



Review by the President & CEO

Timo Lappalainen

Annual General Meeting of Orion Corporation
20 March 2018

Disclaimer

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

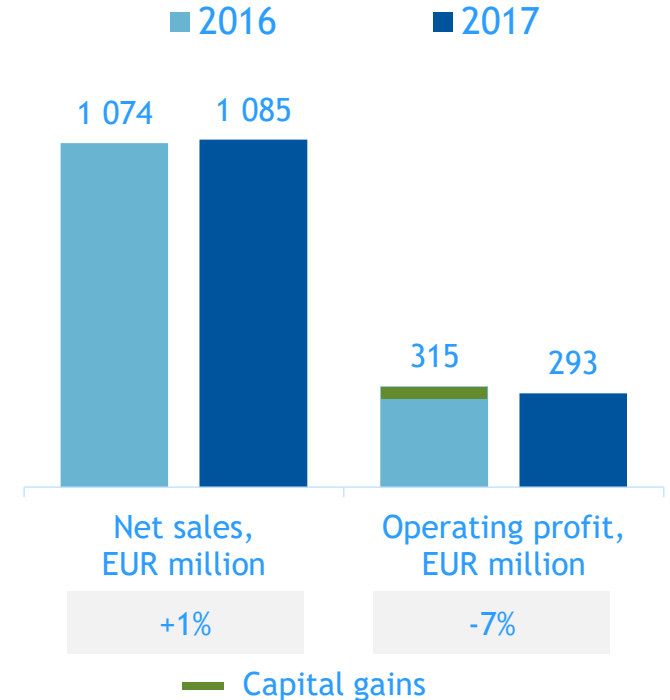
These statements are subject to risks and uncertainties. Actual results may differ substantially from those stated in any forward-looking statement. This is due to a number of factors, including the possibility that Orion may decide not to implement these strategies and the possibility that the anticipated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



2017 in review

Orion had a good centenary year

- Net sales were at previous year's level.
- The operating profit in comparative period included EUR 22 million of capital gains.
- Dexdor and Easyhaler product family continued to grow.
- Growth in sales of biosimilar Remsima generated a significant portion of Specialty Products growth.
- Narrowing of price band in Finland had EUR 15 million negative effect.
- Targeted efficacy objectives were not met in Alzheimer's disease Phase IIa clinical trial (ORM-12741).
- Development of new Easyhaler formulation (tiotropium) commenced.
- Board of Directors proposes payment of dividend of EUR 1.45 per share.



Key figures

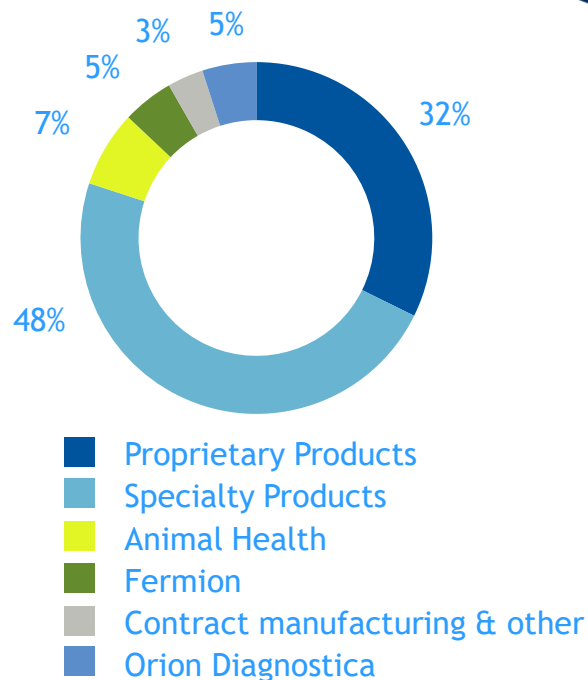
| | 2017 | 2016 | Change % |
|---------------------------------------|---------|---------|----------|
| Net sales, EUR million | 1,084.6 | 1,073.5 | +1.0% |
| Operating profit, EUR million | 293.0 | 314.6 | -6.9% |
| R&D expenses, EUR million | 105.1 | 118.2 | -11.0% |
| Equity ratio, % | 64.6% | 60.8% | |
| Basic earnings per share, EUR | 1.61 | 1.77 | -9.2% |
| Cash flow before financial items, EUR | 1.09 | 1.62 | -32.5% |
| Dividend per share, EUR | 1.45* | 1.55** | -6.5% |
| Personnel at the end of the year | 3,464 | 3,469 | -0.1% |

