Corporate Release
Valby, Denmark, 8 May 2019

Financial report for the period 1 January to 31 March 2019

Double-digit growth for all strategic brands and DKK 4,234 million in revenue and DKK 1,200 million in EBIT

HIGHLIGHTS

- Revenue reached DKK 4,234 million in the first quarter of 2019 representing a decline of 8% (6% in local currencies) compared to the same period last year. The decline was expected and a result of generic competition on Onfi®
  - Revenue of Abilify Maintena® increased 27% to DKK 462 million (24% in local currencies)
  - Revenue of Brintellix®/Trintellix® increased 29% to DKK 601 million (27% in local currencies)
  - Revenue of Northera® increased 10% to DKK 435 million (3% in local currency)
  - Revenue of Rexulti®/Rxulti® increased 30% to DKK 481 million (22% in local currencies)
  - Revenue in North America declined 17% to DKK 2,168 million (21% in local currencies)
  - Revenue in International Markets increased 13% to DKK 1,059 million (13% in local currencies)
  - Revenue in Europe increased 10% to DKK 819 million (10% in local currencies)
- Core EBIT reached DKK 1,410 million corresponding to a core EBIT margin of 33.3%
- EBIT reached DKK 1,200 million in the quarter compared to DKK 1,656 million in 2018 and the EBIT margin reached 28.3% compared to 36.1% the year before
- EPS reached DKK 4.52 in the period compared to DKK 6.03 the year before and core EPS declined 19% to DKK 5.48
- Net cash position improved to DKK 4,552 million compared to DKK 3,292 million the year before
- Lundbeck to acquire Abide Therapeutics, adding a unique discovery platform which can supplement our existing pipeline with projects covering a broad spectrum of neurology and psychiatric conditions. The company's lead compound is in an exploratory phase IIa program for Tourette's
- For 2019, Lundbeck has narrowed its revenue guidance to DKK 16.3–16.7 billion while EBIT guidance is maintained at DKK 4.2–4.6 billion. Core EBIT is expected to reach DKK 5.0–5.4 billion

In connection with the financial report, Lundbeck's President and CEO Deborah Dunsire said:
"I am very pleased with the continued strong growth of our strategic brands, across all regions. Our costs are well controlled, and we are on track to deliver on our guidance for 2019. Importantly, we have announced the first step in executing on our Expand and Invest to Grow strategy which was announced in February."

DKK million	Q1 2019	Q1 2018	*Growth*
Reported Revenue	**4,234**	4,585	*(8%)*
Reported EBIT	**1,200**	1,656	*(28%)*
Reported EPS	**4.52**	6.03	*(25%)*
Reported EBIT margin	***28.3%***	*36.1%*	-
Core Revenue*	**4,234**	4,585	*(8%)*
Core EBIT*	**1,410**	1,818	*(22%)*
Core EPS*	**5.48**	6.79	*(19%)*
*Core EBIT margin**	***33.3%***	*39.6%*	-

*For definition of the measures "Core Revenue", "Core EBIT" and "Core EPS", see note 6 *Core reporting*

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FINANCIAL HIGHLIGHTS AND KEY FIGURES

	Q1 2019	Q1 2018	FY 2018
Financial highlights (DKK million)			
Core revenue	**4,234**	4,585	18,117
Core profit from operations (core EBIT)	**1,410**	1,818	6,158
Reported revenue	**4,234**	4,585	18,117
Operating profit before depreciation and amortization (EBITDA)	**1,495**	1,890	6,436
Reported profit from operations (EBIT)	**1,200**	1,656	5,301
Net financials	**31**	(13)	(12)
Profit before tax	**1,231**	1,643	5,289
Tax	**333**	444	1,382
Profit for the period	**898**	1,199	3,907
Equity	**12,719**	11,633	14,251
Assets	**21,722**	19,753	23,011
Cash flows from operating and investing activities (free cash flow)	**774**	1,208	3,074
Purchase of property, plant and equipment, gross	**40**	32	300
Key figures			
EBIT margin (%)	**28.3**	36.1	29.3
Return on equity (%)	**6.7**	10.1	29.6
Return on equity (%) – rolling four quarters	**29.6**	30.2	29.6
Net debt/EBITDA (x)	**(3.0)**	(1.7)	(1.0)
Net debt/EBITDA (x) - rolling four quarters	**(0.8)**	(0.5)	(1.0)
Share data			
Number of shares for the calculation of EPS (millions)	**198.7**	198.7	198.7
Number of shares for the calculation of DEPS (millions)	**198.7**	198.7	198.7
Earnings per share, basic (EPS) (DKK)	**4.52**	6.03	19.66
Earnings per share, diluted (DEPS) (DKK)	**4.52**	6.03	19.66

MANAGEMENT REVIEW

Financial guidance and forward-looking statements

Lundbeck's financial results for 2019 are expected to be driven by the continued strong growth of our four strategic brands Abilify Maintena, Brintellix/Trintellix, Northera and Rexulti/Rxulti which can partially offset the continued erosion of mature products such as Onfi.

Lundbeck has had a good start on the year and therefore the total revenue is now expected to reach between DKK 16.3 billion and DKK 16.7 billion in 2019 compared to previously DKK 16.1 – 16.7 billion. Following the recently announced acquisition of Abide Therapeutics, EBIT is still expected to be in the range between DKK 4.2 billion and DKK 4.6 billion. Lundbeck´s main currencies are USD, CNY and CAD. The financial guidance is based on the current hedging rates for our main currencies; i.e. USD/DKK (6.33), CNY/DKK (0.92) and CAD/DKK (4.84) and includes an expected hedging effect of a loss of DKK 250-300 million. The financial guidance is summarized below:

Financial guidance

DKK	Previous FY 2019 guidance	Revised FY 2019 guidance
Revenue	16.1 - 16.7 billion	**16.3 - 16.7 billion**
EBIT	4.2 - 4.6 billion	**4.2 - 4.6 billion**
Core EBIT	5.0 - 5.4 billion	**5.0 - 5.4 billion**
Tax rate	*26-28%*	***26-28%***

Forward-looking statements

Forward-looking statements are subject to risks, uncertainties and inaccurate assumptions. This may cause actual results to differ materially from expectations. Various factors may affect future results, including interest rates and exchange rate fluctuations, delay or failure of development projects, production problems, unexpected contract breaches or terminations, governance-mandated or market-driven price decreases for products, introduction of competing products, Lundbeck's ability to successfully market both new and existing products, exposure to product liability and other lawsuits, changes in reimbursement rules and governmental laws and unexpected growth in expenses.

