

# Ipsen

## Business and Strategy update

Credit Suisse Roadshow Frankfurt  
2 December 2013

Susheel Surpal – CFO



# Agenda for today

**1**

**Franchise growth**

**2**

**US to reach profitability**

**3**

**Reinforced and delivering R&D platforms**

**4**

**Governance**

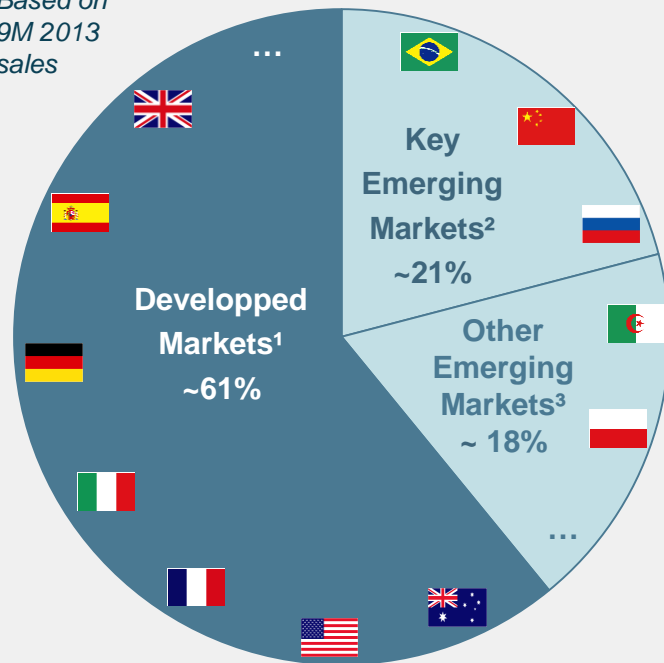
# Franchise growth

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# Ipsen significantly impacted by FX in 2013

