



# 2016 ANNUAL GENERAL MEETING

H. LUNDBECK A/S

*31 March 2016*



# Welcome

---



HÅKAN BJÖRKLUND

Chairman of the Board of Directors

# Executive Management

---



**KÅRE SCHULTZ**



**ANDERS GERSEL PEDERSEN**



**ANDERS GÖTZSCHE**



**JACOB TOLSTRUP**



**LARS BANG**



**STAFFAN SCHÜBERG**

# Board of Directors

---



**HÅKAN BJÖRKLUND**



**LENE SKOLE**



**TERRIE CURRAN**



**MONA ELSTER**



**LARS HOLMQVIST**



**HENRIK JENSEN**



**JØRN MAYNTZHUSEN**



**JESPER OVESEN**



**LARS RASMUSSEN**

# 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:

## Report from the Board of Directors

---



**HÅKAN BJÖRKLUND**

Chairman of the Board of Directors

# 2015 – another year of progress

## Commercial

- ★ Continuation of the most extensive launch period in Lundbeck's history
- ★ Growth of our key products
  - ★ Abilify Maintena<sup>®</sup>
  - ★ Brintellix<sup>®</sup>
  - ★ Northera<sup>®</sup>
  - ★ Onfi<sup>®</sup>
  - ★ Rexulti<sup>®</sup>
- ★ Strong growth in the important US market

## Research & Development

- ★ FDA approval of Rexulti<sup>®</sup> in the US (depression & schizophrenia)
- ★ Brintellix<sup>®</sup> sNDA submission in the US (cognition data included in product label)

## Organization

- ★ New CEO appointed and Executive Management team expanded
- ★ Initiation of a major restructuring program to increase profitability
- ★ New Lundbeck strategy implemented

## 2015 financial performance aligned with expectations

|           | Guidance<br>2015<br>DKKbn | Reported<br>2015<br>DKKm | Reported<br>2014<br>DKKm | Index |
|-----------|---------------------------|--------------------------|--------------------------|-------|
| Revenue   | ~14                       | 14,594                   | 13,468                   | 108   |
| EBIT      | ~(6.8)                    | (6,816)                  | 99                       | N/A   |
| Core EBIT | ~0.7                      | 847                      | 1,228                    | 69    |

# Long-term financial targets

EBIT margin



ROIC

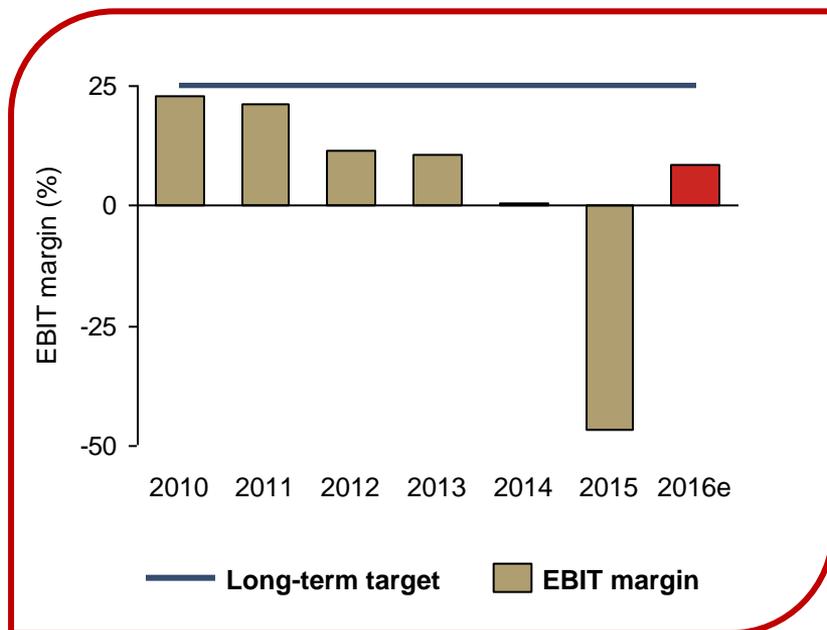


Cash-to-earnings



Targets within a 3-5 year period

# Profitability to increase short-term



## Future EBIT margin improvements

- ★ Effects from restructuring program
- ★ Growth in key products with higher margins
- ★ Erosion of low-margin products such as Azilect® and Xenazine®

