

Ipsen

Half Year 2016 Financial Results

28 July 2016



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Safe Harbor

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

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

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

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

Half year 2016 overview

Marc de Garidel
Chairman

Agenda

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H1 2016 overview

Marc de Garidel
Chairman

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H1 2016 financial performance

Aymeric Le Chatelier
EVP CFO

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R&D update

Claude Bertrand
EVP R&D, CSO

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Conclusion

David Meek
CEO

H1 2016 highlights: Accelerated transformation

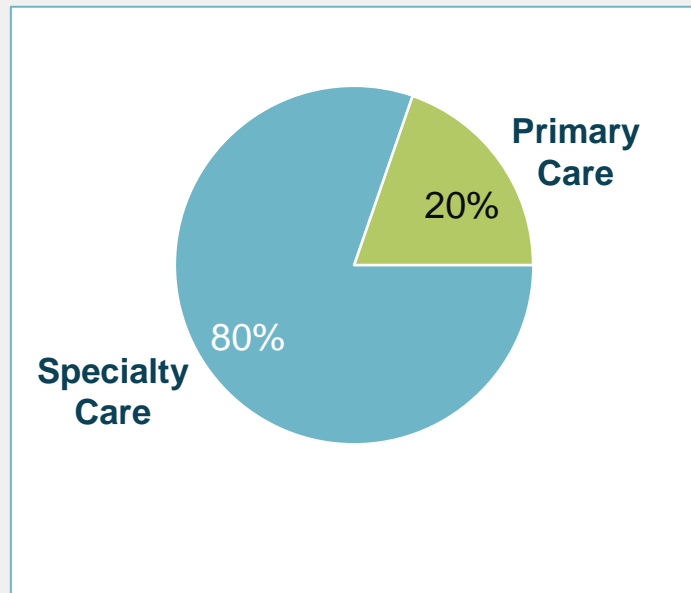
Solid operating performance driven by Specialty Care sales growth and in particular Somatuline® in the US

In-licensing of Cabometyx™ to strengthen oncology portfolio, recent positive CHMP opinion & launch preparation in Europe

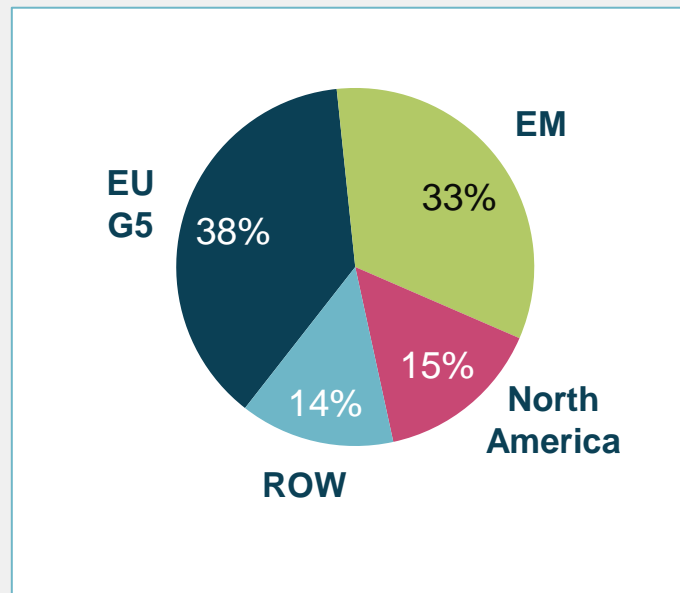
New corporate governance model: David Meek joins as CEO; Marc de Garidel assumes the role of non-executive chairman of the Board of Directors

Ipsen: Global specialty pharma company; US now top affiliate

H1 2016 sales by segment



H1 2016 sales by geography



Top 5 affiliates



Specialty care increasing as a percentage of overall sales

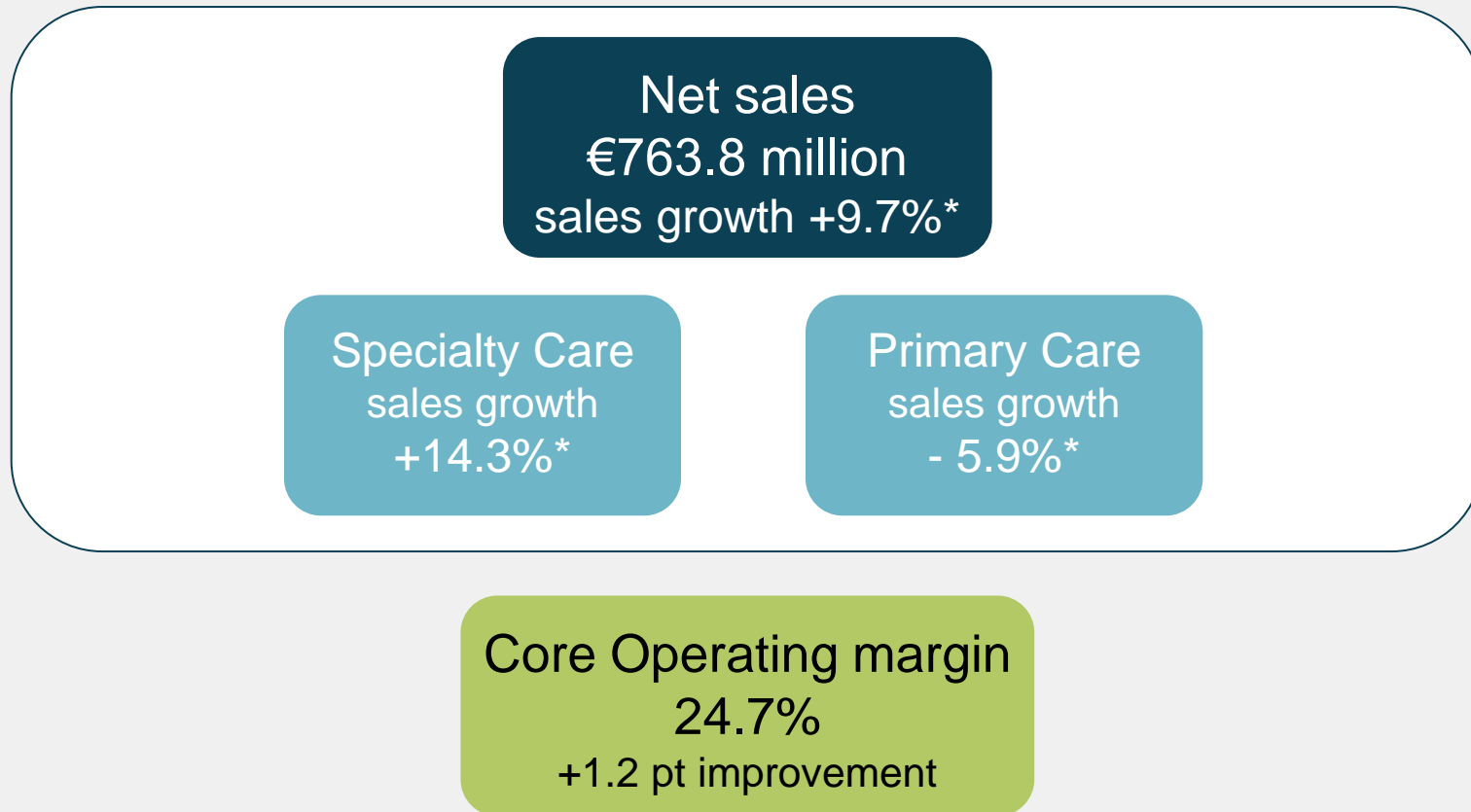
Broad global footprint

US: Continued momentum and high potential for growth



- US represents 15% of global sales
- Additional growth drivers for continued momentum
- Strong leverageable infrastructure in place

