

Ipsen

2016 Full Year Financial Results

Roadshow – Paris, London, New York, Boston (March 2017)



Disclaimer

This presentation includes only summary information and does not purport to be comprehensive. Forward-looking statements, targets and estimates contained herein are for illustrative purposes only and are based on management's 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 in the summary information. Actual results may depart significantly from these targets given the occurrence of certain risks and uncertainties, notably given that a new product can appear to be promising at a preparatory stage of development or after clinical trials but never be launched on the market or be launched on the market but fail to sell notably for regulatory or competitive reasons. The Group must deal with or may have to deal with competition from generic that may result in market share losses, which could affect its current level of growth in sales or profitability. The Company expressly disclaims any obligation or undertaking to update or revise any forward-looking statements, targets or estimates contained in this presentation to reflect any change in events, conditions, assumptions or circumstances on which any such statements are based unless so required by applicable law.

All product names listed in this document are either licensed to the Ipsen Group or are registered trademarks of the Ipsen Group or its partners. The implementation of the strategy has to be submitted to the relevant staff representation authorities in each country concerned, in compliance with the specific procedures, terms and conditions set forth by each national legislation.

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

FY 2016 Overview

David Meek
CEO

2

**FY 2016 Financial performance
FY 2017 Financial guidance**

Aymeric Le Chatelier
CFO

3

Pipeline update & Conclusion

David Meek
CEO

Full Year 2016 Overview

David Meek
Chief Executive Officer

FY 2016 and recent highlights: Accelerated transformation

2016 results exceed guidance

Strong operating performance driven by Specialty Care sales growth, particularly Somatuline® in the U.S.

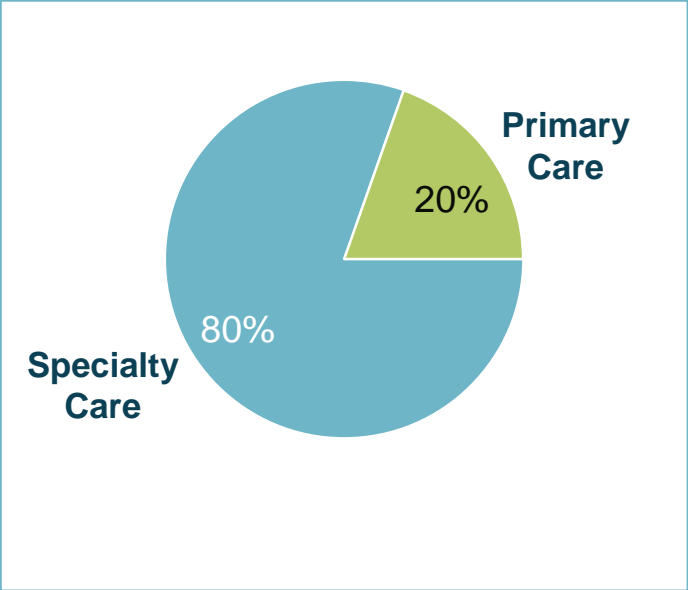
Business development transactions announced to accelerate top-line growth and improve profitability for both Specialty and Primary Care

Implementation of OTx strategy toward consumer healthcare model

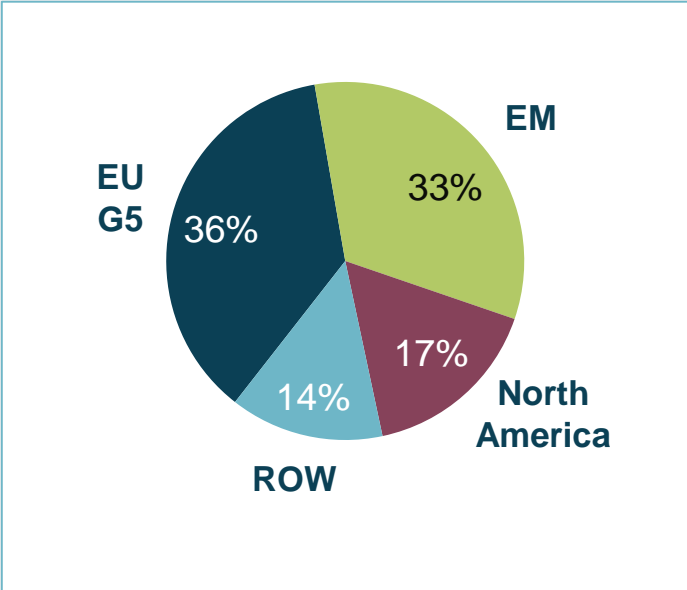
New corporate governance model established

Ipsen, a global specialty pharma company with U.S. top affiliate

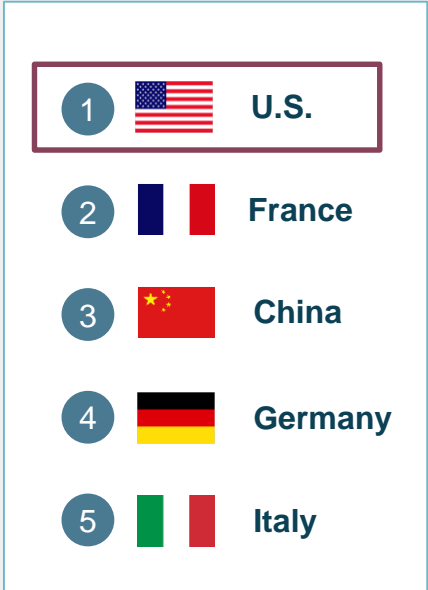
FY 2016 sales by segment



FY 2016 sales by geography



Top 5 affiliates



Specialty Care increasing share in overall Group sales

U.S. top affiliate and largest contributor to growth

Recent transactions to increase top-line growth, improve margins and strengthen pipeline

Specialty Care

Acquisition of Oncology Assets from Merrimack Pharmaceuticals



Key asset Onivyde®

Clinically differentiated FDA-approved product based on solid overall survival data for patients with metastatic pancreatic cancer

- **Strengthening specialty Oncology focus**
- **Leveraging current infrastructure and experienced commercial team** in growing U.S. market
- **Increasing growth and profitability** through substantial synergies and potential additional indications

Primary Care

Sanofi Consumer Healthcare



- **Opportunistic transaction** from EU Commission mandate to divest Sanofi assets
- **Key asset Prontalgine®** in France accelerates OTx strategy to gain critical mass at pharmacies
- **Significant synergies** improving COI margin at Group level

Initial Equity Stake in Akkadeas Pharma



- **Italian private consumer healthcare company** with diversified GI portfolio
- Strengthens Primary Care presence in Italy
- **Established commercial infrastructure** for Smecta® distribution and potential additional products

Establishing global leadership in specialty Oncology markets

Prostate
Cancer

Established and growing product in EU and ROW (China)



Neuroendocrine Tumors (NET)

Best-in-class SSA w/ global leadership position in NET market



Renal Cell Carcinoma (RCC)

Strong clinical profile in 2L RCC to support ex-U.S., ex-Japan launch



Pancreatic
Cancer

Differentiated product supported by U.S. NCCN guidelines



Management, R&D and commercial teams upgraded with significant global operational Oncology experience

2016 Specialty Care highlights

Somatuline®

- Exceeded €500m in sales
- Excellent U.S. performance and momentum driven by volume growth from new patients and previously untreated patients in an expanding market
- Strong performance across Europe, notably France, Spain, Germany and the U.K.



