



Orion Investor presentation

Updated on 30 April 2018

Disclaimer

This presentation contains forward-looking statements which involve risks and uncertainty factors. These statements are not based on historical facts but relate to the Company's future activities and performance. They include statements about future strategies and anticipated benefits of these strategies.

These statements are subject to risks and uncertainties. Actual results may differ substantially from those stated in any forward-looking statement. This is due to a number of factors, including the possibility that Orion may decide not to implement these strategies and the possibility that the anticipated benefits of implemented strategies are not achieved. Orion assumes no obligation to update or revise any information included in this presentation.

Content

- 1) Orion in brief
- 2) Research & development
- 3) Highlights of 1–3/2018
- 4) Outlook and financials
- 5) Business divisions





Orion in brief

Orion today - year 2017 in figures (adjusted)



Net sales 1,034 MEUR
Operating profit 284 MEUR



Personnel 3,159



R&D investments
99 MEUR

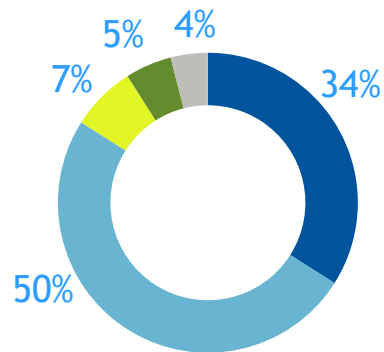


6 production sites in
Finland



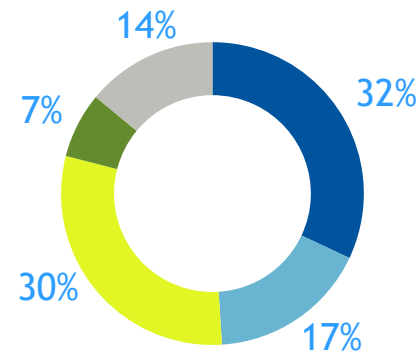
Own sales unit in
26 European countries

Sales by business



- Proprietary Products
- Specialty Products
- Animal Health
- Fermion
- Contract manufacturing

Sales by market area

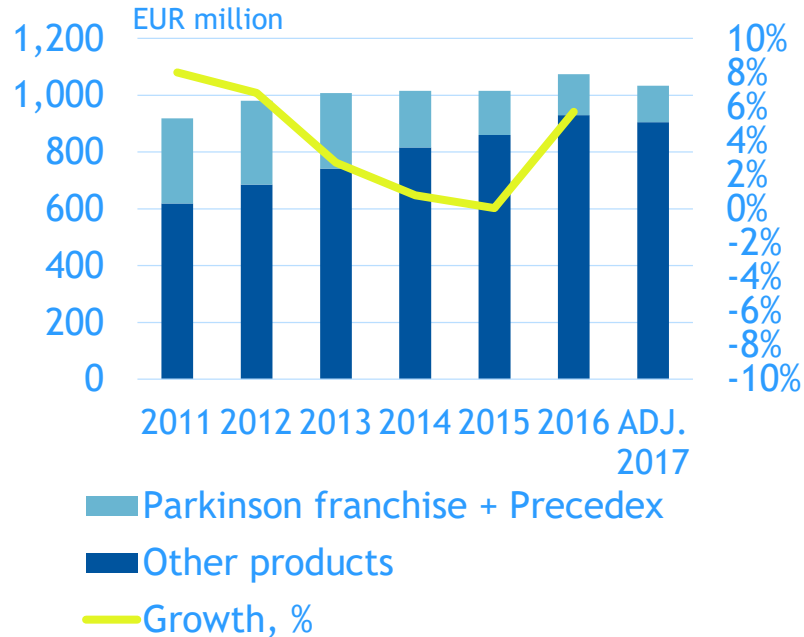


- Finland
- Scandinavia
- Other Europe
- North America
- ROW

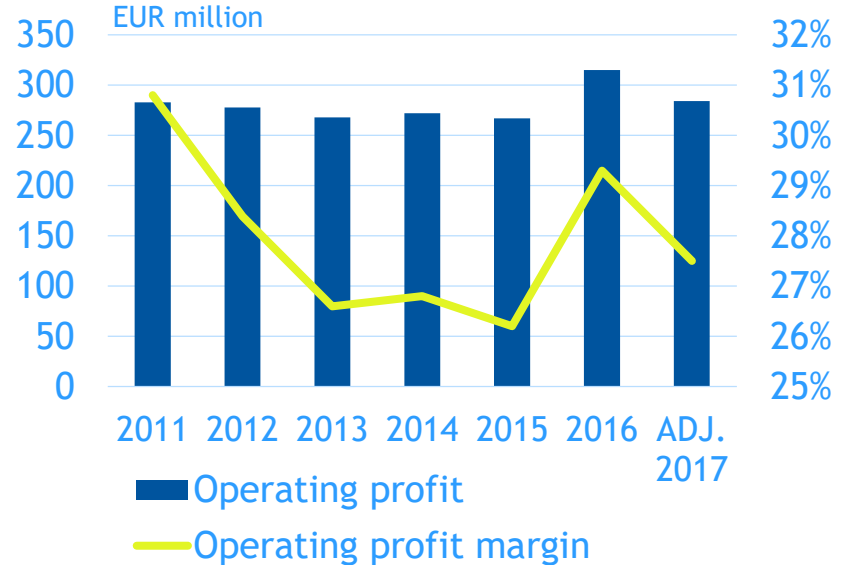
On 21 April 2018, Orion signed an agreement on the sale of all shares in Orion Diagnostica Oy (i.e. the Orion Diagnostica business division). Following the transaction, Orion Diagnostica business is reported as discontinued operation. The figures for 2017 are adjusted, and do not include Orion Diagnostica.

Steady development despite patent expiries

Net sales



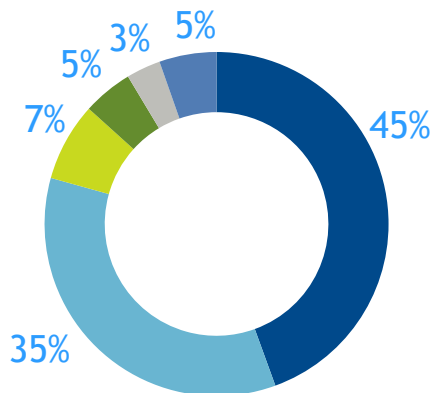
Operating profit



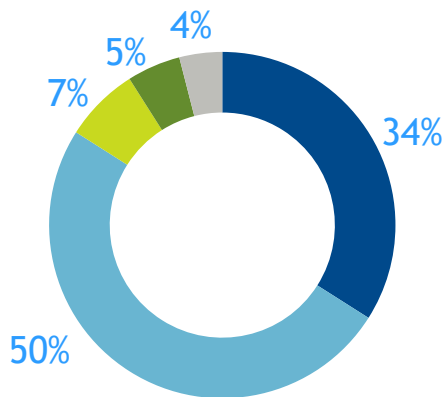
On 21 April 2018, Orion signed an agreement on the sale of all shares in Orion Diagnostica Oy (i.e. the Orion Diagnostica business division). Following the transaction, Orion Diagnostica business is reported as discontinued operation. The figures for 2017 are adjusted, and do not include Orion Diagnostica.

Orion's product mix has changed

Sales by business 2011

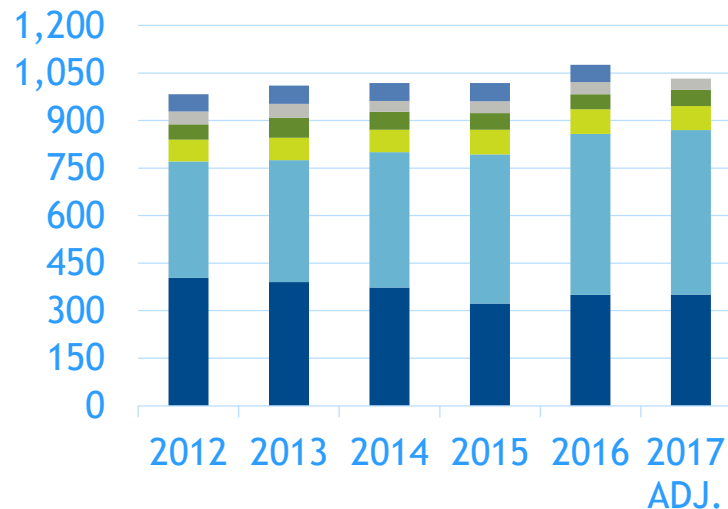


Sales by business 2017



- Proprietary Products
- Specialty Products
- Animal Health
- Fermion
- Contract manufacturing & other
- Orion Diagnostica

Net sales, EUR million



On 21 April 2018, Orion signed an agreement on the sale of all shares in Orion Diagnostica Oy (i.e. the Orion Diagnostica business division). Following the transaction, Orion Diagnostica business is reported as discontinued operation. The figures for 2017 are adjusted, and do not include Orion Diagnostica.

Our businesses



Proprietary Products

In-house developed drugs and other drugs with valid product protection



Specialty Products

Generic prescription drugs, OTC and non-medicinal products, biosimilars



Animal Health

Medicine and well-being products for animals



Fermion

Active pharmaceutical ingredients (APIs)














Contract Manufacturing

Production for other pharmaceutical companies

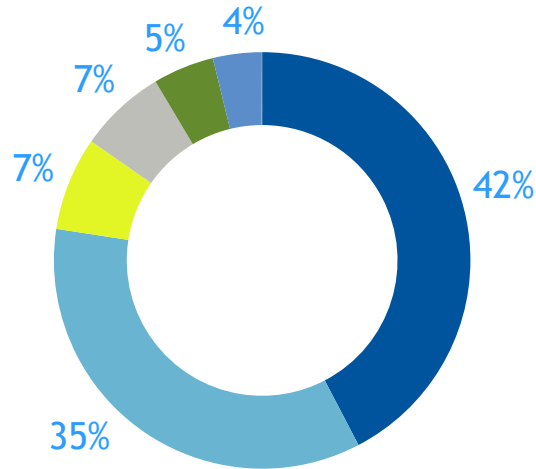
On 21 April 2018, Orion signed an agreement on the sale of all shares in Orion Diagnostica Oy (i.e. the Orion Diagnostica business division). Following the transaction, Orion Diagnostica business is reported as discontinued operation. The figures for 2017 are adjusted, and do not include Orion Diagnostica.

