



TELECONFERENCE – Q2 2015

19 August 2015



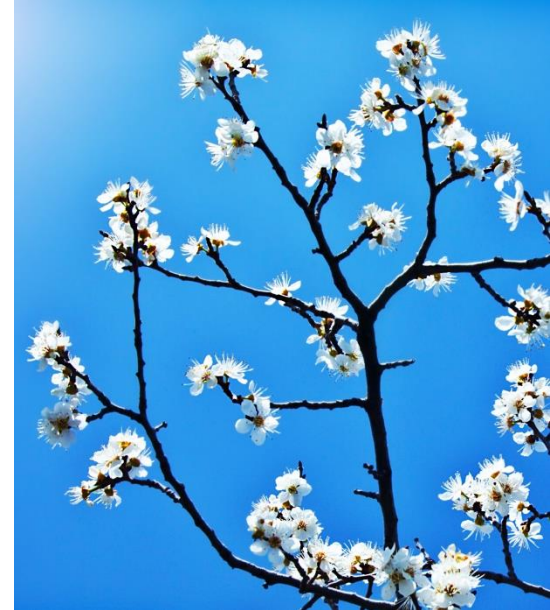
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Satisfactory performance in Q2, helped by FX

Executing on strategic growth platforms

- ★ Significant acceleration in sales of key products offsetting generic erosion
- ★ **Abilify Maintena:** Continued solid uptake
- ★ **Brintellix:** Non-US markets also start to deliver
- ★ **Rexulti:** Approved in the US in two indications and launch initiated
- ★ **USA:** Strong growth continues especially driven by Neurology

Return to profitability

- ★ Restructuring programme initiated
- ★ Right-size cost structure
- ★ Disciplined investment to extend Lundbeck's leadership position, focusing on products that offer attractive growth and returns
- ★ Positive reported EBIT already in 2016 with further improvement in 2017

2015 financial guidance revised

- ★ Appreciation of key currencies against the DKK drive positive earnings effect in the quarter
- ★ Better sales performance and reduced cost spend
- ★ Lundbeck now expects core revenue around DKK 14.0 billion and core EBIT to be DKK ~0.5 billion. Reported EBIT is expected to be negative at DKK ~7.0 billion

