

Alk Abello

Recommendation:

500 million people suffer from allergies. Only 5 million do immunotherapy and only 1 million tablet based immunotherapy. ALK Abello is world leader and has long runway of 10% growth

EXPECTED RETURN	TIMEFRAME	POSTED
N/A	5 Years To 7 Years	11/26/2023



Author: Ole S eberg

Posted While At: Nordic Investment Partners

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About Ole Sørberg



Nordic Investment Partners - family office with equity long only strategy; GARP investing in growth clusters of the future. 25 stocks in active portfolio and 75 stocks on the bench. Target return of 10%+ per year. For stock markets in general I expect 5-6% return per year in the 2020 decade. Since September 2023 part of the Coeli Global Select team. Same investment strategy as I've had for years; quality growth bought a good prices Roles global equity markets since 1985; investment analyst, asset manager, sales, Investor Relations, CIO, board member and advisor. Employers include Carnegie , Alfred Berg, TDC, Tryg in Denmark and Skagenfunds in Norway

Alk Abello

Asset Class: **Equity** Symbol: **N/A** Updated: **11/26/2023** Posted: **11/26/2023**



BY:
Ole S eberg

CURRENTLY AT
Nordic Investment Partners

CURRENT RANKING:
★ **#40 All-Time - Nov '23**

COMMUNITY RATING: *4 votes needed*

PERCENTILE: **N/A**

500 million people suffer from allergies. Only 5 million do immunotherapy and only 1 million tablet based immunotherapy. ALK Abello is world leader and has long runway of 10% growth

Return Performance

RETURN TO DATE:	<i>Pending...</i>
EXPECTED RETURN:	N/A
IRR:	N/A
RETURN VS. BENCHMARK: (S&P 500)	N/A

Pricing Details

RECENT PRICE:	<i>Pending...</i>
TARGET PRICE:	162.00 DKK
INITIAL PRICE:	<i>Pending...</i> 11/26/23 at 05:39PM
CLOSING PRICE:	N/A



ASSET CLASS:
Equity



SITUATION:
GARP



TARGET ALLOCATION:
5% - 10%



CATALYSTS:
N/A



TIMEFRAME:
5-7 Years

Fundamentals

CURRENCY	Danish Krone
52 WK. RANGE	N/A
MARKET CAP	USD
EV	N/A
TOTAL CASH	N/A
TOTAL DEBT	N/A
BOOK VALUE PER SHARE	N/A
THREE MO. AVG. DAILY VOLUME (USD)	0
SELLSIDE CONSENSUS	N/A

Multiples/Ratios

LTM P/E	N/A
FORWARD P/E	N/A
EV/EBITDA	N/A
EV FCF	N/A
EV SALES	N/A
PRICE BOOK	N/A
FCF YIELD	N/A
DEBT BOOK	N/A
DIV YIELD	N/A

Additional Data

SECTOR	
INDUSTRY	
COUNTRY	N/A
REGION	

Thesis

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World leader in treatment and prevention of allergies with very long 10% growth runway

ALK-Abello (ALK) is a Denmark based pharmaceutical company focused on prevention, diagnosis, and treatment of allergies – a disease that impact respiration and eyes and can lead to allergic asthma. Founded in 1923 as Allergologisk Laboratorium København, the company has developed itself into the global leader in tablet-based allergy prevention (allergy immunotherapy) for allergies such as grass pollen, tree pollen and house dust mites.

Allergies affect more than 500 million people and an estimated 50 million suffer from severe allergies and yet less than 5 million people are trying to do something long-lasting about it. You cannot cure allergies, but you can activate or reprogram your own immune system via injectable or tablet-based treatments such as the ones offered by ALK. Only 1 million patients are in tablet-based allergy immunotherapy for prevention and treatment, hence there's a long runway for deeper penetration of allergy prevention. ALK has 92.000 evidence cases to prove how well immunotherapy work.

Most people that suffer from allergies cure the allergic episodes with over-the-counter antihistamines. It takes more planning to boost the immune system, but the long-term outcome is much better for a good life not interrupted by allergic episodes. The tablet treatment costs around 3-10€ per week or 150-500 € per year and is as such a relatively inexpensive cure.

ALK's financial performance over the past 8 years is 8% sales growth CAGR, which breaks down with 22% CAGR in tablet sales, 1% CAGR in injectable drops and 10% CAGR in adrenaline pens etc. A strategic reset announced in 2017 included higher spending (lower profitability) in the makeover period until 2021. We are now in the execution period after the strategic reset and the guided performance until 2025 is for 10% annual sales growth and an EBIT-margin of 25% in 2025 vs 13.6% currently.

Current consensus projections indicate an EPS in 2027 of 6.47 DKK. Given the growth profile and moat a price objective is computed at 25x or 162 DKK in 2027. The current share price is 94 DKK and consequently offers a potential annual return profile of 14% CAGR.

ALK share price performance since listing in late 2005. You may find longer stock price time series for ALK as the Christian Hansen listing period is included in some data bases.



