

# Q1 2018 results and outlook

Webcast  
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# Today's agenda

- Q1 2018
- Update on business priorities
- Outlook for 2018
- Q&A session



President & CEO  
Carsten Hellmann



EVP, Group CFO  
Søren Jelert

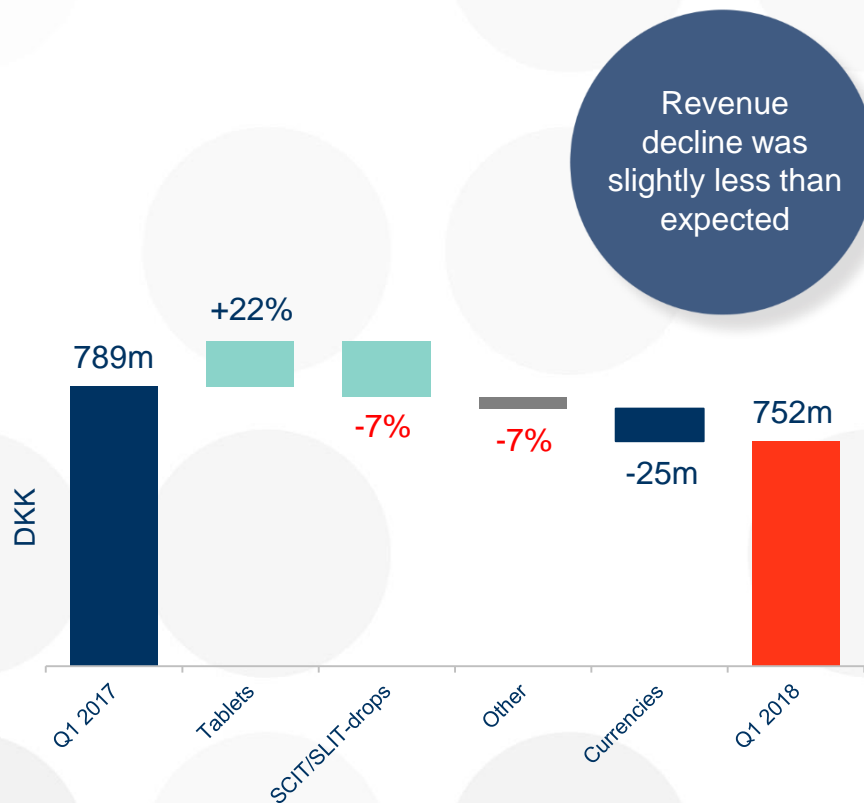


VP, Head of IR  
Per Plotnikof

*This presentation contains forward-looking statements, including forecasts of future revenue and operating profit, as well as expected business-related events. Such statements are subject to risks and uncertainties as various factors, some of which are beyond ALK's control, may cause actual results and performance to differ materially from the forecasts made in this presentation.*

# Q1 2018 highlights

- Good progress with new growth strategy on all four pillars
- Financially better than expected, mainly due to faster capture of efficiencies and savings
- EBITDA of DKK 92 million (140)
- Improved 2018 outlook



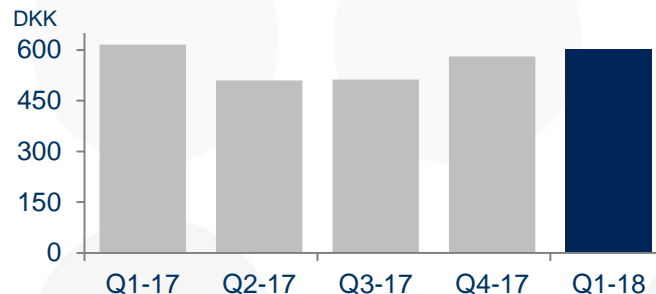
Growth rates are stated in local currencies

# Europe: Strong growth in tablets

*Growth rates are stated as growth in local currencies*

- Revenue: DKK 601m (616m)
- Now >125,000 people on ACARIZAX® and GRAZAX®
  - Strong ACARIZAX® launch in France
- SCIT/SLIT-drops still affected by previous capacity constraints and portfolio pruning
- No significant changes to price/reimbursement in Q1

**Revenue in Europe**



SLIT-tablets  
**+26%**



SCIT/SLIT-drops  
**-10%**



Other  
**-1%**



-11%

+12%

# North America & Int'l markets

*Growth rates are stated as growth in local currencies*

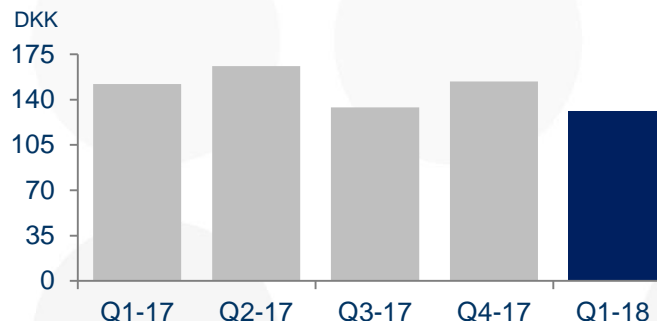
## North America

- Revenue: DKK 131m (152m)
- -2% growth (local cur.) -12 pp currency impact
- Tablets: Patient uptake as planned but fluctuations at wholesaler levels
- SCIT up 14%
- Other products down 12%

