

Ipsen

2016 Healthcare Conference

Barclays - May 2016



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Safe Harbor

The Group operates in certain geographical regions whose governmental finances, local currencies or inflation rates could be affected by the current crisis, which could in turn erode the local competitiveness of the Group's products relative to competitors operating in local currency, and/or could be detrimental to the Group's margins in those regions where the Group's drugs are billed in local currencies.

In a number of countries, the Group markets its drugs via distributors or agents: some of these partners' financial strength could be impacted by the crisis, potentially subjecting the Group to difficulties in recovering its receivables. Furthermore, in certain countries whose financial equilibrium is threatened by the crisis and where the Group sells its drugs directly to hospitals, the Group could be forced to lengthen its payment terms or could experience difficulties in recovering its receivables in full.

Finally, in those countries in which public or private health cover is provided, the impact of the financial crisis could cause medical insurance agencies to place added pressure on drug prices, increase financial contributions by patients or adopt a more selective approach to reimbursement criteria.

All of the above risks could affect the Group's future ability to achieve its financial targets, which were set assuming reasonable macroeconomic conditions based on the information available today.

Agenda

1

Overview

2

Key 2016 events

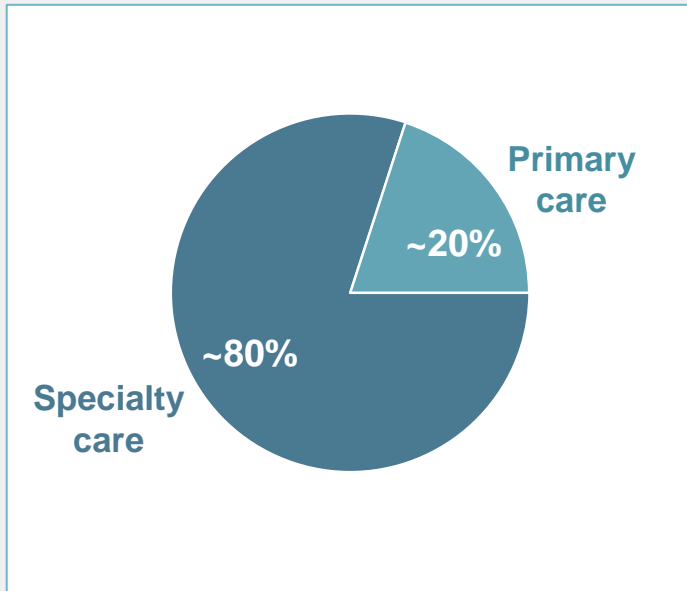
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2015 financial performance

