

Ipsen: sales in the third quarter and first nine months of 2013

- **Specialty care sales up 3.0%¹ in the third quarter**
 - Robust Somatuline[®] sales, up 17.8%¹
 - Dysport[®] sales up 3.1%¹, despite unfavorable comparison basis
 - Stabilization of Decapeptyl[®] sales, up 0.9%¹
- **Growth of Primary care in the third quarter, up 5.7%¹**
 - Slowdown of sales decline in France, down 11.4%¹
 - Dynamic international sales, up 14.6%¹
- **2013 financial objectives confirmed**

Paris (France), 30 October 2013 - Ipsen (Euronext: IPN; ADR: IPSEY) today reported its sales for the third quarter and the first nine months of 2013.

Consolidated sales IFRS (unaudited)

	3 rd quarter				Nine months			
(in million euros)	2013	2012	% Variation	% Variation at constant currency	2013	2012	% Variation	% Variation at constant currency
SALES BY REGION								
Major Western European countries	119.0	120.9	-1.5%	-0.6%	375.8	393.3	-4.4%	-3.9%
Other European countries	78.1	69.6	12.2%	14.9%	245.8	229.4	7.2%	8.3%
North America	13.5	18.2	-26.0%	-21.4%	50.0	54.6	-8.3%	-5.4%
Rest of the world	87.5	86.2	1.6%	6.3%	260.1	247.5	5.1%	7.4%
Group Sales	298.1	294.9	1.1%	3.8%	931.8	924.7	0.8%	2.0%
SALES BY THERAPEUTIC AREA								
Specialty care	211.9	212.4	-0.3%	3.0%	661.3	652.2	1.4%	3.0%
Primary care	77.8	74.4	4.6%	5.7%	242.6	246.6	-1.6%	-1.3%
Total Drug Sales	289.6	286.8	1.0%	3.7%	903.9	898.8	0.6%	1.8%
Drug-related sales *	8.5	8.1	4.8%	6.2%	27.9	25.9	7.8%	8.9%
Group Sales	298.1	294.9	1.1%	3.8%	931.8	924.7	0.8%	2.0%

* Active substances and raw materials

Commenting on the first nine months of 2013, **Marc de Garidel, Chairman and Chief Executive Officer of Ipsen**, said: “Over the first 9 months of the year, Somatuline[®] and Dysport[®] have continued to post solid growths of respectively 12.0%¹ and 6.8%¹. In the third quarter, Decapeptyl[®] sales have stabilized after a difficult start to the year, notably affected by uncertainties in China. Primary care is returning to growth, driven by a strong international performance and a slowdown of the decline in France. In the future, the Group intends to better leverage the respective potential of specialty care and primary care activities through a

¹ Year-on-year growth excluding foreign exchange impacts (see appendix)

project¹ of new organization.” **Marc de Garidel** added: “In terms of R&D, we are very pleased with the positive results of the CLARINET[®] study, which are providing us with solid long-term growth perspectives, notably in the United States.”

Highlights of the third quarter and first nine months 2013 sales

Note: Unless stated otherwise, all variations in sales are stated excluding foreign exchange² impacts.

In the third quarter 2013, **Drug sales** were up 3.7% year-on-year. In the first nine months of 2013, drug sales were up 1.8% year-on-year, driven by the performance of specialty care, up 3.0%, and by the improvement of primary care performance, down 1.3%.

In the third quarter 2013, sales of **Specialty Care products** reached €211.9 million, up 3.0% year-on-year. In the first nine months of 2013, sales reached 661.3 million, up 3.0%. Sales in neurology and endocrinology grew by respectively 6.7% and 6.1% while sales in uro-oncology were down 2.7% year-on-year. Over the period, specialty care sales were negatively impacted by the Increlex[®] supply interruption that occurred mid-June in the US and in August in Europe as well as by the situation in certain Middle Eastern countries in the second quarter where Ipsen, in the absence of payment guarantees, had stopped its shipments. Restated for these elements, sales were up 4.6%. In the first nine months of 2013, the relative weight of specialty care products continued to increase to reach 71.0% of total Group sales, compared to 70.5% the previous year.