## Int'l markets

- Revenue: DKK 20m (21m)
- 2% growth in local currencies (phasing)
- Increasing contribution from Japan
- Fluctuating shipments into China

## Revenue in North America



# Q1 2018 results

DKK million	Q1 2017	Q1 2018
<b>Revenue</b>	<b>789</b>	<b>752</b>
Gross profit	489	440
<i>Gross margin</i>	62%	59%
Capacity costs	393	393
EBIT	96	47
Financials, net	(8)	(21)
Tax	86	2
<b>Net profit</b>	<b>2</b>	<b>24</b>
<b>EBITDA</b>	<b>140</b>	<b>92</b>
Free cash flow	(206)	(75)

Flat despite  
continued S&M  
investments

Cash  
~DKK 619m

New credit  
facility  
DKK 600m

# Progress on strategic priorities



The starting point: AIT leadership – SLIT-tablets, SLIT-drops, SCIT and related products

# Succeed in North America

- Still early days, but encouraging feedback and patient uptake
- Prescriber network
  - ~400 / 2,000 active in the USA
  - ~110 / 150 active in Canada
- Q1: 1,200-1,300 patients initiated on treatment with ODACTRA™ in the USA
  - Similar number in Canada
- Good progress with insurance coverage



ALK is committed to partnering with allergy specialists to succeed in establishing a scalable business model for the tablets in North America

# Complete the tablet portfolio for all relevant ages

- All clinical activities on track
- ACARIZAX<sup>®</sup>
  - Approved for use in children in Japan
  - Asthma trial recruiting patients in EU
- CEDARCURE<sup>™</sup> launch in Japan soon
- Regulatory filing of tree SLIT-tablet in Europe expected soon



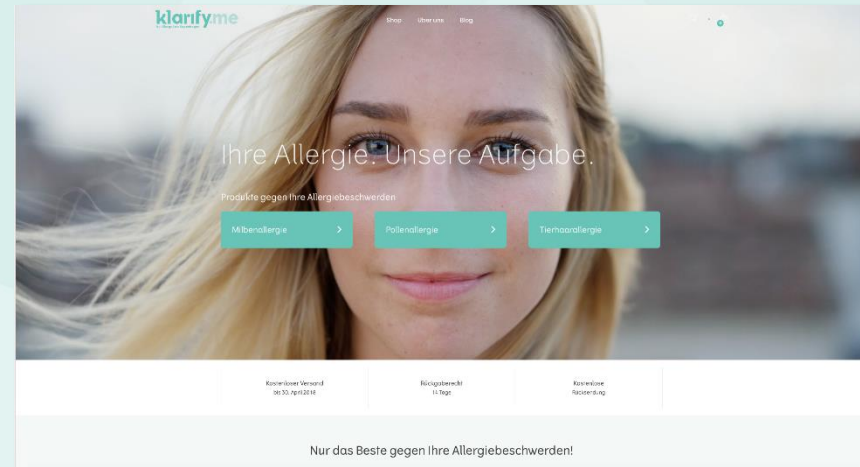
ALK is committed to globalising a full portfolio of SLIT-tablets for all relevant ages – adults, adolescents and children – covering the five most common global respiratory allergies

# Patient engagement and adjacencies

- The first version of new consumer care platform and products launched in Germany (klarify.me)



- Launch of consumer care and digital engagement in other markets later in 2018
- Partnership on allergen diagnosis technology in China
- Ongoing work to source additional products and establish further adjacencies



ALK will drive digital patient engagement with the ultimate aim of supporting people with allergy earlier in their disease journey and creating new value from ALK's expanded allergy presence

# Optimise and reallocate resources

- SCIT and SLIT-drop production in Denmark and France stabilised and output on track
- Global inventories on track to normalise during 2018
- Efforts to prune portfolio and improve efficiency, quality and compliance are ahead of plan



ALK will improve efficiency by strengthening its competencies and structures as well as simplifying processes, particularly within product supply

# 2018 outlook adjusted slightly upwards

DKK	2018E	2018E (previous)	Comments	2017A
<b>Revenue</b>	<b>&gt;2.7bn</b>	~2.7bn	Slightly improved outlook due to performance in Q1. Still strong growth in tablet sales offset by product eliminations, effect of previous supply constraints and price/reimbursement pressure. Negative currency effect.	2.9bn
<b>EBITDA</b>	<b>~0</b>	~(50)m	Improved outlook due to better than expected performance in Q1. Still significant business investments to transform ALK	253m
<b>Free cash flow</b>	<b>(600)m or better</b>	~(600)m	Slightly improved outlook due to Q1 performance. Still influenced by subdued earnings, working capital requirements and CAPEX investments	(745)m

# Q&A Session

# Thank you for your attention

## Upcoming events:

7 May: Roadshow Copenhagen

8 May: Roadshow London

9 May: Roadshow Amsterdam

## Investor Relations:

Per Plotnikof,

VP, Head of Investor Relations

Phone: +45 4574 7576

E-mail: [ppidk@alk.net](mailto:ppidk@alk.net)

Read more: [www.alk.net](http://www.alk.net)