



Six-month interim report (Q2) 2020

August 12, 2020

ALK upgrades earnings outlook (unaudited)

ALK's overall sales in the Q2 low-season were in line with expectations given the COVID-19 pandemic, with tablet sales up 25%. Sublingual, home-based treatments in Europe and International markets were resilient to the impact of the pandemic, whereas sales of SCIT products, and sales in the USA, were most affected. In Q2, ALK saw earnings increase by 213% on the back of savings and delayed R&D expenditure.

Q2 2020 highlights

- Total revenue at DKK 772 million (785), showed zero growth in local currencies. Planned product discontinuations reduced growth by approximately 3 p.p. Currencies reduced reported growth by 1 p.p.
- Tablets saw growth of 25% to DKK 324 million (263), while combined SCIT and SLIT-drops sales were down 14% on the effects of COVID-19 and portfolio rationalisation.
- Operating profit (EBITDA) exceeded expectations and grew by 213% to DKK 75 million (24), reflecting savings and delayed R&D expenditure due to COVID-19.
- Free cash flow was positive, at DKK 6 million (negative at 132) and was ahead of plan, driven by higher earnings, and the re-phasing of investments and tax payments.
- Revenue for the first six months was up 5%, EBITDA was up 74% at DKK 273 million (157) and free cash flow was positive at DKK 27 million (negative at 149).

Update on the effects of COVID-19

- As expected, sales fluctuated during the Q2 low-season, particularly in the USA, as visits to allergy clinics became more difficult.
- Sales of tablets and drops, which can be self-administered at home, were resilient, although new patient initiations were constrained.
- Sales of SCIT products were most impacted, since they are typically administered in a clinic.
- Manufacturing and supply remained highly resilient and product inventories are still robust.
- ALK faces an elevated risk to its ongoing clinical programme. Patient recruitment for trials is still impacted which will likely lead to some delays.
- In late-Q2, there were early positive sales signals in multiple markets, supported by key indicators from ALK's digital patient engagement programme, and ALK continues to base its plans on an expected market recovery during H2 although the US market remains unpredictable.

2020 financial outlook

In light of the results for the first half of 2020 and the ongoing effects of COVID-19, ALK is updating its financial outlook for 2020 and upgrading EBITDA and cash flow forecasts. ALK's working assumption is that, during H2, the majority of markets will recover so that allergy patients are once again able and willing to visit healthcare professionals. ALK also expects that market conditions in the USA are likely to remain challenging over the short term. As a result:

- Revenue growth is currently tracking towards the lower end of the guided range of 8-12% due to the US market conditions. However, a stronger than expected recovery in the USA, or elsewhere, cannot be ruled out at this stage. Planned product discontinuation is still reducing growth by 4 p.p.
- Operating profit (EBITDA) is now expected to be DKK 300-350 million (previously 200-300).
- Free cash flow is now expected to be negative at approximately DKK 200 million (previously negative ~300).

Hørsholm, 12 August 2020

ALK-Abelló A/S

Comparative figures for 2019 are shown in brackets. Revenue growth rates are organic and are stated in local currencies, unless otherwise indicated

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Today, ALK is hosting a conference call for analysts and investors at 1.30 p.m. (CEST) at which Management will review the financial results and the outlook. The conference call will be audio cast on <https://ir.alk.net>. Participants for the audio cast are kindly requested to call in before 1.25 p.m.

(CEST). 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 Participant Pin Code: 73006317#. The conference call will also be webcast live on our website, where the related presentation will be made available shortly before the call begins.

Attachment

- [FM 09 20UK 12082020](#)