

# Investor & Analyst Presentation

February 2019



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# Lundbeck achieved its best financial year ever in 2018



## Outstanding operational performance

- ★ Sales increased 8% in L.C. to DKK 18.1bn vs. initial guidance of DKK 17.2-18.0bn
- ★ Key product sales grew 18% to DKK 10.5bn
- ★ EBIT increased 20% to DKK 5.3 billion vs. initial guidance of DKK 4.8-5.2bn
- ★ EBIT margin improved from 25.6% to 29.3%
- ★ Net cash improved from DKK 3.4 billion to DKK 6.6 billion



## Early and maturing pipeline

- ★ New in phase II: Foliglurax, Lu AF11167
- ★ New in phase I: Lu AF76432, LU AF28996, Lu AF82422
- ★ Lu AF35700 failed to show separation vs. active comparator



## 2018 dividend

- ★ Proposed dividend of DKK 12.00 per share, equal to a payout ratio of 61%

# 2019 guidance, dividends and revised strategic objectives



## 2019 guidance

- ★ Lundbeck expects 2019 revenue to reach DKK 16.1–16.7 billion
- ★ EBIT expected to reach DKK 4.2–4.6 billion



## Revised dividend policy

- ★ Dividend policy revised to 30-60% of net profit from 2019

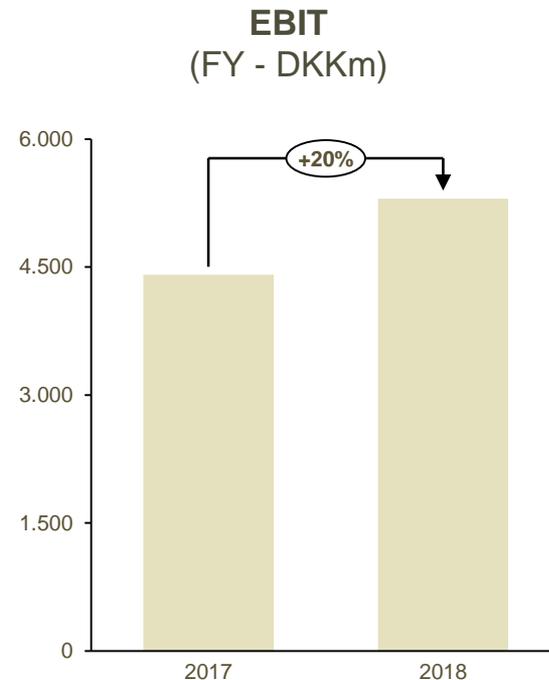
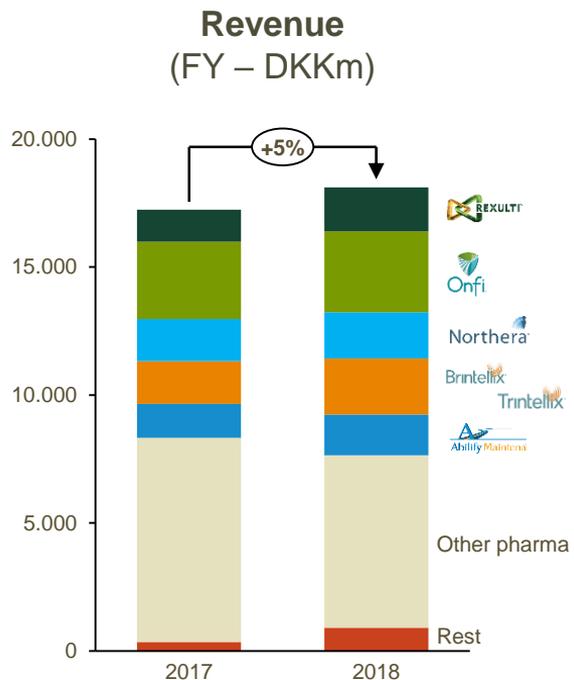


## *Expand and Invest to Grow*

- ★ The *Expand and Invest to Grow* strategy envisions expanded operating space in brain diseases, access external innovation through product license or acquisition as well as through strategic partnership while maintaining focus on profitability

# FY 2018: Solid growth in both top and bottom line

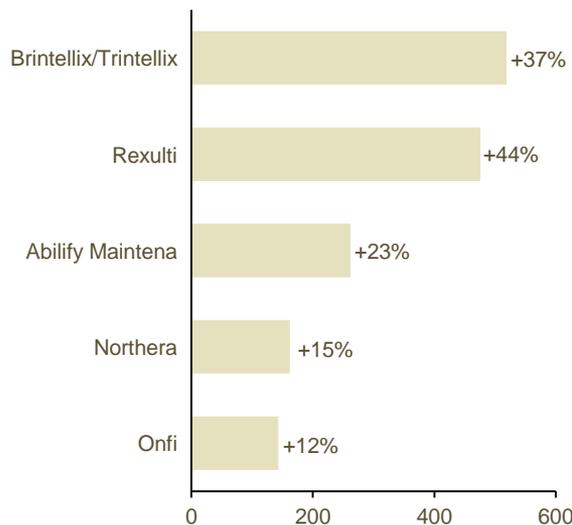
- ★ **Revenue:** Up 8% in L.C. (5% reported) to DKK 18.1 billion
- ★ Growth driven by key products and especially Brintellix/ Trintellix and Rexulti
- ★ **Other revenue:** Up 64% to DKK 662 million
- ★ **Effects from hedging:** Gain of DKK 242 million
- ★ **EBIT margin:** 29.3% vs 25.6% in 2017



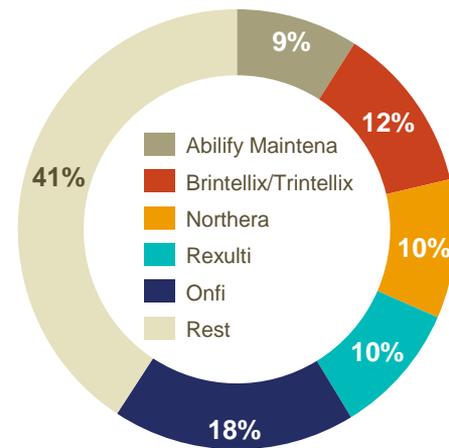
# Lundbeck's five key products\* added DKK 1.6 billion in sales in 2018

- ★ **Key products\*:** Up 23% in L.C. (18% reported) to DKK 10,471 million representing 59% of revenue<sup>#</sup>
- ★ **Brintellix/Trintellix:** Up 31% to DKK 2,182 million
- ★ **Rexulti:** Up 38% to DKK 1,723 million
- ★ **Abilify Maintena:** Up 20% to DKK 1,595 million
- ★ **Northera:** Up 10% to DKK 1,806 million

**Key product growth in L.C.**  
(FY - DKKm)



**Sales by product**  
(FY 2018)



<sup>#</sup>) Excludes effects from hedging

<sup>\*)</sup> Abilify Maintena, Brintellix/Trintellix, Northera, Onfi and Rexulti

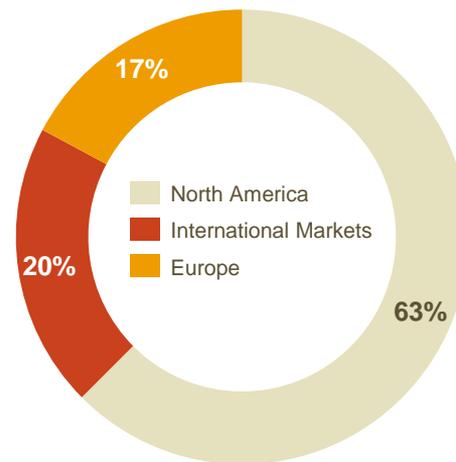
# Revenue growth in all regions; Europe has returned to dynamic growth

- ★ Strong improvement in both growth and profitability in **Europe**
- ★ **North America** impacted by generic erosion and divestment of Canadian oncology unit in 2017
- ★ **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

## Reported growth (FY 2018)

Region	Revenue (DKKm)	Δ%	Δ% (L.C.)
North America	10,743	+1%	+6%
Int. Markets	3,500	+3%	+10%
Europe	2,970	+6%	+6%

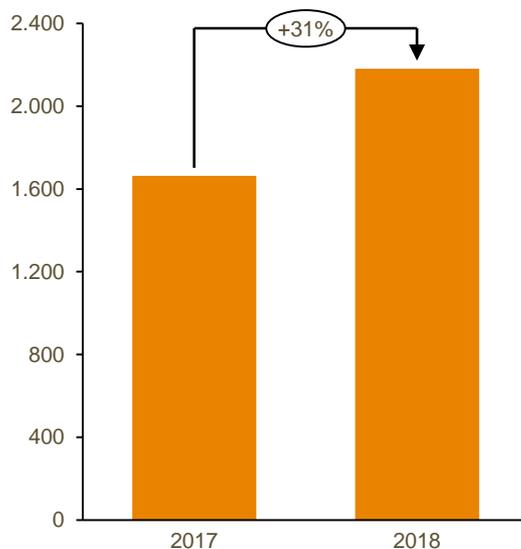
## Sales by region (FY 2018)



