



Orion Group  
Financial Statement Release 2017



## Orion Group Financial Statement Release for 2017

Orion's net sales in 2017 totalled EUR 1,085 million (EUR 1,074 million in 2016).

- Operating profit was EUR 293 (315) million. Operating profit in the comparative period included EUR 22 million of capital gains.
- Profit before taxes was EUR 287 (311) million.
- Equity ratio was 65% (61%).
- ROCE before taxes was 36% (41%).
- ROE after taxes was 34% (40%).
- Basic earnings per share were EUR 1.61 (1.77).
- Cash flow per share before financial items was EUR 1.09 (1.62).
- Financial objectives remain unchanged.
- The Board of Directors proposes payment of a dividend of EUR 1.45 per share (2016: EUR 1.55 including centenary year extra EUR 0.20 special dividend).
- Orion estimates that in 2018 net sales will be at the same level or slightly lower than in 2017 and operating profit excluding material capital gains will be lower than in 2017. The complete outlook estimate and the basis for it can be found in this report under 'Outlook for 2018' and 'Basis for outlook'."

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

	10-12/17	10-12/16	Change %	1-12/17	1-12/16	Change %
Net sales, EUR million	<b>280.4</b>	279.9	+0.2%	<b>1,084.6</b>	1,073.5	+1.0%
Operating profit, EUR million	<b>73.1</b>	58.7	+24.7%	<b>293.0</b>	314.6	-6.9%
% of net sales	<b>26.1%</b>	21.0%		<b>27.0%</b>	29.3%	
Profit before taxes, EUR million	<b>71.6</b>	57.7	+24.2%	<b>286.5</b>	310.9	-7.9%
% of net sales	<b>25.6%</b>	20.6%		<b>26.4%</b>	29.0%	
Income tax expense, EUR million	<b>16.5</b>	10.1	+62.8%	<b>60.5</b>	61.9	-2.2%
R&D expenses, EUR million	<b>28.1</b>	37.9	-25.6%	<b>105.1</b>	118.2	-11.0%
% of net sales	<b>10.0%</b>	13.5%		<b>9.7%</b>	11.0%	
Capital expenditure, EUR million	<b>15.2</b>	17.1	-11.2%	<b>76.5</b>	51.1	+49.7%
% of net sales	<b>5.4%</b>	6.1%		<b>7.1%</b>	4.8%	
Assets total, EUR million				<b>1,055.5</b>	1,062.9	-0.7%
Equity ratio, %				<b>64.6%</b>	60.8%	
Gearing, %				<b>-1.9%</b>	-12.4%	
Interest-bearing liabilities, EUR million				<b>151.3</b>	152.5	-0.8%
Non-interest-bearing liabilities, EUR million				<b>224.5</b>	269.0	-16.5%
Cash and cash equivalents and money market investments, EUR million				<b>164.1</b>	231.9	-29.3%
ROCE (before taxes), %				<b>36.2%</b>	40.9%	
ROE (after taxes), %				<b>34.2%</b>	40.3%	
Basic earnings per share, EUR	<b>0.39</b>	0.34	+15.8%	<b>1.61</b>	1.77	-9.2%
Diluted earnings per share, EUR	<b>0.39</b>	0.34	+15.8%	<b>1.61</b>	1.77	-9.2%
Cash flow per share before financial items, EUR	<b>0.22</b>	0.39	-44.2%	<b>1.09</b>	1.62	-32.5%
Equity per share, EUR				<b>4.83</b>	4.57	+5.9%
Personnel at the end of the period				<b>3,464</b>	3,469	-0.1%
Average personnel during the period				<b>3,513</b>	3,446	+2.0%
Personnel expenses, EUR million				<b>218.1</b>	224.4	-2.8%

President and CEO Timo Lappalainen:

## “Orion had a good centenary year

“The year 2017, which was Orion’s centenary year, was in line with our outlook. We achieved net sales at similar level to the previous year. Our operating profit, at EUR 293 million, was at similar level to the comparative period excluding material capital gains. The operating profit in 2016 included EUR 22 million of capital gains on shares.

“Net sales of the Proprietary Products business division were at the previous year’s level. As expected, sales of Orion’s branded Parkinson’s drugs Stalevo, Comtess and Comtan declined, but growth especially in the Easyhaler product family and in the intensive care sedative Dexdor compensated for this decline. Sales of Dexdor continued to develop favourably, despite the commencement of generic competition to the product in Germany.

“Sales of the Easyhaler product family for treatment of asthma and chronic obstructive pulmonary disease maintained their good growth. The budesonide-formoterol combined formulation was launched in the French market after the review period, so it has now been launched in all key European markets. In April 2017 Orion submitted a marketing authorisation application for a salmeterol-fluticasone combined formulation in Europe, and the process is progressing according to the planned schedule.

“Good growth in sales of the biosimilar Remsima generated a significant portion of the growth in net sales of the Specialty Products business division. However, competition has intensified. At the beginning of 2018 Orion launched another biosimilar, Ritemvia (rituximab), and sales of it are commencing. However, sales of the product are expected to be less than for Remsima.

“Sales of Specialty Products grew in Scandinavia, and in Eastern Europe and Russia. In Finland the sales declined slightly, which was due to the change made to the pricing system for prescription drugs in Finland at the beginning of the review year, in particular. The downward effect on sales, at about EUR 15 million in 2017, was greater than anticipated. The delivery problems of Oriola Finland Oy, the pharmaceuticals distributor used by Orion in Finland, also had a downward effect on sales in Finland. However, the delivery problems did not have any material direct effects. The effect was mitigated by Orion’s own temporary arrangements to ensure distribution. Certain Orion products are also temporarily being distributed by distributors other than Oriola Finland Oy.

“Net sales of Fermion, which manufactures active pharmaceutical ingredients, developed well and sales of animal sedatives were also greater than in the comparative period. Net sales of the Diagnostics business were at similar level to the previous year, and its operating profit grew due to streamlining of its operations.

“We have completed the Phase IIa clinical trial with an alpha-2c adrenoceptor antagonist (ORM-12741) conducted in collaboration with Janssen Pharmaceuticals, Inc. for treatment of symptoms of Alzheimer’s disease. The trial did not meet the efficacy objectives set for the product. The results will be evaluated together with Janssen Pharmaceuticals, Inc.

“We continue to persistently develop new and innovative drugs and treatments for patients, which forms a solid foundation for implementing our strategy and growth target in the future. This year, we expect news from several research projects, including results from Phase III clinical trials with darolutamide (ODM-201), a molecule under development for treatment of prostate cancer. We have commenced a new project to expand the Easyhaler product family and develop a new tiotropium formulation for treatment of chronic obstructive pulmonary disease.

“We have evaluated strategic alternatives for the Group’s Orion Diagnostica business division and decided to investigate the possible sale of Orion Diagnostica or other transaction that would result in transfer of Orion Diagnostica outside the Orion Group. A possible result of the investigation may also be that Orion Diagnostica will continue as part of the Orion Group. Orion Diagnostica operates as an independent business, and it has no material business synergies with the Pharmaceuticals business.

“Due to generic and price competition we estimate that in 2018 net sales will be at the same level or slightly lower than in 2017. Orion continues persistent actions to generate growth. Due to the estimated sales development and these actions the operating profit excluding material capital gains is estimated to be lower than in 2017. The outlook also includes Orion Diagnostica. Our outlook estimate and the basis for it can be found in this report under ‘Outlook for 2018’ and ‘Basis for outlook’.”

## Events during the period

On 13 February 2017 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 22 March 2017 Orion Corporation’s Annual General Meeting was held in Helsinki.

## Events after the period

On 4 January 2018 Orion announced that it will improve the competitiveness of its laboratory operations by renewing their operating model in Finland.

