Ipsen H1 2017 Results

July 27, 2017
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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.

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

01 H1 2017 Overview
David Meek, CEO

02 H1 2017 Financial Performance/
FY 2017 Financial Guidance
Aymeric Le Chatelier, CFO

03 R&D Update & Conclusion
David Meek, CEO
H1 2017 Overview

David Meek
Chief Executive Officer
Strong financial performance in H1 2017

- Robust **sales growth** of +19% \(^{(1)}\) driven by Specialty Care
- Continued **margin improvement** to reach 26% of sales while supporting launches of new products Cabometyx® and Onivyde®
- **Upgraded 2017 full year guidance** based on strong momentum for Specialty Care
- Ipsen on track to achieve **2020 financial targets**

\(^{(1)}\) At constant exchange rates
H1 2017 highlights – Strong momentum with a clear focused strategy

### Strategic business development
- Acquisition of Onivyde®
- Acquisition of CHC portfolio
- Equity stake in Akkadeas Pharma

### Corporate strategy execution
- Accelerate Specialty Care growth
- Consumer Healthcare back to sustainable growth
- R&D transformation

### R&D achievements
- R&D project prioritization
- Internal reorganization
- Advancement of the portfolio
Momentum fueled by Specialty Care growth and the U.S.

Specialty Care led business

U.S. fast growing and representing 24% of sales

H1 2017 sales by therapeutic area

H1 2017 sales by geographical area

**Specialty Care** 83%

**Neurosciences** 18%

**Rare Diseases** 4%

**Consumer Healthcare** 17%

**Oncology** 61%

**EU5**

**Emerging markets** 29%

**North America** 24%

**ROW** 12%

EU5: France, Germany, Italy, United Kingdom, Spain; ROW: Rest of World
Exceptional Somatuline® performance driving Specialty Care business

Sales growth (2015 – H1 2017)

Ipsen reported sales (€m)

<table>
<thead>
<tr>
<th></th>
<th>H1 2015</th>
<th>H2 2015</th>
<th>H1 2016</th>
<th>H2 2016</th>
<th>H1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>€188m</td>
<td>€213m</td>
<td>€255m</td>
<td>€284m</td>
<td>€340m</td>
<td></td>
</tr>
<tr>
<td>+31%</td>
<td>+37%</td>
<td>+34%</td>
<td>+32%</td>
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</tbody>
</table>

Momentum continuing in H1 2017

- U.S. driving 3/4 of Somatuline® growth
- Positive synergies from enlarged oncology salesforce
- Volume growth as key driver
  - New patients
  - Previously untreated patients
- Europe growing double-digits
- Market share increasing in U.S. and Europe

EU5: France, Germany, Italy, United Kingdom, Spain; ROW: Rest of World
01 Cabometyx® launch progressing well

Europe reimbursement for patient access

- Recent approvals in UK (NICE) and Spain
- Approvals in France and Italy expected by end of Q3 2017
- 18 Health Technology Assessment/ Pricing & Reimbursement dossiers being negotiated in Europe

Launch execution

- Dedicated & experienced oncology teams across major markets
- Investments in medical affairs to support launch
- Successful partnership with Exelixis to maximize new indications and global value

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Total volume (units) of Cabometyx®
Onivyde® launch strategy to drive rapid uptake

### Field force
- 3x expansion complete, activities initiated 2\textsuperscript{nd} half of April
- ~275 new accounts ordered, over 30K calls expected in H2 2017
- Performance-driven compensation
- New marketing tools/promotional programs

### Market positioning
- Become standard of care in post-gemcitabine treated patients
- Move earlier in treatment pathway
- Optimize dose to maximize duration of therapy

### Value and access
- Drive breadth/depth in institutions
- Optimizing price
- Clinic/GPO contracts signed
- J-code awareness campaign underway

### Medical/HEOR
- Advance scientific differentiation
- Real world analysis initiated
- Enhance value proposition story
- Engage thought leader community

GPOs: Group Purchasing Organization; HEOR: Health Economics and Outcomes Research
Objective: Ensure sustainable growth through replenished R&D pipeline delivering steady state of innovation and value

Internal reorganization

- Alexandre Lebeaut appointed Head of R&D in April 2017
- Ongoing intensive review and prioritization of R&D projects
- Termination of peptide discovery platform for Oncology and Endocrinology

VC fund incubator model

- Augment R&D pipeline through portfolio of investments and project focused companies
- Enhance business development and licensing opportunities through proximity to biotech, academia & venture community

