

Nine-month interim report (Q3) 2016 (Unaudited)

Company release No. 28/2016

Performance for the period

(Comparative figures for 2015 are shown in brackets. Revenue growth is measured as organic growth in local currencies. Revenue from ALK's base business is defined as total revenue excluding income from the SLIT-tablet partnerships in North America and International markets).

ALK continued to record double-digit sales growth in Europe in Q3. European sales and order intake exceeded expectations, driven by strong double-digit growth for SLIT-tablets and SLIT-drops. Overall margins softened following an expected decline of DKK 108 million in one-off milestone payments.

- ▶ Q3 total revenue, including partner income, amounted to DKK 630 million (667). Revenue in Q3 2015 included a DKK 112 million one-off milestone payment.
- ▶ Q3 revenue in the base business grew organically by 17% to DKK 614 million (534).
- ▶ ALK's base business saw strong sales growth for SLIT-tablets and SLIT-drops, while SCIT sales declined due to upgrade work on SCIT production in Europe, which has temporarily reduced SCIT production capacity.
- ▶ To meet demand during the forthcoming peak season, ALK will hire additional employees, primarily at the SLIT-drops production site in France. At the same time, ALK is expanding its North American organisation in support of the ongoing repatriation of the SLIT-tablets from MSD (known as Merck in the USA and Canada).
- ▶ ACARIZAX[®] is performing well during its introductory phase, consolidating its position in Denmark and Germany as the most prescribed product for new AIT initiations in adult patients with house dust mite allergy. ACARIZAX[®] was also recently launched in Slovakia, Sweden and Finland.
- ▶ Q3 operating profit (EBITDA) was DKK 121 million before special items (171). The EBITDA margin was 19% before special items (26%) as improved underlying profitability was offset by lower milestone payments.
- ▶ 9M total revenue was DKK 2,251 million (1,882) reflecting 30% growth in the base business. EBITDA before special items was DKK 584 million (329) and free cash flow was an inflow of DKK 198 million (an outflow of 149).

Updated 2016 financial guidance

ALK is updating its full-year guidance to reflect continued high orders in France which, from a revenue perspective, outweigh the impact of the upgrade work on SCIT production.

- ▶ Total full-year revenue is still projected to exceed DKK 2.9 billion including income from partnerships.
- ▶ Full-year revenue in the base business is now expected to grow organically by more than 20% versus previous guidance of ~20% growth.
- ▶ The new revenue guidance assumes that growth in the base business will be constrained by the ongoing upgrade of SCIT production which is estimated to reduce revenue by DKK 100-125 million, impacting the last four months of the year. Hence, the new guidance assumes low organic growth in the base business in Q4 2016 and a minor contribution from partnerships. Comparison with Q4 2015 is further affected by last year's significant sales growth resulting from a competitor's supply issues.
- ▶ Full-year EBITDA is now expected to exceed DKK 650 million before special items. Previous guidance stated >DKK 600 million.
- ▶ Free cash flow is now expected at DKK 100-150 million versus previous guidance of DKK 50-100 million.

Hørsholm, 10 November 2016

ALK-Abelló A/S

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Today, ALK is hosting a conference call for analysts and investors at 12.00 p.m. (CET) at which Management will review the financial results and the outlook. The conference call will be audio cast on www.alk-abello.com/investor. Participants in the audio cast are kindly requested to call in before 11.55 a.m. (CET). Danish participants should call in on tel. +45 7022 3500 and international participants should call in on tel. +44 (0) 20 7572 1187 or +1 646 722 4972. Please use the Participant Pin Code: 38708515#. The conference call will also be webcast live on our website, where the related presentation will be made available shortly before the call begins.

FINANCIAL HIGHLIGHTS AND KEY RATIOS FOR THE ALK GROUP (unaudited)

Amounts in DKKm	9M 2016	9M 2015	Full year 2015
Income statement			
Revenue	2,251	1,882	2,569
Operating profit before depreciation and amortisation (EBITDA) before special items	584	329	452
Operating profit before depreciation and amortisation (EBITDA)	546	303	451
Operating profit (EBIT) before special items	462	214	293
Operating profit (EBIT)	424	188	292
Net financial items	1	48	108
Profit before tax (EBT)	425	236	400
Net profit	234	205	344
Average number of employees	1,996	1,839	1,854
Balance sheet			
Total assets	4,525	4,014	4,252
Invested capital	2,408	2,462	2,434
Equity	2,838	2,546	2,697
Cash flow and investments			
Depreciation, amortisation and impairment	122	115	159
Cash flow from operating activities	305	(4)	183
Cash flow from investing activities	(107)	(145)	(165)
- of which investment in tangible and intangible assets	(126)	(99)	(199)
- of which acquisitions of companies and operations	-	(12)	(12)
Free cash flow	198	(149)	18
Information on shares			
Share capital	101	101	101
Shares in thousands of DKK 10 each	10,128	10,128	10,128
Share price, end of period – DKK	938	764	876
Net asset value per share – DKK	280	251	266
Key figures			
Gross margin – %	68	66	67
EBITDA margin before special items – %	26	17	18
EBITDA margin – %	24	16	18
Earnings per share (EPS) – DKK	24	21	35
Earnings per share (DEPS), diluted – DKK	23	21	35
Cash flow per share (CFPS) – DKK	31	(0.4)	19
Share price/Net asset value	3.3	3.0	3.3

