

## Major restructuring initiative announced and 2015 guidance revised

### HIGHLIGHTS

- Lundbeck is initiating a restructuring programme which will reduce the total cost base by approximately DKK 3 billion with full effect in 2017. Lundbeck will restructure headquarter functions and commercial operations in Europe and other markets which are expected to lead to a reduction of around 1,000 employees (see separate release)
- In connection with the restructuring programme provisions and write-downs at the level of DKK 1.7 billion will be made in the third quarter 2015
- As part of the restructuring programme a reclassification of DKK 4.8 billion is included as research and development costs in the second quarter. The reclassification is a change in accounting estimate based on management's reassessment of certain previously capitalized product rights
- In first half of 2015, core revenue reached DKK 7,192 million representing an increase of 2% reported (7% decline in local currencies). The performance was driven by the launch of new products, but also strong performance from Onfi<sup>®</sup> and Xenazine<sup>®</sup> which mitigated the effect of generic erosion
- Reported revenue from key products (Abilify Maintena, Brintellix<sup>®</sup>, Northera<sup>®</sup>, Onfi) grew 190% (143% in local currencies) to DKK 1,456 million in the first six months representing 20% of total revenue
- Reported US revenue increased 77% (46% in local currencies) and reached DKK 2,882 million, representing 40% of Lundbeck's revenue
- International Markets, representing 30% of revenue, was stable at DKK 2,141 million (declined 8% in local currencies) as generic erosion of CipraleX<sup>®</sup> was partly mitigated by growth of other products
- Revenue in Europe declined 35% to DKK 1,952 million following generic erosion on e.g. CipraleX
- Brintellix sales reached DKK 238 million, with non-US markets contributing DKK 70 million. Outside the US, Brintellix has now been launched in more than 25 countries and sales uptake is in line with expectations
- Onfi continues its solid performance growing 105% (reported) to DKK 793 million
- FDA has approved Rexulti<sup>™</sup> (brexpiprazole) as adjunctive treatment for adults with major depressive disorder and as a treatment for adults with schizophrenia. Rexulti was launched early August 2015
- Financial guidance for 2015 is revised. Lundbeck now expects revenue of around DKK 14.0 billion and core EBIT of around DKK 0.5 billion. Reported EBIT is expected to be negative at around DKK 7.0 billion

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

*"I am pleased with the sales growth of our new products but I am not satisfied with our profitability. Together with my leadership team, I believe the restructuring programme announced today is necessary and will make Lundbeck drive sustainable value creation for all our stakeholders. We are aware that these decisions will affect many employees and we will strive to support our people as we implement these changes."*

DKK million	H1 2015	H1 2014	Growth
Core Revenue <sup>#</sup>	7,192	7,035	2%
Core EBIT <sup>#</sup>	351	1,168	(70%)
Core EPS <sup>#</sup>	0.64	3.55	(82%)
Core EBIT margin	5%	17%	-
Reported Revenue	7,192	7,035	2%
Reported EBIT	(4,865)	843	-
Reported EPS	(20.30)	2.42	-
Reported EBIT margin	(68%)	12%	-

<sup>#)</sup> For definition of the measures "Core Revenue", "Core EBIT" and "Core EPS", see page 15, and reconciliation to reported figures, see page 22

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## FINANCIAL HIGHLIGHTS AND KEY FIGURES

	2015 Q2	2014 Q2	2015 H1	2014 H1	2014 FY
<b>Financial highlights (DKK million)</b>					
Core revenue	3,629	3,448	7,192	7,035	13,468
Core profit from operations (core EBIT)	135	439	351	1,168	1,228
Reported revenue	3,629	3,448	7,192	7,035	13,468
Operating profit before depreciation and amortization (EBITDA)	(4,548)	540	(4,240)	1,364	1,552
Reported profit/(loss) from operations (EBIT)	(4,833)	274	(4,865)	843	99
Net financials	(67)	(34)	(67)	(51)	(155)
Profit/(loss) before tax	(4,900)	240	(4,932)	792	(56)
Tax	(994)	96	(945)	317	97
Profit/(loss) for the period	(3,906)	144	(3,987)	475	(153)
Equity	10,185	13,406	10,185	13,406	13,526
Assets	20,746	22,954	20,746	22,954	25,637
Cash flows from operating and investing activities (free cash flow)	(1,384)	(2,565)	(1,802)	(2,802)	(1,786)
Investments in property, plant and equipment, gross	55	50	99	97	240
<b>Key figures</b>					
EBITDA margin (%) <sup>1</sup>	(125.3)	15.6	(59.0)	19.4	11.5
EBIT margin (%) <sup>1</sup>	(133.2)	8.0	(67.6)	12.0	0.7
Return on capital employed (%)	(31.2)	1.8	(32.1)	5.4	0.6
Research and development ratio (%)	147.9	20.1	84.8	18.8	21.6
Return on equity (%) <sup>1</sup>	(31.9)	1.1	(33.6)	3.5	(1.1)
Solvency ratio (%) <sup>1</sup>	49.1	58.4	49.1	58.4	52.8
Capital employed (DKK million)	13,451	15,564	13,451	15,564	16,869
<b>Share data</b>					
Number of shares for the calculation of EPS (million)	196.5	196.1	196.4	196.1	196.3
Number of shares for the calculation of DEPS (million)	196.7	196.3	196.6	196.3	196.4
Earnings per share (EPS) (DKK) <sup>1</sup>	(19.88)	0.73	(20.30)	2.42	(0.78)
Diluted earnings per share (DEPS) (DKK) <sup>1</sup>	(19.86)	0.73	(20.28)	2.42	(0.78)
Cash flow per share (DKK) <sup>1</sup>	(7.04)	2.33	(8.99)	1.57	8.20
Net asset value per share (DKK) <sup>1</sup>	51.75	68.31	51.75	68.31	68.84
Market capitalization (DKK million)	25,363	26,315	25,363	26,315	24,117
Share price end of period (DKK)	129.00	134.00	129.00	134.00	122.80
Proposed dividend per share (DKK)	-	-	-	-	0.00
<b>Other</b>					
Number of employees (FTE)	5,801	5,703	5,801	5,703	5,811

<sup>1</sup> Definitions according to the Danish Society of Financial Analysts' *Recommendations & Financial Ratios 2010*.

## MANAGEMENT REVIEW

### Financial guidance and forward-looking statements

The financial guidance for the fiscal year 2015 provided in connection with the full year 2014 announcement on 5 February 2015 is revised. Following the strong performance of especially Onfi and Xenazine Lundbeck now expects revenue to be around DKK 14.0 billion compared to the previous range of DKK 13.2-13.7 billion. The outlook is based on unchanged exchange rates and expectations for continued robust performance of our key products which partly off-sets the continued generic erosion of mature products.

Lundbeck now expects core profit from operations (core EBIT) assuming unchanged exchange rates to be around DKK 0.5 billion compared to the previous guidance around DKK 0 for 2015.