Background and business profile

ALK was founded in 1923 in Denmark, Copenhagen. The first allergy treatment was against cats allergy and the entertaining but macabre background story for the making of cat hair extract injectable is found here [link](#)

For its first decades ALK was mainly a Nordic focused allergy treatment business. In the 1970s it struggled and in a capital raise the Lundbeck Foundation became major shareholder in 1976. A few years later ALK was merged into Chr Hansen Labs, a Danish food ingredient company.

32-year-old, Elsebeth Budolfson, was appointed CEO in 1979 and she managed the business until 2000 and executed well including the 1992 acquisition of Spanish allergy business Abello. Next CEO from 2000 to 2016 was Jens Bager, appointed when he was 40-years old. He oversaw the demerger and separate listing from Christian Hansen in 2006 as well as preparing the business towards the tablet-based allergy immunotherapy.

For international expansion of tablet-based allergy prevention ALK had partnered with Merck in the US, but Merck pulled out of the partnership in 2016 and ALK share plunged 18% in one day. A new CEO, Carsten

Hellmann aged 53, had been appointed but the only joined in early 2017. In late 2017 Carsten Hellmann made a strategic reset with new focus to create faster growth and better profitability in the 2020s. The new growth journey required a capital raise and a period of higher costs for R&D, sales force infrastructure, distribution etc. Lots of listed firms would never do a strategic reset that on purpose would reduce earnings for a longer period, but ALK's main shareholder, Lundbeck Foundation, supported the initiative. Even though it was good for the long term performance for ALK, the news was rewarded with a 20% decline in stock price down to 35 DKK (split adjusted).

Carsten Hellmann did a needed makeover of ALK, however in 2023 the Board identified the profile for the journey forward would be better steered by Peter Halling, aged 46. He started in November 2023. More in the leadership section of this thesis

The strategic reset is completed, and the forward journey is essentially execution of the growth and profitability potential. The starting point for the new CEO is a company with a 4.8bn DKK revenue stream with 10% growth (or more), 63% gross margin and 14% EBIT-margin. The mandate given by the board must be pretty clear; grow as fast as possible while improving the gross margin, EBIT margin and cash flow.

The company operates through three business segments:

SCIT (subcutaneous immunotherapy) is drops for traditional injection-based allergy treatment and contribute 40% of sales. SCIT revenues has shown modest growth of 1% per year since 2015. SCIT injections are administered in allergy clinics, hospitals, or specialists.

SLIT (sublingual immunotherapy) is tablet based treatment and prevention of allergies. The tablets can be administered from home and are to be taken over 2-3 year period to activate the body's own antibodies against allergic reactions. The SLIT segment contribute 48 % of 2023 revenues and have a growth profile of 15% or more.

The **Jetz adrenalin pens and other** contribute 12% of sales and its growth profile is around 5% per year. This segment also includes other revenues. Jetz adrenaline/epinephrine pens are exposed the competitors such as EpiPen, Neffy and Auvi-Q and ALK has no moat in this segment. The pens are used for emergency use against anaphylaxis and life dangerous allergic reactions.

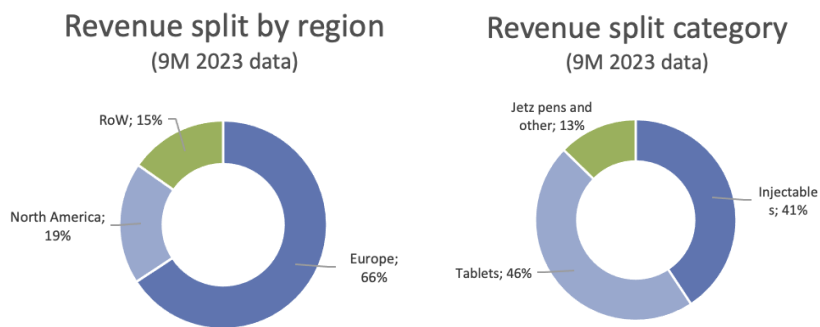
While the Merck partnership was active there was also a milestone/royalty revenue stream, but that has stopped and what remains of royalty revenue streams is included in Jetz and other

ALK products



Source: ALK annual report 2022

ALK category and regional regional revenue split is as follows;



In more detail is ALK's products already in market and pipeline (from 3Q 2023 report)

R&D TABLET PORTFOLIO STATUS

ALK aims to globalise a portfolio of SLIT-tablets for all relevant ages, covering five of the most common respiratory allergies: house dust mite, grass, tree, ragweed and Japanese cedar and the most common food allergy, peanut.

