

Investor & Analyst presentation

February 2018



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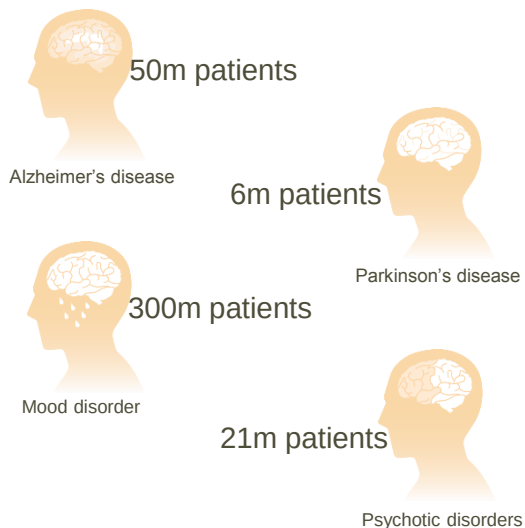
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Certain assumptions made by Lundbeck are required by Danish Securities Law for full disclosure of material corporate information. Some assumptions, including assumptions relating to sales associated with products that are prescribed for unapproved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



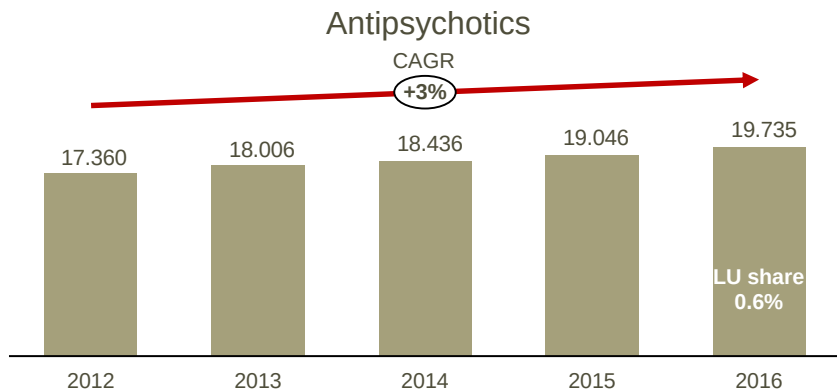
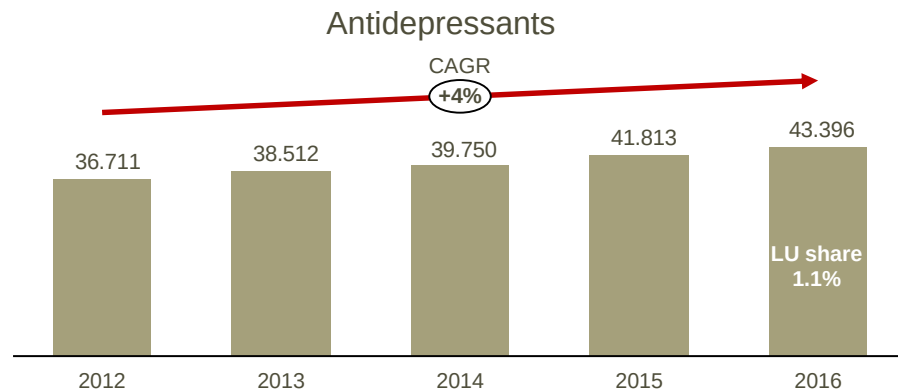
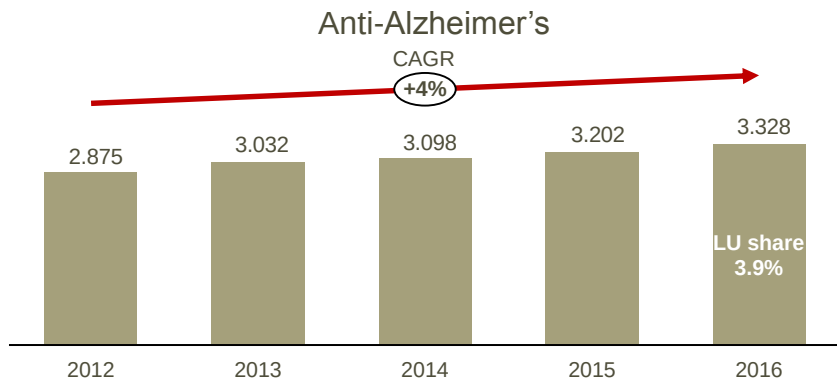
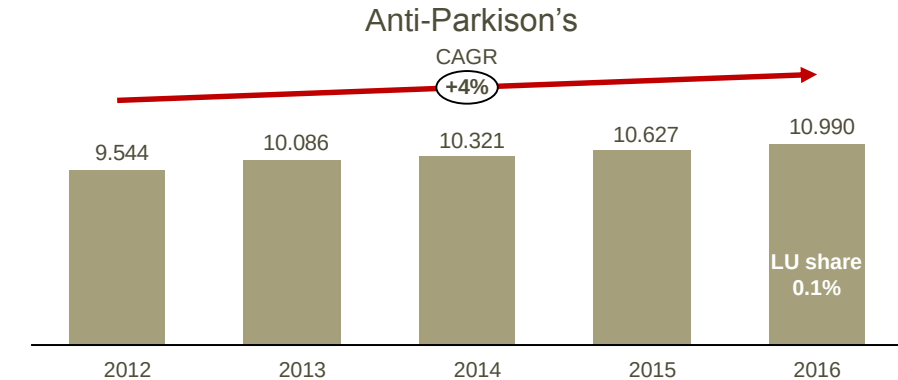
Our strategy for a
FOCUSED LUNDBECK
will set the direction
for our future success

