



Orion Group
Financial Statement
Release for 2015



ORION CORPORATION FINANCIAL STATEMENT RELEASE 2015 2 FEBRUARY 2016 at 12:00 noon EET

Orion Group Financial Statement Release for 2015

Orion's net sales in 2015 totalled EUR 1,016 million (EUR 1,015 million in 2014).

- Operating profit was EUR 267 (272) million.
- Profit before taxes was EUR 262 (268) million.
- Equity ratio was 57% (52%).
- ROCE before taxes was 36% (37%).
- ROE after taxes was 38% (41%).
- Basic earnings per share were EUR 1.48 (1.50).
- Cash flow per share before financial items was EUR 1.51 (1.72).
- Board's proposal for dividend per share is EUR 1.30 (1.30).
- Orion estimates that in 2016 net sales will be at similar level to 2015. The operating profit is estimated to exceed EUR 240 million.

ORION'S KEY FIGURES FOR THE REVIEW PERIOD

	Q4/15	Q4/14	Change %	2015	2014	Change %
Net sales, EUR million	261.6	255.3	+2.5%	1,015.6	1,015.3	
International operations, EUR million	176.5	175.7	+0.4%	697.1	719.8	-3.2%
% of net sales	67.5%	68.8%		68.6%	70.9%	
Operating profit, EUR million	50.9	55.3	-7.9%	266.6	272.4	-2.2%
% of net sales	19.5%	21.7%		26.2%	26.8%	
Profit before taxes, EUR million	49.7	53.8	-7.6%	262.3	267.8	-2.1%
% of net sales	19.0%	21.1%		25.8%	26.4%	
Income tax expense, EUR million	10.3	13.0	-20.5%	54.2	56.6	-4.3%
R&D expenses, EUR million	31.6	28.3	+11.8%	108.1	106.2	+1.8%
% of net sales	12.1%	11.1%		10.6%	10.5%	
Capital expenditure, EUR million	14.3	14.3	-0.1%	44.5	57.1	-22.0%
% of net sales	5.4%	5.6%		4.4%	5.6%	
Assets total, EUR million				1,047.4	1,001.5	+4.6%
Equity ratio, %				57.4%	52.3%	
Gearing, %				-9.6%	-4.7%	
Interest-bearing liabilities, EUR million				187.8	234.5	-19.9%
Non-interest-bearing liabilities, EUR million				264.6	252.0	+5.0%
Cash and cash equivalents and money market investments, EUR million				245.2	258.5	-5.1%
ROCE (before taxes), %				35.7%	36.6%	
ROE (after taxes), %				37.5%	41.1%	
Basic earnings per share, EUR	0.28	0.29	-3.6%	1.48	1.50	-1.6%
Diluted earnings per share, EUR	0.28	0.29	-3.6%	1.48	1.50	-1.6%
Cash flow per share before financial items, EUR	0.40	0.38	+4.7%	1.51	1.72	-12.1%
Equity per share, EUR				4.22	3.66	+15.4%
Personnel at the end of the period				3,401	3,450	-1.4%
Average personnel during the period				3,431	3,493	-1.8%
Personnel expenses, EUR million				220.6	219.2	+0.6%

President and CEO Timo Lappalainen:

“Solid year in challenging environment”

“In 2015 our net sales and operating profit remained good despite declines in Stalevo and Precedex sales and clearly lower milestone payments than in the previous year. This was due to good growth in sales of other products and the better gross margin level than in the comparative period, which was enhanced by improved production efficiency and exchange rate changes.

“It was a strong year for the Specialty Products business division, with net sales continuing to grow well, especially in Scandinavia and Finland. In particular, sales of the biosimilar Remsima clearly increased. As regards Proprietary Products, the Easyhaler product family and Dexdor maintained their strong growth. The good progress of the Easyhaler product family was mainly due to growth in sales of the Bufomix Easyhaler combined formulation (budesonide-formoterol). Based on the research results received in 2015, we have submitted a marketing authorisation application for the budesonide-formoterol combined formulation in Germany, the United Kingdom and France.

“Sales of Simdax and Comtan, which have been in the markets for a long time, were also higher than last year. Comtan growth was mainly due to the good development of sales in Japan. In contrast, sales of Stalevo and Precedex continued to decline due to generic competition. However, In Europe extension of generic competition to Stalevo outside Germany did not materially affect Orion’s total sales in 2015. 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 in the year. Orion was granted marketing authorisation in Europe and approval in the United States for Sileo, a new proprietary drug that is indicated for alleviation of acute anxiety and fear associated with loud noise in dogs.

“During the year that has ended, jointly with Bayer we continued a Phase III clinical trial with the androgen receptor inhibitor (ODM-201) for treatment of prostate cancer. Bayer took charge of the project at the beginning of 2015. In addition, we commenced a Phase IIa clinical trial with a new formulation of an alpha-2c adrenoceptor antagonist (ORM-12741) for treatment of symptoms of Alzheimer’s disease that we have developed jointly with our partner Janssen Pharmaceuticals.

“The earlier part of our clinical pharmaceutical development pipeline was strengthened by altogether three new projects in 2015. We commenced Phase I clinical safety trials with CYP17 enzyme and an androgen receptor inhibitor (ODM-204) for treatment of castration-resistant prostate cancer, and with a novel, highly potent, selective and reversible negative allosteric modulator of the TRPA1 ion channel (ODM-108) for treatment of neuropathic pain, and a Phase II clinical trial with orally administered levosimendan (ODM-109) for treatment of patients with amyotrophic lateral sclerosis (ALS). In addition, we commenced a Phase I clinical safety trial with ODM-106 for alleviation of symptoms of essential tremor, but we discontinued development of this drug candidate based on the toxicological and pharmacokinetic findings. However, we are continuing research work related to GABA-B receptor positive allosteric modulators.

