
Investor Presentation

Q3 2006 Financial Results



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.



Lundbeck in CNS

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%

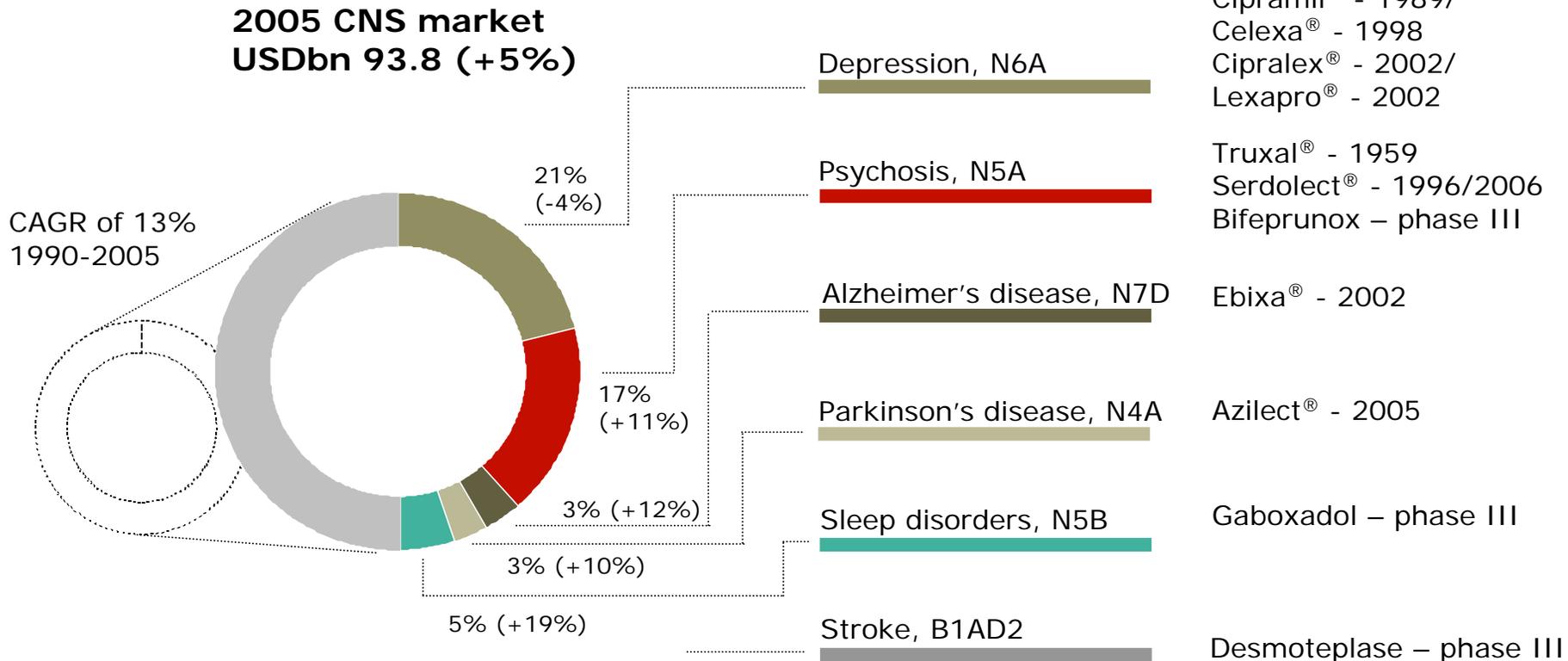
Trading:

- 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

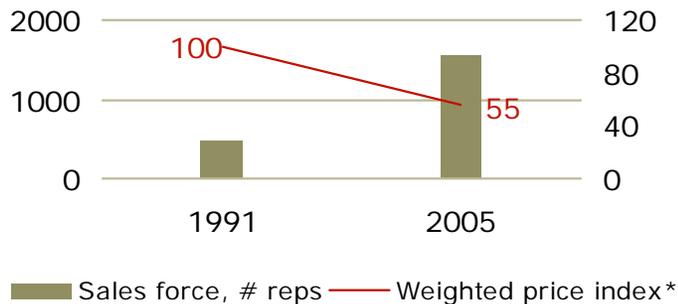
Infrastructure

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

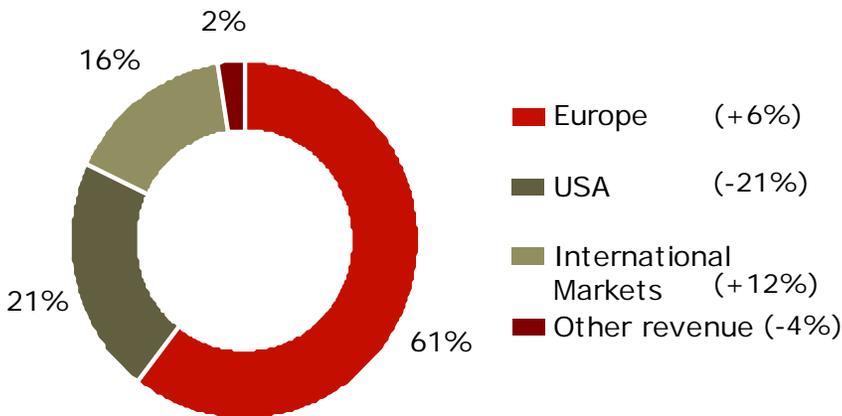
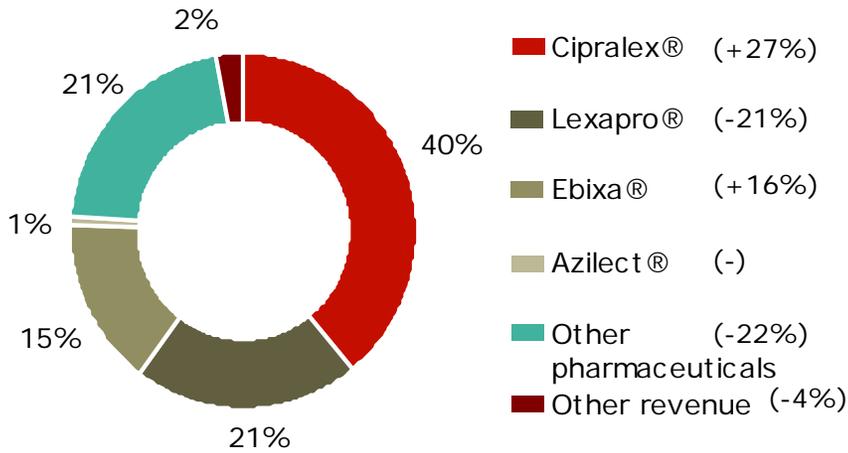
Key challenges:

- 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+)



Current position and mid-term issues

Financial figures Q3 2006



DKKm	Q3 06	Growth to Q3 05
Revenue	2,248	-1%
R&D (18.7% of revenue)	420	-8%
EBIT	630	16%
EBIT margin	28%	
Capex	150	-27%



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.

