

Allergy solutions for life

IR roadshow presentation

November 2019



Allergy solutions for life

More than 500 million people worldwide have allergies. Many of them suffer in silence because the way ahead is too confusing.

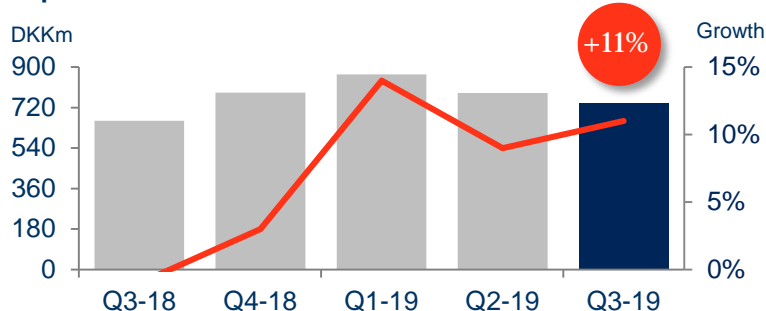
By collecting information and the latest and most trusted solutions together in one place, we want to make allergy surprisingly simple to manage. With 100 years of experience, nobody knows allergy like us, and we continuously apply our scientific knowledge and expertise to help people take control of their allergy and their life.

We want to make a difference by offering solutions for everyone who is touched by allergy – through a comprehensive range of products, services and resources that offer a fast-track to a more balanced life

Q3: On track for double-digit growth

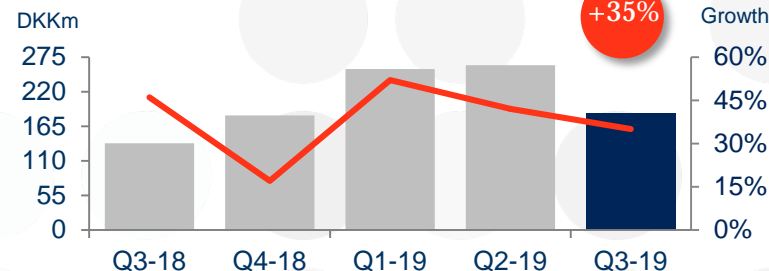
- Highest-ever Q3 revenue
 - 11% overall growth
 - 35% growth in tablet sales
 - Strong launch of ITULAZAX® in first markets
 - Further recovery of SCIT sales
- Full-year outlook updated

Group revenue

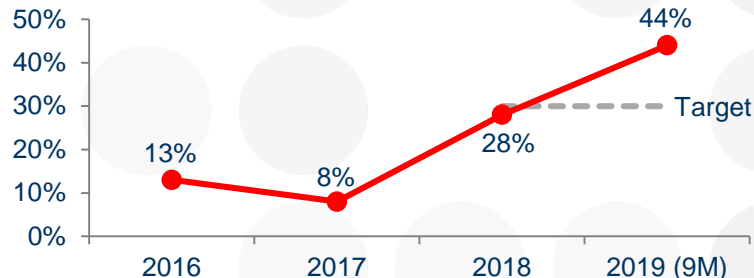


Growth rates are in local currencies

Global tablet sales



Growth in tablet sales



ALK key figures

(Nasdaq Copenhagen: ALK.B / ALKB.CO)



Established in
1923



Employees
2,379



Markets
38



Leader in AIT,
treating patients
~1.7m



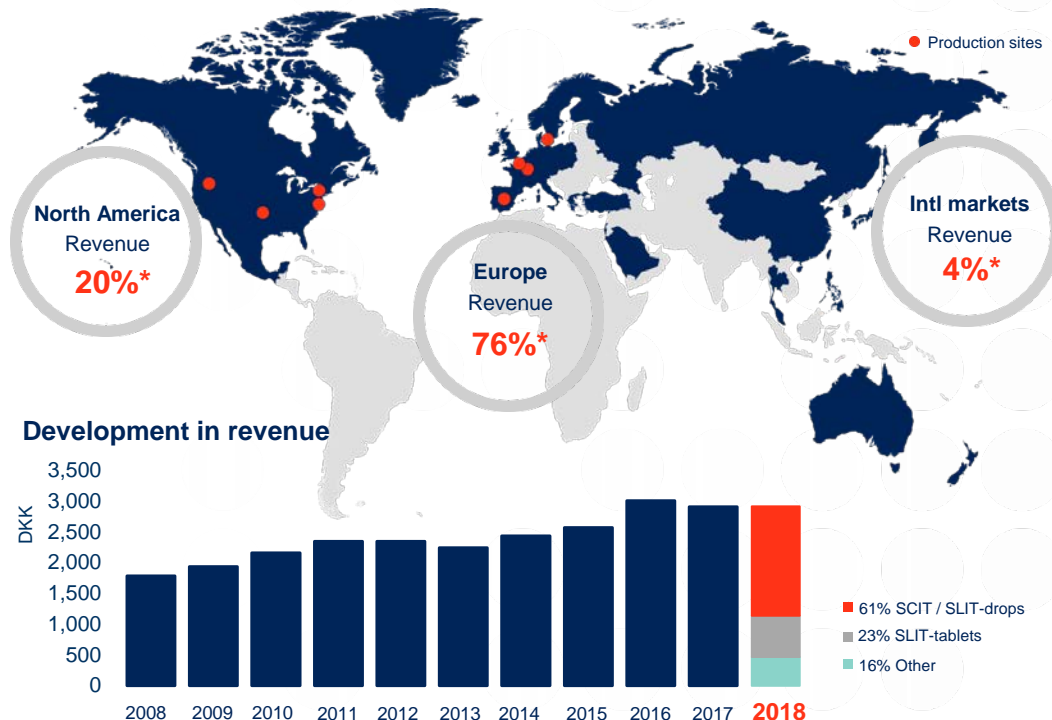
People with allergy
covered by portfolio of
new, standardised tablets
>80%



