Corporate Release
Valby, Denmark, 5 February 2019

Financial report for the period 1 January to 31 December 2018

Lundbeck realized 8% growth in revenue (local currencies) and 48% growth in EPS in 2018

HIGHLIGHTS

- Revenue reached DKK 18,117 million in 2018 representing an increase of 5% (8% in local currencies) compared to 2017
  - Revenue of Abilify Maintena® increased 20% to DKK 1,595 million (23% in local currencies)
  - Revenue of Brintellix®/Trintellix® increased 31% to DKK 2,182 million (37% in local currencies)
  - Revenue of Northera® increased 10% to DKK 1,806 million (15% in local currency)
  - Revenue of Onfi® increased 5% to DKK 3,165 million (12% in local currency)
  - Revenue of Rexulti® increased 38% to DKK 1,723 million (44% in local currencies)
  - Revenue in North America increased 1% to DKK 10,743 million (6% in local currencies)
  - Revenue in International Markets increased 3% to DKK 3,500 million (10% in local currencies)
  - Revenue in Europe increased 6% to DKK 2,970 million (6% in local currencies)
- EBIT increased 20% to DKK 5,301 million in 2018 compared to DKK 4,408 million in 2017 and the EBIT margin reached 29.3% compared to 25.6% the year before
- EPS grew 48% to DKK 19.66 in the period compared to DKK 13.28 the year before
- Free cash flow reached DKK 3,074 million representing an increase of 39%, and the net cash position improved to DKK 6,635 million compared to DKK 3,677 million the year before
- Lundbeck and Otsuka received positive headline results from a proof of concept study investigating the combination treatment of brexpiprazole and sertraline for the treatment of Post-Traumatic Stress Disorder
- For 2019, Lundbeck expects revenue to reach DKK 16.1–16.7 billion and EBIT to reach DKK 4.2–4.6 billion
- The Board of Directors proposes to pay a dividend of DKK 12.00 per share, equal to a pay-out ratio of 61%
- Lundbeck's revised strategy, *Expand and Invest to Grow,* envisions expanded operating space in brain diseases, rebuilding the R&D pipeline through external innovation while maintaining focus on profitability aspiring to an EBIT-margin of at least 25%
- Following *Expand and Invest to Grow*, Lundbeck will see increased capital needs related to our strategic initiatives and therefore, revises the dividend policy from the current range of 60-80% of net profit to a range of 30-60% of net profit from 2019 onwards

In connection with the financial report, Lundbeck's President and CEO Deborah Dunsire said:
"Lundbeck has delivered its best financial result ever and has more than achieved the financial targets set in 2016. Our goal now is to achieve sustainable, profitable growth through maximizing our neuroscience platform and strengthening our pipeline across all phases. We have conducted a strategic review and some of the elements include broadening the disease focus within brain health, as well as accelerating our internal pipeline and accessing external innovation to capitalize on our competitive edge".

DKK million	FY 2018	FY 2017	*Growth*
Reported Revenue	**18,117**	17,234	*5%*
Reported EBIT	**5,301**	4,408	*20%*
Reported EPS	**19.66**	13.28	*48%*
Reported EBIT margin	***29.3%***	*25.6%*	-
Core Revenue*	**18,117**	17,234	*5%*
Core EBIT*	**6,158**	5,115	*20%*
Core EPS*	**23.71**	16.50	*44%*
*Core EBIT margin**	***34.0%***	*29.7%*	-

*For definition of the measures "Core Revenue", "Core EBIT" and "Core EPS", see note 4 *Core reporting*

H. Lundbeck A/S
Investor Relations

Ottiliavej 9
DK-2500 Valby
Copenhagen

Phone: +45 36 30 13 11
www.lundbeck.com
CVR-nr.: 56759913
LEI code: 5493006R4KC2OI5D3470

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FINANCIAL HIGHLIGHTS AND KEY FIGURES

	FY 2018	FY 2017	Q4 2018	Q4 2017
Financial highlights (DKK million)				
Reported revenue	**18,117**	17,234	4,196	4,392
Core revenue	**18,117**	17,234	4,196	4,392
Operating profit before depreciation and amortization (EBITDA)	**6,436**	5,424	1,134	1,254
Reported profit from operations (EBIT)	**5,301**	4,408	848	932
Core profit from operations (core EBIT)	**6,158**	5,115	931	1,169
Net financials	**(12)**	(131)	(16)	(50)
Profit before tax	**5,289**	4,277	832	882
Tax	**1,382**	1,653	178	329
Profit for the period	**3,907**	2,624	654	553
Equity	**14,251**	12,181	14,251	12,181
Assets	**23,011**	19,756	23,011	19,756
Cash flows from operating and investing activities (free cash flow)	**3,074**	2,215	797	926
Purchase of property, plant and equipment, gross	**300**	245	124	138
Key figures				
EBIT margin (%)	**29.3**	25.6	20.2	21.2
Return on invested capital (ROIC) (%)	**48.6**	30.8	8.5	6.8
Annualized return on invested capital (ROIC) (%)	**48.6**	30.8	33.9	27.0
Cash to earnings (%)	**117.6**	141.8	200.7	258.9
Research and development ratio (%)	**18.1**	15.7	23.6	17.8
Return on equity (%)	**29.6**	24.0	4.7	4.7
Equity ratio (%)	**61.9**	61.7	61.9	61.7
Invested capital (DKKm)	**7,616**	8,504	7,616	8,504
Net debt/EBITDA	**(1.0)**	(0.7)	(5.9)	(2.9)
Share data				
Number of shares for the calculation of EPS (millions)	**198.7**	197.5	198.7	198.6
Number of shares for the calculation of DEPS (millions)	**198.7**	197.8	198.7	198.7
Earnings per share, basic (EPS) (DKK)	**19.66**	13.28	3.29	2.79
Earnings per share, diluted (DEPS) (DKK)	**19.66**	13.26	3.29	2.78
Cash flow from operating activities per share, diluted (DKK)	**30.10**	20.45	7.07	6.78
Net asset value per share, diluted (DKK)	**71.69**	61.27	71.69	61.27
Market capitalization (DKK million)	**56,825**	62,700	56,825	62,700
Share price end of period (DKK)	**285.40**	315.00	285.40	315.00
Proposed dividend per share (DKK)	**12.00**	8.00	-	-
Other				
Number of employees (FTE) end of period	**5,143**	4,976	5,143	4,976

MANAGEMENT REVIEW

Financial guidance, dividends and forward-looking statements

Lundbeck's financial results for 2019 are expected to be driven by the continued strong growth of our four strategic brands Abilify Maintena, Brintellix/Trintellix, Northera and Rexulti which can partially offset the continued erosion of mature products such as Onfi.

Lundbeck's total revenue is expected to reach between DKK 16.1 and DKK 16.7 billion in 2019 and the EBIT is expected to be in the range between DKK 4.2 and DKK 4.6 billion. Lundbeck's main currencies are the USD, CNY, and CAD. The financial guidance is based on the current hedging rates for our main currencies; i.e. USD/DKK (6.32), CNY/DKK (0.91) and CAD/DKK (4.82), and includes an expected hedging effect of a loss of DKK 150-200 million. The financial guidance is summarized below:

Financial guidance

DKK	FY 2018 actual	FY 2019 guidance
Revenue	18,117 million	**16.1 - 16.7 billion**
EBIT	5,301 million	**4.2-4.6 billion**
Tax rate	*26.1%*	***26-28%***

Financial targets

In February 2016, Lundbeck introduced three financial targets in order to describe what Lundbeck would strive for on the journey towards increased profitability and enhanced cash flow generation. This focus on profitability also relied on an organic path for future pipeline growth and narrowed the range of brain diseases that the company would invest in. External innovation was limited to early-stage acquisitions and collaborations. Over the last three years, Lundbeck has successfully executed on this strategy and has achieved its goals and established a strong financial foundation on which to build.

