



Restoring
brain health

**2019 ANNUAL GENERAL MEETING
H. LUNDBECK A/S**

26 March 2019



Welcome



LARS SØREN RASMUSSEN

Chairman of the Board of Directors

Executive Management



**PETER
ANASTASIOU**



**LARS
BANG**



**ANDERS
GÖTZSCHE**



**DEBORAH
DUNSIRE**



**JACOB
TOLSTRUP**



**JOHAN
LUTHMAN**



**KELD
FLINTHOLM
JØRGENSEN**

Board of Directors



**LARS SØREN
RASMUSSEN**



**LENE SKOLE-
SØRENSEN**



**RIKKE KRUSE
ANDREASEN**



**LARS ERIK
HOLMQVIST**



**JEREMY MAX
LEVIN**



**HENRIK
SINDAL
JENSEN**



**LUDOVIC
TRANHOLM
OTTERBEIN**



**JEFFREY
BERKOWITZ**



**HENRIK
ANDERSEN**

Agenda

1. Report of the Board of Directors on the Company's activities during the past year
2. Presentation and approval of the annual report
3. Resolution on the appropriation of profit or loss as recorded in the adopted annual report
4. Election of members to the Board of Directors
5. Approval of remuneration for the Board of Directors for the current financial year
6. Election of one or two state-authorized public accountants
7. Any proposals by shareholders or the Board of Directors
8. Any other business

Item 1 and 2:

Report from the Board of Directors and 2018 Annual Report



LARS SØREN RASMUSSEN

Chairman of the Board of Directors

Best financial results in the history of Lundbeck

FY 2018

Key products

Revenue

DKKbn
18.1

5%

EBIT

DKKbn
5.3

20%

EBIT
margin

29.3% Up from
25.6%

Revenue from
key products

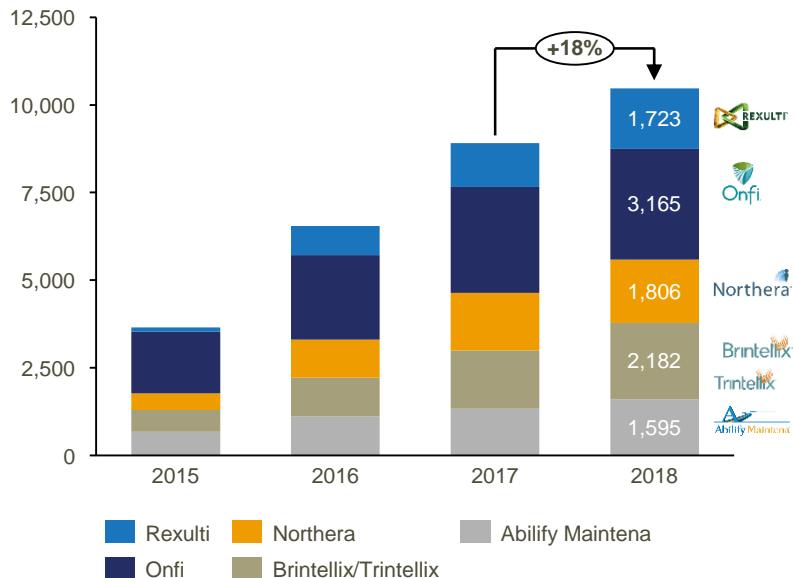
DKKbn
10.5

18%

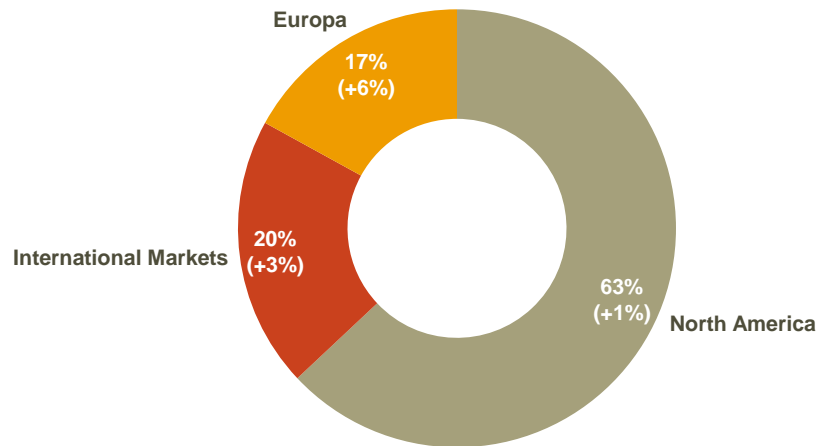
59% of our
total revenue

Solid growth in key products and geographic split

Key products
(2018 vs. 2017 – DKKm)

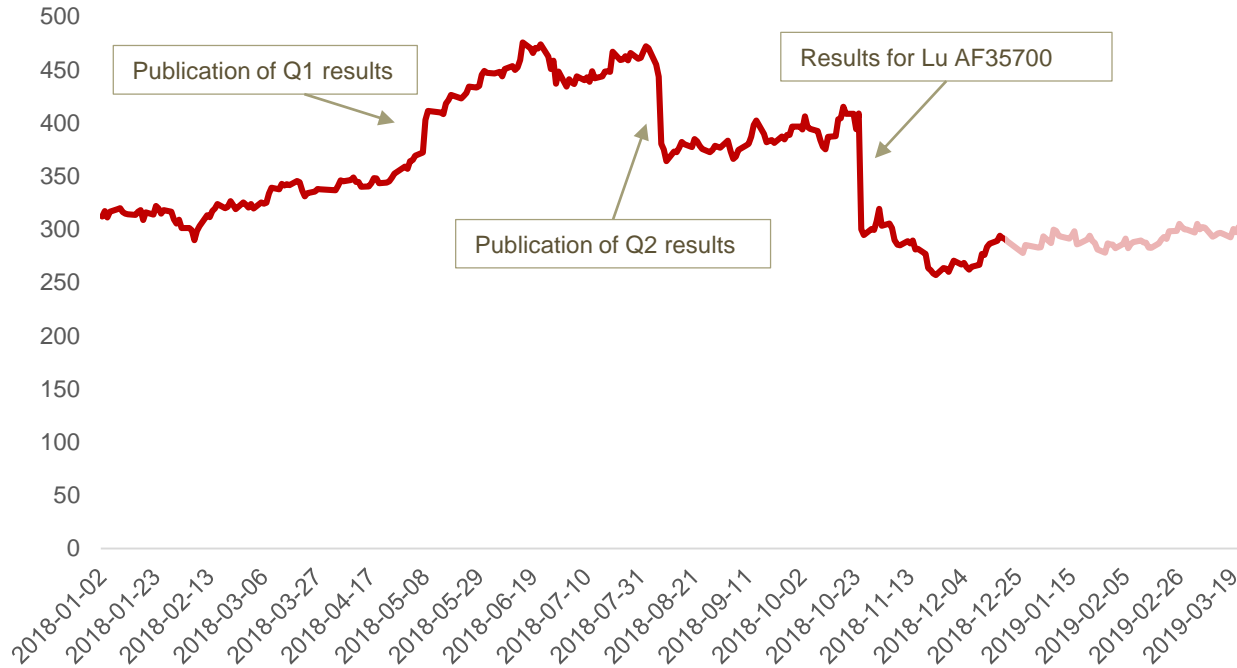


Revenue distribution*
(regional split)



*) Excluding Other revenue and effects from hedging

Share price development in 2018



Dividend

2018

★ 61% of net result

2019

★ 30 – 60% of net result

Achievements in 2018 – marketed products

Trintellix[®]
Brintellix[®]

- ★ FDA approved two label expansions
- ★ Trintellix filed in Japan
- ★ Brintellix is launched in China

REXULTI[™]

- ★ Approved in the EU for the indication of Schizophrenia
- ★ Approved in Saudi Arabia for Schizophrenia and MDD
- ★ Approved in Canada MDD*

Abilify[®] Maintena[®]

