

Investor & Analyst presentation

May 2018



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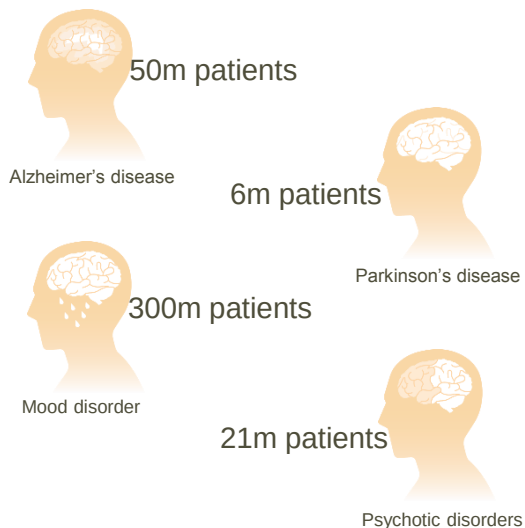
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Certain assumptions made by Lundbeck are required by Danish Securities Law for full disclosure of material corporate information. Some assumptions, including assumptions relating to sales associated with products that are prescribed for unapproved 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.



Lundbeck in brief

DISEASE AREAS



~\$40bn

KEY PRODUCTS

~\$1.5bn

Northera®

Abilify® Maintena®

Brintellix®

Trintellix®

Onfi®

REXULTI®

GLOBAL PRESENCE

We are headquartered in Denmark and present in 55 countries



REVENUE

~60% of our revenue is generated in North America



~60%



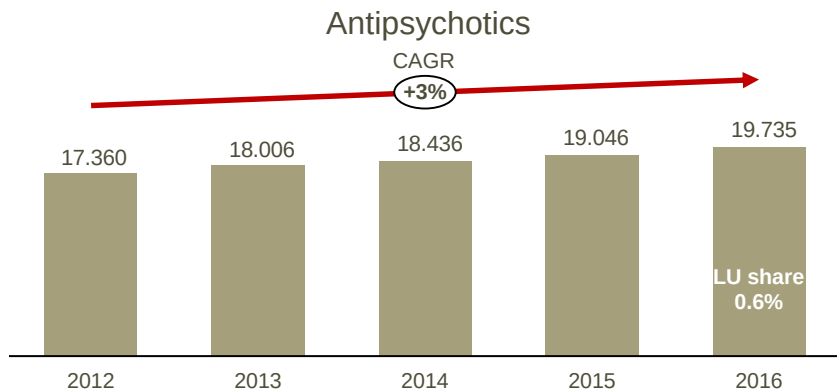
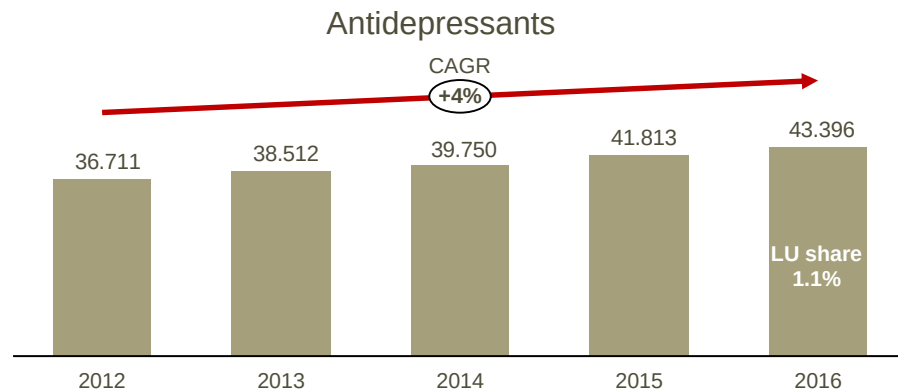
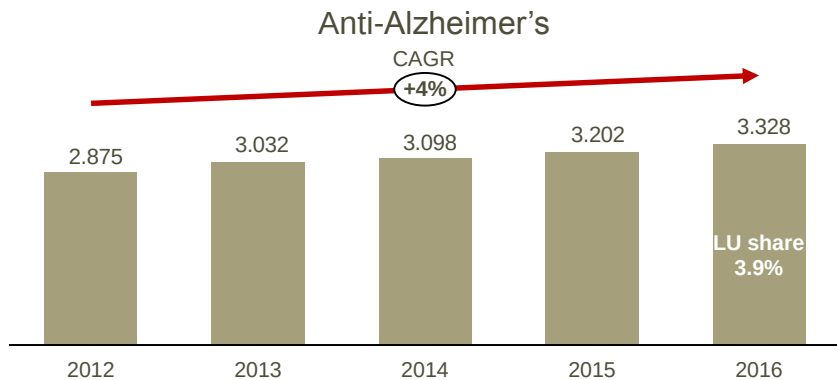
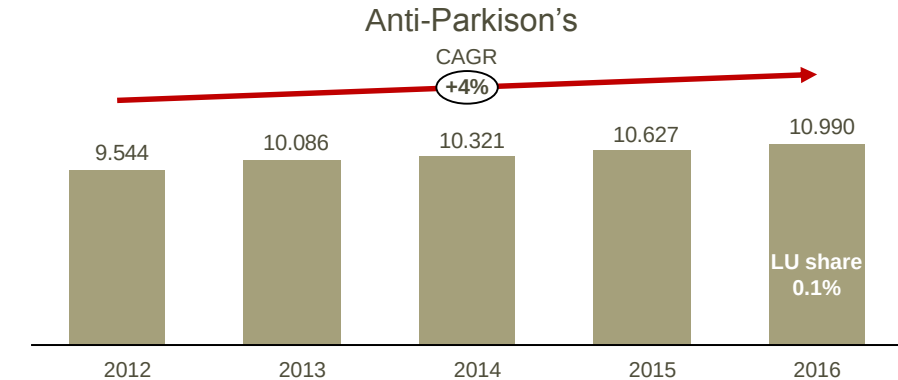
Our strategy for a
FOCUSED LUNDBECK
sets the direction
for our future success

Four diseases

Independent drug
development and
commercialization

Profitable growth

Volume growth in our four focus disease areas



Source: IMS Health Analytics Link 2016 (Audited sales). Values are in standard units. Lundbeck share represents Lundbeck sales only

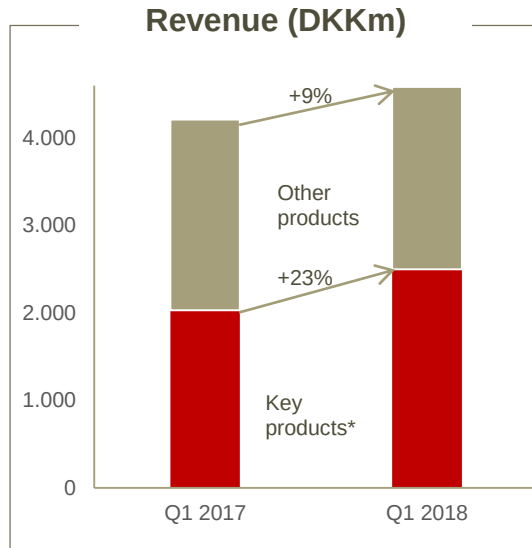
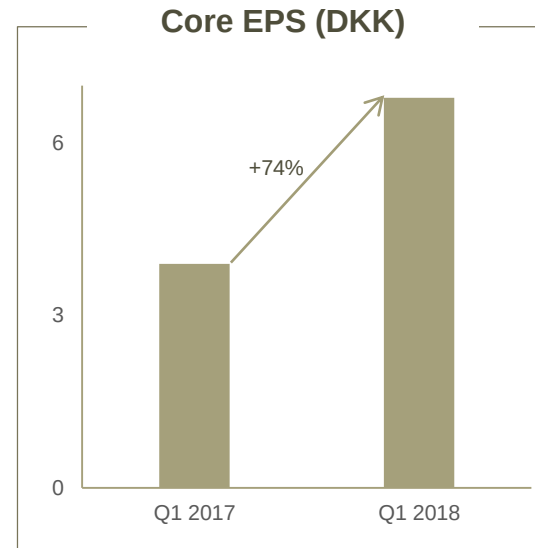
Four focus disease areas that represent a USD ~40bn opportunity



Source: IMS Health Analytics Link 2016 (Audited sales)

Strong financial performance in the first quarter of 2018

- ★ **Revenue:** +9% (14% in L.C.) to DKK 4.6 billion
- ★ **Hedging:** contributed DKK 182 million in the quarter
- ★ **Key products*:** +23% to DKK 2.5 billion representing 55% of revenue
- ★ **EBIT:** increased 64% to DKK 1.7 billion. EBIT margin significantly improved to 36.1% positively impacted by hedging gains
- ★ **EPS:** up 103% to DKK 6.03

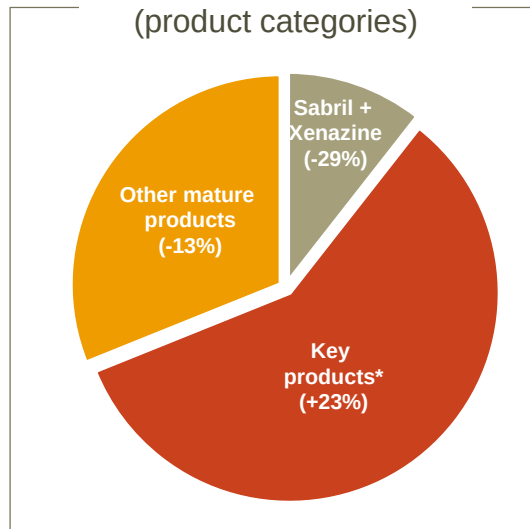


*) Abilify Maintena, Brintellix/Trintellix, Northera, Onfi and Rexulti

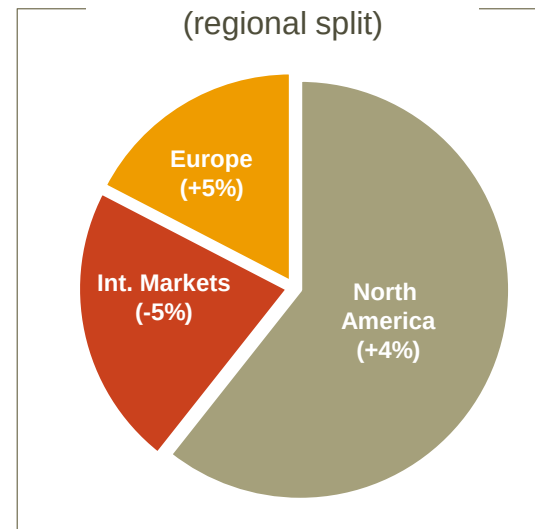
Solid revenue growth of 9% to DKK 4.6 billion in Q1 2018 – in local currencies growth reached 14%