*) Dividend proposal by the BoD

***) 2016 dividend included extra dividend of EUR 0.20 due to the centenary year

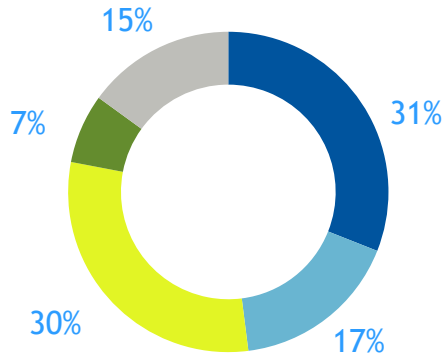
Breakdown of net sales by business division

| Net sales, EUR million | 2017 | 2016 | Change |
|-----------------------------------|------|------|--------|
| Specialty Products | 519 | 508 | +2% |
| Proprietary Products | 351 | 350 | 0% |
| Animal Health | 76 | 77 | -2% |
| Fermion | 51 | 48 | +7% |
| Contract manufacturing & other | 36 | 39 | -6% |
| Orion Diagnostica | 54 | 55 | -2% |



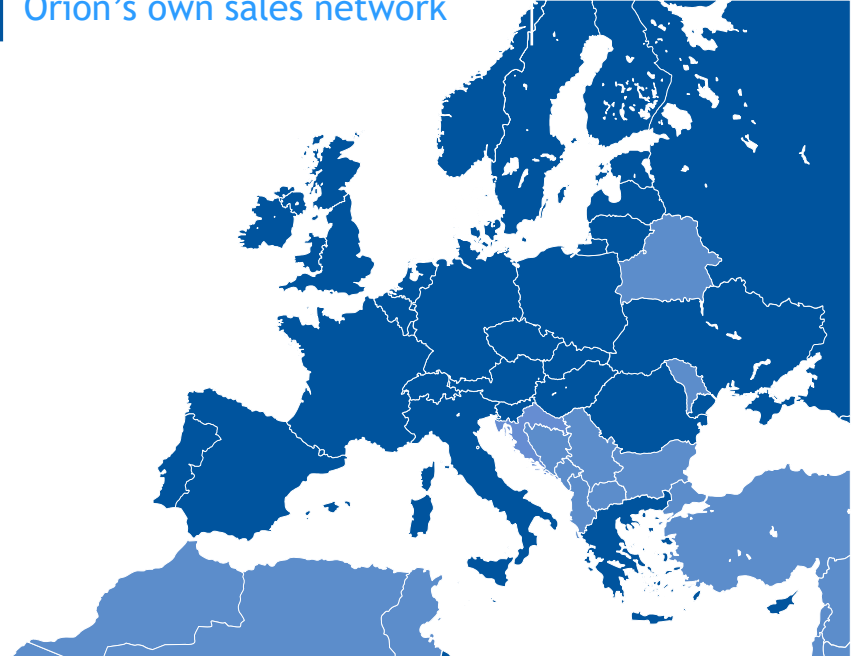
Orion's own sales network covers Europe

Net sales by market area
2017

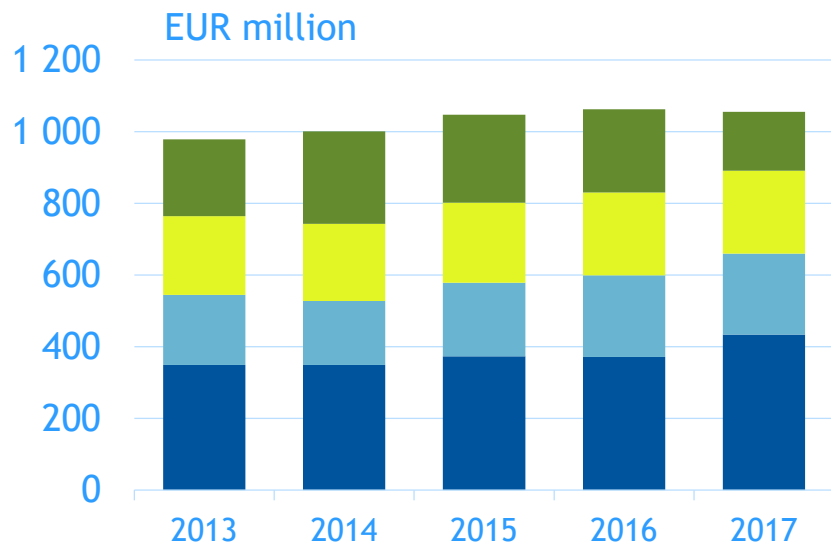


- Finland
- Scandinavia
- Other Europe
- North America
- ROW

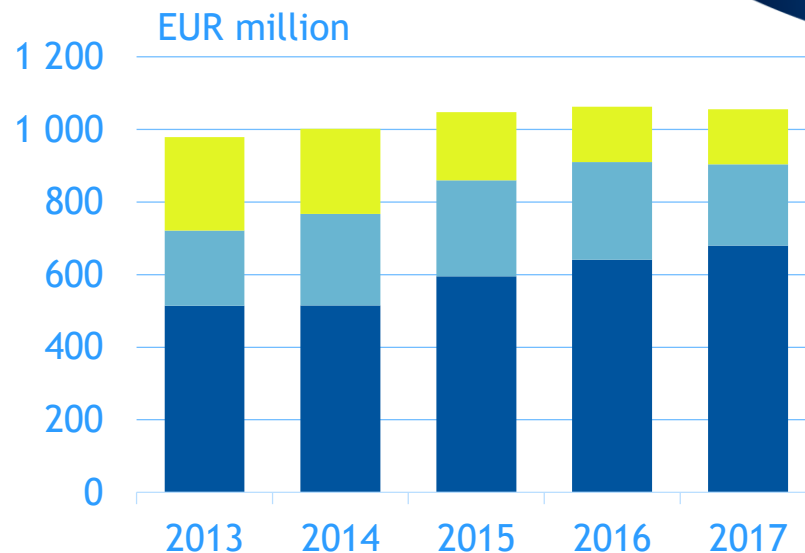
Orion's own sales network



Orion has a strong balance sheet



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














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



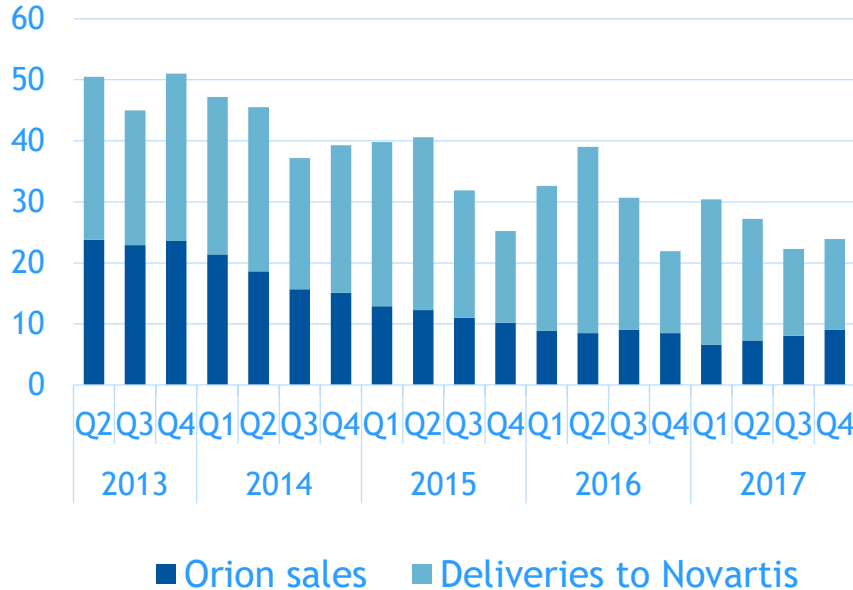
