

## Restructuring programme develops as planned and Lundbeck sees continued strong growth in key products

### HIGHLIGHTS

- The restructuring programme announced in August 2015 is progressing as planned and is still expected to reduce the cost base by approximately DKK 3 billion in 2017
- In the first nine months of 2015, core revenue reached DKK 10,748 million representing an increase of 5% (4% decline in local currencies). The performance was driven by the key products (Abilify Maintena<sup>®</sup>, Brintellix<sup>®</sup>, Northera<sup>®</sup>, Onfi<sup>®</sup>, Rexulti<sup>®</sup>), mitigating the effect of generic erosion in Canada and Europe
- Revenue from key products grew 188% (146% in local currencies) to DKK 2.5 billion in the first nine months representing 23% of total revenue
- Abilify Maintena sees strong growth reaching DKK 458 million for the period. The growth of 262% (226% in local currencies) was generated in all regions, but particularly in Europe
- Brintellix sales reached DKK 418 million, with non-US markets contributing DKK 140 million or 34%. Outside the US, Brintellix has now been launched in some 30 countries
- Northera was launched in Q3 2014 and achieved DKK 283 million in sales which was in line with expectations
- Onfi continues its solid performance growing 105% (73% in local currencies) to DKK 1,241 million
- Rexulti was approved by FDA in July 2015 and launched in the US in August 2015
- Reported US revenue increased 75% (46% in local currency) and reached DKK 4,550 million, representing 42% of Lundbeck's revenue
- International Markets, representing 27% of revenue, declined by 8% and reached DKK 2,973 million (declined 12% in local currencies) as generic erosion of CipraleX<sup>®</sup> in Canada was partly mitigated by growth of other products such as Azilect<sup>®</sup>
- Revenue in Europe declined 27% to DKK 2,924 million following generic erosion primarily on CipraleX
- Financial guidance for 2015 is slightly lifted. Lundbeck expects revenue of around DKK 14 billion. Expectations for core EBIT is changed to around DKK 0.7 billion and consequently reported EBIT is expected to be negative at around DKK 6.8 billion

#### In connection with the financial report, Lundbeck's President and CEO, Kåre Schultz said:

*"It is an interesting period Lundbeck is going through with strong growth for our new products and in the important US market. At the same time we see sharp deterioration of our European franchise following generic exposure and timing of market access. On that note, I am satisfied with the business performance and also with the progress of our restructuring programme initiated in August."*

DKK million	9M 2015	9M 2014	Growth
Core Revenue*	10,748	10,221	5%
Core EBIT*	774	1,466	(47%)
Core EPS*	1.75	4.26	(59%)
Core EBIT margin	7.2%	14.3%	-
Reported Revenue	10,861	10,221	6%
Reported EBIT	(6,384)	937	-
Reported EPS	(26.73)	2.44	-
Reported EBIT margin	(58.8%)	9.2%	-

\*) For definition of the measures "Core Revenue", "Core EBIT" and "Core EPS", see page 16, and reconciliation to reported figures, see page 24

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## FINANCIAL HIGHLIGHTS AND KEY FIGURES

	2015 Q3	2014 Q3	2015 9M	2014 9M	2014 FY
<b>Financial highlights (DKK million)</b>					
Core revenue	3,556	3,186	10,748	10,221	13,468
Core profit from operations (core EBIT)	423	298	774	1,466	1,228
Reported revenue	3,669	3,186	10,861	10,221	13,468
Operating profit/(loss) before depreciation and amortization (EBITDA)	(513)	402	(4,753)	1,766	1,552
Reported profit/(loss) from operations (EBIT)	(1,519)	94	(6,384)	937	99
Net financials	(25)	(73)	(92)	(124)	(155)
Profit/(loss) before tax	(1,544)	21	(6,476)	813	(56)
Tax	(285)	16	(1,230)	333	97
Profit/(loss) for the period	(1,259)	5	(5,246)	480	(153)
Equity	8,995	13,960	8,995	13,960	13,526
Assets	22,183	24,928	22,183	24,928	25,637
Cash flows from operating and investing activities (free cash flow)	(1,498)	655	(3,300)	(2,147)	(1,786)
Investments in property, plant and equipment, gross	59	58	158	155	240
<b>Key figures</b>					
EBITDA margin (%) <sup>1</sup>	(14.0)	12.6	(43.8)	17.3	11.5
EBIT margin (%) <sup>1</sup>	(41.4)	3.0	(58.8)	9.2	0.7
Return on capital employed (%)	(11.4)	0.6	(42.4)	5.9	0.6
Research and development ratio (%)	29.9	17.6	66.3	18.4	21.6
Return on equity (%) <sup>1</sup>	(13.1)	0.0	(46.7)	3.5	(1.1)
Solvency ratio (%) <sup>1</sup>	40.6	56.0	40.6	56.0	52.8
Capital employed (DKK million)	13,264	16,107	13,264	16,107	16,869
<b>Share data</b>					
Number of shares for the calculation of EPS (million)	196.6	196.4	196.3	196.2	196.3
Number of shares for the calculation of DEPS (million)	197.0	196.5	196.5	196.4	196.4
Earnings per share (EPS) (DKK) <sup>1</sup>	(6.40)	0.03	(26.73)	2.44	(0.78)
Diluted earnings per share (DEPS) (DKK) <sup>1</sup>	(6.39)	0.03	(26.70)	2.44	(0.78)
Cash flow per share (DKK) <sup>1</sup>	(0.51)	3.89	(9.50)	5.45	8.19
Net asset value per share (DKK) <sup>1</sup>	45.56	70.95	45.56	70.95	68.75
Market capitalization (DKK million)	35,095	25,844	35,095	25,844	24,117
Share price end of period (DKK)	178.00	131.60	178.00	131.60	122.80
Proposed dividend per share (DKK)	-	-	-	-	0.00
<b>Other</b>					
Number of employees (FTE)	5,552	5,769	5,552	5,769	5,811

<sup>1</sup> Definitions according to the Danish Society of Financial Analysts' *Recommendations & Financial Ratios 2010*.

Comparative figures including number of shares have been restated using a factor 0.9986 for the effect of employees' exercise of warrants.

## MANAGEMENT REVIEW

### Financial guidance and forward-looking statements

The financial guidance for the fiscal year 2015 provided in connection with the announcement for the first six months of 2015 on 19 August 2015 is slightly lifted. Lundbeck expects revenue to be around DKK 14 billion. The outlook is based on unchanged exchange rates and expectations for continued robust performance of our key products which partly off-sets the continued generic erosion of mature products.

Expectations for core profit from operations (core EBIT) assuming unchanged exchange rates is changed to around DKK 0.7 billion for 2015 versus previously around DKK 0.5 billion. As a consequence reported operating profit (EBIT) is now expected to be negative at around DKK 6.8 billion compared to previous DKK (7) billion.

#### Financial forecast 2015

DKK billion	2014 actual	Previous 2015 forecast	Revised 2015 forecast
Core Revenue	13.5	~14	~14
Core EBIT	1.2	~0.5	~0.7
Reported EBIT	0.1	~(7)	~(6.8)

#### Major restructuring programme to regain profitability and ensure value creation:

In August 2015, Lundbeck announced a major restructuring programme. The programme is initiated in order to significantly improve profitability and the company's value creation. Lundbeck needs higher profitability to be able to invest in future profitable growth initiatives leading to better treatments for patients and secure a competitive return on investment and thereby secure value creation.

Total restructuring impact is approximately DKK 1.8 billion in the third quarter and the initiative aims to improve cost structures and accelerate productivity improvements across the company. The programme is part of the expected improvement of the cost base by approximately DKK 3 billion by 2017.

