

Teleconference - Q1 2019

8 May 2019



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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.

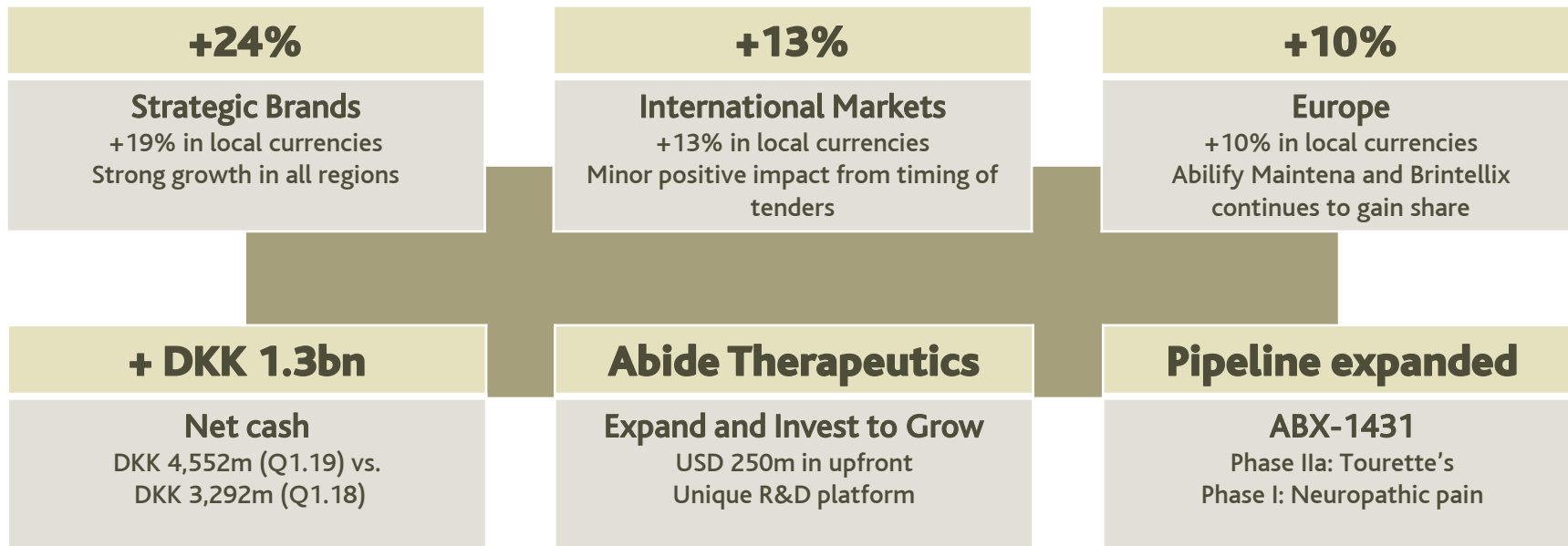
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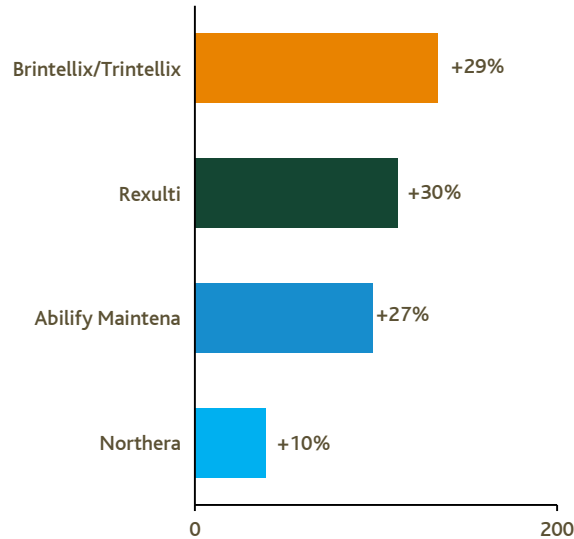
Q1 2019 highlights: Continued strong performance of strategic brands and executing on *Expand and Invest to Grow*



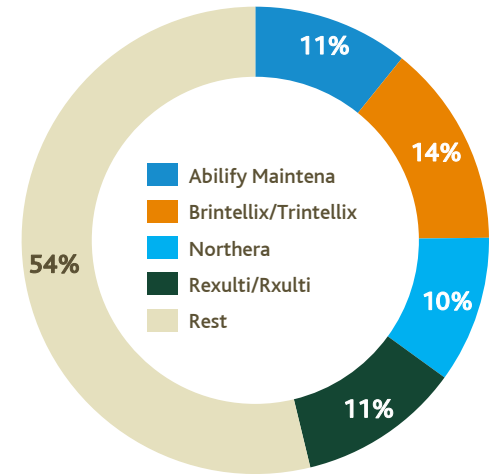
Lundbeck's four strategic brands* added DKK 0.4 billion in sales in Q1 2019 compared to Q1 2018

