



Ipsen FY 2018 Results

February 14, 2019

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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 FY 2018 Overview

David Meek
Chief Executive Officer

02 FY 2018 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 FY 2018 Overview

David Meek
Chief Executive Officer



01 Excellent execution in FY 2018 to deliver growth strategy



Top line

- **Group sales growth of +20.1%**¹ driven by Specialty Care growth of +24.7%¹
 - Somatuline[®] achieved blockbuster status with continuing momentum
 - Strong performance across all major products and geographies
-



Bottom line

- **Core Operating Income growth of 31.0%** and margin expansion
 - Cabometyx[®] launch leveraging European Oncology infrastructure
 - Significant synergies in U.S. Oncology commercial team with Onivyde[®]
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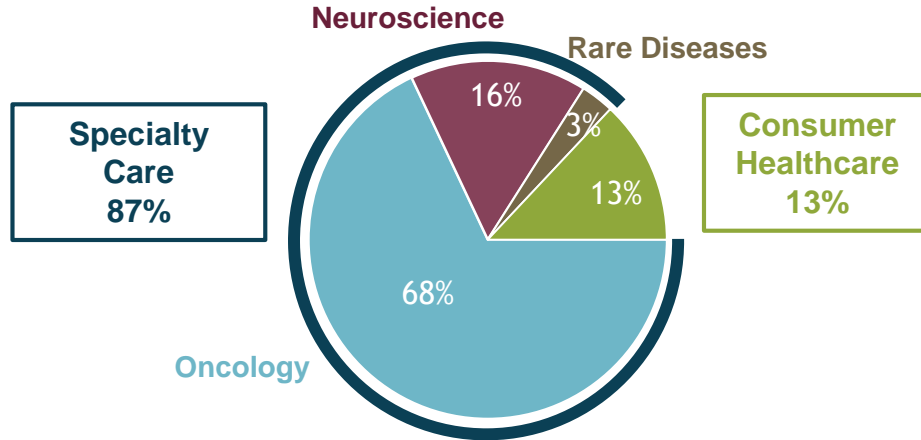
Pipeline

- **Cabometyx[®] approvals** in 1L RCC and 2L HCC
- **Program advancements** for new chemical entities and LCM programs
- **Active business development** efforts including global licensing and joint development agreement with MD Anderson

01 Being a leading global biopharmaceutical company focused on innovation and Specialty Care

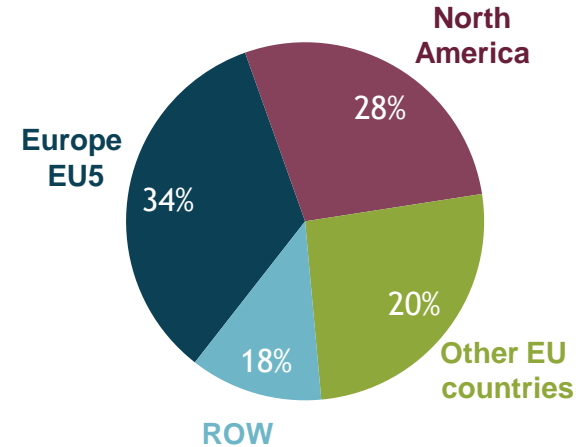
Specialty Care representing 87% of sales

FY 2018 sales by therapeutic area



North America sales growing by +38% and representing 28% of sales

FY 2018 sales by geographical area



01 Oncology representing 68% of sales, growing by +29.9%¹ with Somatuline[®], new launches and expanding pipeline

Commercial highlights

Somatuline[®]

- Achieved blockbuster status in 2018
- Strong global momentum and continued market share gains in the U.S. and Europe

Cabometyx[®]

- Positioned as TKI of choice in 2L RCC with growing market share in 2L+
- 1L RCC - 7 countries reimbursed incl. Germany, UK

Onivyde[®]

- Strong synergies with the U.S. Oncology team
- Inclusion in key U.S. formularies



