

Teleconference – 9M 2018

November 2018



Company disclaimer

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

Such forward-looking statements are subject to risks, uncertainties and inaccurate assumptions. This may cause actual results to differ materially from expectations and it may cause any or all of our forward-looking statements here or in other publications to be wrong. Factors that may affect future results include interest rate and currency exchange rate fluctuations, delay or failure of development projects, production problems, unexpected contract breaches or terminations, government-mandated or market-driven price decreases for Lundbeck's products, introduction of competing products, Lundbeck's ability to successfully market both new and existing products, exposure to product liability and other lawsuits, changes in reimbursement rules and governmental laws and related interpretation thereof, and unexpected growth in costs and expenses.

Lundbeck undertakes no duty to update forward-looking statements.

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.



Profitable, sustainable growth ambition based on Lundbeck's core strengths

★ Lundbeck's core strengths

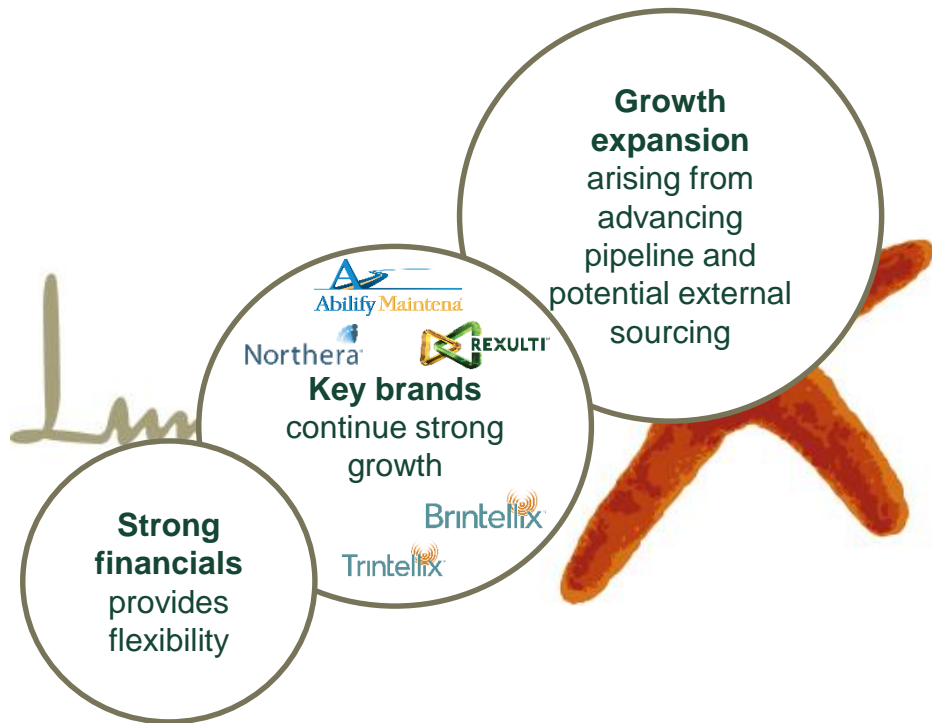
- ★ Long and successful history of innovation in neurology and psychiatry
- ★ Strong understanding of disease biologies across indications based on long history of specialization
- ★ International footprint with strong momentum in several emergent markets

★ Utilize all pillars of growth

- ★ Maximize currently available brands
- ★ Pursue opportunities for accelerating internal pipeline
- ★ Supplement the pipeline with external innovation

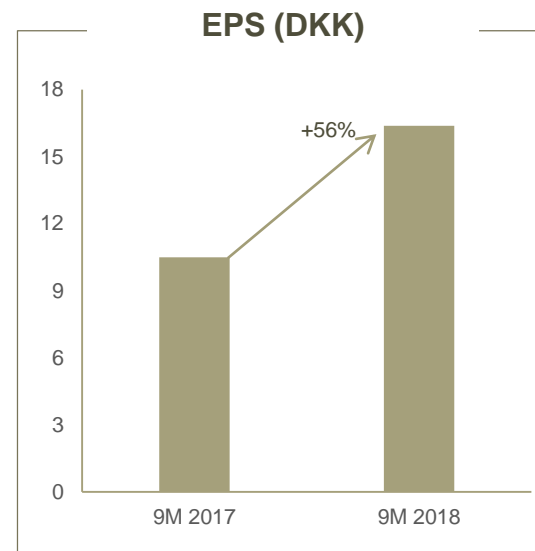
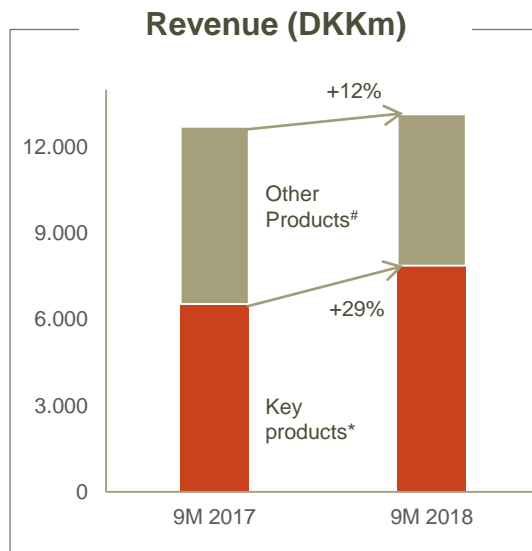
★ Strategic review ongoing

