

Lundbeck

Growth momentum and pipeline progress
underappreciated amid patent cliff concerns



Michael Friis

+45 20 34 94 87

michaelfriis@hcandersencapital.dk



Victor Skriver

+45 22 59 27 27

victor@hcandersencapital.dk



Corporate customer

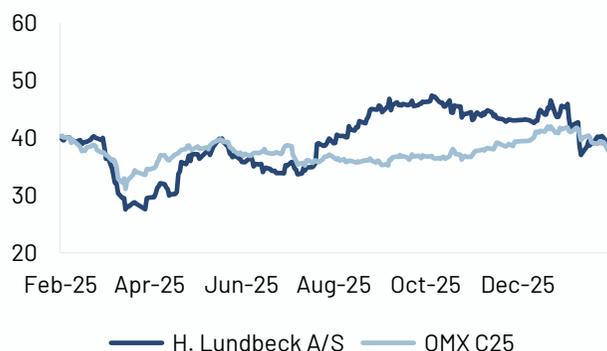
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Key Financials and Valuation

Share price



YTD:	-9.7%	1 year:	-1.9%
1 month:	-14.4%	3 years:	29.1%

Note: The data are based on the closing price of the H. Lundbeck B-share as of 23 February 2026. Source: S&P Capital IQ Pro.

Financials

DKKm	2025	2026E	2027E	2028E
Revenue	24,630	25,299	25,503	24,614
Growth	12%	3%	1%	-3%
EBIT	5,882	6,061	6,096	5,409
EBIT-margin	24%	24%	24%	22%
Net income	3,192	6,001	5,830	5,423
Net debt	8,221	8,221*	-	-
Market value	42,781	38,638*	-	-
EV/Sales (x)	2.1	1.8	1.8	1.9
EV/EBITDA (x)	6.5	5.8	5.7	6.2
EV/EBIT (x)	8.7	7.6	7.6	8.5
P/E (x)	13.4	6.4	6.5	7.2

Note: *Latest reported net debt and market value.
Source: S&P Capital IQ Pro.

Guidance 2026E

	Lundbeck	Consensus
Revenue growth	5% to 8%	3.3%
Adj. EBITDA growth	4% to 12%	3.5%

Guidance Mid-term 2027E

	Lundbeck	Consensus
Revenue growth (CAGR) Mid-single-digit	>30%	6.8%
Adj. EBITDA-margin	20% to 25%	31.7%
R&D investment of rev.	30% to 35%	21.9%
S&D cost ratio of rev.		35.8%

Note: The CAGR covers the period 2023-2027E. Lundbeck's guidance is provided in constant exchange rates (CER). Consensus average estimates is in reported growth numbers (collected by Lundbeck in Q4 2025).

Valuation Perspectives

The main driver for returns and pricing in the coming years will be how multiple pipeline data readouts establish a growth paradigm for 2030 and beyond, encouraging investors to look through the years of 2029-30.

Relative to peers that face headwinds from patent expiries and are expected to deliver slow growth in the short to medium term, Lundbeck trades at a discount on both earnings and, especially, cash flow multiples.

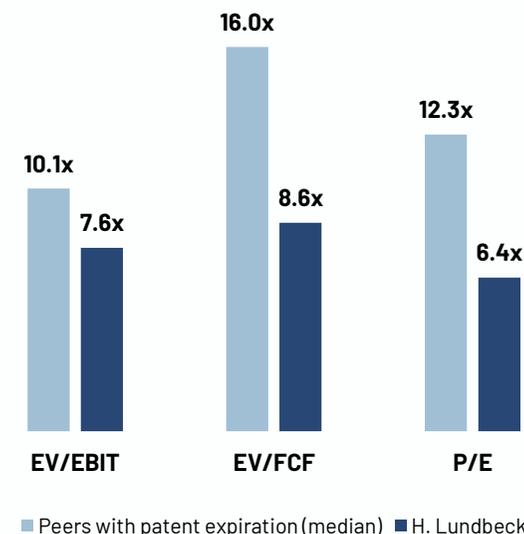
The latest data indicate that Lundbeck could have three late-stage candidates to address the patent cliff, while strong momentum in the current portfolio is lifting peak sales estimates and delaying the onset of negative growth.

