PRESS RELEASE

Ipsen delivers strong 2017 results with 21.1%[1] sales growth and Core operating margin increase of 3.4 points and expects significant further growth in sales and margin in 2018

Paris (France), 15 February 2018 – Ipsen (Euronext: IPN; ADR: IPSEY), a global specialty-driven biopharmaceutical group, today announced financial results for the full year 2017.

Financial highlights

- Full Year 2017 Group sales growth of 21.1%[1] driven by Specialty Care sales growth of 25.9%[1] reflecting continued Somatuline® momentum and increasing contribution from the Cabometyx® and Onivyde® launches, and Consumer Healthcare back to growth at 1.4%[1].
- Full Year 2017 Core Operating margin at 26.4%, up 3.4 points after investments for the Cabometyx® and Onivyde® launches.
- Financial guidance for 2018 of Group sales growth greater than 16.0%[1] and Core operating margin greater than 28.0% of net sales.

Extract of audited consolidated results for the full year 2017 and 2016

(in millions of euros)	**FY 2017**	**FY 2016**	***% change***
Group sales	**1,908.7**	**1,584.6**	***+21.1%[1]***
Specialty Care sales	1,591.9	1,273.0	*+25.9%[1]*
Consumer Healthcare sales	316.8	311.6	*+1.4%[1]*
Core Operating Income	**503.6**	**363.9**	***+38.4%***
Core operating margin (as a % net sales)	*26.4%*	*23.0%*	*+3.4 pts*
Core consolidated net profit	**362.7**	**263.6**	***+37.6%***
Core EPS – fully diluted (€)	4.36	3.18	*+37.0%*
IFRS			
Operating Income	**397.2**	**304.7**	***+30.4%***
Operating margin (as a % net sales)	20.8%	19.2%	*+1.6 pts*
Consolidated net profit	**272.9**	**226.6**	***+20.5%***
EPS – fully diluted (€)	3.28	2.73	*+19.9%*
Free cash flow	309.0	228.8	*+35.1%*
Net cash / (debt) position[2]	(463.3)	68.6	*NA*

David Meek, Chief Executive Officer of Ipsen, stated: *"Our outstanding performance in 2017 exceeded expectations with record highs for sales growth and core operating margin. Sales grew by an impressive 21.1%[1] and core operating margin improved by 3.4 points year-on-year, driven by the excellent Specialty Care performance.*

In 2018, we will maintain the positive momentum of the current business to deliver continued strong growth and further margin improvement, well on track to meet our 2020 financial objectives. Business development and the accelerated transformation of the R&D organization also remain top priorities to expand our innovative pipeline and sustain long-term growth."

[1] Year-on-year growth excluding foreign exchange impacts. Currency effects are established by recalculating net sales for the relevant period at the exchange rates used for the previous period.
[2] Derivative instruments booked in financial assets and related to financial operations, cash and cash equivalents, less bank overdrafts, bank loans and other financial liabilities and excluding financial derivative instruments on commercial operations.

Review of full year 2017 results

Note: Unless stated otherwise, all variations in sales are calculated excluding foreign exchange impacts. Currency effects are established by recalculating net sales for the relevant period at the exchange rates used for the previous period.

Group sales reached €1,908.7 million, up 21.1% year-on-year.

Specialty Care sales reached €1,591.9 million, up 25.9%, driven by the strong growth of Somatuline® and the €108.6 million contribution from key new products Cabometyx® (mainly sales from Germany and France) and Onivyde® (consolidated since April 2017 following the acquisition from Merrimack Pharmaceuticals). Somatuline® growth of 31.9% was driven by continued positive momentum in North America (62.1% growth in the U.S.) and solid performance throughout Europe. Dysport® growth was fueled by the good performance of Galderma as well as a strong growth in the Middle East and some Eastern European countries. Decapeptyl® sales reflect good volume growth across Europe and a positive trend in China despite some continued pricing pressure.

Consumer Healthcare sales reached €316.8 million, up 1.4% (up 3.2% adjusted for the impact of the Etiasa® contractual set-up in China), driven by the good performance of Smecta® and Fortrans/Eziclen® as well as the contribution of the newly acquired products (including Prontalgine® and Buscopan®).

Core Operating Income totaled €503.6 million, up 38.4%, driven by the sales growth and after increased commercial investments for the new products Cabometyx® and Onivyde® and R&D investments to support the development of the growing pipeline.

Core operating margin reached 26.4% of net sales, up 3.4 points compared to 2016.

Core consolidated net profit was €362.7 million, compared to €263.6 million in 2016, up 37.6% and impacted by higher financial and income tax expenses.

Fully diluted core earnings per share grew by 37.0% to reach €4.36, compared to €3.18 in 2016.

IFRS Operating income was €397.2 million, up 30.4% after higher amortization of intangible assets (excl. software), restructuring and integration costs, slightly offset by lower impairment charges. Operating income margin at 20.8% is up 1.6 points compared to 2016.

IFRS Consolidated net profit was €272.9 million versus €226.6 million in 2016, up 20.5%, after higher financial and income tax expenses, mainly from the recent U.S. tax reform.

IFRS Fully diluted EPS (Earning per share) was €3.28 versus €2.73 in 2016.

Free cash flow reached €309.0 million, up by €80.2 million or 35.1%, driven by the improvement in Operating Cash Flow, partially compensated by higher restructuring and financial costs.

Closing net debt reached €463.3 million at the end of 2017, versus a net cash position of €68.6 million at the end of 2016, reflecting the acquisitions completed during the first half of 2017 for Onivyde®, the Consumer Healthcare OTC product portfolio and the equity stake in Akkadeas Pharma, as well as the additional milestones paid for Cabometyx® and Xermelo®.

Impact of U.S. tax reform

The Group booked an expense of €46.0 million related to the negative impact of the newly signed U.S. tax reform on the value of its U.S. tax losses carried forward. This expense was partly offset by the recognition of previously unrecognized deferred tax assets in the U.S. for €19.7 million.
Subject to further analysis and interpretation of the U.S. tax reform, the combined effect of our growth in the U.S. and the reduction of the Federal tax rate will lead to a reduction of the Group effective tax rate by 2 to 3 points in 2018.

Comparison of 2017 performance with financial objectives

The Group exceeded the limit of its updated guidance provided on 27 July 2017 for Specialty Care and Consumer Healthcare sales growth and for Core operating margin.

The table below shows the comparison between the financial objectives provided on 27 July 2017 and 2017 actuals.

	Financial objectives[1]	Actuals 2017
Specialty Care sales	> +24%[2]	+25.9%[2]
Consumer Healthcare sales	> +0.0%[2]	+1.4%[2]
Core operating margin (as a percentage of sales)	> 25.0%	26.4%

Dividend for the 2017 financial year proposed for the approval of Ipsen's shareholders

The Ipsen S.A. Board of Directors, which met on 14 February 2018, has decided to propose at the annual shareholders' meeting on 30 May 2018 the payment of a dividend of €1.00 per share, up from €0.85 for the 2016 financial year.

2018 Financial guidance

Consistent with its 2020 ambition, the Group has set the following financial targets for 2018:

- **Group sales growth** year-on-year at constant currency **greater than +16.0%,** fueled by strong double-digit growth of Specialty Care and low single-digit growth of Consumer Healthcare. Based on the current level of exchange rates, sales growth at current exchange rates should be negatively impacted by approximately 4%;
- **Core operating margin greater than 28.0%** of net sales.

Meeting, webcast and conference call for the press

Ipsen will host a press conference on Thursday 15 February 2018 at 9:30 a.m. (Paris time, GMT +1) at Salons de l'hôtel des Arts et Métiers – 9 bis avenue d'Iéna – 75116 Paris (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 approximately 5 to 10 minutes prior to its start. No reservation is required to participate in the conference call.