- ★ Presentation planned in connection with FY2018 reporting in February 2019



Key product growth drives top and bottom line

- ★ **Revenue:** Up 12% in L.C. (8% reported) to DKK 13.9 billion in 9M 2018
- ★ **Key products*:** Up 29% in L.C. to DKK 7.9 billion representing 60% of revenue[#]
- ★ **EBIT:** Up 28% to DKK 4.5 billion. EBIT margin improved to 32.0%
- ★ **EPS:** Up 56% to DKK 16.38
- ★ **FY2018:** Guidance range raised

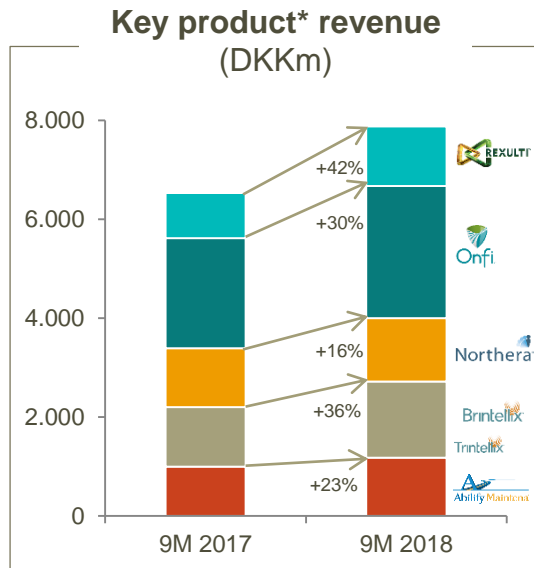


[#]) Excludes Other revenue and effects from hedging

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

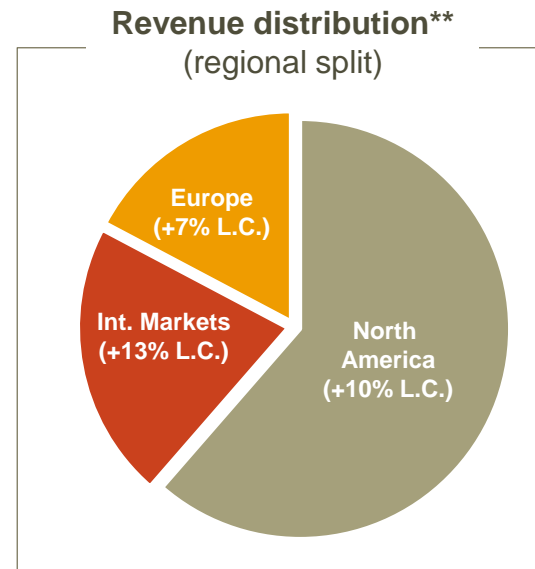
Solid revenue growth of 12% in local currencies to DKK 13.9 billion in 9M 2018 – reported growth reached 8%

- ★ **Key products*** grew by DKK 1,343 million or 29% in L.C. (21% reported) with all products showing double digit growth in 9M 2018 (L.C.)
- ★ Strong improvement in both growth and profitability in **Europe**
- ★ Largest markets are the U.S., Canada, China, France, Italy, Japan and Spain
- ★ China is Lundbeck's second largest market
- ★ Both **North America** and **International Markets** see significant currency headwind

