



ALK releases 2020 annual report

February 10, 2021

- **ALK ends 2020 with Q4 organic growth of 16% leading to full-year revenue growth of 8%**
- **Results in line with latest guidance**
- **Growth outlook for 2021 of 8-12% in local currencies**
- **ALK's overall strategy focus remains unchanged**

(Revenue growth rates are organic and stated in local currencies. Comparative figures for 2019 are shown in brackets.)

ALK's (*ALKB:DC / OMX: ALK B / AKABY / AKBLF*) Board of Directors has approved the company's 2020 annual report: ALK ended 2020 strongly, with organic growth of 16% in Q4, despite the ongoing impact of COVID. Full-year revenue and EBITDA was in line with the most recent guidance.

Q4 2020 highlights

- Revenue in the peak season for AIT treatment initiations grew 16% to DKK 991 million (883), as ALK recorded its best-ever Q4 on the back of a 55% increase in tablet sales.
- Europe and International markets recorded 17% and 46% growth, respectively, while sales in North America were down 2% on the impact of COVID.
- EBITDA increased to DKK 64 million (48) in line with the most recent outlook.

Full-year 2020 highlights

- Full-year revenue increased organically by 8% to an all-time high of DKK 3,491 million (3,274). Product discontinuations reduced growth by around 3 percentage points.
- Global tablet sales grew by 42% and proved resilient to the impact of COVID. Revenue from Japan increased 80%, boosted by the conversion of patients to tablets from an outgoing legacy product and planned stock-building during the year.
- COVID impacted sales of products that are administered in clinics and hospitals, particularly in the USA, where it is estimated to have reduced sales by more than DKK 100 million, predominantly on legacy products and non-allergy related life science products. It also had an impact on the timelines for ALK's clinical development activities due to challenges in recruiting clinical trial participants.
- EBITDA was up 64% to DKK 395 million (241), reflecting higher sales, cost savings, and delayed expenditure due to COVID. This included clinical development costs of around DKK 100 million relating to activities originally scheduled for 2020.
- Free cash flow was positive at DKK 56 million (minus 25) and was better than expected.

ALK's President and CEO, Carsten Hellmann said: *"These results are a testament to our efforts to transform ALK into a stronger and more robust company. ALK delivered 8% growth and proved resilient to an unprecedented global challenge – COVID – without which, growth would have been stronger. Throughout the 2018-20 transformation period, we have consistently outperformed relative to our promises, and we now enter the next phase of ALK's development, having cleaned up past issues and created solid growth foundations."*

2021 outlook

ALK expects sales growth across all regions in 2021. Earnings and free cash flow will be impacted by costs and payments originally planned for 2020, including the previously mentioned deferred R&D costs.

- Revenue is expected to grow 8-12% organically in local currencies with tablets the main driver of growth.
- ALK assumes COVID will continue to somewhat impact allergy patients' ability and willingness to visit doctors in the first half of the year, especially in Q1.

- EBITDA is expected at DKK 325-425 million, benefiting from higher sales and increasing gross margins, offset by a significant increase in R&D expenses to around DKK 650 million, which also includes investments for an entry into the food allergy treatment market, as well as a gradual normalisation of sales and marketing activities as the impact of COVID eases.

Strategy update

Building on the better than expected performance of the 2018-20 transformation plan, ALK's strategy for the next three years targets organic growth of 10% or more annually and a strong improvement in earnings. Looking further beyond, ALK will continue this trajectory towards an EBIT-margin of ~25% in 2025, known internally as '25 in 25'.

The overall strategy focus remains unchanged and focused on four key areas: Succeed in North America, complete and commercialise the tablet portfolio, consumer engagement & new horizons, and optimise for excellence. These areas now include strategic initiatives to extend ALK's leadership in respiratory allergy, establishing a presence in food allergy (peanut and tree nuts), expanding its position in anaphylaxis and pursuing new innovations through research.

Carsten Hellmann said: *"With the next phase of ALK's development, we will deliver further sustainable growth, while increasing the EBIT-margin until we reach our goal of ~25% in 2025, thus generating attractive shareholder returns. Tablets will remain the primary growth driver for the foreseeable future, but we are also introducing initiatives with the potential to accelerate growth within five-to-10 years and make ALK a much larger company and become a true global allergy leader."*

Planned R&D spend includes all of the above innovation programmes. Even so, R&D spend relative to revenue is still expected to decrease over the medium term as ALK completes its large-scale clinical trials for the respiratory tablet portfolio.

ALK-Abelló A/S

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Audio cast

Today, ALK is hosting a conference call for analysts and investors at 2.00pm (CET) 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 1.55pm (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 Participant Pin Code: 67633761#. The conference call will also be webcast live on ALK's website, where the related presentation will be made available shortly before the call begins.

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

Attachments

- [alk-2020-12-31](#)
- [FM_01_21UK_100221_combined](#)