

Financial report for the period 1 January to 31 December 2014

Performance in 2014 positions Lundbeck well for 2015 and beyond

HIGHLIGHTS

- In 2014 core products like Abilify Maintena[®], Brintellix[®], Northera[™] and Selincro[®] have been introduced in 39 markets worldwide and the ambitious launch program will accelerate in 2015
- Revenue from New Products increased 46% in local currency in 2014 and now constitutes 33% of total revenue
- US revenue reached DKK 3,758 million, an increase of 43% in local currency, and constitutes 28% of Lundbeck's revenue in 2014
- Revenue in International Markets up 9% in local currency, largely driven by China, and constitutes more than 31% of Lundbeck's revenue
- Brintellix has in its first year achieved a branded market share of more than 14% in the US and in-market sales of approximately DKK 840 million. Brintellix was launched in eleven additional countries in 2014
- Abilify Maintena is off to a good start in Canada and in Europe. In the US, Abilify Maintena seems to regain positive momentum. Additionally, the *QUALIFY* study has provided superiority data on quality-of-life
- Selincro was recently launched in France, a key market, and has been very well received by physicians and patients
- Brintellix has entered a pivotal program for treatment of adult patients with ADHD
- Brexpiprazole data presented at ACNP support the regulatory package in two indications, schizophrenia and adjunctive therapy of major depression, submitted in the US
- Based on the financial results, the Board of Directors proposes no dividend payout for 2014
- Financial guidance for 2015 in constant exchange rates is DKK 13.2-13.7 billion in core revenue and around DKK 0 in core EBIT

In connection with the full year report, Lundbeck's Chairman Håkan Björklund said:

"We are moving through a challenging period of patent expirations to a period of product launches. 2014 has been a successful year for Lundbeck with 39 launches across the world. We will continue to launch new products and in 2015 we potentially have more than 50 launches scheduled. We stay the course and in 2015 I also look forward to making brexpiprazole available in the US".

DKK million	FY 2014	FY 2013	Growth
Core Revenue*	13,468	14,242	(5%)
Core EBIT*	1,228	2,282	(46%)
Core EPS*	3.21	8.02	
Core EBIT margin	9.1%	16.0%	
Reported Revenue	13,468	15,258	(12%)
Reported EBIT	99	1,599	(94%)
Reported EPS	(0.78)	4.36	
Reported EBIT margin	0.7%	10.5%	

*For definition of the measures "Core Revenue", "Core EBIT" and "Core EPS", see page 14, and reconciliation to reported figures, see page 21-22

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FINANCIAL HIGHLIGHTS AND KEY FIGURES

	2014 Q4	2013 Q4	2014 FY	2013 FY
Financial highlights (DKK million)				
Core revenue	3,247	3,421	13,468	14,242
Reported revenue	3,247	3,587	13,468	15,258
Operating profit before depreciation and amortization (EBITDA)	(214)	325	1,552	2,861
Core profit from operations (core EBIT)	(238)	48	1,228	2,282
Reported profit from operations (EBIT)	(838)	68	99	1,599
Net financials	(31)	(30)	(155)	(127)
Profit/(loss) before tax	(869)	38	(56)	1,472
Tax	(236)	15	97	617
Profit/(loss) for the period	(633)	23	(153)	855
Equity	13,526	13,481	13,526	13,481
Assets	25,637	23,649	25,637	23,649
Cash flows from operating and investing activities	361	919	(1,786)	2,260
Investments in property, plant and equipment, gross	85	100	240	311
Key figures				
EBITDA margin (%) ¹	(6.6)	9.1	11.5	18.8
EBIT margin (%) ¹	(25.8)	1.9	0.7	10.5
Return on capital employed (%)	(4.0)	0.8	2.5	11.4
Research and development ratio (%)	30.7	22.9	20.8	18.8
Return on equity (%) ¹	(4.6)	0.2	(1.1)	6.4
Solvency ratio (%) ¹	52.8	57.0	52.8	57.0
Capital employed (DKK million)	16,869	15,641	16,869	15,641
Share data				
Number of shares for the calculation of EPS (million)	196.4	196.2	196.3	196.1
Number of shares for the calculation of DEPS (million)	196.5	196.3	196.4	196.2
Earnings per share (EPS) (DKK) ¹	(3.22)	0.12	(0.78)	4.36
Diluted earnings per share (DEPS) (DKK) ¹	(3.22)	0.12	(0.78)	4.36
Cash flow per share (DKK) ¹	2.74	7.79	8.20	19.16
Net asset value per share (DKK) ¹	68.85	68.66	68.85	68.66
Market capitalization (DKK million)	24,117	26,879	24,117	26,879
Share price end of period (DKK)	122.80	137.00	122.80	137.00
Proposed dividend per share (DKK)	0.00	0.00	0.00	2.77
Other				
Number of employees (FTE)	5,811	5,518	5,811	5,518

¹⁾ Definitions according to the Danish Society of Financial Analysts' *Recommendations & Financial Ratios 2010*.

MANAGEMENT REVIEW

Financial guidance 2015

Lundbeck is investing significantly in product launches and in the late stage development pipeline. Lundbeck is in a period with an unusual number of variables which elevate the uncertainties for the company. These variables include market access processes in various countries for Lundbeck's strategic core products, launch uptake of these new products, timing and degree of generic erosion and exchange rate fluctuations.

For the fiscal year 2015, Lundbeck is expecting constant exchange rate **revenue** to be in the range DKK 13.2-13.7 billion which is in line with the preliminary guidance provided in November 2014 in connection with the financial report for the first nine months of 2014. The outlook reflects expectations for continued robust performance of the strategic portfolio of core products which partly off-sets the continued generic erosion of mature products.

Lundbeck still expects **core profit from operations** (core EBIT) in constant exchange rate to be around DKK 0 for 2015.

The guidance is summarized below:

Financial forecast 2015

DKK billion	2014 actual	2015 forecast
Core Revenue	13.5	13.2-13.7
Core EBIT	1.2	~0

Forward-looking statements

Forward-looking statements are subject to risks, uncertainties and inaccurate assumptions. This may cause actual results to differ materially from expectations. Various factors may affect future results, including interest rates and exchange rate fluctuations, delay or failure of development projects, production problems, unexpected contract breaches or terminations, governance-mandated or market-driven price decreases for 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 unexpected growth in expenses.

