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# Investor Presentation

## Q2 2006 Financial Results

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# Safe Harbour Statement

This presentation contains forward-looking statements that provide our expectations or forecasts of future events such as new product introductions, product approvals and financial performance.

Such forward-looking statements are subject to risks, uncertainties and inaccurate assumptions. This may cause actual results to differ materially from expectations and it may cause any or all of our forward-looking statements here or in other publications to be wrong. Factors that may affect future results include interest rate and currency exchange rate fluctuations, delay or failure of development projects, production problems, unexpected contract breaches or terminations, government-mandated or market-driven price decreases for Lundbeck's 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 related interpretation thereof, and unexpected growth in costs and expenses.



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# Lundbeck in CNS

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# About H. Lundbeck A/S - Quick facts

## History

- 1915 - Founded by Hans Lundbeck
- 1920s - Into pharmaceuticals
- 1940s - Own research established
- 1950-1960s - First generation of antidepressants and antipsychotics
- 1970s - Development of SSRI
- 1980s - Development of atypical antipsychotic
- 1988 - Strategic decision to focus on CNS diseases
- 1999 - Listed on Copenhagen Stock Exchange (CSE)

## Share information

Trading code:

- Reuters (LUN.CO) / Bloomberg (LUN DC)
- ISIN Number DK0010287234
- Un-sponsored ADR programme with Bank of New York CUSIP 40422M107

Index examples:

- End of 2005 weight of 3.3% in OMXC20
- Member of FTSE4Good

Ownership:

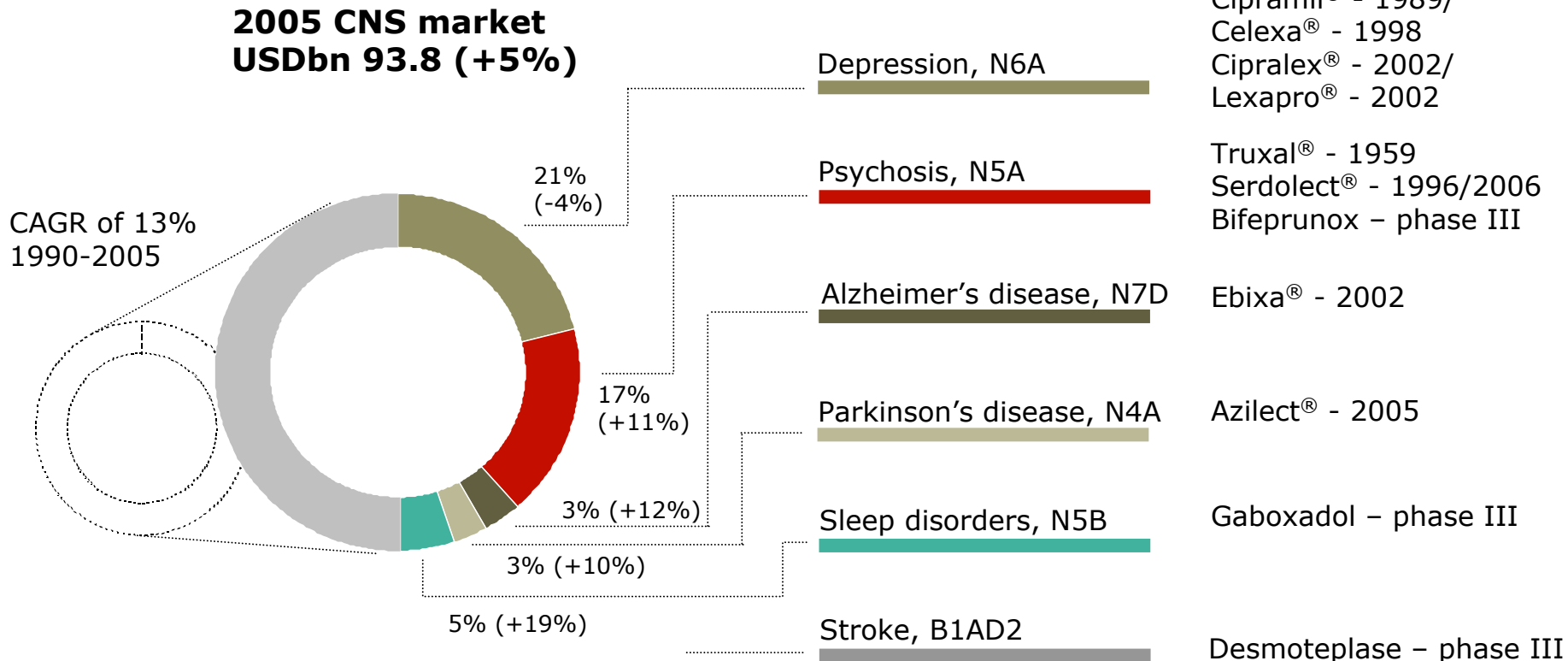
- Lundbeck Foundation (LFI A/S) holds approximately 70%

Trading:

- Free float (approximately 64m shares) is traded 2 times over annually (daily trade of approximately 0.5m)



# CNS: world's biggest niche (17% of world pharmaceutical sales) - Lundbeck involved in high potential segments



Source: IMS world review 2006



## Niche strategy – CNS is our focus and our strength

### Why 100% CNS?

- CNS is the largest and fastest growing pharmaceutical market in the world
- Underlying conditions trends towards continued growth

### R&D strength

- 50 years of experience – with own innovations and licensing agreements
- Core competencies within mental disorders – Lundbeck has been on every wave of innovation within treatment of depression and psychosis

### Strength through specialisation

- Lundbeck R&D 100% dedicated to CNS and comparable to big-pharma  
CNS focus
- Sales force 100% dedicated to CNS
- Lundbeck is the only pure-play investment in CNS



# Lundbeck strategic challenges

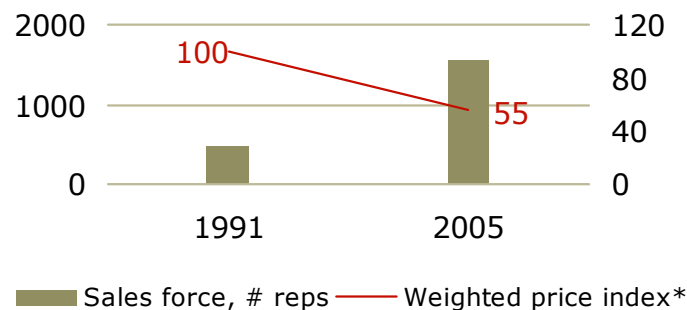
## Infrastructure

World-wide sales infrastructure

Except in US and Japan – two important markets



## Profitability in European antidepressant market



\* Major antidepressants in Major 5 in Europe  
Source: Lundbeck market research

## Key challenges:

- Optimise existing product assets
- Expand to increase top line growth (new geographic markets and new areas within CNS)
- Launch new compounds to support growth in mid-term (2010-15)
- Develop innovative compounds that support long-term growth (2015+)



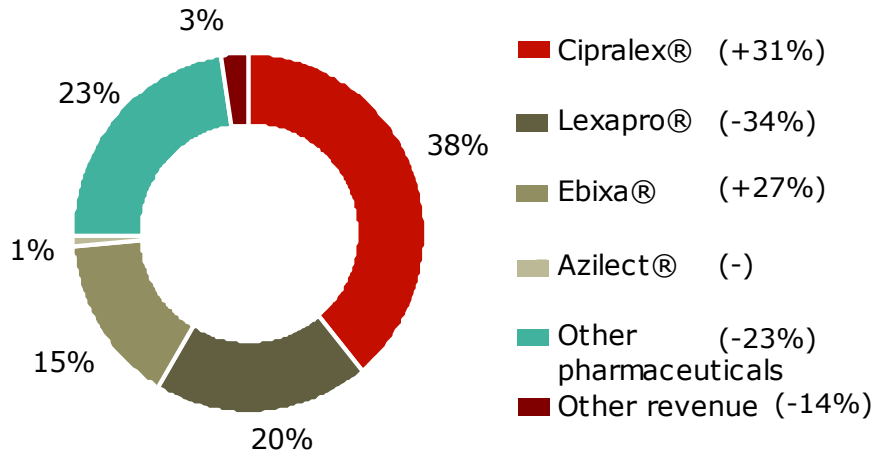
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# Current position and mid-term issues

