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Orion Group  
Half-Year  
Financial Report  
1-6/2017

## Orion Group Half-Year Financial Report January-June 2017

Orion's net sales in January-June 2017 totalled EUR 552 million (EUR 535 million in January-June 2016).

- Operating profit was EUR 164 (164) million.
- Profit before taxes was EUR 160 (162) million.
- Equity ratio was 58% (57%).
- ROCE before taxes was 44% (45%).
- ROE after taxes was 43% (46%).
- Basic earnings per share were EUR 0.90 (0.92).
- Cash flow per share before financial items was EUR 0.40 (0.56).
- The outlook estimate for 2017 remains unchanged. Orion estimates that in 2017 net sales will be at similar level to 2016 and operating profit excluding material capital gains will be at least EUR 280 million.

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

	Q2/17	Q2/16	Change %	H1/17	H1/16	Change %	2016
Net sales, EUR million	<b>272.4</b>	273.1	-0.2%	<b>551.6</b>	535.1	+3.1%	1,073.5
Operating profit, EUR million	<b>71.8</b>	83.5	-14.0%	<b>163.5</b>	163.9	-0.2%	314.6
% of net sales	<b>26.4%</b>	30.6%		<b>29.6%</b>	30.6%		29.3%
Profit before taxes, EUR million	<b>70.7</b>	82.6	-14.4%	<b>159.5</b>	162.3	-1.7%	310.9
% of net sales	<b>25.9%</b>	30.2%		<b>28.9%</b>	30.3%		29.0%
Income tax expense, EUR million	<b>14.2</b>	16.9	-16.0%	<b>32.7</b>	33.3	-1.7%	61.9
R&D expenses, EUR million	<b>26.6</b>	28.4	-6.4%	<b>52.3</b>	53.4	-2.0%	118.2
% of net sales	<b>9.8%</b>	10.4%		<b>9.5%</b>	10.0%		11.0%
Capital expenditure, EUR million	<b>23.9</b>	13.2	+81.4%	<b>39.3</b>	22.2	+76.8%	51.1
% of net sales	<b>8.8%</b>	4.8%		<b>7.1%</b>	4.2%		4.8%
Assets total, EUR million				<b>947.5</b>	935.7	+1.3%	1,062.9
Equity ratio, %				<b>58.4%</b>	56.5%		60.8%
Gearing, %				<b>15.2%</b>	12.8%		-12.4%
Interest-bearing liabilities, EUR million				<b>151.4</b>	186.7	-18.9%	152.5
Non-interest-bearing liabilities, EUR million				<b>245.8</b>	225.9	+8.8%	269.0
Cash and cash equivalents and money market investments, EUR million				<b>67.7</b>	119.7	-43.4%	231.9
ROCE (before taxes), %				<b>43.9%</b>	45.2%		40.9%
ROE (after taxes), %				<b>42.5%</b>	46.2%		40.3%
Basic earnings per share, EUR	<b>0.40</b>	0.47	-13.9%	<b>0.90</b>	0.92	-1.5%	1.77
Diluted earnings per share, EUR	<b>0.40</b>	0.47	-13.9%	<b>0.90</b>	0.92	-1.5%	1.77
Cash flow per share before financial items, EUR	<b>0.06</b>	0.27	-76.7%	<b>0.40</b>	0.56	-29.2%	1.62
Equity per share, EUR				<b>3.91</b>	3.72	+5.1%	4.57
Personnel at the end of the period				<b>3,633</b>	3,528	+3.0%	3,469
Average personnel during the period				<b>3,518</b>	3,428	+2.6%	3,446
Personnel expenses, EUR million				<b>112.1</b>	113.2	-0.9%	224.4

President and CEO Timo Lappalainen:

## “Year has progressed as planned”

“In the first half of 2017 our net sales grew slightly from the comparative period and our operating profit was at similar level to January-June of the previous year.

“In Proprietary Products sales of the Easyhaler product family for treatment of asthma and chronic obstructive pulmonary disease have continued to grow, led by the Bufomix Easyhaler combined formulation. In addition, in the beginning of April we submitted a marketing authorisation application in Europe for a new salmeterol-fluticasone combined formulation in the product family. As regards our other key proprietary products, sales of the intensive care sedative Dexdor remained strong, despite the start of generic competition in Germany. Sales of Simdax for treatment of acute decompensated heart failure, which has been in the markets for a long time, have also continued to grow. As expected, sales of Orion’s branded Parkinson’s drugs Stalevo, Comtess and Comtan declined, but other growing products have been able to compensate for this decrease. Sales of Proprietary Products as a whole were slightly greater than in the previous year.

“Net sales of the Specialty Products business division were slightly higher than in the comparative period. Changes in the market environment and ever-intensifying price competition, especially in Finland, where changes were made to the pricing system for substitutable prescription drugs at the beginning of the year that narrowed the so-called price band, had a negative impact on net sales of the business division. However, winning the national tendering competition in Norway increased sales of the biosimilar Remsima relative to the comparative period.

“Sales of Fermion, which manufactures active pharmaceutical ingredients, developed well in the first half of the year, and its net sales excluding deliveries for Orion’s own use clearly increased. In recent years order cycles in the trade in pharmaceutical raw materials have become ever shorter, and this has led to clearly greater fluctuation in business volume than before within each year and between different years. Sales of veterinary drugs have also grown, mainly due to the timing of deliveries of animal sedatives to collaboration partners compared with the previous year.

“Sales and marketing costs have grown due to increased sales efforts in Easyhaler products, for example.

“Orion’s research and development programmes have proceeded as planned.

“We estimate that in 2017 net sales will be at similar level to 2016. We estimate that operating profit excluding material capital gains will be at least EUR 280 million. Our outlook estimate and the basis for it can be found in this report under ‘Outlook for 2017’ and ‘Basis for outlook’.”



## Events during the period

On 6 April the amendments to Sections 5 and 9 (1) of Orion Corporation's Articles of Association were entered in the Trade Register.

## 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 on Wednesday 19 July 2017 at 13.30 EEST in Hotel Kämp (address: Pohjoisesplanadi 29, Helsinki). President and CEO Timo Lappalainen will give a brief presentation in English on the financial review.

The event can be followed as a live webcast accessible on Orion's website at <http://www.orion.fi/en/investors>. After the presentation, questions can be asked also via teleconference in Finnish and English.