Following the announced restructuring initiative, Lundbeck is now also providing guidance for reported operating profit (EBIT), which is expected to be negative at around DKK 7.0 billion.

#### Financial forecast 2015

DKK billion	2014 actual	Previous 2015 forecast	New 2015 forecast
Core Revenue	13.5	13.2 - 13.7	~14
Core EBIT	1.2	~0	~0.5
Reported EBIT	0.1	-	~(7)

#### Major restructuring to regain profitability and ensure value creation:

The restructuring is initiated in order to significantly improve profitability and the company's value creation. Lundbeck needs higher profitability to be able to invest in future profitable growth initiatives leading to better treatments for patients and secure a competitive return on investment and thereby secure value creation.

Total restructuring impact is estimated to approximately DKK 1.7 billion in the third quarter and the initiative aims to improve cost structures and accelerate productivity improvements across the company. The programme is part of the expected improvement of the cost base by approximately DKK 3 billion by 2017.

In the past few years, Lundbeck has gone through major restructurings of its European commercial infrastructure. However, it is necessary to further adjust the commercial set-up primarily in Europe. Lundbeck intends to emphasize the focus on the following products: Abilify Maintena, Brintellix, Northera, Onfi and Rexulti. Furthermore, Lundbeck plans to capture savings through restructuring of all headquarter functions, further minimize G&A functions at affiliates and also expand the newly established Business Service Center in Krakow in Poland. In R&D, a number of cost reduction initiatives have been identified including closure of selected early-stage projects.

Lundbeck expects that this restructuring programme will affect approximately 1,000 employees. Final estimates for programme costs, benefits and headcount impact in all areas of the business are subject to completion of applicable consultation processes.

#### Financial implications of the restructuring programme:

Following the proposed restructuring programme, Lundbeck expects to recognize provisions for some DKK 1.1 billion for severance payments and restructuring costs. Furthermore, in the third quarter, Lundbeck expects to recognize approximately DKK 0.6 billion in impairment loss due to changed management estimates of certain intangible rights and fixed assets.

It is expected that the programme will reduce the total cost base by approximately DKK 3 billion in 2017.

When the restructuring programme is finalized, we expect to significantly improve the company's profitability and we expect to see positive reported operating profit already in 2016 with further improvement in 2017. Further details regarding the financial outlook will be presented in connection with the announcement of the 2015 Full Year results in February 2016.

### **Reclassification of product rights**

A reclassification due to management's reassessment of certain product rights has resulted in a change in accounting estimate for capitalization of milestone payments, which were triggered prior to receiving final market registration approval. The reclassification of certain product rights amounts to DKK 4.8 billion which has been recognized in research and development costs in the second quarter 2015.

Previously, all material milestone payments triggered by an event were treated as a change to the fair value of the product rights. They have therefore been capitalized, and when launched, amortized over the product's life cycle. Prior to receiving final market registration approval, there is significant uncertainty as to whether the product will be approved and launched, i.e. whether a product right exists at this stage. Consequently, management now adopts a more conservative approach when these milestone payments predominantly will be triggered by or relate to research and development or pre-registration efforts.

The reassessment has not resulted in a change to Lundbeck's accounting policies.

### **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**

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**Reported revenue** for the first six months of 2015 reached DKK 7,192 million compared to DKK 7,035 million in first half of 2014. The increase of 2% is caused by a positive development in our main currencies. In local currencies we saw a decline of 7% caused by significant generic erosion on Ebixa<sup>®</sup> and Cipralelex in the European markets and for Cipralelex in Canada. This has been partly offset by growth from our key products (Abilify Maintena, Brintellix, Northera and Onfi) of 190% and 143% reported and in local currencies, respectively. For the period, strategic core products contributed 20% of total revenue.

In the second quarter of 2015, **core revenue** grew 5% and reached DKK 3,629 million compared to DKK 3,448 million the year before. In local currencies revenue was down 5% primarily due to the generic competition on Ebixa and Cipralelex in Europe and on Cipralelex in Canada. Reported revenue also reached DKK 3,629 million. In the second quarter, key products reached DKK 806 million, up 174%, and contributed 22% of total revenue.

## Revenue from key products and regions

DKK million	Q2 2015	Q2 2014	Growth	Growth in local currency	H1 2015	H1 2014	Growth	Growth in local currency
<b>Core revenue</b>	<b>3,629</b>	<b>3,448</b>	<b>5%</b>	<b>(5%)</b>	<b>7,192</b>	<b>7,035</b>	<b>2%</b>	<b>(7%)</b>
Abilify Maintena	157	39	305%	261%	277	68	308%	264%
Azilect®	347	371	(7%)	(8%)	722	747	(3%)	(3%)
Brintellix	140	38	266%	211%	238	46	416%	333%
Cipralex	671	1,316	(49%)	(48%)	1,483	2,861	(48%)	(50%)
Onfi	403	217	85%	50%	793	387	105%	68%
Sabril	241	176	37%	8%	471	333	41%	15%
Xenazine	616	402	53%	27%	1,122	766	46%	22%
Other pharmaceuticals	953	740	29%	18%	1,869	1,582	18%	10%
Other revenue	101	149	(32%)	(34%)	217	245	(11%)	(13%)
<b>Total revenue</b>	<b>3,629</b>	<b>3,448</b>	<b>5%</b>	<b>(5%)</b>	<b>7,192</b>	<b>7,035</b>	<b>2%</b>	<b>(7%)</b>
Europe	991	1,385	(28%)	(30%)	1,952	2,992	(35%)	(35%)
US	1,547	882	75%	42%	2,882	1,626	77%	46%
International Markets	990	1,032	(4%)	(6%)	2,141	2,172	(1%)	(8%)

**Abilify Maintena** (aripiprazole once-monthly injection), for the treatment of schizophrenia and one of the products launched within the global alliance with Japanese Otsuka Pharmaceutical Co., Ltd, shows steady sales growth. Sales grew more than 300%, or 261% in local currencies, and reached DKK 157 million in the quarter.

**Azilect** (rasagiline) for the treatment of Parkinson's disease realized revenue of DKK 347 million for the quarter which is broadly in line with expectations.

Revenue from **Brintellix** (vortioxetine) for the treatment of depression reached DKK 140 million in the second quarter of the year. The growth was primarily driven by the continued sales growth in the US, however also from launches in countries such as Canada, Chile, Mexico and South Africa. The global launches of Brintellix continue as planned, and feedback from patients and prescribers is encouraging. Brintellix has been launched in more than 25 countries outside the US, including Canada, which is a key market for Lundbeck.

**Cipralex** (escitalopram) declined in revenue by 49% in the quarter due to generic competition in the European markets and in Canada. The decline is in line with expectations.