On 23 January 2018 Orion announced that it had decided to investigate the possible sale of Orion Diagnostica or other transaction that would result in transfer of Orion Diagnostica outside the Orion Group. A possible result of the investigation may also be that Orion Diagnostica will continue as part of the Orion Group.

In the Orion Group Orion Diagnostica is a second business area, in addition to the Pharmaceuticals business area, and in the Financial Statements it is reported as its own segment. During the 2017 financial period, Orion Diagnostica’s net sales were EUR 54 million (about 5% of the Orion Group’s net sales) and its operating profit was EUR 8.9 million (about 3% of the Group’s operating profit). Its assets were EUR 52 million (about 5% of the Group’s assets). At the end of 2017 Orion Diagnostica had 282 employees (about 8% of the Orion Group’s employees).

Orion Diagnostica operates as an independent business, and it has no material business synergies with the Pharmaceuticals business.

At this stage there is still considerable uncertainty concerning the schedule, implementation and outcome of the investigation that has commenced.

## News conference and teleconference

A news conference and teleconference on the published results will be held on Wednesday 7 February 2018 at 13:30 EET at the Orion head office (address: Orionintie 1A, Espoo). President and CEO Timo Lappalainen will give a brief presentation in English on the financial review.

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

The conference call ID is 8162605 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:	+1 323 794 2093

### News conference recordings

A recording of the webcast of the event in English and a recording of the presentation by the President and CEO in Finnish will be published on Orion's website during Wednesday 7 February 2018.

## 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 2018

Annual General Meeting 2018	Tuesday 20 March 2018
Interim Report January-March 2018	Tuesday 24 April 2018
Half-Year Financial Report January-June 2018	Wednesday 18 July 2018
Interim Report January-September 2018	Wednesday 24 October 2018

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

## For additional information about the report:

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

## Financial review 1/1/2017-31/12/2017

### Net sales

The Orion Group's net sales in 2017 were up by 1% at EUR 1,085 million (EUR 1,074 million in 2016). The net effect of currency exchange rates was minus EUR 2 million.

The Pharmaceuticals business's net sales were up by 1% at EUR 1,034 (1,022) million. Net sales of Orion's Stalevo® (carbidopa, levodopa and entacapone) and Comtess®/Comtan® (entacapone) Parkinson's drugs were down by 16% at EUR 104 (124) million, which was 10% (12%) of the Pharmaceuticals business's net sales.

The Diagnostics business's net sales were down by 2% at EUR 54 (55) million.

### Operating profit

The Orion Group's operating profit was down by 7% at EUR 293 (315) million. Milestone payments accounted for EUR 12 (15) million of the operating profit. Operating profit in the comparative period included EUR 22 million of capital gains on shares.

The Pharmaceuticals business's operating profit was down by 6% at EUR 296 (316) million. Milestone payments accounted for EUR 12 (15) million of the operating profit. In addition, late in the year Orion entered as income an advance payment of EUR 4 million, which related to ending of a contract manufacturing agreement.

The Diagnostics business's operating profit was up by 6% at EUR 8.9 (8.4) million.

### Operating expenses

The Group's sales and marketing expenses were up by 2% at EUR 199 (195) million.

R&D expenses were down by 11% at EUR 105 (118) million and accounted for 10% (11%) of the Group's net sales. Pharmaceutical R&D expenses accounted for EUR 99 (112) million of the total R&D expenses. Research projects are reported in more detail under Pharmaceuticals in the Business Reviews.

Administrative expenses were EUR 49 (49) million.

Other operating income and expenses were EUR 2 (24) million. Income in the comparative period included EUR 22 million of capital gains on shares.

### Group's profit

The Group's profit before taxes was down by 8% at EUR 287 (311) million. Basic earnings per share were EUR 1.61 (1.77) and diluted earnings per share were EUR 1.61 (1.77). Equity per share was EUR 4.83 (4.57). The return on capital employed before taxes (ROCE) was 36% (41%) and the return on equity after taxes (ROE) 34% (40%).

### Financial position

The Group's gearing was -2% (-12%) and the equity ratio 65% (61%).

The Group's total liabilities at 31 December 2017 were EUR 376 (422) million. At the end of the period, interest-bearing liabilities amounted to EUR 151 (153) million, including EUR 150 (150) million of long-term loans.

The Group had EUR 164 (232) million of cash and cash equivalents and money market investments at the end of the period. The cash and cash equivalents are invested in short-term interest-bearing instruments issued by financially solid financial institutions and corporations.

## Cash flow

Cash flow from operating activities was EUR 228 (249) million. The change was mainly due to the timing of payment of income taxes. The cash flow from investing activities was EUR -75 (-21) million.

The cash flow from investing activities in the comparative period was enhanced by EUR 26 million from share sales.

The cash flow from financing activities was EUR -220 (-237) million.

## Capital expenditure

The Group's capital expenditure totalled EUR 77 (51) million. This comprised EUR 67 (44) million on property, plant and equipment and EUR 9 (6) 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. Fermion's expansion investment is planned to be completed during 2018.

## Outlook for 2018

Due to generic and price competition we estimate that in 2018 net sales will be at the same level or slightly lower than in 2017 (net sales were EUR 1,085 million in 2017).

Orion continues persistent actions to generate growth. Due to the estimated sales development and these actions the operating profit excluding material capital gains is estimated to be lower than in 2017 (operating profit excluding capital gains was EUR 293 million in 2017).

## Basis for outlook in more detail

The outlook also includes Orion Diagnostica. Orion announced in a stock exchange release on 23 January 2018 that it is investigating the possible sale of Orion Diagnostica. The business unit has not yet been separated from Orion's reporting, it is still included in the Group's figures for 2017 and outlook for 2018.

## Net sales

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. Sales of the Easyhaler<sup>®</sup> product family are forecast to continue to grow. In some European countries marketing authorisation has been granted for a generic version of Dexdor<sup>®</sup>, and it is to be assumed that generic competition to the product will gradually expand in the EU. Orion is continuing actions to defend its rights. The impact of generic competition on sales is still difficult to estimate at this stage. The patent for the Simdax<sup>®</sup> molecule expired in September 2015 but this is still not expected to have a material impact on sales of the product in 2018.

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, is likely to remain intense in 2018. However, product launches continue to support Orion's position as market leader in Finland. At the beginning of 2017, changes were made to the pricing system for substitutable prescription drugs in Finland by narrowing the so-called price band. The decrease in sales caused by this change is estimated at about EUR 15 million in 2017. The outlook for 2018 assumes that the change in the system and its effect in lowering prices will also be as large in 2018. Delivery problems commencing in September related to implementation of ERP by Oriola Finland Oy, the pharmaceuticals distributor that Orion uses in Finland, had a downward effect on sales in Finland. However, their direct effects were not material due to the temporary arrangements initiated by Orion. It is difficult to estimate the effect of the Oriola Finland Oy situation on sales in 2018.

In 2016 and 2017 sales of Remsima<sup>®</sup> generated a significant portion of the growth in net sales of the Specialty Products business division. Sales of Remsima in 2018 are expected to be materially lower than in the previous year because Orion did not win the national tendering competition for 2018 in Norway, nor the national tendering competition held in autumn 2017 in Denmark. In addition, the price level has declined significantly due to intensified competition. Orion has launched a new biosimilar, Ritemvia<sup>®</sup> (rituximab). However, sales of it are just commencing, and the product is not expected to compensate for the decline in Remsima sales in 2018.

Orion's contract manufacturing sales will significantly decline due to ending of the largest individual collaboration agreement at the end of 2017 as the collaboration partner stopped selling the product manufactured by Orion. Net sales generated by this agreement were EUR 16 million in 2017. It included, among other things, a EUR 4 million advance payment late in the year that was entered as income earlier than planned.