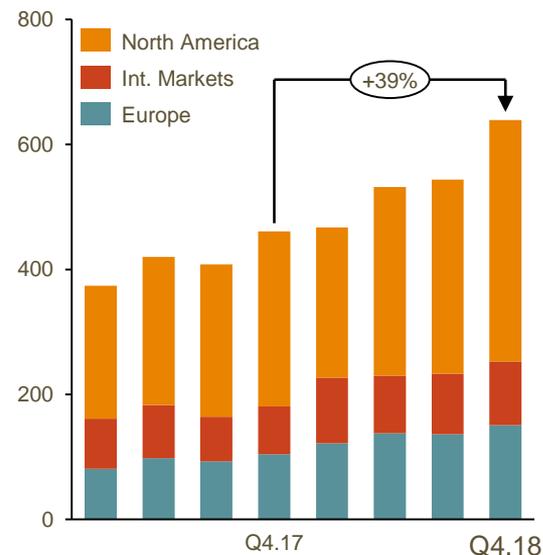
# Brintellix/Trintellix continues consistent strong momentum driven by North America and Europe

- ★ Grew 37% in L.C. to DKK 2,182 million in 2018
- ★ Grew 39% in L.C. to DKK 639 million in Q4 2018
- ★ Two first-in-class U.S. FDA label updates:
  - I. Positive effect on processing speed, an aspect of cognitive function
  - II. Improvement over escitalopram in treatment-emergent sexual dysfunction in patients with MDD
- ★ Launched in China and NDA in Japan submitted for the treatment of MDD

**Brintellix/Trintellix sales**  
(FY - DKKm)



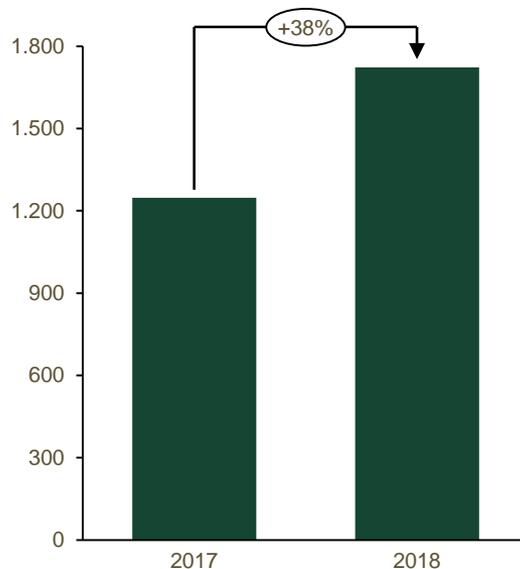
**Brintellix/Trintellix sales**  
(Quarterly - DKKm)



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

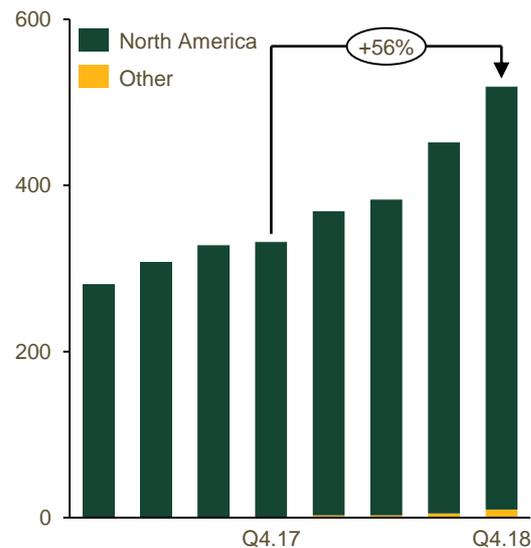
- ★ Grew 44% in L.C. to DKK 1,723 million in 2018
- ★ Grew 52% in L.C. to DKK 519 million in Q4 2018
- ★ Launched in Australia, Canada, Saudi Arabia, Switzerland and the U.S.
- ★ Positive headline results from PoC study in PTSD
- ★ Additional LCM activity progressing

Rexulti sales  
(FY - DKKm)



Lundbeck's share of revenue

Rexulti sales  
(Quarterly - DKKm)

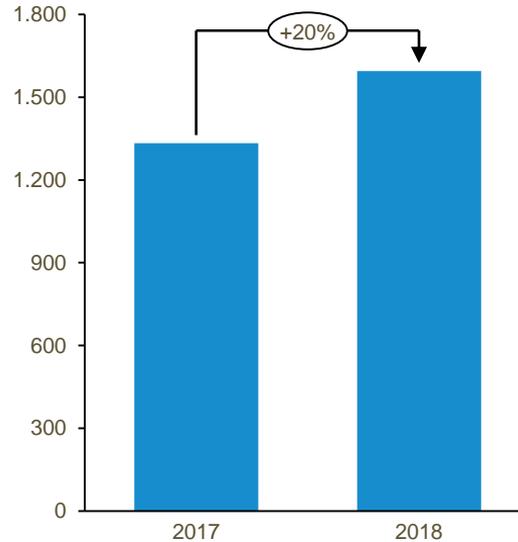


Lundbeck's share of revenue

# Abilify Maintena continues its solid growth

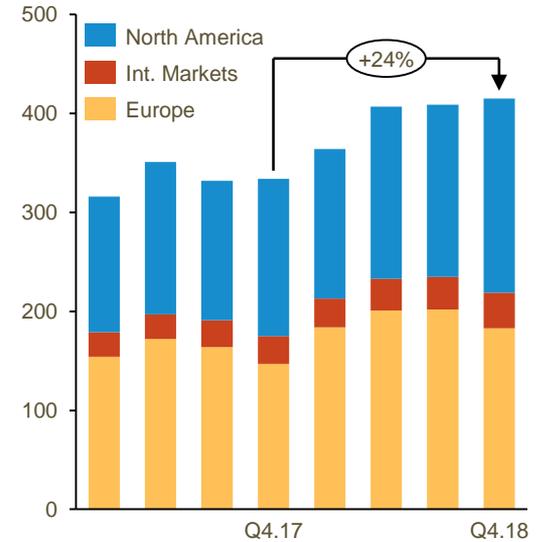
- ★ Grew 23% in L.C. to DKK 1,595 million in 2018
- ★ Grew 23% in L.C. to DKK 415 million in Q4 2018
- ★ Largest markets are the U.S., Australia, Canada, France and Spain which are also the main drivers of growth
- ★ Abilify Maintena is Lundbeck's best selling product in Europe

Abilify Maintena sales  
(FY - DKKm)



Lundbeck's share of revenue

Abilify Maintena sales  
(Quarterly - DKKm)

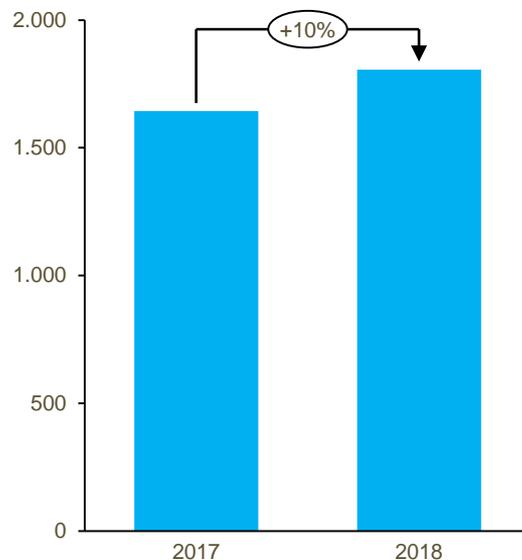


Lundbeck's share of revenue

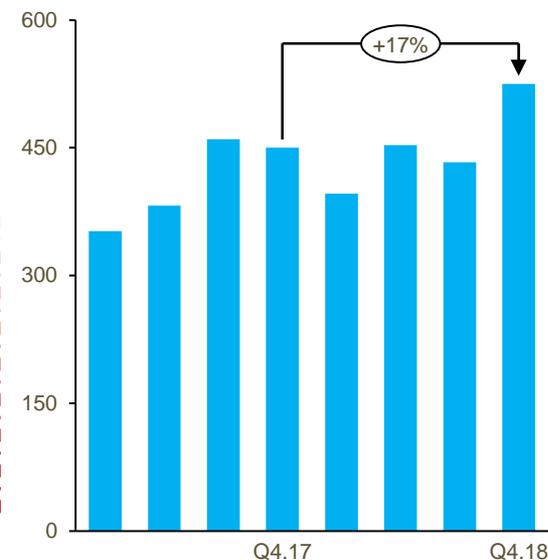
# Northera shows solid growth following normalization of patient backlog

- ★ Grew 15% in L.C. to DKK 1,806 million in 2018
- ★ Grew 13% in L.C. to DKK 524 million in Q4 2018
- ★ Northera impacted by temporary backlog of patients in process (in Q3 2018), seasonality and high out of pocket costs for some patients

Northera sales  
(FY - DKKm)



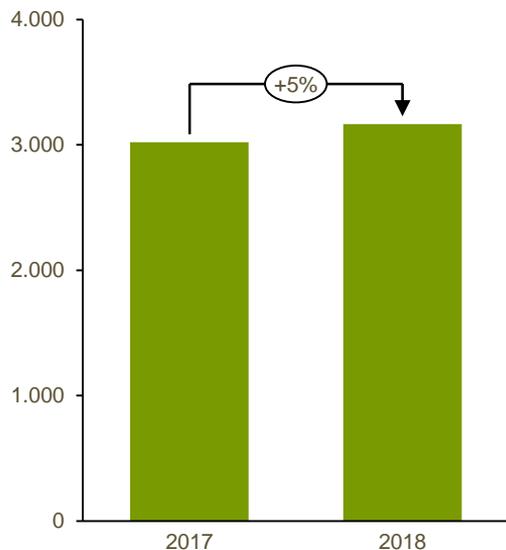
Northera sales  
(Quarterly - DKKm)



