



Orion Group Interim Report January–September 2014

Orion's net sales in January–September 2014 totalled EUR 760 million (EUR 734 million in January–September 2013).

- Operating profit was EUR 217 (202) million.
- Profit before taxes was EUR 214 (200) million.
- Equity ratio was 55% (52%).
- ROCE before taxes was 39% (39%).
- ROE after taxes was 44% (41%).
- Basic earnings per share were EUR 1.21 (1.07).
- Cash flow per share before financial items was EUR 1.34 (0.56).
- The outlook estimate for 2014 remains unchanged. Orion estimates that in 2014 net sales and operating profit will be at similar level to 2013.

ORION'S KEY FIGURES FOR THE REVIEW PERIOD

	Q3/14	Q3/13	Change %	Q1–Q3/14	Q1–Q3/13	Change %	2013
Net sales, EUR million	238.3	236.9	+0.6%	760.0	734.3	+3.5%	1,006.9
International operations, EUR million.	164.8	169.3	-2.6%	544.1	531.2	+2.4%	732.3
% of net sales	69.2%	71.5%		71.6%	72.3%		72.7%
Operating profit, EUR million	63.8	66.6	-4.3%	217.2	201.8	+7.6%	267.7
% of net sales	26.8%	28.1%		28.6%	27.5%		26.6%
Profit before taxes, EUR million	62.8	65.3	-3.7%	214.0	199.6	+7.2%	264.0
% of net sales	26.4%	27.6%		28.2%	27.2%		26.2%
Income tax expense, EUR million	13.0	16.2	-19.5%	43.6	49.1	-11.2%	57.8
R&D expenses, EUR million	21.0	21.2	-0.8%	77.9	72.2	+8.0%	101.9
% of net sales	8.8%	9.0%		10.3%	9.8%		10.1%
Capital expenditure, EUR million	13.2	21.1	-37.3%	42.8	57.8	-25.9%	77.9
% of net sales	5.6%	8.9%		5.6%	7.9%		7.7%
Assets total, EUR million				963.4	926.8	+4.0%	979.0
Equity ratio,%				55.3%	51.5%		53.6%
Gearing,%				5.7%	20.5%		8.4%
Interest-bearing liabilities, EUR million				242.9	270.8	-10.3%	257.8
Non-interest-bearing liabilities, EUR million				204.9	178.5	+14.8%	207.3
Cash and cash equivalents and money market investments, EUR million				213.5	172.8	+23.5%	214.7
ROCE (before taxes),%				38.7%	39.4%		38.5%
ROE (after taxes),%				44.1%	40.7%		40.3%
Basic earnings per share, EUR	0.35	0.35	+1.8%	1.21	1.07	+13.6%	1.46
Diluted earnings per share, EUR	0.35	0.35	+1.8%	1.21	1.07	+13.6%	1.46
Cash flow per share before financial items, EUR	0.41	0.29	+39.4%	1.34	0.56	+138.6%	1.02
Equity per share, EUR				3.66	3.38	+8.3%	3.66
Personnel at the end of the period				3,474	3,530	-1.6%	3,519
Average personnel during the period				3,505	3,550	-1.3%	3,540
Personnel expenses, EUR million				161.1	156.8	+2.8%	218.1

President and CEO Timo Lappalainen:

“Advances in pharmaceutical development projects”

“In January–September both our net sales and operating profit were slightly higher than in 2013. Net sales and operating profit include significant milestone payments received from collaboration partners that were higher than in the previous year.

“In the third quarter we took strides forward in our main clinical pharmaceutical development projects. The collaboration with Bayer on development of the ODM-201 molecule for treatment of prostate cancer has started well, and recruiting of patients for Phase III clinical trials has commenced. We completed Phase I clinical trials with two COMT inhibitors (ODM-103 and ODM-104) for treatment of Parkinson’s disease, and based on the results we have decided to continue development of the ODM-104 compound. In addition, we began Phase I clinical safety trials with the ODM-203 molecule, which is a new targeted FGFR+VEGFR inhibitor. Pre-clinical study results indicate that ODM-203 slows growth of certain solid cancerous tumours.

“Deliveries of our Parkinson’s drugs to Novartis and sales through our own sales network were clearly lower than a year ago. In Europe generic competition to Stalevo has commenced in Germany. Competition is expected to have extended throughout Europe by the end of next year, decreasing Orion’s sales. Generic competition to the Precedex[®] intensive care sedative also commenced in the United States during the autumn when the first generic products entered the markets. Following the commencement of generic competition, the royalties to be received from Hospira will further decrease.

“As a whole the product sales were however at similar level to 2013. Especially the intensive care sedative *dexdor*[®] and the Easyhaler[®] product family maintained their strong growth. The Specialty Products business division continued to grow steadily. Net sales of generic entacapone products in particular grew strongly, and sales of the other products in the portfolio also grew. For the other business divisions, the year has proceeded as anticipated. The significant investment and production reorganisation projects have progressed as planned.

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

Events during the period

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

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

Events after the period

There were no significant events after the period.

News conference and teleconference

A news conference and teleconference on the published results will be held today, Tuesday 21 October 2014, 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 <http://www.orion.fi/en/investors>. After the presentation, questions can be asked by telephone in Finnish and English.

The teleconference code is 948474 and to participate in the teleconference, please call:

from United States: +1 334 323 6203

from other countries: +44 (0)20 7162 0125

News conference recordings

A recording of the webcast of the event in English and a recording of the presentation by the President and CEO in Finnish will be published on the Orion website during Tuesday 21 October 2014.

Financial report material

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

Dates in Orion Calendar 2015

Financial Statement Release for 2014	Wednesday 4 February 2015
Annual General Meeting 2015	Planned to be held on 24 March 2015
Interim Report January–March 2015	Wednesday 29 April 2015
Interim Report January–June 2015	Tuesday 28 July 2015
Interim Report January–September 2015	Tuesday 27 October 2015

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

For additional information about the financial review:

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>

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Financial review Q1–Q3/2014

Net sales

The Orion Group's net sales in January–September 2014 were up by 4% at EUR 760 million (EUR 734 million in January–September 2013). The net effect of currency exchange rates was EUR -10 million.

