



Ipsen FY 2017 Results

February 15, 2018

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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.

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

01 2017 Overview

David Meek, CEO

02 2017 Financial Performance/
2018 Financial Guidance

Aymeric Le Chatelier, CFO

03 R&D Update & Conclusion

David Meek, CEO

01

2017 Overview

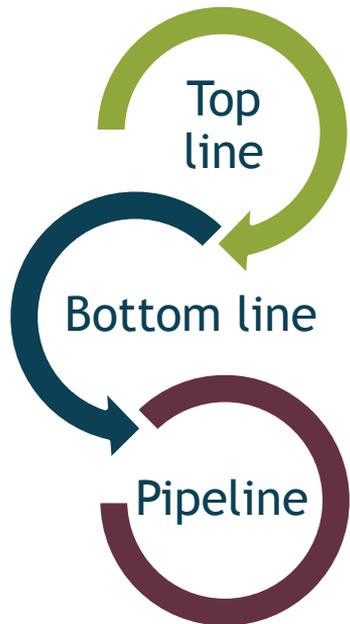
David Meek

Chief Executive Officer



Vision to be a leading global biopharmaceutical company focused on innovation and Specialty Care

Growth story



- Fast-growing Specialty Care franchise
- Significant established Oncology business with two major new products
- World-class Neurotoxin business gaining market share
- Synergies with Oncology commercial infrastructure
- Profitability enhancement through new product sales ramp
- External sourcing of new innovative assets to build a sustainable pipeline
- Mid to late-stage portfolio readouts over next 24 months
- Ongoing business development ambition