Four diseases

Independent drug
development and
commercialization

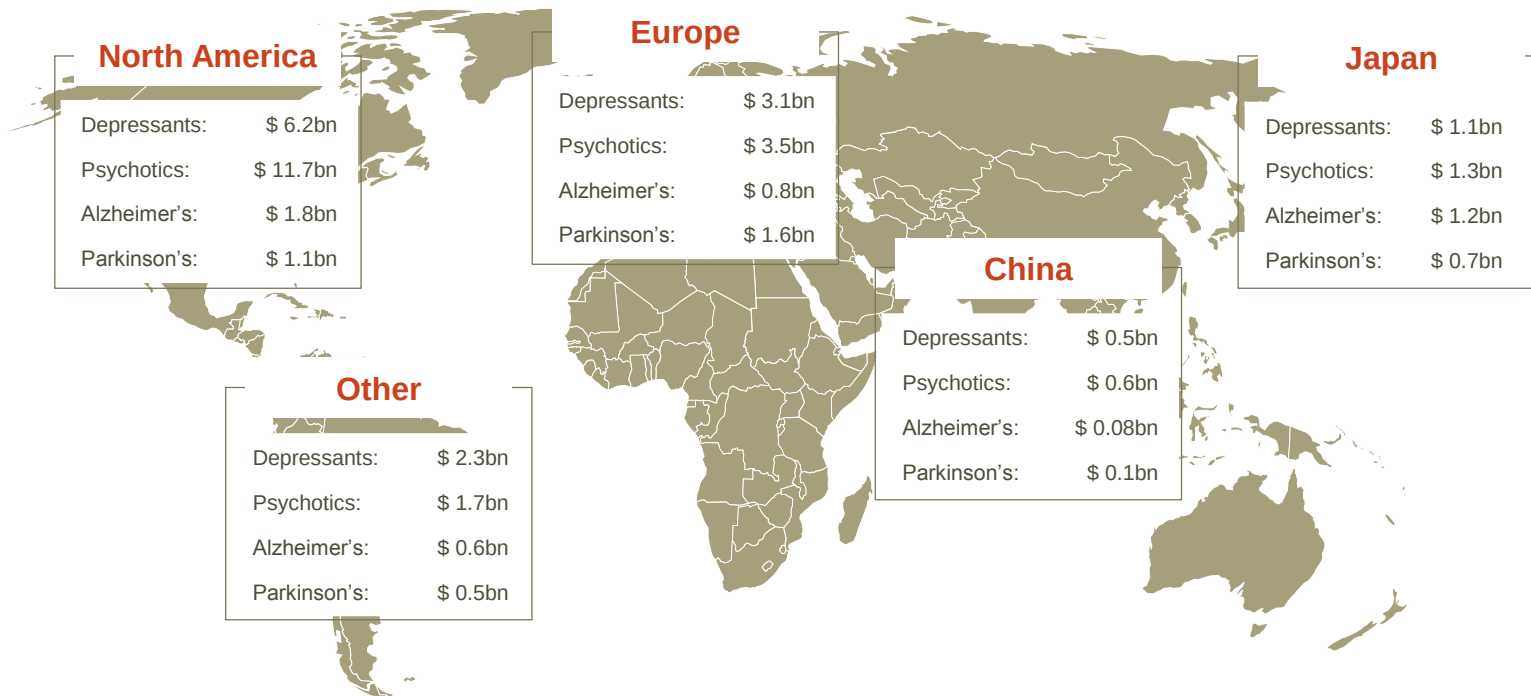
Profitable growth

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

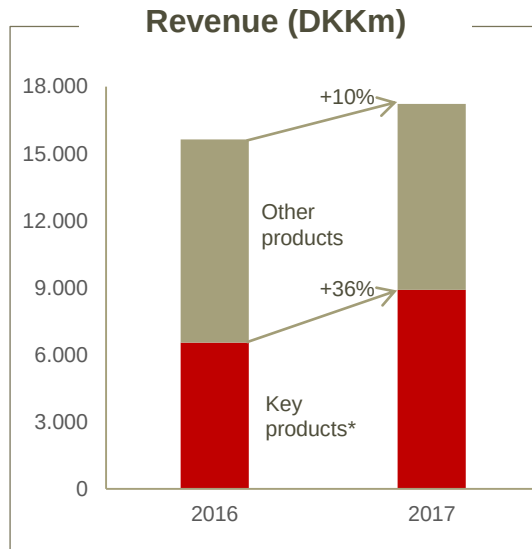
Four focus disease areas that represent a USD ~40bn opportunity



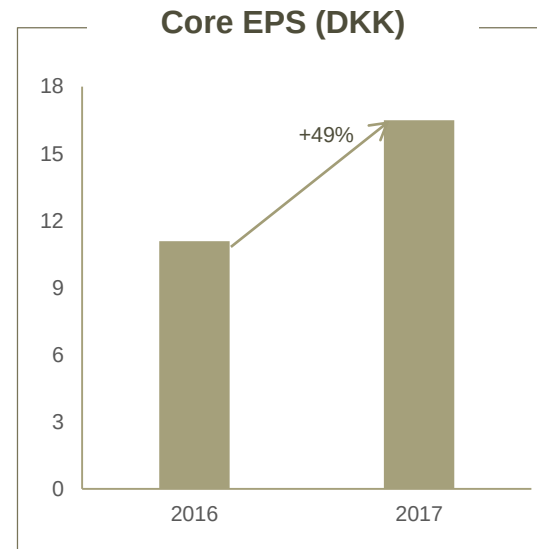
Source: IMS Health Analytics Link 2016 (Audited sales)

Solid financial performance in 2017

- ★ Revenue increased by 10% to DKK 17.2 billion
- ★ Key products* grew 36% to DKK 8.9 billion representing 52% of revenue
- ★ EBIT increased 92% to DKK 4.4 billion. EBIT margin significantly improved to 24.2% (excluding divestment gains)#
- ★ EPS grew 117% to DKK 13.28
- ★ Dividend raised from DKK 2.45 to proposed DKK 8.00** per share
- ★ Revenue expected to reach DKK 17.2-18.0 billion and EBIT DKK 4.8-5.2 billion in 2018



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

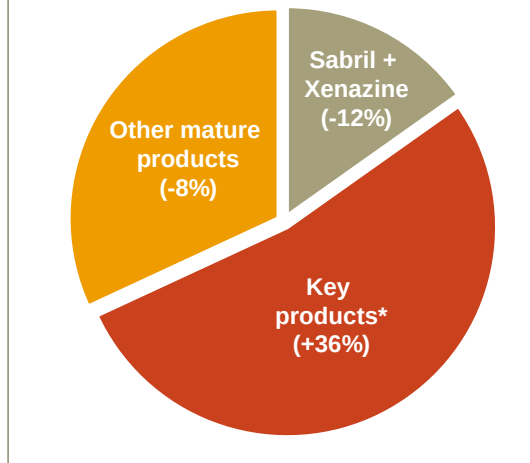


#) Including gains from divestments, the EBIT margin reached 25.6%. **) Subject to approval at the AGM on 20 March 2018.

Solid revenue growth of 10% to DKK 17.2 billion in 2017

- ★ In local currencies, revenue grew 12% and 11% in FY 2017 and Q4, respectively
- ★ Key products* continue the strong growth momentum
- ★ Sabril and Xenazine are down 12% combined following generic erosion
- ★ Continued solid growth in North America. Europe is improving
- ★ Both North America and International Markets see increased currency headwind, especially in Q4
- ★ Largest markets are the U.S., Canada, China, France and Japan

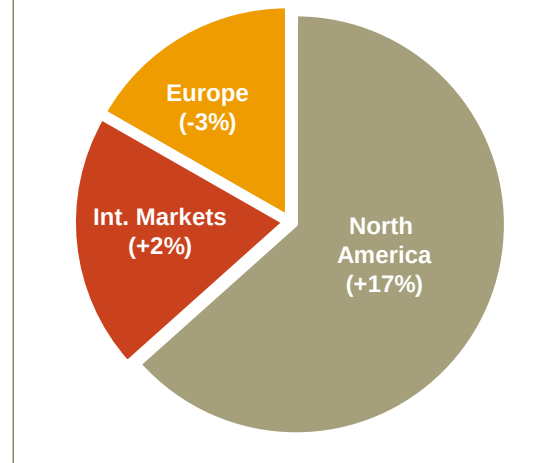
Revenue distribution**
(product categories)



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

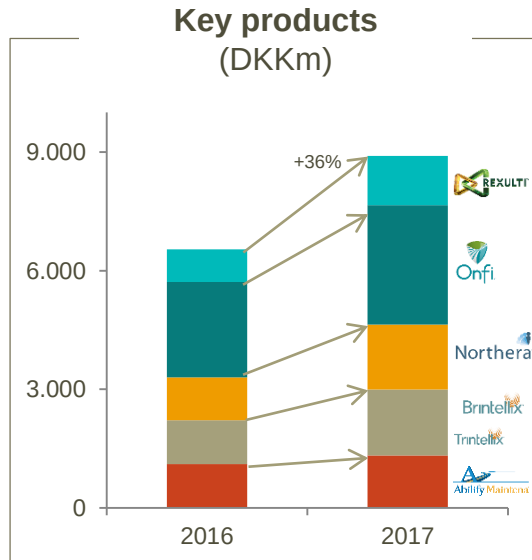
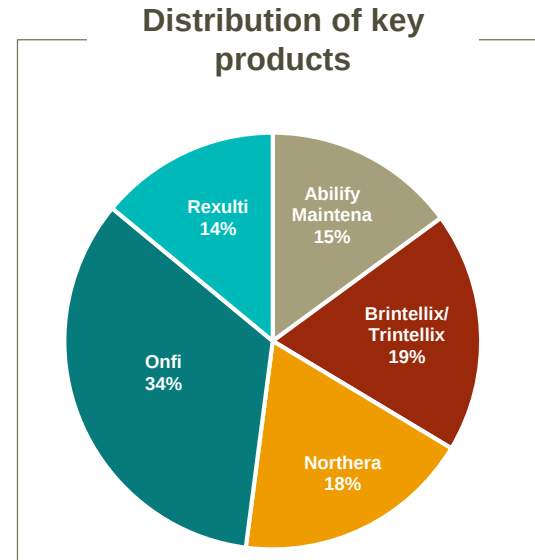
**) Excluding Other revenue

