

Teleconference – H1 2018

August 2018



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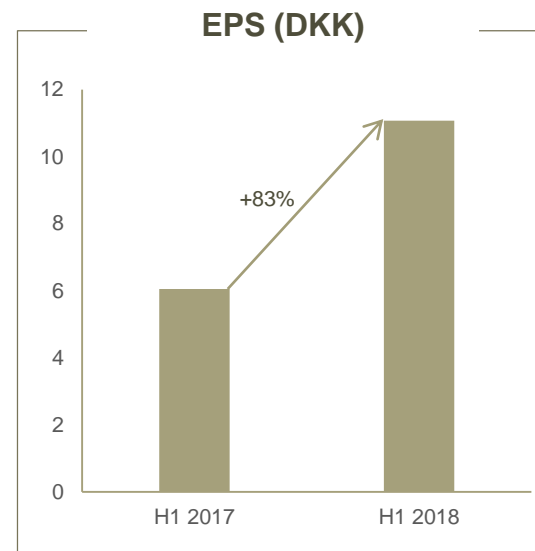
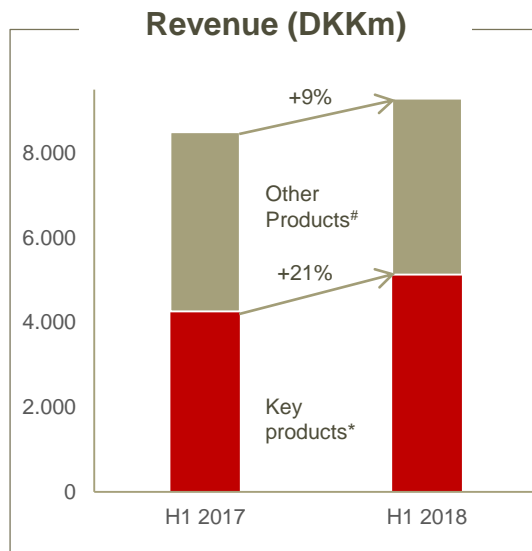
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Certain assumptions made by Lundbeck are required by Danish Securities Law for full disclosure of material corporate information. Some assumptions, including assumptions relating to sales associated with products that are prescribed for unapproved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



Key product growth drives top and bottom line

- ★ **Revenue:** Up 9% (14% in L.C.) to DKK 9.3 billion in H1 2018
- ★ **Hedging:** Contributed DKK 277 million
- ★ **Key products*:** Up 21% to DKK 5.1 billion representing 55% of revenue
- ★ **EBIT:** Up 46% to DKK 3.0 billion. EBIT margin significantly improved to 32.4%, but positively impacted by hedging gains
- ★ **EPS:** Up 83% to DKK 11.07
- ★ **FY2018:** Guidance revised

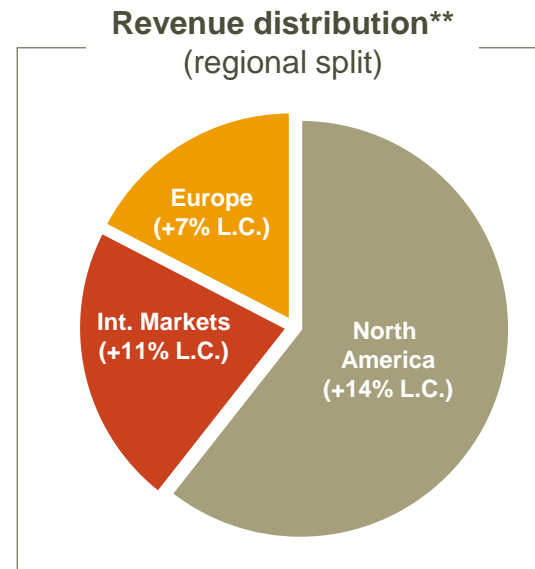
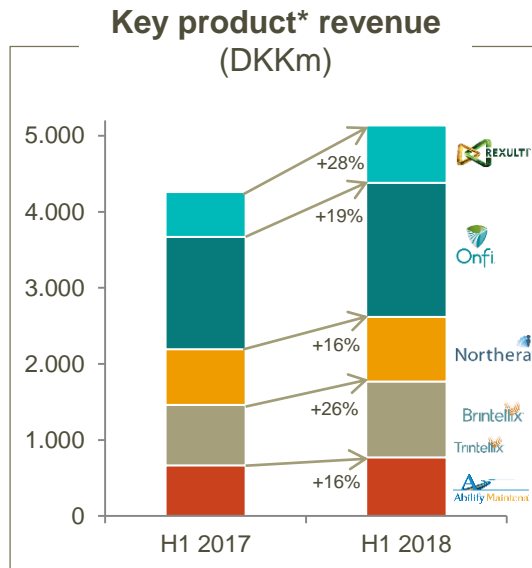


#) Includes Other revenue and effects from hedging

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

Solid revenue growth of 9% to DKK 9.3 billion in H1 2018 – in local currencies growth reached 14%