The Pharmaceuticals business's net sales were up by 4% at EUR 721 (693) million. Net sales of Orion's Stalevo[®] (carbidopa, levodopa and entacapone) and Comtess[®]/Comtan[®] (entacapone) Parkinson's drugs were down by 17% at EUR 130 (156) million, which was 18% (22%) of the Pharmaceuticals business's net sales. The Pharmaceuticals business's net sales of products in the portfolio other than Stalevo[®] and Comtess[®]/Comtan[®] and excluding significant milestone payments were up by 4% at EUR 559 (538) million.

The Diagnostics business's net sales were down by 4% at EUR 42 (43) million. The decrease was mainly due to the ending of sales of products discontinued in 2013.

Operating profit

The Orion Group's operating profit was up by 8% at EUR 217 (202) million.

The Pharmaceuticals business's operating profit was up by 7% at EUR 219 (205) million. The increase was due to the significant milestone payments totalling EUR 32 million received from collaboration partners and included in net sales being clearly higher than last year. The gross profit percentage on product sales remained similar to the previous year.

The Diagnostics business's operating profit was up by 25% at EUR 4.9 (3.9) million. The operating profit in the comparative period included EUR 1.6 million of costs related to contraction of the product portfolio, closure of the Turku manufacturing plant and personnel reductions.

Operating expenses

The Group's sales and marketing expenses were down by 5% at EUR 138 (145) million.

R&D expenses were up by 8% at EUR 78 (72) million and accounted for 10% (10%) of the Group's net sales. Pharmaceutical R&D expenses amounted to EUR 73 (66) million. Research projects are reported in more detail under Pharmaceuticals in the Business Reviews.

Administrative expenses were down by 3% at EUR 31 (32) million.

Other operating income and expenses were EUR -0.3 (3) million.

Group's profit

The Group's profit before taxes totalled EUR 214 (200) million. Basic earnings per share were EUR 1.21 (1.07) and diluted earnings per share were EUR 1.21 (1.07). Earnings per share grew more than operating profit because the Finnish tax rate was reduced. Equity per share was EUR 3.66 (3.38). The return on capital employed before taxes (ROCE) was 39% (39%) and the return on equity after taxes (ROE) 44% (41%).

Financial position

The Group's **gearing** was 6% (21%) and the **equity ratio** 55% (52%).

The Group's **total liabilities** at 30 September 2014 were EUR 448 (449) million. At the end of the period, interest-bearing liabilities amounted to EUR 243 (271) million, including EUR 218 (241) million of long-term loans.

The Group had EUR 214 (173) million of **cash and cash equivalents and money market investments** at the end of the period. The cash and cash equivalents are invested in short-term interest-bearing instruments issued by financially solid financial institutions and corporations.

Cash flow

Cash flow from operating activities was higher than in the comparative period at EUR 233 (131) million. The significant improvement was mainly due to the increase in operating profit and the decrease of EUR 32 million in the amount of cash tied up in working capital. Working capital increased by EUR 39 million in the comparative period. Receivables and stocks decreased during the year, and working capital also decreased due to an advance payment received from Bayer that will be used in the research and development costs of compound ODM-201.

Cash flow from investing activities was EUR -45 (-52) million.

Cash flow from financing activities was EUR -192 (-51) million. The change was mainly due to the EUR 150 million bond issued in the comparative period.

Capital expenditure

The Group's capital expenditure totalled EUR 43 (58) million. This comprised EUR 39 (52) million on property, plant and equipment and EUR 4 (6) million on intangible assets.

Outlook for 2014 (unchanged)

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

Operating profit will be at similar level to 2013 (operating profit in 2013 was EUR 268 million).

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

Basis for outlook

Competition in the Finnish market has remained intense in 2014. However, product launches have continued to support Orion's position as market leader.

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

The entacapone molecule patent expired in November 2012 in the main European countries for Orion, and as a result generic competitors to Comtan and Comtess entered these markets in 2013. Data protection of Stalevo expired in the European Union in October 2013, and since then many generic pharmaceutical companies have applied for marketing authorisation for their own products in different European countries. In March 2014 the first generic marketing authorisations for Stalevo were granted in Germany, where generic competition has commenced. Elsewhere in the world generic competition is not expected to have a material impact on sales volumes of these products in the current year. European markets accounted for about EUR 142 million of the net sales of Orion's Parkinson's drugs in 2011, about EUR 141 million in 2012 and about EUR 137 million in 2013.

In the United States two competitor companies have been granted approval to market their own generic versions of Precedex. In addition, the agreement previously reached with Sandoz was amended in September to allow Sandoz to launch its generic version earlier than previously agreed. The royalties from Precedex that Orion will receive during the remainder of the year will be lower than in January–September.

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. Investments commenced in 2012 to develop and ensure future growth, delivery reliability and quality standards, and related reorganisations of production are still continuing. Their effects in temporarily decreasing production capacity and increasing production costs will be less than in 2013, but not yet totally eliminated.

Marketing expenditure will be slightly lower than in the previous year. Because the registrations and launches of new products are projects that take more than a year, the increases in resources and other inputs required in 2014 were planned mainly during the previous year. Royalty payments to AbbVie recorded in marketing expenditure and related to the reacquisition of rights to Simdax ended in April. About EUR 10 million of royalties were paid in 2013.

Research and development costs will be slightly higher than in 2013. They are partly the Company's internal fixed cost items, such as salaries and maintenance of the operating infrastructure, and partly external variable costs. External costs arise from, among other things, long-term clinical trials, which are typically performed in clinics located in several countries. The most important clinical trials scheduled for 2014 are either ongoing from the previous year or at an advanced stage of planning, therefore their cost level can be estimated rather accurately. The accrued costs are materially affected by collaboration arrangements and how the costs arising are allocated between Orion and its collaboration partners. The major share of the ODM-201 research costs in 2014, for instance, will be covered by the upfront payment received from Bayer.