Collaboration agreements with other pharmaceutical companies are an important component of Orion's business model. These agreements often include payments recorded in net sales that vary greatly from year to year. 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 or findings of research projects, 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 outlook for 2018 does not include significant individual payments related to collaboration agreements. The new IFRS 15 standard that came into force at the beginning of 2018 will change the treatment of these payments. In future some of the payments received, especially payments related to sales rights, will be entered as income over a longer period of time. Until now they have generally been recognised as one-off payments in sales.

## Expenditure

Marketing expenditure will be higher than in the previous year due to additional promotion of sales of the Easyhaler product portfolio in countries where the product was launched in 2017 or will be launched in 2018. 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 2018 were planned mainly during the previous year.

Research and development costs will be similar to 2017. 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 2018 are either continuing from the previous year or at an advanced stage of planning, therefore their cost level can be estimated rather accurately. However, 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.

## Investments

The Group's total capital expenditure in 2018 is expected to be lower than in 2017, when the capital expenditure was EUR 77 million. The largest single ongoing investment project is expansion of Fermion's Hanko manufacturing plant, which it is intended will be completed by summer 2018.

## Near-term risks and uncertainties

Sales of Orion's branded Parkinson's drugs will decrease in 2018 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 entail uncertainty that may materially affect the accuracy of the estimate made at this stage. The basic Dexdor and Simdax patents have expired. However, the products have other product protection that is still valid. Orion is aware that in some European countries marketing authorisation has been granted for a generic version of Dexdor, and it is to be assumed that generic competition will gradually expand in the EU. The impact of generic competition on sales is difficult to estimate at this stage.



As regards Simdax, the possible generic competition is not estimated to materially impact its sales in 2018. 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 pharmaceuticals markets in recent years will specifically focus on Orion's products. Deliveries of Parkinson's drugs to Novartis, the most important collaboration partner, are based on timetables that are jointly agreed in advance. Nevertheless, they can change, for example as a consequence of decisions by Novartis concerning among others adjustments of stock levels. In addition, changes in market prices and exchange rates affect the value of deliveries to Novartis.

The exchange rate risk due to the US dollar has decreased in recent years because the share of Orion's net sales invoiced in dollars has fallen to below ten per cent and at the same time the value of purchases in dollars has increased. The greatest exchange rate risk at present relates to European currencies such as 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. The single-channel system used for pharmaceuticals distribution in Finland, in which Orion's products have so far been delivered to customers through only one wholesaler, may also cause risks to delivery reliability. To ensure deliveries, in addition to Oriola Finland Oy, there are also other distributors temporarily distributing certain Orion products.

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 2014-2017 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.

## Proposal by the Board of Directors for distribution of profit: dividend per share EUR 1.45

The parent company's distributable funds are EUR 335,452,628.59, or EUR 2.39 per share, including EUR 229,760,549.41, or EUR 1.63 per share, of profit for the financial year. These per share amounts are calculated excluding treasury shares held by the Company.

The Board of Directors proposes payment of a dividend of EUR 1.45 per share from the parent company's distributable funds.

No dividend shall be paid on treasury shares held by the Company on the dividend distribution record date. On the day when the profit distribution was proposed, the number of shares conferring entitlement to receive dividend totalled 140,582,427, on which the total dividend payment would be EUR 203,844,519.15. The Group's payout ratio for the financial year 2017 would be 90.1% (87.6%). The dividend payment date would be 29 March 2018, and shareholders registered in the Company's shareholder register on 22 March 2018 would be entitled to the dividend payment.

The Board of Directors further proposes that EUR 250,000 (300,000) be donated to medical research and other purposes of public interest in accordance with a separate decision by the Board and that EUR 131,358,109.44 remain in equity.

## Strategy

Orion's Board of Directors has confirmed the Company's strategy for 2018-2022.

### Operating environment

Orion's strategy is affected by global healthcare megatrends that have material impact on consumption of drugs, the price level of drugs and progress in pharmaceutical research. These megatrends include:

- ageing of population
- advances in science, such as personalised medicine, increased genetic and epigenetic data, developments in drug dosing and developments in diagnostics
- the increasing cost burden of healthcare and consequent need for cost-effective treatments and drugs
- increased personal responsibility for own health

### Mission and values

Orion's mission is to build well-being. Orion builds well-being by bringing to markets drugs and diagnostic tests that give patients help and an effective treatment for their illnesses. An effective drug also creates added value for the patient by improving the quality of life. Underlying Orion's strategy are Orion's values, which characterise the way of working within the Company. These values are:

- mutual trust and respect
- quality, reliability and safety
- customer focus
- innovation
- achievement

### Focus areas

To fulfil its mission and achieve its strategic targets, Orion systematically concentrates on key focus areas and their development. The crucial focus areas for implementing the strategy are:

- **Quality and safety.** High quality, product safety and complying with requirements of authorities are indispensable in the pharmaceutical industry. Orion is continuously and systematically

developing these areas so as to be able to respond to the increasing requirements and expectations of stakeholder groups.

- **Competitive product portfolio**, which requires from the Company continuous striving to renew the portfolio: product development, manufacturing, acquisition and effective launching of products and management of their life cycle.
- **Strong corporate culture of working together**, the basis of which is valuable and important work for the customer. Orion wants to be an excellent workplace and a responsible and attractive employer that promotes the well-being of its personnel at work and continuously develops their expertise.
- **Partnerships**. Orion's operations are almost in their entirety based on utilising worldwide networks. Well-managed partnerships and collaborations are a competitive advantage for the Company. This requires Orion to be unprejudiced and open to learning new things from partners and collaborators. Collaboration partnerships must also be managed so that modes of operation and responsibilities are clear, and they have been jointly agreed.
- **Productivity and flexibility**. Under pressure from prices for drugs, Orion needs cost awareness in its operations and seamless co-operation between different parts of the Company to achieve the targeted profitability level. In addition, operations must be flexible and able to react rapidly to changes in the operating environment. Due to its size, Orion can be more agile than large companies and gain a competitive advantage from this.

### Strategic targets

The following strategic targets and their achievement are monitored in the Company with clearly defined indicators:

- **Providing new innovative and cost-effective drugs and treatments for patients**. Orion launches new drugs and diagnostic tests into markets. The product development pipeline has balanced numbers of proprietary products and generic projects in different phases. In its research the Company aims for the best input/output ratio in the field.
- **Working together to benefit the customer**. Orion's personnel are committed and understand the needs of customers. The working atmosphere, customer satisfaction and image of Orion are outstanding.
- **Continuous improvement of performance in sustainability**. Patient safety is the most vital aspect of Orion's corporate responsibility. The key to patient safety is that Orion's products are safe when used appropriately. Managing the Company's environmental responsibilities is an important part of sustainability. Orion's aims additionally include continuous development of the personnel's occupational safety and ability to cope with their work.
- **Growing faster than the markets**. Growth enables a company to develop and take manageable risks. This aim should be achieved by the Company as a whole and in the geographic and product areas in which Orion operates.
- **Strong development of profitability**

### Financial objectives

Through the financial objectives Orion aims to develop the Group's shareholder value and ensure financial stability and profitable growth. Orion's financial objectives are:

- Growing net sales more rapidly than growth of the pharmaceuticals market. Achievement of this objective requires continuous investment in development of the product portfolio.
- Maintaining profitability at a good level. The aim is operating profit that exceeds 25% of net sales.
- Keeping the equity ratio at least 50%.

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

In the short term what actually happens may deviate from the objectives.

Promising developments in the R&D project pipeline will probably somewhat increase the Company's research expenses in the next few years. However, agreements already made relating to research projects and their good progress, and possible new agreements with partners relating to other projects are expected to generate material upfront and milestone payments in coming years. Successful projects will have a positive effect on Orion's net sales and especially operating profit even before possible approval of new proprietary drugs and before the actual commencement of product sales.