- ★ **Key products*** continue the strong growth momentum
- ★ **Sabril** and **Xenazine** are down 29% combined following generic erosion
- ★ Growth in all regions in local currencies
- ★ Both North America and International Markets see increased currency headwind
- ★ Largest markets are the U.S., Canada, China, France and Japan

Revenue distribution**
(product categories)



Revenue distribution**
(regional split)

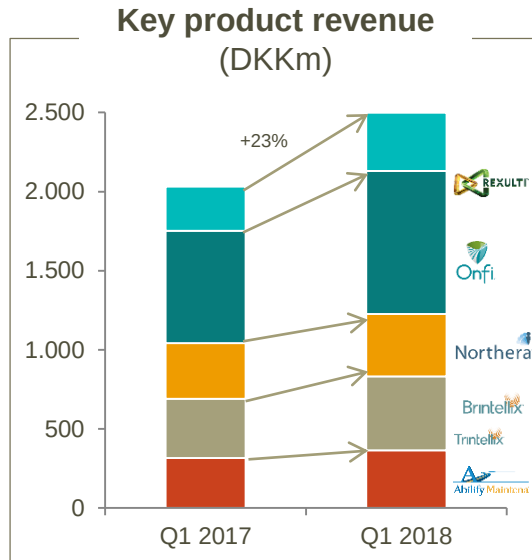
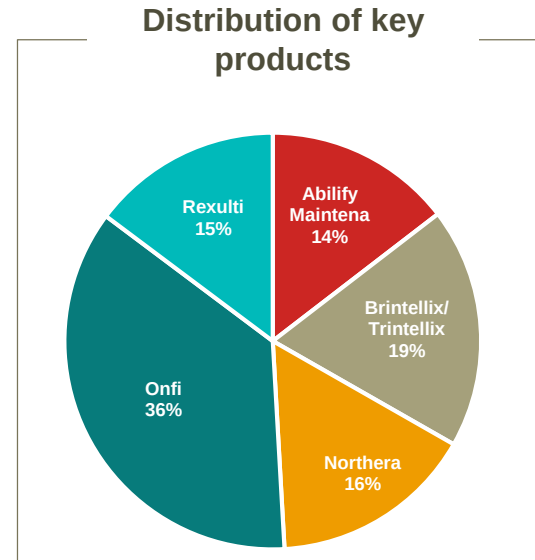


*) Abilify Maintena, Brintellix/Trintellix, Northera, Onfi and Rexulti

**) Excluding Other revenue and effects from hedging

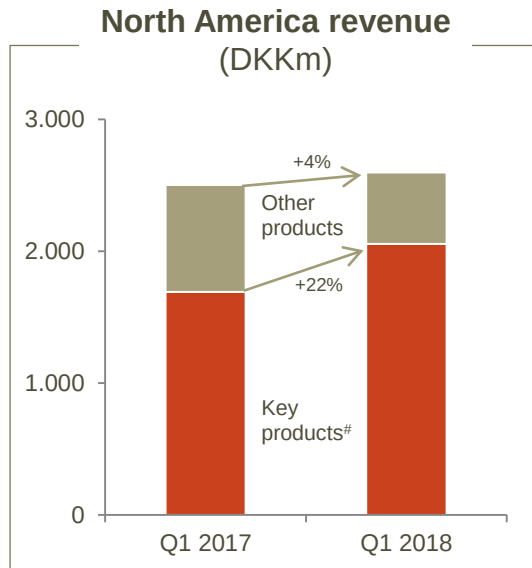
Key products grew by DKK 467 million or 23% in Q1 2018 – in local currencies growth reached 39%

- ★ Reached DKK 2.5 billion – up from DKK 2.0 billion in Q1 2017
- ★ **Abilify Maintena** – up 15% to DKK 364 million
- ★ **Brintellix/Trintellix** – up 25% to DKK 467 million
- ★ **Northera** – up 13% to DKK 396 million
- ★ **Onfi** – up 27% to DKK 903 million
- ★ **Rexulti** – up 32% to DKK 369 million

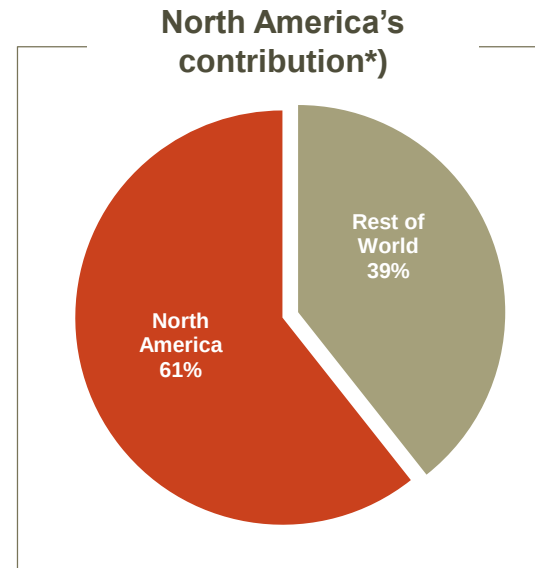


North America grew 4% driven by Northera, Onfi and Rexulti – currency headwind had significant negative impact

- ★ North America grew 4% (19% in L.C.) to DKK 2,598 million in Q1 2018
- ★ Key products[#] grew 22% and constitute 79% of revenue in Q1 2018
- ★ North America is expected to continue growing in local currencies despite LOE



[#]) Abilify Maintena, Northera, Onfi, Rexulti and Trintellix



^{*)} Excluding Other revenue and effects from hedging

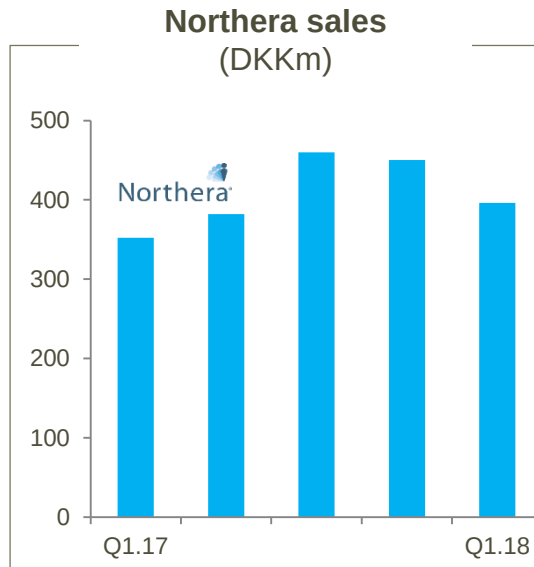
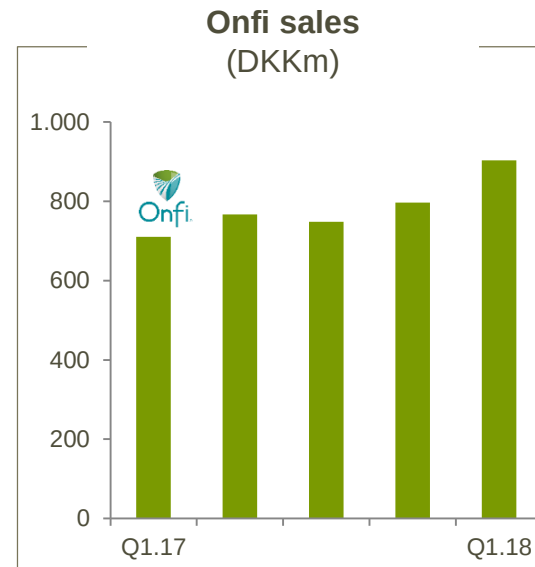
U.S. neurology products, Northera and Onfi, continue to show solid growth in local currency

Northera

- ★ Up 13% (29% in L.C.) to DKK 396 million in Q1 2018
- ★ Northera impacted by seasonal swings in demand
- ★ Expected continued growth

Onfi

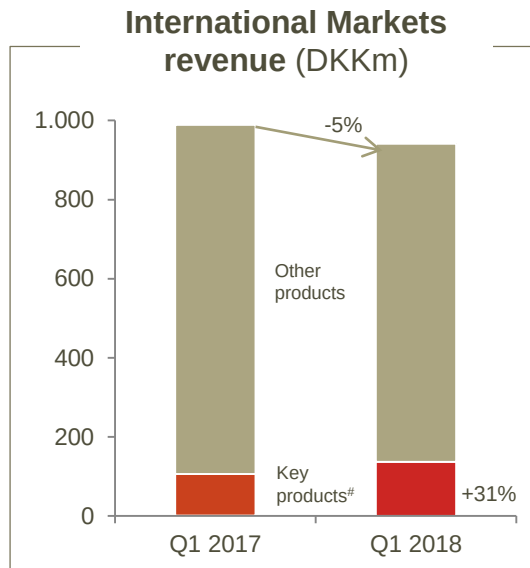
- ★ Up 27% (46% in L.C.) to DKK 903 million in Q1 2018
- ★ Expected to grow until generic clobazam is introduced



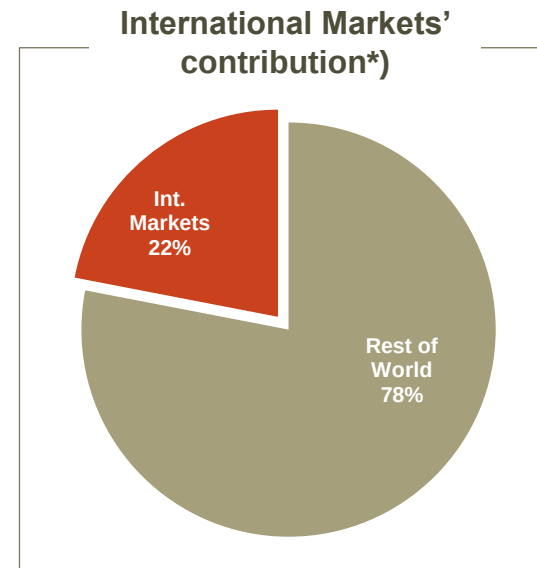
International Markets declined 5%

– 5% growth in local currencies

- ★ International Markets declined 5% (up 5% in L.C.) to DKK 941 million in Q1 2018
- ★ Key products[#] grew by 31% and contributed 15% of sales
- ★ Market exclusivity for Lexapro extended by two years in Japan
- ★ Main markets are China, Japan, Brazil and South Korea
- ★ International Markets is expected to continue growing in 2018 in local currencies



