



100

Review by the President & CEO

Timo Lappalainen

Annual General Meeting of Orion
Corporation 22 March 2017

*Suomi
Finland*
100

Orion's centennial
www.orion.fi/en/orion100

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.

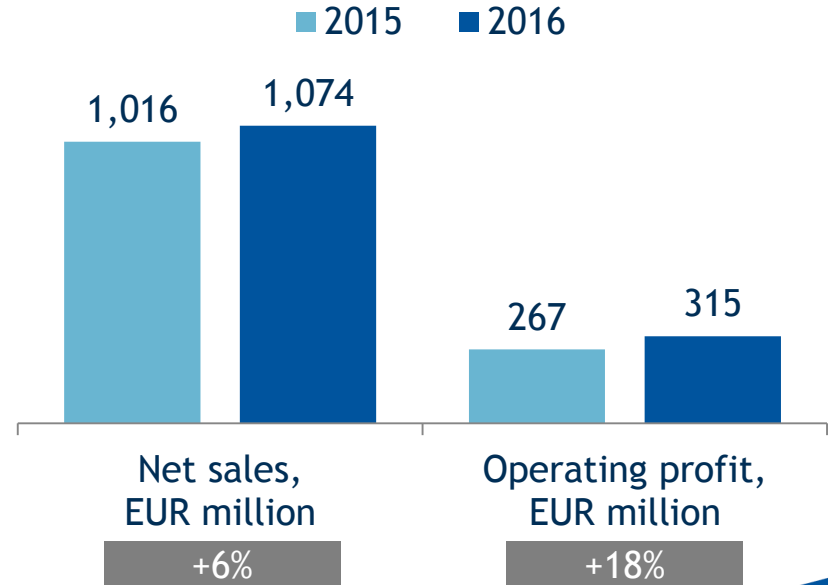
These statements are subject to risks and uncertainties. Actual results may differ substantially from those stated in any forward-looking statement. This is due to a number of factors, including the possibility that Orion may decide not to implement these strategies and the possibility that the anticipated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



Review of year 2016

Another strong year for hundred-year-old Orion

- Sales grew in largest business divisions
- Operating profit boosted by EUR 22 million capital gains
- New significant marketing authorisations and good development trial results for Easyhaler product family
- New development project with darolutamide (ODM-201) together with Bayer
- Collaboration agreements with DZNE, Asahi Kasei and University of Wisconsin
- Significant investment projects initiated
 - Fermion's Hanko2018 project
 - Expansion of Easyhaler production capacity