Near-term risks and uncertainties

Sales of Orion's Parkinson's drugs will decrease in 2014 due to generic competition. The effects of the competition have been taken into account in the outlook estimate for the current year. However, the timing of commencement and the intensity of generic competition to Stalevo in Europe entails uncertainty that may materially affect the accuracy of the estimate made at this stage. Nevertheless, competition is expected to have extended throughout Europe by the end of 2015, decreasing Orion's Stalevo sales.

The basic Precedex patent expired in the United States in January and generic competition has commenced. The current year outlook estimate already includes the estimated effect of lower royalties on the product received by Orion because of this. Due to generic competition, the Precedex royalties received by Orion will be lower during the whole of 2015.

Sales of individual products and also Orion's sales in individual markets may vary, for example depending on the extent to which the ever-tougher price and other competition prevailing in pharmaceutical markets in recent years will specifically affect Orion's products. Deliveries to Novartis are based on timetables that are jointly agreed in advance. Nevertheless, they can change, for example as a consequence of decisions by Novartis concerning among others adjustments of stock levels. In addition, changes in market prices and exchange rates affect the value of deliveries to Novartis.

A significant proportion of the exchange rate risk is related to the US dollar. Typically, less than 15% of Orion's net sales comes from the United States. As regards currencies in European countries, the overall effect will be abated by the fact that Orion has organisations of its own in most of these countries, which means that in addition to sales income, there are also costs in these currencies. Changes in the Japanese yen exchange rate have become more important as sales of Parkinson's drugs in Japan have increased.

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

Research projects always entail uncertainty factors that may either increase or decrease estimated costs. The projects may progress more slowly or faster than assumed, or they may be discontinued. Nonetheless, changes that may occur in ongoing clinical studies are reflected in costs relatively slowly, and they are not expected to have a material impact on earnings in the current year. Owing to the nature of the research

process, the timetables and costs of new studies that are being started are known well in advance. They therefore typically do not lead to unexpected changes in the estimated cost structure. Orion generally undertakes the last, in other words Phase III, clinical trials in collaboration with other pharmaceutical companies. Commencement of these collaboration relationships and their structure also materially affect the schedule and cost level of research projects.

Collaboration arrangements are an important component of Orion's business model. Possible collaboration and licensing agreements related to these arrangements also often include significant payments recorded in net sales that may materially affect Orion's financial results. In 2014 a total of EUR 32 million of significant payments had been received by the end of September, which was clearly higher than average for the significant payments received by Orion in previous years. Payments are often 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.

Group's financial objectives

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

These objectives are achieved through:

- Increasing net sales. Achievement of this objective requires continuous investment in development of the product portfolio.
- Maintaining profitability at a good level, the aim being operating profit that exceeds 20% of net sales.
- Keeping the equity ratio at least 50%.

Orion's dividend distribution policy

Orion's dividend distribution takes into account the distributable funds and the capital expenditure and other financial requirements in the medium and long term to achieve the financial objectives. The dividend for 2013 was EUR 1.25 per share.

Shares and shareholders

On 30 September 2014 Orion had a total of 141,257,828 (141,257,828) shares, of which 40,962,816 (42,172,816) were A shares and 100,295,012 (99,085,012) B shares. The Group's share capital was EUR 92,238,541.46 (92,238,541.46). At the end of September 2014 Orion held 569,665 (188,991) B shares as treasury shares. On 30 September 2014 the aggregate number of votes conferred by the A and B shares was 918,981,667 (942,352,341) excluding treasury shares.

At the end of September 2014, Orion had 52,399 (56,142) 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 2014 a total of 1,060,000 shares were converted.

Trading in Orion's shares

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

On 30 September 2014 the market capitalisation of the Company's shares excluding treasury shares was EUR 4,353 million.

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

Authorisations of the Board of Directors

Orion's Board of Directors was authorised by the Annual General Meeting on 19 March 2013 to decide on acquisition of shares in the Company and on a share issue in which shares held by the Company can be conveyed. The authorisation to acquire shares was utilised during 2013. The terms and conditions of the authorisations were reported in more detail in a stock exchange release on 19 March 2013.

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

Share-based Incentive Plans

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

Share ownership

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

At the end of September 2014 Orion had a total of 52,399 (56,142) registered shareholders, of whom 95% (95%) were private individuals holding 43% (46%) of the entire share stock and 61% (64%) of the total votes. There were altogether 55 (48) million nominee-registered shares, which was 39% (34%) of all shares, and they conferred entitlement to 4% (7%) of the total votes.

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

Personnel

The average number of employees in the Orion Group in January–September 2014 was 3,505 (3,550). At the end of September 2014 the Group had a total of 3,474 (3,530) employees, of whom 2,780 (2,820) worked in Finland and 694 (710) outside Finland.

Salaries and other personnel expenses in January–September 2014 totalled EUR 161 (157) million.

Significant legal proceedings

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

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

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

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

Orion has received information that a company named Par Sterile Products, LLC has brought a suit in the US District Court for the District of New Jersey against Hospira, Inc. and Orion Corporation. As regards Orion, the litigation concerns Orion's and Hospira's joint patent No. 6,716,867.

Settlement agreement concerning proprietary drug Precedex[®] amended

On 22 September 2014 Orion announced that Orion together with Hospira, Inc. and Sandoz Inc. and Sandoz Canada Inc. (hereinafter collectively "Sandoz") had amended the settlement agreement published on 5 December 2013 concerning the market entry of Sandoz in the United States with a generic version of Orion's Precedex[®] product.

The settlement agreement was amended so that Sandoz could launch a generic version of Precedex[®] in the United States immediately.

The other terms and conditions of the settlement agreement are confidential.

Business Reviews

Pharmaceuticals

Review of human pharmaceuticals market

According to IMS Health statistics, **Finnish wholesale of human pharmaceuticals** in January–September 2014 was up by 4% on the previous year at EUR 1,581 (1,520) million.

Finland is the most important individual market for Orion, generating about one-quarter of the total net sales. Orion was able to increase its sales and maintained its position as leader in marketing pharmaceuticals in Finland. According to statistics collected by IMS Health, **Orion's wholesale of human pharmaceuticals in Finland** in January–September 2014 amounted to EUR 183 (172) million, up by 6% compared with the previous year. Orion's market share of Finnish pharmaceuticals markets was 12% (11%).