01 Execution against 2017 objectives

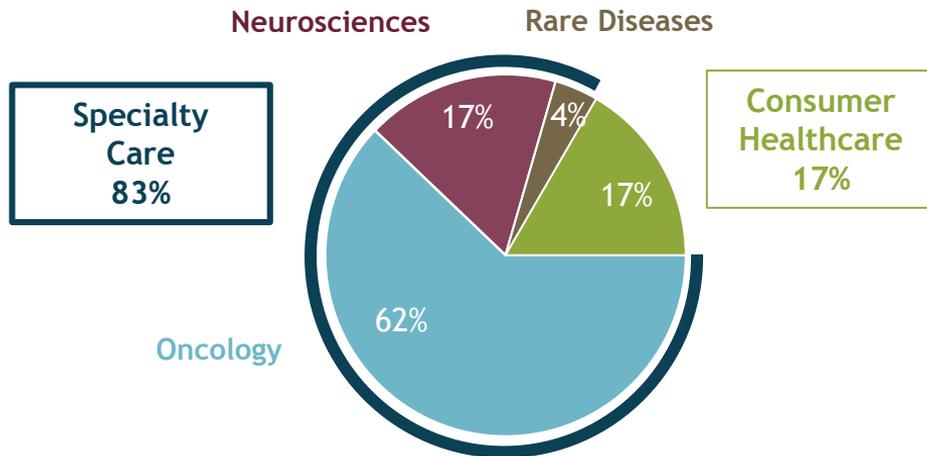


⁽¹⁾ At constant exchange rates

01 Oncology exceeding €1bn in sales, representing >60% of total sales

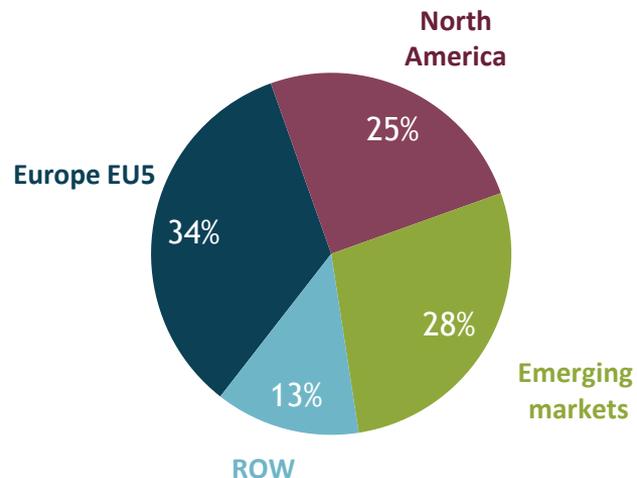
Specialty Care led business

FY 2017 sales by therapeutic area



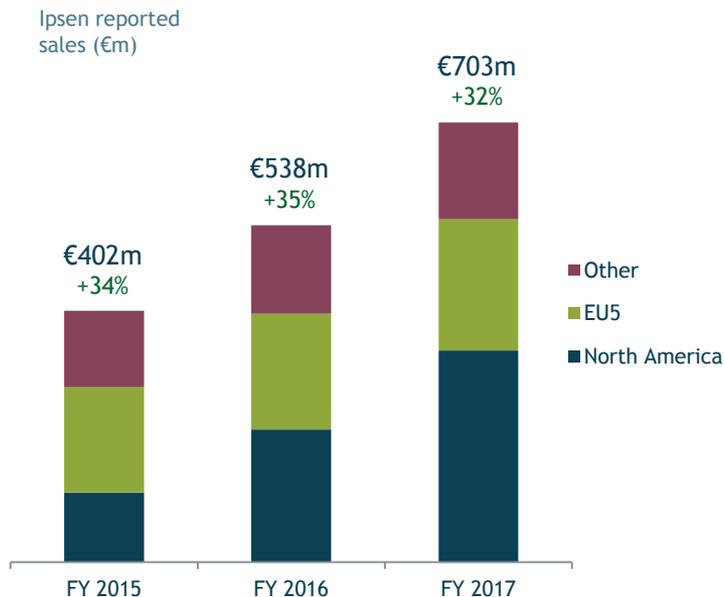
North America fast growing and representing 25% of sales

FY 2017 sales by geographical area



01 Somatuline[®] exceptional momentum

Sales growth (2015 – 2017)



Positive market dynamics in the U.S. and Europe

- U.S. driving 3/4 of Somatuline[®] growth
 - Continued strong momentum with average quarter over quarter growth of ~+10%
 - Volume growth driving increasing new patient share
 - Positive synergies from enhanced oncology salesforce
- Europe EU5 countries growing double-digits
- Market share penetration increasing in U.S. and Europe
- Best-in-class profile with complete GEP NET label in the U.S. and Europe

01 Cabometyx[®] solid RCC 2L launch and positive R&D developments

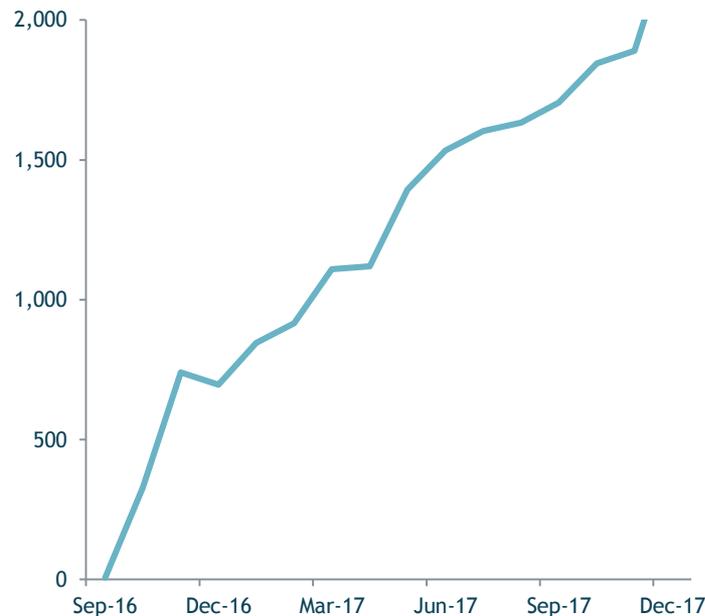
2L RCC launch well underway

- Reimbursement established in all EU5 countries
- Additional launches expected in rest of Europe, Canada and Australia in 2018
- Dedicated & experienced teams in commercial and medical affairs to support launch