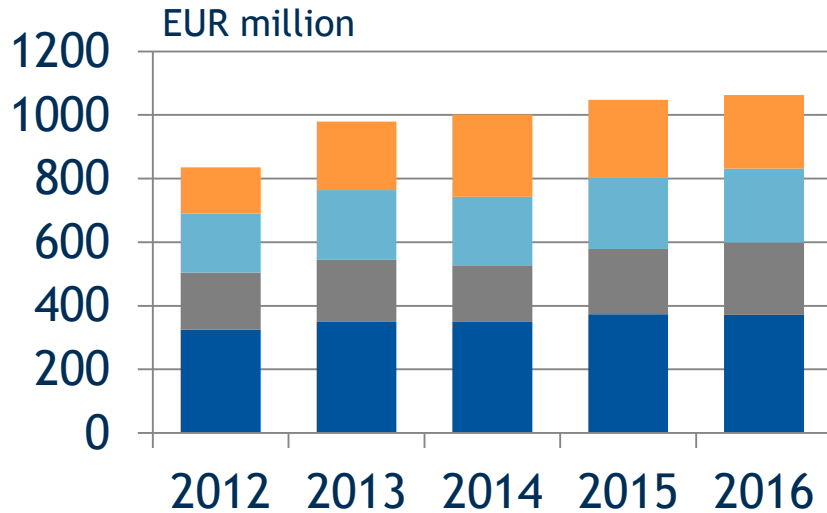


Development of key figures

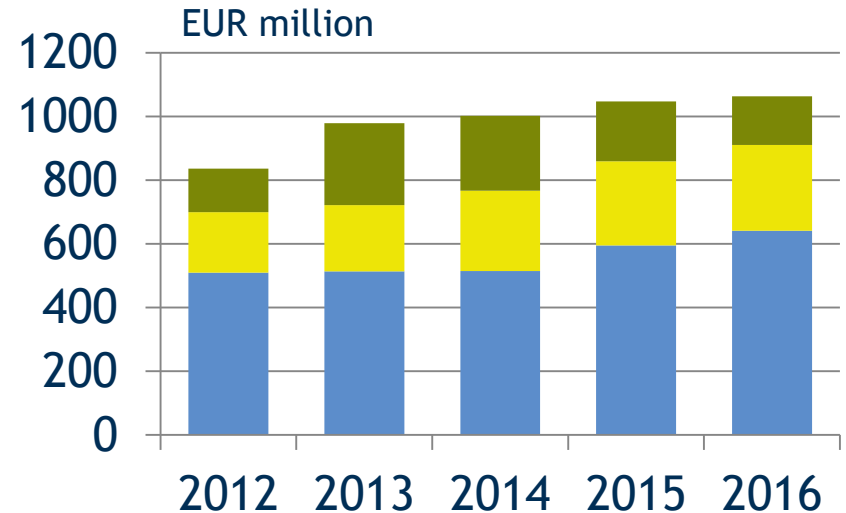
Orion's key figures	2016	2015	Change %
Net sales, EUR million	1,073.5	1,015.6	+5.7%
Operating profit, EUR million	314.6	266.6	+18.0%
R&D expenses, EUR million	118.2	108.1	+9.3%
Equity ratio, %	60.8%	57.4%	
Basic earnings per share, EUR	1.77	1.48	+19.8%
Cash flow before financial items, EUR	1.62	1.51	+7.3%
Dividend per share, EUR	1.55 ¹⁾	1.30	+19.2%

¹⁾ Dividend proposal by the BoD, includes extra dividend of EUR 0.20

Orion has a strong balance sheet



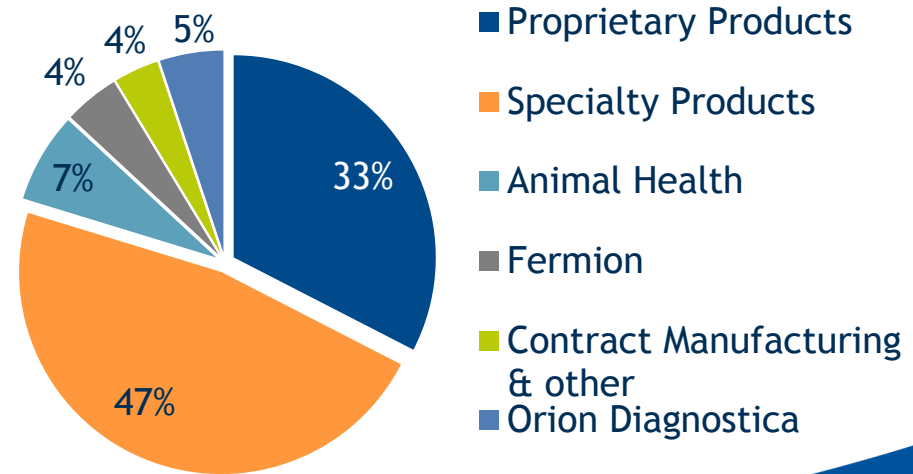
- Cash and money market investments
- Receivables
- Inventories
- Non-current assets



