

# FY 2020 presentation

Webcast

Collection of catkins  
from ALK's birch tree  
orchard in Post Falls,  
Idaho. Allergenic  
source materials are  
the main ingredients of  
ALK's allergy  
immunotherapy  
products

10 February 2021



# Agenda and presenters

- Transformation successfully executed
  - Key achievements 2018-20
- Performance
  - Q4 results
  - Sales and market trends
  - Full-year results
- 2021 outlook
- Strategy update
  - Strategic priorities 2021-23
  - Medium-term financial ambitions
- Q&A session



**President & CEO**  
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*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.*

# Becoming the 'go-to' allergy company

*Transformation successfully completed, now towards '25 in 25'*

**2018-20**

## Transformation & growth

- 37% avg. tablet growth (CAGR)
- Cumulative earnings DKK 800m ahead of plan
- Past issues cleaned up
- Strong growth foundations

**2021-23**

## Growth & profitability

- $\geq 10\%$  organic growth p.a. driven by tablets
- Increase profitability (EBIT)
- Expand respiratory allergy leadership
- Fast-track tomorrow's opportunities, e.g. food

**2025**

## EBIT margin

**~25%**

# 2018-20: three years of overperformance

## Succeed in North America

Infrastructure & initial prescriber base established, ODACTRA® launched

Commercial strategy challenged by financial disincentives for allergists

Growth in value of bulk business pre-COVID

## Complete and commercialise tablet portfolio

Tablets launched for all five major respiratory allergies

37% average sales growth (3-year CAGR)

