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Full year report 2013 2013 was a very successful year for Lundbeck

Valby, Denmark, 6 February 2014 - H. Lundbeck A/S (Lundbeck) announces its financial results for 2013, which are in line with the revised expectations communicated in the third quarter. Revenue for 2013 was DKK 15,258 million, an increase of 3% compared with 2012. Growth was driven by Lundbeck's New Products, which generated revenue of DKK 3,096 million. Revenue was impacted by the reduced Ebixa[®] revenue in Europe, following the anticipated generic erosion. Reported EBIT for 2013 was DKK 1,599 million. This corresponds to an EBIT margin of 10.5% for the year.

- Lundbeck achieved five product approvals in 2013, Brintellix[®] and Abilify Maintena[®] in the US and Europe and Selincro[®] in Europe
- Revenue from the US, excluding Lexapro, increased 22% and International Markets grew by 8% compared with 2012
- Revenue from New Products was DKK 3,096 million an increase of 45%, constituting 20% of revenue compared with 14% in 2012
- Net profit amounted to DKK 855 million. The Board of Directors proposes to pay a dividend of DKK 2.77 per share
- 2014 will be a year with an unusual number of variables which increases uncertainty. Financial guidance for 2014 is around DKK 13.5 billion in revenue and DKK 0.5-1.0 billion in EBIT

Distribution of revenue

DKK million	Q4 2013	Q4 2012	Growth	Growth in local currency	FY 2013	FY 2012	Growth	Growth in local currency
New Products*	904	582	55%	66%	3,096	2,141	45%	51%
Ciprallex [®]	1,421	1,501	(5%)	(1%)	5,933	5,827	2%	3%
Azilect [®]	346	326	6%	8%	1,392	1,224	14%	13%
Xenazine [®]	387	322	20%	26%	1,420	1,197	19%	22%
Sabril [®]	134	78	72%	80%	530	376	41%	45%
Onfi [®]	206	80	156%	168%	573	255	125%	132%
Europe	1,552	1,960	(21%)	(20%)	7,064	7,734	(9%)	(9%)
US (excl. Lexapro)	753	556	36%	42%	2,571	2,099	22%	26%
International Markets	944	966	(2%)	7%	4,075	3,768	8%	12%
Total revenue	3,587	3,845	(7%)	(3%)	15,258	14,802	3%	4%

*New Products include Xenazine, Sabril, Sycrest, Lexapro (Japan), Onfi, Treanda, Selincro, Abilify Maintena and Brintellix

In connection with the full year report, Lundbeck's President and CEO Ulf Wiinberg said:

"2013 was a very successful year for Lundbeck in every sense. Our strategic products are still growing and we have had five key approvals. Both 2014 and 2015 will be heavy investment years with launch of products like Brintellix and Abilify Maintena all contributing to growth beyond 2015".

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FINANCIAL HIGHLIGHTS AND KEY FIGURES

	2013 Q4	2012 Q4	2013 FY	2012 FY
Financial highlights (DKK million)				
Revenue	3,587	3,845	15,258	14,802
Operating profit before depreciation and amortization (EBITDA)	325	526	2,861	2,614
Profit from operations (EBIT)	68	301	1,599	1,726
Net financials	(30)	(13)	(127)	(65)
Profit before tax	38	288	1,472	1,661
Tax	15	84	617	496
Profit for the period	23	204	855	1,165
Equity	13,481	13,198	13,481	13,198
Assets	23,649	21,563	23,649	21,563
Cash flows from operating and investing activities	919	562	2,260	1,007
Investments in property, plant and equipment, gross	100	118	311	301
Key figures				
EBITDA margin (%) ¹	9.1	13.7	18.8	17.7
EBIT margin (%) ¹	1.9	7.8	10.5	11.7
Return on capital employed (%)	0.8	2.1	11.4	12.6
Research and development ratio (%)	22.9	22.7	18.8	19.7
Return on equity (%) ¹	0.2	1.6	6.4	9.0
Solvency ratio (%) ¹	57.0	61.2	57.0	61.2
Capital employed (DKK million)	15,641	15,107	15,641	15,107
Share data				
Number of shares for the calculation of EPS (millions)	196.2	196.1	196.1	196.1
Number of shares for the calculation of DEPS (millions)	196.3	196.1	196.2	196.1
Earnings per share (EPS) (DKK) ¹	0.12	1.04	4.36	5.94
Diluted earnings per share (DEPS) (DKK) ¹	0.12	1.04	4.36	5.94
Cash flow per share (DKK) ¹	7.79	3.57	19.17	10.76
Net asset value per share (DKK) ¹	68.68	67.29	68.68	67.29
Market capitalization (DKK million)	26,879	16,260	26,879	16,260
Share price end of period (DKK)	137.00	82.90	137.00	82.90
Proposed dividend per share (DKK)	-	-	2.77	2.00
Other				
Number of employees (FTE)	5,518	5,541	5,518	5,541

1) Definitions according to the Danish Society of Financial Analysts' *Recommendations & Financial Ratios 2010*.

The comparative figures for 2012 have been restated to reflect the changes in IAS 19 Employee Benefits effective from 1 January 2013. Please find the detailed description of the restatement in the consolidated financial statements for 2013, note 7 Impact of changes in accounting policies.

MANAGEMENT REVIEW

Financial forecast 2014

Lundbeck is investing significantly in several new product launches and in its late stage development pipeline while being in the midst of a transition period. Lundbeck expects to remain profitable in this period with significant growth in the company's newer products offsetting expected revenue decline for some of the mature products.

However, 2014 will be a period with an unusual number of variables which elevates the uncertainties for the company. These variables include market access processes in various countries for Lundbeck's new products, launch uptake, timing of generic erosion as well as slope of erosion curves and development in exchange rates. Furthermore, Lundbeck awaits the outcome of two major clinical phase III programs on brexpiprazole and desmoteplase. In case these studies are negative, significant write-downs will materialize.

