Ipsen

2014 Financial Results

3 March 2015

IPSEN
Innovation for patient care

Disclaimer

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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.

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	2014 key achievements	▶	**Marc de Garidel** *Chairman and CEO*
2	2014 operating performance	▶	**Christel Bories** *Deputy CEO*
3	2014 financial performance	▶	**Aymeric le Chatelier** *CFO*
4	Strategy update and 2015 outlook	▶	**Marc de Garidel** *Chairman and CEO*

2014 key achievements

Marc de Garidel
Chairman and CEO

2014 key achievements

Strong sales growth at the top end of guidance range
with Specialty care up 9.9% and Primary care returning to growth, up 0.5%

Good cost control with Core Operating Income margin of 20.4%(1), above objective

Proposed 6% increase in dividend to €0.85 per share (c.€70m)

Somatuline® GEP-NET(2) approved in the US and filed in Europe

Long-term agreement with Galderma to maximize
neurotoxins potential in aesthetics & therapeutics

BD paying off with in-licensing of Telotristat etiprate and Canbex acquisition option

Note: Sales growth a constant currency – 2013 figures have been restated to provide comparative information between 2013 and 2014
(1) As a percentage of sales – (2) GEP NET: Gastro entero pancreatic neuroendocrine tumors

Ipsen well positioned in a fast changing pharma environment

	Industry trends	*Ipsen's strategy*
1	**Geographic shift from developed countries to emerging markets**	**Specialty pharma with a strong emerging market footprint**
2	**Flattening R&D spend and increased externalization**	**Flexibilization of R&D and culture of partnerships**
3	**M&A as way to reduce risk and improve R&D productivity**	**Continued BD efforts to complement organic growth**
4	**Major patent expirations increasing generic risk**	**Highly specialized drugs little exposed to generics**
5	**Patients express their opinions about their diseases and treatments**	**Strong scientific reputation, partnering with patients groups**

Ipsen's strategy to focus on a limited number of therapeutic areas while increasing global presence

Global leader in targeted debilitating diseases

Increase Focus	Invest to Grow	Leverage Footprint
Endocrinology/NET	Peptides	United States
Neurology	Toxins	Emerging Markets
Urology-Oncology	Business development	Europe

Transformation

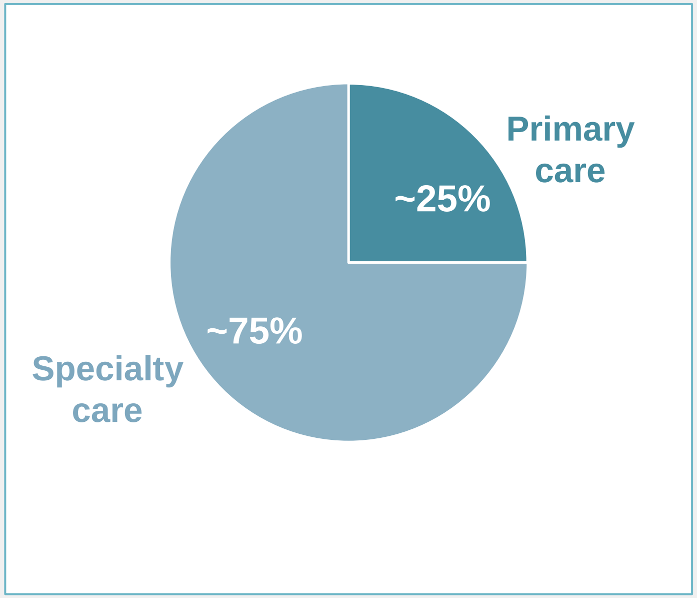
Lean organization	*Process simplification*	*Cost control*