- ★ **Strategic brands*:** Up 24% (19% in L.C.) to DKK 1,979 million representing 46% of revenue#
- ★ **Brintellix/Trintellix:** Up 29% to DKK 601 million
- ★ **Rexulti/Rxulti:** Up 30% to DKK 481 million
- ★ **Abilify Maintena:** Up 27% to DKK 462 million
- ★ **Northera:** Up 10% to DKK 435 million

Strategic brands' growth
(Q1 2019 - DKKm)



Sales by product#
(Q1 2019)



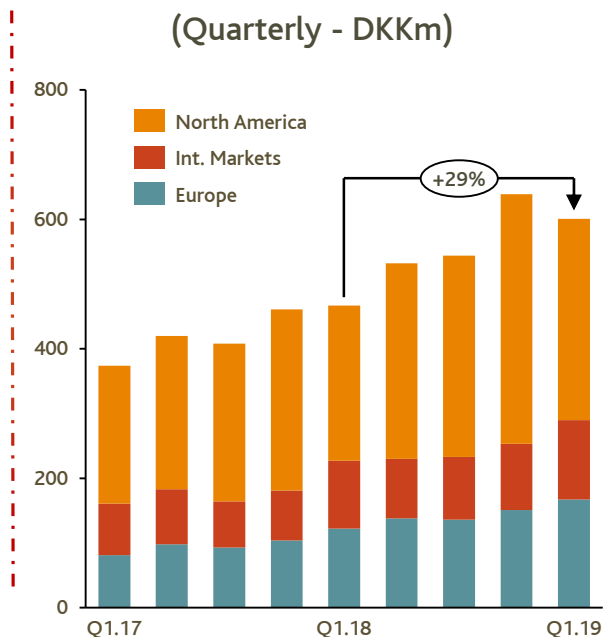
*) Abilify Maintena, Brintellix/Trintellix, Northera and Rexulti/Rxulti

#) Excluding effects from hedging

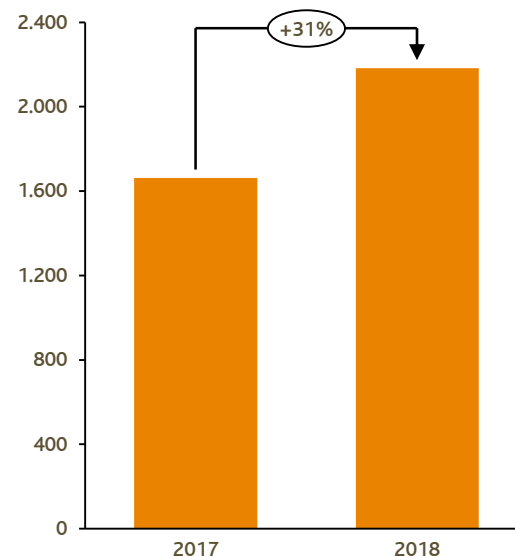
Brintellix/Trintellix continues consistent strong momentum

- ★ Grew 29% (27% in L.C.) to DKK 601 million in Q1 2019
- ★ Continued solid traction in volume share gains
 - ★ >3%: Finland, Italy, South Korea
 - ★ >2%: France, Norway, Spain, Switzerland, Turkey
- ★ In the U.S., volume is up 26% y/y and 1.3% q/q in line with normal Q1 slowdown
- ★ Launch in China progresses as planned
- ★ NDA in Japan submitted in September 2018 for the treatment of MDD

Brintellix/Trintellix sales
(Quarterly - DKKm)

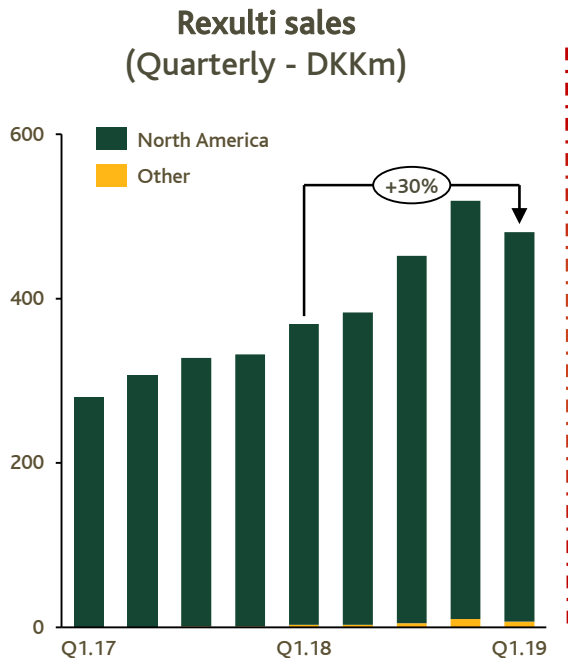


Brintellix/Trintellix sales
(FY - DKKm)