- ★ **Key products*** grew by DKK 874 million or 21% (33% in L.C.) with all products showing double digit growth in H1 2018
- ★ Both **North America** and **International Markets** see significant currency headwind
- ★ Growth in all regions in local currencies
- ★ Largest markets are the U.S., Canada, China, France, Italy, Japan and Spain

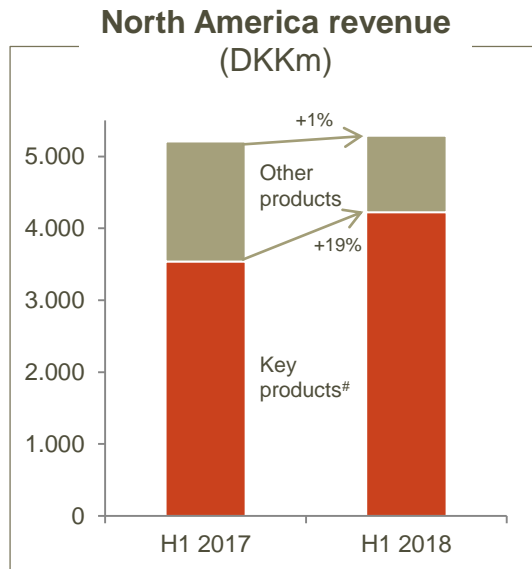


*) Ability Maintena, Brintellix/Trintellix, Northera, Onfi and Rexulti

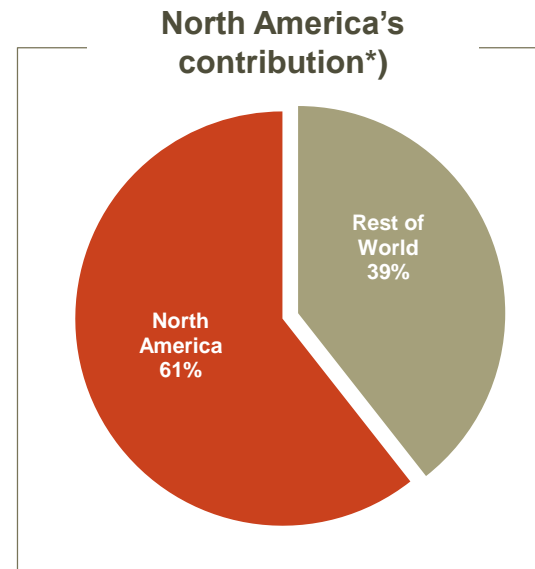
**) Excluding Other revenue and effects from hedging

North America grew 1% driven by Trintellix, Rexulti, Northera and Onfi – currency headwind had significant negative impact

- ★ North America grew 1% (14% in L.C.) to DKK 5,287 million in H1 2018
- ★ Key products# grew 19% and constituted 80% of revenue in H1 2018
- ★ For FY2018, North America is expected to show growth in local currencies despite LOE on Onfi towards the end of the year



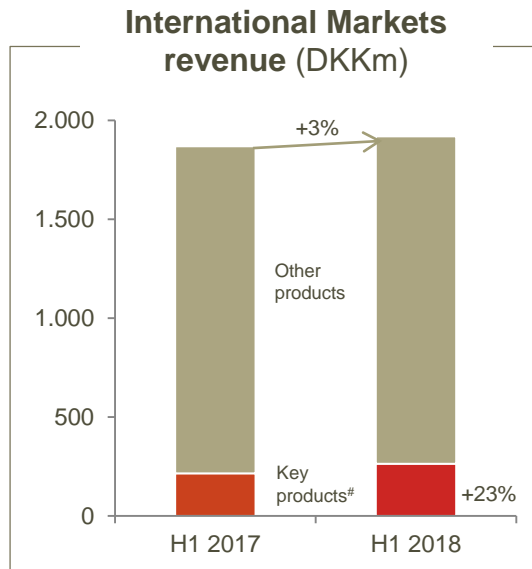
#) Abilify Maintena, Northera, Onfi, Rexulti and Trintellix



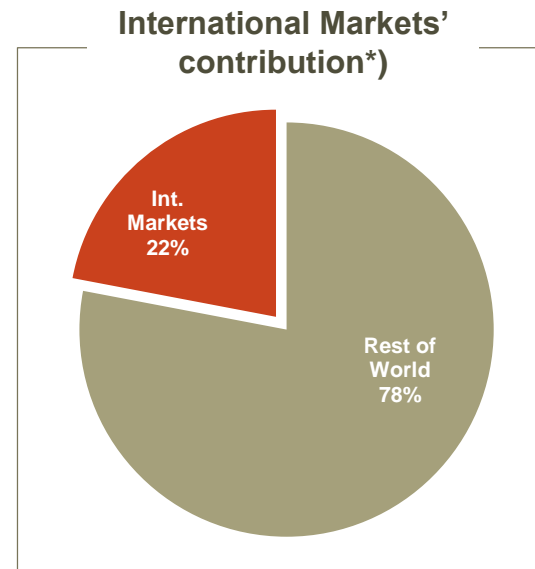
*) Excluding Other revenue and effects from hedging