H1 2016 financial highlights: Solid sales & margin improvement



Executing on base business growth strategy

Specialty Care

Leadership in NET

- Develop Somatuline® in new indications and delivery devices
- Expand portfolio with telotristat etiprate and 177Lu-OPS201/ 68Ga-OPS202

Maximize Dysport® potential

- Launch Dysport® in new indications (PLL, ALL) and formulation
- Successful Galderma partnership in aesthetics, especially in the US

In-licensing of Cabometyx™

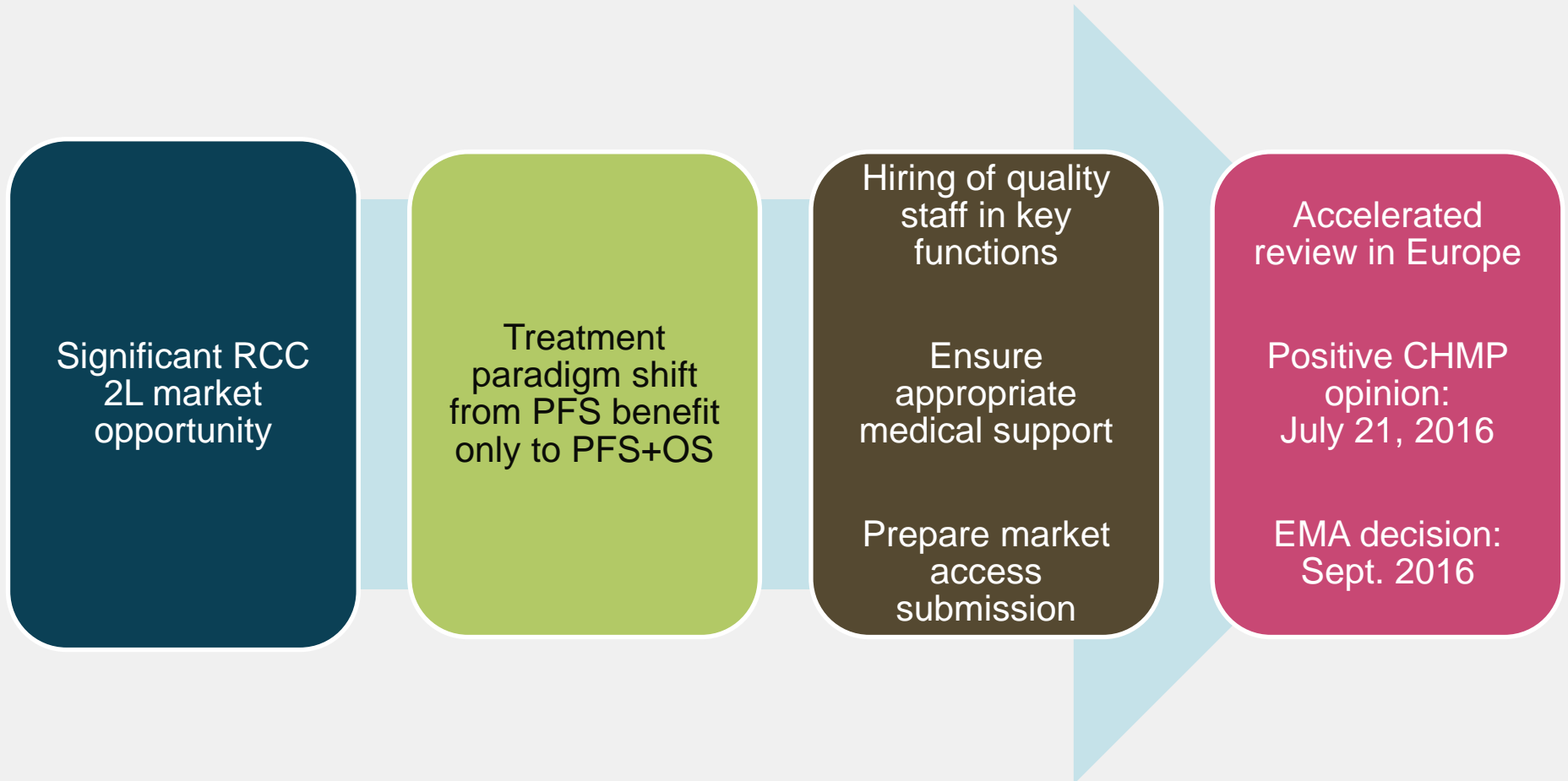
- Accelerate Specialty Care growth; reinforce niche oncology strategy
- Ensure successful launch in 2L RCC; expand in other indications

Primary Care

GI focus

- Expand portfolio of products: recent launches in France, Probi in-licencing agreement
- Transition to OTC model and continued focus in China