- Interest-bearing liabilities
- Non-interest-bearing liabilities
- Equity

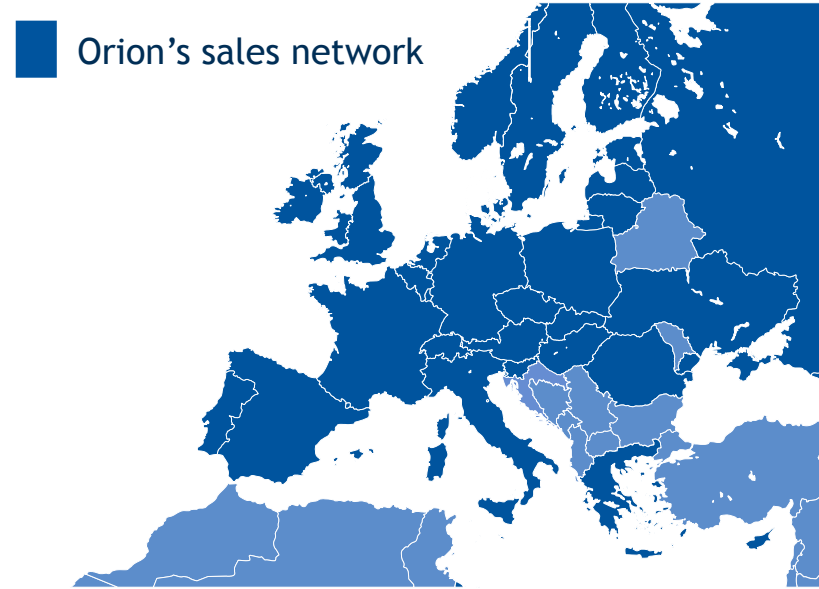
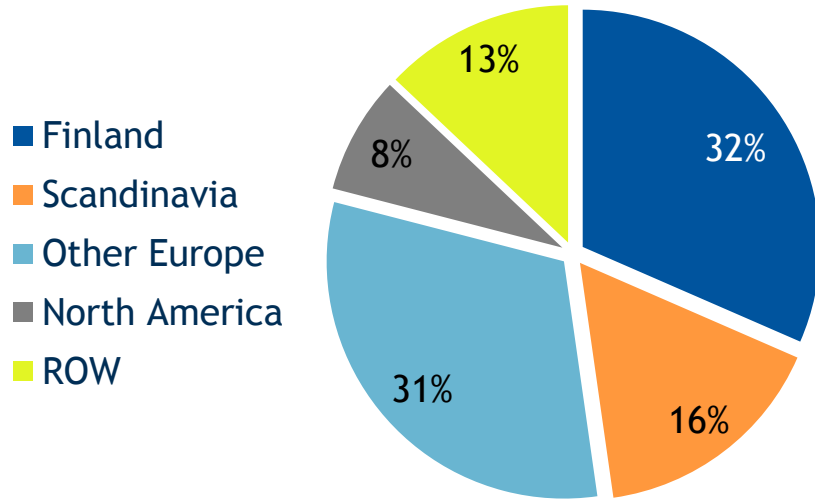
Breakdown of net sales by business division

	2016	2015	
Specialty Products	508	471	+8%
Proprietary Products	350	323	+9%
Animal Health	77	77	+0%
Fermion	48	53	-10%
Contract Manufacturing & other	39	38	+3%
Orion Diagnostica	55	58	-5%

