Revenue

Revenue for the first quarter of 2019 reached DKK 4,234 million compared to DKK 4,585 million for the same period in 2018. The decline of 8% (6% in local currencies) is primarily driven by the generic erosion of Onfi, whereas products such as Abilify Maintena, Brintellix/Trintellix and Rexulti/Rxulti continues the solid performance. The biggest markets are the U.S., China, Canada, Spain, France, Italy and Japan.

Hedging

Lundbeck hedges a significant part of the currency risk for a period of 12-18 months. Hedging had a negative impact of DKK 48 million in the first quarter of 2019, compared to a positive impact of DKK 182 million in the first quarter of 2018.

Revenue - products and regions

DKK million	Q1 2019	Q1 2018	*Growth*	*Growth in local currencies*	Q4 2018	FY 2018
Abilify Maintena	**462**	364	*27%*	*24%*	415	1,595
Brintellix/Trintellix	**601**	467	*29%*	*27%*	639	2,182
Cipralex/Lexapro	**619**	665	*(7%)*	*(7%)*	363	2,257
Northera	**435**	396	*10%*	*3%*	524	1,806
Onfi	**325**	903	*(64%)*	*(66%)*	496	3,165
Rexulti	**481**	369	*30%*	*22%*	519	1,723
Sabril	**254**	341	*(26%)*	*(30%)*	359	1,342
Other pharmaceuticals	**869**	779	*12%*	*11%*	751	3,143
Other revenue	**236**	119	*99%*	*98%*	196	662
Effects from hedging	**(48)**	182	-	-	(66)	242
Total revenue	**4,234**	**4,585**	***(8%)***	***(6%)***	**4,196**	**18,117**
North America	**2,168**	2,598	*(17%)*	*(21%)*	2,671	10,743
International Markets	**1,059**	941	*13%*	*13%*	694	3,500
Europe	**819**	745	*10%*	*10%*	701	2,970

Abilify Maintena (aripiprazole once-monthly injection) for the treatment of schizophrenia and in the U.S., Canada and Australia also for bipolar I disorder, shows steady growth. Sales grew 27% (24% in local currencies) and reached DKK 462 million. The regional distribution of sales was 40%, 9% and 51% in North America, International Markets and Europe, respectively. The largest markets are the U.S., Spain, Australia, Canada and France. Abilify Maintena was discovered by Otsuka Pharmaceutical Co., Ltd. (Otsuka), and is co-marketed by Lundbeck and became available to patients in 2013.

Revenue from **Brintellix/Trintellix** (vortioxetine), for the treatment of major depression (MDD), reached DKK 601 million following growth of 29% (27% in local currencies). The regional distribution of sales was 52%, 20% and 28% in North America, International Markets and Europe, respectively. The largest markets are the U.S., Canada, Spain, Brazil and France. In the U.S., Trintellix is co-marketed by Takeda Pharmaceutical Company Limited (Takeda).

Cipralex®/Lexapro® (escitalopram), for the treatment of depression, decreased 7% (7% in local currencies) and revenue reached DKK 619 million. The regional distribution of sales was 6%, 71% and 23% in North America, International Markets and Europe, respectively. The largest markets are Japan, China, Saudi Arabia, Brazil and South Korea.

Northera (droxidopa), for the treatment of symptomatic neurogenic orthostatic hypotension (nOH), was launched in the U.S. in 2014. Sales from Northera showed growth of 10% (3% in local currency) and reached DKK 435 million. The product achieved double-digit demand growth, but sales were impacted by fluctuations in specialty pharmacy buying patterns.

Rexulti (brexpiprazole) is approved as an adjunctive therapy for the treatment of adults with major depressive disorder and as a treatment for adults with schizophrenia in markets such as the U.S., Canada and Saudi Arabia. In Australia and Europe, the product is approved for schizophrenia. Rexulti became available to patients in markets such as the U.S. (Q3 2015), Canada (Q2 2017), Australia (Q3 2017) and in Saudi Arabia (Q4 2018). Lundbeck's share of revenue reached DKK 481 million for the first quarter of 2019, corresponding to a growth of 30% (22% in local currencies). Rexulti was co-developed and is co-marketed by Otsuka and Lundbeck.

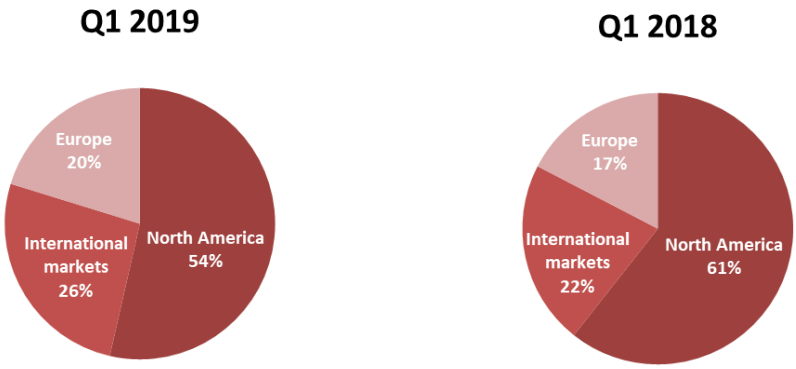
Onfi (clobazam), for the treatment of Lennox-Gastaut syndrome, generated revenue of DKK 325 million, a decline of 64% (66% in local currencies) compared to the same period last year. Onfi lost exclusivity in October 2018 and is exposed to generic competition.

Sabril® (vigabatrin), for the treatment of refractory complex partial seizures (rCPS) and infantile spasms (IS), saw the first generic introduction in the third quarter of 2017. Revenue reached DKK 254 million in the first quarter of 2019, thereby declining 26% (30% in local currencies) compared to last year. Sabril lost exclusivity in 2014 and 2016 (orphan drug) for its two indications, respectively. Lundbeck has the marketing rights for Sabril in the U.S.

Revenue from **Other pharmaceuticals**, which comprise the remainder of Lundbeck's products, reached DKK 869 million compared to DKK 779 million for the first quarter of 2018.

Other revenue, which mainly consists of contract manufacturing, reached DKK 236 million compared to DKK 119 million for the first quarter of 2018 following increased contract work at our production sites.

Figure 1 – Revenue per region Q1 2019 vs Q1 2018 (excluding Other revenue and effects from hedging)



North America

Revenue reached DKK 2,168 million in the first quarter of 2019 which is a decline of 17% (21% in local currencies) compared to DKK 2,598 million in 2018. The decline was mainly driven by the uptake of generic versions of clobazam (Onfi) which only partly is mitigated by continued growth of Abilify Maintena, Rexulti and Trintellix.

