

Teleconference – FY 2017

February 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.

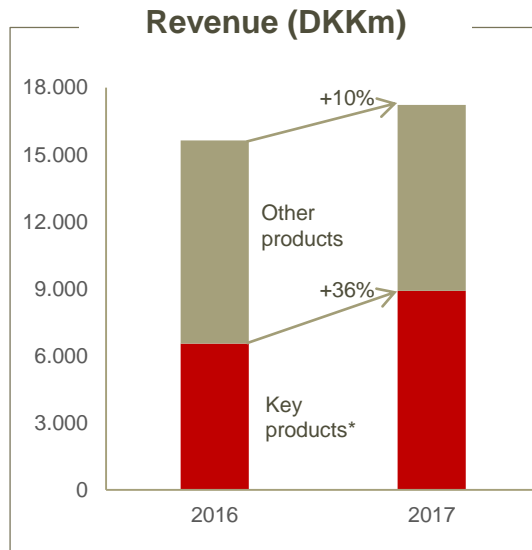
Lundbeck undertakes no duty to update forward-looking statements.

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.

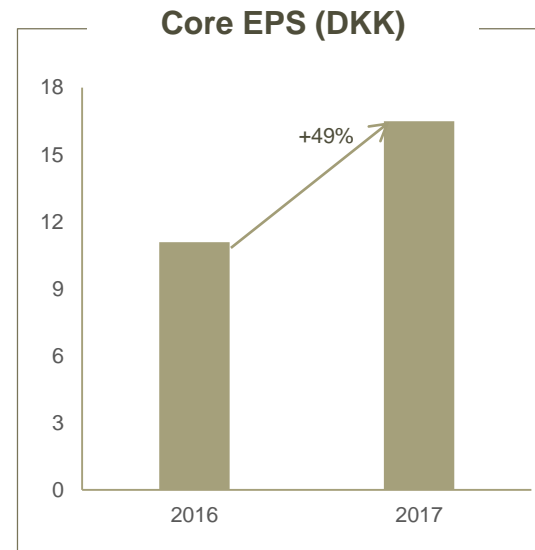


Solid financial performance in 2017

- ★ 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 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



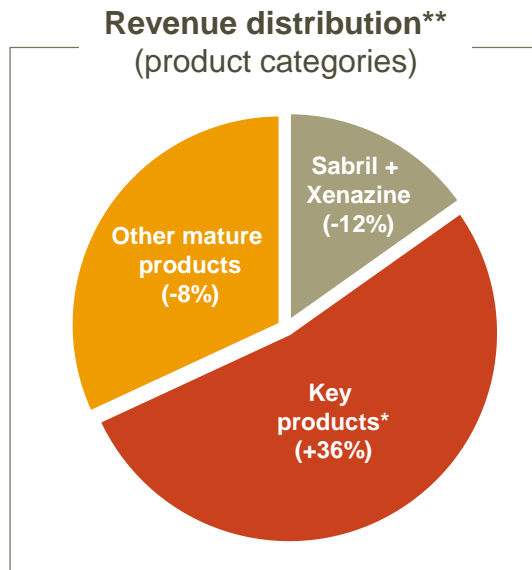
*) Abilify Maintena, Brintellix/Trintellix, Northera, Onfi and Rexulti



#) Including gains from divestments, the EBIT margin reached 25.6%

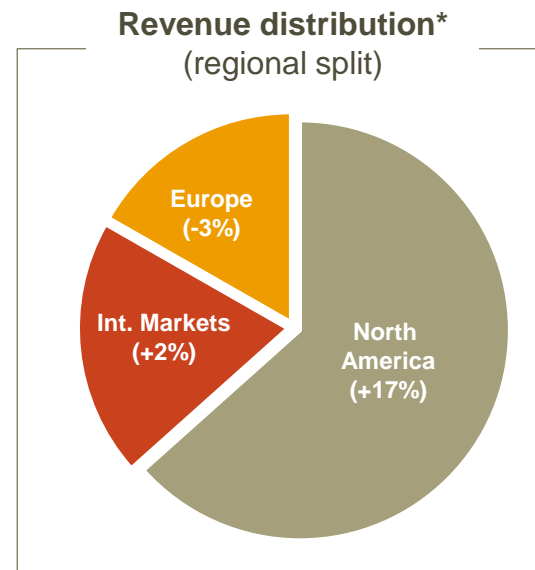
Solid revenue growth of 10% to DKK 17.2 billion in 2017

