

# Teleconference – Q1 2018

*May 2018*



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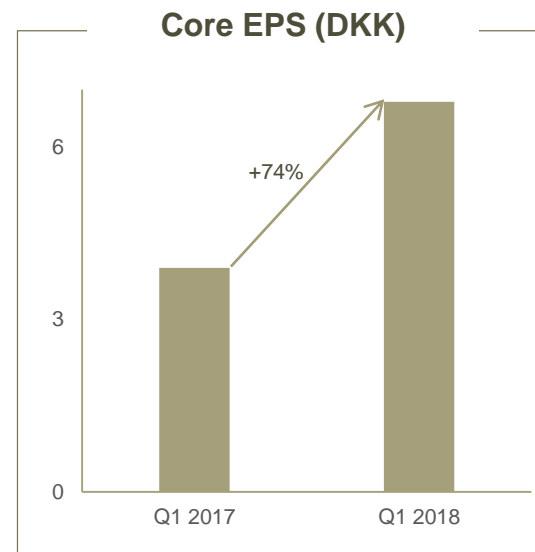
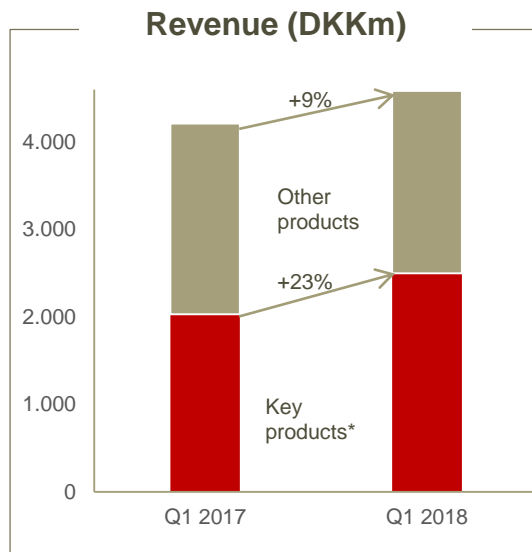
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# Strong financial performance in the first quarter of 2018

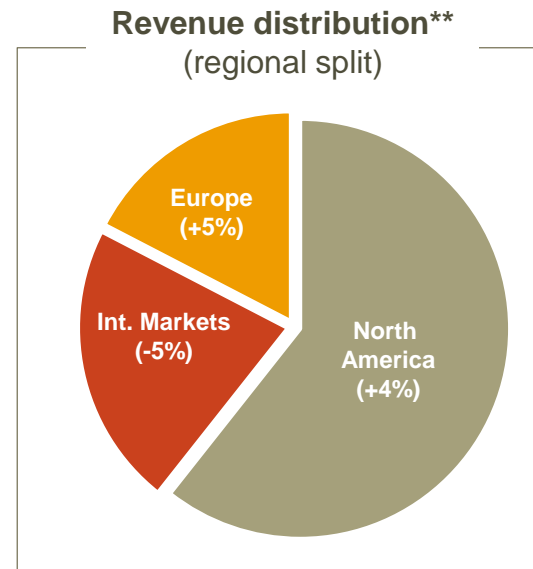
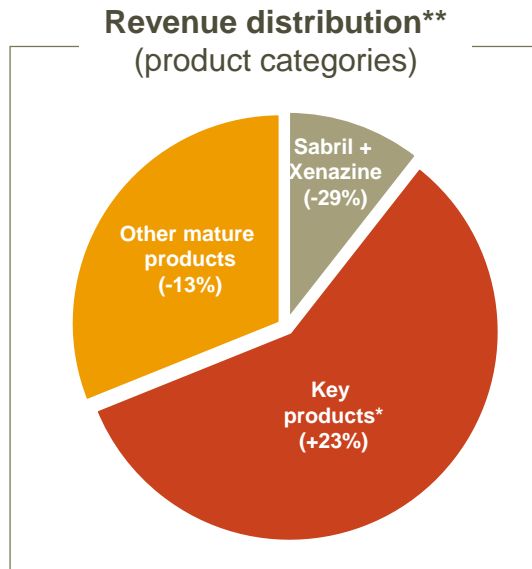
- ★ **Revenue:** +9% (14% in L.C.) to DKK 4.6 billion
- ★ **Hedging** contributed DKK 182 million in the quarter
- ★ **Key products\*:** +23% to DKK 2.5 billion representing 55% of revenue
- ★ **EBIT:** increased 64% to DKK 1.7 billion. EBIT margin significantly improved to 36.1% positively impacted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