Cabometyx™ EU launch: Positive momentum on a significant market opportunity

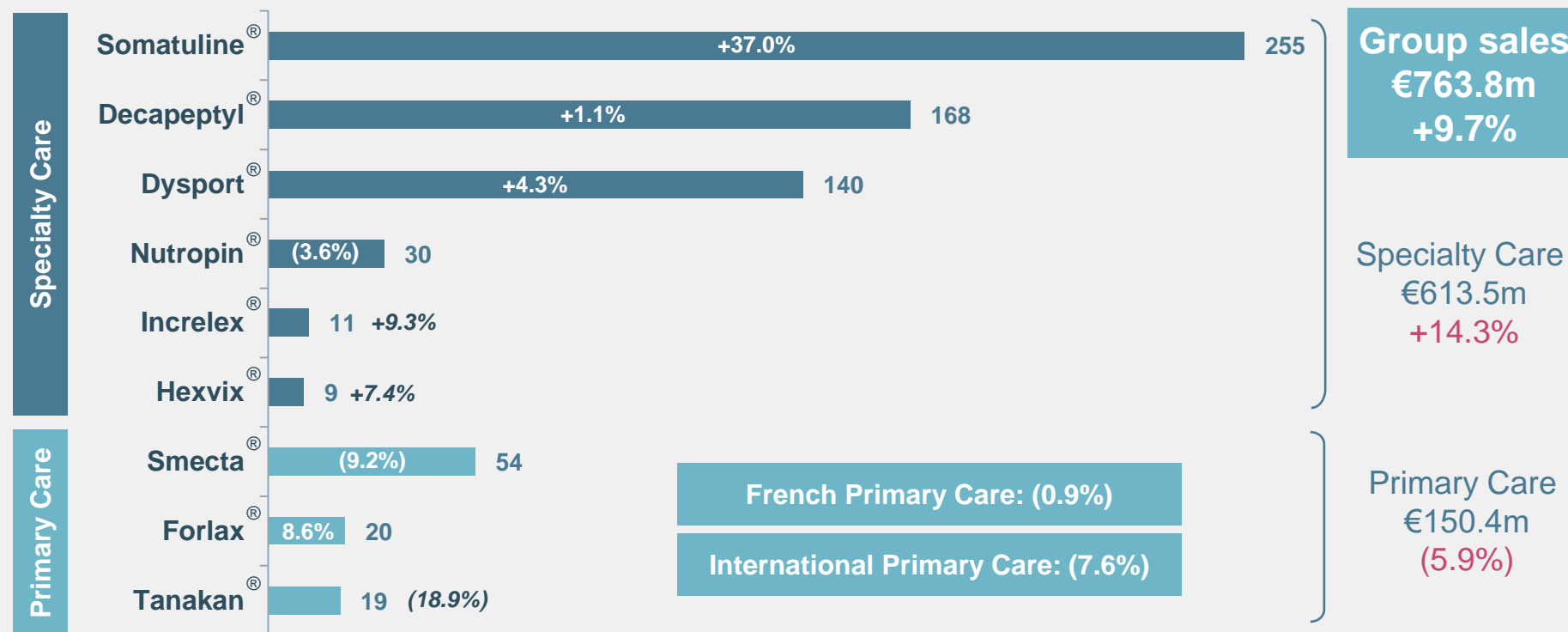


H1 2016 financial performance

Aymeric Le Chatelier
EVP CFO

H1 2016 sales growth driven by specialty care business

Drug sales – H1 2016 in million euros – % excluding foreign exchange impact



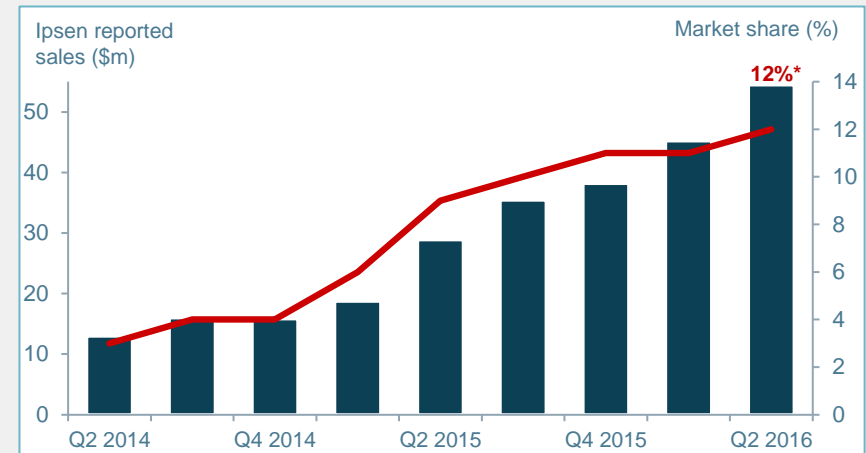
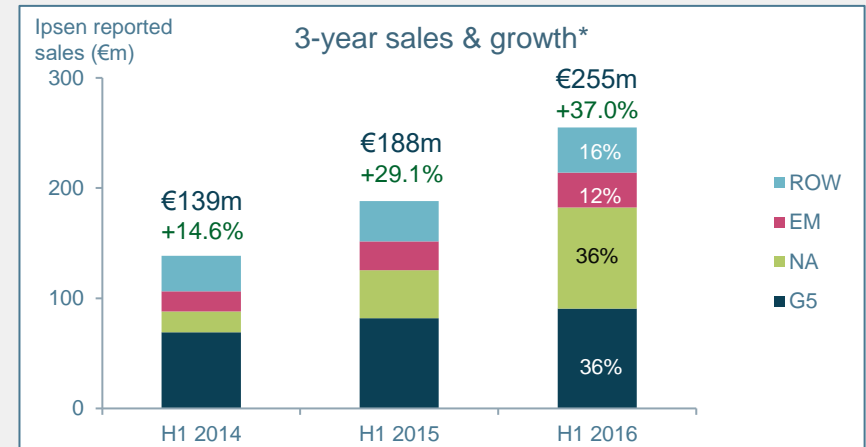
Somatuline[®] NET driving Specialty Care growth

Primary Care affected by international markets headwinds, notably in China / Russia

Somatuline[®]: strong performance globally driving oncology franchise growth

H1 highlights

- US: Increasing penetration of centers, new patients and patients transitioning from prior therapy in an expanding market
- Continued momentum and accelerated growth in the US for NET
- Strong performance in most European countries, notably Germany, Poland, France and the UK



Source: IMS MIDAS, May 2016

* Q2 2016 market share reflects data through May 2016

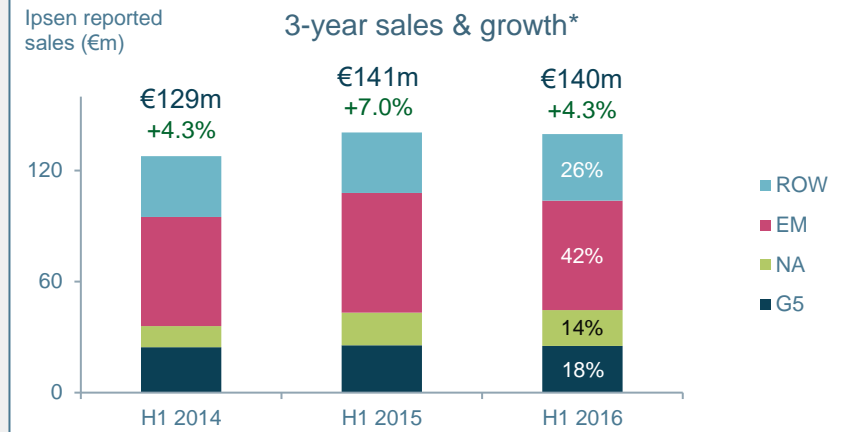
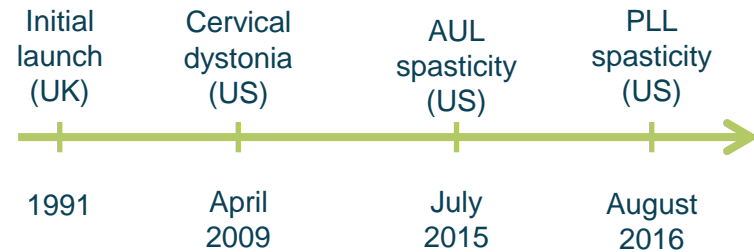
Note: G5 : France, Germany, UK, Italy, Spain; EM: Emerging Markets (includes China, Russia and Brazil); NET: Neuroendocrine Tumors
* Actual sales and growth at constant FX

