accounted for 32% (32%) 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.

At the end of the review period Morrr Oy, which is owned by Orion, launched in Finland and Sweden a beta version of the digital Morrr[®] service (www.morrr.com) for pet owners. The aim of the service, which is to become international, is to connect pet owners and professionals offering services to them. Morrr will help owners of domestic animals find the best services and products for their pets, and for professionals Morrr offers a marketing channel for their services and products.

Fermion

Fermion manufactures active pharmaceutical ingredients for Orion and other pharmaceutical companies. Its product range comprises nearly 30 pharmaceutical ingredients. For other pharmaceutical companies Fermion manufactures generic pharmaceutical ingredients and offers contract manufacturing services for development and manufacturing of new active pharmaceutical ingredients. Fermion's net sales in January–March 2015 excluding pharmaceutical ingredients supplied for Orion's own use were EUR 15 (15) 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. Arto Toivonen became President of Fermion on 1 January 2015.

Research and development projects

The Group's **R&D expenses** in January–March 2015 were EUR 25 (26) million, of which the Pharmaceuticals business accounted for EUR 23 (24) million. The Group's R&D expenses accounted for 10% (11%) 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 **Easyhaler[®] 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 ongoing 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 is commencing Phase II clinical trials with **orally administered levosimendan (ODM-109)** for treatment of patients with amyotrophic lateral sclerosis (ALS). Levosimendan is a troponin C selective calcium sensitiser enhancing cardiac and skeletal muscle function. Available studies indicate that ODM-109 has the potential to support diaphragm and thus respiratory function as well as strength and endurance of other skeletal muscles in patients with ALS.

Orion is preparing to commence Phase II clinical trials with a new **COMT inhibitor (ODM-104)** 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 ongoing 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 has commenced 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 has commenced Phase I safety trials with a **GABA-B receptor positive allosteric modulator (ODM-106)** for alleviation 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 has commenced Phase I clinical safety trials with a novel, highly potent, **selective and reversible negative allosteric modulator of Transient Receptor Potential A1 (TRPA1) ion channel (ODM-108)** for treatment of neuropathic pain. ODM-108 did not demonstrate sedation when tested at pre-clinically effective doses and is optimised for good absorption.

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 for this indication. In addition, the company is investigating the possibility of gaining an additional indication of septic shock for levosimendan.

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.

Diagnostics

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 2015 were EUR 16 (16) million.

QuikRead[®] infection tests remained the main product, with sales continuing to increase. Launching of the first Orion GenRead[®] test system products, an instrument and a *C. difficile* test that were released for sale at the end of 2014, continued during the review period. The *C. difficile* test is for detecting intestinal *Clostridium difficile* infection occurring during antibiotic treatment. Orion GenRead[®] is based on an isothermal nucleic acid amplification technique, SIBA[®] technology.

During the review period the QuikRead go[®] Feeder instrument gained the CE mark, which allows sales of the product to commence within the EU. QuikRead go Feeder automates and speeds up taking measurements with QuikRead go instruments. It is intended for healthcare sites where many samples are handled and measurements are taken continuously.

The operating profit of the Diagnostics business was up by 55% at EUR 4.0 (2.6) million. The growth was mainly due to exchange rate changes and the favourable margin structure of sales from the portfolio.

Espoo, 29 April 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	Q1/15	Q1/14	Change %	2014
Net sales	259.9	245.0	+6.1%	1,015.3
Cost of goods sold	-91.4	-95.8	-4.6%	-401.7
Gross profit	168.5	149.2	+13.0%	613.6
Other operating income and expenses	-2.2	0.2		1.7
Sales and marketing expenses	-46.6	-46.3	+0.6%	-193.4
R&D expenses	-25.1	-26.3	-4.6%	-106.2
Administrative expenses	-11.5	-9.4	+23.2%	-43.3
Operating profit	83.1	67.4	+23.3%	272.4
Finance income	0.6	0.2	+264.3%	0.8
Finance expenses	-1.4	-1.5	-6.9%	-5.9
Share of associated companies' results	0.4	0.4	+5.1%	0.4
Profit before taxes	82.7	66.5	+24.4%	267.8
Income tax expense	-17.0	-13.9	+22.5%	-56.6
Profit for the period	65.7	52.6	+24.9%	211.3

