IPSEN
Innovation for patient care

PRESS RELEASE

Ipsen presents its half year 2020 results and reinstates guidance for full year 2020

Paris (France), 30 July 2020 – Ipsen (Euronext: IPN; ADR: IPSEY), a global specialty-driven biopharmaceutical group, today announced financial results for the first half of 2020.

- **Resilient H1 financial performance**:
  - **Group sales growth** of 3.1% as reported and at constant currency, driven by Specialty Care sales growth of 5.9%[1], led by Somatuline® (*lanreotide*) (up 16.4%[1]). Consumer Healthcare sales were down 21.1%[1]. Q2 2020 Group sales decreased by 2.2%[1], adversely impacted by COVID-19.
  - **Core Operating margin** at 32.3% of net sales, up 0.8 points, driven by Specialty Care sales growth and postponed or cancelled expenditures mainly due to COVID-19. **IFRS Operating margin** at 19.7% of net sales, down 6.1 points.
  - **Core consolidated net profit** of €297 million and fully diluted Core EPS of €3.55 (up 5.0%). **IFRS Consolidated net profit** of €223 million and fully diluted IFRS EPS of €2.66 (up 1.0%).
  - **Robust balance sheet,** with closing Net Debt of €923 million and strong Free Cash Flow at €233 million, up €132 million versus 2019, mainly driven by higher Operating Cash Flow.
- **Negative COVID-19 impact**: As anticipated, the Specialty Care portfolio showed overall resilience in Q2 2020, although Oncology sales were impacted by destocking in some European countries and Neuroscience sales were affected by treatment center closures. Consumer Healthcare sales, notably Smecta® (*diosmectite*), continued to be impacted across geographies despite a slow recovery in China in Q2 2020.
- **2020 guidance:** Ipsen has reinstated full year guidance and now expects Group sales growth greater than +2.0% at constant currency and Core Operating margin greater than 30.0% of net sales. Guidance takes into account the high level of uncertainty regarding COVID-19 and assumes only a gradual recovery from the pandemic as well as no impact of any new somatostatin analog (SSA) generic entry.
- **Significant R&D pipeline progress** including (1) Cabometyx® (*cabozantinib*) positive top-line results from Phase 3 CheckMate -9ER trial in combination with nivolumab for 1L RCC[2] , (2) Cabometyx participation in the ongoing Phase 3 trials in combination with atezolizumab for 2L NSCLC[3] and 2L CRPC[4], (3) Onivyde® (*irinotecan liposome injection*) received Fast Track designation from the FDA for 1L PDAC[5], (4) Dysport® (*botulinum toxin type A*) approval in China for glabellar lines and updated indication in the U.S. for the treatment of spasticity in children, (5) IRICoR option agreement in collaboration with the University of Montreal for a discovery-stage oncology program.

David Loew, Chief Executive Officer of Ipsen, stated: *"I'm honored since July 1st to lead Ipsen, an exciting global biopharma business with solid business fundamentals, a strong purpose to serve patients and attractive growth opportunities. I am encouraged by the exceptional levels of talent and engagement I have encountered across the organization, as well as the exciting recent clinical data on Cabometyx, and I look forward to helping the Group build on these strong foundations. In my first half-year update, I am pleased to report that, despite the unprecedented backdrop of COVID-19, Ipsen delivered top-line growth and margin improvement. As a result, we are reinstating guidance for 2020 and planning for the future with confidence."*

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[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] 1L RCC: First line Renal Cell Carcinoma; [3] 2L NSCLC: Second line Non-Small Cell Lung Cancer; [4] 2L CRPC: Second line Castration-Resistant Prostate Cancer; [5] 1L PDAC: First line Pancreatic ductal adenocarcinoma

Review of half year 2020 results

Extract of audited consolidated results for the first half year 2020 and 2019

(in million euros)	**H1 2020**	**H1 2019**	*% change*	*% change at constant currency*
Group net sales	**1,268.3**	**1,229.6**	*+3.1%*	***+3.1%***
Specialty Care sales	1,167.1	1,100.0	*+6.1%*	*+5.9%*
Consumer Healthcare sales	101.2	129.6	*-21.9%*	*-21.1%*
CORE				
Core Operating Income	**410.2**	**387.5**	*+5.9%*	
Core Operating margin (as a % net sales)	**32.3%**	**31.5%**	*+0.8pts*	
Core consolidated net profit	**297.0**	**283.0**	*+5.0%*	
Core EPS – fully diluted (€)	**3.55**	**3.38**	*+5.0%*	
IFRS				
Operating Income	**249.8**	**317.8**	*-21.4%*	
Operating margin (as a % net sales)	**19.7%**	**25.8%**	*-6.1pts*	
Consolidated net profit	**222.7**	**220.6**	*+1.0%*	
EPS – fully diluted (€)	**2.66**	**2.64**	*+1.0%*	

Review of the first half 2020 results

Group sales reached €1,268.3 million, up 3.1% year-on-year.

Specialty Care sales reached €1,167.1 million, up 5.9%, driven by growth in Oncology sales of 9.5%, including the continued momentum of Somatuline in major geographies.

Consumer Healthcare sales were €101.2 million, down 21.1%. Smecta was negatively impacted by COVID-19, implementation of hospital central procurement in China and lower sales in France.

Core Operating Income was €410.2 million, up 5.9%, driven by the growth of Specialty Care sales. Significant cost savings were realized in selling expenses, resulting from digital sales detailing, lower travel throughout the Group and the conversion to virtual conference and medical meetings.

Core Operating margin reached 32.3% of sales, up 0.8 points versus the first half of 2019.

Core consolidated net profit was €297.0 million, compared to €283.0 million in 2019, up 5.0%, reflecting increased Other financial expenses and lower core effective tax rate (22.5% versus 23.6% in H1 2019).

Core earnings per share fully diluted grew by 5.0% to reach €3.55, compared to €3.38 in 2019.

IFRS Operating Income was €249.8 million after amortization of intangible assets, impairment losses and other operating expenses. Operating Income margin of 19.7% was down 6.1 points compared to 2019, after amortization of intangible assets for Cabometyx and an impairment loss on the intangible assets of palovarotene following termination of the MO-Ped program.

IFRS Consolidated net profit was €222.7 million versus €220.6 million in 2019, up 1.0%

IFRS Fully diluted EPS (Earnings per share) was €2.66 versus €2.64 in 2019, up 1.0%.