- ★ 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



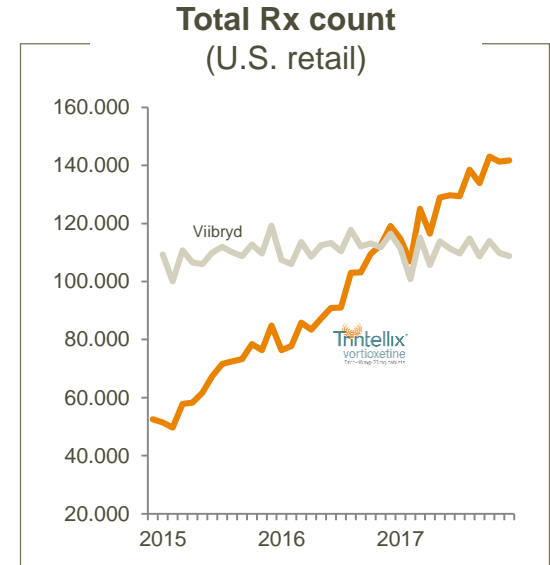
*) Ability Maintena, Brintellix/Trintellix, Northera, Onfi and Rexulti

**) Excluding Other revenue



Brintellix/Trintellix grew 50% to DKK 1,662 million in 2017

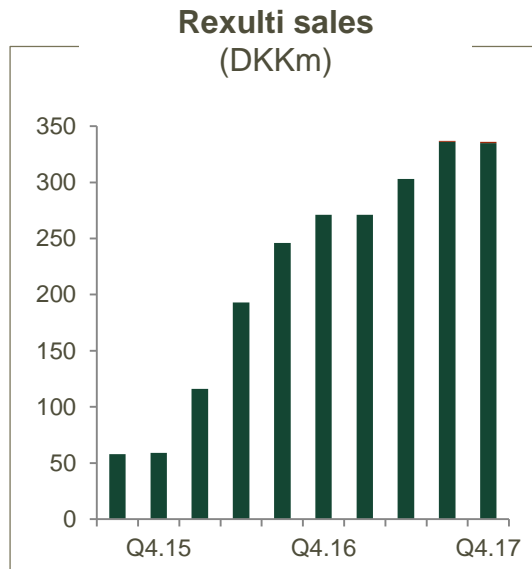
- ★ North America grew by 38% (42% in local currencies) to DKK 974 million
- ★ Europe and Int. Markets grew 73% combined to DKK 688 million
- ★ Growth driven by Brazil, Canada, France, Italy and the U.S.
- ★ Largest markets are the U.S., Canada, Spain and Brazil
- ★ Brintellix continues to gain value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



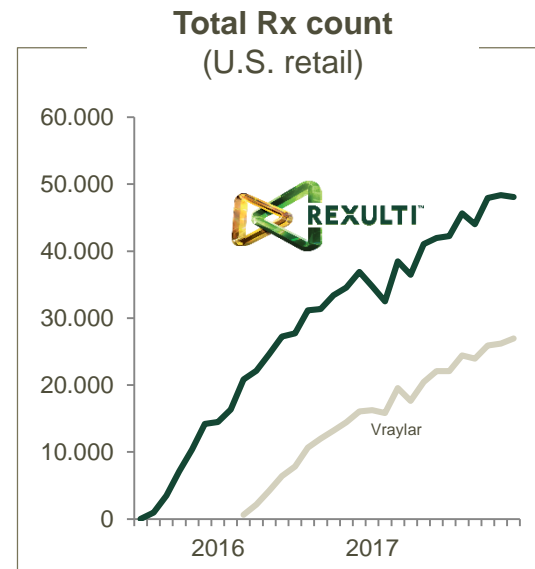
Source: Symphony Health Solutions/Bloomberg (monthly data ending 12/2017)