Lundbeck initiates restructuring programme

- ★ **Reduce cost base by DKK 3 billion**

- ★ DKK ~1.5bn to be achieved in 2016
- ★ DKK ~3bn to be achieved in 2017

- ★ **Main initiatives - one-off charges of DKK ~6.5 billion before tax**

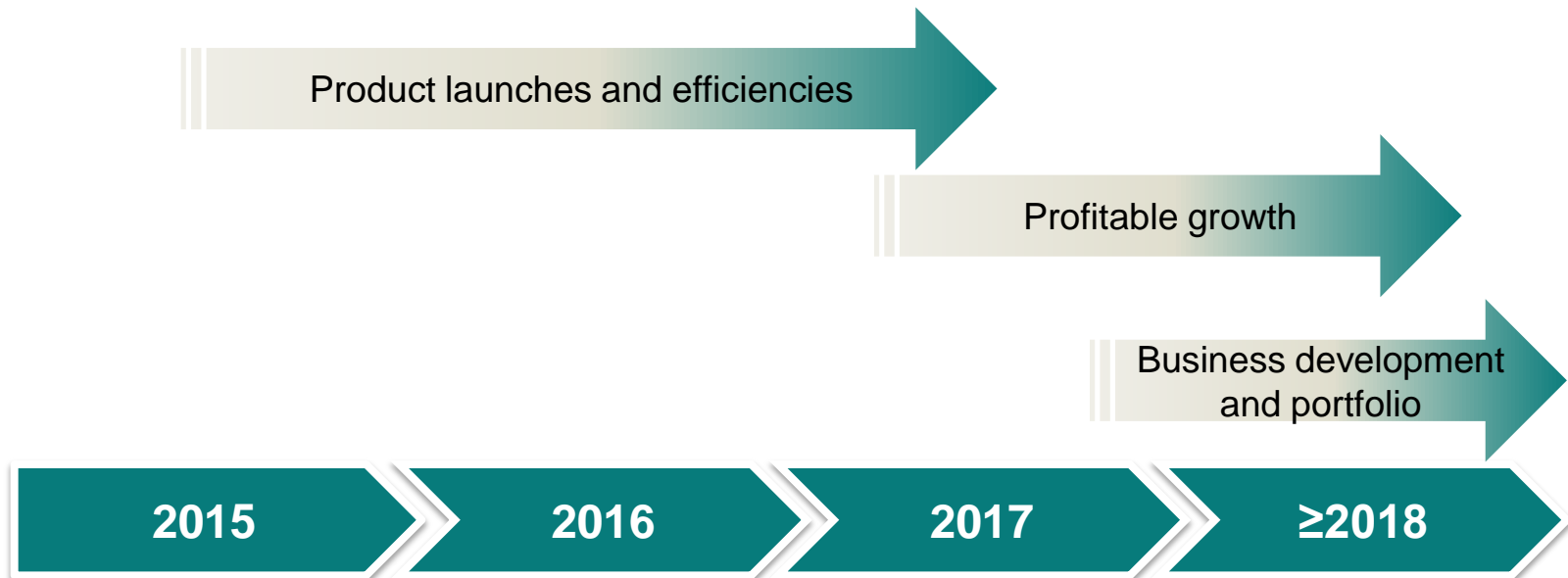
- ★ Global workforce to be reduced by approximately 1,000 employees
- ★ Reclassification of product rights to R&D costs: DKK 4.8bn in Q2
- ★ Provision for severance and restructuring of DKK ~1.1bn in Q3
- ★ Impairments and write-downs: DKK ~0.6bn in Q3
- ★ ~17% cash / ~83% non-cash split



