

Ipsen delivers strong 2018 results and expects continued sales and profit growth in 2019

Paris (France), 14 February 2019 – Ipsen (Euronext: IPN; ADR: IPSEY), a global specialty-driven biopharmaceutical group, today announced its financial results for the full year 2018.

Extract of audited consolidated results for the full year 2018 and 2017

<i>(in million of euros)</i>	FY 2018	FY 2017	% change	% change at constant currency¹
Group net sales	2,224.8	1,908.7	+16.6%	+20.1%
Specialty Care sales	1,924.5	1,591.9	+20.9%	+24.7%
Consumer Healthcare sales	300.3	316.8	-5.2%	-2.9%
CORE				
Core Operating Income	659.9	503.6	+31.0%	
<i>Core operating margin (as a % net sales)</i>	29.7%	26.4%	+3.3 pts	
Core consolidated net profit	491.6	362.7	+35.5%	
Core EPS – fully diluted (€)	5.91	4.36	+35.5%	
IFRS				
Operating Income	519.4	397.2	+30.8%	
<i>Operating margin (as a % net sales)</i>	23.3%	20.8%	+2.5 pts	
Consolidated net profit	389.1	272.9	+42.6%	
EPS – fully diluted (€)	4.68	3.28	+42.7%	

Financial highlights

- Group sales growth of 16.6% as reported and 20.1% at constant exchange rates¹, driven by Specialty Care sales growth of 24.7%¹, reflecting strong performance across all major products and geographies, and sustained growth of Consumer Healthcare at 2.7%^{1,2}
- Core operating margin at 29.7% of net sales, up 3.3 points and Core Operating Income growth of 31.0% IFRS operating margin at 23.3% of net sales, up 2.5 points and IFRS Operating Income growth of 30.8%
- Financial guidance for 2019 of Group sales growth greater than 13.0% at constant exchange rate and Core operating margin around 31.0% of net sales, excluding incremental investments in pipeline expansion initiatives

Q4 2018 pipeline highlights

- On 15 November 2018, approval from the European Commission for Cabometyx[®] for the treatment of hepatocellular carcinoma (HCC) in adults who have previously been treated with sorafenib
- On 5 December 2018, initiation with Exelixis of COSMIC-312, a Phase 3 pivotal trial of Cabometyx[®] in combination with atezolizumab versus sorafenib in previously untreated advanced hepatocellular carcinoma (HCC)

¹ Year-on-year growth excluding foreign exchange impact established by recalculating net sales for the relevant period at the rate used for the previous period.

² Consumer Healthcare 2018 sales growth up 2.7% restated from the new contractual set-up of Etiasa[®], down 2.9% as reported

David Meek, Chief Executive Officer of Ipsen, stated: “2018 was a tremendous year for Ipsen with industry-leading top-line growth and Somatuline® achieving blockbuster status. We also delivered significant margin expansion while investing to advance our R&D pipeline. The momentum of the business is strong as we enter 2019 and are on track to deliver our 2020 financial targets to exceed €2.5 billion in sales and 30% margins, one year earlier.

In 2018, we advanced our pipeline with Cabometyx® approvals in additional indications, acceleration of key programs and the establishment of new collaborations. We remain focused on executing our internal and external innovation strategy to build a robust pipeline, ensure continued growth and optimize value for patients and shareholders. We look forward to another outstanding year of strong industry-leading growth, expanding indications for our current medicines and advancing several innovative new chemical entities in the clinic.”

Review of full year 2018 results

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

Group net sales reached €2,224.8 million, up 20.1% year-on-year.

Specialty Care sales reached €1,924.5 million, up 24.7%, driven by the strong growth of Somatuline® and the €257.6 million contribution from the key Oncology launches of Cabometyx® and Onivyde®. Somatuline® growth of 24.4% was driven by continued positive momentum in North America (38.2% growth in the U.S.) and solid performance throughout Europe. Dysport® growth was fueled by strong performance and the resupply in Brazil, strong volume growth in the U.S. in the therapeutics market as well as the good performance of Galderma in the aesthetics market in Europe. Decapeptyl® sales reflect good volume growth across Europe and a good performance in China.

Consumer Healthcare sales reached €300.3 million, up 2.7% year-on-year re-stated from Etiasa new contractual set-up (or down 2.9% as reported), driven by the good performance of Smecta® and the contribution of the products acquired in 2017.

Core Operating Income reached €659.9 million in 2018, compared to €503.6 million in 2017, a growth of 31.0%, driven by the sales growth and after increased commercial investments for Cabometyx® and Onivyde®, and R&D investments to support the development of the growing pipeline.

Core operating margin reached 29.7% of net sales, up 3.3 points compared to 2017.

Core consolidated net profit was €491.6 million in 2018, an increase of 35.5% versus €362.7 million in 2017, driven by higher Core Operating Income and due to lower effective tax rate and net financing costs.

Fully diluted Core earnings per share grew by 35.5% to reach €5.91, compared to €4.36 in 2017.

IFRS Operating income was €519.4 million, up 30.8% after higher amortization of intangible assets (excluding software) and impairment charges. Operating margin of 23.3% was up 2.5 points compared to 2017.

IFRS Consolidated net profit was €389.1 million versus €272.9 million in 2017, up 42.6%.

IFRS Fully diluted EPS (Earning per share) was €4.68 versus €3.28 in 2017.

Free Cash Flow reached €458.4 million, up by €149.4 million or 48.3%, mainly driven by an improvement in Operating Cash Flow and lower restructuring costs, partially compensated by higher financial income and current income tax.

Closing net debt reached €242.5 million at the end of 2018, an improvement of €220.8 million over the closing net debt in 2017 of €463.3 million. This reflects positive Free Cash Flow generation of the Group which allowed the payment of milestones for Cabometyx® and dividends in June.

