



Annual Report 2008

Presentation, February 20, 2009

Agenda

Welcome: Jens Bager, President & CEO

Business highlights: Jens Bager

Financial highlights:
Jutta of Rosenborg, EVP & CFO

Sales & marketing update on GRAZAX®:
Jørgen Damsbo Andersen,
EVP, Business Operations

Outlook 2009: Jens Bager

Q&A session



Business highlights 2008

- **2008 satisfactory year: Double-digit growth continued**

- 12% sales growth in core business
- Five-doubling of underlying earnings
- Limited impact from global recession in 2008
- Financial outlook achieved

- **Breakthrough progress in R&D**

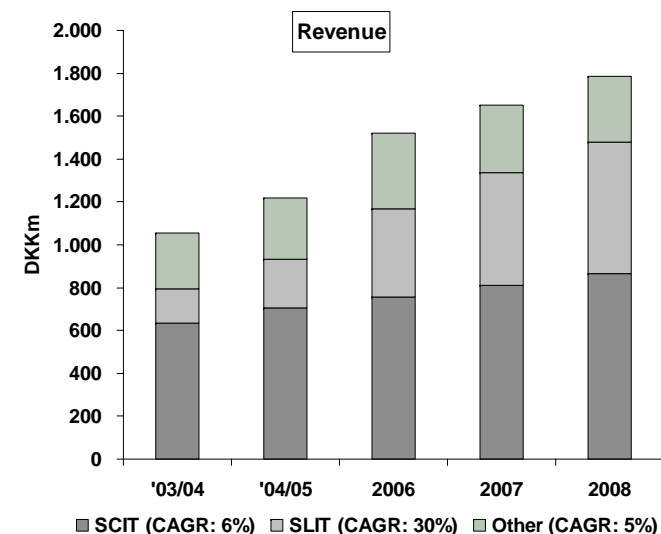
- **Good activity level in partnership with Schering-Plough**

- **Increasing acceptance of GRAZAX[®] across Europe**

- Reimbursed in 13 countries
- 80% increase in sales
- GRAZAX[®] for children launched in five countries

- **Investments in production capacities as planned**

- **ALK well prepared to withstand a global economic downturn**



Latest news in 2009...

- **ALK receives payment of 33 DKKm from Schering-Plough related to the ragweed programme**
- **ALK invests 15 DKKm in French-based DBV Technologies**
 - Opportunity to collaborate on promising new vaccine against peanut allergy



Breakthrough R&D results

- **Persistent vaccination effect documented with GRAZAX® in long-term study**
 - Major milestone for ALK
 - GRAZAX®: Only product to show consistent clinically relevant effect year after year

- **Proof of concept with house dust mite tablet**
 - Solid results from clinical trial with house dust mite vaccine in mid 2008
 - Further clinical development in planning



Continued high scientific impact in 2008

- **ALK broke own record in scientific production in 2008**
- **38 new articles authored by ALK were published**
 - Three new publications documenting clinical and health economic benefits of GRAZAX[®]
- **Maintained leading position with more than twice the number of scientific citations compared to our competitors combined**
- **A total of 388 peer-reviewed publications accepted since 1982**



Investments continue as planned

- **New raw materials production unit in the USA (Idaho) ready for production in 2009**
- **Expansion of the production capacity**
 - Extension of API facility in Denmark ready in 2009
 - Extension of tablet production facility in the UK (Swindon) ready for production in 2010
- **New HQ-facility**
 - Construction of a new facility initiated in Denmark (Hørsholm), ready in late 2009
- **Outstanding investments in 2009-10 of around 200 DKKm**