“Generic competition to Stalevo is extending in Europe, but it is difficult to forecast accurately how fast it will extend and the intensity of competition. Growing products such as Dexdor and the Easyhaler product family will be able to compensate for part of the decrease in net sales and operating profit due to generic competition to Stalevo. We estimate that in 2016 net sales will be at similar level to 2015. We estimate that operating profit will exceed EUR 240 million. Our outlook estimate and the basis for it can be found in this report under ‘Outlook for 2016’ and ‘Basis for outlook’.”

Events during the period

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

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 2 February 2016, 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. After the presentation, questions can be asked by telephone in Finnish and English.

The teleconference code is 7489965 and the telephone numbers to participate in the teleconference are:

Finland:	+358 (0)9 6937 9590
Sweden:	+46 (0)8 5065 3936
United Kingdom:	+44 (0)20 3427 1919
United States:	+1 646 254 3362

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 2 February 2016.

Financial report material

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

Dates in Orion Calendar 2016

Annual General Meeting 2016	Tuesday 22 March 2016
Interim Report January–March 2016	Wednesday 27 April 2016
Half-Yearly Report January–June 2016	Tuesday 19 July 2016
Interim Report January–September 2016	Tuesday 25 October 2016

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

For additional information about the financial review:

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

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

Financial review 2015

Net sales

The Orion Group's net sales in 2015 were EUR 1,016 million (EUR 1,015 million in 2014). The net effect of currency exchange rates was plus EUR 15 million.

The Pharmaceuticals business's net sales were EUR 961 (962) million. The Pharmaceuticals business's net sales of products in the portfolio other than Stalevo[®], Comtess[®]/Comtan[®] and Precedex[®], and excluding milestone payments, were up by 10% at EUR 798 (724) million. Net sales of Orion's Stalevo[®] (carbidopa, levodopa and entacapone) and Comtess[®]/Comtan[®] (entacapone) Parkinson's drugs were down by 19% at EUR 138 (169) million, which was 14% (18%) of the Pharmaceuticals business's net sales.

The Diagnostics business's net sales were EUR 58 (56) million.

Operating profit

The Orion Group's operating profit was EUR 267 (272) million. Milestone payments accounted for EUR 8 (39) million of the operating profit.

The Pharmaceuticals business's operating profit was EUR 269 (276) million. Milestone payments accounted for EUR 8 (39) million of the operating profit. The gross profit percentage on product sales was slightly higher due to improved production efficiency and changes in exchange rates.

The Diagnostics business's operating profit was up by 33% at EUR 8.5 (6.4) 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 190 (193) million.

R&D expenses were EUR 108 (106) million and accounted for 11% (11%) of the Group's net sales. Pharmaceutical R&D expenses amounted to EUR 101 (99) million. Research projects are reported in more detail under Pharmaceuticals in the Business Reviews.

Administrative expenses were EUR 46 (43) million.

Other operating income and expenses increased profit by EUR 1 (2) million.

Group's profit

The Group's profit before taxes totalled EUR 262 (268) million. Basic earnings per share were EUR 1.48 (1.50) and diluted earnings per share were EUR 1.48 (1.50). Equity per share was EUR 4.22 (3.66). The return on capital employed before taxes (ROCE) was 36% (37%) and the return on equity after taxes (ROE) 38% (41%).

Financial position

The Group's **gearing** was -10% (-5%) and the **equity ratio** 57% (52%).

The Group's **total liabilities** at 31 December 2015 were EUR 452 (487) million. At the end of the period, interest-bearing liabilities amounted to EUR 188 (235) million, including EUR 178 (210) million of non-current loans.

The Group had EUR 245 (259) 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 255 (297) million. The decrease in cash flow was due to an increase of EUR 15 million in cash tied up in working capital. During the comparative period the amount of cash tied up in working capital decreased by EUR 43 million.

Cash flow from investing activities was EUR -42 (-55) million.

Cash flow from financing activities was EUR -231 (-201) million.

Capital expenditure

The Group's capital expenditure totalled EUR 44 (57) million. This comprised EUR 39 (52) million on property, plant and equipment and EUR 5 (5) million on intangible assets.

Outlook for 2016

Net sales are estimated to be at similar level to 2015 (net sales were EUR 1,016 million in 2015).

Operating profit is estimated to exceed EUR 240 million.

Basis for outlook

A financial objective of Orion is to increase net sales. During the current year steadily growing products such as Dexdor[®] and the Easyhaler[®] product family are expected to be able to compensate for part of the decrease in net sales due to extension of generic competition to Stalevo[®].

Orion's Parkinson's drugs are Comtess[®], Comtan[®] and Stalevo[®]. Generic competition to them commenced in the United States in 2012 and in Europe in 2013. In the United States competition has decreased Orion's sales of these products to very low levels, but in Europe the impact has so far been less. During 2016 the competition is expected to extend in Europe. In 2015 Europe accounted for about EUR 80 million of the net sales of Orion's Parkinson's drugs.

Sales of Dexdor and the Easyhaler product family, which are also key proprietary drugs, are forecast to continue to grow. The patent for the Simdax[®] molecule 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 2016. In addition, at the beginning of the current year there was in Finland a change to a system in which a pharmacy is always obliged to recommend the cheapest substitutable generic prescription drug. The potential negative impact of this change on Orion's sales has been taken into account in the outlook estimate. 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 they totalled EUR 8 million in 2015 and EUR 39 million in 2014. 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 were mostly 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. However, at the same time depreciation on property, plant and equipment (EUR 30 million in 2015) has grown to about EUR 5 million higher than in 2012. In 2016 the Group's total capital expenditure is expected to be higher than in 2015, when it was EUR 43 million.

Marketing expenditure will be slightly higher 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 2016 were planned mainly during the previous year.

Research and development costs will be slightly higher than in 2015. 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 2016 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 2016 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 the extension and 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 extend in Europe during 2016, decreasing Stalevo sales. The basic Simdax and Dexdor patents have expired. However, the products have other still valid product protection. Nevertheless, for these products there is a possibility that generic competition might commence before expiry of the respective product protection. Orion has become aware that a marketing authorisation application for a generic version of Dexdor has been submitted in some European countries. Orion has commenced actions to defend its rights.

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.