**Accelerate cost reduction
across Lundbeck**

**Ensure substantially improved
profitability already in 2016**

Focus on cost efficiencies and launch execution



Key drivers for long-term performance

Sales



Continued strong growth in key products

Gross margin %



Product mix and reduced amortizations

S&D ratio %



Limited additional investments

G&A ratio %



Sales growth and cost reductions

R&D ratio %



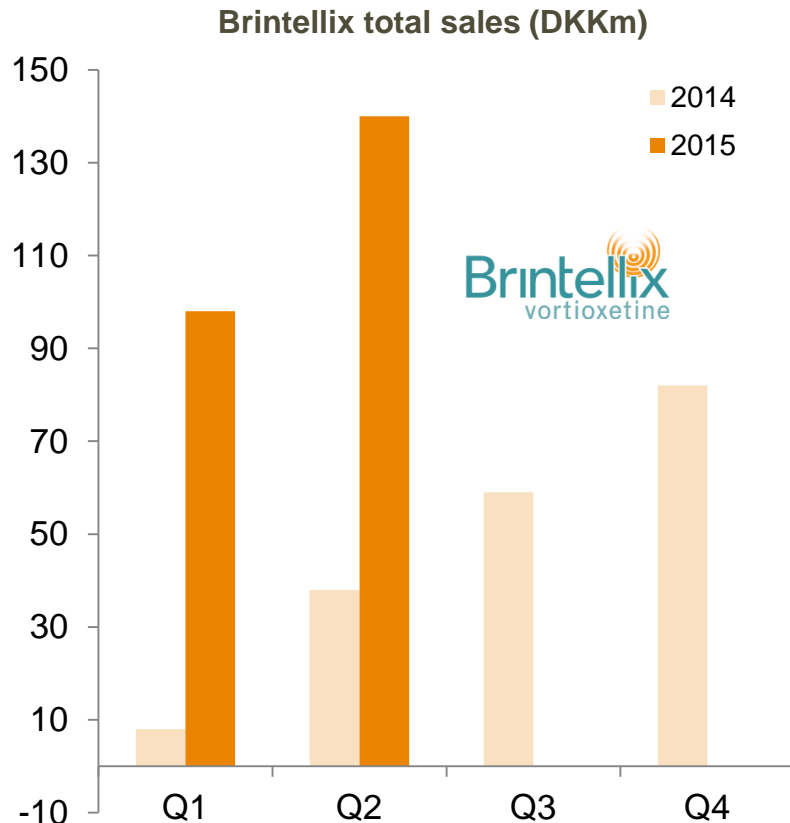
Continued investment in R&D

EBIT margin %



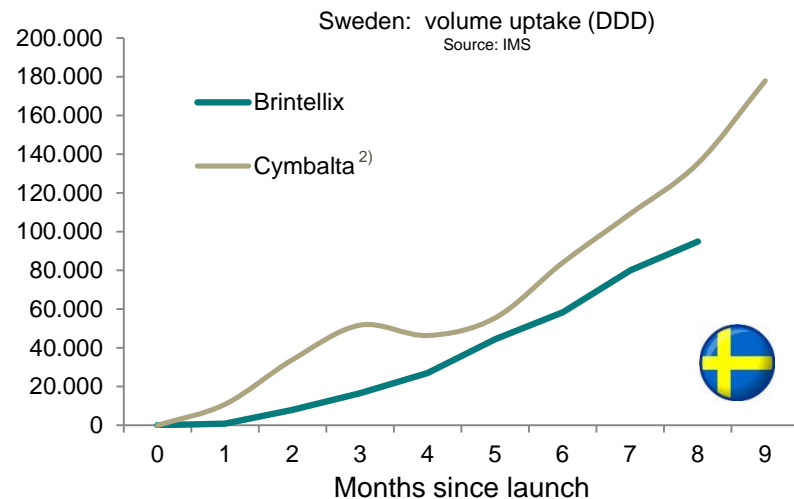
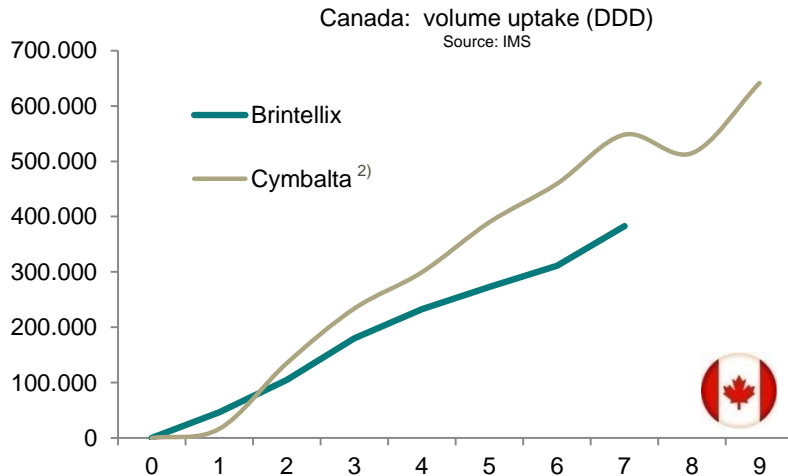
Margin expansion driven by cost reductions and profitable sales growth

Brintellix also positively impacted by non-US launches



- ★ Sales of DKK 140m – up 266% reported or 211% in local currencies
- ★ Non-US sales represents close to 33% of sales
- ★ Excellent product feedback from early launch markets globally
- ★ Solid sales uptake in International markets

Physicians rate cognition as an important treatment goal



★ First post-launch market surveys¹⁾

- >90% of physicians rated cognitive improvement as a very important treatment goal
- >50% of physicians rated Brintellix as highly differentiated on cognitive symptoms of depression