Geographical split of net sales in 2016

By market area



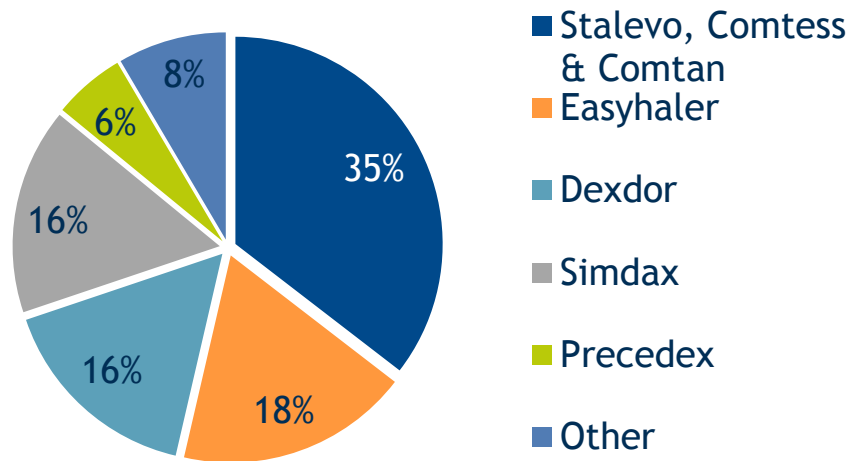
Best-selling pharmaceuticals 2016

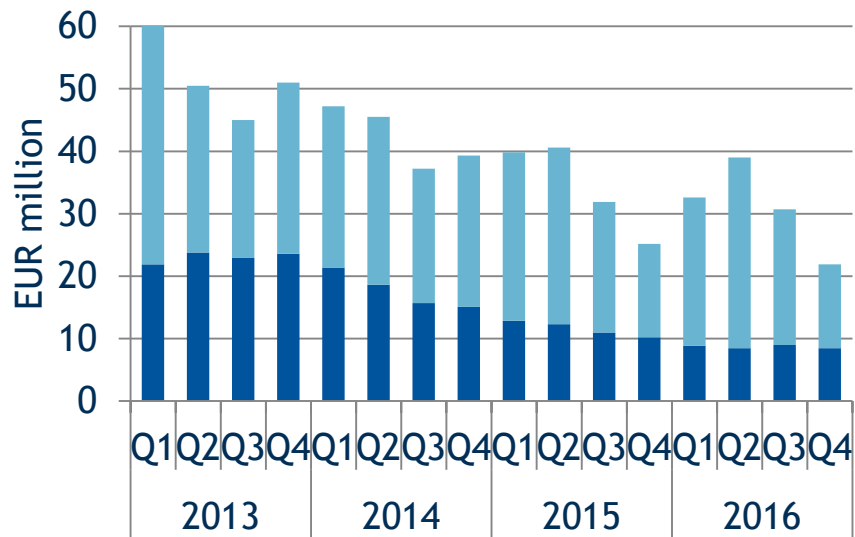
	Product	Indication	Net sales EUR million	Change vs. 2015
1.	 <i>Stalevo</i>  <i>Comtess</i>  <i>COMTan</i>	Parkinson's disease	124	-10%
2.	 <i>Easyhaler</i> [®]	Asthma, COPD	64	+24%
3.		Intensive care sedative	57	+28%
4.	 <i>SIMDAX</i> levosimendan	Acute decompensated heart failure	56	+10%
5.	 <i>Remsima</i> [™] Infliximab	Rheumatoid arthritis, inflammatory bowel diseases	42	+51%
6.	 <i>DEXDOMITOR</i>  <i>DOMITOR</i>  <i>DOMOSEDAN</i>  <i>ANTISEDAN</i>	Animal sedatives	28	+3%
7.	 <i>burana</i> [®]	Inflammatory pain	23	+2%
8.	 <i>Precedex</i> [®] (dexmedetomidine HCl injection)	Intensive care sedative	20	+10%
9.	 <i>Marevan</i> [®]	Anticoagulant	18	-5%
10.	<i>Atorvastatin Orion</i>	Hypercholesterolaemia	18	+18%
	= Products of Proprietary Products business division			

Proprietary Products

- Decline in sales of Stalevo, Comtess and Comtan slower than expected
- Easyhaler product family, Dexdor and Simdax grew strongly
- Budesonide-formoterol Easyhaler received marketing authorisation in Germany, United Kingdom and France
- Good trial results for Easyhaler salmeterol-fluticasone combined formulation