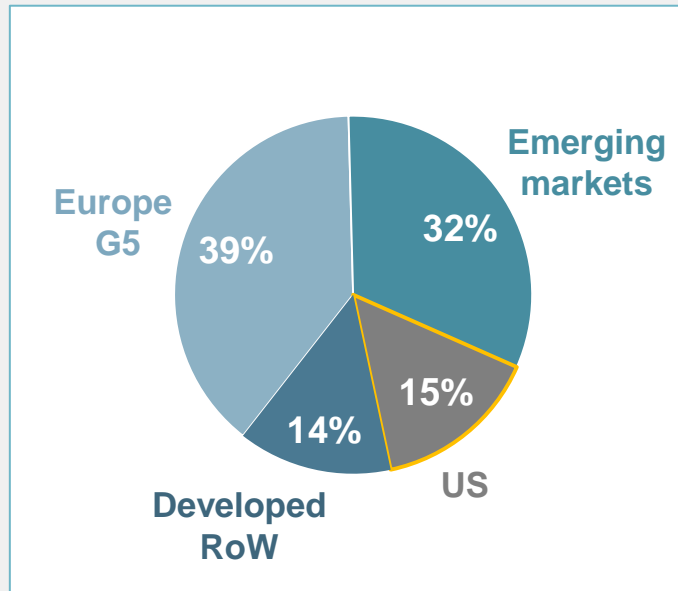
Overview

Ipsen, an international specialty pharma company

Q1 2016 sales by segment



Q1 2016 sales by geography



Top 5 affiliates

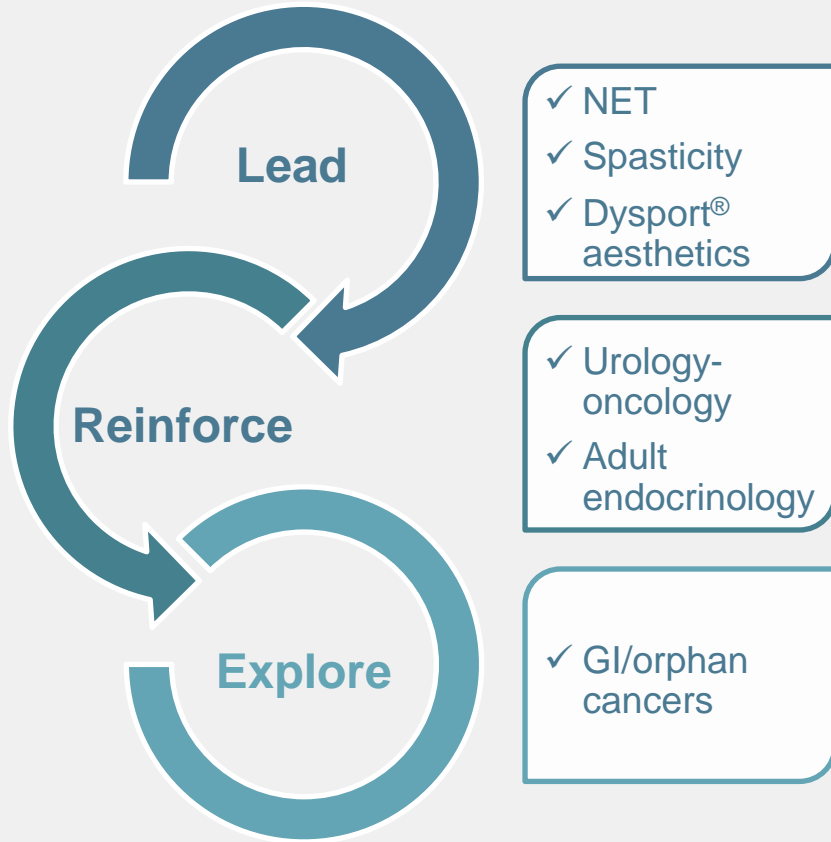


One of the largest emerging market presence in the industry

Consolidating US footprint

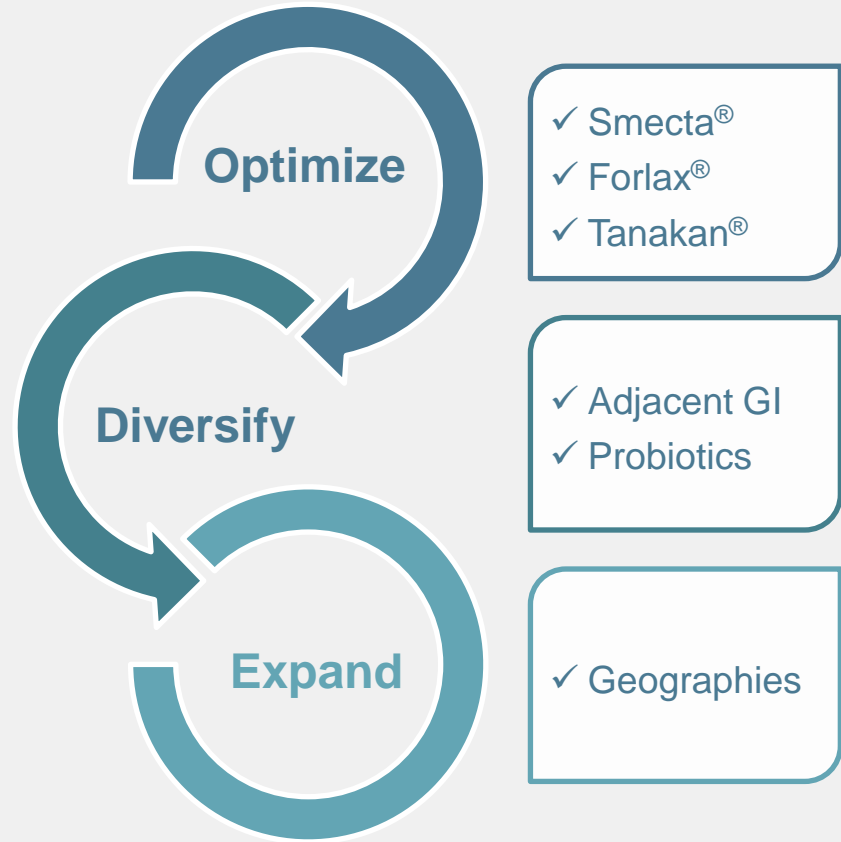
A refocused strategy to sustain high sales and profit growth

Specialty care



Niche strategy

Primary care



Move to OTx commercial model

Key 2016 events

2016 roadmap

Position Somatuline[®] as a leader in NET
and secure Dysport[®] spasticity launch

Implement new Primary Care OTx model, notably in China

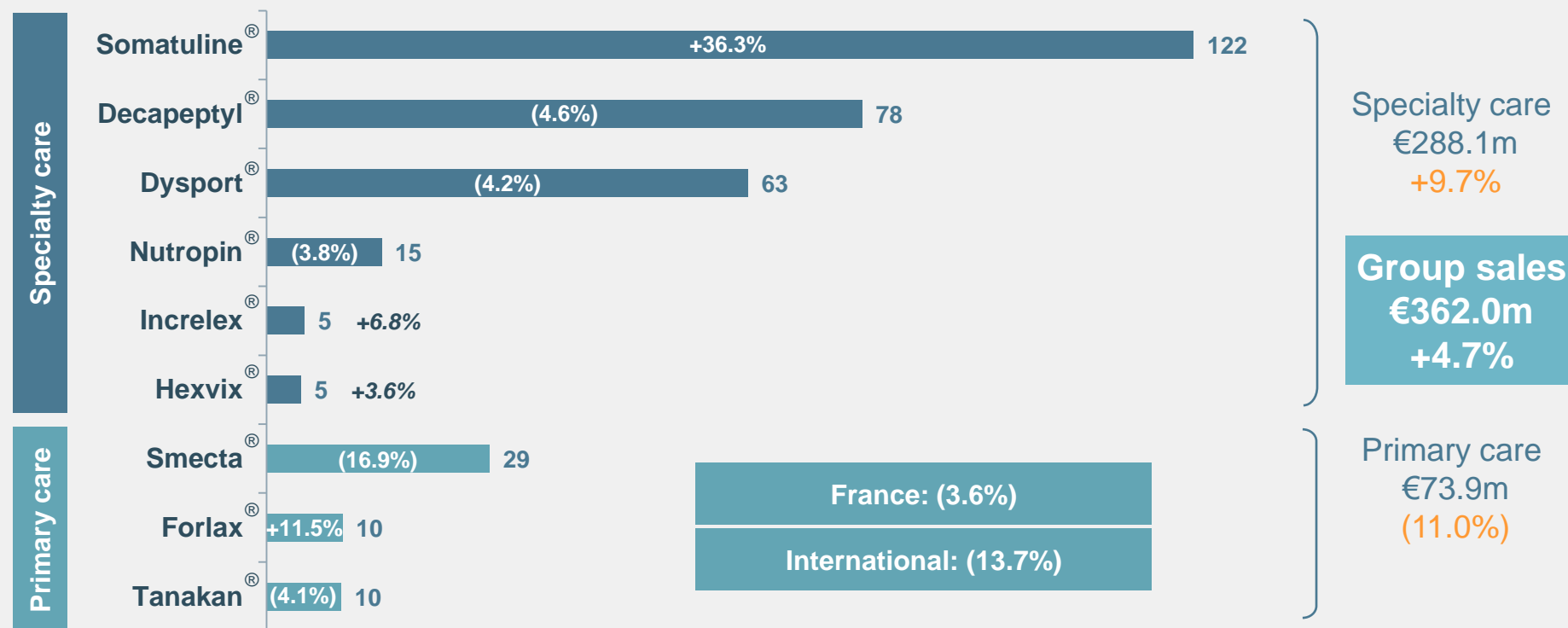
Prepare the commercial launch of Cabozantinib
for the treatment of Renal Cell Carcinoma in Europe

Continue Business development to replenish pipeline
and complement marketed product portfolio

Implement new corporate governance model

Q1 2016 sales driven by strong Somatuline[®] performance

Drug sales – Q1 2016 in million euros – % excluding foreign exchange impact



Decapeptyl[®] and Smecta[®] impacted by stocking effects, notably in China

Dysport[®] aesthetics impacted by stocking effects through Galderma partnership

Exclusive license agreement with Exelixis for Cabozantinib, with key indication in Renal Cell Carcinoma (RCC)

