

2016 guidance raised based on solid sales performance and improved profitability

HIGHLIGHTS

- Revenue reached DKK 3,770 million in the first quarter of 2016 representing an increase of 6% both reported and in local currencies compared to the same period last year
 - Total revenue have delivered a better performance than expected for the quarter primarily driven by key products (Abilify Maintena[®], Brintellix[®]/Trintellix, Northera[®], Onfi[®], Rexulti[®]) and Xenazine
 - US revenue increased 38% (32% in local currency) to DKK 1,846 million
 - Revenue in Europe declined 22% (22% in local currencies) to DKK 747 million
 - International Markets declined 5% (increased 4% in local currencies) to DKK 1,096 million
- Revenue from key products grew 108% (103% in local currencies) to DKK 1,352 million in the quarter representing 36% of total revenue
 - Abilify Maintena sees strong growth reaching DKK 255 million. The growth of 113% (110% in local currencies) was driven by all regions, but particularly by Europe
 - Brintellix/Trintellix sales reached DKK 238 million, with non-US markets contributing DKK 100 million or 42%
 - Northera sales reached DKK 199 million, up 371% (346% in local currency)
 - Onfi continues its solid performance growing 39% (33% in local currency) to DKK 544 million
 - Rexulti was launched in the US in August 2015 and revenue reached DKK 116 million
- In the first quarter of 2016, the EBIT-margin reached 12.8% compared to -0.9% in the same period in 2015
- Following the solid performance, Lundbeck now expects revenue of around DKK 14.2-14.6 billion and EBIT is expected to reach DKK 1.3-1.5 billion for 2016 compared to previously DKK 13.8-14.2 billion and DKK 1.0-1.2 billion, respectively

In connection with the financial report, Lundbeck's President and CEO, Kåre Schultz said:

"I am very pleased with the progress of our restructuring initiatives which is illustrated by the strong improvement in margins. Furthermore, our sales performance has been strong and our key products continue their solid momentum. We raise our financial guidance for 2016 and are well on track to deliver on our long-term expectations".

DKK million	Q1 2016	Q1 2015	Growth
Reported Revenue	3,770	3,563	6%
Reported EBIT	483	(32)	-
Reported EPS	0.94	(0.41)	-
Reported EBIT margin	12.8%	(0.9%)	-
Core Revenue*	3,770	3,563	6%
Core EBIT*	749	216	247%
Core EBIT margin*	19.9%	6.1%	-

*For definition of the measures "Core Revenue" and "Core EBIT", see note 2 Core reporting

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FINANCIAL HIGHLIGHTS AND KEY FIGURES

	2016 Q1	2015 Q1	2015 FY
Financial highlights (DKK million)			
Core revenue	3,770	3,563	14,464
Core profit from operations (core EBIT)	749	216	847
Reported revenue	3,770	3,563	14,594
Operating profit before depreciation and amortization (EBITDA)	824	308	210
Reported profit/(loss) from operations (EBIT)	483	(32)	(6,816)
Net financials	(123)	-	(190)
Profit/(loss) before tax	360	(32)	(7,006)
Tax	174	49	(1,312)
Profit/(loss) for the period	186	(81)	(5,694)
Equity	8,733	14,310	8,785
Assets	20,614	26,528	21,325
Cash flows from operating and investing activities (free cash flow)	320	(418)	(2,645)
Purchase of property, plant and equipment, gross	21	44	237
Key figures			
EBIT margin (%)	12.8	(0.9)	(46.7)
Return on invested capital (ROIC) (%)	2.8	(0.6)	(45.4)
Annualized return on invested capital (ROIC) (%)	11.3	(2.3)	(45.4)
Cash-to-earnings (%)	172.4	nm	nm
Research and development ratio (%)	19.4	20.6	55.8
Return on equity (%)	2.1	(0.6)	(51.1)
Equity ratio (%)	42.4	53.9	41.2
Invested capital (DKKm)	10,785	14,396	11,034
Net debt/EBITDA	2.5	0.3	10.7
Share data			
Number of shares for the calculation of EPS (million)	197.2	196.3	196.5
Number of shares for the calculation of DEPS (million)	197.5	196.4	196.7
Earnings per share, basic (EPS) (DKK)	0.94	(0.41)	(28.98)
Earnings per share, diluted (DEPS) (DKK)	0.94	(0.41)	(28.98)
Cash flow from operating activities per share, diluted (DKK)	1.81	(1.94)	1.00
Net asset value per share, diluted (DKK)	44.22	72.73	44.46
Market capitalization (DKK million)	42,665	28,777	46,445
Share price end of period (DKK)	216.2	146.5	235.4
Proposed dividend per share (DKK)	-	-	0.00
Other			
Number of employees (FTE)	5,070	5,859	5,257

MANAGEMENT REVIEW

Financial guidance and forward-looking statements

Financial guidance for the full year 2016 is revised following better-than-expected operating performance. For 2016, Lundbeck now expects revenue to reach DKK 14.2-14.6 billion and profit from operations (EBIT) to reach DKK 1.3-1.5 billion in constant exchange rates.