Ongoing clinical trials and regulatory approvals

Product	Age groups and indications	Phase 1	Phase 2	Phase 3	Filing
ACARIZAX [®] China	Adults – Allergic rhinitis (HDM)	█	█	█	▶
ACARIZAX [®] / ODACTRA [®] Europe & North America	Children – Allergic rhinitis (HDM)	█	█	█	
ITULAZAX [®] / ITULATEK [™] Europe & Canada	Children – Allergic rhinitis (tree: birch family)	█	█	█	
Peanut SLIT-tablet North America & Europe	Adults, adolescents, and children Food allergy (accidental peanut exposure)	▶			

Product approvals

Product	Age groups and indications	Marketed
GRAZAX [®] / GRASTEK [®] Europe, North America & International markets	Adults and children – Allergic rhinitis (grass)	2007-17
RAGWIZAX [®] / RAGWITEK [®] Europe, North America & International markets	Adults and children – Allergic rhinitis (ragweed)	2014-21
ACARIZAX [®] Europe & International markets	Adults – Allergic rhinitis and allergic asthma (HDM) Adolescents – Allergic rhinitis (HDM)	2016-21
ACARIZAX [®] / ODACTRA [®] North America	Adults and adolescents – Allergic rhinitis (HDM)	2017-18
MITICURE [™] Japan*	Adults and children – Allergic rhinitis (HDM)	2015-18
ODACTRA [®] North America	Adolescents – Allergic rhinitis (HDM)	2023
CEDARCURE [™] Japan*	Adults and children – Allergic rhinitis (Japanese cedar)	2018
ITULAZAX [®] / ITULATEK [™] Europe & Canada	Adults – Allergic rhinitis (tree: birch family)	2019-20

* Licensed to Torii for Japan

The market and competition

500 million people suffer for allergies worldwide. A running nose, red eyes and mild trouble breathing in the pollen season are the normal symptoms. Antihistamines block nerve receptors and hence stop the unwanted bodily reactions. 60% of all persons with allergy self-treat with over-the-counter drugs and do not seek the advice of allergy clinics or specialist doctors.

Allergies are getting more and more widespread due to a mix of factors such as inheritance, environmental changes, and modern lifestyle. Once a person/child is receptive to allergies there's a significant prevalence of more types of allergies in the same person.

50 million people suffer from severe allergies and this group risk developing allergy-induced asthma, which requires more intensive care and monitoring and in the most severe cases can lead to death.

Less than 5 million people treat and try to prevent the allergy with immunotherapy. It's a lengthy process illustrated with grass pollen allergy. The patient has to get multiple injections before the pollen season starts or take a tablet many months before the pollen season starts.

The total allergy treatment market is estimated to be 19.5 billion USD in 2023 and have a growth rate of 8% per year to 2028. (Source Mordor Intelligence). The revenue stream includes antihistamines and other treatments as well as immunotherapy.

The allergy immunotherapy market was 2.0 billion USD in 2021 (source Spherical Insights) and is expected to be 2.6 billion USD in 2023 (source ReportLinker) and is expected to grow to 3.9 billion USD in 2027 for a CAGR of 10%. Spherical Insights November 2023 report estimates 4.5 billion USD in 2030 and for 10% CAGR.

In 2021 2/3 of revenues was from SCIT injections and 1/3 from SLIT tablets.

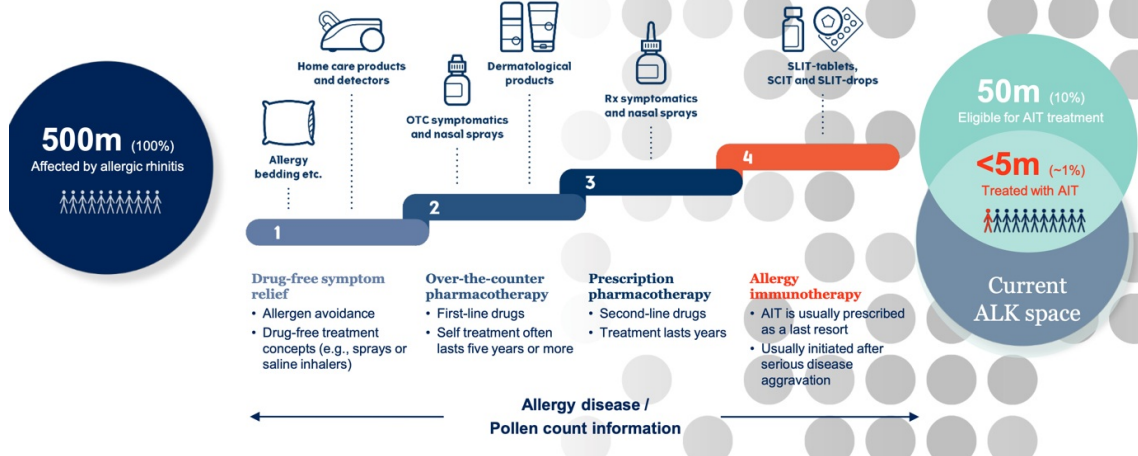
ALK with 300m USD in SLIT revenues hence dominate the fast-growing SLIT segment.

The most common forms of allergies are outdoor pollen from grass, hay, and tree, but can also come from pollution particles. Indoor allergies come from house dust mites and are with a higher rate in Asia than other parts of the world. Food and drink allergies are from milk/diary products, nuts/hazel, peanut etc, seafood and gluten.

