

Allergy solutions for life

IR roadshow presentation

June 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.



Q1 2019: Broad-based growth of 14%

- Strong progress for ALK's new strategy
- 52% growth in tablet sales
- Further stabilisation of SCIT/SLIT-drops
- ALK on track to deliver accelerated growth in 2019
 - Growth across all sales regions
 - SLIT-tablets as the key growth driver

Group revenue



Global 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%



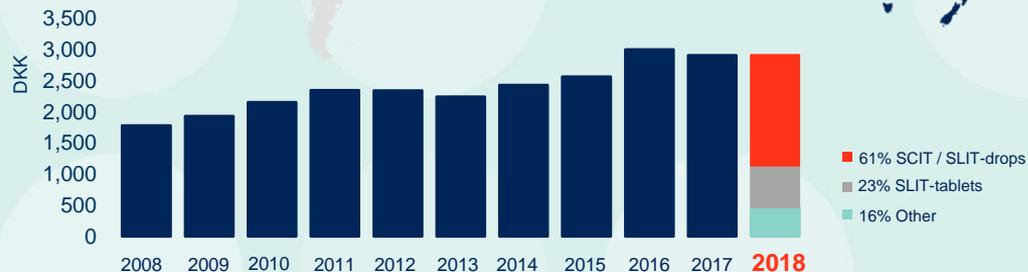
Exclusivity via
biological
manufacturing
process

Global presence

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

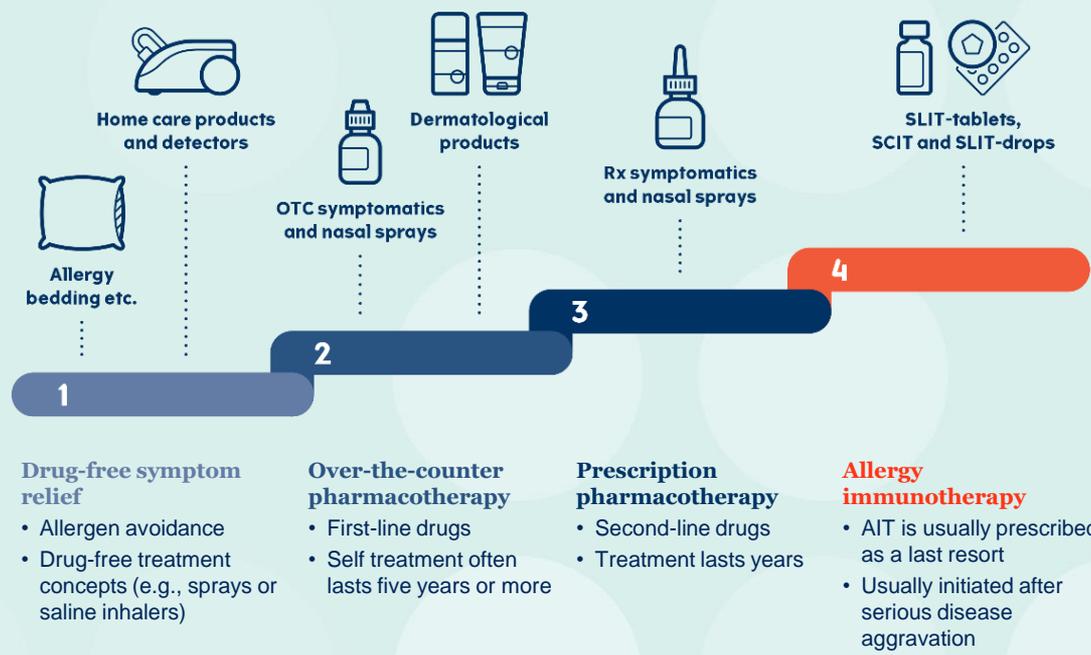
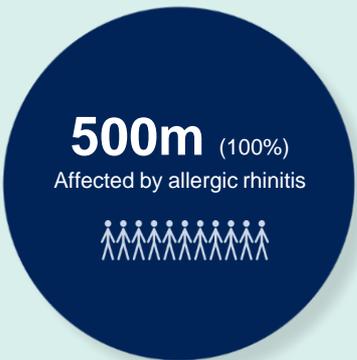


