Corporate Release
Valby, Denmark, 8 November 2017

Financial report for the period 1 January to 30 September 2017

Lundbeck increased operating profit (EBIT) with 126% and EPS by 182% in the first nine months of 2017

HIGHLIGHTS

- Revenue reached DKK 12,842 million in the first nine months of 2017 representing an increase of 12% (13% in local currencies) compared to the same period last year
  - Revenue of Abilify Maintena® increased by 24% to DKK 995 million (24% in local currencies)
  - Revenue of Brintellix®/Trintellix® increased by 55% to DKK 1,195 million (54% in local currencies)
  - Revenue of Northera® increased by 54% to DKK 1,188 million (55% in local currency)
  - Revenue of Onfi® increased by 25% to DKK 2,215 million (25% in local currency)
  - Revenue of Rexulti® increased by 64% to DKK 911 million (65% in local currencies)
  - Revenue in North America increased by 20% to DKK 7,876 million (20% in local currencies)
  - Revenue in International Markets increased by 6% to DKK 2,614 million (9% in local currencies)
  - Revenue in Europe decreased by 3% to DKK 2,130 million (3% decline in local currencies)
- EBIT improved significantly reaching DKK 3,476 million from DKK 1,541 million in the same period last year and the EBIT margin reached 27.1% compared to an EBIT margin of 13.4% the year before
- EPS grew 182% in the period to DKK 10.50 compared to DKK 3.73 in the same period last year
- The free cash flow reached DKK 1,289 million and the net cash position has improved to DKK 2,208 million compared to net debt of DKK 575 million at the end of the third quarter of 2016
- Lundbeck now expects revenue to reach DKK 16.9-17.4 billion and EBIT to reach DKK 4.3-4.6 billion for 2017 compared to previously DKK 16.7-17.5 billion and DKK 4.1-4.5 billion, respectively. The gain of DKK 242 million from the divestiture of properties is included in the financial guidance and is recognized as Other operating income

In connection with the financial report, Lundbeck's CFO and interim CEO, Anders Götzsche said:
"Lundbeck continues the strong growth and we continue to see improvements in the company's profitability and we are on track to deliver the best ever financial result for the company. Lundbeck continues to focus on advancing the pipeline to bring innovative medications to patients worldwide."

DKK million	9M 2017	9M 2016	*Growth*
Reported Revenue	**12,842**	11,469	*12%*
Reported EBIT	**3,476**	1,541	*126%*
Reported EPS	**10.50**	3.73	*182%*
Reported EBIT margin	***27.1%***	*13.4%*	-
Core Revenue*	**12,842**	11,469	*12%*
Core EBIT*	**3,946**	2,463	*60%*
Core EPS*	**12.69**	7.60	*67%*
*Core EBIT margin**	***30.7%***	*21.5%*	-

*For definition of the measures "Core Revenue", "Core EBIT" and "Core EPS", see note 9 *Core reporting*

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FINANCIAL HIGHLIGHTS AND KEY FIGURES

	9M 2017	9M 2016	Q3 2017	Q3 2016	FY 2016
Financial highlights (DKK million)					
Reported revenue	**12,842**	11,469	**4,348**	3,948	15,634
Core revenue	**12,842**	11,469	**4,348**	3,948	15,634
Operating profit before depreciation and amortization (EBITDA)	**4,170**	2,684	**1,521**	1,066	3,846
Reported profit from operations (EBIT)	**3,476**	1,541	**1,415**	589	2,292
Core profit from operations (core EBIT)	**3,946**	2,463	**1,446**	988	3,477
Net financials	**(81)**	(121)	**(11)**	(5)	(135)
Profit before tax	**3,395**	1,420	**1,404**	584	2,157
Tax	**1,324**	682	**528**	264	946
Profit for the period	**2,071**	738	**876**	320	1,211
Equity	**11,545**	9,159	**11,545**	9,159	9,694
Assets	**20,257**	20,032	**20,257**	20,032	20,210
Cash flows from operating and investing activities (free cash flow)	**1,289**	1,889	**589**	1,193	2,789
Purchase of property, plant and equipment, gross	**107**	153	**48**	86	238
Key figures					
EBIT margin (%)	**27.1**	13.4	**32.5**	14.9	14.7
Return on invested capital (ROIC) (%)	**23.0**	8.3	**9.3**	3.2	13.2
Annualized return on invested capital (ROIC) (%)	**30.7**	11.0	**37.4**	12.8	13.2
Cash-to-earnings (%)	**110.5**	255.9	**124.3**	373.0	230.3
Research and development ratio (%)	**15.0**	19.6	**15.0**	21.5	19.0
Return on equity (%)	**19.5**	8.2	**7.9**	3.6	13.1
Equity ratio (%)	**57.0**	45.7	**57.0**	45.7	48.0
Invested capital (DKKm)	**9,337**	9,734	**9,337**	9,734	9,368
Net debt/EBITDA	**(0.5)**	0.2	**(1.5)**	0.5	(0.1)
Share data*					
Number of shares for the calculation of EPS (millions)	**197.2**	197.1	**198.1**	197.2	197.2
Number of shares for the calculation of DEPS (millions)	**197.6**	197.4	**198.4**	197.4	197.4
Earnings per share, basic (EPS) (DKK)	**10.50**	3.73	**4.42**	1.62	6.12
Earnings per share, diluted (DEPS) (DKK)	**10.48**	3.73	**4.41**	1.61	6.11
Cash flow from operating activities per share, diluted (DKK)	**13.66**	10.56	**7.46**	6.56	15.78
Net asset value per share, diluted (DKK)	**58.10**	46.19	**58.10**	46.19	48.89
Market capitalization (DKK million)	**72,272**	42,902	**72,272**	42,902	56,776
Share price end of period (DKK)	**363.30**	217.10	**363.30**	217.10	287.30
Proposed dividend per share (DKK)	**-**	-	**-**	-	2.45
Other					
Number of employees (FTE) end of period	**4,920**	4,983	**4,920**	4,983	4,983

*) Comparative figures including number of shares have been restated using a factor 0.9961 for the effect of employees' exercise of warrants.

MANAGEMENT REVIEW

Financial guidance and forward-looking statements

Financial guidance for the full year 2017 is revised. For 2017, Lundbeck now expects revenue to reach DKK 16.9-17.4 billion and profit from operations (EBIT) to reach DKK 4.3-4.6 billion with unchanged exchange rates.

The financial guidance includes the gain from divestitures of properties. In May 2017, Lundbeck signed a conditional agreement regarding the sale of properties in Valby (Copenhagen). The pre-specified conditions were met during the third quarter of 2017 and the divestiture resulted in a gain of DKK 202 million which is recognized as Other operating income in the third quarter results.

The financial guidance is summarized below:

Financial guidance 2017

DKK	2016 actual	Previous 2017 guidance	Revised 2017 guidance
Revenue	15,634 million	16.7-17.5 billion	**16.9-17.4 billion**
EBIT	2,292 million	4.1-4.5 billion	**4.3-4.6 billion**

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 nine months of 2017 reached DKK 12,842 million compared to DKK 11,469 million for the same period in 2016. The increase of 12% is primarily driven by Brintellix/Trintellix, Northera, Onfi and Rexulti. The currency impact was limited.