Lundbeck has conducted a strategic review to define the strategy to return to growth and deliver competitive returns over the coming years. An important element of the strategy is the expansion of our therapeutic scope to encompass a broader range of brain diseases, grounded in the areas where we have unique skills and capabilities. We will continue to maximize our current business through growing our strategic brands as well as capitalizing on selected growth opportunities in our mature portfolio. Achievement of sustainable growth demands that we supplement our internally generated pipeline with high quality assets from external sources. We will access this external innovation through product license or acquisition as well as through strategic partnerships, always building on our competitive edge. We will supplement our pipeline across all phases of development. This is another key tenet of our "*Expand and Invest to Grow*" strategy.

Our focus on operational efficiency and cost discipline will not change. We aspire to maintain the EBIT margin of at least 25% in the ordinary course of business but may adjust this for a period as we execute on rebuilding the growth platform in the pipeline. Given the variety of paths that building for future growth may take, we will no longer provide long term targets.

Dividend

The Board of Directors proposes to pay a dividend of 61% of net profit for 2018 in line with our pay-out policy of 60-80%. This corresponds to DKK 12.00 per share. The dividend pay-out is subject to approval at the Annual General Meeting on 26 March 2019.

As we execute upon the *Expand and Invest to Grow* strategy, Lundbeck will see increased capital needs related to our strategic initiatives and so will revise the dividend policy from the current range of 60-80% of net profit to a range of 30-60% of net profit from 2019 onwards.

Forward-looking statements

Forward-looking statements are subject to risks, uncertainties and inaccurate assumptions. This may cause actual results to differ materially from expectations. Various factors may affect future results, including interest rates and exchange rate fluctuations, delay or failure of development projects, production problems, unexpected contract breaches or terminations, governance-mandated or market-driven price decreases for products, introduction of competing products, Lundbeck's ability to successfully market both new and existing products, exposure to product liability and other lawsuits, changes in reimbursement rules and governmental laws and unexpected growth in expenses.

Revenue

Revenue for 2018 reached DKK 18,117 million compared to DKK 17,234 million for 2017. The increase of 5% (8% in local currencies) is primarily driven by Abilify Maintena, Brintellix/Trintellix, Northera and Rexulti.

Hedging

To establish better transparency regarding the effects from hedging on revenue and profit, Lundbeck has from the beginning of 2018 disclosed hedging gains/losses (net) in a separate line item in revenue. Previously the effects from hedging was allocated to the individual products. Lundbeck hedges a significant part of the currency risk for a period of 12-18 months. Hedging had a positive impact of DKK 242 million in 2018.

Revenue - products and regions

DKK million	FY 2018	FY 2017	Growth	Growth in local currencies	Q4 2018	Q4 2017	Growth	Growth in local currencies	Q3 2018
Abilify Maintena	**1,595**	1,333	*20%*	*23%*	415	334	*24%*	*23%*	409
Brintellix/Trintellix	**2,182**	1,663	*31%*	*37%*	639	461	*39%*	*39%*	544
Cipralex/Lexapro	**2,257**	2,392	*(6%)*	-	363	519	*(30%)*	*(28%)*	555
Northera	**1,806**	1,644	*10%*	*15%*	524	450	*17%*	*13%*	433
Onfi	**3,165**	3,022	*5%*	*12%*	496	797	*(38%)*	*(40%)*	907
Rexulti	**1,723**	1,247	*38%*	*44%*	519	332	*56%*	*52%*	452
Sabril	**1,342**	1,509	*(11%)*	*(6%)*	359	364	*(1%)*	*(4%)*	331
Xenazine	**440**	1,046	*(58%)*	*(56%)*	107	226	*(53%)*	*(54%)*	103
Other pharmaceuticals	**2,703**	3,028	*(11%)*	*(8%)*	644	687	*(6%)*	*(5%)*	688
Other revenue	**662**	402	*64%*	*64%*	196	178	*10%*	*9%*	180
Effects from hedging	**242**	(52)	-	-	(66)	44	-		31
Total revenue	**18,117**	**17,234**	***5%***	***8%***	**4,196**	**4,392**	***(4%)***	***(3%)***	**4,633**
North America	**10,743**	10,673	*1%*	*6%*	2,671	2,765	*(3%)*	*(6%)*	2,785
International Markets	**3,500**	3,406	*3%*	*10%*	694	724	*(4%)*	*1%*	886
Europe	**2,970**	2,805	*6%*	*6%*	701	681	*3%*	*3%*	751

Abilify Maintena (aripiprazole once-monthly injection) for the treatment of schizophrenia and in the U.S., Canada and Australia also for bipolar I disorder, shows steady growth. Sales grew 20% (23% in local currencies) and reached DKK 1,595 million. The regional distribution of sales was 44%, 8% and 48% in North America, International Markets and Europe, respectively. The largest markets are Australia, Canada, France, Spain and the U.S. Abilify Maintena was discovered by Otsuka Pharmaceutical Co., Ltd. (Otsuka), and is co-marketed by Lundbeck and became available to patients in 2013.

Revenue from **Brintellix/Trintellix** (vortioxetine), for the treatment of major depression (MDD), reached DKK 2,182 million following growth of 31% (37% in local currencies). The regional distribution of sales was 57%, 18% and 25% in North America, International Markets and Europe, respectively. The largest markets are Brazil, Canada, France, Italy, Spain and the U.S. In the U.S., Trintellix is co-marketed by Takeda Pharmaceutical Company Limited (Takeda).

Cipralex®/Lexapro® (escitalopram), for the treatment of depression, decreased 6% (flat in local currencies) and revenue reached DKK 2,257 million. The regional distribution of sales was 6%, 69% and 25% in North America, International Markets and Europe, respectively. The largest markets are Brazil, Canada, China, Italy and Japan.

Northera (droxidopa), for the treatment of symptomatic neurogenic orthostatic hypotension (nOH), was launched in the U.S. in 2014. Sales from Northera showed growth of 10% (15% in local currencies) and reached DKK 1,806 million.

Rexulti (brexpiprazole) is approved as an adjunctive therapy for the treatment of adults with major depressive disorder and as a treatment for adults with schizophrenia in markets such as the U.S. and Saudi Arabia. In Australia, Canada and Europe, the product is approved for schizophrenia. Rexulti became available to patients in markets such as the U.S. (Q3 2015), Canada (Q2 2017), Australia (Q3 2017) and in Saudi Arabia (Q4 2018). Lundbeck's share of revenue reached DKK 1,723 million for 2018, corresponding to a growth of 38% (44% in local currencies). Rexulti was co-developed and is co-marketed by Otsuka and Lundbeck.

Onfi (clobazam), for the treatment of Lennox-Gastaut syndrome, showed strong growth and generated revenue of DKK 3,165 million, an increase of 5% (12% in local currencies) compared to the same period last year. Onfi lost exclusivity in October 2018 and is exposed to generic competition.

Sabril® (vigabatrin), for the treatment of refractory complex partial seizures (rCPS) and infantile spasms (IS), saw the first generic introduction in the third quarter of 2017. Revenue reached DKK 1,342 million, thereby declining 11% (6% in local currencies) compared to last year. Sabril lost exclusivity in 2014 and 2016 (orphan drug) for its two indications, respectively. Lundbeck has the marketing rights for Sabril in the U.S.

Xenazine® (tetrabenazine) for the treatment of chorea associated with Huntington's disease saw the first generic introduction in the third quarter of 2015 which impacts sales negatively. Revenue reached DKK 440 million compared to DKK 1,046 million in 2017, a decline of 58%. Xenazine lost orphan drug exclusivity in 2015. Lundbeck has the marketing rights for Xenazine in the U.S.

Revenue from **Other pharmaceuticals**, which comprise the remainder of Lundbeck's products, reached DKK 2,703 million compared to DKK 3,028 million in 2017. Other pharmaceuticals are negatively impacted by the hand back of Treanda in Canada in the fourth quarter of 2017, after which Treanda revenue is replaced by a royalty agreement as well as generic competition on Azilect® (rasagiline) and Ebixa® (memantine) in Europe.

Other revenue, which mainly consists of contract manufacturing, reached DKK 662 million compared to DKK 402 million for 2017 following increased contract work at our production sites in France and Italy.

