

# Q2 2019 results and full-year outlook

Webcast

13 August 2019



# Today's agenda

- Q2 performance
  - Q2 highlights
  - Q2 regional sales trends
  - H1 financial results
- Strategy update
  - Succeed in North America
  - Complete and commercialise tablet portfolio for all relevant ages
  - Patient engagement and adjacent business
  - Optimise and reallocate
- Outlook for 2019
- Q&A session



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*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.*

# Q2: Strong commercial and strategic momentum

- **Best-ever Q2 revenue**
  - Underlying growth of 11%
  - 42% growth in tablet sales
  - ITULAZAX<sup>®</sup> approved in Europe
  - Further recovery of SCIT sales
  - Consolidation of Jext<sup>®</sup> sales and new AAI strategy for USA
- **Full-year outlook updated**

## Group revenue



Growth rates are in local currencies

## Global tablet sales



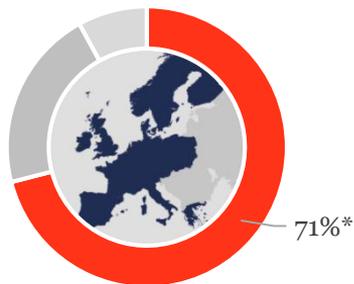
## Avg. growth in tablet sales



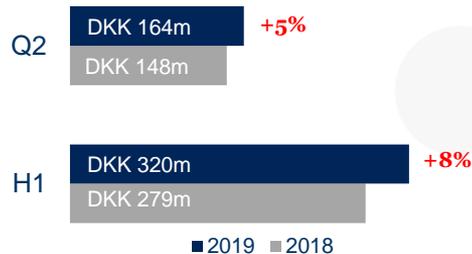
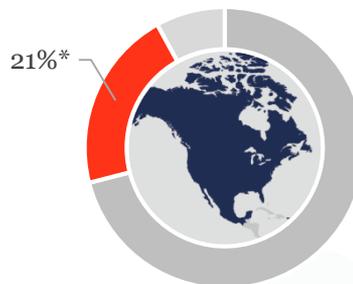
# Growth in all sales regions in Q2

## Revenue and growth

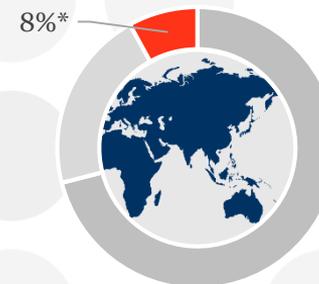
### Europe



### North America



### Int'l markets



\*) Share of revenue Q2

# Europe: Double-digit tablet growth in most markets

- Strong uptake of ACARIZAX<sup>®</sup> and GRAZAX<sup>®</sup>
- Continued rebound for SCIT sales
- SLIT-drops sales normalising in France
- Sales of Jext<sup>®</sup> auto-injectors consolidated

Revenue in Europe

DKKkm



Growth rates are in local currencies

SLIT-tablets  
**+36%**



SCIT/SLIT-drops  
**-6%**

0%  
adjusted



Other  
**-2%**



# H1 results better than expected

DKK million	H1 2018	H1 2019
Revenue	1,467	1,652
<b>Gross profit</b>	<b>826</b>	<b>931</b>
<i>Gross margin</i>	56%	56%
Capacity costs	816	917
<b>EBITDA</b>	<b>102</b>	<b>157</b>
<b>EBIT</b>	<b>10</b>	<b>14</b>
Net financials	(3)	(20)
Tax	0	1
<b>Net profit</b>	<b>7</b>	<b>(7)</b>
Free cash flow	(201)	(149)

58% excl.  
impairment

Business and  
transformation  
investments

Higher sales  
and  
efficiencies

Improved  
cash flow from  
operations



# Execution of strategy on track

*Three-year transformation 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

*Strategic priority No 1*

## Q2 highlights



ALK continues to target  $\geq 10\%$  growth across main product categories



Tablet sales up 19%



SCIT sales up 13%; unexpected decline in sales of non-allergy products



Penicillin Dx expansion awaiting FDA discussions

## SLIT-tablets

Progress on key metrics critical to long-term success in the USA

Improved uptake and Rx depth & breadth

Acceptance growing and on-track to double number of 'early adopters' in 2019

Enhancing sales force effectiveness by upgrading skills and replicating successes