Clinical programme on track pre-COVID

## Patient engagement and adjacencies

Clarify digital engagement with hundreds of thousands of users

US adrenaline strategy in place

Consumer division and drug discovery partnerships

## Optimise and reallocate

Quality and robustness upgrades – site specialisation rolled-out

>300 products phased out, 3,500 regulatory updates of portfolio

Cultural transformation, efficiencies and savings

## Accumulated 3-year results

### Revenue

> **DKK 700m**

better than expected

### EBITDA

~**DKK 800m**

better than expected

### Free cash flow

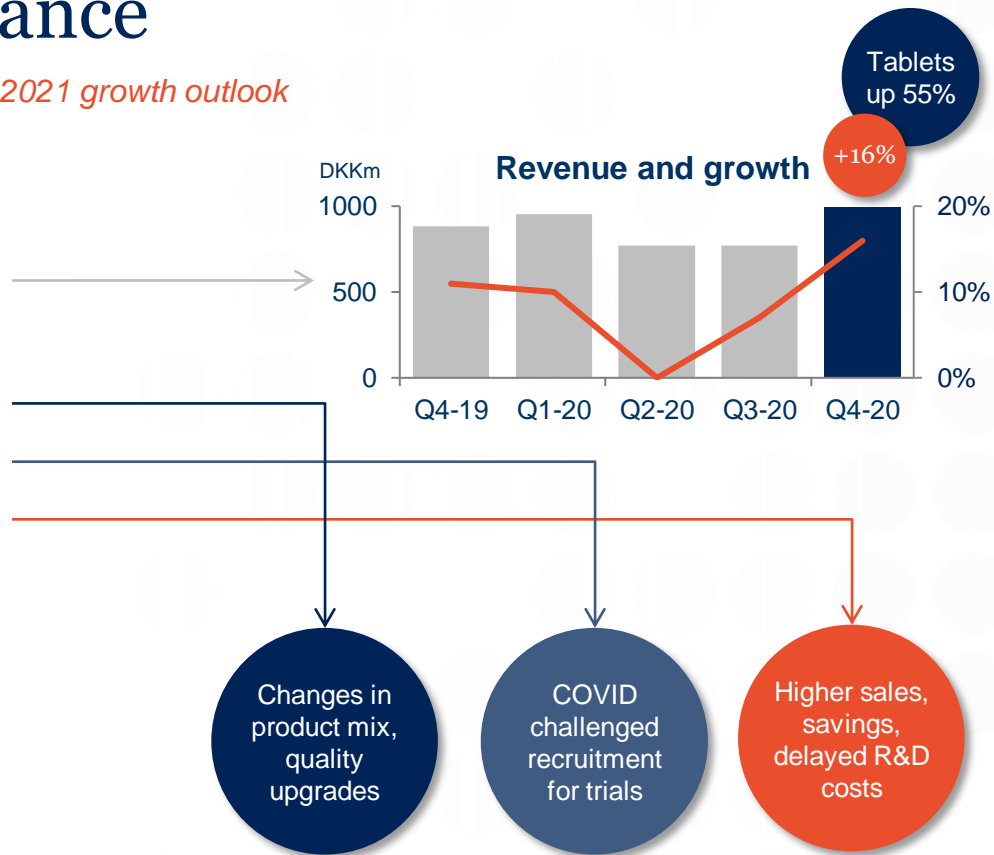
> **DKK 700m**

better than expected

# Best-ever Q4 performance

*Peak season for AIT treatment initiations supports 2021 growth outlook*

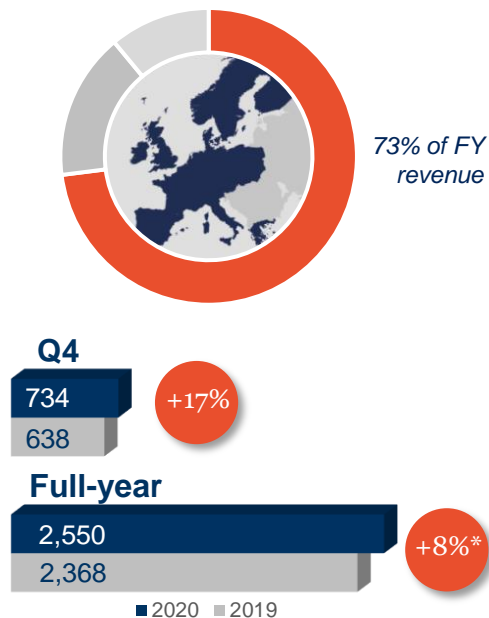
DKK million	Q4 2020	Q4 2019
Revenue	991	883
Gross profit	579	515
<b>Gross margin</b>	<b>58%</b>	<b>58%</b>
Capacity costs	588	539
<b>EBITDA</b>	<b>64</b>	<b>48</b>
<b>EBIT</b>	<b>(9)</b>	<b>(10)</b>



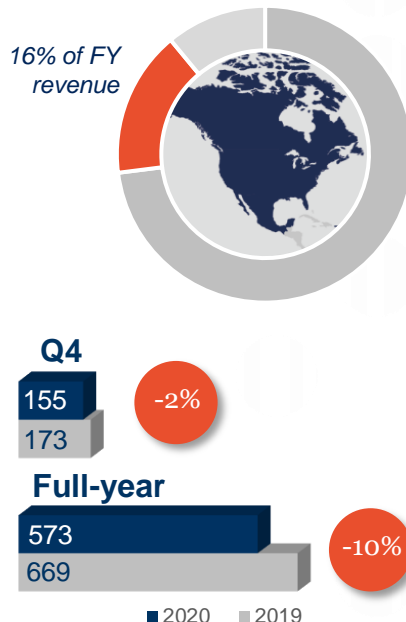
# Strong growth in Europe and International markets

*COVID impacted sales, esp. in the USA >DKK 100m. International revenue boosted by patient conversions and stock-building*

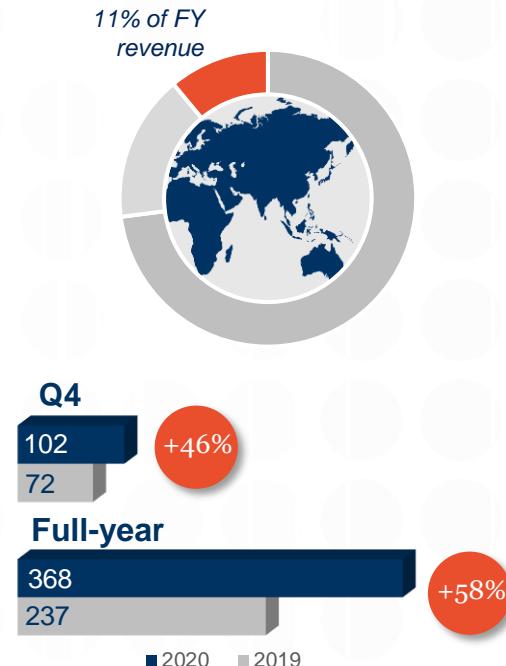
## Europe



## North America



## International markets



\* Planned product discontinuations reduced growth by 4 p.p.