Recent positive R&D developments

- Regulatory submission for CABOSUN 1L RCC in Q3 2017; EMA decision expected in H1 2018
- Positive Phase 3 CELESTIAL results in 2L HCC released at ASCO GI in January 2018; regulatory submission H1 2018
- Ongoing R&D programs with Exelixis and partners, ISTs

Total volume (units) of Cabometyx[®]



01 Onivyde[®] accelerated ramp up expected in 2018

Differentiated product

Positive launch traction

Market expansion opportunities

- First/only FDA-approved therapy in post-gemcitabine mPDAC
- Novel formulation with superior PK profile and selective accumulation at tumor site
- Category 1 evidence in NCCN guidelines

- Positive leading indicators with >10% sequential growth in Q4 2017:
 - Strong increase in average weekly demand growth
 - Higher number of unique ordering accounts and growth in key top accounts
 - Awareness and support among oncologists/KOLs in key U.S. treatment centers
 - Increasing use in earlier lines of treatment (1L/2L)

- Additional data generation from IST clinical studies
- Further indications expected mid-term from current development programs for:
 - Phase 2 trial in 1L metastatic pancreatic cancer
 - Phase 2 trial in 2L SCLC

02

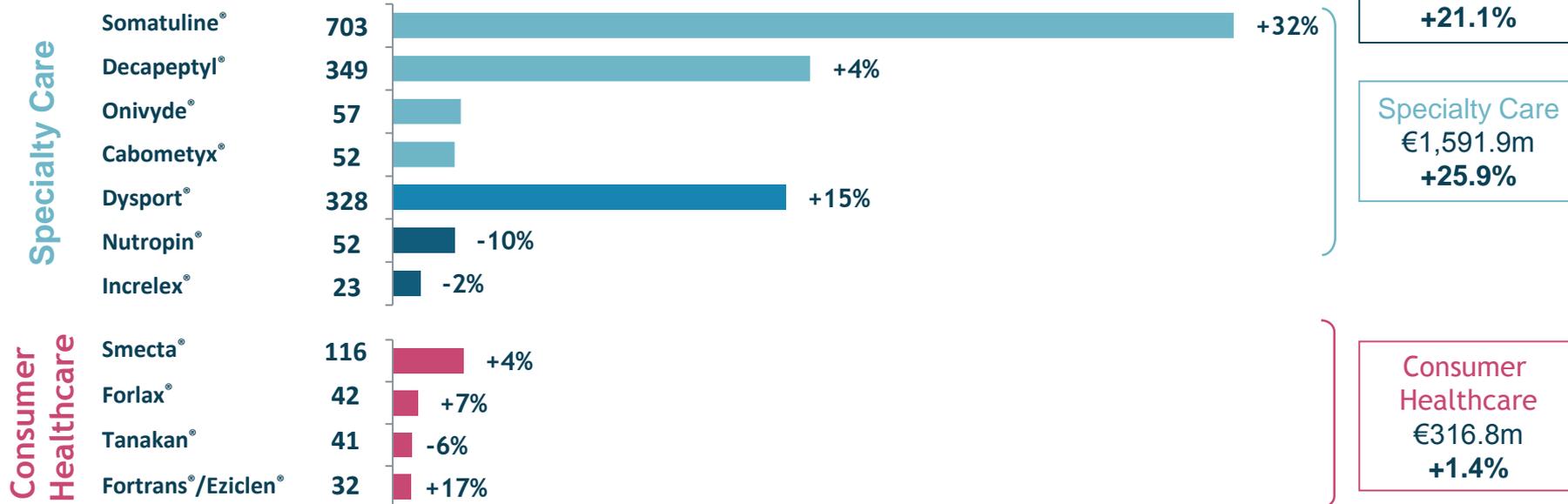
Financials

Aymeric Le Chatelier
Chief Financial Officer



02 FY 2017 sales growth driven by Specialty Care business

Net sales FY 2017 in million euros – % excluding foreign exchange impact



Specialty Care growth driven by Somatuline® and contribution of new products Cabometyx® and Onivyde®

