Ipsen

2013 Financial Results and Q1 2014 Sales

12ème Forum Midcaps Santé Gilbert Dupont – Mai 2014

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The implementation of the strategy has to be submitted to the relevant staff representation authorities in each country concerned, in compliance with the specific procedures, terms and conditions set forth by each national legislation.

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Safe Harbor

The Group operates in certain geographical regions whose governmental finances, local currencies or inflation rates could be affected by the current crisis, which could in turn erode the local competitiveness of the Group's products relative to competitors operating in local currency, and/or could be detrimental to the Group's margins in those regions where the Group's drugs are billed in local currencies.

In a number of countries, the Group markets its drugs via distributors or agents: some of these partners' financial strength could be impacted by the crisis, potentially subjecting the Group to difficulties in recovering its receivables. Furthermore, in certain countries whose financial equilibrium is threatened by the crisis and where the Group sells its drugs directly to hospitals, the Group could be forced to lengthen its payment terms or could experience difficulties in recovering its receivables in full.

Finally, in those countries in which public or private health cover is provided, the impact of the financial crisis could cause medical insurance agencies to place added pressure on drug prices, increase financial contributions by patients or adopt a more selective approach to reimbursement criteria.

All of the above risks could affect the Group's future ability to achieve its financial targets, which were set assuming reasonable macroeconomic conditions based on the information available today.

Agenda

1	2013 overview
2	2013 performance and Q1 2014 sales
3	US update
4	2014 outlook

2013 operating margin above guidance, despite sales headwinds

	2013 initial guidance(1)	2013 revised guidance(2)	2013 actuals
Specialty Care - Drug sales(*)	[6.0% ; 8.0%]	~ +3.0%	*+3.0%* ✓
Primary Care - Drug sales(*)	[-8.0% ; -6.0%]	~ (1.0)%	*(0.1%)* ✓
Recurring Adjusted(**) operating margin	~ 16.0%	~ 16.0%	*17.0%* ✓

Note: The above sales objectives were set at constant currency

(1) Initial 2013 guidance issued on 27 February 2013
(2) 2013 guidance updated at H1 2013 results following an exceptional situation in China and in the Middle East
(*) Year-on-year sales growth – (**) Prior to non-recurring elements

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2013, acceleration of transformation and major clinical successes

Enhanced R&D delivery and focus	
	Four Phase III programs delivered
	Major step forward in toxin research and Intellectual Property with Syntaxin acquisition and Harvard partnership

Acceleration of transformation	
	Christel Bories appointed Deputy CEO
	Split of Primary and Specialty Care
	New focus on efficiency and cost control (Successful restructuring of French PC and US Dysport® operations)

In 2013, Ipsen delivered four Phase III on Dysport® and Somatuline®

Clinical development phase	Data published	Molecule/Drug
Phase III	Full results	Dysport® Next Generation – CD – Europe ✓
Phase III	Full results	Dysport® AUL Spasticity ✓
Phase III	Full results	Somatuline® in NET tumor control – WW – (CLARINET®) ✓
Phase III	Full results	Somatuline® in NET symptom control – US – (ELECT®) ✓
Phase II	Full results	Dysport® Next Generation – GL – Europe ✓

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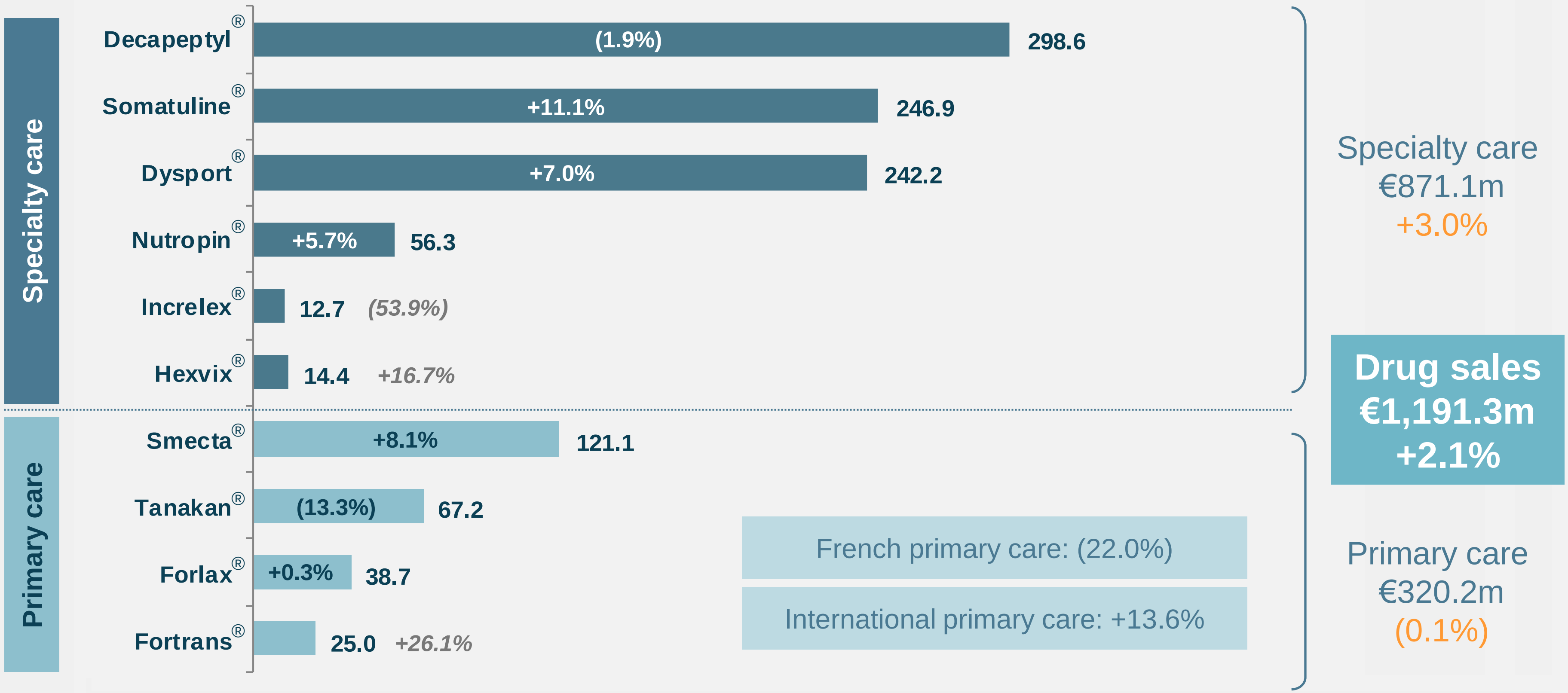
2013 performance

Above EBIT

Specialty care sales growth affected by Decapeptyl® performance and Increlex® shortage