Revenue – North America

DKK million	Q1 2019	Q1 2018	*Growth*	*Growth in local currencies*	Q4 2018	FY 2018
Abilify Maintena	**184**	151	*22%*	*15%*	196	695
Trintellix	**311**	240	*29%*	*23%*	386	1,239
Northera	**435**	396	*10%*	*3%*	524	1,806
Onfi	**325**	903	*(64%)*	*(66%)*	496	3,165
Rexulti	**474**	366	*29%*	*21%*	509	1,702
Sabril	**254**	341	*(26%)*	*(30%)*	359	1,342
Other pharmaceuticals	**185**	201	*(8%)*	*(11%)*	201	794
Total revenue	**2,168**	**2,598**	***(17%)***	***(21%)***	**2,671**	**10,743**

Abilify Maintena revenue grew 22% (15% in local currencies) for the period and reached DKK 184 million, which represents Lundbeck's share of total net sales. In the U.S. Abilify Maintena has a volume market share of 19.1%

and in Canada it has reached 27.5% by April 2019. The value share is 19.0% and 24.6%, respectively (source: IQVIA).

Trintellix sales reached DKK 311 million for Lundbeck following a growth of 29% (23% in local currencies). The volume market share in the U.S. and Canada was 0.8% and 1.1% of the total anti-depressant marked, respectively in April 2019. The value market share of the total anti-depressant market in the U.S. was 19.4% and in Canada, the value market share of the total anti-depressant market was 6.1% by April 2019 (source: IQVIA).

Northera was made available in the U.S. in 2014 for the treatment of Neurogenic Orthostatic Hypotension (nOH). Sales from Northera reached DKK 435 million in the first quarter of 2019, representing growth of 10% (3% in local currency). The product achieved double-digit demand growth, but sales were impacted by fluctuations in specialty pharmacy buying patterns.

Lundbeck's share of **Rexulti** revenue reached DKK 474 million following a growth of 29% (21% in local currencies). In the U.S., Rexulti has achieved market shares of 1.78% and 7.79% by April 2019 in volume and value, respectively (source: IQVIA). In Canada, the product has reached volume share 0.79% and a value share of 1.10%. Patient data suggest that more than 3/4 of prescriptions in the U.S. are prescribed for MDD.

Onfi reached revenue of DKK 325 million corresponding to a decline of 64% (66% in local currency). In October 2018, the U.S. FDA approved several versions of generic clobazam; both oral and suspension formulations. Generic clobazam has taken some 75% of the market in volume since October last year.

Sabril revenue for the period was DKK 254 million, declining 26% (30% in local currency). In September 2017, the first generic vigabatrin (oral solution) was introduced, and in January 2019 the first generic tablet was approved. By end of Q1 2019, generic vigabatrin was 49% of total vigabatrin.

International Markets

Revenue from International Markets, which comprise all Lundbeck's markets outside of Europe and North America, reached DKK 1,059 million in the first quarter of 2019, compared to DKK 941 million in 2018. The growth of 13% (13% in local currencies) were driven by Abilify Maintena and Brintellix. Markets such as China, the Middle East and South East Asia are showing solid momentum. The biggest markets are China, Japan, Brazil, South Korea, Australia, Saudi Arabia and Mexico.

Revenue – International Markets

DKK million	Q1 2019	Q1 2018	*Growth*	*Growth in local currencies*	Q4 2018	FY 2018
Abilify Maintena	**42**	29	*43%*	*46%*	36	130
Brintellix	**123**	105	*17%*	*24%*	102	396
Cipralex/Lexapro	**442**	469	*(6%)*	*(6%)*	228	1,552
Rexulti	**6**	3	*146%*	*152%*	10	21
Other pharmaceuticals	**446**	335	*33%*	*33%*	318	1,401
Total revenue	**1,059**	**941**	***13%***	***13%***	**694**	**3,500**

Abilify Maintena reached DKK 42 million in revenue in the first quarter of 2019 representing a growth of 43% (46% in local currencies). Sales are mainly derived from Australia where Abilify Maintena shows solid momentum and has achieved a volume share of 23.6% and a value share of 23.2% by April 2019 (Source: IQVIA). Countries such as Saudi Arabia, Kuwait and U.A.E. have also impacted positively.

Brintellix reached DKK 123 million in revenue or an increase of 17% (24% in local currencies). Brintellix realized solid growth across several markets, but the growth is also impacted by quarterly fluctuations, for instance related to China. Brazil, South Korea, Turkey and Mexico are the largest markets for Brintellix in the region.

Rexulti reached DKK 6 million for the quarter. The product is predominantly sold in Australia where it was approved for the treatment of schizophrenia in June 2017. In Australia, Rexulti has achieved an increase in market share to 1.39% and 2.06% in volume and value, respectively (source: IQVIA). In April 2018 and August 2018, Rexulti received regulatory and pricing approval in Saudi Arabia and Mexico. Additionally, Rexulti has been submitted for approval in countries such as Brazil, Chile, Malaysia and South Africa.

Cipralex/Lexapro generated revenue of DKK 442 million representing a decline of 6% (6% in local currencies). The product still sees solid underlying demand but is also benefitting from inventory build-up in relation to the transition in China from Xian-Janssen to Lundbeck. Japan, China, South Korea, Brazil, Mexico and Saudi Arabia are the largest markets for Cipralex/Lexapro in the region.

Other pharmaceuticals generated revenue of DKK 446 million which represents a growth of 33% (33% in local currencies) which in part is caused by timing of tenders of products such as Deanxit in China.

Azilect was approved by the Chinese FDA in June 2017 and was launched in October 2017 by Lundbeck. Parkinson's disease is the second most common neurodegenerative disease following Alzheimer's disease in China.

Ebixa generated revenue of DKK 157 million representing a growth of 12% benefitting from quarterly fluctuations. The growth is driven by timing of tenders between quarters mainly related to China. China and South Korea are the largest markets for Ebixa in the region.

In January 2019, **Selincro®** (nalmefene hydrochloride), received a regulatory approval in Japan for treatment to reduce alcohol consumption in alcohol-dependent patients. Lundbeck Japan and Otsuka Pharmaceutical Company have jointly developed this compound in Japan following the clear positive result of a phase III study last year. The official number of the patients with alcohol dependence, who are receiving therapeutic treatment, is 40,000 in Japan. However, there is an estimation that prevalence can be as big as 1 million. Selincro will be marketed by Otsuka in Japan and Lundbeck will receive a royalty from the sale of the product.

Azilect, Ebixa and Selincro are currently included in Other pharmaceuticals.

Europe

Revenue reached DKK 819 million in the first quarter of 2019, representing a growth of 10% (10% in local currencies) compared to DKK 745 million last year. In general Europe sees a strong underlying demand, however, is also benefitting from some stocking eg. in connection with *UK Brexit*.