Revenue - products and regions

DKK million	9M 2017	9M 2016	Growth	Growth in local currencies	Q3 2017	Q3 2016	Growth	Growth in local currencies	Q2 2017
Abilify Maintena	**995**	805	*24%*	*24%*	**336**	271	*24%*	*25%*	347
Brintellix/Trintellix	**1,195**	773	*55%*	*54%*	**417**	291	*43%*	*45%*	411
Cipralex/Lexapro	**1,844**	1,908	*(3%)*	*(2%)*	**558**	575	*(3%)*	*0%*	593
Northera	**1,188**	774	*54%*	*55%*	**472**	325	*45%*	*49%*	376
Onfi	**2,215**	1,773	*25%*	*25%*	**767**	645	*19%*	*22%*	758
Rexulti	**911**	555	*64%*	*65%*	**337**	246	*38%*	*41%*	303
Sabril	**1,143**	936	*22%*	*22%*	**370**	332	*11%*	*15%*	399
Xenazine	**817**	1,181	*(31%)*	*(31%)*	**272**	357	*(24%)*	*(21%)*	293
Other pharmaceuticals	**2,312**	2,517	*(8%)*	*(7%)*	**733**	854	*(14%)*	*(12%)*	741
Other revenue	**222**	247	*(10%)*	*(9%)*	**86**	52	*65%*	*67%*	62
Total revenue	**12,842**	**11,469**	***12%***	***13%***	**4,348**	**3,948**	***10%***	***13%***	**4,283**
North America	**7,876**	6,566	*20%*	*20%*	**2,761**	2,376	*16%*	*19%*	2,678
International Markets	**2,614**	2,457	*6%*	*9%*	**804**	774	*4%*	*9%*	819
Europe	**2,130**	2,199	*(3%)*	*(3%)*	**697**	746	*(7%)*	*(6%)*	724

Abilify Maintena (aripiprazole once-monthly injection) for the treatment of schizophrenia and in the U.S. also for bipolar I disorder shows steady growth. Sales grew 24% and reached DKK 995 million. 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 1,195 million following a growth of 55%. Growth was driven by continued sales growth in North America and from countries such as Brazil, France, Italy and Spain. In the U.S., Trintellix is co-marketed by Takeda Pharmaceutical Company Limited (Takeda).

Cipralex/Lexapro (escitalopram) for the treatment of depression declined 3% due to generic competition.

Northera (droxidopa) for the treatment of symptomatic neurogenic orthostatic hypotension (nOH) was launched in the U.S. in 2014. Sales from Northera showed strong growth of 54% and reached DKK 1,188 million.

Onfi (clobazam) for the treatment of Lennox-Gastaut syndrome continues to show strong growth and generated revenue of DKK 2,215 million, an increase of 25% compared to the same period last year.

Rexulti (brexpiprazole) is approved by the U.S. FDA (Food and Drug Administration) as an adjunctive therapy for the treatment of adults with major depressive disorder and as a treatment for adults with schizophrenia and became available to patients in the U.S. in early August 2015 and in Canada in April 2017. Rexulti was co-developed and is co-marketed by Otsuka Pharmaceutical and Lundbeck. Lundbeck's share of revenue reached DKK 911 million for the period corresponding to a growth of 64%.

Sabril (vigabatrin) for the treatment of refractory complex partial seizures (rCPS) and infantile spasms (IS) generated revenue of DKK 1,143 million, thereby increasing 22%, compared to the same period in 2016. Lundbeck has the marketing rights for Sabril in the U.S.

Xenazine (tetrabenazine) for the treatment of chorea associated with Huntington's disease saw the first generic introductions in the third quarter of 2015 which impacted sales negatively. Revenue reached DKK 817 million compared to DKK 1,181 million in the first nine months of 2016, a decline of 31%. Lundbeck has the marketing rights for Xenazine in the U.S.

Revenue from **Other pharmaceuticals**, which comprise the remainder of Lundbeck's products, was DKK 2,312 million. Other pharmaceuticals are negatively impacted by the generic competition on Azilect® (rasagiline) and Ebixa® (memantine) in Europe, which is partly offset by growth in other mature products. Azilect for the treatment of Parkinson's disease, now included in Other Pharmaceuticals, realized revenue of around DKK 150 million.

Other revenue, which mainly consists of contract manufacturing, reached DKK 222 million compared to DKK 247 million for the same period in 2016.

Figure 1 – Revenue per region 9M 2017 vs 9M 2016 (excluding Other revenue)

Key developments in the third quarter of 2017

In the third quarter of 2017, revenue grew 10% and reached DKK 4,348 million compared to DKK 3,948 million the year before as decline in sales of Xenazine was more than mitigated by growth of products such as Brintellix/Trintellix, Northera, Onfi and Rexulti. In local currencies, revenue was up 13%.

North America

Revenue reached DKK 7,876 million in the first nine months of 2017 which is an increase of 20% compared to DKK 6,566 million for the same period in 2016. The growth was mainly driven by the uptake of Brintellix/Trintellix, Rexulti, Onfi and Northera, offsetting the decline in sales of Xenazine. Overall, there has been limited impact from currencies. North America constitutes 62% of revenue (excluding Other revenue) compared to 58% last year.

Revenue – North America

DKK million	9M 2017	9M 2016	*Growth*	*Growth in local currencies*	Q3 2017	Q3 2016	*Growth*	*Growth in local currencies*	Q2 2017
Abilify Maintena	**430**	374	*15%*	*15%*	**145**	127	*14%*	*16%*	152
Trintellix	**691**	498	*39%*	*39%*	**252**	184	*37%*	*36%*	234
Northera	**1,188**	774	*54%*	*55%*	**472**	325	*45%*	*49%*	376
Onfi	**2,215**	1,773	*25%*	*25%*	**767**	645	*19%*	*22%*	758
Rexulti	**910**	555	*64%*	*65%*	**336**	246	*37%*	*41%*	303
Sabril	**1,143**	936	*22%*	*22%*	**370**	332	*11%*	*15%*	399
Xenazine	**795**	1,170	*(32%)*	*(32%)*	**262**	355	*(26%)*	*(24%)*	287
Other pharmaceuticals	**504**	486	*4%*	*3%*	**157**	162	*(2%)*	*(2%)*	169
Total revenue	**7,876**	**6,566**	***20%***	***20%***	**2,761**	**2,376**	***16%***	***19%***	**2,678**

Abilify Maintena revenue grew 15% (15% in local currencies) in the period and reached DKK 430 million in the first nine months of 2017, which represents Lundbeck's share of total net sales.

Trintellix sales reached DKK 691 million for Lundbeck following a growth of 39% (39% in local currencies). In the U.S., Trintellix' share of branded TR_x (total prescriptions) volume increased significantly to 47.4% following the loss of exclusivity of Pfizer's Pristiq (desvenlafaxine). The share of branded NR_x (new prescriptions) volume reached 50.2% by mid-October 2017. Total volume market share in the U.S. regardless of brand/generic distinction was 0.658% - an all-time high.

Northera was made available in the U.S. market in the autumn of 2014. Sales from Northera reached DKK 1,188 million corresponding to a growth of 54% (55% in local currency).