Dividend

Based on the financial results for 2014, the Board of Directors will at the Annual General Meeting (AGM) on 25 March 2015 propose no dividend payout for 2014.

Revenue

Core revenue for 2014 reached DKK 13,468 million compared to DKK 14,242 million in 2013. The modest decline of 5% is caused by significant generic erosion on Ebixa[®] and CipraleX in the European markets and for CipraleX in Canada. This has been partly offset by a 44% growth from our New Products category.

Reported revenue declined by 12% following the above mentioned factors, but important to remember that 2013 was positively impacted by the gain from the divestment of the US mature product portfolio (DKK 566 million), the milestone payment from Otsuka regarding idalopirdine (DKK 284 million) and a milestone payment from Takeda for the first commercial launch in US of Brintellix (DKK 166 million).

In the fourth quarter of 2014, core revenue was DKK 3,247 million compared to DKK 3,421 million the year before. The 5% decline is primarily due to the generic competition on Ebixa and CipraleX in Europe and on CipraleX in Canada. Reported revenue declined 9% due to milestone payment received from Takeda in 2013 for first commercial launch in the US of Brintellix (DKK 166 million).

Revenue from key product and regions

DKK million	Q4 2014	Q4 2013	Growth	Growth in local currency	FY 2014	FY 2013	Growth	Growth in local currency
New Products*	1,396	904	54%	45%	4,460	3,096	44%	46%
Core revenue	3,247	3,421	(5%)	(7%)	13,468	14,242	(5%)	(3%)
CipraleX [®]	803	1,421	(44%)	(42%)	4,647	5,933	(22%)	(18%)
Azilect [®]	378	346	9%	9%	1,497	1,392	8%	8%
Xenazine	489	387	26%	18%	1,695	1,420	19%	20%
Onfi [®]	317	206	54%	42%	923	573	61%	61%
Sabril	197	134	47%	36%	716	530	35%	36%
Brintellix	83	0	-	-	188	0	-	-
Other pharmaceuticals	806	772	5%	3%	3,255	3,926	(17%)	(15%)
Other revenue	174	321	(46%)	(47%)	547	1,484	(63%)	(64%)
Total revenue	3,247	3,587	(9%)	(12%)	13,468	15,258	(12%)	(10%)
Europe	1,003	1,552	(35%)	(35%)	5,019	7,064	(29%)	(29%)
US	1,155	770	50%	39%	3,758	2,635	43%	43%
International Markets	915	944	(3%)	(1%)	4,144	4,075	2%	9%

*New Products include Xenazine, Sabril, Sycrest, Lexapro (Japan), Onfi, Treanda[®], Selincro[®], Abilify Maintena, Brintellix and Northera

Revenue from **Brintellix** (vortioxetine) for the treatment of depression reached DKK 83 million in the fourth quarter driven by sales in the US. The global launches of Brintellix continue as planned, and feedback from patients and prescribers are encouraging. Brintellix has been launched in eleven countries outside the US, including Canada which is a key market for Lundbeck.

Xenazine (tetrabenazine) for the treatment of chorea associated with Huntington's disease continues its solid growth in the fourth quarter with revenue of DKK 489 million compared to DKK 387 million in the previous year, an increase of 18% in local currency, or 26% reported. Lundbeck has marketing rights for Xenazine in the US.

Onfi (clobazam) for the treatment of Lennox-Gastaut syndrome continues to show very strong growth and generated fourth quarter revenue of DKK 317 million, an increase of 54%, or 42% in local currency, compared to the same period previous year. Lundbeck has marketing rights for Onfi in the US.

Sabril (vigabatrin) for the treatment of refractory complex partial seizures (rCPS) and infantile spasms (IS) generated fourth quarter revenue of DKK 197 million, thereby increasing 47%, or 36% in local currency, compared to the fourth quarter of 2013. Lundbeck has marketing rights for Sabril in the US.

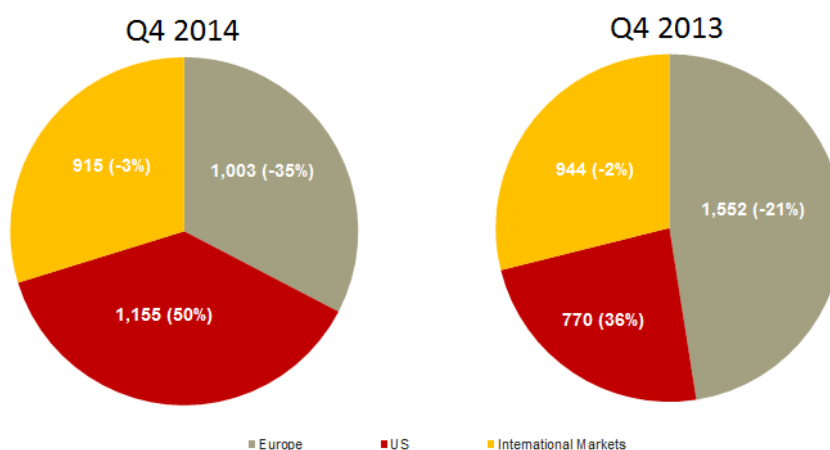
Azilect (rasagiline) for the treatment of Parkinson's disease realized revenue of DKK 378 million, an increase of 9%. The growth is due to continued strong sales uptake across the European markets, as well as sales growth in Hong Kong, Thailand, Korea and Australia.

Cipralex (escitalopram) declined in revenue in the fourth quarter due to generic competition in the European markets and in Canada.

Revenue from **Other pharmaceuticals**, which comprise the remainder of Lundbeck's products, was DKK 806 million, an increase of 5% compared to the same quarter in 2013. This increase is due to the sales uptake from new products such as **Abilify Maintena** (aripiprazole) with sales of DKK 83 million and **Northera** (droxidopa) in the US with sales of DKK 10 million, **Treanda** (bendamustine) in Canada with sales of DKK 63 million, and **Selincro** (nalmefene) in Europe with sales of DKK 35 million, which is partly offset by the generic competition on Ebixa in Europe.

Other revenue reached DKK 174 million in the quarter, compared to DKK 321 million for the same period previous year. The decline is explained by the milestone payment received from Takeda for the first commercial launch of Brintellix in the US in the fourth quarter 2013 of DKK 166 million.