Figure 1 – Revenue per region 2018 vs 2017 (excluding Other revenue and effects from hedging)

Key developments in the fourth quarter of 2018

In the fourth quarter of 2018, revenue declined 4% (3% in local currencies) and reached DKK 4,196 million compared to DKK 4,392 million the year before as the decline in sales of mature products such as Onfi only partially was mitigated by growth of Abilify Maintena, Brintellix/Trintellix and Rexulti.

North America

Revenue reached DKK 10,743 million in 2018 which is an increase of 1% (6% in local currencies) compared to DKK 10,673 million in 2017. The growth was mainly driven by the uptake of Abilify Maintena, Northera, Rexulti and Trintellix as well as growth in Onfi until it's loss of exclusivity, offsetting the decline in sales of Sabril and Xenazine.

Revenue – North America

DKK million	FY 2018	FY 2017	*Growth*	*Growth in local currencies*	Q4 2018	Q4 2017	*Growth*	*Growth in local currencies*	Q3 2018
Abilify Maintena	**695**	591	*18%*	*23%*	196	159	*23%*	*20%*	174
Trintellix	**1,239**	974	*27%*	*32%*	386	280	*38%*	*34%*	311
Northera	**1,806**	1,644	*10%*	*15%*	524	450	*17%*	*13%*	433
Onfi	**3,165**	3,022	*5%*	*12%*	496	797	*(38%)*	*(40%)*	907
Rexulti	**1,702**	1,245	*37%*	*43%*	509	331	*54%*	*49%*	447
Sabril	**1,342**	1,509	*(11%)*	*(6%)*	359	364	*(1%)*	*(4%)*	331
Xenazine	**418**	1,016	*(59%)*	*(57%)*	102	219	*(54%)*	*(55%)*	96
Other pharmaceuticals	**376**	672	*(44%)*	*(42%)*	99	165	*(40%)*	*(41%)*	86
Total revenue	**10,743**	**10,673**	***1%***	***6%***	**2,671**	**2,765**	***(3%)***	***(6%)***	**2,785**

Abilify Maintena revenue grew 18% (23% in local currencies) for the period and reached DKK 695 million, which represents Lundbeck's share of total net sales. In the U.S. Abilify Maintena has a value market share of 20% and in Canada it has reached 24% by November 2018 (source: IQVIA).

Trintellix sales reached DKK 1,239 million for Lundbeck following a growth of 27% (32% in local currencies). The value market share of the total anti-depressant market in the U.S. was 19.2% and in Canada, the value market share of the total anti-depressant market was 5.7% by November 2018 (source: IQVIA).

Northera was made available in the U.S. in the autumn of 2014 for the treatment of Neurogenic Orthostatic Hypotension (nOH). Sales from Northera reached DKK 1,806 million in 2018, representing growth of 10% (15% in local currency).

Lundbeck's share of **Rexulti** revenue reached DKK 1,702 million following a growth of 37% (43% in local currencies). In the U.S., Rexulti has achieved market shares of 1.57% and 8.45% by November 2018 in volume and value, respectively (source: IQVIA). In Canada, the product has reached volume share 0.69% and a value share of 1.04%. Patient data suggest that more than 3/4 of prescriptions in the U.S. are prescribed for MDD.

Onfi reached revenue of DKK 3,165 million corresponding to a growth of 5% (12% in local currency). In October 2018, the U.S. FDA approved several versions of generic clobazam; both oral and suspension formulations. Generic clobazam has taken some 50% of the market.

Sabril revenue for the period was DKK 1,342 million, declining 11% (down 6% in local currency). In September 2017, the first generic vigabatrin (oral solution) was introduced, and in January 2019 the first generic tablet was approved. By end-2018, generic vigabatrin had 42% of the total sales in volume.

Revenue from **Xenazine** was DKK 418 million. Revenue decreased 59% compared to the previous year. Performance was impacted by the introduction of generic products, and by end-2018, generic tetrabenazine had 93% of the sales in volume.

Other pharmaceuticals are negatively impacted by the hand back of Treanda in Canada in the fourth quarter of 2017, after which Treanda revenue is replaced by a royalty agreement.

Key developments in the fourth quarter of 2018

Revenue reached DKK 2,671 million in the fourth quarter of 2018, which is a decrease of 3% (down 6% in local currencies). Onfi declined by 38% to DKK 496 million following the introduction of several versions of generic clobazam. Northera increased by 17% to DKK 524 million reflecting a normalization of the bottlenecks in the distribution chain reported in the third quarter.

International Markets

Revenue from International Markets, which comprise all Lundbeck's markets outside of Europe and North America, reached DKK 3,500 million in 2018, compared to DKK 3,406 million in 2017. In local currencies, sales were up 10% driven by Abilify Maintena and Brintellix, but all product categories grew in local currencies in 2018. Regions such as China, the Middle East and South East Asia are also showing solid momentum. The biggest markets are China, Japan, South Korea, Brazil, Australia and Mexico.

Revenue – International Markets

DKK million	FY 2018	FY 2017	*Growth*	*Growth in local currencies*	Q4 2018	Q4 2017	*Growth*	*Growth in local currencies*	Q3 2018
Abilify Maintena	**130**	105	*23%*	*31%*	36	28	*27%*	*32%*	33
Brintellix	**396**	313	*26%*	*41%*	102	77	*31%*	*44%*	97
Cipralex/Lexapro	**1,552**	1,582	*(2%)*	*6%*	228	332	*(31%)*	*(27%)*	379
Ebixa	**461**	469	*(2%)*	*4%*	94	76	*25%*	*29%*	114
Other pharmaceuticals	**961**	937	*3%*	*8%*	234	211	*11%*	*14%*	263
Total revenue	**3,500**	**3,406**	***3%***	***10%***	**694**	**724**	***(4%)***	***1%***	**886**

Abilify Maintena reached DKK 130 million in revenue in 2018 representing a growth of 23% (31% in local currencies). Sales are mainly derived from Australia where Abilify Maintena shows solid momentum and has achieved a value share of 23% (Source: IQVIA).

Brintellix reached DKK 396 million in revenue or an increase of 26% (41% in local currencies). Brintellix realized solid growth across several markets and in countries such as South Korea, Brintellix now has 3.9% volume share and the Philippines where the volume share has reached 6%. The launch of Brintellix in China in April 2018 enables Lundbeck to make an even bigger difference for the many patients and caregivers affected by depression. Already today, Lundbeck is the market leader in the anti-depressant market in China as approximately 25% of medicines prescribed for treating depression in China were invented by Lundbeck (brand share) and includes Cipramil®, Cipralex and Brintellix. In September 2018, Brintellix was launched in India for the treatment of patients suffering from Major Depressive Disorder (MDD) after receiving approval from Drug Controller General of India (DCGI). As per a large-scale survey conducted by National Institute of Mental Health & Neuro Sciences (NIMHANS), an estimated 1 in 20 people in India suffers from depression and the Indian market constitute approximately USD 125 million. Brazil, China, Mexico, South Africa, South Korea and Turkey are the largest markets for Brintellix in the region.

Rexulti was approved for the treatment of schizophrenia in Australia in June 2017 and the product was launched during the third quarter of 2017. In Australia, Rexulti has achieved a market share of 1.23% and 2.01% in volume and value respectively (source: IQVIA). In April 2018 and August 2018, Rexulti received regulatory and pricing approval in Saudi Arabia and Mexico which are the only markets other than U.S. so far to approve Rexulti as treatment for both schizophrenia and adjunctive therapy in depression (MDD). In Saudi Arabia, Lundbeck has a leading position with a share of the anti-depressant market of around 22% and the market share for Rexulti 0.6%. Additionally, Rexulti has been submitted for approval in countries such as Brazil, Chile, Malaysia and South Africa.

Cipralex/Lexapro generated revenue of DKK 1,552 million representing a decline of 2% (6% growth in local currencies). Brazil, China, Japan, Saudi Arabia and South Korea are the largest markets for Cipralex/Lexapro in the region.

Ebixa generated revenue of DKK 461 million representing a decline of 2% (4% growth in local currencies) following stocking in China up to license renewal by the end of 2017. China and South Korea are the largest markets for Ebixa in the region.