Exclusivity via
biological
manufacturing
process

Global presence

Transformation in progress to accelerate growth and build broader presence in allergy



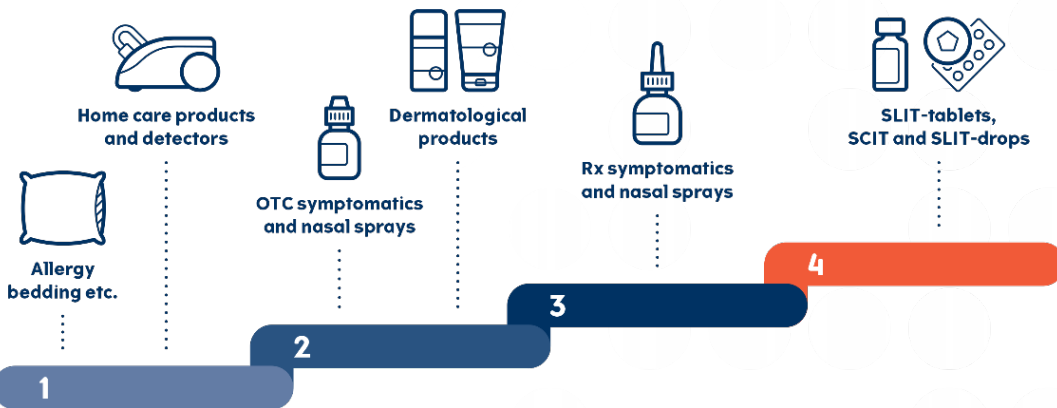
* Percentage of 2018 revenue

Allergy Disease Management > 120 bn DKK market

Majority of people with allergy rarely see a doctor and patients often endure a decade or more before turning to AIT

500m (100%)

Affected by allergic rhinitis



Drug-free symptom relief

- Allergen avoidance
- Drug-free treatment concepts (e.g., sprays or saline inhalers)

Over-the-counter pharmacotherapy

- First-line drugs
- Self treatment often lasts five years or more

Prescription pharmacotherapy

- Second-line drugs
- Treatment lasts years

Allergy immunotherapy

- AIT is usually prescribed as a last resort
- Usually initiated after serious disease aggravation

← Allergy disease /
Pollen count information →

50m (10%)

Eligible for AIT treatment

~5m (~1%)

Treated with AIT



Current
ALK space

Three year transformation strategy 2018-20

**Succeed in
North
America**

**Complete and
commercialise
tablet
portfolio**

**Patient
engagement
and
adjacencies**

**Optimise and
reallocate
resources**

Financial ambitions

An ALK capable of delivering sustainable, high revenue and earnings growth

Revenue growth of $\geq 10\%$ annually

Raise margins quickly to specialty pharma levels after 2020

Succeed in North America

Strategic priority No 1

Q3 highlights



ALK targets ~10% growth across main product categories



Tablet sales up 47%



SCIT sales up 2%; up 19% when adjusted for discontinuations



Other products up 29%; strong PRE-PEN[®] sales and improved sales of non-allergy products

SLIT-tablets

Progress on key metrics critical to long-term success in the USA

Improved uptake and Rx depth & breadth

Acceptance growing and doubling number of 'early adopters' in 2019 still achievable

Enhancing sales force effectiveness by upgrading skills and replicating successes

Complete and commercialise tablet portfolio for all relevant ages

Strategic priority No 2

Strong initial launch of tree tablet



ITULAZAX® approved in 17 EU markets



More than 4,000 patients initiated in first markets. Germany saw ALK's best ever tablet launch



Positive feedback from HCPs



Completion of tablet range to cover five of the most important respiratory allergies



Strong commercial and clinical progress

9M sales growth of 44% in-line with full-year expectations

Pivotal trial with ACARIZAX® in China

ACARIZAX® / ODACTRA™ paediatric trials in EU and North America

Paediatric filings for ragweed tablet being prepared for EU, USA and Canada

Patient engagement and adjacent business

Strategic priority No 3

Digital patient engagement exceeds expectations

klarifyme

Messages

>100m

klara

Downloads

158,000



Online tests

143,000



Online searches

50,000

FY target

YTD status
by end Q3

Expanding digital patient engagement into additional 10 markets

Adjacent products and services

Ongoing development work to launch next-generation epinephrine auto-injector pen in the USA

Ongoing business development of adjacent products and services



Windgap
medical



Optimise and reallocate

Strategic priority No 4

Wide-ranging efficiency programme



Ongoing investments in production site strategy; focus on supply chain quality, robustness and scalability



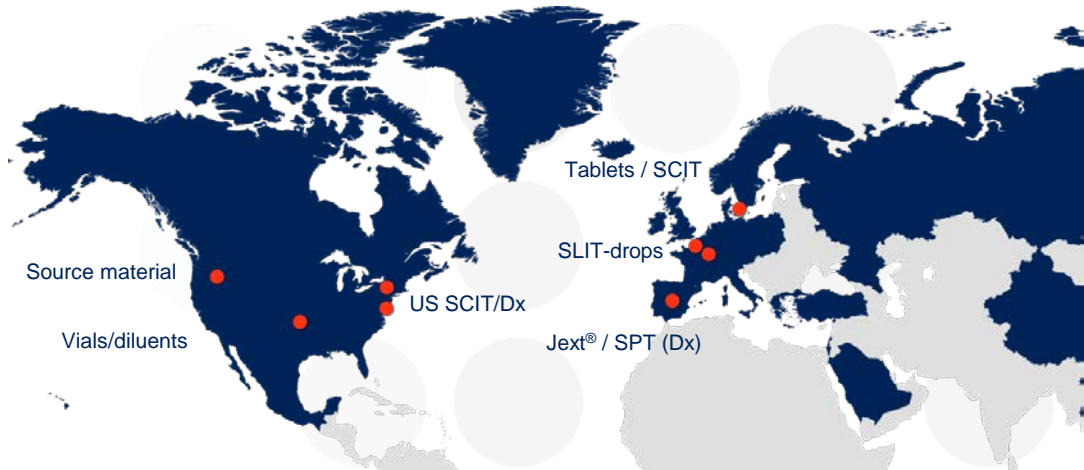
Accelerated portfolio rationalisation (~300 product variants phased out vs. 2016)