2014 operational performance

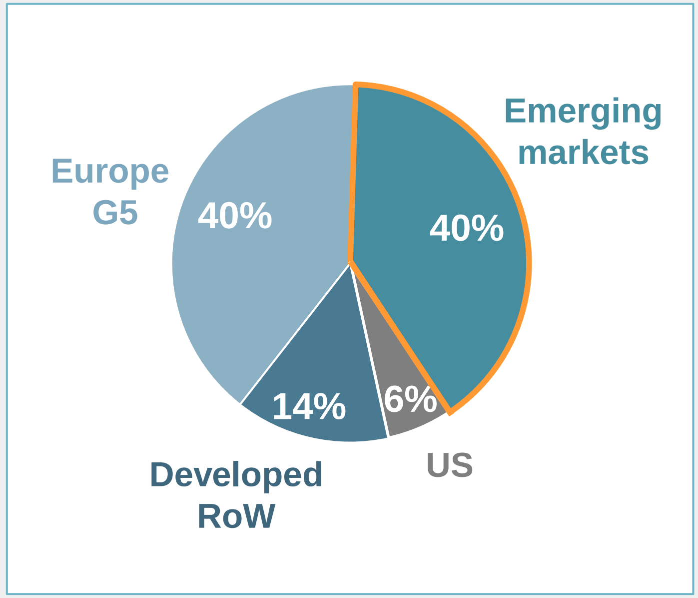
Christel Bories
Deputy CEO

Ipsen, a specialty pharma with a strong emerging market footprint

2014 sales by segment



2014 sales by geography



Top 5 affiliates

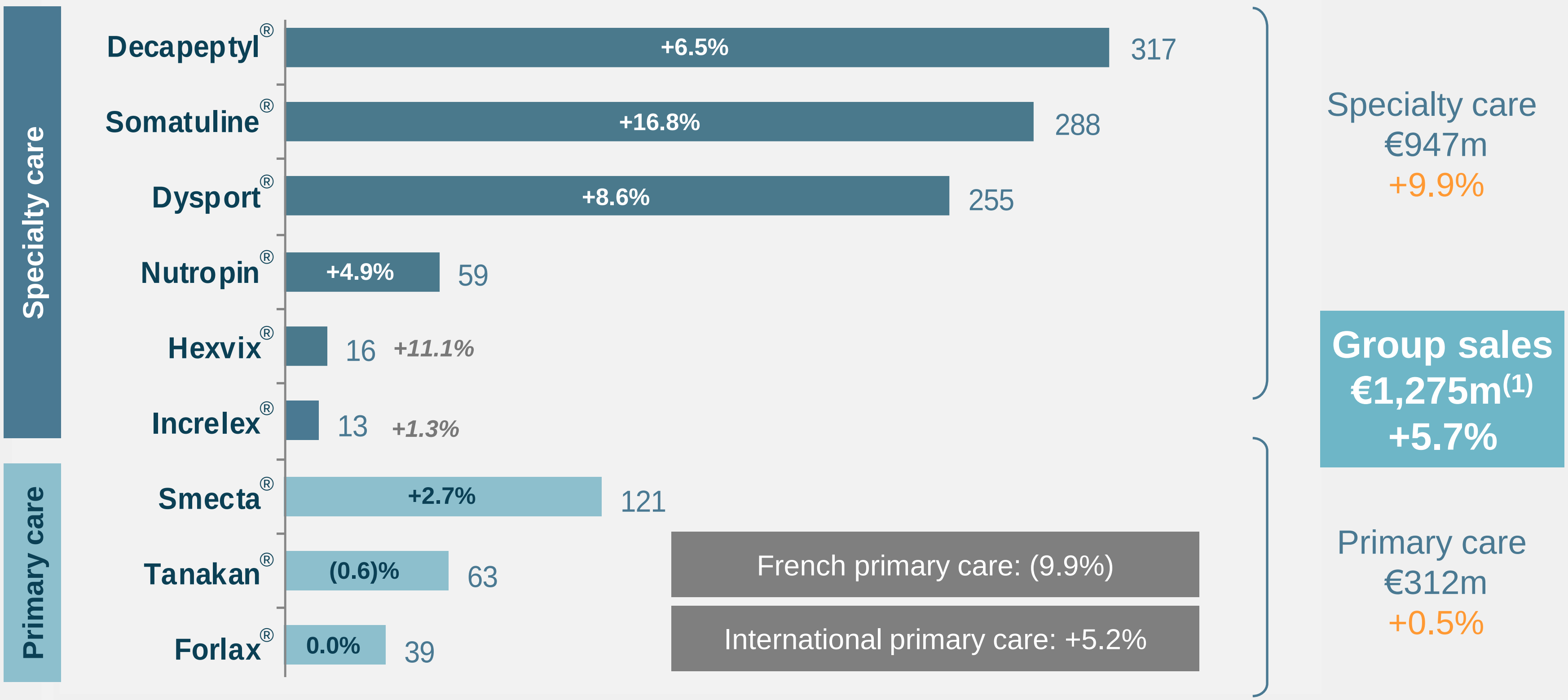
1. France
2. China
3. Germany
4. Russia
5. US

One of the largest emerging markets presence in the industry

US to support future growth

2014 - Strong base business

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



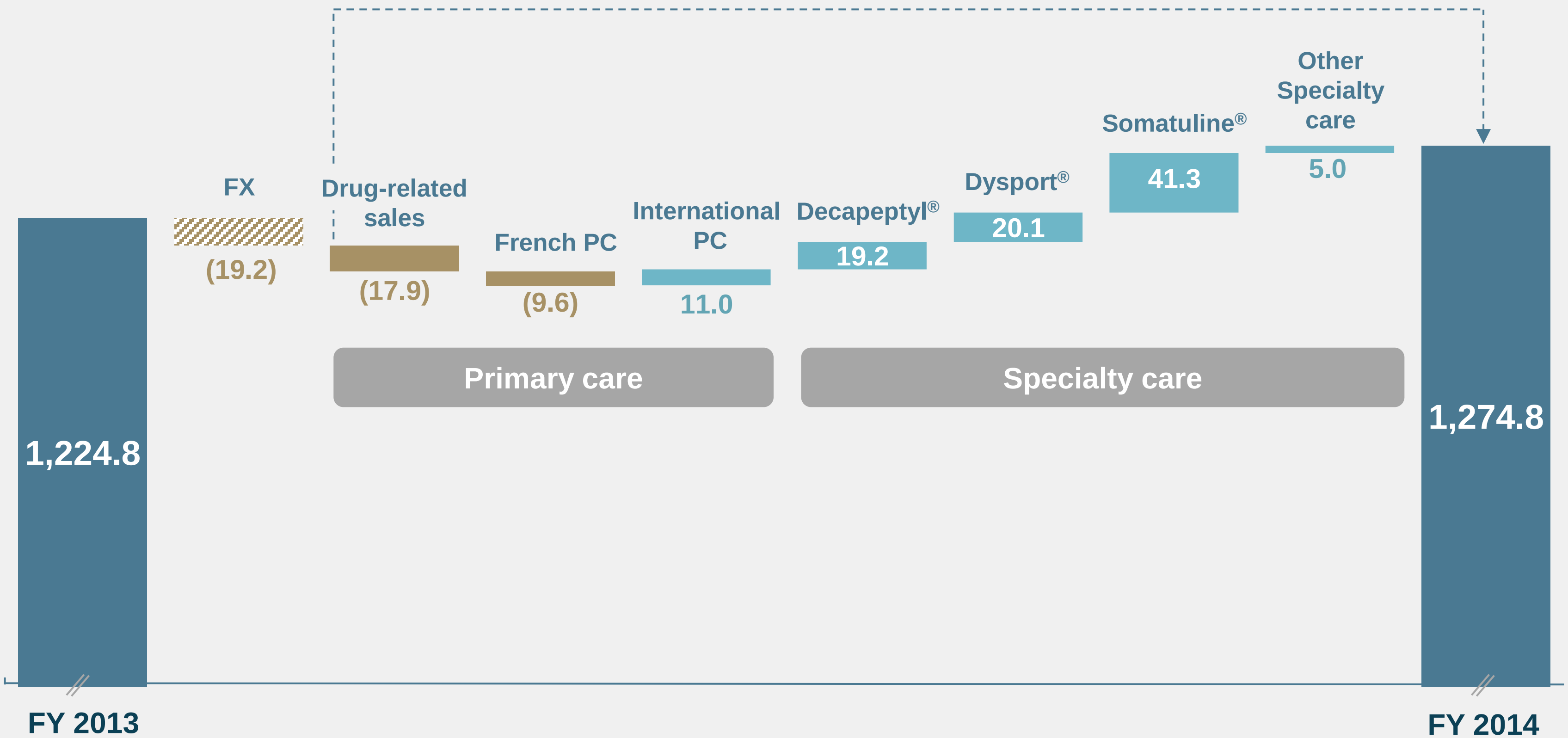
Increlex® resupplied in Europe in January 2014 and in the US in June 2014

