



Ipsen H1 2018 Results

July 26, 2018

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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 2018 Overview

David Meek
Chief Executive Officer

02 H1 2018 Financial Performance/
2018 Financial Guidance

Aymeric Le Chatelier
Chief Financial Officer

03 Conclusion

David Meek
Chief Executive Officer

04 Q&A

01

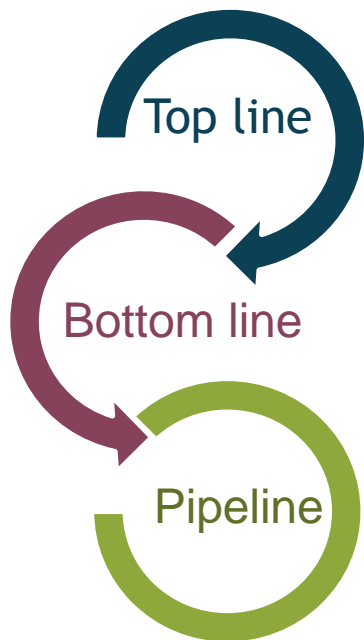
H1 2018 Overview

David Meek

Chief Executive Officer

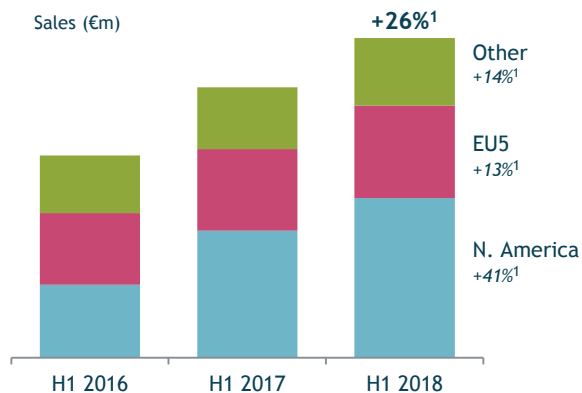


01 Execution in H1 2018 to deliver our growth strategy



- **Group sales growth of +21.5%**¹ driven by Specialty Care growth of +26.7%¹
 - Strong Somatuline® momentum with market share gains worldwide
 - Increasing contribution from Cabometyx® and Onivyde® launches
- **Core Operating Income growth of 34.1%** and margin expansion
 - Cabometyx® launch leveraging European Oncology infrastructure
 - Synergies from U.S. Oncology commercial team with Onivyde® launch
- **Cabometyx®** approval in 1L RCC and regulatory submission in 2L HCC
- **Active business development** efforts
 - Global licensing and joint development agreement with MD Anderson
 - New partnerships with Arix Bioscience and BioLabs

01 Somatuline® outstanding performance worldwide



- **Favorable market dynamics**
 - Best-in-class profile with more competitive label and device
 - Long duration of treatment
 - Underlying market growth

- **Europe**
 - Double-digit growth
 - Increasing penetration and market share

- **U.S.**
 - Driving 70%+ of global product growth
 - Maintained sequential growth rate
 - Volume growth driven by increased patient market share



01 Focus on Oncology launch execution

Cabometyx®

- Successful launch with average 20%+¹ sequential growth in H1 2018
- Positioned as TKI of choice in 2L RCC with increased 2L market share in all countries
- Reimbursement established in 20+ countries for 2L RCC, additional launches in Europe and Canada in 2018
- Reimbursement established in 5 countries for 1L RCC including Germany



Onivyde®

- Double-digit sequential growth in the U.S.
- Steadily increasing market share in 2L and number of treatment cycles in 2L/3L
- Growing awareness and support among oncologists/KOLs in key U.S. treatment centers
- Higher number of accounts and key institutions on formularies



01 Dysport® double-digit growth and gaining market share

Attractive botulinum toxin market:

- ~10% growth annually in both therapeutics and aesthetics markets for foreseeable future
- High barriers to entry with specialized and highly-regulated biologic and technical manufacturing process



