



TELECONFERENCE – FY2016 AND Q4 2016

8 February 2017



Company disclaimer

This presentation contains forward-looking statements that provide our expectations or forecasts of future events such as new product introductions, product approvals and financial performance.

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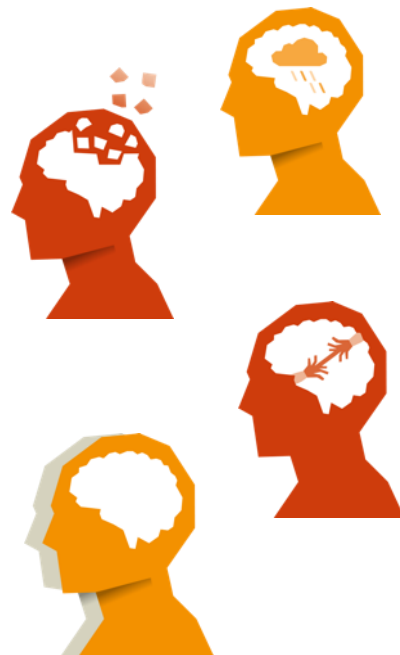
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Certain assumptions made by Lundbeck are required by Danish Securities Law for full disclosure of material corporate information. Some assumptions, including assumptions relating to sales associated with products that are prescribed for unapproved uses, are made taking into account past performances of other similar drugs for similar disease states or past performance of the same drug in other regions where the products are currently marketed. It is important to note that although physicians may, as part of their freedom to practice medicine in the US, prescribe approved drugs for any use they deem appropriate, including unapproved uses, at Lundbeck, promotion of unapproved uses is strictly prohibited.