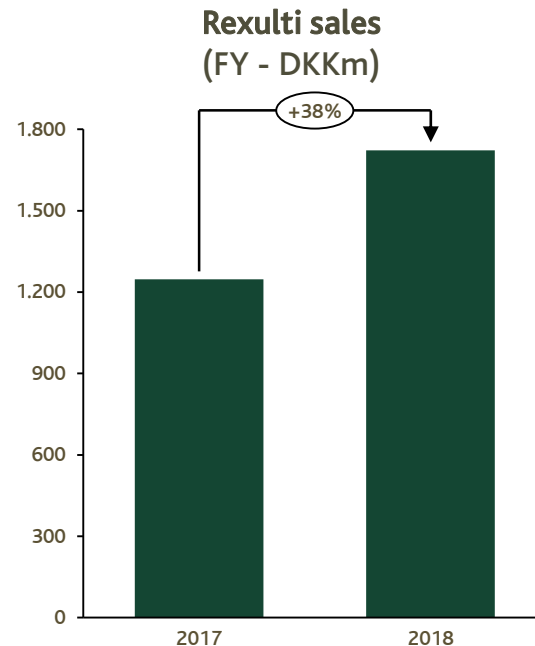


Rexulti shows significant growth driven by demand and roll-out in new markets continues

- ★ Grew 30% (22% in L.C.) to DKK 481 million in Q1 2019
- ★ In the U.S., volume is up 28% y/y but down 1% q/q in line with normal Q1 slowdown
- ★ Launched in Australia, Canada, Mexico, Saudi Arabia, Switzerland and the U.S.
- ★ Positive headline results from PoC study in PTSD
- ★ Additional LCM activity ongoing



Lundbeck's share of revenue

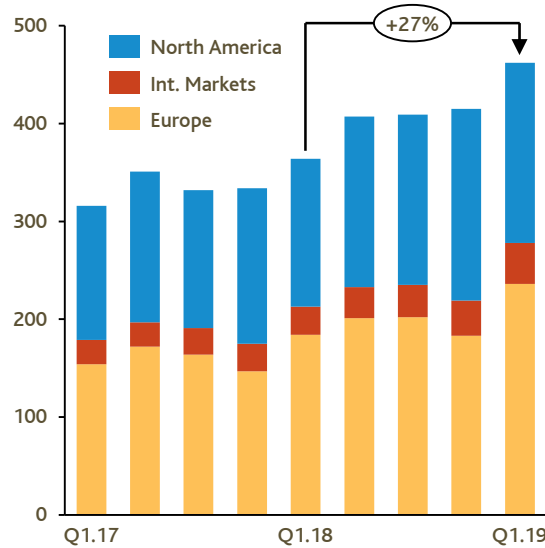


Lundbeck's share of revenue

Abilify Maintena continues its solid growth

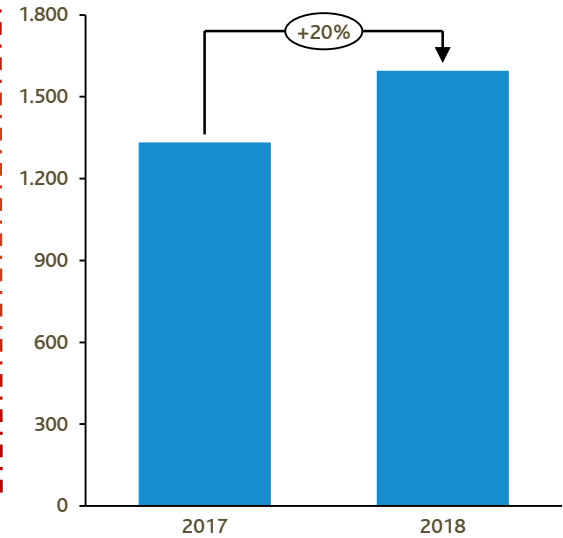
- ★ Grew 27% (24% in L.C.) to DKK 462 million in Q1 2019
- ★ Largest markets are the U.S., Australia, Canada, France and Spain which are also the main drivers of growth
- ★ Abilify Maintena is Lundbeck's best selling product in Europe
- ★ LAI market continues double-digit growth
- ★ Abilify Maintena's share of the LAI market is now 17% compared to 16% in FY2018¹⁾

Abilify Maintena sales
(Quarterly - DKKm)



Lundbeck's share of revenue

Abilify Maintena sales
(FY - DKKm)

