

LUNDBECK

Moderator: Ulf Wiinberg
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8:00 a.m. ET

Operator: Ladies and gentlemen, thank you for standing by. Welcome to the H. Lundbeck A/S Q1 2014 Financial Results. At this time all participants are in listen only mode. There will be a presentation followed by a question and answer session, at which time if you wish to ask a question, you'll need to press star one on your telephone.

And I must advise you that this conference is being recorded today, on Wednesday the 7th of May, 2014. So now I'd like to hand the conference over to your presenter today, Mr. Ulf Wiinberg. Please go ahead sir.

Ulf Wiinberg: Thank you. Good afternoon and welcome to the Lundbeck first quarter teleconference. With me today is our CFO, Anders Götzsche, and our head of R&D, Anders Gersel Pedersen. Before we start I would just mention the company disclaimer, which is on Page 2 in the presentation. I will, however, not read it.

Now to slide three. We are genuinely very pleased with Q1. We think it's a great quarter from a financial point of view and we're also very happy with the operations results. We are 40 percent up on the new product sales and we have a lot of new product activity in the first quarter and that is just going to accelerate for the rest of the year.

We are very pleased with the U.S. growth, which, if you, just for the currency we see of the dollar is 40 percent. So the USA is – is about to become a very, very significant and fairly representative business as far as the Lundbeck business. We have, also, current adjusted 80 percent growth in international

markets and we are genuinely pleased with that too in views of the uncertainties that characterize many of the emerging markets in 2013.

Perhaps the most important event in the quarter was the launch of Brintellix end of January in the U.S. and so far we feel we are doing well and we are happy. There are one or two things we can improve, but overall we feel we're off to a very good start.

I also want to highlight that there are important R&D news to flow over the next couple of quarters. The first will probably be the Brintellix CONNECT data and the second will be the (Desmo) data and then, of course, where we go with – with Brexpiprazole.

When it comes to financials, many of you have for quite some time asked us to realign with the rest of the industry with respect to how we do reporting. And we have now done that as we have introduced core earnings too.

Q1 also gives us a very good financial base for the year. I mean we have delivered 500 over \$500 million and obviously our guidance to EBIT is \$500 to \$1 billion. So clearly we're starting strong and that is important for us this year. Core EBIT is down 21 percent due to generics and lost costs and we are keeping our financial guidance for the year.

Let me talk a little bit about the new product in details. So it comes to Brintellix. We feel that the feedback from the field from the physicians have been very, very positive both with respect to the efficacy and the safety of Brintellix. And we would like to believe it's about to differentiate a mode of action, that obviously Brintellix does things for patients where other drugs may not work as well.

We also think it's about very good short-term and long-term data we have and the very good safety. Shortly, we have – we have percent of the focus with respect to the formation and the CONNECT data is upcoming. With respect to Abilify Maintena, we are off to a – a good launch in the U.S., but I will also say that considering how good the product is, I would like us to do even better. And clearly we have to work on getting a little bit more competitive in the market place. So we have very high expectations on Abilify Maitnena.

In Europe, I am very pleased with that we are going out and getting market access on time or ahead of the time schedule that we have. And those markets that have launched and the early sales update has also been very positive. I think Abilify Maintena has tremendous promise to be used earlier and for younger patients than other (depos) have ever been used.

So I think it is important for us to have a big vision for this product and have high expectations and operate and launch it accordingly. We have also filed for acute schizophrenia in the U.S. showing the very good efficacy and we also obviously are leveraging the very strong heritage on Abilify. So, what we expect of this is to communicate on (Rex) later this year and everything is going as planned, but I know we have said earlier that we hope to communicate by middle of the year but is likely to be during third quarter. But that is not an operation, it is just that we have improved our plan.

So getting into more details on Brintellix, launch was January, late January 2014, we have 8,000 unique prescribers now, which is a good number. We have around 20,000 patients so far. Launches outside the U.S. will start in the second half of this year and the preparation and expectations on market access is generally positive.

With respect to the other new products on Page 6, I obviously talked about Abilify Maintena before, so things are going generally well and, again, we have very high expectations here. Once it continues to go well and I think with the growth of a 3 percent local currency, which if you adjust for the weakening of the dollar, would be even higher, suggests to us that we – we will – we have a chance already in year three to get into our peak sales levels and we will definitely do that in – within year four. So very positive evolution – I am also very happy about Lexapro, Japan and the market share evolution there.

