

# 2019 results & 2020 outlook

Webcast

6 February 2020



# Today's agenda

- Performance
  - 2019 highlights
  - Q4 highlights
  - Sales trends
  - Financial results
- Strategy update
  - Succeed in North America
  - Complete and commercialise tablet portfolio
  - Patient engagement and adjacent business
  - Optimise and reallocate
- Outlook
  - Revenue outlook
  - 2020 financial outlook
- Q&A session



**President & CEO**  
Carsten Hellmann



**EVP, Group CFO**  
Søren Jelert

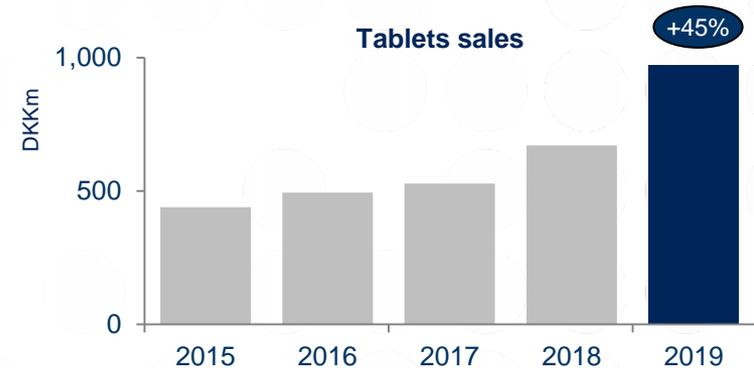
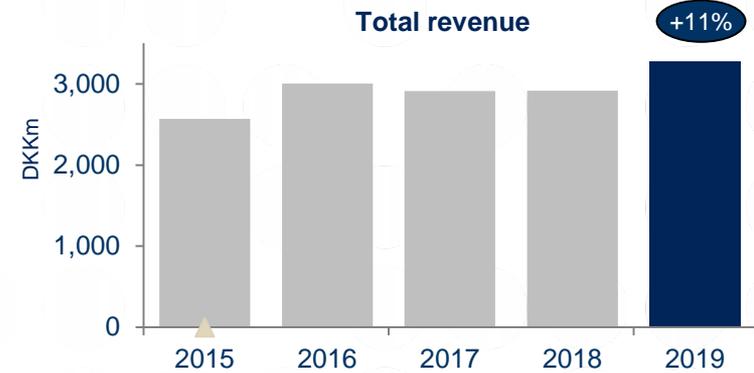


**VP, Head of IR**  
Per Plotnikof

*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.*

# 2019: a year of high growth and strong progress

- 11% growth in 2019, despite accelerated phase-out of old products
- 8-12% organic growth expected in 2020: Tablets to become largest product category
- Unchanged cost-to-revenue ratio in 2020, despite substantial increase in R&D spend
- State-of-the-art digital platforms to be rolled-out in additional markets
- Improved manufacturing quality enables stronger focus on efficiencies and standardisation gains

