



Orion Half-Year Financial Report 1-6/2018

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.

Continuing to build the future

1 Profitability was good, and profit margin for continuing operations exceeded financial target. Strong cash flow. Net sales and operating profit for continuing operations fell behind from the strong comparative period.

2 Clinical trials are proceeding. Three Phase III clinical trials are ongoing, the first estimated to be completed in September.



3 Sales of Proprietary Products were at level with comparative period. Challenging operating environment, tougher price competition and lower sales of biosimilars resulted in decrease in Specialty Products' sales.

4 The outlook remains unchanged. The sale of Orion Diagnostica was closed on 30 April 2018.

Key figures 1–6/2018 (continuing operations)

Net sales

493

MEUR (526)
-6%

Operating profit

140

MEUR (159)
-12%

Operating profit
margin

28%

(30%)

Cash flow per share
before financial
items**

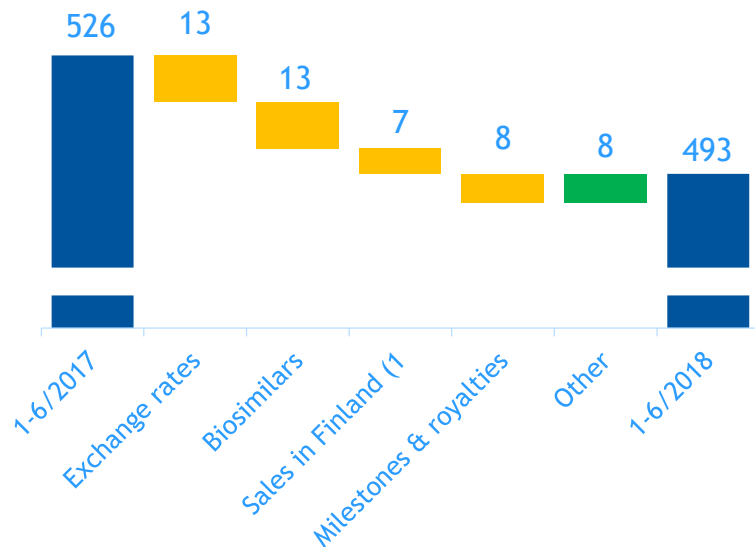
1.75

EUR (0.40)
+334%

**) Cash flow per share before financial items for continuing and discontinued operations.

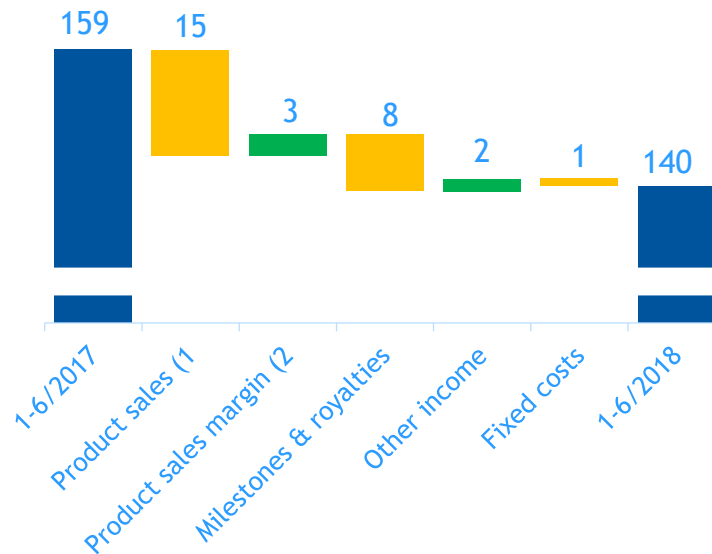
Development of net sales and operating profit (continuing operations)

Net sales, EUR million



(1) Excluding sales of biosimilars

Operating profit, EUR million
(excl. the sale of Orion Diagnostica)



(1) Product sales without change in margins

(2) Change in margins of product sales (1) & (2) Exchange rates generated about EUR 9 million of the overall EUR 12 million decline in product sales gross profit