Exclusive global licensing and commercialization rights (ex North America & Japan)

Key indications

**Medullary
Thyroid Cancer**

Marketed

1,500 patients

**Renal Cell
Carcinoma**

Filed in 2nd line

European incidence

110,000 patients

**Hepatocellular
Carcinoma**

Ph3 in 2nd line

60,000 patients

Potential development in further indications

Cabometyx[®], first therapy to show 2L RCC clinically meaningful improvement in OS, PFS and ORR

Renal Cell Carcinoma

1st line

Standard of care: TKIs

Approved therapies

New entrants

2^d line

TKIs
mTOR inhibitors

Cabometyx[®]

FDA-approved April 25th, 2016

Opdivo[®]

FDA-approved November 23rd, 2015

	Afinitor [®]	Value ⁽¹⁾	△	HR		Value ⁽²⁾	△ ⁽³⁾	HR		Value ⁽²⁾	△ ⁽³⁾	HR
PFS	✓	4.9	3.0	0.33	✓	7.4	3.6	0.58	✓	4.6	0.2	0.88
OS		14.8	0.4	0.87	✓	21.4	4.9	0.66	✓	25.0	5.4	0.73
ORR		2%	2 pts		✓	21% ⁽⁴⁾	16 pts		✓	25% ⁽⁴⁾	20 pts	

RCC 2nd line treatment paradigm shift from PFS to OS

⁽¹⁾ Motzer RJ et al. Efficacy of everolimus in advanced renal cell carcinoma: a double-blind, randomised, placebo-controlled phase III trial – ⁽²⁾ FDA Package Insert – ⁽³⁾ vs Everolimus – ⁽⁴⁾ as published in the NEJM. Note : mTOR: Mammalian Target Of Rapamycin; ORR: Objective Response Rate; OS: Overall survival, PFS: Progression Free Survival; RCC: Renal Cell Carcinoma; TKI : Tyrosine Kinase Inhibitors

Strong rationale for Cabozantinib in-licensing

Acquire a potential best in class derisked asset in attractive niche RCC with solid scientific data triggering treatment paradigm shift

Completion of a global oncology therapeutic footprint (US and Europe)

Reinforce Ipsen portfolio in niche oncology with potential for further development in other indications

Accelerate specialty care growth in the next 5 years with a 4th pillar added to Ipsen Specialty portfolio

Cabozantinib, deal terms and impact on Ipsen operations

Milestones

- ✓ Upfront: \$200m
- ✓ Regulatory: up to \$110m (\$60m for RCC and \$50m for HCC indications)
- ✓ Commercial: up to \$545m

Royalties

- ✓ Tiered up to 26% on net sales

Operations

- ✓ Transfer of MTC Market Authorization in H2 2016 and RCC launch starting in 2017
- ✓ Significant commercial investment
- ✓ Cost containment and project prioritization initiatives to minimize impact of 2016 - 2018 investment period

2016 financial objectives

Specialty care sales

Growth > 10.0%, year-on-year

At constant currency

Primary care sales

Slight growth, year-on-year

At constant currency

Core Operating margin

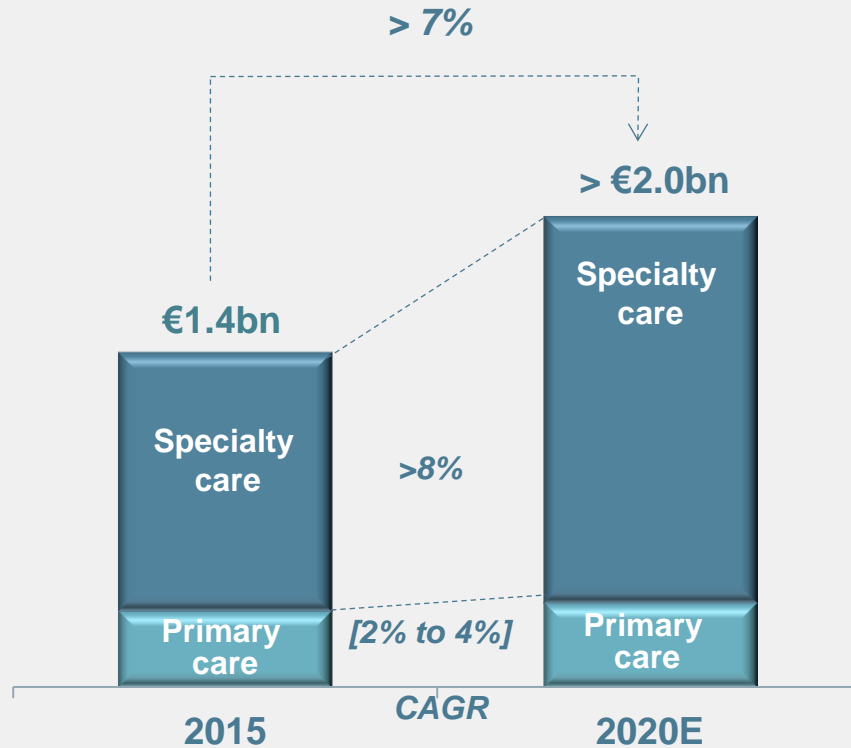
Around 21% of sales

Including a negative impact of:

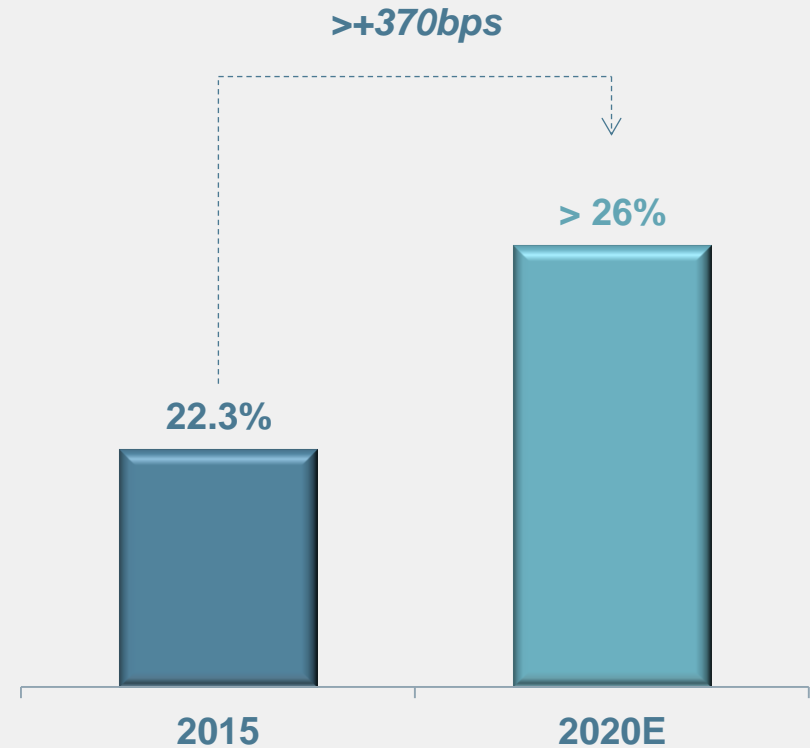
- *~150 basis points resulting from the investment required to prepare the commercial launch of Cabozantinib for the treatment of Renal Cell Carcinoma in Europe*
- *~100 basis points from foreign exchange rates*

