

ORION GROUP INTERIM REPORT 1-9/2000

The net sales of the Orion Group during 1-9/2000 were MEUR 702.2 (MEUR 671.6 during 1-9/1999), up 4.6%. Profit before extraordinary items and taxes was MEUR 100.6 (MEUR 113.2) and it declined by 11.2%. Earnings per share were EUR 0.99 (EUR 1.17) and shareholders' equity per share EUR 9.67 (EUR 9.58). The most significant achievements during 7-9/2000 were the marketing agreement with Novartis concerning the triple therapy being developed by Orion Pharma for Parkinson's Disease, and the marketing approval and launch of Simdax in Sweden for acute decompensated heart failure.

GROUP NET SALES AND PROFIT

The net sales of the Orion Group during 1-9/2000 were MEUR 702.2 (MEUR 671.6 during 1-9/1999), and they grew by 4.6%. Net sales from operations in Finland declined by 2.1% from the corresponding period of the previous year. International operations grew by 16.1%. The comparable net sales growth of the continuing operations was 5.2%.

The Group profit before extraordinary items and taxes for the period came to MEUR 100.6 (MEUR 113.2), down by 11.2% from the previous year.

Operating profit for Orion Pharma declined due to inconsistent development of the domestic and international sales, as well as due to substantially increased international marketing costs and R&D expenditure. The increased marketing expenditure is associated with the international launches of the Parkinsonian drug Comtess and the Easyhaler dry-powder inhaler for asthma drugs, as well as with the preparations for launching the heart failure drug Simdax and the new hormone replacement therapies. Expenses further declining the profit include MEUR 3 in expenses and impairment written down due to the decisions to shut down the pharmaceutical plants in Oulu, Kemijärvi and Seinäjoki. These expenses were, however, equally counter-balanced by the income received from the divestment of the LVP (large-volume parenterals) business and the repayment of surplus funds from a Swedish pension insurance company. Improved cost management of the Soredex unit contributed positively to Oriola's profit, but the decreased volume of the distribution business is pushing down the profit. Orion Diagnostica's profit development was good. Noiro's profit was further down, due to increased advertising expenses. Other operating expenses in the Group income statement include a reduction of the value of the Tamro Corporation shares by MEUR 2.7.

Net income from ordinary financial operations improved from the previous year's level.

Financial income and expenses

Net earnings from ordinary financial operations were MEUR 8.8 (MEUR 8.4). Net interest earnings were MEUR 4.1 (MEUR 2.9). Net losses from foreign exchange rates were MEUR 0.1 (net gains MEUR 1.3). Net income

from securities, including dividends received were MEUR 4.8 (MEUR 4.2). The financial income no more included associate company contribution of Instrumentarium Corporation (MEUR 1.9).

Extraordinary items

Extraordinary income came from the Instrumentarium Corporation shares that were distributed by Orion Corporation as dividends to the shareholders.

Group net sales and operating profit by quarters:

	1-3/99	4-6/99	7-9/99	10-12/99	1-3/00	4-6/00	7-9/00
	MEUR	MEUR	MEUR	MEUR	MEUR	MEUR	MEUR
Net sales	226.4	224.0	221.2	240.6	236.8	227.4	238.0
Oper. profit	31.1	27.6	44.2	21.1	31.9	14.9	45.0

DEVELOPMENT BY BUSINESS DIVISION

Orion Pharma

Orion Pharma's net sales came to MEUR 337.0 (MEUR 324.4), up 3.9% (up 5.4%). International operations accounted for MEUR 196.1 (MEUR 167.1), and they grew by 17.3% (grew by 12.5%). The total sales were slowed down by the poor development of the domestic sales.

International operations of human pharmaceutical preparations grew by 18.4%. Major export products were Comtess and Comtan (entacapone) for Parkinson's Disease, the Divina hormone replacement therapy products, Fareston (toremifene) for breast cancer, and the animal sedatives, all originating from Orion Pharma's own research.