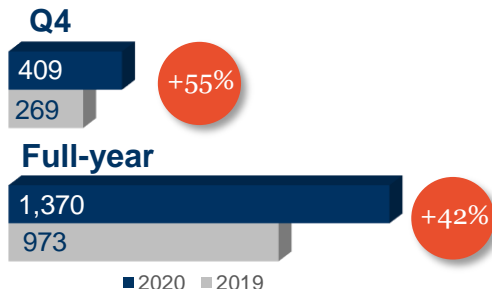
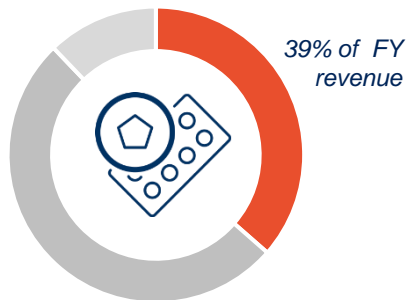
Sales in all markets expressed in DKKm  
Growth rates are organic and in local currencies



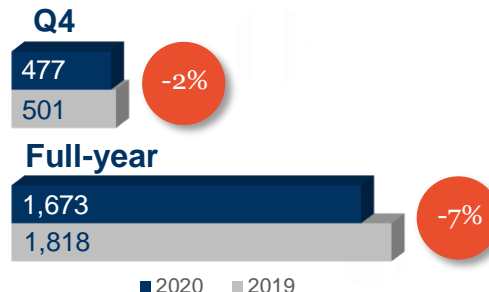
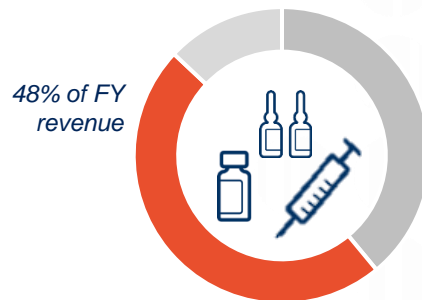
# Tablets the undisputed growth driver for ALK

*Strong roll-out of ITULAZAX® continues*

## Tablets

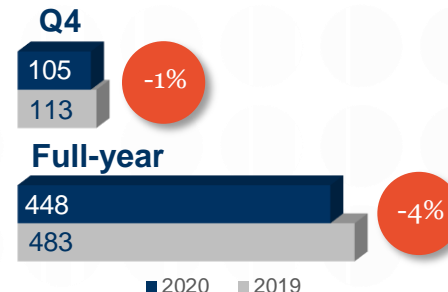
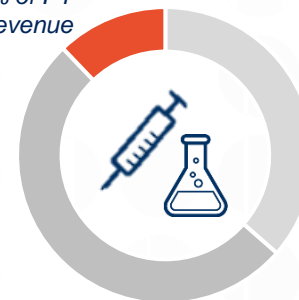