Other pharmaceuticals generated revenue of DKK 961 million which represents a growth of 8% in local currencies (3% reported).

Azilect was approved by the Chinese FDA in late June 2017 and has been launched in October 2017 by Lundbeck. Parkinson’s disease is the second most common neurodegenerative disease following Alzheimer's disease in China.

In January 2019, **Selincro®** (nalmefene hydrochloride), received a regulatory approval in Japan for treatment to reduce alcohol consumption in alcohol-dependent patients. Lundbeck Japan and Otsuka Pharmaceutical Company have jointly developed this compound in Japan following the clear positive result of a phase III study last year. The official number of the patients with alcohol dependence, who are receiving therapeutic treatment, is 40,000 in Japan. However, there is an estimation that prevalence can be as big as 1 million. Selincro will be marketed by Otsuka in Japan and Lundbeck will receive a royalty from the sale of the product.

Rexulti, Azilect and Selincro are currently included in Other pharmaceuticals.

Key developments in the fourth quarter of 2018

Revenue in the fourth quarter was DKK 694 million, corresponding to a decrease of 4% reported but growth of 1% in local currencies. Cipralex/Lexapro was negatively impacted by planned destocking at our partner in China.

Europe

Revenue reached DKK 2,970 million in 2018, representing a growth of 6% (6% in local currencies) compared to DKK 2,805 million last year due to the growth of key products.

Revenue – Europe

DKK million	FY 2018	FY 2017	*Growth*	*Growth in local currencies*	Q4 2018	Q4 2017	*Growth*	*Growth in local currencies*	Q3 2018
Abilify Maintena	**770**	637	*21%*	*21%*	183	147	*25%*	*25%*	202
Brintellix	**547**	376	*46%*	*46%*	151	104	*46%*	*46%*	136
Cipralex	**572**	643	*(11%)*	*(10%)*	105	151	*(30%)*	*(30%)*	144
Other pharmaceuticals	**1,081**	1,149	*(6%)*	*(6%)*	262	279	*(6%)*	*(6%)*	269
Total revenue	**2,970**	**2,805**	***6%***	***6%***	**701**	**681**	***3%***	***3%***	**751**

Abilify Maintena has been launched in all major markets in Europe. Sales uptake of Abilify Maintena is solid with sales reaching DKK 770 million and Abilify Maintena is now Lundbeck's largest product in Europe. In Europe, the penetration of long-acting atypical antipsychotics is generally higher than seen in the U.S. (volume). Driven by increasing demand from patients, sales of Abilify Maintena are growing across Europe and the product has achieved a 20% or more market share (value) in all major markets – in Italy the share now exceeds 25%. Abilify Maintena is the second most prescribed long acting injectable treatment for patients with schizophrenia in many markets. France, Italy and Spain are the largest European markets for Abilify Maintena.

Brintellix revenue grew 46% thereby reaching DKK 547 million. The product has been launched in most European markets and realized solid growth in main countries such as France, Italy and Spain, where the product has achieved value market shares of 7.6%, 7.4% and 6.0%, respectively by November 2018 (source: IQVIA). The volume shares are 2.4%, 2.9% and 2.1%, respectively (source: IQVIA). France, Italy and Spain are the largest European markets for Brintellix.

In July 2018, Lundbeck and Otsuka announced that the European Commission approved **Rxulti®** (brexpiprazole) for the treatment of schizophrenia in adults. Furthermore, Rexulti was approved in Switzerland in July 2018 and the launch commenced in January 2019 for the treatment of adult patients with schizophrenia. The launch is the first in a sequence that will see the treatment made available in other European countries during 2019 and 2020. The product will be branded as Rxulti in countries within the European Union.

Cipralex generated revenue of DKK 572 million following a decline of 11%. The largest markets are France, Italy and Switzerland.

Revenue from **Other pharmaceuticals** was DKK 1,081 million, a decline of 6% compared to 2017, following continued generic erosion of mature products.

Key developments in the fourth quarter of 2018

In the fourth quarter, revenue for Europe reached DKK 701 million which was an increase of 3% compared to DKK 681 million in the same period last year.

Expenses and income

Total costs in 2018 were DKK 12,772 million compared to DKK 13,068 million for 2017 – a decline of 2%.

Distribution of costs

DKK million	FY 2018	FY 2017	*Growth*	Q4 2018	Q4 2017	*Growth*	Q3 2018
Cost of sales	**3,456**	3,881	*(11%)*	850	968	*(12%)*	895
COS-ratio	***19.1%***	*22.5%*	-	*20.3%*	*22.0%*	-	*19.3%*
Sales and distribution	**5,277**	5,649	*(7%)*	1,397	1,455	*(4%)*	1,288
S&D-ratio	***29.1%***	*32.8%*	-	*33.2%*	*33.1%*	-	*27.8%*
Administration	**762**	833	*(9%)*	234	257	*(9%)*	186
G&A-ratio	***4.2%***	*4.8%*	-	*5.6%*	*5.9%*	-	*4.0%*
Research and development	**3,277**	2,705	*21%*	988	780	*27%*	817
R&D-ratio	***18.1%***	*15.7%*	-	*23.6%*	*17.8%*	-	*17.6%*
Total costs	**12,772**	**13,068**	***(2%)***	**3,469**	**3,460**	***0%***	**3,186**

Cost of sales decreased 11% to DKK 3,456 million in 2018. The **gross margin** thereby increased from 77.5% to 80.9%. Cost of sales is positively impacted by the change in product mix, which resulted in reduced royalty costs. Furthermore, amortization of intangibles has declined from DKK 949 million in 2017 to DKK 813 million in 2018.

Sales and distribution costs were DKK 5,277 million, a decrease of 7% compared to 2017. Sales and distribution costs correspond to 29.1% of revenue, compared to 32.8% the year before.

Administrative expenses declined 9% to DKK 762 million, corresponding to 4.2% of total revenue in 2018 compared to 4.8% last year.

SG&A costs for the period were DKK 6,039 million, compared to DKK 6,482 million in 2017. The SG&A ratio for the period was 33.3%, compared to 37.6% in 2017.

Research and development costs increased 21% to DKK 3,277 million for the period impacted by additional costs related to Lu AF35700 as the programme in treatment-resistant schizophrenia is being closed. The R&D ratio reached 18.1% compared to 15.7% last year.

Other operating items, net amounted to an expense of DKK 44 million in 2018. In June 2018, Lundbeck LLC reached an agreement in principle to resolve the U.S. Department of Justice (DOJ) investigation related to Lundbeck LLC's relationship with, and donations to, independent patient assistance charitable foundations. As part of the agreement, Lundbeck LLC will pay DOJ USD 52.6 million (DKK 334 million). The settlement is recognized in Other operating items, net. The amount is partially offset by the gain from divestment of buildings in Copenhagen, realized in the first quarter of 2018 as well as by the income from three patent settlements in Australia.

Key developments in the fourth quarter of 2018

In the fourth quarter of 2018, total costs amounted to DKK 3,469 million, which is unchanged compared to the same quarter last year. R&D costs increased 27% to DKK 988 million mainly driven by costs connected to the closure of the TRS programme on Lu AF35700.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges, which are included in the individual expense categories, amounted to DKK 1,183 million in 2018, compared to DKK 1,258 million in 2017. R&D is impacted by a write-down of the product rights for Carnexiv™ recognized in the second quarter of 2018.

Depreciation, amortization and impairment charges

DKK million	FY 2018	FY 2017	*Growth*	Q4 2018	Q4 2017	*Growth*	Q3 2018
Cost of sales	**1,002**	1,090	*(8%)*	252	276	*(9%)*	265
Sales and distribution	**42**	47	*(10%)*	11	12	*(6%)*	10
Administration	**24**	27	*(12%)*	4	6	*(36%)*	10
Research and development	**115**	94	*22%*	19	28	*(30%)*	23
Total depreciation, amortization and impairment charges	**1,183**	**1,258**	***(6%)***	**286**	**322**	***(11%)***	**308**

Profit from operations (EBIT)

EBIT for 2018 reached DKK 5,301 million compared to DKK 4,408 million last year – a growth of 20% driven by the revenue growth and the increase in the **EBIT margin** from 25.6% in 2017 to 29.3% in 2018.

