

Financial report for the period 1 January to 31 March 2014

New Products up 40% and Q1 provides a solid base for the remainder of the year

HIGHLIGHTS

- New Products revenue reached DKK 887 million and has a 25% share of the total revenue
- Brintellix[®] has demonstrated a good volume uptake since the launch in January 2014. Feedback from physicians has been very positive and around 8,000 physicians have so far prescribed Brintellix to around 20,000 patients
- US revenue increased by 40% to DKK 744 million in local currency as Xenazine[®], Sabril[®] and Onfi[®] continue to show solid growth, increasing 20%, 37% and 83% respectively in local currency
- Revenue from International Markets increased 8% in local currency largely driven by markets such as Canada and Japan
- Abilify Maintena[®] has been launched in the first European countries and market access processes are proceeding according to plan
- In 2014, Lundbeck is expected to announce important pipeline updates on late-stage projects like desmoteplase, brexpiprazole and Brintellix
- Lundbeck is implementing core earnings as an improved tool to measure our operational performance and in a quarter with considerable generic erosion and investments in product launches the core EBIT margin only showed a modest decline of 4 percentage points to 20%
- The financial guidance for 2014 provided on 6 February 2014 is maintained

In connection with the first quarter report, Lundbeck's President and CEO Ulf Wiinberg said:

"In this quarter we have launched Brintellix in the US and even though it is early days, we are pleased with the launch of this product. 2014 is a heavy investment year for Lundbeck in order to position the company for long-term growth. This quarter provides a solid and important base for the remainder of the year, which will be heavily impacted by increased generic pressure, intensified launch costs and new development activities".

DKK million	Q1 2014	Q1 2013	Growth
Core Revenue*	3,587	3,838	(7%)
Core EBIT*	729	921	(21%)
Core EPS*	2.25	3.39	(34%)
Core EBIT margin	20%	24%	(15%)
Reported Revenue	3,587	4,576	(22%)
Reported EBIT	569	1,526	(63%)
Reported EPS	1.69	5.44	(69%)
Reported EBIT margin	16%	33%	(52%)

*For definition of the measures "Core Revenue", "Core EBIT" and "Core EPS", see page 13 and reconciliation to reported, see page 20

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FINANCIAL HIGHLIGHTS AND KEY FIGURES

	2014 Q1	2013 Q1	2013 FY
Financial highlights (DKK million)			
Revenue	3,587	4,576	15,258
Operating profit before depreciation and amortization (EBITDA)	824	1,766	2,861
Profit from operations (EBIT)	569	1,526	1,599
Net financials	(17)	(2)	(127)
Profit before tax	552	1,524	1,472
Tax	221	457	617
Profit for the period	331	1,067	855
Equity	13,261	13,971	13,481
Assets	23,453	23,152	23,649
Cash flows from operating and investing activities	(237)	543	2,260
Investments in property, plant and equipment, gross	47	68	311
Key figures			
EBITDA margin (%) ¹	23.0	38.6	18.8
EBIT margin (%) ¹	15.9	33.3	10.5
Return on capital employed (%)	3.8	10.6	11.4
Research and development ratio (%)	17.0	14.4	18.8
Return on equity (%) ¹	2.5	7.9	6.4
Solvency ratio (%) ¹	56.5	60.3	57.0
Capital employed (DKK million)	15,405	15,862	15,641
Share data			
Number of shares for the calculation of EPS (millions)	196.2	196.1	196.1
Number of shares for the calculation of DEPS (millions)	196.3	196.1	196.2
Earnings per share (EPS) (DKK) ¹	1.69	5.44	4.36
Diluted earnings per share (DEPS) (DKK) ¹	1.69	5.44	4.36
Cash flow per share (DKK) ¹	(0.77)	3.20	19.17
Net asset value per share (DKK) ¹	67.55	71.21	68.67
Market capitalization (DKK million)	32,776	21,006	26,879
Share price end of period (DKK)	167.00	107.10	137.00
Other			
Number of employees (FTE)	5,557	5,379	5,518

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

MANAGEMENT REVIEW

Financial forecast 2014

Lundbeck is investing significantly in several new product launches and in its late stage development pipeline while being in the midst of a transition period. Lundbeck expects to remain profitable during this period with significant growth in the company's newer products offsetting expected revenue decline for some of the mature products.

However, as communicated in connection with the full year results on 6 February 2014, this year will be a period with an unusual number of variables which elevates the uncertainties for the company. These variables include market access processes in various countries for Lundbeck's new products, launch uptake, timing of generic erosion as well as slope of erosion curves and development in exchange rates. Furthermore, Lundbeck awaits the outcome of two major clinical phase III programs on brexpiprazole and desmoteplase. In case these studies are negative, significant write-downs will materialize.

In connection with the first quarter release, Lundbeck is implementing **core earnings** as a measure of financial performance (see page 13 for definition). These core financial measures are used by Lundbeck's management to make operating decisions because they facilitate internal comparisons of Lundbeck's performance to historical results and to peer companies.