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

Abilify Maintena grew 19% to DKK 1,331 million in 2017

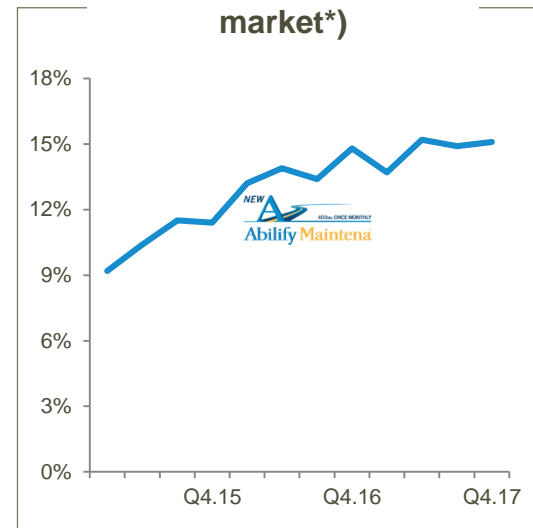
- ★ DKK 637 million (+26%) in Europe despite AIFA claw-back in Italy in Q4 2017
- ★ Growth of 12% (14% in local currencies) to DKK 591 million in North America
- ★ Approved for bipolar I disorder in North America (2017) and in Australia (2018)
- ★ Largest markets are the U.S., Spain, Australia and Canada
- ★ 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

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

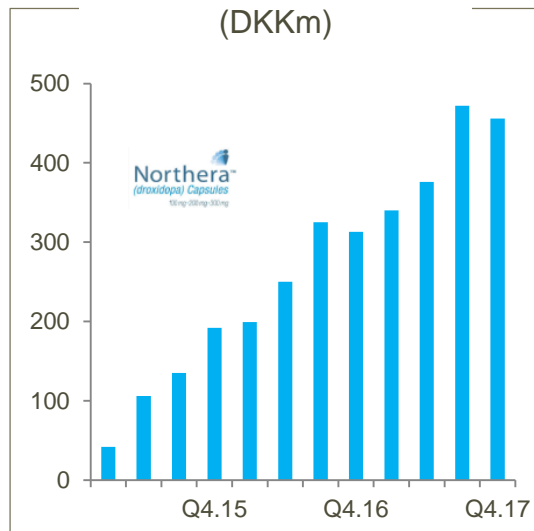
Northera

- ★ +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

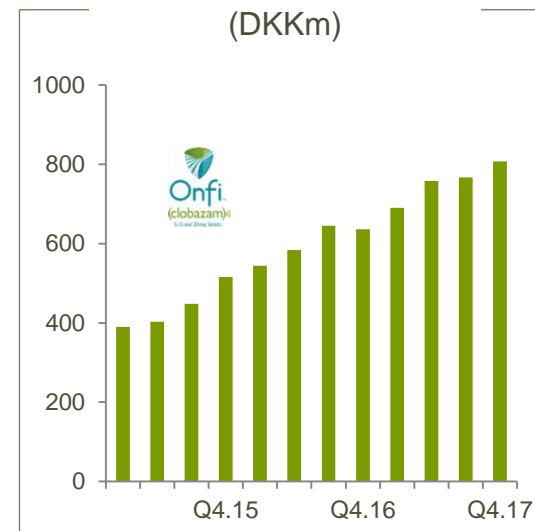
Onfi

- ★ +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)

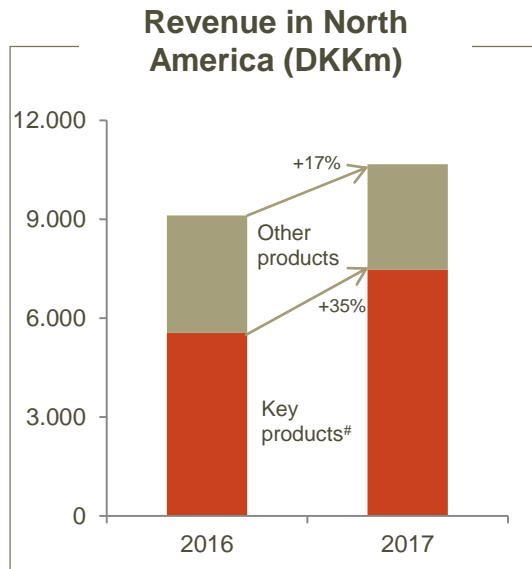


Onfi sales
(DKKm)