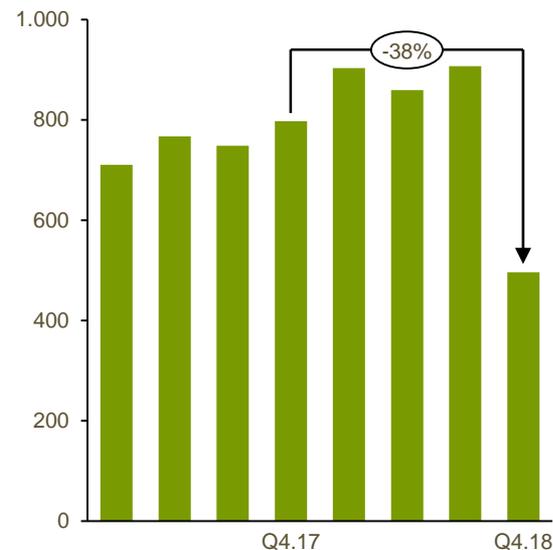
# Onfi impacted negatively by introductions of generic clobazam

- ★ Grew 12% in L.C. (5% reported) to DKK 3,165 million in 2018
- ★ Declined 40% in L.C. to DKK 496 million in Q4 2018
- ★ Numerous generic tablets and oral suspensions launched from October 2018
- ★ Aggressive generic pricing

**Onfi sales**  
(FY - DKKm)



**Onfi sales**  
(Quarterly - DKKm)



# 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
Brexiprazole	Bipolar mania			★	2019
Brexiprazole	Agitation in Alzheimer's disease			★	~2021
Brexiprazole	PTSD		★		≥2025
Foliglurax (MGLUR4 PAM)	Parkinson's		★		~2025
Lu AF11167 (PDE 10 inhibitor)	Schizophrenia		★		≥2025
Abilify Maintena 2-mth	Schizophrenia	★			~2020
Lu AF76432 (PDE 1 inhibitor)	Schizophrenia (CIAS)	★			≥2025
Lu AF20513 (active immunotherapy)	Alzheimer's disease	★			≥2025
Lu AF82422 (alpha-synuclein mAb)	Parkinson's disease	★			≥2025
Lu AF28996 (D <sub>1</sub> /D <sub>2</sub> agonist)	Parkinson's disease	★			≥2025
Lu AF35700	-		Project under review		-

# Brexpiprazole in pivotal programme for the treatment of agitation in Alzheimer's

- ★ Two studies in the pivotal programme finalized
- ★ A third study commenced In June 2018 following conclusions from a FDA Type C meeting, where...
- ★ ...one study was considered positive and one study was considered supportive by the agency
- ★ *Fast Track* designation granted February 2016



## 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

# Brexpiprazole pivotal programme ongoing in acute manic episodes associated with Bipolar I disorder

## Expected brexpiprazole profile:

- ★ Established efficacy and treatment of bipolar I disorder
- ★ Favorable tolerability profile over SoC (e.g., improved metabolic profile, fewer AEs including low frequency of sedating and activating side effects might support improved functioning and ability to work)
- ★ Expected completion in Q1 2019

## The studies

**Study #1**  
(NCT03259555)

**Study #2**  
(NCT03257865)

**Estimated enrollment:** 320 adult patients in each study

**Intervention:** 2-4 mg brexpiprazole and placebo

**Treatment duration:** 21 days

**Primary outcome measures:** change from baseline in YMRS score<sup>1</sup>

**Study start:** September 2017

**6-month safety study:**  
Enrolling completers from Study #1 and #2

## Bipolar disorder

- ★ More than 6 million affected in the U.S.
- ★ Low rate of diagnosis (45%)
- ★ A disease with high add-on and switch rates indicating need for new treatment options
- ★ Patients in treatment spent 44% of their time being ill over a 9-year period<sup>2</sup>
- ★ Bipolar disorder represents around one-third of the use of atypical antipsychotics

1) Young-Mania Rating Scale (YMRS) Score

2) A. Forte et al. / Journal of Affective Disorders 178 (2015) 71-78

# Positive phase II headline results for the combination treatment of brexpiprazole and sertraline for treatment of PTSD

- ★ Combination of brexpiprazole and sertraline demonstrated improvement in symptoms of PTSD versus placebo ( $p < 0.01$ ) on the primary endpoint (CAPS-5 total score#)
- ★ The efficacy supported by multiple secondary endpoints
- ★ The overall safety and tolerability of brexpiprazole were good (and comparable to previous data),
- ★ End-of-phase-II meeting with FDA during 2019

## Post-Traumatic Stress Disorder (PTSD)

- ★ ~8.6m U.S. adults affected<sup>1)</sup>
- ★ ~80% undiagnosed
- ★ Growing economic and social burden of care
- ★ Inadequate response with approved SSRIs
- ★ Polypharmacy the norm

1) <http://www.cohenveteransbioscience.org/post-traumatic-stress/>.  
US Census Bureau. Annual estimates of the resident population by sex and selected age groups for the United States: April 1, 2010 to July 1, 2011 (NC-EST2011-02). 2012.  
<http://www.census.gov/popest/data/national/asrh/2011/index.html>.



\*) NCT03033069

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

# 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)). Study completion date: December 2020

## Adolescents

- To determine the safety and efficacy of brexpiprazole monotherapy in the treatment of adolescents with schizophrenia (n = 387) (NCT03198078). Study completion date: April 2020
- To further characterize the long-term safety and tolerability of brexpiprazole in adolescents with schizophrenia (n = 350) (NCT03238326). Study completion date: December 2022

## Upcoming events

- Headline results from the pivotal programme in Bipolar disorder to be reported in Q1 2019

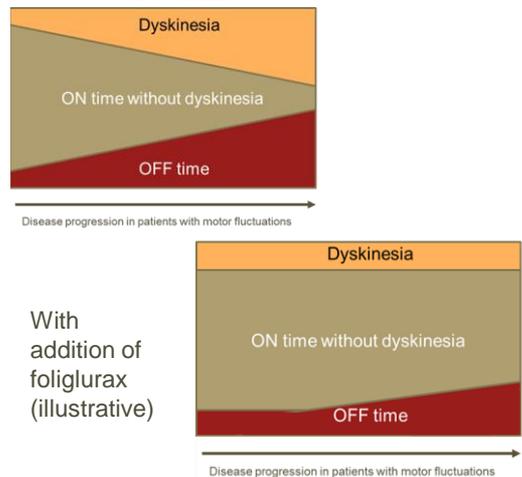
# Foliglurax – an interesting new pipeline asset currently in PoC testing in Parkinson's patients

## Foliglurax (PXT002331)

- ★ Increase activity of a specific glutamatergic target (mGluR4)
- ★ Symptomatic treatment of *OFF*-time in Parkinson's and levodopa induced dyskinesia
- ★ Strong IP
- ★ Global rights to foliglurax and full control of asset
- ★ Phase II started in July 2017
  - ★ Two active arms + placebo (BID)
  - ★ ~165 patients (Europe)
  - ★ Change in awake *OFF* time based on subject diary entries

1) NCT03162874

## Levodopa-induced dyskinesia



Modified based on: Jankovic, *Mov. Disorder* 2005,

## Motor complications of levodopa

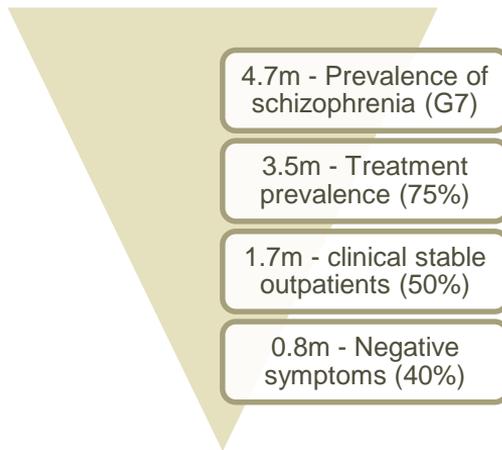
- ★ PD-LID is the most important unmet medical need after disease modification in Parkinson's<sup>2)</sup>
- ★ PD-LID affects ~50% after 5-10 years increasing to ~90% after 10-15 years of L-DOPA therapy
- ★ 170-200,000 patients in the U.S. with PD-LID
- ★ Once established, PD-LID is difficult to treat

PD-LID: Parkinson's Disease – Levodopa-Induced  
Dyskinesia  
2) Datamonitor

# Lu AF11167: Addresses negative symptoms of schizophrenia that trouble patients most

- ★ Negative symptoms most bothersome symptom for patients with schizophrenia
- ★ Primary cause for inability to live independently, hold jobs, establish personal relationships, and manage everyday social situations
- ★ Widely recognized as important features of schizophrenia associated with changes in emotions and behaviours
- ★ Difficult to treat; currently available antipsychotics are not considered effective

