PRESS RELEASE

Ipsen's 2015 results and 2016 financial objectives

- **Operating performance in line with guidance, with Group sales up 10.4%[1] and Core Operating Income up 23.8%**

- **Core diluted EPS of €2.78, up 25.3%, and sound cash flow generation with closing cash of €214.0 million**

- **Proposal of a dividend of €0.85 per share**

Paris (France), 1 March 2016 – The Board of Directors of Ipsen (Euronext: IPN; ADR: IPSEY), chaired by Marc de Garidel, met on 29 February 2016 to review the Group's results for 2015, published today. The annual financial report, with regards to the regulated information, will be available on the Group's website, www.ipsen.com, Investor Relations section.

Extract from audited consolidated results for 2015 and 2014 (in million euros)

(in million euros)	*2015*	*2014*	*% change*
Specialty care sales	1 114.2	947.1	+14.4%[1]
Primary care sales	329.7	327.8	-1.1%[1]
Group sales	**1 443.9**	**1 274.8**	**+10.4%[1]**
Core Operating Income	**322.5**	**260.6**	**+23.8%**
Core operating margin	*22.3%*	*20.4%*	*+1.9 pts*
Consolidated net profit	**190.7**	**154.0**	**+23.8%**
Core EPS – fully diluted (€)	**2.78**	**2.22**	**+25.2%**
Net operating cash-flow	223.6	245.8	-9.0%
Closing cash	214.0	180.1	+18.8%

[1] Sales growth excluding foreign exchange impact, calculated by applying the average 2015 rates to the 31 December 2014 sales figures

Commenting on the full year 2015 performance, **Marc de Garidel, Chairman and Chief Executive Officer of Ipsen,** said: *"We are pleased with the Group's excellent 2015 operating performance. Sales grew by more than 10% year-on-year, driven by the successful launch of Somatuline® in neuroendocrine tumors in the US and Europe, and the sound Dysport® performance in aesthetics. Core operating income grew by close to 24%, reflecting our continuous transformation and cost monitoring efforts."* **Marc de Garidel** added: *"In 2016 we will continue to post strong sales growth thanks to the good Somatuline® and Dysport® momentum. In addition, we are pleased to announce the in-licensing of the global rights ex North America and Japan of cabozantinib for the second line treatment of advanced renal cell carcinoma, for which commercial launch is expected in 2017 in Europe. This sizeable operation will provide Ipsen with a global platform in oncology and a key growth driver for the coming years."*

Review of the full year 2015 results

Note: Unless stated otherwise, all variations in sales are stated excluding foreign exchange impacts.

In 2015, **Group sales** reached €1,443.9 million, up 10.4% year-on-year. **Specialty care** sales reached €1,114.2 million, up 14.4%, driven by:

- The strong growth of Somatuline® in North America following the launch of the neuroendocrine tumor indication, as well as a solid performance throughout Europe;
- The good performance of Dysport® in the aesthetic indication, notably through the Galderma partnership ;
- Decapeptyl® sales, up 1.3% over the period, affected by the slowdown in China.

In 2015, **primary care** reached €329.7 million, down 1.1% year-on-year. Sales declined by 7.7% in France, partially offset by international growth of 1.2%.

Core Operating Income totaled €322.5 million in 2015, up 23.8%. Core operating margin reached 22.3%, up 1.9 point compared to 2014, mainly driven by the acceleration of the development in the United States, the good performance in Europe, and appropriate cost control.

As of 31 December 2015, the Group recorded a €57.0 million **impairment loss** to fully impair the intangible asset related to tasquinimod following the decision to stop all clinical trials with the product as announced on 16 April, 2015.

Consolidated net profit was up 23.8% over the period to €190.7 million. **Fully diluted core earnings per share** (see Appendix 4) grew by 25.3% year-on-year to reach €2.78 for 2015, compared to €2.22 in 2014.

Net operating cash-flow generated in 2015 reached €223.6 million, compared to €245.8 million in 2014, due to a €81.2 million increase of the working capital requirement for operating activities in 2015, compared to a decrease of €5.3 million in 2014.

Closing cash reached €214.0 million over the period, compared to €180.1 million in 2014.

Comparison of 2015 performance with financial objectives

	Financial objectives[1]	*Actuals 2015*
Specialty care sales	≥+14%[2]	+14.4%[2]
Primary care sales	[-3% ; +0%][2]	-1.1%[2]
Core operating marging	≥ 22.0% of sales	22.3% of sales

Dividend for the 2015 financial year proposed for the approval of Ipsen's shareholders

Ipsen S.A. Board of Directors, which met on 29 February 2016, has decided to propose at Ipsen's annual shareholders' meeting to be held on 31 May 2016 the payment of a dividend of €0.85 per share, stable year-on-year.

In-licensing agreement for the rights ex North America and Japan of cabozantinib (Exelixis)

Ipsen today announced a licensing agreement for the rights ex-North America and Japan of cabozantinib, a compound owned by US company Exelixis, which is already marketed under the name COMETRIQ® for the treatment of thyroid cancer. The compound is also developed for other indications, with a regulatory application filed in Europe in January 2016 for the second line treatment of advanced renal cell carcinoma (RCC), and an ongoing phase 3 clinical trial for the second line treatment of Hepatocellular carcinoma (HCC). Upon regulatory approval, the commercial launch for the treatment of RCC is expected early 2017 in Europe.

2016 financial objectives

The Group has set the following financial targets for 2016:

- **Specialty care** sales growth year-on-year **in excess of 10.0%**;
- **Slight primary care sales growth** year-on-year;
- **Core operating margin of around 21%**, including a negative impact of around 150 basis points resulting from the investment required to prepare the commercial launch of cabozantinib for the treatment of advanced renal cell carcinoma in Europe (in-licensing agreement announced today), and of around 100 basis points from foreign exchange rates.

Sales objectives are set at constant currency.

Update of 2020 outlook

Taking into account the additional growth stemming from the in-licensing of cabozantinib, Ipsen upgrades its sales targets and confirms its core operating margin objective for 2020, with:

- Sales in excess of 2.0 billion euros, driven by cabozantinib sales in 2019 and 2020;
- A core operating margin beyond 26%, despite the investment phase in 2017 and 2018 to launch cabozantinib for the treatment of advanced renal cell carcinoma in Europe. Ipsen will continue to implement cost containment initiatives and project arbitration to minimize impact on overall Group profitability.

[1] 2015 revised financial objectives communicated on 31 July 2015
[2] Sales growth excluding foreign exchange impact, calculated by applying the average 2015 rates to the 31 December 2014 sales figures

Press conference (in French)

Ipsen will host a press conference on Tuesday 1 March 2016 at 9:00 a.m. (Paris time, GMT +1) at Salons de l'hôtel des Arts et Métiers – 9 bis avenue d'Iéna - 75116 Paris (France).

Meeting, webcast and Conference Call (in English) for the financial community

Ipsen will host an analyst meeting on Tuesday 1 March 2016 at 2:30 p.m. (Paris time, GMT+1) at its headquarters in Boulogne-Billancourt (France). A conference call will take place and a web conference (audio and video webcast) will be available at www.ipsen.com. Participants should enter the call in approximately 5 to 10 minutes prior to its start. The reference for the conference is ID 957325. No reservation is required to participate in the conference call.. Phone numbers to call in order to connect to the conference are: from France and continental Europe +33 (0)17 0993 209, from UK +44 (0)207 1312 711 and from the United States +1 646 461 1757. A recording will be available for 7 days on Ipsen's website and at the following numbers: from France and continental Europe +33 (0)1 70 99 35 29, from UK +44 (0)20 7031 4064 and from the United States +1 954 334 0342 and access code is 957325.

About Ipsen

Ipsen is a global specialty-driven biotechnological group with total sales exceeding €1.4 billion in 2015. Ipsen sells more than 20 drugs in more than 115 countries, with a direct commercial presence in more than 30 countries. Ipsen's ambition is to become a leader in specialty healthcare solutions for targeted debilitating diseases. Its fields of expertise cover oncology, neurosciences and endocrinology (adult & pediatric). Ipsen's commitment to oncology is exemplified through its growing portfolio of key therapies improving the care of patients suffering from prostate cancer, bladder cancer and neuro-endocrine tumors. Ipsen also has a significant presence in primary care. Moreover, the Group has an active policy of partnerships. Ipsen's R&D is focused on its innovative and differentiated technological platforms, peptides and toxins, located in the heart of the leading biotechnological and life sciences hubs (Les Ulis/Paris-Saclay, France; Slough/Oxford, UK; Cambridge, US). In 2015, R&D expenditure totaled close to €193 million. The Group has more than 4,600 employees worldwide. Ipsen's shares are traded on segment A of Euronext Paris (stock code: IPN, ISIN code: FR0010259150) and eligible to the "Service de Règlement Différé" ("SRD"). The Group is part of the SBF 120 index. Ipsen has implemented a Sponsored Level I American Depositary Receipt (ADR) program, which trade on the over-the-counter market in the United States under the symbol IPSEY. For more information on Ipsen, visit www.ipsen.com.