Revenue – Europe

DKK million	Q1 2019	Q1 2018	*Growth*	*Growth in local currencies*	Q4 2018	FY 2018
Abilify Maintena	**236**	184	*28%*	*28%*	183	770
Brintellix	**167**	122	*37%*	*37%*	151	547
Cipralex	**141**	163	*(14%)*	*(14%)*	105	572
Rxulti/Rexulti	**1**	-	-	-	-	-
Other pharmaceuticals	**274**	276	*(1%)*	*(1%)*	262	1,081
Total revenue	**819**	**745**	***10%***	***10%***	**701**	**2,970**

Abilify Maintena has been launched in all major markets in Europe and Abilify Maintena is Lundbeck's largest product in Europe. Sales uptake of Abilify Maintena is solid with sales reaching DKK 236 million. In Europe, the penetration of long-acting atypical antipsychotics is generally higher than seen in the U.S. (volume). Driven by increasing demand from patients, sales of Abilify Maintena are growing across Europe and the product has achieved a 20% or more market share (value) in all major markets – and is in some markets approaching 30%. Abilify Maintena is the second most prescribed long acting injectable treatment for patients with schizophrenia in many markets. France, Italy and Spain are the largest European markets for Abilify Maintena.

Brintellix revenue grew 37% thereby reaching DKK 167 million. Brintellix is Lundbeck's second largest product in Europe and the product has been launched in most European markets and realized solid growth in main countries such as France, Italy and Spain, where the product has achieved value market shares of 8.6%, 8.5% and 6.9%, respectively by April 2018 (source: IQVIA). The volume shares are 2.6%, 3.3% and 2.3%, respectively (source: IQVIA). France, Italy and Spain are the largest European markets for Brintellix.

In July 2018, Lundbeck and Otsuka announced that the European Commission approved **Rxulti** (brexpiprazole) for the treatment of schizophrenia in adults. Furthermore, Rexulti was approved in Switzerland in July 2018 and the launch commenced in January 2019 for the treatment of adult patients with schizophrenia. The launch is the first in a sequence that will make the treatment available in other European countries during 2019 and 2020. The product will be branded as Rxulti in countries within the European Union.

Cipralex generated revenue of DKK 141 million following a decline of 14%. The largest markets are Italy, Switzerland, Belgium, Greece and France.

Revenue from **Other pharmaceuticals** was DKK 274 million, a decline of 1% compared to the same period in 2018, following continued generic erosion of mature products.

Expenses and income

Total costs in the first quarter of 2019 were DKK 3,034 million compared to DKK 2,977 million for 2018 – an increase of 2%.

Distribution of costs

DKK million	Q1 2019	Q1 2018	*Growth*	Q4 2018	FY 2018
Cost of sales	**825**	826	-	850	3,456
COS-ratio	***19.5%***	*18.0%*	-	*20.3%*	*19.1%*
Sales and distribution	**1,273**	1,286	*(1%)*	1,397	5,277
S&D-ratio	***30.0%***	*28.1%*	-	*33.2%*	*29.1%*
Administration	**188**	153	*24%*	234	762
G&A-ratio	***4.5%***	*3.3%*	-	*5.6%*	*4.2%*
Research and development	**748**	712	*5%*	988	3,277
R&D-ratio	***17.7%***	*15.5%*	-	*23.6%*	*18.1%*
Total costs	**3,034**	**2,977**	***2%***	**3,469**	**12,772**

Cost of sales was unchanged and amounted to DKK 825 million in 2019. The **gross margin** thereby decreased from 82.0% to 80.5%. Cost of sales is impacted by the decline in Onfi sales which only partly is mitigated by change in product mix, which resulted in reduced royalty costs. Amortization of intangibles (product rights) was DKK 210 million in the quarter which is unchanged from last year.

Sales and distribution costs were DKK 1,273 million, a decrease of 1% compared to the same period in 2018. Sales and distribution costs correspond to 30.0% of revenue, compared to 28.1% the year before.

Administrative expenses increased 24% to DKK 188 million, corresponding to 4.5% of total revenue in 2019 compared to 3.3% last year.

SG&A costs for the period were DKK 1,461 million, compared to DKK 1,439 million in 2018. The SG&A ratio for the period was 34.5%, compared to 31.4% the year before. The increase in the SG&A ratio is mainly due to the revenue decline as a consequence of the loss of exclusivity for Onfi.

Research and development costs increased 5% to DKK 748 million for the period. The R&D ratio reached 17.7% compared to 15.5% last year. R&D costs in the quarter is impacted by provisions made for the termination of the phase I pipeline compound Lu AF20513 of DKK 45 million.

Other operating items, net amounted to DKK 0 million in the first quarter of 2019 compared to a gain of DKK 48 million from divestment of buildings in Copenhagen in the first quarter last year.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges, which are included in the individual expense categories, amounted to DKK 295 million in the first quarter of 2019, compared to DKK 282 million in 2018.

Depreciation, amortization and impairment charges

DKK million	Q1 2019	Q1 2018	*Growth*	Q4 2018	FY 2018
Cost of sales	**250**	249	*1%*	252	**1,002**
Sales and distribution	**22**	11	*102%*	11	**42**
Administration	**6**	4	*21%*	4	**24**
Research and development	**17**	18	*(5%)*	19	**115**
Total depreciation, amortization and impairment charges	**295**	**282**	***4%***	**286**	**1,183**

Profit from operations (EBIT and core EBIT)

EBIT for the first quarter of 2019 reached DKK 1,200 million compared to DKK 1,656 million in 2018 – a decline of 28% driven by the decline in revenue. The **EBIT margin** declined from 36.1% in the first quarter of 2018 to 28.3% in 2019.

Core EBIT declined 22% to DKK 1,410 million and the **Core EBIT margin** ended the quarter at 33.3%.

EBIT and Core EBIT are negatively impacted by the expected generic erosion of mature products, especially Onfi, and hedging losses of DKK 48 million compared to a gain of DKK 182 million last year. Furthermore, Other operating items, net declined from an income of DKK 48 million in 2018 to DKK 0 million in 2019.

For definition of the measures “Core Revenue”, “Core EBIT” and “Core EPS”, see note 6 *Core reporting*.

Net financials

Lundbeck generated a **net financial income** of DKK 31 million for the first quarter of 2019, compared to a net financial expense of DKK 13 million for the first quarter of 2018.

Net interest income, including realized and unrealized gains and losses on the bond portfolio, amounted to DKK 14 million for the first quarter of 2019, compared to DKK 13 million for the first quarter of 2018. The net interest income in 2019 primarily relates to interest received on the bond portfolio, whilst the net interest income in 2018 primarily relates to income received from the Danish tax authorities regarding tax reassessment in US.

Net exchange gains/losses amounted to a gain of DKK 34 million for the first quarter of 2019, compared to a loss of DKK 15 million for the first quarter of 2018.

Fair value adjustment relating to other financial assets amounted to a net loss of DKK 15 million in the first quarter of 2019, compared to a net loss of DKK 10 million in the first quarter of 2018.