International Markets grew 3% in H1 2018 – up 11% in local currencies

- ★ International Markets increased 3% (11% in L.C.) to DKK 1.9 billion in H1 2018
- ★ Positive impact from stocking of DKK ~150 million
- ★ Key products# grew by 23% and constituted 14% of sales
- ★ Market exclusivity for Lexapro extended by two years in Japan
- ★ Main markets are Brazil, China, Japan and South Korea
- ★ For FY2018, International Markets is expected to show growth in local currencies



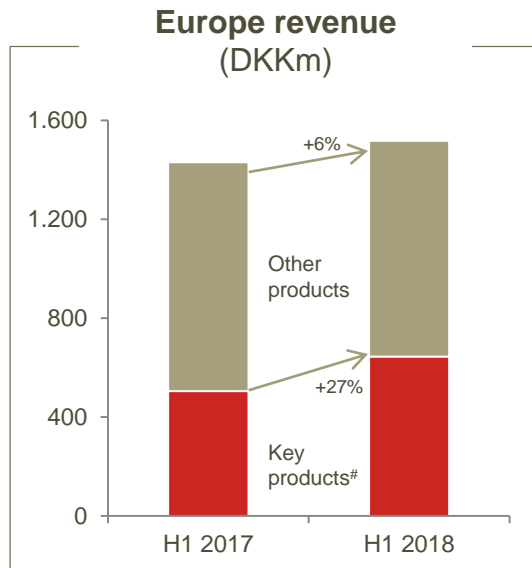
#) Abilify Maintena, Brintellix and Rexulti



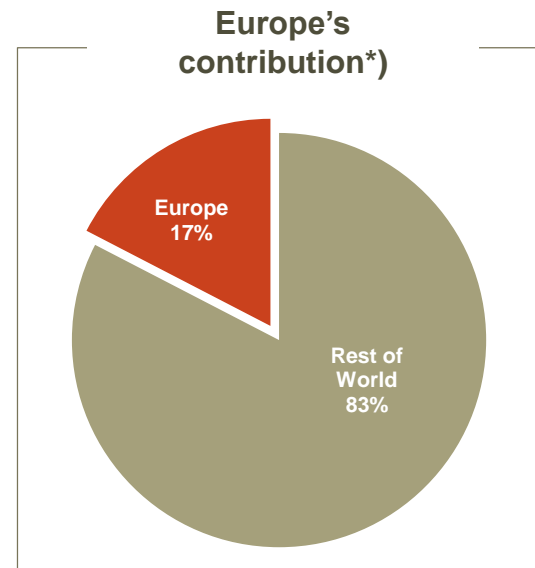
*) Excluding Other revenue and effects from hedging

Europe grew 6% in H1 2018 driven by Abilify Maintena and Brintellix – up 7% in local currencies

- ★ Europe grew 6% to DKK 1.5 billion in H1 2018
- ★ Key products# grew 27% and constituted 42% of sales
- ★ Largest markets are France, Italy and Spain
- ★ Continued strong performance for Brintellix, especially in France, Italy and Spain
- ★ Profitability significantly improved
- ★ Rxulti approved in Europe with launch commencing in H1 2019
- ★ For FY2018, Europe is expected to show growth in local currencies



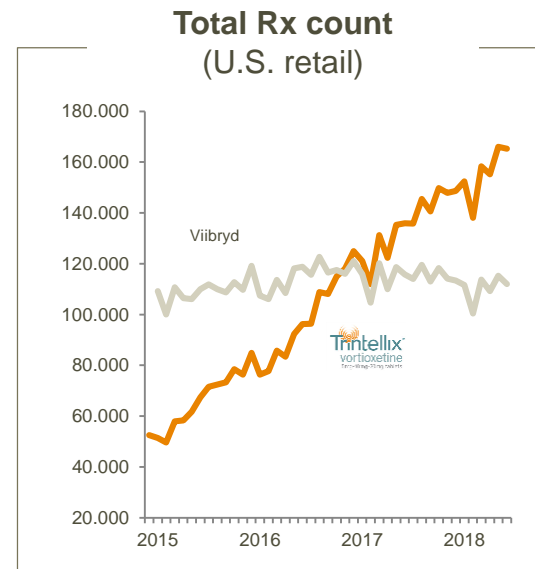
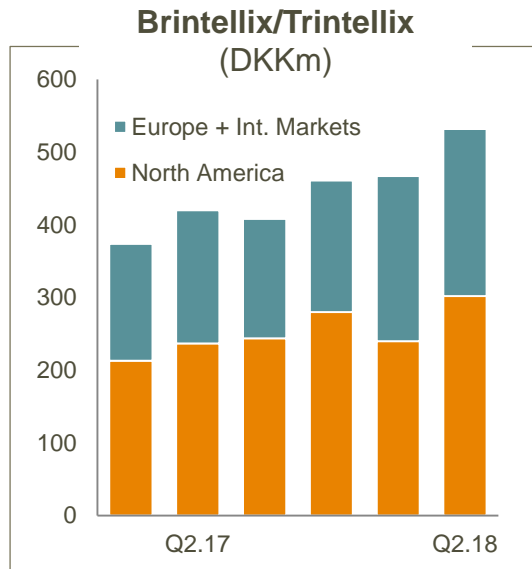
#) Abilify Maintena and Brintellix