Revenue distribution*
(regional split)



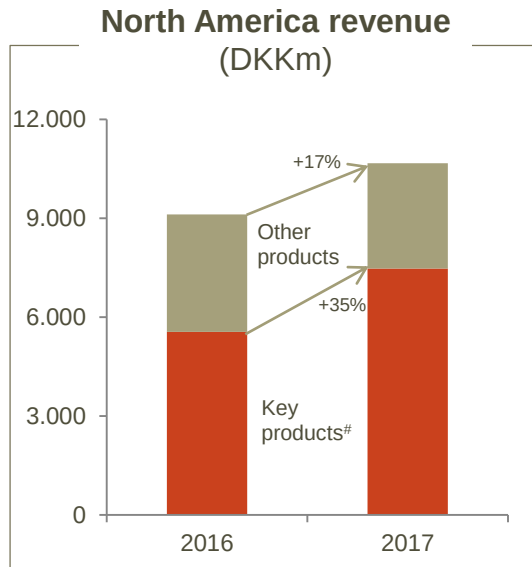
Key products grew by DKK 2.4 billion or 36% in 2017 and constitute 52% of revenue

- ★ Reached DKK 8.9 billion – up from DKK 6.5 billion in 2016
- ★ Represents 52% of revenue – up from 42% in 2016
- ★ Abilify Maintena – up 19% to DKK 1,331 million
- ★ Brintellix/Trintellix – up 50% to DKK 1,662 million
- ★ Northera - up 51% to DKK 1,644 million
- ★ Onfi – up 25% to DKK 3,022 million
- ★ Rexulti – up 51% to DKK 1,247 million

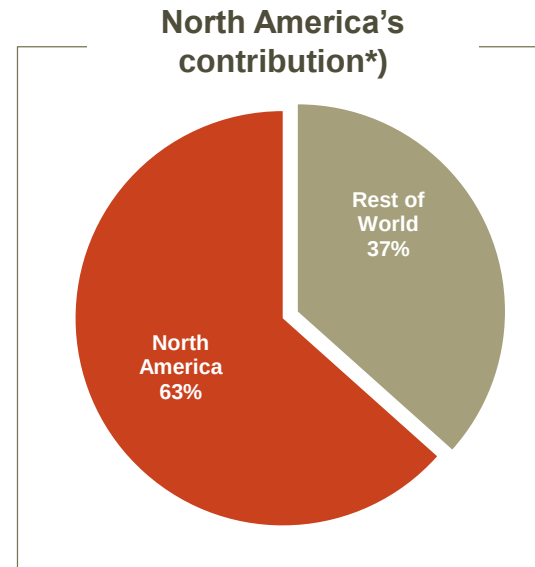


North America grew 17% driven by Northera, Rexulti and Trintellix – currency headwind had significant negative impact in Q4 2017

- ★ North America grew 17% (19% in local currencies) to DKK 10,672 million in 2017,...
- ★ ...and in Q4 2017, revenue grew 9% (17% in local currencies) to DKK 2,796 million
- ★ Key products[#] grew 35% and constitute 70% of revenue in 2017
- ★ North America is expected to continue growing in local currencies despite LOE



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



*) Excluding Other revenue

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

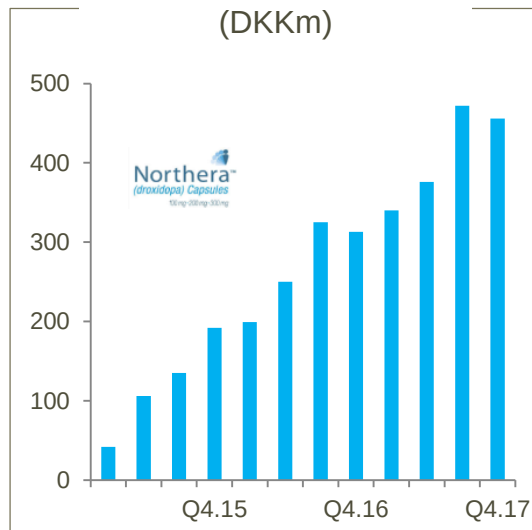
Northera

- ★ +51% (55% in L.C.) to DKK 1,644 million in 2017,...
- ★ ...and +46% (56% in L.C.) to DKK 456 million in Q4 2017
- ★ Expected continued growth

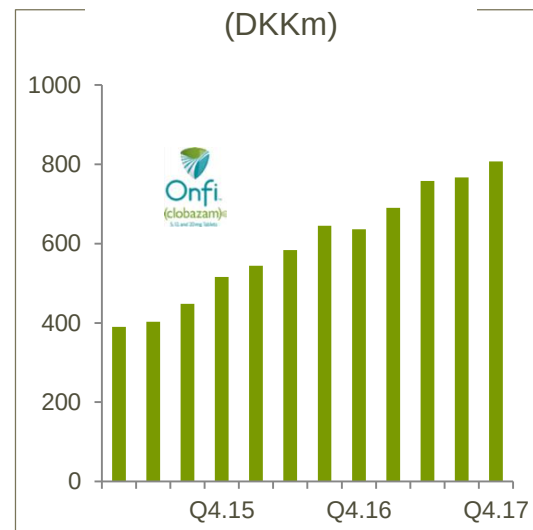
Onfi

- ★ +25% (28% in L.C.) to DKK 3,022 million in 2017,...
- ★ ...and +27% (35% in L.C.) to DKK 807 million in Q4 2017
- ★ Expected to grow until generic clobazam is introduced

Northera sales
(DKKm)

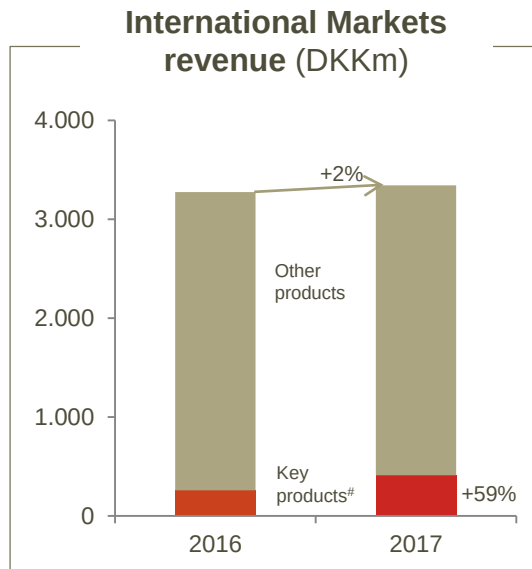


Onfi sales
(DKKm)

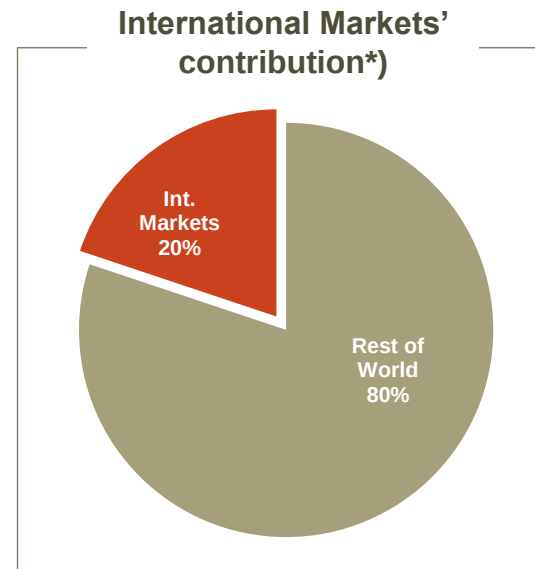


International Markets grew 2% driven by Abilify Maintena and Brintellix – 5% growth in local currencies