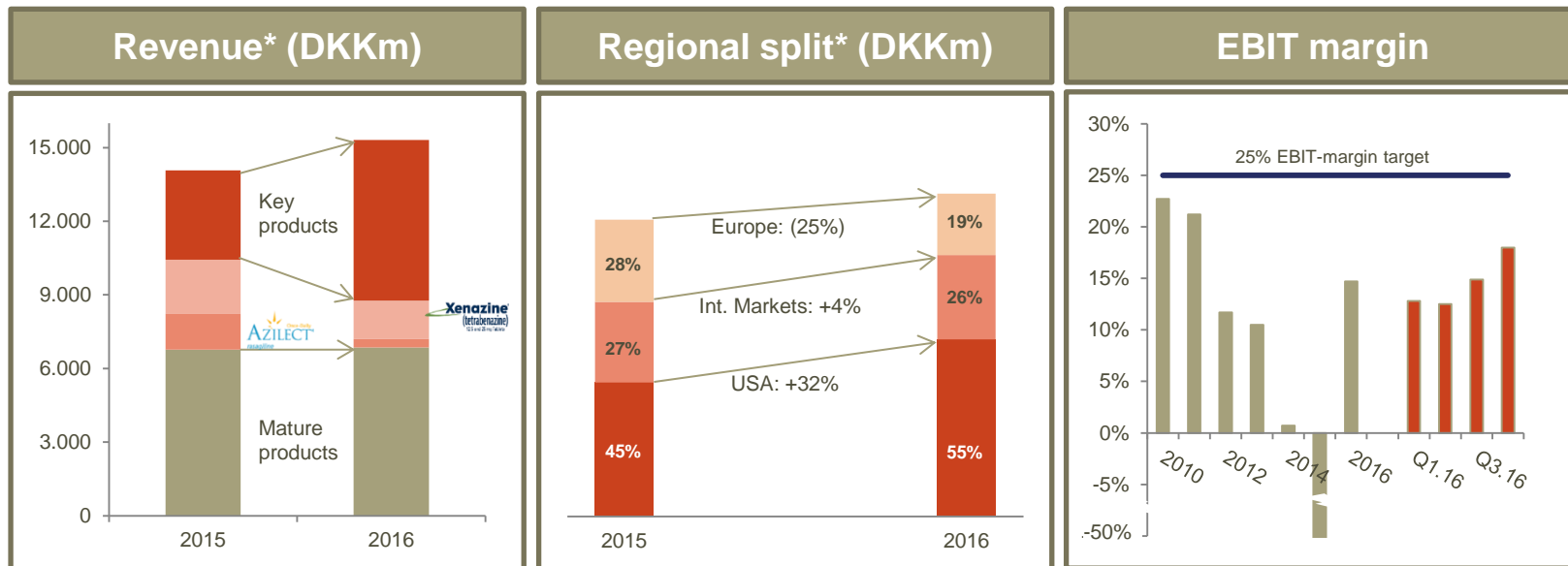


2016 achievements – Continued delivery on the strategy

- ★ Total revenue increased by **7%** to DKK **15.6** billion
- ★ Key products grew **79%** to DKK 6.5 billion representing **42%** of revenue
- ★ EBIT increased to DKK **2.3** billion and EBIT margin significantly improved to **14.7%**
- ★ Net cash improved by DKK **2.5** billion
- ★ Lundbeck expects revenue of DKK **16.3-17.1** billion and EBIT of DKK **3.4-3.8** billion for 2017
- ★ Proposed dividend of DKK 2.45 per share for 2016 and payout ratio raised from 30-40% to **60-80%** of net profit from 2017



Delivering high performance with revenue of DKK 15.6 billion (+7%) and EBIT-margin significantly improved