Update of 2020 financial outlook

Group sales



Core Operating margin



2020 Sales target increased to reflect Cabozantinib sales contribution

2020 Profitability target confirmed

2015 financial performance

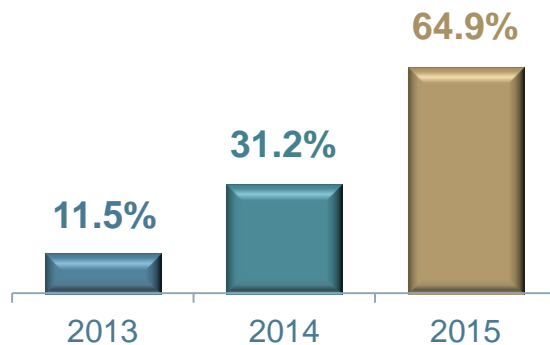
2015 sales and Core Operating Income strong performance in line with market guidance

	2015 guidance ⁽¹⁾	2015 actuals
Specialty Care - Drug sales ⁽²⁾	≥ 14.0%	+14.4% ✓
Primary Care - Drug sales ⁽²⁾	[-3.0% ; 0.0%]	-1.1% ✓
Core Operating margin (as percentage of sales)	≥ 22.0%	22.3% ✓

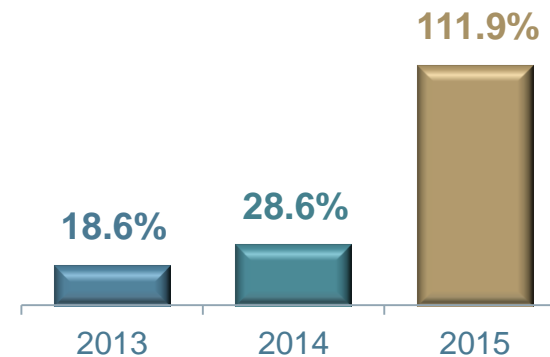
Turnaround of the US platform, with high potential for growth

- 1 Renewed management and Salesforce (NET & spasticity)
- 2 Successful Somatuline[®] NET launch and preparation of Dysport[®] AUL spasticity launch
- 3 Strong Dysport[®] aesthetics performance from Galderma

US affiliate sales growth⁽¹⁾



Somatuline[®] US sales growth



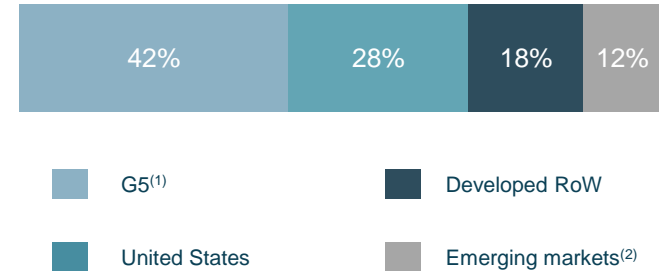
US operations profitable in 2015, ahead of plan

Strong Somatuline[®] 2015 performance, driven by successful NET launch

Business update

- US: Ipsen present in >1 000 accounts, including all 25 major reference centers
- Europe: GEP NET approval granted by all European countries
- Increased penetration across geographies

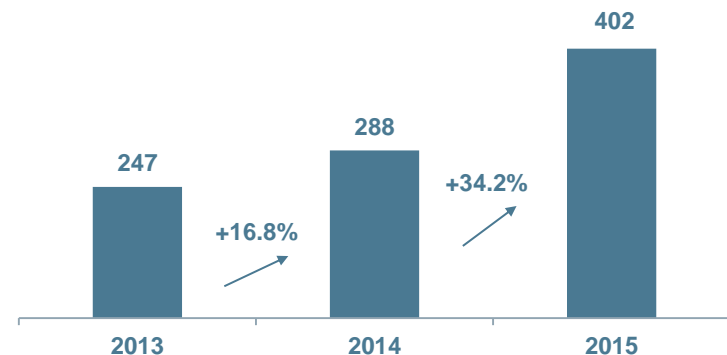
Geographic distribution (2015)



2015 performance

- Overall acceleration of growth due to NET global launch
- Strong growth in North America, up 112% with positive price impact
- Double digit growth in Europe, notably in Germany, the UK, Poland and France

