

## Orion Group Interim Report January–September 2015

Orion's net sales in January–September 2015 totalled EUR 754 million (EUR 760 million in January–September 2014).

- Operating profit was EUR 216 (217) million.
- Profit before taxes was EUR 213 (214) million.
- Equity ratio was 53% (55%).
- ROCE before taxes was 40% (39%).
- ROE after taxes was 44% (44%).
- Basic earnings per share were EUR 1.20 (1.21).
- Cash flow per share before financial items was EUR 1.11 (1.34).
- The outlook estimate for 2015 remains unchanged. Orion estimates that in 2015 net sales will be at similar level to 2014 and the operating profit is estimated to exceed EUR 260 million.

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

	Q3/15	Q3/14	Change %	Q1–Q3/15	Q1–Q3/14	Change %	2014
Net sales, EUR million	239.1	238.3	+0.3%	754.0	760.0	-0.8%	1,015.3
International operations, EUR million.	161.0	164.8	-2.3%	520.6	544.1	-4.3%	719.8
% of net sales	67.3%	69.2%		69.0%	71.6%		70.9%
Operating profit, EUR million	58.6	63.8	-8.1%	215.6	217.2	-0.7%	272.4
% of net sales	24.5%	26.8%		28.6%	28.6%		26.8%
Profit before taxes, EUR million	57.0	62.8	-9.3%	212.6	214.0	-0.7%	267.8
% of net sales	23.9%	26.4%		28.2%	28.2%		26.4%
Income tax expense, EUR million	11.7	13.0	-10.4%	43.8	43.6	+0.6%	56.6
R&D expenses, EUR million	23.1	21.0	+10.0%	76.1	77.9	-2.4%	106.2
% of net sales	9.7%	8.8%		10.1%	10.3%		10.5%
Capital expenditure, EUR million	11.0	13.2	-17.0%	30.3	42.8	-29.3%	57.1
% of net sales	4.6%	5.6%		4.0%	5.6%		5.6%
Assets total, EUR million				974.0	963.4	+1.1%	1,001.5
Equity ratio, %				52.5%	55.2%		52.3%
Gearing, %				-0.1%	5.7%		-4.7%
Interest-bearing liabilities, EUR million				219.7	242.9	-9.6%	234.5
Non-interest-bearing liabilities, EUR million				249.3	204.9	+21.6%	252.0
Cash and cash equivalents and money market investments, EUR million				220.2	213.5	+3.1%	258.5
ROCE (before taxes), %				40.1%	38.7%		36.5%
ROE (after taxes), %				44.1%	44.2%		41.1%
Basic earnings per share, EUR	0.32	0.35	-9.1%	1.20	1.21	-1.1%	1.50
Diluted earnings per share, EUR	0.32	0.35	-9.1%	1.20	1.21	-1.1%	1.50
Cash flow per share before financial items, EUR	0.44	0.41	+7.4%	1.11	1.34	-16.9%	1.72
Equity per share, EUR				3.59	3.66	-2.1%	3.66
Personnel at the end of the period				3,392	3,474	-2.3%	3,450
Average personnel during the period				3,442	3,505	-1.8%	3,493
Personnel expenses, EUR million				163.3	161.1	+1.3%	219.2

**President and CEO Timo Lappalainen:**

## **“Product sales developed well”**

“In January–September 2015 our net sales and operating profit were at similar level to the previous year. Operating profit remained similar to the previous year despite lower Stalevo and Precedex sales and clearly lower milestone payments than a year ago. This was due to good growth in sales of other products and the better gross margin level than last year, which was enhanced by improved production efficiency and exchange rate changes.

“Net sales of the Specialty Products business division continued to grow well, especially in Scandinavia and Finland. Growth was particularly strong in the biosimilar Remsima. 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 last year. The growth of Comtan is mainly due to good sales development in Japan. However, sales of Stalevo and Precedex continued to decline due to generic competition. In Europe extension of generic competition to Stalevo outside Germany has not yet materially affected Orion’s sales. Growth in the Animal Health business division was due to good growth in sales of the animal sedative product family and a payment related to the sale of product rights received early this year.

“We have completed the additional trials with the Bufomix Easyhaler combined formulation. Based on the results received, Orion is preparing to submit a marketing authorisation application by the end of the year in at least some of the countries that were not included in the decentralised marketing authorisation application process. We have decided to discontinue development of ODM-106 for alleviation of symptoms of essential tremor, but we however continue the research work related to GABA-B receptor positive allosteric modulators. In addition, during the review period we focused on progressing other research and development projects jointly with our collaboration partners.

“Our outlook estimate, which was updated in July and can be found in this report under ‘Outlook for 2015’ and ‘Basis for outlook’, remains unchanged. We estimate that in 2015 net sales will be at similar level to 2014. We estimate that operating profit will exceed EUR 260 million.”

## Events during the period

On 9 July Orion upgraded the full-year outlook for 2015.

## Events after the period

There were no significant events after the period.

## News conference and teleconference

A news conference and teleconference on the published results will be held today, Tuesday 27 October 2015, at 13:30 EET in Hotel Kämp, address: Pohjoisesplanadi 29, Helsinki. President and CEO Timo Lappalainen will give a brief presentation in English on the financial review.

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

The teleconference code is 955325 and the telephone numbers to participate in the teleconference are:

Finland:	+358 (0)9 2313 9202
Sweden:	+46 (0)8 5052 0114
United Kingdom:	+44 (0)20 7162 0177
United States:	+1 334 323 6203

### 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 27 October 2015.

## Financial report material

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

## Dates in Orion Calendar 2016

Financial Statement Release for 2015	Tuesday 2 February 2016
Annual General Meeting 2016	Planned to be held on Tuesday 22 March 2016
Interim Report January–March 2016	Wednesday 27 April 2016
Interim Report January–June 2016	Tuesday 19 July 2016
Interim Report January–September 2016	Tuesday 25 October 2016

The Financial Statements and Report by the Board of Directors for 2015 will be published on the Company's website at the latest in week 9/2016.