Pipeline highlights

Recent approvals:

- Cabometyx[®] EMA approval for treatment of 2L HCC
- Somatuline[®]: approval for new delivery system (EU)

Key mid-stage programs:

- Cabometyx[®]: CheckMate 9ER Phase 3 combination trial with nivolumab in 1L RCC
- Cabometyx[®]: COSMIC-312 Phase 3 combination trial with atezolizumab in 1L HCC
- Onivyde[®]: Phase 2 trial for 1L PDAC
- Onivyde[®]: Phase 2 trial for 2L SCLC

01 Neuroscience leadership position with strong pipeline and Dysport® double-digit growth at +12.6%¹

Commercial highlights

- Double-digit growth for Therapeutics and Aesthetics
- Total in-market sales under Dysport® brand >€500 million

Therapeutics

- Strong momentum in the U.S. with more targeted approach and commercial partnership
- Robust performance in Rest of World, including Brazil resupply

Aesthetics

- Continued market share gains by partner Galderma
- Strong growth in Ipsen-led aesthetics territories

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

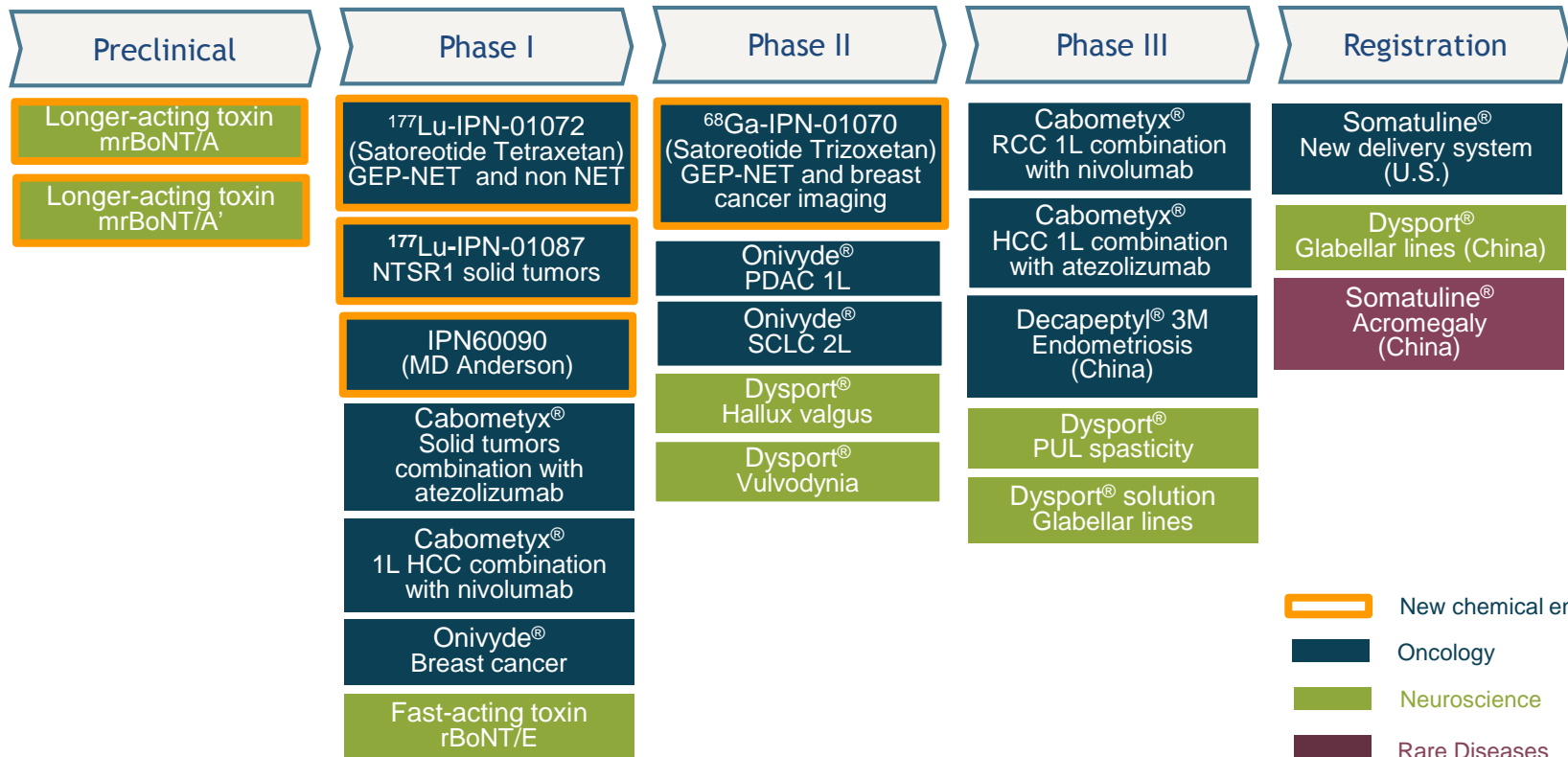
Earlier-stage recombinant toxin programs