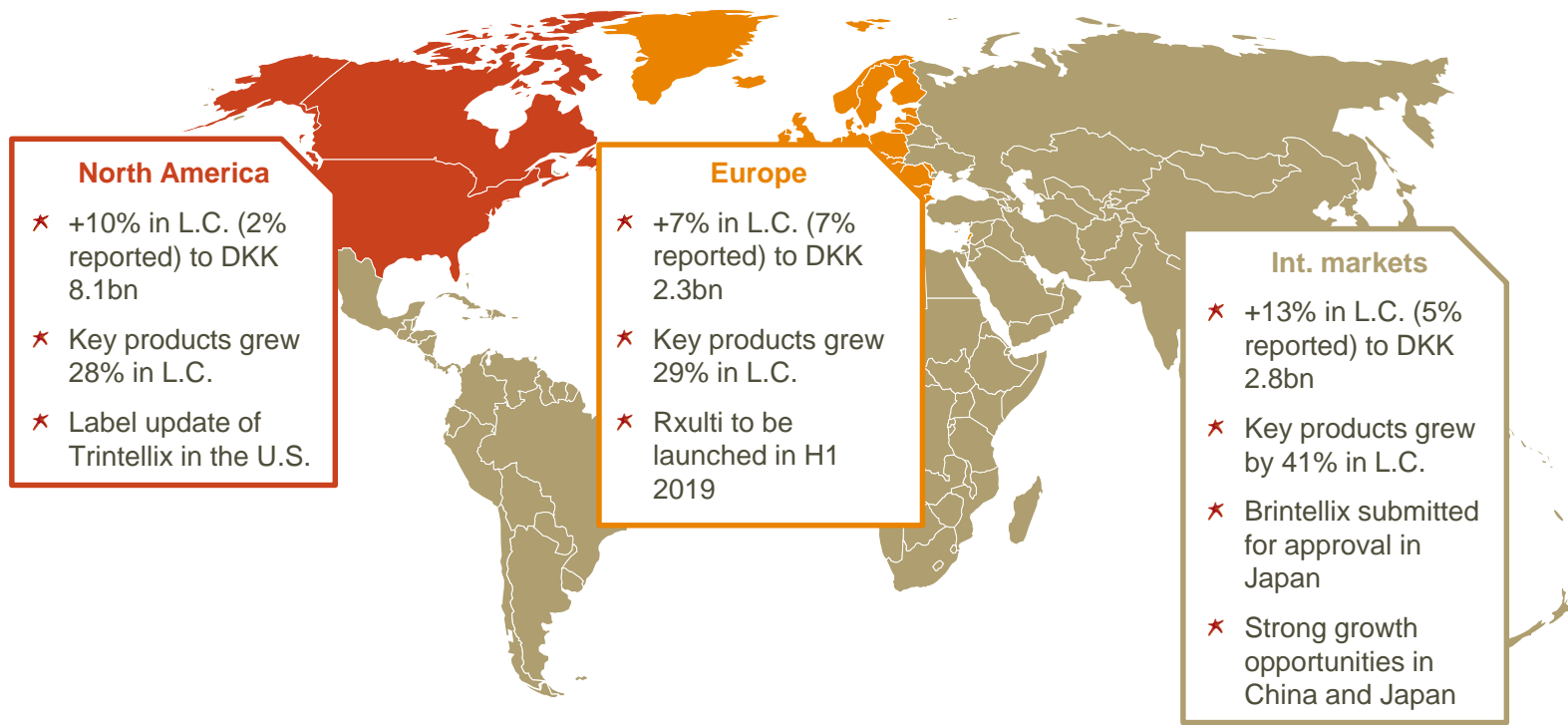


*) Ability Maintena, Brintellix/Trintellix, Northera, Onfi and Rexulti

**) Excluding Other revenue and effects from hedging

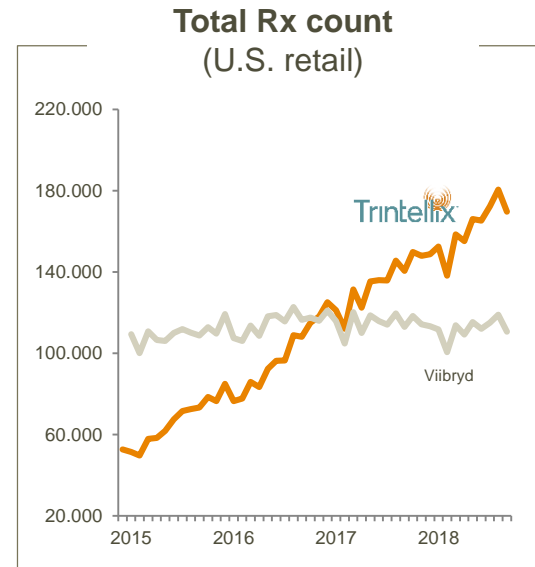
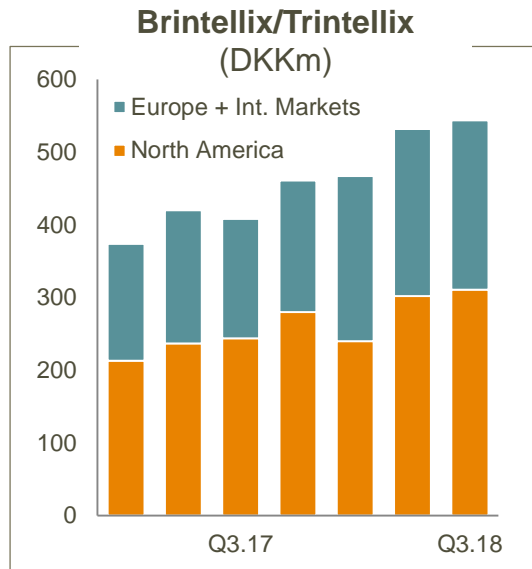


Solid growth in all three regions in 9M 2018



Brintellix/Trintellix grew 36% in local currencies to DKK 1,543 million in 9M 2018 – reported growth was 28%

- ★ **North America** grew by 31% in L.C. (23% reported) to DKK 853m
- ★ Continued share increase – 21.4% value share¹⁾ in the U.S.
- ★ **Europe and International Markets** grew 43% in L.C. (36% reported) combined to DKK 690m
- ★ In France and Italy the value share is around 7%²⁾
- ★ Largest markets are the U.S. Brazil, Canada, France, Italy, and Spain
- ★ Growth mainly driven by France, Italy, Spain and the U.S.
- ★ First antidepressant to include head-to-head data in its labelling that showed improvement in TESD in patients with MDD, who switched from certain SSRI treatments



Source: Symphony Health Solutions/Bloomberg (monthly data ending 9/2018)

