Growth in focus - In-organic growth also part of the playbook

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Building well-being

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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.

Keeping the equity ratio at least 50%.

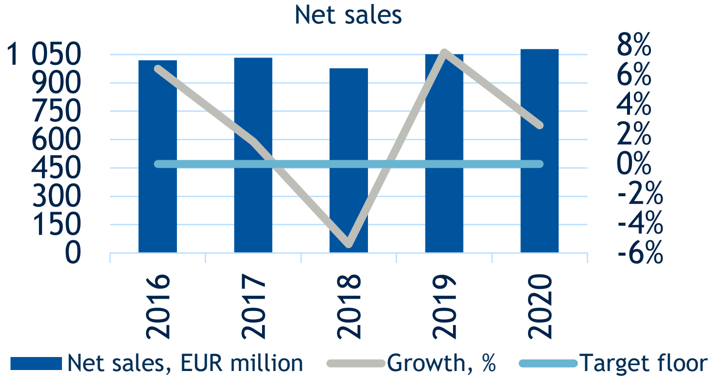
Maintaining profitability at a good level. The aim is operating profit that exceeds 25% of net sales.

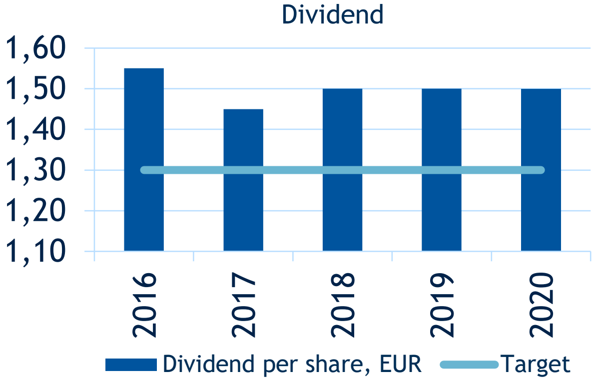
Distributing an annual dividend that in the next few years will be at least EUR 1.30 per share, and increasing the dividend in the long term.

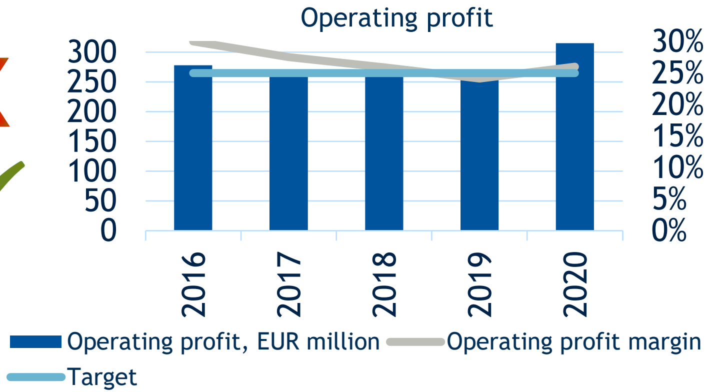
Orion's strategic growth target to reach EUR 1.5 billion net sales by the end of 2025 expresses the above growth target in more tangible manner.

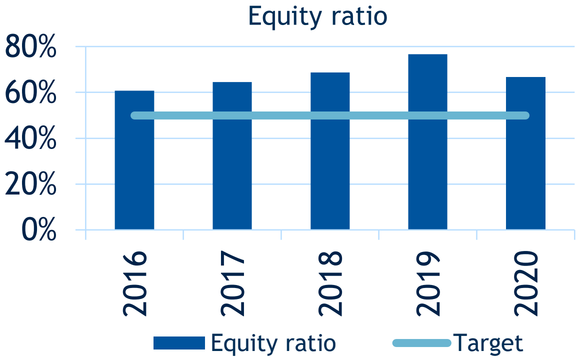
Financial targets are all important	Right balance needed	Relative importance of targets change over time

Financial objectives









Why growth is important

Growth

Without growth margins will gradually decrease even with good cost control due to price competition and inflation

Larger scale of operations
-> Easier to carry fixed legacy costs
-> Improved margins & ROCE

Larger scale of operations
-> Improved capacity to proceed with growth opportunities

Increased capability to take risks operationally and financially

More/New opportunities for employees
-> retain & attract talent

Profits & dividends

+

R&D and other growth investments

=

Shareholder value

Ways to fund growth

Organic growth

1. More spending upfront, i.e. lower than maximum dividends mid-term to fund dividend/value growth in long term
2. Partnering with (Big) pharma
3. Divesting of existing business areas or assets
4. Others, like using financing that is carrying also risk to fund individual R&D (phase III) programs
5. Resource allocation and cost control to free up funding for growth initiatives

Additional funding for in-organic growth

1. Bank loans & Bonds
2. New equity

External funding capacity

BASIS

- The maximum amount of new debt Orion can take without lowering equity ratio below 50% varies based on the M&A target’s cash flow and profit generation. The range varies from
  - existing cash/sales generating company or asset to
  - investment for assets still under development (i.e molecules/programs at clinical stage)
- The financial targets are long term ones. It is possible to deviate from them in short term
  - especially during the year e.g. after dividend distribution
  - in a mid term in case the development after the transaction takes time and resources

Currently available funding up to EUR ~1.2bn without lowering equity ratio below 50%

Bank loan or bonds

New equity (14M B shares) +
bank loan or bonds

Possible targets

BASIS	POSSIBLE TARGETS
In-organic growth option for all Orion businesses	Companies/assets generating sales and cash flow
Limited number of targets with good enough strategic and operational fit	Late stage development assets
Maintain good financial discipline and consider all financial targets when making decisions	Early stage development assets with good fit to current Orion indication areas and competencies*

* Smaller capital allocation to early stage assets than to other areas due to high risk and internally required further investments for development

Value created by growth with good profitability

Growth

- R&D pipeline development
- Geographical expansion with focused sales operations
- In-licensing & M&A
- Steady development of generic and other business areas
- Compliance, Service level and Cogs

EBIT > 25% of net sales

- Sales growth
- Management of cost structure
- Management of product portfolio and complexity
- Resource allocation
- Challenges of M&A related amortization

Equity ratio ≥ 50%

- Good profitability
- Management of working capital
- Optimization and timing of capex
- Impact of possible M&A

At least 1.30€/share and growing dividends

- Good profitability
- Good cash flow
- In short term also some funds and equity from Diagnostica divestment still available

Orion Corporation Capital Markets Day

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