

## Ipsen reports strong sales growth in Q1 2015 and raises guidance for the year

- **Group sales up 11.7%<sup>1</sup>**
- **Specialty care sales up 14.6%<sup>1</sup>**
  - Somatuline<sup>®</sup> up 25.0%<sup>1</sup>, driven by the launch in neuroendocrine tumors in the US and Europe
  - Dysport<sup>®</sup> up 10.5%<sup>1</sup>, supported by strong performance in aesthetic medicine
  - Decapeptyl<sup>®</sup> up 9.2%<sup>1</sup>, with solid growth in China
- **Primary care sales up 3.3%<sup>1</sup>, driven by international growth**

**Paris (France), 29 April 2015** - Ipsen (Euronext: IPN; ADR: IPSEY) today reported its sales for the first quarter 2015.

### First quarter 2015 unaudited IFRS consolidated sales

<i>(in million euros)</i>	Q1 2015	Q1 2014	% Change	% Change at constant currency
Specialty care	265,7	225,3	18,0%	14,6%
of which Somatuline <sup>®</sup>	89,3	68,5	30,4%	25,0%
of which Decapeptyl <sup>®</sup>	82,9	73,8	12,3%	9,2%
of which Dysport <sup>®</sup>	68,6	60,8	12,9%	10,5%
Primary care*	84,4	80,7	4,6%	3,3%
of which Smecta <sup>®</sup>	35,9	30,2	18,8%	10,8%
of which Tanakan <sup>®</sup>	10,5	16,3	-35,6%	-27,4%
of which Forlax <sup>®</sup>	9,1	8,4	8,4%	7,5%
<b>Group Sales</b>	<b>350,1</b>	<b>305,9</b>	<b>14,4%</b>	<b>11,7%</b>

\* Includes Active substances and raw materials

Commenting on the first quarter 2015 performance, **Marc de Garidel, Chairman and Chief Executive Officer of Ipsen** said: “Ipsen is off to a good start this year with solid specialty care growth, up 14.6%<sup>1</sup>, driven by the launch of Somatuline<sup>®</sup> in neuroendocrine tumors in the US and Europe, the solid performance of Dysport<sup>®</sup> and the continued growth of Decapeptyl<sup>®</sup> in China. Moreover, Primary Care, despite continued decline in France, benefited from strong international growth.” **Marc de Garidel** added: “Following the improved sales expectations and the savings resulting from discontinuation of all developments with tasquinimod in prostate cancer, we raise our sales and profitability guidance for 2015.”

<sup>1</sup> Year-on-year growth excluding foreign exchange impacts

## **First quarter 2015 sales highlights**

*Note: Unless stated otherwise, all variations in sales are stated excluding foreign exchange impacts.*

**Consolidated Group sales** grew 11.7% to €350.1 million.

Sales of **Specialty care** products reached €265.7 million, up 14.6% year-on-year. Sales in urology-oncology, endocrinology, and neurology grew by respectively 8.5%, 22.7% and 10.9%. The relative weight of specialty care products continued to increase to reach 75.9% of total Group sales, compared to 73.6% the previous year.

Sales of **Somatuline**<sup>®</sup> reached €89.3 million, up 25.0% year-on-year. Somatuline<sup>®</sup> registered strong growth in North America, up 39.9% in volume and 56.9% in value, driven by the launch in neuroendocrine tumors. The product also registered good performance in Europe, notably in Germany, the UK, Spain, and France.

Sales of **Decapeptyl**<sup>®</sup> reached €82.9 million, up 9.2% year-on-year, driven by a strong performance in China. The performance of Decapeptyl<sup>®</sup> nonetheless suffered from a contracting pharmaceutical market in Europe, affected by a more frequent use of co-payment in Southern Europe and continued price reductions, notably an 11.0% cut as of 1<sup>st</sup> January 2015 in Greece and a 3.0% cut as of 1<sup>st</sup> February 2015 in France.

Sales of **Dysport**<sup>®</sup> reached €68.6 million in the first quarter 2015, up 10.5% year-on-year, driven by increased supply sales to Galderma for aesthetics notably boosted by a favorable base effect in the US in the first quarter 2014. Growth was affected by increased competition in Europe, notably in Germany.