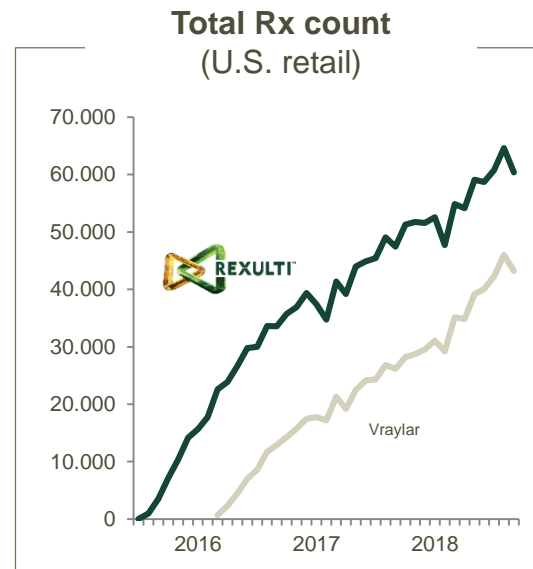
1) Gross sales - IQVIA NSP Data through September 2018. 2) IMS TESD: Treatment-Emergent Sexual Dysfunction

Rexulti grew 42% in local currencies to DKK 1,204 million in 9M 2018 – reported growth was 32%

- ★ Continued share increase – 13.2% value share¹⁾ in the U.S.
- ★ Upcoming launches in Europe, Saudi Arabia and Mexico
- ★ Pivotal programme in **bipolar mania** to conclude Q1 2019
- ★ PoC study in **PTSD** to conclude Q4 2018
- ★ Third study in **AAD** commenced
- ★ Additional LCM activity progressing



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

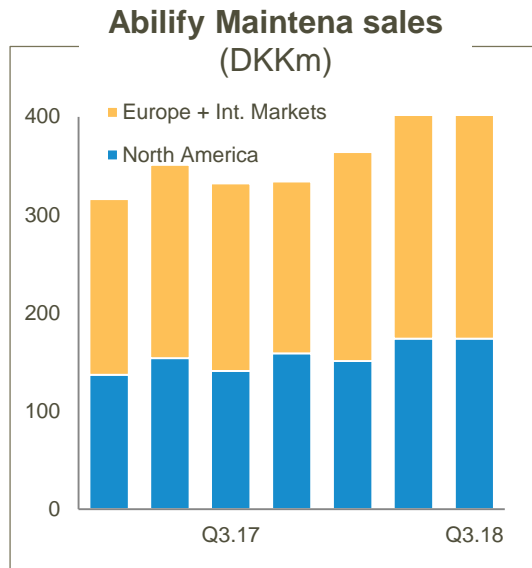


Source: Symphony Health Solutions/Bloomberg (monthly data ending 9/2018)

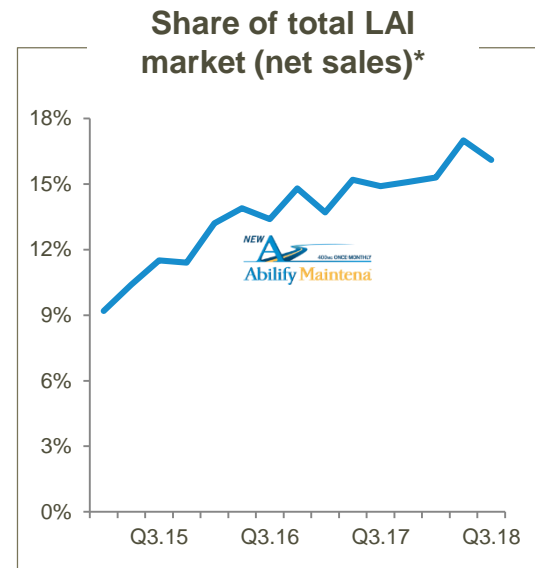
1) Gross sales - IQVIA NSP Data through September 2018
AAD: Agitation in Alzheimer's disease; PoC: Proof of Concept; PTSD: Post-Traumatic Stress Disorder; LCM: Life-Cycle Mgmt.

Abilify Maintena grew 23% in local currencies to DKK 1,180 million in 9M 2018 – reported growth was 23%

- ★ **Europe and International Markets** grew 22% in L.C. (20% reported) combined to DKK 681 million
- ★ **North America** up 24% in L.C. (16% reported) to DKK 499 million
- ★ Largest markets are the U.S., Australia, Canada, France and Spain which are also the main drivers of growth
- ★ Continued share increase in the U.S. – 21.9% value share¹⁾
- ★ In other key markets the market share is approaching 25%
- ★ **Total LAI market** grew 12.8% to USD 3.37 billion in 9M 2018



Lundbeck's share of revenue



*) Based on quarterly reports from Lundbeck, Otsuka, Alkermes and Johnson & Johnson

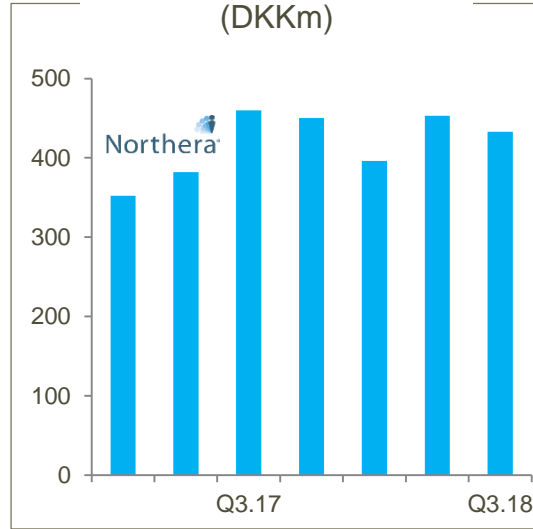
1) Gross sales - IQVIA NSP Data through September 2018
LAI: Long-acting injectable anti-psychotics