# Complete and commercialise tablet portfolio for all relevant ages

*Strategic priority No 2*

## Imminent launch of tree tablet



European approval in 17 countries



Regulatory file submitted in Canada



First launches in 2H 2019 under brand name ITULAZAX®



Completion of tablet range to cover the five most important respiratory allergies



## Strong commercial and clinical progress

Sales of ACARIZAX®/ODACTRA™ doubled

Double-digit growth in sales of pollen allergy tablets, incl. CEDARCURE™

ACARIZAX® / ODACTRA™ paediatric trials in EU and North America

Pivotal trial with ACARIZAX® in China

# Patient engagement and adjacent business

*Strategic priority No 3*

## Engaging digitally with consumers at scale in German and UK launch markets

**klarify.me**  
by Myig, as a subsidiary

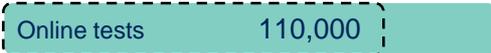


**klara**



FY target

YTD status by end Q2



## Adjacent products and services

Partnership to launch next-generation epinephrine auto-injector pen in the USA

Ongoing business development of adjacent products and services



# Optimise and reallocate

*Strategic priority No 4*

## Wide-ranging efficiency programme



Production site strategy; focus on supply chain quality, robustness and scalability



Accelerated portfolio rationalisation (~300 product variants phased out vs. 2016)



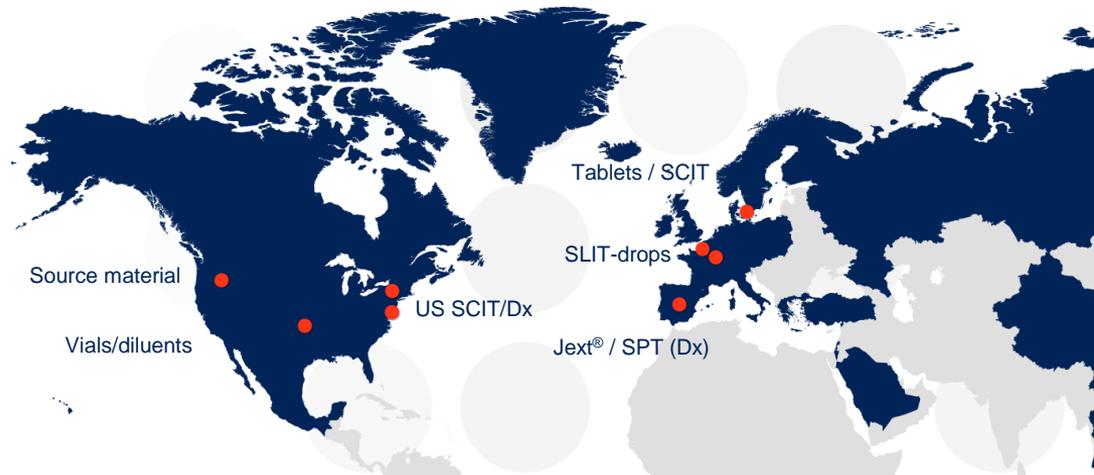
ANSM injunction lifted in France



Divestment of production line dedicated to formulation of tablets

## Manufacturing footprint

Centres of excellence



● Production sites

# 2019 outlook updated

DKK	7 Feb. outlook	9 May outlook	13 Aug Outlook	Comments	2018 actuals
<b>Revenue</b>	3,100- 3,300m	Tracking towards higher end of range	DKK 3,200- 3,300m	Broad-based growth across regions, particularly within tablets. Negative impact from portfolio pruning and SLIT-drops. Minor positive currency impact.	2,915m
<b>EBITDA</b>	100- 200m	Tracking towards higher end of range	DKK 150- 250m	Incrementally higher gross margins, significantly higher R&D costs, increasing S&M costs. Immaterial currency impact.	136m
<b>Free cash flow</b>	~(400)m	(400)m or better	Approx. DKK (300)m	Subdued earnings and business investments incl. DKK 200m CAPEX to streamline production.	(294)m

Assumptions: Current exchange rates. No revenue from acquisitions and/or partnerships. No sizeable payments to M&A/in-licensing.

# Q&A session



# Thank you for your attention

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