## For additional information about the financial review:

Jari Karlson, CFO	tel. +358 10 426 2883
Tuukka Hirvonen, Communications Manager	tel. +358 10 426 2721 / mobile +358 50 966 2721

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

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

## Financial review January–September 2015

### Net sales

**The Orion Group's net sales** in January–September 2015 were EUR 754 million (EUR 760 million in January–September 2014). The net effect of currency exchange rates was plus EUR 13 million.

**The Pharmaceuticals business's** net sales were EUR 714 (721) million. The Pharmaceuticals business's net sales of products in the portfolio other than Stalevo<sup>®</sup>, Comtess<sup>®</sup>/Comtan<sup>®</sup> and Precedex<sup>®</sup>, and excluding milestone payments, were up by 9% at EUR 584 (534) million. Net sales of Orion's Stalevo<sup>®</sup> (carbidopa, levodopa and entacapone) and Comtess<sup>®</sup>/Comtan<sup>®</sup> (entacapone) Parkinson's drugs were down by 14% at EUR 112 (130) million, which was 16% (18%) of the Pharmaceuticals business's net sales.

**The Diagnostics business's** net sales were EUR 43 (42) million.

### Operating profit

**The Orion Group's operating profit** was EUR 216 (217) million. Milestone payments accounted for EUR 5 (32) million of the operating profit.

**The Pharmaceuticals business's** operating profit was EUR 217 (219) million. Milestone payments accounted for EUR 5 (32) million of the operating profit. The gross profit percentage on product sales was higher due to improved production efficiency and changes in exchange rates.

**The Diagnostics business's** operating profit was up by 39% at EUR 6.8 (4.9) million mainly due to the favourable margin structure of sales from the portfolio and exchange rate changes.

### Operating expenses

**The Group's sales and marketing expenses** were EUR 138 (138) million.

**R&D expenses** were EUR 76 (78) million and accounted for 10% (10%) of the Group's net sales. Pharmaceutical R&D expenses amounted to EUR 71 (73) million. Research projects are reported in more detail under Pharmaceuticals in the Business Reviews.

**Administrative expenses** were EUR 34 (31) million.

**Other operating income and expenses** were EUR 0.8 (-0.3) million.

### Group's profit

The Group's profit before taxes totalled EUR 213 (214) million. Basic earnings per share were EUR 1.20 (1.21) and diluted earnings per share were EUR 1.20 (1.21). Equity per share was EUR 3.59 (3.66). The return on capital employed before taxes (ROCE) was 40% (39%) and the return on equity after taxes (ROE) 44% (44%).

### Financial position

The Group's **gearing** was -0% (6%) and the **equity ratio** 53% (55%).

The Group's **total liabilities** at 30 September 2015 were EUR 469 (448) million. At the end of the period, interest-bearing liabilities amounted to EUR 220 (243) million, including EUR 200 (218) million of non-current loans.

The Group had EUR 220 (214) 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 188 (233) million. The decrease in cash flow was due to an increase of EUR 32 million in cash tied up in working capital. During the comparative period the amount of cash tied up in working capital decreased by EUR 32 million.

**Cash flow from investing activities** was EUR -31 (-45) million.

**Cash flow from financing activities** was EUR -199 (-192) million.

## Capital expenditure

The Group's capital expenditure totalled EUR 30 (43) million. This comprised EUR 27 (39) million on property, plant and equipment and EUR 3 (4) million on intangible assets.

## Outlook for 2015 (unchanged)

**Net sales** are estimated to be at similar level to 2014 (net sales were EUR 1,015 million in 2014).

**Operating profit** is estimated to exceed EUR 260 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. Because of the good growth in the first half of the year in the steadily growing business areas such as Specialty Products, Dexdor<sup>®</sup> and the Easyhaler<sup>®</sup> product family we expect them to compensate during the current year for the decreases in net sales due to some rapid changes, such as extension of generic competition to Stalevo<sup>®</sup> in Europe, decreasing royalties from Precedex<sup>®</sup> and the timing of milestone payments.

Orion's Parkinson's drugs are Comtess<sup>®</sup>, Comtan<sup>®</sup> and Stalevo<sup>®</sup>. 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 in Europe 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.

Generic competition to Precedex commenced in the United States in August 2014. As a result, 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<sup>®</sup> molecule expired in September 2015 but this is not expected to have a material impact on sales of the product 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 three quarters 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 challenging 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 30 September 2015 Orion had a total of 141,257,828 (141,257,828) shares, of which 39,191,154 (40,962,816) were A shares and 102,066,674 (100,295,012) B shares. The Group's share capital was EUR 92,238,541.46 (92,238,541.46). At the end of September 2015 Orion held 427,716 (569,665) B shares as treasury shares. On 30 September 2015 the aggregate number of votes conferred by the A and B shares was 885,462,038 (918,981,667) excluding treasury shares.

At the end of September 2015, Orion had 49,219 (52,399) registered shareholders.

### Voting rights conferred by shares

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

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

### Conversion of shares

The Articles of Association entitle shareholders to demand the conversion of their A shares to B shares within the limitation on the maximum number of shares of a class. In January–September 2015 a total of 1,221,827 shares were converted.

### Trading in Orion's shares

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



On 30 September 2015 the market capitalisation of the Company's shares, excluding treasury shares, was EUR 4,774 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 September 2015 Orion had a total of 49,219 (52,399) registered shareholders, of whom 96% (95%) were private individuals holding 41% (43%) of the entire share stock and 62% (61%) of the total votes. There were altogether 59 (55) million nominee-registered shares, which was 42% (39%) of all shares, and they conferred entitlement to 9% (8%) of the total votes.

