



Teleconference - 9M 2019

5 November 2019

Lundbeck



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9M 2019 highlights: Continued strong performance of strategic brands and executing on our *Expand and Invest to Grow* strategy

+29%

Strategic Brands

- +24% in local currencies
- Strategic brands constitute 53% of revenue

+8%

International Markets

- Strategic brands grew 38% and constitute 18% of revenue
- Strong demand in general

+7%

Europe

- Strategic brands grew 27% and constitute 51% of revenue
- Strong demand in general

Expand and Invest to Grow

Acquisition of Alder

- Transaction completed on 22 Oct.
- Eptinezumab submitted in the U.S.
- PDUFA action date: 21 Feb. 2020

Pipeline expansion

- Eptinezumab (LCM)
- Phase III: Brexpiprazole PTSD
- Phase II: Brexpiprazole BPD
- Three projects enter phase I

Solid cash position

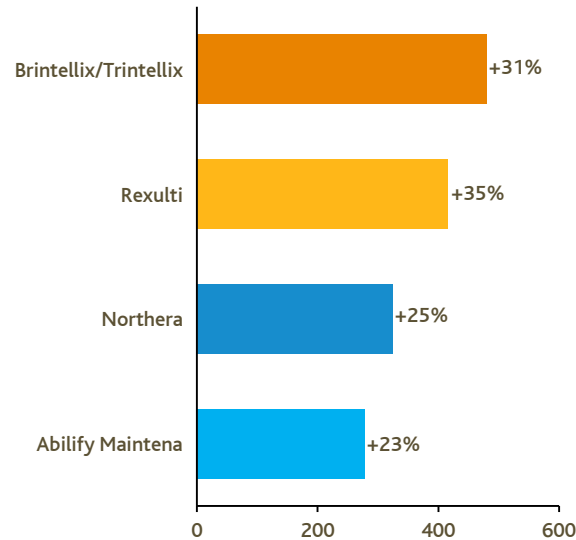
Net cash

- Net cash 9M.19: DKK 4,024m
- Net debt FY2019e: DKK ~7bn following closure of Alder transaction

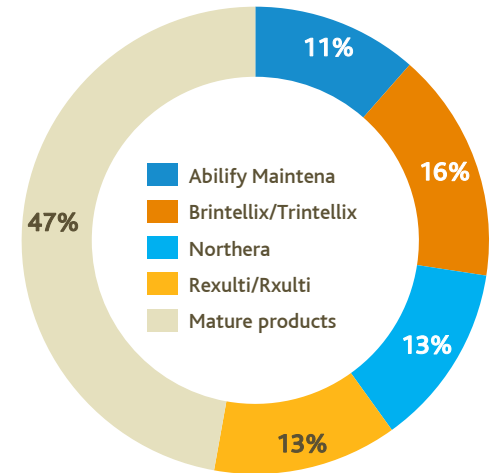
Lundbeck's four strategic brands* added DKK 1.5 billion in sales in 9M 2019 compared to 9M 2018

- ★ **Strategic brands*:** Up 29% (24% in L.C.) to DKK 6,706 million representing 53% of revenue
- ★ **Brintellix/Trintellix:** Up 31% to DKK 2,023 million
- ★ **Rexulti/Rxulti:** Up 35% to DKK 1,620 million
- ★ **Northera:** Up 25% to DKK 1,606 million
- ★ **Abilify Maintena:** Up 23% to DKK 1,457 million

Strategic brands' growth
(9M 2019 - DKKm)



Sales split#
(9M 2019)

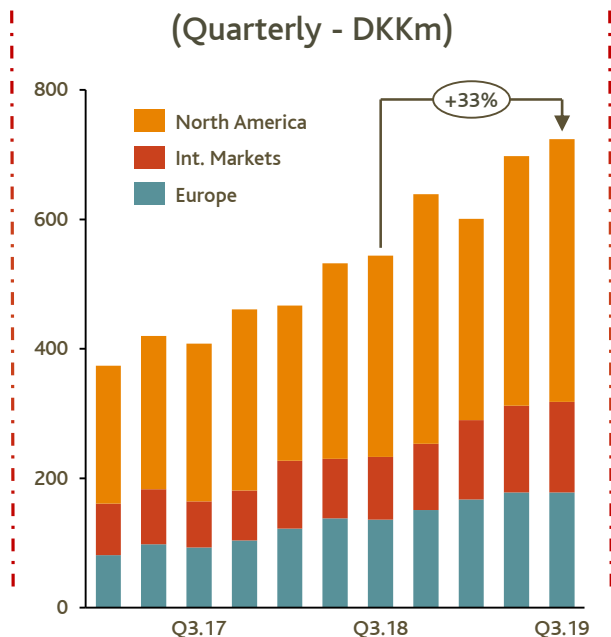


*) Abilify Maintena, Brintellix/Trintellix, Northera and Rexulti/Rxulti
#) Excluding effects from hedging

