



24 February 2011

Full year report 2010

Lundbeck delivers at the top-end of guidance and momentum is expected to continue in 2011

H. Lundbeck A/S (Lundbeck) announces 2010 results, which meet all financial expectations. Full year revenue was DKK 14,765 million and increased 7% compared to 2009, driven by a positive development in all regions. Profit from operations (EBIT) was DKK 3,357 million, increasing 17% and corresponding to an EBIT margin of 22.7% for the year.

- Cipralex[®], Ebixa[®] and Azilect[®] continue to show strong growth of 9%, 11% and 34% respectively. Lexapro[®] revenue was marginally down compared to 2009
- Xenazine[®] contributed DKK 610 million growing 105% compared to last year
- Operating profit before depreciation and amortisation (EBITDA) was DKK 4,393 million corresponding to an EBITDA margin of 29.8% and thereby exceeding guidance
- Long-term growth prospects improved during 2010 as a result of six new partnership deals and positive phase III data for three pipeline compounds
- Lundbeck expects revenue of DKK 15.3-15.8 billion, EBITDA of DKK 4.3-4.6 billion, EBIT of 3.3-3.6 billion for 2011 and net profit of DKK 2.3-2.6 billion
- 2011 guidance includes significant investments in preparation for new product launches (Sycrest[®], Onfi[™] (clobazam) and nalmefene)
- The Supervisory Board proposes to pay a dividend of DKK 3.77 per share, corresponding to a payout ratio of 30%.

Distribution of revenue	2010 DKK m	2009 DKK m	Growth	Growth at CER*
Cipralex [®]	5,808	5,320	9%	6%
Lexapro [®]	2,443	2,451	-	(7%)
Ebixa [®]	2,403	2,162	11%	11%
Azilect [®]	1,028	769	34%	32%
Xenazine [®]	610	298	105%	95%
Sabril [®]	179	-	-	-
Europe	7,815	7,216	8%	7%
USA	3,722	3,632	2%	(4%)
International Markets	2,970	2,621	13%	5%
Total revenue	14,765	13,747	7%	4%

* Constant exchange rates

With the presentation of the 2010 full year results, Lundbeck's President and CEO Ulf Wiinberg said:

"2010 has been a year of progress for Lundbeck. The good momentum is expected to continue for our marketed products, and several positive pipeline events and new partnerships allows for investments in commercialisation of a number of new products already in 2011. During the fourth quarter we received positive phase III data on nalmefene and an NDA was submitted for Onfi[™] in the US."

Management review

Financial highlights and key figures

	2010 Q4	2009 Q4	2010 FY	2009 FY
Financial highlights (DKK million)				
Revenue	3,530	3,540	14,765	13,747
Operating profit before depreciation and amortisation (EBITDA)	586	800	4,393	3,728
Profit from operations (EBIT)	321	408	3,357	2,858
Net financials	10	(73)	(68)	(192)
Profit before tax	331	335	3,289	2,666
Tax	93	99	823	659
Profit for the period	238	236	2,466	2,007
Equity	11,122	8,803	11,122	8,803
Assets	18,005	17,127	18,005	17,127
Cash flows from operating and investing activities	(717)	366	2,462	(2,040)
Property, plant and equipment investments, gross	226	87	383	258
Key figures				
EBIT margin (%) ¹	9.1	11.5	22.7	20.8
Return on capital employed (%)	3.0	3.3	27.6	28.0
Research and development ratio (%)	26.7	25.0	20.6	23.2
Return on equity (%) ¹	2.2	2.7	24.8	24.6
Solvency ratio (%) ¹	61.8	51.4	61.8	51.4
Share data				
Number of shares for the calculation of EPS (million)	196.1	196.1	196.1	196.1
Number of shares for the calculation of DEPS (million)	196.1	196.1	196.1	196.1
Earnings per share (EPS) (DKK) ¹	1.21	1.20	12.58	10.24
Diluted earnings per share (DEPS) (DKK) ¹	1.21	1.20	12.58	10.24
Cash flow per share (DKK) ¹	(0.57)	3.24	16.65	15.47
Net asset value per share (DKK) ¹	56.71	44.89	56.71	44.89
Market capitalisation (DKK million)	20,788	18,582	20,788	18,582
Share price end of period (DKK)	106.00	94.75	106.00	94.75
Proposed dividend per share (DKK)	-	-	3.77	3.07
OTHER				
Number of employees (FTE)	5,644	5,733	5,644	5,733

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

Lundbeck's development portfolio

Lundbeck is developing a number of new and promising pharmaceuticals for the treatment of central nervous system (CNS) disorders. The pipeline projects are targeting areas where Lundbeck currently has a market presence, such as depression, anxiety and other psychiatric disorders – as well as new areas such as stroke and alcohol dependence. Lundbeck's pipeline includes:

Two compounds under regulatory review

Five compounds in clinical phase III

Four compounds in clinical phase II

Three compounds in clinical phase I

Eight compounds in Lundbeck's pipeline have demonstrated clinical proof of concept. Pipeline development is summarised as follows:

Regulatory review

Following the positive and highly statistically significant findings from the pivotal clinical phase III study with **clobazam** in the treatment of Lennox-Gastaut syndrome, the filing process with the US Food and Drug Administration (FDA) was initiated at the end of 2010. Lundbeck expects clobazam to provide additional growth opportunities for the US operation. Assuming approval, clobazam will be marketed in the US under the brand name **Onfi™**.

