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Orion Group
Interim Report
1-9/2017

Orion Group Interim Report January-September 2017

Orion's net sales in January-September 2017 totalled EUR 804 million (EUR 794 million in January-September 2016).

- Operating profit was EUR 220 (256) million. Operating profit in the comparative period includes EUR 22 million of capital gains.
- Profit before taxes was EUR 215 (253) million.
- Equity ratio was 62% (60%).
- ROCE before taxes was 38% (45%).
- ROE after taxes was 37% (45%).
- Basic earnings per share were EUR 1.22 (1.43).
- Cash flow per share before financial items was EUR 0.86 (1.23).
- The outlook estimate for 2017 remains unchanged. Orion estimates that in 2017 net sales will be at similar level to 2016 and operating profit excluding material capital gains will be at least EUR 280 million.

ORION'S KEY FIGURES FOR THE REVIEW PERIOD

	7-9/17	7-9/16	Change %	1-9/17	1-9/16	Change %	1-12/16
Net sales, EUR million	252.7	258.6	-2.3%	804.3	793.6	+1.3%	1,073.5
Operating profit, EUR million	56.4	92.0	-38.8%	219.9	255.9	-14.1%	314.6
% of net sales	22.3%	35.6%		27.3%	32.2%		29.3%
Profit before taxes, EUR million	55.4	91.0	-39.1%	214.8	253.2	-15.2%	310.9
% of net sales	21.9%	35.2%		26.7%	31.9%		29.0%
Income tax expense, EUR million	11.3	18.5	-38.7%	44.1	51.8	-14.9%	61.9
R&D expenses, EUR million	24.7	26.9	-8.3%	77.0	80.3	-4.1%	118.2
% of net sales	9.8%	10.4%		9.6%	10.1%		11.0%
Capital expenditure, EUR million	22.1	11.8	+87.8%	61.4	34.0	+80.6%	51.1
% of net sales	8.7%	4.5%		7.6%	4.3%		4.8%
Assets total, EUR million				970.1	998.6	-2.8%	1,062.9
Equity ratio, %				61.6%	59.5%		60.8%
Gearing, %				3.1%	-4.2%		-12.4%
Interest-bearing liabilities, EUR million				151.4	173.3	-12.6%	152.5
Non-interest-bearing liabilities, EUR million				224.2	236.4	-5.2%	269.0
Cash and cash equivalents and money market investments, EUR million				133.1	198.2	-32.9%	231.9
ROCE (before taxes), %				38.3%	45.2%		40.9%
ROE (after taxes), %				36.9%	45.4%		40.3%
Basic earnings per share, EUR	0.31	0.52	-39.3%	1.22	1.43	-15.1%	1.77
Diluted earnings per share, EUR	0.31	0.52	-39.3%	1.22	1.43	-15.1%	1.77
Cash flow per share before financial items, EUR	0.47	0.67	-30.2%	0.86	1.23	-29.7%	1.62
Equity per share, EUR				4.23	4.19	+0.9%	4.57
Personnel at the end of the period				3,513	3,445	+2.0%	3,469
Average personnel during the period				3,527	3,442	+2.5%	3,446
Personnel expenses, EUR million				159.1	162.3	-2.0%	224.4

President and CEO Timo Lappalainen:

“Centenary year has continued as planned”

“Orion turned one hundred years on the 21st of September. So, we have been building well-being for an entire century. This journey has seen Orion to grow from a tiny one-room facility to an international pharma company. Today, our R&D pipeline has several promising projects, and our products are sold all over the world.

In January-September 2017 our net sales were at the previous year’s level.

As regards Proprietary Products, sales of the Easyhaler product family for treatment of asthma and chronic obstructive pulmonary disease continued good growth. Geographical expansion of the budesonide-formoterol combined formulation progressed, and sales of the product have also commenced in Germany and the United Kingdom. Deliveries to co-marketing partner Menarini have commenced in Southern Europe.

As expected, sales of Orion’s branded Parkinson’s drugs Stalevo, Comtess and Comtan declined, but growth in the Easyhaler product family, the intensive care sedative Dexdor and Simdax for treatment of acute decompensated heart failure, has been able partly to compensate for this decline. Generic competition to Dexdor has commenced in Germany, but competition has not yet expanded into other countries.

The biosimilar Remsima has been the driver of Specialty Products’ growth, and winning the national tendering competition in Norway in the second quarter of the year has increased sales of the product. Net sales of the Specialty Products business division as a whole grew slightly although changes in the market environment and intensified price competition especially in Finland, continued to have a negative impact. Delivery problems related to implementation of ERP by Oriola Finland Oy, the pharmaceuticals distributor that Orion uses, have had a downward effect on sales in Finland, but the impact has not been material.

Net sales of Fermion, which manufactures active pharmaceutical ingredients, excluding deliveries for Orion’s own use, have clearly increased, and sales of veterinary drugs were also greater than in the comparative period. However, in both cases growth is largely due to the timing of deliveries, which differed from the previous year.

In January-September 2017 our operating profit was lower than in the comparative period, especially due to EUR 22 million of capital gains received in the comparative period on shares. The operating profit was also affected by the decline in sales of Parkinson's drugs and the change made to the pricing system for prescription drugs in Finland at the beginning of the year, which has had a greater effect than anticipated. We estimate that the change will decrease our sales by about EUR 15 million in 2017. In addition, our gross profit was weakened by summer shutdowns at plants that were longer than in the previous year. Sales and marketing expenses increased from the comparative period, especially due to our input into increasing sales of the Easyhaler product range.

