



# Q3 2019 results and full-year outlook

Webcast

7 November 2019



# Today's agenda

- Q3 performance
  - Q3 highlights
  - Q3 regional sales trends
  - 9M 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
- Updated Outlook for 2019
- Q&A session



**President & CEO**  
Carsten Hellmann



**EVP, Group CFO**  
Søren Jelert



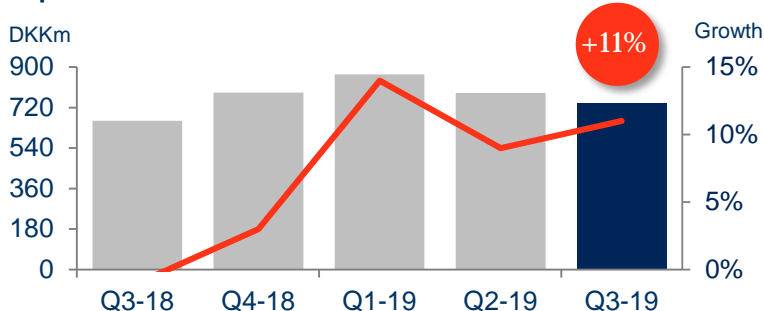
**VP, Head of IR**  
Per Plotnikof

*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.*

# Q3: On track for double-digit growth

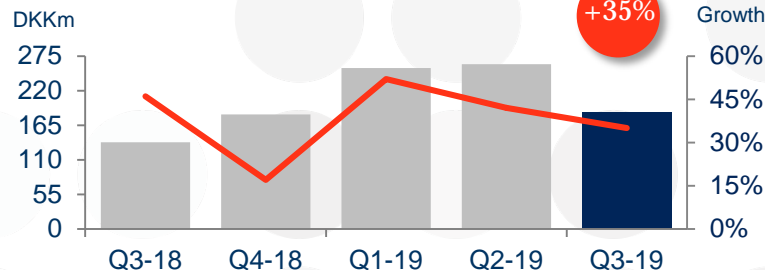
- Highest-ever Q3 revenue
  - 11% overall growth
  - 35% growth in tablet sales
  - Strong launch of ITULAZAX® in first markets
  - Further recovery of SCIT sales
- Full-year outlook updated

## Group revenue

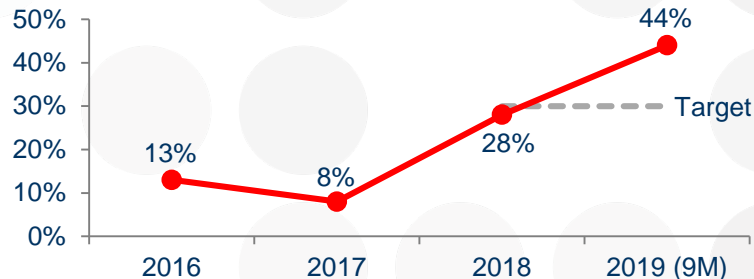


Growth rates are in local currencies

## Global tablet sales



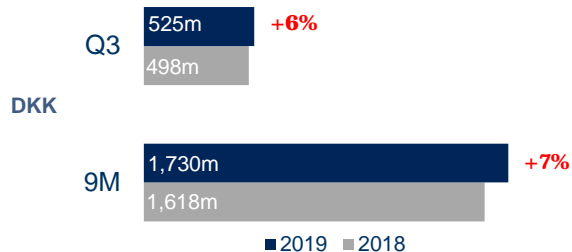
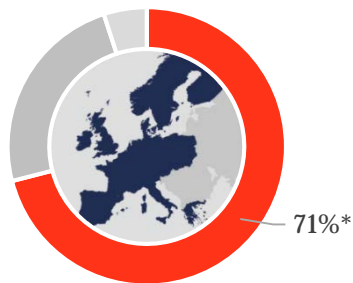
## Growth in tablet sales



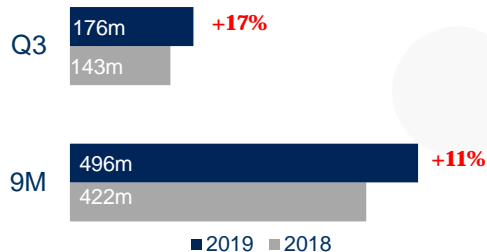
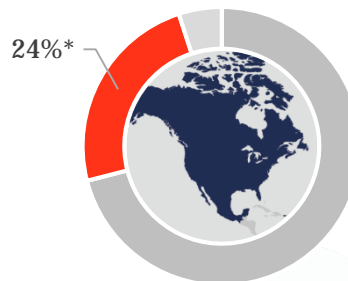
# Growth in all sales regions in Q3