Drug sales – FY 2013 in million euros – % excluding foreign exchange impact



Increlex® resupplied in Europe in 2014

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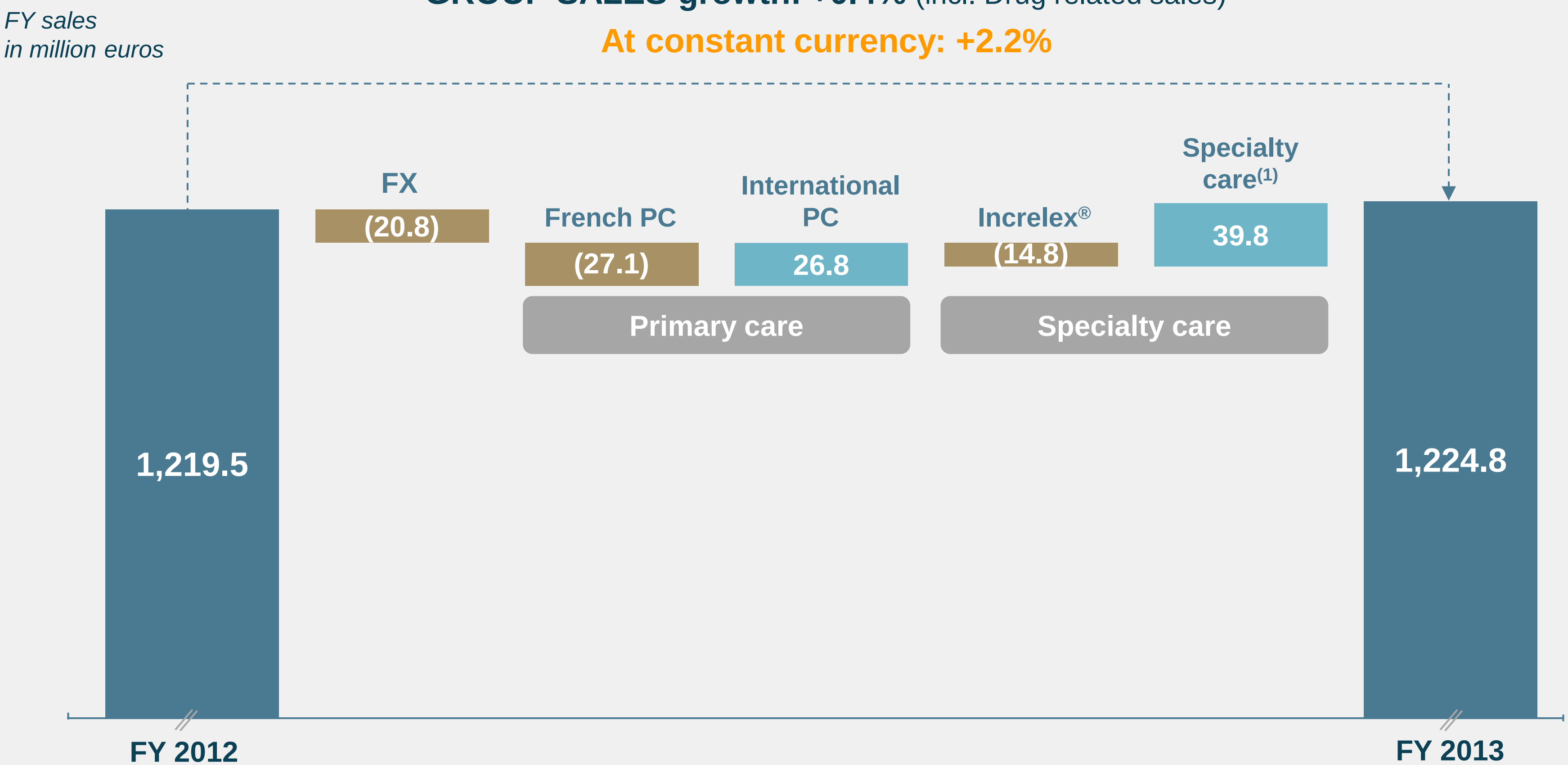
2013 sales driven by international primary care and specialty care

GROUP SALES growth: +0.4% (incl. Drug related sales)