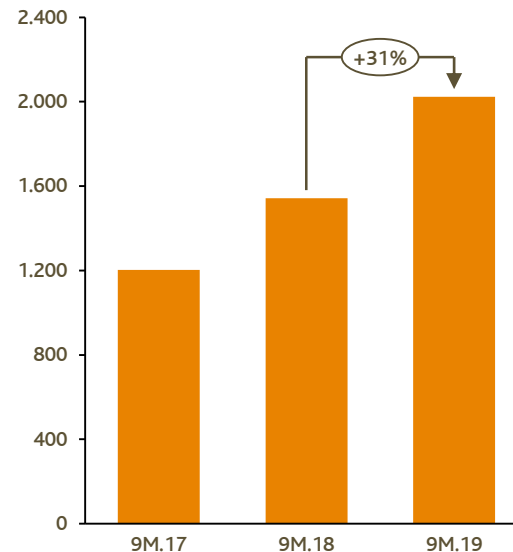
Brintellix/Trintellix continues its significant growth momentum

- ★ Grew 31% (28% in L.C.) to DKK 2,023 million in 9M 2019
- ★ Continued solid traction in volume share gains
- ★ >2.5%: Finland, France, Italy, Norway, South Korea, Spain, Switzerland
- ★ In the U.S., volume is up 22% y/y in Q3 2019¹⁾
- ★ Trintellix approved in Japan in September

Brintellix/Trintellix sales
(Quarterly - DKKm)



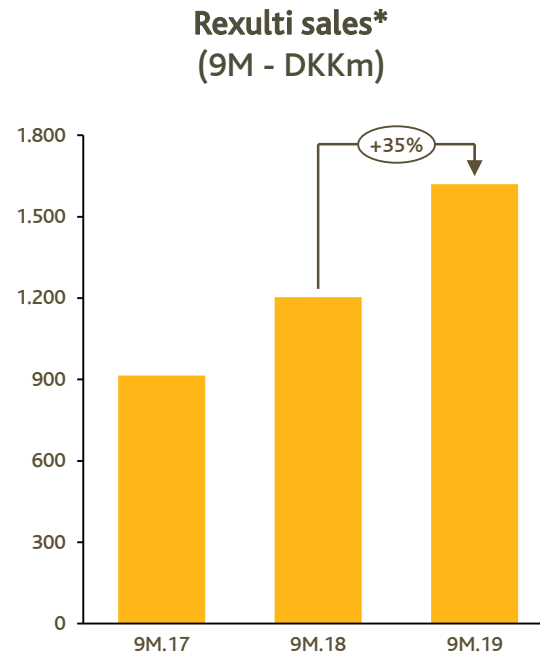
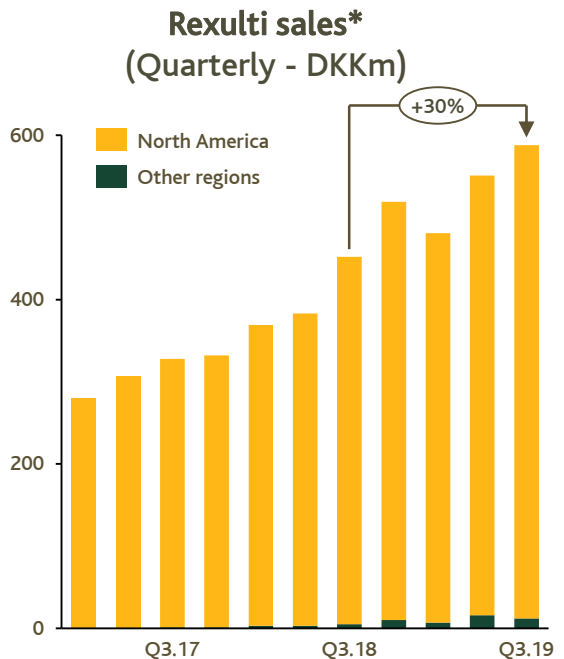
Brintellix/Trintellix sales
(9M - DKKm)



¹⁾ Symphony Health (cf. Bloomberg)

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

- ★ Grew 35% (27% in L.C.) to DKK 1,620 million in 9M 2019
- ★ In the U.S., volume is up 22% y/y in Q3¹⁾
- ★ Launched in North America, selected European markets and Australia, Chile, Mexico and Saudi Arabia
- ★ Phase III programme in PTSD²⁾ commenced in October 2019
- ★ Phase II study in BPD³⁾ commenced in October 2019



1) Symphony Health (cf. Bloomberg)