In the past few years, Lundbeck has gone through major restructurings of its European commercial infrastructure. However, it is necessary to further adjust the commercial set-up primarily in Europe. Lundbeck intends to emphasize the focus on the following products: Abilify Maintena, Brintellix, Northera, Onfi and Rexulti. Furthermore, Lundbeck plans to capture savings through restructuring of all headquarter functions, further minimize G&A functions at affiliates and also expand the newly established Business Service Center in Kraków in Poland. In R&D, a number of cost reduction initiatives have been identified including closure of selected early-stage projects. Lundbeck expects that the restructuring programme will affect approximately 1,000 employees.

#### Financial implications of the restructuring programme:

Following the restructuring programme, Lundbeck has recognized provisions for DKK 1.1 billion for severance payments and restructuring costs. Furthermore, in the third quarter, Lundbeck has recognized approximately DKK 0.7 billion in impairment loss due to changed management estimates of certain intangible rights and fixed assets.

When the restructuring programme is finalized, we expect to significantly improve the company's profitability and we expect to see positive reported operating profit already in 2016 with further improvement in 2017. Further details regarding the financial outlook will be presented in connection with the announcement of the 2015 Full Year results in February 2016.

**Reclassification of product rights**

A reclassification due to management's reassessment of certain product rights has resulted in a change in accounting estimate for capitalization of milestone payments, which were triggered prior to receiving final market registration approval. The reclassification of certain product rights amounts to DKK 4.8 billion which was recognized in research and development costs in the second quarter 2015.

Previously, all material milestone payments triggered by an event were treated as a change to the fair value of the product rights. They have therefore been capitalized, and when launched, amortized over the product's life cycle. Prior to receiving final market registration approval, there is significant uncertainty as to whether the product will be approved and launched, i.e. whether a product right exists at this stage. Consequently, management now adopts a more conservative approach when these milestone payments predominantly will be triggered by or relate to research and development or pre-registration efforts.

The reassessment has not resulted in a change to Lundbeck's accounting policies.

**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.

**Revenue**

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**Reported revenue** for the first nine months of 2015 reached DKK 10,861 million compared to DKK 10,221 million for the first nine months of 2014. The increase of 6% is caused by a positive development in some of our main currencies such as USD and CNY. In local currencies we saw a decline of 3% caused by significant generic erosion on Cipralelex in the European markets and in Canada. This was partly offset by growth from our key products (Abilify Maintena, Brintellix, Northera, Onfi and Rexulti) of 188% (146% in local currencies). For the period, these key products contributed 23% of total revenue.

In the third quarter of 2015, **core revenue** grew 12% (5% in local currencies) and reached DKK 3,556 million compared to DKK 3,186 million the year before. Revenue in the quarter was impacted by generic competition on Ebixa and Cipralelex in Europe and on Cipralelex in Canada. Reported revenue reached DKK 3,669 million. In the third quarter, key products reached DKK 1,002 million, up 185%, and contributed 27% of total revenue. In the quarter, Lundbeck has furthermore realized a divestiture gain of DKK 113 million from Allergan's acquisition of Naurex, inc.

## Revenue from key products and regions

DKK million	Q3 2015	Q3 2014	Growth	Growth in local currency	9M 2015	9M 2014	Growth	Growth in local currency
Abilify Maintena	181	59	209%	182%	458	127	262%	226%
Azilect	376	372	1%	1%	1,098	1,119	(2%)	(2%)
Brintellix	180	59	203%	171%	418	105	296%	242%
Ciprallex	536	983	(46%)	(42%)	2,019	3,844	(47%)	(48%)
Onfi	448	219	104%	81%	1,241	606	105%	73%
Sabril	249	186	34%	13%	720	519	39%	14%
Xenazine	537	440	22%	7%	1,659	1,206	38%	17%
Other pharmaceuticals	965	740	30%	22%	2,834	2,322	22%	13%
Other revenue	197	128	53%	36%	414	373	11%	4%
<b>Total revenue</b>	<b>3,669</b>	<b>3,186</b>	<b>15%</b>	<b>7%</b>	<b>10,861</b>	<b>10,221</b>	<b>6%</b>	<b>(3%)</b>
Europe	972	1,024	(5%)	(6%)	2,924	4,016	(27%)	(28%)
US	1,668	977	71%	47%	4,550	2,603	75%	46%
International Markets	832	1,057	(21%)	(20%)	2,973	3,229	(8%)	(12%)

**Abilify Maintena** (aripiprazole once-monthly injection), for the treatment of schizophrenia and one of the products launched within the global alliance with Japanese Otsuka Pharmaceutical Co., Ltd, shows steady sales growth. Sales grew 209%, or 182% in local currencies, and reached DKK 181 million in the third quarter.

**Azilect** (rasagiline) for the treatment of Parkinson's disease realized revenue of DKK 376 million for the quarter.

Revenue from **Brintellix** (vortioxetine) for the treatment of depression reached DKK 180 million in the third quarter of the year. The growth was primarily driven by the continued sales growth in the US, however also from launches in countries such as Canada, Chile, Mexico and South Africa. The global launches of Brintellix continue as planned, and feedback from patients and prescribers is encouraging. Brintellix has been launched in some 30 countries outside the US, including Canada, which is a key market for Lundbeck.

**Ciprallex** (escitalopram) for the treatment of depression declined in revenue by 46% in the quarter due to generic competition in the European markets and in Canada. The decline is in line with expectations.

**Onfi** (clobazam) for the treatment of Lennox-Gastaut syndrome continues to show very strong growth and generated third quarter revenue of DKK 448 million, an increase of 81% in local currencies, or 104% reported, compared to the same period last year. Lundbeck has the marketing rights for Onfi in the US.

**Sabril** (vigabatrin) for the treatment of refractory complex partial seizures (rCPS) and infantile spasms (IS) generated third quarter revenue of DKK 249 million, thereby increasing 13% in local currencies, or 34% reported, compared to the third quarter of 2014. Lundbeck has the marketing rights for Sabril in the US.

**Xenazine** (tetrabenazine) for the treatment of chorea associated with Huntington's disease saw the first generic introductions in the quarter which impacted growth slightly. Revenue reached DKK 537 million compared to DKK 440 million in the same period last year, an increase of 7% in local currencies, or 22% reported. Lundbeck has the marketing rights for Xenazine in the US.

Revenue from **Other pharmaceuticals**, which comprise the remainder of Lundbeck's products, was DKK 965 million. Other pharmaceuticals are negatively impacted by the generic competition on Ebixa in Europe which is countered by growth in other mature products.

**Other revenue** reached DKK 197 million in the quarter, compared to DKK 128 million for the same period in the previous year following the divestiture of Lundbeck's shareholding in Naurex.

Figure 1 – Revenue per region Q3 2015 vs Q3 2014 (excluding Other revenue)



## Europe

Revenue reached DKK 2,924 million in the first nine months of 2015 which was a decline compared to DKK 4,016 million in the same period last year. The decline is caused by generic erosion of Cipralex and Ebixa sales following the loss of exclusivity and limited mitigating effects from our new products due to timing of market access.

Third quarter revenue in Europe was DKK 972 million, a decrease of 5% compared to the same quarter previous year as Lundbeck's key products are early in their launch phase and only have limited contribution to revenue.

