



Review by the President & CEO

Timo Lappalainen

Annual General Meeting of Orion
Corporation

26 March 2019

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.



2018 January-December in review

Annual General Meeting of Orion Corporation © Orion Corporation

26 March 2019



Important year for future growth

1 Profitability was good, profit margin for continuing operations exceeded financial target. Cash flow was strong. Net sales and operating profit were lower than in the comparative period. R&D investments increased.

3 Net sales of Specialty Products declined due to continued intense price competition in generic drugs in Finland and anticipated lower sales of biosimilars.

5 Strategic target in 2019-2023: Growing more rapidly than the growth in the market.



2 The net sales of Proprietary Products increased slightly particularly due to strong Easyhaler sales. Sales of Dexdor and Simdax remained at a good level. Sales of Parkinson's drugs declined as anticipated.

4 Prostate cancer drug darolutamide met primary endpoint in October. Full data will be presented at ASCO GU on 14 February 2019.

6 Dividend proposal: EUR 1.50 share.

Key figures 1–12/2018 (continuing operations)

Net sales

977

MEUR (1 034)
-5 %

Operating profit

253

MEUR (284)
-11 %

Operating
profit margin

26 %

(27 %)

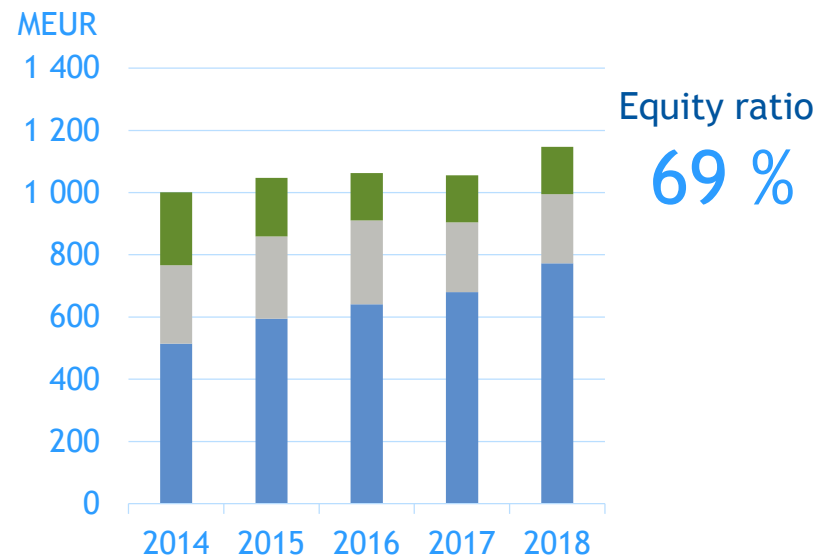
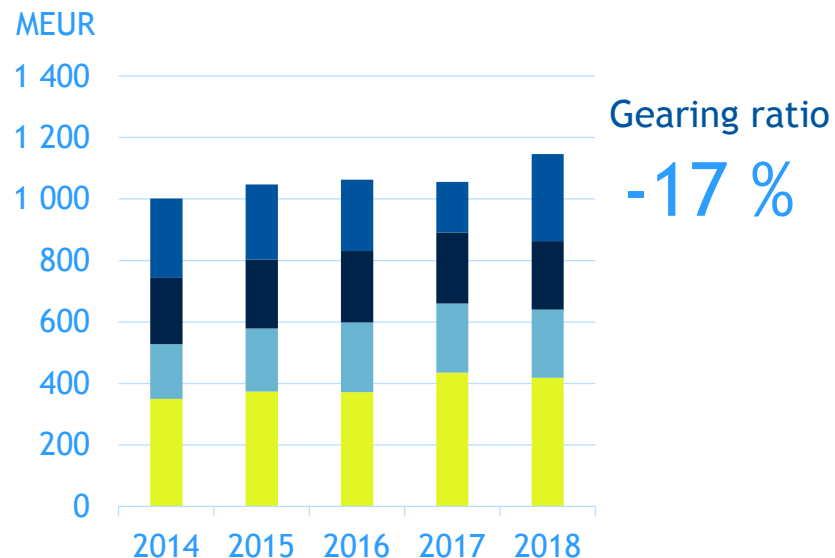
Cash flow per share
before financial
items**