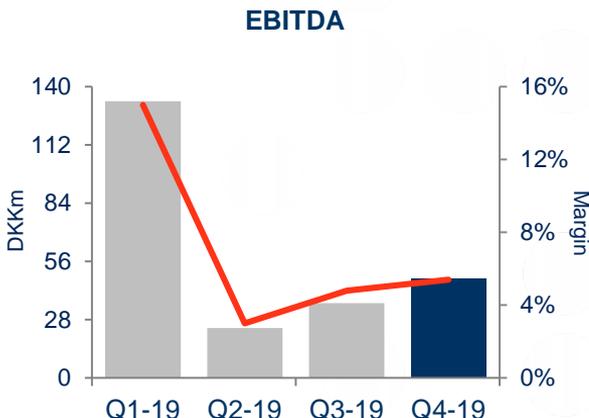


# Strong Q4 concludes 2019 at upper end of guidance

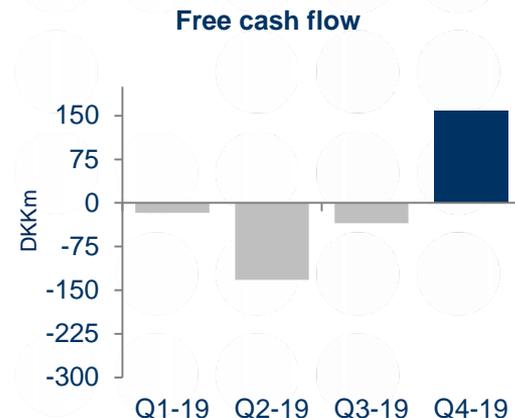
- Best-ever Q4 revenue: +11%
- Broad-based growth across regions, driven by tablets



- EBITDA at DKK 48m (10)
- DKK 15m income from divestment



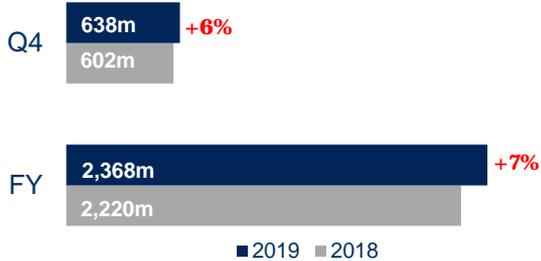
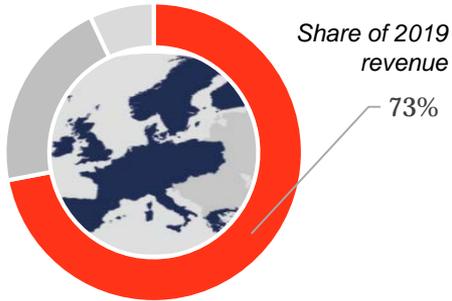
- Free cash flow better than planned due to earnings, tax payments, deferred CAPEX and working capital changes



Growth rates are in local currencies

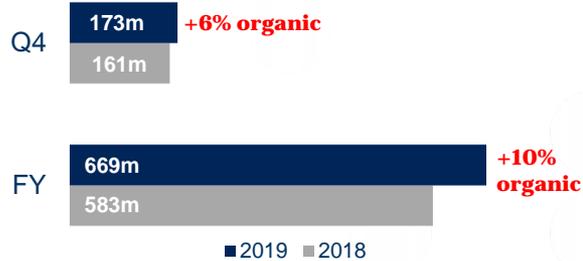
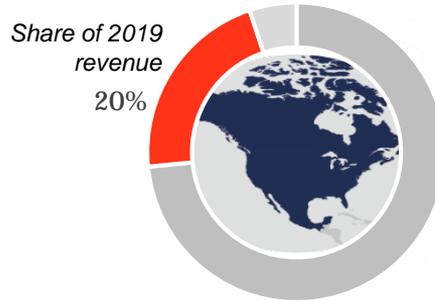
# Sales growth across regions throughout 2019

## Europe



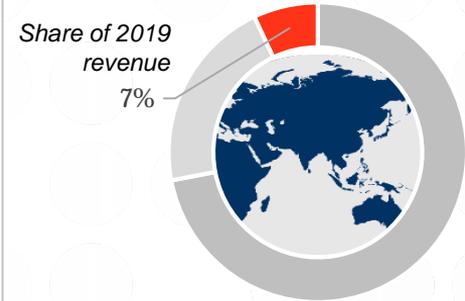
Growth rates are in local currencies

## North America



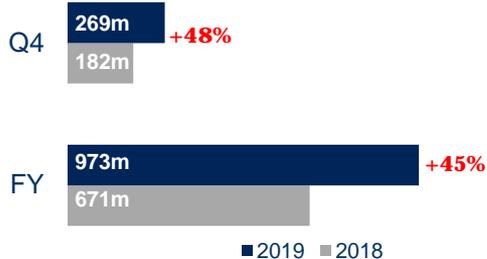
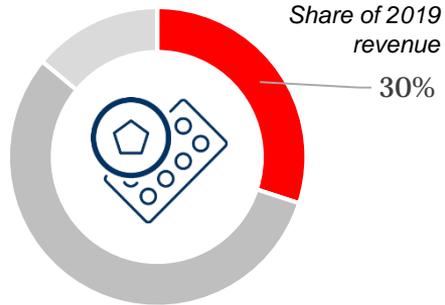
DKK

