



Nine-month interim report (Q3) 2020

November 11, 2020

ALK reports 52% tablet growth and 61% earnings growth in Q3 (unaudited)

ALK's revenue returned to growth in Q3 with 7% revenue growth as sales across the tablet portfolio grew 52%, led by Europe and International markets which were resilient to pandemic-related market constraints. This result is achieved despite the continuing negative impact of COVID-19 on its legacy business, predominantly in the USA. ALK's full-year financial outlook has been updated.

Q3 2020 highlights

- Total revenue was up 7% organically in local currencies at DKK 772 million (739). Planned product discontinuations reduced growth by approximately 4 p.p. Currencies reduced reported growth by 2 p.p.
- Tablet sales grew by 52% to DKK 281 million (185), while combined SCIT and SLIT-drops sales were down 11% on the effects of COVID-19 and planned portfolio rationalisation.
- Operating profit (EBITDA) exceeded expectations and grew 61% to DKK 58 million (36), principally on delayed R&D expenditure and other savings on planned activities due to the impact of COVID-19.
- Free cash flow, at DKK minus 88 million (minus 35) was ahead of plan, driven by higher earnings, and the re-phasing of investments and tax payments.
- Revenue for the first nine months was up 6%, EBITDA was up 72% at DKK 331 million (193) and free cash flow was DKK minus 67 million (minus 184).

Update on the effects of COVID-19

- Many markets still have COVID-19 countermeasures in place. Although patients are beginning to return to allergy clinics for treatment, access to clinics in some markets remains constrained to varying degrees.
- Sales of legacy products remain under pressure, largely due to the constraints the pandemic has placed on the willingness and ability of patients to visit clinics. Sales in the USA are particularly impacted, and ALK estimates that the 2020 full-year total value of missed US sales will be more than DKK 100 million.
- Sales of tablets, which can be self-administered at home, remains resilient and were actually boosted in some markets leading to continued market share gains and further consolidation of ALK's leadership.
- Product supply remain highly resilient and ALK is maintaining robust inventories of its products and supplies.
- ALK is now seeing a tangible impact from COVID-19 on clinical development activities due to challenges in recruiting clinical trial participants, which affects the ability to conduct trials as planned.

Updated 2020 financial outlook

In light of the results for the first nine months and the ongoing effects of COVID-19, ALK is upgrading its EBITDA and cash flow outlook while narrowing its revenue growth outlook. ALK now expects:

- Organic revenue growth is expected at around 8% equating to approximately DKK 3.5 billion (previously towards the lower end of 8-12%).
- Operating profit (EBITDA) is now expected to be DKK 350-400 million (previously 300-350).
- Free cash flow is now expected at approximately DKK 0 million (previously negative ~200), reflecting the higher earnings and a positive change to working capital.

Hørsholm, 11 November 2020

ALK-Abelló A/S

Comparative figures for 2019 are shown in brackets. Revenue growth rates are organic and are stated in local currencies, unless otherwise indicated

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Today, ALK is hosting a conference call for analysts and investors at 1.30 p.m. (CET) at which Management will review the financial results and the outlook. The conference call will be audio cast on <https://ir.alk.net>. Participants for the audio cast are kindly requested to call in before 1.25 p.m. (CET). Danish participants should call in on tel. +45 3544 5577 and international participants should call in on tel. +44 333 300 0804 or +1 631 913 1422. Please use the Participant Pin Code: 40890398#. The conference call will also be webcast live on our website, where the related presentation will be made available shortly before the call begins.

Attachment

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