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Annual report 2007 – Lundbeck reports best ever financial results

Lundbeck's financial performance for 2007 shows strong growth in consolidated revenue and earnings, and Lundbeck thus reports its best ever financial results. Also, the Group boasts the largest and broadest development pipeline in the history of the Lundbeck Group. For 2008, Lundbeck projects continuing growth in revenue and profit from operations.

Revenue and earnings

Exclusive of non-recurring items:

- Revenue: DKK 10,565 million (+17%)
- Profit from operations (EBIT): DKK 2,657 million (+63%)
- EBIT margin: 25.1%

Including non-recurring items:

- Revenue: DKK 10,985 million (+19%)
- Profit from operations (EBIT): DKK 2,695 million (+51%)
- EBIT margin: 24.5%

Revenue by regions and products

- Europe: DKK 5,501 million (+7%)
- International Markets: DKK 2,194 million (+22%)
- USA: DKK 2,599 million (+35%)

- Cipralex[®]: DKK 4,094 million (+17%)
- Lexapro[®]: DKK 2,594 million (+35%)
- Ebixa[®]: DKK 1,655 million (+22%)
- Azilect[®]: DKK 168 million (+136%)

Comments on the financial statements

Claus Bræstrup, Lundbeck's President and CEO, comments on the annual report:

"The financial performance for 2007 is very satisfactory and is Lundbeck's best ever financial results. Lundbeck recorded growth in all areas – for new marketed pharmaceuticals and in all regions. This satisfactory performance provides a strong foundation for continuing the development of our broad research and development pipeline of pharmaceutical candidates."

**Non-recurring items**

Non-recurring items include two payments from Takeda Pharmaceutical Company Limited totalling DKK 420 million, and a DKK 381 million impairment writedown of the Group's manufacturing unit in Seal Sands, UK. Overall, non-recurring items had a DKK 39 million favourable impact on consolidated profit from operations.

The development of an optimised production process for one of Lundbeck's pharmaceuticals has enabled the Group to consolidate its in-house production of active pharmaceutical ingredients at two factories instead of three. As a result, Lundbeck is considering whether the Seal Sands manufacturing unit will continue to be a part of the Group's production of pharmaceuticals in the long run. Lundbeck is investigating the opportunities for divesting the facility in an attempt to keep production at the Seal Sands site. If these attempts are not successful, a closedown of the facility may become a reality during 2008.

Dividends

The Supervisory Board proposes to pay dividend for 2007 of 30% of the net profit for the year to shareholders of the parent company, corresponding to DKK 2.56 per share.

Financial forecast for 2008

2007 actual DKKm*		2008 Forecast
10,565	Revenue	DKK 11 – 11.5bn
2,657	Profit from operations	DKK 2.8 – 2.9bn
739	Investments	Approx. DKK 500m

* Exclusive of non-recurring items

The financial forecast for 2008 sustains the EBIT margin at approximately 25%, while Lundbeck in 2008 expects to spend more than 20% of its revenue on research and development.

Changes to the Supervisory Board

Employee representative William Watson will be replaced by Jørn Mayntzhusen as a new board member. Jørn Mayntzhusen is also elected by the employees.

New members appointed to Lundbeck's Executive Management

Lundbeck's Executive Management will be expanded to include Anders Gersel Pedersen and Peter Høngaard Andersen.



The Executive Management will subsequently consist of the following members:

- Claus Bræstrup, President and CEO
- Lars Bang, Executive Vice President, Supply Operations & Engineering
- Anders Gersel Pedersen, Executive Vice President, Development
- Anders Götzsche, Executive Vice President, Corporate Finance & IT
- Peter Høngaard Andersen, Executive Vice President, Research
- Stig Løkke Pedersen, Executive Vice President, Commercial Operations

Lundbeck's pipeline of pharmaceuticals in clinical development

During Q4 2007, Lundbeck further consolidated its pipeline of pharmaceuticals in clinical development.

The compound Lu AA21004 showed highly significant results in the treatment of depression in Phase II clinical trials in October 2007, and the compound advanced into Phase III clinical trials in December.