At the end of September 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.

## **Personnel**

The average number of employees in the Orion Group in January–September 2015 was 3,442 (3,505). At the end of September 2015 the Group had a total of 3,392 (3,474) employees, of whom 2,722 (2,780) worked in Finland and 670 (694) outside Finland.

Salaries and other personnel expenses in January–September 2015 totalled EUR 163 (161) million.

## **Significant legal proceedings**

Companies belonging to the Orion Group are parties to various legal disputes, which are not, however, 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–September 2015 was up by 3% on the previous year at EUR 1,620 (1,581) 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–September 2015 amounted to EUR 195 (183) million, up by 7% compared with the previous year. Orion's market share of Finnish pharmaceuticals markets was 12% (12%).

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		MAT6/2015	MAT6/2014	Change %
United States	USD	821	811	+1%
Europe TOP 5	EUR	958	994	-4%
Japan	EUR	543	491	+10%

Source: IMS Health pharmaceutical sales statistics MAT6/2015 (7/2014–6/2015)

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		MAT6/2015	MAT6/2014	Change %
United States	USD	93	129	-28%
Europe TOP 5	EUR	135	149	-9%
Japan	EUR	60	53	+12%

Source: IMS Health pharmaceutical sales statistics MAT6/2015 (7/2014–6/2015)

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

EUR or USD million		MAT6/2015	MAT6/2014	Change %
United States	USD	18	21	-15%
Europe TOP 5	EUR	109	129	-15%
Japan	EUR	60	53	+12%

Source: IMS Health pharmaceutical sales statistics MAT6/2015 (7/2014–6/2015)

Sales of Orion's branded Parkinson's drugs decreased in the United States due the trend to generics in the market and in Europe due to commencement of generic competition. Sales in Japan increased mainly because Stalevo was launched in that market during 2015. The market share of Orion's branded Parkinson's drugs was 2% in the United States, on average 11% in the five largest European markets and 11% in Japan.

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 June 2015 were up by 3% at EUR 515 (498) million. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in June 2015 sales of Orion's **Dexdor® intensive care sedative** (dexmedetomidine) were up by 35% at EUR 32 (24) million in Europe.

## Net sales and operating profit of the Pharmaceuticals business

In January–September 2015 the Pharmaceuticals business's net sales were EUR 714 (721) million and its operating profit was EUR 217 (219) million. Milestone payments accounted for EUR 5 (32) million of the net sales and operating profit. The operating profit of the Pharmaceuticals business was 30% (30%) of the segment's net sales.

Net sales of Orion's top ten pharmaceuticals in January–September 2015 were up by 3% at EUR 317 (307) million. They accounted for 44% (43%) 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<sup>®</sup> pulmonary drugs. Net sales of Proprietary Products in January–September 2015 were down by 14% at EUR 244 (285) million. The decrease was mainly due to the generic competition faced by Stalevo<sup>®</sup> and Precedex<sup>®</sup>, and lower milestone payments than in the previous year. Good growth in sales of other products was not able to compensate fully for the decline in Stalevo and Precedex net sales.

Orion's drugs for treatment of Parkinson's disease are Stalevo<sup>®</sup> (active ingredients carbidopa, levodopa and entacapone) and Comtess<sup>®</sup>/Comtan<sup>®</sup> (entacapone). Their total net sales in January–September 2015 were down by 14% at EUR 112 (130) 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–Q3/2015	Q1–Q3/2014	Change %
Stalevo deliveries to Novartis	51.4	54.8	-6.1%
Comtan deliveries to Novartis	24.7	19.4	+27.2%
Orion's Stalevo sales	31.3	50.7	-38.2%
Orion's Comtess sales	4.9	5.0	-3.8%

Net sales of Simdax<sup>®</sup>, a drug for treatment of acute decompensated heart failure, in January–September 2015 were up by 8% at EUR 37 (35) million. New marketing authorisations were received for Simdax in Europe during 2015.

Total net sales of the Easyhaler<sup>®</sup> product family for treatment of asthma and chronic obstructive pulmonary disease were up by 49% in January–September 2015 at EUR 37 (25) million. The increase was due to good development of sales of monoproducts that have been on the markets for a long time and sales of Bufomix Easyhaler<sup>®</sup> (budesonide-formoterol), the new combined formulation in the product family. Sales of Bufomix Easyhaler totalled EUR 11 (1) million in January–September 2015. 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 Orion's Dexdor<sup>®</sup> intensive care sedative (dexmedetomidine) in January–September 2015 were up by 30% at EUR 32 (25) million.

Net sales of the Precedex<sup>®</sup> intensive care sedative (dexmedetomidine) were down by 50% in January–September 2015 at EUR 12 (25) 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.

## 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–September 2015 were up by 9% at EUR 339 (310) million. Sales of generic entacapone products were down by 11% at EUR 17 (20) million. Sales of products from the rest of the portfolio were up by 11%.

Finland, Scandinavia, and Eastern Europe and Russia are the most important markets for Specialty Products. The business division's sales in Finland in January–September 2015 were up by 8% at EUR 201 (186) million. Orion managed to increase its sales, especially in prescription drugs. Sales were up by 38% at EUR 51 (37) million in Scandinavia and sales were down by 4% at EUR 38 (39) 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<sup>®</sup> for treatment of rheumatoid arthritis among other things were EUR 17 (3) million in January–September 2015. Remsima is a biosimilar infliximab developed and manufactured by Orion's collaboration partner, for which Orion has marketing rights in the Nordic countries 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–September 2015 were up by 18% at EUR 59 (50) 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 during the first quarter of this year. Sales of the animal sedative product family at EUR 21 (16) million accounted for 35% (32%) of the division's net sales. The product family comprises Orion's animal sedatives Dexdomitor<sup>®</sup> (dexmedetomidine), Domitor<sup>®</sup> (medetomidine) and Domosedan<sup>®</sup> (detomidine), and antagonist Antisedan<sup>®</sup> (atipamezole), which reverses the effects of the sedatives.