For the fiscal year 2014, Lundbeck now expects constant currency **revenue** to be around DKK 13.5 billion (previously around DKK 14 billion), mainly following depreciation of key exchange rates. The outlook reflects expectations for continued robust performance of the newer product portfolio which partly offset continued generic erosion, impact from challenging pricing environments and macroeconomic conditions in some major markets. The revenue guidance does not include any significant milestone payments or divestiture gains.

Lundbeck's **profit from operations** (EBIT) in constant currency is expected to decline to DKK 0.5-1.0 billion in 2014 as a result of increased generic erosion and continued investment in an unprecedented number of product launches and significant costs related to the continued progress of key late-stage clinical development projects. The distribution of revenue and especially EBIT will be more uneven through the year than normal as a large part of the earnings will be recognized in the first half of the year.

In the guidance, amortization included in cost of sales are expected to increase to approximately DKK 675 million compared to DKK 590 million in 2013. The guidance does not include any additional restructuring charges, write-downs or divestiture gains. The guidance is summarized in the table below:

Financial forecast 2014

DKK	2014 forecast
Revenue	~13.5bn
EBIT	0.5-1.0bn

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, government 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.

Dividend

At the Annual General Meeting (AGM) the Board of Directors will propose to pay a dividend of 64% of the net profit for the year allocated to the shareholders of the parent company, amounting to DKK 2.77 per share. Dividend payout is to be approved at the AGM on 26 March 2014.

The Board of Directors pursues a policy of distributing between 25% and 35% of the profit for the year as dividends, but may deviate from this policy in exceptional cases. As the decision by the European Commission has been appealed, the Board of Directors considers the fine from the European Commission to be an exceptional case.

Revenue

Revenue for 2013 increased 3% compared with 2012. The growth was driven by New Products, which has been offset by the divestment of Lundbeck US mature product portfolio and the generic erosion of Ebixa in Europe. Contributing to the revenue in 2013 has also been a number of “one-offs” related to new partner agreements and regulatory milestone payments, which has driven a high growth in Other revenue.

Total revenue

DKK million	Q4 2013	Q4 2012	Growth	Growth in local currency	FY 2013	FY 2012	Growth	Growth in local currency
Cipralex	1,421	1,501	(5%)	(1%)	5,933	5,827	2%	3%
Azilect	346	326	6%	8%	1,392	1,224	14%	13%
Ebixa	325	677	(52%)	(50%)	2,096	2,803	(25%)	(25%)
Xenazine	387	322	20%	26%	1,420	1,197	19%	22%
Sabril	134	78	72%	80%	530	376	41%	45%
Onfi	206	80	156%	168%	573	255	125%	132%
Other pharmaceuticals	430	498	(13%)	(9%)	1,766	1,919	(8%)	(5%)
Other revenue	321	353	(9%)	(7%)	1,484	626	137%	140%
Revenue excl. Lexapro (US)	3,570	3,835	(7%)	(3%)	15,194	14,227	7%	8%
Lexapro (US)	17	10	82%	83%	64	575	(89%)	(89%)
Total revenue	3,587	3,845	(7%)	(3%)	15,258	14,802	3%	4%

Cipralex (escitalopram) for the treatment of mood disorders declined 5%, or 1% in local currency for the fourth quarter, and reached DKK 1,421 million. The decline of Cipralex in the quarter is primarily due to seasonality in sales. Cipralex sales was positively impacted by revenue in Japan which is distributed by Lundbeck’s partners, Mochida Pharmaceuticals and Mitsubishi Tanabe Pharma Corporation, and during the fourth quarter Lexapro generated revenue of DKK 65 million in Japan which is a growth of 5%, or 35% in local currency, compared to same period in 2012.

Azilect (rasagiline) for the treatment of Parkinson’s disease generated revenue of DKK 346 million, an increase of 6%, or 8% in local currency compared to the fourth quarter last year. The growth is impacted by quarterly fluctuations. Azilect showed growth across European markets, such as France, Italy, Spain, the UK and Romania.

Ebixa (memantine) for the symptomatic treatment of Alzheimer’s disease as anticipated saw a further accelerated generic erosion in Europe. Revenue in the fourth quarter declined by 52% or 50% in local currency compared to same quarter in 2012. The overall decline of 52% was composed by a decline of 61% in Europe which was offset by 14% growth in International Markets.

Xenazine¹ (tetrabenazine) for the treatment of chorea associated with Huntington’s disease generated revenue of DKK 387 million in the fourth quarter, an increase of 20%, or 26% in local currency, compared to the same period last year.

¹ Xenazine is a registered trademark of Biovail Laboratories International (Barbados) S.R.L.

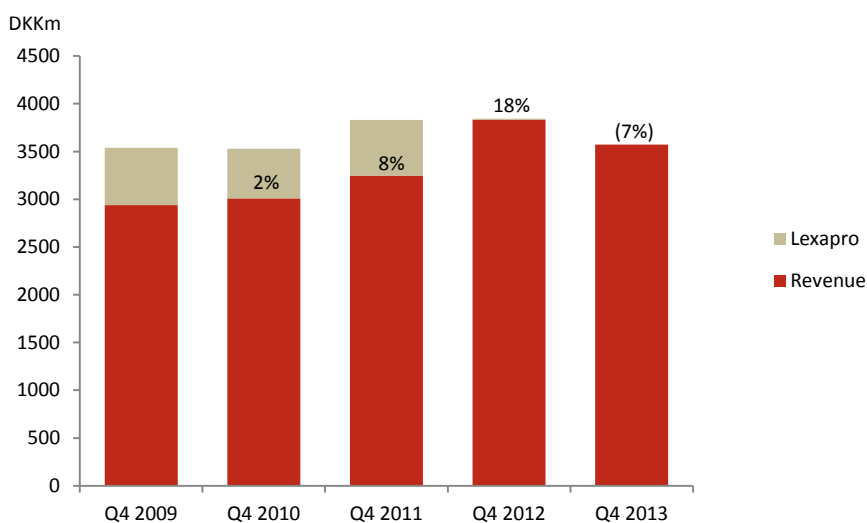
Sabril (vigabatrin) for the treatment of refractory complex partial seizures (rCPS) and infantile spasms (IS) generated fourth quarter revenue of DKK 134 million, an increase of 72%, or 80% in local currency, compared to fourth quarter 2012. The unusually high growth in the quarter is mainly caused by seasonality in sales.