Figure 1 – Revenue per region Q4 2014 vs Q4 2013 (reported growth in brackets) – DKKm



Europe

Revenue reached DKK 5,019 million in 2014 which is a decline of 29% compared to DKK 7,064 million in 2013 caused by generic erosion of Ebixa and Cipralelex sales.

Fourth quarter revenue in Europe was DKK 1,003 million, a decrease of 35% compared to the same quarter previous year as our new core products are early in their launch phase and only have very limited contribution to revenue.

Revenue – Europe

DKK million	Q4 2014	Q4 2013	Growth	Growth in local currency	Q3 2014	FY 2014	FY 2013	Growth	Growth in local currency
Azilect	349	320	9%	8%	342	1,371	1,272	8%	8%
Cipralelex	290	821	(65%)	(65%)	328	2,203	3,368	(35%)	(34%)
Ebixa	109	234	(53%)	(53%)	136	572	1,639	(65%)	(65%)
Other pharmaceuticals	255	177	44%	44%	218	873	785	11%	11%
Total revenue	1,003	1,552	(35%)	(35%)	1,024	5,019	7,064	(29%)	(29%)

Brintellix has been launched in six markets in Europe and is still early in the launch phase. Lundbeck has in 2014 submitted a Type II variation to the European Medicines Agency (EMA). The submission requests EMA to approve the expansion of the current Summary of Product Characteristics (SmPC) for Brintellix to include data on the effect of Brintellix on cognitive dysfunction in adult patients with a Major Depressive Episode (MDE).

Fourth quarter revenue from **Azilect** amounted to DKK 349 million, an increase of 9% compared to the fourth quarter of 2013. This growth is driven by improved sales across most European markets, with France, Spain and Italy as the largest contributors.

Cipralelex (escitalopram) and **Ebixa** (memantine) declined due to generic competition.

Revenue from **Other pharmaceuticals** was DKK 255 million, an increase of 44% compared to same period the previous year. The roll out of **Selincro** continues to progress in the European markets and Selincro has been very well received by physicians and patients in key markets like France and Spain. Selincro was launched in 10 countries in 2014. Sales in the fourth quarter were DKK 35 million. **Abilify Maintena** continues the roll out in the European markets and initial sales uptake of Abilify Maintena is encouraging. Sales in the fourth quarter were DKK 23 million.

US

Revenue reached DKK 3,758 million in the US in 2014, which is an increase of 43%. Lundbeck US continues its solid growth. Revenue in the US contributed 28% of total revenue compared to 17% in 2013.

In the fourth quarter, sales exceeded DKK 1 billion confirming this market's strategic importance for Lundbeck. Revenue amounted to 36% of total revenue compared to 21% last year, and increased by 39% in local currency, or 50% reported, compared to the same quarter previous year. Growth is seen for all products.

Revenue – US

DKK million	Q4 2014	Q4 2013	Growth	Growth in local currency	Q3 2014	FY 2014	FY 2013	Growth	Growth in local currency
Xenazine	482	381	27%	18%	434	1,672	1,394	20%	21%
Onfi	317	206	54%	42%	219	923	573	61%	61%
Sabril	197	134	47%	36%	186	716	530	35%	36%
Brintellix	75	0	-	-	58	179	0	-	-
Other pharmaceuticals	84	49	71%	57%	80	268	138	95%	92%
Total revenue	1,155	770	50%	39%	977	3,758	2,635	43%	43%

Brintellix was launched in the US 20 January 2014 and revenue for the fourth quarter reached DKK 75 million. Brintellix demonstrated continued good volume uptake and reached more than 400,000 prescriptions since launch. Brintellix has a strong position in the branded market with more than 14% (value) of the in-market sales equivalent to more than USD 135 million (approximately DKK 840 million). Current Brintellix market access is consistent with original launch expectations.

Revenue from **Xenazine** was DKK 482 million for the quarter, an increase of 18% in local currency, or 27% reported, compared to the fourth quarter previous year. The positive trend from previous quarters continues due to higher patient base and higher level of patient uptake.

Onfi reached revenue of DKK 317 million in the fourth quarter, corresponding to a growth of 42% in local currency, or 54% reported. The solid performance is primarily driven by demand.

Sabril revenue for the quarter was DKK 197 million, growing 47%, or 36% in local currency, compared to the same quarter the year before. The performance is primarily driven by demand.

Fourth quarter revenue in **Other pharmaceuticals** was DKK 84 million mainly driven by **Abilify Maintena** and **Northera**.

Abilify Maintena is continuing its growth. Further improvements have been made for the sales of Abilify Maintena including the recently approved dual-chamber pre-filled syringe. Abilify Maintena currently has a market share of around 10.3% in the US long-acting injectable market. In December 2014, FDA approved the labelling update of Abilify Maintena (aripiprazole) for extended-release injectable suspension to describe new clinical data for the treatment of acutely relapsed adults with schizophrenia. Sales in the fourth quarter were DKK 57 million.

Northera for the treatment of symptomatic neurogenic orthostatic hypotension (NOH) was made available in the US market in early September 2014 and the commercial launch commenced in early October 2014. Northera is still very early into the launch. Sales from Northera reached DKK 10 million in the fourth quarter.

International Markets

Revenue from International Markets, which comprise all of Lundbeck's markets outside of Europe and the US, reached DKK 4,144 million in 2014, compared to DKK 4,075 million in 2013. The development in revenue is negatively impacted by exchange rate effects (mainly CAD and JPY), however, in local currency revenue increased by 9%. International Markets now constitutes 31% of total revenue compared to 27% last year.

Revenue in the fourth quarter was DKK 915 million, corresponding to a decrease of 1% in local currency and 3% reported compared with the year before. The decline is caused by the generic competition on CipraleX in Canada

where sales declined DKK 117 million to DKK 151 million. In the quarter International Markets constituted 28% of total revenue compared to 26% in the same period in 2013.

Revenue – International Markets

DKK million	Q4 2014	Q4 2013	Growth	Growth in local currency	Q3 2014	FY 2014	FY 2013	Growth	Growth in local currency
Cipralelex/Lexapro	513	600	(14%)	(11%)	655	2,444	2,565	(5%)	3%
Ebixa	90	91	(1%)	(3%)	109	486	457	6%	10%
Treanda	63	57	12%	11%	52	212	129	64%	76%
Azilect	29	26	10%	10%	30	126	120	5%	13%
Other pharmaceuticals	220	170	28%	28%	211	876	804	9%	15%
Total revenue	915	944	(3%)	(1%)	1,057	4,144	4,075	2%	9%

Cipralelex generated fourth quarter revenue of DKK 513 million. Sales decreased by 14% and 11% in local currency, compared to previous year, due to increased generic competition. Cipralelex continued to grow in China and Japan, though this growth has been partly offset by revenue loss in markets with generic competition.