Orion's strategy - Mission to build well-being

Ageing population	Advancements in science					
Cost burden in healthcare	Launching innovative and cost-effective pharmaceuticals and treatment methods for patients		Working together for our customers		Succeeding together!	
Increased personal responsibility for health	Continuously improving our performance in sustainability	Growing faster than the market		Quality and safety	Productivity and flexibility	
	Strong development of profitability is a target		Partnerships	Competitive product portfolio		Future R&D
 Megatrends	 Strategic targets				 Top Supply Chain	
 Focus areas	 Strategic development projects					

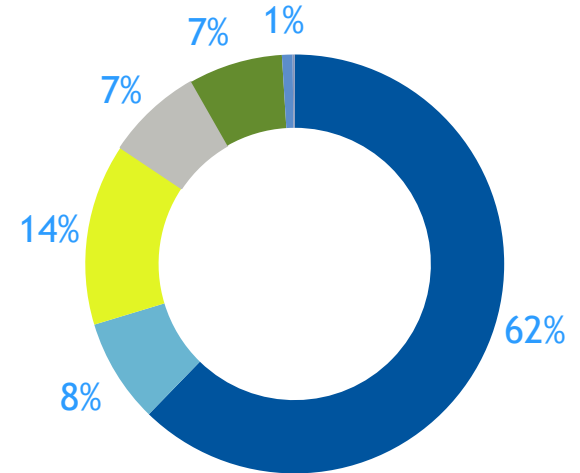
Orion had ~69,000 shareholders on March 31, 2018

By number of shares



- Households (Finnish retail)
- Non-Finnish holders and nominee-registered
- Private corporations
- Public sector
- Non-profit institutions
- Financial and insurance corporations
- Other

By number of votes





Research and development

Focus areas of Orion's R&D

Proprietary Products



- CNS
- Oncology
- Respiratory (Easyhaler® product family)

Animal Health



Orion utilises the R&D of proprietary products to develop new medicines for animals.

Fermion



- APIs to Orion's proprietary products
- Generic APIs
- Contract development for pharmaceutical companies

Together we can achieve more in R&D

Research

Early development

Late stage development

Target identification and validation

8–24 mo.

Hit to Lead generation

12–24 mo.

Lead optimisation

18–36 mo.

Candidate selection, preclinical development
12–24 mo.

Phase I

12–14 mo.

Phase II

12–36 mo.

Phase III

18–48 mo.

Collaboration with partners

Collaboration with partners



AsahiKASEI



Key clinical pharmaceutical development projects

Project	Indication	PHASE			Registration
Easyhaler® salmeterol-fluticasone	Asthma, COPD	Bioequivalence study			Registration
Easyhaler® tiotropium	COPD	Bioequivalence study			
Darolutamide (ODM-201) ¹⁾	Prostate cancer (nmCRPC)	I	II	III	
Darolutamide (ODM-201) ¹⁾	Prostate cancer (mHSPC)	I	II	III	
ODM-109 (oral levosimendan)	ALS	I	II	III	
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			
ODM-208 (CYP11A1 inhibitor)	Prostate cancer (CRPC)	I			

¹⁾ In collaboration with Bayer

More information on R&D projects: <https://www.orion.fi/en/rd/orion-rd/pipeline/>

 	=Phase completed
 	= Phase ongoing
 	=Status changed

Darolutamide: An androgen receptor targeted therapy for prostate cancer



Darolutamide (ODM-201) is an androgen receptor antagonist that

- Binds to the androgen receptor with high affinity
- Prevents efficiently androgen receptor signaling
- Low blood-brain barrier (BBB) penetration, potentially resulting in less side-effects in central nervous system.

Darolutamide: Two trials in phase III proceeding



Androgen Receptor inhibiting Agent for Metastatic-free Survival

- Patients with **non-metastatic, castration-resistant prostate cancer** at high risk for developing metastatic disease
- Endpoints:
 - Primary: Darolutamide over placebo in metastasis-free survival
 - Secondary: Overall survival, time to first symptomatic skeletal event, time to first initiation of cytotoxic chemotherapy, time to pain progression, and to characterize the safety and tolerability of darolutamide
- Recruitment finalized, the trial proceeding as planned with estimated completion in September 2018.



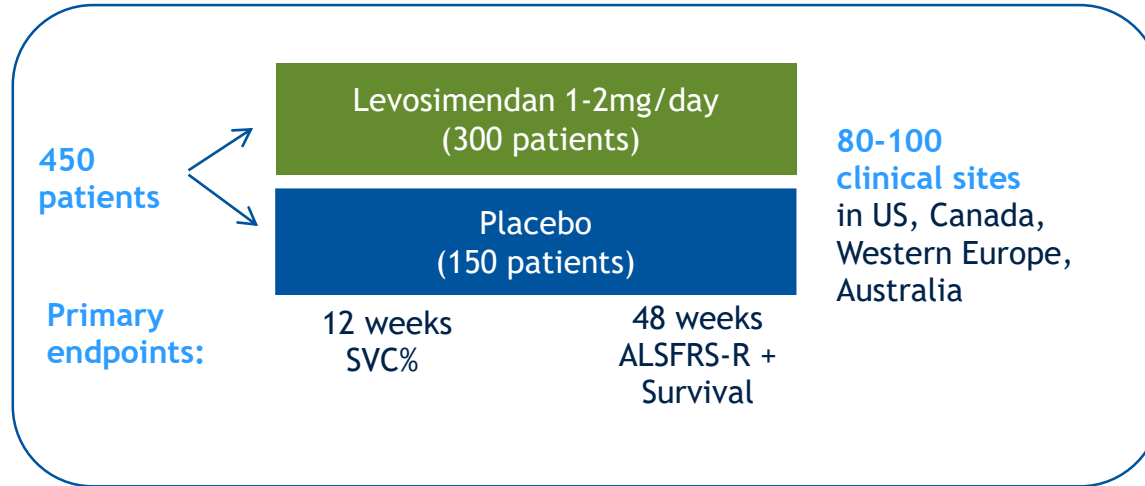
- Patients with **metastatic, hormone-sensitive prostate cancer**
- Treatment: Darolutamide with androgen deprivation therapy (hormonal therapy) and six cycles of docetaxel (chemotherapy)
- Endpoints:
 - Primary: Darolutamide over placebo in overall survival
 - Secondary: Time to castration resistance, time to antineoplastic therapy, time to first symptomatic skeletal event, time to initiation of opioids, time to pain progression, and to characterize the safety and tolerability of darolutamide
- Recruitment proceeding well, estimated completion of the trial in 2022.

ODM-109: Oral levosimendan for ALS



- **ALS (Amyotrophic lateral sclerosis)** is a fast progressing and fatal neurodegenerative disease:
 - Leads to diaphragm and skeletal muscle weakness and eventually paralysis and death typically due to respiratory failure.
 - An orphan disease with incidence of 1-2 /100,000 (MS disease: 2.5/100,000)
- **Levosimendan** is developed for symptomatic treatment for muscle weakness, the main symptom of ALS:
 - Levosimendan has shown positive effect on diaphragm muscle function in experimental studies in animals and in humans.
 - Positive signal from a small phase II study in ALS patients.

ODM-109: REFALS phase III trial



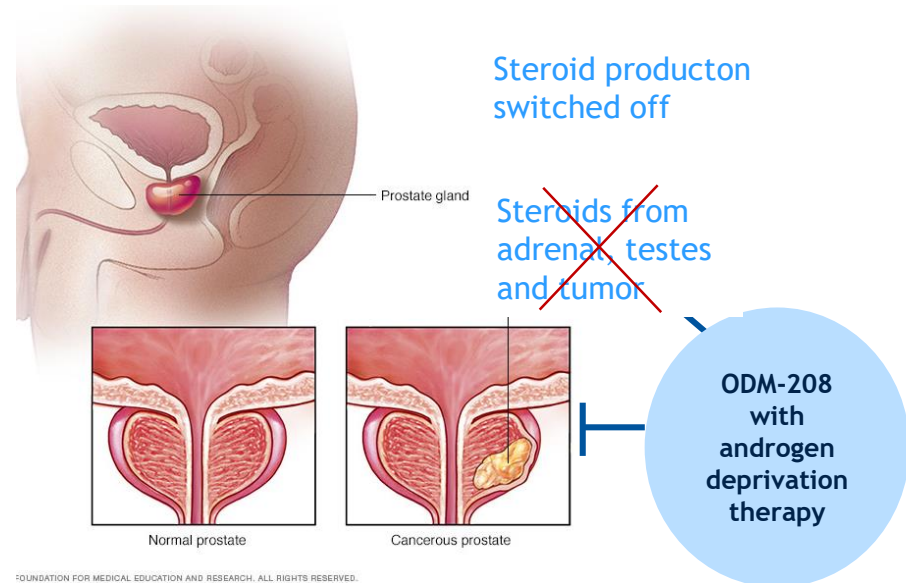
Costs of the trial:
~ EUR 60 million
approximately over three years

= **SVC% (slow vital capacity)** - measure of breathing capacity compared to normal subjects

= **ALSFRS-R (ALS functional rating scale)** - overall assessment of ALS symptoms

ODM-208: Pan-steroid hormone synthesis inhibitor (CYP11A1 inhibitor) for castration-resistant prostate cancer

- Steroid hormones stimulate the growth of hormonally regulated cancers, such as most prostate and breast cancers.
- Hormonal treatments are highly effective, but drug resistance will often eventually emerge and cancer will start growing again.
- Preclinical studies have shown that ODM-208 inhibits the synthesis of steroid hormones. It has potential efficacy also for those cancers that have become resistant to the standard hormonal treatments.
- The steroid hormones that are needed and do not promote cancer growth are replaced with additional medication.