Onfi (clobazam) for the treatment of Lennox-Gastaut syndrome continued its significant growth and generated fourth quarter revenue of DKK 206 million, an increase of 156%, or 168% in local currency, compared to same period last year.

Revenue from **Other pharmaceuticals**, which comprise the remaining of Lundbeck's products, was DKK 430 million, a decrease of 13%, or 9% in local currency, compared to the same quarter last year, mainly due to the divestment of the US mature product portfolio in January 2013.

Other revenue was DKK 321 million, compared to DKK 353 million for the same period last year. The major part of Other revenue related to the milestone payment from Takeda for approval and availability of Brintellix in the US market of DKK 166 million.

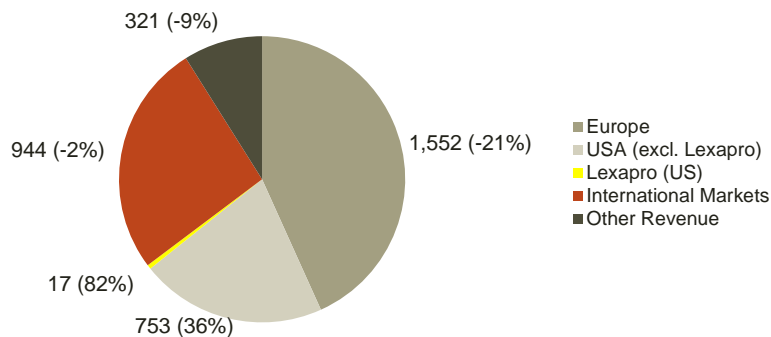
Figure 1 – Total revenue excl. Lexapro in the US*



*not adjusted for divested mature product portfolio in December 2012

Excluding Lexapro in the US, on average Lundbeck experienced a 5% revenue growth (compound annual growth rate) over the past five years (fourth quarter revenue), driven by the successful commercialization of Azilect, Cipralext, Ebixa, Sabril and Xenazine. Going forward, to a large extent growth will depend on recently launched products like Onfi, Selincro, Abilify Maintena and Brintellix.

Figure 2 - Revenue per region Q4 2013 (growth in brackets) – DKKm



Europe

Total revenue in 2013 was DKK 7,064 million compared to DKK 7,734 million last year which is a decline of 9%, largely impacted by generic competition for Ebixa.

Fourth quarter revenue in Europe was DKK 1,552 million, a decrease of 21% compared to the same quarter the previous year. The decrease is primarily due to intensified generic competition.

Revenue – Europe

DKK million	Q4 2013	Q4 2012	Growth	Growth in local currency	FY 2013	FY 2012	Growth	Growth in local currency
Cipralext	821	858	(4%)	(4%)	3,368	3,379	0%	(1%)
Ebixa	234	597	(61%)	(61%)	1,639	2,398	(32%)	(32%)
Azilect	320	291	10%	11%	1,272	1,122	13%	13%
Other pharmaceuticals	177	214	(17%)	(17%)	785	835	(6%)	(6%)
Total revenue	1,552	1,960	(21%)	(20%)	7,064	7,734	(9%)	(9%)

Cipralext generated fourth quarter revenue of DKK 821 million in Europe. Cipralext continued to show growth in markets such as Germany, Switzerland and Romania. However, the growth is offset by declining sales in other countries.

Revenue from Ebixa decreased by 61% to DKK 234 million for the quarter. The decrease is caused by the intensified generic competition in most European Markets.

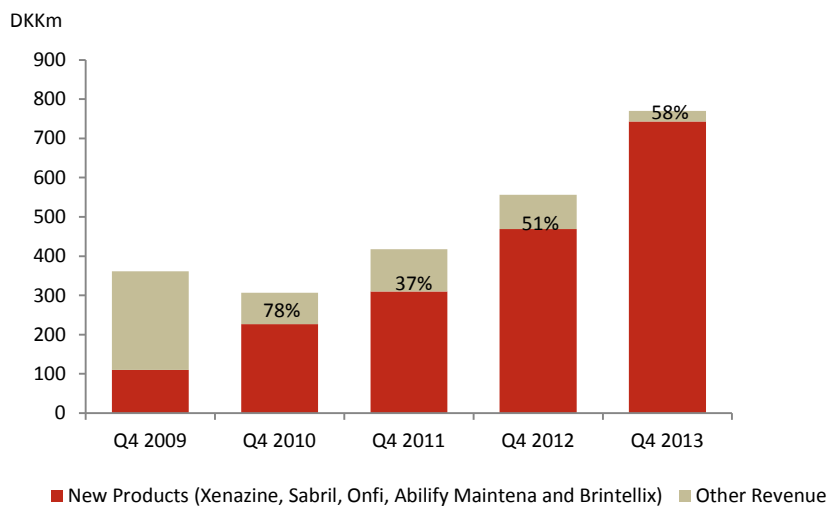
Fourth quarter revenue from Azilect amounted to DKK 320 million, an increase of 10% compared to the fourth quarter of 2012. Azilect continues to gain market share in Italy, France, Spain and Romania as it is increasingly recognized as an effective and easy-to-administer medication.

