

# Orion Corporation

## Stock Exchange Announcement

21 February 2001 at 8.30 a.m.

### ANNOUNCEMENT ON THE YEAR 2000 FINANCIAL STATEMENTS OF THE ORION GROUP

The net sales of the Orion Group in 2000 grew by 3.9% to MEUR 947.5 (MEUR 912.2 in 1999). In Orion Pharma, the core business division of the Group, the share of drugs originating from the own research pipeline rose to 28% of net sales. They also largely accelerated the growth of Orion Pharma's international operations, now up by 16.9%. Increased investment in pharmaceutical R&D and international marketing of the products from own research were reflected in the declined operating profit for the Group. Profit before extraordinary items and taxes came to MEUR 125.4 (MEUR 136.4), down by 8.1%. All the four Business Divisions made a very satisfactory result and the Group profitability continued at a very satisfactory level.

#### Orion Group in brief in 2000

- Net sales grew by 3.9% to MEUR 947.5
- Operating profit declined by 7.7% to MEUR 114.5.
- Earnings per share declined by 10.9% to EUR 1.22
- Equity ratio was 74.2%
- A dividend per share of EUR 1.20 is proposed by the Board of Directors.

Million euros	2000	1999	Change %
Group net sales	947.5	912.2	+3.9%
- Orion Pharma	452.2	437.8	+3.3%
- Oriola	365.5	356.0	+2.7%
- Orion Diagnostica	32.2	29.7	+8.3%
- Noiro	114.4	101.4	+12.8%
Group operating profit	114.5	124.0	-7.7%
- Orion Pharma	87.4	90.6	-3.6%
- Oriola	21.7	24.4	-11.3%
- Orion Diagnostica	5.4	3.8	+44.2%
- Noiro	7.6	8.0	-4.8%
- Group items	-7.6	-2.8	
Net gains from ordinary financial operations	10.9	10.5	+3.9%
Profit before extraordinary items and taxes	125.4	136.4	-8.1%
Earnings per share, euros	1.22 e	1.37 e	-10.9%
Proposed dividend per share, euros	1.20 e	1.18 e	+1.7%
Return on invested capital (ROI)			
before extraordinary items and taxes	18.2%	18.6%	
Return on equity	12.4%	13.3%	

The Board of Directors has signed the year 2000 Financial Statements for Orion Corporation at its meeting held yesterday.

In this announcement, the percentages showing the changes from the previous year have been calculated from more exact figures than the published ones. The figures in parentheses refer to the comparable ones for the previous year. The figures in this announcement have not been audited.

Orion's Annual Report 2000 will be published on 16 March 2001.

The Annual General Meeting is planned to be held on 29 March 2001.

**International operations were accelerated by Orion Pharma's own drug innovations. Expenditure on product launches and research is putting pressure on earnings.**

The Orion Group net sales came to MEUR 947.5 (MEUR 912.2 in 1999), up 3.9%. International operations contributed MEUR 384.0, up 16.4%. Domestic sales were down by 3.2%. The comparable net sales growth was 4.3% for the continuing businesses.

Group net sales and operating profit by annual quarters:

	7-9/99 MEUR	10-12/99 MEUR	1-3/00 MEUR	4-6/00 MEUR	7-9/00 MEUR	10-12/00 MEUR
Net sales	221.2	240.6	236.8	227.4	238.0	245.3
Operating profit	44.2	21.1	31.9	14.9	45.0	22.7

Anticipatedly, operating profit for the Group came down. It declined by 7.7% to MEUR 114.5. Group profit before extraordinary items and taxes declined by 8.1% and came to MEUR 125.4 (MEUR 136.4).

Operating profit for Orion Pharma decreased due to the opposite directions of the domestic and the international business, and due to increased expenditure on research and development as well as international marketing operations. The particularly high increase in marketing expenditure was related to the international launches of the parkinsonian drug Comtess and the Easyhaler inhaler, as well as to the preparations for launching the heart failure drug Simdax and the novel hormone replacement therapy products. Expenses also cutting down the profit include MEUR 4.1 in expenses and impairment written down due to the decisions to shut down the pharmaceutical plants in Oulu, Kemijärvi and Seinäjoki. Income from the divestment of the LVP (large-volume parenterals) business and the repayment of surplus funds from a Swedish pension insurance company, altogether MEUR 5.9, counterbalanced these expenses. The net gains at MEUR 4.8 from the sale of certain product rights also contributed positively. The improved cost management of Soredex had a positive impact on Oriola's profit which was, however, pressed down by the decreased volume in the distribution business and the unsatisfactory development of the dental business in Sweden. Orion Diagnostica's profit was good. Increased advertising expenditure pushed down Noiro's profits. Other operating expenses in the consolidated Income Statement include a reduction in the value of the Tamro Corporation shares by MEUR 2.7

Net income from ordinary financial operations was MEUR 10.9 (MEUR 10.5). Net interest gains were MEUR 6.8 (MEUR 3.9). Currency exchange rate changes resulted in a net loss of MEUR 0.7 (net gain of MEUR 2.1). Net income from securities and dividends came to MEUR 4.8 (MEUR 4.5).

Group solidity and solvency were strong. Equity ratio improved to 74.2% (73.1%) by the year-end. Net indebtedness, or the gearing was -26.7% (-28.0%)

**Jukka Viinanen, Group CEO:**

**"Proprietary drug innovations are the strategic core for Orion"**

"In 2000, we increasingly sharpened the Group's strategic focus on pharmaceuticals", says *Jukka Viinanen*, the Group CEO who joined Orion last summer. "The core in the Group is Orion Pharma, an intensively research-oriented manufacturer of pharmaceuticals that are increasingly based on proprietary innovations from the own research pipeline. With a portfolio of products that are under our own control, intended for global markets and well protected with immaterial rights, Orion Pharma can take its share of the constantly growing pharmaceuticals market, thereby being able to show accelerated net sales and earnings growth. With a gradually heavier portfolio of strong proprietary medicines we can also reduce our dependence from license agreements."

Jukka Viinanen points out, however, that the successful launches of completely new treatment approaches call for great financial inputs to the time-consuming research and development process, to the production processes in order to meet the international quality standards, as well as to the development and gradual extension of the own marketing network, and sales promotion.

"The three other Business Divisions in our Group are supporting the goals of the core business. Oriola, with its superior logistic knowhow, is an efficient drug distributor and a marketer of a versatility of other healthcare products. Orion Diagnostica is a successful pioneer in a very exciting niche of point-of-care diagnostics. Noiro is

a house of superior market leading brands for cosmetics and personal hygiene in our home country. Oriola and Noiro have clearly limited possibility to grow and go international as rapidly as Orion Pharma. Orion Diagnostica that again improved its operating profit handsomely, has for long been the most internationally operating Business Division in the Group, and its growth opportunities are bright. But the global market for diagnostic equipment is limited and the growth rates there are fairly low", Jukka Viinanen reminds. "All the three businesses are, however, standing on a solid and healthy ground, and they are able to finance their own investments and developments from their own income. It is also worth mentioning that these businesses contribute more than one-third of the Group's cash flows", Mr. Viinanen points out.

## Orion Pharma set for growth

Net sales MEUR 452.2 (MEUR 437.8), + 3.3% (+7.0%).

International operations MEUR 261.4 (MEUR 223.6), +16.9% (+15.6%), share 57.8% of total net sales.

Operating profit MEUR 87.4 (MEUR 90.6), - 3.6% (+20.3%).