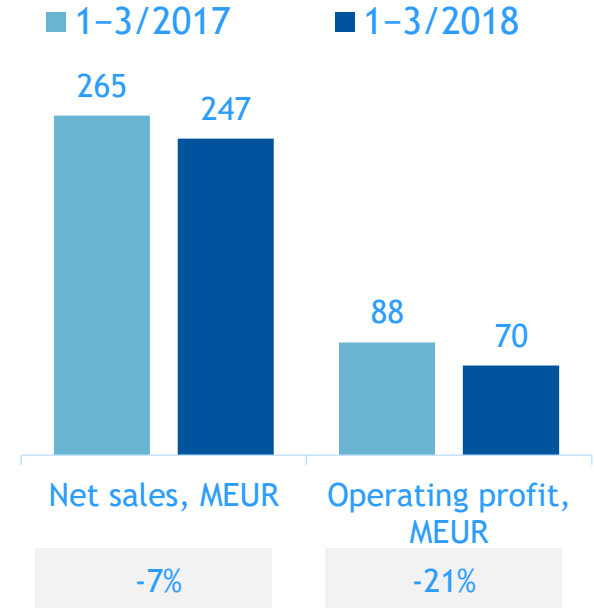




Orion highlights 1-3/2018

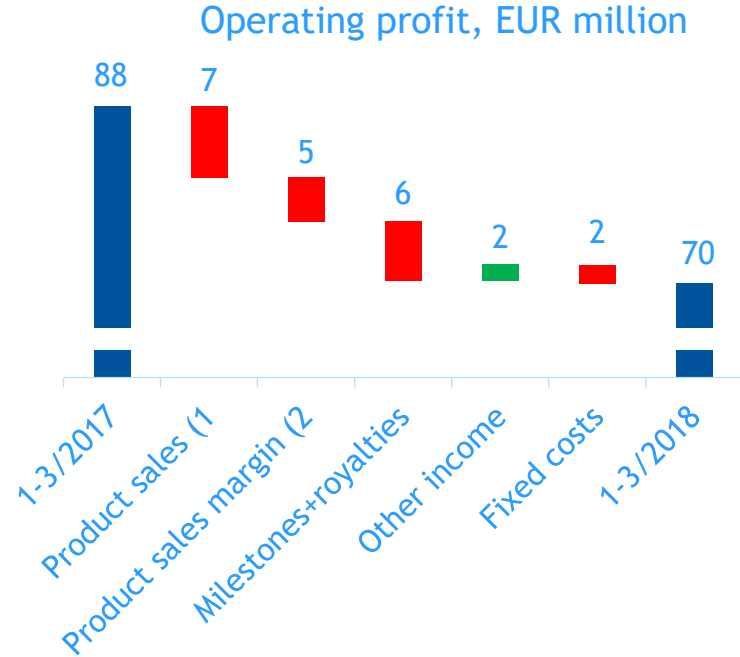
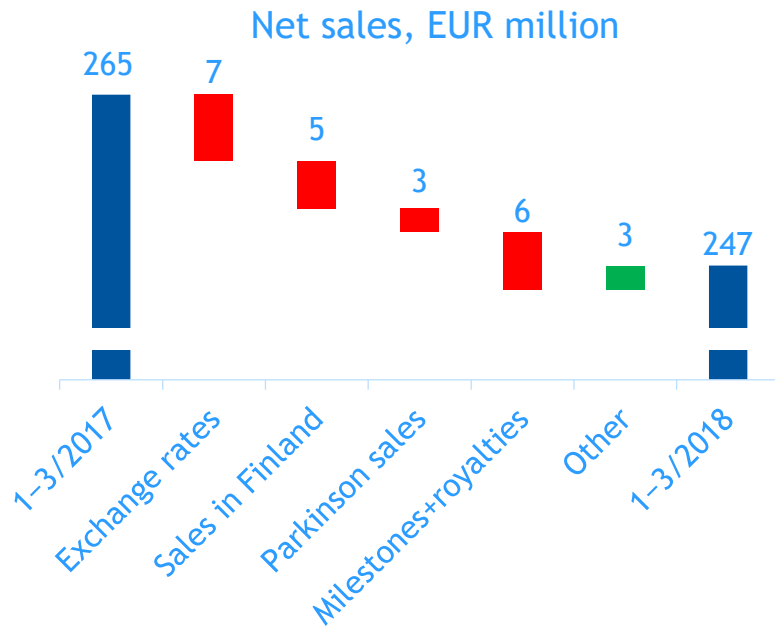
A good start for the year

- Strong cash flow and good profitability, 28% operating profit margin exceeded financial objectives.
- Net sales and profit affected by tightening generic and price competition, smaller milestone payments and exchange rate changes. Comparative period was exceptionally strong.
- Easyhaler product family and Dexdor grew.
- Positive conclusions received for the salmeterol-flucatisone Easyhaler under the decentralised EU marketing authorisation procedure.
- Two new clinical trials:
 - CYP11A1 inhibitor for prostate cancer (ODM-208) - Phase I
 - Oral levosimendan (ODM-109) - Phase III
- Alzheimer's research project (ORM-12741) discontinued.
- Orion to sell Orion Diagnostica to an investment fund managed by Axcel Management A/S. Orion Diagnostica business is reported as a discontinued operation.



The Q1 2018 slides only covers continuing operations without Orion Diagnostica.

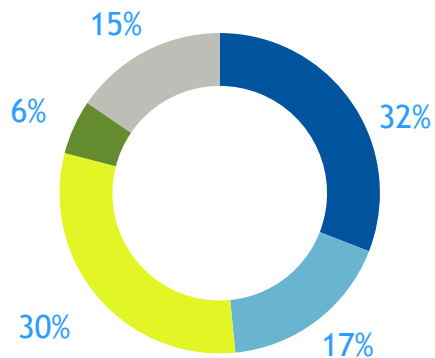
Development of net sales and operating profit



1) Product sales without change in margins 2) Change in margin of product sales
 1-2) Exchange rates generate about EUR 5 million of the overall decline (MEUR 12) in gross profit.

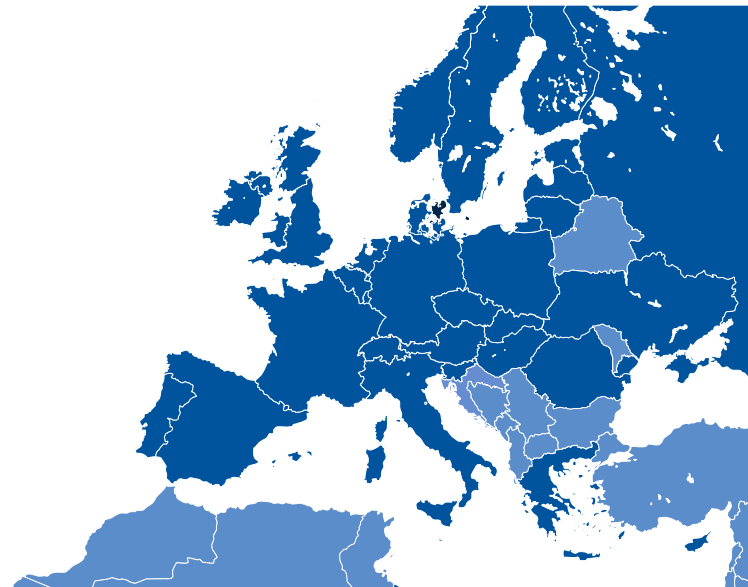
Geographical breakdown of net sales

1-3/2018



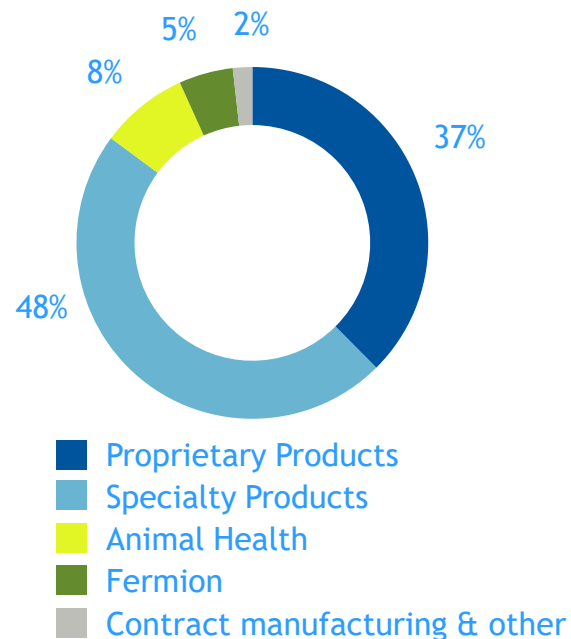
- Finland
- Scandinavia
- Other Europe
- North America
- Other markets

Orion's own sales network



Net sales by business division












Net sales, EUR million	1-3/ 2018	1-3/ 2017	Change
Specialty Products	118	122	-3%
Proprietary Products	93	98	-6%
Animal Health	20	19	+5%
Fermion	12	16	-20%
Contract manufacturing & other	4	11	-59%





Pharmaceuticals business

Best-selling pharmaceuticals 1–3/2018

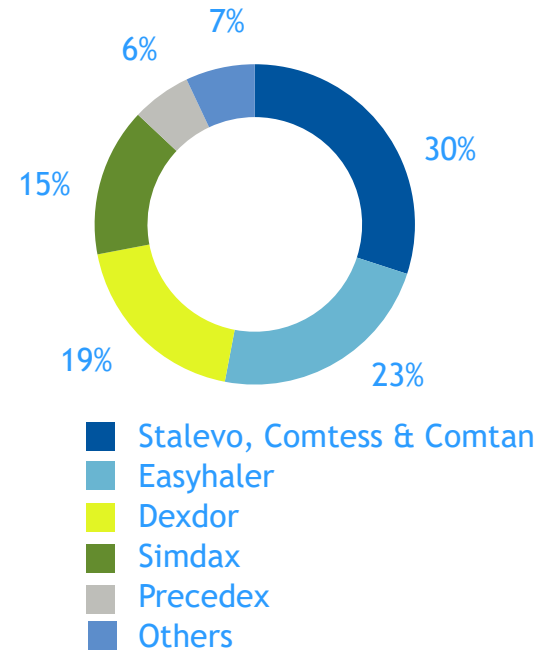
	Product	Indication	Net sales (EUR million)	Change vs 1–3/2017
1.	 <i>Stalevo</i> <i>Comtess</i> <i>COMTan</i>	Parkinson's disease	28	-8%
2.	 Easyhaler®	Asthma, COPD	22	+20%
3.	 dexdor	Intensive care sedative	18	+5%
4.	 SIMDAX levosimendan	Acute heart failure	14	-7%
5.	Biosimilars	Rheumatoid arthritis, inflammatory bowel diseases, lymphoma	11	-4%
6.	 DEXDOMITOR  DOMITOR  DOMOSEDAN  ANTISEDAN	Animal sedatives	8	+13%
7.	 burana®	Inflammatory pain	6	+2%
8.	 Precedex® (dexmedetomidine HCl injection)	Intensive care sedative	5	-24%
9.	 Marevan®	Anticoagulant	4	+8%
10.	Divina series	Menopausal symptoms	4	+13%