Free Cash Flow of €233.3 million was up 131% versus €101.0 million in 2019, mainly driven by higher Operating Cash Flow.

Closing net debt came to €923.3 million, a €576.2m improvement compared with net debt at June 30 2019 of €1,499.5 million, due mainly to strong Free Cash Flow over the period.

The company's auditors performed a limited review of the accounts.

The interim financial report, with regard to regulated information, is available on the Group's website, under the Regulated Information tab in the Investor Relations section.

COVID-19 Impact

In the second quarter of 2020, the business was negatively impacted by COVID-19. While the Specialty Care portfolio of differentiated products for critical conditions remained relatively resilient, Oncology sales were negatively impacted by destocking after a higher level of orders at the end of the first quarter in some European countries. Neuroscience sales were more impacted due to the closure of treatment centers in both the therapeutics and aesthetics markets. Consumer Healthcare sales, notably Smecta, continued to be negatively impacted across geographies despite a slow recovery in China in the second quarter of 2020.

Significant cost savings in selling expenses were realized in the first half of 2020, resulting from digital sales detailing, lower travel throughout the Group and the conversion to virtual conference and medical meetings.

Ipsen continues to operate all of its manufacturing sites. There are adequate inventory levels, with no supply chain issues, for the provision of medicines to patients. There is also limited impact to date on clinical trials, with minimal disruption to investigational drug supply for ongoing patients, despite a general slowdown in the recruitment of new patients as well as new site activations in ongoing trials across Europe and the U.S.

Ipsen remains focused on ensuring that patients continue to have access to their treatments and on addressing the impact of this pandemic in their communities. Ipsen employees around the world, including those at central functions and manufacturing and distribution sites, are gradually returning to the office, and the commercial organization is beginning to resume more normal operations.

2020 Financial guidance reinstated

The Group has reinstated the following financial targets for the current year

- **Group sales growth greater than +2.0%** at constant currency, with an expected negative impact of 0.5% from currencies based on the current level of exchange rates.

- **Core Operating margin greater than 30.0% of net sales**, excluding incremental investments in pipeline expansion initiatives.

Guidance takes into account the high level of uncertainty regarding COVID-19 and assumes only a gradual recovery from the pandemic as well as no impact of any new somatostatin analog (SSA) generic entry.

Palovarotene:

In the last few months, Ipsen has made progress on advancing the palovarotene program. There is an ongoing dialogue with the FDA on the appropriate patient population eligible for treatment and a potential regulatory path forward for palovarotene for the treatment of fibrodysplasia ossificans progressiva (FOP).

Ipsen has taken the decision to terminate the multiple osteochondromas (MO) indication due to the lack of efficacy signals in the analysis of the Phase 2 MO-Ped trial. As a consequence, the Group recognized an impairment loss of €57.8 million before tax on the palovarotene intangible asset and a financial income of €45.0 million related to the Contingent Value Rights (CVR) and milestones reevaluation.

R&D update:

Cabometyx: On April 20, Ipsen announced that CheckMate -9ER, a pivotal Phase 3 trial evaluating Cabometyx in combination with Opdivo (nivolumab) compared to sunitinib in previously untreated advanced or metastatic renal cell carcinoma (RCC), met its primary endpoint of progression-free survival (PFS) at final analysis, as well as the secondary endpoints of overall survival (OS) at a pre-specified interim analysis, and objective response rate (ORR).

The detailed results of CheckMate -9ER were accepted for presentation at the upcoming European Society of

Medical Oncology (ESMO) Virtual Congress 2020, during the Presidential Symposium II on September 20, 2020.

In addition, on July 2, Ipsen announced it will join the Exelixis and Roche clinical collaboration of the recently initiated CONTACT-01 and CONTACT-02 global Phase 3 pivotal trials. CONTACT-01 is evaluating the safety and efficacy of Cabometyx in combination with atezolizumab in patients with metastatic non-small cell lung cancer (NSCLC) who have been previously treated with an immune checkpoint inhibitor and platinum-containing chemotherapy. CONTACT-02 is evaluating the safety and efficacy of Cabometyx in combination with atezolizumab versus a second novel hormonal therapy (NHT) in men with metastatic castration-resistant prostate cancer (CRPC) who have previously been treated with one NHT.

Onivyde: On June 17, Ipsen announced that the FDA had granted Fast Track designation for the investigational use of Onivyde in combination with 5- fluorouracil/leucovorin (5-FU/LV) and oxaliplatin (OX) for patients with previously untreated, unresectable, locally advanced and metastatic pancreatic ductal adenocarcinoma (PDAC).

Dysport: On June 5, Dysport received approval in China for the treatment of glabellar lines.

On July 9, Dysport received FDA approval to treat both upper and lower limb spasticity in pediatric patients two years of age and older, including spasticity caused by cerebral palsy.

Portfolio prioritization: As a result of prioritization decisions, in the second quarter, the Group is discontinuing development of the fast-acting neurotoxin rBoNT/E (IPN 10360) and the oncology asset IPN 60090 licensed from MD Anderson Cancer Center. Separately, development of Dysport in Hallux Valgus has been discontinued on efficacy grounds.

Early-stage pipeline: On May 4, Ipsen entered into an option agreement with IRICoR, a pan-Canadian research commercialization center focused on drug discovery, and the University of Montreal for a discovery-stage oncology program under which Ipsen would acquire a licence for worldwide rights.

Conference call

Ipsen will hold a conference call Thursday, 30 July 2020 at 2:30 p.m. (Paris time, GMT+1). Participants should dial in to the call approximately 15 minutes prior to its start. No reservation is required to participate in the conference call.