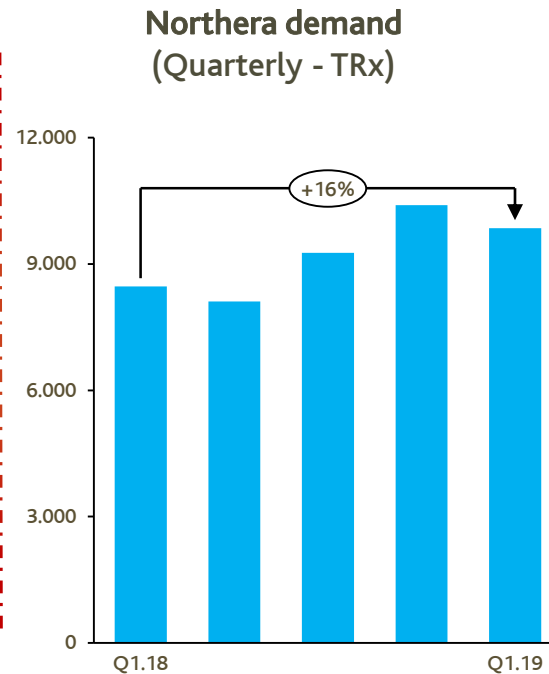
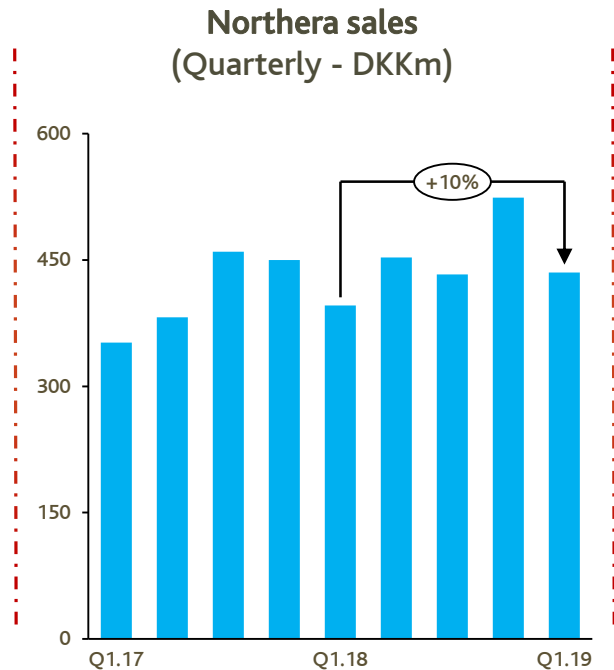


Lundbeck's share of revenue

¹⁾ Reported net sales of atypical LAIs

Northera shows solid volume growth but negative impact on revenue from quarterly fluctuations

- ★ Grew 10% (3% in L.C.) to DKK 435 million in Q1 2019
- ★ Volume is up 16% y/y but down 5% q/q in line with normal Q1 slowdown
- ★ Northera sales negatively impacted by quarterly fluctuations in specialty pharmacies' buying pattern

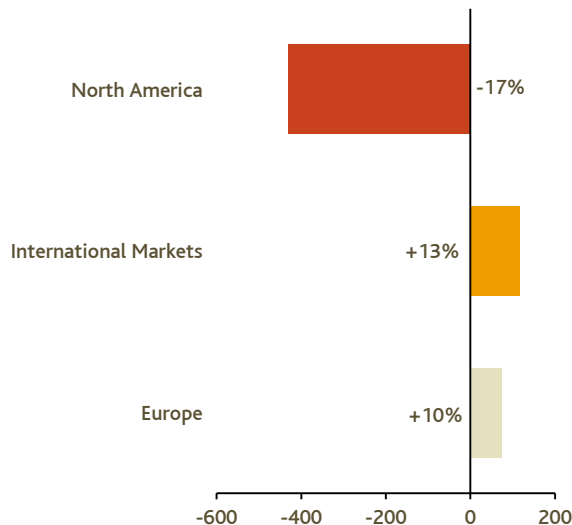


Source: Bloomberg

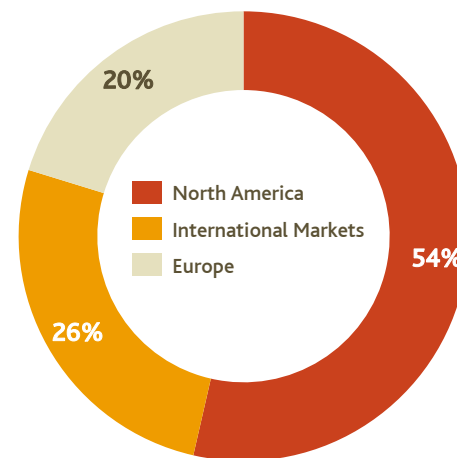
Europe and International Markets have returned to strong dynamic growth

