H1 2019 Results

July 25, 2019

IPSEN
Innovation for patient care

Marin
Living with fibrodysplasia ossificans progressiva
Hamilton, Canada

Disclaimer & Safe Harbor

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The implementation of the strategy has to be submitted to the relevant staff representation authorities in each country concerned, in compliance with the specific procedures, terms and conditions set forth by each national legislation.

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

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

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

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

Agenda

01	H1 2019 Overview	David Meek Chief Executive Officer
02	H1 2019 Financial Performance/ 2019 Financial Guidance	Aymeric Le Chatelier Chief Financial Officer
03	Conclusion	David Meek Chief Executive Officer
04	Q&A	David Meek Aymeric Le Chatelier

01
H1 2019 Overview

David Meek

Chief Executive Officer

Delivering on growth strategy in H1 2019

Top line

- **Group sales growth of +14.3%**[1] driven by Specialty Care growth of +16.9%[1]
  - Strong performance across all major Specialty Care products and geographies

Bottom line

- **Core Operating Income growth of +20.1%** and margin expansion to 31.5%
  - Sales growth leveraging global commercial Oncology infrastructure
  - Accelerated investment in R&D including Clementia

Pipeline

- **Acquisition of Clementia Pharmaceuticals** to strengthen Rare Diseases franchise
- **Onivyde® Phase 2 trial in 1L PDAC** delivers encouraging interim results
- **Somatuline® new delivery system** approved in the U.S.
- **Business development** efforts ongoing to externally source new innovative assets

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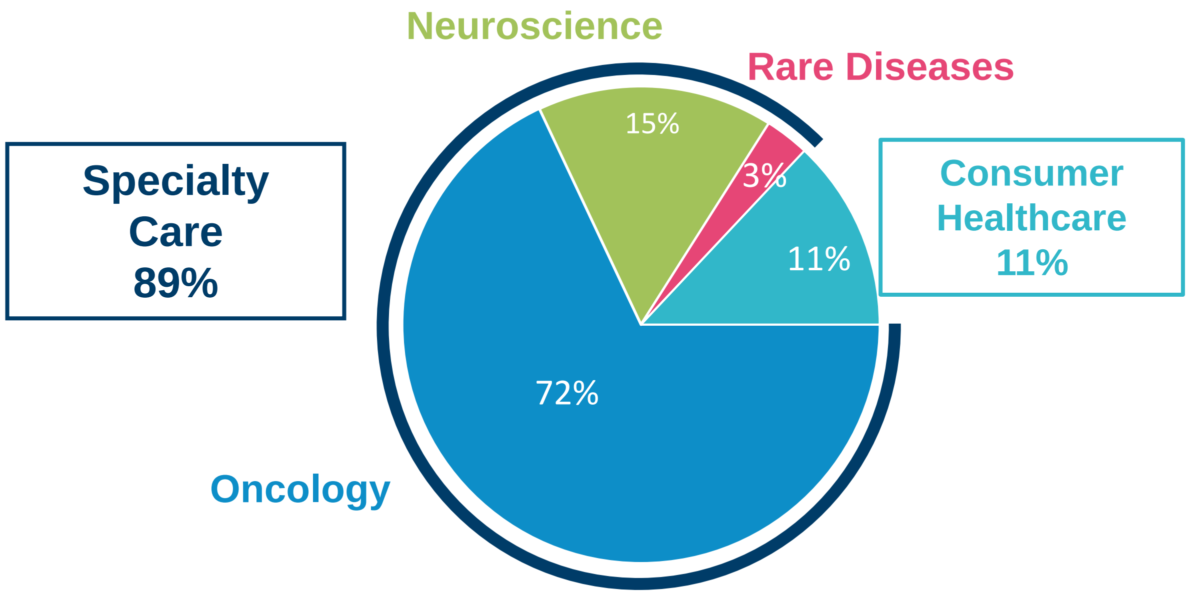
(1) At constant exchange rates and consolidation scope; **PDAC:** Pancreatic Ductal Adenocarcinoma