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 year to year, also increases comparability across years.

For the fiscal year 2014, Lundbeck still expects constant currency **revenue** to be around DKK 13.5 billion. The outlook reflects expectations for continued robust performance of the newer product portfolio which partly offset continued generic erosion, impact from challenging pricing environments and macroeconomic conditions in some major markets. The revenue guidance does not include any significant milestone payments or divestiture gains.

Lundbeck expects **core profit from operations** (core EBIT) in constant currency to be in the range DKK 1.2-1.7 billion for 2014. Expected reported **profit from operations** (EBIT) in constant currency is unchanged at DKK 0.5-1.0 billion for 2014 as a result of increased generic erosion and continued investment in an unprecedented number of product launches and significant costs related to the continued progress of key late-stage clinical development projects. The main difference between core EBIT and reported EBIT in this quarter is amortization on acquired products. In the guidance, amortization on product rights included in cost of sales are expected to increase to approximately DKK 675 million compared to DKK 590 million in 2013.

The distribution of revenue and especially EBIT will be uneven throughout the year, as a large part of earnings will be recognized in the first half of the year.

The guidance does not include any additional restructuring charges, write-downs or divestiture gains. The guidance is summarized in the table below:

Financial forecast 2014

DKK billion	2013 actual	2014 forecast
Revenue	15.3	~13.5
EBIT	1.6	0.5-1.0
Core EBIT	2.3	1.2-1.7

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, 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.

Revenue

Total revenue for the first quarter was DKK 3,587 million corresponding to a decrease of 22% compared to the same quarter last year. However, revenue increased by 6% in the quarter when adjusting for the divestment of the US mature product portfolio, the milestone received from Otsuka for Lu AE58054 in 2013 and excluding Ebixa revenue.

Revenue from key product and regions

DKK million	Q1 2014	Q1 2013	Growth	Growth in local currency	Q4 2013
New Products*	887	633	40%	47%	904
Ciprallex®	1,545	1,537	0%	6%	1,421
Azilect®	376	358	5%	8%	346
Xenazine®	364	315	15%	18%	387
Onfi®	170	96	78%	83%	206
Sabril®	157	118	33%	37%	134
Brintellix®	8	-	-	-	-
Other pharmaceuticals	871	1,301	(33%)	(30%)	772
Other revenue	96	851	(89%)	(89%)	321
Total revenue	3,587	4,576	(22%)	(18%)	3,587
Europe	1,607	1,996	(20%)	(19%)	1,552
US	744	546	36%	40%	770
International Markets	1,140	1,183	(4%)	8%	944

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

New Products continues to contribute to the underlying revenue growth and increased by 47% in local currency in the first quarter of 2014 (40% reported) mainly driven by Lundbeck's new product portfolio in the US.

Ciprallex (escitalopram) for the treatment of mood disorders was on par with first quarter last year, but grew 6% in local currency and reached DKK 1,545 million for the quarter. The performance of Ciprallex is mainly driven by continuous growth in some of the major European countries as well as in Canada and Japan.

Azilect (rasagiline) for the treatment of Parkinson's disease realised revenue of DKK 376 million, an increase of 8% in local currency, or 5% reported. The solid growth is due to strong sales uptake in European markets such as

France, Spain, Italy and Belgium. Lundbeck has the commercial rights to Azilect in most of Europe and some markets outside of Europe, including six Asian countries.

Xenazine¹ (tetrabenazine) for the treatment of chorea associated with Huntington's disease was launched in the US in November 2008 and generated revenue of DKK 364 million in the first quarter of 2014, an increase of 18% in local currency, or 15% reported, compared to the same period last year. Lundbeck has marketing rights for Xenazine in the US.

Onfi (clobazam) for the treatment of Lennox-Gastaut syndrome was launched in the US in January 2012. Onfi continues to show significant growth and generated first quarter revenue of DKK 170 million, an increase of 78%, or 83% in local currency, compared to the same period last year.

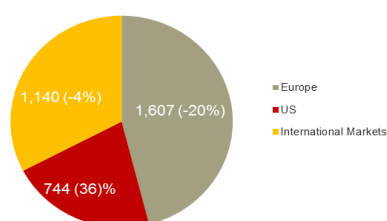
Sabril (vigabatrin) for the treatment of refractory complex partial seizures (rCPS) and infantile spasms (IS) was launched in the US in September 2009 and generated first quarter revenue of DKK 157 million, increasing 33%, or 37% in local currency, compared to the first quarter of 2013. Lundbeck has marketing rights for Sabril in the US.

Brintellix (vortioxetine) for the treatment of major depression (MDD) was launched in the US on 20 January 2014 and therefore the product is still very early in the launch phase, but sales reached DKK 8 million in the first quarter. So far around 8,000 physicians have prescribed the product and approximately 25,000 TRx's have been written. In total around 20,000 patients have until now been using the product. The feedback from the market is encouraging with focus on the novel mechanism of action, the consistency and amount of clinical data as well as the favourable tolerability profile. Pre-launch and market access activities are currently ongoing in markets outside the US. In March Brintellix was approved in Australia.