[1] 2017 revised financial objectives communicated on 27 July 2017
[2] Year-on-year growth excluding foreign exchange impacts. Currency effects are established by recalculating net sales for the relevant period at the exchange rates used for the previous period.

Standard international: +44 (0) 1452 555 566
France: +33 (0)1 76 74 24 28
UK: +44 (0)8 44 4933 800
United States: +1 646 851 2094
Conference ID: 7198548
A recording will be available for 7 days on Ipsen's website and at the following number: +44 (0) 1452 550 000 – conference ID: 7198548

Meeting, webcast and conference call for the financial community

Ipsen will host an analyst meeting on Thursday 15 February 2018 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 dial in to the call approximately 5 to 10 minutes prior to its start. No reservation is required to participate in the conference call.

France and continental Europe: +33 (0)1 76 74 24 28
UK: +44 (0)14 5255 5566
United States: + 1 631 510 7498
Conference ID: 2665077

A recording will be available for 7 days on Ipsen's website and at the above numbers.

About Ipsen
Ipsen is a global specialty-driven biopharmaceutical group focused on innovation and specialty care. The group develops and commercializes innovative medicines in three key therapeutic areas - Oncology, Neurosciences and Rare Diseases. Its commitment to oncology is exemplified through its growing portfolio of key therapies for prostate cancer, neuroendocrine tumors, renal cell carcinoma and pancreatic cancer. Ipsen also has a well-established Consumer Healthcare business. With total sales close to €1.9 billion in 2017, Ipsen sells more than 20 drugs in over 115 countries, with a direct commercial presence in more than 30 countries. Ipsen's R&D is focused on its innovative and differentiated technological platforms located in the heart of the leading biotechnological and life sciences hubs (Paris-Saclay, France; Oxford, UK; Cambridge, US). The Group has about 5,400 employees worldwide. Ipsen is listed in Paris (Euronext: IPN) and in the United States through a Sponsored Level I American Depositary Receipt program (ADR: 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 favorable 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 2016 Registration Document available on its website (www.ipsen.com).

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Comparison of Consolidated Sales for the Fourth Quarter and Full Year 2017 and 2016:

Sales by therapeutic area and by product[1]

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

Currency effects are established by recalculating net sales for the relevant period at the exchange rates used for the previous period.

The following table shows sales by therapeutic area and by product for the fourth quarter and full year 2017 and 2016:

	4th Quarter				Full Year			
(in millions euros)	2017	2016	% Variation	% Variation at constant currency	2017	2016	% Variation	% Variation at constant currency
Oncology	**325.2**	**247.3**	***31.5%***	***35.2%***	**1,185.2**	**904.9**	***31.0%***	***32.4%***
Somatuline®	189.2	146.5	*29.2%*	*33.9%*	702.5	538.3	*30.5%*	*31.9%*
Decapeptyl®	89.6	88.0	*1.8%*	*3.2%*	348.7	339.8	*2.6%*	*3.6%*
Cabometyx®	20.6	7.2	*NA*	*NA*	51.7	7.2	*NA*	*NA*
Onivyde®	19.7	0.0	*NA*	*NA*	56.9	0.0	*NA*	*NA*
Other Oncology	6.2	5.7	*8.0%*	*8.6%*	25.4	19.5	*30.2%*	*30.5%*
Neurosciences	**88.2**	**71.9**	***22.6%***	***25.4%***	**331.6**	**286.7**	***15.7%***	***14.8%***
Dysport®	87.2	71.2	*22.5%*	*25.3%*	328.2	284.7	*15.3%*	*14.5%*
Rare Diseases	**17.7**	**20.5**	***-13.6%***	***-11.8%***	**75.1**	**81.5**	***-7.8%***	***-7.1%***
NutropinAq®	12.3	14.0	*-12.2%*	*-12.1%*	51.8	57.7	*-10.2%*	*-9.9%*
Increlex®	5.0	6.5	*-22.7%*	*-17.2%*	22.9	23.7	*-3.5%*	*-1.9%*
Specialty Care	**431.1**	**339.8**	***26.9%***	***30.3%***	**1,591.9**	**1,273.0**	***25.1%***	***25.9%***
Smecta®	33.3	31.6	*5.6%*	*8.3%*	115.5	111.0	*4.0%*	*4.1%*
Forlax®	10.4	10.2	*1.9%*	*2.6%*	42.1	39.3	*7.1%*	*7.0%*
Tanakan®	14.8	15.8	*-6.7%*	*-6.6%*	41.4	43.6	*-4.9%*	*-6.0%*
Fortrans/Eziclen®	8.7	7.8	*11.3%*	*12.3%*	32.1	26.8	*19.8%*	*16.5%*
Etiasa®	3.1	11.5	*-72.7%*	*-70.8%*	17.8	29.3	*-39.3%*	*-37.2%*
Other Consumer Healthcare	17.6	13.5	*31.0%*	*28.9%*	67.8	61.5	*10.2%*	*9.8%*
Consumer Healthcare	**88.0**	**90.4**	***-2.6%***	***-1.6%***	**316.8**	**311.6**	***1.7%***	***1.4%***
Group Sales	**519.2**	**430.2**	***20.7%***	***23.6%***	**1,908.7**	**1,584.6**	***20.5%***	***21.1%***

Full year 2017 sales highlights

Group sales reached €1,908.7 million, up 21.1%, driven by the 25.9% growth of Specialty Care sales and 1.4% growth of Consumer Healthcare sales.

Specialty Care sales amounted to €1,591.9 million, up 25.9%. Oncology and Neurosciences sales grew by 32.4% and 14.8%, respectively, while Rare Diseases sales decreased by 7.1%. Over the period, the relative weight of Specialty Care continued to increase to reach 83.4% of Group sales, compared to 80.3% in 2016.

In **Oncology,** sales reached €1,185.2 million, up 32.4% year-on-year, driven by the launches of Onivyde® and Cabometyx® as well as the continued strong performance of Somatuline®. Over the period, Oncology sales represented 62.1% of total Group sales, compared to 57.1% in 2016.

[1] New sales reporting according to main therapeutic indication of each product

Somatuline® –Sales reached €702.5 million, up 31.9% year-on-year, driven by strong volume growth in North America as well as strong performance in most European countries, notably in the UK, Germany and France. The U.S. represented 46.7% of total Somatuline® sales in 2017, with a 62.1% growth rate over 2016.

Decapeptyl® – Sales totaled €348.7 million, up 3.6% year-on-year, positively impacted by good volume growth across Europe, notably in France and Spain, and in Algeria, as well as a good sales trend in China despite some continued pricing pressure.

Cabometyx® – Sales reached €51.7 million, driven by good performance in Germany and France which accounted for the majority of sales, as well as volume growth in the Netherlands and in the UK. In the fourth quarter 2017, sales were up 44.4% versus the third quarter 2017.

Onivyde® – Sales amounted to €56.9 million, representing three quarters of sales in the U.S. following the completion of the acquisition from Merrimack in April 2017. In the fourth quarter 2017, sales were up 10.8% versus the third quarter 2017.

In **Neurosciences**, sales of **Dysport®** reached €328.2 million, up 14.5%, driven by the good performance of Galderma in North America, as well as strong growth in the Middle East and some Eastern European countries. In addition, the Good Manufacturing Practices (GMP) certificate was reissued in Brazil in January 2018. Over the period, Neurosciences sales represented 17.4% of total Group sales, compared to 18.1% in 2016.