# Strong share price development



## Our vision

**We strive for global leadership in psychiatry and neurology by improving the lives of patients**



## Item 2: 2015 Annual Report

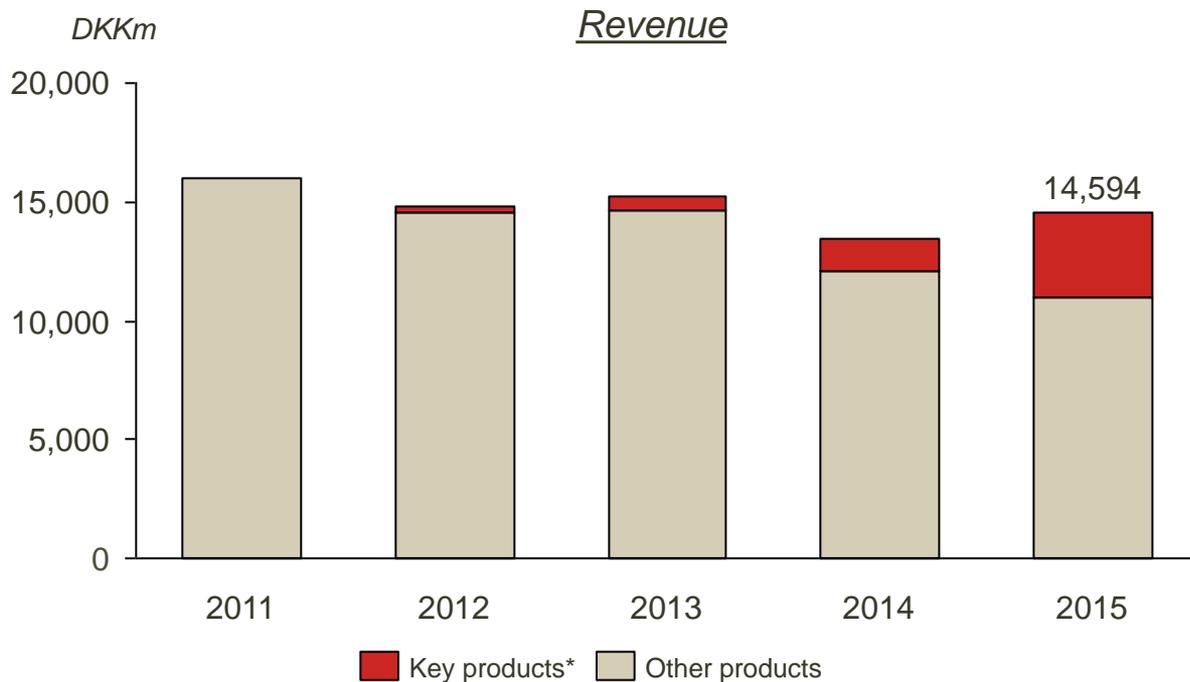
---



KÅRE SCHULTZ

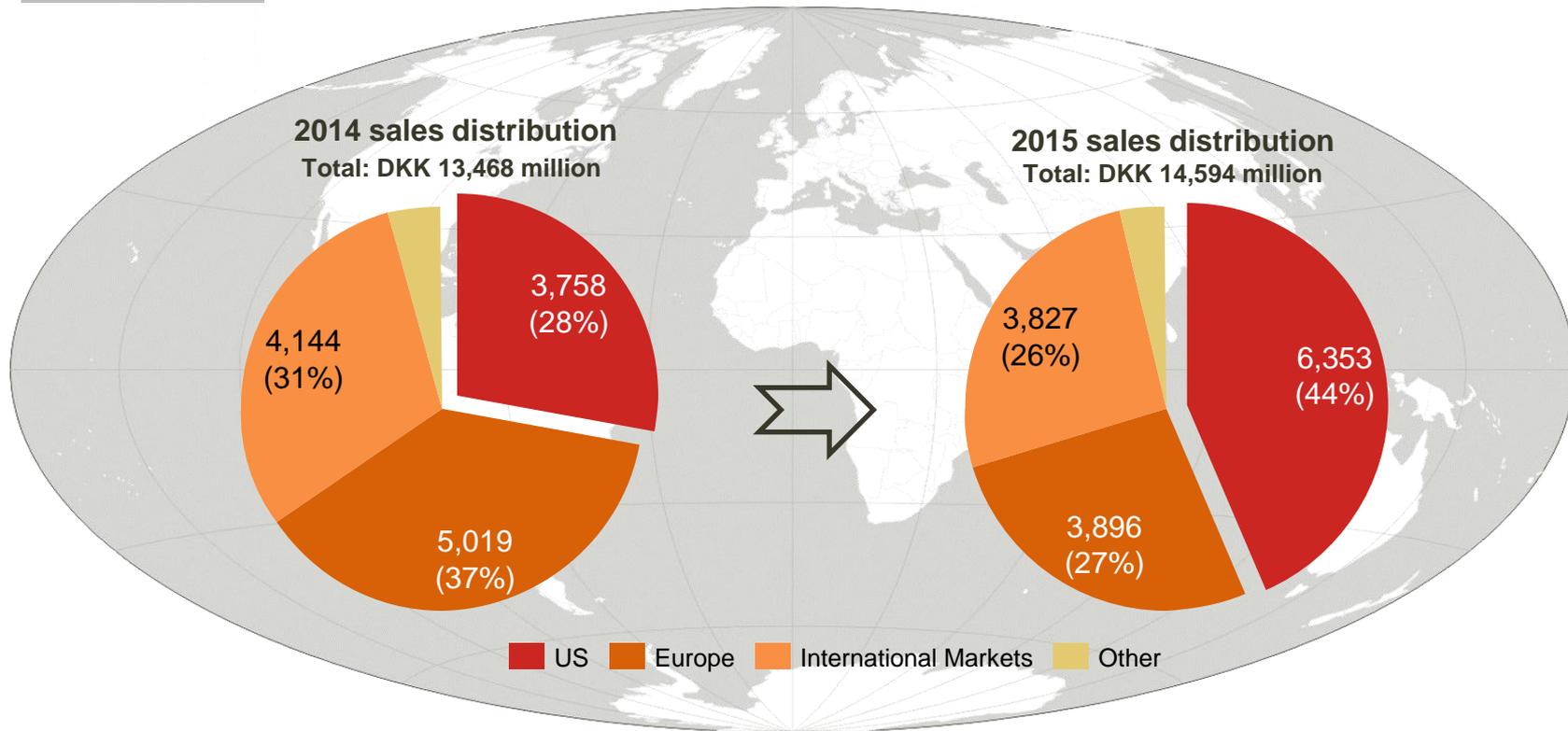
President & CEO

# Stable revenue performance in period of transformation



# Regional sales performance and distribution

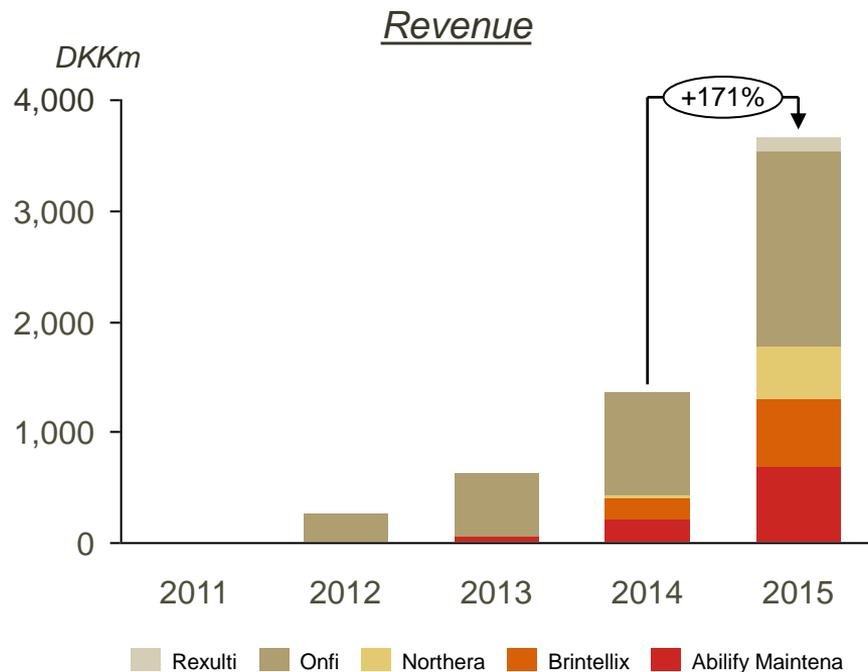
## - significant growth in the important US market



## 2015 revenue and growth by key product

|   | Revenue<br>(DKKm) | Growth<br>(%) |
