

Company presentation

SEB Nordic Seminar
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Allergy: a global disease with a large unmet need

- Since 1923, ALK has pioneered allergy prevention, diagnosis and treatment
- Currently, ALK treats 1.5 million people

>500
million

people affected by
allergic rhinitis
worldwide

10%

not well-
controlled

DKK billion

120+

in global sales of
allergy treatments

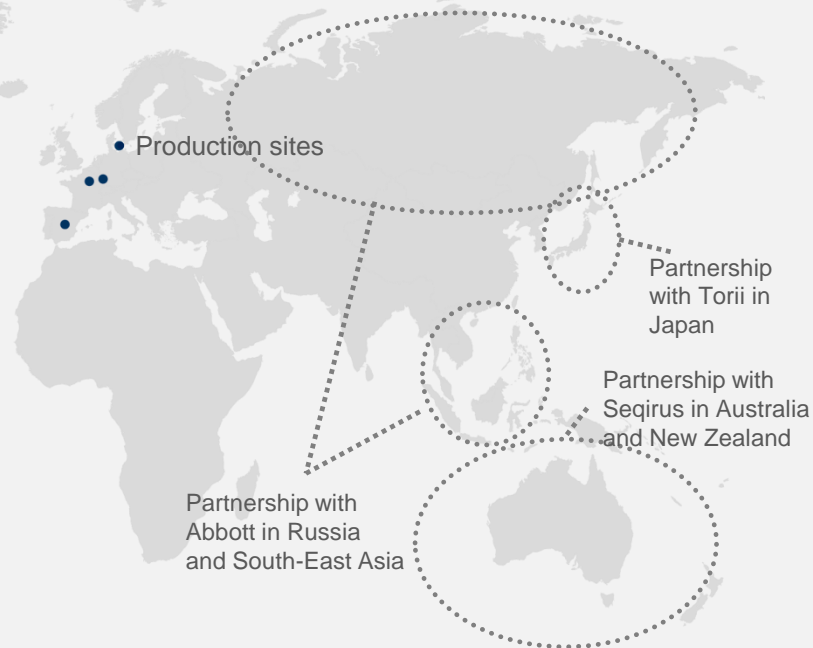
10X

under-utilisation
of AIT in not well-
controlled patients

ALK, leader in allergy immunotherapy (AIT)

The only disease-modifying allergy treatment

- 2017 expected revenue: DKK 2.9 billion
- ALK: ~40% market share in AIT
- Patient solutions in all areas of AIT (injections, drops, tablets, Dx and anaphylaxis)
- Only company with a broadly and FDA approved, clinically tested portfolio of tablet AIT products
- Present in 32 countries via own affiliates or partners
- ~2,300 employees
- Headquartered in Denmark and seven production sites in Europe and the USA
- Exclusivity via biological manufacturing processes and knowhow (no patent cliff)



Significant changes implemented to fix and grow

Responding to termination of partnership in North America, product supply and market disruptions

2017 priorities

- Build-up in North America
- Globalise ACARIZAX®
- Retain leadership in Europe
- Invest in product supply robustness (legacy) and capacity (tablets)

Two major challenges

- Unlocking the US market
- Future-proofing product supply on legacy business

Transformational growth strategy

- Launched in Dec 2017
- Completed capital raise to finance new strategy

Aspiration

- Sustained high revenue growth $\geq 10\%$
- Earnings as spec. pharma

Strict focus on AIT leadership, broader patient engagement and execution

Four strategic priorities
to accelerate growth



Biggest investment programme ever in ALK

Strong underlying growth offset by one-offs which slow-down 2018-growth

Growth projections

- 2018 revenue slightly below 2017 in local currencies: Strong tablet growth offset by product pruning, forced price cuts and impact of own supply constraints
- From 2019: Organic growth of 10% or more annually
- Assumes minimum viable uptake of tablets in North America

Earnings and cash flow

- ~DKK 1 billion over next three years to succeed in North America
- Subdued earnings (EBITDA) over next three years*
- Total negative cash flow down to ~DKK 1 billion in period, greatest effect in the next two years to primarily build the USA and complete trials

* Assumes ~DKK 1 billion to succeed in North America, annual R&D costs of DKK 400-600 million, continuous upgrades for legacy business, elimination of selected legacy products and maintaining high production capacity for tablets to facilitate growth

Upsides

- Faster US uptake of tablets
- Price rises for legacy products
- Consolidation of industry in EU
- New products and adjacencies
- In-licensing, partnerships, acquisitions etc.

Downsides

- Slow US uptake of tablets
- Supply disruptions
- Price & reimbursement pressure, mainly in the EU

Forward-looking statements

This presentation contains forward-looking statements, including forecasts of future revenue, operating profit and cash flow 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 announcement. 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. Additional factors include the risks associated with the sourcing and manufacturing of ALK's products as well as 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.