Sales of **Primary care** products reached €84.4 million, up 3.3% year-on-year. In France, sales of Primary care products declined 5.6%, affected by price cuts on Smecta<sup>®</sup> in 2014 and by the continued erosion of Tanakan<sup>®</sup> sales. Internationally, sales increased 7.1%, driven by solid performance in Vietnam and China, offsetting the decrease in France. Primary care sales in France accounted for 26.7% of the Group's total primary care sales, compared to 29.6% the previous year.

Sales of **Smecta**<sup>®</sup> reached €35.9 million, up 10.8% year-on-year. Sales growth was driven by a favorable inventory effect in Vietnam. Restated for this item in Vietnam, Smecta<sup>®</sup> sales declined 3.2%. Sustained growth in China only partially offset the termination of direct sales in Algeria, replaced from now on by the sales of the active principle to a local manufacturer, which are recorded in Drug-related sales. Sales were also affected in France by a 7.5% price cut implemented in July 2014.

Sales of **Tanakan**<sup>®</sup> reached €10.5 million euros in the first quarter 2015, down 27.4% year-on-year. Growth was notably penalized by performance in Russia and by competitive intensity in France.

Sales of **Forlax**<sup>®</sup> reached €9.1 million, up 7.5% year-on-year. Sales were still affected by the "Tiers-Payant<sup>1</sup>" regulation in France but benefitted from higher sales to our partners marketing generic versions of the product, and from good performance in Belgium.

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<sup>1</sup> With the "Tiers-Payant" regulation, the patient now pays upfront for a branded drug and is reimbursed only later on

## **Update on European regulatory review for Somatuline<sup>®</sup> Autogel<sup>®</sup> in gastroenteropancreatic neuroendocrine tumors (GEP NETs)**

After the approval granted by the U.S. Food and Drug Administration (FDA) in December 2014, the EU Health Authorities recommended granting a new indication for the antitumor treatment of gastroenteropancreatic neuroendocrine tumors (GEP NETs) for Somatuline<sup>®</sup> Autogel<sup>®</sup> (lanreotide) 120mg Injection in 25 countries of the European Union. The decision will be implemented by the competent authority in each of these countries. As of today, 14 European countries\* have granted approval, including the UK, Germany, and Spain.

*\* UK, Germany, Ireland, Belgium, Finland, Slovakia, Norway, Luxembourg, the Netherlands, Poland, Sweden, Spain, Austria, Czech Republic*

### **2015 objectives raised**

Ipsen's Board of Directors met to analyze the implications of the discontinuation of all developments with tasquinimod in prostate cancer. The good performance of specialty care in the first three months of the year, driven by the launch of Somatuline<sup>®</sup> in neuroendocrine tumors in the US and several European countries, as well as the savings resulting from the discontinuation of clinical developments with tasquinimod, led the Board of Directors to validate the upgrade of Group's objectives for 2015:

- **Specialty Care** drug sales growth **between 10.0% and 12.0%** year-on-year;
- **Primary Care** drug sales decline **between -3.0% and 0.0%** year-on-year;
- **Core operating margin<sup>1</sup>** **between 21.0% and 22.0%**.

Sales objectives are set at constant currency and drug-related sales (active substances and raw materials) are from now on recorded in the Primary Care sales line.

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<sup>1</sup> Excluding non-recurring elements and impairment losses, notably that related to tasquinimod

## **About Ipsen**

Ipsen is a global specialty-driven biotechnological group with total sales exceeding €1.2 billion in 2014. Ipsen sells more than 20 drugs in more than 115 countries, with a direct commercial presence in 30 countries. Ipsen's ambition is to become a leader in specialty healthcare solutions for targeted debilitating diseases. Its development strategy is supported by 3 franchises: neurology, endocrinology and urology-oncology. Ipsen's commitment to oncology is exemplified through its growing portfolio of key therapies improving the care of patients suffering from prostate cancer, bladder cancer and neuro-endocrine tumors. Ipsen also has a significant presence in primary care. Moreover, the Group has an active policy of partnerships. Ipsen's R&D is focused on its innovative and differentiated technological platforms, peptides and toxins, located in the heart of the leading biotechnological and life sciences hubs (Les Ulis, France; Slough/Oxford, UK; Cambridge, US). In 2014, R&D expenditure totaled close to €187 million, representing about 15% of Group sales. The Group has more than 4,500 employees worldwide. Ipsen's shares are traded on segment A of Euronext Paris (stock code: IPN, ISIN code: FR0010259150) and eligible to the "Service de Règlement Différé" ("SRD"). The Group is part of the SBF 120 index. Ipsen has implemented a Sponsored Level I American Depositary Receipt (ADR) program, which trade on the over-the-counter market in the United States under the symbol IPSEY. For more information on Ipsen, visit [www.ipсен.com](http://www.ipсен.com).