In September, Lundbeck's partner Mochida Pharmaceutical Co., Ltd. filed a New Drug Application (NDA) for **escitalopram** for the treatment of depression with the Japanese Ministry of Health, Labour and Welfare (MHLW). If approved, Lundbeck expects escitalopram in Japan to contribute meaningfully to Lundbeck's financial performance from 2012 and onwards

Clinical phase III

The four additional clinical phase III studies with **Lu AA21004** in Major Depressive Disorder (MDD) are recruiting patients according to plan. The studies will include approximately 2,000 patients with moderate to severe depression. In order to explore the full potential of Lu AA21004, the doses included in the trials are 10 mg, 15 mg and 20 mg. The studies are based on the clinical data obtained to date, which demonstrate positive results for the potential efficacy and the tolerability profile of Lu AA21004. In addition to the ongoing phase III programme, Lundbeck will initiate additional profiling studies in order to further strengthen the profile of the compound ahead of commercialisation.

Lundbeck has completed a short-term efficacy study and a long-term safety study in the overall pivotal programme with **nalmefene**. The data confirms the profile of nalmefene as efficacious and safe in helping individuals to reduce their alcohol consumption and demonstrate that nalmefene is the first potential treatment alternative for many people in need of a reduction of their total alcohol consumption. The data from the two studies is consistent with the profile seen in previous clinical studies. It is Lundbeck's view that nalmefene is on track for submission of the MAA in Europe in the second half of 2011 pending successful

completion of the last pivotal efficacy study, which will be reported in the second quarter of 2011.

The phase III studies for **desmoteplase** in ischaemic stroke, DIAS-3 and DIAS-4, is experiencing slow patient recruitment and several initiatives are ongoing in order to speed up recruitment.

Zicronapine is a new type of compound with a strong pro-cognitive effect in animal models and the potential to treat a number of neurological and psychiatric diseases. The pivotal program with zicronapine has been initiated. The first study in the programme is focused on schizophrenia and is expected to enrol some 160 patients. The primary objective is to assess the effect of zicronapine versus risperidone on several metabolic parameters during six months of treatment. The study will also include efficacy measures like change from baseline in the Positive and Negative Syndrome Scale (PANSS) total score as well as various safety objectives. The pivotal program is planned to include additional phase III studies to further investigate the compound's benefit and risk profile.

Clinical phase II

In July 2009, solid clinical phase II data with **Lu AA24530** was reported. It has been decided to delay the initiation of the clinical phase III programme with Lu AA24530. This decision has been made in order to further optimise the development programme and to prioritize the full Lu AA21004 clinical phase III programme.

Lu AA24493 is in clinical phase II in the treatment of Friedreich's ataxia and in clinical phase I in the treatment of acute ischaemic stroke. Ongoing studies in both programmes are expected to report data in the first half of 2011.

Financial forecasts and forward-looking statements

Financial guidance 2011

For the full year 2011, Lundbeck expects revenue to be DKK 15.3-15.8 billion, profit from operations before depreciation and amortisation (EBITDA) to be DKK 4.3-4.6 billion and profit from operations (EBIT) to be DKK 3.3-3.6 billion. Net profit for 2011 is expected to reach DKK 2.3-2.6 billion.

Lundbeck's financial guidance	2010 guidance* DKK billion	2010 reported DKK million	2011 guidance DKK billion
Revenue	14.6-14.8	14,765	15.3-15.8
EBITDA	4.2-4.3	4,393	4.3-4.6
EBIT	3.3-3.4	3,357	3.3-3.6
Net profit	-	2,466	2.3-2.6
Effective tax rate	24-25%	25.0%	26-28%

* As restated in the third quarter interim report 2010 (3 November 2010)

Forward-looking statements

Forward-looking statements provide current expectations or forecasts for events, such as product launches, product approvals and financial performance. Forward-looking statements are subject to risks, uncertainties and inaccurate assumptions. Actual results may differ from expected results. Factors that may affect future results include fluctuations in interest rates and exchange rates, a delay in or failure of development projects, production problems, unexpected contract breaches or terminations, government-mandated or market-driven price decreases for Lundbeck's products, introduction of a competing product, 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 their interpretation and unexpected growth in costs and expenses.

Dividend

The Supervisory Board proposes to pay a dividend of 30% of net profit for the year to shareholders of the parent company. This corresponds to DKK 3.77 per share. Dividend payout is to be approved at the Annual General Meeting 30 March 2011.

Fourth quarter 2010

Revenue

Total revenue for the fourth quarter was DKK 3,530 million, and comparable with 2009.

