

# Q1 2020 & full-year outlook

Webcast

6 May 2020



# Today's agenda

- Performance
  - Q1 2020 highlights
  - COVID-19 update
  - Sales trends
  - Financial results
- Strategy update
- 2020 financial outlook
- Q&A session



**President & CEO**  
Carsten Hellmann



**EVP, Group CFO**  
Søren Jelert



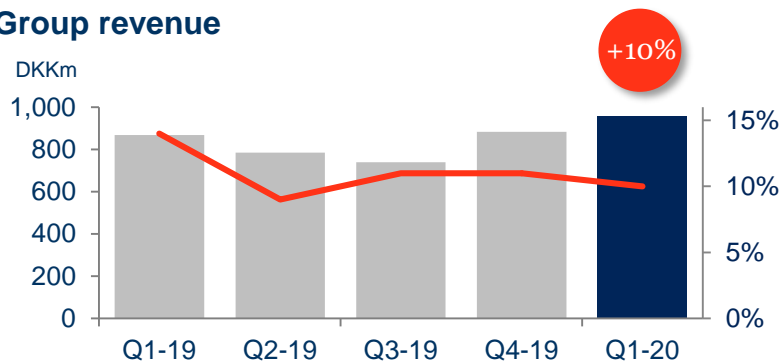
**VP, Head of IR**  
Per Plotnikof

*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. The emergence of the coronavirus pandemic, along with the extent and duration of countermeasures against the virus, represents an additional uncertainty that may also affect forward-looking statements.*

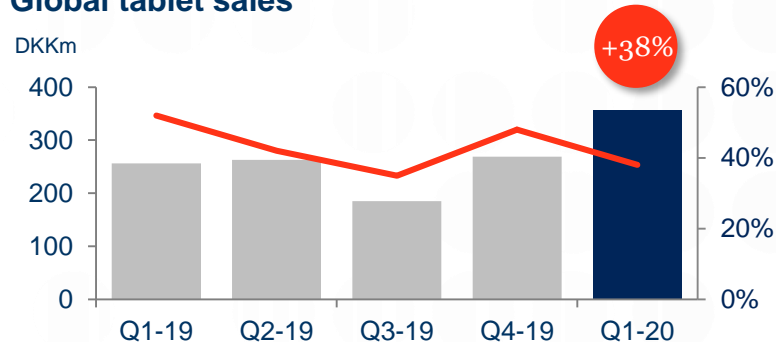
# Strong Q1 outperforms expectations, guidance kept

- Revenue up 10%; tablet sales up 38% on solid performances from ACARIZAX® and ITULAZAX®
- EBITDA up 49% at DKK 198m on higher sales, operational leverage and lower capacity costs
- FY outlook maintained: 8-12% organic growth still expected in 2020
- Guidance range assumes patients can visit doctors again in H2

## Group revenue



## Global tablet sales



# COVID-19 update

*No material effect in Q1, subdued growth expected in Q2*

## Focus is on continued supply of medicines

- Impact expected in Q2, predominantly in SCIT markets, especially in the USA
- Lockdowns restrict visits to doctors. Lost sales may be recovered assuming patients can visit doctors again in H2
- Home-based treatments more resilient; alternative for SCIT patients unable to visit clinics
- Likely delays to clinical trials. Patient recruitment currently paused

## No major interruptions to production

*Contingency measures in place, inventories robust*



# Solid sales growth in Europe and Int. markets

## Europe



Q1

720m

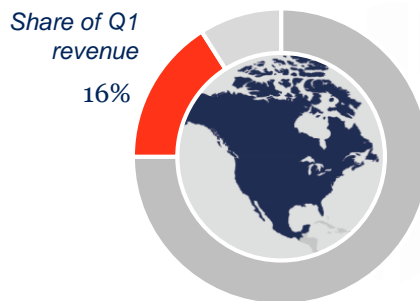
650m

+11%

■ 2020 ■ 2019

Sales in all markets expressed in DKK  
Growth rates are organic and in local currencies

