Lundbeck

Strong H1 2026 with growth, deleveraging and catalysts pulled forward

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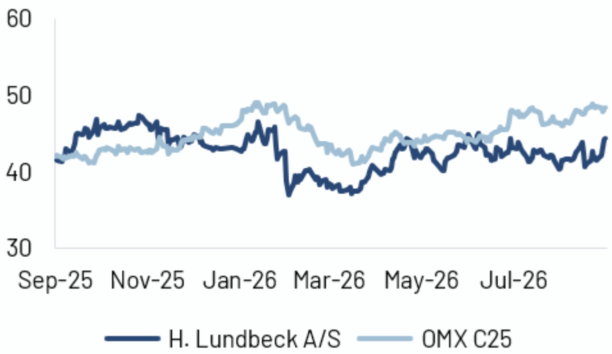
Key Financials and Valuation

Share price



YTD:	2.8%	1 year:	5.6%
1 month:	9.6%	3 years:	26.2%

Note: The data are based on the closing price of the H. Lundbeck B-share as of 3 September 2026. Source: S&P Capital IQ Pro.

Financials

DKKm	2025	2026E	2027E	2028E
Revenue	24,630	25,908	26,032	25,353
Growth	12%	5%	0%	-3%
EBIT	5,882	5,927	6,183	5,791
EBIT-margin	24%	23%	24%	23%
Net income	3,192	6,224	6,108	5,850
Net debt	8,221	7,382*	-	-
Market value	42,781	43,991*	-	-
EV/Sales (x)	2.1	2.0	2.0	2.0
EV/EBITDA (x)	6.5	6.3	6.3	6.7
EV/EBIT (x)	8.7	8.6	8.3	8.8
P/E (x)	13.4	7.2	7.2	7.5

Note: *Latest reported net debt from Q2 2026 and market value from 3 September 2026.
Source: S&P Capital IQ Pro.

Guidance 2026E

	Lundbeck	Consensus*
Revenue growth	7% to 9%	5.2%
Adj. EBITDA growth	8% to 14%	4.2%

Guidance Mid-term 2027E

	Lundbeck	Consensus*
Revenue growth (CAGR)	Mid-single-digit	6.7%
Adj. EBITDA-margin	>30%	31.0%
R&D investment of rev.	20% to 25%	23.2%
S&D cost ratio of rev.	30% to 35%	36.0%

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 Q2 2026 before the announcement of the Q2 report).

Valuation Perspectives

The main driver for returns and pricing in the coming years will be how pipeline data readouts establish a growth paradigm for 2030 and beyond, encouraging investors to look through the trough, now 2030 alone.

Relative to peers facing patent expiries and slow growth, Lundbeck trades at a discount on both earnings (EV/EBIT, P/E) and, especially, cash flow multiples, at 8.5x EV/FCF against a peer median of 15.8x.

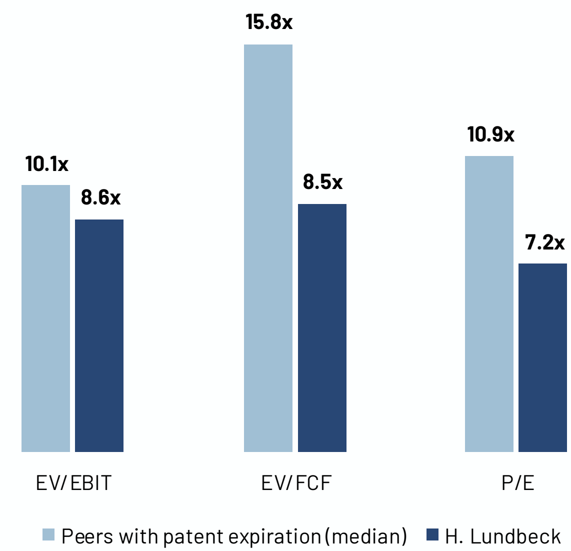
The discount has not closed (Lundbeck returned 2.8% year to date against a peer median of 33.7%).

That despite the latest pipeline data indicating that Lundbeck could have three late-stage candidates to address the patent cliff, momentum in the current portfolio lifting peak sales estimates and delaying negative growth. Catalysts to solve the 2030 growth have moved forward, consensus estimates for 2029 are being lifted, and pipeline contributions revised upward again across the post-2030 to 2035 period.