*) Excluding Other revenue

Lundbeck's key products reached DKK 6.5 billion in 2016 - up 79% in 2016



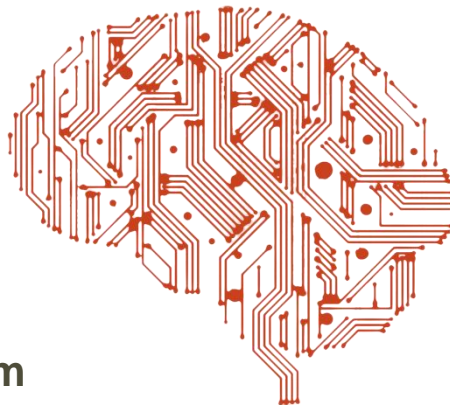
DKK 826m
+608%



DKK 2,409m
+37%



DKK 1,114m
+67%

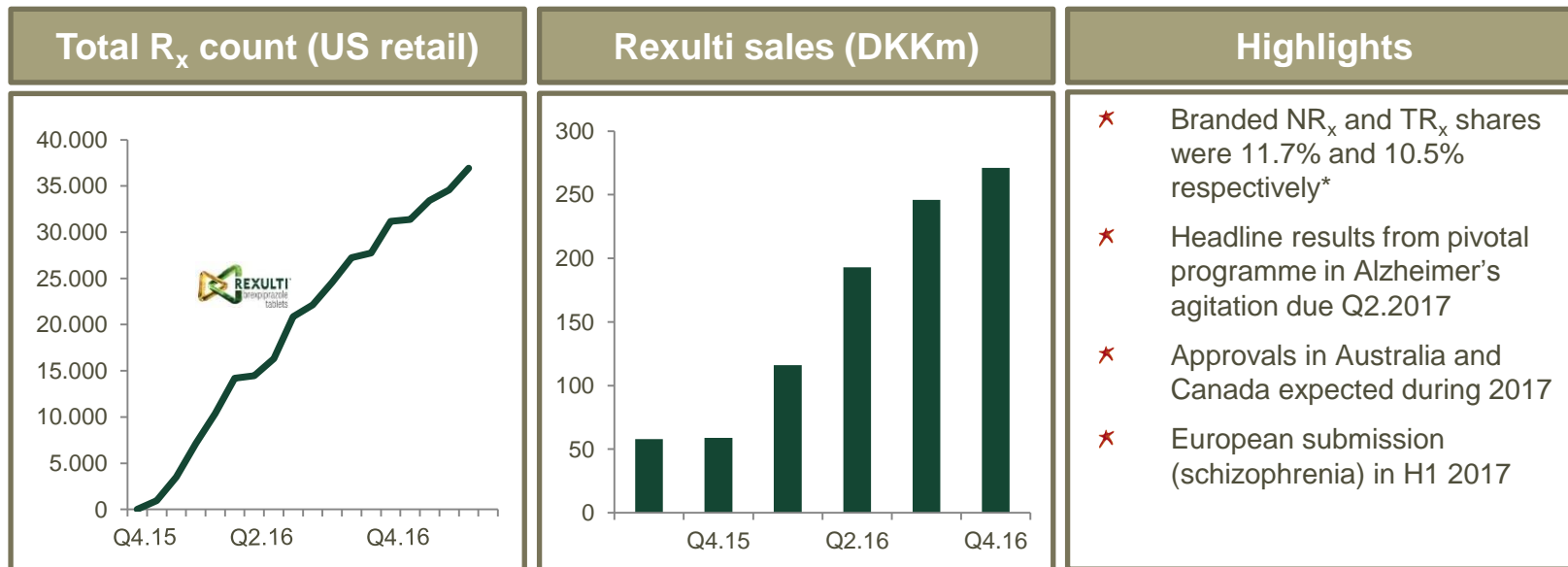


DKK 1,105m
+76%



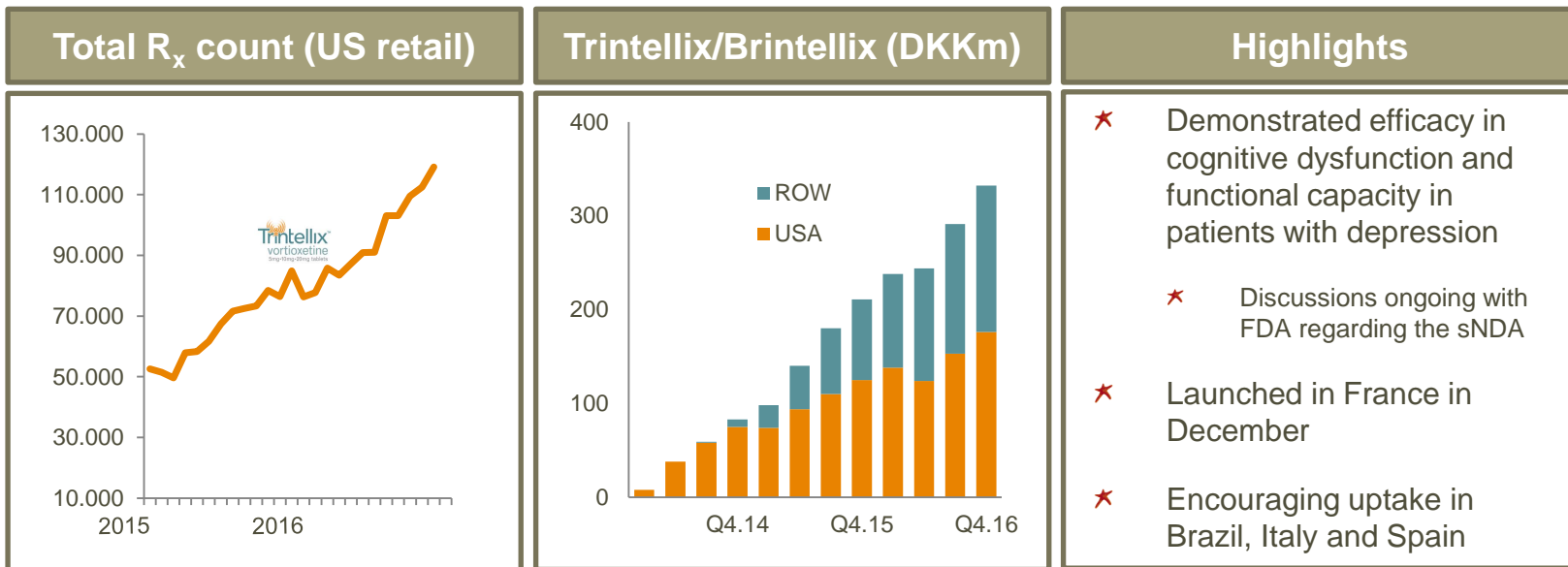
DKK 1,087m
+129%