## North America



Q1

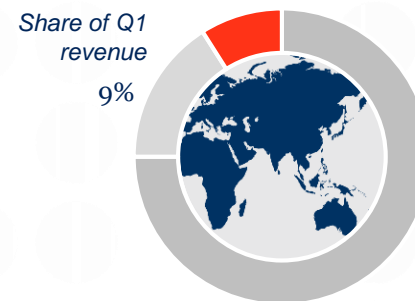
150m

156m

-4%

■ 2020 ■ 2019

## International markets



Q1

86m

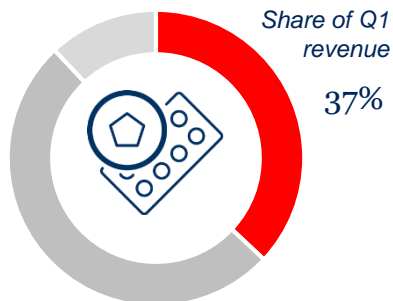
61m

+43%

■ 2020 ■ 2019

# Tablet sales continue to build momentum

## Tablets



Q1

356m

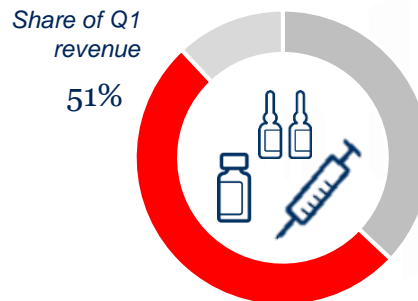
256m

+38%

■ 2020 ■ 2019

Sales in all markets expressed in DKK  
Growth rates are organic and in local currencies