Tax

The effective tax rate for the first quarter of 2019 is 27.0%. The effective tax rate is still higher than the Danish income tax rate due to amortization of Northera product rights, which is not deductible for tax purposes and thus creates a permanent difference of around 2-3 percentage points.

Net profit and EPS for the period

Net profit for the first quarter of 2019 reached DKK 898 million compared to DKK 1,199 million for 2018. The reported net profit corresponds to an **EPS** of DKK 4.52 per share versus an EPS of DKK 6.03 per share last year. **Core EPS** was DKK 5.48 per share for 2019, compared to a Core EPS of DKK 6.79 per share in 2018 – a decline of 19%.

Cash flow

Cash flows from operating activities amounted to DKK 837 million in the first quarter of 2019, against DKK 2,003 million in 2018. The decline of 58% is mainly driven by the declining revenue and lower gross-to-net accruals in the U.S. following quarterly fluctuations of these accruals and declining sales of especially Onfi.

Lundbeck's **net cash flow from investing activities** was an outflow of DKK 63 million compared to an outflow of DKK 795 million in 2018 as a result of the acquisition of Prexton Therapeutics BV in March 2018. The **free cash flow** reached DKK 774 million for the period compared to DKK 1,208 million for 2018.

In 2019, the **net cash outflow** reached DKK 1,644 million compared to an outflow of DKK 380 million for 2018. The net cash flow is impacted by dividend payout of DKK 2,384 million which was approved at the Annual General Meeting in March 2019.

Balance sheet

At 31 March 2019, Lundbeck's **total assets** amounted to DKK 21,722 million, compared to DKK 23,011 million at the end of 2018.

At 31 March 2019, Lundbeck's **equity** amounted to DKK 12,719 million, corresponding to an **equity ratio** of 58.6% compared to 61.9% at the end of 2018.

Net cash has decreased from DKK 6,635 million at year-end 2018 to DKK 4,552 million at the end of March 2019 due to dividend payout of DKK 2.4 billion. **Interest bearing debt** is DKK 462 million. Interest bearing debt includes liabilities relating to lease agreements recognized in accordance with IFRS16 *Leases* (cf. note 1 *Accounting policies*).

Lundbeck's development portfolio

Lundbeck is developing several new and promising medicines for the treatment of brain diseases. Pipeline developments are summarized below.

Project	Indication	Phase I	Phase II	Phase II
Brexpiprazole[1)]	Agitation in Alzheimer's			
Brexpiprazole[1)]	PTSD			
Foliglurax (MGLUR4 PAM)	Parkinson's			
Lu AF11167 (PDE10 inhibitor)	Schizophrenia			
ABX-1431 (MGLLi)[2)]	Tourette's			
Abilify Maintena 2-mth	Schizophrenia			
Lu AF82422 (Alpha-synuclein mAb)	Parkinson's			
Lu AF28996 (D_1/D_2 agonist)	Parkinson's			
ABX-1431 (MGLLi)[2)]	Neuropathic pain			
Lu AF35700[3)]	Project under review			

1) Acts as a partial agonist at 5-HT_{1A} and dopamine D_2 receptors at similar potency, and an antagonist at 5-HT_{2A} and noradrenaline $alpha_{1B/2C}$ receptors.
2) MGLL: Monoacylglycerol lipase. Abide Therapeutics is a company Lundbeck has entered into an agreement to acquire, where closing is pending
3) Lu AF35700 is an antagonist at dopaminergic, serotonergic, and α adrenergic receptors. Unlike all currently available antipsychotics, Lu AF35700 has higher affinity for the human dopamine D_1 receptor than it has for the human dopamine D_2 receptor

Brexpiprazole – phase II for PTSD

Lundbeck expects to have an End-of-Phase II meeting with U.S. FDA during the second quarter of 2019. Following this meeting Lundbeck and Otsuka will decide on the future development path for this indication.

Lu AF11167 – phase II

In January 2019, Lundbeck initiated a phase II-study (n = ~240) with Lu AF11167 (NCT03793712). Lu AF11167 in monotherapy represents a new approach to treat negative symptoms of schizophrenia, working by inhibiting the activity of the PDE10-enzyme in the brain. This affects the signalling of the neurotransmitter dopamine in a manner that may specifically improve negative symptoms while positive symptoms remain controlled. Lu AF11167 is invented by Lundbeck.

ABX-1431

On 6 May 2019, Lundbeck and Abide Therapeutics, Inc. (Abide) announced signing of a definitive agreement in which Lundbeck LLC has agreed to acquire Abide. Under the terms of the agreement, Lundbeck will pay USD 250 million (approximately DKK 1.65 billion) upfront with a commitment to pay future development and sales milestones to the group of current owners of up to USD 150 million (approximately DKK 1 billion). This acquisition provides Lundbeck a novel discovery platform and a U.S.-based research hub.

The lead molecule ABX-1431 is a potent selective inhibitor of the serine hydrolase monoacylglycerol lipase (MGLL) that potentiates endocannabinoid signaling to restore homeostatic balance in the central nervous system. It has the potential to address multiple indications in psychiatry and neurology and is initially being explored in clinical trials as a first-of-its-kind compound for the treatment of Tourette syndrome (exploratory phase IIa) and for neuropathic pain (phase I). In addition to the clinical and pre-clinical programs targeting MGLL, Abide has a rich pipeline of inhibitors targeting other serine hydrolases that may be pursued as future novel treatments to improve the quality of life for patients living with neurological and/or psychiatric disorders.

The transaction is expected to close during the second quarter of 2019, subject to the receipt of customary regulatory approvals, including expiration or termination of the waiting period under the Hart-Scott-Rodino Act in the U.S.

Lu AF20513 – phase I

It has been decided to discontinue the development project currently in phase I following increased uncertainty around the biological rationale. Lundbeck continues to be committed to developing treatments for Alzheimer's.

General corporate matters

Pending legal proceedings

The Group is involved in a number of legal proceedings, including patent disputes. In the opinion of Management, the outcome of these proceedings will either not have a material impact on the Group's financial position or cash flows beyond the amount already provided for in the financial statements, or the outcome is too uncertain to enable the Group to make a reliable provision. Such proceedings will, however, develop over time, and new proceedings may occur which could have a material impact on the Group's financial position and/or cash flows.

In June 2013, Lundbeck received the European Commission's decision that the company's agreements concluded with four generic competitors concerning citalopram violated competition law. The decision included fining Lundbeck EUR 93.8 million (approximately DKK 700 million). On 8 September 2016, Lundbeck announced that the General Court of the European Union had delivered its judgment concerning Lundbeck's appeal against the European

Commission's 2013 decision. Lundbeck's appeal was rejected by the General Court. Lundbeck has appealed the judgment to the European Court of Justice. Lundbeck paid and expensed the fine in the third quarter of 2013. An oral hearing was conducted by the European Court of Justice on 24 January 2019 and a final judgment is expected during 2019. So-called "follow-on claims" for reimbursement of alleged losses, resulting from alleged violation of competition law, often arise when decisions and fines issued by the European Commission are upheld by the European Court of Justice.