Definitions: see last page

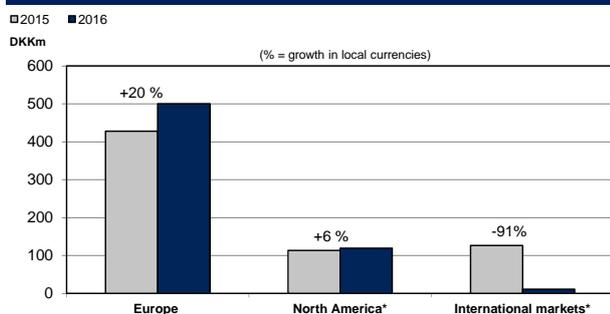
INCOME STATEMENT

Q3 2015	%	Q3 2016	%	Amounts in DKKm	9M 2016	%	9M 2015	%
667	100	630	100	Revenue	2,251	100	1,882	100
206	31	218	35	Cost of sales	731	32	633	34
461	69	412	65	Gross profit	1,520	68	1,249	66
91	14	85	13	Research and development expenses	282	13	283	15
239	36	247	39	Sales, marketing and administrative expenses	782	35	752	40
-	-	-	-	Other operating income and expenses	6	0	-	-
131	20	80	13	Operating profit (EBIT) before special items	462	21	214	11
(7)	(1)	(11)	(2)	Special items	(38)	(2)	(26)	(1)
124	19	69	11	Operating profit (EBIT)	424	19	188	10
(12)	(2)	2	0	Net financial items	1	0	48	3
112	17	71	11	Profit before tax (EBT)	425	19	236	13
50	7	32	5	Tax on profit	191	8	31	2
62	9	39	6	Net profit	234	10	205	11
171	26	121	19	Operating profit before depreciation and amortisation (EBITDA) before special items	584	26	329	17
164	25	110	17	Operating profit before depreciation and amortisation (EBITDA)	546	24	303	16

BUSINESS REVIEW

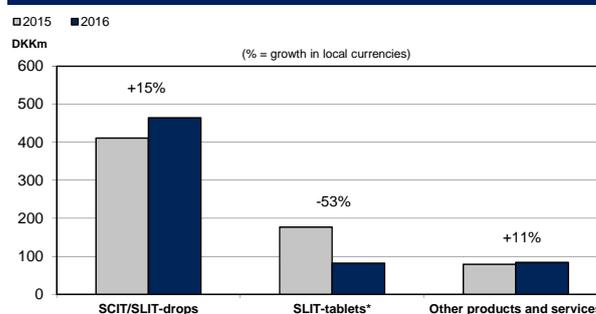
(Comparative figures for 2015 are shown in brackets. Revenue growth rates are stated as organic growth in local currencies, unless otherwise indicated)

Q3 revenue by market



* Revenue from North America and International markets also includes income from partners, such as milestone payments, product supply, sales royalties, etc.

Q3 revenue by product line



* Revenue from SLIT-tablets also includes income from partners, such as milestone payments, product supply, sales royalties, etc.

Highlights

Revenue in ALK's base business (i.e., total revenue excluding income from SLIT-tablet partnerships) grew by 17% in Q3 and double-digit growth was recorded in both Europe and North America.

Sales in Europe continued to be positively influenced by the record-high number of patient initiations with ALK products earlier this year when France and other markets were affected by a competitor's supply issues. Current order intakes indicate that ALK is continuing to benefit from this situation. At the same time, sales were also affected by upgrade work on SCIT production which has temporarily reduced SCIT production capacity.

Q3 operating profit (EBITDA) before special items was DKK 121 million (171) following an expected DKK 108 million decline in milestone payments. Underlying profitability improved as a result of top-line growth and disciplined cost control. EBITDA before special items, excluding sales royalties and milestone payments, was DKK 114 million (57).

Revenue by geography

(Comparative figures for 2015 are shown in brackets. Revenue growth rates are stated as organic growth in local currencies, unless otherwise indicated)

Europe

Q3 revenue in Europe grew by 20%. Revenue totalled DKK 500 million (428) and Europe accounted for 79% of total revenue (64%).

In Q3, the main growth drivers were SLIT-tablets and SLIT-drops, whereas SCIT sales declined.

ALK continued to record strong double-digit growth in Southern and Eastern European markets, particularly France. In Germany, despite the continued strong uptake of ACARIZAX[®] and GRAZAX[®], overall sales were negatively impacted by the temporary reduction of SCIT production capacity.

SLIT-tablets: Sales continued to benefit from a record-high number of patient initiations with GRAZAX[®] earlier in the year, and sales were further boosted by the ongoing launch of ACARIZAX[®].

ACARIZAX[®] sales continued to progress ahead of plan, led by Germany and Denmark, where the product has been available since the turn of the year. By the end of Q3, ACARIZAX[®] had consolidated its position as the most prescribed AIT product in Denmark and Germany for new adult HDM allergy patients.

Prescription rates continued to be encouraging, especially among ENTs and pulmonary specialists. Revenue also included minor contributions from Sweden, Slovakia and Finland, where ACARIZAX[®] was recently launched.

SLIT-drops: ALK estimates that overall demand continues to gradually recover in France and other markets which were affected by supply shortages in Q1 and Q2 following the temporary suspension of production and distribution at ALK's main competitor. ALK continues to benefit from increased orders in these markets as the majority of patients who switched to ALK products during this period continued on ALK treatments when renewing their prescriptions. In addition, current orders indicate that ALK is now taking a higher share than previously among new patients starting AIT treatment during the autumn.

To meet increased demand and make substitute products available for doctors and patients, ALK continues to expand its production capacity. Capacity at the French SLIT-drops production facility was significantly increased in H1 when ALK

hired 130 new employees. In light of the current order intake, additional employees are being added to meet demand. The total number of employees in France is now more than 400. At the same time, ALK has increased output at its highly automated tablet manufacturing line.