## SCIT/SLIT-drops



## Other products

13% of FY revenue

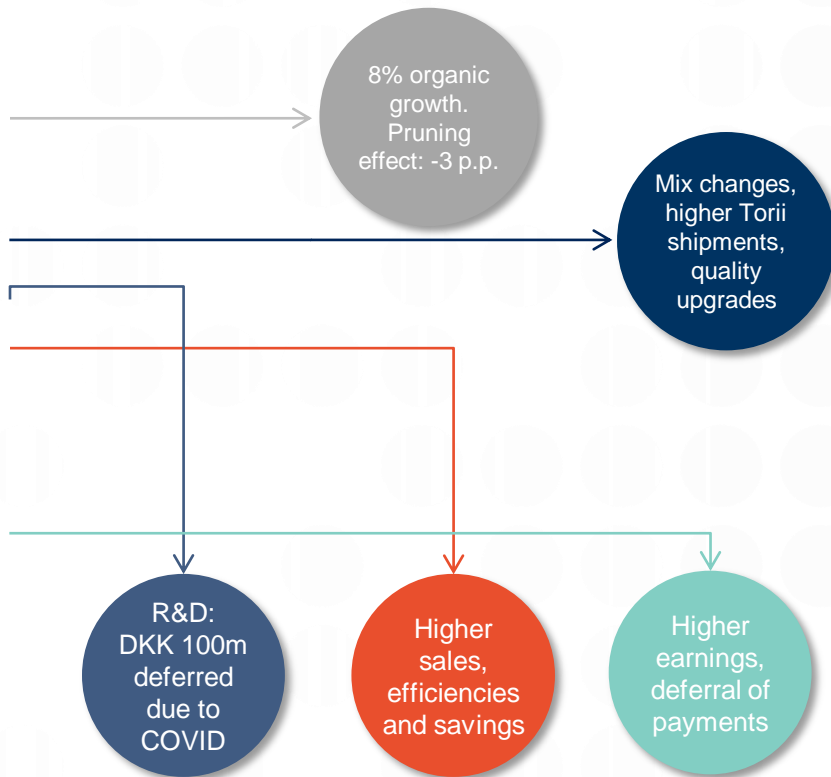


Sales in all markets expressed in DKKm  
Growth rates are organic and in local currencies

# Financial foundations in place for future growth

*EBITDA up 64%*

DKK million	2020	2019
Revenue	3,491	3,274
Gross profit	2,028	1,892
<b>Gross margin</b>	<b>58%</b>	<b>58%</b>
Capacity costs	1,877	1,922
<b>EBITDA</b>	<b>395</b>	<b>241</b>
<b>EBITDA margin</b>	<b>11%</b>	<b>7%</b>
EBIT	150	(14)
Free cash flow	56	(25)
Cash & credit facilities	898	916





# 2021 outlook: growth in all sales regions

DKK	2021 outlook	Comments	2020 actuals
Revenue	8-12% growth in local currencies	<ul style="list-style-type: none"> <li>US sales to recover from COVID effect</li> <li>&gt;20% growth in tablet sales, incremental growth in Japan</li> <li>Low, single-digit sales growth from non-tablet portfolio</li> <li>~1 p.p. negative impact from currencies</li> </ul>	3,491m
EBITDA	DKK 325-425m	<ul style="list-style-type: none"> <li>Gross margin to increase by 1-2 p.p.</li> <li>R&amp;D up to DKK ~650m on high activity levels and delays</li> <li>Sales and marketing costs to normalise gradually</li> </ul>	395m
Free cash flow	DKK -200-300m	<ul style="list-style-type: none"> <li>Up to ~DKK 225m in payments of accrued rebates and DK-employee taxes shifted from 2020</li> <li>~DKK 300m CAPEX</li> </ul>	56m

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

# Strategy update: overall focus unchanged

*2021-23: sustained growth and improving profitability. Further beyond: '25 in 25'*



**Succeed in  
North  
America**

**Complete and  
commercialise  
tablet  
portfolio**



**Consumer  
engagement  
and new  
horizons**



**Optimise for  
excellence**



**Lead the way – people and planet**

# Succeed in North America



## Key priorities

**Grow tablet** sales

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**Leverage digital platforms**  
to mobilise patients

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**Establish broader**, scalable  
sales channels for tablets



## 2021 objectives

Increase total sales  
**by 10% or more**

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**Mobilise 20,000 US consumers**  
via digital engagement

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Secure paediatric indication for  
**RAGWITEK® in the USA**  
and adolescents for  
**ACARIZAX® in Canada**



# Complete and commercialise tablet portfolio



## Key priorities

Continue to  
**expand tablet franchise**

**Complete clinical development**  
for paediatrics, China and leverage  
data for new markets

Prepare launches in  
**younger patient groups  
and new markets**



## 2021 objectives

**Global tablet sales up >20%**  
maximising halo from ITULAZAX®

Progress clinical development for  
**paediatric use and new markets**

Trial	Exp. completion	Comments
HDM SLIT-tablet Registration trial China	2022 (2021)	Expected to restart in mid- 2021
HDM SLIT-tablet Paediatric AR Europe/North America	2023 (2022)	Patient recruitment extended with additional cohort
HDM SLIT-tablet Paediatric AA Europe/North America	2022	Ongoing
Tree SLIT-tablet Paediatric AR Europe/Canada	2023	To be initiated in 2021