= Products of Proprietary Products business division

Proprietary Products

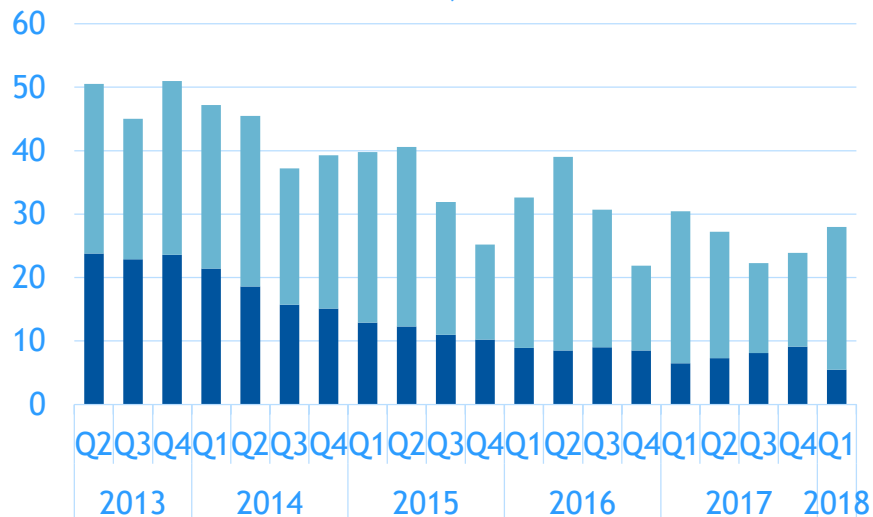
- As expected, sales of Stalevo, Comtess and Comtan continued to decline.
- The Easyhaler product family continued to grow. Positive conclusions received for the salmeterol-flucatisone formulation under the decentralised EU marketing authorisation procedure.
- Dexdor sales continued to grow in most European markets despite the commencement of generic competition in Germany.
- Simdax sales declined. The basic patent has expired, but this is not estimated to materially impact Simdax sales in 2018.

Breakdown of net sales



As expected, sales of Parkinson's drugs continued to decline

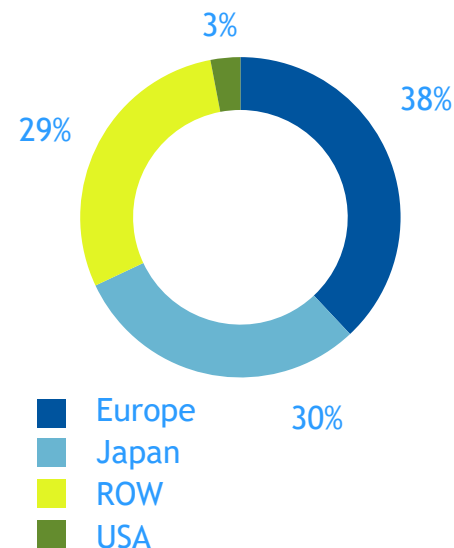
Sales, EUR million



■ Deliveries of Parkinson's drugs (Stalevo, Comtess/Comtan) to key partners

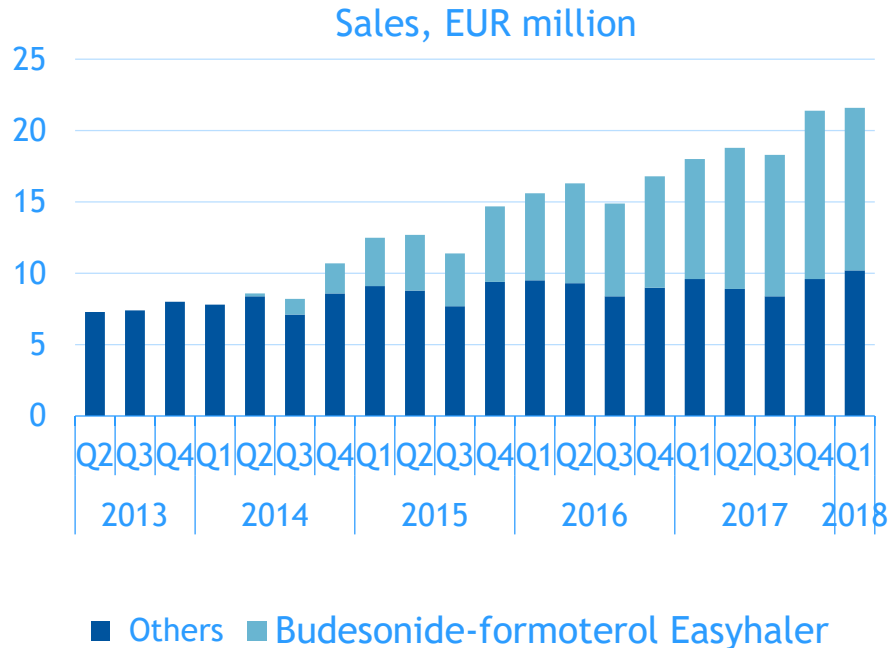
■ Orion's own sales

Sales of Orion's branded Parkinson's drugs by market area MAT12/2017



Source: IQVIA MAT12/2017

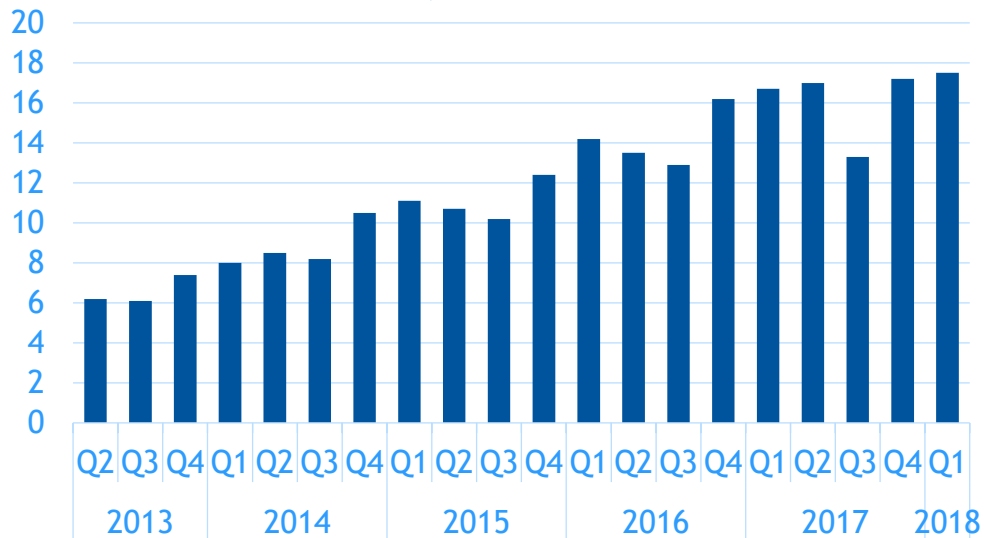
Easyhaler product family is growing



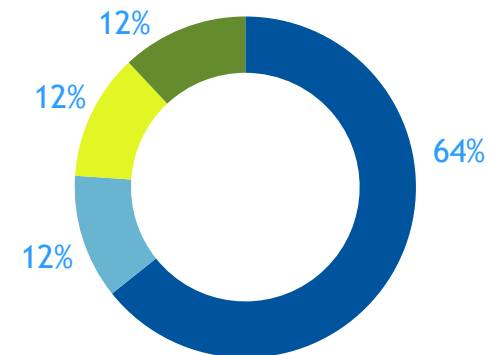
- The product family sales grew by 20%, driven by budesonide-formoterol Easyhaler, which grew by 36%.
- **Budesonide-formoterol Easyhaler** is now launched in all key European markets:
 - Menarini launched the product in France in Q1/2018.
 - First marketing authorisation applications submitted outside Europe (APAC, MENA).
 - Orion's market share varies: Sweden 37%, Germany 6%.
- **Salmeterol-flucatisone Easyhaler** received positive conclusions under the decentralised EU marketing authorisation procedure. National approval procedures have started in 23 countries.
- Development of the seventh product, tiotropium, is underway.

Dexdor intensive care sedative sales continued to grow in most European markets

Sales, EUR million



Total value of the European sedatives market
MAT12/2017:
EUR 542 million (+4%)



- Propofol EUR 349 million (+2%)
- Midazolam EUR 64 million (-7%)
- Dexmedetomidine EUR 65 million (+34%)
- Remifentanyl EUR 65 million (+2%)

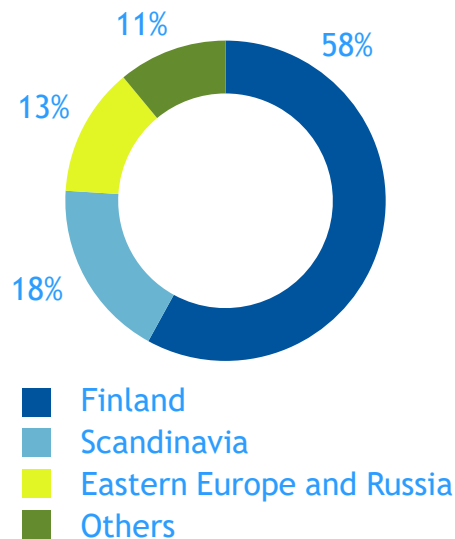
*Source: IQVIA MAT12/2017

Specialty Products

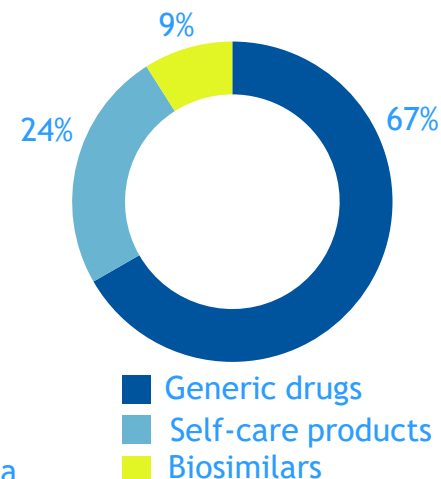
Net sales in key markets, EUR million	1-3/18	vs 1-3/17
Finland	68	-6%
Scandinavia	21	+6%
Eastern Europe and Russia	15	+11%

- The net sales of Specialty Products declined by 3%.
- Sales grew in Scandinavia and in Eastern Europe and Russia. In Finland, sales declined due to tightening price competition.
- Biosimilar sales declined by 4%. Ritemvia sales have commenced. The situation of tendering competitions, tougher competition and lower price level contributed to lower Remsima sales.