In **Rare Diseases**, sales of **NutropinAq®** reached €51.8 million, down 9.9% year-on-year, impacted by lower volumes across Europe, especially in Germany and France. Sales of **Increlex®** reached €22.9 million, slightly down 1.9% year-on-year, impacted by lower prices in Poland. Over the period, Rare Diseases sales represented 3.9 % of total Group sales, compared to 5.1% in 2016.

Consumer Healthcare sales reached €316.8 million, up 1.4% year-on-year or up 3.2% adjusted for the impact of the Etiasa® contractual setup in China, driven by the good performance of Smecta® and Fortrans/Eziclen® as well as the contribution of the newly acquired OTC products (including Prontalgine® and Buscopan®). Over the period, Consumer Healthcare sales represented 16.6% of total Group sales, compared to 19.7% in 2016.

Smecta® – Sales reached €115.5 million, up 4.1% year-on-year, driven by a good volume trend in China reflecting the commercial efforts deployed to support the implementation of the OTx strategy, (partly offset by the destocking impact during the 3rd quarter of 2017) and by the Diosmectal® launch in Italy and the Smebiocta® launch in France and Eastern Europe.

Forlax® – Sales reached €42.1 million, up 7.0% year-on-year, driven by growing sales to partners.

Tanakan® – Sales reached €41.4 million, down 6.0% year-on-year, mainly impacted by a continued market slowdown in France, while performance in Russia remains in line with 2016.

Fortrans/Eziclen® – Sales reached €32.1 million, up 16.5% year-on-year, due to the good performance in China and Europe and by a favorable basis of comparison due to shortage issues in the first half of 2016.

Etiasa® – Sales reached €17.8 million, down 37.2% year-on-year, impacted by the new contractual set-up in China which started to take effect in the third quarter of 2017, and by a negative inventory impact.

Other Consumer Healthcare – Sales reached €67.8 million, up 9.8% year-on-year, supported by the new acquired products Prontalgine® and Buscopan® slightly offset by some pressure on Nisis®/Nisisco® after the January 2017 price cut.

Sales by geographical area

Group sales by geographical area in the fourth quarter and full year 2017 and 2016:

	4th Quarter				Full Year			
(in million euros)	2017	2016	% Variation	% Variation at constant currency	2017	2016	% Variation	% Variation at constant currency
France	64.9	61.5	*5.6%*	*5.6%*	247.7	225.5	*9.8%*	*9.8%*
Germany	43.3	31.6	*37.1%*	*36.5%*	152.1	123.2	*23.5%*	*23.5%*
Italy	22.5	18.8	*19.8%*	*19.8%*	90.7	81.2	*11.8%*	*11.8%*
United Kingdom	22.3	18.2	*22.6%*	*24.6%*	80.3	72.8	*10.2%*	*17.9%*
Spain	20.5	18.5	*10.6%*	*10.6%*	73.6	69.2	*6.4%*	*6.4%*
Major Western European countries	**173.6**	**148.6**	***16.8%***	***17.0%***	**644.4**	**571.9**	***12.7%***	***13.7%***
Eastern Europe	53.9	50.6	*6.4%*	*4.7%*	196.4	176.2	*11.5%*	*6.3%*
Others Europe	54.7	47.1	*16.0%*	*16.7%*	199.0	173.0	*15.0%*	*15.7%*
Other European Countries	**108.5**	**97.7**	***11.0%***	***10.6%***	**395.3**	**349.2**	***13.2%***	***10.9%***
North America	**127.7**	**83.3**	***53.3%***	***64.6%***	**467.0**	**273.0**	***71.1%***	***74.5%***
Asia	55.5	62.8	*-11.7%*	*-6.9%*	205.7	218.8	*-6.0%*	*-3.3%*
Other countries in the Rest of the world	54.0	37.7	*43.0%*	*45.5%*	196.3	171.7	*14.3%*	*12.5%*
Rest of the World	**109.4**	**100.5**	***8.8%***	***12.5%***	**401.9**	**390.5**	***2.9%***	***3.7%***
Group Sales	**519.2**	**430.2**	***20.7%***	***23.6%***	**1,908.7**	**1,584.6**	***20.5%***	***21.1%***

Sales in **Major Western European countries** reached €644.4 million, up 13.7% year-on-year. This represents 33.8% of total Group sales, compared to 36.1% in 2016.

France – Sales reached €247.7 million, up 9.8% year-on-year, driven by the Cabometyx® launch contribution, the sustained growth of Somatuline®, the positive sales trend of Decapeptyl® and the contribution of Prontalgine®.

Germany – Sales reached €152.1 million, up 23.5% year-on-year, driven by the Cabometyx® launch contribution and the strong growth of Somatuline®.

Italy – Sales reached €90.7 million, up 11.8% year-on-year, mainly driven by the launch of Diosmectal® in Italy following the acquisition of Akkadeas Pharma in January 2017 and the good performance of Somatuline®.

United Kingdom – Sales reached €80.3 million, up 17.9% year-on-year, driven by the strong performance of Somatuline® and the first sales contribution of Cabometyx®.

Spain – Sales reached €73.6 million, up 6.4% year-on-year, driven by the good performance of Somatuline® and Decapeptyl®, as well as the first sales of Cabometyx®.

Sales in **Other European countries** reached €395.3 million up 10.9% year-on-year, supported by the strong growth of Dysport®, the launch of Cabometyx® in certain countries, Onivyde® sales to Ipsen's partner, as well as the solid performance of Somatuline® and Decapeptyl®. Over the period, sales in the region represented 20.7% of total Group sales compared to 22.0% in 2016.

Sales generated in **North America** reached €467.0 million, up 74.5% year-on-year, driven by the continued strong growth of Somatuline®, partially attributed to new contracts, as well as the Onivyde® launch contribution and the good performance of Dysport® in therapeutic and by Galderma in the

aesthetics market. Over the period, sales in North America represented 24.5% of total Group sales, compared to 17.2% in 2016.

Sales in the **Rest of the World** reached €401.9 million, up 3.7% year-on-year, driven by the resupply of Dysport® in Brazil in 2017, the good performance of Dysport® in Australia, and the growth of Somatuline® in certain countries. These variances were partly offset by the Etiasa® performance in China (mainly impacted by the new contractual set-up and a negative inventory impact). Over the period, sales in the Rest of the World represented 21.0% of total Group sales, compared to 24.6% in 2016.

Comparison of Core consolidated income statement for 2017 and 2016

Core financial measures are performance indicators. Reconciliation between these indicators and IFRS aggregates is presented in Appendix 5 “Bridges from IFRS consolidated net profit to Core consolidated net profit”

(in millions of euros)	31 December 2017	% of sales	31 December 2016 Restated [1]	% of sales	% change
Sales	1,908.7	*100%*	1,584.6	*100%*	*20.5%*
Other revenues	103.0	*5.4%*	86.5	*5.5%*	*19.1%*
Revenue	**2,011.8**	***105.4%***	**1,671.1**	***105.5%***	***20.4%***
Cost of goods sold	(385.6)	*-20.2%*	(351.1)	*-22.2%*	*9.8%*
Selling expenses	(715.9)	*-37.5%*	(592.0)	*-37.4%*	*20.9%*
Research and development expenses	(265.8)	*-13.9%*	(231.3)	*-14.6%*	*14.9%*
General and administrative expenses	(140.8)	*-7.4%*	(125.6)	*-7.9%*	*12.1%*
Other core operating income	0.4	*0.0%*	0.9	*0.1%*	*-57.4%*
Other core operating expenses	(0.5)	*0.0%*	(8.0)	*-0.5%*	*-93.9%*
Core Operating Income	**503.6**	***26.4%***	**363.9**	***23.0%***	***38.4%***
Net financing costs	(8.1)	*-0.4%*	(5.0)	*-0.3%*	*62.8%*
Other financial income and expense	(18.4)	*-1.0%*	(9.3)	*-0.6%*	*98.6%*
Core income taxes	(115.7)	*-6.1%*	(88.0)	*-5.6%*	*31.5%*
Share of net profit (loss) from entities accounted for using the equity method	1.4	*0.1%*	1.9	*0.1%*	*-26.5%*
Core consolidated net profit	**362.7**	***19.0%***	**263.6**	***16.6%***	***37.6%***
- Attributable to shareholders of Ipsen S.A.	362.1	*19.0%*	262.9	*16.6%*	*37.7%*
- Attributable to non-controlling interests	0.6	*0.0%*	0.6	*0.0%*	*0.1%*
Core EPS fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	**4.36**		**3.18**		***37.0%***