The guidance is summarized below:

Financial forecast 2016

DKK billion	2015 actual	Previous 2016 forecast	Revised 2016 forecast
Revenue	14.6	13.8-14.2	14.2-14.6
EBIT	(6.8)	1.0-1.2	1.3-1.5

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 the first quarter of 2016 reached DKK 3,770 million compared to DKK 3,563 million for the same quarter in 2015. The increase of 6% is driven by a positive development for all our key products (Abilify Maintena, Brintellix, Northera, Onfi and Rexulti) more than mitigating the effect from the handback of Azilect to Teva and generic erosion on Xenazine. The currency impact was limited. The growth of our key products reached 108% (103% in local currencies) thereby reaching DKK 1,352 million or 36% of total revenue compared to 18% in the same period last year. Excluding Azilect, total revenue increased by approximately 15%.

Revenue - products and regions

DKK million	Q1 2016	Q1 2015	Growth	Growth in local currencies	Q4 2015
Abilify Maintena	255	120	113%	110%	211
Azilect	100	375	(73%)	(74%)	359
Brintellix/Trintellix	238	98	142%	152%	211
Cipralext	750	812	(8%)	2%	572
Northera	199	42	371%	346%	192
Onfi	544	390	39%	33%	516
Rexulti	116	-	-	-	59
Sabril	287	230	25%	18%	265
Xenazine	444	506	(12%)	(16%)	542
Other pharmaceuticals	756	874	(14%)	(13%)	702
Other revenue	81	116	(30%)	(30%)	104
Total revenue	3,770	3,563	6%	6%	3,733
Europe	747	961	(22%)	(22%)	972
US	1,846	1,335	38%	32%	1,803
International Markets	1,096	1,151	(5%)	4%	854

Abilify Maintena (aripiprazole once-monthly injection), for the treatment of schizophrenia, shows steady sales growth. Sales grew 113%, or 110% in local currencies, and reached DKK 255 million in the first quarter. Abilify Maintena was discovered by Otsuka. It is co-marketed by the two companies and became available to patients in 2013.

Azilect (rasagiline) for the treatment of Parkinson's disease realized revenue of DKK 100 million for the quarter. Sales in Europe and to some extent also in International Markets are impacted by the handback of the product to Teva after which the revenue is replaced by royalties based on Teva's revenue in the markets.

Revenue from **Brintellix/Trintellix** (vortioxetine) for the treatment of depression (MDD) reached DKK 238 million in the first quarter of the year. The growth was driven by continued sales growth in the US and also from new launches.

Cipralext (escitalopram) for the treatment of depression declined in revenue by 8% in the quarter due to generic competition in the European markets and in Canada. The decline is in line with expectations.

Northera (droxidopa) for the treatment of symptomatic neurogenic orthostatic hypotension (nOH) was launched in the US in 2014. Sales from Northera showed solid growth and reached DKK 199 million in the quarter.

Onfi (clobazam) for the treatment of Lennox-Gastaut syndrome continues to show strong growth and generated first quarter revenue of DKK 544 million, an increase of 33% in local currency, or 39% reported, compared to the same period last year. Lundbeck has the marketing rights for Onfi in the US.

Rexulti (brexpiprazole) has been approved by FDA in July 2015 as an adjunctive therapy for the treatment of adults with major depressive disorder and as a treatment for adults with schizophrenia. Rexulti was discovered by Otsuka and co-developed with Lundbeck. It is co-marketed by the two companies and became available to patients in the US in early August 2015. Lundbeck's share of the revenue reached DKK 116 million in the first quarter of 2016.

Sabril (vigabatrin) for the treatment of refractory complex partial seizures (rCPS) and infantile spasms (IS) generated first quarter revenue of DKK 287 million, thereby increasing 18% in local currency, or 25% reported, compared to the first quarter of 2015. Lundbeck has the marketing rights for Sabril in the US.

Xenazine (tetrabenazine) for the treatment of chorea associated with Huntington's disease saw the first generic introductions in the fourth quarter of 2015 which have impacted sales. Revenue reached DKK 444 million compared to DKK 506 million in the same period last year, a decline of 16% in local currencies, or 12% reported. Lundbeck has the marketing rights for Xenazine in the US.

Revenue from **Other pharmaceuticals**, which comprise the remainder of Lundbeck's products, was DKK 756 million. Other pharmaceuticals are negatively impacted by the generic competition on Ebixa in Europe which is countered by growth in other mature products.

Other revenue reached DKK 81 million in the quarter, compared to DKK 116 million for the same period in the previous year. Other revenue mainly consists of income from contract manufacturing.

Figure 1 – Revenue per region Q1 2016 vs Q1 2015 (excluding Other revenue)



Europe

Revenue reached DKK 747 million in the first quarter of 2016 which was a decline compared to DKK 961 million in the same period last year. The decline is caused by generic erosion of older products following the loss of exclusivity and limited mitigating effects from our new products due to timing of market access. Europe constitutes 20% of total revenue compared to 27% last year.

Revenue – Europe

DKK million	Q1 2016	Q1 2015	Growth	Growth in local currencies	Q4 2015
Abilify Maintena	119	45	168%	169%	96
Brintellix	45	7	582%	673%	46
Cipralext	198	245	(19%)	(18%)	196
Other pharmaceuticals	385	664	(42%)	(43%)	634
Total revenue	747	961	(22%)	(22%)	972

Abilify Maintena has been launched in all major markets in Europe. Sales uptake of Abilify Maintena is solid with sales in the first quarter reaching DKK 119 million with Spain, France and Italy being the largest markets.

Brintellix has been launched in close to 20 European markets so far. As expected, market access is still limited outside the Nordic countries and the Netherlands. However, in countries where Brintellix has been launched (e.g. Poland, Sweden and Denmark) we see a solid uptake. Price negotiations with the German authorities have ended without reaching an agreement. Legal mandatory arbitrations have now started and are expected to be concluded towards the end of the year.

