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PRESENTATION

David Meek - *Ipsen SA - CEO*

Good afternoon, good morning, and welcome to the 2016 financial results session, and also the 2017 financial guidance meeting. Thank you very much for attending. Aymeric Le Chatelier and I, Aymeric's our CFO, will take you through the highlights of last year, as well as our guidance for 2017.

I'm really excited to be here today, and real proud to be here today to share with you our results. 2016 was the best year ever for Ipsen since we became a public company in 2005, so the results were the best ever.

Our year-over-year sales growth was almost 12%, which was the highest ever. We achieved a couple of significant milestones; for the first time ever Ipsen surpassed EUR1.5 billion in sales. Somatuline, our number one product, is now over EUR500 million in sales; it's our number one product and it's growing very fast as well.

A couple of key transactions have occurred in the past year that have transformed our specialty care business. Not quite a year ago, we announced the transaction with Exelixis to acquire the ex-US and ex-Japan rights of Cabometyx. Great news about Cabometyx, it's now approved in Europe and it's launched in Europe, and we'll talk a little bit more about that, but it's a great asset for us and our oncology business.

The other transaction we just announced, kicking off the year at JPMorgan was the Onivyde transaction; the acquisition of Onivyde and the US rights of Onivyde from Merrimack. It's a great asset. NCCN category 1 evidence for metastatic pancreatic cancer gives us an opportunity to expand our US business and synergize with our current US oncology organization. So it's a great opportunity for us.

Our primary care business, we just announced the transaction with Sanofi where we are acquiring five of their consumer healthcare products. And this is significant for our French primary care business.

So when you step back you think what a difference a year makes, and how we have transformed in just the last year for Ipsen. It's an exciting story to talk about, and we'll take you through some of those details. And 2017 is an equally exciting year for us; as you'll see with our guidance we're going to have another very dynamic year, and a high growth year with our sales results.

Also our margin improvement, we're going down that road of improving our margins. We know it's important to fuel the growth of Ipsen over time. And we're going to put measures in place to do that, not just with our top-line growth, but also with our financial discipline. Also, we're excited



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about the acceleration of our pipeline, and when you think about the transactions, just a couple of examples with Cabometyx and with Onivyde, we now have four pipeline programs that we did not have a year ago, so Phase II and Phase III programs for these new assets for a sustainable pipeline, over time.

So all in all a great year, best year ever for Ipsen 2016, and an also very exciting 2017. Now we'll take you through the details. Just a reminder, our disclaimer and our Safe Harbor [Act].

I'll talk about the full-year 2016 overview, Aymeric will go through the financial performance in detail and the 2017 financial guidance, and I'll wrap up with the pipeline update as well as the conclusion. And of course, we'll take questions and answers when we're done.

So the full-year overview; it was a great year in 2016 and we've accelerated our transformation. When we look at the results, we had strong operating performance, driven primarily by our specialty care sales growth, and in particular Somatuline in the US. Our business development transactions that I've just discussed, they're accelerating our top-line growth and they're also improving our profitability for both specialty care and, importantly, primary care.

The implementation of the OTx commercial model for our consumer healthcare business in key markets such as China is well on its way to transforming that business as well.

And we established a new corporate governance model upon my arrival last July. With that, I'll also highlight we've added some key senior leaders to my executive team, as well as the next level of executives. We've bought in a lot of talent that has international experience, has oncology experience, has launch experience. So real excited about that; that's also happened in the past year.

We are a global specialty pharma company, and if you compare this to just a few short years ago, a few short years ago the US business would not have been on the top five for Ipsen. Last year, Ipsen became the number one -- excuse me, US became the number one affiliate for Ipsen, and then you can see the rest of the top five was France, China, and Germany, and Italy.

Specialty care is 80% of our portfolio, and it's growing very well and we're very pleased with that. And our primary care business is a very important 20% of our portfolio. The largest contributor to our growth last year, and a large contributor to our growth in the future, will be the US business, especially with the Onivyde transaction.

Let me talk in a little bit more in detail about the recent transactions, and there's a few reasons that we did these transactions. Many of you have heard me talk in the past, whenever we look at a transaction there's a few things we look for. It's got to be a good strategic deal, it's got to be a good financial deal, and there needs to be synergies for integration into our business. And all of these deals match that, importantly for us.

They also will improve our margins immediately, which is what you'll see with these recent transactions. And they strengthen our pipeline, which is also very important because the mid-stage and late-stage programs are already underway with Onivyde.

Let's talk about Onivyde. It is a key asset for us. It is a clinically differentiated FDA approved product. It's been on the market a little more than a year. It has great overall survival data for patients with metastatic pancreatic cancer. This is the category 1 evidence I mentioned for the NCCN guidelines. That's a very important hurdle and Onivyde has exceeded that hurdle, based on the overall survival data.

What this does for us, it strengthens our oncology focus and expands our oncology business globally in a very important market like the US. It also leverages our current oncology infrastructure in the US. We have three commercial organizations in the US. We have an oncology organization that is growing Somatuline very well.

We have a Dysport organization and we have an [Increlex] organization, so we're using the oncology organization that are oncology trained MSLs, account managers and sales representatives, so there's great leverage and great synergy right there too. What this does is it immediately accelerates our growth and also our profitability, bringing in a wholly owned asset like Onivyde.

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Moving on to primary care, let me first talk about the Sanofi consumer healthcare transaction. What this does, this transaction was an opportunistic transaction that, because of the Sanofi and Boehringer consumer healthcare deal that they've had going on for a while, they ended up with some assets. And thank goodness for us, these were -- it's a great opportunity to grow our French business. So it's really a nice fit for us.

The key asset is Prontalgine in France. This is a product with about 35% market share for pain, so it is a best-in-class product that we're excited to get. And the significant synergies will improve our margins soon, right away. So we're real excited about that for the consumer healthcare portfolio for our primary care business, and this will contribute to our growth in primary care. As you know, we've got a back to growth strategy with our primary care business.

With Akkadeas, it's a private Italian company; it's a great opportunity for us to grow our current Ipsen business in the Italian marketplace by leveraging their infrastructure from Akkadeas. As well, we'll put these products together and have a nice Italian consumer healthcare business for us. So it's a good opportunity for us to take a stake in Akkadeas.

Establishing leadership in oncology has been an objective for Ipsen for a number of years, and what not everyone realizes, Ipsen is already a significant oncology player. About half of our revenue and two-thirds of our specialty care revenue is from oncology today. And where is that coming from? It will come from these four key products.

We see Decapeptyl for prostate cancer; it's an established and growing product in prostate cancer. Neuroendocrine tumors; Somatuline, now a EUR500 million asset. Best-in-class Somatostatin analog with global leadership in many markets throughout the world; in Europe in particular, market share is number one.