OTHER COMPREHENSIVE INCOME INCLUDING TAX EFFECTS

Change in value of cash flow hedges	0.0	0.0		0.0
Change in value of available-for-sale investments	0.5			4.1
Translation differences	2.5	0.2		0.6
Items that may be reclassified subsequently to profit and loss	3.1	0.2		4.7
Items due to remeasurement of defined benefit plans	-0.3	0.0		-41.3
Items that will not be reclassified to profit and loss	-0.3	0.0		-41.3
Other comprehensive income net of tax	2.8	0.2		-36.5
Comprehensive income for the period including tax effects	68.5	52.8	+29.8%	174.7

PROFIT ATTRIBUTABLE TO:

Owners of the parent company	65.7	52.6	+24.9%	211.3
Non-controlling interests	0.0	0.0		0.0

COMPREHENSIVE INCOME ATTRIBUTABLE TO:

Owners of the parent company	68.5	52.8	+29.8%	174.7
Non-controlling interests	0.0	0.0		0.0

Basic earnings per share, EUR ¹⁾	0.47	0.37	+24.8%	1.50
Diluted earnings per share, EUR ¹⁾	0.47	0.37	+24.8%	1.50

Depreciation, amortisation and impairment	9.9	9.3	+5.8%	39.6
Personnel expenses	54.3	54.7	-0.8%	219.2

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	3/15	3/14	Change %	12/14
Property, plant and equipment	268.5	254.8	+5.4%	269.1
Goodwill	13.5	13.5		13.5
Intangible rights	45.9	52.6	-12.9%	47.7
Other intangible assets	2.6	3.1	-14.5%	2.7
Investments in associates	2.6	2.1	+21.0%	2.1
Available-for-sale investments	6.2	0.5		5.6
Pension asset		25.1	-100.0%	
Deferred tax assets	7.6	1.0	+636.3%	6.7
Other non-current assets	1.7	1.2	+45.7%	1.6
Non-current assets total	348.5	354.0	-1.5%	349.1
Inventories	186.4	198.0	-5.8%	178.7
Trade receivables	171.5	168.3	+1.9%	174.0
Other receivables	51.7	52.4	-1.4%	41.2
Money market investments				73.0
Cash and cash equivalents	312.2	254.3	+22.8%	185.5
Current assets total	721.8	673.0	+7.3%	652.4
Assets total	1,070.3	1,026.9	+4.2%	1,001.5

EQUITY AND LIABILITIES

EUR million	3/15	3/14	Change %	12/14
Share capital	92.2	92.2		92.2
Expendable fund	0.5	0.5		0.5
Other reserves	6.4	1.6	+298.5%	5.9
Retained earnings	302.6	297.7	+1.7%	416.3
Equity attributable to owners of the parent company	401.8	392.0	+2.5%	514.9
Non-controlling interests	0.0	0.0	-82.2%	0.0
Equity total	401.8	392.0	+2.5%	514.9
Deferred tax liabilities	30.7	29.7	+3.1%	30.1
Pension liability	34.7	1.5		31.1
Provisions	0.3	0.4	-27.9%	0.4
Interest-bearing non-current liabilities	206.1	229.3	-10.1%	210.0
Other non-current liabilities	0.2	0.4	-63.3%	0.2
Non-current liabilities total	271.9	261.4	+4.0%	271.8
Trade payables	65.2	63.4	+2.9%	66.6
Current tax liabilities	5.1	2.6	+100.4%	1.1
Other current liabilities	301.7	282.8	+6.7%	122.5
Provisions	0.0	0.1	-73.9%	
Interest-bearing current liabilities	24.6	24.7	-0.3%	24.5
Current liabilities total	396.6	373.5	+6.2%	214.7
Liabilities total	668.5	634.9	+5.3%	486.5
Equity and liabilities total	1,070.3	1,026.9	+4.2%	1,001.5

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 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
Equity at 1 January 2015	92.2	0.5	5.9	-50.8	-3.3	470.4	0.0	514.9
Profit for the period						65.7		65.7
Other comprehensive income:								
Change in value of cash flow hedges			0.0					0.0
Change in value of available-for-sale investments			0.5					0.5
Translation differences					2.6			2.6
Items due to remeasurement of defined benefit plans				-0.3				-0.3
Transactions with owners								
Dividend and capital repayment						-183.1		-183.1
Share-based incentive plan						1.6		1.6
Other adjustments			0.0			-0.3	0.0	-0.2
Equity at 31 March 2015	92.2	0.5	6.4	-51.1	-0.7	354.4	0.0	401.8