★ Early experience encouraging

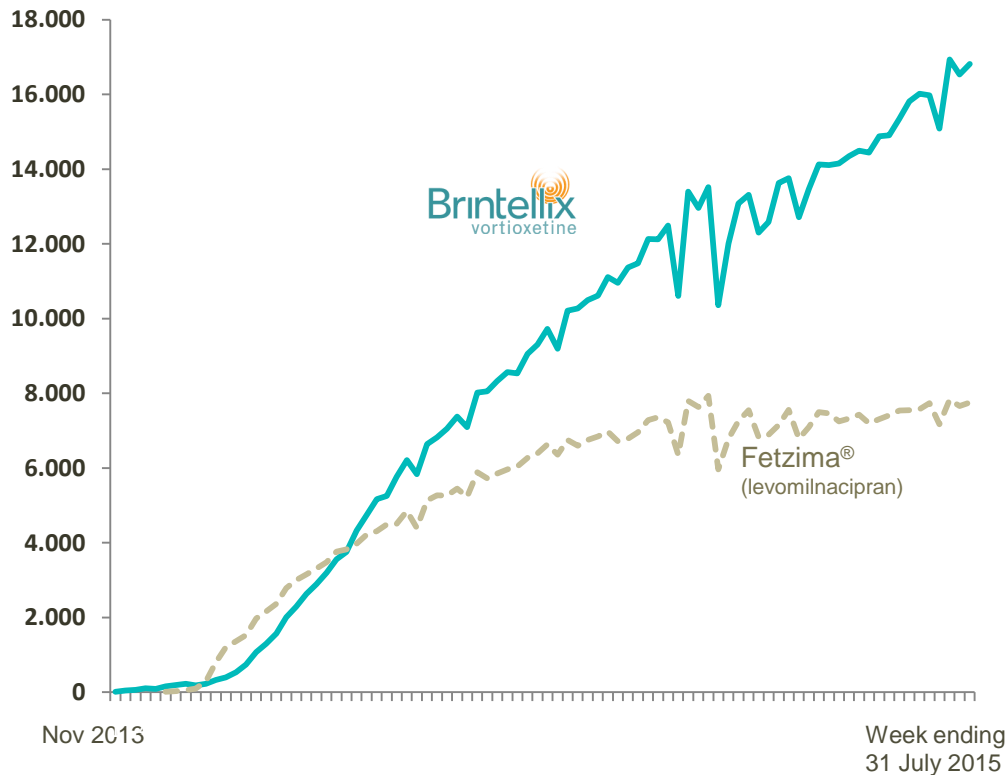
- In International markets uptake has been comparable with previously launched antidepressants
- In Europe sales are meeting expectations

Brintellix
vortioxetine

- 1) Among psychiatrists and PCPs who have been detailed Brintellix; percentages refer to physician ratings of 6 or 7 on 7-point scale; Lundbeck survey conducted in Canada, Denmark, Mexico, South Africa
- 2) Cymbalta includes all indications; DDD = Defined Daily Dose

In the US Brintellix is the only branded antidepressant* gaining market share

Weekly TRx



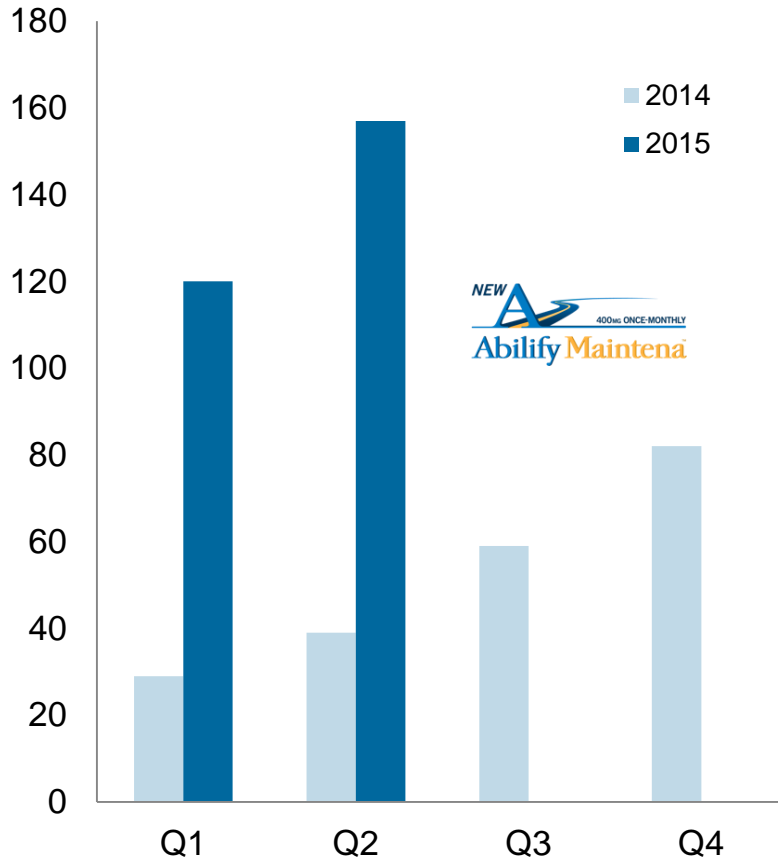
- ★ Brintellix is less differentiated than in non-US markets as cognitive claims are not currently promotable
- ★ Mid-year submission of sNDA with cognition claim completed (PDUFA March 2016)
- ★ DTC TV pilot in 12 US test geographies ongoing (May-Dec'15)