Forward Looking Statement

The forward-looking statements, objectives and targets contained herein are based on the Group's management strategy, current views and assumptions. Such statements involve known and unknown risks and uncertainties that may cause actual results, performance or events to differ materially from those anticipated herein. 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. Use of the words "believes," "anticipates" and "expects" and similar expressions are intended to identify forward-looking statements, including the Group's expectations regarding future events, including regulatory filings and determinations. Moreover, the targets described in this document were prepared without taking into account external growth assumptions and potential future acquisitions, which may alter these parameters. These objectives are based on data and assumptions regarded as reasonable by the Group. These targets depend on conditions or facts likely to happen in the future, and not exclusively on historical data. Actual results may depart significantly from these targets given the occurrence of certain risks and uncertainties, notably the fact that a promising product in early development phase or clinical trial may end up never being launched on the market or reaching its commercial targets, notably for regulatory or competition reasons. The Group must face or might face competition from generic products that might translate into a loss of market share. Furthermore, the Research and Development process involves several stages each of which involves the substantial risk that the Group may fail to achieve its objectives and be forced to abandon its efforts with regards to a product in which it has invested significant sums. Therefore, the Group cannot be certain that favourable results obtained during pre-clinical trials will be confirmed subsequently during clinical trials, or that the results of clinical trials will be sufficient to demonstrate the safe and effective nature of the product concerned. There can be no guarantees a product will receive the necessary regulatory approvals or that the product will prove to be commercially successful. If underlying assumptions prove inaccurate or risks or uncertainties materialize, actual results may differ materially from those set forth in the forward-looking statements. Other risks and uncertainties

include but are not limited to, general industry conditions and competition; general economic factors, including interest rate and currency exchange rate fluctuations; the impact of pharmaceutical industry regulation and health care legislation; global trends toward health care cost containment; technological advances, new products and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approval; the Group's ability to accurately predict future market conditions; manufacturing difficulties or delays; financial instability of international economies and sovereign risk; dependence on the effectiveness of the Group's patents and other protections for innovative products; and the exposure to litigation, including patent litigation, and/or regulatory actions. The Group also depends on third parties to develop and market some of its products which could potentially generate substantial royalties; these partners could behave in such ways which could cause damage to the Group's activities and financial results. The Group cannot be certain that its partners will fulfil their obligations. It might be unable to obtain any benefit from those agreements. A default by any of the Group's partners could generate lower revenues than expected. Such situations could have a negative impact on the Group's business, financial position or performance. The Group expressly disclaims any obligation or undertaking to update or revise any forward looking statements, targets or estimates contained in this press release to reflect any change in events, conditions, assumptions or circumstances on which any such statements are based, unless so required by applicable law. The Group's business is subject to the risk factors outlined in its registration documents filed with the French Autorité des Marchés Financiers.
The risks and uncertainties set out are not exhaustive and the reader is advised to refer to the Group's 2014 Registration Document available on its website (www.ipsen.com).

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Comparison of consolidated sales for the fourth quarters and full years 2015 and 2014:

Sales by therapeutic area and by product

Note: Unless stated otherwise, all variations in sales are stated excluding foreign exchange impacts.

The following table shows sales by therapeutic area and by product for the fourth quarters and full years 2015 and 2014:

	4th Quarter				12 months			
(in millions euros)	2015	2014	% Variation	% Variation at constant currency	2015	2014	% Variation	% Variation at constant currency
Endocrinology	**131.1**	**92.2**	**42.1%**	**37.8%**	**482.3**	**359.4**	**34.2%**	**29.2%**
of which Somatuline®	110.0	73.9	48.8%	44.4%	401.6	287.5	39.7%	34.2%
of which NutropinAq®	14.7	13.9	5.8%	5.3%	60.3	59.0	2.1%	1.4%
of which Increlex®	6.4	4.4	45.0%	28.4%	20.4	12.9	58.6%	42.2%
Urology-oncology	**87.4**	**77.1**	**13.4%**	**10.9%**	**351.2**	**332.7**	**5.6%**	**1.5%**
of which Decapeptyl®	83.2	73.2	13.6%	11.0%	334.0	316.6	5.5%	1.3%
of which Hexvix®	4.3	3.9	9.0%	8.7%	17.2	16.0	7.3%	6.6%
Neurology	**71.2**	**59.4**	**19.7%**	**26.5%**	**280.7**	**255.0**	**10.1%**	**10.0%**
of which Dysport®	70.7	59.2	19.5%	26.1%	279.5	254.5	9.8%	9.7%
Specialty care	**289.7**	**228.8**	**26.6%**	**25.8%**	**1114.2**	**947.1**	**17.7%**	**14.4%**
Gastroenterology	**59.8**	**52.6**	**13.7%**	**11.2%**	**227.2**	**219.3**	**3.6%**	**-0.7%**
of which Smecta®	25.7	26.8	-4.1%	-6.2%	114.8	121.4	-5.5%	-10.2%
of which Forlax®	10.9	10.1	7.6%	6.0%	39.7	38.5	3.1%	1.4%
Cognitive disorders	**15.1**	**15.0**	**0.4%**	**2.2%**	**52.0**	**62.6**	**-16.8%**	**-11.2%**
of which Tanakan®	15.1	15.0	0.4%	2.2%	52.0	62.6	-16.8%	-11.2%
Cardiovascular	**2.5**	**3.6**	**-31.6%**	**-32.4%**	**15.8**	**18.7**	**-15.5%**	**-15.8%**
Other Primary Care	**2.5**	**3.0**	**-16.2%**	**-15.3%**	**10.3**	**11.3**	**-8.8%**	**-8.4%**
Drug-related Sales	**6.0**	**4.1**	**46.6%**	**46.6%**	**24.3**	**15.9**	**53.2%**	**52.5%**
Primary care*	**85.8**	**78.3**	**9.6%**	**8.4%**	**329.7**	**327.8**	**0.6%**	**-1.1%**
Group Sales	**375.5**	**307.1**	**22.3%**	**21.3%**	**1443.9**	**1274.8**	**13.3%**	**10.4%**

* Drug-related sales (active ingredients and raw materials) are recorded within Primary care sales.

In the fourth quarter, sales have reached €375.5 million, up 21.3% year-on-year, driven by specialty care growth of 25.8% and primary care growth of 8.4%. In 2015, sales amounted to €1,443.9 million, up 10.4% year-on-year.

In the fourth quarter 2015, **Specialty care** sales reached €289.7 million, up 25.8% year-on-year. In 2015, sales amounted to €1,114.2 million, up 14.4%. Sales in endocrinology grew 29.2%, while sales in urology-oncology and neurology grew by respectively 1.5% and 10.0%. The relative weight of specialty care products continued to increase to reach 77.2% of total Group sales, compared to 74.3% the previous year.

In **Endocrinology**, sales reached €131.1 million in the fourth quarter 2015, up 37.8%, driven by the acceleration of **Somatuline®** growth and the good performance of **Increlex®** year-on-year. In 2015, sales amounted to €482.3 million, up 29.2%. The annual sales of **Somatuline®** reached €401.6 million, up 34.2%, driven by strong growth in North America following the launch of the neuroendocrine tumor

indication at the beginning of the year. The product also registered excellent performance in Europe, notably in Germany, France, Poland, the UK and Spain. The annual sales of **Increlex®** amounted to €20.4 million, up 42.2% year-on-year, benefiting from a favorable base effect related to the supply shortage, which started mid-June 2013 in the United States and in August 2013 in Europe. Supply gradually resumed in Europe in early 2014 and in the United States in June 2014. In 2015, sales of Endocrinology represented 33.4% of total Group sales, compared to 28.2% the previous year.

In **Urology-oncology**, sales of **Decapeptyl®** reached €83.2 million in the fourth quarter 2015, up 11.0% year-on-year, driven by the performance in Algeria helped by a favorable base effect and a good market dynamics, the performance in Spain where Ipsen is gaining market shares, notably benefiting from a more favorable share of voice to competitors, as well as favorable inventory effects in the Middle-East. In China, growth recovered in the fourth quarter thanks to a favorable base effect, after 9 months of sales decline affected by the context of market slowdown and pricing pressure in some provinces. In 2015, sales amounted to €334.0 million, up 1.3%, affected by the slowdown in China and a more frequent use of co-payment in some Southern European countries and additional price cuts, notably of 11.0% on 1st January 2015 in Greece, of 3.0% on 1st February 2015 in France, and of more than 20% in Algeria. In 2015, sales of **Hexvix®** amounted to €17.2 million, up 6.6% compared to the previous year, mostly driven by the performance in France and Germany. Germany represented around 71% of total product sales. Over the period, sales in Urology-oncology represented 24.3% of total Group sales, compared to 26.1% the previous year.