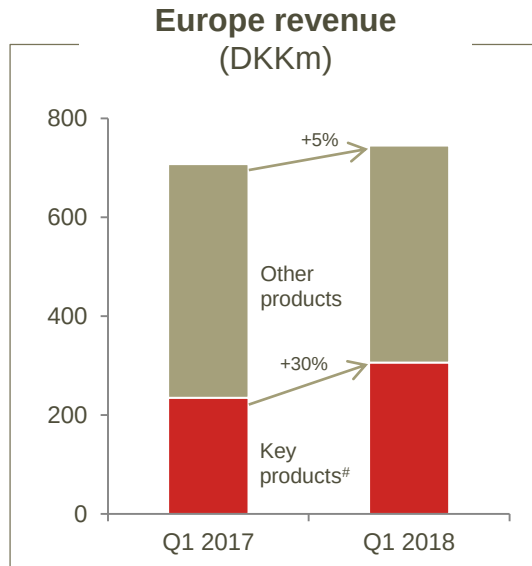
[#]) Abilify Maintena, Brintellix and Rexulti



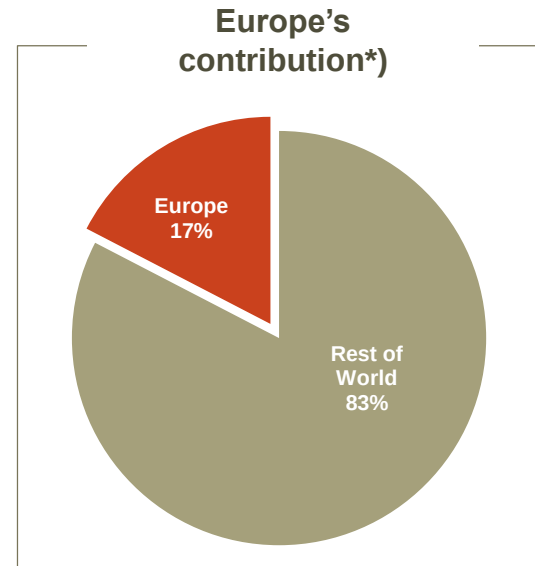
*) Excluding Other revenue and effects from hedging

Europe is up 5% in Q1 2018 driven by key products

- ★ Europe grew 5% to DKK 745 million in Q1 2018
- ★ Key products[#] grew 30% and contribute 41% of sales
- ★ Largest markets are France, Italy and Spain
- ★ Continued strong performance for Brintellix, especially in France, Italy and Spain
- ★ Profitability significantly improved
- ★ Europe is expected to continue growing in 2018



[#]) Abilify Maintena and Brintellix



*) Excluding Other revenue and effects from hedging

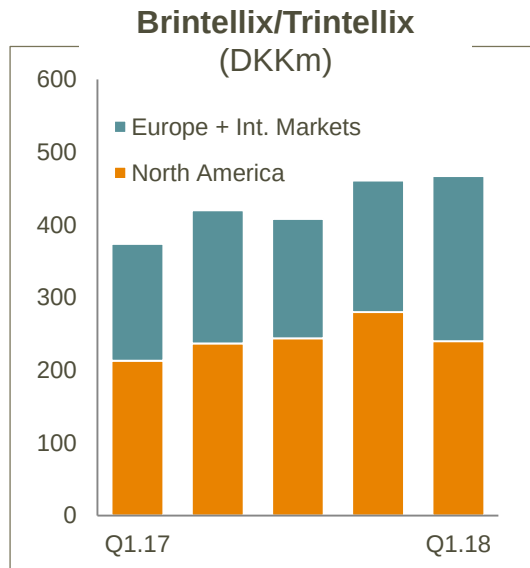
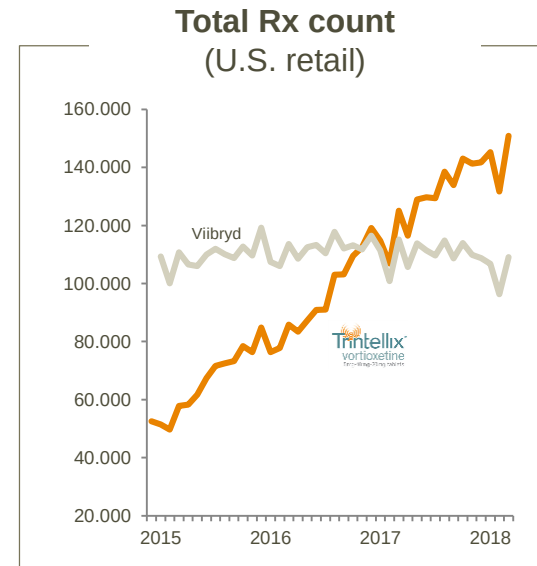
Mood disorders

- ★ 300 million people worldwide are estimated to live with depression
- ★ Cognitive symptoms (difficulty concentrating, forgetfulness and/or indecisiveness) appears 94% of the time during major depressive episodes
- ★ The WHO lists depression as the leading disability worldwide
- ★ Majority of patients do not respond to initial antidepressant therapy
- ★ Value: USD 13.2 billion (2016)



Brintellix/Trintellix grew 25% to DKK 467 million in Q1 2018 – in local currencies the growth was 38%

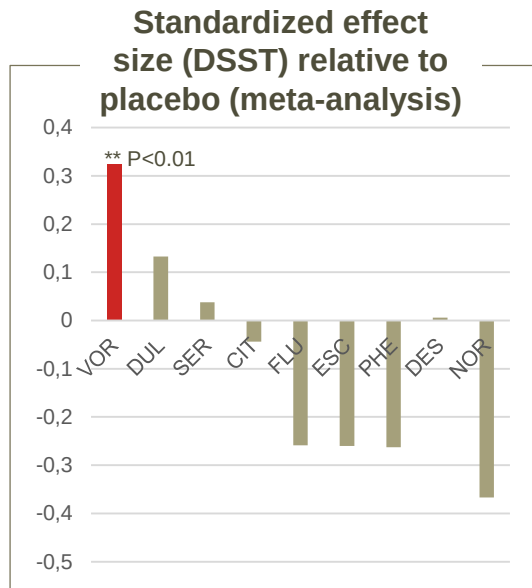
- ★ North America grew by 13% (28% in L.C.) to DKK 240 million
- ★ Europe and International Markets grew 41% combined to DKK 227 million
- ★ Largest markets are the U.S., Canada, Spain and Brazil
- ★ Growth mainly driven by France, Saudi Arabia, Spain and the U.S.
- ★ Brintellix continues to gain value share which exceeds 5% in France and Italy
- ★ Trintellix increases value share in Canada and the U.S. to 4.4% and 18.5%, respectively



Source: Symphony Health Solutions/Bloomberg (monthly data ending 3/2018)

Trintellix is the first FDA-approved treatment for MDD to have data on processing speed, an aspect of cognitive function that is impaired in many patients with MDD

- ★ FDA updates Trintellix label to include data showing improvement in processing speed, an important aspect of cognitive function
- ★ Comparative studies have not been conducted to demonstrate a therapeutic advantage over other antidepressants on the DSST
- ★ MDD is a multidimensional disorder consisting not only of mood, but also physical and cognitive symptoms
- ★ Cognitive symptoms in MDD are highly prevalent and persistent even after treatment



Baune BT, et al. *Int J Neuropsychopharmacol*; 2018 Feb 1;21(2):97-107

The prevalence of cognitive symptoms in MDD

Acute phase – 94%

Cognitive problems dominate the course of depression and were present for up to 94% of the time during depressive episode

Remission – 44%

Even patients thought to be in remission, cognitive symptoms were present in depressed patients for an average of 39-44% of the time

Conradi HJ et al. *Psychol Med* 2011; 41: 1165-1174

Further potential strengthening of Trintellix label

- ★ FDA acceptance of sNDA for Trintellix for Treatment-Emergent Sexual Dysfunction (TESD)
- ★ PDUFA on 21 October 2018
- ★ The prevalence of TSED reach 25-80% (SSRIs) and 40-80% (SNRIs)
- ★ Sexual dysfunction ranked as the most bothersome adverse event (AE), followed by drowsiness, weight gain, and insomnia

Completed studies in TSED

Study #1
(NCT01364649)

Study #2
(NCT02932904)

Completed enrollment:

450 patients included

352 healthy volunteers

Intervention:

10-20mg vortioxetine,
10-20mg escitalopram
and placebo

10-20mg vortioxetine,
20mg paroxetine and
placebo

Treatment duration:

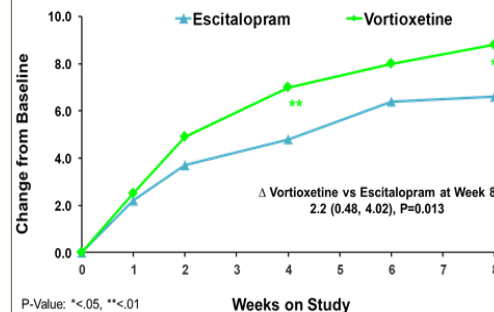
8 weeks

8 weeks

Primary outcome measures:

Change From Baseline in the CSFQ-14 Total Score¹

Change from baseline in CSFQ-14 Total Score



P-Value: * < .05, ** < .01

Paula L. Jacobsen; Atul R. Mahableshwarkar; Yinzhong Chen; Lambros Chrousos; Anita H. Clayton: A Head-to-Head, Randomized Comparison Study of Vortioxetine vs. Escitalopram in Patients Well Treated for Major Depressive Disorder and Experiencing Treatment-Emergent Sexual Dysfunction. Presented at the American Society of Clinical Psychopharmacology (ASCP) Annual Meeting, June 16–19, 2014, Hollywood, FL.