Consumer Healthcare growth from Smecta® good performance and contribution of new products (Prontalgine®, Italy)

02 2017 performance highlights for key products

Established Specialty Care

Somatuline®

- Continued strong momentum and market share expansion in the U.S.
- Double digit growth in EU5 countries

Dysport®

- Continued strength of Galderma in aesthetics
- Good growth in most markets in therapeutics
- GMP certificate renewal in Brazil

Decapeptyl®

- Good volume growth in EU5 and China
- Continued pricing pressure in China

Specialty Care new products

Cabometyx®

- Reimbursement established in all major European countries
- Sales primarily from Germany and France in 2017
- >40% growth in Q4 vs Q3

Onivyde®

- 9 months of sales in the U.S.
- Additional investment in H2 to support the U.S. launch
- Positive leading indicators with >10% growth in Q4 vs Q3

Consumer Healthcare

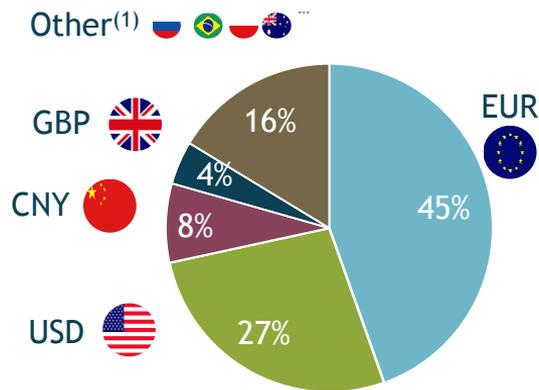
- Business back to growth with successful OTx strategy
- **Smecta®** growth driven by the launch in Italy, good volume trend in China and by the launch of Smebiocta® in France
- Positive contribution from recent acquisitions (**Prontalgine®**, Italy)
- New contractual set up in China for **Etiasa®** negatively impacting sales without any impact on profit

02

Limited impact of foreign exchange in 2017 but increasing USD exposure

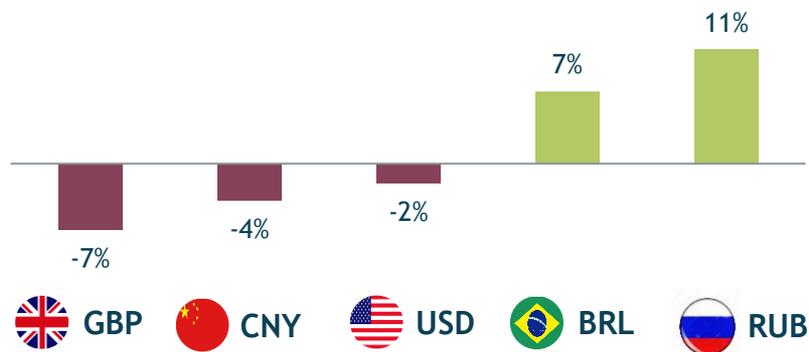
More than 50% of sales in non-EUR currencies

H1 2017 sales by currency



Limited evolution of USD and rebound of some emerging markets currencies in 2017

Average rates change (FY2017 vs. FY2016)