2,32

EUR (1,09)
+112 %

**) Cash flow before financial items: Continuing and discontinued operations

Orion has a strong balance sheet

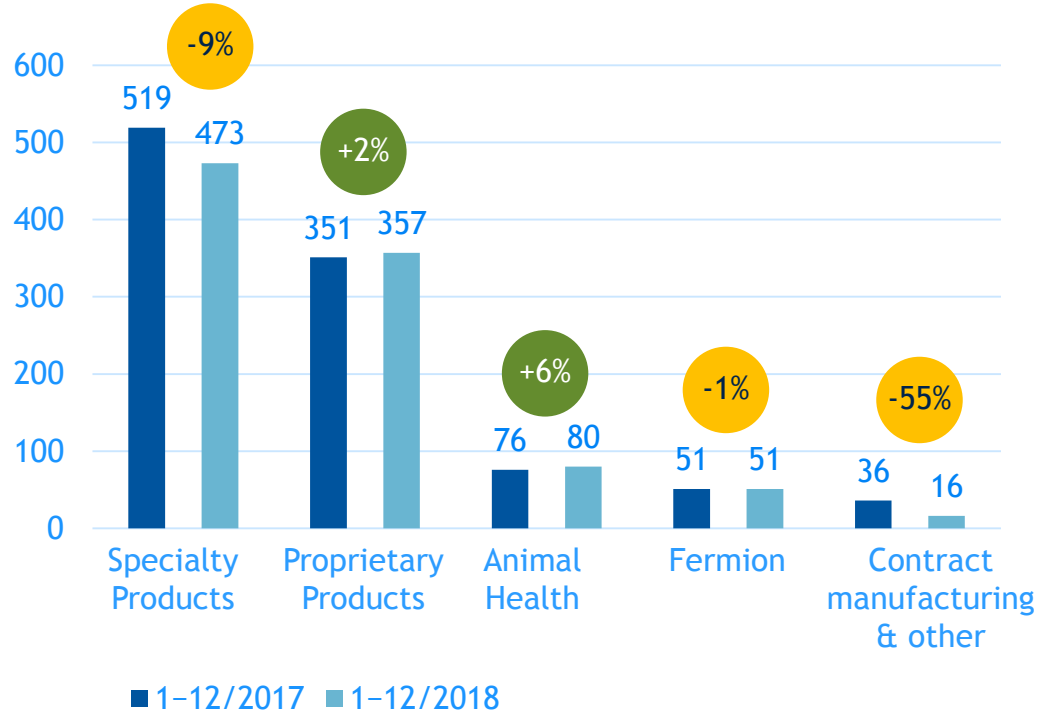


- Cash and money market investments
- Receivables
- Inventories
- Non-current assets

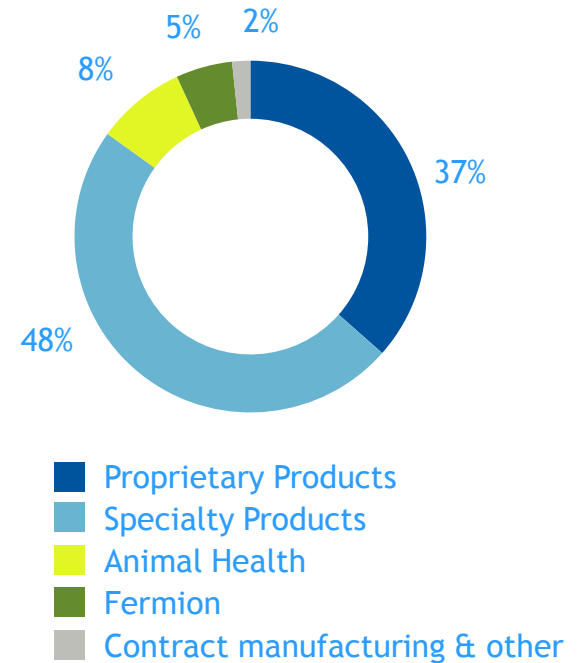
- Interest-bearing liabilities
- Non-interest-bearing liabilities
- Equity

