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Orion Group  
Interim Report  
1/1/-31/3/ 2017

## Orion Group Interim Report January-March 2017

Orion's net sales in January-March 2017 totalled EUR 279 million (EUR 262 million in January-March 2016).

- Operating profit was EUR 92 (80) million.
- Profit before taxes was EUR 89 (80) million.
- Equity ratio was 53% (44%).
- ROCE before taxes was 51% (46%).
- ROE after taxes was 49% (47%).
- Basic earnings per share were EUR 0.50 (0.45).
- Cash flow per share before financial items was EUR 0.34 (0.29).
- 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

	3M 2017	3M 2016	Change %	2016
Net sales, EUR million	279.2	262.0	+6.5%	1,073.5
Operating profit, EUR million	91.7	80.3	+14.1%	314.6
% of net sales	32.8%	30.7%		29.3%
Profit before taxes, EUR million	88.8	79.7	+11.4%	310.9
% of net sales	31.8%	30.4%		29.0%
Income tax expense, EUR million	18.5	16.4	+13.2%	61.9
R&D expenses, EUR million	25.7	24.9	+3.0%	118.2
% of net sales	9.2%	9.5%		11.0%
Capital expenditure, EUR million	15.4	9.0	+70.1%	51.1
% of net sales	5.5%	3.5%		4.8%
Assets total, EUR million	937.3	1,087.9	-13.8%	1,062.9
Equity ratio, %	53.2%	44.1%		60.8%
Gearing, %	12.2%	-20.3%		-12.4%
Interest-bearing liabilities, EUR million	152.4	185.9	-18.0%	152.5
Non-interest-bearing liabilities, EUR million	290.1	426.9	-32.0%	269.0
Cash and cash equivalents and money market investments, EUR million	92.1	282.5	-67.4%	231.9
ROCE (before taxes), %	51.0%	46.1%		40.9%
ROE (after taxes), %	49.5%	47.3%		40.3%
Basic earnings per share, EUR	0.50	0.45	+11.3%	1.77
Diluted earnings per share, EUR	0.50	0.45	+11.3%	1.77
Cash flow per share before financial items, EUR	0.34	0.29	+15.2%	1.62
Equity per share, EUR	3.52	3.37	+4.4%	4.57
Personnel at the end of the period	3,483	3,409	+2.2%	3,469
Average personnel during the period	3,475	3,401	+2.2%	3,446
Personnel expenses, EUR million	53.4	53.3		224.4

President and CEO Timo Lappalainen:

## “Orion’s centenary year started well”

“Our net sales and operating profit were higher in January-March 2017 than in January-March of the previous year. The higher operating profit was due to growth in net sales, and in addition higher milestone payments than in the previous year.

“The Easyhaler product family for treatment of asthma and chronic obstructive pulmonary disease continued to grow well, led by the Bufomix Easyhaler combined formulation. As regards our other key proprietary products, intensive care sedative Dexdor continued to grow strongly and sales of Simdax for treatment of acute decompensated heart failure, which has been in the markets for a long time, also continued to grow well. As expected, sales of Orion’s branded Parkinson’s drugs Stalevo, Comtess and Comtan continued to decline, but growing other products were able to compensate for the decline in sales of Parkinson’s drugs and increase the total sales of the Proprietary Products business division.

“Net sales of the Specialty Products business division were similar to the previous year. The halt to growth was due to changes in the market environment and ever-intensifying competition, for example 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. In addition, sales of Remsima, which delivered clear growth in previous years, were slightly lower in the first quarter than in the comparative period, mainly due to the timing of the national tendering competition in Norway.

“Fermion’s sales grew well in the first quarter. 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. Our other business divisions were able to increase their net sales in the first quarter of the year.

“Orion’s new Senior Vice President for Research and Development, Christer Nordstedt, became a member of Orion’s Executive Management Board in February. During the review period we focused on taking forward our ongoing clinical development projects, which have progressed as planned. After the review period, in April we submitted a marketing authorisation application for the new salmeterol-fluticasone combined formulation in the Easyhaler product family in Europe.

“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 13 February Orion announced the appointment of Dr Christer Nordstedt, M.D., Ph.D., as Senior Vice President for Research and Development and member of the Executive Management Board of the Orion Group as of 21 February 2017.

On 1 March Orion transferred altogether 107,965 Orion Corporation B shares held by the Company as share bonuses for the earning periods 2014–2016 and 2016 to the persons belonging to the Share-based Incentive Plan for key persons of the Group.

On 22 March Orion Corporation's Annual General Meeting was held in Helsinki.

## Events after the period

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

## News conference and teleconference

A news conference and teleconference on the published results will be held on Wednesday 26 April 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 live as a webcast accessible at Orion's website at <http://www.orion.fi/en/investors>. After the presentation, questions can be asked by telephone in Finnish and English.

