

ALK launches ambitious, transformational growth strategy

4 December 2017



Today's agenda

Point of departure

Strategy

- Succeed in North America
- Complete the tablet portfolio for all relevant ages
- Patient engagement systems and adjacent business
- Optimise and reallocate resources

Forward-looking

- Financial implications
- Securing financial robustness

Q&A session



President & CEO
Carsten Hellmann



EVP & CFO
Flemming Pedersen



EVP, Commercial
Operations & Product Supply
Søren Niegel



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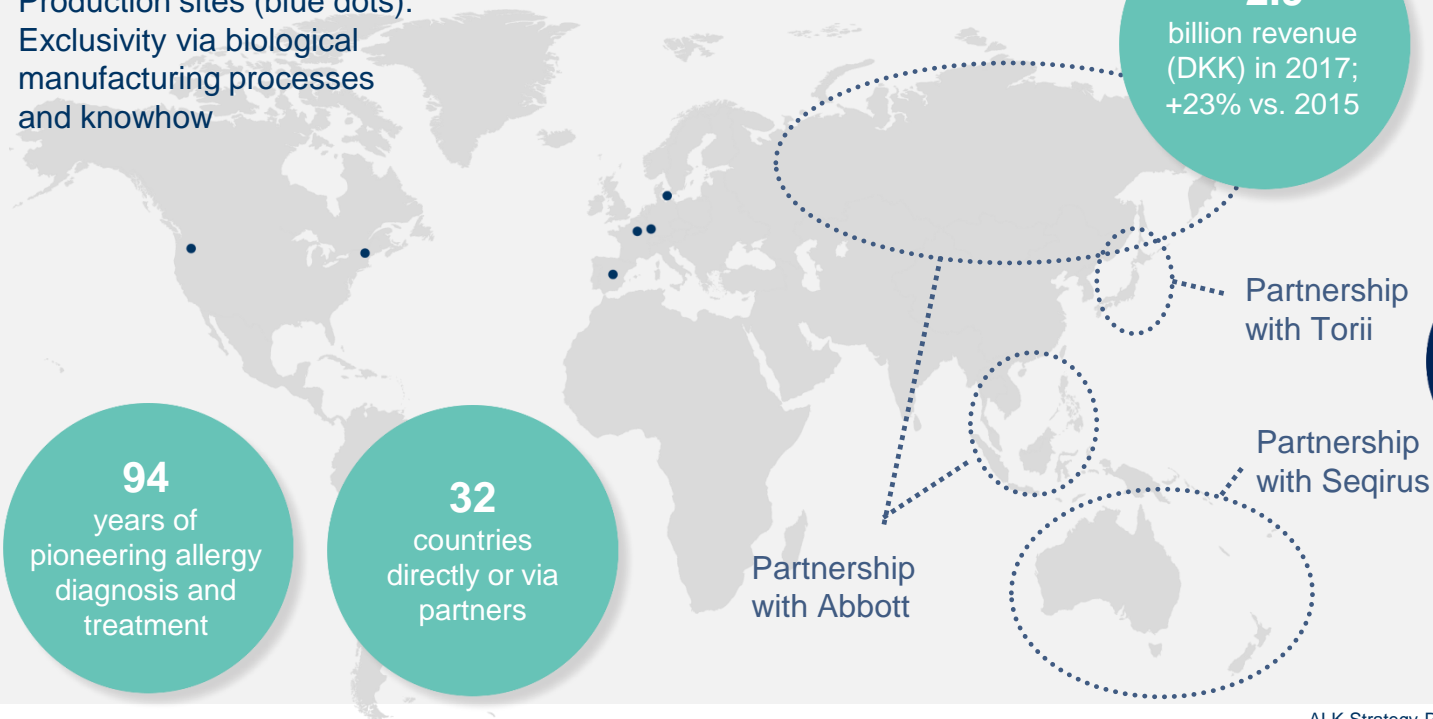


VP, Corporate
Communications & IR
Per Plotnikof

ALK today: World market leader in AIT

Allergy Immunotherapy: The only disease-modifying treatment

Production sites (blue dots):
Exclusivity via biological
manufacturing processes
and knowhow