*) Excluding Other revenue and effects from hedging

Brintellix/Trintellix grew 26% to DKK 999 million in H1 2018 – in local currencies the growth was 36%

- ★ **North America** grew by 20% (34% in L.C.) to DKK 542 million
- ★ **Europe and International Markets** grew 33% (40% in L.C.) combined to DKK 457 million
- ★ Largest markets are the U.S. Brazil, Canada, France, Italy, and Spain
- ★ Growth mainly driven by France, Italy, Spain and the U.S.
- ★ Brintellix continues to gain both volume and value share
- ★ **PDUFA** on 21 October regarding **TESD** in patients with depression



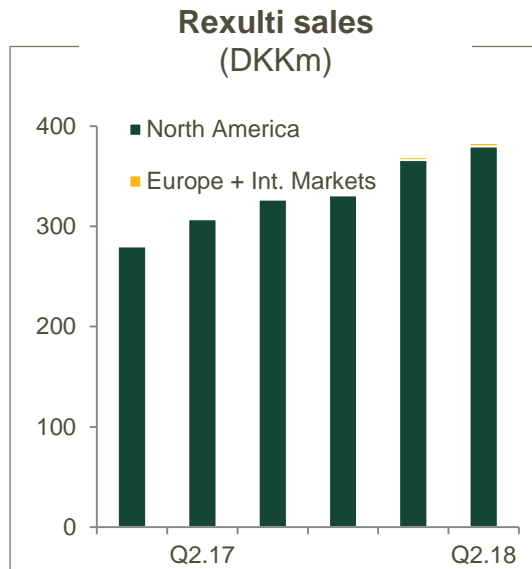
Source: Symphony Health Solutions/Bloomberg (monthly data ending 6/2018)

PDUFA: Prescription Drug User Fee Act (FDA).
TESD: Treatment-Emergent Sexual Dysfunction

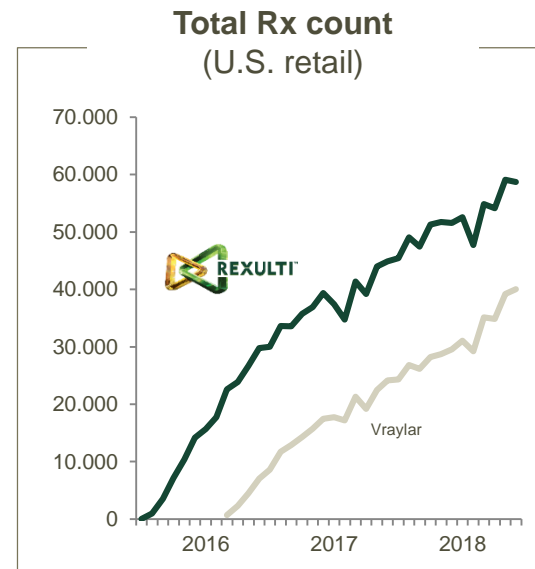
Rexulti grew 28% to DKK 752 million in H1 2018 – in local currencies the growth was 44%

- ★ **Rxulti** approved in Europe
- ★ Recently also approved in Honduras and Saudi Arabia
- ★ Rexulti has 11.3% value share (U.S.)
- ★ Third study in **AAD** commenced
- ★ Pivotal programme in **bipolar mania** to conclude H1 2019
- ★ PoC study in **PTSD** to conclude around year-end 2018
- ★ Additional LCM activity progressing

AAD: Agitation in Alzheimer's disease; PoC: Proof of Concept; PTSD: Post-Traumatic Stress Disorder; LCM: Life-Cycle Mgmt.



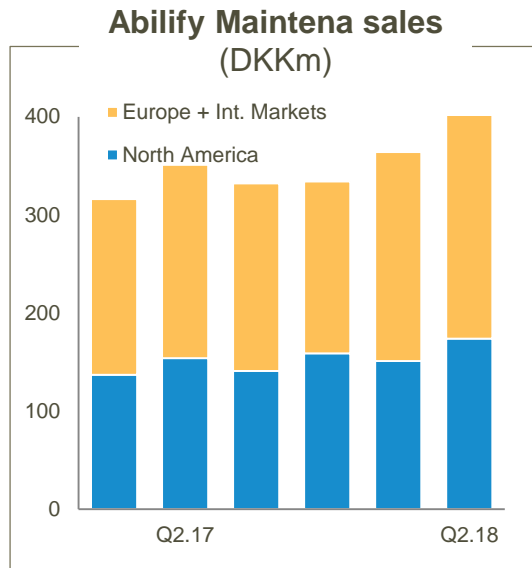
Lundbeck's share of revenue.
NOTE: Outside North America, Rexulti has only been launched in Australia