Rexulti continues the solid momentum



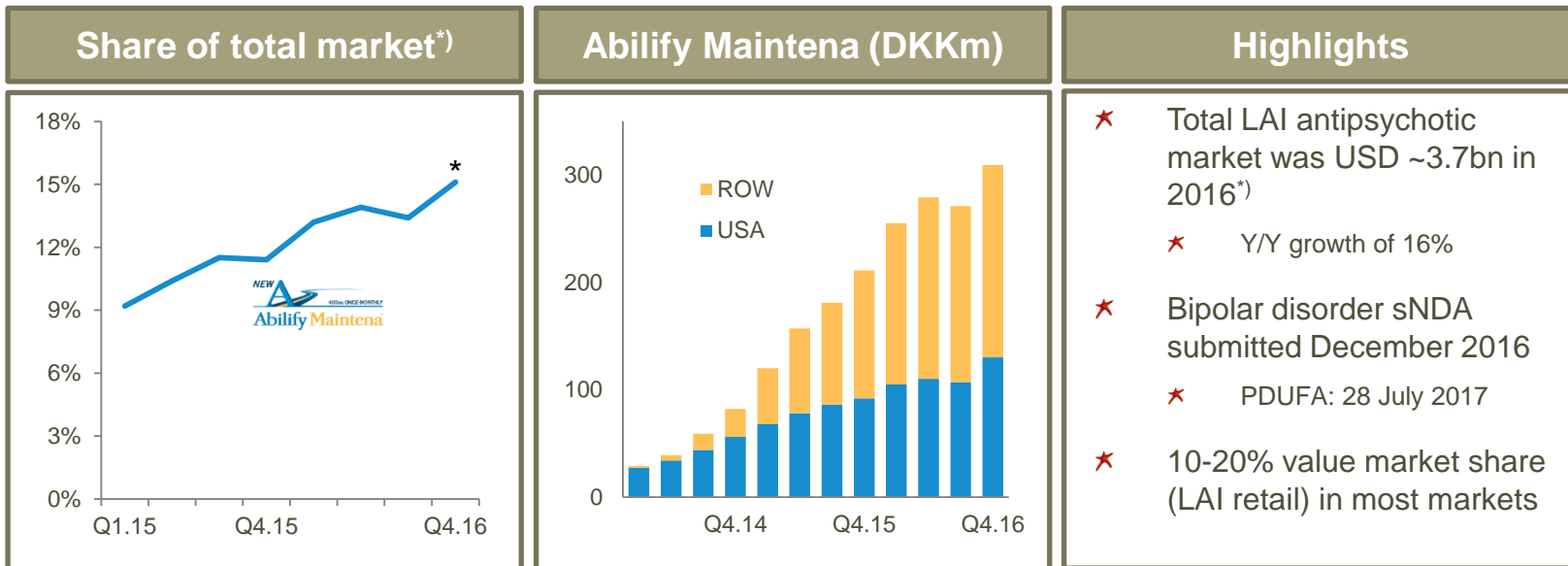
*) Week ending 13 January 2017

Strengthened momentum for Brintellix/Trintellix, especially in the US



Source: Bloomberg (monthly data ending 12/2016)

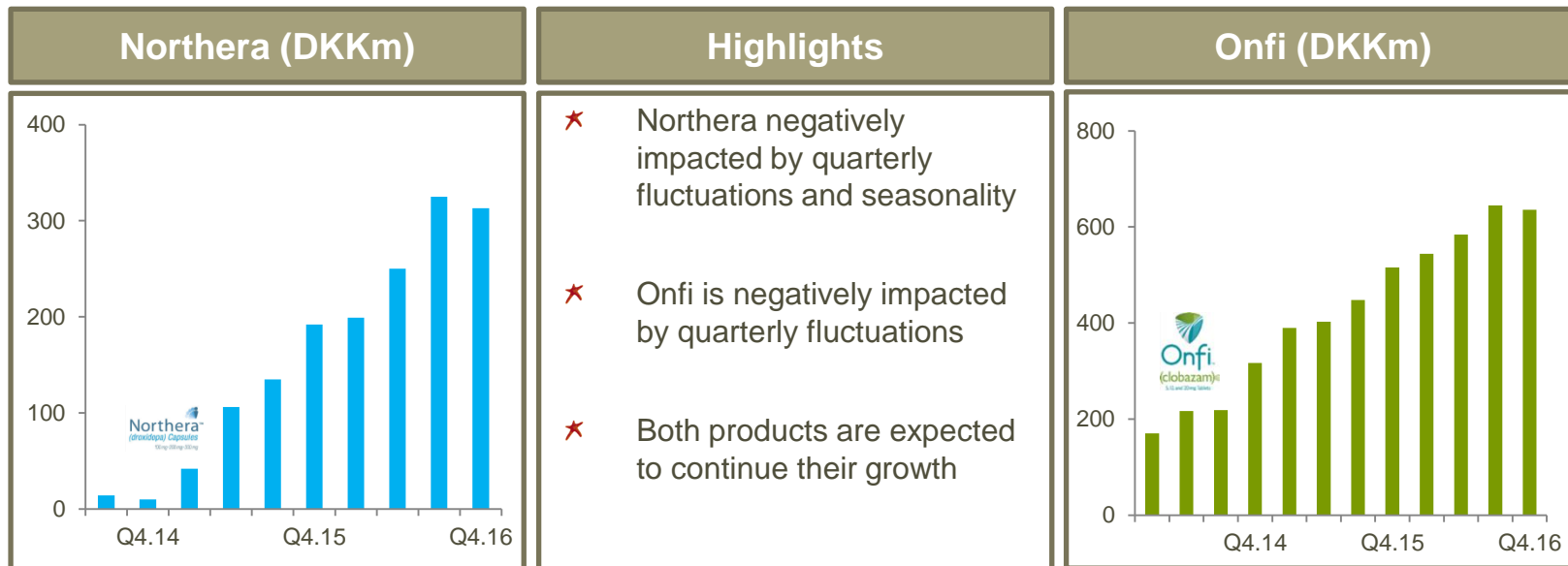
Strong growth driven by volume growth and market share gains