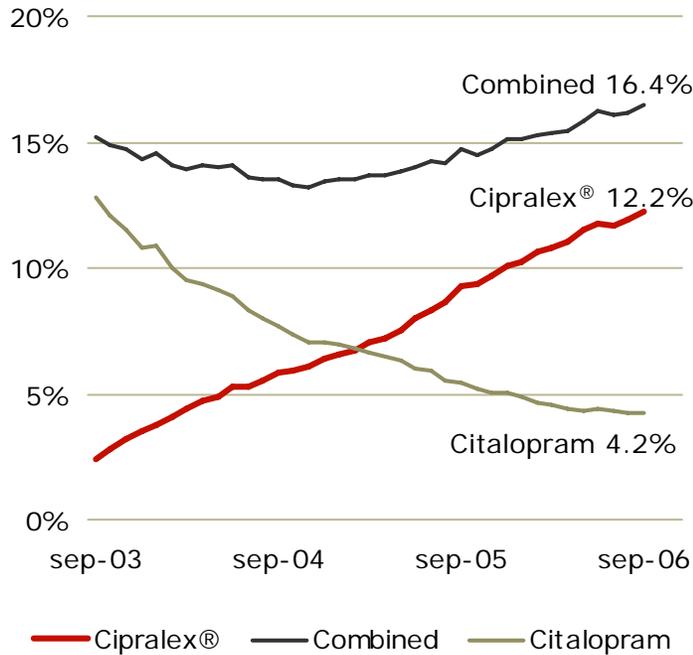
* Exclusive of P&L effect of DKK 141 million from IPO of LifeCycle Pharma

** Exclusive potential milestone payment of USD 75 million from Merck & Co.

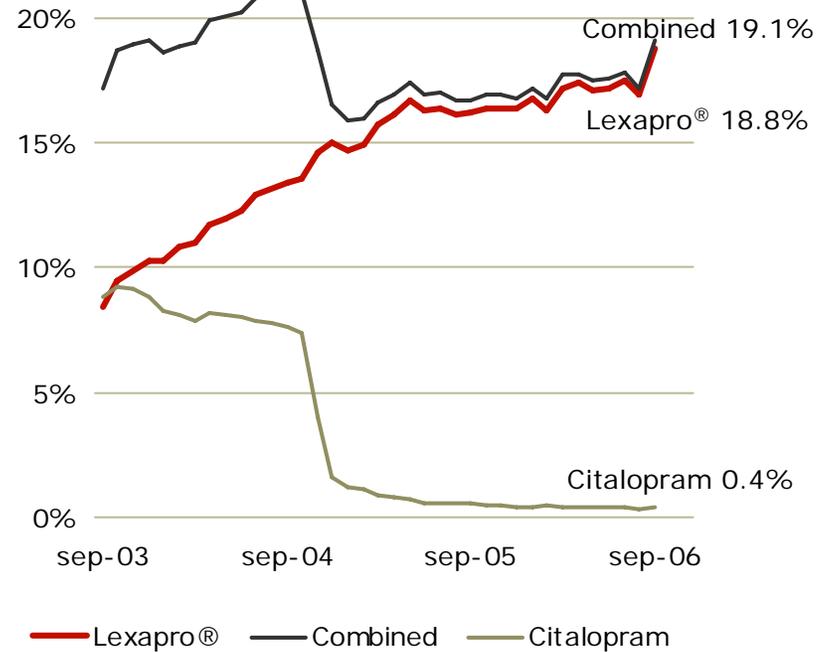


Cipralex® / Lexapro® #1 prescribed branded antidepressant in Europe and USA

Antidepressant market, value Europe



USA

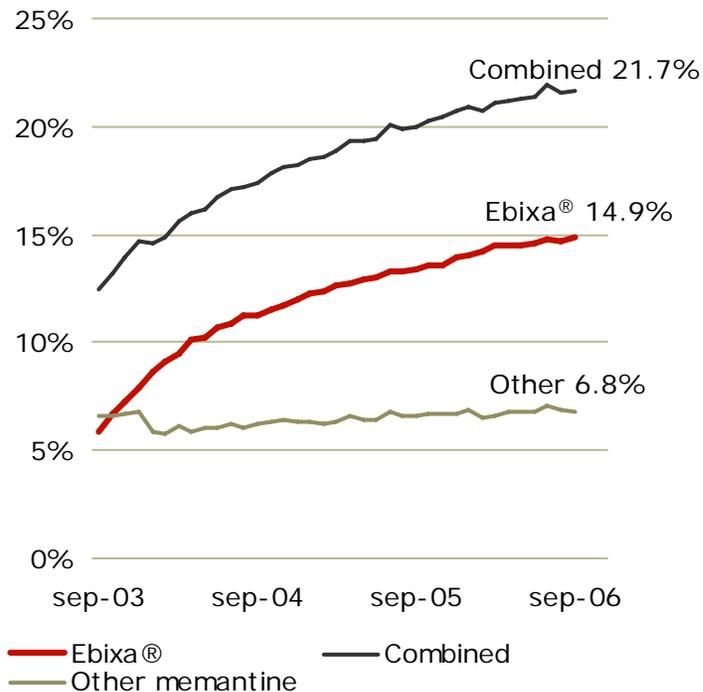


Source: IMS Health, September 2006



Ebixa® for treatment of Alzheimer's disease - #2 in Europe

Anti-Alzheimers market, value Europe



Source: IMS Health, September 2006

Market development

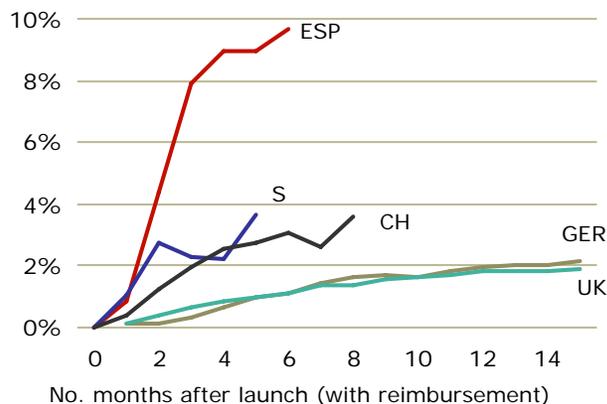
- Second most prescribed antialzheimer compound in Europe
- Ebixa® available for 80% of patients diagnosed with Alzheimer's disease