During the summer, the European Commission granted centralised marketing authorisation for Sileo<sup>®</sup> (dexmedetomidine), Orion's Animal Health division's new proprietary drug. Sileo is indicated for alleviation of acute anxiety and fear associated with loud noise in dogs.

## 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–September 2015 excluding pharmaceutical ingredients supplied for Orion's own use were down by 5% at EUR 43 (46) million and accounted for nearly two-thirds of Fermion's entire net sales. Several key products performed well, even though competition in the markets remained intense.

## Research and development projects

The Group's **R&D expenses** in January–September 2015 were EUR 76 (78) million, of which the Pharmaceuticals business accounted for EUR 71 (73) million. The Group's R&D expenses accounted for 10% (10%) of the Group's net sales. R&D expenses also include expenses related to development of the current portfolio.

In 2014 Orion commenced global collaboration with Bayer in the development and commercialisation of an investigational novel oral **androgen receptor inhibitor (ODM-201)**. The companies have an ongoing joint 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 completed the additional trials with the **Bufomix Easyhaler® combined formulation (budesonide-formoterol)**. Based on the results received, Orion is preparing to submit a marketing authorisation application by the end of the year in at least some of the 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. Orion has commenced a second Phase IIa clinical trial with a new drug formulation. 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 formulation.

Orion has commenced a Phase II clinical trial 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 ongoing 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).

Based on toxicological and pharmacokinetic findings in Phase I study Orion has decided to discontinue development of ODM-106 for alleviation of symptoms of essential tremor. Orion continues the preclinical research work related to GABA-B receptor positive allosteric modulators.

Orion has ongoing 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 completed a Phase IIb clinical trial with patients suffering from post-operative pain. According to Recro, the results of the trial were positive and Recro is preparing to commence a Phase III clinical trial.

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–September 2015 were up by 2% at EUR 43 (42) million.

QuikRead® infection tests remained the main product, with sales continuing to increase. During the review period launching of the QuikRead go® wrCRP and QuikRead go wrCRP+Hb tests continued and a new bi-directional connectivity feature for QuikRead go® instruments was introduced. It enables a QuikRead go® instrument to be connected into laboratory data systems, thereby providing for users of QuikRead go® instruments even more possibilities to automate management of the instrument, its users and quality control.

Launching of the first Orion GenRead® test system products – an instrument and a C. difficile test for detecting C. difficile bacteria causing intestinal infection related to antibiotic treatment – continued as planned. The test gives the first positive C. difficile results already within 20 minutes, which is a significant advantage in treating a patient. Orion GenRead® is based on an isothermal nucleic acid amplification technique, SIBA® technology.

The operating profit of the Diagnostics business was up by 39% at EUR 6.8 (4.9) million. The growth was mainly due to the favourable margin structure of sales from the portfolio and exchange rate changes.

Kaisa Tarkkanen became President of Orion Diagnostica on 1 October 2015.

Espoo, 27 October 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	Q3/15	Q3/14	Change %	Q1–Q3/15	Q1–Q3/14	Change %	2014
<b>Net sales</b>	<b>239.1</b>	238.3	+0.3%	<b>754.0</b>	760.0	-0.8%	1,015.3
Cost of goods sold	<b>-105.3</b>	-100.2	+5.1%	<b>-291.2</b>	-295.5	-1.4%	-401.7
<b>Gross profit</b>	<b>133.7</b>	138.1	-3.2%	<b>462.8</b>	464.5	-0.4%	613.6
Other operating income and expenses	<b>1.1</b>	-1.0	+209.4%	<b>0.8</b>	-0.3	+341.7%	1.7
Sales and marketing expenses	<b>-42.8</b>	-42.5	+0.8%	<b>-137.6</b>	-137.9	-0.2%	-193.4
R&D expenses	<b>-23.1</b>	-21.0	+10.0%	<b>-76.1</b>	-77.9	-2.4%	-106.2
Administrative expenses	<b>-10.3</b>	-9.9	+4.3%	<b>-34.2</b>	-31.2	+9.6%	-43.3
<b>Operating profit</b>	<b>58.6</b>	63.8	-8.1%	<b>215.6</b>	217.2	-0.7%	272.4
Finance income	<b>0.0</b>	0.5	-95.6%	<b>0.6</b>	0.9	-28.6%	0.8
Finance expenses	<b>-1.6</b>	-1.4	+12.9%	<b>-4.1</b>	-4.4	-7.0%	-5.9
Share of associated companies' results				<b>0.4</b>	0.4	+5.1%	0.4
<b>Profit before taxes</b>	<b>57.0</b>	62.8	-9.3%	<b>212.6</b>	214.0	-0.7%	267.8
Income tax expense	<b>-11.7</b>	-13.0	-10.4%	<b>-43.8</b>	-43.6	+0.6%	-56.6
<b>Profit for the period</b>	<b>45.3</b>	49.8	-8.9%	<b>168.8</b>	170.4	-1.0%	211.3