Pharmaceuticals business

Best-selling pharmaceuticals in 2017

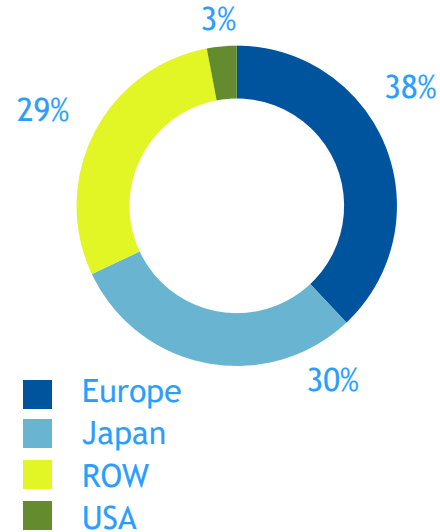
| | Product | Indication | Net sales, EUR million | Change vs. 2016 |
|-----|--|---|---------------------------|--------------------|
| 1. |  <i>Stalevo</i> <i>Comtess</i> <i>COMTan</i> | Parkinson's disease | 104 | -16% |
| 2. |  Easyhaler® | Asthma, COPD | 77 | +20% |
| 3. |  dexdor | Intensive care sedative | 64 | +13% |
| 4. |  SIMDAX levosimendan | Acute decompensated heart failure | 57 | +2% |
| 5. |  Remsima™ Infliximab | Rheumatoid arthritis, inflammatory bowel diseases | 57 | +34% |
| 6. |  DEXDOMITOR  DOMITOR  DOMOSEDAN  ANTISEDAN | Animal sedatives | 31 | +9% |
| 7. |  Precedex® (dexmedetomidine HCl Injection) | Intensive care sedative | 25 | +28% |
| 8. |  burana® | Inflammatory pain | 23 | +1% |
| 9. | Marevan® | Anticoagulant | 19 | +5% |
| 10. | Generic entacapone products | Parkinson's disease | 19 | +42% |
| | = Products of Proprietary Products business division | | | |