Appendix

Januar 2018

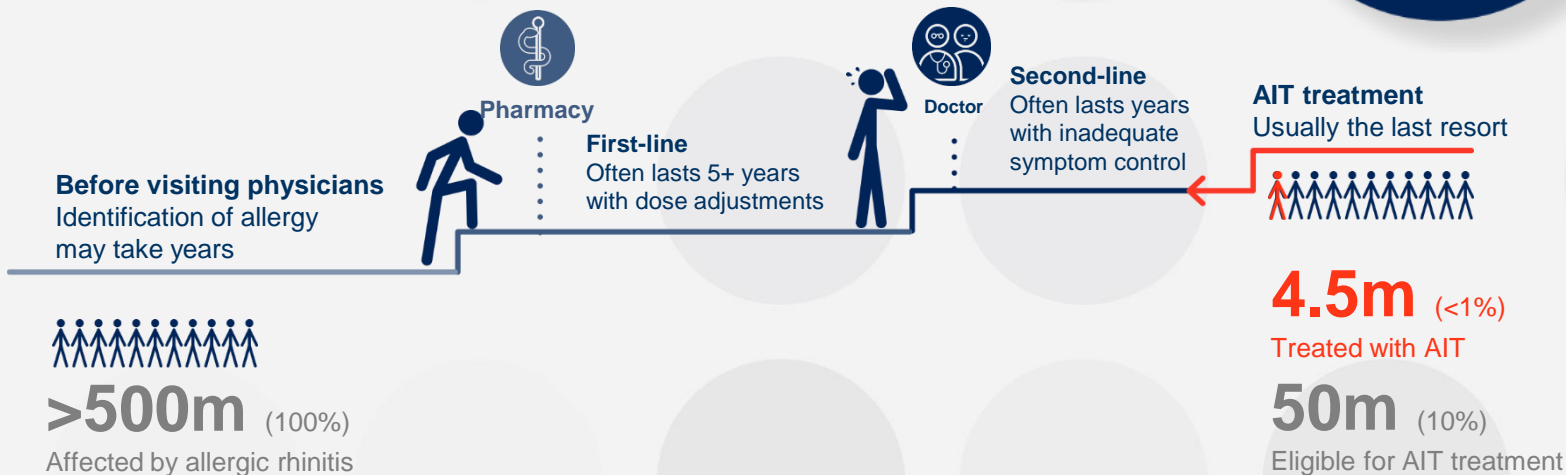


The allergy patient's journey

Patients often endure a decade or more before turning to AIT



Today ALK engages with less than **1%** of people affected by allergic rhinitis



Financial status

DKK million	2014	2015	2016	2017G
Base business	2,219	2,384	2,918	
SLIT-tablet partnerships	214	185	87	
Revenue	2,433	2,569	3,005	~2.9
Gross margin	70%	67%	67%	
R&D expenses	394	407	385	
(% of revenue)	16%	16%	13%	
Sales/Marketing & Administrative expenses	994	1,033	1,091	
EBITDA	404	451	642	225-250
Special items	(49)	(1)	(63)	
CAPEX	202	199	204	↑
Free cash flow	101	18	201	~(700)
Cash	289	608	840	~75



2017 revenue drivers

- New launches
- ALOK acquisition



2017 revenue restraints

- European market normalisation
- Portfolio rationalisation and product supply challenges

Succeed in North America

Strategic priority No 1

Key objectives:

- Establish tablets as practice builders
- Leverage new organisation and platform to become 'partner of choice' for the allergist with complementary products

Key initiatives:

- Launch ACARIZAX®/ODACTRA™
- Clinical trials to expand the ODACTRA™ label
- Improved patient support programmes and extensive partnerships with allergy specialists
- Digital engagement with wider portfolio of treatment options
- A continued commitment to SCIT

~DKK 1 bn

to succeed in North America



New go-to-market model

Start with high-frequency interactions with 2,000 allergy specialists, before widening outreach to a further 4,000 prescribers

New potential focus areas

Anaphylaxis management and products and services that complement core offering of AIT.