According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in June 2014 the **total sales of Parkinson's drugs** in the United States were up by 9% at USD 805 million (USD 738 million in the previous 12-month period). The five largest European markets for Parkinson's disease drugs were Germany, the United Kingdom, France, Spain and Italy. In these countries, the combined sales of Parkinson's drugs totalled EUR 995 (969) million in the 12-month period ending in June 2014, and the average market growth was 3%. In Japan sales of Parkinson's drugs were down by 11% at EUR 491 (554) million.

According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in June 2014 the **total sales of Parkinson's drugs containing entacapone** were USD 130 (161) million in the United States and EUR 149 (154) million in the five largest European markets.

The most important individual therapy area for Orion is still the treatment of Parkinson's disease. Orion's branded Parkinson's drugs containing entacapone (Stalevo[®], Comtess[®] and Comtan[®]) account for nearly one-fifth of the Group's net sales. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in June 2014, **sales of Orion's branded Parkinson's drugs** in the United States were down by 60% at USD 23 (57) million. Sales were down by 3% at EUR 129 (132) million in the five largest markets in Europe, and in Japan sales were EUR 53 (63) million. The decrease in sales in Japan was due to depreciation of the yen exchange rate. Measured in terms of local currency, the market as whole and sales of Orion's Parkinson's drugs both grew. The market share of Orion's branded Parkinson's drugs was 3% in the United States, on average 13% in the five largest European markets and 11% in Japan.

According to IMS Health pharmaceutical sales statistics, sales of **Precedex[®] intensive care sedative** (dexmedetomidine) were up by 17% at USD 397 million in the 12-month period ending in June 2014 (USD 340 million in the previous 12-month period). About four-fifths of the sales amounting to USD 332 (279) million were in the United States, where Precedex sales grew by 19%. IMS Health pharmaceutical sales statistics have become more comprehensive as regards reporting of Precedex, following which the figures for the reported period and comparative period are greater than as previously.

According to IMS Health pharmaceutical sales statistics, total sales of the most common intravenous anaesthetics and intensive care sedatives (propofol, midazolam, remifentanil and dexmedetomidine) in Europe in the 12-month period ending in June 2014 were EUR 485 (474) million. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in June 2014 sales of Orion's **dexdor[®] intensive care sedative** (dexmedetomidine) were up by 34% at EUR 24 (18) million in Europe.

Net sales and operating profit of the Pharmaceuticals business

Net sales of the Pharmaceuticals business in January–September 2014 were EUR 721 (693) million, up by 4% compared with the previous year. The operating profit of the Pharmaceuticals business was up by 7% at EUR 219 (205) million. The operating profit of the Pharmaceuticals business was 30% (30%) of the segment's net sales. Net sales and operating profit include significant Proprietary Products related milestone payments received from collaboration partners totalling EUR 32 million that were clearly higher than in the previous year.

Net sales of Orion's top ten pharmaceuticals in January–September 2014 were down by 6% at EUR 314 (333) million. They accounted for 44% (48%) of the total net sales of the Pharmaceuticals business.

Proprietary Products

The product portfolio of Proprietary Products consists of patented prescription products in three therapy areas: central nervous system diseases, oncology and critical care, and Easyhaler[®] pulmonary drugs.

Net sales of Proprietary Products in January–September 2014 were EUR 285 (285) million.

Orion's drugs for treatment of Parkinson's disease are Stalevo[®] (active ingredients carbidopa, levodopa and entacapone) and Comtess[®]/Comtan[®] (entacapone), and their net sales in January–September 2014 totalled EUR 130 (156) million. Sales of Parkinson's drugs were down by 17% and accounted for 18% (22%) of the total net sales of the Pharmaceuticals business. Deliveries of Stalevo to Novartis were down by 9% at EUR 55 (60) million and deliveries of Comtan were down by 29% at EUR 19 (27) million. Sales of Stalevo through Orion's own sales network were down by 19% at EUR 51 (62) million. Sales of Comtess were down by 19% at EUR 5 (6) million. In the United States Orion's Parkinson's drugs have several generic competitors. In Europe Comtess and Comtan have several generic competitors, and generic competition to Stalevo has commenced in Germany. During the review period Orion recorded a milestone payment of EUR 3 million from Novartis relating to marketing authorisation for Stalevo in Japan.

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

Net sales of Simdax[®], a drug for treatment of acute decompensated heart failure, in January–September 2014 were up by 5% at EUR 35 (33) million.

Total net sales of the Easyhaler[®] product family for treatment of asthma and chronic obstructive pulmonary disease were up by 18% in January–September 2014 at EUR 25 (21) million. The increase was mainly due to good development of sales of monoproducts that have been on the markets for a long time. Bufomix Easyhaler[®] (budesonide-formoterol), the new combined formulation in the product family, has received national marketing authorisations in 21 European countries. Processing of the national phase of marketing authorisation application is still ongoing in Cyprus, Greece and Italy. Sales of Bufomix Easyhaler have commenced, but because it is not within generic substitution in pharmacies, growth is slower than for ordinary generic products, especially in the launch phase. Orion and Takeda have terminated the collaboration agreement relating to co-promoting of Easyhaler combined formulations in Europe. Collaboration regarding the Middle East and North Africa remains unchanged, and the agreement has been extended to cover certain other African countries too.

Net sales of the Precedex[®] intensive care sedative (dexmedetomidine) were down by 39% in January–September 2014 at EUR 25 (41) million. In the United States and markets outside Europe the sedative is sold by Orion's partner Hospira. Following the expiry of the Precedex basic patent in the United States in January, the royalties received by Orion from Hospira have decreased. About four-fifths of net sales of Precedex have come from US markets, where the first generic competitors entered the markets during the review period.

Net sales of Orion's *dexdor*[®] intensive care sedative (dexmedetomidine) in January–September 2014 were up by 37% at EUR 25 (18) million.