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



01

Building sustainable R&D pipeline in Oncology, Neuroscience and Rare Diseases with promising NCEs



- New chemical entity (NCE)
- Oncology
- Neuroscience
- Rare Diseases

01 Developing leading systemic radiation therapy program

Systemic Radiation Therapy (SRT)

Site-directed targeted therapeutic strategy using radiolabeled peptides or other molecules to deliver radiation to cancer cells which overexpress specific receptors

Ipsen's commitment to SRT

- Developing radiolabeled diagnostics and therapeutics for enhanced care through precision medicine and a theranostic strategy
- Strengthened team with new talent and expertise



Early-stage theranostic programs

Satoreotide (SRT for NET) – Phase 1/2 development

- 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

IPN1087 (SRT for PDAC) – Phase 1 development

- Radiopharmaceutical theranostic targeting tumors expressing NTSR1
- Lead indication: PDAC with other potential indications to follow
- Established a formal partnership with the Pancreatic Cancer Action Network (PanCAN) to leverage its scientific and medical expertise

01 Accelerating internal and external innovation model



Ambition

- Build an innovative and sustainable pipeline in all phases of clinical development
- Deliver at least one new molecular entity/meaningful indication every year
 - Optimize portfolio management and accelerate priority programs
- Focus on Specialty Oncology, Neuroscience, Rare Diseases



Strategy

- Focused internal business development efforts + collaborations with venture capital funds and incubators



Significant firepower for Business Development >€1bn supported by strong balance sheet and cash flow generation