Therapeutics

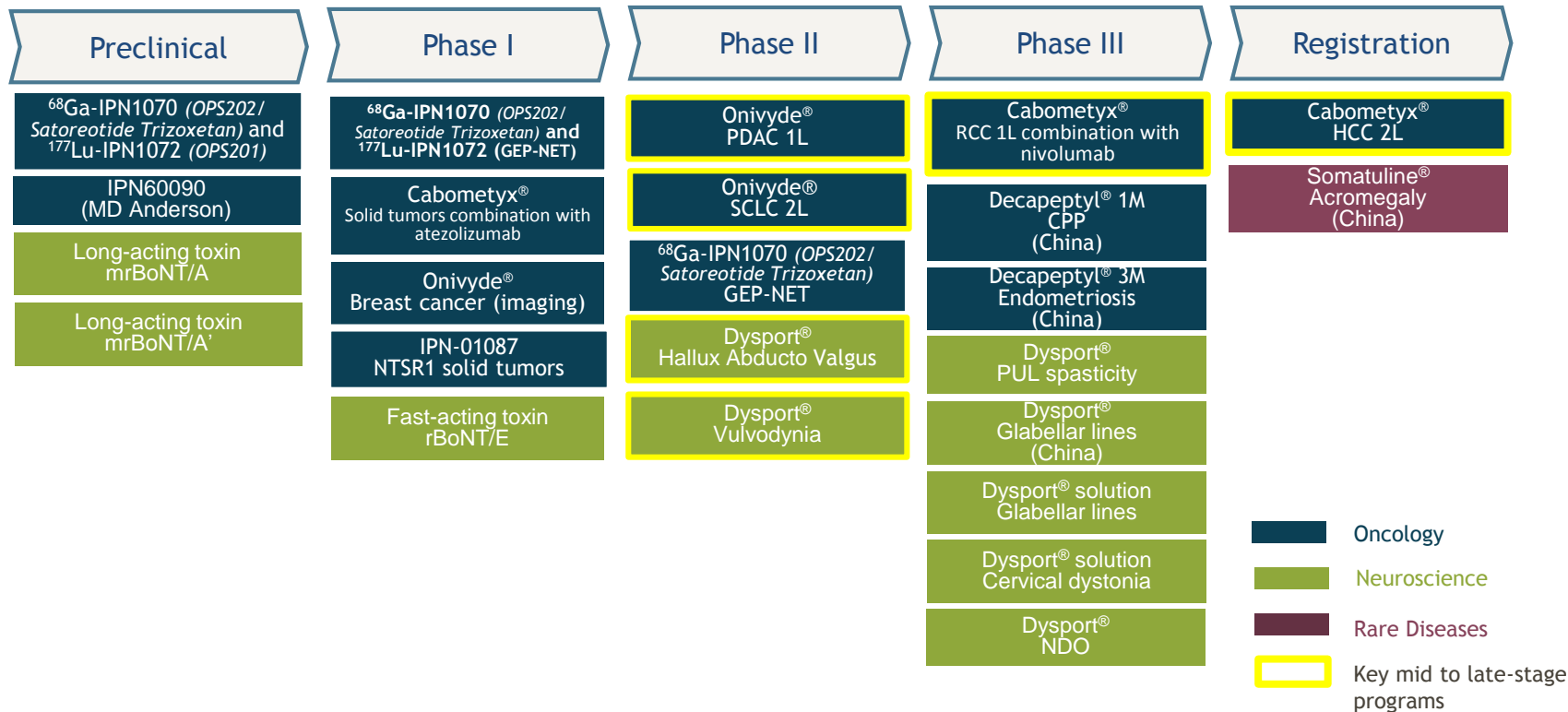
- Strong momentum in the U.S. with new indications and commercial partnership
- Good performance in European countries and other territories

Aesthetics

- Continued excellent market performance by partner Galderma
- Strong growth in Ipsen-led aesthetics territories (Russia, Middle East...)