^{*)} Quarterly reports from Lundbeck, Otsuka, Alkermes (Bloomberg consensus for Q4 2016 per 5 Feb. 2017) and Johnson & Johnson

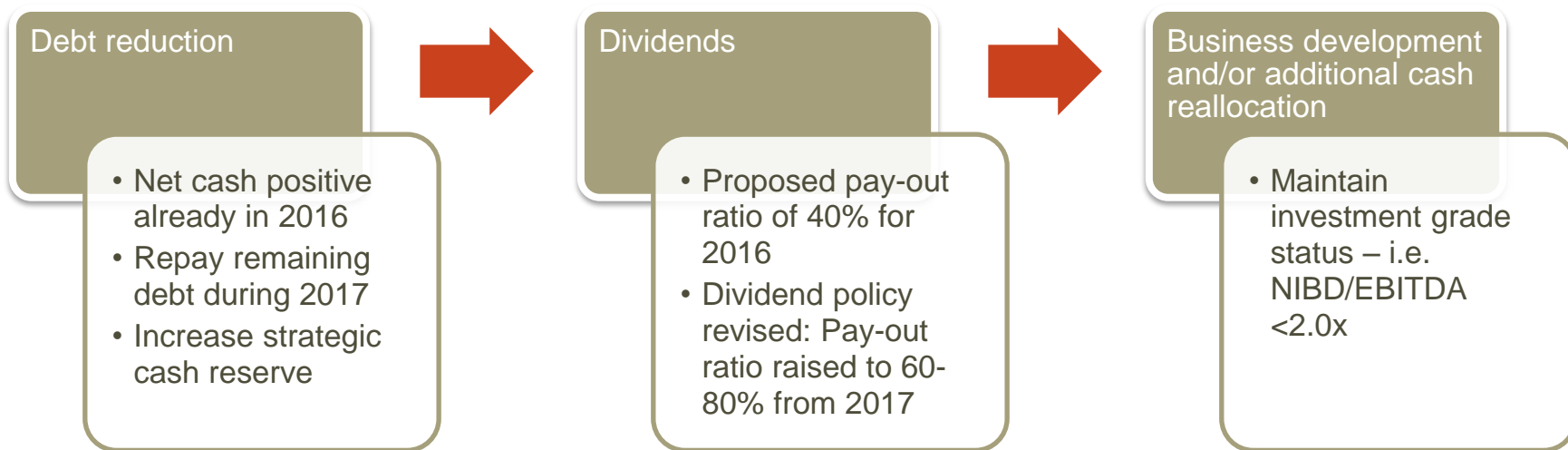
Lundbeck's share of revenue

Onfi and Northera – two fast-growing US products

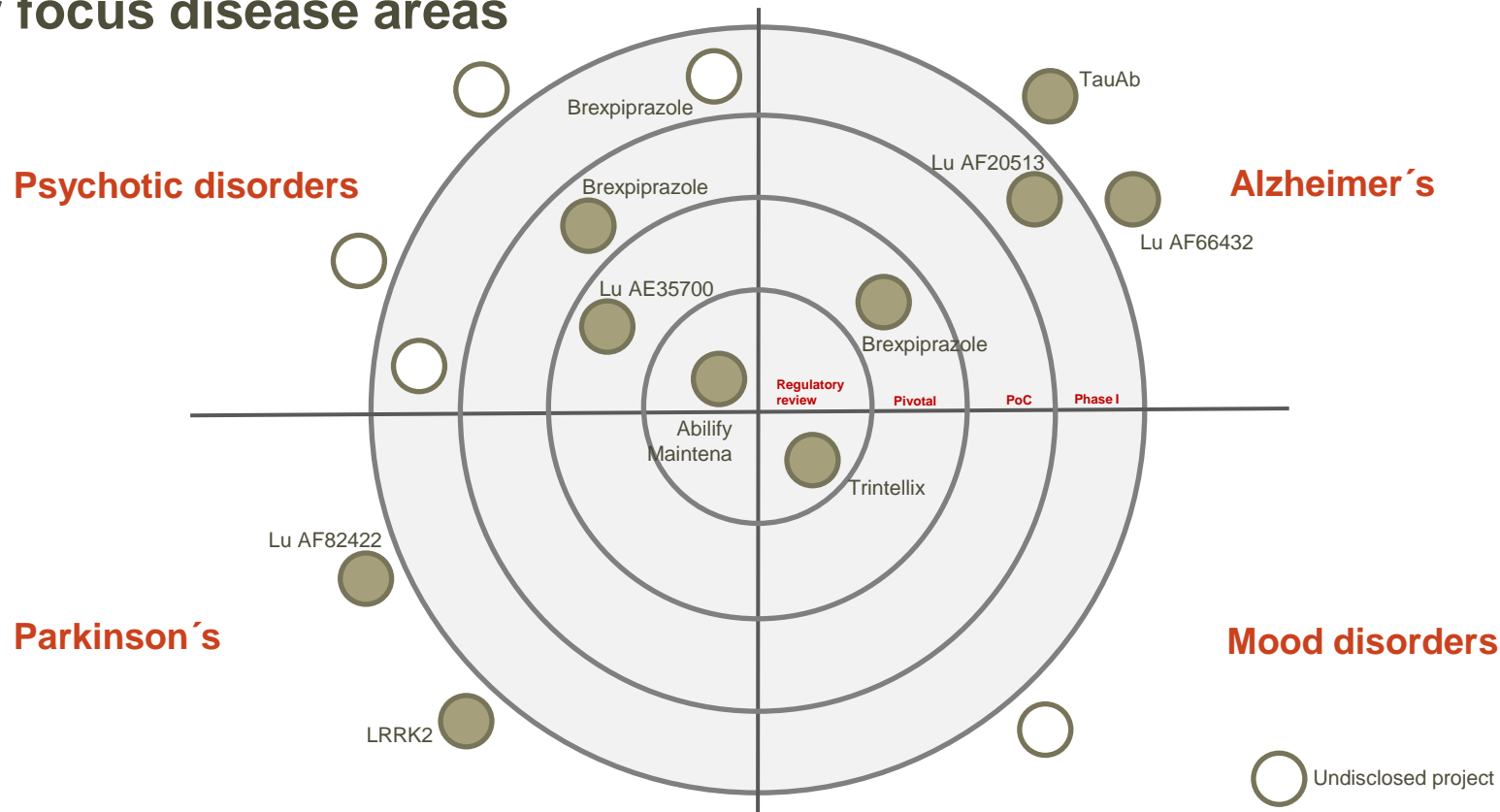


Cash flow priorities: Increasing dividends linked to the long-term performance

Lundbeck's extended actions to return cash to shareholders demonstrate our conviction in our future



Growth opportunities arise from R&D pipeline across Lundbeck's four focus disease areas

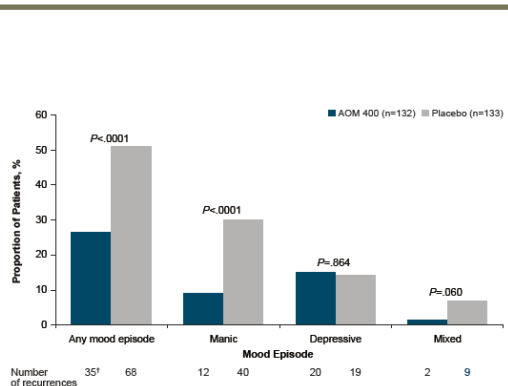


Abilify Maintena has demonstrated efficacy in the maintenance treatment of Bipolar I disorder

Bipolar I disorder (BP-I)

- ★ BP-I is a chronic illness characterized by periodic, acute episodes of depressive and/or manic symptoms.
- ★ A common cause of relapse in BP-I is poor treatment adherence
- ★ ~50% of patients being partially adherent or non-adherent to their treatment regimens
- ★ Bipolar I disorder affects ~1% of the population in the US

Proportion of patients with recurrence of any mood episode



Study outcome


- ★ AOM 400 demonstrated a significant delay in time to recurrence of mood episodes and maintained stability
- ★ The safety profile of AOM 400 in BP-I was consistent with that of daily oral aripiprazole
- ★ Results suggest that AOM 400 is a viable option for maintenance treatment in BP-I and its once-monthly administration could potentially lead to improved adherence

Aripiprazole once-monthly 400 mg (AOM 400)

NCT01567527 (Start: Aug. 2012); NCT01710709 (Start: Nov. 2012)

Joseph R. Calabrese et al.: "Efficacy and Safety of Aripiprazole Once-Monthly in the Maintenance Treatment of Bipolar I Disorder: A Double-Blind, Placebo-Controlled, Randomized Withdrawal Study". ACNP2016 (Poster T116)