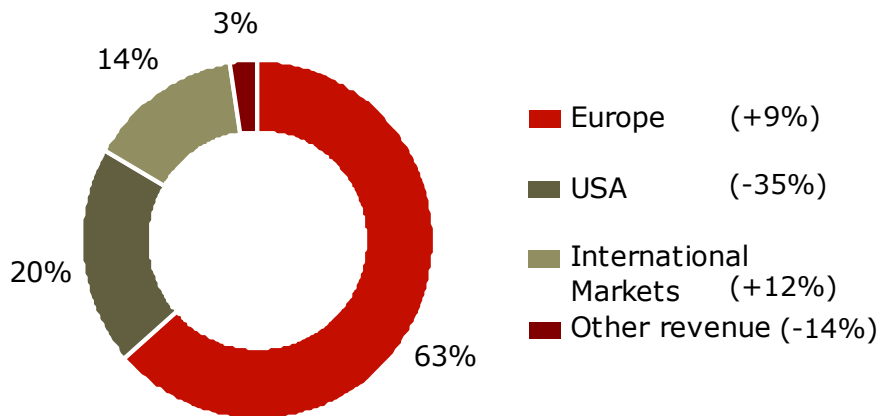
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# Financial figures Q2 2006



DKKm	Q2 06	Growth to Q2 05
Revenue	2,198	-4%
R&D (22.2% of revenue)	488	15%
EBIT	269	-47%
EBIT margin	12%	
Capex	207	111%



## Financial guidance and targets

2005		2006 guidance	2007 target
2,170	EBIT	Approximately DKKbn 1.6*	
23.9%	EBIT margin		25%**

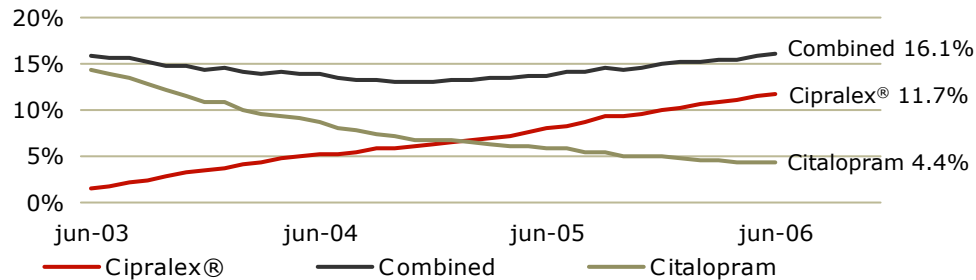
\* In 2006 Forest will reduce its internal escitalopram inventory level. This will have an one-time material adverse impact on Lundbeck's revenue, profit from operations and cash flow in 2006.

\*\* Exclusive potential milestone payment of USDm 75 from Merck & Co.



# Strengthening key product position – Cipralex®/Lexapro®

## Europe – Antidepressant market

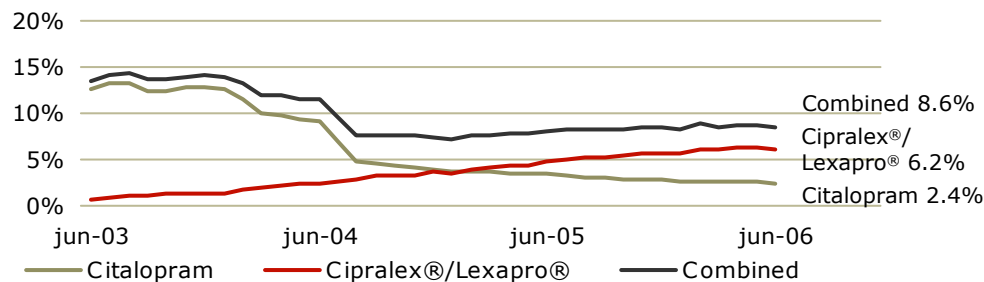


Source: IMS Health, June 2006

## Market development

- Cipralex® now covers all major anxiety conditions
- Positive data on OCD – filed in Q2 2006
- New class of antidepressants – Allosteric effect of Cipralex® included on European label

## International Markets - Antidepressant market



International Markets market share consists of Australia, Brazil, Canada & Mexico

Cipralex®/Lexapro® = escitalopram total

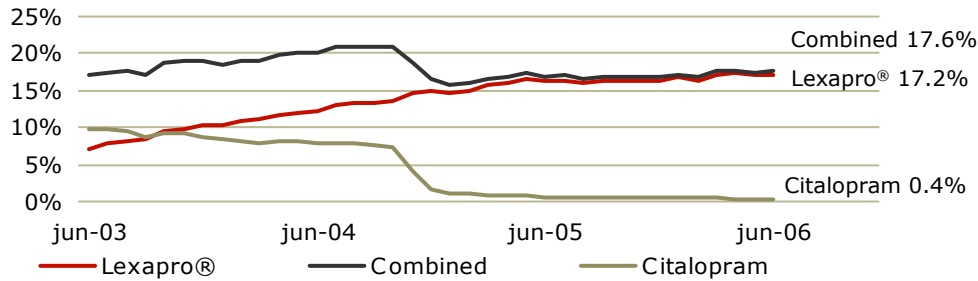
Citalopram = Lundbeck and partners citalopram

Source: IMS Health, June 2006



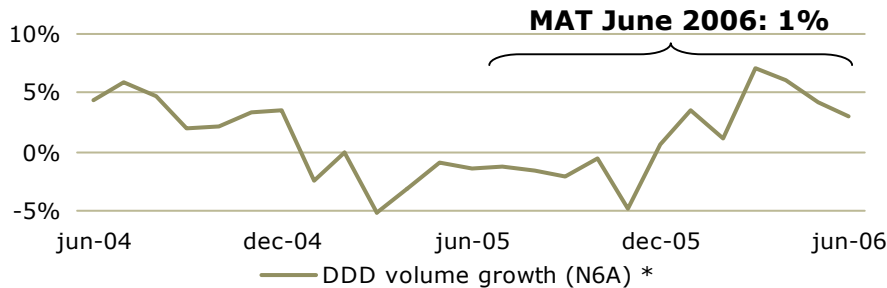
# US market development – Lexapro®

## US – Antidepressant market, value



Source: IMS Health, June 2006

## US – Antidepressant market, volume



Lexapro® = escitalopram total  
 Citalopram = original citalopram + Forest branded generic

\*Monthly growth are based on same month last year

Source: IMS Health, June 2006

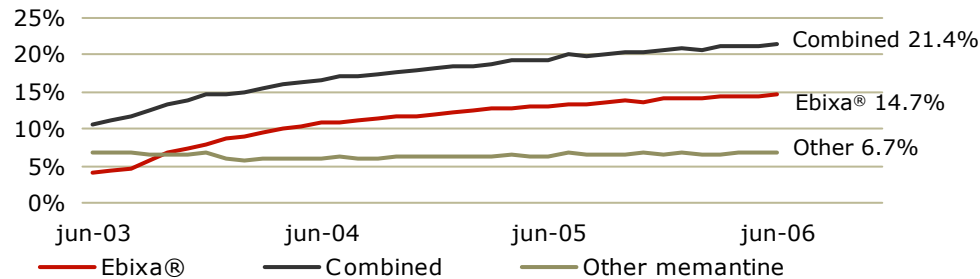
## Market development

- Second most prescribed Anti-depressant in the US
- Zoloft gone generic
- Value market share of 17.2% in June 2006 (16.4% by end of 2005)
- Positive opinion in patent litigation trial regarding '712 patent on Lexapro®