The products originating from Orion Pharma's own research pipeline contributed MEUR 92.5, or 27.5% to the Division's total net sales (MEUR 70.7, 21.8%).

Comtess and Comtan generated MEUR 39.3 (MEUR 23.5) net sales during the review period. The deliveries to Novartis are at a higher level and they do not include such pipeline filling as was included in the figures of the past two quarters. The sales of the treatment have developed well in the EU area except in Italy, where the reimbursement decision is still pending. The sales of Comtan by Novartis in the USA have progressed according to plan.

Net sales from the hormone replacement products have declined from the previous year's level, due to heavy competition in the product sector.

Net sales from the breast cancer drug Fareston (toremifene) came to MEUR 14.0 (MEUR 6.9). Sales in Japan continued to progress positively. Deliveries to Shire Roberts, the marketing partner for Fareston in the USA since September 1999, were low also in the third quarter, but the product sales to the end-users have grown favourably from the levels of the first months of the year.

The sales by Abbott Laboratories of Precedex (dexmedetomidine), a sedative for patients in intensive care, have started well in the USA, showing steady growth. However, new approaches for hospital therapies, such as Precedex, normally penetrate rather slowly at the start. Royalties received by Orion Pharma during the review period were MEUR 0.14.

Sales of Beclomet Easyhaler and Buventol Easyhaler, dry-powder inhalers for asthma medicines, were somewhat above the previous year's level. Both products were intensively launched in France towards the end of the summer, and sales have started well.

Difficulties in the sales of active pharmaceutical ingredients continued, and e.g. the sales of azathioprine, a growth product in the previous year, have declined.

The sales of animal sedatives were at the previous year's level and came to MEUR 12.9 (MEUR 13.0).

The exclusive rights received by Orion Pharma in March to market the entire range of Pfizer's animal health products in Sweden, Norway and Denmark will contribute about MEUR 10 to the annual sales of Orion Pharma. Sales have developed in line with the plans.

In September, Orion Pharma reached a marketing agreement with Novartis upon the triple therapy combining entacapone with levodopa and carbidopa into one tablet, which is under development by Orion Pharma. Novartis is Orion's marketing partner for plain entacapone, too. The agreement provides Novartis with both exclusive and co-promotion rights. Orion Pharma has marketing exclusivity for the product in Germany, UK, Ireland, the Nordic countries, the Baltics and some other areas. Orion also retains the possibility to co-promote or co-market the product with Novartis in the USA, France, Spain, Italy and ten other countries. The rest of the world will be exclusively a market for Novartis. Japan, however, is not covered by the agreement. Applications for marketing authorisations are estimated to be submitted during 2002, and accordingly, the product would roll out to markets in 2004. The triple therapy will be marketed under one global trademark common to both parties.

A payment of MEUR 17.2 from Novartis, based on the marketing agreement, is included in the net sales of Orion Pharma for the third quarter. (During 1-9/1999, Orion Pharma received altogether MEUR 12.6 in payments related to marketing agreements.)

The Finnish market for pharmaceuticals grew by 10.2% in January-September. Orion Pharma's net sales from domestic operations were MEUR 140.9 (MEUR 157.3), down by 10.4% (down by 1.2%). The continued downward development was due to the price cuts implemented by the Finnish drug pricing authorities as well as the terminated marketing of Boehringer Mannheim's products as of the beginning of the year.

The co-promotion agreement for Finland concerning of Lanzo (lansoprazole), a duodenal ulcer medicine, will expire at the year-end. This will not influence Orion Pharma's net sales or profits significantly. However, due to the nature of the marketing agreement, the total product sales, with an annual wholesale value of about MEUR 10, have been fully entered in favour of Orion Pharma's market share in the Finnish pharmaceutical sales statistics maintained by Lääke data Oy.