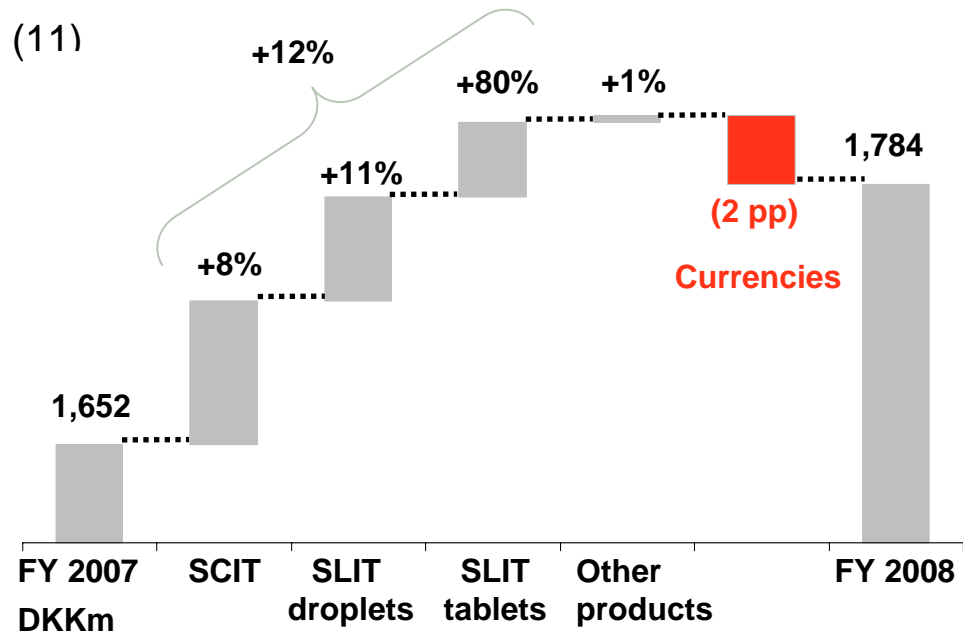
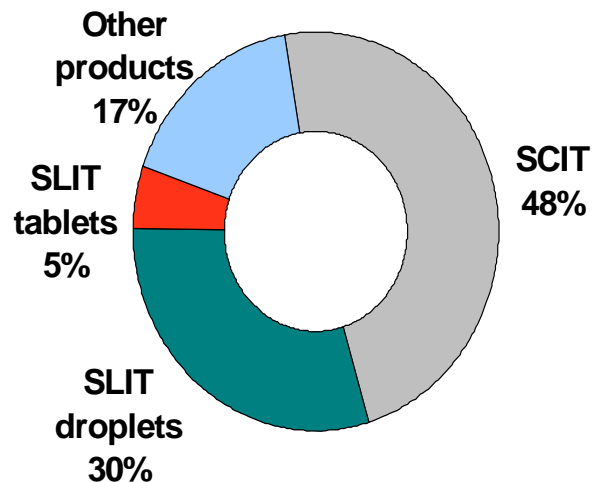
Financial highlights

Jutta of Rosenborg, Chief Financial Officer

Continued double-digit revenue growth

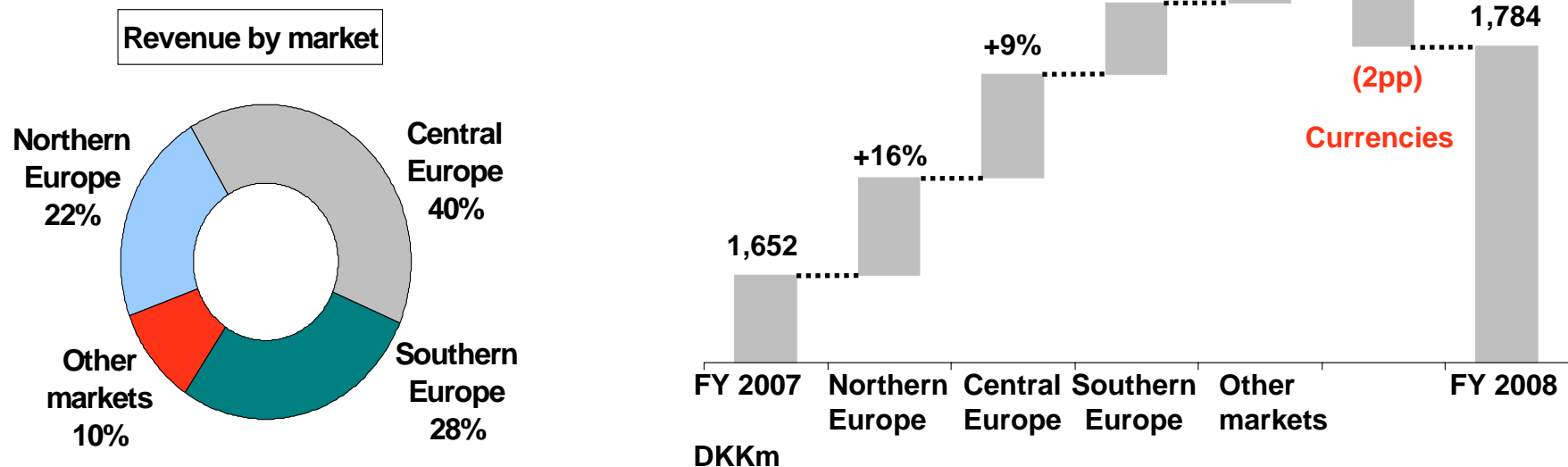
- Revenue increased to 1,784 DKKm (1,652) in 2008
- 12% organic growth in allergy vaccines in 2008
 - In Q4, vaccine sales increased organically by 10%
 - SCIT +10%; SLIT drops +7% and tablets +41%
 - Vaccine sales affected by a mild season for tree, bee and wasp allergies
 - Adrenaline sales affected by the depreciating GBP
 - In Q4, EBIT increased to 41 DKKm (11)