At the same time I am disappointed in the local currency evolution because clearly, Lexapro Japan was an important strategic initiative for Lundbeck and the way we have the operations to succeed, it would – it would have been nice

to see a stronger Yen and more contributions from this product, which was our initial expectations.

Selincro lastly, obviously the revenue is very, very low and that's what is expected. We have previously said that year 2014 is the year of market access for Selincro. So how are we doing? Well there are both good news and bad news. We are extremely pleased about the reimbursement that we've had.

In Belgium and the launch is positive and sales are off to a very good start. But I will also say that I am personally disappointed that the Scandinavian countries had not been quicker to embrace this concept. I know alcohol is politically a priority in this country and we would have expected to see them come through sooner. And – and that has not happened and that's a disappointment for us.

So – so I think we have to sort of go through the big launches 00:10:00 on the continent and see where we stand towards the end of the year. All of this says we are encouraged by the recent launch in Belgium. So all-in-all new products are up 47 percent in local currency to .9 billion in Q1 2014.

Now I'm privileged to hand over to Anders Gersel Pedersen, who will give the update on R&D.

Anders Gersel Pedersen: Thank you. We have indeed had a number of events already this year and some coming up. As we have announced we have filed with (Autoca), the Abilify Maintaina schizophrenia in the United States, with data clearly indicating strong effect also in the acute phase of (depo) treatment. And, in addition, we have had Brintellix approval in Australia, with a very good label recognizing the cognitive data that we have filed in the Australian file.

We also have upcoming published data from focus study, which is the first study that has cognitive endpoints, with the primary endpoint of Brintellix in depressed patients. It just came out a couple of weeks ago. And also we will have additional data disclosure both on Brintellix and Brepiprazole at varied conferences for the remaining part of the year.

In terms of the readout for the phase 3 programs, we will see Desnortepase data later on this year in, presumably, the beginning of Q3 we are around the time point that we have earlier discussed, but a little delays compared to what we originally – since hoped for. This is a very large and complex program and we want to make sure that we have reviewed all the data with high quality before we unblind the data so that we can be certain that what we see is what we have.

We have already published a study on Brexpiprazole in adjust ADD and we have another one coming and two schizophrenia studies coming. And with those data we will analyze our position and I will go into discussions with the FDA and expect to let you know later on in Q3 with respect to where we stand with that.

The Brintellix CONNECT data we are expecting to be able to give some insights to – by the midst of this year and that's sort of the news flow that we'll be expecting to be having from these. We already have, as we speak, and the past week, had a number of data coming out on Brintellix at the big APA conference in New York.

The clinical data representing the more than 4,000 treated patients gave a very good insight into the breadth of information we have, also (meat) analysis on the efficacy and the both the effect on depression and anxiety patients with depression and anxiety at high levels.

We also expect to have presence in upcoming conferences and continue to talk for our growing insight to what Brintellix does and how it works both form a pre-clinical experimental perspective but also in terms of clinical data.

Brexpiprazole is a promising molecule. We have already indicated with the presentation at EPA that we have a molecule that has strong effects in depressed patients as an adjunct therapy and with a profile that we have seen that and shown lives up to our expectations. It's so powerful, the molecule, going forward.

With that I will hand over to Anders Götzsche, who will discuss the data in more details.

Anders Götzsche: Thank you Anders and please turn to slide 10. And as Ulf already mentioned we have implemented core earnings and this is being requested – it's basically from foreign investors for a couple of years and now we have accepted that this is a way that some of the other pharma companies are also presenting data.

So, as you can see, and this slide will actually show that we – I have had some question is this for good or for bad, and it's actually both. Because if you look into Q1 you can see that our – what we are adding back is one off item, so to speak, like amortization, non-recurring items like milestone payments, divestitures, restructuring cost. If we have legal fees and settlements, or major legal fees or settlements and therefore it's important to notice, that as we had described in our accounting policies, that you're (altd) level for each noncore item will be \$100 million.

So going forward we will, of course, report according to international accounting standards, but we will also make a separate reporting of these core earnings. If you go to the next slide, I'll touch upon the financial performance for the first quarter and Ulf said we are actually pleased with the performance. We think it's a solid spot. What I think is really important to pay attention to is that Azilect is doing well in Europe, Cipralex is doing well in Europe and most market where we have a protection and where we have exclusivity we are taking market shares.