At constant currency: +2.2%

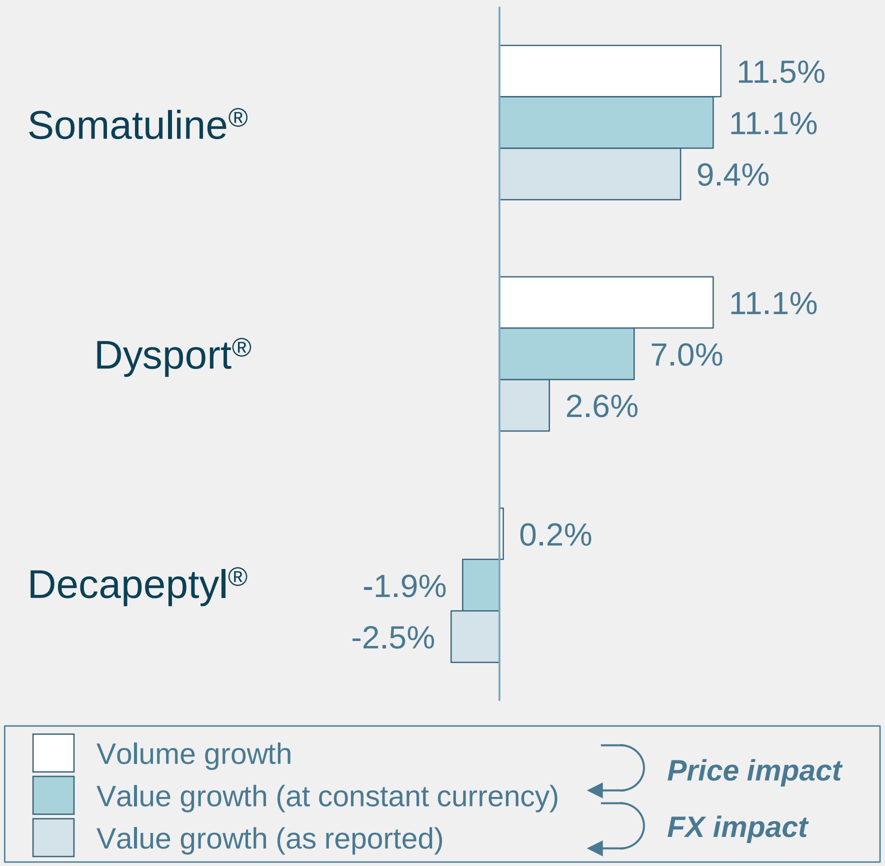


Continued strategic focus on growth drivers

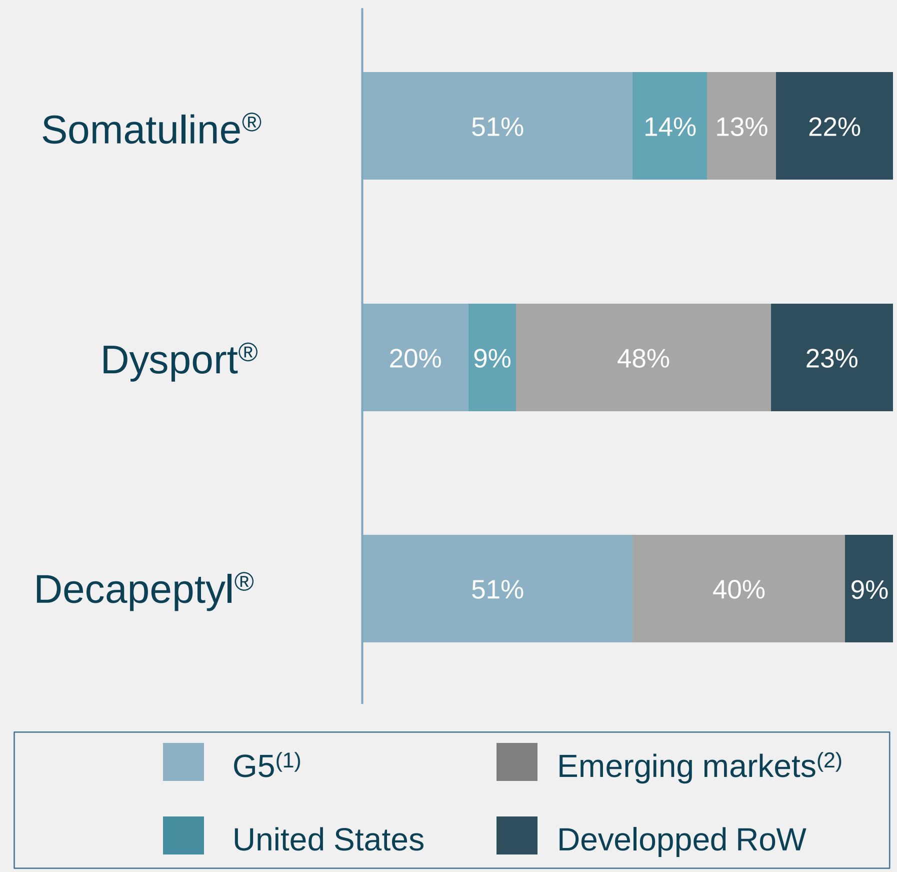
Note: 2012 figures have been restated to provide comparative information between 2012 and 2013
(1) Specialty care excluding Increlex® sales

Specialty care volume growth driven by Somatuline® and Dysport®, affected by Decapeptyl® performance

2013 volume and value growth



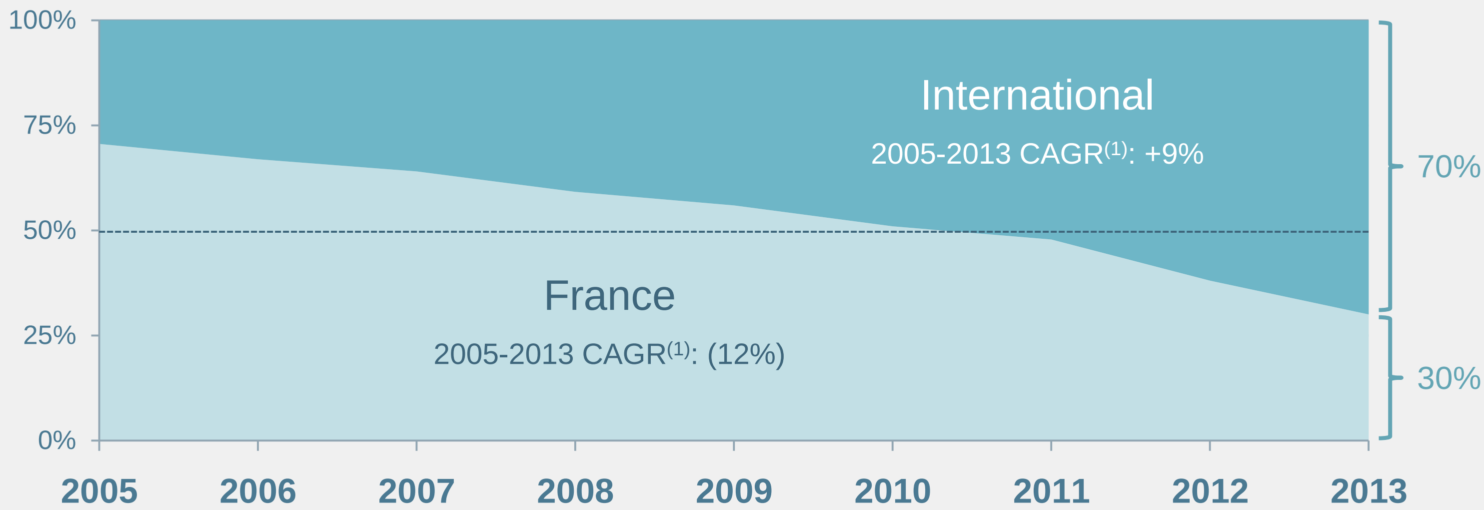
2013 geographic distribution



(1) France, Germany, UK, Italy, Spain – (2) Notably includes China, Russia and Brazil

Dynamic international growth, France now down to 30% of primary care sales

Evolution of Primary care sales



Primary care sales in M€[2]	384	390	393	383	380	364	368	325	320

Two 7.5% consecutive price cuts on Smecta® in France in 2014

Remaining overhang: Risk of Smecta® generic in France

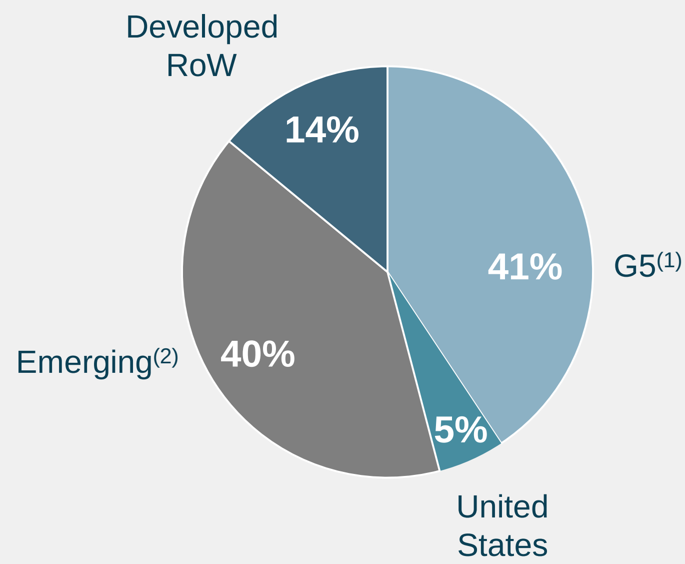
[1] Compound Annual Growth Rate – [2] At current exchange rates

Ipsen growth fuelled by a differentiated emerging market footprint, soon to be supported by the US

Ipsen largest affiliates

	2010	2013
1	France	France
2	China	China
3	Italy	Russia
4	Spain	Italy
5	Russia	Germany
6	Germany	UK
7	US	Spain
8	UK	US
9	Brazil	Brazil
10	Algeria	Algeria