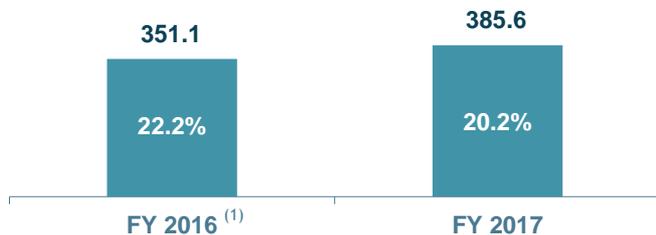


USD exposure increasing to 27% of sales with Somatuline® growth and contribution of Onivyde®

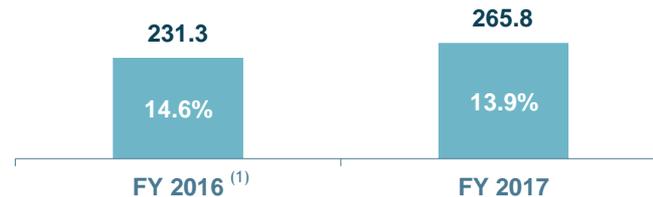
Global exposure mitigated by hedging of key currencies and cost base in local currency

02

Investments focused on pipeline development and commercial support for launches of new products

COGS (€m)

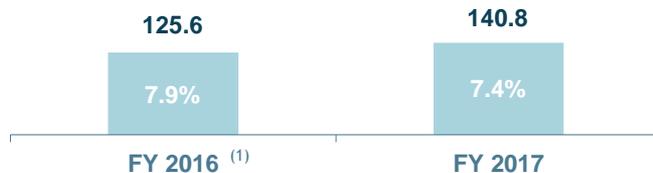
Positive mix effect from growing Specialty Care business

R&D (€m)

Pipeline programs and growing medical and oncology capabilities

S&M (€m)

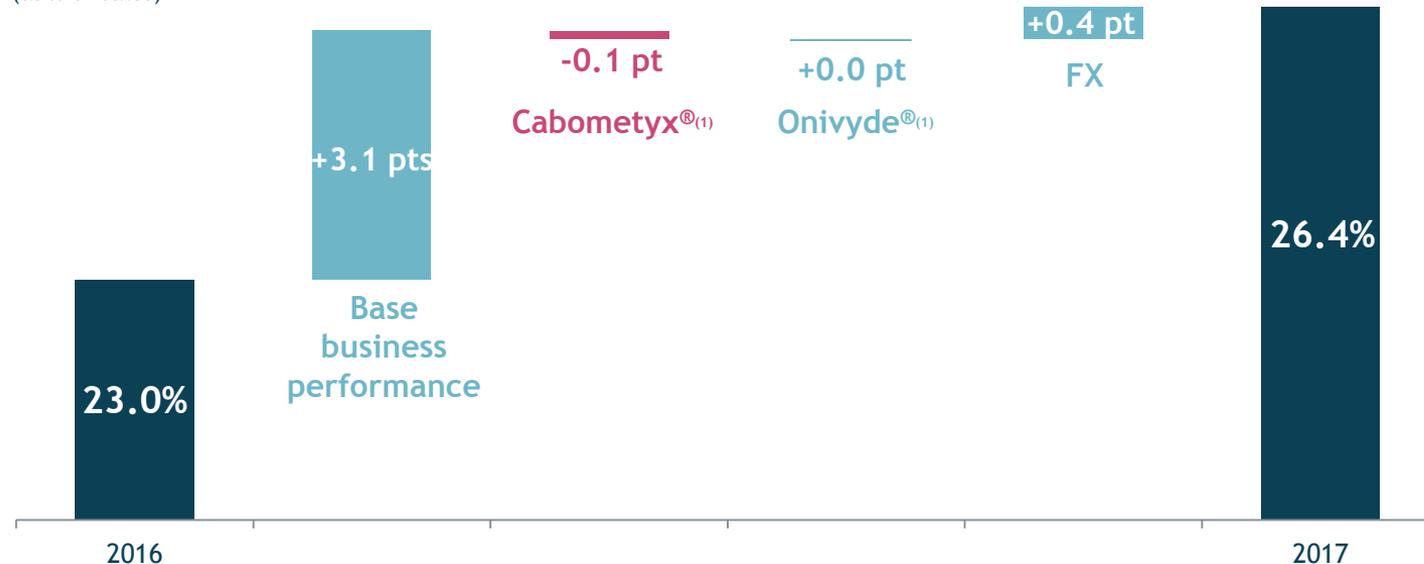
Significant investment to support Cabometyx[®] & Onivyde[®] launches