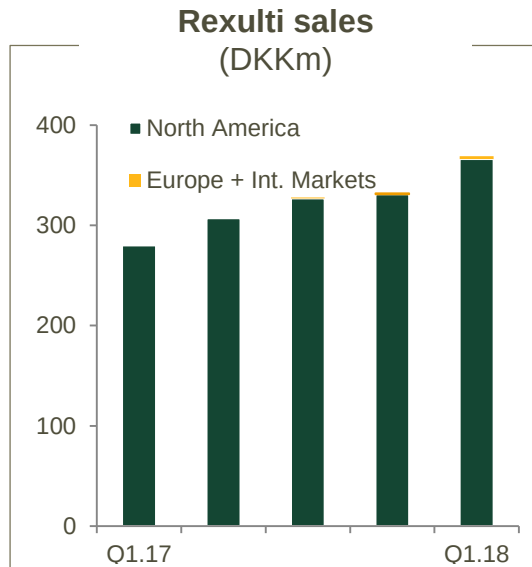
Serretti, A: Treatment-Emergent Sexual Dysfunction Related To Antidepressants – A Meta-Analysis. *Journal of Clinical Psychopharmacology*. Vol. 29, No. 3, June 2009

Kennedy, SH: Sexual Dysfunction, Depression, and the Impact of Antidepressants. *Journal of Clinical Psychopharmacology*. Vol. 29, No. 2, April 2009

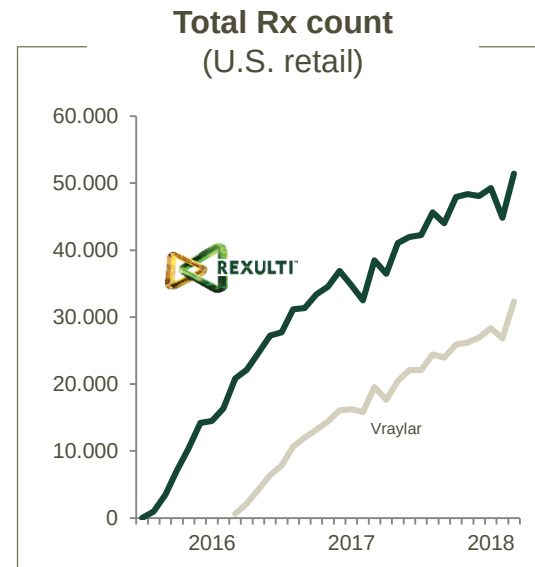
Clayton AH, Montejo AL. Major depressive disorder, antidepressants, and sexual dysfunction. *J Clin Psychiatry*. 2006;67 Suppl 6:33-37.

Rexulti grew 32% to DKK 369 million in Q1 2018 – in local currencies the growth was 51%

- ★ Approved in Saudi Arabia in both depression and schizophrenia – launch expected in H2 2018
- ★ Submitted for approval in markets such as Brazil, Europe, and Mexico in 2017
- ★ Rexulti has 10.3% value share (U.S.)
- ★ Third study in AAD to commence by mid-2018
- ★ Pivotal programme in bipolar mania to conclude H1 2019
- ★ PoC study in PTSD to conclude in H1 2019
- ★ Additional LCM activity progressing



Lundbeck's share of revenue.
NOTE: Outside North America, Rexulti has only been launched in Australia



Source: Symphony Health Solutions/Bloomberg (monthly data ending 3/2018)

AAD: Agitation in Alzheimer's disease. LCM: Life-Cycle Mgmt.

Psychotic disorders

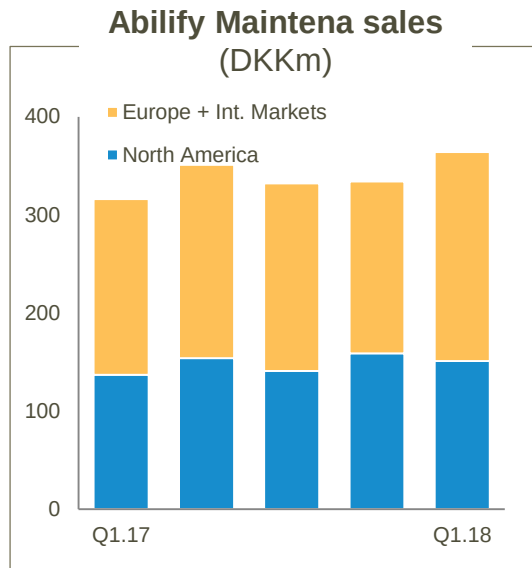
- ★ The WHO estimates that over 21 million people suffer from schizophrenia
- ★ Schizophrenia is among the most financially costly illnesses in the world
- ★ The disease is marked by positive symptoms (hallucinations and delusions) and negative symptoms (blunted emotions and social withdrawal)
- ★ Around 30% of patients with schizophrenia have inadequate response to antipsychotics
- ★ Current therapies are sub-optimal
- ★ Value: USD 18.8 billion (2016)



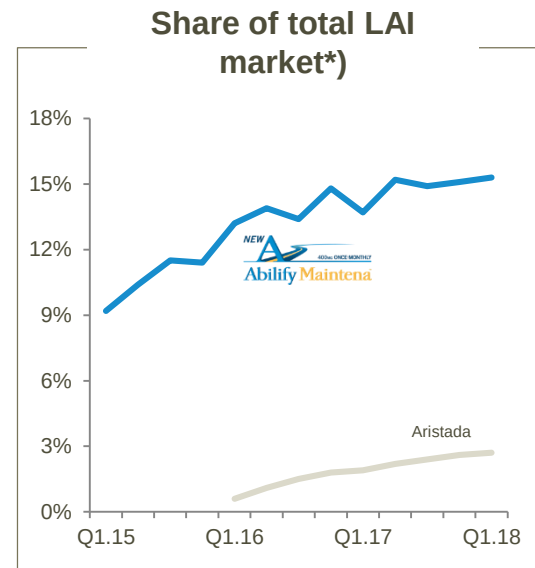
Abilify Maintena grew 15% to DKK 364 million in Q1 2018

– in local currencies the growth was 23%

- ★ Europe up 19% to DKK 184 million
- ★ International Markets up 16% (26% in L.C.) to DKK 29 million
- ★ North America up 10% (25% in L.C.) to DKK 151 million
- ★ Growth driven by Canada, France, Spain and the U.S.
- ★ Largest markets are the U.S., Canada, Spain and France
- ★ Market share increasing - >20% volume share (LAI retail) in most markets
- ★ Total LAI market reached USD 1.1 billion (+13%) in Q1 2018



Lundbeck's share of revenue



*) Based on quarterly reports from Lundbeck, Otsuka, Alkermes (Bloomberg Q4-consensus) and Johnson & Johnson

LAI: Long-acting injectable anti-psychotics

Brexpiprazole pivotal programme initiated in acute manic episodes associated with Bipolar I disorder

Expected brexpiprazole profile:

- ★ Established efficacy and treatment of bipolar I disorder
- ★ Favorable tolerability profile over SoC (e.g., improved metabolic profile, fewer AEs including low frequency of sedating and activating side effects might support improved functioning and ability to work)
- ★ Expected completion by January 2019



The studies

Study #1
(NCT03259555)

Study #2
(NCT03257865)

Estimated enrollment: 320 adult patients in each study

Intervention: 2-4 mg brexpiprazole and placebo

Treatment duration: 21 days

Primary outcome measures: change from baseline in YMRS score¹

Study start: September 2017

6-month safety study:
Enrolling completers from Study #1 and #2

1) Young-Mania Rating Scale (YMRS) Score

Bipolar disorder

- ★ More than 6 million affected in the U.S.
- ★ Low rate of diagnosis (45%)
- ★ A disease with high add-on and switch rates indicating need for new treatment options
- ★ Patients in treatment spent 44% of their time being ill over a 9-year period²
- ★ Bipolar disorder represents around one-third of the use of atypical antipsychotics

2) A. Forte et al. / Journal of Affective Disorders 178 (2015) 71–78

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

- ★ 4-arm, 12-week trial using 1-3 mg of brexpiprazole
- ★ Monotherapy or in combination with sertraline
- ★ ~330 patients to be enrolled
- ★ Primary endpoint: Change from baseline in the CAPS-5 total score^{#)}
- ★ Study started in January 2017 with expected completion by December 2018

PTSD

- ★ ~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

What causes PTSD?

	
1 Rape	1 Rape
2 Combat exposure	2 Sexual molestation
4 Childhood neglect	3 Physical attack
4 Childhood physical abuse	4 Being threatened with a weapon

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>.

*) NCT03033069

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

First pivotal study using Lu AF35700 in Treatment Resistant Schizophrenia (TRS) on track

- ★ Unique mode of action. In contrast to current treatment, antipsychotic effect at **low D₂ blockade**
- ★ Combined D₁/D₂ and 5-HT₆ profile gives good activity combined with a **benign tolerability profile**
- ★ Very **long half-life** leads to reduced risk of relapse

Treatment Resistant Schizophrenia

- ★ Around 1/3 of schizophrenia patients are treatment resistant
- ★ Only clozapine approved for TRS
- ★ Large unmet medical need



Clinical programme

- ★ Three studies in healthy people and one in patients with schizophrenia are concluded¹⁾
- ★ The first pivotal study (*DayBreak1*) commenced in March 2016²⁾
- ★ Other key studies ongoing:
  - ★ Long-term safety study³⁾
  - ★ Cardiac repolarization⁴⁾
  - ★ ED or LD TRS (*Anew*)⁵⁾

1) Clinicaltrials.gov identifier: NCT02202226

2) NCT02717195. 3) NCT02892422. 4) NCT02901587.

5) NCT03230864 (early-in-disease (ED) or late-in-disease (LD) treatment-resistant schizophrenia)

Set-up in first study (*DayBreak1*) in pivotal programme using Lu AF35700 in Treatment Resistant Schizophrenia

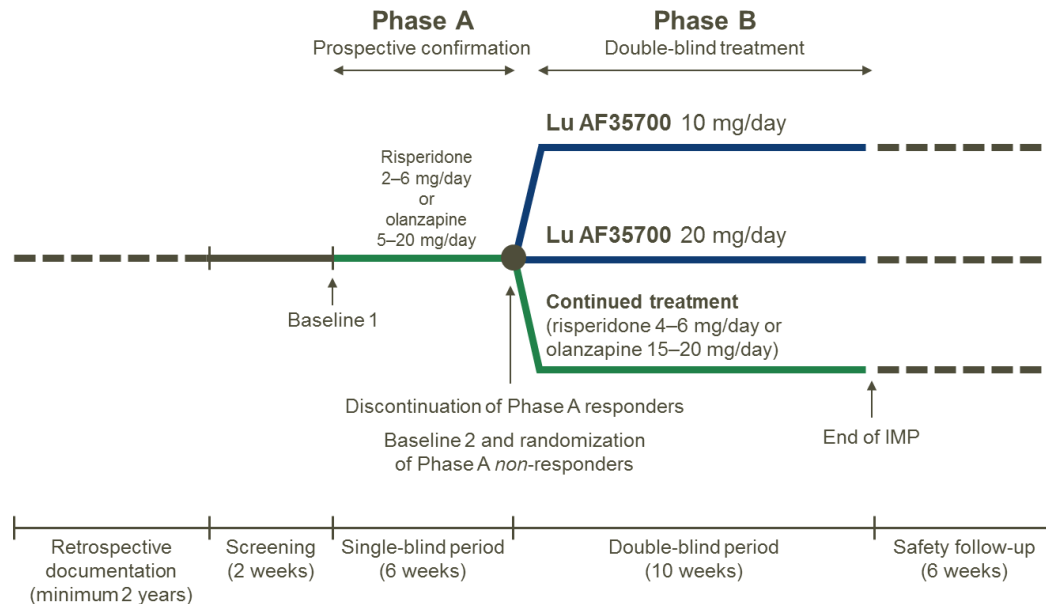
- ★ Oral, once daily
- ★ Approximately 1,000 patients
- ★ Expected completion by Q1 2019