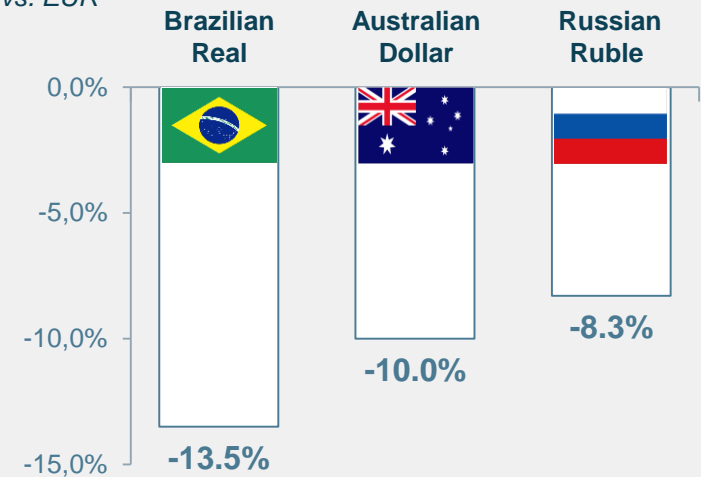
## Strong global presence

Based on  
9M 2013  
sales



## Exchange rate headwind

YTD  
evolution  
vs. EUR

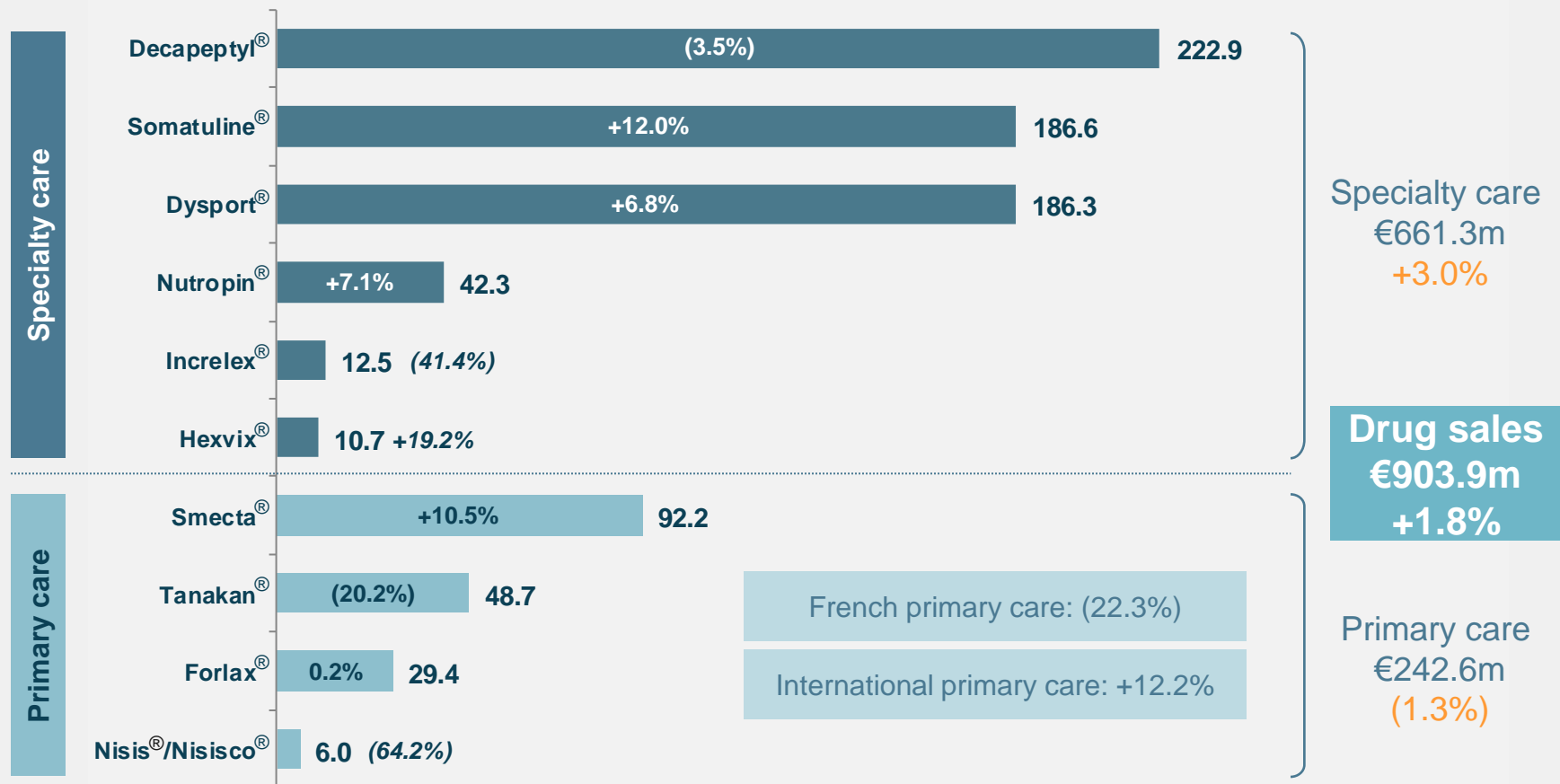


Source: Reuters, as of 18 November 2013