Leading global biopharma focused on innovation and Specialty Care

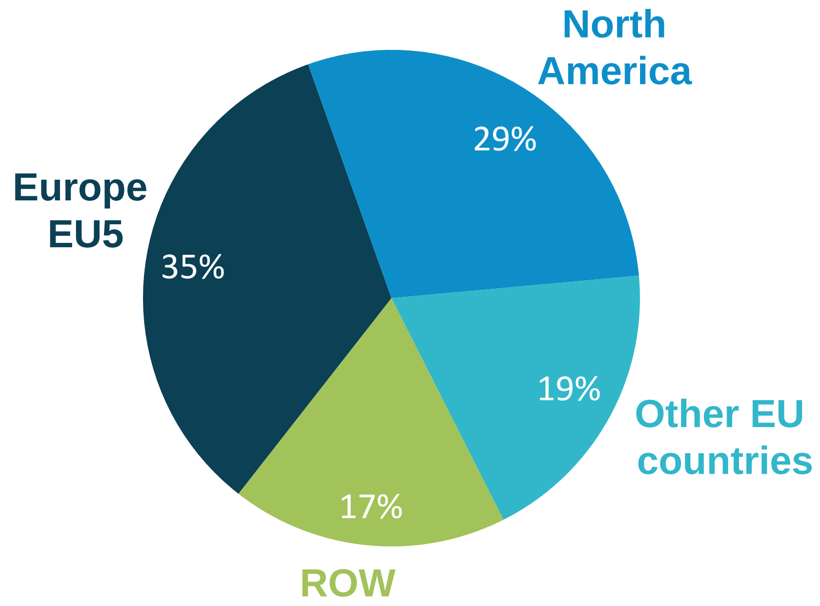
Sales by therapeutic area

H1 2019 sales by therapeutic area



Sales by geography

H1 2019 sales by geographical area



EU5: France, Germany, Italy, United Kingdom, Spain; **ROW:** Rest of World

Oncology representing 72% of sales, growing by +20.7%[1]

Somatuline® autogel® lanreotide

- **Strong global momentum** and new patient market share growing worldwide
- **New delivery system** approved in the U.S. in Q2 2019
- Approval of **first long-acting octreotide generic** in first European countries in Q2 2019 with launch expected in H2 2019

onivyde™ (irinotecan liposome injection)

- **Steady growth** and increasing demand in the U.S.

  Strong synergies with the U.S. Oncology team
- **Phase 2 trial for 1L PDAC –** positive interim data at 16 weeks presented at ESMO-GI in July 2019

  Phase 2 trial for 2L SCLC – data expected in H2 2019

CABOMETYX™ (cabozantinib) tablets

- **TKI of choice in 2L RCC**, growing market share in 2L+

  9 countries reimbursed for 1L RCC, 5 countries launched in 2L HCC with significant initial market share uptake
- **CheckMate 9ER** Phase 3 combination trial with nivolumab in 1L RCC – data expected in early 2020

  COSMIC-312 Phase 3 combination trial with atezolizumab in 1L HCC

  COSMIC-021 Phase 1B trial with atezolizumab; two cohorts expanded based on encouraging activity

Decapeptyl® SR triptorelin

- **Solid growth** in Europe and in China

  Leadership market share in many European countries (France, Spain, Belgium)
- Extended agreement signed with Debiopharm in Q2 2019

(1) Year-over-year growth at constant exchange rates; **HCC:** Hepatocellular Carcinoma; **PDAC:** Pancreatic Ductal Adenocarcinoma; **RCC:** Renal Cell Carcinoma; **SCLC:** Small Cell Lung Cancer; **TKI:** Tyrosine Kinase Inhibitor

Neuroscience: Dysport® growth of +6.8%[1] and advancing pipeline

Commercial highlights

Therapeutics

- Strong momentum in the U.S. with more targeted approach and commercial partnership

  Robust performance in Rest of World

- Attractive Dysport® value position based on long-lasting symptom relief between injections

Aesthetics

- Continued market share gains by Galderma

  Good performance in Ipsen-led aesthetics territories

- Strong product offering and differentiation supported by excellent service in a more competitive environment

Pipeline highlights

Mid-stage programs

- Two Phase 2 trials for new indications with significant unmet need and no currently approved therapeutic treatments - hallux valgus (bunions) and vulvodynia

Earlier-stage recombinant toxin programs

- Fast-acting neurotoxin – completed Phase 1 trial
- Long-acting neurotoxin – currently in preclinical development