In **Neurology**, **Dysport®** sales reached €70.7 million in the fourth quarter 2015, up 26.1% year-on-year, driven by the good performance of the aesthetic indication through the partnership with Galderma in Brazil, Australia and Mexico. In 2015, sales amounted to €279.5 million, up 9.7% year-on-year, driven by the performance of the aesthetic indication in Russia, Brazil, Mexico and Australia. Over the period, Neurology sales represented 19.4% of total Group sales, compared to 20.0% a year earlier.

In the fourth quarter 2015, sales of **Primary Care** reached €85.8 million, up 8.4% year-on-year, driven by the growth of Gastroenterology and Drug-related sales, up respectively 11.2% and 46.6%. In 2015, sales amounted to €329.7 million, down 1.1% year-on-year, affected by a continued decline of 7.7% in France, partially offset by international growth of 1.2%. Primary care sales in France accounted for 24.3% of the Group's total primary care sales, compared to 26.5% the previous year.

In the fourth quarter 2015, sales of **Gastroenterology** products reached €59.8 million, up 11.2% year-on-year, despite a 6.2% decline of Smecta®, driven by the performance of **Etiasa®** in China (where Ipsen is now the direct product distributor), of **Fortrans®**, especially in Russia, and of **Forlax®**, supported by sales to our partners marketing generic versions of the product, as well as by **Eziclen®**'s progressive launch in additional European countries. In 2015, sales in Gastroenterology amounted to €227.2 million, down 0.7% year-on-year, affected by the decline of **Smecta®** sales, down 10.2% year-on-year, due to an unfavorable inventory effect in the distribution channel during the second and third quarters in China, in a context of pricing pressure in some regions. Sales were also affected in France by the 7.5% price cut implemented in July 2014 and in Algeria with the termination of direct sales in 2015.

In the **cognitive disorders** area**,** sales of **Tanakan®** reached €15.1 million euros in the fourth quarter 2015, up 2.2% year-on-year. Sales in 2015 amounted to €52.0 million euros, down 11.2%, impacted by a market slowdown in France and in Russia.

In the cardiovascular area, sales reached €2.5 million euros in the fourth quarter 2015, down 32.4% year-on-year. In 2015, sales amounted to €15.8 million euros, down 15.8%, mainly impacted by the decline in **Nisis® / Nisisco®** sales, hit by an additional 40.0% price cut in February 2015 in France.

Sales of **Other primary care** products reached €2.5 million in the fourth quarter 2015, down 15.3% year-on-year, mainly affected by the 12.1% decline in **Adrovance®** sales over the period. In 2015, sales amounted to €10.3 million, down 8.4%.

In the fourth quarter 2015, **Drug-related sales (active ingredients and raw materials)** reached €6.0 million, up 46.6% year-on-year. In 2015, sales amounted to €24.3 million, up 52.5%. This performance is mainly explained by the new business model in Algeria (where Ipsen now supplies the active ingredient of Smecta® to a local manufacturer and records sales in Drug-related sales), the strong supply sales of

Gingko Biloba extracts to Schwabe, and the sales recovery of the active ingredient of Smecta® in South Korea.

Sales by geographical area

Group sales by geographical area in the fourth quarters and full years 2015 and 2014 were as follows:

	4th Quarter				12 months			
(in million euros)	2015	2014	% Variation	% Variation at constant currency	2015	2014	% Variation	% Variation at constant currency
France	53.9	53.4	1.0%	1.0%	212.4	211.4	0.5%	0.5%
Germany	29.8	23.6	26.2%	26.2%	110.3	94.2	17.1%	17.1%
Italy	19.5	17.8	9.5%	9.5%	79.4	78.5	1.1%	1.1%
United Kingdom	19.5	17.8	9.3%	-0.1%	76.0	65.1	16.8%	5.1%
Spain	17.5	15.6	12.5%	12.5%	65.6	59.9	9.5%	9.5%
Major Western European countries	**140.2**	**128.2**	**9.4%**	**8.0%**	**543.8**	**509.1**	**6.8%**	**5.3%**
Eastern Europe	42.8	43.0	-0.6%	8.8%	167.2	177.1	-5.6%	6.8%
Others Europe	38.0	36.8	3.2%	5.2%	154.2	147.0	4.9%	5.2%
Other European Countries	**80.8**	**79.9**	**1.1%**	**7.1%**	**321.4**	**324.1**	**-0.8%**	**6.0%**
North America	**48.7**	**21.2**	**129.2%**	**100.5%**	**157.9**	**79.2**	**99.5%**	**67.1%**
Asia	56.9	46.0	23.7%	12.0%	228.4	190.5	19.9%	2.1%
Other countries in the Rest of the world	49.0	31.8	53.8%	68.2%	192.4	172.0	11.9%	13.3%
Rest of the World	**105.8**	**77.8**	**36.0%**	**32.5%**	**420.8**	**362.5**	**16.1%**	**6.9%**
Group Sales	**375.5**	**307.1**	**22.3%**	**21.3%**	**1443.9**	**1274.8**	**13.3%**	**10.4%**

In the fourth quarter 2015, sales generated in the **Major Western European countries** reached €140.2 million, up 8.0% year-on-year. In 2015, sales amounted to €543.8 million, up 5.3%. Sales in the Major Western European countries represented 37.7% of total Group sales in 2015, compared to 39.9% the previous year.

France – In the fourth quarter 2015, sales reached €53.9 million, up 1.0% year-on-year. In 2015, sales amounted to €212.4 million, up 0.5% year-on-year, driven by the sustained growth of Somatuline® and Dysport®, partially offset by the decline of Decapeptyl® sales following the 3.0% price cut implemented as of 1st February 2015, and the decline of primary care, affected by the price cut on Smecta® and the continued erosion of Tanakan® and the other products in the portfolio. The relative weight of France in the Group's consolidated sales has continued to decrease and now represents 14.7% of sales, compared to 16.6% the previous year.

Germany – In the fourth quarter 2015, sales reached €29.8 million, up 26.2% year-on-year. In 2015, sales reached €110.3 million, up 17.1%, driven by the strong growth of Somatuline® and Hexvix®, offsetting the decline of Dysport® sales affected by increased competitive pressure. Over the period, sales in Germany represented 7.6% of total Group sales, compared to 7.4% a year before.

Italy – In the fourth quarter 2015, sales reached €19.5 million, up 9.5% year-on-year. In 2015, sales reached €79.4 million, up 1.1%, affected by the implementation of austerity measures targeting hospital products. In 2015, sales in Italy represented 5.5% of consolidated Group sales, compared to 6.2% the previous year.

United Kingdom – In the fourth quarter 2015, sales reached €19.5 million, slightly down 0.1% year-on-year. In 2015, sales amounted to €76.0 million, up 5.1%, supported by the strong growth of

Somatuline® and Decapeptyl®, despite a PPRS[1] increase, which had a 4.5% year-on-year negative impact on prices. Over the period, sales in the United Kingdom represented 5.3% of total Group sales, compared to 5.1% the previous year.

Spain – In the fourth quarter 2015, sales reached €17.5 million, up 12.5% year-on-year. In 2015, sales amounted to €65.6 million, up 9.5%, driven by the double-digit growth of Somatuline® and Decapeptyl®. In 2015, Spain accounted for 4.5% of total Group sales, compared to 4.7% the previous year.

In the fourth quarter 2015, sales generated in the **Other European countries** reached €80.8 million, up 7.1% year-on-year. In 2015, sales amounted to €321.4 million, up 6.0% year-on-year, supported by the good performance of Somatuline® across the region and of Dysport® in Russia. Nevertheless, sales were negatively impacted by the contraction of the Group's activities in Ukraine, as a consequence of the ongoing political crisis. Over the period, sales in this region represented 22.3% of consolidated Group sales, compared to 25.4% the previous year.

In the fourth quarter 2015, sales generated in **North America** reached €48.7 million, up 100.5% year-on-year, supported by the acceleration of Somatuline® growth. In 2015, sales amounted to €157.9 million, up 67.1% year-on-year, mainly driven by strong Somatuline® growth following the launch of the new indication in the treatment of neuroendocrine tumors, and to a lesser extent by the launch of Dysport® in the treatment of upper limb spasticity in adult patients in September 2015. Sales in North America represented 10.9% of consolidated Group sales, compared to 6.2% a year before.