Revenue from **Other pharmaceuticals**, which comprise the remainder of Lundbeck's products, was DKK 871 million, a decrease of 33% compared to the same quarter last year which was mainly driven by the patent expiry of Ebixa in Europe (where Ebixa sales decreased by DKK 434 million to DKK 183 million). This decrease is partly offset by the sales uptake from new products such as Abilify Maintena in the US, Trenada in Canada and Selincro in Europe.

Other revenue reached DKK 96 million, compared to DKK 851 million for the same period last year. When adjusting for the divestment of the US mature product portfolio and the milestone payment received from Otsuka for Lu AE58054 in the first quarter 2013 (DKK 738 million), Other revenue declined 15% due to quarterly fluctuations.

Figure 1 – Revenue per region Q1 2014 (reported growth in brackets) – DKKm



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

Europe

First quarter revenue in Europe was DKK 1,607 million, a decrease of 20% compared to the same quarter last year. The decrease is due to the significant generic erosion of Ebixa following the loss of exclusivity.

Revenue – Europe

DKK million	Q1 2014	Q1 2013	Growth	Growth in local currency	Q4 2013
Cipralex	887	856	4%	4%	821
Azilect	344	320	8%	8%	320
Ebixa	183	617	(70%)	(70%)	234
Other pharmaceuticals	193	203	(5%)	(5%)	177
Total revenue	1,607	1,996	(20%)	(19%)	1,552

Cipralex generated first quarter revenue of DKK 887 million in Europe, a growth of 4% compared with the same period last year. The growth is driven by continued solid performance in some of the major European countries, such as France, Italy and Germany.

First quarter revenue from **Azilect** amounted to DKK 344 million, an increase of 8% compared to the first quarter of 2013.

Revenue from **Ebixa** decreased by 70% to DKK 183 million during the quarter as expected. The decrease is a result of the continued strong generic erosion in all markets, and confirms the 50% decline expected for the group revenue of Ebixa for the full year.

Revenue from **Other pharmaceuticals** was DKK 193 million, a decrease of 5% compared to same quarter last year. Selincro is included in Other pharmaceuticals and contributed in the first quarter with DKK 3 million. The pre-launch and market access activities are ongoing in Europe and in April Selincro was launched in Belgium with full reimbursement.

US

Lundbeck continues its solid growth in the US, thereby confirming the market's strategic importance for Lundbeck and revenue in the US now constitute 21% of total revenue. Revenue in the US increased 36% or 40% in local currency, compared to the same quarter last year. Growth is seen for all products.

Revenue – US

DKK million	Q1 2014	Q1 2013	Growth	Growth in local currency	Q4 2013
Xenazine	362	308	17%	20%	381
Onfi	170	96	78%	83%	206
Sabril	157	118	33%	37%	134
Brintellix	8	-	-	-	-
Other pharmaceuticals	47	24	100%	117%	49
Total revenue	744	546	36%	40%	770

Revenue from **Xenazine** was DKK 362 million for the quarter, an increase of 20% in local currency, or 17% reported, compared to the first quarter last year. The positive trend from previous quarters continues as Xenazine revenue is progressing well and is on track to meet our expectations.

Onfi is available in the US market for adjunctive therapy for seizures associated with Lennox-Gastaut syndrome. Onfi's very solid growth reached revenue of DKK 170 million in the first quarter of 2014 corresponding to a growth of 83% in local currency, or 78% reported.

Sabril revenue for the quarter was DKK 157 million, growing 33%, or 37% in local currency, compared to the same quarter last year.

Brintellix (vortioxetine) for the treatment of major depression (MDD) was launched in the US on 20 January 2014 and therefore the product is still very early in the launch phase but reached sales of DKK 8 million.

First quarter revenue from **Other pharmaceuticals** in the US was DKK 47 million mainly driven by the sales uptake from Abilify Maintena. After the April 2013 launch of **Abilify Maintena**, sales were steady until July, and on October 2013 Lundbeck and its partner Otsuka stepped up sales promotion as we had fallen behind our competitors on promotional campaigns. It will take a bit of time for the results of the stronger sales promotion to appear.

International Markets

Revenue in International Markets, which comprise all of Lundbeck's markets outside of Europe and the US, was DKK 1,140 million for the quarter, corresponding to an increase of 8% in local currency, but a decrease of 4% reported, compared to the same period last year. The growth was driven by a solid revenue performance for all key products.