(1) Year-over-year growth at constant exchange rates

Rare Diseases franchise strengthened with palovarotene

Transaction highlights

Clementia transaction closed 17 April, adding strong anchor asset palovarotene to Rare Diseases portfolio

Integration

- Focused on ensuring smooth transition of operations while maintaining patient-centric culture
- Executing on launch preparation plans with teams already formed

Regulatory highlights

Regulatory submission for palovarotene for episodic FOP on track for H2 2019

- Regulatory decisions expected in H1 2020 in U.S. and H2 2020 in EU

Active patient identification efforts and early access program underway

- ~1,000 patients identified in reimbursable territories

Ongoing clinical development

Palovarotene (FOP chronic) – MOVE Phase 3 trial

Palovarotene (MO) – Phase 2 trial (potentially registrational)

clementia AN IPSEN COMPANY

FOP: Fibrodysplasia Ossificans Progressiva; **MO:** Multiple Osteochondromas

Multiple value-driving and differentiated pipeline opportunities

Five new chemical entities in the clinic - Nine regulatory submissions planned from 2019 to 2022

Preclinical	Phase I	Phase II	Phase III	Registration
Longer-acting toxin mrBoNT/A	^{177}Lu-IPN-01072 (Satoreotide Tetraxetan) GEP-NET	^{68}Ga-IPN-01070 (Satoreotide Trizoxetan) GEP-NET, breast cancer imaging	Cabometyx® CheckMate 9ER RCC 1L combination with nivolumab	Dysport® Glabellar lines (China)
Longer-acting toxin mrBoNT/A’	^{177}Lu-IPN-01087 NTSR1 solid tumors	Onivyde® PDAC 1L	Cabometyx® COSMIC-312 HCC 1L combination with atezolizumab	Dysport® PUL spasticity
	IPN60090 (MD Anderson)	Onivyde® SCLC 2L	Decapeptyl® 3M Endometriosis (China)	Somatuline® Acromegaly (China)
	Cabometyx® combination with atezolizumab Solid tumors	Dysport® Hallux valgus	Dysport® solution Glabellar lines	
	Cabometyx® COSMIC-021 1L HCC combination with nivolumab	Dysport® Vulvodynia	IPN60120 (palovarotene) MOVE FOP chronic	
	Onivyde® Breast cancer	IPN60120 (palovarotene) FOP		
	Fast-acting toxin rBoNT/E	IPN60120 (palovarotene) MO		
	IPN60120 (palovarotene) Dry eye			

New chemical entity (NCE)
Oncology
Neuroscience
Rare Diseases/ Other

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FOP: Fibrodysplasia Ossificans Progressiva; **GEP-NET**: Gastroenteropancreatic Neuroendocrine Tumors; **HCC**: Hepatocellular Carcinoma; **MO**: Multiple Osteochondromas; **PDAC**: Pancreatic ductal adenocarcinoma; **PUL**: Pediatric Upper Limb; **rBoNT/A/A’**: recombinant Botulinum Toxin Type A/Type A’; **rBoNT/E**: recombinant Botulinum Toxin Type E; **RCC**: Renal Cell Carcinoma; **SCLC**: Small Cell Lung Cancer; **1L**: First line; **2L**: Second line; **3M**: 3-month formulation

2019 R&D milestones

Program advancements	IPN 60090 (MD Anderson) Phase 1 ✓	Fast-acting neurotoxin Phase 2 Glabellar lines	Fast-acting neurotoxin Phase 2 Spasticity	Satoreotide Phase 1 Non-NET
Top-line results	Onivyde® Phase 2 1L PDAC (interim) ✓	Onivyde® Phase 2 2L SCLC	Satoreotide Phase 2 GEP-NET	
Regulatory submissions	Dysport® PUL spasticity (EU, U.S.) ✓	Dysport® solution Glabellar lines (EU)	Palovarotene FOP episodic	
Regulatory decisions	Somatuline® new delivery system (U.S.) ✓	Somatuline® acromegaly (China)		

NET: Neuroendocrine Tumors; **GEP-NET:** Gastroenteropancreatic Neuroendocrine Tumors; **PDAC:** Pancreatic Ductal Adenocarcinoma; **PUL:** Pediatric Upper Limb; **SCLC:** Small Cell Lung Cancer; **1L:** First line; **2L:** Second line