02

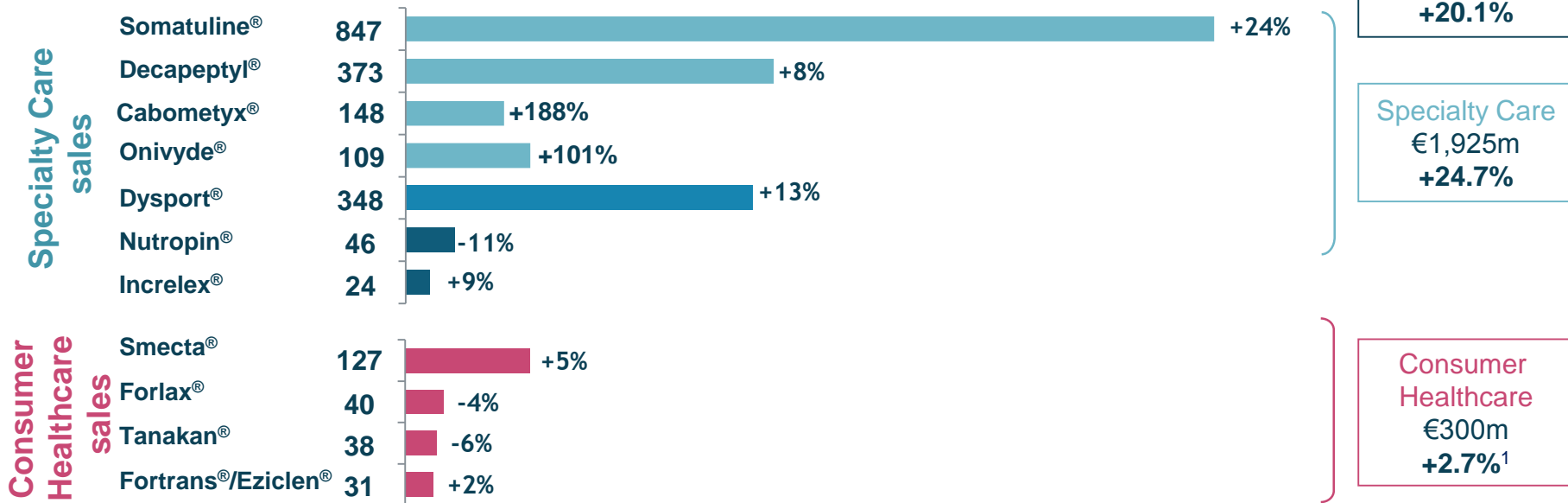
Financials

Aymeric Le Chatelier
Chief Financial Officer



02 FY 2018 sales growth driven by Specialty Care business

Net sales of key products in FY 2018 in million euros – % excluding foreign exchange impact



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

02 FY 2018 performance highlights for key products

Established Specialty Care

Somatuline®

- Significant volume growth and market share expansion in the U.S. (+38%)
- Double-digit growth in EU5 countries

Dysport®

- Good growth in most therapeutics markets
- Strong performance in Aesthetic especially with Galderma including Brazil (benefit from product resupply)

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 in already-approved countries

Onivyde®

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

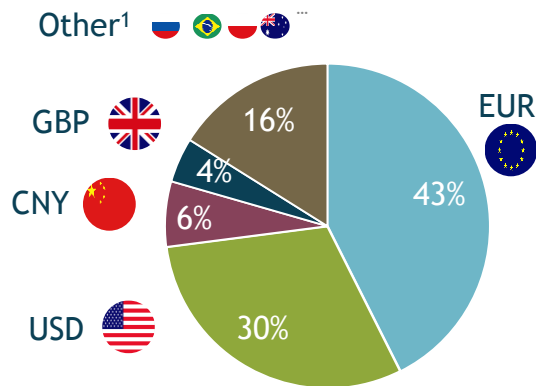
Consumer Healthcare

- **Smecta®** growth driven by the good performance in France including new formulations and in 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 2018

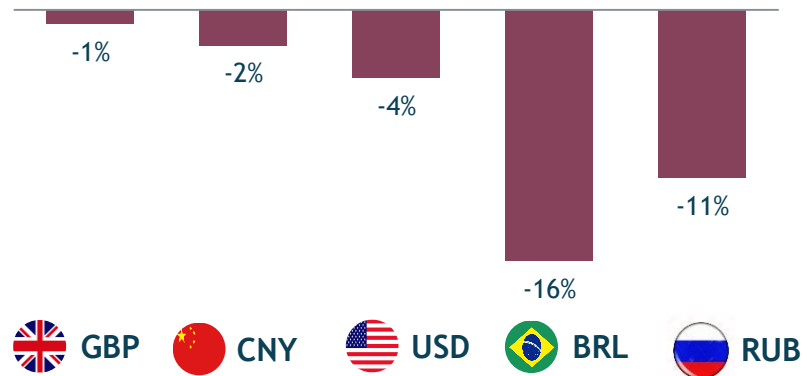
57% of sales in non-EUR currencies
USD representing more than 30% of sales

2018 sales by currency



Currency evolution in 2018

Average rates change (2018 vs. 2017)