Cipralex declined due to generic competition.

Revenue from **Other pharmaceuticals** was DKK 385 million, a decline of 42% compared to same period the previous year. First quarter revenue from **Azilect** amounted to DKK 71 million, a decline of 78% compared to the first quarter of 2015 following the handback to Teva after which the revenue has been replaced by royalties. Azilect and Ebixa (memantine) are included in Other pharmaceuticals.

Selincro (nalmefene), for the treatment of alcohol dependence, realized sales in the first quarter of 2016 of DKK 49 million primarily driven by France, which contributed more than 73% of European sales. Selincro is included in Other pharmaceuticals.

US

Revenue reached DKK 1,846 million in the first quarter of 2016, which is an increase of 32% in local currency, or 38% reported. Lundbeck US continues its solid growth, thereby confirming this market's strategic importance for Lundbeck. Revenue in the US contributed 49% of total revenue compared to 38% in the same period last year.

Revenue – US

DKK million	Q1 2016	Q1 2015	Growth	Growth in local currencies	Q4 2015
Abilify Maintena	105	68	54%	46%	92
Brintellix/Trintellix	138	74	86%	80%	125
Northera	199	42	371%	346%	192
Onfi	544	390	39%	33%	516
Rexulti	116	-	-	-	59
Sabril	287	230	25%	18%	265
Xenazine	440	501	(12%)	(16%)	539
Other pharmaceuticals	17	30	(42%)	(48%)	15
Total revenue	1,846	1,335	38%	32%	1,803

Abilify Maintena continues to grow and sales reached DKK 105 million for the quarter, which represents Lundbeck's 20% share of total net sales.

Brintellix/Trintellix was launched in the US in January 2014, and revenue for the first quarter of 2016 reached DKK 138 million for Lundbeck following a growth of 86%. In coordination with the FDA, Lundbeck and its partner in the US, Takeda, have determined to change the brand name from Brintellix to Trintellix effective from June 2016. Brintellix/Trintellix' share of branded TR_x (total prescriptions) volume was 20.5% and the share of branded NR_x (new prescriptions) volume was 23.6% by end-April.

Northera for the treatment of symptomatic neurogenic orthostatic hypotension (nOH) was made available in the US market in Autumn 2014. Sales from Northera reached DKK 199 million in the first quarter of the year.

Onfi reached revenue of DKK 544 million in the first quarter, corresponding to a growth of 33% in local currency, or 39% reported. The solid performance is primarily driven by demand combined with a positive price development.

Rexulti was approved by FDA in July 2015 as an adjunctive therapy for the treatment of adults with major depressive disorder and as a treatment for adults with schizophrenia. Rexulti was discovered by Otsuka and co-developed with Lundbeck. It is co-marketed by the two companies and became available to patients in the US in early August 2015. Lundbeck's share of revenue reached DKK 116 million in the first quarter of 2016. Rexulti has 6.3% branded TR_x market share and 8.1% branded NR_x market share by end-April. Patient data suggest that more than ¾ of prescriptions are prescribed for MDD. Rexulti has had more than 10,000 writers since launch.

Sabril revenue for the quarter was DKK 287 million, growing 18% in local currency or 25% reported, compared to the same quarter the year before. The performance is primarily driven by demand combined with a positive price development.

Revenue from **Xenazine** was DKK 440 million for the quarter which exceeded our expectations. Revenue decreased 16% in local currency and 12% reported, compared to the first quarter in the previous year. The performance was impacted by generic introductions which have had negative impact on sales.

International Markets

Revenue from International Markets, which comprise all of Lundbeck's markets outside of Europe and the US, reached DKK 1,096 million in the first quarter of 2016, compared to DKK 1,151 million in the same period last year – a decline of 5%. In local currencies, revenue increased 4%. The positive underlying performance is driven by Abilify Maintena, Brintellix and Cipralelex/Lexapro. International Markets constituted 29% of total revenue in the quarter compared to 32% in the same period last year.

Revenue – International Markets

DKK million	Q1 2016	Q1 2015	Growth	Growth in local currencies	Q4 2015
Abilify Maintena	31	7	328%	354%	23
Azilect	29	48	(40%)	(37%)	45
Brintellix	55	17	216%	264%	40
Cipralelex/Lexapro	552	567	(3%)	12%	376
Ebixa	145	181	(20%)	(18%)	128
Other pharmaceuticals	284	331	(14%)	(12%)	242
Total revenue	1,096	1,151	(5%)	4%	854

Abilify Maintena has been launched in Australia and Canada so far and reached revenue of DKK 31 million in the first quarter of 2016.

Azilect continues to enjoy solid growth in e.g. Hong Kong and Korea, but Turkey and Australia are negatively impacted by the handback to Teva, and Thailand is negatively impacted by destocking. All-in-all sales are down 40% to DKK 29 million in the quarter.

Brintellix reached DKK 55 million for the quarter. This product has been launched in several countries such as Australia (private market), Canada, Chile, Mexico and South Africa and in general the uptake is encouraging. Brintellix was launched in Brazil in March 2016 following the approval by the Brazilian authorities in October last year. Brazil is the world's fourth largest antidepressants' market with an estimated market size of around USD 800

million per year. Furthermore, the product has been granted 1st line reimbursement in broad depression/MDD (without any restrictions) in South Korea.