The exchange rate risk due to the US dollar has decreased in recent years because the share of Orion's net sales invoiced in dollars has fallen to below ten per cent. The greatest exchange rate risk at present relates to European currencies such the Swedish crown. However, the overall effect of the risk due to currencies of European countries 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. The exchange rate effect related to the Russian rouble has increased due to the strong volatility of the currency. However, Russian sales are not a significant portion of Orion's entire net sales.

Orion's broad product range may cause risks to the delivery reliability and make it challenging to maintain the very high quality standard required in production. Authorities and key customers in different countries undertake regular and detailed inspections of development and manufacturing of drugs at Orion's production sites. Any remedial actions that may be required may at least temporarily have effects that decrease delivery reliability and increase costs. Orion's product range also includes products manufactured by other pharmaceutical companies. Possible problems related to the delivery reliability or quality of the products of those manufacturers may cause a risk to Orion's 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 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 received in 2015 totalled EUR 8 million. 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.

Proposal by the Board of Directors for distribution of profit: dividend per share EUR 1.30

The parent company's distributable funds are EUR 273,768,720.86 or EUR 1.94 per share, including EUR 196,896,699.10, or EUR 1.40 per share, of profit for the financial year. These per share amounts are calculated excluding treasury shares held by the Company.

The Board of Directors proposes that a dividend of EUR 1.30 per share be paid from the parent company's distributable funds. No dividend shall be paid on treasury shares held by the Company on the dividend distribution record date. On the day when the profit distribution was proposed, the number of shares conferring entitlement to receive dividend totalled 140,830,112, on which the total dividend payment would be EUR 183,079,145.60. The Group's payout ratio for the financial year 2015 would be 87.8% (86.7%). The dividend payment date would be 4 April 2016, and shareholders registered in the Company's shareholder register on 24 March 2016 would be entitled to the dividend payment.

The Board of Directors further proposes that EUR 350,000 (250,000) be donated to medical research and other purposes of public interest in accordance with a separate decision by the Board and that EUR 90,339,575.26 remain in equity.

Strategy

Orion's Board of Directors has confirmed the Company's strategy for 2016–2020.

Operating environment

Orion's strategy is affected by global healthcare megatrends that have material impact on trends in consumption of drugs, the price level of drugs and progress in pharmaceutical research. These megatrends include:

- Ageing of population
- Advances in science, such as personalised medicine, increased genetic and epigenetic data, developments in drug dosing and developments in diagnostics
- The increasing cost burden of healthcare and consequent need for cost-effective treatments and drugs
- Increased personal responsibility for own health

Mission and values

Orion's mission is to build well-being. Orion builds well-being by bringing to markets drugs and diagnostic tests that give patients help and an effective treatment for their illnesses. An effective drug also creates added value for the patient by improving the quality of life. Underlying Orion's strategy are Orion's values, which characterise the way of working within the Company. These values are:

- mutual trust and respect
- quality, reliability and safety
- customer focus
- innovation
- achievement

Focus areas

For Orion to fulfil the mission and achieve the strategic targets, within the Company there must be systematic concentration on key focus areas and their development. The crucial focus areas for implementing the strategy are:

- **Quality and safety.** High quality, product safety and complying with requirements of authorities are indispensable in the pharmaceutical industry. To meet ever increasing requirements and expectations of stakeholder groups, Orion is continuously and systematically developing these areas.
- **Productivity and flexibility.** Under pressure from declining prices for drugs, Orion needs cost awareness in its operations and seamless co-operation between different parts of the Company to achieve the targeted profitability level. In addition, operations must be flexible and able to react rapidly to changes identified in the operating environment. Due to its size, Orion can be more agile than large companies and gain a competitive advantage from this.
- **Partnerships.** Orion's operations are almost in their entirety based on utilising worldwide networks in which well-managed partnerships and collaborations are a competitive advantage for the Company. This requires Orion to be unprejudiced and open to learning new things from partners and collaborators. Partnerships must also be managed so that jointly agreed modes of operation and responsibilities are adopted at every level.
- **Competitive and strong portfolio,** which is crucial for Orion's success. This requires from the Company continuous striving to renew the portfolio, which in addition to product development, acquisition or manufacturing, includes effective launching of products and management of their entire life cycle.
- **Strong corporate culture of working together,** the basis of which is valuable and important work for the customer. Orion wants to be an excellent workplace and a responsible and attractive employer that promotes the well-being of its personnel at work and continuously develops their expertise.

Strategic targets

The following strategic targets have been confirmed, and their achievement is monitored with clearly defined indicators:

- **Providing new innovative and cost-effective drugs and treatments for patients.** Orion launches a steady stream of new drugs and diagnostic tests into markets. The product development pipeline has balanced numbers of proprietary products and generic projects in different phases. In its research the Company aims for the best input/output ratio in the field.
- **Working together to benefit the customer.** Orion's personnel are committed and understand the needs of customers. The working atmosphere, customer satisfaction and image of Orion are outstanding.
- **Continuous improvement in operations as regards sustainability.** Patient safety is the most vital aspect of Orion's corporate responsibility. The key to patient safety is that Orion's products are safe when used appropriately. Managing the Company's environmental responsibilities is also an important part of sustainability. Orion's aims additionally include continuous development of the personnel's occupational safety and ability to cope with their work.
- **Growing faster than the markets.** Growth enables a company to develop and take manageable risks. This aim should be achieved by the Company as a whole and in the geographic and product areas in which Orion operates.
- **Strong development of profitability.**

Financial objectives

Through the financial objectives Orion aims to develop the Group's shareholder value and ensure financial stability and profitable growth.

Orion's financial objectives are:

- 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%.
- Distributing an annual dividend that in the next few years will be at least EUR 1.20 per share, and increasing the dividend in the long term.

In the short term what actually happens may deviate from the objectives. Especially in 2016, the steadily growing products such as Dexdor[®] and the Easyhaler[®] product family will not necessarily be able to compensate fully for the decrease in net sales and operating profit due to extension of generic competition to Stalevo in Europe. However, the negative impact due to Stalevo is expected to level out in 2017–2018 as growth in other areas starts to have a positive effect on development of the entire company.