* Pristiq®, Fetzima®, Viibryd®, Brintellix®

Abilify Maintena is off to a good start in Europe

Abilify Maintena total sales (DKKm)

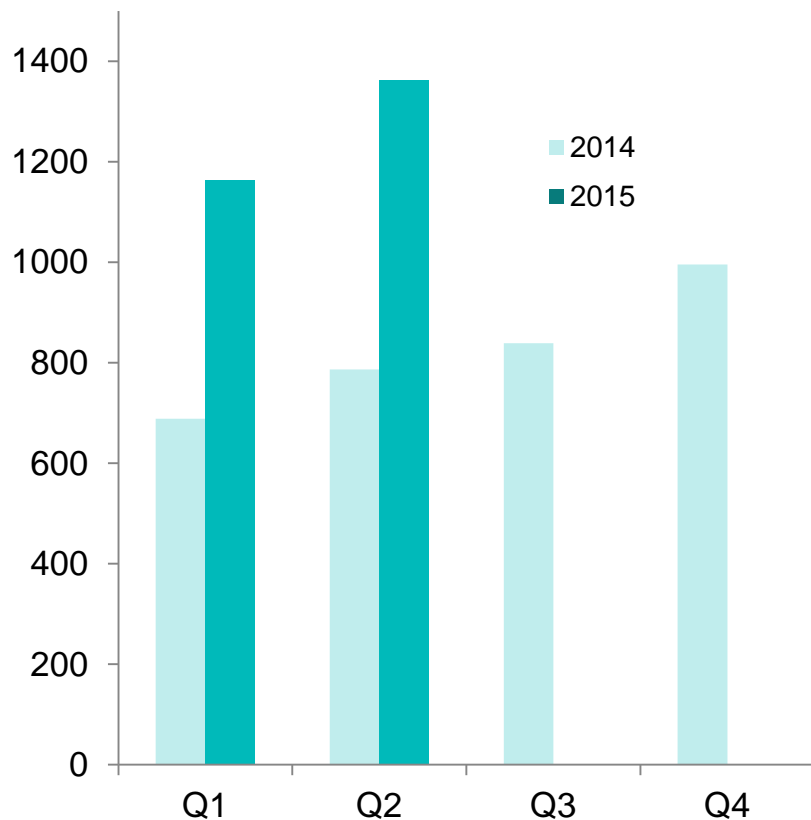


- ★ Sales of DKK 157m – up 305% or 261% in local currencies
- ★ US constitutes 50% of sales
- ★ Solid uptake in France and Spain
- ★ Encouraging market penetration also in Australia, France and UK
- ★ FDA approves deltoid injection



US neurology products up 73% reported for the quarter - helped by FX (~30%)

US Neurology sales (DKKm)