Cipralex/Lexapro generated first quarter revenue of DKK 552 million. Sales increased 12% in local currencies, but declined 3% reported, compared to the previous year. Cipralex/Lexapro continued to grow in most Asian markets including Japan which in part has been benefitting from stocking.

Ebixa generated first quarter revenue of DKK 145 million representing a decline of 20% reported and 18% in local currencies primarily due to the economic situation in Venezuela and fluctuations in shipments to China.

Rexulti has been submitted for schizophrenia in Australia and in Canada in April 2016.

Other pharmaceuticals generated revenue of DKK 284 million during the quarter, a decrease of 14% compared to the same quarter the year before. The decrease is explained by quarterly fluctuations in sales of mature products in the region.

Expenses and income

Total costs for the first quarter of 2016 was DKK 3,287 million compared to DKK 3,595 million for the same period last year. The decrease in total costs of 9% can primarily be ascribed to positive effects from the ongoing restructuring programme initiated in August 2015.

Distribution of costs

DKK million	Q1 2016	Q1 2015	Growth	Q4 2015
Cost of sales	1,063	1,180	(10%)	1,271
Sales and distribution	1,302	1,453	(10%)	1,710
Administration	190	228	(16%)	234
Research and development	732	734	(0%)	950
Total costs	3,287	3,595	(9%)	4,165

Cost of sales decreased 10% to DKK 1,063 million in the quarter. This corresponds to 28% of Lundbeck's total revenue compared to 33% in the same quarter the previous year and 37% for the full year. Cost of sales is positively impacted by change in product mix and the handback of Azilect to Teva at the beginning of the year.

Sales and distribution costs were DKK 1,302 million, which was a decline of 10% compared to first quarter the year before following the execution of the restructuring programme announced in 2015. Sales and distribution costs corresponds to 35% of revenue compared to 41% the year before and 46% for the full year.

Administrative expenses were DKK 190 million corresponding to 5% of total revenue in the first quarter of 2016. The 16% decline in administration expenses can be attributed to the execution of the restructuring programme in 2015 combined with the setup of the Business Service Centre in Kraków in 2014.

SG&A costs were DKK 1,492 million compared to DKK 1,681 million in the same period previous year. The SG&A ratio for the period was 40%, compared to 47% in the same period the year before.

Research and development costs were largely unchanged at DKK 732 million in the quarter. The R&D ratio reached 19.4% of revenue in the quarter compared to 20.6% in the same period last year.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges, which are included in the individual expense categories, amounted to DKK 341 million in the first quarter compared to DKK 340 million last year.

Depreciation, amortization and impairment charges

DKK million	Q1 2016	Q1 2015	Growth	Q4 2015
Cost of sales	306	287	6%	357
Sales and distribution	10	12	(12%)	22
Administration	5	12	(58%)	8
Research and development	20	29	(33%)	230
Total depreciation, amortization and impairment charges	341	340	0%	617

Profit from operations (EBIT)

EBIT for the first quarter of 2016 amounted to DKK 483 million compared to a loss of DKK 32 million in the same quarter in 2015. As a result, the EBIT margin increased significantly and reached 12.8%.

Core EBIT increased by 247% in the quarter thereby reaching DKK 749 million – the difference between reported EBIT and Core EBIT is amortization of product rights. The increase in EBIT and in Core EBIT is driven by strong sales especially in the US, more than offsetting the loss in revenue due to generic erosion on mature products, and benefits from the ongoing restructuring programme. For definition of the measures “Core Revenue”, “Core EBIT” and “Core EPS”, see note 2 *Core reporting*.

Net financials

Lundbeck generated a net financial expense of DKK 123 million in the first quarter of 2016, compared to net financials of DKK 0 million in the first quarter of 2015.

Net interest expense, including realized and unrealized gains and losses on the bond portfolio, amounted to an expense of DKK 15 million in the first quarter of 2016, compared to an expense of DKK 21 million in the same period in 2015. The lower interest cost is related to lower interest rates primarily on mortgage debt.

Net exchange gains/losses amounted to a loss of DKK 105 million in the first quarter of 2016, compared to a gain of DKK 23 million in the first quarter of 2015. The main reason for the loss is the recognition of an exchange loss of DKK 125 million relating to the devaluation in Venezuela. Please see note 4 *Net financials* for further details.

Tax

The effective tax for Q1 2016 is 48.5%. The higher tax rate compared to the Danish corporate income tax rate is caused by:

- Amortization of Northera product rights, which is not deductible for tax purposes and thus creates a permanent difference
- Lundbeck’s increased activity in the US results in an increased profit. The corporate tax rate in the US is higher than the Danish tax rate and not fully offset by the tax loss realized in Denmark.

Net profit/(loss) and EPS for the period

Net profit for the first quarter of 2016 reached DKK 186 million compared to a net loss of DKK 81 million in 2015. The reported net profit corresponds to an **EPS** of DKK 0.94 per share versus a negative EPS of DKK 0.41 per

share for the same period the year before. **Core EPS** was DKK 2.07 per share for the first quarter in 2016, compared to a Core EPS of DKK 0.66 per share in the same quarter in 2015. For definition of the measures “Core Revenue”, “Core EBIT” and “Core EPS”, see note 2 *Core reporting*.

Hedging

Lundbeck hedges expected income from its products through currency hedging on a rolling basis, up to 12 months in advance. As a result of Lundbeck’s currency hedging policy, foreign exchange gains and losses on hedging transactions are allocated directly to the hedged transaction. Hedging had a positive impact on profit of DKK 24 million in the first quarter of 2016, compared with a situation where the income is not hedged and included at the current exchange rates during the period. The effect was a DKK 26 million loss in the first quarter of 2015.