SCIT: In response to high demand for ALK products and increasing regulatory requirements, ALK has also decided to accelerate an upgrade of its SCIT production located in Europe and the USA. Upgrades are progressing and include additional investments in quality documentation and equipment in particular.

While these upgrades take place, SCIT production capacity is temporarily reduced, resulting in supply constraints and longer than usual delivery times for certain products and markets, and fewer patients being initiated on these treatments. The upgrades take place against a backdrop of 11 inspections from authorities and partners in the past year, along with the unusual market conditions which have already stretched ALK's manufacturing operations. Hence, reserve capacity is limited. To minimise the impact on prescribers and patients, ALK has hired extra personnel to expedite the upgrades. Meanwhile, production priority has been assigned to the most frequently prescribed SCIT products and ALK expects product supply to gradually normalise from early 2017. In the interim, new patients will be offered alternative products, whenever relevant.

While this work will reduce SCIT sales in the short-term, these upgrades are intended to secure the long-term future of ALK's SCIT products and enable ALK to meet the expected further tightening of regulatory requirements. Moreover, these upgrades support ALK's ongoing transition towards a portfolio of fully documented and registered products. The impact on SCIT sales in the last four months of the year is estimated at DKK 100-125 million, cf. updated Outlook section, page 7.

9M revenue in Europe amounted to DKK 1,822 million (1,376) following 35% growth.

North America

Q3 revenue in North America increased by 6% to DKK 119 million (113). North America thus accounted for 18% (16%) of total revenue.

Bulk extracts and other products: ALK increased sales of allergen extracts, diagnostics and other products to specialists and clinics by 11% to DKK 110 million (99). This sustained the momentum in North America where double-digit growth has now been achieved in ten consecutive quarters. In Q3,

growth was adversely impacted by the temporary reduction of SCIT capacity for a few products.

SLIT-tablets: Income from the MSD partnership amounted to DKK 9 million (14). Sales royalties from GRASTEK® and RAGWITEK® remained modest but sales were largely unaffected by the ongoing transfer of product rights to ALK.

9M revenue in North America was DKK 395 million (335). The 18% growth was driven by ALK product sales and a milestone payment from MSD in Q1.

International markets

Q3 revenue in International markets amounted to DKK 11 million (126). International markets accounted for 1% of total revenue (18%).

Income from SLIT-tablet partnerships was down due to a DKK 112 million milestone payment recognised in Q3 2015 which related to the approval of MITICURE™ in Japan. Sales of MITICURE™ in Japan have been steadily increasing since the end of the Japanese cedar pollen season, as prescriber focus switches to the year-round prevalent HDM allergy.

9M revenue in International markets amounted to DKK 34 million (171).

Revenue by product line

SCIT and SLIT-drops

Total revenue from SCIT and SLIT-drops grew by 15% in Q3 to DKK 464 million (411). These product lines accounted for 73% (61%) of total revenue.

SCIT sales declined by 8% due to the previously mentioned production upgrades which mainly impact the European markets.

SLIT-drops sales grew by 63%, due to high demand in France and a few other markets. This reverses a trend seen over recent years where ALK's sales of SLIT-drops in most countries, except France, had been decreasing due to general changes in reimbursement and documentation requirements aimed at phasing out unregistered AIT products.

9M revenue from SCIT and SLIT-drops was DKK 1,619 million (1,318) reflecting growth of 25%.

SLIT-tablets

Q3 revenue from SLIT-tablets declined by 53% to DKK 82 million (177) which was caused solely by a DKK 108 million decline in one-off milestone payments. SLIT-tablets accounted for 13% (26%) of total revenue.

European sales of SLIT-tablets produced 51% growth and totalled DKK 65 million (44). Revenue from SLIT-tablets in North America and International markets amounted to DKK 17 million (133). The decline was due to the above-mentioned milestone payment in Q3 2015.

9M revenue from SLIT-tablets was DKK 391 million (351). Growth of 12% was prompted by strong European tablet sales.

Other products and services

Q3 revenue from other products and services (adrenaline auto-injectors, diagnostics, etc.) grew by 11% to DKK 84 million (79), accounting for 13% (11) of total revenue.

9M revenue from other products and services was DKK 241 million (213).

R&D PIPELINE AND PARTNERSHIPS

ALK's own pipeline activities, as well as the pipeline activities under the partnerships with MSD, Torii, Abbott and Seqirus, continue to advance.

ALK's R&D pipeline activities

ALK has initiated a pivotal Phase III clinical trial with the tree SLIT-tablet in Europe. The trial, enrolling 600 patients from eight countries, is expected to complete after the pollen season in 2017. A preceding Phase II trial in an environmental exposure chamber showed that the tree SLIT-tablet significantly reduced patients' symptoms in response to both birch and oak pollen compared to placebo.

For ACARIZAX®, pricing and reimbursement negotiations are underway in European countries where ACARIZAX® has gained regulatory approval but is not yet launched. Preparations to investigate the safety and efficacy of ACARIZAX® in children are also underway in Europe. Finally, ALK is preparing for the clinical development of ACARIZAX® in China and is in dialogue with the authorities regarding the requirements.

Partnership with MSD for North America

The US Food and Drug Administration (FDA) continues to review the Biologics License Application for ACARIZAX®, submitted by MSD in February 2016 and targeting allergic rhinitis. In parallel, a regulatory review is ongoing in Canada where, in May 2016, MSD submitted a New Drug Application for ACARIZAX® targeting both allergic rhinitis and allergic asthma.

These registration processes continue and are unaffected by the termination of the partnership with MSD.