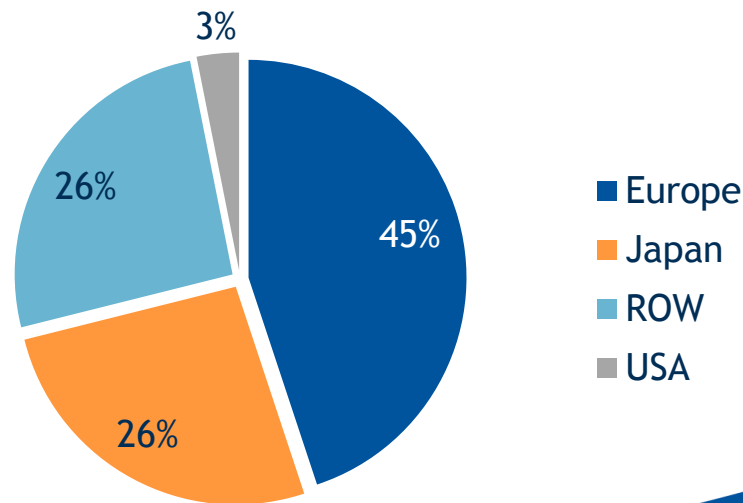
Breakdown of net sales



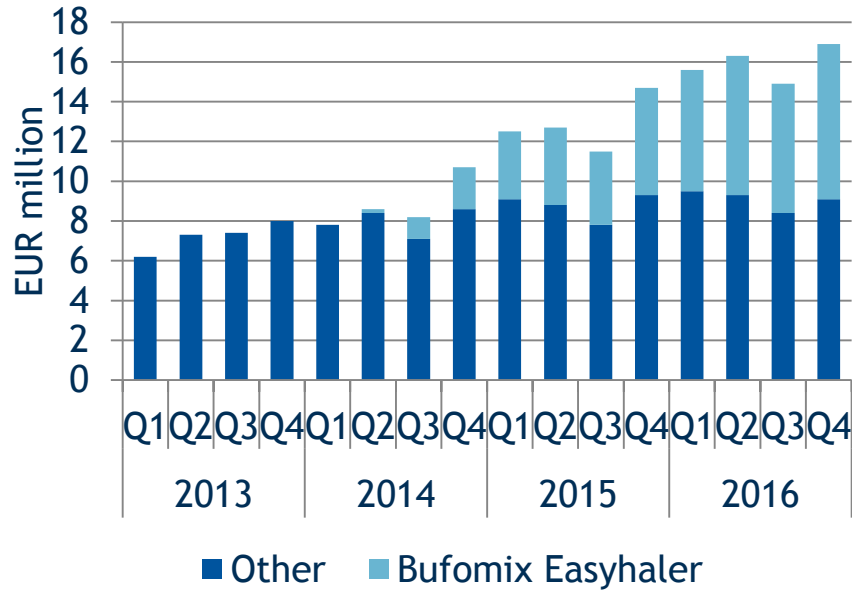


■ Orion sales ■ Deliveries to Novartis

Sales of Orion's branded Parkinson drugs by market area MAT9/2016*



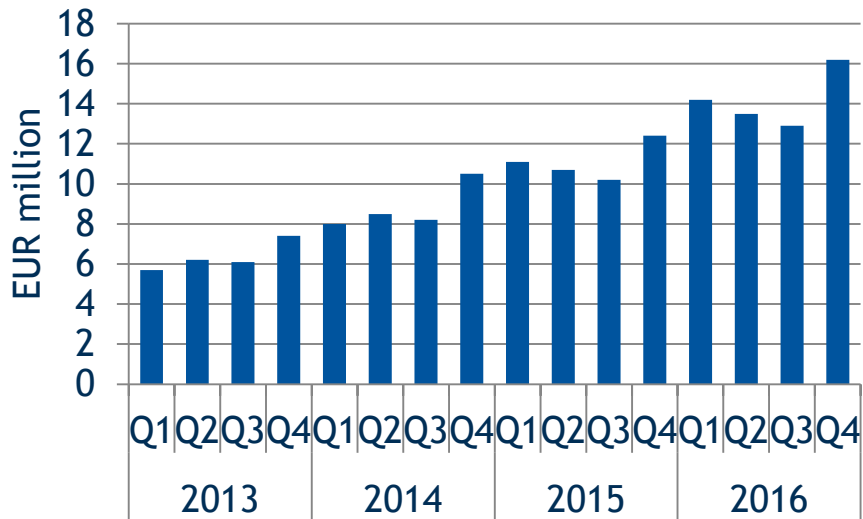
*Source: IMS Health sales statistics MAT9/2016



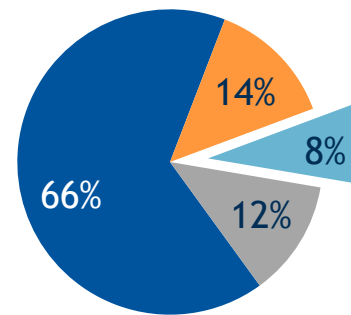
- Total Easyhaler product family sales grew by 24%
- Bufomix Easyhaler sales grew by 68%
- Sales of other products grew by 4%
- Collaboration with Menarini and Hikma in marketing of budesonide-formoterol Easyhaler® combined formulation
- Orion is preparing to apply for marketing authorisation for salmeterol-fluticasone combined formulation in Europe



Dexdor sales



European sedative market MAT9/2016*
Total market value EUR 527 million (+2%)



- Propofol EUR 347 million (+1%)
- Midazolam EUR 71 million (-6%)
- Dexmedetomidine EUR 44 million (+28%)
- Remifentanyl EUR 65 million (-0%)