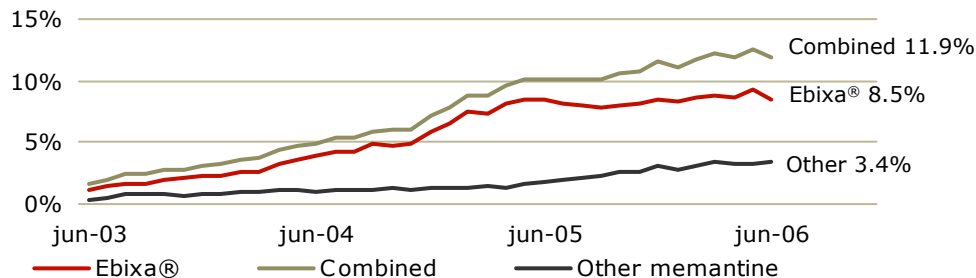
# Strengthening key product position – Ebixa®

## Europe – Anti-Alzheimers market



Source: IMS Health, June 2006

## International Market – Anti-Alzheimers market



International Markets market share consists of Australia, Brazil, Canada & Mexico

Ebixa® = Lundbeck memantine

Other memantine = Merz memantine

Source: IMS Health, June 2006

## Market development

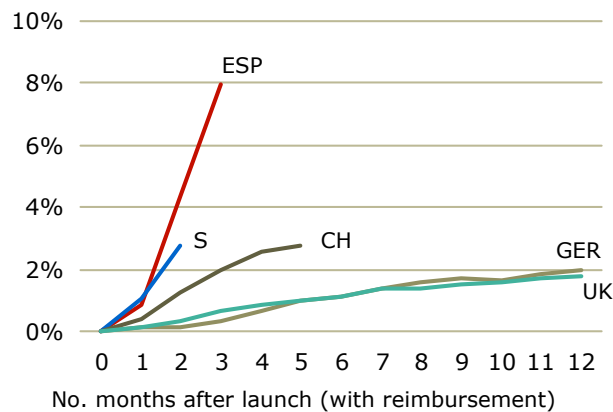
- Second most prescribed Anti-Alzheimer compound in Europe
- Expansion of EU label to cover moderate Alzheimer's disease
- Ebixa® now available for 80% of patients diagnosed with Alzheimer's disease



## Launch of new compound – Azilect®

- Azilect® (rasagiline) “simply effective”:
  - Once daily treatment for Parkinsons Disease
  - as monotherapy
  - and as adjunct therapy with levodopa treatment
- Azilect® is developed in partnership with Teva Pharmaceuticals

### Market share, value



Selected markets

Source: IMS Health, June 2006

### In addition

- Rasagiline is a potent, selective, irreversible monoamine oxidase (MAO) type-B inhibitor
- Metabolise in liver to aminoindane (not amphetamine metabolites as other MAO-B inhibitors)
- No ‘tyramine effect’ (no inhibition of MAO-A) at recommended dose

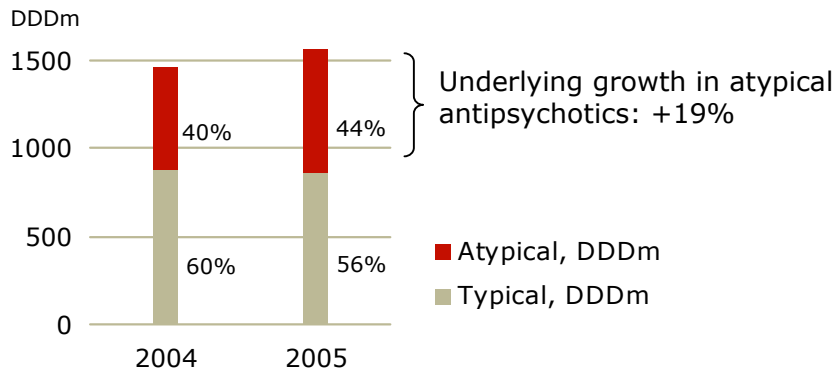


## Launch of new compound – Serdolect®

- Serdolect® (sertindole) for the treatment of schizophrenia – Lundbeck's first atypical antipsychotic
- Serdolect® is developed by Lundbeck and the company holds world-wide rights
- First launch in January 2006 – re-entrance after eight years

### Value conversion

Europe – antipsychotic market in volume



Source: IMS Health, December 2005 & Lundbeck market research

### In addition

- Inhibitory effect on central dopamine D<sub>2</sub> and serotonin 5HT<sub>2</sub> receptors as well as on alpha-adrenergic receptors
- Placebo level extra pyramidal symptoms (EPS)
- No sedation



# Expansion to the US market – first steps to establish own sales force in important US market

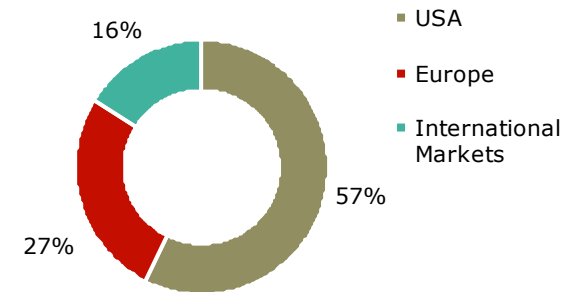
## Importance of US market

- Largest pharmaceutical market in the world
- Important contribution to Lundbeck long term growth
- Possibilities within insomnia
- Increases in license opportunities

## Agreement with Merck & Co., Inc. on gaboxadol

- Merck supports Lundbeck's build-up of sales force (Maxalt<sup>®</sup> co-promotion, training & financial)
- Merck funds the majority of the remaining development activities
- Remaining milestone payments of USDm 200 (75/125 at filing in Q1 2007 and approval)

## CNS market, 2004 (value)



Disease area	US value share of world (%)
Depression	65%
Hypnotics & Sedatives	54%

Source: IMS World Review 2005





# Expansion to the Japanese market – three development projects in the second largest market in the world

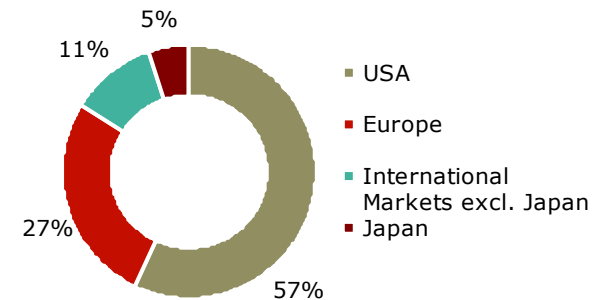
## Importance of Japanese market

- Second largest pharmaceutical market in the world – in total as well as in CNS
- CNS only covers 8% of the total market compared to 21% and 18% in the US and UK
- Unmature market for CNS disorders

## Three clinical programmes in progress

- Escitalopram in clinical phase II in co-operation with Mochida
- Gaboxadol in clinical development in co-operation with Banyu (Merck in Japan)
- Desmoteplase – in development with PAION

## CNS market, 2004 (value)



Disease area	Japan value share of world (%)
Depression	3%
Hypnotics & Sedatives	13%

Source: IMS World Review 2005



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# Innovation & development of new pharmaceuticals

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# Pharmaceuticals in clinical development

Indication Compound	Activity	Development step			Registration application	Expected launch
		Phase I	Phase II	Phase III		
Obsessive Compulsive Disorder (OCD) Escitalopram	ASRI				Filed	2007
Insomnia Gaboxadol	Selective Extra- synaptic GABA agonist			≡≡≡	2007	2008
Schizophrenia Bifeprunox	Dopamin/ serotonin			≡≡≡	2008	2008+
Stroke Desmoteplase	Plasminogen activator			≡≡≡	2008+	
Depression Lu AA21004	Serotonin Modulator & Stimulator		≡≡≡		2008+	
Psychosis Lu 31-130	Monoaminergic	≡≡≡			2008+	
Depression Lu AA24530	Multiple target	≡≡≡			2008+	
Depression Lu AA34893	Multiple target	≡≡≡			2008+	



## Late stage pipeline

### – Gaboxadol (phase III) for the treatment of insomnia

- Gaboxadol is the first in a new class of treatments for sleep disorders
- Outlicensed to Merck on co-development and co-promoting terms in the US and in Japan