### Revenue – Europe

DKK million	Q3 2015	Q3 2014	Growth in local currencies		Q2 2015	9M 2015	9M 2014	Growth in local currencies	
			Growth	currencies				Growth	currencies
Abilify Maintena	77	14	438%	429%	63	185	21	757%	743%
Azilect	333	342	(3%)	(3%)	308	968	1,022	(5%)	(5%)
Brintellix	35	1	3,157%	3,164%	17	59	1	4,298%	4,313%
Cipralex	213	328	(35%)	(36%)	239	697	1,913	(64%)	(64%)
Selincro	47	15	207%	207%	50	138	23	488%	485%
Other pharmaceuticals	267	324	(17%)	(19%)	314	877	1,036	(15%)	(16%)
<b>Total revenue</b>	<b>972</b>	<b>1,024</b>	<b>(5%)</b>	<b>(6%)</b>	<b>991</b>	<b>2,924</b>	<b>4,016</b>	<b>(27%)</b>	<b>(28%)</b>

**Abilify Maintena** continues the roll out in the European markets. Abilify Maintena has now been launched in all major markets in Europe with full reimbursement in all major markets and with no restrictions. Initial sales uptake of Abilify Maintena is encouraging with sales in the third quarter reaching DKK 77 million with Spain, France and the UK being the largest markets, followed by Germany and Italy.

**Brintellix** has been launched in 16 European markets so far. As expected, market access is still limited outside the Nordic countries and the Netherlands. However, in countries where Brintellix has been launched (e.g. Poland, Sweden and Denmark) we see a solid uptake. In its final decision published on 15 October 2015, the Gemeinsamer Bundesausschuss (G-BA, Federal Joint Committee) concludes that Brintellix has not shown additional benefit in the treatment of major depressive episodes in adults. G-BA rejected the clinical evidence submitted on purely formal grounds. Based on this decision, price negotiations between the GKV-Spitzenverband (National Association of Statutory Health Insurance) and Lundbeck will be initiated and should be completed by the end of April 2016.

In October 2015, the National Institute for Health and Care Excellence (NICE) in the UK has in its final draft guidance recommended Brintellix for some adults with major depressive disorder. The positive recommendation follows the submission of further evidence from Lundbeck that NICE requested in its previous draft guidance. Final guidance is expected to be issued by NICE to the NHS in November 2015.

Third quarter revenue from **Azilect** amounted to DKK 333 million, a decline of 3% compared to the third quarter of 2014. This performance can primarily be attributed to a slight decline in the UK and some of the smaller markets across Europe such as Greece.

**Cipralex** and **Ebixa** (memantine) declined due to generic competition. Ebixa is included in Other pharmaceuticals.

**Selincro** (nalmefene), for the treatment of alcohol dependence, realized sales in the third quarter of 2015 of DKK 47 million primarily driven by France, which contributed more than 60% of sales, and to a lesser extent Spain and Switzerland.

Revenue from **Other pharmaceuticals** was DKK 267 million, a decline of around 17% compared to same period the previous year.

## US

Revenue reached DKK 4,550 million in the first nine months of 2015, which is an increase of 46% in local currencies, or 75% reported. Lundbeck US continues its solid growth, thereby confirming this market's strategic importance for Lundbeck. Revenue in the US contributed 42% of total revenue compared to 25% in the same period last year.

In the third quarter, revenue reached DKK 1,668 million representing 45% of total revenue compared to 31% last year. The revenue increased by 47% in local currencies, or 71% reported, compared to the same quarter previous year.



**Revenue – US**

DKK million	Q3 2015	Q3 2014	Growth in local		Q2 2015	9M 2015	9M 2014	Growth in local	
			Growth	currencies				Growth	currencies
Abilify Maintena	86	44	96%	63%	78	232	105	122%	83%
Brintellix	110	58	88%	56%	94	278	104	167%	116%
Northera	135	14	858%	696%	106	283	14	1,914%	1,551%
Onfi	448	219	104%	81%	403	1,241	606	105%	73%
Sabril	249	186	34%	13%	241	720	519	39%	14%
Xenazine	530	434	22%	7%	612	1,643	1,190	38%	17%
Other pharmaceuticals	110	22	414%	335%	13	153	65	133%	96%
<b>Total revenue</b>	<b>1,668</b>	<b>977</b>	<b>71%</b>	<b>47%</b>	<b>1,547</b>	<b>4,550</b>	<b>2,603</b>	<b>75%</b>	<b>46%</b>

**Abilify Maintena** continues to grow and sales reached DKK 86 million, which represents Lundbeck's 20% share of total net sales of the product, for the quarter. In the past year, improvements to the product offering have been made, including the dual-chamber pre-filled syringe approved in September 2014 and the positive outcome from the *QUALIFY* study. Furthermore, the FDA has approved a labelling update to include description of a controlled clinical study of Abilify Maintena for treating adult patients experiencing acute relapses of schizophrenia. In July 2015, FDA approved deltoid injection site for Abilify Maintena in the treatment of schizophrenia.

**Brintellix** was launched in the US in January 2014, and revenue for the third quarter of 2015 reached DKK 110 million for Lundbeck. Brintellix' share of branded TRx (total prescriptions) volume was 18.4% and the share of branded NRx (new prescriptions) volume was 21.8% by early-October. In value, Brintellix has a similar strong position in the branded market (NRx) with a share of more than 23.3%.

**Northera** for the treatment of symptomatic neurogenic orthostatic hypotension (nOH) was made available in the US market in September 2014 and the commercial launch commenced in October 2014. Northera is still early into the launch, however, feedback and early experience has been encouraging. Sales from Northera reached DKK 135 million in the third quarter of the year and the level of new patient enrolments remains strong.

**Onfi** reached revenue of DKK 448 million in the third quarter, corresponding to a growth of 81% in local currencies, or 104% reported. The solid performance is primarily driven by demand combined with a positive price development.

**Sabril** revenue for the quarter was DKK 249 million, growing 13% in local currencies or 34% reported, compared to the same quarter the year before. The performance is primarily driven by demand combined with a positive price development.

Revenue from **Xenazine** was DKK 530 million for the quarter, an increase of 7% in local currencies, or 22% reported, compared to the third quarter previous year as generic introductions start to have some negative impact on growth.

**Rexulti** (brexipiprazole) has been approved by FDA in July 2015 as an adjunctive therapy for the treatment of adults with major depressive disorder and as a treatment for adults with schizophrenia. Rexulti was discovered by Otsuka and co-developed with Lundbeck. It is co-marketed by the two companies and became available to patients in the US in early August 2015. Lundbeck's share of the revenue is included in Other pharmaceuticals and is probably mainly due to pipeline filling.

## International Markets

Revenue from International Markets, which comprise all of Lundbeck's markets outside of Europe and the US, reached DKK 2,973 million in the first nine months of 2015, compared to DKK 3,229 million in the same period last year – a decline of 8%. In local currencies revenue decreased by 12% as the generic erosion on key products is only partly offset by growth in other products. International Markets constituted 27% of total revenue for the first nine months of 2015 compared to 32% in the same period last year.

Revenue in the third quarter was DKK 832 million, corresponding to a decrease of 20% in local currencies and 21% reported. The performance was caused by the generic competition of Cipralelex in Canada where sales declined by 73% to DKK 71 million which was compensated for by growth in other products and geographies including emerging markets. In the quarter International Markets constituted 23% of total revenue representing a decrease compared to 33% in the same period in 2014.