Onfi reached revenue of DKK 2,215 million corresponding to a growth of 25% (25% in local currency).

Lundbeck's **Rexulti** revenue reached DKK 910 million. Rexulti had 14.4% branded TR_x market share in the U.S. and 15.6% branded NR_x market share by mid-October 2017. The share of the total atypical market in the U.S. reached 1.1%. Patient data suggest that more than ¾ of prescriptions are prescribed for MDD. Rexulti has had close to 26,200 writers since launch. In February 2017, Lundbeck and Otsuka announced that Health Canada issued a Notice of Compliance for Rexulti for the treatment of schizophrenia and the product became commercially available in Canada during the second quarter. Schizophrenia is estimated to be affecting approximately 1% of the Canadian population – which is more than 350,000 Canadians.

Sabril revenue for the period was DKK 1,143 million, growing 22% (22% in local currency). In September 2017, Par Pharmaceutical introduced generic vigabatrin (oral solution) which is expected to have a negative impact on our sales in the coming quarters.

Revenue from **Xenazine** was DKK 795 million. Revenue decreased 32% compared to the previous year. Performance was impacted by the introduction of generic products.

Key developments in the third quarter of 2017

Revenue reached DKK 2,761 million in the third quarter of 2017, which is an increase of 19% in local currencies, or 16% reported. North America continues its solid growth, thereby confirming this market's strategic importance for Lundbeck. Sales of Sabril and Xenazine continue to perform better than expected. Revenue in North America contributed 65% of revenue (excluding Other revenue) compared to 61% in the same period last year.

International Markets

Revenue from International Markets, which comprise all Lundbeck's markets outside of Europe and North America, reached DKK 2,614 million in the first nine months of 2017, compared to DKK 2,457 million in the same period last year. In local currencies, sales were up 9% as the positive underlying performance driven by Abilify Maintena and Brintellix. International Markets constitutes 21% of revenue (excluding Other revenue) compared to 22% last year. The biggest markets are China, Japan, Brazil, South Korea, Mexico and Australia.

Revenue – International Markets

DKK million	9M 2017	9M 2016	Growth	Growth in local currencies	Q3 2017	Q3 2016	Growth	Growth in local currencies	Q2 2017
Abilify Maintena	**75**	56	*34%*	*34%*	**27**	21	*29%*	*31%*	23
Brintellix	**229**	122	*87%*	*87%*	**71**	49	*44%*	*52%*	78
Cipralex/Lexapro	**1,220**	1,190	*2%*	*5%*	**360**	334	*7%*	*13%*	388
Ebixa	**384**	375	*2%*	*7%*	**112**	112	*0%*	*5%*	96
Other pharmaceuticals	**706**	714	*(1%)*	*2%*	**234**	258	*(8%)*	*(5%)*	234
Total revenue	**2,614**	**2,457**	***6%***	***9%***	**804**	**774**	***4%***	***9%***	**819**

Abilify Maintena has so far only been launched in Australia and reached revenue of DKK 75 million.

Brintellix reached DKK 229 million in revenue following an increase of 87% mainly driven by Brazil following the launch in March 2016. Brintellix also see solid growth in countries such as South Korea and Turkey. The product has been launched in some 20 countries in the region such as Australia, Mexico and South Africa.

Cipralex/Lexapro generated revenue of DKK 1,220 million. Sales increased 2% compared to the same period the previous year as sales growth in countries such as Brazil, Japan and South Korea mitigated the sales decline in other regions such as the Middle East.

Ebixa generated revenue of DKK 384 million representing a growth of 2% reported and 7% in local currencies. Growth is primarily coming from China.

Rexulti has been approved for the treatment of schizophrenia in Australia in June 2017 and the product was launched during the third quarter. Rexulti has also recently been submitted for approval in Saudi Arabia.

Azilect was approved by the Chinese CFDA in late June 2017 and has been launched in October 2017 by Lundbeck. Parkinson's disease is the second most common neurodegenerative disease following Alzheimer's disease. At present, as many as 2.7 million patients in China are suffering from Parkinson's disease, and as China's aging population grows, it is expected that in 2030 Parkinson's disease will surge to 5 million people, accounting for more than 50% of global patients.

Other pharmaceuticals generated revenue of DKK 706 million, a decrease of 1% compared to the same period in 2016. The decrease is explained by quarterly fluctuations and is not a permanent trend in the region. In China, however, sales are slightly negatively impacted by generic erosion of Deanxit, an antidepressant sold by China Medical System Holdings Ltd. on license from Lundbeck.

Key developments in the third quarter of 2017

Revenue in the third quarter was DKK 804 million, corresponding to an increase of 4% reported, but 9% in local currencies. Sales of Ebixa in China were negatively impacted by quarterly fluctuation following stocking in the first quarter of 2017, and Brintellix is impacted by large tender orders from Saudi Arabia in the second quarter of 2017. In the third quarter, International Markets constituted 19% of revenue (excluding Other revenue) representing a slight decline compared to the same period in 2016.

Europe

Revenue reached DKK 2,130 million in the first nine months of 2017, which was a slight decline of 3% compared to DKK 2,199 million for the period in 2016. The decline is a result of generic erosion on older products. Adjusted for

Azilect, our newer products are replacing the sales decline for other mature products. Europe constitutes 17% of revenue (excluding Other revenue) compared to 20% last year.

Revenue – Europe

DKK million	9M 2017	9M 2016	Growth	Growth in local currencies	Q3 2017	Q3 2016	Growth	Growth in local currencies	Q2 2017
Abilify Maintena	**490**	375	*31%*	*32%*	**164**	123	*33%*	*34%*	172
Brintellix	**275**	153	*80%*	*79%*	**94**	58	*63%*	*70%*	99
Cipralex	**495**	575	*(14%)*	*(15%)*	**159**	196	*(19%)*	*(21%)*	167
Other pharmaceuticals	**870**	1,096	*(21%)*	*(20%)*	**280**	369	*(24%)*	*(24%)*	286
Total revenue	**2,130**	**2,199**	***(3%)***	***(3%)***	**697**	**746**	***(7%)***	***(6%)***	**724**

Abilify Maintena has been launched in all major markets in Europe. Sales uptake of Abilify Maintena is solid with sales reaching DKK 490 million. In Europe, the penetration of long-acting atypical antipsychotics is generally higher than seen in the U.S. (volume) and varies between 4-10% of the atypical market in most countries and with a modest increasing trend. Spain, France and Italy are the largest markets for Abilify Maintena.

Brintellix grew 80% thereby reaching DKK 275 million and has been launched in most European markets, but the product has only recently achieved market access in some of the major markets. Brintellix realizes solid growth in both Italy and Spain, and in France the product has had an encouraging start since launch in December 2016.

In March 2017, Lundbeck and Otsuka announced that the European Medicines Agency (EMA) has accepted for review a Marketing Authorisation Application (MAA) for **brexpiprazole** to treat schizophrenia in adults. The EMA is anticipated to complete its review in second quarter of 2018. If the EMA grants regulatory approval to brexpiprazole, the brand name of the product in the EU will be **Rxulti®**.

Revenue from **Other pharmaceuticals** was DKK 870 million, a decline of 21% compared to the same period the previous year, following continued generic erosion of mature products such as Azilect and Ebixa.