|---|-------------------|---------------|
| <br>NEW <b>Abilify Maintena</b><br>400mg ONCE-MONTHLY                            | 669               | 220           |
| <br><b>Brintellix</b><br>vortioxetine  | 629               | 235           |
| <br><b>Onfi</b><br>(clobazam)<br>10 mg/20 mg/30 mg                               | 1,757             | 90            |
| <br><b>Northera</b> <sup>™</sup><br>(droxidopa) capsules<br>100 mg/200 mg/300 mg | 475               | 1,868         |
| <br><b>REXULTI</b> <sup>™</sup><br>brexpiprazole<br>tablets                      | 117               | -             |

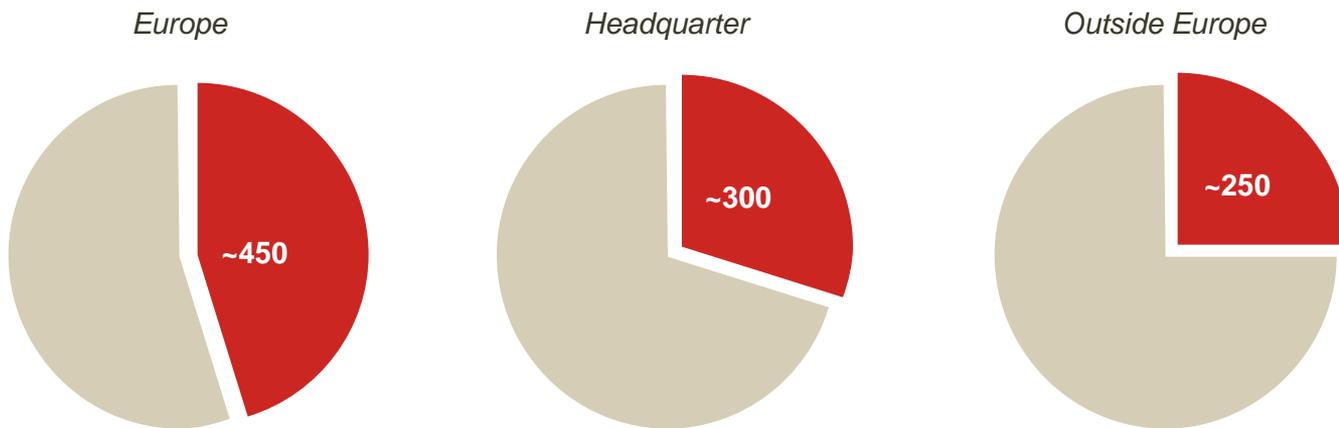
# Strong revenue growth of our key products in 2015



Key products revenue  
grew by **171%** in  
2015, constituting  
**25%** of total revenue

# Restructuring program well on track: ~85% of planned headcount reductions carried out

Share of *gross* reductions of around 1,000



# Our vision



**We strive for global leadership  
in psychiatry and neurology by  
improving the lives of patients**

# Our principles



## **We are focused**

on innovating treatments for depression, schizophrenia, Parkinson's disease and Alzheimer's disease while creating value for all our stakeholders