Partnership with Torii for Japan

In December 2015, Torii launched ACARIZAX® in Japan under the brand name MITICURE™. MITICURE™ is indicated for use in adolescent and adult patients and Torii is conducting a further clinical trial to investigate safety and efficacy of MITICURE™ in paediatric patients (5-11 years).

In December 2015, Torii submitted a New Drug Application in Japan for the SLIT-tablet against Japanese cedar-induced allergic rhinitis. The authorities' review of this application is ongoing. Subject to approval by the Ministry of Health, Labour and Welfare, this treatment could reach the market in 2017.

Partnership with Abbott for Russia

Preparations for the registration of ACARIZAX® are advancing. Meanwhile, authorities are reviewing the registration applications for GRAZAX® (submitted in September 2015) and the ragweed SLIT-tablet (submitted in December 2015). ALK continues to estimate that first launches, subject to approval by the authorities, could take place towards the end of 2017.

Partnership with Abbott for South-East Asia

During Q3, regulatory submissions for ACARIZAX® were made in Hong Kong, Singapore, South Korea and Taiwan, and Abbott continues its work to file for approvals in the three remaining markets covered by the partnership. All submissions are based on ALK's European data package and target both allergic rhinitis and allergic asthma. First launches are expected from 2017, subject to approval by the authorities.

Partnership with Seqirus for Australia and New Zealand

A full marketing authorisation for ACARIZAX® was granted by the Australian authorities in July 2016, covering both allergic rhinitis and allergic asthma. The treatment was launched in Q3 and the event triggered a minor milestone payment to ALK. The authorities continue to review the GRAZAX® submission which Seqirus filed in December 2015. As with ACARIZAX®, the GRAZAX® application is based on data from ALK's European clinical trials.

Further details on the SLIT-tablet partnerships can be found on page 10.

FINANCIAL REVIEW OF 9M 2016

(Comparative figures for 9M 2015 are shown in brackets. Revenue growth rates are stated as organic growth in local currencies, unless otherwise indicated)

9M revenue increased 20% in DKK and 22% in local currencies to DKK 2,251 million (1,882). Revenue in the base business grew by 30% to DKK 2,183 million (1,706). Income from SLIT-tablet partnerships decreased 60% to DKK 68 million (176). This decline was anticipated, as milestone payments fell by DKK 78 million.

Cost of sales increased 15% in DKK and 17% in local currencies to DKK 731 million (633). The DKK 1,520 million gross profit (1,249) yielded a gross margin of 68% (66%). Disregarding milestone and upfront payments, the normalised gross margin of 67% (64%) was positively influenced by higher sales volumes and economies of scale but these positive factors were somewhat offset by the cost of increasing production capacity, investments in compliance programmes as well as changes in the sales mix.

Capacity costs increased 2% and 4% in local currencies to DKK 1,064 million (1,035). R&D and administrative expenses were unchanged. Sales and marketing expenses grew by 4% and by 8% in local currencies, reflecting higher activity levels, including efforts to support the launch of ACARIZAX® as well as expansion in existing and new markets. The capacity costs to revenue ratio decreased to 47% (54%).

Reported EBITDA (operating profit before depreciation and amortisation) was DKK 546 million (303) and EBITDA before special items was DKK 584 million (329). The improvement was prompted by top-line growth, economies of scale and disciplined cost control – positive factors which offset lower milestone payments. Exchange rates had a minor negative effect on EBITDA.

Special items of DKK 38 million (26) related to severance pay to the former CEO in Q1 and *Simplify* projects in Q2-Q3.

Net financials were a gain of DKK 1 million (gain of 48).

Tax on profit was DKK 191 million vs. DKK 31 million last year when tax was impacted by a one-off positive adjustment of DKK 73 million in Q2 following the transfer of all adrenaline activities from the Swiss subsidiary to the Danish parent company. The high effective tax rate of 45% in 9M 2016 was the result of the current geographical distribution of income.

Net profit increased to DKK 234 million (205).

Cash flow from operating activities was an inflow of DKK 305 million (an outflow of 4). The increase was due to higher profitability in the base business.

Cash flow from investment activities was an outflow of DKK 107 million (145) which primarily related to the build-up of capacity for tablet production, partly offset by the divestment of a facility in the USA.

Free cash flow saw an inflow of DKK 198 million (an outflow of 149 million). Cash flow from financing was an outflow of DKK 102 million (an inflow of 260). Outflows related to the dividend payment of DKK 5 per share, which was declared at the Annual General Meeting in March, as well as the net cash settlement of share options. In direct comparison, 9M 2015 was impacted by ALK securing a mortgage-backed loan of DKK 351 million (net).

ALK's holding of its **own shares** was reduced following the settlement of share options and conditional shares. At the end of September, ALK held 296,844 of its own shares or 2.9% of the share capital (3.6% at the end of 2015 and 3.9% at the end of September 2015).

At the end of September, **cash and marketable securities** totalled DKK 699 million vs. DKK 608 million at the end of 2015 and DKK 401 million at the end of September 2015.

Equity totalled DKK 2,838 million (2,546) at the end of the period and the equity ratio was 62% (63%).

UPDATED OUTLOOK FOR 2016

ALK is updating its full-year guidance to reflect continued high orders in France which, from a revenue perspective, outweigh the impact of the upgrade work on SCIT production.

Base business revenue is now expected to grow organically by more than 20% whereas previous guidance had anticipated ~20% growth. Total revenue is still expected to exceed DKK 2.9 billion. Growth in the base business is constrained by the ongoing upgrade of SCIT production which is estimated to reduce revenue by DKK 100-125 million, impacting the last four months of the year. Hence, the new guidance assumes low organic growth in the base business in Q4 2016 and a minor contribution from partnerships. Comparison with Q4 2015 is further affected by last year's significant sales growth resulting from a competitor's supply issues.