You can also see that U.S. has grown really with the neurology portfolio and therefore we are, very pleased to see that the development as I – the psychiatry portfolio during the year, we have been – had a focus on the national markets, and you can see the impacts of close to 12 percentage points due to FX. And that is of course hitting revenue and earnings, and that will be a challenge if the Danish Krone stays as strong as it is for the time being for the remaining part of the year.

Regards to expenses, we think we are totally in control of the expenses and what we use most of our investments in is, of course, is the new product launches and it is important to realize that we will continue to invest as we get

market access. So the investments level will increase for the remaining part of the year (in sylincal). We will, as we get market access for Abilify Maintena and it goes farther than anticipated. We will invest in Ability and Maintena and that will be in Europe and in other countries.

It is also important to say that you should not expect a lot of earnings and revenue from Brintellix, from international markets and Europe because the first focus will be market access and what we hope to see is that by the end of the 14, beginning of 15 that we'll be launching Brintellix in countries like Canada, South Africa, Australia, Latin America and then hopefully, also, in 15 in some of the major countries in Europe. But you shouldn't expect material revenue from Brintellix in 2014.

So we have had a good start with the solid earnings both from a core perspective but also from a reporting perspective. And we are actually pleased with the performance and you should expect on (the ratio) to be around 20 percent for the year. You should expect the SG&A market to be around 45 percent and there will be strength in that, also, depending on how fast you get market access for the new products.

So all-in-all extremely solid performance in the first quarter. If you turn to page 12, we are 1/4 into 2014 and we still want to highlight that the unusual number pf variables going forward, we have generic entrance for Cipralex, in Europe in June, July. We have the date in September for Canada. We are still generic erosion for Ebixa and what is important to say is that you should expect that first half we will have – we will have positive earnings and then second half will be an investment period.

So if it is a zero result or negative result, we don't know before we actually see this different update for the new products and all how fast generic erosion will be.

So, as we are confirmed today is our forecast for 14 from a revenue point of view we expect it to be 13.5 EBIT. We have confirmed 0.5 to 1 billion and the core EBIT we have basically adjusted for amortization of product rights,

which is the only core item we adjust for and the forecast is 1.2, 2.7 billion. With that I will hand back to Ulf for making the concluding remarks.

Ulf Wiinberg: So just to summarize 2014 is a very exciting year for Lundbeck. Right now we're in the middle of the Brintellix launch and so far we're encouraged, but obviously we have to continue to do well. (Rex) data on first (MDB study) out of two was presented in EPA in March. We have started the launches and the process of searching market access for Abilify Maintena in Europe. So far we are on or ahead of plan all the early days.

Desnoplase we expect headline conclusions from DS3 in Q3, which is a slight delay due to the quality assurance that Anders mentioned. CONNECT data we expect to come through the year in Q2 in June. Brexpiprazole the FDA submission is obviously pending data and FDA discussions, but hopefully Q3 and the Selincro so far we have under-performed in the non-reimbursed markets but now we are expecting reimbursement in some of the big continental markets and clear the performance here will be very important.

We are encouraged by the laws in Belgium and hopefully that will be more good news for the other countries. Then Brintellix there is a lot of excitement in Europe and in international markets with Brintellix and obviously there is a lot of excitement around cognition here and we're hoping to have some launches by the end of the year so that we can see contributions from Europe and the international market in 2015.

And lastly we have a new dual chamber syringe for Abilify Maintena, which helps the product become more user friendly and hopefully we'll continue to facilitate earlier use of the product. So all in all an exciting year for us and we're pleased through the first quarter, now we have to execute on the following three. And with that I'd like to open up for Q&A.

Operator: Thank you sir. As a reminder, if you'd wish to ask a question via the phone lines, please press star one on you telephone and wait for your name to be announced. If you wish to cancel that request, please press the hash key. So that's star one to ask a question. The first questions comes from (Ernuff Fung) from Goldman Sachs. Please go head.