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, September 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

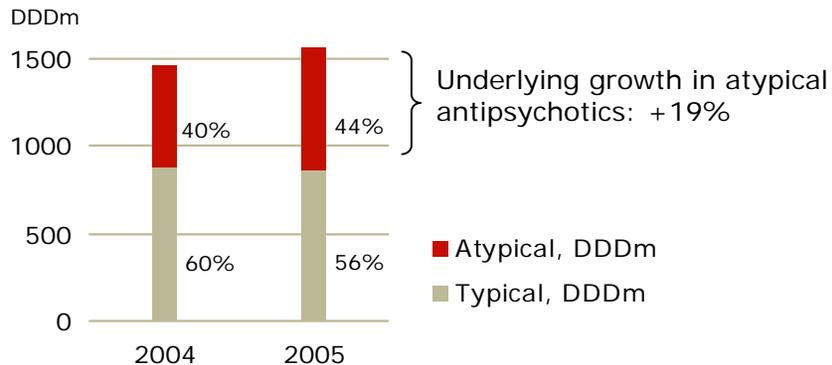


Launch of new compound – Serdolect®

- 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 D₂ and serotonin 5HT₂ 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

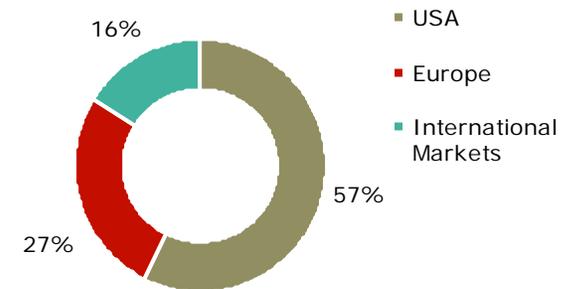
Importance of US market

- 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[®] co-promotion, training & financial)
- Merck funds the majority of the remaining development activities
- Remaining milestone payments of USDm 200 (75/125 at filing in mid 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

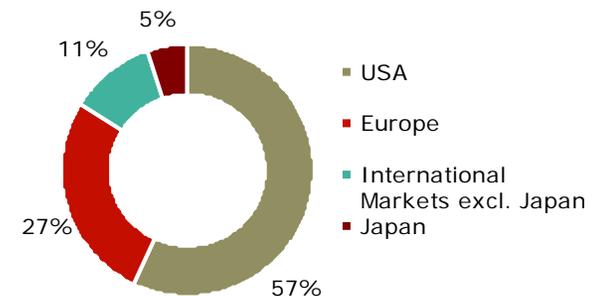
Importance of Japanese market

- 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



Innovation & development of new pharmaceuticals

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+	
Mood Disorders Lu AA44608	Selective NPY receptor antagonist	≡≡≡			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

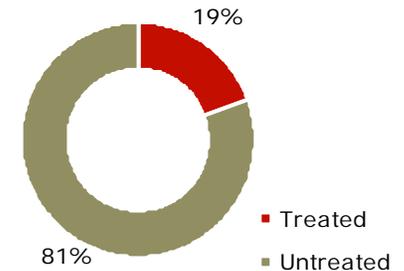
Clinical programme

- Programme is comprised of more than 5,500 people
- US filing mid 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

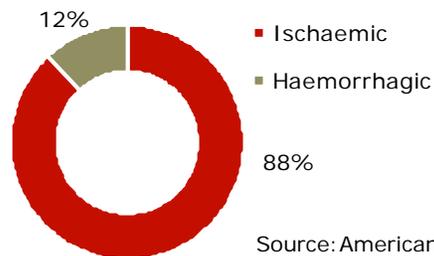
- Desmoteplase (phase III) for the treatment of ischaemic stroke

- 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

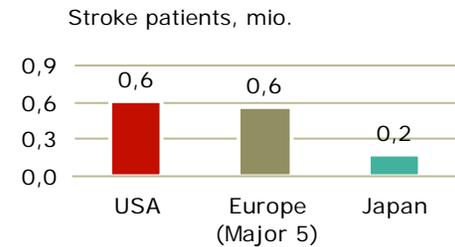
Strategic fit:

- 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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Financial figures and market data