Net sales by business division

EUR million

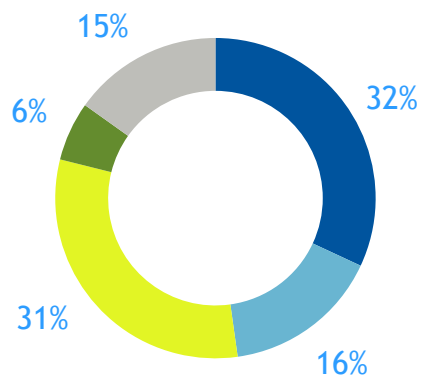


1-12/2018



Geographical breakdown and development of net sales

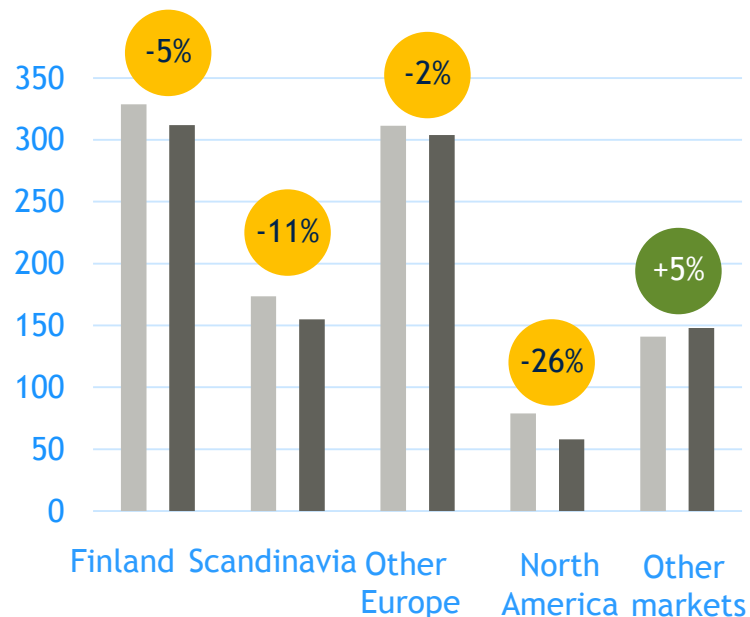
1-12/2018


















- Finland
- Scandinavia
- Other Europe
- North America
- Other markets

■ 1-12/2017 ■ 1-12/2018

EUR million



Best-selling pharmaceuticals 1–12/2018

		Indication	Net sales (EUR million)	Change vs 1–12/2017
1.	 <i>Stalevo</i>  <i>Comtess</i>  <i>COMTan</i>	Parkinson's disease	100	-3%
2.	 EASYHALER	Asthma, COPD	90	+18%
3.	 <i>dexdor</i>	Intensive care sedative	63	-2%
4.	 SIMDAX <small>levosimendan</small>	Acute heart failure	59	+4%
5.	 DEXDOMITOR  DOMITOR  DOMOSEDAN  ANTISEDAN	Animal sedatives	34	+10%
6.	 Precedex <small>(dexmedetomidine HCl injection)</small>	Intensive care sedative	26	+3%
7.	Biosimilars  Remsima <small>infliximab</small>  Ritemvia <small>Rituximab</small>	Rheumatoid arthritis, inflammatory bowel diseases, lymphoma	25	-56%
8.	 burana	Inflammatory pain	23	0%
9.	Divina series  <i>Divina</i>	Menopausal symptoms	19	+1%
10.	Marevan	Anticoagulant	18	-7%

= Products of Proprietary Products business division

Proprietary Products

Easyhaler

- Strong growth, investments in sales and marketing particularly in Germany.
- Salmeterol-fluticasone Easyhaler sales started.

Dexdor

- Dexdor sales continued to grow in most of the countries. In 2018 there was significant generic competition only in Germany, but competition is expected to expand in 2019.



Simdax

- Sales increased slightly. Possible generic competition is not estimated to have a material impact on sales in 2019.

Parkinson's drugs

- Sales were lower than in comparative period, as anticipated. However, the decline in sales was significantly slower than in the long term on average.

Specialty Products

- Net sales decreased in Finland and Scandinavia, and grew in Eastern Europe and Russia.

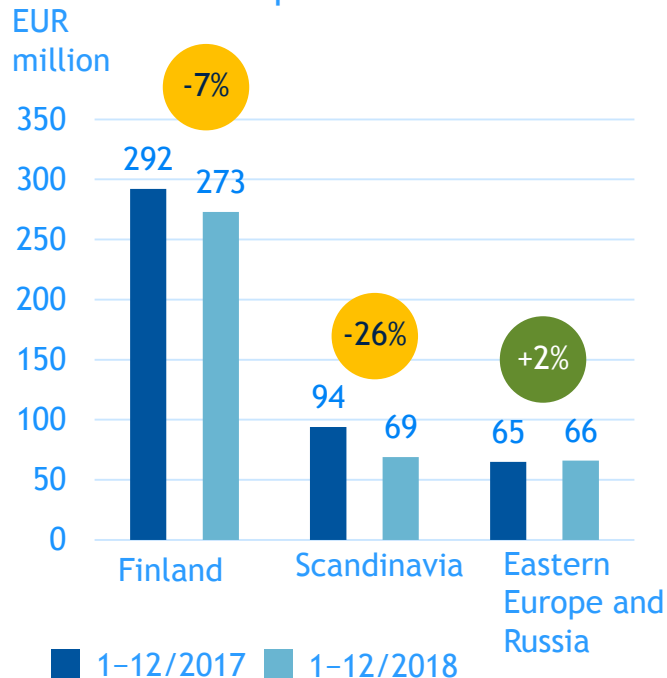
- In Finland, price competition has led to a decline in the entire market of reference priced prescription drugs. Impact on Orion's sales was EUR 15 million negative in 2018.
- Prices are expected to continue decline in 2019, but impact on sales is anticipated to be slightly lower than in 2018.