## Prevalence (major countries)

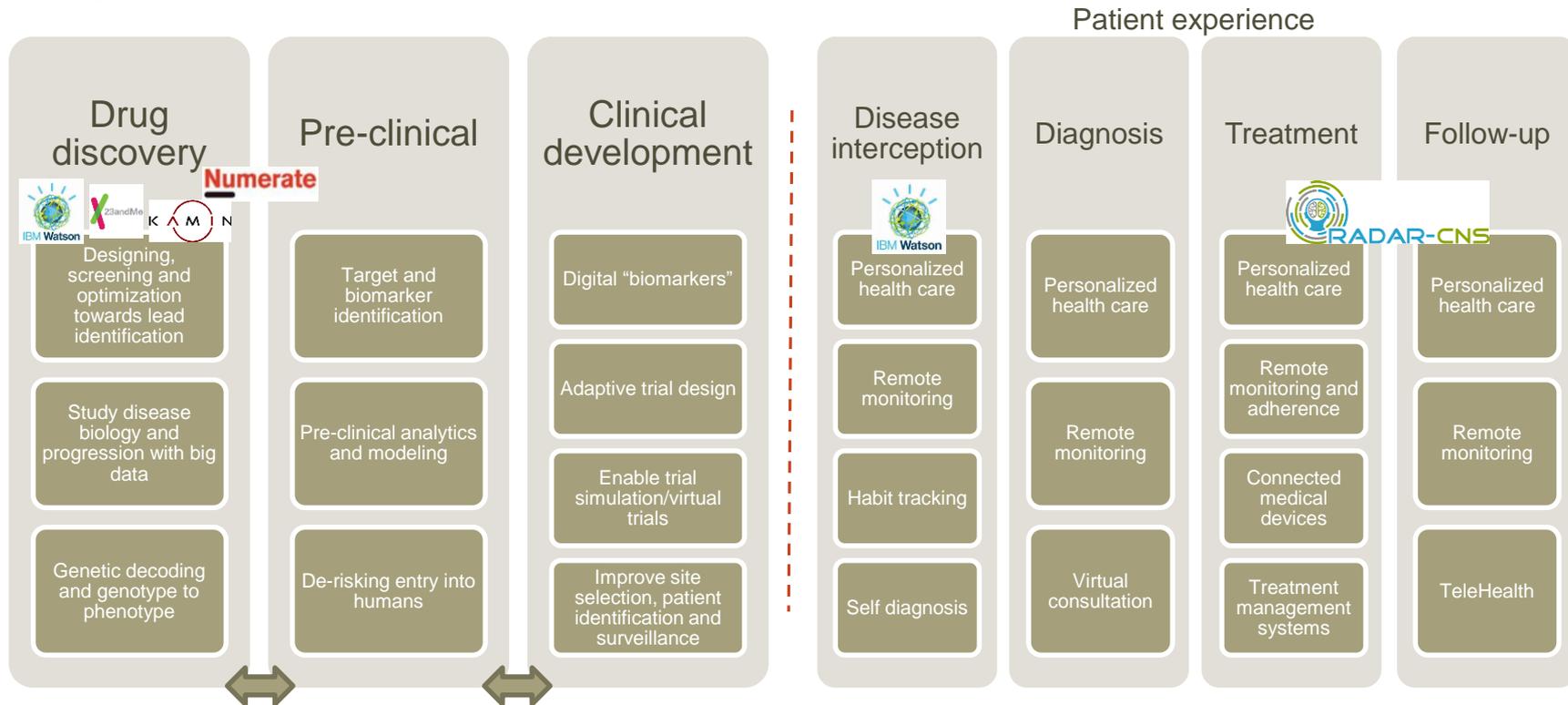


- ★ Phosphodiesterase 10A inhibitor (PDE10Ai)
- ★ Potential novel MoA for the treatment of negative symptoms in patients with schizophrenia
- ★ Potentially maintaining control of positive symptoms
- ★ Phase II started in December 2018\*
  - ★ **Monotherapy**
  - ★ Two fixed-flexible doses + placebo (BID)
  - ★ ~250 patients
  - ★ Primary endpoint: Change from baseline to Week 12 in BNSS total score

Source: Decision Resource; Schizophrenia | Landscape & Forecast 2018

\*) NCT03793712. Study completion date: May 2020  
BNSS: Brief Negative Symptoms Scale

# New tools to potentially improve data translation, increase efficiency in drug development and ultimately improve patient outcome



# Finance



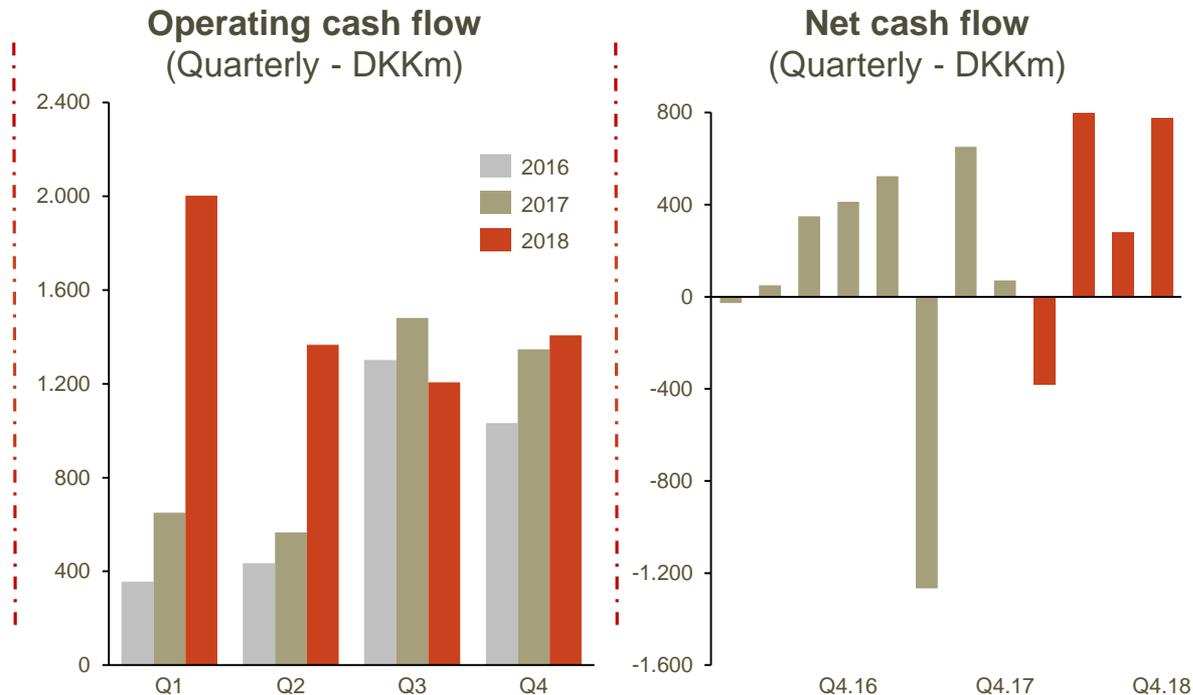
# Lundbeck delivered best ever financial results for 2018

- ★ **Gross margin:** Increases from 77.5% to 80.9%
- ★ **SG&A ratio:** Down from 37.6% to 33.3%
- ★ **R&D ratio:** Up from 15.7% to 18.1%
- ★ **Tax rate:** Positively impacted by U.S. tax reform
- ★ **EPS:** Up 48% to DKK 19.66

DKKm	FY 2018	Δ% y/y	Q4 2018	Δ% y/y
Revenue	18,117	5%	4,196	(4%)
<i>Gross margin</i>	80.9%	+3.4pp	79.7%	+1.7pp
Operating expenses	9,316	1%	2,619	5%
SG&A	6,039	(7%)	1,631	(5%)
R&D	3,277	21%	988	27%
Other operating items, net	(44)	-	121	-
EBIT	5,301	20%	848	(9%)
<i>EBIT-margin</i>	29.3%	+3.7pp	20.2%	(1.0pp)
Core EBIT	6,158	20%	931	(20%)
<i>Tax rate</i>	26.1%	-	21.4%	
EPS	19.66	48%	3.29	18%

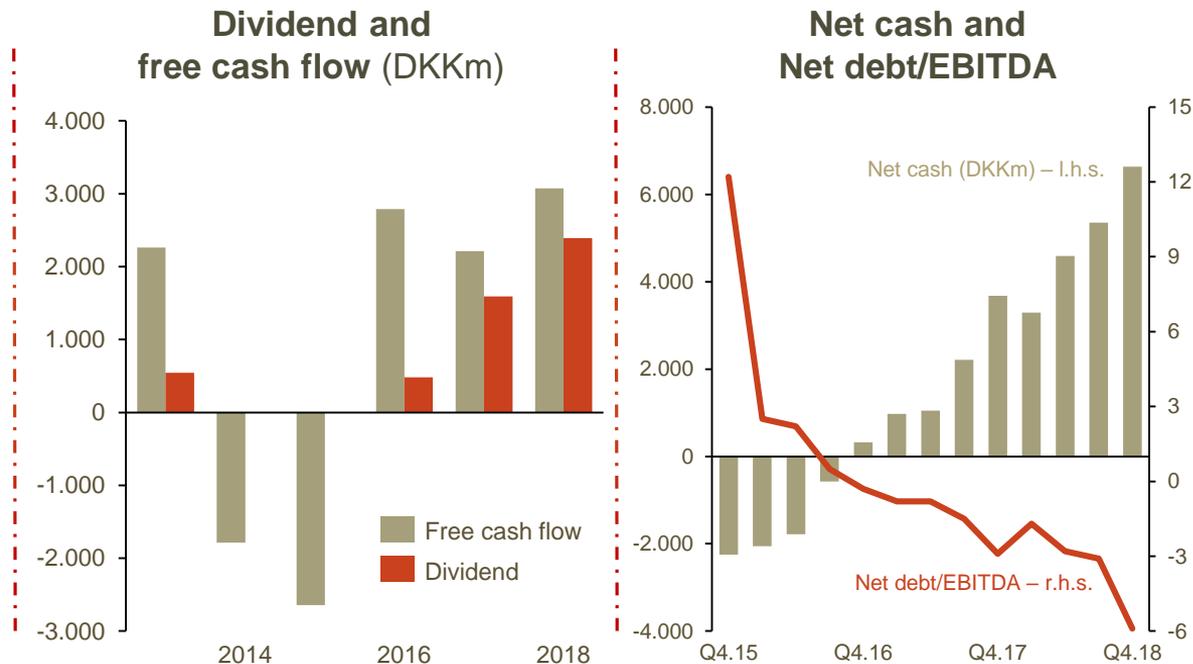
# Strong cash flow generation

- ★ **Cash flow from operating activities:** Grew 48% to DKK 5,981 million in 2018
- ★ **Investments:** Include acquisition of Prexton in March 2018 (EUR 100m) and EU approval milestone on Rxulti (USD 50m)
- ★ **Net cash flow:** Improved from DKK (20) million in 2017 to DKK 1,467 million in 2018