Gross margins will be negatively impacted by increased production and compliance costs as well as depreciations and lower milestone payments than in 2015. Hence, the reported gross margin is still expected to decline slightly.

R&D and administrative expenses are expected to remain largely unchanged compared to 2015. Sales and marketing expenses are projected to increase modestly in support of strategic growth initiatives.

EBITDA is now expected to exceed DKK 650 million before special items, where previous guidance had stated >600 million. This upgraded EBITDA reflects higher underlying profitability in the base business.

Initiatives under the *Simplify* programme are expected to entail restructuring costs along with costs related to the change in management. Special items are still projected at around DKK 50 million. CAPEX is still projected at around DKK 200 million, while free cash flow is now expected at around DKK 100-150 million versus previous guidance of DKK 50-100 million.

The outlook is particularly sensitive to market fluctuations in Europe during the remainder of the year when many new patients are typically initiated on AIT treatment.

Guidance history 2016

DKK	February	May	August	Nov
Total revenue	n.a.	n.a.	>2.9bn	>2.9bn
Base business growth	~10%	~15%	~20%	>20%
EBITDA b.s.i.*	~450m	~575m	>600m	>650m
Special items	~30m	~50m	~50m	~50m
Free cash flow	On par w. 2015	Higher than 2015	50-100m	100-150m
CAPEX	~200m	~200m	~200m	~200m

*EBITDA guidance in February and May excluded additional milestone payments and sales royalties.

The outlook is based on current exchange rates.

STRATEGIC PROGRESS

Over recent years, ALK has begun transforming itself from a largely European company focused on the prevention and treatment of allergic rhinitis, into a global company with a range of evidence-based products which also treat, and potentially prevent, asthma. At the heart of this strategy has been the development of a portfolio of SLIT-tablets and a network of partnerships and collaborations which span the globe. With the regulatory approval process for the SLIT-tablets nearing completion in the world's major markets, focus has now turned to market-shaping and commercialisation efforts.

Completing the portfolio in North America

In North America, ALK is allocating resources to ensure a smooth repatriation of the rights to GRASTEK[®], RAGWITEK[®] and ACARIZAX[®] by early 2017 when the phase-out of the partnership with MSD will be complete. As part of the six-month phase-out, all business knowledge and insights relating to the SLIT-tablet portfolio are being transferred to ALK, and ALK's subsidiaries in Canada and the USA are taking over commercial responsibility for the products, supported by a strengthening of local ALK organisations which, initially, will add approximately 50 employees.

The registration processes for ACARIZAX[®] will continue with increased involvement from ALK, and an ongoing paediatric clinical trial with RAGWITEK[®] will be completed by MSD.

The expected approval of ACARIZAX[®] will complete the tablet portfolio so that it covers all three major respiratory allergies in North America. As in Europe, ACARIZAX[®] has strong potential within asthma treatment and prevention in North America. ALK will therefore continue its investigations into what it will take to secure further FDA approval for the use of ACARIZAX[®] in asthma.

ALK has initiated a full strategic review to determine which new business model will best deliver long-term value creation.

Increased market leadership in Europe

In Europe, in addition to driving growth from the base business, ALK is continuing to lead the shift from unregistered, named-patient products to evidence-based, registered products. ACARIZAX[®], so far launched with reimbursement in five of the 13 countries where regulatory approval has been obtained, will be key to this market transformation.

ALK's short-term priority for ACARIZAX[®] is to secure satisfactory market access and reimbursement in all countries – especially France, where pricing and reimbursement negotiations may

be concluded in 2017. Meanwhile, ALK is preparing for other registrations and continues its efforts to gain acceptance and support for ACARIZAX[®] among key opinion leaders and in medical guidelines, both for allergic rhinitis and allergic asthma.

Besides addressing a substantial unmet medical need, and targeting both rhinitis and allergic asthma, ACARIZAX[®] is a potential catalyst for improving patient access to AIT across Europe as its adoption by other medical specialities could ease the problem of insufficient access to AIT in territories where allergy specialists are short in supply.

To further expand the ACARIZAX[®] marketing authorisation, ALK is designing a European paediatric trial which is expected to start in 2017. To complete the clinical development of the SLIT-tablet portfolio, ALK has initiated a pivotal Phase III trial with the tree-tablet among European birch and oak pollen allergy sufferers. Finally, ALK will continue to position AIT in asthma treatment and prevention, supported by, among other things, data showing that early use of GRAZAX[®] significantly reduces children's risk of developing asthma symptoms.

Expanding ALK's international reach

In International markets, ALK's priority is to support its partners in the registration and commercialisation of the SLIT-tablets. A series of tablet launches is expected in Japan, Australia, South-East Asia and Russia in the coming years. A strengthening of ALK's existing operations in International markets is also on the agenda and, accordingly, ALK has initiated the regulatory process for ACARIZAX[®] in China

Driving business efficiency

ALK is pursuing further simplification of its business structure. Key efforts in this regard are the ongoing consolidation of the production network, continuous optimisation of manufacturing processes, as well as investments in capacity and compliance upgrades. The Portfolio Optimisation Programme has been extended to further centre the European product portfolio around evidence-based, registered products. This transformation will eventually reduce costs and documentation workload and enable economies of scale in the supply chain.

OTHER EVENTS

Carsten Hellmann will take up office as ALK's new CEO and President as of 1 January 2017. Carsten Hellmann is currently CEO of Merial and Executive VP of Sanofi. The Chairman of ALK's Board, Steen

Riisgaard, will continue his extended operational responsibilities until Carsten Hellmann joins ALK.