**Onfi** (clobazam) for the treatment of Lennox-Gastaut syndrome continues to show very strong growth and generated second quarter revenue of DKK 403 million, an increase of 50% in local currencies or 85% reported, compared to the same period last year. Lundbeck has marketing rights for Onfi in the US.

**Sabril** (vigabatrin) for the treatment of refractory complex partial seizures (rCPS) and infantile spasms (IS) generated second quarter revenue of DKK 241 million, thereby increasing 8% in local currencies, or 37% reported, compared to the second quarter of 2014. Lundbeck has marketing rights for Sabril in the US.

**Xenazine** (tetrabenazine) for the treatment of chorea associated with Huntington's disease continues its solid growth in the quarter with revenue of DKK 616 million compared to DKK 402 million in the same period last year, an increase of 27% in local currencies, or 53% reported. Lundbeck has marketing rights for Xenazine in the US.

Revenue from **Other pharmaceuticals**, which comprise the remainder of Lundbeck's products, was DKK 953 million. Other pharmaceuticals are negatively impacted by the generic competition on Ebixa in Europe which is countered by growth in other mature products. This performance exceeds expectations.

**Other revenue** reached DKK 101 million in the quarter, compared to DKK 149 million for the same period in the previous year.

Figure 1 – Revenue per region Q2 2015 vs Q2 2014 (excluding Other revenue)



## Europe

Revenue reached DKK 1,952 million in the first six months of 2015 which was a decline compared to DKK 2,992 million in the same period last year caused by generic erosion of Cipralelex and Ebixa sales following the loss of exclusivity.

Second quarter revenue in Europe was DKK 991 million, a decrease of 28% compared to the same quarter previous year as our strategic core products are early in their launch phase and only have limited contribution to revenue.

### Revenue – Europe

DKK million	Q2 2015	Q2 2014	Growth in local currencies		Q1 2015	H1 2015	H1 2014	Growth in local currencies	
			Growth	currencies				Growth	currencies
Abilify Maintena	63	5	1,172%	1,151%	45	108	7	1,386%	1,361%
Azilect	308	336	(9%)	(10%)	327	635	680	(7%)	(6%)
Brintellix	17	-	-	-	7	24	-	-	-
Cipralelex	239	698	(66%)	(67%)	245	484	1,585	(69%)	(70%)
Selincro	50	5	851%	857%	41	91	8	994%	986%
Other pharmaceuticals	314	341	(8%)	(10%)	296	610	712	(14%)	(15%)
<b>Total revenue</b>	<b>991</b>	<b>1,385</b>	<b>(28%)</b>	<b>(30%)</b>	<b>961</b>	<b>1,952</b>	<b>2,992</b>	<b>(35%)</b>	<b>(35%)</b>

**Abilify Maintena** continues the roll out in the European markets. Abilify Maintena has now been launched in all major markets in Europe with full reimbursement in the majority of markets and with no restrictions. Initial sales uptake of Abilify Maintena is encouraging with sales in the second quarter reaching DKK 63 million.

**Brintellix** has been launched in 14 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.

Second quarter revenue from **Azilect** amounted to DKK 308 million, a decline of 9% compared to the second quarter of 2014. This performance can primarily be attributed to a slightly negative growth in the UK and some of the smaller markets across Europe such as Greece and Romania.

**Cipralex** and **Ebixa** (memantine) declined due to generic competition. Ebixa is included in Other pharmaceuticals.

**Selincro** (nalmefene), for the treatment of alcohol dependence, realized sales in the second quarter of 2015 of DKK 50 million primarily driven by France, and to a lesser extent Spain and Switzerland.

Revenue from **Other pharmaceuticals** was DKK 314 million, a decline of around 8% compared to same period the previous year.

## US

Revenue reached DKK 2,882 million in the US in the first six months of 2015, which is an increase of 46% in local currencies, or 77% reported. Lundbeck US continues its solid growth, thereby confirming this market's strategic importance for Lundbeck. Revenue in the US contributed 40% of total revenue compared to 23% in the same period last year.

In the second quarter, revenue reached DKK 1,547 million representing 43% of total revenue compared to 26% last year. The revenue increased by 42% in local currencies, or 75% reported, compared to the same quarter previous year. Lundbeck's neurology portfolio\* in the US grew 73% in the quarter and exceeded DKK 1.3 billion in sales.

### Revenue – US

DKK million	Q2 2015	Q2 2014	Growth in local currencies		Q1 2015	H1 2015	H1 2014	Growth in local currencies	
			Growth	currencies				Growth	currencies
Abilify Maintena	78	34	133%	87%	68	146	61	142%	98%
Brintellix	94	38	147%	97%	74	168	46	267%	192%
Northera	106	-	-	-	42	148	-	-	-
Onfi	403	217	85%	50%	390	793	387	105%	68%
Sabril	241	176	37%	8%	230	471	333	41%	15%
Xenazine	612	394	55%	29%	501	1,113	756	47%	23%
Other pharmaceuticals	13	23	(45%)	(55%)	30	43	43	(3%)	(19%)
<b>Total revenue</b>	<b>1,547</b>	<b>882</b>	<b>75%</b>	<b>42%</b>	<b>1,335</b>	<b>2,882</b>	<b>1,626</b>	<b>77%</b>	<b>46%</b>

\* Lundbeck's Neurology portfolio in the US consists of Northera, Onfi, Sabril and Xenazine

**Abilify Maintena** continues to grow and sales reached DKK 78 million for the quarter. Further improvements have been made including the dual-chamber pre-filled syringe approved in September 2014, the positive outcome from



the *QUALIFY* study as well as the FDA approved labelling update to include description of a controlled clinical study of Abilify Maintena for treating adult patients experiencing acute relapses of schizophrenia. In July, FDA approved deltoid injection site for Abilify Maintena in the treatment of schizophrenia.

**Brintellix** was launched in the US in January 2014, and revenue for the second quarter of 2015 reached DKK 94 million for Lundbeck. Our partner, Takeda Pharmaceuticals, reported USD 42 million (+88%) in sales for this quarter. In-market sales in the second quarter reached approximately USD 79 million (+242%) and for the first six months it reached approximately USD 139 million. Brintellix showed continued good volume uptake and market share gains. Brintellix' share of branded TRx (total prescriptions) volume was 17.3% and the share of branded NRx (new prescriptions) volume was 20.9% by late-July. In value, Brintellix has a similar strong position in the branded market (NRx) with a share of more than 21.3%.

**Northera** (droxidopa) for the treatment of symptomatic neurogenic orthostatic hypotension (nOH) was made available in the US market in September 2014 and the commercial launch commenced in October 2014. Northera is still very early into the launch, however, feedback and early experience has been encouraging. Sales from Northera reached DKK 106 million in the second quarter of the year. In June 2014, a responder analysis of data from two phase III clinical trials evaluating Northera for patients with nOH was presented at the 19<sup>th</sup> International Congress of Parkinson's Disease and Movement Disorders. Symptom improvement was analysed to determine the point at which there was a clinically meaningful change in dizziness, light-headedness, feeling faint or 'feeling like you might black out'. When evaluated individually, both studies show that the 'average' response to Northera is clinically meaningful.