Participants can register for the call on the link below:
http://emea.directeventreg.com/registration/3653767

Conference ID: 3653767

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

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 €2.5 billion in 2019, 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 5,800 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.fr

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 2019 Universal Registration Document available on its website (www.ipsen.com)

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Comparison of Consolidated Sales for the Second Quarter and First Half 2020 and 2019

Sales by therapeutic area and by product

(in million euros)	2nd Quarter 2020	2nd Quarter 2019	2nd Quarter % Variation	2nd Quarter % Variation at constant currency[1]	6 Months 2020	6 Months 2019	6 Months % Variation	6 Months % Variation at constant currency[1]
Oncology	**474.9**	**458.4**	**3.6%**	**3.7%**	**967.5**	**879.1**	**10.1%**	**9.5%**
Somatuline®	276.8	243.5	13.7%	13.3%	562.3	478.9	17.4%	16.4%
Decapeptyl®	97.0	109.6	-11.6%	-10.7%	193.6	198.4	-2.4%	-2.0%
Cabometyx®	64.4	57.9	11.3%	12.9%	136.8	111.8	22.3%	23.2%
Onivyde®	31.3	39.8	-21.2%	-22.6%	62.5	74.4	-16.0%	-18.2%
Other Oncology	5.4	7.6	-29.5%	-29.3%	12.4	15.6	-20.8%	-20.8%
Neuroscience	**77.1**	**93.4**	**-17.5%**	**-14.5%**	**170.5**	**187.7**	**-9.2%**	**-7.5%**
Dysport®	76.6	92.5	-17.2%	-14.2%	169.5	186.3	-9.0%	-7.4%
Rare Diseases	**12.6**	**17.3**	**-27.4%**	**-27.5%**	**29.1**	**33.1**	**-12.1%**	**-12.5%**
NutropinAq®	8.1	11.4	-29.0%	-28.6%	19.2	21.9	-12.2%	-11.9%
Increlex®	4.5	6.0	-24.4%	-25.4%	9.9	11.3	-12.0%	-13.5%
Specialty Care	**564.5**	**569.1**	**-0.8%**	**-0.2%**	**1,167.1**	**1,100.0**	**6.1%**	**5.9%**
Smecta®	19.9	28.0	-28.8%	-26.4%	37.8	57.9	-34.7%	-33.7%
Forlax®	9.9	10.6	-6.0%	-4.8%	19.8	19.1	3.8%	4.3%
Tanakan®	9.2	8.2	12.5%	17.2%	19.4	17.6	10.5%	12.2%
Fortrans/Eziclen®	5.0	8.9	-43.7%	-42.0%	11.8	16.7	-29.2%	-28.7%
Other Consumer Healthcare	5.1	7.7	-34.3%	-33.8%	12.3	18.4	-32.9%	-32.7%
Consumer Healthcare	**49.1**	**63.3**	**-22.4%**	**-20.2%**	**101.2**	**129.6**	**-21.9%**	**-21.1%**
Group Sales	**613.6**	**632.4**	**-3.0%**	**-2.2%**	**1,268.3**	**1,229.6**	**3.1%**	**3.1%**

First half 2020 sales highlights

Group sales reached €1,268.3 million, up 3.1%[1], driven by Specialty Care sales growth of 5.9%[1], while Consumer Healthcare sales decreased by 21.1%[1].

Specialty Care sales amounted to €1,167.1 million, up 5.9%[1]. Oncology sales grew by 9.5%[1] while Neuroscience and Rare Diseases sales decreased by 7.5%[1] and 12.5%[1], respectively. Over the period, the relative weight of Specialty Care reached 92.0% of total Group sales, compared to 89.5% in 2019.

In **Oncology**, sales reached €967.5 million, up 9.5%[1] year-on-year with a limited impact from COVID-19, driven by the good performance of Somatuline and Cabometyx across most major geographies but negatively impacted by lower Onivyde sales to Ipsen's ex-U.S. partner and lower Decapeptyl sales in China. Second quarter sales were impacted by destocking after a high level of orders due to COVID-19 in the first quarter. Over the period, Oncology sales represented 76.3% of total Group sales, compared to 71.5% in 2019.

Somatuline – Sales reached €562.3 million, up 16.4%[1] year-on-year, driven by a 20.2%[1] increase in North America sales primarily from volume growth despite COVID-19 impact, along with continued market share gains in most other geographies and a limited impact from the octreotide generic launch in Europe.

Decapeptyl – Sales reached €193.6 million, down 2.0%[1] year-on-year, mainly due to lower sales in China as a result of COVID-19 and competitive pressure despite solid volume growth in major Western European countries and in Algeria.

Cabometyx – Sales reached €136.8 million, up 23.2%[1] year-on-year, driven by strong performance across

[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.

[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.

most geographies.

Onivyde – Sales reached €62.5 million, down 18.2%[1], impacted by a significant decline in sales to Ipsen's ex-U.S. partner despite demand growth in the U.S.

In **Neuroscience**, sales of **Dysport** reached €169.5 million, down 7.4%[1], impacted in most geographies by closure of treatment centers in both the therapeutics and aesthetic markets resulting from COVID. Over the period, Neuroscience sales represented 13.4% of total Group sales, compared to 15.3% in 2019.

In **Rare Diseases**, sales of **NutropinAq** reached €19.2 million, down 11.9%[1] year-on-year, mainly due to lower volumes in France and Germany. Sales of **Increlex** reached €9.9 million, down 13.5%[1] year-on-year mainly due to lower demand in the U.S. Over the period, Rare Diseases sales represented 2.3% of total Group sales, compared to 2.7% in 2019.

Consumer Healthcare sales reached €101.2 million, down 21.1%[1], with a decrease in Smecta sales of 33.7%[1] impacted by COVID-19, the implementation of hospital central procurement in China and the lower performance in France. Fortrans/Eziclen sales were down 28.7%[1] year-on-year, mainly due to impact of COVID-19 in China and Russia. Tanakan year-on-year sales were up 12.2%[1], driven by a positive market dynamic in Russia. Over the period, Consumer Healthcare sales represented 8.0% of total Group sales, compared to 10.5% in 2019.

Sales by geographical area

(in million euros)	2nd Quarter 2020	2nd Quarter 2019	% Variation	% Variation at constant currency[1]	6 Months 2020	6 Months 2019	% Variation	% Variation at constant currency[1]
France	68.1	86.8	-21.6%	-21.7%	146.8	168.8	-13.0%	-13.3%
Germany	43.8	49.2	-11.0%	-11.0%	94.0	94.6	-0.6%	-0.6%
Italy	25.9	30.2	-14.4%	-14.4%	61.1	60.0	1.9%	1.9%
United Kingdom	27,4	25,4	7,8%	10,3%	57,4	50,6	13,5%	13,5%
Spain	25,1	27,0	-7,2%	-7,2%	54,9	50,8	8,1%	8,1%
Major Western European countries	**190.2**	**218.6**	**-13.0%**	**-12.8%**	**414.3**	**424.7**	**-2.5%**	**-2.6%**
Eastern Europe	49.7	53.8	-7.7%	-2.4%	107.0	101.6	5.3%	7.5%
Others Europe	67.5	61.9	9.0%	10.1%	142.3	127.7	11.4%	12.3%
Other European Countries	**117.2**	**115.7**	**1.3%**	**4.3%**	**249.3**	**229.2**	**8.7%**	**10.2%**
North America	**203.4**	**181.8**	**11.9%**	**9.9%**	**418.9**	**361.0**	**16.0%**	**13.4%**
Asia	44.1	54.6	-19.2%	-18.2%	75.7	105.0	-27.9%	-27.6%
Other countries in the Rest of the world	58.7	61.7	-4.7%	1.1%	110.1	109.6	0.5%	5.3%
Rest of the World	**102.9**	**116.3**	**-11.5%**	**-7.9%**	**185.9**	**214.6**	**-13.4%**	**-10.8%**
Group Sales	**613.6**	**632.4**	**-3.0%**	**-2.2%**	**1,268.3**	**1,229.6**	**3.1%**	**3.1%**

