

Chairman's report – Annual General Meeting 2013

On behalf of the Board of Directors of H. Lundbeck A/S, I am pleased to welcome you to this year's Annual General Meeting.

As in the preceding years, the general meeting is webcast directly via our website in both Danish and English. A simultaneous interpretation service is provided into English here in the building, and the webcast will subsequently be available on our website, both in Danish and English.

Before we begin this year's general meeting, I would like to present Lundbeck's management team, and I would like to ask the members of the Executive Management to rise:

- Ulf Wiinberg, Chief Executive Officer
- Anders Götsche, Executive Vice President and CFO
- Anders Gersel Pedersen, Executive Vice President, Research & Development

I would like to thank the Executive Management for their dedicated efforts and the impressive financial results Lundbeck achieved in 2012.

I would also like to present Lundbeck's current Board of Directors and kindly ask the board members to rise. Apart from myself, the Board consists of the following shareholder-elected members:

- Christian Dyvig, Deputy Chairman
- Jes Østergaard
- Håkan Björklund
- Thorleif Krarup
- Melanie G. Lee

The members elected by the employees are:

- Kim Rosenville Christensen
- Jørn Møller Mayntzhusen
- Mona Elizabeth Elster

2012 was an exciting year where we made several key decisions which required time-consuming commitment from all board members. I would like to thank the board members for their huge contribution during the past year.

As in the preceding years, copies of our annual report for 2012 and the Lundbeck Magazine are available in the lobby. You are welcome to take a copy of the publications to learn more about Lundbeck.

Again this year, the Board has resolved to appoint Jørgen Boe, attorney, as chairman of this general meeting. A warm welcome to you.

The year under review

As chairman of the Board of H. Lundbeck A/S, I am pleased to present the Board of Directors' report for 2012 on behalf of the Board.

2012 was another successful year for Lundbeck.

- We achieved strong financial results in spite of the expiry of the Lexapro patent in March 2012.
- We achieved substantial progress for our late-stage product candidates, including:
 - o Two product launches
 - o Two product approvals
 - o The filing of five new drug applications
- We have entered into new agreements and intensified collaborations with our principal business partners. These activities included:
 - o Acquiring the remaining product rights to Desmoteplase
 - o Expanding the Selincro agreement to countries outside the EU and the USA
 - o Divesting the portfolio of mature products in the USA
 - o Furthermore, we remained focused on intensifying collaborations with our most important business partners as they play a pivotal role in Lundbeck's future operations.

Ulf Wiinberg will provide more details on the latter two items as part of his presentation. On the following slides, I will elaborate on the financial performance for 2012 and the outlook for 2013.

Like I said, we achieved satisfactory financial results in line with our guidance for 2012.

- Revenue of approximately DKK 14.8 billion (~8% growth)
- Profit from operations (EBIT) of approximately DKK 2.2 billion exclusive of non-recurring expenses of DKK 530 million for restructuring our European business (~36% growth)

The table also shows our financial performance net of Lexapro revenue.

- Revenue of approximately DKK 14.2 billion (~+6% growth)
- Profit from operations (EBIT) of approximately DKK 1.6 billion exclusive of the aforementioned non-recurring expenses (~+87% growth)

Our financial forecasts for 2013 are as follows:

- Revenue: DKK 14.1-14.7 billion
- Profit from operations (EBIT): DKK 1.6-2.1 billion

As shown above, Lundbeck will retain solid revenue and earnings in 2013 in spite of significant costs involved in developing and launching new products and continuing a high R&D spend.

2012 was a turbulent year for the Lundbeck share. The share peaked at DKK 128 at the end of July, while troughing out at about DKK 82 in late December. The share price has started to climb here at the beginning of 2013, so we're approaching the same level we saw around last year's Annual General Meeting.