Complete the tablet portfolio for all relevant ages

Strategic priority No 2

Key objectives

- Finalise portfolio for all relevant ages and meet post-approval commitments

Key initiatives:

- New clinical trials plus FDA post-approval commitments
- **ACARIZAX®**: Continue global roll-out
- **GRAZAX®**: Further build acceptance and leverage data from GAP trial
- **RAGWITEK®**: New launches in selected markets, paediatric approvals in North America
- **Tree tablet**: Launches in Europe, Canada and possibly beyond
- **Japanese cedar tablet**: Partner launch in Japan

New trials include

HDM EU+USA: Children – AA
HDM EU+USA: Children – AR
HDM clinical development in China
Ragweed USA: Children – safety
Tree EU: Children

Future annual R&D
spend of

**DKK 400-600
million**



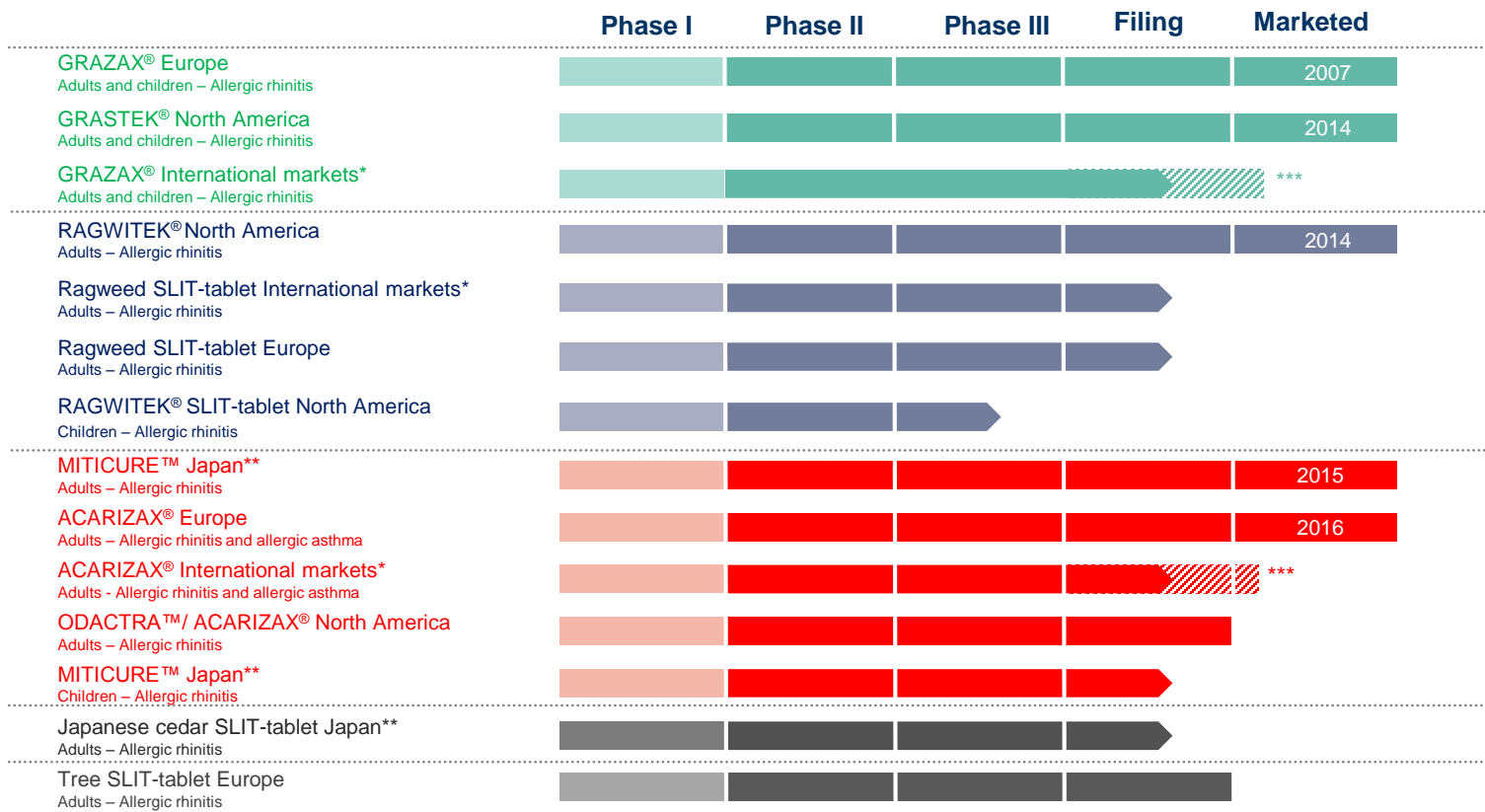
Multi-year registration trials for ACARIZAX[®]/ODACTRA[™]

Two large, multinational placebo-controlled trials with ACARIZAX[®]/ODACTRA[™] in children and adolescents

- Involving 1,600+ children and adolescents (5-17 years)
- To be conducted in Europe and North America
- Allergic asthma trial: Demonstrate the effect of the treatment on clinically relevant, HDM-induced asthma exacerbations
- Allergic rhinitis trial: Demonstrate the effect of the treatment on daily HDM-induced rhinitis symptoms and daily use of other medications