Sales in **Major Western European countries** reached €414.3 million, down 2.6% [1] year-on-year. Over the period, sales in Major Western European countries represented 32.7% of total Group sales, compared to 34.5% in 2019.

France – Sales reached €146.8 million, down 13.3%[1] year-on-year, mainly due to lower Onivyde sales to Ipsen's ex-U.S. partner, the negative impact of COVID-19 on Consumer Healthcare and Dysport performance, offset by continued volumes growth of Cabometyx, Somatuline and Decapeptyl.

Germany – Sales reached €94.0 million, down 0.6%[1] year-on-year, driven by lower Decapeptyl and Dysport demand impacted by COVID-19, offset by continued solid volume growth of Somatuline with limited impact from the octreotide generic launch.

Italy – Sales reached €61.1 million, up 1.9%[1] year-on-year, driven by good performance of Decapeptyl and Cabometyx, offset by lower sales of Consumer Healthcare products impacted by COVID-19.

United Kingdom – Sales reached €57.4 million, up 13.5%[1] year-on-year, driven by solid performance across the Oncology portfolio.

Spain – Sales reached €54.9 million, up 8.1%[1] year-on-year, driven by the growth of Cabometyx, Somatuline and Decapeptyl with continued market share gains and a limited COVID-19 impact.

Sales in **Other European countries** reached €249.3 million, up 10.2%[1] year-on-year, driven by the launch of Cabometyx and the continued strong growth of Somatuline in several countries including Poland and Russia. Over the period, sales in the region represented 19.7% of total Group sales, compared to 18.6% in 2019.

Sales in **North America** reached €418.9 million, up 13.4%[1] year-on-year, driven by continued strong demand of Somatuline and steady growth of Onivyde despite negative COVID-19 impact, offset by lower Dysport sales impacted by the closure of clinics in both aesthetics and therapeutics markets due to COVID-19. Over the period, sales in North America represented 33.0% of total Group sales, compared to 29.4% in 2019.

Sales in the **Rest of the World** reached €185.9 million, down 10.8%[1] year-on-year, driven by the negative impact of COVID-19 affecting mainly Smecta and Decapeptyl in China and Dysport mainly in Brazil and Australia in both aesthetics and therapeutics markets, partly offset by the good performance of Somatuline and Cabometyx across most geographies. Over the period, sales in the Rest of the World represented 14.7% of total Group sales, compared to 17.5% in 2019.

[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.

Comparison of Core consolidated income statement for Half Year 2020 and 2019

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 million of euros)	2020		2019		% change
		% of sales		% of sales	
Sales	1,268.3	100 %	1,229.6	100 %	3.1 %
Other revenues	38.6	3.0 %	63.3	5.1 %	-38.9 %
Revenue	**1,306.9**	**103.0 %**	**1,292.9**	**105.1 %**	**1.1 %**
Cost of goods sold	(241.8)	-19.1 %	(236.9)	-19.3 %	2.1 %
Selling expenses	(375.4)	-29.6 %	(399.7)	-32.5 %	-6.1 %
Research and development expenses	(190.6)	-15.0 %	(176.3)	-14.3 %	8.2 %
General and administrative expenses	(94.0)	-7.4 %	(90.4)	-7.4 %	3.9 %
Other core operating income	5.3	0.4 %	0.1	0.0 %	N.A.
Other core operating expenses	(0.2)	0.0 %	(2.1)	-0.2 %	N.A.
Core Operating Income	**410.2**	**32.3 %**	**387.5**	**31.5 %**	**5.9 %**
Net financing costs	(13.6)	-1.1 %	(11.7)	-0.9 %	16.5 %
Core other financial income and expense	(11.6)	-0.9 %	(7.1)	-0.6 %	63.9 %
Core income taxes	(86.6)	-6.8 %	(87.1)	-7.1 %	-0.6 %
Share of net profit/(loss) from equity-accounted companies	(1.3)	-0.1 %	1.4	0.1 %	-195.3 %
Core consolidated net profit	**297.0**	**23.4 %**	**283.0**	**23.0 %**	**5.0 %**
- Attributable to shareholders of Ipsen S.A.	296.2	23.4 %	282.5	23.0 %	4.9 %
- Attributable to non-controlling interests	0.8	0.1 %	0.5	0.0 %	N.A.
Core EPS fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	**3.55**		**3.38**		**5.0 %**

Reconciliation from Core consolidated net profit to IFRS consolidated net profit

(in million of euros)	2020	2019
Core consolidated net profit	**297.0**	**283.0**
Amortization of intangible assets (excluding software)	(32.0)	(30.0)
Other operating income and expenses	(14.2)	(13.8)
Restructuring costs	(10.8)	(6.6)
Impairment losses	(58.9)	—
Others	41.7	(12.0)
IFRS consolidated net profit	**222.7**	**220.6**
IFRS EPS fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	**2.66**	**2.64**

Sales

At the end of June 2020, the Group's consolidated Sales reached €1,268.3 million, up 3.1% year-on-year and up 3.1% as reported and at constant currency.

Other revenues

Other revenues for the half year 2020 totaled €38.6 million, down 38.9% versus €63.3 million at the end of June 2019. The evolution was attributable to lower royalties paid by partners, mainly by Menarini for Adenuric® and Galderma for Dysport®.

Cost of goods sold

At the end of June 2020, Cost of goods sold amounted to €241.8 million, representing 19.1% of net sales compared to €236.9 million, or 19.3% of sales at the end of June 2019. The favorable impact of Specialty Care growth on the product mix continued to drive the decrease of the cost of goods sold as a percentage of sales, partly offset by an increase of royalties paid to partners.