## **We are passionate**

about helping patients and communities affected by psychiatric and neurological disorders

## **We are responsible**

and overcome challenges by demonstrating respect, open-mindedness and integrity

# Our strategic objectives

---



## Four disease areas

We will strive for leadership in the treatment of depression, schizophrenia, Parkinson's disease and Alzheimer's disease

## Innovation

We will develop innovative treatments that address unmet patient needs

## Globalization

We will expand and optimize our global organization

## Profitability

We will grow our business with a strong focus on profitability

## Organization

We will be a specialized company with strong cross-functional collaboration

# DEPRESSION

---



RANDI, 56 YEARS, DENMARK

350



million people worldwide  
are living with depression

65%

of people living with  
depression rate their  
condition as being  
severely disabling

\$210



billion is estimated to be the  
total cost of depression per  
year in the US alone

”

If I got up, I knew I would  
have to pick out some  
clothes to wear, and that  
decision was so  
paralyzing that I would  
remain in bed.”

# SCHIZOPHRENIA

---

MARIA, 23 YEARS, DENMARK

21



million people worldwide are suffering from schizophrenia

36%

only of people with schizophrenia receive the right treatment

2.5%

in the US and 1.5% in the UK is what schizophrenia accounts for of the total national healthcare budgets

”

My curling iron wanted to burn the house down. When I bought cigarettes, the petrol station threatened to explode.”



# ALZHEIMER'S DISEASE

---

”

I chat with my doll in the red velvet dress every morning. She used to have a name. But I don't remember it.”

ELEANOR, 85 YEARS, USA

48



million people worldwide are living with Alzheimer's disease and other dementias

7.7

million new cases of dementia every year

\$604



billion is estimated to be the total global societal costs of dementia

# PARKINSON'S DISEASE

”

My face has grown expressionless over time. The disease paralyses my facial muscles, so they can no longer move as before. It is like a poker face.”

HE WEI, 57 YEARS, CHINA

6



million people worldwide are living with Parkinson's disease

1.6%

of the population aged 65+ has Parkinson's disease

\$25



billion is estimated to be the total cost of Parkinson's disease per year in the US alone

# Our path to category leadership within the four disease areas

## Current products

## Pipeline

### Depression



Research projects

### Schizophrenia



Lu AF35700

Research projects

### Alzheimer's



Rexulti

Idalopirdine

Lu AF20513

Research projects

### Parkinson's



Early clinical projects

Research projects

# Financial results

| <i>DKKm</i>                           | <b>2015</b>    | <b>2014</b>   | <i>Index</i> |
|---------------------------------------|----------------|---------------|--------------|
| <b>Revenue</b>                        | <b>14,594</b>  | <b>13,468</b> | <b>108</b>   |
| Cost of sales                         | 5,395          | 4,160         | 130          |
| Sales and distribution costs          | 6,706          | 5,164         | 130          |
| Administrative expenses               | 1,160          | 1,134         | 102          |
| Research and development costs        | 8,149          | 2,911         | 280          |
| <b>EBIT</b>                           | <b>(6,816)</b> | <b>99</b>     | <b>N/A</b>   |
| <i>- margin</i>                       | <i>(46.7%)</i> | <i>0.7%</i>   |              |
| Net financials                        | (190)          | (155)         | N/A          |
| <b>Profit/(loss) before tax</b>       | <b>(7,006)</b> | <b>(56)</b>   | <b>N/A</b>   |
| Tax on profit/(loss) for the year     | (1,312)        | 97            | N/A          |
| <b>Profit/(loss) for the year</b>     | <b>(5,694)</b> | <b>(153)</b>  | <b>N/A</b>   |
| <b>Earnings per share - EPS (DKK)</b> | <b>(28.98)</b> | <b>(0.78)</b> | <b>N/A</b>   |