Dysport®

- Strong performance in the aesthetic market through Galderma (especially the U.S.) and also Ipsen territories (notably in Russia and the Middle East)
- Good performance in the therapeutic market including launch of new indications in the U.S. (AUL and PLL in spasticity)

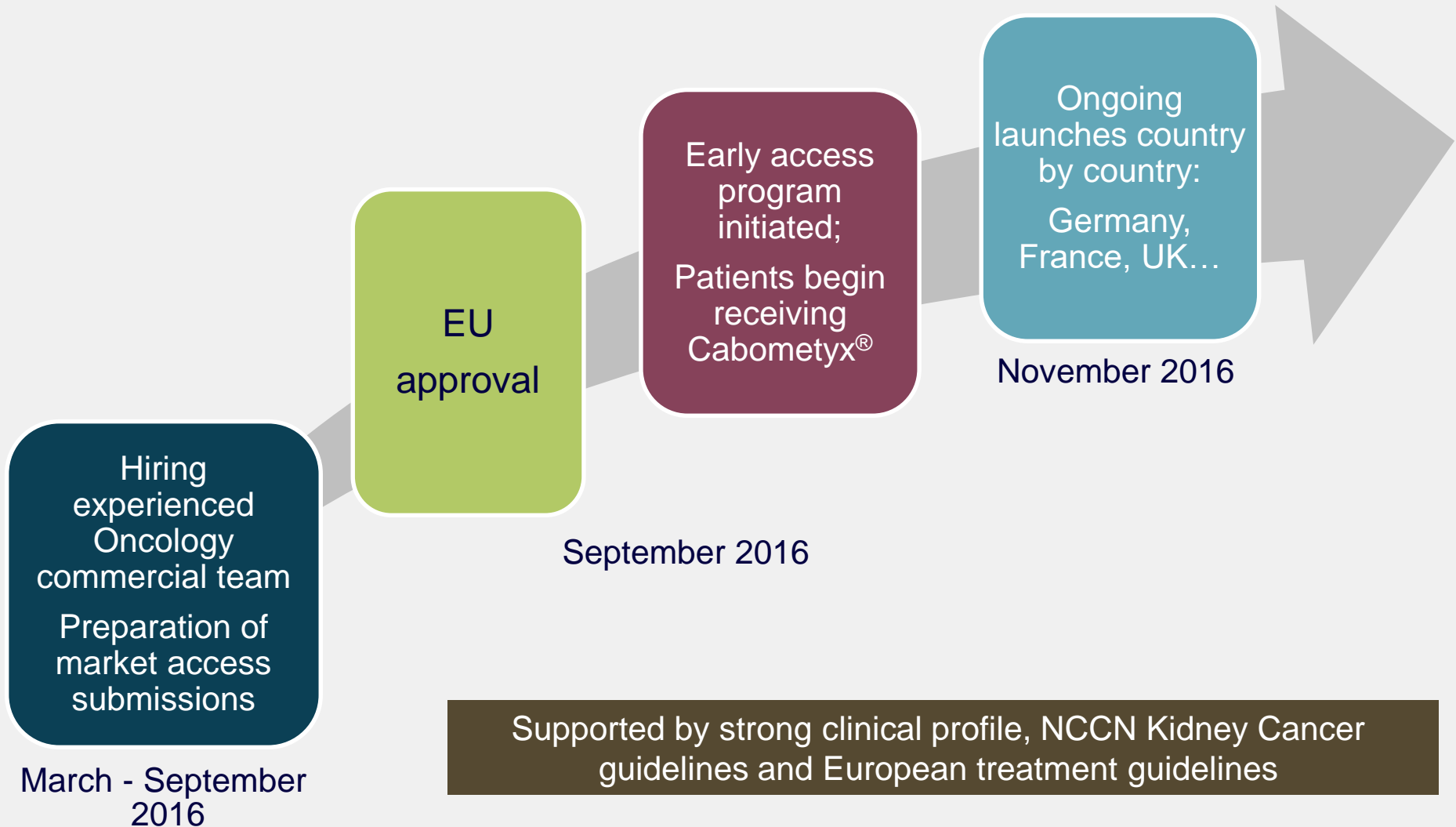


Decapeptyl®

- Good volume growth and market penetration in Europe, notably in France
- Optimized commercial focus in China with dedicated sales force per indication
- Volume growth in China offset by continued pricing pressure



Cabometyx[®] EU launch excellence driving strong momentum



2016 Primary Care highlights

Impact of Emerging Markets

- Challenging transformation in China for Smecta®
- Tanakan® market slowdown in Russia
- Tough economic environment in Algeria

New OTx commercial model

- Smecta® sales growth driven by OTC in Russia and France
- Accelerated transition in China of the Primary Care model to Otx

Portfolio expansion

- Probi™ distribution agreement
- Recent transactions with Sanofi and Akkadeas to strengthen Consumer Healthcare portfolio

2016 results exceed raised guidance

	2016 Q3 guidance	2016 Actual
Specialty Care sales <i>At constant currency</i>	≥ 15.0%	16.1% ✓
Primary Care sales <i>At constant currency</i>	[-5.0% ; -3.0%]	-2.7% ✓
Core Operating margin ⁽¹⁾	Around 22.0%	22.5% ✓

FY 2016 Financial performance

FY 2017 Financial guidance

Aymeric Le Chatelier
Chief Financial Officer

Key financial highlights

<i>In million euros</i>	FY 2016	FY 2015	% Change
Net sales	1,584.6	1,443.9	+9.7% <i>(+11.8% at constant Fx)</i>
Core Operating Income⁽¹⁾	363.9	327.7	+11.1%
Core Operating margin	23.0%	22.7%	+0.3 pts
IFRS Consolidated net profit	226.6	190.7	+18.8%
IFRS EPS – fully diluted (€)	2.73	2.30	+18.7%