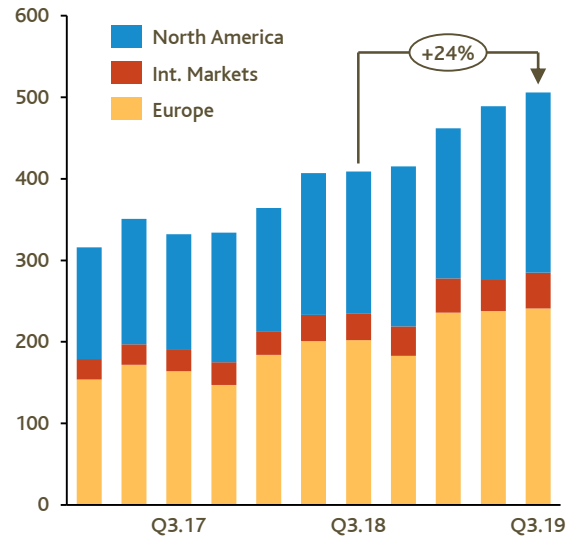
2) Borderline Personality Disorder. 3) Post-Traumatic Stress Disorder

*) Lundbeck's share of revenue

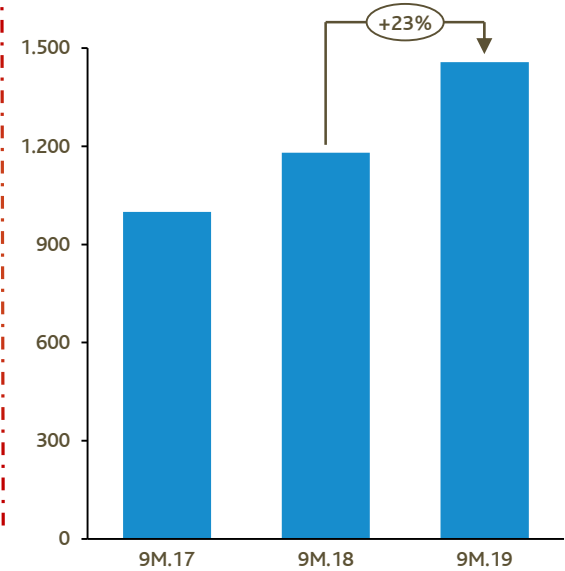
Abilify Maintena continues its robust growth

- ★ Grew 23% (21% in L.C.) to DKK 1,457 million in 9M 2019
- ★ Abilify Maintena is Lundbeck's best selling product in Europe
- ★ LAI market continues double-digit growth to USD 3.8bn (9M)
- ★ Abilify Maintena's share of the LAI market is 17% compared to 16% in FY2018¹⁾
- ★ Findings from *PRELAPSE* trial²⁾ to be presented at ACNP in December

Abilify Maintena sales*
(Quarterly - DKKm)



Abilify Maintena sales*
(9M - DKKm)



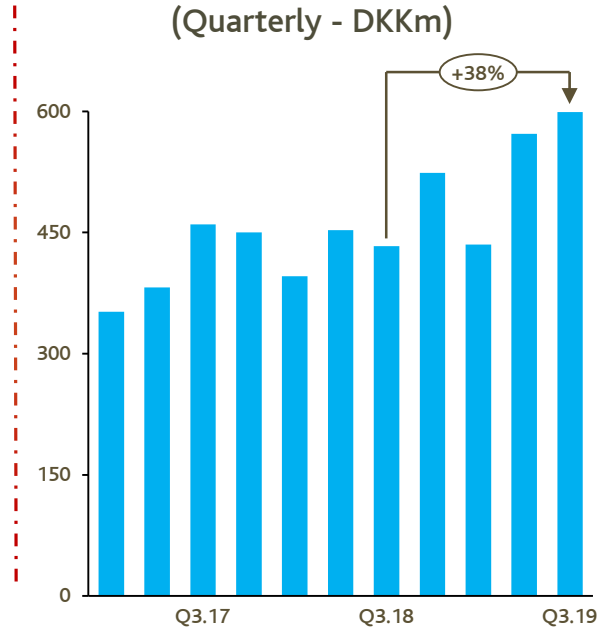
1) Reported net sales of atypical LAIs
2) NCT02360319

*) Lundbeck's share of revenue

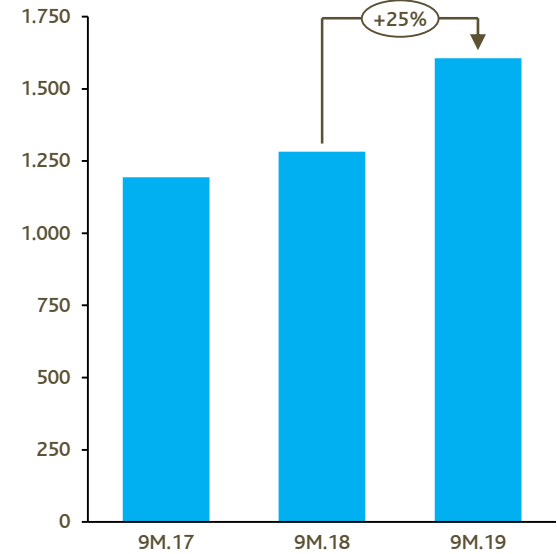
Northera shows solid growth in sales and demand

- ★ Grew 25% (18% in L.C.) to DKK 1,606 million in 9M 2019
- ★ Volume is up 18%¹⁾ compared to Q3 2018
- ★ Northera impacted by normal quarterly fluctuations driven by e.g. seasonality and pharmacies' buying pattern
- ★ Lundbeck only promotes Northera in the U.S.