In the third quarter 2013, sales of **Primary Care products** amounted to €77.8 million, up 5.7% year-on-year. The strong performance of China and Russia more than offset the decrease in sales in France. Over the period, international primary care posted strong growth of 14.6%. In the first nine months of 2013, sales amounted to €242.6 million, down 1.3% year-on-year, notably impacted by the implementation of the regulation known as “Tiers-Payant³” in the summer 2012 in France. Primary care sales in France represented 30.7% of total Group primary care sales, compared to 39.1% the previous year.

In the third quarter 2013, sales generated in the **Major Western European countries** amounted to €119.0 million, down 0.6% year-on-year. In the first nine months of the year, sales generated in the major Western European countries amounted to €375.8 million euros, down 3.9% year-on-year. The growth of specialty care products was more than offset by the consequences of a tougher competitive environment in the French primary care market. Sales in the Major Western European countries represented 40.3% of total Group sales in the first nine months of 2013, compared to 42.5% the previous year.

In the third quarter 2013, sales generated in the **Other European countries** reached €78.1 million, up 14.9% year-on-year, boosted by a favorable comparison basis in Russia. In the third quarter 2012, the specialty care sales in Russia were penalized by a strong first half 2012 performance. In the first nine months of 2013, sales reached €245.8 million euros, up 8.3%. Sales growth was mainly driven by the good performance of Russia where primary care (notably Fortrans[®] and Smecta[®]) and specialty care (notably Dysport[®] and Decapeptyl[®]) posted strong growth. Over the period, volume growth was driven by the Netherlands, Ukraine and the supply of Dysport[®] for aesthetic use to Galderma. In the first nine months of 2013, sales in this region represented 26.4% of total consolidated Group sales, compared to 24.8% a year earlier.

In the third quarter 2013, sales generated in **North America** reached €13.5 million, down 21.4% year-on-year, mainly impacted by the Increlex[®] supply interruption that occurred mid-June. Restated for this element, sales were up 14.0%. In the first nine months of the year, sales reached €50.0 million, down 5.4%. Restated for the Increlex[®] supply interruption, sales were up 5.2%, driven by the continuous penetration of Somatuline[®] in acromegaly, the double-digit growth of Dysport[®] in therapeutics and the continuous supply of Dysport[®] to Valeant for aesthetic use. Sales in North America represented 5.4% of consolidated Group sales, compared to 5.9% a year earlier.

¹ The implementation of this project is subject to the examination by the staff representative bodies competent in each country concerned, according to the specific processes and methods laid down in the regulations governing each country

² See appendix

³ With the “Tiers-Payant” regulation, the patient now pays upfront for a branded drug and is reimbursed only later on

In the third quarter, sales generated in the **Rest of the World** reached €87.5 million, up 6.3% year-on-year, supported by the product resupply in certain Middle Eastern countries where Ipsen, in the absence of payment guarantees, had stopped its shipments in the second quarter. Nevertheless, the situation continues to bear upon the cumulative performance. In the first nine months of 2013, sales reached €260.1 million, up 7.4% year-on-year, driven by the strong performance of Dysport® in Australia and Brazil and by the Somatuline® partnership with Sanofi in Mexico. In China, Decapeptyl® continued to be affected by a disrupted hospital market after the initiation of government investigation on certain pharmaceutical companies. Over the period, sales in the Rest of the World grew to reach 27.9% of total consolidated Group sales, compared to 26.8% the previous year.

