



Ambitious growth target with high profitability

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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%.

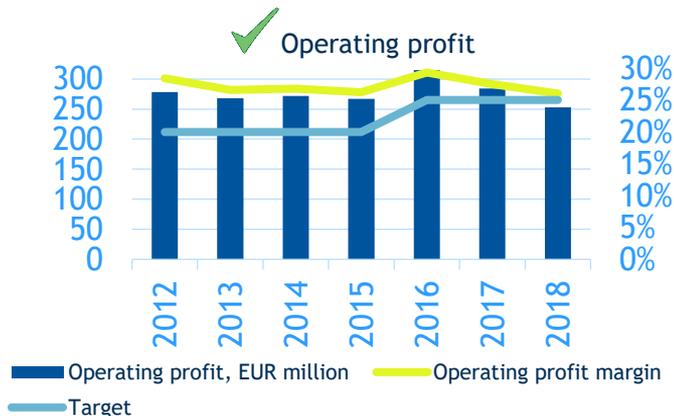
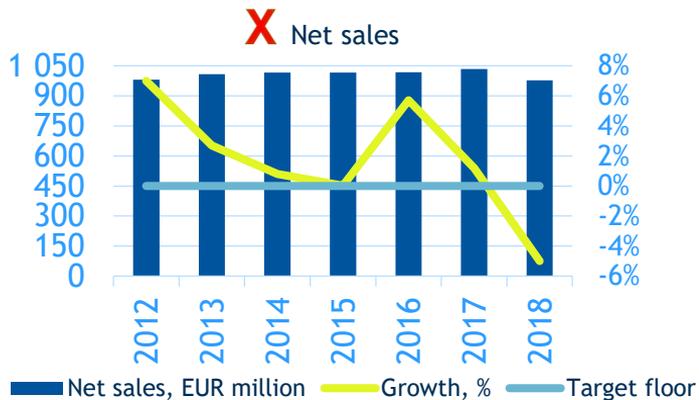


Maintaining profitability at a good level. The aim is operating profit that exceeds 25% of net sales.