Selling expenses

For the first half of 2020, Selling expenses amounted to €375.4 million, down 6.1% versus the same period in 2019. The decrease reflects activities postponed or cancelled mainly due to COVID-19, including digital sales detailing lower travel throughout the Group and conversion to virtual conferences and medical meetings. Selling expenses represented 29.6% of net sales at the end of June 2020, a decrease of 2.9 points year-on-year.

Research and Development expenses

In the first half of 2020, Research and Development expenses totaled €190.6 million compared to €176.3 million at the end of June 2019. The Group continued to invest in Research and Development in Oncology, especially for Cabometyx® and Onivyde®, in Neuroscience, mainly for Dysport® life cycle management and the next-generation neurotoxin programs as well as in Rare Diseases for palovarotene.

General and administrative expenses

At the end of June 2020, general and administrative expenses amounted to €94.0 million, compared to €90.4 million at the end of June 2019 with a stable ratio as a percentage of sales year-on-year. The increase resulted primarily from the reinforcement of the Specialty Care organization.

Other Core operating income and expenses

In the first half of 2020, Other core operating income and expenses amounted to an income of €5.1 million versus an expense of €2.0 million in the first half of 2019, mainly due to the impact of the currency hedging policy.

Core Operating Income

Core Operating Income for the first half of 2020 reached €410.2 million, representing 32.3% of sales, compared to €387.5 million at the end of June 2019, representing 31.5% of sales, a growth of 5.9% and an increase in profitability of 0.8 points.

Core net financing costs and Other financial income and expense

At the end of June 2020, the Group incurred net financial expenses of €25.2 million, versus €18.8 million in the first half of 2019.

Net financing costs increased by €1.9 million, driven by the acquisition of Clementia in April 2019.

Other financial expenses increased by €4.5 million, mainly related to the unwinding of the discount applied to contingent assets and liabilities.

Core income taxes

At the end of June 2020, Core income tax expense of €86.6 million resulted from a Core effective tax rate of 22.5% on Core profit before tax compared to a rate of 23.6% at the end of June 2019.

Core consolidated net profit

For the first half of 2020, Core consolidated net profit increased by 5.0% to €297.0 million, with €296.2 million fully attributable to Ipsen S.A. shareholders. This compares to Core consolidated net profit of €283 million at end of June 2019, with €282.5 million fully attributable to Ipsen S.A. shareholders.

Core Earnings per share

At the end of June 2020, Core EPS fully diluted came to €3.55, up 5.0% versus €3.38 per share at the end of June 2019.

From Core financial measures to IFRS reported figures

Reconciliations between IFRS June 2019 / June 2020 results and the Core financial measures are presented in Appendix 4.

At the end of June 2020, the main reconciling items between Core consolidated net income and IFRS consolidated net income were:

Amortization of intangible assets (excluding software)

Amortization of intangible assets (excluding software) for the first half of 2020 amounted to €43.9 million before tax, compared to €41.0 million before tax at the end of June 2019, mainly due to the higher amortization of intangible assets related to Cabometyx®.

Other operating income and expenses and Restructuring costs

Other non-core operating income and expenses for the first half of 2020 amounted to an expense of €19.2 million before tax, mainly related to Group transformation programs. Restructuring costs came to €15.4 million before tax, mainly impacted by the Consumer Healthcare France transformation project and by the relocation of the Onivyde® manufacturing site from Cambridge (Massachusetts, U.S.) to Signes in France.

At the end of June 2019, Other non-core operating expenses totaled €19.7 million before tax mainly related to Clementia integration costs and costs arising from the Group's transformation programs. Restructuring expenses amounted to €9.0 million, consisting mainly of the costs for the relocations of the U.S. and German commercial affiliates.

Impairment losses

In the first half of 2020, the Group recognized an impairment loss of €81.7 million before tax mainly on the intangible assets of palovarotene following the decision to terminate the MO-Ped trial related to the multiple osteochondromas (MO) indication.

In the first half of 2019, no impairment loss or gain was recognized.

Other financial income and expense

At the end of June 2020, other financial income and expenses included a financial income of €45.0 million before tax related to the Contingent Value Right (CVR) and milestones revaluation of Clementia.

At the end of June 2019, the reassessment of the Onivyde® contingent payments led to an expense of €16.1 million.

IFRS financial measures

Operating income

At the end of June 2020, Operating income totaled €249.8 million versus €317.8 million at the end of June 2019, with an Operating margin of 19.7%, down 6.1 points compared to the first half of 2019.

Consolidated net profit

Consolidated net profit was €222.7 million at the end of June 2020, an increase of 1.0% compared to the end of June 2019 at €220.6 million.

Earnings per share

Fully diluted EPS was €2.66 at the end of June 2020 versus €2.64 at the end of June 2019.

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. Corporate overhead costs and the impact of the currency hedging policy are not allocated to the two operating segments.

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 2020 and 2019 half years in the following table:

(in million of euros)	2020	2019	Change	
				%
Specialty Care				
Sales	1,167.1	1,100.0	67.1	*6.1 %*
Revenue	1,194.6	1,137.2	57.4	*5.0 %*
Core Operating Income	503.5	447.6	55.9	*12.5 %*
% of sales	*43.1 %*	*40.7 %*		
Consumer Healthcare				
Sales	101.2	129.6	(28.4)	*-21.9 %*
Revenue	112.3	155.7	(43.3)	*-27.8 %*
Core Operating Income	5.6	34.3	(28.8)	*-83.8 %*
% of sales	*5.5 %*	*26.5 %*		
Total Unallocated				
Core Operating Income	(98.9)	(94.5)	(4.5)	*4.7 %*
Group total				
Sales	1,268.3	1,229.6	38.7	*3.1 %*
Revenue	1,306.9	1,292.9	14.1	*1.1 %*
Core Operating Income	410.2	387.5	22.7	*5.9 %*
% of sales	*32.3 %*	*31.5 %*		

At the end of June 2020, Specialty Care sales grew to €1,167.1 million, up 6.1% as compared to the end of June 2019 (5.9% at constant exchange rates), reaching 92.0% of total consolidated sales, versus 89.5% a year earlier. In the first half of 2020, Core Operating Income for Specialty Care amounted to €503.5 million, representing 43.1% of sales. This compares to €447.6 million in the prior-year period, representing 40.7% of sales. The improvement reflects the continued growth of Somatuline® in the United States and Europe, the contribution of Cabometyx®, as well as a decrease in selling expenses and increased Research & Development investments.