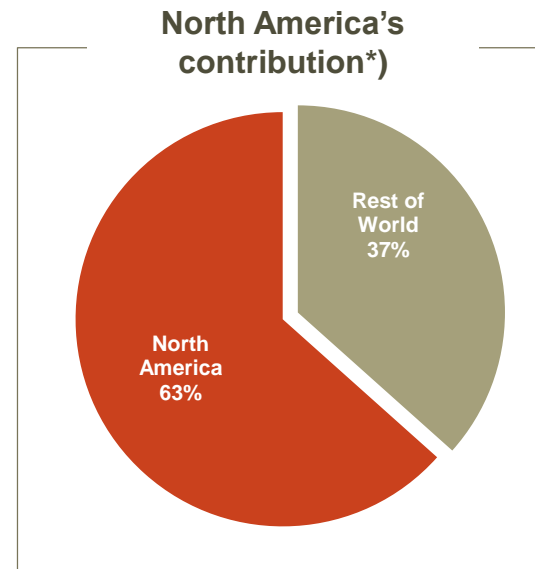


North America grew 17% driven by Northera, Rexulti and Trintellix – currency headwind had significant negative impact in Q4 2017

- ★ 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



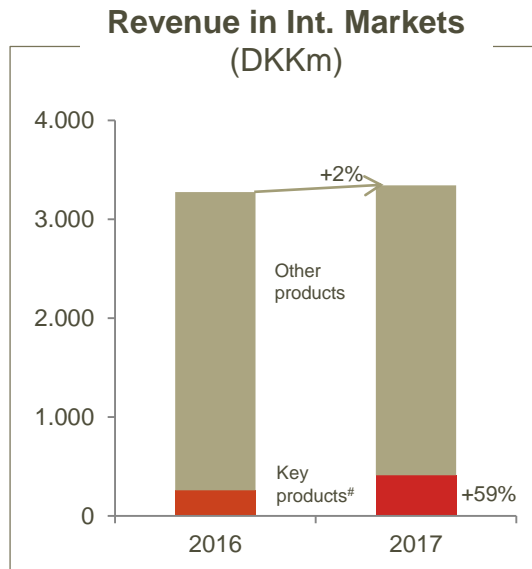
#) Abilify Maintena, Northera, Onfi, Rexulti and Trintellix