It should be noted that the peer group also comprises larger companies with less US exposure, a risk 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 ~40%* of the current market capitalisation.

2026E Multiples



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

Investment Case – 2030 growth paradigm strengthening, consensus lifting

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 and a strong balance sheet, providing time and optionality to address patent cliffs.
- Investor overfocus on the patent cliff while the pipeline advances, with catalysts pulled forward, and post-2030 consensus being lifted.
- Execution running ahead of plan, underlying partner market growth and the 2027 margin target met in 2025, ahead of a mid-term target update.

Key Investment Risks

- High US and public channel exposure, with USD around 55% of H1 2026 sales, increasing risk from Most Favoured Nation pricing and tariffs.
- Faster or larger than expected impact from patent expiries.
- Some uncertainty on the cost base until new mid-term targets are set, with the R&D ratio at 22.1% in Q2 and commercial scale-up ahead of launches.
- High value readout with DEEp OCEAN in late Q4 2026, which could drive elevated share price volatility.

Company description: H. Lundbeck A/S is a global pharmaceutical company specializing in neurological diseases, founded in Denmark in 1915. It develops treatments for psychiatric and neurological disorders 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. The model is delivering, with underlying partner market growth of around 13% CER in H1 2026. 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. Execution is running ahead of plan, with the 2027 margin target met in 2025 and a mid-term target update due.

Full Phase IIb PROCEED data for bocunebart, presented at AHS and EAN in June 2026, support advancement to Phase III, with consensus lifting the asset to DKK 2,292m in 2035E from DKK 1,230m. Lundbeck is on track to have three late-stage candidates, and catalysts have moved forward, with bexicaserin reading out in late Q4 2026 and amlenetug in Q3 2027.

That said, the case still depends on positive pipeline readouts to establish growth from 2030 onward. On Q2 2026 consensus the trough is now 2030 alone at DKK 21.9bn, with growth resuming in 2031. DEEp OCEAN reads out in late Q4 2026 and DEEp SEA in early 2027, with bexicaserin alone around half of the DKK 10.6bn of pipeline revenue modelled in 2035E (see page 4).

Strong cash generation and a stronger balance sheet position Lundbeck to manage patent expiries without overleveraging. Net debt fell to DKK 7.4bn and leverage halved to 1.0x in the year to June 2026. If readouts disappoint, investors may price in a more aggressive M&A strategy.

The cost base is the main near-term uncertainty. R&D rose 24% CER in H1, with the ratio at 22.1% in Q2 and spending trending toward the upper end of guidance, while commercial scale-up for the bexicaserin and amlenetug launches still lies ahead. There is no margin guidance beyond 2027.

The main risk remains Lundbeck's high US exposure, with USD around 55% of H1 2026 sales, particularly to public channels (Medicaid/Medicare), which face pressure from tariffs, Most Favored Nation pricing, and potential funding constraints. The impact of patent expiries is also difficult to estimate, though so far the effect has been delayed rather than realized.

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.