It should be noted that the peer group generally comprises larger companies with less US market exposure than Lundbeck, a risk that is currently difficult to quantify.

Strong short-term earnings momentum and a more focused capital allocation strategy mean that Lundbeck is expected to generate very high cash flow in the medium term. From 2026 to 2028, free cash flow is expected to represent ~45%* of the current market capitalisation.

Recent earnings momentum, including three guidance upgrades this year that lifted estimates, means that Lundbeck, after briefly trading at a small premium to its historical multiples, now is trading below its historical averages.

2026E Multiples



Note: *Represent the aggregate estimated free cash flow generated in the period 2026-2028. Source S&P Capital IQ Pro.

Investment Case – Establishing Growth Beyond 2030



Key Investment Reasons

- Pure-play neuroscience company in an attractive area with high unmet need, chronic diseases, and high societal cost of non-treatment-driving increasing willingness to pay for innovation.
- Strong cash flow generation, providing time and optionality to address patent cliffs.
- Investor overfocus on the patent cliff vs. potential pipeline answers.
- New strategy with sharper capital allocation through increased partnering, focus on core markets, and disciplined R&D in rare diseases.

Company description: H. Lundbeck A/S is a global pharmaceutical company specializing in neurological diseases, founded in Denmark in 1915. The company develops treatments for psychiatric and neurological disorders, including depression, schizophrenia, and Parkinson's disease, and has a strong presence in Europe and the US. Lundbeck is listed on Nasdaq Copenhagen.

Investment case: Lundbeck's strategy focuses investment on core markets while partnering in non-core markets, driving upward revisions to estimates and guidance for its core portfolio and margins. The pipeline has been refined to target rare diseases and areas of high unmet need, improving long-term pricing power and market access.

This momentum, combined with strong data from the core portfolio, has lifted peak sales estimates and delayed the onset of negative top-line growth a narrative that may not yet be fully reflected in the share price, given that Lundbeck trades at a discount to peers facing similar patent expiry headwinds.

The latest positive headline Phase IIb data for Lu AG09222 support advancement to Phase III (est. DKK 1,230m in 2035E, probability-adjusted). Lundbeck is on track to have three late-stage candidates, increasing the likelihood that the internal pipeline can address the patent cliff.



Key Investment Risks

- High US and public channel exposure, increasing risk from Most Favoured Nation pricing and tariffs.
- Patent expiries may require a higher-risk M&A strategy.
- Faster or larger-than-expected impact from patent expiries.
- Patent cliff exposure could lead to elevated share price volatility around pipeline news flow.

That said, the investment case still depends heavily on positive pipeline readouts in the coming years to establish growth potential from 2030 onward, encouraging investors to look through the trough in 2029–2030. Key readouts are expected in 2026 and 2027 (see page 4).

Strong cash generation in 2026–2029 should position Lundbeck to manage patent expiries without overleveraging the balance sheet. However, if pipeline readouts fail to establish viable growth drivers, investors may increasingly price in the risk that Lundbeck will pursue a more aggressive M&A strategy.

The main risk remains Lundbeck's high US exposure, particularly to public channels (Medicaid/Medicare), which face pressure from tariffs (given a European supply chain), Most Favored Nation pricing, and potential funding constraints. The magnitude and timing of these effects remain highly uncertain.

The impact of patent expiries is inherently difficult to estimate, and Lundbeck's above-average exposure increases uncertainty around revenue and earnings, reducing investor willingness to value the company on forward expectations.

Peer Group – Trading Below Patent Challenged Peers

To contextualise Lundbeck's valuation, a peer group has been constructed comprising companies that, like Lundbeck, face patent expirations on key products toward 2030. Across these peers, overall growth rates (CAGR) are relatively low, reflecting the structural challenges associated with upcoming patent cliffs.