At the end of June 2020, Consumer Healthcare sales reached €101.2 million, down 21.9% year-on-year or down 21.1% at constant exchange rates. For the first half of 2020, Core Operating Income for Consumer Healthcare amounted to €5.6 million, representing 5.5% of sales, compared to 26.5% at the end of June 2019, reflecting lower sales and other revenues despite the decrease of commercial investments.

At the end of June 2020, Unallocated Core Operating Income amounted to a negative €98.9 million, compared to a negative €94.5 million in the year-earlier period. The evolution is mainly attributable to the reinforcement of the global IT strategy partly offset by the positive impact from the currency hedging policy in 2020.

Net cash flow and financing

The Group had a net debt decrease of €192.3 million over the first half of 2020, bringing closing net debt to €923.3 million.

(in million of euros)	2020	2019
Opening net cash / (debt)	**(1,115.6)**	**(430.7)**
Core Operating Income	**410.2**	**387.5**
Non-cash items	69.4	36.0
Change in operating working capital requirement	(16.8)	(102.0)
(Increase) decrease in other working capital requirement	(37.8)	(26.8)
Net capex (excluding milestones paid)	(56.3)	(96.3)
Dividends received from entities accounted for using the equity method	—	0.9
Operating Cash Flow	**368.7**	**199.2**
Other non-core operating income and expenses and restructuring costs (cash)	(15.5)	(33.9)
Financial income (cash)	(24.8)	(18.7)
Current income tax (P&L, excluding provisions for tax contingencies)	(99.4)	(53.2)
Other operating cash flow	4.3	7.6
Free Cash Flow	**233.3**	**101.0**
Distributions paid	(83.5)	(83.5)
Net investments (business development and milestones)	(4.4)	(1,058.2)
Share buyback	(6.1)	(4.0)
FX on net indebtedness and change in earn-out	49.5	(28.7)
Other	3.5	4.6
Shareholders return and external growth operations	**(41.0)**	**(1,169.8)**
CHANGE IN NET CASH / (DEBT)	**192.3**	**(1,068.8)**
Closing net cash / (debt)	**(923.3)**	**(1,499.5)**

Operating Cash Flow

Operating Cash Flow in the first half of 2020 totaled €368.7 million, up €169.4 million (+85.1%) versus the first half of 2019, driven by higher Core Operating Income (up €22.7 million), higher non-cash items, lower working capital requirements, and lower Capex (down €40.0 million).

Non-cash items increased in the first half of 2020 by €69.4 million versus an increase of €36.0 million in the first half of 2019, mainly impacted by an increase in the amortization of assets, higher provisions and lower deferred revenue with partners.

Working capital requirement for operating activities increased by €16.8 million for the first half of 2020, compared to an increase of €102.0 million in the first half of 2019. The increase in the first half of 2020 mainly stemmed from:

- a €10.2 million increase in inventories during the year to support business growth;
- a €21.1 million decrease in trade receivables, in-line with the phasing of sales;
- and €27.8 million decrease in trade payables as of 30 June 2020, as compared to a decrease of €1.9 million in the first half of 2019, impacted by lower Opex due to the COVID-19 pandemic.

At the end of June 2020, other working capital requirement increased by €37.8 million, mainly driven by variable compensation payments to employees in the first half of the year.

Net capital expenditures amounted to €56.3 million for the first half of 2020, compared to €96.3 million in 2019, 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 IT and digital projects.

Free Cash Flow

Free Cash Flow for the first six months of 2020 came to €233.3 million, up €132.3 million versus 2019, mainly driven by higher Operating Cash Flow despite the negative impact of current income tax related to higher statutory taxable profits.

Shareholders return and external growth operations

In the first half of 2020, the distribution payout to Ipsen S.A. shareholders amounted to €83.2 million.

Net investments in the first half of 2019 amounted to €1,058 million, mainly related to the acquisition of Clementia for €986 million (including transaction fees) and additional milestones of €53 million paid to Exelixis and €13 million to MD Anderson.

FX on indebtedness and change in earn-out included mainly the positive impact of €45 million on net debt of the CVR write-up and the Clementia milestone revaluation.

Reconciliation of cash and cash equivalents and net cash

(in million of euros)	2020	2019
Current financial assets (derivative instruments on financial operations)	**0.7**	**0.5**
Closing cash and cash equivalents	**420.8**	**181.0**
Non-current loans	(565.6)	(298.2)
Other financial liabilities (excluding derivative instruments) (**)	(227.0)	(430.8)
Non-current financial liabilities	**(792.6)**	**(728.9)**
Credit lines and bank loans	(267.9)	(796.2)
Financial liabilities (excluding derivative instruments) (**)	(284.3)	(155.8)
Current financial liabilities	**(552.2)**	**(952.1)**
Debt	**(1,344.8)**	**(1,681.0)**
Net cash / (debt) (*)	**(923.3)**	**(1,499.5)**

(*) 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 €5.3 million in derivative instruments related to commercial operations at the end of June 2020, compared with €14.9 million one year earlier.

Analysis of Group cash

On 16 June 2016, Ipsen S.A. issued €300 million in unsecured, seven-year public bonds. The bonds mature on 16 June 2023 with a coupon at an annual interest rate of 1.875%.

On 24 May 2019, Ipsen S.A. signed a new Revolving Credit Facility (RCF) of €1,500 million with a five-year maturity that includes two one-year extension options. In 2020, Ipsen S.A. exercised one of its two options to extend its credit facility for one year. The new maturity is fixed to 2025.

On 23 July 2019, Ipsen S.A. issued $300 million through U.S. Private Placement (“USPP”) in two tranches of 7 and 10-year maturities.

In both RCF and the USPP, the Group has to comply with a Net Debt / EBITDA covenant to remain below 3.5 times at each financial closing, and the facility includes specific indicators linked to Corporate Social Responsibility (“CSR”) to be assessed annually.

On 30 June 2020, the RCF was drawn for €268 million and the Group was complying with its covenant ratio.

The Ipsen S.A. program of emission of NEU CP - Negotiable EUropean Commercial Paper of €600 million was drawn for €222 million on 30 June 2020.