Core EBIT increased 20% to DKK 6,158 million and the **Core EBIT margin** improved to 34.0% in the period.

EBIT and Core EBIT are positively impacted by the solid sales development and hedging gains of DKK 242 million. Furthermore, Other operating items, net declined from an income of DKK 242 million in 2017 to an expense of DKK 44 million in 2018.

Key developments in the fourth quarter of 2018

In the fourth quarter of 2018, EBIT amounted to DKK 848 million, which is a decline of 9% compared to the same quarter last year. The decline was mainly driven by costs connected to the closure of the TRS programme on Lu AF35700. The EBIT margin declined slightly from 21.2% to 20.2% in the quarter compared to last year.

For definition of the measures “Core Revenue”, “Core EBIT” and “Core EPS”, see note 4 *Core reporting*.

Net financials

Lundbeck generated a **net financial expense** of DKK 12 million for 2018, compared to a net financial expense of DKK 131 million for 2017.

Net interest expenses, including realized and unrealized gains and losses on the bond portfolio, amounted to an income of DKK 15 million for 2018, compared to an expense of DKK 86 million for 2017. The interest income in 2018 primarily relates to income received from the Danish tax authorities regarding tax reassessment in US and Italy, whilst the net interest expense in 2017 primarily relates to fees for early repayment of mortgage debt.

Net exchange gains/losses amounted to a loss of DKK 24 million for 2018, compared to a loss of DKK 33 million for 2017.

Tax

The effective tax rate for 2018 was 26.1%. The effective tax rate has decreased significantly compared to 2017 due to the reduced U.S. federal tax rate. The effective tax rate is still higher than the Danish income tax rate due to amortization of Northera product rights, which is not deductible for tax purposes and thus creates a permanent difference.

Net profit and EPS for the period

Net profit for 2018 reached DKK 3,907 million compared to DKK 2,624 million for 2017. The reported net profit corresponds to an **EPS** of DKK 19.66 per share versus an EPS of DKK 13.28 per share last year. **Core EPS** was DKK 23.71 per share for 2018, compared to a Core EPS of DKK 16.50 per share in 2017 – a growth of 44%.

In the fourth quarter of 2018, **Net profit** increased by 18% y/y thereby reaching DKK 654 million. **Core EPS** decreased from DKK 3.81 to DKK 3.75, representing a decline of 2%.

Cash flow

Cash flows from operating activities amounted to DKK 5,981 million in 2018, against DKK 4,045 million in 2017. The increase of 48% is mainly driven by the increase in revenue and profitability.

Lundbeck's **net cash flow from investing activities** was an outflow of DKK 2,907 million in 2018 as a result of the acquisition of Prexton Therapeutics BV in March 2018, payment of an approval milestone to Otsuka connected to the European approval of Rxulti of USD 50 million and of purchase of securities of DKK 1,521 million. The **free cash flow** reached DKK 3,074 million for the period compared to DKK 2,215 million for 2017.

In 2018, the **net cash flow** reached DKK 1,467 million compared to an outflow of DKK 20 million for 2017. The net cash flow is impacted by dividend payout of DKK 1,592 million which was approved at the Annual General Meeting in March 2018.

Balance sheet

At 31 December 2018, Lundbeck's **total assets** amounted to DKK 23,011 million, compared to DKK 19,756 million at the end of 2017.

At 31 December 2018, Lundbeck's **equity** amounted to DKK 14,251 million, corresponding to an **equity ratio** of 61.9% compared to 61.7% at the end of 2017.

Net cash has increased from DKK 3,677 million at year-end 2017 to DKK 6,635 million at the end of 2018. **Interest bearing debt** is DKK 0.

Return on invested capital (annualized) has increased to 48.6% compared to 30.8% for 2017.

Lundbeck's development portfolio

Lundbeck is developing several new and promising medicines for the treatment of brain diseases. Pipeline developments are summarized below.

Aripiprazole for prolonged release injectable suspension (Abilify Maintena)

June 2017: Lundbeck together with Otsuka, initiated a phase I, open-label study to determine the pharmacokinetics and tolerability of aripiprazole 2-month intramuscular depot administered gluteal in adult subjects with schizophrenia.

Brexpiprazole (Rexulti)

November 2018: Lundbeck and Otsuka Pharmaceutical announced the achievement of positive clinical results (in intention-to-treat population) as measured by the Clinician-Administered PTSD Scale for DSM-5 (CAPS-5) total score change from baseline compared to placebo, when brexpiprazole and sertraline was given as combination treatment ($p<0.01$)

July 2018: Lundbeck and Otsuka Pharmaceutical announced that the European Commission has approved Rxulti (brexpiprazole) for the treatment of schizophrenia in adults. The approval follows the positive opinion issued by the Committee for Medicinal Products for Human Use (CHMP) on 31 May 2018.

May 2018: Lundbeck and Otsuka Pharmaceutical announced that the two companies' third clinical phase III study (NCT03548584) of brexpiprazole in the treatment of agitation in patients with dementia of the Alzheimer's type commenced in June. Approximately 300 patients are expected to be enrolled in this 12-week, randomized, double-blind, placebo-controlled trial. The decision to initiate a third trial follows discussions with the U.S. Food and Drug Administration (FDA) regarding two phase III clinical trials for the agitation in Alzheimer's disease indication that were completed by Otsuka and Lundbeck in 2017. Results for the two completed trials were announced in May of last year and presented in poster sessions at the American Association for Geriatric Psychiatry annual meeting in March of this year.

Carnexiv (carbamazepine) injection

In October 2016, the U.S. FDA approved Carnexiv (carbamazepine) injection as a short-term replacement therapy for oral carbamazepine formulations in adults with certain seizure types when oral administration is temporarily not feasible. In our preparation for the launch of Carnexiv, we discovered a manufacturing challenge that prevented our commercialization of the product. Since that time, we have worked diligently to determine the root cause and to identify an appropriate resolution.

Vortioxetine (Brintellix/Trintellix)

October 2018: Lundbeck and Takeda Pharmaceutical announced that the Trintellix U.S. prescribing information now includes head-to-head clinical study data that demonstrated superiority to a commonly-used selective serotonin reuptake inhibitor (SSRI), Lexapro (escitalopram) in improving treatment-emergent sexual dysfunction (TESD).

September 2018: Lundbeck and Takeda Pharmaceutical announced the submission of a New Drug Application ("NDA") to the Japanese Ministry of Health, Labour and Welfare for vortioxetine for the treatment of Major Depressive Disorder in adults. Lundbeck and Takeda will co-commercialize vortioxetine in Japan once approved and both companies are currently in the process of evaluating and planning the commercialization strategy.

June 2018: Lundbeck and Takeda Pharmaceutical announced positive results from the pivotal study with vortioxetine in adults with Major Depressive Disorder conducted in Japan.

May 2018: Lundbeck and Takeda Pharmaceutical announced that U.S. FDA has approved a supplemental new drug application for Trintellix. The clinical trials section of the U.S. label now includes data from the largest replicated clinical studies on an important aspect of cognitive function in acute major depressive disorder (MDD, depression). The *FOCUS* and *CONNECT* studies show Trintellix has a positive effect on processing speed, an important aspect

of cognitive function observed in some patients with MDD. Additionally, a sNDA has been submitted in the U.S. for Trintellix to include data on treatment emergent sexual dysfunction in depression (TESD). PDUFA is scheduled on 21 October 2018.

Lu AF35700 – phase III (under review)

In October 2018, Lundbeck announced that *DAYBREAK*, the first phase III study for Lu AF35700, an investigational, novel, once-daily, oral antipsychotic drug candidate for the potential treatment of treatment-resistant schizophrenia (TRS), showed similar effect, but did not meet the primary endpoint of statistical superiority, compared to conventional therapy. Lu AF35700 was safe and generally well-tolerated in the study with no unexpected adverse events reported

No additional trials in TRS will be initiated. Analysis is ongoing to evaluate whether there is a viable commercial path forward in an appropriate indication for this molecule outside TRS.