Total revenue	Q4 2010 DKKm	Q4 2009 DKKm	Growth	Growth at CER	2010 DKKm
Cipralex [®]	1,456	1,354	7%	4%	5,808
Lexapro [®]	520	600	(13%)	(18%)	2,443
Ebixa [®]	585	548	7%	8%	2,403
Azilect [®]	271	225	21%	18%	1,028
Xenazine [®]	172	116	49%	38%	610
Sabril [®]	56	-	-	-	179
Other pharmaceuticals	415	619	(33%)	(37%)	2,036
Other revenue	55	78	(29%)	(30%)	258
Total revenue	3,530	3,540	0%	(4%)	14,765

Revenue from Cipralex[®] (escitalopram) for the treatment of mood disorders rose to DKK 1,456 million, an increase of 7%, or 4% at constant exchange rates. Revenue from Lexapro[®], escitalopram marketed in the US by Forest Laboratories, Inc. (Forest), was DKK 520 million for the quarter. This was a decrease of 13%, or 18% at constant exchange rates, compared to the same period last year. The decrease was a result of the intention of keeping Lexapro[®] inventory levels at six months of sales.

Ebixa[®] (memantine) for the symptomatic treatment of Alzheimer's disease generated fourth quarter revenue of DKK 585 million, an increase of 7% compared to the same period last year. The increase corresponds to 8% growth at constant exchange rates. Lundbeck has the marketing rights to Ebixa[®] in most of the world, except Japan and the US.

Revenue from Azilect[®] (rasagiline) for the treatment of Parkinson's disease was DKK 271 million, an increase of 21%, or 18% at constant exchange rates, compared to the fourth quarter last year. Lundbeck has commercial rights to Azilect[®] in Europe (in co-promotion with Teva Pharmaceutical Industries Inc. in France, Germany and the UK) and some markets outside Europe, including six Asian countries.

Xenazine[®]¹ (tetrabenazine) for the treatment of chorea associated with Huntington's disease generated revenue of DKK 172 million in the fourth quarter, an increase of 49%, or 38% at constant exchange rates compared to the same period last year. Xenazine[®] was launched in the US in November 2008.

Sabril[®] (vigabatrin) for the treatment of refractory complex partial seizures (rCPS) and infantile spasms (IS) generated fourth quarter revenue of DKK 56 million. Sabril[®] was launched in the US in September 2009.

¹ Xenazine[®] is a registered trademark of Biovail Laboratories International (Barbados) S.R.L.

Other pharmaceuticals, which comprise the remainder of Lundbeck's products, decreased 33% to DKK 415 million. This was primarily due to a decrease in revenue from Lundbeck Inc.'s more mature products.

Other revenue was DKK 55 million, compared to DKK 78 million for the fourth quarter of 2009.

Europe

Fourth quarter revenue in Europe increased 3% compared to the same quarter last year. Growth in Ebixa[®] and Azilect[®] was offset by the decreasing revenue from other pharmaceuticals.

Revenue Europe	Q4 2010 DKKm	Q4 2009 DKKm	Growth	Growth at CER	2010 DKKm
Cipralext [®]	984	973	1%	0%	3,929
Ebixat [®]	501	465	8%	7%	2,040
Azilect [®]	245	204	20%	19%	932
Other pharmaceuticals	211	248	(15%)	(15%)	914
Total revenue	1,941	1,890	3%	2%	7,815

Cipralext[®] generated fourth quarter revenue of DKK 984 million in Europe and continues to gain market shares and reinforce its leading position in most countries in Europe. Revenue increased 1% in spite of the impact from the launch of generic escitalopram in Spain, Norway and Finland as well as health care reforms implemented in some countries during the year including Greece and Spain. At the end of November 2010, Cipralext[®] held a market share in value of 20.3% of the European antidepressant market, compared with a market share of 19.7% a year earlier. In February 2011, the Federal Joint Committee in Germany (G-BA) recommended to group escitalopram together with citalopram in a reference price group, indicating a fixed price for reimbursement on escitalopram in Germany. The recommendation is pending approval by the German Ministry of Health. Approval of this recommendation will have a negative impact on sales in Germany going forward.

Revenue from Ebixat[®] rose to DKK 501 million during the quarter, and at the end of November 2010 the product held 18.9% of the European Alzheimer's market measured in value, compared to a market share of 17.2% at the same time in 2009. Italy continues to experience high growth as a consequence of the reimbursement received in 2009 and the launch of the once-daily formulation in the country. In November 2010, Ebixat[®] had a market share in Italy of 27.7% compared to 23.5% a year earlier. Ebixat[®] revenue was negatively impacted by healthcare reforms in Greece and price reforms in Spain, which were not in place in the fourth quarter 2009. Recently, NICE (National Institute for Health and Clinical Excellence), which is an advisory organ for the British health authorities, decided to support the use of memantine for the treatment of Alzheimer's disease. This is expected to have a positive impact in the UK going forward. Memantine, the active ingredient in Ebixat[®], is the second-most prescribed pharmaceutical in Europe for the treatment of Alzheimer's disease.