Revenue by product line



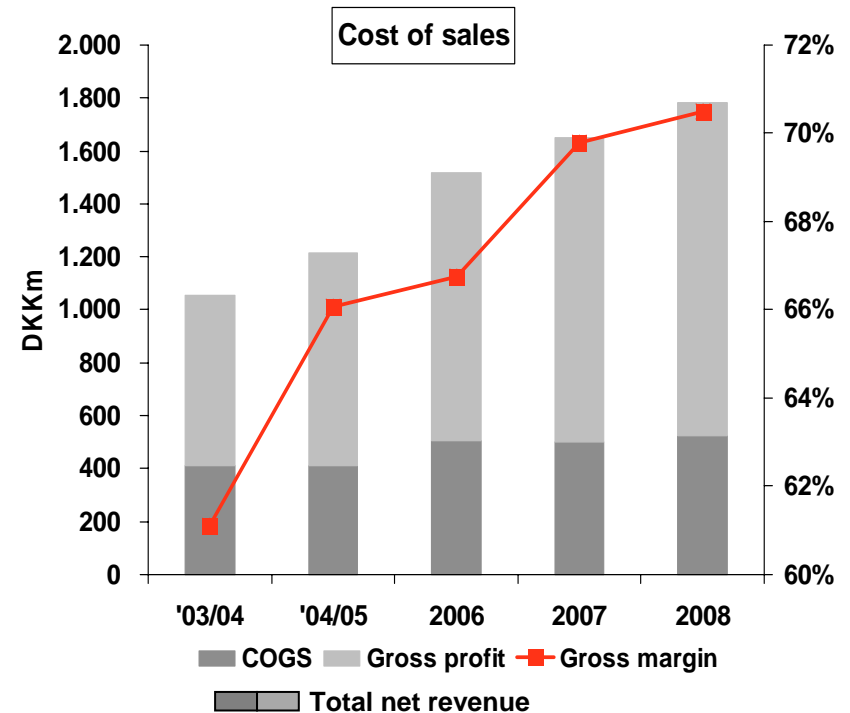
Continued growth in all regions

- **Northern, Central and Southern Europe**
 - Positive contribution from GRAZAX® combined with SLIT droplets in France and Spain
 - Positive impact from change in mandatory rebate system in Germany
 - Negative impact from mild season for tree, bee and wasp allergies
- **Growth in other markets affected by discontinuation of trade products**



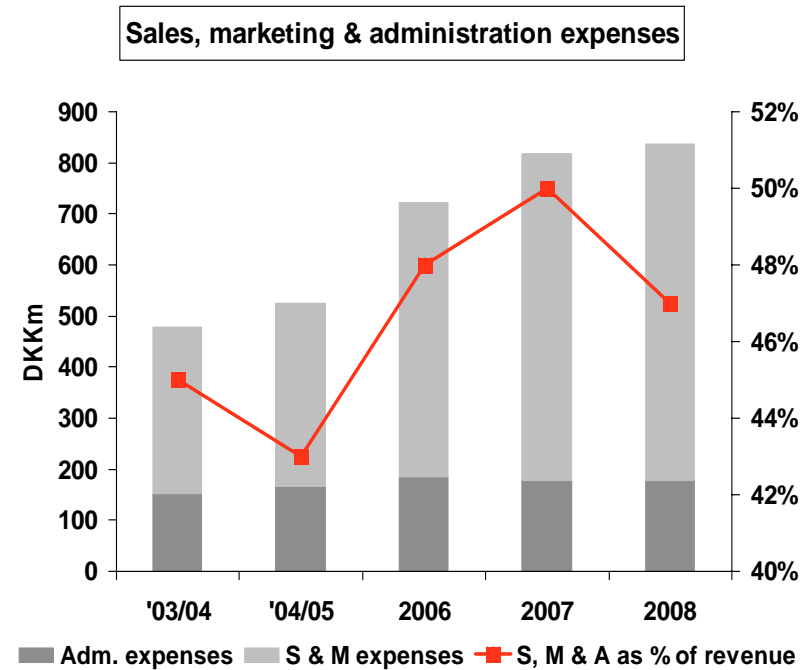
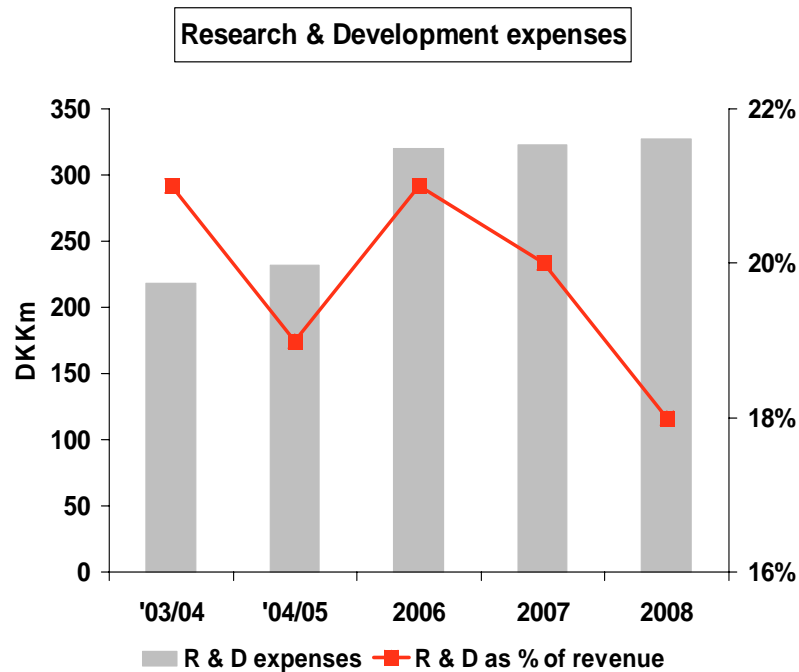
Cost of sales affected by currencies