The conference call ID is 3998996 and the telephone numbers to participate in the teleconference are:

Finland: +358 (0)9 7479 0404  
Sweden: +46 (0)8 5065 3942  
United Kingdom: +44 (0)330 336 9411  
United States: +1 719 325 2202

### 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 Orion's website during Wednesday 19 July 2017.

## Financial report material

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

## Dates in Orion Calendar 2017-2018

Interim Report January-September 2017	Thursday 26 October 2017
Financial Statement Release for 2017	Wednesday 7 February 2018
Annual General Meeting 2018	Planned to be held on Tuesday 20 March 2018
Interim Report January-March 2018	Tuesday 24 April 2018
Half-Year Financial Report January-June 2018	Wednesday 18 July 2018
Interim Report January-September 2018	Wednesday 24 October 2018

The Financial Statements and Report by the Board of Directors for 2017 will be published on the Company's website at the latest in week 9/2018.

## For additional information about the report:

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

## Financial review 1/1/2017-30/6/2017

### Net sales

The Orion Group's net sales in January-June 2017 were up by 3% at EUR 552 million (EUR 535 million in January-June 2016). The net effect of currency exchange rates was plus EUR 3 million.

The Pharmaceuticals business's net sales were up by 3% at EUR 526 (509) million. Net sales of Orion's Stalevo® (carbidopa, levodopa and entacapone) and Comtess®/Comtan® (entacapone) Parkinson's drugs were down by 19% at EUR 58 (72) million, which was 11% (14%) of the Pharmaceuticals business's net sales.

The Diagnostics business's net sales were down by 4% at EUR 27 (28) million.

### Operating profit

The Orion Group's operating profit was EUR 164 (164) million. Milestone payments accounted for EUR 8 (9) million of the operating profit.

The Pharmaceuticals business's operating profit was EUR 164 (165) million. Milestone payments accounted for EUR 8 (9) million of the operating profit.

The Diagnostics business's operating profit was up by 8% at EUR 4.8 (4.4) million.

### Operating expenses

The Group's sales and marketing expenses were EUR 101 (93) million.

R&D expenses were EUR 52 (53) million and accounted for 10% (10%) of the Group's net sales. Pharmaceutical R&D expenses amounted to EUR 49 (50) million. Research projects are reported in more detail under Pharmaceuticals in the Business Reviews.

Administrative expenses were EUR 24 (23) million.

Other operating income and expenses were EUR 0 (-0) million.

### Group's profit

The Group's profit before taxes was down by 2% at EUR 160 (162) million. Basic earnings per share were EUR 0.90 (0.92) and diluted earnings per share were EUR 0.90 (0.92). Equity per share was EUR 3.91 (3.72). The return on capital employed before taxes (ROCE) was 44% (45%) and the return on equity after taxes (ROE) 43% (46%).

### Financial position

The Group's gearing was 15% (13%) and the equity ratio 58% (57%).

The Group's total liabilities at 30 June 2017 were EUR 397 (413) million. At the end of the period, interest-bearing liabilities amounted to EUR 151 (187) million, including EUR 150 (176) million of long-term loans.

The Group had EUR 68 (120) million of cash and cash equivalents and money market investments at the end of the period.

### Cash flow

Cash flow from operating activities was EUR 92 (101) million, the cash flow from investing activities was EUR -36 (-21) million, and the cash flow from financing activities was EUR -219 (-200) million.

## Capital expenditure

The Group's capital expenditure totalled EUR 39 (22) million. This comprised EUR 32 (19) million on property, plant and equipment and EUR 7 (3) million on intangible assets. Fermion has an ongoing significant expansion investment at its Hanko manufacturing plant, and Orion has ongoing expansion of Easyhaler production capacity at its Espoo pharmaceuticals production plant.

## Outlook for 2017 (provided on 8 February 2017)

**Net sales** are estimated to be at similar level to 2016 (net sales were EUR 1,074 million in 2016).

**Operating profit** excluding material capital gains is estimated to be at least EUR 280 million (operating profit excluding capital gains was EUR 293 million in 2016).

## Basis for outlook

Orion's branded Parkinson's drugs are Comtess<sup>®</sup>, Comtan<sup>®</sup> and Stalevo<sup>®</sup>. Generic competition to these products commenced in the United States in 2012 and has already extended to nearly all markets. As a result of the competition, Orion's sales of these products have decreased to low levels in the United States and some other markets, and competition is expected to extend gradually. However, in 2017 growth in sales of other products is expected to continue to compensate for the decline in sales of these products. Sales of the Easyhaler product family are forecast to continue to grow. Orion has become aware that in some European countries marketing authorisation has been granted for a generic version of Dexdor<sup>®</sup>, and in Germany a generic version of the product has been launched in the market. Orion is continuing actions to defend its rights. The impact of generic competition on sales is still difficult to estimate at this stage. The patent for the Simdax<sup>®</sup> molecule expired in September 2015 but this is still not expected to have a material impact on sales of the product in 2017.

Sales of generic products account for a significant proportion of Orion's total sales, and price competition has continued in many markets. Competition in Finland, the most important generic market for Orion, will remain intense in 2017. In addition, at the beginning of the current year in Finland changes were made to the pricing system for substitutable prescription drugs by narrowing the so-called price band. The estimated 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. In 2016 sales of Remsima<sup>®</sup> generated a significant portion of the growth in net sales of the Speciality Products business division. Sales of Remsima in 2017 are expected to grow from the previous year.

Collaboration agreements with other pharmaceutical companies are an important component of Orion's business model. Often payments related to these agreements, which vary greatly from year to year, are recorded in net sales. 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.

The Group's total capital expenditure in 2017 is expected to be higher than in 2016, when it was EUR 51 million. The largest single ongoing projects are expansion of Fermion's Hanko manufacturing plant and increasing Easyhaler product portfolio production capacity in Espoo.

Marketing expenditure will be higher than in the previous year due to additional promotion of sales from the Easyhaler product portfolio, for example. 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 2017 were planned mainly during the previous year.

Research and development costs will be similar to 2016. 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 2017 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 darolutamide (ODM-201) research costs.

## Near-term risks and uncertainties

Sales of Orion's branded Parkinson's drugs will decrease in 2017 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 and elsewhere still entails uncertainty that may materially affect the accuracy of the estimate made at this stage. 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 in some European countries marketing authorisation has been granted for a generic version of Dexdor, and in Germany a generic version of the product has been launched in the market. Orion is continuing actions to defend its rights. The impact of generic competition on sales is still difficult to estimate at this stage.

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 focus on 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 and at the same time the value of purchases in dollars has increased. The greatest exchange rate risk at present relates to European currencies such the Swedish crown and British pound. 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 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 2014-2016 the annual payments varied from



EUR 8 million to EUR 39 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.

## Financial objectives (provided on 8 February 2017)

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:

- Growing net sales more rapidly than growth of the pharmaceuticals market. Achievement of this objective requires continuous investment in development of the product portfolio.
- Maintaining profitability at a good level. The aim is operating profit that exceeds 25% 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 1.30 per share, and increasing the dividend in the long term.

## Orion's dividend distribution policy

Orion's dividend distribution takes into account the distributable funds and the capital expenditure and other financial requirements in the medium and long term to achieve the financial objectives.