Comparison of 2018 performance with financial objectives

The Group exceeded its upgraded guidance provided on 26 July 2018 for Group sales growth and for Core operating margin.

The table below shows the comparison between the financial objectives provided on 26 July 2018 and 2018 actuals.

	Financial objectives	2018 Actuals
Group sales growth (at constant exchange rate)	> +19.0% ¹	+20.1% ¹
Core operating margin (as a percentage of sales)	around 29.0%	29.7%

Dividend for the 2018 financial year proposed for the approval of Ipsen's shareholders

The Ipsen S.A. Board of Directors, which met on 13 February 2019, decided to propose at the Annual Shareholders' meeting on 28 May 2019 the payment of a dividend of €1.00 per share for the 2018 financial year, unchanged from the prior year.

2019 Financial guidance

The Group has set the following financial targets for 2019:

- **Group sales growth** year-on-year at constant currency **greater than +13.0%**; based on the current level of exchange rates, sales growth at current rates would be positively impacted by around 1.0%.
- **Core operating margin** around **31.0%** of net sales, excluding incremental investments in pipeline expansion initiatives.

Conference call

Ipsen will hold a conference call Thursday, 14 February 2019 at 2:30 p.m. (Paris time, GMT+1). Participants should dial in to the call approximately five to ten minutes prior to its start. No reservation is required to participate in the conference call.

Standard International: +44 (0) 2071 928000
France and continental Europe: +33 (0) 1 76 70 07 94
UK: 08-445-718-892
U.S.: 1-6315-107-495

Conference ID: 2989606

A recording will be available for seven days on Ipsen's website.

¹ Year-on-year growth excluding foreign exchange impact established by recalculating net sales for the relevant period at the rate used for the previous period.

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, Neuroscience 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 over €2.2billion in 2018, 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 5,700 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 2017 Registration Document available on its website (www.ipsen.com).

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Comparison of Consolidated Sales for the Fourth Quarter and Full Year 2018 and 2017:

Sales by therapeutic area and by product

Note: Unless stated otherwise, all variations in sales are stated excluding foreign exchange impacts, established by recalculating net sales for the relevant period at the rate from the previous period)

(in million euros)	4 th Quarter				Full Year			
	2018	2017	% Variation	% Variation at constant currency	2018	2017	% Variation	% Variation at constant currency
Oncology	414.6	325.6	27.4%	27.2%	1,503.0	1,185.6	26.8%	29.9%
Somatuline®	227.2	189.2	20.1%	19.7%	846.7	702.5	20.5%	24.4%
Decapeptyl®	100.2	89.6	11.8%	12.8%	372.6	348.7	6.9%	8.1%
Cabometyx®	47.4	20.6	130.2%	131.0%	148.2	51.7	186.5%	187.5%
Onivyde®	33.7	19.7	71.3%	68.5%	109.4	56.9	92.4%	100.8%
Other Oncology	6.2	6.6	-5.4%	-5.3%	26.0	25.8	0.9%	1.1%
Neuroscience	88.7	88.2	0.6%	5.6%	351.5	331.6	6.0%	12.8%
Dysport®	87.3	87.2	0.1%	5.0%	347.8	328.2	6.0%	12.6%
Rare Diseases	16.9	17.3	-2.4%	-3.0%	70.0	74.7	-6.4%	-5.1%
NutropinAq®	10.5	12.3	-14.9%	-14.7%	45.9	51.8	-11.5%	-11.3%
Increlex®	6.4	5.0	28.2%	24.9%	24.1	22.9	5.3%	8.9%
Specialty Care	520.3	431.1	20.7%	21.6%	1,924.5	1,591.9	20.9%	24.7%
Smecta®*	31.3	36.1	-13.3%	-11.0%	126.5	123.8	2.2%	5.3%
Forlax®	11.2	10.4	7.3%	8.4%	39.8	42.1	-5.5%	-4.4%
Tanakan®	12.1	14.8	-17.8%	-15.3%	37.7	41.4	-9.1%	-6.0%
Fortrans/Eziclen®	9.3	8.7	7.3%	11.3%	31.4	32.1	-2.3%	1.7%
Etiasa®	4.1	3.1	30.5%	29.3%	4.2	17.8	-76.2%	-75.6%
Other Consumer Healthcare	16.1	14.9	7.7%	7.9%	60.7	59.5	1.9%	2.6%
Consumer Healthcare	84.1	88.0	-4.5%	-2.6%	300.3	316.8	-5.2%	-2.9%
Group Sales	604.4	519.2	16.4%	17.5%	2,224.8	1,908.7	16.6%	20.1%

*including Smectite sales previously recorded in Other Consumer Healthcare

Full year 2018 sales highlights

Group sales reached €2,224.8 million, up 20.1%, driven by Specialty Care sales growth of 24.7% and Consumer Healthcare sales growth of 2.7% re-stated from the Etiasa® new contractual set-up (or down 2.9% as reported).

Specialty Care sales amounted to €1,924.5 million, up 24.7%. Oncology and Neuroscience sales grew by 29.9% and 12.8%, respectively, and Rare Diseases sales decreased by 5.1%. Over the period, the relative weight of Specialty Care continued to increase to reach 86.5% of Group sales compared to 83.4% in 2017.

In **Oncology**, sales reached €1,503.0 million, up 29.9% year-on-year, driven by the continued strong performance of Somatuline® as well as the launches of Cabometyx® and Onivyde®. Over the period, Oncology sales represented 67.6% of total Group sales compared to 62.1% in 2017.

Somatuline® – Sales reached €846.7 million, up 24.4% year-on-year, driven by continuous growth in North America of 38.2% from strong volume growth and market share gains, strong double-digit growth in most European countries, notably Germany, Sweden, France and the UK, as well as the contribution from Japan following the launch of the neuroendocrine tumor indication in 2017.