The teleconference code is 8575853 and the telephone numbers to participate in the teleconference are:

Finland:	+358 (0)9 7479 0361
Sweden:	+46 (0)8 5033 6574
United Kingdom:	+44 (0)330 336 9105
United States:	+1 719 325 2385

### News conference recordings

A recording of the webcast of the event in English and a recording of the presentation by the President and CEO in Finnish will be published on the Orion website during Wednesday 26 April 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

Capital Markets Day for analysts, institutional investors and media in Helsinki	Thursday 18 May 2017
Half-Year Financial Report January-June 2017	Wednesday 19 July 2017
Interim Report January-September 2017	Thursday 26 October 2017

## For additional information about the financial review:

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

## Financial review 1/1/2017-31/3/2017

### Net sales

The Orion Group's net sales in January-March 2017 were up by 7% at EUR 279 million (EUR 262 million in January-March 2016). The net effect of currency exchange rates was plus EUR 3 million.

The Pharmaceuticals business's net sales were up by 6% at EUR 265 (249) million. Net sales of Orion's Stalevo® (carbidopa, levodopa and entacapone) and Comtess®/Comtan® (entacapone) Parkinson's drugs were down by 7% at EUR 30 (33) million, which was 11% (13%) of the Pharmaceuticals business's net sales.

The Diagnostics business's net sales were up by 7% at EUR 14 (14) million.

### Operating profit

The Orion Group's operating profit was up by 14% at EUR 92 (80) million. Milestone payments accounted for EUR 7 (4) million of the operating profit.

The Pharmaceuticals business's operating profit was up by 13% at EUR 90 (80) million. Milestone payments accounted for EUR 7 (4) million of the operating profit.

The Diagnostics business's operating profit was up by 32% at EUR 3.5 (2.6) million.

### Operating expenses

The Group's sales and marketing expenses were EUR 47 (44) million.

R&D expenses were EUR 26 (25) million and accounted for 9% (10%) of the Group's net sales. Pharmaceutical R&D expenses amounted to EUR 24 (23) million. Research projects are reported in more detail under Pharmaceuticals in the Business Reviews.

Administrative expenses were EUR 11 (11) million.

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

### Group's profit

The Group's profit before taxes was up by 11% at EUR 89 (80) million. Basic earnings per share were EUR 0.50 (0.45) and diluted earnings per share were EUR 0.50 (0.45). Equity per share was EUR 3.52 (3.37). The return on capital employed before taxes (ROCE) was 51% (46%) and the return on equity after taxes (ROE) 49% (47%).

### Financial position

The Group's gearing was 12% (-20%) and the equity ratio 53% (44%). The change in gearing is due to payment of the dividend earlier than in the previous year, and consequently the Company's cash and cash equivalents were clearly lower than in the comparative period.

The Group's total liabilities at 31 March 2017 were EUR 443 (613) million. The non-interest-bearing liabilities in the comparative period include the dividends (EUR 183 million) transferred from equity in March 2016 but not paid until the beginning of April 2016. At the end of the period, interest-bearing liabilities amounted to EUR 152 (186) million, including EUR 150 (176) million of long-term loans.

The Group had EUR 92 (283) million of cash and cash equivalents and money market investments at the end of the period. The change is explained by the earlier payment of the dividend than in the previous year.

### Cash flow

Cash flow from operating activities was EUR 63 (52) million. The higher cash flow was mainly due to the increase in net sales.

Cash flow from investing activities was EUR -16 (-12) million.

Cash flow from financing activities was EUR -186 (-2) million. The change is explained by the earlier payment of the dividend than in the previous year.

### Capital expenditure

The Group's capital expenditure totalled EUR 15 (9) million. This comprised EUR 13 (7) million on property, plant and equipment and EUR 3 (2) 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 in all markets. 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. A generic competitor to Dexdor<sup>®</sup> was approved in some European countries. However, the impact of these approvals is not included in the outlook estimate because at this stage it is still difficult to estimate the precise timing and significance of possible competition. 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 the product in the current year are expected to be similar to 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 family production capacity.

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 marketing authorisation for a generic version of Dexdor has been granted in some European countries. Orion is continuing actions to defend its rights.

Sales of individual products and also Orion's sales in individual markets may vary, for example depending on the extent to which the ever-tougher price and other competition prevailing in pharmaceutical markets in recent years will specifically affect Orion's products. Deliveries of Parkinson's drugs to Novartis, the most important collaboration partner, are based on timetables that are jointly agreed in advance. Nevertheless, they can change, for example as a consequence of decisions by Novartis concerning among others adjustments of stock levels. In addition, changes in market prices and exchange rates affect the value of deliveries to Novartis.

The exchange rate risk due to the US dollar has decreased in recent years because the share of Orion's net sales invoiced in dollars has fallen to below ten per cent 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 2014-16 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.

## 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 31 March 2017 Orion had a total of 141,257,828 (141,257,828) shares, of which 38,100,273 (38,906,154) were A shares and 103,157,555 (102,351,674) B shares. The Group's share capital was EUR 92,238,541.46 (92,238,541.46). At the end of March 2017 Orion held 675,401 (283,366) B shares as treasury shares. On 31 March 2017 the aggregate number of votes conferred by the A and B shares was 864,487,614 (880,191,388) excluding treasury shares.