Northera sales
(Quarterly - DKKm)



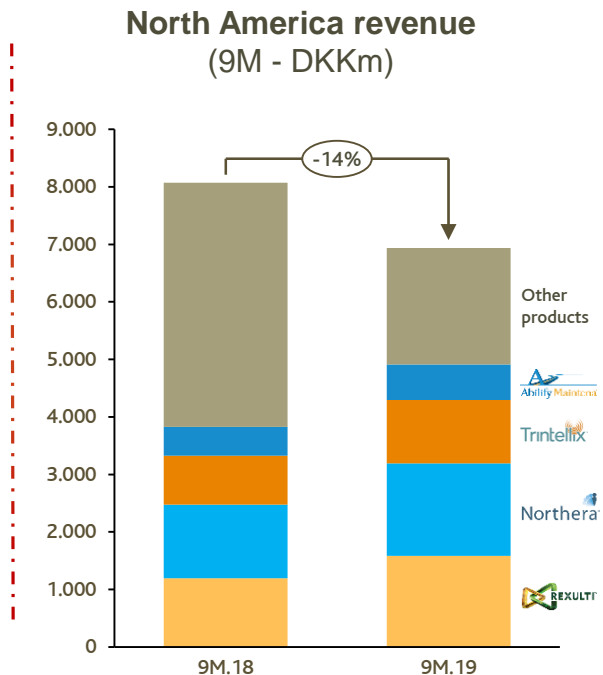
Northera sales
(9M - DKKm)



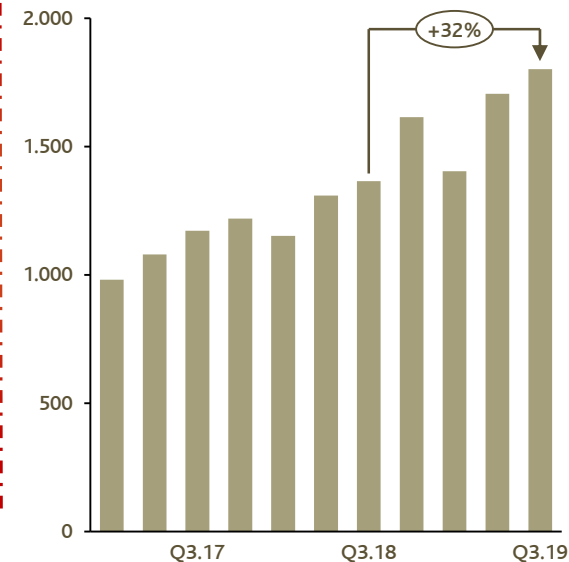
¹⁾ Symphony Health (cf. Bloomberg)

North America – strategic brands up 28% in 9M 2019

- ★ Declined 14% (19% in L.C.) to DKK 6,937 million in 9M 2019
- ★ Total sales impacted by generic introductions of clobazam in October 2018
- ★ Excluding Onfi, sales up 13% in 9M 2019
- ★ Strategic brands# grew 28% to DKK 4,912 million and constituted 71% of revenue in 9M 2019



North America – strategic brands (Quarterly – DKKm)