The basis of Orion Pharma's growth is in the products from its own R&D pipeline. Orion Pharma only started its own pharmaceutical research about twenty years ago. The results are now starting to bear fruit. While the share of the own research products was only 7% five years ago, it now came to 28%. Milestone payments from marketing partners were received altogether MEUR 19.4 (MEUR 19.2). Of these, MEUR 17.2 were received from Novartis on the basis of the new marketing agreement concerning the combination tablet in which Orion is putting three co-administered drugs for Parkinson's Disease, entacapone, levodopa and carbidopa. In terms of anticipations and market potential, the agreement is the most significant one ever for Orion, so far.

The net sales from preparations from Orion Pharma's research pipeline, shown in the table below amounted to MEUR 124.5.

Net sales from preparations from Orion Pharma's research pipeline

Million euros	2000	1999	Change, %
Comtess/Comtan (entacapone)	52.5	30.6	71.7%
Simdax (levosimendan)	0.2	-	-
Fareston (toremifene)	17.8	11.3	56.7%
Precedex (dexmedetomidine), royalties	0.3	-	-
Domitor, Domosedan and Antisedan - animal sedatives	18.0	17.2	4.1%
Hormone replacement therapy product line	24.7	26.2	-5.7%
Easyhaler asthma preparations	11.1	9.8	13.3%
Total	124.5	95.5	30.4%

Net sales from domestic operations were MEUR 190.8 (MEUR 214.1), down by 10.9% (down 0.6%). The impacts of terminated sales licenses, publicly induced wholesale price reductions and increased price competition are reflected in the sales. The Finnish total market for pharmaceuticals grew, however, by 8.9%. Orion's market share was 14.9% of the total. Orion's share of prescription drugs was 13.4% whereas in over-the-counter products it was 28.2%. Orion Pharma aims at strengthening its domestic portfolio in products with promising growth outlook. Special attention is paid to so-called blockbuster products near patent expiry.

Orion Pharma's operating profit declined anticipatedly. The pressures on the profit came from the planned additional expenditure on the launches of the products being introduced to new markets, as well as on pharmaceutical research and registration procedures. Great financial inputs are required by the comprehensive clinical trials with the new drug candidate, deramciclone for anxiety disorders. Also the extensive registration procedures of Simdax for heart failure, the Easyhaler inhaler for asthma, and the two new hormone replacement therapies caused high expenses.

A major IT investment project was started in Orion Pharma in order to renew the information systems that support the business. The aim of this project is to establish an enterprise resource planning system that enables the centralised management of the data flows of the supply chain and the financial control.

### Marketing power was reinforced

During the past year, Orion Pharma reinforced substantially its own marketing network that concentrates on the western European markets. New sales force was recruited by the marketing subsidiaries, and readiness was trained for the approaching new product launches. The personnel in the foreign locations for pharmaceuticals marketing grew by almost 19% to 475 persons. The net sales generated through the own subsidiaries contributed 35.2% of Orion Pharma's international operations. In most subsidiaries, the focus of sales efforts and also the best-selling product was Comtess, for Parkinson's Disease.

Development of the net sales of the Orion Pharma subsidiaries

EUR million	Net sales 2000	Net sales 1999	Change, %
Orion Pharma GmbH, Germany	32.6	29.2	11.7%
Orion Pharma S.A., France*)	4.8	2.3	110.8%
Orion Pharma (UK) Ltd., UK	16.1	13.4	20.0%
Orion Pharma AB, Sweden	18.8	16.8	11.9%
Orion Pharma A/S, Denmark**)	11.6	16.9	-31.4%
Other Orion Pharma subsidiaries ***)	8.3	7.6	9.0%
Consolidated total	92.0	86.0	7.1%

\*) The French subsidiary started operations in 1999

\*\*\*) Shows only sales to Denmark. Unconsolidated net sales were MEUR 17.5 (MEUR 23.1), change -24.5%

\*\*\*) Orion Pharma AS, Norway, Orion Pharma Ireland Ltd., Orion Pharma Kft, Hungary and Orion Pharma AG, Switzerland

### Comtess was the best-selling single product

After two full years on the market in Europe and one year in the US, the Parkinsonian drug, trade names Comtess and Comtan, generated MEUR 52.5 in net sales and was the best-seller among Orion Pharma's products. Sales grew by 71.7 % from the previous year. As the mechanism of action is new, there are still great variations in the penetration by country. The marketing partner for the product is Novartis whose territories include the USA, where the share of Comtan was 6% of all Parkinson's treatments for the first year on the market. The American sales have progressed according to plan.

Sales of entacapone preparations at wholesale prices in 2000 in the Orion Pharma markets, and market share of the Parkinson's Disease drugs by country:

	Launched	Sales at wholesale prices in 2000 MEUR	Market share of Parkinson's Disease drugs in resp. country
<b>Comtess/Orion:</b>			
Germany	10/1998	9.3	5.4%
UK and Ireland	11/1998	4.4	4.6%
Sweden	10/1998	2.2	14.1%
Denmark	11/1998	1.1	13.8%
Norway	9/1999	0.3	5.6%
Finland	11/1998	1.5	17.3%
<b>Comtan/Novartis:</b>			
USA	11/1999	29.1	6.0%
France	11/1999	10.1	15.2%
Spain	11/1999	5.8	14.1%
Italy	11/1999	1.0	1.8% (no reimbursement)

### **Simdax rolled out in Sweden**

One of the major achievements for Orion Pharma in 2000 was the marketing authorisation for Simdax in Sweden whereby the sales started. Simdax is the first new treatment approved for the severest degree of heart failure in a decade. The active ingredient, levosimendan, is an innovative discovery by Orion Pharma. It increases the failed heart's pumping capacity, and it is used for intravenous treatment of hospitalised patients with acute heart failure. During 2001, marketing authorisations are sought for Simdax in the other EU countries and elsewhere in Europe as well. The registration files were submitted to the EU member states in January 2001.

For the US new drug application, Orion Pharma is starting an additional Phase 3 clinical trial program, the details of which have been agreed with the US Food and Drug Administration. The program will start in the spring of 2001 and the studies are estimated to take about two years.

A comprehensive and long-lasting Phase 3 clinical trials program is being designed for the orally administered formulation of levosimendan. The drug candidate will be studied in patients with milder stages of heart failure. The number of patients in this category is many times higher than that for severe HF, and long-term treatment is needed.

### **Precedex launched in the US**

Orion's drug discovery, Precedex (dexmedetomidine) was introduced by the partner Abbott Laboratories in the US in the spring of 2000. The drug is for the sedation of intubated patients in intensive care. Sales are steadily growing. Also Precedex has a unique mechanism of action. It reduces the release of noradrenaline from the nerve endings thereby causing sedation. As a hospital treatment, it is anticipated to penetrate more slowly than new prescription drugs. Accumulated positive experience is supposed to promote the adoption of Precedex in the intensive care departments of American hospitals. Altogether MEUR 0.3 were received by Orion from Abbott in royalties for Precedex sales for 2000. Abbott has carried out the studies with Precedex since 1994 when it acquired the research and marketing rights for the product from Orion. An additional clinical trial program with Precedex for the EU new drug application is being prepared.

### **Fareston selling well in Japan**

Net sales increased from Fareston (toremifene) for breast cancer. Sales in Japan, the largest single territory, continued to develop positively, and the market share was 25%. Japan accounted for 62% of the altogether MEUR 17.8 net sales, and 20% came from the US. Orion Pharma's deliveries of Fareston to the US partner Shire Roberts took place mainly during the first half of the year. In Japan, the marketer is Nippon Kayaku.

The clinical trials with Fareston (toremifene) for extending the indication to the treatment of earlier stages of breast cancer are being completed. An application for a broader indication could possibly be filed in the USA and Europe in 2001.

### **New hormone replacement therapies being launched this year**

The sales of Orion's hormone replacement therapies for menopausal symptoms decreased in the heavy competition among this product sector. The two new preparations, Indivina and Diviseq, received marketing approvals in several European countries, and promotional activities for their launches in 2001 were prepared for.