Promising developments in the R&D project pipeline will probably somewhat increase the Company's research expenses in the next few years. However, agreements already made relating to research projects (Bayer/ODM-201, Janssen/ORM-12741) and their good progress, and possible new agreements with partners relating to other projects are expected to generate material upfront and milestone payments in coming years. Successful projects will have a positive effect on Orion's net sales and especially operating profit even before possible approval of new proprietary drugs and before the actual commencement of product sales.

Shares and shareholders

On 31 December 2015 Orion had a total of 141,257,828 (141,257,828) shares, of which 38,906,154 (40,412,981) were A shares and 102,351,674 (100,844,847) B shares. The Group's share capital was EUR 92,238,541.46 (92,238,541.46). At the end of 2015 Orion held 427,716 (569,665) B shares as treasury

shares. On 31 December 2015 the aggregate number of votes conferred by the A and B shares was 880,047,038 (908,534,802) excluding treasury shares.

At the end of 2015, Orion had 48,877 (51,917) 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 2015 a total of 1,506,827 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 31 December 2015 the market capitalisation of the Company's shares, excluding treasury shares, was EUR 4,497 million.

In 2015 a total of 2,868,050 A shares and 67,068,756 B shares were traded on Nasdaq Helsinki. The total value of the shares traded was EUR 2,174 million. During the year, 7% of the A shares and 66% of the B shares were traded. The average turnover in Orion's shares was 50%.

The price of Orion's A shares increased by 27% and the price of its B shares by 24% during 2015. On 31 December 2015 the closing quotation was EUR 31.83 for the A shares and EUR 31.97 for the B shares. The highest quotation for Orion's A shares in 2015 was EUR 38.69 and the lowest quotation was EUR 24.90. The highest quotation for the B shares in 2015 was EUR 38.86 and the lowest quotation was EUR 25.47.

Orion shares are also traded on various alternative trading platforms in addition to Nasdaq Helsinki. In 2015 Nasdaq Helsinki accounted for about 88% of the entire trading volume in Orion A shares. In 2015 Nasdaq Helsinki accounted for about 35% of the entire trading volume in Orion B shares (source: Fidessa Fragmentation Index).

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 2015 Orion had a total of 48,877 (51,917) registered shareholders, of whom 96% (95%) were private individuals holding 41% (43%) of the entire share stock and 62% (63%) of the total votes. There were altogether 58 (57) million nominee-registered shares, which was 41% (40%) of all shares, and they conferred entitlement to 9% (8%) of the total votes.

At the end of 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.

Notification threshold

There were no threshold notifications during 2015.

Management's shareholdings

At the end of 2015, the members of the Board of Directors owned a total of 2,225,829 of the Company's shares, of which 1,874,064 were A shares and 351,765 B shares. At the end of 2015, the President and CEO owned 67,519 of the Company's shares, which were all B shares. The members of the Group's Executive Management Board (excluding the President and CEO) owned a total of 167,997 of the Company's shares, which were all B shares. Thus, the Company's executive management held 1.75% of all of the Company's shares and 4.33% of the total votes.

The Company does not have stock option programmes.

Personnel

The average number of employees in the Orion Group in 2015 was 3,431 (3,493). At the end of 2015 the Group had a total of 3,401 (3,450) employees, of whom 2,723 (2,769) worked in Finland and 678 (681) outside Finland.

Salaries and other personnel expenses in 2015 totalled EUR 221 (219) 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 2015 was up by 3% on the previous year at EUR 2,239 (2,167) 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 2015 amounted to EUR 270 (251) 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 less than 15% of the Group's net sales.

Total sales of all Parkinson's drugs:

EUR or USD million		MAT9/2015	MAT9/2014	Change %
United States	USD	838	812	+3%
Europe TOP 5	EUR	944	995	-5%
Japan	EUR	556	497	+12%

Source: IMS Health pharmaceutical sales statistics MAT9/2015 (10/2014–9/2015)

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		MAT9/2015	MAT9/2014	Change %
United States	USD	89	118	-28%
Europe TOP 5	EUR	131	147	-11%
Japan	EUR	63	53	+19%

Source: IMS Health pharmaceutical sales statistics MAT9/2015 (10/2014–9/2015)

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

EUR or USD million		MAT9/2015	MAT9/2014	Change %
United States	USD	18	19	-5%
Europe TOP 5	EUR	102	127	-19%
Japan	EUR	63	53	+19%

Source: IMS Health pharmaceutical sales statistics MAT9/2015 (10/2014–9/2015)

Sales of Orion's branded Parkinson's drugs decreased in the United States due to 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 September 2015 were up by 4% at EUR 519 (498) million. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in September 2015 sales of Orion's Dexdor[®] intensive care sedative (dexmedetomidine) were up by 32% at EUR 34 (26) million in Europe.

Net sales and operating profit of the Pharmaceuticals business

In 2015 the Pharmaceuticals business's net sales were EUR 961 (962) million and its operating profit was EUR 269 (276) million. Milestone payments accounted for EUR 8 (39) million of the net sales and operating profit. In the last quarter of the year Orion received a milestone payment of EUR 3 million from Bayer related to the ODM-201 project. The operating profit of the Pharmaceuticals business was 28% (29%) of the segment's net sales.

Net sales of Orion's top ten pharmaceuticals in 2015 were up by 3% at EUR 424 (413) million. They accounted for 44% (43%) of the total net sales of the Pharmaceuticals business.

Net sales of the Pharmaceuticals business other than Stalevo[®], Comtess[®]/Comtan[®] and Precedex[®] and excluding milestone payments were up by 10% at EUR 798 (724) million.