Fourth quarter revenue from Azilect[®] amounted to DKK 245 million, an increase of 20% compared to the fourth quarter of 2009. Azilect[®] now holds a market share in value of 10.4% of the total European Parkinson's market (November 2010). This compares to a market share of 8.0% at the same time in 2009. Azilect[®] continues to gain market share in Europe, as it is increasingly recognised as an effective and easy-to-administer medication. The reimbursement of Azilect[®] in France early in the year continues to support sales. At the end of November, Azilect[®] had achieved a market share in France of 13.5%. The price reform in Spain had some negative impact on sales.

Revenue from other pharmaceuticals was DKK 211 million, a decrease of 15% compared to last year. The decrease was primarily driven by decreasing revenue from Cipramil[®].

USA

Lundbeck's fourth quarter revenue in the US was DKK 827 million, a decrease of 14%, or 19% at constant exchange rates, compared to the fourth quarter 2009.

Revenue USA	Q4 2010 DKK million	Q4 2009 DKK million	Growth	Growth at CER	2010 DKK million
Lexapro [®]	520	600	(13%)	(18%)	2,443
Xenazine [®]	171	110	56%	45%	577
Sabril [®]	56	-	-	-	179
Other pharmaceuticals	80	251	(69%)	(72%)	523
Total revenue	827	961	(14%)	(19%)	3,722

Revenue from Lexapro[®] was DKK 520 million for the quarter, a decrease of 13%, or 18% at constant exchange rates, compared to the same quarter last year. The decrease is primarily due to lower bulk deliveries as a result of the intention of keeping inventory levels at six months of sales. At the end of November, Lexapro[®] held a market share in value of 24.4% of the US aggregate market for antidepressants, compared to a market share of 23.6% in November 2009.

Prepayments from Forest, recorded in Lundbeck's balance sheet as the difference between the invoiced price and the minimum price of Forest's inventories, were DKK 517 million as of 31 December 2010. This compares to DKK 693 million as of the end of 2009. At the end of the fourth quarter, the inventory levels corresponded to approximately six months of commercial supply.

Revenue from Xenazine[®] was DKK 171 million for the quarter, an increase of 56%, or 45% at constant exchange rates, compared to the fourth quarter last year. Xenazine[®] sales are progressing well and are on track to meet our expectations.

Sabril[®] revenue for the quarter was DKK 56 million. The uptake of IS patients continues to be encouraging, whereas enrolment of patients suffering from rCPS is slower.

Fourth quarter revenue from Other pharmaceuticals in the US was DKK 80 million, a decrease of 69%, or 72% at constant exchange rates, compared to same quarter last year. The decrease in sales was mainly due to the temporary withdrawal of NeoProfen[®] from the market at the beginning of the third quarter, as well as the launch of generic chlorothiazide (Diuril[®]) in December 2009 and indomethacin (Indocin[®]) in February 2010.

International Markets

Revenue in International Markets, which comprises all of Lundbeck's markets outside Europe and the US, was DKK 707 million for the quarter. This is an increase of 16% compared to the fourth quarter 2009, or 9% in constant exchange rates. The growth was primarily driven by growth in Cipralelex[®].

Revenue	Q4 2010	Q4 2009		Growth	2010
International Markets	DKK million	DKK million	Growth	at CER	DKK million
Cipralelex [®]	472	381	24%	15%	1,879
Ebixa [®]	84	83	1%	10%	363
Azilect [®]	26	21	25%	13%	96
Other pharmaceuticals	125	126	(1%)	(10%)	632
Total revenue	707	611	16%	9%	2,970

Cipralelex[®] generated fourth quarter revenue of DKK 472 million in International Markets, an increase of 24% compared to the same quarter last year, and corresponding to an increase of 15% at constant exchange rates. Cipralelex[®] sales were experiencing continued growth in most International Markets. The reimbursement of Cipralelex[®] in the Canadian provinces of Ontario and British Columbia continues to support revenue growth in the country and the brand now holds a market share in terms of value of 14.1% in Canada (November 2010), compared to 10.0% at the same time last year. At the end of the third quarter 2010, Cipralelex[®] held a market share in terms of value of 11.0% of the aggregate market for antidepressants in International Markets², compared to a market share of 10.3% in the same period last year.

Ebixa[®] generated fourth quarter revenue of DKK 84 million, an increase of 1%, or 10% at constant exchange rates. Ebixa[®] revenue was negatively impacted by the launch of generic versions of memantine in Canada. In the third quarter, Ebixa[®] held 8.4% of the total market in terms of value of pharmaceuticals for the treatment of Alzheimer's disease in International Markets². This compares to a market share of 10.3% in Q3 2009.

Other pharmaceuticals generated revenue of DKK 125 million during the quarter, a decrease of 1%, or 10% in constant exchange rates, compared to the same quarter last year.

² Market shares for International Markets are based on IMS data from Australia, Brazil, Canada, China, Mexico, Saudi Arabia, South Africa, South Korea and Turkey.

Expenses

Total costs for the quarter were DKK 3,209 million, an increase of 2% compared to the fourth quarter 2009.