Revenue – International Markets

DKK million	Q1 2014	Q1 2013	Growth	Growth in local currency	Q4 2013
Cipralex/Lexapro	658	681	(3%)	9%	600
Ebixa	162	172	(5%)	3%	91
Treanda	48	11	332%	387%	57
Azilect	32	38	(14%)	6%	26
Other pharmaceuticals	240	281	(14%)	(7%)	170
Total revenue	1,140	1,183	(4%)	8%	944

Cipralex generated first quarter revenue of DKK 658 million, an increase of 9% in local currency mainly driven by Japan, China and Canada. This growth is partly offset by revenue loss in genericized markets. Lexapro was launched in Japan in August 2011 by Lundbeck's partners Mochida and Mitsubishi Tanabe and is being marketed in Japan with a competitive share of voice. Revenue for Lexapro reached DKK 67 million in Japan compared to DKK 61 million in first quarter last year, an increase of 34% in local currency, or 9% reported.

Ebixa generated first quarter revenue of DKK 162 million representing an increase of 3% in local currency, but a decrease of 5% in reported currency.

Treanda for the treatment of indolent Non-Hodgkin lymphoma (iNHL) and chronic lymphocytic leukaemia (CLL) was launched in Canada in September 2012 and has shown a strong sales uptake reaching DKK 48 million in the first quarter of 2014 compared with DKK 11 million in the same period last year.

Lundbeck launched **Azilect** in Hong Kong in February 2012 followed by launches in Australia in May and Thailand in July 2012 thereby contributing to the growth of 6% in local currency. The growth is partly offset by declining Azilect revenue in Turkey, due to generic competition.

Other pharmaceuticals generated revenue of DKK 240 million during the quarter, a decrease of 14%, or 7% in local currency, compared to the same quarter last year. The decrease is explained by quarterly fluctuations in sales of mainly Deanxit in China.

Expenses and income

Total costs for the first quarter were DKK 3,018 million, a decrease of 1% compared to first quarter last year.

Distribution of costs

DKK million	Q1 2014	Q1 2013	Growth	Q4 2013
Cost of sales	987	1,057	(7%)	894
Sales and distribution	1,070	914	17%	1,343
Administration	352	419	(16%)	459
Research and development	609	660	(8%)	823
Total costs	3,018	3,050	(1%)	3,519

Cost of sales decreased 7% to DKK 987 million. This corresponds to 27% of Lundbeck's total revenue, an increase from 24% in the same quarter last year. Generic entry and consequently lower sales on Ebixa was a significant contributing factor to the lower cost of sales for the period.

Sales and distribution costs were DKK 1,070 million, corresponding to 30% of revenue and an increase of 17% compared to first quarter last year. The launches of Brintellix in the US as well as launches of Abilify Maintena and Selincro were the main reasons for the increase.

Administrative expenses were DKK 352 million compared to DKK 419 million in the same quarter last year, corresponding to 10% of revenue for the period. The decrease in administration expenses is partly related to savings due to Project *Fit-for-the-Future* as well as a general cost awareness effort. SG&A costs were DKK 1,422 million compared to DKK 1,333 million in the same period last year. The SG&A margin for the period was 40% compared to 29% in the same period last year. The SG&A margin in 2013 was positively impacted by significant milestones payments and gain from divestment of the US mature product portfolio recognized in revenue. Excluding these items, the SG&A margin for the same period last year was 35%.

R&D costs for the quarter were DKK 609 million compared to DKK 660 million in the same period last year.

Operating profit before depreciation and amortization (EBITDA)

EBITDA was DKK 824 million compared to DKK 1,766 million for the first quarter last year. The EBITDA margin for the period was 23.0%, down from 38.6% in the same quarter last year. The decrease in EBITDA margin is related to generic impact of Ebixa in 2014 as well as milestones payments and divestment of the US mature product portfolio in 2013.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges, which are included in the individual expense categories, amounted to DKK 255 million.

Depreciation, amortization and impairment charges

DKK million	Q1 2014	Q1 2013	Growth	Q4 2013
Cost of sales	200	180	11%	191
Sales and distribution	7	6	12%	7
Administration	14	15	(5%)	19
Research and development	34	39	(14%)	40
Total depreciation, amortization and impairment charges	255	240	6%	257

The increase in cost of sales compared to last year is due to amortization on Abilify Maintena.

Profit from operations (EBIT)

EBIT for the first quarter of 2014 amounted to DKK 569 million, which corresponds to a decrease of 63% compared to the same quarter in 2013 (DKK 1,526 million). The unusually high profit from operations in 2013 was primarily due to the expansion of the alliance with Otsuka where the co-development and co-commercialization rights for Lu AE58054 gave an initial upfront payment to Lundbeck of DKK 284 million and the divestment of the mature product portfolio in the US of DKK 454 million.

Core EBIT for the first quarter was DKK 729 million compared with DKK 921 million in the same quarter in 2013. The decrease of 21% is driven by the loss in revenue due to the patent expiry for Ebixa in Europe. The 70% loss in revenue for Ebixa in Europe equivalent to DKK 434 million was partly offset by the uptake from new products in the US.