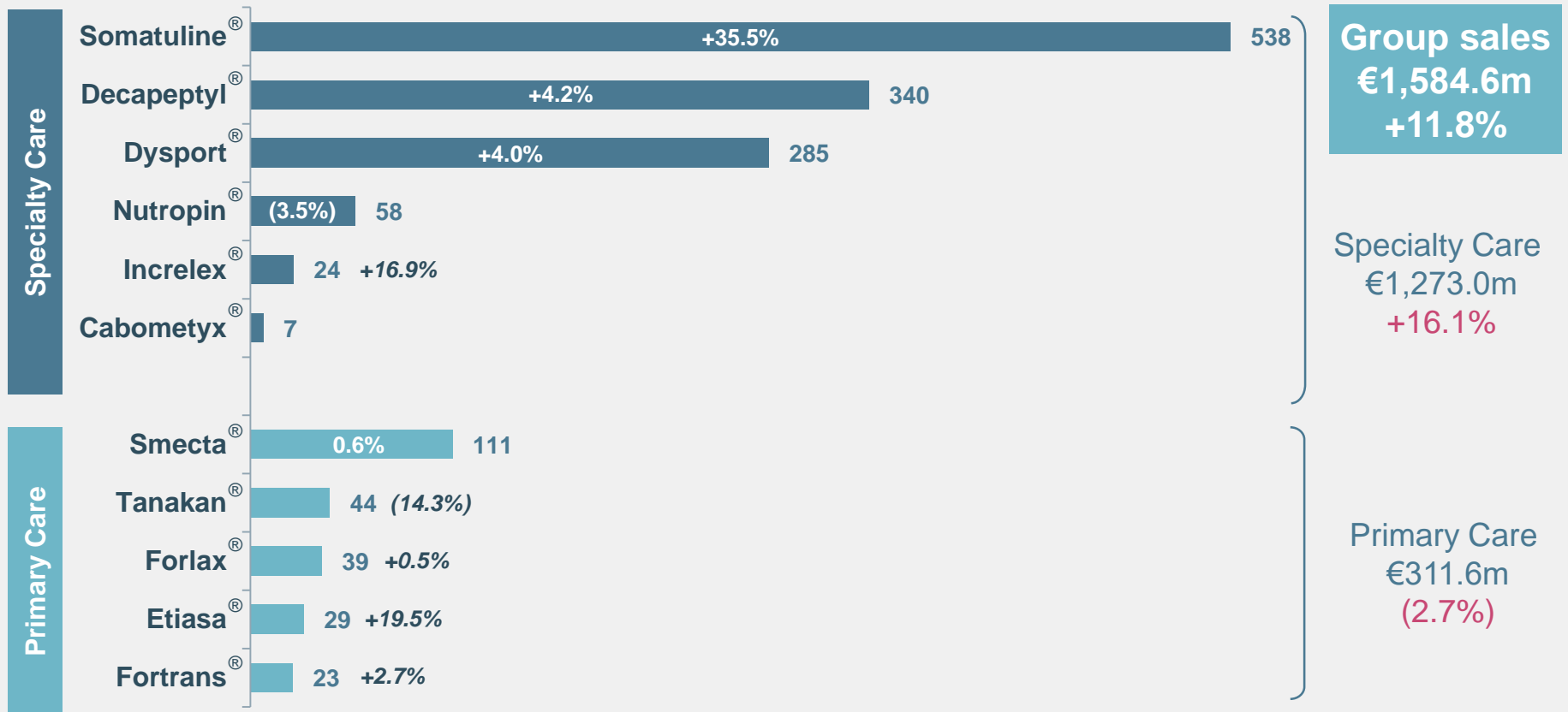
Strong operating performance in both sales and profitability

New definition of Core Operating Income excludes amortization of intangible assets

Consolidated net profit impacted by additional impairment charges in 2016

FY 2016 sales growth driven by Specialty Care business

Net sales – FY 2016 in million euros – % excluding foreign exchange impact



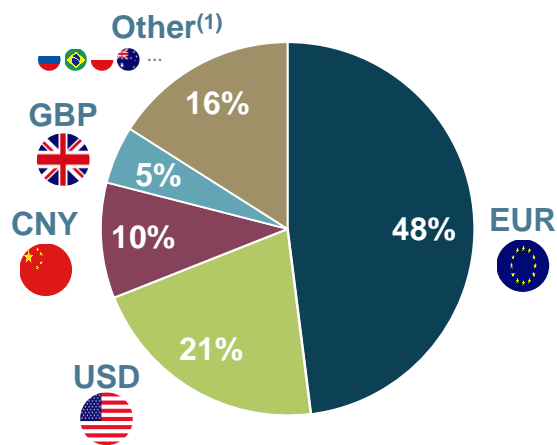
Specialty Care growth driven by Somatuline®

Primary Care impacted by emerging markets and slower ramp up of OTx new commercial model in China

Exposure to foreign currencies

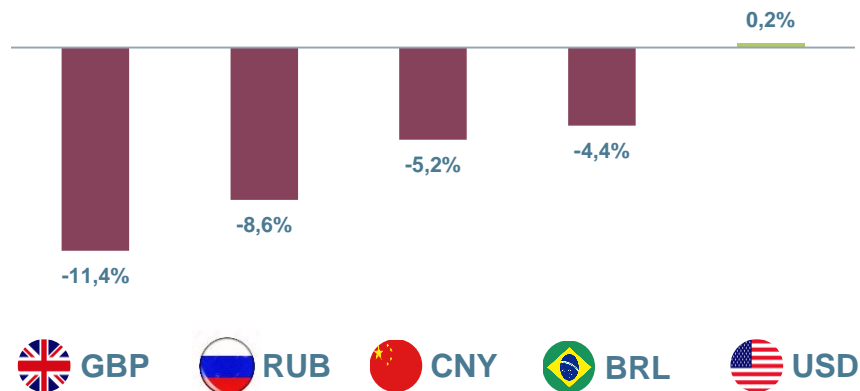
FY 2016 sales exposure by currency

€1,584.6 million



Evolution of major currencies vs. EUR

Average rates change (December 2016 vs. December 2015)