Decapeptyl® – Sales reached €372.6 million, up 8.1% year-on-year, positively impacted by volume growth in most European countries, notably in France, Spain and the UK, as well as by good performance in China.

Cabometyx® – Sales reached €148.2 million, driven by good performance in all European countries including Germany, France and the UK, as well as new launches in other countries including Australia. In the fourth quarter of 2018, sales increased by 22.2% over the third quarter of 2018.

Onivyde® – Sales amounted to €109.4 million. In the fourth quarter of 2018, sales were up 68.5% year-on-year and increased by 22.8% over the third quarter of 2018 driven by strong sales to ex-US partner in the fourth quarter.

In **Neuroscience**, sales of **Dysport®** reached €347.8 million, up 12.6% driven by the resupply and strong performance in Brazil, solid volume growth in the U.S. in the therapeutics market as well as the good performance of Galderma in the aesthetics market in Europe. For the Full Year 2018, Neuroscience sales represented 15.8% of total Group sales compared to 17.4% in 2017.

In **Rare Diseases**, sales of **NutropinAq®** reached €45.9 million, down 11.3% year-on-year, impacted by lower volumes across Europe. Sales of **Increlex®** reached €24.1 million, growing by 8.9% year-on-year, driven by the performance in the U.S. Over the period, Rare Diseases sales represented 3.1% of total Group sales compared to 3.9% in 2017.

Consumer Healthcare sales reached €300.3 million, up 2.7% year-on-year re-stated from the Etiasa® new contractual set-up (or down 2.9% as reported). Sales were positively impacted by the good performance of the Smecta® brand and the contribution from the products acquired in 2017. Over the period, Consumer Healthcare sales represented 13.5% of total Group sales, compared to 16.6% in 2017.

Smecta® – Sales reached €126.5 million, up 5.3% year-on-year, driven by good growth in China (impacted by a negative inventory effect in 2017), France as well as in Korea, Russia and Central Asia.

Forlax® – Sales reached €39.8 million, down 4.4% year-on-year, impacted by lower sales to partners and the importation delay in Algeria.

Tanakan® – Sales reached €37.7 million, down 6.0% year-on-year, impacted by a continuous market slow-down in France and the importation ban in Algeria.

Fortrans/Eziclen® – Sales reached €31.4 million, up 1.7% year-on-year, driven by good performance in China, Vietnam and Ukraine, partly offset by the negative inventory impact and competitive pressure in Eastern European Countries.

Etiasa® – Sales reached €4.2 million, down 75.6% year-on-year, due to the new contractual set up in China.

Other Consumer Healthcare – Sales reached €60.7 million, up 2.6% year-on-year, supported by the contribution of products acquired in 2017 and other drug-related products, offsetting the Adavance® erosion in France.

Sales by geographical area

Group sales by geographical area in the fourth quarter and full year 2018 and 2017:

(in million euros)	4 th Quarter				Full Year			
	2018	2017	% Variation	% Variation at constant currency	2018	2017	% Variation	% Variation at constant currency
France	80.8	64.9	24.5%	24.6%	282.0	247.7	13.8%	13.9%
Germany	51.1	43.3	18.1%	18.1%	184.1	152.1	21.1%	21.1%
Italy	22.9	22.5	1.8%	1.8%	101.5	90.7	11.9%	11.9%
United Kingdom	24.5	22.3	9.7%	9.8%	95.0	80.3	18.4%	19.5%
Spain	24.8	20.5	20.9%	20.9%	91.1	73.6	23.7%	23.7%
Major Western European countries	204.1	173.6	17.6%	17.6%	753.8	644.4	17.0%	17.1%
Eastern Europe	57.0	53.9	5.8%	11.7%	198.0	196.4	0.8%	6.2%
Others Europe	60.2	54.7	10.1%	15.2%	245.7	199.0	23.5%	27.4%
Other European Countries	117.2	108.5	8.0%	13.5%	443.7	395.3	12.2%	16.9%
North America	176.3	127.7	38.1%	35.5%	615.6	467.0	31.8%	37.9%
Asia	56.5	55.5	2.0%	2.6%	207.3	205.7	0.8%	3.5%
Other countries in the Rest of the world	50.3	54.0	-6.9%	-2.7%	204.3	196.3	4.1%	11.3%
Rest of the World	106.8	109.4	-2.4%	0.0%	411.7	401.9	2.4%	7.3%
Group Sales	604.4	519.2	16.4%	17.5%	2,224.8	1,908.7	16.6%	20.1%

Sales in **Major Western European countries** reached €753.8 million, up 17.1% year-on-year. Over the period, sales in Major Western European countries represented 33.9% of total Group sales compared to 33.8% in 2017.

France – Sales reached €282.0 million, up 13.9% year-on-year, mainly driven by the Cabometyx® ramp-up, the strong sales of Decapeptyl® and the sustained growth of Somatuline®.

Germany – Sales reached €184.1 million, up 21.1% year-on-year, driven by the Cabometyx® ramp-up and the strong growth of Somatuline®.

Italy – Sales reached €101.5 million, up 11.9% year-on-year, mainly driven by the launch of Cabometyx®, and supported by the good performance of Decapeptyl® as well as Somatuline®.

United Kingdom – Sales reached €95.0 million, up 19.5% year-on-year, driven by the strong performance of Cabometyx®, Somatuline® and Decapeptyl®.

Spain – Sales reached €91.1 million, up 23.7% year-on-year, driven by the contribution of Cabometyx® and the good performance of Somatuline® and Decapeptyl®.

Sales in **Other European countries** reached €443.7 million, up 16.9% year-on-year, supported by the launch of Cabometyx® in certain countries, Onivyde® sales to Ipsen's partner, the strong growth of Dysport® as well as the solid performance of Somatuline® and Decapeptyl®. Over the period, sales in the region represented 19.9% of total Group sales compared to 20.7% in 2017.