## Shares and shareholders

On 31 December 2017 Orion had a total of 141,257,828 (141,257,828) shares, of which 37,120,346 (38,294,154) were A shares and 104,137,482 (102,963,674) B shares. The Group's share capital was EUR 92,238,541.46 (92,238,541.46). At the end of 2017 Orion held 675,401 (783,366) B shares as treasury shares. On 31 December 2017 the aggregate number of votes conferred by the A and B shares was 845,869,001 (868,063,388) excluding treasury shares.

At the end of 2017, Orion had 57,339 (48,547) 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 2017 in total 1,173,808 shares were converted.

### Trading in Orion's shares

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

On 31 December 2017 the market capitalisation of the Company's shares, excluding treasury shares, was EUR 4,406 million.

In 2017 a total of 3,197,610 A shares and 86,593,836 B shares were traded on Nasdaq Helsinki. The total value of the shares traded was EUR 3,882 million. During the year, 8.5% of the A shares and 83.5% of the B shares were traded. The average turnover in Orion's shares was 63.6%.

The price of Orion's A shares decreased by 24% and the price of its B shares by 27% during 2017. On 31 December 2017 the closing quotation was EUR 32.07 for the A shares and EUR 31.08 for the B shares. The highest quotation for Orion's A shares in 2017 was EUR 58.35 and the lowest quotation was EUR 31.21. The highest quotation for the B shares in 2017 was EUR 58.50 and the lowest quotation was EUR 29.72.

Orion shares are also traded on various alternative trading platforms in addition to Nasdaq Helsinki. In 2017 Nasdaq Helsinki accounted for about 96% of the entire trading volume in Orion A shares. In 2017 Nasdaq Helsinki accounted for about 64% of the entire trading volume in Orion B shares (source: Fidessa Fragmentation Index).

### 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 Board of Directors is authorised to decide on conveyance of no more than 600,000 Orion Corporation B shares held by the Company. The authorisation to issue shares is valid for five years from the decision taken by the Annual General Meeting. 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

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

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

Shares received based on the one-year earning periods under both share-based incentive plans cannot be transferred during the restricted period defined for the plan. For the three-year earning periods, there is no restricted period.

### 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 2017, Orion had a total of 57,339 (48,547) registered shareholders, of whom 95% (96%) were private individuals holding 40% (39%) of the entire share stock and 62% (61%) of the total votes. There were altogether 56 (61) million nominee-registered and foreign-owned shares, which was 40% (43%) of all shares, and they conferred entitlement to 9% (9%) of the total votes.

At the end of 2017 Orion held 675,401 (783,366) B shares as treasury shares, which is 0.5% (0.6%) of the Company's total share stock and 0.08% (0.09%) of the total votes.

### Notification threshold

There were no threshold notifications during 2017.

### Management's shareholdings

At the end of 2017, the members of the Board of Directors owned a total of 75,429 of the Company's shares, of which 39,728 were A shares and 35,701 B shares. At the end of 2017, the President and CEO owned 92,519 of the Company's shares, which were all B shares. The members of the Group's Executive Management Board (excluding the President and CEO) owned a total of 145,660 of the Company's shares, which were all B shares. Thus, the Company's executive management held 0.22% of all of the Company's shares and 0.13% of the total votes.

The Company does not have stock option programmes.

## Personnel

The average number of employees in the Orion Group in 2017 was 3,513 (3,446). At the end of 2017 the Group had a total of 3,464 (3,469) employees, of whom 2,786 (2,796) worked in Finland and 678 (673) outside Finland.

Salaries and other personnel expenses in 2017 totalled EUR 218 (224) 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 2017 was up by 2% on the previous year at EUR 2,378 (2,337) million. Orion maintained 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 2017 was down by 2% compared with the previous year at EUR 294 (300) million. Orion's market share of Finnish pharmaceuticals markets was 12% (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 about 10% of the Group's net sales.

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

EUR or USD million		MAT9/2017	MAT9/2016	Change %
United States	USD	7	9	-20%
Europe TOP 5	EUR	56	75	-24%
Japan	EUR	75	76	-1%

Source: IMS Health pharmaceutical sales statistics MAT9/2017 (10/2016–9/2017)

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

Sales of Orion's branded Parkinson's drugs decreased due to generic competition.

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 September 2017 were up by 2% at EUR 537 (526) million. According to IMS Health pharmaceutical sales statistics, sales of Orion's Dexdor<sup>®</sup> intensive care sedative (dexmedetomidine) were up by 42% at EUR 62 (44) million in Europe.

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

In 2017 the Pharmaceuticals business's net sales were EUR 1,034 (1,022) million and its operating profit was EUR 296 (316) million. Milestone payments accounted for EUR 12 (15) million of the net sales and operating profit. They comprised payments related to marketing rights. In addition, late in the year Orion entered as income an advance payment of EUR 4 million, which related to ending of a contract manufacturing agreement.

The operating profit of the Pharmaceuticals business was 29% (31%) of the segment's net sales. Operating profit in the comparative period included EUR 22 million of capital gains on shares.

Net sales of Orion's top ten pharmaceuticals in 2017 were up by 7% at EUR 475 (446) million. They accounted for 46% (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 were EUR 359 (350) million. Sales of Parkinson's drugs continued to decline steadily, but sales of other products developed well.

Orion's drugs for treatment of Parkinson's disease are Stalevo<sup>®</sup> (active ingredients carbidopa, levodopa and entacapone) and Comtess<sup>®</sup>/Comtan<sup>®</sup> (entacapone). Their total net sales in 2017 were down by 16% at EUR 104 (124) 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 Comtan has generic competitors, but generic competition to Stalevo has not yet commenced.

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

EUR million	2017	2016	Change %
Stalevo deliveries to Novartis	55	65	-15%
Comtan deliveries to Novartis	18	24	-28%
Orion's Stalevo sales	25	31	-19%
Orion's Comtess sales	6	4	+52%

Total net sales of the Easyhaler® product family for treatment of asthma and chronic obstructive pulmonary disease were up by 20% in 2017 at EUR 77 (64) million. The increase was mainly due to sales of the budesonide-formoterol combined formulation.

Sales of the budesonide-formoterol combined formulation were up by 46% in 2017 at EUR 40 (27) million. The geographical expansion of the product continued, and it has now been launched in all key European markets. Deliveries to Orion's co-marketing partner Menarini commenced in 2017 in some Southern European countries, and after the review period Menarini launched the product in France. In the end of 2017 Orion and Menarini expanded their collaboration by agreeing that Menarini will distribute the budesonide-formoterol combined formulation in the Asia and Pacific region. In addition, in 2016 Orion entered into an agreement with Hikma Pharmaceuticals PLC on marketing of the budesonide-formoterol combined formulation in the Middle East and North Africa, and the first marketing authorisation applications in the region have been submitted.

In April 2017 Orion submitted a marketing authorisation application for a salmeterol-fluticasone combined formulation in Europe, and the process is progressing according to the planned schedule. Orion is currently expanding Easyhaler production at the Espoo pharmaceuticals production plant.

Sales of Orion's Dexdor® intensive care sedative (dexmedetomidine) also developed favourably, and net sales grew by 13% to EUR 64 (57) million in 2017. In some European countries marketing authorisation has been granted for a generic version of the product, and it is to be assumed that generic competition to the product will gradually expand in the EU. In 2017 there was competition only in Germany. Orion is continuing actions to defend its rights. The impact of generic competition on sales is still difficult to estimate at this stage. Sales of the Precedex® intensive care sedative were up by 28% at EUR 25 (20) million, mainly due to greater deliveries of the pharmaceutical ingredient to the partner than in the comparative period.