Cash flow

Lundbeck had a positive cash flow from operating and investing activities of DKK 320 million in the first quarter of 2016 compared to a cash outflow from operating and investing activities of DKK 418 million in the same period last year.

Cash flow DKK million	Q1 2016	Q1 2015	FY 2015
Cash flows from operating activities	357	(382)	197
Cash flows from investing activities	(37)	(36)	(2,842)
Cash flows from operating and investing activities (free cash flow)	320	(418)	(2,645)
Cash flows from financing activities	(348)	(97)	501
Net cash flow for the period	(28)	(515)	(2,144)
Cash and bank balance at beginning of period	1,504	3,651	3,651
Unrealized exchange gains/losses on cash and bank balances	(93)	24	(3)
Net cash flow for the period	(28)	(515)	(2,144)
Cash and bank balances end of period	1,383	3,160	1,504
Securities	17	18	17
Interest-bearing debt	(3,452)	(3,264)	(3,770)
Interest-bearing debt, cash, bank balances and securities, net end of period	(2,052)	(86)	(2,249)

Investing activities generated cash outflow of DKK 37 million in the first quarter of 2016. Financing activities generated a cash outflow of DKK 348 million compared to an outflow of DKK 97 million in the same quarter last year.

Interest bearing debt has been reduced to DKK 3,452 million in the first quarter compared to DKK 3,770 million by the end of 2015. Net debt has therefore been reduced from DKK 2,249 million at year-end 2015 to DKK 2,052 million at the end of the first quarter 2016.

Balance sheet

As of 31 March 2016, Lundbeck had total assets of DKK 20,614 million, compared to DKK 21,325 million at the end of 2015.

As of 31 March 2016, Lundbeck's equity amounted to DKK 8,733 million, corresponding to an equity ratio of 42.4% compared to 41.2% at the end of 2015.

Lundbeck's development portfolio

Lundbeck is developing a number of new and promising pharmaceuticals for the treatment of psychiatric and neurological disorders within the indications of depression, schizophrenia, Alzheimer's and Parkinson's. Pipeline development is summarized as follows:

Approved or under regulatory review

In March 2016, Lundbeck and Takeda Pharmaceutical Company announced that the U.S. Food and Drug Administration (FDA) issued a complete response letter (CRL) for the supplemental new drug application (sNDA) to include new data in the clinical trials section of the U.S. label of Brintellix for treating certain aspects of cognitive dysfunction in adults with major depressive disorder (MDD).

Takeda and Lundbeck are disappointed with the response given that the U.S. FDA Psychopharmacologic Drugs Advisory Committee (PDAC) voted 8 to 2 that Takeda and Lundbeck presented substantial evidence to support a claim of effectiveness for Brintellix in treating certain aspects of cognitive dysfunction in adults with MDD. However, the companies were pleased that FDA recognized the importance of cognitive dysfunction in MDD and view it as a legitimate target for drug development.

Clinical phase III

In August 2012, Lundbeck and Otsuka Pharmaceuticals initiated a randomized, double-blind, placebo-controlled trial (NCT01567527) to assess the time to recurrence of any mood episode in stabilized patients with bipolar I disorder randomized to 52 weeks of treatment with either placebo or Abilify Maintena. The clinical phase III maintenance study, which enrolled in total 731 patients, has now been finalized and the study met its primary endpoint. We plan to present the data at an upcoming medical conference.

In April 2015, our partner Takeda started a new clinical phase III study (NCT02389816) with **Brintellix** in Japanese individuals. The study is planned to recruit 480 patients who will receive Brintellix (10 or 20 mg) or placebo. The study is expected to be finalized in 2018.

In the second half of 2013, Lundbeck and Otsuka Pharmaceuticals initiated two pivotal studies with **Rexulti** (brexpiprazole) in individuals with agitation associated with dementia of the Alzheimer's type. The two studies are expected to recruit around 420 and 230 patients respectively (NCT01862640, NCT01922258). Enrolment of patients has progressed as planned, and the studies are expected to finalize at the end of 2017. FDA has granted Fast Track designation for this programme.

In October 2013, Lundbeck and Otsuka Pharmaceuticals initiated the phase III programme in **idalopirdine** in order to explore the effect of the compound in mild-to-moderate Alzheimer's disease as adjunctive therapy to acetylcholinesterase inhibitors (AChEIs). The key endpoints are Alzheimer's Disease Assessment Scale -

Cognitive Subscale (ADAS-cog), Activities of Daily Living (ADL), and the Clinical Global Impression of Change Scale (CGIC). The programme will enrol approximately 2,500 patients worldwide and recruitment is on track in order to finalize the programme in the first quarter of 2017.

Lundbeck has initiated the phase III programme on **Lu AF35700** which is currently planned to consist of two pivotal trials. Two doses of Lu AF35700 (10 and 20 mg) will be tested in patients with treatment resistant schizophrenia. The first study (NCT02717195) is planned to enrol approximately 1,000 patients in approximately 15 countries including the US and Canada and is expected to last around three years. Lu AF35700 has been granted Fast Track designation in treatment resistant schizophrenia by FDA.