01 Building sustainable R&D pipeline



01 Key mid to late-stage life-cycle management programs

Cabometyx®

2L Hepatocellular Carcinoma (HCC)

- EMA submission - March 2018
- Regulatory decision – late 2018/early 2019

1L Renal Cell Carcinoma (RCC) in combination with nivolumab

- Phase 3 trial ongoing
- Top-line results expected in H2 2019



Onivyde®

1L metastatic pancreatic cancer

- Phase 2 trial ongoing with top-line results expected in H2 2019

2L Small Cell Lung Cancer (SCLC)

- Phase 2 trial ongoing with top-line results expected in H2 2019



Dysport®

Two new indications with no current botulinum toxin or other therapeutic treatment approvals:

Hallux Abducto Valgus (HAV)

- Phase 2 trial recently initiated

Vulvodinia

- Phase 2 trial recently initiated



01 Early-stage pipeline highlights

Satoreotide (PRRT for NET)

- Potential best-in-class theranostic radiopharmaceutical for NET
- SSA antagonist with potential superior efficacy and benefit/ risk vs. SSA agonist
- Platform technology to target multiple indications beyond NET
- Currently in Phase 1/2 development



Oncology

IPN1087 (TRT for PDAC)

- Radiopharmaceutical theranostic targeting tumors expressing NTSR1
- Lead indication: pancreatic ductal adenocarcinoma (PDAC) with other potential indications to follow
- Currently in Phase 1 development



Oncology

Fast/ long-acting neurotoxins

- Fast-acting neurotoxin is first published recombinant toxin study in humans – completed Phase 1
- Long-acting neurotoxin in pre-clinical development
- Better control, robustness, quality and process manufacturing
- Leverages research, development, manufacturing and commercial expertise



Neuroscience

01 Externally sourcing innovation

H1 2018 Business Development achievements

New Chief Business Officer and strengthened team



Venture Capital and incubator collaborations



VC fund in Cambridge, Massachusetts



Strong balance sheet and cash flow generation with significant firepower

Ambition

- Build innovative and sustainable pipeline in all phases of development to maintain growth momentum for years to come
- Focus on Specialty Oncology, Neuroscience, Rare Diseases
- Best/first-in-class assets with global rights