Sales in **North America** reached €615.6 million, up 37.9% year-on-year, driven by the continued strong growth of Somatuline® as well as the Onivyde® launch contribution and the good performance of Dysport® in the therapeutics market. Over the period, sales in North America represented 27.7% of total Group sales compared to 24.5% in 2017.

Sales in the **Rest of the World** reached €411.7 million, up 7.3% year-on-year, driven by the resupply and strong performance of Dysport® in Brazil, the growth of Somatuline® in Japan, partly offset by the negative impact of the new Etiasa® contractual set-up in China. Over the period, sales in the Rest of the World represented 18.5% of total Group sales compared to 21.1% in 2017.

Comparison of Core consolidated income statement for 2018 and 2017

Core financial measures are performance indicators. Reconciliation between these indicators and IFRS aggregates is presented in Appendix 4 “Bridges from IFRS consolidated net profit to Core consolidated net profit”.

(in millions of euros)	31 December 2018		31 December 2017		% change
		% of sales		% of sales	
Sales	2,224.8	100%	1,908.7	100%	16.6%
Other revenues	123.6	5.6%	103.0	5.4%	19.9%
Revenue	2,348.4	105.6%	2,011.8	105.4%	16.7%
Cost of goods sold	(454.2)	-20.4%	(385.6)	-20.2%	17.8%
Selling expenses	(787.4)	-35.4%	(715.9)	-37.5%	10.0%
Research and development expenses	(302.1)	-13.6%	(265.8)	-13.9%	13.7%
General and administrative expenses	(165.7)	-7.4%	(140.8)	-7.4%	17.7%
Other core operating income	21.1	0.9%	0.4	0.0%	N.A.
Other core operating expenses	(0.3)	0.0%	(0.5)	0.0%	-46.7%
Core Operating Income	659.9	29.7%	503.6	26.4%	31.0%
Net financing costs	(5.3)	-0.2%	(8.1)	-0.4%	-34.9%
Other financial income and expense	(20.1)	-0.9%	(18.4)	-1.0%	8.7%
Core income taxes	(144.1)	-6.5%	(115.7)	-6.1%	24.5%
Share of net profit (loss) from entities accounted for using the equity method	1.1	0.0%	1.4	0.1%	-22.8%
Core consolidated net profit	491.6	22.1%	362.7	19.0%	35.5%
- Attributable to shareholders of Ipsen S.A.	491.9	22.1%	362.1	19.0%	35.9%
- Attributable to non-controlling interests	(0.4)	0.0%	0.6	0.0%	N.A.
Core EPS fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	5.91		4.36		35.5%

Reconciliation from Core consolidated net profit to IFRS consolidated net profit

Core consolidated net profit	491.6	362.7
Amortization of intangible assets (excl software)	(53.2)	(37.6)
Other operating income or expenses	(25.5)	(33.6)
Restructuring	(16.0)	(13.0)
Impairment losses	(9.8)	12.8
Other	2.0	(18.5)
IFRS consolidated net profit	389.1	272.9
IFRS EPS fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	4.68	3.28

Sales

At the end of December 2018, the Group's consolidated Sales reached €2,224.8 million, up 16.6% year-on-year and up 20.1% excluding the impact of foreign exchange.

Other revenues

Other revenues for the financial year 2018 totaled €123.6 million, up 19.9% versus €103.0 million at the end of December 2017. The evolution was attributable to higher royalties received from partners, mainly Galderma for Dysport®, Menarini for Adenuric® and Servier for Onivyde®. Other revenues were also positively impacted in 2018 by the new contractual set-up implemented in the third quarter of 2017 for Etiasa® in China.

Cost of goods sold

At the end of December 2018, Cost of goods sold amounted to €454.2 million, representing 20.4% of Net sales, compared to €385.6 million or 20.2% of Net sales at the end of December 2017. The productivity efficiency and positive mix effect have been fully compensated by the increase of royalties paid to partners.

Selling expenses

In 2018, Selling expenses amounted to €787.4 million, up 10.0% versus 2017, representing 35.4% of Net sales vs. 37.5% in 2017, an improvement of 2.1pts. The evolution reflects the commercial efforts deployed to support the Cabometyx® launch in Europe, the growth of Somatuline® in the United States and in Europe as well as the commercial investment for Onivyde® in the United States.

Research and development expenses

For the financial year 2018, Research and development expenses totaled €302.1 million, compared to €265.8 million in 2017. The Group increased investments in Research and development in Oncology, especially for Cabometyx®, Onivyde® and the Systemic Radiation Therapy (SRT) programs, as well as in Neuroscience, mainly for the new Dysport® indications and the recombinant neurotoxin programs.

General and administrative expenses

In 2018, General and administrative expenses amounted to €165.7 million, compared to €140.8 million at the end of December 2017. The increase resulted primarily from the reinforcement of the corporate functions supporting Ipsen's growth and the impact of the Group's positive performance on variable compensation. General and administrative expenses represented 7.4% of Net sales, in line with last year.

Other core operating income and expenses

At year-end 2018, Other core operating income and expenses amounted to an income of €20.8 million versus an expense of €0.1 million in 2017. This evolution is due to the impact of the currency hedging policy.

Core Operating Income

Core Operating Income in 2018 reached €659.9 million, representing 29.7% of sales, compared to €503.6 million in 2017, representing 26.4% of sales, a growth of 31.0% and an increase in profitability of 3.3 points.

Net financing costs and Other financial income and expense

In 2018, the Group incurred Net financial expenses of €25.3 million, versus €26.6 million in 2017. Net financing costs decreased by €2.8 million, driven by the decrease of the net debt level over the period. Other financial income and expense increased by €1.6 million, mainly attributable to the cost of hedging implemented to mitigate the foreign exchange exposure of the Group and the impact of the Onivyde® earn-out re-evaluation under IFRS.