Northera continues to show solid growth in local currency

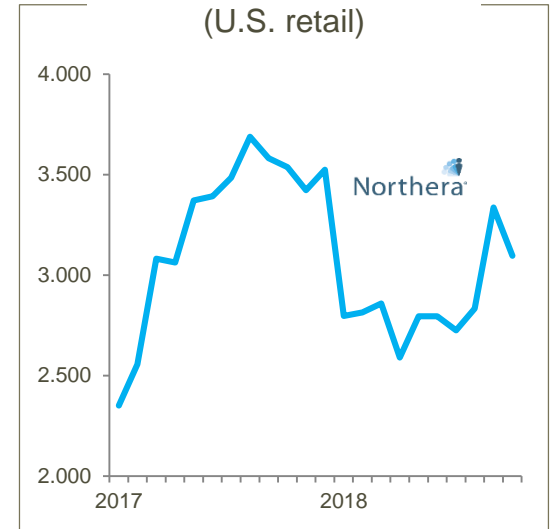
- ★ Grew 16% in L.C. (7% reported) to DKK 1,282 million in 9M 2018
- ★ Northera impacted by quarterly inventory fluctuations, temporary backlog of patients in process, and high out of pocket costs for some patients
- ★ Expected continued growth



Northera sales (DKKm)



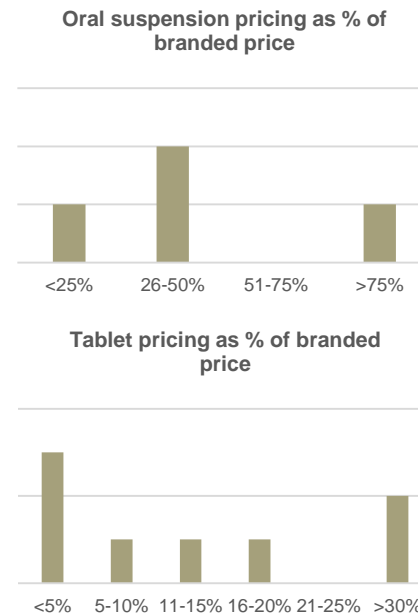
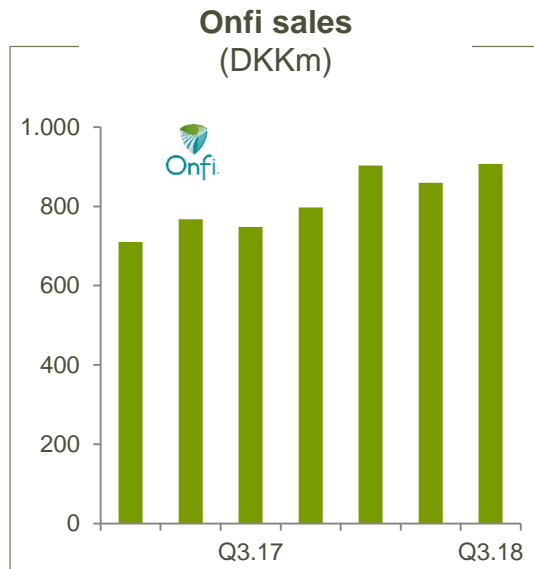
Total Rx count (U.S. retail)



Source: Symphony Health Solutions/Bloomberg (monthly data ending 9/2018)

Onfi shows solid growth, but will be impacted negatively by introductions of generic clobazam

- ★ +30% in local currency (20% reported) to DKK 2,669 million in 9M 2018
- ★ Numerous generic tablets approved on 22 October
- ★ Several of the approvals were shipped on 22 October 2018 (including oral suspension generics)
- ★ Aggressive generic pricing