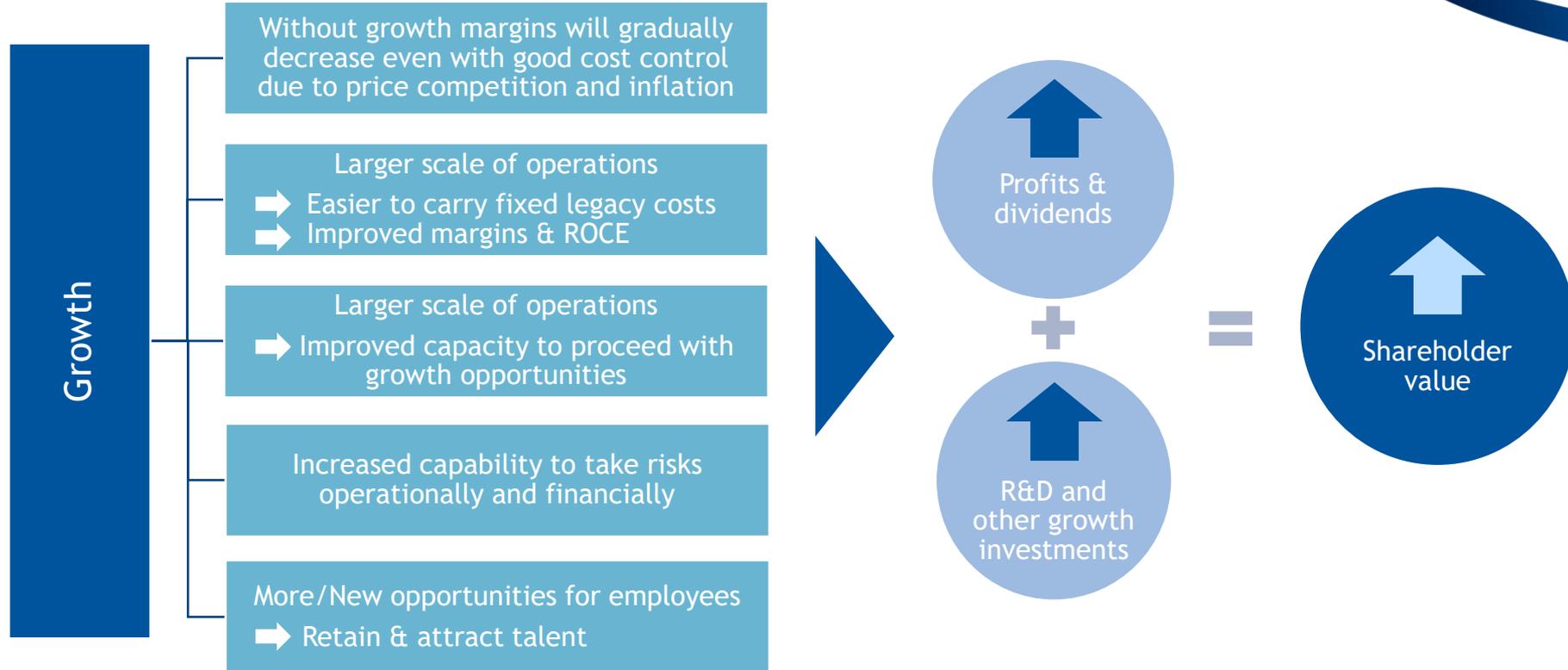


Distributing an annual dividend that in the next few years will be at least EUR 1.30 per share, and increasing the dividend in the long term.

Financial objectives



Why growth is important



Growth target made more concrete and easier to communicate



Growing net sales more rapidly than growth of the pharmaceuticals market. Achievement of this objective requires continuous investment in development of the product portfolio.



Net sales target in 2025

1.5

billion EUR

Growing more rapidly than the growth in the market

- Ongoing initiatives

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:

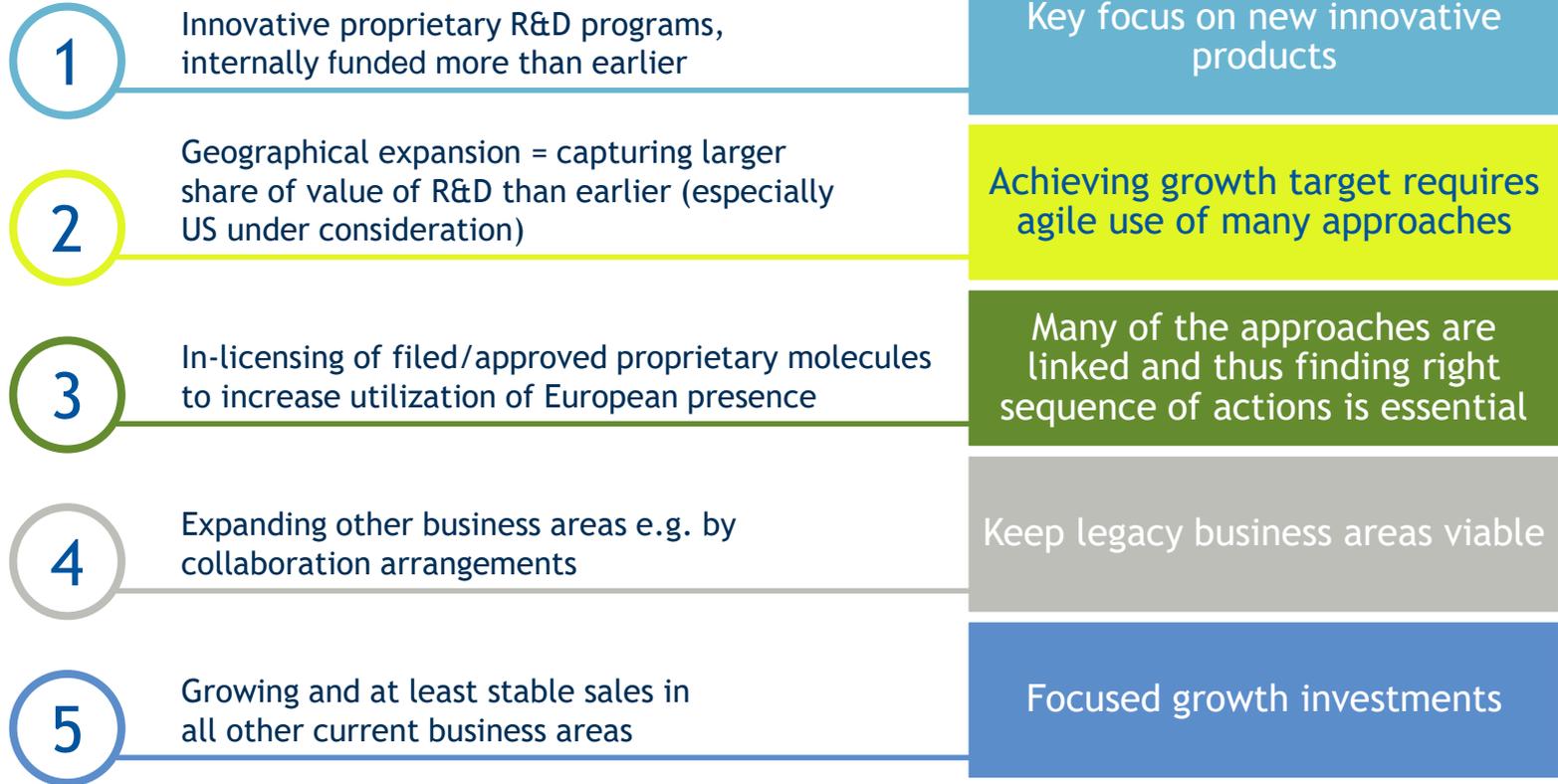
E.g. strengthening
the Easyhaler
product family
sales force in Germany.