**Onfi** reached revenue of DKK 403 million in the second quarter, corresponding to a growth of 50% in local currencies, or 85% reported. The solid performance is primarily driven by demand combined with a positive price development.

**Sabril** revenue for the quarter was DKK 241 million, growing 8% in local currencies or 37% reported, compared to the same quarter the year before. The performance is primarily driven by demand.

Revenue from **Xenazine** was DKK 612 million for the quarter, an increase of 29% in local currencies, or 55% reported, compared to the second quarter previous year. The positive trend from previous quarters continues primarily due to higher patient base and higher level of patient uptake but also due to some inventory adjustments and a positive price development.

**Rexulti**<sup>™</sup> (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.

## International Markets

Revenue from International Markets, which comprise all of Lundbeck's markets outside of Europe and the US, reached DKK 2,141 million in the first six months of 2015, compared to DKK 2,172 million in the same period last year – a decline of 1%. In local currencies revenue decreased by 8% as the generic erosion on key products is only partly offset by growth in other products. International Markets now constitutes 30% of total revenue for the first half of 2015 compared to 31% in the same period last year.

Revenue in the second quarter was DKK 990 million, corresponding to a decrease of 6% in local currencies and 4% reported. The performance was caused by the generic competition of Cipralex in Canada where sales declined by 81% to DKK 51 million which was compensated for by growth in other products and geographies including emerging markets. In the quarter International Markets constituted 27% of total revenue representing a slight decrease compared to the same period in 2014.

#### Revenue – International Markets

DKK million	Q2 2015	Q2 2014	Growth in local currencies		Q1 2015	H1 2015	H1 2014	Growth in local currencies	
			Growth					Growth	
Abilify Maintena	16	-	-	-	7	23	-	-	-
Azilect	39	35	14%	14%	48	87	67	30%	29%
Brintellix	29	-	-	-	17	46	-	-	-
Cipralex/Lexapro	432	618	(30%)	(25%)	567	999	1,276	(22%)	(25%)
Ebixa	141	125	14%	1%	181	322	287	12%	2%
Other pharmaceuticals	333	254	32%	16%	331	664	542	23%	11%
<b>Total revenue</b>	<b>990</b>	<b>1,032</b>	<b>(4%)</b>	<b>(6%)</b>	<b>1,151</b>	<b>2,141</b>	<b>2,172</b>	<b>(1%)</b>	<b>(8%)</b>

**Abilify Maintena** has been launched in Australia and Canada so far and reached revenue of DKK 16 million in the second quarter of 2015.

**Azilect** continues to show growth in South Korea, Hong Kong and Australia, and revenue increased in the second quarter by 14%, which was partly offset by price cuts in Turkey.

**Brintellix** was launched in Canada as Trintellix towards the end of 2014. Even though it is early in the launch, the uptake has been very encouraging. Countries like Australia (private market), Chile, Mexico and South Africa also showed solid uptake. Brintellix reached DKK 29 million for the quarter.

**Cipralex** generated second quarter revenue of DKK 432 million. Sales decreased by 30% reported, or 25% in local currencies, compared to the previous year, due to generic competition primarily in Canada. Cipralex continued to grow in most Asian markets, though this growth has been partly offset by revenue loss in Latin American markets such as Brazil and Mexico due to generic competition.

**Ebixa** generated second quarter revenue of DKK 141 million representing an increase of 14% and 1% in local currencies.

**Treanda** (bendamustine hydrochloride for injection) for the treatment of indolent Non-Hodgkin's lymphoma (iNHL) and chronic lymphocytic leukaemia (CLL) is sold by Lundbeck in Canada. Treanda reached DKK 58 million in the second quarter of 2015 compared to DKK 49 million in the same period previous year, an increase of 20% reported but 9% in local currencies. Treanda is included in Other pharmaceuticals.

**Other pharmaceuticals** generated revenue of DKK 333 million during the quarter, an increase of 32% compared to the same quarter the year before. The increase is explained by quarterly fluctuations in sales of mature products in the region.

## Expenses and income

As of January 2015, Lundbeck has reclassified certain costs, which were previously recognized in administrative expenses, to sales and distribution costs and to research and development costs. The reclassification is to align with comparable peers within the industry. Comparative figures below have been restated.

Total costs for the first six months of 2015 was DKK 12,057 million compared to DKK 6,192 million for the same period last year. The increase in total costs can primarily be ascribed to the reclassification of product rights.

In the second quarter of 2015 total costs amounted to DKK 8,462 million, which is an increase of 167% compared to the same quarter last year. This is mainly explained by the factors described above.

### Distribution of costs

DKK million	Q2 2015	Q2 2014	Growth	Q1 2015	H1 2015	H1 2014	Growth
Cost of sales	1,259	994	27%	1,180	2,439	1,981	23%
Sales and distribution	1,577	1,222	29%	1,453	3,030	2,369	28%
Administration	257	265	(3%)	228	485	516	(6%)
Research and development	5,369	693	675%	734	6,103	1,326	360%
<b>Total costs</b>	<b>8,462</b>	<b>3,174</b>	<b>167%</b>	<b>3,595</b>	<b>12,057</b>	<b>6,192</b>	<b>95%</b>

**Cost of sales** increased 27% to DKK 1,259 million. This corresponds to 35% of Lundbeck's total revenue, an increase from 29% in the same quarter previous year. A large part of this increase is driven by change in product mix, after the expiration of the CipraleX patent, and by amortization related to Northera and Abilify Maintena.

**Sales and distribution costs** were DKK 1,577 million, corresponding to 43% of revenue and an increase of 29% compared to second quarter the year before. The launches of Brintellix, Abilify Maintena, Selincro and recently Northera in the US as well as pre-launch costs for Rexulti were the main drivers for the increase.

**Administrative expenses** were DKK 257 million corresponding to 7% of total revenue in the second quarter of 2015. In the second quarter of 2014 Lundbeck had administrative expenses of DKK 265 million corresponding to 8% of revenue.

**SG&A costs** were DKK 1,834 million compared to DKK 1,487 million in the same period previous year. The SG&A ratio for the period was 50%, compared to 43% in the same period the year before.

The before mentioned reclassification of product rights has increased **research and development costs** significantly in the quarter. The total amount expensed as a result of this is DKK 4,778 million.

### Operating profit before depreciation and amortization (EBITDA)

EBITDA came in negative at DKK 4,548 million compared to a positive EBITDA of DKK 540 million for the second quarter last year. This results in a negative EBITDA margin for the period of 125%, down from a positive margin of 16% in the same quarter of 2014. The decrease in EBITDA margin is related to the reclassification of product rights and generic impact on the revenue from CipraleX as well as launch and pre-launch activities.

### Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges, which are included in the individual expense categories, amounted to DKK 285 million in the second quarter compared to DKK 266 million last year. The increase included

in cost of sales compared to the year before is mainly due to amortization related to Northera and Abilify Maintena.

#### Depreciation, amortization and impairment charges

DKK million	Q2 2015	Q2 2014	Growth	Q1 2015	H1 2015	H1 2014	Growth
Cost of sales	231	207	12%	287	518	407	27%
Sales and distribution	13	9	37%	12	25	16	54%
Administration	14	16	(3%)	12	26	30	(12%)
Research and development	27	34	(20%)	29	56	68	(17%)
<b>Total depreciation, amortization and impairment charges</b>	<b>285</b>	<b>266</b>	<b>8%</b>	<b>340</b>	<b>625</b>	<b>521</b>	<b>20%</b>

#### Core EBIT and profit from operations (EBIT)

Core EBIT for the second quarter was DKK 135 million compared with DKK 439 million in the same quarter in 2014. The decrease is driven by the loss in revenue due to the patent expiries for Cipralext and increased launch and pre-launch costs for new products.

Reported EBIT for the second quarter of 2015 amounted to a loss of DKK 4,833 million, compared to a profit of DKK 274 million in the same quarter in 2014. The decrease in reported EBIT is primarily explained by the reclassification of certain product rights.

#### Net financials

Lundbeck generated a net financial expense of DKK 67 million in the second quarter of 2015, compared to DKK 34 million in the second quarter of 2014.

Net interest expenses, including realized and unrealized gains and losses on the bond portfolio, amounted to DKK 25 million in the second quarter of 2015, compared to DKK 18 million in the same period in 2014. The difference is primarily due to the EIB loan (EUR 150 million) drawn in December 2014.

Net exchange losses amounted to DKK 36 million in the second quarter of 2015, compared to DKK 10 million in the second quarter last year. The increase is primarily due to fluctuations in exchange rate translations of intercompany balances.

#### Tax

Due to the reported loss, explained by the reclassification of certain product rights, the tax for the first half of 2015 was an income of DKK 945 million. The tax income is adversely impacted by following:

- The amortization of Northera product rights is not deductible for tax purposes thus creating a permanent difference impacting the tax rate adversely.
- Lundbeck's increased activity in the US results in an increased profit in the US. 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

Reported loss for the first half of 2015 was DKK 3,987 million, compared to a profit of DKK 475 million in the same period last year.

Core EPS was DKK (0.02) per share for the second quarter in 2015, compared to a core EPS of DKK 1.30 per share in the same quarter in 2014. The reported loss in the second quarter 2015 corresponds to a negative EPS of DKK 19.88 per share versus a positive EPS of DKK 0.73 per share for the same period the year before.

### 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 negative impact on profit of DKK 16 million in the second quarter of 2015, 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 18 million gain in the second quarter of 2014.

### Cash flow

Lundbeck had a negative cash flow from operating and investing activities of DKK 1,384 million compared to DKK 2,565 million in the same period last year.

#### Cash flow

DKK million	Q2 2015	Q2 2014	FY 2014
Cash flows from operating activities	(1,384)	459	1,610
Cash flows from investing activities	0	(3,024)	(3,396)
<b>Cash flows from operating and investing activities (free cash flow)</b>	<b>(1,384)</b>	<b>(2,565)</b>	<b>(1,786)</b>
Cash flows from financing activities	21	(571)	589
<b>Net cash flow for the period</b>	<b>(1,363)</b>	<b>(3,136)</b>	<b>(1,197)</b>
Cash at beginning of period	3,160	4,551	4,817
Unrealized currency translation adjustments for the period	(10)	9	31
Change in cash for the period	(1,363)	(3,136)	(1,197)
<b>Cash at end of period</b>	<b>1,787</b>	<b>1,424</b>	<b>3,651</b>
Securities	18	18	18
Interest-bearing debt	(3,266)	(2,158)	(3,343)
<b>Interest-bearing net cash and cash equivalents, end of period</b>	<b>(1,461)</b>	<b>(716)</b>	<b>326</b>

Operating activities during the second quarter generated cash outflow of DKK 1,384 million, compared to an inflow of DKK 459 million in the same period last year.

Investing activities during the second quarter generated cash flow of DKK 0 consisting of regular operational investments offset by income from sale of assets. Further, in Q2 the third development milestone of USD 200 million relating to Rexulti was paid and expensed in the income statement and shown as cash flow from operating activities. The reclassified product rights capitalized in previous years were shown as investing activities. In the same period last year, investing activities generated an outflow of DKK 3,024 million due to the acquisition of Chelsea Therapeutics.

Financing activities generated a positive cash flow of DKK 21 million compared to an outflow of DKK 571 million in the same quarter last year. In the second quarter of 2014 dividend for 2013 was paid, while no dividend was paid in 2015.

At the end of July 2015, management has entered into a DKK 2 billion two-year revolving credit facility with the possible extension for additional one year from a group of banks consisting of Danske Bank, Jyske Bank and Nordea.

### ***Balance sheet***

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As of 30 June 2015, Lundbeck had total assets of DKK 20,746 million, compared to DKK 25,637 million at the end of 2014. The significant decline in total assets is mainly due to the reclassification of certain product rights mainly related to Abilify Maintena, Rexulti and others.

As of 30 June 2015, Lundbeck's equity amounted to DKK 10,185 million, corresponding to a solvency ratio of 49% compared to 53% at the end of 2014.

As a result of milestones paid during the quarter, the contractual obligations have decreased compared with year-end 2014.

At the Annual General Meeting in March 2015, the proposed dividend for 2014 of DKK 0 was approved.

### ***Lundbeck's development portfolio***

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Lundbeck is developing a number of new and promising pharmaceuticals for the treatment of brain diseases. The pipeline projects are targeting areas in which Lundbeck currently has a market presence, such as depression, anxiety and other psychiatric and neurological disorders. Pipeline development is summarized as follows:

#### **Approved or under regulatory review**

In July US FDA approved **Rexulti** (brexipiprazole) as an adjunctive therapy for the treatment of adults with major depressive disorder (MDD) and as a treatment for adults with schizophrenia. Rexulti was studied in more than 4,300 subjects in phase II and III clinical trials, and the approval was supported by four completed placebo-controlled clinical phase III studies in the now-approved indications - two studies as adjunctive therapy to antidepressants in MDD and two studies in schizophrenia.

In July the FDA has accepted a supplemental New Drug Application (sNDA) for review to add clinical data regarding the effect of **Brintellix** (vortioxetine) on cognitive dysfunction in adults with MDD to the current product label. Brintellix is currently approved and available in the US for the treatment of MDD in adults. The FDA is expected to take action on this filing by 28 March 2016.

#### **Clinical phase III**

In April 2015 our partner Takeda Pharmaceuticals started a new clinical phase III study 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.