- ★ Strong improvement in both growth and profitability in **Europe**
- ★ **North America** impacted by generic erosion, mainly Onfi
- ★ **International Markets** show solid growth driven by China, Australia and South East Asia
- ★ Largest markets are the U.S., Canada, China, France, Italy, Japan and Spain

Regional growth
(Q1 2019 - DKKm)



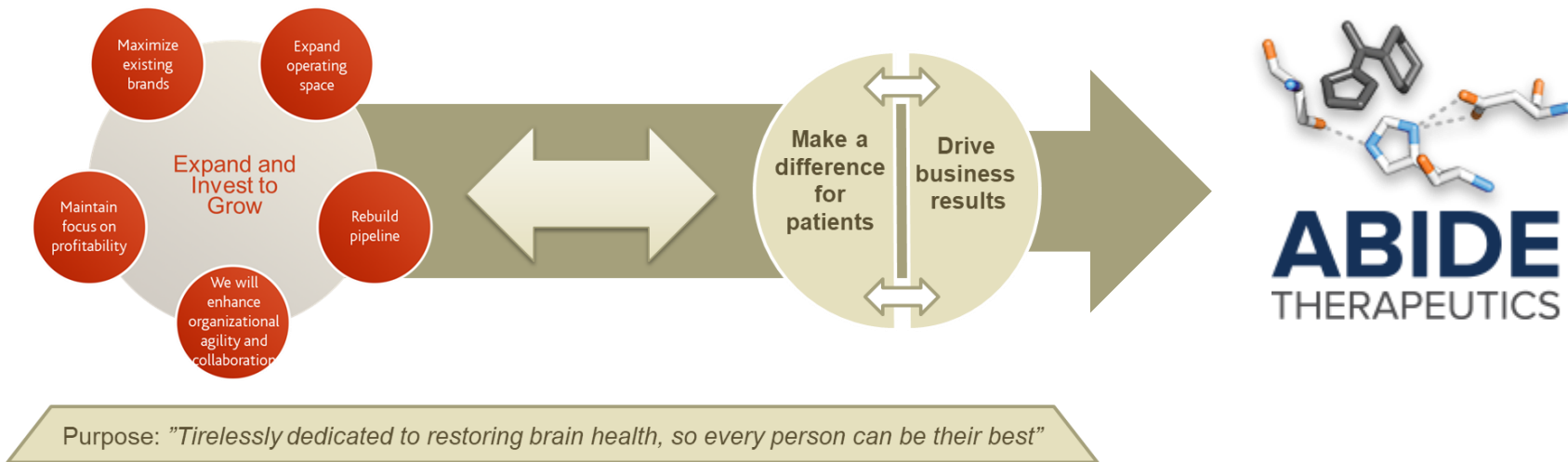
Sales by region#
(Q1 2019)



#) Excluding Other revenue and effects from hedging

Executing on *Expand and Invest to Grow*

Continued strong growth of strategic brands does not offset LOE headwinds – we introduce *Expand and Invest to Grow*

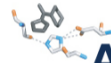


Abide Therapeutics is a company Lundbeck has entered into an agreement to acquire, where closing is pending

Abide - adding new drug discovery platform with potential to deliver first-in-class compounds across multiple CNS indications

The transaction:

- ★ The deal is subject to Hart-Scott-Rodino review
- ★ Upfront payment: USD 250 million pending closing
- ★ Financed through existing financial reserves
- ★ Future milestones: Up to USD 150 million in R&D and sales milestones
- ★ Expected closing: Q2 2019



ABIDE THERAPEUTICS

- ★ Focused on Serine Hydrolase (S-H) biology
- ★ Unique chemo-proteomic platform to discover first in class S-H inhibitors
- ★ Headquarters: La Jolla, CA
- ★ Strong ties to The Scripps Research Institute (TSRI) and Dr. Cravatt Labs.
- ★ 45 Employees

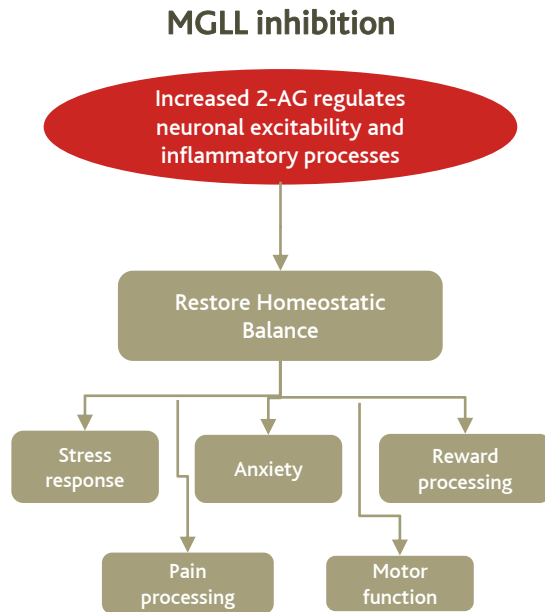
Serine hydrolase (S-H) Enzyme Superfamily