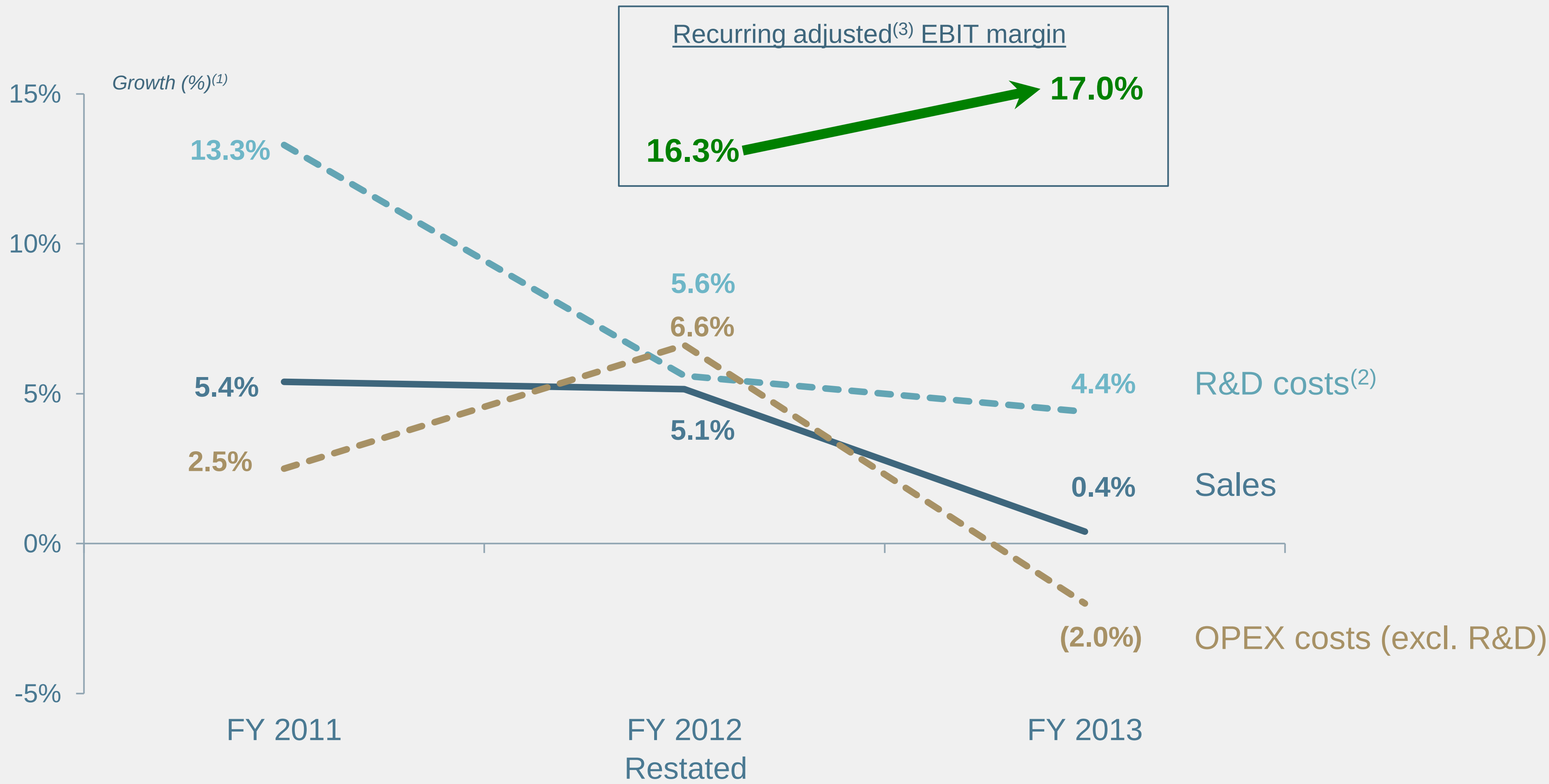
Ipsen geographical split



Ipsen among the pharma companies with the strongest presence in emerging markets

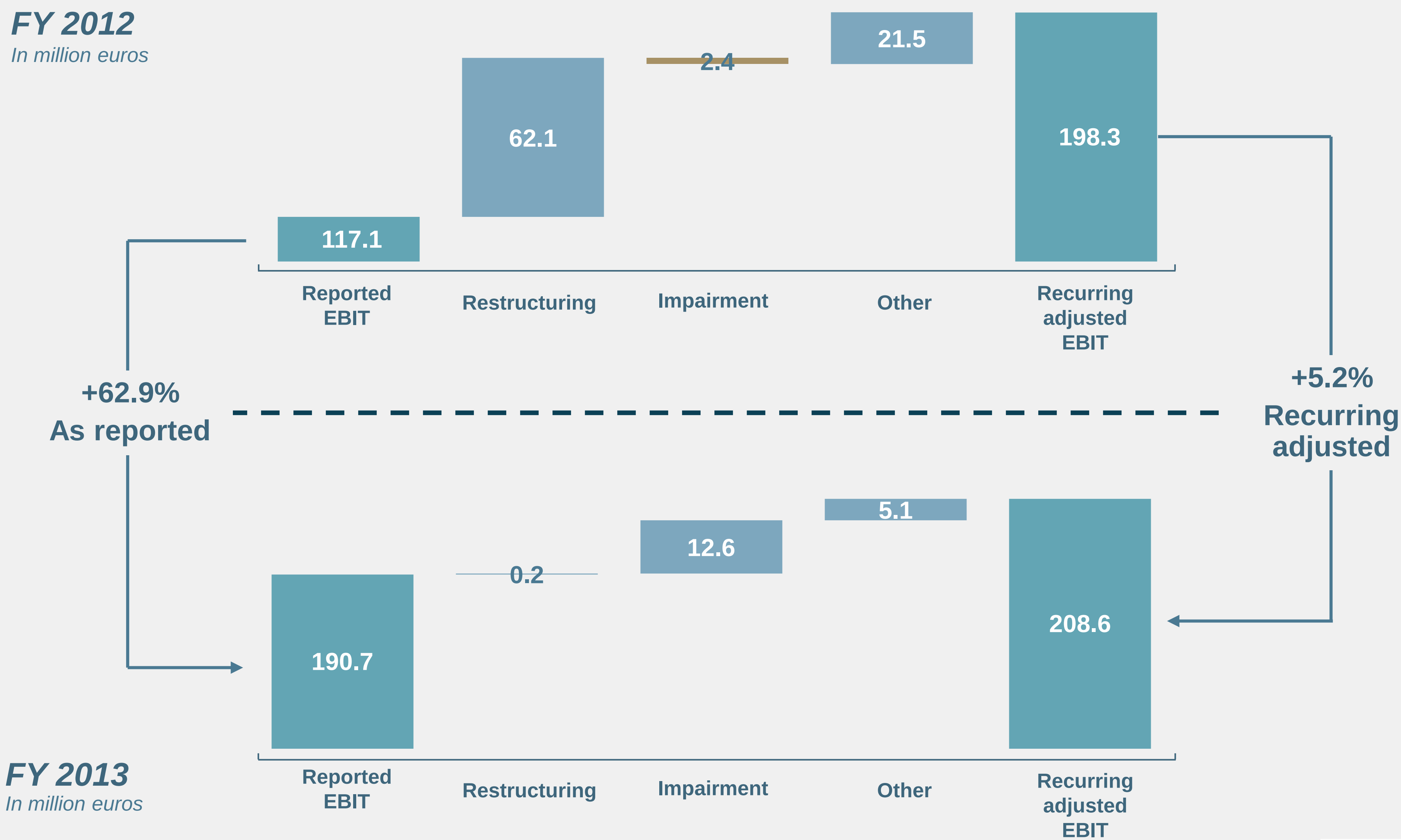
(1) France, Germany, UK, Italy, Spain – (2) Notably includes China, Russia and Brazil