In-licensing and
product acquisitions:

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

Investments
supporting growth
estimated
at EUR 30 million
in 2019.

Ways to grow



Ways to fund growth

- 1 More spending upfront, i.e. lower than maximum dividends mid-term to fund dividend/value growth in long term
- 2 Partnering with (Big) pharma
- 3 Divesting of existing business areas or assets
- 4 Others, like using financing that is carrying also risk to fund individual R&D (phase III) programs
- 5 Resource allocation and cost control to free up funding for growth initiatives

Elements of partnering

Cost split

Income split

Territory split

Manufacturing

Milestones

CASE EXAMPLES:



+ darolutamide



NOVARTIS

+

entacapone

Some features of partnering with (Big) pharma

- + Risk sharing & Funding
- + Global presence and commercialization capabilities of large partners
- + High EBIT as % of Net sales (milestones, royalties)
- Only relatively small share of market sales reported as Orion sales
- EBIT (in EUR) smaller assuming normal size sales expenses and capability to actually generate sales
- Limits geographical expansion opportunities by limiting available product portfolio

TOP Supply Chain: Continuous development

VISION:

The most competitive,
demand-driven supply chain.

Maximization of value for the customer
through optimized operational network.



Quality and Compliance

- Positive trend development with work safety program
- Compliance programs according to plan: serialization and traceability
- Key quality metrics development positive
- Orion's sustainability development program on-going

Service Level

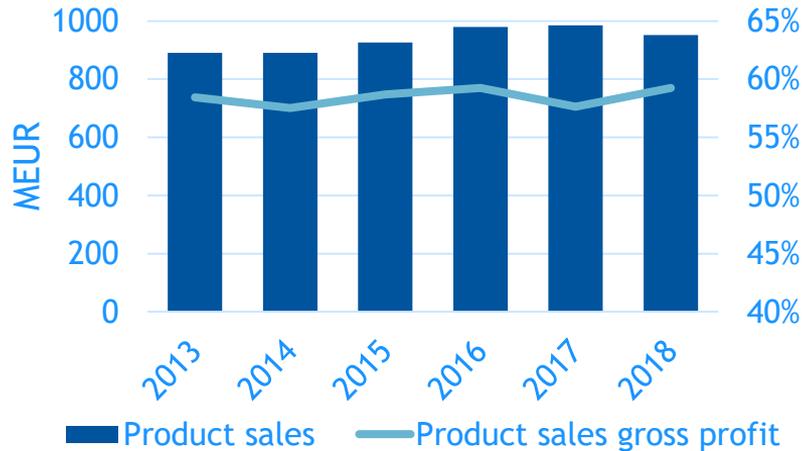
- Positive service level development
- E2E supply and demand planning in use
- Centralized procurement policy and practices in use
- Supplier relationship management proceeding

Productivity

- Lean methods in everyday use
- Lean laboratory program on-going
- Several improvement programs throughout organization and processes completed