Revenue from Other pharmaceuticals was DKK 177 million, a decrease of 17% compared to the year before.

US

2013 revenue in the US excluding Lexapro was DKK 2,571 million compared to DKK 2,099 million in 2012, corresponding to a growth of 22%. The strong growth in 2013 related to new products of which a large share is from Onfi. The growth is partly offset by the impact of the divestment of mature products in January 2013.

Figure 3 – Lundbeck revenue in the US excl. Lexapro (growth figures below is representing growth for New Products)



Revenue – US

DKK million	Q4 2013	Q4 2012	Growth	Growth in local currency	FY 2013	FY 2012	Growth	Growth in local currency
Xenazine	381	311	22%	28%	1,394	1,154	21%	24%
Sabril	134	78	72%	80%	530	376	41%	45%
Onfi	206	80	156%	168%	573	255	125%	132%
Other pharmaceuticals	32	87	(63%)	(60%)	74	314	(77)%	(75)%
Revenue excl. Lexapro	753	556	36%	42%	2,571	2,099	22%	26%
Lexapro	17	10	82%	83%	64	575	(89)%	(89)%
Total revenue	770	566	36%	42%	2,635	2,674	(1)%	1%

Revenue from Xenazine was DKK 381 million for the quarter, an increase of 22%, or 28% in local currency, compared to the fourth quarter previous year. The growth in revenue for the quarter was primarily due to higher demand.

Sabril revenue for the quarter was DKK 134 million, up 72%, or 80% in local currency, compared to the same quarter previous year. The significant growth for this quarter is explained by fluctuation in quarterly sales combined with higher demand.

In January 2012, Onfi was made available for prescription in the US as adjunctive therapy for seizures associated with Lennox-Gastaut syndrome. Revenue reached DKK 206 million in the fourth quarter of 2013, growing significantly by 156% compared to the same quarter the previous year.

Brintellix has been commercially launched in the US in January 2014, but has been available on the market since November 2013. Together with Abilify Maintena, which was launched in April 2013, these two products are reported under Other pharmaceuticals. Initial sales from these two products are strongly offset by the divestment of the US mature product portfolio.

International Markets

Total revenue for 2013 in International Markets, which comprise all of Lundbeck's markets outside of Europe and the US, was DKK 4,075 million, a growth of 8%, or 12% in local currency, compared to DKK 3,768 million in 2012.

Revenue in the fourth quarter was DKK 944 million, corresponding to a decrease of 2%, or an increase of 7% in local currency compared to the fourth quarter of 2012.

Revenue – International Markets

DKK million	Q4 2013	Q4 2012	Growth	Growth in local currency	FY 2013	FY 2012	Growth	Growth in local currency
Cipralext	600	643	(7%)	2%	2,565	2,448	5%	9%
Ebixa	91	80	14%	27%	457	405	13%	15%
Azilect	26	35	(25%)	(14%)	120	102	17%	16%
Other pharmaceuticals	227	208	9%	19%	933	813	15%	21%
Total revenue	944	966	(2%)	7%	4,075	3,768	8%	12%

Cipralext generated fourth quarter revenue of DKK 600 million, representing a decrease of 7%, or an increase of 2% in local currency, compared to the fourth quarter previous year. The moderate increase in local currency is partly due to continued strong growth in Canada and China which is partly offset by sales fluctuations in Saudi Arabia and Korea. Cipralext held a market share of 12.6% in value in Lundbeck's International Markets, compared to a market share of 11.2% in 2012.

Lexapro in Japan reached DKK 65 million compared to DKK 62 million in fourth quarter in 2012. The moderate growth of 5% is strongly impacted by negative currency development, in local currency the growth was 35% and Lexapro develops in line with expectations. The full year growth for Lexapro in Japan in local currency was 51%.

Ebixa generated fourth quarter revenue of DKK 91 million. The strong growth of 27% in local currency in the fourth quarter is mainly driven by higher demand in China and quarterly fluctuations in sales.

Azilect sales reached DKK 26 million in the fourth quarter a decrease of 25%, or 14% in local currency. The decline in the quarter is related to further generic erosion in Turkey, which is partly offset by growth in Australia, Thailand and Hong Kong in which Azilect was launched in 2012.

Other pharmaceuticals generated revenue of DKK 227 million during the quarter, an increase of 9%, or 19% in local currency, compared to the same quarter in 2012. The growth is driven by Treanda sales in Canada following the launch in September 2012.

Expenses and income

Total costs for 2013 increased by 4% to DKK 13,659 million. Costs for the year were impacted by one-off costs of DKK 1,110 million relating to the fine from the European Commission (DKK 700 million), impairment of Sycrest product rights (DKK 210 million) and costs for the restructuring announced in June 2013 (DKK 200 million). 2012 was impacted by restructuring costs of DKK 530 million.

Total costs for the fourth quarter were DKK 3,519 million, a decrease of 1% compared to fourth quarter in 2012.

Distribution of costs

DKK million	Q4 2013	Q4 2012	Growth	FY 2013	FY 2012	Growth
Cost of sales	894	928	(4%)	4,038	3,720	9%
Sales and distribution	1,343	1,209	11%	4,200	4,836	(13%)
Administration	459	536	(14%)	2,549	1,601	59%
Research & Development	823	871	(6%)	2,872	2,919	(2%)
Total costs	3,519	3,544	(1%)	13,659	13,076	4%

Cost of sales decreased by 4% to DKK 894 million for the fourth quarter. This corresponds to 25% of total revenue, compared to 24% in the same quarter the previous year. Cost of sales was affected mostly by lower royalties due to lower sales of Ebixa. Cost of sales increased in 2013 compared with 2012 from DKK 3,720 million to 4,038 million which is due to the write down of Sycrest product rights of DKK 210 million.