As previously communicated in July 2016, ALK received an Untitled Letter from the US Food and Drug Administration (FDA) regarding an inspection of ALK's Danish production which gave rise to a number of so-called 'Form 483 observations' used by the FDA to flag concerns identified during inspections. ALK is working closely with the FDA to address the points raised.

In October 2016, the FDA conducted its pre-approval inspection of the drug substance manufacturing site in Denmark for the HDM SLIT-tablet, as part of the ongoing review of the Biologics License Application (BLA) submitted in February 2016. The inspection was completed in five days and did not give rise to any 'Form 483 observations'.

RISK FACTORS

This interim report contains forward-looking statements, including forecasts of future revenue and

operating profit 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 interim report. 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. An additional factor is 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.

2016 Financial calendar

Silent period	10 January 2017
Annual report 2016	7 February 2017

ABOUT ALK'S SLIT-TABLET PARTNERSHIPS

Partnership with MSD for North America

In 2007, ALK entered into a partnership with MSD (then Schering Plough) – known as Merck in the USA and Canada – to develop and commercialise ALK's SLIT-tablets against grass pollen (GRASTEK®), ragweed pollen (RAGWITEK®) and house dust mite (ACARIZAX® in Europe) allergies in the USA, Canada and Mexico.

Under the agreement with MSD, ALK was entitled to certain upfront and milestone payments, royalties on net sales, as well as payments for product supply and R&D support. In total, ALK has received approximately DKK 700 million in payments. MSD has been responsible for all costs of clinical development and commercialisation, while ALK has been responsible for tablet production and the supply of drug substance.

On 26 July 2016, it was announced that the partnership would be terminated and would be phased out over a six-month period, with all rights to the three products reverting to ALK by early 2017. MSD will complete the ongoing clinical trial with RAGWITEK® in children and the ongoing registration processes for ACARIZAX® will also continue with increased involvement from ALK.

Partnership with Torii for Japan

The 2011 partnership agreement grants Torii exclusive rights to develop, register and commercialise ALK's AIT products for allergic rhinitis and asthma in Japan. The agreement covers SLIT-tablets against house dust mite (branded MITICURE™ in Japan) and Japanese cedar pollen allergies, as well as a house dust mite SCIT product and a house dust mite allergy diagnostic product.

ALK has received all potential upfront and development milestone payments totalling DKK 450 million (EUR 60 million) from Torii. In addition, ALK is entitled to royalty payments, sales milestones on the products' net sales, as well as payments for product supply and R&D support. Torii incurs all costs of clinical development, registration, marketing and sales of the products. ALK is responsible for production and supply.

Partnership with Abbott for Russia

The partnership, established in 2014, covers the supply and marketing of ALK's SLIT-tablets in Russia. Abbott has exclusive rights to distribute and commercialise ALK's SLIT-tablet portfolio mirroring the country's most common allergies: grass (GRAZAX®), ragweed, tree and house dust mite (ACARIZAX®), adding the products to its own respiratory range.

Abbott and ALK will share the revenue generated by the partnership. Abbott will purchase the products from ALK at agreed prices and, in addition, pay royalties on net sales.

Partnership with Abbott for South-East Asia

In January 2016, the partnership with Abbott was expanded to cover seven South-East Asian markets: Hong Kong, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand. In these markets, Abbott has exclusive rights to register and sell ACARIZAX®, which is a strong fit with Abbott's existing ENT and paediatrics portfolio.

ALK and Abbott will share the revenue generated in the territories. ALK will be responsible for product supply to Abbott.

Partnership with Seqirus for Australia and New Zealand

The partnership, established in 2015, grants Seqirus exclusive rights to promote and sell ACARIZAX® and GRAZAX® in Australia and New Zealand.

ALK received an undisclosed milestone payment upon approval of ACARIZAX® in Australia (21 July 2016). ALK is responsible for product supply and will sell products to Seqirus at an agreed price structure ensuring a split of the final in-market revenue generated by Seqirus.

STATEMENT BY THE MANAGEMENT

The Board of Directors and Board of Management today considered and approved the interim report of ALK-Abelló A/S for the period 1 January to 30 September 2016.

The interim report has been prepared in accordance with IAS 34 'Interim financial reporting' as adopted by the EU and additional Danish disclosure requirements for the interim reports of listed companies. As in previous years, the interim report has not been subject to audit or review.

In our opinion, the interim report gives a true and fair view of the Group's assets, equity and liabilities, financial position, results of operations and cash flow for the period 1 January to 30 September 2016. Moreover, in our opinion, the interim report gives a true and fair view of developments in the Group's activities and financial position and describes significant risk and uncertainty factors that may affect the Group.

Hørsholm, 10 November 2016

Board of Management

Henrik Jacobi
Executive Vice President
Research & Development

Søren Daniel Niegel
Executive Vice President
Commercial Operations

Flemming Pedersen
CFO & Executive Vice President

Helle Skov
Executive Vice President
Product Supply

Board of Directors

Steen Riisgaard
Chairman and acting CEO
with extended operational
responsibilities

Lene Skole
Vice Chairman

Lars Holmqvist

Andreas Slyngborg Holst

Jacob Kastrup

Anders Gersel Pedersen

Jakob Riis

Katja Barnkob Thalund

Per Valstorp

INCOME STATEMENT FOR THE ALK GROUP (unaudited)