For **Selincro** (nalmefene), which has been launched in Europe for alcohol dependence, a clinical phase III study 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.

## **General corporate matters**

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### **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 2014, which contains a more detailed description of the Group's accounting policies.

As of January 2015, Lundbeck has reclassified certain costs, which were previously recognized in administrative expenses, to sales and distribution costs and to research and development costs. The effect on the profit for the year is DKK 0. The reclassification is to align with comparative peers. Comparative figures have been restated. Please find the restated figures for 2014 on page 23.

Due to the significant uncertainty as to whether a product will be approved and launched, management has reassessed the capitalization of milestone payments which have been triggered prior to receiving final market registration approval. Consequently, Lundbeck has from 30 June 2015, reclassified these capitalized milestone payments to research and development costs. Given that this is considered a change in estimate, prior years' and prior interim financial figures have not been restated as these are viewed to be accurate and in line with the accounting policies.

### **Lundbeck core results reporting**

Lundbeck has implemented core result reporting as we believe this approach provides a clearer view of the underlying performance of the business and should make Lundbeck's results more comparable with the majority of its peers. In general, Lundbeck adjusts 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 results – including core operating income (core EBIT) and core EPS – exclude:

*Amortization and impairments:*

- Amortization and impairment of intangible assets

*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, including reclassification of product rights

*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.

These core financial measures are used by Lundbeck's management to make operating decisions as they facilitate internal comparisons of Lundbeck's performance in relation to previous results and peer company results.

For this same reason, Lundbeck believes that investors' understanding of the company's performance is enhanced by disclosing core measures. Excluding these exceptional items which may vary significantly from period to period, also increases comparability across years.

These core measures should not be considered in isolation from, as substitutes for, or superior to the reported results prepared in accordance with IFRS.

### **Incentive plans in the Lundbeck Group**

Lundbeck operates with Long-Term Incentive schemes (LTI) for the Executive Management and key employees in Denmark and abroad. To fund the shares granted under the 2012-program, Lundbeck has during the first quarter of 2015 purchased treasury shares with a value of DKK 22 million, corresponding to 177,364 shares.

The Board of Directors of Lundbeck has resolved that Lundbeck will offer participation in a Restricted Share Unit-programme to a number of key employees as part of Lundbeck's long-term incentive programme 2015. A Restricted Share Unit is a conditioned right to receive one share in Lundbeck.

A number of key employees employed in Lundbeck or a Lundbeck subsidiary (Danish and foreign companies, excluding the US, in which Lundbeck directly, or indirectly, holds at least 50% of the shares) will be offered to participate in the programme. Members of the company's Board of Directors and members of the Executive Management are not included in the programme. Appointment of the participants will be made by Lundbeck's Executive Management. The appointment will be based on e.g. the key employees' performance and ability to create long-term value.

All of the Restricted Share Units will vest in 2018 subject to continued employment with the Lundbeck Group for the period from the grant in 2015 until the Restricted Share Units have vested in 2018.

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 payment.

The market value of the Restricted Share Units and the Restricted Cash Units will be calculated at the time of grant using the Black-Scholes method. The total value of the programmes cannot exceed DKK 35 million at the time of grant.

### **Protection of patents and other intellectual property rights**

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.

### **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](http://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 – 30 June 2015. 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 30 June 2015, and of the results of the Group's operations and cash flows for the first six months of 2015, which ended on 30 June 2015.

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, 19 August 2015

### Executive Management

Kåre Schultz  
President and CEO

Anders Götzsche  
Executive Vice President, CFO

Anders Gersel Pedersen  
Executive Vice President, R&D

### Board of Directors

Håkan Björklund  
Chairman

Lene Skole  
Deputy Chairman

Terrie Curran

Mona Elisabeth Elster

Lars Holmqvist

Henrik Sindal Jensen

Jørn Mayntzhusen

Jesper Ovesen

Lars Rasmussen

## FINANCIAL STATEMENTS

### Income statement

DKK million	2015 Q2	2014 Q2	2015 H1	2014 H1	2014 FY
Revenue	3,629	3,448	7,192	7,035	13,468
Cost of sales	1,259	994	2,439	1,981	4,160
<b>Gross profit</b>	<b>2,370</b>	<b>2,454</b>	<b>4,753</b>	<b>5,054</b>	<b>9,308</b>
Sales and distribution costs	1,577	1,222	3,030	2,369	5,164
Administrative expenses	257	265	485	516	1,134
Research and development costs	5,369	693	6,103	1,326	2,911
<b>Profit/(loss) from operations (EBIT)</b>	<b>(4,833)</b>	<b>274</b>	<b>(4,865)</b>	<b>843</b>	<b>99</b>
Net financials	(67)	(34)	(67)	(51)	(155)
<b>Profit/(loss) before tax</b>	<b>(4,900)</b>	<b>240</b>	<b>(4,932)</b>	<b>792</b>	<b>(56)</b>
Tax on profit/(loss) for the period	(994)	96	(945)	317	97
<b>Profit/(loss) for the period</b>	<b>(3,906)</b>	<b>144</b>	<b>(3,987)</b>	<b>475</b>	<b>(153)</b>
Earnings per share (EPS) (DKK)	(19.88)	0.73	(20.30)	2.42	(0.78)
Diluted earnings per share (DEPS) (DKK)	(19.86)	0.73	(20.28)	2.42	(0.78)

### Statement of comprehensive income

DKK million	2015 Q2	2014 Q2	2015 H1	2014 H1	2014 FY
<b>Profit/(loss) for the period</b>	<b>(3,906)</b>	<b>144</b>	<b>(3,987)</b>	<b>475</b>	<b>(153)</b>
Actuarial gains/losses	-	-	-	-	(50)
Tax	-	-	-	-	14
<b>Items that will not subsequently be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(36)</b>
Currency translation, foreign subsidiaries	(98)	48	331	62	332
Currency translation concerning additions to net investments in foreign subsidiaries	(242)	(3)	393	(6)	664
Adjustments, deferred exchange gains/losses, hedging	12	(57)	(74)	(45)	(102)
Exchange gains/losses, hedging (transferred to the hedged items)	16	37	42	1	85
Fair value adjustment of available-for-sale financial assets	14	(3)	19	(11)	(38)
Tax	50	6	(86)	15	(156)
<b>Items that may subsequently be reclassified to profit or loss</b>	<b>(248)</b>	<b>28</b>	<b>625</b>	<b>16</b>	<b>785</b>
<b>Other comprehensive income</b>	<b>(248)</b>	<b>28</b>	<b>625</b>	<b>16</b>	<b>749</b>
<b>Comprehensive income</b>	<b>(4,154)</b>	<b>172</b>	<b>(3,362)</b>	<b>491</b>	<b>596</b>