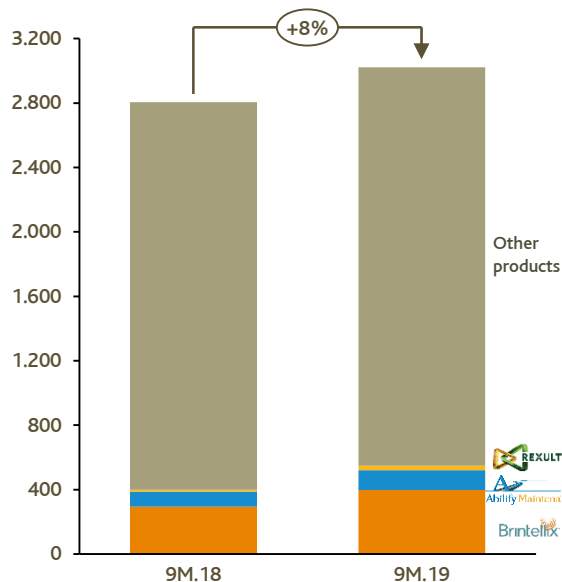


#) Ability Maintenance, Northera, REXULTI and Trintellix

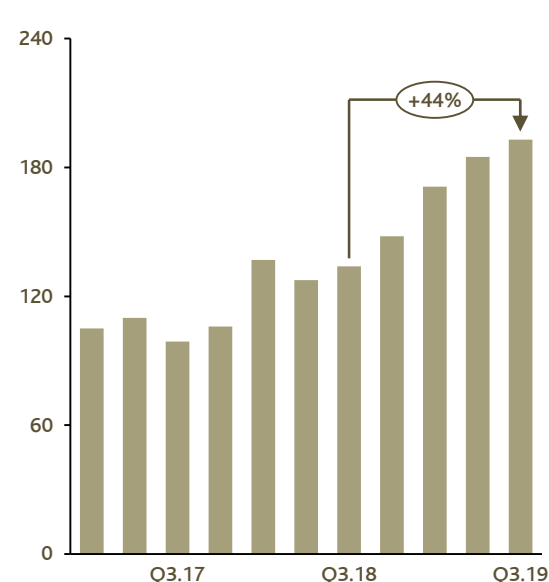
International Markets - strategic brands up 38% in 9M 2019

- ★ Grew 8% (8% in L.C.) to DKK 3,022 million in 9M 2019
- ★ Strategic brands# grew by 38% to DKK 549 million and constituted 18% of sales in 9M 2019
- ★ Rexulti increases from DKK 11 million to DKK 28 million
- ★ Cipralelex/Lexapro down 3% to DKK 1,283 million
- ★ Main markets are Brazil, China, Japan and South Korea constituting ~50% of sales in the region

International Markets revenue
(9M - DKKm)



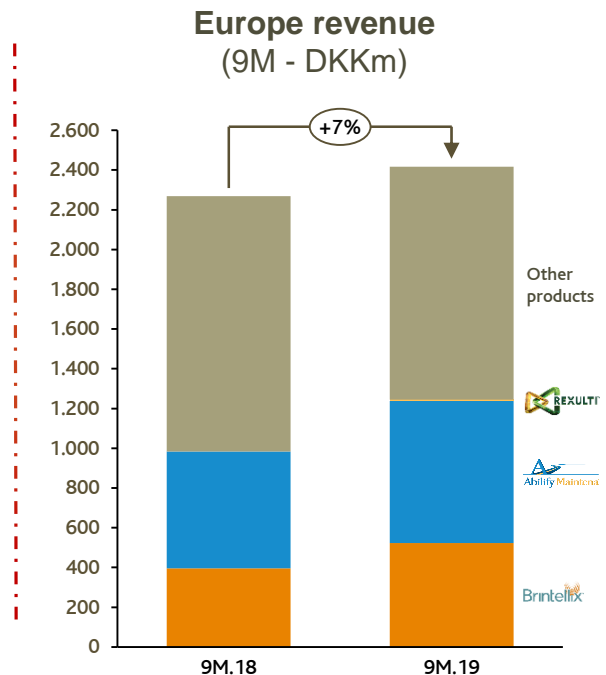
International Markets –
strategic brands (DKKm)



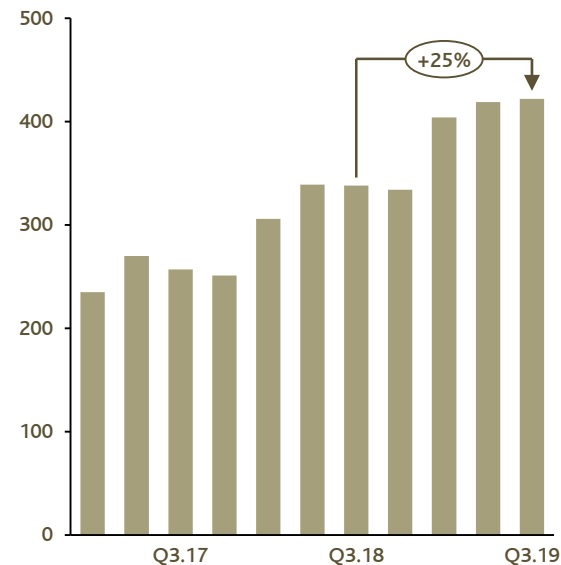
#) Abilify Maintena, Rexulti and Brintellix/Trintellix

Europe – strategic brands up 27% in 9M 2019

- ★ Grew 7% (6% in L.C.) to DKK 2,417 million in 9M 2019
- ★ Strategic brands# grew 27% to DKK 1,245 million and constituted 51% of sales in 9M 2019
- ★ Continued strong performance for both Abilify Maintena and Brintellix
- ★ Largest markets are France, Italy and Spain constituting ~45% of sales in the region



Europe – strategic brands (Quarterly – DKKm)



#) Abilify Maintena, Rxulti/Rexulti and Brintellix

Lundbeck continues to execute on its *Expand and Invest to Grow* strategy through the acquisition of Alder BioPharmaceuticals

- ★ Maintaining the former Alder site in Bothell, just outside of Seattle, Washington in the U.S.
- ★ Integration progressing rapidly
- ★ Main focus on biopharmaceutical product development and supply
- ★ Financing and closing complete