Upgraded ALUTARD® product approved and launched in Germany

Manufacturing footprint

Centres of excellence

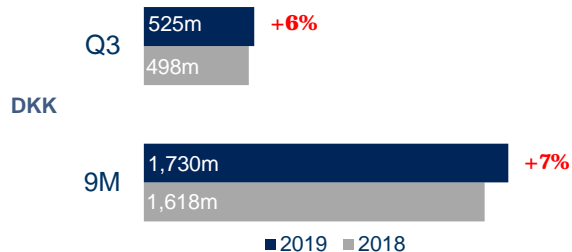
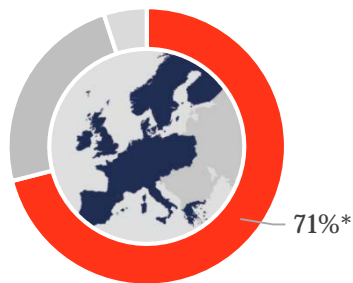


● Production sites

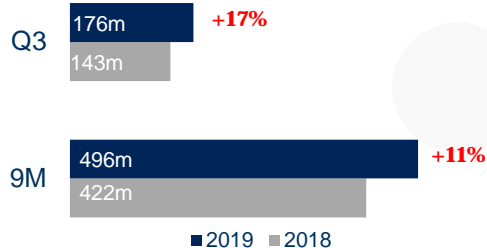
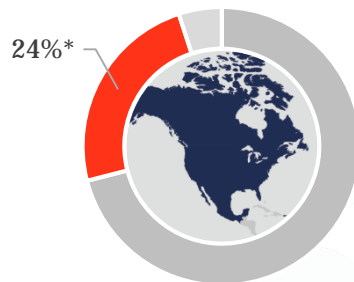
Growth in all sales regions in Q3

Revenue and growth

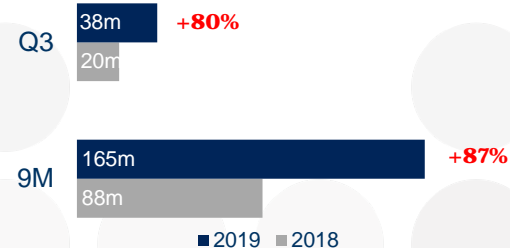
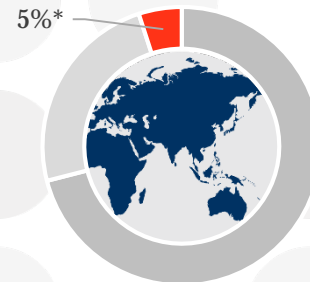
Europe



North America



Int'l markets



Growth rates are in local currencies

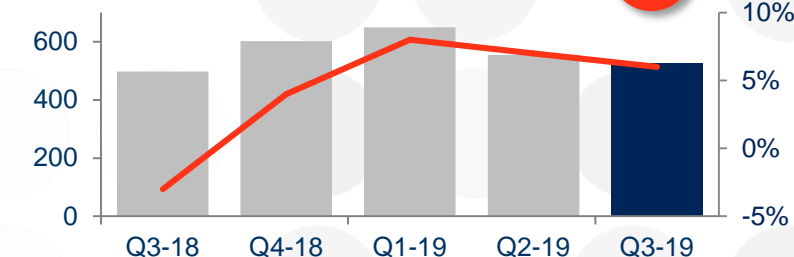
*) Share of revenue Q3

Europe: Strong underlying tablet growth

- Very good early response to ITULAZAX[®] with ALK's best ever tablet launch in Germany
- Continued rebound for SCIT sales
- SLIT-drops sales normalising in France
- Sales of other products influenced by normalisation of Jext[®] sales and pruning