#### Strategic fit:

- Expansion within CNS
- Access to US and Japan with own sales force

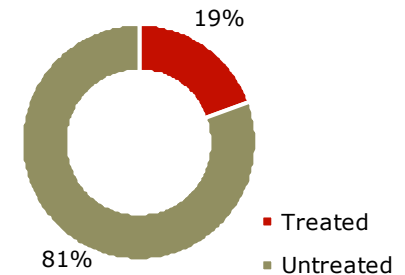
#### Clinical programme

- Programme is comprised of more than 5,500 people
- Currently more than 3,500 patients have completed
- US filing Q1 2007

#### In addition

- Selective Extrasynaptic GABAA Agonist (SEGA) –does not interact with the benzodiazepine binding site
- Improved sleep quality
- Increased slow-wave sleep without suppressing REM sleep

Prevalence in US:  
+60 mio people



Source: Decision Resources, COGNOS, August 2004



## Late stage pipeline

### – Bifeprunox (phase III) for the treatment of schizophrenia

- Bifeprunox is a latest generation atypical antipsychotic
- Inlicensed from Solvay in Belgium and is jointly developed with Solvay and Wyeth (North American rights)

#### Strategic fit:

- Fits well into Lundbeck's position within antipsychotics
- Leverage on existing European specialist sales force

#### Clinical programme

- Phase III has so far included more than 2,600 patients
- Additional comparative clinical work will be conducted for European filing
- European filing expected in 2008

#### In addition

- D2 and 5-HT1A partial agonist

Results of the current clinical programme:

- Significant antipsychotic activity compared to placebo
- Generally well tolerated



## Late stage pipeline

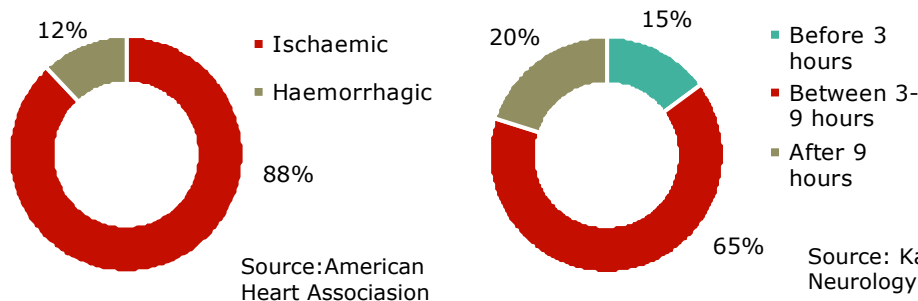
### - Desmoteplase (phase III) for the treatment of ischaemic stroke

- Potentially first compound to treat patients within an up to 9 hours treatment window
- Inlicensed from PAION, Germany
- Lundbeck holds world wide rights excluding USA and Canada

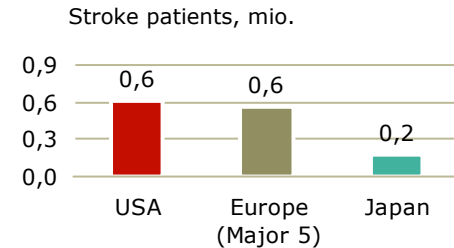
#### Strategic fit:

- Highly innovative compound
- Administered by neurologists

#### Disease management



#### Prevalence



Source: Decision Resources, COGNOS, February 2004

#### In addition

- Desmoteplase is a novel plasminogen activator, or blood-clot dissolving agent
- Limit the often fatal consequences of ischaemic stroke



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# Contact info

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# Financial figures and market data

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## Revenue – Key figures

DKKm	Q2-06	Q2-05	Growth	Growth in CER	Q1-06	Growth Q2-Q1
Revenue	2,198	2,285	-4%	-2%	2,232	-2%
- Cipralex®	856	653	31%	32%	837	2%
- Income from Lexapro®	435	654	-34%	-26%	484	-10%
- Ebixa®	337	265	27%	27%	311	8%
- Azilect®	17	0	-	-	8	121%
- Serdolect®	2	-	-	-	1	51%
- Other pharmaceuticals	495	645	-23%	-25%	536	-8%
- Other revenue	58	68	-14%	-16%	56	4%

DKKm	Q2-06	Q2-05	Growth	Growth in CER	Q1-06	Growth Q2-Q1
Revenue	2,198	2,285	-4%	-2%	2,232	-2%
- Europe	1,400	1,281	9%	10%	1,360	3%
- USA	430	658	-35%	-29%	488	-12%
- International Markets	311	278	12%	11%	329	-6%
- Other revenue	58	68	-14%	-16%	56	4%

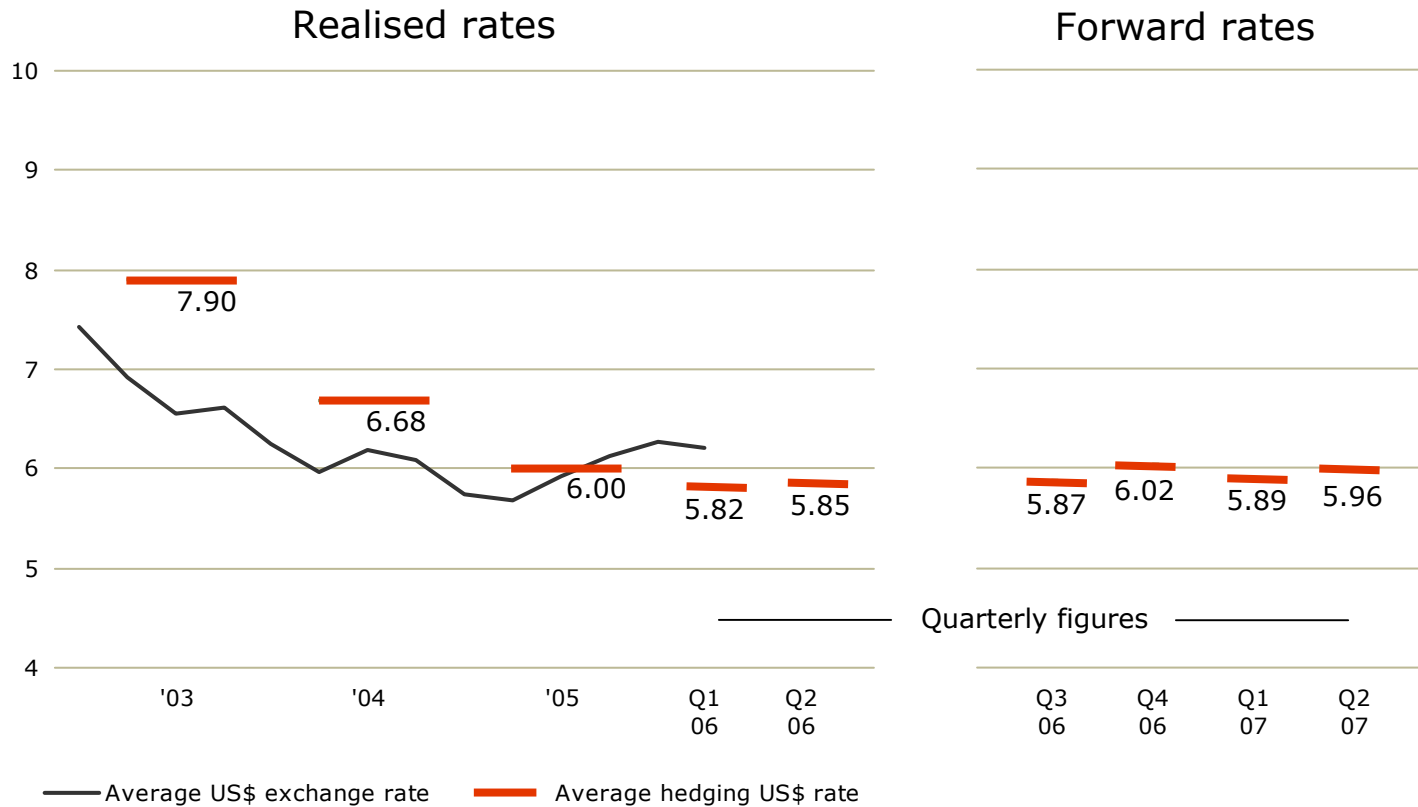
Lundbeck



# Key figures

<b>DKKm</b>	<b>Q2-06</b>	<b>Q2-05</b>	<b>Growth</b>	<b>Q1-06</b>	<b>Growth Q2-Q1</b>
Costs	1,930	1,776	9%	1,782	8%
- Cost of sales	437	399	10%	420	4%
- Distribution and administration	1,004	955	5%	907	11%
- Research and development	488	425	15%	455	7%
- Other operating expenses, net	1	-2	-	0	-
Profit from operations	269	509	-47%	451	-40%
Net financials	-32	104	-131%	-82	61%
Net profit for the year	141	452	-69%	225	-38%
Cash flows from operating and investing activities	-72	746	-110%	198	-137%
Earnings per share (EPS)	0,67	2,03	-67%	1,04	-36%