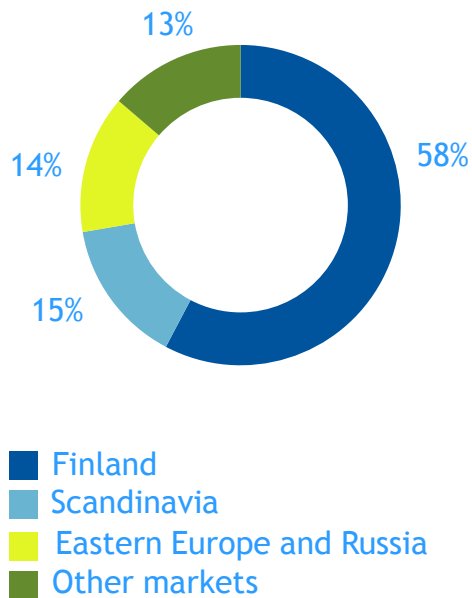
- Net sales of biosimilars decreased from record year 2017.
 - The decrease was due to tightened competition, declined price level and the situation of tendering competitions.
 - Orion won the national tender in Norway in late 2018, deliveries to start in Q1/2019.
-
- In Finland, sales of Amgevita (adalimumab), Orion's first biosimilar for outpatient use, started at the end of the year.

Specialty Products: tightened price competition and lower sales of biosimilars showed as a decrease in net sales

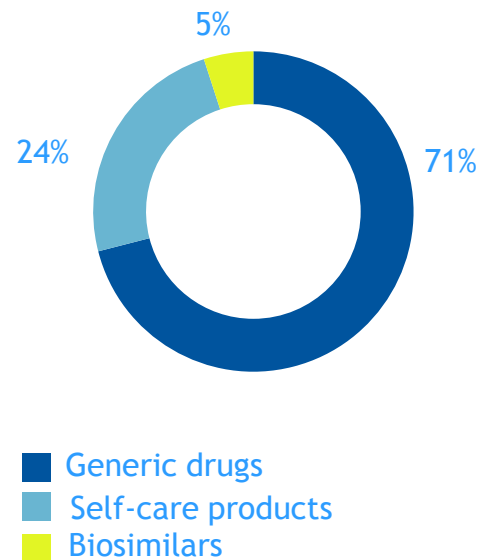
Development of net sales



Net sales by region 1-12/2018



Net sales by product 1-12/2018



In Finland, price competition has led to a decline in the entire market of reference priced prescription drugs

The market of reference priced prescription drugs in Finland (1-12/2018)

490

MEUR (528)

Market development

-7%



The sales of Orion's reference priced prescription drugs in Finland

126

MEUR (139)

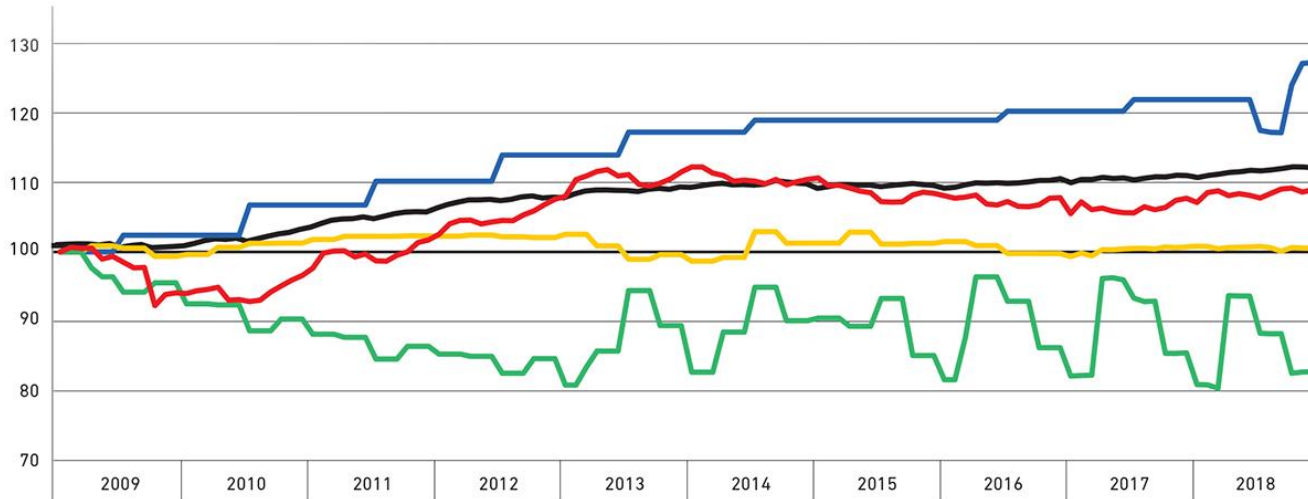
Orion's development

-9%

The prices of prescription medicines have fallen by almost 20% in a decade

Price trend of medicines, food and taxi trips 2009-2018

Consumer price index 2009=100



Prescription medicines last 10 y

-17%

Taxi trips last 6 m

+4%

■ Consumer price index
■ Taxi trips
■ Food

■ Self-care products
■ Prescription medicines (deductible)