Net sales by market area



Net sales by product

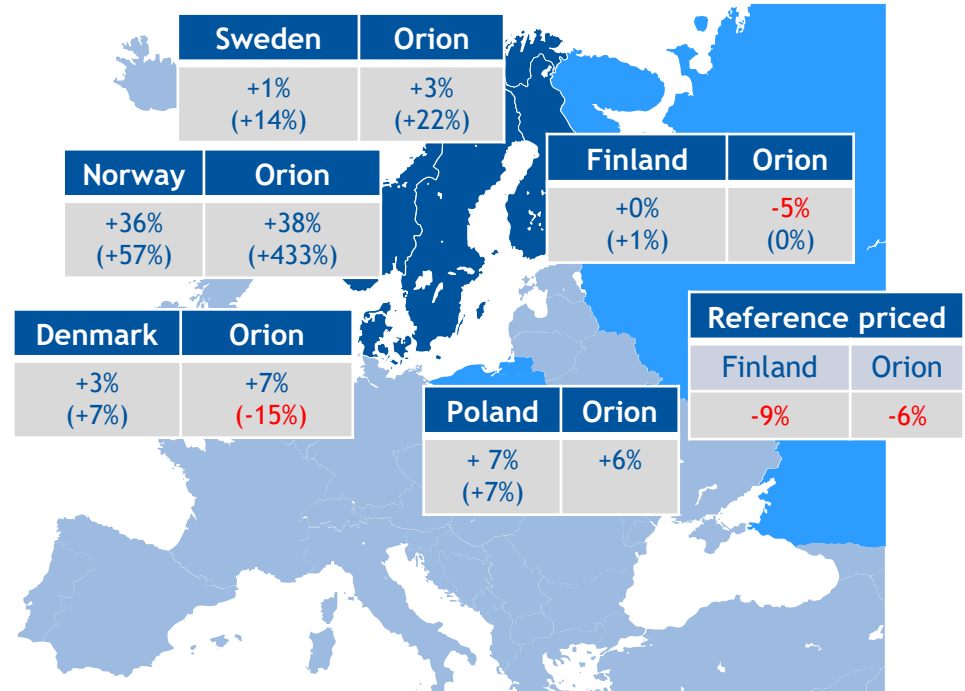


Orion is a significant player in the Nordic generic drugs market

- Orion's market position in 2017: Finland #1, Sweden #2, Denmark #2, Norway #3
- Biosimilars drive market growth in Scandinavia:
 - The market of generic and self-care products grew by 9% in 2017, Orion's growth 8%.
 - When taking biosimilars into account, Orion grew faster than the market: Market growth was 21%, Orion's growth 34%.
- In the Finnish pharmaceuticals market, the sales of reference priced drugs declined by 9% in 2017.

Generic and self-care product sales 2017

Orion vs market trend, (figure in brackets includes also biosimilars)



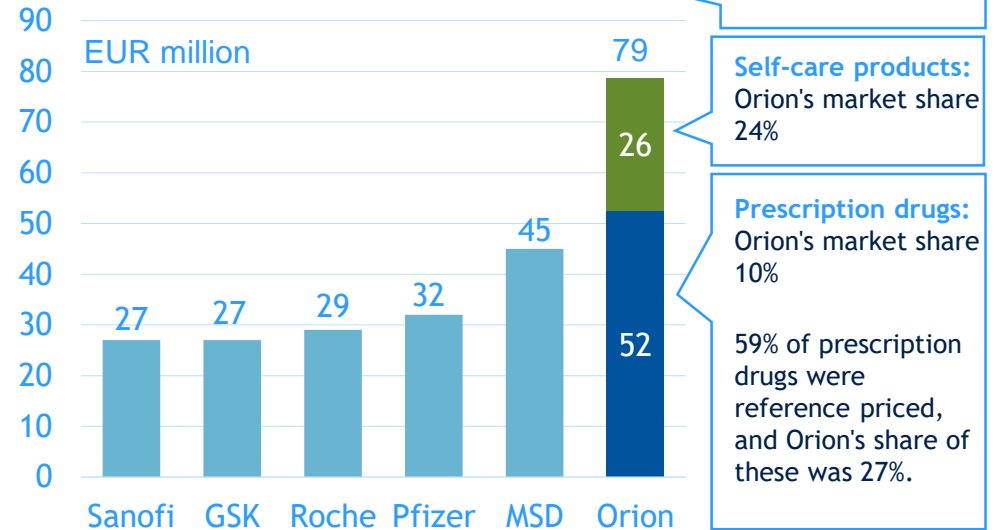
Source: IQVIA 2017

Orion remains strong in home market Finland

Human pharmaceuticals market in Finland 1–3/2018

- Total sales of medicinal and non-medicinal products EUR 652 million
- Orion's market share 12%
- Overall market growth +11%, Orion's sales declined 6% due to changing operating environment:
 - Tightening price competition reduced Orion's net sales in 2017 by EUR 15 million. The effect is expected to be as large in 2018.

Leading pharmaceutical companies in Finland 1–3/2018 (medicinal and non-medicinal products)



Source: IQVIA

QuikRead go[®]

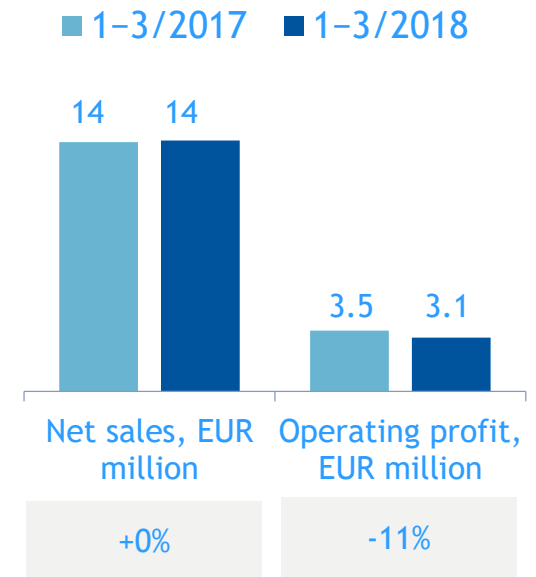


Discontinued operation: Diagnostics business

Orion has sold Orion Diagnostica to an investment fund managed by Axcel Management A/S

- Signed on 21 April 2018, closing on April 30 2018
- Fixed purchase price ~EUR 163 million
- In addition, possible variable component of max. EUR 60 million, based on ROI at exit
- Orion estimates to recognise a capital gain of about EUR 128 million in other operating income for 2018 (does not include any part of the variable component).
- The capital gain will strengthen Orion's equity position and maintain the ability to achieve dividend distribution objective.

"The sale allows Orion to further focus on growth of Pharmaceuticals business."





Outlook and financials

Outlook for 2018 (updated on 21 April 2018)

Net sales

Due to generic and price competition Orion estimates that in 2018 the net sales excluding Orion Diagnostica will be at the same level or slightly lower than in 2017 (net sales were EUR 1,034 million excluding Orion Diagnostica in 2017).

Operating profit

Orion continues persistent actions to generate growth. Due to the estimated sales development and these actions the operating profit excluding Orion Diagnostica and material capital gains is estimated to be lower than in 2017 (operating profit excluding Orion Diagnostica and capital gains was EUR 284 million in 2017).

Orion estimates to recognise EUR 128 million capital gain in other operating income from the sale of Orion Diagnostica at the closing of the transaction. Due to the uncertainty relating to the variable component included in the transaction, the estimated capital gain does not include any part of the variable component.

Orion's financial objectives



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.



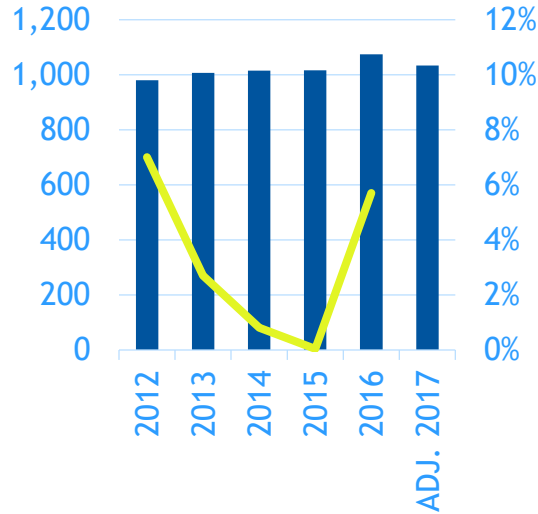
Keeping the equity ratio at least 50%.



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.