Ebixa generated fourth quarter revenue of DKK 90 million representing a decrease of 1%. The modest decline is due to quarterly fluctuations in sales.

Treanda for the treatment of indolent Non-Hodgkin's lymphoma (iNHL) and chronic lymphocytic leukaemia (CLL) is sold by Lundbeck in Canada. Treanda continues to have solid sales growth reaching DKK 63 million in the fourth quarter of 2014 compared to DKK 57 million in the same period previous year, a growth of 11% in local currency.

Azilect continues to show growth in Hong Kong, Australia, Korea and Thailand, and revenue increased in the fourth quarter with 10%, which was partly offset by further generic competition in Turkey.

Other pharmaceuticals generated revenue of DKK 220 million during the quarter, an increase of 28% compared to the same quarter the year before. The increase is explained by quarterly fluctuations in sales of mature products in the region.

Expenses and income

Total costs for 2014 decreased by 2% to DKK 13,369 million. The modest decrease is explained by the fine from the European Commission, the impairment of Sycrest product rights, and the provision for Project "Fit-for-the-Future" which were all recognized in 2013, and which combined amounted to approximately DKK 1.1 billion. Adjusting for these "one-off" costs in 2013 and the writedown of desmoteplase in 2014 of DKK 309 million, total costs have increased by 4% as a result of increased sales and distribution costs for new product launches.

Total costs for the fourth quarter were DKK 4,085 million, an increase of 16% compared to fourth quarter previous year. Adjusting for the writedown of desmoteplase, the increase in cost amounted to 7%, which is explained by increased amortization on product rights and sales and distribution costs for product launches.

Distribution of costs

DKK million	Q4 2014	Q4 2013	Growth	Q3 2014	FY 2014	FY 2013	Growth
Cost of sales	1,167	894	31%	1,012	4,160	4,038	3%
Sales and distribution	1,464	1,343	9%	1,183	4,868	4,200	16%
Administration	457	459	(1%)	368	1,539	2,549	(40%)
Research and development	997	823	21%	529	2,802	2,872	(2%)
Total costs	4,085	3,519	16%	3,092	13,369	13,659	(2%)

Cost of sales increased 31% to DKK 1,167 million. This corresponds to 36% of Lundbeck's total revenue, an increase from 25% in the same quarter previous year. A large part of this increase is driven by amortization related to Northera and Abilify Maintena.

Sales and distribution costs were DKK 1,464 million, corresponding to 45% of revenue and an increase of 9% compared to fourth quarter the year before. The launches of Brintellix, Abilify Maintena, Selincro and recently Northera in the US were the main drivers for the increase.

Administrative expenses were DKK 457 million compared to DKK 459 million in the same quarter of 2013, corresponding to 14% of revenue for the period.

SG&A costs were DKK 1,921 million compared to DKK 1,802 million in the same period previous year. The SG&A margin for the period was 59%, compared to 50% in the same period the year before.

In the fourth quarter R&D costs increased to DKK 997 million due to the writedown of desmoteplase of DKK 309 million. Adjusting for this writedown, R&D costs declined with 16% compared to the same period the year before.

Operating profit before depreciation and amortization (EBITDA)

EBITDA was DKK -214 million compared to DKK 325 million for the fourth quarter the year before. The EBITDA margin for the period was -6.6%, down from 9.1% in the same quarter of 2013. The decrease in EBITDA margin is related to generic impact on Ebixa and Cipralext in 2014.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges, which are included in the individual expense categories, amounted to DKK 624 million. The increase included in Cost of sales compared to the year before was mainly due to amortization related to Northera and Abilify Maintena in 2014. The increase included in R&D costs relates to the writedown of desmoteplase product rights of DKK 222 million.

Depreciation, amortization and impairment charges

DKK million	Q4 2014	Q4 2013	Growth	Q3 2014	FY 2014	FY 2013	Growth
Cost of sales	331	191	74%	247	985	979	1%
Sales and distribution	10	7	21%	8	34	26	29%
Administration	18	19	(1%)	20	68	65	5%
Research and development	265	40	561%	33	366	192	91%
Total depreciation, amortization and impairment charges	624	257	143%	308	1,453	1,262	15%

Core EBIT and profit from operations (EBIT)

Core EBIT for the fourth quarter was a loss of DKK 238 million compared with a profit of DKK 48 million in the same quarter in 2013. The decrease is driven by the loss in revenue due to the patent expiries for Ebixa and Cipralelex in Europe and increased launch costs for new products.

Reported EBIT for the fourth quarter of 2014 amounted to a loss of DKK 838 million, compared to a profit of DKK 68 million in the same quarter in 2013. The decrease in profit from operations is primarily explained by loss in revenue due to the patent expiries for Ebixa and Cipralelex in Europe and increased launch costs for our new core products and the writedown of desmoteplase.

Net financials

Lundbeck generated a net financial expense of DKK 31 million in the fourth quarter of 2014, compared to a net financial expense of DKK 30 million in the fourth quarter of 2013.

Net interest, including realized and unrealized gains and losses on the bond portfolio, amounted to a net expense of DKK 24 million in the fourth quarter of 2014, compared to a net expense of DKK 18 million in the same period in 2013.

Net exchange amounted to a loss of DKK 6 million in the fourth quarter of 2014, compared to a loss of DKK 9 million in the fourth quarter the year before. The decrease was caused by fluctuations in exchange rate translations of intercompany balances.

Tax

For the full year 2014 the tax expense was DKK 97 million. This is mainly due to the following:

- 1) The acquisition of Chelsea Therapeutics International, Ltd.; amortization which is not deductible for tax purposes is creating a permanent difference impacting the tax rate upwards.
- 2) Lundbeck's increased activity in the US results in an increased profit. The corporate tax rate in the US is higher than the Danish tax rate and not fully offset by the tax loss realized in Denmark.

