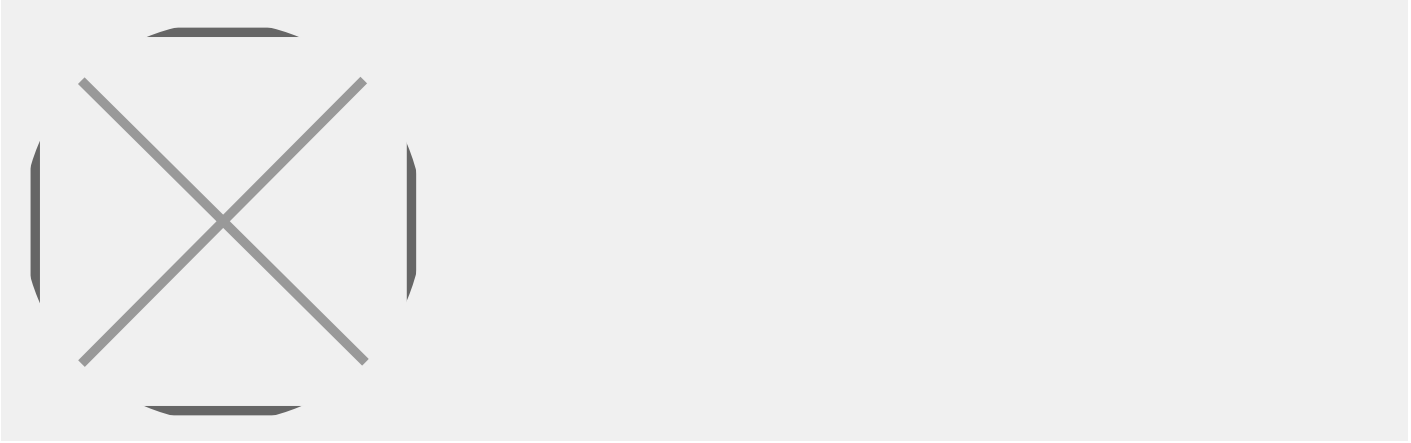
Interview Jens Bager, President & CEO, ALK



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Can you please tell our readers, what were some of ALK's highlights in 2012?

We had several important milestones in 2012. We advanced our research and development pipeline and made progress in the sales of several of our existing products like AVANZ and GRAZAX. We also introduced new products in the European market with the launch of SLIToneUltra.

In terms of our collaboration agreements, to further position our products we made considerable progress in our partnership with Merck in USA (MSD outside the USA) as well as with Tori Pharmaceuticals in Japan. This is a very important milestone for our company since it is a solid step towards fulfilling the objective of globalising allergy immunotherapy and ensuring global access.

Your niche is quite specific— approximately what is the market value of allergy immunotherapy?

In 2012, global sales of allergy immunotherapy products remain largely unchanged at a total value of approximately DKK 5.8 billion (USD 1 billion). The market continues to be dominated by Europe and the USA, accounting for approximately 95% of global sales.

There are very few companies that focus in allergy immunotherapy, what is ALK's global market share?

We are the leading supplier of allergy immunotherapy products with a global market share of approximately 33%.

Which are the countries where ALK has a presence today?

Through our own subsidiaries, ALK is responsible for sales in Europe, which accounted for just over 85% of the group's product sales in 2012 (or most of our presence in Europe). However, we also have sales offices in North America and China and sell through distributors in a number of other countries.

Furthermore, as mentioned earlier we have strategic partnerships in the world's two largest pharmaceutical markets – the USA and Japan –with licensees with Merck (MSD outside USA) and Tori. Under these partnerships, ALK's allergy immunotherapy tablets (AIT) are in late stage development.

In spite of the company having several important milestones last year, the challenged European markets poorly affected the financial performance. Still today, most of your sales come from this part of the world. Is the company planning to tap into other markets and what will be the strategy to improve the company's results?

In the autumn of 2012, ALK announced an updated strategy plan, "Focus 2016," which sets out the framework for ALK's development up to 2016. The objective is to generate growth in both revenue and earnings despite the current challenges of low or no growth in large parts of ALK's European home market.

Focus 2016 is based in three pillars: Simplify, Innovate and Grow.

By simplifying, ALK will trim its portfolio by manufacturing fewer products in greater volumes. Production will be consolidated at fewer production facilities and the business structure will be streamlined.

In order to innovate, we will launch more AIT products and renew the range of SCIT and SLIT products. And to grow, we will invest in capturing market shares in current markets, setting up in new ones– either directly or in partnerships– and promoting wider knowledge of allergy immunotherapy.

By following these three points we aim to make ALK a truly global company and increase our financial capabilities, since we want to achieve revenues of DKK 3 billion by 2015.

As Danish companies like ALK become more global, are there any concerns that Danish companies will start investing more in other countries and forget about Denmark?

Certainly some companies will move research, production and diverse activities to other countries. But if we can keep the focus on our specific niches and actually grow, it means that we are probably not going to reduce our activities in Denmark but rather grow our activities outside Denmark; that's what I would expect.

In our case, we production in US, Spain and France and research and development in Spain and a small research unit in China which we will continue expanding.