- ★ Launched for bipolar in the US, Canada and Australia
- ★ Became #1 in one market, Denmark

Lexapro[®]
escitalopram

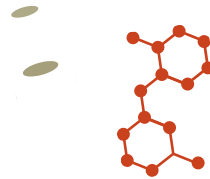
- ★ Market exclusivity prolonged in Japan until 2021

Achievements in 2018 – Lundbeck's pipeline

- ★ Acquisition of Prexton Therapeutics and addition of **foliglurax** for the treatment of Parkinson's disease



- ★ Initiation of clinical phase II study for **PDE10** for the treatment of negative symptoms in schizophrenia



- ★ Initiation of clinical phase I studies for three internal projects

- ★ Well conducted phase III study with **LU AF35700** for treatment resistant schizophrenia did not demonstrate superiority vs. conventional therapy

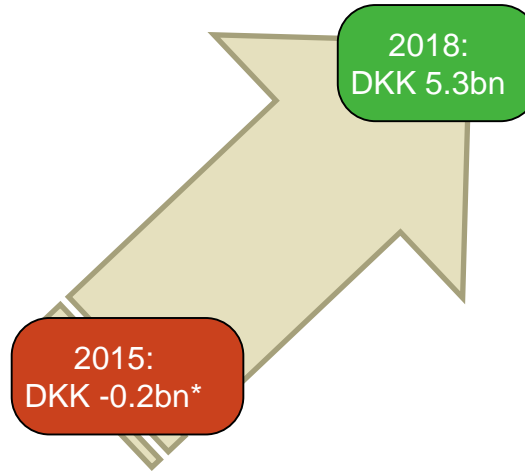
- ★ Phase III study with **brexpiprazole** for treatment of manic episodes associated with bipolar I disorder did not show statistically better effect vs. placebo

Stellar execution on 2016 corporate strategy to restore profitability

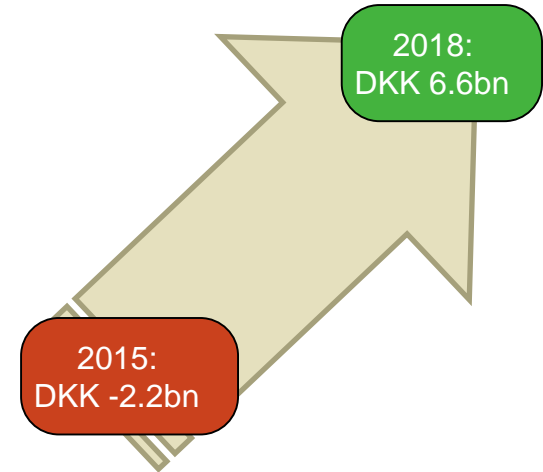
Long-term financial targets from February 2016