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 2015 were down by 14% at EUR 323 (373) million. The decrease was mainly due to the generic competition faced by Stalevo[®] and Precedex[®], and lower milestone payments than in 2014. 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[®] (active ingredients carbidopa, levodopa and entacapone) and Comtess[®]/Comtan[®] (entacapone). Their total net sales in 2015 were down by 19% at EUR 138 (169) 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	2015	2014	Change %
Stalevo deliveries to Novartis	64	73	-12%
Comtan deliveries to Novartis	27	26	+6%
Orion's Stalevo sales	40	64	-37%
Orion's Comtess sales	6	7	-10%

Net sales of Simdax[®], a drug for treatment of acute decompensated heart failure, in 2015 were up by 9% at EUR 51 (47) million. Orion received new marketing authorisations for Simdax in Europe during 2015.

Total net sales of the Easyhaler[®] product family for treatment of asthma and chronic obstructive pulmonary disease were up by 45% in 2015 at EUR 51 (35) 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[®] (budesonide-formoterol), the new combined formulation in the product family. Sales of Bufomix Easyhaler totalled EUR 16 (3) million in 2015. Of the marketing authorisation applications initially submitted, the national phase of processing is still ongoing in Italy. In addition, Orion has submitted marketing authorisation applications for the formulation in Germany, the United Kingdom and France.

Net sales of Orion's Dexdor[®] intensive care sedative (dexmedetomidine) in 2015 were up by 26% at EUR 45 (35) million.

Net sales of the Precedex[®] intensive care sedative (dexmedetomidine) were down by 40% in 2015 at EUR 18 (30) 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 2015 were up by 10% at EUR 471 (427) million. Sales of generic entacapone products were down by 2% at EUR 25 (26) 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 2015 were up by 8% at EUR 276 (256) million. Orion managed to increase its sales, especially in prescription drugs. Sales were up by 49% at EUR 75 (50) million in Scandinavia and sales were down by 5% at EUR 53 (56) million in Eastern Europe and Russia. Depreciation of the rouble weakened development of the euro value of sales in Eastern Europe and Russia.

Net sales of Remsima[®] for treatment of rheumatoid arthritis among other things were EUR 28 (6) million in 2015. A significant portion of the net sales came from Norway. Orion did not win the national competitive tendering for 2016 in Norway. 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 2015 were up by 10% at EUR 77 (70) 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 early in the year. Sales of the animal sedative product family at EUR 27 (25) million accounted for 35% (35%) 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.

During the summer the European Commission granted marketing authorisation and at the end of the year the US Food and Drug Administration approval for Sileo[®] (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 2015 excluding pharmaceutical ingredients supplied for Orion's own use were down by 8% at EUR 53 (57) 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. Arto Toivonen became President of Fermion on 1 January 2015.

Research and development projects

The Group's **R&D expenses** in 2015 were EUR 108 (106) million, of which the Pharmaceuticals business accounted for EUR 101 (99) million. The Group's R&D expenses accounted for 11% (11%) of the Group's net sales. R&D expenses also include expenses related to development of the current portfolio.

In 2014 Orion commenced global collaboration with Bayer in the development and commercialisation of a 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.

In autumn 2015 Orion completed the additional trials with the **budesonide-formoterol combined formulation** in the Easyhaler[®] product family. Based on the results received, Orion has submitted a marketing authorisation application in Germany, France and the United Kingdom. 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 an ongoing 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.

Orion has an ongoing 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 levosimendan 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 a Phase II clinical trial 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 **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 the toxicological and pharmacokinetic findings of the Phase I clinical trial, in 2015 Orion discontinued development of the ODM-106 molecule for alleviation of symptoms of essential tremor. Orion is continuing pre-clinical 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. 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 decided to change the target indication from post-operative pain to peri-procedural pain. The company has announced that it is planning to commence a new clinical Phase II trial concerning the new indication.

In addition, Orion has several projects in the early research phase investigating central nervous system diseases, cancer and neuropathic pain, among others.

Diagnositics

Orion Diagnostica manufactures convenient and quick in vitro diagnostic tests and testing systems suitable for point-of-care testing. Net sales of the Diagnostica business in 2015 were up by 3% at EUR 58 (56) million.

QuikRead[®] infection tests remained the main product, with sales continuing to increase. With the help of CRP tests from the QuikRead go[®] product family in infectious disease diagnostics, antibiotic treatment can be targeted at patients that need it and unnecessary use of antibiotics avoided in situations in which a patient would not benefit from them. Avoiding unnecessary antibiotic treatments helps in tackling the growing problem of antibiotic resistance. In 2015 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 Diagnostica business was up by 33% at EUR 8.5 (6.4) million. The growth was mainly due to the favourable margin structure of sales from the portfolio and exchange rate changes. The Diagnostica business's operating profit accounted for 15% (11%) of the segment's net sales.

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

Espoo, 2 February 2016

Board of Directors of Orion Corporation

Orion Corporation

Timo Lappalainen
President and CEO

Jari Karlson
CFO

Tables

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q4/15	Q4/14	Change %	2015	2014	Change %
Net sales	261.6	255.3	+2.5%	1,015.6	1,015.3	
Cost of goods sold	-114.6	-106.2	+7.9%	-405.8	-401.7	+1.0%
Gross profit	147.0	149.1	-1.4%	609.8	613.6	-0.6%
Other operating income and expenses	0.7	2.1	-65.1%	1.5	1.7	-14.2%
Sales and marketing expenses	-52.8	-55.5	-4.8%	-190.4	-193.4	-1.5%
R&D expenses	-31.6	-28.3	+11.8%	-108.1	-106.2	+1.8%
Administrative expenses	-12.4	-12.1	+2.5%	-46.2	-43.3	+6.7%
Operating profit	50.9	55.3	-7.9%	266.6	272.4	-2.2%
Finance income	0.2	0.0		0.8	0.8	-0.4%
Finance expenses	-1.4	-1.5	-2.0%	-5.5	-5.9	-5.7%
Share of associated companies' results				0.4	0.4	+5.1%
Profit before taxes	49.7	53.8	-7.6%	262.3	267.8	-2.1%
Income tax expense	-10.3	-13.0	-20.5%	-54.2	-56.6	-4.3%
Profit for the period	39.4	40.8	-3.5%	208.2	211.3	-1.5%