Revenue in Europe

DKKmn



Growth rates are in local currencies

SLIT-tablets
+18%



SCIT/SLIT-drops
+7%

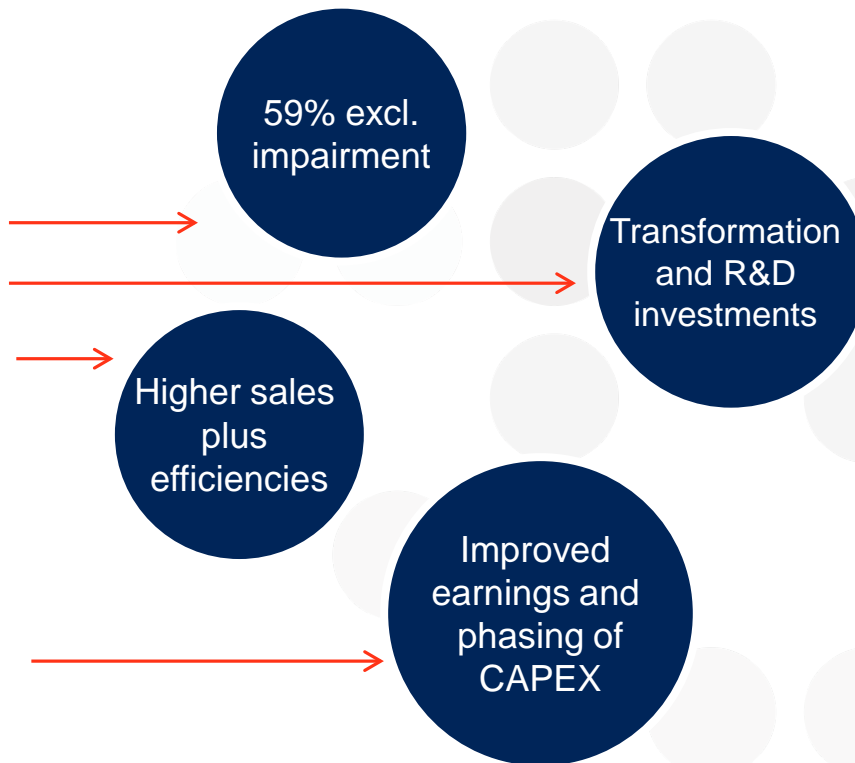


Other
-21%



9M earnings and cash flow better than expected

DKK million	9M 2018	9M 2019
Revenue	2,128	2,391
Gross profit	1,199	1,377
<i>Gross margin</i>	<i>56%</i>	<i>58%</i>
Capacity costs	1,214	1,383
EBITDA	126	193
EBIT	(15)	(4)
Net financials	(5)	(13)
Tax	4	4
Net profit	(24)	(21)
Free cash flow	(354)	(184)



Financial status

Q3 2019: Full-year outlook upgraded based on the year-to-date results and the forecast for Q4

DKK million	2015	2016	2017	2018	2019G
Revenue	2,569	3,005	2,910	2,915	3,2-3,300
Gross margin	67%	67%	56%	56%	
R&D	407	385	426	392	
(% of revenue)	16%	13%	15%	13%	
Sales/Marketing & Adm.	1,033	1,140	1,298	1,364	
EBITDA	451	642	253	136	200-250
CAPEX	199	204	267	178	
Free cash flow	18	201	(745)	(264)	~ (200)
Cash and marketable sec.	608	840	711	396	

2019 revenue

- Growth across all sales regions
- Strong tablet growth

2019 outlook updated

DKK	7 Feb. outlook	9 May outlook	13 Aug Outlook	7 Nov Outlook	Comments	2018 actuals
Revenue	3,100- 3,300m	Tracking towards higher end of range	DKK 3,200- 3,300m	DKK 3,200- 3,300m	Broad-based growth across regions, particularly within tablets. Negative impact from portfolio pruning and SLIT-drops. Minor positive currency impact.	2,915m
EBITDA	100-200m	Tracking towards higher end of range	DKK 150- 250m	DKK 200- 250m	Incrementally higher gross margins, significantly higher R&D costs, increasing S&M costs. Immaterial currency impact.	136m
Free cash flow	~(400)m	(400)m or better	~DKK (300)m	~DKK (200)m	Improved, but still subdued earnings, phasing of CAPEX investments	(294)m

Assumptions: Current exchange rates. No revenue from acquisitions and/or partnerships. No sizeable payments to M&A/in-licensing.

Appendix





Pioneer since 1923 – Prevention, Diagnosis & Treatment

Leader in disease modifying allergy immunotherapy (AIT)

World's 1st producer of sublingual AIT tablets (SLIT-tablets)

Allergy at a glance

Allergies occur when the body's immune system overreacts to substances that are usually considered harmless, such as various types of pollen, house dust mites, moulds and animal fur.

Symptoms of respiratory allergies

Respiratory allergies can affect both the upper and lower respiratory tract.

Upper respiratory tract – allergic rhinitis

Running or blocked nose, itchy eyes, sneezing.

Eyes

Nose

Mouth

Throat

Trachea

Lower respiratory tract – allergic rhinitis

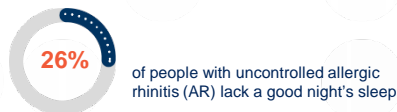
Shortness of breath, narrowed airways, coughing, wheezing.

Bronchus

Lungs

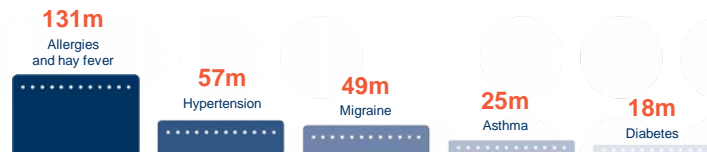
Insufficient sleep

Allergies can impact the amount of sleep we get:



Lost work days

Allergy is also a leading cause of lost work days*, outstripping other conditions in its cost to businesses:



* Work days lost in the USA to chronic conditions

Lower quality of life

Allergies have a significant impact on quality of life and our ability to get things done:



Allergic Rhinitis is more than a seasonal annoyance



Infections

Increased risk of **respiratory infections** and antibiotics use³



Disease progression & severity

More likely to have **poorly controlled asthma**^{5*}



Sleep disturbance

Nocturnal symptoms impacting sleep, which is linked to **poorer QoL**⁶



Performance

Associated with **reduced productivity** and cognitive effects, impacting work and school performance⁷⁻⁹



Future vulnerability

Increased **risk of developing asthma**^{4,10} and other upper airway disease (e.g. rhinosinusitis)⁴

1. Clin Trans Allergy 2015;5:39. 2. Allergy 2007;62:17–25. 3. Ann Allergy Asthma Immunol 2018;120:169-76. 4. J Fam Pract 2012;61:S11-S15. 5. Prim Care Respir J 2012;21:222-8. 6. J Allergy Clin Immunol 94:182–8. 7. Am J Rhinol Allergy 2012; 26:390-94. 8. J Clin Epidemiol 2001;54:610–18 9. Allergy Clin Immunol 2007;120:381-7 10. J Allergy Clin Immunol 2007;120:863-95