Q3 2015	Q3 2016	Amounts in DKKm	9M 2016	9M 2015
667	630	Revenue	2,251	1,882
206	218	Cost of sales	731	633
461	412	Gross profit	1,520	1,249
91	85	Research and development expenses	282	283
193	202	Sales and marketing expenses	637	607
46	45	Administrative expenses	145	145
-	-	Other operating income	6	-
131	80	Operating profit (EBIT) before special items	462	214
(7)	(11)	Special items	(38)	(26)
124	69	Operating profit (EBIT)	424	188
(12)	2	Net financial items	1	48
112	71	Profit before tax (EBT)	425	236
50	32	Tax on profit	191	31
62	39	Net profit	234	205
6	4	Earnings per share (EPS) – DKK	24	21
6	4	Earnings per share (DEPS), diluted – DKK	23	21

STATEMENT OF COMPREHENSIVE INCOME (unaudited)

Q3 2015	Q3 2016	Amounts in DKKm	9M 2016	9M 2015
62	39	Net profit for the period	234	205
		Other comprehensive income		
		<i>Items that will be reclassified subsequently to the Income statement, when specific conditions are met:</i>		
(2)	1	Foreign currency translation adjustment of foreign subsidiaries	(16)	43
-	1	Tax related to other comprehensive income	2	(4)
(2)	2	Other comprehensive income	(14)	39
60	41	Total comprehensive income	220	244

CASH FLOW STATEMENT FOR THE ALK GROUP (unaudited)

Amounts in DKKm	9M 2016	9M 2015
Net profit	234	205
Adjustments for non-cash items (note 5)	327	106
Changes in working capital	(123)	(204)
Net financial items, paid	8	(7)
Income taxes, paid	(141)	(104)
Cash flow from operating activities	305	(4)
Acquisitions of companies and operations	-	(12)
Additions, intangible assets	(33)	(32)
Additions, tangible assets	(93)	(99)
Sale of assets	19	-
Change in other financial assets	-	(2)
Cash flow from investing activities	(107)	(145)
Free cash flow	198	(149)
Dividend paid to shareholders of the parent	(49)	(49)
Sale of treasury shares	37	19
Exercise of share options	(76)	(34)
Proceeds from borrowings	-	349
Repayment of borrowings	(14)	(25)
Cash flow from financing activities	(102)	260
Net cash flow	96	111
Cash at 1 January	176	81
Marketable securities at 1 January	432	208
Cash and marketable securities at 1 January	608	289
Unrealised gain/(loss) on foreign currency and financial assets carried as cash and marketable securities	(5)	1
Net cash flow	96	111
Cash at 30 September	150	71
Marketable securities at 30 September	549	330
Cash and marketable securities at 30 September	699	401

The cash flow statement has been adjusted to the effect that exchange rate adjustments in foreign subsidiaries are not included in the statement. As a result, the individual figures in the cash flow statement cannot be reconciled directly to the income statement and balance sheet.

BALANCE SHEET - ASSETS FOR THE ALK GROUP (unaudited)

Amounts in DKKm	30 Sep. 2016	31 Dec. 2015	30 Sep. 2015
Non-current assets			
Intangible assets			
Goodwill	422	423	421
Other intangible assets	336	336	331
	758	759	752
Tangible assets			
Land and buildings	723	771	706
Plant and machinery	382	419	414
Other fixtures and equipment	54	59	57
Property, plant and equipment in progress	392	322	371
	1,551	1,571	1,548
Other non-current assets			
Securities and receivables	8	8	9
Deferred tax assets	364	378	323
	372	386	332
Total non-current assets	2,681	2,716	2,632
Current assets			
Inventories	631	520	466
Trade receivables	303	273	304
Receivables from affiliates	20	30	16
Income tax receivables	112	14	14
Other receivables	48	65	154
Prepayments	31	26	27
Marketable securities	549	432	330
Cash	150	176	71
Total current assets	1,844	1,536	1,382
Total assets	4,525	4,252	4,014

BALANCE SHEET - EQUITY AND LIABILITIES FOR THE ALK GROUP (unaudited)

Amounts in DKKm	30 Sep. 2016	31 Dec. 2015	30 Sep. 2015
Equity			
Share capital	101	101	101
Currency translation adjustment	(2)	14	58
Retained earnings	2,739	2,582	2,387
Total equity	2,838	2,697	2,546
Liabilities			
Non-current liabilities			
Mortgage debt	314	327	331
Bank loans and financial loans	1	1	299
Pensions and similar liabilities	211	202	198
Other provisions	5	6	4
Deferred tax liabilities	118	100	61
	649	636	893
Current liabilities			
Mortgage debt	17	17	17
Bank loans and financial loans	299	300	2
Trade payables	68	81	60
Income taxes	177	73	75
Other provisions	26	22	21
Other payables	451	426	400
	1,038	919	575
Total liabilities	1,687	1,555	1,468
Total equity and liabilities	4,525	4,252	4,014

EQUITY FOR THE ALK GROUP (unaudited)

Amounts in DKKm	Share capital	Currency translation adjustment	Retained earnings	Total equity
Equity at 1 January 2016	101	14	2,582	2,697
Net profit	-	-	234	234
Other comprehensive income	-	(16)	2	(14)
Total comprehensive income	-	(16)	236	220
Share-based payments	-	-	9	9
Share options settled	-	-	(76)	(76)
Purchase of treasury shares	-	-	-	-
Sale of treasury shares	-	-	37	37
Dividend paid	-	-	(51)	(51)
Dividends on treasury shares	-	-	2	2
Other transactions	-	-	(79)	(79)
Equity at 30 September 2016	101	(2)	2,739	2,838
Equity at 1 January 2015	101	16	2,237	2,354
Net profit	-	-	205	205
Other comprehensive income	-	43	(4)	39
Total comprehensive income	-	43	201	244
Share-based payments	-	-	12	12
Share options settled	-	-	(34)	(34)
Sale of treasury shares	-	-	19	19
Dividend paid	-	-	(51)	(51)
Dividends on treasury shares	-	-	2	2
Other transactions	-	-	(52)	(52)
Equity at 30 September 2015	101	59	2,386	2,546

NOTES (unaudited)

1 ACCOUNTING POLICIES

The interim report for the period 1 January to 30 September 2016 is presented in accordance with IAS 34 'Interim financial reporting' as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. The additional Danish disclosure requirements are defined in the Danish Executive Order on Interim Reports issued under the Danish Financial Statements Act. The accounting policies are unchanged compared to the Annual Report 2015, except for all new, amended or revised accounting standards and interpretations effective from 1 January 2016. These have no material impact on the interim report. Please see the Annual Report 2015 for a more detailed description of the Group's accounting policies.

