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ALK strengthens its US presence through acquisition

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- ▶ **ALK (ALKB:DC / OMX: ALK B / AKABY / AKBLF) acquires the activities of Oklahoma-based Allergy Laboratories, Inc. and Crystal Laboratory LLC**
- ▶ **Deal valued at up to USD 20 million (DKK 138 million)**
- ▶ **Strengthens ALK's supply chain in North America and platform for future growth**

ALK today announced that it has acquired the activities and assets of Allergy Laboratories, Inc. and Crystal Laboratory LLC, both based in Oklahoma, USA, in a single transaction that will bolster ALK's supply chain in North America.

The two companies had previously been under the same private ownership and produce allergen extracts and other material used in allergy immunotherapy treatments. Allergy Laboratories, Inc. and Crystal Laboratory LLC have a combined staff of around 100.

ALK's Chief Financial Officer, Flemming Pedersen, said: *"In addition to bringing business synergies and long-term value creation, this acquisition strengthens ALK's supply chain, particularly for vials and diluents which are important to the overall North American allergy business. It also adds to our know-how in producing certain raw materials and sterile materials."*

The transaction is valued at approximately USD 20 million (DKK 138 million) on a debt and cash free basis. The purchase price reflects a 2015 notice by the US Food and Drug Administration's Center for Biologics Evaluation and Research (CBER) that intends to revoke Allergy Laboratories' biological license. ALK is confident that it can resolve this issue. However, part of the purchase price will be held back pending full resolution of the matter.

He continued: *"As a world leader in allergy immunotherapy, ALK is well-placed to help resolve the license issue with the FDA and we will work urgently and diligently with the authorities to resolve the issues."*

The acquisition continues ALK's strategy of expanding its global presence and strengthens ALK's market position by enhancing its ability to grow sales of allergen extracts and related products in North America, confirming its commitment to providing allergy specialists with high quality products.

ALK expects that the acquisition will add revenue of approximately USD 15 million in 2017 and contribute positively to earnings and cash flow from 2018. For 2017, ALK expects a minor positive effect on earnings as there will be added costs related to the integration and upgrade of the acquired assets.

The transaction will be effective on 3 January 2017.

ALK-Abelló A/S

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About Allergy Laboratories, Inc. and Crystal Laboratory LLC

Allergy Laboratories, Inc. of Oklahoma is an FDA-licensed pharmaceutical manufacturer of allergen extracts for the diagnostic testing and therapeutic treatment of allergy. Crystal Laboratory LLC produces raw allergenic products. The company primarily caters to allergy specialists, and its main products are vials and diluents. In 2015, the FDA's Center for Biologics Evaluation and Research (CBER) issued a Notice of Intent to Revoke Allergy Laboratories' biological license. For additional information, please go to www.allergylabs.com and www.crystallabsllc.com.

About ALK

ALK is a research-driven global pharmaceutical company focusing on allergy prevention, diagnosis and treatment. ALK is a world leader in allergy immunotherapy – a treatment of the underlying cause of allergy. The company has approximately 2,200 employees, with subsidiaries, production facilities and distributors worldwide. ALK has entered into partnership agreements with Torii, Abbott, and Seqirus to commercialise sublingual allergy immunotherapy tablets in Japan, Russia, and South-East Asia, and Australia and New Zealand, respectively. The company is headquartered in Hørsholm, Denmark, and listed on NASDAQ Copenhagen. Find more information at www.alk.net.