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Q1/15	Q1/14	2014
Operating profit	83.1	67.4	272.4
Adjustments	10.8	12.6	47.8
Change in working capital	-18.0	-5.7	43.2
Interest paid	-3.3	-1.3	-9.6
Interest received	3.9	1.0	3.5
Dividends received			0.2
Income taxes paid	-13.6	-15.0	-60.9
Total net cash flow from operating activities	62.9	59.1	296.7
Investments in property, plant and equipment	-9.0	-15.6	-51.5
Investments in intangible assets	-1.0	-1.1	-4.9
Sales of property, plant and equipment and available-for-sale investments	0.3	0.4	1.5
Sales of intangible assets		0.0	
Total net cash flow from investing activities	-9.6	-16.3	-54.9
Current loans raised	0.5	0.9	1.9
Repayments of current loans	-0.7	-1.1	-3.2
Non-current loans raised	0.2		
Repayments of non-current loans	-4.1	-4.1	-23.0
Dividends paid and other distribution of profits	0.0	0.0	-176.2
Total net cash flow from financing activities	-4.1	-4.3	-200.5
Net change in cash and cash equivalents	49.2	38.6	41.2
Cash and cash equivalents at the beginning of the period	258.5	214.7	214.7
Foreign exchange differences	4.4	1.0	2.6
Net change in cash and cash equivalents	49.2	38.6	41.2
Cash and cash equivalents at the end of the period	312.2	254.3	258.5
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	312.2	254.3	185.5
Money market investments at the end of the period			73.0
Cash and cash equivalents in the statement of cash flows	312.2	254.3	258.5

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	3/15	3/14	12/14
Carrying amount at the beginning of the period	269.1	247.3	247.3
Additions	6.9	14.6	51.5
Disposals	-0.3	-0.3	-1.7
Depreciation and impairments	-7.3	-6.7	-27.9
Carrying amount at the end of the period	268.5	254.8	269.1

CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	3/15	3/14	12/14
Carrying amount at the beginning of the period	50.4	57.3	57.3
Additions	0.7	1.1	5.1
Disposals		-0.0	-0.2
Amortisation and impairments	-2.6	-2.6	-11.8
Carrying amount at the end of the period	48.5	55.7	50.4

COMMITMENTS AND CONTINGENCIES

EUR million	3/15	3/14	12/14
CONTINGENCIES FOR OWN LIABILITIES			
Mortgages on land and buildings	32.0	32.0	32.0
Guarantees	3.5	2.6	2.7
OTHER LIABILITIES			
Leasing liabilities (excluding finance lease contracts)	7.0	6.2	8.1
Other liabilities	0.3	0.3	0.3

DERIVATIVES

EUR million	3/15	3/14	12/14
CURRENCY FORWARD CONTRACTS AND CURRENCY SWAPS			
Fair value, EUR million	0.2	0.3	1.1
Nominal value, EUR million	58.1	58.3	51.3
CURRENCY OPTIONS			
Fair value, EUR million	-0.0	-0.0	0.2
Nominal value, EUR million	35.4	63.0	39.7
INTEREST RATE SWAPS			
Fair value, EUR million	-0.1	-0.2	-0.1
Nominal value, EUR million	14.3	17.9	15.2
ELECTRICITY DERIVATIVES			
Fair value, EUR million	-0.3	-0.8	-0.3
Nominal amount, GWh	17	48	22

FAIR VALUE MEASUREMENT AND HIERARCHY OF FINANCIAL INSTRUMENTS

EUR million	Level 1	Level 2	Level 3	Total
Assets				
Derivatives				
Currency derivatives		0.6		0.6
Available-for-sale financial assets				
Shares and investments	5.9		0.3	6.2
Assets total	5.9	0.6	0.3	6.8
Liabilities				
Derivatives				
Currency derivatives		-0.5		-0.5
Interest rate swaps		-0.1		-0.1
Electricity derivatives	-0.3			-0.3
Liabilities total	-0.3	-0.6	0.0	-0.9

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.

No transfers between levels occurred during the reporting period.