*Source: IMS Health sales statistics MAT9/2016

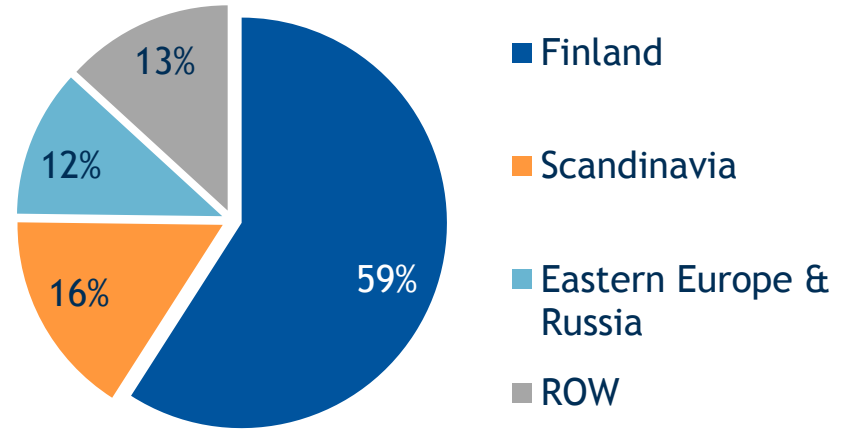
Specialty Products growing in most important markets

Net sales in key markets 2016

	EUR million	vs. 2015
Finland	300	+9%
Scandinavia	82	+10%
Eastern Europe and Russia	59	+11%

- At beginning of current year price band for substitutable prescription drugs in Finland narrowed from EUR 1.50/2.00 to EUR 0.50

Breakdown of net sales

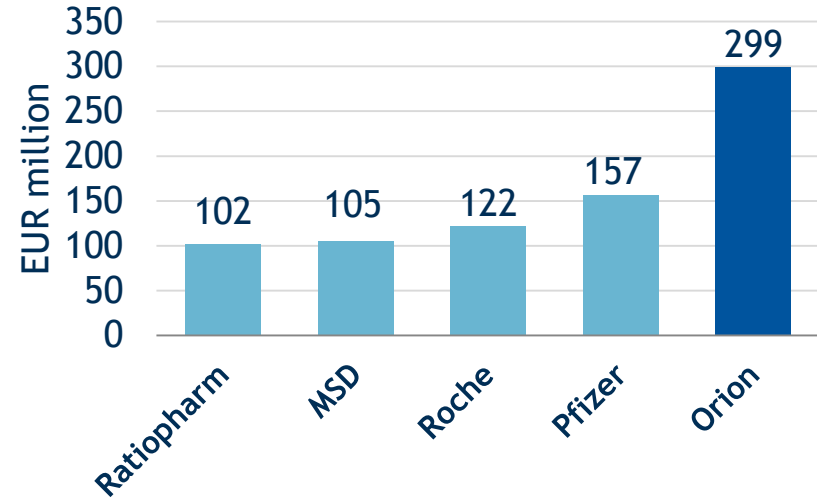


Orion strong in home market Finland

Finnish human pharmaceuticals market 2016

- Wholesale EUR 2,320 million
- Growth of total market +4%
- Orion's market share 13%
- Orion's growth +11%

Finland's biggest pharmaceutical companies in 2016





Research & development

Finnish companies' R&D expenses in 2016

source: Tekniikka & Talous 9.2.2017 and companies' financial statements

	R&D expenses EUR million	Change vs. 2015	% of net sales
Nokia	4,222	+107%	17.6%
Kone	141	+16%	1.6%
Wärtsilä	131	0%	2.7%
ABB Finland	129	-6%	5.8%
Orion	118	+9%	11.0%
Amer Sports	98	+26%	3.7%
Cargotec	91	+10%	2.6%

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 1/2

Project	Indication	PHASE			Registration
Easyhaler® budesonide-formoterol	Asthma, COPD	BEq study ¹⁾			Registration ²⁾
Easyhaler® salmeterol-fluticasone	Asthma, COPD	BEq study ¹⁾			
Darolutamide (ODM-201) ³⁾	Prostate cancer (nmCRPC)	I	II	III	
Darolutamide (ODM-201) ³⁾	Prostate cancer (mHSPC)	I	II	III	
Levosimendan ⁴⁾	Low Cardiac Output Syndrome	I	II	III	

¹⁾ BEq = bioequivalency ²⁾ Germany, UK and France. ³⁾ In collaboration with Bayer

⁴⁾ Partner: Tenax Therapeutics, Inc.