Continued strong growth in earnings

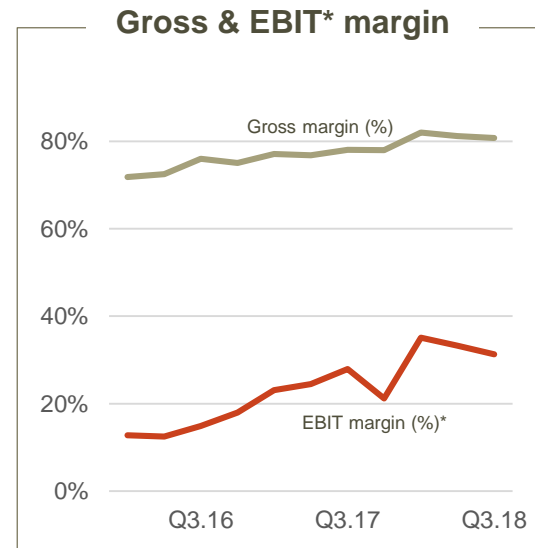
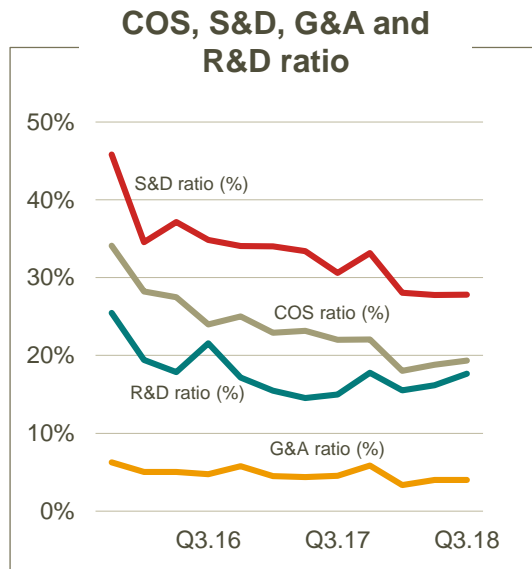
- ★ Growth for all key products and in all regions
- ★ Significant negative impact from FX reducing revenue growth
- ★ EPS growth of 56%
- ★ Significant EPS improvement driven by
 - ★ Solid revenue growth
 - ★ Strong improvement of profitability
 - ★ Reduced tax rate as the U.S. tax reform has decreased the group tax rate from 39% in 9M 2017 to 27%

Financial results			
DKKm	9M.18	9M.17	Δ%
Revenue	13,921	12,842	8%
Gross margin	81.3%	77.3%	-
EBIT	4,453	3,476	28%
EBIT margin	32.0%	27.1%	-
Core EBIT	5,227	3,946	32%
Net profit	3,253	2,071	57%
EPS	16.38	10.49	56%

Revenue (reported vs. L.C)			
DKKm	9M.18	Δ DKKm	Δ% L.C.
Revenue	13,921	+1,079	+12%
- Abilify Maintena	1,180	+181	+23%
- Brintellix/Trintellix	1,543	+341	+36%
- Northera	1,282	+88	+16%
- Onfi	2,669	+444	+30%
- Rexulti	1,204	+289	+42%
North America	8,072	+164	+10%
Int. Markets	2,806	+124	+13%
Europe	2,269	+145	+7%

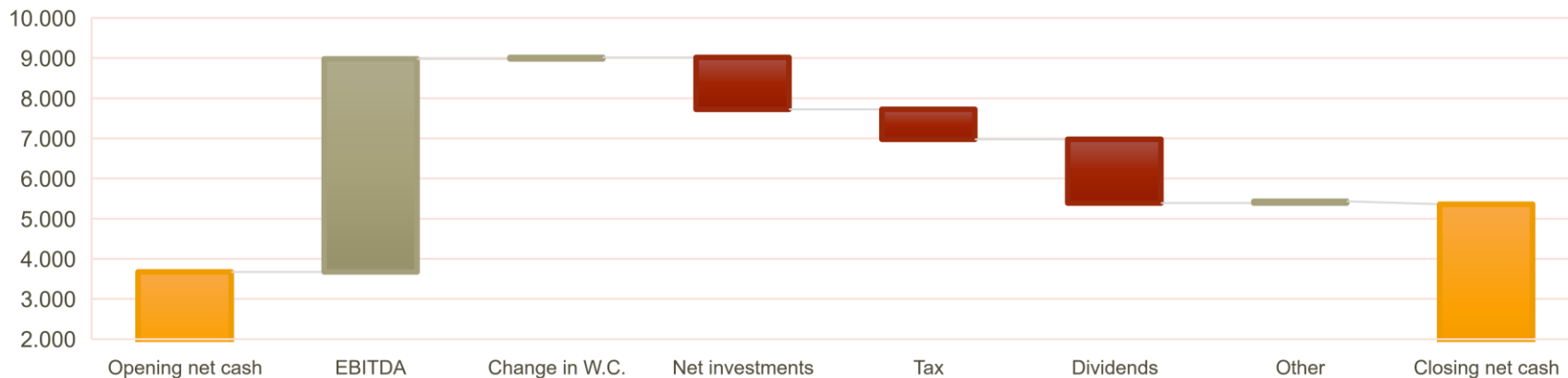
Maintaining cost discipline while investing in the business

- ★ **Total costs** down 3% while growing topline by 8% in 9M 2018
- ★ **EBITDA margin** of 38.1% vs. 32.5% in 9M 2017
- ★ **EBIT margin** of 32.0% vs. 27.1% in 9M 2017
- ★ **COS%**: Expected to improve vs. 2017
- ★ **S&D%**: Stable or modest additional improvements vs. 2017
- ★ **G&A%**: Stable or modest additional improvements vs. 2017
- ★ **R&D%**: Slightly increasing vs. 2017



*) Data adjusted for Other operating items, net

Solid improvement in net cash position since year-end 2017



- ★ **Net cash** increased DKK 1,678 million (+46%) since 2017 to DKK 5,356 million and is expected to reach DKK ~5.5 billion at the end of 2018
- ★ **Operations** generated DKK 5.3 billion in positive cash flow
- ★ **Investments** include acquisition of Prexton in March 2018 (EUR 100mn) and EU approval milestone on Rxulti (USD 50mn)
- ★ **Net debt/EBITDA** of -1.0x in 9M 2018 vs. -0.5x in 9M 2017

