Teleconference - 9M 2019

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

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

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

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

**Pipeline expansion**
- Eptinuzumab (LCM)
- Phase III: Brexpiprazole PTSD
- Phase II: Brexpiprazole BPD
- Three projects enter phase I

**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

**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

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 2019
- Trintellix approved in Japan in September

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 FY2018\(^1\)
- Findings from *PRELAPSE* trial\(^2\) to be presented at ACNP in December

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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.

\(^1\) 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 revenue
(9M - DKKm)

### North America – strategic brands
(Quarterly – DKKm)

#) Abilify Maintena, 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
- Cipralex/Lexapro down 3% to DKK 1,283 million
- Main markets are Brazil, China, Japan and South Korea constituting ~50% of sales in the region

*) 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

*) Abilify Maintena, Rexulti/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

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**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

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*) 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

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

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

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### 2019 financial guidance

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

# Now Lundbeck La Jolla Research Center
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

![Net cash flow chart](Quarterly - DKKm)
**Expand and Invest to Grow** has significantly strengthened the pipeline

<table>
<thead>
<tr>
<th>Project</th>
<th>Indication/label expansion</th>
<th>Phase I</th>
<th>Phase II (PoC)</th>
<th>Phase III</th>
<th>Filing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eptinezumab (anti-CGRP mAb)</td>
<td>Migraine prevention</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eptinezumab (anti-CGRP mAb)</td>
<td>Acute therapy (&quot;Treat and Prevent&quot;)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brexpiprazole</td>
<td>Agitation in Alzheimer’s disease</td>
<td></td>
<td></td>
<td></td>
<td>~2021</td>
</tr>
<tr>
<td>Brexpiprazole</td>
<td>PTSD</td>
<td></td>
<td></td>
<td></td>
<td>≥2023</td>
</tr>
<tr>
<td>Brexpiprazole</td>
<td>Borderline Personality Disorder</td>
<td></td>
<td></td>
<td></td>
<td>≥2025</td>
</tr>
<tr>
<td>Foliglurax (mGluR4 PAM)</td>
<td>Parkinson’s disease</td>
<td></td>
<td></td>
<td></td>
<td>~2025</td>
</tr>
<tr>
<td>Lu AF11167 (PDE 10 inhibitor)</td>
<td>Schizophrenia</td>
<td></td>
<td></td>
<td></td>
<td>≥2025</td>
</tr>
<tr>
<td>Lu AG06466 (MGLLi)</td>
<td>Tourette Syndrome</td>
<td></td>
<td></td>
<td></td>
<td>≥2025</td>
</tr>
<tr>
<td>Abilify Maintena 2-mth</td>
<td>Schizophrenia</td>
<td></td>
<td></td>
<td></td>
<td>~2021</td>
</tr>
<tr>
<td>Lu AF82422 (alpha-synuclein mAb)</td>
<td>Parkinson’s disease</td>
<td></td>
<td></td>
<td></td>
<td>&gt;2025</td>
</tr>
<tr>
<td>Lu AF28996 (D1/D2 agonist)</td>
<td>Parkinson’s disease</td>
<td></td>
<td></td>
<td></td>
<td>&gt;2025</td>
</tr>
<tr>
<td>Lu AG06466 (MGLLi)</td>
<td>Neuropathic pain</td>
<td></td>
<td></td>
<td></td>
<td>&gt;2025</td>
</tr>
<tr>
<td>Lu AF88434 (PDE1b inhibitor)</td>
<td>Alzheimer’s, schizophrenia (CIAS)</td>
<td></td>
<td></td>
<td></td>
<td>&gt;2025</td>
</tr>
<tr>
<td>Lu AG09222 (PACAP mAb)</td>
<td>Migraine</td>
<td></td>
<td></td>
<td></td>
<td>&gt;2025</td>
</tr>
<tr>
<td>Lu AF87908 (TACAP mAb)</td>
<td>Alzheimer’s</td>
<td></td>
<td></td>
<td></td>
<td>&gt;2025</td>
</tr>
</tbody>
</table>

R&D 1: First study in brexipiprazole 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 brexipiprazole + sertraline combination treatment in adult subjects with PTSD (N = ~577)

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

❖ Brexipiprazole (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 objective

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 AF88434**
- 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)

1) Clinicaltrials.gov ID: NCT04082325

**Lu AF87908**
- 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

2) NCT04149860

**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

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!