Dysport® driven by solid market growth

H1 highlights

- Launch of AUL spasticity (US)
 - Launch readiness for PLL spasticity (US)
-
- Continued strength of aesthetics performance in Russia and in Galderma territories
 - Adverse inventory effects in the Middle East and Brazil
 - Progressive ramp up of spasticity sales in the US

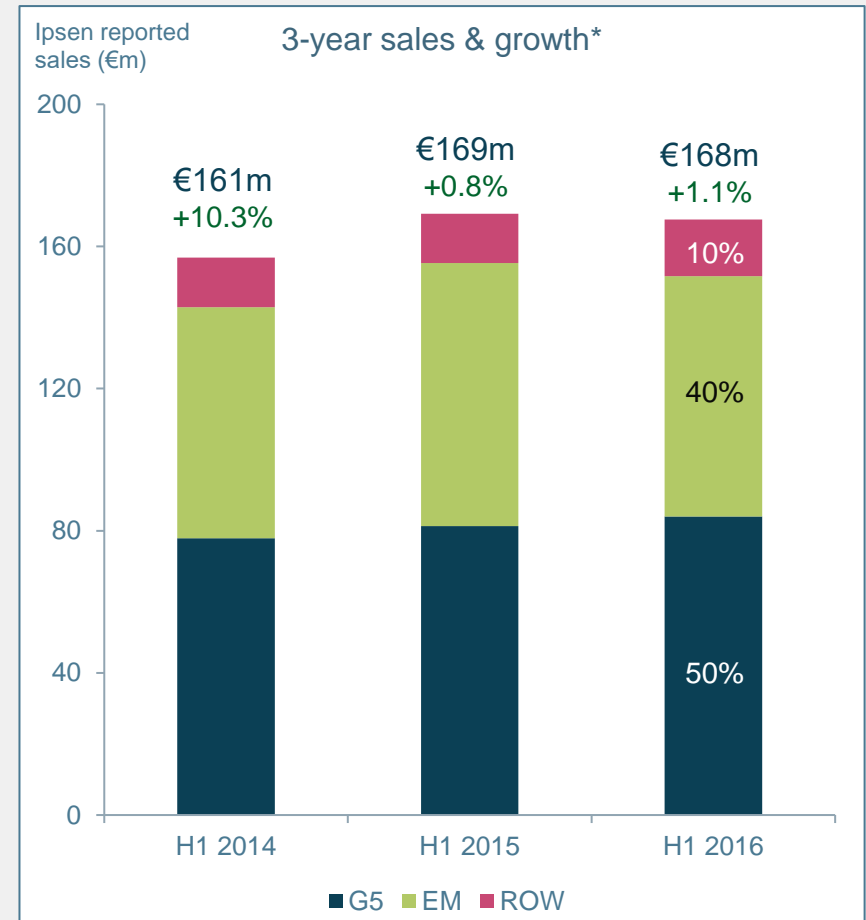
Timeline of US launches



Decapeptyl®: strong performance in Europe offset by inventory trends in the Middle East

H1 highlights

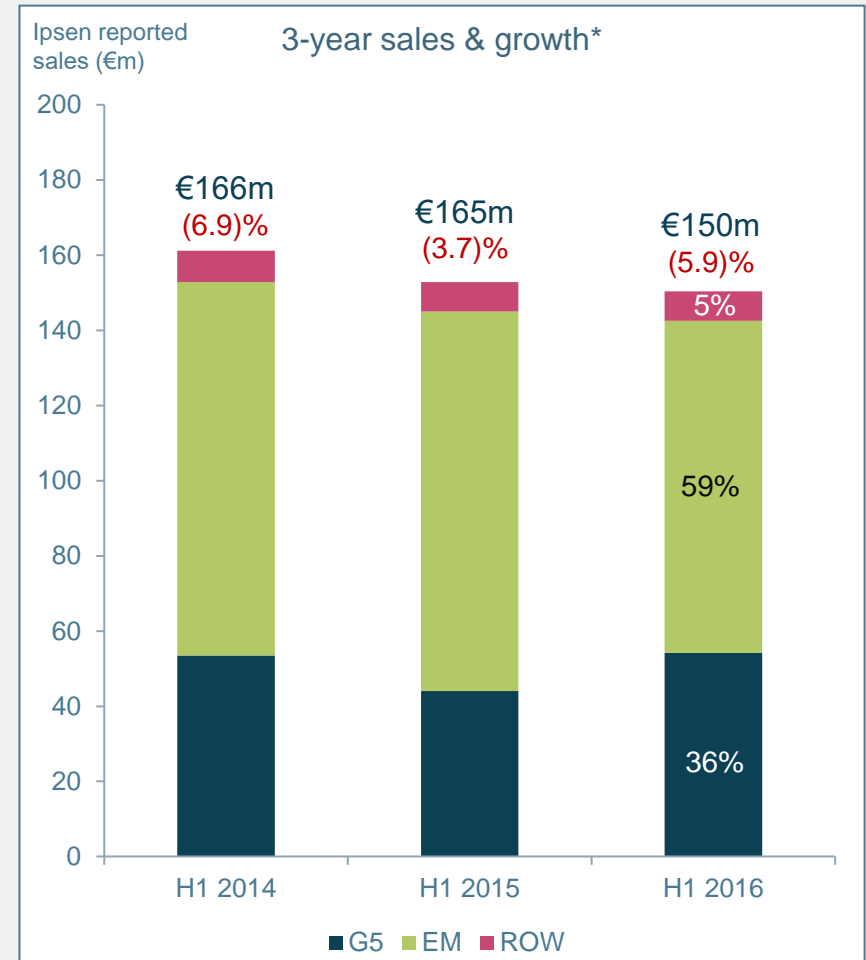
- Increased commercial focus in China with dedicated sales force per indication
 - Progress on potential combination in breast cancer
-
- Good volume growth and market penetration in Europe especially in Spain, France and the UK
 - Volume in China offset by continued pricing pressure



Primary care impacted by Smecta® and Tanakan® slowdown

H1 highlights

- Accelerated transition in China of the Primary care model to OTx
 - Portfolio expansion with distribution agreement for probiotic LP299V® signed with Probi
-
- Smecta® impacted by 2015 destocking in China and Vietnam
 - Tanakan® market slowdown in Russia and France
 - Expected rebound in H2 2016 from OTC ramp up in China