Orion’s research and development programmes are proceeding as planned. Next year, we expect to have results from Phase III trials for darolutamide (ODM-201), the molecule under development for treatment of prostate cancer. In the following couple of years news is also awaited concerning continuance of several other projects. In the meantime we are seeking growth from the Easyhaler product family in particular, and continue the expansion of its production capacity and the promotion of sales.

We estimate that in 2017 net sales will be at similar level to 2016. We estimate that operating profit excluding material capital gains will be at least EUR 280 million. Our outlook estimate and the basis for it can be found in this report under ‘Outlook for 2017’ and ‘Basis for outlook’.”



Events during the period

There were no significant events during the period.

Events after the period

There were no significant events after the period.

News conference and teleconference

A news conference and teleconference on the published results will be held on Thursday 26 October 2017 at 13.30 EEST in Hotel Kämp (address: Pohjoisesplanadi 29, Helsinki). President and CEO Timo Lappalainen will give a brief presentation in English on the financial review.

The event can be followed live as a 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 5626925 and the telephone numbers to participate in the teleconference are:

Finland: +358 (0)9 7479 0404
Sweden: +46 (0)8 5065 3942
United Kingdom: +44 (0)330 336 9411
United States: +1 719 457 1036

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 the Orion website during Thursday 26 October 2017.

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's calendar 2018

Financial Statement Release for 2017	Wednesday 7 February 2018
Annual General Meeting 2018	Planned to be held on 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>
<http://www.orion.fi/en/investors>

Financial review 1/1/2017-30/9/2017

Net sales

The Orion Group's net sales in January-September 2017 were up by 1% at EUR 804 million (EUR 794 million in January-September 2016). The net effect of currency exchange rates was plus EUR 1 million.

The net sales of Pharmaceuticals business were up by 2% at EUR 768 (754) million. Net sales of Orion's Stalevo® (carbidopa, levodopa and entacapone) and Comtess®/Comtan® (entacapone) Parkinson's drugs were down by 22% at EUR 80 (102) million, which was 10% (14%) of the Pharmaceuticals business's net sales.

The Diagnostics business's net sales were down by 7% at EUR 39 (41) million.

Operating profit

The Orion Group's operating profit was down by 14% at EUR 220 (256) million. Milestone payments accounted for EUR 9 (11) 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 14% at EUR 221 (257) million. Milestone payments accounted for EUR 9 (11) million of the operating profit. Operating profit in the comparative period included EUR 22 million of capital gains on shares.

The Diagnostics business's operating profit was down by 6% at EUR 6.2 (6.6) million.

Operating expenses

The Group's sales and marketing expenses were up by 7% at EUR 146 (137) million. The growth is mainly due to input into sales of the Easyhaler product range.

R&D expenses were down by 4% at EUR 77 (80) million and accounted for 10% (10%) of the Group's net sales. Pharmaceutical R&D expenses accounted for EUR 73 (75) million of the total R&D expenses. Research projects are reported in more detail under Pharmaceuticals in the Business Reviews.

Administrative expenses were EUR 33 (34) million.

Other operating income and expenses were EUR 1 (22) 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 15% at EUR 215 (253) million. Basic earnings per share were EUR 1.22 (1.43) and diluted earnings per share were EUR 1.22 (1.43). Equity per share was EUR 4.23 (4.19). The return on capital employed before taxes (ROCE) was 38% (45%) and the return on equity after taxes (ROE) 37% (45%).

Financial position

The Group's gearing was 3% (-4%) and the equity ratio 62% (60%).

The Group's total liabilities at 30 September 2017 were EUR 376 (410) million. At the end of the period, interest-bearing liabilities amounted to EUR 151 (173) million, including EUR 150 (150) million of long-term loans.

The Group had EUR 133 (198) million of cash and cash equivalents and money market investments at the end of the period.

Cash flow

Cash flow from operating activities was EUR 181 (181) million, the cash flow from investing activities was EUR -60 (-8) million, and the cash flow from financing activities was EUR -219 (-216) million. The cash flow from investing activities in the comparative period was enhanced by EUR 26 million from share sales.

Capital expenditure

The Group's capital expenditure totalled EUR 61 (34) million. This comprised EUR 53 (29) million on property, plant and equipment and EUR 8 (4) 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.

Outlook for 2017 (provided on 8 February 2017)

Net sales are estimated to be at similar level to 2016 (net sales were EUR 1,074 million in 2016).

Operating profit excluding material capital gains is estimated to be at least EUR 280 million (operating profit excluding capital gains was EUR 293 million in 2016).

Basis for outlook

Orion's branded Parkinson's drugs are Comtess[®], Comtan[®] and Stalevo[®]. 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. However, in 2017 growth in sales of other products is expected to continue to compensate for the decline in sales of these products. Sales of the Easyhaler product family are forecast to continue to grow. Orion has become aware that in some European countries marketing authorisation has been granted for a generic version of Dexdor[®], and in Germany a generic version of the product has been launched in the market. 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[®] molecule expired in September 2015 but this is still not expected to have a material impact on sales of the product in 2017.

