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PRESENTATION

Operator

Good afternoon, ladies and gentlemen, and welcome to the Lundbeck first-quarter 2012 financial results conference call. At this time, all participants are in listen-only mode until we conduct question and answer session and instructions will follow at that time. (Operator Instructions). I would now like to hand over to your chairperson, Mr. Ulf Wiinberg, Chief Executive Officer. Please go ahead, sir, and I will be standing by.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

Thank you very much. Welcome to the Lundbeck first-quarter teleconference for 2012. With me I have our CFO, Anders Gotzsche, and our Head of R&D, Anders Gersel Pedersen, who unfortunately has lost his voice so we have a stand in which is Palle Olesen, our Head of Investor Relations.

I just want to make everyone aware of the Company disclaimer on slide two, and now we're ready to go to slide three.

2012 is obviously the year -- a very, very exciting and important year for Lundbeck. It's the year when we're losing Lexapro and we now have lost the Lexapro patent in the US. It's also a year when we have many new product launches ongoing, and it's a year when we have very exciting pipeline news forthcoming.

I am very pleased with our first quarter, where we had 2% revenue growth if you exclude Lexapro in the US. And I think the EBIT of DKK882m is a good start for us and sets us off on track for delivering on guidance for the year.

When it comes to the new product launches, we are in general pleased with both Onfi and Lexapro in Japan, although it's very early for both of these launches. And we have also seen some exciting data on Sycrest, although we are still working on achieving price approvals.

When it comes to pipeline news, we will see data on 21004 here in Q2. We should get feedback on Selincro and aripiprazole depot in the US and Treanda during this year. So, very exciting.

When we look at our revenue growth and we exclude Lexapro, we can see that we have 2%, and key growth drivers have been Ebixa, Xenazine and Sabril. And from a geographic point of view, the international markets continue to perform very well.

Going to the next slide, obviously our plan is to increase our new product sales significantly over the next few years. And we're planning for having more than 50% of revenue in 2015 from new products, compared to 10% today.

In that context, Lexapro in Japan has reached 3.4% share here in March, so it's a good beginning. And as I mentioned, we also have initial positive feedback on Onfi and Sycrest, and Xenazine is now approaching the peak of DKK1b.

We have additional new launches planned. This year it's Treanda in Canada and then we have aripiprazole depot in the US, Selincro and 21004 in 2013, and there are also others. Next slide, please.

When looking at the regulatory review, with respect to Selincro we have received some feedback -- first level feedback. And we are working with the answers on that and we expect to get some final feedback towards the end of the year. And we have presented data at the EPA in Prague.

Aripiprazole depot was submitted in the US in November. We should hear something from the US authorities in Q3. There will be data presented at APA here in May. And further Phase III studies are ongoing, enabling submission in Europe 2013.

Treanda we have in-licensed from Cephalon, which is now Teva. It was submitted in Canada Q3 2011 and should be launched by yearend 2012.

And moving to the next slide, you can see this very beautiful graph illustrating the growth for Lexapro in Japan. Obviously I just want to remind you that the launch took place in August. We're doing this together with Mochida and also Mitsubishi Tanabe. Mochida and Mitsubishi Tanabe have given estimated peak sales of JPY33.8b, which corresponds to roughly DKK2.6b.

I now would like to hand over to Palle Olesen, who will try and cover up for Anders Gersel Pedersen.

Palle Olesen - *H. Lundbeck A/S - Head of IR*

Thank you, Ulf. I will just provide a short statement on our development portfolio.

As we also stated in the cover release this morning, that all our latest projects are developing according to plan. 21004 I will get back to in a minute.

The regulatory process for aripiprazole depot in the US, Treanda in Canada and Selincro in Europe are, as Ulf also said before, progressing according to expectations, and we expect feedback on all three projects during the second half of this year. For aripiprazole depot, it is also worth mentioning that our partner Otsuka will present four posters at the American Psychiatry Conference next week, including long-term efficacy data and safety data.