(Ernuff Fung): Hi, three questions, gentlemen, if I may. Firstly, just on the Brintellix U.S. scripts, could you comment if there is any underlying sampling that is skewing the Brintellix script uptake versus (Vibrid) and given sort of my recent poll, it's only tracking at about 60 to 70 percent of (Vibrid) scripts. Just wondering whether and when you expect to see an inflection point and what strategies you indicate are planned to accelerate the launch trajectory.

Secondly, on desmo it looks like the DSJ study has completed, just wondering what your next steps for development in Japan are and whether you're interested in out licensing the product.

And finally just on tax, given the high tax rate for the first quarter could you please provide an update on your expectations for the full year. Thank you.

Ulf Wiinberg: I'll start with the first two questions and then Anders Götzsche will address tax question. DR3, you know let us see the data for DR3 this summer and after that we'll do our commercial strategy for Desmo. But – but and so we have made no decisions with respect to Japan, yet. But I will also say that should this be positive, I mean, despro may be a good product to start a commercial organization in Japan. So again we haven't made any decision yes, but that is something we have to do when we get the data.

With respect to Brintellix, we are delivering 70 to 80 percent of the (Vibrid) sales. It's important when we gave the guidance this year we said let's use (Vibrid) and (Forest) as our benchmark from an organizational competency point of view to see if we are competitive in the market and if not, what corrective actions we can take. So when we look at the – all of the data parameters together, including sales, overall we think we are – (what you're) 70 to 80 percent of (Vibrid) we're clearly beating (fatsima), which has a share of voice that is equal higher overall (Forest) has a higher share of voice than we do.

So I think we have done pretty good there. I think we have faster uptake on the doctors. I think most of the things from a competency point view, we are doing OK. I also think it's very important to say that the doctors who have

used Brintellix have been very positive and there is a lot of excitement around Brintellix in the U.S. So I hope to see further improvement in performance.

And of course for me, CEOs who have – with a slight attention deficit disorder, sooner is always better than later. But I think if there is something that we could talk about improving, it is that when we launch the second line position, we – what we have seen is obviously the dynamic where, when people fail on – on generic (Exatalipram) or Lexapro, we had hoped they'd come immediately to Brintellix.

But what we have seen there is that there is the use of several, what are called first line drugs before you get to second line drugs. And that we get patients who are much more ill and who have tried many, many more drugs before. So the good news there is that the clinical feedback is very positive in this more difficult patient population. But, of course, the challenge for us as a company is to leverage that positive clinical experienced find ways where Brintellix is used earlier, ideally after first branded after one failure on generics.

That's going to take some time, but that's – that's out challenge in the marketplace. So I think I – I hope I have answered your question there.

Anders Götzsche: With respect to the tax, you're right, we have adjusted the expectations for the tax rate for the year to 40 percent and it is basically due to a change in earnings mix, more earnings from the U.S. high taxation and then also due to some adjustments from earlier years.

The problem we are facing, or the reason or this change is, of course, that our profit before tax is much lower compared to previous years so just smaller adjustments from earlier years will impact our tax rate. What is important also to say that the – the tax rate going forward in Denmark, within the next couple of years is 22 percent and the – you should expect that we will have some non-deductible expenses, which is for the rest of the – the remaining part of the industry that we cannot deduct expenses like for some of the marketing expenses and so the structural rate will be around 25 percent,

maybe up to 27 depending on the revenue mix. So that is what you use after the transition period, after 14 and 15 where the income is very low.

(Ernuff Fung): Thank you.

Ulf Wiinberg: Next question please?

Operator: The next question comes from the line of (Matthew Weston) from Credit Suisse. Please go ahead.

(Matthew Weston): Good afternoon and thank you for taking my questions. Three if I may. Regarding Maintena sales, can you actually give us the number for Q1 sales. And also remind us of the progression Q3/Q4 of last year and then into Q1 this year?

Also if I just looked own your most recently released consensus from the company, I note that (Zycress) sales are as much as \$400 million in consensus in three of our years time. And I wondered how comfortable management was given the trends that we're seeing with that product appearing to be very limited. I know in the past you highlighted it in terms of being a smaller contributor than you previously assumed, but it still seems that people have very high expectations that aren't being delivered on.

And then I'm going to ask a similar question with respect for to Selincro. Again, consensus has 100 million Danish Kroner for 2014 for Selincro given the one reported in Q1 in your comments about difficult market uptake. How should we be thinking of the launch trajectory for that product?