Lu AA24530 for the treatment of mood and anxiety disorders entered into clinical Phase II in October, and in October and November respectively Lundbeck initiated the first clinical trials of the compounds Lu AA24493 for the treatment of diseases with neuronal damage and Lu AA47070 for the treatment of neurological diseases, including Parkinson's disease.

Finally, the portfolio was strengthened further in December, when Lundbeck signed an extended agreement with PAION AG concerning the compound desmoteplase in clinical phase III for the treatment of stroke, to which Lundbeck now holds global rights.

At the beginning of 2008, Lundbeck launched Phase I clinical studies with Lu AA37096 for the treatment of mood disorders, and at the same time discontinued the further development of Lu AA44608. In February 2008, Lundbeck announced that the compound Lu AA34893 had moved into clinical Phase II.



Lundbeck's pipeline of pharmaceuticals in clinical development as per 4 March 2008

Indication Compound	Mechanism of action	Phase	Registration application	Expected launch
Schizophrenia SerdolectP® - USA	Dopamine/serotonin		2008	2009
Schizophrenia Bifeprunox	Dopamine/serotonin	III	2010+	
Stroke Desmoteplase	Plasminogen activator	III	2010+	
Alcohol dependence Nalmefene	Specific opioid receptor antagonist	III	2010+	
Depression Lu AA21004	Serotonin modulator & stimulator	III	2010	2010+
Psychosis Lu 31-130	Monoaminergic	II	2010+	
Depression Lu AA24530	Multiple target	II	2010+	
Depression Lu AA34893	Multiple target	II	2010+	
Psychosis/bipolar disorder Lu AA39959	Ion channel modulator	I	2010+	
Stroke/neuronal damage Lu AA24493	Tissue protecting cytokine	I	2010+	
Neurological diseases Lu AA47070	Adenosine receptor antagonist	I	2010+	
Mood disorders Lu AA37096	Multiple target	I	2010+	



Financial highlights 2007

DKK m	Including non-recurring items			Exclusive of non-recurring items		
	2007	Growth *	Q4 2007	2007	Growth *	Q4 2007
Revenue	10,985	19%	2,830	10,565	17%	2,628
- Cipralex®	4,094	17%	1,031	4,094	17%	1,031
- Lexapro®	2,594	35%	626	2,594	35%	626
- Ebixa®	1,655	22%	422	1,655	22%	422
- Azilect®	168	136%	48	168	136%	48
- Serdolect®	34	250%	8	34	250%	8
- Other pharmaceuticals	1,750	-11%	409	1,750	-11%	409
- Other revenue	690	84%	286	271	23%	84
Costs	8,290	11%	2,563	7,909	6%	2,182
- Cost of sales	2,198	34%	846	1,817	10%	465
- Distribution and administration	3,923	2%	1,053	3,923	2%	1,053
- Research and development	2,187	12%	681	2,187	12%	681
- Other operating expenses, net	(18)	-	(16)	(18)	-	(16)
Profit from operations	2,695	51%	267	2,657	63%	446
EBIT margin	24.5%	27%	9%	25.1%	39%	17%
Net financials	(50)	-				
Net profit for the year	1,770	60%				
Cash flows from operating and investing activities	1,610	-1%				
Earnings per share (EPS) (DKK)	8.63	65%				
Proposed dividend per share (DKK)	2.56	63%				

*) Growth relative to 2006

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Further information

An electronic version of the annual report for 2007 and further information about Lundbeck is available from the company's website www.lundbeck.com. The print version of the annual report for 2007 will be available on 28 March 2008.

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About Lundbeck

H. Lundbeck A/S is an international pharmaceutical company engaged in the research and development, production, marketing and sale of drugs for the treatment of psychiatric and neurological disorders. In 2007, the company's revenue was DKK 11 billion (approximately EUR 1.5 billion or USD 2.0 billion). The number of employees is approximately 5,300 globally. For further information, please visit www.lundbeck.com