- **Reported gross margin of 70%**
 - Positive underlying trend
 - More profitable product mix
 - Continued focus on improving productivity
- **Gross margin affected by USD and GBP currency developments**
 - Adrenaline products purchased in the USA and primarily sold in the UK



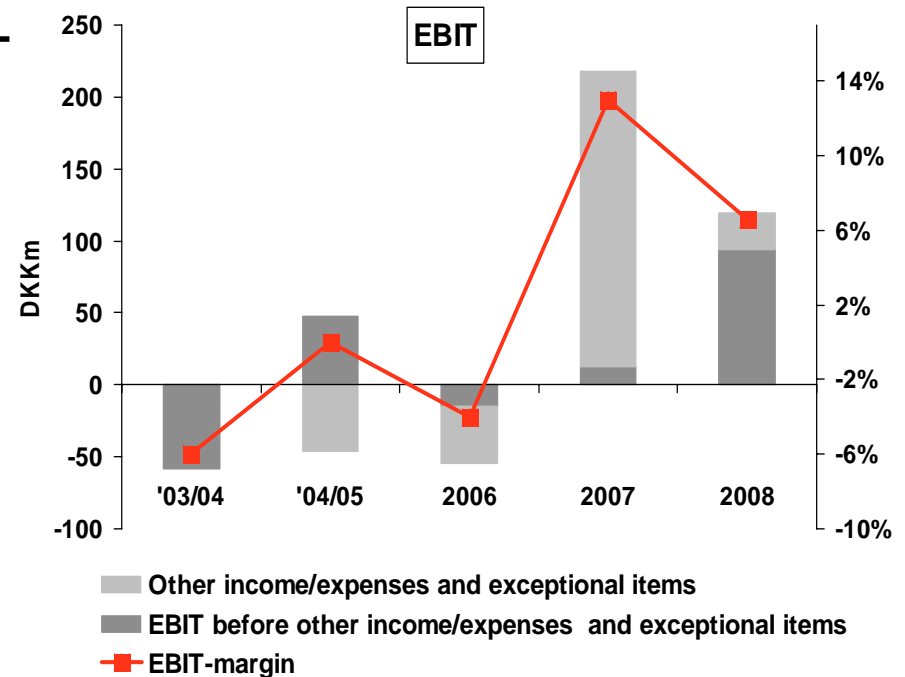
Low growth in capacity costs

- R&D expenses increased 1% to 327 DKKm (323)
- Sales & marketing expenses increased 3% to 658 DKKm (640)
- Administration expenses unchanged at 178 DKKm (179)