Business development

- Near-term targets: early to mid-stage assets in core therapeutic areas, global rights, best-in-class
- Transaction criteria: strategically aligned, financially viable, ability to integrate
Growth drivers to sustain momentum

Focus on successful execution of the strategy for 2017

- Ongoing business development efforts to bring in innovative, best-in-class assets
- Launch excellence for Cabometyx® in Europe and Onivyde® in the U.S.
- Continued strong performance of Specialty Care, especially Somatuline® in the U.S.
- Launch excellence
- Established Specialty Care
02 Financials

Aymeric Le Chatelier
Chief Financial Officer
**H1 2017 sales growth driven by Specialty Care business**

Net sales HY 2017 in million euros – % excluding foreign exchange impact

<table>
<thead>
<tr>
<th>Specialty Care</th>
<th>Net sales in million euros</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Somatuline®</td>
<td>340</td>
<td></td>
<td>+32%</td>
</tr>
<tr>
<td>Decapeptyl®</td>
<td>171</td>
<td></td>
<td>+2%</td>
</tr>
<tr>
<td>Onivyde®</td>
<td>19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cabometyx®</td>
<td>17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dysport®</td>
<td>164</td>
<td></td>
<td>+14%</td>
</tr>
<tr>
<td>Nutropin®</td>
<td>27</td>
<td></td>
<td>-10%</td>
</tr>
<tr>
<td>Increlex®</td>
<td>11</td>
<td></td>
<td>+4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consumer Healthcare</th>
<th>Net sales in million euros</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smecta®</td>
<td>59</td>
<td></td>
<td>+7%</td>
</tr>
<tr>
<td>Forlax®</td>
<td>21</td>
<td></td>
<td>+5%</td>
</tr>
<tr>
<td>Fortrans®/Ezi clen®</td>
<td>16</td>
<td></td>
<td>+16%</td>
</tr>
<tr>
<td>Tanakan®</td>
<td>15</td>
<td></td>
<td>-20%</td>
</tr>
</tbody>
</table>

**Group sales**
- €919.5m
  - +18.8%

**Specialty Care**
- €764.6m
  - +23.1%

**Consumer Healthcare**
- €154.8m
  - +1.3%

Specialty Care growth driven by Somatuline® and contribution of new products Cabometyx® and Onivyde®

CHC growth reflects good performance of Smecta® and contribution from acquisitions of OTC portfolio and Akkadeas Pharma
H1 2017 performance highlights for key products

Established Specialty Care

Somatuline®
- Momentum driven by volume growth in the U.S.
- Positive performance across Europe

Dysport®
- Continued strength of Galderma in aesthetics (excl. Brazil)
- Good growth in most markets in therapeutics (incl. U.S.)

Decapeptyl®
- Volume growth in Europe offset by price pressure in China

New product launches

Cabometyx®
- Launch progressing well
- Sales primarily in Germany and France
- Early access programs in major markets

Onivyde®
- Q2 first quarter of sales
- Smooth and well-executed integration after transaction close
- Clear and focused strategy to accelerate the launch trajectory

Consumer Healthcare

- Solid Q2 driving business back to growth in H1
- Contribution from new acquisitions of OTC portfolio (incl. Prontalgine®) and Akkadeas Pharma in Italy
- Smecta® growth driven by OTx strategy in China and a good dynamic in Russia
- Emerging markets exposure impacting sales in Russia (Tanakan®) and Algeria (Bedelix®)
H1 2017 positively impacted by currencies

More than 50% of sales in non-EUR currencies

H1 2017 sales by currency

- EUR: 46%
- USD: 27%
- GBP: 15%
- CNY: 8%
- Other (1)

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

H1 2017 sales positively impacted by currency

Average rates change (June 2017 vs. June 2016)

- GBP: -10%
- CNY: 3%
- USD: 21%
- BRL: 25%
- RUB:

Exposure to USD increased to 27% of sales with Somatuline® growth and Onivyde® launch

Global exposure mitigated by hedging of key currencies and cost base in local currency

(1) Includes RUB, BRL, AUD, PLN and other currencies
Operating costs reflect R&D investment and support for launches

### COGS (€m)

<table>
<thead>
<tr>
<th></th>
<th>HY 2016</th>
<th>HY 2017</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>172.2</td>
<td>190.2</td>
</tr>
<tr>
<td>22.5%</td>
<td>20.7%</td>
<td></td>
</tr>
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</table>