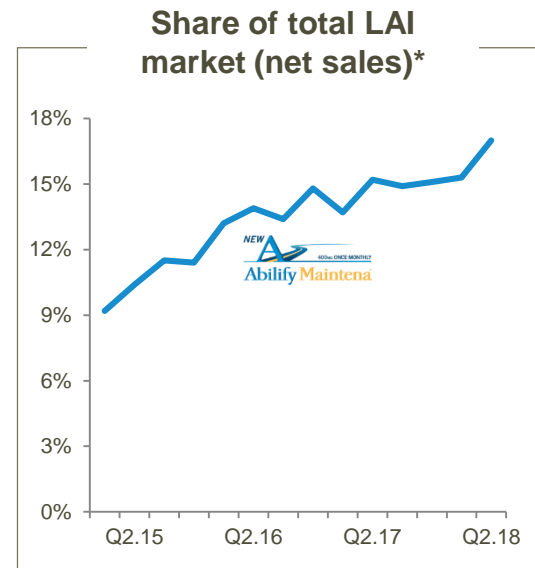
Source: Symphony Health Solutions/Bloomberg (monthly data ending 6/2018)

Abilify Maintena grew 16% to DKK 771 million in H1 2018 – in local currencies the growth was 22%

- ★ **Europe and International Markets** grew 19% (21% in L.C.) combined to DKK 446 million
- ★ **North America** up 12% (24% in L.C.) to DKK 325 million
- ★ Growth driven by Australia, Canada, France, Spain and the U.S.
- ★ Largest markets are Australia, Canada, France, Spain and the U.S.
- ★ Market share increasing - >20% volume share (LAI retail) in most markets
- ★ **Total LAI market** reached USD 2.2 billion (+13%) in H1 2018



Lundbeck's share of revenue



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

LAI: Long-acting injectable anti-psychotics

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

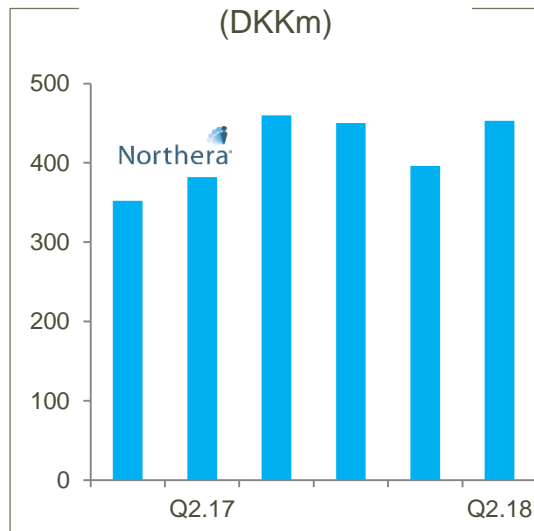
Northera

- ★ Up 16% (30% in L.C.) to DKK 849 million in H1 2018
- ★ Northera impacted by seasonal swings in demand
- ★ Expected continued growth

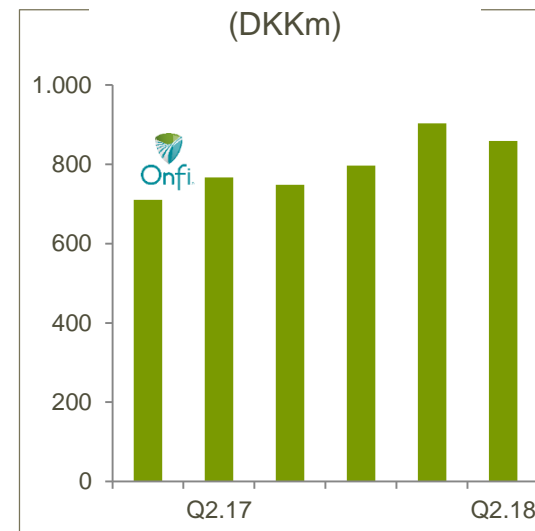
Onfi

- ★ Up 19% (34% in L.C.) to DKK 1,762 million in H1 2018
- ★ Expected to grow until generic clobazam is introduced, expectedly in Q4 2018

Northera sales
(DKKm)