## Shares and shareholders

On 30 June 2017 Orion had a total of 141,257,828 (141,257,828) shares, of which 37,266,346 (38,681,154) were A shares and 103,991,482 (102,576,674) B shares. The Group's share capital was EUR 92,238,541.46 (92,238,541.46). At the end of June 2017 Orion held 675,401 (783,366) B shares as treasury shares. On 30 June 2017 the aggregate number of votes conferred by the A and B shares was 848,643,001 (875,416,388) excluding treasury shares.

At the end of June 2017, Orion had 47,828 (48,789) registered shareholders.

### Voting rights conferred by shares

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

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

### Conversion of shares

The Articles of Association entitle shareholders to demand the conversion of their A shares to B shares within the limitation on the maximum number of shares of a class. In January-June 2017 in total 1,027,808 shares were converted.

### Trading in Orion's shares

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

On 30 June 2017 the market capitalisation of the Company's shares, excluding treasury shares, was EUR 7,853 million.

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

### Authorisations of the Board of Directors

Orion's Board of Directors was authorised by the Annual General Meeting on 22 March 2016 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 2016. The terms and conditions of the authorisation were reported in more detail in a stock exchange release on 22 March 2016.

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

### Share-based Incentive Plans

Orion has two currently operating share-based incentive plans for key persons of the Group, which were announced in stock exchange releases published on 5 February 2013 and 2 February 2016.

### 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 June 2017, Orion had a total of 47,828 (48,789) registered shareholders, of whom 96% (96%) were private individuals holding 38% (40%) of the entire share stock and 61% (62%) of the total votes. There were altogether 65 (59) million nominee-registered and foreign-owned shares, which was 46% (42%) of all shares, and they conferred entitlement to 10% (9%) of the total votes.

At the end of June 2017 Orion held 675,401 (783,366) B shares as treasury shares, which is 0.48% (0.55%) of the Company's total share stock and 0.08% (0.09%) of the total votes.

## Personnel

The average number of employees in the Orion Group in January-June 2017 was 3,518 (3,428). At the end of June 2017 the Group had a total of 3,633 (3,528) employees, of whom 2,952 (2,862) worked in Finland and 681 (666) outside Finland.

Salaries and other personnel expenses in January-June 2017 totalled EUR 112 (113) million.

## Significant legal proceedings

Companies belonging to the Orion Group are parties to various legal disputes, which are not, however, considered to be significant legal proceedings for the Group.

## Business Reviews

### Pharmaceuticals

#### Review of human pharmaceuticals market

Finland is the most important individual market for Orion, generating about one-third of the total net sales. According to IMS Health statistics, Finnish wholesale of human pharmaceuticals in January-June 2017 was up by 1% on the previous year at EUR 1,131 (1,115) million. Orion was able to increase its sales faster than market growth, and strengthened its position as leader in marketing pharmaceuticals in Finland. According to statistics collected by IMS Health, Orion's wholesale of human pharmaceuticals in Finland in January-June 2017 amounted to EUR 147 (143) million, up by 2% compared with the previous year. Orion's market share of Finnish pharmaceuticals markets was 13% (13%).

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<sup>®</sup>, Comtess<sup>®</sup> and Comtan<sup>®</sup>) account for slightly over 10% of the Group's net sales.

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

EUR or USD million		MAT3/2017	MAT3/2016	Change %
United States	USD	8	11	-21%
Europe TOP 5	EUR	63	87	-27%
Japan	EUR	79	68	+16%

Source: IMS Health pharmaceutical sales statistics MAT3/2017 (4/2016-3/2017)

Europe TOP 5: Germany, United Kingdom, France, Spain and Italy.

Sales of Orion's branded Parkinson's drugs decreased in Europe due to commencement of generic competition. Sales increased in Japan, mainly due to growth in Stalevo, which was launched in that market in 2015.

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 March 2017 were up by 1% at EUR 530 (527) million. According to IMS Health pharmaceutical sales statistics, sales of Orion's Dexdor<sup>®</sup> intensive care sedative (dexmedetomidine) were up by 39% at EUR 53 (38) million in Europe.

#### Net sales and operating profit of the Pharmaceuticals business

In January-June 2017 the Pharmaceuticals business's net sales were EUR 526 (509) million and its operating profit was EUR 164 (165) million. Milestone payments accounted for EUR 8 (9) million of the net sales and operating profit, and they comprised payments related to marketing rights. The operating profit of the Pharmaceuticals business was 31% (32%) of the segment's net sales.

Net sales of Orion's top ten pharmaceuticals in January-June 2017 were up by 8% at EUR 246 (229) million. They accounted for 47% (45%) of the total net sales of the Pharmaceuticals business.

#### Proprietary Products

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

Net sales of Proprietary Products in January-June 2017 were EUR 186 (185) million. Sales of Parkinson's drugs continued to decline, but sales of other products developed well.

Orion's drugs for treatment of Parkinson's disease are Stalevo<sup>®</sup> (active ingredients carbidopa, levodopa and entacapone) and Comtess<sup>®</sup>/Comtan<sup>®</sup> (entacapone). Their total net sales in January-June 2017 were down by 19% at EUR 58 (72) million. In the United States Orion's Parkinson's drugs have several generic competitors, and competition is increasing in Europe and also other markets. In Japan the first marketing authorisations for generic Comtan products were granted, but generic competition has not yet commenced.

**Breakdown of sales of Parkinson's drugs:**

EUR million	H1/2017	H1/2016	Change %
Stalevo deliveries to Novartis	33	39	-15%
Comtan deliveries to Novartis	11	15	-30%
Orion's Stalevo sales	12	15	-20%
Orion's Comtess sales	2	2	-23%

Net sales of Simdax<sup>®</sup>, a drug for treatment of acute decompensated heart failure, in January-June 2017 were up by 8% at EUR 30 (28) million. Simdax is sold in altogether over fifty countries worldwide.

Total net sales of the Easyhaler<sup>®</sup> product family for treatment of asthma and chronic obstructive pulmonary disease were up by 16% in January-June 2017 at EUR 37 (32) million. The increase was mainly due to sales of the Bufomix Easyhaler<sup>®</sup> combined formulation (budesonide-formoterol).

Sales of Bufomix Easyhaler were up by 31% at EUR 17 (13) million in January-June 2017. In the last quarter of 2016, through the decentralised procedure Bufomix received marketing authorisation for Germany, the United Kingdom and France. Sales of the product have commenced in Germany. The national approval process is still ongoing in the United Kingdom and France. Orion is expanding Easyhaler production at the Espoo pharmaceuticals production plant. In April 2017 Orion submitted a marketing authorisation application for a salmeterol-fluticasone combined formulation in Europe. As regards commercialisation of the Easyhaler product family, negotiations are being held in new markets. In addition, the evaluation of possible new products is ongoing.