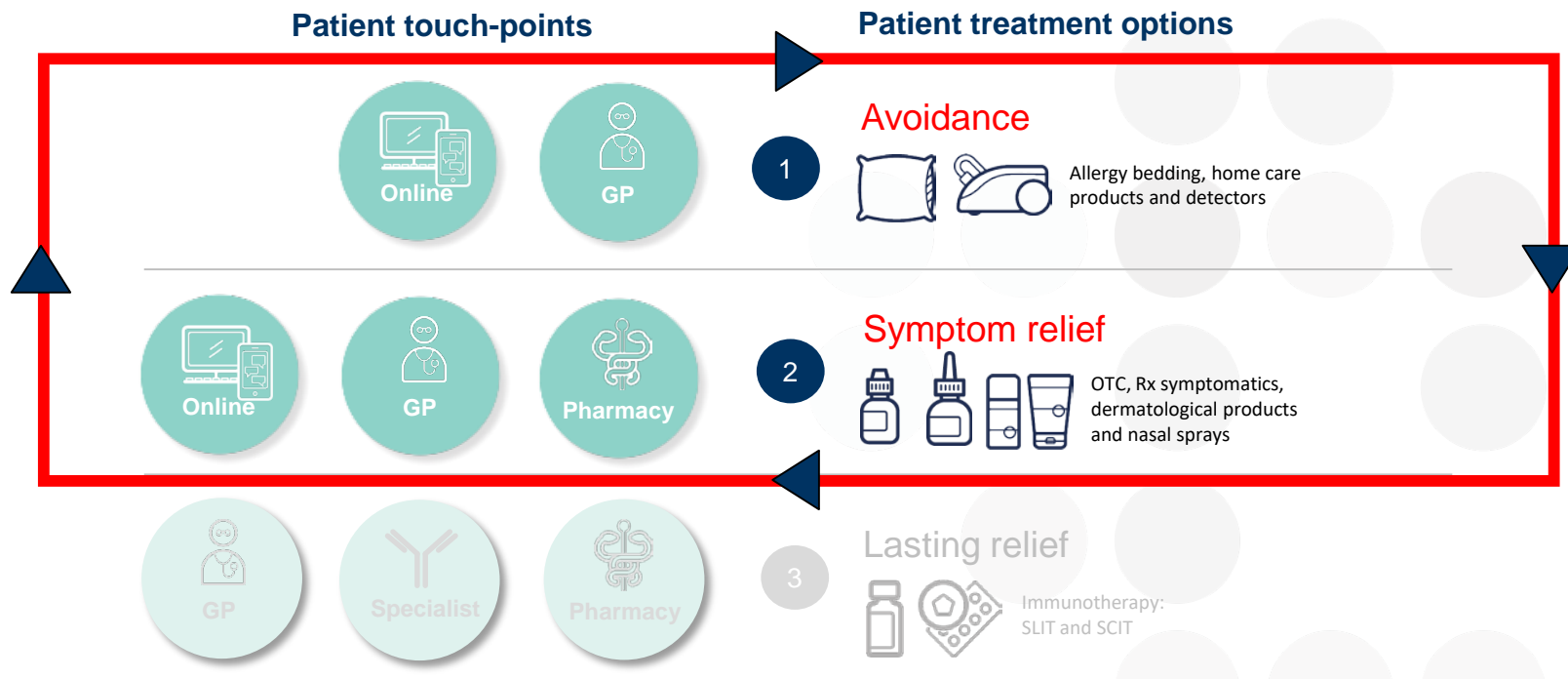
Treatment strategies in allergy

Patient touch-points

Patient treatment options



Patients caught in self-management circle



Treatment strategies in allergy

- Low level of diagnosis
- Low level of patient disease understanding
- Low patient knowledge of treatment options
- Lack of HCP incentives & referral
- Perception of cost vs relief



Only 1% on AIT

500m

affected by allergic rhinitis

50m

eligible for AIT

5m

on AIT

3

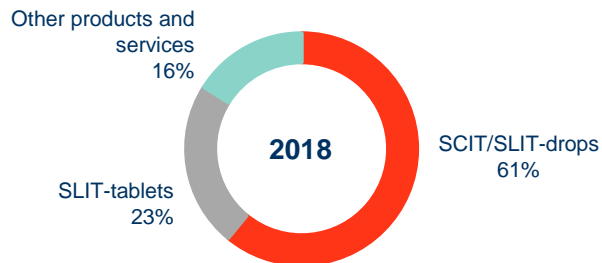
Lasting relief



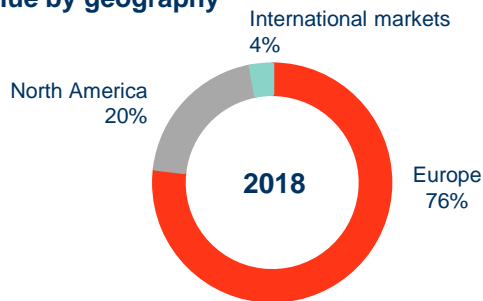
Immunotherapy:
SLIT and SCIT

ALK's current portfolio

Revenue by product line



Revenue by geography



ALK's core products

Market exclusivity secured via biological manufacturing processes and know-how

ALK offers products, services and resources covering a wide range of allergies. The company also has products in related areas, including early allergy intervention, diagnosis and emergency treatment

ALK's AIT products come in three different forms:

Injections: Subcutaneous immunotherapy (SCIT) is given as regular injections under the skin. The treatment is administered by a doctor

Sublingual drops: sublingual immunotherapy (SLIT) is taken in the form of drops administered under the tongue. Patients administer the drops themselves, avoiding the need for regular visits to the doctor