The reported EBIT margin for the period was 15.9%, compared to 33.3% in the same period last year. The core EBIT margin was 20% compared with 24% in the same quarter in 2013. The slight decrease in the core EBIT margin from 2013 to 2014 shows a continuously profitability from the underlying business, despite considerable generic erosion and investments in new product launches.

Net financials

Lundbeck generated a net financial expense of DKK 17 million in the first quarter of 2014, compared to a net financial expense of DKK 2 million in the first quarter of 2013.

Net interest income, including realized and unrealized gains and losses on the bond portfolio, amounted to a net expense of DKK 18 million, compared to a net expense of DKK 14 million in the same period in 2013. Net exchange gain amounted to DKK 3 million, compared to a gain of DKK 14 million in the first quarter last year. This decrease was primarily due to fluctuations in exchange rate translations of intercompany balances.

Profit for the period

Profit for the period was DKK 331 million, compared to DKK 1,067 million in the same period last year. This corresponds to an EPS of DKK 1.69 per share for the first quarter 2014 versus an EPS of DKK 5.44 per share during the same period last year.

Core EPS was DKK 2.25 per share for the first quarter in 2014, compared to a core EPS of DKK 3.39 per share in the same quarter in 2013. The decline of 34% in core EPS is due to expected lower profit from operations (EBIT) in 2014 and a higher tax rate in the first quarter of 38% compared to 28% in the same quarter in 2013.

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 positive impact on profit of DKK 36 million in the first quarter of 2014, compared with a situation where the income is not hedged and included at the current exchange rates during the period. The effect was a DKK 20 million gain in the first quarter of 2013.

Cash flow

Lundbeck had a negative cash flow during the quarter of DKK 262 million, compared to a positive cash flow of DKK 126 million in the same period last year.

Cash flow

DKK million	Q1 2014	Q1 2013	FY 2013
Cash flows from operating activities	(151)	627	3,760
Cash flows from investing activities	(86)	(84)	(1,500)
Cash flows from operating and investing activities	(237)	543	2,260
Cash flows from financing activities	(25)	(417)	(141)
Change in cash	(262)	126	2,119
Cash at beginning of period	4,817	2,747	2,747
Unrealized currency translation adjustments for the period	(4)	(4)	(49)
Change for the period	(262)	126	2,119
Cash at end of period	4,551	2,869	4,817
Securities	1,042	1,055	1,042
Interest-bearing debt	(2,144)	(1,891)	(2,160)
Interest-bearing net cash and cash equivalents, end of period	3,449	2,033	3,699

Operating activities during the first quarter generated cash outflow of DKK 151 million, compared to an inflow of DKK 627 million in the same period last year. The development compared to the same quarter last year was mainly related to the significantly lower operating profit.

Cash at 31 March 2014 was DKK 4,551 million compared to DKK 2,869 million at 31 March 2013. Lundbeck's net cash position at 31 March 2014 was DKK 3,449 million, compared to DKK 2,033 million at 31 March 2013.

Balance sheet

As of 31 March 2014, Lundbeck had total assets of DKK 23,453 million, compared to DKK 23,152 million at the end of the first quarter 2013.

As of 31 March 2014, Lundbeck's equity amounted to DKK 13,261 million, corresponding to a solvency ratio of 56.5% compared to 60.3% at the end of the first quarter 2013.

At the Annual General Meeting in March, the proposed dividend for 2013 of DKK 2.77 per share or DKK 544 million (DKK 2.00 per share or DKK 392 million for 2012) was approved. The dividend was paid out to the shareholders 1 April 2014.

Lundbeck's development portfolio

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

Regulatory review

Abilify Maintena is a once-monthly injection which was launched in the US in 2013 and in Europe in March 2014. Currently two studies are ongoing using Abilify Maintena in bipolar I disorder with a total of 1,600 patients. This program is expected to be finalised in 2016. Additional development projects are ongoing including a new administration device. Abilify Maintena is part of Lundbeck's collaboration with Otsuka Pharmaceutical Co., Ltd. (Otsuka), and Lundbeck has co-development and co-promotional rights to the product.

Brintellix (vortioxetine) is a new antidepressant which was launched together with our partner Takeda in the US in January 2014 and approved in Europe on 27 December 2013. Most recently Brintellix has been approved in Australia. Launches outside the US are expected to commence in the second half of 2014 following market access procedures. The so-called *CONNECT* study on the efficacy of Brintellix on cognitive dysfunction in adult patients with major depressive disorder (MDD) is close to being finished and Lundbeck expects to present data at a medical conference later this year.

Intravenous carbamazepine (IV CBZ) is in development in the US for short-term replacement of oral carbamazepine in adult patients with epilepsy. *Carbella*[™] is the proposed US trade name for intravenous carbamazepine. In March 2014 Lundbeck announced that the US Food and Drug Administration (FDA) has accepted a New Drug Application (NDA) for *Carbella* for review. An action letter is anticipated before the end of 2014. In June 2013, Lundbeck received FDA Orphan drug status for this product.