**c.€15 million top-line FX impact in the first 9 months, partly flowing down to EBIT**

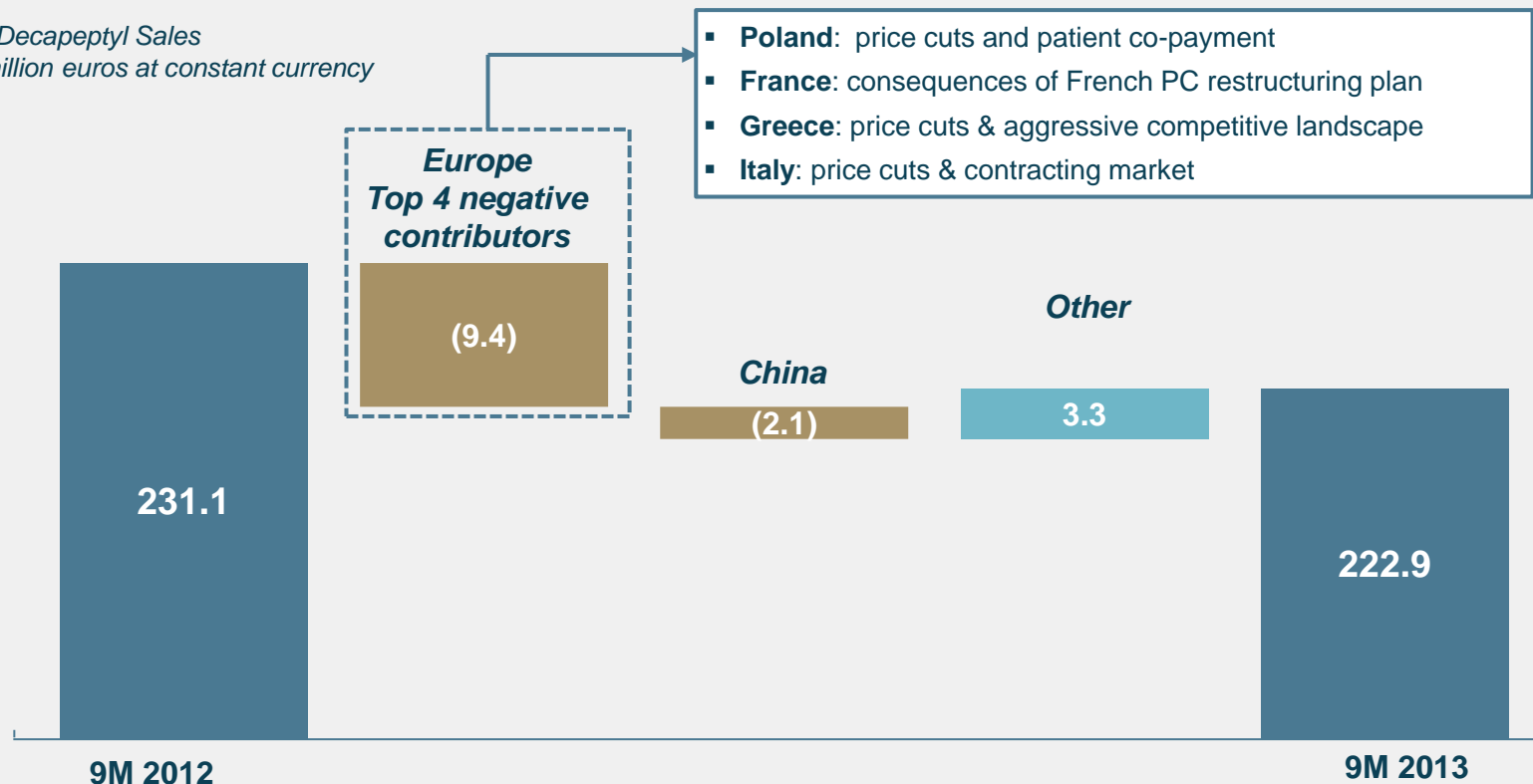
# Specialty care sales growth impacted by Decapeptyl<sup>®</sup> performance and Increlex<sup>®</sup> shortage