Oriola

Oriola's invoicing was MEUR 436.9 (MEUR 431.6), up 1.2% (8.1%). Net sales came to MEUR 268.1 (MEUR 258.0), up by 3.9% (13.2%). Reasons for the slower growth include terminated distribution contracts with ALK and Roche/Boehringer Mannheim as of the beginning of the year, and Zeneca as of mid June. The products of Hoechst/Aventis and Amgen will exit from Oriola's distribution at the end of the year, cutting invoicing by about MEUR 13. The development has levelled off in Oriola's International Wholesale activity, which mainly encompasses the Baltic countries, and additional measures and inputs are needed to respond to the increased competition. In Sweden, preparations are progressing to start pharmaceutical distribution operations. The domestic net sales for Oriola Dental and Oriola Medical continued to show strong growth. Medion continued to develop slowly, and Prolab's net sales declined clearly due to the departure of Boehringer Mannheim's laboratory products.

Orion Diagnostica

Orion Diagnostica, a division applying modern biotechnology in its products, continued to develop favourably. Net sales grew by 10.1% to MEUR 23.6 (MEUR 21.4). Sales of the QuikRead CRP test system for the point-of-care assessment of inflammation showed further strong growth. Exports of more established products increased to the USA, China, Iran and Japan.

Noiro

Noiro's sales performance has continued particularly strong in Finland and Russia, mainly owing to the success of the Lumene cosmetics but also the increased exports of the Herbina products for personal care. Net sales came to MEUR 84.6 (MEUR 76.3), up 10.8%. Exports grew by 29.6%.

Net Sales by Business Division:

	1-9/00 MEUR	1-9/99 MEUR	Change %	1-12/99 MEUR
Orion Pharma	337.0	324.4	+3.9%	437.8
Oriola	268.1	258.0	+3.9%	356.0
Orion Diagnostica	23.6	21.4	+10.1%	29.7
Noiro	84.6	76.3	+10.8%	101.4
Continuing operations total	702.2	667.7	+5.2%	908.3
Normet *)		3.9		3.9
Group total	702.2	671.6	+4.6%	912.2

*) Normet is included in the 1999 figures for 1.5 months.

International Operations by Business Division:

	1-9/00 MEUR	1-9/99 MEUR	Change %	1-12/99 MEUR
Orion Pharma	196.1	167.1	+17.3%	223.6
Oriola	42.7	38.5	+10.8%	52.5
Orion Diagnostica	19.2	16.8	+14.9%	23.3
Noiro	26.1	20.1	+29.6%	27.5
Continuing operations total	284.7	242.3	+17.5%	327.1
Normet		2.8		2.8
Group total	284.7	245.2	+16.1%	329.9

Operating Profit by Business Division:

	1-9/00 MEUR	1-9/99 MEUR	Change %	1-12/99 MEUR
Orion Pharma	70.9	78.7	-9.9%	90.6
Oriola	14.7	16.9	-12.8%	24.4
Orion Diagnostica	4.1	2.8	+46.0%	3.8
Noiro	5.8	7.3	-20.7%	8.0
Group items	-3.7	-2.8		-2.8
Group total	91.8	102.9	-10.9%	124.0

INVESTMENTS

Gross investments for the period were MEUR 42.1. Buildings accounted for MEUR 15.4, machinery and equipment for MEUR 23.1 and other fixed assets for MEUR 3.6.

The Fermion API plant expansion project in Hanko, Finland, accounted for MEUR 10.3 of Orion Pharma's investments for the period. The total estimated acquisition cost of the plant is about MEUR 18.

The Farmos unit of Noiro is concentrating the production of its institutional hygiene products and industrial chemicals in Turku where a MEUR 3.5 investment in a plant extension is being started. A new cosmetics plant, doubling Noiro's capacity of cosmetics production, will be built in Espoo. The construction will be started already during the current year and the plant will be ready in the summer of 2002. The total acquisition cost is estimated at MEUR 18.