At the end of March 2017, Orion had 48,273 (49,370) 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-March 2017 in total 193,881 shares were converted.

### Trading in Orion's shares

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

On 31 March 2017 the market capitalisation of the Company's shares, excluding treasury shares, was EUR 6,863 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.

On 1 March 2017 Orion transferred altogether 107,965 Orion Corporation B shares held by the Company as share bonuses for the earning periods 2014-2016 and 2016 to the key persons belonging to the incentive plans of the Orion Group.

The transfer was based on the authorisation by the Annual General Meeting on 22 March 2016. The price per share of the transferred shares was EUR 47.1011, which was the volume weighted average quotation of Orion Corporation B shares on 1 March 2017. The total transaction price of the transferred shares was therefore EUR 5,085,270.26.

### 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 March 2017, Orion had a total of 48,273 (49,370) registered shareholders, of whom 96% (96%) were private individuals holding 39% (41%) of the entire share stock and 61% (62%) of the total votes. There were altogether 63 (58) million nominee-registered and foreign-owned shares, which was 44% (41%) of all shares, and they conferred entitlement to 10% (9%) of the total votes.

At the end of March 2017 Orion held 675,401 (283,366) B shares as treasury shares, which is 0.5% (0.2%) of the Company's total share stock and 0.08% (0.03%) of the total votes.

## Decisions by the Annual General Meeting

The Annual General Meeting of the Shareholders of Orion Corporation was held on 22 March 2017 in Messukeskus Helsinki, Expo and Convention Centre. The following matters among others were handled at the meeting.

### Adoption of the financial statements for financial year 1 January to 31 December 2016

The Annual General Meeting adopted the financial statements of the Company and Group as per 31 December 2016.

### Total dividend EUR 1.55 per share

Based on the adopted statement of financial position for the financial period ending 31 December 2016, a dividend of EUR 1.35 per share and in addition an extra EUR 0.20 special dividend per share to commemorate Orion's centenary year, in total EUR 1.55 per share, were approved in accordance with the Board's proposal. The record date for dividend distribution was 24 March 2017 and the payment date was 31 March 2017.

### Discharge from liability

The members of the Board of Directors and the President and CEO were discharged from liability for the financial year 1 January to 31 December 2016.

### Remuneration of the members of the Board of Directors

The Annual General Meeting decided that as the annual fees for the term of office of the Board of Directors, the Chairman shall receive EUR 84,000, the Vice Chairman shall receive EUR 55,000 and the other Board members shall receive EUR 42,000 each. Furthermore, as a fee for each meeting attended, the Chairman shall receive EUR 1,200, the Vice Chairman shall receive EUR 900 and the other Board members shall receive EUR 600 each. The travel expenses of Board members shall continue to be paid in

accordance with previous practice. The aforementioned meeting fees shall also be paid to the Chairmen and to the members of the committees established by the Board.

Of the aforementioned annual fees, 60% was to be paid in cash and 40% in the Company's shares, so Orion Corporation B shares were to be acquired in the period 27 April to 4 May 2017 from the stock exchange in amounts corresponding to EUR 33,600 for the Chairman, EUR 22,000 for the Vice Chairman and EUR 16,800 for each of the other Board members. The part of the annual fee paid in cash, which corresponds to the approximate sum necessary for the payment of the income taxes on the fees, was to be paid no later than 31 May 2017. The annual fees encompass the full term of office of the Board of Directors.

It was also decided that the Company shall pay the transfer tax related to the portion of the annual fees of the members of the Board of Directors to be paid in shares.

### Members and Chairman of the Board of Directors

The number of members in the Board of Directors was confirmed to be seven. Sirpa Jalkanen, Timo Maasilta, Eija Ronkainen, Mikael Silvennoinen and Heikki Westerlund were re-elected as members of the Board of Directors for the following term of office, and Ari Lehtoranta and Hilpi Rautelin were elected as new members. Heikki Westerlund was elected as the Chairman of the Board of Directors.

### Auditor and auditor's fee

PricewaterhouseCoopers Oy, authorised public accountants, were elected as the auditor for the following term of office. The auditor's fee shall be paid against an invoice approved by the Company.

### Amendments to Sections 5 and 9 (1) of the Articles of Association

The Annual General Meeting decided to amend Section 5 of the Articles of Association by deleting the last sentence of Section 5 concerning the maximum age (67 years) of a person elected as a member of the Board of Directors. Following the amendment, Section 5 of the Articles of Association is in its entirety as follows:

"The Board of Directors shall comprise at least five (5) and at most eight (8) members. The term of the members of the Board of Directors shall end at the end of the Annual General Meeting of Shareholders following the election. The General Meeting of Shareholders shall elect the Chairman of the Board of Directors and the Board of Directors shall elect the Vice Chairman of the Board of Directors, both for the same term as the other members."