Core income taxes

In 2018, Core income tax expense of €144.1 million resulted from a core effective tax rate of 22.7% on core profit before tax compared to a core effective tax rate of 24.3% in 2017. The decrease in the core effective tax rate is mainly attributable to the decrease of U.S. corporate income tax rate following the U.S. tax reform.

Core consolidated net profit

In 2018, Core consolidated net profit increased by 35.5% to €491.6 million, with €491.9 million fully attributable to Ipsen S.A. shareholders. This compares to Core consolidated net profit of €362.7 million, with €362.1 million fully attributable to Ipsen S.A. shareholders in 2017.

Core Earning per share

In 2018, Core EPS fully diluted came to €5.91, up 35.5% versus €4.36 per share in 2017.

From Core financial measures to IFRS reported figures

Reconciliations between IFRS 2017 / 2018 results and the Core financial measures are presented in Appendix 4.

In 2018, 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) in 2018 amounted to €73.1 million before tax, compared to €53.3 million before tax in 2017, mainly due to the higher amortization of intangible assets from Cabometyx® and Onivyde®.

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

Other non-core operating income and expenses for 2018 amounted to an expense of €30.4 million before tax, mainly related to the termination of R&D studies, costs arising from the Group's transformation programs and a settlement with Galderma in Brazil, partially compensated by a favorable settlement with a U.S. partner. Restructuring costs came to €21.9 million before tax, impacted by the relocation of the U.S. commercial affiliate to Cambridge, Massachusetts.

In 2017, Other non-core operating expenses totaled €48.9 million before tax, and restructuring expenses amounted to €18.8 million before tax, consisting mainly of integration costs related to the Onivyde® acquisition, the adaptation of the R&D structure and programs, the cost of a settlement with a partner in Japan and a reorganization plan in Europe.

- **Impairment losses**

In 2018, the Group recognized an impairment loss of €15.0 million before tax on the intangible asset of Xermelo® as sales expectations have been revised down in 2018 by the Group following a more restricted label received from EMA for the treatment of carcinoid syndrome diarrhea in combination with somatostatin analogue ("SSA") therapy in adults inadequately controlled by SSA therapy.

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 only by prescription.

- **Other**

In 2018, Other items amounted to an income of €2.0 million related to discontinued operations.

In 2017, Other items amounted to an expense of €18.5 million and were mainly related to the negative impact of the 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.

Consequently, IFRS reported indicators are:

- **Operating income**

In 2018, Operating income totaled €519.4 million versus €397.2 million in 2017, with an Operating margin of 23.3%, up 2.5 points compared to 2017.

- **Consolidated net profit**

Consolidated net profit was €389.1 million at 31 December 2018, showing an increase of 42.6% versus 2017 at €272.9 million.

- **Earning per share**

Fully diluted EPS was €4.68 in 2018 versus €3.28 in 2017.

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 performance. Core operating income is the indicator used by the Group to measure operating performance and to allocate resources.

Sales, Revenue and Core Operating Income are presented by therapeutic area for the 2018 and 2017 financial years in the following table:

(in millions of euros)	31 December 2018	31 December 2017	Change	%
Specialty Care				
Sales	1,924.5	1,591.9	332.6	20.9%
Revenue	1,987.1	1,643.1	344.0	20.9%
Core Operating Income	740.4	570.6	169.8	29.8%
<i>% of sales</i>	38.5%	35.8%		
Consumer Healthcare				
Sales	300.3	316.8	(16.5)	-5.2%
Revenue	361.3	368.7	(7.3)	-2.0%
Core Operating Income	83.9	91.8	(7.8)	-8.5%
<i>% of sales</i>	27.9%	29.0%		
Total Unallocated				
Core Operating Income	(164.5)	(158.8)	(5.7)	3.6%
Group total				
Sales	2,224.8	1,908.7	316.1	16.6%
Revenue	2,348.4	2,011.8	336.6	16.7%
Core Operating Income	659.9	503.6	156.3	31.0%
<i>% of sales</i>	29.7%	26.4%		

In 2018, **Specialty Care** sales grew to €1,924.5 million, up 20.9% over 2017 (24.7% at constant exchange rates), reaching 86.5% of total consolidated sales at 31 December 2018, versus 83.4% a year earlier. In 2018, **Core Operating Income** for Specialty Care amounted to €740.4 million, representing 38.5% of sales. This compares to €570.6 million in the prior-year period, representing 35.8% of sales. The improvement reflects the continued growth of Somatuline® in the United States and Europe, the contribution of Cabometyx® and Onivyde®, as well as the performance of Dysport® and Decapeptyl®, along with increased commercial and research & development investments.

In 2018, **Consumer Healthcare** sales came to €300.3 million, down 5.2% year-on-year (or down 2.9% at constant exchange rates), but growing by 2.7% once restated from the new contractual set-up in China for Etiasa®, partially compensated by the good performance of the Smecta® brand and the contribution of the products acquired in 2017. In 2018, **Core Operating Income** for Consumer Healthcare amounted to €83.9 million, representing 27.9% of sales, compared to 29.0% in 2017, reflecting commercial investments to support the OTx strategy.

In 2018, **Unallocated Core Operating Income** came to a negative €164.5 million, compared to a negative €158.8 million in the year-earlier period. The evolution is mainly attributable to the reinforcement of the unallocated corporate functions and the impact of the Group's positive performance on variable compensation, partially compensated by the favorable impact of the currency hedging policy.

Net cash flow and financing

In 2018, the Group had a net cash increase of €220.8 million, bringing closing net debt to €242.5 million.