Brexpiprazole enters Proof-of-Concept study in Post-traumatic Stress Disorder (PTSD)

PTSD		The PoC study*
<ul style="list-style-type: none"> ★ ~8.6m American adults affected¹⁾, but ~80% is undiagnosed ★ Growing economic and social burden to care for people with PTSD ★ Inadequate response with FDA approved SSRIs sertraline and paroxetine ★ Polypharmacy the norm 	 <pre> graph TD PTSD((PTSD)) --- MDD((MDD)) PTSD --- Suicidality((Suicidality)) PTSD --- GAD((GAD)) PTSD --- SocialPhobia((Social phobia, panic)) PTSD --- OCD((OCD)) PTSD --- TBI((TBI)) PTSD --- SubstanceAbuse((Substance abuse)) MDD --- SubstanceAbuse </pre>	<ul style="list-style-type: none"> ★ 4-arm, 12-week trial using 1-3mg of brexpiprazole ★ Monotherapy or in combination with sertraline ★ ~330 patients to be enrolled ★ Primary endpoint: Change from baseline in the CAPS-5 total score[#]

*) NCT03033069

#) Clinician-Administered PTSD Scale for DSM-5 (CAPS-5)

1) <http://www.cohenveteransbioscience.org/post-traumatic-stress/>. US Census Bureau. Annual estimates of the resident population by sex and selected age groups for the United States: April 1, 2010 to July 1, 2011 (NC-EST2011-02). 2012.
<http://www.census.gov/popest/data/national/asrh/2011/index.html>.

Lundbeck has made several early-stage partnerships in 2016

Partnerships in 2016



Out-licensing agreement on an early-stage research project



Research agreement aimed at validating therapeutic targets for Alzheimer's



Out-licensing of proprietary Lundbeck mouse strains



Collaboration agreement in depression connected to optogenetic technology



Research study agreement connected to schizophrenia projects



Research service agreement connected to Alzheimer's projects



Collaborative group formation agreement connected to Alzheimer's projects



Genetic testing connected to projects in MDD and bipolar disorder

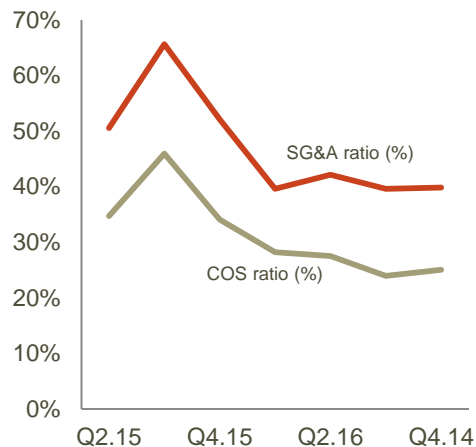
Financial results – FY2016 and Q4 2016

Strong improvement in both gross and EBIT margin

FY2016	FY2015	Δ%	DKKm	Q4 2016	Q4 2015	Δ%
15,634	14,594	+7%	Revenue	4,165	3,733	+12%
73.9%	63.0%	+17%	Gross margin	75.0%	66.0%	+14%
2,292	(6,816)	-	EBIT	751	(432)	-
14.7%	(46.7%)	-	EBIT margin	18%	(11.6%)	-
3,477	847	+311%	Core EBIT	1,014	73	+1,289%
1,211	(5,694)	-	Net profit	473	(448)	-
6.14	(28.96)	-	EPS	2.40	(2.27)	-

Reduced headcounts and OPEX in general combined with stable CAPEX ensures...

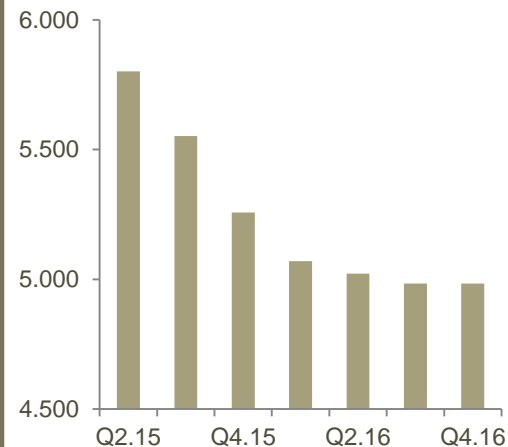
COS and SG&A ratio



Highlights

- ★ Strong decline in cost spend
- ★ Number of positions reduced by around 1,000
- ★ Lowest FTE level in more than 10 years
- ★ CAPEX stable around DKK 3-400 million per year