Regarding 58054, the study recruitment has been finalized according to plan and we expect to have the result later this quarter. This product, just to remind you, is a potent selective so-called 5-HT6 receptor antagonist and is currently in Phase II, an add-on to donepezil in patients with moderate Alzheimer's disease. Please turn to the next slide.

There should be no conference call without an update of 21004. The regulatory approval is coming to the final stage, as we and our partner Takeda are finalizing the last studies and are starting to digest the data. It is still the intention to report headline conclusions from the program some time during this quarter and to submit the registration dossier later in the year. We currently expect to submit the market authorization at the European authorities in the third quarter of 2012, and the NDA submission in the US is also expected in 2012.

Obviously I am not in a situation where I can elaborate on what data shows ahead of the presentation at APA next week for the older Phase III program, but I think it's worth noticing that we will have some nine posters regarding this project, of which three will present clinical data from

the previous Phase III program, including data from a study in elderly patients with major depression and a relapse prevention study in (inaudible), as well as long-term safety data.

I will now hand over the presentation to Anders Gotzsche, to go through the financial performance.

Anders Gotzsche - *H. Lundbeck A/S - CFO*

Thank you, Palle. And we are now at page 10, revenue for the quarter. We actually think that we have had a good start of the year and, as you can see in the release today, that we have kept our guidance and we are on track to deliver our expectations. Having said that, it is of course a tough operating environment with -- especially in Europe. And we will also continue to invest heavily in our new product launches, as well in our development portfolio.

In terms of our markets, we are not opposed to generic competition and we can see that in all markets where we have a patent, data exclusivity, whatever, we are performing extremely strong and are seeing very good growth figures.

If you -- when you see this slide, of course you can see there's a decline and for all of you this is totally old news. We have expected the patent expiry in the US for a lot of -- for many years. So, if you exclude the US franchise and if you adjust for both Lexapro US and for the sale of the mature product portfolio, we actually have underlying growth of 4%.

We're also pleased with that you can see Ebixa is showing a nice growth in the quarter. We need to say that it has been slightly impacted by shipment to China, and that will of course not continue. But we expect to see decent growth also for the rest of the year.

For Cipralex, we -- I would like to mention that we actually in Canada have continued to see very strong growth and we actually saw growth close to 50% for the quarter, and that is actually pulling in the right direction for Cipralex. Germany is declining year on year, but it is very important to note that in December the fixed grouping was lifted by a court order with immediate effect, so Cipralex is now back on the market, fully reimbursed, and we have already regained approximately half of the sales from before. And then I also want to point out that for Cipralex for most markets we are still taking market share.

If we look to the full-year expectation for Cipralex, growth will be a challenge due to healthcare reforms and generics, but a positive driver in that respect is of course Lexapro in Japan.

As you can see, Xenazine continues the strong growth. Sabril is also growing but of course we would like it to grow more, and that's one of the focus areas for 2012.

We now see that we have a strong portfolio of new CNS products, with Xenazine, Sabril and the launch of Onfi. And very soon we'll hopefully also have a fourth product within the CNS area, and that's Abilify depot in the US.

Azilect, on the surface it seems as a weak quarter because we have minus 1%, but you need to remember that we gave back Germany to Teva. And if you adjust for that, then we are actually showing underlying double-digit growth. So, in 95% of the countries, we actually show really nice growth figures for Azilect.

Sycrest, Ulf has alluded to that so I will not say much more about that. Please flip to the next slide.

And this is the P&L for the quarter. And we are actually from a company perspective very pleased both with the revenue and with the EBIT and the EBITDA level, and we think it supports a continued belief in our guidance for the year.

As you can see, the SG&A cost is in line with last year, but actually the underlying trend is grow in costs more than 3% because we have reversed a provision for the FTC case in the US. So we are using or investing a lot of money in product launches and that is impacting the figures.