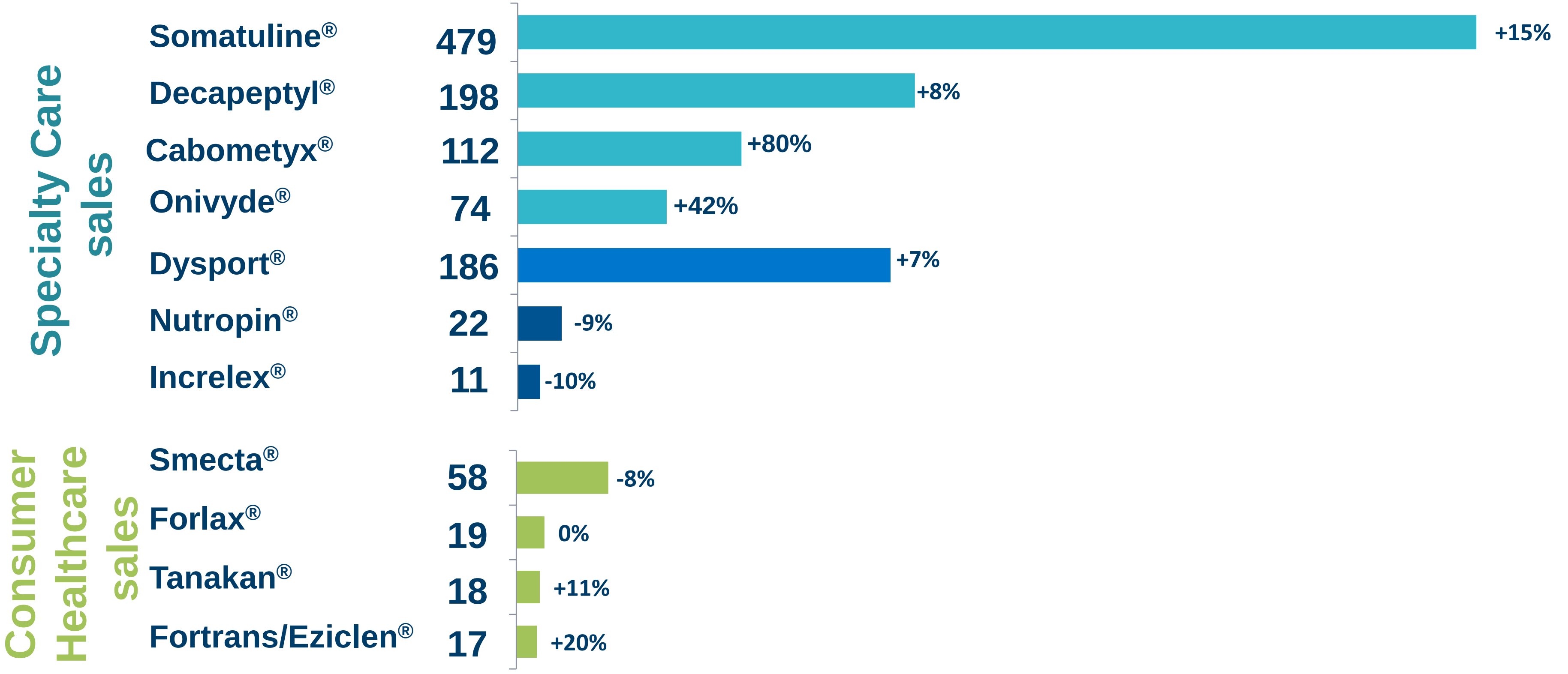
02
Financials

Aymeric Le Chatelier

Chief Financial Officer

H1 2019 sales growth driven by Specialty Care

Net sales of key products in H1 2019 in million euros – % excluding foreign exchange impact



Group sales
€1,230m
+14.3%[1]

Specialty Care
€1,100m
+16.9%[1]

Consumer Healthcare
€130m
-3.7%[1]

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

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(1) At constant exchange rates and consolidation scope

H1 2019 highlights for key products

Established Specialty Care

Somatuline®

- +20% growth in North America driven by volume and market share expansion
- Double-digit growth in EU5 countries

Dysport®

- Good growth in most therapeutics markets
- Strong in-market performance in aesthetics by partner Galderma

Decapeptyl®

- Volume growth in Europe and China
- Continued pricing pressure in China

Specialty Care launches

Cabometyx®

- Growing sales and market share in Europe in 2L RCC and launches in new geographies
- Majority of sales in 2L RCC, good uptake for 1L RCC and in 2L HCC in already-approved countries