- ★ International Markets grew 2% to DKK 3,345 million in 2017,...
- ★ ...and in Q4 2017, revenue declined 11% (5% in local currencies) to DKK 731 million due to quarterly fluctuations
- ★ Key products[#] grew by 59% and contribute 12% of sales
- ★ Main markets are China, Japan, Brazil and South Korea
- ★ International Markets is expected to continue growing in 2018



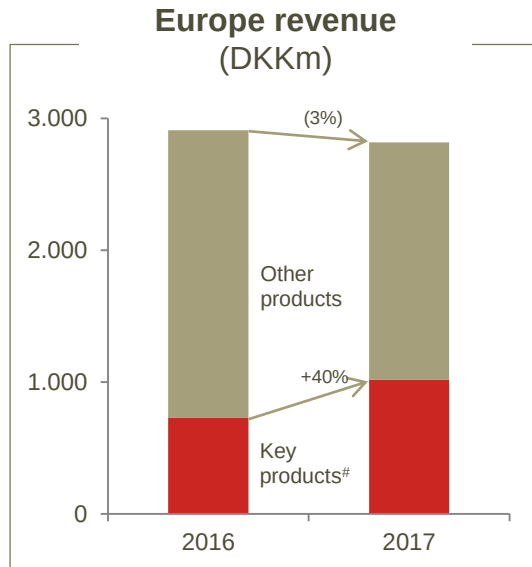
[#]) Abilify Maintena, Brintellix and Rexulti



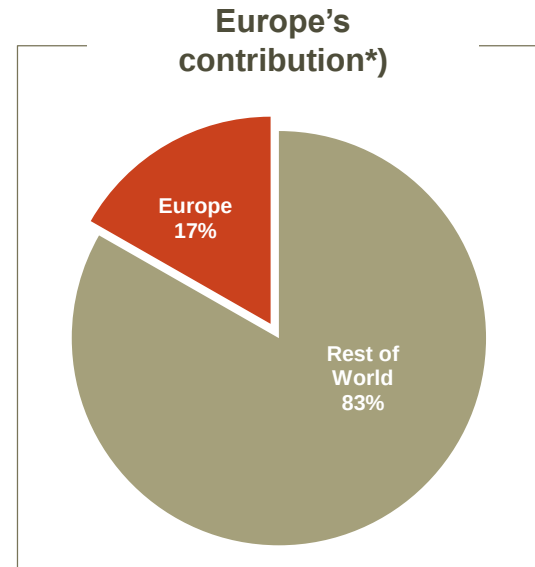
*) Excluding Other revenue

Europe is up 1% in 2017 excluding Azilect

- ★ Europe declined 3% to DKK 2,818 million in 2017,...
- ★ ...and down 3% in Q4 2017 to DKK 688 million
- ★ Key products[#] grew 40% and contribute 36% 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 show growth in 2018



[#]) Abilify Maintena and Brintellix



*) Excluding Other revenue

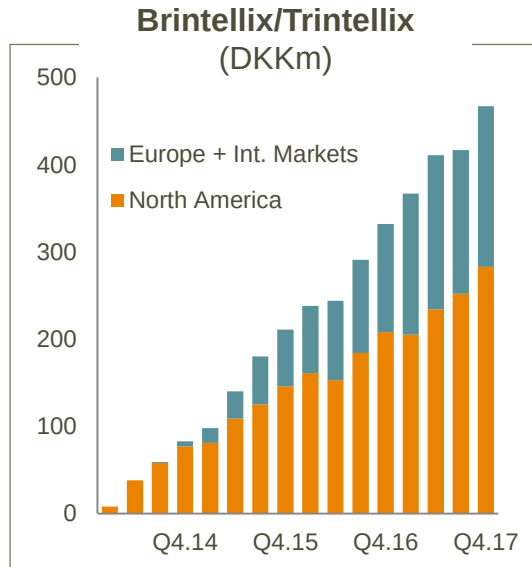
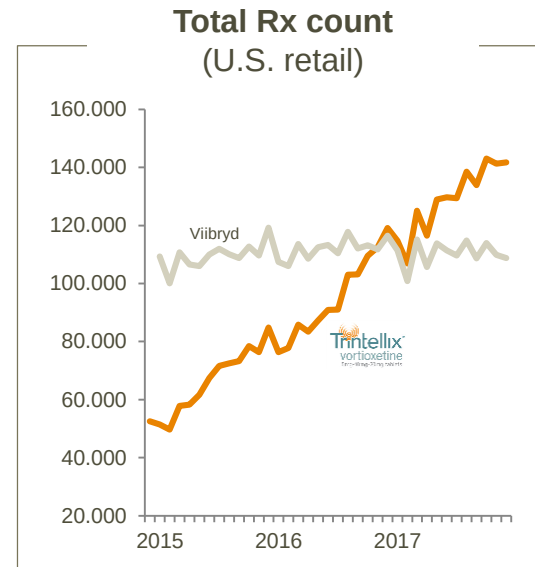
Mood disorders

- ★ 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 50% to DKK 1,662 million in 2017

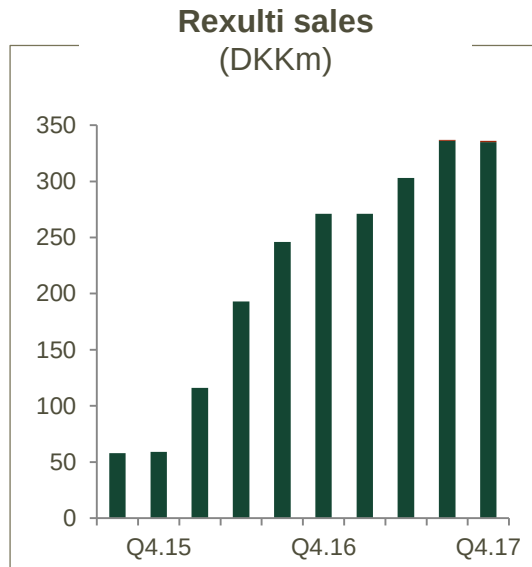
- ★ North America grew by 38% (42% in local currencies) to DKK 974 million
- ★ Europe and Int. Markets grew 73% combined to DKK 688 million
- ★ Growth driven by Brazil, Canada, France, Italy and the U.S.
- ★ Largest markets are the U.S., Canada, Spain and Brazil
- ★ Brintellix continues to gain value share which exceeds 4% in e.g. France, Spain and Italy
- ★ Trintellix increases value share in Canada and the U.S. to 4.1% and 16.6%, respectively



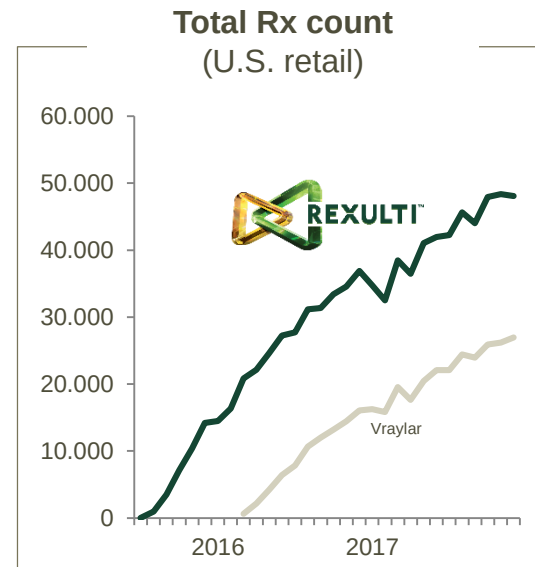
Source: Symphony Health Solutions/Bloomberg (monthly data ending 12/2017)