Appendices

Appendix 1 – Consolidated income statement

(in million of euros)	2020	2019
Sales	**1,268.3**	**1,229.6**
Other revenues	38.6	63.3
Revenue	**1,306.9**	**1,292.9**
Cost of goods sold	(241.8)	(236.9)
Selling expenses	(375.4)	(399.7)
Research and development expenses	(190.6)	(176.3)
General and administrative expenses	(94.0)	(90.4)
Other operating income	8.2	9.9
Other operating expenses	(66.2)	(72.6)
Restructuring costs	(15.4)	(9.0)
Impairment losses	(81.7)	—
Operating Income	**249.8**	**317.8**
Investment income	*1.1*	*0.8*
Financing costs	*(14.7)*	*(12.5)*
Net financing costs	(13.6)	(11.7)
Other financial income and expense	33.9	(23.2)
Income taxes	(47.5)	(67.9)
Share of net profit/(loss) from equity-accounted companies	(1.3)	1.4
Net profit (loss) from continuing operations	**221.3**	**216.4**
Net profit (loss) from discontinued operations	1.4	4.1
Consolidated net profit (loss)	**222.7**	**220.6**
- Attributable to shareholders of Ipsen S.A.	221.9	220.1
- Attributable to non-controlling interests	0.8	0.5
Basic earnings per share, continuing operations (in euro)	2.65	2.60
Diluted earnings per share, continuing operations (in euro)	2.65	2.59
Basic earnings per share, discontinued operations (in euro)	0.02	0.05
Diluted earnings per share, discontinued operations (in euro)	0.02	0.05
Basic earnings per share (in euro)	2.67	2.65
Diluted earnings per share (in euro)	2.66	2.64

Appendix 2 – Consolidated balance sheet before allocation of net profit

(in million of euros)	30 June 2020	31 December 2019
ASSETS		
Goodwill	627.5	632.6
Other intangible assets	1,247.3	1,383.2
Property, plant & equipment	654.2	679.3
Equity investments	61.5	64.9
Investments in equity-accounted companies	14.9	18.8
Non-current financial assets	28.4	27.7
Deferred tax assets	179.6	149.4
Other non-current assets	5.5	4.5
Total non-current assets	**2,818.8**	**2,960.4**
Inventories	220.9	214.0
Trade receivables	529.9	565.0
Current tax assets	39.7	22.8
Current financial assets	57.7	59.3
Other current assets	132.7	132.2
Cash and cash equivalents	430.0	353.3
Total current assets	**1,411.1**	**1,346.5**
TOTAL ASSETS	**4,229.8**	**4,306.9**
EQUITY AND LIABILITIES		
Share capital	83.8	83.8
Additional paid-in capital and consolidated reserves	1,527.1	1,656.1
Net profit (loss) for the period	221.9	(50.7)
Foreign exchange differences	24.3	61.8
Equity attributable to Ipsen S.A. shareholders	**1,857.1**	**1,751.0**
Equity attributable to non-controlling interests	2.3	2.0
Total shareholders' equity	**1,859.4**	**1,753.1**
Retirement benefit obligation	62.7	60.7
Non-current provisions	47.2	30.5
Other non-current financial liabilities	792.5	854.7
Deferred tax liabilities	89.1	107.7
Other non-current liabilities	44.1	47.8
Total non-current liabilities	**1,035.5**	**1,101.4**
Current provisions	12.1	9.1
Current financial liabilities	558.4	609.5
Trade payables	475.8	508.5
Current tax liabilities	28.7	13.7
Other current liabilities	250.6	297.4
Bank overdrafts	9.1	14.3
Total current liabilities	**1,334.9**	**1,452.5**
TOTAL EQUITY & LIABILITIES	**4,229.8**	**4,306.9**

Appendix 3 – Cash flow statements

- **Appendix 3.1 - Consolidated statement of cash flow**

(in million of euros)	30 June 2020	30 June 2019
Consolidated net profit	**222.7**	**220.6**
Share of profit (loss) from equity-accounted companies	4.3	3.2
Net profit (loss) before share from equity-accounted companies	**227.0**	**223.8**
Non-cash and non-operating items:		
- Depreciation, amortization, provisions	116.5	65.0
- Impairment losses included in operating income and net financial income	81.5	—
- Change in fair value of financial derivatives	3.9	7.2
- Net gains or losses on disposals of non-current assets	2.6	0.8
- Unrealized foreign exchange differences	4.0	(1.8)
- Change in deferred taxes	(51.9)	14.7
- Share-based payment expense	10.6	7.8
- Other non-cash items	(39.8)	17.5
Cash flow from operating activities before changes in working capital requirement	**354.3**	**335.0**
- (Increase)/decrease in inventories	(10.2)	(11.4)
- (Increase)/decrease in trade receivables	21.1	(88.8)
- Increase/(decrease) in trade payables	(27.8)	(1.9)
- Net change in income tax liability	(2.1)	5.4
- Net change in other operating assets and liabilities	(41.9)	(45.7)
Change in working capital requirement related to operating activities	**(60.7)**	**(142.2)**
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**293.6**	**192.7**
Acquisition of property, plant & equipment	(33.3)	(76.0)
Acquisition of intangible assets	(18.3)	(23.2)
Proceeds from disposal of intangible assets and property, plant & equipment	—	0.3
Acquisition of shares in non-consolidated companies	(3.2)	—
Payments to post-employment benefit plans	(2.3)	(0.6)
Impact of changes in the consolidation scope	—	(817.2)
Change in working capital related to investment activities	(7.7)	(64.0)
Other cash flow related to investment activities	(1.5)	(10.1)
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES	**(66.3)**	**(990.8)**
Additional long-term borrowings	5.7	8.1
Repayment of long-term borrowings	(0.7)	(1.3)
Net change in short-term borrowings	(55.7)	743.9
Capital increase	—	0.3
Treasury shares	(6.0)	(3.4)
Distributions paid by Ipsen S.A.	(83.2)	(83.2)
Dividends paid by subsidiaries to non-controlling interests	(0.3)	(0.3)
Change in working capital related to financing activities	(4.9)	(1.5)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	**(145.2)**	**662.5**
CHANGE IN CASH AND CASH EQUIVALENTS	**82.1**	**(135.6)**
OPENING CASH AND CASH EQUIVALENTS	**339.0**	**310.9**
Impact of exchange rate fluctuations	(0.3)	5.6
CLOSING CASH AND CASH EQUIVALENTS	**420.8**	**181.0**