From ALK investor presentation November 2022:

Allergy Disease Management

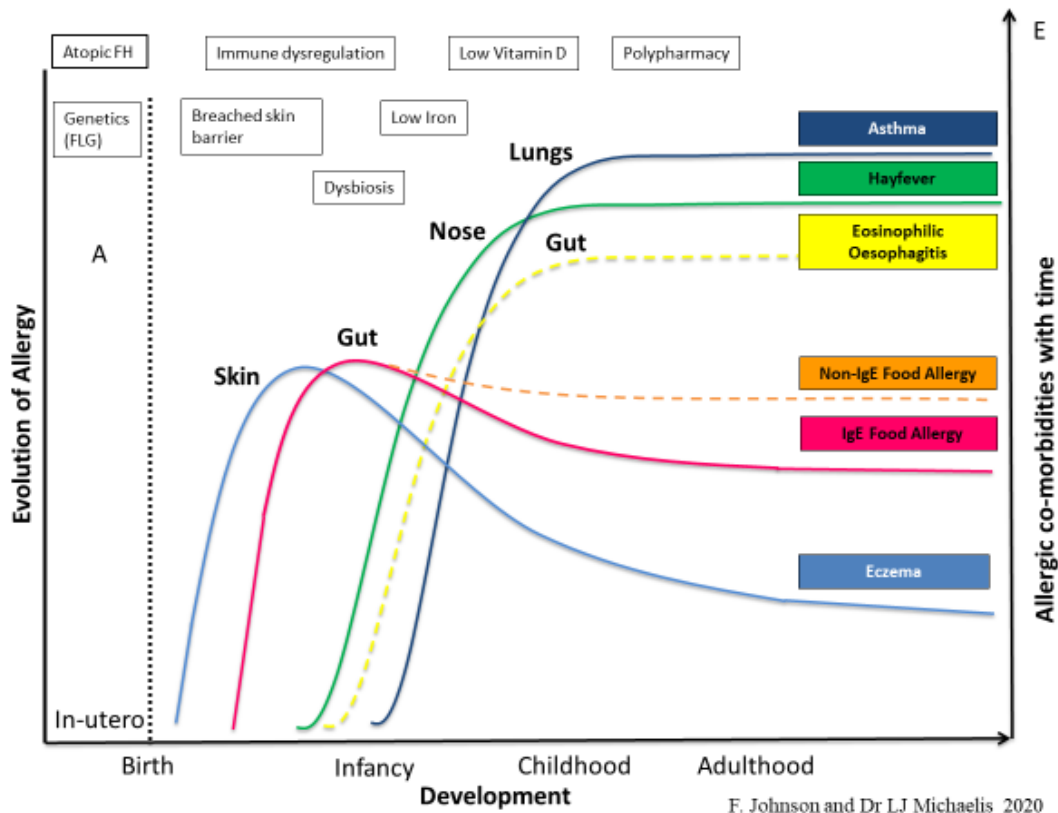
Majority of people with allergy rarely see a doctor and patients often endure a decade or more before turning to AIT



The best way to avoid allergy is to stimulate the body’s own antibodies as a child. ALK’s tablet test for use on children have in 2023 met all endpoints and the next step the commercial launch.

Immunotherapy works by stimulating your immune system so that it learns not to react to specific allergens. Over time, it modifies your allergy, offering long-term benefits that include a reduced need for symptomatic medication and may lower the risk of developing asthma.

Allergies are developed over time, so children with prevalence should get immunotherapy as soon as their allergy is detected. ALK tablets for children versus tree pollen and house dust mites have met their phase 3 primary endpoints in 2023 and will add to ALKs revenue potential going forward.



ALK's competitors are;

ASIT Biotech (Belgian clinical stage immunotherapies),

Mylan (EpiPen)

Adamis Pharma (epinephrine pens),

Dermapharm (former Merck KGaA allergy activities),

Stallergenes Greer (ALK's closest peer. Stallergenes is privately owned and latest revenue data from 2022 was 186m € i.e. 1/3 size of ALK),

Allergy Therapeutics (UK listed immunology business about 1/6th size of ALK),

HAL Allergy (Dutch private company with activities in allergy diagnostics and immunotherapy),

HollisterStier Allergy (US based part of Jubilant Pharma),

LETAPharm (Spain based allergy and dermatology business with tiny revenues),

DBV Technologies (French clinical stage biotech company focused on food allergies),

Nestle, the global food company, bought control of **Aimmune Therapeutics** in 2020 and included in Nestle Health Sciences for better food allergy prevention.