In the context of 2013 lower sales growth, tight Opex control allowed to finance R&D while growing EBIT margin



Note: 2012 figures have been restated to provide comparative information between 2012 and 2013
(1) As reported – (2) Restated from OBI-1-related costs – (3) Prior to non-recurring elements

From reported to Recurring adjusted Operating Income



Note: 2012 figures have been restated to provide comparative information between 2012 and 2013

2013 performance
Below EBIT

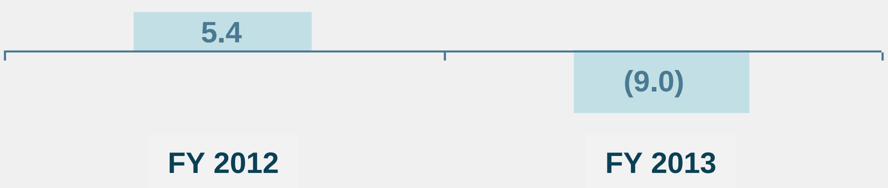
P&L summary

in m€	FY 2012 restated*	FY 2013	Change
Net sales	1,219.5	1,224.8	*+0.4%*
Other revenues	57.9	57.0	*(1.5)%*
Revenue	1,277.4	1,281.8	*+0.3%*
Cost of goods sold	(254.3)	(253.4)	*(0.4)%*
Research and development expenses	(248.2)	(259.1)	*+4.4%*
Selling expenses	(473.0)	(451.3)	*(4.6)%*
General and administrative expenses	(99.1)	(103.8)	*+4.8%*
Operating income	117.1	190.7	*+62.9%*
Operating margin	*9.6%*	*15.6%*	
Recurring adjusted(1) operating profit	198.3	208.6	*+5.2%*
Recurring adjusted(1) operating margin	*16.3%*	*17.0%*	
Financial Result	5.4	(9.0)	*N/A*
Income taxes	(25.2)	(39.6)	*N/A*
Consolidated profit	(27.5)	153.1	*N/A*
Recurring adjusted(1) EPS – fully diluted (€)	1.76	1.85	*+5.1%*

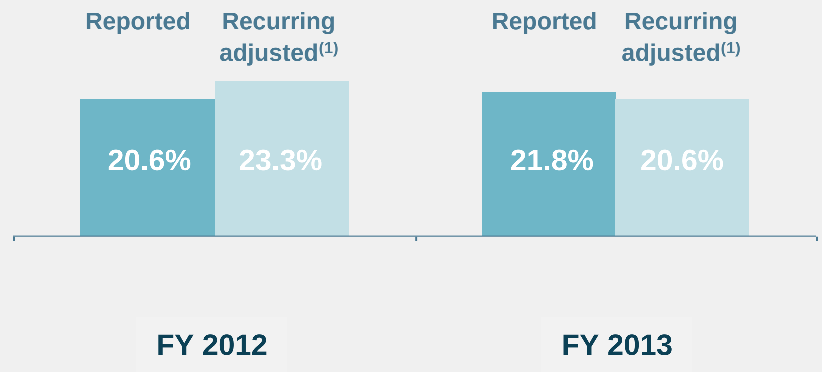
Note: 2012 figures have been restated to provide comparative information between 2012 and 2013
(1) Prior to non-recurring elements

Main P&L items: Below operating income

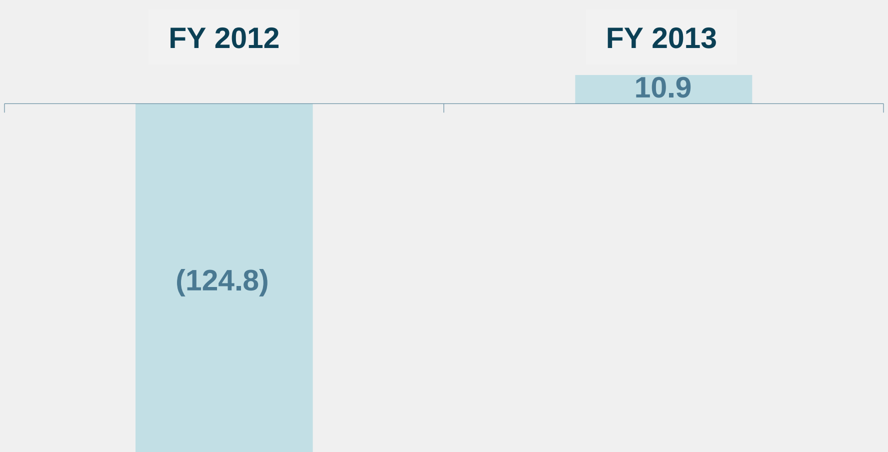
Financial Result (€m)



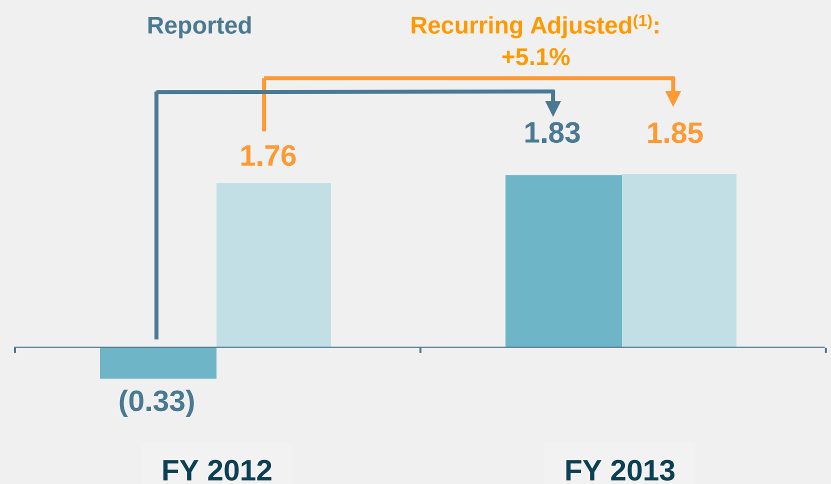
Effective tax rate



Net income from discontinued operations (€m)



EPS (€)



Note: 2012 figures have been restated to provide comparative information between 2012 and 2013
(1) Prior to non-recurring elements

Balance sheet evolution

ASSETS

in m€	FY 2012 Restated	FY 2013
Goodwill	298.2	310.7
Investments in associates	0.0	0.0
Property, plant and equipment	281.8	287.5
Other intangible assets	129.2	144.8
Other non current assets	246.3	220.5
Non-current assets	**955.5**	**963.5**
Current assets	**606.3**	**601.8**
Incl. Cash and cash equivalents	113.6	131.0
Total Assets	**1,561.9**	**1,565.3**

