



Teleconference - Q2 2019

14 August 2019



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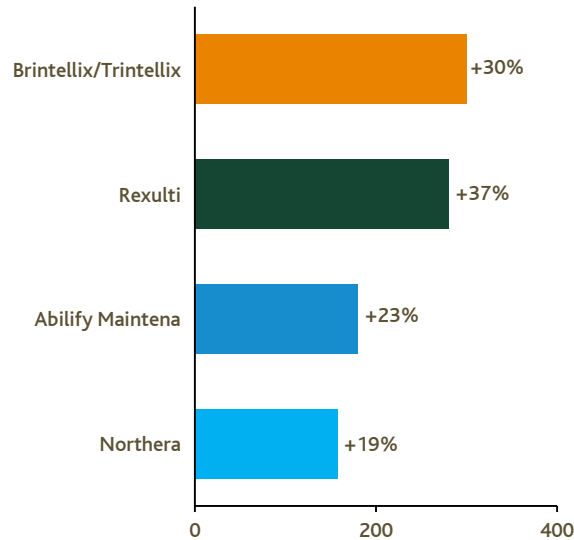
H1 2019 highlights: Strong performance of strategic brands and executing on our *Expand and Invest to Grow* strategy



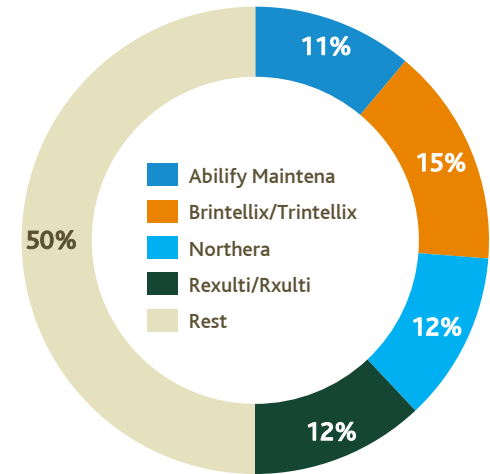
Lundbeck's four strategic brands* added DKK 0.9 billion in sales in H1 2019 compared to H1 2018

- ★ **Strategic brands*:** Up 27% (22% in L.C.) to DKK 4,289 million representing 50% of revenue#
- ★ **Brintellix/Trintellix:** Up 30% to DKK 1,299 million
- ★ **Rexulti/Rxulti:** Up 37% to DKK 1,032 million
- ★ **Abilify Maintena:** Up 23% to DKK 951 million
- ★ **Northera:** Up 19% to DKK 1,007 million

Strategic brands' growth
(H1 2019 - DKKm)



Sales by product#
(H1 2019)

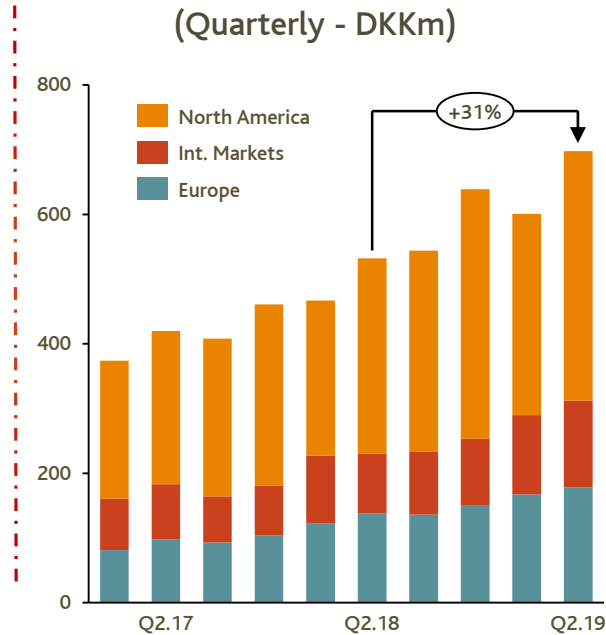


*) Abilify Maintena, Brintellix/Trintellix, Northera and Rexulti/Rxulti
#) Excluding effects from hedging