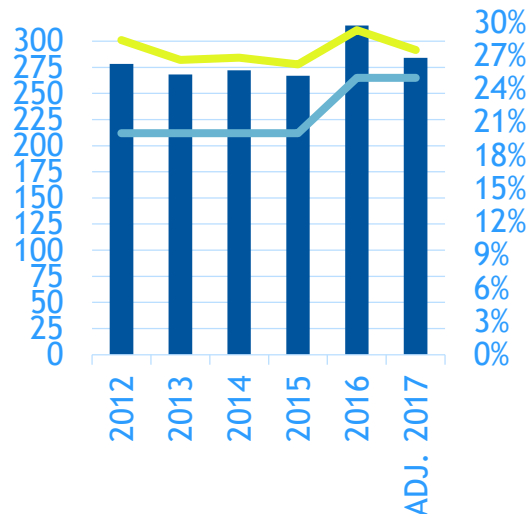
Financial objectives

Net sales



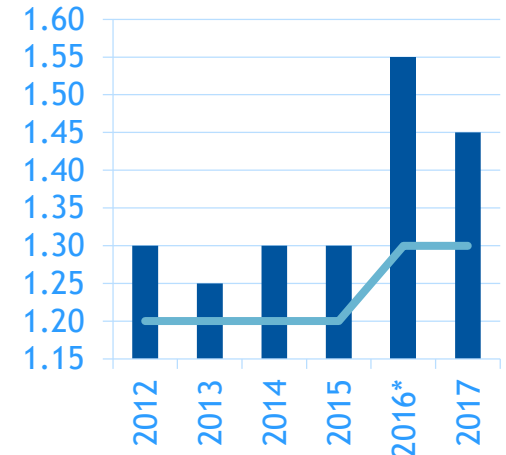
■ Net sales, EUR million
 — Growth, %

Operating profit



■ Operating profit, EUR million
 — Operating profit margin
 — Operating profit target >25%

Dividend

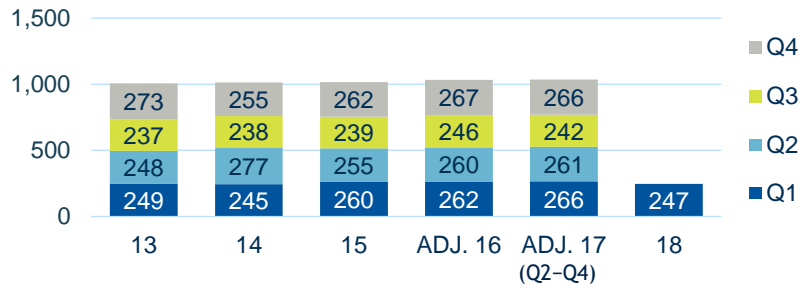


■ Dividend per share, EUR
 — Dividend target
 *) 2016: includes extra dividend EUR 0.20

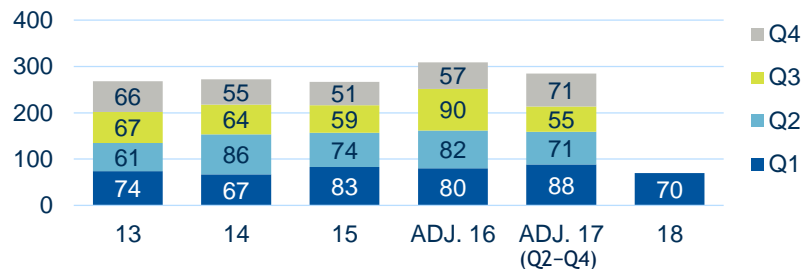
On 21 April 2018, Orion signed an agreement on the sale of all shares in Orion Diagnostica Oy (i.e. the Orion Diagnostica business division). Following the transaction, Orion Diagnostica business is reported as discontinued operation. The figures for 2017 are adjusted, and do not include Orion Diagnostica.

Key figures by quarter

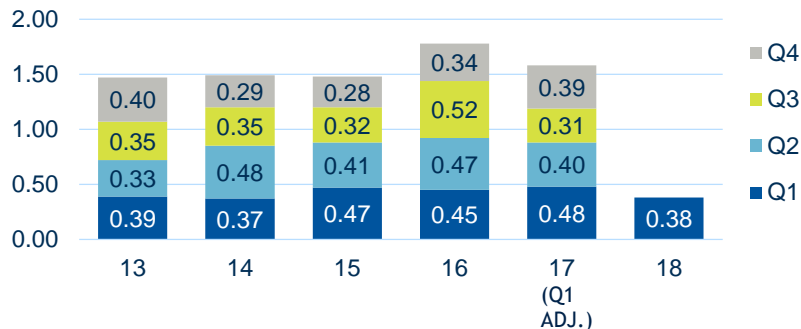
Net sales, EUR million



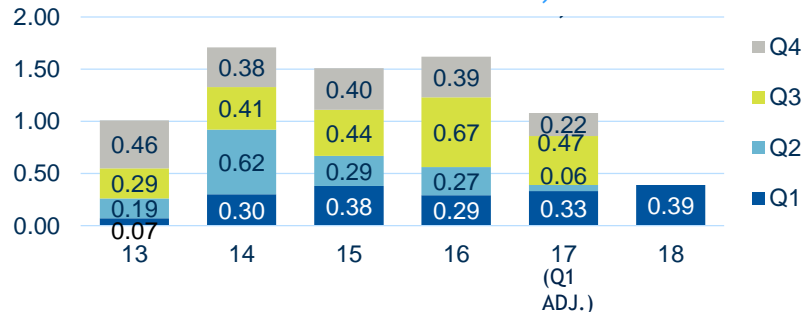
Operating profit, EUR million



Basic earnings per share, EUR



Cash flow per share before financial items, EUR



On 21 April 2018, Orion signed an agreement on the sale of all shares in Orion Diagnostica Oy (i.e. the Orion Diagnostica business division). Following the transaction, Orion Diagnostica business is reported as discontinued operation. Adjusted figures do not include Orion Diagnostica.

Key figures

Orion's key figures	2013	2014	2015	2016	ADJ. 2017
Net sales, EUR million	1,006.9	1,015.3	1,015.6	1,073.5	1,033.6
Operating profit, EUR million	267.7	272.4	266.6	314.6	284.1
Profit before taxes, EUR million	264.0	267.8	262.3	310.9	277.1
R&D expenses, EUR million	101.9	106.2	108.1	118.2	99.1
Equity ratio, %	53.6%	52.3%	57.4%	60.8%	63.8%
Gearing, %	8.4%	-4.7%	-9.6%	-12.4%	-0.7%
ROCE (before taxes), %	38.5%	36.6%	35.7%	40.9%	35.5%
Return on equity, %	40.3%	41.1%	37.5%	40.3%	34.0%
Basic earnings per share, EUR	1.46	1.50	1.48	1.77	1.56
Cash flow per share before financial items, EUR	1.02	1.72	1.51	1.62	1.09
Dividend per share, EUR	1.25	1.30	1.30	1.55*	1.45

*) 2016: dividend includes extra dividend of EUR 0.20

Orion signed on 21 April 2018 an agreement on the sale of Orion Diagnostica. Following the transaction, Orion Diagnostica business is reported as discontinued operation. The figures for 2017 given on this table include continuing and discontinued operations, depending on the item.

Income statement

Formation of profits, EUR million	2013	2014	2015	2016	ADJ. 2017
Net sales	1,006.9	1,015.3	1,015.6	1,073.5	1,033.6
Cost of goods sold	-393.5	-401.7	-405.8	-421.7	-417.6
Gross profit	613.4	613.6	609.8	651.8	616.0
Other operating income and expenses	5.6	1.7	1.5	24.3	4.9
Sales and marketing expenses	-204.9	-193.4	-190.4	-194.7	-188.9
R&D expenses	-101.9	-106.2	-108.1	-118.2	-99.1
Administrative expenses	-44.5	-43.3	-46.2	-48.7	-48.8
Operating profit	267.7	272.4	266.6	314.6	284.1
Profit before taxes	264.0	267.8	262.3	310.9	277.7
Profit for the period for continuing operations					219.1
Profit for the period for discontinued operations					6.9
Profit for the period	206.2	211.3	208.2	249.0	226.0

Orion signed on 21 April 2018 an agreement on the sale of Orion Diagnostica. Following the transaction, Orion Diagnostica business is reported as discontinued operation. Consolidated statement of financial position includes both continuing and discontinued operations.

Financial position

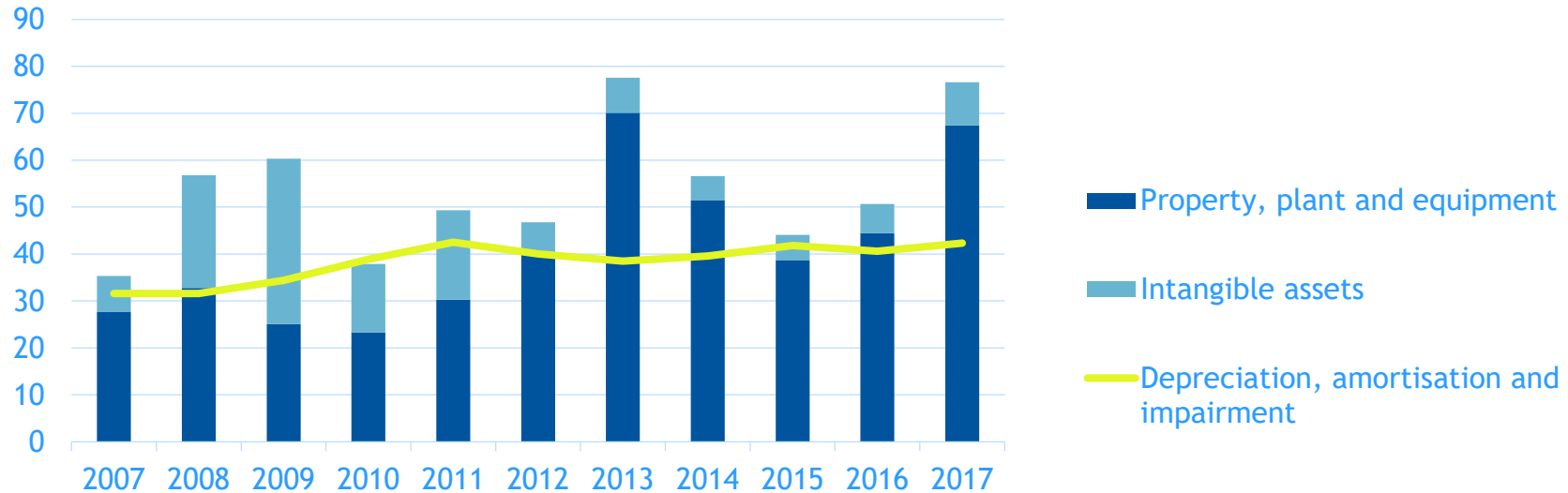
EUR million	12/ 2017	12/ 2016	Change %
Non-current assets total	434.7	371.5	+17.0%
Inventories	225.4	227.5	-0.9%
Trade receivables	199.0	200.1	-0.6%
Other receivables	32.4	31.9	+1.5%
Cash & cash equivalents & money market investments	164.1	200.9	-18.3%
Current assets total	620.8	691.4	-10.2%
Assets total	1,055.5	1,062.9	-0.7%

EUR million	12/ 2017	12/ 2016	Change %
Equity total	679.7	641.4	+6.0%
Interest-bearing non-current liabilities	150.3	150.2	
Non-current liabilities total	196.2	190.8	+2.8%
Current liabilities total	179.7	230.7	-22.1%
Liabilities total	375.8	421.5	-10.8%
Equity and liabilities total	1,055.5	1,062.9	-0.7%

Consolidated statement of financial position includes both continuing and discontinued operations.