02

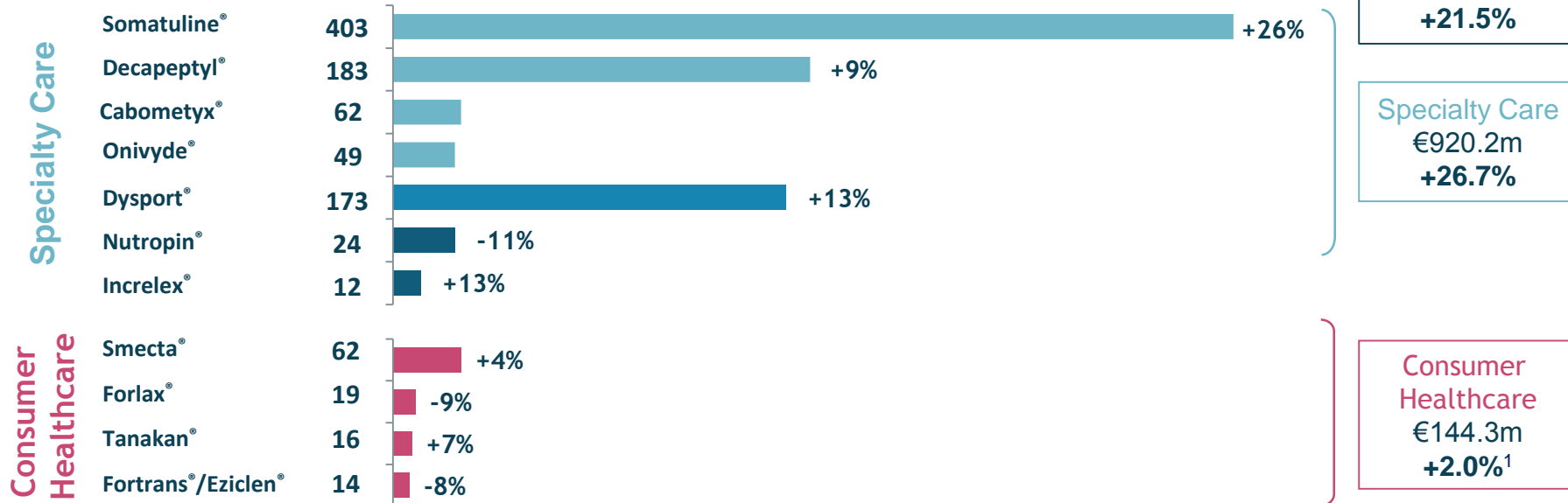
Financials

Aymeric Le Chatelier
Chief Financial Officer



02 H1 2018 sales growth driven by Specialty Care business

Net sales H1 2018 in million euros – % excluding foreign exchange impact



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

02 H1 2018 performance highlights for key products

Established Specialty Care

Somatuline®

- Continued volume growth and market share expansion in the U.S.
- Double-digit growth in EU5 countries

Dysport®

- Continued strength of Galderma in aesthetics worldwide
- Good growth in most markets in therapeutics
- Strong performance in Brazil

Decapeptyl®

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

Specialty Care launches

Cabometyx®

- 20% sequential growth
- Growing sales and market share in Europe
- New country launches

Onivyde®

- Continued double-digit growth in the U.S.
- Phasing of shipments to ex-U.S. partner in H1 2018

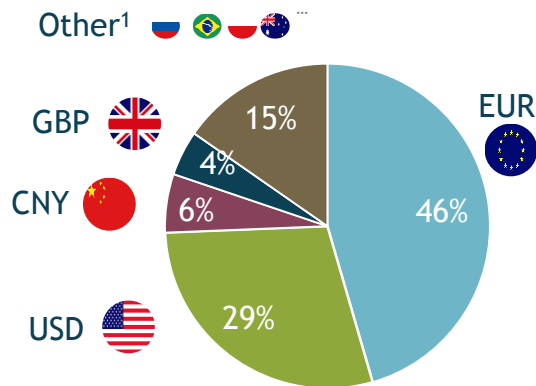
Consumer Healthcare

- **Smecta®** growth driven by the good performance in France, Algeria (including sales of Smectite) and China
- Positive contribution from 2017 acquisitions (**Prontalgine®**, **Buscopan®**)
- New **Etiasa®** contractual set up in China negatively impacting sales (without any impact on profit)

02 Significant impact of foreign exchange in H1 2018

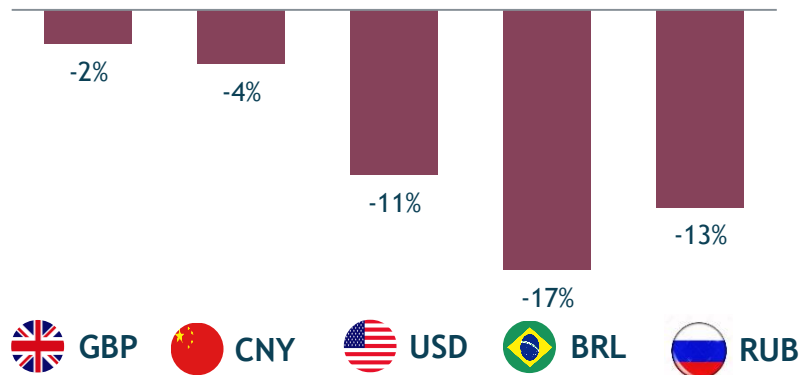
54% of sales in non-EUR currencies
USD now 29% of sales

H1 2018 sales by currency



Currency evolution in H1 2018, including
USD devaluation of -11%

Average rates change (H1 2018 vs. H1 2017)

