

# 2018 results and 2019 full-year outlook

Webcast  
7 February 2019



# Today's agenda

- Overview
- Q4 highlights
- 2018 highlights and priorities
- 2018 results
- Strategy update
  - Succeed in North America
  - Complete & commercialise tablets
  - Digital engagement and adjacencies
  - Optimise and reallocate resources
- Outlook for 2019
- 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.*

# 2018: First year with new strategy

- Strong progress for ALK's new strategy
- Financial results for 2018 much better than originally expected
  - In line with recent guidance upgrade
- ALK on track to deliver accelerated growth in 2019
  - Growth across all sales regions
  - SLIT-tablets as the key growth driver



# Q4 2018: Results in line with expectations

## Group performance

- 3% top-line growth driven by tablets and Jext®
- Encouraging trends in SCIT/SLIT-drops sales
- EBITDA reflects high activity level and one-offs
  - R&D clinical trials, US DTC campaign, restructuring and optimisation activities, write-down, VAT refund

## Q4 key figures

DKK million	2017	2018
Revenue	763	787
Gross profit	376	434
Capacity costs	517	542
EBITDA	61	10

*Growth rates are in local currencies*

## Tablet sales

- 39% growth when disregarding Q4-2017 stockpiling
- Underlying growth consistent with recent quarters

## Q4 tablet sales and growth



# FY 2018 revenue highlights

## Markets

### Europe

+0.3%

Tablets and Jext<sup>®</sup> growth outweigh impact from product pruning and previous supply issues



### North America

+0.5%

Higher SCIT sales offset decline in sales of other products (disregarding Q4-17 one-offs)



### International markets

+41%

Growth driven by shipments to Japan; positive contribution from China



## Products

### SCIT and SLIT-drops

-7%

Portfolio rationalisation, impact of previous supply issues; market normalisation in France



### SLIT-tablets

+28%

Strong growth in Europe and Intl. markets; NA sales down due to Q4-17 stockpiling