Revenue – Key figures

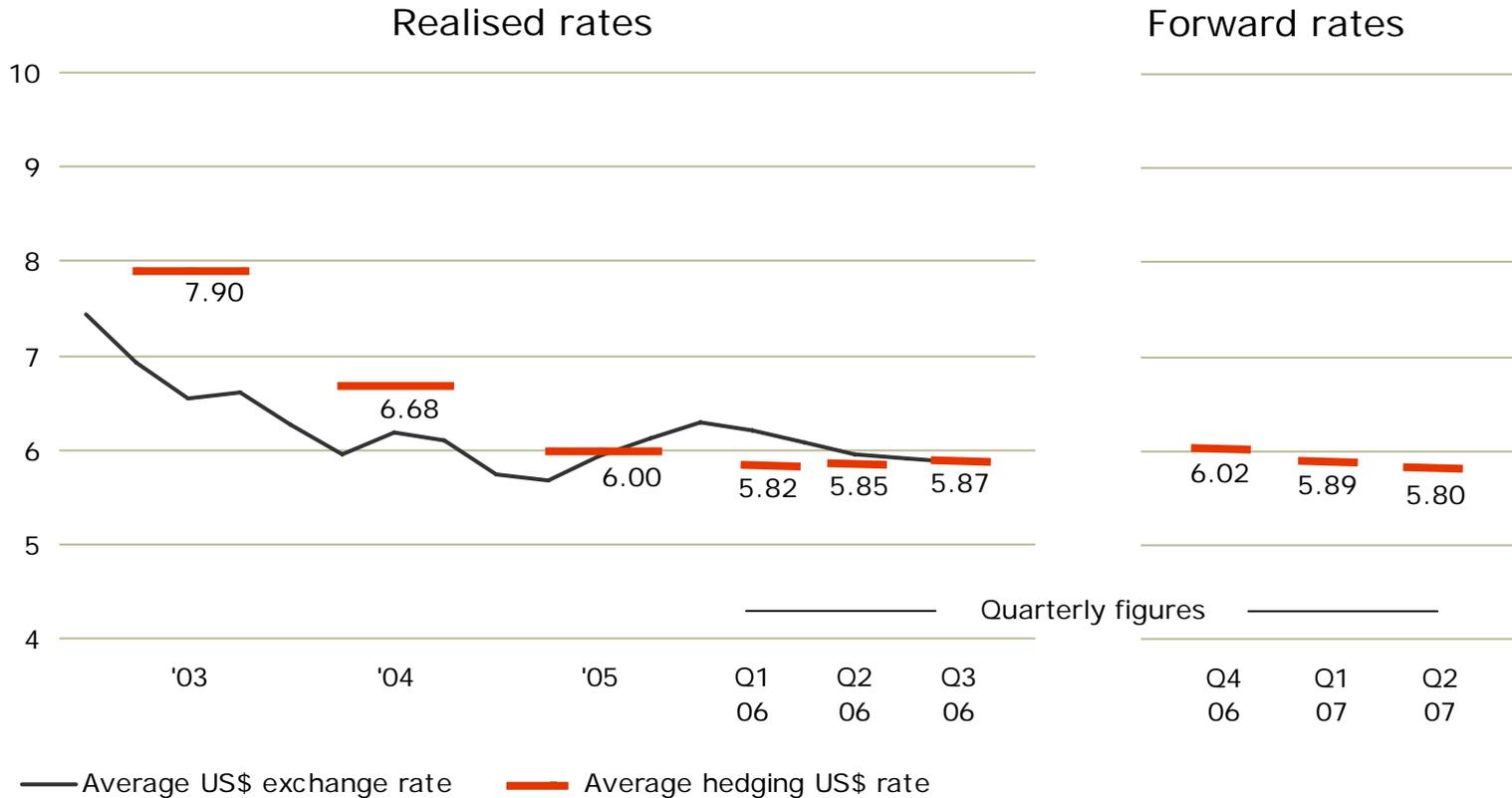
DKKm	Q3-06	Q3-05	Growth	Growth in CER	Q2-06	Growth Q3-Q2
Revenue	2,248	2,265	-1%	1%	2,198	2%
- Cipralex®	878	693	27%	28%	856	3%
- Income from Lexapro®	479	610	-21%	-18%	435	10%
- Ebixa®	339	292	16%	17%	337	1%
- Azilect®	19	2	954%	955%	17	15%
- Serdolect®	3	-	-	-	2	47%
- Other pharmaceuticals	475	613	-22%	-22%	495	-3%
- Other revenue	54	56	-4%	-4%	58	-8%

DKKm	Q3-06	Q3-05	Growth	Growth in CER	Q2-06	Growth Q3-Q2
Revenue	2,248	2,265	-1%	1%	2,198	2%
- Europe	1,362	1,284	6%	7%	1,400	-3%
- USA	482	614	-21%	-18%	430	12%
- International Markets	350	312	12%	13%	311	13%
- Other revenue	54	56	-4%	-4%	58	-8%

Key figures

DKKm	Q3-06	Q3-05	Growth	Q2-06	Growth Q3-Q2
Costs	1,618	1,722	-6%	1,930	-16%
- Cost of sales	372	384	-3%	437	-18%
- Distribution and administration	822	879	-6%	1,004	-18%
- Research and development	420	459	-8%	488	-14%
- Other operating expenses, net	4	1	760%	1	617%
Profit from operations	630	543	16%	269	135%
Net financials	20	21	-6%	-32	162%
Net profit for the period	403	392	3%	141	187%
Cash flows from operating and investing activities	405	444	-9%	-72	660%
Earnings per share (EPS)	1,92	1,75	10%	0,67	187%

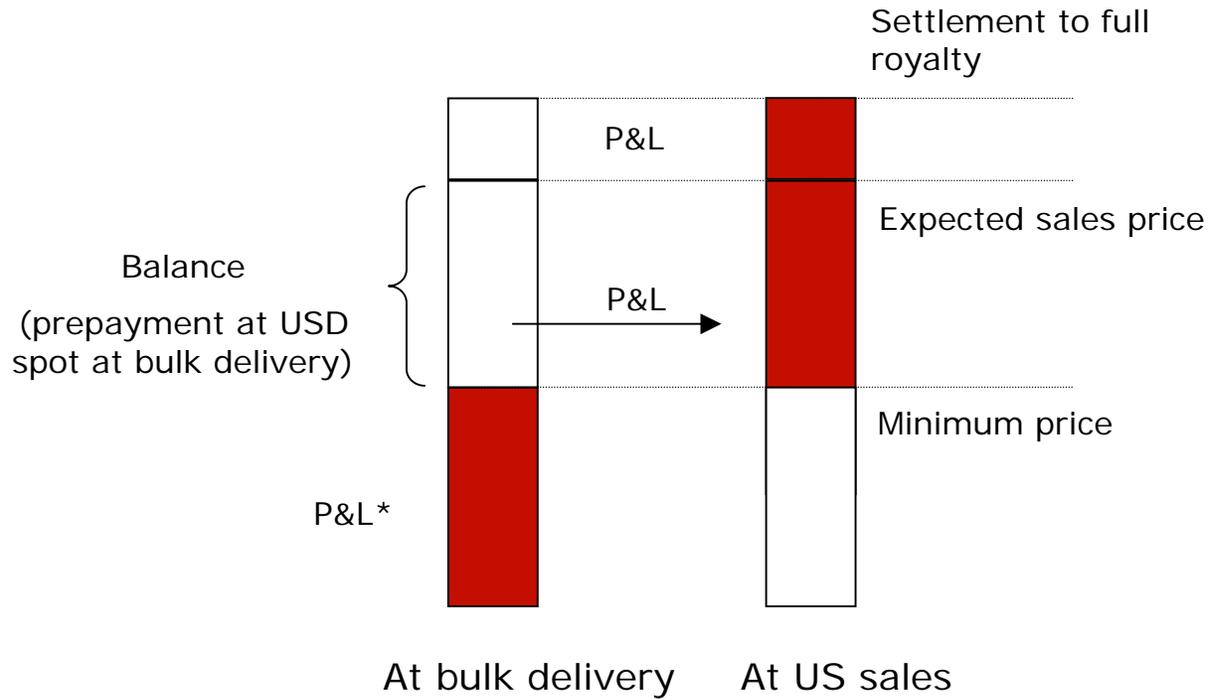
Lundbeck hedge the USD on a rolling basis up to 18 months ahead – 2006 USD hedge rate of 5.89