# Strong financial position provides flexibility to pursue further growth

- ★ **Net cash:** Up DKK 2,958 million (+80%) to DKK 6,635 million in 2018
- ★ **Net debt/EBITDA:** -1.0x in 2018 vs. -0.7x in 2017
- ★ 2019 cash flow will be negatively impacted by
  - ★ Lower EBITDA
  - ★ High dividend payout
  - ★ Payment of DOJ settlement
- ★ Net cash expected to reach DKK ~7.5 billion (USD ~1.2bn) in 2019



\*) 2018 dividend subject to approval by the AGM

# Lundbeck's financial guidance for 2019

- ★ Continued growth for strategic brands
- ★ Significant negative impact from generic erosion
- ★ Effects from hedging is a loss of DKK 150-200 million
- ★ Net financial items of DKK ±50 million expected in 2019
- ★ Unchanged currencies from end-January 2019

## Dividend payout

- ★ Dividend increased to DKK 12.00 from DKK 8.00 per share\*
- ★ Revised dividend policy: Pay-out ratio of 30–60% from 2019

## 2019 financial guidance

	2018 (DKK m)	2019e (DKK bn)	~Δ% (y/y)
Revenue	18,117	16.1 – 16.7	-11 – -8%
EBIT	5,301	4.2 – 4.6	-21 – -13%
<i>Implied EBIT margin</i>	29.3%	~25 – 29%	-
<i>Tax rate</i>	26.1%	26 – 28%	-

\*) Subject to approval by the AGM

***”Expand and Invest To Grow!”***

Lundbeck

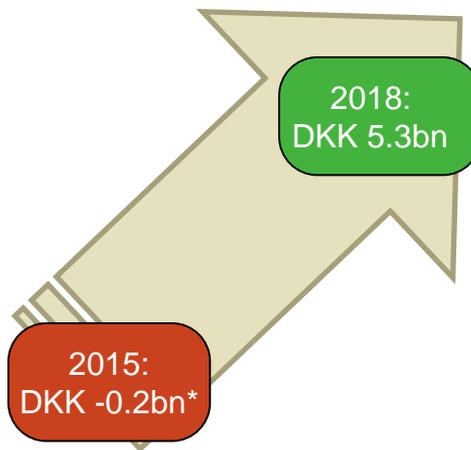


# Stellar execution on 2016 corporate strategy to restore profitability

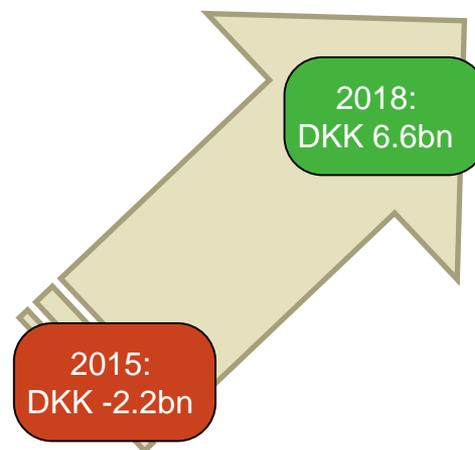
## Long-term targets set in February 2016

	2018	Target	
EBIT margin	29.3%	25%	✓
ROIC	48.6%	25%	✓
Cash to earnings	117.6	>90%	✓

## Operating profit

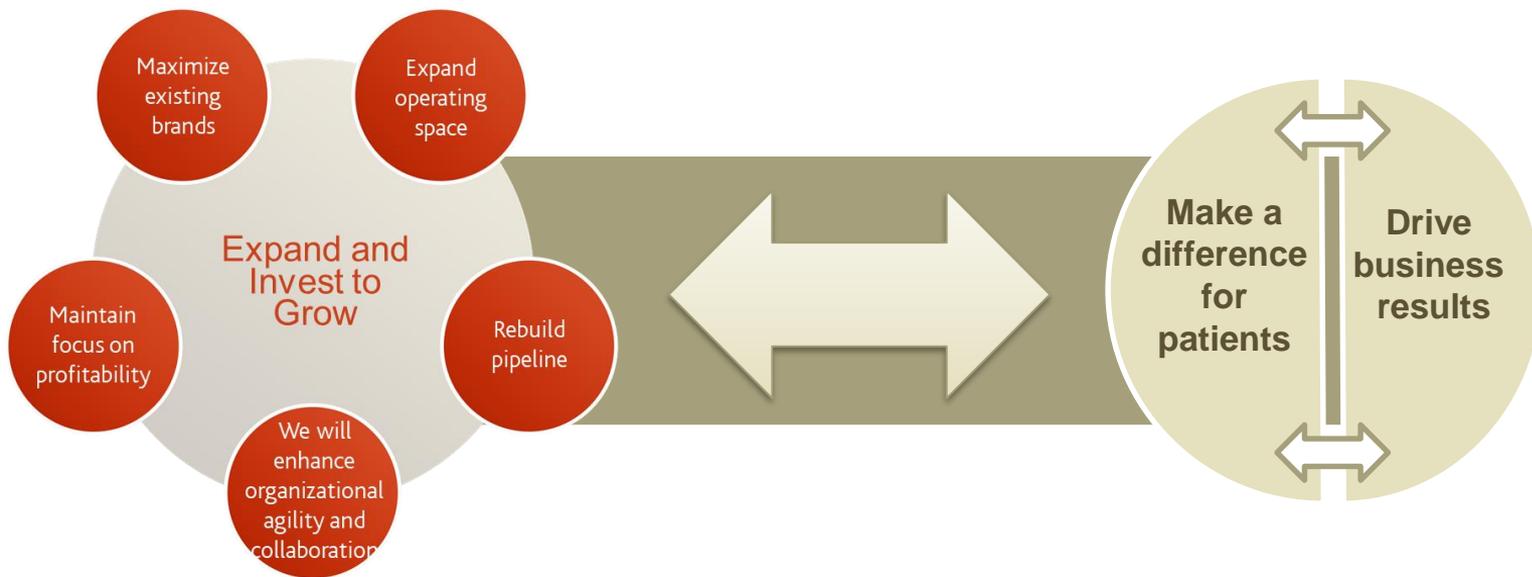


## Net cash



\*) Adjusted for restructuring charges and reclassifications

# Continued strong growth of strategic brands not enough to compensate for LOEs – we introduce *Expand and Invest to Grow*



Purpose: *"Tirelessly dedicated to restoring brain health...so every person can be their best"*

# We will promote business efficiency and pursue additional growth opportunities

- ★ We will maximize the performance of existing brands
- ★ Expanding our global footprint
- ★ Launching new indications and improved formulations
- ★ We will enhance organizational agility and collaboration
- ★ We will continue to maintain high profitability, but allow flexibility to invest in growing the top-line and profits



EBIT margin ambition

≥25%

# We will expand our operating space in brain disease

Our strong heritage and extensive neuroscience experience provide us with a competitive advantage and enable us to expand our focus to help people living with a broader range of brain diseases

The redefined operating space focus on diseases with:

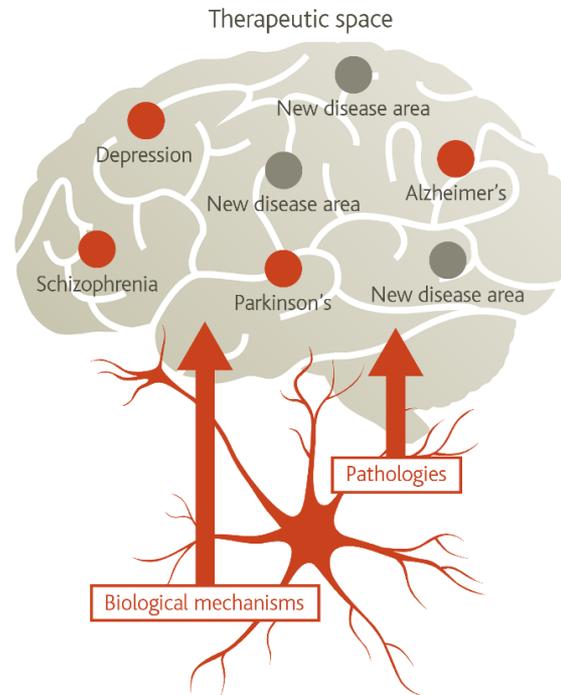
- ★ Clear unmet needs
- ★ Attractive commercial potential
- ★ Strategic fit with our capabilities