Sales and distribution costs for the fourth quarter were DKK 1,343 million, corresponding to 37% of revenue and an increase of 11% compared with the same period in 2012. This increase related mainly to promotion costs for new products in the launch phase, i.e. Brintellix, Abilify Maintena and Selincro.

Administrative expenses in the fourth quarter were DKK 459 million, corresponding to 13% of revenue and a decrease of 14% compared to fourth quarter in 2012. The decrease related to lower legal costs in 2013 as well as restructuring costs in fourth quarter in 2012. SG&A (selling, general and administrative) costs were DKK 1,802 million compared with DKK 1,745 million in the same period the previous year. This corresponds to an increase in the SG&A margin to 50% in the fourth quarter 2013 from 45% in the fourth quarter in 2012. The increase is mainly related to the hiring of a new sales force in the US and increased launch activities. SG&A cost for the full year 2013 increased by 5% mainly due to the fine from the European Commission of DKK 700 million and the restructuring cost of DKK 200 million, bearing in mind the 2012 restructuring cost of DKK 530 million. When adjusting for these "one-offs", the SG&A cost decreased 1% in 2013 compared with 2012.

Research & Development costs for the quarter were DKK 823 million compared with DKK 871 million in the same period in 2012.

Operating profit before depreciation and amortization (EBITDA)

EBITDA for 2013 was DKK 2,861 million compared to DKK 2,614 million the previous year, an increase of 9%.

EBITDA was DKK 325 million compared to DKK 526 million for the fourth quarter in 2012. The EBITDA margin for the period was 9.1% down from 13.7% in the same quarter previous year.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges, which are included in the individual expense categories, amounted to DKK 1,262 million in 2013 which is an increase of 42%. The increase is mostly driven by amortization of product rights for Abilify Maintena, which was launched in the US in 2013 and the write-down of Sycrest product rights of DKK 210 million. The cost in the fourth quarter amounted to DKK 257 million compared to DKK 225 million in the fourth quarter in 2012, driven by increased amortization on product rights.

Depreciation, amortization and impairment charges

DKK million	Q4 2013	Q4 2012	Growth	FY 2013	FY 2012	Growth
Cost of sales	191	124	54%	979	581	68%
Sales and distribution	7	11	(23%)	26	25	7%
Administration	19	22	(15%)	65	70	(7%)
Research & Development	40	68	(41%)	192	212	(9%)
Total costs	257	225	15%	1,262	888	42%

Profit from operations (EBIT)

EBIT for 2013 was DKK 1,599 million compared to DKK 1,726 million in the same period 2012, a decrease of 7%. The EBIT margin was 10.5% for the year compared with 11.7% in 2012. EBIT was negatively affected by the fine from the European Commission of DKK 700 million in 2013.

Net financials

Lundbeck generated net financial expenses of DKK 30 million in the fourth quarter of 2013, compared to net financial expenses of DKK 13 million in the fourth quarter of 2012.

Net interest income, including realized and unrealized gains and losses on the bond portfolio, amounted to net expenses of DKK 18 million, compared to a net expense of DKK 24 million in the same period in 2012.

Net currency translation amounted to a loss of DKK 9 million, compared to a gain of DKK 14 million in the same quarter in 2012. This decrease was primarily caused by fluctuation in exchange rate translations of intercompany balances.

Tax

The effective tax rate for the full year 2013 was 41.9%. The effective tax rate was affected by the following circumstances:

- I. The fine from the European Commission is non-deductible for tax purposes and increases the expected effective tax rate
- II. The Danish parliament passed a bill reducing the corporate tax rate from 25% to 22% from 2014 until 2016. Lundbeck has recognized the full expected effect on deferred tax assets in Q2 2013 in accordance with IFRS
- III. The effective tax rate is also highly dependent on the mix of revenue.

Profit for the period

Profit for the period was DKK 23 million, compared to DKK 204 million in the same period in 2012. This corresponds to an EPS of DKK 0.12 per share for the fourth quarter 2013.

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 positive impact on profit of DKK 32 million in the fourth quarter of 2013, 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 12 million loss in the fourth quarter of 2012.

Cash flow

Lundbeck had a cash inflow of DKK 2,119 million, compared with DKK 288 million in 2012. The strong cash flow relates to gains from divestment of US mature product portfolio and payments from Lundbeck partners as well as lower tax payments in 2013, partly offset by the fine from the European Commission.

For the fourth quarter, Lundbeck had a cash inflow of DKK 982 million, compared with DKK 560 million in the same period the previous year.

Cash flow

DKK million	Q4 2013	Q4 2012	FY 2013	FY 2012
Cash flows from operating activities	1,529	700	3,760	2,112
Cash flows from investing activities	(610)	(138)	(1,500)	(1,105)
Cash flows from operating and investing activities	919	562	2,260	1,007
Cash flows from financing activities	63	(2)	(141)	(719)
Change in cash	982	560	2,119	288
Cash at beginning of period	3,847	2,194	2,747	2,467
Unrealized currency translation adjustments for the period	(12)	(7)	(49)	(8)
Cash at end of period	4,817	2,747	4,817	2,747
Securities	1,042	1,055	1,042	1,055
Interest-bearing debt	(2,160)	(1,909)	(2,160)	(1,909)
Interest-bearing net cash and cash equivalents, end of period	3,699	1,893	3,699	1,893

Operating activities generated cash inflows of DKK 1,529 million, compared to DKK 700 million in the same quarter in 2012.

Cash flow from investing activities amounted to an outflow of DKK 610 million compared to an outflow of DKK 138 million in the same quarter in 2012. The increase in investments relates primarily to a milestone payment of USD 75 million to Otsuka for the regulatory approval of Abilify Maintena in the EU, paid in December 2013.