In the fourth quarter 2015, sales generated in the **Rest of the World** reached €105.8 million, up 32.5% year-on-year, supported by the performance of Dysport® in Brazil, Australia and Mexico, and by the Decapeptyl® rebound in Algeria and in China. In 2015, sales amounted to €420.8 million, up 6.9% year-on-year. Sales in the Rest of the World represented 29.1% of total consolidated Group sales, compared to 28.4% the previous year.

[1] Pharmaceutical Price Regulation Scheme

Comparison of consolidated income statement for 2015 and 2014

(in millions of euros)	31 December 2015		31 December 2014		% change
		% of sales		% of sales	
Sales	**1,443.9**	***100.0%***	**1,274.8**	***100.0%***	**13.3%**
Other revenues	76.3	*5.3%*	57.6	*4.5%*	32.5%
Revenue	**1,520.2**	***105.3%***	**1,332.4**	***104.5%***	**14.1%**
Cost of goods sold	(336.8)	*-23.3%*	(310.0)	*-24.3%*	8.7%
Selling expenses	(541.4)	*-37.5%*	(464.1)	*-36.4%*	16.7%
Research and development expenses	(192.6)	*-13.3%*	(186.9)	*-14.7%*	3.0%
General and administrative expenses	(122.9)	*-8.5%*	(111.2)	*-8.7%*	10.4%
Other core operating income	5.3	*0.4%*	9.4	*0.7%*	-43.9%
Other core operating expenses	(9.4)	*-0.6%*	(9.1)	*-0.7%*	3.2%
Core Operating Income	**322.5**	***22.3%***	**260.6**	***20.4%***	**23.8%**
Other operating income	2.0	*0.1%*	0.4	*0.0%*	472.2%
Other operating expenses	(9.2)	*-0.6%*	(9.6)	*-0.8%*	-4.2%
Restructuring costs	(6.7)	*-0.5%*	(21.9)	*-1.7%*	-69.6%
Impairment losses	(64.6)	*-4.5%*	(8.0)	*-0.6%*	707.9%
Operating Income	**244.0**	***16.9%***	**221.4**	***17.4%***	**10.2%**
Investment income	0.7	*0.1%*	1.7	*0.1%*	-56.2%
Financing costs	(3.6)	*-0.3%*	(4.7)	*-0.4%*	-22.8%
Net financing costs	**(2.9)**	***-0.2%***	**(3.0)**	***-0.2%***	**-4.3%**
Other financial income and expense	(3.6)	*-0.2%*	(12.0)	*-0.9%*	-70.5%
Income taxes	(49.8)	*-3.5%*	(53.8)	*-4.2%*	-7.4%
Share of net profit (loss) from entities accounted for using the equity method	2.5	*0.2%*	1.9	*0.1%*	28.5%
Net profit (loss) from continuing operations	**190.2**	***13.2%***	**154.5**	***12.1%***	**23.1%**
Net profit (loss) from discontinued operations	0.5	*0.0%*	(0.5)	*0.0%*	-
Consolidated net profit	**190.7**	***13.2%***	**154.0**	***12.1%***	**23.8%**
- Attributable to shareholders of Ipsen S.A.	189.9		153.5		
- Attributable to non-controlling interests	0.9		0.5		
Basic earnings per share - attributable to Ipsen S.A. shareholders (in € per share)	2.31		1.87		
Core basic earnings per share - attributable to Ipsen S.A. shareholders (in € per share) (*)	2.79		2.22		

(*) The core consolidated net profit is detailled in Appendix 4

- **Sales**

Consolidated Group sales reached €1,443.9 million in 2015, up 13.3% year-on-year, or 10.4% excluding foreign exchange impact[1].

- **Other revenues**

Other revenues for the financial year 2015 totaled €76.3 million, up 32.5% versus €57.6 million generated in 2014.

The growth stemmed from the following:

- higher royalties received from Group's partners, in particular Menarini for Adenuric® and Galderma for Dysport®, which had good performance in the United States and Europe;

- the recognition of an upfront payment of €3.4 million received by Ipsen as part of the sale of Ginkor Fort® licensing rights to Tonipharm in the Group's territories;

- the new distribution model of Etiasa® in China (reclassification with no impact on operating margin).

- **Cost of goods sold**

In 2015, the cost of goods sold amounted to €336.8 million, representing 23.3% of sales, compared to €310.0 million in 2014, which represented 24.3% of sales.
The improvement in the ratio is primarily due to a favorable product mix (increasing share of specialty care sales), as well as productivity efforts deployed at manufacturing sites. Royalties paid to partners increased in line with Group sales.

- **Selling expenses**

In 2015, selling, general and administrative expenses totaled €541.4 million, representing 37.5% of sales, up 16.7% versus 2014. The increase resulted primarily from the oncology sales force set-up in the United States in the second half of 2014 to prepare for the launch of Somatuline® Depot® (lanreotide) 120 mg Injection in the treatment of gastroenteropancreatic neuroendocrine tumors (GEP NETs). It also arose from the expenditure required to launch Dysport® in the treatment of spasticity in the United States.

- **Research and development expenses**

For the financial year 2015, research and development expenses totaled €192.6 million, representing 13.3% of sales, compared with 14.7% of sales a year earlier.
The decline in research and development costs ratio is notably related to the decision to discontinue the clinical trials of tasquinimod in prostate cancer.

Main R&D projects in 2015 included the lifecycle management of Dysport® in spasticity and Somulatine® in neuroendocrine tumors (GEP NETs), the development of molecules in the diagnosis and treatment of neuroendocrine tumors as part of OctreoPharm Sciences GmbH acquisition, and the development of Dopastatin (endocrinology).

In 2015, the research tax credit amounted to €28.1 million, down versus the prior year as a result of provisions reversed in 2014.

- **General and administrative expenses**

General and administrative expenses increased 10.4% year-on-year in 2015, mainly due to the strengthening of support functions in the United States associated with the rapid growth of the activity,

[1] Sales growth excluding foreign exchange impact was calculated by restating the 31 December 2014 consolidated financial statements with currency rates at 31 December 2015.

higher IT spending and the impact of the Group's outperformance on bonus pay. Nevertheless, general and administrative expenses ratio remained stable versus the prior year.

- **Other core operating income and expenses**

In 2015, other core operating income and expenses came to €4.1 million expense, versus an income of €0.3 million in the prior year. These items primarily included amortization expense for intangible assets, higher revenue from the sub-lease on the Ipsen's headquarters versus 2014 as a result of the lease renegotiation made in July 2015, and the impact of the cash flow hedging policy.

- **Core Operating Income**

Core operating income in 2015 amounted to €322.5 million, representing 22.3% of sales. The Group continued to improve its profitability in 2015, thanks to accelerated growth in the United States, solid performance in Europe and good cost control.

- **Other operating income and expenses**

In 2015 other non-core operating expenses totaled €7.2 million, compared with expenses of €9.2 million reported a year earlier.

These expenses arose primarily from discontinuing the development of tasquinimod in prostate cancer, a decision announced jointly by Active Biotech and Ipsen on 16 April 2015. As a result, the total expenses of €6.6 million related to tasquinimod clinical development studies for the fiscal year 2015 were recognized by Ipsen in other operating income and expenses.

In 2014, other operating income and expenses arose primarily from costs related to the transfer of the Group's US-based operations (Ipsen Bioscience Inc.) from Milford to Cambridge, and expenses related to the renegotiation of the partnership contract with Galderma.

- **Restructuring costs**

In 2015, restructuring costs totaled €6.7 million resulting mainly from expenses made by the Group to adapt its structure and to pool some R&D resources in the United Kingdom together at the Oxford site.
In 2014, restructuring costs came to €21.9 million. Those expenses resulted mainly from Group efforts to accelerate the rollout of the transformation project, as well as from transferring the operations of the Group's US-based Ipsen Bioscience Inc. subsidiary from Milford to Cambridge.

- **Impairment losses**

In 2015, the Group recorded a €57.0 million loss to impair all intangible assets related to the tasquinimod program, after the decision was made to discontinue clinical studies in prostate cancer. In addition, the Group recognized a €7.6 million impairment loss in 2015, resulting from the write-down in full of an Ipsen BioInnovation Ltd. intangible asset that was partially written down in 2014.

- **Net financing costs and other financial income and expenses**

In 2015, the Group had net financial expense of €6.4 million, versus net financial expense of €15.1 million in 2014.

- **Net financing costs** amounted to €2.9 million, versus €3.0 million in 2014.
- **In 2015, other financial expenses** amounted to €3.6 million, including a final €4.9 million earnout payment stemming from the sale of PregLem shares in 2010. The €8.5 million improvement over 2014 arose mainly from favorable foreign-exchange rate fluctuations.

