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Annual Report 2006

Today the Supervisory Board of H. Lundbeck A/S approved the Group's annual report for 2006.

All of Lundbeck's new pharmaceuticals experienced significant underlying growth, but the consolidated performance was adversely affected by the reduction of escitalopram inventories at Forest Laboratories, Inc. in 2006.

- Lundbeck's total revenue amounted to DKK 9,221 million in 2006, corresponding to an increase of 2%.
- Revenue derived from **Europe** amounted to DKK 5,537 million, a 9% increase on 2005. Revenue from **International Markets** amounted to DKK 1,379 million, a 21% increase.
- Revenue from the **USA** amounted to DKK 1,930 million, a decline of 26%, due to lower supplies of bulk escitalopram to Forest as part of Forest's reduction of escitalopram inventories. At 31 December 2006, the inventory reduction had been completed, and inventory levels corresponded to approximately 9 months of commercial supply.
- Sales of **Cipralex**[®] (depression) rose by 34% to DKK 3,508 million, and sales of **Ebixa**[®] (Alzheimer's disease) increased by 23% to DKK 1,361 million. Income from **Lexapro**[®] (depression) in the USA amounted to DKK 1,923 million, which was 25% less than in 2005 due to Forest's inventory reduction. However, actual sales of Lexapro[®] in the US market were up by 13% in 2006.
- Revenue from Lundbeck's two most recently launched pharmaceuticals **Azilect**[®] (Parkinson's disease) and **Serdolect**[®] (schizophrenia) amounted to DKK 71 million and DKK 10 million respectively.
- Lundbeck's combined costs increased by 8% to DKK 7,437 million. Research and development expenses increased by 10% and amounted to DKK 1,958 million corresponding to 21.2% of Group revenue. Distribution and administration expenses increased by 5% and amounted to DKK 3,838 million.



- Profit from operations was DKK 1,784 million, which translates into an EBIT margin of 19.3%. Exclusive of the income from the IPO of LifeCycle Pharma, profit from operations was DKK 1,629 million, which was consistent with the company's profit guidance provided at the beginning of the year.
- Net profit for the year amounted to DKK 1,107 million, down 30% compared with 2005. The decline was due to Forest's reduction of escitalopram inventories.
- Cash flows from operating and investing activities (free cash flow) amounted to DKK 624 million.
- In connection with share buyback programmes, Lundbeck acquired treasury shares for a total amount of DKK 1,591 million in 2006.
- The Supervisory Board proposes to pay dividend for 2006 of 30% of the net profit for the year to shareholders of the parent company, corresponding to DKK 1.57 per share.

Antipsychotic project Lu 31-130 moved into clinical phase II

Lundbeck has decided to initiate clinical phase II investigations with Lu 31-130 in 210 patients suffering from schizophrenia. The decision is based on positive pre-clinical results as well as positive conclusion of the phase I trials in healthy individuals.

In line with both pre-clinical and clinical data, Lu 31-130 is expected to show beneficial effects on positive and negative symptoms as well as displaying a favourable balance between efficacy and safety.

The phase II study will be a multinational, multi-centre, randomised, double-blind, parallel-group, placebo-controlled, safety, tolerability and efficacy study of sequential fixed dose regimens of Lu 31-130.

Lu 31-130 has a multi receptorial profile and results from a PET study in healthy volunteers combined with pre-clinical studies have shown that Lu 31-130 has a unique dopamine and serotonin receptor binding profile.

An antipsychotic action of Lu 31-130 is expected based on this unique profile. The pre-clinical data suggest that Lu 31-130 has antipsychotic activity combined with low EPS (Extrapyramidale Symptoms) potential.



Financial highlights 2006

Growth relative to the same period in 2005

DKKm	2006	Growth	Q4 2006	Growth
Revenue	9,221	2%	2,543	10%
- Cipralext [®]	3,508	34%	937	26%
- Income Lexapro [®]	1,923	-25%	525	-16%
- Ebixa [®]	1,361	23%	374	22%
- Azilect [®]	71	1,068%	28	578%
- Serdolect [®]	10	--	4	--
- Other pharmaceuticals	1,973	-23%	467	-18%
- Other revenue	375	61%	208	294%
Costs	7,437	8%	2,108	16%
- Cost of sales	1,646	11%	417	42%
- Distribution and administration	3,838	5%	1,104	12%
- Research and development	1,958	10%	596	11%
- Other operating expenses, net	-4	-51%	-9	--
Profit from operations	1,784	-18%	435	-10%
Net financials	-64	-159%	-8	83%
Net profit	1,107	-30%	300	1%
Cash flows from operating and investing activities	624	-57%	93	208%
Earnings per share (EPS)	5.24	-26%	1.44	8%
Proposed dividend per share	1.57	-25%	--	--



Financial forecast for 2007

2006 actual DKKm		2007 forecast
1,784	Profit from operations	> DKK 2.5bn*
19.3%	EBIT margin	25%*
762	Investments	Approx. DKK 650m

* Exclusive of potential milestone payment of USD 75m from Merck & Co., Inc. in connection with filing of registration dossiers for gaboxadol for the treatment of sleep disorders in the USA.

Further information

An electronic version of the annual report for 2006 and further information about Lundbeck is available from the company's website www.lundbeck.com. The print version of the annual report for 2006 will be available on 29 March 2007.

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About Lundbeck

H. Lundbeck A/S is an international pharmaceutical company engaged in the research and development, production, marketing and sale of drugs for the treatment of psychiatric and neurological disorders. In 2006, the company's revenue was DKK 9.2 billion (approximately EUR 1.2 billion or USD 1.6 billion). The number of employees is approximately 5,300 globally. For further information, please visit www.lundbeck.com