For the full year, you usually expect that the SG&A percentage will increase approximately 3% to 5% compared to 2011 and that is in line with what we guided at in February when we announced the expectations for the year. And the additional cost is of course for Sycrest, Onfi and pre-launch cost for Selincro, as well as for Abilify depot in the US. R&D costs, you should expect a ratio of around 20% for the year. Please flip to the next slide.

The cash position is unchanged compared to yearend 2011. We have approximately DKK4b in cash, and we expect by the end of the year to have approximately DKK3b to DKK3.5b in cash. And how come that it will decline compared to the position we have now? And that is due to the fact that we expect to have successful events with Otsuka, which means that we will pay $200m in development milestone and a further $100m in approval milestone for Abilify depot. So we will have a slight cash outflow compared to the position we have now, also taking into account that we continue our dividend policy. Please flip to the next slide.

2012 will by all means be a very exciting year. We have the most exciting this year is from -- I shouldn't say that from a CFO point of view it's not the figures, but in fact the pipeline and our commercial execution effort. And Ulf will allude to that in a minute.

So the product launches is important. We are pleased with the uptick in Japan, as well as in China. Onfi in US is off to a good start and more countries are rolling on Sycrest. And that also demands for investments, but despite that we expect to keep our guidance.

So the guidance is unchanged, DKK14.5b to DKK15.2b, EBITDA DKK3.0b to DKK3.5b, EBIT DKK2.0b to DKK2.5b. You should also be aware of, as I said in February, that the growth for this year is negatively impacted from generics and healthcare reforms of approximately 5 to 8 percentage points.

With these concluding remarks, I will hand back to Ulf for the last slide of the presentation.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

So, just to remind everyone of what the main news flow is in 2012. In Q2, we will have presentations of data at the APA in May and you will learn more about the profile of 21004. So it will be interesting to get the feedback from that. We will also have data on aripiprazole depot at the APA here in May. And then what we at Lundbeck have waited for is obviously the headline data from the US for 21004. We will also get feedback on 58054. So, an exciting quarter.

Q3, we are planning on submitting 21004 in Europe. And we should get feedback on aripiprazole depot in the US.

And in Q4 we expect submission of 21004 under the new PDUFA rules which will come into play in early -- on October 1. And we also look to receive feedback on Selincro from the European authorities and Treanda from the Canadian authorities.

So, again, we are off to a good start, we are off to a good beginning with our new products and we have many exciting things awaiting us with respect to the pipeline.

So we are now ready to open up for questions. Operator, please.

QUESTIONS AND ANSWERS

Operator

Thank you sir. (Operator Instructions). The first questions come from the line of Tim Race. Please go ahead, announcing your company name and location.

Tim Race - *Deutsche Bank - Analyst*

Hi there. It's Tim Race here from Deutsche Bank. A few questions, gents. First off, if I just start off on the one-offs in the statement, the Chinese Ebixa number on the legal settlement. Could you just help me quantify what the impact for that is to EBIT for the quarter and whether the Chinese Ebixa will be reversed in the coming quarters?

Then just a couple of questions on your partnerships. The aripiprazole depot, I see in the statement you talk about building a US sales force for that. Can you just help us understand how many reps and cost we should expect generally for that?

Then, on the partnership with Takeda on 004, I see on Bloomberg it quotes 20% royalty level for Lundbeck in the US. Is that correct? And I thought it was going to be higher than that, just based on the stage that you partnered it, but any comments on that would be great. And I'll leave it there and then get back in the queue afterwards.

Anders Gotzsche - *H. Lundbeck A/S - CFO*

Tim, I can start with the Takeda part and Bloomberg. I had the interview with Bloomberg and what I said was from effort point of view that we expected to have a split where they are promoting to the GPs and we are promoting to the specialists. And how we will do that is that we will cover with reps that covers approximately 20% of the GPs and they will cover the rest. So that's how the effort level will be dedicated. So it's a misunderstanding.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

Should I continue then? We are planning to have a sales force ready together with Otsuka, where we will do 20% of the effort in the US with respect to the launch. And it obviously depends on the exact launch date following FDA approval, so we have a readiness to do that. The exact number is not fully finalized yet and we are normally not giving exact sales force numbers either at these meetings, but a typical psychiatry sales force is between 250 and 350 reps in the US. So I hope that gives you a guidance for that.