The profit impact of the sale of Orion Diagnostica closed on 30 April 2018

Capital gain

+128 MEUR

Pension gain

+5 MEUR

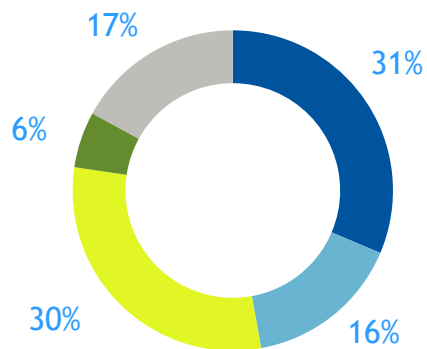
Administrative costs
of the transaction

-1 MEUR



Geographical breakdown and development of net sales

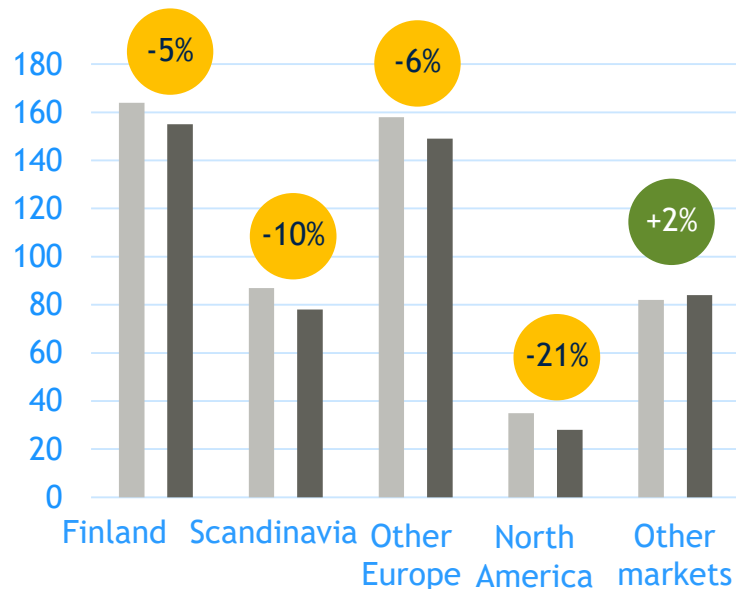
1-6/2018



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

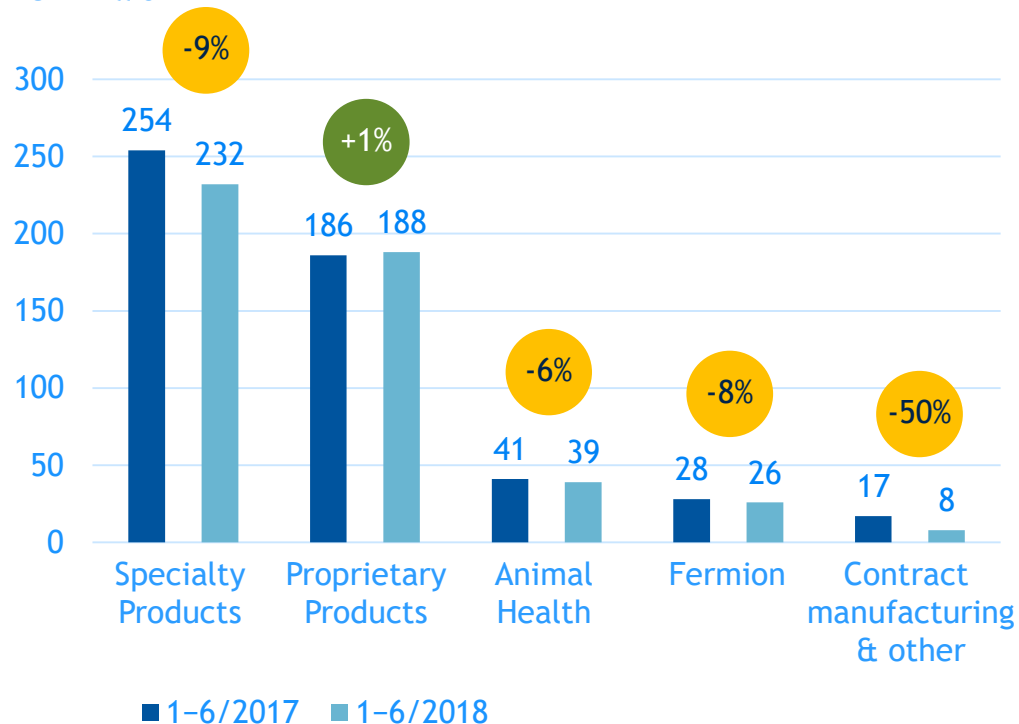
■ 1-6/2017 ■ 1-6/2018

EUR million

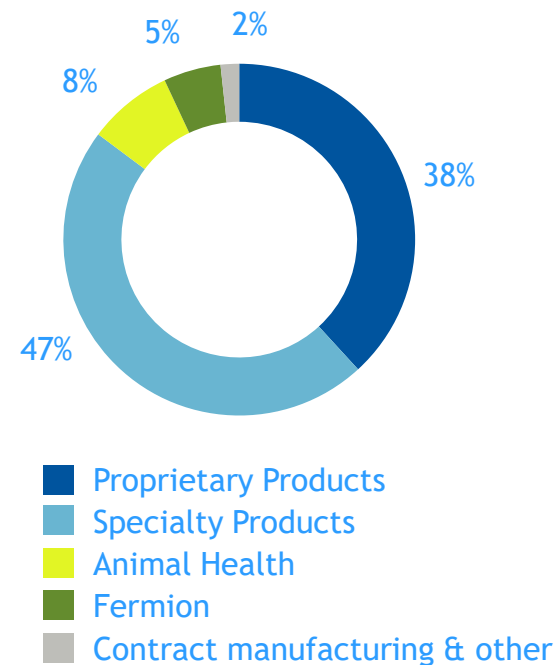


Net sales by business division
















EUR million



1-6/2018



Best-selling pharmaceuticals 1–6/2018

		Indication	Net sales (EUR million)	Change vs 1–6/2017
1.	 <i>Stalevo</i>  <i>Comtess</i>  <i>COMTan</i>	Parkinson's disease	60	+ 4%
2.	 EASYHALER	Asthma, COPD	44	+18%
3.	 <i>dexdor</i>	Intensive care sedative	34	+1%
4.	 SIMDAX levosimendan	Acute heart failure	29	-1%
5.	Biosimilars  Remsima infliximab  Ritemvia rituximab	Rheumatoid arthritis, inflammatory bowel diseases, lymphoma	15	-47%
6.	 DEXDOMITOR  DOMITOR  DOMOSEDAN  ANTISEDAN	Animal sedatives	14	-17%
7.	 Precedex (dexmedetomidine HCl Injection)	Intensive care sedative	11	-15%
8	 burana	Inflammatory pain	11	-3%
9.	Divina series  <i>Divina</i>	Menopausal symptoms	9	+7%
10.	Marevan	Anticoagulant	8	-13%

 = Products of Proprietary Products business division



Proprietary Products

Proprietary Products

Easyhaler

- Continued growth driven by the budesonide-formoterol Easyhaler.
- Preparing for the launch of the salmeterol-fluticasone Easyhaler.

Dexdor

- Sales continued to grow in most of the countries, despite generic competition expanding in Europe.