### **Easyhaler family getting new members**

Sales of the dry-powder inhaler Easyhaler (beclomethasone and salbutamol) increased from the previous year. The inhalers were introduced with a strong campaign in France in the summer, and the sale took a good start. The Easyhaler family will be complemented with two additional substances, budesonide and formoterol, both representing a newer generation of respiratory drugs. A new drug application for the budesonide Easyhaler, for use in the prevention of the symptoms of asthmatic inflammation, is currently under review by the German drug authority. The Phase 3 clinical trials with formoterol, a long-acting bronchodilator, may possibly start in 2001.

## **Deramciclane is the largest ongoing clinical trial. A clinical research centre being established in England**

Group expenditure on research and development was MEUR 72.1 (MEUR 67.9). The share of Orion Pharma's R&D was MEUR 66.1 or 91.7% of the total. Orion Pharma R&D expenditure corresponded to 15.3% (14.9%) of the pharmaceutical net sales.

The pharmaceutical research activity focuses on treatments for neurological, cardiac and respiratory diseases as well as on hormone therapies. The research encompasses the entire long-lasting drug development process starting from molecule discovery throughout all the different phases, and the target of this function is to discover and develop proprietary innovative new chemical entities for the basis of the company's future operations and for generators of strong global growth.

The most significant one of the research projects disclosed by Orion from its pipeline is deramciclane, a compound licensed by Orion from the Hungarian Egis Pharmaceuticals. Comprehensive Phase 3 clinical studies with deramciclane in ten European countries are progressing according to plan. The compound seems to have favourable anxiolytic properties. Orion's goal is to commercialise deramciclane globally.

The CNS product portfolio is being complemented with a new treatment for Parkinson's Disease, combining three substances, i.e. levodopa, carbidopa and entacapone in one single tablet. The preparation is planned to be launched in 2003-2004.

At the end of the year, 868 persons were directly engaged in Orion Pharma's R&D operations. It has not been quite problem-free to obtain the necessary additional work force, because competent researchers are not sufficiently available. As a partial solution to this, a clinical research centre particularly focusing on the treatment of cardiovascular and neurological diseases, was established in Nottingham, England in early 2001. Experienced research professionals are recruited from the local markets. In the spring of 2000, the premises for drug research and development in Espoo more than doubled when the new part of the R&D centre with modern high tech equipment was taken into use.

## **Oriola showed slow growth**

Invoicing MEUR 595.7 (MEUR 593.3), +0,4% (+8.6%).  
Net sales MEUR 365.5 ( MEUR 356.0), + 2.7% (+13.4%).  
Operating profit MEUR 21.7 (MEUR 24.4), -11.3% (+1.7%).

After several subsequent years of strong growth, Oriola slowed down due to discontinued distribution agreement, which led to lower distribution volumes. Oriola's share of the Finnish drug wholesales came down to 35%. In all the three Baltic countries the profitability of the subsidiaries was still unsatisfactory, but the new premises introduced will improve competitiveness, and profitability will be improved through increased sales volumes. On the other hand, Oriola strengthened its position in Finland in hospital and dental equipment and supplies, both showing rapidly increased net sales. Net sales for Prolab declined clearly due to terminated product representations, but the loss will be compensated with new product agreements. Medion's development was hampered by certain project deliveries that were postponed to 2001. Soredex' net sales increased and operations in the US recovered. The dental business in Sweden that was started two years ago continued to progress unsatisfactorily.

## **Orion Diagnostica improved profits**

Net sales MEUR 32.2 (MEUR 29.7), + 8.3% (+0.1%).  
International operations MEUR 26.4 (MEUR 23.3), +13.1% (+1.2%).  
Operating profit MEUR 5.4 (MEUR 3.8), +44.2% (+39.3%).

The main factors behind the continued positive development of Orion Diagnostica include the restructured product portfolio, operational focus on point-of-care diagnostics, and the growing export areas such as China and Iran.

The sales of the QuikRead test for the diagnosis of inflammation by measuring the CRP (C-reactive protein) concentration from whole blood, reached a new record and the product rose to number one by Orion Diagnostica's sales. The second-best selling product was the Uricult test for urinary infections. Although this product has been

available for more than 30 years, it is still the world's leading dip-slide method for demonstrating urinary tract infections, thanks to continued development and high quality. Uricult continued to strengthen its market position in the USA and in South America.

## **Noiro increased exports**

Net sales MEUR 114.4 (MEUR 101.4), +12.8% (+1.1%).  
International operations MEUR 37.3 (MEUR 27.5), +35.5% (-8.8%).  
Operating profit MEUR 7.6 (MEUR 8.0), -4.8% (+30.7%).

Noiro continued to show very strong performance in Finland and in Russia, mainly due to the Lumene cosmetic series and in exports also due to the Herbina products for personal hygiene. The biggest export market was Russia, with new records of deliveries that already exceeded the level from which they dropped as the Russian economy collapsed in mid 1998. All the major brands of Noiro strengthened their market positions in Finland. Enhanced marketing efforts in Finland as well as the promotional investments required in exports, however, hampered Noiro's ability to generate profits.

## **Outlook for 2001**

The growth of Orion Pharma's international operations is expected to continue. The most important growth generators will be the patented products from Orion's own research, particularly the Parkinsonian drug Comtess/Comtan but also Fareston, Precedex, and Simdax following receipt of marketing authorisations, as well as the animal sedatives. Growth opportunities are also seen for the hormone replacement therapies and Easyhaler. Domestic sales are anticipated to grow slightly. Investment in pharmaceutical R&D and international marketing will be increased remarkably, as many research projects are in the clinical development phase and many new products are being launched. The operating profit for Orion Pharma as a whole is estimated to be less than in the previous year, but in 2002, it is anticipated to turn to growth.

Oriola's net sales are estimated to show low growth and the operating profit is anticipated to improve somewhat. The operating profits for Orion Diagnostica and Noiro are estimated to improve from the previous year.

The Group net sales growth is forecasted to accelerate, but the Group operating profit is estimated to be lower than in the previous year. Net gains from ordinary financial operations are awaited to slightly increase.

The budgeted R&D expenditure is MEUR 100 (MEUR 72.1). Planned investment in fixed assets, excluding possible company and product acquisitions, is MEUR 95.

## **1.20 euros proposed for dividend per share**

The Board of Directors proposes that 1.20 euros be distributed per share on the 67,518,421 shares, altogether 81,022,105.20 euros.

Espoo, 21 February 2001

Orion Corporation

Jukka Viinanen  
President and CEO

Pauli Torkko  
Executive Vice President

Contact Person  
Pauli Torkko, Executive Vice President, CFO, phone +358 10 429 3711

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**REPORT BY THE BOARD OF DIRECTORS**

(unaudited)

**Group net sales**

The Orion Group net sales for 2000 were MEUR 947.5 (MEUR 912.2 in 1999) and they grew by 3.9% (4.9%) from the previous year. Net sales from operations in Finland declined 3.2% (grew 4.7%) whereas international operations grew by 16.4% (5.2%). The impact of changes in foreign currency exchange rates on the growth of international operations was 6 percentage units. The comparable growth of the net sales from the continuing business operations was 4.3%.

International operations, i.e. exports from Finland and net sales of the foreign subsidiaries accounted for MEUR 384.0 (MEUR 329.9), or 40.5% (36.2%) of the consolidated net sales. The most important markets were Scandinavia, Germany, the UK and the USA.