With respect to the FTC case, it has been a positive impact but we have avoided, for a variety of reasons, not to share the amount that we have reserved on it. And we will not disclose that today either.

And I think on Ebixa this is -- it's a positive lift, but it's not a reversal in the next quarter. Do you want to put more color (multiple speakers)?

Anders Gotzsche - *H. Lundbeck A/S - CFO*

No, it's not that it's a huge impact. But we -- of course when we make some of these shipments for China, it will have an impact on the quarter, and then of course you'll not see the same effect next quarter. So you should not expect that we will deliver a double-digit growth for Ebixa for the full year. That was the signal I wanted to say.

And for the FTC case, it's important to say when we acquired Ovation we had this case. We were, for accounting purposes, obliged to make a provision. We were, from a competitive and from a legal perspective, not willing to at all say anything about the level of this FTC provision. And as we expected at that point of time, we have won the case.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

And by US standards it's not a massive amount, when you think of probably some legal cases.

Tim Race - *Deutsche Bank - Analyst*

Okay. Understood, guys. Thanks.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

Next question, please.

Operator

We do have a next question coming from the line of Eleanor Fung. Please go ahead, announcing your company name and location.

Eleanor Fung - *Goldman Sachs - Analyst*

Good afternoon. Eleanor Fung from Goldman Sachs. Two questions, please. On Sabril, in the press release you mentioned that the growth was due to better compliance for existing patients. Could you give us a sense on how the new patient uptake is progressing?

And then, secondly, on the other pharma sales in international sales, you had a good growth rate for this quarter. Just wondering if we can expect a similar run rate for the full year, please? Thank you.

Anders Gotzsche - *H. Lundbeck A/S - CFO*

This is Anders Gotzsche. For Sabril, as we have said earlier, the product is actually -- the patients really appreciate the product. It's well received. And the compliance rate among the patients is much higher than we had in the past anticipated, and this is impacting positively. Having said that, it is tough to get new patients. It's tough to get it to the expected P-cells that we indicated when we acquired the product. So that is what we are working on and we definitely hope to get higher growth figures also in the future.

But what we saw in the beginning with Xenazine, where the growth was flattening -- more flattish, you can now see that we have regained the momentum and having a very positive growth for Xenazine.

When it comes to the international, if I understood your question right with the international market, we will not go into detail but we can just say what is the growth for international and US. What is really important is that we are very pleased to see that we have a strategic goal of improving our market share both in the US and in international market with our own products, and we can see that a 15% growth in international market and 18% growth in the US is a really good growth trend, and of course we will try to continue that. But what the exact figures are by the end of the year, we are not willing to elaborate on that now.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

And, Eleanor, you know we have previously shared our ambition to reach DKK5b sales in 2015 in international markets, and from that point of view we are very pleased with the Q1 performance.

Eleanor Fung - *Goldman Sachs - Analyst*

Great. Thank you.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

Next question, please.

Operator

Yes. The next questions come from the line of Peter Hugreffe. Please go ahead, announcing your company name and location.

Peter Hugreffe - *ABG - Analyst*

Yes. Thank you. Peter Hugreffe, ABG. First of all, in terms of 004, could you maybe just elaborate in terms of what kind of detailed level should we expect in connection with your announcement? And in that context also, I presume that it only will be the 315 and 316 studies that you will be ready to announce on. Is it going to jeopardize the conclusions?

And then maybe in the same context with the 004, you have initiated 412 since November, actually since you got the European data. How should this be interpreted, if any kind of interpretation?