Analysis of the consolidated net cash flow statement

(in millions of euros)	31 December 2018	31 December 2017
Opening net cash / (debt)	(463.3)	68.6
Core Operating Income	659.9	503.6
Non-cash items	41.2	18.1
Change in operating working capital requirement	3.6	(45.2)
(Increases) decreases in other working capital requirement	5.3	40.1
Net capex (excluding milestones paid)	(120.4)	(94.7)
Dividends received from entities accounted for using the equity method	0.9	0.9
Operating Cash Flow	590.5	422.8
Other non-core operating income and expenses and restructuring costs (cash)	(31.7)	(53.4)
Financial income (cash)	(25.9)	(16.8)
Current income tax (P&L, excluding provisions for tax contingencies)	(89.3)	(53.0)
Other operating cash flow	14.9	9.4
Free Cash Flow	458.4	309.0
Dividends paid	(83.5)	(70.6)
Net investments (Business Development and milestones)	(120.2)	(789.2)
Share buyback	(24.6)	(18.1)
FX on net indebtedness	(10.2)	33.8
Other (discontinued operations and financial instruments)	0.9	3.3
Shareholders return and external growth operations	(237.6)	(840.9)
CHANGE IN NET CASH / (DEBT)	220.8	(531.9)
Closing net cash / (debt)	(242.5)	(463.3)

Operating Cash Flow

In 2018, Operating Cash Flow totaled €590.5 million, up €167.7 million (+39.7%) versus 2017, mainly driven by higher Core Operating Income (up €156.3 million).

Non-cash items increased for the full year 2018 by €41.2 million versus an increase of €18.1 million in 2017, impacted by the increase in depreciation and a change in long-term management incentive programs.

Working capital requirement for operating activities decreased by €3.6 million in 2018, compared to an increase of €45.2 million in 2017. The change at 31 December 2018 stemmed mainly from the following:

- a €29.8 million increase in inventories during the year, in-line with business growth;
- a €29.0 million increase in trade receivables, in-line with sales growth and positively impacted by higher cash collection on overdue invoices, compared to a €84.6 million increase in trade receivables in 2017;
- a €62.4 million increase in trade payables as of 31 December 2018, as compared to an increase of €77.6 million in 2017.

In 2018, Other working capital requirement needs decreased by €5.3 million, mainly driven by an increase in tax liabilities partially compensated by other receivables.

Net capital expenditure amounted to €120.4 million in 2018, compared to €94.7 million in 2017, and mainly included 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 projects.

- **Free Cash Flow**

In 2018, Free Cash Flow came to €458.4 million, up €149.4 million (+48.3%) versus 2017, mainly driven by an improvement in Operating cash flow and lower Other operating income or expenses and restructuring costs, partially compensated by higher financial expenses and current income tax.

Other non-core operating income and expenses and restructuring costs of €31.7 million included a positive settlement with a U.S. partner, offset by costs arising from the Group's transformation programs and a settlement with Galderma in Brazil. In 2017, €53.4 million of payments included Onivyde® integration costs, the impact of the transformation of the R&D model, a settlement with a partner in Japan and costs arising from the change in corporate governance.

The €25.9 million in financial expenses paid in 2018, vs. €16.8 million in 2017 resulted mainly from higher hedging costs.

The change in current income tax stemmed mainly from the growth of income, partially compensated by the improvement in the effective tax rate resulting from the U.S. tax reform.

- **Shareholders return and external growth operations**

In 2018, the dividend payout to Ipsen S.A. shareholders amounted to €83.0 million.

Net investments in 2018 amounted to €120.2 million, including additional milestones paid to Exelixis for €98 million, an equity investment in Arix Bioscience for €17 million, the milestones paid following the license agreement signed with MD Anderson Cancer Center in May 2018, additional milestones paid to 3B Pharmaceuticals for a total of €14 million and the final payment for the acquisition of Akkadeas Pharma for €8 million, partly offset by the milestone received from Servier for Onivyde® for €20 million and from Galderma for the territory extension in Asia for a net total of €12 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 probalilized 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.

Reconciliation of cash and cash equivalents and net cash

(in millions of euros)	31 December 2018	31 December 2017
Current financial assets (derivative instruments on financial operations)	0.7	1.4
Closing cash and cash equivalents	310.9	209.3
Bonds	(297.9)	(297.5)
Other financial liabilities (excluding derivative instruments) (**)	(88.1)	(102.8)
Non-current financial liabilities	(386.0)	(400.3)
Credit lines and bank loans	(4.0)	(46.0)
Financial liabilities (excluding derivative instruments) (**)	(164.1)	(227.6)
Current financial liabilities	(168.1)	(273.6)
Debt	(554.1)	(673.9)
Net cash / (debt) (*)	(242.5)	(463.3)

(*) 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 €15.8 million in derivative instruments related to commercial operations in 2018, compared with €20.4 million one year earlier.

▪ Analysis of Group cash

Ipsen S.A. issued on 16 June 2016, 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. As of 31 December 2018, none of the bank loans were drawn down.

Ipsen S.A. also has a syndicated loan of €600 million maturing on 17 October 2022. As of 31 December 2018, no amount was drawn down on this facility.

Ipsen S.A. has a program of “NEU CP - Negotiable EUROpean” Commercial Paper, for €600 million, of which €141 million was issued as of 31 December 2018.

▪ Estimated impact of IFRS 16 standard

The Group completed the diagnostic of the main impacts of the standard IFRS 16 – Leases. The main contracts concerned by this standard are property leases and vehicle rentals.

The Group will utilize the simplified retrospective method for the first application of this standard as of 1 January 2019.

The Group estimates that the application of IFRS 16 will lead to an increase in the financial liabilities between €170 and €200 million as of 1 January 2019.