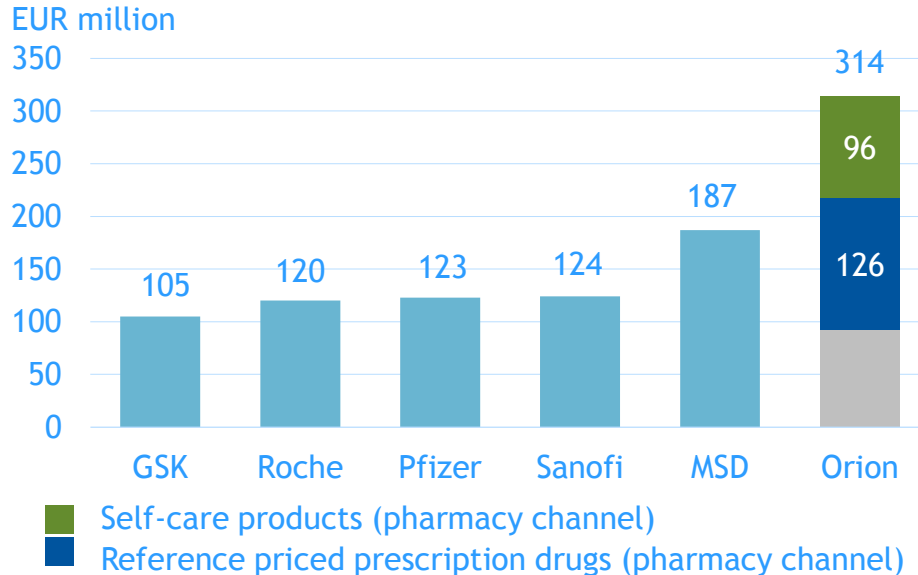
Source: Statistics Finland and Association of Finnish Pharmacies

Orion is Finland's most significant provider of pharmaceuticals

Human pharma market in Finland (1-12/2018)

Medicinal and non-medicinal products

in hospital and pharmacy channels: EUR 2,746 million



Reference priced prescription drugs

Orion market share in pharmacy

26%

(26%)

Self-care products

Orion market share in pharmacy

25%

(26%)

Human pharmaceuticals total

Orion market share in pharmacy & hospital

11%

(13%)