And then finally, in terms of Sycrest, could you give us some kind of flavor on what's going on? It seems as if it was also a relatively poor start and then now, all of a sudden, some countries apparently are performing. What have you -- have you changed anything or is it just country by country? Thank you.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

Let me start with Sycrest. We -- the key issue has been to receive good prices first, and we have talked about that at these conferences before. We have had good prices. We had price in Denmark, Germany first, and then we've had in Spain, Italy and Australia. And we saw, which is not unusual, slow new product sales uptake in Denmark and Germany. Normally we have seen very good new product sales uptake in Spain, Italy and Australia.

But the key success factor remains to get price in all the markets of our territories, and here we are waiting for a price for France and some other markets. So it's still very much a launch in early days. The feedback from the patients who have used the drug is -- from the patients and the doctors is that it's a highly effective drug and it seems to be well received in the market. Again, this is all qualitative, so we will hopefully have some more conclusive quantitative data second half of the year to share with you.

On 21004, what level of data we will share in the release, what we have said all along is that we hope to come with a release here in Q2 which will confirm or not confirm our ability to file in Q3 and -- in Europe and about the same time in the US, early Q4. And that's the main objective of the release. We have obviously prior to this had very good data in Europe. And our assumption when we started the additional program was that we have an effective drug, based on the data we have had in Europe.

But the risk you have is obviously the volatility related to doing trials in the US. We will communicate on the data in -- I cannot say exactly the level we will get into when we are there, but the key for us is to confirm our ability or not confirm our ability to file in the quarter.

I missed a question, Palle.

Peter Hugreffe - *ABG - Analyst*

Should I help you?

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

Yes, please.

Peter Hugreffe - *ABG - Analyst*

Yes. Just I asked that -- I presume that there will only be the 315 and 316 studies that will be included in your update. I'm just asking whether -- we all know that the 315 -- 317 trial has been delayed, so I'm just asking whether there will be a -- if the lack of one trial actually will jeopardize the conclusions.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

That is -- our assumption is no.

Peter Hugreffe - *ABG - Analyst*

Okay. Okay. And then finally, in terms of the additional trials you have initiated, both of course the Asian trials and also the cognition trials, how should that be interpreted?

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

All along, when we initiated the trials that we are waiting for in the US, we did that because we believe we have a very good drug, and obviously a drug that can help many patients who are not satisfactorily treated today. The new trials that we have initiated ahead of not knowing any data are there to demonstrate the unique efficacy in cognitive symptoms, which we think is important, and also to get approval in Japan. And it's all based on what we've learned from the European trials, the data that we've had before.

Peter Hugreffe - *ABG - Analyst*

Okay. Thank you.

Operator

The next questions come from the line of Martin Parkhoi. Please go ahead, announcing your company name and location.

Martin Parkhoi - *Danske Equities - Analyst*

Hello. Martin Parkhoi from Danske Bank. Also a couple of questions. First, coming back to Ebixa where we saw this extraordinary delivery to China in the first quarter, and now also the price cuts which was effective from April 1 in France, could you give us some kind of guidance because the first quarter was apparently probably quite good compared to the coming quarters? Can you give us some expectations for Ebixa as a whole for the full year?

And then secondly, also with Azilect, with the gains in Germany and sales now not delivering the same growth rates that they're doing underlying, what should we expect? What kind of impact will that have on the full year?

Then, thirdly, you mentioned the change in your -- that you expect an increase of 3 to 5 percentage point on SG&A cost. Could you be so kind to split the percentage on the administration and distribution versus sales this year?

And then finally, you said that you have got the first feedback on Selincro and you responded on these questions. Could you just say if you were surprised about anything or anything that should change the timeline for this product?

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

I'll take the last question first. No surprises, lots of work and we don't expect it to impact the timeline.

And I leave the next questions to Anders Gotzsche.

Anders Gotzsche - *H. Lundbeck A/S - CFO*

Martin, for Ebixa you should expect single-digit growth this year, based on the price cut in France. For Azilect we -- the underlying growth is of course double digit, but due to Germany you should expect more or less single digit and you should not expect that in the high end.

And the SG&A split, I will not go into more detail between admin and sales in general.

Martin Parkhoi - *Danske Equities - Analyst*

Okay. Thank you.