Foliglurax – phase II

March 2018: Lundbeck announced signing of a definitive agreement in which Lundbeck acquires Prexton Therapeutics BV. Under terms of the agreement, Lundbeck paid EUR 100 million (DKK 745 million) upfront and is required to pay up to EUR 805 million (approximately DKK 6 billion) under certain conditions in development and sales milestones to the group of former owners. More than half of the EUR 805 million is connected to sales milestones. The upfront payment was capitalized in the balance sheet as an intangible asset and is tested for impairment annually or whenever there is indication of impairment. The impairment test performed in 2018 did not result in any recognition of impairment losses.

In July 2017, Prexton initiated a phase II clinical trial (NCT03162874) with foliglurax. The trial is expected to enroll around 165 Parkinson's patients in sites across six European countries (U.K., Germany, France, Austria, Spain, and Italy). The double-blinded, randomized, placebo-controlled, parallel-arm study will assess the effectiveness, safety, and tolerability of foliglurax in reducing motor complications of levodopa therapy in patients experiencing end-of-dose wearing-off and levodopa-induced dyskinesia

Lu AF11167 – phase II

Lu AF11167 in monotherapy represents a new approach to treat negative symptoms of schizophrenia, working by inhibiting the activity of the PDE10-enzyme in the brain. This affects the signalling of the neurotransmitter dopamine in a manner that may specifically improve negative symptoms while positive symptoms remain controlled. Lu AF11167 is invented by Lundbeck. In January 2019, Lundbeck initiated a phase II-study (n = ~240) with the compound (NCT03793712).

Lu AF20513 – phase I

Lu AF20513 is an active vaccine inducing high affinity polyclonal antibodies that target beta-amyloid (Aß), for the potential injectable prevention of progression of Alzheimer's. In May 2015, an open-label, dose escalation, multiple immunisation phase I study (NCT02388152) was initiated, to assess the safety, tolerability and immunogenicity of Lu AF20513 in patients with mild Alzheimer’s disease.

Lu AF76432 – phase I

Phosphodiesterase type 1 (PDE1) is an enzyme naturally present in the human brain where it plays an important role in the communication between brain cells. Inhibiting the enzyme increases the presence of a chemical messenger within the cells that improves cellular communication, in turn improving cognitive function. In May 2018, a phase I-study (NCT03531229) in healthy volunteers (n = ~48) was initiated with the Lundbeck invented compound.

The phase I-study is designed to provide information about safety and tolerability, general pharmacokinetic characteristics and to identify maximum tolerated dose.

Lu AF28996 – phase I

Lu AF28996 is a D_1/D_2 agonist with the potential to treat common symptoms in patients with moderate/advanced Parkinson's disease. Typically, patients gradually develop fluctuations in the control of their symptoms with poor or absent motor function (so called *OFF* episodes) and experience involuntary movements (dyskinesia). Both these symptoms are thought to be treated effectively with Lu AF28996. In June 2018, Lundbeck initiated a phase I study (NCT03565094) of a potential new treatment of Parkinson's disease (n = ~20 healthy young men).

Lu AF82422 – phase I

Lu AF82422 is a human IgG1 monoclonal antibody (mAb) that recognizes all major alpha-synuclein forms including aggregated/misfolded forms involved in the pathogenesis of Parkinson's. There is compelling evidence that alpha-synuclein may play a role in progression of Parkinson's and other synucleinopathies. In August 2018, Lundbeck initiated a single-ascending-dose (SAD), first-in-human study (n=~45) to evaluate the safety and tolerability of Lu AF82422 in healthy volunteers and Parkinson's patients.

General corporate matters

Pending legal proceedings

The Group is involved in a number of legal proceedings, including patent disputes. In the opinion of Management, the outcome of these proceedings will either not have a material impact on the Group's financial position or cash flows beyond the amount already provided for in the financial statements, or the outcome is too uncertain to enable the Group to make a reliable provision. Such proceedings will, however, develop over time, and new proceedings may occur which could have a material impact on the Group's financial position and/or cash flows.

In June 2013, Lundbeck received the European Commission's decision that the company's agreements concluded with four generic competitors concerning citalopram violated competition law. The decision included fining Lundbeck EUR 93.8 million (approximately DKK 700 million). On 8 September 2016, Lundbeck announced that the General Court of the European Union had delivered its judgment concerning Lundbeck's appeal against the European Commission's 2013 decision. Lundbeck's appeal was rejected by the General Court. Lundbeck has appealed the judgment to the European Court of Justice. Lundbeck paid and expensed the fine in the third quarter of 2013. An oral hearing was conducted by the European Court of Justice on 24 January 2019 and a final judgment is expected during 2019. So-called "follow-on claims" for reimbursement of alleged losses, resulting from alleged violation of competition law, often arise when decisions and fines issued by the European Commission are upheld by the European Court of Justice.

H. Lundbeck A/S and Lundbeck Canada Inc. are involved in three product liability class-action lawsuits relating to Cipralex/Celexa®, three relating to Abilify Maintena and one relating to Rexulti in Canada. The cases are in the preliminary stages and as such associated with significant uncertainties. Lundbeck strongly disagrees with the claims raised.

In June 2018, Lundbeck announced that its US subsidiary Lundbeck LLC had reached an agreement in principle to resolve the U.S. Department of Justice (DOJ) investigation related to Lundbeck LLC's relationship with and donations to independent patient assistance charitable foundations. As part of the agreement, Lundbeck LLC will pay DOJ an amount of USD 52.6 million (DKK 334 million). The remaining terms of agreement are subject to further negotiation with DOJ. Lundbeck LLC is pleased to have reached an agreement that will allow the company to put

this matter behind it. The agreement does not include any admission by Lundbeck LLC that it violated any law. The agreement will allow Lundbeck LLC to continue its focus on providing innovative medications to the patients.

The Group has entered into settlements with three of the four generic companies involved in a federal court case, where Lundbeck is pursuing patent infringement and damages claims over the sale of escitalopram products in Australia. Lundbeck received AUD 51.7 million (DKK 242 million) in 2018. Lundbeck's case against the final generic company, Sandoz Pty Ltd, is continuing. Sandoz Pty Ltd has been found liable for infringing Lundbeck's escitalopram patent between 2009 and 2012, and the parties are now awaiting the court orders, including the court's final calculation of the damage award. Sandoz Pty Ltd has appealed the decision.

Lundbeck has instituted patent infringement proceedings against 16 generic companies that have applied for marketing authorization for generic versions of Trintellix in the US. Decisions are expected shortly before the end of March 2021. Lundbeck has strong confidence in its vortioxetine patents. The FDA cannot grant marketing authorizations to the generic companies unless they receive a decision in their favour. The compound patent, including patent term extensions, will expire in the US on 17 December 2026. Lundbeck has other patents relating to vortioxetine with expiry in the period until 2032.

In December 2011, the Brazilian antitrust authorities SDE (Secretariat of Economic Law) initiated administrative proceedings to investigate whether Lundbeck's enforcement of data protection rights could be viewed as anticompetitive conduct. In January 2012, Lundbeck submitted a response to the authorities. Due to a change in the Brazilian Antitrust Law, handling of the case shifted from SDE to CADE (Administrative Council for Economic Defense). In April, May and June 2018, CADE's Superintendence, CADE's General Attorney and the Federal Public Prosecutor, respectively, issued opinions stating that Lundbeck in defending its data protection rights had not acted in violation of Brazilian competition law regulation and recommended that the case should be closed. On 3 October 2018, the members of CADE's Tribunal unanimously decided to end the case without any consequences for Lundbeck.

Incentive programmes in the Lundbeck Group

In February 2018 Lundbeck initially granted a Restricted Share Unit (RSU) programme to members of Lundbeck´s Executive Management and to key employees in Denmark and abroad. The RSUs will be finally granted in February 2019 and will vest three years after final grant. In September 2018, Lundbeck made an initial grant offering the CEO, Deborah Dunsire, to participate in the 2018 Restricted Cash Unit (RCU) programme on terms and conditions similar to those applied to the RSU programme initially granted in February 2018.