## **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 favourable 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 2013 Registration Document available on its website ([www.ipsen.com](http://www.ipsen.com)).

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## Comparison of consolidated sales for the first quarters 2015 and 2014

### Sales by therapeutic area and by product

Note: Unless stated otherwise, all variations in sales are stated excluding foreign exchange impacts.

The following table shows sales by therapeutic area and by product for the first quarters 2015 and 2014:

1 <sup>st</sup> quarter				
(in million euros)	2015	2014	% Variation	% Variation at constant currency
Urology-oncology	87.2	78.2	11.5%	8.5%
of which Hexvix <sup>®</sup>	4.3	4.4	-2.8%	-3.3%
of which Decapeptyl <sup>®</sup>	82.9	73.8	12.3%	9.2%
Endocrinology	109.7	86.2	27.2%	22.7%
of which Somatuline <sup>®</sup>	89.3	68.5	30.4%	25.0%
of which NutropinAq <sup>®</sup>	15.8	15.8	-0.2%	-0.8%
of which Increlex <sup>®</sup>	4.6	2.0	134.2%	126.8%
Neurology	68.8	60.8	13.3%	10.9%
of which Dysport <sup>®</sup>	68.6	60.8	12.9%	10.5%
<b>Specialty care</b>	<b>265.7</b>	<b>225.3</b>	<b>18.0%</b>	<b>14.6%</b>
Gastroenterology	59.2	51.9	14.1%	8.4%
of which Smecta <sup>®</sup>	35.9	30.2	18.8%	10.8%
of which Forlax <sup>®</sup>	9.1	8.4	8.4%	7.5%
Cognitive disorders	10.5	16.3	-35.6%	-27.4%
of which Tanakan <sup>®</sup>	10.5	16.3	-35.6%	-27.4%
Cardiovascular	5.1	5.5	-8.3%	-8.4%
Other Primary Care	2.9	2.9	0.3%	-0.6%
Drug-related Sales*	6.7	4.1	64.6%	63.9%
<b>Primary care*</b>	<b>84.4</b>	<b>80.7</b>	<b>4.6%</b>	<b>3.3%</b>
<b>Group Sales</b>	<b>350.1</b>	<b>305.9</b>	<b>14.4%</b>	<b>11.7%</b>

\* From January 2015 onwards, Drug-related sales (active ingredients and raw materials) are recorded within Primary care sales.

In the first quarter 2015, sales of **Specialty care** products reached €265.7 million, up 14.6% year-on-year. Sales in urology-oncology, endocrinology, and neurology grew by respectively 8.5%, 22.7% and 10.9%. In the first quarter 2015, the relative weight of specialty care products continued to increase to reach 75.9% of total Group sales, compared to 73.6% the previous year.

In **Urology-oncology**, sales of **Decapeptyl<sup>®</sup>** reached €82.9 million in the first quarter 2015, up 9.2% year-on-year, driven by a strong performance in China. Decapeptyl<sup>®</sup>'s performance nonetheless suffered from a contracting pharmaceutical market in Europe, affected by a more frequent use of co-payment in Southern Europe and continued price reductions, notably an 11.0% cut as of 1<sup>st</sup> January 2015 in Greece and a 3.0% cut as of 1<sup>st</sup> February 2015 in France. In the first quarter 2015, sales of **Hexvix<sup>®</sup>** amounted to €4.3 million, down 3.3% compared to the previous year, mostly affected by performance in Germany that was impacted by increased purchase patterns in March 2014 in advance of the April price increase. Germany accounted for close to 70% of this product's sales. Over the period, sales in Urology-oncology represented 24.9% of total Group sales, compared to 25.6% the previous year.