Rexulti grew 51% to DKK 1,247 million in 2017

- ★ Recently launched in Canada and Australia
- ★ Submitted for approval in markets such as Brazil, Chile, Europe, Malaysia, Mexico, Saudi Arabia and South Africa in 2017
- ★ Rexulti has 10.5% value share (U.S.)
- ★ Data from AAD programme to be presented at The American Association for Geriatric Psychiatry Annual Meeting (AAGP) in March
- ★ Additional LCM activity progressing in e.g. bipolar mania and PTSD



Lundbeck's share of revenue



Source: Symphony Health Solutions/Bloomberg (monthly data ending 12/2017)

AAD: Agitation in Alzheimer's disease

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 19% to DKK 1,331 million in 2017

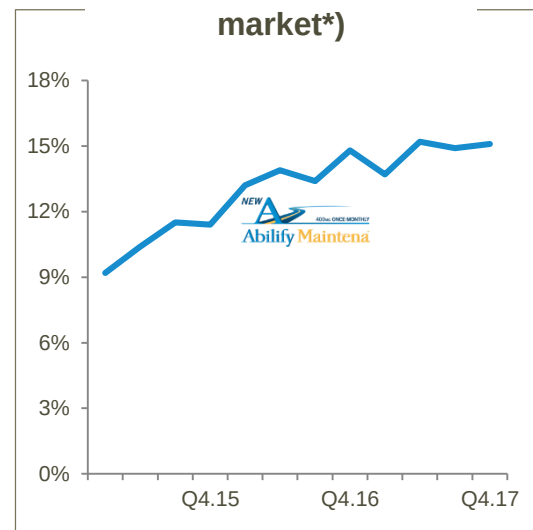
- ★ DKK 637 million (+26%) in Europe despite AIFA claw-back in Italy in Q4 2017
- ★ Growth of 12% (14% in local currencies) to DKK 591 million in North America
- ★ Approved for bipolar I disorder in North America (2017) and in Australia (2018)
- ★ Largest markets are the U.S., Spain, Australia and Canada
- ★ Market share increasing - >20% volume share (LAI retail) in most markets
- ★ Total LAI market reached USD 4.1 billion (+11%) in 2017
- ★ Growth for the total LAI market picked up in Q4 to 13.5% y/y

Abilify Maintena sales (DKKm)



Lundbeck's share of revenue

Share of total LAI market*)



*) 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



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 approx. 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 with >60% of patients recruited

- ★ 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

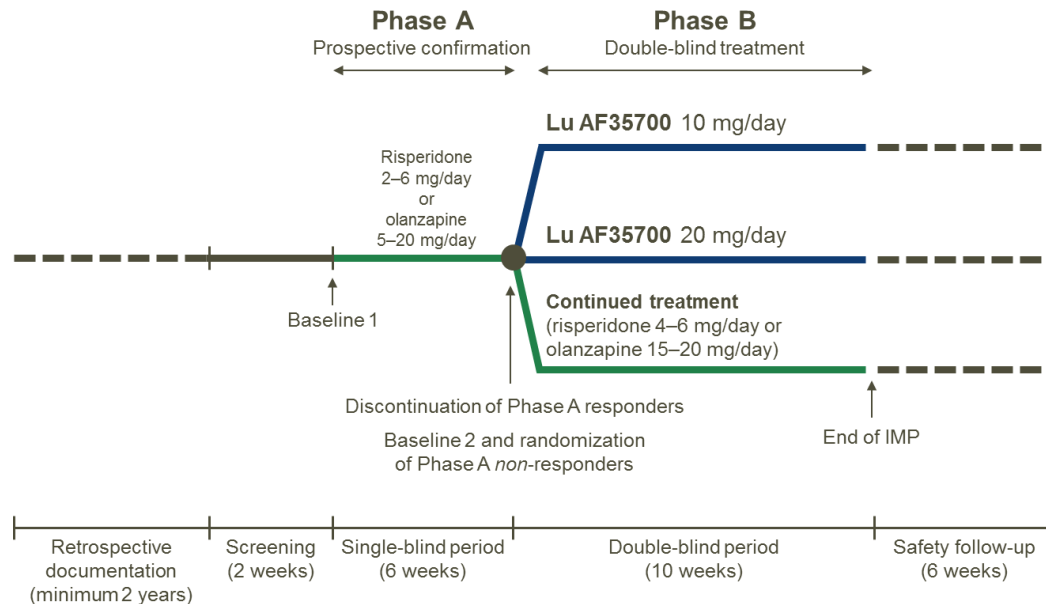
- ★ Oral, once daily
- ★ Approximately 1,000 patients
- ★ Expected completion by Q1 2019

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 disease (AAD)



Clinical programme

- ★ Two studies in the pivotal programme finalized
- ★ A third study to commence in H1 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

Brexpiprazole showed improvements in symptoms of agitation relative to placebo in Alzheimer's agitation

- ★ Geography played a major role, with U.S. patients responding well and patients in Russia responding poorly
- ★ If Russian sites are excluded from both studies, p-value for both studies on CMAI primary endpoint is <0.05
- ★ Both studies confirmed the safety profile as observed in prior clinical trials



Study I (NCT01862640)

- ★ N = 413 patients
- ★ 1 mg, 2 mg and placebo
- ★ 12 weeks' treatment duration
- ★ Main recruitment centers: Russia, Ukraine and USA
- ★ CMAI¹⁾: 2 mg statistically superior to placebo
- ★ CGI-S²⁾: 2 mg not statistically superior to placebo

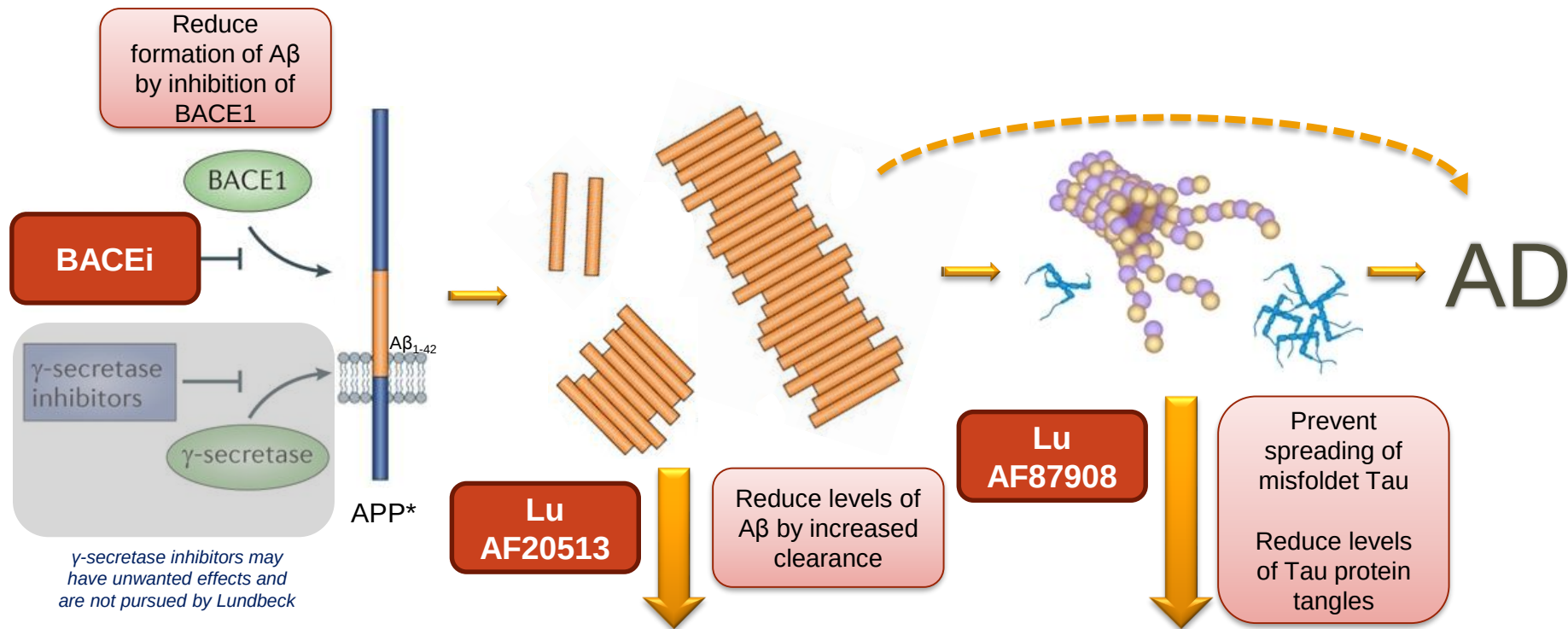
Study II (NCT01922258)