Clinical phase III

Desmoteplase is being developed for the treatment of ischaemic strokes with an extended treatment window of three to nine hours after the incidence. The first clinical phase III study with desmoteplase, *DIAS-3*, is near completion and is expected to provide headline conclusions by mid-2014.

Brexpiprazole is a novel investigational psychotherapeutic compound. As part of the collaboration with Otsuka, Lundbeck has gained co-development and co-promotional rights to brexpiprazole. The clinical phase III programme for brexpiprazole is extensive with clinical studies ongoing in schizophrenia, adjunctive treatment of MDD, post-traumatic stress disorder and agitation in patients with Alzheimer's. The first study in MDD was presented at the European Psychiatric Association (EPA) conference in March 2014. One additional study in MDD and two studies in schizophrenia are near completion and are expected to provide headline conclusions in the second half of 2014. Brexpiprazole is in development to provide improved efficacy and tolerability, such as less akathisia, restlessness and/or insomnia.

Lu AE58054 is a potent and selective so-called 5-HT₆ receptor antagonist in development as adjunctive symptomatic therapy in Alzheimer's disease. In March 2013, Lundbeck and Otsuka further expanded their alliance and entered into collaboration for the development and commercialization of Lu AE58054. The first three out of

currently four planned studies in the clinical phase III program are now recruiting patients. The clinical program is scheduled to include four trials including approximately 3,000 patients worldwide and is expected to provide headline conclusions during 2016.

General corporate matters

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 report of listed companies.

Accounting policies remain unchanged compared to the annual report for 2013, which contains a more detailed description of the Group's accounting policies.

Lundbeck core results reporting

Lundbeck implements core result reporting as we believe this approach provides a clearer view of the underlying performance of the business and should make the company's results more comparable with the majority of its peers. In general, the company adjusts for each non-recurring item, including milestones that are, or are expected to accumulate exceeding DKK 100 million thresholds (approximately USD 20 million) within the year that the company's management deems exceptional.

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

Amortization and impairments:

- Amortization and impairment of intangible assets

Acquisitions and integration activities:

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

Divestments and reorganizations:

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

Legal and litigation costs:

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

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

These core financial measures are used by Lundbeck's management to make operating decisions because they facilitate internal comparisons of Lundbeck's performance to historical results and to peer companies.

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 year to year 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.

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 its intellectual property rights. With regards to escitalopram, Lundbeck is presently involved in pending court trials in Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hungary, Lebanon, the Netherlands, Norway, Portugal, Saudi Arabia, Singapore and Turkey.

Conference call

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

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 – 31 March 2014. 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 31 March 2014, and of the results of the Group's operations and cash flows for the first quarter of 2014, which ended on 31 March 2014.

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 account of the significant risks and uncertainty factors that may affect the Group.

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

Valby, 7 May 2014

Executive Management

Ulf Wiinberg
President and CEO

Anders Götzsche
Executive Vice President, CFO

Anders Gersel Pedersen
Executive Vice President, R&D

Board of Directors

Håkan Björklund
Chairman

Christian Dyvig
Deputy Chairman

Terrie Curran

Mona Elisabeth Elster

Henrik Sindal Jensen

Thorleif Krarup

Melanie G. Lee

Jørn Mayntzhusen

Lars Rasmussen

FINANCIAL STATEMENTS

Income statement

DKK million	2014 Q1	2013 Q1	2013 FY
Revenue	3,587	4,576	15,258
Cost of sales	987	1,057	4,038
Gross profit	2,600	3,519	11,220
Sales and distribution costs	1,070	914	4,200
Administrative expenses	352	419	2,549
Research and development costs	609	660	2,872
Profit from operations	569	1,526	1,599
Net financials	(17)	(2)	(127)
Profit before tax	552	1,524	1,472
Tax on profit for the period	221	457	617
Profit for the period	331	1,067	855
Earnings per share (EPS) (DKK)	1.69	5.44	4.36
Diluted earnings per share (DEPS) (DKK)	1.69	5.44	4.36

Statement of comprehensive income

DKK million	2014 Q1	2013 Q1	2013 FY
Profit for the period	331	1,067	855
Actuarial gains/losses	-	-	15
Tax	-	-	(4)
Items that will not subsequently be reclassified to profit or loss	-	-	11
Currency translation, foreign subsidiaries	14	47	(115)
Currency translation concerning additions to net investments in foreign subsidiaries	(3)	90	(145)
Realized exchange gains/losses concerning additions to net investments in foreign subsidiaries (transferred to the income statement)	-	(23)	(8)
Adjustments, deferred exchange gains/losses, hedging	12	23	142
Exchange gains/losses, hedging (transferred to the hedged items)	(36)	(20)	(126)
Fair value adjustment of available-for-sale financial assets	(8)	(6)	(25)
Tax	9	(17)	38
Items that may subsequently be reclassified to profit or loss	(12)	94	(239)
Other comprehensive income	(12)	94	(228)
Comprehensive income	319	1,161	627