- ★ One of the largest and most diverse enzyme classes in humans
- ★ Profoundly influence multiple biological processes in health and disease
- ★ Mood, pain, perception, movement, inflammation
- ★ Selective inhibitors can restore physiological balance in dysregulated signalling pathways
- ★ Multiple blockbuster drug classes from this family
 - ★ DPP-4 inhibitors; AChE inhibitors; Thrombin inhibitors; Xa inhibitors

Abide Therapeutics is a company Lundbeck has entered into an agreement to acquire, where closing is pending

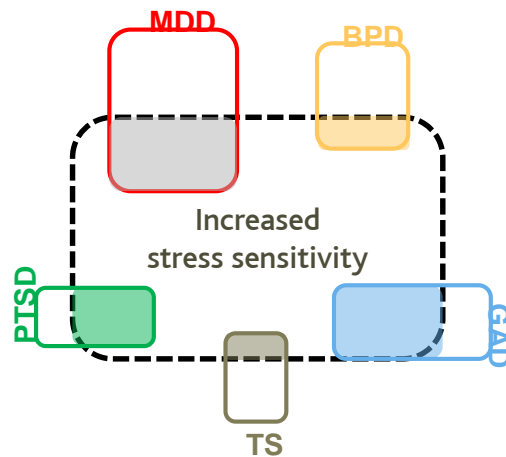
First Target: Endocannabinoid modulation through MGLL inhibition - A compelling therapeutic target for a wide range of CNS diseases

- ★ Monoacylglycerol lipase inhibitors (MGLLi) regulate endocannabinoid tone, which regulates neurotransmitter balance
- ★ MGLLi selectively activate CB1 by elevating 2-AG levels only in active circuits – contrast with global, maximal, and sustained activation by exocannabinoids
- ★ Lead molecule ABX-1431 is a potent, selective first-in-class MGLLi in clinical development in two indications
- ★ Two additional endocannabinoid modulators advancing to the clinic through 2020



Multiple future potential indications in psychiatry and neurology

Potential to use biomarkers to enrich patient populations



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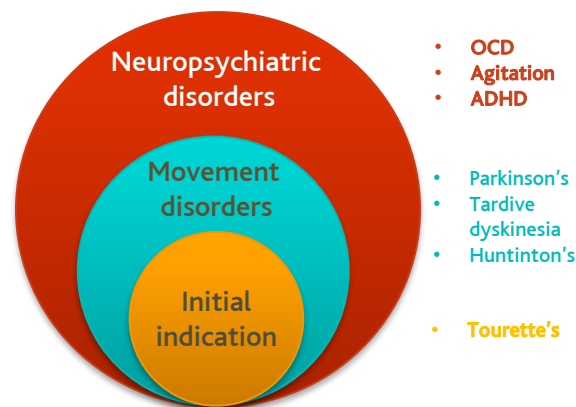
ABX-1431: First-In-Class Drug with Broad Potential in CNS

- ★ ABX-1431 modulates the endocannabinoid system preferentially in areas where neuronal circuits are excessively activated
- ★ Initial trials ongoing in Tourette's and neuropathic pain
- ★ Phase Ib trial in adult TS patients demonstrated significant effects across multiple endpoints of tic reduction
- ★ 200,000 patients in U.S. with severe disease

Exploratory phase IIa trial ongoing (NCT03625453)

- ★ Initiated in October 2018
- ★ 48 patients
- ★ Change from baseline in Total Tic Score of the Yale Global Tic Severity Scale (YGTSS-TTS)
- ★ Headline results due in 2020







ABX-1431: First-in-Class drug with broad potential in CNS



1) NIH. National Institute of Neurological Disorders and Stroke

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Promising early-stage pipeline with efforts under way to ensure depth in all phases of development