RELATED PARTY TRANSACTIONS

EUR million	Q1/15	Q1/14	2014
Management's employment benefits	4.7	4.1	6.8

Operating segment performance

NET SALES BY BUSINESS DIVISION

EUR million	Q1/15	Q1/14	Change %	2014
Pharmaceuticals	244.5	229.5	+6.5%	962.0
Proprietary Products	89.3	88.2	+1.2%	373.4
Specialty Products	108.6	102.1	+6.4%	427.1
Animal Health	21.6	15.4	+40.0%	70.2
Fermion	14.7	14.9	-1.0%	56.9
Contract manufacturing and other	10.3	8.9	+15.8%	34.3
Diagnostics	16.2	16.3	-0.8%	56.4
Group items	-0.8	-0.8	+0.7%	-3.1
Group total	259.9	245.0	+6.1%	1,015.3

OPERATING PROFIT BY BUSINESS AREA

EUR million	Q1/15	Q1/14	Change %	2014
Pharmaceuticals	81.4	66.7	+22.0%	275.7
Diagnostics	4.0	2.6	+54.6%	6.4
Group items	-2.2	-1.9	+20.0%	-9.6
Group total	83.1	67.4	+23.3%	272.4

NET SALES BY ANNUAL QUARTERS

EUR million	2015		2014			2013		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Pharmaceuticals	244.5	241.5	226.2	264.8	229.5	259.8	224.1	235.0
Diagnostics	16.2	14.5	12.8	12.7	16.3	13.7	13.5	14.0
Group items	-0.8	-0.8	-0.6	-0.9	-0.8	-0.8	-0.7	-0.9
Group total	259.9	255.3	238.3	276.7	245.0	272.6	236.9	248.0

OPERATING PROFIT BY ANNUAL QUARTERS

EUR million	2015		2014			2013		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Pharmaceuticals	81.4	56.9	63.8	88.3	66.7	67.9	66.7	64.4
Diagnostics	4.0	1.5	1.7	0.6	2.6	0.7	2.0	-0.4
Group items	-2.2	-3.1	-1.8	-2.9	-1.9	-2.8	-2.2	-2.9
Group total	83.1	55.3	63.8	86.0	67.4	65.8	66.6	61.1

GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

EUR million	2015		2014			2013		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Finland	78.4	79.6	73.5	72.0	70.4	71.5	67.6	67.7
Scandinavia	36.9	35.6	31.7	34.6	33.3	33.0	30.7	34.5
Other Europe	86.6	89.1	81.3	104.9	79.1	91.9	77.6	83.6
North America	21.6	24.5	15.2	34.0	30.7	45.2	32.7	33.6
Other markets	36.4	26.5	36.6	31.2	31.5	31.0	28.2	28.8
Group total	259.9	255.3	238.3	276.7	245.0	272.6	236.9	248.0

Business reviews

KEY FIGURES FOR PHARMACEUTICALS BUSINESS

EUR million	Q1/15	Q1/14	Change %	2014
Net sales	244.5	229.5	+6.5%	962.0
Operating profit	81.4	66.7	+22.0%	275.7
% of net sales	33.3%	29.1%		28.7%
R&D expenses	23.4	24.5	-4.2%	99.1
% of net sales	9.6%	10.7%		10.3%
Capital expenditure	7.1	17.8	-60.2%	51.3
% of net sales	2.9%	7.7%		5.3%
Sales revenue from proprietary products	96.3	92.4	+4.3%	363.3
Assets	682.2	709.9		669.4
Liabilities	174.3	158.0		180.7
Personnel at the end of the period	3,103	3,181		3,131

TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

EUR million	Q1/15	Q1/14	Change %	2014
Stalevo [®] , Comtess [®] and Comtan [®] (Parkinson's disease)	42.4	47.2	-10.1%	169.2
Simdax [®] (acute decompensated heart failure)	12.7	10.7	+19.0%	47.1
Easyhaler [®] product family (asthma, COPD)	12.5	7.8	+59.0%	35.3
Dexdor [®] (intensive care sedative)	11.1	8.0	+39.7%	35.2
Dexdomitor [®] , Domitor [®] , Domosedan [®] and Antisedan [®] (animal sedatives)	6.9	4.9	+41.6%	24.7
Generic entacapone products (Parkinson's disease)	6.2	6.8	-9.2%	25.5
Burana [®] (inflammatory pain)	5.6	5.5	+1.4%	23.1
Marevan [®] (anticoagulant)	5.0	4.9	+3.2%	17.2
Precedex [®] (intensive care sedative)	4.6	9.0	-49.0%	29.8
Divina [®] range (menopausal symptoms)	3.5	2.8	+23.5%	14.7
Total	110.5	107.6	+2.7%	421.9
Share of pharmaceutical net sales	45%	47%		44%