PHARMACEUTICAL PLANTS TO BE SHUT DOWN
IN OULU, KEMIJÄRVI AND SEINÄJOKI

In order to improve cost and investment efficiency, decisions have been made to shut down the plants for manufacturing pharmaceutical preparations in Oulu, Kemijärvi and Seinäjoki by the end of 2001 and to relocate their production in Espoo and Turku. Part of the products will be outsourced. The statutory negotiations with the personnel representatives were completed in August. The decision to shut down

the plants concerns altogether about 230 persons. Most of the employees who are willing to move can be offered jobs elsewhere in the company. In July, Orion Pharma sold the product licenses and trademarks of its LVP products, manufactured in Oulu, and the related inventories of finished products to Baxter Oy. The agreement did neither include production facilities, machinery, equipment nor personnel.

RESEARCH AND DEVELOPMENT

The Group R&D expenditure was MEUR 51.2 (MEUR 47.0), excluding external financial contributions.

Orion Pharma is complementing its CNS drug portfolio with a new Parkinson's Disease therapy combining levodopa, carbidopa and entacapone in one tablet. Three different dose strengths are being developed, providing optimal proportions of the substances and covering the most common clinical needs. The combination tablet will notably simplify and facilitate the daily administration of these medicines, which are always taken simultaneously and several times per day. The new therapy will add entacapone to the treatment regime of an increasing number of patients.

At the end of September, the Swedish Medical Products Agency granted a marketing authorisation for the intravenously administered formulation of Simdax (levosimendan), a hospital treatment for acute decompensated heart failure. Other marketing approvals will be sought through the Mutual Recognition Procedure (MRP) on the basis of the Swedish authorisation. Orion Pharma estimates that authorisations in most EU countries will be received during 2001. Authorisations will also be applied for in several non-EU countries already in 2001. The additional clinical studies recommended by the FDA (Food and Drug Administration) for a US new drug application are planned to be started during the first half of 2001. The trials are estimated to take about two years.

The research program with deramciclane, disclosed in March, is progressing in accordance with plans. Comprehensive Phase 3 clinical trials in patients with anxiety disorders have been started in ten European countries. Deramciclane is a 5HT₂ receptor antagonist which, on the basis of research results to date seems to have favourable anxiolytic properties. The compound, licensed from the Hungarian company Egis Pharmaceuticals is one of the new drug candidates in Orion Pharma's CNS research portfolio. Orion Pharma's goal is to commercialise the product globally.

The Phase 2 clinical trials with Zydis apomorphine, a compound also included in the CNS portfolio, have been completed and the Phase 3 trials are being started. Orion Pharma is studying a fast soluble tablet formulation of apomorphine for patients with late stage Parkinson's Disease.

The preparations by Abbott Laboratories for additional clinical studies with Precedex (dexmedetomidine), a sedative for patients in intensive care and based on Orion's molecule discovery, are progressing well for the resubmission of an EU new drug application. Abbott, having comprehensive research and marketing rights for the compound, will conduct and finance the studies.

The research of the synthetic progestin hormone Nestorone, licensed in April from the US Population Council, is progressing in Phase 2. Orion Pharma is developing a gel preparation combining the substance with estrogen, for treating menopausal symptoms.

Marketing authorisations and recognitions have been received from several countries for the new hormone replacement therapies Indivina and Diviseq. The market introductions of these two proprietary products are being prepared.

The selection of asthma medications in the Easyhaler family of non-freon multidose dry powder inhalers is being complemented by the formulations of two active substances, budesonide and formoterol. A new drug application for budesonide is already under review in Germany by the BfArM (Bundesinstitut für Arzneimittel und Medizinprodukte). Marketing authorisations in the other EU countries will be sought through the MRP on the basis of the German approval. The Phase 3 studies with formoterol are aimed to be started during 2001. Budesonide is a glucocorticoid widely used for the prevention of the symptoms of inflammation in asthma. Formoterol is a long-acting beta receptor stimulating bronchodilator used for treating asthma and chronic bronchitis. Both substances represent the newer although already generic generation of respiratory medicines showing rapid growth.

PERSONNEL

The average number of personnel during the period was 5,339 (5,237). Orion Pharma has remarkably reinforced human resources in R&D and in international marketing especially. Noiro has recruited additional personnel mainly in production.