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, will remain intense in 2017. In addition, at the beginning of the year 2017 changes were made to the pricing system for substitutable prescription drugs in Finland by narrowing the so-called price band. A decrease in sales caused by this change estimated at about EUR 15 million in 2017 is included in the outlook estimate. The effect is greater than anticipated at the beginning of the year. Delivery problems commencing in September related to implementation of ERP by Oriola Finland Oy, the pharmaceuticals distributor that Orion uses in Finland, has had a downward effect on sales in Finland. So far the effect has not been material because of the temporary arrangements initiated by Orion. The outlook estimate includes the current estimate of the decrease in sales at annual level, however there is uncertainty concerning the final extent of the decrease.

However, product launches continue to support Orion's position as market leader in Finland.

In 2016 sales of Remsima[®] generated a significant portion of the growth in net sales of the Specialty Products business division. Sales of Remsima in 2017 are expected to grow from the previous year.

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 of research projects or results received, 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 Group's total capital expenditure in 2017 is expected to be higher than in 2016, when it was EUR 51 million. The largest single ongoing projects are expansion of Fermion's Hanko manufacturing plant and increasing Easyhaler product portfolio production capacity in Espoo.

Marketing expenditure will be higher than in the previous year due to additional promotion of sales of the Easyhaler product portfolio, for example. 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 2017 were planned mainly during the previous year.

Research and development costs will be similar to 2016. 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 2017 are either continuing from the previous year or at an advanced stage of planning, therefore their cost level can be estimated rather accurately. 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.

Near-term risks and uncertainties

Sales of Orion's branded Parkinson's drugs will decrease in 2017 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 entails uncertainty that may materially affect the accuracy of the estimate made at this stage. The basic Simdax and Dexdor patents have expired. However, the products have other still valid product protection. Nevertheless, for these products there is a possibility that generic competition might commence before expiry of the respective product protection. Orion has become aware that in some European countries marketing authorisation has been granted for a generic version of Dexdor, and in Germany a generic version of the product has been launched in the market. 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 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 pharmaceutical 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 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 2014-2016 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.

Financial objectives (provided on 8 February 2017)

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.

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.

Shares and shareholders

On 30 September 2017 Orion had a total of 141,257,828 (141,257,828) shares, of which 37,120,346 (38,581,154) were A shares and 104,137,482 (102,676,674) B shares. The Group's share capital was EUR 92,238,541.46 (92,238,541.46). At the end of September 2017 Orion held 675,401 (783,366) B shares as treasury shares. On 30 September 2017 the aggregate number of votes conferred by the A and B shares was 845,869,001 (873,516,388) excluding treasury shares.

At the end of September 2017, Orion had 50,745 (48,824) 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 January-September 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 30 September 2017 the market capitalisation of the Company's shares, excluding treasury shares, was EUR 5,522 million.

Orion shares are also traded on various alternative trading platforms in addition to Nasdaq Helsinki.

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 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

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

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 September 2017, Orion had a total of 50,745 (48,824) registered shareholders, of whom 96% (96%) were private individuals holding 38% (40%) of the entire share stock and 61% (61%) of the total votes. There were altogether 63 (59) million nominee-registered and foreign-owned shares, which was 45% (42%) of all shares, and they conferred entitlement to 10% (9%) of the total votes.

At the end of September 2017 Orion held 675,401 (783,366) B shares as treasury shares, which is 0.48% (0.55%) of the Company's total share stock and 0.08% (0.09%) of the total votes.

Personnel

The average number of employees in the Orion Group in January-September 2017 was 3,527 (3,442). At the end of September 2017 the Group had a total of 3,513 (3,445) employees, of whom 2,819 (2,784) worked in Finland and 694 (661) outside Finland.

Salaries and other personnel expenses in January-September 2017 totalled EUR 159 (162) 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 Review

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 January-September 2017 was up by 2% on the previous year at EUR 1,731 (1,692) 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 January-September 2017 was at the previous year's level at altogether EUR 219 (218) million. Orion's market share of Finnish pharmaceuticals markets was 13% (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[®], Comtess[®] and Comtan[®]) account for about 10% of the Group's net sales.

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

EUR or USD million		MAT6/2017	MAT6/2016	Change %
United States	USD	8	9	-14%
Europe TOP 5	EUR	60	81	-26%
Japan	EUR	77	72	+7%

Source: IMS Health pharmaceutical sales statistics MAT6/2017 (7/2016-6/2017)

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

Sales of Orion's branded Parkinson's drugs decreased in Europe due to commencement of generic competition. Sales increased in Japan, mainly due to growth in Stalevo, which was launched in that market in 2015.

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 June 2017 were up by 1% at EUR 536 (530) million. According to IMS Health pharmaceutical sales statistics, sales of Orion's Dexdor[®] intensive care sedative (dexmedetomidine) were up by 43% at EUR 58 (41) million in Europe.

Net sales and operating profit of the Pharmaceuticals business

In January-September 2017 the Pharmaceuticals business's net sales were EUR 768 (754) million and its operating profit was EUR 221 (257) million. Milestone payments accounted for EUR 9 (11) million of the net sales and operating profit, and they comprised payments related to marketing rights. The operating profit of the Pharmaceuticals business was 29% (34%) 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 January-September 2017 were up by 7% at EUR 356 (333) 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[®] pulmonary drugs.

Net sales of Proprietary Products in January-September 2017 were EUR 261 (269) million. Sales of Parkinson's drugs continued to decline, but sales of other products developed well.