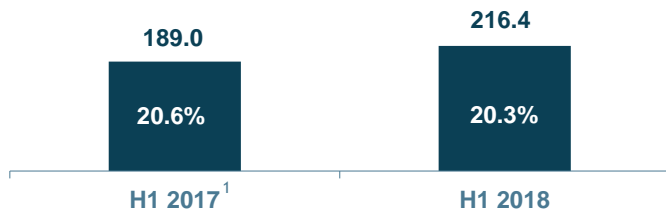


Negative impact on Sales of -5.7% from lower USD and other currencies (including BRL and RUB)

Limited bottom-line impact thanks to hedging of key currencies and cost base in local currencies

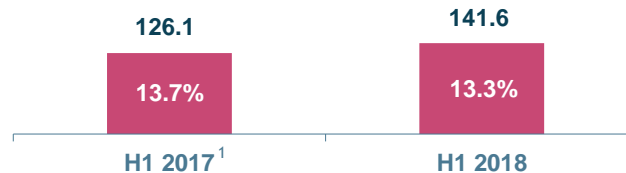
02 Investments focused on pipeline development and commercial support for launches

COGS (€m)



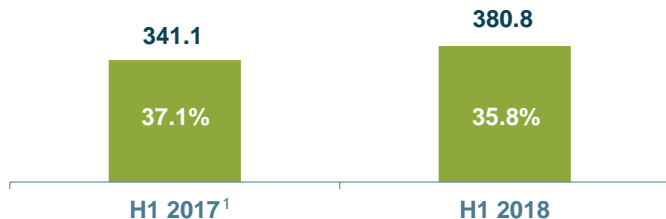
Positive mix effect from growing Specialty Care business and Etiasa[®] contractual set-up offset by higher Cabometyx[®] royalties

R&D (€m)



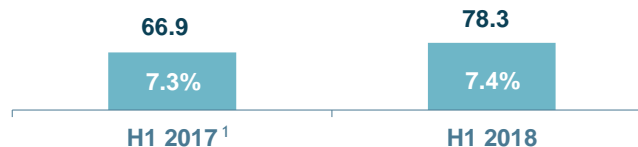
Advancement of pipeline programs and growing medical affairs and oncology capabilities

S&M (€m)



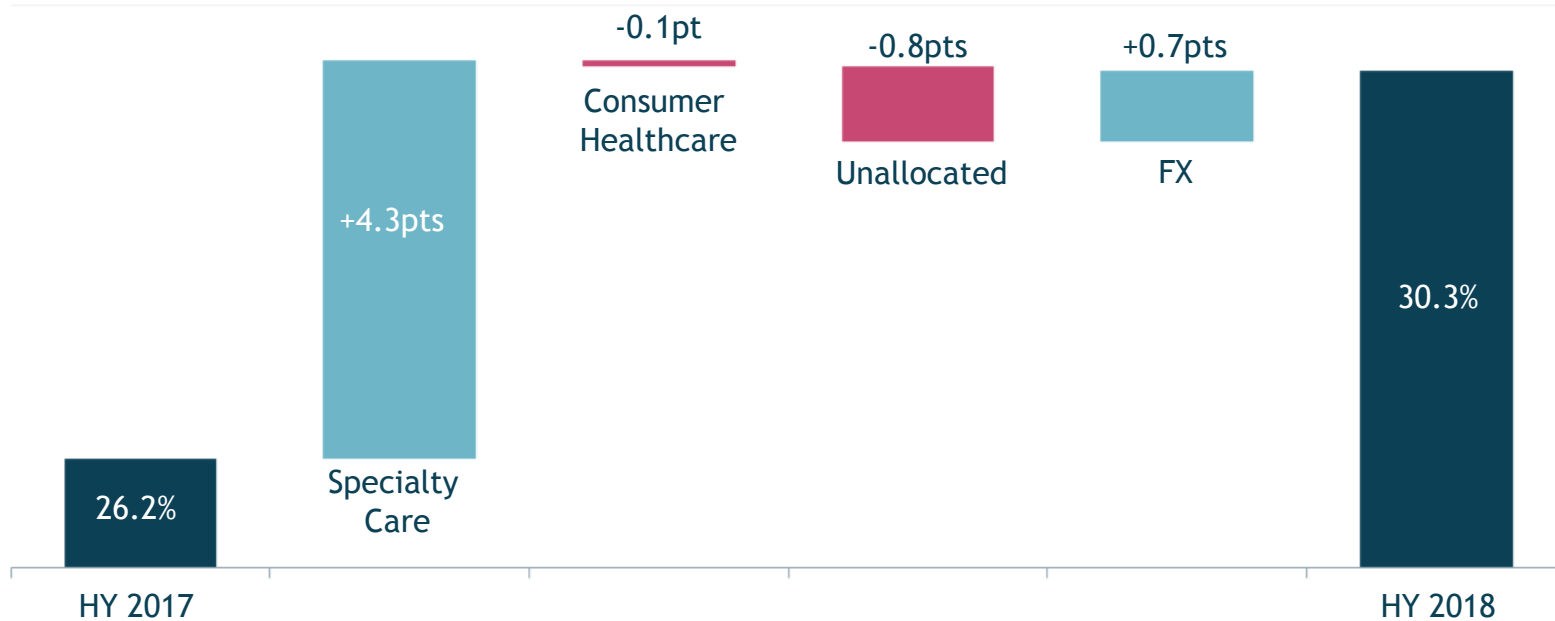
Investments to support Cabometyx[®] and Onivyde[®] launches, and growth of Somatuline[®] and Dysport[®]