Key developments in the third quarter of 2017

In the third quarter, revenue reached DKK 697 million which was a decrease of 7% compared to DKK 746 million in the same period last year. The decline in Europe can be explained by seasonal fluctuations, especially in countries such as Italy and France as well as erosion of older products following the loss of exclusivity. Europe constitutes 16% of revenue (excluding Other revenue) compared to 19% last year. In the third quarter of 2017 revenue from **Azilect** amounted to DKK 28 million following the handback to Teva in 2016 after which revenue has been replaced by royalties.

Expenses and income

Total costs for the first nine months of 2017 were DKK 9,608 million compared to DKK 9,928 million for the same period last year – a decline of 3%.

Distribution of costs

DKK million	9M 2017	9M 2016	*Growth*	Q3 2017	Q3 2016	*Growth*	Q2 2017
Cost of sales	**2,913**	3,040	*(4%)*	**956**	946	*1%*	992
COS-ratio	***22.7%***	*26.6%*	-	***22.0%***	*24.0%*	-	*23.2%*
Sales and distribution	**4,194**	4,070	*3%*	**1,330**	1,375	*(3%)*	1,431
S&D-ratio	***32.6%***	*35.5%*	-	***30.6%***	*34.9%*	-	*33.4%*
Administration	**576**	565	*2%*	**198**	187	*6%*	188
G&A-ratio	***4.5%***	*4.9%*	-	***4.6%***	*4.7%*	-	*4.4%*
Research and development	**1,925**	2,253	*(15%)*	**651**	851	*(23%)*	622
R&D-ratio	***15.0%***	*19.6%*	-	***15.0%***	*21.5%*	-	*14.5%*
Total costs	**9,608**	**9,928**	***(3%)***	**3,135**	**3,359**	***(7%)***	**3,233**

Cost of sales decreased 4% to DKK 2,913 million in the first nine months of 2017. This corresponds to 22.7% of total revenue compared to 26.6% in the previous year. Cost of sales is positively impacted by the change in product mix which reduces the royalty costs.

Sales and distribution costs were DKK 4,194 million, which was an increase of 3% compared to the same period in 2016. The increase is mainly due to additional spend on DTC promotion and higher distribution costs in the U.S. only partly offset by sales force savings in Europe. Sales and distribution costs correspond to 32.6% of revenue compared to 35.5% the year before.

Administrative expenses were stable at DKK 576 million corresponding to 4.5% of total revenue in 2017.

SG&A costs were DKK 4,770 million compared to DKK 4,635 million in the same period the previous year. The SG&A ratio for the period was 37.1%, compared to 40.4% in the same period the year before.

Research and development costs declined to DKK 1,925 million in the period as a consequence of fewer ongoing late-stage trials compared to last year. The R&D ratio reached 15.0% in the period compared to 19.6% last year.

Other operating income amounted to DKK 242 million and represented the gain from divestures of office and research facilities in the U.S. and in Copenhagen recognized in the first and third quarter of 2017. The payment regarding divestiture of properties in Copenhagen of DKK 378 million will be received in December 2017.

Key developments in the third quarter of 2017

In the third quarter of 2017, total costs amounted to DKK 3,135 million, which is a decrease of 7% compared to the same quarter last year.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges, which are included in the individual expense categories, amounted to DKK 936 million in the first nine months of 2017 compared to DKK 1,143 million the previous year.

Depreciation, amortization and impairment charges

DKK million	9M 2017	9M 2016	*Growth*	Q3 2017	Q3 2016	*Growth*	Q2 2017
Cost of sales	**814**	907	*(10%)*	**268**	309	*(13%)*	270
Sales and distribution	**35**	34	*2%*	**11**	13	*(19%)*	12
Administration	**21**	16	*29%*	**7**	5	*28%*	8
Research and development	**66**	186	*(64%)*	**22**	150	*(85%)*	22
Total depreciation, amortization and impairment charges	**936**	**1,143**	***(18%)***	**308**	**477**	***(36%)***	**312**

Profit from operations (EBIT)

EBIT for the first nine months of 2017 reached DKK 3,476 million compared to DKK 1,541 million for the same period last year. EBIT was positively impacted by Other operating income of DKK 242 million. There is a modest negative currency impact on the EBIT for the period. The **EBIT margin** increased significantly and reached 27.1% in 2017 compared to 13.4% last year.

Core EBIT increased by 60% to DKK 3,946 million and the **Core EBIT margin** improved to 30.7% in the first nine months of 2017. The increase in EBIT and in Core EBIT is driven by strong sales especially in North America, more than offsetting the loss in revenue due to generic erosion on mature products, and benefits from the restructuring programme initiated in 2015.

For definition of the measures “Core Revenue”, “Core EBIT” and “Core EPS”, see note 9 *Core reporting*.

Net financials

Lundbeck had **net financial expenses** of DKK 81 million in the first nine months of 2017 compared to DKK 121 million in the first nine months of 2016.

Net interest expense, including realized and unrealized gains and losses on the bond portfolio, amounted to an expense of DKK 39 million in the first nine months of 2017, compared to an expense of DKK 43 million in the same period in 2016.

Net exchange gains/losses amounted to a loss of DKK 36 million in the first nine months of 2017, compared to a loss of DKK 72 million in the same period in 2016. The loss in 2016 was primarily related to the recognition of an exchange loss relating to the devaluation in Venezuela.

Tax

The effective tax rate for the first nine months of 2017 was 39.0%. The effective tax rate is higher than the Danish corporate income tax rate due to:

- Amortization of Northera product rights, which is not deductible for tax purposes and thus creates a permanent difference
- Lundbeck’s activity in the U.S. results in a significant profit generated in the U.S. and taxed at a higher tax rate than the Danish tax rate

Net profit and EPS for the period

Net profit for the first nine months of 2017 reached DKK 2,071 million compared to DKK 738 million last year. The reported net profit corresponds to an **EPS** of DKK 10.50 per share versus an EPS of DKK 3.73 per share for the same period last year. **Core EPS** was DKK 12.69 per share for the first nine months of 2017, compared to a Core EPS of DKK 7.60 per share in 2016 – a growth of 67%.

Hedging

Lundbeck hedges expected income from its products through currency hedging on a rolling basis, up to 18 months in advance. As a result of Lundbeck's currency hedging policy, foreign exchange gains and losses on hedging transactions are allocated directly to the hedged transaction. Hedging had a negative impact of DKK 16 million in the first nine months of 2017, compared with a situation where the income is not hedged and included at the current exchange rates during the period. The effect was positive with DKK 11 million in the first nine months of 2016.

Cash flow

Cash flows from operating activities amounted to DKK 2,698 million, against DKK 2,093 million in the first nine months of 2016. The increase of 29% follows the significant increase in profitability being slightly muted by seasonality in working capital and by increased income taxes paid.

Lundbeck made **investments** of DKK 1,409 million in the first nine months of 2017 compared to DKK 204 million in the same period last year. The increase was mainly due to investments in securities and a milestone payment to Otsuka following the U.S. FDA approval of Abilify Maintena for the maintenance treatment of bipolar I disorder. **The free cash flow** was DKK 1,289 million for the period compared to DKK 1,889 million for the same period in 2016.