Net sales of Simdax®, a drug for treatment of acute decompensated heart failure, in 2017 were up by 2% at EUR 57 (56) million. Simdax is sold in altogether over fifty countries worldwide.

#### Specialty Products

Net sales of the Specialty Products business division's off-patent, i.e. generic prescription drugs, self-care products and biosimilars in 2017 were up by 2% at EUR 519 (508) million.

Finland, Scandinavia, and Eastern Europe and Russia are the most important markets for Specialty Products. In Scandinavia sales were up by 14% at EUR 94 (82) million. In Eastern Europe and Russia sales were up by 10% at EUR 65 (59) million. The business division's sales in Finland in 2017 were down by 2% at EUR 292 (300) million due to, among other things, the change made to the pricing system for prescription drugs in Finland at the beginning of 2017, which reduced sales by about EUR 15 million in 2017. In addition, the delivery problems of Oriola Finland Oy, the pharmaceuticals distributor used by Orion in Finland, had a downward effect on sales of Specialty Products in Finland. However, because of the temporary arrangements initiated by Orion, the delivery problems did not have any material direct effects. In addition to Oriola Finland Oy, there are also other distributors temporarily distributing certain Orion products.

Net sales of Remsima®, a biosimilar for treatment of rheumatoid arthritis among other things, were up by 34% at EUR 57 (42) million in 2017. However, competition has intensified and the price level has declined. In the future, development of sales of the product will be based on success in the national tendering competitions in Norway and Denmark. Orion did not win the national tendering competition for 2018 in



Norway, nor the national tendering competition held in autumn 2017 in Denmark. At the beginning of 2018 Orion launched another biosimilar, Ritemvia<sup>®</sup> (Celltrion's rituximab biosimilar) for which Orion has the distribution rights in the Nordic countries and Estonia. Sales of the product are commencing. The schedule and the indications will vary according to the country-specific patent situation and opening of tendering competitions. However, sales of the product are expected to be less than for Remsima.

Sales of generic entacapone products were up by 42% at EUR 19 (13) million in 2017, which partially compensated for the decline in sales of branded Parkinson's products.

### 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 2017 were down by 2% at EUR 76 (77) million. Sales of the animal sedative product family were up on the previous year by 9% at EUR 31 (28) million and accounted for 40% (36%) of the division's net sales. The product family comprises Orion's animal sedatives Dexdomitor<sup>®</sup> (dexmedetomidine), Domitor<sup>®</sup> (medetomidine) and Domosedan<sup>®</sup> (detomidine), and antagonist Antisedan<sup>®</sup> (atipamezole), which reverses the effects of the sedatives.

### Fermion

Fermion manufactures active pharmaceutical ingredients for Orion and other pharmaceutical companies. Its product range comprises nearly 30 pharmaceutical ingredients. For other pharmaceutical companies Fermion manufactures generic pharmaceutical ingredients and offers contract manufacturing services for development and manufacturing of new active pharmaceutical ingredients.

Fermion's sales developed favourably. The business division's net sales in 2017 excluding deliveries for Orion's own use were up by 7% at EUR 51 (48) million and accounted for over one-half of Fermion's entire net sales. 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 significant over EUR 30 million expansion investment at its Hanko manufacturing plant has progressed as planned and it is estimated that the new production plant will be completed during 2018.

### Research and development

The Group's R&D expenses in 2017 were down by 11% at EUR 105 (118) million due to, among other things, the timing of research projects. The Pharmaceuticals business accounted for EUR 99 (112) million of the R&D expenses. The Group's R&D expenses accounted for 10% (11%) of the Group's net sales. R&D expenses also include expenses related to development of the current portfolio.

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 has commenced a new project to expand the Easyhaler<sup>®</sup> product family. The Company is developing a tiotropium formulation for European markets, and a bioequivalence study with the formulation is ongoing. Tiotropium is a long-acting anticholinergic bronchodilator used in treatment of chronic obstructive pulmonary disease.

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). The trial evaluates 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 2016 Orion 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 completed a Phase IIa clinical trial in the development of an alpha-2c adrenoceptor antagonist (ORM-12741). The trial, conducted in collaboration with Janssen Pharmaceuticals, Inc., investigated the efficacy of two different drug formulations in treatment of agitation and aggression symptoms related to Alzheimer's disease. In addition, the efficacy on cognitive performance as well as safety of the compound was evaluated. The trial did not meet the efficacy objectives set for the product. The results will be evaluated together with Janssen Pharmaceuticals, Inc. and the decision on the continuation of the project will be made later.

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

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

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

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

In 2017 Orion launched its new R&D organisation. With the new organisation, Orion is expanding its drug development competence to include also biological drugs.

## 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 2017 were down by 2% at EUR 54 (55) million, mainly due to the timing of purchases by one collaboration partner.

The operating profit of the Diagnostics business was up 6% at EUR 8.9 (8.4) million following streamlining of its operations. The operating profit accounted for 17% (15%) of the segment's net sales.

QuikRead® point-of-care tests remained the main product, with sales at similar level to the previous year. With the help of CRP tests from the QuikRead go® 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 treatment helps in tackling the growing problem of antibiotic resistance. The QuikRead go® product family also includes other diagnostic tests for detection of tonsillitis caused by streptococcus A bacteria and for detection of bleeding from the lower gastrointestinal tract, among other things. The product family is also growing with four new tests, including a new glycosylated haemoglobin test for monitoring diabetes treatment.

On 23 January 2018 Orion announced that it had decided to investigate the possible sale of Orion Diagnostica or other transaction that would result in transfer of Orion Diagnostica outside the Orion Group. A possible result of the investigation may also be that Orion Diagnostica will continue part of the Orion Group.

In the 2017 financial period Orion Diagnostica's net sales were about 5% of the Orion Group's net sales and its operating profit was about 3% of the Group's operating profit. Its assets were EUR 52 million, which is about 5% of the Group's assets. At the end of 2017 Orion Diagnostica had 282 employees, which is about 8% of the Orion Group's employees.

Orion Diagnostica operates as an independent business and it has no material business synergies with the Pharmaceuticals business.

At this stage there is still considerable uncertainty concerning the schedule, implementation and outcome of the investigation that has commenced.

Espoo, 7 February 2018

Board of Directors of Orion Corporation

**Orion Corporation**

Timo Lappalainen  
*President and CEO*

Jari Karlson  
*CFO*

## Tables

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	10-12/17	10-12/16	Change %	1-12/17	1-12/16	Change %
<b>Net sales</b>	<b>280.4</b>	279.9	+0.2%	<b>1,084.6</b>	1,073.5	+1.0%
Cost of goods sold	-111.7	-113.2	-1.4%	-440.6	-421.7	+4.5%
<b>Gross profit</b>	<b>168.7</b>	166.7	+1.2%	<b>644.0</b>	651.8	-1.2%
Other operating income and expenses	1.0	1.9	-50.1%	1.8	24.3	-92.6%
Sales and marketing expenses	-52.3	-57.3	-8.8%	-198.6	-194.7	+2.0%
R&D expenses	-28.1	-37.9	-25.7%	-105.1	-118.2	-11.0%
Administrative expenses	-16.1	-14.8	+9.4%	-49.1	-48.7	+0.9%
<b>Operating profit</b>	<b>73.1</b>	58.7	+24.7%	<b>293.0</b>	314.6	-6.9%
Finance income	0.6	0.2	+177.7%	0.2	0.8	-76.0%
Finance expenses	-2.1	-1.2	+75.6%	-6.7	-4.9	+37.2%
Share of associated companies' results					0.4	-100.0%
<b>Profit before taxes</b>	<b>71.6</b>	57.7	+24.2%	<b>286.5</b>	310.9	-7.9%
Income tax expense	-16.5	-10.1	+62.8%	-60.5	-61.9	-2.2%
<b>Profit for the period</b>	<b>55.2</b>	47.6	+16.0%	<b>226.0</b>	249.0	-9.3%