Reconciliation from Core consolidated net profit to IFRS consolidated net profit

Core consolidated net profit	**362.7**		**263.6**
Amortization of intangible assets (excl softw ares)	(37.6)		(5.1)
Other operating income or expenses	(33.6)		(4.4)
Restructuring	(13.0)		(1.1)
Impairment losses	12.8		(32.1)
Other	(18.5)		5.7
IFRS consolidated net profit	**272.9**		**226.6**
IFRS EPS fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	**3.28**		**2.73**

(1) As part of the effort to implement its new organization, the Group reviewed the presentation of its financial statements and changed the classification of certain items on its income statement, with the view that the new presentation would provide more relevant information to financial statement readers. These reclassifications had no impact on Operating income or Consolidated net profit. The impact of the various reclassifications on the consolidated income statement for the period ended 31 December 2016 is presented in Appendix 2.

- **Sales**

In 2017, the Group's consolidated sales came to €1,908.7 million, up 20.5% year-on-year and up 21.1% excluding the impact of foreign exchange.

- **Other revenues**

Other revenues for the financial year 2017 totaled €103.0 million, up 19.1% versus €86.5 million in 2016.

The evolution was attributable to higher royalties received from Group partners, mainly Galderma for Dysport®, Menarini for Adenuric® and Shire for Onivyde®. Other revenues were also positively impacted in 2017 by the new contractual set-up for Etiasa® in China.

- **Cost of goods sold**

In 2017, Cost of goods sold amounted to €385.6 million, representing 20.2% of sales compared to €351.1 million, or 22.2% of sales in 2016.

The growth in Specialty Care sales drove a favorable product mix that improved the cost of goods sold as a percentage of sales.

Royalties paid to partners increased due to Group sales growth.

- **Selling expenses**

In 2017, Selling expenses came to €715.9 million, representing 37.5% of sales, up 20.9% versus 2016. The increase reflects the commercial efforts deployed to support the Cabometyx® launch in Europe, the growth of Somatuline® in the United States as well as the commercial investment for Onivyde® in the United States following the closing of the acquisition in April 2017.

- **Research and development expenses**

For the financial year 2017, Research and development expenses totaled €265.8 million, compared to €231.3 million in 2016.

The Group increased development costs in Oncology, especially for Cabometyx®, Onivyde®, the peptide receptor radionuclide therapy program, and in Neurosciences, mainly for the short acting toxin program and the development of new indications for Dysport®. In the meantime, the Group discontinued internal investments in peptide discovery during the year.

- **General and administrative expenses**

In 2017, General and administrative expenses came to €140.8 million, compared to €125.6 million in 2016. The increase resulted primarily from investments to support the Onivyde® launch in the United States and Ipsen's overall growth as well as the impact of the Group's positive performance on variable compensation.

- **Other core operating income and expenses**

At year end 2017, Other core operating income was in line with last year.

In 2017, Other core operating expenses totaled €0.5 million, versus €8.0 million in 2016. This evolution is mainly due to the impact of the currency hedging policy.

- **Core Operating Income**

Core Operating Income in 2017 came to €503.6 million, representing 26.4% of sales, compared to €363.9 million in Core Operating Income in 2016, representing 23.0% of sales. The strong performance of Specialty Care including the contribution from new products Cabometyx® and Onivyde®, the continued performance of Somatuline®, combined with higher commercial and R&D investments enabled the Group to increase its profitability by 3.4 points. Core Operating Income increased by 38.4% compared to 2016.

- **Net financing costs and Other financial income and expense**

In 2017, the Group incurred net financial expenses of €26.6 million, versus €14.3 million in 2016. Net financing costs amounted to €8.1 million versus €5.0 million in 2016, driven by the full year impact of interest expenses on the bond issued in 2016 and by financing costs related to the debt raised for the acquisitions completed during 2017.

In 2017, Other financial income and expense amounted to an expense of €18.4 million, compared to €9.3 million in 2016, mainly attributable to the cost of hedging implemented to mitigate the foreign exchange risk of the Group.

- **Core income taxes**

In 2017, Core income tax expense of €115.7 million resulted from a core effective tax rate of 24.3% on profit before tax compared to a core effective rate of 25.2% in 2016.

- **Core consolidated net profit**

For the year ended 31 December 2017, Core consolidated net profit increased by 37.6% to €362.7 million, with €362.1 million fully attributable to Ipsen S.A. shareholders. This compares to Core consolidated net profit of €263.6 million, with €262.9 million attributable to Ipsen S.A. shareholders, in 2016.

- **Core Earning per share**

In 2017, Core EPS fully diluted came to €4.36, up 37.0% versus €3.18 per share in 2016.

From Core financial measures to IFRS reported figures

Reconciliations between IFRS 2016 / 2017 results and the Core financial measures are presented in Appendix 5.

In 2017, the main reconciling items between Core consolidated net income and IFRS consolidated net income were:

- **Amortization of intangible assets (excluding software)**

Amortization of intangible assets (excluding software) for 2017 amounted to €53.3 million before tax, compared to €7.7 million before tax in 2016, mainly due to the amortization of intangible assets from Cabometyx®, Onivyde® and assets acquired from Sanofi.

- **Other operating income and expenses and Restructuring costs**

Other non-core operating income and expenses for 2017 amounted to €48.9 million before tax and Restructuring costs came to €18.8 million before tax.

Those expenses consisted mainly of integration costs related to the Onivyde® acquisition, the adaptation of the R&D structure and programs, a settlement with a partner in Japan and a reorganization plan in Europe.

In 2016, Other non-core operating expenses totaled €6.8 million before tax and consisted mainly of costs from the change in the Group's corporate governance and costs from the move to the new research and development site in Oxford, UK. Restructuring costs were €1.9 million before tax in 2016.

- **Impairment losses**

In 2017, a net reversal of impairment of €14.8 million before tax was recognized at Group level mainly related to:

- the reversal of the IGF-1 / Increlex® impairment for €50.4 million following the completion of the transfer to the new manufacturing site, approved by both the EMA (European Medicines Agency) and the FDA (Food and Drug Administration), securing the production of Increlex®;

- the impairment of Prontalgine® for €33.9 million following the consequence of the decree announced by the French Ministry of Health on July 12, 2017, listing all medicines containing codeine, dextromethorphan, ethylmorphine or noscapine on the list of medicines available on prescription.

In 2016, Ipsen recorded a €42.9 million impairment charge before tax on several intangible assets (OctreoPharm, MCNA from Telesta Therapeutics and Canbex Therapeutics).

- **Other**

In 2017, Other items amounted to an expense of €18.5 million and were mainly related to the negative impact of the newly signed U.S. tax reform on U.S. tax losses carried forward offset by the recognition of previously unrecognized deferred tax assets in the U.S. as well as to discontinued operations.