2018 financial outlook raised

- ★ 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
- ★ Another settlement has been reached in the case against generic companies who allegedly infringed Lundbeck's Lexapro patent
- ★ No known additional one-off income and/or expenses
- ★ Unchanged currencies from end-October 2018

2018 financial guidance

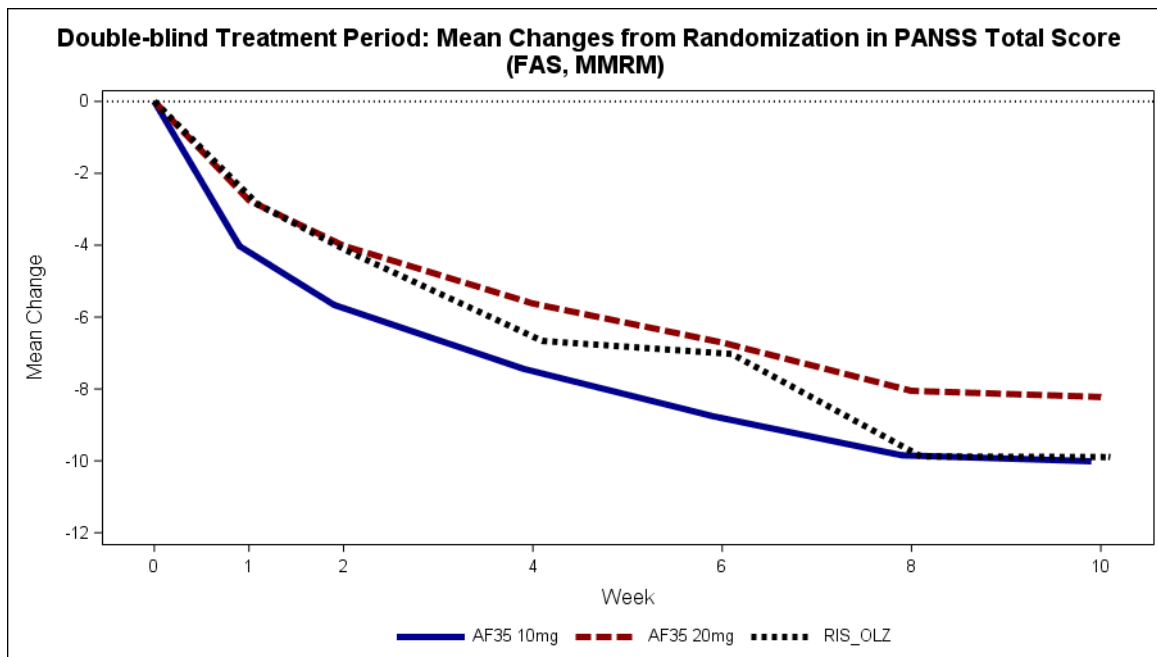
DKKbn	2016	2017	Previous 2018 guidance	Revised 2018 guidance	~Δ% (y/y)
Revenue	15.6	17.2	17.6-18.0	17.7-18.1	3-5%
EBIT	2.3	4.4	4.9-5.2	5.1-5.4	16-22%
Implied EBIT margin	14.7%	25.6%	~27-30%	~28-31%	-
Tax rate	43.9%	38.7%	26-28%	26-28%	-

Lundbeck's R&D pipeline is advancing

Project	Indication	Phase I	Phase II (PoC)	Phase III (pivotal)	Exp. filing
Psychiatry:					
Lu AF35700	-	Project under review			-
Brexiprazole	Bipolar mania				2019
Brexiprazole	PTSD				≥2025
Lu AF11167	Undisclosed	Phase II planned to start Q4.2018			≥2025
Abilify Maintena 2-mth	Schizophrenia				~2020
Lu AF76432 (PDE 1)	Schizophrenia (CIAS)				≥2025
Neurology:					
Brexiprazole	Agitation in Alzheimer's disease				~2021
Foliglurax (MGLUR4)	Parkinson's				~2025
Lu AF20513 (active immunotherapy)	Alzheimer's disease	Phase II planned to start H1 2019			≥2025
Lu AF82422 (alpha-synuclein)	Parkinson's				≥2025
Lu AF28996 (D1/D2 agonist)	Parkinson's				≥2025