- **Income taxes**

In 2015, income tax expense of €49.8 million resulted from an effective tax rate of 21.0% on pre-tax profit from continuing operations, (excluding the share of profit (loss) from associated companies and joint ventures), compared with an effective rate of 26.1% in 2014. The lower effective tax rate stemmed from the

tax-deductibility of writing off tasquinimod intangible assets and the application of the Steria case court ruling, which effectively exempts all taxes on dividends paid to a French parent company by its subsidiaries within the European Union.

- **Net profit (loss) from continuing operations**

As a result of the items above, profit from continuing operations came to €190.2 million at 31 December 2015, up 23.1% from €154.5 million in 2014.

- **Net profit (loss) from discontinued operations**

In 2015, net profit from discontinued operations totaled €0.5 million, compared to a net loss of €0.5 million in 2014. The net profit from discontinued operations arose from agreements to sell Inspiration assets in 2013, and corresponds to the rebilling of production costs for OBI-1 clinical samples as well as to royalties received from Baxalta on that product (spin off from Baxter International).

- **Consolidated net profit**

For the year ended 31 December 2015, consolidated net profit increased 23.8% to €190.7 million (€189.9 million attributable to Ipsen S.A. shareholders) compared with consolidated net profit of €154.0 million in 2014 (€153.5 million attributable to Ipsen S.A shareholders).

- **Earnings per share**

In 2015, basic earnings attributable to the Group amounted to €2.31 per share, up from basic EPS of €1.87 in 2014.

- **Milestone payments collected but not yet recognized in the Group's income statement**

At 31 December 2015, milestone payments collected by the Group but not yet recognized in the income statement amounted to €130.7 million, compared with €143.5 million a year earlier.
In 2015, apart from the recognition of deferred income on the income statement, the Group mainly recorded milestone payments totaling €19 million arising from the partnership extension with Galderma in key Asia-Pacific territories and the contracts with Menarini and Acadia.

Deferred income will be recognized in the Group's future income statement as follows:

(in millions of euros)	31 December 2015	31 December 2014
Total (*)	**130.7**	**143.5**
The deferred income will be recognized over time as follows:		
In the year n+1	29.8	24.9
In the years n+2 and subsequent	100.9	118.6

(*) Amounts converted at average exchange rates respectively at 31 December 2015 and 31 December 2014

Operating segments: distribution of Core Operating Income by therapeutic area

Segment information is presented according to the Group's two operating segments, i.e. primary care and specialty care.

All costs allocated to these two segments are presented in the key performance indicators. Only research and development costs and corporate overhead costs are not allocated to the two operating segments.

The Group uses core operating income to measure its segment performance and to allocate resources.

Sales, revenue and Core Operating Income are presented by therapeutic area for the 2015 and 2014 financial years in the following table.

(in millions of euros)	31 December 2015	31 December 2014	Change	%
Specialty care				
Sales	1,114.2	947.1	167.2	*17.7%*
Revenue	1,146.1	974.9	171.1	*17.6%*
Core Operating Income	476.9	400.5	76.4	*19.1%*
% of sales	*42.8%*	*42.3%*		
Primary care (*)				
Sales	329.7	327.8	1.9	*0.6%*
Revenue	374.1	357.5	16.6	*4.6%*
Core Operating Income	126.0	127.2	(1.2)	*-0.9%*
% of sales	*38.2%*	*38.8%*		
Total unallocated				
Core Operating Income	(280.4)	(267.2)	(13.3)	*5.0%*
Group total				
Sales	1,443.9	1,274.8	169.0	*13.3%*
Revenue	1,520.2	1,332.4	187.8	*14.1%*
Core Operating Income	322.5	260.6	61.9	*23.8%*
% of sales	*22.3%*	*20.4%*		

(*) including drug related sales

Specialty care sales grew 17.7% to €1,114.2 million in 2015. Endocrinology sales were up 29.2%, urology-oncology sales up 1.5% and neurology sales up 10.0%. The relative weight of specialty care products continued to increase, reaching 77.2% of total consolidated, versus 74.3% a year earlier. In 2015, **specialty care core operating income** totaled €476.9 million, representing 42.8% of sales compared with €400.5 million in 2014, representing 42.3% of sales. The improvement reflects the favorable sales trend reported in the United States and Europe thanks to the launch of the new Somatuline® indication, which was offset by structuring costs for the US subsidiary and expenditure to support growth.

In 2015, **sales of primary care products,** including active ingredients and raw materials, came to €329.7 million, down 1.1% year on year. Sales were negatively impacted by a steady 7.7% decline in France that was partially offset by international market growth of 1.2%. Primary care sales in France accounted for 24.3% of the Group's total primary care sales in 2015, compared with 26.5% in the previous year. In 2015, **core operating income for primary care** amounted €126.0 million, representing 38.2% of sales.

In 2015, **unallocated Core Operating Income** came to (€280.4) million, compared with (€267.2) million in 2014. The expenses consisted mainly of the Group's research and development costs — which totaled

€189.4 million in 2015, versus €183.4 million in 2014 — and unallocated general and administrative expenses.

Cash flow and financing

In 2015, the Group generated a cash flow increase of €26.3 million, down €28.1 million from the prior-year increase, bringing closing cash and cash equivalents to €214.0 million.

Analysis of the consolidated cash flow statement

(in millions of euros)	31 December 2015	31 December 2014
Cash flow from operating activities before changes in working capital requirement	304.8	240.5
(Increase) / decrease in working capital requirement for operations	(81.2)	5.3
Net cash flow from operating activities	**223.6**	**245.8**
Net investments in financial and tangible and intangible assets	(74.9)	(84.2)
Other cash flow from investments	(31.3)	(9.5)
Net cash provided (used) by investment activities	**(106.2)**	**(93.7)**
Net cash provided (used) by financing activities	**(91.2)**	**(97.7)**
CHANGES IN CASH AND CASH EQUIVALENTS (a)	**26.3**	**54.4**
Opening cash and cash equivalents (b)	180.1	125.4
Impact of exchange rate fluctuations (c)	7.6	0.4
Closing cash and cash equivalents ((a)+(b)+(c))	**214.0**	**180.1**

- **Net cash flow from operating activities**

In 2015, cash flow from operating activities before changes in working capital requirement amounted to €304.8 million, up €64.3 million versus 2014, benefitting from the good Group's business performance throughout the year.
Working capital requirement for operating activities increased by €81.2 million at 31 December 2015, compared to a €5.3 million decrease a year earlier. The 2015 increase resulted notably from the following items:

- Steady inventories during the year, with the implementation of action plans to help meeting rising demand;
- The sharp €63.8 million increase in trade receivables at 31 December 2015, compared with an increase of €8.5 million in 2014, resulting primarily from growing commercial activity, particularly in the United States, China and Brazil;
- The €10.8 million increase in trade payables at 31 December 2015, versus a €19.5 million increase in 2014, given the higher external costs to support business growth;
- The €18.9 million negative impact in the change in other operating assets and liabilities at 31 December 2015, compared to a source of funds totaling €11.6 million in the prior year, which benefitted from €25.0 million in deferred income from the contract renegotiation with Galderma;
- The €9.0 million decrease in net tax liability on earnings at 31 December 2015, versus a €24.9 million decrease in 2014.

- **Net cash flow used by investment activities**

In the 2015 financial year, net cash used by investment activities amounted to €106.2 million, compared with a €93.7 million net use of funds in 2014.

- Investments in tangible and intangible assets, net of disposals, totaled €74.9 million, versus €84.2 million at 31 December 2014. The cash outflow mainly included:

    - €50.0 million in acquisitions of property, plant and equipment, compared with €47.4 million in 2014. The higher cash outflow resulted mainly from capital spending to increase production capacity at manufacturing sites, particularly in the United Kingdom and Ireland, as well as to purchase IT assets;

    - €25.2 million in acquisitions of intangible assets, compared with €37.0 million in 2014. These assets included an additional payment as part of the partnership with Lexicon, information technology investments and the following payments:

        - In October 2015, Ipsen and Telesta Therapeutics entered into an exclusive licensing agreement for MCNA in the treatment of bladder cancer in all major territories, except the United States and Canada, in exchange for a €9.0 million payment;

        - At the end of 2015, Ipsen acquired intellectual property control over Galderma's liquid toxin in some key Asia-Pacific territories (APAC), in exchange for a future payment of €4.6 million payment, recorded as a liability at 31 December 2015;

      In 2014, this item included €18.0 million as part of a licensing agreement with Lexicon Pharmaceuticals Inc. to market telotristat etiprate outside of North America and Japan, as well as a €10.0 million payment to gain control of the intellectual property for Galderma's liquid toxin in the United States, Canada, Brazil, and Europe.
- The investment outflow for financing activities in 2015 also included the purchase of a €6.0 million option to acquire Canbex Therapeutics.