Financial performance

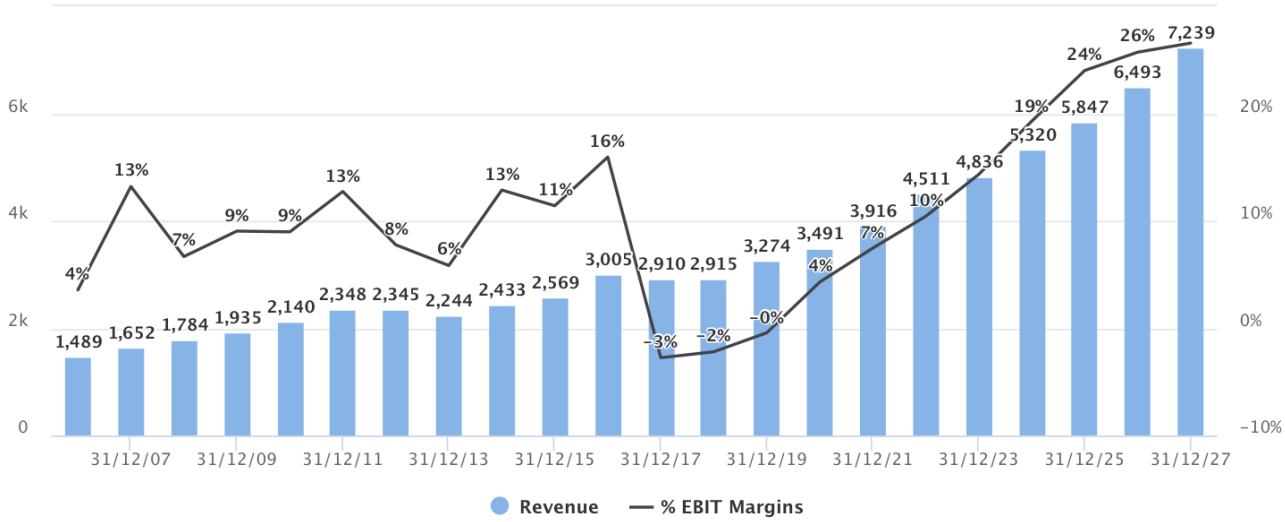
ALK financial performance since 2006 can be split into three major periods.

After being spun out of Christian Hansen and Lundbeck Foundation keeping their shares, ALK enjoyed a few years of excitement over the approval of the grass pollen tablet GRASAX. The stock price got too far ahead of itself and corrected more than 75% as the growth from SLIT tablet sales took much longer than investors had factored into the stock price.

The next period from 2009 to 2017 the operating modus was more on having acceptable growth and good cash flows. During that period the stock price recovered from the growth disappointment in the aftermath of first period

The third period started in 2017 and is still ongoing. US partner Merck decided to leave the partnership leaving ALK alone to grow the business around SLIT tablets. New CEO, Carsten Hellmann, announced a reset for faster growth and better profitability and the initial reaction by the stock market was a 20% decline in stock price. The reset and future growth and profitability path took a while before it was factored into the stock price as investor sceptics wanted to see more evidence that the plan worked. As time passed the facts became clearer and the stock price reacted positively.

Looking at the revenue stream and EBIT-margin in the below figure you clearly see the growth pause and negative EBIT margin after the 2017 reset announcement. Standing in late 2023 and looking into the future the trajectory looks good.



Based on historical performance, company guidance, and comprehensive modeling, a simplified model for ALK’s financial outlook can be outlined as follows:

ALK Abello

In DKK '000	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
SLIT tablets	1.370	1.774	2.102	2.291	2.647	3.079	3.658	4.170	4.731	5.375	6.115
growth		29%	18%	9%	16%	16%	19%	14%	13%	14%	14%
SCIT injection drops	1.673	1.655	1.748	1.920	2.005	2.071	2.134	2.199	2.150	2.216	2.273
growth		-1%	6%	10%	4%	3%	3%	3%	-2%	3%	3%
Jetz and other revenue	448	487	661	634	687	731	784	859	896	934	974
growth		9%	36%	-4%	8%	6%	7%	10%	4%	4%	4%
Revenues	3.491	3.916	4.511	4.845	5.339	5.881	6.576	7.300	8.103	8.994	9.983
- growth		12%	15%	7%	10%	10%	12%	11%	11%	11%	11%
EBIT	150	292	470	663	1.004	1.361	1.635	1.957	2.118	2.418	2.768
- margin	4,3%	7,5%	10,4%	13,7%	18,8%	23,1%	24,9%	26,8%	26,1%	26,9%	27,7%
Net income	25	219	335	557	802	1.051	1.242	1.487	1.716	1.978	2.283
EPS	0,11	0,99	1,50	2,50	3,60	4,72	5,58	6,67	7,70	8,88	10,25
Net debt (cash positive)	-595	-272	-208	333	1.138	2.214	3.589	5.112	7.020	9.231	11.796