Specialty Products

Net sales of the Specialty Products business division's off-patent, i.e. generic prescription drugs and self-care products in January–September 2014 were up by 11% at EUR 310 (279) million. Sales of generic entacapone products were up by 187% at EUR 20 (7) million. Sales of products from the rest of the portfolio were up by 7%.

Finland, Scandinavia, and Eastern Europe and Russia are the most important markets for Specialty Products. The business division's sales in Finland in January–September 2014 were up by 8% at EUR 186 (173) million. Orion managed to increase its sales, especially in prescription drugs. Sales were up by 20% at EUR 37 (31) million in Scandinavia and sales were up by 3% at EUR 39 (38) million in Eastern Europe and Russia. Sales growth in Eastern Europe and Russia was reduced by depreciation of the rouble.

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 2014 were down by 5% at EUR 50 (53) million. Sales of the animal sedative product family at EUR 16 (18) million accounted for 32% (34%) of the division's net sales. The product family comprises Orion's animal sedatives Dexdomitor[®] (dexmedetomidine), Domitor[®] (medetomidine) and Domosedan[®] (detomidine), and antagonist Antisedan[®] (atipamezole), which reverses the effects of the sedatives.

Fermion

Fermion manufactures active pharmaceutical ingredients for Orion and other pharmaceutical companies. Its product range comprises nearly 30 pharmaceutical ingredients. Fermion's net sales in January–September 2014 excluding pharmaceutical ingredients supplied for Orion's own use were EUR 46 (46) 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.

Research and development projects

The Group's **R&D expenses** in January–September 2014 were up by 8% at EUR 78 (72) million, of which the Pharmaceuticals business accounted for EUR 73 (66) 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.

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

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

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

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

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

Orion'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 commenced a Phase III clinical trial.

Orion's collaboration partner Recro Pharma, Inc. is developing an intranasal formulation of ***dexmedetomidine*** for treatment of pain. Recro has announced that it will terminate the current and commence a new 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–September 2014 were down by 4% at EUR 42 (43) million. The decrease was mainly due to the ending of sales of products discontinued in 2013.

QuikRead[®] infection tests remained the main product, with increased sales. Launching of new QuikRead go[®] tests that entered markets during 2013 progressed as planned. With the QuikRead go[®] hsCRP+Hb test, two results – for CRP and haemoglobin – can be obtained from a single sample. The QuikRead go[®] iFOBT (Faecal Occult Blood) quantitative test is helpful in screening gastrointestinal disorders.

The operating profit of the Diagnostics business was up by 25% at EUR 4.9 (3.9) million. The operating profit in the comparative period included EUR 1.6 million of costs related to contraction of the product portfolio, closure of the Turku manufacturing plant and personnel reductions.

Espoo, 21 October 2014

Board of Directors of Orion Corporation

Orion Corporation

Timo Lappalainen
President and CEO

Jari Karlson
CFO

Tables

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q3/14	Q3/13	Change %	Q1–Q3/14	Q1–Q3/13	Change %	2013
Net sales	238.3	236.9	+0.6%	760.0	734.3	+3.5%	1,006.9
Cost of goods sold	-100.2	-96.3	+4.1%	-295.5	-286.9	+3.0%	-393.5
Gross profit	138.1	140.6	-1.8%	464.5	447.4	+3.8%	613.4
Other operating income and expenses	-1.0	1.7	-158.6%	-0.3	3.4	-109.4%	5.6
Sales and marketing expenses	-42.5	-45.1	-5.8%	-137.9	-144.7	-4.7%	-204.9
R&D expenses	-21.0	-21.2	-0.8%	-77.9	-72.2	+8.0%	-101.9
Administrative expenses	-9.9	-9.4	+4.8%	-31.2	-32.1	-2.8%	-44.5
Operating profit	63.8	66.6	-4.3%	217.2	201.8	+7.6%	267.7
Finance income	1.6	0.6	+198.8%	4.1	3.4	+21.7%	4.4
Finance expenses	-2.6	-1.9	+36.6%	-7.7	-5.9	+29.5%	-8.3
Share of associated companies' results				0.4	0.3	+55.6%	0.3
Profit before taxes	62.8	65.3	-3.7%	214.0	199.6	+7.2%	264.0
Income tax expense	-13.0	-16.2	-19.5%	-43.6	-49.1	-11.2%	-57.8
Profit for the period	49.8	49.1	+1.5%	170.4	150.5	+13.2%	206.2

OTHER COMPREHENSIVE INCOME INCLUDING TAX EFFECTS

Change in value of cash flow hedges	0.0	0.0		-0.0	0.1		0.1
Change in value of available-for-sale financial assets	0.3			3.7			
Translation differences	0.9	0.8		1.5	-1.0		-1.3
Items that may be reclassified subsequently to profit and loss	1.3	0.8		5.2	-0.9		-1.2
Items due to remeasurement of defined benefit plans	-0.0	0.0		-0.0	0.0		-9.7
Items that will not be reclassified to profit and loss	0.0	0.0		0.0	0.0		-9.7
Other comprehensive income net of tax	1.3	0.8		5.2	-0.9		-10.9
Comprehensive income for the period including tax effects	51.1	49.9	+2.4%	175.7	149.6	+17.4%	195.3

PROFIT ATTRIBUTABLE TO:

Owners of the parent company	49.8	49.1	+1.5%	170.5	150.5	+13.3%	206.2
Non-controlling interests	-0.0	0.0		-0.0	0.0		0.0

COMPREHENSIVE INCOME ATTRIBUTABLE TO:

Owners of the parent company	51.1	49.9	+2.4%	175.7	149.6	+17.4%	195.3
Non-controlling interests	-0.0	0.0		-0.0	0.0		0.0

Basic earnings per share, EUR ¹⁾	0.35	0.35	+1.8%	1.21	1.07	+13.6%	1.46
Diluted earnings per share, EUR ¹⁾	0.35	0.35	+1.8%	1.21	1.07	+13.6%	1.46
Depreciation, amortisation and impairment	10.2	9.2	+11.3%	28.9	27.6	+4.9%	38.5
Personnel expenses	47.1	45.9	+2.5%	161.1	156.8	+2.8%	218.1