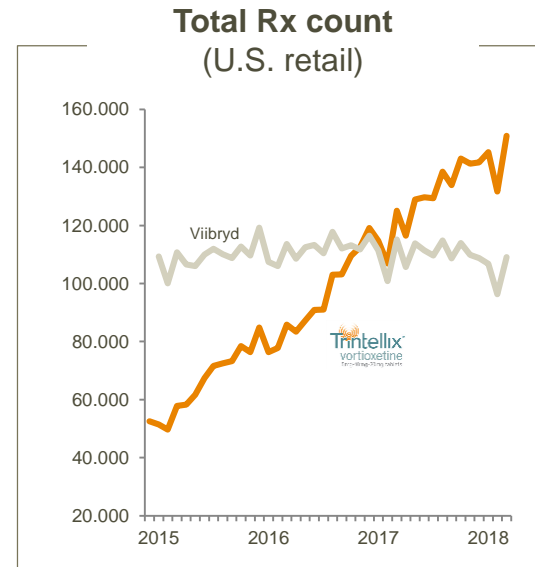
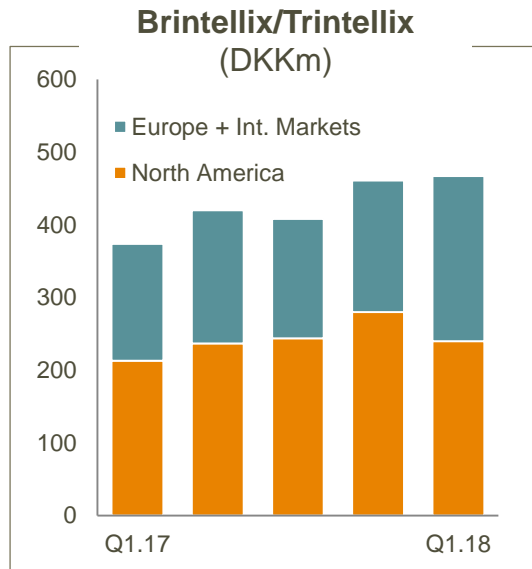


\*) Ability Maintena, Brintellix/Trintellix, Northera, Onfi and Rexulti

\*\*\*) Excluding Other revenue and effects from hedging

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

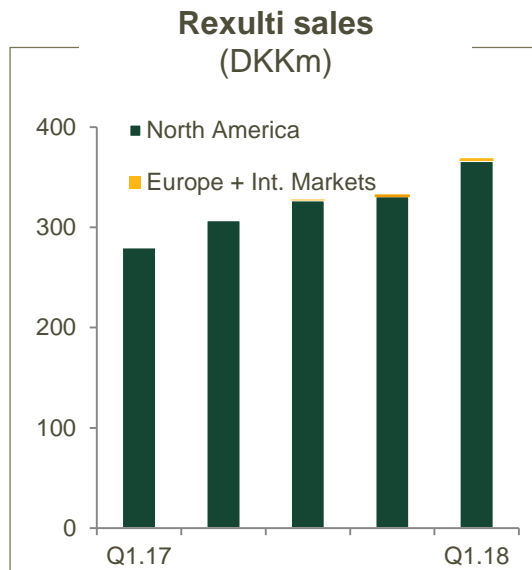
- ★ North America grew by 13% (28% in L.C.) to DKK 240 million
- ★ Europe and Int. Markets grew 41% combined to DKK 227 million
- ★ Largest markets are the U.S., Canada, Spain and Brazil
- ★ Growth mainly driven by France, Saudi Arabia, Spain and the U.S.
- ★ Brintellix continues to gain value share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