Anders Götzsche: I will – this is Anders Götzsche. You know (Zycress) I think it's – I think the numbers are pretty fair, you're right that we have – it's not a focus area, we are now focusing on the new products, but what will be the exact numbers going forward I think it's – there will be limited changes to the – to the consensus estimates.

With regards to Selincro, I think the way you should think about the revenue is to get meaningful revenue figures, we need to be successful what Ulf just explained. We need to get access in the larger countries in Europe. We need

to have more successes as the early signs we have in Belgium. If we are not successful with market access, getting a price and reimbursement in some of the larger countries then it will not be meaningful to – then it will not be meaningful revenue we are receiving this year from Selincro.

So we need to be better in actually getting this market access and that's the key to reach a level of 2/2.5 billion Danish NP sales for Selincro. You – you had three questions, what was the last one?

(Matthew Weston): It was the maintena sales in the quarter.

Anders Götzsche: We have not – we have not so far disclosed any figures for Maintena and we expected that from 15, when it's more mature. We have disclosed Brintellix in the U.S. because it's such a trigger for the company, so we have – we have – we are disclosing that for the U.S. business, we will do that in 2014, we will not disclose Brintellix sales figures for international markets in Europe because they will be nonmaterial this year, but we will start to report it next year with it gets mature.

(Matthew Weston): Understood. So if I could just have one quick follow up then? We shouldn't assume it's less than the eight for Brintellix just because you haven't disclosed it?

Anders Götzsche: No.

(Matthew Weston): You disclosed the eight for Brintellix simply because it's so material for the strategy and long-term future of the company?

Anders Götzsche: You're fully right.

(Matthew Weston): Perfect. Many thanks indeed.

Ulf Wiinberg: Next question please?

Operator: The next questions comes from (Peter Hargriff) from FEB. Please go ahead.

(Peter Hargriff): Yeah hi (Peter Hugriff), FEB, thank you very much for taking my questions. Also three, if I may. Firstly on Brintellix Anders I understand that you have

said that you are convinced that you will reach your \$5 go \$10 billion target on back of the three months launch of Brintellix in the U.S. And at the same time you also kind of indicated that the launch is likely slow based on what you see versus (vibrid).

Maybe you could give us some kind of indication of when you will reach your target of the \$5 to \$10 billion just so we have some kind of flavor of the commencement. Then secondly on (Brex) two questions if I may. Firstly on the type of communication going forward I – you used to have a statement saying that you would give headline conclusions. I can see that has been removed, so what kind of communications should we expect from you?

Simply just in your file, will we get any kind of data? And then secondly, in – also with respect of Brexpiprazole the fact that that Brintellix's precision to our panel being precision as very late stage struck right now. How does that put Brexpiprazole because I thought that's going to be your late stage structure. Or maybe you could elaborate on that. Thank you.

Ulf Wiinberg: Peter this is Ulf here. You know we – we have said that we believe Brintellix, (will generate good) action, good efficacy, good safety and potential cognitive benefits can result in seed sales of \$5 to \$10 billion all things going well. We are – where we stand right now there is nothing that would indicate to us that we wouldn't be able to do – to do that. I think the referenced to (Vibrid), again, I mean when we picked (Vibrid) as a reference, it was from an operational competency point of view. Remember Lundbeck had no psychiatry organization in the U.S. until January of this year. So for us to have a sales force that can go out and go head to head and be competitive with (Forest), that was the key metric for us for the first six months.

And that's why we picked (Vibrid). We are a little bit behind (Vibrid). There are couple of things that we can maybe do a little bit better, so I don't want to go into hereby for competitive reasons, but overall I think both Lundbeck and (Otsuka) has done a very good job here and I expect a launch to sort of come through as more established.

I think Anders you want to comment on the Brex communications?

Anders Gersel Pedersen: Yes, I think the – we would expect that we would if the data coming out at a scientific conference all at a time of filing. When we receive data we obviously need to see them in consulated form. We need to discuss them with the (FDA need to) understand filing. And that is one route. Another route of communication is the one that we've already had when we had something coming out from a conference, we always communicated that stage.

And it is correct that we had earlier commented that it could be announced in some way, data on this quarter here. We don't believe that is going to be likely that we will do that later this quarter here. We think we're more into quarter three before we'll be able to communicate.