Corporate Governance

The Board of Directors believes that the Group generally meets the latest recommendations made by the Committee on Corporate Governance. However, there are three recommendations that we do not or only partly comply with:

- We do not comply with the recommendation to disclose remuneration paid to individual members of the Executive Management. We have opted not to disclose the remuneration paid to each individual member of Executive Management but only the remuneration paid to the President & CEO and the combined remuneration paid to the Group's Executive Management. The individual members of Executive Management basically receive the same remuneration, and the Board of Directors believes that awareness of individual remuneration would not provide additional value.
- We do not comply with the recommendation on a nomination committee. The Board of Directors has not found it necessary to establish a nomination committee because the relating tasks are handled by our chairman/deputy chairman.
- The third area in which we deviate from the recommendation concerns diversity of the Board of Directors and the Executive Management. We fully subscribe to the principle and are working towards greater diversity in terms of internationalisation and gender. However, we do not define specific quantitative targets for diversity at Lundbeck as we apply the principle of recruiting people based on qualifications.
The Board is familiar with the new Danish legislation intended to increase the number of the under-represented gender on the Board and in other management layers. Work is underway to define ambitious and realistic targets and policies, which will be presented and described at the presentation of the annual report for 2013 in accordance with applicable legislation.

We have continued the process of annual board evaluations, and our five most recent board evaluations were made with external consulting assistance. The main conclusion from the evaluation was that the Board performs its duties well. Also, it is evident to us which areas the Board should focus on in order to contribute further to Lundbeck's future success.

As I said earlier, the Board consists of nine members, six of whom are elected each year at the Annual General Meeting, while three members are elected every four years by the Group's Danish employees.

The Board held nine ordinary meetings and one extraordinary meeting in 2012, In addition, the Board held a two-day strategy seminar.

The Remuneration Committee held four meetings, the Audit Committee held three meetings and the Scientific Committee held two meetings attended by external experts and one meeting without such experts.

As you may know, I will not be seeking re-election to Lundbeck's Board of Directors, and the Board therefore recommends that Lars Rasmussen be elected as a new board member at this year's Annual General Meeting. I would like to introduce Lars Rasmussen:

Lars has in-depth management experience from the global med-tech industry. He became the CEO of Coloplast in 2008 and has been a member of the Coloplast Executive Management team from 2001. During this period, he was responsible for a number of different group functions, including global sales, innovation and production. These responsibilities were handled from a base in Denmark and the USA.

Lars' special capabilities in relation to the board duties at Lundbeck will be his experience with top management and his knowledge of efficiency improvements and internationalisation.

Provided that the board change presented above is approved by the Annual General Meeting, the composition will be as shown on this slide. The Board expects to elect Håkan Björklund as chairman and re-elect Christian Dyrvig as deputy chairman. The formal approval of the new Board of Directors will take place in connection with item 5 on the agenda.

If the candidates proposed by the Board of Directors are elected, three of the six board members elected by the shareholders will be independent. Thorleif Krarup, Jes Østergaard and Christian Dyrvig are considered dependent board members due to their current affiliation with the Lundbeck Foundation. The rest of the proposed candidates are considered independent.

The Board assesses that the proposed candidates together possess the professional and international experience required for maintaining the company's position as a leading global pharmaceutical company focusing on research and development in the field of brain disorders. The Board believes that its current size is appropriate in relation to the company's requirements and the ambition to ensure a constructive debate and an efficient decision-making process. Diversity has been taken into consideration when selecting candidates.

The individual competencies of the proposed board members are described in the notice convening this general meeting.

The Board does not propose any changes to the basic remuneration of members of the Board of Directors in relation to their board and committee duties in 2013 as compared with 2012. The formal approval of the remuneration will take place in connection with item 3 on the agenda.

Closing remarks

The objective is to transform Lundbeck from a European "one product" company to a global multiple product company. We are well underway in bringing Lundbeck through the transition period and are now seeing the impact of a large number of initiatives implemented over the course of the past few years, including the effect of new product launches.

In the coming years, we will remain dedicated to expanding our business geographically and launching new products from our and our partners' pipeline to the benefit of patients and Lundbeck's shareholders alike.

I'm confident that Lundbeck is capable of demonstrating solid earnings in the years ahead and to grow in the subsequent period. We still aspire to be a research-based CNS company dedicated to long-term growth.

I will now pass the floor to Ulf Wiinberg, who will provide more details about our results for 2012 and our financial forecasts.