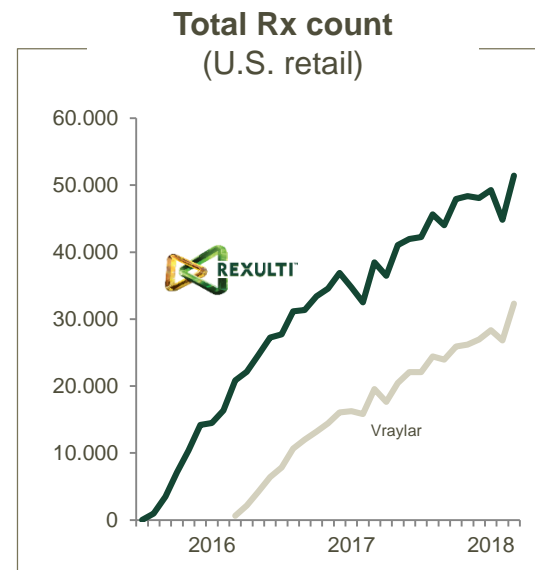
Source: Symphony Health Solutions/Bloomberg (monthly data ending 3/2018)

# 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: Rexulti only launched in Australia outside North America



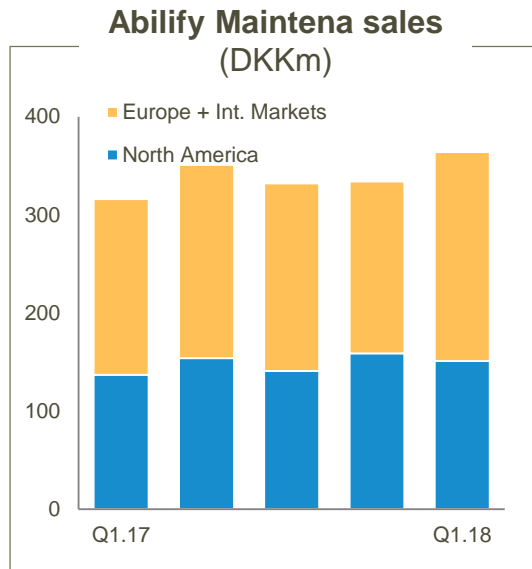
Source: Symphony Health Solutions/Bloomberg (monthly data ending 3/2018)

AAD: Agitation in Alzheimer's disease

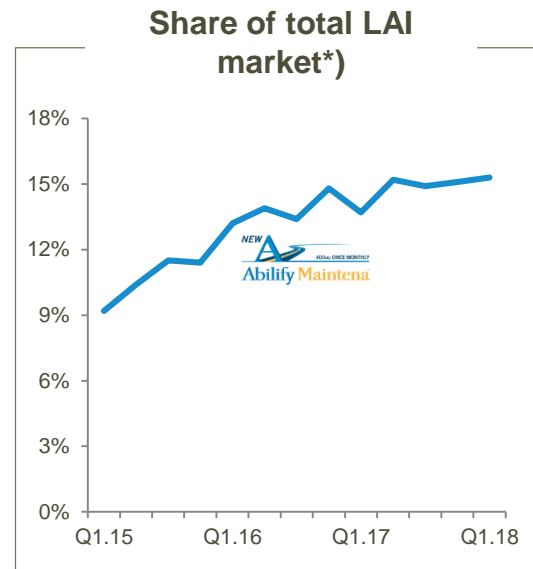
# Abilify Maintena grew 15% to DKK 364 million in Q1 2018