APPENDICES

▪ Appendix 1 – Consolidated income statement

(in millions of euros)	31 December 2018	31 December 2017
Sales	2,224.8	1,908.7
Other revenues	123.6	103.0
Revenue	2,348.4	2,011.8
Cost of goods sold	(454.2)	(385.6)
Selling expenses	(787.4)	(715.9)
Research and development expenses	(302.1)	(265.8)
General and administrative expenses	(165.7)	(140.8)
Other operating income	39.0	3.1
Other operating expenses	(121.7)	(105.5)
Restructuring costs	(21.9)	(18.8)
Impairment losses	(15.0)	14.8
Operating Income	519.4	397.2
<i>Investment income</i>	3.1	1.1
<i>Financing costs</i>	(8.4)	(9.2)
Net financing costs	(5.3)	(8.1)
Other financial income and expense	(20.1)	(18.4)
Income taxes	(108.1)	(101.4)
Share of net profit (loss) from entities accounted for using the equity method	1.1	1.4
Net profit (loss) from continuing operations	387.0	270.7
Net profit (loss) from discontinued operations	2.0	2.3
Consolidated net profit (loss)	389.1	272.9
- Attributable to shareholders of Ipsen S.A.	389.5	272.3
- Attributable to non-controlling interests	(0.4)	0.6
Basic earnings per share, continuing operations (in euros)	4.67	3.27
Diluted earnings per share, continuing operations (in euros)	4.65	3.25
Basic earnings per share, discontinued operations (in euros)	0.02	0.03
Diluted earnings per share, discontinued operations (in euros)	0.02	0.03
Basic earnings per share (in euros)	4.70	3.30
Diluted earnings per share (in euros)	4.68	3.28

▪ **Appendix 2 – Consolidated balance sheet before allocation of net profit**

(in millions of euros)	31 December 2018	31 December 2017
ASSETS		
Goodwill	395.6	389.0
Other intangible assets	1,011.9	930.2
Property, plant & equipment	474.5	418.9
Equity investments	65.2	43.3
Investments in companies accounted for using the equity method	15.5	14.7
Non-current financial assets	92.9	112.7
Deferred tax assets	131.9	142.0
Other non-current assets	4.4	4.8
Total non-current assets	2,191.8	2,055.6
Inventories	198.5	167.4
Trade receivables	463.0	437.2
Current tax assets	47.7	58.0
Current financial assets	5.5	29.6
Other current assets	126.4	96.3
Cash and cash equivalents	344.5	228.0
Total current assets	1,185.6	1,016.4
TOTAL ASSETS	3,377.4	3,072.0
EQUITY AND LIABILITIES		
Share capital	83.8	83.7
Additional paid-in capital and consolidated reserves	1,366.0	1,171.7
Net profit (loss) for the period	389.5	272.3
Foreign exchange differences	1.8	(2.3)
Equity attributable to Ipsen S.A. shareholders	1,841.1	1,525.4
Equity attributable to non-controlling interests	2.3	10.5
Total shareholders' equity	1,843.4	1,535.9
Retirement benefit obligation	63.8	67.6
Non-current provisions	44.5	33.3
Other non-current financial liabilities	386.0	400.3
Deferred tax liabilities	19.7	21.5
Other non-current liabilities	61.0	71.7
Total non-current liabilities	574.9	594.3
Current provisions	21.1	16.6
Current financial liabilities	184.2	294.7
Trade payables	379.8	319.1
Current tax liabilities	11.4	2.4
Other current liabilities	329.0	290.2
Bank overdrafts	33.6	18.7
Total current liabilities	959.2	941.8
TOTAL EQUITY & LIABILITIES	3,377.4	3,072.0

- **Appendix 3 – Cash flow statements**
- **Appendix 3.1 – Consolidated statement of cash flow**

(in millions of euros)

	31 December 2018	31 December 2017
Consolidated net profit (loss)	389.1	272.9
Share of profit (loss) from entities accounted for using the equity method before impairment losses	(0.2)	(0.5)
Net profit (loss) before share from entities accounted for using the equity method	388.9	272.4
Non-cash and non-operating items		
- Depreciation, amortization, provisions	142.6	105.8
- Impairment losses included in operating income and net financial income	15.0	(14.8)
- Change in fair value of financial derivatives	(2.0)	(1.3)
- Net gains or losses on disposals of non-current assets	4.8	2.7
- Foreign exchange differences	(6.5)	16.9
- Change in deferred taxes	19.2	48.3
- Share-based payment expense	12.8	10.1
- Other non-cash items	(1.1)	3.8
Cash flow from operating activities before changes in working capital requirement	573.8	444.0
- (Increase) / decrease in inventories	(29.8)	(38.2)
- (Increase) / decrease in trade receivables	(29.0)	(84.6)
- Increase / (decrease) in trade payables	62.4	77.6
- Net change in income tax liability	26.5	6.6
- Net change in other operating assets and liabilities	(33.0)	17.4
Change in working capital requirement related to operating activities	(2.9)	(21.2)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	570.9	422.9
Acquisition of property, plant & equipment	(107.4)	(84.9)
Acquisition of intangible assets	(180.1)	(155.9)
Proceeds from disposal of intangible assets and property, plant & equipment	3.2	0.4
Acquisition of shares in non-consolidated companies	(5.0)	(1.6)
Payments to post-employment benefit plans	(1.2)	(0.6)
Impact of changes in the consolidation scope	(7.4)	(549.5)
Change in working capital related to investment activities	49.6	20.5
Other cash flow related to investment activities	(26.1)	(5.5)
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES	(274.3)	(777.2)
Additional long-term borrowings	0.9	1.5
Repayment of long-term borrowings	(3.9)	(3.3)
Net change in short-term borrowings	(107.3)	218.3
Capital increase	2.6	6.9
Treasury shares	(10.3)	(17.5)
Dividends paid by Ipsen S.A.	(83.0)	(70.2)
Dividends paid by subsidiaries to non-controlling interests	(0.5)	(0.4)
Change in working capital related to financing activities	(0.7)	(0.1)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(202.2)	135.2
CHANGE IN CASH AND CASH EQUIVALENTS	94.4	(219.1)
Opening cash and cash equivalents	209.3	422.5
Impact of exchange rate fluctuations	7.3	5.9
Closing cash and cash equivalents	310.9	209.3