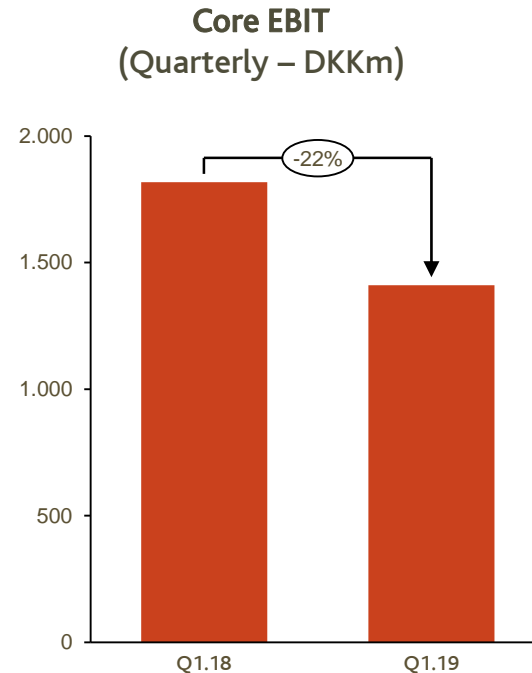
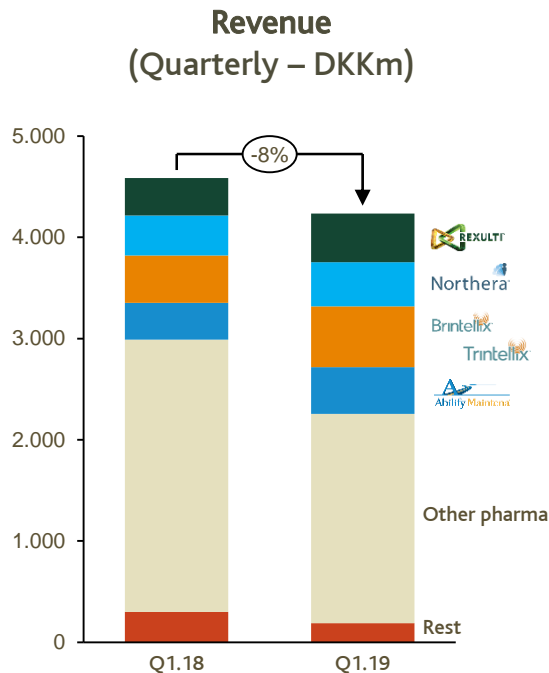
 Project	 Indication	 Phase I	 Phase II (PoC)	 Phase III (pivotal)	 Exp. filing
Brexpiprazole	Agitation in Alzheimer's disease			★	~2021
Brexpiprazole	PTSD		★		≥2025
Foliglurax (MGLUR4 PAM)	Parkinson's		★		~2025
Lu AF11167 (PDE 10 inhibitor)	Schizophrenia		★		≥2025
ABX-1431 (MGLLi)#	Tourette's		★		≥2025
Abilify Maintena 2-mth	Schizophrenia	★			~2020
Lu AF82422 (alpha-synuclein mAb)	Parkinson's disease	★			≥2025
Lu AF28996 (D ₁ /D ₂ agonist)	Parkinson's disease	★			≥2025
ABX-1431 (MGLLi)#	Neuropatic pain	★			
Lu AF35700	--		Project under review		--

mGluR4 PAM: Positive Allosteric Modulator of metabotropic glutamate receptor 4. PDE: Phosphodiesterases. MGLLi: Monoacylglycerol lipase inhibitor

#) Compounds we have entered into an agreement to acquire, where closing is pending

Q1 2019: Continued strong growth from strategic brands and negative impact from generic erosion on mature products as expected

- ★ **Revenue:** Down 8% (6% in L.C.) to DKK 4.2 billion
- ★ Performance driven by strategic brands mitigating effect from generics
- ★ **Other revenue:** Up 99% to DKK 236 million
- ★ **Effects from hedging:** Loss of DKK 48 million
- ★ **Core EBIT margin:** 33.3% vs. 39.6% in Q1 2018



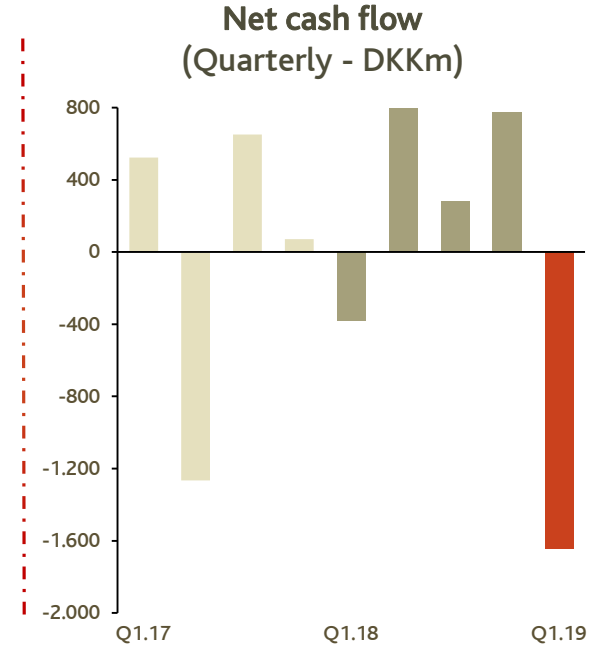
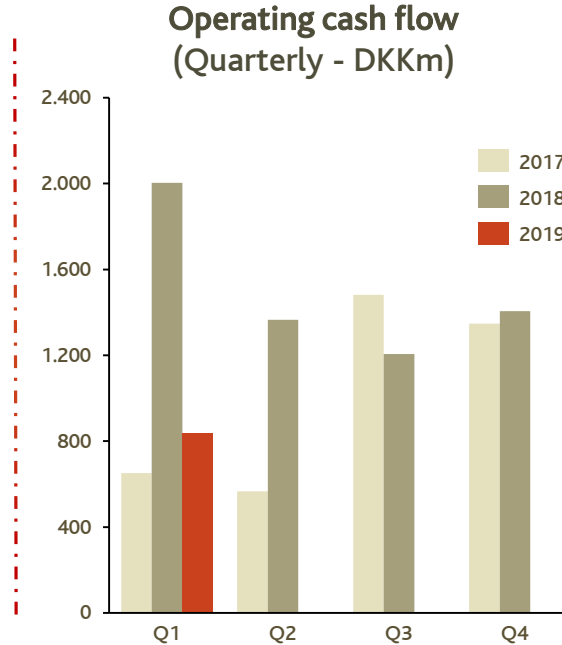
Still strong focus on cost spend, but cost ratios impacted by lower revenue following generic erosion