Orion Pharma's net sales grew 3.3% (7.0%), the weak development of domestic sales pressing down the rate. Net sales from international operations grew by 16.9% (15.6%) and they accounted for 57.8% (51.1%) of the total. Major export products were Comtess (entacapone) for Parkinson's Disease, the Divina family of hormone replacement therapies, the breast cancer drug Fareston (toremifene) and the animal sedatives, all based on Orion's own research. The products resulting from own research totally contributed 28% (22%) to Orion Pharma's net sales.

The marketing subsidiaries altogether covering nine European countries generated MEUR 92.0 (MEUR 86.0) in net sales, and their share of Orion Pharma's international operations was 35.2%. Orion Pharma continued to build up the operational readiness and competence of its marketing organisation in order to manage the launches of the novel proprietary products. The sales force in the subsidiaries increased substantially. International operations were organised into six operational sales areas. The subsidiaries in Sweden, Denmark and Norway were linked together to constitute one sales area, Scandinavia.

The most rapidly growing products were the Parkinsonian drug Comtess and the breast cancer drug Fareston. Sales of the Easyhaler multi-dose dry-powder inhalers for asthma medicines increased as the sales started in France. The sales of the hormone replacement therapy products decreased due to heavy competition in the sector. Sales of Simdax, for heart failure, started in Sweden towards the end of the year.

The milestone payments from marketing partners accounted for MEUR 19.4 (MEUR 19.2) of Orion Pharma's international operations.



The Finnish market for pharmaceuticals grew by 8.9% (8.9%). The domestic net sales for Orion Pharma decreased 10.9% (down 0.6%). The market share was 14.9% and it declined by 4.1 percentage units, due to public price cuts together with increased price competition as well as the discontinued marketing licenses for Boehringer Mannheim pharmaceuticals at the start of the year.

Oriola's invoicing, a figure that describes the operational volume, was MEUR 595.7 (MEUR 593.3), only slightly up from the previous year, by 0.4% (8.6%). The slackened growth rate resulted from the termination of certain distribution contracts at the start of the year. The development in the wholesale business has levelled off in the Baltic states. Preparations to start pharmaceutical distribution activity in Sweden were started. The development of the medical instruments and supplies sector as a whole slowed down somewhat from the previous year, but the dental and hospital businesses showed strong growth in Finland. Soredex's business progressed positively as a whole.

Positive performance continued for Orion Diagnostica, a unit applying modern biotechnology. Sales of proprietary products grew 12%. The sales of the QuikRead CRP test for point-of-care assessment of infections continued to show strong growth. Other, more established products were also increasingly exported, especially to the USA, China and Iran.

Noiro continued particularly strong sales performance in Finland and Russia, again mainly driven by the Lumene cosmetics series and the Herbina family of personal hygiene products.

The development of net sales and international operations by business area, by Division and by market area, as well as the operating profit by business are presented in tables shown on the latter pages of this announcement. Due to eliminations of intra-Group transactions, the consolidated sums cannot be derived from the divisional figures.

### **Net sales of the parent company**

The net sales of the Group parent company Orion Corporation were MEUR 552.0 (MEUR 536.5), up 2.9% (1.3%).

### **Group profits**

Group operating profit came to MEUR 114.5, and it declined by MEUR 9.5 from the previous year. Operating profit for Orion Pharma decreased due to the opposite development of the domestic and the international business, and due to increased expenditure on research and development as well as international marketing operations. The particularly high increase in marketing expenditure was related to the international launches of the parkinsonian drug Comtess and the Easyhaler inhaler, as well as to the preparations for launching the heart failure drug Simdax and the novel hormone replacement therapy products. Expenses also cutting down the profit include MEUR 4.1 in expenses and impairment written down due to the decisions to shut down the pharmaceutical plants in Oulu, Kemijärvi and Seinäjoki. Income from the divestment of the LVP (large-volume parenterals) business and the repayment of surplus funds from a Swedish pension insurance company, altogether MEUR 5.9, counterbalanced these expenses. The net gains at MEUR 4.8 from the sale of certain product rights also contributed positively. The improved cost management of Soredex had a positive impact on Oriola's profit which was, however, pressed down by the decreased volume in the distribution business and the unsatisfactory development of the dental business in Sweden. Orion Diagnostica's profit was good. Increased advertising expenditure pushed down Noiro's profits. Other operating expenses in the consolidated Income Statement include a reduction in the value of the Tamro Corporation shares by MEUR 2.7

Net income from ordinary financial operations was altogether greater than for the previous year. The profit for the entire Group was very satisfactory.

The consolidated other operating income includes net gains from the sale of diverse fixed assets at MEUR 1.1 (MEUR 1.5), income received from the sold LVP trademarks at MEUR 5.2, and net gains at MEUR 4.8 from certain product rights sold by the German subsidiary (in the previous year, MEUR 1.8 were received in R&D-related refundings and damages).

Group operating profit came to MEUR 114.5 (MEUR 124.0), down 7.7% (up 13.5%). Orion Diagnostica improved its operating profit. The profitability of all Business Divisions was at a very satisfactory level.

The operating profit of Orion Pharma includes value reductions in MEUR 2.2, booked as additional depreciation, associated with the shutting down of the three pharmaceutical plants (an extra depreciation of MEUR 2.0 on product rights, and a non-recurrent additional depreciation of MEUR 5.4 included in the Group items in the previous year).

Net consolidated income from ordinary financial operations was MEUR 10.9 (MEUR 10.5). Net interest income was MEUR 6.8 (MEUR 3.9). The net loss from foreign exchange rate changes was MEUR 0.7 (net gain of MEUR 2.1). Net income from securities, including dividends, came to MEUR 4.8 (MEUR 4.5). The financial income no more included associate company contribution of Instrumentarium Corporation (MEUR 1.9).

Group profit before extraordinary items and taxes was MEUR 125.4 (MEUR 136.4), down by 8.1% (up by 12.7%). Income taxes on ordinary operations for the financial year were MEUR 42.8 (MEUR 43.7), and income taxes on extraordinary items were MEUR 1.8 (MEUR 34.0). The income taxes include the change in deferred taxes.

The extraordinary income includes a net income of MEUR 6.9 from the Instrumentarium shares that were transferred as dividends to Orion's shareholders. The net income results from the market value of the shares less their acquisition cost and the related property transfer tax paid by Orion Corporation. (In 1999, a net gain of MEUR 74.7 was booked from that year's dividend payment correspondingly, MEUR 10.9 related to the divestment of the Normet business, and MEUR 5.3 from sold land areas.) Associate company consolidation had no impact on the extraordinary items (MEUR 6.6 in extraordinary income).

Earnings per share came to EUR 1.22 (EUR 1.37), down 10.9% (up 9.6%). Shareholders equity per share was EUR 9.90 (EUR 9.78). Group return on invested capital, ROI, before extraordinary items and taxes was 18.2% (18.6%). Return on shareholders' equity, ROE, after taxes was 12.4% (13.3%).

## Financing

Group solvency and liquidity were good. The Group's finance, investment and currency strategy is to support business operations and to achieve good and solid long-term earnings in all conditions by avoiding unnecessary capital risks. A most neutral interest, currency, investment and counterparty portfolio as well as good liquidity is maintained by means of a diversified money market portfolio.

Accordingly, the Group's cash reserves were placed in money market instruments and bonds issued by approved counterparties. Minor amounts were invested in listed shares and investment funds.

The cash flows from exports were greater than the corresponding cash flows from imports. Derivatives were only utilised for hedging against risks involved in foreign currencies and interest instruments.

Liabilities in the consolidated Balance Sheet of 31 Dec. 2000 were MEUR 244.2 (MEUR 250.1) deferred tax liability included. Interest-bearing liabilities were MEUR 51.8 (MEUR 51.3). Short-term interest-bearing liabilities accounted for 29.1% (22.1%) of total interest-bearing liabilities, up due to increased advance payments received.