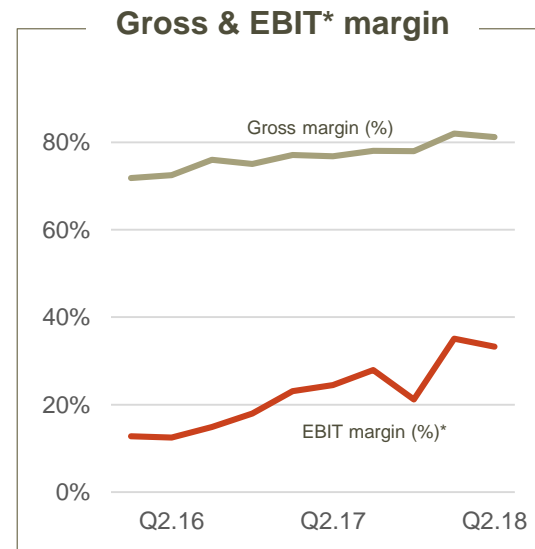
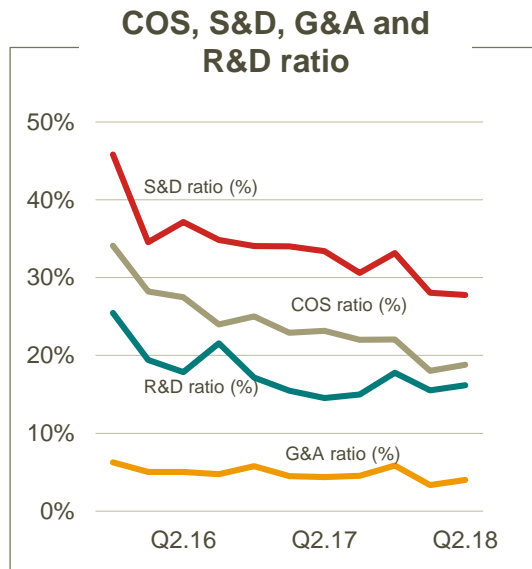


Onfi sales
(DKKm)



Maintaining strong cost focus while also investing in the business

- ★ **Total costs** down 5% while growing topline by 9% in H1 2018
- ★ **EBITDA margin** of 38.2% vs. 31.2% in H1 2017
- ★ **EBIT margin** of 32.4% vs. 24.3% in H1 2017
- ★ **COS%:** Expected to show continued improvements 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 depending on project execution



*) Data adjusted for Other operating items, net

Strong growth in earnings

- ★ Significant negative impact from FX reducing revenue growth
 - ★ Growth for all key products and in all regions in L.C.
- ★ EPS growth of 83%
- ★ 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 40% in H1 2017 to 27%

Financial results

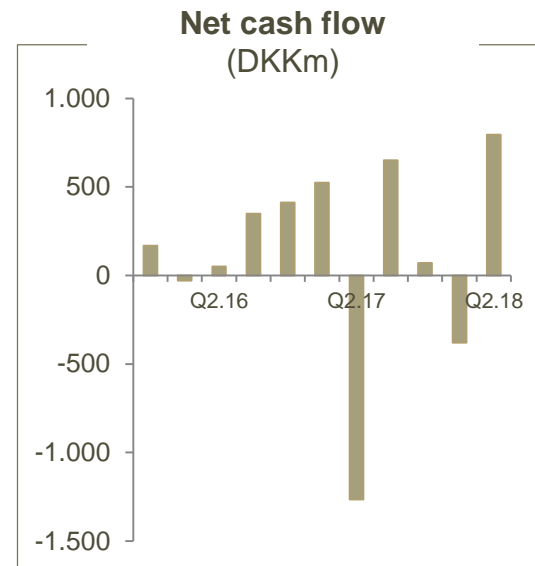
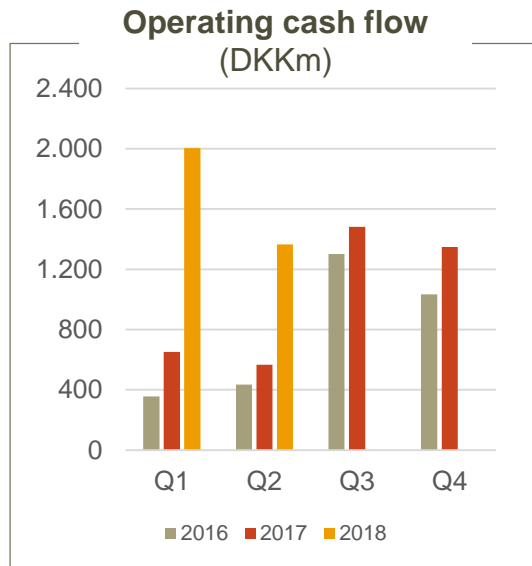
DKKm	H1.18	H1.17	Δ%
Revenue	9,288	8,494	9%
Gross margin	81.6%	76.9%	-
EBIT	3,006	2,061	46%
EBIT margin	32.4%	24.3%	-
Core EBIT	3,578	2,500	43%
Net profit	2,198	1,195	84%
EPS	11.07	6.05	83%

Revenue (reported vs. L.C.)