Orion's drugs for treatment of Parkinson's disease are Stalevo[®] (active ingredients carbidopa, levodopa and entacapone) and Comtess[®]/Comtan[®] (entacapone). Their total net sales in January-September 2017 were down by 22% at EUR 80 (102) 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	1-9/2017	1-9/2016	Change %
Stalevo deliveries to Novartis	43	54	-20%
Comtan deliveries to Novartis	15	22	-33%
Orion's Stalevo sales	19	23	-21%
Orion's Comtess sales	4	3	+14%

Net sales of Simdax[®], a drug for treatment of acute decompensated heart failure, in January-September 2017 were up by 5% at EUR 43 (41) million. Simdax is sold in altogether over fifty countries worldwide.

Total net sales of the Easyhaler[®] product family for treatment of asthma and chronic obstructive pulmonary disease were up by 18% in January-September 2017 at EUR 55 (47) million. The increase was mainly due to sales of the budesonide-formoterol combined formulation.

Sales of the budesonide-formoterol combined formulation were up by 44% in January-September 2017 at EUR 28 (20) million. The geographical expansion of the product continued, and sales have also commenced in Germany and the United Kingdom. Deliveries to Orion's co-marketing partner Menarini have commenced, and during the review period products were delivered to Italy, Spain and Portugal. In France national marketing authorisation was received in September. There are also ongoing negotiations concerning commercialisation of the Easyhaler product family in new 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. Orion is currently expanding Easyhaler production at the Espoo pharmaceuticals production plant.

Net sales of Orion's Dexdor[®] intensive care sedative (dexmedetomidine) in January-September 2017 were up by 16% at EUR 47 (41) million. In the first half of the year Orion became aware that in some European countries marketing authorisation has been granted for a generic version of Dexdor, and in Germany a generic version of the product has been launched in the market. Competition has not yet expanded into other countries. 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 18% at EUR 18 (16) million, mainly due to greater deliveries of the pharmaceutical ingredient to the partner than in the comparative period.

Specialty Products

Net sales of the Specialty Products business division's off-patent, i.e. generic prescription drugs, self-care products and biosimilars in January-September 2017 were up by 4% at EUR 387 (372) million.

Finland, Scandinavia, and Eastern Europe and Russia are the most important markets for Specialty Products. The business division's sales in Finland in January-September 2017 were EUR 217 (218) million. Sales have been weakened by the change made to the pricing system for prescription drugs in Finland at the beginning of the year, which is estimated to reduce sales by EUR 15 million in 2017. In addition, the delivery problems of Oriola Finland Oy, the pharmaceuticals distributor used by Orion in Finland, were reflected slightly in sales in September.

In Scandinavia sales were up by 19% at EUR 72 (60) million. In Eastern Europe and Russia sales were up by 13% at EUR 47 (41) million.

Net sales of the biosimilar Remsima for treatment of rheumatoid arthritis among other things were up by 44% at EUR 45 (31) million mainly due to winning the national tendering competition in Norway and commencement of deliveries related to it in the second quarter of the year. Remsima is a biosimilar infliximab developed and manufactured by Orion's collaboration partner South Korean Celltrion, for which Orion has the distribution rights in the Nordic countries and Estonia. In addition, Orion has the sales, marketing and distribution rights to Celltrion's biosimilar rituximab in these countries. The schedule for launching the product and its indications will depend on the country-specific patent situation.

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 January-September 2017 were up by 4% at EUR 56 (54) million. Sales of the animal sedative product family at EUR 22 (16) million accounted for 39% (29%) of the division's net sales. The product family comprises Orion's animal sedatives Dexdomitor® (dexmedetomidine), Domitor® (medetomidine) and Domosedan® (detomidine), and antagonist Antisedan® (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 well. The business division's net sales in January-September 2017 excluding deliveries for Orion's own use were up by 23% at EUR 41 (33) 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 has an ongoing significant expansion investment at its Hanko manufacturing plant.

Research and development

The Group's R&D expenses in January-September 2017 were EUR 77 (80) million, of which the Pharmaceuticals business accounted for EUR 73 (75) million. The Group's R&D expenses accounted for 10% (10%) of the Group's net sales. R&D expenses also include expenses related to development of the current portfolio.

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 will evaluate 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 December 2016 Orion completed trials with a salmeterol-fluticasone combined formulation in the Easyhaler® 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 is continuing development of an alpha-2c adrenoceptor antagonist (ORM-12741) for treatment of symptoms of Alzheimer's disease in collaboration with Janssen Pharmaceuticals Inc. Orion has an ongoing Phase IIa clinical trial with a new drug formulation. In the initial Phase IIa clinical trial conducted by Orion, the efficacy and safety of the drug candidate in treatment of cognitive and behavioural symptoms related to Alzheimer's disease were investigated with positive results.

Orion has 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 an ongoing Phase II clinical trial with a drug candidate for treatment of symptoms of Parkinson's disease in which the COMT inhibitor (ODM-104) developed by Orion is combined with the pharmaceutical ingredients carbidopa and long-acting levodopa used to treat Parkinson's disease. In the trial the efficacy of the drug candidate in treating symptoms of Parkinson's disease will be investigated and 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.

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 January-September 2017 were down by 7% at EUR 39 (41) million.