Net sales of Orion's Dexdor<sup>®</sup> intensive care sedative (dexmedetomidine) in January-June 2017 were up by 22% at EUR 34 (28) million. Orion has become aware that in some European countries marketing authorisation has been granted for a generic version of Dexdor, and in Germany a generic version of the product has been launched in the market. Orion is continuing actions to defend its rights. The impact of generic competition on sales is still difficult to estimate at this stage. Sales of the Precedex<sup>®</sup> intensive care sedative were up by 36% at EUR 13 (10) million, mainly due to greater deliveries of the pharmaceutical ingredient to the partner than in the comparative period.

### Specialty Products

Net sales of the Specialty Products business division's off-patent, i.e. generic prescription drugs, self-care products and biosimilars in January-June 2017 were up by 3% at EUR 255 (246) million.

Finland, Scandinavia, and Eastern Europe and Russia are the most important markets for Specialty Products. The business division's sales in Finland in January-June 2017 were up by 2% at EUR 145 (143) million due to good development in sales of self-care products and Remsima<sup>®</sup>.

In Scandinavia sales were up by 12% at EUR 47 (42) million. In Eastern Europe and Russia sales were up by 15% at EUR 30 (26) million.

Net sales of the biosimilar Remsima for treatment of rheumatoid arthritis among other things were up by 28% at EUR 28 (22) million mainly due to winning the national tendering competition in Norway and commencement of deliveries related to it. During the review period Orion and South Korean Celltrion Healthcare signed an exclusive agreement for sales, marketing and distribution rights of a biosimilar rituximab (MabThera<sup>®</sup>) in the Nordic countries and Estonia. In these countries Orion is already the distributor of Celltrion Healthcare's Remsima (Remicade<sup>®</sup> biosimilar infliximab). The main indications for MabThera are non-Hodgkin's lymphoma (NHL), chronic lymphocytic leukaemia (CLL) and autoimmune diseases such as rheumatoid arthritis (RA).

### Animal Health

In the Nordic countries and some Eastern European markets Orion itself sells veterinary drugs, and in other markets the Company operates through partners. In addition, in the Nordic countries Orion markets and sells veterinary drugs manufactured by several other companies. Orion's Animal Health business division has a strong market position in the Nordic countries, its home markets.

Net sales of the Animal Health business division in January-June 2017 were up by 7% at EUR 41 (38) million. Sales of the animal sedative product family at EUR 18 (12) million accounted for 43% (32%) of the division's net sales. The product family comprises Orion's animal sedatives Dexdomitor<sup>®</sup> (dexmedetomidine), Domitor<sup>®</sup> (medetomidine) and Domosedan<sup>®</sup> (detomidine), and antagonist Antisedan<sup>®</sup> (atipamezole), which reverses the effects of the sedatives.

### 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 sales developed well in the first half of the year. In recent years order cycles in the trade in pharmaceutical raw materials have become ever shorter, and this has led to clearly greater fluctuation in business volume than before within each year and between different years. The business division's net sales in January-June 2017 excluding deliveries for Orion's own use were up by 39% at EUR 28 (20) million and accounted for over one-half of Fermion's entire net sales. Fermion has an ongoing significant expansion investment at its Hanko manufacturing plant.

### Research and development

The Group's R&D expenses in January-June 2017 were EUR 52 (53) million, of which the Pharmaceuticals business accounted for EUR 49 (50) million. The Group's R&D expenses accounted for 10% (10%) of the Group's net sales. R&D expenses also include expenses related to development of the current portfolio.

In 2014 Orion commenced global collaboration with Bayer in the development and commercialisation of the novel oral androgen receptor antagonist darolutamide (ODM-201). The companies have an ongoing joint Phase III clinical trial (ARAMIS) for evaluation of the efficacy and safety of darolutamide in patients with non-metastatic castration-resistant prostate cancer (nmCRPC).

In 2016 Orion and Bayer agreed to expand the darolutamide development programme and towards the end of the year commenced a new Phase III trial (ARASENS) that will evaluate the efficacy and safety of the drug candidate in combination with standard androgen deprivation therapy (ADT) and the chemotherapy drug docetaxel in patients having newly diagnosed metastatic hormone-sensitive prostate cancer (mHSPC) who are starting hormone therapy.

In December 2016 Orion completed trials with a salmeterol-fluticasone combined formulation in the Easyhaler<sup>®</sup> product family. Based on the positive findings, in April 2017 Orion submitted a marketing authorisation application for the product in Europe. In this formulation fluticasone acts as an anti-inflammatory agent and salmeterol 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 completed the Phase II clinical trial with orally administered levosimendan (ODM-109) for treatment of patients with amyotrophic lateral sclerosis (ALS). Although the trial did not achieve its primary objective, the findings were, however, promising. Based on the findings, Orion is planning to continue the development programme. The US Food and Drug Administration (FDA) has granted ODM-109 Orphan Drug Designation.

Orion has an ongoing Phase II clinical trial with a drug candidate for treatment of symptoms of Parkinson's disease in which the COMT inhibitor (ODM-104) developed by Orion is combined with the pharmaceutical ingredients carbidopa and long-acting levodopa used to treat Parkinson's disease. In the trial the efficacy of the drug candidate in treating symptoms of Parkinson's disease will be investigated and the product will be compared with a Stalevo product already in the markets in which the active ingredients are the COMT inhibitor entacapone, carbidopa and levodopa.

Orion has an ongoing Phase II clinical trial with a new targeted FGFR+VEGFR inhibitor (ODM-203) for treatment of cancers. The trial will investigate the efficacy of the drug candidate in slowing the growth of solid cancerous tumours in patients in which FGFR changes in cancerous tumours have been detected.

Orion has an ongoing Phase I clinical trial with a BET protein inhibitor (ODM-207) which inhibits transcription of key oncogenes such as Myc in many cancers. In preclinical studies, ODM-207 has shown antiproliferative effects in several solid tumour cell lines. The trial will investigate the safety and the tolerability of the drug candidate and provisionally its efficacy in cancer patients.

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 Diagnostics business in January-June 2017 were down by 4% at EUR 27 (28) million due to, among other things, the periodisation of purchases by one significant collaboration partner.

QuikRead<sup>®</sup> infection tests remained the main product, with sales continuing to increase. With the help of CRP tests from the QuikRead go<sup>®</sup> product family in infectious disease diagnostics, antibiotic treatment can be targeted at patients that need it and 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.

The operating profit of the Diagnostics business was up by 8% at EUR 4.8 (4.4) million thanks to growth in sales with good margins, among other things. The operating profit accounted for 18% (16%) of the segment's net sales.