LIABILITIES

in m€	FY 2012 Restated	FY 2013
Capital and reserves	902.5	971.5
Minority interest	2.0	2.2
Total equity	**904.5**	**973.7**
Provisions	68.3	90.7
Other financial liabilities	18.4	19.1
Other non current liabilities	133.8	105.6
Non-current liabilities	**220.4**	**215.4**
Current liabilities	**437.0**	**376.2**
Total Liabilities	**1,561.9**	**1,565.3**

Note: 2012 figures have been restated to provide comparative information between 2012 and 2013

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Solid cash flow generation

in m€	FY 2012 Restated	FY 2013
Consolidated net profit	**(27.5)**	**153.1**
Non cash and non operating items	177.6	56.2
of which Depreciation, amortization, provisions	70.2	25.7
of which Impairment losses	123.1	12.6
of which Change in deferred taxes	(24.1)	8.2
Cash flow from operating activities before changes in working capital	**171.8**	**209.3**
Net change in other operating assets & liabilities	(27.6)	(21.1)
Net cash flow generated by operating activities	**144.2**	**188.1**
Purchase of tangible and intangible assets	(82.8)	(88.6)
Other	(17.4)	(15.1)
Net cash flow used in investing activities	**(100.2)**	**(103.7)**
Dividends paid	(67.5)	(66.9)
DIP and other	(5.7)	(9.6)
Net cash used in financing activities	**(73.2)**	**(76.5)**
Opening cash position	**144.8**	**113.3**
Change in cash and FX	(31.5)	12.1
Closing cash position	**113.3**	**125.4**

Operating cash flow up 30% in 2013

Note: 2012 figures have been restated to provide comparative information between 2012 and 2013

2013: Key financial achievements

Group sales up 2.2%[(1)]

Strong Recurring Adjusted[(2)] Operating margin of 17%[(3)]

Net profit of €153.1m versus a (€27.5m) loss in 2012

Robust Recurring Adjusted[(2)] EPS of €1.85, up 5.1% year-on-year

Sound operating cash flow generation

Closing cash balance of €125.4m

Proposed dividend of €0.80 per share, stable year-on-year

Note: 2012 figures have been restated to provide comparative information between 2012 and 2013
[(1)] Excluding foreign exchange impact – [(2)] Prior to non-recurring elements – [(3)] In percentage of sales

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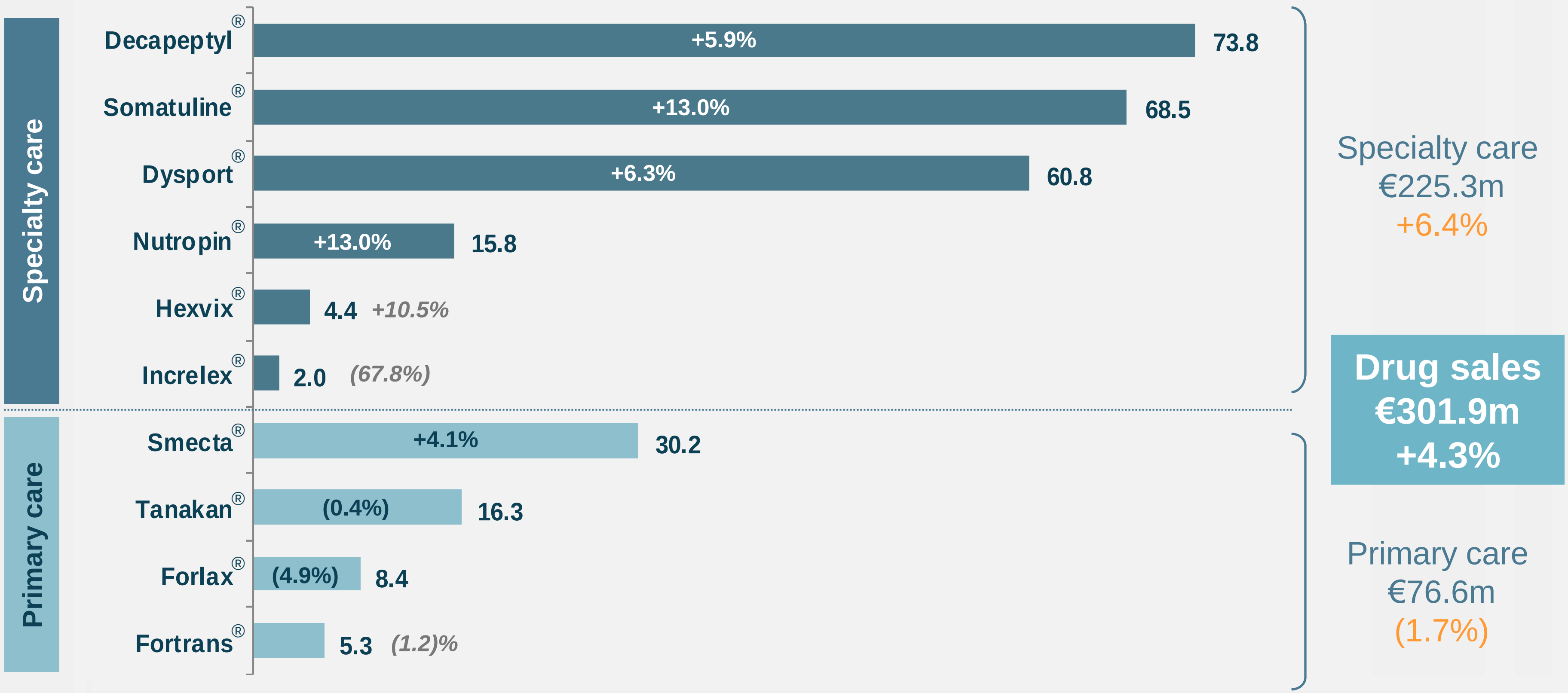
Q1 2014 sales

In Q1 2014, strong specialty care performance driven by Somatuline® and return to growth of Decapeptyl®

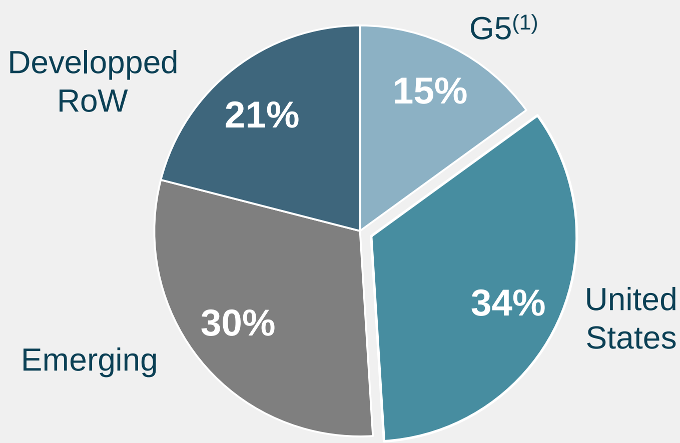
Drug sales – Q1 2014 in million euros – % excluding foreign exchange impact