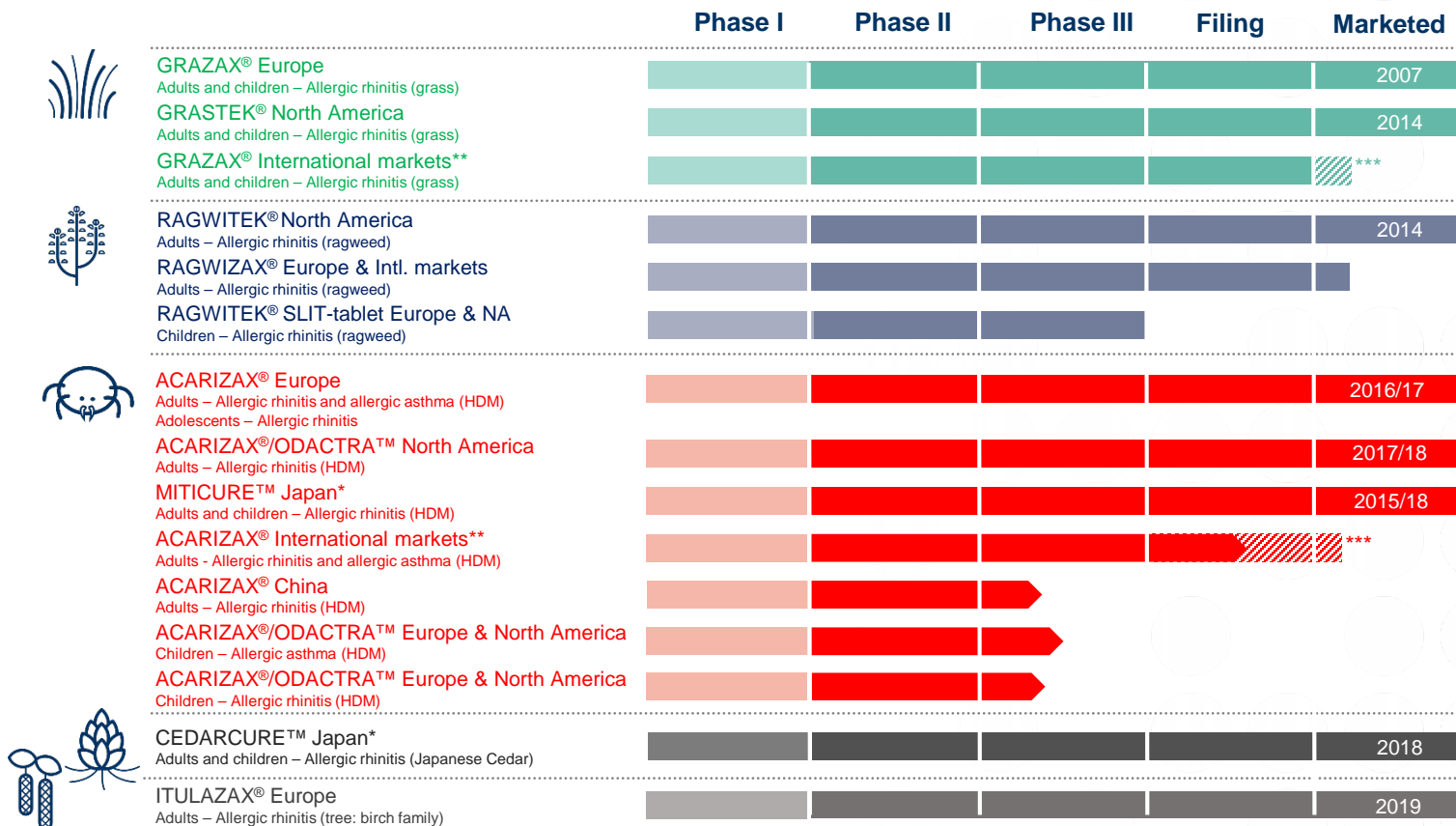
Tablets: SLIT-tablets are administered by the patient at home and are available for all the most important respiratory allergies. Tablet-based AIT is the most well-documented allergy treatment

Manufacturing footprint

Centres of excellence



SLIT-tablet portfolio covers >80% of respiratory allergies



~22,000

subjects included in
clinical development, incl.
21 Phase III trials

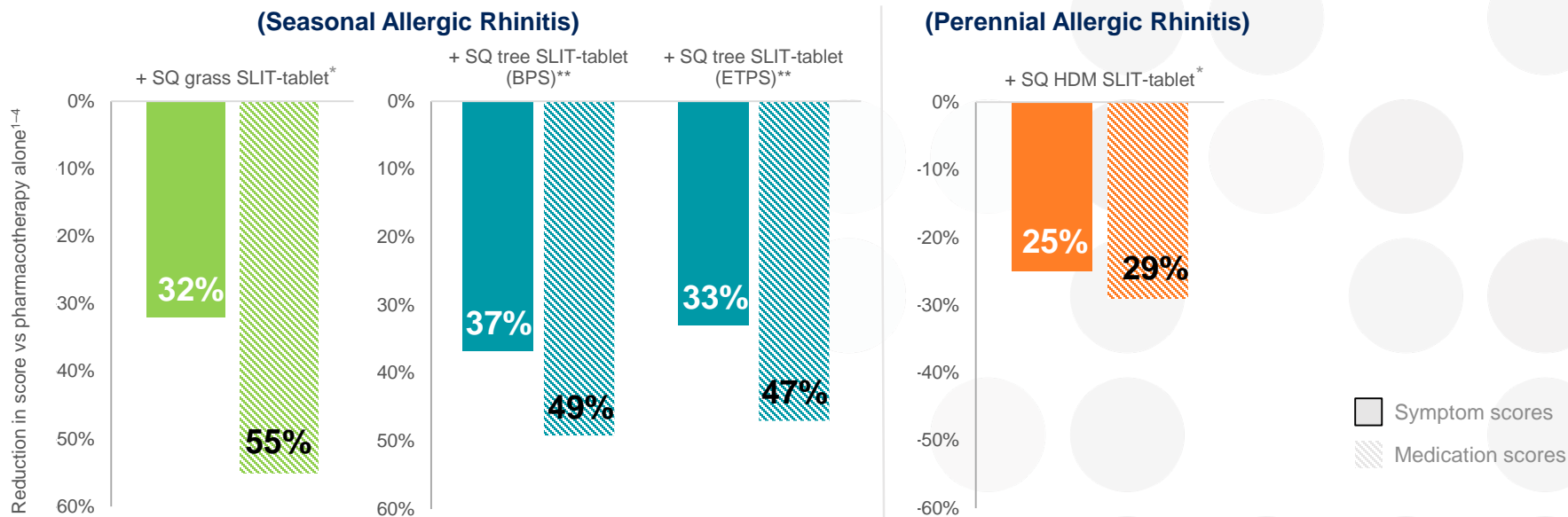
*) Licensed to Torii for Japan **) Licensed Abbott for South-East Asia and Seqirus for Australia/New Zealand *** Already marketed in selected markets