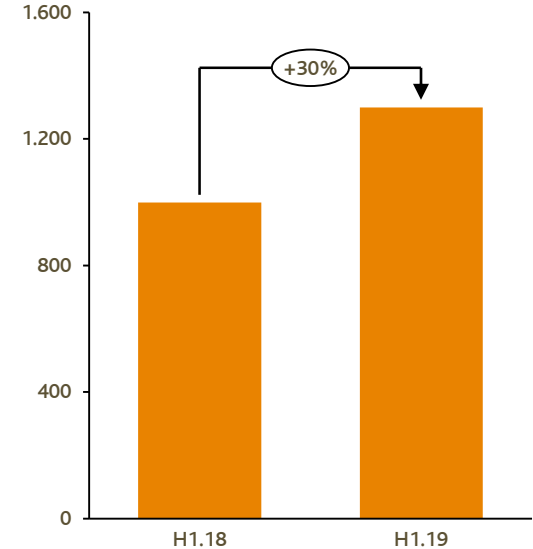
Brintellix/Trintellix continues consistent strong momentum

- ★ Grew 30% (27% in L.C.) to DKK 1,299 million in H1 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 26% in Q2 2019
- ★ Launch in China progresses as planned
- ★ Approval in Japan expected in Q3

Brintellix/Trintellix sales
(Quarterly - DKKm)

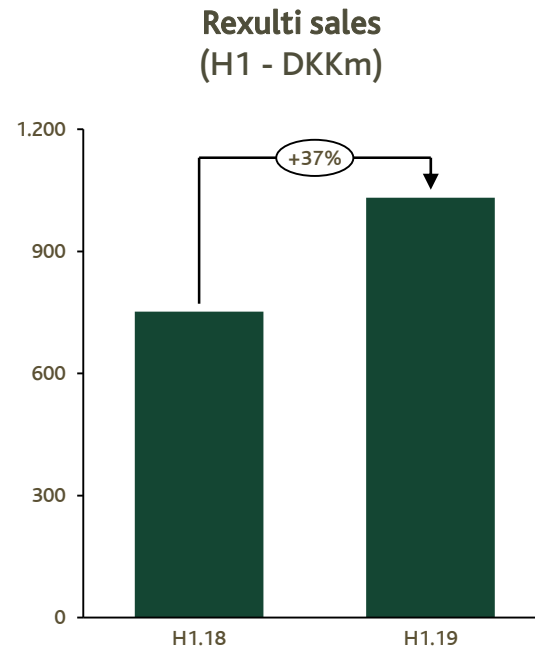
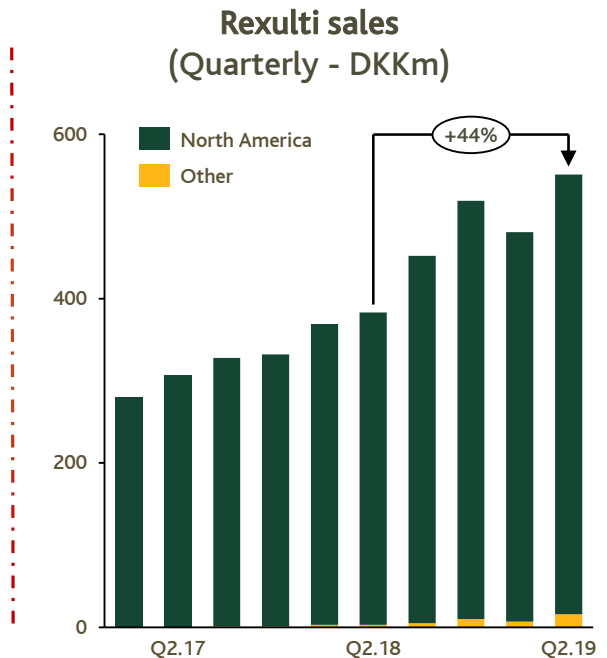


Brintellix/Trintellix sales
(H1 - DKKm)



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

- ★ Grew 37% (28% in L.C.) to DKK 1,032 million in H1 2019
- ★ In the U.S., volume is up 26% in Q2
- ★ Launched in North America, selected European markets and Australia, Mexico and Saudi Arabia
- ★ Phase III programme in PTSD planned to start in Q4
- ★ Phase II study in BPD planned to commence in Q4