Source: own model

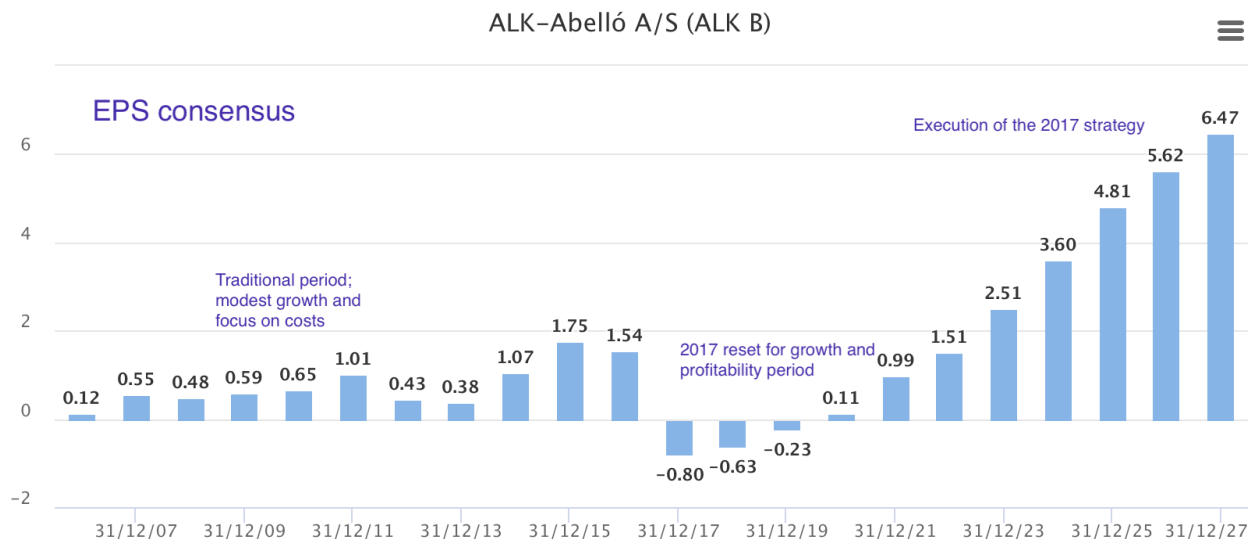
ALK has some seasonality in its sales as patients starting on tablet-based allergy prevention need to start up in 2H of the year in the Northern hemisphere in order to for the immunotherapy to have effect in the spring/summer the following year

The Jetz a.o. tend to be more cyclical. The pens are bought for emergency use and have a limited lifetime of a few years. Once their lifetime expires it triggers replacement sales. This replacement cycle can create some cyclicality not seen in the other revenue streams of ALK.

The key drivers in ALK operating model is revenue growth, a gradual increase in gross margin from current 63% towards 70% 5-7 years from now and then a R&D budget equal to 10% of sales, and SG&A budget that targets a 25% EBIT-margin.

ALK has stated that the 25% EBIT-margin should be seen as a stable and profitability above 25% will be used to grow their market, move deeper into other allergies such as peanuts and overall try to increase the market potential further

Adding all these things together then ALK's EPS history and forecast is illustrated below:



Source: TIKR

In the model above there's no assumption that ALK will use their cash flow for dividends, buy backs and/or M&A activity. If nothing is done then ALK net cash position will be around 5 billion DKK in 2027 or equivalent to almost 25% of current market cap.

Capital discipline

ALK cash flow profile and net financial position has been impacted by the three financial history periods mentioned above. The company paid dividend from 2008 to 2016. Since 2017 there has been no dividend or buy backs other than the shares bought in the market for management compensation.

M&A activity is almost impossible to predict including the economic impact. Assuming ALK is happy keeping 1 billion DKK in net cash and execute a 4 billion DKK in buyback program with subsequent cancellation of shares, that could potentially lift EPS 2027 from 6.47 DKK to 8.00 DKK.

ALK has not a stated target for return of capital employed. The historical capital returns were 5-15% and in the 2017- 19 period it was negative. Assuming ALK trim the net cash position they should be able to do 20% capital return per year from 2025 and after. CEO since 1 November 2023 comes with a private equity background, so there might be a clearer communication around 'use of cash' and 'capital return targets' once he has settled in.

Leadership

ALK has a track record of very long CEO periods. Since 1979 there's only been 4 CEO's including Peter Halling that started on 1 November 2023.

In 2023 there has been three changes in management, which is unusual for ALK.

CEO

Peter Halling (born 1977) is educated at Copenhagen business school and joins ALK from Fertin Pharma, a private equity operated pharma contract manufacturer, where he was CEO. Prior to Fertin Pharma he has leading roles at Novozymes, Ingredion Inc and Doehler Group GmbH.

He is a newcomer to investor communication and was off to a good start with the presentation of the 3Q 2023 update as the report surprised on SLIT sales growth.

When it was announced in June 2023 that Carsten Hellmann would be replaced it came as a surprise. The Chairman was however very clear in saying that ALK needed another profile for the coming period. Carsten was good in the makeover of ALK and the job was finished, so time for an operator for the next chapter of

ALK's journey

CFO

In November 2022 Søren Jelert resigned to become CFO in GN Store Nord. In February 2023 Claus Steensen Sølje (born 1972) was appointed CFO. He comes with 22 years finance, procurement, and supply-chain experience from Novo Nordisk

Head of R&D

In December 2022 Henrik Jacobi retired after 22 years with ALK. He continues in ALK's scientific committee. He was replaced by Henriette Mersebach (born 1971). Her background is from the R&D area in Novo Nordisk, and she has been responsible for pipeline expansions and development for 17 years.