Operator

The next questions come from the line of Jo Walton. Please go ahead, announcing your company name and location.

Jo Walton - *Credit Suisse - Analyst*

Thank you. I wonder if you could tell us a little bit more about Sycrest. You've said that in a few countries where you have got pricing and where historically new drugs are adopted that sales are off to a decent start. Could you say what sort of market share they've managed to achieve and whether that's at the same rate as prior new launches, I don't know, something like Geodon or other drugs in the same sort of class? I'm trying to get a sense of whether the austerity measures that we're seeing are just permanently lowering the ramp-up that you can get for new drugs. Maybe it's pricing or inability to get reimbursement through. That was the first question.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

Yes, and is that (multiple speakers)?

Jo Walton - *Credit Suisse - Analyst*

Sorry. I'll just give you the second one at the same -- the second one was just looking at Cipralex in Germany. In the first quarter, has there been any distortion because of pipeline refilling or did all the pipeline refill happen in the fourth quarter?

On Xenazine, the first quarter the actual physical sales were very strong. Again, is there any distortion to that number or is that a good base number for going forward for the quarters for the rest of the year?

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

Xenazine, but Xenazine we expect we had some minor stocking in the first quarter. And I'm not able to explain exactly why and how, but our assumptions are that we have had some stocking there.

I think, with respect to Germany, we don't think that destocking has been significant in the quarter. And again, we have dynamics of parallel trade and other things coming in as well. So it's hard to say and it's very early still to draw conclusions on Cipralex. But we are still at much lower levels than we were at Q1 last year, but obviously we are significantly better than we were in Q4.

I think the product launches that we have, the concern I have had with Sycrest is the timing of achieving price and reimbursement. And I think that's something we see in terms of the austerity measures coming through, that it takes longer to get a price. That said, we got price for Sycrest in Italy for nine months and I think the average timeline is 14 months in Italy today. So it varies in the different markets.

I think the share that we have seen in the markets where we have launched are par or higher than what has been seen with Merck in the US. But again, it's very early days.

Jo Walton - *Credit Suisse - Analyst*

And the final one, I forgot, aripiprazole IM. I thought on your slide you said a launch in 2013. This was filed last November. Presumably it will come through on a 10-month review. So why isn't that being launched in the fourth quarter of this year?

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

The overall plan has been developed together with our partner Otsuka, and it's difficult to predict timelines with the FDA. But let me say, should the FDA -- assuming that FDA approves the product, we will be ready to launch very shortly thereafter. And it's our intent to launch as soon as possible.

Jo Walton - *Credit Suisse - Analyst*

So a date of 2013 might suggest that there's a possibility of a delay?

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

I wouldn't say that. You could say, if you look at the historical average of FDA approvals, you have seen delays, and that may have been the basis for the initial timeline. But you can also say if everything goes as planned, then we might have an upside in the timeline.

Jo Walton - *Credit Suisse - Analyst*

Thank you.

Operator

The next questions come from the line of Peter Welford. Please go ahead, announcing your company name and location.

Peter Welford - *Jefferies International - Analyst*

Hi. It's Peter from Jefferies. I've got two remaining questions, please, both quite brief, I think. Just first with regard to Forest, they've outlined what they think is going to happen to Lexapro this year. I was wondering if you could perhaps give us some visibility with regard to the authorized generic insofar as the -- are you still entitled to the same contract terms for the authorized generic? And perhaps, if I could push, maybe you could give us some sort of expectation for the Lexapro income this year.

And then, secondly, just some insights onto the cash flow from operations. You obviously had a quite negative outflow during the first quarter, reducing that. I just wondered is there anything here we should look at with regard to either European receivables, or can you give us any visibility on why the cash flow from operations was weak during the first quarter? Thank you.