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

Operating profit



Net cash

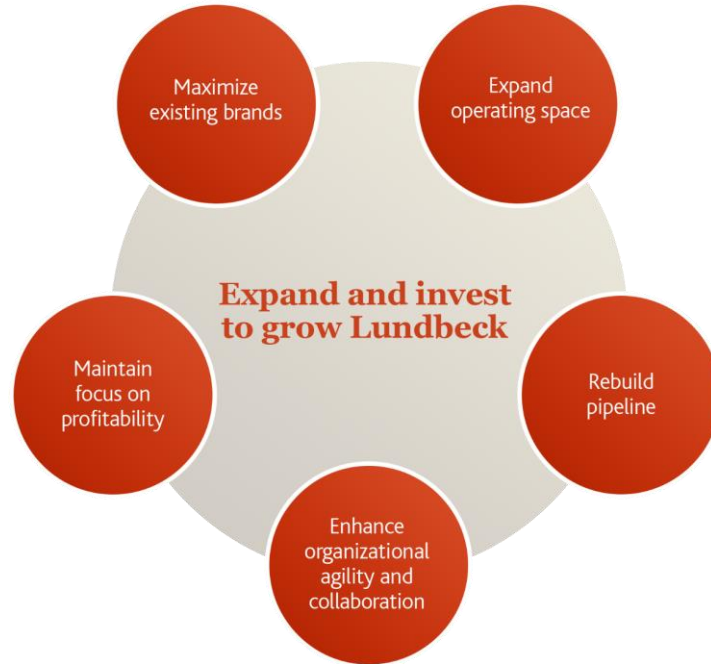


*) Adjusted for restructuring costs and impairment of product rights

Our purpose

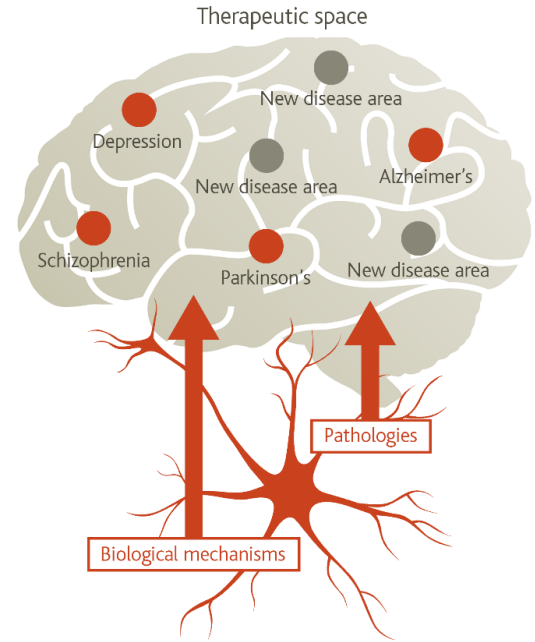
**Tirelessly dedicated to restoring brain health,
so every person can be their best**

Our strategic imperatives



We will build on our strong heritage and expertise in neuroscience

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.



Capitalize on our competitive edge

We have a competitive edge as a fully integrated global pharmaceutical company with a strong global footprint helping people living with brain diseases.

Drug discovery

Creating high quality drug molecules, antibodies and vaccine drug candidates based on solid disease understanding and treatment hypotheses with the potential to translate into treatments in defined patient populations.

Drug development

Developing medicines leveraging insights about patient needs as well as technology and AI, and the medical, regulatory and payer environment.

Product development and supply

Competencies to innovate API and formulations, and highly reliable and efficient infrastructure to support projects from early research to manufacturing and distribution of finished goods at commercial scale.

Global presence

A strong global medical, regulatory and commercial infrastructure with a key focus on specialists with expertise in the treatment for brain diseases.

Corporate support

Highly efficient global support infrastructure that enables the line of business to perform and protect Lundbeck's assets and reputation.



Leverage our reputation as partner of choice in brain disease

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
       	   	 	      	  

Our strategic goal

**We will grow Lundbeck
to create value
for all our stakeholders**



2018 financial performance aligned with expectations

	Guidance 2018 DKKbn	Reported 2018 DKKbn	Reported 2017 DKKbn	Index
Revenue	17.7 – 18.1	18,117	17,234	105
EBIT	5.1 – 5.4	5,301	4,408	120
EBIT margin		29.3%	25.6%	

Financial results

<i>DKKm</i>	2018	2017	Index
Revenue	18,117	17,234	105
Cost of sales	3,456	3,881	89
Sales and distribution costs	5,277	5,649	93
Administrative expenses	762	833	91
Research and development costs	3,277	2,705	121
Other operating items, net	(44)	242	N/A
Profit from operations (EBIT)	5,301	4,408	120
<i>EBIT margin</i>	<i>29.3%</i>	<i>25.6%</i>	
Net financials	(12)	(131)	N/A
Profit before tax	5,289	4,277	124
Tax on profit for the year	1,382	1,653	84
Profit for the year	3,907	2,624	149
Earnings per share, basic - EPS (DKK)	19.66	13.28	148