In 2016, Other items amounted to an income of €5.7 million, mainly comprised of €5.3 million in dividends from Rhythm Holding, €2.4 million in dividends from the InnoBio fund as well as the Spirogen earn-out payment.

As a consequence, IFRS reported indicators are:

- **Operating income**

In 2017, Operating income totaled €397.2 million versus €304.7 million in 2016, with an Operating margin at 20.8%, up 1.6 points compared to 2016.

- **Consolidated net profit**

Consolidated net profit was €272.9 million at 31 December 2017, an increase of 20.5% versus last year at €226.6 million.

- **Earning per share**

Fully diluted EPS was €3.28 in 2017 versus €2.73 in 2016.

Operating segments: Core Operating Income by therapeutic area

Segment information is presented according to the Group's two operating segments, Specialty Care and Consumer Healthcare.

All costs allocated to these two segments are presented in the key performance indicators. Only corporate overhead costs and the impact of the currency hedging policy 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 2017 and 2016 financial years in the following table.

(in millions of euros)		31 December 2017	31 December 2016	Change	%
Specialty Care					
Sales		1,591.9	1,273.0	319.0	*25.1%*
Revenue		1,643.1	1,308.0	335.1	*25.6%*
Core Operating Income		570.6	415.0	155.6	*37.5%*
	% of sales	*35.8%*	*32.6%*		
Consumer Healthcare					
Sales		316.8	311.6	5.2	*1.7%*
Revenue		368.7	363.1	5.5	*1.5%*
Core Operating Income		91.8	99.6	(7.9)	*-7.9%*
	% of sales	*29.0%*	*32.0%*		
Total Unallocated					
Core Operating Income		(158.8)	(150.7)	(8.1)	*5.4%*
Group total					
Sales		1,908.7	1,584.6	324.1	*20.5%*
Revenue		2,011.8	1,671.1	340.7	*20.4%*
Core Operating Income		503.6	363.9	139.7	*38.4%*
	% of sales	*26.4%*	*23.0%*		

In 2017, **Specialty Care** sales grew to €1,591.9 million, up 25.1% over 2016 (or 25.9% at constant exchange rates), reaching 83.4% of total consolidated sales at 31 December 2017, versus 80.3% a year earlier. In 2017, **Core Operating Income** for Specialty Care amounted to €570.6 million, representing 35.8% of sales. This compares to €415.0 million in the prior-year period, representing 32.6% of sales. The improvement reflects the continued growth of Somatuline® in the United States and Europe and the contribution of Cabometyx® and Onivyde®, along with increased commercial investments to support growth and the commercial launches.

In 2017, **Consumer Healthcare** sales came to €316.8 million, up 1.7% year on year (or 1.4% at constant exchange rates), driven by the good performance of Smecta® and Fortrans/Eziclen® and despite the new contractual set-up in China for Etiasa®. In 2017, **Core Operating Income** for Consumer Healthcare amounted €91.8 million, representing 29.0% of sales in comparison of 32.0% in 2016. This variance reflects the commercial efforts deployed to support the implementation of the OTx strategy as well as an increase in medical study expenses.

In 2017, **Unallocated Core Operating Income** came to a negative €158.8 million, compared to a negative €150.7 million in the year-earlier period. The evolution is mainly attributable to the Group's positive performance on higher variable compensation and investments to support Ipsen's growth. These

expenses consisted mainly of unallocated corporate expenses and the impact from the currency hedging policy.

Net cash flow and financing

In 2017, the Group had a net cash decrease of €531.9 million after the acquisition of the Onivyde® assets, the OTC product portfolio from Sanofi and the equity stake in Akkadeas Pharma, bringing closing net debt to €463.3 million.

Analysis of the consolidated net cash flow statement

(in millions of euros)	31 December 2017	31 December 2016
Opening net cash / (debt)	**68.6**	**186.9**
Core Operating Income	**503.6**	**363.9**
Non-cash items	18.1	15.6
Change in operating working capital requirement	(45.2)	(2.8)
(Increases) decreases in other working capital requirement	40.1	12.1
Net capex (excluding milestones paid)	(94.7)	(84.0)
Dividends received from entities accounted for using the equity method	0.9	2.3
Operating Cash Flow	**422.8**	**307.1**
Other operating income and expenses and restructuring costs (cash)	(53.4)	(20.8)
Financial income (cash)	(16.8)	(3.1)
Current income tax (P&L, excluding provisions for tax contingencies)	(53.0)	(65.5)
Other operating cash flow	9.4	11.1
Free Cash Flow	**309.0**	**228.8**
Dividends paid	(70.6)	(70.3)
Net investments (business development and milestones)	(789.2)	(252.9)
Share buyback	(18.1)	(24.0)
FX on net indebtedness	33.8	0.0
Other (discontinued operations and financial instrument)	3.3	0.1
Shareholders return and external growth operations	**(840.9)**	**(347.2)**
CHANGE IN NET CASH / (DEBT)	**(531.9)**	**(118.4)**
Closing net cash / (debt)	**(463.3)**	**68.6**

Operating cash flow

In 2017, Operating Cash Flow totaled €422.8 million, up €115.7 million (37.7%) versus 2016. The increase was driven by higher Core Operating Income, partially offset by an increase in working capital requirement (WCR) and net capital expenditure (excluding milestones paid).

Working capital requirement for operating activities increased by €45.2 million in 2017, compared with an increase of €2.8 million in 2016. The change at 31 December 2017 stemmed mainly from the following:

- a €38.2 million increase in inventories during the year, in step with business growth and recent acquisitions;

- a €84.6 million increase in trade receivables, in line with sales growth over the last quarter, compared with a €42.7 million increase in trade receivables in 2016;

- a €77.6 million increase in trade payables at 31 December 2017, in correlation with the phasing of operating expenses mainly to support the growth of the business. At 31 December 2016, trade payables rose by €47.6 million.

In 2017, other WCR need decreased by €40.1 million, mainly driven by the positive seasonality on working capital components at the end of the year notably due to the provision for higher variable compensation. Other WCR decreased by €12.1 million in 2016.

Net capital expenditure amounted to €94.7 million at 31 December 2017, compared with €84.0 million in 2016. These investments included mainly capital projects to support increased production capacity at industrial sites in the United Kingdom, the United States and France as well as corporate investments in Information Technology and Digital.

- **Free cash flow**

In 2017, Free Cash Flow came to €309.0 million, up €80.2 million (+35.0%) versus 31 December 2016. This evolution is mainly driven by an improvement in Operating Cash Flow, partially compensated by higher Other operating income or expenses and restructuring costs, and increased Financial expenses.

Other non-core operating income and expenses and restructuring costs of €53.4 million included Onivyde® integration costs, the adaptation of the R&D structure and programs, a settlement with a partner in Japan and costs arising from the change in corporate governance. At the end of December 2016, €20.8 million of such payments were primarily comprised of costs arising from the change in corporate governance, as well as payments for earlier restructuring plans that were staggered over several fiscal periods.

The €16.8 million in financial expenses paid at the end of December 2017 resulted from a full year of interest on the bond issued in June 2016, financing costs related to the debt raised for acquisitions completed during this year and hedging costs. In comparison, the €3.1 million in financial income paid at the end of December 2016 resulted mainly from the collection of dividends, an earnout payment related to the sale of Spirogen shares and realized foreign exchange gains.

The change in current income tax stemmed mainly from the reimbursement of the 3% tax on dividends partially compensated by the temporary surtax in France.

- **Shareholders return and external growth operations**

At 31 December 2017, the dividend payout to Ipsen S.A. shareholders amounted to €70.2 million.