Espoo, 19 July 2017

Board of Directors of Orion Corporation

**Orion Corporation**

Timo Lappalainen  
*President and CEO*

Jari Karlson  
*CFO*

## Tables

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q2/17	Q2/16	Change %	H1/17	H1/16	Change %	2016
<b>Net sales</b>	<b>272.4</b>	273.1	-0.2%	<b>551.6</b>	535.1	+3.1%	1,073.5
Cost of goods sold	<b>-108.0</b>	-99.4	+8.7%	<b>-211.4</b>	-201.7	+4.8%	-421.7
<b>Gross profit</b>	<b>164.4</b>	173.7	-5.4%	<b>340.1</b>	333.4	+2.0%	651.8
Other operating income and expenses	<b>-0.0</b>	0.1	-127.2%	<b>0.1</b>	-0.1	+256.5%	24.3
Sales and marketing expenses	<b>-53.1</b>	-49.1	+8.1%	<b>-100.5</b>	-92.8	+8.3%	-194.7
R&D expenses	<b>-26.6</b>	-28.4	-6.4%	<b>-52.3</b>	-53.4	-2.0%	-118.2
Administrative expenses	<b>-12.8</b>	-12.7	+0.8%	<b>-23.9</b>	-23.4	+2.3%	-48.7
<b>Operating profit</b>	<b>71.8</b>	83.5	-14.0%	<b>163.5</b>	163.9	-0.2%	314.6
Finance income	<b>0.1</b>	0.3	-81.9%	<b>0.1</b>	0.4	-77.4%	0.8
Finance expenses	<b>-1.2</b>	-1.2	-0.7%	<b>-4.1</b>	-2.4	+69.5%	-4.9
Share of associated companies' results					0.4	-100.0%	0.4
<b>Profit before taxes</b>	<b>70.7</b>	82.6	-14.4%	<b>159.5</b>	162.3	-1.7%	310.9
Income tax expense	<b>-14.2</b>	-16.9	-16.0%	<b>-32.7</b>	-33.3	-1.7%	-61.9
<b>Profit for the period</b>	<b>56.5</b>	65.7	-14.0%	<b>126.7</b>	129.0	-1.7%	249.0
<b>OTHER COMPREHENSIVE INCOME INCLUDING TAX EFFECTS</b>							
Change in value of available-for-sale financial assets					0.5		-5.2
Translation differences	<b>-1.4</b>	-1.7		<b>-1.2</b>	-3.8		-4.6
<b>Items that may be reclassified subsequently to profit and loss</b>	<b>-1.4</b>	-1.7		<b>-1.2</b>	-3.3		-9.8
Items due to remeasurement of defined benefit plans	<b>-0.0</b>	-0.0		<b>0.0</b>	-0.0		3.7
<b>Items that will not be reclassified to profit and loss</b>	<b>-0.0</b>	-0.0		<b>0.0</b>	-0.0		3.7
<b>Other comprehensive income net of tax</b>	<b>-1.4</b>	-1.7		<b>-1.2</b>	-3.3		-6.1
<b>Comprehensive income for the period including tax effects</b>	<b>55.1</b>	63.9	-13.8%	<b>125.6</b>	125.7	-0.1%	243.0
<b>PROFIT ATTRIBUTABLE TO:</b>							
Owners of the parent company	<b>56.5</b>	65.7	-14.0%	<b>126.8</b>	129.0	-1.7%	249.0
Non-controlling interests	<b>-0.0</b>	0.0		<b>-0.0</b>	0.0		0.0
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>							
Owners of the parent company	<b>55.1</b>	63.9	-13.8%	<b>125.6</b>	125.7	-0.1%	243.0
Non-controlling interests	<b>-0.0</b>	0.0		<b>-0.0</b>	0.0		0.0
<b>Basic earnings per share, EUR <sup>1)</sup></b>	<b>0.40</b>	0.47	-13.9%	<b>0.90</b>	0.92	-1.5%	1.77
<b>Diluted earnings per share, EUR <sup>1)</sup></b>	<b>0.40</b>	0.47	-13.9%	<b>0.90</b>	0.92	-1.5%	1.77
Depreciation, amortisation and impairment	<b>10.5</b>	10.3	+2.0%	<b>20.8</b>	20.2	+2.9%	40.6
Personnel expenses	<b>58.8</b>	59.8	-1.8%	<b>112.1</b>	113.2	-0.9%	224.4

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



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>				
EUR million	6/17	6/16	Change %	12/16
Property, plant and equipment	304.7	279.4	+9.0%	289.1
Goodwill	13.5	13.5		13.5
Intangible rights	39.9	39.7	+0.3%	37.9
Other intangible assets	2.8	2.5	+12.1%	2.5
Investments in associates	0.1	3.0	-97.7%	0.1
Available-for-sale financial assets	0.3	7.6	-96.5%	0.4
Pension asset	20.6	20.4	+1.0%	22.8
Deferred tax assets	1.3	1.2	+6.2%	1.5
Other non-current assets	2.3	4.1	-44.9%	3.8
<b>Non-current assets total</b>	<b>385.3</b>	<b>371.4</b>	<b>+3.7%</b>	<b>371.5</b>
Inventories	238.4	213.6	+11.6%	227.5
Trade receivables	208.1	186.9	+11.3%	200.1
Other receivables	48.0	44.1	+8.9%	31.9
Money market investments		3.1	-100.0%	31.0
Cash and cash equivalents	67.7	116.6	-42.0%	200.9
<b>Current assets total</b>	<b>562.2</b>	<b>564.3</b>	<b>-0.4%</b>	<b>691.4</b>
<b>Assets total</b>	<b>947.5</b>	<b>935.7</b>	<b>+1.3%</b>	<b>1,062.9</b>
<b>EQUITY AND LIABILITIES</b>				
EUR million	6/17	6/16	Change %	12/16
Share capital	92.2	92.2		92.2
Expendable fund	0.5	0.5		0.5
Other reserves	2.4	7.7	-69.2%	2.0
Retained earnings	455.2	422.6	+7.7%	546.6
<b>Equity attributable to owners of the parent company</b>	<b>550.3</b>	<b>523.0</b>	<b>+5.2%</b>	<b>641.4</b>
Non-controlling interests	0.0	0.0	-337.2%	0.0
<b>Equity total</b>	<b>550.3</b>	<b>523.0</b>	<b>+5.2%</b>	<b>641.4</b>
Deferred tax liabilities	37.0	37.4	-1.1%	37.1
Pension liability	3.1	3.1		3.2
Provisions	0.3	0.3		0.3
Interest-bearing non-current liabilities	150.3	175.7	-14.5%	150.2
Other non-current liabilities	0.0	0.0	+3.5%	0.0
<b>Non-current liabilities total</b>	<b>190.7</b>	<b>216.5</b>	<b>-11.9%</b>	<b>190.8</b>
Trade payables	97.6	74.4	+31.3%	106.1
Current tax liabilities	6.9	8.4	-17.1%	9.1
Other current liabilities	100.6	102.4	-1.8%	112.9
Provisions	0.4	0.0		0.2
Interest-bearing current liabilities	1.1	11.0	-90.2%	2.3
<b>Current liabilities total</b>	<b>206.5</b>	<b>196.1</b>	<b>+5.3%</b>	<b>230.7</b>
<b>Liabilities total</b>	<b>397.2</b>	<b>412.6</b>	<b>-3.7%</b>	<b>421.5</b>
<b>Equity and liabilities total</b>	<b>947.5</b>	<b>935.7</b>	<b>+1.3%</b>	<b>1,062.9</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