More than 50% of Ipsen sales in other than EUR denominated currencies

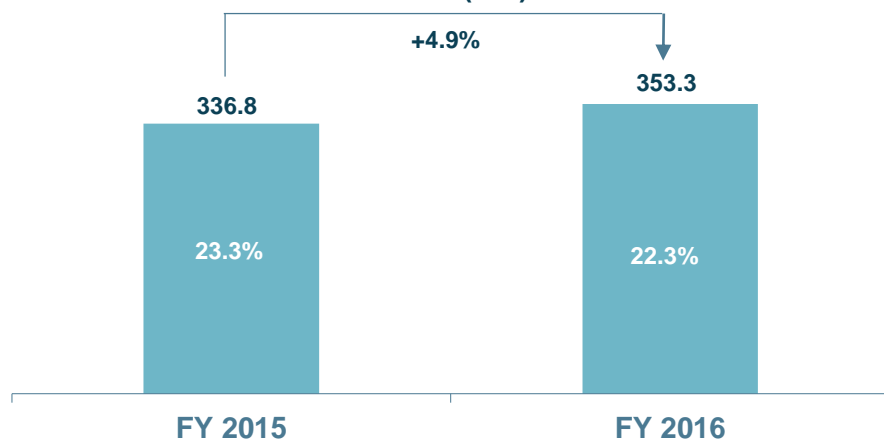
- USD now 21% of sales through export and growing U.S. business

Foreign currency policy

- FY 2016 sales impacted by currency depreciation in the U.K. and emerging countries (RUB, BRL CNY)
- Global FX exposure mitigated by cost base in local currency and hedging of key currencies

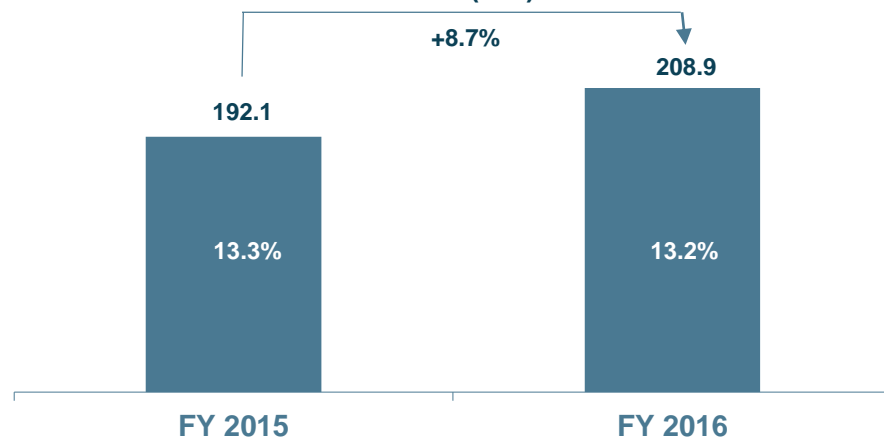
Drivers for operating cost evolution

COGS (€m)



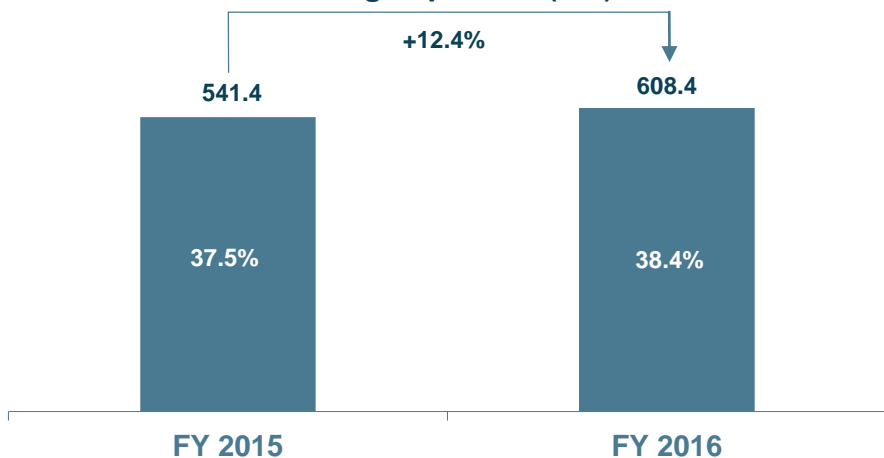
Positive mix effect, manufacturing efficiencies

R&D (€m)



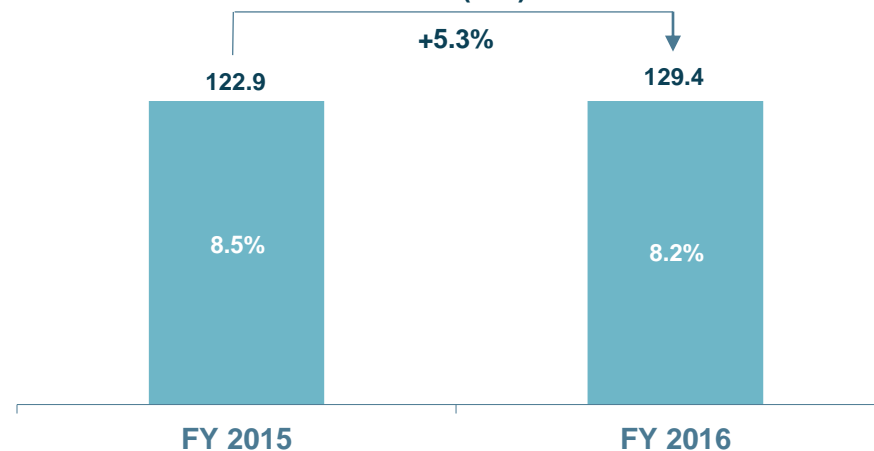
Lifecycle management of Somatuline® and Dysport®

Selling expenses (€m)