Simdax

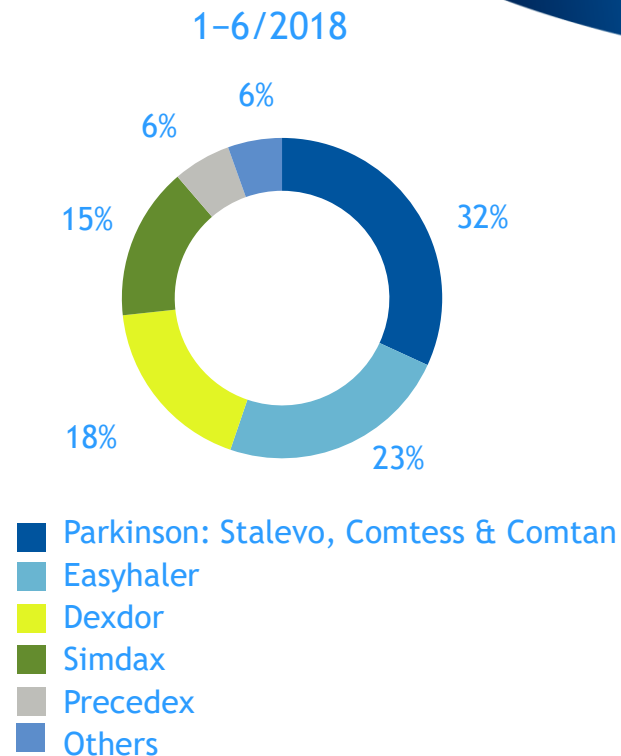
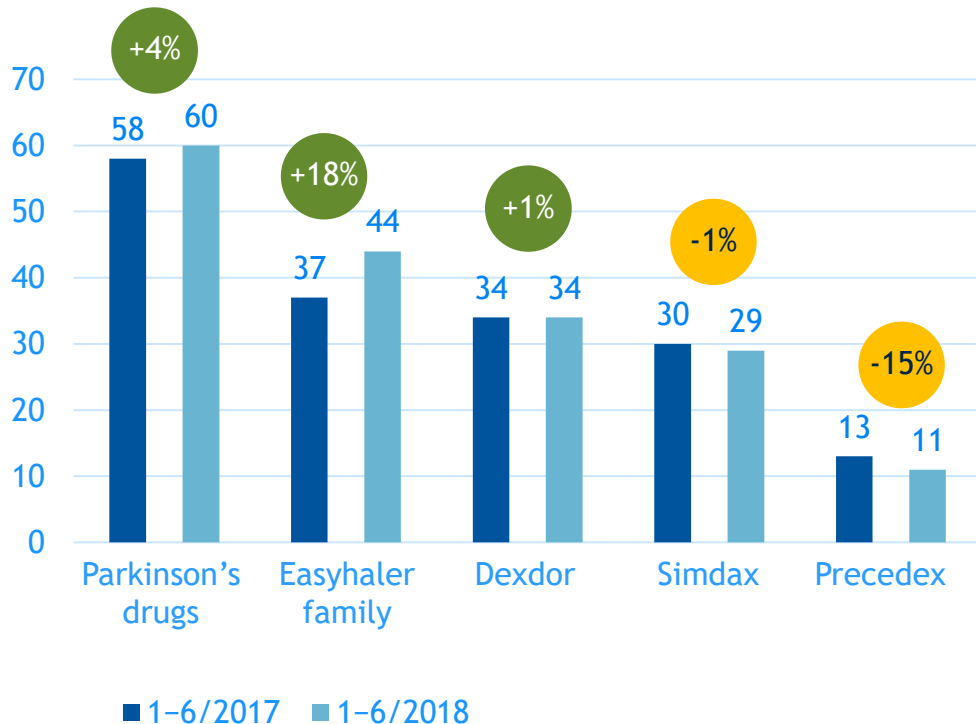
- Sales revived after the Q1 downswing to the level with comparative period.

Parkinson's drugs

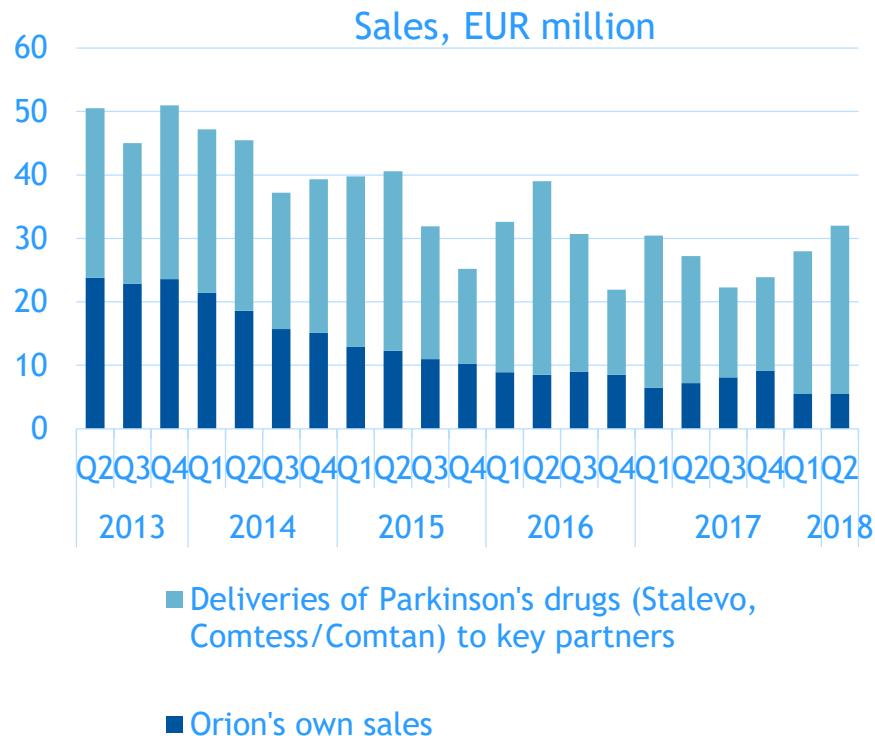
- Sales increased due to timing of deliveries. In the long term, sales are expected to continue to decrease.