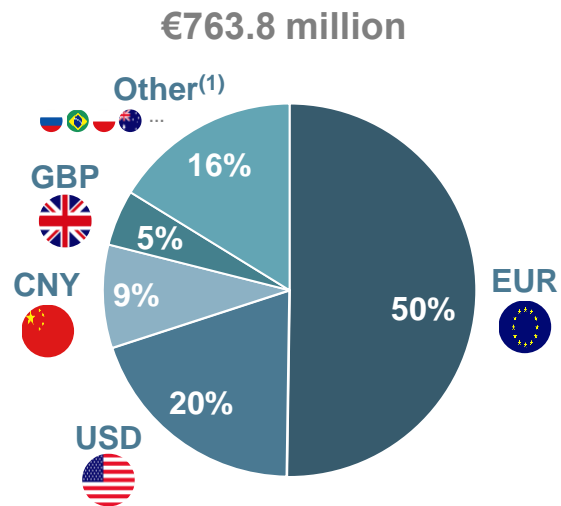
P&L - From sales to Core Operating Income

<i>In million euros</i>	H1 2016	H1 2015	Change	% Change	Change at constant FX
Net sales	763.8	713.9	+49.9	+7.0%	+9.7%
Other revenues	42.8	38.0	+4.8	+12.4%	
Revenue	806.6	751.9	+54.7	+7.3%	
Cost of goods sold	(172.2)	(168.3)	-3.9	+2.3%	
Selling expenses	(283.2)	(259.9)	-23.3	+8.9%	
R&D expenses	(95.0)	(91.8)	-3.2	+3.4%	
G&A expenses	(59.0)	(61.3)	+2.3	-3.7%	
Other core	(8.4)	(2.9)	-5.5	NA	
Core Operating Income	188.8	167.6	+21.2	+12.6%	
Core Operating margin	24.7%	23.5%	+1.2pt		

Operating leverage driving margin expansion

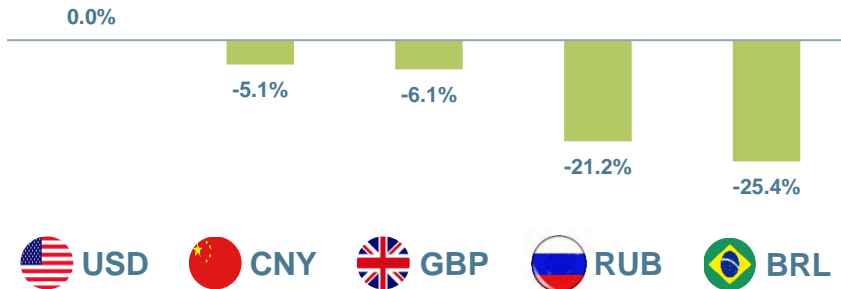
Exposure to foreign currencies

H1 2016 sales exposure by currency



Evolution of major currencies vs. EUR

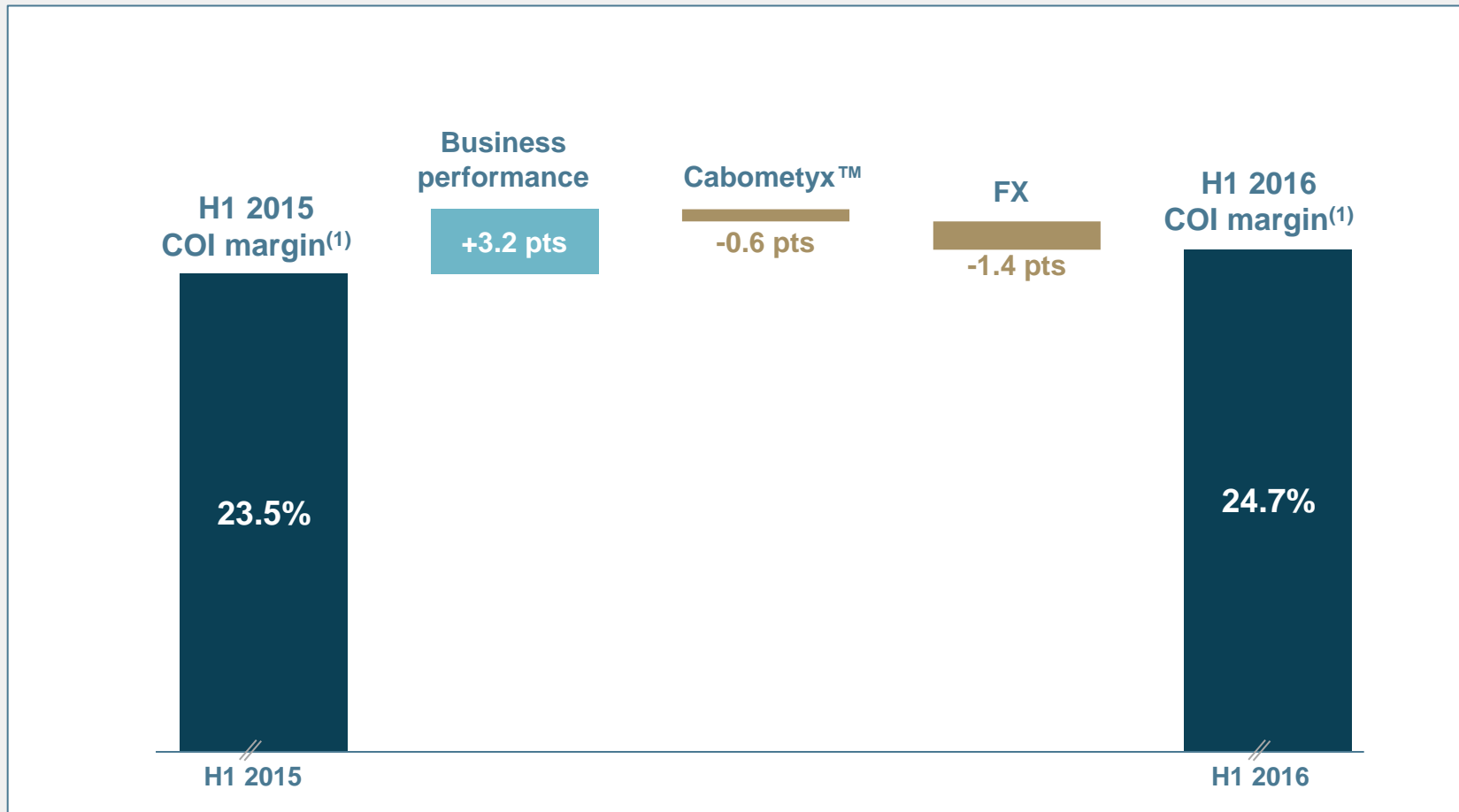
Average rates change (June 2016 vs. June 2015)



Foreign currency policy

- H1 2016 sales impacted by currency depreciation in emerging countries (BRL, CNY, RUB)
- Global FX exposure mitigated by cost base in local currency and hedging of key currencies