Lu AF35700 has a novel and unique pharmacological profile with high D₁ and 5-HT₆ receptor affinity in combination with low D₂ receptor affinity. The compound represents a potential new option for patients not responding on high D₂ blocking antipsychotics. In completed safety trials, Lu AF35700 was generally safe and well tolerated with less mood and mentation related side effects due to low D₂ blockade.

For **Selincro** (nalmefene), which has been launched in Europe for alcohol dependence, a clinical phase III study (NCT02364947) was initiated in Japan in December 2014. The study is run by Otsuka Pharmaceuticals and is expected to recruit some 660 patients. Additionally, a long-term open label study has been initiated in Japan.

Clinical phase II

In December 2014, Lundbeck and Takeda initiated a clinical phase II study (NCT02327013) on **Brintellix** with the purpose to determine the effect of Brintellix treatment on ADHD symptoms in adult patients with ADHD in a 12 week study. The study is expected to recruit approximately 225 patients and is expected to be finalized towards the end of 2016.

General corporate matters

Intellectual property rights are a prerequisite for Lundbeck's continued investments in innovative pharmaceuticals. It is Lundbeck's policy to enforce its granted intellectual property rights wherever they may be violated. Lundbeck is still involved in a number of trials around the world related to defending its intellectual property rights covering escitalopram.

In early May 2016, Lundbeck NA Ltd (formerly known as Chelsea Therapeutics, Inc.) received a subpoena from the US Attorney's Office in Boston Massachusetts, relating to an investigation of Northera and Xenazine sales, marketing and related practices. Lundbeck LLC, USA is cooperating with this investigation.

In late January 2016, Lundbeck LLC, USA received a subpoena from the US Attorney's Office for the District of Rhode Island relating to an investigation of Xenazine sales, marketing and related practices. Lundbeck LLC, USA is cooperating with this investigation.

Purchase of treasury shares

To fund Lundbeck's long-term incentive programme granted to key employees in Denmark and abroad in 2015, Lundbeck has purchased 130,777 shares at a value of DKK 31 million in the first quarter of 2016.

LTI programme 2016

The Board of Directors of Lundbeck has resolved that Lundbeck will offer participation in a Restricted Share Unit-programme to members of Lundbeck's Executive Management and key employees as part of Lundbeck's

recurring long-term incentive programme. A Restricted Share Unit is a conditioned right to receive one share in Lundbeck.

Members of the Executive Management and key employees (approximately 130) employed in Lundbeck or a Lundbeck subsidiary will be offered to participate in the programme. The members of the company's Board of Directors and members of the Executive Management who are already participating in the 2014 Warrant Programme will not participate in the programme. Appointment of the participants will to a high degree be based on job level.

All of the Restricted Share Units will be granted after the announcement of the Annual Report for 2016 and will vest 3 years from the grant date. Grant and vesting are subject to Lundbeck achieving certain strategic and financial targets specified by the Board of Directors as well as continued employment with the Lundbeck Group for the period from grant until the Restricted Share Units have vested.

Key employees in the US subsidiaries will be offered participation in a Restricted Cash Unit-programme on terms and conditions similar to those that apply to the Restricted Share Unit programme. A Restricted Cash Unit is a conditioned right to receive a cash pay-out.

The budget for the programme at the time of the Board of Directors' resolution is a maximum of DKK 35 million. The value of the Restricted Share Units and the Restricted Cash Units, and thereby the possible maximum number of Restricted Share Units and Restricted Cash Units to be granted, has been calculated on the basis of Lundbeck's average share price in the first 10 banking days after publication of Lundbeck's annual report for 2015. Any changes in the share price between the calculation of the value of the Restricted Share Units and the Restricted Cash Units and the time of grant will not affect the possible maximum number of Restricted Share Units and Restricted Cash Units to be granted.

Issue of warrants to Lundbeck's CEO

The Board of Directors of Lundbeck has resolved, pursuant to the authorization in article 4.4 of the company's Articles of Association, to issue warrants for a nominal value of DKK 2,000,000, corresponding to 400,000 shares of DKK 5 each.

The warrants are issued as the Chief Executive Officer (CEO) is offered to participate in the one off 2014 Warrant Programme on equal terms as the former CEO, who is no longer part of the programme. The number of warrants offered to the present CEO is pro-rated relative to the period of time the present CEO has been with Lundbeck.

If the CEO accepts to participate in the 2014 Warrant Programme, the CEO will not participate in, and will thus not receive any shares or share-based incentive instruments under Lundbeck's 2016 annual LTI programme.

The warrants are granted on terms and conditions consistent with the Remuneration Guidelines for the Board of Directors and the Executive Management of Lundbeck that were adopted at the company's annual general meeting held on 31 March 2016.

One warrant entitles the holder to subscribe for 1 Lundbeck share of DKK 5 nominal value. The subscription of shares will take place at a price per share of DKK 5 nominal value based on an amount calculated as the average amount of the average prices ("all trades") of one Lundbeck share of DKK 5 nominal value on NASDAQ Copenhagen Stock Exchange over the 10 business days following the date of publication of Lundbeck's announcement of its annual results for 2013 (equal to DKK 141). To the basic amount will be added annual increases of 4% of the basic amount (including any annual increases for previous years) less any dividend per

Lundbeck share paid under resolutions passed at Lundbeck's general meetings. The annual increases will continue until exercise of the warrants or expiry on 30 April 2020.

The warrants will vest in 2017 subject to the Board of Directors' decision on vesting taking into account e.g. the financial situation of the Lundbeck group and subject to the CEO's continued employment in the Lundbeck Group in the vesting period.