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR million	9/14	9/13	Change %	12/13
Property, plant and equipment	264.2	236.3	+11.8%	247.3
Goodwill	13.5	13.5		13.5
Intangible rights	50.1	56.1	-10.6%	54.0
Other intangible assets	2.8	3.4	-18.9%	3.3
Investments in associates	2.1	1.7	+25.0%	1.7
Available-for-sale financial assets	5.1	0.5	+946.3%	0.5
Pension asset	23.0	38.6	-40.4%	26.6
Deferred tax assets	1.2	1.3	-11.5%	1.2
Other non-current assets	0.8	1.3	-40.9%	1.2
Non-current assets total	362.7	352.7	+2.8%	349.2
Inventories	185.2	199.6	-7.2%	195.5
Trade receivables	164.1	157.9	+3.9%	169.9
Other receivables	37.9	43.7	-13.4%	49.7
Money market investments	35.0	15.0	+133.3%	
Cash and cash equivalents	178.6	157.8	+13.1%	214.7
Current assets total	600.7	574.1	+4.6%	629.8
Assets total	963.4	926.8	+4.0%	979.0

EQUITY AND LIABILITIES

EUR million	9/14	9/13	Change %	12/13
Share capital	92.2	92.2		92.2
Expendable fund	0.5	0.5		0.5
Other reserves	5.4	1.6	+243.0%	1.6
Retained earnings	417.4	383.1	+9.0%	419.6
Equity attributable to owners of the parent company	515.5	477.4	+8.0%	513.9
Non-controlling interests	0.0	0.0	-35.8%	0.0
Equity total	515.6	477.4	+8.0%	513.9
Deferred tax liabilities	31.7	41.3	-23.3%	32.1
Pension liability	1.4	1.3	+8.7%	1.6
Provisions	0.4	0.1	+348.6%	0.1
Interest-bearing non-current liabilities	217.5	240.8	-9.7%	233.3
Other non-current liabilities	0.3	0.5	-43.2%	0.5
Non-current liabilities total	251.3	284.0	-11.5%	267.6
Trade payables	51.2	62.1	-17.5%	60.0
Current tax liabilities	2.7	0.2		1.7
Other current liabilities	117.2	72.9	+60.7%	111.2
Provisions	0.0	0.1	-85.6%	0.1
Interest-bearing current liabilities	25.4	30.1	-15.5%	24.5
Current liabilities total	196.5	165.3	+18.8%	197.5
Liabilities total	447.8	449.3	-0.3%	465.1
Equity and liabilities total	963.4	926.8	+4.0%	979.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

h. Equity total

EUR million	Equity attributable to owners of the parent company							g.	h.
	a.	b.	c.	d.	e.	f.			
Equity at 31 December 2012									
before change in accounting policies	92.2	0.5	0.8		-2.6	420.5	0.0		511.3
Effect of change in accounting policies				0.2		-2.0			-1.8
Equity at 1 January 2013	92.2	0.5	0.8	0.2	-2.6	418.4	0.0		509.6
Profit for the period						150.5			150.5
Other comprehensive income:									
Change in value of cash flow hedges			0.1						0.1
Translation differences				0.0	-1.0				-1.0
Transactions with owners									
Dividend and capital repayment						-183.4			-183.4
Share-based incentive plan						2.0			2.0
Other adjustments			0.6			-0.9	0.0		-0.3
Equity at 30 September 2013	92.2	0.5	1.6	0.2	-3.7	386.6	0.0		477.4
Equity at 1 January 2014	92.2	0.5	1.6	-9.5	-3.9	433.0	0.0		513.9
Profit for the period						170.5			170.5
Other comprehensive income:									
Change in value of cash flow hedges			-0.0						-0.0
Change in value of available-for-sale financial assets			3.7						3.7
Translation differences				-0.0	1.5				1.5
Transactions with owners									
Dividend and capital repayment						-175.9			-175.9
Share-based incentive plan						2.1			2.1
Other adjustments			0.2			-0.4	-0.0		-0.3
Equity at 30 September 2014	92.2	0.5	5.4	-9.5	-2.4	429.3	0.0		515.6

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Q1–Q3/14	Q1–Q3/13	2013
Operating profit	217.2	201.8	267.7
Adjustments	33.5	29.6	42.2
Change in working capital	31.5	-39.4	-21.9
Interest paid	-8.6	-4.9	-6.1
Interest received	3.6	2.7	3.7
Dividends received	0.2	0.3	0.3
Income taxes paid	-44.2	-58.8	-70.8
Total net cash flow from operating activities	233.1	131.4	215.2
Investments in property, plant and equipment	-42.4	-47.8	-65.9
Investments in intangible assets	-3.7	-6.1	-7.4
Sales of property, plant and equipment and available-for-sale investments	1.1	1.6	2.0
Sales of intangible assets	0.0	-0.1	0.0
Total net cash flow from investing activities	-45.1	-52.4	-71.3
Current loans raised	1.9	40.8	41.6
Repayments of current loans	-2.0	-40.8	-42.6
Non-current loans raised		148.9	149.0
Repayments of non-current loans	-15.6	-15.9	-28.1
Treasury shares			-9.6
Dividends paid and other distribution of profits	-176.0	-183.7	-183.7
Total net cash flow from financing activities	-191.6	-50.7	-73.5
Net change in cash and cash equivalents	-3.6	28.3	70.3
Cash and cash equivalents at the beginning of the period	214.7	145.2	145.2
Foreign exchange differences	2.4	-0.7	-0.9
Net change in cash and cash equivalents	-3.6	28.3	70.3
Cash and cash equivalents at the end of the period	213.5	172.8	214.7
Reconciliation of cash and cash equivalents in statement of financial position			
Cash and cash equivalents in statement of financial position at the end of the period	178.6	157.8	214.7
Money market investments at the end of the period	35.0	15.0	
Cash and cash equivalents in the statement of cash flows	213.5	172.8	214.7