Core Operating margin evolution



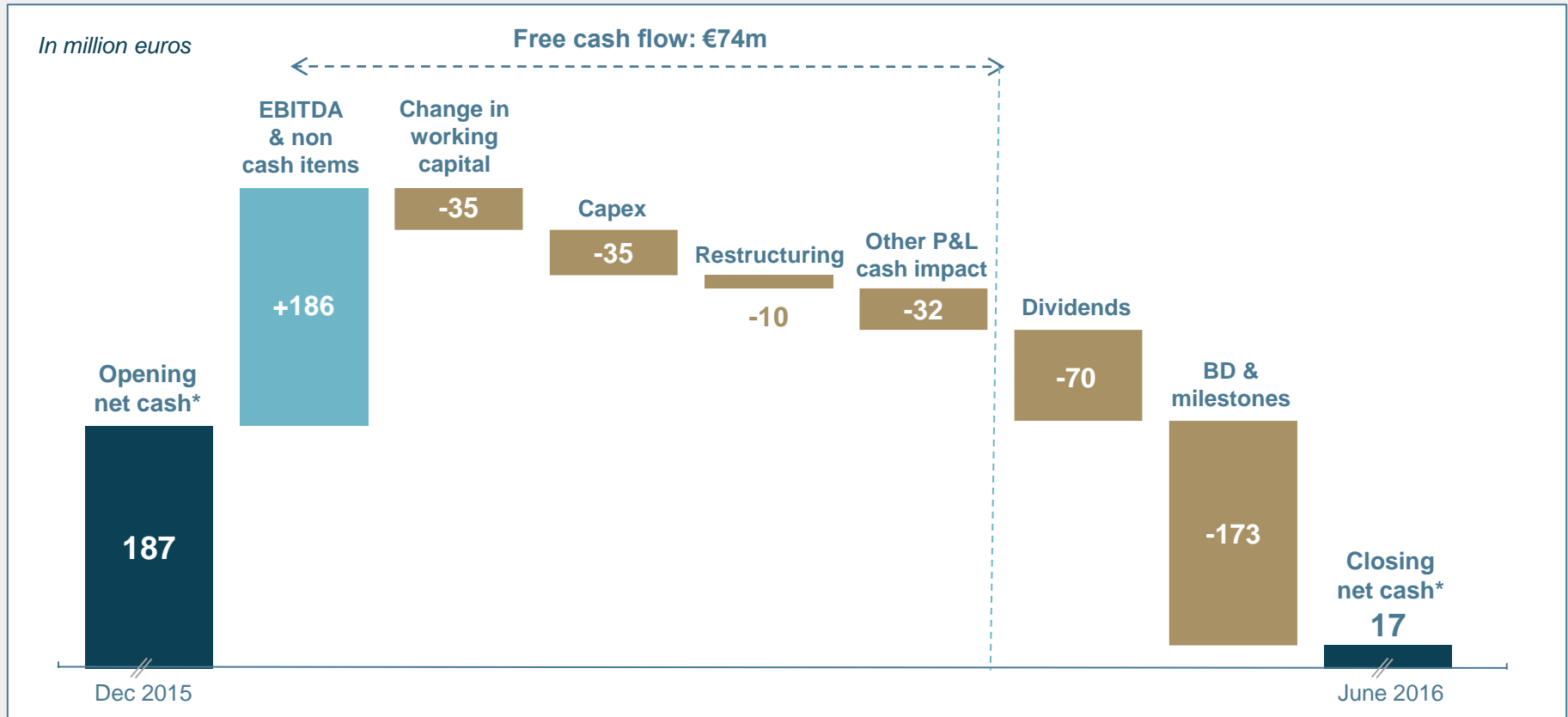
H1 2016 margin expansion driven by Specialty care growth and cost-monitoring efforts

P&L - From Core Operating Income to EPS

<i>In million euros</i>	H1 2016	H1 2015	Change	% Change
Net sales	763.8	713.9	+49.9	+7.0%
Core Operating Income	188.8	167.6	+21.2	+12.6%
Core Operating margin	24.7%	23.5%	+1.2 pt	
Other non core	(5.5)	(6.6)	+1.1	
Restructuring costs	(0.4)	(0.7)	+0.3	
Impairment gain / (losses)	(8.4)	(57.0)	+48.6	
Operating Income	174.6	103.4	+71.2	+68.8%
Financial result	(2.9)	3.2	-6.1	
Income taxes	(39.4)	(17.9)	-21.5	
Share of profit from entities accounted for using equity method	1.3	1.5	-0.2	
Discontinued operations	(0.3)	0.3	-0.6	
Consolidated net profit	133.3	90.5	+42.8	+47.4%
Consolidated net profit margin	17.5%	12.7%	+4.8 pts	
EPS – fully diluted (€)	1.61	1.09	+0.52	
Core EPS – fully diluted (€)	1.74	1.50	+0.24	16.0%

Impact of tasquinimod impairment in H1 2015
Core EPS +16%

Strong cash flow generation



Cash flow of €74 million driven by strong COI

Closing net cash position of €17 million at the end of H1 2016

2016 financial objectives

Specialty Care sales

Raised
Previous Growth >+10.0% New Growth >+12.0%

At constant currency

Primary Care sales

Reaffirmed
Slight growth, year-on-year

At constant currency

Core Operating margin

Reaffirmed
Around 21%

Assuming:

- *higher investments required to prepare the commercial launch of Cabometyx™*
- *further investments in the US to support the accelerated growth of Somatuline® and additional launches of Dysport®*

Key financial takeaways

Group sales up 9.7% at constant currency
Strong Core Operating Income margin of 24.7%⁽¹⁾

Consolidated net profit of €133.3m, up 47.4% year-on-year
Fully diluted core EPS of €1.74, up 16.0% year-on-year

Successful issuance of inaugural €300 million 7-year Notes

R&D update

Claude Bertrand
EVP R&D, CSO

H1 2016: Pipeline milestones

Oncology

Cabometyx™

- In-licensing rights (ex-US, Canada, Japan)
- Positive OS results in 2L RCC (METEOR)
- Positive top-line results in 1L RCC (CABOSUN)
- Positive CHMP opinion for 2L RCC

Telotristat etiprate

- Priority review granted by FDA
- Regulatory submission in EU

Decapeptyl®

- Breast submission in EU

Neurosciences

Dysport®

- Regulatory submission for ALL (EU)
- Regulatory submission for PLL (EU)
- Regulatory approval CD & AUL (Canada)
- Ph3 start in neurogenic detrusor overactivity