Positive mix effect from growing Specialty Care business

### S&M (€m)

<table>
<thead>
<tr>
<th></th>
<th>HY 2016</th>
<th>HY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>283.2</td>
<td>349.6</td>
</tr>
<tr>
<td>37.1%</td>
<td>38.0%</td>
<td></td>
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</tbody>
</table>

Significant investment to support of Cabometyx® & Onivyde® launches

### R&D (€m)

<table>
<thead>
<tr>
<th></th>
<th>HY 2016</th>
<th>HY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>95.0</td>
<td>115.0</td>
</tr>
<tr>
<td>12.4%</td>
<td>12.5%</td>
<td></td>
</tr>
</tbody>
</table>

Lifecycle programs and new oncology capabilities

### G&A (€m)

<table>
<thead>
<tr>
<th></th>
<th>HY 2016</th>
<th>HY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>59.0</td>
<td>68.3</td>
</tr>
<tr>
<td>7.7%</td>
<td>7.4%</td>
<td></td>
</tr>
</tbody>
</table>

Including impact of increased variable compensation

Note: All ratios in percentage of sales; NET: Neuroendocrine tumors
Margin expansion driven by Specialty Care growth and favorable foreign exchange currencies, despite impact of investments for Cabometyx®.
## Core Operating Income to EPS

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2016</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>919.5</td>
<td>763.8</td>
<td>+155.7</td>
<td>+20.4%</td>
</tr>
<tr>
<td><strong>Core Operating Income</strong></td>
<td>240.5</td>
<td>191.3</td>
<td>+49.2</td>
<td>+25.7%</td>
</tr>
<tr>
<td><strong>Core Operating margin</strong></td>
<td>26.2%</td>
<td>25.0%</td>
<td>+1.2 pts</td>
<td></td>
</tr>
<tr>
<td><strong>Amortization of intangible assets</strong></td>
<td>(21.5)</td>
<td>(2.2)</td>
<td>-19.3</td>
<td></td>
</tr>
<tr>
<td><strong>Other operating income/expense</strong></td>
<td>(34.8)</td>
<td>(5.8)</td>
<td>-29.0</td>
<td></td>
</tr>
<tr>
<td><strong>Restructuring costs</strong></td>
<td>(7.9)</td>
<td>(0.4)</td>
<td>-7.5</td>
<td></td>
</tr>
<tr>
<td><strong>Impairment gain / (losses)</strong></td>
<td>(0.0)</td>
<td>(8.4)</td>
<td>+8.4</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>176.4</td>
<td>174.6</td>
<td>+1.8</td>
<td>+1.0%</td>
</tr>
<tr>
<td><strong>Other financial income and expense</strong></td>
<td>(11.7)</td>
<td>(2.9)</td>
<td>-8.8</td>
<td></td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td>(41.4)</td>
<td>(39.4)</td>
<td>-2.0</td>
<td></td>
</tr>
<tr>
<td><strong>Consolidated net profit</strong></td>
<td>125.9</td>
<td>133.3</td>
<td>-7.4</td>
<td>-5.5%</td>
</tr>
<tr>
<td>EPS – fully diluted (€)</td>
<td>1.52</td>
<td>1.61</td>
<td>-0.09</td>
<td>-5.9%</td>
</tr>
<tr>
<td>Core EPS – fully diluted (€)</td>
<td>2.04</td>
<td>1.76</td>
<td>+0.28</td>
<td>+15.7%</td>
</tr>
</tbody>
</table>

### Core Operating Income +25.7%
- Strong Specialty Care sales growth
- Increased commercial investments for Cabometyx® and Onivyde®
- Positive impact of FX

### Operating Income +1.0%
- Amortization of intangible assets for Cabometyx® and Onivyde®
- Restructuring costs related to Onivyde® acquisition (transaction and reorganization costs), R&D structure and programs

### Consolidated net profit -5.5%
- Impact of interests paid on debt from recent acquisitions
- Effective tax rate at 25%
- Core EPS growth of +15.7%
Generating solid cash flow

Free cash flow: €95m

In €m

Opening net cash*

December 2016

EBITDA

Change in working capital

Net capex

Restruct. and OIE

Tax, financial & Other

Dividends

BD & milestones

Share buy back & Other

Closing net cash*

Closing net cash: €669 million after acquisitions and dividend

Strong free cash flow of €95 million, up 29% compared to H1 2016

Net closing debt at €669 million after acquisitions and dividend

* Cash and cash equivalents, less bank overdrafts, bank loans and other financial liabilities and excluding financial derivative instruments
BD: Business Development; EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; OIE: Other Income (Expense)
FY 2017 guidance upgraded