	Price	Total return	Market cap	EV	Revenue growth (CAGR)	EBIT (CAGR)	EV/EBIT			EV/FCF			P/E		
Company	**(local)**	**YTD**	**(EURm)**	**(EURm)**	**2024-2030E**	**2024-2030E**	**2026E**	**2027E**	**2028E**	**2026E**	**2027E**	**2028E**	**2026E**	**2027E**	**2028E**
Amgen Inc.	USD 444.1	38.5%	206,587	243,855	4.9%	12.9%	16.7x	16.0x	15.5x	25.5x	19.2x	18.4x	19.3x	18.2x	17.3x
Bayer Aktiengesellschaft	EUR 49.3	33.7%	48,473	81,946	1.0%	11.5%	14.5x	12.7x	11.7x	NM	22.9x	19.7x	10.9x	10.3x	9.2x
Bristol-Myers Squibb Co.	USD 68.1	30.5%	119,672	148,572	-4.4%	4.7%	9.7x	10.1x	11.7x	15.4x	12.7x	13.3x	9.8x	10.4x	12.1x
GSK plc	GBP 18.7	5.0%	87,110	104,254	3.0%	11.8%	8.7x	8.1x	7.8x	16.2x	15.5x	13.2x	10.5x	9.7x	9.3x
Ipsen S.A.	EUR 168.6	43.2%	13,824	12,816	6.0%	10.2%	7.7x	8.5x	8.6x	9.9x	10.5x	10.4x	11.3x	12.1x	12.2x
Merck & Co.	USD 152.3	46.9%	323,380	363,665	2.7%	2.8%	35.2x	14.6x	13.3x	22.2x	17.9x	16.4x	55.4x	16.0x	14.4x
Pfizer Inc.	USD 28.8	21.7%	141,284	186,092	-2.7%	2.2%	10.1x	10.4x	12.0x	11.8x	11.2x	12.2x	9.7x	10.0x	11.7x
Median - Peers with patent expiration		**33.7%**	**119,672**	**148,572**	**2.7%**	**10.2%**	**10.1x**	**10.4x**	**11.7x**	**15.8x**	**15.5x**	**13.3x**	**10.9x**	**10.4x**	**12.1x**
ACADIA Pharmaceuticals Inc.	USD 27.9	4.3%	4,130	3,371	12.0%	42.1%	36.5x	22.8x	12.3x	33.5x	46.4x	12.6x	46.5x	31.3x	16.4x
Axsome Therapeutics Inc.	USD 208.4	14.1%	9,390	9,308	46.1%	NM	NM	37.8x	13.1x	N/A	27.7x	14.9x	NM	41.4x	15.8x
Neurocrine Biosciences Inc.	USD 158.4	11.6%	13,849	13,911	15.8%	25.6%	18.7x	11.8x	8.6x	17.5x	13.6x	9.8x	15.5x	13.2x	10.2x
SK Biopharmaceuticals Co.	KRW 86400	-30.7%	4,288	4,077	NA	NA	18.4x	14.1x	10.9x	28.3x	18.6x	N/A	20.5x	16.5x	12.3x
Supernus Pharmaceuticals Inc.	USD 44.0	-11.5%	2,199	1,913	19.5%	60.1%	13.2x	2.9x	2.5x	18.8x	10.9x	6.4x	17.1x	9.9x	8.1x
Median - Speciality pharmaceuticals		**4.3%**	**4,288**	**4,077**	**17.6%**	**42.1%**	**18.6x**	**14.1x**	**10.9x**	**23.5x**	**18.6x**	**11.2x**	**18.8x**	**16.5x**	**12.3x**
H. Lundbeck A/S	**DKK 44.4**	**2.8%**	**5,875**	**6,863**	**0.1%**	**-3.0%**	**8.6x**	**8.3x**	**8.8x**	**8.5x**	**8.4x**	**9.2x**	**7.2x**	**7.2x**	**7.5x**

Note: data from 03/09/2026

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, executing the strategy of focusing 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.

The first Phase III readout is now close. Randomization in DEEp OCEAN closed in July 2026 with results expected in late Q4 2026, making 2026 a year with a hard catalyst rather than early de-risking. Moving bocunebart into Phase III would give Lundbeck three Phase III assets and strengthen the case for growth beyond the 2029 to 2030 patent cliff.

Bexicaserin is a best-in-class Phase III candidate in rare epilepsies (DEEs), with estimated peak sales of USD 1.5 to 2.0bn*. It now carries two readouts: DEEp OCEAN in late Q4 2026, the largest DEE trial to date with more than 60 genetic DEEs, and DEEp SEA in Dravet syndrome in early 2027.

Amlenetug is a first-in-class Phase III asset in multiple system atrophy (MSA), with a target market of USD 1.5 to 3.0bn*. MASCOT completed recruitment ahead of schedule in March 2026, and Lundbeck now expects headline results in Q3 2027 and launch in Q1 2029, close to a year earlier than previously assumed. Bocunebart (anti-PACAP) is a first-in-class migraine prevention candidate (est. DKK 2,292m in 2035E**). The Phase IIb PROCEED trial met its primary endpoint on monthly migraine days in patients with one to four prior preventive failures, with primary data presented at AHS and EAN in June 2026 and a particularly notable effect in chronic migraine. Regulatory interactions are underway and a decision to start Phase III is expected in 2026.

Asedebart (anti-ACTH) is now in Phase II in congenital adrenal hyperplasia and Cushing's disease, with data at ENDO in June 2026 showing cortisol normalization in 7 of 8 evaluable Cushing's patients. Lu AF28996 entered a Phase IIa proof-of-concept trial in July 2026 in advanced Parkinson's. For Lu AG22515, Lundbeck established proof of mechanism but states that additional data do not support the mechanism in thyroid eye disease, and it now sits under neurology. The orexin programme (FDA Fast Track for Lu AH69593 in July 2026) and MAGLi carry no consensus estimate, so the figure below shows only the six candidates analysts model.