Sales of Proprietary Products at comparison period's level

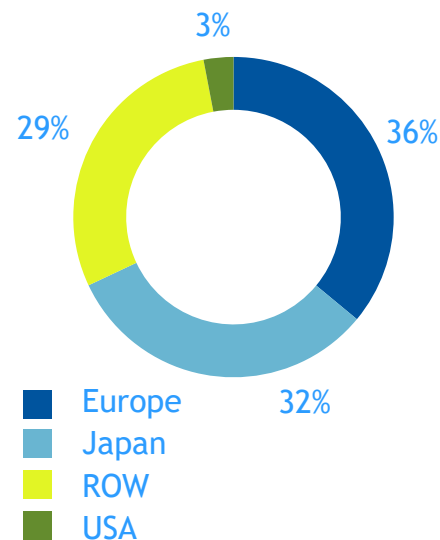
EUR million



Increase in sales of Parkinson's drugs was due to timing of deliveries

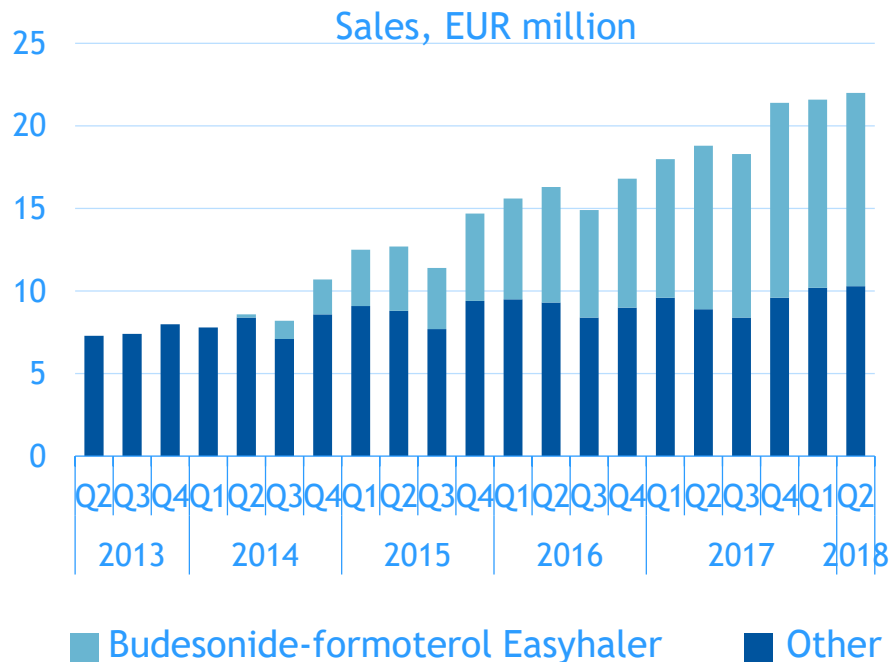


Sales of Orion's branded Parkinson's drugs by market area (MAT3/2018)