Note: 1999-Q3 2006 includes value of average hedging contracts realised in the period



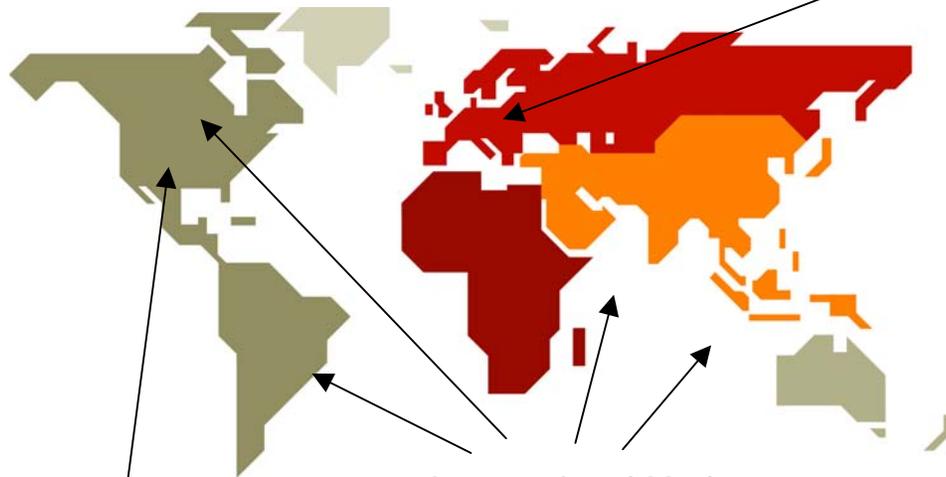
Lundbeck recognition of income from Forest



* 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



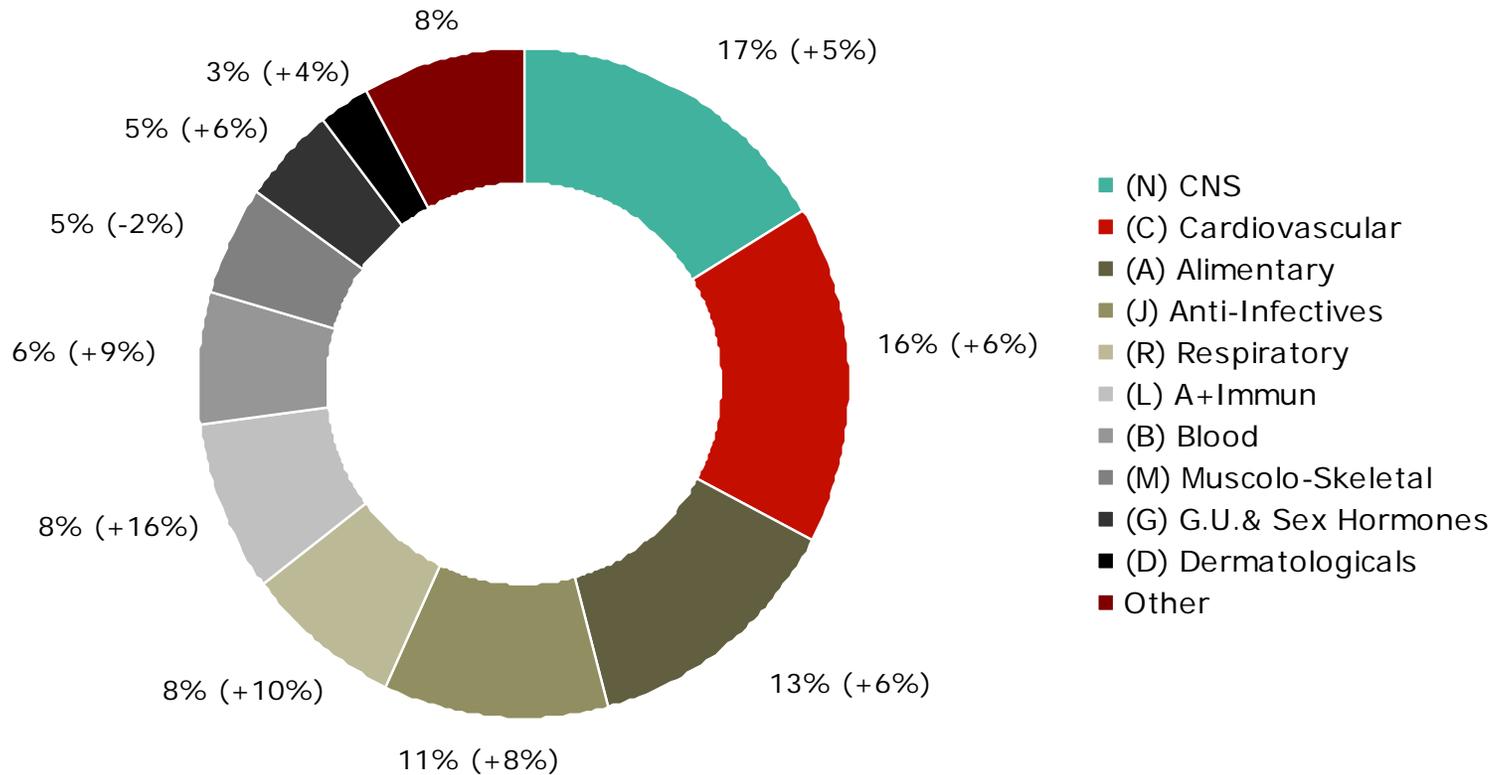
USA
 Escitalopram: Compound patent to March 2012 (incl. extension)
 Gaboxadol: Use patent to March 2016, excl. extensions
 Sertindole: Use patent to April 2010, excl. extensions