Cash flows from financing activities amounted to an inflow of DKK 63 million, compared to an outflow of DKK 2 million in the fourth quarter the previous year.

Cash at 31 December 2013 was DKK 4,817 million compared to DKK 2,747 million at 31 December 2012. Lundbeck's net cash position at 31 December 2013 was DKK 3,699 million, compared to DKK 1,893 million at 31 December 2012.

Balance sheet

As of 31 December 2013, Lundbeck had total assets of DKK 23,649 million, compared to DKK 21,563 million at the end of 2012.

As of 31 December 2013, Lundbeck's equity amounted to DKK 13,481 million, corresponding to a solvency ratio of 57.0% compared to 61.2% at the end of 2012.

Lundbeck paid the fine received from the European Commission of DKK 700 million in the third quarter. Lundbeck strongly disagrees with the Commission's decision and has appealed the decision. Consequently Lundbeck has a contingent asset corresponding to a maximum of the amount of the fine. Lundbeck does not expect that the fine will increase as a result of the appeal.

As a consequence of the exercise of employee warrants, the share capital was increased during 2013 by DKK 302,625 (or 60,525 shares of nominally DKK 5). The increase was effected without any pre-emption rights for the existing shareholders of the company or others. 34,641 shares were subscribed in cash at DKK 97 per share, 20,501 shares were subscribed in cash at DKK 102 per share and 5,383 shares at DKK 115. The increase corresponds to approximately 0.031% of the company's share capital. After the increase Lundbeck's share capital amounts to DKK 980,985,180.

At the Annual General Meeting in March 2013, the proposed dividend for 2012 of DKK 392 million (DKK 685 million for 2011) or DKK 2.00 per share (DKK 3.49 per share for 2011) was approved. The dividend was paid out in first quarter 2013.

Lundbeck's development portfolio

Lundbeck is developing a number of new and promising pharmaceuticals for the treatment of brain disorders. The pipeline projects are targeting areas where Lundbeck currently has a market presence, such as mood disorders and other psychiatric disorders, as well as new areas such as stroke. Pipeline development is summarised as follows:

Regulatory review

Abilify Maintena is a once-monthly injection which received approval in Europe in December 2013. In February 2013, the U.S. Food and Drug Administration (FDA) approved Abilify Maintena (aripiprazole for extended-release injectable suspension) for the treatment of schizophrenia, and the product was subsequently launched in April. Abilify Maintena is part of Lundbeck's collaboration with Otsuka Pharmaceutical Co., Ltd. (Otsuka), and Lundbeck has co-development and co-promotional rights to the

product. Abilify Maintena is expected to be launched in the first European country during the first quarter in 2014.

Brintellix (vortioxetine) is Lundbeck's novel antidepressant. Following the US approval at the end of the third quarter, Brintellix also received approval in Europe at the end of the fourth quarter. The approval was based on an extensive clinical program, including one in the elderly, and a 24-64 week long-term maintenance study that demonstrated statistically significant improvements in overall symptoms of depression in adults with MDD. Brintellix has just recently been launched in the US. The clinical program for regulatory approval in Japan and Asia has also been reporting results. The so-called *SOLUTION* study totalling 443 patients in Asian countries (excluding Japan) including vortioxetine 10 mg or venlafaxine 150 mg has reported very positive data on both primary and secondary endpoints. However, in order to register the product in Japan, Takeda has decided to conduct additional studies..

Clinical phase III

Intravenous carbamazepine (IV CBZ) is in development in the US for short-term replacement of oral carbamazepine in adult patients with epilepsy. In June, Lundbeck received FDA Orphan drug status for this product, which is expected to be submitted to the FDA during the first quarter of 2014.

Desmoteplase is being developed for the treatment of ischaemic strokes. The clinical phase III studies with desmoteplase, DIAS-3 and DIAS-4, show improved patient recruitment following several initiatives to speed up the recruitment process. DIAS-3 has in December finished recruiting patients and the outcome of this first trial is expected in the first half of 2014.

Brexpiprazole is a novel investigational psychopharmaceutical compound. As part of the collaboration with Otsuka, Lundbeck has gained co-development and co-promotional rights to brexpiprazole. Lundbeck and Otsuka are running an extensive development program for brexpiprazole. Data from the first study in depression, a randomized, placebo-controlled study investigating the effect of brexpiprazole as adjunctive therapy to antidepressant therapy in patients with major depressive disorder (MDD), showed statistically significant improvements in mean MADRS total score for patients receiving adjunctive brexpiprazole compared with placebo and a statistically significant advantage over placebo on all secondary endpoints. Three additional studies in depression and schizophrenia will conclude in the first half of 2014. The outcome of these studies will allow Lundbeck to determine if brexpiprazole can be filed in the US in 2014. Brexpiprazole is in development to provide improved efficacy and tolerability, such as less akathisia, restlessness and/or insomnia. Recently, Lundbeck and Otsuka initiated two phase III studies in agitation associated with Alzheimer's disease including some 800 patients. Additionally a clinical phase III study has been initiated in post-traumatic stress disorder (PTSD) including 600 patients.

Lu AE58054 is a potent and selective so-called 5-HT₆ receptor antagonist. In March 2013, Lundbeck and Otsuka further expanded their alliance and entered into collaboration for the development and commercialization of Lu AE58054. In October 2013, Lundbeck and Otsuka initiated phase III clinical trials on Lu AE58054. The clinical program is currently planned to include four trials including approximately 3,000 patients worldwide. The first trial will enrol 930 patients in the US, Canada and 15 other countries, mainly in Europe, and is expected to last up to three years.

General corporate matters

Accounting policies

Lundbeck's accounting policies are explained in details in the 2013 Annual Report also published today.

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 involved in a number of trials around the world related to defending its intellectual property rights. With regards to escitalopram, Lundbeck is presently involved in pending court trials in Australia, Belgium, Brazil, Denmark, Greece, Netherlands, Portugal, Saudi Arabia and Spain.