- In 2015, cash flow used by other investment activities mainly included €31.4 million in costs related to the acquisition of OctreoPharm Sciences. In 2014, cash flow used by other investment activities included €3.6 million in changes in the scope of consolidation corresponding to the change in consolidation method for Linnea, a Swiss company.

Net cash provided (used) by financing activities

In the 2015 financial year, net cash used in financing activities represented a net use of funds totaling €91.2 million, compared with €97.7 million in net use of funds in 2014. The 2015 outflow resulted primarily from a €70.5 million dividend payment and €22.4 million in own share purchases.

➢ **Reconciliation of cash and cash equivalents and net cash and cash equivalents**

(in millions of euros)	31 December 2015	31 December 2014
Closing cash and cash equivalents	**214.0**	**180.1**
Other financial liabilities	(20.6)	(12.1)
Non-current liabilities	**(20.6)**	**(12.1)**
Credit lines and bank loans	(4.0)	(4.0)
Financial liabilities (excluding derivative instruments) (**)	(2.5)	(3.2)
Current liabilities	**(6.5)**	**(7.2)**
Debt	**(27.1)**	**(19.3)**
Net cash and cash equivalents (*)	**186.9**	**160.8**

(*) Net cash and cash equivalents: Cash and cash equivalents, less bank overdrafts, bank loans and other financial liabilities and excluding derivative financial instruments
(**) Financial liabilities exclude €4.5 million in derivative instruments at 31 December 2015, compared with €0.8 million in derivative instruments at 31 December 2014

Analysis of Group cash flow

On 17 October 2014, Ipsen S.A. refinanced a syndicated loan it had contracted in 2012. The total amount of the usable part increased from €400 million to €500 million for a duration of 5 years with two one-year extension options.
In 2015, the Group exercised the first extension option. The expiration date for that credit line is now 17 October 2020.

The multiple-currency credit line was established to meet the general financing needs of the Group's operations. At the initiative of the borrower, the line may be drawn down for short-term periods.

Under the terms of the contract, the Group must respect the following covenant ratios at the end of each half-year period:

- Net debt to equity: less than 1
- Net debt to EBITDA: less than 3.5

In the event of default, the bank syndicate may demand early repayment of the loan.

At 31 December 2015, the Group had a positive net cash position. Both covenant ratios were consequently met.

To meet the general financing needs of Ipsen S.A. and its subsidiaries, the parent company established on 2 December 2015 a program to issue commercial paper. The program has a ceiling of €300 million euros. The minimum unit amount of the issue is €150,000 for durations ranging from one day to one year.
A financial presentation of the commercial paper issue program may be consulted at the company's website (www.ipsen.com) and the Banque de France website (www.banque-france.fr).

APPENDIX 1

■ Consolidated income statement

(in millions of euros)	31 December 2015	31 December 2014
Sales	**1,443.9**	**1,274.8**
Other revenues	76.3	57.6
Revenue	**1,520.2**	**1,332.4**
Cost of goods sold	(336.8)	(310.0)
Selling expenses	(541.4)	(464.1)
Research and development expenses	(192.6)	(186.9)
General and administrative expenses	(122.9)	(111.2)
Other core operating income	5.3	9.4
Other core operating expenses	(9.4)	(9.1)
Core Operating Income	**322.5**	**260.6**
Other operating income	2.0	0.4
Other operating expenses	(9.2)	(9.6)
Restructuring costs	(6.7)	(21.9)
Impairment losses	(64.6)	(8.0)
Operating Income	**244.0**	**221.4**
Investment income	0.7	1.7
Financing costs	(3.6)	(4.7)
Net financing costs	**(2.9)**	**(3.0)**
Other financial income and expense	(3.6)	(12.0)
Income taxes	(49.8)	(53.8)
Share of net profit (loss) from entities accounted for using the equity method	2.5	1.9
Net profit (loss) from continuing operations	**190.2**	**154.5**
Net profit (loss) from discontinued operations	0.5	(0.5)
Consolidated net profit	**190.7**	**154.0**
- Attributable to shareholders of Ipsen S.A.	189.9	153.5
- Attributable to non-controlling interests	0.9	0.5

Basic earnings per share, continuing operations (in euro)	2.30	1.88
Diluted earnings per share, continuing operations (in euro)	2.29	1.87
Basic earnings per share, discontinued operations (in euro)	0.01	(0.01)
Diluted earnings per share, discontinued operations (in euro)	0.01	(0.01)
Basic earnings per share (in euro)	2.31	1.87
Diluted earnings per share (in euro)	2.30	1.87

APPENDIX 2

- **Consolidated balance sheet before allocation of net profit**

(in millions of euros)	31 December 2015	31 December 2014
ASSETS		
Goodw ill	353.3	324.4
Other intangible assets	151.5	160.9
Property, plant & equipment	348.7	309.6
Equity investments	25.6	15.0
Investments in companies accounted for using the equity method	15.9	13.7
Non-current financial assets	-	4.2
Deferred tax assets	217.7	204.6
Other non-current assets	15.5	9.3
Total non-current assets	**1,128.1**	**1,041.7**
Inventories	107.4	105.5
Trade receivables	311.0	243.5
Current tax assets	82.9	65.9
Current financial assets	6.8	0.1
Other current assets	75.6	67.8
Cash and cash equivalents	226.1	186.3
Assets of disposal group classified as held for sale	-	2.6
Total current assets	**809.9**	**671.6**
TOTAL ASSETS	**1,938.0**	**1,713.3**

EQUITY AND LIABILITIES		
Share capital	83.2	82.9
Additional paid-in capital and consolidated reserves	892.3	801.7
Net profit (loss) for the period	189.9	153.5
Exchange differences	57.0	27.1
Equity attributable to Ipsen S.A. shareholders	1,222.5	**1,065.2**
Equity attributable to non-controlling interests	3.1	2.7
Total shareholders' equity	**1,225.6**	**1,067.9**
Retirement benefit obligation	51.2	59.6
Non-current provisions	31.4	42.1
Other non-current financial liabilities	20.6	12.1
Deferred tax liabilities	23.1	5.6
Other non-current liabilities	124.5	115.8
Total non-current liabilities	**250.8**	**235.2**
Current provisions	29.9	26.0
Current bank loans	4.0	4.0
Current financial liabilities	7.0	4.0
Trade payables	195.1	179.8
Current tax liabilities	12.0	4.1
Other current liabilities	201.5	186.1
Bank overdrafts	12.1	6.1
Total current liabilities	**461.5**	**410.2**
TOTAL EQUITY & LIABILITIES	**1,938.0**	**1,713.3**

APPENDIX 3

■ Consolidated statement of cash flow

(in millions of euros)	31 December 2015	31 December 2014
Consolidated net profit	**190.7**	**154.0**
Share of profit (loss) from companies accounted for using the equity method before impairment losses	(0.8)	(0.3)
Profit (loss) before share from companies accounted for using the equity method	**189.9**	**153.7**
Non-cash and non-operating items		
- Depreciation, amortization, provisions	43.7	50.2
- Impairment losses included in operating income and net financial income	64.6	8.0
- Change in fair value of financial derivatives	1.9	(2.7)
- Net gains or losses on disposals of non-current assets	0.5	2.6
- Share of government grants released to profit and loss	(0.0)	(0.0)
- Foreign exchange differences	(1.3)	9.8
- Change in deferred taxes	1.4	13.8
- Share-based payment expense	4.0	4.8
- (Gain) or loss on sales of treasury shares	0.3	0.1
- Other non-cash items	(0.1)	(0.0)
Cash flow from operating activities before changes in working capital requirement	***304.8***	**240.5**
- (Increase)/decrease in inventories	(0.2)	7.6
- (Increase)/decrease in trade receivables	(63.8)	(8.5)
- Increase/(decrease) in trade payables	10.8	19.5
- Net change in income tax liability	(9.0)	(24.9)
- Net change in other operating assets and liabilities	(18.9)	11.6
Change in working capital requirement related to operating activities	**(81.2)**	**5.3**
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**223.6**	**245.8**
Acquisition of property, plant & equipment	(50.0)	(47.4)
Acquisition of intangible assets	(25.2)	(37.0)
Proceeds from disposal of intangible assets and property, plant & equipment	0.2	0.3
Acquisition of shares in non-consolidated companies	(0.0)	(0.1)
Payments to post-employment benefit plans	(1.5)	(1.0)
Impact of changes in the consolidation scope	(31.4)	(3.6)
Deposits paid	0.2	0.3
Change in working capital related to operating activities	7.8	(2.6)
Other cash flow related to investment activities	(6.3)	(2.5)
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES	**(106.2)**	**(93.7)**
Additional long-term borrowings	1.1	2.2
Repayment of long-term borrowings	(5.6)	(5.2)
Capital increase by Ipsen	5.4	3.1
Treasury shares	(22.4)	(31.7)
Dividends paid by Ipsen S.A.	(70.0)	(65.5)
Dividends paid by subsidiaries to non-controlling interests	(0.5)	(0.2)
Change in working capital related to operating activities	0.8	(0.5)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	**(91.2)**	**(97.7)**
CHANGE IN CASH AND CASH EQUIVALENTS	**26.3**	**54.9**
Opening cash and cash equivalents	180.1	125.4
Impact of exchange rate fluctuations	7.6	0.4
Closing cash and cash equivalents	**214.0**	**180.1**