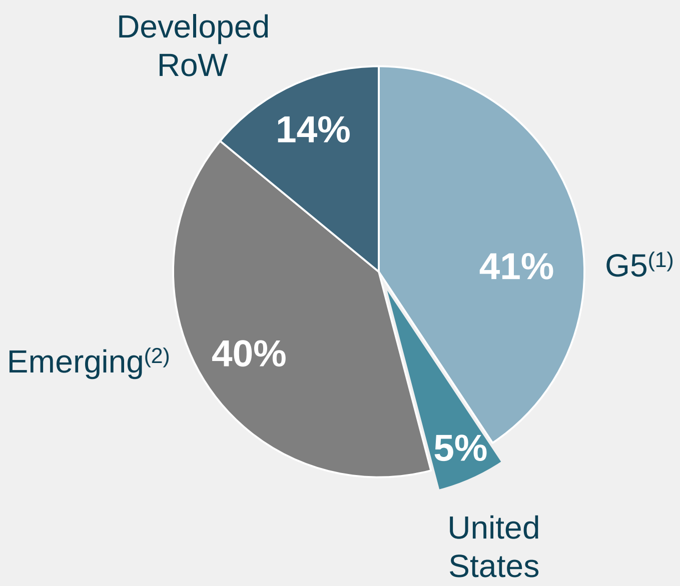
US update

Increasing US presence, a strategic priority

Global Pharma Market(*)



Ipsen 2013 sales



US under-represented in Ipsen sales

Reaching critical mass in the US is key to drive Group profitability

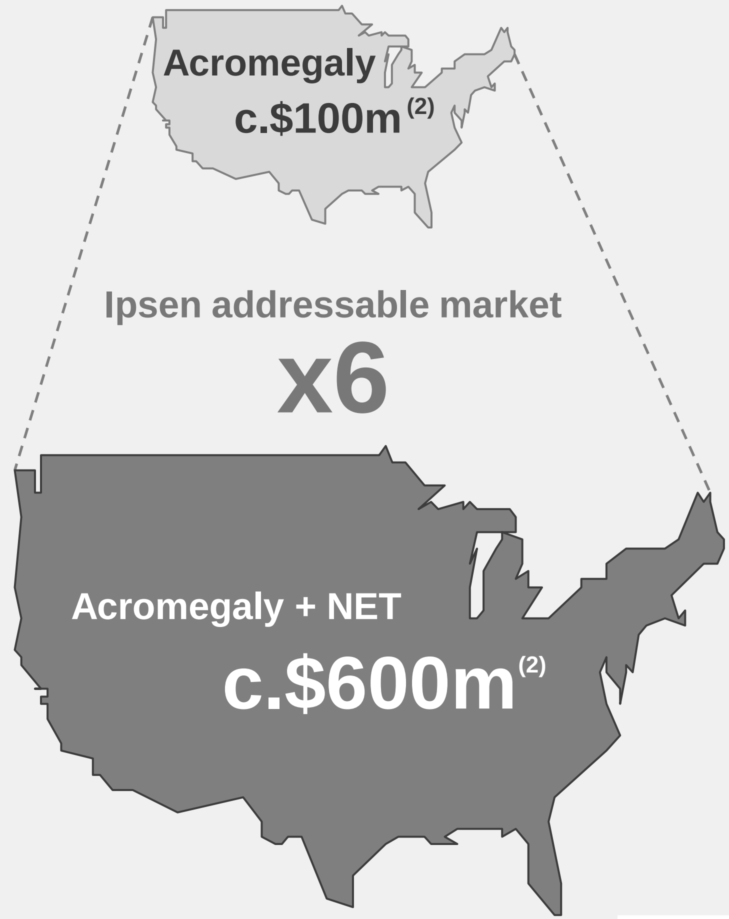
(1) France, Germany, UK, Italy, Spain – (2) Notably includes China, Russia and Brazil
(*) Source: Ipsen estimates and IMS Health Market Prognosis, September 2013 (US$ spending with variable exchange rates)

Somatuline® well positioned in the US to seize significant NET opportunity

Favorable competitive position

- Differentiated NET data package with CLARINET®
- Strong position gained in acromegaly[1] with ~ 50% market share
- Differentiated product/presentation
- Long acting formulation setting barrier for potential new entrants

Potential addressable market (2013)



[1] Somatuline® market share in acromegaly SSA market – [2] Ipsen 2013 estimates (SSAs only)

Ipsen to launch Somatuline® in NET indication in the US to capture full value

Rationale	Impact
Secure long term value	▪ Expected maximum incremental annual cost of €[30-40]m
Secure Ipsen US strategic presence	▪ US breakeven[1] postponed to 2017
Build long term presence in US oncology	
Maintain full control over decisions	
Leverage global product expertise	

[1] *Commercial contribution, excluding revenues from Valeant Pharmaceuticals Intl Inc. and Increlex® sales*

Cynthia Schwalm to manage US operations and secure Somatuline® NET launch

Cynthia Schwalm

- 30 years of experience in oncology and neurology
- In-depth knowledge of the American pharmaceutical market
- Appointed Head of Ipsen's US Endocrinology/Oncology Business Unit
- To become US General Manager as of mid-August 2014

Key challenges

- Build US oncology sales force
- Secure Somatuline® GEP NET label
- Manage Increlex® shortage

Ipsen committed to succeed in the US

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2014 outlook

2014 financial objectives

Specialty care – Drug sales	Growth of +4.0% to +6.0%, year-on-year
Primary care – Drug sales	Decline of -2.0% to 0.0%, year-on-year
Recurring Adjusted(1) operating margin	Between 16.0% and 17.0% of sales

Specialty care – Drug sales:
- *Driven by normalization of situation in China, in a context of continued pricing pressure and uncertainty on Increlex® US resupply*

Primary care – Drug sales:
- *Excluding the launch of a Smecta® generic in France*