(1) *Includes €15.9m of Drug-related sales*

2014 sales driven by specialty and international primary care

FY sales
in million euros

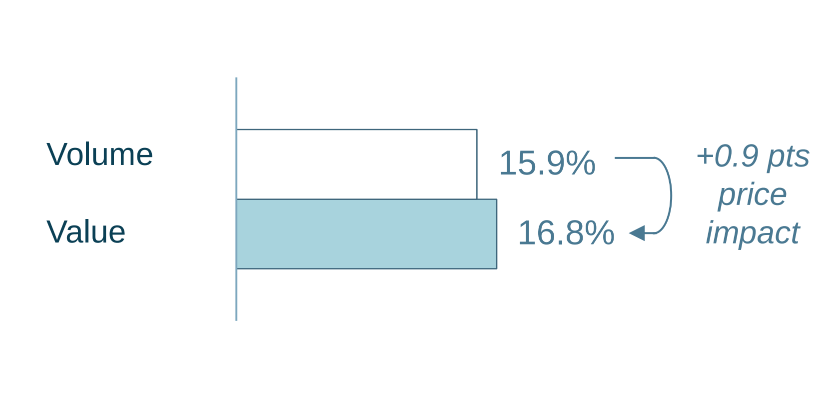
Group sales growth: +5.7% (€69.2m) at constant currency



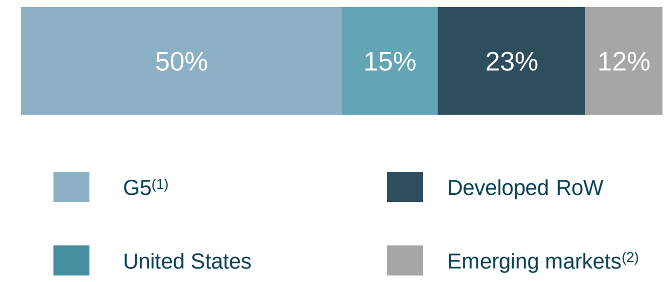
Somatuline®, Group's main driver of growth

Somatuline® 2014 performance showing acceleration of sales

Volume and value growth (cst FX)



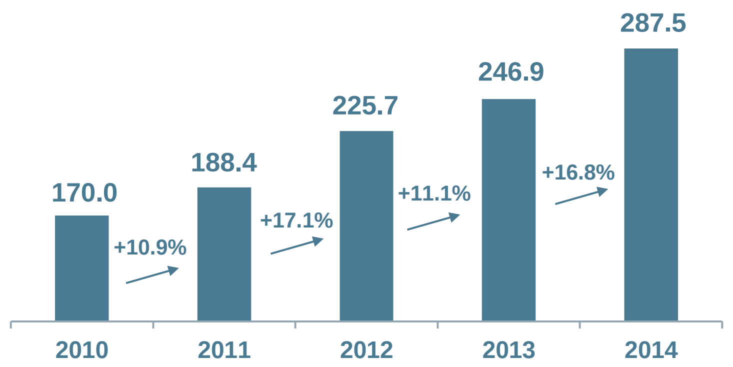
Geographic distribution (2014)



2014 performance

- Overall acceleration of growth due to Clarinet® data
- Increased market share in Europe
- Price increase in the US
- Launch preparation in the US with FDA NET approval

5-year growth (cst FX)

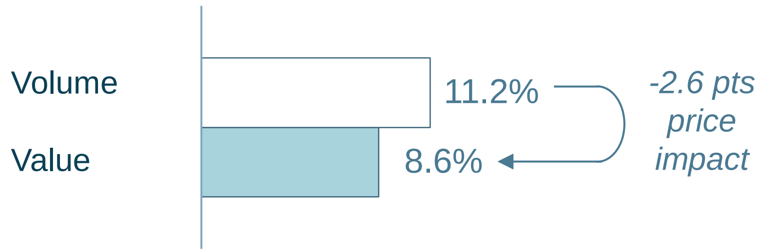


Somatuline® to benefit from US and Europe NET launch

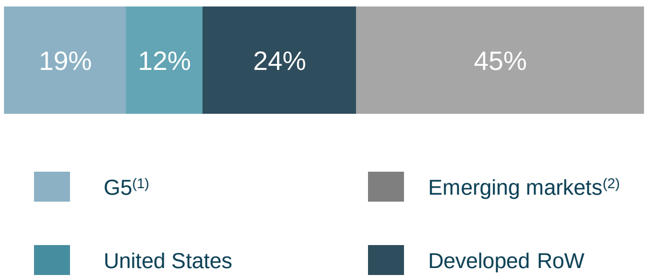
(1) France, Germany, UK, Italy, Spain – (2) Notably includes China, Russia and Brazil

Dysport® 2014 performance driven by solid aesthetics growth

Volume and value growth (cst FX)



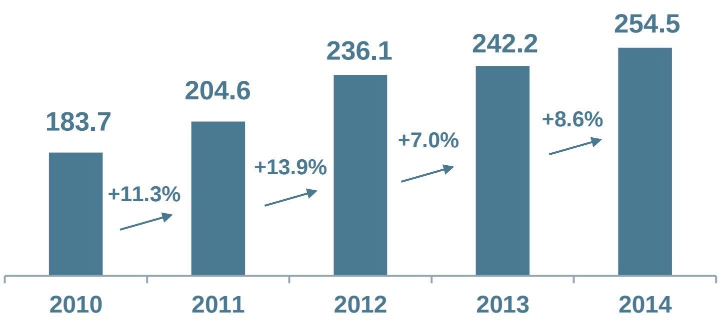
Geographic distribution (2014)



2014 performance

- Solid underlying aesthetics market growth
- Exceptional Galderma orders in the US
- Increased competition in Europe

5-year growth (cst FX)

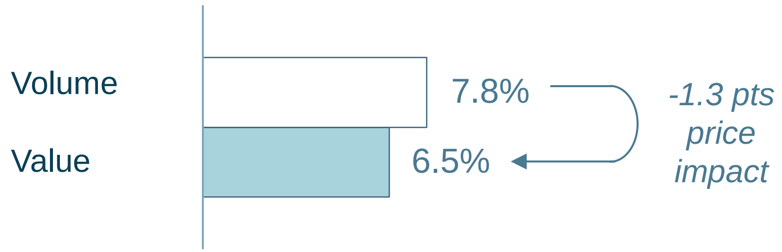


Dysport® growth driven by aesthetics and emerging markets

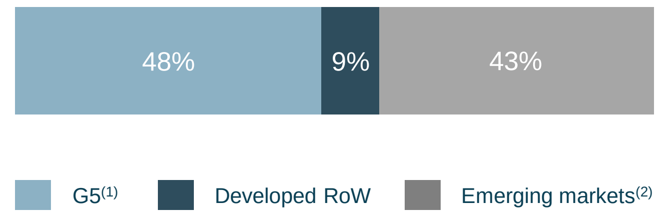
(1) France, Germany, UK, Italy, Spain – (2) Notably includes China, Russia and Brazil