- ★ N = 270 patients
- ★ Flexible dose: 0.5-2 mg
- ★ 12 weeks' treatment duration
- ★ Main recruitment centers: Russia, Ukraine and USA
- ★ CMAI¹⁾: 0.5-2 mg not superior to placebo
- ★ CGI-S²⁾: 0.5-2 mg superior to placebo

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

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



Lu AF20513 – an active therapeutic vaccine against β -amyloid

- ★ Increasing clinical signals that β -amyloid dysregulation is central to disease
- ★ Lu AF20513 has the potential to fundamentally change treatment paradigm of Alzheimer's by slowing the course of the disease
- ★ Phase I commenced in Q1 2015 and was extended in November 2017
- ★ Expected completion: end-2018
- ★ Co-developed with Otsuka

Attractive opportunity

48 million Americans over 65 years ¹⁾				
At risk	Pro-dromal	Mild	Moderate	Severe
		Around 5.5 million patients with Alzheimer's in the U.S. ²⁾		
~27%	~8%	27%	30%	43%
13m	3.9m	1.5m	1.7m	2.4m

1) U.S. Census Bureau; May 2017.
2) https://www.alz.org/documents_custom/2017-facts-and-figures.pdf

Study design*)

- ★ Open-label, dose escalation study
- ★ 35 patients from centres 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

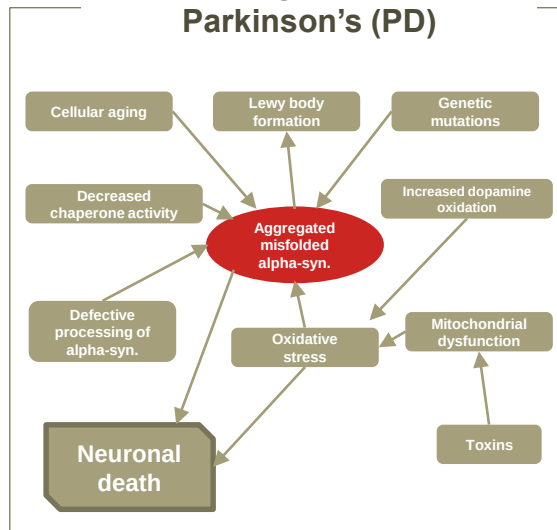
- ★ Approximately 6 million patients are estimated to be affected by Parkinson's
- ★ The prevalence of Parkinson's in the U.S. will double by the year 2040 (compared to 2010)
- ★ Many Parkinson's patients also suffer from disease related non-motor symptoms such as:
  - ★ Low blood pressure when standing 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

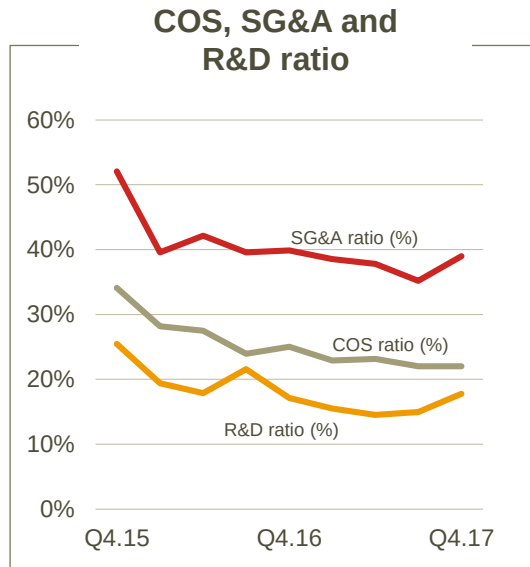
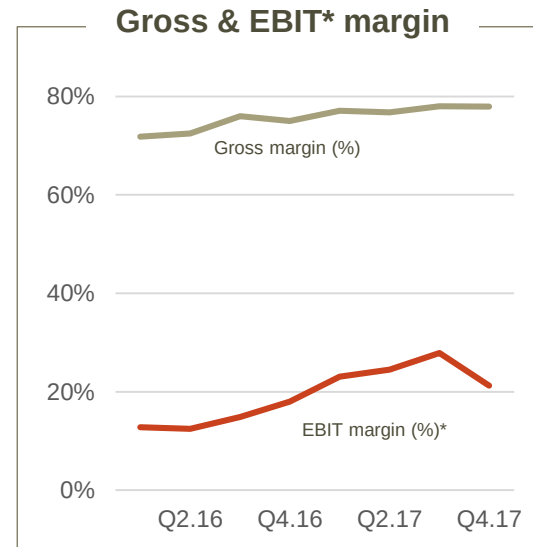
- ★ Affects ~1 million individuals in the U.S. with ~60,000 new cases/year
- ★ Affects more than ~5 million worldwide
- ★ Currently only symptomatic treatment - no disease modifying treatment available
- ★ Compelling evidence that alpha-synuclein may play a role in progression of PD and other synucleinopathies

Financial highlights



Continued cost discipline

- ★ Total costs down 2% while growing topline by 10% in 2017
- ★ In Q4 2017, costs were up 1% with topline up 5%
- ★ EBIT margin improved significantly
- ★ **COS%:** Expected to show continued improvements
- ★ **SG&A%:** Stable or modest additional improvements
- ★ **R&D%:** Expected to be stable or slightly increasing depending on project execution



*) Data adjusted for a gain of DKK 40 million and DKK 202 million from divestment of properties in the U.S. and Denmark included in EBIT (recognized in Q1 and Q3, respectively)

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

FY 2017

- ★ Significant EPS improvement driven by
  - ★ Reduced tax rate
  - ★ Strong improvement of profitability
  - ★ Solid revenue growth

Q4 2017

- ★ EPS growth of 17% following continued margin improvement
- ★ Significant negative impact from FX reducing revenue growth from 11% to 5%

Financial results (FY)

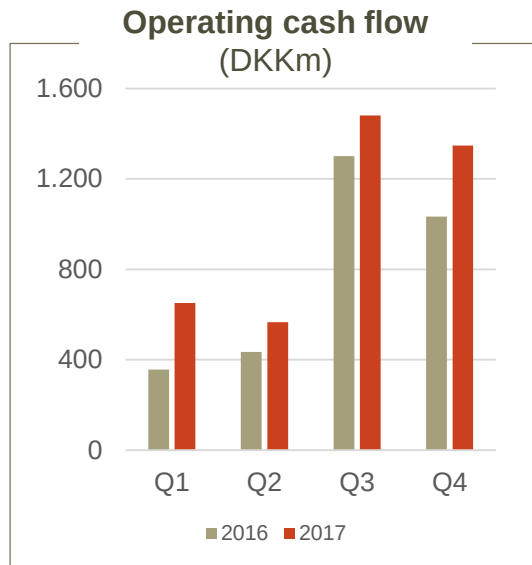
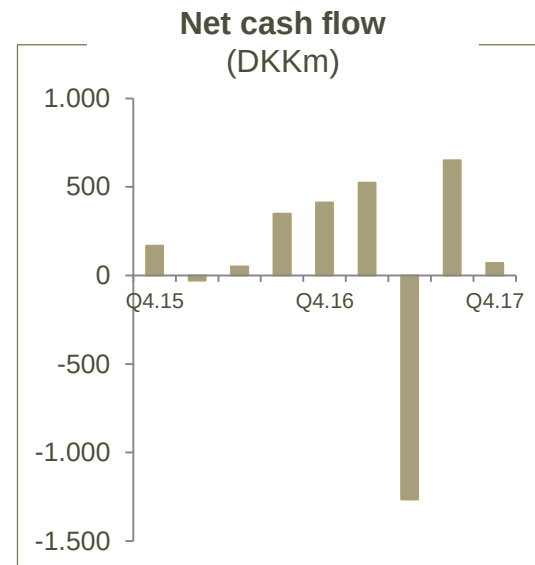
DKKm	2017	2016	Δ%
Revenue	17,234	15,634	10%
Gross margin	77.5%	73.9%	-
EBIT	4,408	2,292	92%
EBIT margin	25.6%	14.7%	-
Core EBIT	5,115	3,477	47%
Net profit	2,624	1,211	117%
EPS	13.28	6.12	117%