G&A (€m)



Impact of increased corporate structure to support group transformation and variable compensation

02 Operating leverage driving significant margin expansion



Specialty Care margin enhancement driven by Somatuline[®] growth, Cabometyx[®] and Onivyde[®] at Group margin
Positive impact of currencies due to favorable phasing of hedging

02 Core Operating Income to EPS

In €m	H1 2018	H1 2017	Change	% Change
Net sales	1,064.5	919.5	+145.0	+15.8%
Core Operating Income	322.5	240.5	+82.0	+34.1%
<i>Core operating margin</i>	<i>30.3%</i>	<i>26.2%</i>	<i>+4.1 pts</i>	
Amortization of intangible assets	(33.1)	(21.5)	-11.6	
Other operating income/expense	(3.7)	(34.8)	+31.1	
Restructuring costs	(16.0)	(7.9)	-8.1	
Impairment gain / (losses)	(0.0)	(0.0)	(0.0)	
Operating Income	269.7	176.4	+93.3	+52.9%
Net financing costs	(3.1)	(4.2)	+1.1	
Other financial income / expense	(10.1)	(7.5)	-2.6	
Income taxes	(59.8)	(41.4)	-18.4	
Consolidated net profit	197.3	125.9	+71.4	+56.7%
EPS – fully diluted (€)	2.38	1.52	+0.86	+56.6%
Core EPS – fully diluted (€)	2.86	2.04	+0.82	+40.2%

Sales growth at +15.8% (+21.5% excluding negative impact of currencies)