94
years of
pioneering allergy
diagnosis and
treatment

32
countries
directly or via
partners

~2.9
billion revenue
(DKK) in 2017;
+23% vs. 2015

~1.5
million patients
treated with ALK
products

SLIT-tablet
clinical data from
>20,000
patients

>150,000
patients in
treatment with
SLIT-tablets

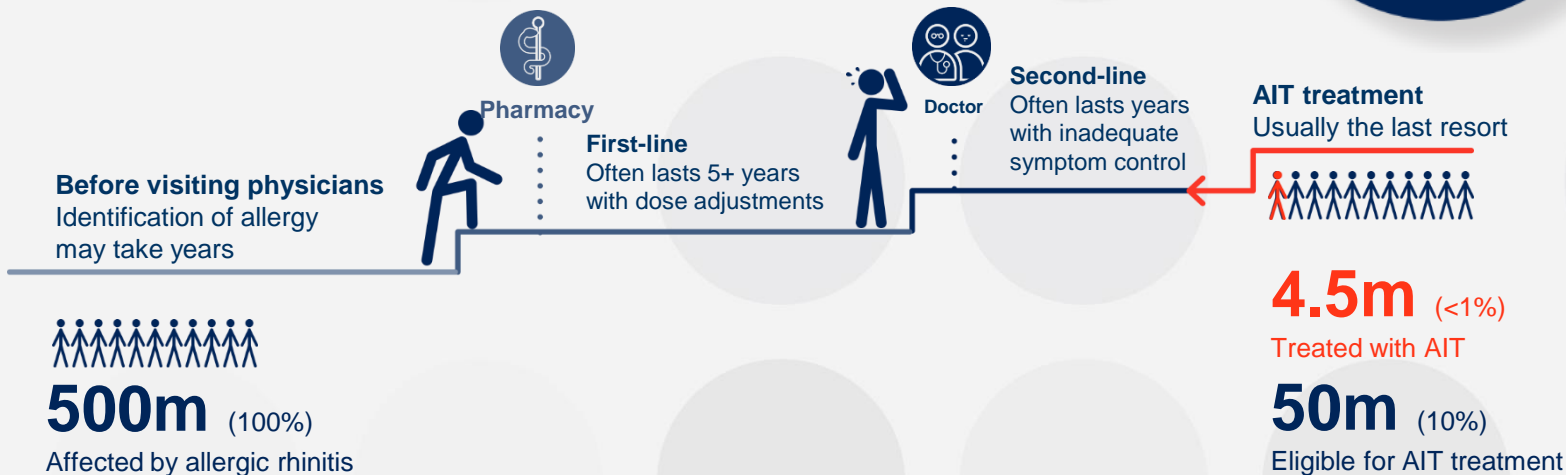
**Strong
exclusivity**

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



Strict focus on AIT leadership, patient engagement and execution

Four strategic priorities to accelerate growth to **≥10% p.a.** and achieve specialty pharma margins



The starting point: AIT leadership with 40% market share: tablets, SLIT-drops, SCIT and other products

1. Succeed in North America

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.

2. Complete the tablet portfolio for all relevant ages

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+US: Children – AA
- HDM EU+US: Children – AR
- HDM clinical development in China
- Ragweed US: 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