More info about R&D projects at: <http://www.orion.fi/en/rd/orion-rd/pipeline/>

	= Phase completed
	= Phase ongoing
	= Status changed

Key clinical pharmaceutical development projects 2/2

Project	Indication	PHASE			Registration
ODM-109 (oral levosimendan)	ALS	I	II		
ORM-12741 (alpha-2c adrenoceptor antagonist) ⁵⁾	Alzheimer's disease	I	IIa		
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			

⁵⁾ In collaboration with Janssen Pharmaceuticals

	= Phase completed
	= Phase ongoing
	= Status changed

More info about R&D projects at: <http://www.orion.fi/en/rd/orion-rd/pipeline/>



Orion's strategy and financial objectives

Orion's strategy – Mission to build well-being



Orion's values



Orion Executive Management Board



Timo Lappalainen
President & CEO



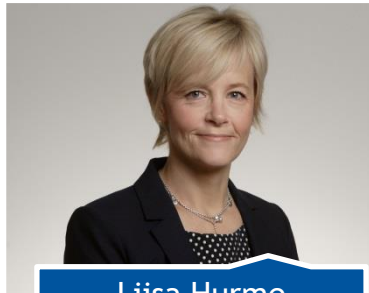
Satu Ahomäki
Global Sales



Markku
Huhta-Koivisto
Proprietary Products



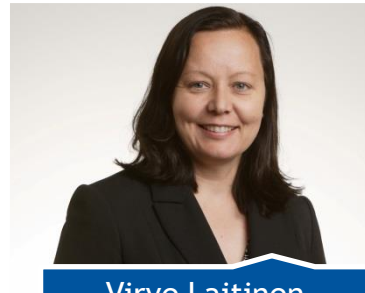
Olli Huotari
Corporate Functions



Liisa Hurme
Specialty Products



Jari Karlson
CFO, Animal Health



Virve Laitinen
Supply Chain



Christer Nordstedt
Research &
Development

Marko Torppalais the employee representative in the Executive Management Board.

Opportunities and challenges

Proprietary Products



Easyhaler
Dexdor
Simdax
R&D Pipeline

Specialty Products



New product launches
Biosimilars

Animal Health

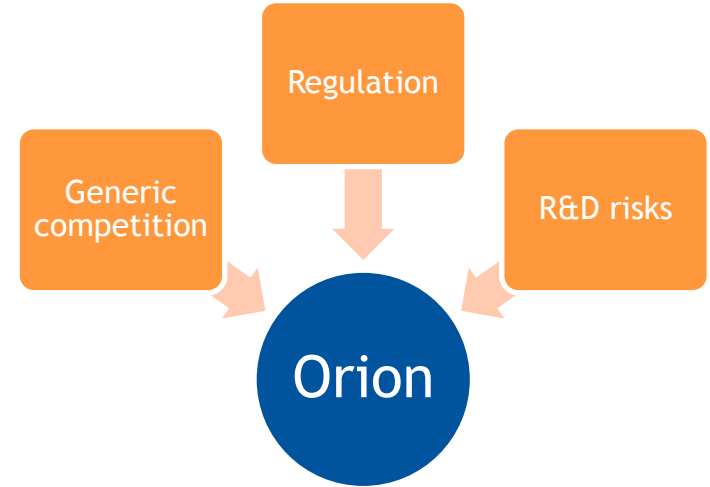


New market areas
R&D Pipeline

Orion Diagnostica



QuikRead
GenRead



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%.