In the first nine months of 2017 repayment of loans and dividend payout amounted to DKK 1,000 million and DKK 483 million, respectively. **Net cash flow** for the period declined from DKK 371 million in the first nine months of 2016 to a cash outflow of DKK 91 million in the first nine months of 2017. However, in the third quarter 2017, the net cash flow reached DKK 651 million compared to DKK 349 million in the third quarter of 2016.

At 30 September 2017, Lundbeck had **interest-bearing net cash** of DKK 2,208 million, against interest-bearing net debt of DKK 575 million at 30 September 2016.

Balance sheet

At 30 September 2017, Lundbeck's **total assets** amounted to DKK 20,257 million, compared to DKK 20,210 million at the end of 2016.

At 30 September 2017, Lundbeck's **equity** amounted to DKK 11,545 million, corresponding to an **equity ratio** of 57.0% compared to 48.0% at the end of 2016.

Interest bearing debt has been reduced to DKK 899 million compared to DKK 1,891 million at the end of 2016. **Net cash** has increased from DKK 326 million at year-end 2016 to DKK 2,208 million at the end of the third quarter of 2017.

To fund Lundbeck's long-term incentive programmes granted to key employees in Denmark and abroad, Lundbeck purchased 290,000 shares at a value of DKK 93 million in the first nine months of 2017.

At the Annual General Meeting in March 2017, the proposed **dividend** for 2016 of DKK 2.45 per share or DKK 484 million was approved. The dividend was paid to the shareholders in April 2017.

Lundbeck's development portfolio

Lundbeck is developing a number of new and promising pharmaceuticals for the treatment of psychiatric and neurological disorders within the indications of Alzheimer's, depression, Parkinson's and schizophrenia. Pipeline developments are summarized below.

Aripiprazole for extended-release injectable suspension (Abilify Maintena)

- Abilify Maintena is an atypical antipsychotic for intramuscular use
- Abilify Maintena was approved in the U.S. in 2013 for the treatment of adults with schizophrenia
- Abilify Maintena was created by Otsuka in Japan and has been co-developed and co-commercialized by the alliance between Otsuka and Lundbeck

July 2017: Lundbeck and Otsuka announced the U.S. FDA approval of Abilify Maintena for the maintenance monotherapy treatment of bipolar I disorder (BP-I). The approval is based on results from a 52-week, phase III, double-blind, randomized-withdrawal study in adults (aged 18 to 65) with BP-I (NCT01567527).

June 2017: Lundbeck together with Otsuka, initiated a phase I, open-label study to determine the pharmacokinetics and tolerability of aripiprazole 2-month intramuscular depot administered gluteal in adult subjects with schizophrenia.

Brexpiprazole (Rexulti)

- The efficacy of brexpiprazole may be mediated through a combination of partial agonist activity at serotonin 5-HT_{1A} and dopamine D_2 receptors, and antagonist activity at serotonin 5-HT_{2A} receptors. Brexpiprazole exhibits high affinity (sub-nanomolar) for these receptors as well as for noradrenaline $alpha_{1B/2C}$ receptors
- Brexpiprazole was approved by the U.S. FDA in July 2015 to treat patients with schizophrenia and as an adjunctive treatment for patients with MDD
- Brexpiprazole was also approved in February 2017 by Health Canada, and in May 2017 by the Australian Department of Health, for the treatment of schizophrenia
- Brexpiprazole is distributed and marketed under the brand name Rexulti
- Brexpiprazole was discovered by Otsuka and is being co-developed co-commercialized by Otsuka and Lundbeck

November 2017: Lundbeck and Otsuka announce that the two companies will initiate a third clinical phase III study for brexpiprazole in the treatment of agitation in patients with dementia of the Alzheimer's type. The trial is expected to commence during the first half of 2018.

October 2017: Lundbeck and Otsuka announced that patient enrolment has been initiated in two global phase III clinical trials (NCT03259555 and NCT03257865) to evaluate brexpiprazole for the treatment of patients with manic episodes associated with bipolar I disorder. Both studies are expected to recruit around 320 patients and is planned to finalize around year-end 2018.

May 2017: Lundbeck and Otsuka announced top-line results from two pivotal studies with brexpiprazole in individuals with agitation associated with dementia of the Alzheimer's type (NCT01862640, NCT01922258). In both studies, patients treated with brexpiprazole showed improvements in symptoms of agitation relative to placebo. In the first study, the improvements in the primary endpoint of CMAI for 2 mg brexpiprazole were statistically better than placebo ($p<0.05$) and appeared more robust than the improvements on the key secondary endpoint of CGI-S ($p>0.05$). In the second study, the improvements in the primary endpoint of CMAI ($p>0.05$) appeared less robust

than the improvements on the key secondary endpoint of CGI-S ($p<0.05$). Regarding safety and tolerability, both studies confirmed the profile of brexpiprazole as observed in the clinical trials for schizophrenia and for adjunctive treatment of major depressive disorder. U.S. FDA has granted Fast Track designation for this programme.

March 2017: Lundbeck and Otsuka announced that the European Medicines Agency (EMA) has accepted for review a Marketing Authorisation Application (MAA) for brexpiprazole to treat schizophrenia in adults. If the EMA grants regulatory approval to brexpiprazole, the brand name of the product in the EU will be Rxulti®.

January 2017: A phase II trial (NCT03033069) using brexpiprazole as monotherapy or as combination therapy in the treatment of adults with Post-traumatic Stress Disorder (PTSD) was initiated. The study is expected to enrol around 330 patients.

January 2017: A phase I open-label study (NCT02968121) to determine the pharmacokinetics and tolerability of **brexpiprazole LAI** (long-acting injectable) administered subcutaneously or intramuscularly was initiated. The study is expected to enrol approximately 110 adult patients with schizophrenia and is planned to finalize during the second half of 2018.

Vortioxetine (Brintellix/Trintellix)

- Vortioxetine is an inhibitor of serotonin (5-HT) reuptake and that is thought to be a mechanism of its action. It is also an agonist at 5-HT_{1A} receptors, a partial agonist at 5-HT_{1B} receptors and an antagonist at 5-HT_3, 5-HT_{1D} and 5-HT_7 receptors
- Vortioxetine was discovered by Lundbeck researchers in Copenhagen, Denmark. The clinical trial program in the U.S. was conducted jointly by Lundbeck and Takeda, and Takeda holds the new drug application for the U.S. market
- The U.S. FDA approved vortioxetine for the treatment of MDD in adults in 2013. Vortioxetine is furthermore approved in more than 60 countries (including Europe, Brazil, Canada, Chile, Mexico, Argentina, South Korea, Turkey, Australia, Hong Kong, Singapore and South Africa)

June 2017: Lundbeck and Takeda announced that after providing additional analysis, the U.S. FDA issued a second Complete Response Letter (CRL) regarding the supplemental new drug application (sNDA) to include new data in the clinical trials section of the U.S. prescribing information of vortioxetine for treating aspects of cognitive dysfunction in adults with MDD.

April 2015: Takeda started a clinical phase III study (NCT02389816) with vortioxetine in Japanese individuals. The study is planned to recruit 480 patients who will receive vortioxetine (10 or 20 mg) or placebo. The study is expected to be finalized in 2018.