Lundbeck currently trades at a discount to these peers across all valuation multiples. However, Lundbeck is also expected to deliver lower revenue CAGR and negative EBIT CAGR from 2024 to 2030E, underscoring its sensitivity to patent expirations, relatively narrow product portfolio, and smaller scale compared with peers.

Looking ahead, Lundbeck is increasingly focused on neuro-specialty and rare neurological diseases, positioning the company toward a specialty pharma

profile. Within this category, peers are generally smaller, purely CNS-focused, and often at earlier stages of commercialization. Nevertheless, they provide a relevant valuation benchmark if Lundbeck successfully executes its long-term strategy, transitioning toward differentiated CNS products and establishing a credible growth narrative for 2030 and beyond.

Company	Price	Total return	Market cap	EV	Revenue growth (CAGR)	EBIT (CAGR)	EV/EBIT			EV/FCF			P/E		
	(local)	YTD	(EURm)	(EURm)	2024-2030E	2024-2030E	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Amgen Inc.	USD 379.4	16.7%	173,342	212,586	4.0%	12.3%	15.1x	14.7x	14.4x	20.1x	19.7x	18.7x	17.0x	16.3x	15.7x
Bayer Aktiengesellschaft	EUR 42.8	15.6%	42,048	74,567	1.7%	15.8%	12.6x	11.8x	10.5x	25.3x	20.4x	16.5x	9.3x	8.4x	7.5x
Bristol-Myers Squibb Co.	USD 61.3	14.9%	105,712	136,350	-4.7%	4.0%	9.9x	10.1x	11.4x	10.1x	11.2x	11.8x	9.8x	10.0x	11.3x
GSK plc	GBP 22.1	21.9%	101,275	117,174	2.9%	11.3%	10.1x	9.3x	8.7x	16.0x	16.0x	14.3x	12.3x	11.3x	10.6x
Ipsen S.A.	EUR 157.0	31.9%	12,890	12,334	4.3%	9.0%	9.2x	9.1x	8.8x	12.0x	13.5x	17.1x	12.4x	12.4x	11.7x
Merck & Co.	USD 123.8	17.6%	260,457	280,134	2.3%	2.6%	18.2x	11.1x	10.3x	22.4x	14.0x	13.5x	24.1x	12.6x	11.5x
Pfizer Inc.	USD 27.1	10.5%	130,392	170,434	-3.3%	-0.8%	9.3x	9.9x	11.5x	9.8x	10.7x	11.8x	9.1x	9.5x	11.2x
Median - Peers with patent expiration		16.7%	105,712	136,350	2.3%	9.0%	10.1x	10.1x	10.5x	16.0x	14.0x	14.3x	12.3x	11.3x	11.3x
ACADIA Pharmaceuticals Inc.	USD 24.7	-7.4%	3,546	2,874	11.2%	38.9%	26.8x	17.4x	10.4x	13.6x	13.3x	8.1x	32.0x	20.4x	12.5x
Axsome Therapeutics Inc.	USD 174.8	-4.3%	7,536	7,445	42.8%	NM	NM	NM	23.5x	N/A	26.5x	13.6x	NM	NM	30.8x
Neurocrine Biosciences Inc.	USD 128.4	-9.5%	10,920	10,065	11.8%	18.7%	16.1x	12.1x	9.2x	14.8x	12.3x	10.7x	16.1x	13.4x	10.5x
SK Biopharmaceuticals Co.	KRW 118500	-5.9%	5,392	5,281	NA	NA	21.1x	10.6x	8.7x	43.2x	27.8x	N/A	24.8x	10.2x	9.3x
Supernus Pharmaceuticals Inc.	USD 50.7	2.0%	2,463	2,261	12.9%	41.6%	18.0x	10.5x	7.4x	30.9x	11.8x	7.9x	20.3x	12.6x	9.0x
Median - Speciality pharmaceuticals		-5.9%	5,392	5,281	12.4%	38.9%	19.6x	11.4x	9.2x	22.9x	13.3x	9.4x	22.6x	13.0x	10.5x
H. Lundbeck A/S	DKK 39.0	-9.7%	5,078	6,179	-0.1%	-4.6%	7.6x	7.6x	8.5x	8.6x	7.5x	8.5x	6.4x	6.5x	7.2x