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	9/14	9/13	12/13
Carrying amount at the beginning of the period	247.3	205.3	205.3
Additions	38.9	51.5	70.1
Disposals	-0.9	-1.4	-1.8
Depreciation and impairments	-21.1	-19.0	-26.2
Carrying amount at the end of the period	264.2	236.3	247.3

CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	9/14	9/13	12/13
Carrying amount at the beginning of the period	57.3	62.3	62.3
Additions	3.5	6.0	7.5
Disposals	-0.0	-0.3	-0.2
Amortisation and impairments	-7.9	-8.6	-12.3
Carrying amount at the end of the period	52.9	59.5	57.3

COMMITMENTS AND CONTINGENCIES

EUR million	9/14	9/13	12/13
CONTINGENCIES FOR OWN LIABILITIES			
Mortgages on land and buildings	32.0	32.0	32.0
Guarantees	2.7	1.9	2.4
OTHER LIABILITIES			
Leasing liabilities (excluding finance lease contracts)	5.9	6.2	6.4
Other liabilities	0.3	0.3	0.3

DERIVATIVES

EUR million	9/14	9/13	12/13
CURRENCY FORWARD CONTRACTS AND CURRENCY SWAPS			
Fair value, EUR million	0.1	0.6	0.5
Nominal value, EUR million	55.5	53.2	67.8
CURRENCY OPTIONS			
Fair value, EUR million	-0.3	0.1	0.1
Nominal value, EUR million	47.6	41.7	47.2
INTEREST RATE SWAPS			
Fair value, EUR million	-0.2	-0.2	-0.2
Nominal value, EUR million	16.1	19.6	18.8
CROSS CURRENCY SWAPS			
Fair value, EUR million		0.0	
Nominal value, EUR million		4.8	
ELECTRICITY DERIVATIVES			
Fair value, EUR million	-0.3	-0.4	-0.7
Nominal amount, GWh	31	70	57

DERIVATIVE CATEGORIES USING FAIR VALUE HIERARCHY

EUR million	Level 1	Level 2	Level 3
Currency forward contracts and currency swaps		0.1	
Currency options		-0.3	
Interest rate swaps		-0.2	
Electricity derivatives	-0.3		

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

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

In the Group the principle is applied that transfers between levels of fair value hierarchy are recognised on the date on which the event triggering the transfer has occurred.

No transfers between levels occurred during the reporting period.

RELATED PARTY TRANSACTIONS

EUR million	Q1–Q3/14	Q1–Q3/13	2013
Management's employment benefits	5.1	5.4	6.4

Operating segment performance

NET SALES BY BUSINESS DIVISION

EUR million	Q3/14	Q3/13	Change %	Q1–Q3/14	Q1–Q3/13	Change %	2013
Pharmaceuticals	226.2	224.1	+0.9%	720.5	693.3	+3.9%	953.0
Proprietary Products	81.3	91.9	-11.5%	284.9	285.0		390.4
Specialty Products	106.6	91.3	+16.8%	310.3	279.0	+11.2%	384.9
Animal Health	18.0	18.0		50.1	52.6	-4.7%	70.8
Fermion	11.2	11.9	-6.2%	45.9	46.2	-0.5%	63.5
Contract manufacturing and other	9.0	11.0	-17.6%	29.2	30.6	-4.6%	43.3
Diagnostics	12.8	13.5	-5.4%	41.9	43.4	-3.5%	57.1
Group items	-0.6	-0.7	-3.9%	-2.3	-2.3		-3.2
Group total	238.3	236.9	+0.6%	760.0	734.3	+3.5%	1,006.9

OPERATING PROFIT BY BUSINESS AREA

EUR million	Q3/14	Q3/13	Change %	Q1–Q3/14	Q1–Q3/13	Change %	2013
Pharmaceuticals	63.8	66.7	-4.4%	218.8	205.0	+6.7%	272.9
Diagnostics	1.7	2.0	-16.2%	4.9	3.9	+25.4%	4.6
Group items	-1.8	-2.2	+18.2%	-6.5	-7.1	+7.9%	-9.9
Group total	63.8	66.6	-4.3%	217.2	201.8	+7.6%	267.7

NET SALES BY ANNUAL QUARTERS

EUR million	2014				2013				2012
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
Pharmaceuticals	226.2	264.8	229.5	259.8	224.1	235.0	234.2	242.1	
Diagnostics	12.8	12.7	16.3	13.7	13.5	14.0	15.9	13.1	
Group items	-0.6	-0.9	-0.8	-0.8	-0.7	-0.9	-0.8	-0.8	
Group total	238.3	276.7	245.0	272.6	236.9	248.0	249.4	254.4	

OPERATING PROFIT BY ANNUAL QUARTERS

EUR million	2014				2013				2012
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
Pharmaceuticals	63.8	88.3	66.7	67.9	66.7	64.4	73.9	62.2	
Diagnostics	1.7	0.6	2.6	0.7	2.0	-0.4	2.3	-0.6	
Group items	-1.8	-2.9	-1.9	-2.8	-2.2	-2.9	-2.0	-2.9	
Group total	63.8	86.0	67.4	65.8	66.6	61.1	74.1	58.8	

GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

EUR million	2014				2013				2012
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
Finland	73.5	72.0	70.4	71.5	67.6	67.7	67.8	67.3	
Scandinavia	31.7	34.6	33.3	33.0	30.7	34.5	32.5	33.3	
Other Europe	81.3	104.9	79.1	91.9	77.6	83.6	75.7	68.1	
North America	15.2	34.0	30.7	45.2	32.7	33.6	34.5	54.7	
Other markets	36.6	31.2	31.5	31.0	28.2	28.8	38.8	31.0	
Group total	238.3	276.7	245.0	272.6	236.9	248.0	249.4	254.4	