Eptinezumab

- ★ U.S. PDUFA action date: 21 Feb. 2020
- ★ Planned fillings: Canada (Q1.20), EU (by end-2020)
- ★ Preparing the path for China, Japan and emerging markets

Market Access

- ★ Initiating phase IIIb study to facilitate EU market access
- ★ Building insights and relationships to prepare global markets

Expanding eptinezumab

- ★ Drive *Treat & Prevent* study
- ★ Define and pursue future indications

Eptinezumab has the potential to transform the treatment paradigm for migraine prevention

- ★ Eptinezumab will serve a large underserved patient population in a seriously debilitating disease
- ★ Eptinezumab provides a differentiated clinical profile
 - ★ Rapid onset of prevention by Day 1 driven by IV formulation and 100% bioavailability
 - ★ Strong response rate data from two phase III studies
 - ★ Good tolerability profile similar to placebo
 - ★ Quarterly 30-minute administration: Potentially increased compliance for improved outcome
 - ★ Alternative for patients uncomfortable with self injection



POWERFUL

≥50%, ≥75% and
100% reductions in
migraine days



FAST

Onset of prevention
Day One post-infusion



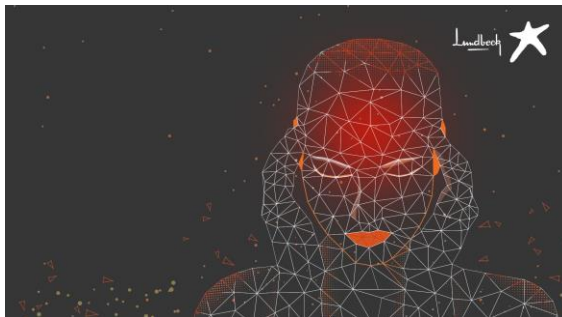
SUSTAINED

for 3 months following
a single administration and
sustained or further
increased with
subsequent infusions

Alder represents a compelling opportunity to deliver long term sustainable growth

Alder-related items impacting the 2019 guidance

- ★ **Transaction costs:** Approximately DKK 200 million
- ★ **Integration and retention costs:** DKK 400-500 million*
- ★ **Lundbeck's share of Alder's net burn:** DKK 325-400 million
- ★ Core EBIT only impacted by Alder's operational costs



- ★ Launch of eptinezumab will strengthen Lundbeck's growth profile for years to come
- ★ Short term earnings dilution from investments in LCM and launch activities
- ★ U.S. sales force of around 100 people being established
- ★ Several LCM activities being evaluated
- ★ Patent protection until mid-2030's
- ★ Lundbeck's balance sheet remains solid post transaction

**) DKK 50-100 million of these will impact 2020*

Strong financial performance

- ★ Strong growth for strategic brands of 29%
- ★ Onfi decline of 69% in line with expectations
- ★ Disciplined cost spend as OPEX up only 2.5%
- ★ Financial performance leads to raised guidance

DKKm	9M 2019	Δ % y/y	Q3 2019	Δ % y/y
Revenue	12,615	(9%)	4,135	(11%)
<i>Gross margin</i>	80.7%	-0.6pp	80.7%	-
<i>Gross margin (core)</i>	85.7%	-	85.9%	+0.9pp
Operating expenses	6,862	2%	2,327	2%
SG&A	4,636	5%	1,598	8%
R&D	2,226	(3%)	729	(11%)
Other operating items, net	-	- ¹⁾	-	- ¹⁾
EBIT	3,317	(26%)	1,012	(30%)
<i>EBIT margin</i>	26.3%	-5.7pp	24.5%	-6.8pp
<i>Core EBIT margin</i>	31.8%	-5.7pp	31.0%	-4.6pp
Core EBIT	4,010	(23%)	1,281	(22%)
<i>Tax rate</i>	27%	-	27%	-
EPS	12.27	(25%)	3.78	(29%)

1) An expense of DKK 165 million in 9M 2018 and an expense of DKK 0 million in Q3 2018

Lundbeck's financial guidance for 2019 raised

- ★ Continued strong growth for strategic brands
- ★ Expected negative impact from generic erosion
- ★ Effects from hedging is a loss of around DKK 300 million
- ★ OPEX from Alder and Abide# is included in guidance range
- ★ Net financial items of DKK -100 - 0 million expected in 2019
- ★ Unchanged currencies from mid-October 2019