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

Sales, EUR million



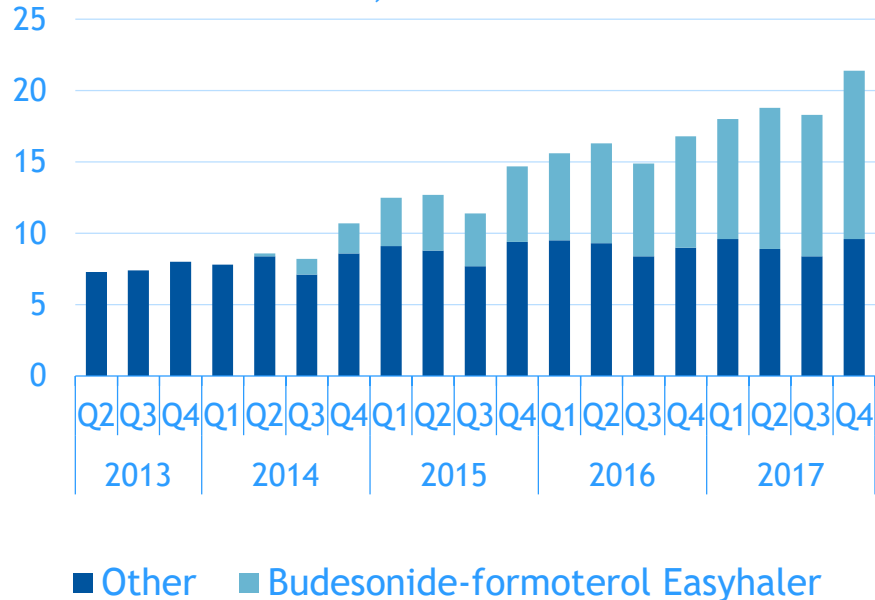
Sales of Orion's branded Parkinson's drugs by market area*



*Source: IMS Health sales statistics MAT9/2017

Easyhaler product family growing

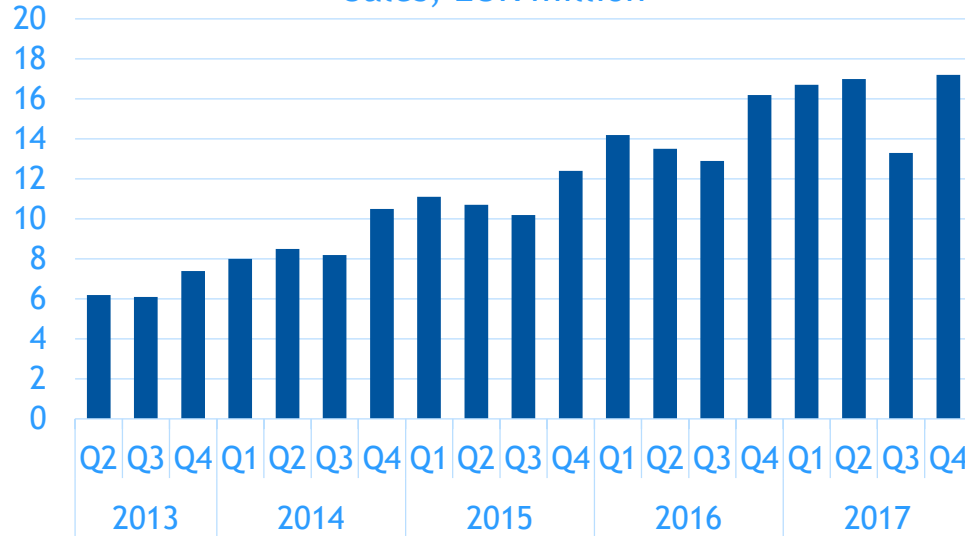
Sales, EUR million



- Easyhaler product family sales grew by 20% in 2017, driven by budesonide-formoterol Easyhaler, which grew by 46%.
- Budesonide-formoterol Easyhaler has been launched in all key European markets.
 - Menarini is marketing budesonide-formoterol in Southern Europe, new agreement on distribution in APAC countries. First marketing authorisation applications in MENA region submitted (agreement with Hikma).
- Positive conclusions for the salmeterol-fluticasone Easyhaler under the EU's decentralized procedures received in March 2018. National approval procedures of the marketing authorisation applications will start in 23 countries.
- Orion is expanding the product family by developing a new tiotropium formulation for treatment of chronic obstructive pulmonary disease.

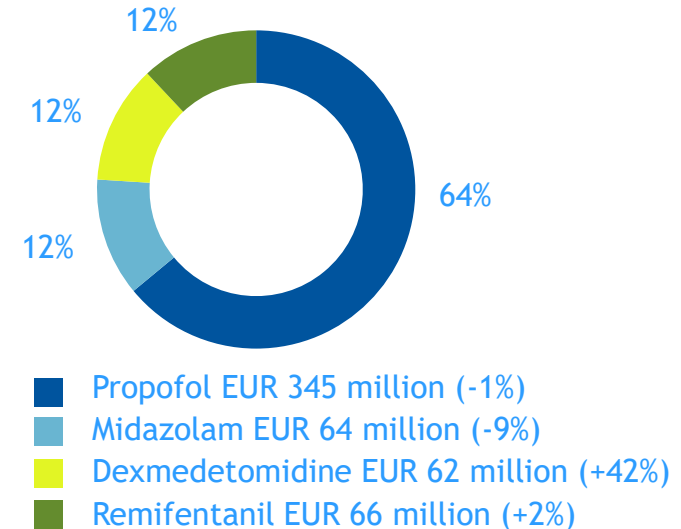
Sales of Dexdor intensive care sedative grew, but generic competition has started