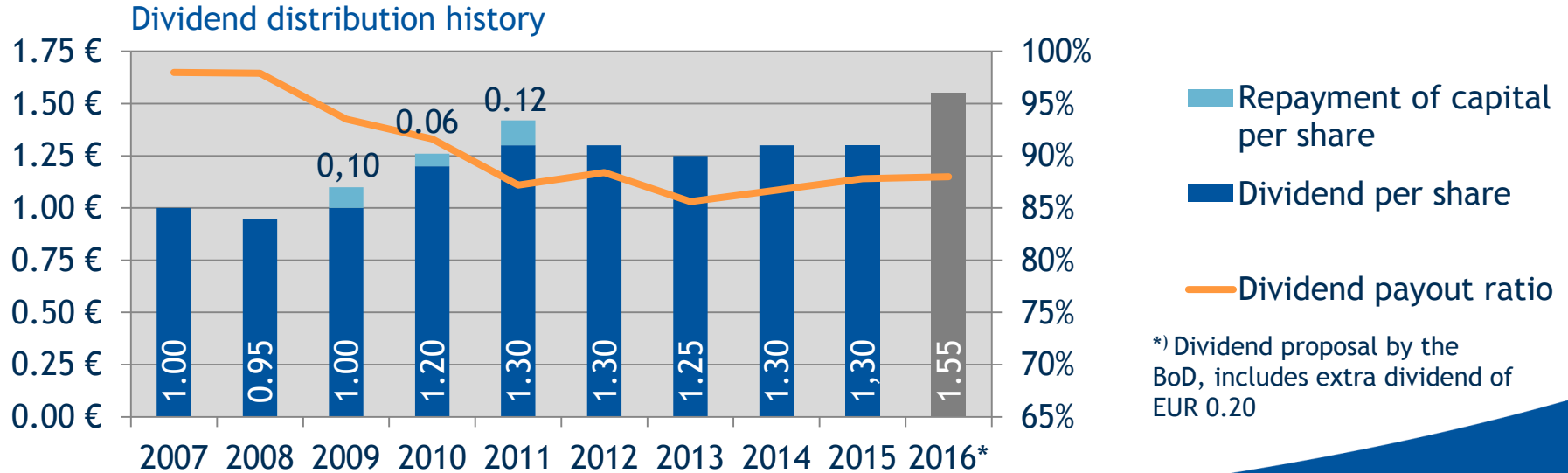
Maintaining profitability at a good level. The aim is operating profit that exceeds 25% of net sales.



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.

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.



Outlook for 2017

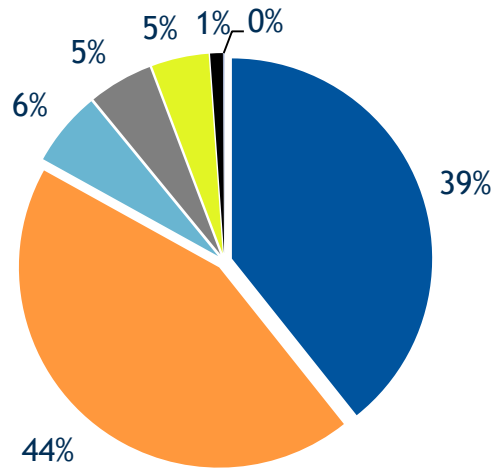
Net sales	Net sales are estimated to be at similar level to 2016 (net sales were EUR 1,074 million in 2016).
Operating profit	Operating profit excluding material capital gains is estimated to be at least EUR 280 million (operating profit excluding capital gains was EUR 293 million in 2016).

Orion is responsible member of the Finnish society

EUR million	2012	2013	2014	2015	2016
Income taxes paid in Finland from operating profit	62	55	45	45	54
Tax deductions from salaries in Finland	37	39	41	42	43
Tax deductions from dividends paid to Finnish shareholders	27	26	27	27	27
TOTAL	126	120	113	114	124

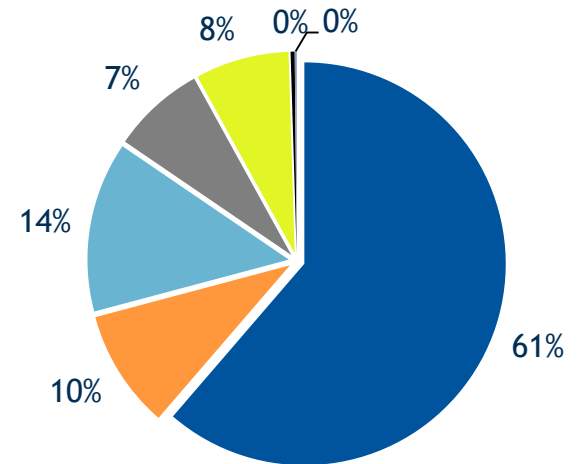
Orion has ~50,000 shareholders

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



A photograph of two scientists, a man and a woman, in a laboratory setting. They are both wearing white lab coats and safety glasses. The man is holding a small vial and looking at it, while the woman looks on attentively. The background shows laboratory equipment and shelves. The entire image is overlaid with a blue tint.

Building well-being continues. Together.