Net profit/(loss) and EPS for the period

Loss for the period was DKK 633 million, compared to a profit of DKK 23 million in the same period last year. This decrease is primarily driven by decrease in revenue due to the patent expiries for Ebixa and Cipralelex in Europe and increased launch costs for new products. The profit in the fourth quarter 2014 corresponds to an EPS of DKK -3.21 per share versus an EPS of DKK 0.12 per share for the same period the year before.

Core EPS was DKK -1.06 per share for the fourth quarter in 2014, compared to a core EPS of DKK -0.01 per share in the same quarter in 2013. The decrease in core EPS is due to lower profit from operations (EBIT) in 2014.

Hedging

Lundbeck hedges expected income from its products through currency hedging on a rolling basis, up to 12 months in advance. As a result of Lundbeck's currency hedging policy, foreign exchange gains and losses on hedging transactions are allocated directly to the hedged transaction. Hedging had a negative impact on profit of DKK 25 million in the fourth quarter of 2014, compared with a situation where the income is not hedged and included at the current exchange rates during the period. The effect was a DKK 32 million gain in the fourth quarter of 2013.

Cash flow

Lundbeck had a positive cash flow during the quarter of DKK 1,556 million compared to a cash flow of DKK 982 million in the same period in 2013.

Cash flow

DKK million	Q4 2014	Q4 2013	FY 2014	FY 2013
Cash flows from operating activities	538	1,529	1,610	3,760
Cash flows from investing activities	(177)	(610)	(3,396)	(1,500)
Cash flows from operating and investing activities	361	919	(1,786)	2,260
Cash flows from financing activities	1,195	63	589	(141)
Change in cash	1,556	982	(1,197)	2,119
Cash at beginning of period	2,092	3,847	4,817	2,747
Unrealized currency translation adjustments for the period	3	(12)	31	(49)
Change in cash for the period	1,556	982	(1,197)	2,119
Cash at end of period	3,651	4,817	3,651	4,817
Securities	18	1,042	18	1,042
Interest-bearing debt	(3,343)	(2,160)	(3,343)	(2,160)
Interest-bearing net cash and cash equivalents, end of period	326	3,699	326	3,699

Operating activities during the fourth quarter generated cash inflow of DKK 538 million, compared to an inflow of DKK 1,529 million in the same period in 2013 primarily related to negative development in EBITDA and unfavourable development in working capital items.

Investing activities during the fourth quarter generated cash outflow of DKK 177 million, compared to an outflow of DKK 610 million in the same period in 2013. The decrease relates to an Abilify Maintena regulatory milestone paid in December 2013.

Financing activities generated cash inflow of DKK 1,195 million compared to DKK 63 million same quarter the year before. This is due to utilization of the European Investment Bank (EIB) facilities worth DKK 1,117 million.

Cash at 31 December 2014 was DKK 3,651 million compared to DKK 4,817 million at 31 December 2013. Lundbeck's net cash position at 31 December 2014 was DKK 326 million, compared to a net cash position of DKK 3,699 million at 31 December 2013. This decline is mainly explained by the acquisition of Chelsea Therapeutics International, Ltd.

Balance sheet

As of 31 December 2014, Lundbeck had total assets of DKK 25,637 million, compared to DKK 23,649 million at the end of 2013.

As of 31 December 2014, Lundbeck's equity amounted to DKK 13,526 million, corresponding to a solvency ratio of 52.8% compared to 57.0% at the end of 2013.

At the Annual General Meeting in March 2014, the proposed dividend for 2013 of DKK 2.77 per share or DKK 544 million was approved. The dividend was paid out to the shareholders on 1 April 2014.

Lundbeck's development portfolio

Lundbeck is developing a number of new and promising pharmaceuticals for the treatment of brain diseases. The pipeline projects are targeting areas in which Lundbeck currently has a market presence, such as depression, anxiety and other psychiatric and neurological disorders. Pipeline development is summarized as follows:

Approved or under regulatory review

Brintellix (vortioxetine), approved for the treatment of major depression and launched in 2014, has been initiated in a new proof of concept clinical study in adult patients diagnosed with Attention Deficit Hyperactivity Disorder (ADHD). The study is a randomized, fixed-dose, double-blinded, multicentre study which will include approximately 220 adult ADHD patients; the study will be conducted in the US. Patients will be randomized to receive either Brintellix (10 or 20 mg) or placebo for 12 weeks utilizing the Sequential Parallel Comparison Design. The primary endpoint of the study is the Adult ADHD Investigator Symptom Rating Scale (AISRS).

Abilify Maintena (aripiprazole) for extended-release injectable suspension was launched in the US in 2013 and in Europe in March 2014. In November, the outcome of the so-called *QUALIFY*-study was announced. In a 28 week trial, patients treated with Abilify Maintena demonstrated a statistically significant improvement in the QLS total score compared to patients treated with paliperidone palmitate. Furthermore, in December 2014 FDA approved the labelling update of Abilify Maintena. The approval was based on results from a controlled clinical study of acutely relapsed adults with schizophrenia. Efficacy was demonstrated in a 12-week randomized, double-blinded placebo-controlled study, which showed treatment with Abilify Maintena significantly improved symptoms with an acceptable safety and tolerability profile in adult patients experiencing an acute relapse of schizophrenia. Abilify Maintena is part of Lundbeck's collaboration with Otsuka Pharmaceutical Co., Ltd. (Otsuka), and Lundbeck has co-development and co-promotional rights to the product.

Clinical phase III

Desmoteplase, which was under clinical development for ischaemic stroke, has been fully evaluated and based on the entire available data package including results from DIAS-4, Lundbeck has decided to cease further development in ischaemic stroke. In both the DIAS-3 and DIAS-4 study patient sub-groups experienced positive effects and the studies confirmed the favourable safety profile of desmoteplase by indicating good safety and tolerability data. Alternatives including divestiture are now being evaluated.

Following the portfolio review, Lundbeck furthermore decided to remove **tedatioxetine** and **zicronapine** from the R&D portfolio. Tedatioxetine was investigated for major depression but has not been in active clinical development since 2009, and following the success of Brintellix it has been decided to close down this project in depression. Zicronapine was being developed for schizophrenia, but has been de-prioritized due to the development of Lu AF35700 which has a better drug-ability profile than zicronapine. Lu AF35700 is now ready for pivotal clinical testing in treatment-resistant schizophrenia as well as once-weekly dosing.

General corporate matters

Accounting policies

Lundbeck's accounting policies are explained in details in the 2014 Annual Report also published today.