Source: IQVIA

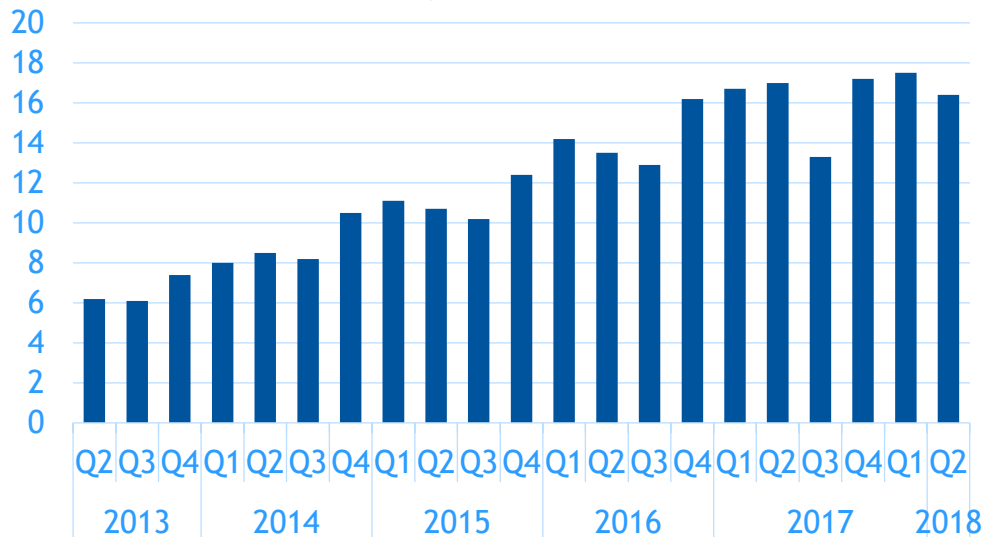
Easyhaler product family is growing



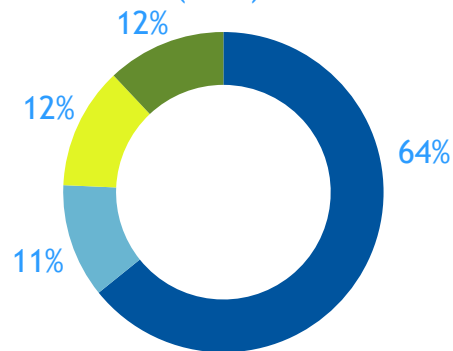
- The product family sales grew by 18%, driven by budesonide-formoterol Easyhaler, which grew by 26%.
- **Budesonide-formoterol Easyhaler** is sold in all key European markets.
 - Orion's market share of the product varies: in Sweden 38%, in Germany 6%.
- In March, Orion received positive conclusions for the **salmeterol-fluticasone Easyhaler** under the decentralised EU marketing authorisation procedure. National approval procedures started in 23 countries. The first national marketing authorisations have now been granted. Launch preparations are underway.
- Development of the seventh product, **tiotropium**, is ongoing.

Sales of Dexdor intensive care sedative continued to grow in most European markets

Sales, EUR million



Total value of the European sedatives market: EUR 548 million (+3%)



- Propofol EUR 352 million (+1%)
- Midazolam EUR 63 million (-6%)
- Dexmedetomidine EUR 67 million (+26%)
- Remifentanyl EUR 66 million (+4%)

Source: IQVIA, MAT3/2018



Specialty Products

Specialty Products

- Sales grew in Eastern Europe and Russia.

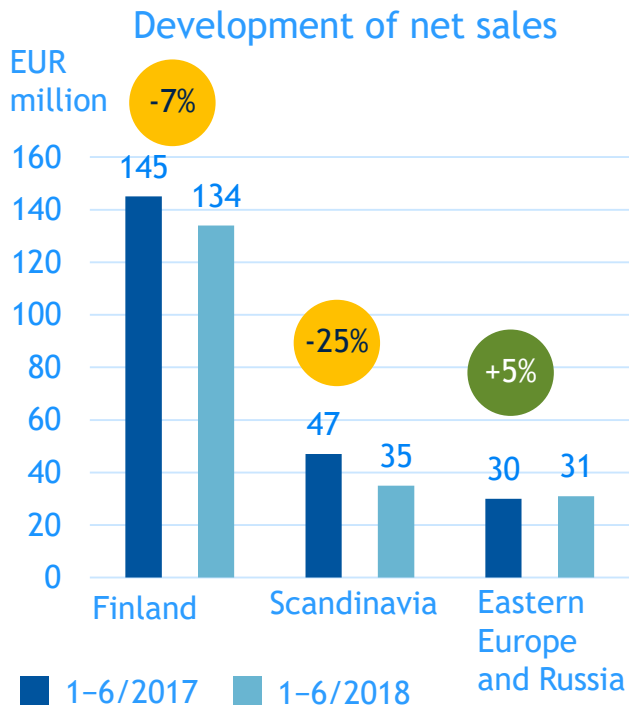
- In Finland, sales declined due to tightening price competition.
- In Scandinavia, sales decline was mainly due to the lower sales of the biosimilar Remsima.