Note: data from 23/02/2026

Source: S&P Capital IQ

Pipeline Progress and Overview

Lundbeck has strengthened its pipeline with candidates that may be considered best-in-class or first-in-class, representing a key step in executing the company's long-term strategy about focusing more on rare diseases with unmet needs. The pipeline is now balanced across Phase I, II, and III, with the ambition of launching a new product every four to five years. Positive Phase IIb data for Lu AG09222 were released in February 2026.

The next major readout expected in about a year for Bexicaserin (Phase III). Investor focus in 2026 will be on early pipeline de-risking. Moving Lu AG09222 into Phase III would give Lundbeck three Phase III assets, making the case for growth beyond the 2029–2030 patent cliff much stronger.

Bexicaserin is a best-in-class Phase III candidate targeting rare epilepsies (DEEs), with a readout expected in early 2027 and estimated peak sales of USD 1.5–2.0bn*.

Amlenetug is a first-in-class Phase III asset for multiple system atrophy (MSA), with a readout expected in 2028 and a target market of USD 1.5–3.0bn*.

In February 2026, Lundbeck reported positive Phase IIb data for Lu AG09222 (anti-PACAP), a first-in-class migraine prevention candidate. The study met its primary endpoint with a significant reduction in monthly migraine days, supporting advancement to Phase III (est. DKK 1,230m in 2035E**). Next data point will be in start of June at the AHS conference. The release of further data besides topline results giving investors a better idea of the commercial potential and how strong it could be placed up against current treatment regimes.

At the Phase I stage, the pipeline includes CNS and non-CNS candidates targeting Parkinson's, thyroid eye disease, and Cushing Syndrome.

	Phase I	Phase II	Phase III	Category and market size*	Consensus estimate 2035E**
Bexicaserin (5HT2Cagonist)	Completed	Completed	Data read out exp. start 2027	Rare epilepsies USD ~1.5-2bn	DKK 4,968m
Amlenetug (Anti α -synuclein mAb)	Completed	Completed	Data read out exp. 2028	MSA USD ~1.5-3bn	DKK 1,917m
Lu AG09222 (anti-PACAP)	Completed	Reported Phase IIb positive headline data		Migraine USD ~11bn	DKK 1,230m
Lu AG13909 CAH (anti-ACTH) Lu AG13909 aCS (anti-ACTH)	Decision to start Phase II in 2026			Cushing Syndrom USD >2bn	DKK 805m
Lu AF28996 (D1-D2 agonist)	Decision to start Phase II in 2026			Parkinson USD ~6.7bn	DKK 514m
Lu AG22515 (anti-CD40L blocker)	Decision to start Phase II in 2026			Thyroid eye USD ~2.2-4bn	DKK 364m

Note: Note: *The estimated market size and peak sales are based on Lundbeck's presentation at the Jefferies Global Healthcare Conference in London on November 18, 2025.

**Consensus estimates are probability-weighted and collected by Lundbeck. The analyst consensus estimates for 2035E are based on only four analysts.

Total Sales Development of Key Product & Pipeline

Patent cliffs represent Lundbeck's key structural challenge in the coming years. Revenue and earnings development toward 2035 are closely linked to the company's strategic focus on rare diseases and areas of high unmet medical need, as reflected in its pipeline.

Despite the expected patent cliff, revenue and earnings are projected to peak in 2028. Consensus estimates suggest the subsequent decline will be relatively limited and short-lived, supported by pipeline contributions from 2029 onward and continued strong performance from Vyepti. A balanced pipeline also reduces reliance on M&A to offset the patent cliff, provided Lundbeck successfully advances its key candidates.