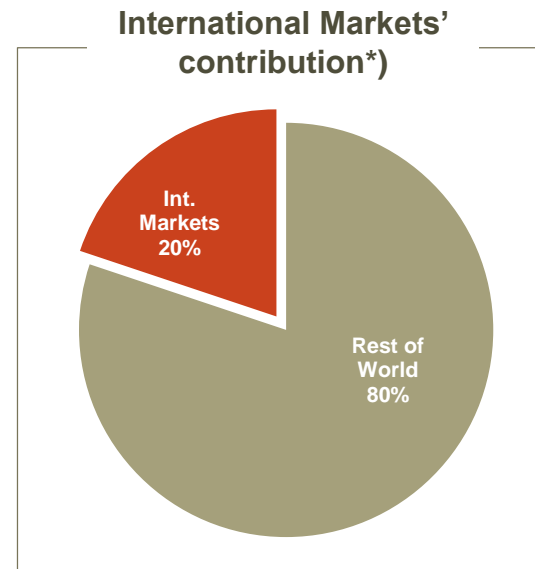
*) Excluding Other revenue

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



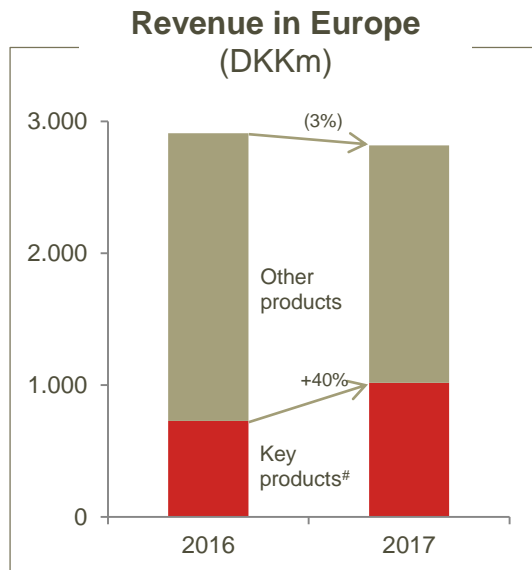
#) Abilify Maintena, Brintellix and Rexulti



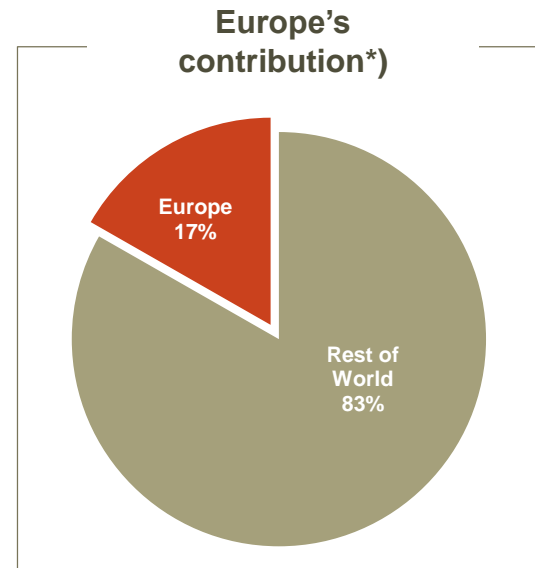
*) Excluding Other revenue

Europe is up 1% 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



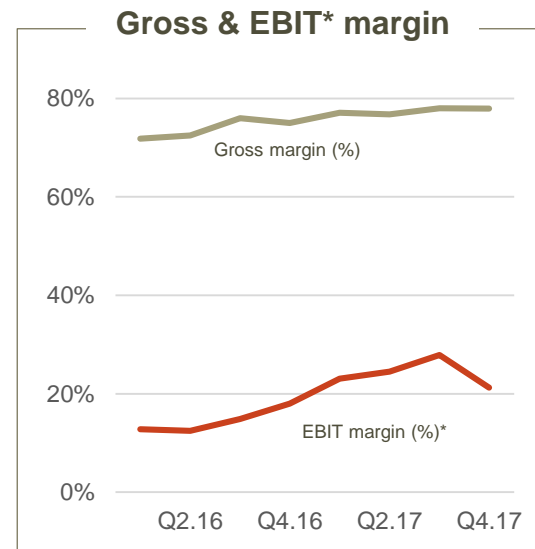
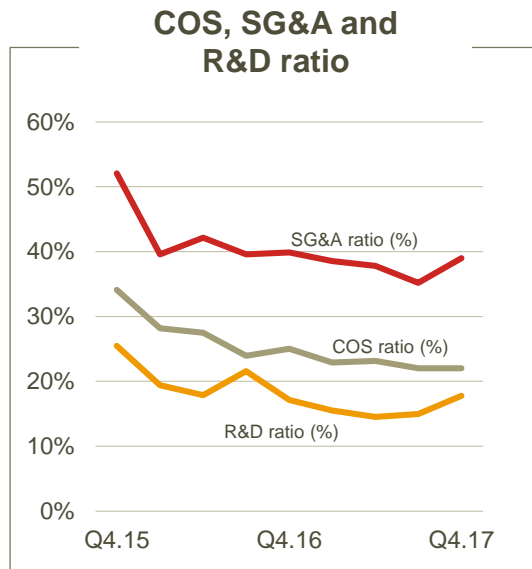
#) Abilify Maintena and Brintellix



*) Excluding Other revenue

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)