- ★ **Gross margin:** Down from 82.0% to 80.5%
- ★ **SG&A ratio:** Up from 31.4% to 34.5%
- ★ **R&D ratio:** Up from 15.5% to 17.7%
- ★ **EBIT-margin:** Down from 36.1% to 28.3%
- ★ **EPS:** Down 25% from DKK 6.03 to DKK 4.52

DKKm	Q1 2019	Δ % y/y	FY 2018
Revenue	4,234	(8%)	18,117
<i>Gross margin</i>	80.5%	-1.5pp	80.9%
Operating expenses	2,209	3%	9,316
SG&A	1,461	2%	6,039
R&D	748	5%	3,277
Other operating items, net	-	-	(44)
EBIT	1,200	(28%)	5,301
<i>EBIT-margin</i>	28.3%	-7.8pp	29.3%
Core EBIT	1,410	(22%)	6,158
<i>Tax rate</i>	27.0%	-	26.1%
EPS	4.52	(25%)	19.66

Continued solid operating cash flow

- ★ **Cash flow from operating activities:** Reached DKK 837 million following negative impact from working capital
- ★ **Working capital:** Lower gross-to-net accruals in the U.S. following declining sales of especially Onfi and quarterly fluctuations of these accruals
- ★ **Financing activities:** Dividend payout increased from DKK 1.6 billion to DKK 2.4 billion
- ★ **Net cash outflow:** Increased from DKK 380 million to DKK 1,644 million



Lundbeck's financial guidance for 2019 revenue is narrowed, EBIT is maintained

- ★ Continued growth for strategic brands
- ★ Significant negative impact from generic erosion
- ★ Effects from hedging is a loss of DKK 250-300 million
- ★ OPEX from Abide is included in guidance range
- ★ Net financial items of DKK ±50 million expected in 2019
- ★ Unchanged currencies from end-April 2019

2019 financial guidance

	2018 (DKKm)	2019e (DKKbn)	~Δ % (y/y)
Revenue	18,117	16.3 – 16.7	-10% – -8%
Core EBIT	6,158	5.0 – 5.4	-19% – -12%
<i>Implied core EBIT margin</i>	<i>34.0%</i>	<i>~30% – 33%</i>	-
EBIT	5,301	4.2 – 4.6	-21% – -13%
<i>Implied EBIT margin</i>	<i>29.3%</i>	<i>~25% – 28%</i>	-
<i>Tax rate</i>	<i>26.1%</i>	<i>26 – 28%</i>	-

Selected deliverables

- ★ Start PoC study on Lu AF11167 in schizophrenia ✓
- ★ Commence the launch of Rxulti/Rexulti in Europe ✓
- ★ Abide acquisition – acting in line with strategy ✓
- ★ Pivotal data for Rexulti in bipolar mania ✗
- ★ Headline results (PoC) for foliglurax in Parkinson's (postponed to turn of the year)
- ★ Obtain approval of Trintellix in Japan
- ★ Achieve FIH in 1-2 R&D projects
- ★ Continue to execute on *Expand and Invest to Grow*



Lundbeck continues its mission to restore brain health, leveraging a strong platform and heritage to grow

- ★ Strong financial foundation
- ★ Highly profitable with strong cash generation, no debt
- ★ Solid growth across key products
- ★ Global footprint with growth in all regions of the world
- ★ Long-standing reputation with patient communities and physicians
- ★ Deep scientific heritage and capabilities in CNS
- ★ Promising early-stage pipeline
- ★ Demonstrated track record of partnering relationships



Thank you!

Lundbeck