Cash flow

<i>DKKm</i>	2018	2017
Cash flows from operating activities	5,981	4,045
Cash flows from investing activities	(2,907)	(1,830)
Cash flows from operating and investing activities (free cash flow)	3,074	2,215
Cash flows from financing activities	(1,607)	(2,235)
Net cash flow for the year	1,467	(20)
Cash, bank balances and securities, end of year	6,635	3,677
Net cash/(net debt)	6,635	3,677

Balance sheet and interest-bearing cash

<i>DKKm</i>	2018	2017
Intangible assets	8,023	7,565
Other non-current assets	3,339	3,347
Current assets	11,649	8,844
Assets	23,011	19,756
Equity	14,251	12,181
Non-current liabilities	1,184	1,096
Current liabilities	7,576	6,479
Equity and liabilities	23,011	19,756
Cash and bank balances	3,605	2,155
Securities	3,030	1,522
Net cash/(net debt)	6,635	3,677

2019 financial outlook

<i>DKKbn</i>	2017	2018	2019 guidance	Growth
Revenue	17.2	18.1	16.1 – 16.7	(11) – (8)%
EBIT	4.4	5.3	4.2 – 4.6	(21) – (13)%
<i>EBIT margin</i>	25.6%	29.3%	~25-29%	-
<i>Dividend (% of net result)</i>	61%	61%	30-60%	-

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ITEM 2: APPROVAL OF THE ANNUAL REPORT

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**ITEM 3:
RESOLUTION ON THE APPROPRIATION OF
PROFIT OR LOSS**

Item 3:

Resolution on distribution of profit or loss

<i>DKKm</i>	2018	Share
Profit for the year	3,907	
Transfer to distributable reserves	1,518	39%
Proposed dividends for the year	2,389	61%
Proposed dividend per share (DKK)	12.00	

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**ITEM 4:
ELECTION OF MEMBERS TO THE BOARD OF
DIRECTORS**

Members of the Board of Directors - elected at the 2018 AGM

Members	Independent	Remuneration Committee	Audit Committee	Scientific Committee
Lars Søren Rasmussen, Chairman	Yes	√ _C	√	
Lene Skole-Sørensen, Deputy Chairman	No	√		√
Henrik Andersen	Yes		√ _C	
Lars Erik Holmqvist	No		√	
Jeremy Max Levin	Yes			√ _C
Jeffrey Berkowitz	Yes			√
Henrik Sindal Jensen	Members elected by the employees for the period 2018-2022			
Ludovic Tranholm Otterbein				
Rikke Kruse Andreasen				

C = Chairman of the Committee

Members of the Board of Directors

- proposed for election at the 2019 AGM

Members	Independent
Lars Søren Rasmussen	Yes
Lene Skole-Sørensen	No
Henrik Andersen	Yes
Lars Erik Holmqvist	No
Jeremy Max Levin	Yes
Jeffrey Berkowitz	Yes
Henrik Sindal Jensen	Members elected by the employees for the period 2018-2022
Ludovic Tranholm Otterbein	
Rikke Kruse Andreasen	

Item 4:

Election of board members



**LARS SØREN
RASMUSSEN**



**LENE SKOLE-
SØRENSEN**



**LARS ERIK
HOLMQVIST**



**JEFFREY
BERKOWITZ**



**HENRIK
ANDERSEN**



**JEREMY MAX
LEVIN**



**ITEM 5:
APPROVAL OF REMUNERATION**

Item 5:

Approval of remuneration

Approval of remuneration for the Board of Directors for the current financial year

Board of Directors <i>DKK</i>	Current	Proposal
Members of the Board	350,000	350,000
Supplement to members of the Board with permanent residence outside of Europe	0	350,000
Deputy Chairman	700,000	700,000
Chairman	1,050,000	1,050,000

Committees <i>DKK</i>	Current	Proposal
Members of a committee	200,000	200,000
Chairman	300,000	300,000



**ITEM 6:
ELECTION OF STATE-AUTHORIZED PUBLIC
ACCOUNTANTS**

Item 6:

Election of State-Authorized Public Accountants

Deloitte, Statsautoriseret Revisionspartnerselskab



Erik Holst Jørgensen

State-Authorized Public Accountant



Sumit Sudan

State-Authorized Public Accountant

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**ITEM 7:
PROPOSALS FROM SHAREHOLDERS OR THE
BOARD OF DIRECTORS**

Item 7:

Proposals from shareholders or the Board of Directors

7.1. Acquisition of own shares

- ★ It is proposed to authorise the Board of Directors until the next annual general meeting to allow the Company to acquire own shares of a total nominal value of up to 10% of the share capital. The purchase price for the relevant shares may not deviate by more than 10% from the price quoted on Nasdaq Copenhagen A/S at the time of the acquisition.