Financial results (quarterly)

DKKm	Q4.17	Q4.16	Δ%
Revenue	4,392	4,165	5%
Gross margin	78.0%	75.0%	-
EBIT	932	751	24%
EBIT margin	21.2%	18.0%	-
Core EBIT	1,169	1,014	15%
Net profit	553	473	17%
EPS	2.79	2.39	17%

Strong cash flow generation and improved ROIC

- ★ Cash flows from operating activities increased from DKK 3.1 billion in 2016 to DKK 4.0 billion in 2017
- ★ CapEx of DKK 245 million compared to DKK 238 million in 2016
- ★ Investments in financial assets of DKK 1.5 billion and repayment of debt of DKK 1.9 billion impacts net cash flow
- ★ ROIC increased from 13.2% in 2016 to 30.8%



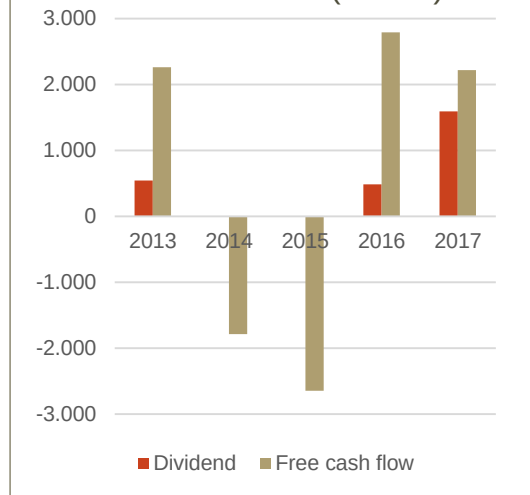
Capital allocation

- ★ Dividend increased from DKK 2.45 to DKK 8.00* per share
- ★ Net debt/EBITDA of -0.7x in 2017 vs. -0.1x in 2016
- ★ Net cash expected to reach DKK 5.5-6 billion in 2018

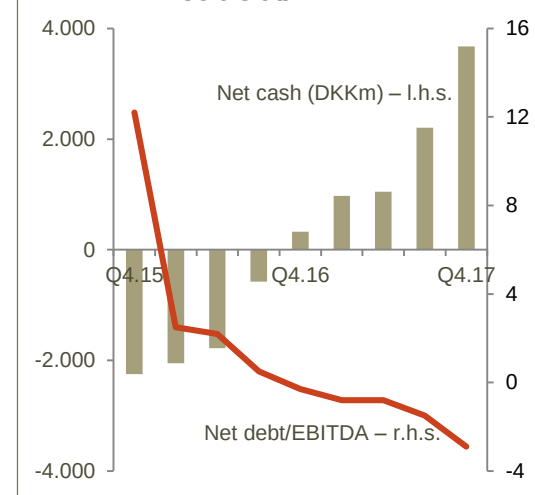
Cash flow priorities

- ★ 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 (DKKm)



Net cash and Net debt/EBITDA



*) Subject for approval at the AGM on 20 March 2018

2018 financial outlook

- ★ 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 beginning of February 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%	-

*) Adjusted for gains from divestment of properties of DKK 242 million, the EBIT margin was 24.2%

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

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

*) Adjusted for gains from divestment of properties of DKK 242 million, the EBIT margin was 24.2%

R&D in Lundbeck

Innovation focused across four key disease areas

**Alzheimer's
disease**



**Mood
disorders**



**Parkinson's
disease**

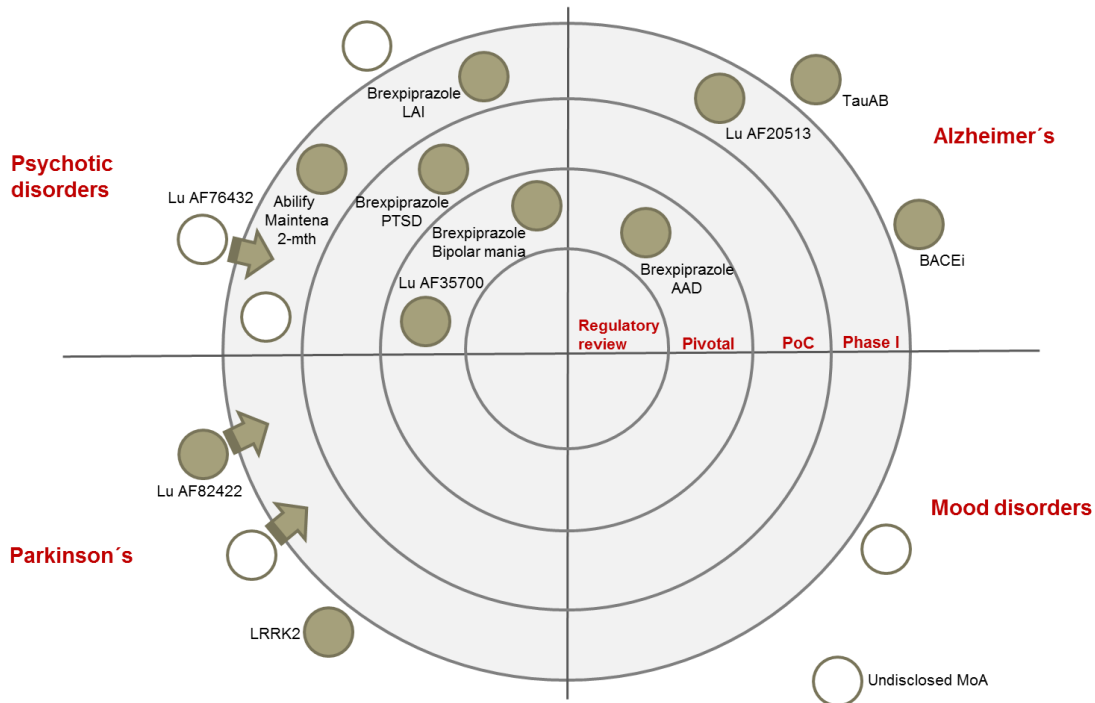


**Psychotic
disorders**



Continued progression in our R&D pipeline

- ★ **Brexpiprazole AAD:** Third study (n~300) to commence in Q2 2018
- ★ **Lu AF20513:** Based on favorable read-out from open-label study, final considerations before PoC trial ongoing
- ★ **Partnerships:** Several early-stage partnerships entered in 2017, including ImmunoBrain and Vanderbilt University
- ★ **New projects:** Lu AF82422, Lu AF76432 and possibly a third project likely to enter clinical testing in 2018