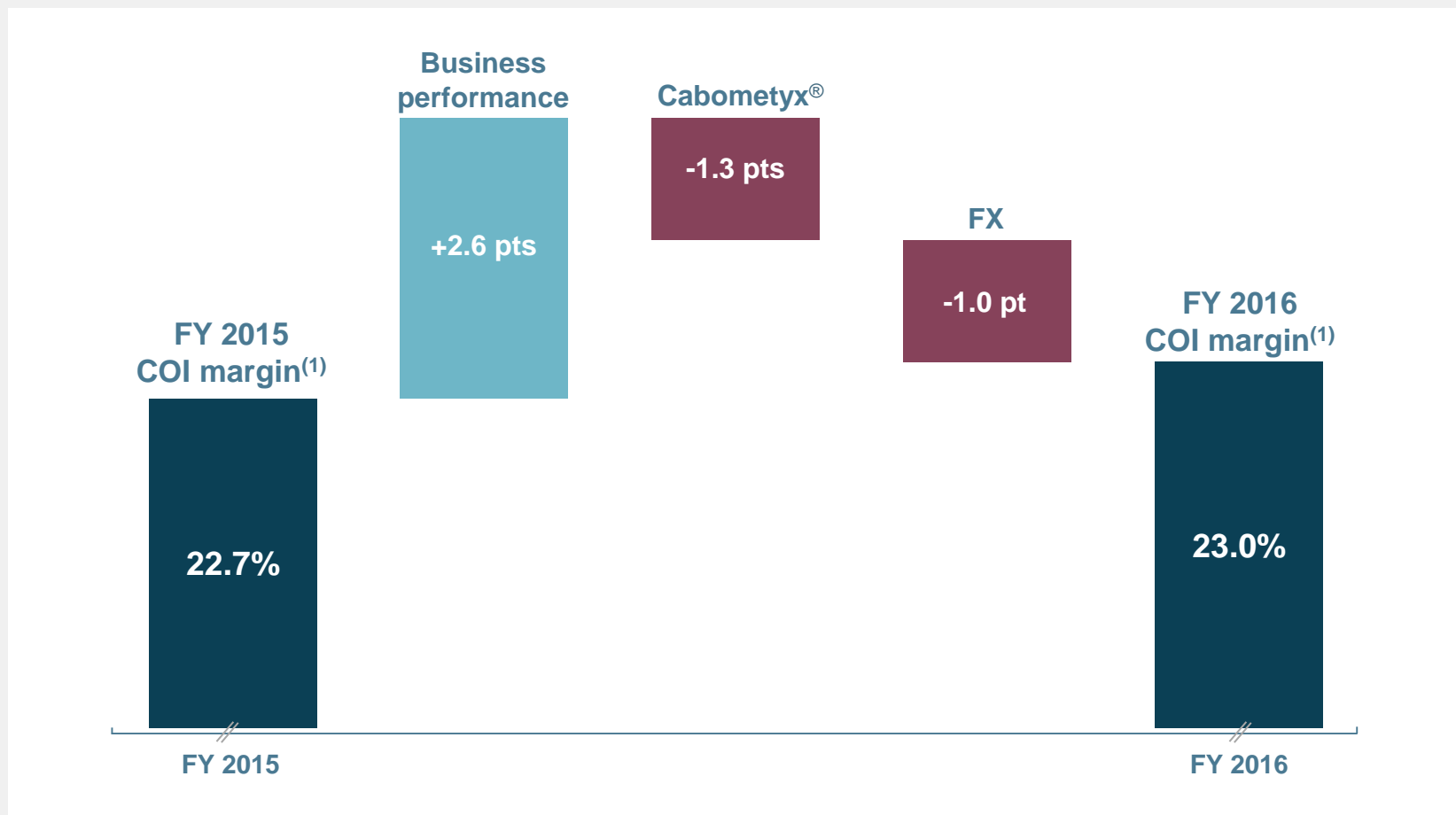
Impact of EU (Cabometyx®) and US investments (NET, spasticity)

G&A (€m)



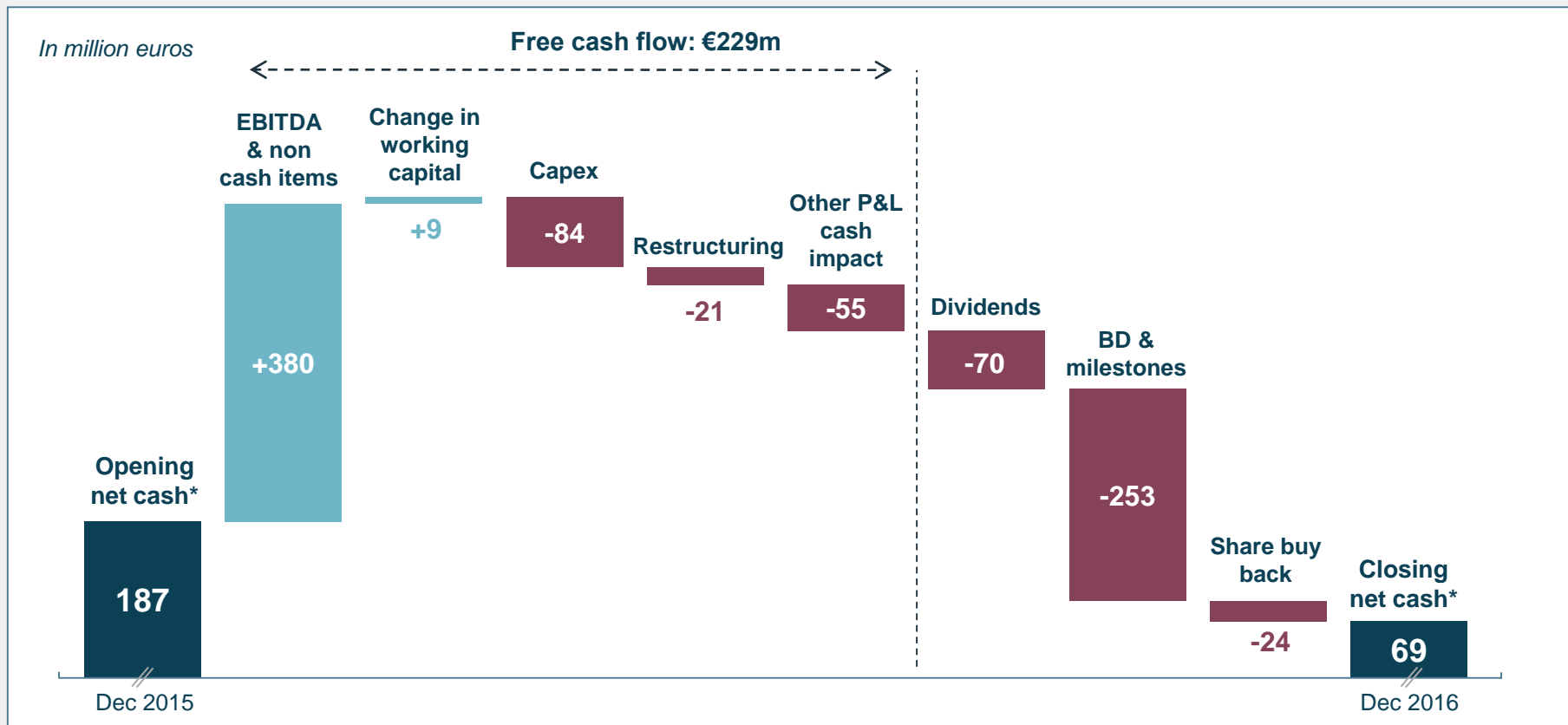
Limited growth of support functions

Core Operating margin expansion driven by Specialty Care



FY 2016 margin expansion driven by Specialty Care growth and cost-monitoring efforts despite impact of investments for the Cabometyx[®] launch, foreign exchange currencies and for Primary Care