Distribution of costs	Q4 2010 DKK million	Q4 2009 DKK million	Growth	2010 DKK million
Cost of sales	802	740	8%	2,958
Distribution	949	989	(4%)	3,496
Administration	515	519	(1%)	1,909
Research & Development	943	884	7%	3,045
Total costs	3,209	3,132	2%	11,408

Total cost of sales increased 8% to DKK 802 million. This corresponds to 23% of Lundbeck's total revenue, compared with 21% in the fourth quarter of 2009. Cost of sales for the period was affected by the higher cost of goods sold due to increasing revenue from in-licensed products (i.e. Xenazine[®], Azilect[®] and Ebixa[®]).

Distribution costs were DKK 949 million, corresponding to 27% of revenue and a decrease of 4% compared to the fourth quarter last year. Administrative expenses are at the same level as fourth quarter last year and correspond to 14% of the total revenue for the period. SG&A costs were DKK 1,464 million, compared to DKK 1,508 million in the same period last year.

R&D costs for the quarter were DKK 943 million compared to DKK 884 million in the same period last year. For the full year, R&D costs corresponded to 20.6% of total revenue.

Operating profit before depreciation and amortisation (EBITDA)

EBITDA was DKK 586 million, compared to DKK 800 million for the fourth quarter of 2009. EBITDA margin for the period was 16.6%, down from 22.6% in the same quarter last year. The EBITDA margin was negatively impacted by increased R&D expenses compared to the same quarter last year.

Depreciation, amortisation and impairment charges

Depreciation, amortisation and impairment charges, which are included in the individual expense categories, amounted to DKK 265 million, a decrease of 32% compared to the same period in 2009.

Depreciation, amortisation and impairment charges per expense category	Q4 2010 DKK million	Q4 2009 DKK million	Growth	2010 DKK million
Cost of sales	76	60	27%	258
Distribution	96	243	(61%)	427
Administration	16	18	(8%)	74
Research & Development	77	71	7%	277
Total depreciation, amortisation and impairment charges	265	392	(32%)	1,036

The decrease in amortisation and depreciation included in distribution costs is due to the write down of product rights to Circadin® (DKK 157 million) included in the fourth quarter last year.

Profit from operations (EBIT)

EBIT for the fourth quarter of 2010 amounted to DKK 321 million, which corresponds to a decrease of 21% compared to the same period in 2009 (DKK 408 million).

The EBIT margin for the period was 9.1%, compared to 11.5% in the same period the year before. The quarter was negatively affected by high R&D costs as well as lower income from Forest due to lower bulk deliveries. The EBIT margin for the full year was 22.7% compared to 20.8% for 2009.

Net financials

Lundbeck generated net financial income of DKK 10 million in the fourth quarter, compared with net expenses of DKK 73 million in the fourth quarter of 2009.

Net financials	Q4 2010 DKK million	Q4 2009 DKK million	2010 DKK million
Net items relating to trading	(1)	(2)	(1)
Accounting translation of currency items	37	12	31
Net currency items relating to financial items	36	10	30
Realised and unrealised gains concerning other investments excl. exchange rate adjustments	10	(21)	14
Net interest income	(36)	(62)	(112)
Net financials	10	(73)	(68)

Accounting translation of currency items was a profit of DKK 37 million for the quarter, primarily due to gains on foreign exchange cash positions.

Realised and unrealised gains concerning other investments were an income of DKK 10 million mainly due to a DKK 9 millions repayment of a written down item.

Net interest income, including realised and unrealised gains and losses on the bond portfolio, amounted to a net expense of DKK 36 million, as compared to a net expense of DKK 62 million in the same period in 2009. The difference was primarily due to a smaller loan portfolio in 2010.

Tax

The income tax expense for the period was DKK 93 million, compared to DKK 99 million in the same period last year. The income tax for full year was DKK 823 million corresponding to a tax rate of 25.0% compared to 24.7% in 2009.

Profit for the period

Profit after tax for the fourth quarter of 2010 was DKK 238 million, compared to DKK 236 million in the same period last year.



Cash flows

Lundbeck had a cash outflow during the quarter of DKK 712 million, compared to an outflow of DKK 598 million in the same period last year.

Cash flows	Q4 2010 DKK million	Q4 2009 DKK million	2010 DKK million
Cash flows from operating activities	(111)	634	3,265
Cash flows from investing activities	(606)	(268)	(803)
Cash flows from operating and investing activities	(717)	366	2,462
Cash flows from financing activities	5	(964)	(2,162)
Change in cash	(712)	(598)	300
Cash at beginning of period	2,995	2,554	1,960
Unrealised exchange adjustments for the period	11	4	34
Cash at end of period	2,294	1,960	2,294
Securities	54	59	54
Interest-bearing debt	(1,918)	(3,475)	(1,918)
Interest-bearing net cash and cash equivalents, end of period	430	(1,456)	430

Operating activities generated a cash outflow of DKK 111 million in the fourth quarter, compared to an inflow of DKK 634 million in the same period last year. Higher tax payments, mainly due to a higher result in 2010, were the primary reason for the decrease in cash flows from operations.

Cash flows from investing activities represented an outflow of DKK 606 million. The amount is primarily related to the partnership agreements, into which Lundbeck entered during the quarter, including agreements with Merck & Co., Kyowa Hakko Kirin Co., Ltd. and Genmab A/S.