## International markets

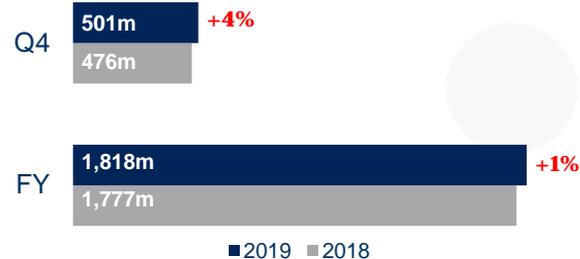
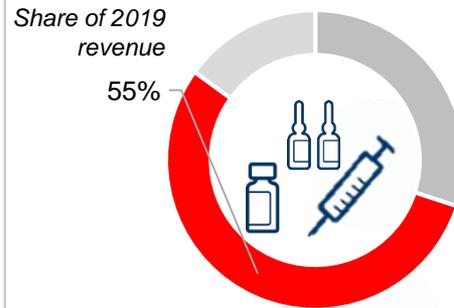


# Tablet sales continued to build momentum

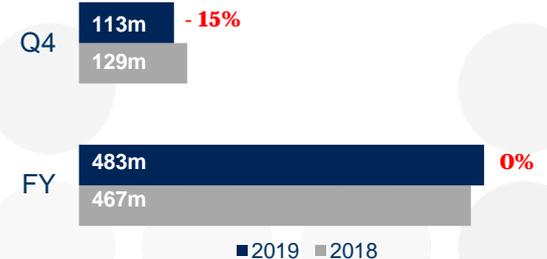
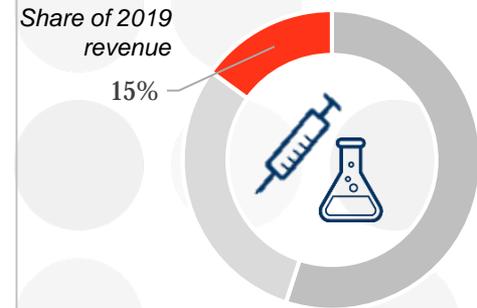
## Tablets



## SCIT/SLIT



## Other products



Growth rates are in local currencies

DKK

# Financial robustness improved further in 2019

DKK million	2018	2019
Revenue	2,915	3,274
<b>Gross profit</b>	<b>1,633</b>	<b>1,892</b>
<i>Gross margin</i>	<i>56%</i>	<i>58%</i>
Capacity costs	1,756	1,922
<b>EBITDA</b>	<b>136</b>	<b>241</b>
<b>EBIT</b>	<b>(96)</b>	<b>(14)</b>
Net financials	(7)	(17)
Tax	67	19
<b>Net profit</b>	<b>(170)</b>	<b>(50)</b>
Free cash flow	(294)	(25)



# Transformation and growth strategy 2018-20

**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

## 2019 progress

-  10% organic growth
-  38% growth for tablets; continued investments to increase acceptance
-  Number of regular tablet prescribers doubled as planned; focus on urban areas
-  Development of “shared decision model” for AIT patients with ACAAI

## 2020 priorities

-  10% overall sales growth
-  Increase prescription depth among targeted prescribers
-  Launch ITULAZAX® in Canada
-  Launch digital engagement platform