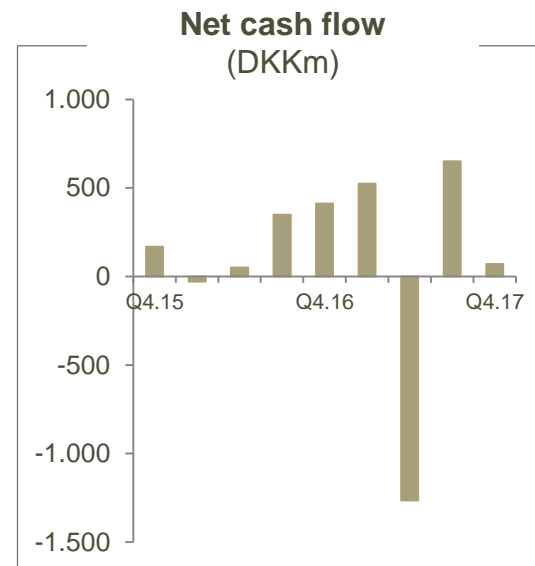
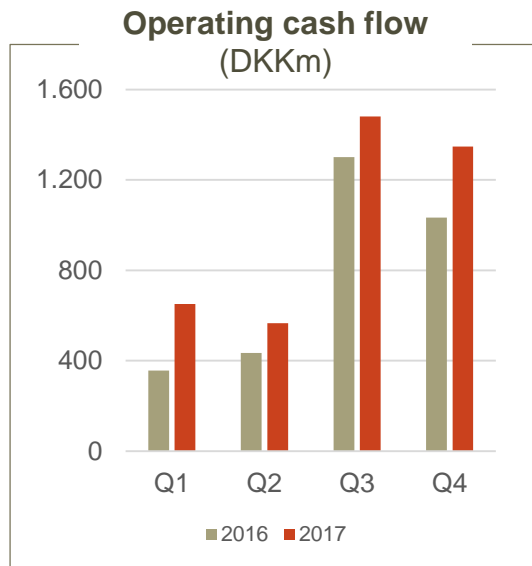
DKKm	2017	2016	Δ%
Revenue	17,234	15,634	10%
Gross margin	77.5%	73.9%	-
EBIT	4,408	2,292	92%
EBIT margin	25.6%	14.7%	-
Core EBIT	5,115	3,477	47%
Net profit	2,624	1,211	117%
EPS	13.28	6.12	117%

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
- ★ 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%



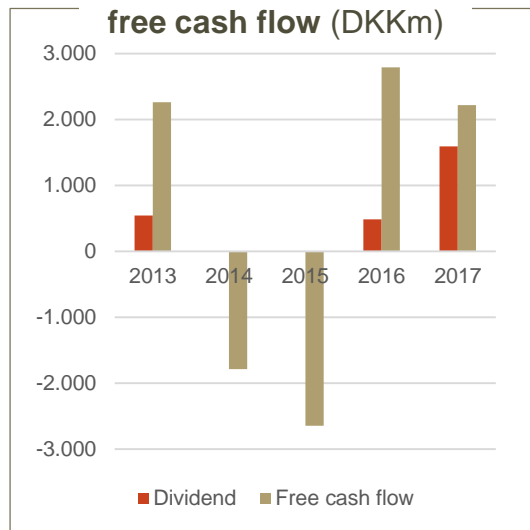
Capital allocation

- ★ 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

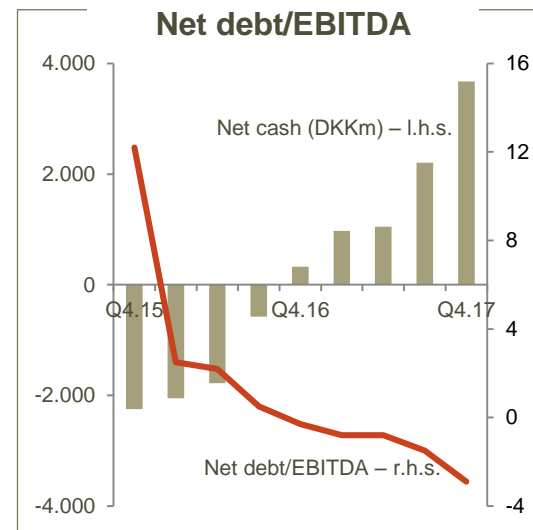
Cash flow priorities

- ★ 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 (DKK_m)