Sales, EUR million



European sedative market
MAT9/2017*

Total market value
EUR 537 million (+2%)



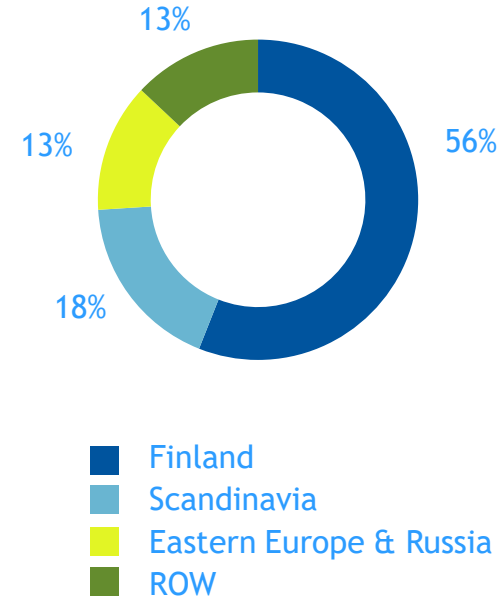
*Source: IMS Health sales statistics MAT9/2017

Specialty Products sales declined in Finland, but increased in other markets

| Net sales in key markets 2017 | EUR million | vs. 2016 |
|-------------------------------|-------------|----------|
| Finland | 292 | -2% |
| Scandinavia | 94 | +14% |
| Eastern Europe and Russia | 65 | +10% |

- Specialty Products net sales at similar level to previous year.
- 34% growth in sales of Remsima® biosimilar was driver of net sales growth.
 - Competition has intensified and price level declined.
- The launch of Ritemvia® biosimilar has started.
- Change to pricing system in Finland reduced Specialty Products sales by EUR 15 million.

Breakdown of net sales by market area

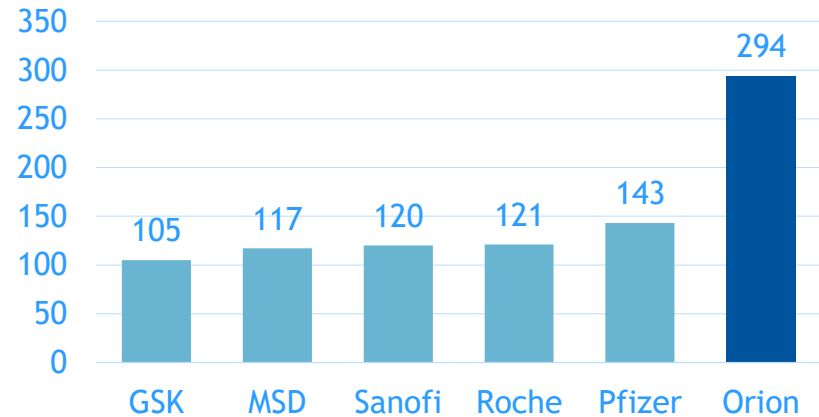


Orion continues to be strong in home market Finland

Finnish human pharmaceuticals market 2017:

- Wholesale EUR 2,378 million
- Orion's market share 12%
 - Approximately one-third of pharmaceuticals packages sold in Finnish pharmacies are Orion's products, which is over 30 million sold packages per year.
- Growth of total market was 2%, Orion's sales decreased by 2%
 - Changes to the pricing system of substitutable prescription drugs (narrowing of price band) reduced Orion's net sales in 2017 by EUR 15 million.
 - Effect is expected to continue in 2018.

Finland's biggest pharmaceutical companies in 2017, EUR million



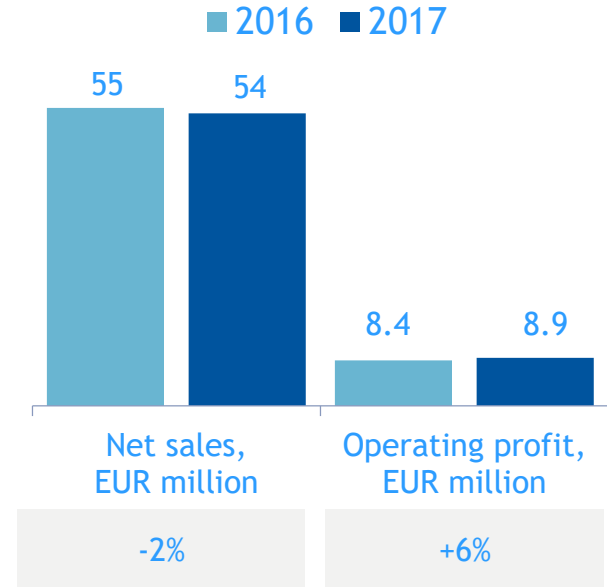
Source: IMS Health sales statistics MAT9/2017