In renal cell carcinoma, with the addition of Cabometyx, best-in-class data with overall survival data; PFS data is very impressive, response rates are high. We're launching right now with Cabometyx and we'll talk more about that in a moment.

And now with Onivyde, adding this for pancreatic cancer. So we're in very important tumor types and this is our oncology business.

I also wanted to highlight, we can have great products, we also need to make sure we have great people that are commercializing these great products. And what we've done, there's been a significant step-up in the last year on the management level, on the R&D level, on the commercial level, to make sure we bring in that oncology talent to maximize Cabometyx and now Onivyde. So that's been a significant upgrade to the organization in the last year.

Our specialty care highlights. I talked about Somatuline; it's now over EUR500 million and growing very fast. The US team has just done a marvelous job penetrating the market, and most of the business is coming from new patient starts or moving those patients out of the watch and wait category. And that's been very successful for our US Somatuline business. The market's expanding, primarily due to Somatuline.

And we've also a very strong performance outside of the US; in Europe and many of the markets we're the number one prescribed FSA, so Somatuline continues to do well.

Dysport; we had strong performance in the aesthetic market. Galderma has done a very good job. They've done a great job in the US and, along with Galderma, we have a couple of markets where Ipsen has the territories for aesthetics, and that is primarily in Russia and the Middle East. So our business is doing well in those markets.

In the therapeutic market, business is solid. We're launching two new indications as we speak; they were approved the second half of last year with AUL and PLL for spasticity. So we're bullish on the upside at Dysport, especially with these new indications, and you'll see in the pipeline we've more indications to come.

Decapaptyl; it's a very good volume growth story. Unfortunately, there's some price erosion that happens, but it is a growth story. What we've done in China, we've focused this organization so they actually have sales lines by indication. So there will be a prostate cancer sales line, there will be



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an IVF sales line, because we have significant opportunity in the Chinese marketplace to grow our business. Some of the volume, as I mentioned, has been offset by pricing in China, as well as other markets. But these are some of the highlights for our specialty care business.

With Cabometyx, 12 months ago we did not have Cabometyx so, in March of last year, when the transaction was announced, we began hiring an experienced oncology organization. We knew we needed to do that to maximize the chances of success for Cabometyx. In September, right before the ESMO, we got the approval for Cabometyx in Europe.

We immediately rolled out the early access program, expanded access program, managed access program, it goes by many different names. We wanted to make sure patients had an opportunity to experience the benefits of Cabometyx as soon as possible, prior to the reimbursement in their particular market kicked in.

We've got the ongoing launches going on. We're a little more than 90 days out from the launches, so it's very encouraging early launch results in key markets such as Germany, France and the UK. I am pleased to say that, as of very recently, over 1,000 patients are now on Cabometyx in second-line RCC so that's some encouraging news.

And why is this? Cabometyx has a very strong clinical profile. It's appropriately placed in the guidelines with great evidence, with the overall survival data that we have, the PFS data that's there, the high response rates, tolerable safety profile. So we're very encouraged by the early days of the launch with Cabometyx.

Primary care; we had some good things happen in primary care last year, and we had some headwinds in primary care last year. The impact in the emerging markets; us, like many of the markets, we've been negatively impacted by the emerging markets' macro dynamics. We've had a challenging transformation of our Smecta business in China; we're trying to fix that right now and we've got a good plan in place to address that.

Tanakan market slowdown happened in Russia, and in countries like Algeria there were some macroeconomic conditions that were not favorable to us. So this certainly impacted our business in these markets.

The new OTx commercial model in markets such as France and such as China, we've had to transform our commercial model. It's no longer just a rep to a doctor model. It could be a rep to a pharmacist model, as some of these products shift from a traditional prescription to an over-the-counter model. So we've had to make that adjustment with our organization. The new commercial model's in place in markets like China. We hired a new GM for China in the summer of last year, so this transformation is in way.

And we've also expanded our primary care portfolio. The Probi announcement that was made last year, this is an important distribution agreement. And the recent addition, or the soon-to-be addition of the consumer healthcare products from Sanofi as well as the deal that we have in Italy from Akkadeas. So we expect primary care to be back to growth in 2017, based on last year's performance.

So how did we end the year? 2016 results did exceed the guidance. Specialty care; when we updated our guidance in third quarter of this year, we said specialty care would finish at greater than 15% year-on-year growth. The actual results were plus 16.1% year-on-year growth for specialty care. For primary care sales, the third quarter guidance was minus 3% to minus 5% year-over-year growth. We ended the year at minus 2.7% for primary care growth.

And core operating margin, we said we would end the year around 22% growth, and we ended the year at 22.5% core margin. So we're pleased with the financial performance in 2016. Aymeric will go into greater details of the performance but, all in all, a really good year for 2016.

Aymeric, over to you.



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Aymeric Le Chatelier - Ipsen SA - EVP, Finance

Thank you, David. I'm very pleased to go more into the detail of our 2016 financial performance review, and maybe to start with our key metrics. Clearly, it has been a very good year in terms of sales growth. We go more into the detail of the impact of foreign exchange currency in 2016, which are more in line with what we initially planned.

As you can see, our core operating income has been improving over the years, and it's important to notice that we changed the definition of our core operating income. The new definition will now exclude the amortization of intangible. This is something that will better reflect clearly the core performance of the business, which will be also an easier comparison with a lot of the other pharma companies. We did a deep review of the benchmark and, clearly, this is something that works for the Company.

So now you see that our performance is at 23% margin, as compared to the 22.5% that David was just showing, which was the old definition of our core operating income. And now, especially the new guidance for 2017, will be based only on this new definition of core.

As you see, we have seen also a solid performance in consolidated net profit, even if we had to book some additional impairments in 2016. But the comparison to last year, especially when we had to book some charges against Tasquinimod product, enabled us to show a nice growth of close to 19% of both our net income and our EPS for this year.

Let's now focus more on the sales performance. As you can see, close to 12% at the Group level with a very strong specialty care performance, over 16%. Clearly, Somatuline a big driver, with two-thirds of the growth coming from the US, one-third coming from the other country, but a good performance for both geographies.

Decapeptyl; good performance for the product. We've been very pleased, especially in Europe, as David was mentioning. Maybe it's worth getting more into the detail of Dysport and highlight some of the good and also some of the difficulty that we faced in 2016. For Dysport, clearly, the aesthetics market, as David was mentioning, has been very dynamic. Our partnership with Galderma, especially in the US, is very successful and we are competing very nicely on those markets.

The therapeutic market is also doing pretty well. We're happy with the launch in the US. The difficulty was more in Brazil, where we are facing some import ban in order to restore our license over there in Brazil. Adjusted for Brazil, our performance would have been closer to 10%, which is globally in line with the toxin market.