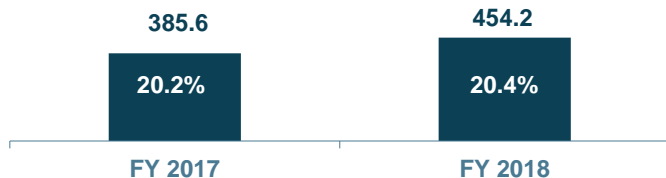


Negative impact on Sales of -3.5% from lower USD and Emerging Market currencies

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

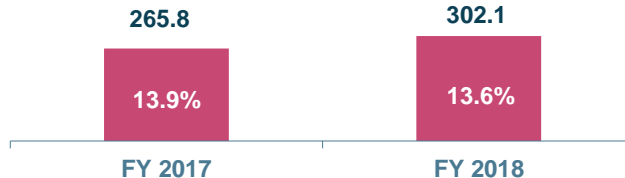
02 Investments focused on pipeline strategy and commercial launch support

COGS (€m)



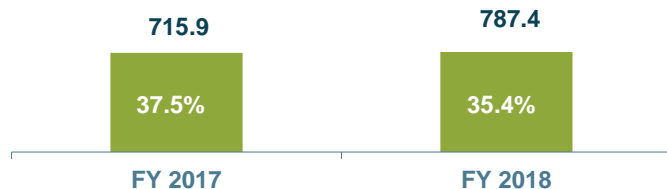
Positive mix effect from growing Specialty Care business offset by higher Cabometyx[®] royalties

R&D (€m)



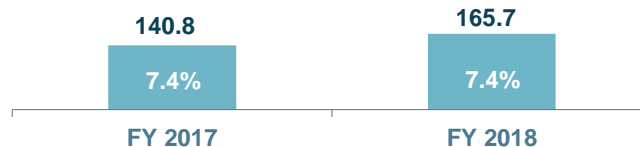
Advancement of pipeline programs and growing medical affairs and oncology capabilities

S&M (€m)



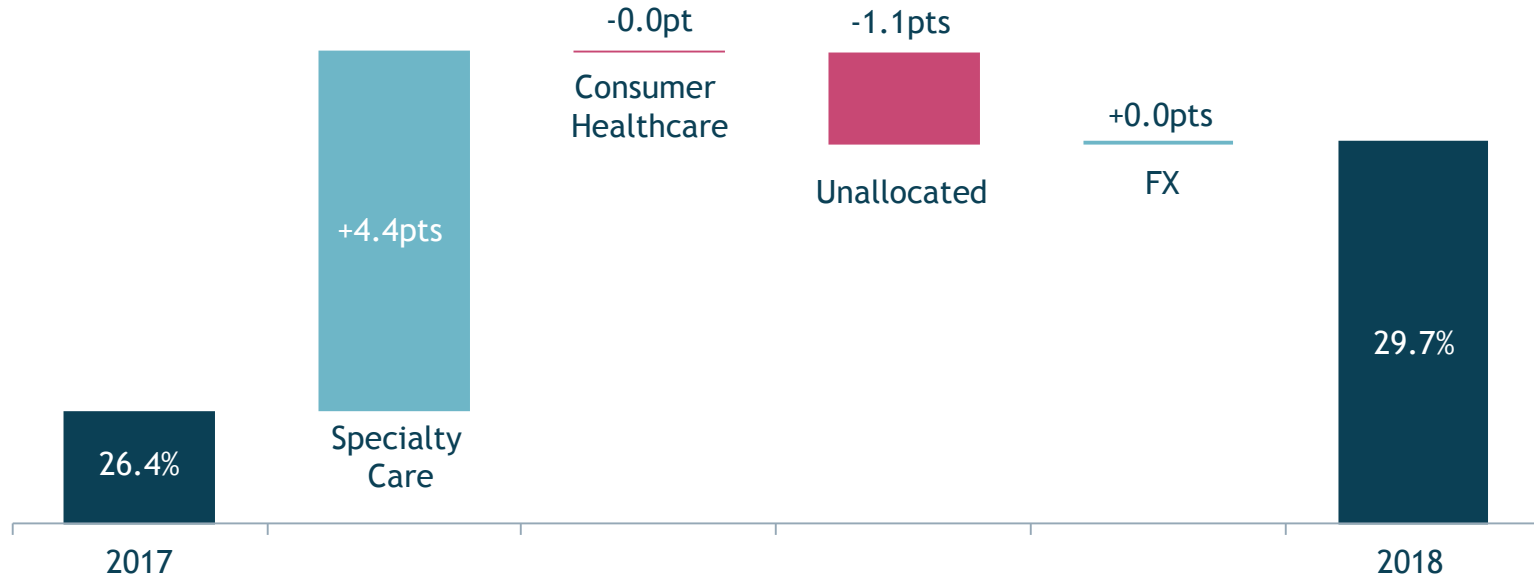
Investments to support Cabometyx[®] and Onivyde[®] launches, and growth of Somatuline[®] and Dysport[®]