Primary endpoint

- ★ Change in PANSS total score

Secondary endpoints

- ★ Clinical Global Impression Severity scale (CGI-S)
- ★ Personal and Social Performance (PSP) total score



*) NCT02717195

Alzheimer's disease

- ★ 50 million people worldwide have dementia (Alzheimer's is the most common cause of dementia contributing 60-70% of cases)
- ★ It is predicted that the number of people affected by dementia will almost double every 20 years
- ★ People with Alzheimer's live an average of 8 years after their symptoms become noticeable to others
- ★ The total global societal costs of dementia are estimated to be USD 600 billion
- ★ Value: USD 4.5 billion (2016)



Brexpiprazole in pivotal programme in agitation in Alzheimer's



Clinical programme

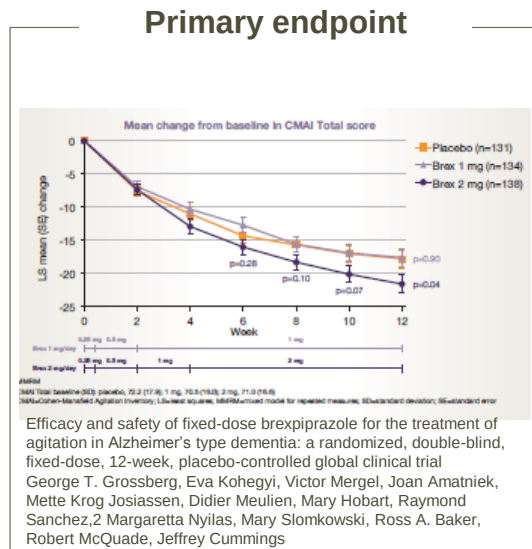
- ★ Two studies in the pivotal programme finalized
- ★ A third study to commence by mid-2018 following conclusions from a FDA Type C meeting, where...
- ★ ...one study was considered positive and one study was considered supportive by the agency
- ★ *Fast Track* designation granted February 2016

Agitation in Alzheimer's (AAD)

- ★ >20% of individuals in a community setting and >50% of nursing home residents with dementia have agitation
  - ★ 1.5-2m dementia patients in the U.S. with agitation / aggression
  - ★ No FDA approved medication
- Associated with:**
- ★ Increased caregiver burden
  - ★ Decreased functioning
  - ★ Earlier nursing home placement

Grossberg: “Efficacy and safety of fixed-dose brexpiprazole for the treatment of agitation in Alzheimer’s type dementia” (AAGP2018)

- ★ Brexpiprazole 2 mg/day showed a statistically significant improvement over placebo on the primary efficacy endpoint
- ★ On the key secondary efficacy endpoint, change from baseline to Week 12 in CGI-S score, numerical improvement was observed for brexpiprazole 2 mg/day from Week 6 and was sustained up to Week 12, although statistical significance was not reached
- ★ No new safety signals were observed



1) Primary efficacy endpoint: Cohen-Mansfield Agitation Inventory (CMAI) total score, a 29-item scale to systematically assess the symptoms of agitation

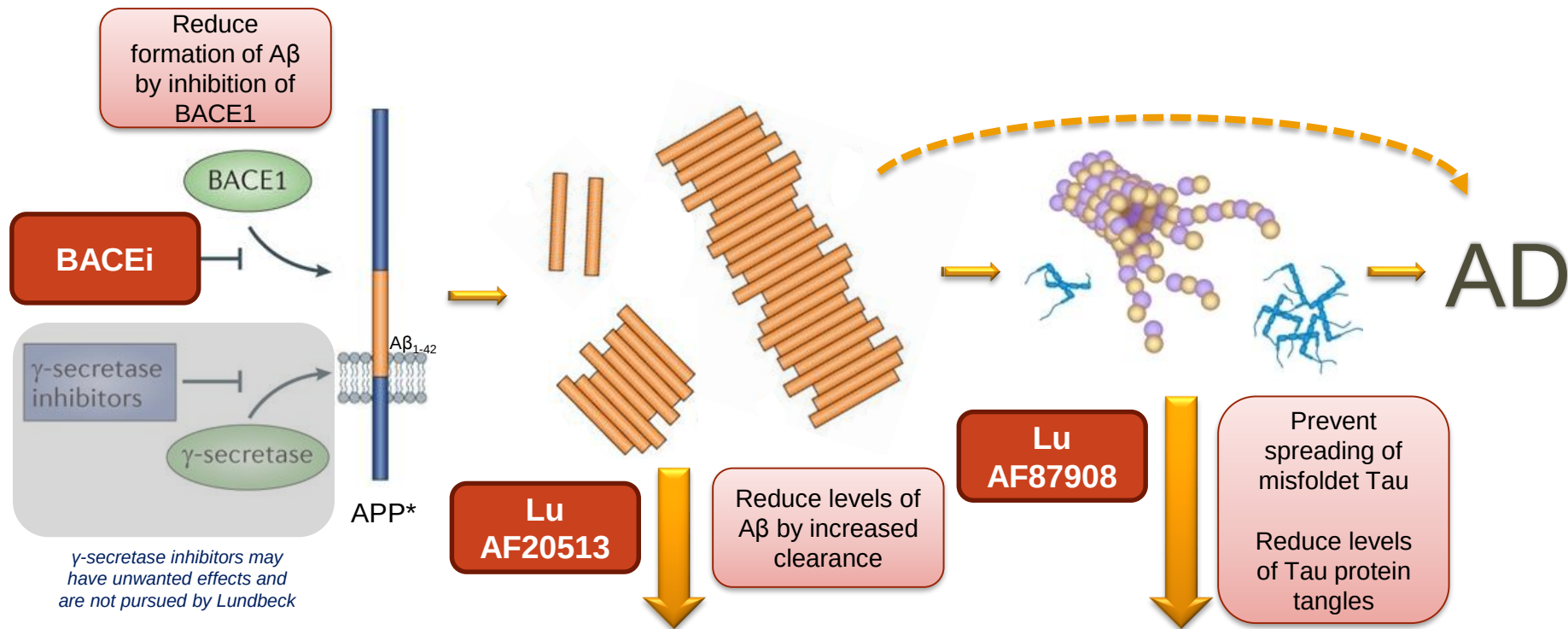
2) Key secondary efficacy endpoint: Clinical Global Impression-Severity of Illness (CGI-S) score, a 7-point scale assessing overall severity of the patient's agitation

Presented at the 40th Annual Meeting of the American Association for Geriatric Psychiatry (AAGP), Honolulu, Hawaii, 15–18 March 2018

Study I (NCT01862640)

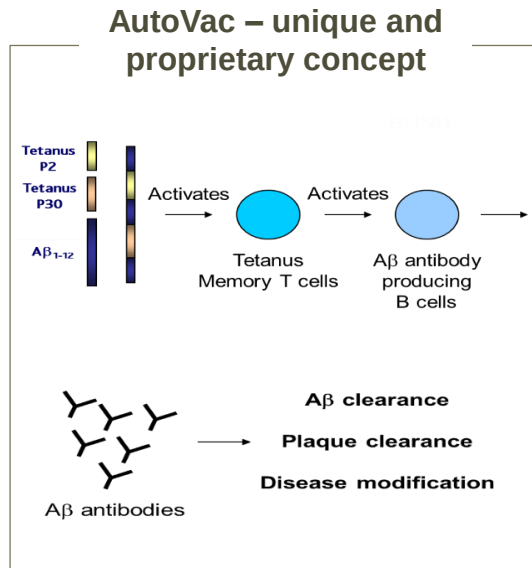
- ★ N = 433 patients (recruited from Europe, Russia, Ukraine and the U.S.)
- ★ Male or female, aged 55-90 years
- ★ 1 mg, 2 mg and placebo
- ★ 12 weeks' treatment duration
- ★ CMAI¹⁾: 2 mg statistically superior to placebo
- ★ CGI-S²⁾: 2 mg not statistically superior to placebo

Lundbeck is active in the investigation of various novel treatment concepts in Alzheimer's



Lu AF20513 – an active therapeutic vaccine against β -amyloid

- ★ Lu AF20513 induce specific antibodies against A β using AD patients' own immune system
- ★ Formed antibodies binds to and enhances the clearance of A β
- ★ Reduce induction of Tau pathology
- ★ Lu AF20513 has demonstrated to be immunogenic in animal models without activation of A β specific T-cells ► low risk of auto-immunogenicity
- ★ Co-developed with Otsuka



Study design*)

- ★ Open-label, dose escalation study
- ★ 35 patients from centers in Europe
- ★ Patients with mild Alzheimer's (MMSE 19-26)
- ★ Eight injections of Lu AF20513

Purpose:

- ★ Evaluate safety and tolerability
- ★ Measure A β -specific antibody titer

*) NCT02388152

Parkinson's disease

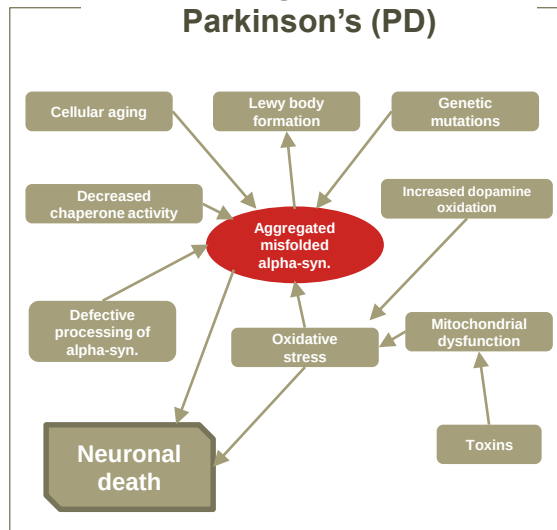
- ★ Approximately 6 million patients are estimated to be affected by Parkinson's
- ★ The prevalence of Parkinson's in the U.S. will double by the year 2040 (compared to 2010)
- ★ Many Parkinson's patients also suffer from disease related non-motor symptoms such as:
  - ★ Low blood pressure when standing up; mood disorders; sensory problems; sleep disorders; loss of sense of smell, constipation, cognitive issues
- ★ Value: USD 4.0 billion (2016)



Lu AF82422 - Potential disease modifying antibody in Parkinson's

- ★ Lu AF82422 is a human IgG1 mAb that recognizes all major alpha-synuclein forms including aggregated/misfolded forms involved in the pathogenesis of PD
- ★ First-in-human study to commence mid 2018
- ★ First single-ascending-dose study to evaluate safety and tolerability of Lu AF82422 in healthy volunteers and PD patients
- ★ Intervention aimed for delay in disease progression in PD or other synucleinopathies