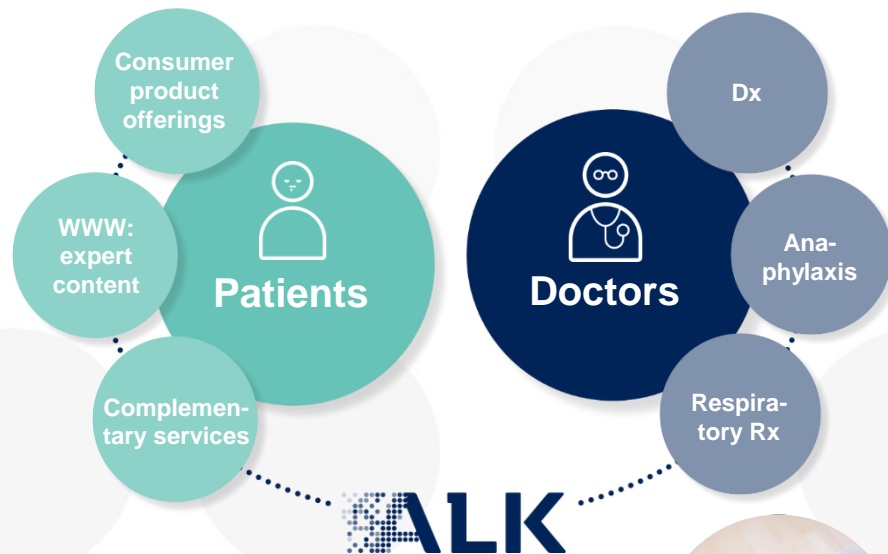
3. Patient engagement and adjacencies

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



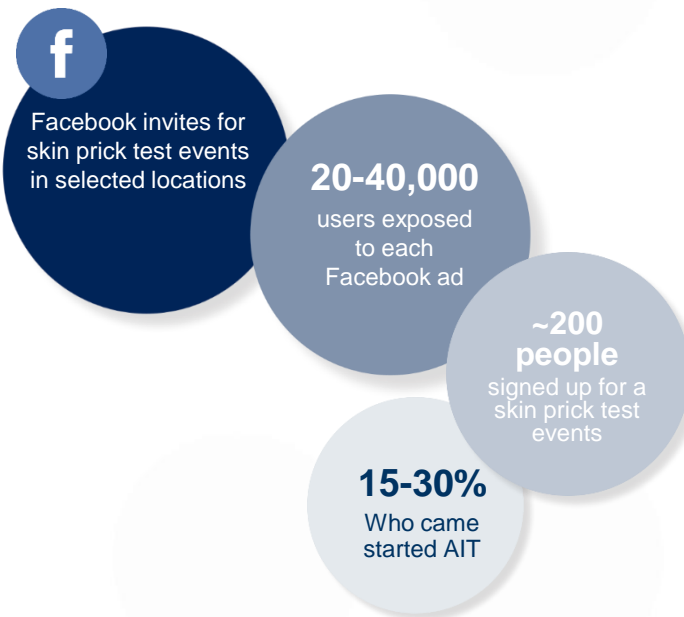
ALK will connect a range of allergy treatments by offering recommendations and solutions for people with allergies



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:



4. Optimise and reallocate resources

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
rationalisation**

**Continued
commitment**
to SCIT and SLIT



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.

Growth projections

Max. three-year transformation period starting in 2018:

Current business

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



New business

- Revenue from complementary products and services
- In-licensing, partnerships, acquisitions etc.
- Revenue from new business to contribute from 2018 and thereafter

Continued investments to establish a new, long-term growth platform



Earnings and cash flow projections

Max. three-year transformation period

Continued investments to deliver key priorities

- ~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 products
- High production capacity for tablets to facilitate growth.



Negative impact on earnings and cash flow

- Subdued earnings over the next three years
- Total negative cash flow down to ~DKK 1 billion in period, greatest effect in the next two years

~DKK 1bn

projected
accumulated
negative cash flow
over three years

Not included:

Income from new
services and products,
down-payments on in-
licensing, M&A

Financial ambition after transformation

Becoming a real specialty pharma company

By establishing a strong, long-term growth platform for the tablet portfolio and leveraging this platform to build the framework for a broader presence in allergy and asthma treatment, ALK expects to:



- Deliver sustainable $\geq 10\%$ p.a. revenue growth
- Raise margins quickly to specialty pharma levels

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

Secure financial robustness during transformation

- Optimal financing of growth and/or new equity under evaluation
- Lundbeckfonden to subscribe at least proportional share of potential new equity
- Danske Bank is advising ALK
- Net proceeds, existing credit facilities and suspension of dividend to fund expected negative cash flow

Unchanged financial outlook

2017 revenue
~DKK 2.9bn

2017 EBITDA
DKK 225-250m

~DKK 150m
write-down
in Q4 2017

Summary

Doing the right things now to shape a high-growth future and become an allergy company

Foundation

- Clear leader in AIT, undisputed expert in allergy
- Strong relationships with allergy specialists
- Tablet portfolio almost complete; 3 widely approved products
- Global infrastructure in place
- Competitive threats low, entry barriers high

Objectives

- Deliver commercial success for tablets, especially in North America
- Robust and compliant product supply
- Become relevant in the wider allergy space
- Engage earlier with patients
- Make efficiency and effectiveness core to ALK's culture

Long-term objective

A new, long-term growth platform that delivers sustainable, high-revenue growth and earnings in line with wider specialty pharma

Q&A