QuikRead® infection tests remained the main product. 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 use of antibiotics avoided in situations in which a patient would not benefit from them. Avoiding unnecessary antibiotic treatments helps in tackling the growing problem of antibiotic resistance.

The operating profit of the Diagnostics business was down by 6% at EUR 6.2 (6.6) million due to the decrease in sales. The operating profit accounted for 16% (16%) of the segment's net sales.

Espoo, 26 October 2017

Board of Directors of Orion Corporation

Orion Corporation

Timo Lappalainen
President and CEO

Jari Karlson
CFO

Tables

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	7-9/17	7-9/16	Change %	1-9/17	1-9/16	Change %	1-12/16
Net sales	252.7	258.6	-2.3%	804.3	793.6	+1.3%	1,073.5
Cost of goods sold	-117.5	-106.8	+10.0%	-329.0	-308.5	+6.6%	-421.7
Gross profit	135.2	151.7	-10.9%	475.3	485.1	-2.0%	651.8
Other operating income and expenses	0.7	22.4	-96.7%	0.8	22.3	-96.3%	24.3
Sales and marketing expenses	-45.8	-44.6	+2.7%	-146.3	-137.4	+6.5%	-194.7
R&D expenses	-24.7	-26.9	-8.3%	-77.0	-80.3	-4.1%	-118.2
Administrative expenses	-9.1	-10.5	-14.1%	-33.0	-33.9	-2.8%	-48.7
Operating profit	56.4	92.0	-38.8%	219.9	255.9	-14.1%	314.6
Finance income	0.1	0.2	-18.6%	0.4	0.6	-27.3%	0.8
Finance expenses	-1.1	-1.2	-9.5%	-5.4	-3.7	+48.3%	-4.9
Share of associated companies' results					0.4	-100.0%	0.4
Profit before taxes	55.4	91.0	-39.1%	214.8	253.2	-15.2%	310.9
Income tax expense	-11.3	-18.5	-38.7%	-44.1	-51.8	-14.9%	-61.9
Profit for the period	44.1	72.5	-39.2%	170.8	201.5	-15.2%	249.0

OTHER COMPREHENSIVE INCOME INCLUDING TAX EFFECTS

Change in value of available-for-sale financial assets		-5.7			-5.2		-5.2
Translation differences	-0.2	-1.4		-1.4	-5.2		-4.6
Items that may be reclassified subsequently to profit and loss	-0.2	-7.1		-1.4	-10.3		-9.8
Items due to remeasurement of defined benefit plans	-0.0	-0.0		0.0	-0.0		3.7
Items that will not be reclassified to profit and loss	-0.0	-0.0		0.0	-0.0		3.7
Other comprehensive income net of tax	-0.2	-7.1		-1.3	-10.4		-6.1
Comprehensive income for the period including tax effects	43.9	65.4	-32.9%	169.5	191.1	-11.3%	243.0

PROFIT ATTRIBUTABLE TO:

Owners of the parent company	44.1	72.5	-39.2%	170.8	201.5	-15.2%	249.0
Non-controlling interests	-0.0	0.0		-0.0	0.0		0.0

COMPREHENSIVE INCOME ATTRIBUTABLE TO:

Owners of the parent company	43.9	65.4	-32.9%	169.5	191.1	-11.3%	243.0
Non-controlling interests	-0.0	0.0		-0.0	0.0		0.0

Basic earnings per share, EUR ¹⁾	0.31	0.52	-39.3%	1.22	1.43	-15.1%	1.77
Diluted earnings per share, EUR ¹⁾	0.31	0.52	-39.3%	1.22	1.43	-15.1%	1.77

Depreciation, amortisation and impairment	10.5	10.2	+2.5%	31.2	30.4	+2.8%	40.6
Personnel expenses	47.0	49.2	-4.5%	159.1	162.3	-2.0%	224.4

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS				
EUR million	9/17	9/16	Change %	12/16
Property, plant and equipment	317.7	282.0	+12.6%	289.1
Goodwill	13.5	13.5		13.5
Intangible rights	38.5	38.5	-0.1%	37.9
Other intangible assets	2.6	2.5	+7.3%	2.5
Investments in associates	0.1	0.1		0.1
Available-for-sale financial assets	0.3	0.4	-24.6%	0.4
Pension asset	19.6	18.6	+5.3%	22.8
Deferred tax assets	1.1	1.1	-2.4%	1.5
Other non-current assets	2.5	3.9	-36.1%	3.8
Non-current assets total	395.8	360.5	+9.8%	371.5
Inventories	218.7	218.4	+0.1%	227.5
Trade receivables	187.8	185.5	+1.2%	200.1
Other receivables	34.8	35.9	-3.0%	31.9
Money market investments		20.0	-100.0%	31.0
Cash and cash equivalents	133.1	178.2	-25.3%	200.9
Current assets total	574.4	638.0	-10.0%	691.4
Assets total	970.1	998.6	-2.8%	1,062.9
EQUITY AND LIABILITIES				
EUR million	9/17	9/16	Change %	12/16
Share capital	92.2	92.2		92.2
Expendable fund	0.5	0.5		0.5
Other reserves	2.4	2.1	+13.8%	2.0
Retained earnings	499.5	494.1	+1.1%	546.6
Equity attributable to owners of the parent company	594.5	588.9	+1.0%	641.4
Non-controlling interests	0.0	0.0	-306.3%	0.0
Equity total	594.5	588.9	+1.0%	641.4
Deferred tax liabilities	35.2	34.4	+2.3%	37.1
Pension liability	3.0	3.0	-1.3%	3.2
Provisions	0.3	0.3	+7.6%	0.3
Interest-bearing non-current liabilities	150.4	150.1	+0.2%	150.2
Other non-current liabilities	0.0	0.0	+5.6%	0.0
Non-current liabilities total	188.8	187.8	+0.6%	190.8
Trade payables	92.1	83.3	+10.5%	106.1
Current tax liabilities	3.0	15.4	-80.5%	9.1
Other current liabilities	90.5	99.9	-9.4%	112.9
Provisions	0.1	0.0	+634.8%	0.2
Interest-bearing current liabilities	1.0	23.2	-95.5%	2.3
Current liabilities total	186.8	221.9	-15.8%	230.7
Liabilities total	375.6	409.7	-8.3%	421.5
Equity and liabilities total	970.1	998.6	-2.8%	1,062.9