<table>
<thead>
<tr>
<th>Specialty Care sales growth</th>
<th>Previous FY 2017 guidance</th>
<th>&gt; +18.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>At constant currency</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Consumer Healthcare sales growth</th>
<th>Previous FY 2017 guidance</th>
<th>&gt; +4.0%</th>
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</thead>
<tbody>
<tr>
<td>At constant currency</td>
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</table>

<table>
<thead>
<tr>
<th>Core Operating margin</th>
<th>Previous FY 2017 guidance</th>
<th>&gt; 24.0%</th>
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**Updated FY 2017 guidance**

<table>
<thead>
<tr>
<th>Specialty Care sales growth</th>
<th>Updated FY 2017 guidance</th>
<th>&gt; +24.0%</th>
</tr>
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<tbody>
<tr>
<td>At constant currency</td>
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</table>

<table>
<thead>
<tr>
<th>Consumer Healthcare sales growth</th>
<th>Updated FY 2017 guidance</th>
<th>&gt; +0.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>At constant currency</td>
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**Updated FY 2017 guidance**

- Based on strong momentum for Somatuline® and Cabometyx® launch
- Reflecting lower sales expected in H2 from Prontalgine® following French decree on codeine
- Assuming additional investments to support the Cabometyx® and Onivyde® launches, increased R&D spend and higher employee variable compensation
Group sales growth at +19\%(1) driven by the strong performance of the Specialty Care business

Core Operating Income growing by +26% and margin reaching 26.2%, up 1.2 pts

Solid cash flow conversion with free cash flow growing by +29%

Strong balance sheet to support future growth

(1) At constant exchange rate
R&D update / Conclusion

David Meek
Chief Executive Officer
R&D portfolio achievements YTD / milestones in H2 2017

- **Approval of ALL (U.S.)**
- **Initiation of IO combo trials – Phase 3 in 1L RCC and Phase 1 in solid tumors**
- **Positive CHMP opinion for carcinoid syndrome in EU**
- **Regulatory submission for CABOSUN 1L RCC (EU)**
- **Regulatory decision for symptom control (U.S.)**
- **Results for Phase 3 CELESTIAL trial in 2L HCC**

ALL: Adult Lower Limb; HCC: Hepatocellular Carcinoma; IO: Immuno Oncology; RCC: Renal Cell Carcinoma
03 Building sustainable R&D pipeline

- **Preclinical**
  - 3BP-227 (PRRT)
  - Long acting toxin rBoNT/A
  - Long acting toxin rBoNT/A'

- **Phase I**
  - PRRT (GEP NET)
  - Cabometyx® Solid tumors (combo w/ atezolizumab)
  - Onivyde® Breast cancer
  - Short acting toxin rBoNT/E

- **Phase II**
  - Somatuline® PRF GEP NET
  - Decapeptyl 3M Endometriosis (China)
  - Onivyde® 1L pancreatic
  - VSN16R (Canbex) Multiple sclerosis spasticity

- **Phase III**
  - Cabometyx® 2L HCC
  - Cabometyx® 1L RCC
  - Cabometyx® 1L RCC (combo w/ nivo/ipi)
  - Decapeptyl® 1M CPP China
  - Decapeptyl® NET lung

- **Registration**
  - Dysport® solution (liquid) cervical dystonia
  - Dysport® PLL spasticity (EU)
  - Dysport® solution Glabellar lines
  - Dysport® Glabellar lines (China)

**New program in 2017**

5 new programs from Cabometyx® and Onivyde® transactions added in H1 2017

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ALL: Adult Lower Limbs; GEP-NET: Gastroenteropancreatic Neuroendocrine Tumors; HCC: Hepatocellular Carcinoma; PRF: Prolonged Release Formulation; PUL: Paediatric Upper Limbs; RCC: Renal Cell Carcinoma; SCLC: Small Cell Lung Cancer
03 2017 Ipsen roadmap

- Deliver 2017 revised guidance with accelerated sales growth and significant improved profitability
- Execute successful commercial launches of Cabometyx® and Onivyde®
- Accelerate transformation of R&D and external innovation model
- Consumer Healthcare back to sustainable and profitable growth
- Continue to drive Ipsen transformation through leadership and people

Deliver superior value to patients and shareholders
MERCI