Drug Sales - 9M 2013  
in million euros - % excluding foreign exchange impacts



# Decapeptyl® sales in 9M 2013 impacted by headwinds in China and Europe

9M Decapeptyl Sales  
in million euros at constant currency

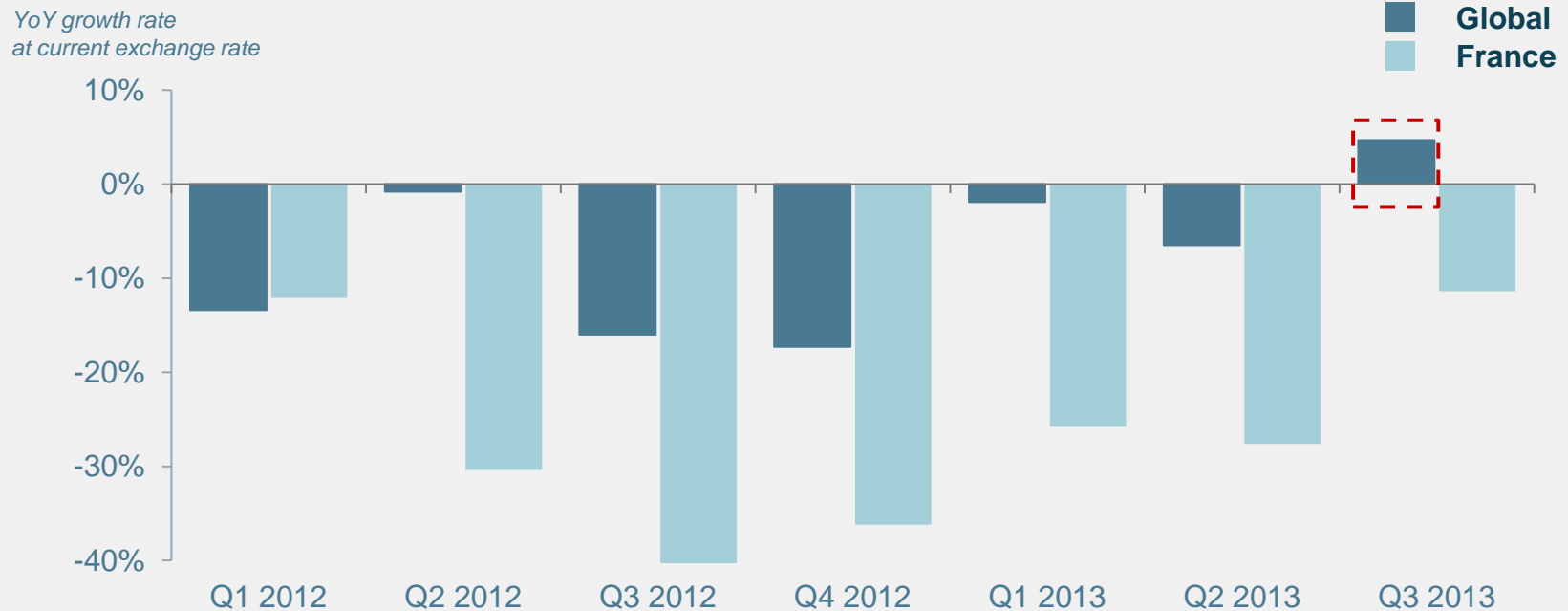


Headwinds in Europe as anticipated

China below expectation, situation improving in Q3

# Stabilizing Primary care driven by strong growth in emerging countries and slow down of French decline

## Evolution of quarterly Primary care sales



Annualization of French primary care decline

Remaining French primary care overhang: Smecta® generic

# Potential business development to accelerate growth

## Contemplated scenarios

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### External acquisition

Bolt-on acquisitions to reinforce growth platforms in emerging / US  
Late-stage products (late phase III/ marketed)

### External cooperation

Leverage geographical footprint



**US to reach profitability**

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# US to reach profitability with significant growth opportunities ahead

## Somatuline®

- Endocrinology Business Unit profitable despite Increlex® shortage
- ~ 50% market share in acromegaly market<sup>(1)</sup>
- Positive ELECT topline results
- Positive CLARINET results

## Dysport®

- Restructuring of commercial operations
- New commercial model focused on key account management
- Adult Upper Limb spasticity phase III read out in H1 2014

**US operations actively managed to rapidly reduce losses**

**Expected breakeven in 2014<sup>(2)</sup> in current operational setting**



**Currently investigating NET commercialization options**

# Reinforced and delivering R&D platforms

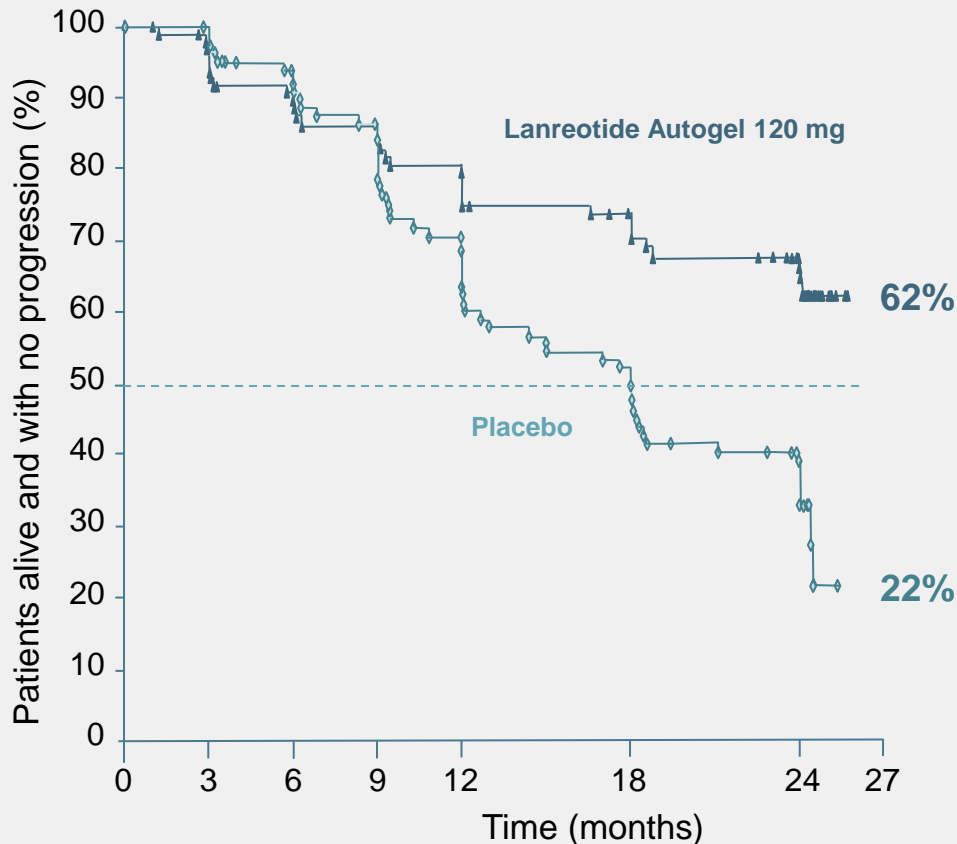
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# R&D engine delivering, securing future franchise growth