# Consumer engagement and new horizons



## Key priorities

**From OTC consumers to AIT patients** – develop and leverage digital ecosystem

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**Expand anaphylaxis franchise** and prepare next generation global adrenaline solution

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Develop innovative **new treatments for high impact allergic conditions**



## 2021 objectives

**Mobilise 250,000 consumers** globally to take action on their allergies

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Food allergy:  
**prepare peanut project** for clinical development

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**Progress US development** for anaphylaxis



# New food allergy solutions: very high unmet need

*Funded internal development programme now included in strategy*

## Sublingual, disruptive solutions

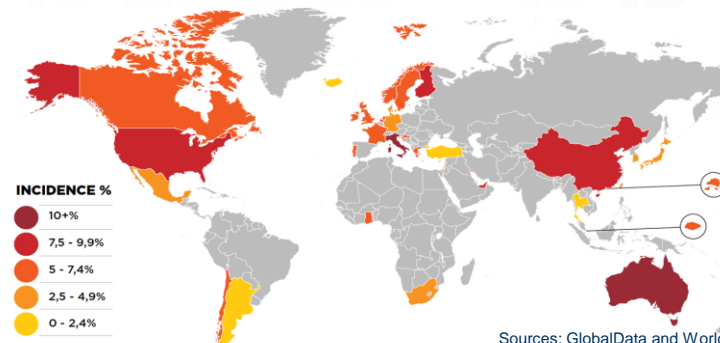
- Focus on allergies with the highest unmet need in children: Initially peanut, then tree nuts
- Sublingual, prescription-based treatments, building on ALK core competencies
- Aspire to deliver solution with high efficacy and benign safety



## Significant market potential

- Food allergies affect ~2.5% of global population
- Life-threatening condition
- Peanut, tree nuts, milk and egg account for most food allergy reactions in pre-school children
- Many peanut & tree nut cases persist into adulthood

Prevalence of food allergies





# Optimise for excellence



## Key priorities

**Maintain quality excellence**  
and IT robustness

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Complete  
**portfolio rationalisation**  
and **site specialisation**

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**Maintain and upgrade**  
core legacy products

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**Leverage sales platforms**  
to drive economies of scale



## 2021 objectives

**Contribute to 1-2 p.p.** gross  
margin improvement through  
portfolio pruning and efficiencies

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**Upgrade product** documentation  
and facilities to support  
core legacy portfolio

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**Zero quality-related** major  
interruptions to supply





# Financial ambitions until 2025

An ALK capable of delivering sustainable revenue growth and improved profitability

Revenue growth

**≥10%**

annually

EBIT margin

**~25%**

2025

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## Assumptions

- Gradually improving gross margin
- Significant R&D spend 2021-22; spend to decrease relative to revenue w. completion of large-scale development for respiratory tablets
- Costs for food allergy and new research included
- Leverage of sales and marketing platform will further decrease sales and marketing costs relative to revenue
- Annual CAPEX of ~DKK 300 million
- Not included: significant M&As, partnerships or in-licensing

# Relentless focus on successful execution continues

## 2021-23 focus

**Continue tablet-fuelled growth momentum**

**Expand global leadership in respiratory AIT**

**Become relevant** for many more allergy sufferers

**Become profitable**

**Accelerate long-term growth:**

Enter food allergy

Expand in anaphylaxis

New approaches for severe allergic conditions

## Sustain growth and increase profitability 2021-23



# Q&A session

After collection, the catkins are dried in special areas with carefully controlled environments

# Thank you for your attention

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Read more: [www.alk.net](http://www.alk.net)





# Thank you for your attention

**10 February 2021:** Q4 virtual roadshow

**23 February 2021:** Virtual roadshow, Copenhagen

**1 March 2021:** Virtual international roadshow

**18 March 2021:** Annual general meeting



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