# Complete and commercialise tablet portfolio

## 2019 progress



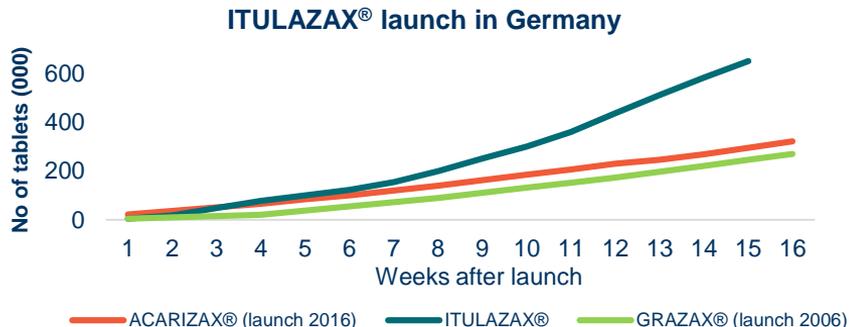
Best-ever tablet launch of ITULAZAX®;  
Overall tablet sales up 45%



>200,000 initiations on ACARIZAX® to date



Clinical activities progressed as planned



## 2020 priorities



> 30% tablet sales growth



Successful launches of ITULAZAX® in EU



Secure regulatory approval in Canada

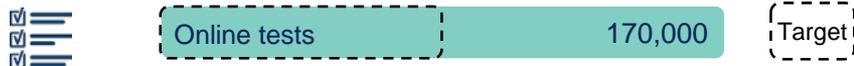


Execute ongoing clinical trials



# Patient engagement and adjacent business

## 2019 progress



Partnership with Windgap on next-generation adrenaline auto-injector pen

## 2020 priorities



Launch digital engagement tools in up to 10 new markets, including the USA



Establish two-way customer relationships



Mobilise 100,000 to take action on allergy



Leverage patient engagement data to support AIT commercialisation



Search for suitable adjacencies

# Optimise and reallocate

## 2019 progress



Upgrades and specialisation of facilities



10 regulatory inspections



2 divestments to reduce complexity



>300 product variants discontinued



Upgrade of core legacy products



New Alutard SQ<sup>®</sup> with shorter uposing launched in Germany

## 2020 priorities



Accelerate portfolio rationalisation



Maintain quality, robustness and scalability in manufacturing



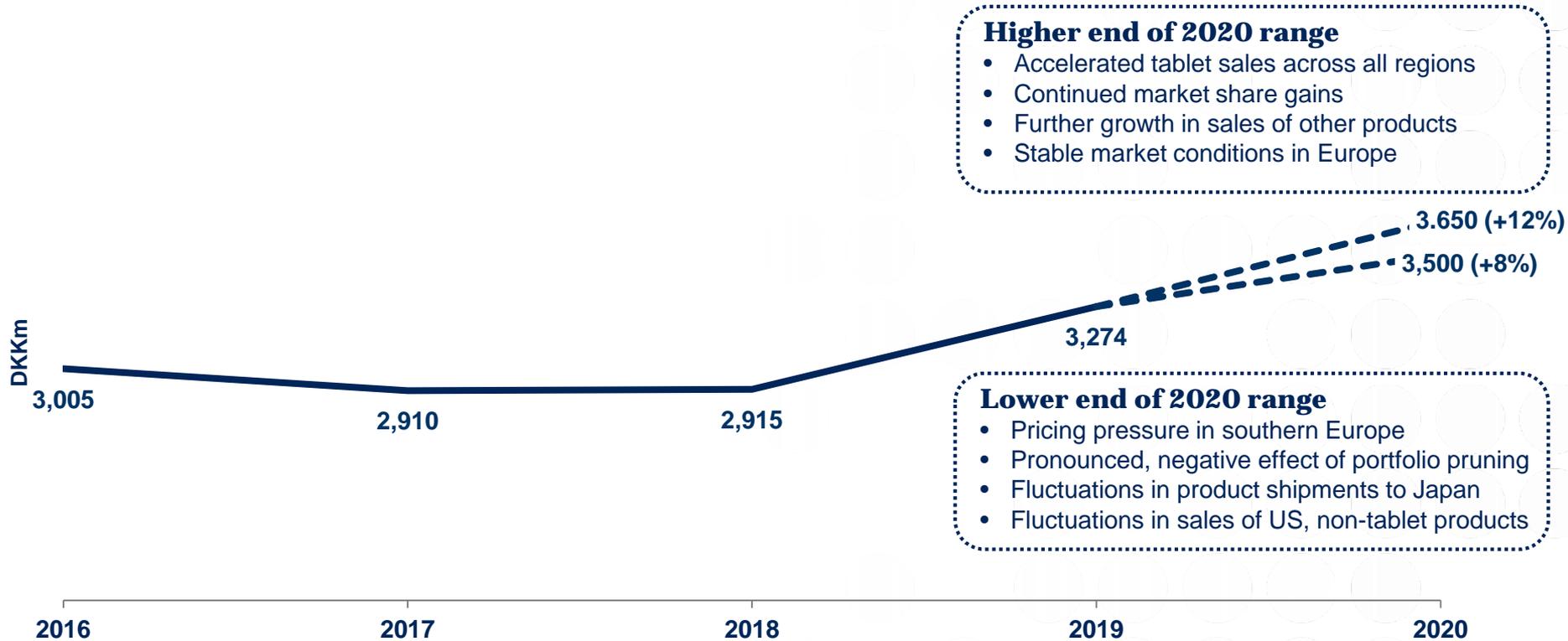
Leverage production efficiency to improve margins long-term