In addition, the Annual General Meeting decided to amend the first paragraph of Section 9 of the Articles of Association to correspond to the amended wording of the Auditing Act. Following the amendment, the first paragraph of Section 9 of the Articles of Association is in its entirety as follows:

"The company shall have one auditor, which shall be Authorised Public Accountants."

## Constitution of the Board of Directors

At its constitutive meeting following the Annual General Meeting, the Board of Directors elected Timo Maasilta as its Vice Chairman.

## Personnel

The average number of employees in the Orion Group in January-March 2017 was 3,475 (3,401). At the end of March 2017 the Group had a total of 3,483 (3,409) employees, of whom 2,812 (2,731) worked in Finland and 671 (678) outside Finland.

Salaries and other personnel expenses in January-March 2017 totalled EUR 53 (53) 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-March 2017 was EUR 546 (538) 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-March 2017 amounted to EUR 72 (69) million, up by 4% 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		MAT12/2016	MAT12/2015	Change %
United States	USD	9	12	-27%
Europe TOP 5	EUR	67	91	-27%
Japan	EUR	78	66	+18%

Source: IMS Health pharmaceutical sales statistics MAT12/2016 (1/2016–12/2016)

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 December 2016 were EUR 523 (525) million. According to IMS Health pharmaceutical sales statistics, sales of Orion's Dexdor<sup>®</sup> intensive care sedative (dexmedetomidine) were up by 34% at EUR 48 (36) million in Europe.

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

In January-March 2017 the Pharmaceuticals business's net sales were EUR 265 (249) million and its operating profit was EUR 90 (80) million. Milestone payments accounted for EUR 7 (4) million of the net sales and operating profit, and they comprised payments related to marketing rights. The operating profit of the Pharmaceuticals business was 34% (32%) of the segment's net sales.

Net sales of Orion's top ten pharmaceuticals in January-March 2017 were up by 8% at EUR 120 (111) million. They accounted for 45% (44%) 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-March 2017 were up by 12% at EUR 98 (88) million. Sales of Parkinson's drugs continued to decline, but sales of other products grew 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-March 2017 were down by 7% at EUR 30 (33) 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	3M 2017	3M 2016	Change %
Stalevo deliveries to Novartis	17	19	-12%
Comtan deliveries to Novartis	7	4	+56%
Orion's Stalevo sales	6	8	-24%
Orion's Comtess sales	1	1	-30%

Net sales of Simdax<sup>®</sup>, a drug for treatment of acute decompensated heart failure, in January-March 2017 were up by 12% at EUR 15 (14) 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 15% in January-March 2017 at EUR 18 (16) 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 38% at EUR 8 (6) million in January-March 2017. In the last quarter of 2016, through the decentralised procedure the budesonide-formoterol Easyhaler combined formulation received marketing authorisation for Germany, the United Kingdom and France. The national approval process has been completed in Germany and is ongoing in the United Kingdom and France. Orion is expanding Easyhaler production at the Espoo pharmaceuticals production plant.

Net sales of Orion's Dexdor<sup>®</sup> intensive care sedative (dexmedetomidine) in January-March 2017 were up by 18% at EUR 17 (14) million. Sales of the Precedex<sup>®</sup> intensive care sedative were up by 79% at EUR 7 (4) 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-March 2017 were EUR 122 (123) 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-March 2017 were up by 3% at EUR 72 (70) million due to good growth in sales of self-care products and Remsima<sup>®</sup>.

Sales were down by 8% at EUR 20 (21) million in Scandinavia and up by 9% at EUR 13 (12) million in Eastern Europe and Russia.

Net sales of the biosimilar Remsima<sup>®</sup> for treatment of rheumatoid arthritis among other things were down by 6% at EUR 11 (12) million due to the timing of the national tendering competition in Norway.

#### 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-March 2017 were up by 5% at EUR 19 (18) million. Sales of the animal sedative product family at EUR 7 (7) million accounted for 39% (37%) 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 grew well in the first quarter. 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. Fermion's net sales in January-March 2017 excluding pharmaceutical ingredients supplied for Orion's own use were up by 47% at EUR 16 (11) 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-March 2017 were EUR 26 (25) million, of which the Pharmaceuticals business accounted for EUR 24 (23) million. The Group's R&D expenses accounted for 9% (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 commenced a 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.

Orion's partner Tenax Therapeutics, Inc. will develop and commercialise levosimendan in US and Canadian markets for a new cardiovascular indication, prevention of low cardiac output syndrome (LCOS) in cardiac surgery patients. The company has completed the Phase III clinical trial for this indication. According to the preliminary findings, the trial did not achieve its primary objectives. Tenax has announced that it will



continue analysing the findings and will discuss the trial results and possible continuance of development work with the US Food and Drug Administration (FDA).

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

## Diagnostics

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-March 2017 were up by 7% at EUR 14.4 (13.5) million.