Cash flows from financing activities equalled an inflow of DKK 5 million, compared to an outflow of DKK 964 million in the same period last year. The fourth quarter of 2009 was impacted by repayment of loans related to the acquisition of Lundbeck Inc.

Cash as of 31 December 2010 was DKK 2,294 million. This compares to DKK 1,960 million at the end of December 2009. At the end of December 2010, Lundbeck had a net cash position of DKK 430 million, compared to a net debt of DKK 1,456 million at the end of December 2009.

Balance sheet

As of 31 December 2010, Lundbeck had total assets of DKK 18,005 million, compared to DKK 17,127 million at the end of 2009.

As of 31 December 2010, Lundbeck's equity amounted to DKK 11,122 million, corresponding to a solvency ratio of 61.8%, compared to 51.4% at the end of 2009.

In the second quarter 2010, Lundbeck paid out dividend of DKK 602 million.

In the first quarter of 2010, Lundbeck finalised the purchase price allocation related to the acquisition of Lundbeck Inc. As a consequence, immaterial reclassifications were made within intangible assets in the first quarter of the year.

Hedging

Lundbeck hedges income from its products through currency hedging. As a result of Lundbeck's currency hedging policy, foreign exchange losses and gains on hedging transactions are allocated directly to the hedged transaction. Hedging had a negative effect on profit of DKK 41 million in the fourth quarter of 2010, compared with a situation where the income is not hedged and included at the current rates of exchange during the period. The effect was a DKK 59 million loss in the fourth quarter 2009. The currency with the most financial impact in the fourth quarter of 2010 was the US dollar and of the total effect was a loss of DKK 21 million from the hedging of the US dollar. This compares to a loss of DKK 56 million in the fourth quarter of 2009.

Lundbeck hedges cash flow in US dollars on a rolling basis, approximately 12 months in advance. The average rate for the US dollar hedging contracts for 2010 was approximately USD/DKK 541. The corresponding rate for 2009 was approximately USD/DKK 536. For the next 12 months, the average rate for the existing US dollar hedging contracts is approximately USD/DKK 567.

Events after the balance sheet date

In the beginning of January, Lundbeck announced the completion of two out of three pivotal studies in the phase III clinical programme for nalmefene in alcohol dependence (ESENSE1 and SENSE). In both studies, the overall safety profile of nalmefene was consistent with observations and data provided in previous studies. The most frequent adverse events included dizziness, insomnia and nausea. The third and last phase III trial is expected to be concluded in the second quarter 2011.

Also in January, ziconapine entered clinical phase III based on the positive clinical phase II data. The first study in the clinical phase III programme is expected to enrol some 160 patients with the aim to measure the efficacy of ziconapine and risperidone and their relative impact on key metabolic parameters. The pivotal program is planned to include further phase III studies to investigate the compound's benefit and risk profile.



In February, Lundbeck was granted commercial rights to several Cephalon products in Canada and Latin America. As part of the agreement, Lundbeck will register and commercialise several key products which are currently available in the US and/or Europe on behalf of Cephalon.

For more information on these events, please visit www.lundbeck.com

Accounting policies

Lundbeck's accounting policies are explained in detail in the 2010 annual report also published today.

Incentive plan in the Lundbeck Group

The Supervisory Board of H. Lundbeck A/S has resolved, pursuant to the authorisation in article 4.4 of the company's articles of association, to issue warrants for up to a nominal value of DKK 7,500,000, corresponding to 1,500,000 shares of DKK 5 each. However, if the principles for determining the exercise price mean that the value of an issued warrant is lower than the value of a warrant calculated as per 23 February 2011 which entitles the holder to subscribe one share at market price in April 2011, this may result in the issuance of a greater number of warrants, however, no more than the total remaining authorisation to the Supervisory Board in article 4.4 of the articles of association, i.e. a total maximum nominal amount of DKK 16,250,000 of warrants, corresponding to 3,250,000 shares of DKK 5 each.

Members of H. Lundbeck A/S' Executive Management and executives appointed by H. Lundbeck A/S' Executive Management who are employed by H. Lundbeck A/S or H. Lundbeck A/S' subsidiaries are eligible to receive warrants. The above-mentioned subsidiaries comprise Danish and foreign enterprises in which H. Lundbeck A/S directly or indirectly holds at least 50% of the shares. The members of the company's Supervisory Board are not comprised by the scheme.

The right to subscribe for warrants pursuant to the applicable terms and conditions will generally be granted in April 2011, although the right to subscribe for warrants may be granted within the above-mentioned limits until 31 December 2011.

All of the warrants subscribed or a part thereof will be available to members of the Executive Management 3 years after the grant in 2014 subject to H. Lundbeck A/S obtaining a specific ranking in a peer group of companies, based on total shareholder return performance, and also subject to the Executive Management member's continuing employment in the period from the grant 2011 until and including the 3 year period from grant. The warrants subscribed or a part thereof will be available to other participants 3 years after the grant subject to the participants continuing employment in the 3 year period.