#### OTHER COMPREHENSIVE INCOME INCLUDING TAX EFFECTS

Change in value of available-for-sale investments					-5.2	
Translation differences	-0.3	0.4		-1.4	-4.4	
<b>Items that may be reclassified subsequently to profit and loss</b>	<b>-0.3</b>	0.4		<b>-1.4</b>	-9.5	
Items due to remeasurement of defined benefit plans	29.9	3.7		29.9	3.7	
<b>Items that will not be reclassified to profit and loss</b>	<b>29.9</b>	3.7		<b>29.9</b>	3.7	
<b>Other comprehensive income net of tax</b>	<b>30.7</b>	4.1		<b>28.5</b>	-5.8	
<b>Comprehensive income for the period including tax effects</b>	<b>84.7</b>	51.7	+63.9%	<b>254.4</b>	243.2	+4.6%

#### PROFIT ATTRIBUTABLE TO:

Owners of the parent company	55.2	47.6	+16.0%	226.0	249.0	-9.3%
Non-controlling interests	0.0	0.0	-192.1%	-0.0	0.0	

#### COMPREHENSIVE INCOME ATTRIBUTABLE TO:

Owners of the parent company	84.7	51.7	+63.9%	254.4	243.2	+4.6%
Non-controlling interests	0.0	0.0	-192.1%	-0.0	0.0	

<b>Basic earnings per share, EUR <sup>1)</sup></b>	<b>0.39</b>	0.34	+15.8%	<b>1.61</b>	1.77	-9.2%
<b>Diluted earnings per share, EUR <sup>1)</sup></b>	<b>0.39</b>	0.34	+15.8%	<b>1.61</b>	1.77	-9.2%
Depreciation, amortisation and impairment	11.0	10.2	+8.3%	42.3	40.6	+4.2%
Personnel expenses	59.0	62.0	-5.0%	218.1	224.4	-2.8%

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<b>ASSETS</b>			
EUR million	12/17	12/16	Change %
Property, plant and equipment	323.1	289.1	+11.8%
Goodwill	13.5	13.5	
Intangible rights	36.7	37.9	-3.0%
Other intangible assets	2.6	2.5	+4.7%
Investments in associates	0.1	0.1	
Available-for-sale investments	0.3	0.4	-24.9%
Pension asset	55.2	22.8	+141.8%
Deferred tax assets	1.3	1.5	-12.4%
Other non-current assets	1.9	3.8	-49.6%
<b>Non-current assets total</b>	<b>434.7</b>	<b>371.5</b>	<b>+17.0%</b>
Inventories	225.4	227.5	-0.9%
Trade receivables	199.0	200.1	-0.6%
Other receivables	32.4	31.9	+1.5%
Money market investments		31.0	-100.0%
Cash and cash equivalents	164.1	200.9	-18.3%
<b>Current assets total</b>	<b>620.8</b>	<b>691.4</b>	<b>-10.2%</b>
<b>Assets total</b>	<b>1,055.5</b>	<b>1,062.9</b>	<b>-0.7%</b>
<b>EQUITY AND LIABILITIES</b>			
EUR million	12/17	12/16	Change %
Share capital	92.2	92.2	
Expendable fund	0.5	0.5	
Other reserves	2.4	2.1	+13.7%
Retained earnings	584.6	546.6	+7.0%
<b>Equity attributable to owners of the parent company</b>	<b>679.7</b>	<b>641.4</b>	<b>+6.0%</b>
Non-controlling interests	-0.0	0.0	-346.7%
<b>Equity total</b>	<b>679.7</b>	<b>641.4</b>	<b>+6.0%</b>
Deferred tax liabilities	42.3	37.1	+14.1%
Pension liability	3.2	3.2	-0.7%
Provisions	0.3	0.3	+7.8%
Interest-bearing non-current liabilities	150.3	150.2	
Other non-current liabilities	0.0	0.0	-1.0%
<b>Non-current liabilities total</b>	<b>196.2</b>	<b>190.8</b>	<b>+2.8%</b>
Trade payables	83.2	106.1	-21.6%
Current tax liabilities	3.0	9.1	-66.9%
Other current liabilities	92.4	112.9	-18.2%
Provisions		0.2	-100.0%
Interest-bearing current liabilities	1.1	2.3	-55.0%
<b>Current liabilities total</b>	<b>179.7</b>	<b>230.7</b>	<b>-22.1%</b>
<b>Liabilities total</b>	<b>375.8</b>	<b>421.5</b>	<b>-10.8%</b>
<b>Equity and liabilities total</b>	<b>1,055.5</b>	<b>1,062.9</b>	<b>-0.7%</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	Equity attributable to owners of the parent company							h.
	a.	b.	c.	d.	e.	f.	g.	
<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						249.0		<b>249.0</b>
<b>Other comprehensive income:</b>								
Change in value of available-for-sale investments			-5.2					<b>-5.2</b>
Translation differences					-3.4	-0.9		<b>-4.4</b>
Items due to remeasurement of defined benefit plans				3.7				<b>3.7</b>
<b>Transactions with owners</b>								
Dividend and capital repayment						-183.3		<b>-183.3</b>
Treasury shares						-16.8		<b>-16.8</b>
Share-based incentive plan						3.4		<b>3.4</b>
Other adjustments			0.3			-0.5	0.0	<b>-0.1</b>
<b>Equity at 31 December 2016</b>	<b>92.2</b>	<b>0.5</b>	<b>2.1</b>	<b>2.0</b>	<b>-5.0</b>	<b>549.5</b>	<b>0.0</b>	<b>641.4</b>
<b>Equity at 1 January 2017</b>	<b>92.2</b>	<b>0.5</b>	<b>2.1</b>	<b>2.0</b>	<b>-5.0</b>	<b>549.5</b>	<b>0.0</b>	<b>641.4</b>
Profit for the period						226.0		<b>226.0</b>
<b>Other comprehensive income:</b>								
Translation differences					-1.0	-0.4		<b>-1.4</b>
Items due to remeasurement of defined benefit plans				29.9				<b>29.9</b>
<b>Transactions with owners</b>								
Dividend and capital repayment						-217.9		<b>-217.9</b>
Share-based incentive plan						2.4		<b>2.4</b>
Other adjustments			0.3			-0.9	-0.0	<b>-0.7</b>
<b>Equity at 31 December 2017</b>	<b>92.2</b>	<b>0.5</b>	<b>2.4</b>	<b>31.9</b>	<b>-5.9</b>	<b>558.6</b>	<b>-0.0</b>	<b>679.7</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-12/17	1-12/16
Operating profit	293.0	314.6
Adjustments	49.1	26.6
Change in working capital	-38.9	-33.1
Interest paid	-6.2	-11.9
Interest received	1.4	7.7
Dividends received	0.0	0.1
Income taxes paid	-70.0	-55.2
<b>Total net cash flow from operating activities</b>	<b>228.4</b>	<b>248.9</b>
Investments in property, plant and equipment	-67.1	-41.2
Investments in intangible assets	-9.4	-6.7
Sales of property, plant and equipment, available-for-sale investments and associates	1.6	26.8
<b>Total net cash flow from investing activities</b>	<b>-74.9</b>	<b>-21.1</b>
Current loans raised	1.3	1.2
Repayments of current loans	-3.5	-1.5
Repayments of non-current loans		-36.7
Treasury shares		-16.8
Dividends paid and other distribution of profits	-218.0	-183.6
<b>Total net cash flow from financing activities</b>	<b>-220.3</b>	<b>-237.4</b>
<b>Net change in cash and cash equivalents</b>	<b>-66.8</b>	<b>-9.7</b>
Cash and cash equivalents at the beginning of the period	231.9	245.2
Foreign exchange differences	-1.0	-3.7
Net change in cash and cash equivalents	-66.8	-9.7
Cash and cash equivalents at the end of the period	164.1	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	164.1	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>164.1</b>	<b>231.9</b>