OTHER COMPREHENSIVE INCOME INCLUDING TAX EFFECTS

Change in value of cash flow hedges	0.0	0.0		0.1	0.0	
Change in value of available-for-sale financial assets	0.2	0.4		1.1	4.1	
Translation differences	0.2	-0.9		1.8	0.6	
Items that may be reclassified subsequently to profit and loss	0.5	-0.5		3.0	4.7	
Items due to remeasurement of defined benefit plans	49.4	-41.3		49.1	-41.3	
Items that will not be reclassified to profit and loss	49.4	-41.3		49.1	-41.3	
Other comprehensive income net of tax	49.9	-41.7		52.1	-36.5	
Comprehensive income for the period including tax effects	89.3	-0.9		260.2	174.7	+48.9%

PROFIT ATTRIBUTABLE TO:

Owners of the parent company	39.4	40.8	-3.5%	208.2	211.3	-1.5%
Non-controlling interests	0.0	0.0		0.0	0.0	

COMPREHENSIVE INCOME ATTRIBUTABLE TO:

Owners of the parent company	89.3	-0.9		260.2	174.7	+48.9%
Non-controlling interests	0.0	0.0		0.0	0.0	

Basic earnings per share, EUR ¹⁾	0.28	0.29	-3.6%	1.48	1.50	-1.6%
Diluted earnings per share, EUR ¹⁾	0.28	0.29	-3.6%	1.48	1.50	-1.6%
Depreciation, amortisation and impairment	10.7	10.7	+0.3%	41.8	39.6	+5.4%
Personnel expenses	57.3	58.1	-1.3%	220.6	219.2	+0.6%

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	12/15	12/14	Change %
Property, plant and equipment	276.4	269.1	+2.7%
Goodwill	13.5	13.5	
Intangible rights	41.7	47.7	-12.4%
Other intangible assets	2.5	2.7	-8.0%
Investments in associates	2.6	2.1	+21.0%
Available-for-sale financial assets	6.9	5.6	+23.4%
Pension asset	24.4		
Deferred tax assets	1.1	6.7	-84.3%
Other non-current assets	4.1	1.6	+152.3%
Non-current assets total	373.3	349.1	+6.9%
Inventories	205.7	178.7	+15.1%
Trade receivables	192.1	174.0	+10.4%
Other receivables	31.2	41.2	-24.2%
Money market investments		73.0	-100.0%
Cash and cash equivalents	245.2	185.5	+32.2%
Current assets total	674.1	652.4	+3.3%
Assets total	1,047.4	1,001.5	+4.6%

EQUITY AND LIABILITIES

EUR million	12/15	12/14	Change %
Share capital	92.2	92.2	
Expendable fund	0.5	0.5	
Other reserves	6.9	5.9	+18.0%
Retained earnings	495.3	416.3	+19.0%
Equity attributable to owners of the parent company	594.9	514.9	+15.5%
Non-controlling interests	0.0	0.0	-2.7%
Equity total	594.9	514.9	+15.5%
Deferred tax liabilities	37.8	30.1	+25.6%
Pension liability	3.1	31.1	-90.0%
Provisions	0.3	0.4	-18.5%
Interest-bearing non-current liabilities	177.9	210.0	-15.3%
Other non-current liabilities	0.0	0.2	-74.8%
Non-current liabilities total	219.2	271.8	-19.4%
Trade payables	99.1	66.6	+48.7%
Current tax liabilities	1.2	1.1	+9.4%
Other current liabilities	122.8	122.5	+0.2%
Provisions	0.3		
Interest-bearing current liabilities	9.9	24.5	-59.3%
Current liabilities total	233.3	214.7	+8.7%
Liabilities total	452.5	486.5	-7.0%
Equity and liabilities total	1,047.4	1,001.5	+4.6%

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.	
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						211.3		211.3
Other comprehensive income:								
Change in value of cash flow hedges			0.0					0.0
Change in value of available-for-sale financial assets			4.1					4.1
Translation differences					0.6			0.6
Items due to remeasurement of defined benefit plans				-41.3				-41.3
Transactions with owners								
Dividend and capital repayment						-175.9		-175.9
Share-based incentive plan						2.4		2.4
Other adjustments			0.2			-0.4	-0.0	-0.3
Equity at 31 December 2014	92.2	0.5	5.9	-50.8	-3.3	470.4	0.0	514.9
Profit for the period						208.2		208.2
Other comprehensive income:								
Change in value of cash flow hedges			0.1					0.1
Change in value of available-for-sale financial assets			1.1					1.1
Translation differences					1.8			1.8
Items due to remeasurement of defined benefit plans				49.1				49.1
Transactions with owners								
Dividend and capital repayment						-183.1		-183.1
Share-based incentive plan						3.1		3.1
Other adjustments			-0.1			-0.1	-0.0	-0.2
Equity at 31 December 2015	92.2	0.5	6.9	-1.6	-1.5	498.4	0.0	594.9

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	2015	2014
Operating profit	266.6	272.4
Adjustments	53.5	47.8
Change in working capital	-14.9	43.2
Interest paid	-10.9	-9.6
Interest received	7.7	3.5
Dividends received	0.2	0.2
Income taxes paid	-47.2	-60.9
Total net cash flow from operating activities	254.9	296.7
Investments in property, plant and equipment	-38.4	-51.5
Investments in intangible assets	-4.8	-4.9
Sales of property, plant and equipment and available-for-sale investments	1.0	1.5
Total net cash flow from investing activities	-42.2	-54.9
Current loans raised	1.4	1.9
Repayments of current loans	-2.7	-3.2
Repayments of non-current loans	-46.2	-23.0
Dividends paid and other distribution of profits	-183.3	-176.2
Total net cash flow from financing activities	-230.8	-200.5
Net change in cash and cash equivalents	-18.1	41.2
Cash and cash equivalents at the beginning of the period	258.5	214.7
Foreign exchange differences	4.8	2.6
Net change in cash and cash equivalents	-18.1	41.2
Cash and cash equivalents at the end of the period	245.2	258.5
Reconciliation of cash and cash equivalents in statement of financial position		
Cash and cash equivalents in statement of financial position at the end of the period	245.2	185.5
Money market investments at the end of the period		73.0
Cash and cash equivalents in the statement of cash flows	245.2	258.5