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

EUR million	<b>Equity attributable to owners of the parent company</b>							
	a.	b.	c.	d.	e.	f.	g.	h.
<b>Equity at 1 January 2016</b>	92.2	0.5	6.9	-1.6	-1.5	498.4	0.0	<b>594.9</b>
Profit for the period						129.0		<b>129.0</b>
<b>Other comprehensive income:</b>								
Change in value of available-for-sale financial assets			0.5					<b>0.5</b>
Translation differences					-3.8			<b>-3.8</b>
Items due to remeasurement of defined benefit plans				-0.0				<b>-0.0</b>
<b>Transactions with owners</b>								
Dividend and capital repayment						-183.3		<b>-183.3</b>
Treasury shares						-16.8		<b>-16.8</b>
Share-based incentive plan						2.5		<b>2.5</b>
Other adjustments			0.3			-0.4	0.0	<b>-0.1</b>
<b>Equity at 30 June 2016</b>	<b>92.2</b>	<b>0.5</b>	<b>7.7</b>	<b>-1.7</b>	<b>-5.3</b>	<b>429.5</b>	<b>0.0</b>	<b>523.0</b>
<b>Equity at 1 January 2017</b>	<b>92.2</b>	<b>0.5</b>	<b>2.0</b>	<b>2.0</b>	<b>-6.2</b>	<b>550.7</b>	<b>0.0</b>	<b>641.4</b>
Profit for the period						126.8		<b>126.8</b>
<b>Other comprehensive income:</b>								
Translation differences					-1.2			<b>-1.2</b>
Items due to remeasurement of defined benefit plans				0.0				<b>0.0</b>
<b>Transactions with owners</b>								
Dividend and capital repayment						-218.2		<b>-218.2</b>
Share-based incentive plan						1.5		<b>1.5</b>
Other adjustments			0.3			-0.3	-0.0	<b>0.0</b>
<b>Equity at 30 June 2017</b>	<b>92.2</b>	<b>0.5</b>	<b>2.4</b>	<b>2.1</b>	<b>-7.3</b>	<b>460.5</b>	<b>0.0</b>	<b>550.3</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	H1/17	H1/16	2016
Operating profit	163.5	163.9	314.6
Adjustments	24.9	26.2	26.8
Change in working capital	-56.8	-57.5	-33.0
Interest paid	-5.0	-8.4	-11.9
Interest received	0.6	4.0	7.7
Dividends received	0.0	0.1	0.1
Income taxes paid	-35.3	-27.6	-55.2
<b>Total net cash flow from operating activities</b>	<b>91.9</b>	<b>100.7</b>	<b>249.1</b>
Investments in property, plant and equipment	-29.6	-18.2	-41.0
Investments in intangible assets	-7.5	-3.8	-6.7
Sales of property, plant and equipment, and available-for-sale investments	1.1	0.6	26.6
<b>Total net cash flow from investing activities</b>	<b>-35.9</b>	<b>-21.4</b>	<b>-21.1</b>
Current loans raised	1.2	1.2	1.2
Repayments of current loans	-1.8	-0.8	-1.5
Repayments of non-current loans		-2.3	-36.7
Treasury shares		-16.8	-16.8
Dividends paid and other distribution of profits	-217.9	-181.1	-183.6
<b>Total net cash flow from financing activities</b>	<b>-218.5</b>	<b>-199.8</b>	<b>-237.4</b>
<b>Net change in cash and cash equivalents</b>	<b>-162.6</b>	<b>-120.5</b>	<b>-9.4</b>
Cash and cash equivalents at the beginning of the period	231.9	245.2	245.2
Foreign exchange differences	-1.7	-5.1	-3.9
Net change in cash and cash equivalents	-162.6	-120.5	-9.4
Cash and cash equivalents at the end of the period	67.7	119.7	231.9
<b>Reconciliation of cash and cash equivalents in statement of financial position</b>			
Cash and cash equivalents in statement of financial position at the end of the period	67.7	116.6	200.9
Money market investments at the end of the period		3.1	31.0
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>67.7</b>	<b>119.7</b>	<b>231.9</b>

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	6/17	6/16	12/16
Carrying amount at the beginning of the period	289.1	276.4	276.4
Additions	32.1	18.8	44.5
Disposals	-0.5	-0.7	-1.4
Depreciation and impairments	-15.7	-15.1	-30.5
<b>Carrying amount at the end of the period</b>	<b>305.0</b>	<b>279.4</b>	<b>289.1</b>

## CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	6/17	6/16	12/16
Carrying amount at the beginning of the period	40.4	44.3	44.3
Additions	7.3	3.0	6.2
Disposals	-0.0		-0.0
Amortisation and impairments	-5.0	-5.1	-10.1
<b>Carrying amount at the end of the period</b>	<b>42.5</b>	<b>42.2</b>	<b>40.4</b>

## COMMITMENTS AND CONTINGENCIES

EUR million	6/17	6/16	12/16
<b>CONTINGENCIES FOR OWN LIABILITIES</b>			
Guarantees	4.3	4.4	4.1
<b>OTHER LIABILITIES</b>			
Leasing liabilities (excluding finance lease contracts)	5.5	6.3	6.7
Other liabilities	0.3	0.3	0.3

## DERIVATIVES

EUR million	6/17	6/16	12/16
<b>CURRENCY FORWARD CONTRACTS AND CURRENCY SWAPS</b>			
Fair value, EUR million	-0.8	-1.0	-0.1
Nominal value, EUR million	34.5	40.6	25.1
<b>CURRENCY OPTIONS</b>			
Fair value, EUR million	0.1	-0.0	-0.0
Nominal value, EUR million	50.8	35.4	31.7