BPD: Borderline Personality Disorder

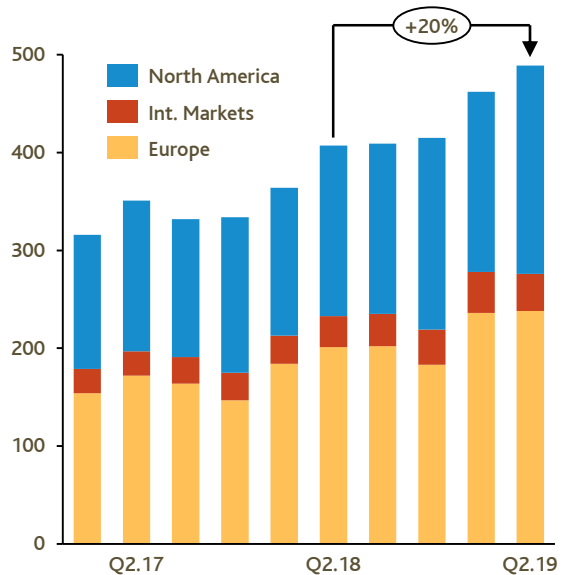
Lundbeck's share of revenue

Lundbeck's share of revenue

Abilify Maintena continues its solid growth

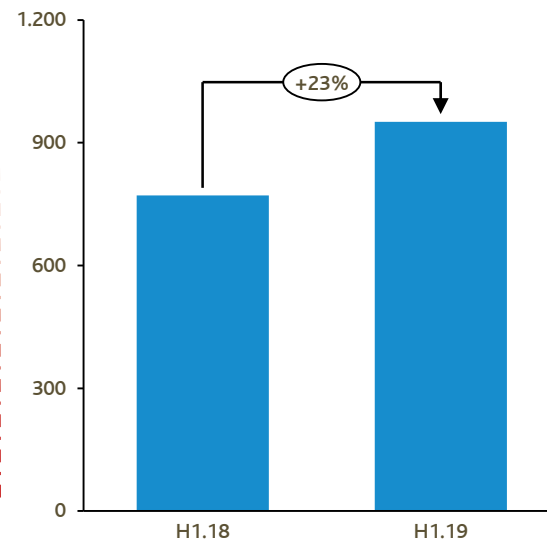
- ★ Grew 23% (20% in L.C.) to DKK 951 million in H1 2019
- ★ Largest markets are the U.S., Spain, Canada, Australia and France which in general also are the main drivers of growth
- ★ Abilify Maintena is Lundbeck's best selling product in Europe
- ★ LAI market continues double-digit growth to USD 2.5bn (H1)
- ★ Abilify Maintena's share of the LAI market is 17% compared to 16% in FY2018¹⁾

Abilify Maintena sales
(Quarterly - DKKm)



Lundbeck's share of revenue

Abilify Maintena sales
(H1 - DKKm)