Anders Gotzsche - *H. Lundbeck A/S - CFO*

If I start with your last question, the cash flow in the quarter is actually okay. If you look into the working capital, then we -- the negative or the outflow is due to the fact that we acquired the license from -- or the rights from Paion. That's the major part of that. So you should not anticipate that we have problems with our receivables or our working capital management is poor. So you cannot conclude anything from that. And we will have outflow due to seasonality. The creditors is usually higher at yearend than by the end of Q1. So that's the reason. There's nothing unusual.

Regarding Forest, there is one authorized generic -- or there were authorized generic, Mylan. And that is an agreement made between Mylan and Forest and we will get a fair share of that sale. And that is included in our guidance of DKK500m to DKK700m in revenue from Lexapro US for the full year.

And if you compare to what Forest said in their release or in their annual account, they said they had expectation for 2012 to '13, they have a period from April 1 this year and then 12 months ahead. And the figures they announced are pretty much in alignment -- or they are aligned with what we have announced, of DKK500m to DKK700m for the year.

Peter Welford - *Jefferies International - Analyst*

That's great. Thank you.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

Okay. Next question, please.

Operator

The next questions come from the line of Florent Cespedes. Please go ahead, announcing your company name and location.

Florent Cespedes - *Exane BNP Paribas - Analyst*

Good afternoon, gentlemen. Thank you for taking my questions. Florent Cespedes, Exane BNP Paribas. So two quick ones. First, on Selincro, could you give us some color on your discussions with the European authorities? And is the strategy the positioning towards the heavy sufferers and people who drink a lot of alcohol is still the key focus?

Second question, on the European sales environment, how do you see your European sales going forward? And do you believe that in the coming quarters the new products will be enough to offset the pricing pressure? And could you give us some color on where you see the major risks or opportunities on this territory? Thank you.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

I think, just on Selincro, the focus is still alcohol, dangerous levels of high alcohol consumption. But I cannot go into more detail than that until we have concluded anything. Obviously, until we have concluded anything with the authorities, we haven't done anything. So -- but the focus is very much on the submission we've done and the data that was presented in Prague and how you best ensure society can benefit from what Selincro brings.

With respect to the European market, we expect it to be a tough year and we have planned for that. Historically, when we do our guidance, we have planned -- since the financial crisis started in 2008, we have used the concept of a pool or a risk pool of finances to manage unexpected events, and we have done that for three years. And that has helped us ensure that we could deliver on guidance and -- whilst maintaining the integrity in our operating plans, which I believe has been one key reason why we've been able to take market share.

We are going into 2012 on the same assumptions. I would have loved to say that after these three years finally things are easing off in Europe and we don't need to have the same readiness, but unfortunately that is not the case. And hence we believe the risk fund that we have will serve us well also this year. And clearly growth will come primarily from US and international markets and it will be tougher in Europe.

Florent Cespedes - *Exane BNP Paribas - Analyst*

But is the European environment tougher compared to your initial expectations, or is it broadly in line?

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

I would describe it more as a long grind that we have done. It should ease off at some point and it hasn't done that. Yes. So, obviously it's gradually tougher. You get a decision in one country, you get a decision in another country and it's more of the same. We had decisions in 2009, we had decisions in 2010, we had decisions in 2011, and we have more of the same in 2012. Is it more or less than the previous years? We will know at the end of the year. But it's more of the same would be my forecast for the year.

Florent Cespedes - *Exane BNP Paribas - Analyst*

Okay. Thank you very much.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

Next question, please.

Operator

The next questions come from the line of Carsten Madsen. Please go ahead, announcing your company name and location.

Carsten Madsen - *Carnegie Bank - Analyst*

Thank you very much. Carsten Madsen, Carnegie Bank, Copenhagen. If we just look one more time at 21004 and the upcoming data here, I guess you have a lot of European data and I guess we should feel rather certain that you'll file 21004 in Europe in Q3, right. If we look at your peak sales projection of DKK5b to DKK10b, how much would this be reduced if it's only a European drug? That's the first question. Let's start off with that one.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

Carsten, we're so close to getting the data, so we will defer that data to the next conference call and give you a qualified response, depending on what we are doing then.

