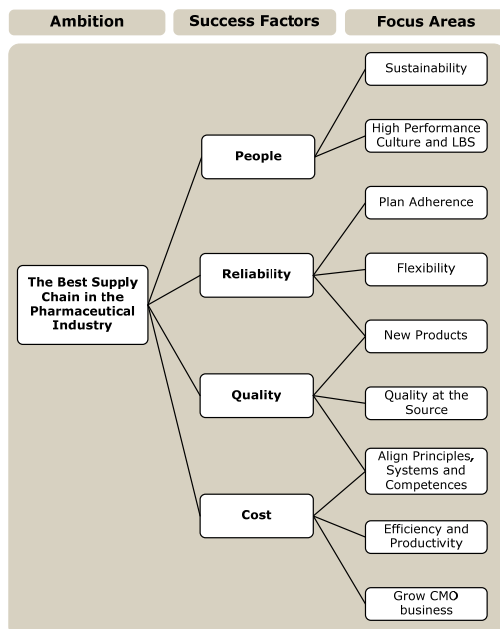


# Lundbeck Profile Sheet

## Achievements

### General

In 2005 Lundbeck, Supply Operations & Engineering defined the ambition of creating the best supply chain in the pharmaceutical industry. The strategy chart below indicates the focus areas that should enable us to get closer, to realizing this ambition. Lean and a culture of continuous improvement have since 2006 been the main driver of transforming the supply chain towards, performance second to none.



Key words of the transformation:

- Continuous improvements with one week Lean events as the core (~ 80 each year)
- Internal Lundbeck people in front of the transformation from the beginning
- Involvement of everyone in the organization
- Strong focus on Lean Leadership development
- Implementation of a Lundbeck Business System to harmonize Lean principles and the improvement culture across the enterprise.

### Recognition

Lundbeck has in 6 years transformed the culture of its supply chain. A transformation that was rewarded in 2008 with the Danish Supply Chain Award – the judges emphasized the level of employee involvement that had created the significant results.

## Cultural enablers

### **Leadership**

In 2007 Lundbeck identified a need for increasing the level of Leadership in the organization to be able to continue the Lean journey with success. A massive Leadership development program targeted for all leadership levels was designed and launched. All managers in the supply chain participated in a 12 days leadership training, over a 9 month period during 2008. The program combined traditional leadership development techniques, with the Lean universe in a unique manner. The result of this investment has been tremendous – the leaders have gone from being the barrier of change to becoming full blown ambassadors of the Lean culture that we want to accomplish. This program has been followed up every year since the start in 2008 with additional leadership modules and learning assignments. In 2011 the leadership program was titled All about People and focused on increasing the understanding of the Lundbeck Business System principles with learning assignment on team level with 100% involvement of the employees.

### **People**

We promote continuous improvements through cooperation between managers and employees with support from Lundbeck Business System Partners who provide knowledge, systems and support to continuous improvements within each Division. In order to learn and get the right approach when defining improvements we are based on facts (data), use PDCA, to find and eliminate problems root-cause analysis (5\*why). We prevent- and address process problems at team control board meetings. If needed, problems are escalated upwards in the organization.

Lundbeck's Health, Safety and Environment (HSE) policy, strategy and procedures makes sure that Lundbeck comply with applicable laws and regulation and aims at keeping Lundbeck as one of the HSE Leaders of the pharmaceutical industry. Lundbeck's corporate HSE System is certified according to the ISO14001 and OHSAS 18001 standards and helps us to maintain our focus on prevention and continuous improvements, as well as to ensure proactive communication of HSE issues.

### **Continuous Process Improvements**

Lundbeck has from the beginning of the Lean transformation used Lean improvement events as the primary tool to incorporate the Lean principles and change the culture of the organization.

Our perception of an improvement is that it is the next step in an infinite number of coming steps towards perfection. We use ideas and Value Stream Analysis to find potentials for new improvements.



We organize our work for flow in a Lundbeck version of flow cells (1 piece flow, std. Work, Pull, 6S and Visual management).