### Revenue – International Markets

DKK million	Q3 2015	Q3 2014	Growth in local currencies		Q2 2015	9M 2015	9M 2014	Growth in local currencies	
			Growth					Growth	
Abilify Maintena	18	1	3,340%	3,417%	16	41	1	4,776%	4,654%
Azilect	43	30	43%	39%	39	130	97	34%	32%
Brintellix	35	-	-	-	29	81	-	-	-
Cipralelex/Lexapro	323	655	(51%)	(45%)	432	1,322	1,931	(32%)	(32%)
Ebixa	126	109	15%	8%	141	448	396	13%	3%
Other pharmaceuticals	287	262	9%	4%	333	951	804	18%	9%
<b>Total revenue</b>	<b>832</b>	<b>1,057</b>	<b>(21%)</b>	<b>(20%)</b>	<b>990</b>	<b>2,973</b>	<b>3,229</b>	<b>(8%)</b>	<b>(12%)</b>

**Abilify Maintena** has been launched in Australia and Canada so far and reached revenue of DKK 18 million in the third quarter of 2015.

**Azilect** continues to show growth in Thailand, South Korea, Hong Kong and Australia, and revenue increased in the third quarter by 43%, which was partly offset by price cuts in Turkey.

**Brintellix** was launched in Canada as Trintellix towards the end of 2014. Even though it is early in the launch, the uptake is encouraging. Countries like Australia (private market), South Africa, Chile and Mexico also show solid uptake. Brintellix reached DKK 35 million for the quarter. In October this year, the Brazilian authorities approved Brintellix with cognition mentioned in the label. Brazil is the world's fourth largest antidepressants market with an estimated market size of around USD 800 million per year and a very important market for Brintellix. Furthermore, the product has been granted 1<sup>st</sup> line reimbursement in broad MDD (without any restrictions) in South Korea.

**Cipralelex** generated third quarter revenue of DKK 323 million. Sales decreased by 51% reported, or 45% in local currencies, compared to the previous year, due to generic competition primarily in Canada and Latin America. Cipralelex continued to grow in most Asian markets.

**Ebixa** generated third quarter revenue of DKK 126 million representing an increase of 15% and 8% in local currencies.

**Treanda** (bendamustine hydrochloride for injection) for the treatment of indolent Non-Hodgkin's lymphoma (iNHL) and chronic lymphocytic leukaemia (CLL) is sold by Lundbeck in Canada. Treanda reached DKK 53 million in the third quarter of 2015 compared to DKK 52 million in the same period previous year, an increase of 1% reported but unchanged in local currencies. Treanda is included in Other pharmaceuticals.

**Other pharmaceuticals** generated revenue of DKK 287 million during the quarter, an increase of 9% 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**

As of January 2015, Lundbeck has reclassified certain costs, which were previously recognized in administrative expenses, to sales and distribution costs and to research and development costs. The reclassification is to align with comparable peers within the industry. Comparative figures below have been restated.

Total costs for the first nine months of 2015 was DKK 17,245 million compared to DKK 9,284 million for the same period last year. The increase in total costs can primarily be ascribed to the reclassification of product rights to R&D costs recognized in the second quarter of the year and provisions and impairments in relation to the restructuring programme recognized in the third quarter.

In the third quarter of 2015, total costs amounted to DKK 5,188 million, which is an increase of 68% compared to the same quarter last year. This is mainly explained by provisions and impairments related to the restructuring programme. Excluding these one-offs, total costs increased with 9% compared to last year.

### **Distribution of costs**

<b>DKK million</b>	<b>Q3 2015</b>	<b>Q3 2014</b>	<b>Growth</b>	<b>Q2 2015</b>	<b>9M 2015</b>	<b>9M 2014</b>	<b>Growth</b>
Cost of sales	1,685	1,012	66%	1,259	4,124	2,993	38%
Sales and distribution	1,966	1,248	58%	1,577	4,996	3,617	38%
Administration	441	273	62%	257	926	789	17%
Research and development	1,096	559	96%	5,369	7,199	1,885	282%
<b>Total costs</b>	<b>5,188</b>	<b>3,092</b>	<b>68%</b>	<b>8,462</b>	<b>17,245</b>	<b>9,284</b>	<b>86%</b>

**Cost of sales** increased 66% to DKK 1,685 million. This corresponds to 46% of Lundbeck's total revenue, an increase from 32% in the same quarter previous year. Excluding one-offs, cost of sales increased with 21% and corresponded to 33% of revenue. This is mainly driven by change in product mix, following the expiration of the Cipralex patent and by amortization related to Northera and Rexulti.

**Sales and distribution costs** were DKK 1,966 million, corresponding to 54% of revenue and an increase of 58% compared to third quarter the year before. Excluding one-offs, sales and distribution costs increased 10% and corresponded to 37% of revenue compared to 39% in the third quarter of 2014.

**Administrative expenses** were DKK 441 million corresponding to 12% of total revenue in the third quarter of 2015. Excluding one-offs, administrative expenses decreased with 34% compared to the same quarter last year, corresponding to 5% of total revenue. This is a result of executing on cost initiatives combined with high implementation costs for the setup of the Business Service Centre in Kraków in 2014.

SG&A costs were DKK 2,407 million compared to DKK 1,521 million in the same period previous year. The SG&A ratio for the period was 66%, compared to 48% in the same period the year before. Excluding one-offs related to the restructuring programme, the SG&A ratio for the period was 42%.

**Research and development costs** were DKK 1,096 million, corresponding to 30% of revenue. This is an increase from DKK 559 million last year. Excluding one-offs, research and development costs increased 8% and corresponded to 16% of total revenue for the quarter. The restructuring programme announced in August covers all business functions in Lundbeck and in R&D it was decided to close Lundbeck's US research site in Paramus, NJ.

#### Operating profit before depreciation and amortization (EBITDA)

EBITDA came in negative at DKK 513 million compared to a positive EBITDA of DKK 402 million for the third quarter last year. This results in a negative EBITDA margin for the period of 14.0%, down from a positive margin of 12.6% in the same quarter of 2014. The decrease in EBITDA margin is driven by the provisions related to the restructuring programme. Excluding these, the EBITDA margin is positive at 16.9% for the quarter.

#### Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges, which are included in the individual expense categories, amounted to DKK 1,006 million in the third quarter compared to DKK 308 million last year. The increase is related to impairments as a result of the restructuring programme.

#### Depreciation, amortization and impairment charges

DKK million	Q3 2015	Q3 2014	Growth	Q2 2015	9M 2015	9M 2014	Growth
Cost of sales	686	247	178%	231	1,204	654	84%
Sales and distribution	54	8	533%	13	79	24	221%
Administration	69	20	242%	14	95	50	90%
Research and development	197	33	491%	27	253	101	150%
<b>Total depreciation, amortization and impairment charges</b>	<b>1,006</b>	<b>308</b>	<b>226%</b>	<b>285</b>	<b>1,631</b>	<b>829</b>	<b>97%</b>

#### Core EBIT and profit from operations (EBIT)

Core EBIT for the third quarter was DKK 423 million compared with DKK 298 million in the same quarter in 2014. The increase is driven by strong sales especially in the US, more than offsetting the loss in revenue due to the patent expiry for Cipralext.

Reported EBIT for the third quarter of 2015 amounted to a loss of DKK 1,519 million, compared to a profit of DKK 94 million in the same quarter in 2014. The decrease in reported EBIT is primarily explained by the provisions and impairments related to the restructuring programme.

#### Net financials

Lundbeck generated a net financial expense of DKK 25 million in the third quarter of 2015, compared to a net financial expense of DKK 73 million in the third quarter of 2014.

Net interest income, including realized and unrealized gains and losses on the bond portfolio, amounted to a net expense of DKK 26 million in the third quarter of 2015, compared to a net expense of DKK 19 million in the same

period in 2014. The difference is primarily due to interest expenses on the EIB loan (EUR 150 million) drawn in December 2014.

Net exchange rate adjustments amounted to a gain of DKK 11 million in the third quarter of 2015, compared to a loss of DKK 52 million in the third quarter last year. The difference is primarily due to fluctuations in exchange rate translations of intercompany balances.