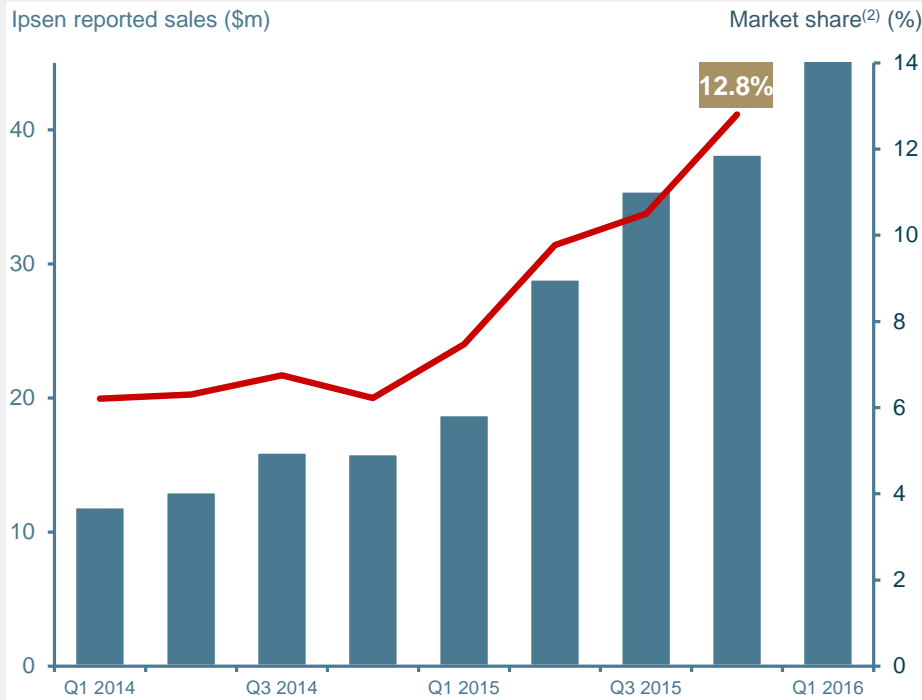
3-year growth



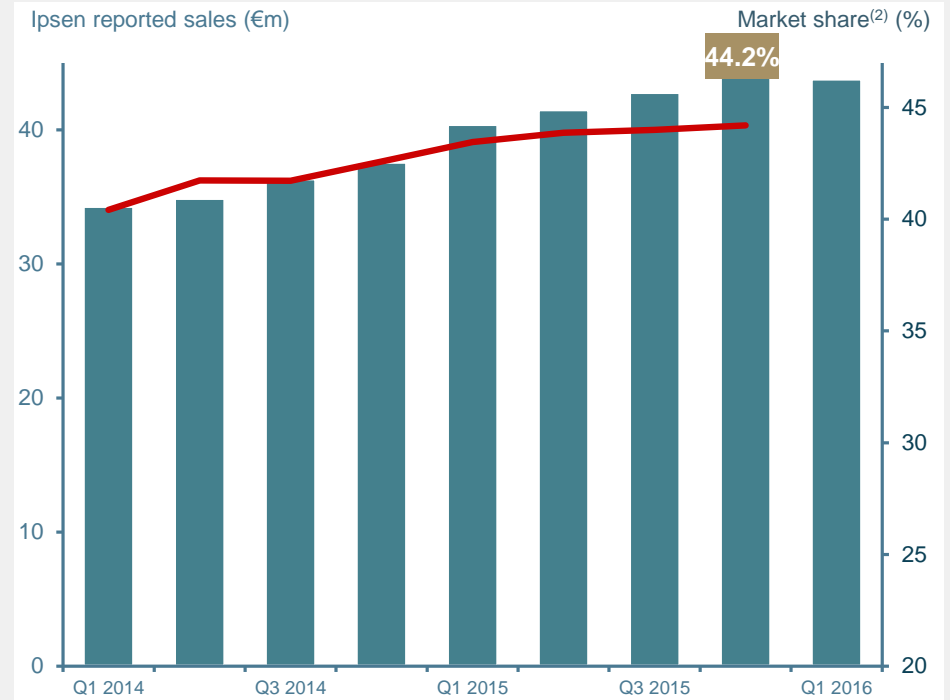
Somatuline[®] accelerated NET penetration in the US and Europe



Somatuline[®] US quarterly data, all indications



Somatuline[®] Europe G5⁽¹⁾ quarterly data, all indications



Somatuline[®] capturing majority of new patients in US and Europe

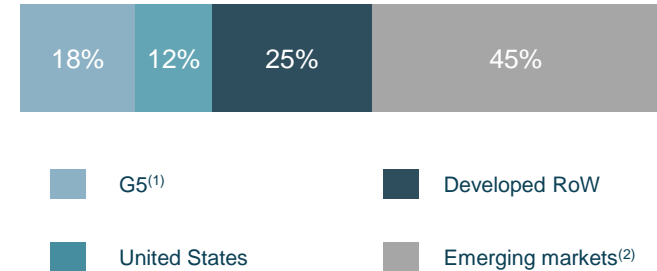
Increased number of switched patients

Dysport® 2015 performance driven by aesthetics

Business update

- Q3 US launch of Dysport® in AUL spasticity and sales force build-up
- Setup of European business unit for therapeutics
- Galderma partnership expanded to key Asia Pacific territories⁽¹⁾

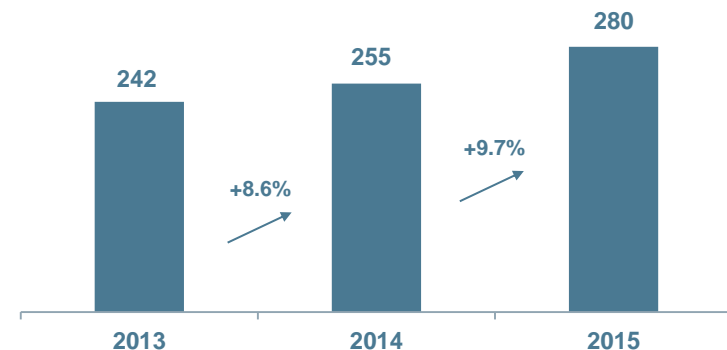
Geographic distribution (2015)



