Teleconference – 9M 2018

November 2018
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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

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**Key product* revenue (DKKm)**

<table>
<thead>
<tr>
<th>Product</th>
<th>9M 2017</th>
<th>9M 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abilify Maintena</td>
<td>2.000</td>
<td>2.800</td>
</tr>
<tr>
<td>Brintellix/Trintellix</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northera</td>
<td>4.000</td>
<td>4.800</td>
</tr>
<tr>
<td>Onfi</td>
<td>6.000</td>
<td>8.000</td>
</tr>
<tr>
<td>Rexulti</td>
<td>6.000</td>
<td>8.400</td>
</tr>
</tbody>
</table>

**Revenue distribution**

- Europe (+7% L.C.)
- Int. Markets (+13% L.C.)
- North America (+10% L.C.)

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

** Excluding Other revenue and effects from hedging
Solid growth in all three regions in 9M 2018

**North America**
- +10% in L.C. (2% reported) to DKK 8.1bn
- Key products grew 28% in L.C.
- Label update of Trintellix in the U.S.

**Europe**
- +7% in L.C. (7% reported) to DKK 2.3bn
- Key products grew 29% in L.C.
- Rxulti to be launched in H1 2019

**Int. markets**
- +13% in L.C. (5% reported) to DKK 2.8bn
- Key products grew by 41% in L.C.
- Brintellix submitted for approval in Japan
- Strong growth opportunities in China and Japan
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 share\(^1\) 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

\(^1\) 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 share\(^1\) 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

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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 share\(^1\)
- In other key markets the market share is approaching 25%
- **Total LAI market** grew 12.8% to USD 3.37 billion in 9M 2018

\(^1\) 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

<table>
<thead>
<tr>
<th></th>
<th>9M.18</th>
<th>9M.17</th>
<th>△%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>13,921</td>
<td>12,842</td>
<td>8%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>81.3%</td>
<td>77.3%</td>
<td>-</td>
</tr>
<tr>
<td>EBIT</td>
<td>4,453</td>
<td>3,476</td>
<td>28%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>32.0%</td>
<td>27.1%</td>
<td>-</td>
</tr>
<tr>
<td>Core EBIT</td>
<td>5,227</td>
<td>3,946</td>
<td>32%</td>
</tr>
<tr>
<td>Net profit</td>
<td>3,253</td>
<td>2,071</td>
<td>57%</td>
</tr>
<tr>
<td>EPS</td>
<td>16.38</td>
<td>10.49</td>
<td>56%</td>
</tr>
</tbody>
</table>

### Revenue (reported vs. L.C)

<table>
<thead>
<tr>
<th></th>
<th>9M.18</th>
<th>△ DKKm</th>
<th>△% L.C.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>13,921</td>
<td>+1,079</td>
<td>+12%</td>
</tr>
<tr>
<td>- Abilify Maintena</td>
<td>1,180</td>
<td>+181</td>
<td>+23%</td>
</tr>
<tr>
<td>- Brintellix/Trintellix</td>
<td>1,543</td>
<td>+341</td>
<td>+36%</td>
</tr>
<tr>
<td>- Northera</td>
<td>1,282</td>
<td>+88</td>
<td>+16%</td>
</tr>
<tr>
<td>- Onfi</td>
<td>2,669</td>
<td>+444</td>
<td>+30%</td>
</tr>
<tr>
<td>- Rexulti</td>
<td>1,204</td>
<td>+289</td>
<td>+42%</td>
</tr>
<tr>
<td>North America</td>
<td>8,072</td>
<td>+164</td>
<td>+10%</td>
</tr>
<tr>
<td>Int. Markets</td>
<td>2,806</td>
<td>+124</td>
<td>+13%</td>
</tr>
<tr>
<td>Europe</td>
<td>2,269</td>
<td>+145</td>
<td>+7%</td>
</tr>
</tbody>
</table>
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

**COS, S&D, G&A and R&D ratio**

**Gross & EBIT* margin**

*) 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 2018
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

<table>
<thead>
<tr>
<th>DKKbn</th>
<th>2016</th>
<th>2017</th>
<th>Previous 2018 guidance</th>
<th>Revised 2018 guidance</th>
<th>~△% (y/y)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>15.6</td>
<td>17.2</td>
<td>17.6-18.0</td>
<td>17.7-18.1</td>
<td>3-5%</td>
</tr>
<tr>
<td>EBIT</td>
<td>2.3</td>
<td>4.4</td>
<td>4.9-5.2</td>
<td>5.1-5.4</td>
<td>16-22%</td>
</tr>
<tr>
<td>Implied EBIT margin</td>
<td>14.7%</td>
<td>25.6%</td>
<td>~27-30%</td>
<td>~28-31%</td>
<td>-</td>
</tr>
<tr>
<td>Tax rate</td>
<td>43.9%</td>
<td>38.7%</td>
<td>26-28%</td>
<td>26-28%</td>
<td>-</td>
</tr>
</tbody>
</table>
Lundbeck’s R&D pipeline is advancing

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

**2018**
- Acquisition of foliglurax
- Third phase III study using Rexulti in patients with AAD initiated
- Vortioxetine submitted for approval in Japan
- FDA updates Trintellix label to include data on cognitive dysfunction and TESD in MDD
- Increased use of tools such as advanced analytics, big data etc
- Headline results (negative) from pivotal study on Lu AF35700
- Two year extension of exclusivity on Lexapro in Japan
- FIH in three new R&D projects
- Start PoC study on Lu AF11167

**2019**
- Pivotal data for Rexulti in Bipolar mania
- Start PoC study on Lu AF20513
- PoC results on Rexulti in PTSD
- PoC for foliglurax
- FIH in 1-2 R&D projects
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!