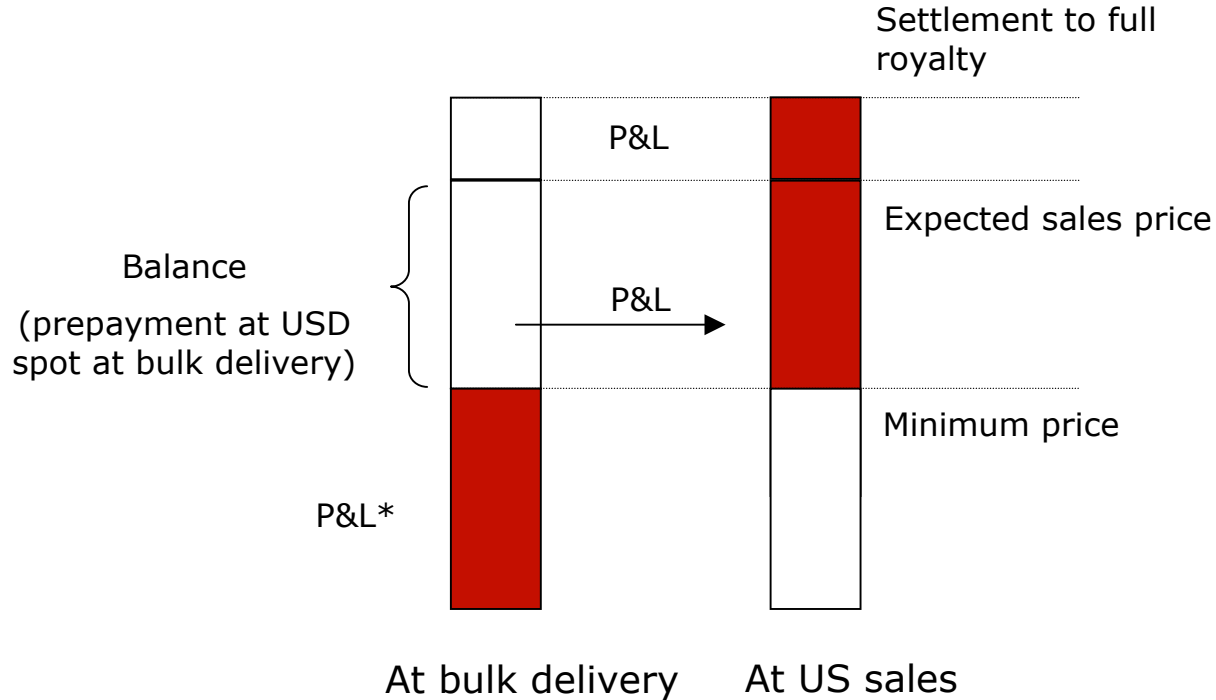
# Lundbeck hedge the USD on a rolling basis up to 18 months ahead – 2006 USD hedge rate of 5.88



Note: 1999-Q2 2006 includes value of average hedging contracts realised in the period