(Peter Hargriff): Anders may I just follow up, just – just to understand has anything fundamentally changed because, I mean, at least in my world this is quite important event for you so is there anything that has changed due to – to this change of communication?

Anders Gersel Pedersen: No. There is not.

(Peter Hargriff): OK. Thank you. And then on Brexpiprazole positioning?

Anders Gersel Pedersen: Well, I think you know, the comment I made about Brintellix being used so late in the process now when it's new maybe not surprising. But that's not the idea of positioning where want to come in is much earlier. We want to come in as a first failure product. And that's not what happened these first few months. We have to help the physicians identify the patients who can go quicker from first failure to Brintellix.

I think Brexpiprazole is obviously going to be an add on drug in second life. And perhaps we are getting many of the potential Brexpiprazole patients right now. But again, we need to get Brintellix used much earlier in the cycle.

When it comes to conflict, I just want to say, you know, for us to achieve peak sales with – with Brintellix we need 1.5 to 2 percent of the overall patient volume. And for Brex it's probably less than one percent to achieve it's peak sales. So combined with these two products, if we're going to be absolute

leaders if we can get to three percent with them, we will be phenomenally successful.

So I'm less – less hung up about whether there is an overlap of positioning on any of the drugs in that part.

Anders Götzsche: Peter this is Anders. I think it's a natural phenomenon when you try-out a new drug early entry. Physicians obviously want to get their own experience before they utilize it in various settings. And it would be natural for them to do what they have done before they try on a new drug that they have never tried before. As they get more experience with a drug, they will also use it in a position more likely where we want it to be, which is the first brand of product, first after the use of a failure to a first line of therapy.

(Peter Hargruff): Cool. Thanks a lot.

Ulf Wiinberg: Next question please. Any more questions? Next question please?

Male: We appear to have some communication issue with the switchboard. Please bear with us while we are trying to get this addressed so we can take more questions. Just a second, just trying to find the operator.

Ulf Wiinberg: Operator?

Male: Yes. His – his computer is frozen, just a second. He's coming back. There are more questions, please stand by.

Ulf Wiinberg: Are we disconnected or are we?

Male: We're still connected.

Operator: OK. Thank you the next question comes from the line of (Seahedge Novat) from (Nordia). Please go ahead.

(Michael Novat): Yeah, this is (Michael Novat) from (Nordia). Just two questions. One to CipraleX in Japan or Lexapro in Japan. No doubt that you take a major hit on currency, so maybe you could just outline the market share development. How does it look now after Q1 in – in Japan and do you see continued growth

or do you see some kind of stagnation or how does the market share pan out in Japan?

Male: Mike – oh sorry.

(Michael Novat): Just a second one, just a clarification to Anders Götzsche comments earlier regarding currencies. Is it correct understood that you said that if the currencies stay at the current level, then it will be difficult to reach a 13.5 billion or just to be in the ball park on 13.5 billion. Maybe just a clarification on that. Thank you.

Ulf Wiinberg: Why don't you go ahead.

Anders Götzsche: I can start with it. We have said approximately 13.5 billion and you – you're right, if the currency stays at the current level, then it will be more tough to reach the 13.5 billion but, you know that's so many moving parts, so that's only one – one of the things in the totality to read thought the 13.5 million.

But definitely we have not seen any positive movements helping us with the FX.

(Michael Novat): OK, it was just to find out whether there was any significant change from the 13.5. No worries.

Ulf Wiinberg: Just on Lexapro Japan we had a 13.3 share in April. I have to say market shares in Japan have a fluctuation that is larger I see from – in the other markets and – and we can see significant increases and decreases in a given month. So it's – I always take one month with a bit of caveat. But if I sort of look at the trend over the last six months, it feels like we're at least keeping pace, maybe increasing and I can sort of see us getting to 15 share soon.

And obviously we have talked a lot about 15 and 50 internally and I feel very comfortable about achieving and delivery on that.

Peter Hargruff: OK. OK. Thank you.

Ulf Wiinberg: Next question please?

Operator: The next question comes from (Carson Multon) from Carnegie. Please go ahead.

(Carson Multon): Yeah. This is Carson from (Carnegie Cohaggan). Just two questions. I don't know – is it possible for you to quantify anything about the Selincro launch in Belgium since you're so encouraged by what you have seen. Is it solely a matter of getting fully reimbursed or have – is anything tell us about a patient's startups, markets shares or anything like that.