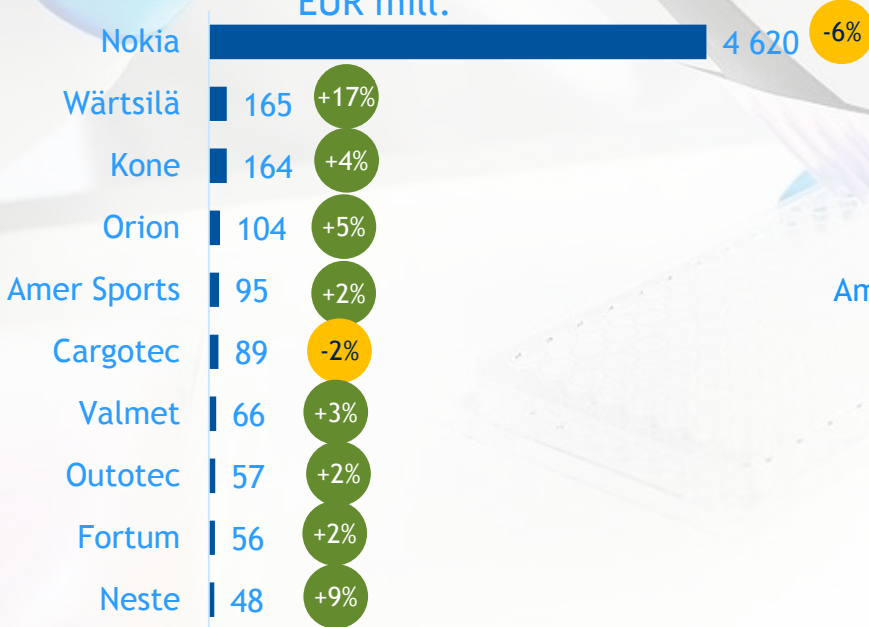


Research and development

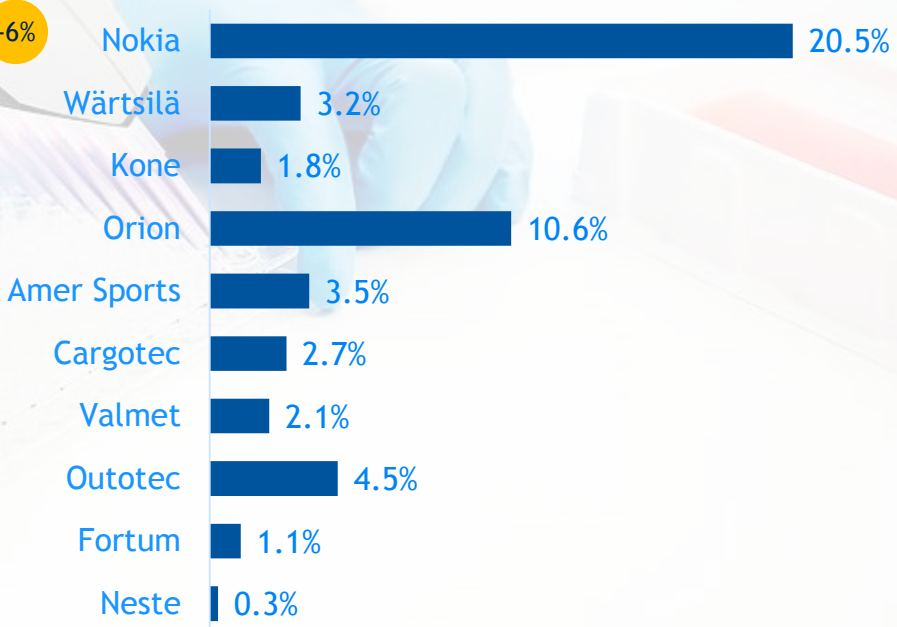
Orion is one of the top Finnish companies investing in R&D



Finnish companies' R&D expenses in 2018, EUR mill.



Proportion of net sales, %






Source: Tekniikka & Talous ● Change from 2017

Orion's key clinical drug development projects

Project	Indication	Phase			Registration
Easyhaler® tiotropium	COPD	Bioequivalence study			
Darolutamide ¹⁾	Prostate cancer (nmCRPC)	I	II	III	
Darolutamide ¹⁾	Prostate cancer (mHSPC)	I	II	III	
ODM-109 (oral levosimendan)	ALS	I	II	III	
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			
ODM-208 (CYP11A1 inhibitor)	Prostate cancer (CRPC)	I			

¹⁾ In collaboration with Bayer

More information on R&D projects:
<https://www.orion.fi/en/rd/orion-rd/pipeline/>

	= Completed
	= Ongoing
	= Status changed

Financial impacts of darolutamide

- **Bayer** has the right to commercialize darolutamide globally.
- **Orion** has the option of co-promoting in Europe. Orion will manufacture the product.
- **Milestone payments** upon first commercial sales:
 - EUR 45 million in the US
 - EUR 20 million in the EU
 - EUR 8 million in Japan
- **Tiered royalties** on product sales
 - Approx. 20%, including production revenue.
- **Potential one-off payments** if certain sales targets are met.



Several promising compounds in early-stage research

1. Orion has several early-stage projects that study central nervous system disorders, hormonal cancers, chronic pain and rare diseases of the Finnish disease heritage, among other areas.
2. More than 10 projects already in the pre-clinical phase and several interesting molecules in testing.
3. Orion is expanding its pharmaceutical development competence to biomedicines
 - new research unit opened in Turku