- **Appendix 3.2 - Consolidated net cash flow statement**

(in million of euros)	2020	2019
Opening net cash / (debt)	**(1,115.6)**	**(430.7)**
CORE OPERATING INCOME	**410.2**	**387.5**
Non-cash items	**69.4**	**36.0**
(Increase) /decrease in inventories	(10.2)	(11.4)
(Increase) / decrease in trade receivables	21.1	(88.8)
Increase / (decrease) in trade payables	(27.8)	(1.9)
Change in operating working capital requirement	**(16.8)**	**(102.0)**
Change in income tax liability	(2.1)	5.4
Change in other operating assets and liabilities (excluding milestones received)	(35.7)	(32.3)
Other changes in working capital requirement	**(37.8)**	**(26.8)**
Acquisition of property, plant & equipment	(33.3)	(76.0)
Acquisition of intangible assets (excluding milestones paid)	(8.2)	(10.4)
Disposal of fixed assets	—	0.3
Change in working capital related to investment activities	(14.8)	(10.2)
Net capex (excluding milestones paid)	**(56.3)**	**(96.3)**
Dividends received from entities accounted for using the equity method	**—**	**0.9**
Operating Cash Flow	**368.7**	**199.2**
Other non-core operating income and expenses and restructuring costs (cash)	(15.5)	(33.9)
Financial income (cash)	(24.8)	(18.7)
Current income tax (P&L, excluding provisions for tax contingencies)	(99.4)	(53.2)
Other operating cash flow	4.3	7.6
Free Cash Flow	**233.3**	**101.0**
Distributions paid (including payout to non-controlling interests)	**(83.5)**	**(83.5)**
Acquisition of shares in non-consolidated companies	(3.4)	(0.1)
Acquisition of other financial assets	—	(3.3)
Impact of changes in consolidation scope	—	(984.7)
Milestones paid	(2.8)	(70.0)
Milestones received	1.8	—
Other Business Development operations	—	—
Net investments (Business Development and milestones)	**(4.4)**	**(1,058.2)**
Share buyback	(6.1)	(4.0)
FX on net indebtedness and change in earn out	49.5	(28.7)
Other	3.5	4.6
Shareholders return and external growth operations	**(41.0)**	**(1,169.8)**
CHANGE IN NET CASH / (DEBT)	**192.3**	**(1,068.8)**
Closing net cash / (debt)	**(923.3)**	**(1,499.5)**

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

	IFRS						CORE
(in million of euros)	**2020**	**Amortization of intangible assets (excl software)**	**Other operating income or expenses**	**Restructuring**	**Impairment losses**	**Other**	**2020**
Sales	1,268.3	—	—	—	—	—	1,268.3
Other revenues	38.6	—	—	—	—	—	38.6
Revenue	**1,306.9**	**—**	**—**	**—**	**—**	**—**	**1,306.9**
Cost of goods sold	(241.8)	—	—	—	—	—	(241.8)
Selling expenses	(375.4)	—	—	—	—	—	(375.4)
Research and development expenses	(190.6)	—	—	—	—	—	(190.6)
General and administrative expenses	(94.0)	—	—	—	—	—	(94.0)
Other operating income	8.2	—	(2.9)	—	—	—	5.3
Other operating expenses	(66.2)	43.9	22.2	—	—	—	(0.2)
Restructuring costs	(15.4)	—	—	15.4	—	—	—
Impairment losses	(81.7)	—	—	—	81.7	—	—
Operating Income	**249.8**	**43.9**	**19.2**	**15.4**	**81.7**	**—**	**410.2**
Net financing costs	(13.6)	—	—	—	—	—	(13.6)
Other financial income and expense	33.9	—	—	—	—	(45.5)	(11.6)
Income taxes	(47.5)	(11.9)	(5.0)	(4.6)	(22.8)	5.2	(86.6)
Share of profit (loss) from equity-accounted companies	(1.3)	—	—	—	—	—	(1.3)
Net profit (loss) from continuing operations	**221.3**	**32.0**	**14.2**	**10.8**	**58.9**	**(40.3)**	**297.0**
Net profit (loss) from discontinued operations	1.4	—	—	—	—	(1.4)	—
Consolidated net profit	**222.7**	**32.0**	**14.2**	**10.8**	**58.9**	**(41.7)**	**297.0**
– Attributable to shareholders of Ipsen S.A.	221.9	32.0	14.2	10.8	58.9	(41.7)	296.2
– Attributable to non-controlling interests	0.8	—	—	—	—	—	0.8
Earnings per share fully diluted – attributable to Ipsen S.A. shareholders (in € per share)	2.66	0.38	0.17	0.13	0.71	(0.50)	3.55

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 million of euros)	IFRS 2019	Amortization of intangible assets (excl software)	Other operating income or expenses	Restructuring	Impairment losses	Other	CORE 2019
Sales	1,229.6	—	—	—	—	—	1,229.6
Other revenues	63.3	—	—	—	—	—	63.3
Revenue	**1,292.9**	**—**	**—**	**—**	**—**	**—**	**1,292.9**
Cost of goods sold	(236.9)	—	—	—	—	—	(236.9)
Selling expenses	(399.7)	—	—	—	—	—	(399.7)
Research and development expenses	(176.3)	—	—	—	—	—	(176.3)
General and administrative expenses	(90.4)	—	—	—	—	—	(90.4)
Other operating income	9.9	—	(9.8)	—	—	—	0.1
Other operating expenses	(72.6)	41.0	29.5	—	—	—	(2.1)
Restructuring costs	(9.0)	—	—	9.0	—	—	—
Impairment losses	—	—	—	—	—	—	—
Operating Income	**317.8**	**41.0**	**19.7**	**9.0**	**—**	**—**	**387.5**
Net financing costs	(11.7)	—	—	—	—	—	(11.7)
Other financial income and expense	(23.2)	—	—	—	—	16.1	(7.1)
Income taxes	(67.9)	(11.0)	(5.9)	(2.4)	—	—	(87.1)
Share of profit (loss) from equity-accounted companies	1.4	—	—	—	—	—	1.4
Net profit (loss) from continuing operations	**216.4**	**30.0**	**13.8**	**6.6**	**—**	**16.1**	**283.0**
Net profit (loss) from discontinued operations	4.1	—	—	—	—	(4.1)	—
Consolidated net profit	**220.6**	**30.0**	**13.8**	**6.6**	**—**	**12.0**	**283.0**
– Attributable to shareholders of Ipsen S.A.	220.1	30.0	13.8	6.6	—	12.0	282.5
– Attributable to non-controlling interests	0.5	—	—	—	—	—	0.5
Earnings per share fully diluted – attributable to Ipsen S.A. shareholders (in € per share)	2.64	0.36	0.17	0.08	0.00	0.14	3.38