DKKm	H1.18	Δ DKKm	Δ% L.C.
Revenue	9,288	+794	+14%
- Abilify Maintena	771	+104	+22%
- Brintellix/Trintellix	999	+205	+36%
- Northera	849	+115	+30%
- Onfi	1,762	+285	+34%
- Rexulti	752	+165	+44%
North America	5,287	+77	+14%
Int. Markets	1,920	+51	+11%
Europe	1,518	+87	+7%

Strong cash flow generation and improved ROIC

- ★ Cash flows from operating activities increased from DKK 1,217 million in H1 2017 to DKK 3,369 million in H1 2018
- ★ Acquisition of **Prexton Therapeutics** in Q1 impacts net cash flow by DKK 745 million
- ★ **Dividend payout** for 2017 increased to DKK 1.6 billion
- ★ **ROIC** increased from 26.6% in FY2017 to 53.2% in H1 2018



2018 financial outlook revised

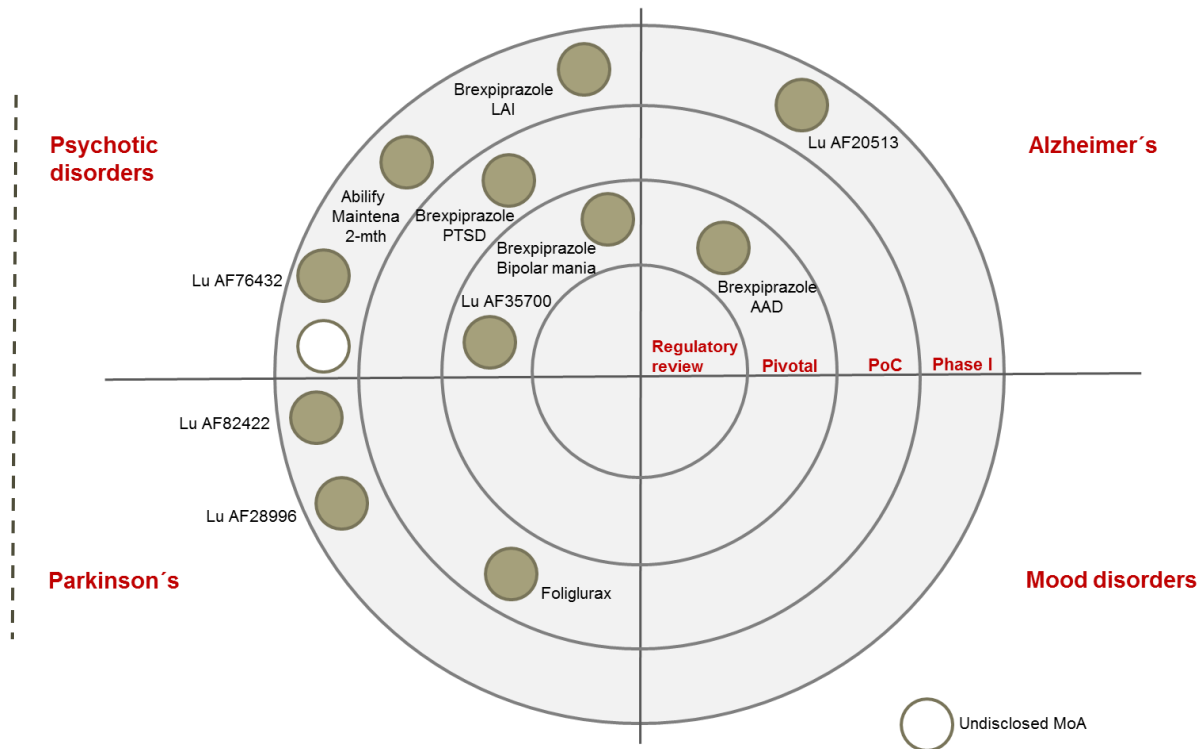
- ★ Growth in all three regions in local currencies
- ★ Continued growth for key products to outpace the decline from generic erosion
- ★ Onfi revenue is expected to decline 40-50% compared to prior quarters in 2018
- ★ Net financial items of DKK ±50 million expected in 2018
- ★ No known additional one-off income and/or expenses
- ★ Unchanged currencies from end-July 2018

2018 financial guidance

DKKbn	2016	2017	Previous 2018 guidance	Revised 2018 guidance	~Δ% (y/y)
Revenue	15.6	17.2	17.2-18.0	17.6-18.0	2-5%
EBIT	2.3	4.4	4.8-5.2	4.9-5.2	11-18%
Implied EBIT margin	14.7%	25.6%	~27-30%	~27-30%	-
Tax rate	43.9%	38.7%	26-28%	26-28%	-

The value of Lundbeck's R&D pipeline is increasing

- ★ **Brexpiprazole:** Approved by the European Commission and in Switzerland
- ★ **Vortioxetine:** Strong pivotal data in Japanese patients
- ★ **Lu AF35700:** Finished recruiting in *DAYBREAK I*
- ★ **Abilify Maintena 2-month:** Single dose study finished now moving into multi-dose study
- ★ **Lu AF76432:** Phase I initiated in May 2018 (schizophrenia)
- ★ **Lu AF28996:** Phase I initiated in June 2018 (Parkinson's)
- ★ **Lu AF82422:** Phase I initiated in August 2018 (Parkinson's)



Major clinical programme ongoing with Lu AF35700 – first results to be reported in Q4 2018