Business reviews

KEY FIGURES FOR PHARMACEUTICALS BUSINESS

EUR million	Q3/14	Q3/13	Change %	Q1–Q3/14	Q1–Q3/13	Change %	2013
Net sales	226.2	224.1	+0.9%	720.5	693.3	+3.9%	953.0
Operating profit	63.8	66.7	-4.4%	218.8	205.0	+6.7%	272.9
% of net sales	28.2%	29.8%		30.4%	29.6%		28.6%
R&D expenses	19.5	19.7	-0.8%	72.8	66.2	+9.8%	93.9
% of net sales	8.6%	8.8%		10.1%	9.6%		9.9%
Capital expenditure	9.1	20.0	-54.5%	39.2	55.1	-28.8%	73.8
% of net sales	4.0%	8.9%		5.4%	8.0%		7.7%
Sales revenue from proprietary products	87.8	98.3	-10.7%	270.2	304.6	-11.3%	418.5
Assets				686.5	688.0		704.3
Liabilities				158.4	125.6		160.1
Personnel at the end of the period				3,162	3,193		3,208

TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

EUR million	Q3/14	Q3/13	Change %	Q1–Q3/14	Q1–Q3/13	Change %	2013
Stalevo [®] , Comtess [®] and Comtan [®] (Parkinson's disease)	37.2	45.0	-17.3%	130.0	155.8	-16.6%	206.8
Simdax [®] (acute decompensated heart failure)	12.0	10.6	+12.9%	34.7	33.2	+4.5%	46.0
Precedex [®] (intensive care sedative)	8.5	17.6	-51.7%	24.9	40.5	-38.5%	59.1
dexdor [®] (intensive care sedative)	8.2	6.1	+35.6%	24.7	18.0	+37.4%	25.3
Easyhaler [®] product family (asthma, COPD)	8.1	7.4	+10.5%	24.6	20.9	+17.6%	28.9
Generic entacapone products (Parkinson's disease)	5.2	1.7	+210.7%	19.5	6.8	+187.4%	10.2
Burana [®] (inflammatory pain)	5.9	5.9		16.8	17.1	-1.6%	23.2
Dexdomitor [®] , Domitor [®] , Domosedan [®] and Antisedan [®] (animal sedatives)	6.9	7.0	-1.8%	15.9	18.0	-11.9%	24.8
Marevan [®] (anticoagulant)	4.1	3.7	+11.9%	12.6	11.8	+6.7%	16.1
Divina [®] range (menopausal symptoms)	4.0	3.1	+25.9%	10.1	10.5	-3.4%	14.8
Total	100.1	108.0	-7.3%	313.8	332.6	-5.7%	455.2
Share of pharmaceutical net sales	44%	48%		44%	48%		48%

KEY FIGURES FOR DIAGNOSTICS BUSINESS

EUR million	Q3/14	Q3/13	Change %	Q1–Q3/14	Q1–Q3/13	Change %	2013
Net sales	12.8	13.5	-5.4%	41.9	43.4	-3.5%	57.1
Operating profit	1.7	2.0	-16.2%	4.9	3.9	+25.4%	4.6
% of net sales	13.4%	15.1%		11.6%	9.0%		8.1%
R&D expenses	1.5	1.6	-4.4%	5.3	6.1	-14.4%	8.3
% of net sales	12.1%	12.0%		12.6%	14.2%		14.5%
Capital expenditure	2.6	0.8	+228.0%	4.3	2.1	+106.0%	3.3
% of net sales	20.7%	6.0%		10.2%	4.8%		5.8%
Assets				47.6	48.8		47.3
Liabilities				9.2	15.1		16.6
Personnel at the end of the period				288	314		287

Information on Orion's shares

BASIC SHARE INFORMATION 30 SEPTEMBER 2014

	A shares	B shares	Total
Trading code on NASDAQ OMX Helsinki	ORNAV	ORNBV	
Listing day	1 July 2006	1 July 2006	
ISIN code	FI0009014369	FI0009014377	
ICB code	4500	4500	
Reuters code	ORNAV.HE	ORNBV.HE	
Bloomberg code	ORNAV.FH	ORNBV.FH	
Share capital, EUR million	26.7	65.5	92.2
Counter book value per share, EUR	0.65	0.65	
Total number of shares	40,962,816	100,295,012	141,257,828
% of total share stock	29%	71%	100%
Number of treasury shares		569,665	569,665
Total number of shares excluding treasury shares	40,962,816	99,725,347	140,688,163
Minimum number of shares			1
Maximum number of A and B shares, and maximum number of all shares	500,000,000	1,000,000,000	1,000,000,000
Votes per share	20	1	
Number of votes excluding treasury shares	819,256,320	99,725,347	918,981,667
% of total votes	89%	11%	100%
Total number of shareholders	17,509	40,834	52,399

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

INFORMATION ON TRADING ON NASDAQ OMX HELSINKI 1 JANUARY – 30 SEPTEMBER 2014

	A shares	B shares	Total
Shares traded	1,987,858	57,827,068	59,814,926
% of the total number of shares	4.8%	58.1%	42.3%
Trading volume, EUR million	50.0	1,446.9	1,496.8
Closing quotation on 31 December 2013, EUR	20.35	20.42	
Lowest quotation, EUR (A and B 4 February 2014)	19.13	19.07	
Average quotation, EUR	25.13	25.02	
Highest quotation, EUR (A and B 30 September 2014)	31.11	31.33	
Closing quotation on 30 September 2014, EUR	30.79	31.00	
Market capitalisation on 30 September 2014 excluding treasury shares, EUR million	1,261.2	3,091.5	4,352.7

PERFORMANCE PER SHARE

	Q3/14	Q3/13	Change %	Q1–Q3/14	Q1–Q3/13	Change %	2013
Basic earnings per share, EUR	0.35	0.35	+1.8%	1.21	1.07	+13.6%	1.46
Diluted earnings per share, EUR	0.35	0.35	+1.8%	1.21	1.07	+13.6%	1.46
Cash flow per share before financial items, EUR	0.41	0.29	+39.4%	1.34	0.56	+138.6%	1.02
Equity per share, EUR				3.66	3.38	+8.3%	3.66
Average number of shares excluding treasury shares, 1,000 shares	140,688	141,069		140,661	141,039		141,006

Appendices

Reporting

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

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

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

Accounting policies

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

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

Other matters

The data in this financial review are not audited.

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

CALCULATION OF THE KEY FIGURES

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

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

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