### Other products and services

+4%

Jext<sup>®</sup> benefits from supply issues in adrenaline auto-injector market

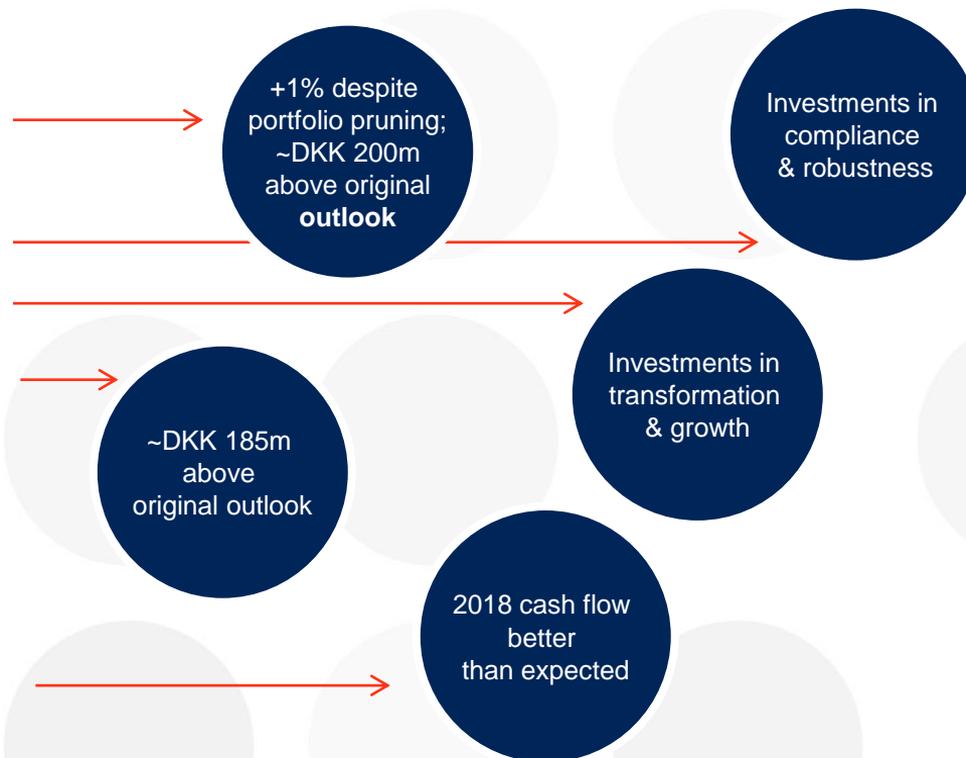


*Growth rates are in local currencies*

# 2018 performance better than originally expected

Results in line with 14 December outlook upgrade

DKK million	2017	2018
<b>Revenue</b>	<b>2,910</b>	<b>2,915</b>
Gross profit	1,642	1,633
<i>Gross margin</i>	<i>56%</i>	<i>56%</i>
Capacity costs	1,724	1,756
<b>EBITDA</b>	<b>253</b>	<b>136</b>
<b>EBIT</b>	<b>(80)</b>	<b>(96)</b>
Net financials	(42)	(7)
Tax	(36)	(67)
<b>Net profit</b>	<b>(158)</b>	<b>(170)</b>
Free cash flow	(745)	(294)



# Execution of 3-year strategy on track

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

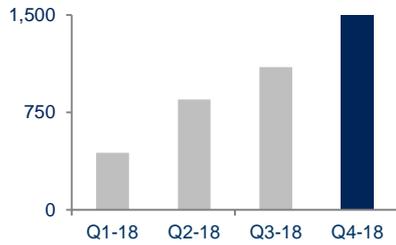
Revenue growth of  $\geq 10\%$  annually

Raise margins quickly to specialty pharma levels after 2020

# Succeed in North America

## 2018 tablet milestones

### 1,500 US prescribers



### ~5,000 US patients



### 74% US coverage



### 160 CAN prescribers



## 2019 key metrics

≥10% Sales growth in North America across main product categories



Increase acceptance of tablets, grow prescriber base and Rx depth



Expand penicillin business with launch of new version of Pre-Pen<sup>®</sup>



Grow value of SCIT and other products

# Complete and commercialise tablet portfolio

## 2018 milestones



80-100,000 new HDM patients initiated  
Launches in five new markets  
Doubling of ACARIZAX® sales



Filing of tree tablet in the EU based on  
very strong data package



An ALK SLIT-tablet now most frequently  
initiated AIT product in 11 EU markets



Solid uptake in Japan of MITICURE™  
and CEDARCURE™

## 2019 key metrics



Maintain commercial momentum for tablets



Approval/launch of tree tablet in the EU  
Regulatory filing of tree tablet in Canada