**3 → 1**  
Consolidation  
of SCIT  
production in  
Denmark

**1,183**  
Submissions  
of regulatory  
changes for  
61 products

**~2/3**  
Reduction of  
APIs from  
single, cross-  
reacting  
species

# 2020 revenue outlook: 8-12% organic growth



### Higher end of 2020 range

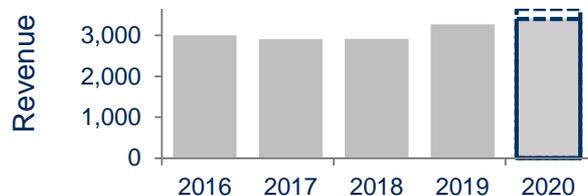
- Accelerated tablet sales across all regions
- Continued market share gains
- Further growth in sales of other products
- Stable market conditions in Europe

### Lower end of 2020 range

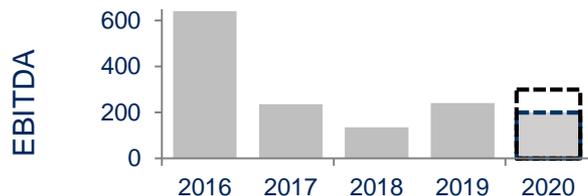
- Pricing pressure in southern Europe
- Pronounced, negative effect of portfolio pruning
- Fluctuations in product shipments to Japan
- Fluctuations in sales of US, non-tablet products

# 2020 financial outlook

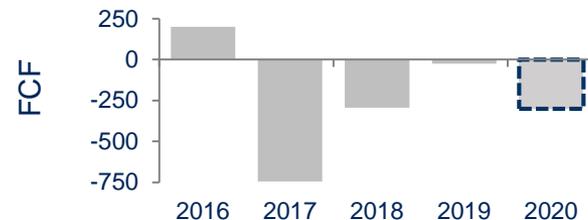
*Assumptions: Current exchange rates. No revenue from M&A/partnerships. No sizeable payments for M&A/in-licensing*



- 8-12% organic growth
- +30% growth in tablet sales, growth in continuing SCIT portfolio
- Other products above 2019-levels
- -4% p.p. impact from portfolio pruning



- Gross margin on par with 2019
- R&D costs increased to ~DKK 600 million
- Unchanged capacity-costs-to-revenue ratio: Leverage sales and marketing platform, unchanged administrative expenses



- Subdued earnings due to R&D
- DKK 250-300 million CAPEX incl. re-phasing from 2019
- Changes in working capital
- Zero contribution expected from divestments: DKK 53m in 2019

# Q&A session



# Thank you for your attention

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