## – 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

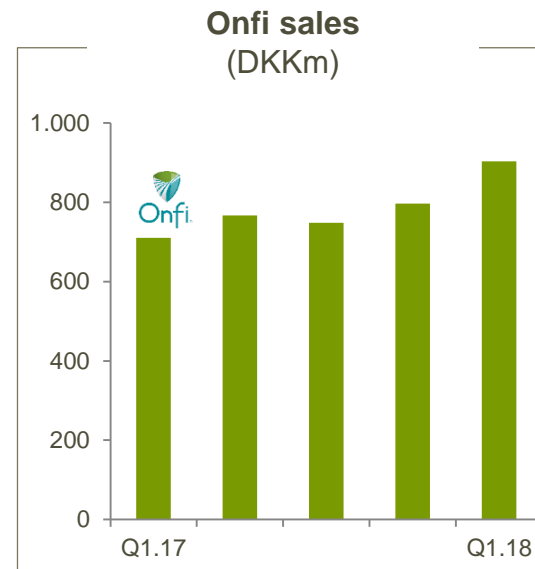
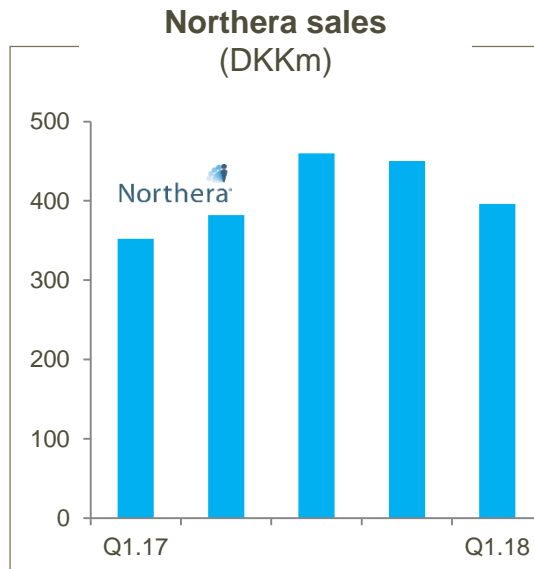
# U.S. neurology products, Northera and Onfi, continue to show solid growth in local currency

## 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

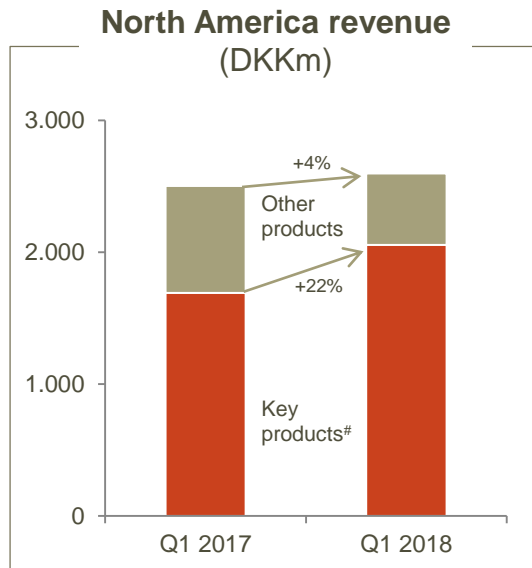
- ★ Up 27% (46% in L.C.) to DKK 903 million in Q1 2018
- ★ Expected to grow until generic clobazam is introduced