Development in revenue



Allergy Disease Management > 120 billion DKK market

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



Drug-free symptom relief

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

Over-the-counter pharmacotherapy

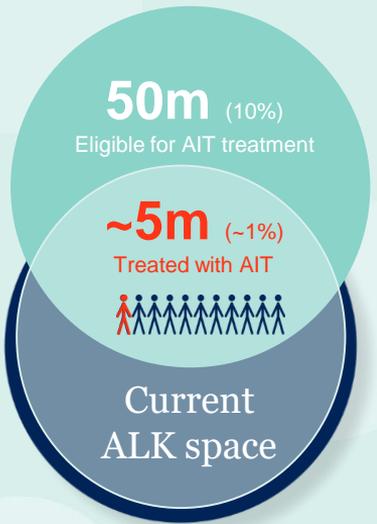
- First-line drugs
- Self treatment often lasts five years or more

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 →

Execution of strategy on track

Three-year transformation 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

Highlights

≥10% On track to deliver double-digit sales growth across main product categories



Tablet sales up to DKK 20m



Growth from SCIT and other products



Penicillin expansion awaiting FDA discussions

SLIT-tablets

Improved uptake and Rx depth & breadth

DTC continued in Q1 to mobilise patients

Acceptance growing & on-track to double number of 'early adopters'

Continuing to refine field force effectiveness and tactics

Complete and commercialise tablet portfolio

Strong, commercial momentum



HDM tablet sales more than doubled



Double-digit growth in gross tablet sales



Growth in sales of other tablets, driven by CEDARCURE™



Ongoing structural shift in markets favouring registered products. Expansion into new markets and segments

Progress in ongoing clinical activities



Tree tablet approved in the EU in June 2019



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

Pivotal trial with ACARIZAX® in China

Build patient engagement and adjacencies

Engagement tools proving effective in 2019 in German and UK test markets



FY target

YTD status by end Q1



Adjacent products and services

Piloting sales of consumer products via selected pharmacy chains in test markets of Germany and the UK

Ongoing business development activities on additional adjacencies



Optimise and reallocate resources

Wide-ranging efficiency programme



Maintain supply chain quality, robustness and scalability



Continue portfolio rationalisation (>250 product variants phased out vs. 2016)



Increase efficiency to improve margins, new production site strategy

Manufacturing footprint

Centres of excellence



Financial status

Q1 2019: Full-year outlook tracking towards higher end of original guidance

DKK million	2015	2016	2017	2018	2019G
Revenue	2,569	3,005	2,910	2,915	3,1-3,300
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	100-200
CAPEX	199	204	267	178	
Free cash flow	18	201	(745)	(264)	≤(400)
Cash and marketable sec.	608	840	711	396	

2019 revenue

- Growth across all sales regions
- Strong tablet growth

2019 outlook slightly updated

DKK	7 Feb. outlook	9 May outlook	Comments	2018 actuals
Revenue	3.1-3.3bn	Higher end of 3.1-3.3bn range	Broad-based growth across regions and products, particularly within tablets. Negative impact from portfolio pruning and SLIT-drops. Minor positive currency impact.	2,915m
EBITDA	100-200m	Higher end of 100-200m range	Incrementally higher gross margins. Significantly higher R&D costs, increasing S&M costs. 40m positive impact from IFRS16. Immaterial currency impact.	136m
Free cash flow	~(400)m	(400)m or better	Subdued earnings and strategic investments incl. DKK 200-250m CAPEX to streamline/specialise production.	(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

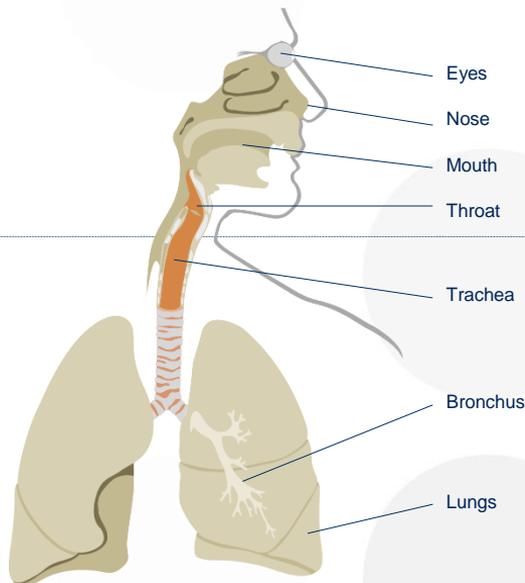
Respiratory allergies can affect both the upper and lower respiratory tract.

Upper respiratory tract – allergic rhinitis

Running or blocked nose, itchy eyes, sneezing.

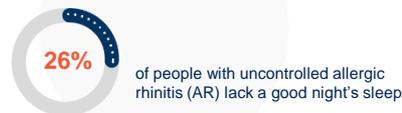
Lower respiratory tract – allergic rhinitis

Shortness of breath, narrowed airways, coughing, wheezing.