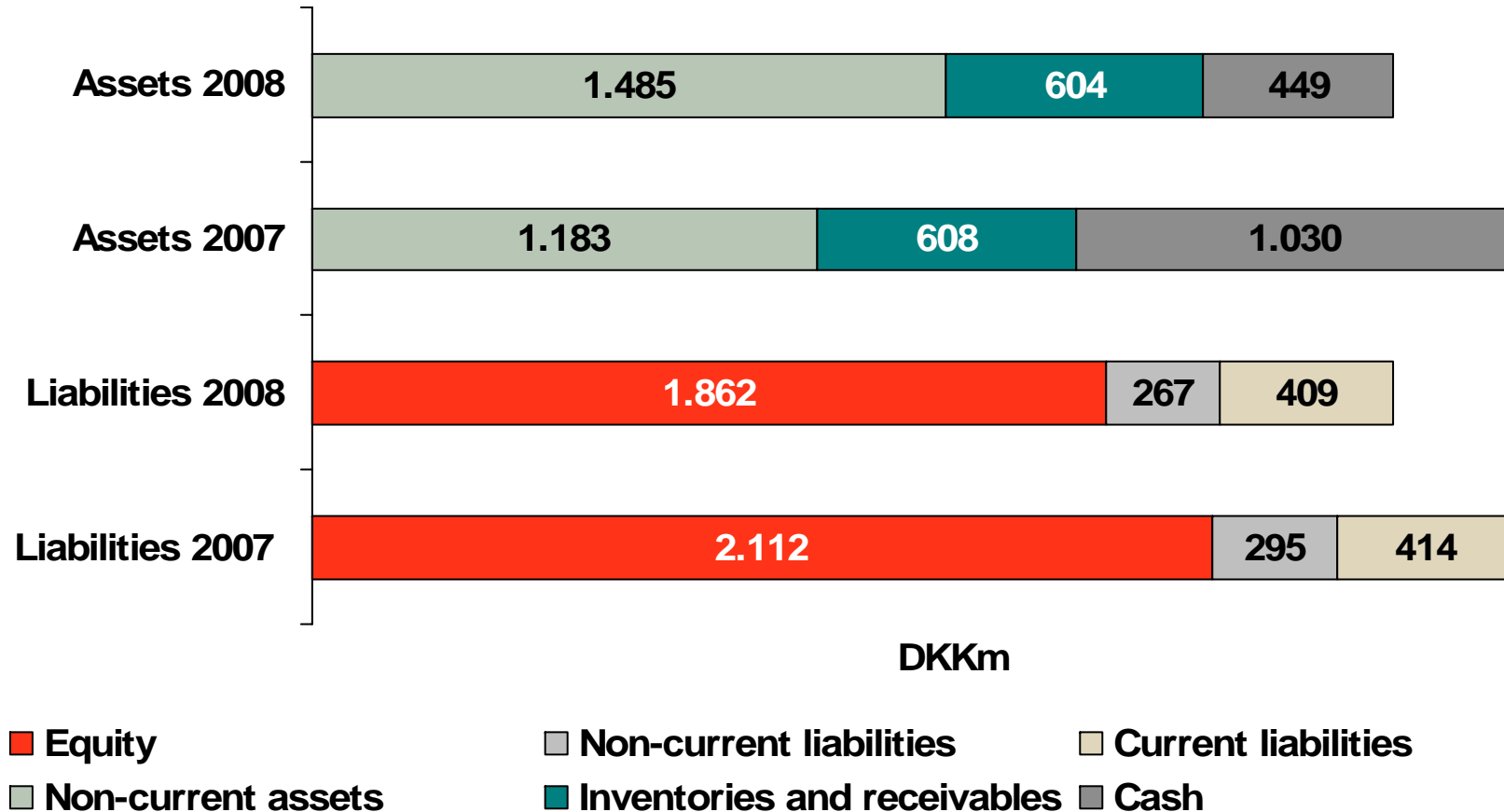


Underlying earnings almost five-doubled

- **EBIT before contribution from Schering-Plough increased to 91 DKKm (19)**
- **EBIT was a profit of 119 DKKm (218)**
 - In line with forecast
 - Includes payments from Schering-Plough of 28 DKKm (199)
- **EBT was a profit of 157 DKKm (232)**
 - Positive interest income
 - Currency gains from USD
- **Net profit for the year of 95 DKKm (177)**
 - Effective tax rate of 39%