Lundbeck core results reporting

Lundbeck has implemented core result reporting as we believe this approach provides a clearer view of the underlying performance of the business and should make Lundbeck's results more comparable with the majority of its peers. In general, Lundbeck adjusts for each non-recurring item, including milestones that are, or are expected to accumulate to an amount exceeding a DKK 100 million threshold within the year that Lundbeck's management deems it exceptional.

Lundbeck's core results – including core operating income (core EBIT) and core EPS – exclude:

Amortization and impairments:

- Amortization and impairment of intangible assets

Acquisitions and integration activities:

- Acquisition accounting adjustments relating to the consolidation of material acquisitions, disposals of associates, products and businesses
- Major costs associated with the integration of companies

Divestments and reorganizations:

- Income/expenses from discontinued operations
- Gains/losses on divestments of assets, and received or expensed upfront-, sales-, and development milestones
- Termination costs
- Major restructuring charges and expenses

Legal and litigation costs:

- Legal costs (external) related to settlement of litigations, government investigations and other disputes
- Legal charges (net of insurance recoveries) and expenses on the settlement of litigation and government investigations

The adjusted core result is taxed at the underlying corporate tax rate.

These core financial measures are used by Lundbeck's management to make operating decisions as they facilitate internal comparisons of Lundbeck's performance in relation to previous results and peer company results.

For this same reason, Lundbeck believes that investors' understanding of the company's performance is enhanced by disclosing core measures. Excluding these exceptional items which may vary significantly from period to period also increases comparability across years.

These core measures should not be considered in isolation from, as substitutes for, or superior to the reported results prepared in accordance with IFRS.

Acquisition of Chelsea Therapeutics International, Ltd

In the second quarter of 2014, Lundbeck completed the purchase of all shares of Chelsea Therapeutics International, Ltd. for USD 6.44 per share in cash and non-transferable contingent value rights (CVRs) that may pay up to an additional USD 1.50 per share upon achievement of certain sales milestones. The acquisition is considered a purchase of assets, mainly the Northera product rights and tax assets.

Incentive plans in the Lundbeck Group

Lundbeck operates with Long-Term Incentive schemes (LTI) for the Executive Management and key employees in Denmark and abroad. To fund the programmes granted in 2011, during the first half of 2014 Lundbeck has purchased treasury shares with a value of DKK 70 million, corresponding to 459,072 shares.

Executive Management

In May the Executive Management were granted 1,355,000 warrants in H. Lundbeck A/S. All of the warrants will vest 3 years after grant, subject to the Board of Directors' decision on vesting (taking into account e.g. the financial situation of the Lundbeck Group) and subject to the Executive Management members' continued employment in the Lundbeck Group during the vesting period. The warrants may be exercised during certain windows 3-6 years after the date of grant. The market value of the warrants are calculated using the Black-Scholes method and is based on a volatility of 23.68%, a dividend yield of 2.00%, a risk free interest rate of 0.50%, a vesting period of 3 years and a share price of DKK 157.30. The total value of the program at the time of grant is DKK 35 million.

The warrants granted to the former CEO, Ulf Wiinberg, who resigned in November 2014, a total of 600,000 have been cancelled.

Key employees

In 2014 key employees were granted 205,702 restricted shares in H. Lundbeck A/S. All of the restricted shares will vest in 2017, 3 years after grant, subject to Lundbeck achieving its financial targets for vesting and subject to their continued employment with the Lundbeck Group for the period from the grant in 2014 until the restricted shares have vested in 2017. Key employees in the US subsidiaries were granted Restricted Cash Units (RCUs) on terms and conditions similar to those that apply for the Restricted Share Unit program. The market value of the Restricted Share Units and the Restricted Cash Units are calculated using the Black-Scholes method and is based on a volatility of 26.08%, a dividend yield of 2.00%, a risk free interest rate of 0.19%, a vesting period of 3 years and a share price of DKK 147.40. The total value of the programs at the time of grant is DKK 30 million.

Purchase of shares for the existing Long-Term Incentive scheme

To finance Lundbeck's Long-Term Incentive scheme (LTI) for the Executive Management and key employees in Denmark and abroad, Lundbeck will purchase 177,364 shares in full compliance with the existing NASDAQ Copenhagen rules regarding trading with treasury shares and Lundbeck's internal rules. The number of treasury shares included in the scheme currently equals less than 0.1% of the share capital. The purchase to fund the programme will be made immediately after the announcement of the annual report 2014 in order to mirror the final number needed.

For the 2016 and 2017 transfer of shares, the corresponding numbers of shares are 388,691 and 205,702 which is equal to approximately DKK 52 million and DKK 27 million at the present share price.

Protection of patents and other intellectual property rights

Intellectual property rights are a prerequisite for Lundbeck's continued investments in innovative pharmaceuticals. It is Lundbeck's policy to enforce its granted intellectual property rights wherever they may be violated. Lundbeck

is still involved in a number of trials around the world related to defending its intellectual property rights covering escitalopram.

Conference call

Today at 2.00 pm (CET), Lundbeck will be hosting a conference call for the financial community. You can listen to the call online at www.lundbeck.com under the investor section.

FINANCIAL STATEMENTS

Income statement

DKK million	2014 Q4	2013 Q4	2014 FY	2013 FY
Revenue	3,247	3,587	13,468	15,258
Cost of sales	1,167	894	4,160	4,038
Gross profit	2,080	2,693	9,308	11,220
Sales and distribution costs	1,464	1,343	4,868	4,200
Administrative expenses	457	459	1,539	2,549
Research and development costs	997	823	2,802	2,872
Profit/(loss) from operations	(838)	68	99	1,599
Net financials	(31)	(30)	(155)	(127)
Profit/(loss) before tax	(869)	38	(56)	1,472
Tax on profit/(loss) for the period	(236)	15	97	617
Profit/(loss) for the period	(633)	23	(153)	855
Earnings per share (EPS) (DKK)	(3.22)	0.12	(0.78)	4.36
Diluted earnings per share (DEPS) (DKK)	(3.22)	0.12	(0.78)	4.36