## FAIR VALUE MEASUREMENT AND HIERARCHY OF FINANCIAL INSTRUMENTS

EUR million	Level 1	Level 2	Level 3	Total
<b>Derivatives</b>				
Currency derivatives		0.4		<b>0.4</b>
<b>Available-for-sale financial assets</b>				
Shares and investments			0.3	<b>0.3</b>
<b>Assets total</b>		<b>0.4</b>	<b>0.3</b>	<b>0.7</b>
<b>Derivatives</b>				
Currency derivatives		-1.1		<b>-1.1</b>
<b>Liabilities total</b>		<b>-1.1</b>		<b>-1.1</b>

The level 1 fair value of financial instruments is based on quotations available in active markets. The level 2 fair value of 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	H1/17	H1/16	2016
Management's employment benefits	<b>5.9</b>	5.4	6.8

## Operating segment performance

### NET SALES BY BUSINESS DIVISION

EUR million	Q2/17	Q2/16	Change %	H1/17	H1/16	Change %	2016
Pharmaceuticals	<b>260.7</b>	259.5	+0.5%	<b>526.1</b>	508.7	+3.4%	1,021.6
Proprietary Products	<b>87.5</b>	97.3	-10.0%	<b>185.9</b>	185.3	+0.3%	350.4
Specialty Products	<b>132.7</b>	123.2	+7.8%	<b>254.5</b>	246.0	+3.5%	507.8
Animal Health	<b>21.8</b>	20.0	+8.9%	<b>40.9</b>	38.3	+7.0%	77.3
Fermion	<b>12.5</b>	9.7	+29.8%	<b>28.0</b>	20.2	+38.8%	47.6
Contract manufacturing and other	<b>6.1</b>	9.3	-34.8%	<b>16.8</b>	19.0	-11.5%	38.5
Diagnostics	<b>12.4</b>	14.4	-13.4%	<b>26.8</b>	27.9	-3.7%	54.8
Group items	<b>-0.7</b>	-0.7	-8.3%	<b>-1.4</b>	-1.5	-7.5%	-2.8
<b>Group total</b>	<b>272.4</b>	273.1	-0.2%	<b>551.6</b>	535.1	+3.1%	1,073.5

### OPERATING PROFIT BY BUSINESS AREA

EUR million	Q2/17	Q2/16	Change %	H1/17	H1/16	Change %	2016
Pharmaceuticals	<b>73.5</b>	84.9	-13.4%	<b>163.7</b>	165.0	-0.8%	316.4
Diagnostics	<b>1.3</b>	1.8	-27.7%	<b>4.8</b>	4.4	+7.9%	8.4
Group items	<b>-3.0</b>	-3.2	-5.5%	<b>-5.0</b>	-5.6	-10.8%	-10.2
<b>Group total</b>	<b>71.8</b>	83.5	-14.0%	<b>163.5</b>	163.9	-0.2%	314.6

### NET SALES BY ANNUAL QUARTERS

EUR million	2017		2016				2015	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Pharmaceuticals	260.7	265.5	267.1	245.7	259.5	249.3	247.3	227.1
Diagnostics	12.4	14.4	13.5	13.4	14.4	13.5	15.2	12.5
Group items	-0.7	-0.7	-0.7	-0.6	-0.7	-0.8	-0.9	-0.5
<b>Group total</b>	<b>272.4</b>	<b>279.2</b>	<b>279.9</b>	<b>258.6</b>	<b>273.1</b>	<b>262.0</b>	<b>261.6</b>	<b>239.1</b>

### OPERATING PROFIT BY ANNUAL QUARTERS

EUR million	2017		2016				2015	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Pharmaceuticals	73.5	90.2	59.6	91.8	84.9	80.1	52.1	59.7
Diagnostics	1.3	3.5	1.7	2.2	1.8	2.6	1.7	1.1
Group items	-3.0	-2.0	-2.6	-2.0	-3.2	-2.4	-2.9	-2.3
<b>Group total</b>	<b>71.8</b>	<b>91.7</b>	<b>58.7</b>	<b>92.0</b>	<b>83.5</b>	<b>80.3</b>	<b>50.9</b>	<b>58.6</b>

### GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

EUR million	2017		2016				2015	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Finland	82.8	81.9	91.8	84.4	82.1	80.1	85.1	78.1
Scandinavia	50.1	44.7	45.5	39.6	44.3	44.7	47.0	39.1
Other Europe	81.7	83.0	89.0	78.1	85.5	83.2	81.9	70.7
North America	16.1	19.6	29.7	18.7	19.6	18.2	16.1	17.9
Other markets	41.7	50.0	23.9	37.8	41.6	35.8	31.5	33.2
<b>Group total</b>	<b>272.4</b>	<b>279.2</b>	<b>279.9</b>	<b>258.6</b>	<b>273.1</b>	<b>262.0</b>	<b>261.6</b>	<b>239.1</b>

## Business reviews

### KEY FIGURES FOR PHARMACEUTICALS BUSINESS

EUR million	Q2/17	Q2/16	Change %	H1/17	H1/16	Change %	2016
Net sales	<b>260.7</b>	259.5	+0.5%	<b>526.1</b>	508.7	+3.4%	1,021.6
Operating profit	<b>73.5</b>	84.9	-13.4%	<b>163.7</b>	165.0	-0.8%	316.4
% of net sales	<b>28.2%</b>	32.7%		<b>31.1%</b>	32.4%		31.0%
R&D expenses	<b>25.0</b>	26.6	-5.9%	<b>49.3</b>	50.0	-1.4%	111.5
% of net sales	<b>9.6%</b>	10.2%		<b>9.4%</b>	9.8%		10.9%
Capital expenditure	<b>23.4</b>	13.1	+79.6%	<b>38.4</b>	21.8	+75.7%	49.7
% of net sales	<b>9.0%</b>	5.0%		<b>7.3%</b>	4.3%		4.9%
Sales revenue from proprietary products	<b>101.8</b>	101.5	+0.4%	<b>202.7</b>	194.4	+4.3%	377.0
Assets				<b>814.1</b>	747.7		776.9
Liabilities				<b>191.2</b>	169.1		209.0
Personnel at the end of the period				<b>3,312</b>	3,205		3,161

### TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

EUR million	Q2/17	Q2/16	Change %	H1/17	H1/16	Change %	2016
Stalevo <sup>®</sup> , Comtess <sup>®</sup> and Comtan <sup>®</sup> (Parkinson's disease)	<b>27.2</b>	38.9	-30.2%	<b>57.7</b>	71.6	-19.4%	124.2
Easyhaler <sup>®</sup> product family (asthma, COPD)	<b>18.9</b>	16.3	+15.7%	<b>36.9</b>	31.9	+15.5%	63.7
Dexdor <sup>®</sup> (intensive care sedative)	<b>17.0</b>	13.5	+26.2%	<b>33.7</b>	27.7	+21.8%	56.8
Simdax <sup>®</sup> (acute decompensated heart failure)	<b>14.4</b>	13.8	+3.8%	<b>29.7</b>	27.6	+7.7%	56.4
Remsima <sup>®</sup> (rheumatoid arthritis, inflammatory bowel diseases)	<b>16.7</b>	10.0	+66.5%	<b>27.7</b>	21.7	+27.6%	42.3
Dexdomitor <sup>®</sup> , Domitor <sup>®</sup> , Domosedan <sup>®</sup> and Antisedan <sup>®</sup> (animal sedatives)	<b>10.1</b>	5.3	+91.4%	<b>17.6</b>	12.1	+45.4%	28.1
Precedex <sup>®</sup> (intensive care sedative)	<b>6.5</b>	6.0	+8.6%	<b>13.4</b>	9.8	+36.2%	19.6
Burana <sup>®</sup> (inflammatory pain)	<b>5.7</b>	5.2	+9.8%	<b>11.4</b>	10.3	+9.9%	23.1
Marevan <sup>®</sup> (anticoagulant)	<b>5.5</b>	3.8	+44.1%	<b>9.5</b>	9.0	+5.5%	18.2
Divina <sup>®</sup> range (menopausal symptoms)	<b>4.9</b>	3.7	+33.7%	<b>8.6</b>	6.9	+24.0%	16.1
<b>Total</b>	<b>126.8</b>	116.5	+8.8%	<b>246.0</b>	228.6	+7.6%	448.5
Share of pharmaceutical net sales	<b>49%</b>	45%		<b>47%</b>	45%		44%

### KEY FIGURES FOR DIAGNOSTICS BUSINESS

EUR million	Q2/17	Q2/16	Change %	H1/17	H1/16	Change %	2016
Net sales	<b>12.4</b>	14.4	-13.4%	<b>26.8</b>	27.9	-3.7%	54.8
Operating profit	<b>1.3</b>	1.8	-27.7%	<b>4.8</b>	4.4	+7.9%	8.4
% of net sales	<b>10.5%</b>	12.6%		<b>17.8%</b>	15.9%		15.3%
R&D expenses	<b>1.7</b>	1.9	-12.9%	<b>3.1</b>	3.5	-11.3%	6.9
% of net sales	<b>13.4%</b>	13.3%		<b>11.7%</b>	12.7%		12.6%
Capital expenditure	<b>0.4</b>	0.1	+384.6%	<b>0.6</b>	0.3	+118.2%	1.1
% of net sales	<b>3.1%</b>	0.6%		<b>2.3%</b>	1.0%		2.0%
Assets				<b>49.5</b>	48.9		45.8
Liabilities				<b>8.4</b>	8.3		17.6
Personnel at the end of the period				<b>293</b>	299		284

**KEY CLINICAL PHARMACEUTICAL DEVELOPMENT PROJECTS**

Project	Indication	PHASE			Registration
		I	II	III	
Easyhaler® salmeterol-fluticasone	Asthma, COPD	Bioequivalence study			Registration*
Darolutamide (ODM-201) <sup>1)</sup>	Prostate cancer (nmCRPC)	I	II	III*	
Darolutamide (ODM-201) <sup>1)</sup>	Prostate cancer (mHSPC)	I	II	III*	
ORM-12741 (alpha-2c adrenoceptor antagonist) <sup>2)</sup>	Alzheimer's disease	I	IIa*		
ODM-109 (oral levosimendan)	ALS	I	II		
ODM-104 (more effective COMT inhibitor)	Parkinson's disease	I	II*		
ODM-203 (targeted FGFR+VEGFR inhibitor)	Solid tumours	I	II*		
ODM-207 (BET protein inhibitor)	Cancer	I*			
<sup>1)</sup> In collaboration with Bayer <sup>2)</sup> In collaboration with Janssen Pharmaceuticals.		*	= Phase ongoing		
		III	= Status changed vs. previous quarter		



## Information on Orion's shares

### BASIC SHARE INFORMATION, 30 JUNE 2017

	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	24.3	67.9	92.2
Counter book value per share, EUR	0.65	0.65	
Total number of shares	37,266,346	103,991,482	141,257,828
% of total share stock	26%	74%	100%
Number of treasury shares		675,401	675,401
Total number of shares excluding treasury shares	37,266,346	103,316,081	140,582,427
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	745,326,920	103,316,081	848,643,001
% of total votes	88%	12%	100%
Total number of shareholders	16,658	36,681	47,828

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

### INFORMATION ON TRADING ON NASDAQ HELSINKI, 1 JANUARY - 30 JUNE 2017

	A shares	B shares	Total
Shares traded	1,754,420	34,502,915	36,257,335
% of the total number of shares	4.6%	33.4%	25.7%
Trading volume, EUR million	89.7	1,745.8	1,835.5
Closing quotation on 31 December 2016, EUR	42.38	42.29	
Lowest quotation, EUR (A 3 and 25 January 2017, B 25 January 2017)	42.00	41.99	
Average quotation, EUR	51.10	50.60	
Highest quotation, EUR (A and B 2 June 2017)	58.35	58.50	
Closing quotation on 30 June 2017, EUR	55.75	55.90	
Market capitalisation excluding treasury shares on 30 June 2017, EUR million	2,077.6	5,775.4	7,853.0

### PERFORMANCE PER SHARE

	Q2/17	Q2/16	Change %	H1/17	H1/16	Change %	2016
Basic earnings per share, EUR	<b>0.40</b>	0.47	-13.9%	<b>0.90</b>	0.92	-1.5%	1.77
Diluted earnings per share, EUR	<b>0.40</b>	0.47	-13.9%	<b>0.90</b>	0.92	-1.5%	1.77
Cash flow per share before financial items, EUR	<b>0.06</b>	0.27	-76.7%	<b>0.40</b>	0.56	-29.2%	1.62
Equity per share, EUR				<b>3.91</b>	3.72	+5.1%	4.57
Average number of shares excluding treasury shares, 1,000 shares	<b>140,582</b>	140,860		<b>140,547</b>	140,869		140,671

## Appendices

### Reporting

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

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

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

### Accounting policies

This report has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The same accounting policies as for the Financial Statements for 2016, supplemented by amendments to existing IFRS and IAS standards endorsed by the EU that have been adopted as of 1 January 2017, have been applied in preparing the report. The amendments to standards had no effect on the Consolidated Financial Statements.

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

### Other matters

The data in this financial review are not audited.

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

## CALCULATION OF THE KEY FIGURES

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

Publisher:

Orion Corporation

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

<http://www.twitter.com/OrionCorplR>

Orion is a globally operating Finnish pharmaceutical company - 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<sup>®</sup> pulmonary drugs. Orion's net sales in 2016 amounted to EUR 1,074 million and the Company had about 3,500 employees. Orion's A and B shares are listed on Nasdaq Helsinki. Orion, established in 1917, is celebrating its centenary in 2017.