Nalmefene (Selincro)

- Nalmefene is an opioid receptor antagonist
- Nalmefene has been marketed in Europe by Lundbeck since April 2013 under the brand name Selincro® as treatment for the reduction of alcohol consumption
- In October 2013, Otsuka was named as Lundbeck's partner for nalmefene in Japan
- A clinical phase III study (NCT02364947) was initiated in Japan in December 2014
- It is estimated that 800,000 people in Japan have been diagnosed with alcohol dependency

October 2017: Lundbeck (Japan) and Otsuka announced the Japanese submission by Otsuka of a new drug application (NDA) for nalmefene for patients with alcohol dependency.

June 2017: Lundbeck (Japan) and Otsuka announced positive topline results from the comparative clinical trial and a follow-on, long-term extension study in participants with an alcohol dependency.

Lu AF35700

- Lu AF35700 has a novel pharmacological profile with predominant D_1 vs. D_2 dopamine receptor occupancy, and a high occupancy of 5-HT_{2A} and 5-HT_6 serotonin receptors
- The relatively low dopamine D_2 receptor occupancy of Lu AF35700 is expected to result in reduced burden of adverse events, such as extrapyramidal symptoms (EPS), prolactin elevation, dysphoria/anhedonia, and depressed mood
- In completed safety trials, Lu AF35700 was generally well tolerated with a beneficial safety profile
- U.S. FDA has granted Fast Track designation for Lu AF35700 - a first important step to ensure a potential expedited approval of the compound

July 2017: Lundbeck initiated the *Anew*-study (NCT03230864) to evaluate the efficacy of 10 mg/day Lu AF35700 on symptoms of schizophrenia in patients with early-in-disease (ED) or late-in-disease (LD) treatment-resistant schizophrenia. The study is expected to recruit around 300 patients and is planned to finalize during first half of 2019.

August 2016: Lundbeck initiated an open-label, flexible-dose, long-term safety study of Lu AF35700 in adult patients with schizophrenia (NCT02892422).

March 2016: Lundbeck initiated the phase III programme on Lu AF35700 which is currently planned to consist of two pivotal trials. Two doses of Lu AF35700 (10 and 20 mg) will be tested in patients with treatment resistant schizophrenia. The first study, *DayBreak* (NCT02717195) is planned to enrol around 1,000 patients in approximately 15 countries including the U.S. and Canada and is expected to continue into early 2019.

Lu AF20513

- Lu AF20513 is an active vaccine inducing high affinity polyclonal antibodies that target beta-amyloid, for the potential injectable prevention of progression of Alzheimer's
- Lundbeck is developing Lu AF20513 in a phase I trial in collaboration with Otsuka
- In March 2015, an open-label, dose escalation, multiple immunisation phase I study (NCT02388152) was initiated, to assess the safety, tolerability and immunogenicity of Lu AF20513 in patients with mild Alzheimer’s disease
- All 35 patients have been enrolled and the patients are now being studied. The study is expected to finalise by the end of 2018

General corporate matters

Lundbeck is involved in legal proceedings in a number of countries against a number of businesses, including patent disputes. In the Annual Report 2016 (page 52), Lundbeck provided an overview of pending legal proceedings.

Changes in Executive Management

Following the resignation of Kåre Schultz (former President and CEO) and Staffan Schüberg (former EVP and Chief Commercial Officer) announced on 11 September 2017, the Board of Directors has decided that as of 1 November 2017, Anders Götzsche (EVP and CFO) has taken over the operational management of the company as interim CEO until a new CEO is in place. At the same time, Lundbeck's President of Lundbeck North America, Peter Anastasiou, joined the Executive Management team. Jacob Tolstrup who previously held the position as EVP,

Corporate Functions, is responsible for Commercial Operations in Europe, International Markets, Global Marketing and Corporate Business Development.

Conference call

Today at 13:00 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.

MANAGEMENT STATEMENT

The Board of Directors and the Executive Management have discussed and adopted the interim report of H. Lundbeck A/S for the period 1 January - 30 September 2017. The interim report is presented in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the EU and additional Danish disclosure requirements for the interim reports of listed companies.

We consider the accounting policies applied to be appropriate. Accordingly, the interim report gives a true and fair view of the Group's assets, liabilities and financial position as of 30 September 2017, and of the results of the Group's operations and cash flows for the first nine months of 2017, which ended on 30 September 2017.

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 November 2017

Executive Management

Anders Götzsche
Interim CEO and Executive Vice President & CFO

Peter Anastasiou
Executive Vice President, North America

Lars Bang
Executive Vice President, Supply Operations & Engineering

Anders Gersel Pedersen
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

Mona Elisabeth Elster
Employee representative

Lars Erik Holmqvist

Henrik Sindal Jensen
Employee representative

Jeremy Max Levin

Jørn Møller Mayntzhusen
Employee representative

Jens Jesper Ovesen

FINANCIAL STATEMENTS

Income statement

DKK million	9M 2017	9M 2016	Q3 2017	Q3 2016	FY 2016
Revenue	12,842	11,469	4,348	3,948	15,634
Cost of sales	2,913	3,040	956	946	4,082
Gross profit	**9,929**	**8,429**	**3,392**	**3,002**	**11,552**
Sales and distribution costs	4,194	4,070	1,330	1,375	5,488
Administrative expenses	576	565	198	187	805
Research and development costs	1,925	2,253	651	851	2,967
Other operating income	242	-	202	-	-
Profit from operations (EBIT)	**3,476**	**1,541**	**1,415**	**589**	**2,292**
Net financials	(81)	(121)	(11)	(5)	(135)
Profit before tax	**3,395**	**1,420**	**1,404**	**584**	**2,157**
Tax on profit for the period	1,324	682	528	264	946
Profit for the period	**2,071**	**738**	**876**	**320**	**1,211**
Earnings per share, basic (EPS) (DKK)	10.50	3.73	4.42	1.62	6.12
Earnings per share, diluted (DEPS) (DKK)	10.48	3.73	4.41	1.61	6.11

Statement of comprehensive income

DKK million	9M 2017	9M 2016	Q3 2017	Q3 2016	FY 2016
Profit for the period	**2,071**	**738**	**876**	**320**	**1,211**
Actuarial gains/losses	-	-	-	-	(42)
Tax	-	-	-	-	3
Items that will not be reclassified subsequently to profit or loss	**-**	**-**	**-**	**-**	**(39)**
Exchange rate gains/losses on investments in foreign subsidiaries	(378)	(318)	(94)	(62)	(180)
Exchange rate gains/losses on additions to net investments in foreign subsidiaries	(122)	102	(36)	30	241
Deferred exchange gains/losses, hedging	660	(35)	99	(6)	(308)
Exchange gains/losses, hedging (transferred to the hedged items)	16	(11)	(84)	8	15
Exchange gains/losses, transferred from hedging to financial items	-	-	-	-	3
Fair value adjustment of available-for-sale financial assets	8	6	(8)	1	8
Tax	(117)	(14)	5	(7)	8
Items that may be reclassified subsequently to profit or loss	**67**	**(270)**	**(118)**	**(36)**	**(213)**
Other comprehensive income	**67**	**(270)**	**(118)**	**(36)**	**(252)**
Comprehensive income	**2,138**	**468**	**758**	**284**	**959**