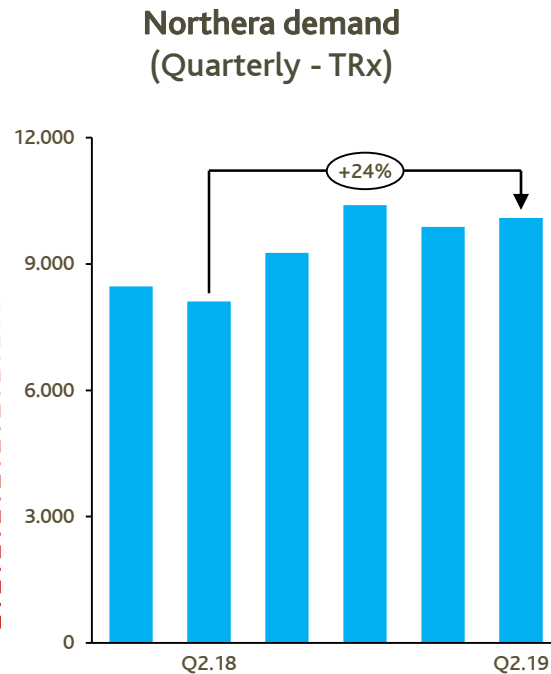
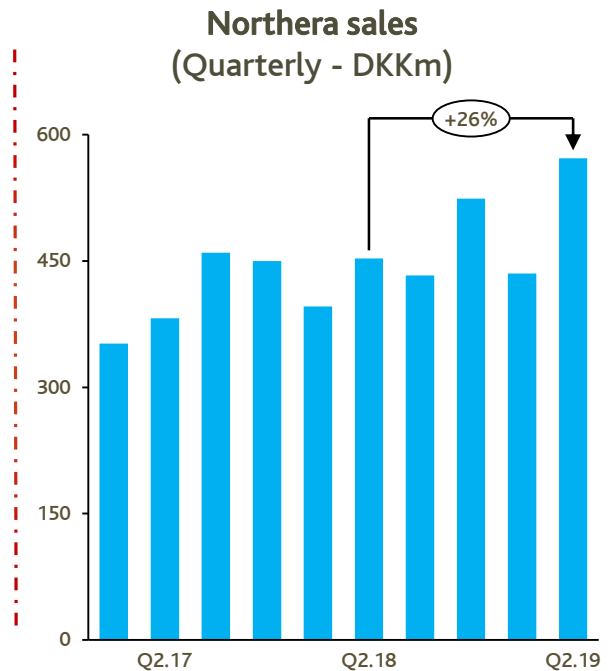


Lundbeck's share of revenue

¹⁾ Reported net sales of atypical LAIs

Northera shows solid growth in sales and demand

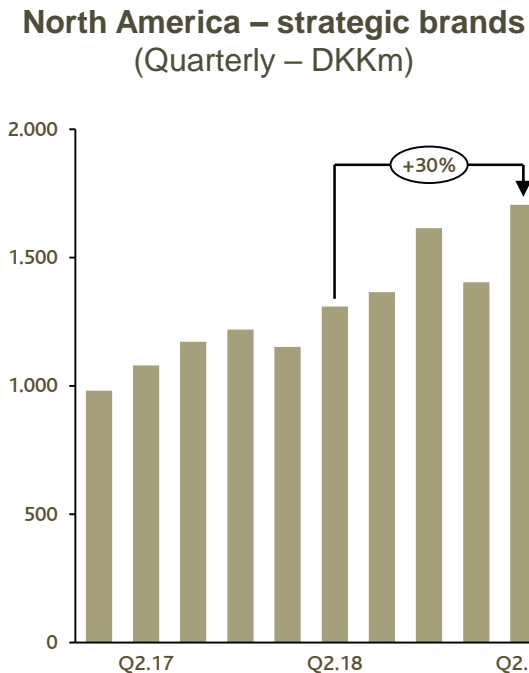
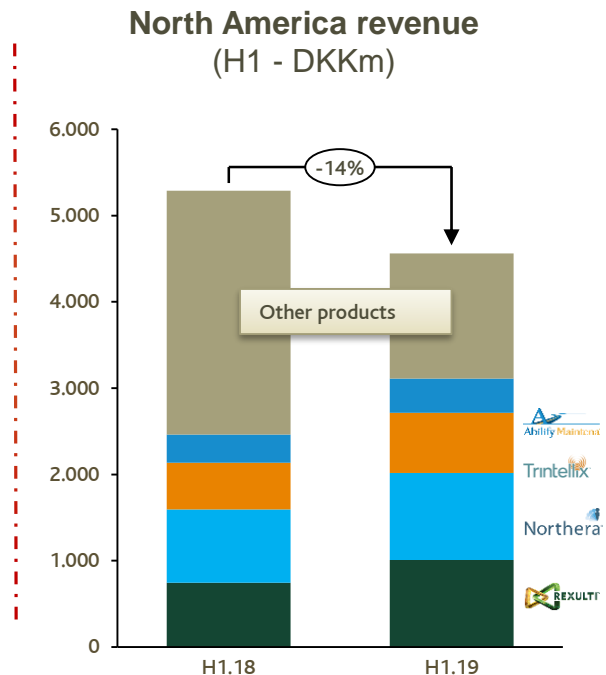
- ★ Grew 19% (11% in L.C.) to DKK 1,007 million in H1 2019
- ★ Volume is up 24%
- ★ In general, Northera sales are impacted by normal quarterly fluctuations driven by seasonality and in specialty pharmacies' buying pattern