Statement of comprehensive income

DKK million	2014 Q4	2013 Q4	2014 FY	2013 FY
Profit/(loss) for the period	(633)	23	(153)	855
Actuarial gains/losses	(50)	15	(50)	15
Tax	14	(4)	14	(4)
Items that will not subsequently be reclassified to profit or loss	(36)	11	(36)	11
Currency translation, foreign subsidiaries	72	(46)	332	(115)
Currency translation concerning additions to net investments in foreign subsidiaries	212	(51)	664	(145)
Realized exchange gains/losses concerning additions to net investments in foreign subsidiaries (transferred to the income statement)	-	5	-	(8)
Adjustments, deferred exchange gains/losses, hedging	12	56	(102)	142
Exchange gains/losses, hedging (transferred to the hedged items)	25	(35)	85	(126)
Fair value adjustment of available-for-sale financial assets	(27)	(15)	(38)	(25)
Tax	(60)	9	(156)	38
Items that may subsequently be reclassified to profit or loss	234	(77)	785	(239)
Other comprehensive income	198	(66)	749	(228)
Comprehensive income	(435)	(43)	596	627

Balance sheet

DKK million

Assets	31.12.2014	31.12.2013
Intangible assets	12,670	9,077
Property, plant and equipment	2,724	2,778
Financial assets	857	431
Non-current assets	16,251	12,286
Inventories	1,991	1,893
Receivables	3,726	3,611
Securities	18	1,042
Cash	3,651	4,817
Current assets	9,386	11,363
Assets	25,637	23,649
Equity and liabilities		
Share capital	982	981
Share premium	252	232
Currency translation reserve	392	(441)
Currency hedging reserve	2	15
Retained earnings	11,898	12,694
Equity	13,526	13,481
Provisions	1,650	1,509
Debt	3,259	2,141
Non-current liabilities	4,909	3,650
Provisions	352	364
Debt	84	19
Trade payables	4,930	4,119
Other payables	1,836	2,016
Current liabilities	7,202	6,518
Liabilities	12,111	10,168
Equity and liabilities	25,637	23,649

Statement of changes in equity

DKK million

	Share capital	Share premium	Currency translation reserve	Currency hedging reserve	Retained earnings	Equity
2014						
Equity at 01.01.2014	981	232	(441)	15	12,694	13,481
Profit/(loss) for the period	-	-	-	-	(153)	(153)
Other comprehensive income	-	-	833	(13)	(71)	749
Comprehensive income	-	-	833	(13)	(224)	596
Distributed dividends	-	-	-	-	(544)	(544)
Capital increase through exercise of warrants	1	20	-	-	-	21
Buyback of treasury shares	-	-	-	-	(70)	(70)
Incentive programmes	-	-	-	-	42	42
Other transactions	1	20	-	-	(572)	(551)
Equity at 31.12.2014	982	252	392	2	11,898	13,526
2013						
Equity at 01.01.2013	980	226	(211)	3	12,200	13,198
Profit/(loss) for the period	-	-	-	-	855	855
Other comprehensive income	-	-	(230)	12	(10)	(228)
Comprehensive income	-	-	(230)	12	845	627
Distributed dividends	-	-	-	-	(392)	(392)
Capital increase through exercise of warrants	1	6	-	-	-	7
Buyback of treasury shares	-	-	-	-	(7)	(7)
Incentive programmes	-	-	-	-	48	48
Other transactions	1	6	-	-	(351)	(344)
Equity at 31.12.2013	981	232	(441)	15	12,694	13,481

Cash flow statement

DKK million	2014 Q4	2013 Q4	2014 FY	2013 FY
Profit/(loss) from operations	(838)	68	99	1,599
Adjustments for non-cash operating items etc.	682	207	1,499	1,375
Working capital changes	745	1,104	440	1,079
Cash flows from operations before financial receipts and payments	589	1,379	2,038	4,053
Financial receipts and payments	(13)	(9)	(61)	(89)
Cash flows from ordinary activities	576	1,370	1,977	3,964
Corporate income tax paid	(38)	159	(367)	(204)
Cash flows from operating activities	538	1,529	1,610	3,760
Acquisition of subsidiary ¹	-	-	(2,831)	-
Investments in and sale of bonds and other financial assets	(22)	-	976	10
Investments in and sale of intangible assets and property, plant and equipment	(155)	(610)	(1,541)	(1,510)
Cash flows from investing activities	(177)	(610)	(3,396)	(1,500)
Cash flows from operating and investing activities	361	919	(1,786)	2,260
Capital contributions	1	5	21	7
Dividends paid in the financial year	-	-	(544)	(392)
Other financing activities	1,194	58	1,112	244
Cash flows from financing activities	1,195	63	589	(141)
Change in cash	1,556	982	(1,197)	2,119
Cash at beginning of period	2,092	3,847	4,817	2,747
Unrealized currency translation adjustments for the period	3	(12)	31	(49)
Change in cash for the period	1,556	982	(1,197)	2,119
Cash at end of period	3,651	4,817	3,651	4,817

¹ The acquisition of Chelsea Therapeutics International, Ltd., which is considered a purchase of assets, consists of the Northera product rights valued at DKK 2,600 million, tax assets of DKK 272 million, as well as net liabilities totalling DKK 41 million. A cash balance of DKK 145 million was also acquired and this amount is included in the change in cash for the period.

Interest-bearing net cash and cash equivalents is composed as follows:

Cash	3,651	4,817	3,651	4,817
Securities	18	1,042	18	1,042
Interest-bearing debt	(3,343)	(2,160)	(3,343)	(2,160)
Interest-bearing net cash and cash equivalents, end of period	326	3,699	326	3,699

Income statement – Core results reconciliation**Q4 2014**

DKK million	Reported result	Intangible amortization	Intangible impairment	Major restructuring	Legal fees and settlements	Divestments/sales milestones	Core result
Revenue	3,247	-	-	-	-	-	3,247
Cost of sales	1,167	(291)	-	-	-	-	876
Gross profit	2,080	291	-	-	-	-	2,371
Sales and distribution costs	1,464	-	-	-	-	-	1,464
Administrative expenses	457	-	-	-	-	-	457
Research and development costs	997	-	(309)	-	-	-	688
Profit/(loss) from operations	(838)	291	309	-	-	-	(238)
Net financials	(31)	-	-	-	-	-	(31)
Profit/(loss) before tax	(869)	291	309	-	-	-	(269)
Tax on profit/(loss) for the period	236	100	76	-	-	-	60
Profit/(loss) for the period	(633)	191	233	-	-	-	(209)
Earnings per share (EPS)(DKK)	(3.22)	0.97	1.19	-	-	-	(1.06)