2 REVENUE

Amounts in DKKm	Europe		North America		International markets		Total	
	9M 2016	9M 2015	9M 2016	9M 2015	9M 2016	9M 2015	9M 2016	9M 2015
SCIT/SLIT-drops	1,388	1,087	212	195	19	36	1,619	1,318
SLIT-tablets	322	175	57	43	12	133	391	351
Other products and services	112	114	126	97	3	2	241	213
Total revenue	1,822	1,376	395	335	34	171	2,251	1,882
Sale of goods							2,183	1,708
Royalties							7	5
Milestone and upfront payments							38	116
Services							23	53
Total revenue							2,251	1,882
Base business revenue (i.e., total revenue excluding the SLIT-tablet partnerships in North America and International markets)							2,183	1,706
Partner revenue							68	176
Total revenue							2,251	1,882

Growth, 9M 2016	Europe		North America		International markets		Total	
	Organic growth local currencies	Growth	Organic growth local currencies	Growth	Organic growth local currencies	Growth	Organic growth local currencies	Growth
SCIT/SLIT-drops	31%	28%	8%	9%	-44%	-47%	25%	23%
SLIT-tablets	85%	84%	35%	33%	-91%	-91%	12%	11%
Other products and services	3%	-2%	30%	30%	100%	50%	17%	13%
Total revenue	35%	32%	18%	18%	-80%	-80%	22%	20%

NOTES (unaudited)

2 REVENUE (CONTINUED)

Amounts in DKKm	Europe		North America		International markets		Total	
	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015
SCIT/SLIT-drops	392	338	69	66	3	7	464	411
SLIT-tablets	65	44	9	14	8	119	82	177
Other products and services	43	46	41	33	-	-	84	79
Total revenue	500	428	119	113	11	126	630	667
Sale of goods							614	536
Royalties							3	2
Milestone and upfront payments							4	112
Services							9	17
Total revenue							630	667
Base business revenue (i.e., total revenue excluding the SLIT-tablet partnerships in North America and International markets)							614	534
Partner revenue							16	133
Total revenue							630	667

Growth, Q3 2016	Europe		North America		International markets		Total	
	Organic growth local currencies	Growth	Organic growth local currencies	Growth	Organic growth local currencies	Growth	Organic growth local currencies	Growth
SCIT/SLIT-drops	19%	16%	3%	5%	-50%	-57%	15%	13%
SLIT-tablets	51%	48%	-34%	-36%	-94%	-93%	-53%	-54%
Other products and services	-2%	-7%	28%	24%	n/a	n/a	11%	6%
Total revenue	20%	17%	6%	5%	-91%	-91%	-4%	-6%

3 SPECIAL ITEMS

Q3 2015	Q3 2016	Amounts in DKKm	9M 2016	9M 2015
6	11	Severance pay etc.	33	20
1	-	Other restructuring expenses	5	6
7	11	Total	38	26

Severance and other restructuring expenses represent one-off costs associated with the initiatives to streamline the business structure under the *Simplify* programme.

4 KEY CURRENCIES AND CURRENCY SENSITIVITY

Average exchange rates	9M 2016	9M 2015
USD	6.68	6.65
GBP	8.65	10.20

Sensitivity in the event of a 10% increase in exchange rates (full year effect)

Amounts in DKKm	Revenue	EBITDA
USD	approx. + 50	approx. +5
GBP	approx. + 5	approx. 0

The sensitivities are estimated on the basis of current exchange rates.

5 ADJUSTMENTS FOR NON-CASH ITEMS

Amounts in DKKm	9M 2016	9M 2015
Tax on profit	191	30
Financial income and expenses	(1)	(48)
Share-based payment costs	9	12
Reversal of accounting gain on sale of non-current assets	(6)	-
Depreciation, amortisation and impairment	122	115
Other adjustments	12	(3)
Total	327	106

Definitions

Invested capital	<i>Intangible assets, tangible assets, inventories and current receivables reduced by liabilities except for mortgage debt, bank loans and financial loans</i>
Gross-margin – %	<i>Gross profit x 100 / Revenue</i>
EBITDA margin – %	<i>Operating profit before depreciation and amortisation x 100 / Revenue</i>
Net asset value per share	<i>Net asset value / Number of shares end of period</i>
Equity ratio	<i>Equity / Total assets</i>
Earnings per share (EPS)	<i>Net profit/(loss) for the period / Average number of outstanding shares</i>
Earnings per share (DEPS), diluted	<i>Net profit/(loss) for the period / Average number of outstanding shares diluted</i>
Cash flow per share (CFPS)	<i>Cash flow from operating activities / Average number of outstanding shares diluted</i>
Markets	<i>Geographical markets (based on customer location): o Europe comprises the EU, Norway and Switzerland o North America comprises the USA and Canada o International markets comprise Japan, China and all other countries</i>

Key figures are calculated in accordance with 'Recommendations and Ratios 2015' issued by the Danish Finance Society.