## SCIT/SLIT-drops



Q1

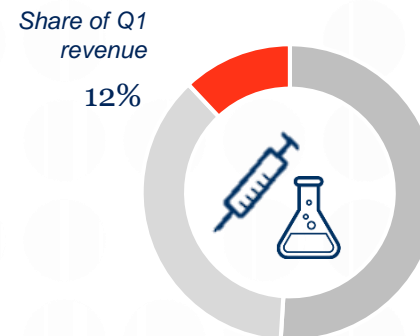
487m

495m

-2%

■ 2020 ■ 2019

## Other products



Q1

113m

116m

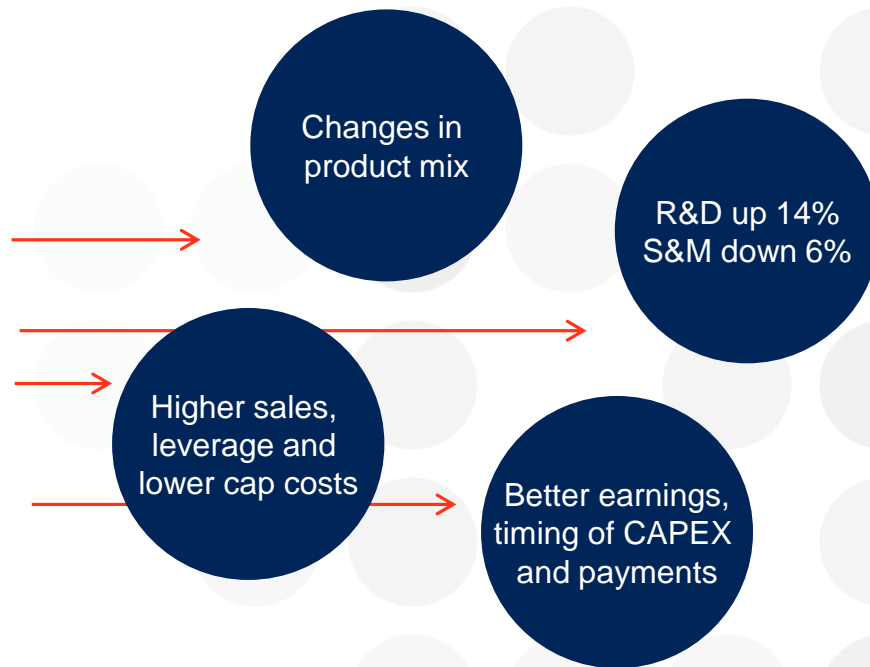
-2%

■ 2020 ■ 2019

# Financial robustness improved further in Q1

*EBITDA up 49%*

DKK million	Q1 2019	Q1 2020
Revenue	867	956
Gross profit	532	585
<b>Gross margin</b>	<b>61%</b>	<b>61%</b>
Capacity costs	456	448
<b>EBITDA</b>	<b>133</b>	<b>198</b>
EBIT	76	137
<b>Free cash flow</b>	<b>(17)</b>	<b>21</b>
<b>Cash/credit facilities</b>	<b>975</b>	<b>922</b>



# Three-year transformation on track (I)

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

# Three-year transformation on track (II)

## Succeed in North America

*Full-year target challenged by COVID-19 impact*

### Targets



10% growth

Tablets up 22%, overall growth held back by non-allergy products and PRE-PEN®



Rx depth

Prescriber numbers and prescription depth continue to grow for tablets



ITULATEK™  
in Canada

Regulatory approval secured in April. Launch plans for H2 on track



Digital  
engagement

Digital patient engagement platform launched in early Q2

## Complete and commercialise tablet portfolio for all relevant ages

*Strong growth trajectory maintained*

### Targets



>30% growth

Global tablet sales up 38% with ACARIZAX® and ITULAZAX® leading the way



ITULAZAX®  
in Europe

ITULAZAX® roll-out remains on track with additional launches in H2



Clinical  
development

Delays in clinical development expected due to COVID-19. Patient recruitment currently paused



Other news

Research collaboration with Betamab

# Three-year transformation on track (III)

## Patient engagement and adjacent business

*Digital strategy continues to surpass expectations*

### Targets



New markets

Digital engagement platform launched in Denmark



Mobilise 100k patients

~25k mobilised to take action on allergy (searching for/visiting doctor, etc.)



Support AIT commercialisation

Priority given to most suitable AIT candidates during COVID-19 crisis, ahead of high season for new treatment initiations

## Optimise and reallocate

*Manufacturing robustness continues to improve*

### Targets



Portfolio rationalisation

Accelerated programme continued with >300 variants phased out vs. 2016



Quality, robustness & scalability

ALK continues to raise Jext<sup>®</sup> production volumes as far as possible to meet demand



Production efficiency

Site specialisation, optimisation efforts and investments in quality continued with the aim of improving long-term efficiency

# 2020 financial outlook maintained

*Expected 2018-20 cash flow burn almost halved due to better sales and earnings (from ~DKK 1bn to ~0.6bn)*

DKK	6 May outlook	Comments	2019 actuals
<b>Revenue</b>	+8-12% organic	<ul style="list-style-type: none"> <li>• Subdued growth in Q2</li> <li>• +30% FY tablet growth</li> <li>• -4% p.p. FY impact from portfolio pruning</li> <li>• COVID-19: assumes patients can visits doctors again in H2</li> </ul>	3,274m
<b>EBITDA</b>	200-300m	<ul style="list-style-type: none"> <li>• Gross margin on par with 2019</li> <li>• Lower R&amp;D costs than planned</li> <li>• Leveraged sales and marketing platform, unchanged administrative expenses</li> </ul>	241m
<b>Free cash flow</b>	~(300)m	<ul style="list-style-type: none"> <li>• Subdued earnings due to R&amp;D and strategic investments</li> <li>• DKK 250-300 million CAPEX</li> <li>• Changes in working capital</li> </ul>	(25)m

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

# Q&A session



# Thank you for your attention

**7 May: Virtual roadshow, Copenhagen**

**7 May: Webinar, COVID-19 & allergy**

**11 May: Virtual roadshow, London**

**12 May: Virtual roadshow, Frankfurt/Munich**

**13 May: Virtual roadshow, Milan**

**19 May: Virtual roadshow, Paris**

## **Investor Relations:**

Per Plotnikof,

Vice President, 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)