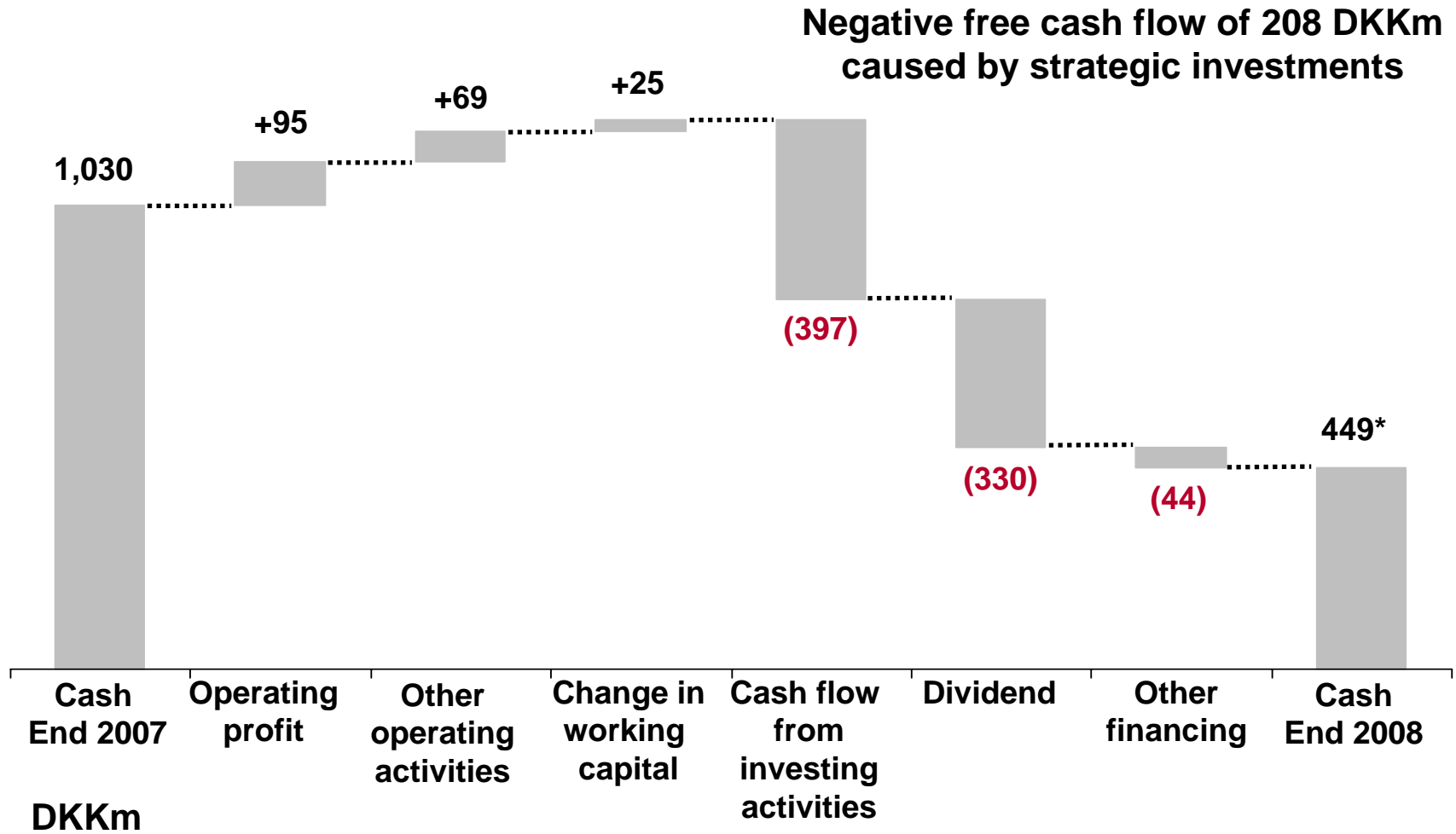


Strong balance sheet



The Board of Directors proposes to the AGM a dividend of DKK 5 per share

Cash flow



*) includes +1 DKKm in unrealized currency gain



Update on GRAZAX[®]