In **Endocrinology**, sales reached €109.7 million in the first quarter 2015, up 22.7% year-on-year. In the first quarter 2015, sales represented 31.3% of total Group sales, compared to 28.2% the previous year.

**Somatuline<sup>®</sup>** – In the first quarter 2015, sales reached €89.3 million, up 25.0% year-on-year. Somatuline<sup>®</sup> registered strong growth in North America, up 39.9% in volume and 56.9% in value, driven by the launch in neuroendocrine tumors. The product also registered good performance in Europe, notably in Germany, the UK, Spain, and France.

**NutropinAq<sup>®</sup>** – In the first quarter 2015, sales reached €15.8 million, down 0.8% compared to the previous year.

**Increlex<sup>®</sup>** – In the first quarter 2015, sales reached €4.6 million, up sharply compared to the same period in 2014, boosted by a favorable base effect arising from the shortage situation that started mid-June 2013 in the United States and in August 2013 in Europe. Supply gradually resumed in Europe in early 2014 and in the United States in June 2014.

In **Neurology**, **Dysport<sup>®</sup>** sales reached €68.6 million in the first quarter 2015, up 10.5% year-on-year, driven by increased supply sales to Galderma for aesthetics notably boosted by a favorable base effect in the US in the first quarter 2014. Growth was affected by increased competition in Europe, notably in Germany. Neurology sales represented 19.6% of total Group sales in the first quarter 2015, compared to 19.9% a year earlier.

In the first quarter 2015, sales of **Primary care** products reached €84.4 million, up 3.3% year-on-year. In France, sales of Primary care products declined 5.6%, affected by price cuts on Smecta<sup>®</sup> in 2014 and by the continued erosion of Tanakan<sup>®</sup> sales. Internationally, sales increased 7.1%, driven by solid performance in Vietnam and China, offsetting the decrease in France. Primary care sales in France accounted for 26.7% of the Group's total primary care sales, compared to 29.6% the previous year.

In **Gastroenterology**, sales reached €59.2 million in the first quarter 2015, up 8.4% year-on-year.

**Smecta<sup>®</sup>** – In the first quarter 2015, sales reached €35.9 million, up 10.8% year-on-year. Sales growth was driven by a favorable inventory effect in Vietnam. Restated for this item in Vietnam, Smecta<sup>®</sup> sales declined 3.2%. Sustained growth in China only partially offset the termination of direct sales in Algeria, replaced from now on by the sales of the active principle to a local manufacturer, which are recorded in Drug-related sales. Sales were also affected in France by a 7.5% price cut implemented in July 2014. Smecta<sup>®</sup> sales represented 10.3% of total Group sales over the period, compared to 9.9% the previous year.

**Forlax<sup>®</sup>** – In the first quarter 2015, sales reached €9.1 million, up 7.5% year-on-year. Sales were still affected by the “Tiers-Payant<sup>1</sup>” regulation in France but benefitted from higher sales to our partners marketing generic versions of the product, and from good performance in Belgium. In the first quarter 2015, France represented 48.0% of total product sales, compared to 46.7% the previous year.

In the **cognitive disorders area**, sales of **Tanakan<sup>®</sup>** reached €10.5 million euros in the first quarter 2015, down 27.4% year-on-year. Growth was notably penalized by performance in Russia and by competitive intensity in France.

In the **cardiovascular area**, sales reached €5.1 million euros in the first quarter 2015, down 8.4% year-on-year. Sales were mainly impacted by the decline of **Nisis<sup>®</sup> / Nisisco<sup>®</sup>** sales, which suffered in France from an additional 40.0% price cut in February 2015.

Sales of **Other primary care** products reached €2.9 million in the first quarter 2015, stable year-on-year, despite the 10.6% drop in **Adrovanse<sup>®</sup>** sales.

In the first quarter 2015, **Drug-related sales (active ingredients and raw materials)<sup>2</sup>** reached €6.7 million, up 63.9% year-on-year. This performance was mainly explained by the new setting in Algeria where Ipsen now supplies the active ingredient of Smecta<sup>®</sup> to a local manufacturer and sales are booked in Drug-related sales.