Onivyde®

- Continued steady growth in the U.S.
- Growing contribution from sales to ex-U.S. partner

Consumer Healthcare (CHC)

Smecta®

- Lower sales in Q2 due to the new hospital competitive environment in China and manufacturing delays in Algeria

Tanakan®

- Growth due to low 2018 baseline and good performance in Russia

Schwabe JV

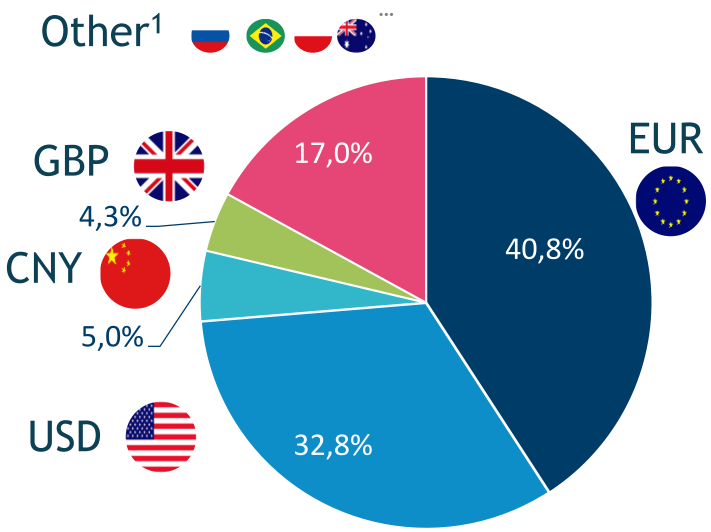
- Subsidiaries involved in the partnership between Ipsen and Schwabe Group consolidated under equity method

EU5: France, Germany, Italy, United Kingdom, Spain; **RCC:** Renal Cell Carcinoma

Positive impact of foreign exchange in H1 2019

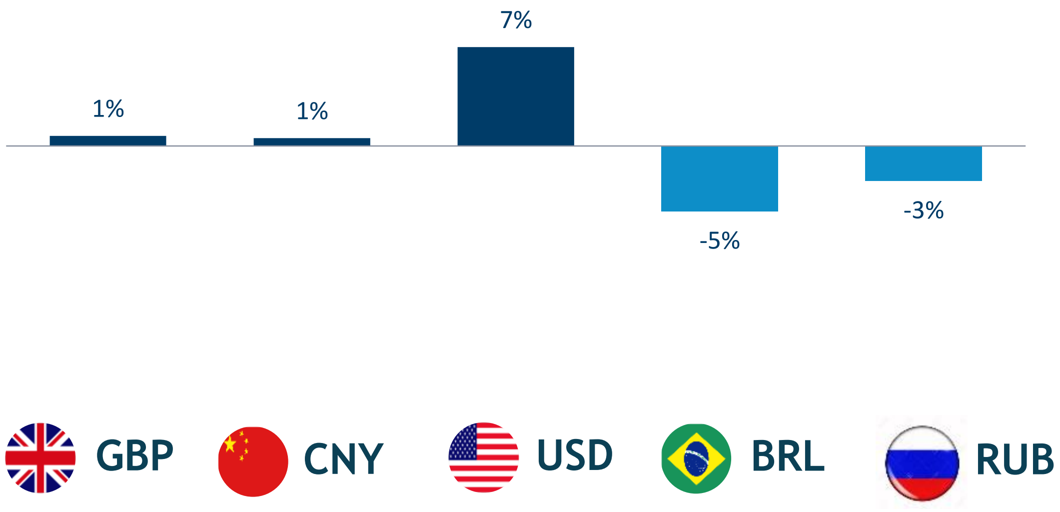
59% of sales in non-EUR currencies USD now 33% of sales

H1 2019 sales by currency



Currency evolution in H1 2019, including USD revaluation of +7%

Average rates change (H1 2019 vs. H1 2018)