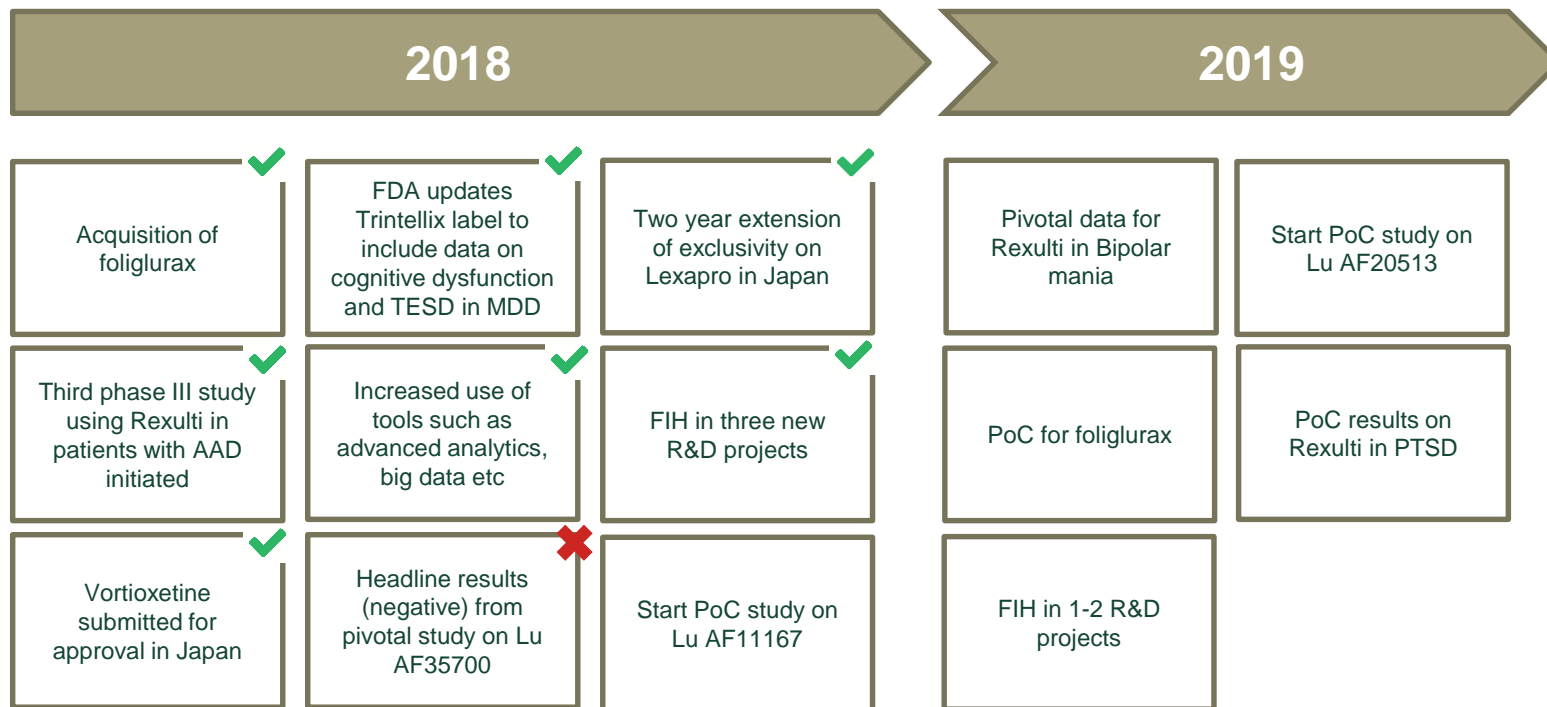
Headline results from *DayBreak* were not supportive for further development in patients with TRS

- ★ Lu AF35700 did not show statistical superiority versus conventional therapy with atypical antipsychotics on the primary endpoint (change in Total PANSS) in patients with treatment-resistant schizophrenia (TRS)
- ★ Lu AF35700 was well-tolerated and safe at 10 mg and 20 mg dosages in the study
- ★ Discussions about potential alternative development pathways for Lu AF35700 initiated



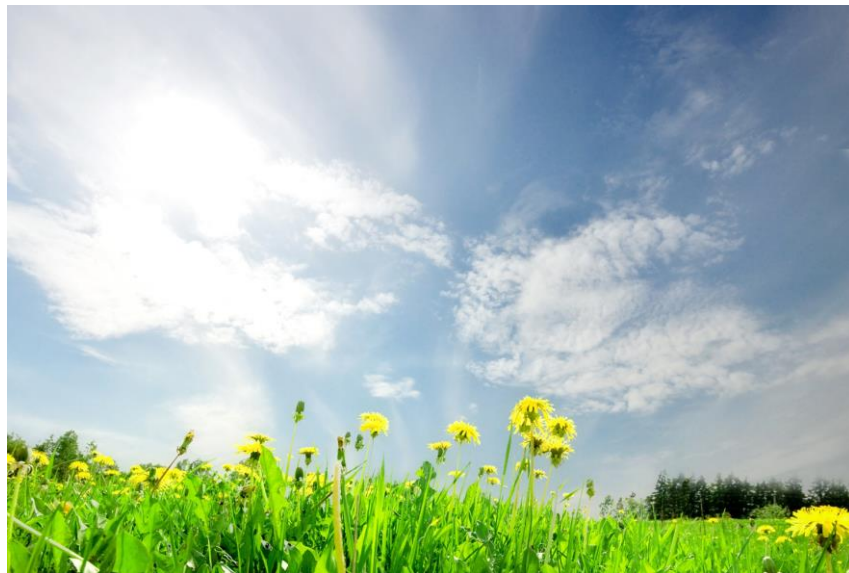
DayBreak ClinicalTrials.gov ID: NCT02717195

2018 achievements and 2019 goals in R&D



Sum-up

- ★ Continued solid growth in revenue and profitability
- ★ Key products continue to show solid growth
- ★ Lundbeck remains on track to deliver the best-ever financial results
- ★ Financial strength is the foundation for working to strengthen the pipeline for future growth



Thank you!

Lundbeck