**Balance sheet**

DKK million

<b>Assets</b>	<b>30.06.2015</b>	<b>30.06.2014</b>	<b>31.12.2014</b>
Intangible assets	9,308	12,535	12,670
Property, plant and equipment	2,681	2,722	2,724
Financial assets	1,427	728	857
<b>Non-current assets</b>	<b>13,416</b>	<b>15,985</b>	<b>16,251</b>
Inventories	1,898	1,749	1,991
Receivables	3,627	3,778	3,726
Securities	18	18	18
Cash	1,787	1,424	3,651
<b>Current assets</b>	<b>7,330</b>	<b>6,969</b>	<b>9,386</b>
<b>Assets</b>	<b>20,746</b>	<b>22,954</b>	<b>25,637</b>
<b>Equity and liabilities</b>			
Share capital	983	982	982
Share premium	276	251	252
Currency translation reserve	1,024	(383)	392
Currency hedging reserve	(22)	(18)	2
Retained earnings	7,924	12,574	11,898
<b>Equity</b>	<b>10,185</b>	<b>13,406</b>	<b>13,526</b>
Provisions	918	1,605	1,650
Debt	3,266	2,149	3,259
<b>Non-current liabilities</b>	<b>4,184</b>	<b>3,754</b>	<b>4,909</b>
Provisions	267	306	352
Debt	-	9	84
Trade payables	4,166	3,472	4,930
Other payables	1,944	2,007	1,836
<b>Current liabilities</b>	<b>6,377</b>	<b>5,794</b>	<b>7,202</b>
<b>Liabilities</b>	<b>10,561</b>	<b>9,548</b>	<b>12,111</b>
<b>Equity and liabilities</b>	<b>20,746</b>	<b>22,954</b>	<b>25,637</b>

## Statement of changes in equity

DKK million

2015	Share capital	Share premium	Currency translation reserve	Currency hedging reserve	Retained earnings	Equity
<b>Equity at 01.01.2015</b>	<b>982</b>	<b>252</b>	<b>392</b>	<b>2</b>	<b>11,898</b>	<b>13,526</b>
Profit/(loss) for the period	-	-	-	-	(3,987)	(3,987)
Other comprehensive income	-	-	632	(24)	17	625
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>632</b>	<b>(24)</b>	<b>(3,970)</b>	<b>(3,362)</b>
Capital increase through exercise of warrants	1	24	-	-	-	25
Buyback of treasury shares	-	-	-	-	(22)	(22)
Incentive programmes	-	-	-	-	18	18
<b>Other transactions</b>	<b>1</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>(4)</b>	<b>21</b>
<b>Equity at 30.06.2015</b>	<b>983</b>	<b>276</b>	<b>1,024</b>	<b>(22)</b>	<b>7,924</b>	<b>10,185</b>
<b>2014</b>						
<b>Equity at 01.01.2014</b>	<b>981</b>	<b>232</b>	<b>(441)</b>	<b>15</b>	<b>12,694</b>	<b>13,481</b>
Profit/(loss) for the period	-	-	-	-	475	475
Other comprehensive income	-	-	58	(33)	(9)	16
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>58</b>	<b>(33)</b>	<b>466</b>	<b>491</b>
Distributed dividends	-	-	-	-	(544)	(544)
Capital increase through exercise of warrants	1	19	-	-	-	20
Buyback of treasury shares	-	-	-	-	(70)	(70)
Incentive programmes	-	-	-	-	28	28
<b>Other transactions</b>	<b>1</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>(586)</b>	<b>(566)</b>
<b>Equity at 30.06.2014</b>	<b>982</b>	<b>251</b>	<b>(383)</b>	<b>(18)</b>	<b>12,574</b>	<b>13,406</b>

## Cash flow statement

DKK million	2015 Q2	2014 Q2	2015 H1	2014 H1	2014 FY
<b>Profit/(loss) from operations</b>	<b>(4,833)</b>	<b>274</b>	<b>(4,865)</b>	<b>843</b>	<b>99</b>
Adjustments for non-cash operating items etc.	3,667	181	4,015	474	1,499
Change in working capital	(51)	119	(676)	(742)	440
<b>Cash flows from operations before financial receipts and payments</b>	<b>(1,217)</b>	<b>574</b>	<b>(1,526)</b>	<b>575</b>	<b>2,038</b>
Financial receipts and payments	(36)	2	(46)	(20)	(61)
<b>Cash flows from ordinary activities</b>	<b>(1,253)</b>	<b>576</b>	<b>(1,572)</b>	<b>555</b>	<b>1,977</b>
Income taxes paid	(131)	(117)	(194)	(247)	(367)
<b>Cash flows from operating activities</b>	<b>(1,384)</b>	<b>459</b>	<b>(1,766)</b>	<b>308</b>	<b>1,610</b>
Acquisition of subsidiary <sup>1</sup>	-	(2,831)	-	(2,831)	(2,831)
Investments in and sale of bonds and other financial assets	0	1,016	(1)	998	976
Investments in and sale of intangible assets and property, plant and equipment	0	(1,209)	(35)	(1,277)	(1,541)
<b>Cash flows from investing activities</b>	<b>0</b>	<b>(3,024)</b>	<b>(36)</b>	<b>(3,110)</b>	<b>(3,396)</b>
<b>Cash flows from operating and investing activities (free cash flow)</b>	<b>(1,384)</b>	<b>(2,565)</b>	<b>(1,802)</b>	<b>(2,802)</b>	<b>(1,786)</b>
Capital contributions	21	14	25	20	21
Dividends paid in the financial year	-	(544)	-	(544)	(544)
Other financing activities	-	(41)	(101)	(72)	1,112
<b>Cash flows from financing activities</b>	<b>21</b>	<b>(571)</b>	<b>(76)</b>	<b>(596)</b>	<b>589</b>
<b>Net cash flow for the period</b>	<b>(1,363)</b>	<b>(3,136)</b>	<b>(1,878)</b>	<b>(3,398)</b>	<b>(1,197)</b>
Cash at beginning of period	3,160	4,551	3,651	4,817	4,817
Unrealized currency translation adjustments for the period	(10)	9	14	5	31
Net cash flow for the period	(1,363)	(3,136)	(1,878)	(3,398)	(1,197)
<b>Cash at end of period</b>	<b>1,787</b>	<b>1,424</b>	<b>1,787</b>	<b>1,424</b>	<b>3,651</b>
<b>Interest-bearing net cash and cash equivalents is composed as follows:</b>					
Cash	1,787	1,424	1,787	1,424	3,651
Securities	18	18	18	18	18
Interest-bearing debt	(3,266)	(2,158)	(3,266)	(2,158)	(3,343)
<b>Interest-bearing net cash and cash equivalents, end of period</b>	<b>(1,461)</b>	<b>(716)</b>	<b>(1,461)</b>	<b>(716)</b>	<b>326</b>

1) The acquisition of Chelsea Therapeutics International, Ltd. in 2014, which is considered a purchase of assets, consists of the Northera product rights valued at DKK 2,600 million, tax assets of DKK 272 million, as well as net liabilities totalling DKK 41 million. A cash balance of DKK 145 million was also acquired and this amount is included in net cash flow for the period.