The Supervisory Board has limited the value of warrants (incl. free shares) that each member of the Executive Management Team might be granted. This corresponds to no more than 8 months' worth of base salary in 2011 for the individual Executive Management member and to no more than 12 months' worth of base salary for the company's CEO. The value of the



allocated free shares, which will be deducted from the total grant value, represents up to a value of 20% of base salary of each Executive Member's base salary in 2011. The shares are granted on terms and conditions consistent with the remuneration guidelines for the Executive Management of H. Lundbeck A/S that were adopted at the company's annual general meeting held on 22 April 2008.

For each of the eligible recipients, which have been appointed by the Executive Management, the Executive Management of H. Lundbeck A/S determines the number of warrants that each eligible recipient is entitled to subscribe.

One warrant entitle the holder to subscribe 1 (one) Lundbeck share of DKK 5 nominal value. The subscription of shares will take place at a price per share of DKK 5 nominal value, corresponding to the price of the H. Lundbeck A/S share on NASDAQ OMX Copenhagen A/S (all trades) on the business days during the period from 24 February 2011 – 2 March 2011, inclusive, however, the price per DKK 1 nominal value must not be lower than 85% of the market price of the H. Lundbeck A/S share at the date of grant, all trades, divided by 5 and rounded up to the nearest whole number of kroner (exercise price). The warrants may be exercised during certain windows in the period from 3-8 years after the date of grant.

The number of warrants granted to Executive Management members is calculated and determined when the exercise price is known. The value of the warrants granted is calculated using the Black & Scholes formula based on the assumption that H. Lundbeck A/S ranks number one in the above-mentioned peer group.

The market value of the warrants at the time of the award on in April 2011 is calculated at approximately DKK 29.0 million using the Black & Scholes formula based on market assumptions. The number of warrants granted is low compared to the overall share capital of H. Lundbeck A/S, and therefore no adjustment has been made for the dilutive effect of the warrants granted when calculating the market value.

For executives in the US subsidiaries Stock Appreciation Rights and Restricted Cash Units on economic terms essentially corresponding to the terms for the warrants granted to other executive employees will be issued.

In the financial statements, the incentive programme will be recognised in the income statement at fair value, and a probability calculation will be made in respect of H. Lundbeck A/S' ranking in the above-mentioned peer group in terms of warrants granted to the Executive Management. Shares and warrants will be granted to Executive Management members subject to these members achieving market goals, and the value of the award is therefore recognised in the income statement over the vesting period (three years). The value of other awards is recognised in the income statement at the date 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 involved in a number of trials around the world related to defending our intellectual property rights. In terms of escitalopram Lundbeck is presently involved in pending court trials in Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hungary, Latvia, Lebanon, Lithuania, The Netherlands, Norway, Portugal, Saudi Arabia, Spain, Taiwan, Turkey and the UK.

Risk factors

Lundbeck's risk exposure is explained in detail in the 2010 annual report, also published today.

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 section "Investors – Presentations".

Further information

An electronic version of the annual report for 2010 and further information about Lundbeck is available from the company's website www.lundbeck.com. The printed version of the annual report for 2010 will be available on 18 March 2011.

Income statement

	2010 Q4	2009 Q4	2010 FY	2009 FY
	DKK million	DKK million	DKK million	DKK million
Revenue	3,530	3,540	14,765	13,747
Cost of sales	802	740	2,958	2,655
Distribution costs	949	989	3,496	3,174
Administrative expenses	515	519	1,909	1,864
Profit before research and development costs	1,264	1,292	6,402	6,054
Research and development costs	943	884	3,045	3,196
Profit from operations (EBIT)	321	408	3,357	2,858
Net financials	10	(73)	(68)	(192)
Profit before tax	331	335	3,289	2,666
Tax on profit for the period	93	99	823	659
Profit for the period	238	236	2,466	2,007
Earnings per share (EPS) (DKK)	1.21	1.20	12.58	10.24
Diluted earnings per share (DEPS) (DKK)	1.21	1.20	12.58	10.24

Statement of comprehensive income

	2010 Q4	2009 Q4	2010 FY	2009 FY
	DKK million	DKK million	DKK million	DKK million
Profit for the period	238	236	2,466	2,007
Currency translation, foreign subsidiaries	91	67	295	(25)
Currency translation concerning additions to net investments in foreign subsidiaries	81	49	240	(396)
Adjustment, deferred exchange gains/losses, hedging	(83)	(58)	(213)	7
Exchange gains/losses, hedging (transferred to the hedged items)	27	(54)	163	(1)
Exchange gains/losses, trading (transferred from hedging)	1	22	1	22
Exchange loss on divestment of associate	2	-	2	-
Fair value adjustment of available-for-sale financial assets	(2)	16	(4)	27
Tax on other comprehensive income	(6)	11	(47)	93
Other comprehensive income	111	53	437	(273)
Comprehensive income	349	289	2,903	1,734