US Neurology portfolio: DKK 1,366m (+73%) in Q2



Sales of DKK 106m in Q2



Sales of DKK 403m – up 85% or 50% in local currencies



Sales of DKK 241m – up 37% or 8% in local currencies



Sales of DKK 616m – up 53% or 27% in local currencies

Satisfactory financial performance in Q2 2015

★ Core revenue

- ★ Revenue increased by 5% (down 5% in local currencies)
- ★ Key products (Abilify Maintena, Brintellix, Northera, Onfi) up 127% in local currencies
- ★ US revenue up 75% (42% in local currencies)
- ★ International markets up 20%, excluding Canada

DKK 3.6bn

★ Core EBIT

- ★ Decline of 69% compared to last year
- ★ Increased investments in launch activities

DKK 135m

★ Reported EBIT

- ★ Impacted by the reclassification of product rights

DKK (4.8)bn

★ Operating cash flow

- ★ Includes development milestone payment to Otsuka of USD 200m

DKK (1.4)bn

Impact on balance sheet

★ Total assets and liabilities

DKK 20.8bn

- ★ Reclassification to P&L due to changed management estimate of Abilify Maintena, Rexulti, idalopirdine and other intangible rights.
- ★ Total impact of DKK ~4.8bn is reclassified in June 2015
- ★ Tax benefit from reclassification: DKK ~1bn (partly recorded as deferred tax asset)

Expected balance sheet impact in H2 2015:

- ★ Impairment of Selincro and other assets (mainly buildings): DKK ~0.6bn
- ★ Provisions for restructuring charges: DKK ~1bn
- ★ Tax benefit impairment and restructuring: DKK ~0.5bn (recorded as deferred tax asset)

★ Equity capital

DKK 10.2bn

- ★ Solvency ratio 49.1% compared to 52.8% at year-end 2014

★ Net debt position

DKK 1.5bn

- ★ DKK 2bn bank facility entered

Core revenue and core EBIT guidance for 2015 revised

Financial guidance 2015 – constant exchange rates

	2015 - Revised	2015 - Previous	2014 - Actual
Core revenue	DKK ~14bn	DKK 13.2-13.7bn	DKK 13,468m
Core EBIT	DKK ~0.5bn	DKK ~0	DKK 1,228m
Reported EBIT	DKK ~(7)bn	-	DKK 99m

Revenue and core profit drivers

- ★ Accelerated growth in key products
- ★ Substantial investments in sales and promotion
- ★ Cost savings from restructuring initiatives
- ★ No new acquisitions, milestones or up-front payments included in our 2015 targets

Lundbeck invests to develop late-stage pipeline

Key achievements:

Rexulti (brexpiprazole)

- ★ FDA approved in adjunctive MDD and schizophrenia

Brintellix

- ★ FDA accepts sNDA for review of clinical data on cognitive dysfunction

Focus R&D efforts on internal and better resourced projects

- ★ Reduce global R&D footprint
- ★ Reduction of R&D headcount globally
- ★ Pursue Lu AF35700 without partner

Lundbeck sponsored or co-sponsored open clinical studies

Project	No. of active studies and no. of patients to be recruited	Status
Brintellix*	5 (825 pts)	Launched
Abilify Maintena	1 (1,000 pts)	Launched
Selincro	6 (2,780 pts)	Launched
Rexulti – adjunctive MDD	3 (2,492 pts)	FDA approved
Rexulti – schizophrenia	2 (180 pts)	FDA approved
Rexulti – Alzheimer's	2 (650 pts)	Phase III
Rexulti - PTSD	1 (592 pts)	Phase III
Idalopirdine (Alzheimer's)	5 (2,598 pts)	Phase III

**) Includes a phase II study in ADHD with 225 patients. Additionally Takeda has two studies ongoing including approx. 1,500 patients*