Balance sheet

DKK million

	31.03.2014	31.03.2013	31.12.2013
Assets			
Intangible assets	8,924	9,012	9,077
Property, plant and equipment	2,748	2,787	2,778
Financial assets	453	457	431
Non-current assets	12,125	12,256	12,286
Inventories	1,839	1,878	1,893
Receivables	3,896	5,094	3,611
Securities	1,042	1,055	1,042
Cash	4,551	2,869	4,817
Current assets	11,328	10,896	11,363
Assets	23,453	23,152	23,649
Equity and liabilities			
Share capital	981	980	981
Share premium	238	226	232
Currency translation reserve	(429)	(113)	(441)
Currency hedging reserve	(3)	5	15
Retained earnings	12,474	12,873	12,694
Equity	13,261	13,971	13,481
Provisions	1,584	1,511	1,509
Debt	2,135	1,873	2,141
Non-current liabilities	3,719	3,384	3,650
Provisions	356	324	364
Debt	9	18	19
Trade payables	1,594	2,228	1,967
Other payables	4,514	3,227	4,168
Current liabilities	6,473	5,797	6,518
Liabilities	10,192	9,181	10,168
Equity and liabilities	23,453	23,152	23,649

Statement of changes in equity

DKK million	Share capital	Share premium	Currency translation reserve	Currency hedging reserve	Retained earnings	Equity
2014						
Equity at 01.01.2014	981	232	(441)	15	12,694	13,481
Profit for the period	-	-	-	-	331	331
Other comprehensive income	-	-	12	(18)	(6)	(12)
Comprehensive income	-	-	12	(18)	325	319
Distributed dividends	-	-	-	-	(544)	(544)
Capital increase through exercise of warrants	-	6	-	-	-	6
Buyback of treasury shares	-	-	-	-	(15)	(15)
Incentive programmes	-	-	-	-	14	14
Other transactions	-	6	-	-	(545)	(539)
Equity at 31.03.2014	981	238	(429)	(3)	12,474	13,261
2013						
Equity at 01.01.2013	980	226	(211)	3	12,200	13,198
Profit for the period	-	-	-	-	1,067	1,067
Other comprehensive income	-	-	98	2	(6)	94
Comprehensive income	-	-	98	2	1,061	1,161
Distributed dividends	-	-	-	-	(392)	(392)
Buyback of treasury shares	-	-	-	-	(7)	(7)
Incentive programmes	-	-	-	-	11	11
Other transactions	-	-	-	-	(388)	(388)
Equity at 31.03.2013	980	226	(113)	5	12,873	13,971

Cash flow statement

DKK million	2014 Q1	2013 Q1	2013 FY
Profit from operations	569	1,526	1,599
Adjustments for non-cash operating items etc.	293	203	1,375
Working capital changes	(861)	(958)	1,079
Cash flows from operations before financial receipts and payments	1	771	4,053
Financial receipts and payments	(22)	(3)	(89)
Cash flows from ordinary activities	(21)	768	3,964
Income tax paid	(130)	(141)	(204)
Cash flows from operating activities	(151)	627	3,760
Investments in and sale of bonds and other financial assets	(18)	-	10
Investments in and sale of intangible assets and property, plant and equipment	(68)	(84)	(1,510)
Cash flows from investing activities	(86)	(84)	(1,500)
Cash flows from operating and investing activities	(237)	543	2,260
Capital contributions	6	-	7
Dividends paid in the financial year	-	(392)	(392)
Other financing activities	(31)	(25)	244
Cash flows from financing activities	(25)	(417)	(141)
Change in cash	(262)	126	2,119
Cash at beginning of period	4,817	2,747	2,747
Unrealized currency translation adjustments for the period	(4)	(4)	(49)
Change for the period	(262)	126	2,119
Cash at end of period	4,551	2,869	4,817

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

Cash	4,551	2,869	4,817
Securities	1,042	1,055	1,042
Interest-bearing debt	(2,144)	(1,891)	(2,160)
Interest-bearing net cash and cash equivalents, end of period	3,449	2,033	3,699

Income statement – Core results reconciliation**Q1 2014**

DKK million	Reported result	Intangible amortization	Intangible impairment	Major restructuring	Legal fees and settlements	Divestments/sales milestones	Core result
Revenue	3,587	-	-	-	-	-	3,587
Cost of sales	987	(160)	-	-	-	-	827
Gross profit	2,600	160	-	-	-	-	2,760
Sales and distribution costs	1,070	-	-	-	-	-	1,070
Administrative expenses	352	-	-	-	-	-	352
Research and development costs	609	-	-	-	-	-	609
Profit from operations	569	160	-	-	-	-	729
Net financials	(17)	-	-	-	-	-	(17)
Profit before tax	552	160	-	-	-	-	712
Tax on profit for the period	221	51	-	-	-	-	272
Profit for the period	331	109	-	-	-	-	440
Earnings per share (EPS)(DKK)	1.69	0.56	-	-	-	-	2.25