As shown in the table, consensus estimates indicate that by 2035 Lundbeck will have largely moved beyond the patent cliff. While revenue is projected to remain below the 2028 peak, net profit is expected to recover to a similar level by 2035. This reflects the company's strategic shift toward rare diseases, which typically offer higher margins despite lower absolute revenue levels.

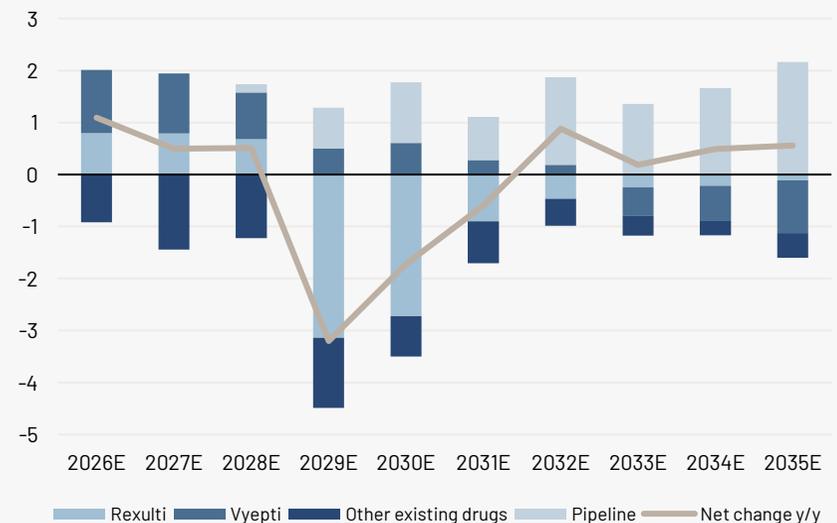
The figure illustrates year-on-year incremental revenue across key products, existing drugs, and pipeline assets (probability-weighted). Revenue from existing products gradually declines, with Rexulti's patent expiry in 2029 driving a significant negative contribution in subsequent years.

Pipeline assets are expected to contribute increasingly to revenue, partly offsetting the decline from existing drugs, while Vyepti is projected to deliver continued growth throughout the forecast period.

Overall, total revenue is expected to grow through 2028, followed by a pronounced patent cliff in 2029-2030, before returning to positive growth from 2032 onward.

Earnings and Product Development

DKKbn	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Total revenue	25.44	25.90	26.33	23.12	21.34	20.74	21.49	21.55	21.65	21.80
Rexulti	0.80	0.79	0.68	-3.14	-2.73	-0.90	-0.47	-0.25	-0.22	-0.11
Vyepti	1.21	1.15	0.90	0.51	0.61	0.28	0.19	-0.55	-0.67	-1.01
Other existing drugs	-0.92	-1.44	-1.23	-1.35	-0.78	-0.80	-0.52	-0.38	-0.28	-0.48
Pipeline*	0.00	0.00	0.16	0.78	1.17	0.83	1.68	1.36	1.66	2.16
Net change y/y	1.09	0.50	0.51	-3.20	-1.73	-0.59	0.88	0.19	0.49	0.56
Net profit	4.69	4.90	5.00	3.79	3.33	3.44	3.85	4.42	4.63	5.00