Group equity ratio grew slightly, being 74.2% at the year-end (73.1%). Gearing was -26.7% (-28.0%).

## Investments in fixed assets

Gross investments by the Group came to MEUR 63.6 (MEUR 45.0), or 6.7% (4.9%) of the Group net sales. Gross investments, excluding securities, were MEUR 63.5 (MEUR 45.0), or 6.7% (4.9%) of the Group net sales.

The most important ongoing investment for Orion Pharma was the enlargement of the Fermion plant for active pharmaceutical ingredients in Hanko. Investment projects were started for expanding production capacity for entacapone and Easyhaler preparations. Oriola started the creation of a customer relations management system. Noiro's investments include initial costs for constructing a new cosmetics plant in Espoo and for expanding the production facility for detergents and industrial chemicals in Turku.

## Acquisitions and Group structure

Oriola Oy acquired business operations related to healthcare and laboratory products and associated services from Instrumentarium Corporation in March. The net sales from these operations were about MEUR 5. A related staff of 24 persons also joined Oriola.

In accordance with an agreement with Pfizer International Inc., Orion Corporation took over the marketing and sales of Pfizer's animal health products in Norway, Sweden and Denmark as of March. The net sales from these operations were about MEUR 10, and 15 persons joined Orion.

In April, plans were introduced to improve the cost- and investment-efficiency in Orion's pharmaceutical production. This led to the decision to shut down the Oulu, Kemijärvi and Seinäjoki plants for manufacturing pharmaceutical preparations in 2001 and to relocate their production in Espoo and Turku.

In July, Orion Corporation sold the product licenses and trademarks as well as the inventories of its LVP products to Baxter Oy. In result of the transaction, the production of LVPs in Oulu will end by the end of April 2001.

As an intra-Group transaction in November, Oriola Oy acquired the Medion business, i.e. medical imaging systems and radio therapy equipment, from Orion Corporation.

### **Transfer of Instrumentarium shares to Orion's shareholders**

Altogether 1,416,170 Instrumentarium Corporation shares held by Orion Corporation were transferred to Orion's shareholders as dividends for 1999 in accordance with the decision by the ordinary Shareholders' Meeting. The transaction took place at the average price of 27.66 euros, quoted for the share on 14 April 2000 on the Helsinki Stock Exchange. Accordingly, one Instrumentarium share per every 47.69 Orion Corporation A- or B-shares was received by the shareholders. Those shareholders whose book-entry accounts included less than 300 Orion A- or B-shares on the record date received the corresponding dividend, EUR 0.58 per one Orion share, in cash.

### **Personnel**

The average number of personnel was 5,351 in 2000. The number of personnel increased by 141 employees, mainly due to increased human resources in Orion Pharma's research and development as well as in international sales and marketing. For the continuing operations, the personnel increased by 179 persons, or 3.5%. The personnel in the parent company Orion Corporation grew by 107 persons. The personnel in the foreign locations for pharmaceuticals marketing increased by 18.8% and came to 475 persons.

### **Jukka Viinanen appointed President and CEO**

On 16 June 2000 Jukka Viinanen joined Orion as the new President for Orion Corporation and the CEO of the Orion Group, following Markku Talonen who joined Sonera Corporation as full-time Chairman of the Board.

### **Board of Directors as of 1 Jan. 2001**

In accordance with the decision by the Supervisory Board in December 2000, Aatto Prihti was re-elected to continue as Deputy Chairman of the Board of Directors, and Erkki Etola and Eero Karvonen were re-elected as members. Petteri Karttunen, and Tuomo Lähdesmäki were elected as new members. Jukka Viinanen, President of Orion Corporation and Group CEO, and Pauli Torkko, Executive Vice President and CFO, stepped down from the Board.

As of 1 January 2001, the composition of the Board of Directors of Orion Corporation is as follows:  
Chairman: Professor Juhani Leikola. Deputy Chairman: Aatto Prihti. Members: Erkki Etola, Petteri Karttunen, Eero Karvonen and Tuomo Lähdesmäki.

### **Research and product development**

Group expenditure on research and development, excluding received financial contributions, were MEUR 72.1 (MEUR 67.9), or 7.6% (7.4%) of the net sales. The parent company's share of the total Group R&D expenses was MEUR 69.5 (MEUR 66.1) or 12.6% (12.3%) of the net sales. The Group R&D expenditure grew by 6.2% (7.5%), due to costs mainly associated with drug research projects. Orion Pharma R&D expenditure corresponded to 15.3% (14.9%) of the net sales of pharmaceuticals.

Simdax (levosimendan), the innovative drug discovered and developed by Orion Pharma for severe heart failure received the first marketing authorisation in Sweden. The registration process for the other EU countries started in early 2001. Decisions are awaited during the first half of the year.

The additional clinical trial program with intravenously administered Simdax for the US new drug application will start during the first half of 2001, and the trials are estimated to take about two years. The planning of the Phase 3 clinical trial program for the oral formulation of levosimendan has started.

The registration process of the Parkinsonian treatment entacapone continued, and by the end of the year, more than 50 countries had already granted a marketing authorisation for the product. Further studies with entacapone are underway in Europe and the USA.

Orion Pharma is developing a combination treatment for Parkinson's Disease combining levodopa, the basic medication, together with karbidopa and entacapone, both inhibiting the breakdown of levodopa. The studies with the preparation are progressing according to plan with a target to complete the new drug application documentation by the end of 2002. A marketing agreement for the product was signed with Novartis in September, providing Orion Pharma with marketing exclusivity in Germany, the UK and Ireland, the Nordic and the Baltic countries, and certain other areas. Orion also retained the possibility to co-promote or co-market the product with Novartis in the USA, France, Spain, Italy and ten other markets. Novartis has marketing exclusivity in the rest of the world. Japan is not covered by the agreement.

The Phase 2 clinical trial with the fast-soluble Zydis tablet formulation of apomorphine for late-stage Parkinson's Disease have been completed, and the further development program is being planned.

The additional trial program for the European new drug application for Precedex (dexmedetomidine), a sedative for use in intensive care, is being prepared by Abbott Laboratories. The product was launched by Abbott in the USA in the spring of 2000.

In March, Orion acquired the rights for the further development and for marketing of deramciclone, a compound discovered by the Hungarian Egis Pharmaceuticals but already having been studied by Orion Pharma for some years. Deramciclone shows favourable properties for the treatment of anxiety disorders. In the spring, Orion Pharma started comprehensive Phase 3 clinical trials in ten European countries with a target to register the product globally as an anxiolytic. The program is progressing to plan.

The clinical trials with Fareston (toremifene) for extending the indication to the treatment of earlier stages of breast cancer are being completed. An application for the broader indication could possibly be filed in the USA and Europe in 2001.

The novel products Diviseq and Indivina for menopausal hormone replacement therapy received marketing authorisations in many EU countries through the mutual recognition procedure.

The formulations of budesonide and formoterol, both representing a newer generation of respiratory drugs, have been developed as additional substances for the Easyhaler inhaler. The new drug application for the budesonide Easyhaler, for use in the prevention of the symptoms of asthmatic inflammation, is under review by the German drug authority. The Phase 3 clinical trials with formoterol, a long-acting bronchodilator, may possibly start in 2001.

In early 2001, a clinical research centre was established in Nottingham, England, particularly focusing on the treatment of cardiovascular and neurological diseases. Experienced research professionals have been recruited from the local markets.

## **Outlook for 2001**

The growth of Orion Pharma's international operations is expected to continue. The most important growth generators will be the patented products from Orion's own research, particularly the Parkinsonian drug Comtess/Comtan but also Fareston, Precedex, and Simdax following receipt of marketing authorisations, as well as the animal sedatives. Growth opportunities are also seen for the hormone replacement therapies and Easyhaler. Domestic sales are anticipated to grow slightly. Investment in pharmaceutical R&D and international marketing will be increased remarkably, as many research projects are in the clinical development phase and many new products are being launched. The operating profit for Orion Pharma as a whole is estimated to be less than in the previous year, but in 2002, it is anticipated to turn to growth.

