



March 20, 2018

## **Grant of share options and performance shares to members of the Board of Management and key employees**

ALK (ALKB:DC / OMX: ALK B / AKABY / AKBLF):

### **Share option programme**

According to the guidelines for incentive payments adopted at the Company's annual general meeting on 12 March 2018, the Board of Directors has passed a resolution to grant a total of 31,973 share options, comprising 17,573 options to the members of the Board of Management and 14,400 options to a group of key employees. The share option programme is subject to the fulfilment of economic key indicators with a threshold below which there will be no payout, and with the opportunity to perform above target. In case of performance above target, a defined multiplier is used that can increase the payout by up to 100%.

The options can be exercised during the period from 1 March 2021 to 1 March 2023 during the trading windows following the release of annual and interim reports. If the option holders have not exercised their options within the period specified, the options will lapse without any compensation to the holders.

The exercise price of the options has been set at DKK 745 each, corresponding to an average of the closing prices of the Company's shares on NASDAQ Copenhagen during the period 13 to 19 March 2018 (both days included). To this should be added annual interest at the rate of 2.5%, which will be added the first time on 1 March 2019. The exercise price of the options will be adjusted by dividends, if dividends deviate from DKK 0 per share.

The market value of the adopted option plan of 31,973 options is approximately DKK 4.8 million applying the Black & Scholes model for valuation of options. The determination of the value is based on an assumed exercise price of DKK 802, an annual dividend distribution of DKK 0 per share, a volatility rate of 29% p.a. and a risk-free interest rate of -0.16% p.a.

Under the international financial reporting standards (IFRS), the incentive plan will be recognised in the income statement in the respective functional areas over the vesting period.

### **Performance share programme**

The Board of Directors has passed a resolution to grant performance shares in accordance with the guidelines for incentive pay adopted at the Company's annual general meeting on 12 March 2018. The scheme comprises a total of 17,319 performance shares, including 3,532 shares to the members of the Board of Management and 13,787 shares to a group of key employees. The market value of the performance shares is approximately DKK 12.9 million, calculated on the basis of an average of the closing prices of the Company's shares on NASDAQ Copenhagen during the period 13 to 19 March 2018 (both days included).

The final transfer of ownership of the performance shares takes place three years after the grant (2021), and is subject to the fulfilment of economic key indicators with a threshold below which there will be no payout, and with the opportunity to perform above target. In case of performance above target, a defined multiplier is used that can increase the payout by up to 100%.

Under the international financial reporting standards (IFRS), the incentive plan will be recognised in the income statement in the respective functional areas over the vesting period.

### **Special incentive plan — equity-based one-time scheme**

ALK's special incentive plan is a one-time scheme designed to implement ALK's growth strategy and consists of both share options and performance shares. The value of the plan may not exceed 50% of the Executive's 2018 annual base salary on the grant/allocation date. The special incentive plan is conditional upon economic indicators being attained, with a threshold value below which the plan will not pay out. If the results exceed the threshold, a defined multiplier may increase the grant/allocation in ALK's special incentive plan by up to 300%. However, the overall payout of the plan on the vesting date for the performance shares and on the exercise date for the share options can never exceed a total value of 300% of the recipient's 2018 annual base salary.

The special incentive plan was adopted at the annual general meeting on 12 March 2018.

### **Share options**

The Board of Directors has passed a resolution to grant a total of 44,507 share options in a one-time scheme, comprising 23,747 options to the members of the Board of Management and 20,760 options to a group of key employees. The share option programme is subject to the fulfilment of economic key indicators with a threshold below which there will be no payout, and with the opportunity to perform above target. In case of performance above target, a defined multiplier is used that can increase the payout by up to 300%.

The options can be exercised during the period from 1 March 2021 to 1 March 2023 during the trading windows following the release of annual and interim reports. If the option holders have not exercised their options within the period specified, the options will lapse without any compensation to the holders.

The exercise price of the options has been set at DKK 745 each, corresponding to an average of the closing prices of the Company's shares on NASDAQ Copenhagen during the period 13 to 19 March 2018 (both days included). To this should be added annual interest at the rate of 2.5%, which will be added the first time on 1 March 2019. The exercise price of the options will be adjusted by dividends, if dividends deviate from DKK 0 per share.

The market value of the adopted option plan of 44,507 options is approximately DKK 6.7 million applying the Black & Scholes model for valuation of options. The determination of the value is based on an assumed exercise price of DKK 802, an annual dividend distribution of DKK 0 per share, a volatility rate of 29% p.a. and a risk-free interest rate of -0.16% p.a.

Under the international financial reporting standards (IFRS), the incentive plan will be recognised in the income statement in the respective functional areas over the vesting period.

### **Performance share programme**

The Board of Directors has passed a resolution to grant a total of 8,949 performance shares in the one-time scheme, including 4,773 shares to the members of the Board of Management and 4,176 shares to a group of key employees. The market value of the performance shares is approximately DKK 6.7 million, calculated on the basis of an average of the closing prices of the Company's shares on NASDAQ Copenhagen during the period 13 to 19 March 2018 (both days included).

The final transfer of ownership of the performance shares takes place three years after the grant (2021), and is subject to the fulfilment of economic key indicators with a threshold below which there will be no payout, and with the opportunity to perform above target. In case of performance above target, a defined multiplier is used that can increase the payout by up to 300%.

Under the international financial reporting standards (IFRS), the incentive plan will be recognised in the income statement in the respective functional areas over the vesting period.

The grant of share options and performance shares does not change the Company's financial forecast.

No share options or performance shares have been granted to members of the Board of Directors.

**ALK-Abelló A/S**

### **For further information please contact:**

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