

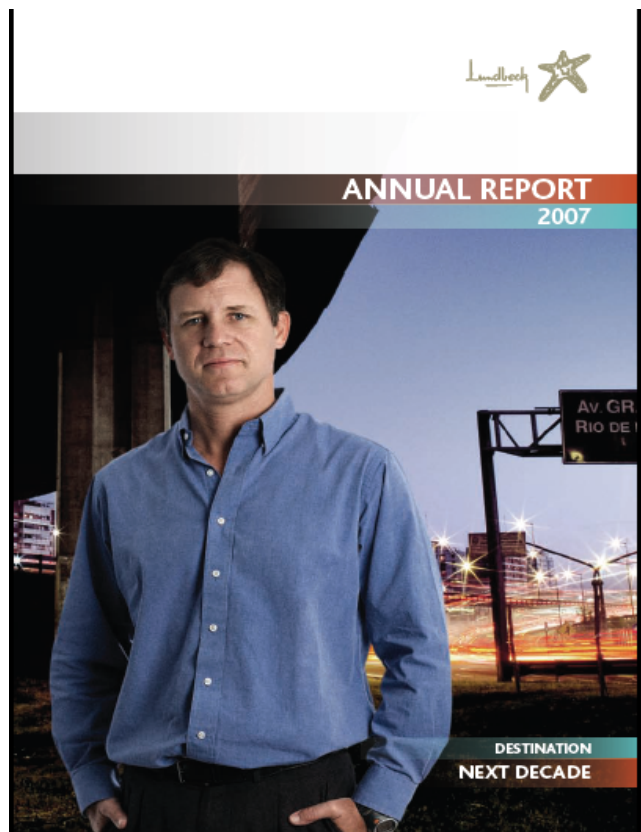
Report of the Month

ReportWatch e.com

October 2008

Lundbeck

Copenhagen-Valby, Denmark



Report Facts

Company name: H. Lundbeck A/S
Fiscal year end: December 31, 2007
Report title: *Destination next decade*
Chairman of the Board: Per Wold-Olsen
President and CEO: Claus Braestrup
Number of books: Two
Report length: 120 + 54-page magazine
Auditors: Deloitte - Grant Thornton
Design: Bysted A/S
E-mail: jtl@lundbeck.com, palo@lundbeck.com

Report Rating: ★★★(★)

(Rating scale below)

Profile-Products (Excerpts, as from the report)

H. Lundbeck A/S is an international company with more than 50 years of experience in research, development, production, marketing and sale of pharmaceuticals for the treatment of diseases of the central nervous system. Our goal is to produce drugs which... will represent something entirely new and innovative in the treatment of psychiatric disorders and neurological diseases such as depression, schizophrenia and stroke. This is no easy task...

(Annual Report p 2, Magazine p 5) (Italics are own company's words)

Key Figures

Revenue: EUR 1,474 million

Operating income: EUR 362 million

Net income: EUR 238 million

Earnings per share: EUR 1.16

Dividend per share: EUR 0.34

Return on equity: 25.3%

Solvency ratio: 58.3%

Number of employees: 5,134

(Source: 2007 figures sourced from the annual report)

Competitors or Rivals

- Novo Nordisk
- GlaxoSmithKline
- AstraZeneca
- Pfizer
- Novartis
- Johnson & Johnson
- Forest Laboratories
- Takeda Pharmaceutical
- Merck
-

Report Rating: ★★★(★)

Triple A

- > Both the annual report and the magazine, sent along with it, are very reader-friendly, thanks to a simple and , smart use of various ingredients; from *Contents* directing to *Information about disease areas* -these being spread all across-; from headlines to -and this is less frequent- notes to statements.
- > A people-based route in both documents, in pictures and words, and also in numbers and *skill*-based strategy.

Double A

- > A good idea, here implemented with effectiveness: the “report package” comprises the annuals plus a well-designed *magazine* that goes further on diseases based on testimonials woven through a *mission/vision* thread.
- > Clinical development projects enhanced. Pharmaceuticals listed with year of first registration.
- > *Strategic focus* and *initiatives* clearly put, with an emphasis on innovation and partnerships.
- > Financial highlights span over five years and include six well-picked ratios.
- > Good historical figures which include some major ratios, also for share items. Definitions provided nearby.
- > Not lacking in share fundamentals: cash flow, net asset value are highlighted. Shareholders are named.

Simple A

- > *Environment, health and safety* strategy, current developments, target status fairly analyzed.
- > *Particularly critical risks* are not concealed, but many more details would help.

B sides

- > Not that common: a report without a chief executive or chairman message/statement.
- > Should a one-page-long *Financial review* be named a... review?
- > Lagging behind on governance. Even board details are skimpy.
- > Many notes to statements lack in comments.
- > Chart power far from maximized –with many of them not going back more than one year.

Rating Scale

★★★★: First-rate ★★★(★): Excellent ★★★★: Very good ★★★(★): Sound ★★: Average

★★(★): Uneven ★★: Common ★(★): Substandard ★: Poor (★): Uncompetitive

The rating is based on ReportWatch internal desk research and does not take into account the independent Rating Panel's judgment. It may therefore differ from ratings (to be) published in the **Annual Report on Annual Reports**.

How does the company report in key areas? What are the main report pluses and minuses?

*The **Report Scan** gives an overview of strengths and weaknesses, and scores each item.*

Contact e.com@reportwatch.net

“Modern research shows that mental disorders arise in exactly the same way as diabetes, cardiovascular and other common diseases, namely as a combination of genetics and environment.

This insight has radically changed my view of life. Not that I have been cured of depressive tendencies – for they will always be there – but because I have had some sort of mental brake installed that enables me to avoid the downer and spiral of thoughts that ends at the bottom. When the world begins to look gloomy I can remind myself that my moods and feelings are ‘massive chemistry’ and in that way avoid a breakdown.

Understanding depression as processes in the brain has also opened the way for reacting better to treatment. I do not see taking medicine as a defeat or a weakness, but rather see the medicine as a welcome aid on a par with a diabetic's insulin.

Once this is acknowledged, it will have a major impact. Knowledge about the brain and its moods and corners provides an entirely new and far deeper self-perception than we have ever had before. As a society, we will be much more understanding of people as such and as persons we will penetrate far deeper into the greatest mystery of all – ourselves.

www.lundbeck.com



Biologist Lone Frank has done neurological research in Denmark and the United States. During the last nine years she has worked as a science journalist, partly for the state television and partly as a freelance contributor to journals in Denmark and abroad. She is also involved in radio and television and is a popular guest speaker and debater.

Lone Frank has caused debate with her books *Dødsen (The Heart)* in 2004 and *Klorne til Tige (Close to Tige)* in 2006, both of which deal with the subjects of various cultures of biotechnology. Her most recent book *Den jernnevelte kat (The Iron-Clawed Cat)* published in 2007, focuses on the effects of modern biotechnology on society and the general view of human issues.