<sup>1</sup> With the “Tiers-Payant” regulation, the patient now pays upfront for a branded drug and is reimbursed only later on

<sup>2</sup> From January 2015 onwards, Drug-related sales (active ingredients and raw materials) are recorded within Primary care sales

## Sales by geographical area

Group sales by geographical area in the first quarters 2015 and 2014:

1<sup>st</sup> quarter

(in million euros)	2015	2014	% Variation	% Variation at constant currency
France	54.1	54.3	-0.4%	-0.4%
Germany	26.5	24.3	9.3%	9.3%
Italy	21.1	22.2	-4.8%	-4.8%
United Kingdom	18.4	13.8	33.4%	20.0%
Spain	16.8	14.6	15.2%	15.2%
<b>Major Western European countries</b>	<b>137.0</b>	<b>129.3</b>	<b>6.0%</b>	<b>4.8%</b>
Eastern Europe	39.4	44.2	-10.9%	2.9%
Others Europe	37.4	37.4	0.1%	0.4%
<b>Other European Countries</b>	<b>76.8</b>	<b>81.6</b>	<b>-5.9%</b>	<b>1.7%</b>
<b>North America</b>	<b>29.8</b>	<b>14.3</b>	<b>108.1%</b>	<b>72.5%</b>
Asia	59.7	40.3	48.1%	25.4%
Other countries in the Rest of the world	46.8	40.5	15.5%	10.8%
<b>Rest of the World</b>	<b>106.5</b>	<b>80.8</b>	<b>31.8%</b>	<b>18.5%</b>
<b>Group Sales</b>	<b>350.1</b>	<b>305.9</b>	<b>14.4%</b>	<b>11.7%</b>

In the first quarter 2015, sales generated in the **Major Western European countries** reached €137.0 million, up 4.8% year-on-year. Sales in the Major Western European countries represented 39.1% of total Group sales in the first quarter 2015, compared to 42.2% the previous year.

**France** – In the first quarter 2015, sales reached €54.1 million, down 0.4% year-on-year. Sales of Smecta<sup>®</sup> decreased over the period, penalized by the 7.5% price cut implemented in July 2014. Moreover, sales of Tanakan<sup>®</sup> continued to erode. Sales of specialty care products, up 3.7% over the period, were driven by the sustained growth of Somatuline<sup>®</sup>, but were penalized by the decrease in Decapeptyl<sup>®</sup> sales, both in volume and value terms following the 3.0% price cut implemented as of 1<sup>st</sup> February 2015. Consequently, the relative weight of France in the Group's consolidated sales has continued to decrease and now represents 15.5% of sales, compared to 17.8% the previous year.

**Germany** – In the first quarter 2015, sales reached €26.5 million, up 9.3% year-on-year. The strong growth of Somatuline<sup>®</sup> and NutropinAq<sup>®</sup> enabled to offset the decline in Dysport<sup>®</sup> sales. Over the period, sales in Germany represented 7.6% of total Group sales, compared to 7.9% a year earlier.

**Italy** – In the first quarter 2015, sales reached €21.1 million, down 4.8% year-on-year. The implementation of austerity measures targeting hospital products affects the performance of all specialty care products. In the first quarter 2015, sales in Italy represented 6.0% of consolidated Group sales, compared to 7.3% the previous year.

**United Kingdom** – In the first quarter 2015, sales reached €18.4 million, up 20.0% year-on-year, supported by the strong volume growth of Somatuline<sup>®</sup> and Decapeptyl<sup>®</sup>. Over the period, sales in the United Kingdom represented 5.3% of total Group sales, compared to 4.5% the previous year.

**Spain** – In the first quarter 2015, sales reached €16.8 million, up 15.2% year-on-year, driven by double-digit growth of Somatuline<sup>®</sup> and Decapeptyl<sup>®</sup>. In the first quarter 2015, Spain accounted for 4.8% of total Group sales, similar to the previous year.

In the first quarter 2015, sales generated in the **Other European countries** reached €76.8 million, up 1.7% year-on-year, supported by strong performance in Kazakhstan and Western Europe (ex- Major Western European countries<sup>1</sup>), where sales growth benefitted from the performance of Somatuline<sup>®</sup> in the Netherlands, Scandinavia and Poland. Sales were negatively impacted by a slight sales decline in Russia and by the contraction of Group activity in Ukraine, a consequence of the ongoing political crisis. Over the period, sales in this region represented 21.9% of consolidated Group sales, compared to 26.7% the previous year.