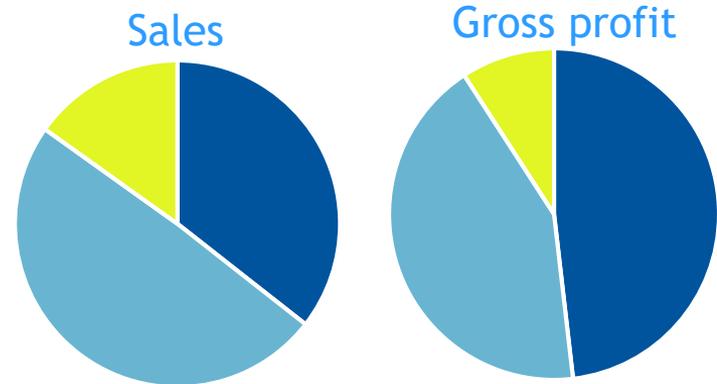
Product sales gross profit stable

- Despite price erosion in Finland, Parkinson's and Dexdor



Totally over EUR 50 million negative effect of lower prices in the three most impacted areas (reference priced generics in Finland, Parkinson's and Dexdor) in two years from 2016 until end of 2018

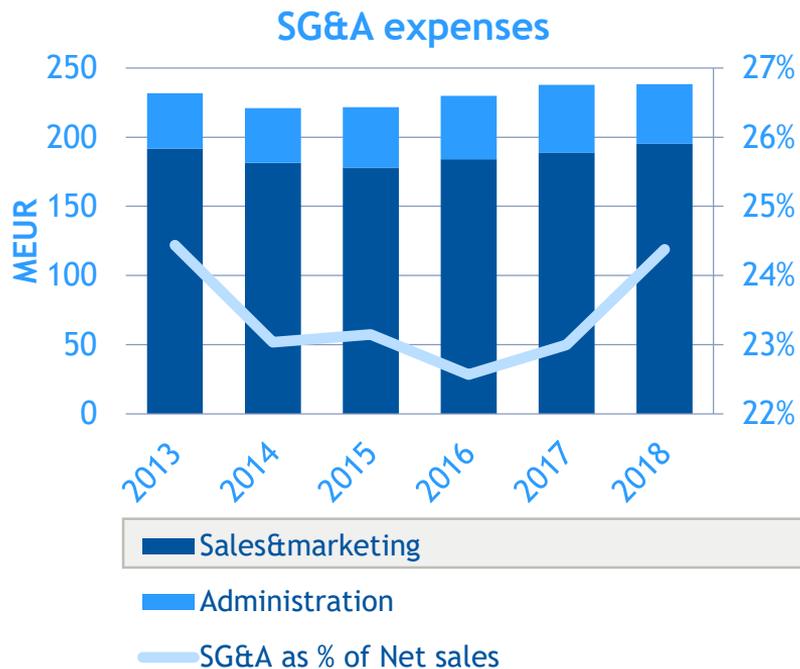
Share of total by business



- Proprietary products
- Specialty products
- Other

SG&A expenses in good control

- Decline in sales in Finland and investments for growth have had an impact since 2016



Ways to mitigate challenges

R&D risks

- Building of broad enough, but not too large portfolio
- Disciplined way to select projects
- Working with partners when applicable, decision case by case
- Good resource allocation decisions

Timing

- Use of proceeds from Orion Diagnostica to maintain dividend and to fund growth opportunities
- Good development of legacy business areas
- Good cost discipline
- Good execution of the growth initiatives
- Transparent communication with investors

Market Risks

- Entry only when product portfolio suitable for Orion
- Flexible partnering
- Step by step approach, resources added carefully
- Use of service providers instead of immediately recruiting own people -> Speed & Flexibility
- Thorough advance preparation

Summary

- Value created by growth with good profitability

Growth

- R&D pipeline development
- Geographical expansion with focused sales operations
- In-licensing
- Steady development of generic and other business areas
- Compliance, Service level and Cogs



EBIT > 25% of net sales

- Sales growth
- Management of cost structure
- Management of product portfolio and complexity
- Resource allocation

Equity ratio \geq 50%

- Good profitability
- Management of working capital
- Optimization and timing of capex

At least 1.30€/share and growing dividends

- Good profitability
- Good cash flow
- In short term also funds and equity from Diagnostica divestment



Thank you!