	Phase I	Phase II	Phase III	Category and market size*	Consensus estimate 2035E**
Bexicaserin (5HT2C agonist)	Completed	Completed	DEEp OCEAN results exp. late Q4 2026. DEEp SEA results exp. early 2027	Rare epilepsies USD ~1.5-2bn	DKK 5,137m
Amlenetug (Anti α-synuclein mAb)	Completed	Completed	Headline results exp. Q3 2027	MSA USD ~1.5-3bn	DKK 1,815m
Bocunebart (anti-PACAP)	Completed	Phase IIb PROCEED data presented June 2026	Decision to start Phase III in 2026	Migraine USD ~11bn	DKK 2,292m
Asedebart CAH (anti-ACTH) Asedebart CD (anti-ACTH)	Completed	Phase II ongoing. Part A data in CD June 2026		Cushing's disease and CAH USD >2bn	DKK 579m
Lu AF28996 (D1-D2 agonist)	Completed	Phase IIa PoC initiated July 2026		Parkinson USD ~6.7bn	DKK 427m
Lu AG22515 (anti-CD40L blocker)	Phase Ib	TED not pursued. Now listed under neurology		Neurology (see note below)	DKK 381m

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 in Q2 2026. The analyst consensus estimates for 2035E are based on only seven 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.

Revenue is projected to peak in 2026, followed by a decline through 2030 before returning to growth. The downturn is expected to be moderate and relatively contained, supported by increasing pipeline contributions from 2028 onward and continued growth from Vyepti during the early forecast years. A balanced pipeline also reduces reliance on M&A to offset the patent cliff, provided Lundbeck successfully advances its key candidates.

By 2035, consensus estimates indicate that revenue will recover to within DKK 1.7 bn of the 2026 peak, while adjusted EPS is projected to remain below the 2026 level. This reflects margin pressure during the transition as pipeline assets replace higher-margin legacy products, although the strategic shift toward rare diseases is expected to support profitability over the longer term.

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 driving a significant negative contribution from 2028 onward. Pipeline assets are expected to contribute increasingly to revenue, partly offsetting this decline, while Vyepti delivers solid growth through the first half of the forecast period before tapering off toward the end of the decade.

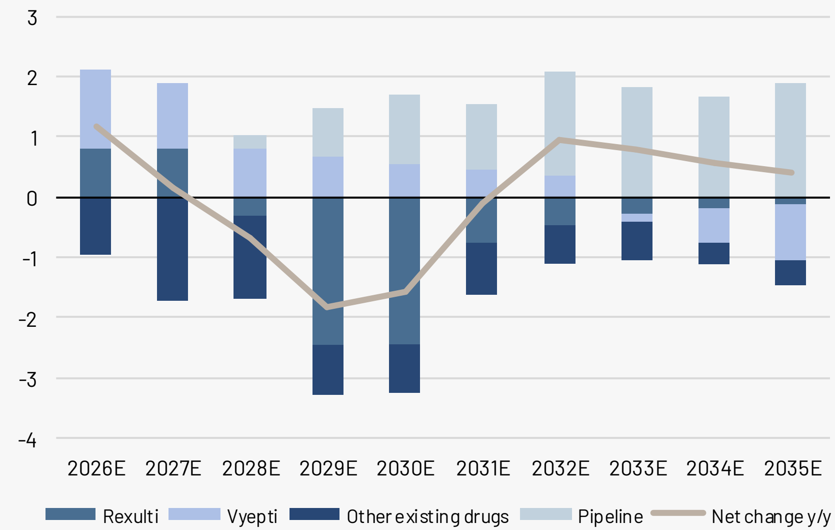
Change in consensus since Q1 2026

Consensus has again revised pipeline contributions upward across the post-2030 period, reflecting growing confidence in Lundbeck's pipeline progression. Probability-weighted pipeline revenue has been lifted meaningfully across 2031E to 2035E, with bexicaserin and amlenetug accounting for most of the increase. This lifts 2035E total revenue from DKK 23.26 bn to DKK 24.18 bn. At the same time, near-term earnings estimates have been trimmed, with 2027E and 2028E adjusted EPS reduced on higher R&D and SG&A assumptions, so the upward revision is concentrated in the years beyond the patent cliff rather than in the current planning horizon.