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 unnecessary use of antibiotics avoided in situations in which a patient would not benefit from them. Avoiding unnecessary antibiotic treatments helps in tackling the growing problem of antibiotic resistance.

The operating profit of the Diagnostics business was up by 32% at EUR 3.5 (2.6) million thanks to growth in sales with good margins, among other things. The operating profit accounted for 24% (19%) of the segment's net sales.

Espoo, 26 April 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	3M 2017	3M 2016	Change %	2016
<b>Net sales</b>	<b>279.2</b>	262.0	+6.5%	1,073.5
Cost of goods sold	-103.4	-102.2	+1.1%	-421.7
<b>Gross profit</b>	<b>175.8</b>	159.8	+10.0%	651.8
Other operating income and expenses	0.1	-0.2	+173.0%	24.3
Sales and marketing expenses	-47.4	-43.7	+8.6%	-194.7
R&D expenses	-25.7	-24.9	+3.0%	-118.2
Administrative expenses	-11.1	-10.6	+4.1%	-48.7
<b>Operating profit</b>	<b>91.7</b>	80.3	+14.1%	314.6
Finance income	-0.1	0.1	-140.4%	0.8
Finance expenses	-2.8	-1.2	+134.3%	-4.9
Share of associated companies' results		0.4	-100.0%	0.4
<b>Profit before taxes</b>	<b>88.8</b>	79.7	+11.4%	310.9
Income tax expense	-18.5	-16.4	+13.2%	-61.9
<b>Profit for the period</b>	<b>70.3</b>	63.3	+11.0%	249.0
<b>OTHER COMPREHENSIVE INCOME INCLUDING TAX EFFECTS</b>				
Change in value of available-for-sale investments	0.0	0.5		-5.2
Translation differences	0.2	-2.1		-4.6
<b>Items that may be reclassified subsequently to profit and loss</b>	<b>0.2</b>	-1.5		-9.8
Items due to remeasurement of defined benefit plans	0.0	-0.0		3.7
<b>Items that will not be reclassified to profit and loss</b>	<b>0.0</b>	-0.0		3.7
<b>Other comprehensive income net of tax</b>	<b>0.2</b>	-1.5		-6.1
<b>Comprehensive income for the period including tax effects</b>	<b>70.5</b>	61.8	+14.1%	243.0
<b>PROFIT ATTRIBUTABLE TO:</b>				
Owners of the parent company	70.3	63.3	+11.0%	249.0
Non-controlling interests	0.0	0.0		0.0
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the parent company	70.5	61.8	+14.1%	243.0
Non-controlling interests	0.0	0.0		0.0
<b>Basic earnings per share, EUR <sup>1)</sup></b>	<b>0.50</b>	0.45	+11.3%	1.77
<b>Diluted earnings per share, EUR <sup>1)</sup></b>	<b>0.50</b>	0.45	+11.3%	1.77
Depreciation, amortisation and impairment	10.3	9.9	+3.9%	40.6
Personnel expenses	53.4	53.3		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**
**ASSETS**

EUR million	3/17	3/16	Change %	12/16
Property, plant and equipment	293.7	275.6	+6.5%	289.1
Goodwill	13.5	13.5		13.5
Intangible rights	38.0	41.0	-7.3%	37.9
Other intangible assets	2.6	2.5	+6.3%	2.5
Investments in associates	0.1	3.0	-97.7%	0.1
Available-for-sale investments	0.3	7.6	-96.5%	0.4
Pension asset	21.5	22.1	-2.6%	22.8
Deferred tax assets	1.4	1.0	+33.0%	1.5
Other non-current assets	2.3	4.1	-44.7%	3.8
<b>Non-current assets total</b>	<b>373.3</b>	<b>370.5</b>	<b>+0.8%</b>	<b>371.5</b>
Inventories	236.8	207.7	+14.0%	227.5
Trade receivables	184.1	184.9	-0.5%	200.1
Other receivables	51.0	42.3	+20.4%	31.9
Money market investments				31.0
Cash and cash equivalents	92.1	282.5	-67.4%	200.9
<b>Current assets total</b>	<b>564.0</b>	<b>717.4</b>	<b>-21.4%</b>	<b>691.4</b>
<b>Assets total</b>	<b>937.3</b>	<b>1,087.9</b>	<b>-13.8%</b>	<b>1,062.9</b>