Balance sheet

DKK million	30.09.2017	30.09.2016	31.12.2016
Assets			
Intangible assets	7,784	8,719	8,839
Property, plant and equipment	1,923	2,204	2,162
Financial assets	1,253	1,650	1,685
Non-current assets	**10,960**	**12,573**	**12,686**
Inventories	1,533	1,663	1,528
Receivables	4,657	3,994	3,779
Securities	1,020	17	17
Cash and bank balances	2,087	1,785	2,200
Current assets	**9,297**	**7,459**	**7,524**
Assets	**20,257**	**20,032**	**20,210**
Equity and liabilities			
Share capital	995	988	988
Share premium	-	385	-
Foreign currency translation reserve	691	916	1,164
Currency hedging reserve	297	(40)	(230)
Retained earnings	9,562	6,910	7,772
Equity	**11,545**	**9,159**	**9,694**
Provisions	996	987	1,032
Debt	860	2,300	1,708
Non-current liabilities	**1,856**	**3,287**	**2,740**
Provisions	585	640	745
Debt	43	83	188
Trade payables	3,130	3,955	3,650
Other payables	3,098	2,908	3,193
Current liabilities	**6,856**	**7,586**	**7,776**
Liabilities	**8,712**	**10,873**	**10,516**
Equity and liabilities	**20,257**	**20,032**	**20,210**

Statement of changes in equity

DKK million	Share capital	Share premium	Foreign currency translation reserve	Currency hedging reserve	Retained earnings	Equity
Equity at 1 January 2017	**988**	**-**	**1,164**	**(230)**	**7,772**	**9,694**
Profit for the period	-	-	-	-	2,071	2,071
Other comprehensive income	-	-	(473)	527	13	67
Comprehensive income	**-**	**-**	**(473)**	**527**	**2,084**	**2,138**
Distributed dividends, gross	-	-	-	-	(484)	(484)
Distributed dividends, treasury shares	-	-	-	-	1	1
Capital increase through exercise of warrants	7	-	-	-	189	196
Buyback of treasury shares	-	-	-	-	(93)	(93)
Incentive programmes	-	-	-	-	34	34
Tax on other transactions in equity	-	-	-	-	59	59
Other transactions	**7**	**-**	**-**	**-**	**(294)**	**(287)**
Equity at 30 September 2017	**995**	**-**	**691**	**297**	**9,562**	**11,545**

DKK million						
Equity at 1 January 2016	**987**	**349**	**1,157**	**(4)**	**6,296**	**8,785**
Profit for the period	-	-	-	-	738	738
Other comprehensive income	-	-	(241)	(36)	7	(270)
Comprehensive income	**-**	**-**	**(241)**	**(36)**	**745**	**468**
Capital increase through exercise of warrants	1	36	-	-	-	37
Buyback of treasury shares	-	-	-	-	(155)	(155)
Incentive programmes	-	-	-	-	38	38
Tax on other transactions in equity	-	-	-	-	(14)	(14)
Other transactions	**1**	**36**	**-**	**-**	**(131)**	**(94)**
Equity at 30 September 2016	**988**	**385**	**916**	**(40)**	**6,910**	**9,159**

Cash flow statement

DKK million	9M 2017	9M 2016	Q3 2017	Q3 2016	FY 2016
Profit from operations (EBIT)	**3,476**	**1,541**	**1,415**	**589**	**2,292**
Adjustments for non-cash operating items etc.	563	802	54	456	1,154
Change in working capital	(356)	403	290	463	463
Cash flows from operations before financial receipts and payments	**3,683**	**2,746**	**1,759**	**1,508**	**3,909**
Financial receipts and payments	(48)	(46)	(7)	(18)	(63)
Cash flows from ordinary activities	**3,635**	**2,700**	**1,752**	**1,490**	**3,846**
Income taxes paid	(937)	(607)	(271)	(189)	(720)
Cash flows from operating activities	**2,698**	**2,093**	**1,481**	**1,301**	**3,126**
Purchase and sale of bonds and other financial assets	(1,004)	(3)	(500)	-	(3)
Purchase and sale of intangible assets and property, plant and equipment	(405)	(201)	(392)	(108)	(334)
Cash flows from investing activities	**(1,409)**	**(204)**	**(892)**	**(108)**	**(337)**
Cash flows from operating and investing activities (free cash flow)	**1,289**	**1,889**	**589**	**1,193**	**2,789**
Capital increase through exercise of warrants	196	37	72	12	37
Other financing activities	(1,093)	(1,555)	(10)	(856)	(2,043)
Dividends paid in the financial year	(483)	-	-	-	-
Cash flows from financing activities	**(1,380)**	**(1,518)**	**62**	**(844)**	**(2,006)**
Net cash flow for the period	**(91)**	**371**	**651**	**349**	**783**
Cash and bank balances at beginning of period	2,200	1,504	1,443	1,436	1,504
Unrealized exchange gains/losses on cash and bank balances	(22)	(90)	(7)	-	(87)
Net cash flow for the period	(91)	371	651	349	783
Cash and bank balances at end of period	**2,087**	**1,785**	**2,087**	**1,785**	**2,200**
Interest-bearing debt, cash, bank balances and securities, net is composed as follows:					
Cash and bank balances	2,087	1,785	2,087	1,785	2,200
Securities	1,020	17	1,020	17	17
Interest-bearing debt	(899)	(2,377)	(899)	(2,377)	(1,891)
Interest-bearing debt, cash, bank balances and securities, net end of period – Net cash/(Net debt)	**2,208**	**(575)**	**2,208**	**(575)**	**326**

Income statement – Core results reconciliation (9 months)

9M 2017

DKK million	Reported result	Intangible amortization	Impairment	Major restructuring	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	12,842	-	-	-	-	-	12,842
Cost of sales	2,913	(712)	-	-	-	-	2,201
Gross profit	**9,929**	**712**	**-**	**-**	**-**	**-**	**10,641**
Sales and distribution costs	4,194	-	-	-	-	-	4,194
Administrative expenses	576	-	-	-	-	-	576
Research and development costs	1,925	-	-	-	-	-	1,925
Other operating income	242	-	-	-	-	(242)	-
Profit from operations (EBIT)	**3,476**	**712**	**-**	**-**	**-**	**(242)**	**3,946**
Net financials	(81)	-	-	-	-	-	(81)
Profit before tax	**3,395**	**712**	**-**	**-**	**-**	**(242)**	**3,865**
Tax on profit for the period	1,324	97	-	-	-	(60)	1,361
Profit for the period	**2,071**	**615**	**-**	**-**	**-**	**(182)**	**2,504**
Earnings per share, basic (EPS) (DKK)	10.50	3.12	-	-	-	(0.93)	12.69

9M 2016

DKK million	Reported result	Intangible amortization	Impairment	Major restructuring	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	11,469	-	-	-	-	-	11,469
Cost of sales	3,040	(782)	(10)	-	-	-	2,248
Gross profit	**8,429**	**782**	**10**	**-**	**-**	**-**	**9,221**
Sales and distribution costs	4,070	-	-	-	-	-	4,070
Administrative expenses	565	-	-	-	-	-	565
Research and development costs	2,253	-	(130)	-	-	-	2,123
Profit from operations (EBIT)	**1,541**	**782**	**140**	**-**	**-**	**-**	**2,463**
Net financials	(121)	-	-	-	-	-	(121)
Profit before tax	**1,420**	**782**	**140**	**-**	**-**	**-**	**2,342**
Tax on profit for the period	682	126	31	-	-	-	839
Profit for the period	**738**	**656**	**109**	**-**	**-**	**-**	**1,503**
Earnings per share, basic (EPS) (DKK)	3.73	3.32	0.55	-	-	-	7.60