## Revenue and growth

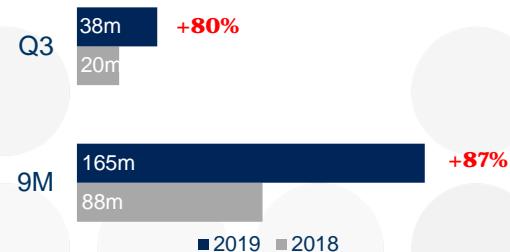
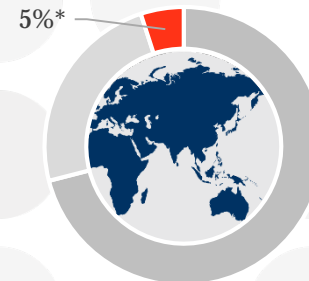
### Europe



### North America



### Int'l markets



Growth rates are in local currencies

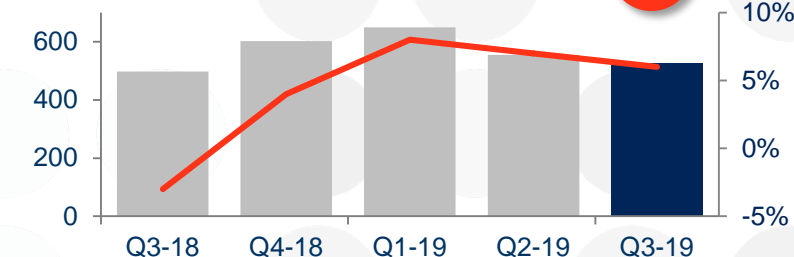
\*) Share of revenue Q3

# Europe: Strong underlying tablet growth

- Very good early response to ITULAZAX<sup>®</sup> with ALK's best ever tablet launch in Germany
- Continued rebound for SCIT sales
- SLIT-drops sales normalising in France
- Sales of other products influenced by normalisation of Jext<sup>®</sup> sales and pruning

Revenue in Europe

DKKmn



Growth rates are in local currencies

SLIT-tablets  
+18%



SCIT/SLIT-drops  
+7%

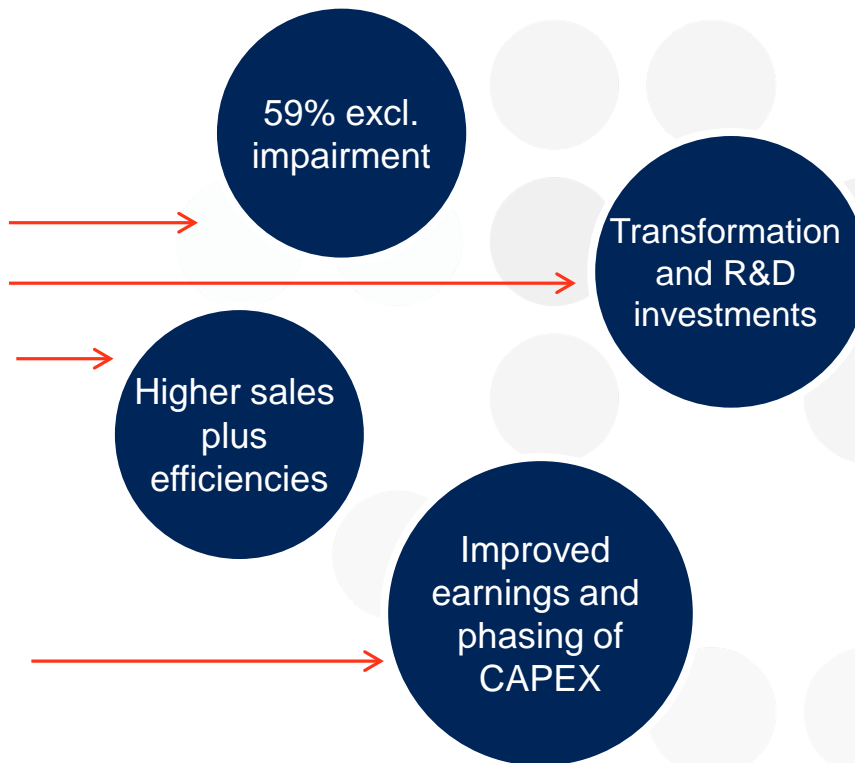


Other  
-21%



# 9M earnings and cash flow better than expected

DKK million	9M 2018	9M 2019
Revenue	2,128	2,391
<b>Gross profit</b>	<b>1,199</b>	<b>1,377</b>
<i>Gross margin</i>	<i>56%</i>	<i>58%</i>
Capacity costs	1,214	1,383
<b>EBITDA</b>	<b>126</b>	<b>193</b>
<b>EBIT</b>	<b>(15)</b>	<b>(4)</b>
Net financials	(5)	(13)
Tax	4	4
<b>Net profit</b>	<b>(24)</b>	<b>(21)</b>
Free cash flow	(354)	(184)