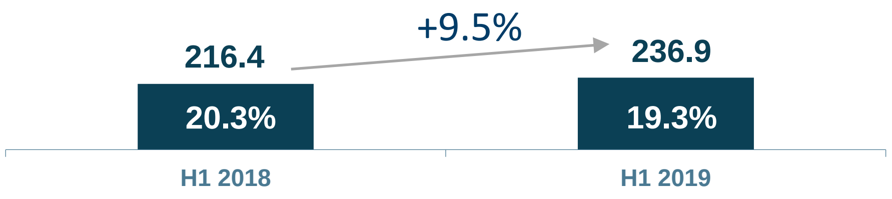


Positive impact from currencies on net sales of +2.3%, mainly from stronger USD

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

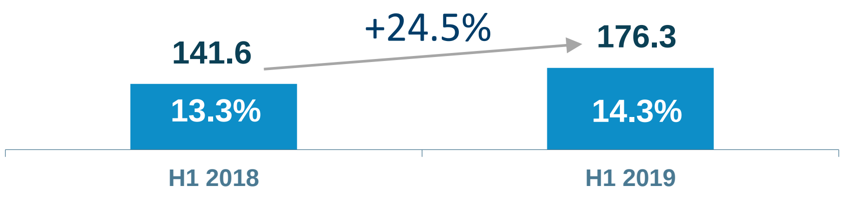
Investments focused on pipeline and commercial support

COGS (€m)



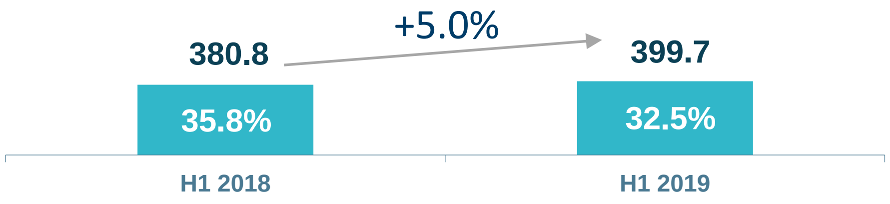
Positive mix effect from growing Specialty Care business offset by higher Cabometyx® royalties

R&D (€m)



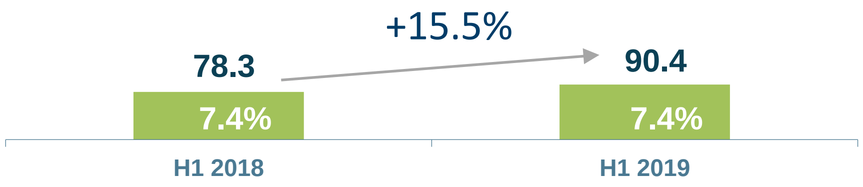
Significant investment to support advancement of internal pipeline programs, including palovarotene from April 2019

Selling (€m)



Limited growth in commercial investments to support Specialty Care product growth

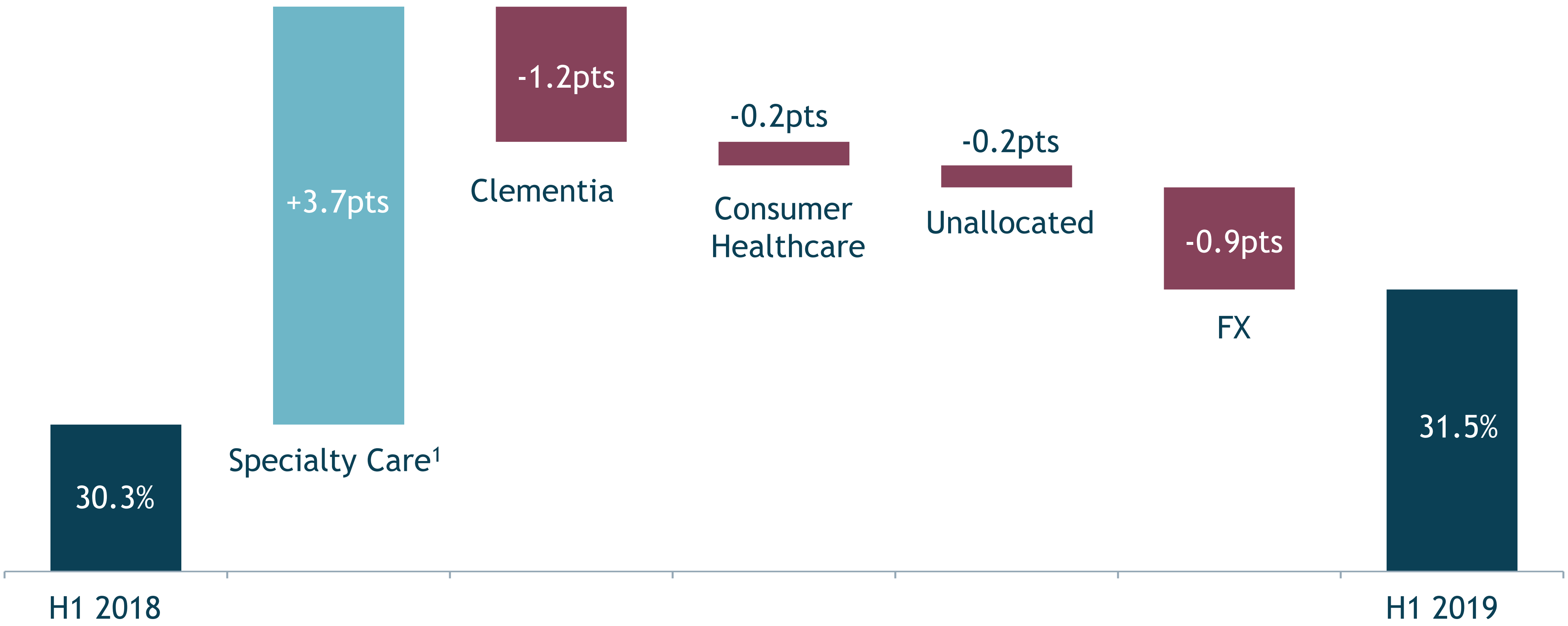
G&A (€m)