APPENDIX 4

- **Core consolidated net profit for 2015, versus prior year**

(in millions of euros)	31 December 2015	Non-core items	31 December 2015 Core	31 December 2014	Non-core items	31 December 2014 Core
Core Operating Income	**322.5**	**-**	**322.5**	**260.6**	**-**	**260.6**
Other operating income	2.0	(2.0)	-	0.4	(0.4)	-
Other operating expenses	(9.2)	9.2	-	(9.6)	9.6	-
Restructuring costs	(6.7)	6.7	-	(21.9)	21.9	-
Impairment losses	(64.6)	64.6	-	(8.0)	8.0	-
Operating Income	**244.0**	**78.5**	**322.5**	**221.4**	**39.1**	**260.6**
Investment income	0.7	-	0.7	1.7	-	1.7
Financing costs	(3.6)	-	(3.6)	(4.7)	-	(4.7)
Net financing costs	(2.9)	-	(2.9)	(3.0)	-	(3.0)
Other financial income and expense	(3.6)	(4.9)	(8.4)	(12.0)	-	(12.0)
Income taxes	(49.8)	(33.3)	(83.1)	(53.8)	(11.0)	(64.8)
Share of net profit (loss) from entities accounted for using the equity method	2.5	-	2.5	1.9	-	1.9
Net profit (loss) from continuing operations	**190.2**	**40.3**	**230.5**	**154.5**	**28.1**	**182.6**
Net profit (loss) from discontinued operations	0.5	(0.5)	-	(0.5)	0.5	-
Consolidated net profit	**190.7**	**39.8**	**230.5**	**154.0**	**28.6**	**182.6**
- Attributable to shareholders of Ipsen S.A.	189.9	39.8	229.6	153.5	28.6	182.1
- Attributable to non-controlling interests	0.9	-	0.9	0.5	-	0.5
Basic earnings per share - attributable to Ipsen S.A. shareholders (in € per share)	2.31		2.79	1.87		2.22
Diluted earnings per share - attributable to Ipsen S.A. shareholders (in € per share)	2.30		2.78	1.87		2.22

Core Operating Income is the key performance indicator for understanding and measuring the performance of the Group's activities. Items not included in Core Operating Income are not tabbed as "exceptional" or "extraordinary" but correspond to unusual, abnormal or infrequent items of disclosure targeted in paragraph 28 of the IASB Framework.
Similarly, Core consolidated net profit corresponds to net profit adjusted for non-core items as defined above and unusual events affecting financial income (expense) items, net of taxes, or the taxes themselves.

GOVERNMENT MEASURES

The governments of many countries in which the Group operates continue to introduce new measures to reduce public health expenses, some of which have affected the Group sales and profitability in 2015. In addition, certain measures introduced in 2014 have continued to affect the Group's accounts year-on-year.

Measures impacting 2015

In the Major Western European countries:

- In France, all Decapeptyl® formulations were impacted by a 3.1% price decrease imposed by Public Health Authorities, in February 2015;
- In Spain, Dysport® was included in the reference price system as the product has been on the market for more than 10 years;
- In the UK, to keep health service spend on branded medicines within the levels agreed under the Scheme, the Department of Health set the level of payment due from members of the Pharmaceutical Price Regulation Scheme (PPRS) at 10.36% in 2015, compared to 3.74% in 2014.

In the Other European countries:

- In the Netherlands, as of April 1st and October 1st, 2015, prices of Ipsen's specialty care products (excluding Hexvix® and Increlex®) increased following an International Reference Pricing review;
- In Italy, as of August 1st, 2015, Decapeptyl® 3.75mg and 11.25mg were withdrawn from the pay-back procedure, with official prices consequently decreased by 5.0%.

In the Rest of the World:

- In the United States, Somatuline® prices increased on 30 June and 30 September 2015 (Somatuline® 120mg: +1.6% in June, Somatuline® 60mg/90mg: +3.0% and +5.0%, respectively in June and September). In December 2015, all Somatuline® formulation prices increased by +2.1%. Increlex® price increased 14.9% in September 2015;
- In Brazil, prices of Dysport® therapeutics and Somatuline® increased 5.0% in April 2015 due to inflation;
- In Australia, on December 1st, 2015, the price of NutropinAq® decreased by 16.0% to remain competitive as all the different brands of Somatropin are considered equivalent on a per milligram basis;
- In Algeria, in the context of continuous and sharp oil price drop, the authorities are looking at drastically reducing importation cost. This applies to import of Pharmaceuticals, which stands roughly for €3 billion in the state budget. For Ipsen's primary care portfolio, this also coincides with the price reduction usually assorted to the 5-year Free Sales Certificate renewal. On the specialty care segment, this resulted in a price reduction of 5.0% of Somatuline® and of more than 20.0% for Decapeptyl®, as authorities were systematically benchmarking prices versus that prevailing in neighboring countries and other European countries.

Furthermore, governments of many countries in which the Group operates continue to introduce new measures to reduce public health expenses, some of which will affect the Group sales and profitability beyond 2015.

Measures impacting beyond 2015

In the Major Western European countries:

- In France, the government presented the new Social Security Finance Bill (PLFSS), which sets forth expenditure targets in the healthcare sector for 2015. The target growth of healthcare expenditure has been set at 2.1% year-on-year, down from 2.4% in 2014. This is expected to result in €3.2 billion savings. Moreover, the two Smecta® price cuts have fully impacted countries that reference French prices in their international reference price system (incl. European Union and North Africa) starting January 2015;

- In Belgium, all formulations of Somatuline® will be subject to a mandatory price cut of 17.0% as of July 1st, 2016 as the product has been reimbursed for between 12 and 15 years;

- In Spain, Somatuline® 120 mg will be subject to a 5.0% price decrease due to the new reimbursement of GEP-NET indication. This new price is expected to be officially implemented as of March 2016;

- In Poland, Ipsen received positive assessment results from National HTA agency on Hexvix® reimbursement application. The price is under negotiation with the Ministry of Health. Somatuline®, Dysport® and Decapeptyl® prices will be reviewed based on the lowest prices in Europe. New prices are expected to be published in Q1 2016;

- In the UK, the Department of Health announced the level of payment due from members of the Pharmaceutical Price Regulation Scheme (PPRS) in 2016 to keep health service spend on branded medicines within the levels agreed under the Scheme will be 7.80%.

In the Rest of the World:

- In Algeria, part of the 2015 cost containment measures undertaken by the Authorities aims at reducing importation cost. For pharmaceuticals, a new importation quota is currently being implemented to target imported products with at least one generic that is locally manufactured. Moreover, the Economic Committee of the Ministry of Health announced its intention to strengthen transparency and increase visibility in drug pricing mechanism. It is set to implement an international price referencing (IRP) system with a basket of 9 reference countries[1] with FOB (« Free on Board ») price to be 10% lower than the lowest price of the benchmarked countries. The new rule is expected to be implemented as from January 2016. Besides, the Economic Committee will implement price revisions every 6 months along with strict control of any price cut in benchmarked countries. Finally, the new National Agency for Medicine will regulate the implementation of the temporary authorization system (ATU) as well as the status of locally produced drugs. It will also establish a price commission composed of several Ministry representatives (Health, Finance, and Trade) and health economics experts;

- In China, an ongoing healthcare reform aims at aligning the patient management model with European standards. This results in an acceleration of hospital tenders and the implementation of a more efficient retail pharmacy distribution channel. In particular, this reform aims at removing price caps for most medicines to allow the market to play a bigger role in fixing prices.
  The latest update on this reform is more price cut at provincial biddings for public hospitals and further price cut at post-bidding price negotiations in some cities. For drugs sold through retail pharmacy channels, this reform will bring more flexible drug pricing to pharmaceutical companies to raise their incentive for innovation, even though prices will remain subject to governmental and anti-trust supervision.
  Besides, 2016 is the year heralding the 13th five-year plan. As such, PRC's Ministry of Health will also release its 13th five-year plan for Healthcare guiding its development for the next 5 years to reach the overall "Health China 2030" objectives.