Source: Bloomberg

North America – strategic brands up 26%

- ★ Declined 14% (19% in L.C.) to DKK 4,562 million in H1 2019
- ★ Impacted by generic introductions of clobazam in October 2018
- ★ Excluding Onfi, sales up close to 12% in H1 2019
- ★ Strategic brands# grew 26% to DKK 3,110 million and constituted 68% of revenue in H1 2019

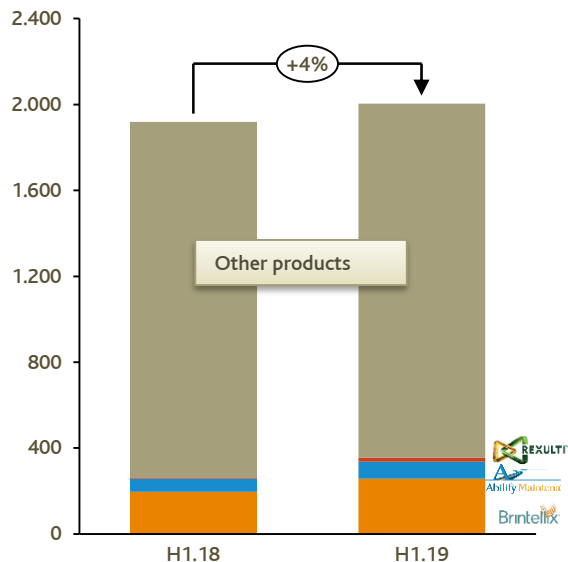


#) Ability Maintenance, Northera, REXULTI and Trintellix

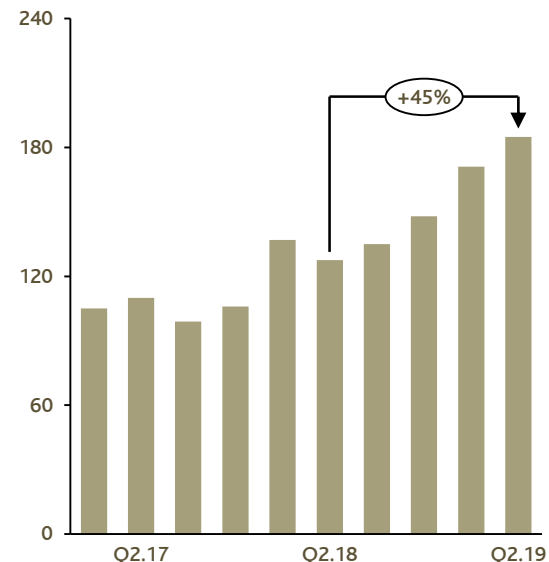
International Markets - strategic brands up 35%

- ★ Grew 4% (5% in L.C.) to DKK 2,004 million in H1 2019
- ★ Strategic brands# grew by 35% to DKK 356 million and constituted 18% of sales in H1 2019
- ★ Rexulti increases from DKK 6 million to DKK 19 million
- ★ Cipralelex/Lexapro is down 10% to DKK 851 million
- ★ Main markets are Brazil, China, Japan and South Korea
- ★ Trintellix submitted in Japan

International Markets revenue
(H1 - DKKm)



International Markets –
strategic brands (DKKm)