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	12/17	12/16
Carrying amount at the beginning of the period	289.1	276.4
Additions	67.4	44.5
Disposals	-1.0	-1.4
Depreciation and impairments	-32.1	-30.5
<b>Carrying amount at the end of the period</b>	<b>323.1</b>	<b>289.1</b>

## CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	12/17	12/16
Carrying amount at the beginning of the period	40.4	44.3
Additions	9.2	6.2
Disposals	-0.1	-0.0
Amortisation and impairments	-10.2	-10.1
<b>Carrying amount at the end of the period</b>	<b>39.4</b>	<b>40.4</b>

## COMMITMENTS AND CONTINGENCIES

EUR million	12/16	12/16
<b>CONTINGENCIES FOR OWN LIABILITIES</b>		
Guarantees	3.6	4.1
<b>OTHER LIABILITIES</b>		
Leasing liabilities (excluding finance lease contracts)	6.1	6.7
Other liabilities	0.3	0.3

## DERIVATIVES

EUR million	12/17	12/16
<b>CURRENCY FORWARD CONTRACTS AND CURRENCY SWAPS</b>		
Fair value, EUR million	0.1	-0.1
Nominal value, EUR million	32.4	25.1
<b>CURRENCY OPTIONS</b>		
Fair value, EUR million	0.1	-0.0
Nominal value, EUR million	45.4	31.7



## FAIR VALUE MEASUREMENT AND HIERARCHY OF FINANCIAL INSTRUMENTS

EUR million	Level 1	Level 2	Level 3	Total
<b>Derivatives</b>				
Currency derivatives		0.3		0.3
<b>Available-for-sale financial assets</b>				
Shares and investments			0.3	0.3
<b>Assets total</b>		0.3	0.3	0.6
<b>Derivatives</b>				
Currency derivatives		-0.2		-0.2
<b>Liabilities total</b>		-0.2		-0.2

The level 1 fair value of financial instruments is based on quotations available in active markets.  
The level 2 fair value of financial instruments is based on data feeds available in the markets.  
The fair value of level 3 derivatives cannot be estimated on the basis of data available in the markets.

In the Group the principle is applied that transfers between levels of fair value hierarchy are recognised on the date on which the event triggering the transfer occurred.

No transfers between levels occurred during the reporting period.

## RELATED PARTY TRANSACTIONS

EUR million	1-12/17	1-12/16
Management's employment benefits	7.1	6.8

## Operating segment performance

### NET SALES BY BUSINESS DIVISION

EUR million	10-12/17	10-12/16	Change %	1-12/17	1-12/16	Change %
Pharmaceuticals	<b>265.9</b>	267.1	-0.4%	<b>1,033.6</b>	1,021.6	+1.2%
Proprietary Products	<b>90.3</b>	81.7	+10.6%	<b>351.4</b>	350.4	+0.3%
Specialty Products	<b>132.3</b>	135.9	-2.6%	<b>519.0</b>	507.8	+2.2%
Animal Health	<b>20.2</b>	23.7	-14.8%	<b>75.9</b>	77.3	-1.8%
Fermion	<b>10.6</b>	14.6	-27.9%	<b>51.0</b>	47.6	+7.2%
Contract manufacturing and other	<b>12.5</b>	11.2	+11.7%	<b>36.2</b>	38.5	-5.8%
Diagnostics	<b>15.2</b>	13.5	+12.9%	<b>53.8</b>	54.8	-1.8%
Group items	<b>-0.8</b>	-0.7	+12.4%	<b>-2.7</b>	-2.8	-2.9%
<b>Group total</b>	<b>280.4</b>	279.9	+0.2%	<b>1,084.6</b>	1,073.5	+1.0%

### OPERATING PROFIT BY BUSINESS AREA

EUR million	10-12/17	10-12/16	Change %	1-12/17	1-12/16	Change %
Pharmaceuticals	<b>75.2</b>	59.6	+26.2%	<b>296.3</b>	316.4	-6.4%
Diagnostics	<b>2.7</b>	1.7	+54.3%	<b>8.9</b>	8.4	+6.2%
Group items	<b>-4.7</b>	-2.6	+79.5%	<b>-12.2</b>	-10.2	+19.5%
<b>Group total</b>	<b>73.1</b>	58.7	+24.7%	<b>293.0</b>	314.6	-6.9%

### NET SALES BY ANNUAL QUARTERS

EUR million	2017				2016			
	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Pharmaceuticals	265.9	241.5	260.7	265.5	267.1	245.7	259.5	249.3
Diagnostics	15.2	11.7	12.4	14.4	13.5	13.4	14.4	13.5
Group items	-0.8	-0.5	-0.7	-0.7	-0.7	-0.6	-0.7	-0.8
<b>Group total</b>	<b>280.4</b>	<b>252.7</b>	<b>272.4</b>	<b>279.2</b>	<b>279.9</b>	<b>258.6</b>	<b>273.1</b>	<b>262.0</b>

### OPERATING PROFIT BY ANNUAL QUARTERS

EUR million	2017				2016			
	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Pharmaceuticals	75.2	57.4	73.5	90.2	59.6	91.8	84.9	80.1
Diagnostics	2.7	1.4	1.3	3.5	1.7	2.2	1.8	2.6
Group items	-4.7	-2.5	-3.0	-2.0	-2.6	-2.0	-3.2	-2.4
<b>Group total</b>	<b>73.1</b>	<b>56.4</b>	<b>71.8</b>	<b>91.7</b>	<b>58.7</b>	<b>92.0</b>	<b>83.5</b>	<b>80.3</b>

### GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

EUR million	2017				2016			
	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Finland	85.2	81.0	82.8	81.9	91.8	84.4	82.1	80.1
Scandinavia	46.0	47.4	50.1	44.7	45.5	39.6	44.3	44.7
Other Europe	84.6	75.7	81.7	83.0	89.0	78.1	85.5	83.2
North America	27.6	17.2	16.1	19.6	29.7	18.7	19.6	18.2
Other markets	37.0	31.4	41.7	50.0	23.9	37.8	41.6	35.8
<b>Group total</b>	<b>280.4</b>	<b>252.7</b>	<b>272.4</b>	<b>279.2</b>	<b>279.9</b>	<b>258.6</b>	<b>273.1</b>	<b>262.0</b>

## Business reviews

### KEY FIGURES FOR PHARMACEUTICALS BUSINESS

EUR million	10-12/17	10-12/16	Change %	1-12/17	1-12/16	Change %
Net sales	265.9	267.1	-0.4%	1,033.6	1,021.6	+1.2%
Operating profit	75.2	59.6	+26.2%	296.3	316.4	-6.4%
% of net sales	28.3%	22.3%		28.7%	31.0%	
R&D expenses	26.6	36.2	-26.6%	99.2	111.5	-11.0%
% of net sales	10.0%	13.6%		9.6%	10.9%	
Capital expenditure	14.8	16.7	-11.0%	74.6	49.7	+50.1%
% of net sales	5.6%	6.2%		7.2%	4.9%	
Sales revenue from proprietary products	101.0	94.6	+6.8%	386.6	377.0	+2.6%
Assets				832.1	776.9	+7.1%
Liabilities				165.2	209.0	-20.9%
Personnel at the end of the period				3,159	3,161	

### TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

EUR million	10-12/17	10-12/16	Change %	1-12/17	1-12/16	Change %
Stalevo <sup>®</sup> , Comtess <sup>®</sup> and Comtan <sup>®</sup> (Parkinson's disease)	23.9	21.9	+9.1%	103.8	124.2	-16.4%
Easyhaler <sup>®</sup> product family (asthma, COPD)	21.5	16.9	+27.3%	76.6	63.7	+20.3%
Dexdor <sup>®</sup> (intensive care sedative)	17.2	16.2	+6.1%	64.1	56.8	+13.0%
Simdax <sup>®</sup> (acute decompensated heart failure)	14.6	15.6	-6.4%	57.2	56.4	+1.5%
Remsima <sup>®</sup> series (rheumatoid arthritis, inflammatory bowel diseases)	12.1	11.2	+8.1%	56.7	42.3	+34.2%
Dexdomitor <sup>®</sup> , Domitor <sup>®</sup> , Domosedan <sup>®</sup> and Antisedan <sup>®</sup> (animal sedatives)	8.8	12.3	-29.0%	30.5	28.1	+8.5%
Precedex <sup>®</sup> (intensive care sedative)	6.6	4.0	+65.4%	25.0	19.6	+28.0%
Burana <sup>®</sup> (inflammatory pain)	5.7	6.5	-13.0%	23.4	23.1	+1.3%
Marevan <sup>®</sup> (anticoagulant)	5.3	4.1	+29.4%	19.2	18.2	+4.9%
Generic entacapone products (Parkinson's disease)	3.6	3.4	+5.4%	18.7	13.2	+41.9%
<b>Total</b>	<b>119.2</b>	<b>112.2</b>	<b>+6.3%</b>	<b>475.2</b>	<b>445.5</b>	<b>+6.7%</b>
Share of pharmaceutical net sales	45%	42%		46%	44%	

### KEY FIGURES FOR DIAGNOSTICS BUSINESS

EUR million	10-12/17	10-12/16	Change %	1-12/17	1-12/16	Change %
Net sales	15.2	13.5	+12.9%	53.8	54.8	-1.8%
Operating profit	2.7	1.7	+54.3%	8.9	8.4	+6.2%
% of net sales	17.6%	12.9%		16.5%	15.3%	
R&D expenses	1.6	1.7	-5.0%	6.2	6.9	-10.2%
% of net sales	10.8%	12.8%		11.5%	12.6%	
Capital expenditure	0.4	0.3	+35.8%	1.5	1.1	+39.0%
% of net sales	2.6%	2.1%		2.9%	2.0%	
Assets				52.0	48.8	+6.7%
Liabilities				16.8	17.6	-4.5%
Personnel at the end of the period				282	284	

## KEY CLINICAL PHARMACEUTICAL DEVELOPMENT PROJECTS

Project	Indication	PHASE			Registration
		I	II	III	
Easyhaler® salmeterol-fluticasone	Asthma, COPD	Bioequivalence study			Registration*
Easyhaler® tiotropium	COPD	<u>Bioequivalence study*</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*	
ORM-12741 (alpha-2c adrenoceptor antagonist) <sup>2)</sup>	Alzheimer's disease	I	IIa		
ODM-109 (oral levosimendan)	ALS	I	II		
ODM-104 (more effective COMT inhibitor)	Parkinson's disease	I	II*		
ODM-203 (targeted FGFR+VEGFR inhibitor)	Solid tumours	I	II*		
ODM-207 (BET protein inhibitor)	Cancer	I*			
<sup>1)</sup> In collaboration with Bayer <sup>2)</sup> In collaboration with Janssen Pharmaceuticals, Inc. The results will be evaluated together with Janssen Pharmaceuticals, Inc. and the decision on continuation of the project will be taken later.		*	= Phase ongoing		
		III	= Status changed vs. previous quarter		

## Information on Orion's shares

### BASIC SHARE INFORMATION 31 DECEMBER 2017

	A shares	B shares	Total
Trading code on Nasdaq Helsinki	ORNAV	ORNBV	
Listing day	1.7.2006	1.7.2006	
ISIN code	FI0009014369	FI0009014377	
ICB code	4500	4500	
Reuters code	ORNAV.HE	ORNBV.HE	
Bloomberg code	ORNAV.FH	ORNBV.FH	
Share capital, EUR million	24.2	68.0	92.2
Counter book value per share, EUR	0.65	0.65	
Total number of shares	37,120,346	104,137,482	141,257,828
% of total share stock	26%	74%	100%
Number of treasury shares		675,401	675,401
Total number of shares excluding treasury shares	37,120,346	103,462,081	140,582,427
Minimum number of shares			1
Maximum number of A and B shares, and maximum number of all shares	500,000,000	1,000,000,000	1,000,000,000
Votes per share	20	1	
Number of votes excluding treasury shares	742,406,920	103,462,081	845,869,001
% of total votes	88%	12%	100%
Total number of shareholders	18,254	44,913	57,339

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 DECEMBER 2017

	A shares	B shares	Total
Shares traded	3,197,610	86,593,836	89,791,446
% of the total number of shares	8.5%	83.5%	63.6%
Trading volume, EUR million	148.3	3,733.4	3,881.6
Closing quotation on 31 December 2016, EUR	42.38	42.29	
Lowest quotation, EUR (A 21 and 22 December 2017, B 12 December 2017)	31.21	29.72	
Average quotation, EUR	46.37	43.11	
Highest quotation, EUR (A and B 2 June 2017)	58.35	58.50	
Closing quotation on 31 December 2017, EUR	32.07	31.08	
Market capitalisation excluding treasury shares on 31 December 2017, EUR million	1,190.4	3,215.6	4,406.1

## PERFORMANCE PER SHARE

	10-12/17	10-12/16	Change %	1-12/17	1-12/16	Change %
Basic earnings per share, EUR	<b>0.39</b>	0.34	+15.8%	<b>1.61</b>	1.77	-9.2%
Diluted earnings per share, EUR	<b>0.39</b>	0.34	+15.8%	<b>1.61</b>	1.77	-9.2%
Cash flow per share before financial items, EUR	<b>0.22</b>	0.39	-44.2%	<b>1.09</b>	1.62	-32.5%
Equity per share, EUR				<b>4.83</b>	4.57	+5.9%
Proposed dividend per share, EUR				<b>1.45</b>	1.55	-6.5%
Proposed payout ratio, %				<b>90.1%</b>	87.6%	
Total proposed dividend, EUR million				<b>203.8</b>	217.7	-6.4%
Effective dividend yield according to proposal, %						
A share				<b>4.5%</b>	3.7%	
B share				<b>4.7%</b>	3.7%	
Price/earnings ratio (P/E)						
A share				<b>19.92</b>	23.94	-16.8%
B share				<b>19.30</b>	23.89	-19.2%
Average number of shares excluding treasury shares, 1,000 shares	<b>140,582</b>	140,474		<b>140,565</b>	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, self-care products and biosimilars)
  - 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

The Consolidated Financial Statements of the Orion Group have been prepared in accordance with International Financial Reporting Standards (IFRS) applying the IAS and IFRS standards as well as SIC and IFRIC interpretations effective at 31 December 2017.

The following new standards, interpretations and amendments to existing standards endorsed by the EU have been adopted as of 1 January 2017: ·

- IAS 7 (amendment), *Statement of Cash Flows*
- IAS 12 (amendment), *Income Taxes*

The amendments or improvements made to the IFRS standards have no material 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 information presented in this report is based on the audited Orion Corporation Financial Statements 2017. Orion Corporation's Financial Statement Release has been prepared in line with IAS 34, 'Interim Financial Reporting'. Orion has applied the same accounting principles in the preparation of the Financial Statement Release as in the Financial Statements for 2017.

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/OrionCorpIR>

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 2017 amounted to EUR 1,085 million and the Company had about 3,500 employees. Orion's A and B shares are listed on Nasdaq Helsinki.