OUTLOOK FOR 2000

In line with earlier announced estimates, the Group operating profit for the full year 2000 is anticipated to be lower than that for the previous year, mainly due to the substantially increased investment in pharmaceutical research and international marketing operations in Orion Pharma. Oriola's operating profit is estimated to be somewhat lower than in the previous year. Orion Diagnostica is anticipated to improve its operating profit, and Noiro's operating profit is anticipated to be at the same level as in the previous year. Net income from ordinary financial operations will grow somewhat from that of the previous year.

TRADING IN ORION SHARES

During January-September, 11.5 million Orion Corporation shares were traded on the Helsinki Exchanges, representing 17% of the total number of shares. Altogether 3,469,347 A-shares were exchanged, the highest quotation being EUR 28.60 and the lowest EUR 17.80. The exchange of B-shares was 8,041,431, the highest price being EUR 28.50 and the lowest one EUR 17.70. On the first trading day of the year, the closing quotation of the A-share was EUR 24.30 and EUR 24.60 for the B-share. On the last trading day of the review period, the closing quotation of the A-share was EUR 19.30 and EUR 19.40 for the B-share, and the market value of the total share stock was MEUR 1,306.

INSIDER GUIDELINES ADOPTED AS OF 1 SEPTEMBER 2000

The Insider Guidelines prepared by the Helsinki Exchanges, the Central Chamber of Commerce and the Confederation of Finnish Industry were introduced on 1 September 2000, with some changes and adjustments, for use in the Orion Group.

GROUP INCOME STATEMENT	1-9/00 MEUR	1-9/99 MEUR	Change %	1-12/99 MEUR
NET SALES	702.2	671.6	+4.6%	912.2
of which international operations	284.7	245.2	+16,1%	329.9
Other operating income	+7.6	+6.9	+10.0%	+8.4
Operating expenses	-585.8	-542.6	+8.0%	-750.1
Depreciation and reduction in value	-32.2	-33.0	-2.4%	-46.5
OPERATING PROFIT	91.8	102.9	-10.9%	124.0
Financial income and expenses:				
Ordinary financial operations	+8.8	+8.4	+5.5%	+10.5
Share of associated companies' results		+1.9		+1.9
PROFIT BEFORE EXTRAORDINARY ITEMS	100.6	113.2	-11.2%	136.4
Extraordinary income	+6.9	+91.1		+90.9
Share of associated companies' extraordinary items		+6.6		+6.7
PROFIT BEFORE TAXES	107.5	210.9	-49.1%	234.0
Income taxes on ordinary operations	-33.6	-34.1	-1.6%	-43.7
Income taxes on extraordinary items	-2.1	-34.0		-34.0
PROFIT FOR THE PERIOD	71.8	142.8	-49.7%	156.3
PROFIT AFTER TAXES WITHOUT EXTRAORDINARY ITEMS	67.0	79.1	-15.3%	92.7

The tax expense for the period is calculated as the proportional share of total estimated taxes for the financial year.

GROUP BALANCE SHEET	9/00 MEUR	9/99 MEUR	Change %	12/99 MEUR
Non-current assets				
Intangible assets	49.5	57.4	-13.9%	53.9
Tangible assets	284.2	267.6	+6.2%	272.0
Own shares		1.3		1.3
Other investments	23.4	57.9	-59.6%	57.9
Current assets				
Stocks	173.1	162.6	+6.5%	169.0
Receivables	164.3	143.0	+14.9%	121.8
Investments	183.4	199.3	-8.0%	202.8
Cash in hand and at banks	21.1	21.0	+0.5%	33.4
ASSETS TOTAL	899.0	910.1	-1.2%	912.1
Share capital	114.8	119.0	-3.5%	119.0
Other restricted equity	4.7	2.8	+72.5%	1.9
Non-restricted equity	533.3	526.5	+1.3%	540.8
Provisions	0.7	0.4	+89.5%	0.3
Deferred tax liability	53.3	53.6	-0.5%	55.4
Non-current liabilities	41.1	41.6	-1.2%	41.6
Current liabilities	151.1	166.2	-9.1%	153.1
LIABILITIES TOTAL	899.0	910.1	-1.2%	912.1
Interest-bearing liabilities	51.3	48.7	+5.4%	51.3
GROUP CONTINGENT LIABILITIES		9/00 MEUR	9/99 MEUR	12/99 MEUR
Mortgages on land and buildings		29.5	34.3	33.1
Pledges		24.2	21.7	22.2
Guarantees		0.4	0.3	0.3
Outstanding payments pertinent to leasing liabilities		3.3	3.5	2.7
Other liabilities		0.2	0.2	0.2
Repurchase liabilities				
- repurchase price		0.7	0.9	0.8
- market value exceeds repurchase price		0.2	0.2	0.2
CURRENCY DERIVATIVES				
Forward contracts:				
- market value		-0.5	0.0	
- counter value in EUR for currency sold		4.5	2.9	