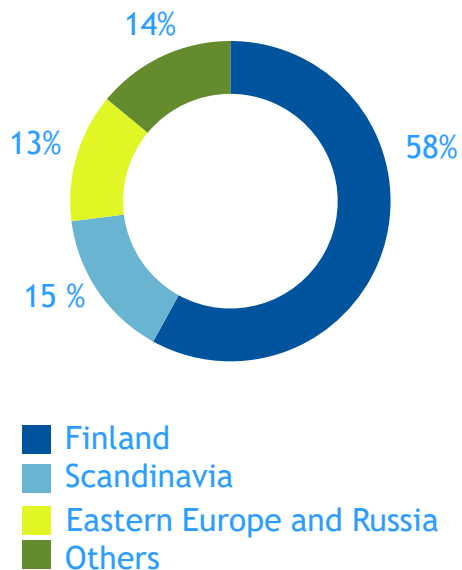
- Sales of biosimilars decreased due to the situation of tendering competitions, tightening competition and declined price level.

- Biosilar offering to expand with a third product (Celltrion's trastuzumab).

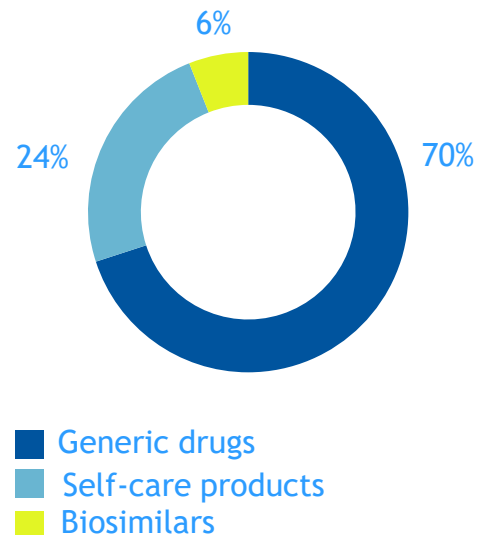
Specialty Products: challenging operating environment and tightening price competition showed as a decrease in sales



Net sales by market area 1-6/2018



Net sales by product 1-6/2018



Orion's sales declined in Finland due to changing operating environment

Human pharmaceuticals sales in Finland in 1-6/2018

Total sales of medicinal and non-medicinal products in Finland

1,329

EUR million
(1,215)

Market development

+9%



Orion's sales

155

EUR million
(169)

Orion's development

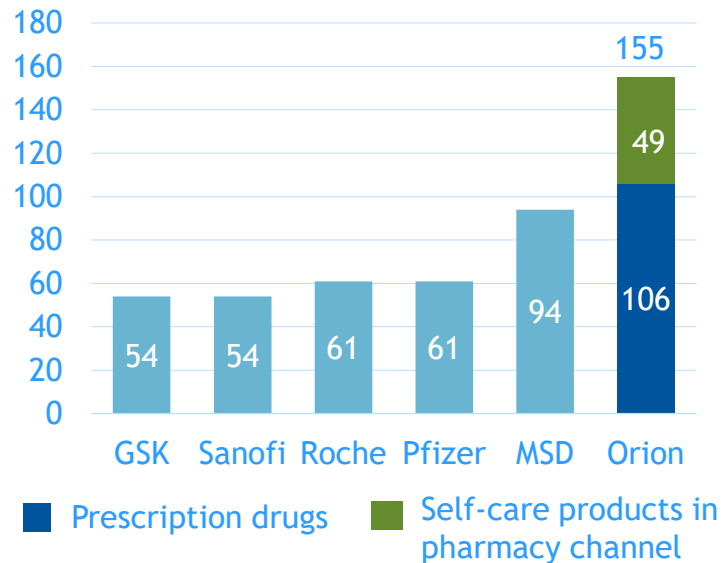
-8%

Tightening price competition reduced Orion's net sales in 2017 by EUR 15 million. The effect is expected to be as large in 2018.