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

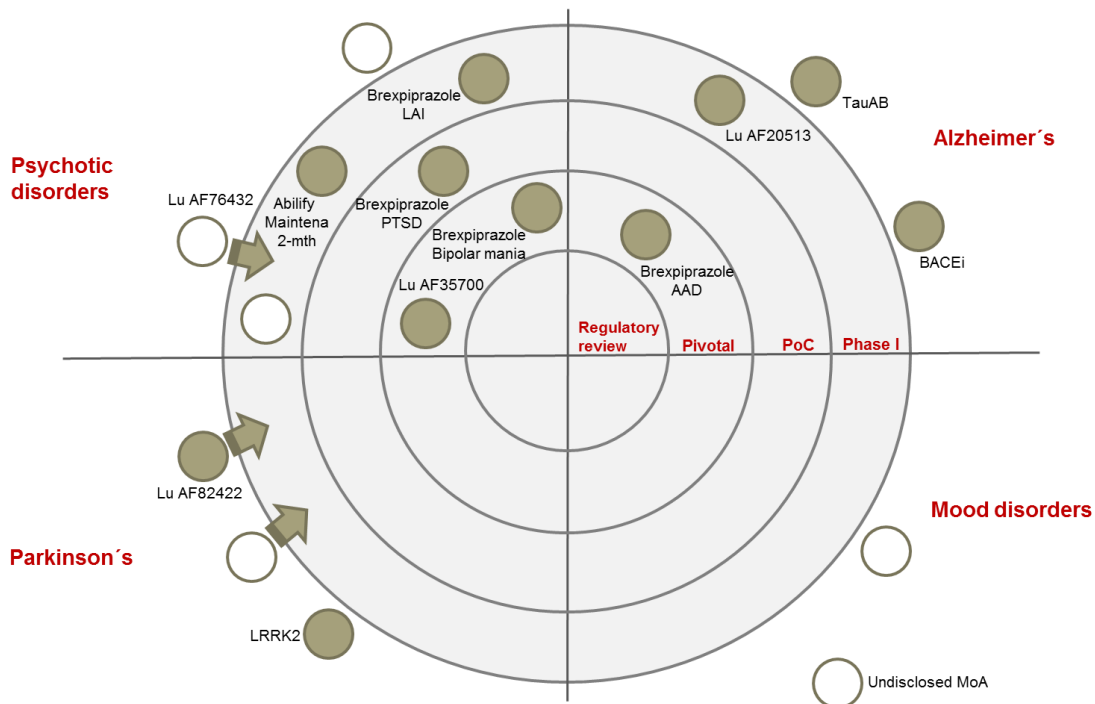
2018 financial guidance

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%

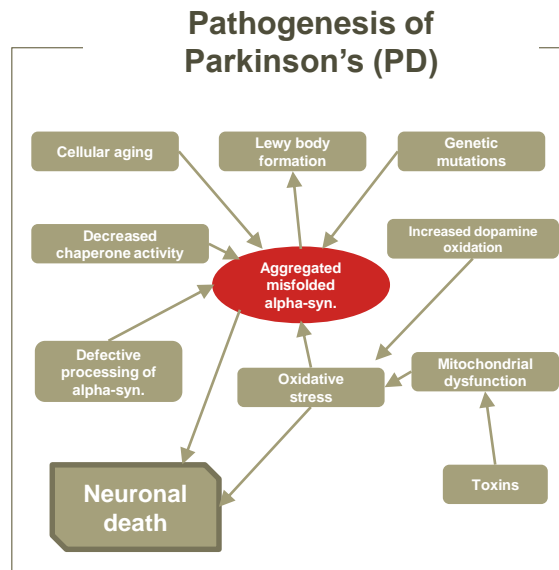
Continued progression in our R&D pipeline

- ★ **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



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



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

Thank you!

Lundbeck