Lu AF35700

- For the treatment of treatment-resistant schizophrenia (TRS) which represents a major unmet medical need
- Antagonist at dopaminergic, serotonergic, and α adrenergic receptors. Unlike all currently available antipsychotics, Lu AF35700 has higher affinity for the human dopamine D₁ receptor than it has for the human dopamine D₂ receptor

Clinical studies in TRS

- *DAYBREAK I* evaluates the efficacy of 10 and 20 mg/day of Lu AF35700 on schizophrenia symptoms in patients with treatment-resistant schizophrenia (n = 964) (NCT02717195)
- *ANEW* evaluates the efficacy of 10 mg/day Lu AF35700 on symptoms of schizophrenia in patients with early-in-disease or late-in-disease treatment-resistant schizophrenia (n = 285) (NCT03230864)

Supportive clinical studies

- Study to evaluate the pharmacokinetics of Lu AF35700 after a single dose tablet to subjects with renal impairment and compare that with healthy subjects (n = 32) (NCT03241147)
- Study to investigate the effect of multiple doses of the strong P450 enzyme inhibitor itraconazole on the pharmacokinetics of Lu AF35700 in healthy subjects (n = 23) (NCT03103646)
- Study to establish bioequivalence of Lu AF35700 between the clinical formulation and the commercial formulation for three tablet strengths; 5, 10 and 20 mg (n = 90) (NCT03394482)

Upcoming events

- Communicate headline results from first study (*DAYBREAK I*) in the pivotal programme during Q4 2018

Comprehensive LCM programme ongoing for brexpiprazole for further product value expansion

Brexpiprazole

- Several clinical programmes ongoing to address unmet medical needs and aiming for product value maximation

Bipolar I disorder

- Two studies to demonstrate the efficacy in acute treatment of manic episodes, with or without mixed features, in subjects with a diagnosis of Bipolar I disorder (n = 320 in both studies) (NCT03257865, NCT03259555)
- Evaluating the safety and tolerability in the treatment of subjects with Bipolar I disorder (n = 384) (NCT03287869)

Agitation in Alzheimer's

- Programme to compare the efficacy of 2 doses (2 mg and 3 mg) of brexpiprazole with placebo in subjects with agitation associated with dementia of the Alzheimer's type (n = 225) (NCT03548584, NCT03594123 (12-week extension study))

PTSD

- Evaluating the safety, efficacy and tolerability of brexpiprazole (with placebo) as monotherapy or combination therapy (Zoloft) in adults with PTSD (n = 332) (NCT03033069)

Adolescents

- To determine the safety and efficacy of brexpiprazole monotherapy in the treatment of adolescents with schizophrenia (n = 387) (NCT03198078)
- To further characterize the long-term safety and tolerability of brexpiprazole in adolescents with schizophrenia (n = 350) (NCT03238326)

Upcoming events

- Headline results from the PoC study in PTSD to be reported in Q1 2019
- Headline results from the pivotal programme in Bipolar mania to be reported in Q1 2019

Lu AF20513 to enter proof of concept-study during H1 2019

Lu AF20513

- An active vaccine inducing high affinity polyclonal antibodies that target beta-amyloid (“Abeta”), for the potential injectable prevention of progression of Alzheimer's dementia

Ongoing activities

- Open label study to determine if multiple immunizations with Lu AF20513 is tolerable and safe in patients with mild Alzheimer's disease (n = 50) (NCT02388152)
- Investigating if subjects are generating antibodies

Upcoming events

- PoC study expected to commence in H1 2019

Foliglurax is an innovative and highly attractive phase II compound being developed for symptomatic treatment of Parkinson's disease

Foliglurax

- A small-molecule positive allosteric modulator of group III metabotropic glutamate receptor 4 (mGluR4 PAM), for the potential oral treatment of Parkinson's disease

Ongoing activities

- Phase II proof of concept study in subjects with Parkinson's treated with a stable dose of levodopa who are experiencing both end-of-dose wearing off and Levodopa-Induced Dyskinesia (n = 165) (NCT03162874)

Upcoming events

- PoC study expected to finalize in Q3 2019

Pipeline progressing with further newsflow expected in the next 12 months

- ★ **Lu AF35700: Data from first pivotal study**
 - ★ Headline results from *DAYBREAK I* (Q4 2018)
- ★ **Brexpiprazole: Data from life cycle management programme**
 - ★ PoC headline results in PTSD (Q1 2019)
 - ★ Pivotal data in bipolar mania (Q1 2019)
- ★ **Trintellix sNDA**
 - ★ The U.S. FDA accepted an sNDA for the drug to treat MDD in patients with treatment-emergent sexual dysfunction in February 2018. PDUFA is set to 21 October 2018
- ★ **Lu AF20513: Entering clinical Proof of Concept study**
 - ★ Based on the data from phase I, Lundbeck intends to advance Lu AF20513 into a phase II clinical study in Alzheimer's disease patients (H1 2019)
- ★ **Foliglurax: Clinical proof of concept**
 - ★ Headline results from PoC study (Q3 2019)

Thank you!

Lundbeck