# Balance sheet and cash position

| <i>DKKm</i>   | <b>31.12.2015</b> | <b>31.12.2014</b> |
|---|-------------------|-------------------|
| Intangible assets                                     | 9,794             | 12,670            |
| Other non-current assets                              | 3,871             | 3,581             |
| Current assets  | 7,660             | 9,386             |
| <b>Assets</b>   | <b>21,325</b>     | <b>25,637</b>     |
| Equity  | 8,785             | 13,526            |
| Non-current liabilities                               | 4,792             | 4,909             |
| Current liabilities                                   | 7,748             | 7,202             |
| <b>Equity &amp; Liabilities</b>                       | <b>21,325</b>     | <b>25,637</b>     |
| Cash and bank balances                                | 1,504             | 3,651             |
| Securities  | 17                | 18                |
| Interest-bearing debt                                 | (3,770)           | (3,343)           |
| <b>Interest-bearing net cash and cash equivalents</b> | <b>(2,249)</b>    | <b>326</b>        |

# Cash flow

| <i>DKKm</i>  | <b>2015</b>    | <b>2014</b>    |
|--|----------------|----------------|
| Cash flows from operating activities                       | 197            | 1,610          |
| Cash flows from investing activities                       | (2,842)        | (3,396)        |
| <b>Cash flows from operating and investing activities</b>  | <b>(2,645)</b> | <b>(1,786)</b> |
| Cash flows from financing activities                       | 501            | 589            |
| <b>Net cash flow for the year</b>                          | <b>(2,144)</b> | <b>(1,197)</b> |
| Cash and bank balances at 1 <sup>st</sup> January          | 3,651          | 4,817          |
| Unrealized exchange gains/losses on cash and bank balances | (3)            | 31             |
| <b>Cash and bank balances at 31<sup>st</sup> December</b>  | <b>1,504</b>   | <b>3,651</b>   |

A close-up photograph of a person wearing a bright yellow puffer jacket and a dark grey sweater. They are looking down at a small, vibrant red starfish held in their hands. The background is a soft, out-of-focus yellow light, suggesting an outdoor setting like a beach at sunrise or sunset. A large, semi-transparent red rectangle is overlaid on the left side of the image, containing white text.

