

Q3 2020 & full-year outlook

Webcast

11 November 2020



Today's agenda

- Performance
 - Q3 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



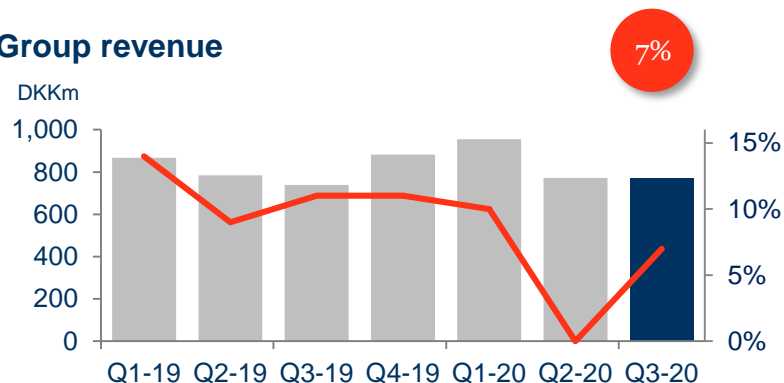
VP, Head of IR
Per Plotnikof

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, and the extent and duration of countermeasures against the virus, represent additional uncertainties that may also affect forward-looking statements.

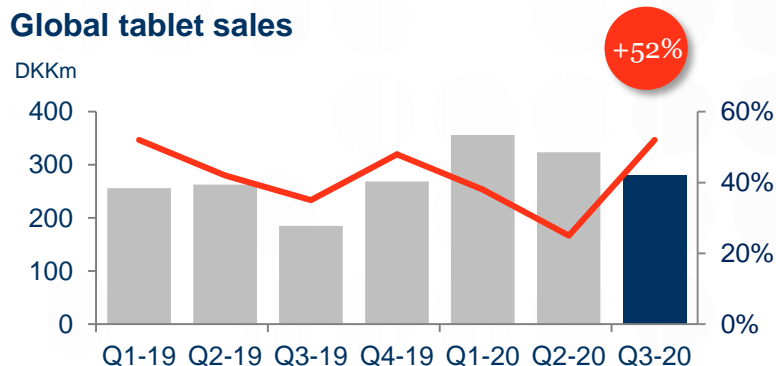
Tablets fuel growth in Q3 despite COVID-19, guidance adjusted

- Revenue up 7% organically. Negative 2 p.p. impact from currencies
- Tablet sales up 52% on strong performances in Europe and International markets
- Negative 4 p.p. from planned product discontinuations
- EBITDA up 61% at DKK 58m on savings and delayed R&D expenditure
- FY earnings and cash flow outlook upgraded

Group revenue



Global tablet sales



COVID-19 update

Return to growth in Q3, ahead of high-season. USA and legacy products remain under pressure as expected

Focus is on continued supply of products

- Although patients returned to allergy clinics for treatment in Q3, access remains constrained
- Sales of home-based tablet treatments remain resilient and were boosted in some markets
- Sales of legacy products remains under pressure, missed US sales to exceed DKK 100 million in 2020
- Delays to clinical activities, patient recruitment impacted
- Ongoing regulatory reviews on track