# Three year transformation 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

*Strategic priority No 1*

## Q3 highlights



ALK targets ~10% growth across main product categories



Tablet sales up 47%



SCIT sales up 2%; up 19% when adjusted for discontinuations



Other products up 29%; strong PRE-PEN<sup>®</sup> sales and improved sales of non-allergy products

## SLIT-tablets

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

Improved uptake and Rx depth & breadth

Acceptance growing and doubling number of 'early adopters' in 2019 still achievable

Enhancing sales force effectiveness by upgrading skills and replicating successes



# Complete and commercialise tablet portfolio for all relevant ages

*Strategic priority No 2*

## Strong initial launch of tree tablet



ITULAZAX® approved in 17 EU markets



More than 4,000 patients initiated in first markets. Germany saw ALK's best ever tablet launch



Positive feedback from HCPs



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



## Strong commercial and clinical progress

9M sales growth of 44% in-line with full-year expectations

Pivotal trial with ACARIZAX® in China

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

Paediatric filings for ragweed tablet being prepared for EU, USA and Canada

# Patient engagement and adjacent business

*Strategic priority No 3*

## Digital patient engagement exceeds expectations

klarifyme

Messages

>100m

klara

Downloads

158,000



Online tests

143,000



Online searches

50,000

FY target

YTD status  
by end Q3

Expanding digital patient engagement into additional 10 markets

## Adjacent products and services

Ongoing development work to launch next-generation epinephrine auto-injector pen in the USA

Ongoing business development of adjacent products and services



Windgap  
medical



# Optimise and reallocate

*Strategic priority No 4*

## Wide-ranging efficiency programme



Ongoing investments in production site strategy; focus on supply chain quality, robustness and scalability



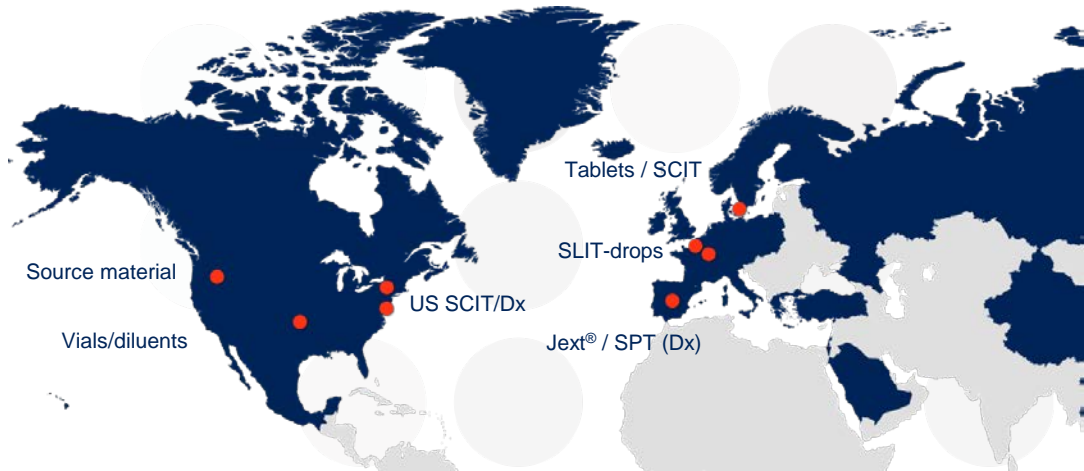
Accelerated portfolio rationalisation (~300 product variants phased out vs. 2016)



Upgraded ALUTARD® product approved and launched in Germany

## Manufacturing footprint

Centres of excellence



● Production sites

# 2019 outlook updated

DKK	7 Feb. outlook	9 May outlook	13 Aug Outlook	7 Nov Outlook	Comments	2018 actuals
<b>Revenue</b>	3,100- 3,300m	Tracking towards higher end of range	DKK 3,200- 3,300m	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	DKK 200- 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	~DKK (300)m	~DKK (200)m	Improved, but still subdued earnings, phasing of CAPEX investments	(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

## Upcoming events:

- 8 Nov: Roadshow, Copenhagen
- 12 Nov: Roadshow, New York
- 13 Nov: Roadshow Chicago
- 14 Nov: Roadshow Toronto
- 21 Nov: Jefferies London Healthcare Conference
- 27 Nov: Roadshow Netherlands/Belgium

## Investor Relations:

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