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.	
Equity at 1 January 2016	92.2	0.5	6.9	-1.6	-1.5	498.4	0.0	594.9
Profit for the period						201.5		201.5
Other comprehensive income:								
Change in value of available-for-sale financial assets			-5.2					-5.2
Translation differences					-5.2			-5.2
Items due to remeasurement of defined benefit plans				-0.0				-0.0
Transactions with owners								
Dividend and capital repayment						-183.3		-183.3
Treasury shares						-16.8		-16.8
Share-based incentive plan						3.0		3.0
Other adjustments			0.3			-0.4	0.0	-0.0
Equity at 30 September 2016	92.2	0.5	2.1	-1.7	-6.7	502.5	0.0	588.9
Equity at 1 January 2017	92.2	0.5	2.0	2.0	-6.2	550.7	0.0	641.4
Profit for the period						170.8		170.8
Other comprehensive income:								
Translation differences					-1.4			-1.4
Items due to remeasurement of defined benefit plans				0.0				0.0
Transactions with owners								
Dividend and capital repayment						-218.2		-218.2
Share-based incentive plan						1.9		1.9
Other adjustments			0.3			-0.3	0.0	0.0
Equity at 30 September 2017	92.2	0.5	2.4	2.1	-7.5	504.9	0.0	594.5

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-9/17	1-9/16	1-12/16
Operating profit	219.9	255.9	314.6
Adjustments	35.3	15.3	26.8
Change in working capital	-17.7	-45.9	-33.0
Interest paid	-5.6	-9.7	-11.9
Interest received	1.3	5.8	7.7
Dividends received	0.0	0.1	0.1
Income taxes paid	-52.3	-40.7	-55.2
Total net cash flow from operating activities	180.9	180.7	249.1
Investments in property, plant and equipment	-52.1	-29.0	-41.0
Investments in intangible assets	-8.7	-4.9	-6.7
Sales of property, plant and equipment, and available-for-sale investments	1.3	26.2	26.6
Total net cash flow from investing activities	-59.5	-7.7	-21.1
Current loans raised	1.3	1.2	1.2
Repayments of current loans	-2.2	-1.1	-1.5
Repayments of non-current loans		-15.9	-36.7
Treasury shares		-16.8	-16.8
Dividends paid and other distribution of profits	-218.0	-183.4	-183.6
Total net cash flow from financing activities	-218.9	-216.1	-237.4
Net change in cash and cash equivalents	-97.5	-43.0	-9.4
Cash and cash equivalents at the beginning of the period	231.9	245.2	245.2
Foreign exchange differences	-1.3	-4.0	-3.9
Net change in cash and cash equivalents	-97.5	-43.0	-9.4
Cash and cash equivalents at the end of the period	133.1	198.2	231.9
Reconciliation of cash and cash equivalents in statement of financial position			
Cash and cash equivalents in statement of financial position at the end of the period	133.1	178.2	200.9
Money market investments at the end of the period		20.0	31.0
Cash and cash equivalents in the statement of cash flows	133.1	198.2	231.9

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	9/17	9/16	12/16
Carrying amount at the beginning of the period	289.1	276.4	276.4
Additions	53.1	29.3	44.5
Disposals	-0.6	-0.9	-1.4
Depreciation and impairments	-23.8	-22.9	-30.5
Carrying amount at the end of the period	317.7	282.0	289.1

CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	9/17	9/16	12/16
Carrying amount at the beginning of the period	40.4	44.3	44.3
Additions	8.3	4.2	6.2
Disposals	-0.0		-0.0
Amortisation and impairments	-7.4	-7.5	-10.1
Carrying amount at the end of the period	41.1	41.0	40.4

COMMITMENTS AND CONTINGENCIES

EUR million	9/17	9/16	12/16
CONTINGENCIES FOR OWN LIABILITIES			
Guarantees	4.1	4.1	4.1
OTHER LIABILITIES			
Leasing liabilities (excluding finance lease contracts)	5.7	7.0	6.7
Other liabilities	0.3	0.3	0.3

DERIVATIVES

EUR million	9/17	9/16	12/16
CURRENCY FORWARD CONTRACTS AND CURRENCY SWAPS			
Fair value, EUR million	-0.8	-0.4	-0.1
Nominal value, EUR million	31.3	35.2	25.1
CURRENCY OPTIONS			
Fair value, EUR million	0.0	-0.0	-0.0
Nominal value, EUR million	44.0	37.4	31.7