G&A (€m)

Impact of increased variable compensation

02 Operating leverage driving significant margin expansion

Core Operation margin evolution
(as % of sales)



Specialty Care driving margin expansion and Consumer Healthcare margin reflecting new OTx strategy

02 Core Operating Income to EPS

<i>In million euros</i>	2017	2016	Change	% Change
Net sales	1,908.7	1,584.6	+324.1	+20.5%
Core Operating Income	503.6	363.9	+139.7	+38.4%
<i>Core Operating margin</i>	<i>26.4%</i>	<i>23.0%</i>	+3.4 pts	
Amortization of intangible assets	(53.3)	(7.7)	-45.6	
Other operating income/expense	(48.9)	(6.8)	-42.1	
Restructuring costs	(18.8)	(1.9)	-16.9	
Impairment gain / (losses)	14.8	(42.9)	+57.7	
Operating Income	397.1	304.7	+92.4	+30.4%
Net financing costs	(8.1)	(5.0)	-3.1	
Other financial income / expense	(18.4)	(1.6)	-16.8	
Income taxes	(101.4)	(73.5)	-27.9	
Consolidated net profit	272.9	226.6	+46.3	+20.5%
EPS – fully diluted (€)	3.28	2.73	+0.55	+19.9%
Core EPS – fully diluted (€)	4.36	3.18	+1.18	+37.0%

Core Operating Income +38.4%

- Strong Specialty Care sales growth
- Increased commercial investments for Cabometyx® and Onivyde®

Operating Income +30.4%

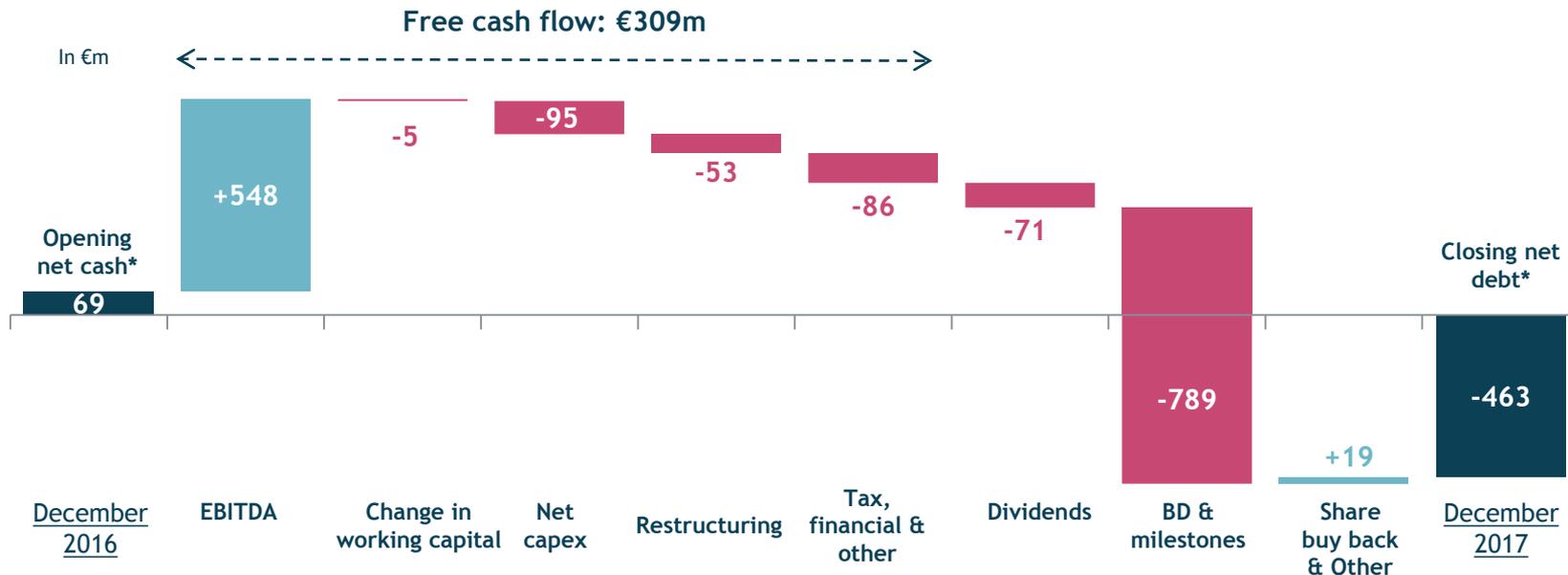
- Amortization of intangible assets from Cabometyx® and Onivyde® acquisitions
- Other operating expenses and Restructuring costs mainly related to Onivyde® acquisition and Group transformation initiatives