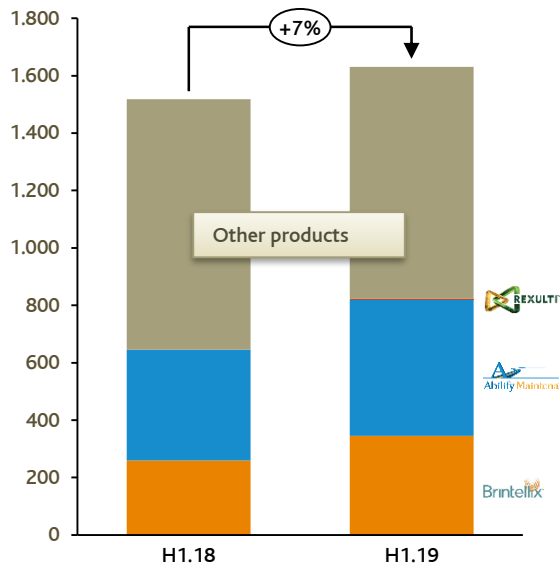


#) Abilify Maintena, Rexulti and Brintellix/Trintellix

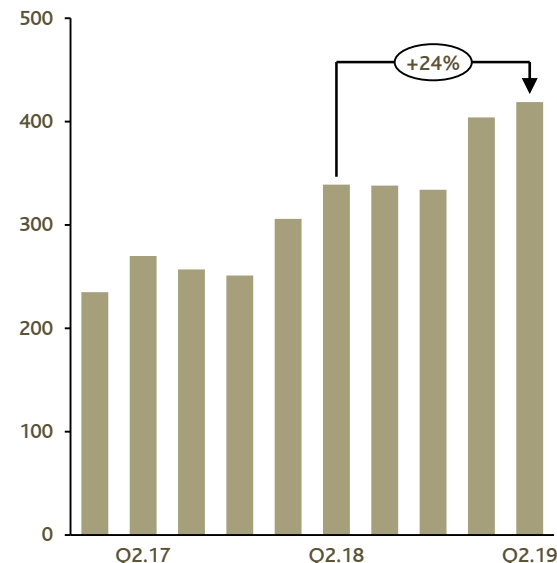
Europe – strategic brands up 28%

- ★ Grew 7% (7% in L.C.) to DKK 1,631 million in H1 2019
- ★ Strategic brands# grew 28% to DKK 823 million and constituted 50% of sales in H1 2019
- ★ Continued strong performance for both Abilify Maintena and Brintellix
- ★ Largest markets are France, Italy and Spain

Europe revenue
(H1 - DKKm)



Europe – strategic brands
(Quarterly – DKKm)



*) Abilify Maintena, Rxulti/Rexulti and Brintellix

Solid profitability despite LOEs

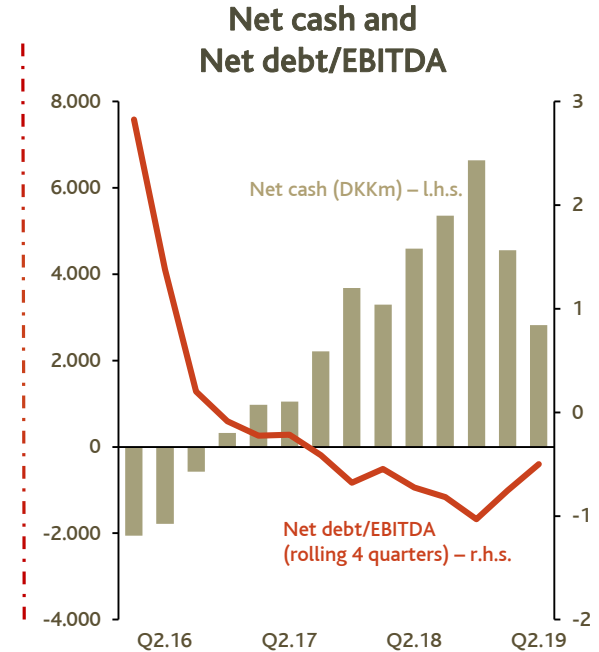
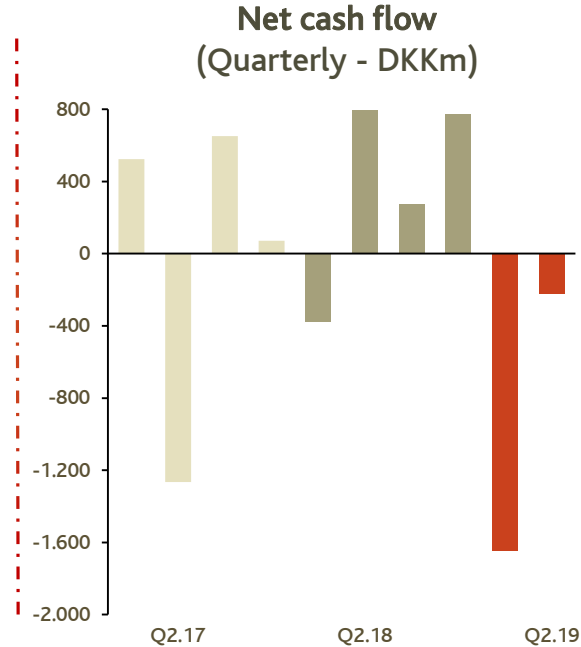
- ★ **Gross margin:** Down from 81.6% to 80.7% (H1)
- ★ **SG&A ratio:** Up from 31.6% to 35.8%
- ★ **R&D ratio:** Up from 15.8% to 17.7%
- ★ **EBIT margin:** Down from 32.4% to 27.2%
 - ★ Reported and core EBIT margin set to improve in the coming years
- ★ **EPS:** Down 23% from DKK 11.07 to DKK 8.48