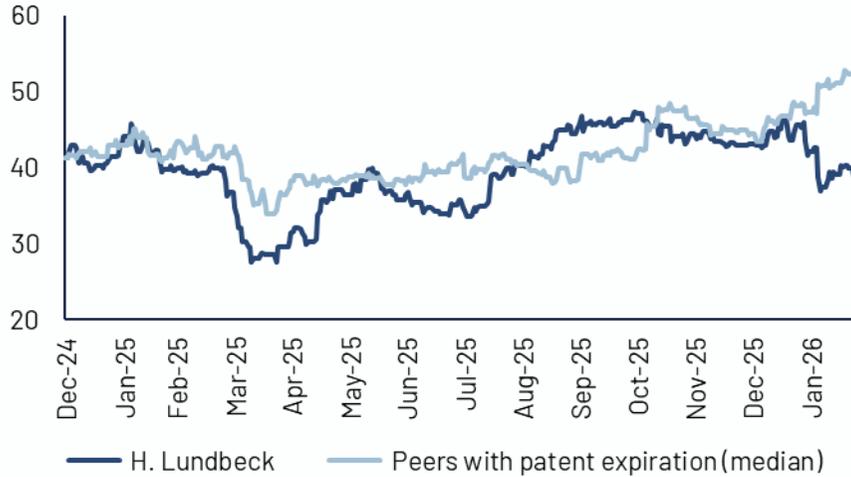


Note: Based on consensus analyst estimates collected by Lundbeck in Q4 2025. Consensus estimates are probability-weighted.

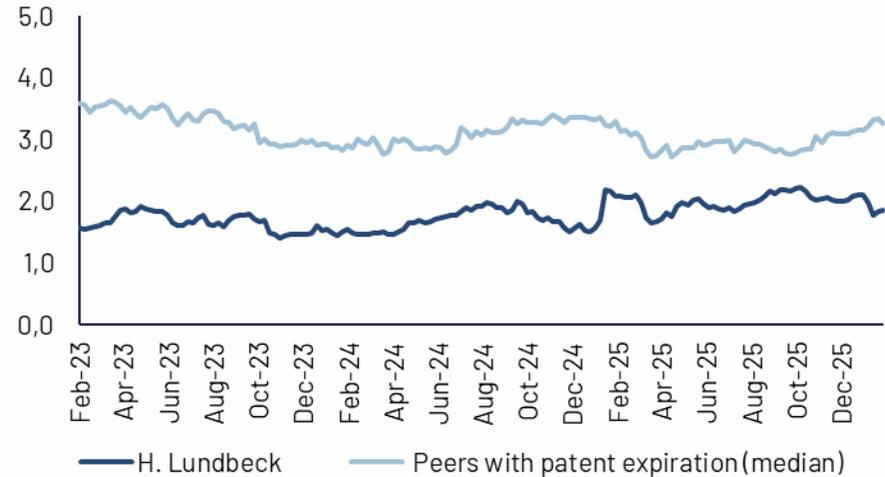
Note: Based on consensus analyst estimates collected by Lundbeck in Q4 2025.

Valuation vs. Peers

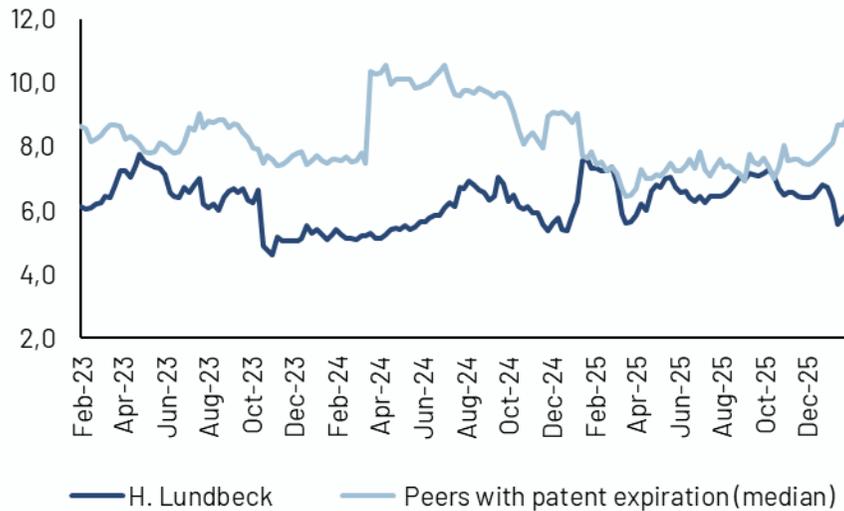
H. Lundbeck price return vs peer group median