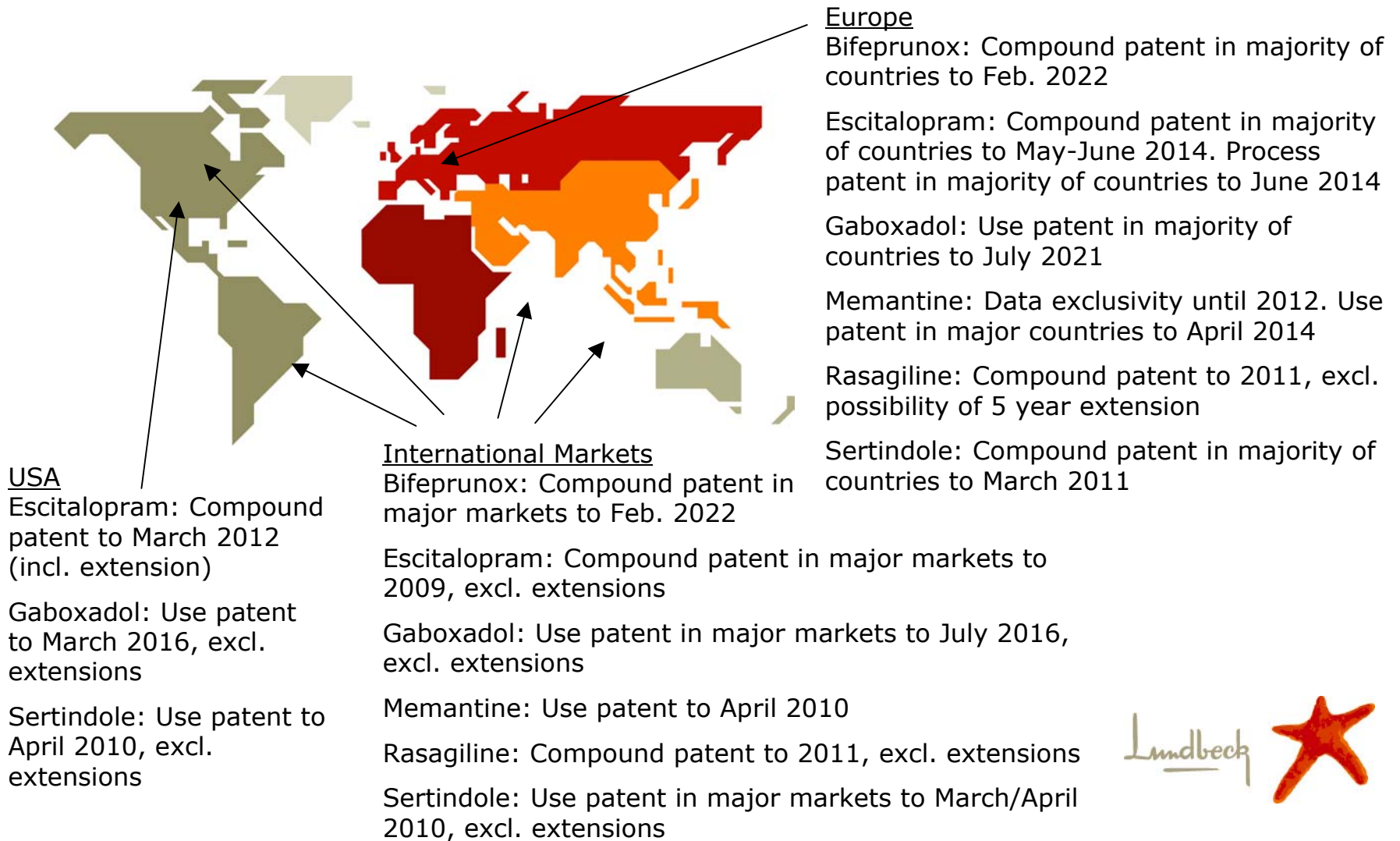


# Lundbeck recognition of income from Forest

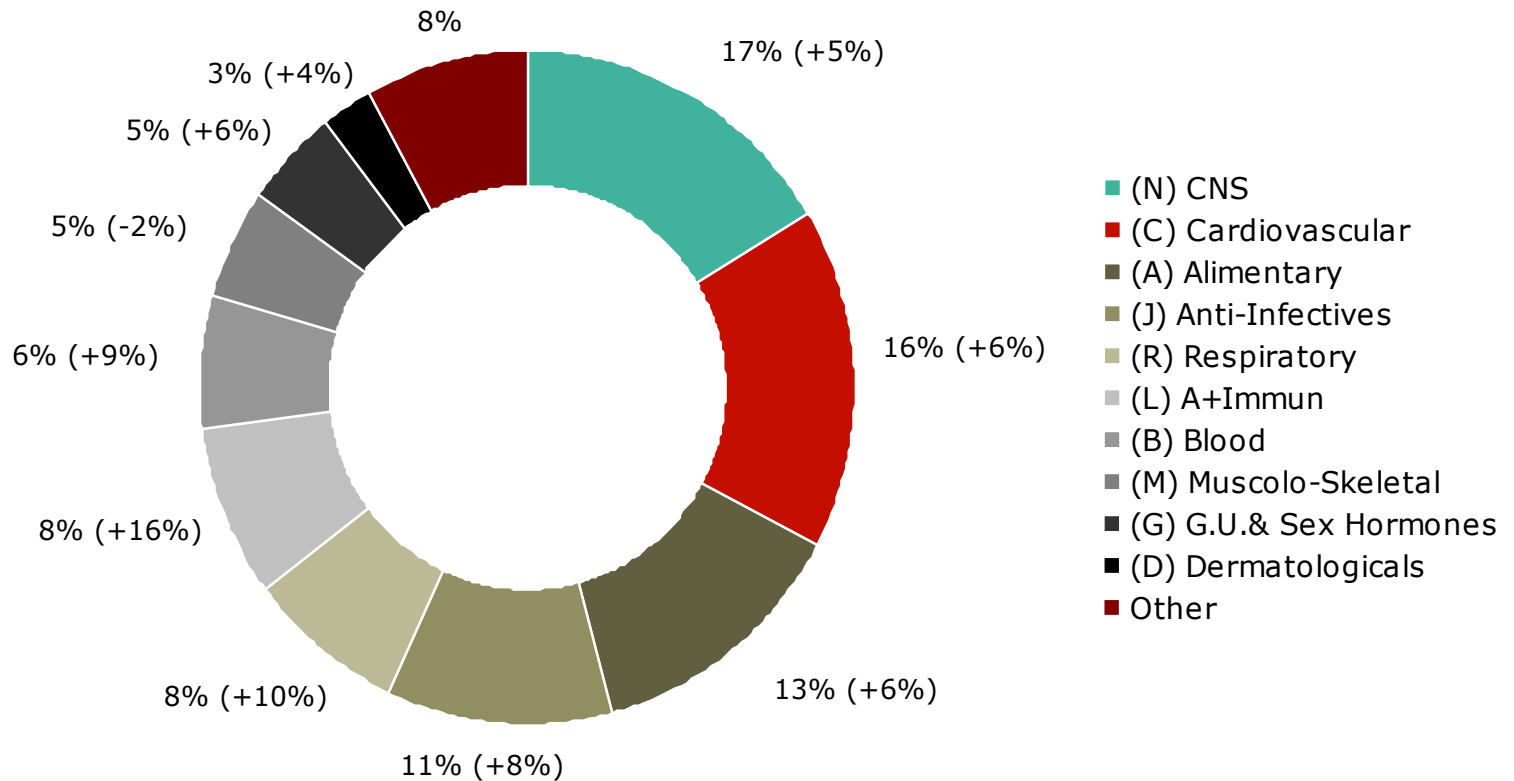


\* Hedging effect at bulk delivery recognised on P&L:  
Gain/loss from difference in delivery at expected sales price at forward rate difference to spot rate at delivery