2014 Decapeptyl® performance, a rebound after difficult 2013

Volume and value growth (cst FX)



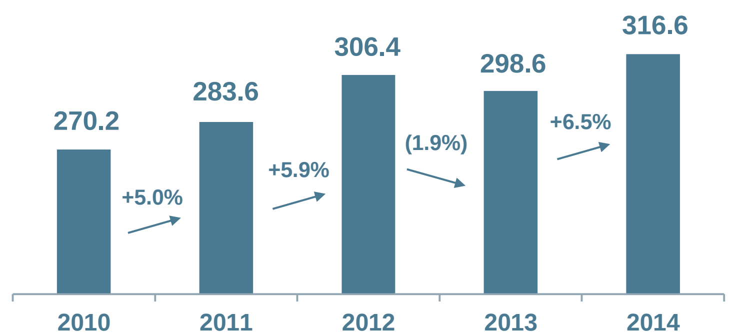
Geographic distribution



2014 performance

- Rebound after difficult year 2013
- Return to growth in Middle East and China
- Future growth to be driven by emerging markets
- Continued price pressure in Europe, except Germany

5-year growth (cst FX)

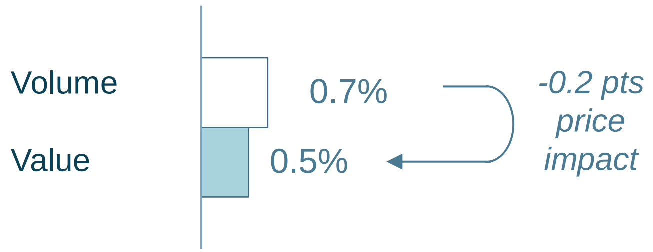


Decapeptyl® driven by emerging market growth

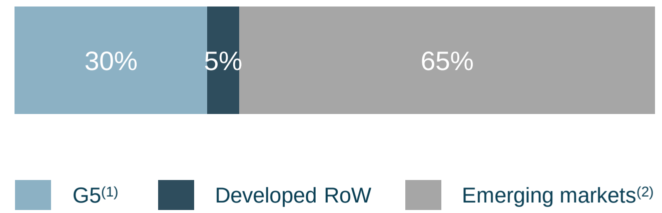
(1) France, Germany, UK, Italy, Spain – (2) Notably includes China, Russia and Brazil

Primary care resilient thanks to emerging market growth

Volume and value growth (cst FX)



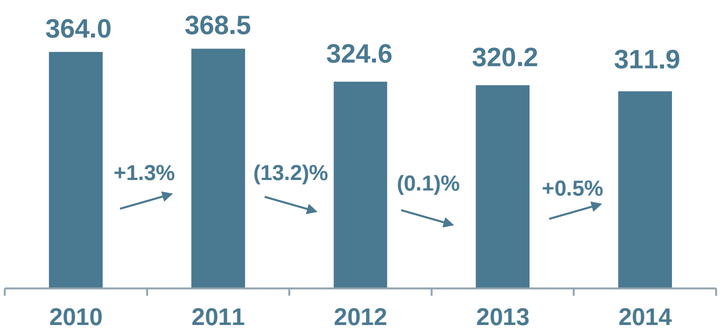
Geographic distribution



2014 performance

- France under pressure with two 7.5% price cuts on Smecta® and launch of Tanakan® me-too
- International growth driven by solid performance in China, Algeria and Russia

5-year growth (cst FX)



Pressure in France expected to continue, emerging markets to drive growth

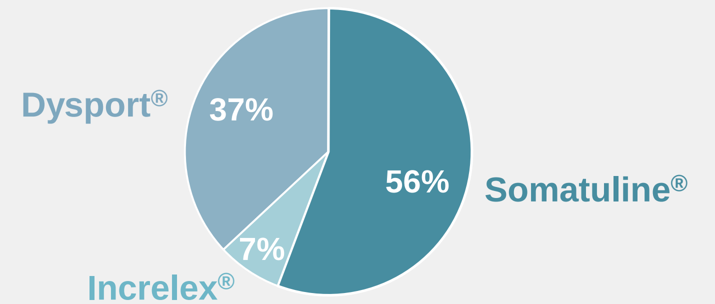
[1] France, Germany, UK, Italy, Spain – [2] Notably includes China, Russia and Brazil

Turnaround of the US operations

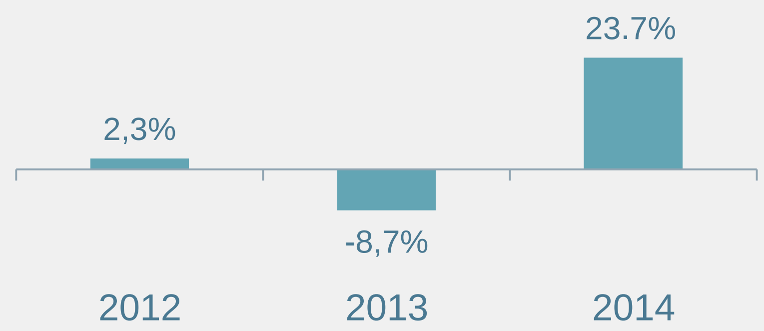
US situation

- Somatuline® up 28% yoy, thanks to Clarinet results
- Dysport® up 38% yoy, helped by exceptional Galderma orders
- Accelerated FDA approval of Somatuline® in GEP-NETs
- New management team in place & buildup of a 100 people oncology organisation
- Approval of new batch of Increlex® guarantees supply for 2015
- US back to positive operational results before extra costs for NET launch

Sales split



Sales growth(1)