### OTHER COMPREHENSIVE INCOME INCLUDING TAX EFFECTS

Change in value of cash flow hedges	<b>0.0</b>	0.0		<b>0.1</b>	-0.0		0.0
Change in value of available-for-sale financial assets	<b>-0.2</b>	0.3		<b>0.8</b>	3.7		4.1
Translation differences	<b>-1.6</b>	0.9		<b>1.6</b>	1.5		0.6
<b>Items that may be reclassified subsequently to profit and loss</b>	<b>-1.7</b>	1.3		<b>2.5</b>	5.2		4.7
Items due to remeasurement of defined benefit plans	<b>0.0</b>	-0.0		<b>-0.3</b>	-0.0		-41.3
<b>Items that will not be reclassified to profit and loss</b>	<b>0.0</b>	0.0		<b>-0.3</b>	0.0		-41.3
<b>Other comprehensive income net of tax</b>	<b>-1.7</b>	1.3		<b>2.2</b>	5.2		-36.5
<b>Comprehensive income for the period including tax effects</b>	<b>43.7</b>	51.1	-14.5%	<b>171.0</b>	175.7	-2.7%	174.7

### PROFIT ATTRIBUTABLE TO:

Owners of the parent company	<b>45.3</b>	49.8	-9.0%	<b>168.8</b>	170.5	-1.0%	211.3
Non-controlling interests	<b>0.0</b>	-0.0		<b>0.0</b>	-0.0		0.0

### COMPREHENSIVE INCOME ATTRIBUTABLE TO:

Owners of the parent company	<b>43.7</b>	51.1	-14.5%	<b>171.0</b>	175.7	-2.7%	174.7
Non-controlling interests	<b>0.0</b>	-0.0		<b>0.0</b>	-0.0		0.0

<b>Basic earnings per share, EUR <sup>1)</sup></b>	<b>0.32</b>	0.35	-9.1%	<b>1.20</b>	1.21	-1.1%	1.50
<b>Diluted earnings per share, EUR <sup>1)</sup></b>	<b>0.32</b>	0.35	-9.1%	<b>1.20</b>	1.21	-1.1%	1.50
Depreciation, amortisation and impairment	<b>9.9</b>	10.2	-2.5%	<b>31.0</b>	28.9	+7.3%	39.6
Personnel expenses	<b>49.3</b>	47.1	+4.7%	<b>163.3</b>	161.1	+1.3%	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	9/15	9/14	Change %	12/14
Property, plant and equipment	272.3	264.2	+3.0%	269.1
Goodwill	13.5	13.5		13.5
Intangible rights	42.9	50.1	-14.5%	47.7
Other intangible assets	2.5	2.8	-10.1%	2.7
Investments in associates	2.6	2.1	+21.0%	2.1
Available-for-sale financial assets	6.6	5.1	+31.5%	5.6
Pension asset		23.0	-100.0%	
Deferred tax assets	8.3	1.2	+598.7%	6.7
Other non-current assets	2.9	0.8	+290.1%	1.6
<b>Non-current assets total</b>	<b>351.5</b>	<b>362.7</b>	<b>-3.1%</b>	<b>349.1</b>
Inventories	189.5	185.2	+2.3%	178.7
Trade receivables	170.5	164.1	+3.9%	174.0
Other receivables	42.3	37.9	+11.8%	41.2
Money market investments		35.0	-100.0%	73.0
Cash and cash equivalents	220.2	178.6	+23.3%	185.5
<b>Current assets total</b>	<b>622.5</b>	<b>600.7</b>	<b>+3.6%</b>	<b>652.4</b>
<b>Assets total</b>	<b>974.0</b>	<b>963.4</b>	<b>+1.1%</b>	<b>1,001.5</b>

### EQUITY AND LIABILITIES

EUR million	9/15	9/14	Change %	12/14
Share capital	92.2	92.2		92.2
Expendable fund	0.5	0.5		0.5
Other reserves	6.7	5.4	+23.3%	5.9
Retained earnings	405.7	417.4	-2.8%	416.3
<b>Equity attributable to owners of the parent company</b>	<b>505.1</b>	<b>515.5</b>	<b>-2.0%</b>	<b>514.9</b>
Non-controlling interests	0.0	0.0	-71.0%	0.0
<b>Equity total</b>	<b>505.1</b>	<b>515.6</b>	<b>-2.0%</b>	<b>514.9</b>
Deferred tax liabilities	31.8	31.7	+0.2%	30.1
Pension liability	38.6	1.4		31.1
Provisions	0.3	0.4	-31.2%	0.4
Interest-bearing non-current liabilities	200.2	217.5	-8.0%	210.0
Other non-current liabilities	0.1	0.3	-63.5%	0.2
<b>Non-current liabilities total</b>	<b>271.0</b>	<b>251.3</b>	<b>+7.8%</b>	<b>271.8</b>
Trade payables	63.9	51.2	+24.9%	66.6
Current tax liabilities	5.7	2.7	+114.2%	1.1
Other current liabilities	108.7	117.2	-7.3%	122.5
Provisions	0.2	0.0		
Interest-bearing current liabilities	19.5	25.4	-23.4%	24.5
<b>Current liabilities total</b>	<b>198.0</b>	<b>196.5</b>	<b>+0.8%</b>	<b>214.7</b>
<b>Liabilities total</b>	<b>468.9</b>	<b>447.8</b>	<b>+4.7%</b>	<b>486.5</b>
<b>Equity and liabilities total</b>	<b>974.0</b>	<b>963.4</b>	<b>+1.1%</b>	<b>1,001.5</b>