# Global IP position



# Worldwide pharmaceutical market 2005 USD 568,4 billion\*, (+7%)



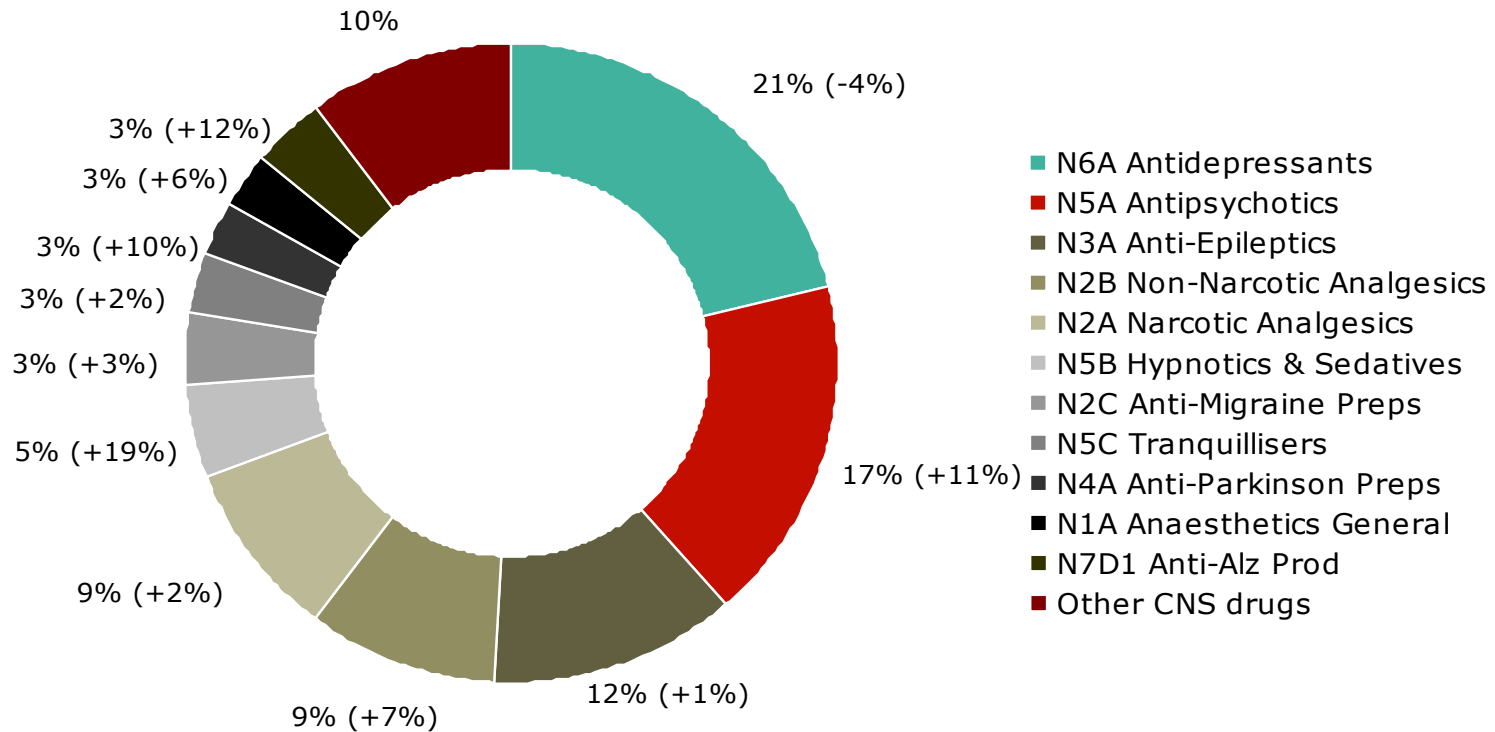
Source: IMS World Review 2006

Growth rates in local currency dollar 2004-2005 added in brackets

\* Sales including estimates of non IMS audited panels = 601,4 billion



# Worldwide CNS market 2005 USD 93,8 billion, (+5%)

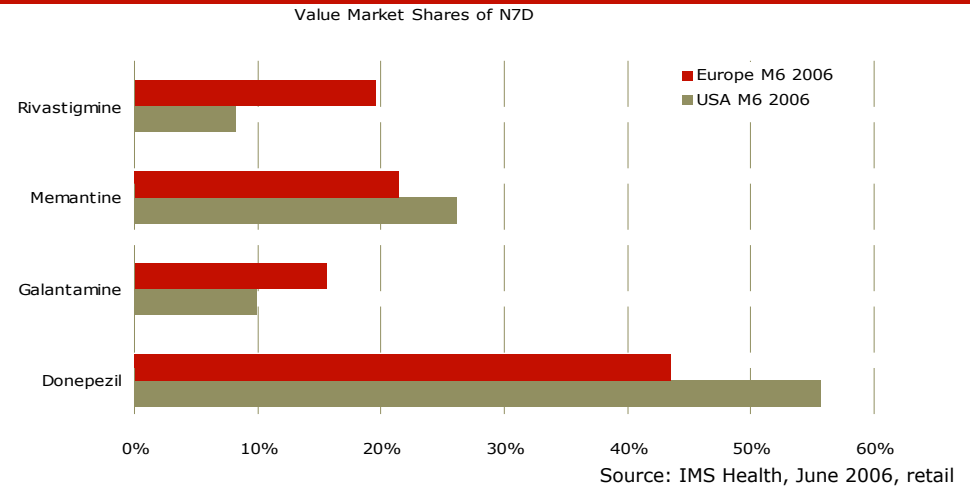
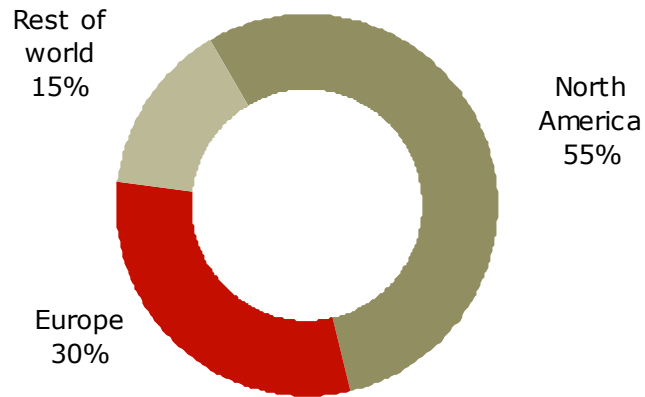


Source: IMS World Review 2006  
Growth rates in local currency dollar 2004-2005 added in brackets





# Alzheimer's (N7D-2005) – 4,0 bill. USD (+19%)

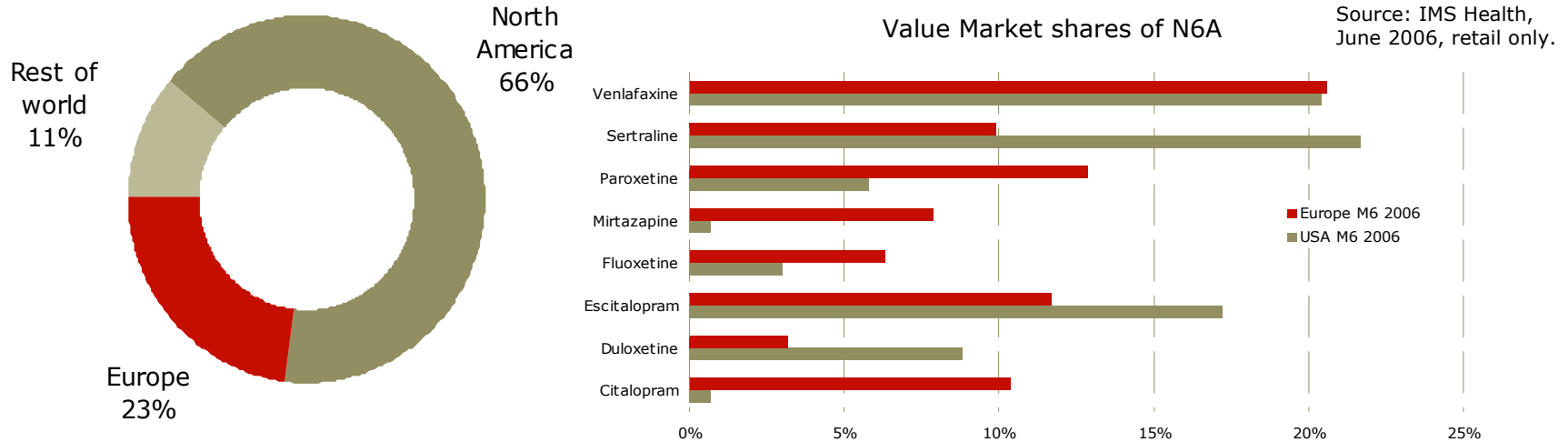


Leading product	Marketing Corporation	Sales 2005 (USDm)	Growth in %
Aricept®	Eisai	2.195	14
Exelon®	Novartis	492	7
Reminyl®	Johnson & Johnson	489	12
Namenda®	Forest	482	77
Ebixa®	Lundbeck	187	53

Source: IMS World Review 2006 (Knowledge link)

\*) Not including hospital sales, which account for approximately 10% of sales of anti-Alzheimer's drugs

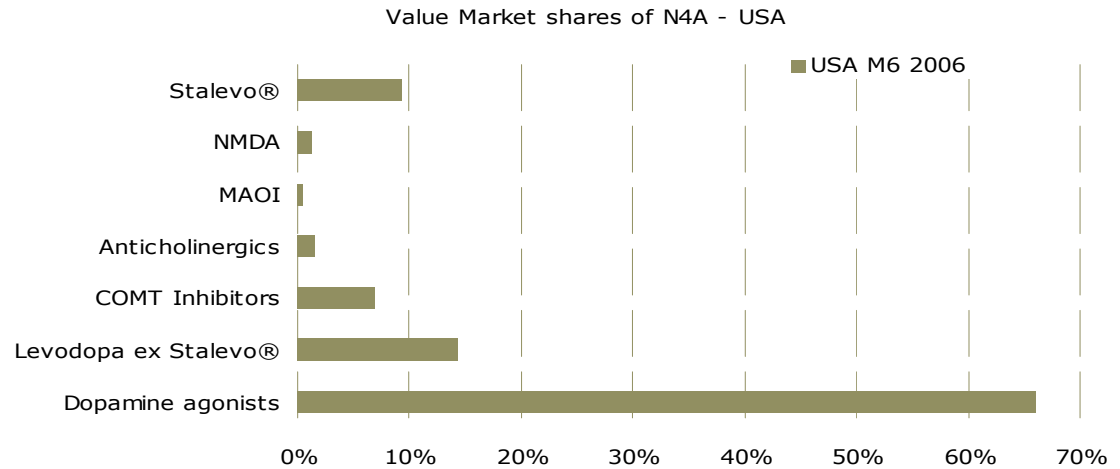
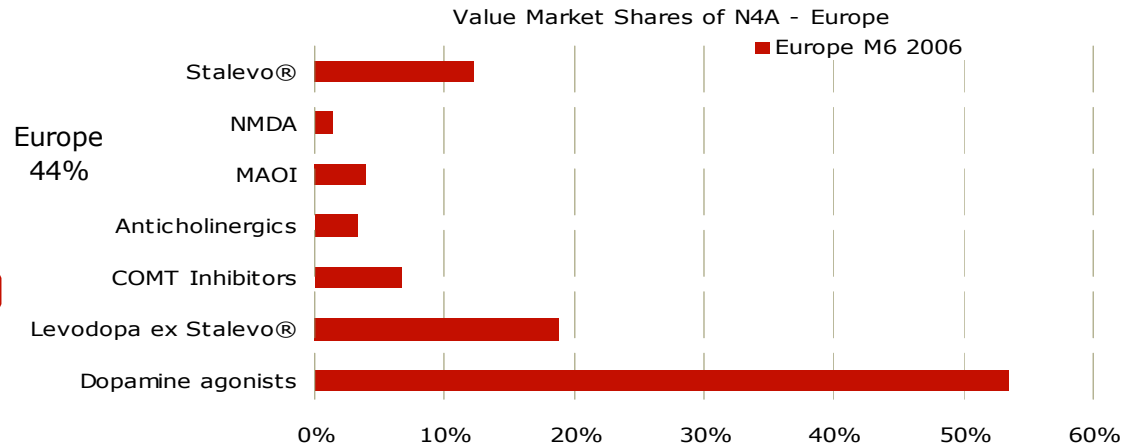
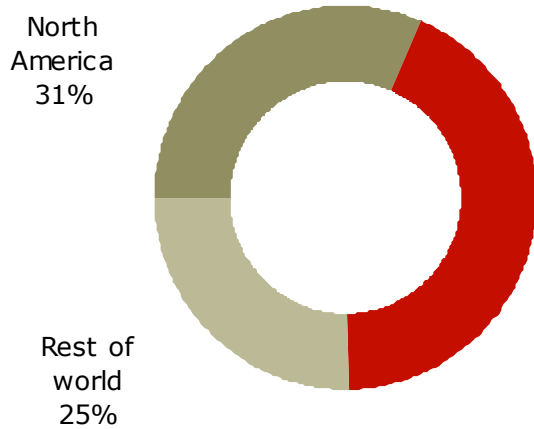
# Depression (N6A-2005) – 19,9 bill. USD (-4%)