About Ipsen

Ipsen is a global specialty-driven pharmaceutical company with total sales exceeding €1.2 billion in 2012. Ipsen's ambition is to become a leader in specialty healthcare solutions for targeted debilitating diseases. Its development strategy is supported by 3 franchises: neurology, endocrinology and uro-oncology. Moreover, the Group has an active policy of partnerships. Ipsen's R&D is focused on its innovative and differentiated technological platforms, peptides and toxins. In 2012, R&D expenditure totalled close to €250 million, representing more than 20% of Group sales. The Group has close to 4,900 employees worldwide. Ipsen's shares are traded on segment A of Euronext Paris (stock code: IPN, ISIN code: FR0010259150) and eligible to the "Service de Règlement Différé" ("SRD"). The Group is part of the SBF 120 index. Ipsen has implemented a Sponsored Level I American Depositary Receipt (ADR) program, which trade on the over-the-counter market in the United States under the symbol IPSEY. For more information on Ipsen, visit www.ipсен.com.

Forward Looking Statement

The forward-looking statements, objectives and targets contained herein are based on the Group's management strategy, current views and assumptions. Such statements involve known and unknown risks and uncertainties that may cause actual results, performance or events to differ materially from those anticipated herein. All of the above risks could affect the Group's future ability to achieve its financial targets, which were set assuming reasonable macroeconomic conditions based on the information available today. Use of the words "believes," "anticipates" and "expects" and similar expressions are intended to identify forward-looking statements, including the Group's expectations regarding future events, including regulatory filings and determinations. Moreover, the targets described in this document were prepared without taking into account external growth assumptions and potential future acquisitions, which may alter these parameters. These objectives are based on data and assumptions regarded as reasonable by the Group. These targets depend on conditions or facts likely to happen in the future, and not exclusively on historical data. Actual results may depart significantly from these targets given the occurrence of certain risks and uncertainties, notably the fact that a promising product in early development phase or clinical trial may end up never being launched on the market or reaching its commercial targets, notably for regulatory or competition reasons. The Group must face or might face competition from generic products that might translate into a loss of market share. Furthermore, the Research and Development process involves several stages each of which involves the substantial risk that the Group may fail to achieve its objectives and be forced to abandon its efforts with regards to a product in which it has invested significant sums. Therefore, the Group cannot be certain that favourable results obtained during pre-clinical trials will be confirmed subsequently during clinical trials, or that the results of clinical trials will be sufficient to demonstrate the safe and effective nature of the product concerned. There can be no guarantees a product will receive the necessary regulatory approvals or that the product will prove to be commercially successful. If underlying assumptions prove inaccurate or risks or uncertainties materialize, actual results may differ materially from those set forth in the forward-looking statements. Other risks and uncertainties include but are not limited to, general industry conditions and competition; general economic factors, including interest rate and currency exchange rate fluctuations; the impact of pharmaceutical industry regulation and health care legislation; global trends toward health care cost containment; technological advances, new products and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approval; the Group's ability to accurately predict future market conditions; manufacturing difficulties or delays; financial instability of international economies and sovereign risk; dependence on the effectiveness of the Group's patents and other protections for innovative products; and the exposure to litigation, including patent litigation, and/or regulatory actions. The Group also depends on third parties to develop and market some of its products which could potentially generate substantial royalties; these partners could behave in such ways which could cause damage to the Group's activities and financial results. The Group cannot be certain that its partners will fulfil their obligations. It might be unable to obtain any benefit from those agreements. A default by any of the Group's partners could generate lower revenues than expected. Such situations could have a negative impact on the Group's business, financial position or performance. The Group expressly disclaims any obligation or undertaking to update or revise any forward looking statements, targets or estimates contained in this press release to reflect any change in events, conditions, assumptions or circumstances on which any such statements are based, unless so required by applicable law. The Group's business is subject to the risk factors outlined in its registration documents filed with the French Autorité des Marchés Financiers.