## 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							h.
	a.	b.	c.	d.	e.	f.	g.	
<b>Equity at 1 January 2014</b>	92.2	0.5	1.6	-9.5	-3.9	433.0	0.0	<b>513.9</b>
Profit for the period						170.5		<b>170.5</b>
<b>Other comprehensive income:</b>								
Change in value of cash flow hedges			-0.0					<b>-0.0</b>
Change in value of available-for-sale financial assets			3.7					<b>3.7</b>
Translation differences				-0.0	1.5			<b>1.5</b>
<b>Transactions with owners</b>								
Dividend and capital repayment						-175.9		<b>-175.9</b>
Share-based incentive plan						2.1		<b>2.1</b>
Other adjustments			0.2			-0.4	-0.0	<b>-0.3</b>
<b>Equity at 30 September 2014</b>	92.2	0.5	5.4	-9.5	-2.4	429.3	0.0	<b>515.6</b>
<b>Equity at 1 January 2015</b>	92.2	0.5	5.9	-50.8	-3.3	470.4	0.0	<b>514.9</b>
Profit for the period						168.8		<b>168.8</b>
<b>Other comprehensive income:</b>								
Change in value of cash flow hedges			0.1					<b>0.1</b>
Change in value of available-for-sale financial assets			0.8					<b>0.8</b>
Translation differences					1.6			<b>1.6</b>
Items due to remeasurement of defined benefit plans				-0.3				<b>-0.3</b>
<b>Transactions with owners</b>								
Dividend and capital repayment						-183.1		<b>-183.1</b>
Share-based incentive plan						2.6		<b>2.6</b>
Other adjustments			-0.1			-0.3	0.0	<b>-0.3</b>
<b>Equity at 30 September 2015</b>	92.2	0.5	6.7	-51.0	-1.8	458.5	0.0	<b>505.1</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Q1–Q3/15	Q1–Q3/14	2014
Operating profit	215.6	217.2	272.4
Adjustments	40.4	33.5	47.8
Change in working capital	-31.9	31.5	43.2
Interest paid	-9.7	-8.6	-9.6
Interest received	6.7	3.6	3.5
Dividends received	0.2	0.2	0.2
Income taxes paid	-33.4	-44.2	-60.9
<b>Total net cash flow from operating activities</b>	<b>187.9</b>	<b>233.1</b>	<b>296.7</b>
Investments in property, plant and equipment	-28.5	-42.4	-51.5
Investments in intangible assets	-3.6	-3.7	-4.9
Sales of property, plant and equipment and available-for-sale investments	0.7	1.1	1.5
Sales of intangible assets		0.0	
<b>Total net cash flow from investing activities</b>	<b>-31.4</b>	<b>-45.1</b>	<b>-54.9</b>
Current loans raised	1.4	1.9	1.9
Repayments of current loans	-1.5	-2.0	-3.2
Non-current loans raised	0.3		
Repayments of non-current loans	-15.6	-15.6	-23.0
Dividends paid and other distribution of profits	-183.2	-176.0	-176.2
<b>Total net cash flow from financing activities</b>	<b>-198.6</b>	<b>-191.6</b>	<b>-200.5</b>
<b>Net change in cash and cash equivalents</b>	<b>-42.2</b>	<b>-3.6</b>	<b>41.2</b>
Cash and cash equivalents at the beginning of the period	258.5	214.7	214.7
Foreign exchange differences	3.8	2.4	2.6
Net change in cash and cash equivalents	-42.2	-3.6	41.2
Cash and cash equivalents at the end of the period	220.2	213.5	258.5
<b>Reconciliation of cash and cash equivalents in statement of financial position</b>			
Cash and cash equivalents in statement of financial position at the end of the period	220.2	178.6	185.5
Money market investments at the end of the period		35.0	73.0
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>220.2</b>	<b>213.5</b>	<b>258.5</b>

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	9/15	9/14	12/14
Carrying amount at the beginning of the period	269.1	247.3	247.3
Additions	26.5	38.9	51.5
Disposals	-0.6	-0.9	-1.7
Depreciation and impairments	-22.6	-21.1	-27.9
<b>Carrying amount at the end of the period</b>	<b>272.3</b>	<b>264.2</b>	<b>269.1</b>

## CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	9/15	9/14	12/14
Carrying amount at the beginning of the period	50.4	57.3	57.3
Additions	3.3	3.5	5.1
Disposals		-0.0	-0.2
Amortisation and impairments	-8.4	-7.9	-11.8
<b>Carrying amount at the end of the period</b>	<b>45.4</b>	<b>52.9</b>	<b>50.4</b>

## COMMITMENTS AND CONTINGENCIES

EUR million	9/15	9/14	12/14
<b>CONTINGENCIES FOR OWN LIABILITIES</b>			
Mortgages on land and buildings		32.0	32.0
Guarantees	3.8	2.7	2.7
<b>OTHER LIABILITIES</b>			
Leasing liabilities (excluding finance lease contracts)	6.8	5.9	8.1
Other liabilities	0.3	0.3	0.3

## DERIVATIVES

EUR million	9/15	9/14	12/14
<b>CURRENCY FORWARD CONTRACTS AND CURRENCY SWAPS</b>			
Fair value, EUR million	-0.3	0.1	1.1
Nominal value, EUR million	48.7	55.5	51.3
<b>CURRENCY OPTIONS</b>			
Fair value, EUR million	0.0	-0.3	0.2
Nominal value, EUR million	29.1	47.6	39.7
<b>INTEREST RATE SWAPS</b>			
Fair value, EUR million	-0.1	-0.2	-0.1
Nominal value, EUR million	12.5	16.1	15.2
<b>ELECTRICITY DERIVATIVES</b>			
Fair value, EUR million	-0.1	-0.3	-0.3
Nominal amount, GWh	6	31	22

## FAIR VALUE MEASUREMENT AND HIERARCHY OF FINANCIAL INSTRUMENTS

EUR million	Level 1	Level 2	Level 3	Total
Derivatives				
Currency derivatives		0.3		<b>0.3</b>
Available-for-sale financial assets				
Shares and investments	6.3		0.3	<b>6.6</b>
<b>Assets total</b>	<b>6.3</b>	<b>0.3</b>	<b>0.3</b>	<b>7.0</b>
Derivatives				
Currency derivatives		-0.6		<b>-0.6</b>
Interest rate swaps		-0.1		<b>-0.1</b>
Electricity derivatives	-0.1			<b>-0.1</b>
<b>Liabilities total</b>	<b>-0.1</b>	<b>-0.6</b>		<b>-0.7</b>