**EQUITY AND LIABILITIES**

EUR million	3/17	3/16	Change %	12/16
Share capital	92.2	92.2		92.2
Expendable fund	0.5	0.5		0.5
Other reserves	2.4	7.4	-68.0%	2.0
Retained earnings	399.7	374.9	+6.6%	546.6
<b>Equity attributable to owners of the parent company</b>	<b>494.8</b>	<b>475.1</b>	<b>+4.2%</b>	<b>641.4</b>
Non-controlling interests	0.0	0.0	-352.9%	0.0
<b>Equity total</b>	<b>494.8</b>	<b>475.1</b>	<b>+4.1%</b>	<b>641.4</b>
Deferred tax liabilities	37.0	36.8	+0.5%	37.1
Pension liability	3.1	3.1	+2.1%	3.2
Provisions	0.3	0.3	-0.9%	0.3
Interest-bearing non-current liabilities	150.3	175.7	-14.5%	150.2
Other non-current liabilities	0.0	0.0	+2.5%	0.0
<b>Non-current liabilities total</b>	<b>190.7</b>	<b>215.9</b>	<b>-11.7%</b>	<b>190.8</b>
Trade payables	96.8	80.8	+19.8%	106.1
Current tax liabilities	13.9	5.9	+137.1%	9.1
Other current liabilities	138.8	299.9	-53.7%	112.9
Provisions		0.0	-100.0%	0.2
Interest-bearing current liabilities	2.1	10.2	-79.1%	2.3
<b>Current liabilities total</b>	<b>251.8</b>	<b>396.9</b>	<b>-36.6%</b>	<b>230.7</b>
<b>Liabilities total</b>	<b>442.5</b>	<b>612.8</b>	<b>-27.8%</b>	<b>421.5</b>
<b>Equity and liabilities total</b>	<b>937.3</b>	<b>1,087.9</b>	<b>-13.8%</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						63.3		<b>63.3</b>
<b>Other comprehensive income:</b>								
Change in value of available-for-sale investments			0.5					<b>0.5</b>
Translation differences					-2.0			<b>-2.0</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>
Share-based incentive plan						2.1		<b>2.1</b>
Other adjustments			0.0			-0.4	0.0	<b>-0.3</b>
<b>Equity at 31 March 2016</b>	<b>92.2</b>	<b>0.5</b>	<b>7.4</b>	<b>-1.7</b>	<b>-3.6</b>	<b>380.2</b>	<b>0.0</b>	<b>475.1</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						70.3		<b>70.3</b>
<b>Other comprehensive income:</b>								
Translation differences					0.2			<b>0.2</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						1.1		<b>1.1</b>
Other adjustments			0.3			-0.3	0.0	<b>0.0</b>
<b>Equity at 31 March 2017</b>	<b>92.2</b>	<b>0.5</b>	<b>2.4</b>	<b>2.0</b>	<b>-6.1</b>	<b>403.7</b>	<b>0.0</b>	<b>494.8</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

EUR million	3M 2017	3M 2016	2016
Operating profit	91.7	80.3	314.6
Adjustments	11.9	12.7	26.8
Change in working capital	-24.7	-28.2	-33.0
Interest paid	-2.1	-2.3	-11.9
Interest received	0.3	2.5	7.7
Dividends received	0.0		0.1
Income taxes paid	-13.8	-12.6	-55.2
<b>Total net cash flow from operating activities</b>	<b>63.3</b>	<b>52.5</b>	<b>249.1</b>
Investments in property, plant and equipment	-14.0	-9.3	-41.0
Investments in intangible assets	-2.9	-2.4	-6.7
Sales of property, plant and equipment, and available-for-sale investments	0.7	0.2	26.6
<b>Total net cash flow from investing activities</b>	<b>-16.2</b>	<b>-11.5</b>	<b>-21.1</b>
Current loans raised	0.8	0.2	1.2
Repayments of current loans	-1.3	-0.3	-1.5
Repayments of non-current loans		-2.3	-36.7
Treasury shares			-16.8
Dividends paid and other distribution of profits	-185.4	-0.0	-183.6
<b>Total net cash flow from financing activities</b>	<b>-185.9</b>	<b>-2.4</b>	<b>-237.4</b>
<b>Net change in cash and cash equivalents</b>	<b>-138.8</b>	<b>38.5</b>	<b>-9.4</b>
Cash and cash equivalents at the beginning of the period	231.9	245.2	245.2
Foreign exchange differences	-1.0	-1.3	-3.9
Net change in cash and cash equivalents	-138.8	38.5	-9.4
Cash and cash equivalents at the end of the period	92.1	282.5	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	92.1	282.5	200.9
Money market investments at the end of the period			31.0
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>92.1</b>	<b>282.5</b>	<b>231.9</b>

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	3/17	3/16	12/16
Carrying amount at the beginning of the period	289.1	276.4	276.4
Additions	12.7	6.9	44.5
Disposals	-0.2	-0.2	-1.4
Depreciation and impairments	-7.9	-7.5	-30.5
<b>Carrying amount at the end of the period</b>	<b>293.7</b>	<b>275.6</b>	<b>289.1</b>

## CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	3/17	3/16	12/16
Carrying amount at the beginning of the period	40.4	44.3	44.3
Additions	2.7	1.7	6.2
Disposals	-0.0	-0.0	-0.0
Amortisation and impairments	-2.4	-2.4	-10.1
<b>Carrying amount at the end of the period</b>	<b>40.6</b>	<b>43.5</b>	<b>40.4</b>