[1] France, Belgium, Turkey, Greece, Spain, UK, Tunisia, Morocco and the country of origin.

MAJOR DEVELOPMENTS

During the year 2015, major developments included:

- On 26 January 2015 – Ipsen announced topline results for two double-blind phase III studies of Dysport® (abobotulinumtoxinA) in Pediatric Lower Limb (PLL) spasticity in children with cerebral palsy and in Adult Lower Limb (ALL) spasticity in patients who had experienced a stroke or traumatic brain injury.

- On 23 February 2015 – Ipsen Canbex Therapeutics Ltd announced that Canbex has granted Ipsen an option giving Ipsen the exclusive right to purchase 100% of Canbex shares upon completion of the Phase IIa study of Canbex's lead candidate for the treatment of spasticity in people with multiple sclerosis (MS), known as VSN16R. Under the financial terms of the agreement, Ipsen has paid an option fee of €6 million to Canbex.

- On 2 March 2015 – Ipsen announced that Dominique Laymand has been appointed Senior Vice President, Chief Ethics and Compliance Officer for the Ipsen group.

- On 1 April 2015 – Ipsen announced the inauguration of its new R&D center, Ipsen Bioscience, in Cambridge (MA, USA).

- On 16 April 2015 – Active Biotech and Ipsen announced top line results of the 10TASQ10 study. Therefore the companies have decided to discontinue all studies in prostate cancer. Full results will be presented at an upcoming scientific conference.

- On 19 May 2015 – Ipsen announced the signature of an agreement to acquire OctreoPharm Sciences, a private German life sciences company focusing on the development of innovative radioactive labeled compounds for molecular imaging diagnostics and therapeutic applications. Under the terms of the agreement, which is subject to closing conditions, OctreoPharm's shareholders are eligible to receive up to a total of approximately €50 million for the purchase of 100% of the company's shares in the form of an upfront payment and downstream payments contingent upon clinical and regulatory milestones.

- On 2 June 2015 – Ipsen confirmed its eligibility for the PEA-PME scheme, in accordance with the French decree n° 2014-283 of 4 March 2014.

- On 3 June 2015 – Ipsen announced it has granted Natixis a mandate to purchase 500 000 shares, or about 0.60% of the share capital. This mandate begins on 3 June 2015 and will end on 31 December 2015. The purchased shares will be cancelled, mainly to compensate for the dilution resulting from the issuance of new shares within the free share plans. These operations are part of the authorizations granted by the General Shareholder's meeting held on 27 May 2015.

- On 2 July 2015 - Ipsen hosted its Investor Day. The Group's management provided a comprehensive review of its 2020 strategy and its 2020 outlook including organic sales ranging between €1.8bn and €2.0bn and Core Operating Margin of above 26%.

- On 16 July 2015 – Ipsen announced that the U.S. Food and Drug Administration (FDA) has approved its supplemental Biologics License Application (sBLA) for Dysport® (abobotulinumtoxinA) for the treatment of upper limb spasticity in adult patients after the submission of the dossier in September 2014.

- On 31 August 2015 – Ipsen announced that The Lancet Neurology has published online at http://www.thelancet.com/neurology the detailed results from the Ipsen sponsored phase III randomized study (NCT01313299) showing the efficacy and safety of Dysport® in post-stroke or traumatic brain injury patients with upper limb spasticity.

- On 1 October 2015 – Ipsen announced that, in collaboration with the U.S. FDA (Food and Drug Administration), an additional batch of Increlex® will be available for commercial distribution starting in November, 2015.

- On 1 October 2015 – Ipsen announced the appointment of Stéphane Bessette as Executive Vice President, Human Resources of the Ipsen Group.

- On 28 October 2015 – Ipsen and Telesta Therapeutics Inc. announced that they have entered into an exclusive licensing agreement for Ipsen to develop and commercialize MCNA[1] for the treatment of high risk non-muscle invasive bladder cancer (NMIBC) in all countries of the world, with the exception of the United States. Under the financial terms of the agreement, Telesta is eligible to receive up to US$137 million in upfront and milestone payments comprising a US$10 million upfront payment and additional payments contingent upon achievement of regulatory and sales milestones.

- On 19 November 2015 – Ipsen et Interprotein annouced that they have signed a research collaboration and an option agreement to develop and commercialize new therapeutic peptides intended for serious medical conditions in endocrinology, such as Cushing's disease.

[1] *Mycobacterium phlei* cell wall-nucleic acid complex

APPENDIX

RISK FACTORS

The Group operates in an environment which is undergoing rapid change and exposes its operations to a number of risks, some of which are outside its control. The risks and uncertainties set out below are not exhaustive and the reader is advised to refer to the Group's 2014 Registration Document available on its website (www.ipsen.com).

- The Group is faced with uncertainty in relation to the prices set for all its products, in so far as medication prices have come under severe pressure over the last few years as a result of various factors, including the tendency for governments and payers to reduce prices or reimbursement rates for certain drugs marketed by the Group in the countries in which it operates, or even to remove those drugs from lists of reimbursable drugs.

- The Group depends on third parties to develop and market some of its products, which generates or may generate substantial royalties for the Group, but these third parties could behave in ways that cause damage to the Group's business. The Group cannot be certain that its partners will fulfill their obligations. It might be unable to obtain any benefit from those agreements. A default by any of the Group's partners could generate lower revenues than expected. Such situations could have a negative impact on the Group's business, financial position or performance.

- Actual results may depart significantly from the objectives given that a new product can appear to be promising at a development stage, or after clinical trials, but never be launched on the market, or be launched on the market but fail to sell, notably for regulatory or competitive reasons.

- The Research and Development process typically lasts between eight and twelve years from the date of discovery to a product being brought to market. This process involves several stages; at each stage, there is a substantial risk that the Group could fail to achieve its objectives and be forced to abandon its efforts in respect of products in which it has invested significant amounts. Thus, in order to develop viable products from a commercial point of view, the Group must demonstrate, by means of pre-clinical and clinical trials, that the molecules in question are effective and are not harmful to humans. The Group cannot be certain that favorable results obtained during pre-clinical trials will subsequently be confirmed during clinical trials, or that the results of clinical trials will be sufficient to demonstrate the safety and efficacy of the product in question such that the required marketing approvals can be obtained.

- The Group must deal with or may have to deal with competition (i) from generic products, particularly in relation to Group products which are not protected by patents (ii), products which, although they are not strictly identical to the Group's products or which have not demonstrated their bioequivalence, may obtain a marketing authorization for indications similar to those of the Group's products pursuant to the bibliographic reference regulatory procedure (well established medicinal use) before the patents protecting its products expire. Such a situation could result in the Group losing market share which could affect its current level of growth in sales or profitability.

- Third parties might claim the benefit of intellectual property rights with respect to the Group's inventions. The Group provides the third parties with which it collaborates (including universities and other public or private entities) with information and data in various forms relating to the research, development, manufacturing and marketing of its products. Despite the precautions taken by the Group with regard to these entities, in particular of a contractual nature, they (or certain of their members or affiliates) could claim ownership of intellectual property rights arising from the trials carried out by their employees or any other intellectual property right relating to the Group's products or molecules in development.

- The Group's strategy includes acquiring companies or assets which may enable or facilitate access to new markets, research projects or geographical regions or enable the Group to realize synergies with its existing businesses. Should the growth prospects or earnings potential of such assets as well as valuation assumptions change materially from initial assumptions, the Group might be under the obligation to adjust the values of these assets in its balance sheet, thereby negatively impacting its results and financial situation.

- The marketing of certain products by the Group has been and could be affected by supply shortages and other disruptions. Such difficulties may be of both a regulatory nature (the need to correct certain technical problems in order to bring production sites into compliance with applicable regulations) and a technical nature (difficulties in obtaining supplies of satisfactory quality or difficulties in manufacturing active ingredients or drugs complying with their technical specifications on a sufficiently reliable and uniform basis). This situation may result in inventory shortages and/or in a significant reduction in the sales of one or more products.

- In certain countries exposed to significant public deficits, and where the Group sells its drugs directly to public hospitals, the Group could face discount or lengthened payment terms or difficulties in recovering its receivables in full. The Group closely monitors the evolution of the situation in Southern Europe where hospital payment terms are especially long. More generally, the Group may also be unable to purchase sufficient credit insurance to protect itself adequately against the risk of payment default from certain customers worldwide. Such situations could negatively impact the Group's activities, financial situation and results.

- In the normal course of business, the Group is or may be involved in legal or administrative proceedings. Financial claims are or may be brought against the Group in connection with some of these proceedings.

- The cash pooling arrangements for foreign subsidiaries outside the euro zone expose the Group to financial foreign exchange risk. The variation of these exchange rates may impact significantly the Group's results.