G&A (€m)



Impact of increased corporate structure to support group transformation, including relocation of U.S. headquarters

02 Operating leverage driving significant margin expansion



Group margin expansion driven by Specialty Care sales growth and operating leverage
No impact of currencies after hedging strategy on margins

02 Core Operating Income to EPS

In €m	FY 2018	FY 2017	Change	% Change
Net sales	2,224.8	1,908.7	+316.1	+16.6%
Core Operating Income	659.9	503.6	+156.3	+31.0%
<i>Core operating margin</i>	<i>29.7%</i>	<i>26.4%</i>	<i>+3.3 pts</i>	
Amortization of intangible assets	(73.1)	(53.3)	-19.8	
Other operating income/expense	(30.4)	(48.9)	+18.5	
Restructuring costs	(21.9)	(18.8)	-3.1	
Impairment gain / (losses)	(15.0)	14.8	-29.8	
Operating Income	519.4	397.2	+122.2	+30.8%
Net financing costs	(5.3)	(8.1)	+2.8	
Other financial income / expense	(20.1)	(18.4)	-1.7	
Income taxes and other	(105.0)	(97.7)	-7.3	
Consolidated net profit	389.1	272.9	+116.2	+42.6%
EPS – fully diluted (€)	4.68	3.28	+1.40	+42,7%
Core EPS – fully diluted (€)	5.91	4.36	+1.55	+35.5%

Sales growth at +16.6% (+20.1% excluding negative impact of currencies)