Pathogenesis of Parkinson's (PD)



Modified based on Javed et al. *CNS & Neurological Disorders - Drug Targets*, 2016, Vol. 15, No. 10

Parkinson's disease

- ★ Affects ~1 million individuals in the U.S. with ~60,000 new cases/year
- ★ Affects more than ~5 million worldwide
- ★ Currently only symptomatic treatment - no disease modifying treatment available
- ★ Compelling evidence that alpha-synuclein may play a role in progression of PD and other synucleinopathies

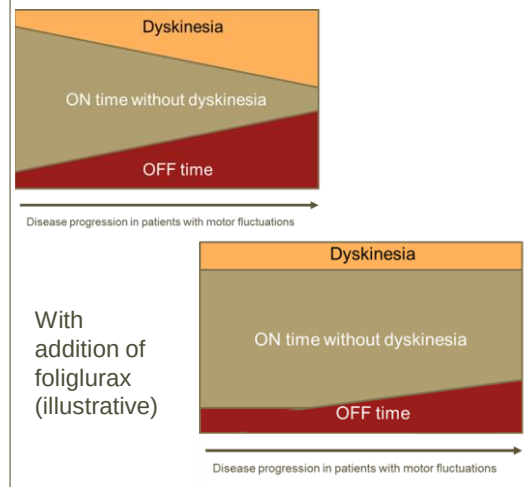
Foliglurax – an interesting new pipeline asset currently in PoC testing in Parkinson's patients

Foliglurax (PXT002331)

- ★ Increase activity of a specific glutamatergic target (mGluR4)
- ★ Symptomatic treatment of *OFF*-time in Parkinson's and levodopa induced dyskinesia
- ★ Strong IP
- ★ Global rights to foliglurax and full control of asset
- ★ Phase II started in July 2017 and will be concluded H1 2019¹⁾
- ★ Two active arms + placebo (BID)
- ★ ~165 patients (Europe)
- ★ Change in awake *OFF* time based on subject diary entries

1) NCT03162874

Levodopa-induced dyskinesia



Modified based on: Jankovic, *Mov. Disorder* 2005,

Motor complications of levodopa

- ★ PD-LID is the most important unmet medical need after disease modification in Parkinson's²⁾
- ★ PD-LID affects ~50% after 5-10 years increasing to ~90% after 10-15 years of L-DOPA therapy
- ★ 170-200,000 patients in the U.S. with PD-LID
- ★ Once established, PD-LID is difficult to treat

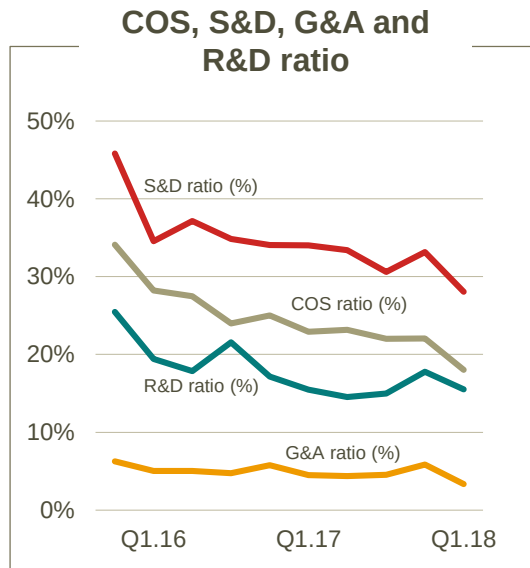
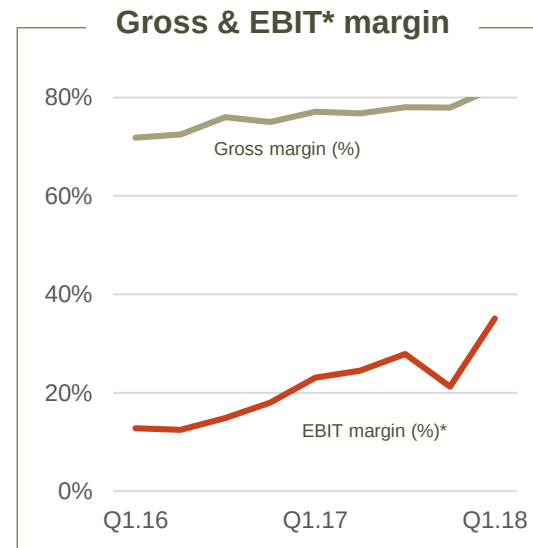
PD-LID: Parkinson's Disease – Levodopa-Induced Dyskinesia
2) Datamonitor

Financial highlights



Continued cost discipline

- ★ **Total costs** down 8% while growing topline by 9% in Q1 2018
- ★ **EBITDA margin** of 41.2% vs. 30.6% in Q1 2017
- ★ **EBIT margin** also improved significantly
- ★ **COS%:** Expected to show continued improvements
- ★ **S&D%:** Stable or modest additional improvements
- ★ **G&A%:** Stable or modest additional improvements
- ★ **R&D%:** Stable or slightly increasing depending on project execution



*) Data adjusted for gain from divestment of properties in the U.S. and Denmark included in EBIT (recognized in Q1.2017, Q3.2017 and Q1.2018)

Strong growth in earnings with more than a doubling of net profits

- ★ Significant negative impact from FX reducing revenue growth
  - ★ Growth for all key products and in all regions in L.C.
- ★ EPS growth of 103%
- ★ Significant EPS improvement driven by
  - ★ Solid revenue growth
  - ★ Strong improvement of profitability
  - ★ Reduced tax rate as the U.S. tax reform has decreased the tax rate from 41% in Q1 2017 to 27%

Financial results (Quarterly)

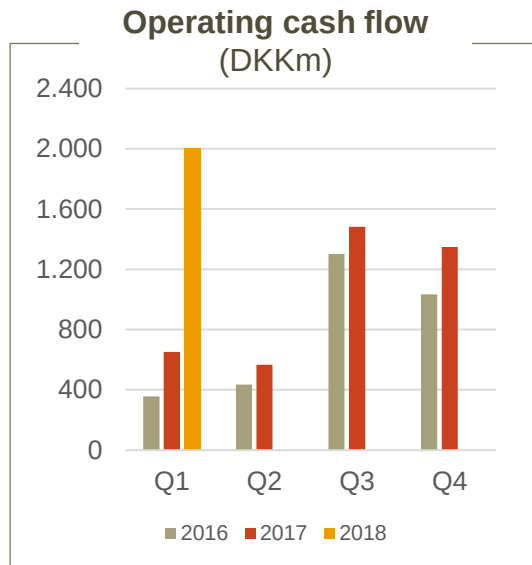
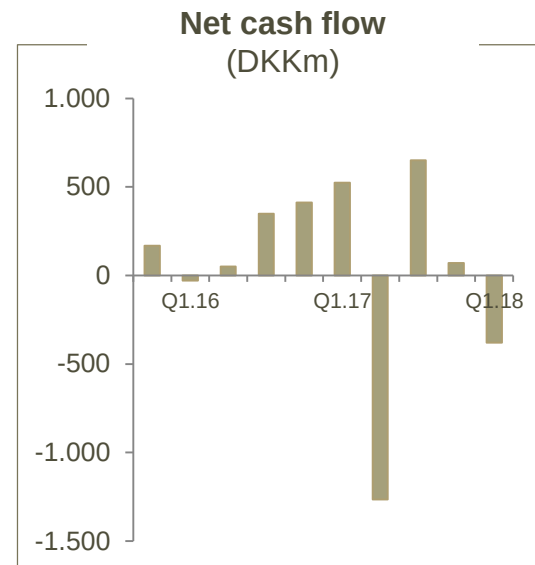
	DKKm	Q1.18	Q1.17	Δ%
Revenue		4,585	4,211	9%
Gross margin		82.0%	77.1%	-
EBIT		1,656	1,011	64%
EBIT margin		36.1%	24.0%	-
Core EBIT		1,818	1,213	50%
Net profit		1,199	587	104%
EPS		6.03	2.97	103%

Revenue (reported vs. L.C.)

	DKKm	Q1.18	Δ DKK	Δ% L.C.
Revenue		4,585	+374m	+14%
- Abilify Maintena		364	+48m	+23%
- Brintellix/Trintellix		467	+93m	+38%
- Northera		396	+44m	+29%
- Onfi		903	+193m	+46%
- Rexulti		369	+89m	+51%
North America		2,598	+95m	+19%
Int. Markets		941	-47m	+5%
Europe		745	+37m	+6%

Strong cash flow generation and improved ROIC

- ★ Cash flows from operating activities increased from DKK 651 million in Q1 2017 to DKK 2,003 million in Q1 2018
- ★ Acquisition of Prexton Therapeutics impacts net cash flow by DKK 745 million
- ★ Dividend payout for 2017 increased to DKK 1.6 billion*)
- ★ ROIC increased from 30.8% in 2017 to 57.6% in Q1 2018



*) In 2017, the dividend payout of DKK 0.5 billion was paid in Q2

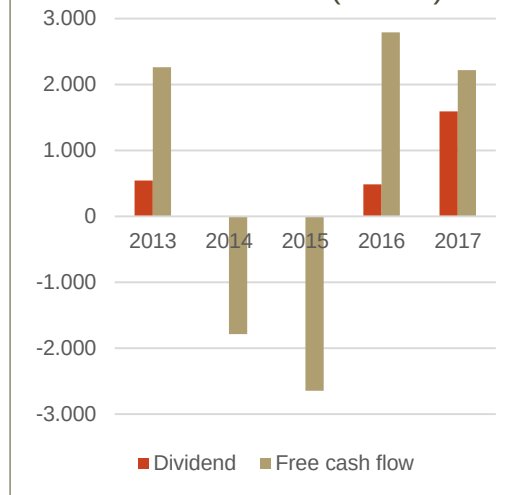
Capital allocation

- ★ Dividend increased from DKK 2.45 to DKK 8.00 per share
- ★ Net debt/EBITDA of -1.7x in Q1 2018 vs. -0.8x in Q1 2017
- ★ Net cash expected to reach DKK 5-5.5 billion in 2018