Earnings and Product Development

DKKbn	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Total revenue	**25.92**	**25.77**	**24.77**	**23.21**	**21.95**	**22.26**	**23.32**	**24.22**	**24.54**	**24.18**
Rexulti	0.58	0.60	-0.46	-2.24	-2.23	-0.75	-0.46	-0.25	-0.13	-0.02
Vyepti	1.46	1.15	0.85	0.65	0.52	0.44	0.30	-0.09	-0.83	-1.05
Other existing drugs	-0.45	-1.92	-1.53	-0.82	-0.76	-0.73	-0.57	-0.56	-0.52	-0.35
Pipeline*	0.00	0.00	0.18	0.84	1.24	1.40	1.89	1.92	1.93	1.24
Net change y/y	**1.59**	**-0.17**	**-0.96**	**-1.57**	**-1.22**	**0.36**	**1.16**	**1.01**	**0.45**	**-0.19**
Adjusted EPS (DKK)	**6.28**	**6.09**	**5.55**	**5.12**	**4.63**	**4.66**	**5.03**	**5.26**	**5.51**	**5.43**

Note: Based on consensus analyst estimates collected by Lundbeck in Q2 2026. Consensus estimates are probability-weighted and may differ slightly from S&P Capital IQ estimates.



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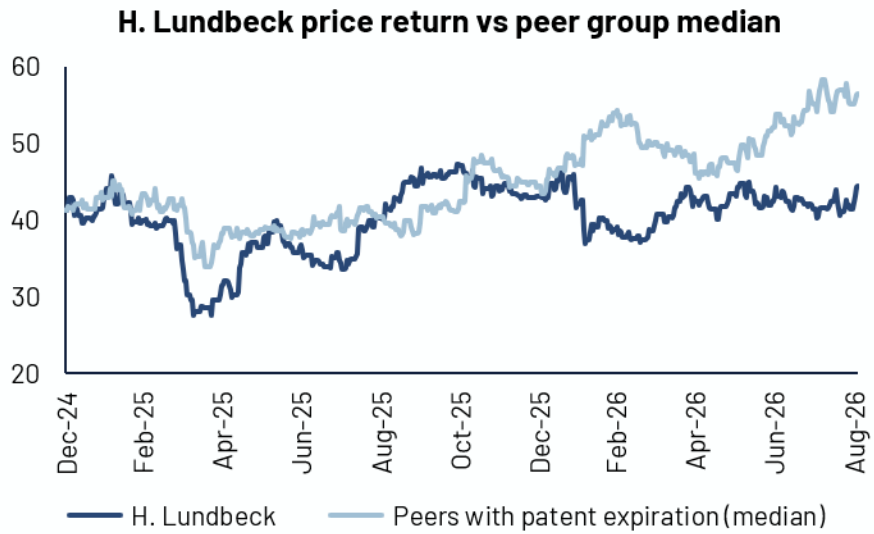
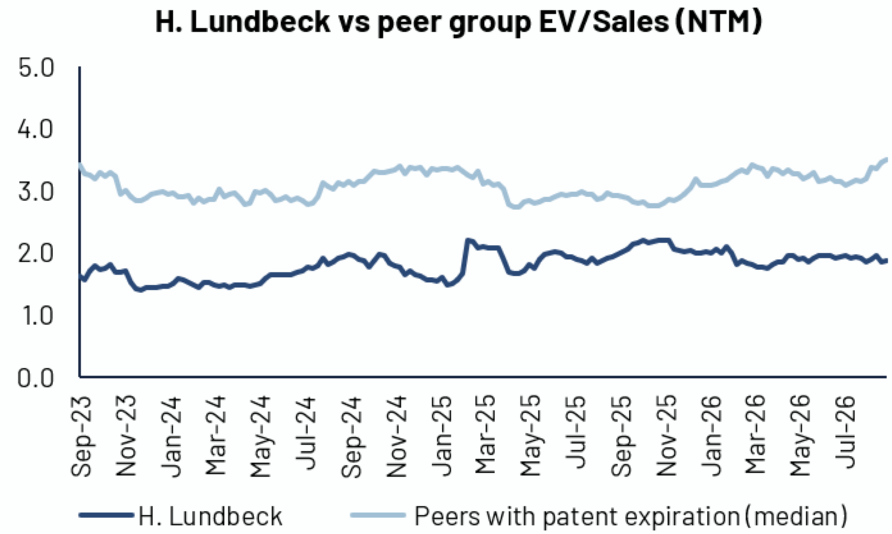
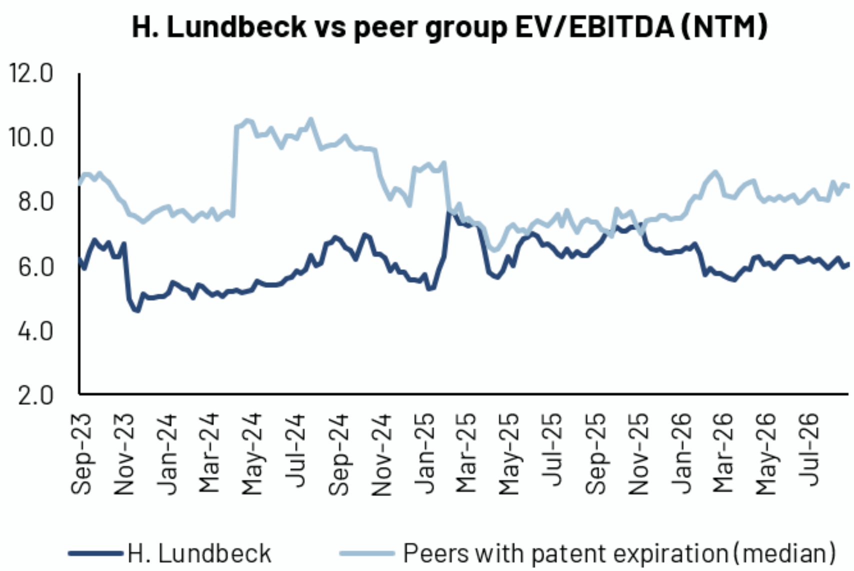
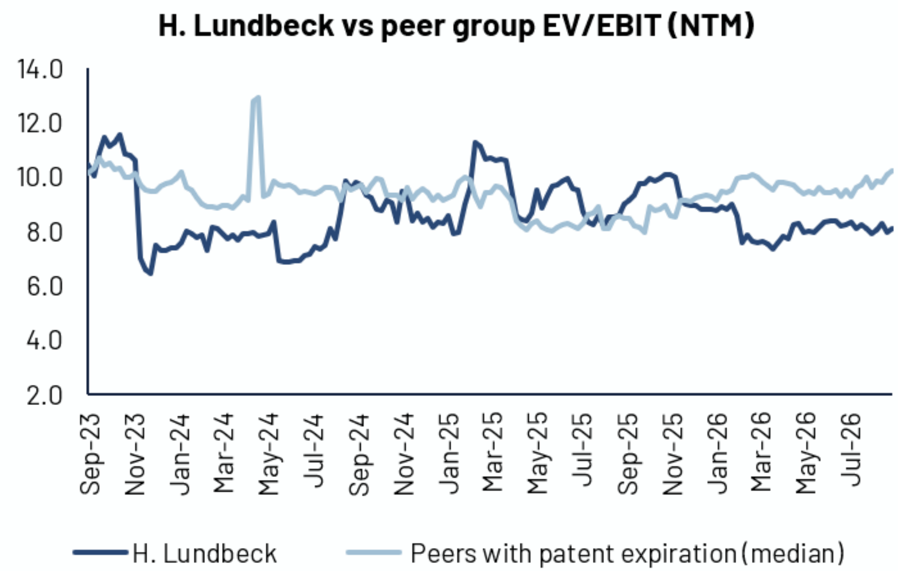
Valuation vs. Peers