For further information:

Media

Didier Véron

Senior Vice-President, Public Affairs and Communication

Tel.: +33 (0)1 58 33 51 16

Fax: +33 (0)1 58 33 50 58

Email: didier.veron@ipsen.com

Brigitte Le Guennec

Media and Public Relations Officer

Tel.: +33 (0)1 58 33 51 17

Fax: +33 (0)1 58 33 50 58

Email : brigitte.le.guennec@ipsen.com

Financial Community

Pierre Kemula

Vice President, Corporate Finance, Treasury and Financial Markets

Tel.: +33 (0)1 58 33 60 08

Fax: +33 (0)1 58 33 50 63

Email: pierre.kemula@ipsen.com

Stéphane Durant des Aulnois

Investor Relations Officer

Tel.: +33 (0)1 58 33 60 09

Fax: +33 (0)1 58 33 50 63

Email: stephane.durant.des.aulnois@ipsen.com

Thomas Peny-Coblentz

Investor Relations Manager

Tel.: +33 (0)1 58 33 56 36

Fax: +33 (0)1 58 33 50 63

Email: thomas.peny-coblentz@ipsen.com

APPENDICES

Sales excluding foreign exchange impacts

Unless stated otherwise, all variations in sales are stated excluding foreign exchange impacts by restating the Q3 and the first nine months 2012 figures with the 2013 exchange rates.

Risk factors

The Group operates in an environment which is undergoing rapid change and exposes its operations to a number of risks, some of which are outside its control. The risks and uncertainties set out below are not exhaustive and the reader is advised to refer to the Group's 2012 Registration Document available on its website www.ipsen.com.

- The Group is faced with uncertainty in relation to the prices set for all its products, in so far as medication prices have come under severe pressure over the last few years as a result of various factors, including the tendency for governments and payers to reduce prices or reimbursement rates for certain drugs marketed by the Group in the countries in which it operates, or even to remove those drugs from lists of reimbursable drugs.
- The Group depends on third parties to develop and market some of its products, which generates or may generate substantial royalties for the Group, but these third parties could behave in ways that cause damage to the Group's business. The Group cannot be certain that its partners will fulfill their obligations. It might be unable to obtain any benefit from those agreements. A default by any of the Group's partners could generate lower revenues than expected. Such situations could have a negative impact on the Group's business, financial position or performance.
- Actual results may depart significantly from the objectives given that a new product can appear to be promising at a development stage, 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 Research and Development process typically lasts between eight and twelve years from the date of discovery to a product being brought to market. This process involves several stages; at each stage, there is a substantial risk that the Group could fail to achieve its objectives and be forced to abandon its efforts in respect of products in which it has invested significant amounts. Thus, in order to develop viable products from a commercial point of view, the Group must demonstrate, by means of pre-clinical and clinical trials, that the molecules in question are effective and are not harmful to humans. The Group cannot be certain that favorable results obtained during pre-clinical trials will subsequently be confirmed during clinical trials, or that the results of clinical trials will be sufficient to demonstrate the safety and efficacy of the product in question such that the required marketing approvals can be obtained.
- The Group must deal with or may have to deal with competition (i) from generic products, particularly in relation to Group products which are not protected by patents, such as Forlax[®] and Smecta[®] (ii), products which, although they are not strictly identical to the Group's products or which have not demonstrated their bioequivalence, may obtain a marketing authorization for indications similar to those of the Group's products pursuant to the bibliographic reference regulatory procedure (well established medicinal use) before the patents protecting its products expire. Such a situation could result in the Group losing market share which could affect its current level of growth in sales or profitability.
- Third parties might claim the benefit of intellectual property rights with respect to the Group's inventions. The Group provides the third parties with which it collaborates (including universities and other public or private entities) with information and data in various forms relating to the research, development, manufacturing and marketing of its products. Despite the precautions taken by the Group with regard to these entities, in particular of a contractual nature, they (or certain of their members or affiliates) could claim ownership of intellectual property rights arising from the trials carried out by their employees or any other intellectual property right relating to the Group's products or molecules in development.
- The Group's strategy includes acquiring companies or assets which may enable or facilitate access to new markets, research projects or geographical regions or enable the Group to realize synergies with its existing businesses. Should the growth prospects or earnings potential of such assets as well as valuation assumptions change materially from initial assumptions, the Group might be under the obligation to adjust the values of these assets in its balance sheet, thereby negatively impacting its results and financial situation.