And then on Brincellix U.S when you talked about the corrective measures you could potentially do if you're not satisfied with the launch. Have you done any corrections since the launch, are you still waiting for the first six months and could you also give some examples, is it solely a matter of more man power or is there anything else you could potentially do. Thanks.

Male: (Carson), first, you know, Belgium there is – I mean one month you have – you have no data at all. But I think what we have seen in Belgium, which is interesting that there is clearly a political will to do something without the whole – there is great awareness and there has been a lot of recognition coming out. A lot of interest from positions, a lot of excitement around.

If I then take a look at France, we know that the French Minister of Health talked about alcohol being a big problem and promised parliament that Selincro will soon be reimbursed in France. I don't know if that's – it's not really our – we're not part of that decision making process. But you can see a high level of political excitement about the possibilities what Selincro can do in society from these two examples. Contrast that, if you look at Denmark and Sweden, we have had no such excitement from politicians or things to do so. The sales we have seen have been private market sales, non-reimbursed and that has been disappointing, because I had expected in all the countries to take the lead on this.

And now it looks like there is more excitement on the continent to do something like this and maybe the Nordic countries will be followers instead of leaders (in this build). With respect to Brintellix the changes are – are minor and they would be referred to under the sales force effectiveness

concept. It's not investment related, necessarily and I don't want to go into it further since we have a lot of companies who are very interested in what we are doing and not doing with respect to Brintellix law and some specific around. And simplistically say fine tuning, but continue as we go.

Anders Gersel Pedersen: And (Cartner) I would like rectify we are not – we are satisfied with the launch, we are still believing for the \$5 to \$10 billion. We get good patient feedback that – that the feedback from position from patients are good, we are on par from an access point of view, with (Wyfred) an we are head of (Fukima) so all the fundamentals that needs to be in place to create a big product in the U.S. and in other markets, are still there. So we are not concluding that we are not satisfied with the – with the launch, but we – as Ulf just alluded to, we are very keen to secure that we do our utmost and – and drive the trend as good as we can or ...

(Carson Multon): actually if I sort of indicated that you were not satisfied then was mistaken, I know you are. So I was just trying to understand what kind of changes you could potentially do if you after six month say get another perspective.

Anders Gersel Pedersen: If not, if not, you know, another 1,000 people behind, I think, the key issue is some – some effectiveness ,asters that we have in the – in our organization. But that's a general, you know, this is (Fakeda) has never sold an anti-depressant before. We have a whole new team on board from beginning of January and the first quarter we are – and we start, we hit the ground running and we're competitive from day one.

I think that's pretty good.

(Carson Multon): All right. Thank you.

Ulf Wiinberg: Next question please.

Operator: The next question comes from (Florent Sinipeds) from (XMPMP). Please go ahead.

(Florent Sinipeds): Good afternoon gentlemen. Thank you very much for taking my question. Three quick ones.. First, on Abilify Maintena, could you gives us more color

on how you believe you could do more. Could it be more marketing, new formulation, or could you share with us your excitement on this potential. And secondly on Selincro, how could you read in the trials, the product in the different countries where the launches have been disappointing, is again the partnership could be in this stage; and the last question it's about 2015, so next year when do you believe you will be in a position to give us more color on how you see the profitability in 2015. Could it be in Q3 and when you will have more visibility on this, what it play and complexity puzzled. Thank you.

Anders Gersel Pedersen: I think, let me start with guidance on 15. It's very difficult for us. It's depending on the more successful we are in – in R&D, for instance, if Desmo is successful we will need to make (project) investments in – in Desmo and that will obviously have a – a negative EBIT impact in 15.

And then it's about the new product sales uptake. So I think, you know, we need to see through the year before we can guide FDA. I don't think we will be able to give good insight on EBIT by Q3 this year. I think on Abilify Maintena, that makes me excited about this drug is that if a schizophrenic patient has one episode, and get the maintena as a drug, then and you presented that individual has a great chance from living a normal life. If you have two, three or four episodes, you're likely to fall out of society more in terms of being part – having a personal relationship with a girlfriend or boyfriend, being part of a group in school or at work and just being part of society in general.

Depo drugs has had the draw back that they have a lot of side effects and Abilify Maintena has less side effects. Perhaps Maintena is the first drug that can be used really early in treatment and there expand the LI market very much.