2015 performance

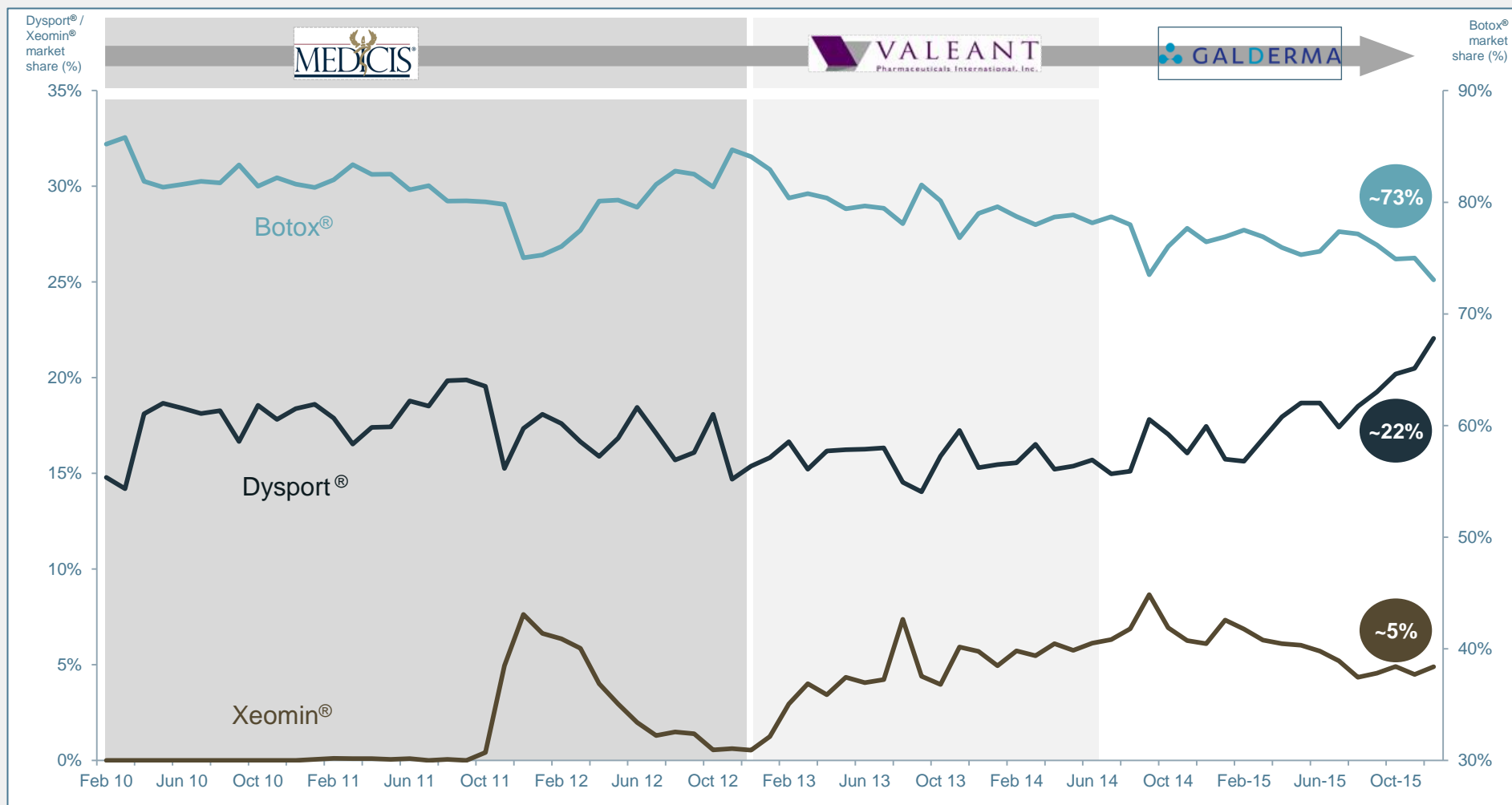
- Strong Galderma performance in aesthetics in a solid underlying market growth
- Solid performance in emerging markets, notably in Russia, Brazil and Australia
- Strong US Q4 driven by aesthetics & spasticity launch

3-year growth



⁽¹⁾ China, India, South Korea (and Indonesia under certain conditions) – ⁽²⁾ France, Germany, UK, Italy, Spain – ⁽³⁾ Notably includes China, Russia and Brazil
 Note : all variations at constant exchange rate; AUL: Adult Upper Limbs

Dysport® US market share in aesthetics increasing since Galderma takeover



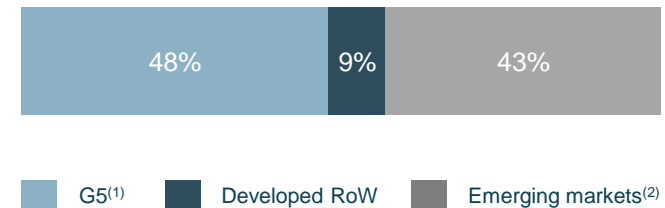
Dysport® US market share in excess of 20% thanks to Galderma's commercial push

Positive Decapeptyl[®] growth in 2015, despite emerging markets headwind

Business update

- Launch of 3-month subcutaneous formulation in Europe from July 2015
- Progress on potential combination in breast cancer
- Increased commercial focus in China with dedicated sales force per indication

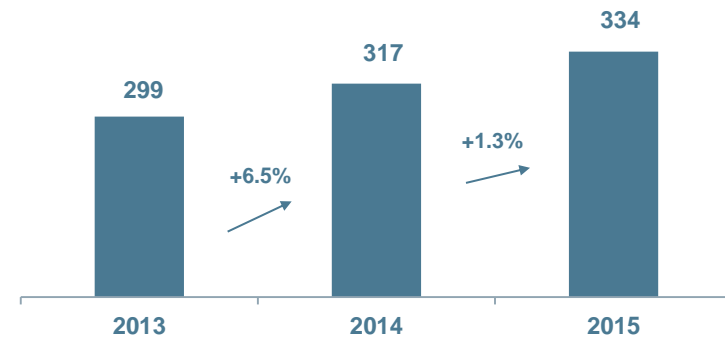
Geographic distribution (2015)



2015 performance

- Q4 growth recovery in China after first 9 months affected by market slowdown and pricing pressure
- Price pressure across Europe and Algeria
- High penetration in Spain with favorable share of voice to competitors

3-year growth

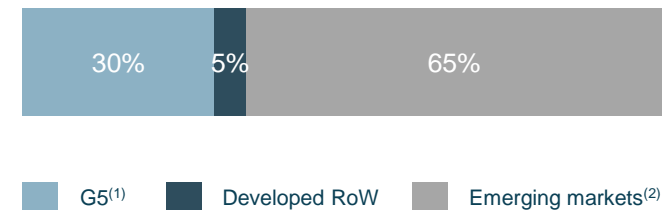


Primary care resilient thanks to international market growth

Business update

- Start of Tanakan[®] local production in Russia
- Launch of Smecta[®] ready-to-use (liquid) and Strawberry taste in Q4 2015 in France
- Accelerated switch of China primary care model to OTx with recruitment of 100 additional reps in 2016

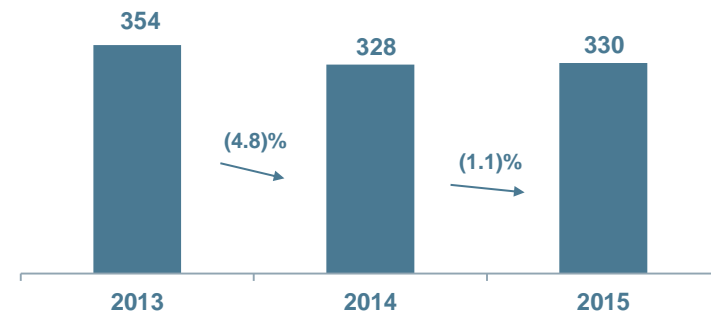
Geographic distribution (2015)