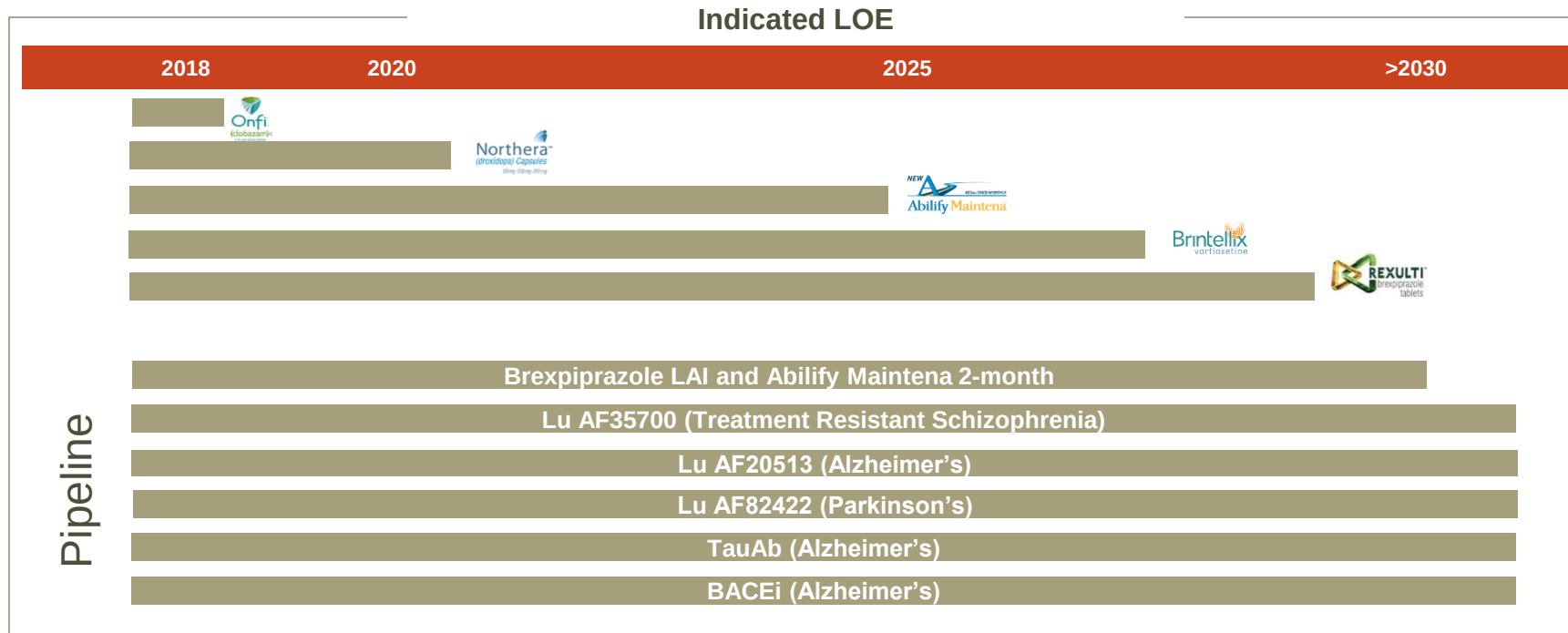
Innovation through partnerships

- ★ 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

Q4 2017 and FY 2017 - Product distribution of revenue

DKK M	FY 2017	FY 2016	Q4 2017	Q4 2016	Growth	Growth in local currencies	% of total
TOTAL:							
Abilify Maintena	1,331	1,114	336	309	9%	12%	8%
Brintellix/Trintellix	1,662	1,105	467	332	41%	47%	11%
Cipralex/Lexapro	2,369	2,518	525	610	(14%)	(10%)	12%
Northera	1,644	1,087	456	313	46%	56%	10%
Onfi	3,022	2,409	807	636	27%	35%	18%
Rexulti	1,247	826	336	271	24%	32%	8%
Sabril	1,509	1,342	366	406	(10%)	(3%)	8%
Xenazine	1,049	1,571	232	390	(40%)	(37%)	5%
Other pharmaceuticals	3,002	3,337	690	820	(16%)	(13%)	16%
Other revenue	399	325	177	78	128%	131%	4%
Total revenue	17,234	15,634	4,392	4,165	5%	11%	100%

Q4 2017 and FY 2017 - Geographic distribution of revenue - 1

DKKm	FY 2017	FY 2016	Q4 2017	Q4 2016	Growth	Growth in local currencies	% of total
NORTH AMERICA:							
Abilify Maintena	591	526	161	152	6%	12%	6%
Trintellix	974	706	283	208	36%	48%	10%
Northera	1,644	1,087	456	313	46%	56%	16%
Onfi	3,022	2,409	807	636	27%	35%	29%
Rexulti	1,245	826	335	271	23%	31%	12%
Sabril	1,509	1,342	366	406	(10%)	(3%)	13%
Xenazine	1,016	1,557	221	387	(43%)	(39%)	8%
Other pharmaceuticals	671	669	167	183	(9%)	(6%)	6%
Total revenue	10,672	9,122	2,796	2,556	9%	17%	100%

Q4 2017 and FY 2017 - Geographic distribution of revenue - 2

DKKmn	FY 2017	FY 2016	Q4 2017	Q4 2016	Growth	Growth in local currencies	% of total
EUROPE:							
Abilify Maintena	637	508	147	133	11%	11%	21%
Brintellix	381	220	106	67	59%	42%	16%
Cipralex	648	760	153	185	(18%)	(19%)	22%
Other pharmaceuticals	1,152	1,424	282	328	(14%)	(14%)	41%
Total revenue	2,818	2,912	688	713	(3%)	(5%)	100%
INTERNATIONAL MARKETS:							
Abilify Maintena	103	80	28	24	12%	18%	4%
Brintellix	307	179	78	57	38%	49%	11%
Cipralex/Lexapro	1,554	1,571	334	381	(12%)	(6%)	46%
Ebixa	460	486	76	111	(31%)	(27%)	10%
Other pharmaceuticals	921	959	215	245	(13%)	(8%)	29%
Total revenue	3,345	3,275	731	818	(11%)	(5%)	100%

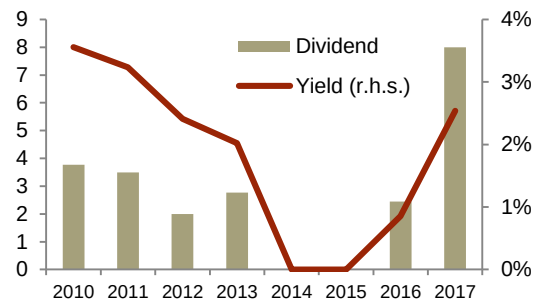
FY 2017 - Cash generation

DKKm	FY 2017	FY 2016	FY 2015
Cash flows from operating activities	4,045	3,126	197
Cash flows from investing activities	(1,830)	(337)	(2,842)
Cash flows from operating and investing activities (Free cash flow)	2,215	2,789	(2,645)
Cash flows from financing activities	(2,235)	(2,006)	501
Net cash flow for the period	(20)	783	(2,144)
Cash, bank balances and securities, end of period	3,677	2,217	1,521
Interest-bearing debt	-	(1,891)	(3,770)
Net cash/(net debt)	3,677	326	(2,249)

FY 2017 - Balance sheet and dividend

DKKm	31.12.2017	31.12.2016
Intangible assets	7,565	8,839
Other non-current assets	3,347	3,847
Current assets	8,844	7,524
Assets	19,756	20,210
Equity	12,181	9,694
Non-current liabilities	1,096	2,740
Current liabilities	6,479	7,776
Equity and liabilities	19,756	20,210
Cash and bank balances	2,155	2,200
Securities	1,522	17
Interest-bearing debt	-	(1,891)
Interest-bearing debt, cash, bank balances and securities, net end of period	3,677	326

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

Costs – Full year figures

DKKm	2017	2016	2015	2017 ($\Delta\%$)	2016 ($\Delta\%$)
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	2,292	(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.

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
	ADR programme	Sponsored level 1
★ For additional company information, please visit Lundbeck at: www.lundbeck.com	ADR symbol	HLUY
	Ratio	1:1

IR contact

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palo@lundbeck.com or
polesen3@bloomberg.net

Financial calendar

AGM	20 March 2018
3M 2018	8 May 2018
6M 2018	8 August 2018
9M 2018	7 November 2018
FY 2018	5 February 2019

Thank you!

Lundbeck