**ITEM 2:  
APPROVAL OF THE ANNUAL REPORT**

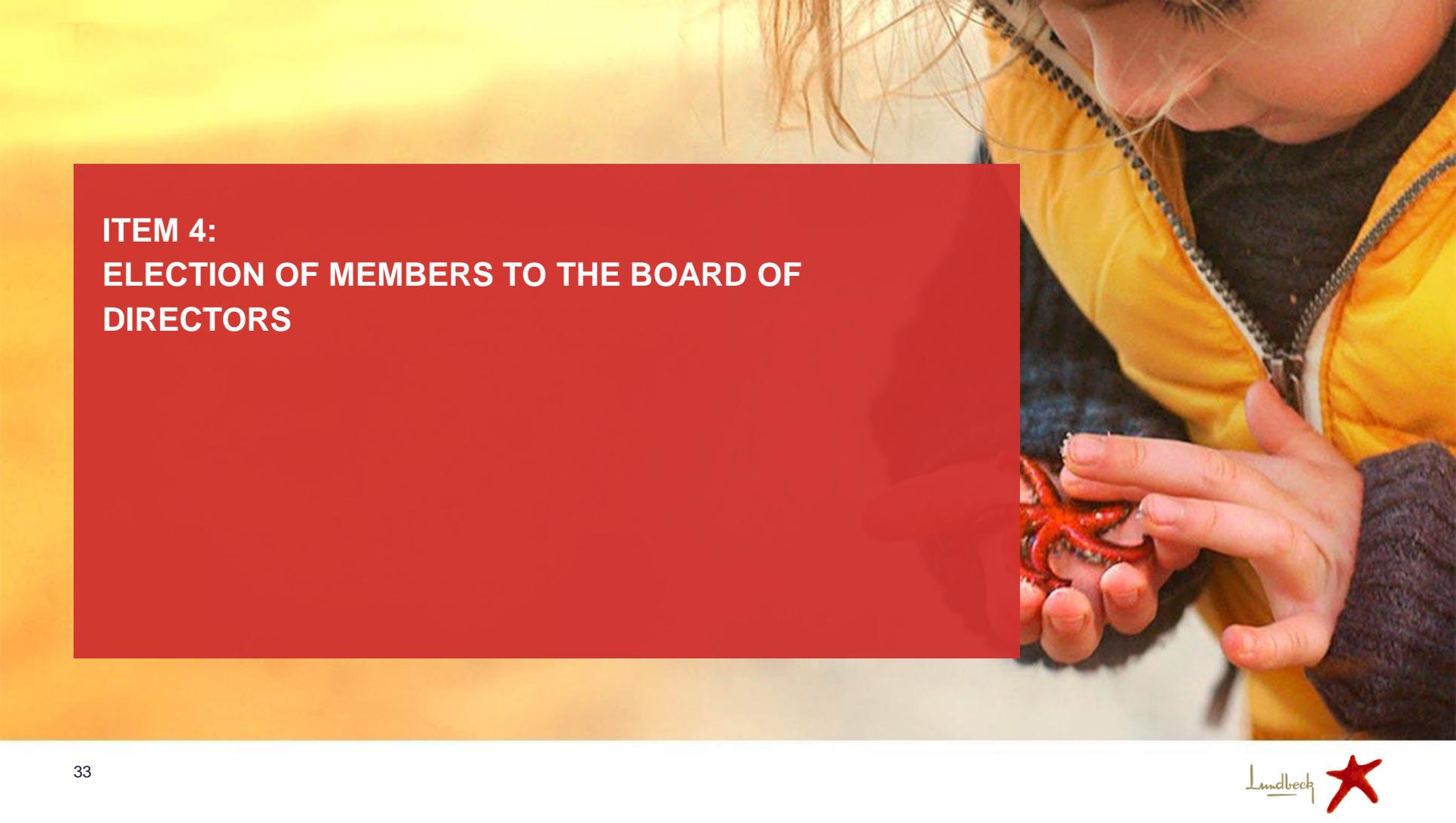
A close-up photograph of a person wearing a bright yellow jacket and a dark grey sweater. They are holding a small, vibrant red starfish in their hands. The background is a soft, out-of-focus yellow and orange light, suggesting an outdoor setting like a beach at sunset. A large, semi-transparent red rectangle is overlaid on the left side of the image, containing white text.

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

## Item 3: Resolution on distribution of profit or loss

---

| <i>DKKm</i>                            | <b>2015</b> | <b>Share</b> |
|--|-------------|--------------|
| Profit/(loss) for the year             | (5,694)     |              |
| Transfer to distributable reserves     | (5,694)     | 100%         |
| <b>Proposed dividends for the year</b> | <b>0</b>    | <b>0%</b>    |

A close-up photograph of a person wearing a bright yellow jacket, looking down at a small red starfish held in their hands. The background is a soft, out-of-focus yellow light. A large red rectangular box is overlaid on the left side of the image, containing white text.

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

# Members of the Board of Directors - elected at the 2015 AGM

| Members                     | Independent | Remuneration Committee | Audit Committee | Scientific Committee |
|-----------------------------|-------------|------------------------|-----------------|----------------------|
| Håkan Björklund, Chairman   | YES         | √ <sub>C</sub>         |                 | √                    |
| Lene Skole, Deputy Chairman | NO          | √                      |                 | √                    |
| Terrie Curran               | YES         | √                      |                 |                      |
| Lars Holmqvist              | NO          |                        | √               |                      |
| Lars Rasmussen              | YES         |                        | √               |                      |
| Jesper Ovesen               | YES         |                        | √ <sub>C</sub>  |                      |
| Mona Elisabeth Elster       |             |                        |                 |                      |
| Jørn Møller Mayntzhusen     |             |                        |                 |                      |
| Henrik Sindal Jensen        |             |                        |                 |                      |