The US, a significant growth driver for the Group

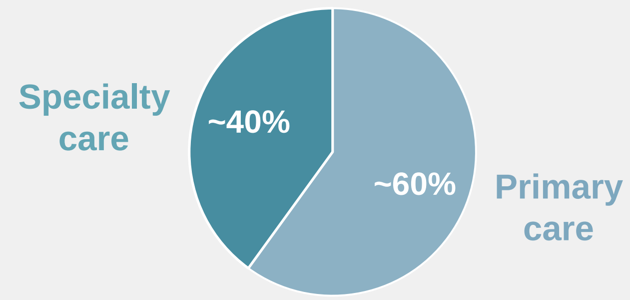
(1) Constant currency

Russia, slow growth in a deteriorated economic environment

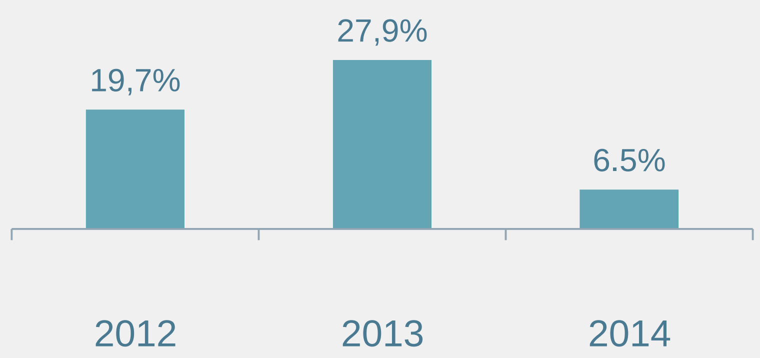
Russia situation

- Deterioration of economic environment in H2:
  - Sales growth slowdown
  - Ruble devaluation
- Active management of cash collection and costs
- Resilience of product portfolio

Sales split



Sales growth(1)



Ipsen strongly committed to Russia despite significant uncertainties to remain in 2015

(1) *Constant currency*

Focus strategy and transformation driving profitability improvement…

Key drivers

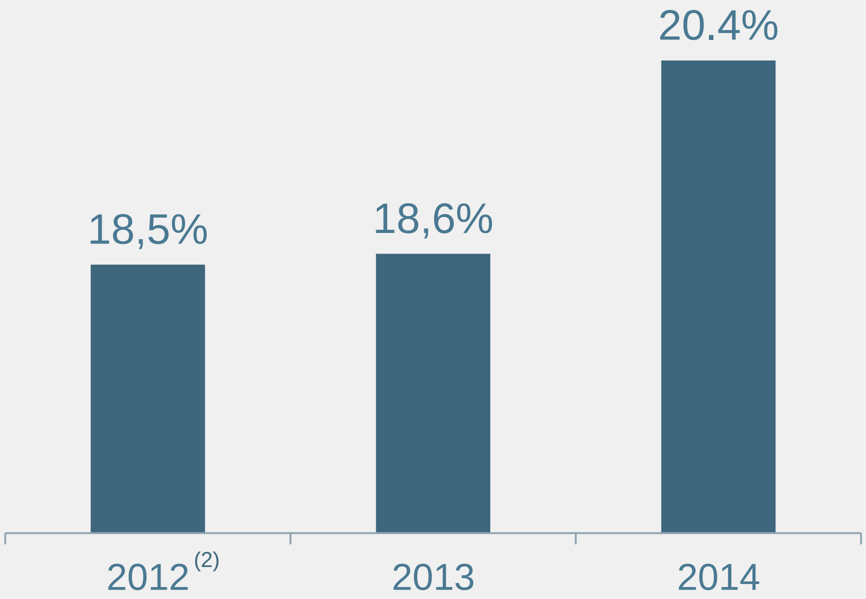
1) Full year impact of French primary care and US restructurings

2) Cost containment measures (Manufacturing, Sales & Marketing, streamlining of support functions)

3) Organization per business unit in place (Specialty care/Primary care)

4) Improved R&D cost management and project execution

Ipsen's core operating margin[1]



…while preparing for Somatuline® & Tasq launches

[1] Key management indicator, notably including the Research Tax Credit, excluding abnormal and infrequent items referred to in § 28 of the IASB conceptual framework – [2] Unaudited figures

2014 financial performance

Aymeric Le Chatelier
EVP CFO

P&L - From sales to Core Operating Income

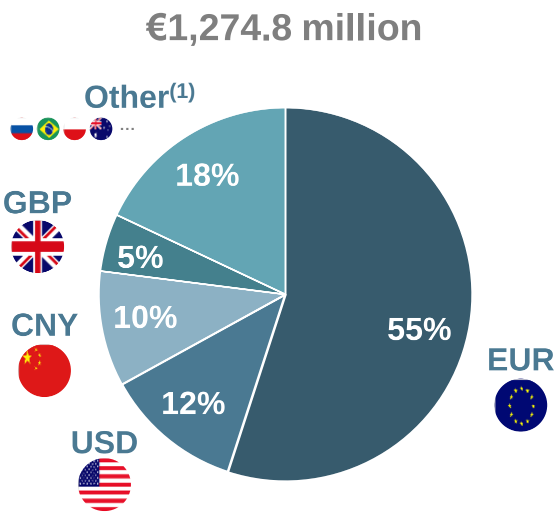
in m€	FY 2014	FY 2013 restated	*Change*	*% Change*	*Change at constant FX*
Net sales	**1,274.8**	**1,224.8**	*+50.0*	*+4.1%*	*+5.7%*
Other revenues	**57.6**	**57.0**	*+0.7*	*+1.2%*	
Revenue	**1,332.4**	**1,281.8**	*+50.7*	*+4.0%*	
Cost of goods sold	**(310.0)**	**(305.3)**	*-4.7*	*+1.5%*	
R&D expenses	**(186.9)**	**(195.8)**	*+8.9*	*-4.5%*	
Selling expenses	**(464.1)**	**(442.9)**	*-21.2*	*+4.8%*	
G&A expenses	**(111.2)**	**(103.8)**	*-7.4*	*+7.2%*	
Other core	**0.3**	**-6.0**	*+6.3*	*NA*	
Core Operating income	**260.6**	**228.0**	*+32.5*	*+14.3%*	
Core Operating margin	***20.4%***	***18.6%***	*+1.8 pts*		