## COMMITMENTS AND CONTINGENCIES

EUR million	3/17	3/16	12/16
<b>CONTINGENCIES FOR OWN LIABILITIES</b>			
Guarantees	4.1	5.2	4.1
<b>OTHER LIABILITIES</b>			
Leasing liabilities (excluding finance lease contracts)	5.5	6.5	6.7
Other liabilities	0.3	0.3	0.3

## DERIVATIVES

EUR million	3/17	3/16	12/16
<b>CURRENCY FORWARD CONTRACTS AND CURRENCY SWAPS</b>			
Fair value, EUR million	-0.3	-1.0	-0.1
Nominal value, EUR million	52.3	52.4	25.1
<b>CURRENCY OPTIONS</b>			
Fair value, EUR million	0.0	-0.1	-0.0
Nominal value, EUR million	53.3	46.5	31.7

## FAIR VALUE MEASUREMENT AND HIERARCHY OF FINANCIAL INSTRUMENTS

EUR million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivatives				
Currency derivatives		0.4		0.4
Available-for-sale financial assets				
Shares and investments			0.3	0.3
<b>Assets total</b>		0.4	0.3	0.6
<b>Liabilities</b>				
Derivatives				
Currency derivatives		-0.7		-0.7
<b>Liabilities total</b>		-0.7		-0.7

The level 1 financial instrument fair value is based on quotations available in active markets. The level 2 financial instrument fair value 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	3M 2017	3M 2016	2016
Management's employment benefits	4.9	4.8	6.8

## Operating segment performance

### NET SALES BY BUSINESS DIVISION

EUR million	3M 2017	3M 2016	Change %	2016
Pharmaceuticals	265.5	249.3	+6.5%	1,021.6
Proprietary Products	98.4	88.0	+11.8%	350.4
Specialty Products	121.8	122.8	-0.9%	507.8
Animal Health	19.1	18.2	+4.9%	77.3
Fermion	15.5	10.6	+46.9%	47.6
Contract manufacturing and other	10.7	9.7	+10.8%	38.5
Diagnostics	14.4	13.5	+6.6%	54.8
Group items	-0.7	-0.8	-6.7%	-2.8
<b>Group total</b>	<b>279.2</b>	<b>262.0</b>	<b>+6.5%</b>	<b>1,073.5</b>

### OPERATING PROFIT BY BUSINESS AREA

EUR million	3M 2017	3M 2016	Change %	2016
Pharmaceuticals	90.2	80.1	+12.6%	316.4
Diagnostics	3.5	2.6	+32.5%	8.4
Group items	-2.0	-2.4	-18.0%	-10.2
<b>Group total</b>	<b>91.7</b>	<b>80.3</b>	<b>+14.1%</b>	<b>314.6</b>

### NET SALES BY ANNUAL QUARTERS

EUR million	2017				2016			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Pharmaceuticals	265.5	267.1	245.7	259.5	249.3	247.3	227.1	242.0
Diagnostics	14.4	13.5	13.4	14.4	13.5	15.2	12.5	13.9
Group items	-0.7	-0.7	-0.6	-0.7	-0.8	-0.9	-0.5	-0.9
<b>Group total</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>	<b>255.0</b>

### OPERATING PROFIT BY ANNUAL QUARTERS

EUR million	2017				2016			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Pharmaceuticals	90.2	59.6	91.8	84.9	80.1	52.1	59.7	75.8
Diagnostics	3.5	1.7	2.2	1.8	2.6	1.7	1.1	1.6
Group items	-2.0	-2.6	-2.0	-3.2	-2.4	-2.9	-2.3	-3.5
<b>Group total</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>	<b>74.0</b>

### GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

EUR million	2017				2016			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Finland	81.9	91.8	84.4	82.1	80.1	85.1	78.1	76.9
Scandinavia	44.7	45.5	39.6	44.3	44.7	47.0	39.1	40.9
Other Europe	83.0	89.0	78.1	85.5	83.2	81.9	70.7	77.5
North America	19.6	29.7	18.7	19.6	18.2	16.1	17.9	20.6
Other markets	50.0	23.9	37.8	41.6	35.8	31.5	33.2	39.1
<b>Group total</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>	<b>255.0</b>

## Business reviews

### KEY FIGURES FOR PHARMACEUTICALS BUSINESS

EUR million	3M 2017	3M 2016	Change %	2016
Net sales	265.5	249.3	+6.5%	1,021.6
Operating profit	90.2	80.1	+12.6%	316.4
% of net sales	34.0%	32.1%		31.0%
R&D expenses	24.3	23.4	+3.9%	111.5
% of net sales	9.1%	9.4%		10.9%
Capital expenditure	14.9	8.8	+69.9%	49.7
% of net sales	5.6%	3.5%		4.9%
Sales revenue from proprietary products	100.8	92.9	+8.5%	377.0
Assets	779.6	736.9		776.9
Liabilities	190.5	185.6		209.0
Personnel at the end of the period	3,176	3,090		3,161

### TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

EUR million	3M 2017	3M 2016	Change %	2016
Stalevo <sup>®</sup> , Comtess <sup>®</sup> and Comtan <sup>®</sup> (Parkinson's disease)	30.5	32.6	-6.6%	124.2
Easyhaler <sup>®</sup> product family (asthma, COPD)	18.0	15.6	+15.4%	63.7
Dexdor <sup>®</sup> (intensive care sedative)	16.7	14.2	+17.7%	56.8
Simdax <sup>®</sup> (acute decompensated heart failure)	15.3	13.7	+11.6%	56.4
Remsima <sup>®</sup> (rheumatoid arthritis, inflammatory bowel diseases)	11.0	11.7	-5.8%	42.3
Dexdomitor <sup>®</sup> , Domitor <sup>®</sup> , Domosedan <sup>®</sup> and Antisedan <sup>®</sup> (animal sedatives)	7.5	6.8	+9.9%	28.1
Precedex <sup>®</sup> (intensive care sedative)	6.9	3.8	+79.3%	19.6
Burana <sup>®</sup> (inflammatory pain)	5.7	5.2	+10.1%	23.1
Generic entacapone products (Parkinson's disease)	4.2	3.3	+28.7%	13.2
Atorvastatin Orion <sup>®</sup> (hypercholesterolaemia)	4.1	3.7	+10.1%	17.9
<b>Total</b>	<b>119.9</b>	<b>110.6</b>	<b>+8.3%</b>	<b>445.2</b>
Share of pharmaceutical net sales	45%	44%		44%

### KEY FIGURES FOR DIAGNOSTICS BUSINESS

EUR million	3M 2017	3M 2016	Change %	2016
Net sales	14.4	13.5	+6.6%	54.8
Operating profit	3.5	2.6	+32.5%	8.4
% of net sales	24.1%	19.4%		15.3%
R&D expenses	1.5	1.6	-9.5%	6.9
% of net sales	10.2%	12.1%		12.6%
Capital expenditure	0.2	0.2	+16.0%	1.1
% of net sales	1.7%	1.5%		2.0%
Assets	49.6	50.8		45.8
Liabilities	9.2	8.5		17.6
Personnel at the end of the period	283	296		284



**KEY CLINICAL PHARMACEUTICAL DEVELOPMENT PROJECTS**

Project	Indication	PHASE			Registration
		I	II	III	
Easyhaler® salmeterol-fluticasone	Asthma, COPD	Bioequivalence study			<u>Registration*</u>
Darolutamide (ODM-201) <sup>1)</sup>	Prostate cancer (nmCRPC)	I	II	III*	
Darolutamide (ODM-201) <sup>1)</sup>	Prostate cancer (mHSPC)	I	II	III*	
Levosimendan <sup>2)</sup>	Low Cardiac Output Syndrome	I	II	III	
ORM-12741 (alpha-2c adrenoceptor antagonist) <sup>3)</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> Partner: Tenax Therapeutics, Inc. <sup>3)</sup> In collaboration with Janssen Pharmaceuticals.		*	= Phase ongoing		
		III	= Status changed vs. previous quarter		

## Information on Orion's shares

### BASIC SHARE INFORMATION 31 MARCH 2017

	A shares	B shares	Total
Trading code on Nasdaq Helsinki	ORNAV	ORNBV	
Listing day	01/07/2006	01/07/2006	
ISIN code	FI0009014369	FI0009014377	
ICB code	4500	4500	
Reuters code	ORNAV.HE	ORNBV.HE	
Bloomberg code	ORNAV.FH	ORNBV.FH	
Share capital, EUR million	24.9	67.4	92.2
Counter book value per share, EUR	0.65	0.65	
Total number of shares	38,100,273	103,157,555	141,257,828
% of total share stock	27%	73%	100%
Number of treasury shares		675,401	675,401
Total number of shares excluding treasury shares	38,100,273	102,482,154	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	762,005,460	102,482,154	864,487,614
% of total votes	88%	12%	100%
Total number of shareholders	16,711	37,119	48,273

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

### INFORMATION ON TRADING ON NASDAQ HELSINKI 1 JANUARY - 31 MARCH 2017

	A shares	B shares	Total
Shares traded	876,858	16,989,592	17,866,450
% of the total number of shares	2.3%	16.5%	12.6%
Trading volume, EUR million	41.1	789.3	830.4
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	46.92	46.46	
Highest quotation, EUR (A and B 20 March 2017)	51.70	51.95	
Closing quotation on 31 March 2017, EUR	48.68	48.87	
Market capitalisation on 31 March 2017, EUR million	1,854.7	5,008.3	6,863.0

### PERFORMANCE PER SHARE

	3M 2017	3M 2016	Change %	2016
Basic earnings per share, EUR	0.50	0.45	+11.3%	1.77
Diluted earnings per share, EUR	0.50	0.45	+11.3%	1.77
Cash flow per share before financial items, EUR	0.34	0.29	+15.2%	1.62
Equity per share, EUR	3.52	3.37		4.57
Average number of shares excluding treasury shares, 1,000 shares	140,510	140,878		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® 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.