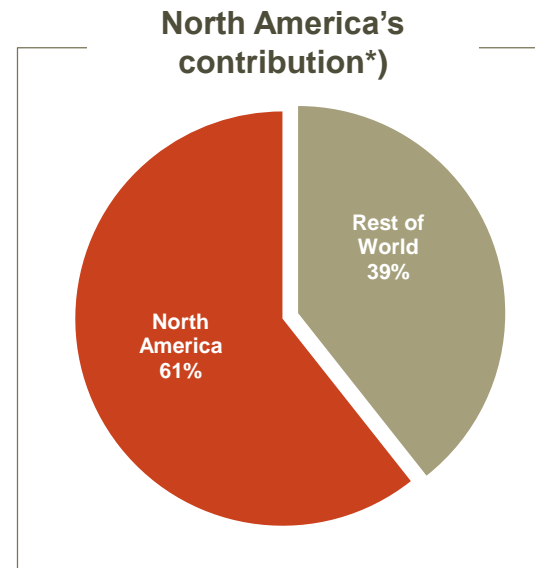


# North America grew 4% driven by Northera, Onfi and Rexulti – currency headwind had significant negative impact

- ★ 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



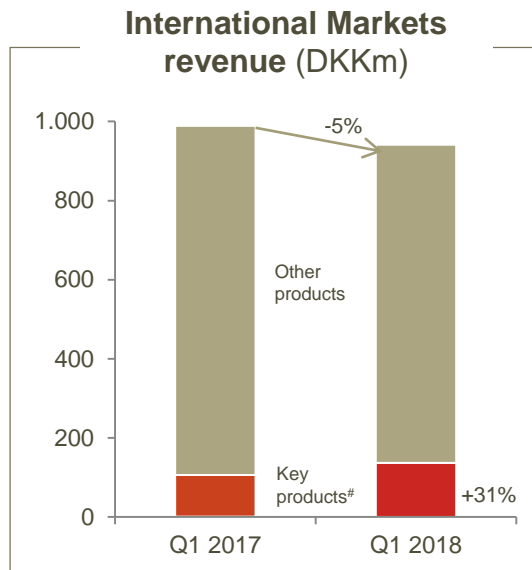
#) Abilify Maintena, Northera, Onfi, Rexulti and Trintellix



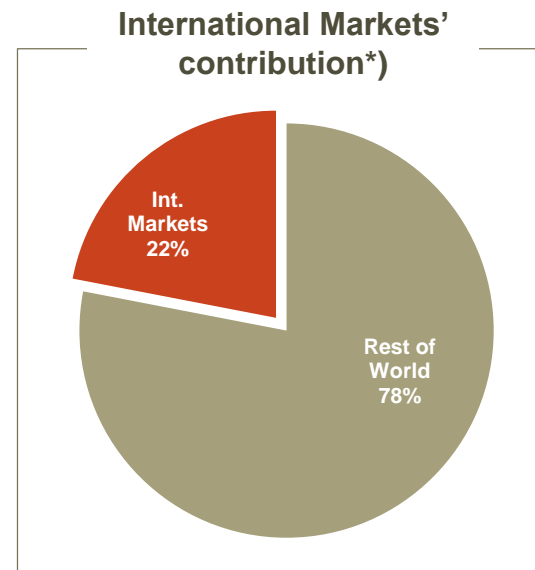
\*) Excluding Other revenue and effects from hedging

# 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



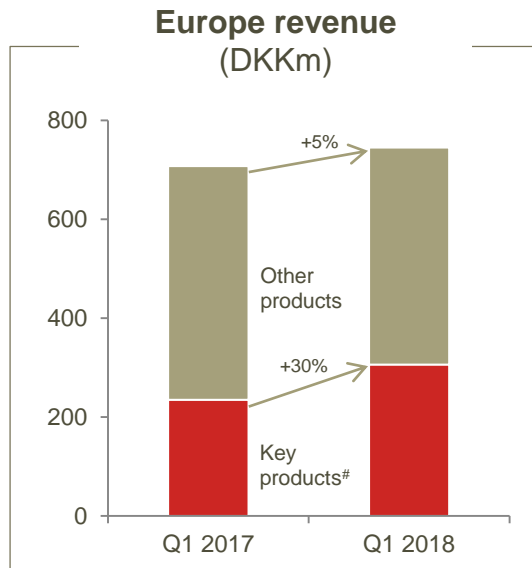
#) Abilify Maintena, Brintellix and Rexulti



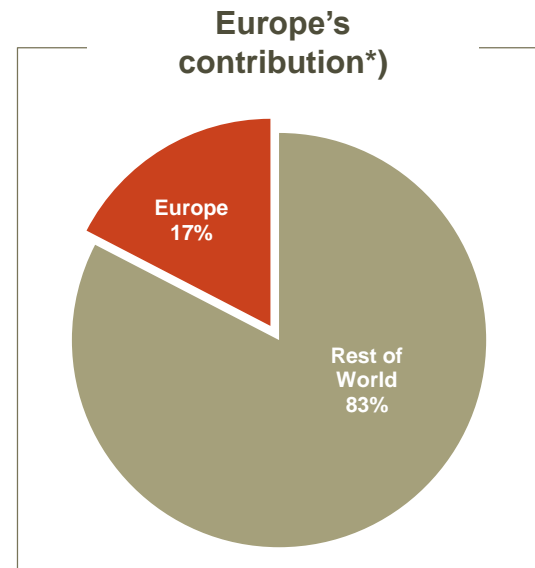
\*) Excluding Other revenue and effects from hedging