And last, but not least, on the specialty care, clearly, you see the first sales of Cabometyx. As we got the authorization from the European authority in September, we are ready to launch in the fourth quarter. And you see the first sales mainly coming from Germany, where we launched the product November 1, Austria, but also some sales coming from France, where we have an early access program that we've been able to put in place in France, as well as some other country. But France is the biggest one in terms of sales that we've been able to record for the last quarter of 2016.

Now, primary care; as you see, primary care ended the year with a decrease of 2.7%, but the positive is that the fourth quarter has shown some new momentum for the business. We've been able to grow the business above 7% for the fourth quarter. Clearly, two dynamics are very important. The first one is, emerging markets are now growing at the same pace as they used to grow, and we are impacted in Russia, China, even if it remains a nice growing market.

Some markets are really tough, and we are mentioning Algeria, where we got some quota who are limiting our ability to develop our product, even if our products are doing very well on the local markets. And on top of that, as you know, we are transforming the business towards OTC, and, especially in China, this is taking a little bit more time. I've explained that the performance of Smecta has been only flat for the full year.

Now, just a few words on our exposure to foreign currency. As you see, we've been impacted by 2 points in terms of sales growth. You will see that for the margin this is translating in 1 point. We have a little more than 50% of our sales which are no longer denominated in euro. A big chunk of that is USD, both our export market but, more importantly, our commercial business in the US, which is going to grow and to expand with the acquisition of Onivyde.



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For 2016, most of the impact was coming from emerging markets and from the British pound, with two different impacts. Clearly, emerging markets are directly impacting our profitability, as the British pound has a more positive impact for us, given the significant amount of cost, including our R&D center in the UK, which are offsetting most of our exposure to the British pound.

Having said that, as you know, we are hedging most of the currency. At the beginning of the year, we secure at least the guidance that we are providing for the year to go.

Looking at the cost base evolution, I think we had a very good year, which is a combination of investment, commercial, R&D and very strict control on our costs to make sure that we are able to translate the very nice top line into profitability.

First, if you look at the gross margin and the COGS, we've been able to improve the gross margin. And really the positive mix coming from Somatuline, being our more profitable product where we don't pay any IP, where we benefit also of high price in the US, is contributing to the improvement of the gross margin.

Same with our manufacturing site, which are getting more efficient as we are growing the volume and optimizing the capacity. R&D; you see that we continue to invest in R&D in order to develop our product, but also to look for the pipeline beyond 2020.

Sales and marketing, as expected, is really a strong investment, both for Cabo on one side, which is a significant chunk of the increase this year. But also to make sure that, in the US, we continue to be successful, both to drive Somatuline market share and also to launch Dysport with new indications.

And we are very cautious on G&A to make sure that we limit, as much as possible, the increase and we improve, as a ratio to sale, the increase in G&A.

So how does it translate in terms of margin? You see that the margin story is very close to the one that we announced a year ago: impact of FX, 1 point, as expected; impact of Cabo, 1.3 points, which is exactly what we were expecting if you exclude the amortization of the intangibles that we started in Q4 of last year.

And the most important is that the over-performance, which give us the overachievement as the initial guidance. You remember, the initial guidance was to reach 21%. We revised to 22%, as David was mentioning, in Q3, and now we are delivering above at 22.5%, which translates in 23% for the new definition of our margin.

It's all coming from the business performance of the business, and Somatuline in the US is driving a lot of that. And we are able to offset the negative impact on the primary care business as the business was declining. At the same time, we are investing to make sure our transformation is going on.

Not only we had a good profitability, but we are also able to translate that into a very strong cash flow. You see close to EUR230 million free cash flow generation before dividends and before acquisitions. This give us the opportunity to do the transaction with Exelixis for around EUR250 million, it's the bulk of what you see on BD and milestones, through the initial payment of \$200 million. But also the additional payment that we did during Q4, both for the approval in Europe but also for the first commercial model for the first sales for approximately [EUR18 million]. On top of that, we paid [EUR10 million] upfront for Canada to expand our partnership with Exelixis.

So we ended the year with EUR70 million cash, which will be good to pay for the acquisition that we just announced at the beginning of 2017. You see here that we expect a total of close to EUR650 million to be financed, both for the Onivyde assets that we're going to buy from Merrimack. We expect to close the transaction at the end of this quarter, so end of March. Also for the consumer healthcare asset from Sanofi, for EUR83 million, and also the [small token] acquisition that we already closed in Italy.



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This will be fully financed with the financing that we put in place in 2016 through a EUR300 million bond, inaugural bond, in the market and additional bank financing that we secured during 2016. So we are very confident, and we still keep liquidity and a very high cash flow generation to continue to do some business development.

Now, the guidance for 2017. First, we are quite confident that the two transactions that we announced earlier this year will close accordingly to plan. First, the shareholders' meeting of Merrimack is now called for March 30, so we expect to get a positive vote from the shareholders. You know that one of the conditions for this acquisition, as well as the antitrust clearance, we don't expect anything wrong on the antitrust clearance, so we expect to close a few days after the shareholders' meeting.

And for the Sanofi transaction, even if we need the European Commission approval, as the process has been controlled by the European Commission we don't anticipate any issues. So we should be able to close the two transactions accordingly to plan and to deliver a very nice growth for 2017, fueled by our existing business, but also impacted by these two significant acquisitions.

Specialty care; we are planning for a growth at least of 18%. This will be driven by, for sure, Somatuline, which is going to continue to grow significantly in the US and also in Europe in 2017. But also the ramp up of the launch of Cabo in many European countries and, on top of that, the new product, Onivyde, that we're going to launch in the US, successfully with our US oncology team.

Primary care; we expect to grow at least at 4%, which mean be at least back to growth in 2017 for the existing business and then we add the impact of the two acquisitions. Clearly, we are guiding to 4%, meaning that at least the business will be back to growth and the impact of the acquisition is more or less into the 4% that we are proposing here.

Core operating income; as a consequence, we believe that we can continue to grow and improve our profitability to at least 24%, as compared to 23% this year, thanks to the growth of the core business. Cabo will still be dilutive to our margin and Onivyde should be neutral to the core operating income under the new definition.

So as a takeaway, very good year; as you know, record year in terms of sales, sales growth and in terms of profitability. Also a good year in terms of net profit. The Board, that met yesterday, decided to propose a flat dividend, which shows the confidence of the Board into the Company to continue to support our acquisition strategy.

As you see, very good cash performance and this is something that we want to also continue in 2017, making sure that we continue to improve our cash generation. And we have a very strong balance sheet, which will provide us the opportunity to finance the acquisition, and to remain very strong in terms of gearing and EBITDA multiple. And, clearly, we are targeting for 2017 another year of double-digit growth and improving profitability.