SLIT-tablet characteristics

- 1 Allergen extract sourced from native allergens (e.g. grass pollen, tree pollen, ragweed pollen, cedar pollen, house dust mites)
- 2 Fast-dissolving freeze-dried tablet formulation utilising Zydis® technology
- 3 Consistent quality ensured by the highly standardised production process
- 4 Once-daily home administration



Consistent improvement in allergy symptoms for **seasonal** and **perennial** allergies with SQ SLIT-tablets

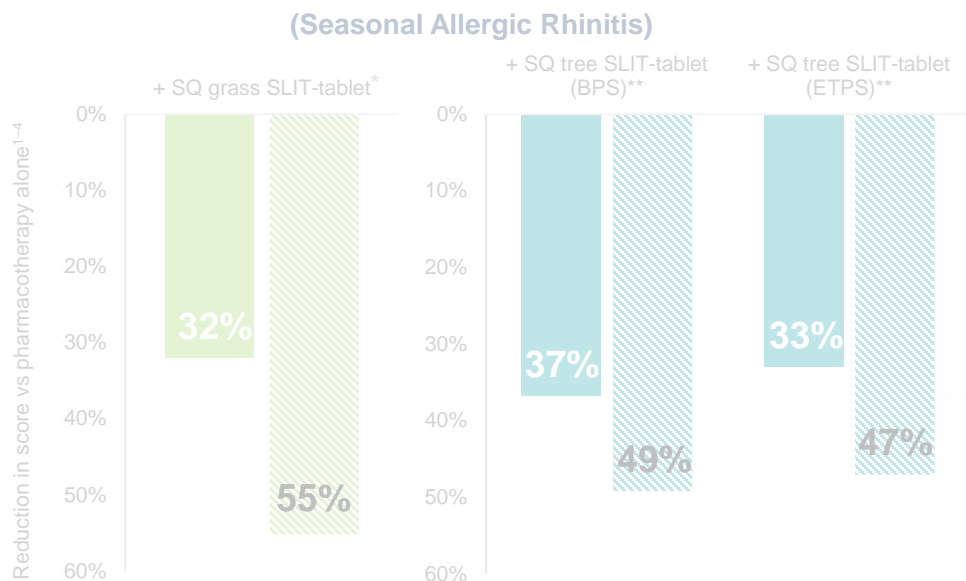


*Median scores. **Mean scores.

ETPS, extended tree pollen season; BPS, birch pollen season.

1. *J Allergy Clin Immunol* 2012;129:717-25. 2. GRAZAX® Summary of Product Characteristics 3. *J Allergy Clin Immunol* 2018;143:1058-66. 4. ACARIZAX® Summary of Product Characteristics.

Consistent improvement in allergy symptoms for **adults** and **children** with SQ SLIT-tablets



(Per

12 SQ ragweed SLIT-tablet led to a

38%

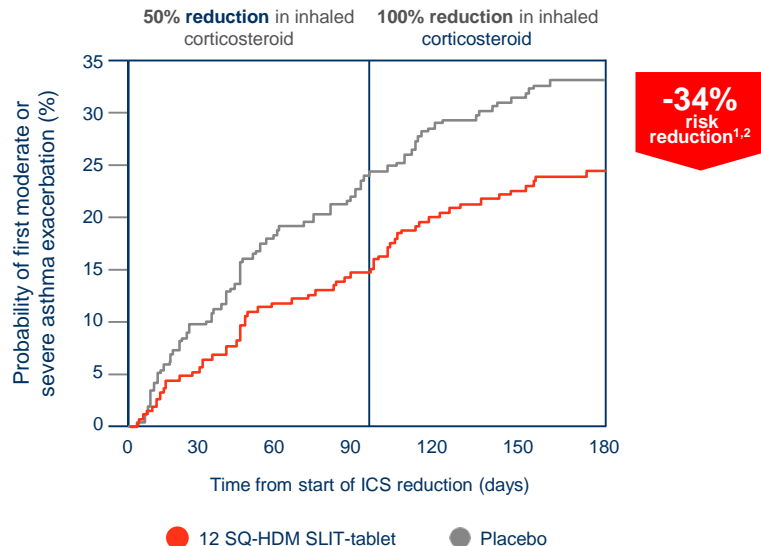
Improvement in combined symptom and medication score (TCS) vs. Placebo in **children** with ragweed AR¹

□ Symptom scores
▨ Medication scores

*Average TCS - combined symptom and medication score. Full analysis set: Placebo (n=487), RAGWIZAX® (n=460). PRPS: Peak ragweed pollen season. RAGWIZAX® is 12 SQ-Amb of standardised allergen extract from short ragweed (*Ambrosia artemisiifolia*).
1. ALK-Abelló A/S. Press Release No 3/2019, Jan 15 2019. Last accessed May 2019

Commitment to explore and confirm benefits of SQ SLIT-tablet treatment in asthma

12 SQ HDM SLIT-tablet demonstrated a 34% reduction in risk of asthma exacerbations during ICS reduction (p=0.017)^{1,2}



Analyses of secondary endpoints:



36% risk reduction for nocturnal awakening or increase in daily symptoms (p=0.031)^{1,2}