Strengthening pipeline capabilities through strategic collaborations



Research partnership
in oncology



Ex-US, ex-Canada, ex-
Japan licensing deal for
Cabometyx™

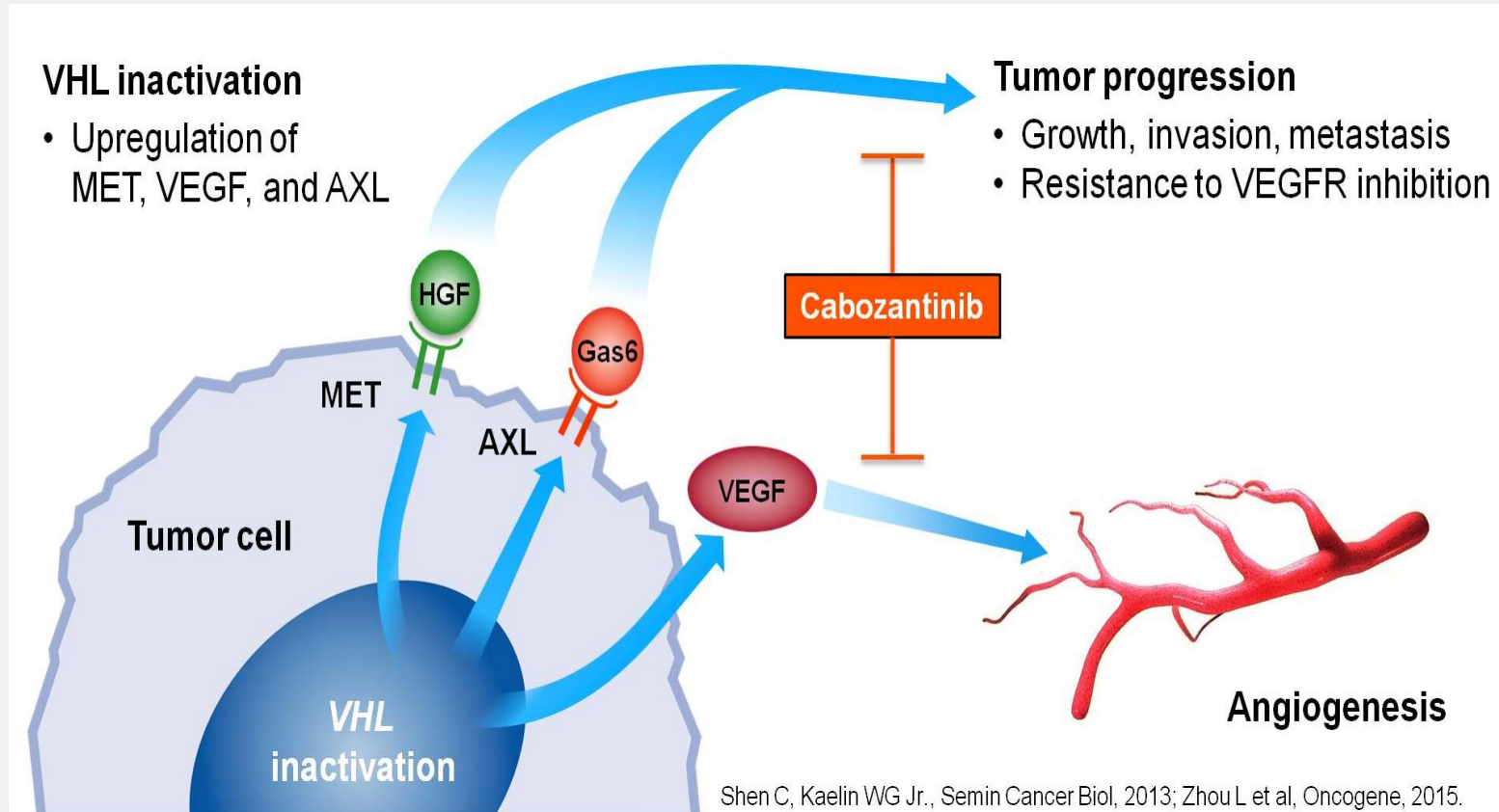


WW licensing
agreement for novel
radiopharmaceutical in
oncology



Strategic partnership
for preclinical
pharmacology
(oncology)

Cabometyx™ targets oncogenic drivers of RCC through multi-kinase inhibitory effect



Cabometyx™: Aim to become standard of care in 2L RCC

First therapy in 2L RCC to show clinically meaningful improvement in 3 key metrics⁽¹⁾:

PFS: 7.4 months (+3.6 months*)

OS: 21.4 months (+4.9 months*)

ORR: 24%

Subgroup analysis indicates benefit regardless of:

Risk group

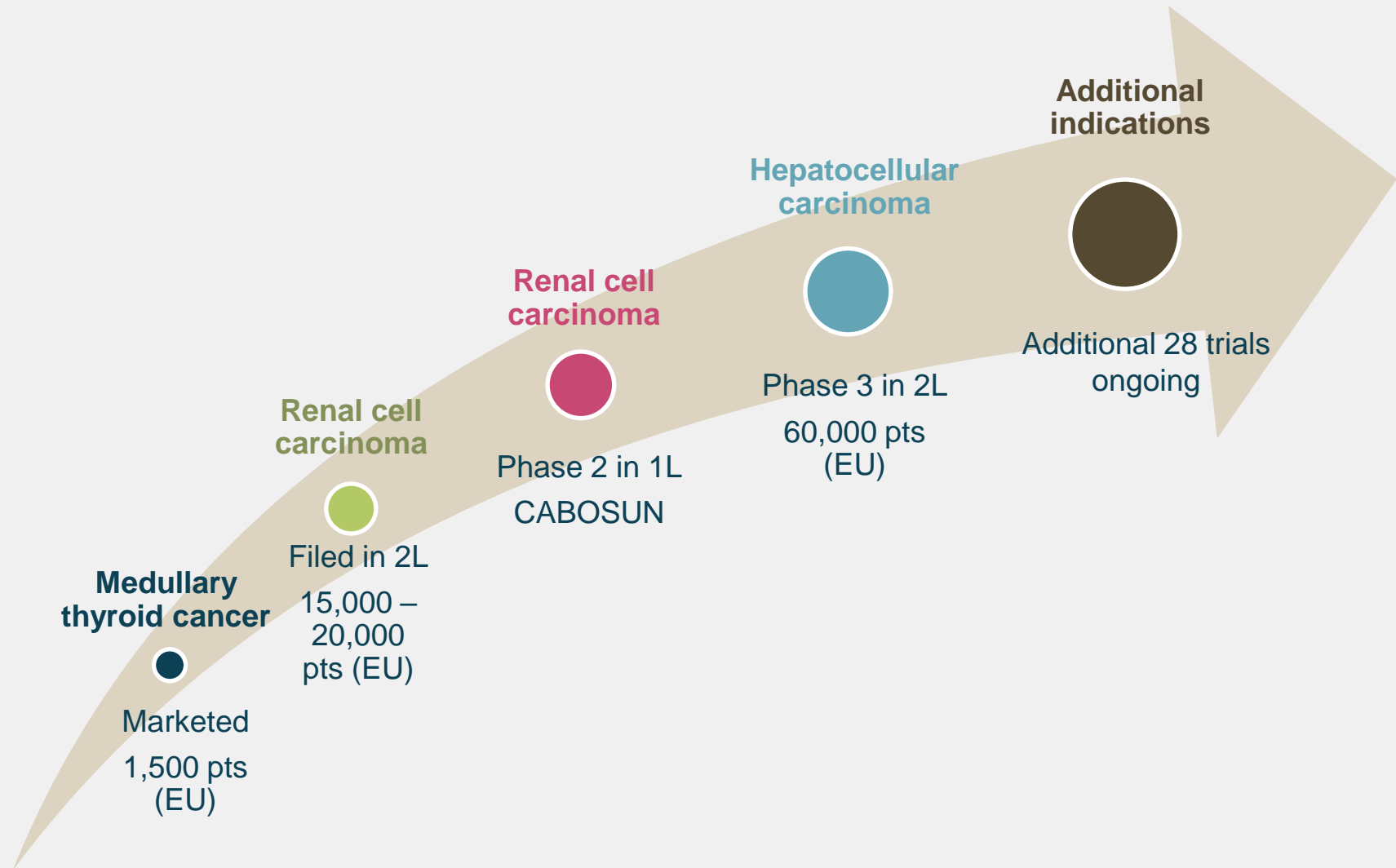
Type or duration of prior therapy

Location and extent of tumor metastases

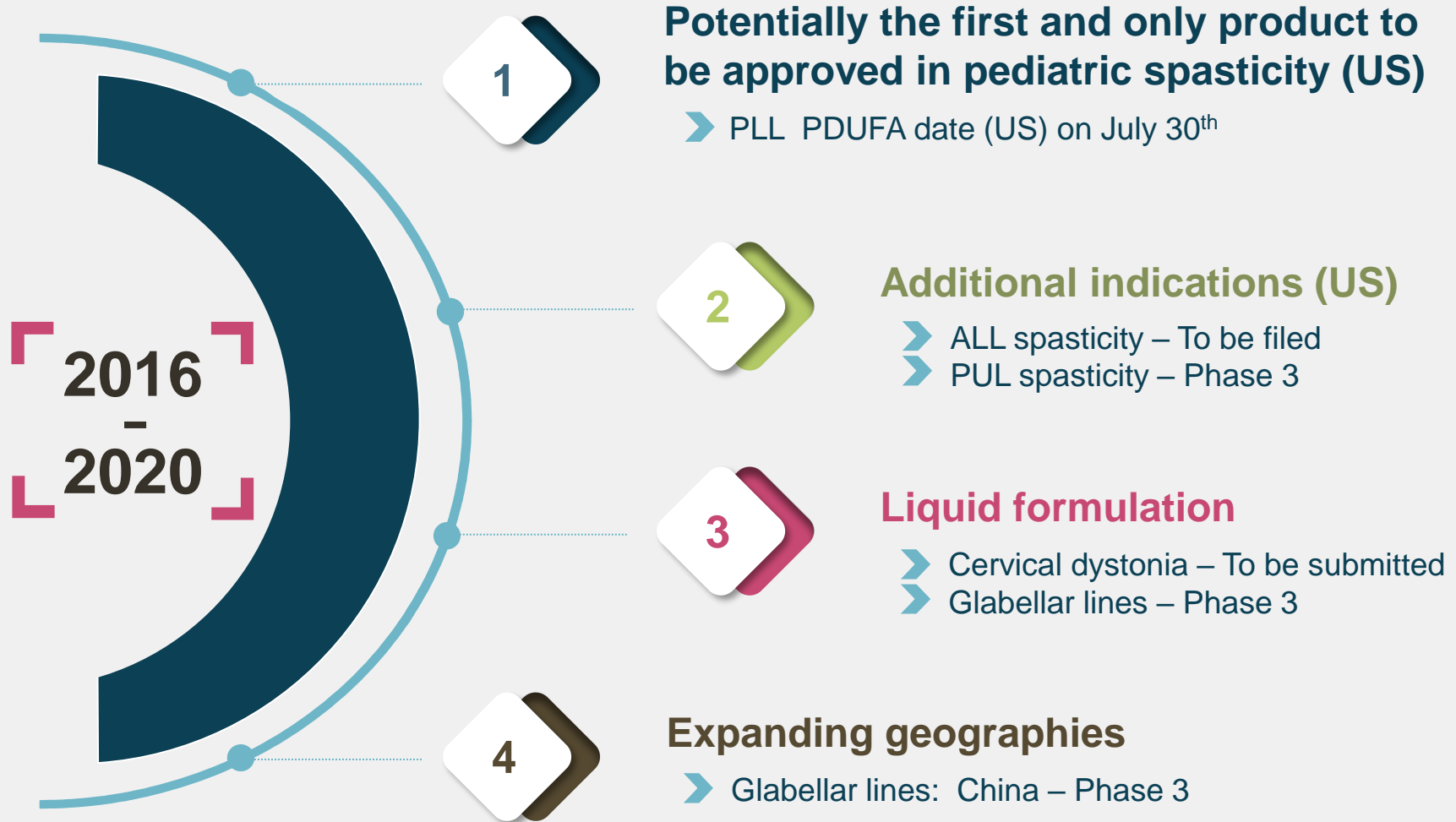
Updated NCCN and EAU Kidney Cancer Guidelines include Cabometyx™ for 2L RCC

⁽¹⁾ Motzer RJ et al. Efficacy of everolimus in advanced renal cell carcinoma: a double-blind, randomised, placebo-controlled phase III trial
* As compared to everolimus
Note: EAU: European Association of Urology; NCCN: National Comprehensive Cancer Network; ORR: Objective Response Rate; OS: Overall Survival; PFS: Progression Free Survival; RCC: Renal Cell Carcinoma

Cabometyx™: 2L RCC key indication with potential for future indications



Dysport®: development opportunities to expand reach



Upcoming key news flow

H2 2016

2017

Oncology

Cabometyx™	Regulatory decision 2L RCC (EU)	CELESTIAL Phase 3 results HCC
	CABOSUN Phase 2 results 1L RCC	
Somatuline®	Filing for symptom control GET NET (US)	
Telotristat etiprate	NET carcinoid syndrome submission (EU)	Regulatory decision (EU) NET carcinoid syndrome
⁶⁸ Ga-OPS202		Phase 3 start NET diagnostic

Neurosciences

Dysport®	ALL submission (US)	ALL regulatory decision (US)
		Solution Submission (EU) Cervical Dystonia
		Solution Submission (EU) Glabellar Lines

Conclusion

David Meek
CEO

New corporate governance model

David Meek joins as CEO



- Joined Ipsen on July 18, 2016, based at headquarters in Boulogne-Billancourt
- Over 25 years of experience in the pharmaceutical & biotech industry, most recently leading the oncology division of Baxalta
- International and BD experience through various executive positions at major pharmaceutical and biotechnology companies

2016 roadmap

Position Somatuline® as a leader in NET
and secure Dysport® spasticity launch

Implement new Primary Care OTx model, notably in China

Prepare for the imminent launch of Cabometyx™
for the treatment of RCC in Europe

Continue business development to replenish pipeline
and complement marketed product portfolio

Ipsen to deliver strong growth and value creation to shareholders

Thank you