Fine from the European Commission

On 19 June 2013 Lundbeck received the European Commission's decision that the company's settlement agreements concluded with four generic competitors concerning citalopram violated competition law.

Lundbeck strongly disagrees with the Commission's decision. It asserts that any settlement agreements involving a transfer of value from an originator to a generic company is a restriction of competition and the value transfer reflects an understanding that the patent is invalid or weak. This approach is erroneous. There is no question about the validity of Lundbeck's process patents at issue. Patent settlement agreements are efficiency enhancing and legitimate when there are bona fide grounds for dispute.

On 2 September 2013 Lundbeck appealed the European Commission's decision of 19 June 2013 with the aim of having the decision annulled and/or the fine of EUR 93.8 million (DKK 700 million) reduced. Lundbeck expects a decision on the appeal within two to three years. A judgment could be appealed to the European Court of Justice, either by Lundbeck or the Commission, and it could be up to six years before a final ruling in the case is reached.

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 programmes granted in 2010, Lundbeck has during the first quarter purchased treasury shares with a value of DKK 7 million, corresponding to 72,702 shares. In 2013 Executive Management and key employees were granted 540,562 shares in H. Lundbeck A/S. The shares will vest in 2016, 3 years after grant, subject to Lundbeck achieving its financial targets for vesting and subject to continued employment with the Lundbeck Group for the period from the grant in 2013 until the shares have vested in 2016. Key employees in the US subsidiaries were granted Restricted Cash Units on terms and conditions similar to those that apply for the share program. The market value of the shares and the Restricted Cash Units are calculated using the Black-Scholes method and is based on a volatility of 25.61%, a dividend yield of 2.00% a risk free interest rate of 0.21%, a vesting period of 3 years and a share price of DKK 110.70. The total value of the programmes at the time of grant was DKK 48 million.



Purchase of shares for the existing Long-Term Incentive scheme

To finance Lundbeck's Long-Term Incentive scheme (LTI) for the Executive Management and key employees in Denmark and abroad, Lundbeck will purchase 459,072 shares in full compliance with the existing NASDAQ OMX Copenhagen rules regarding trading with treasury shares and Lundbeck's internal rules.

The number of treasury shares included in the scheme currently equals less than 0.3% of the share capital. The purchases to fund the programme will be made immediately after the announcement of the annual report 2013 in order to mirror the final number needed. For the 2015 and 2016 transfer of shares, the corresponding numbers of shares are 213,514 and 438,435, which is equal to approximately DKK 29 million and DKK 60 million at the present share price.

Long-Term Incentive scheme in 2014

The Board of directors will, in consistency with previous years, propose a LTI program for the Executive Management for decision at the AGM. The share price to be used in the program will be based on the average share price of the first 10 trading days following the announcement of the full year results 6 February 2014.

Conference call

Today at 2.00 pm (CET), Lundbeck will be hosting a conference call for the financial community. You can listen to the call online at www.lundbeck.com under the investor section.

Further information

An electronic version of the 2013 annual report and further information about Lundbeck is available from the company's website, at www.lundbeck.com.

FINANCIAL STATEMENTS

Income statement

DKK million	2013 Q4	2012 Q4	2013 FY	2012 FY
Revenue	3,587	3,845	15,258	14,802
Cost of sales	894	928	4,038	3,720
Gross profit	2,693	2,917	11,220	11,082
Sales and distribution costs	1,343	1,209	4,200	4,836
Administrative expenses	459	536	2,549	1,601
Research and development costs	823	871	2,872	2,919
Profit from operations	68	301	1,599	1,726
Net financials	(30)	(13)	(127)	(65)
Profit before tax	38	288	1,472	1,661
Tax on profit for the period	15	84	617	496
Profit for the period	23	204	855	1,165
Earnings per share (EPS) (DKK)	0.12	1.04	4.36	5.94
Diluted earnings per share (DEPS) (DKK)	0.12	1.04	4.36	5.94

Statement of comprehensive income

DKK million	2013 Q4	2012 Q4	2013 FY	2012 FY
Profit for the period	23	204	855	1,165
Actuarial gains/losses	15	(79)	15	(79)
Tax	(4)	21	(4)	21
Items that will not subsequently be reclassified to profit or loss	11	(58)	11	(58)
Currency translation, foreign subsidiaries	(46)	(49)	(115)	(12)
Currency translation concerning additions to net investments in foreign subsidiaries	(51)	(76)	(145)	(27)
Realized exchange gains/losses, concerning additions to net investments in foreign subsidiaries (transferred to the income statement)	5	(16)	(8)	(40)
Adjustments, deferred exchange gains/losses, hedging	56	61	142	(78)
Exchange gains/losses, hedging (transferred to the hedged items)	(35)	11	(126)	130
Exchange gains/losses, trading (transferred to net financials)	-	1	-	1
Fair value adjustment of available-for-sale financial assets	(15)	(1)	(25)	(12)
Tax	9	6	38	5
Items that may subsequently be reclassified to profit for loss	(77)	(63)	(239)	(33)
Other comprehensive income	(66)	(121)	(228)	(91)
Comprehensive income	(43)	83	627	1,074

Balance sheet

DKK million

	31.12.2013	31.12.2012
Assets		
Intangible assets	9,077	9,028
Property, plant and equipment	2,778	2,793
Financial assets	431	561
Non-current assets	12,286	12,382
Inventories	1,893	1,730
Receivables	3,611	3,649
Securities	1,042	1,055
Cash	4,817	2,747
Current assets	11,363	9,181
Assets	23,649	21,563
Equity and liabilities		
Share capital	981	980
Share premium	232	226
Currency translation reserve	(441)	(211)
Currency hedging reserve	15	3
Retained earnings	12,694	12,200
Equity	13,481	13,198
Provisions	1,509	1,494
Debt	2,141	1,890
Non-current liabilities	3,650	3,384
Provisions	364	375
Debt	19	19
Trade payables	1,967	1,599
Other payables	4,168	2,988
Current liabilities	6,518	4,981
Liabilities	10,168	8,365
Equity and liabilities	23,649	21,563