Earlier you mentioned ALK has 33% of the world market share in your niche, how much are you aiming to have?

Our goal is to further increase our market shares in existing markets, so as much as possible. Typically, we are number one or two in every market we are present in today and we aim to be number one in all of them. We are positive that we will manage to achieve it, since we have new products coming out of our pipeline that will further strengthen our presence and portfolio.

We have a large untapped potential since allergy immunotherapy is still seen as a specialty treatment. Therefore, we would like to promote a wide adoption of our treatment, not only to patients or doctors but also to healthcare providers.

Speaking about untapped potential and how allergy immunotherapy is seen as a specialty treatment, it is also a case of priorities, affordability and education. For example, in emerging markets if you have five pesos and you have to spend it in a chronic disease or an allergy, most people will put their allergy last.

That is exactly the challenge. If you look at cancer or other life threatening diseases, they have a much higher priority on the agenda. However, here we are talking about allergy as a very serious threat to the quality of your life. Although people do not typically die from suffering from an allergy, it significantly reduces what they can actually do. For example, a child can’t go outside on the green grass in summer. But seen from the point of society, it’s not life threatening. Therefore, we need to build awareness that this is a serious life-quality reducing problem and that our company has the only concept in the world that can actually treat the underlying disease effectively.

We are currently doing projects to further inform people about allergy immunotherapy. One of the most relevant ones is our GRAZAX® Asthma Prevention Study, where we try to investigate if treating your allergy with allergy immunotherapy can prevent children from developing asthma. We are doing this study in children, since we know that children suffering from allergies have a 7 to 8 times higher probability of developing asthma. Within this project, we first looked for disease modification and ran a large five-year study; this study is still running and we will have the results two years from now. Despite that it is early to come to conclusions (we have two years to go) we have very good indications that we can prevent the development of asthma for many of these children. We truly believe that we will prove that our treatments can prevent children from developing asthma, which is paramount to emphasise.

You have been here for 13 years, looking into the future what are your ambitions and where do you want to take ALK?

I’m with a 90 year old company and if I look for any vision it should be the company being 100 years old. Right now, we are looking at the most exciting 10 years in front of the company because we have our product with the FDA; we are developing the foremost important allergy treating products for grass, ragweed, house dust mites and tree pollens, and we have very exciting products coming into the market. Furthermore, within the next 10 years we will hopefully prove that asthma can be prevented and we will see many more patients living their lives without allergies.

Maybe when it turns 100, ALK will be the next outstanding Danish success story, among Novo Nordisk, Leo or Lundbeck.

Being humble and looking at Novo as second to none within diabetes, my vision is to place ALK in the same position for allergy treatment. We certainly have some of the characteristics that can place us there. We have the only disease modifying product out there today, we have moved into a very convenient concept for the patients— taking tablets instead of getting injections (vaccines) and we have the potential to claim that we would actually prevent asthma in children. If we succeed with that, I see very small limits to outgrow. We won’t be Novo Nordisk, but we can grow substantially from our present size.

Being one of the Danish raising stars, what would you say the pharma industry could learn from the “Danish way”?

It’s all about sustainability, the key characteristic of Danish Pharmaceutical industry is to focus and excel in a niche area such as diabetes, dermatology or allergy. The ability to focus on a very long-term scale and solve a specific issue is a key characteristic.

On the other hand, part of the success is the foundation ownership of these companies, which gives us the time and the ability to concentrate on a specific niche and stick to it. These speciality focuses, which to a large extent are biological products mean that you don’t have the same patent cliffs as small chemical molecules in traditional pharmaceuticals. In our case, we are developing immunology as a concept. We have a unique biological position to treat patients and different to other therapeutic areas, like diabetes, we don’t have any patent expiries.

Even though you might be a small country, the key is to focus on your strong point, and in our case it’s the pharmaceutical industry. Therefore, we managed to build up cluster thinking in which we have a symbiosis between the companies. Denmark is a good example of how such a cluster of highly focused pharmaceutical companies can actually help in promoting growth in all aspects: research, internationalisation, moving to emerging markets, and being more innovative.

What would you like to be your final message for our readers?

ALK has a very exciting ten years in front of us. We are a 90 year-old that for the last 10 years has invested a lot in innovation and in creating an exciting pipeline. Now we’re on the verge of getting

the products to the market and expanding our presence outside of Europe.

People are becoming more susceptible to allergies and ALK is very glad to be able to provide efficacious treatments for them.

In a more personal way, you've been here for 13 years and you're still very excited— what keeps you motivated?

If I look back at my 13 years here, the company has grown to a whole different size. ALK has always been at the forefront of innovation. Historically, in our small niche all the innovative steps have been created by our company. Looking at the last ten years, we founded sublingual tablet based immunotherapy as a new concept. Seeing that this is now a reality for millions of patients keeps me excited and all the upcoming innovations will keep me motivated for another ten years.

So you still plan to be here in ten years?

I hope so, if ALK is developing as it is. At the same time, talking about leadership and being part of an organisation, I think it's very important to understand when is the right time for new eyes, for new initiatives, since we are in a changing world and there are many exciting things going on. But yes, I hope to keep on adding value to this company for the next ten years.

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