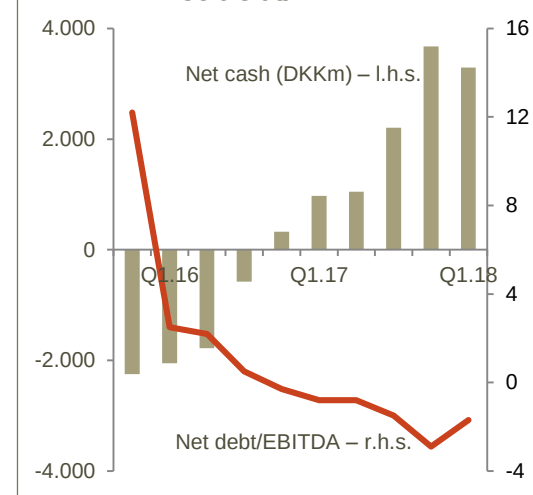
Cash flow priorities

- ★ Strategic cash reserve of DKK 4-6 billion
- ★ Maintain investment grade status (NIBD/EBITDA < 2.0x)
- ★ Increasing dividends linked to long-term performance
- ★ Dividend policy: Pay-out ratio of 60-80%

Dividend and free cash flow (DKK m)

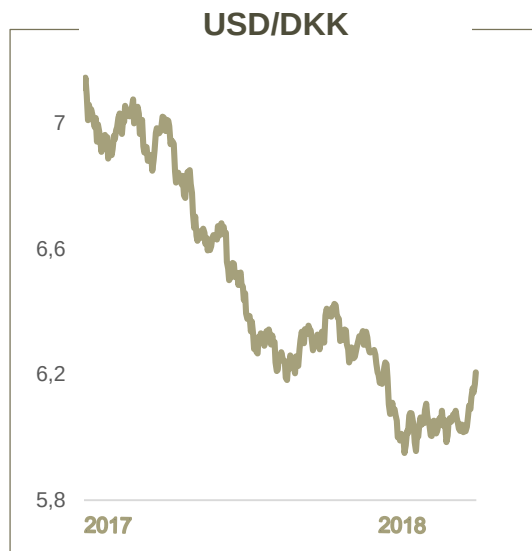


Net cash and Net debt/EBITDA

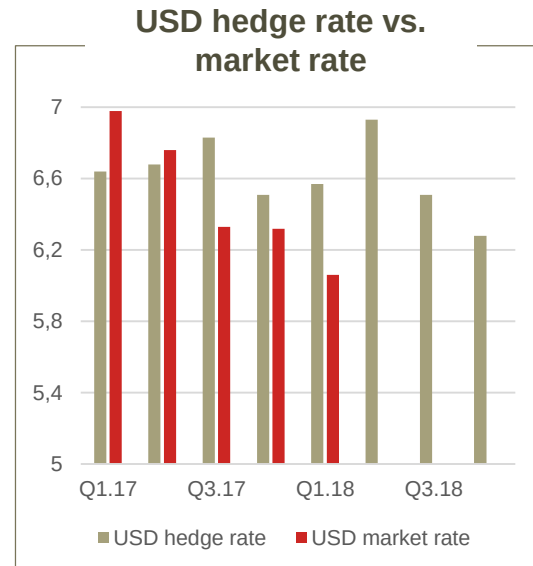


Hedging at Lundbeck

- ★ The main currency risk concerns fluctuations of USD, JPY, CNY and CAD
- ★ Lundbeck hedges a significant part of the risk (at EBIT level) for a period of 12-18 months
- ★ From Q1 2018, gains/losses (net) will be shown as a separate line item in revenue
- ★ Expected hedging gain of DKK 300-400 million in 2018



Source: Bloomberg



2018 financial outlook maintained

- ★ Growth in all three regions in local currencies
- ★ Continued growth for key products to outpace the decline from generic erosion
- ★ Net financial items of DKK ±50 million expected in 2018
- ★ No known one-off income and/or expenses
- ★ Unchanged currencies from end-April 2018

2018 financial guidance

DKKbn	2016	2017	2018 guidance	~Δ% (y/y)
Revenue	15.6	17.2	17.2-18.0	0-5%
EBIT	2.3	4.4	4.8-5.2	9-18%
Implied EBIT margin	14.7%	25.6%	~27-30%	-
Tax rate	43.9%	38.7%	26-28%	-

Financial targets

Targets within the 2018-2020 period

EBIT margin

25%

ROIC

25%

Cash to earnings

>90%

Dividend pay-out

60-80%

Net debt/EBITDA

<2x

Financial policies

Target achievements

	Q1.18	2017	2016	2015
EBIT margin	36.1%	25.6%	14.7%	(46.7%)
ROIC (annualized)	57.6%	30.8%	13.2%	(45.4%)
Cash to earnings	101.5%	141.8%	230.3%	N/A
Dividend Pay-out	-	61%	40%	0%
Net debt/EBITDA	(1.7)	(0.7)	(0.1)	10.7

R&D in Lundbeck

Innovation focused across four key disease areas

**Alzheimer's
disease**



**Mood
disorders**



**Parkinson's
disease**

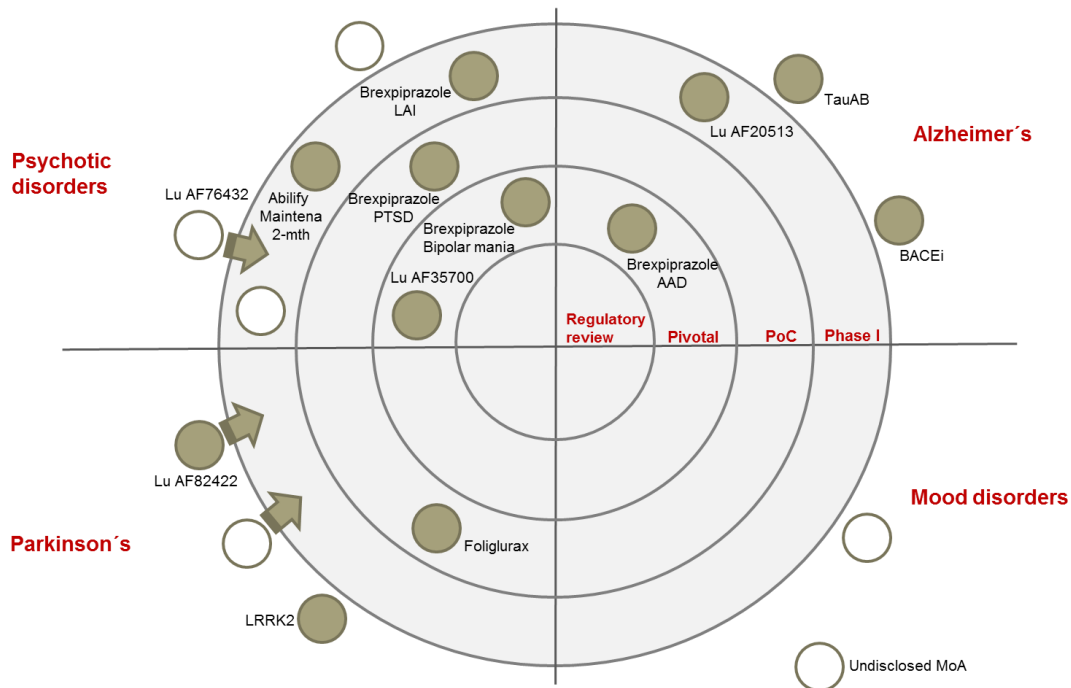


**Psychotic
disorders**



Continued progression in our R&D pipeline

- ★ **Trintellix:** U.S. label update to include DSST data and sNDA accepted for TESD
- ★ **Foliglurax:** Acquired in March 2018. Clinical phase II initiated in 2017
- ★ **Brexpiprazole AAD:** Third study (n~300) to commence by mid-2018
- ★ **New projects:**
  - ★ Lu AF76432 FIH planned to start in Q2 2018 (schizophrenia)
  - ★ Lu AF82422 FIH planned to start in Q3 2018 (Parkinson's)
  - ★ A third project likely to enter clinical testing in 2018



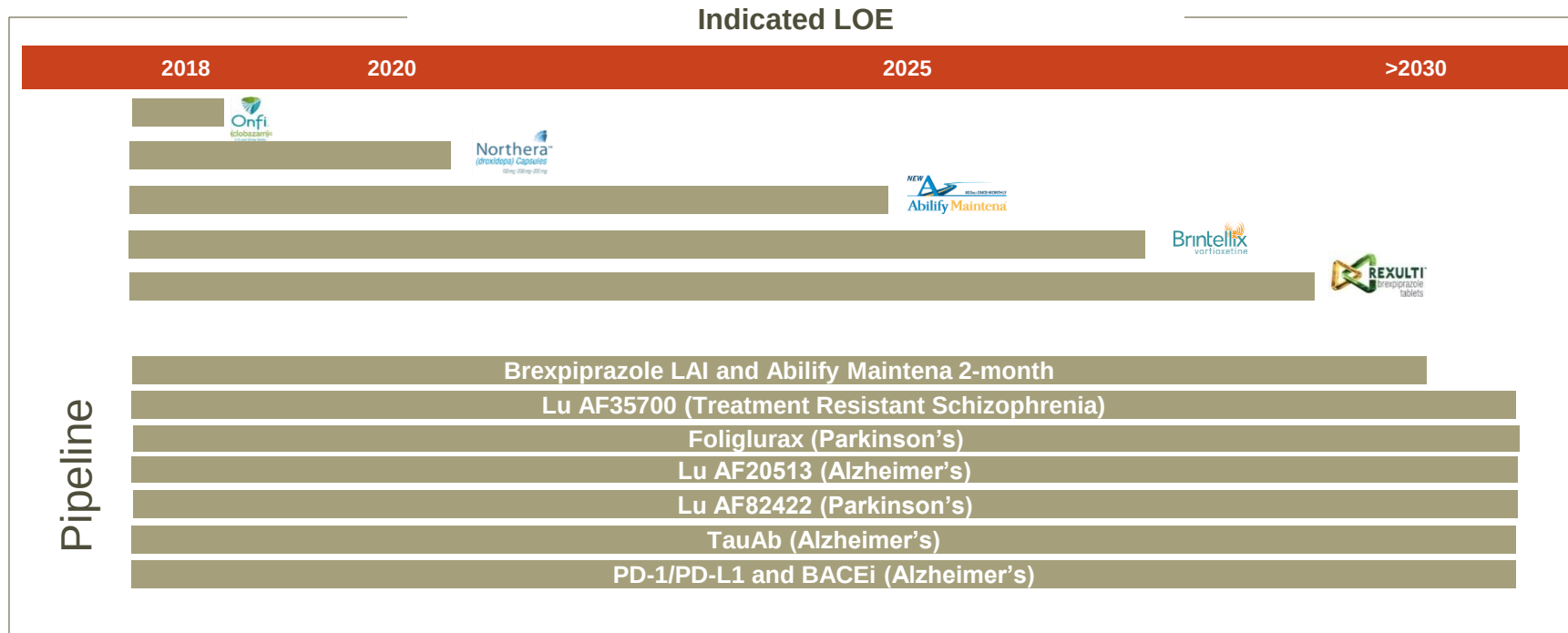
Innovation through partnerships

- ★ In line with strategy, focus has been on early research projects and partnerships that support our own pipeline for the past 2-3 years
- ★ Continue to identify external early-stage innovation from preclinical up to clinical phase II