Statement of changes in equity at 31 December 2013

DKK million	Share capital	Share premium	Currency translation reserve	Currency hedging reserve	Retained earnings	Equity
2013						
Equity at 01.01.2013	980	226	(211)	3	12,200	13,198
Profit for the year	-	-	-	-	855	855
Other comprehensive income	-	-	(230)	12	(10)	(228)
Comprehensive income	-	-	(230)	12	845	627
Distributed dividends	-	-	-	-	(392)	(392)
Capital increase through exercise of warrants	1	6	-	-	-	7
Buyback of treasury shares	-	-	-	-	(7)	(7)
Incentive programmes	-	-	-	-	48	48
Other transactions	1	6	-	-	(351)	(344)
Equity at 31.12.2013	981	232	(441)	15	12,694	13,481
2012						
Equity at 01.01.2012	980	226	(149)	(36)	11,755	12,776
Profit for the year	-	-	-	-	1,165	1,165
Other comprehensive income	-	-	(62)	39	(68)	(91)
Comprehensive income	-	-	(62)	39	1,097	1,074
Distributed dividends	-	-	-	-	(685)	(685)
Buyback of treasury shares	-	-	-	-	(21)	(21)
Incentive programmes	-	-	-	-	54	54
Other transactions	-	-	-	-	(652)	(652)
Equity at 31.12.2012	980	226	(211)	3	12,200	13,198

Cash flow statement

DKK million	2013 Q4	2012 Q4	2013 FY	2012 FY
Profit from operations	68	301	1,599	1,726
Adjustments for non-cash operating items etc.	207	77	1,375	1,039
Working capital changes	1,104	753	1,079	183
Cash flows from operations before financial receipts and payments	1,379	1,131	4,053	2,948
Financial receipts and payments	(9)	(4)	(89)	(53)
Cash flows from ordinary activities	1,370	1,127	3,964	2,895
Income tax paid	159	(427)	(204)	(783)
Cash flows from operating activities	1,529	700	3,760	2,112
Investments in and sale of bonds and other financial assets	-	(6)	10	527
Investments in and sale of intangible assets and property, plant and equipment	(610)	(132)	(1,510)	(1,632)
Cash flows from investing activities	(610)	(138)	(1,500)	(1,105)
Cash flows from operating and investing activities	919	562	2,260	1,007
Dividends paid in the financial year	-	-	(392)	(685)
Capital contributions	5	-	7	-
Other financing activities	58	(2)	244	(34)
Cash flows from financing activities	63	(2)	(141)	(719)
Change in cash	982	560	2,119	288
Cash at beginning of period	3,847	2,194	2,747	2,467
Unrealized currency translation adjustments for the period	(12)	(7)	(49)	(8)
Change for the period	982	560	2,119	288
Cash at end of period	4,817	2,747	4,817	2,747
Interest-bearing net cash and cash equivalents is composed as follows:				
Cash	4,817	2,747	4,817	2,747
Securities	1,042	1,055	1,042	1,055
Interest-bearing debt	(2,160)	(1,909)	(2,160)	(1,909)
Interest-bearing net cash and cash equivalents, end of period	3,699	1,893	3,699	1,893

FINANCIAL CALENDAR 2014

6 Feb 2014	Annual report 2013
11 Feb 2014	Deadline for Lundbeck's receipt of shareholder proposals for the Annual General Meeting 2014
26 Mar 2014	Annual General Meeting 2014
1 Apr 2014	Payment of annual dividend 2013
7 May 2014	First quarter results 2014
7 Aug 2014	Second quarter results 2014
5 Nov 2014	Third quarter results 2014

Corporate releases since previous Quarterly report

Nov 19 2013	Lundbeck increases its share capital by 39,549 shares (0,02016% of outstanding shares) as a result of employee warrant exercise
Nov 21 2013	Otsuka and Lundbeck's once-monthly Abilify Maintena [®] (aripiprazole) now approved in Europe for maintenance treatment of schizophrenia in adult patients stabilized with oral aripiprazole
Dec 10 2013	New study showed improvement in cognitive performance in adult patients treated with Brintellix [®] (vortioxetine) for acute episodes of major depression
Dec 11 2013	Lundbeck and Otsuka to co-develop a vaccine, Lu AF20513, their third collaborative development project to tackle Alzheimer's disease
Dec 27 2013	Lundbeck receives European marketing authorization for Brintellix for the treatment of adults with Major Depressive Episodes
Jan 24 2014	Otsuka and Lundbeck to present new data on brexpiprazole in major depression (MDD) at European Congress of Psychiatry (EPA)

For more information, please visit www.lundbeck.com.



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About Lundbeck

H. Lundbeck A/S (LUN.CO, LUN DC, HLUYY) 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 development and distribution of pioneering treatments continues to make a difference to people living with brain diseases. Our key areas of focus are alcohol dependence, Alzheimer's disease, depression/anxiety, epilepsy, Huntington's disease, Parkinson's disease, schizophrenia and stroke.

Our 5,800 employees in 57 countries are engaged in the entire value chain throughout research, development, production, marketing and sales, and are committed to improving the quality of life of people living with brain diseases. Our pipeline consists of several late-stage development programs and our products are available in more 100 countries. We have research centers in China, Denmark and the United States, and production facilities in China, Denmark, France, Italy and Mexico. Lundbeck generated revenue of approximately DKK 15 billion in 2013 (EUR 2.0 billion; USD 2.7 billion).