Net investments at 31 December 2017 amounted to €789 million, including the acquisition of Onivyde® from Merrimack Pharmaceuticals on April 3, 2017 for €665 million, corresponding to the purchase price and future earn-outs (discounted and probabilized under IFRS), the acquisition of Consumer Healthcare products in European territories from Sanofi for €86 million, and the equity stake in Akkadeas Pharma for €5 million, as well as additional milestones paid to Exelixis for €26 million following the exclusive license agreement signed in 2016 and to Lexicon for €10 million. This was partially offset by milestone payment received from Radius and from Galderma for the territory extension in Asia for a total of €15 million.

At 31 December 2016, net financial investments mainly encompassed a €184 million upfront payment to Exelixis for the exclusive licensing agreement for Cabometyx® and a €5 million upfront payment to 3B Pharmaceuticals GmbH, partially offset by regulatory milestone payments received from Acadia and Radius (€10 million) and by scheduled payments related to the agreement signed with Galderma in December 2015 for Asia-Pacific markets (collection of net €6 million).

Reconciliation of cash and cash equivalents and net cash

(in millions of euros)	31 December 2017	31 December 2016
Current financial assets (derivative instruments on financial operations)	**1.4**	**-**
Closing cash and cash equivalents	**209.3**	**422.5**
Bonds	(297.5)	(297.1)
Other financial liabilities (**)	(102.8)	(17.8)
Non-current financial liabilities	**(400.3)**	**(314.8)**
Credit lines and bank loans	(46.0)	(4.0)
Current financial liabilities (**)	(227.6)	(35.1)
Current financial liabilities	**(273.6)**	**(39.1)**
Debt	**(673.9)**	**(353.9)**
Net cash / (debt) (*)	**(463.3)**	**68.6**

(*) Net cash / (debt): derivative instruments booked in financial assets and related to financial operations, cash and cash equivalents, less bank overdrafts, bank loans and other financial liabilities and excluding financial derivative instruments on commercial operations.

(**) Financial liabilities mainly exclude €20.4 million in derivative instruments related to commercial operations in 2017, compared with €18.2 million in 2016.

Analysis of Group cash

On 16 June 2016, Ipsen S.A. issued a €300 million unsecured seven-year public bond loan with an annual interest rate of 1.875%.

In addition, €300 million in bilateral long-term bank loans were contracted with a maturity of 6.5 years. At 31 December 2017, none of the bank loans were drawn down.

On 6 June 2017, Ipsen S.A. amended its syndicated loan to increase the facility amount from €300 million to €600 million and to extend its maturity until 17 October 2022. At 31 December 2017, €42 million were drawn on this facility.

On 27 June 2017, Ipsen S.A. increased its program of “NEU CP - Negotiable EUropean” Commercial Paper, from €300 million to €600 million, among which €202 million were issued on 31 December 2017.

APPENDICES

Appendix 1 – Consolidated income statement

(in millions of euros)	31 December 2017	31 December 2016 Restated
Sales	**1,908.7**	**1,584.6**
Other revenues	103.0	86.5
Revenue	**2,011.8**	**1,671.1**
Cost of goods sold (1)	(385.6)	(351.1)
Selling expenses (1)	(715.9)	(592.0)
Research and development expenses (1)	(265.8)	(231.3)
General and administrative expenses (1)	(140.8)	(125.6)
Other operating income	3.1	6.9
Other operating expenses	(105.5)	(28.6)
Restructuring costs	(18.8)	(1.9)
Impairment losses	14.8	(42.9)
Operating Income	**397.2**	**304.7**
Investment income	*11*	*0.9*
Financing costs	*(9.2)*	*(5.8)*
Net financing costs	(8.1)	(5.0)
Other financial income and expense	(18.4)	(1.6)
Income taxes	(101.4)	(73.5)
Share of net profit (loss) from entities accounted for using the equity method	1.4	1.9
Net profit (loss) from continuing operations	**270.7**	**226.5**
Net profit (loss) from discontinued operations	2.3	0.1
Consolidated net profit (loss)	**272.9**	**226.6**
- Attributable to shareholders of Ipsen S.A.	272.3	225.9
- Attributable to non-controlling interests	0.6	0.6

Basic earnings per share, continuing operations (in euros)	3.27	2.74
Diluted earnings per share, continuing operations (in euros)	3.25	2.73
Basic earnings per share, discontinued operations (in euros)	0.03	0.00
Diluted earnings per share, discontinued operations (in euros)	0.03	0.00
Basic earnings per share (in euros)	3.30	2.74
Diluted earnings per share (in euros)	3.28	2.73

(1) As part of the effort to implement its new organization, the Group reviewed the presentation of its financial statements and changed the classification of certain items on its income statement, with the view that the new presentation would provide more relevant information to financial statement readers. These reclassifications had no impact on Operating income or Consolidated net profit. The impact of the various reclassifications on the consolidated income statement for the period ended 31 December 2016 is presented in Appendix 2.

- **Appendix 2 – Reconciliation of the income statement reported at 31 December 2016 published in 2016 and the restated income statement at 31 December 2016 published in 2017**

As part of the effort to implement its new organization, the Group reviewed the presentation of its financial statements and changed the classification of certain items on its income statement, with the view that the new presentation would provide more relevant information to financial statement readers.

In order to better reflect the substance of the operations related to global medical affairs, the Group has decided starting from 2017 to recognize global medical affairs expenses in “Research and development expenses”. These costs, which amounted to €26.7 million euros in 2016, were previously recognized in “Selling expenses”.

The allocation of internal costs within the various functions was revised in the consolidated income statement. As a result, certain support function expenses were reclassified within the income statement, a move deemed by the Group to be more relevant given the activity of the concerned services and the new organization.

These reclassifications had no impact on the Operating result and on the Net profit.

On 31 December 2017, the Group restated the comparison reporting periods in accordance with IAS 1 Revised. The impact of the various reclassifications on the consolidated income statement for the period ended 31 December 2016 is presented in the following table:

(in millions of euros)	31 December 2016 Restated	Presentation restatement	31 December 2016 Published
Sales	**1,584.6**		**1,584.6**
Other revenues	86.5		86.5
Revenue	**1,671.1**		**1,671.1**
Cost of goods sold	(351.1)	2.1	(353.3)
Selling expenses	(592.0)	16.4	(608.4)
Research and development expenses	(231.3)	(22.3)	(208.9)
General and administrative expenses	(125.6)	3.8	(129.4)
Other operating income	6.9		6.9
Other operating expenses	(28.6)		(28.6)
Restructuring costs	(1.9)		(1.9)
Impairment losses	(42.9)		(42.9)
Operating Income	**304.7**	**(0.0)**	**304.7**
Investment income	*0.9*		*0.9*
Financing costs	*(5.8)*		*(5.8)*
Net financing costs	(5.0)		(5.0)
Other financial income and expense	(1.6)		(1.6)
Income taxes	(73.5)		(73.5)
Share of net profit (loss) from entities accounted for using the equity method	1.9		1.9
Net profit (loss) from continuing operations	**226.5**	**(0.0)**	**226.5**
Net profit (loss) from discontinued operations	0.1		0.1
Consolidated net profit (loss)	**226.6**	**(0.0)**	**226.6**
- Attributable to shareholders of Ipsen S.A.	225.9		225.9
- Attributable to non-controlling interests	0.6		0.6

Basic earnings per share, continuing operations (in euros)	2.74		2.74
Diluted earnings per share, continuing operations (in euros)	2.73		2.73
Basic earnings per share, discontinued operations (in euros)	0.00		0.00
Diluted earnings per share, discontinued operations (in euros)	0.00		0.00
Basic earnings per share (in euros)	2.74		2.74
Diluted earnings per share (in euros)	2.73		2.73