Strong cash flow generation



Strong free cash flow of €229 million, up +30% compared to 2015

Closing net cash position of €69 million after payment for Cabometyx® license to Exelixis

Liquidity and financing of recent acquisitions

	Uses		Sources
Merrimack assets	\$575m	Cash available	>€350m
Sanofi CHC products	€83m	Bilateral bank lines	€300m
Akkadeas Pharma	<€10m		
Total	<€650m		>€650m

Use of €600m long-term financing raised in 2016 comprised of inaugural €300m 7-year public bond maturing in 2023 and additional bank credit lines for €300m maturing in 2022

Closing expected by end of Q1 2017 for Merrimack and end of Q2 2017 for CHC products from Sanofi

Liquidity from Revolving Credit Facility of €300m and Commercial Paper program of €300m

2017 Financial objectives

Assuming successful closing of Onivyde[®] transaction with Merrimack in Q1 2017 and CHC transaction with Sanofi in Q2 2017

Specialty Care sales

Growth greater than +18%

At constant currency

Primary Care sales

Growth greater than +4%

At constant currency

Core Operating margin⁽¹⁾

Greater than 24% of sales

Key financial takeaways

Record Group sales up 11.8% at constant currency
Strong Core Operating Income margin increasing to 23.0%⁽¹⁾

IFRS net profit of €226.6m, up 18.8% year-on-year
Proposed dividend of €0.85 per share, stable year-on-year




Closing net cash of €68.6m after payment for Cabometyx[®]
Strong Balance Sheet to finance recent transactions

Another year of double-digit growth and improving margins expected in 2017

Pipeline update & Conclusion

David Meek
Chief Executive Officer

2017 Key milestones

Product	H1 2017	H2 2017
		<div style="background-color: #003366; color: white; padding: 5px;"> Regulatory decision (U.S.) Symptom control GEP NET </div>
	<div style="background-color: #003366; color: white; padding: 5px;"> CELESTIAL Phase 3 results 2L Hepatocellular Carcinoma </div>	<div style="background-color: #003366; color: white; padding: 5px;"> Submission (E.U.) CABOSUN 1L Renal Cell Carcinoma </div>
<div style="border: 1px solid #ccc; padding: 10px; width: fit-content;"> Telotristat ethyl </div>		<div style="background-color: #003366; color: white; padding: 5px;"> Regulatory decision (EU) Carcinoid Syndrome </div>
		<div style="background-color: #92d050; padding: 5px;"> Regulatory decision (U.S.) Adult Lower Limb spasticity </div> <div style="background-color: #92d050; padding: 5px;"> Solution submission (E.U.) Cervical Dystonia </div> <div style="background-color: #92d050; padding: 5px;"> Solution submission (E.U.) Glabellar Lines </div>

Oncology

Neurosciences

R&D Pipeline: Oncology

Product	Indication	Phase I	Phase II	Phase III	Registration
Somatuline®	Lung NET	●			
	NET & Acromegaly (PRF)	●			
	Acromegaly - China	●			
Cabometyx®	RCC 1L	●			
	HCC 2L	●			
Onivyde®	1L Previously untreated metastatic pancreatic cancer	●			
	Relapsed SCLC	●			
	Breast cancer (imaging)	●			
Decapeptyl®	Pre-menopausal breast cancer	●			
	Endometriosis – China	●			
Telotristat ethyl	GEP NET 2L (symptoms) - EU	●			
Theranostic program (PRRT)	NET imaging	●			
	GEP-NET 2L	●			

R&D Pipeline: Neurosciences

Product	Indication	Phase I	Phase II	Phase III	Registration
Dysport®	ALL spasticity – EU	●			●
	PLL spasticity – EU	●			●
	PUL spasticity	●		●	
	Glabellar Lines – China	●			●
	Neurogenic Detrusor Overactivity (NDO)	●			●
Dysport® solution	Cervical Dystonia	●			●
	Glabellar Lines	●			●
Novel recombinant botulinum toxin	Early intervention in adult spastic patients	●			
VSN16R (purchase option) ⁽¹⁾	Spasticity in multiple sclerosis	●			

2017 Roadmap: Accelerate business momentum driving Ipsen's transformation

Continue double-digit growth, margin expansion, pipeline acceleration

Drive strong growth and operating performance from Specialty Care portfolio

Establish leadership position with new Oncology assets Onivyde[®] and Cabometyx[®]

Enhance Primary Care OTx commercial model with portfolio expansion

Deliver superior value to shareholders and patients

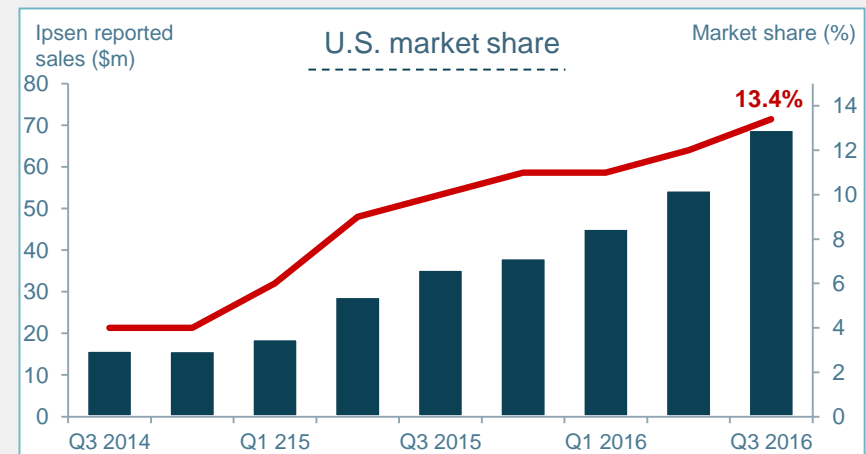
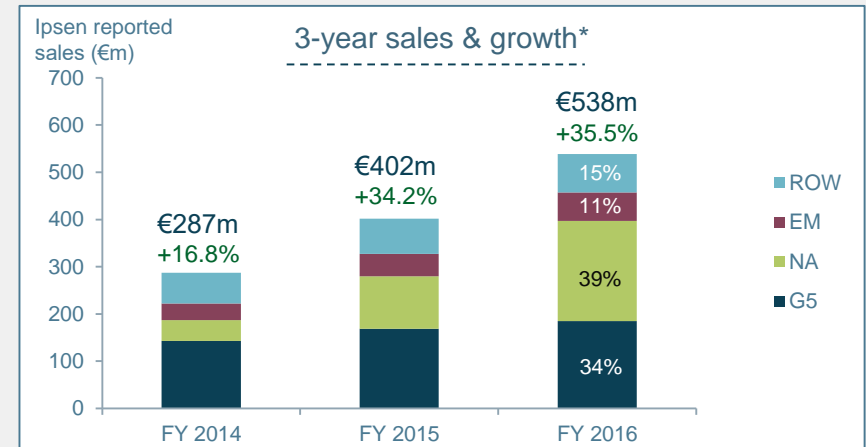
Thank you