The market value of the warrants at the time of the grant is calculated using the Black-Scholes method and is based on a volatility of 39.72%, a dividend yield of 2%, a risk free interest rate of 0.5%, a vesting period of 1 year and a share price of DKK 231.70. The total value is estimated to approximately DKK 31.5 million.

In the financial statements, the incentive programme granted to the CEO will be recognized in the income statement at fair value over the vesting period.

Conference call

Today at 1.00 pm (CET), Lundbeck will be hosting a conference call for the financial community. You can listen to the call online at www.lundbeck.com under the investor section.

MANAGEMENT STATEMENT

The Board of Directors and the Executive Management have discussed and adopted the interim report of H. Lundbeck A/S for the period 1 January – 31 March 2016. The interim report is presented in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the EU and additional Danish disclosure requirements for the interim reports of listed companies.

We consider the accounting policies applied to be appropriate. Accordingly, the interim report gives a true and fair view of the Group's assets, liabilities and financial position as of 31 March 2016, and of the results of the Group's operations and cash flows for the first three months of 2016, which ended on 31 March 2016.

In our opinion, the Management's report gives a true and fair view of activity developments, the Group's general financial position and the results for the period. It also gives a fair view of the significant risks and uncertainty factors that may affect the Group.

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

Valby, 11 May 2016

Executive Management

Kåre Schultz
President and CEO

Lars Bang
Executive Vice President, Supply
Operations & Engineering

Anders Götzsche
Executive Vice President, CFO

Anders Gersel Pedersen
Executive Vice President, R&D

Staffan Schüberg
Executive Vice President, CCO

Jacob Tolstrup
Executive Vice President,
Corporate Functions

Board of Directors

Lars Rasmussen
Chairman of the Board

Lene Skole
Deputy Chairman of the Board

Terrie Curran

Mona Elisabeth Elster
Employee representative

Lars Holmqvist

Henrik Sindal Jensen
Employee representative

Jørn Mayntzhusen
Employee representative

Jesper Ovesen

FINANCIAL STATEMENTS

Income statement

DKK million	2016 Q1	2015 Q1	2015 FY
Revenue	3,770	3,563	14,594
Cost of sales	1,063	1,180	5,395
Gross profit	2,707	2,383	9,199
Sales and distribution costs	1,302	1,453	6,706
Administrative expenses	190	228	1,160
Research and development costs	732	734	8,149
Profit/(loss) from operations (EBIT)	483	(32)	(6,816)
Net financials	(123)	-	(190)
Profit/(loss) before tax	360	(32)	(7,006)
Tax on profit/(loss) for the period	174	49	(1,312)
Profit/(loss) for the period	186	(81)	(5,694)
Earnings per share, basic (EPS) (DKK)	0.94	(0.41)	(28.98)
Earnings per share, diluted (DEPS) (DKK)	0.94	(0.41)	(28.98)

Statement of comprehensive income

DKK million	2016 Q1	2015 Q1	2015 FY
Profit/(loss) for the period	186	(81)	(5,694)
Actuarial gains/losses	-	-	16
Tax	-	-	(4)
Items that will not be reclassified subsequently to profit or loss	-	-	12
Exchange rate adjustments of investments in foreign subsidiaries	(269)	429	341
Exchange rate adjustments of additions to net investments in foreign subsidiaries	(47)	635	555
Adjustments, deferred exchange gains/losses, hedging	118	(86)	(93)
Exchange gains/losses, hedging (transferred to the hedged items)	(24)	26	80
Exchange gains/losses, trading (transferred from hedging to financial items)	-	-	5
Fair value adjustment of available-for-sale financial assets	16	5	79
Tax	(14)	(136)	(140)
Items that may be reclassified subsequently to profit or loss	(220)	873	827
Other comprehensive income	(220)	873	839
Comprehensive income	(34)	792	(4,855)

Balance sheet

DKK million			
Assets	31.03.2016	31.03.2015	31.12.2015
Intangible assets	9,234	13,349	9,794
Property, plant and equipment	2,202	2,715	2,246
Financial assets	1,487	993	1,625
Non-current assets	12,923	17,057	13,665
Inventories	2,259	2,341	2,217
Receivables	4,032	3,952	3,922
Securities	17	18	17
Cash and bank balances	1,383	3,160	1,504
Current assets	7,691	9,471	7,660
Assets	20,614	26,528	21,325
Equity and liabilities			
Share capital	987	982	987
Share premium	353	256	349
Foreign currency translation reserve	852	1,306	1,157
Currency hedging reserve	69	(44)	(4)
Retained earnings	6,472	11,810	6,296
Equity	8,733	14,310	8,785
Provisions	1,038	1,651	1,105
Debt	3,369	3,264	3,687
Non-current liabilities	4,407	4,915	4,792
Provisions	749	338	986
Debt	83	-	83
Trade payables	4,111	4,592	4,349
Other payables	2,531	2,373	2,330
Current liabilities	7,474	7,303	7,748
Liabilities	11,881	12,218	12,540
Equity and liabilities	20,614	26,528	21,325