International Markets
 Bifeprunox: Compound patent in major markets to Feb. 2022
 Escitalopram: Compound patent in major markets to 2009, excl. extensions
 Gaboxadol: Use patent in major markets to July 2016, excl. extensions
 Memantine: Use patent to April 2010
 Rasagiline: Compound patent to 2011, excl. extensions
 Sertindole: Use patent in major markets to March/April 2010, excl. extensions

Europe
 Bifeprunox: Compound patent in majority of countries to Feb. 2022
 Escitalopram: Compound patent in majority of countries to May-June 2014. Process patent in majority of countries to June 2014
 Gaboxadol: Use patent in majority of countries to July 2021
 Memantine: Data exclusivity until 2012. Use patent in major countries to April 2014
 Rasagiline: Compound patent to 2011, excl. possibility of 5 year extension
 Sertindole: Compound patent in majority of countries to March 2011



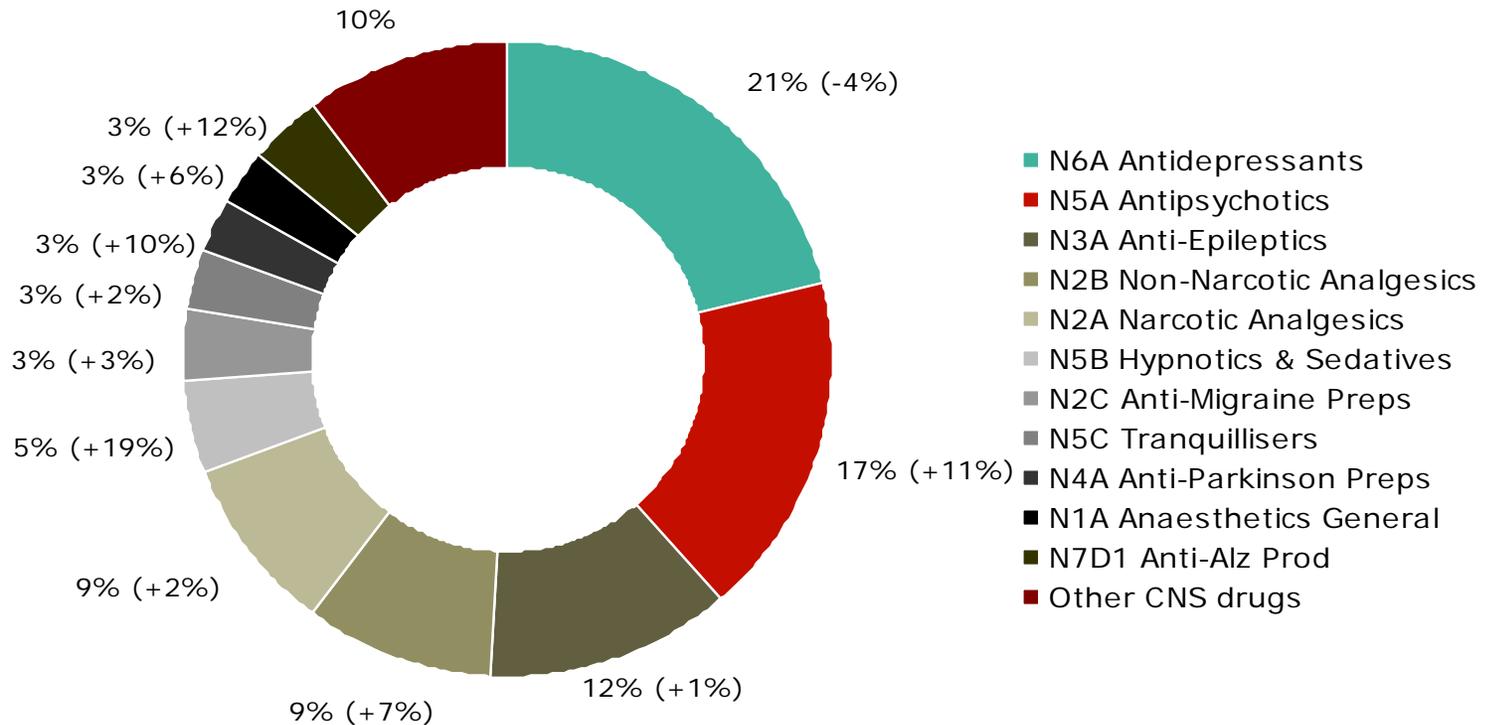
Worldwide pharmaceutical market 2005 USD 568,4 billion* , (+7%)



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



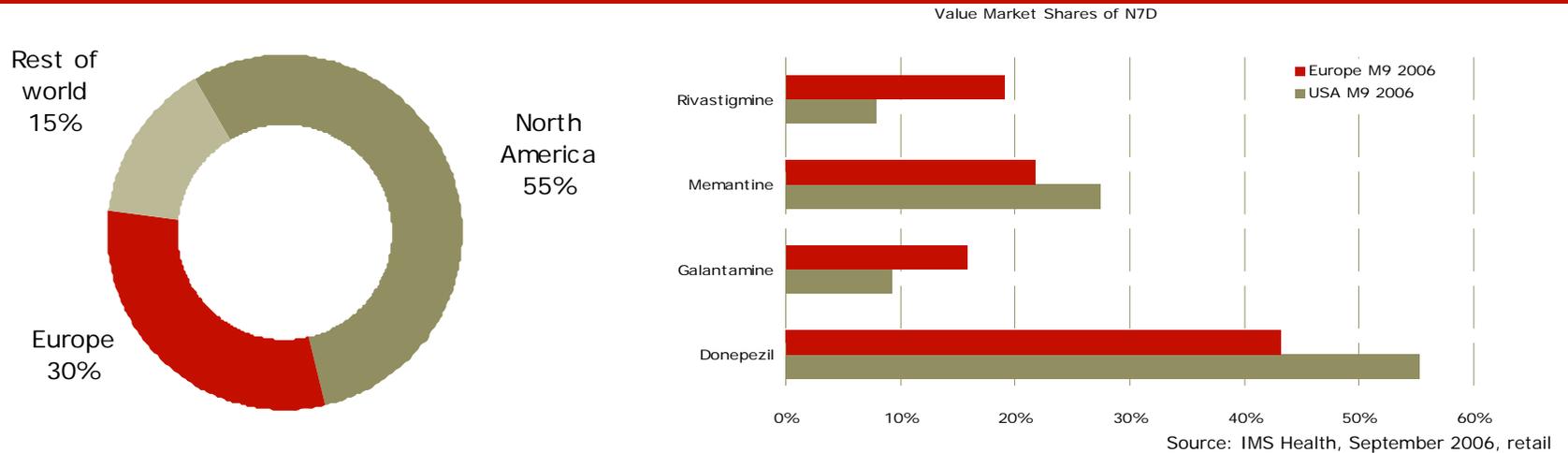
Worldwide CNS market 2005 USD 93,8 billion, (+5%)