**Enterprise alignment**

In order to improve the overall competitiveness of Lundbeck, Supply Operations & Engineering constantly strive to create **the best supply chain in the pharmaceutical industry**. The foundation for realizing this ambition is success within the three dimensions: People, Reliability, Cost and Quality.

Policy deployment is used throughout Supply Operations and Engineering to make sure that our common vision is broken down in to breakthrough thinking across the organization and that all employees know how they support the creating of the best supply chain in the pharmaceutical industry.

**Results**

Despite of reduced pricing and the Dollar decline impacting the revenue negatively, Lundbeck has managed to reduce production costs, as a percentage of revenue consistently since 2002 from 19% in 2002, to less than 13% in 2010, for internally produced products. This is well below the industry average of 23%. CO2 emissions have been reduced by 25% since 2006 despite of significant volume increases. Lead Time reductions from raw materials to shipped finished goods has resulted in a 50% reduction of group stock value since 2004 (despite of increasing revenue). Reliability has been improved significantly with fill rates above 99.8%. Productivity gains in several areas close to 100% compared to 2005.

**Lundbeck**

Lundbeck's mission is to improve the quality of life for those suffering from psychiatric and neurological disorders.

Lundbeck is dedicated to treat brain disorders. To be specialized and dedicated are pivotal factors for us to distinguish ourselves as the world's best company in this area. Our business is based on research and development that creates new ground-breaking pharmaceuticals. Innovation is the key to success in tomorrow's pharmaceutical market. The cost reductions across the Lundbeck supply chain enables Lundbeck to invest more than 20% (industry average is 16%) of its revenue in R&D and this enables us to bring new and innovative drugs to patients that suffers from CNS diseases.

**Lundbeck highlights**

- Annual revenue 2010*  
DKK 14.765 million (2.8 billion USD)
- Research and development 2009*  
DKK 3.045 million
- Profit from operations 2010*  
DKK 3.357 million
- Net profit for the year 2010*

DKK 2.466 million

**Lundbeck worldwide**

- Parent company: DK
- Production companies: DK, F, MEX, I
- Research units: DK, US
- Subsidiaries/sales units: 56 countries
- Numbers of countries in which Lundbeck's products are registered: >100
- Number of employees: 5.900

**Products**

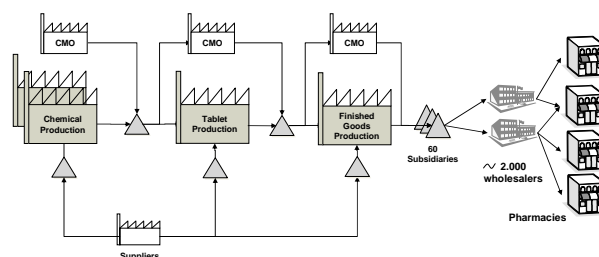
The market for pharmaceuticals to treat brain disorders remains the world's largest pharmaceutical area. According to the most recent IMS data, the market was valued at USD 119 billion in 2009, corresponding to 16% of the global pharmaceutical market.

Lundbeck is broadly represented in the market for pharmaceuticals for the treatment of brain disorders measured in terms of geography as well as disease areas. Our pharmaceuticals for the treatment of depression, anxiety, schizophrenia, epilepsy, Huntington's, Alzheimer's and Parkinson's diseases are currently marketed around the world.

Cipralex®/Lexapro® for the treatment of depression are marketed in more than 100 countries. In May 2010 Cipralex®/Lexapro® achieved an outstanding milestone being the world's no. 1 antidepressant.

**Supply Operations & Engineering**

The Lundbeck Supply Chain



Supply Operations & Engineering is responsible for production and supply of Lundbeck products. The business unit consists of 2 chemical sites (Denmark and Italy) and 3 pharmaceutical sites (Denmark, France and Mexico). There are approximately 1000 employees in Supply Operations and Engineering.

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**For more information:**

<http://www.lundbeck.com/>