42% risk reduction of deterioration in lung function (p=0.022)^{1,2}



51% risk reduction of severe asthma exacerbation (p=0.076)^{1,2}



48% risk reduction of increased SABA use (p=0.029)^{1,2}

ITULAZAX[®] patient profile

Patients with AR can spend years trying different medications and suffering with allergic symptoms that can negatively impact their daily lives¹

Indication

Adult patients

Moderate-to-severe allergic rhinitis and/or **conjunctivitis** induced by pollen from the **birch homologous group¹**

Clinical history of **symptoms** despite use of symptom-relieving medication

Diagnosed with a positive skin prick test and/or specific IgE test to a member of the birch homologous group¹

¹Birch homologous group: *Betula verrucosa* (birch), *Alnus glutinosa* (alder), *Carpinus betulus* (hornbeam), *Corylus avellana* (hazel), *Quercus alba* (oak), *Fagus sylvatica* (beech). IgE, immunoglobulin, class E; SLIT, sublingual immunotherapy.

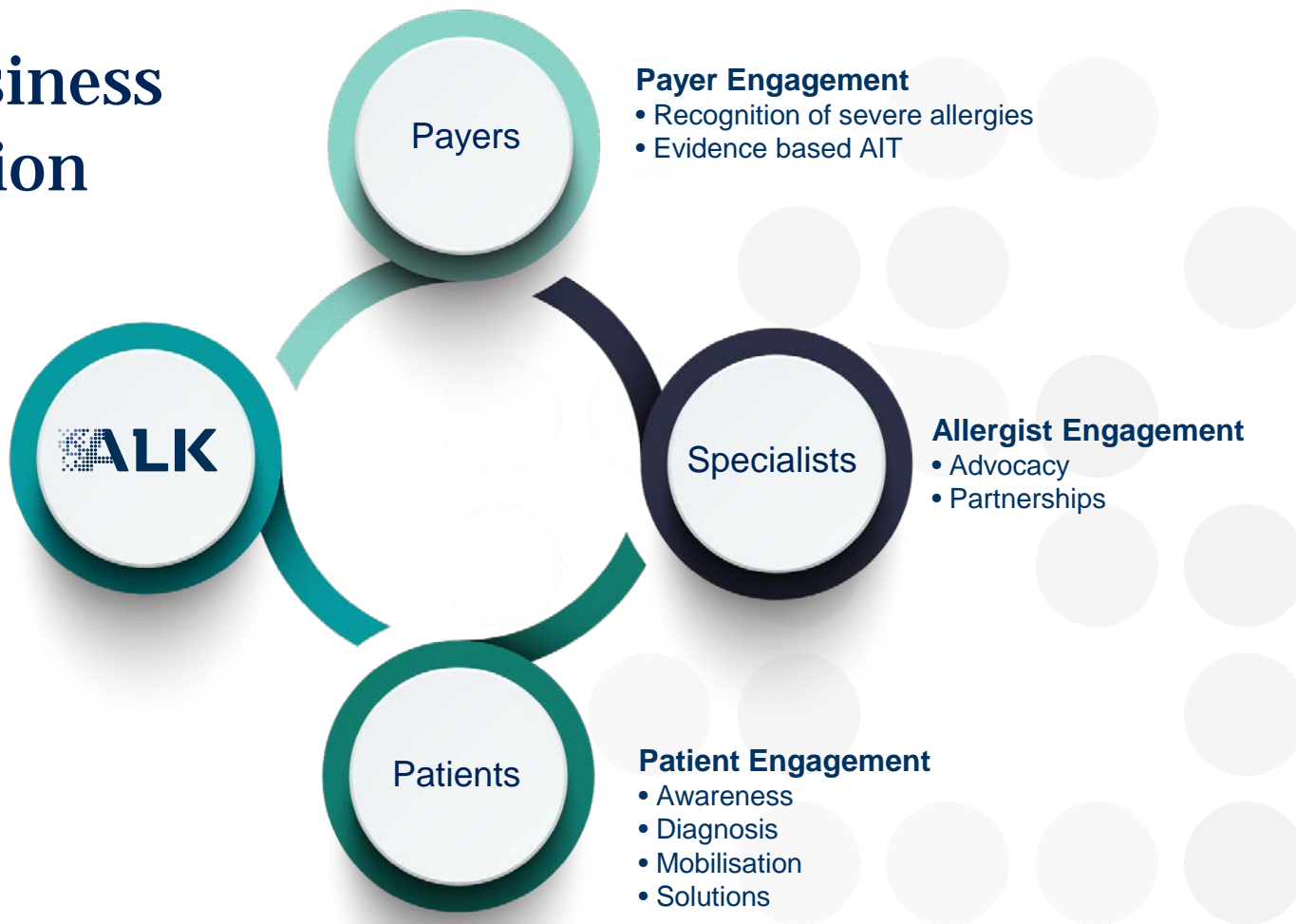


I've been on antihistamines and sprays for several seasons. Isn't there anything more you can do for me?

The ALK Business Transformation

ALK

- Tablet portfolio
- Consolidated legacy portfolio



Forward-looking statements

This presentation contains forward-looking statements, including forecasts of future revenue, operating profit and cash flow as well as expected business-related events. Such statements are naturally subject to risks and uncertainties as various factors, some of which are beyond the control of ALK, may cause actual results and performance to differ materially from the forecasts made in this announcement. Without being exhaustive, such factors include e.g., general economic and business-related conditions, including legal issues, uncertainty relating to demand, pricing, reimbursement rules, partners' plans and forecasts, fluctuations in exchange rates, competitive factors and reliance on suppliers. Additional factors include the risks associated with the sourcing and manufacturing of ALK's products as well as the potential for side effects from the use of ALK's existing and future products, as allergy immunotherapy may be associated with allergic reactions of differing extents, durations and severities.

Thank you for your attention

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