**Orion is investigating possible sale
of Diagnostics business**

Orion Diagnostica is now in good shape and has an expanding product portfolio

- Orion Diagnostica manufactures in vitro diagnostic tests and testing systems suitable for point-of-care testing.
- Key products: QuikRead® and GenRead® platforms. Four new test will be launched in 2018.
- Strong market position, global business:
 - Main market areas: Europe, China, USA and Japan
 - Own sales units in 9 European countries, products in market in over 50 countries
- Approx. 280 employees with production and R&D units in Finland





Research and development

Finnish companies' R&D expenses in 2017

| | R&D expenses, EUR million | Change vs. 2016 | % of net sales |
|--------------|------------------------------|--------------------|----------------|
| Nokia | 4,916 | - 2% | 20.8% |
| Kone | 158 | +12% | 1.8% |
| Wärtsilä | 141 | +8% | 2.9% |
| ABB Finland | 131 | +3% | 5.8% |
| Stora Enso | 127 | -4% | 1.3% |
| Orion | 105 | -11% | 9.7% |
| Amer Sports | 102 | +7% | 3.8% |
| Cargotec | 93 | +2% | 2.8% |

Source: Companies' financial statements

Together we can achieve more in R&D

Research

Early development

Late stage development

Target identification and validation

8–24 mo.

Hit to Lead generation

12–24 mo.

Lead optimisation

18–36 mo.

Candidate selection, preclinical development
12–24 mo.

Phase I

12–14 mo.

Phase II

12–36 mo.

Phase III

18–48 mo.

Collaboration with partners

Collaboration with partners



AsahiKASEI



Key clinical pharmaceutical development projects

| Project | Indication | PHASE | | | Registration |
|--|--------------------------|----------------------|-----|-----|--------------|
| Easyhaler® salmeterol-fluticasone | Asthma, COPD | Bioequivalence study | | | Registration |
| Easyhaler® tiotropium | COPD | Bioequivalence study | | | |
| Darolutamide (ODM-201) ¹⁾ | Prostate cancer (nmCRPC) | I | II | III | |
| Darolutamide (ODM-201) ¹⁾ | Prostate cancer (mHSPC) | I | II | III | |
| ODM-109 (oral levosimendan) | ALS | I | II | | |
| ORM-12741 (alpha-2c adrenoceptor antagonist) ²⁾ | 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 | | | |

¹⁾ In collaboration with Bayer

²⁾ In collaboration with Janssen Pharmaceuticals, Inc. The research results will be evaluated together with Janssen Pharmaceuticals, Inc. and the decision on continuation of the project will be taken later.

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

| | |
|---|-------------------|
| | = Phase completed |
| | = Phase ongoing |
| | = Status changed |



Strategy and financial objectives

| | | | | | | | |
|--|--|---|---|--|--|---|--|
| Ageing population | Advancements in science | <h1>Orion strategy 2018–2022</h1> <h2>Mission to build well-being</h2> | | | | | |
| Cost burden in healthcare | Launching innovative and cost-effective pharmaceuticals and treatment methods for patients |  | Working together for our customers |  | Succeeding together! | | |
| Increased personal responsibility for health | Continuously improving our performance in sustainability | Growing faster than the market |  | Quality and safety | Productivity and flexibility | | |
| | Strong development of profitability is a target |  | Partnerships | Competitive product portfolio |  | Future R&D | |
|  Megatrends |  Strategic targets | | | |  Top Supply Chain |  | |
|  Focus areas |  Strategic development projects | | | | | | |



| | | |
|--|--------------------------|---|
|  | Customer focus |  |
| Values | Mutual trust and respect | Quality, reliability and safety |
|  | Innovation | Achievement |

Orion Executive Management Board



Timo Lappalainen
President and 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