- The marketing of certain products by the Group has been and could be affected by supply shortages and other disruptions. Such difficulties may be of both a regulatory nature (the need to correct certain technical problems in order to bring production sites into compliance with applicable regulations) and a technical nature (difficulties in obtaining supplies of satisfactory quality or difficulties in manufacturing active ingredients or drugs complying with their technical specifications on a sufficiently reliable and uniform basis). This situation may result in inventory shortages and/or in a significant reduction in the sales of one or more products. More specifically, in their US Hopkinton facility, Lonza, our supplier of IGF-1 (Increlex[®] drug substance), is experiencing manufacturing issues with Increlex[®]. Lonza works closely with the Food and Drug Administration (FDA) to solve these issues. Ipsen is diligently addressing management of the shortage period to reduce its impact on the patients and their families. The supply interruption occurred in mid-June 2013 in the US and is expected in Q3 2013 in Europe and the rest of the world. The Group has no visibility on the resumption of supply before the end of 2013.
- In certain countries exposed to significant public deficits, and where the Group sells its drugs directly to public hospitals, the Group could face discount or lengthened payment terms or difficulties in recovering its receivables in full. The Group closely monitors the evolution of the situation in Southern Europe where hospital payment terms are especially long. More generally, the Group may also be unable to purchase sufficient credit insurance to protect itself adequately against the risk of payment default from certain customers worldwide. Such situations could negatively impact the Group's activities, financial situation and results.
- In the normal course of business, the Group is or may be involved in legal or administrative proceedings. Financial claims are or may be brought against the Group in connection with some of these proceedings. Ipsen Pharmaceuticals, Inc. has received an administrative demand from the United States Attorney's Office for the Northern District of Georgia seeking documents relating to its sales and marketing of Dysport[®] (abobotulinumtoxinA) for therapeutic use. Ipsen's policy is to fully comply with all applicable laws, rules and regulations. Ipsen is cooperating with the U.S. Attorney's Office in responding to the government's administrative demand.
- The cash pooling arrangements for foreign subsidiaries outside the euro zone expose the Group to financial foreign exchange risk. The variation of these exchange rates may impact significantly the Group's results.

Major developments in the first nine months of 2013

During the first nine months of 2013, major developments included:

- On January 17, 2013 – Teijin Pharma Limited, the core company of the Teijin Group's healthcare business, and Ipsen announced the launch of Somatuline® 60/90/120 mg for subcutaneous injection in Japan for the treatment of acromegaly and pituitary gigantism (when response to surgical therapies is not satisfactory or surgical therapies are difficult to perform). In Japan, Teijin Pharma holds the rights to develop and market the drug.
- On January 24, 2013 – Ipsen and Inspiration Biopharmaceuticals Inc. (Inspiration) announced that they entered into an Asset Purchase Agreement (APA) whereby Baxter International (Baxter) agree to acquire the worldwide rights to OBI-1, a recombinant porcine factor VIII (rpFVIII) in development for congenital hemophilia A with inhibitors and acquired hemophilia A, and Ipsen's industrial facility in Milford (Boston, MA). The APA was filed on 23 January 2013, with the US Federal Bankruptcy Court in Boston (MA). The sale is a result of joint marketing and sale process pursued by Ipsen and Inspiration shortly after Inspiration filed for protection under Chapter 11 of the U.S. Bankruptcy Code on October 30, 2012. The APA is subject to certain closing conditions, including Bankruptcy Court and regulatory approvals. Ipsen has agreed to extend the DIP to Inspiration for a period of 45 days i.e. for an additional amount of up to c. \$5 million.
- On 6 February 2013 – Ipsen and Inspiration Biopharmaceuticals Inc. (Inspiration) announced that they entered into an Asset Purchase Agreement (APA) whereby Cangene Corporation (Cangene) agrees to acquire the worldwide rights to IB1001, a recombinant factor IX (rFIX) for the treatment of hemophilia B. Under the terms of the APA, Cangene has agreed to pay \$5.9 million upfront, up to \$50 million in potential additional commercial milestones as well net sales payments equivalent to tiered double digit percentage of IB1001 annual net sales. The APA is subject to certain closing conditions including Bankruptcy Court approval.
- On 7 February 2013 – Ipsen and Braintree Laboratories, Inc., a US-based company specializing in the development, manufacturing and marketing of specialty pharmaceuticals announced that Eziclen® / Iizinova® (BLI-800) successfully completed its European decentralized registration procedure involving sixteen countries. The product will be indicated in adults for bowel cleansing prior to any procedure requiring a clean bowel (e.g. bowel visualization including bowel endoscopy and radiology or surgical procedure).
- On 20 February 2013 – Ipsen and Inspiration Biopharmaceuticals Inc. (Inspiration) announced the closing of the sale of the proprietary hemophilia B product, IB1001 (recombinant FIX), to Cangene Corporation (Cangene). Ipsen and Inspiration jointly agreed to sell their respective commercialization rights to IB1001 as part of the transaction. Cangene acquired worldwide rights to IB1001, a recombinant factor IX currently under regulatory review in the United States and Europe.
- On 21 March 2013 – Ipsen and Inspiration Biopharmaceuticals Inc. (Inspiration) announced the closing of the sale of its lead hemophilia program, OBI-1 to Baxter International Inc. (Baxter), the global leader in hemophilia. Baxter acquired worldwide rights to OBI-1, a recombinant porcine factor VIII in development for the treatment of congenital hemophilia A with inhibitors and acquired hemophilia A, as well as Ipsen's manufacturing facility for OBI-1 in Milford, MA. The Ipsen employees working on the development and manufacturing of OBI-1 were offered employment by Baxter. Baxter has agreed to pay \$50 million upfront, up to \$135 million in potential additional development and sales milestones as well as tiered net sales payments ranging from 12.5% to 17.5% of OBI-1 global net sales. OBI-1 is currently in a pivotal trial for the treatment of individuals with acquired hemophilia A. As Inspiration's only senior secured creditor and as the owner of non-Inspiration assets that will be included in the sale of both OBI-1 and IB1001, Ipsen will receive at least 60% of the upfront payments. Over and above these upfront amounts, Ipsen will receive 80% of all payments up to a present value of \$304 million and 50% of all proceeds thereafter.
- On 9 April 2013 – Ipsen announced that Health Canada had granted a marketing authorization for Dysport® (Botulinum toxin type A for injection) for the temporary improvement in the appearance of moderate to severe frown lines (glabellar lines) in adult patients younger than 65 years of age. Medicis Aesthetics Canada, a division of Valeant Pharmaceuticals, will market Dysport® for use in aesthetic medicine in Canada.
- On 10 April 2013 – PeptiDream Inc., a Tokyo-based pharmaceutical company (PeptiDream), and Ipsen, a global specialty driven pharmaceutical Group, announced that they have entered into a research

collaboration and license option agreement to discover, evaluate, potentially develop and launch therapeutic peptides to treat serious medical conditions in areas of therapeutic focus for Ipsen.