Impact of increased corporate structure including Clementia from April 2019

Note: All ratios in percentage of net sales

Operating leverage driving margin expansion



Group margin expansion driven by Specialty Care growth
Dilutive impact of Clementia R&D expenses and currencies

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(1) Excluding Clementia; FX: Impact of foreign exchange

Core Operating Income to EPS

In €m	**H1 2019**	**H1 2018**	*Change*	*% Change*
Net sales	**1,229.6**	**1,064.5**	*+165.1*	*+15.5%*
Core Operating Income	**387.5**	**322.5**	*+65.0*	*+20.1%*
Core operating margin	***31.5%***	***30.3%***	***+1.2pts***	
Amortization of intangible assets	(41.0)	(33.1)	*-7.9*	
Other operating income/expense	(19.7)	(3.7)	*-16.0*	
Restructuring costs	(9.0)	(16.0)	*+7.0*	
Impairment gain / (losses)	-	-	-	
Operating Income	**317.8**	**269.7**	*+48.1*	*+17.8%*
Net financing costs	(11.7)	(3.1)	*-8,6*	
Other financial income / expense	(23.2)	(10.1)	*-13.1*	
Income taxes and other	(62.4)	(59.1)	*-3.2*	
Consolidated net profit	**220.6**	**197.3**	*+23.2*	*+11.8%*
EPS – fully diluted (€)	2.64	2.38	*+0.26*	*+10.9%*
Core EPS – fully diluted (€)	3.38	2.86	*+0.53*	*+18.5%*

Sales growth at +15.5% (+14.3% at constant currency and consolidation scope)

Core Operating Income +20.1%

Operating Income +17.8%

- Higher amortization of intangible assets from Cabometyx® and Onivyde®
- Other Operating expenses related to Clementia integration costs
- Restructuring costs from the Group's transformation programs (including U.S. relocation)

Consolidated net profit +11.8%

- Higher net financing costs related to the Clementia acquisition and impact of the Onivyde® earn-out reevaluation following 1L PDAC interim results
- Core EPS growth of +18.5%