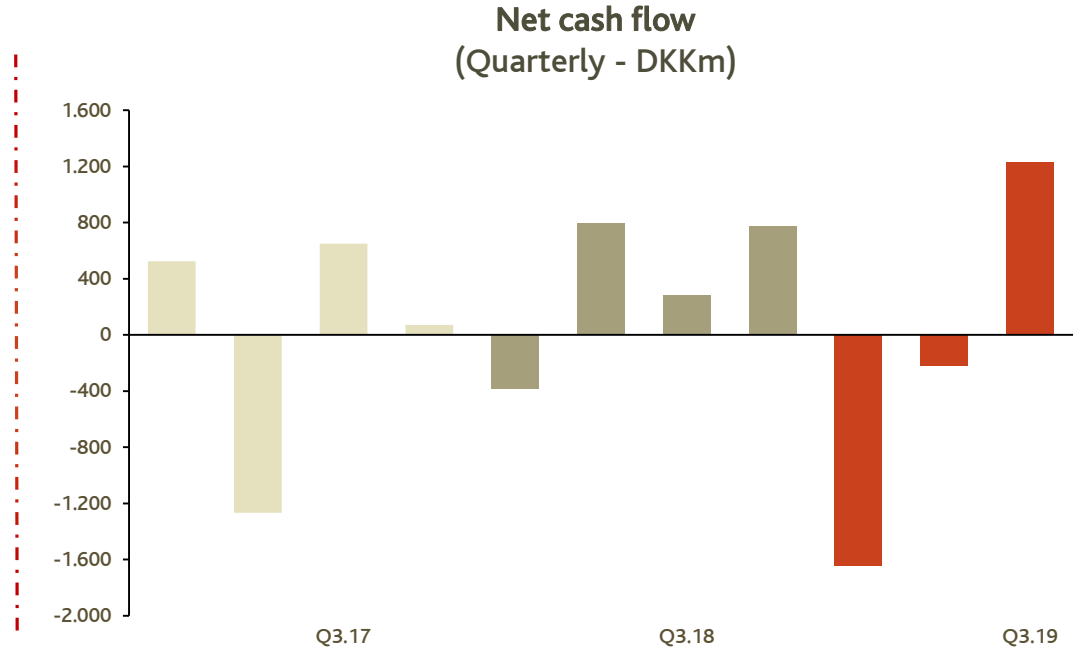
#) Now Lundbeck La Jolla Research Center

2019 financial guidance

	2018 (DKKkm)	Previous 2019e (DKKbn)	Revised 2019e (DKKbn)	~Δ% (y/y)
Revenue	18,117	16.3 – 16.7	16.7 – 16.9	-8% – -7%
Core EBIT	6,158	4.6 – 5.0	4.8 – 5.1	-22% – -17%
<i>Implied core EBIT margin</i>	<i>34.0%</i>	<i>~28% – 31%</i>	<i>~28 – 31%</i>	-
EBIT	5,301	3.2 – 3.6	3.4 – 3.7	-36% – -30%
<i>Implied EBIT margin</i>	<i>29.3%</i>	<i>~19% – 22%</i>	<i>~20% – 22%</i>	-
<i>Tax rate</i>	<i>26.1%</i>	<i>26% – 28%</i>	<i>26% – 28%</i>	-

Solid financial position provides flexibility

- ★ **Net cash flow:** Down DKK 1,326 million to DKK -632 million
- ★ **FY 2019 cash flow** will be negatively impacted by
 - ★ Lower EBITDA
 - ★ Acquisition of Abide and Alder
 - ★ Dividend payout for 2018
 - ★ Payment of DoJ settlement
- ★ **Net debt:** Expected to reach DKK ~7 billion (USD ~1bn) by end-2019



Expand and Invest to Grow has significantly strengthened the pipeline

Project	Indication/label expansion	Phase I	Phase II (PoC)	Phase III	Filing
Eptinezumab (anti-CGRP mAb)	Migraine prevention				★
Eptinezumab (anti-CGRP mAb)	Acute therapy ("Treat and Prevent")			★	-
Brexpiprazole	Agitation in Alzheimer's disease			★	~2021
Brexpiprazole	PTSD			★	≥2023
Brexpiprazole	Borderline Personality Disorder		★		≥2025
Foliglurax (mGluR4 PAM)	Parkinson's disease		★		~2025
Lu AF11167 (PDE 10 inhibitor)	Schizophrenia		★		≥2025
Lu AG06466 (MGLLi)	Tourette Syndrome		★		≥2025
Abilify Maintena 2-mth	Schizophrenia	★			~2021
Lu AF82422 (alpha-synuclein mAb)	Parkinson's disease	★			>2025
Lu AF28996 (D ₁ /D ₂ agonist)	Parkinson's disease	★			>2025
Lu AG06466 (MGLLi)	Neuropathic pain	★			>2025
Lu AF88434 (PDE1b inhibitor)	Alzheimer's, schizophrenia (CIAS)	★			>2025
Lu AG09222 (PACAP mAb)	Migraine	★			>2025
Lu AF87908 (Tau mAb)	Alzheimer's	★			>2025

R&D 1: First study in brexpiprazole pivotal programme in PTSD commenced

Post-traumatic Stress Disorder (PTSD)

- ★ ~8.6m U.S. adults affected, but ~80% estimated to be undiagnosed
- ★ Growing economic and social burden of care
- ★ Inadequate response with approved SSRIs - polypharmacy the norm

Study objective¹⁾

To evaluate the efficacy, safety, and tolerability of 12-week brexpiprazole + sertraline combination treatment in adult subjects with PTSD (N = ~577)