2015 performance

- Smecta[®] sales impacted by new manufacturing setup in Algeria and destocking in distribution and price pressure in China
- Tanakan[®] facing out of pocket market slowdown and tough competition in Russia and France
- Solid performance of Etiasa[®] in China and Fortrans[®] notably in Russia

3-year growth



P&L - From sales to Core Operating Income

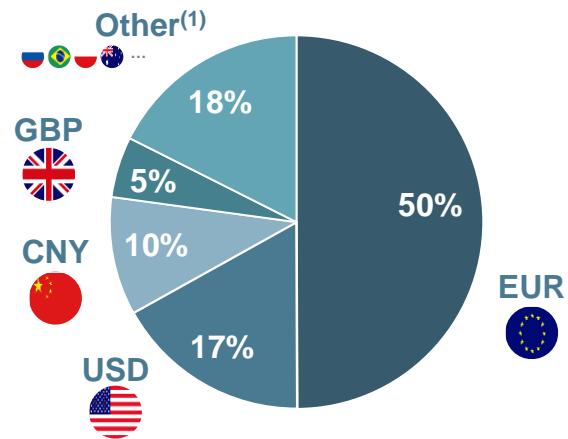
<i>in m€</i>	FY 2015	FY 2014	Change	% Change	Change at constant FX
Net sales	1,443.9	1,274.8	+169.1	+13.3%	+10.4%
Other revenues	76.3	57.6	+18.7	+32.5%	
Revenue	1,520.2	1,332.4	+187.8	+14.1%	
Cost of goods sold	(336.8)	(310.0)	-26.8	+8.7%	
R&D expenses	(192.6)	(186.9)	-5.7	+3.0%	
Selling expenses	(541.4)	(464.1)	-77.3	+16.7%	
G&A expenses	(122.9)	(111.2)	-11.7	+10.4%	
Other core	(4.1)	0.3	-4.4	NA	
Core Operating income	322.5	260.6	+61.9	+23.8%	
Core Operating margin	22.3%	20.4%	+1.9 pt		

Operating leverage driving margin expansion

Ipsen exposure to foreign currencies

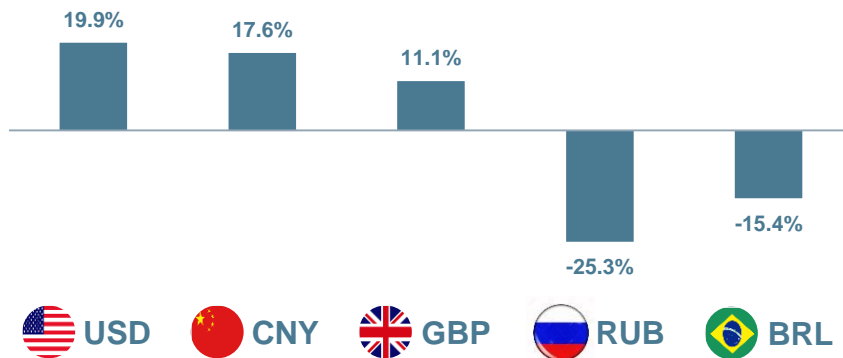
2015 sales exposure by currency

€1,443.9 million



Evolution of major currencies vs. EUR

■ Average rates change (2015vs. 2014)

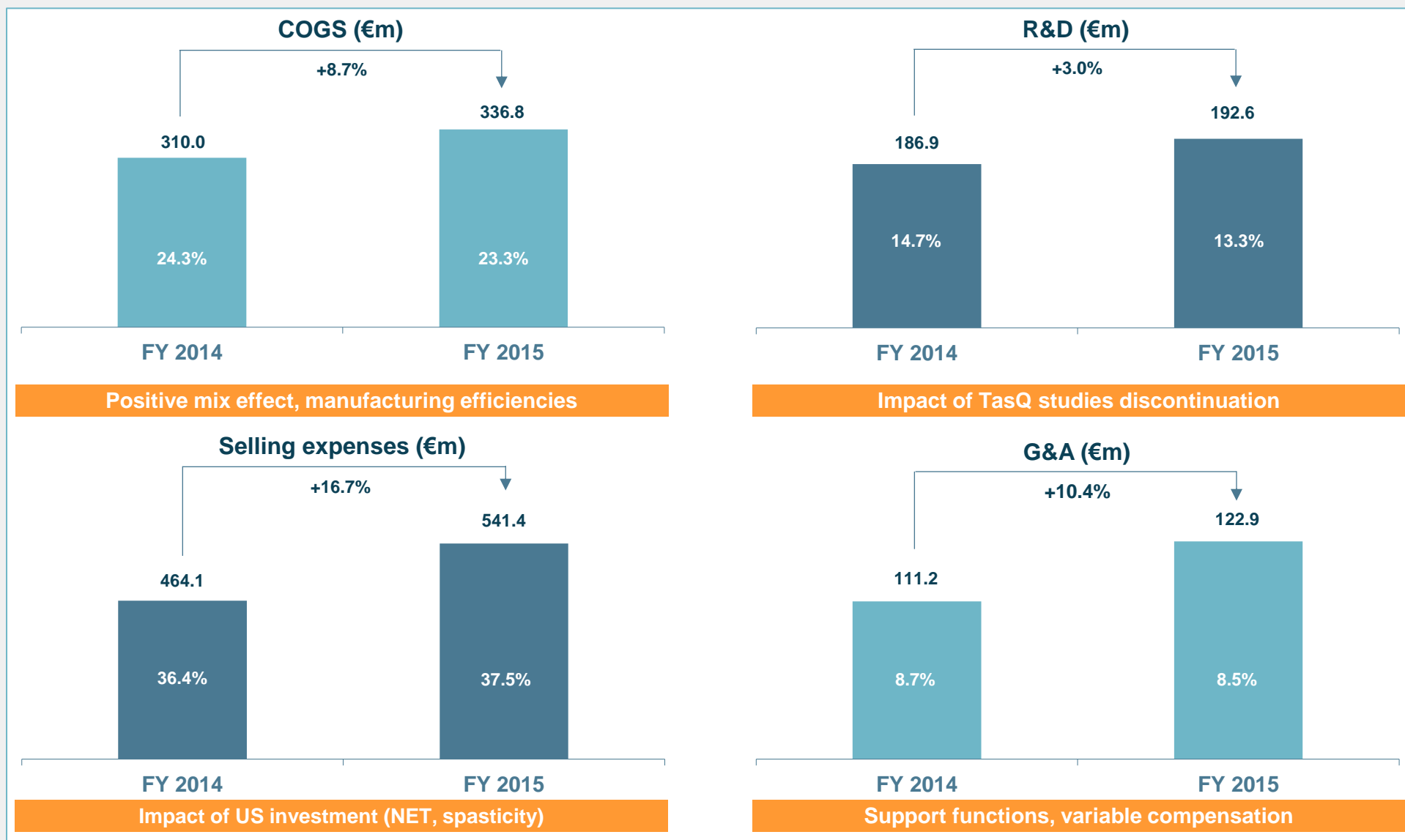


Foreign Currency policy

- 2015 sales growth benefited from strong USD, CNY and GBP appreciation versus euro
- 2016 sales to be impacted by depreciation of emerging countries currencies (BRL, CNY, RUB)