Source: Clinicaltrials.gov. As per 3 August 2015

Rexulti approved – a major milestone for patients and physicians in the US

- ★ Rexulti launched early August
- ★ Approved dose-range provides flexibility
- ★ WAC* will be USD 29 per day or USD 865.5 per 30 days
- ★ Programs in place to support broad patient access in the US
- ★ There are approximately 15m adults in the US with MDD and 2.4m adults with schizophrenia who still struggle to find effective, well-tolerated treatments

Indication statement

Rexulti is an atypical antipsychotic indicated for:

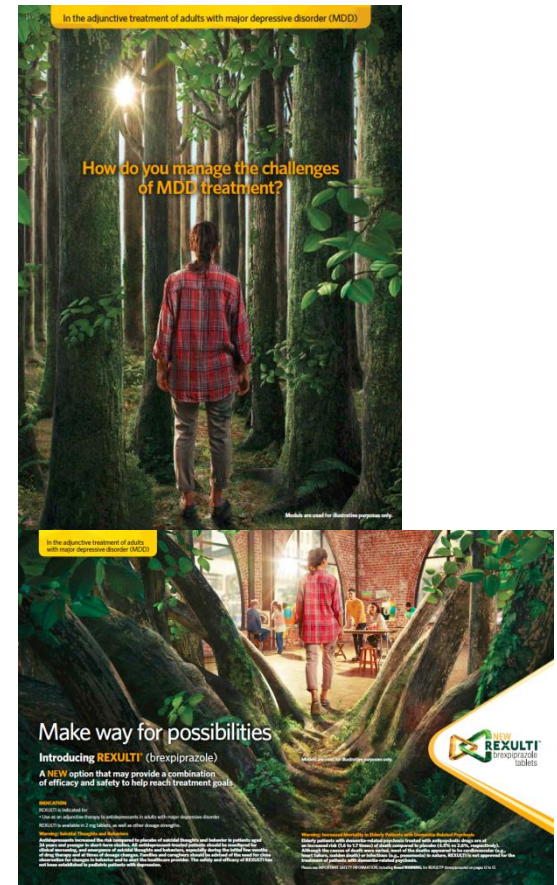
- Use as an adjunctive therapy to antidepressants for the treatment of major depressive disorder (MDD)
- Treatment of schizophrenia
- Tablets: 0.25 mg, 0.5 mg, 1 mg, 2 mg, 3 mg and 4 mg



*) WAC: wholesale acquisition cost

Through its favourable benefit/risk profile Rexulti offers improved value in depression and schizophrenia

- ★ Rexulti is a **rationally designed** serotonin-dopamine activity modulator (SDAM) ¹⁾
- ★ Rexulti **significantly improves** symptoms of depression and schizophrenia
- ★ Rexulti has low levels of side effects that can impair patients' **functioning**
- ★ Rexulti has an excellent and **predictable** tolerability and safety profile



1) Kenji Maeda et al: "In Vitro Pharmacological Profile of Brexpiprazole, a Novel Serotonin-Dopamine Activity Modulator (APA 2014 Poster)

FDA accepts a sNDA of clinical data that assess cognitive dysfunction in patients with major depression

- ★ Four clinical studies support our application for Brintellix in cognitive function associated with major depression
- ★ **Study in elderly MDD patients** (published in International Clinical Psychopharmacology, May 2012)¹⁾
- ★ **FOCUS** (published in International Journal of Neuropsychopharmacology, May 2014)³⁾
- ★ **CONNECT** (published in Neuropsychopharmacology, June 2015)⁴⁾
- ★ **TAK-316** (presented at ECNP2013)²⁾
- ★ Brintellix improves self-reported cognitive function as well as objective performance-based functioning (UPSA*)



*) UPSA: University of San Diego Performance-Based Skills Assessment

1) NCT00811252. 2) M. Fava, S. Lophaven, C.K. Olsen: "Effects of Vortioxetine on Cognitive Symptoms of Major Depressive Disorder"; NCT01163266. 3) NCT01422213.

4) NCT01564862.

Summary and Q&A

- ★ Restructuring programme to return to profitability initiated
- ★ Key products see significant sales acceleration
- ★ Additional product launches in several countries