Strong operating performance to leverage COI margin enhancement

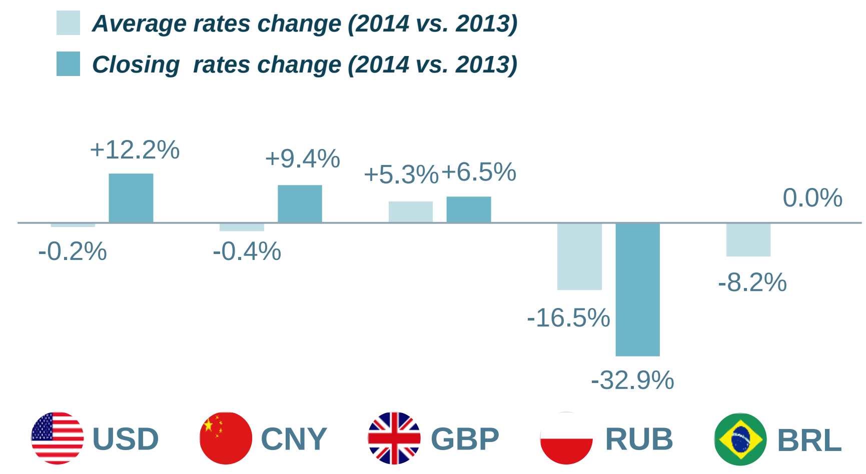
Note: 2013 figures have been restated to provide comparative information between 2013 and 2014

Ipsen exposure to foreign currencies

2014 sales exposure by currency



Evolution of major currencies vs. EUR



Foreign Currency policy

- 2014 sales growth negatively impacted by FX, mainly RUB and BRL
- Global FX exposure mitigated by:
  - Cost base in local currency
  - Hedging of key currencies (USD, CNY, GBP, RUB, BRL, PLN)

Limited impact of foreign currencies fluctuations in 2014

(1) Includes RUB, BRL, AUD, PLN and other currencies

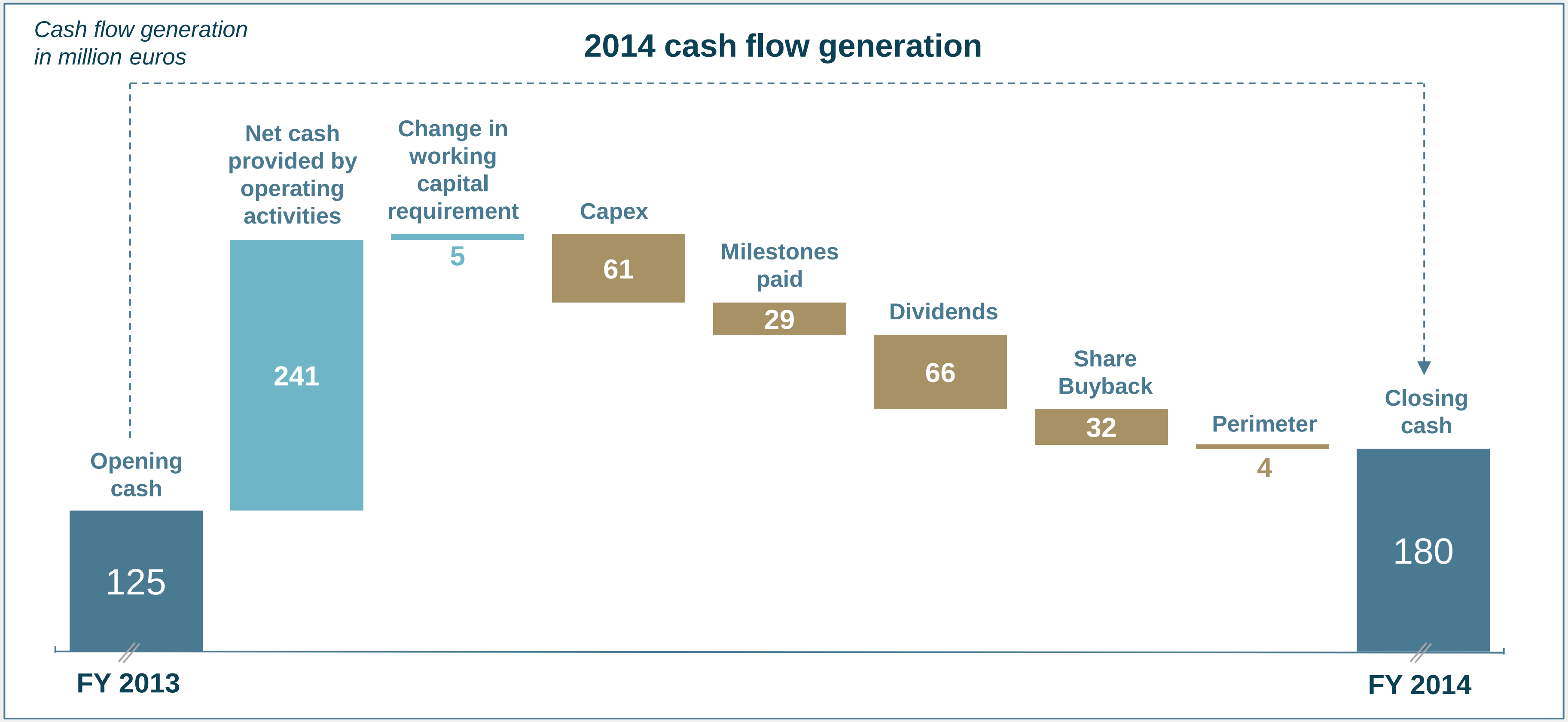
P&L - From Core Operating Income to EPS

in m€	FY 2014	FY 2013 restated	*Change*	*% Change*
Net sales	**1,274.8**	**1,224.8**	*+50.0*	*+4.1%*
Core Operating income	**260.6**	**228.0**	*+32.5*	*+14.3%*
Core Operating income margin	***20.4%***	***18.6%***	*+1.8 pts*	
Other non core	**(9.2)**	**(4.7)**	*-4.5*	
Restructuring costs	**(21.9)**	**(0.2)**	*-21.7*	
Impairment gain / (losses)	**(8.0)**	**(12.6)**	*+4.6*	
Operating income	**221.4**	**210.5**	*+10.9*	*5.2%*
Operating income margin	***17.4%***	***17.2%***	*+0.2 pts*	
Financial result	**(15.1)**	**(9.0)**	*-6.0*	
Income taxes	**(53.8)**	**(59.3)**	*+5.5*	
Share of profit from JV	**1.9**	**0.0**	*+1.9*	
Discontinued operations	**(0.5)**	**10.9**	*-11.3*	
Consolidated net profit	**154.0**	**153.1**	*+0.9*	*0.6%*
Consolidated profit margin	***12.1%***	***12.5%***	*-0.4 pts*	
EPS – fully diluted (€)	1.87	**1.83**	*+0.04*	*2.2%*
Core EPS – fully diluted (€)	2.22	**1.84**	*+0.37*	*20.3%*