Consolidated net profit +20.5%

- Impact of financing costs from recent acquisitions
- Recognition of deferred tax assets and impact of the new tax reform in the U.S.
- Effective tax rate at 27.4%

Core EPS growth of +37.0%

02 Growing free cash flow and strong balance sheet



Strong free cash flow of €309 million, up 35% compared to 2016

Net closing debt at €463 million with Net debt/EBITDA ratio at 0.85x

02 2018 Financial objectives

FY 2018 guidance

Sales growth

> +16.0%
at constant currency

- Fueled by strong double-digit growth of Specialty Care and low single-digit growth of Consumer Healthcare
- Based on the current level of exchange rates, sales growth should be negatively impacted by approximately 4%.

Core Operating margin

> 28.0%

Well on track to achieve 2020 financial targets

02 Key 2017 financial takeaways

- Group sales growth at **+21%**⁽¹⁾ driven by the strong performance of the Specialty Care business
- Core Operating Income growing by **+38%** and margin reaching 26.4%, up 3.4 pts
- Solid cash flow conversion with free cash flow growing by **+35%**
- Dividend increase from €0.85 to **€1.00**⁽²⁾
- Strong balance sheet to support future growth

03

R&D update / Conclusion

David Meek

Chief Executive Officer



03 2017 R&D Achievements

Approvals



Carcinoid syndrome (U.S.)



Adult Upper Limb spasticity (U.S.)



Carcinoid syndrome diarrhea (EMA)

Program advancements



1L RCC filing (EMA)



Positive Phase 3 results in 2L HCC (CELESTIAL study)