NET SALES BY MARKET AREA, CONTINUING OPERATIONS:

	1-9/00 MEUR	1-9/99 MEUR	Change %	1-12/99 MEUR
Finland	417.6	425.3	-1.8%	581.2
Scandinavia	52.4	45.0	+16.5%	61.0
Other Europe	160.4	126.2	+27.1%	174.2
North America	41.2	44.9	-8.0%	56.5
Other markets	30.6	26.3	+16.5%	35.4
Group total	702.2	667.7	+5.2%	908.3

GROSS INVESTMENT BY BUSINESS DIVISION

	1-9/00 MEUR	1-9/99 MEUR	Change %	1-12/99 MEUR
Orion Pharma	34.2	22.2	+54.0%	33.1
Oriola	3.4	3.0	+12.9%	4.5
Orion Diagnostica	0.8	1.6	-46.2%	2.2
Noiro	3.0	2.7	+11.8%	3.7
Corporate Administration	0.7	1.2		1.5
Group total	42.1	30.7	+37.3%	45.0
Investments' share of net sales	6.0%	4.6%		4.9%

AVERAGE NUMBER OF PERSONNEL BY BUSINESS DIVISION

	1-9/00	1-9/99	1-12/99
Orion Pharma	3000	2883	2881
Oriola	1194	1199	1191
Orion Diagnostica	329	327	326
Noiro	791	752	749
Corporate Administration	25	25	25
Continuing operations total	5339	5186	5172
Normet		51	38
Group total	5339	5237	5210

KEY FIGURES

	1-9/00	1-9/99	Change	1-12/99
Average number of shares, 1000	67,518	67,518		67,518
Earnings per share, EUR	0.99	1.17	-15.3%	1.37
Equity per share, EUR	9.67	9.58	+0.9%	9.78
Solvency	73.4%	71.7%		73.2%
Gearing	-23.5%	-26.5%		-28.0%

The comparative figures for 1999 have been adjusted by eliminating the amount of own shares held by the Group companies from the total amount of shares and by adjusting the shareholders' equity in the consolidated Balance Sheet of 1999 correspondingly. The own shares were invalidated on 14 April 2000 by lowering the share capital.

SHARE CAPITAL AND SHARES OF ORION CORPORATION

The total number of Orion Corporation shares is 67,518,421 and each share has a nominal value of 1.70 euros. According to the Trade Register entry on 26 October 2000, the number of A-shares was 34,448,547 and the number of B-shares 33,069,874. The total share capital is 114,781,315.70 e and the total number of votes is 722,040,814. According to paragraph 3 of the Bylaws, the shareholder can request the conversion of his A-shares into B-shares.

Own shares

Since the 2,453,208 Orion Corporation A-shares earlier held by the subsidiary Oriola Oy were invalidated in April 2000, own shares are no more held by Orion Corporation or Oriola.

The figures in this Interim Report have not been audited.

Orion Corporation will publish the Financial Statements for 2000 on Wednesday, 21 February 2001, at 8.30 a.m. local time.

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