Jørgen Damsbo Andersen, EVP, Business Operations

GRAZAX[®] sales development

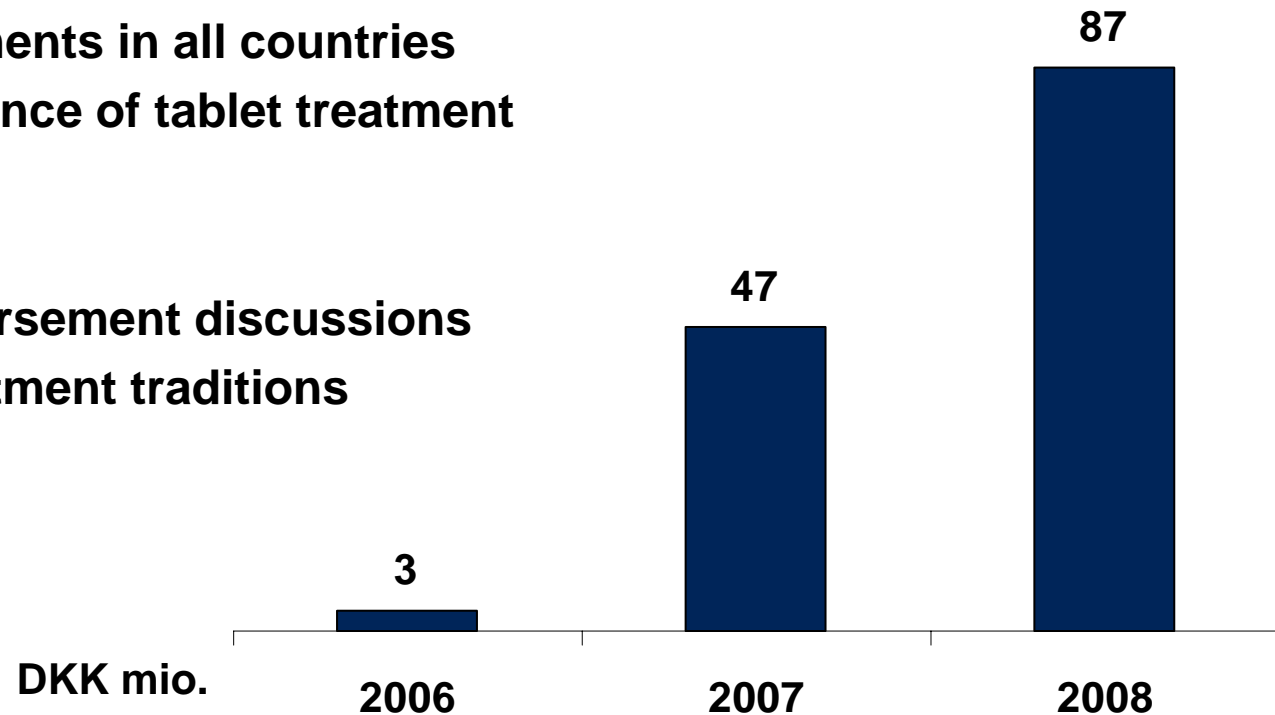


Continued growth

- Positive developments in all countries
- Increased acceptance of tablet treatment

Challenges in 2008

- Prolonged reimbursement discussions
- Conservative treatment traditions



GRAZAX[®] sales drivers (1)

- **Launch & reimbursement**
 - National reimbursement granted in Spain
 - Regional reimbursement granted in Italy (Tuscany, Lombardy, Piedmont)
 - Continued dialogue in France
 - New application for general reimbursement in Denmark submitted



GRAZAX[®] sales drivers (2)

GRAZAX[®] approved for children

- Children constitute 30-50% of sales potential

GRAZAX[®] children launch status

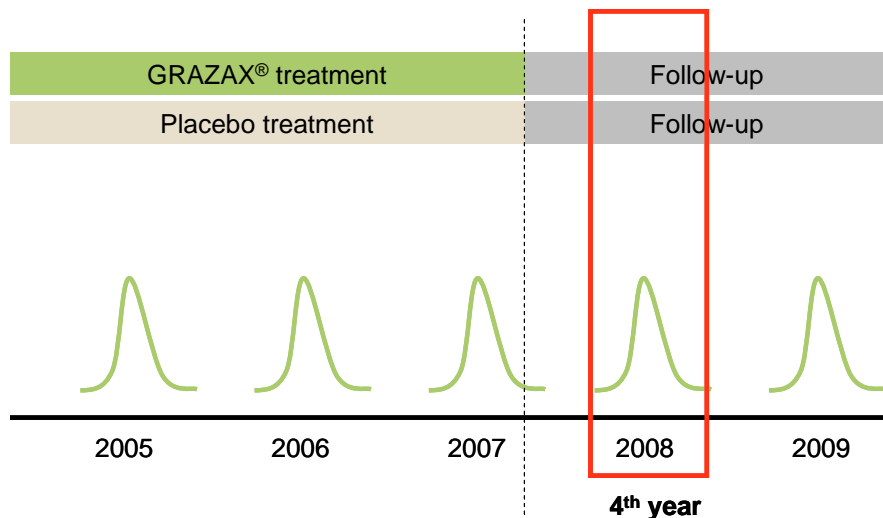
Country	Local approval granted	Launched for children
Austria	YES	YES
Germany	YES	YES
The Netherlands	YES	YES
Sweden	YES	YES
UK	YES	YES
Denmark	YES	NO
Finland	YES	NO*
Greece	NO	NO
Ireland	YES	NO*
Italy	NO	NO*
Norway	YES	NO*
Spain	NO	NO*

* Separate reimbursement discussions needed



GRAZAX[®] sales drivers (3)

- **Persistent clinical efficacy documented**
 - European allergy conference (EAACI 2009)
 - Scientific publications of long term data underway (GT-08 4-year)
 - GRAZAX[®] variation application under submission
 - Only tablet vaccine to demonstrate persistent efficacy



GRAZAX[®] health economy benefits

- **Treating the cause of allergy**
- **Superior short term clinical efficacy**
 - Reduction of allergy symptoms and use of symptom medication
 - Significant increase in quality of life
 - Efficacy from first day in first pollen season under treatment
- **Long-term sustained efficacy**
- **Home administration takes up fewer healthcare resources**