So thank you. I turn back to David for the pipeline and conclusion.

David Meek - Ipsen SA - CEO

Thank you, Aymeric. A couple of slides on the pipeline update, and then the conclusion.

On the key milestones, we've got a number of key milestones in 2017 to watch out for; the first is Somatuline. We expect a regulatory decision for the symptom control of GEP NET in the US in the second half of this year. This is an important new indication to expand the business with Somatuline.

For Cabometyx, we expect to submit for the first-line RCC patient population. This is the CABOSUN data that read out at ESMO a few months ago. We will submit that later this year. We also will get the top line data readout of the Phase III trial in hepatocellular carcinoma for Cabometyx in the second-line setting.

Telotristat, where we have European rights, we should receive a regulatory decision midyear this year.



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And then, Dysport, we've got a regulatory decision coming up in the US for adult lower limb spasticity. And then, a couple of submissions; the solution submission for cervical dystonia in Europe later this year, and then, the solution submission for glabellar lines also in Europe later this year.

A quick update on our pipeline programs. I won't go through each one in detail, but what this slide does say, there are about 10 programs in our oncology franchise that are in Phase II or Phase III, at this point in time. As I mentioned earlier, when we look at Cabometyx and we look at Onivyde, you can see the Phase II, Phase III programs that were added to the Ipsen portfolio last year. This is important, because we want to build a sustainable pipeline for a sustainable growth plan for Ipsen for decades to come.

Also, in our neurosciences business, there's five programs in Phase II, and a couple in registration that I've highlighted already. So when you look at all of these programs added up, this is a very important part of our portfolio. We spend a significant portion of our revenue and sales on R&D, and we want to accelerate the transformation of our pipeline, to be able to come out with many more new chemical entity launches, and important new indication launches, in a very reasonable cadence.

And I would say, later in the second quarter, we're going to be really pleased to take you through a little bit deeper dive into the pipeline as we plan for an Investor Day second quarter.

So 2017 and our roadmap; we want to accelerate our business momentum, driving Ipsen's transformation. As exciting as 2016 was, and Aymeric took us through the numbers in detail, it was a great year for Ipsen. 2017, we're stacking up to have an even greater year in 2017 than we did in 2016.

We're going to continue with our double-digit growth, we're going to continue with our margin expansion, and we're going to accelerate our pipeline. We're going to drive this strong growth from our specialty care portfolio, and improve our operating performance also with the specialty care portfolio. We have an opportunity to establish leadership positions with the launches of Cabometyx and the acquisition of Onivyde.

Our primary care portfolio is in a transformation phase, more to a consumer healthcare model. And when we add these new consumer healthcare products to our portfolio, it's a back to growth strategy for our primary care portfolio.

All of this, what will this deliver? It's going to deliver outstanding shareholder value, and also value to patients.

So thank you very much for attending. Thank you very much for your listening to us today. We're glad we're able to share these results with you. And at this point in time, Aymeric and I will be happy to answer any questions you may have.

QUESTIONS AND ANSWERS

Jean-Jacques Le Fur - *Natixis - Analyst*

Jean-Jacques Le Fur, Natixis. Three questions, if I may? The first one is on Somatuline; what could be, or is there any reason this year to see the sales growth to significantly slow down, I would say, for example, below 30% sales growth?

Second question is, if we could have more details on the OctreoPharm impairment, what happened there?

And the last question is on primary care core operating margin; you lost about 600 basis points this year. So what happened, and what could be the solution to restore the margin in this business? Thank you.



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Aymeric Le Chatelier - Ipsen SA - EVP, Finance

Okay. I can answer the questions in order. Somatuline, we are not commenting, as you know, and giving guidance by product. But clearly, it's important to say that this is now the third year into the launch of the product in the US. So yes, we should expect some reduction of the level of sales growth.

I'm not commenting, but 30% is a pretty high number, as we did 35% this year. But I can't give you more than that. We continue to believe that there is an opportunity to gain market share. The NET market is a dynamic market; there is still some watch and wait to clearly accelerate the growth of the market. And we are confident that we can continue to gain momentum in the US.

OctreoPharm, I don't know if you want to comment David?

David Meek - Ipsen SA - CEO

Just one more thing, just on Somatuline, completely agree with Aymeric. The dynamic growth of 35% year over year is a base that's getting really high. Now it's north of EUR500 million, but we're very optimistic about the significant growth plan; it's very important to us, for Ipsen, so we're excited about Somatuline.

On OctreoPharm, could you go a little bit deeper into your question? I want to make sure I answer the question that you have.

Jean-Jacques Le Fur - Natixis - Analyst

I don't remember the figures, but you had an impairment this year of EUR30 million, close, am I right? I don't know the exact figure, so what happened there? I understood it to delaying the program, but what happened?

David Meek - Ipsen SA - CEO

Aymeric will share with you the figures. What we've learned about the program in -- if you saw the pipeline, it is a theranostic program, right. So we learned some new things from the health authorities. Instead of developing one as a companion diagnostic, and then as a therapeutic, we thought it would be best for our development plan to develop them together, as a true theranostic program. So we'll develop them in parallel together, and instead of doing a sequential, the companion diagnostic, and then work on the theranostic, we thought this would be best for the development plan.

We certainly learned a lot from watching what happened with AAA, and then we took the health authority feedback that we had from FDA and EMA and felt this would be the best development plan to get OctreoPharm, that acquisition asset, to the market as soon as possible.

And Aymeric can give you the impairment.

Aymeric Le Chatelier - Ipsen SA - EVP, Finance

Yes, the impairment is a consequence under IFRS. If you remember, when we bought the company OctreoPharm, there was two product. One of the products was Phase III ready, the other one almost Phase III ready, and the other one was a very preclinical Phase I asset. Most of the value at that time was allocated to the first asset, the diagnostic one. And now, as we are combining and getting a longer timeline, clearly we had to take, under IFRS, a write off for the initial -- and a lot of the value of the acquisition was initially put on this product.

The third question was on the primary care margin. Yes, you are right, you have in the appendix of the press release detail of the profitability between specialty care and primary care. It's not a surprise, you will notice that first, the two businesses are the same level of margin, even if we know the dynamic are very different; clearly, growth from specialty care, lot of investment in R&D.



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Primary care is different. We are suffering with the top line decreasing and additional investment, especially in China, to transform the business into OTC and getting more into a sales force dedicated to pharmacies. Having said that, the transformation of the business you should expect the margin to continue to decrease, as an OTC business will have lower margin than 32%. And this is a business that is transforming from a traditional primary care business towards more consumer healthcare business, where the level of margin is more towards 20%, 25% margin.