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%)

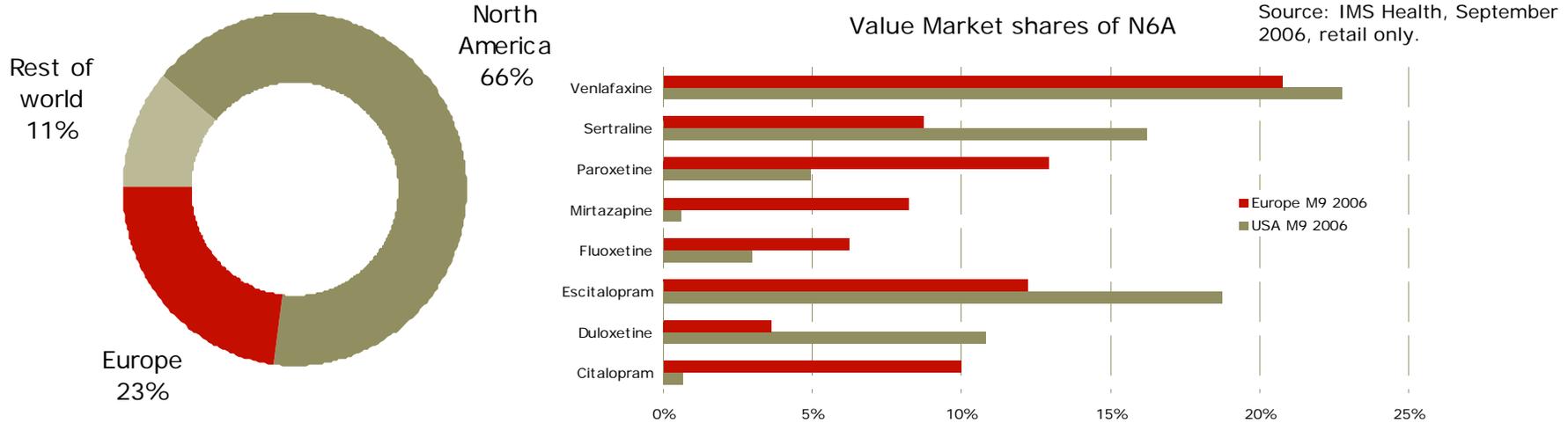


Leading product	Marketing Corporation	Sales 2005 (USDm)	Growth in %
Aricept®	Eisai	2.195	14
Exelon®	Novartis	492	7
Reminyl®	Johnson & Johnson	489	12
Namenda®	Forest	482	77
Ebixa®	Lundbeck	187	53

Source: IMS World Review 2006 (Knowledge link)

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

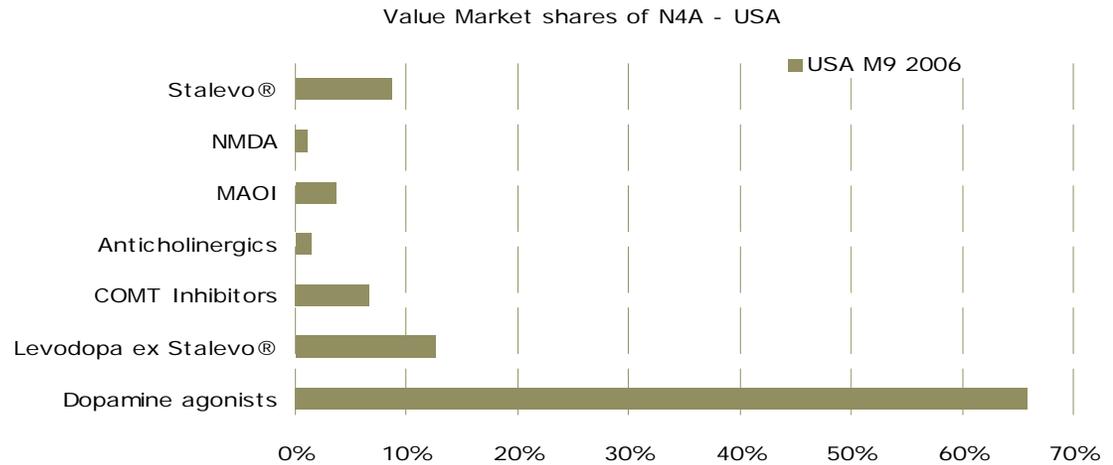
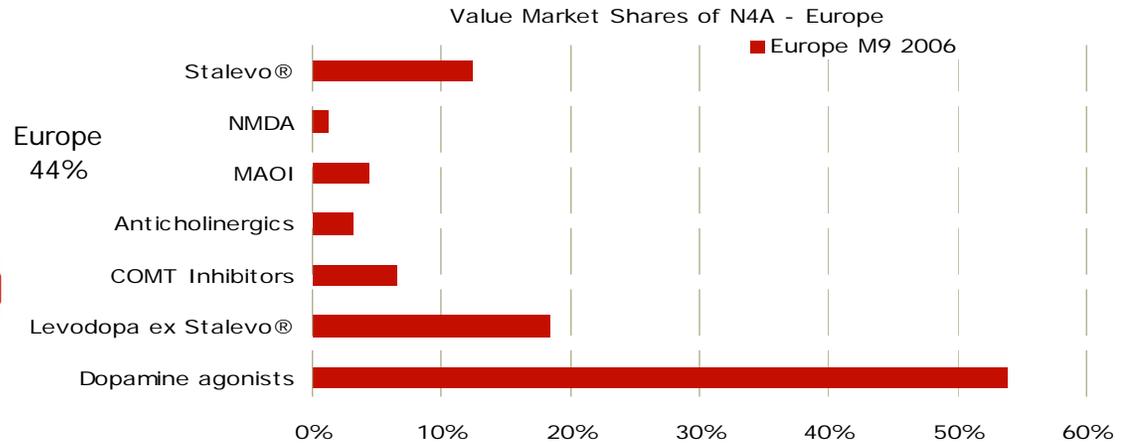
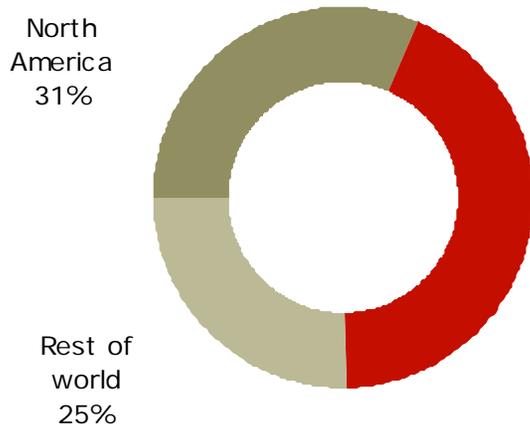
Depression (N6A-2005) – 19,9 bill. USD (-4%)