	Realized	Upcoming in 2013	2014
Uro-Oncology			tasquinimod PFS and OS data (preliminary analysis)
Endocrinology	Somatuline® CLARINET PhIII results		
	Somatuline® ELECT PhIII topline results		
Neurology	Syntaxin acquisition / Harvard partnership	Dysport® NG Preliminary stability data	Dysport® NG Cervical Dystonia PhIII topline results
			Dysport® AUL spasticity PhIII results

 Peptides  
 Toxins

# Demonstration of antiproliferative effect of Somatuline<sup>®</sup> in the treatment of non-functioning GEP-NETs



## Key results

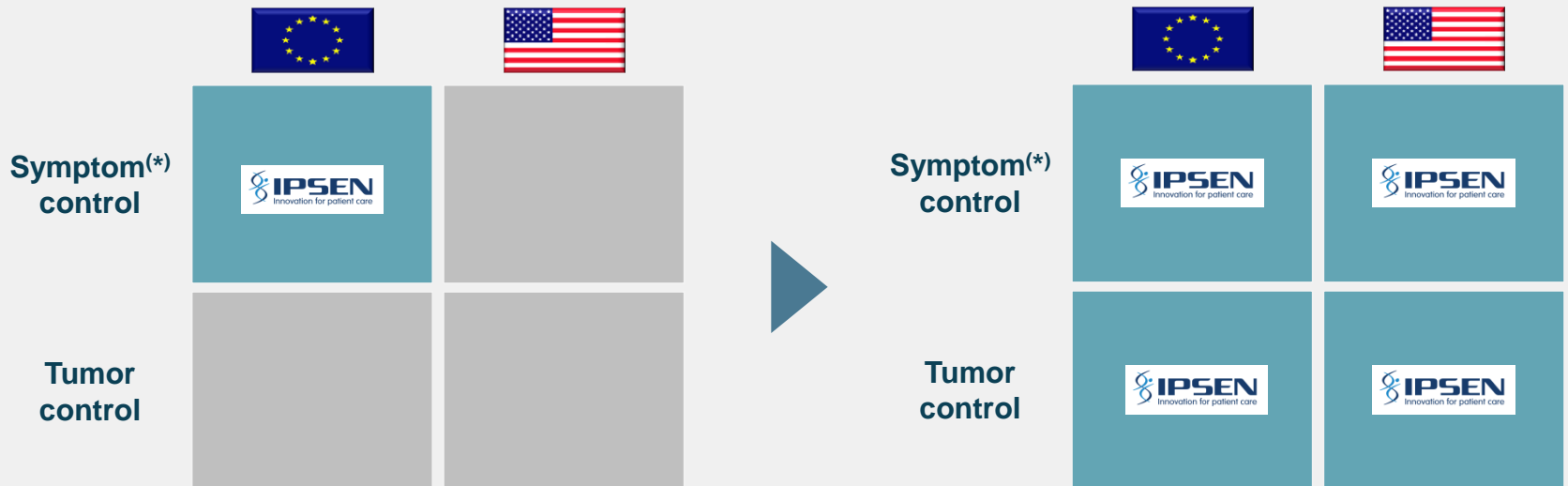
- 62% of GEP-NET patients treated with Somatuline<sup>®</sup> had not progressed or died versus 22% with placebo
- Disease progression or death was reduced by 53%
- Antiproliferative effect of Somatuline<sup>®</sup> is:
  - statistically significant in midgut tumors
  - clinically relevant in pancreatic NETs
  - independent of the tumor grade and hepatic tumor load

CLARINET, the first global and differentiated study showing strong results in the treatment of GEP-NETs