Headcount (FTEs)

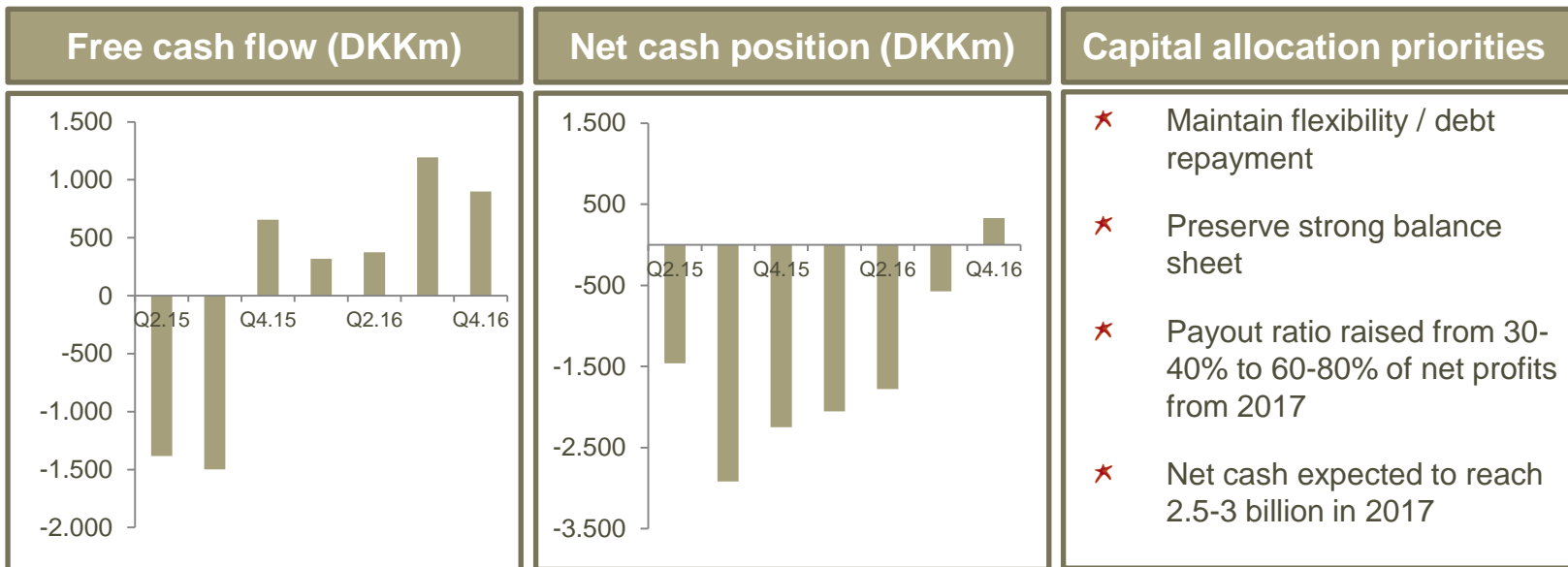


...strong improvement in Lundbeck's cash flow

Net cash position improved by DKK ~2.5 billion

FY2016	FY2015	Δ%	DKKm	Q4 2016	Q4 2015	Δ%
3,126	197	1,487%	Operating cash flow	1,033	763	35%
2,789	(2,645)	-	Free cash flow	900	655	37%
783	(2,144)	-	Net cash flow	412	169	144%
2,200	1,504	46%	Cash	2,200	1,504	46%
326	(2,249)	-	Net interest-bearing debt	326	(2,249)	-
(0.1)	10.7	-	Net debt/EBITDA ratio	(0.3)	12.2	-

Mid-term capital allocation priorities: Preserve strong balance sheet and raise dividends



In 2017, Lundbeck will achieve an all-time-high revenue and EBIT

2017 financial guidance

DKKbn	2016	2017e	~Δ%
Revenue	15.6	16.3-17.1	+4-9%
EBIT	2.3	3.4-3.8	+48-66%
EBIT-margin	14.7%	~20-23%	-

Assumptions

- ★ 2017 will be impacted by additional generic erosion but also continued growth of key products
- ★ No acquisitions, divestitures, milestones or up-front payments included in the income statement
- ★ Unchanged currencies

Key priorities

- ★ Sustain sales **momentum** of key products
- ★ Realize full **benefits** from restructuring programme
- ★ Deliver on **innovation**
- ★ **Cash** reallocation