Global FX exposure mitigated by cost base in local currency and hedging of key currencies

Drivers for operating cost evolution

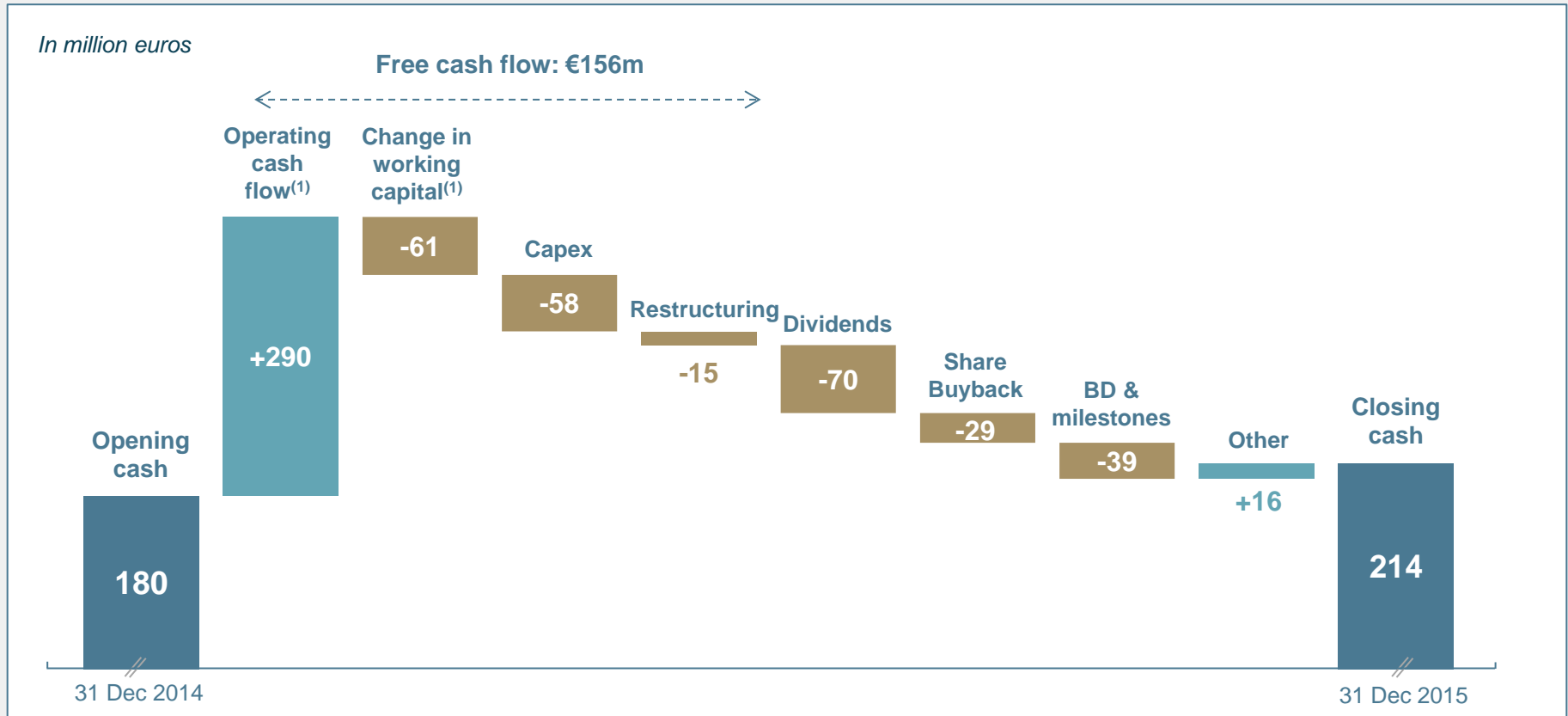


P&L - From Core Operating Income to EPS

<i>in m€</i>	FY 2015	FY 2014	Change	% Change
Net sales	1,443.9	1,274.8	+169.1	+13.3%
Core Operating income	322.5	260.6	+61.9	+23.8%
<i>Core Operating income margin</i>	22.3%	20.4%	+1.9 pt	
Other non core	(7.2)	(9.2)	+2.0	
Restructuring costs	(6.7)	(21.9)	+15.2	
Impairment gain / (losses)	(64.6)	(8.0)	-56.6	
Operating income	244.0	221.4	+22.6	+10.2%
Financial result	(6.4)	(15.1)	+8.7	
Income taxes	(49.8)	(53.8)	+4.0	
Share of profit from JV	2.5	1.9	+0.6	
Discontinued operations	0.5	(0.5)	+1.0	
Consolidated net profit	190.7	154.0	+36.7	+23.8%
<i>Consolidated profit margin</i>	13.2%	12.1%	+1.1 pt	
EPS – fully diluted (€)	2.30	1.87	+0.43	+23.0%
Core EPS – fully diluted (€)	2.78	2.22	+0.56	25.2%

Consolidated net profit up 24% after TASQ impairment charge and exceptionally low tax rate

Solid cash generation to finance capex, BD and return to shareholders through dividend & share buy-back



Closing cash up €34m vs 2014

Strong cash generation to self-finance acquisitions

Key financial takeaways

Group sales up 10.4% at constant currency
Strong Core Operating Income margin of 22.3%⁽¹⁾

Consolidated net profit of €190.7m, up 23.8% year-on-year
Fully diluted core EPS of €2.78, up 25.2% year-on-year

Closing cash balance of €214m, up 19%

Proposal to maintain a dividend of €0.85 per share to support BD investment