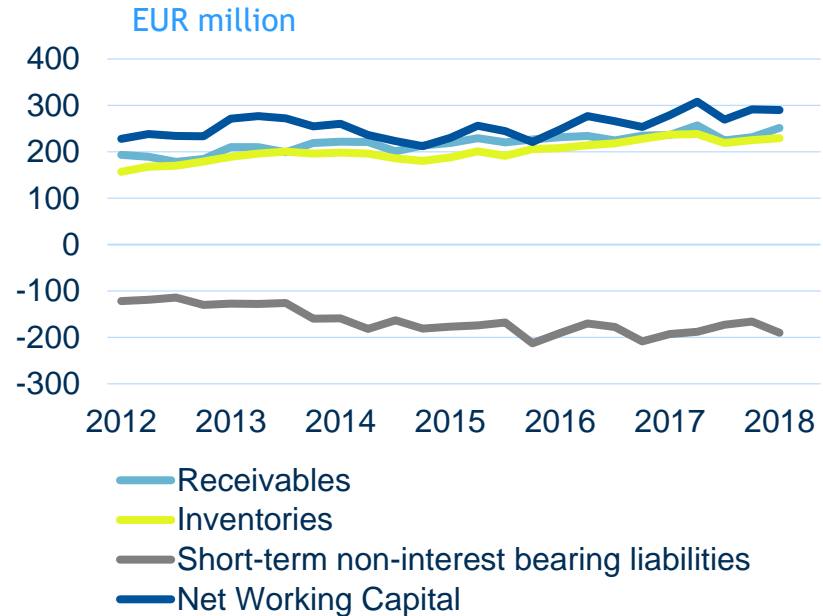
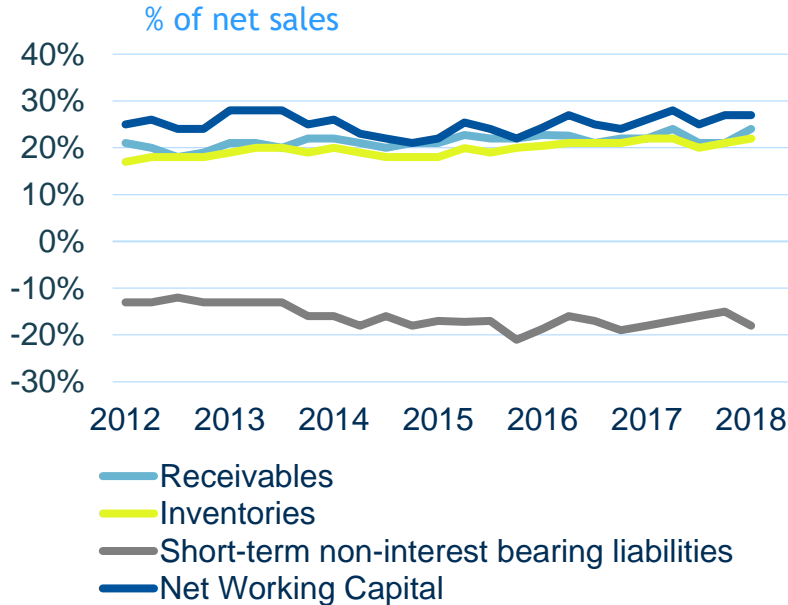
Development of capital expenditure

Orion Capex, EUR million



Consolidated statement of financial position includes both continuing and discontinued operations.

Development of net working capital

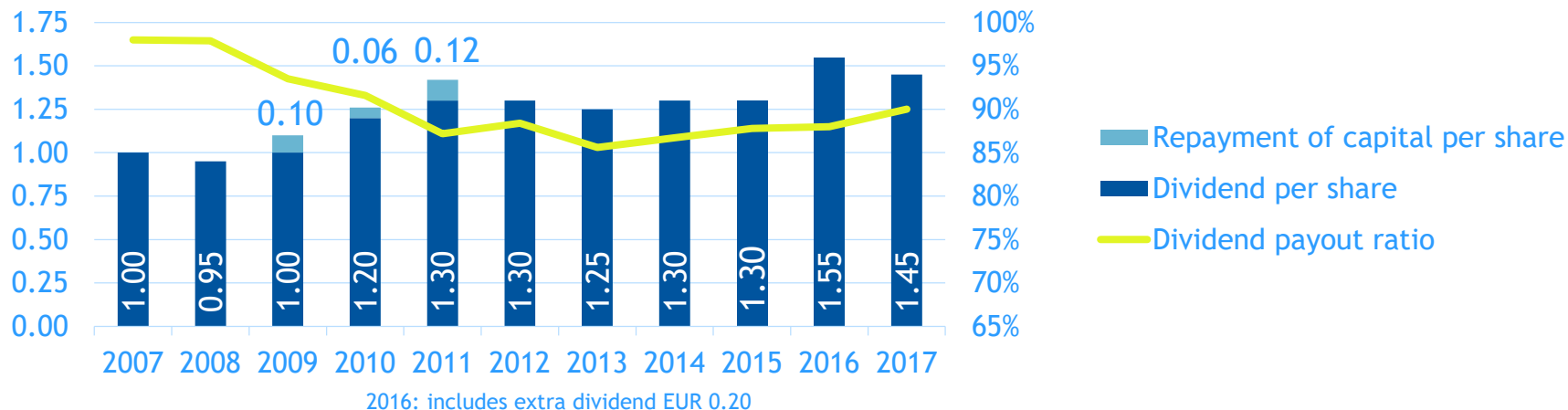


Consolidated statement of financial position includes both continuing and discontinued operations.

Dividend distribution policy

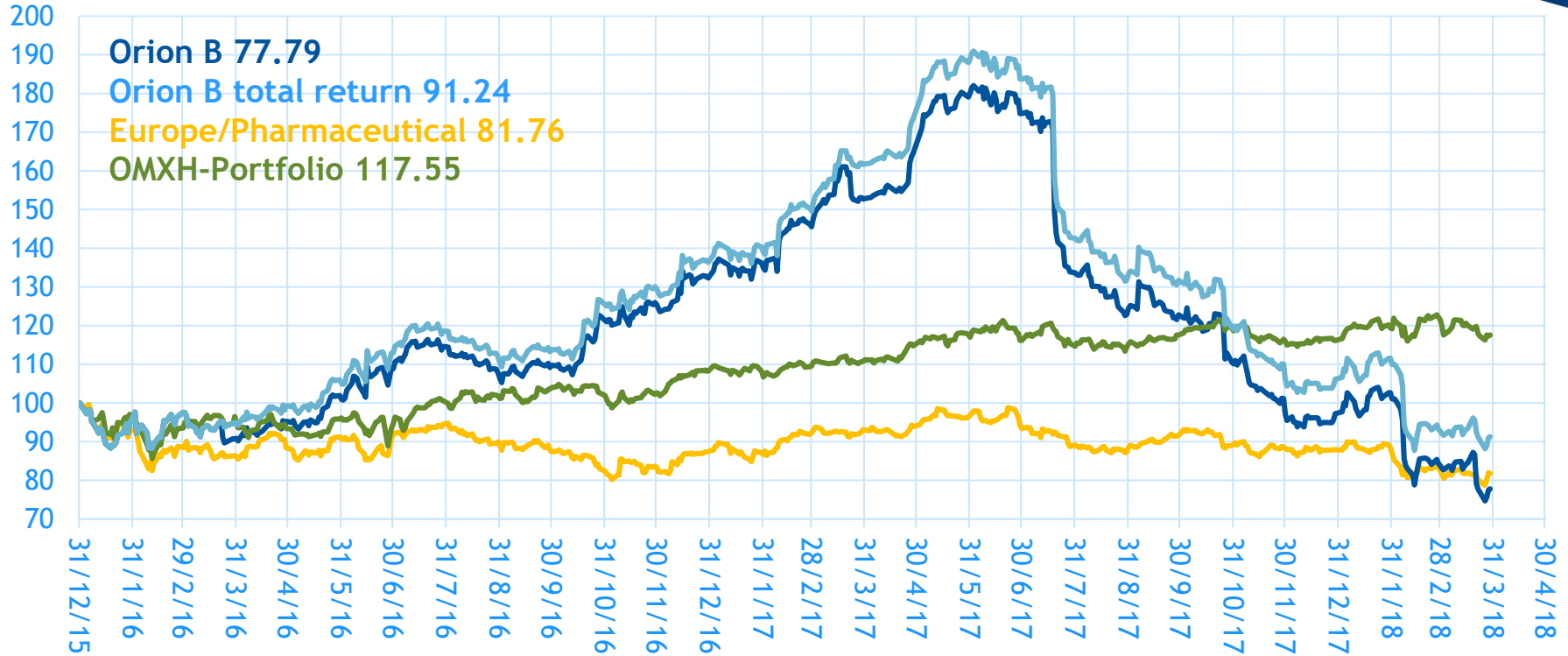
- Orion's dividend distribution takes into account distributable funds and capital expenditure and other financial requirements in medium and long term to achieve the financial objectives.