Oriola's net sales are estimated to show low growth and the operating profit is anticipated to improve somewhat. The operating profits for Orion Diagnostica and Noiro are estimated to improve from the previous year.

The Group net sales growth is forecasted to accelerate, but the Group operating profit is estimated to be lower than in the previous year. Net gains from ordinary financial operations are awaited to increase slightly.

The budgeted R&D expenditure is MEUR 100 (MEUR 72.1). Planned investment in fixed assets, excluding possible company and product acquisitions, is MEUR 95.

### **Share capital and shares of Orion Corporation**

The share capital of Orion Corporation is MEUR 114.8, and each share has a nominal value of EUR 1.70.

The minimum share capital is MEUR 85.0 and the maximum share capital is MEUR 340.0. The share capital can be increased or decreased within these limits without amending the Bylaws.

At the Annual General Meeting held on 30 March 2000, a decision was made to lower the share capital by invalidating the altogether 2,453,208 Orion Corporation A-shares held by the subsidiary Oriola, whereby the share capital declined by EUR 4,170,453.60, the total nominal value of these shares. Oriola's holding in Orion Corporation corresponded to 3.51% of the total share stock and for 6.34% of the total votes. The lowering of the share capital was entered in the trade register on 14 April 2000.

According to the Bylaws of Orion Corporation, the shareholder can request the conversion of his A-shares into B-shares. During 2000, altogether 348,250 A-shares were converted to B-shares.

On 31 December 2000, the total stock of 67,518,421 shares divided into 34,217,297 A-shares representing 50.7%, and 33,301,124 B-shares representing 49.3% of the stock.

At Shareholders' Meetings, each A-share entitles the shareholder to twenty (20) votes and each B-share to one (1) vote. Both A- and B-shares provide the shareholder with equal rights with respect to company assets and dividends.

The Board of directors has no existing authorisation by the Shareholders' Meeting to acquire or sell the company's own shares, to raise the share capital or to issue a bond loan, convertible bonds or option rights.

### **1998 Bond Loan with Warrants to the personnel**

The Annual General Meeting of 1998 decided upon a bond loan with warrants for subscription to the Group personnel. The nominal value of each bond certificate was FIM 300, with 100 warrants attached to each. The total bond loan capital on 31 December 2000 was FIM 9,774,900, of which Oriola Oy's share was FIM 232,500. The loan period is three years, and no interest will be paid for the loan. The loan will be repaid in one instalment on May 22, 2001.

On the basis of the bond certificates, up to 3,180,800 new B-shares, each with EUR 1.70 nominal value, can be subscribed during 2 May 2001 – 30 April 2005, corresponding to 4.7% of the total stock and 0.4% of the total votes. In accordance with the terms of the loan, half of the shares can be subscribed during 2 May 2001 – 30 April 2005, and the other half during 2 May 2003 – 30 April 2005. The subscription price of the shares is EUR 30.11 or FIM 179.00, after the deduction of the dividends paid in 2000. In result of the subscriptions based on the warrant certificates, the share capital can increase by up to EUR 5,407,360.

### **Trading in Orion Corporation shares**

The Orion Corporation A- and B-shares are quoted on the Helsinki Exchanges. During January – December 2000, 17.8 million Orion Corporation shares were traded on the Helsinki Exchanges, representing 26.3% of the total number of free-floating shares, i.e. excluding the A-shares held by Oriola Oy. The total trading value was MEUR 414.3. Altogether 5,941,725 A-shares were exchanged, corresponding to 17.4% of the A-share stock. The highest quotation was EUR 28.60 and the lowest one EUR 17.80. The exchange of B-shares was 11,814,914 corresponding to 35.5% of the B-share stock, 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 year, the closing quotation of the A-share was EUR 24.00 and EUR 23.80 for the B-share, and the market value of the total share stock was MEUR 1,613.8.

**Notifications made to the Company in accordance with Chapter 2 of Section 9 of the Securities Markets Act**

Due to the invalidation of the Orion Corporation A-shares held by Oriola Oy, the holding in Orion Corporation of the Orion Corporation Pension Fund exceeded 1/20 (one of twenty) limit on 14 April 2000. The Pension Fund's ownership in Orion Corporation is 3.6% of the shares and 5.2% of the votes.

The Varma-Sampo Mutual Pension Insurance Company notified on 29 May 2000 that its holding in Orion Corporation has exceeded the one-of-twenty limit following a transaction on 26 May, whereby the ownership of Varma-Sampo in Orion Corporation came to 3.6% of the shares and 6.3% of the total votes.

On 1 December 2000, Varma-Sampo notified that its ownership had decreased below 1/20 following a transaction on 30 November.

**Management interests on 31 January 2001**

Members of the Supervisory Board and the Board of Directors, and the President and the Executive Vice President (including the companies in which they hold control) own altogether 2,350,518 shares, or 3.5% of the total stock, entitling to altogether 43,520,041 votes, or 6.1% of the total number of votes. On the basis of the 1998 bond loan subscriptions, the President and the Executive Vice President are holding altogether 80,000 bond certificates which entitle them to increase their shareholding in the Company by altogether 80,000 shares, or 0.12% of the current total share stock and 0.01% of the total votes.

**Insider Guidelines**

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.

**Proposal by the Board of Directors for the distribution of profits for 2000**

The non-restricted equity in the consolidated Balance Sheet on 31 December 2000 amounts to MEUR 549.2, of which MEUR 421.5 are distributable. The non-restricted equity of the Parent Company is EUR 301,017,845.11, profit for this financial year accounting for EUR 95,560,898.27.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.20 per share be distributed on the 67,518,421 shares, altogether EUR 81,022,105.20, that EUR 100,800 be donated to medical research and that EUR 219,894,939.91 be retained on the profit and loss account.

Espoo, 20 February 2001

Board of Directors of Orion Corporation

**TABLES**

<b>GROUP INCOME STATEMENT</b>	2000 MEUR	1999 MEUR	Change on 1999
NET SALES	947.5	912.2	+3.9%
of which international operations	384.0	329.9	+16.4%
Other operating income	+17.3	+8.4	+106.4%
Operating expenses	-807.3	-750.1	+7.6%
Depreciation and reduction in value	-43.0	-46.5	-7.7%
<b>OPERATING PROFIT</b>	114.5	124.0	-7.7%
Financial income and expenses:			
Ordinary financial operations	+10.9	+10.5	+3.9%
Share of associated companies' results	+0.0	+1.9	
<b>PROFIT BEFORE EXTRAORDINARY ITEMS</b>	125.4	136.4	-8.1%
Extraordinary income	+6.9	+91.0	
Share of associated companies' extraordinary items		+6.6	
<b>PROFIT BEFORE TAXES</b>	132.3	234.0	-43.5%
Income taxes on ordinary operations	-42.8	-43.7	-2.1%
Income taxes on extraordinary items	-1.8	-34.0	
<b>PROFIT FOR THE FINANCIAL YEAR</b>	87.7	156.3	-43.9%
<b>PROFIT AFTER TAXES WITHOUT EXTRAORDINARY ITEMS</b>	82.6	92.7	-10.9%
 <b>GROUP BALANCE SHEET</b>			
<b>ASSETS</b>	2000 MEUR	1999 MEUR	Change on 1999
<b>NON-CURRENT ASSETS</b>			
Intangible assets:			
Intangible rights	16.9	18.3	-7.5%
Goodwill	24.5	28.0	-12.6%
Group goodwill	0.5	0.7	-33.1%
Other capitalised expenditure	6.0	6.9	-12.9%
Tangible assets:			
Land and water	8.2	8.0	+2.5%
Buildings	160.3	160.0	+0.2%
Machinery and equipment	103.4	97.0	+6.6%
Other tangible assets	1.3	1.1	+18.8%
Advance payments and construction in progress	19.4	5.9	+228.8%
Investments:			
Shares in associated companies	0.1	0.1	-17,7%
Own shares		1.3	
Other investments	23.3	57.8	-59.7%