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–Q3/15	Q1–Q3/14	2014
Management's employment benefits	<b>6.1</b>	5.1	6.8

## Operating segment performance

### NET SALES BY BUSINESS DIVISION

EUR million	Q3/15	Q3/14	Change %	Q1–Q3/15	Q1–Q3/14	Change %	2014
Pharmaceuticals	227.1	226.2	+0.4%	713.6	720.5	-1.0%	962.0
Proprietary Products	72.9	81.3	-10.3%	244.4	284.9	-14.2%	373.4
Specialty Products	115.2	106.6	+8.1%	338.7	310.3	+9.1%	427.1
Animal Health	15.6	18.0	-13.5%	59.3	50.1	+18.5%	70.2
Fermion	14.8	11.2	+32.9%	43.5	45.9	-5.3%	56.9
Contract manufacturing and other	8.6	9.0	-5.5%	27.7	29.2	-5.3%	34.3
Diagnostics	12.5	12.8	-2.2%	42.6	41.9	+1.8%	56.4
Group items	-0.5	-0.6	-16.6%	-2.2	-2.3	-4.1%	-3.1
<b>Group total</b>	<b>239.1</b>	<b>238.3</b>	<b>+0.3%</b>	<b>754.0</b>	<b>760.0</b>	<b>-0.8%</b>	<b>1,015.3</b>

### OPERATING PROFIT BY BUSINESS AREA

EUR million	Q3/15	Q3/14	Change %	Q1–Q3/15	Q1–Q3/14	Change %	2014
Pharmaceuticals	59.7	63.8	-6.4%	216.8	218.8	-0.9%	275.7
Diagnostics	1.1	1.7	-32.7%	6.8	4.9	+38.7%	6.4
Group items	-2.3	-1.8	+28.5%	-8.0	-6.5	+22.4%	-9.6
<b>Group total</b>	<b>58.6</b>	<b>63.8</b>	<b>-8.1%</b>	<b>215.6</b>	<b>217.2</b>	<b>-0.7%</b>	<b>272.4</b>

### NET SALES BY ANNUAL QUARTERS

EUR million	2015			2014				2013
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Pharmaceuticals	227.1	242.0	244.5	241.5	226.2	264.8	229.5	259.8
Diagnostics	12.5	13.9	16.2	14.5	12.8	12.7	16.3	13.7
Group items	-0.5	-0.9	-0.8	-0.8	-0.6	-0.9	-0.8	-0.8
<b>Group total</b>	<b>239.1</b>	<b>255.0</b>	<b>259.9</b>	<b>255.3</b>	<b>238.3</b>	<b>276.7</b>	<b>245.0</b>	<b>272.6</b>

### OPERATING PROFIT BY ANNUAL QUARTERS

EUR million	2015			2014				2013
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Pharmaceuticals	59.7	75.8	81.4	56.9	63.8	88.3	66.7	67.9
Diagnostics	1.1	1.6	4.0	1.5	1.7	0.6	2.6	0.7
Group items	-2.3	-3.5	-2.2	-3.1	-1.8	-2.9	-1.9	-2.8
<b>Group total</b>	<b>58.6</b>	<b>74.0</b>	<b>83.1</b>	<b>55.3</b>	<b>63.8</b>	<b>86.0</b>	<b>67.4</b>	<b>65.8</b>

### GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

EUR million	2015			2014				2013
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Finland	78.1	76.9	78.4	79.6	73.5	72.0	70.4	71.5
Scandinavia	39.1	40.9	36.9	35.6	31.7	34.6	33.3	33.0
Other Europe	70.7	77.5	86.6	89.1	81.3	104.9	79.1	91.9
North America	17.9	20.6	21.6	24.5	15.2	34.0	30.7	45.2
Other markets	33.2	39.1	36.4	26.5	36.6	31.2	31.5	31.0
<b>Group total</b>	<b>239.1</b>	<b>255.0</b>	<b>259.9</b>	<b>255.3</b>	<b>238.3</b>	<b>276.7</b>	<b>245.0</b>	<b>272.6</b>

## Business reviews

### KEY FIGURES FOR PHARMACEUTICALS BUSINESS

EUR million	Q3/15	Q3/14	Change %	Q1–Q3/15	Q1–Q3/14	Change %	2014
Net sales	227.1	226.2	+0.4%	713.6	720.5	-1.0%	962.0
Operating profit	59.7	63.8	-6.4%	216.8	218.8	-0.9%	275.7
% of net sales	26.3%	28.2%		30.4%	30.4%		28.7%
R&D expenses	21.8	19.5	+11.4%	71.2	72.8	-2.1%	99.1
% of net sales	9.6%	8.6%		10.0%	10.1%		10.3%
Capital expenditure	10.2	9.1	+12.6%	27.5	39.2	-30.0%	51.3
% of net sales	4.5%	4.0%		3.8%	5.4%		5.3%
Sales revenue from proprietary products	80.2	87.8	-8.6%	270.9	270.2	+0.3%	363.3
Assets				684.8	686.5		669.4
Liabilities				166.1	158.4		180.7
Personnel at the end of the period				3,076	3,162		3,131

### TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

EUR million	Q3/15	Q3/14	Change %	Q1–Q3/15	Q1–Q3/14	Change %	2014
Stalevo <sup>®</sup> , Comtess <sup>®</sup> and Comtan <sup>®</sup> (Parkinson's disease)	31.8	37.2	-14.5%	112.3	130.0	-13.6%	169.2
Simdax <sup>®</sup> (acute decompensated heart failure)	11.6	12.0	-2.9%	37.5	34.7	+8.0%	47.1
Easyhaler <sup>®</sup> product family (asthma, COPD)	11.5	8.1	+40.8%	36.6	24.6	+49.0%	35.3
dexdor <sup>®</sup> (intensive care sedative)	10.2	8.2	+24.1%	32.1	24.7	+30.0%	35.2
Dexdomitor <sup>®</sup> , Domitor <sup>®</sup> , Domosedan <sup>®</sup> and Antisedan <sup>®</sup> (animal sedatives)	4.8	6.9	-31.3%	20.8	15.9	+30.8%	24.7
Generic entacapone products (Parkinson's disease)	4.9	5.2	-4.7%	17.3	19.5	-11.4%	25.5
Burana <sup>®</sup> (inflammatory pain)	5.9	5.9	+0.3%	16.9	16.8	+0.3%	23.1
Remsima <sup>®</sup> (rheumatoid arthritis, inflammatory bowel diseases)	8.4	1.6	+429.5%	16.7	3.3	+409.6%	5.6
Marevan <sup>®</sup> (anticoagulant)	3.7	4.1	-10.1%	14.1	12.6	+11.9%	17.2
Precedex <sup>®</sup> (intensive care sedative)	4.1	8.5	-51.2%	12.4	24.9	-50.2%	29.8
<b>Total</b>	<b>96.9</b>	<b>97.7</b>	<b>-0.8%</b>	<b>316.6</b>	<b>306.9</b>	<b>+3.2%</b>	<b>412.8</b>
Share of pharmaceutical net sales	43%	43%		44%	43%		43%

### KEY FIGURES FOR DIAGNOSTICS BUSINESS

EUR million	Q3/15	Q3/14	Change %	Q1–Q3/15	Q1–Q3/14	Change %	2014
Net sales	12.5	12.8	-2.2%	42.6	41.9	+1.8%	56.4
Operating profit	1.1	1.7	-32.7%	6.8	4.9	+38.7%	6.4
% of net sales	9.2%	13.4%		15.9%	11.6%		11.3%
R&D expenses	1.4	1.5	-7.5%	4.9	5.3	-6.2%	7.2
% of net sales	11.4%	12.1%		11.6%	12.6%		12.8%
Capital expenditure	0.7	2.6	-72.9%	2.6	4.3	-38.9%	6.3
% of net sales	5.7%	20.7%		6.1%	10.2%		11.3%
Assets				48.3	47.6		48.9
Liabilities				12.1	9.2		16.5
Personnel at the end of the period				291	288		296



## KEY CLINICAL PHARMACEUTICAL DEVELOPMENT PROJECTS

Project	Indication	PHASE			Registration
		I	II	III	
Bufomix Easyhaler® (budesonide-formoterol) <sup>1)</sup>	Asthma, COPD	I	II	III	
Easyhaler® salmeterol-fluticasone	Asthma, COPD	I	II	III*	
ODM-201 (androgen receptor inhibitor) <sup>2)</sup>	Prostate cancer	I	II	III*	
Levosimendan <sup>3)</sup>	Low Cardiac Output Syndrome	I	II	III*	
ORM-12741 (alpha-2c adrenoceptor antagonist) <sup>4)</sup>	Alzheimer's disease	I	IIa*		
Dexmedetomidine (intranasal) <sup>5)</sup>	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-108 (negative allosteric modulator of TRPA1 ion channel)	Neuropathic pain	I*			
<sup>1)</sup> Aim is to obtain marketing authorisation for product in at least some European countries not included in decentralised marketing authorisation application process. <sup>2)</sup> In collaboration with Bayer <sup>3)</sup> Partner: Tenax Therapeutics, Inc. <sup>4)</sup> In collaboration with Janssen Pharmaceuticals <sup>5)</sup> Partner: Recro Pharma, Inc. Project ODM-106 (GABA-B receptor positive allosteric modulator) discontinued.		*	= Phase ongoing		
		III	= Status changed		



## Information on Orion's shares

### BASIC SHARE INFORMATION 30 SEPTEMBER 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	25.6	66.6	92.2
Counter book value per share, EUR	0.65	0.65	
Total number of shares	39,191,154	102,066,674	141,257,828
% of total share stock	28%	72%	100%
Number of treasury shares		427,716	427,716
Total number of shares excluding treasury shares	39,191,154	101,638,958	140,830,112
Minimum number of shares			1
Maximum number of A and B shares, and maximum number of all shares	500,000,000	500,000,000	1,000,000,000
Votes per share	20	1	
Number of votes excluding treasury shares	783,823,080	101,638,958	885,462,038
% of total votes	89%	11%	100%
Total number of shareholders	16,641	38,253	49,219

### INFORMATION ON TRADING ON NASDAQ HELSINKI 1 JANUARY – 30 SEPTEMBER 2015

	A shares	B shares	Total
Shares traded	2,334,407	54,129,085	56,463,492
% of the total number of shares	5.8%	53.5%	40.0%
Trading volume, EUR million	71.9	1,666.2	1,738.1
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	30.80	30.78	
Highest quotation, EUR (A and B 20 July 2015)	38.69	38.86	
Closing quotation on 30 September 2015, EUR	34.16	33.80	
Market capitalisation excluding treasury shares on 30 September 2015, EUR million	1,338.8	3,435.4	4,774.2

### PERFORMANCE PER SHARE

	Q3/15	Q3/14	Change %	Q1–Q3/15	Q1–Q3/14	Change %	2014
Basic earnings per share, EUR	0.32	0.35	-9.1%	1.20	1.21	-1.1%	1.50
Diluted earnings per share, EUR	0.32	0.35	-9.1%	1.20	1.21	-1.1%	1.50
Cash flow per share before financial items, EUR	0.44	0.41	+7.4%	1.11	1.34	-16.9%	1.72
Equity per share, EUR				3.59	3.66	-2.1%	3.66
Average number of shares excluding treasury shares, 1,000 shares	140,830	140,688		140,798	140,661		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

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**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.