Orion remains strong in home market Finland

Human pharmaceuticals market in Finland
1-6/2018 (medicinal and non-medicinal
products)

EUR million



Human
pharmaceuticals
in total

Orion's market
share

12%
(14%)

Self-care
products in
pharmacy
channel

Orion's market
share

23%
(24%)

Prescription
drugs

Orion's market
share

9%
(12%)

Reference priced
prescription
drugs

Orion's market
share

26%
(27%)

Fermion's new production plant operational in Hanko

- nearly 100% of production is exported

HANKO 2018

**EUR >30
million**

Expansion
investment
2016–2018

**6,000
m²**

Production facility
and equipment
for the production
of APIs

**200->
300 t**

Enables
capacity
increase

~20

Number of APIs
manufactured
at Hanko

- Special expertise in demanding production of active pharmaceutical ingredients (APIs), e.g. extremely potent substances.
- The aim is to captively manufacture the APIs for Orion's in-house developed proprietary drugs, such as darolutamide.
- Modernised, advanced technology at Hanko strengthens Fermion's global competitive position, meets increasingly strict regulatory requirements and provides the means to meet growing demand.
- The Hanko facility manufactures azathioprine and entacapone, among others, in which Fermion is the leading manufacturer globally.



Research and development

Clinical trials are progressing

- **ODM-201/darolutamide for prostate cancer in collaboration with Bayer:**

- ARAMIS progresses on schedule. The Phase III trial to be completed in September.
- Patient recruitment has been finalized for ARASENS trial. The Phase III trial is expected to be completed in 2022.

- **ODM-109/orally administered levosimendan for ALS:**

- First patients recruited for the REFALS trial.
- Orion conducts the Phase III trial on its own.

- **ODM-104 for Parkinson's disease:**




- The primary endpoint of the Phase II trial reached.
- The results are being analysed. Orion is looking for a possible partner.

Orion's key 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	III	
ODM-104 (more effective COMT inhibitor)	Parkinson's disease	I	II		
ODM-203 (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

ODM-109: Oral levosimendan for ALS

- First patients recruited in July for the Phase III clinical trial (REFALS).
- By enhancing respiratory muscle function in ALS patients, orally administered levosimendan can help maintain breathing capacity and benefit overall functioning of ALS patients.
- Orion is investing approximately EUR 60 million over three years in the trial.
- The aim is to apply for marketing authorisation in the US and Europe.
- Levosimendan has been granted an Orphan Drug Designation in the US and in the EU.
- It is a molecule originally developed by Orion for the treatment of acute decompensated heart failure. Simdax has been in the market for this indication since 2000.



Responsibility

Patient safety, ethical operations and responsible supply chain are the cornerstones of Orion's corporate responsibility

In 2017:

- 31% of the energy savings target set for 2025 was achieved.
- New water collection systems were introduced in production to minimise pharmaceutical residue emissions.
- We worked to improve occupational safety and safety culture.
- Openness: Orion disclosed its financial collaboration with healthcare professionals.
 - In Finland, 90% (83%) gave their consent to publishing their speaker fees

Energy
savings

3,725

MWh (2,068) +80%

Drug
recalls

7

(9) -22%

Audits
undertaken
by Orion

314

(269) + 17%

Injury rate,
LTI 1

6.3

(4.4) + 43%

Read more in
the Sustainability Report 2017:
www.orion.fi/en/Orion-group/Sustainability



PSCI

PHARMACEUTICAL SUPPLY CHAIN INITIATIVE



FTSE4Good





Outlook

Outlook for 2018

Net sales

Due to generic and price competition Orion estimates that in 2018 the net sales excluding Orion Diagnostica will be **at the same level or slightly lower** than in 2017 (net sales were EUR 1,034 million excluding Orion Diagnostica in 2017).

Operating profit

Orion continues persistent actions to generate growth. Due to the estimated sales development and these actions the operating profit excluding Orion Diagnostica and material capital gains is **estimated to be lower** than in 2017 (operating profit excluding Orion Diagnostica and capital gains was EUR 284 million in 2017).

As estimated earlier, Orion has recognised a EUR 128 million capital gain in other operating income from the sale of Orion Diagnostica. Due to the uncertainty relating to the variable component included in the transaction, the capital gain does not include any part of the variable component.



Orion calendar

2018

Interim Report 1–9/2018

24.10.2018

2019

Financial Statements Release 2018

6.2.2019

Annual General Meeting

26.3.2019

Interim Report 1–3/2019

25.4.2019

Half-Year Financial Report 1–6/2019

17.7.2019

Interim Report 1–9/2019

23.10.2019



Building well-being