Jo Walton - Credit Suisse - Analyst

Jo Walton, Credit Suisse. A few questions, please. Firstly, on Somatuline in the US, I wonder if you could give us -- and in Europe, your estimate of what sort of market share you think you now have. You used to have something like only a 15% market share of new patients in the US. And what proportion of treatment centers do you think are now using your product? Have you effectively fully penetrated the opportunity there, and it's now growth in new patients?

My second question would be about Cabometyx, if you could tell us a little bit about the pricing that you've been able to achieve. Now you're looking to go from second line into first line pretty quickly; is that going to have some implication in terms of pricing, with the regulators saying, hang on a minute, this is potentially going to have a much bigger opportunity?

And I wonder if you could also tell us a little bit about how your discussions are going. I know you say you're going to be filing in the second half, but presumably you've been having discussions, so that we can get a sense of how likely it is you'll be able to get a first-line indication with that Phase II data.

David Meek - Ipsen SA - CEO

Okay, thank you for the questions. First of all, regarding Somatuline, where we have the most robust market share data is in Europe, due to Somatuline and [Sandostatin] have been on the market for years in Europe. In many of the markets it's about 50/50 market share between Somatuline and Sandostatin and market share has actually been climbing a couple of points, ex-US, for Somatuline. So we've been very pleased with the performance there.

And in the US, the market share numbers are a lot harder to get, quite honestly. In many cases, the GPOs, the group purchasing organizations don't report the data, so it's much harder to get the data. What we do know is we're growing market share and our new patient start market share is growing very dynamically. We are getting some patients from -- the switch patients from Sandostatin LAR.

But most of our business is coming from new patient starts, newly diagnosed NET patients, as well as patients that are coming up the sidelines that are on watch and wait, so they've been diagnosed but they weren't treated. But more and more the guidelines in the congresses have been saying, get those patients off the watch and wait sidelines, get them on to active therapy. And we've benefited from that then we've expanded the market. So that's what I would say with Somatuline, and we expect to continue to drive market share in the US, as well Europe.

We think there's still upside, and why? Because Sandostatin analogs, if you look at the data and you compare the products, Somatuline is better profile in the US. We're expecting an inflection as well when we get the symptom control for GEP NET later this year. So we think that's an opportunity for the commercial organization to have that claim and go.

You mentioned about the penetration, or you asked a question about the penetration of major centers. We're there. We're on the formularies; we're actively prescribing in the formularies in the major cancer centers, and in the community offices as well. Our penetration is pretty good, now that we're three years into the launch. But we still see significant growth potential for Somatuline as well this year.

For Cabometyx, talking about the pricing, it's early days of the launch; we're excited about the early indicators we're seeing. With pricing we're having great conversations. Here in France, we've got an ASMR rating of 3; that's based on the clinical data that we have. Good conversations are happening in Germany right now with NICE. We got the letter from NICE the other day, the expected letter that we all get as an industry, that



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negotiations are underway. And we expect to achieve a target price that is in the same range, where Opdivo is, and that's about EUR6,000 per month.

In the Netherlands, we just received price a few weeks ago and it's just a little bit above EUR6,000 per month. So that's where we're targeting for our price and the conversations, I think, are going well at this point in time in the major markets.

Jo Walton - *Credit Suisse - Analyst*

For first line?

David Meek - *Ipsen SA - CEO*

For first line, as we said on the slide, we expect to submit. The conversations we've had with EMA have been encouraging. They've had an opportunity to see the data, they saw the data that most of you have seen. They've seen a little bit more. And the point is we have compelling data against Sutent which is the standard of care. This is very compelling data that cannot be overlooked, and what they share with us is put the dossier together and submit the data, so that's our intention.

Aymeric Le Chatelier - *Ipsen SA - EVP, Finance*

And maybe just to add, to make sure you were alluding to the first-line impact on the pricing, this is going to be the second step, so clearly today we are only negotiating the second line, current level. Once we get the approval that will be a further validation on the reimbursement and pricing at each country level.

Nicolas Guyon-Gellin - *Morgan Stanley - Analyst*

Nicolas Guyon-Gellin, Morgan Stanley. Two questions, please. The first one is on the primary care and the future of the division in light of the transactions that you've made. Does that mean that your commitment towards primary care has increased? And if not, what are the possible scenarios?

Second, a gross margin question for Aymeric. It was obviously pretty strong this year, and particularly in the second half of this year, thanks to the mix and Somatuline. How shall we think about gross margin in 2017 and beyond with, I guess, a positive contribution from Onivyde?

But correct me if I'm wrong; I think the royalties that you pay away for Cabo are also included in the gross margin, so what could be the impact overall? Thank you.

David Meek - *Ipsen SA - CEO*

First question about primary care; primary care is an important part of our business, it's 20% of our business. It fuels our growth; it throws up a lot of cash, which is very important for us to reinvest in total Ipsen business. So when we look at any opportunity, we're looking at all -- what's best for Ipsen? And that's specialty care, and primary care is included in that as well.

Our commitment is there for primary care, our commitment is there for specialty care, and how do we grow both of these businesses in a very profitable manner to give shareholder and patient value. That's what we're trying to do.

This opportunity, especially the Sanofi opportunity, when you look at what we spend relative to what we spend on specialty care transactions, I think you would say it's not a disproportionate amount. It was a good opportunity, due to the EC mandate, that they had to divest. It just happened



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to be a nice arrangement for us as well, and we felt this was an opportunity that we should not pass on because it could give us the critical mass we needed in a market like France to become more and more of a consumer healthcare player.

So we have more critical mass with that. It gives us great opportunity with the retail setting, and we've got the existing infrastructure that we literally just bolt these products on. So we thought it was a nice, good financial move for us to do this. So that's how we looked at the business. We look at both businesses; we're constantly assessing options for all of our business.

And this gets to the Investor Day that we're going to have, also in the second quarter this year, to talk really more about the strategic plan for Ipsen and go in a deeper dive into some of our pipeline programs as well.

Aymeric Le Chatelier - Ipsen SA - EVP, Finance

Regarding the gross margin, I think you gave a lot of answer in your question. Clearly, the dynamic and the growth of Somatuline will continue to improve our level of gross margin. It is right to say that Onivyde has a very similar profile to Somatuline, as there is no IP to be paid on the US sales and the cost of the product is pretty low. So the profile of Onivyde will further improve our gross margin.

It is also true to say that Cabo has a different profile. It's a licensing agreement, and we have a specific arrangement with Exelixis, from the initial contract, where we pay only 2% for the first [EUR50 million]. We pay 12% only for the next [EUR100 million]. We're talking about accumulated sales. And then we are 22%, which is more the customary level of royalty for what was a ready to be marketed asset when we licensed it one year ago. So when you take a combination of all of that, we don't anticipate to get some [nice deterioration] or strong improvement of the gross margin, over time.