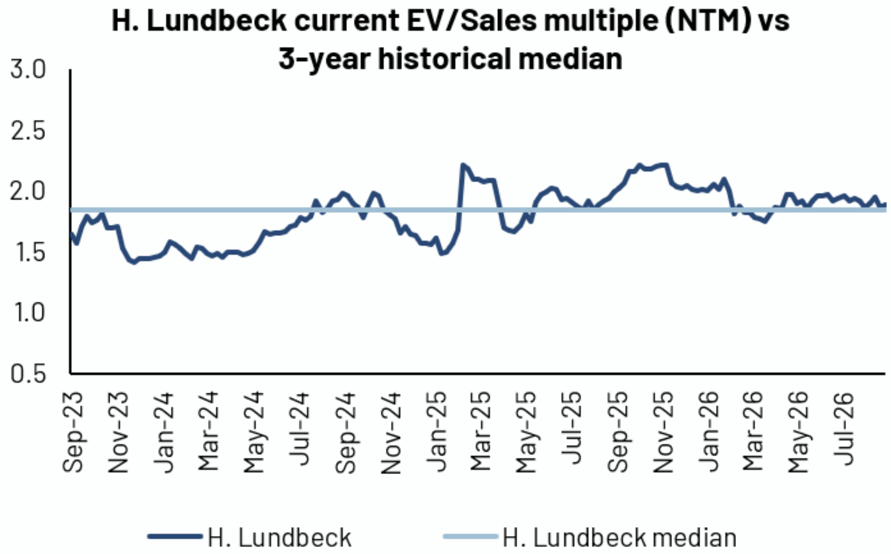


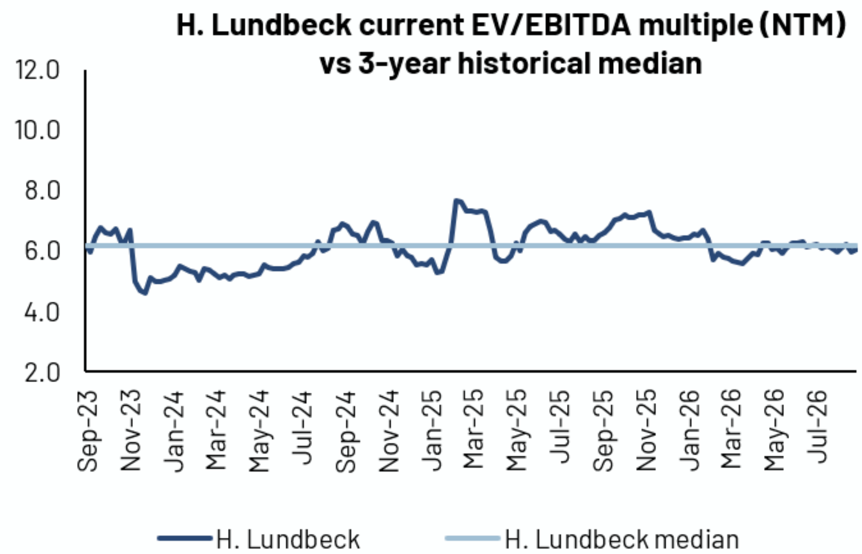


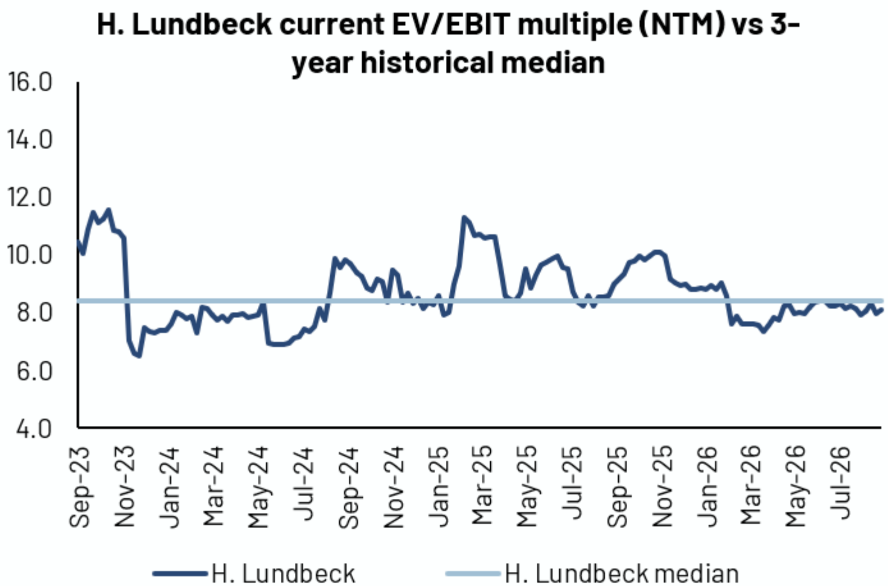


Source S&P Capital IQ, d. 03.09.2026

Valuation vs. Historical







Source S&P Capital IQ, d. 03.09.2026

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