# 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



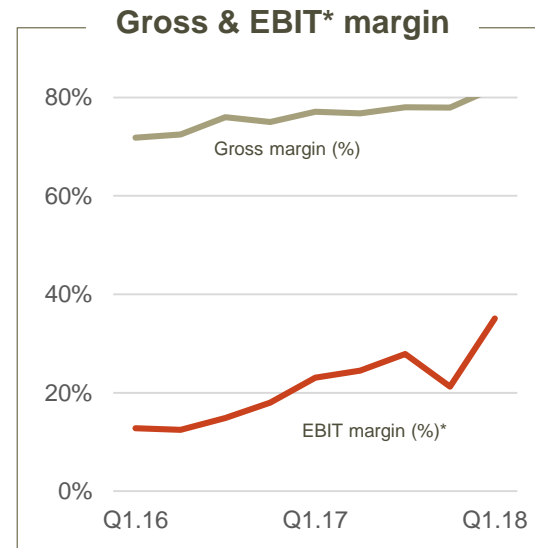
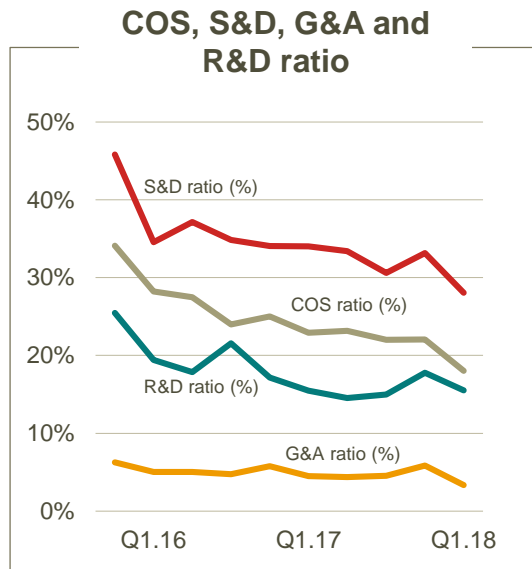
#) Abilify Maintena and Brintellix



\*) Excluding Other revenue and effects from hedging

# 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)

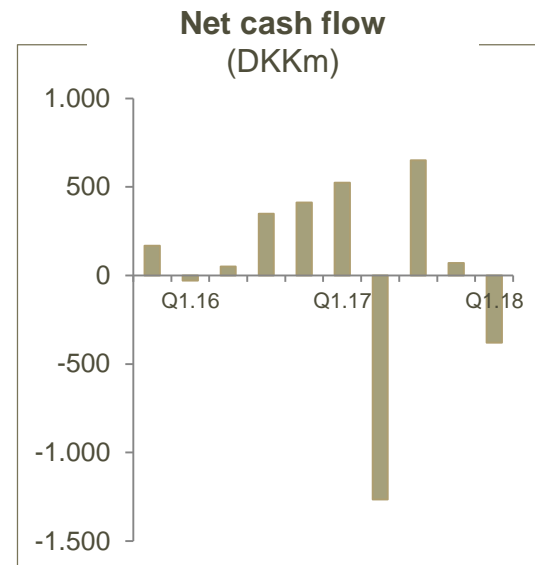
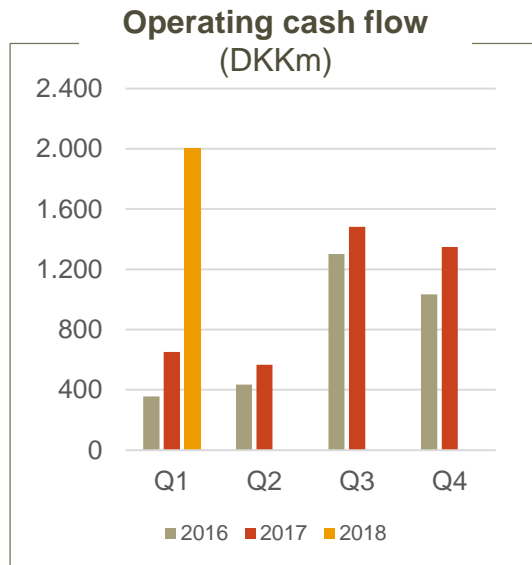
DKKm	Q1.18	Q1.17	Δ%
Revenue	<b>4,585</b>	4,211	9%
Gross margin	<b>82.0%</b>	77.1%	-
EBIT	<b>1,656</b>	1,011	64%
EBIT margin	<b>36.1%</b>	24.0%	-
Core EBIT	<b>1,818</b>	1,213	50%
Net profit	<b>1,199</b>	587	104%
EPS	<b>6.03</b>	2.97	103%