And so that's why 00:52:00 we are so excited about Maintena. When new look at the launches that we had if I look at and say this is a fantastic product, why are we not selling more, then I have to start it so what can we do to be more competitive and it's probably an area around services where we have to get better with sampling and other things that makes it easier for patients to get the drug earlier.

Selincro I think we have said all along that – that 2014 in to (market access) this year and that we will once we have access we will invest behind the brand. And when we reorganize Lundbeck Euro about a year ago we said we want to operate with an organizational concept where we have more flexibility.

So if we get market access in a big an important country, we are willing to consider co-promotion deals and rent and sales forces rather than having fixed resource available waiting for product in every country. So, when we get market access in the big markets, we will find the best way to go to market that gives the highest potential for Selincro to be successful in that market.

And what was the third? That was it OK.

(Florent Sinipeds): Thank you very much (very clear).

Ulf Wiinberg: Thank you. Next question please?

Operator: The next question comes from (Tony Hugh) from Jefferies. Please go ahead.

(Pete Wellford): Oh hi. Thanks for taking my question. I've really just got two quick follow ups. Sorry. It's Pete Wellford here. Firstly, just with regards to Brexpiprazole, you said that the (phase three) results would be delayed a little bit. I just wonder, I guess, what gives you confidence that you can file with the FDA within 2014. That seems potentially, you know, quite expedited given the timeline for the data or should we be assuming that you've already started putting together parts of the regulatory package and you did a lot of this analysis that is going on at the moment is more internal rather than necessarily the data itself.

And then secondly just coming back to Brintellix, I wonder if you could just outline for us with regards to the – the sales that you're booking, the 8 million Danish Kroner. What that exactly entails and just remind us exactly how you record revenues in the U.S. and how we should think about that also with regards to stocking inventory and those sort of things that could impact the U.S. and how that could be accounted for within the partnership. Thank you.

Anders Götzsche: This is Anders, with respect to the Brexpiprazole filing timelines then we have made no adjustments to that concerning when we can possibly can do it, we're basically being meticulous about the data understanding what our options here and also get a read from the FDS how they see the data.

And in that process, we'll determine exactly what to do and then move ahead from there. Regards to Brintellix we received four (type) figures, one third of the safe and the US. and (with Bogota) that's not a lot of pipeline filing in the numbers you see. So it will be more – it will be more interesting to discuss the revenue figures in Q2 and Q3. So what the focus is now is to get patience on the drug and then revenue will follow.

(Peter Wellford) That's great, thank you.

Ulf Wiinberg: Next question please.

Operator: You have a follow up question from the line of (Matthew Weston) from Credit Suisse. Please go ahead.

(Matthew Weston): Thank you. One quick follow up please. With the move to core earnings, clearly when it comes to dividend policy you've previously indicated a payout ratio, I think, 35 percent of reported earnings. Now last year with the E-fine you moved away from that fixed indication. How should we now think about it with the move to core earnings. Should we think of it dividend payout ratio to core? Or should we still think of payout ratio based on reported. And if so can you give us some indication of payout ratio that we should consider given as you pointed out on this call the very clear transition period over the next couple of years. Thank you.

Ulf Wiinberg: I think you should expect that – that we will stick to dividend based on reported earnings that is at least what we have decided together with our board so far. And you should expect that – that the earnings in 14 as we are seeing and in 15 will be on a lower level than you have seen that has passed on dividend is definitely not the driver in the years to come. But hopefully from 16 and onwards we hope to see a rebound in our earnings and then we

will continue to have hire divided on the payout rate ratio we expect to be in the high end, 35 percent of the reported earnings.

(Matthew Weston): Many thanks, indeed.

Ulf Wiinberg: And just for me to say, I mean obviously reported makes more sense because a lot of things that influence cash flows are – are in flow and out flow in relation to product fields and – and that has been a dynamic phenomenon for us the last few years. And it's probably likely to be dynamic going forward. Next question please.

Operator: No further questions at this point. Please continue.

Ulf Wiinberg: Thank you very much all for calling in and for following Lundbeck. We look forward to keeping you abreast of our development in this exciting (year).

Operator: Thank you. That does conclude our conference here today. Thank you all for participating. You may now disconnect.

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