First study out of two planned studies in the pivotal programme (phase III):

- ★ Brexpiprazole (flexible dose up to 3mg) in combination with sertraline
- ★ Primary endpoint: Clinician-Administered PTSD Scale for DSM-5 (CAPS-5) total score
- ★ U.S. dedicated study
- ★ Headline results due in 2022

1) Clinicaltrials.gov ID: NCT04124614

R&D 2: Brexpiprazole PoC study in borderline personality disorder commenced

Borderline Personality Disorder (BPD)

- ★ Pharmacotherapy focuses on key symptoms (aggression, irritability, depressed mood, behavioural dyscontrol and affective dysregulation, anxiety, psychoticism and hostility)
- ★ Substantial unmet medical need - no drugs approved for BPD
- ★ 1.5-2 million potential patients in the U.S.

Study objective¹⁾

To evaluate the efficacy and safety of 12-week brexpiprazole for the treatment of subjects diagnosed with BPD (n = ~240) to provide a pharmacological treatment for BPD

PoC study (phase II):

- ★ Brexpiprazole (flexible dose 2-3mg) and placebo
- ★ Primary endpoint: Zanarini Rating Scale for Borderline Personality Disorder (ZAN-BPD) total score (Week 12)
- ★ Secondary endpoints: Clinical Global Impression - Severity of Illness (CGI-S); Patient's Global Impression of Severity (PGI-S); Patient's Global Impression of Change (PGI-C) Scale; Clinical Global Impression - Improvement (CGI-I) Scale
- ★ Headline results due in 2021 - Fast Track designation granted October 2019

1) Clinicaltrials.gov ID: NCT04100096

R&D 3: Third study in brexpiprazole pivotal programme in agitation Alzheimer's progresses as planned

Agitation in Alzheimer's (AAD)

- ★ >20% of individuals in a community setting and >50% of nursing home residents with dementia have agitation
- ★ 1.5-2m dementia patients in the U.S. with agitation / aggression
- ★ No FDA approved medication
- ★ Associated with increased caregiver burden, decreased functioning, earlier nursing home placement

Study objective¹⁾

To compare the efficacy of 2 doses of brexpiprazole with placebo in subjects with agitation associated with dementia of the Alzheimer's type (N = ~225)

Third study out of three in the pivotal programme (phase III):

- ★ Brexpiprazole (fixed dose 2mg and 3mg) and placebo
- ★ Primary endpoint: Cohen-Mansfield Agitation Inventory (CMAI) total score (Week 12)
- ★ Secondary endpoint: Clinical Global Impression Severity of Illness (CGI-S) score
- ★ Headline results due early 2021 - Fast Track designation granted February 2016

1) Clinicaltrials.gov ID: NCT03548584

R&D 4: Three new projects enter first-in-humans testing

Lu AF88434¹⁾

- ★ Lu AF88434 is a potent and selective phosphodiesterase PDE1b inhibitor (PDE1b-i)
- ★ SAD study investigating the safety, tolerability, PK/PD properties of Lu AF88434
- ★ N = ~66 participants
- ★ PDE1 is highly expressed in brain regions involved in cognitive processing
- ★ Potential cognitive enhancer – e.g. in schizophrenia and Alzheimer's (AD)

Lu AF87908²⁾

- ★ Lu AF87908 is a humanized IgG1 Tau mAb
- ★ SAD study in healthy subjects and AD patients
- ★ N = ~100 participants
- ★ Delay disease progression in AD or other tauopathies

Lu AG09222 (ALD1910)

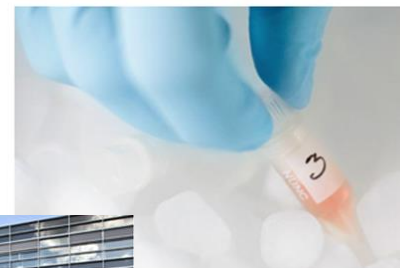
- ★ Lu AG09222 mAb inhibits pituitary adenylate cyclase-activating polypeptide (PACAP)
- ★ N = ~100 participants
- ★ PACAP is an important signalling molecule in the pathophysiology of migraine

1) Clinicaltrials.gov ID: NCT04082325

2) NCT04149860
Immunoglobulin G1 (Ig) is types of antibodies (Ab)

Selected deliverables for 2019

- ★ Start PoC study on Lu AF11167 in schizophrenia ✓
- ★ Commence the launch of Rxulti/Rexulti in Europe ✓
- ★ Pivotal data for Rexulti in bipolar mania ✗
- ★ Headline results (PoC) for foliglurax in Parkinson's (delayed to H1 2020)
- ★ Continue LCM activities on brexpiprazole ✓
- ★ Obtain approval of Trintellix in Japan ✓
- ★ Achieve FIH in 1-2 R&D projects ✓
- ★ Execute on *Expand and Invest to Grow* ✓



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

- ★ Solid 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