## Financial results (reported vs. L.C.)

DKKm	Q1.18	Δ DKK	Δ% L.C.
Revenue	<b>4,585</b>	+374m	+14%
- Abilify Maintena	<b>364</b>	+48m	+23%
- Brintellix/Trintellix	<b>467</b>	+93m	+38%
- Northera	<b>396</b>	+44m	+29%
- Onfi	<b>903</b>	+193m	+46%
- Rexulti	<b>369</b>	+89m	+51%
North America	<b>2,598</b>	+95m	+19%
Int. Markets	<b>941</b>	-47m	+5%
Europe	<b>745</b>	+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 impacts net cash flow by DKK 745 million
- ★ Dividend payout increased to DKK 1.6bn
- ★ ROIC increased from 30.8% in 2017 to 57.6% in Q1 2018



# 2018 financial outlook maintained

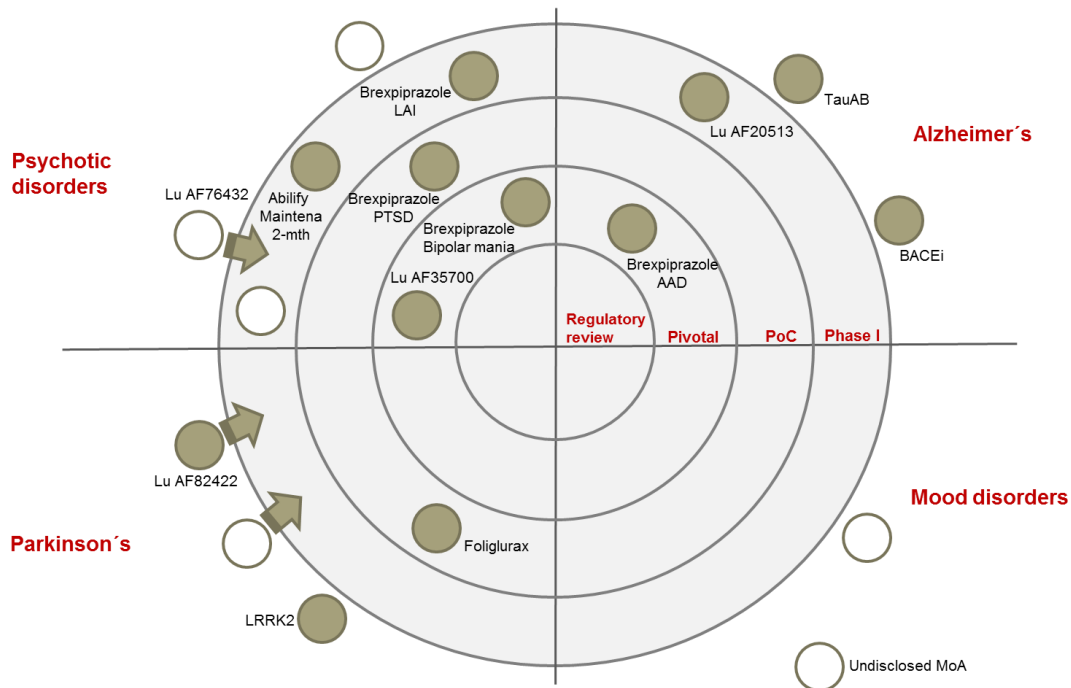
- ✦ Growth in all three regions in local currencies
- ✦ Continued growth for key products to outpace the decline from generic erosion
- ✦ Net financial items of DKK ±50 million expected in 2018
- ✦ No known one-off income and/or expenses
- ✦ Unchanged currencies from end-April 2018