**Group Balance Sheet, cont.**

	2000 MEUR	1999 MEUR	Change on 1999
<b>CURRENT ASSETS</b>			
Stocks	168.6	169.0	-0.3%
Deferred tax asset	3.3	3.6	-7.9%
Non-current receivables	8.4	0.6	
Current receivables	140.4	117.6	+19.4%
Investments	203.9	202.8	+0.5%
Cash in hand and at banks	26.1	33.4	-21.7%
<b>ASSETS TOTAL</b>	<b>914.6</b>	<b>912.1</b>	<b>+0.3%</b>
<b>LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	114.8	119.0	-3.5%
Premium fund	4.2		
Reserve for own shares		1.3	
Reserve fund	0.6	0.6	+3.4%
Retained earnings	461.5	384.5	+20.0%
Profit for the financial year	87.7	156.3	-43.9%
<b>PROVISIONS</b>	<b>1.6</b>	<b>0.3</b>	<b>+385.9%</b>
<b>LIABILITIES</b>			
Deferred tax liability	53.2	55.4	-4.0%
Non-current liabilities:			
Pension loans	32.1	35.0	-8.3%
Other non-current liabilities	5.0	6.6	-24.1%
Current liabilities:			
Advances received	12.9	9.3	+39.6%
Trade payables	87.4	81.6	+7.0%
Other current liabilities	53.6	62.2	-13.8%
<b>LIABILITIES TOTAL</b>	<b>914.6</b>	<b>912.1</b>	<b>+0.3%</b>

**GROUP CONTINGENT LIABILITIES**

	2000 MEUR	1999 MEUR
Mortgages on land and buildings	29.5	33.1
Pledges	25.4	22.2
Guarantees	2.3	0.3
Leasing liabilities	4.0	2.7
Other liabilities	0.2	0.2
Repurchase liabilities		
- repurchase price	0.6	0.8
- market value exceeds repurchase price	0.2	0.2
Currency derivatives		
Forward contracts:		
- market value	0.4	
- counter value in EUR for currency sold	4.8	



**Pending legal proceedings**

The decision by the Espoo City Court of 3 December 1999 where the Court rejected all essential parts of the claims by Dr. P. Jackson against Orion Corporation, is still not final. Dr. Jackson has claimed that Orion Corporation had failed to commercially utilise the patent rights to a certain protection solution for animal feedstuffs.

**NET SALES AND OPERATING PROFIT BY QUARTERS**

	7-9/99 MEUR	10-12/99 MEUR	1-3/00 MEUR	4-6/00 MEUR	7-9/00 MEUR	10-12/00 MEUR
Net sales	221.2	240.6	236.8	227.4	238.0	245.3
Operating profit	44.2	21.1	31.9	14.9	45.0	22.7

**NET SALES BY BUSINESS DIVISION**

	2000 MEUR	1999 MEUR	Change	Share in 2000
Orion Pharma	452.2	437.8	3.3%	47%
Oriola	365.5	356.0	2.7%	38%
Orion Diagnostica	32.2	29.7	8.3%	3%
Noiro	114.4	101.4	12.8%	12%
Continuing operations total	947.5	908.3	4.3%	100%
Normet *)		3.9		
Group total	947.5	912.2	3.9%	100%

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

**OPERATING PROFIT BY BUSINESS DIVISION**

	2000 MEUR	1999 MEUR	Change	Share of 2000 Group oper. profit
Orion Pharma	87.4	90.6	-3.6%	72%
Oriola	21.7	24.4	-11.3%	18%
Orion Diagnostica	5.4	3.8	44.2%	4%
Noiro	7.6	8.0	-4.8%	6%
Group items	-7.6	-2.8		
Group total	114.5	124.0	-7.7%	100%

**NET SALES FROM INTERNATIONAL OPERATIONS BY BUSINESS DIVISION**

	2000 MEUR	1999 MEUR	Change	Share of 2000 net sales of resp. Division
Orion Pharma	261.4	223.6	16.9%	57.8%
Oriola	59.9	52.5	14.2%	16.4%
Orion Diagnostica	26.4	23.3	13.1%	82.0%
Noiro	37.3	27.5	35.5%	32.6%
Continuing operations total	384.0	327.1	17.4%	40.5%
Normet		2.8		
Group total	384.0	329.9	16.4%	40.5%

**NET SALES OF CONTINUING OPERATIONS BY MARKET AREA**

	2000 MEUR	1999 MEUR	Change	Share in 2000
Finland	563.5	581.2	- 3.1%	59%
Scandinavia	71.4	61.0	16.9%	8%
Other Europe	215.5	174.2	23.7%	23%
North America	56.1	56.5	- 0.6%	6%
Other markets	41.0	35.4	16.0%	4%
Net sales total	947.5	908.3	4.3%	100%
International operations total	384.0	327.1	17.4%	40.5%

**GROSS INVESTMENTS**

	2000 MEUR	1999 MEUR
Land areas	0.1	0.0
Buildings	20.3	15.2
Machinery and equipment	34.8	25.4
Shares	0.1	0.0
Other fixed assets	8.3	4.4
Group total	63.6	45.0
Investments in proportion to net sales	6.7 %	4.9 %

**GROSS INVESTMENT BY BUSINESS DIVISION**

	2000 MEUR	1999 MEUR
Orion Pharma	49.8	33.1
Oriola	5.9	4.5
Orion Diagnostica	1.4	2.2
Noiro	5.3	3.7
Corporate Administration	1.2	1.5
Group total	63.6	45.0

**PERSONNEL (average number of employees)**

	2000	Share	1999	Share in 2000
Orion Corporation	3 842	71.8 %	3 735	71.7%
Subsidiaries in Finland	826	15.4 %	844	16.2%
Finland total	4 668	87.2 %	4 579	87.9%
Foreign subsidiaries	683	12.8 %	593	11.3%
CONTINUING OPERATIONS	5 351	100.0 %	5 172	99.2%
Normet			38	0.8%
Group total	5 351	100.0 %	5 210	100.0%

**GROUP PERSONNEL BY BUSINESS AREA AND BY DIVISION (average number of employees):**

	2000	1999	Change	Share in 2000
Orion Pharma	3 021	2 881	4.9%	56.5%
Oriola	1 182	1 191	- 0.7%	22.1%
Orion Diagnostica	330	326	1.2%	6.2%
Noiro	793	749	5.9%	14.8%
Corporate Administration	25	25	0%	0.4%
Continuing operations total	5 351	5 172	3.5%	100.0%

**SHARE CAPITAL**

	2000 MEUR	1999 MEUR	1998 MEUR	1997 MEUR	1996 MEUR
Share capital	114.8	119.0	117.7	117.7	84.1
A-shares	58.2	63.0	62.3	62.3	44.5
B-shares	56.6	56.0	55.4	55.4	39.6
Share issues:					
Bonus issue	-	1.3	-	(5:2) 33.6	-
Shareholders	26 674	24 515	21 783	19 001	17 933

**Own shares**

No Orion shares are held by Orion Corporation or the subsidiary Oriola Oy. The 2,453,208 Orion A-shares previously held by Oriola Oy were invalidated by lowering the share capital of Orion Corporation on 14 April 2000.