Leading product	Marketing Corporation	Sales 2005 (USDm)	Growth in %
Effexor®	Wyeth	3.841	2
Zoloft®	Pfizer	3.651	-3
Lexapro®/Cipralextm	Lundbeck/Forest	2.449	26
Wellbutrin®	GlaxoSmithKline	1.612	-4
Seroxtm/Paxiltm	GlaxoSmithKline	1.227	-37
Yentreve®	Lilly	686	769
Prozac®	Lilly	429	-18
Remeron®	Akzo Nobel	361	-25

Source: IMS World Review 2006 (IMS Knowledge link)

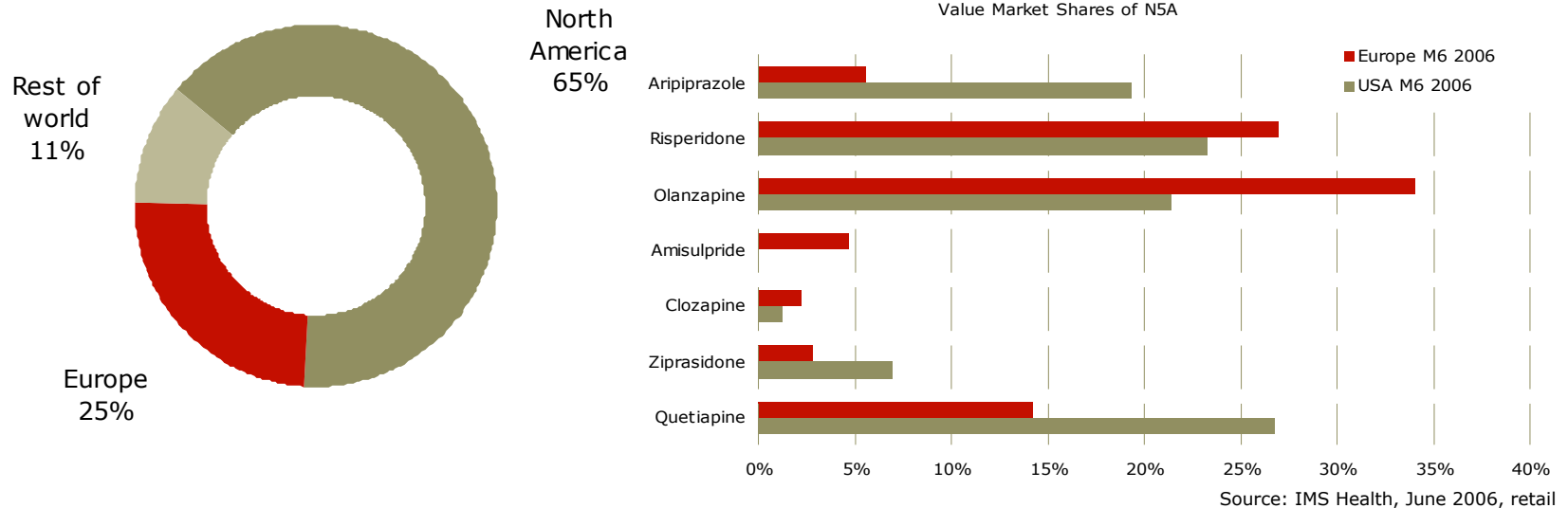
# Anti-Parkinson's (N4A - 2005) – 2,8 bill. USD (+10%)



Source: IMS World Review 2006

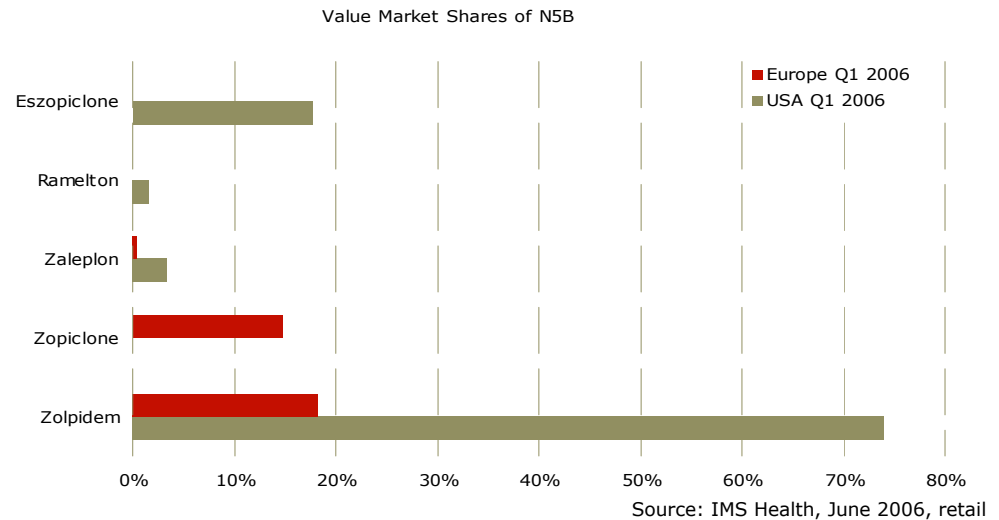
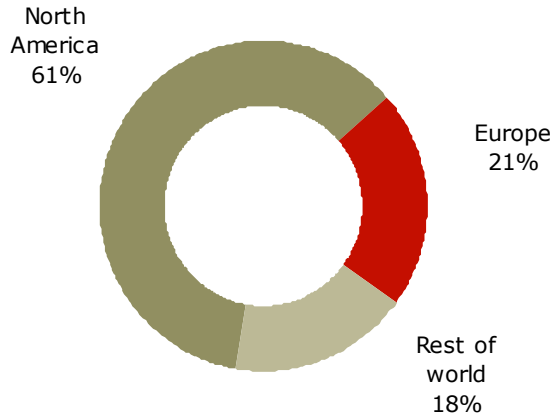
Source: IMS Health, June 2006, retail.

# Antipsychotics (N5A-2005) – 16,3 bill. USD (+11%)



Leading product	Marketing Corporation	Sales 2005 (USDm)	Growth in %
Zyprexa®	Eli Lilly	4.730	-6
Risperdal®	Johnson & Johnson	4.055	13
Seroquel®	AstraZeneca	3.310	28
Abilify®	Otsuka/BMS	1.650	59
Zeldox®	Pfizer	731	26
Leponex®	Novartis	252	-22
Solian®	Sanofi-Synthelabo	206	-7

# Worldwide sales of hypnotics (N5B - 2005) – 4,6 bill. USD (+19%)



Leading product	Marketing Corporation	Sales 2005 (USDm)	Growth in %
Stilnox®	Sanofi-Synthelabo	2.490	15
Lunesta®	Sepracor	311	N/A
Lendormin®	Boehringer Ingelheim	125	0
Sonata®	Wyeth	118	-4
Halcion®	Pfizer	97	-1
Imovane®	Aventis	80	-1

Source: IMS World Review 2006 (IMS Knowledge link)