Strategy: Investments in growth

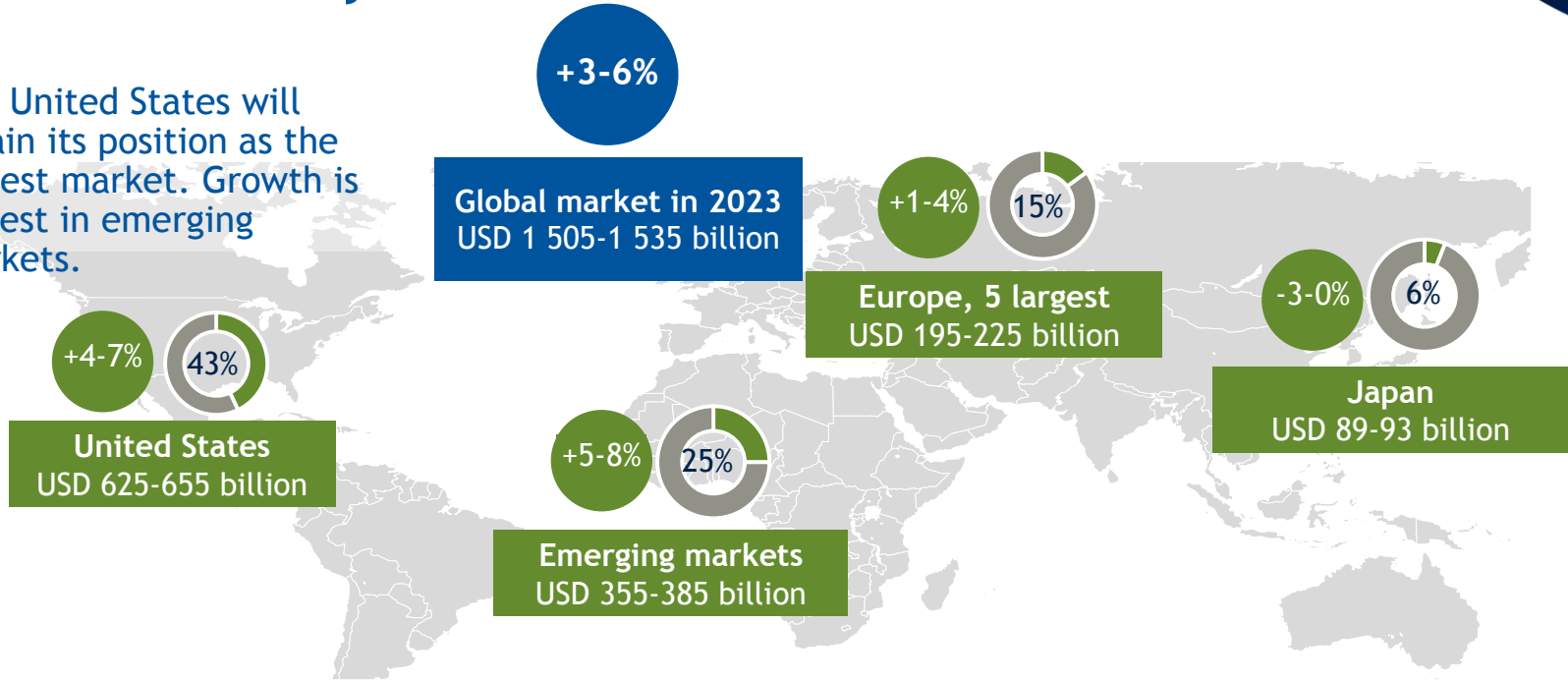
Annual General Meeting of Orion Corporation © Orion Corporation

26 March 2019



The average growth of the global pharmaceutical market is 3%-6% annually

The United States will retain its position as the largest market. Growth is fastest in emerging markets.



● Average annual growth 2019-2023
 ○ Market share in 2023

Europe, 5 largest countries
 = Germany, France, Italy, United Kingdom, Spain

Key strategic target in 2019–2023: Growing more rapidly than the growth in the market

Net sales target
in 2025

1.5

billion EUR

Capital gain from
the sale of Orion
Diagnostics,
EUR 128 million,
supports growth
opportunities.



Own investments in
new clinical trials:

E.g. EUR 60 million
investment in
Phase III trial on ALS
(REFALS).

Investments in sales
and marketing:

E.g. strengthening
the Easyhaler
product family
sales force in Germany.

In-licensing and
product acquisitions:

E.g. reacquisition of
Stalevo sales rights
in Europe.

Investments
supporting growth
estimated
at EUR 30 million
in 2019.

Orion Executive Management Board



Timo Lappalainen
President and CEO



Satu Ahomäki
Commercial Operations,
Global Sales &
Proprietary Products



**Markku
Huhta-Koivisto**
Growth Projects



Olli Huotari
Corporate Functions



Liisa Hurme
Supply Chain



Jari Karlson
CFO, Animal Health



Virve Laitinen
Specialty Products



Christer Nordstedt
R&D

Employee
representative:
Jani Korhonen



Outlook

Annual General Meeting of Orion Corporation © Orion Corporation

26 March 2019

Investments in growth EUR 30 million i2019

- The ongoing projects supporting growth are expected to burden Orion's profit in 2019 by an estimated EUR 30 million.
- This comprises clearly increased depreciation as well as investments in sales and marketing and research.
- At the same time, operating profit is burdened by intense price competition in the market and gradually expanding generic competition for Orion's old proprietary drugs.

Outlook for 2019

Net Sales



Orion estimates that in 2019 net sales will be **slightly higher** than in 2018 (net sales in 2018 were EUR 977 million).

The estimated net sales include the possible EUR 45 million milestone payment associated with the commercialisation of darolutamide.

Operating profit



Operating profit is estimated to be **at the same level** as in 2018 (operating profit in 2018 was EUR 253 million). The estimated operating profit includes the possible EUR 45 million milestone payment associated with the commercialisation of darolutamide as well as significant investments in actions to generate growth.