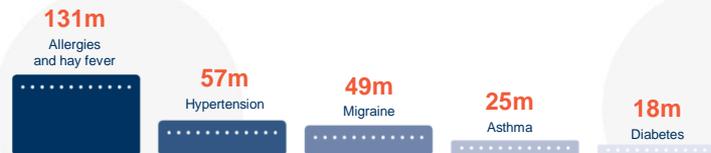
Insufficient sleep

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

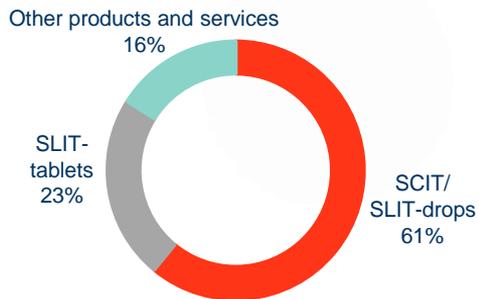
Lower quality of life

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



ALK's current portfolio

**2018
Revenue by
product line**



**2018
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



Pipeline covers >80% of respiratory allergy sufferers



*) Licensed to Torii for Japan

**) Licensed Abbott for South-East Asia and Seqirus for Australia/New Zealand

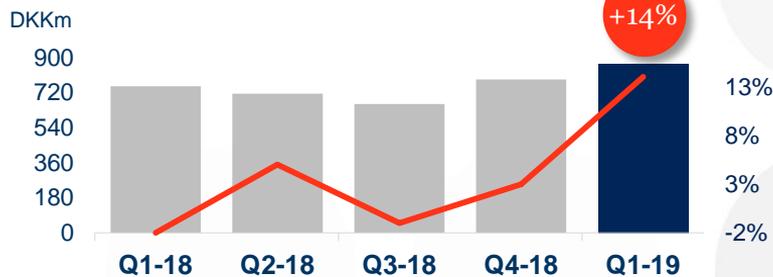
*** Already marketed in selected markets

Q1: Broad-based growth of 14% across all regions

Best ever quarterly revenue of DKK 867m (752)

- 52% growth in tablet sales
- Further stabilisation of SCIT/SLIT-drops
- Progress with strategic transformation

Group revenue



Global tablet sales



SCIT/SLIT-drops sales



Europe: Double-digit tablet growth in most markets

- DKK 650m revenue (601), slightly ahead of plan
- First growth in 11 quarters for SCIT-sales in Germany and rebound in other markets
- Spike in demand for Jext[®] auto-injectors expected to ease off after normalisation of market supply

Revenue in Europe



Growth rates are in local currencies

SLIT-tablets
+34%



SCIT/SLIT-drops
-3%



Other
+24%



+2%

+46%

North America & International markets

North America

- DKK 156m revenue (131)
- Tablets up 50%
- SCIT up 8%
- Other products up 7%

Revenue in North America



International markets

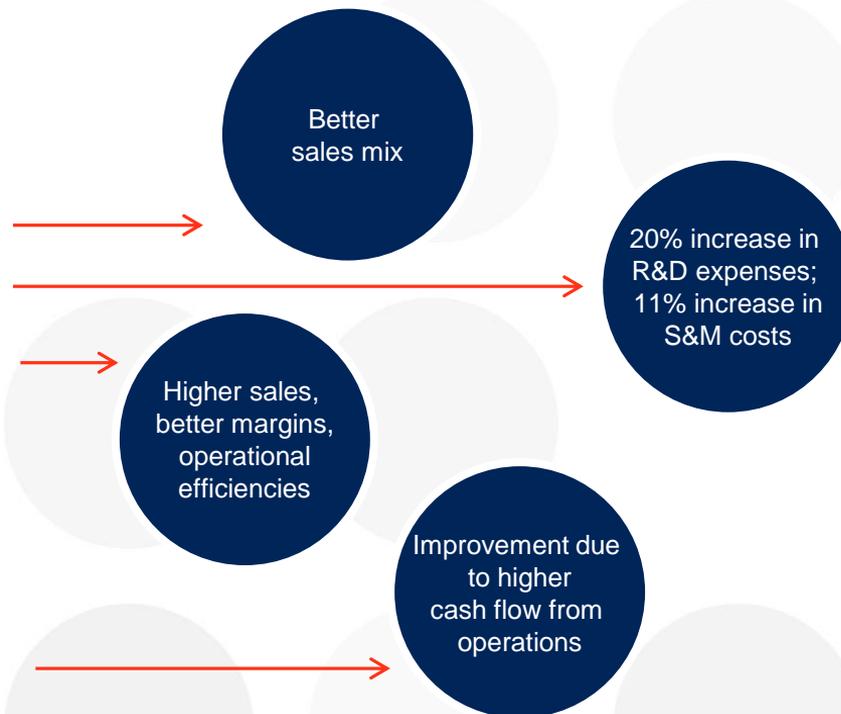
- DKK 61m revenue (20)
- Significant growth in tablet sales in Japan
- Fluctuations due to current size and scope