In the first quarter 2015, sales generated in **North America** reached €29.8 million, up 72.5% year-on-year, driven by strong Somatuline<sup>®</sup> growth (56.9% in value and 39.9% in volume), by supply sales in aesthetics, and by a base effect associated with the supply interruption of Increlex<sup>®</sup> in the first half 2014. Sales in North America represented 8.5% of consolidated Group sales, compared to 4.7% a year earlier.

In the first quarter 2015, sales generated in the **Rest of the World** reached €106.5 million, up 18.5% year-on-year. Sales growth benefitted from strong volume growth of Decapeptyl<sup>®</sup> in China, solid performance of Somatuline<sup>®</sup> and Decapeptyl<sup>®</sup> in Algeria, and anticipated sales in Vietnam ahead of the import license renewal. In the first quarter 2015, sales in the Rest of the World have continued their progression to reach 30.4% of total consolidated Group sales, compared to 26.4% the previous year.

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<sup>1</sup> France, Germany, Italy, United-Kingdom, Spain

## GOVERNMENT MEASURES

In the current context of financial and economic crisis, the governments of many countries in which the Group operates continue to introduce new measures to reduce public health expenses, some of which have affected the Group sales and profitability in the first quarter 2015. In addition, certain measures introduced in 2014 have continued to affect the Group's accounts year-on-year.

### Measures impacting the first quarter 2015

#### In the Major Western European countries:

- In France, the price of Smecta<sup>®</sup> was cut by 7.5% as of 1<sup>st</sup> July 2014, following a first price cut of the same magnitude as of 1<sup>st</sup> January 2014. Moreover, health authorities have required a 3.1% price cut on Decapeptyl<sup>®</sup> in February 2015, following a 4.0% cut as of 1<sup>st</sup> April 2014 ;
- In Spain, Dysport<sup>®</sup> was included in the reference price system as the product has been on the market for more than 10 years.

#### In the Other European countries:

- In Belgium, the requirement for pharmaceutical companies to implement modulated price decreases on their product portfolio was cancelled. In addition, Dysport<sup>®</sup> was subject to a mandatory price cut of 2.4% in January 2015 because the product had been reimbursed for more than 15 years;
- In the Netherlands, as of 1<sup>st</sup> April 2015, the official prices of Ipsen's specialty care products (excl. Hexvix<sup>®</sup>) were increased following an International Reference Pricing review.

Furthermore, and in the context of the financial and economic crisis, governments of many countries in which the Group operates continue to introduce new measures to reduce public health expenses, some of which will affect the Group sales and profitability beyond 2015.

### Measures impacting beyond 2015

#### In the Major Western European countries:

- In France, the government presented the new Social Security Finance Bill (PLFSS), which sets forth expenditure targets in the healthcare sector for 2015. The target growth of healthcare expenditure has been set at 2.1% year-on-year, down from 2.4% in 2014. This is expected to result in €3.2 billion savings. Moreover, the two Smecta<sup>®</sup> price cuts will fully impact countries that reference French prices (incl. European Union, sub-Saharan Africa) starting in 2015;

#### In the Rest of the World:

- In Algeria, in the context of the sharp and continuous decline in oil prices, authorities are looking at drastically reducing their import costs and notably those of pharmaceuticals, which stand for roughly €3 billion in the state budget. This will directly affect the price of Ipsen's products (i.e. 5% reduction on Somatuline<sup>®</sup>, 27% reduction on Tanakan<sup>®</sup>);
- In China, the NDRC (National Development & Reform Commission) will deregulate the national drug pricing system from 2015. It will theoretically allow the free setting of drug prices, rather than forcing companies to adhere to government regulated price caps on drug retail prices. However, local government tender centers will keep control over the bidding price, which is the price to patients plus the hospital margin. All products included in the Essential Drug List (EDL) will face price cuts in 2015. For Forlax<sup>®</sup>, which displays the highest price in the Polyethylene Glycol (PEG)-class, a reduction of 10% to 15% is considered, to be distributed equally in 2015, 2016 and 2017.