*Employee representatives elected by  
the Danish employees*

# Members of the Board of Directors – proposed for election at the 2016 AGM

| Members                     | Independent   |
|-----------------------------|---|
| Lars Rasmussen, Chairman    | YES   |
| Lene Skole, Deputy Chairman | NO  |
| Terrie Curran               | YES   |
| Lars Holmqvist              | NO  |
| Jesper Ovesen               | YES   |
| Mona Elisabeth Elster       | <i>Employee representatives elected by<br/>the Danish employees</i> |
| Jørn Møller Mayntzhusen     |   |
| Henrik Sindal Jensen        |   |

## Item 4: Election of members to the Board of Directors

---



LARS RASMUSSEN



LENE SKOLE



TERRIE CURRAN



LARS HOLMQVIST



JESPER OVESEN

A close-up photograph of a person wearing a bright yellow jacket, looking down at a small red starfish held in their hands. The background is a soft, out-of-focus yellow light. A large, semi-transparent red rectangle is overlaid on the left side of the image, containing the text 'ITEM 5: APPROVAL OF REMUNERATION'.

**ITEM 5:  
APPROVAL OF REMUNERATION**

## Item 5: Approval of remuneration

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

| <b>Board of Directors</b> |             |
|---------------------------|-------------|
| Member of the Board       | DKK 300,000 |
| Deputy Chairman           | DKK 600,000 |
| Chairman                  | DKK 900,000 |

| <b>Committees</b>       |             |
|-------------------------|-------------|
| Member of the Committee | DKK 200,000 |
| Chairman                | DKK 300,000 |

A close-up photograph of a person wearing a bright yellow jacket and a dark turtleneck sweater. They are holding a small, vibrant red starfish in their hands, looking down at it with a focused expression. The background is a soft, out-of-focus yellow and orange light, suggesting an outdoor setting like a beach or a field of flowers.

**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*



**Lars Andersen**

*State Authorized Public Accountant*

A close-up photograph of a person wearing a bright yellow jacket, looking down at a small red starfish held in their hands. The background is a soft, out-of-focus yellow light. A large red rectangular box is overlaid on the left side of the image, containing white text.

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

# Item 7:

## Proposals from shareholders or the Board of Directors

---

### 7.1. Amendment of Remuneration Guidelines

- 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 2015 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, the Board of Directors proposes the following changes to the Remuneration Guidelines:
  - Amendment of the long term incentive program for the Executive Management to the effect that the Board of Directors will each year decide whether or not to establish a long term incentive program for the Executive Management for the coming year. The value of the program, and thereby the possible maximum allocation for each member of the Executive Management, will be calculated on the basis of Lundbeck's average share price in the first 10 banking days after publication of Lundbeck's annual report for the year prior to the calendar year where the decision to establish a long term incentive program is adopted by the Board of Directors. Any changes in the share price between the time of calculation of the value and the time of grant of the long term incentives will not affect the possible maximum allocation, which is 8 months' of base salary for the CEO and 6 months' of base salary for other members of the Executive Management.

## Item 7:

# Proposals from shareholders or the Board of Directors

---

## 7.1. Amendment of Remuneration Guidelines (cont.)

- Possibility of granting the present CEO access to participate in the 2014 Warrant Program on equal terms as the former CEO, which is no longer part of the program. This implies among other things that the warrants will vest in 2017, that the strike course and expiration date will be similar to those that apply for the existing Warrant Program 2014 and that the CEO will receive the warrants free of charge. The CEO will not participate in the annual long term incentive program for 2016.

## Item 7:

# Proposals from shareholders or the Board of Directors

---

## 7.2. 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 in accordance with applicable law. 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

---

### 7.3. 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**

A close-up photograph of a person wearing a bright yellow puffer jacket and a dark grey sweater. They are looking down at a small, vibrant red starfish held gently in their hands. The background is a soft, out-of-focus light color.

**THANK YOU AND GOODBYE**

See you at next year's Annual General Meeting

**2016 ANNUAL GENERAL MEETING**

**H. LUNDBECK A/S**

*31 March 2016*