Three important positions changed within one year needs to be monitored closely and this is one of the risk factors for ALK.

Shareholder structure and IR

ALK's is majority owned by Lundbeck Foundation, which control 40% of the capital and 67% of the votes.

ALK has 3 share classes;

18.4m A-shares (not public traded)

1.8m AA-shares (not public traded)

202.6m B-shares (traded at Nasdaq Copenhagen and various other venues)

There's 28.000 shareholders and apart from Lundbeck Foundation only ATP (Danish government controlled pension fund) hold more than 5.0% of the votes.

There's a sponsored ADR program with Deutsche Bank. US ticker is AKABY.

5 ADR's is one ordinary share.

The shareholder structure makes an unsolicited acquisition impossible. Lundbeck Foundation has been a large shareholder for almost 50 years, but they could obviously decide to sell if the offer was attractive enough. Lundbeck Foundation also control Lundbeck Pharmaceuticals specializing in neurological diseases incl antidepressant drugs. Due to a change from one share class in Lundbeck Pharma to two share classes in 2022 there's governance issues and investor skepticism about the main shareholder.

ALK investor relations efforts are good and their annual reports and quarterly update materials incl shorter- and longer-term guidance give investors good decision tools.

For 2023 the guidance is 8-12% revenue growth and EBIT-margin of 13-15%.

For period towards 2025 the guidance is 10% revenue growth and 25% EBIT margin in 2025

Valuation and target price

Based on various valuation methods from historical valuation intervals on metrics such as forward, EV/EBIT, P/E and P/CEPS and not least an NPV model I get to a price target in 5 years time of 160-200 DKK vs the current 94 DKK.

The 2017-20 period where ALK executed on the reset for future growth and higher profitability resulted in negative EBIT and net income. The time series for historical valuation intervals is hence broken.

In the 2009-16 period the stock traded at 10-20x forward EV/EBITDA. In the 2020-22 period when investors bought into the growth story and many stocks traded at very high multiples due to negative interest rates ALK was valued at 40-80x EV/EBITDA.

In late 2022 the quarterly updates on SLIT-tablet sales showed lower growth than analysts and investors expected and combined with higher interest rates the valuation normalized to 20x forward EV/EBITDA.

The only unbroken time series of valuation is ALK's price to sales ratio shown in this illustration:



Looking at stock price vs 12m forward EPS you get a similar pattern, yet the underlying improvement in EPS is visible in the chart below and in the EPS forecasts in the table in 'Financial performance' section.

The simplest valuation comes from this calculation; a moaty company with 10% CAGR and long run-way, 25% EBIT-margin and net cash position should be trading at 25x earnings (4% earnings yield) in a interest rate environment with 4% 10-year rates.

With ALK's 2027 EPS of 6.47 DKK it indicates 162 DKK per share



Based on EPS estimates for 2023 to 2027 and then growth and discount rate assumptions to 2048 and no terminal value the matrix below shows ALK's potential NPV at various growth rates and discounting levels. The possibility for share buy backs and a higher EPS in 2027 from 6.47 DKK to 8.00 DKK is not computed in the matrix below

		EPS growth rate					
		4%	6%	8%	10%	12%	14%
Discounting rate	4%	135	160	193	234	287	355
	5%	119	139	166	200	243	299
	6%	104	122	144	172	207	253
	7%	93	107	125	148	178	215
	8%	82	94	110	129	153	184
	9%	74	84	97	113	133	158

Using estimated EPS for 2023-27 and then annual EPS growth to 2048. No terminal value

Triggers and opportunities

ALK is in a leadership position for tablet-based treatment and prevention of allergies. The main driver for ALK's performance is continued growth of SLIT tablets.

The roll-out in Asia, Europe and North America is a lengthy process, so watch the quarterly updates for how things are going

The two positive read-outs for children use of SLIT tablets in 2023 will likely go commercial in 2024 opening for faster revenue growth in 2H 2024

The portfolio is in process of being expanded with peanut allergy, the fastest-growing allergy type, but it's early days as its only in phase 1 trials.

More allergy types are probably being considered by the R&D people in ALK.