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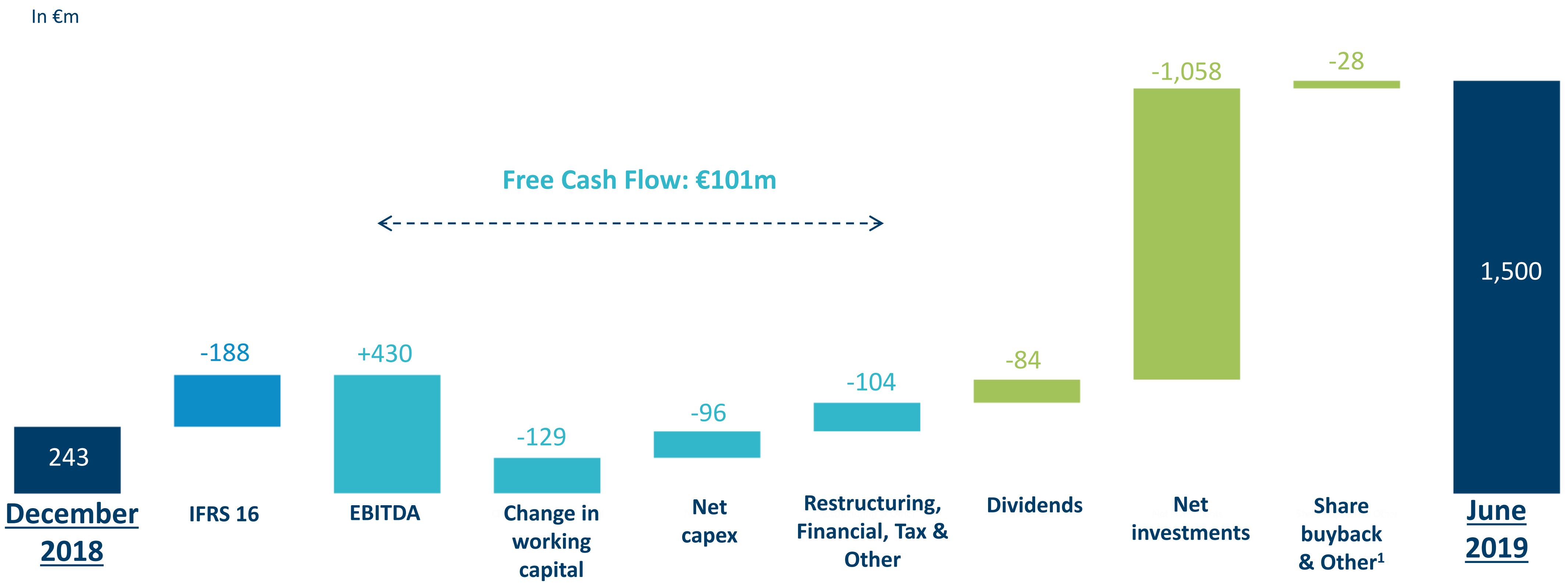
H1 2019 Net debt at €1.5 billion after acquisition of Clementia



Negative impact of application of IFRS16 (leases) as of January 1, 2019 amounted to €188 million
Free Cash Flow of €101 million impacted by higher seasonal working capital

(1) Share buyback and FX on net indebtedness, derivative instruments and discontinued operations

Upgraded 2019 guidance based on strong performance of Specialty Care

Sales growth at constant currency and consolidation scope	**> +14.0%** **(from > +13.0%)**

- Impact of currencies estimated at +1.5% based on the current level of exchange rates
- Impact of consolidation scope reflecting the consolidation under the equity method for joint arrangements related to the Schwabe partnership estimated at -1.0%

Core Operating margin as % of sales	**~30.0%**

- Including dilutive impact of Clementia
- Excluding incremental investments in pipeline expansion initiatives

Key H1 2019 financial takeaways

- Group sales growth at **+14.3%**[1] driven by the strong performance of the Specialty Care business
- Core Operating Income growing by **+20.1%** and Core Operating margin reaching **31.5%** of sales, up +1.2 pts
- Net Income increased by **+11.8%**
- Net Debt at **€1.5 billion** after acquisition of Clementia
- Strengthening Balance Sheet to support future Business Development
    - Completion of full refinancing including €1.5 billion 5-year Revolving Credit facility (RCF) and $300 million 7-10-year U.S. Private Placement (USPP)

(1) At constant exchange rates and consolidation scope

03
Conclusion

David Meek

Chief Executive Officer

2019 Objectives

Growth

Maximize growth and market share worldwide for differentiated best-in-class Specialty Care products

Continue Consumer Healthcare growth and OTx transformation

Leverage commercial capabilities and optimize cost base

Pipeline

Increase value of the pipeline by accelerating key internal R&D programs

Identify, execute and integrate successful business development transactions to build innovative and sustainable pipeline

Culture

Drive further transformation and ambition through leadership and people

Deliver superior value to patients and shareholders

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