Core EPS growing by +20% (after impact of share buy-back)

Note: 2013 figures have been restated to provide comparative information between 2013 and 2014

Solid cash generation to finance capex, BD and return to shareholders through dividend & share buy-back



Net cash flow from operations growing by +30% vs 2013

Ipsen generates enough cash to finance external acquisitions

Balance sheet evolution

ASSETS

in million euros	FY 2014	FY 2013
Goodwill	324.4	310.7
Investments in associates	13.7	0.0
Property, plant and equipment	309.6	287.5
Other intangible assets	160.9	144.8
Other non current assets	233.1	220.5
Non-current assets	**1,041.7**	**963.5**
Current assets	**671.6**	**601.8**
Incl. Cash and cash equivalents	186.3	131.0
Total Assets	**1,713.3**	**1,565.3**

LIABILITIES

in million euros	FY 2014	FY 2013
Capital and reserves	1,065.2	971.5
Minority interest	2.7	2.2
Total equity	**1,067.9**	**973.8**
Provisions	101.7	90.7
Other financial liabilities	17.7	19.1
Other non current liabilities	115.8	105.6
Non-current liabilities	**235.2**	**215.4**
Current liabilities	**410.2**	**376.2**
Total Liabilities	**1,713.3**	**1,565.3**

Solid balance sheet with net cash and limited goodwill and intangibles

Note: 2013 figures have been restated to provide comparative information between 2013 and 2014

2014: Key financial achievements

Group sales up 5.7% at constant currency

Strong Core Operating Income margin of 20.4%[1]

Consolidated net profit of €154m versus €153m in 2013

Robust Core EPS of €2.22, up 20.3% year-on-year

Sound operating cash flow generation

Closing cash balance of €180.1m

Proposed 6% increase in dividend to €0.85 per share (c.€70m)

Note: 2013 figures have been restated to provide comparative information between 2013 and 2014
[1] In percentage of sales

Strategy update

Marc de Garidel
Chairman and CEO

Six new pipeline products/indications to potentially hit market in sequence

Addressable market[1]

2015	Somatuline® WW NET launch Dysport® US AUL launch	~€1B
2016	Dysport® US ALL launch Dysport® US PLL launch	~€100M
2017/2018	TasQ European launch Telotristat European launch	[€1.3B-€1.5B]

[1] Ipsen estimates

Note: Commercialization of new products/indications are subject to clinical success and approval by regulatory authorities

IPSEN Innovation for patient care

Somatuline® market shares already increasing, US to take off with NET unique label

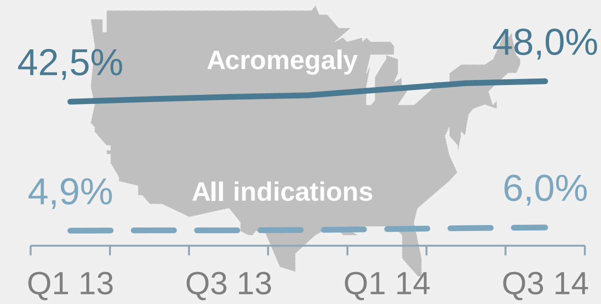
US launch preparation

- First SSA approved in the US for first line treatment of GEP-NET
- Sales force fully recruited and trained
- Promotion to physicians initiated
- €30 to €40 million operating costs in 2015

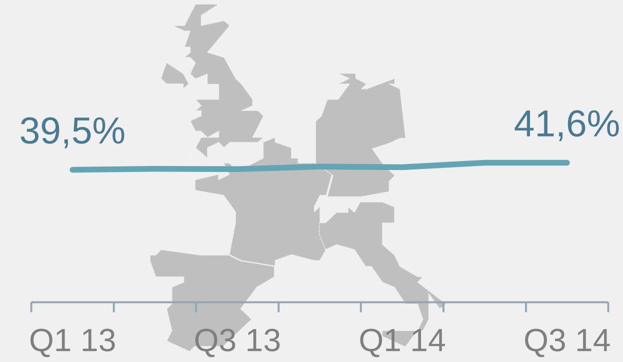
Europe launch preparation

- EU procedure recommended granting GEP NET indication, decision to be implemented by competent local authority
- First approval granted in the UK on 27 February 2015
- Sales force already in place promoting Somatuline® in symptomatic NET
- Limited incremental operating costs in 2015

US market shares (Q1 2013 – Q3 2014)



G5(1) market shares (Q1 2013 – Q3 2014)



Source: IMS MIDAS, long-acting SSA market only
Note: GEP-NETs = Gastroenteropancreatic neuroendocrine tumors – SSA = Somatostatin analogs
(1) G5: France, Germany, UK, Spain, Italy

Ipsen well-positioned to improve neurotoxin leadership

1 — Expand US market opportunity

- AUL[1] spasticity filed in the US
- PLL[2] positive topline results, potentially the first toxin approved for this indication
- ALL[3] positive primary endpoint[4]

2 — Potentially first to launch a liquid formulation

- Dysport® Next Generation filing expected in Q4 2015 in Europe
- Galderma's liquid toxin

3 — First mover in new generation toxins

- Acquisition of Syntaxin in July 2013
- Access to rich toxin IP portfolio
- Several toxin programs with potential for breakthrough innovation

(1) Adult Upper Limb – (2) Pediatric Lower Limb – (3) Adult Lower Limb– (4) An overall benefit (measured by the Physician Global Assessment (PGA); first secondary endpoint) versus placebo was observed but did not reach statistical significance according to the pre-specified statistical analysis

Ipsen to benefit from aesthetics market growth through its partnership with Galderma

~€1bn global toxin aesthetics market[1]