### **Tax**

Due to the reported loss, explained by the reclassification of certain product rights recognized in the second quarter and restructuring costs recognized in the third quarter of 2015, tax for the first nine months of 2015 was an income of DKK 1,230 million. The tax income is adversely impacted by following:

- The amortization of Northera product rights is not deductible for tax purposes thus creating a permanent difference impacting the tax rate adversely.
- Lundbeck's increased activity in the US results in an increased profit in the US. 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**

Reported loss for the first nine months of 2015 was DKK 5,246 million, compared to a profit of DKK 480 million in the same period last year.

Core EPS was DKK 1.11 per share for the third quarter in 2015, compared to a core EPS of DKK 0.72 per share in the same quarter in 2014. The reported loss in the third quarter 2015 corresponds to a negative EPS of DKK 6.40 per share versus a positive EPS of DKK 0.03 per share for the same period the year before.

### **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 59 million in the third quarter of 2015, 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 59 million loss in the third quarter of 2014.

### **Cash flow**

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Lundbeck had a negative cash flow from operating and investing activities of DKK 1,498 million compared to a positive cash flow from operating and investing activities of DKK 655 million in the same period last year.

**Cash flow**

<b>DKK million</b>	<b>Q3 2015</b>	<b>Q3 2014</b>	<b>FY 2014</b>
Cash flows from operating activities	(102)	764	1,610
Cash flows from investing activities	(1,396)	(109)	(3,396)
<b>Cash flows from operating and investing activities (free cash flow)</b>	<b>(1,498)</b>	<b>655</b>	<b>(1,786)</b>
Cash flows from financing activities	1,063	(10)	589
<b>Net cash flow for the period</b>	<b>(435)</b>	<b>645</b>	<b>(1,197)</b>
Cash at beginning of period	1,787	1,424	4,817
Currency translation adjustments for the period	(18)	23	31
Net cash flow for the period	(435)	645	(1,197)
<b>Cash at end of period</b>	<b>1,334</b>	<b>2,092</b>	<b>3,651</b>
Securities	17	18	18
Interest-bearing debt	(4,269)	(2,147)	(3,343)
<b>Interest-bearing net cash and cash equivalents, end of period</b>	<b>(2,918)</b>	<b>(37)</b>	<b>326</b>

Operating activities during the third quarter generated cash outflow of DKK 102 million, compared to an inflow of DKK 764 million in the same period last year.

Investing activities during the third quarter generated cash outflow of DKK 1,396 million consisting mainly of milestones paid to Otsuka after approval of two indications for Rexulti in the US. Each milestone payment was USD 100 million.

Financing activities generated a positive cash flow of DKK 1,063 million compared to an outflow of DKK 10 million in the same quarter last year. At the end of July 2015, Lundbeck entered into a DKK 2 billion two-year revolving credit facility with the possible extension for additional one year from a group of banks consisting of Danske Bank, Jyske Bank and Nordea. Of this facility, DKK 1 billion has been drawn in the third quarter of 2015.

### ***Balance sheet***

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As of 30 September 2015, Lundbeck had total assets of DKK 22,183 million, compared to DKK 25,637 million at the end of 2014. The significant decline in total assets is mainly due to the reclassification of certain product rights primarily related to Abilify Maintena and Rexulti.

As of 30 September 2015, Lundbeck's equity amounted to DKK 8,995 million, corresponding to a solvency ratio of 40.6% compared to 52.8% at the end of 2014.

The contractual obligations as disclosed in the Annual Report for 2014 have decreased as a result of milestones paid during the first nine months. Contractual obligations are off-balance sheet disclosures.

At the Annual General Meeting in March 2015, the proposed dividend for 2014 of DKK 0 was approved.

## ***Lundbeck's development portfolio***

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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**

In July FDA approved **Rexulti** (brexpiprazole) as an adjunctive therapy for the treatment of adults with major depressive disorder (MDD) and as a treatment for adults with schizophrenia. Rexulti was studied in more than 4,300 subjects in phase II and III clinical trials, and the approval was supported by four completed placebo-controlled clinical phase III studies in the now-approved indications - two studies as adjunctive therapy to antidepressants in MDD and two studies in schizophrenia.

In July 2015, FDA accepted a supplemental New Drug Application (sNDA) for review to add clinical data regarding the effect of **Brintellix** (vortioxetine) on cognitive dysfunction in adults with MDD to the current product label. Brintellix is currently approved and available in the US for the treatment of MDD in adults. FDA is expected to take action on this filing by 28 March 2016 following a FDA Advisory Committee meeting in the beginning of 2016.

### **Clinical phase III**

In August 2012, Lundbeck and Otsuka Pharmaceuticals initiated a randomized, double-blind, placebo-controlled trial (NCT01567527) to assess the time to recurrence of any mood episode in individuals with bipolar I disorder who have maintained stability on **Abilify Maintena** for at least 8 weeks. The study is expected to recruit approximately 700 patients in the US, Canada, EU and Asia and is expected to be finalized by mid-2016.

In April 2015 our partner Takeda started a new clinical phase III study (NCT02389816) with **Brintellix** in Japanese individuals. The study is planned to recruit 480 patients who will receive Brintellix (10 or 20 mg) or placebo. The study is expected to be finalized in 2018.

In December 2014, Lundbeck and Takeda initiated a clinical phase II study (NCT02327013) with the purpose to determine the effect of Brintellix treatment on ADHD symptoms in adult patients with ADHD in a 12 weeks study. The study is expected to recruit approximately 225 patients and is expected to be finalized during the second half of 2016.

In the second half of 2013, Lundbeck and Otsuka Pharmaceuticals initiated two pivotal studies with **Rexulti** (brexpiprazole) in individuals with agitation associated with dementia of the Alzheimer's type. The two studies are expected to recruit around 420 and 230 patients respectively (NCT01862640, NCT01922258). Enrolment of patients has progressed as planned, and the studies are expected to finalize in the second half of 2017. FDA has granted fast-track designation for this programme.

In October 2013, Lundbeck and Otsuka Pharmaceuticals initiated the phase III programme in **idalopirdine** in order to explore the effect of the compound in mild-to-moderate Alzheimer's disease as adjunctive therapy to acetylcholinesterase inhibitors (AChEIs). The key endpoints are Alzheimer's Disease Assessment Scale - Cognitive Subscale (ADAS-cog), Activities of Daily Living (ADL), and the Clinical Global Impression of Change Scale (CGIC). The programme will enrol approximately 2,500 patients worldwide and recruitment is on track in order to finalize the programme in the first quarter of 2017.

For **Selincro** (nalmefene), which has been launched in Europe for alcohol dependence, a clinical phase III study (NCT02364947) was initiated in Japan in December 2014. The study is run by Otsuka Pharmaceuticals and is expected to recruit some 660 patients. Additionally, a long-term open label study has been initiated in Japan.

The clinical phase III programme on **Lu AF35700** is planned to start during the first quarter of 2016 in treatment-resistant schizophrenia. The first study is expected to include approximately 650 patients. Several phase I studies have been conducted, including a multiple-dose study in patients. Lu AF35700 has a novel and unique pharmacological profile with high D<sub>1</sub> and 5-HT<sub>6</sub> receptor affinity in combination with low D<sub>2</sub> receptor affinity. The compound represents a potential new option for patients not responding on high D<sub>2</sub> blocking antipsychotics. In completed safety trials, Lu AF35700 was generally safe and well tolerated with less mood and mentation related side effects due to low D<sub>2</sub> blockade.

