# ALK releases its 2019 annual report

February 05, 2020

ALK's ( *ALKB:DC / OMX: ALK B / AKABY / AKBLF*) Board of Directors has considered the company's 2019 annual report and approved it for publication with the following highlights:

ALK reached 11% growth in 2019 and closed the year ahead of schedule with its strategic transformation plan, targeting sustainable double-digit growth and earnings on a par with the specialty pharma sector. Important progress was seen in the company's optimisation efforts and the commercialisation of the tablet portfolio, which saw 45% sales growth. Q4 continued the positive momentum seen in previous quarters, so that revenue and earnings ended at the upper end of the most recent guidance range.

**Q4 2019 performance**

- Revenue grew 11% in local currencies to DKK 883 million (787), the best-ever Q4 revenue with growth in all regions. Tablet sales were up 48% and SCIT sales saw continued solid growth.
- Earnings (EBITDA) of DKK 48 million (10) reflected higher sales. EBITDA included a one-off income of DKK 15 million from the divestment of the US veterinary business.

*See pages 19 and 96 in the attached report for further details on Q4 performance.*

**2019 full-year performance**

- Revenue increased 11% in local currencies and 12% in reported currency to DKK 3,274 million (2,915). Sales of tablets grew by 45%.
- EBITDA improved to DKK 241 million (136) due to revenue growth, better margins and efficiencies.
- Free cash flow was an outflow of DKK 25 million (outflow of 294), which was better than expected, and was positively impacted by higher earnings, lower tax payments, the timing of investments and changes to working capital.

*See page 15-18 in the attached report for further details on full-year performance.*

**Continued broad-based growth expected in 2020**

ALK expects growth across its regions in 2020 with tablets as the key growth driver. Earnings and free cash flow will continue to be subdued by strategic investments in 2020, the final year of ALK's three-year transformation programme.

- Revenue is expected to grow 8-12% organically to DKK 3.50-3.65 billion, despite the accelerated phase-out of older products, which are projected to reduce growth by approximately 4 percentage points, and implying underlying growth on a like-for-like basis of 12-16%.
- Tablets are expected to become the single largest product category for the first time.
- EBITDA is expected at DKK 200-300 million due to investments in transformation and growth. R&D expenses are projected at around DKK 600 million, a substantial increase over 2019.
- Free cash flow is expected to be negative at ~DKK 300 million, reflecting the higher R&D costs, increased CAPEX and re-phasing of 2019 investments and changes in working capital.

*See page 11-12 in the attached report for a detailed review of the 2020 outlook.*

***Audio cast***
Today, ALK is hosting a conference call at 12.00 p.m. (CET) where Management will review the results and the outlook. The conference call will be audio cast on https://ir.alk.net/investors. Participants in the call are kindly requested to call in before 11.55 a.m. (CET). Danish participants should call in on tel. +45 3544 5577 and international participants should call in on tel. +44 333 300 0804 or +1 631 913 1422. Please use the following participant pin code: 66887893#. The call will be webcast live on our ALK's website, where the accompanying presentation will be made available shortly before the call begins.

**ALK-Abelló A/S**

**For further information please contact:**
*Investor Relations*: Per Plotnikof, tel. +45 4574 7527, mobile +45 2261 2525
*Media:* Jeppe Ilkjær, mobile +45 3050 2014

This information is information that ALK-Abelló A/S is obliged to make public pursuant to the EU Market Abuse Regulation.

***About ALK***
*ALK is a global specialty pharmaceutical company focused on allergy and allergic asthma. It markets allergy immunotherapy treatments and other products and services for people with allergy and allergy doctors. Headquartered in Hørsholm, Denmark, ALK employs around 2,400 people worldwide and is listed on Nasdaq Copenhagen. Find more information at www.alk.net.*

**Attachment**

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