KEY FIGURES FOR DIAGNOSTICS BUSINESS

EUR million	Q1/15	Q1/14	Change %	2014
Net sales	16.2	16.3	-0.8%	56.4
Operating profit	4.0	2.6	+54.6%	6.4
% of net sales	24.5%	15.7%		11.3%
R&D expenses	1.7	1.9	-9.6%	7.2
% of net sales	10.4%	11.4%		12.8%
Capital expenditure	0.9	0.6	+42.9%	6.3
% of net sales	5.4%	3.8%		11.3%
Assets	48.0	46.8		48.9
Liabilities	12.6	9.5		16.5
Personnel at the end of the period	290	278		296

KEY CLINICAL PHARMACEUTICAL DEVELOPMENT PROJECTS

Project	Indication	PHASE			Registration
		I	II	III	
Bufomix Easyhaler® budesonide-formoterol) ¹⁾	Asthma, COPD	I	II	III*	
Easyhaler® salmeterol-fluticasone	Asthma, COPD	I	II	III*	
ODM-201 (androgen receptor inhibitor) ²⁾	Prostate cancer	I	II	III*	
Levosimendan ³⁾	Low Cardiac Output Syndrome	I	II	III*	
ORM-12741 (alpha-2c adrenoceptor antagonist) ⁴⁾	Alzheimer's disease	I	IIa		
Dexmedetomidine (intranasal) ⁵⁾	Treatment of pain	I	IIb*		
ODM-109 (oral levosimendan)	ALS	I	II*		
ODM-104 (more effective COMT inhibitor)	Parkinson's disease	I			
ODM-203 (targeted FGFR+VEGFR inhibitor)	Solid tumours	I*			
ODM-204 (CYP17 enzyme and androgen receptor inhibitor)	Prostate cancer	I*			
ODM-106 (GABA-B receptor positive allosteric modulator)	Essential tremor	I*			
ODM-108 (negative allosteric modulator of TRPA1 ion channel)	Neuropathic pain	I*			
¹⁾ Aim is to obtain marketing authorisation for product in at least some European countries not included in decentralised marketing authorisation application process. ²⁾ In collaboration with Bayer ³⁾ Partner: Tenax Therapeutics, Inc. ⁴⁾ In collaboration with Janssen Pharmaceuticals ⁵⁾ Partner: Recro Pharma, Inc.		*	= Phase ongoing		

Information on Orion's shares

BASIC SHARE INFORMATION 31 MARCH 2015

	A shares	B shares	Total
Trading code on Nasdaq 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		427,716	427,716
Total number of shares excluding treasury shares	40,412,981	100,417,131	140,830,112
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	100,417,131	908,676,751
% of total votes	89%	11%	100%
Total number of shareholders	17,312	40,448	51,872

INFORMATION ON TRADING ON NASDAQ HELSINKI 1 JANUARY – 31 MARCH 2015

	A shares	B shares	Total
Shares traded	741,244	19,660,654	20,401,898
% of the total number of shares	1.8%	19.5%	14.4%
Trading volume, EUR million	20.9	553.9	574.8
Closing quotation on 31 December 2014, EUR	25.03	25.77	
Lowest quotation, EUR (A 2 and B 7 January 2015)	24.90	25.47	
Average quotation, EUR	28.25	28.17	
Highest quotation, EUR (A and B 27 January 2015)	29.75	29.92	
Closing quotation on 31 March 2015, EUR	26.10	26.29	
Market capitalisation on 31 March 2015, EUR million	1,054.8	2,640.0	3,694.7

PERFORMANCE PER SHARE

	Q1/15	Q1/14	Change %	2014
Basic earnings per share, EUR	0.47	0.37	+24.8%	1.50
Diluted earnings per share, EUR	0.47	0.37	+24.8%	1.50
Cash flow per share before financial items, EUR	0.38	0.30	+24.3%	1.72
Equity per share, EUR	2.85	2.79		3.66
Average number of shares excluding treasury shares, 1,000 shares	140,734	140,606		140,668

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 2014 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 2015. 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 <http://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

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.