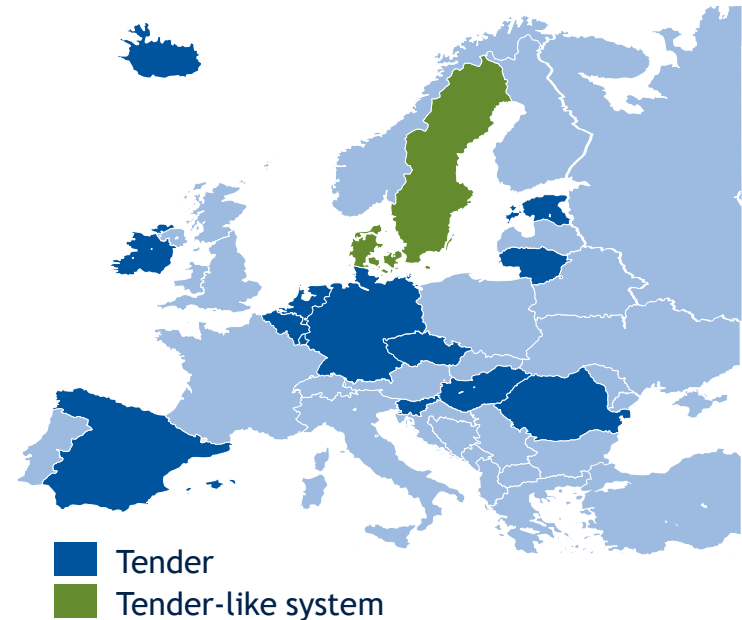
Christer Nordstedt
R&D

Employee
representative:
Jani Korhonen

The pricing of generic medicines varies between countries

- Some European countries have a tendering system in place for generic medicines in the retail market.
- In the hospital market, tendering system is in place in nearly all European countries.
- Drugs are purchased in bulk from the manufacturers, mainly based on price. Bids are not usually published.
- The scope of tenders can be national (for example Denmark, Norway) or regional (for example Finland, Sweden, Germany).
- Contract duration is typically 1-3 years.
- In Orion's market, the winner of tender usually receives exclusive rights of sale for the agreement period, which leads to strong fluctuation in sales.

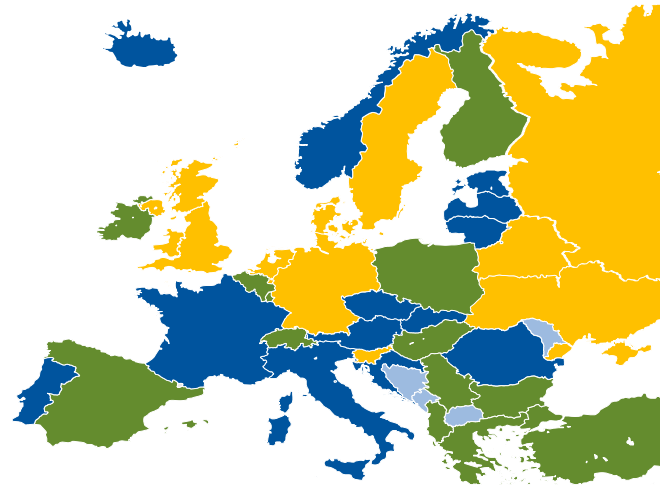
Tendering in retail market



Source: WHO 2016

In Europe generics prices are often regulated and significantly lower than for proprietary products

Prices linked to proprietary drugs



- Generics and biosimilars price link
- Generics price link
- Free pricing

Price difference to proprietary drugs

| Generics | | | |
|-----------|--------|----------------|-----|
| France | 60% | Hungary | 40% |
| Ireland | 60% | Romania | 35% |
| Belgium | 54-60% | Slovakia | 35% |
| Portugal | 30-50% | Czech Republic | 32% |
| Austria | 48% | Estonia | 30% |
| Finland | 50% | Croatia | 30% |
| Lithuania | 50% | Poland | 25% |
| Spain | 40% | Italy | 20% |

Source: GaBI Journal 2017 and European Generics Medicines Markets report, 2016

Outlook for 2018

| | |
|-------------------------|---|
| Net sales | 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). |
| Operating profit | 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). |

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%.



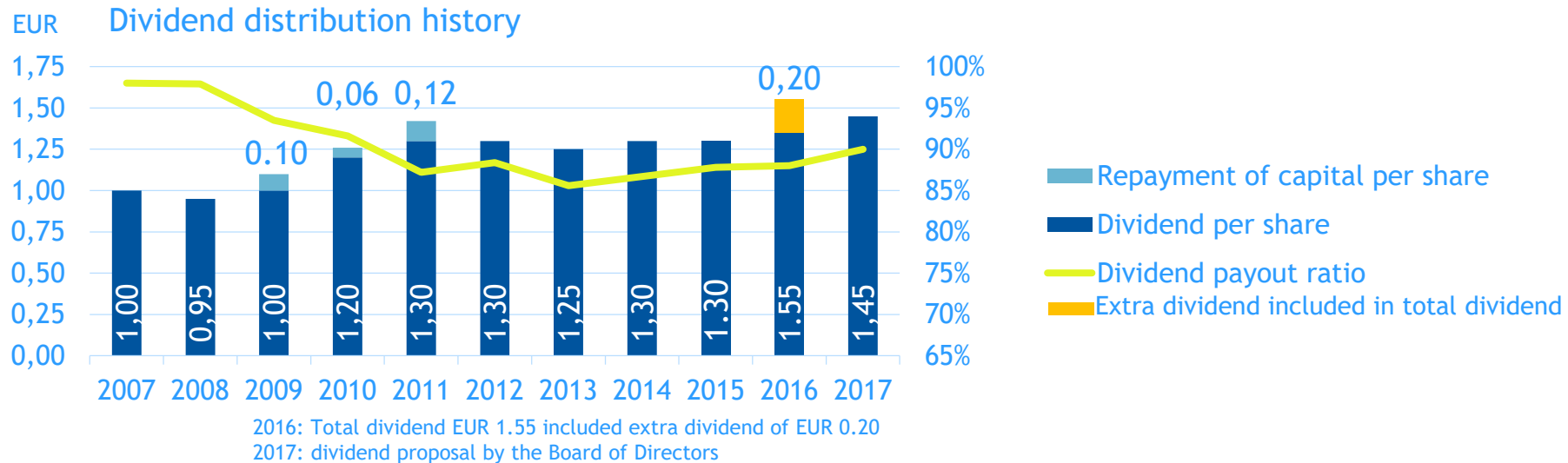
Maintaining profitability at a good level. The aim is operating profit that exceeds 25% of net sales.