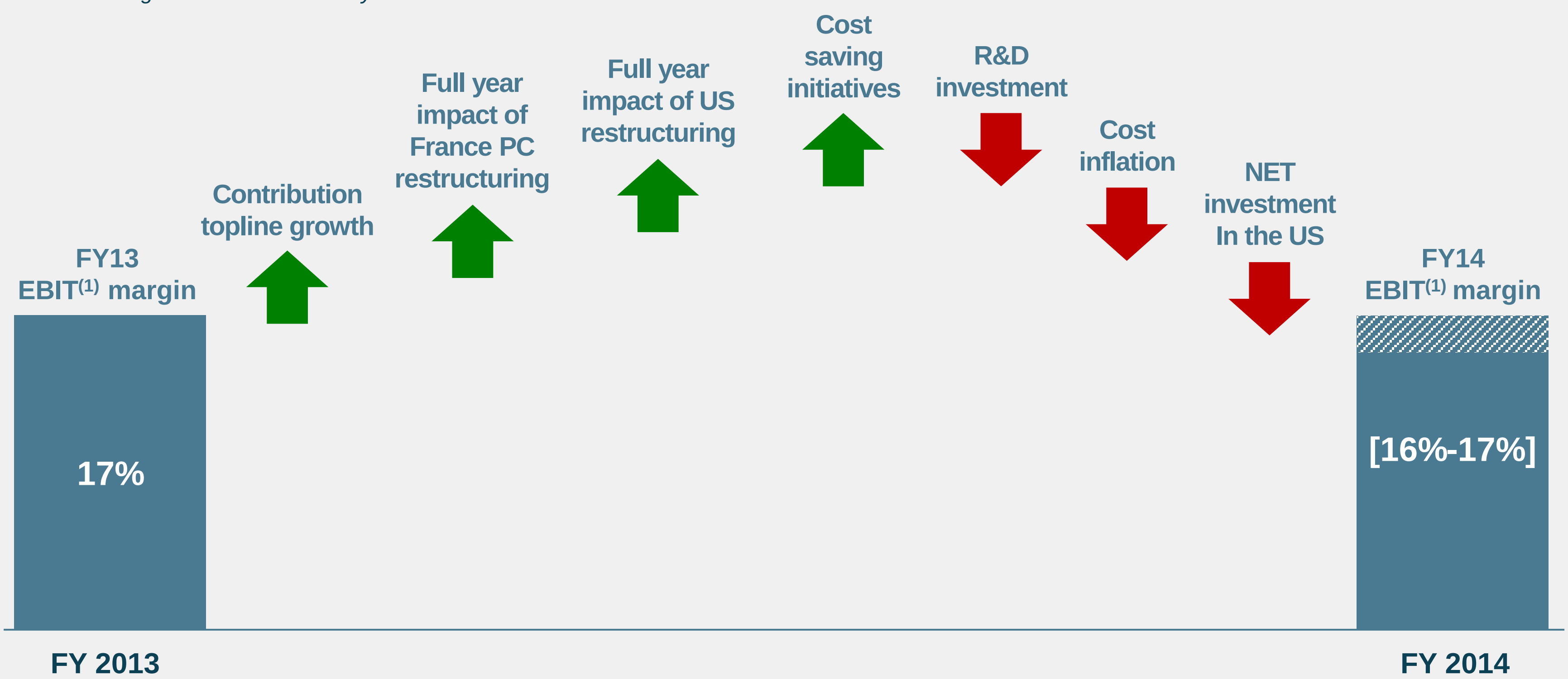
Recurring Adjusted(1) operating margin:
- *In 2014, Ipsen will continue to implement operating efficiency measures*
- *The Group notably strives to limit the profitability impact of launching Somatuline® NET in the US*

Note: All the above objectives are set at constant currency and exclude major negative unforeseeable events, for instance the deterioration in the economic environment in Ukraine
(1) Prior to non-recurring elements

Moving parts to impact 2014 EBIT

Illustrative chart

Evolution of EBIT margin at constant currency



Improved cost control to offset cost inflation and NET US investment

Note: The chart is for illustrative purposes only

(1) Recurring adjusted (i.e. prior to non-recurring elements)

Major R&D and regulatory milestones to come in 2014

	H1 2014	H2 2014	2015
R&D	Tasquinimod mCRPC PhIII results (PFS and OS data)		TasQ maintenance study PhIIa (POC) results
	Dysport® NDO Full PhII data	Tasquinimod (HCC, RCC, Gastric & Ovarian) PhII results(1)	
	Dysport® NG PhIII (CD) and PhII (GL)	Dysport® PLL PhIII topline data	Dysport® PUL PhIII topline data
	Dysport® AUL Full PhIII data	Dysport® ALL PhIII topline data	Dysport® AUL US launch
Regulatory/ Commercial		DNG regulatory feedback	
		Dysport® AUL US filing	
	Somatuline® GEP NETs WW filing	Somatuline® GEP NETs Preparation for US launch	Somatuline® GEP NETs WW launch

Note: NDO: Neurogenic Detrusor Overactivity, GL: Glabellar Lines, CD: Cervical Dystonia, AUL: Adult Upper Limb, HCC: Hepatocellular Carcinoma, RCC: Renal Cell Carcinoma, PLL: Pediatric Lower Limb, ALL: Adult Lower Limb, PUL: Pediatric Upper Limb – (1) Provided that all futility analyses are completed

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In 2014, continued business development efforts to complement organic growth

Areas of focus

Commercial deals

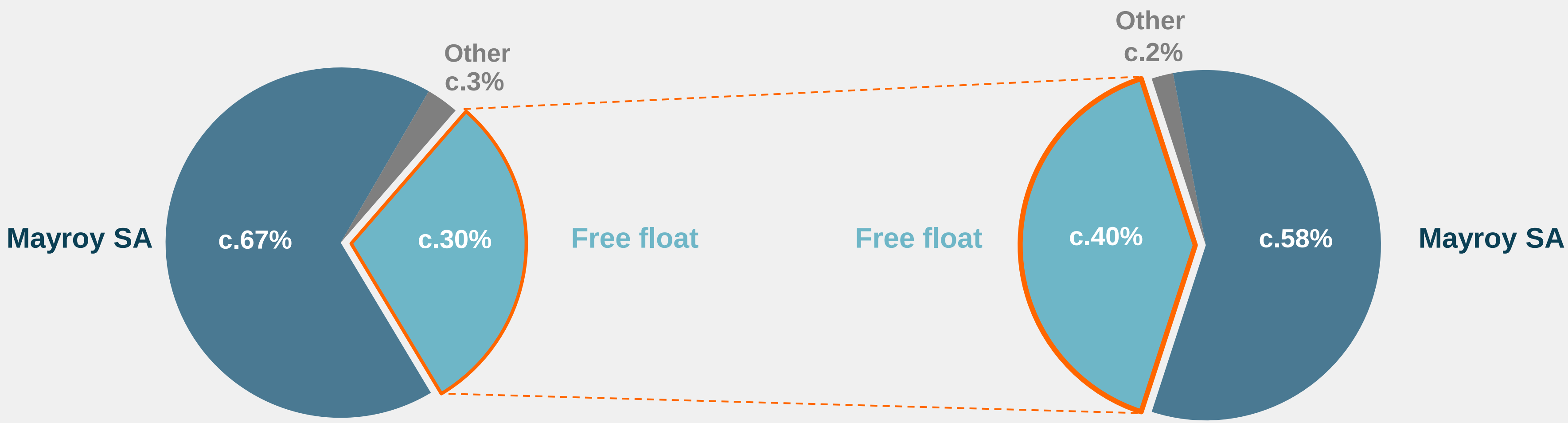
- In-licensing or acquisition of marketed drugs
- Acquisition of small companies
- Various geographies targeted, notably the US

R&D deals

- Late stage compounds (Phase III) in various therapeutic areas
- Early stage compounds (Phase I and II) with a potential for breakthrough innovation

Significant increase in free float with Mayroy's sale of 7% of Ipsen's share capital to finance exit of Véronique Beaufour

Ipsen share capital before placement	Ipsen share capital(1) after placement



Véronique Beaufour not involved in Ipsen's strategy/management

Ipsen purchased 1% of its share capital via the placement

Enhancement of Ipsen's liquidity

(1) Taking into account the cancellation of the 842 542 Ipsen shares purchased via the placement and the cancellation of the 800 000 shares purchased as part of the program announced on 6 November 2013

Key takeaways

2013	**Strong operating performance and major clinical successes setting the stage for future growth**
2014	**TasQ phIII clinical results, preparation of NET US launch and continued operating efficiencies**

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