Sustainability is built into Orion's mission

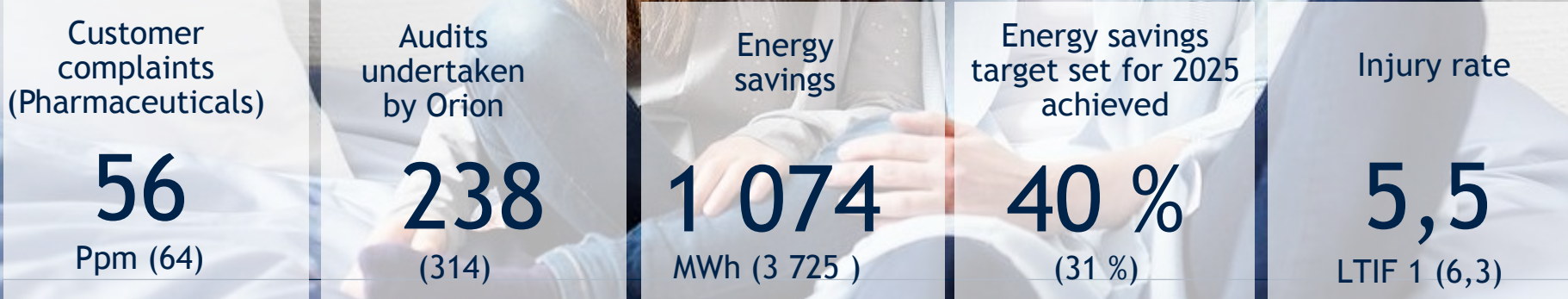
Annual General Meeting of Orion Corporation © Orion Corporation

26 March 2019



Material themes of Orion's sustainability

- Patient safety
- Ensuring reliable supply of medications
- Manufacturing medications in an environmentally sustainable way: efficient use of materials, energy efficiency, wastewater management



Orion is socially responsible



Taxes and withholding taxes, EUR mill.



* Orion Diagnostica not included

Orion Research Foundation supports Finnish research

1 004 800 €

Total grants for
research in 2018

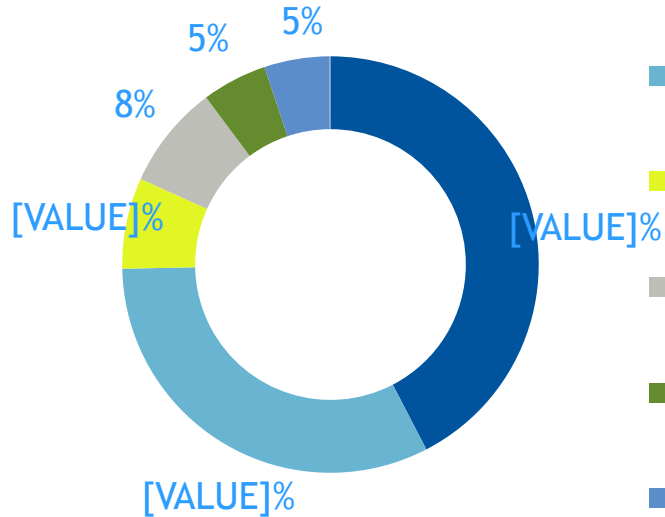
For research in
medicine, veterinary
medicine, pharmacy
and related sciences,
such as chemistry and
physics

16 x 50 000 €

65 x 5 000 €

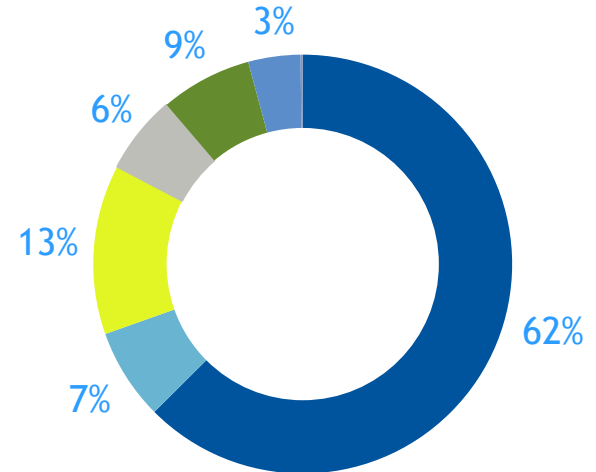
Orion had ~73,000 shareholders on 31 December 2018

By number of shares



- Households (Finnish retail)
- Non-Finnish holders and nominee-registered
- Private corporations
- Public sector
- Non-profit institutions
- Financial and insurance corporations
- Other

By number of votes



Working together for a cleaner Baltic Sea



- Protecting the Baltic Sea is one of the main themes of Orion's corporate responsibility
- We are committed to doing more than required by law and have invested especially in the management of production wastewater and reduction of pharmaceutical residue emissions.
- Our production plants have pre-rinse water collection systems. Most of the wastewater containing active pharmaceutical substances is incinerated, resulting in 100% destruction of residues.
- Orion is a main partner in the Clean Baltic Sea projects and actively involved in the Residue-free Baltic Sea campaign.



Building well-being