Delphine Le Louet - Societe Generale - Analyst

Delphine Le Louet, Societe Generale. Three questions, if I may? Could you come back to the volume pricing on Somatuline and the growth, and make a clear distinction between the two? Can we also have an idea in terms of breakdown of sales, just talking about the volume component of that on Somatuline for the new patient coming in?

Secondly, moving back to the gross margin and the growth of the gross margin, which is fairly below actually specialty pharma division, can we get some explanation on that, which is certainly linked to the third question regarding the CapEx, the EUR84 million that you were spending last year?

Can you tell us exactly what is it linked to and what sort of CapEx have you been doing? Is it a figure that we could extrapolate in the near future? Thank you.

Aymeric Le Chatelier - Ipsen SA - EVP, Finance

Thank you for your questions. The first question on volume price for Somatuline, it's mainly volume as we have price pressure in some selected country in Europe, but this is quite limited. We get some nice pricing environment in the US when you're talking about the gross price. But anyway, we are redressing in order to maximize the value of Somatuline. So you can consider that major, not to say that all of the growth of Somatuline, is really volume driven.

The share of new patient, we are not tracking -- by the way, it's not a question of disclosing, we're not tracking the sales of new patient inside the performance of Somatuline. But as David was explaining, a lot of the growth is really coming from getting new patient and you know that the switch are pretty rare when patients are [serialized] on the drug.

Regarding the gross margin, I'm not sure to understand whether the question is different. The evolution of this year is really first driven by Somatuline. The gross margin of Somatuline is fairly significantly higher than the gross margin we have on both Decapeptyl and Dysport, as both of those



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products we have to pay for the IP. So clearly, it's more than 90% gross margin of Somatuline, and the rate of growth of Somatuline explain a lot of the performance you have at the gross margin level.

We also have some accounting change of some of the businesses that may impact some of the models that you have; I won't enter into the detail. And on top of that, the manufacturing efficiency of our site is clearly increasing as we have a lot of [fiscals] in those site, and the more we grow the volume, the more we get to the optimization of those site, which is a good transition to your third question about CapEx.

Yes, we need to invest in our manufacturing site in order to cope with the growth of our product. So we have been increasing the capacity of our plant in Dublin, in Ireland, where we are producing the active ingredient for Somatuline. Yes, we are planning investment in Dysport in order to support all the new product but also the growth of Dysport, both in aesthetic and in therapeutic, and we have a site in UK to do that. And also, we are preparing some expansion of our site in France, which is really manufacturing the product, Somatuline, and Decapeptyl.

So the level that you have today, and I think that we communicated last time on the fact, that this is going to continue, even increase a little bit as there may be some further significant investment to be done. And you can count on something around EUR100 million a year for at least the next two years.

David Meek - Ipsen SA - CEO

I would just add also one of the financial pluses of the Onivyde transaction is having a wholly owned asset. So we will, in very short order, see those same gross margins for Onivyde, which is really important for us, that we'll be in line with a specialty care oncology product. So that should really help out our margins, over time, as well.

Jo Walton - Credit Suisse - Analyst

Jo Walton, Credit Suisse. For Dysport, could you just compare for us the labels now between Dysport and Botox? Do you feel that you are now fully comparable in virtually all regions? And is Allergan back to business as usual? It was clearly amazingly distracted by other things, so just wondering how you feel the competition is developing there.

Particularly, you've got this issue in Brazil. Presumably, patients are going and getting other products rather than yours if you have a temporary import ban. Just wondering how difficult you think it will be to get back to full growth in that market, whether there'll be any price concessions that you have to give to get back. So a little bit on Dysport.

And then just another question on China and Decapeptyl. You particularly highlighted pricing pressure in China; is there any local competitor pressuring you, or was this just a decision -- wondering just the mechanism for that price pressure coming through.

David Meek - Ipsen SA - CEO

Okay, so you asked the question of the Dysport label relative to the Botox label. The short answer is, we are at a competitive disadvantage at this point in time. We've got some new indications coming; I showed you there's five Phase IIIs running. Even with that, we still have some catch-up to do to achieve the same label that Botox has. And in the US, with the PLL label and the AUL label that we have, we're still significantly behind with what Botox has. They've invested in that product for many years and have been very successful.

So what we're looking at is we're not going to catch up with all their labels. Strategically for us, that doesn't make the most sense. What we are doing, and as you saw on the neurosciences pipeline slide, is our next generation recombinant toxins. We think we've got a great opportunity to really be able to compete and win with next-generation toxins.



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And some of the CapEx spend is going down that road, is putting these recombinant toxins into the clinic; longer half-life, shorter half-life, overall a better profile than what is on the market today from anybody, and as well as what we think will be a competitive product in the future. So that maybe answers your question on Dysport globally for the label.

But with that, in many marketplaces, we are as big and as successful as Allergan is. We're in the, like, 50% market share range. We talked about Russia earlier, talked about the aesthetic business. We're the market leader in the aesthetic business in Russia. In many of the markets for our therapeutic business, we're the market leader on the therapeutic side in some of our European markets.

In the US, our launch is not going the way we want it to go, and the team is working hard on that right now to put together a plan so we can accelerate our growth in the US with the label we have today, as well as the new indications that we have coming just this year.

Regarding Brazil, let me switch to that for Brazil. The good news about Brazil, there was enough stock in the market so patients have been able, for the most part, to receive therapy, based on the stock that was in the marketplace. And we do have some patients that we're still able to import to some of the patients in Brazil.

By the second quarter, sometime in the second quarter, our plan is for this to be cleared up and the import license to be full speed ahead and back on track again for Dysport in Brazil. So we expect this to be a short-term issue for us. As Aymeric said, it did impact some of our performance for Dysport; our growth would have been 10% in 2016, if it wasn't for the Brazil issue. But we're optimistic we'll be back on track here in the coming months.

Anything else you want say on Dysport Brazil?

Aymeric Le Chatelier - Ipsen SA - EVP, Finance

No, I think it's pretty clear. You were just alluding on Allergan being back to business; clearly, what we see is that they are really back to business. So maybe they were disrupted of the first wave of consolidation, but now they're really -- and when you see the very impressive performance of Botox that was reported two weeks ago I think they're there.

Maybe on China, the question, no, it's not really the local competitive, it's more the way the global landscape of healthcare pricing, especially at hospital level is going to move. Clearly, last year we said I think the authority in China really wants to get the Chinese pricing in line with the international pricing. And today, most of the product are priced with a significant premium.