H. Lundbeck A/S and Lundbeck Canada Inc. are involved in three product liability class-action lawsuits relating to Cipralex/Celexa®, three relating to Abilify Maintena and one relating to Rexulti in Canada. The cases are in the preliminary stages and as such associated with significant uncertainties. Lundbeck strongly disagrees with the claims raised.

In June 2018, Lundbeck announced that its U.S. subsidiary Lundbeck LLC had reached an agreement in principle to resolve the U.S. Department of Justice (DOJ) investigation related to Lundbeck LLC's relationship with and donations to independent patient assistance charitable foundations, which called for a payment of USD 52.6 million (DKK 334 million). In April of 2019, Lundbeck finalized this settlement, executed a Settlement Agreement, and made a payment of USD 52.6 (DKK 344 million). Lundbeck LLC is pleased to have reached final resolution that will allow the company to put this matter behind it. The Settlement Agreement does not include any admission by Lundbeck LLC that it violated any law. The resolution of this matter will allow Lundbeck LLC to continue its focus on providing innovative medications to patients.

The Group has entered into settlements with three of the four generic companies involved in an Australian federal court case, where Lundbeck is pursuing patent infringement and damages claims over the sale of escitalopram products in Australia. Lundbeck received AUD 51.7 million (DKK 242 million) in 2018. In Lundbeck's case against the final generic company, Sandoz Pty Ltd, the Federal Court found that Sandoz Pty Ltd had infringed Lundbeck's escitalopram patent between 2009 and 2012 and awarded Lundbeck 26.3 mill AUD in damages. The appeal of the decision will be heard on 8-10 May 2019 and a decision is expected within 6 months after the hearing. In the meantime, the Australian Patent Office has issued a license to exploit the patent to Sandoz for the entire period of infringement. The license may potentially remove the damages awarded to Lundbeck. This license decision may be appealed.

Lundbeck has instituted patent infringement proceedings against 16 generic companies that have applied for marketing authorization for generic versions of Trintellix in the U.S. One counterpart has now withdrawn and the cases against the remaining 15 parties continue. Decisions are expected shortly before the end of March 2021. Lundbeck has strong confidence in its vortioxetine patents. The FDA cannot grant marketing authorizations to the generic companies unless they receive a decision in their favour. The compound patent, including patent term extensions, will expire in the U.S. on 17 December 2026. Lundbeck has other patents relating to vortioxetine with expiry in the period until 2032.

Conference call

Today at 13.00 CET, Lundbeck will be hosting a conference call for the financial community. You can find dial-ins and a link for webcast online at www.lundbeck.com under the Investor section.

MANAGEMENT STATEMENT

The Board of Directors and the registered Executive Management have discussed and adopted the interim report of H. Lundbeck A/S for the period 1 January - 31 March 2019. The interim report is presented in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the EU and additional Danish disclosure requirements for the interim reports of listed companies.

We consider the accounting policies applied to be appropriate. Accordingly, the interim report gives a true and fair view of the Group's assets, liabilities and financial position as of 31 March 2019, and of the results of the Group's operations and cash flows for the period, which ended on 31 March 2019.

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, 8 May 2019

Registered Executive Management

Deborah Dunsire President and CEO	Lars Bang Executive Vice President, Product Development & Supply	Anders Götzsche Executive Vice President, CFO
Per Johan Luthman Executive Vice President, R&D	Jacob Tolstrup Executive Vice President, Commercial Operations	

Board of Directors

Lars Søren Rasmussen Chairman of the Board	Lene Skole-Sørensen Deputy Chairman of the Board	Henrik Andersen
Jeffrey Berkowitz	Lars Erik Holmqvist	Jeremy Max Levin
Rikke Kruse Andreasen Employee representative	Henrik Sindal Jensen Employee representative	Ludovic Tranholm Otterbein Employee representative

FINANCIAL STATEMENTS

Income statement

DKK million	Q1 2019	Q1 2018	FY 2018
Revenue	4,234	4,585	18,117
Cost of sales	825	826	3,456
Gross profit	**3,409**	**3,759**	**14,661**
Sales and distribution costs	1,273	1,286	5,277
Administrative expenses	188	153	762
Research and development costs	748	712	3,277
Other operating items, net	-	48	(44)
Profit from operations (EBIT)	**1,200**	**1,656**	**5,301**
Net financials	31	(13)	(12)
Profit before tax	**1,231**	**1,643**	**5,289**
Tax on profit for the period	333	444	1,382
Profit for the period	**898**	**1,199**	**3,907**
Earnings per share, basic (EPS) (DKK)	4.52	6.03	19.66
Earnings per share, diluted (DEPS) (DKK)	4.52	6.03	19.66

Statement of comprehensive income

DKK million	Q1 2019	Q1 2018	FY 2018
Profit for the period	**898**	**1,199**	**3,907**
Actuarial gains/losses	-	-	15
Tax	-	-	(2)
Items that will not be reclassified subsequently to profit or loss	**-**	**-**	**13**
Exchange rate gains/losses on investments in foreign subsidiaries	141	(83)	287
Exchange rate gains/losses on additions to net investments in foreign subsidiaries	(92)	(10)	(151)
Deferred exchange gains/losses, hedging	(180)	84	(319)
Exchange gains/losses, hedging (transferred to the hedged items)	48	(182)	(242)
Tax	50	24	157
Items that may be reclassified subsequently to profit or loss	**(33)**	**(167)**	**(268)**
Other comprehensive income	**(33)**	**(167)**	**(255)**
Comprehensive income	**865**	**1,032**	**3,652**

Balance sheet

DKK million	31.03.2019	31.03.2018	31.12.2018
Assets			
Intangible assets	7,910	7,933	8,023
Property, plant and equipment	2,435	1,950	2,018
Financial assets	1,280	1,310	1,321
Non-current assets	**11,625**	**11,193**	**11,362**
Inventories	1,834	1,390	1,753
Receivables	3,249	3,878	3,261
Securities	3,047	1,521	3,030
Cash and bank balances	1,967	1,771	3,605
Current assets	**10,097**	**8,560**	**11,649**
Assets	**21,722**	**19,753**	**23,011**
Equity and liabilities			
Share capital	996	995	996
Foreign currency translation reserve	874	543	804
Currency hedging reserve	(159)	306	(56)
Retained earnings	11,008	9,789	12,507
Equity	**12,719**	**11,633**	**14,251**
Provisions	932	1,066	1,112
Debt	445	59	72
Non-current liabilities	**1,377**	**1,125**	**1,184**
Provisions	432	577	442
Debt	62	-	-
Trade payables	3,833	2,826	4,078
Other payables	3,299	3,592	3,056
Current liabilities	**7,626**	**6,995**	**7,576**
Liabilities	**9,003**	**8,120**	**8,760**
Equity and liabilities	**21,722**	**19,753**	**23,011**