A RSU and a RCU programme, will be granted to members of Lundbeck´s Executive Management and key employees (approximately 140) in Denmark and abroad in February 2019. Vesting is subject to Lundbeck achieving certain targets specified by the Board of Directors and to continued employment with the Lundbeck Group in the period from grant until the RSUs and RCUs vest, three years from grant. The fair value of the RSUs and RCUs will be calculated on the basis of Lundbeck's average share price in the first 10 banking days after publication of Lundbeck's annual report for 2018 reduced by an expected dividend yield of 2.00% p.a. The total estimated value of the RSU and RCU programmes will be approximately DKK 45 million.

Purchase of shares to fund long-term incentive programmes

A total of 87,000 shares were purchased in 2018 to cover the obligation regarding the 2018 RSU programme.

To cover the RSU programme that will be initially granted to key employees in Denmark and abroad in February 2019, Lundbeck will purchase shares at a value of approximately DKK 35 million. The number of shares to be purchased will be dependent on Lundbeck's average share price in the first 10 banking days after publication of

Lundbeck's annual report for 2018. The number of shares to be purchased corresponds to less than 0.1% of Lundbeck's share capital. The shares are intended to be purchased during 2019 and in compliance with applicable legislation.

Considering the relatively small number of shares concerned, the purchase will be carried out as a share buy-back outside of the EU Commission Regulation on share buy-back. However, to secure market integrity the purchase is subject to the following rules:

- The purchase will be carried out by a bank (lead manager) on an arm's-length basis and independently of Lundbeck
- The bank must not purchase shares at a price higher than the higher of the price of the last independent trade and the highest current independent bid on Nasdaq Copenhagen at the time of the purchase
- The bank must not purchase more than 20% of the daily volume of the shares on NASDAQ Copenhagen on the day the purchase is carried out.

Conference call

Today at 13.00 CET, Lundbeck will be hosting a conference call for the financial community. You can find dial-ins and a link for webcast online at www.lundbeck.com under the Investor section.

FINANCIAL STATEMENTS

Income statement

DKK million	FY 2018	FY 2017	Q4 2018	Q4 2017
Revenue	18,117	17,234	4,196	4,392
Cost of sales	3,456	3,881	850	968
Gross profit	**14,661**	**13,353**	**3,346**	**3,424**
Sales and distribution costs	5,277	5,649	1,397	1,455
Administrative expenses	762	833	234	257
Research and development costs	3,277	2,705	988	780
Other operating items, net	(44)	242	121	-
Profit from operations (EBIT)	**5,301**	**4,408**	**848**	**932**
Net financials	(12)	(131)	(16)	(50)
Profit before tax	**5,289**	**4,277**	**832**	**882**
Tax on profit for the period	1,382	1,653	178	329
Profit for the period	**3,907**	**2,624**	**654**	**553**
Earnings per share, basic (EPS) (DKK)	19.66	13.28	3.29	2.79
Earnings per share, diluted (DEPS) (DKK)	19.66	13.26	3.29	2.78

Statement of comprehensive income

DKK million	2018	2017	Q4 2018	Q4 2017
Profit for the period	**3,907**	**2,624**	**654**	**553**
Actuarial gains/losses	15	33	15	33
Tax	(2)	(5)	(2)	(5)
Items that will not be reclassified subsequently to profit or loss	**13**	**28**	**13**	**28**
Exchange rate gains/losses on investments in foreign subsidiaries	287	(447)	81	(69)
Exchange rate gains/losses on additions to net investments in foreign subsidiaries	(151)	(107)	(32)	15
Deferred exchange gains/losses, hedging	(319)	817	(41)	157
Exchange gains/losses, hedging (transferred to the hedged items)	(242)	(33)	66	(49)
Fair value adjustment of available-for-sale financial assets	-	16	-	8
Tax	157	(143)	1	(26)
Items that may be reclassified subsequently to profit or loss	**(268)**	**103**	**75**	**36**
Other comprehensive income	**(255)**	**131**	**88**	**64**
Comprehensive income	**3,652**	**2,755**	**742**	**617**

Balance sheet

DKK million	31.12.2018	31.12.2017
Assets		
Intangible assets	8,023	7,565
Property, plant and equipment	2,018	1,990
Financial assets	1,321	1,357
Non-current assets	**11,362**	**10,912**
Inventories	1,753	1,376
Receivables	3,261	3,791
Securities	3,030	1,522
Cash and bank balances	3,605	2,155
Current assets	**11,649**	**8,844**
Assets	**23,011**	**19,756**
Equity and liabilities		
Share capital	996	995
Foreign currency translation reserve	804	634
Currency hedging reserve	(56)	382
Retained earnings	12,507	10,170
Equity	**14,251**	**12,181**
Provisions	1,112	1,039
Debt	72	57
Non-current liabilities	**1,184**	**1,096**
Provisions	442	491
Trade payables	4,078	3,203
Other payables	3,056	2,785
Current liabilities	**7,576**	**6,479**
Liabilities	**8,760**	**7,575**
Equity and liabilities	**23,011**	**19,756**

Statement of changes in equity

DKK million	Share capital	Foreign currency translation reserve	Currency hedging reserve	Retained earnings	Equity
Equity at 1 January 2018	**995**	**634**	**382**	**10,170**	**12,181**
Profit for the period	-	-	-	3,907	3,907
Other comprehensive income	-	170	(438)	13	(255)
Comprehensive income	**-**	**170**	**(438)**	**3,920**	**3,652**
Distributed dividends, gross	-	-	-	(1,592)	(1,592)
Dividends received, treasury shares	-	-	-	3	3
Capital increase through exercise of warrants	1	-	-	6	7
Buyback of treasury shares	-	-	-	(25)	(25)
Incentive programmes	-	-	-	25	25
Other transactions	**1**	**-**	**-**	**(1,583)**	**(1,582)**
Equity at 31 December 2018	**996**	**804**	**(56)**	**12,507**	**14,251**

DKK million	Share capital	Foreign currency translation reserve	Currency hedging reserve	Retained earnings	Equity
Equity at 1 January 2017	**988**	**1,164**	**(230)**	**7,772**	**9,694**
Profit for the period	-	-	-	2,624	2,624
Other comprehensive income	-	(530)	612	49	131
Comprehensive income	**-**	**(530)**	**612**	**2,673**	**2,755**
Distribution of dividends, gross	-	-	-	(484)	(484)
Dividends received, treasury shares	-	-	-	1	1
Capital increase through exercise of warrants	7	-	-	207	214
Buyback of treasury shares	-	-	-	(93)	(93)
Incentive programmes	-	-	-	37	37
Tax on other transactions in equity	-	-	-	57	57
Other transactions	**7**	**-**	**-**	**(275)**	**(268)**
Equity at 31 December 2017	**995**	**634**	**382**	**10,170**	**12,181**

Cash flow statement

DKK million	FY 2018	FY 2017	Q4 2018	Q4 2017
Profit from operations (EBIT)	**5,301**	**4,408**	**848**	**932**
Adjustments for non-cash operating items etc.	1,243	871	326	308
Change in working capital	563	291	601	647
Cash flows from operations before financial receipts and payments	**7,107**	**5,570**	**1,775**	**1,887**
Financial receipts and payments	6	(96)	13	(48)
Cash flows from ordinary activities	**7,113**	**5,474**	**1,788**	**1,839**
Income taxes paid	(1,132)	(1,429)	(382)	(492)
Cash flows from operating activities	**5,981**	**4,045**	**1,406**	**1,347**
Acquisition of subsidiary*	(745)	-	-	-
Purchase and sale of securities and other financial assets	(1,524)	(1,509)	(516)	(505)
Purchase and sale of intangible assets and property, plant and equipment	(638)	(321)	(93)	84
Cash flows from investing activities	**(2,907)**	**(1,830)**	**(609)**	**(421)**
Cash flows from operating and investing activities (free cash flow)	**3,074**	**2,215**	**797**	**926**
Capital increase through exercise of warrants	7	214	1	18
Dividends paid in the financial year, net	(1,589)	(483)	-	-
Other financing activities	(25)	(1,966)	(25)	(873)
Cash flows from financing activities	**(1,607)**	**(2,235)**	**(24)**	**(855)**
Net cash flow for the period	**1,467**	**(20)**	**773**	**71**
Cash and bank balances at beginning of period	2,155	2,200	2,831	2,087
Unrealized exchange gains/losses on cash and bank balances	(17)	(25)	1	(3)
Net cash flow for the period	1,467	(20)	773	71
Cash and bank balances at end of period	**3,605**	**2,155**	**3,605**	**2,155**
Interest-bearing debt, cash, bank balances and securities, net, is composed as follows:				
Cash and bank balances	3,605	2,155	3,605	2,155
Securities	3,030	1,522	3,030	1,522
Interest-bearing debt	-	-	-	-
Interest-bearing debt, cash, bank balances and securities, net, end of period – net cash/(net debt)	**6,635**	**3,677**	**6,635**	**3,677**

*) The acquisition of Prexton Therapeutics BV, which is considered a purchase of assets, consists of the foliglurax product rights valued at DKK 712 million, tax assets of DKK 39 million, as well as net liabilities totaling DKK 6 million.