FAIR VALUE MEASUREMENT AND HIERARCHY OF FINANCIAL INSTRUMENTS

EUR million	Level 1	Level 2	Level 3	Total
Derivatives				
Currency derivatives		0.4		0.4
Available-for-sale financial assets				
Shares and investments			0.3	0.3
Assets total		0.4	0.3	0.7
Derivatives				
Currency derivatives		-1.2		-1.2
Liabilities total		-1.2		-1.2

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	1-9/17	1-9/16	1-12/16
Management's employment benefits	6.5	6.3	6.8

Operating segment performance

NET SALES BY BUSINESS DIVISION

EUR million	7-9/17	7-9/16	Change %	1-9/17	1-9/16	Change %	1-12/16
Pharmaceuticals	241.5	245.7	-1.7%	767.6	754.5	+1.7%	1,021.6
Proprietary Products	75.2	83.4	-9.8%	261.1	268.7	-2.8%	350.4
Specialty Products	132.2	125.9	+5.0%	386.7	371.9	+4.0%	507.8
Animal Health	14.8	15.4	-3.9%	55.7	53.6	+3.9%	77.3
Fermion	12.4	12.7	-2.6%	40.5	32.9	+22.8%	47.6
Contract manufacturing and other	6.9	8.3	-16.8%	23.7	27.3	-13.2%	38.5
Diagnostics	11.7	13.4	-12.6%	38.6	41.3	-6.6%	54.8
Group items	-0.5	-0.6	-9.1%	-2.0	-2.1	-7.9%	-2.8
Group total	252.7	258.6	-2.3%	804.3	793.6	+1.3%	1,073.5

OPERATING PROFIT BY BUSINESS AREA

EUR million	7-9/17	7-9/16	Change %	1-9/17	1-9/16	Change %	1-12/16
Pharmaceuticals	57.4	91.8	-37.5%	221.1	256.8	-13.9%	316.4
Diagnostics	1.4	2.2	-35.0%	6.2	6.6	-6.4%	8.4
Group items	-2.5	-2.0	+25.4%	-7.5	-7.6	-1.2%	-10.2
Group total	56.4	92.0	-38.8%	219.9	255.9	-14.1%	314.6

NET SALES BY ANNUAL QUARTERS

EUR million	2017			2016			2015	
	7-9	4-6	1-3	10-12	7-9	4-6	1-3	10-12
Pharmaceuticals	241.5	260.7	265.5	267.1	245.7	259.5	249.3	247.3
Diagnostics	11.7	12.4	14.4	13.5	13.4	14.4	13.5	15.2
Group items	-0.5	-0.7	-0.7	-0.7	-0.6	-0.7	-0.8	-0.9
Group total	252.7	272.4	279.2	279.9	258.6	273.1	262.0	261.6

OPERATING PROFIT BY ANNUAL QUARTERS

EUR million	2017			2016			2015	
	7-9	4-6	1-3	10-12	7-9	4-6	1-3	10-12
Pharmaceuticals	57.4	73.5	90.2	59.6	91.8	84.9	80.1	52.1
Diagnostics	1.4	1.3	3.5	1.7	2.2	1.8	2.6	1.7
Group items	-2.5	-3.0	-2.0	-2.6	-2.0	-3.2	-2.4	-2.9
Group total	56.4	71.8	91.7	58.7	92.0	83.5	80.3	50.9

GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

EUR million	2017			2016			2015	
	7-9	4-6	1-3	10-12	7-9	4-6	1-3	10-12
Finland	81.0	82.8	81.9	91.8	84.4	82.1	80.1	85.1
Scandinavia	47.4	50.1	44.7	45.5	39.6	44.3	44.7	47.0
Other Europe	75.7	81.7	83.0	89.0	78.1	85.5	83.2	81.9
North America	17.2	16.1	19.6	29.7	18.7	19.6	18.2	16.1
Other markets	31.4	41.7	50.0	23.9	37.8	41.6	35.8	31.5
Group total	252.7	272.4	279.2	279.9	258.6	273.1	262.0	261.6

Business reviews

KEY FIGURES FOR PHARMACEUTICALS BUSINESS

EUR million	7-9/17	7-9/16	Change %	1-9/17	1-9/16	Change %	1-12/16
Net sales	241.5	245.7	-1.7%	767.6	754.5	+1.7%	1,021.6
Operating profit	57.4	91.8	-37.5%	221.1	256.8	-13.9%	316.4
% of net sales	23.8%	37.4%		28.8%	34.0%		31.0%
R&D expenses	23.3	25.3	-7.9%	72.6	75.3	-3.6%	111.5
% of net sales	9.7%	10.3%		9.5%	10.0%		10.9%
Capital expenditure	21.6	11.2	+93.0%	59.9	33.0	+81.6%	49.7
% of net sales	8.9%	4.5%		7.8%	4.4%		4.9%
Sales revenue from proprietary products	83.0	88.0	-5.7%	285.6	282.4	+1.1%	377.0
Assets				773.3	738.2		776.9
Liabilities				174.8	175.9		209.0
Personnel at the end of the period				3,196	3,140		3,161

TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

EUR million	7-9/17	7-9/16	Change %	1-9/17	1-9/16	Change %	1-12/16
Stalevo [®] , Comtess [®] and Comtan [®] (Parkinson's disease)	22.2	30.7	-27.7%	79.9	102.3	-21.9%	124.2
Easyhaler [®] product family (asthma, COPD)	18.3	14.9	+22.6%	55.2	46.8	+17.8%	63.7
Dexdor [®] (intensive care sedative)	13.3	12.9	+2.6%	47.0	40.6	+15.7%	56.8
Remsima [®] (rheumatoid arthritis, inflammatory bowel diseases)	16.9	9.4	+80.6%	44.6	31.1	+43.6%	42.3
Simdax [®] (acute decompensated heart failure)	12.9	13.2	-2.3%	42.6	40.8	+4.5%	56.4
Dexdomitor [®] , Domitor [®] , Domosedan [®] and Antisedan [®] (animal sedatives)	4.2	3.7	+13.3%	21.7	15.8	+37.8%	28.1
Precedex [®] (intensive care sedative)	5.1	5.8	-12.1%	18.4	15.6	+18.4%	19.6
Burana [®] (inflammatory pain)	6.3	6.2	+1.8%	17.7	16.6	+6.9%	23.1
Generic entacapone products (Parkinson's disease)	7.2	3.2	+123.2%	15.1	9.7	+54.7%	13.2
Marevan [®] (anticoagulant)	4.4	5.2	-15.5%	13.8	14.1	-2.2%	18.2
Total	110.8	105.2	+5.3%	356.0	333.4	+6.8%	445.5
Share of pharmaceutical net sales	46%	43%		46%	44%		44%

KEY FIGURES FOR DIAGNOSTICS BUSINESS

EUR million	7-9/17	7-9/16	Change %	1-9/17	1-9/16	Change %	1-12/16
Net sales	11.7	13.4	-12.6%	38.6	41.3	-6.6%	54.8
Operating profit	1.4	2.2	-35.0%	6.2	6.6	-6.4%	8.4
% of net sales	12.3%	16.5%		16.1%	16.1%		15.3%
R&D expenses	1.4	1.6	-14.2%	4.5	5.2	-12.2%	6.9
% of net sales	11.9%	12.1%		11.8%	12.5%		12.6%
Capital expenditure	0.5	0.5	-1.8%	1.2	0.8	+40.1%	1.1
% of net sales	4.5%	4.0%		3.0%	2.0%		2.0%
Assets				48.3	48.0		48.8
Liabilities				7.5	8.1		17.6
Personnel at the end of the period				293	281		284

KEY CLINICAL PHARMACEUTICAL DEVELOPMENT PROJECTS

Project	Indication	PHASE			Registration
		I	II	III	
Easyhaler® salmeterol-fluticasone	Asthma, COPD	Bioequivalence study			Registration*
Darolutamide (ODM-201) ¹⁾	Prostate cancer (nmCRPC)	I	II	III*	
Darolutamide (ODM-201) ¹⁾	Prostate cancer (mHSPC)	I	II	III*	
ORM-12741 (alpha-2c adrenoceptor antagonist) ²⁾	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*			
¹⁾ In collaboration with Bayer ²⁾ In collaboration with Janssen Pharmaceuticals.		*	= Phase ongoing		
		III	= Status changed vs. previous quarter		

Information on Orion's shares

BASIC SHARE INFORMATION 30 SEPTEMBER 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	17,306	39,077	50,745

Both share classes, A and B, confer equal rights to the Company's assets and dividends.

INFORMATION ON TRADING ON NASDAQ HELSINKI, 1 JANUARY - 30 SEPTEMBER 2017

	A shares	B shares	Total
Shares traded	2,573,860	57,320,070	59,893,930
% of the total number of shares	6.8%	55.3%	42.4%
Trading volume, EUR million	126.7	2,731.3	2,858.0
Closing quotation on 31 December 2016, EUR	42.38	42.29	
Lowest quotation, EUR (A and B 29 September 2017)	38.55	38.56	
Average quotation, EUR	49.21	47.65	
Highest quotation, EUR (A and B 2 June 2017)	56.40	56.50	
Closing quotation on 30 September 2017, EUR	39.34	39.26	
Market capitalisation excluding treasury shares on 30 September 2017, EUR million	1,460.3	4,061.9	5,522.2

PERFORMANCE PER SHARE

	7-9/17	7-9/16	Change %	1-9/17	1-9/16	Change %	10-12/16
Basic earnings per share, EUR	0.31	0.52	-39.3%	1.22	1.43	-15.1%	1.77
Diluted earnings per share, EUR	0.31	0.52	-39.3%	1.22	1.43	-15.1%	1.77
Cash flow per share before financial items, EUR	0.47	0.67	-30.2%	0.86	1.23	-29.7%	1.62
Equity per share, EUR				4.23	4.19	+0.9%	4.57
Average number of shares excluding treasury shares, 1,000 shares	140,582	140,474		140,559	140,737		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

This report has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The same accounting policies as for the Financial Statements for 2016, supplemented by amendments to existing IFRS and IAS standards endorsed by the EU that have been adopted as of 1 January 2017, have been applied in preparing the report. The amendments to standards had no 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 data in this financial review are not audited.

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/OrionCorplR>

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 2016 amounted to EUR 1,074 million and the Company had about 3,500 employees. Orion's A and B shares are listed on Nasdaq Helsinki. Orion, established in 1917, is celebrating its centenary in 2017.