EUR Dividend distribution history



Orion B share performance, 1/2016-3/2018

Index 31.12.2015=100





Business units

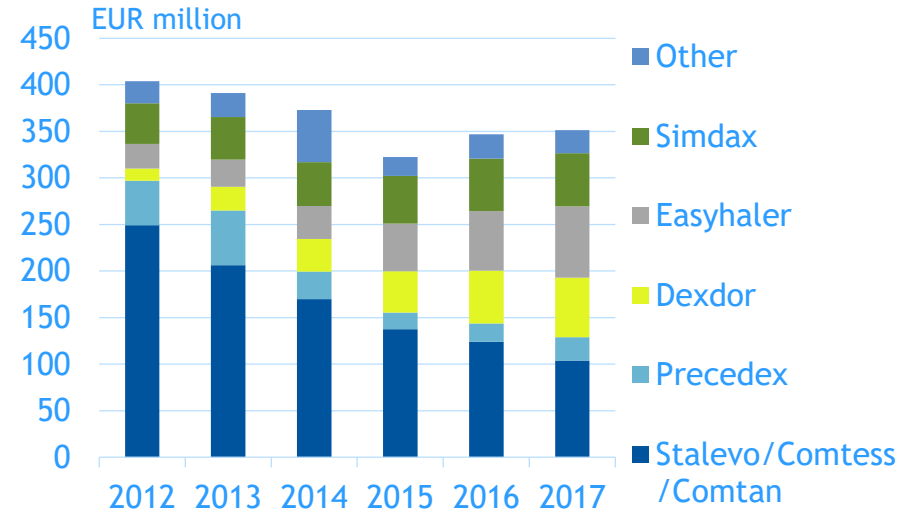
Proprietary Products

- Mainly Orion in-house developed prescription drugs with valid product protection
- Global sales and R&D partner networks









Key drivers for business

- ▲ Easyhaler, Dexdor, & Simdax
- ▲ Possible milestones from development pipeline projects
- ▲ New products from R&D pipeline
- ▼ Generic competition

Net sales

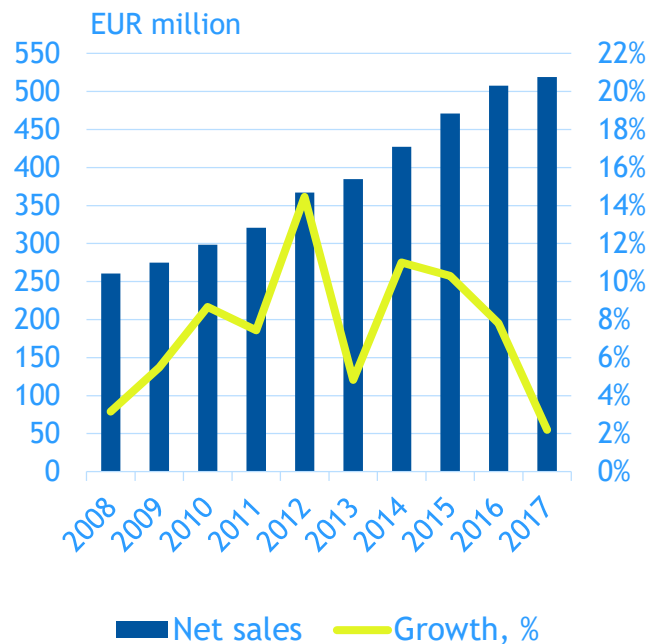


Proprietary human pharmaceuticals developed by Orion

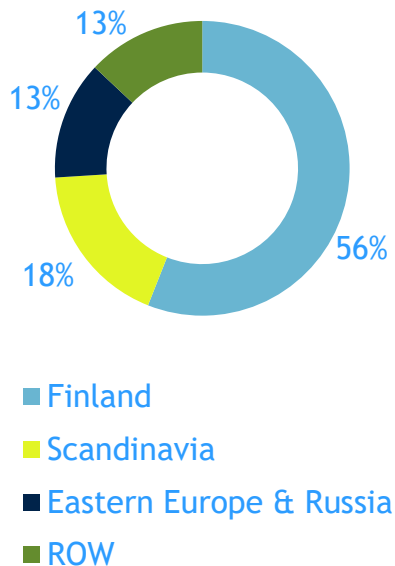
Product	Indication	Year	 Easyhaler®	Year	Indication
	Sedative for ICU use	2011	Bufomix Easyhaler®	2014	
	Parkinson's disease	2003	Formoterol Easyhaler®	2004	
	Acute decompensated heart failure	2000	Budesonid Easyhaler®	2002	Asthma and COPD
	Sedative for ICU use	1999	Beclomet Easyhaler®	1994	
 	Parkinson's disease	1998	Buventol Easyhaler®	1993	
	Breast cancer	1988			

Steady sales growth for Specialty Products

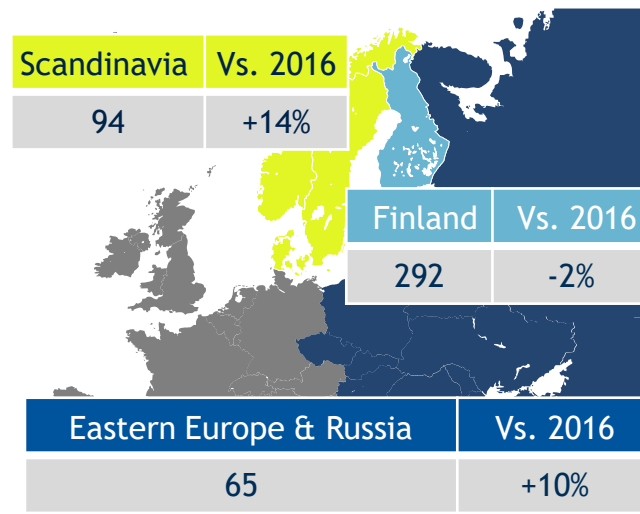
Orion Specialty Products = Gx + OTC including also non-medicinal products



Sales split 2017



Net sales in key markets in 2017, EUR million



Specialty Products

– portfolio of hundreds of different product



Generic prescription drugs

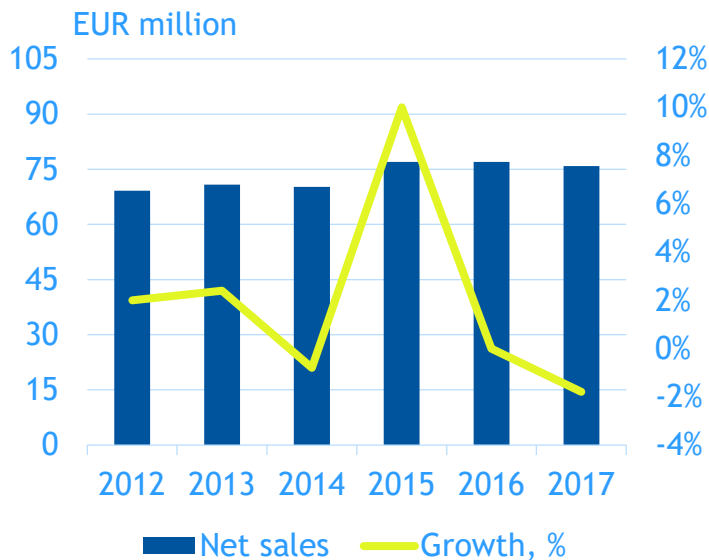


OTC and self-care



Biosimilars

Animal Health

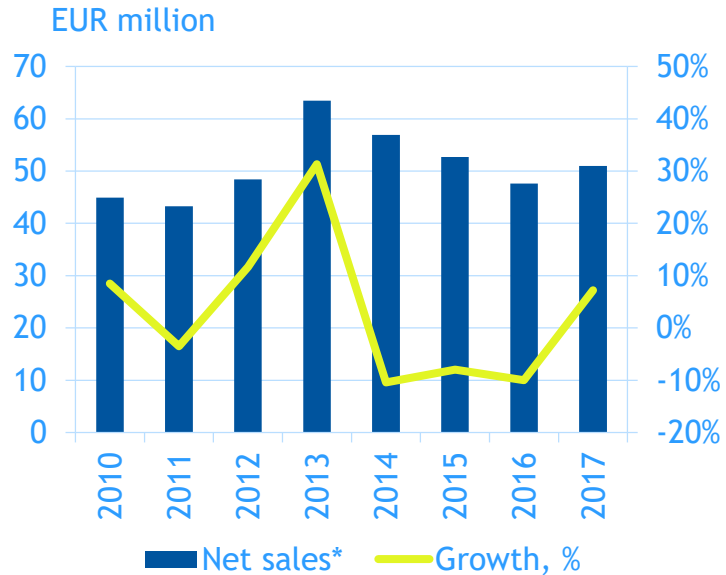


In-house developed proprietary products



- Medicinal and non-medicinal products for companion animals and livestock
- In-house developed proprietary products sold globally both through own sales network and through partners
- In-licensed products sold in own sales areas
- New product to be launched: Clevor ropinirole eye drop

Fermion has an important strategic role



*) Excluding supply to Orion



APIs for Orion's proprietary products



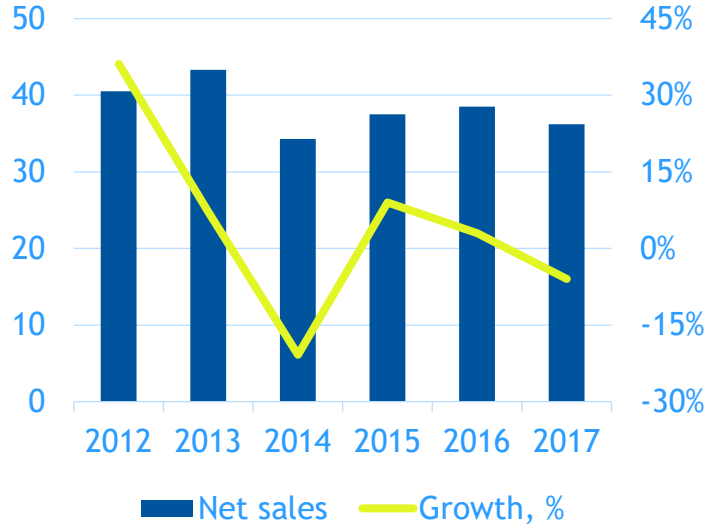
Generic APIs for Orion and other pharmaceutical companies



Contract development and manufacturing

Contract manufacturing & other

EUR million



Pharmaceutical manufacturing for other companies



Orion has special capacity e.g. in hormonal products



**Building
well-being**



Orion Investor Relations

Jari Karlson
CFO

jari.karlson@orion.fi
+358 10 426 2883

Lilli Riikonen
Communications Manager
lilli.riikonen@orion.fi
+358 10 426 2319

Heidi Ahti
Executive Assistant
(Investor meeting requests)
heidi.ahti@orion.fi
+358 10 426 2169

www.orion.fi/EN/Investors
twitter.com/OrionCorplR