It is a glacial speed process to move allergy patients towards immunotherapy evidenced by only 1% of allergy patients going that way. An episode that works as an wake-up call for many more can obviously happen, but its impossible to predict how and when. But you never know. Suddenly an event such as an influencer or celebrity with kids breaks a story of how well immunotherapy works and then attention jumps

ALK has not held a CMD since 2013 and currently nothing has been planned by the company. The new management team could do a 'get to know the company' event and with good clarification of the forward journey and use of cash. This could be a major trigger as more investors would get to know the company

Next scheduled events are;

1. December 7, 2023. Nordic American Healthcare Conference. New York
2. Full year 2023 report on February 8, 2024. 4Q 2023 consensus expectation is for sales of 1.35 billion DKK +8%, EBIT 242 million DKK +75% and margin 18%
3. AGM in April 2024
4. 1Q 2024 report in early May 2024
5. 2Q 2024 report in late August 2024

Risks

It's not that ALK has the whole allergy prevention and treatment market for itself, but the main competitors are smaller companies (see competitor section under market)

The structure of the market is such that it requires at serious resources to stimulate growth. Education of parents with allergic children must be made aware of the treatment and prevention possibilities and that's not cheap

The new management team needs to show they can work well together. CEO is the last one onboard and he did not hire the CFO or head of R&A, so investors must monitor how the new team works.

If growth do not materialize as ALK has planned it could hurt profitability as expansion costs are already in execution mode.

ALK had a very visible valuation risk when it traded above 40x EV/EBITDA. After 40-50% stock price decline that is less of a risk.

Disclaimer

Please note that this analysis is for informational purposes only and should not be considered as financial advice. It is recommended to conduct further research and consult with a financial professional before making investment decisions.

Idea Updates

The author has not yet posted any updates for this idea.

Comments

There are no comments yet on this idea.

Visit <https://sumzero.com/pro/research/ideas/22182> and start the discussion.

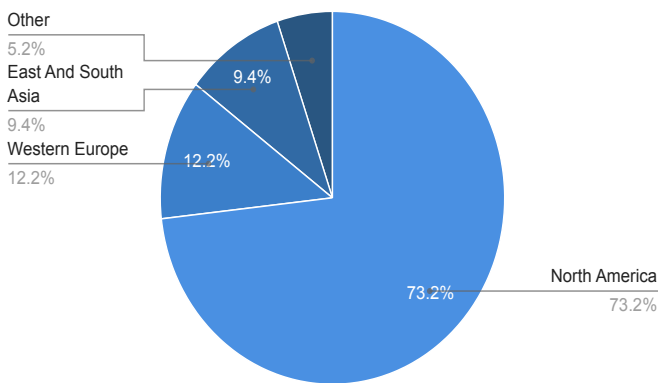
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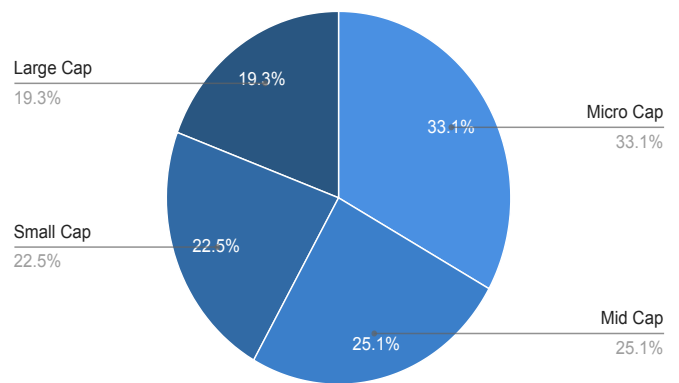
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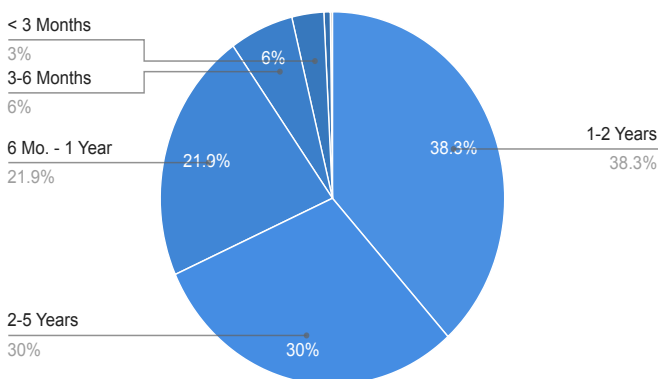
Region



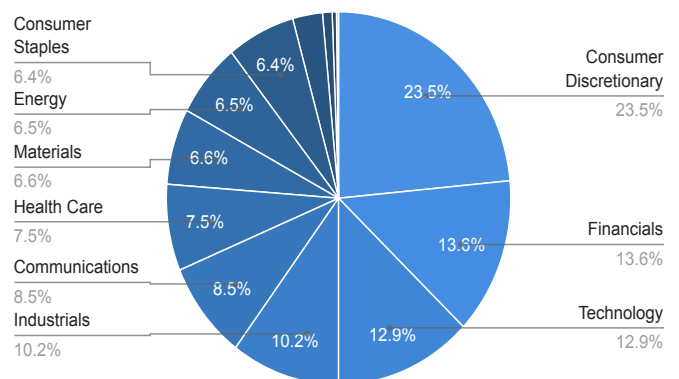
Market Cap



Timeframe



Sector



Direction

Long	Short
85%	15%

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