We estimate something to 50% and our assumption is that it will take maybe five or 10 years to get that. So that means that we get some pricing pressure something between 5%, 6%, 7% a year, that's what we had last year. And we anticipate to get the same for the year to come. This is through [BECCs] province by province and this is really impacting all the player in the market.

Unidentified Speaker

Just wanted to add some information about the (inaudible - microphone inaccessible) profile. By the way, I'm [Alex LeBeaut here] -- because we are very proud of the achievement, the world's only [apatoxin] approved for pediatric use in pediatric lower limbs ahead of Allergan. So this is really an achievement for us because we are really [full part of it].

David Meek - Ipsen SA - CEO

Good point, Alex. Thank you.



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Eric Le Berrigaud - *Bryan Garnier & Co - Analyst*

Eric Le Berrigaud, Bryan Garnier. Three very quick P&L related questions and one R&D. Other revenues first for 2017, is it reasonable to assume that, given how the composition of these lines, so mainly [Adenuric] and Galderma aesthetics, that growth rate in 2017 will be very close to what it was in 2016, i.e., low double digit?

Second question on tax rate. Any possibility to get your sense about what tax rate may be in 2017, given also mix change for US and what could that be?

And maybe also some FX impact for 2017; should current FX rate stay for the full year, what does that translate into for top and bottom line?

Maybe a related question; as you start changing some of your standards, is there any change at some point to get [your] guide on core EPS rather than operating margin?

And lastly on R&D; HCC with Cabo, you we're used to saying that we should expect data towards the second part of the late part of the year. Now you showed on the graph data in 2017, but not in the second part. Any reason to expect that it could come earlier than previously expected?

And any readout from what we got Daiichi a couple of days ago, given that you share with their compounds the NET inhibitions not only, but do that change anything to the view you have on this development?

Aymeric Le Chatelier - *Ipsen SA - EVP, Finance*

Very quick answer to the technical question. Other revenue, you should expect that to be mainly linked to Galderma and Menarini. This year we benefit from -- last year, 2015, we had some exceptional gains recorded on the (inaudible). But globally, they should be in line with the trend that you've seen in 2016.

Tax rate; I would say no major impact to be expected. We remain to the 26% long-term tax rate. And in 2017, we shouldn't be that far away, except if we had some exceptional deduction, or some exceptional change in the environment, either in UK or in US. But today, we don't anticipate any major change, even if for mix in the US.

FX impact; clearly, what we said is that most of the position has been hedged at the end of last year. So what we anticipate is really limited positive impact to our margin for next year. But the bulk of the volatility in the recent weeks, or months, has been on the US dollar, and that will be more likely to be favorable for 2018, on top of the acquisition for Onivyde that will benefit of that.

The second question which was, would you guide on EPS at some point of time? We do step by step; I think this is something good to align on the operating income. We want to make sure that, if we implement change, we don't implement a change of all the parameter. The size of the Company also make it more difficult to predict on the EPS level. So this is something that we are conscious that we are also sharing with the Board, but we're not ready today to provide EPS guidance.

David Meek - *Ipsen SA - CEO*

Regarding Cabometyx and the HCC trial, the Phase III trial, later this year we expect to read out the data relative to the Daiichi. And the reason why later, it's event driven, as you know, so we can pretty much predict it will be later this year, based on the predicted events that are driving the timelines for the study completion and the readout. So it will be later this year for that. And based on the Daiichi results, certainly be a dynamic [ASCO GI], lot of news flow coming out of there, and very important tumor types and HCC in one.

Our trial is up, it's running; we're not changing it at this point in time, so we need to wait for the data to read out. But I think what we have seen is if Cabometyx is affective in HCC that's going to be a big win. It's a very tough disease for hepatocellular carcinoma, so let's wait for the data.



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Anything else to add on that, Alex? Okay.

Aymeric Le Chatelier - Ipsen SA - EVP, Finance

A question from the operator.

Operator

(Operator Instructions). Sachin Jain, Bank Of America.

Sachin Jain - BofA Merrill Lynch - Analyst

Just three questions, please. Firstly, a clarification question, Aymeric, on your primary care comments in the introduction. Could you just clarify what the portfolio expansion contributes to the 4%? It sounded like it was the bulk of it. In addition, could you clarify the growth of the acquired portfolio? I guess what I'm trying to get to with those two questions is the sustainability of the 4% level for primary care growth, versus your aspiration to obviously grow the underlying business.

Second question, apologies, back to Somatuline. You obviously talked about the growth in some of the earlier questions you expect for 2017. Can you just give some color as to what inflection you expect in growth, following the symptom control label in the middle of the year? How does that aid your commercial positioning?

And then, the third question is on Cabo RCC. There was Avastin [to centric] data recently presented at [ASCO GU]. Just could you give some color as to how you view that as a competitive threat or not to the Cabo franchise? Thank you.

Aymeric Le Chatelier - Ipsen SA - EVP, Finance

Okay. Thank you for your questions. I will take the first one and, David, you answer the two other questions. Clearly, to be more specific, you're right, this year, our guidance, we want to be conservative. As you know, last year was a difficult year for the primary care to meet the guidance, given the environment and the transformation of the business.

So the core business, we want that business to be at least flat, or starting to show some growth. The 4% is mainly the impact of the two acquisitions. The Italian acquisition is a small one, as we are just regaining some of the product and the distribution of Smecta in Italy. And the Sanofi consumer healthcare asset, we expect to get only the consolidation of the sales for a portion of the year. So that's the bulk of the 4%.

Your second question is, what can we expect long term from the business, and you're right, that our objective by transforming the business into OTC is to drive some further growth on the long term. And I think that's what we said before, between 2% and 4% growth long term, that should be at least the target that we have. We hope to be able to do even more, as we are especially expanding the brand Smecta to other indications, through the probiotics. But we will elaborate more on the strategy of the primary care business when we do our Investment Day next quarter.

David Meek - Ipsen SA - CEO

And relative to Somatuline, getting the symptom control data for GEP NET in the US later this year, this will give us a competitive advantage commercially, because we will have the tumor control data, and we'll also have the symptom control data. So we should have a better clinical -- well, we do have a better clinical profile, but our label will be better than Sandostatin with its label.

So we have baked that approval into our budget for the 2017 guidance, because we do expect that to be part of our growth story for Somatuline in the US, for that.



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Regarding ASCO GU, I actually missed some of the question; it didn't come through on the sound, but maybe I'll do my best to answer what I thought you said. It was a very dynamic conference. There was a lot of news flow from a lot of competitors that came out there; a lot on immunotherapy; a lot on combination therapy in the RCC space and the HCC space. And we've taken a look at all the data that was published. We're working with our partners, Exelixis. We maintain what we talked about today is, we want to submit CABOSUN for first line. We're eagerly awaiting the outcome of the Phase III and HCC.