Balance sheet

	31.12.2010 DKK million	31.12.2009 DKK million
Assets		
Intangible assets	8,012	7,724
Property, plant and equipment	3,046	3,049
Financial assets	191	199
Non-current assets	11,249	10,972
Inventories	1,491	1,481
Receivables	2,917	2,655
Securities	54	59
Cash	2,294	1,960
Current assets	6,756	6,155
Assets	18,005	17,127
Equity and liabilities		
Share capital	980	980
Share premium	224	224
Currency translation reserve	(281)	(757)
Retained earnings	10,199	8,356
Equity	11,122	8,803
Provisions	930	1,116
Debt	1,918	2,671
Non-current liabilities	2,848	3,787
Provisions	216	186
Bank debt	-	804
Trade payables	1,237	997
Other payables	2,065	1,857
Prepayments from Forest	517	693
Current liabilities	4,035	4,537
Liabilities	6,883	8,324
Equity and liabilities	18,005	17,127

Statement of changes in equity at 31 December 2010

	Share capital DKK million	Share premium DKK million	Currency translation reserve DKK million	Retained earnings DKK million	Equity DKK million
2010					
Equity at 01.01.2010	980	224	(757)	8,356	8,803
Profit for the year	-	-	-	2,466	2,466
Other comprehensive income	-	-	476	(39)	437
Comprehensive income	-	-	476	2,427	2,903
Distributed dividends	-	-	-	(602)	(602)
Incentive programmes	-	-	-	18	18
Other transactions	-	-	-	(584)	(584)
Equity at 31.12.2010	980	224	(281)	10,199	11,122
2009					
Equity at 31.12.2008	984	224	-	6,384	7,592
Restatement:					
Currency translation, foreign subsidiaries	-	-	(436)	355	(81)
Equity at 01.01.2009	984	224	(436)	6,739	7,511
Profit for the year	-	-	-	2,007	2,007
Other comprehensive income	-	-	(321)	48	(273)
Comprehensive income	-	-	(321)	2,055	1,734
Distributed dividends, gross	-	-	-	(453)	(453)
Distributed dividends, treasury shares	-	-	-	2	2
Capital reduction and cancellation of treasury shares	(4)	-	-	4	-
Incentive programmes	-	-	-	9	9
Other transactions	(4)	-	-	(438)	(442)
Equity at 31.12.2009	980	224	(757)	8,356	8,803

Cash flow statement

	2010 Q4 DKK million	2009 Q4 DKK million	2010 FY DKK million	2009 FY DKK million
Profit from operations (EBIT)	321	408	3,357	2,858
Adjustments	327	474	1,080	699
Working capital changes	284	325	88	312
Cash flows from operations before financial receipts and payments	932	1,207	4,525	3,869
Financial receipts and payments	(40)	(72)	(78)	(110)
Cash flows from ordinary activities	892	1,135	4,447	3,759
Income tax paid	(1,003)	(501)	(1,182)	(725)
Cash flows from operating activities	(111)	634	3,265	3,034
Company acquisitions	-	(103)	-	(5,110)
Investments in and sale of bonds and other financial assets	8	(3)	21	1,270
Investments in and sale of intangible assets and property, plant and equipment	(614)	(162)	(824)	(1,234)
Cash flows from investing activities	(606)	(268)	(803)	(5,074)
Cash flows from operating and investing activities	(717)	366	2,462	(2,040)
Cash flows from financing activities	5	(964)	(2,162)	1,065
Change in cash	(712)	(598)	300	(975)
Cash at beginning of period	2,995	2,554	1,960	2,921
Unrealised exchange adjustments for the period	11	4	34	14
Change for the period	(712)	(598)	300	(975)
Cash at end of period	2,294	1,960	2,294	1,960
Interest-bearing net cash and cash equivalents is composed as follows:				
Cash	2,294	1,960	2,294	1,960
Securities	54	59	54	59
Interest-bearing debt	(1,918)	(3,475)	(1,918)	(3,475)
Interest-bearing net cash and cash equivalents, end of period	430	(1,456)	430	(1,456)



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About Lundbeck

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

Lundbeck was founded in 1915 by Hans Lundbeck in Copenhagen, Denmark. Today Lundbeck employs approximately 5,900 people worldwide. Lundbeck is one of the world's leading pharmaceutical companies working with CNS disorders. In 2010, the company's revenue was DKK 14.8 billion (approximately EUR 2.0 billion or USD 2.6 billion). For more information, please visit www.lundbeck.com.

Corporate Releases since last interim report (3 November, 2010)

- | | |
|------------------|--|
| 8 February 2011 | Lundbeck expands its commercial opportunities in Canada and Latin America |
| 20 January 2011 | The clinical phase III programme commenced on ziconapine |
| 3 January 2011 | First two clinical phase III studies confirm the profile of nalmefene as efficacious and safe in helping individuals to reduce their alcohol consumption |
| 16 December 2010 | Lundbeck enters into drug discovery collaboration with Zenobia and Vernalis |
| 14 December 2010 | Lundbeck to establish a strong, dedicated sales force behind Lexapro [®] in China as part of a new co-promotion agreement |
| 4 December 2010 | Lundbeck reports positive phase III study results for clobazam in the adjunctive treatment of seizures associated with Lennox-Gastaut syndrome |
| 23 November 2010 | Financial calendar 2011 |
| 4 November 2010 | 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 www.lundbeck.com