Core Operating Income +34.1%

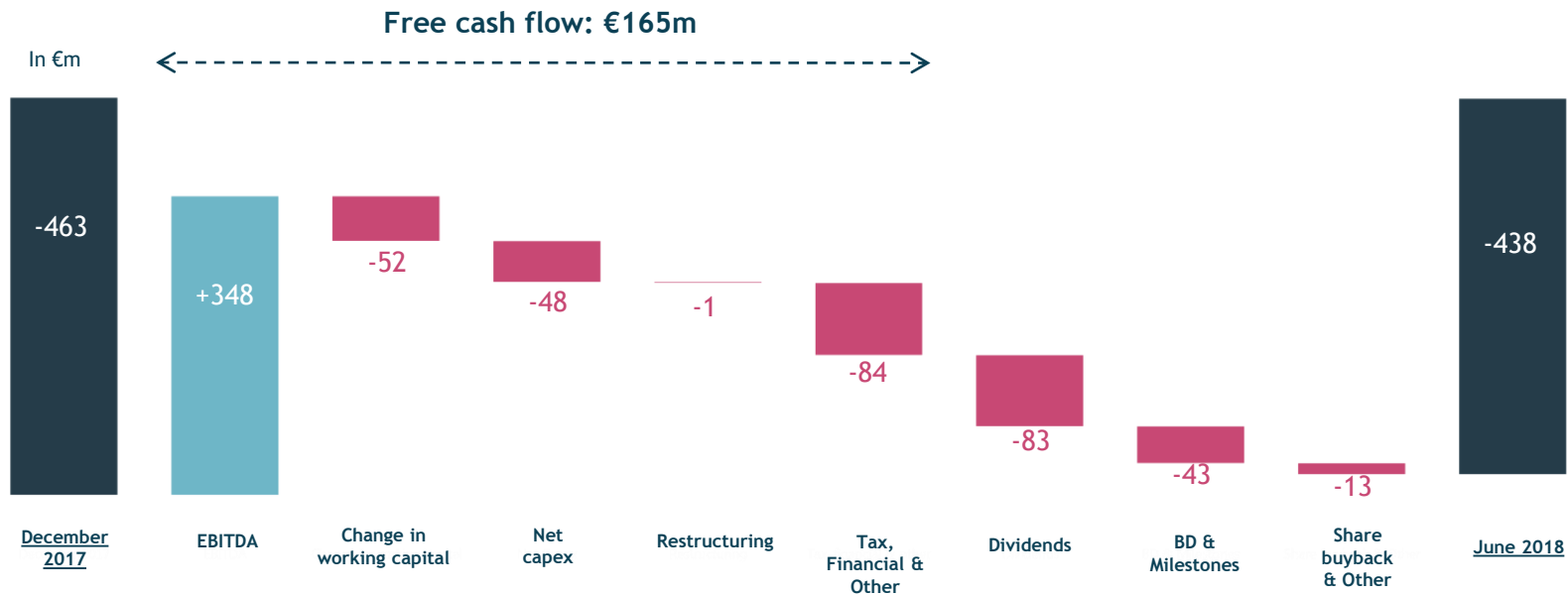
Operating Income +52.9%

- Higher amortization of intangible assets from Cabometyx® and Onivyde®
- Other Operating expenses and Restructuring costs mainly related to the relocation of the U.S. commercial HQ and the termination of R&D studies

Consolidated net profit +56.7%

- Lower financing costs
- Lower effective tax rate of 23.3% benefitting from the U.S. tax reform
- Core EPS growth of +40.2%

02 Growing free cash flow and strong balance sheet



Strong free cash flow of €165 million, up +73% compared to H1 2017

Net closing debt at €438 million after payment of dividends and milestones

02 FY 2018 guidance upgraded

	Previous FY 2018 guidance	Updated FY 2018 guidance
Sales growth at constant currency	> +16.0%	> +19.0% <ul style="list-style-type: none">• Based on the strong momentum of the Specialty Care business• Sales growth should still be negatively impacted by approximately 4.0% based on the current level of exchange rates
Core Operating margin as % of sales	> 28.0%	Around 29%

02 Key H1 2018 financial takeaways

- Group sales growth at **+21.5%**¹ driven by the strong performance of the Specialty Care business
- Core Operating Income growing by **+34.1%** and Core Operating Margin reaching **30.3%** of sales, up +4.1 pts
- Solid cash flow conversion with free cash flow growing by **+73%**
- Strong balance sheet to support future growth and Business Development

03

Conclusion

David Meek
Chief Executive Officer



03 Ipsen roadmap well on track to deliver 2018

- Accelerate growth of Specialty Care sales through established products and successful new product launches
- Build sustainable and innovative pipeline through transformation of R&D and external innovation model
- Leverage and expand capabilities through business development
- Continue Consumer Healthcare transformation with sustainable sales growth
- Drive further transformation through leadership and people

Deliver superior value to patients and shareholders

MERCI