No major interruptions to production

Contingency measures in place, inventories robust



Resilient sales in Europe and International markets

Europe



Q3

556m

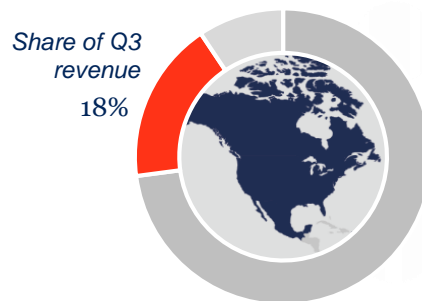
525m

+6%*

■ 2019 ■ 2020

*Planned product discontinuations reduced growth by 5 percentage points

North America



Q3

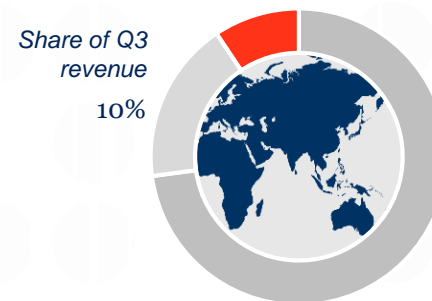
138m

176m

-14%

■ 2019 ■ 2020

International markets



Q3

78m

38m

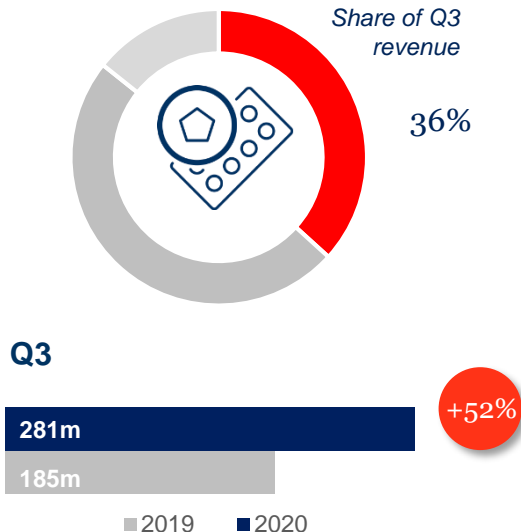
+110%

■ 2019 ■ 2020

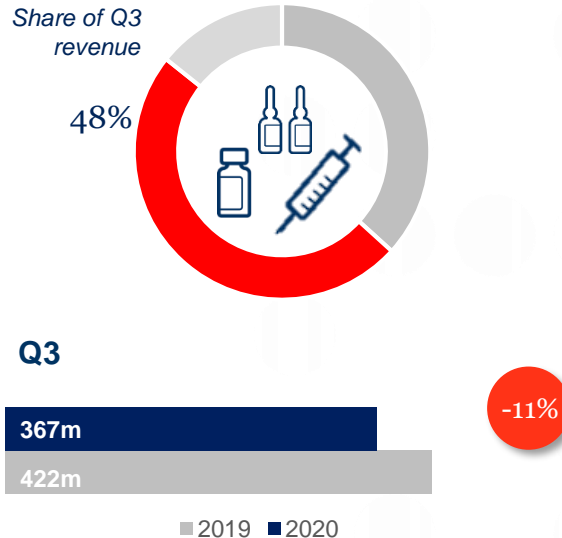
Sales in all markets expressed in DKK
Growth rates are organic and in local currencies

Strong, high growth in tablet sales

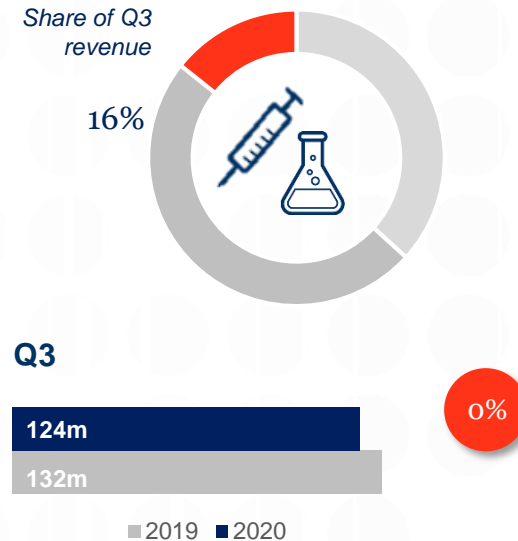
Tablets



SCIT/SLIT-drops



Other products



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

Improved financial robustness

EBITDA up 72%

DKK million	9M 2019	9M 2020
Revenue	2,391	2,500
Gross profit	1,377	1,449
Gross margin	58%	58%
Capacity costs	1,383	1,289
EBITDA	193	331
EBIT	(4)	159
Free cash flow	(184)	(67)
Cash/credit facilities	767	780

Change in
product mix and
quality upgrade

R&D up 7%
S&M down 11%

Efficiencies,
savings and
delayed R&D
costs due to
COVID-19

Higher
earnings,
timing of
payments

Three-year transformation nears completion (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 nears completion (II)

Succeed in North America

COVID-19 means missed sales of DKK >100 million in 2020

Targets



10% growth

Growth severely impacted by COVID-19. Patient visits to clinics significantly lower than normal.



Rx depth

Tablet sales volumes increased while revenue fell as a result of discounting.



ITULATEK™
in Canada

Launch of ITULAZAX® in Canada.



Digital
engagement

~150,000 downloads of klarify app. Introduction of new website features: find a doctor and request remote consultations.

Complete and commercialise tablet portfolio for all relevant ages

Strong growth trajectory maintained

Targets



>30% growth

Global tablet sales up 52% with ACARIZAX® and ITULAZAX® leading the way



ITULAZAX®
in Europe

ITULAZAX® roll-out remains on track with six recent launches: Germany and the Nordics continue strong performance



Evidence-based
medicine

Further changes in Germany: All non-registered ALK products discontinued; HCP-fees updated



Clinical
development

Delays to clinical activities, patient recruitment impacted

Three-year transformation nears completion (III)

Patient engagement and adjacent business

Digital strategy continues to surpass expectations

Targets



Mobilise 100k patients

>475,000 two-way consumer relationships to date,
>140,000 people mobilised to take action on their allergies



Digital engagement

New options added to US and German web resources: speak to a doctor



Innovation

Partnership with PharmaDoctor: Pharmacy-based, allergy test 'n treat service in the UK

Optimise and reallocate

Manufacturing robustness proven during COVID-19

Targets



Portfolio rationalisation

Work to consolidate the number of active pharmaceutical ingredients (APIs) continued



Production efficiency

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



2020 earnings and cash flow outlook upgraded

DKK	9 May outlook	12 August outlook	5 November Outlook	Comments	2019 actuals
Revenue	+8-12 organic	Lower end of +8-12% organic	~ +8% organic	<ul style="list-style-type: none"> -3 p.p. FY impact from portfolio pruning +30% FY tablet growth Assumes patients can/will visit doctors at current level for remainder of 2020 	3,274m
EBITDA	200-300m	300-350m	350-400m	<ul style="list-style-type: none"> Gross margin on par with 2019 Lower capacity costs due to COVID-19 and operational leverage 	241m
Free cash flow	~(300)m	~(200)m	~0m	<ul style="list-style-type: none"> Higher earnings Repayment of accrued rebates now expected in 2021; DK-employee tax payments also in 2021 DKK 250 million CAPEX 	(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

12 Nov: Roadshow, Copenhagen

18 Nov: Jefferies Virtual Healthcare Conference

24 Nov: Nordea Innovation Seminar

2 Dec: Danske Bank Copenhagen Winter Seminar, virtual

3 Dec: Nordic-American Life Science Conference 2020, virtual

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