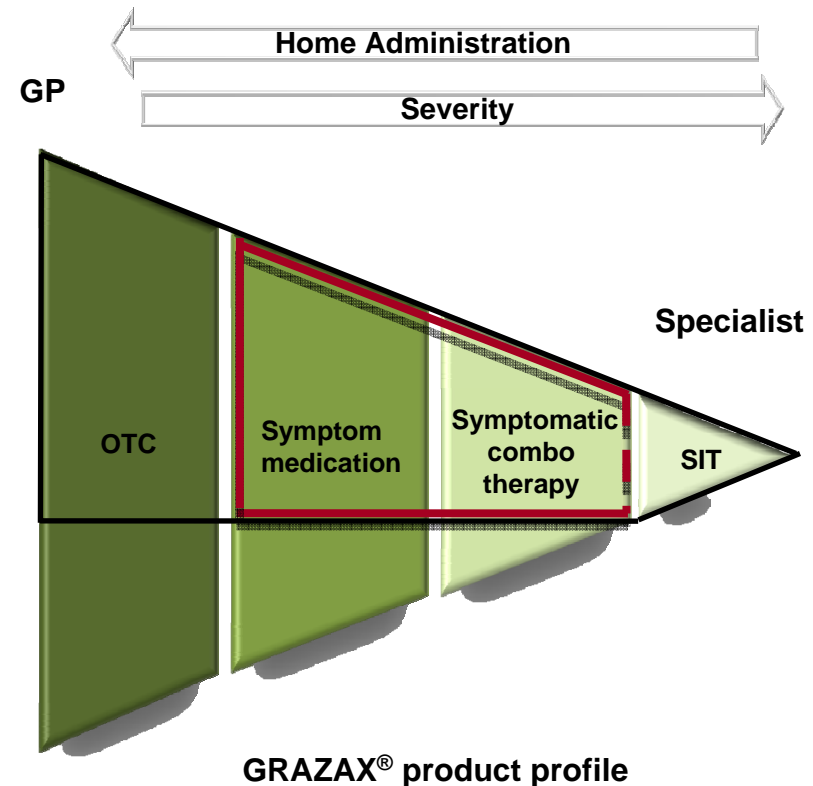
= Significant health economy benefits at current price level

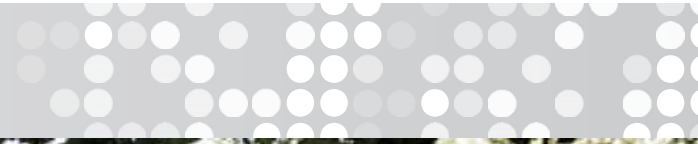
Additional benefits

- + **Potential for prevention of asthma and new allergies**
- + **Indirect cost savings**

A paradigm shift in allergy treatment

- Awareness of allergy as a serious disease
- Increased use of specific diagnosis
- Increased quality of allergy treatment
- Focus on the benefits of treating the cause of allergy
- Adequate resources to provide allergy treatment, including patient education
- ALK is the preferred partner for allergy specialists
 - A unique position to drive the paradigm shift





Outlook for 2009

Jens Bager, President & Chief Executive Officer

Financial outlook for 2009

- **Organic growth in vaccine sales of minimum 10%**
- **Favourable underlying trend in cost of sales**
 - More profitable product mix and ongoing productivity improvements
 - Negative impact by the current low exchange rate of GBP and the high exchange rate of USD as compared with 2008
 - Reported gross margin is expected to remain at the 2008 level
- **High level of activity in all areas**
 - However, the build-up seen in recent years is complete
 - Moderate increase in capacity costs in 2009
- **Payment from Schering-Plough of 33 DKKm (ragweed project)**
- **Continued growth in EBIT to a minimum of 140 DKKm**
 - Equivalent to an organic increase of more than 60% (2 pp. on EBIT margin)
 - EBITD minimum of 230 DKKm
- **Minor positive contribution from net financials**
- **Profit to improve again this year**



Long-term ambitions unchanged

- **Expand the use of allergy vaccination and secure a profitable growth**
 - Vaccine sales to grow at an average of 15% per year
- **Continue positive trend in gross margins**
 - Driven by profitability of allergy vaccines and productivity gains
- **Focus on both tablet-based vaccines and traditional vaccine franchise**
 - R&D costs to constitute approximately 15% of revenue
 - Modest growth in sales and marketing expenses
- **Maintain the favourable trend in earnings capacity**



Risks

As a result of the global economic downturn, there will be greater uncertainty with respect to earnings and sales than in previous years

The following risks are of particular significance to ALK:

- development of new drugs
- regulation and price control
- commercialization
- dependence on third parties
- competition
- patents and intellectual property rights
- production and quality
- unexpected impacts of the global economic downturn



Forward-looking statements

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 the control of the ALK Group, may cause actual results and performance to differ materially from the forecasts made in this annual report. Without being exhaustive, such factors include, among others, general economic and business conditions, including legal issues, uncertainty relating to pricing, reimbursement rules and market penetration, fluctuations in currencies and demand, changes in competitive factors and reliance on suppliers, but also factors such as side effects from the use of the company's existing and future products since allergy vaccination may be associated with allergic reactions of differing extent, duration and severity. Furthermore, ALK cannot rule out that a general economic downturn could have an adverse impact on the company's revenue and earnings.