DKKm	H1 2019	Δ % y/y	Q2 2019	Δ % y/y
Revenue	8,480	(9%)	4,246	(10%)
Gross margin	80.7%	-0.9pp	80.8%	-0.4pp
Gross margin (core)	85.7%	-0.3pp	85.8%	+0.4pp
Operating expenses	4,535	3%	2,326	3%
SG&A	3,038	4%	1,577	5%
R&D	1,497	2%	749	(2%)
Other operating items, net	-	- ¹⁾	-	- ¹⁾
EBIT	2,305	(23%)	1,105	(18%)
EBIT margin	27.2%	-5.2pp	26.0%	-2.7pp
Core EBIT margin	32.2%	-6.3pp	31.1%	-6.3pp
Core EBIT	2,729	(24%)	1,319	(25%)
Tax rate	27%	-	27%	-
EPS	8.48	(23%)	3.96	(21%)

1) An expense of DKK 165 million in H1 2018 and an expense of DKK 213 million in Q2 2018

Strong financial position provides flexibility to pursue further growth

- ★ **Net cash flow:** Down DKK 2,280 million to DKK -1,864 million
- ★ **Net debt/EBITDA:** -0.5x based on rolling four quarters
- ★ FY 2019 cash flow will be negatively impacted by
 - ★ Lower EBITDA
 - ★ High dividend payout
 - ★ Acquisition of Abide
 - ★ Payment of DoJ settlement
- ★ Net cash expected to reach DKK 5-5.5 billion (USD ~0.8bn) in 2019



Lundbeck's financial guidance for 2019 is maintained

- ★ Continued growth for strategic brands
- ★ Significant negative impact from generic erosion
- ★ Effects from hedging is a loss of DKK 200-250 million
- ★ OPEX from Abide is included in guidance range
- ★ Net financial items of DKK ±50 million expected in 2019
- ★ Unchanged currencies from end-June 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>	-

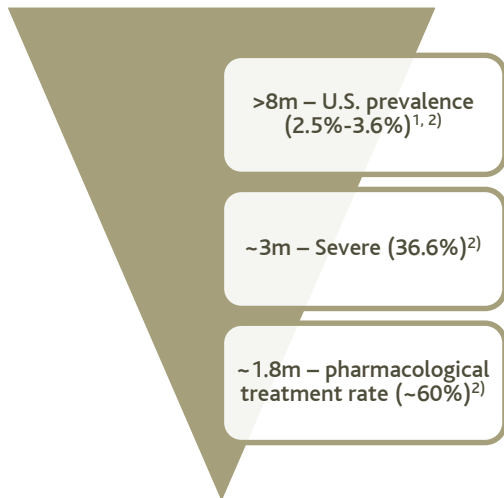
Lundbeck La Jolla Research Center now established

- ★ Transition to pure discovery site is completed
- ★ ABX-1431 currently in phase IIa progressing as planned
 - ★ Headline results due Q1 2020
- ★ Strong progress of the early portfolio
 - ★ FIH for next project expected in Q1 2020



Brexpiprazole to enter a pivotal programme in PTSD during Q4 2019

PTSD epidemiology



PoC study* showed...