Selected recent partnerships



Higher degree of transparency in future revenue drivers than Lundbeck has had historically



Key priorities

- ★ Sustain sales **momentum** of key products
- ★ Continue to **focus** on high profitability
- ★ Deliver on **innovation**
- ★ High **dividend** pay-outs



Lundbeck



2016 - CNS market overview

	Market size (2016)				Unmet medical needs	Market leaders (2016)	
	Value USDbn	Value Growth	Volume Growth	# of patients*		Compound	Share value
Total pharma	1,005	+5%	+2%	-	-	-	-
Total CNS	149	0%	+2%	-	-	-	-
Anti-Alzheimer's (N7D)	4.5	-16%	+4%	>7 million	• Disease modifying treatment • Disease slowing agents • Improved symptomatic treatments • Longer lasting symptomatic treatments	1. Memantine 2. Donepezil 3. Rivastigmine 4. Galantamine	46% 22% 21% 8%
Anti-depressants (N6A)	13.2	-1%	+4%	~40 million	• Drugs with higher remission rates • Increased onset of action • Current therapies are relatively well-tolerated but still room for improvement especially on sexual side effects	1. Duloxetine 2. Escitalopram 3. Bupropion 4. Venlafaxine	13% 10% 9% 9%
Anti-Parkinson's (N4A)	4.0	0%	+3%	>3 million	• Therapies that provide neuroprotection and/or neurorestoration • An optimal trial design for demonstrating neuroprotection and/or neurorestoration • Control of levodopa-induced motor response complications	1. Levodopa 2. Rasagiline 3. Pramipexole 4. Rotigotine	16% 15% 12% 11%
Anti-psychotics (N5A)	18.8	-13%	+4%	Approx 1% of global population	• Improved treatment of cognitive dysfunction • Improved treatment of negative symptoms • Improved treatment of co-morbid depression and anxiety • Early stage, definitive diagnostics	1. Aripiprazole 2. Quetiapine 3. Paliperidone Palmitate 4. Lurasidone	21% 14% 14% 12%

Source: IMS Health Analytics Link 2016 (Audited sales), Growth, USD % y/y

Financial terms and territory structure of the Otsuka alliance entered in November 2011

Milestone payments

Payment to:



Otsuka



	Abilify Maintena	Rexulti	Selincro
Development milestones/upfront	USD 200m	USD 600m ³⁾	EUR 105m*
Approval milestones	USD 275m ¹⁾	USD 300m ²⁾	Un-disclosed
Sales milestones	Up to USD 425m depending on sales development		Un-disclosed

1) USD 100m upon US approval, USD 75m upon EU approval in schizophrenia, and USD 50m US and EU for a second indication. 2) USD 100m (US) and USD 50m (EU) for each of the two first indications

3) Development milestones of up to USD 600m after which shared development costs between parties. 4) USD 125m, USD 25m and USD 50m for first indication in the US, EU and Japan respectively. Second indication gives USD 50m, USD 25m and USD 25m, respectively.

Lundbeck's share of revenue and costs



Otsuka



	Abilify Maintena	Rexulti	Selincro
USA	20%	45%	-
EU-5, Nordic and Canada	50%	50%	-
Other Lundbeck territories	65%**	65%**	Un-disclosed

* Includes sales milestones

** All regions except Asia, Turkey and Egypt

*** All regions except Thailand and Vietnam

★ Selincro for Japan added to the alliance in October 2013

Q1 2018 and FY 2017 - Product distribution of revenue

DKK M	FY 2017	FY 2016 ^{*)}	Q1 2018	Q1 2017	Growth	Growth in local currencies	% of total
TOTAL:							
Abilify Maintena	1,333	1,114	364	316	15%	23%	8%
Brintellix/Trintellix	1,663	1,105	467	374	25%	38%	10%
Cipralex/Lexapro	2,392	2,518	665	690	(4%)	5%	14%
Northera	1,644	1,087	396	352	13%	29%	9%
Onfi	3,022	2,409	903	710	27%	46%	20%
Rexulti	1,247	826	369	280	32%	51%	8%
Sabril	1,509	1,342	341	378	(10%)	3%	7%
Xenazine	1,046	1,571	112	257	(56%)	(50%)	2%
Other pharmaceuticals	3,028	3,337	667	842	(21%)	(16%)	15%
Other revenue	402	325	119	74	61%	62%	3%
Hedging	(52)	-	182	(62)	-	-	4%
Total revenue	17,234	15,634	4,585	4,211	9%	14%	100%

*) In 2016 effects from hedging is included in revenue for the individual products.

Q1 2018 and FY 2017 - Geographic distribution of revenue - 1

DKKm	FY 2017	FY 2016 ^{*)}	Q1 2018	Q1 2017	Growth	Growth in local currencies	% of total
NORTH AMERICA:							
Abilify Maintena	591	526	151	137	10%	25%	6%
Trintellix	974	706	240	213	13%	28%	9%
Northera	1,644	1,087	396	352	13%	29%	15%
Onfi	3,022	2,409	903	710	27%	46%	35%
Rexulti	1,245	826	366	280	31%	50%	14%
Sabril	1,509	1,342	341	378	(10%)	3%	13%
Xenazine	1,016	1,557	107	250	(57%)	(51%)	4%
Other pharmaceuticals	672	669	94	183	(49%)	(39%)	4%
Total revenue	10,673	9,122	2,598	2,503	4%	19%	100%

*) In 2016 effects from hedging is included in revenue for the individual products.

Q1 2018 and FY 2017 - Geographic distribution of revenue - 2

DKKkm	FY 2017	FY 2016 ^{*)}	Q1 2018	Q1 2017	Growth	Growth in local currencies	% of total
EUROPE:							
Abilify Maintena	637	508	184	154	19%	20%	25%
Brintellix	376	220	122	81	50%	50%	16%
Cipralext	643	760	163	168	(3%)	(2%)	22%
Other pharmaceuticals	1,149	1,424	276	305	(9%)	(9%)	37%
Total revenue	2,805	2,912	745	708	5%	6%	100%
INTERNATIONAL MARKETS:							
Abilify Maintena	105	80	29	25	16%	26%	3%
Brintellix	313	179	105	80	32%	49%	11%
Cipralext/Lexapro	1,582	1,571	469	469	-	11%	50%
Ebixa	469	486	141	176	(20%)	(14%)	15%
Other pharmaceuticals	937	959	197	238	(17%)	(11%)	21%
Total revenue	3,406	3,275	941	988	(5%)	5%	100%

*) In 2016 effects from hedging is included in revenue for the individual products.

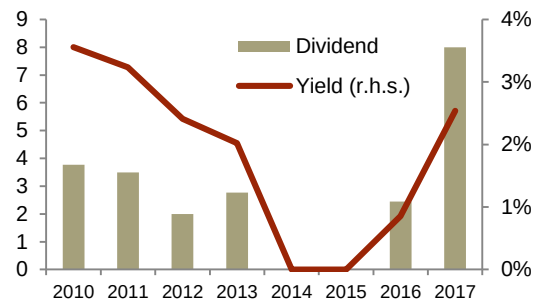
Q1 2018 - Cash generation

DKKm	Q1 2018	Q1 2017	FY 2017
Cash flows from operating activities	2,003	651	4,045
Cash flows from investing activities	(795)	30	(1,830)
Cash flows from operating and investing activities (free cash flow)	1,208	681	2,215
Cash flows from financing activities	(1,588)	(157)	(2,235)
Net cash flow for the period	(380)	524	(20)
Cash, bank balances and securities, end of period	3,292	2,745	3,677
Interest-bearing debt	-	(1,770)	-
Net cash/(net debt)	3,292	975	3,677

Q1 2018 - Balance sheet and dividend

DKKm	31.03.2018	31.12.2017
Intangible assets	7,933	7,565
Other non-current assets	3,260	3,347
Current assets	8,560	8,844
Assets	19,753	19,756
Equity	11,633	12,181
Non-current liabilities	1,125	1,096
Current liabilities	6,995	6,479
Equity and liabilities	19,753	19,756
Cash and bank balances	1,771	2,155
Securities	1,521	1,522
Interest-bearing debt	-	-
Interest-bearing debt, cash, bank balances and securities, net end of period	3,292	3,677

Dividend (DKK)



- ★ Dividend of DKK 8.00 per share for 2017, corresponding to a payout ratio of 61%
- ★ A total of DKK 1.6 million and a yield of 2.5%*
- ★ Dividend policy: Pay-out ratio of 60-80%

*Based on the share price of DKK 315.00

Costs – Full year figures

DKKm	2017	2016	2015	2017 (Δ%)	2016 (Δ%)
Revenue	17,234	15,634	14,594	10%	7%
Cost of sales	3,881	4,082	5,395	(5%)	(24%)
Sales & Distribution costs	5,649	5,488	6,706	3%	(18%)
Administrative expenses	833	805	1,160	3%	(31%)
R&D costs	2,705	2,967	8,149	(9%)	(64%)
Total costs	13,068	13,342	21,410¹⁾	(2%)	(38%)
EBIT	4,408 ²⁾	2,292	(6,816)	92%	-
Core EBIT	5,115	3,477	847	47%	311%
<i>Cost of sales</i>	23%	26%	37%	-	-
<i>Sales & Distribution costs</i>	33%	35%	46%	-	-
<i>Administrative expenses</i>	5%	5%	8%	-	-
<i>R&D costs</i>	16%	19%	56%	-	-
<i>EBIT margin</i>	26%	15%	(47%)	-	-

Included are 1) Restructuring costs and impairment of product rights of around DKK 7bn. 2) Includes Other operating income

For more information, please contact Investor Relations

★ Lundbeck's shares have been listed on the Copenhagen Stock Exchange since 18 June 1999	Number of shares	199,047,808
	Own shares	388,327
	Classes of shares	1
	Restrictions	None
★ Lundbeck has a Deutsche Bank sponsored ADR programme listed in the U.S. (OTC) effective from 18 May 2012	ISIN code	DK0010287234
	Ticker symbol	LUN DC/LUN.CO (Bloomberg/Reuters)
	ADR programme	Sponsored level 1
★ For additional company information, please visit Lundbeck at: www.lundbeck.com	ADR symbol	HLUYY
	Ratio	1:1

IR contact

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polesen3@bloomberg.net

Financial calendar

6M 2018	8 August 2018
9M 2018	7 November 2018
FY 2018	5 February 2019

Thank you!

Lundbeck