Carsten Madsen - *Carnegie Bank - Analyst*

Okay. Okay. And then, on aripiprazole depot, should we by any way fear an advisory committee meeting on this one? Is that not normally something FDA does for a depot version? I must admit I'm not fully up to date on what they normally do with depot versions.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

We are -- FDA has the freedom to do whatever they think is necessary to decide whether a drug should be on the market. And until the drug has been approved, that situation remains. That said, we do not anticipate an advisory committee.

Carsten Madsen - *Carnegie Bank - Analyst*

All right. That's fine. Thank you.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

Thank you, Carsten. Next question, please.

Operator

The next questions come from the line of Peter Sehested. Please go ahead, announcing your company name and location.

Peter Sehested - *Handelsbanken - Analyst*

Yes. Hi. It's Peter Sehested from Handelsbanken, Copenhagen. Thank you for taking my questions. Just a couple of ones. First one, I can understand that you're seeing some very nice price increases for Xenazine in the US. Could you also elaborate whether you're seeing some price increases for Sabril? First question.

Second question, just a slight guidance for the tax rate for the full year.

And I think the third question was asked by Martin, but I was just away from the phone there. It's regarding the admin costs, guidance for that on a full-year basis. Thank you.

Anders Gotzsche - *H. Lundbeck A/S - CFO*

I can start with the admin costs. We are not willing to split -- we give a pretty detailed guidance on all our ratios, and we are not willing to go more into detail in different cost items. So that was one.

The tax rate, we have guided 26% to 28%. For the tax rate for the year, you should expect it to -- due to mix of revenue, if the mix we have seen in the first quarter continues, then you should expect it to be in the high end of that range for the full year.

The last question was (multiple speakers?

Peter Sehested - *Handelsbanken - Analyst*

Price increases. Price increases for Sabril, yes.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

We took a 14% increase on Xenazine in the beginning of the year. We have not taken any price increases on Sabril this year and we have not made any decision about price increases for Sabril this year. And even if we had made decisions, we would not share that at this meeting.

Peter Sehested - *Handelsbanken - Analyst*

Okay. Thank you.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

Thank you. Next question, please.

Operator

The next questions come from the line of Tim Race. Please go ahead with your question.

Tim Race - *Deutsche Bank - Analyst*

Hi. Just a couple more questions. Anders, just if I heard you correctly, you mentioned a $200m development milestone in the second -- well, later in this year. Can you just remind me what event triggers that milestone?

And then just I didn't quite hear if anyone else had asked this question on (technical difficulty) product, but when I look at Onfi and track what Bloomberg's (inaudible) data is showing, it suggests that you did about $5m in the quarter. Is that a good run rate to assume for the product at this moment of time in actual scrips?

Anders Gotzsche - *H. Lundbeck A/S - CFO*

With respect to the triggers for the development milestones, we have not disclosed that and we are not willing to disclose that. So the program is continuing with -- positively, and you should anticipate that the goals that are triggering the milestone will be met this year.

And the last question I couldn't hear. What product was that?

Tim Race - *Deutsche Bank - Analyst*

Onfi.

Anders Gotzsche - *H. Lundbeck A/S - CFO*

But we haven't -- I haven't said anything about -- nobody has said anything about revenue for Onfi for this year, so you couldn't assume anything about revenue. What we have said is it's on track. It goes very well. The first four months of data looks promising. But it is still very early days and we need to understand what is stock filling and what is the underlying trend.

Tim Race - *Deutsche Bank - Analyst*

Okay. Understood.

Ulf Wiinberg - *H. Lundbeck A/S - CEO*

Okay. So, on behalf of Lundbeck, I want to thank you all for calling in. Palle and Magnus will be ready on the phones if there are follow-up questions that you have to the meeting. I look forward to connecting with you again during the quarter, when we hopefully have the data for 21004. So thanks again for calling in.

Operator

Ladies and gentlemen, thank you for your participation. This concludes today's conference. You may now all disconnect your lines. Thank you and goodbye.