Statement of changes in equity

DKK million	Share capital	Foreign currency translation reserve	Currency hedging reserve	Retained earnings	Equity
Equity at 1 January 2019	**996**	**804**	**(56)**	**12,507**	**14,251**
Profit for the period	-	-	-	898	898
Other comprehensive income	-	70	(103)	-	(33)
Comprehensive income	**-**	**70**	**(103)**	**898**	**865**
Distributed dividends, gross	-	-	-	(2,389)	(2,389)
Dividends received, treasury shares	-	-	-	5	5
Capital increase through exercise of warrants	-	-	-	1	1
Buyback of treasury shares	-	-	-	(20)	(20)
Incentive programmes	-	-	-	6	6
Other transactions	**-**	**-**	**-**	**(2,397)**	**(2,397)**
Equity at 31 March 2019	**996**	**874**	**(159)**	**11,008**	**12,719**

DKK million	Share capital	Foreign currency translation reserve	Currency hedging reserve	Retained earnings	Equity
Equity at 1 January 2018	**995**	**634**	**382**	**10,170**	**12,181**
Profit for the period	-	-	-	1,199	1,199
Other comprehensive income	-	(91)	(76)	-	(167)
Comprehensive income	**-**	**(91)**	**(76)**	**1,199**	**1,032**
Distribution of dividends, gross	-	-	-	(1,592)	(1,592)
Dividends received, treasury shares	-	-	-	3	3
Capital increase through exercise of warrants	-	-	-	1	1
Incentive programmes	-	-	-	6	6
Tax on other transactions in equity	-	-	-	2	2
Other transactions	**-**	**-**	**-**	**(1,580)**	**(1,580)**
Equity at 31 March 2018	**995**	**543**	**306**	**9,789**	**11,633**

Cash flow statement

DKK million	Q1 2019	Q1 2018	FY 2018
Profit from operations (EBIT)	**1,200**	**1,656**	**5,301**
Adjustments for non-cash operating items etc.	253	341	1,243
Change in working capital	(560)	76	563
Cash flows from operations before financial receipts and payments	**893**	**2,073**	**7,107**
Financial receipts and payments	18	(4)	6
Cash flows from ordinary activities	**911**	**2,069**	**7,113**
Income taxes paid	(74)	(66)	(1,132)
Cash flows from operating activities	**837**	**2,003**	**5,981**
Acquisition of subsidiary*	-	(745)	(745)
Purchase and sale of securities and other financial assets	(9)	(7)	(1,524)
Purchase and sale of intangible assets and property, plant and equipment	(54)	(43)	(638)
Cash flows from investing activities	**(63)**	**(795)**	**(2,907)**
Cash flows from operating and investing activities (free cash flow)	**774**	**1,208**	**3,074**
Capital increase through exercise of warrants	1	1	7
Dividends paid in the financial year, net	(2,384)	(1,589)	(1,589)
Other financing activities	(35)	-	(25)
Cash flows from financing activities	**(2,418)**	**(1,588)**	**(1,607)**
Net cash flow for the period	**(1,644)**	**(380)**	**1,467**
Cash and bank balances at beginning of period	3,605	2,155	2,155
Unrealized exchange gains/losses on cash and bank balances	6	(4)	(17)
Net cash flow for the period	(1,644)	(380)	1,467
Cash and bank balances at end of period	**1,967**	**1,771**	**3,605**
Interest-bearing debt, cash, bank balances and securities, net, is composed as follows:			
Cash and bank balances	1,967	1,771	3,605
Securities	3,047	1,521	3,030
Interest-bearing debt	(462)	-	-
Interest-bearing debt, cash, bank balances and securities, net, end of period – net cash/(net debt)	**4,552**	**3,292**	**6,635**

*) The acquisition of Prexton Therapeutics BV, which is considered a purchase of assets, consists of the foliglurax product rights valued at DKK 712 million, tax assets of DKK 39 million, as well as net liabilities totaling DKK 6 million.

Income statement – Core results reconciliation (Q1)

Q1 2019

DKK million	Reported result	Intangible amortization	Impairment	Major restructuring	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	4,234	-	-	-	-	-	4,234
Cost of sales	825	(210)	-	-	-	-	615
Gross profit	**3,409**	**210**	**-**	**-**	**-**	**-**	**3,619**
Sales and distribution costs	1,273	-	-	-	-	-	1,273
Administrative expenses	188	-	-	-	-	-	188
Research and development costs	748	-	-	-	-	-	748
Other operating items, net	-	-	-	-	-	-	-
Profit from operations (EBIT)	**1,200**	**210**	**-**	**-**	**-**	**-**	**1,410**
Net financials	31	-	-	-	-	-	31
Profit before tax	**1,231**	**210**	**-**	**-**	**-**	**-**	**1,441**
Tax on profit for the period	333	20	-	-	-	-	353
Profit for the period	**898**	**190**	**-**	**-**	**-**	**-**	**1,088**
Earnings per share, basic (EPS) (DKK)	4.52	0.96	-	-	-	-	5.48

Q1 2018

DKK million	Reported result	Intangible amortization	Impairment	Major restructuring	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	4,585	-	-	-	-	-	4,585
Cost of sales	826	(210)	-	-	-	-	616
Gross profit	**3,759**	**210**	**-**	**-**	**-**	**-**	**3,969**
Sales and distribution costs	1,286	-	-	-	-	-	1,286
Administrative expenses	153	-	-	-	-	-	153
Research and development costs	712	-	-	-	-	-	712
Other operating items, net	48	-	-	-	-	(48)	-
Profit from operations (EBIT)	**1,656**	**210**	**-**	**-**	**-**	**(48)**	**1,818**
Net financials	(13)	-	-	-	-	-	(13)
Profit before tax	**1,643**	**210**	**-**	**-**	**-**	**(48)**	**1,805**
Tax on profit for the period	444	22	-	-	-	(11)	455
Profit for the period	**1,199**	**188**	**-**	**-**	**-**	**(37)**	**1,350**
Earnings per share, basic (EPS) (DKK)	6.03	0.94	-	-	-	(0.18)	6.79

Notes

Note 1: Accounting policies

The Financial Report for the period 1 January – 31 March 2019 has been prepared in accordance with IAS 34 *Interim Financial Reporting* as indorsed by the EU and additional Danish disclosure requirement for interim report for listed companies.