## **General corporate matters**

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### **Accounting policies**

The interim report is presented in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and additional Danish disclosure requirements for the interim reports of listed companies.

Accounting policies remain unchanged compared to the annual report for 2014, which contains a more detailed description of the Group's accounting policies.

As of January 2015, Lundbeck has reclassified certain costs, which were previously recognized in administrative expenses, to sales and distribution costs and to research and development costs. The effect on the profit for the year is DKK 0. The reclassification is to align with comparative peers. Comparative figures have been restated. Please find the restated figures for 2014 on page 25.

Due to the significant uncertainty as to whether a product will be approved and launched, management has reassessed the capitalization of milestone payments which have been triggered prior to receiving final market registration approval. Consequently, Lundbeck has from 30 June 2015, reclassified these capitalized milestone payments to research and development costs. Given that this is considered a change in estimate, prior years' and prior interim financial figures have not been restated as these are viewed to be accurate and in line with the accounting policies.

### **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 accumulated, 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 of intangible assets
- Impairment of intangible assets and property, plant and equipment

#### *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, and reclassification of product rights

*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.

### **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 shares granted under the 2012-program, Lundbeck has during the first quarter of 2015 purchased treasury shares with a value of DKK 22 million, corresponding to 177,364 shares.

The Board of Directors of Lundbeck has resolved that Lundbeck will offer participation in a Restricted Share Unit-programme to a number of key employees as part of Lundbeck's long-term incentive programme 2015. A Restricted Share Unit is a conditioned right to receive one share in Lundbeck.

A number of key employees employed in Lundbeck or a Lundbeck subsidiary (Danish and foreign companies, excluding the US, in which Lundbeck directly, or indirectly, holds at least 50% of the shares) will be offered to participate in the programme. Members of the company's Board of Directors and members of the Executive Management are not included in the programme. Appointment of the participants will be made by Lundbeck's Executive Management. The appointment will be based on e.g. the key employees' performance and ability to create long-term value.

All of the Restricted Share Units will vest in 2018 subject to continued employment with the Lundbeck Group for the period from the grant in 2015 until the Restricted Share Units have vested in 2018.

Key employees in the US subsidiaries will be offered participation in a Restricted Cash Unit-programme on terms and conditions similar to those that apply to the Restricted Share Unit programme. A Restricted Cash Unit is a conditioned right to receive a cash payment.

The market value of the Restricted Share Units and the Restricted Cash Units will be calculated at the time of grant. The total value of the programmes cannot exceed DKK 35 million at the time of grant.

**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 1.00 pm (CET), Lundbeck will be hosting a conference call for the financial community. You can listen to the call online at [www.lundbeck.com](http://www.lundbeck.com) under the investor section.

## MANAGEMENT STATEMENT

The Board of Directors and the Executive Management have discussed and adopted the interim report of H. Lundbeck A/S for the period 1 January – 30 September 2015. The interim report is presented in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the EU and additional Danish disclosure requirements for the interim reports of listed companies.

We consider the accounting policies applied to be appropriate. Accordingly, the interim report gives a true and fair view of the Group's assets, liabilities and financial position as of 30 September 2015, and of the results of the Group's operations and cash flows for the first nine months of 2015, which ended on 30 September 2015.

In our opinion, the Management's report gives a true and fair view of activity developments, the Group's general financial position and the results for the period. It also gives a fair view of the significant risks and uncertainty factors that may affect the Group.

The interim report has not been subject to audit or review.

Valby, 4 November 2015

### Executive Management

Kåre Schultz  
President and CEO

Anders Götzsche  
Executive Vice President, CFO

Anders Gersel Pedersen  
Executive Vice President, R&D

### Board of Directors

Håkan Björklund  
Chairman

Lene Skole  
Deputy Chairman

Terrie Curran

Mona Elisabeth Elster

Lars Holmqvist

Henrik Sindal Jensen

Jørn Mayntzhusen

Jesper Ovesen

Lars Rasmussen

## FINANCIAL STATEMENTS

### Income statement

DKK million	2015 Q3	2014 Q3	2015 9M	2014 9M	2014 FY
Revenue	3,669	3,186	10,861	10,221	13,468
Cost of sales	1,685	1,012	4,124	2,993	4,160
<b>Gross profit</b>	<b>1,984</b>	<b>2,174</b>	<b>6,737</b>	<b>7,228</b>	<b>9,308</b>
Sales and distribution costs	1,966	1,248	4,996	3,617	5,164
Administrative expenses	441	273	926	789	1,134
Research and development costs	1,096	559	7,199	1,885	2,911
<b>Profit/(loss) from operations (EBIT)</b>	<b>(1,519)</b>	<b>94</b>	<b>(6,384)</b>	<b>937</b>	<b>99</b>
Net financials	(25)	(73)	(92)	(124)	(155)
<b>Profit/(loss) before tax</b>	<b>(1,544)</b>	<b>21</b>	<b>(6,476)</b>	<b>813</b>	<b>(56)</b>
Tax on profit/(loss) for the period	(285)	16	(1,230)	333	97
<b>Profit/(loss) for the period</b>	<b>(1,259)</b>	<b>5</b>	<b>(5,246)</b>	<b>480</b>	<b>(153)</b>
Earnings per share (EPS) (DKK)	(6.40)	0.03	(26.73)	2.44	(0.78)
Diluted earnings per share (DEPS) (DKK)	(6.39)	0.03	(26.70)	2.44	(0.78)

### Statement of comprehensive income

DKK million	2015 Q3	2014 Q3	2015 9M	2014 9M	2014 FY
<b>Profit/(loss) for the period</b>	<b>(1,259)</b>	<b>5</b>	<b>(5,246)</b>	<b>480</b>	<b>(153)</b>
Actuarial gains/losses	-	-	-	-	(50)
Tax	-	-	-	-	14
<b>Items that will not subsequently be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(36)</b>
Currency translation, foreign subsidiaries	(82)	198	249	260	332
Currency translation concerning additions to net investments in foreign subsidiaries	32	458	425	452	664
Adjustments, deferred exchange gains/losses, hedging	43	(69)	(31)	(114)	(102)
Exchange gains/losses, hedging (transferred to the hedged items)	9	59	51	60	85
Fair value adjustment of available-for-sale financial assets	16	-	35	(11)	(38)
Tax	(18)	(111)	(104)	(96)	(156)
<b>Items that may subsequently be reclassified to profit or loss</b>	<b>-</b>	<b>535</b>	<b>625</b>	<b>551</b>	<b>785</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>535</b>	<b>625</b>	<b>551</b>	<b>749</b>
<b>Comprehensive income</b>	<b>(1,259)</b>	<b>540</b>	<b>(4,621)</b>	<b>1,031</b>	<b>596</b>

**Balance sheet**

DKK million

<b>Assets</b>	<b>30.09.2015</b>	<b>30.09.2014</b>	<b>31.12.2014</b>
Intangible assets	10,111	12,910	12,670
Property, plant and equipment	2,252	2,711	2,724
Financial assets	1,837	886	857
<b>Non-current assets</b>	<b>14,200</b>	<b>16,507</b>	<b>16,251</b>
Inventories	2,737	2,389	1,991
Receivables	3,895	3,922	3,726
Securities	17	18	18
Cash	1,334	2,092	3,651
<b>Current assets</b>	<b>7,983</b>	<b>8,421</b>	<b>9,386</b>
<b>Assets</b>	<b>22,183</b>	<b>24,928</b>	<b>25,637</b>
<b>Equity and liabilities</b>			
Share capital	986	982	982
Share premium	335	251	252
Currency translation reserve	966	160	392
Currency hedging reserve	17	(26)	2
Retained earnings	6,691	12,593	11,898
<b>Equity</b>	<b>8,995</b>	<b>13,960</b>	<b>13,526</b>
Provisions	1,107	1,691	1,650
Debt	4,269	2,138	3,259
<b>Non-current liabilities</b>	<b>5,376</b>	<b>3,829</b>	<b>4,909</b>
Provisions	1,171	313	352
Debt	-	9	84
Trade payables	4,613	3,934	4,930
Other payables	2,028	2,883	1,836
<b>Current liabilities</b>	<b>7,812</b>	<b>7,139</b>	<b>7,202</b>
<b>Liabilities</b>	<b>13,188</b>	<b>10,968</b>	<b>12,111</b>
<b>Equity and liabilities</b>	<b>22,183</b>	<b>24,928</b>	<b>25,637</b>