**PSYCHIATRY**  
CEREBROVASCULAR BEHAVIOURAL  
**ANXIETY MOOD STRESS BIOLOGY**  
PERSONALITY & PSYCHOSIS DEMYELINATING DISORDERS  
NEUROLOGY **CNS DEGENERATION/DEMENTIA**  
MITOCHONDRIAL DISORDERS HEADACHE/MIGRAINE  
DEMYELINATING DISORDERS OTHER NEUROLOGY AND RARE DISORDERS  
**MOVEMENT DISORDERS** ADDICTION **BRAIN**  
NEURO-ENDOCRINE/ONCOLOGY NEUROLOGY  
**PERSONALITY & PSYCHOSIS STRESS BIOLOGY**  
PAIN **DEVELOPMENTAL** DEMYELINATING DISORDERS  
METABOLIG DISORDERS **EPILEPSY**  
ANXIETY **NEUROLOGY**  
DYSTROPHIES  
EPILEPSY

# Expanding product portfolio and R&D pipeline based on our strong heritage and expertise in neuroscience

We will rebuild our pipeline across all clinical phases by:

- ★ Accelerating business development efforts to access external innovation
- ★ Selectively refine and progress the most promising internal projects
- ★ Target underlying disease biology
- ★ Leverage technologies to advance innovation



# Our strong track record in successful collaborations makes us an attractive partner for third parties

Strategic R&D collaborations	Supportive technologies	Access to assets	Commercial partnerships	Successful acquisitions
         	   	 	      	  

## 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
- ★ Obtain approval of Trintellix in Japan
- ★ Achieve FIH in 1-2 R&D projects
- ★ Execute on *Expand and Invest to Grow*



# Lundbeck continues 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

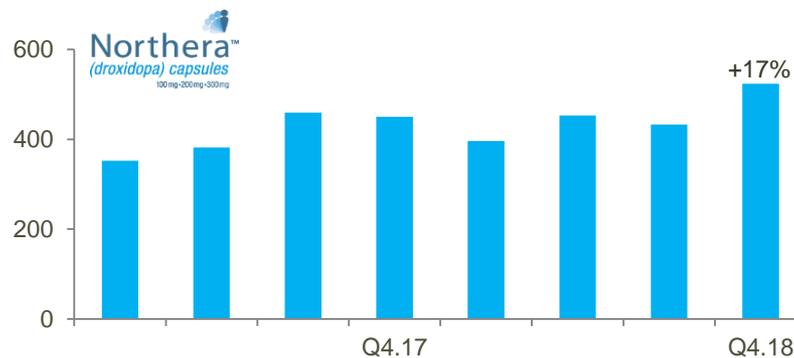
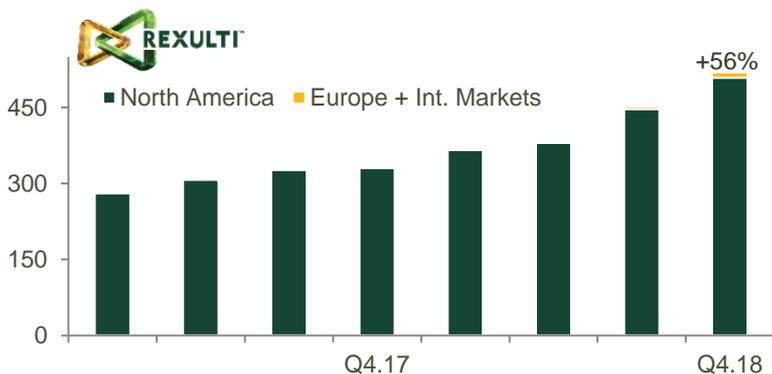
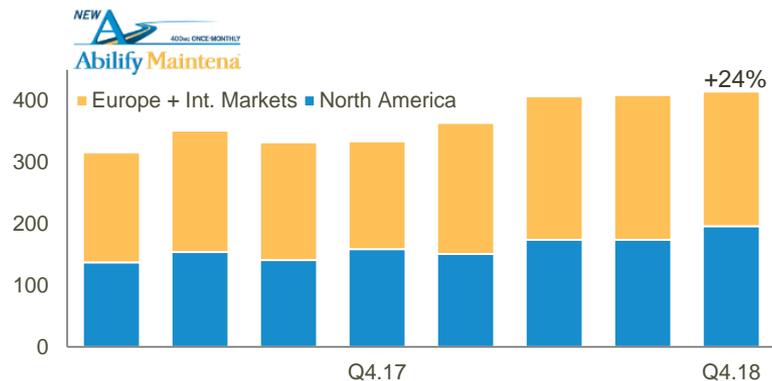


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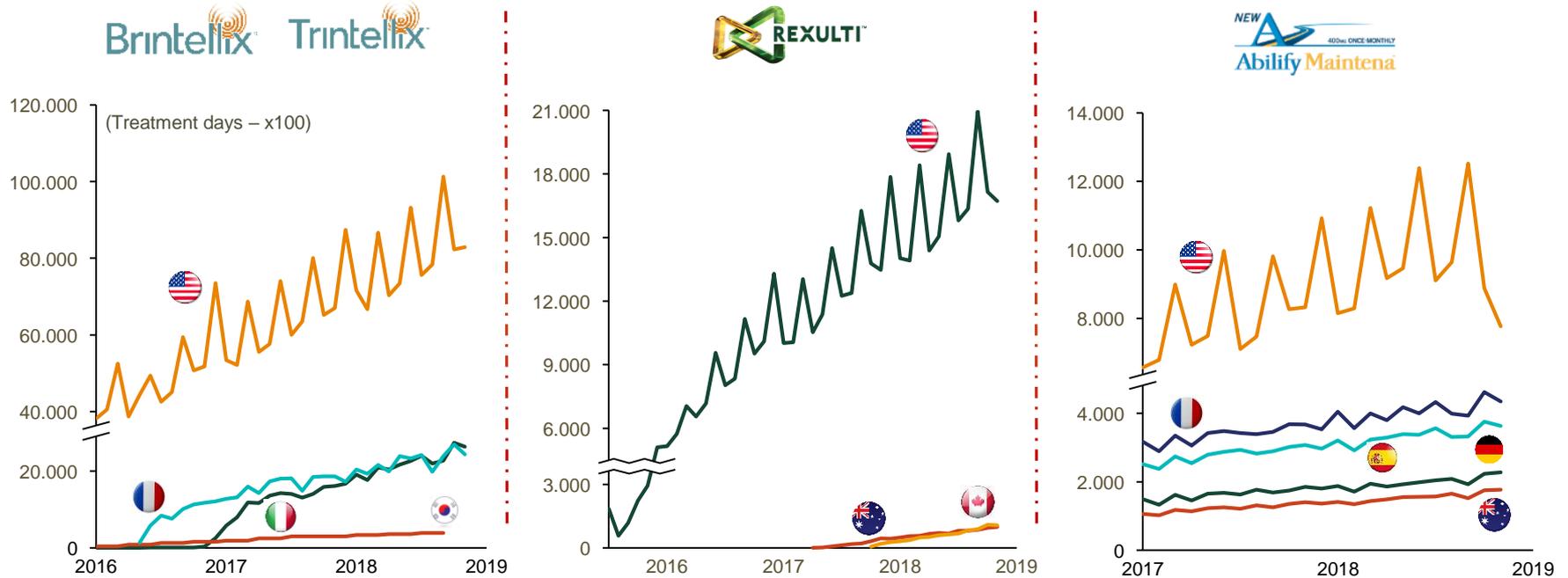
Lundbeck



# Lundbeck's strategic brands deliver solid momentum

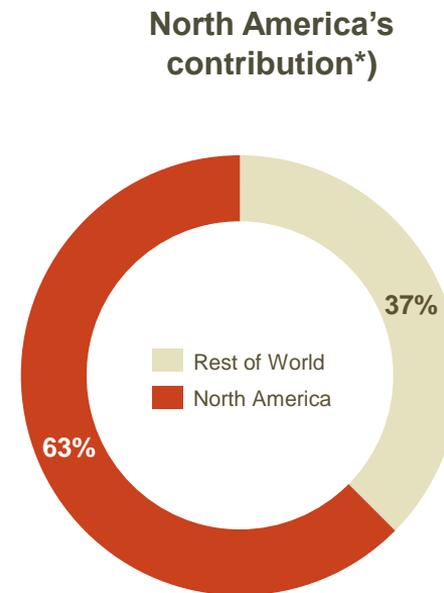
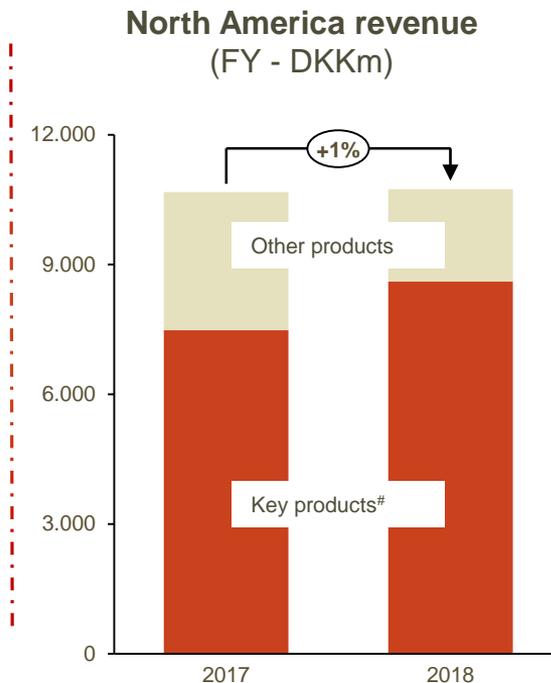


