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Lundbeck invests significantly in product development and product launches and has consequently revised its financial plans

- *Lundbeck invests in geographic regions of growth and product launches and continues a high spending in R&D including in a pivotal programme for Lu AE58054 in Alzheimer's disease*
- *Revenue from the first wave of Lundbeck's New Product portfolio doubled in the third quarter of 2012 compared to the same quarter last year and the growth is expected to continue*
- *Second phase of Lundbeck's product launches include Abilify once-monthly, Selincro™ and Brintellix™ and requires substantial investments in launch activities upon approval*
- *For 2013, Lundbeck expects revenue in the range of DKK 14.1-14.7 billion and EBIT in the range of DKK 1.6-2.1 billion*
- *For 2014, Lundbeck expects revenue around DKK 14 billion and EBIT in the range of DKK 0.5-1 billion, depending especially on the success of product launches*

H. Lundbeck A/S (Lundbeck) today announced that following the positive recommendation from CHMP (Committee for Medicinal Products for Human Use) on Selincro earlier in December, the expected launch of Abilify once-monthly in early 2013 combined with a continued strong focus on product launches in general, e.g. Onfi™, Treanda® and pre-launch activities for Brintellix (vortioxetine), as well as the expected initiation of a pivotal development programme for Lu AE58054, the financial plans for 2013-2014 have been revised.

In the period 2010-2012, Lundbeck has delivered on its targets while investing in strategic initiatives and operating in a tough market in Europe in particular. With regard to the financial outlook for 2013, Lundbeck expects to provide detailed guidance in connection with the announcement of the full-year results for 2012 on 6 February 2013. At present, the preliminary plans for 2013 indicate revenue in the range of DKK 14.1-14.7 billion, including expected milestone payments on Brintellix. The expectations also include the income from the divestiture of non-core products in the U.S. announced earlier in December as well as the absent revenue from these products. In 2014, Lundbeck expects revenue to be around DKK 14 billion, depending on the success of the company's product launches and also on generic erosion rates in Europe.

Following the investment plans in the coming years, EBIT is now expected to be in the range of 1.6-2.1 billion in 2013 including the income from the divestiture of non-core products in the U.S. 2014 is expected to be the year with the highest investments in product launches and R&D and EBIT is consequently expected to be in the range of DKK 0.5-1 billion.

The revised financial plans exclude any additional income related to potential partner agreements on any of Lundbeck's development projects.

Commenting on the revised financial outlook, Ulf Wiinberg, Chief Executive Officer, Lundbeck said, *“In order to maximise our long-term growth opportunities, Lundbeck has decided to increase the investments in the late-stage pipeline and in product launches, which means that we are revising our guidance for 2013 and 2014 downwards. For me it is important to note that Lundbeck has never had so many product offerings and is now in a unique position to enhance the value of several products that significantly can change the lives of millions of individuals suffering from diseases like depression, schizophrenia, Alzheimer’s disease, alcohol dependence and stroke.”*

In November 2010, Lundbeck provided its long-term financial floor guidance in which revenue was expected to exceed DKK 14 billion annually and EBIT was expected to exceed DKK 2 billion annually in the period 2012-2014. Based on the significant increase in growth opportunities arising from Lundbeck’s U.S. expansion, the development pipeline and recent product launches, Lundbeck has decided to revise the financial plans for the period 2013-2014. Furthermore, the challenging market conditions especially in Europe are also having a negative impact on the industry in general and on Lundbeck as well. The slightly lower than expected sales in the coming years and the higher expected costs are primarily due to the following:

- The high success rate of Lundbeck’s development activities, and Brintellix, Selincro and Lu AE58054 in particular, increases planned expenditures in both sales and distribution and product development
- The strategic agreement between Otsuka Pharmaceutical Co., Ltd. and Lundbeck to develop and commercialize Abilify once-monthly and brexpiprazole adds to current investments in long term growth
- The economic climate, especially in Europe, generates continued pressure on pricing, faster generic erosion and longer time to achieve market access for new products in general

The assumptions for revenue and margins exclude possible future material mergers, acquisitions and disposals for the company. In addition, the plans assume no premature loss of exclusivity for Lundbeck’s key products. Furthermore, the outlook is based on the assumption that currency exchange rates are unchanged for the rest of the period.

Dividend and financial policy

Lundbeck’s financial strategy is to manage its capital structure as if the company would carry an investment-grade rating from a rating agency. Lundbeck expects to continue its positive operating cash generation, but will also retain the flexibility to pursue strategic opportunities in order to strengthen long-term growth prospects.

Lundbeck has historically offered a dividend payout ratio of 30%. The target for the payout ratio is 25% to 35% of the company’s net profit. In the period 2012-2014, Lundbeck expects the payout ratio to be around 35% of net profit.



Financial guidance for 2012

The content of this release will have no influence on the Lundbeck Group's financial guidance for 2012, which was provided on 8 February 2012 in connection with the release of the financial results for 2011, and further specified in connection with the announcement of the restructuring plan on 14 June 2012. Lundbeck will provide financial guidance for 2013 in connection with the announcement of the Annual Report for 2012 due on 6 February 2013.

Investor/analyst teleconference

Today at 10:00 am (CET), a brief conference call highlighting the conclusions from this press release will be held. Investors can listen to the call online at www.lundbeck.com under the investor section. Presentation material for the conference call will be made available approximately half an hour before on the same page.

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About Lundbeck

H. Lundbeck A/S (LUN.CO, LUN DC, HLUYY) is an international pharmaceutical company highly committed to improving the quality of life for people suffering from brain disorders. For this purpose, Lundbeck is engaged in the research, development, production, marketing and sale of pharmaceuticals across the world. The company's products are targeted at disorders such as depression and anxiety, psychotic disorders, epilepsy and Huntington's, Alzheimer's and Parkinson's diseases.

Lundbeck was founded in 1915 by Hans Lundbeck in Copenhagen, Denmark. Today Lundbeck employs approximately 6,000 people worldwide. Lundbeck is one of the world's leading pharmaceutical companies working with brain disorders. In 2011, the company's revenue was DKK 16.0 billion (approximately EUR 2.1 billion or USD 3.0 billion). For more information, please visit www.lundbeck.com.



Safe Harbor/Forward-Looking Statements

The above information contains forward-looking statements that provide our expectations or forecasts of future events such as new product introductions, product approvals and financial performance.

Such forward-looking statements are subject to risks, uncertainties and inaccurate assumptions. This may cause actual results to differ materially from expectations and it may cause any or all of our forward-looking statements here or in other publications to be wrong. Factors that may affect future results include interest rate and currency exchange rate fluctuations, delay or failure of development projects, production problems, unexpected contract breaches or terminations, government-mandated or market-driven price decreases for Lundbeck's products, introduction of competing products, Lundbeck's ability to successfully market both new and existing products, exposure to product liability and other lawsuits, changes in reimbursement rules and governmental laws and related interpretation thereof, and unexpected growth in costs and expenses.

Certain assumptions made by Lundbeck are required by Danish Securities Law for full disclosure of material corporate information. Some assumptions, including assumptions relating to sales associated with product that is prescribed for unapproved uses, are made taking into account past performances of other similar drugs for similar disease states or past performance of the same drug in other regions where the product is currently marketed. It is important to note that although physicians may, as part of their freedom to practice medicine in the US, prescribe approved drugs for any use they deem appropriate, including unapproved uses, at Lundbeck, promotion of unapproved uses is strictly prohibited.