Item 7:

Proposals from shareholders or the Board of Directors

7.2. Amendment of Remuneration Guidelines for Executive Management and the Board of Directors

- ★ The Board of Directors proposes to adopt the amended Remuneration Guidelines for the Board of Directors and the Executive Management of H. Lundbeck A/S. In 2016, the annual general meeting adopted the current Remuneration Guidelines for the Board of Directors and the Executive Management. In addition to a number of primarily linguistic adjustments, clarifications, and amendments made as a consequence of new Corporate Governance Recommendations, the Board of Directors proposes, amongst others, the following changes to the Remuneration Guidelines:
 - ★ Amendment to the Remuneration Guidelines to grant members of the Board of Directors with permanent residence outside of Europe DKK 350,000 in addition to the base fee, to compensate for the time spent on intercontinental travel to the Board meetings
 - ★ Amendment of the long-term incentive (LTI) program for the CEO to the effect that the maximum awarded value of LTI Instruments for the grant year for the CEO is increased to twelve (12) months of base salary (at time of grant) (up from eight (8) months)
 - ★ Amendment of the short-term incentive (STI) program for the CEO to the effect that the maximum awarded value of the STI is increased to fourteen (14) months (up from nine (9) months)
 - ★ Amendment of the Remuneration Guidelines to allow an exception to the general principles for awarding LTI for the year 2019 only

Item 7:

Proposals from shareholders or the Board of Directors

7.3. Removal of the age limit for members of the Board of Directors

- ★ The Board of Directors proposes to remove the age limit for members of the Board of Directors and thereby amend Article 5.1 of the Company's Articles of Association
- ★ It is the opinion of the Board of Directors that a specific age should not automatically exclude persons from being elected to the Company's Board of Directors. Further, the Board of Directors note that the age limit has been removed in the latest revision of the Corporate Governance Recommendations issued on 27 November 2017
- ★ The Board of Directors proposes to delete the following sentence of Article 5.1. in the Company's Articles of Association:
- ★ *"However, no member may remain on the Board of Directors after the annual general meeting of the calendar year in which the member reaches the age of 70."*
- ★ Upon such deletion, Article 5.1 will have the following wording:
- ★ "5. Management

5.1. The Company is managed by a Board of Directors consisting of four to six members elected by the general meeting to hold office for one-year terms. The board members are eligible for re-election. In addition to the members elected by the general meeting, the employees of H. Lundbeck A/S and its subsidiaries shall elect a number of members to the Board of Directors in accordance with the Danish Companies Act (selskabsloven) in force from time to time."

Item 7:

Proposals from shareholders or the Board of Directors

7.4. Reduction of prices on the medicine sold by the Company if the return on equity exceeds 7%

- ★ Proposal from the shareholder Kritiske Aktionærer (a Danish association) that if the return on equity in the Company exceeds 7%, then the Company must reduce the prices on the medicine sold by the Company.

Item 7:

Proposals from shareholders or the Board of Directors

7.5. Registration of the adopted amendments

- ★ The Board of Directors proposes to authorise the Chairman of the general meeting to make such amendments and additions to the resolutions passed by the general meeting and the application for registration with the Danish Business Authority that may be required by the Danish Business Authority in connection with the registration of the adopted amendments.



**ITEM 8:
ANY OTHER BUSINESS**



THANK YOU AND GOODBYE

SEE YOU AT NEXT YEAR'S ANNUAL GENERAL MEETING