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	12/15	12/14
Carrying amount at the beginning of the period	269.1	247.3
Additions	38.7	51.5
Disposals	-1.1	-1.7
Depreciation and impairments	-30.2	-27.9
Carrying amount at the end of the period	276.4	269.1

CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	12/15	12/14
Carrying amount at the beginning of the period	50.4	57.3
Additions	5.4	5.1
Disposals		-0.2
Amortisation and impairments	-11.5	-11.8
Carrying amount at the end of the period	44.3	50.4

COMMITMENTS AND CONTINGENCIES

EUR million	12/15	12/14
CONTINGENCIES FOR OWN LIABILITIES		
Mortgages on land and buildings		32.0
Guarantees	5.2	2.7
OTHER LIABILITIES		
Leasing liabilities (excluding finance lease contracts)	7.3	8.1
Other liabilities	0.3	0.3

DERIVATIVES

EUR million	12/15	12/14
CURRENCY FORWARD CONTRACTS AND CURRENCY SWAPS		
Fair value, EUR million	-0.0	1.1
Nominal value, EUR million	49.1	51.3
CURRENCY OPTIONS		
Fair value, EUR million	-0.0	0.2
Nominal value, EUR million	39.2	39.7
INTEREST RATE SWAPS		
Fair value, EUR million	-0.0	-0.1
Nominal value, EUR million	11.6	15.2
ELECTRICITY DERIVATIVES		
Fair value, EUR million		-0.3
Nominal amount, GWh		22

FAIR VALUE MEASUREMENT AND HIERARCHY OF FINANCIAL INSTRUMENTS

EUR million	Level 1	Level 2	Level 3	Total
Assets				
Derivatives				
Currency derivatives		0.3		0.3
Available-for-sale financial assets				
Shares and investments	6.6		0.3	6.9
Assets total	6.6	0.3	0.3	7.2
Liabilities				
Derivatives				
Currency derivatives		-0.4		-0.4
Interest rate swaps		-0.0		0.0
Liabilities total		-0.4		-0.4

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	2015	2014
Management's employment benefits	6.6	6.8

Operating segment performance

NET SALES BY BUSINESS DIVISION

EUR million	Q4/15	Q4/14	Change %	2015	2014	Change %
Pharmaceuticals	247.3	241.5	+2.4%	960.9	962.0	-0.1%
Proprietary Products	78.1	88.5	-11.8%	322.5	373.4	-13.6%
Specialty Products	132.5	116.8	+13.5%	471.2	427.1	+10.3%
Animal Health	17.7	20.2	-12.3%	77.0	70.2	+9.7%
Fermion	9.2	11.0	-16.7%	52.7	56.9	-7.5%
Contract manufacturing and other	9.8	5.1	+92.5%	37.5	34.3	+9.3%
Diagnostics	15.2	14.5	+4.7%	57.8	56.4	+2.5%
Group items	-0.9	-0.8	+15.5%	-3.1	-3.1	+0.7%
Group total	261.6	255.3	+2.5%	1,015.6	1,015.3	

OPERATING PROFIT BY BUSINESS AREA

EUR million	Q4/15	Q4/14	Change %	2015	2014	Change %
Pharmaceuticals	52.1	56.9	-8.4%	269.0	275.7	-2.4%
Diagnostics	1.7	1.5	+15.2%	8.5	6.4	+33.2%
Group items	-2.9	-3.1	-5.4%	-10.9	-9.6	+13.4%
Group total	50.9	55.3	-7.9%	266.6	272.4	-2.2%

NET SALES BY ANNUAL QUARTERS

EUR million	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Pharmaceuticals	247.3	227.1	242.0	244.5	241.5	226.2	264.8	229.5
Diagnostics	15.2	12.5	13.9	16.2	14.5	12.8	12.7	16.3
Group items	-0.9	-0.5	-0.9	-0.8	-0.8	-0.6	-0.9	-0.8
Group total	261.6	239.1	255.0	259.9	255.3	238.3	276.7	245.0

OPERATING PROFIT BY ANNUAL QUARTERS

EUR million	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Pharmaceuticals	52.1	59.7	75.8	81.4	56.9	63.8	88.3	66.7
Diagnostics	1.7	1.1	1.6	4.0	1.5	1.7	0.6	2.6
Group items	-2.9	-2.3	-3.5	-2.2	-3.1	-1.8	-2.9	-1.9
Group total	50.9	58.6	74.0	83.1	55.3	63.8	86.0	67.4

GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

EUR million	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Finland	85.1	78.1	76.9	78.4	79.6	73.5	72.0	70.4
Scandinavia	47.0	39.1	40.9	36.9	35.6	31.7	34.6	33.3
Other Europe	81.9	70.7	77.5	86.6	89.1	81.3	104.9	79.1
North America	16.1	17.9	20.6	21.6	24.5	15.2	34.0	30.7
Other markets	31.5	33.2	39.1	36.4	26.5	36.6	31.2	31.5
Group total	261.6	239.1	255.0	259.9	255.3	238.3	276.7	245.0

Business reviews

KEY FIGURES FOR PHARMACEUTICALS BUSINESS

EUR million	Q4/15	Q4/14	Change %	2015	2014	Change %
Net sales	247.3	241.5	+2.4%	960.9	962.0	-0.1%
Operating profit	52.1	56.9	-8.4%	269.0	275.7	-2.4%
% of net sales	21.1%	23.6%		28.0%	28.7%	
R&D expenses	29.7	26.3	+12.8%	101.0	99.1	+1.9%
% of net sales	12.0%	10.9%		10.5%	10.3%	
Capital expenditure	13.1	12.1	+8.6%	40.6	51.3	-20.9%
% of net sales	5.3%	5.0%		4.2%	5.3%	
Sales revenue from proprietary products	83.8	93.1	-9.9%	354.7	363.3	-2.4%
Assets				740.8	669.4	
Liabilities				211.0	180.7	
Personnel at the end of the period				3,078	3,131	

TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

EUR million	Q4/15	Q4/14	Change %	2015	2014	Change %
Stalevo [®] , Comtess [®] and Comtan [®] (Parkinson's disease)	25.2	39.3	-35.8%	137.5	169.2	-18.7%
Easyhaler [®] product family (asthma, COPD)	14.7	10.7	+37.4%	51.3	35.3	+45.5%
Simdax [®] (acute decompensated heart failure)	13.7	12.4	+10.0%	51.1	47.1	+8.5%
dexdor [®] (intensive care sedative)	12.4	10.5	+17.8%	44.5	35.2	+26.3%
Remsima [®] (rheumatoid arthritis, inflammatory bowel diseases)	11.4	2.3	+397.1%	28.1	5.6	+404.5%
Dexdomitor [®] , Domitor [®] , Domosedan [®] and Antisedan [®] (animal sedatives)	6.5	8.9	-26.6%	27.3	24.7	+10.2%
Generic entacapone products (Parkinson's disease)	7.7	6.0	+26.9%	24.9	25.5	-2.4%
Burana [®] (inflammatory pain)	5.8	6.2	-7.5%	22.7	23.1	-1.8%
Marevan [®] (anticoagulant)	5.0	4.6	+9.2%	19.2	17.2	+11.2%
Precedex [®] (intensive care sedative)	5.4	4.9	+10.1%	17.8	29.8	-40.3%
Total	107.7	105.9	+1.8%	424.3	412.8	+2.8%
Share of pharmaceutical net sales	44%	44%		44%	43%	

KEY FIGURES FOR DIAGNOSTICS BUSINESS

EUR million	Q4/15	Q4/14	Change %	2015	2014	Change %
Net sales	15.2	14.5	+4.7%	57.8	56.4	+2.5%
Operating profit	1.7	1.5	+15.2%	8.5	6.4	+33.2%
% of net sales	11.4%	10.3%		14.7%	11.3%	
R&D expenses	1.9	2.0	-2.4%	7.3	7.2	+0.8%
% of net sales	12.6%	13.6%		12.6%	12.8%	
Capital expenditure	1.1	2.1	-47.0%	3.7	6.3	-41.5%
% of net sales	7.2%	14.2%		6.4%	11.3%	
Assets				48.3	48.9	
Liabilities				16.2	16.5	
Personnel at the end of the period				296	296	

KEY CLINICAL PHARMACEUTICAL DEVELOPMENT PROJECTS

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

Information on Orion's shares

BASIC SHARE INFORMATION 31 DECEMBER 2015

	A shares	B shares	Total
Trading code on Nasdaq Helsinki	ORNAV	ORNBV	
Listing day	1.7.2006	1.7.2006	
ISIN code	FI0009014369	FI0009014377	
ICB code	4500	4500	
Reuters code	ORNAV.HE	ORNBV.HE	
Bloomberg code	ORNAV.FH	ORNBV.FH	
Share capital, EUR million	25.4	66.8	92.2
Counter book value per share, EUR	0.65	0.65	
Total number of shares	38,906,154	102,351,674	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	38,906,154	101,923,958	140,830,112
Minimum number of shares			1
Maximum number of A and B shares, and maximum number of all shares	500,000,000	1,000,000,000	1,000,000,000
Votes per share	20	1	
Number of votes excluding treasury shares	778,123,080	101,923,958	880,047,038
% of total votes	88%	12%	100%
Total number of shareholders	16,719	37,824	48,877

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

	A shares	B shares	Total
Shares traded	2,868,050	67,068,756	69,936,806
% of the total number of shares	7.2%	66.1%	49.5%
Trading volume, EUR million	89.1	2,084.8	2,173.9
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	31.07	31.08	
Highest quotation, EUR (A and B 20 July 2015)	38.69	38.86	
Closing quotation on 31 December 2015, EUR	31.83	31.97	
Market capitalisation excluding treasury shares on 31 December 2015, EUR million	1,238.4	3,258.5	4,496.9

PERFORMANCE PER SHARE

	Q4/15	Q4/14	Change %	2015	2014	Change %
Basic earnings per share, EUR	0.28	0.29	-3.6%	1.48	1.50	-1.6%
Diluted earnings per share, EUR	0.28	0.29	-3.6%	1.48	1.50	-1.6%
Cash flow per share before financial items, EUR	0.40	0.38	+4.7%	1.51	1.72	-12.1%
Equity per share, EUR				4.22	3.66	+15.4%
Proposed dividend per share, EUR				1.30	1.30	
Proposed payout ratio, %				87.8%	86.7%	
Total proposed dividend, EUR million				183.1	182.9	+0.1%
Effective dividend yield according to proposal, %						
A share				4.1%	5.2%	
B share				4.1%	5.0%	
Price/earnings ratio (P/E)						
A share				21.51	16.69	+28.9%
B share				21.60	17.18	+25.7%
Average number of shares excluding treasury shares, 1,000 shares	140,830	140,688		140,806	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

The Consolidated Financial Statements of the Orion Group have been prepared in accordance with International Financial Reporting Standards (IFRS) applying the IAS and IFRS standards as well as SIC and IFRIC interpretations effective at 31 December 2015.

The following new standards, interpretations and amendments to existing standards endorsed by the EU have been adopted as of 1 January 2015:

- IAS 19 (amendment), Employee Benefits
- IASB's published annual improvements (2010–2012) to the following standards:
 - IFRS 2, Share-based Payment
 - IFRS 3, Business Combinations
 - IFRS 8, Operating Segments
 - IFRS 13, Fair Value Measurement
 - IAS 24, Related Party Disclosures
- IASB's published annual improvements (2011–2013) to the following standards:
 - IFRS 3, Business Combinations
 - IFRS 13, Fair Value Measurement
 - IAS 40, Investment Property

The amendments or improvements made to the IFRS standards have no material 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 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/OrionCorplR>

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 2015 amounted to EUR 1,016 million and the Company had about 3,400 employees. Orion's A and B shares are listed on Nasdaq Helsinki.