Appendix 3 – Consolidated balance sheet before allocation of net profit

(in millions of euros)	31 December 2017	31 December 2016
ASSETS		
Goodwill	389,0	357,2
Other intangible assets	930,2	380,1
Property, plant & equipment	418,9	379,0
Equity investments	43,3	21,2
Investments in companies accounted for using the equity method	14,7	15,6
Non-current financial assets	112,7	0,2
Deferred tax assets	142,0	213,2
Other non-current assets	4,8	6,7
Total non-current assets	**2 055,6**	**1 373,1**
Inventories	167,4	113,3
Trade receivables	437,2	363,5
Current tax assets	58,0	66,3
Current financial assets	29,6	6,6
Other current assets	96,3	75,2
Cash and cash equivalents	228,0	425,5
Total current assets	**1 016,4**	**1 050,4**
TOTAL ASSETS	**3 072,0**	**2 423,5**

EQUITY AND LIABILITIES		
Share capital	83,7	83.6
Additional paid-in capital and consolidated reserves	1 171,7	998.5
Net profit (loss) for the period	272,3	225.9
Foreign exchange differences	(2,3)	50.9
Equity attributable to Ipsen S.A. shareholders	**1 525,4**	**1,358.9**
Equity attributable to non-controlling interests	10,5	3.3
Total shareholders' equity	**1 535,9**	**1,362.2**
Retirement benefit obligation	67,6	58.4
Non-current provisions	33,3	21.6
Non-current financial liabilities	400,3	314.8
Deferred tax liabilities	21,5	14.6
Other non-current liabilities	71,7	90.6
Total non-current liabilities	**594,3**	**500.0**
Current provisions	16,6	27.8
Current financial liabilities	294,7	58.6
Trade payables	319,1	241.5
Current tax liabilities	2,4	4.1
Other current liabilities	290,2	226.4
Bank overdrafts	18,7	3.0
Total current liabilities	**941,8**	**561.3**
TOTAL EQUITY & LIABILITIES	**3 072,0**	**2,423.5**

Appendix 4 – Cash flow statements

Appendix 4.1 – Consolidated statement of cash flow

(in millions of euros)	31 December 2017	31 December 2016
Consolidated net profit (loss)	**272.9**	**226.6**
Share of profit (loss) from entities accounted for using the equity method before impairment losses	(0.5)	0.4
Net profit (loss) before share from entities accounted for using the equity method	**272.4**	**227.0**
Non-cash and non-operating items		
- Depreciation, amortization, provisions	105.8	39.1
- Impairment losses included in operating income and net financial income	(14.8)	42.9
- Change in fair value of financial derivatives	(1.3)	9.7
- Net gains or losses on disposals of non-current assets	2.7	(2.3)
- Share of government grants released to profit and loss	(0.1)	(0.4)
- Foreign exchange differences	16.9	(13.7)
- Change in deferred taxes	48.3	8.1
- Share-based payment expense	10.1	5.6
- Other non-cash items	3.9	2.7
Cash flow from operating activities before changes in working capital requirement	***444.0***	***318.7***
- (Increase) / decrease in inventories	(38.2)	(7.7)
- (Increase) / decrease in trade receivables	(84.6)	(42.7)
- Increase / (decrease) in trade payables	77.6	47.6
- Net change in income tax liability	6.6	10.5
- Net change in other operating assets and liabilities	17.4	(8.6)
Change in working capital requirement related to operating activities	***(21.2)***	***(0.9)***
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**422.9**	**317.8**
Acquisition of property, plant & equipment	(84.9)	(81.2)
Acquisition of intangible assets	(155.9)	(291.1)
Proceeds from disposal of intangible assets and property, plant & equipment	0.4	3.6
Acquisition of shares in non-consolidated companies	(1.6)	(1.0)
Payments to post-employment benefit plans	(0.6)	(1.3)
Impact of changes in the consolidation scope	(549.5)	(0.0)
Deposits paid	(0.1)	1.8
Change in w orking capital related to investment activities	20.5	12.2
Other cash flow related to investment activities	(5.4)	(0.1)
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES	**(777.2)**	**(357.1)**
Additional long-term borrow ings	1.5	327.9
Repayment of long-term borrow ings	(3.3)	(3.9)
Net change in short-term borrow ings	218.3	-
Capital increase	6.9	12.7
Treasury shares	(17.5)	(17.7)
Dividends paid by Ipsen S.A.	(70.2)	(70.0)
Dividends paid by subsidiaries to non-controlling interests	(0.4)	(0.4)
Change in w orking capital related to financing activities	(0.1)	3.4
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	**135.2**	**252.0**
CHANGE IN CASH AND CASH EQUIVALENTS	**(219.1)**	**212.7**
Opening cash and cash equivalents	**422.5**	**214.0**
Impact of exchange rate fluctuations	5.9	(4.2)
Closing cash and cash equivalents	**209.3**	**422.5**

○ Appendix 4.2 – Consolidated net cash flow statement

(in millions of euros)	31 December 2017	31 December 2016
Opening net cash / (debt)	**68.6**	**186.9**
CORE OPERATING INCOME	**503.6**	**363.9**
Non-cash items	**18.1**	**15.6**
(Increase) /decrease in inventories	(38.2)	(7.7)
(Increase) / decrease in trade receivables	(84.6)	(42.7)
Increase / (decrease) in trade payables	77.6	47.6
Change in operating working capital requirement	**(45.2)**	**(2.8)**
Change in income tax liability	6.6	10.5
Change in other operating assets and liabilities (excluding milestones received)	33.5	1.6
Other changes in working capital requirement	**40.1**	**12.1**
Acquisition of property, plant & equipment	(84.9)	(81.2)
Acquisition of intangible assets (excluding milestones paid)	(19.2)	(13.3)
Disposal of fixed assets	0.4	3.6
Change in working capital related to investment activities	8.9	6.9
Net capex (excluding milestones paid)	**(94.7)**	**(84.0)**
Dividends received from entities accounted for using the equity method	**0.9**	**2.3**
Operating Cash Flow	**422.8**	**307.1**
Other operating income and expenses and restructuring costs (cash)	(53.4)	(20.8)
Financial income (cash)	(16.8)	(3.1)
Current income tax (P&L, excluding provisions for tax contingencies)	(53.0)	(65.5)
Other operating cash flow	9.4	11.1
Free Cash Flow	**309.0**	**228.8**
Dividends paid (including payout to non-controlling interests)	**(70.6)**	**(70.3)**
Acquisition of shares in non-consolidated companies	(1.6)	(1.0)
Acquisition of other financial assets	(5.4)	0.0
Impact of changes in consolidation scope (a)	(671.1)	0.0
Milestones paid (b)	(39.3)	(272.5)
Milestones received (c)	14.7	20.7
Other Business Development operations	(86.5)	0.0
Net investments (business development and milestones)	**(789.2)**	**(252.9)**
Share buybacks	**(18.1)**	**(24.0)**
FX on net indebtedness	33.8	0.0
Other (discontinued operations and financial instrument)	**3.3**	**0.1**
Shareholders return and external growth operations	**(840.9)**	**(347.2)**
CHANGE IN NET CASH / (DEBT)	**(531.9)**	**(118.4)**
Closing net cash / (debt)	**(463.3)**	**68.6**

(a) Impact of change in consolidation scope reflects the recent acquisition of Onivyde® assets from Merrimack Pharmaceuticals and the equity stake in Akkadeas Pharma.