## 2018 financial guidance

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

# Continued progression in our R&D pipeline

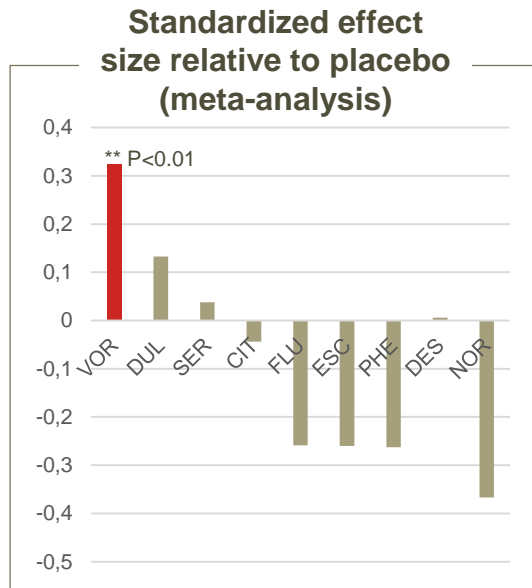
- ★ **Trintellix:** U.S. label update to include DSST data and sNDA accepted for TESD
- ★ **Foliglurax:** Acquired in March 2018. Clinical phase II initiated in 2017
- ★ **Brexpiprazole AAD:** Third study (n=~300) to commence by mid-2018
- ★ **New projects:**
  - ★ Lu AF76432 FIH planned to start in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





# 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

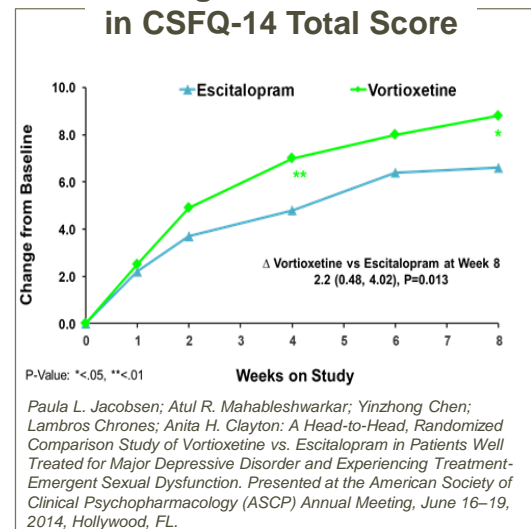
# Further potential strengthening of Trintellix label

- ★ 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)
<b>Completed enrollment:</b>	
450 patients included	352 healthy volunteers
<b>Intervention:</b>	
10-20mg vortioxetine, 10-20mg escitalopram and placebo	10-20mg vortioxetine, 20mg paroxetine and placebo
<b>Treatment duration:</b>	
8 weeks	8 weeks
<b>Primary outcome measures:</b>	
Change From Baseline in the CSFQ-14 Total Score <sup>1</sup>	

## Change from baseline in CSFQ-14 Total Score



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.

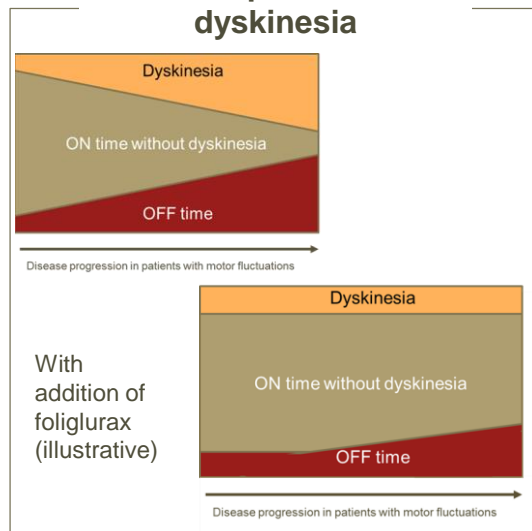
# Foliglurax – an interesting new pipeline asset currently in PoC testing in Parkinson's patients

## 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 2019<sup>1)</sup>
- ✳ Two active arms + placebo (BID)
- ✳ ~165 patients (Europe)
- ✳ Change in awake *OFF* time based on subject diary entries

1) NCT03162874

## Levodopa-induced dyskinesia



Source: Jankovic, *Mov. Disorder* 2005,

## Motor complications of levodopa

- ✳ PD-LID is the most important unmet medical need after disease modification in Parkinson's<sup>2)</sup>
- ✳ 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

Thank you!

Lundbeck