Q1 2013

DKK million	Reported result	Intangible amortization	Intangible impairment	Major restructuring	Legal fees and settlements	Divestments/sales milestones	Core result
Revenue	4,576	-	-	-	-	(738)	3,838
Cost of sales	1,057	(133)	-	-	-	-	924
Gross profit	3,519	133	-	-	-	(738)	2,914
Sales and distribution costs	914	-	-	-	-	-	914
Administrative expenses	419	-	-	-	-	-	419
Research and development costs	660	-	-	-	-	-	660
Profit from operations	1,526	133	-	-	-	(738)	921
Net financials	(2)	-	-	-	-	-	(2)
Profit before tax	1,524	133	-	-	-	(738)	919
Tax on profit for the period	457	45	-	-	-	(248)	254
Profit for the period	1,067	88	-	-	-	(490)	665
Earnings per share (EPS)(DKK)	5.44	0.45	-	-	-	(2.50)	3.39

Q2 2013

DKK million	Reported result	Intangible amortization	Intangible impairment	Major restructuring	Legal fees and settlements	Divestments/ sales milestones	Core result
Revenue	3,536	-	-	-	-	-	3,536
Cost of sales	1,170	(163)	(210)	-	-	-	797
Gross profit	2,366	163	210	-	-	-	2,739
Sales and distribution costs	1,011	-	-	-	-	-	1,011
Administrative expenses	1,143	-	-	-	(699)	-	444
Research and development costs	718	-	-	-	-	-	718
Profit from operations	(506)	163	210	-	699	-	566
Net financials	(44)	-	-	-	-	-	(44)
Profit before tax	(550)	163	210	-	699	-	522
Tax on profit for the period	(48)	53	53	-	-	-	58
Profit for the period	(502)	110	157	-	699	-	464
Earnings per share (EPS)(DKK)	(2.56)	0.56	0.80	-	3.57	-	2.37

Q3 2013

DKK million	Reported result	Intangible amortization	Intangible impairment	Major restructuring	Legal fees and settlements	Divestments/ sales milestones	Core result
Revenue	3,559	-	-	-	-	(112)	3,447
Cost of sales	917	(148)	-	-	-	-	769
Gross profit	2,642	148	-	-	-	(112)	2,678
Sales and distribution costs	932	-	-	-	-	-	932
Administrative expenses	528	-	-	(200)	-	-	328
Research and development costs	671	-	-	-	-	-	671
Profit from operations	511	148	-	200	-	(112)	747
Net financials	(51)	-	-	-	-	-	(51)
Profit before tax	460	148	-	200	-	(112)	696
Tax on profit for the period	193	49	-	50	-	(44)	248
Profit for the period	267	99	-	150	-	(68)	448
Earnings per share (EPS)(DKK)	1.36	0.51	-	0.76	-	(0.35)	2.28

Q4 2013

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

FINANCIAL CALENDAR 2014

7 Aug 2014	Second quarter results 2014
5 Nov 2014	Third quarter results 2014

Corporate releases since the annual report

Feb 19 2014	Lundbeck increases its share capital by 65,992 shares (0.0336 % of outstanding shares) as a result of employee warrant exercise.
Feb 28 2014	Total number of voting rights and share capital in H. Lundbeck A/S as of 28 February 2014
Mar 4 2014	Notice of Annual General meeting
Mar 26 2014	Lundbeck held its Annual General Meeting on 26 March 2014 at the company's registered office
Mar 26 2014	New incentive plan for Executive Management in H. Lundbeck A/S
Apr 30 2014	FDA accepts for review Otsuka Pharmaceutical and Lundbeck's supplemental New Drug Application to expand Abilify Maintena [®] (aripiprazole) labelling
May 6 2014	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.

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About Lundbeck

H. Lundbeck A/S (LUN.CO, LUN DC, HLUYY) is a global pharmaceutical company specialized in brain diseases. For more than 50 years, we have been at the forefront of research within neuroscience. Our development and distribution of pioneering treatments continues to make a difference to people living with brain diseases. Our key areas of focus are alcohol dependence, Alzheimer's disease, depression/anxiety, epilepsy, Huntington's disease, Parkinson's disease, schizophrenia and stroke.

Our 5,800 employees in 57 countries are engaged in the entire value chain throughout research, development, production, marketing and sales, and are committed to improving the quality of life of people living with brain diseases. Our pipeline consists of several late-stage development programs and our products are available in

more 100 countries. We have research centers in China, Denmark and the United States, and production facilities in China, Denmark, France, Italy and Mexico. Lundbeck generated revenue of approximately DKK 15 billion in 2013 (EUR 2.0 billion; USD 2.7 billion).