- ★ Combination of brexpiprazole and sertraline demonstrated improvement in symptoms of PTSD versus placebo ($p < 0.01$) on the primary endpoint (CAPS-5 total score³⁾)
- ★ The efficacy supported by multiple secondary endpoints
- ★ The overall safety and tolerability of brexpiprazole were good

Planned pivotal programme:

- ★ End-of-phase-II meeting with FDA provide the basis for trial design
- ★ 2-arm flexible dose
 - ★ N=550 adult patients
- ★ 3-arm fixed dose
 - ★ N=700 adult patients
- ★ Primary endpoint: CAPS-5³⁾
- ★ Treatment period: 12 weeks
- ★ Expected completion date: 2022

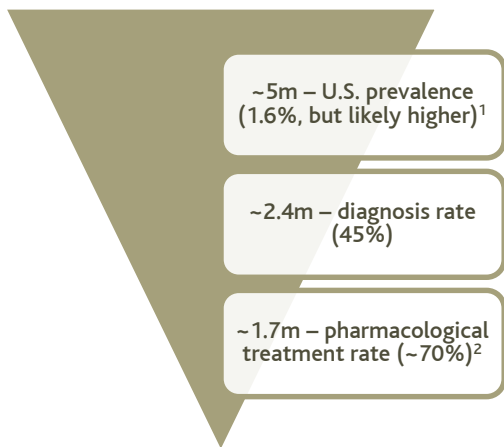
1) Nature Reviews Disease Primers; Vol 1, 2015. 2) National Institute of Mental Health

* NCT03033069

3) Clinician-Administered PTSD Scale for DSM-5 (CAPS-5)

Brexpiprazole to enter PoC study in Borderline Personality Disorder (BPD)

BPD epidemiology



1) Grant BF, Chou SP, Goldstein RB, et al. Prevalence, correlates, disability, and comorbidity of DSM-IV borderline personality disorder: results from the Wave 2 National Epidemiologic Survey on Alcohol and Related Conditions. *J Clin Psychiatry* 2008; 69:533.
2) Bridler et al (2015) and Zaanarini et al. (2004 and 2015)

Borderline Personality Disorder (BPD)

- ★ Dysfunctions in the serotonergic and dopaminergic systems is considered as possible causes for symptoms associated with BPD³
- ★ Pharmacotherapy focuses on key symptoms (aggression, irritability, depressed mood, behavioural dyscontrol and affective dysregulation, anxiety, psychoticism and hostility) which brexpiprazole is hypothesized to address
- ★ No drugs approved for BPD

3) Friedel RO: Dopamine dysfunction in borderline personality disorder: a hypothesis. *Neuropsychopharmacology* 2004; 29:1029–1039 and Hansenne M et al: 5-HT1A dysfunction in borderline personality disorder. *Psychol Med* 2002; 32:935–941

Planned PoC study:

- ★ 2-arm flexible dose
 - ★ N=200 adult patients
- ★ Primary endpoint: ZAN-BPD⁴
- ★ Secondary endpoint: CGI-S
- ★ Flexible dose of 2-3 mg
- ★ 12 weeks






Ongoing IIT trial⁵

- ★ N=80
- ★ 1-2 mg brexpiprazole
- ★ Primary endpoint: ZAN-BPD[#]
- ★ Expected completion date: April 2020

4) Zaanarini Rating Scale for Borderline Personality Disorder (ZAN-BPD)

5) NCT03418675. Sponsor: University of Chicago. Otsuka Pharmaceuticals is co-sponsor

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			★	≥2024
Brexpiprazole	Borderline Personality Disorder		★		≥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)	Neuropathic pain	★			≥2025

mGluR4 PAM: Positive Allosteric Modulator of metabotropic glutamate receptor 4.

PDE: Phosphodiesterases.

MGLLi: Monoacylglycerol lipase inhibitor

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 ✗
- ★ Continue LCM activities on brexpiprazole ✓
- ★ Obtain approval of Trintellix in Japan (Q3)
- ★ Achieve FIH in 1-2 R&D projects
- ★ Headline results (PoC) for foliglurax in Parkinson's (turn of the year)
- ★ 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