# Volume uptake in selected markets for our global strategic brands



# North America up 1% driven by Abilify Maintena, Rexulti and Trintellix – generic clobazam had significant negative impact

- ★ Grew 6% in L.C. (1% reported) to DKK 10,743 million in 2018
- ★ Declined 6% in L.C. (3% reported) to DKK 2,671 million in Q4 2018
- ★ Impacted by generic introductions of clobazam in October 2018
- ★ Key products# grew 15% to DKK 8,607 million and constituted 80% of revenue in 2018

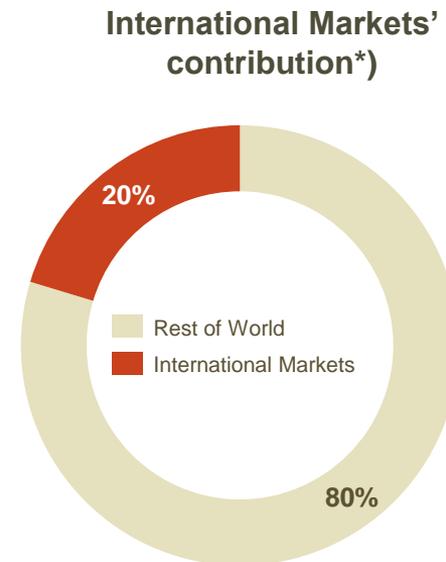
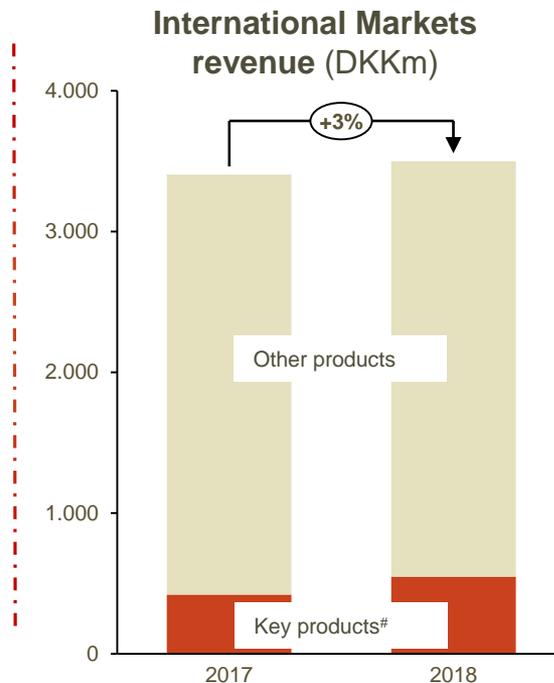


#) Abilify Maintena, Northera, Rexulti, Onfi and Trintellix

\*) Excluding Other revenue and effects from hedging

# International Markets grew 10% in local currencies driven by key products – up 3% reported

- ★ Grew 10% in L.C. (3% reported) to DKK 3.5 billion in 2018
- ★ Grew 1% in L.C. (down 4% reported) to DKK 694 million in Q4 2018 following destocking of Lexapro in China
- ★ Key products# grew by 30% and constituted 16% of sales in 2018
- ★ Main markets are Brazil, China, Japan and South Korea
- ★ Trintellix submitted in Japan

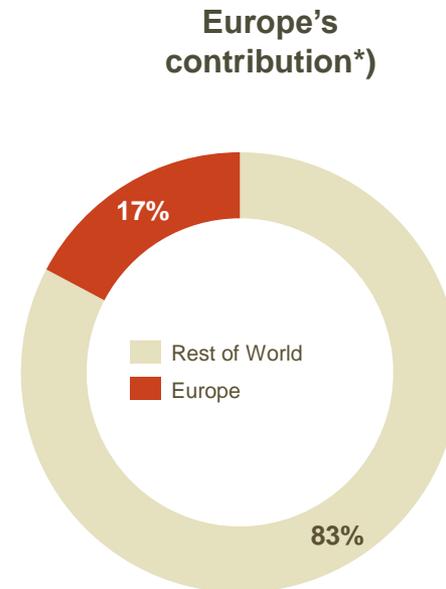
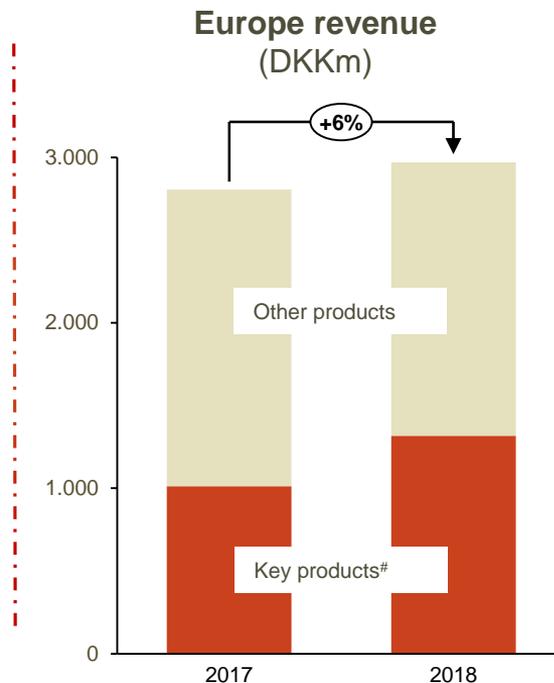


\*) Abilify Maintena, Rexulti and Brintellix/Trintellix

\*) Excluding Other revenue and effects from hedging

# Europe grew 6% in both local currencies and reported in 2018 driven by Abilify Maintena and Brintellix

- ★ Grew 6% in L.C. (6% reported) to DKK 3.0 billion in 2018
- ★ Grew 3% in L.C. (3% reported) to DKK 701 million in Q4 2018
- ★ Key products# grew 30% and constituted 44% of sales in 2018
- ★ Largest markets are France, Italy and Spain
- ★ Continued strong performance for both Abilify Maintena and Brintellix



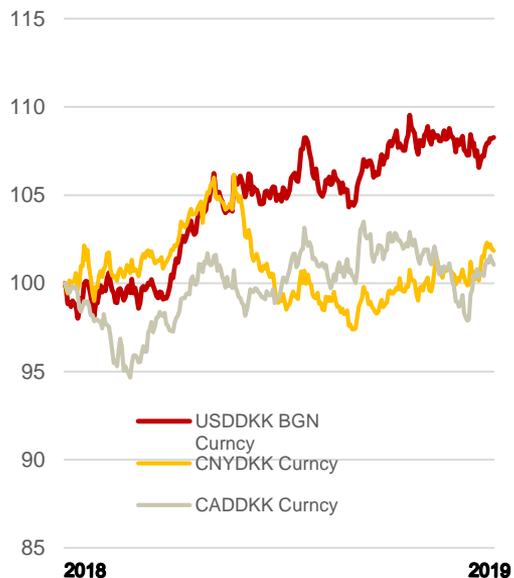
\*) Abilify Maintena, Rexulti and Brintellix/Trintellix

\*) Excluding Other revenue and effects from hedging

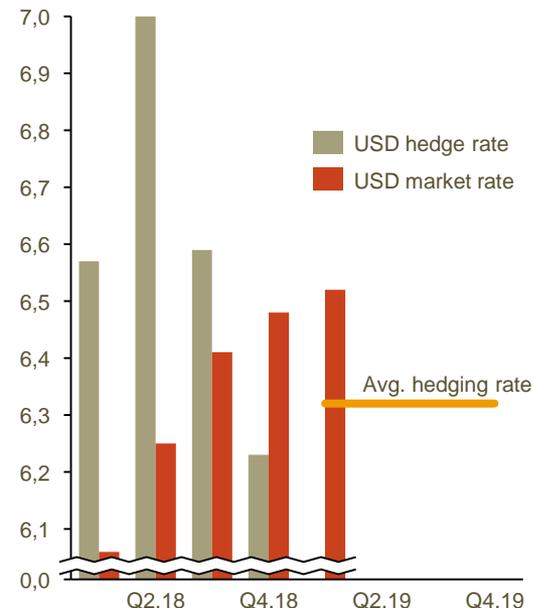
# Hedging at Lundbeck

- ★ The main currency risk concerns fluctuations of **USD**, **CNY** and **CAD** followed by **JPY** and **KRW**
- ★ Current hedging rates: USD (6.32), CNY (0.91) and CAD (4.82)
- ★ Lundbeck hedges a significant part of the risk (at EBIT level) for a period of **12-18 months**
- ★ From Q1 2018, gains/losses (net) is shown as a separate line item in revenue
- ★ Expected loss of **DKK 150-200 million** in hedging effect expected in 2019