Lundbeck implemented IFRS 16 *Leases* from 1 January 2019 and recognize material lease agreements in accordance with the standard.

Lease liabilities are recognized at the present value of future payments under the lease agreements, including payments relating to reasonably certain extensions. Interest on the lease liabilities is calculated using Lundbeck's incremental borrowing rate and recognized under net financials. The lease liabilities are reduced by any installments paid to the lessor.

Lundbeck uses a single incremental borrowing rate for lease agreements with similar characteristics. At the time of implementation, the weighted average incremental borrowing rate was 1.3%.

Right-of-use assets are recognized at the present value of future payments reduced by lease incentives and upfront payments. The right-of-use assets are depreciated over the lease term and depreciation is recognized in the income statement. The right-of-use assets are presented as part of property, plant and equipment.

Changes to a lease agreement after initial recognition result in a remeasurement of the lease agreement and recognition of an adjustment to the lease liability and right-of-use asset.

Short-term, low-value and immaterial lease agreements are recognized as operating expenses on a straight-line basis over the lease term.

At the time of implementation, Lundbeck used the modified retrospective method. Consequently, material lease agreements with a remaining lease period of more than 12 month resulted in an increase in total assets and total liabilities of DKK 439 million at 1 January 2019. Comparative figures are not restated.

Total depreciation and interest for Q1 2019 recognized in accordance with IFRS 16 *Leases* amounted to DKK 16 million and DKK 2 million respectively, whereas rental expenses at an estimated amount of DKK 17 million is no longer recognized in the income statement.

Differences between contractual obligations as disclosed in the annual report for 2018 and the value of lease liabilities at initial recognition include mainly short-term leases, reasonably certain extensions periods and service components.

Lundbeck implemented IFRIC 23 *Uncertainty over Income Tax Treatments* from 1 January 2019. Lundbeck followed most of the guidelines in IFRIC 23 for accounting for uncertainty over income tax treatments before the implementation date. However, as the provision for uncertainties over tax treatments was previously recognized as a net amount, total assets and total liabilities have increased by DKK 63 million at 1 January 2019, as these provisions are now recognized on a gross basis. At the same time, the provision for uncertainties over tax treatments was reclassified from deferred tax liabilities to income taxes payable.

Apart from the above, accounting policies remain unchanged compared to the 2018 Annual Report, to which reference is made.

For accounting estimates, see note 2 *Significant Accounting Estimates and Judgments* in the 2018 Annual Report.

For risks, see the 2018 Annual Report.

Note 2: Dividends for 2018

Please see Cash flow; page 11.

Note 3: Fair value measurement

Financial assets and financial liabilities measured or disclosed at fair value	**Level 1** (DKKm)	**Level 2** (DKKm)	**Level 3** (DKKm)
2019:			
Financial assets			
Securities[1]	3,047	-	-
Other financial assets[1]	13	-	38
Derivatives[1]	-	16	-
Total	**3,060**	**16**	**38**
Financial liabilities			
Derivatives[1]	-	219	-
Total	**-**	**219**	**-**
2018:			
Financial assets			
Securities[1]	1,521	-	-
Other financial assets[1]	23	-	34
Derivatives[1]	-	449	-
Total	**1,544**	**449**	**34**
Financial liabilities			
Derivatives[1]	-	57	-
Total	**-**	**57**	**-**

1) Measured at fair value.

The fair value of securities is based on publicly quoted prices of the invested assets. The fair value of derivatives is calculated by applying recognized measurement techniques, whereby assumptions are based on the market conditions prevailing at the balance sheet date.

The carrying amount of other receivables, trade receivables, prepayments, other debt, trade payables and other payables is believed to be equal to or close to fair value.

Note 4 Events after the balance sheet date

6 May 2019, Lundbeck announced that it is to acquire 100% of the shares and voting rights of Abide Therapeutics, Inc., and thereby adding a unique R&D platform and an exploratory phase IIa project in Tourette's.

Under terms of the agreement, Lundbeck will pay USD 250 million (approximately DKK 1.65 billion) upfront with a commitment to pay future development and sales milestones to the group of current owners of up USD 150 million (approximately DKK 1 billion). The transaction is expected to be financed by Lundbeck's existing cash reserves.

The transaction is expected to close during the second quarter of 2019, subject to the receipt of customary regulatory approvals, including a Hart-Scott-Rodino review in the U.S.

The transaction is considered a business combination in accordance with IFRS 3 *Business Combinations*. The purchase price allocation and additional disclosure requirements as per IFRS 3 *Business Combinations* are awaiting the above-mentioned approvals and closing of the transaction.

Please see page 13 and Corporate Release no 664 for further information.

Note 5 EBITDA calculation

DKK million	Q1 2019	Q1 2018	Q4 2018	FY 2018
EBIT	1,200	1,656	848	5,301
+ Depreciation, amortization and impairment charges	295	282	286	1,183
- Gain from divestment of properties recognized in Other operating items, net	-	(48)	-	(48)
= EBITDA	**1,495**	**1,890**	**1,134**	**6,436**

Note 6 Core reporting

In general, Lundbeck has adjusted for each non-recurring item, including milestones that are accumulated, or are expected to accumulate, to an amount exceeding a DKK 100 million threshold within the year that Lundbeck's management deems it exceptional. Lundbeck's core reporting is a non-IFRS performance measurement. Lundbeck's core results – including core operating income (core EBIT) and core EPS – exclude:

Amortization and impairments:

- Amortization of intangible assets
- Impairment of intangible assets and property, plant and equipment

Acquisitions and integration activities:

- Acquisition accounting adjustments relating to the consolidation of material acquisitions, disposals of associates, products and businesses
- Major costs associated with the integration of companies

Divestments and reorganizations:

- Income/expenses from discontinued operations
- Gains/losses on divestments of assets, and received or expensed upfront-, sales-, and development milestones
- Termination costs
- Major restructuring charges and expenses

Legal and litigation costs:

- Legal costs (external) related to settlement of litigations, government investigations and other disputes
- Legal charges (net of insurance recoveries) and expenses on the settlement of litigation and government investigations

The adjusted core result is taxed at the underlying corporate tax rate.

Financial calendar 2019

14 August 2019: Financial statements for the first six months of 2019
5 November 2019: Financial statements for the first nine months of 2019

Lundbeck contacts

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About Lundbeck

H. Lundbeck A/S (LUN.CO, LUN DC, HLUYY) is global pharmaceutical company specialized in brain diseases. For more than 70 years, we have been at the forefront of neuroscience research. We are tirelessly dedicated to restoring brain health, so every person can be their best.

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

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

For additional information, we encourage you to visit our corporate site www.lundbeck.com and connect with us on Twitter at @Lundbeck and via LinkedIn.