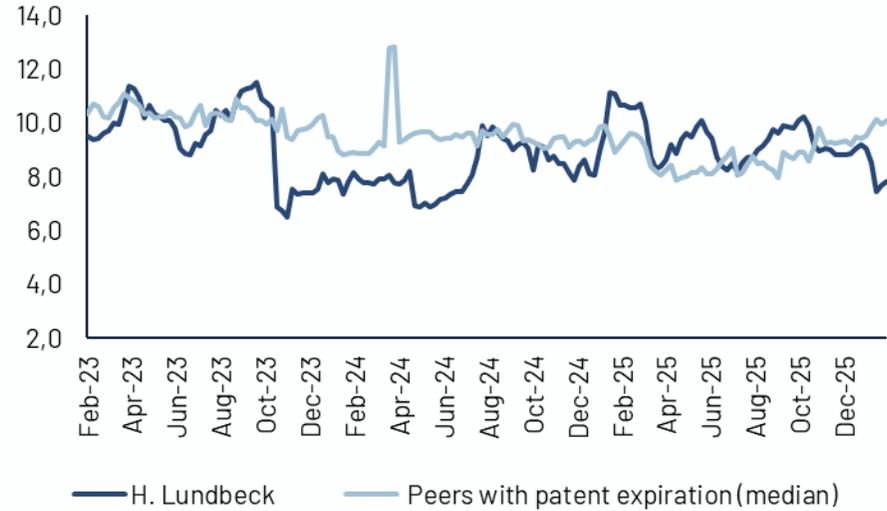
H. Lundbeck vs peer group EV/Sales (NTM)



H. Lundbeck vs peer group EV/EBITDA (NTM)



H. Lundbeck vs peer group EV/EBIT (NTM)



Valuation vs. Historical

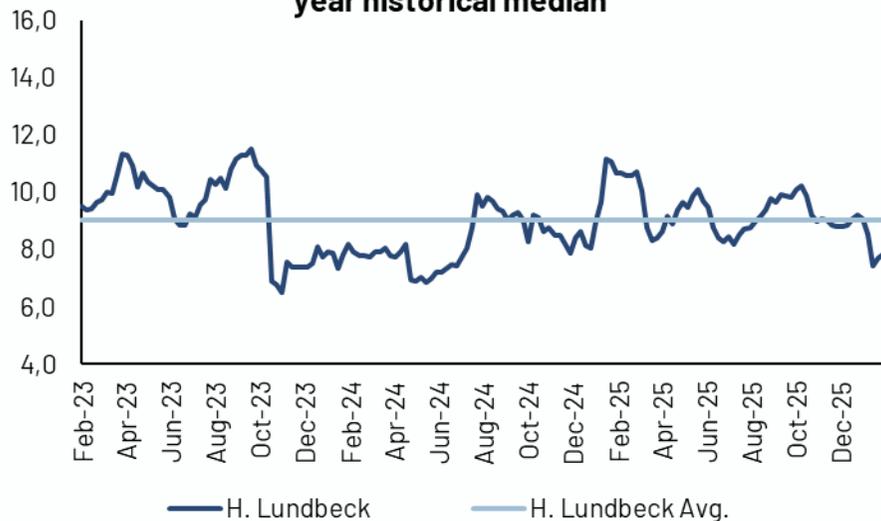
H. Lundbeck current EV/Sales multiple (NTM) vs 3-year historical median



H. Lundbeck current EV/EBITDA multiple (NTM) vs 3-year historical median



H. Lundbeck current EV/EBIT multiple (NTM) vs 3-year historical median



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Bredgade 23B 2. sal
1260 København K, Denmark
CVR: 41474793

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Equity research team



Michael Friis
Head of Equities



Rasmus Køjborg
Head of Research, Stables



Philip Coombes
Equity Analyst



Victor Skriver
Equity Analyst Assistant



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