Statement of changes in equity

DKK million

2016	Share capital	Share premium	Foreign currency translation reserve	Currency hedging reserve	Retained earnings	Equity
Equity at 1 January	987	349	1,157	(4)	6,296	8,785
Profit/(loss) for the period	-	-	-	-	186	186
Other comprehensive income	-	-	(305)	73	12	(220)
Comprehensive income	-	-	(305)	73	198	(34)
Capital increase through exercise of warrants	-	4	-	-	-	4
Buyback of treasury shares	-	-	-	-	(31)	(31)
Incentive programmes	-	-	-	-	9	9
Other transactions	-	4	-	-	(22)	(18)
Equity at 31 March	987	353	852	69	6,472	8,733
2015						
Equity at 1 January	982	252	392	2	11,898	13,526
Profit/(loss) for the period	-	-	-	-	(81)	(81)
Other comprehensive income	-	-	914	(46)	5	873
Comprehensive income	-	-	914	(46)	(76)	792
Capital increase through exercise of warrants	-	4	-	-	-	4
Buyback of treasury shares	-	-	-	-	(22)	(22)
Incentive programmes	-	-	-	-	10	10
Other transactions	-	4	-	-	(12)	(8)
Equity at 31 March	982	256	1,306	(44)	11,810	14,310

Cash flow statement

DKK million	2016 Q1	2015 Q1	2015 FY
Profit/(loss) from operations (EBIT)	483	(32)	(6,816)
Adjustments for non-cash operating items etc.	70	348	7,878
Change in working capital	(149)	(625)	(534)
Cash flows from operations before financial receipts and payments	404	(309)	528
Financial receipts and payments	(16)	(10)	(99)
Cash flows from ordinary activities	388	(319)	429
Income taxes paid	(31)	(63)	(232)
Cash flows from operating activities	357	(382)	197
Purchase of and proceeds from sale of bonds and other financial assets	-	(1)	(5)
Purchase of and proceeds from sale of intangible assets and property, plant and equipment	(37)	(35)	(2,837)
Cash flows from investing activities	(37)	(36)	(2,842)
Cash flows from operating and investing activities (free cash flow)	320	(418)	(2,645)
Capital contributions	4	4	102
Other financing activities	(352)	(101)	399
Cash flows from financing activities	(348)	(97)	501
Net cash flow for the period	(28)	(515)	(2,144)
Cash and bank balances at beginning of period	1,504	3,651	3,651
Unrealized exchange gains/losses on cash and bank balances	(93)	24	(3)
Net cash flow for the period	(28)	(515)	(2,144)
Cash and bank balances at end of period	1,383	3,160	1,504
Interest-bearing debt, cash, bank balances and securities, net is composed as follows:			
Cash and bank balances	1,383	3,160	1,504
Securities	17	18	17
Interest-bearing debt	(3,452)	(3,264)	(3,770)
Interest-bearing debt, cash, bank balances and securities, net end of period	(2,052)	(86)	(2,249)

Notes

Note 1 Accounting policies

The interim report is presented in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and additional Danish disclosure requirements for the interim reports of listed companies.

Accounting policies remain unchanged compared to the Annual Report for 2015, which contains a more detailed description of the Group's accounting policies.

Note 2 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.

Note 3 Incentive programmes

Please refer to 'General corporate matters' on page 13.

Note 4 Net financials

On 18 February 2016, the Venezuelan government devaluated the currency. Based on this and combined with a decline in transactions that have been settled at the official exchange rate, Lundbeck has assessed its receivables and considers it to be highly unlikely that the receivables will be settled at the official exchange rate. Consequently, Lundbeck has recognized an exchange rate loss of DKK 125 million in financial items.

To compensate for the uncertain economic situation in Venezuela, Lundbeck has decided to use the exchange rate "DICOM" (formerly known as "SIMADI") for the translation of income statement and balance sheet items in the consolidated financial statements.

Financial calendar 2016

24 August 2016: Second quarter results 2016

2 November 2016: Third quarter results 2016

Corporate releases since the Annual Report 2015

- 31 March 2016: Lundbeck held its Annual General Meeting on 31 March 2016 at the company's registered office
- 29 March 2016: Lundbeck and Takeda receive Complete Response Letter by the FDA for Brintellix® (vortioxetine) sNDA
- 11 March 2016: Lundbeck starts clinical phase III program with Lu AF35700 in patients with treatment resistant schizophrenia
- 8 March 2016: Notice of Annual General meeting
- 29 February 2016: Total number of voting rights and share capital in H. Lundbeck A/S as of 29 February 2016
- 23 February 2016: H. Lundbeck A/S increases its share capital by 40,104 shares (0.0203 % of outstanding shares) as a result of employee warrant exercise

For more information, please visit <http://investor.lundbeck.com/releases.cfm>.

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About Lundbeck

H. Lundbeck A/S (LUN.CO, LUN DC, HLUYY) is a global pharmaceutical company specialized in psychiatric and neurological disorders. For more than 70 years, we have been at the forefront of research within neuroscience. Our key areas of focus are depression, schizophrenia, Parkinson's disease and Alzheimer's disease.

An estimated 700 million people worldwide are living with psychiatric and neurological disorders 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 psychiatric and neurological disorders – we call this *Progress in Mind*.

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

Our approximately 5,000 employees in 55 countries are engaged in the entire value chain throughout research, development, manufacturing, marketing and sales. Our pipeline consists of several late-stage development programmes and our products are available in more than 100 countries. We have research centres in China and Denmark and production facilities in China, Denmark, France and Italy. Lundbeck generated revenue of DKK 14.6 billion in 2015 (EUR 2 billion; USD 2.2 billion).

For additional information, we encourage you to visit our corporate site www.lundbeck.com and connect with us on Twitter at [@Lundbeck](https://twitter.com/Lundbeck).