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 proposal: EUR 1.45 per share

- Dividend 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.





Orion in Finland

Orion is responsible member of the Finnish society

| EUR million | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|------|------|------|------|------|
| Income taxes paid in Finland from operating profit | 55 | 45 | 45 | 54 | 57 |
| Tax deduction from salaries in Finland | 39 | 41 | 42 | 43 | 44 |
| Tax deduction from dividend paid to Finnish shareholders | 26 | 27 | 27 | 27 | 21 |
| Total | 120 | 113 | 114 | 124 | 122 |

Orion Research Foundation supports Finnish research

- In the last few years Orion Research Foundation has been distributing total annual grants of approximately **EUR 1,000,000** for research in medicine, veterinary medicine, pharmacy and related sciences, such as chemistry and physics.

Grants for research in 2018

990,000 €
total grants

21 x
14,000–25,000 €

139 x
2,500–5,000 €

640
applications

Orion's investments in Finland: EUR 76 million in 2018

HANKO 2018



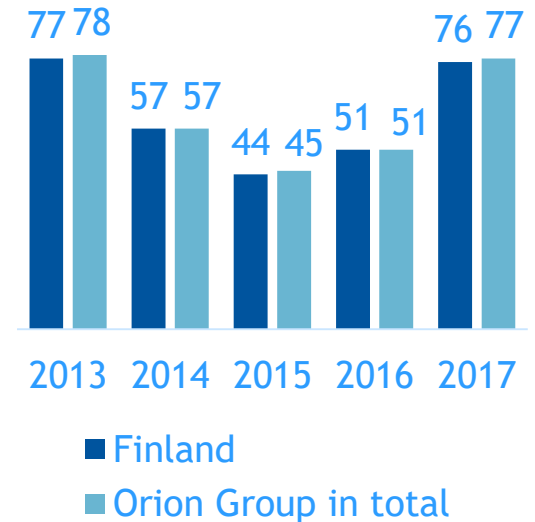
2016–2018: Fermion plant expansion in Hanko

- Production test runs started, plant will be taken into operation in the summer.
- The investment is valued at more than EUR 30 million with a purpose to modernize production and prepare for tightening regulatory requirements as well as to ensure preparedness to meet growing demand.
- 6,000 m² factory building for manufacturing APIs + machinery and equipment

2016–2018: Expansion of Easyhaler production capacity in Espoo

- New production lines taken into use.
- Facilities for inhalation production doubled – enables the growth of production volumes as the product family is expanding.

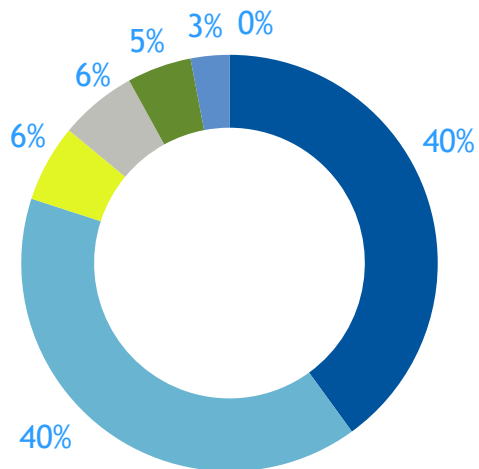
Investments, EUR million



Orion has ~57,000 shareholders, of which a significant number is Finnish households

By number of shares

(December 31, 2017)



■ Households (Finnish retail)

■ Non-Finnish holders and nominee-registered

■ Private corporations

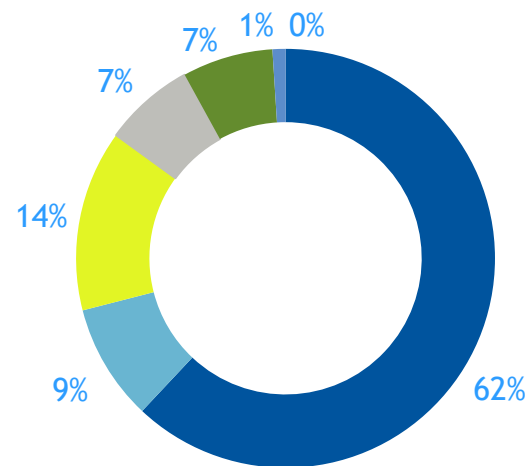
■ Public sector

■ Non-profit institutions

■ Financial and insurance corporations

■ Other

By number of votes





Building well-being