Appendix

Somatuline®: Excellent performance globally driving oncology franchise growth

FY 2016 Highlights

- U.S.: Volume-driven growth from new patients, previously untreated patients and increasing penetration of centers in an expanding market
 - Filing for symptom control GET NET in the U.S. in Q4 2016
-
- Continued momentum and growth in the U.S. for NET up ~70% in FY 2016
 - Strong performance across most European countries, notably in the France, Spain, Germany and the U.K.



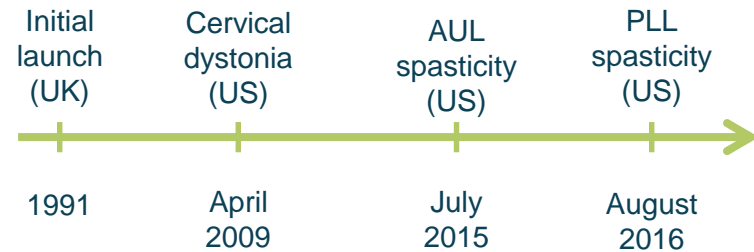
Source: IMS MIDAS

Dysport® driven by the aesthetic business and expansion of spasticity indications

FY 2016 Highlights

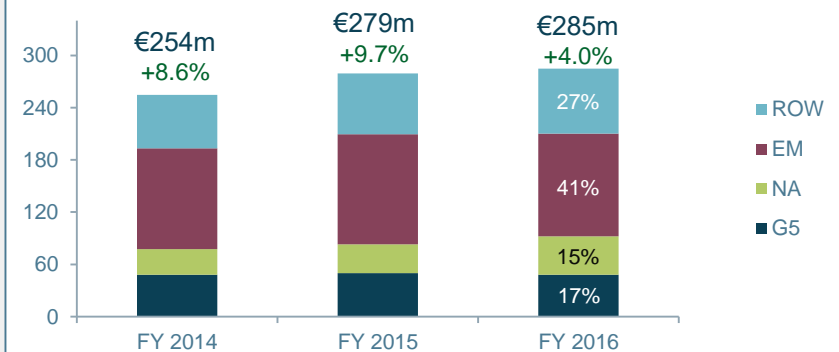
- Launch of AUL and PLL spasticity indications (U.S.)
 - Filing of ALL spasticity indication (U.S.)
 - Expansion of Galderma partnership to key Asia-Pacific territories⁽¹⁾
-
- Continued strength of aesthetics performance in Russia, the Middle East and in Galderma territories, especially in the U.S.
 - Importation issues in Brazil in H2 2016 offsetting the product performance

Timeline of US launches



Ipsen reported sales (€m)