At the same time, we're looking very intently at our lifecycle plan for Cabometyx. And what we do know, and speaking to the key opinion leaders around the world, is combination therapy is the way to go. We've got a great asset with Cabometyx. It's proven itself; it's good monotherapy in a second-line setting, in a first-line setting for RCC. So is there an opportunity for a combination regimen.

So the joint development committee, between Ipsen and Exelixis, are looking at this. As you know, we've got a Phase I trial with [Nivo] that has read out some encouraging results. So we're really excited about the opportunity that we have with Cabometyx as monotherapy as well as combination therapy.

So I would say stay tuned as we unveil, maybe if we can get to an agreement with Exelixis on what the future lifecycle plan is for Cabometyx. And we probably will unveil that in our Investor Day, in partnership with Exelixis.

Sachin Jain - *BofA Merrill Lynch - Analyst*

Sorry, David, can I just clarify on the question that didn't come through? It was any specific view on the Avastin to centric data in renal, as a competitive threat to Cabo.

David Meek - *Ipsen SA - CEO*

Yes, it's a great question; we were talking about this earlier today. So there, you've got two great products working together, and the data didn't quite turn out to be what they hoped it would be. So I'm sure some folks are not really happy with that. But again, we go back to Cabo and we look at the data we have is monotherapy, and we imagine what it could be maybe in combination with a PD1. We think there's opportunity there for us. There's a lot of competitive trials going on in RCC, and so far we've been on the winning side of those trials, at this time. And we think there's even greater upside in combination, over time.

Sachin Jain - *BofA Merrill Lynch - Analyst*

Very clear. Thank you.

Operator

Peter Welford, Jefferies.

Peter Welford - *Jefferies - Analyst*

I've got two quick questions, I think, and then just a clarification; I think both financial. Firstly, just on Canbex, I saw there was a small writedown of that as well, and unless I've missed it, I don't think we've yet seen any readout from that trial. Just wanted a comment, therefore, what drove that decision, and when we can anticipate the results there that could trigger the opt in.

Secondly then, if you could give us some sort of idea on the intangible amortization charge we should be backing out of core numbers this year? But I guess, more specifically, including post the Sanofi and the Italian acquisition, so what we should anticipate on a recurring basis by the time we get into the second half?



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And then finally, just a clarification here, if I could ask David just to reiterate the point you made on the pricing of Cabometyx. My webcast cut out. Just with regard to parity, I think you said it was Opdivo and the pricing you made there per month in Europe. Thank you.

Aymeric Le Chatelier - Ipsen SA - EVP, Finance

Okay, maybe the first two questions. On Canbex, just to make clear, you're right, there is no readout at this stage. What's happened is the enrolment of patients is taking far much more time than what we anticipate initially. So clearly, the business case and the condition under which we sign and secure the options, you remember that was a deal where we only paid an option to be able to acquire the full asset, clearly, we consider that, based on the current delay and associated business case, the probability is very low that will exercise the options. And especially, the competitive environment is going to be far different to make sure there is a viable product.

The second question about intangible amortization, maybe to provide you some elements; the equivalent of the 24% margin that we're guiding for 2017 will be a 21%, at least, margin under the previous definition of [core]. And the intangible will come, for sure, from Onivyde, where we expect something like [EUR40 million].

Cabo is more like [EUR20 million] a year, but we already had one quarter, so it's more like a full-year impact will be the increase. And the balance is really coming from the Sanofi transaction. It's quite early to have the full allocation of the price, especially the brand included in that transaction. Hope it helps you to run your models. And, David, maybe on the --?

David Meek - Ipsen SA - CEO

On the Cabometyx pricing, we are targeting in the comparable price with Opdivo. And that's in the range of EUR6,000 per month throughout Europe.

Peter Welford - Jefferies - Analyst

That's great. Thank you.

Operator

There are no more further questions.

Jean-Jacques Le Fur - Natixis - Analyst

Jean-Jacques Le Fur. A question going back on Somatuline and AAA, the Lutathera product; even it will be approved, it's approved for second line after [Sandostatin failure]. Some surveys are showing that some doctors want to prescribe this drug in first line, so direct competition to Somatuline, if I may say. So what is your view with this product?

David Meek - Ipsen SA - CEO

First of all, we're excited about the PRRT program. We have our own PRRT program, so we're excited about that and we think it's great for patients with neuroendocrine tumors. What we see in the physicians that we talk to and also the clinical data that's available from AAA and Lutathera to this point, it will be patients that have not responded to [SSA] therapy.

And also it's not instead of SSA therapy, so it will be in combination with SSA therapy. So when you look at the data that's been published out there, we think it's going to be a good thing to add on to SSA therapy to patients that aren't responding to SSA therapy, over time. One could argue



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maybe it actually extends the life of SSA therapy. So the physicians that we speak to are saying this is in addition to an SSA and that's what the data shows as well. So bottom line, we think it's good for patients and we think it's good for the Somatuline business.

Jo Walton - *Credit Suisse - Analyst*

Can I just take that on a bit more on cancer pricing? Somatuline, you're in a very competitive market in the US; is there any move towards some form of, I don't know, value-based pricing where you pay by results, where you actually put your money where your mouth is to show that your product is better than the Novartis product? And how do you think any Part B changes might make an impact?

David Meek - *Ipsen SA - CEO*

A great question. With value-based pricing in general, I'm supportive of it and we are supportive of it as well at Ipsen. The ability to manage those pricing models at the account level, the hospital level, the GPO level, the country level, these are very hard to execute. If you have these agreements in place, who manages it? Who monitors it? What's really driving the clinical outcomes or not for the patient? But conceptually, we agree, and we have conversations with payers to try to make this happen around the world and we would like to do it. But for now, it's not on the near-term horizon in the US to get there.

But we know we have a great value story with Somatuline. As I talked, we've got the tumor control data. We'll have the symptom control data as well. We've got a safe product, a product that patients -- it's not as invasive, the needle is not as complicated as the other products. So overall, we've got a good value story for Somatuline, we think.

But at this point in time, there are not these opportunities to do what you're talking about, the value-based pricing. But we're very open to it as a Company and we support [FPE] and the industry for this as well, pharma and others. We'd like to be able to do this as an organization.

Jo Walton - *Credit Suisse - Analyst*

And any Part B pricing changes that you think --?

David Meek - *Ipsen SA - CEO*

No.

Jo Walton - *Credit Suisse - Analyst*

Nothing's going --

David Meek - *Ipsen SA - CEO*

No, nothing on the horizon. Well, thank you, everybody. Again, a great 2016, an exciting 2017, and we look forward to speaking with you and updating you on our progress. Have a great day. Thank you.

Operator

Thank you. That does conclude our conference for today. Thank you for participating, you may all disconnect.



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