## USD, CNY and CAD vs. DKK



## USD hedge rate vs. market rate



## Q4 2018 and FY 2018 - Product distribution of revenue

DKKm	FY 2018	FY 2017	Q4 2018	Q4 2017	Growth	Growth in local currencies	% of total
<b>TOTAL:</b>							
Abilify Maintena	1,595	1,333	415	334	24%	23%	10%
Brintellix/Trintellix	2,182	1,663	639	461	39%	39%	15%
Cipralext/Lexapro	2,257	2,392	363	519	(30%)	(28%)	9%
Northera	1,806	1,644	524	450	17%	13%	12%
Onfi	3,165	3,022	496	797	(38%)	(40%)	12%
Rexulti	1,723	1,247	519	332	56%	52%	12%
Sabril	1,342	1,509	359	364	(1%)	(4%)	9%
Xenazine	440	1,046	107	226	(53%)	(54%)	3%
Other pharmaceuticals	2,703	3,028	644	687	(6%)	(5%)	15%
Other revenue	662	402	196	178	10%	9%	5%
Effects from hedging	242	(52)	(66)	44	-	-	(2%)
<b>Total revenue</b>	<b>18,117</b>	<b>17,234</b>	<b>4,196</b>	<b>4,392</b>	<b>(4%)</b>	<b>(3%)</b>	<b>100%</b>

## Q4 2018 and FY 2018 - Geographic distribution of revenue - 1

DKKkM	FY 2018	FY 2017	Q4 2018	Q4 2017	Growth	Growth in local currencies	% of total
<b>NORTH AMERICA:</b>							
Abilify Maintena	695	591	196	159	23%	20%	7%
Trintellix	1,239	974	386	280	38%	34%	14%
Northera	1,806	1,644	524	450	17%	13%	20%
Onfi	3,165	3,022	496	797	(38%)	(40%)	19%
Rexulti	1,702	1,245	509	331	54%	49%	19%
Sabril	1,342	1,509	359	364	(1%)	(4%)	13%
Xenazine	418	1,016	102	219	(54%)	(55%)	4%
Other pharmaceuticals	376	672	99	165	(40%)	(41%)	4%
<b>Total revenue</b>	<b>10,743</b>	<b>10,673</b>	<b>2,671</b>	<b>2,765</b>	<b>(3%)</b>	<b>(6%)</b>	<b>100%</b>

## Q4 2018 and FY 2018 - Geographic distribution of revenue - 2

DKK m	FY 2018	FY 2017	Q4 2018	Q4 2017	Growth	Growth in local currencies	% of total
<b>EUROPE:</b>							
Abilify Maintena	770	637	183	147	25%	25%	26%
Brintellix	547	376	151	104	46%	46%	22%
Cipralex	572	643	105	151	(30%)	(30%)	15%
Other pharmaceuticals	1,081	1,149	262	279	(6%)	(6%)	37%
<b>Total revenue</b>	<b>2,970</b>	<b>2,805</b>	<b>701</b>	<b>681</b>	<b>3%</b>	<b>3%</b>	<b>100%</b>
<b>INTERNATIONAL MARKETS:</b>							
Abilify Maintena	130	105	36	28	27%	32%	5%
Brintellix	396	313	102	77	31%	44%	15%
Cipralex/Lexapro	1,552	1,582	228	332	(31%)	(27%)	33%
Ebixa	461	469	94	76	25%	29%	13%
Other pharmaceuticals	961	937	234	211	11%	14%	34%
<b>Total revenue</b>	<b>3,500</b>	<b>3,406</b>	<b>694</b>	<b>724</b>	<b>(4%)</b>	<b>1%</b>	<b>100%</b>

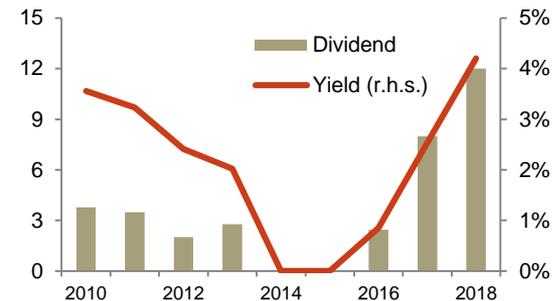
## Q4 and FY 2018 - Cash generation

DKKm	Q4 2018	FY 2018	FY 2017
Cash flows from operating activities	1,406	5,981	4,045
Cash flows from investing activities	(609)	(2,907)	(1,830)
<b>Cash flows from operating and investing activities (free cash flow)</b>	<b>797</b>	<b>3,074</b>	<b>2,215</b>
Cash flows from financing activities	(24)	(1,607)	(2,235)
<b>Net cash flow for the period</b>	<b>773</b>	<b>1,467</b>	<b>(20)</b>
Cash, bank balances and securities, end of period	6,635	6,635	3,677
Interest-bearing debt	-	-	-
<b>Net cash/(net debt)</b>	<b>6,635</b>	<b>6,635</b>	<b>3,677</b>

# FY 2018 - Balance sheet and dividend

DKKm	31.12.2018	31.12.2017
Intangible assets	8,023	7,565
Other non-current assets	3,339	3,347
Current assets	11,649	8,844
<b>Assets</b>	<b>23,011</b>	<b>19,756</b>
Equity	14,251	12,181
Non-current liabilities	1,184	1,096
Current liabilities	7,576	6,479
<b>Equity and liabilities</b>	<b>23,011</b>	<b>19,756</b>
Cash and bank balances	3,605	2,155
Securities	3,030	1,522
Interest-bearing debt	-	-
<b>Interest-bearing debt, cash, bank balances and securities, net end of period</b>	<b>6,635</b>	<b>3,677</b>

## Dividend (DKK)



- ★ Proposed dividend of DKK 12.00 per share for 2018, corresponding to a payout ratio of 61%
- ★ A total of DKK 2.4 billion and a yield of 4.2%\*
- ★ Dividend policy: Payout ratio of 30-60% from 2019

\*Based on the share price of DKK 285.40

## Costs – Full year figures

DKKm	2018	2017	2016	2015	2018 ( $\Delta\%$ )	2017 ( $\Delta\%$ )
Revenue	18,117	17,234	15,634	14,594	5%	10%
Cost of sales	3,456	3,881	4,082	5,395	(11%)	(5%)
Sales & Distribution costs	5,277	5,649	5,488	6,706	(7%)	3%
Administrative expenses	762	833	805	1,160	(9%)	3%
R&D costs	3,277	2,705	2,967	8,149	21%	(9%)
<b>Total costs</b>	<b>12,772</b>	<b>13,068</b>	<b>13,342</b>	<b>21,410<sup>1)</sup></b>	<b>(2%)</b>	<b>(2%)</b>
EBIT	5,301 <sup>2)</sup>	4,408 <sup>2)</sup>	2,292	(6,816)	20%	92%
Core EBIT	6,158	5,115	3,477	847	20%	47%
<i>Cost of sales</i>	<b>19%</b>	23%	26%	37%	-	-
<i>Sales &amp; Distribution costs</i>	<b>29%</b>	33%	35%	46%	-	-
<i>Administrative expenses</i>	<b>4%</b>	5%	5%	8%	-	-
<i>R&amp;D costs</i>	<b>18%</b>	16%	19%	56%	-	-
<i>EBIT margin</i>	<b>29%</b>	26%	15%	(47%)	-	-

Included are 1) Restructuring costs and impairment of product rights of around DKK 7bn. 2) Includes Other operating items, net

# Financial terms and territory structure of the Otsuka alliance entered in November 2011

## Milestone payments

Payment to:



	Abilify Maintena	Rexulti	Selincro
Development milestones/upfront	USD 200m	USD 600m <sup>3)</sup>	EUR 105m*
Approval milestones	USD 275m <sup>1)</sup>	USD 300m <sup>2)</sup>	Un-disclosed
Sales milestones	Up to USD 425m depending on sales development		Un-disclosed

1) USD 100m upon US approval, USD 75m upon EU approval in schizophrenia, and USD 50m US and EU for a second indication. 2) USD 100m (US) and USD 50m (EU) for each of the two first indications

3) Development milestones of up to USD 600m after which shared development costs between parties. 4) USD 125m, USD 25m and USD 50m for first indication in the US, EU and Japan respectively. Second indication gives USD 50m, USD 25m and USD 25m, respectively.

## Lundbeck's share of revenue and costs



	Abilify Maintena	Rexulti	Selincro
USA	20%	45%	-
EU-5, Nordic and Canada	50%	50%	-
Other Lundbeck territories	65%**	65%**	Un-disclosed

\* Includes sales milestones

\*\* All regions except Asia, Turkey and Egypt

\*\*\* All regions except Thailand and Vietnam

★ Selincro for Japan added to the alliance in October 2013

# For more information, please contact Investor Relations

- ★ Lundbeck's shares have been listed on the Copenhagen Stock Exchange since 18 June 1999
- ★ Lundbeck has a Deutsche Bank sponsored ADR programme listed in the U.S. (OTC) effective from 18 May 2012
- ★ For additional company information, please visit Lundbeck at:  
[www.lundbeck.com](http://www.lundbeck.com)

Number of shares	199,098,422
Own shares	388,327
Classes of shares	1
Restrictions	None
ISIN code	DK0010287234
Ticker symbol	LUN DC/LUN.CO (Bloomberg/Reuters)
ADR programme	Sponsored level 1
ADR symbol	HLUYY
Ratio	1:1

## IR contact

### Palle Holm Olesen

VP; Head of Investor Relations  
Mobile: +45 3083 2426  
[palo@lundbeck.com](mailto:palo@lundbeck.com) or  
[polesen3@bloomberg.net](mailto:polesen3@bloomberg.net)

## Financial calendar

<b>AGM</b>	26 March 2019
<b>3M 2019</b>	8 May 2019
<b>6M 2019</b>	14 August 2019
<b>9M 2019</b>	5 November 2019
<b>FY 2019</b>	February 2020