Deliver on ACARIZAX® paediatric trial  
programme in EU and the USA

Pivotal trial with ACARIZAX® in China

# Build patient engagement and adjacencies

## 2018 milestones

 klarify.me launched in Germany with ~50 products and the UK; ~1m visitors

**klara** klara smartphone app launched >25,000 downloads

 Increased traffic to patient sites, incl. allergiecheck.de, and social media

 Adjacent deals: FeNo biomarker, gluten tester, on-site diagnostics

## 2019 key metrics

 20 million klarify.me messages seen

**klara** >100,000 downloads



85,000 allergy tests



45,000 searches for an allergy doctor



Leverage digital platform to support the tree tablet launch

# Optimise and reallocate resources

## 2018 milestones



Significantly improved supply chain robustness; new production site strategy



Output and inventories for key SCIT and SLIT-drops lines restored



Portfolio pruning on track: ~250 product variants phased out vs 2016



Roll-out of new cultural beliefs and mind-set

## 2019 key metrics



Increase production efficiency to improve margins



Maintain supply chain quality, robustness and scalability



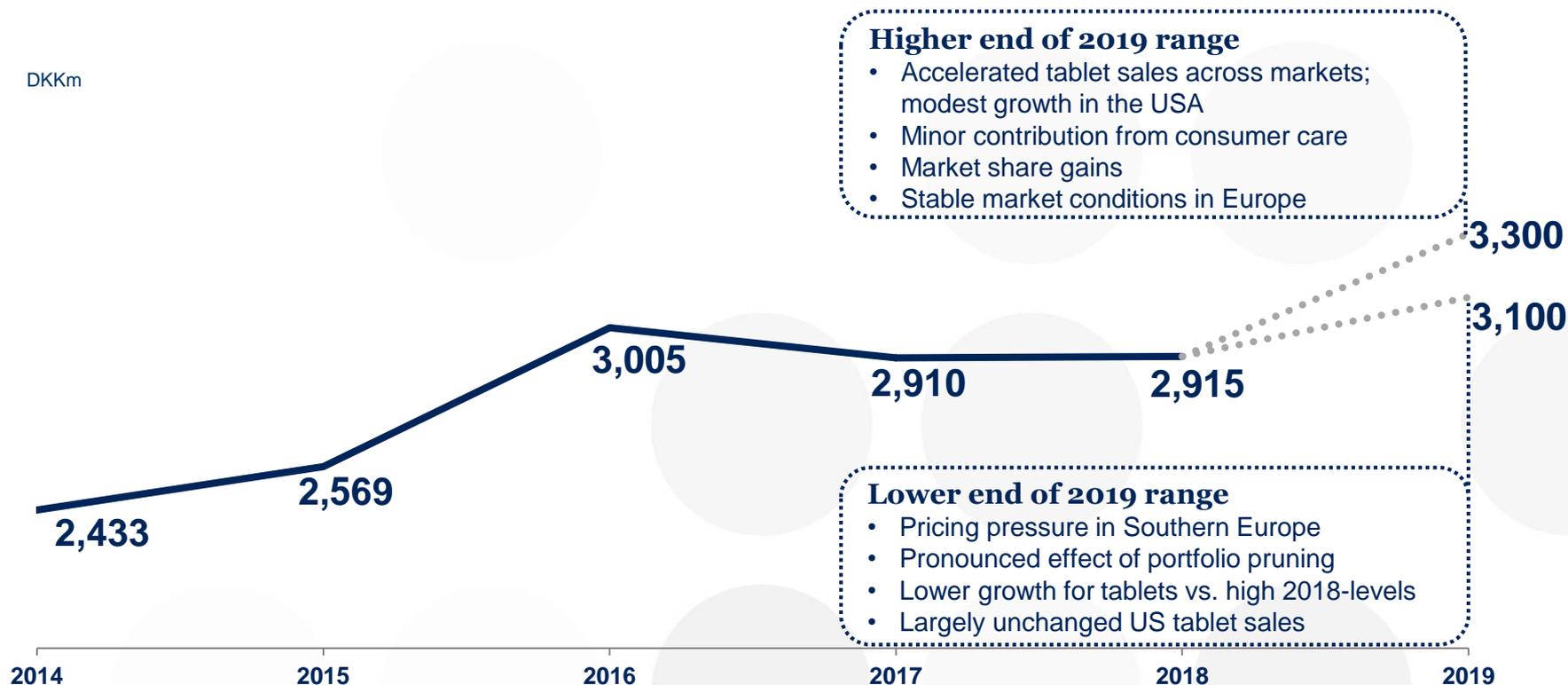
Continue portfolio rationalisation programme



Maintain momentum of cultural change

# 2019 FY revenue outlook

DKKm



### Higher end of 2019 range

- Accelerated tablet sales across markets; modest growth in the USA
- Minor contribution from consumer care
- Market share gains
- Stable market conditions in Europe

### Lower end of 2019 range

- Pricing pressure in Southern Europe
- Pronounced effect of portfolio pruning
- Lower growth for tablets vs. high 2018-levels
- Largely unchanged US tablet sales

# 2019 outlook

DKK	2018 actual	2019 outlook	Comments
<b>Revenue</b>	2.915m	<b>3.1-3.3bn</b>	Broad-based growth across regions and products, particularly within tablets; increasing SCIT sales. Negative impact from portfolio pruning and SLIT-drops. Minor positive currency impact.
<b>EBITDA</b>	136m	<b>100-200m</b>	Incrementally higher gross margins. Significantly higher R&D costs, increasing S&M costs. DKK 40m income from IFRS16. Immaterial currency impact.
<b>Free cash flow</b>	(294)m	<b>~(400)m</b>	Subdued earnings and strategic investments incl. DKK 200-250m CAPEX to streamline/specialise production.

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

# Q&A Session

# Thank you for your attention

## Upcoming events:

8 February: Roadshow Copenhagen

13 & 14 February: Roadshow London

16 April: Kempen Life Sciences Conference, Amsterdam

## 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)