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)

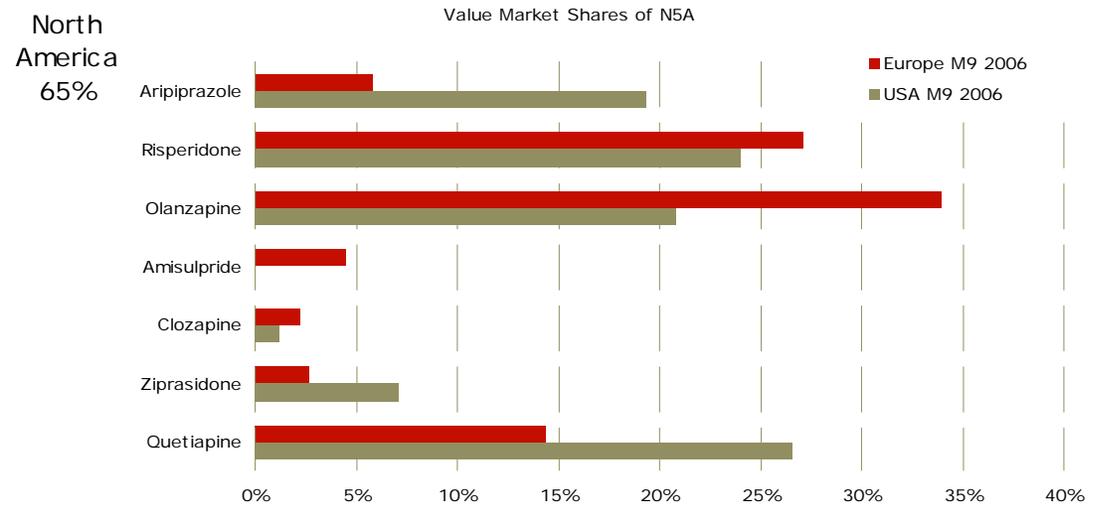
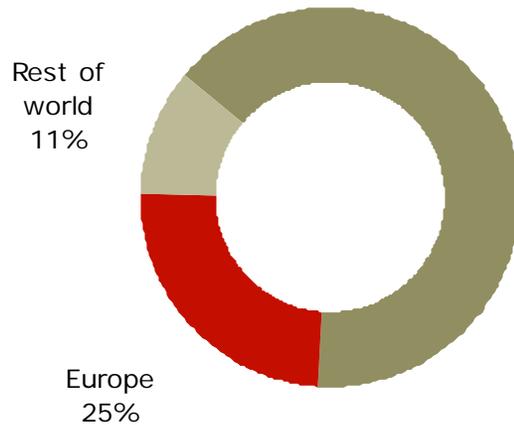
Anti-Parkinson's (N4A - 2005) – 2,8 bill. USD (+10%)



Source: IMS World Review 2006

Source: IMS Health, September 2006, retail.

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

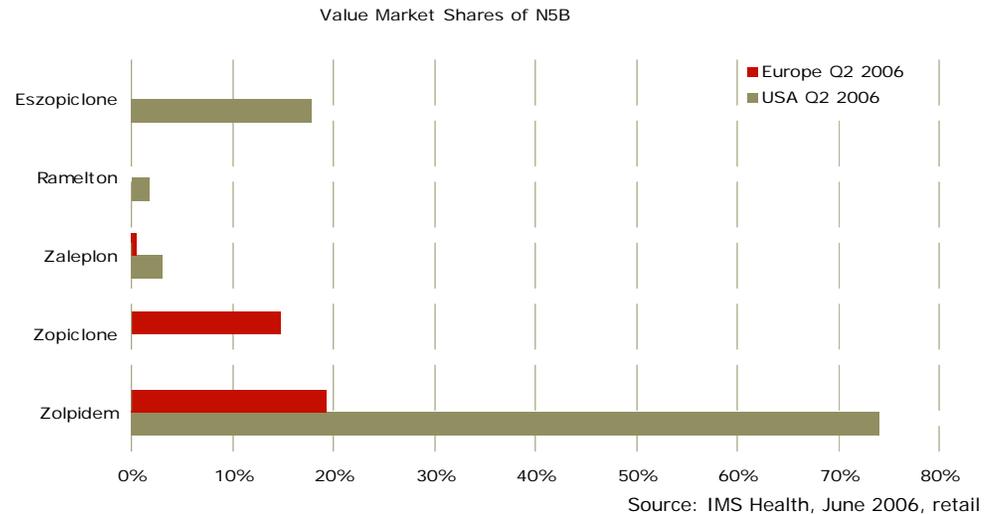
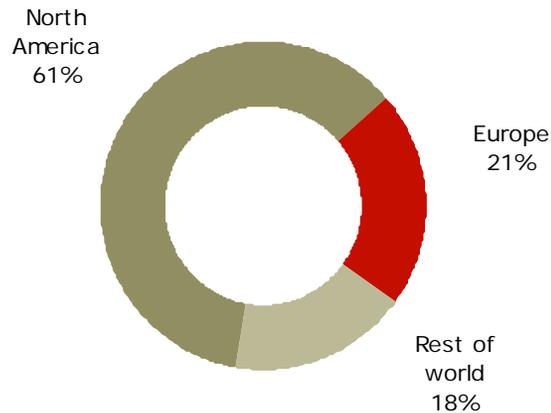


Source: IMS Health, September 2006, retail

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

Source: IMS World Review 2006 (IMS Knowledge link)

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)