**PERFORMANCE PER SHARE**

	2000	1999	Change
Earnings per share	1.22 EUR	1.37 EUR	-10.9%
Shareholders' equity per share	9.90 EUR	9.78 EUR	1.3%
Total dividends payed, proposed	81.0 MEUR	82.6 MEUR	
Dividend per share, proposed	1.20 EUR	1.18 EUR	1,7%
Dividend per earnings, proposed	98.4 %	86.1 %	
Dividend yield, A-share, proposed	5.0 %	5.2 %	
Dividend yield, B-share, proposed	5.0 %	5.1 %	
Price/earnings (P/E). A-share	19.67	16.64	
Price/earnings (P/E). B-share	19.51	16.79	
Average total number of shares (1,000)	67 518	67 518	

The Bond Loan had no dilutive effect on the earnings per share.

The impact of the invalidation of own shares has been taken into account in the comparative figures.

**SHAREHOLDING BY TYPE OF OWNER ON 31 JANUARY 2001**

	A-SHARES			B-SHARES		
	Share-holders	% of share-holders	% of shares	Share-holders	% of share-holders	% of shares
Individuals	11 406	94.7 %	50.3 %	18 843	93.1 %	43.5 %
Listed companies				8	0.0 %	0.2 %
Private corporations	385	3.2 %	11.0 %	766	3.9 %	8.6 %
Banks and insurance companies	29	0.2 %	11.7 %	88	0.4 %	9.3 %
Public entities	20	0.2 %	15.8 %	69	0.3 %	13.6 %
Associations and foundations	138	1.1 %	6.2 %	382	1.9 %	7.7 %
Foreign shareholders including nominee registrations	71	0.6 %	4.9 %	83	0.4 %	17.0 %
<b>Total</b>	<b>12 049</b>	<b>100.0 %</b>	<b>99.9 %</b>	<b>20 239</b>	<b>100.0 %</b>	<b>99.9 %</b>

	A-SHARES AND B-SHARES TOTAL		
	Share-holders	% of share-holders	% of shares
Individuals	24 893	93.3 %	46.9 %
Listed companies	8	0.0 %	0.1 %
Private corporations	1 035	3.9 %	9.8 %
Banks and insurance companies	97	0.4 %	10.5 %
Public entities	72	0.3 %	14.7 %
Associations and foundations	447	1.7 %	7.0 %
Foreign shareholders including nominee registrations	122	0.4 %	10.9 %
<b>Total</b>	<b>26 674</b>	<b>100.0 %</b>	<b>99.9 %</b>

Shares not transferred to the book entry securities systems or not subscribed to represent 0.1% of the total number of shares.

As per 31 January 2001, the number of nominee registered Orion Corporation shares in the book-entry securities system was 6,938,225, corresponding to 10.3% of the total number of shares and 4.7% of the total votes.

## ORION GROUP FINANCIAL DEVELOPMENT 1996 - 2000

	2000 MEUR	1999 MEUR	1998 MEUR	1997 MEUR	1996 MEUR
<b>NET SALES AND PROFIT</b>					
Net sales	947.5	912.2	869.8	789.6	737.0
Change on the previous year, %	+3.9%	+4.9%	+10.2%	+7.1%	+5.7%
Exports from Finland	288.9	241.0	229.1	200.0	174.6
Change on the previous year, %	+19.9%	+5.2%	+14.5%	+14.6%	+6.1%
International operations	384.0	329.9	313.5	290.3	251.4
% of net sales	40.5%	36.2%	36.0%	36.8%	34.1%
Change on the previous year, %	+16.4%	+5.2%	+8.0%	+15.5%	+5.8%
Depreciation according to plan	43.0	46.5	39.2	38.0	37.0
Operating profit	114.5	124.0	109.3	120.6	106.3
% of net sales	12.1%	13.6%	12.6%	15.3%	14.4%
Change on the previous year, %	-7.7%	+13.5%	-9.3%	+13.4%	+6.0%
Financial income and expenses	+10.9	+12.4	+11.8	+18.5	+17.9
% of net sales	+1.2%	+1.4%	+1.4%	+2.3%	+2.4%
Profit before extraordinary items and taxes	125.4	136.4	121.1	139.1	124.2
% of net sales	13.2%	15.0%	13.9%	17.6%	16.8%
Change on the previous year, %	-8.1%	+12.7%	-13.0%	+12.0%	+10.3%
Extraordinary income and expenses, net	+6.9	+97.6	+3.9	+0.0	+3.6
Income taxes on ordinary operations*)	42.8	43.7	36.5	38.9	37.0
Profit after taxes without extraordinary items	82.6	92.7	84.6	100.2	87.2
Return on invested capital					
before extraordinary items and taxes (ROI)	18.2%	18.6%	16.2%	19.0%	18.1%
Return on equity (ROE)	12.4%	13.3%	11.6%	14.4%	13.7%
<b>BALANCE SHEET</b>					
Current assets	550.7	527.0	493.1	524.4	499.2
Non-current assets	363.9	385.1	462.8	438.1	412.8
Liabilities	244.2	250.1	224.7	234.6	247.4
Interest-free liabilities	192.4	198.8	173.0	187.8	168.5
Interest-bearing liabilities	51.8	51.3	51.6	46.7	78.9
Provisions	1.6	0.3	0.9	1.1	1.2
Shareholders' equity	668.8	661.7	730.2	726.8	663.4
Balance Sheet total	914.6	912.1	955.9	962.4	912.0
Equity Ratio **)	74.2%	73.1%	76.9%	75.6%	72.8%
Gearing **)	-26.7%	-28.0%	-20.7%	-28.2%	-27.3%
<b>INVESTMENTS IN FIXED ASSETS</b>					
Gross investments	63.6	45.0	67.3	56.0	40.8
% of net sales	6.7%	4.9%	7.7%	7.1%	5.5%
Gross investments excluding shares	63.5	45.0	46.4	52.5	40.6
Investments excluding shares, % of net sales	6.7%	4.9%	5.3%	6.6%	5.5%
<b>RESEARCH AND DEVELOPMENT EXPENDITURE</b>					
Research and development expenditure	72.1	67.9	63.2	55.8	56.0
% of net sales	7.6%	7.4%	7.3%	7.1%	7.6%
<b>PERSONNEL</b>					
Wages and salaries paid	151.1	140.2	140.3	131.4	130.4
Number of employees	5 351	5 210	5 517	5 322	5 244
Net sales per employee, EUR 1,000	177.1	175.1	157.7	148.4	140.5

\*) The change in deferred tax liability and deferred tax asset has been taken into account in calculating the income taxes. Also the comparative figures have been adjusted.

\*\*) The impact of the invalidation of own shares on the equity ratio and gearing has been taken into account in the comparative figures

**Publication schedule for 2001**

The Annual Report 2000 of Orion Corporation will be published on 16 March 2001

Interim Reports:

1-3/2001 Tuesday 8 May

1-6/2001 Wednesday 8 August

1-9/2001 Tuesday 6 November

**Annual General Meeting on 29 March 2001**

The Board of Directors proposes to the Supervisory Board that the Annual General Meeting be held on Thursday, 29 March 2001. The invitation to the meeting will be published in the Helsingin Sanomat newspaper on Thursday, 8 March and Sunday, 11 March 2001. The invitation will also be available on Orion's homepage [www.orion.fi](http://www.orion.fi)

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**Orion Corporation**

Orionintie 1, 02200 Espoo, Finland

Corporate communications and investor relations:

Anne Allo, Corporate Vice President

Phone +358 9 429 3735

Fax +358 9 429 2801

[anne.allo@orion.fi](mailto:anne.allo@orion.fi)

Home page: [www.orion.fi](http://www.orion.fi)