## Statement of changes in equity

DKK million

2015	Share capital	Share premium	Currency translation reserve	Currency hedging reserve	Retained earnings	Equity
<b>Equity at 01.01.2015</b>	<b>982</b>	<b>252</b>	<b>392</b>	<b>2</b>	<b>11,898</b>	<b>13,526</b>
Profit/(loss) for the period	-	-	-	-	(5,246)	(5,246)
Other comprehensive income	-	-	574	15	36	625
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>574</b>	<b>15</b>	<b>(5,210)</b>	<b>(4,621)</b>
Capital increase through exercise of warrants	4	83	-	-	-	87
Buyback of treasury shares	-	-	-	-	(22)	(22)
Incentive programmes	-	-	-	-	25	25
<b>Other transactions</b>	<b>4</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>90</b>
<b>Equity at 30.09.2015</b>	<b>986</b>	<b>335</b>	<b>966</b>	<b>17</b>	<b>6,691</b>	<b>8,995</b>
<b>2014</b>						
<b>Equity at 01.01.2014</b>	<b>981</b>	<b>232</b>	<b>(441)</b>	<b>15</b>	<b>12,694</b>	<b>13,481</b>
Profit/(loss) for the period	-	-	-	-	480	480
Other comprehensive income	-	-	601	(41)	(9)	551
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>601</b>	<b>(41)</b>	<b>471</b>	<b>1,031</b>
Distributed dividends	-	-	-	-	(544)	(544)
Capital increase through exercise of warrants	1	19	-	-	-	20
Buyback of treasury shares	-	-	-	-	(70)	(70)
Incentive programmes	-	-	-	-	42	42
<b>Other transactions</b>	<b>1</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>(572)</b>	<b>(552)</b>
<b>Equity at 30.09.2014</b>	<b>982</b>	<b>251</b>	<b>160</b>	<b>(26)</b>	<b>12,593</b>	<b>13,960</b>

## Cash flow statement

DKK million	2015	2014	2015	2014	2014
	Q3	Q3	9M	9M	FY
<b>Profit/(loss) from operations</b>	<b>(1,519)</b>	<b>94</b>	<b>(6,384)</b>	<b>937</b>	<b>99</b>
Adjustments for non-cash operating items etc.	2,159	343	6,174	817	1,499
Change in working capital	(638)	437	(1,314)	(305)	440
<b>Cash flows from operations before financial receipts and payments</b>	<b>2</b>	<b>874</b>	<b>(1,524)</b>	<b>1,449</b>	<b>2,038</b>
Financial receipts and payments	(27)	(28)	(73)	(48)	(61)
<b>Cash flows from ordinary activities</b>	<b>(25)</b>	<b>846</b>	<b>(1,597)</b>	<b>1,401</b>	<b>1,977</b>
Income taxes paid	(77)	(82)	(271)	(329)	(367)
<b>Cash flows from operating activities</b>	<b>(102)</b>	<b>764</b>	<b>(1,868)</b>	<b>1,072</b>	<b>1,610</b>
Acquisition of subsidiary <sup>1</sup>	-	-	-	(2,831)	(2,831)
Investments in and sale of bonds and other financial assets	(3)	-	(4)	998	976
Investments in and sale of intangible assets and property, plant and equipment	(1,393)	(109)	(1,428)	(1,386)	(1,541)
<b>Cash flows from investing activities</b>	<b>(1,396)</b>	<b>(109)</b>	<b>(1,432)</b>	<b>(3,219)</b>	<b>(3,396)</b>
<b>Cash flows from operating and investing activities (free cash flow)</b>	<b>(1,498)</b>	<b>655</b>	<b>(3,300)</b>	<b>(2,147)</b>	<b>(1,786)</b>
Capital contributions	62	-	87	20	21
Dividends paid in the financial year	-	-	-	(544)	(544)
Other financing activities	1,001	(10)	900	(82)	1,112
<b>Cash flows from financing activities</b>	<b>1,063</b>	<b>(10)</b>	<b>987</b>	<b>(606)</b>	<b>589</b>
<b>Net cash flow for the period</b>	<b>(435)</b>	<b>645</b>	<b>(2,313)</b>	<b>(2,753)</b>	<b>(1,197)</b>
Cash at beginning of period	1,787	1,424	3,651	4,817	4,817
Currency translation adjustments for the period	(18)	23	(4)	28	31
Net cash flow for the period	(435)	645	(2,313)	(2,753)	(1,197)
<b>Cash at end of period</b>	<b>1,334</b>	<b>2,092</b>	<b>1,334</b>	<b>2,092</b>	<b>3,651</b>
<b>Interest-bearing net cash and cash equivalents is composed as follows:</b>					
Cash	1,334	2,092	1,334	2,092	3,651
Securities	17	18	17	18	18
Interest-bearing debt	(4,269)	(2,147)	(4,269)	(2,147)	(3,343)
<b>Interest-bearing net cash and cash equivalents, end of period</b>	<b>(2,918)</b>	<b>(37)</b>	<b>(2,918)</b>	<b>(37)</b>	<b>326</b>

1) The acquisition of Chelsea Therapeutics International, Ltd. in 2014, 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 net cash flow for the period.

***Income statement – Core results reconciliation (Q3)*****Q3 2015**

DKK million	Reported result	Intangible amortization	Impairment	Major restructuring	Legal fees and settlements	Divestments/sales milestones	Reclassification of certain product rights	Core result
Revenue	3,669	-	-	-	-	(113)	-	3,556
Cost of sales	1,685	(250)	(404)	(55)	-	-	-	976
<b>Gross profit</b>	<b>1,984</b>	<b>250</b>	<b>404</b>	<b>55</b>	<b>-</b>	<b>(113)</b>	<b>-</b>	<b>2,580</b>
Sales and distribution costs	1,966	-	(38)	(554)	-	-	-	1,374
Administrative expenses	441	-	(58)	(203)	-	-	-	180
Research and development costs	1,096	-	(171)	(322)	-	-	-	603
<b>Profit/(loss) from operations (EBIT)</b>	<b>(1,519)</b>	<b>250</b>	<b>671</b>	<b>1,134</b>	<b>-</b>	<b>(113)</b>	<b>-</b>	<b>423</b>
Net financials	(25)	-	-	-	-	-	-	(25)
<b>Profit/(loss) before tax</b>	<b>(1,544)</b>	<b>250</b>	<b>671</b>	<b>1,134</b>	<b>-</b>	<b>(113)</b>	<b>-</b>	<b>398</b>
Tax on profit/(loss) for the period	(285)	40	174	278	-	(27)	-	180
<b>Profit/(loss) for the period</b>	<b>(1,259)</b>	<b>210</b>	<b>497</b>	<b>856</b>	<b>-</b>	<b>(86)</b>	<b>-</b>	<b>218</b>
Earnings per share (EPS)(DKK)	(6.40)	1.07	2.53	4.35	-	(0.44)	-	1.11