▪ **Appendix 3.2 – Consolidated net cash flow statement**

(in millions of euros)	31 December 2018	31 December 2017
Opening net cash / (debt)	(463.3)	68.6
CORE OPERATING INCOME	659.9	503.6
Non-cash items	41.2	18.1
(Increase) /decrease in inventories	(29.8)	(38.2)
(Increase) / decrease in trade receivables	(29.0)	(84.6)
Increase / (decrease) in trade payables	62.4	77.6
Change in operating working capital requirement	3.6	(45.2)
Change in income tax liability	26.5	6.6
Change in other operating assets and liabilities (excluding milestones received)	(21.2)	33.5
Other changes in working capital requirement	5.3	40.1
Acquisition of property, plant & equipment	(107.4)	(84.9)
Acquisition of intangible assets (excluding milestones paid)	(26.7)	(19.2)
Disposal of fixed assets	3.2	0.4
Change in working capital related to investment activities	10.5	8.9
Net capex (excluding milestones paid)	(120.4)	(94.7)
Dividends received from entities accounted for using the equity method	0.9	0.9
Operating Cash Flow	590.5	422.8
Other non-core operating income and expenses and restructuring costs (cash)	(31.7)	(53.4)
Financial income (cash)	(25.9)	(16.8)
Current income tax (P&L, excluding provisions for tax contingencies)	(89.3)	(53.0)
Other operating cash flow	14.9	9.4
Free Cash Flow	458.4	309.0
Dividends paid (including payout to non-controlling interests)	(83.5)	(70.6)
Acquisition of shares in non-consolidated companies	(0.1)	(1.6)
Acquisition of other financial assets ⁽¹⁾	(25.2)	(5.4)
Impact of changes in consolidation scope ⁽²⁾	(8.0)	(671.1)
Milestones paid ⁽³⁾	(117.2)	(39.3)
Milestones received ⁽⁴⁾	36.0	14.7
Other Business Development operations	(5.7)	(86.5)
Net investments (Business Development and milestones)	(120.2)	(789.2)
Share buyback	(24.6)	(18.1)
FX on net indebtedness	(10.2)	33.8
Other (discontinued operations and financial instrument)	0.9	3.3
Shareholders return and external growth operations	(237.6)	(840.9)
CHANGE IN NET CASH / (DEBT)	220.8	(531.9)
Closing net cash / (debt)	(242.5)	(463.3)

(1) Acquisitions of shares in non-consolidated companies is mainly comprised of an equity investment in Arix Bioscience for €17 million and an additional investment in an external innovation fund for €8 million.

(2) Impact of change in consolidation scope reflects the last equity stake in Akkadeas Pharma.

(3) Milestones paid correspond to payments subject to the terms and conditions set out in the Group's partnership agreements. They mainly include €98 million milestones paid to Exelixis, a total of €14 million paid to MD Anderson Cancer Center following the license agreement signed in May 2018 and to 3B Pharmaceuticals for additional milestones. 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 3.1).

(4) Milestones received are amounts collected by Ipsen from its partners. The €36 million received are related to a milestone from Servier following the Onivyde® acquisition closed in 2017 and a milestone received from Galderma for territory extension in Asia for 15m€. The amounts were recorded as deferred income in the consolidated balance sheet

and then recognized in the income statement as "Other revenues" in case of dynamic license or directly in "Other revenues" in case of static license. 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 3.1).

▪ **Appendix 4 – Bridges from IFRS consolidated net profit to Core consolidated net profit**

(in millions of euros)	IFRS						CORE
	31 December 2018	Amortization of intangible assets (excl software)	Other operating income or expenses	Restructuring	Impairment losses	Other	31 December 2018
Sales	2,224.8						2,224.8
Other revenues	123.6						123.6
Revenue	2,348.4	-	-	-	-	-	2,348.4
Cost of goods sold	(454.2)						(454.2)
Selling expenses	(787.4)						(787.4)
Research and development expenses	(302.1)						(302.1)
General and administrative expenses	(165.7)						(165.7)
Other operating income	39.0		(17.9)				21.1
Other operating expenses	(121.7)	73.1	48.3				(0.3)
Restructuring costs	(21.9)			21.9			-
Impairment losses	(15.0)				15.0		-
Operating Income	519.4	73.1	30.4	21.9	15.0	-	659.9
Net financing costs	(5.3)						(5.3)
Other financial income and expense	(20.1)						(20.1)
Income taxes	(108.1)	(20.0)	(4.9)	(6.0)	(5.2)	-	(144.1)
Share of net profit (loss) from entities accounted for using the equity method	1.1						1.1
Net profit (loss) from continuing operations	387.0	53.2	25.5	16.0	9.8	-	491.6
Net profit (loss) from discontinued operations	2.0					(2.0)	-
Consolidated net profit	389.1	53.2	25.5	16.0	9.8	(2.0)	491.6
- Attributable to shareholders of Ipsen S.A.	389.5	53.2	25.5	16.0	9.8	(2.0)	491.9
- Attributable to non-controlling interests	(0.4)						(0.4)

Earnings per share fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	4.68	0.64	0.31	0.19	0.12	(0.02)	5.91
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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".

(in millions of euros)	IFRS	Amortization of intangible assets (excl softwares)	Other operating income or expenses	Restructuring	Impairment losses	Other	CORE
	31 December 2017						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