Income statement – Core results reconciliation (full year)

FY 2018

DKK million	Reported result	Intangible amortization	Impairment	Major restructuring	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	18,117	-	-	-	-	-	18,117
Cost of sales	3,456	(813)	-	-	-	-	2,643
Gross profit	**14,661**	**813**	**-**	**-**	**-**	**-**	**15,474**
Sales and distribution costs	5,277	-	-	-	-	-	5,277
Administrative expenses	762	-	-	-	-	-	762
Research and development costs	3,277	-	-	-	-	-	3,277
Other operating items, net	(44)	-	-	-	92	(48)	-
Profit from operations (EBIT)	**5,301**	**813**	**-**	**-**	**92**	**(48)**	**6,158**
Net financials	(12)	-	-	-	-	-	(12)
Profit before tax	**5,289**	**813**	**-**	**-**	**92**	**(48)**	**6,146**
Tax on profit for the period	1,382	78	-	-	(14)	(11)	1,435
Profit for the period	**3,907**	**735**	**-**	**-**	**106**	**(37)**	**4,711**
Earnings per share, basic (EPS) (DKK)	19.66	3.69	-	-	0.54	(0.18)	23.71

FY 2017

DKK million	Reported result	Intangible amortization	Impairment	Major restructuring	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	17,234	-	-	-	-	-	17,234
Cost of sales	3,881	(949)	-	-	-	-	2,932
Gross profit	**13,353**	**949**	**-**	**-**	**-**	**-**	**14,302**
Sales and distribution costs	5,649	-	-	-	-	-	5,649
Administrative expenses	833	-	-	-	-	-	833
Research and development costs	2,705	-	-	-	-	-	2,705
Other operating items, net	242	-	-	-	-	(242)	-
Profit from operations (EBIT)	**4,408**	**949**	**-**	**-**	**-**	**(242)**	**5,115**
Net financials	(131)	-	-	-	-	-	(131)
Profit before tax	**4,277**	**949**	**-**	**-**	**-**	**(242)**	**4,984**
Tax on profit for the period	1,653	131	-	-	-	(60)	1,724
Profit for the period	**2,624**	**818**	**-**	**-**	**-**	**(182)**	**3,260**
Earnings per share, basic (EPS) (DKK)	13.28	4.15	-	-	-	(0.93)	16.50

Income statement – Core results reconciliation (Q4)

Q4 2018

DKK million	Reported result	Intangible amortization	Impairment	Major restructuring	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	4,196	-	-	-	-	-	4,196
Cost of sales	850	(204)	-	-	-	-	646
Gross profit	**3,346**	**204**	**-**	**-**	**-**	**-**	**3,550**
Sales and distribution costs	1,397	-	-	-	-	-	1,397
Administrative expenses	234	-	-	-	-	-	234
Research and development costs	988	-	-	-	-	-	988
Other operating items, net	121	-	-	-	(121)	-	-
Profit from operations (EBIT)	**848**	**204**	**-**	**-**	**(121)**	**-**	**931**
Net financials	(16)	-	-	-	-	-	(16)
Profit before tax	**832**	**204**	**-**	**-**	**(121)**	**-**	**915**
Tax on profit for the period	178	19	-	-	(27)	-	170
Profit for the period	**654**	**185**	**-**	**-**	**(94)**	**-**	**745**
Earnings per share, basic (EPS) (DKK)	3.29	0.94	-	-	(0.48)	-	3.75

Q4 2017

DKK million	Reported result	Intangible amortization	Impairment	Major restructuring	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	4,392	-	-	-	-	-	4,392
Cost of sales	968	(237)	-	-	-	-	731
Gross profit	**3,424**	**237**	**-**	**-**	**-**	**-**	**3,661**
Sales and distribution costs	1,455	-	-	-	-	-	1,455
Administrative expenses	257	-	-	-	-	-	257
Research and development costs	780	-	-	-	-	-	780
Other operating items, net	-	-	-	-	-	-	-
Profit from operations (EBIT)	**932**	**237**	**-**	**-**	**-**	**-**	**1,169**
Net financials	(50)	-	-	-	-	-	(50)
Profit before tax	**882**	**237**	**-**	**-**	**-**	**-**	**1,119**
Tax on profit for the period	329	34	-	-	-	-	363
Profit for the period	**553**	**203**	**-**	**-**	**-**	**-**	**756**
Earnings per share, basic (EPS) (DKK)	2.79	1.02	-	-	-	-	3.81

Notes

Note 1 Accounting policies

Lundbeck's accounting policies are explained in detail in the 2018 Annual Report also published today.

Note 2 Events after the balance sheet date

On 22 January 2019, H. Lundbeck A/S announced that Dr. Johan Luthman has been appointed Executive Vice President and Head of Research & Development in Lundbeck. Dr. Luthman will assume his new position and join the registered Executive Management on 1 March 2019.

Other than the above, no events of importance to the Annual Report have occurred during the period from the balance sheet date until the presentation of the consolidated financial statements.

Note 3 EBITDA calculation

DKK million	FY 2018	FY 2017	Q4 2018	Q4 2017
EBIT	5,301	4,408	848	932
+ Depreciation, amortization and impairment charges	1,183	1,258	286	322
- Gain from divestment of properties recognized in Other operating items, net	(48)	(242)	-	-
= EBITDA	**6,436**	**5,424**	**1,134**	**1,254**

Note 4 Core reporting

In general, Lundbeck has adjusted for each non-recurring item, including milestones that are accumulated, or are expected to accumulate, to an amount exceeding a DKK 100 million threshold within the year that Lundbeck's management deems it exceptional. Lundbeck's core reporting is a non-IFRS performance measurement. Lundbeck's core results – including core operating income (core EBIT) and core EPS – exclude:

Amortization and impairments:

- Amortization of intangible assets
- Impairment of intangible assets and property, plant and equipment

Acquisitions and integration activities:

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

Divestments and reorganizations:

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

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.

Financial calendar 2019

26 March 2019:	Lundbeck Annual General Meeting 2019
29 March 2019:	Dividends for 2018 at the disposal of shareholders
8 May 2019:	Financial statements for the first three months of 2019
14 August 2019:	Financial statements for the first six months of 2019
5 November 2019:	Financial statements for the first nine months of 2019

Lundbeck contacts

Investors:

Palle Holm Olesen
Vice President, Investor Relations
palo@lundbeck.com
+45 30 83 24 26

Media:

Mads Kronborg
Senior Director, Corporate Communication
mavk@lundbeck.com
+45 36 43 40 00

About Lundbeck

H. Lundbeck A/S (LUN.CO, LUN DC, HLUYY) is global pharmaceutical company specialized in brain diseases. For more than 70 years, we have been at the forefront of neuroscience research. We are tirelessly dedicated to restoring brain health, so every person can be their best.

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

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

For additional information, we encourage you to visit our corporate site www.lundbeck.com and connect with us on Twitter at @Lundbeck and via LinkedIn.