~ 50% US

~ 50% ROW

1. High growth and profitable market

2. Reinforced alliance with Galderma, a global leader in aesthetics and dermatology

GALDERMA
Committed to the future of dermatology

3. Territories covered by the partnership represent ~75% of the world aesthetics market

Ipsen and Galderma to collaborate on R&D activities

[1] *Ipsen estimates*

Decapeptyl® to benefit from life-cycle management and emerging market growth…

1. Backbone therapy for prostate cancer care

2. China growth reservoir

3. 3-month subcutaneous route of administration

4. Strong clinical results in combination in early breast cancer

… in a context of continued pressure in Europe

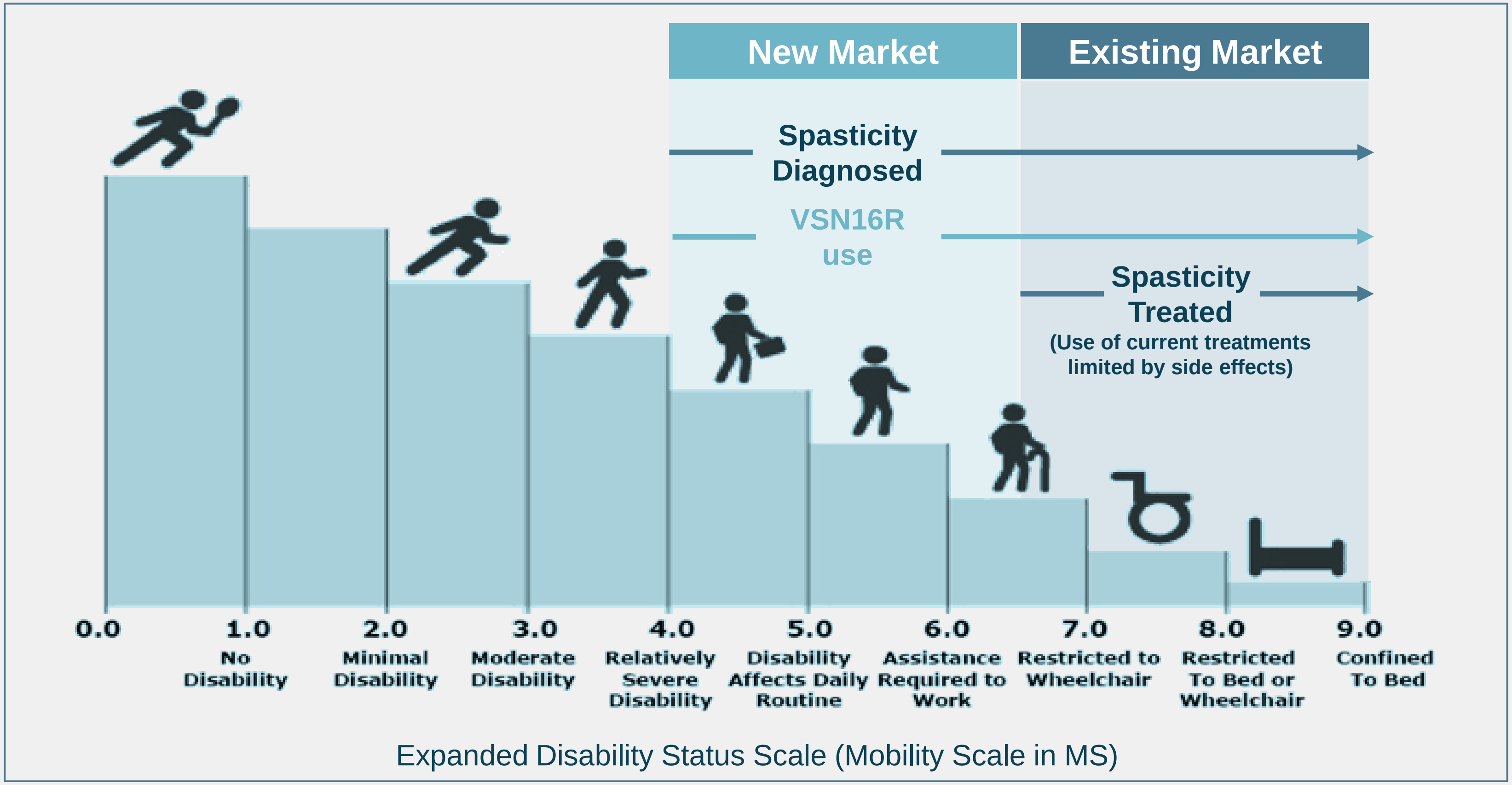
Continued business development efforts to complement organic growth

	Ipsen's areas of focus	Examples
Late stage deals	▪ In-licensing or acquisition (including orphan drugs) ▪ Acquisition of small companies ▪ Various geographies targeted, notably the US	*Commercialization rights ex-North America & Japan for Telotristat etiprate (treatment of symptomatic NETs) from Lexicon*
Early stage deals	▪ Various therapeutic areas (oncology, endocrinology, neurology, etc.) ▪ Potential for breakthrough innovation	*Option agreement to purchase 100% of Canbex shares upon completion of the Phase IIa study of Canbex's lead candidate (VSN16R) in spasticity in Multiple sclerosis*

BD to be supported by €500 million multi-currency revolving credit facility

Canbex's deal option, a promising opportunity

More tolerability ➡ used in more patients + used earlier in disease progression



Progressive disability over time

80% of the ~2 million MS patients worldwide suffer from some degree of spasticity

2015 outlook

Marc de Garidel
Chairman and CEO

Major R&D and regulatory milestones to come

	H1 2015	H2 2015	2016
R&D	Tasquinimod mCRPC PhIII results (PFS and OS data)	TasQ maintenance study PhIIa (POC) results	
	Tasquinimod HCC PhII results	Telotristat etiprate (LX1032) PhIII results	
	Dysport® PLL PhIII topline results ✓		
	Dysport® ALL PhIII topline results ✓		VSN16R (Canbex) PhIIA topline results
Regulatory/ Commercial	DNG regulatory feedback ✓	Dysport® AUL US launch	
	Somatuline® GEP NETs US launch ✓		
	Somatuline® GEP NETs Europe expected approvals and launches		

Note: AUL: Adult Upper Limb, HCC: Hepatocellular Carcinoma, PLL: Pediatric Lower Limb, ALL: Adult Lower Limb

2015 financial objectives

Specialty care – Drug sales	Growth of +8.0% to +10.0%, year-on-year
Primary care – Drug sales	Decline of -3.0% to 0.0%, year-on-year
Core Operating Income	Between 19.0% and 20.0% of sales

From 2015 onwards, drug-related sales (active substances and raw materials) to be recorded in the Primary Care sales line

Excluding any major further deterioration of the economic environment in Russia

Note: Sales objectives are set at constant currency

Key takeaways

Focus strategy is delivering

1. Strong base business growth and cost control
2. Significant Somatuline® NET opportunity with strong US label
3. Pipeline catalysts with tasquinimod and Telotristat etiprate
4. Continued business development efforts to complement organic growth

Note: NET = Neuroendocrine tumors

Thank you