***Income statement – Core results reconciliation*****Q2 2015**

DKK million	Reported result	Intangible amortization	Intangible impairment	Major restructuring	Legal fees and settlements	Divestments/sales milestones	Reclassification of certain product rights	Core result
Revenue	3,629	-	-	-	-	-	-	3,629
Cost of sales	1,259	(190)	-	-	-	-	-	1,069
<b>Gross profit</b>	<b>2,370</b>	<b>190</b>	-	-	-	-	-	<b>2,560</b>
Sales and distribution costs	1,577	-	-	-	-	-	-	1,577
Administrative expenses	257	-	-	-	-	-	-	257
Research and development costs	5,369	-	-	-	-	-	(4,778)	591
<b>Profit/(loss) from operations</b>	<b>(4,833)</b>	<b>190</b>	-	-	-	-	<b>4,778</b>	<b>135</b>
Net financials	(67)	-	-	-	-	-	-	(67)
<b>Profit/(loss) before tax</b>	<b>(4,900)</b>	<b>190</b>	-	-	-	-	<b>4,778</b>	<b>68</b>
Tax on profit/(loss) for the period	(994)	15	-	-	-	-	1,051	72
<b>Profit/(loss) for the period</b>	<b>(3,906)</b>	<b>175</b>	-	-	-	-	<b>3,727</b>	<b>(4)</b>
Earnings per share (EPS)(DKK)	(19.88)	0.89	-	-	-	-	18.97	(0.02)

**Q2 2014**

DKK million	Reported result	Intangible amortization	Intangible impairment	Major restructuring	Legal fees and settlements	Divestments/sales milestones	Reclassification of certain product rights	Core result
Revenue	3,448	-	-	-	-	-	-	3,448
Cost of sales	994	(165)	-	-	-	-	-	829
<b>Gross profit</b>	<b>2,454</b>	<b>165</b>	-	-	-	-	-	<b>2,619</b>
Sales and distribution costs	1,222	-	-	-	-	-	-	1,222
Administrative expenses	265	-	-	-	-	-	-	265
Research and development costs	693	-	-	-	-	-	-	693
<b>Profit/(loss) from operations</b>	<b>274</b>	<b>165</b>	-	-	-	-	-	<b>439</b>
Net financials	(34)	-	-	-	-	-	-	(34)
<b>Profit/(loss) before tax</b>	<b>240</b>	<b>165</b>	-	-	-	-	-	<b>405</b>
Tax on profit/(loss) for the period	96	53	-	-	-	-	-	149
<b>Profit/(loss) for the period</b>	<b>144</b>	<b>112</b>	-	-	-	-	-	<b>256</b>
Earnings per share (EPS)(DKK)	0.73	0.57	-	-	-	-	-	1.30

***Restatement of income statement following  
the reclassification from administrative expenses***

**Q2 2014**

DKK million	Q2 2014			H1 2014		
	After restatement	Adjustment	Before restatement	After restatement	Adjustment	Before restatement
Revenue	3,448	-	3,448	7,035	-	7,035
Cost of sales	994	-	994	1,981	-	1,981
<b>Gross profit</b>	<b>2,454</b>	-	<b>2,454</b>	<b>5,054</b>	-	<b>5,054</b>
Sales and distribution costs	1,222	(71)	1,151	2,369	(148)	2,221
Administrative expenses	265	97	362	516	198	714
Research and development costs	693	(26)	667	1,326	(50)	1,276
<b>Profit/(loss) from operations</b>	<b>274</b>	-	<b>274</b>	<b>843</b>	-	<b>843</b>
Net financials	(34)	-	(34)	(51)	-	(51)
<b>Profit/(loss) before tax</b>	<b>240</b>	-	<b>240</b>	<b>792</b>	-	<b>792</b>
Tax on profit/(loss) for the period	96	-	96	317	-	317
<b>Profit/(loss) for the period</b>	<b>144</b>	-	<b>144</b>	<b>475</b>	-	<b>475</b>

**FY 2014**

DKK million	After restatement	Adjustment	Before restatement
Revenue	13,468	-	13,468
Cost of sales	4,160	-	4,160
<b>Gross profit</b>	<b>9,308</b>	-	<b>9,308</b>
Sales and distribution costs	5,164	(296)	4,868
Administrative expenses	1,134	405	1,539
Research and development costs	2,911	(109)	2,802
<b>Profit/(loss) from operations</b>	<b>99</b>	-	<b>99</b>
Net financials	(155)	-	(155)
<b>Profit/(loss) before tax</b>	<b>(56)</b>	-	<b>(56)</b>
Tax on profit/(loss) for the period	97	-	97
<b>Profit/(loss) for the period</b>	<b>(153)</b>	-	<b>(153)</b>

## FINANCIAL CALENDAR 2015

4 November 2015: Third quarter results 2015

### Corporate releases since the first quarter report

19 August 2015	Major restructuring to regain profitability and ensure value creation
10 August 2015	FDA accepts a Supplemental New Drug Application for review of Brintellix® (vortioxetine) clinical trial data that assessed cognitive function in patients with major depressive disorder
11 July 2015:	FDA approves Rexulti (brexpiprazole) as adjunctive treatment for adults with major depressive disorder and as a treatment for adults with schizophrenia
14 June 2015:	Major shareholder announcement
2 June 2015:	Total number of voting rights and share capital in H. Lundbeck A/S as of 31 May 2015
21 May 2015:	Lundbeck increases its share capital by 186,676 shares (0.0950% of outstanding shares)

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, HLUY) is a global pharmaceutical company specialized in brain diseases. For more than 50 years, we have been at the forefront of research within neuroscience. Our key areas of focus are alcohol dependence, Alzheimer's disease, bipolar disorder, depression/anxiety, epilepsy, Huntington's disease, Parkinson's disease, schizophrenia and symptomatic neurogenic orthostatic hypotension (NOH).

An estimated 700 million people worldwide are living with brain disease 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 brain disease – we call this Progress in Mind.

Read more at [www.lundbeck.com/global/about-us/progress-in-mind](http://www.lundbeck.com/global/about-us/progress-in-mind).

Our approximately 6,000 employees in 57 countries are engaged in the entire value chain throughout research, development, production, marketing and sales. Our pipeline consists of several late-stage development programs and our products are available in more than 100 countries. We have research centers in China, Denmark and the United States and production facilities in China, Denmark, France and Italy. Lundbeck generated revenue of approximately DKK 13.5 billion in 2014 (EUR 1.8 billion; USD 2.4 billion).

For additional information, we encourage you to visit our corporate site [www.lundbeck.com](http://www.lundbeck.com).