# With Somatuline<sup>®</sup>, Ipsen on track to become first player with global label in GEP-NETs

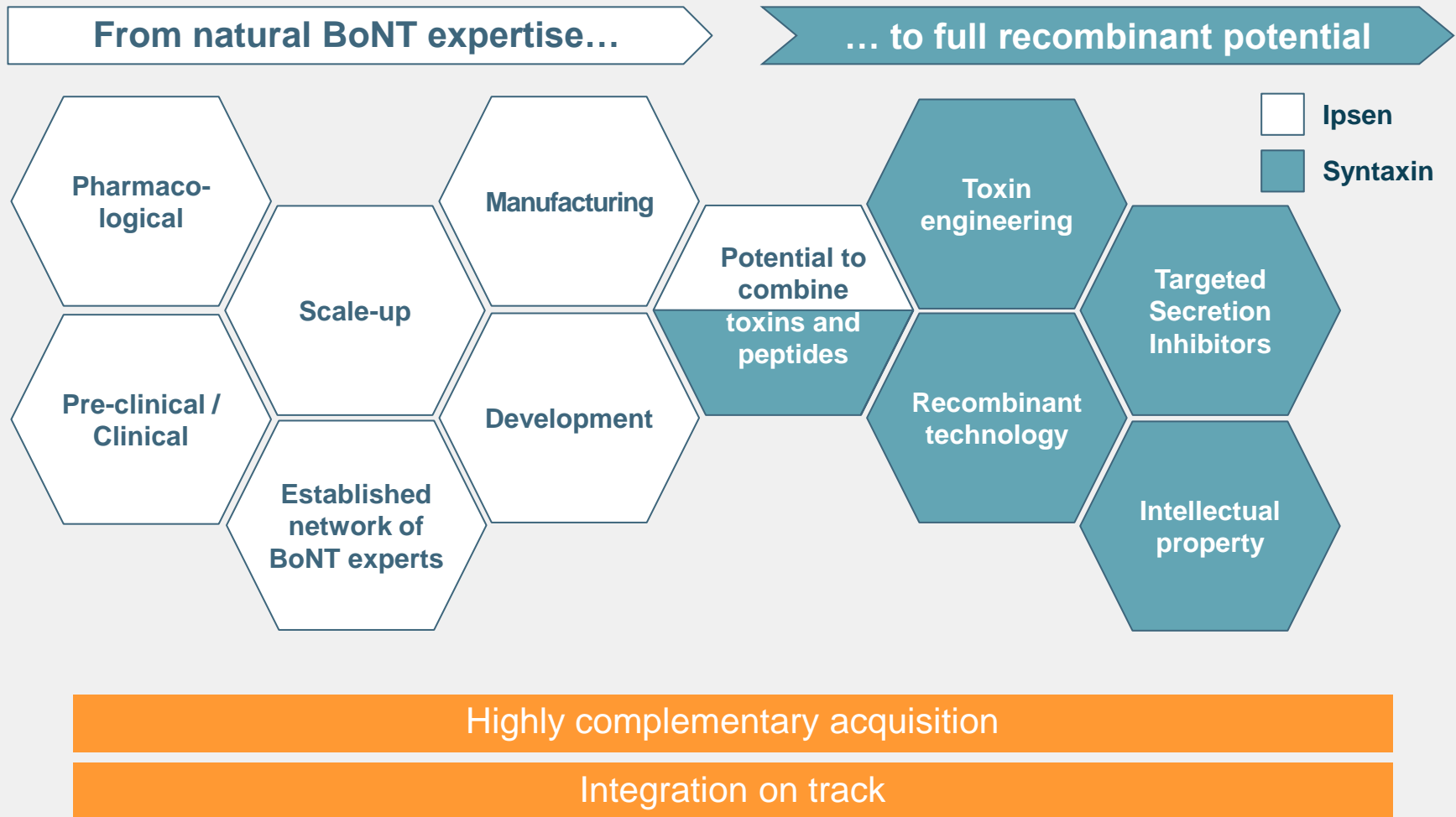
Today

Tomorrow's potential

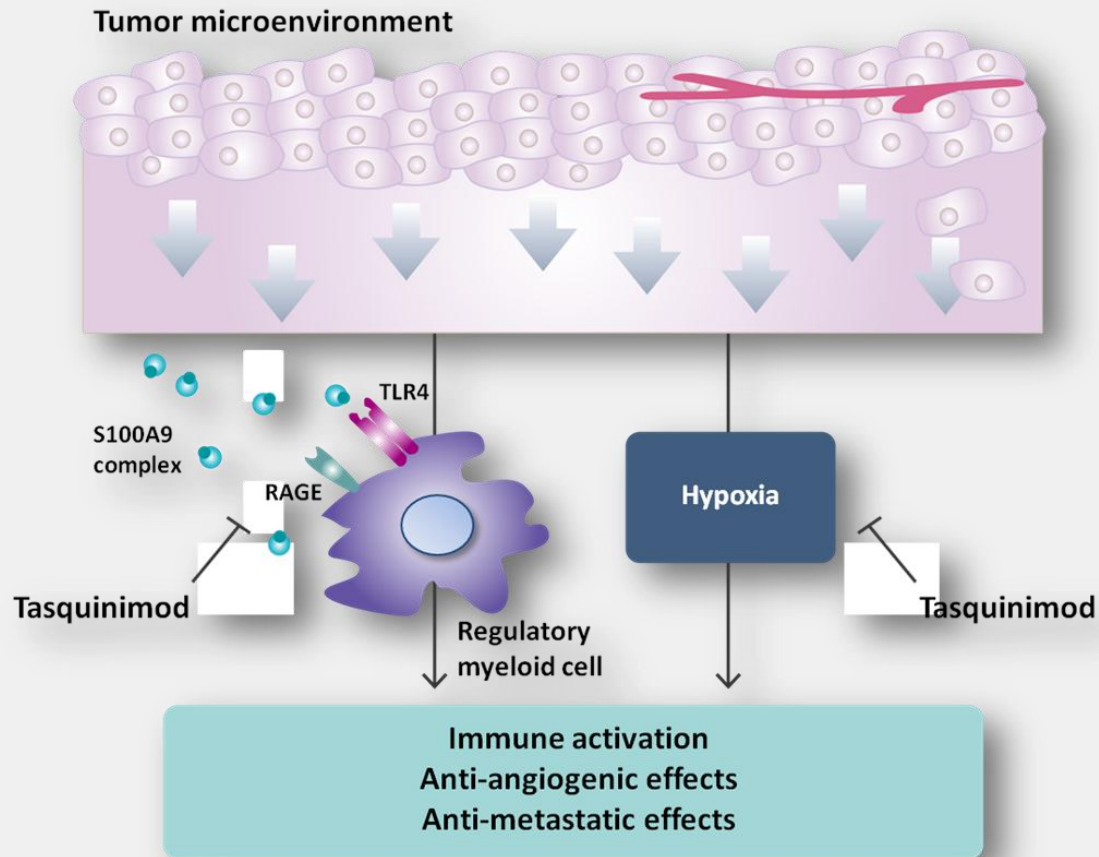