Core Operating Income +31.0%

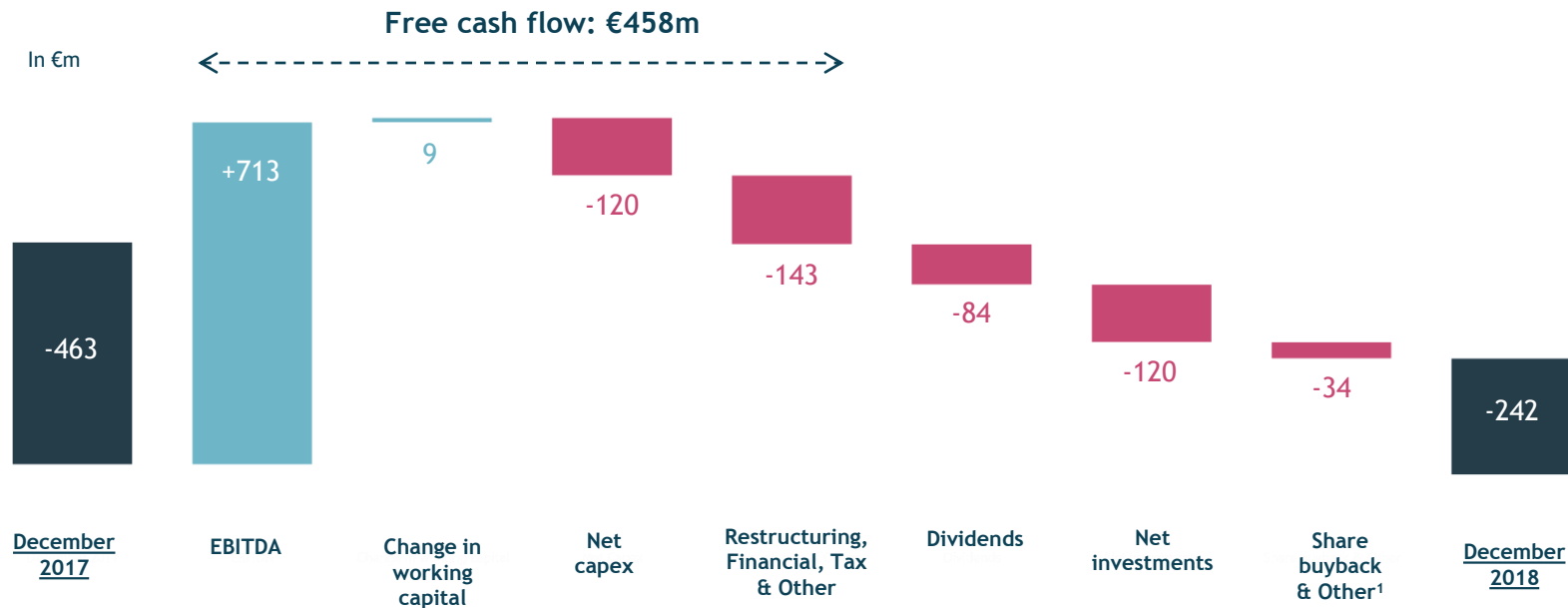
Operating Income +30.8%

- 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
- Higher impairment losses

Consolidated net profit +42.6%

- Lower financing costs
- Lower effective tax rate due to U.S. tax reform
- Core EPS growth of +35.5%

02 Growing Free Cash Flow greater than €450m and strong balance sheet



Strong free cash flow of €458 million, up +48% compared to 2017
 Net closing debt at €242 million and strong balance sheet with leverage ratio < 0.3x

02 FY 2019 guidance

Sales growth
at constant currency

> +13.0%

- Driven by the continued growth of Specialty Care
- Limited impact from currencies of approximately +1.0% based on the current level of exchange rates

Core Operating margin
as % of sales

~31.0%

- Excluding incremental investments in pipeline expansion initiatives

On track to deliver 2020 financial targets* one year earlier

*Sales >€2.5 billion and COI margin >30%

02 Key FY 2018 financial takeaways

- Group sales growth at **+20.1%**¹ driven by the strong performance of the Specialty Care business
- Core Operating Income growing by **+31.0%** and Core Operating Margin reaching 29.7% of sales, up +3.3 pts
- EPS growing by **+42.7%** and proposed dividend at 1.00€/share²
- Solid cash flow conversion with free cash flow growing by **+48.3%**
Strong balance sheet to support future Business Development

03

Conclusion

David Meek
Chief Executive Officer



03 2019 R&D Milestones

Program advancements	Satoreotide Phase 1 Non-NET	IPN 60090 (MD Anderson) Phase 1	Fast-acting neurotoxin Phase 2 Glabellar lines	Fast-acting neurotoxin Phase 2 Spasticity
Top-line results	Onivyde® Phase 2 1L PDAC	Satoreotide Phase 2 GEP-NET	Onivyde® Phase 2 2L SCLC	Cabometyx® Phase 3 1L RCC with nivolumab
Regulatory submissions		Dysport® PUL (EU, U.S.)	Dysport® solution Glabellar lines (EU)	
Regulatory decisions		Somatuline® new delivery system (U.S.)		Somatuline® acromegaly (China)

03 2019 Objectives