Revenue in International markets



Q1 results better than expected

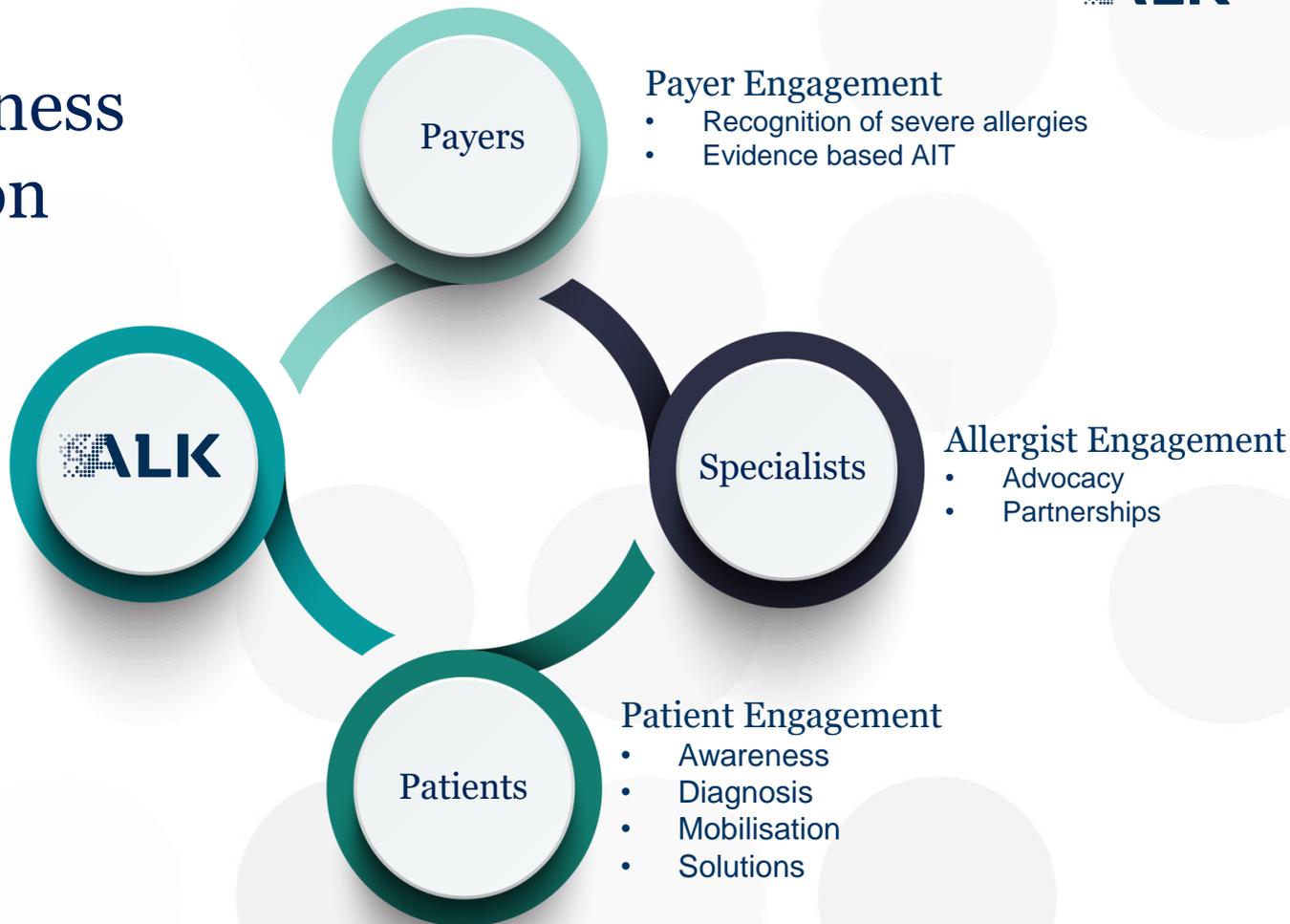
DKK million	Q1-2018	Q1-2019
Revenue	752	867
Gross profit	440	532
<i>Gross margin</i>	<i>59%</i>	<i>61%</i>
Capacity costs	393	456
EBITDA	92	133
EBIT	47	76
Net financials	(21)	(2)
Tax	2	(15)
Net profit	24	89
Free cash flow	(75)	(17)



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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