CLARINET and ELECT to significantly increase addressable market

# Ipsen's R&D toxin platform significantly reinforced by Syntaxin acquisition



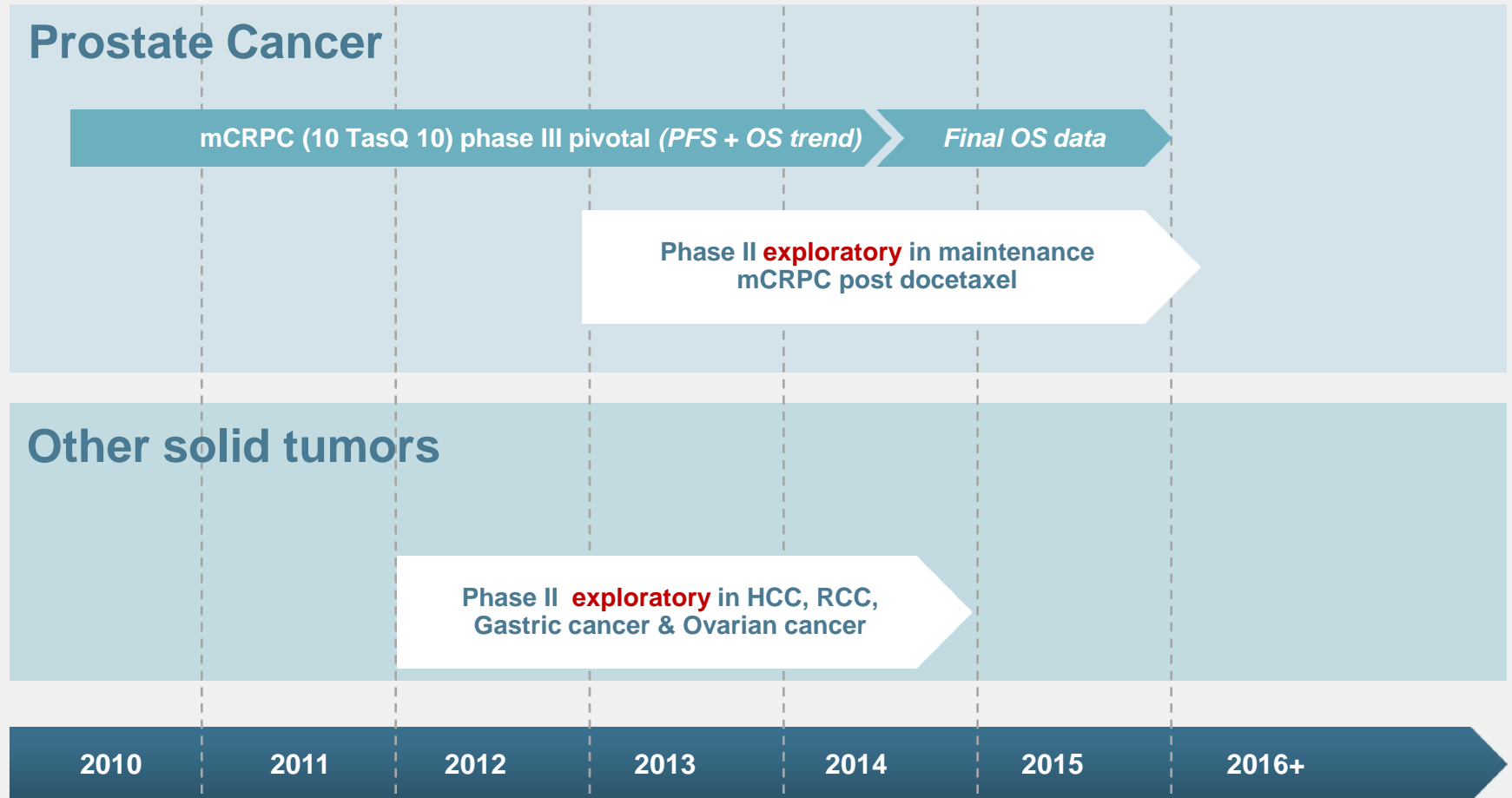
# Tasquinimod, a new first-in-class anti-cancer therapy