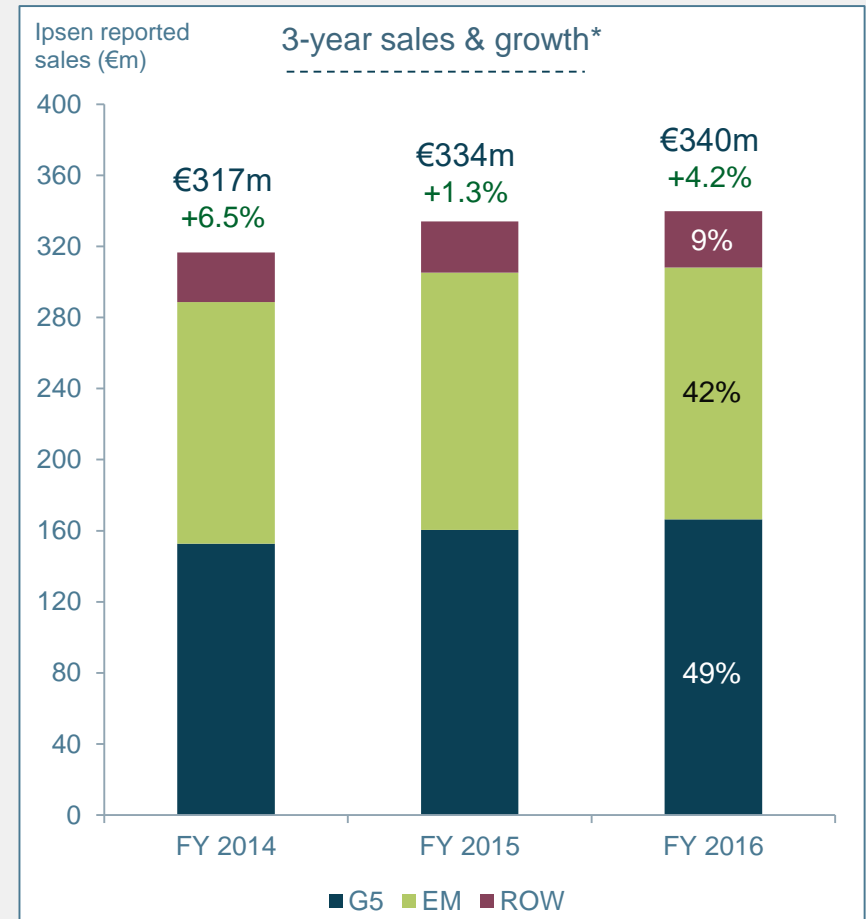
3-year sales & growth*



Decapeptyl[®]: strong performance and market penetration in Europe

FY 2016 Highlights

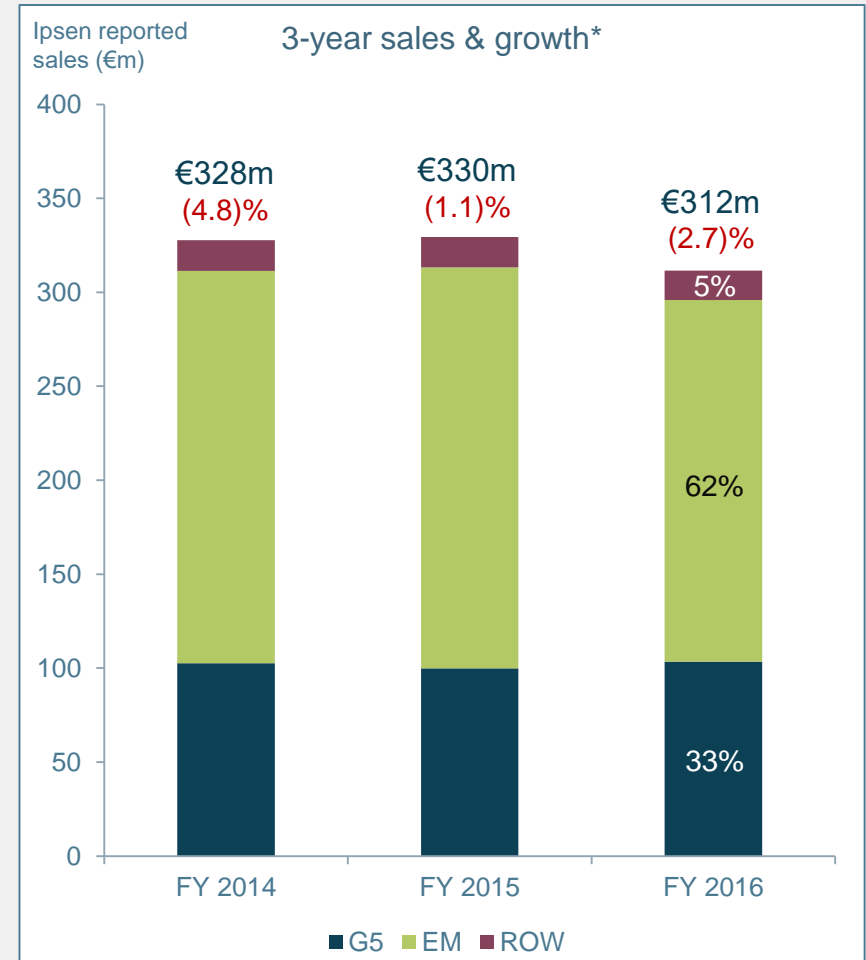
- Increased commercial focus in China with dedicated sales force per indication
 - Progress on potential combination in breast cancer
-
- Good volume growth and market penetration in Europe notably in France
 - Price decrease in Poland with new generic entry
 - Volume growth in China offset by continued pricing pressure



Primary Care impacted by Smecta® and Tanakan® slowdown

FY 2016 Highlights

- Accelerated transition in China of the Primary Care model to OTC with recruitment of new reps
 - Portfolio expansion with distribution agreement for probiotic LP299V signed with Probi
-
- New OTC business model driving Smecta® sales in Russia and France, offset by negative inventory trends in Asia
 - Tanakan® market slowdown in Russia and France



Core Profit & Loss

<i>In million euros</i>	FY 2016	FY 2015	% Change	Change at constant FX
Net sales	1,584.6	1,443.9	+9.7%	+11.8%
Other revenues	86.5	76.3	+13.4%	
Revenue	1,671.1	1,520.2	+9.9%	
Cost of goods sold	(353.3)	(336.8)	+4.9%	
Selling expenses	(608.4)	(541.4)	+12.4%	
R&D expenses	(208.9)	(192.1)	+8.7%	
G&A expenses	(129.4)	(122.9)	+5.3%	
Other core	(7.1)	0.7	NA	
Core Operating Income⁽¹⁾	363.9	327.7	+11.1%	
Core Operating margin	23.0%	22.7%	+0.3 pts	

Increased margin driven by sales growth, despite increasing costs notably for Cabometyx® launch

(1) New Core Operating Income excludes amortization of intangible assets (excluding software) and gain or loss on disposal of fixed assets

New definition of Core Operating Income

<i>In millions of euros</i>	FY 2016	FY 2015	% change
Core operating income (including amortization of intangible assets)	355.9	322.5	+10.3%
Margin (as a % net sales)	22.5%	22.3%	+0.2 pts
Amortization of intangible assets (excl. software)	7.7	4.7	+63.8%
Gain (loss) on disposal of fixed assets	0.3	0.5	-33.6%
Core operating income	363.9	327.7	+11.1%
Margin (as a % net sales)	23.0%	22.7%	+0.3 pts

New Core Operating Income definition implemented to provide better clarity on underlying business trends and to enable more meaningful comparisons year on year

Reported Profit & Loss

<i>In million euros</i>	FY 2016	FY 2015	% Change
Revenue	1,671.1	1,520.2	+9.9%
Core Operating Income⁽¹⁾	363.9	327.7	+11.1%
Amortization of intangible assets	(7.7)	(4.7)	+63.8%
Other operating income / (expenses)	(6.8)	(7.7)	-11.7%
Restructuring costs	(1.9)	(6.7)	-71.6%
Impairment gain / (losses)	(42.9)	(64.6)	-33.6%
Financial result	(6.6)	(6.5)	+1.5%
Income taxes	(73.5)	(49.8)	+47.6%
Net profit (loss) from discontinued operations	0.1	0.5	-81.9%
Share of net profit (loss) from entities accounted for using the equity method	1.9	2.5	-22.2%
Consolidated net profit	226.6	190.7	+18.8%
Consolidated net profit margin	14.3%	13.2%	+1.1 pts
EPS – fully diluted (€)	2.73	2.30	+18.7%

Consolidated net profit up 18.8% despite impairment losses on intangible assets

Strong Balance Sheet to finance recent transactions

ASSETS			LIABILITIES		
<i>in million euros</i>	FY 2016	FY 2015	<i>in million euros</i>	FY 2016	FY 2015
Goodwill	357.2	353.3	Capital and reserves	1,358.9	1,222.5
Investments in associates	15.6	15.9	Minority interest	3.3	3.1
Property, plant and equipment	379.0	348.7	Total equity	1,362.2	1,225.6
Other intangible assets	380.1	151.5	Provisions	80.0	82.6
Other non current assets	241.3	258.8	Other financial liabilities	329.4	43.7
Non-current assets	1,373.1	1,128.1	Other non current liabilities	90.6	124.5
Current assets	1,050.4	809.9	Non-current liabilities	500.0	250.8
<i>Incl. Cash and cash equivalents</i>	425.5	226.1	Current liabilities	561.3	461.5
Total Assets	2,423.5	1,938.0	Total Liabilities	2,423.5	1,938.0

Issuance of inaugural €300 million 7-year Notes
Intangible assets from Exelixis transaction for €257 million