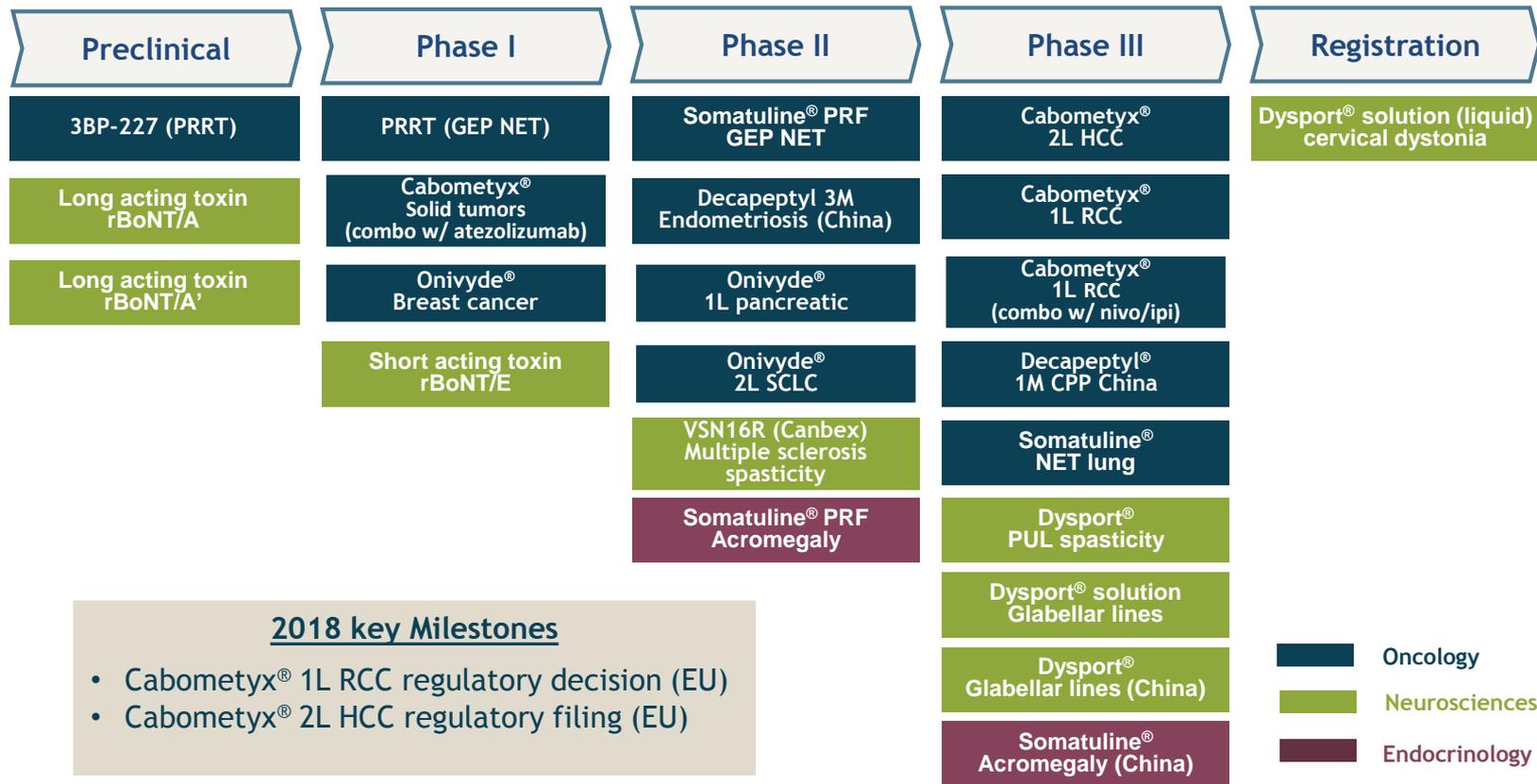


New Immuno-Oncology combination studies



Phase 2 in 1L pancreatic & 2L SCLC

03 Building sustainable R&D pipeline



03 Accelerated transformation of R&D model

To build an innovative and sustainable pipeline

Internal development capabilities

- Ongoing assessment of pipeline to prioritize resource allocation
- Accelerate innovative assets with focus, quality and speed
- Increase relative research focus on toxin platform



Externally sourcing innovation

- Active business development efforts
 - Focus on key therapeutics areas: Oncology, Neurosciences, Rare Diseases
 - Best/first-in class, global rights and proof-of-concept
- Strong balance sheet and cash flow generation with significant firepower >€1.0 billion



03 2018 Ipsen roadmap

- Accelerate growth of Specialty Care sales through established products and successful new product launches
- Build sustainable and innovative pipeline through transformation of R&D and external innovation model
- Leverage and expand capabilities through business development
- Continue Consumer Healthcare transformation with sustainable sales growth
- Drive further transformation through leadership and people

Deliver superior value to patients and shareholders

MERCI