A unique MoA that targets the tumor's microenvironment



# Tasquinimod ongoing clinical studies



# New indications / product candidates to significantly increase Ipsen's market opportunity

Product	Growth drivers	Corresponding addressable market
Somatuline®	<p>CLARINET Ph III GEP-NET antitumor effect (WW)</p> <p>ELECT Phase III NET w/ carcinoid syndrome (symptoms) (US)</p>	[€400m - €600m] <sup>(1)</sup>
Dysport®	<p>Spasticity Ph III in adult upper limb (US)</p> <p>Dysport® Next Generation Ph III in cervical dystonia (Europe)</p>	<p>[€200m - €300m]<sup>(2)</sup></p> <p>Differentiated presentation to gain market share</p>
tasquinimod	<p>tasquinimod Ph III in mCRPC (WW excl.US and Japan)</p>	[€1.3bn - €1.5bn] <sup>(3)</sup>

Increased market opportunity in the context of fast growing markets

# Governance

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# New governance and organization to accelerate execution of the new strategy

## Management

### Marc de Garidel, Chairman and CEO



- Define corporate strategy
- Focus on growing sales
- Manage relationship with key stakeholders

### Christel Bories, Deputy CEO



- Run operations
- Transform the organization
- Focus on profitability and cash generation

**Complementary roles and responsibilities**

## New organization

### Strengthening of Specialty care

- Creation of two divisions:
  - Franchises
  - Commercial Operations
- Area of focus for R&D efforts and acquisition resources

### Creation of a Primary care BU

- Important contributor to company results
- Significant growth driver in emerging countries

**Dedicated organizations to leverage respective potential**

# 2013 financial objectives confirmed

Specialty care  
Drug sales

Growth of approximately +3.0% year-on-year

China

- Realignment of the Decapeptyl® inventory situation in the distribution chain
- Launch of new Decapeptyl® local competitors
- Recent disruption in the Chinese market

Middle East

- Continued exceptional political situation in certain Middle Eastern countries

*Excluding further major deterioration of the Chinese and Middle Eastern markets*

Primary care  
Drug sales

Decline of approximately -1.0% year-on-year

Recurring adjusted(\*)  
operating margin

Unchanged at around 16.0% of sales

- The Group continues to implement productivity measures while maintaining investment in R&D
- Benefits from the new organization of French primary care and US commercial operations expected to materialize in 2014

*Note: the above sales growth objectives are set at constant currency. All the above objectives are set excluding major negative unforeseeable events, notably significant currency fluctuations in the context of currency depreciation in certain emerging countries*  
*(\*) Prior to non-recurring expenses*

Thank You

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