Q4 2013

DKK million	Reported result	Intangible amortization	Intangible impairment	Major restructuring	Legal fees and settlements	Divestments/sales milestones	Core result
Revenue	3,587	-	-	-	-	(166) ¹	3,421
Cost of sales	894	(146)	-	-	-	-	748
Gross profit	2,693	146	-	-	-	(166)	2,673
Sales and distribution costs	1,343	-	-	-	-	-	1,343
Administrative expenses	459	-	-	-	-	-	459
Research and development costs	823	-	-	-	-	-	823
Profit/(loss) from operations	68	146	-	-	-	(166)	48
Net financials	(30)	-	-	-	-	-	(30)
Profit/(loss) before tax	38	146	-	-	-	(166)	18
Tax on profit/(loss) for the period	15	48	-	-	-	(42)	21
Profit/(loss) for the period	23	98	-	-	-	(124)	(3)
Earnings per share (EPS)(DKK)	0.12	0.50	-	-	-	(0.63)	(0.01)

¹Milestone payment from Takeda for first commercial launch of Brintellix in US (USD 30 million)

Income statement – Core results reconciliation**FY 2014**

DKK million	Reported result	Intangible amortization	Intangible impairment	Major restructuring	Legal fees and settlements	Divestments/sales milestones	Core result
Revenue	13,468	-	-	-	-	-	13,468
Cost of sales	4,160	(820)	-	-	-	-	3,340
Gross profit	9,308	820	-	-	-	-	10,128
Sales and distribution costs	4,868	-	-	-	-	-	4,868
Administrative expenses	1,539	-	-	-	-	-	1,539
Research and development costs	2,802	-	(309) ¹	-	-	-	2,493
Profit/(loss) from operations	99	820	309	-	-	-	1,228
Net financials	(155)	-	-	-	-	-	(155)
Profit/(loss) before tax	(56)	820	309	-	-	-	1,073
Tax on profit/(loss) for the year	(97)	271	76	-	-	-	(444)
Profit/(loss) for the year	(153)	549	233	-	-	-	629
Earnings per share (EPS)(DKK)	(0.78)	2.80	1.19	-	-	-	3.21

¹Writedown of desmoteplase**FY 2013**

DKK million	Reported result	Intangible amortization	Intangible impairment	Major restructuring	Legal fees and settlements	Divestments/sales milestones	Core result
Revenue	15,258	-	-	-	-	(1.016) ⁴	14,242
Cost of sales	4,038	(590)	(210) ¹	-	-	-	3,238
Gross profit	11,220	590	210	-	-	(1.016)	11,004
Sales and distribution costs	4,200	-	-	-	-	-	4,200
Administrative expenses	2,549	-	-	200 ²	699 ³	-	1,650
Research and development costs	2,872	-	-	-	-	-	2,872
Profit/(loss) from operations	1,599	590	210	200	699	(1.016)	2,282
Net financials	(127)	-	-	-	-	-	(127)
Profit/(loss) before tax	1,472	590	210	200	699	(1.016)	2,155
Tax on profit/(loss) for the year	617	195	53	50	-	(334)	581
Profit/(loss) for the year	855	395	157	150	699	(682)	1,574
Earnings per share (EPS)(DKK)	4.36	2.02	0.80	0.76	3.56	(3.48)	8.02

¹Sycrest product rights, ²Fit-for-the-future, ³Fine from the European Commission, ⁴Divestment of US mature product portfolio (USD 100 million), milestone from Otsuka on Lu-AE58054 (USD 50 million), and milestone payment from Takeda for first commercial launch of Brintellix in the US (USD 30 million)

FINANCIAL CALENDAR 2015

Feb 5 2015	Annual report 2014
Feb 10 2015	Deadline for Lundbeck's receipt of shareholder proposals for the Annual General Meeting 2015
Mar 25 2015	Annual General Meeting 2015
May 6 2015	First quarter results 2015
Aug 19 2015	Second quarter results 2015
Nov 4 2015	Third quarter results 2015

Corporate releases since the third quarter report

Nov 18 2014	H. Lundbeck A/S increases its share capital by 7,347 shares (0.0037% of outstanding shares) as a result of employee warrant exercise
Nov 24 2014	Ulf Wiinberg resigns as CEO of Lundbeck
Nov 30 2014	Total number of voting rights and share capital in H. Lundbeck A/S as of 30 November 2014
Dec 7 2014	US FDA approves the labelling update of Abilify Maintena (aripiprazole) for extended-release injectable suspension to describe new clinical data for the treatment of acutely relapsed adults with schizophrenia
Dec 17 2014	Lundbeck discontinues further development of desmotepase; 2014 profit guidance range narrowed

For more information, please visit <http://investor.lundbeck.com/releases.cfm>.

Lundbeck contacts

Investors:

Palle Holm Olesen
Vice President, Investor Relations
palo@lundbeck.com
+45 36 43 24 26

Jens Høyer
Specialist, Investor Relations
jshr@lundbeck.com
+45 36 43 33 86

Media:

Mads Kronborg
Director, Media Relations
mavk@lundbeck.com
+45 36 43 30 00

About Lundbeck

H. Lundbeck A/S (LUN.CO, LUN DC, HLUYY) is a global pharmaceutical company specialized in brain diseases. For more than 50 years, we have been at the forefront of research within neuroscience. Our key areas of focus are alcohol dependence, Alzheimer's disease, bipolar disorder, depression/anxiety, epilepsy, Huntington's disease, Parkinson's disease, schizophrenia, stroke and symptomatic neurogenic orthostatic hypotension (NOH).

An estimated 700 million people worldwide are living with brain disease and far too many suffer due to inadequate treatment, discrimination, a reduced number of working days, early retirement and other unnecessary consequences. Every day, we strive for improved treatment and a better life for people living with brain disease – we call this Progress in Mind.

Read more at www.lundbeck.com/global/about-us/progress-in-mind.

Our approximately 6,000 employees in 57 countries are engaged in the entire value chain throughout research, development, production, marketing and sales. Our pipeline consists of several late-stage development programs and our products are available in more 100 countries. We have research centers in China, Denmark and the United States and production facilities in China, Denmark, France and Italy. Lundbeck generated revenue of approximately DKK 13.5 billion in 2014 (EUR 1.8 billion; USD 2.4 billion).

For additional information, we encourage you to visit our corporate site www.lundbeck.com.