**Q3 2014**

DKK million	Reported result	Intangible amortization	Impairment	Major restructuring	Legal fees and settlements	Divestments/sales milestones	Reclassification of certain product rights	Core result
Revenue	3,186	-	-	-	-	-	-	3,186
Cost of sales	1,012	(204)	-	-	-	-	-	808
<b>Gross profit</b>	<b>2,174</b>	<b>204</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,378</b>
Sales and distribution costs	1,248	-	-	-	-	-	-	1,248
Administrative expenses	273	-	-	-	-	-	-	273
Research and development costs	559	-	-	-	-	-	-	559
<b>Profit/(loss) from operations (EBIT)</b>	<b>94</b>	<b>204</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>298</b>
Net financials	(73)	-	-	-	-	-	-	(73)
<b>Profit/(loss) before tax</b>	<b>21</b>	<b>204</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>225</b>
Tax on profit/(loss) for the period	16	67	-	-	-	-	-	83
<b>Profit/(loss) for the period</b>	<b>5</b>	<b>137</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142</b>
Earnings per share (EPS)(DKK)	0.03	0.69	-	-	-	-	-	0.72



***Income statement – Core results reconciliation (9M)*****9M 2015**

DKK million	Reported result	Intangible amortization	Impairment	Major restructuring	Legal fees and settlements	Divestments/sales milestones	Reclassification of certain product rights	Core result
Revenue	10,861	-	-	-	-	-	(113)	10,748
Cost of sales	4,124	(688)	(404)	(55)	-	-	-	2,977
<b>Gross profit</b>	<b>6,737</b>	<b>688</b>	<b>404</b>	<b>55</b>	<b>-</b>	<b>-</b>	<b>(113)</b>	<b>7,771</b>
Sales and distribution costs	4,996	-	(38)	(554)	-	-	-	4,404
Administrative expenses	926	-	(58)	(203)	-	-	-	665
Research and development costs	7,199	-	(171)	(322)	-	(4,778)	-	1,928
<b>Profit/(loss) from operations (EBIT)</b>	<b>(6,384)</b>	<b>688</b>	<b>671</b>	<b>1,134</b>	<b>-</b>	<b>4,778</b>	<b>(113)</b>	<b>774</b>
Net financials	(92)	-	-	-	-	-	-	(92)
<b>Profit/(loss) before tax</b>	<b>(6,476)</b>	<b>688</b>	<b>671</b>	<b>1,134</b>	<b>-</b>	<b>4,778</b>	<b>(113)</b>	<b>682</b>
Tax on profit/(loss) for the period	(1,230)	93	174	278	-	1,051	(27)	339
<b>Profit/(loss) for the period</b>	<b>(5,246)</b>	<b>595</b>	<b>497</b>	<b>856</b>	<b>-</b>	<b>3,727</b>	<b>(86)</b>	<b>343</b>
Earnings per share (EPS)(DKK)	(26.73)	3.05	2.53	4.35	-	18.99	(0.44)	1.75

**9M 2014**

DKK million	Reported result	Intangible amortization	Impairment	Major restructuring	Legal fees and settlements	Divestments/sales milestones	Reclassification of certain product rights	Core result
Revenue	10,221	-	-	-	-	-	-	10,221
Cost of sales	2,993	(529)	-	-	-	-	-	2,464
<b>Gross profit</b>	<b>7,228</b>	<b>529</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,757</b>
Sales and distribution costs	3,617	-	-	-	-	-	-	3,617
Administrative expenses	789	-	-	-	-	-	-	789
Research and development costs	1,885	-	-	-	-	-	-	1,885
<b>Profit/(loss) from operations (EBIT)</b>	<b>937</b>	<b>529</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,466</b>
Net financials	(124)	-	-	-	-	-	-	(124)
<b>Profit/(loss) before tax</b>	<b>813</b>	<b>529</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,342</b>
Tax on profit/(loss) for the period	333	171	-	-	-	-	-	504
<b>Profit/(loss) for the period</b>	<b>480</b>	<b>358</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>838</b>
Earnings per share (EPS)(DKK)	2.44	1.82	-	-	-	-	-	4.26

***Restatement of income statement following  
the reclassification from administrative expenses***

**Q3 2014**

DKK million	Q3 2014			9M 2014		
	After restatement	Adjustment	Before restatement	After restatement	Adjustment	Before restatement
Revenue	3,186	-	3,186	10,221	-	10,221
Cost of sales	1,012	-	1,012	2,993	-	2,993
<b>Gross profit</b>	<b>2,174</b>	-	<b>2,174</b>	<b>7,228</b>	-	<b>7,228</b>
Sales and distribution costs	1,248	(65)	1,183	3,617	(213)	3,404
Administrative expenses	273	95	368	789	293	1,082
Research and development costs	559	(30)	529	1,885	(80)	1,805
<b>Profit/(loss) from operations (EBIT)</b>	<b>94</b>	-	<b>94</b>	<b>937</b>	-	<b>937</b>
Net financials	(73)	-	(73)	(124)	-	(124)
<b>Profit/(loss) before tax</b>	<b>21</b>	-	<b>21</b>	<b>813</b>	-	<b>813</b>
Tax on profit/(loss) for the period	16	-	16	333	-	333
<b>Profit/(loss) for the period</b>	<b>5</b>	-	<b>5</b>	<b>480</b>	-	<b>480</b>

**FY 2014**

DKK million	After restatement	Adjustment	Before restatement
Revenue	13,468	-	13,468
Cost of sales	4,160	-	4,160
<b>Gross profit</b>	<b>9,308</b>	-	<b>9,308</b>
Sales and distribution costs	5,164	(296)	4,868
Administrative expenses	1,134	405	1,539
Research and development costs	2,911	(109)	2,802
<b>Profit/(loss) from operations (EBIT)</b>	<b>99</b>	-	<b>99</b>
Net financials	(155)	-	(155)
<b>Profit/(loss) before tax</b>	<b>(56)</b>	-	<b>(56)</b>
Tax on profit/(loss) for the period	97	-	97
<b>Profit/(loss) for the period</b>	<b>(153)</b>	-	<b>(153)</b>

## FINANCIAL CALENDAR 2016

10 February 2016:	Fourth quarter results 2015 and Annual report
30 March 2016:	Annual General Meeting 2016
11 May 2016:	First quarter results 2016
24 August 2016:	Second quarter results 2016
2 November 2016	Third quarter results 2016

### Corporate releases since the second quarter report

1 September 2015	Announcement of transactions with shares and linked securities in H. Lundbeck A/S made by executives and their closely associated persons and legal entities
1 September 2015	H. Lundbeck A/S increases its share capital by 545,917 shares (0.2777% of outstanding shares) as a result of employee warrant exercise
27 August 2015:	Announcement of transactions with shares and linked securities in H. Lundbeck A/S made by executives and their closely associated persons and legal entities
21 August 2015:	Announcement of transactions with shares and linked securities in H. Lundbeck A/S made by executives and their closely associated persons and legal entities

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

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### About Lundbeck

Lundbeck (LUN.CO, LUN DC, HLUYY) is a global pharmaceutical company specialized in brain diseases. For more than 70 years, we have been at the forefront of research within neuroscience. Our key areas of focus are Alzheimer's disease, depression, Parkinson's disease and psychosis.

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.

Our approximately 5,500 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 programmes and our products are available in more than 100 countries. We have research centres in China and Denmark and production facilities in China, Denmark, France and Italy. Lundbeck generated core revenue of 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](http://www.lundbeck.com) and connect with us on Twitter at @Lundbeck.