Pipeline is key for ALK's global expansion



Patient engagement and adjacencies

Strategic priority No 3

Key objectives:

- Expand ALK's overall allergy presence
- Become the preferred allergy partner for prescribers & patients

Key initiatives:

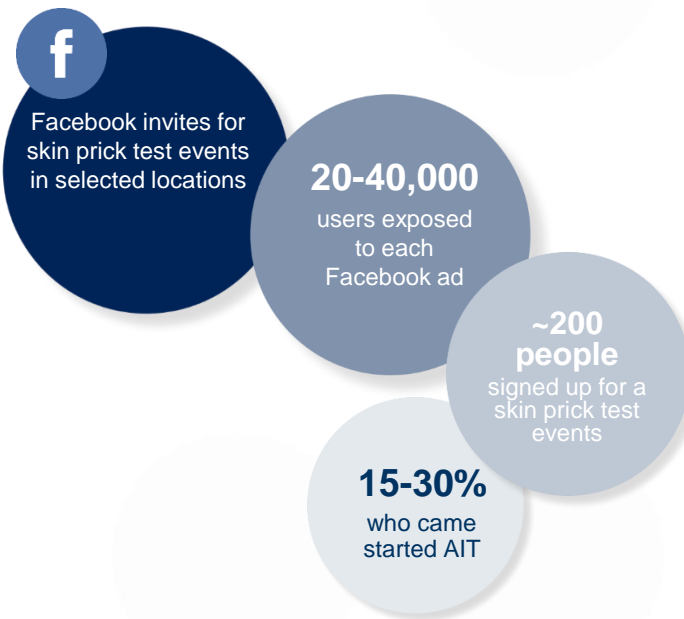
- New Consumer Care division to drive digital patient engagement
- Launch range of solutions within early allergy intervention, symptom alleviation and relief
- Launch new adherence tools
- Explore widen product offering with respiratory medicines
- Expand anaphylactic franchise



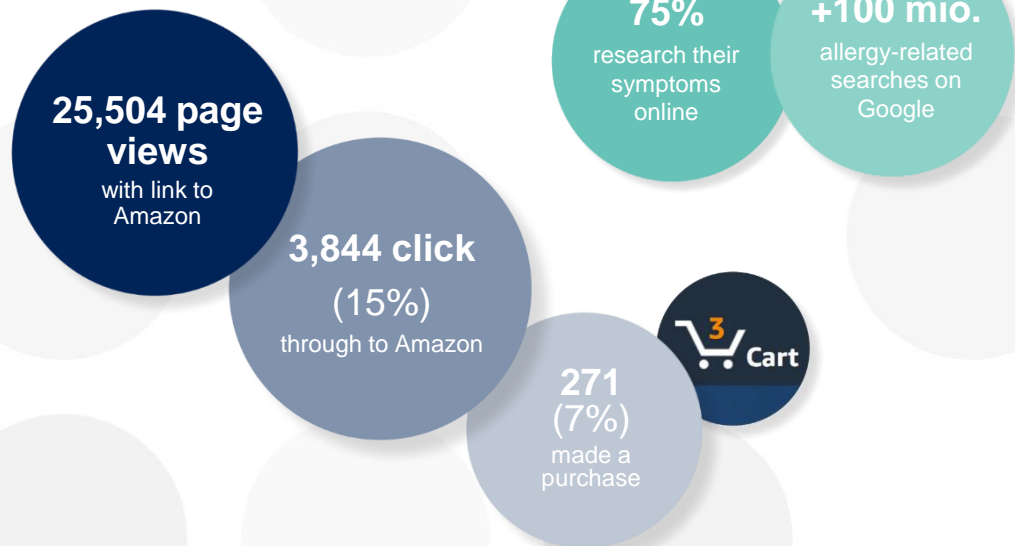
Capitalising on digital patient engagement

Two real-life examples of ALK's current digital engagement capabilities

Swedish pilot via social media:



German pilot (19 days) via ALK's allergiecheck.de:



Optimise and reallocate resources

Strategic priority No 4

Key objectives:

- Free up financial resources for new business
- Improve margins and robustness
- Improve efficiency and structural effectiveness

Key initiatives:

- Accelerating portfolio rationalisation
- Simplify manufacturing processes and systems, harmonise systems to further lower production costs and improve robustness
- Organisational changes to capture efficiencies and savings
- Maintain high production capacity for tablets to facilitate long-term sales (insurance premium for success)
- De-prioritisation of non-strategic efforts

Accelerated
**product
rationali-
sation**

**Continued
commitment**
to SCIT and SLIT



Thank you for your attention

Read more: www.alk.net

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