Income statement – Core results reconciliation (Q3)

Q3 2017

DKK million	Reported result	Intangible amortization	Impairment	Major restructuring	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	4,348	-	-	-	-	-	4,348
Cost of sales	956	(233)	-	-	-	-	723
Gross profit	**3,392**	**233**	**-**	**-**	**-**	**-**	**3,625**
Sales and distribution costs	1,330	-	-	-	-	-	1,330
Administrative expenses	198	-	-	-	-	-	198
Research and development costs	651	-	-	-	-	-	651
Other operating income	202	-	-	-	-	(202)	-
Profit from operations (EBIT)	**1,415**	**233**	**-**	**-**	**-**	**(202)**	**1,446**
Net financials	(11)	-	-	-	-	-	(11)
Profit before tax	**1,404**	**233**	**-**	**-**	**-**	**(202)**	**1,435**
Tax on profit for the period	528	32	-	-	-	(44)	516
Profit for the period	**876**	**201**	**-**	**-**	**-**	**(158)**	**919**
Earnings per share, basic (EPS) (DKK)	4.42	1.02	-	-	-	(0.80)	4.64

Q3 2016

DKK million	Reported result	Intangible amortization	Impairment	Major restructuring	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	3,948	-	-	-	-	-	3,948
Cost of sales	946	(259)	(10)	-	-	-	677
Gross profit	**3,002**	**259**	**10**	**-**	**-**	**-**	**3,271**
Sales and distribution costs	1,375	-	-	-	-	-	1,375
Administrative expenses	187	-	-	-	-	-	187
Research and development costs	851	-	(130)	-	-	-	721
Profit from operations (EBIT)	**589**	**259**	**140**	**-**	**-**	**-**	**988**
Net financials	(5)	-	-	-	-	-	(5)
Profit before tax	**584**	**259**	**140**	**-**	**-**	**-**	**983**
Tax on profit for the period	264	41	31	-	-	-	336
Profit for the period	**320**	**218**	**109**	**-**	**-**	**-**	**647**
Earnings per share, basic (EPS) (DKK)	1.62	1.10	0.55	-	-	-	3.27

2016 quarterly figures restated to new regional structure

Q4 2016 DKK million	North America	International markets	Europe	Total
Abilify Maintena	152	24	133	309
Brintellix/Trintellix	208	57	67	332
Cipralex/Lexapro	44	381	185	610
Northera	313	-	-	313
Onfi	636	-	-	636
Rexulti	271	-	-	271
Sabril	406	-	-	406
Xenazine	387	-	3	390
Other pharmaceuticals	139	356	325	820
Other revenue				78
Total	**2,556**	**818**	**713**	**4,165**

Notes

Note 1 Accounting policies

The Financial Report for the period 1 January – 30 September 2017 is presented in accordance with IAS 34 *Interim Financial Reporting*, which has been approved by the EU, and additional Danish disclosure requirements for interim reports for listed companies.

The accounting policies remain unchanged from the 2016 Annual Report, to which reference is made. The 2016 Annual Report contains the full description of the accounting policies. Lundbeck has implemented the standards and interpretations that become effective for 2017. The implementation of standards and interpretations has not influenced recognition and measurement in 2017.

For accounting estimates, see Note 2 *Significant accounting estimates and judgements* in the 2016 Annual Report.

For risks, see the 2016 Annual Report.

Note 2 Other operating income

Please see Expenses and income; page 9.

Note 3 Purchase of treasury shares

Please see Balance sheet; page 12.

Note 4 Dividends for 2016

Please see Balance sheet; page 12.

Note 5 Exercise of warrants

In the first nine months of 2017, Lundbeck has increased its share capital by DKK 7 million due to employees' exercise of warrants. The total proceed to the company was DKK 196 million.

Note 6 Fair value measurement

Financial assets and financial liabilities measured or disclosed at fair value	Level 1	Level 2	Level 3
2017:			
Financial assets			
Securities[1]	1,020	-	-
Available-for-sale financial assets[1]	28	-	31
Derivatives[1]	-	513	-
Total	**1,048**	**513**	**31**
Financial liabilities			
Mortgage debt[2]	914	-	-
Bank debt[2]	-	-	-
Derivatives[1]	-	131	-
Total	**914**	**131**	**-**

2016:			
Financial assets			
Securities[1]	17	-	-
Available-for-sale financial assets[1]	2	-	44
Derivatives[1]	-	32	-
Total	**19**	**32**	**44**
Financial liabilities			
Mortgage debt[2]	1,855	-	-
Bank debt[2]	-	559	-
Derivatives[1]	-	81	-
Total	**1,855**	**640**	**-**

1) Measured at fair value. 2) Disclosed at fair value

The fair value of securities is based on officially quoted prices on the invested assets.

The fair value of derivatives is calculated by applying recognized measurement techniques, whereby the Group makes assumptions that are based on the market conditions prevailing on the closing date.

Note 7 Events after the balance sheet date

For information regarding changes in Lundbeck's Executive Management, refer to page 15.

Please see section on page 13 and Corporate Release no. 632 from 1 November 2017. Lundbeck and Otsuka will initiate a third phase III trial to evaluate the use of brexpiprazole in the treatment of agitation in patients with dementia of the Alzheimer's type.

Note 8 EBITDA calculation

DKK million	9M 2017	9M 2016	Q3 2017	Q3 2016
EBIT	3,476	1,541	1,415	589
+ Depreciation, amortization and impairment charges	936	1,143	308	477
- Gain from divestitures of properties included in Other operating income	(242)	-	(202)	-
= EBITDA	**4,170**	**2,684**	**1,521**	**1,066**

Note 9 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 2018

6 February 2018:	Deadline for the company's receipts of shareholder proposals for the Annual General Meeting 2018
7 February 2018:	Financial statements for 2017 and PDF version of Annual Report 2017
20 March 2018:	Lundbeck Annual General Meeting 2018
8 May 2018:	Financial statements for the first three months of 2018
8 August 2018:	Financial statements for the first six months of 2018
7 November 2018:	Financial statements for the first nine months of 2018

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About Lundbeck

H. Lundbeck A/S (LUN.CO, LUN DC, HLUYY) is a global pharmaceutical company specialized in psychiatric and neurological disorders. For more than 70 years, we have been at the forefront of research within neuroscience. Our key areas of focus are Alzheimer's disease, depression, Parkinson's disease and schizophrenia.

Our approximately 5,000 employees in 55 countries are engaged in the entire value chain throughout research, development, manufacturing, marketing and sales. Our pipeline consists of several late-stage development programmes and our products are available in more than 100 countries. We have production facilities in Denmark, France and Italy. Lundbeck generated revenue of DKK 15.6 billion in 2016 (EUR 2.1 billion; USD 2.2 billion).

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