(b) Milestones paid correspond to payments subject to the terms and conditions set out in the Group's partnership agreements. The €26 million milestone paid to Exelixis and the €10 million paid to Lexicon accounted for the majority of the milestones paid at 31 December 2017. The amounts paid were recorded as an increase in intangible assets on the consolidated balance sheet. The transactions were

included in the "Acquisition of intangible assets" line item in the consolidated statement of cash flow (see Appendix 4.1).

(c) Milestones received are amounts collected by Ipsen from its partners. The €15 million milestone received at 31 December 2017 were comprised of €8 million paid by Radius and €7 million paid by Galderma. The amounts were recorded as deferred income in the consolidated balance sheet and then recognized in the income statement as "Other revenues". Milestones received were included in the "Net change in other operating assets and liabilities" line item in the consolidated statement of cash flow (see Appendix 4.1).

Appendix 5 – Bridges from IFRS consolidated net profit to Core consolidated net profit

(in millions of euros)	IFRS 31 December 2017	Amortization of intangible assets (excl softwares)	Other operating income or expenses	Restructuring	Impairment losses	Other	CORE 31 December 2017
Sales	1,908.7						1,908.7
Other revenues	103.0						103.0
Revenue	**2,011.8**	**-**	**-**	**-**	**-**	**-**	**2,011.8**
Cost of goods sold	(385.6)						(385.6)
Selling expenses	(715.9)						(715.9)
Research and development expenses	(265.8)						(265.8)
General and administrative expenses	(140.8)						(140.8)
Other operating income	3.1		(2.7)				0.4
Other operating expenses	(105.5)	53.3	51.7				(0.5)
Restructuring costs	(18.8)			18.8			-
Impairment losses	14.8				(14.8)		-
Operating Income	**397.2**	**53.3**	**48.9**	**18.8**	**(14.8)**	**-**	**503.6**
Net financing costs	(8.1)	-	-	-	-	-	(8.1)
Other financial income and expense	(18.4)						(18.4)
Income taxes	(101.4)	(15.7)	(15.4)	(5.9)	1.9	20.7	(115.7)
Share of net profit (loss) from entities accounted for using the equity method	1.4						1.4
Net profit (loss) from continuing operations	**270.7**	**37.6**	**33.6**	**13.0**	**(12.8)**	**20.7**	**362.7**
Net profit (loss) from discontinued operations	2.3					(2.3)	-
Consolidated net profit	**272.9**	**37.6**	**33.6**	**13.0**	**(12.8)**	**18.5**	**362.7**
- Attributable to shareholders of Ipsen S.A.	272.3	37.6	33.6	13.0	(12.8)	18.5	362.1
- Attributable to non-controlling interests	0.6						0.6

Earnings per share fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	3.28	0.45	0.40	0.16	(0.15)	0.22	4.36

The reconciliation items between Core consolidated net profit and IFRS consolidated net profit are described in the paragraph “From Core financial measures to IFRS reported figures”.

	IFRS						CORE
(in millions of euros)	31 December 2016 Restated	Amortization of intangible assets (excl softwares)	Other operating income or expenses	Restructuring	Impairment losses	Other	31 December 2016 Restated
Sales	1,584.6						1,584.6
Other revenues	86.5						86.5
Revenue	**1,671.1**	**-**	**-**	**-**	**-**	**-**	**1,671.1**
Cost of goods sold (1)	(351.1)						(351.1)
Selling expenses (1)	(592.0)						(592.0)
Research and development expenses (1)	(231.3)						(231.3)
General and administrative expenses (1)	(125.6)						(125.6)
Other operating income	6.9		(6.1)				0.9
Other operating expenses	(28.6)	7.7	12.9				(8.0)
Restructuring costs	(1.9)			1.9			-
Impairment losses	(42.9)				42.9		-
Operating Income	**304.7**	**7.7**	**6.8**	**1.9**	**42.9**	**-**	**363.9**
Net financing costs	(5.0)	-	-	-	-	-	(5.0)
Other financial income and expense	(1.6)					(7.7)	(9.3)
Income taxes	(73.5)	(2.6)	(2.5)	(0.8)	(10.7)	2.1	(88.0)
Share of net profit (loss) from entities accounted for using the equity method	1.9						1.9
Net profit (loss) from continuing operations	**226.5**	**5.1**	**4.4**	**1.1**	**32.1**	**(5.6)**	**263.6**
Net profit (loss) from discontinued operations	0.1					(0.1)	-
Consolidated net profit	**226.6**	**5.1**	**4.4**	**1.1**	**32.1**	**(5.7)**	**263.6**
- Attributable to shareholders of Ipsen S.A.	225.9	5.1	4.4	1.1	32.1	(5.7)	262.9
- Attributable to non-controlling interests	0.6						0.6

Earnings per share fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	2.73	0.06	0.05	0.01	0.39	(0.07)	3.18

(1) As part of the effort to implement its new organization, the Group reviewed the presentation of its financial statements and changed the classification of certain items on its income statement, with the view that the new presentation would provide more relevant information to financial statement readers. These reclassifications had no impact on Operating income or Consolidated net profit. The impact of the various reclassifications on the consolidated income statement for the period ended 31 December 2016 is presented in Appendix 2.

Major developments during the second half of 2017

During second half 2017, major developments included[1]:

- 16 August 2017 – Ipsen announced that its partner Exelixis completed the submission of a supplemental New Drug Application (sNDA) to the U.S. Food and Drug Administration (FDA) for CABOMETYX® (cabozantinib) tablets as a treatment for patients with previously untreated advanced renal cell carcinoma (RCC).

- 8 September 2017 – Ipsen announced that the European Medicines Agency (EMA), the European regulatory authority, validated the application for variation to the Cabometyx® (cabozantinib) marketing authorization for the addition of a new indication in first-line treatment of advanced renal cell carcinoma.

- 10 September 2017 – Ipsen and its partner Exelixis announced updated results from the CABOSUN randomized phase 2 trial of cabozantinib in patients with previously untreated advanced renal cell carcinoma (RCC) with intermediate- or poor-risk disease per the International Metastatic Renal Cell Carcinoma Database Consortium (IMDC).

- 18 September 2017 – Ipsen announced that the U.S. Food and Drug Administration (FDA) has approved a supplemental indication for Somatuline® Depot (lanreotide) Injection 120 mg for the treatment of carcinoid syndrome.

- 19 September 2017 – Ipsen announced that the European Commission approved Xermelo® (telotristat ethyl) 250 mg three times a day for the treatment of carcinoid syndrome diarrhea in combination with somatostatin analogue (SSA) therapy in adults inadequately controlled by SSA therapy.

- 16 October 2017 – Ipsen and its partner Exelixis announced that its global phase 3 CELESTIAL trial met its primary endpoint of overall survival (OS), with cabozantinib providing a statistically significant and clinically meaningful improvement in median OS compared to placebo in patients with advanced hepatocellular carcinoma (HCC).

- 29 November 2017 – Ipsen announced publication in Neurology of results of two studies demonstrating the efficacy and safety of Dysport® (abobotulinumtoxinA) in adult patients with lower limb spasticity following a stroke or traumatic brain injury.

Year-to-date 2018, major developments included:

- 10 January 2018 – Ipsen announced the appointment of Dr Aidan Murphy as Executive Vice-President, Technical Operations, effective 1st January 2018.

- 12 January 2018 – Ipsen announced the appointment of Richard Paulson as Executive Vice-President and Chief Executive Officer of Ipsen North America, responsible for all commercial operations throughout the region.

- 16 January 2018 – Ipsen and Exelixis announced detailed results of the pivotal phase 3 CELESTIAL trial in patients with previously treated advanced hepatocellular carcinoma (HCC).

[1] For major developments during first half of 2017, please refer to the press release of the half year 2017 financial results

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 2016 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.