- On 24 April 2013 – Upon proposal of the Appointments and Governance Committee, the Board of Directors of Ipsen will propose to the Combined Shareholders' Meeting to be held on 31 May 2013 the renewal of the terms of office as Directors of Mr. Antoine Flochel and Mr. Gérard Hauser and the appointment as a Director of Mrs. Martha Crawford in replacement of Mr. Klaus-Peter Schwabe who did not request the renewal of his term of office.
- On 25 April 2013 – Ipsen announced that the supplier of Increlex[®]'s (mecasermin [rDNA origin] Injection) active ingredient, Lonza, was facing manufacturing issues with Increlex[®] at its Hopkinton site (MA, USA). Lonza has been working closely with the Food and Drug Administration (FDA) to address these issues. Ipsen has been diligently addressing management of the shortage period to reduce its impact on the patients and their families. The supply interruption occurred in mid-June 2013 in the US and in Q3 2013 in Europe and the rest of the world. Re-supply before the end of 2013 is not currently anticipated.
- On 25 April 2013 – Active Biotech and Ipsen announced that the companies have updated the analysis plan for the 10TASQ10 trial, a global Phase III clinical trial evaluating tasquinimod in patients with metastatic castrate-resistant prostate cancer (mCRPC) who have not yet received chemotherapy. The companies now plan to conduct the primary PFS analysis for the 10TASQ10 trial in 2014, at the same time as the first interim overall survival (OS) analysis. The time point for the OS interim analysis will be driven by the number of OS events. The specified number of radiographic progression-free survival (PFS) events for the primary end-point will have been exceeded at the time of interim OS analysis.
- On 14 June 2013 – Ipsen announced that, as part of the accelerated execution of its strategy in the USA, the Group adopted a new organizational model for the distribution of Dysport[®] in therapeutic indications. With the growing importance of market access and payer driven decisions in healthcare, Ipsen is shifting its business model toward account management in the USA. As such, the Dysport[®] sales force has been optimized and refocused on key accounts, which will allow the Group to better serve physicians and patients. The costs arising from this reorganization are not expected to be material for the Group.
- On 11 July 2013 – Ipsen announced results from the primary endpoint of the CLARINET[®] study, assessing the effect of Somatuline[®] Autogel[®] 120 mg on tumor progression-free survival in patients with gastroentero and pancreatic neuroendocrine tumors (GEP-NETs). Treatment with Somatuline[®] Autogel[®] 120 mg was found to be statistically significantly superior to placebo in extending time to either disease progression or death. The safety profile observed in the study is consistent with the known safety profile of Somatuline[®]. Comprehensive results from this study were disclosed at the 2013 European Cancer Congress (Sept. 27 – Oct. 1, 2013). CLARINET[®] provides medically important results as it is the first large scale placebo-controlled randomized study to demonstrate the antitumoral activity of a somatostatin analog in non-functioning GEP-NETs.
- On 15 July 2013 – Ipsen announced the closing of the acquisition of Syntaxin, a UK-based private life sciences company specialized in botulinum toxin engineering. Under the terms of the agreement, Ipsen will pay €28 million upfront, as well as further contingent payments that could reach €130 million or more depending on the achievement of development and commercial milestones. Furthermore, Syntaxin's shareholders will receive the greater part of additional downstream payments related to the company's most advanced asset, currently in Phase II clinical trials. The transaction fits into Ipsen's strategy to reinforce its core technological platforms, peptides and toxins. Syntaxin has a wealth of experience in botulinum toxin biology, supported by an extensive patent portfolio – with 75 granted patents and over 130 patents pending. Syntaxin and Ipsen started collaborating in 2010. In 2011, they signed a global strategic partnership to explore the discovery and development of new compounds in the field of recombinant botulinum toxins. Syntaxin's team has used its extensive expertise in the discovery of new therapeutic candidates while Ipsen applied its skills to pharmacological, preclinical and clinical assessment of the compounds. Prior to the transaction, Ipsen owned c.10% of Syntaxin's capital on a fully diluted basis.
- On 15 July 2013 – Ipsen announced that it had initiated a research and development collaboration on novel engineered botulinum toxins with Harvard Medical School (Harvard). Under the terms of the agreement, Ipsen will fund Harvard research for at least three years with the aim to discover, evaluate and develop novel engineered recombinant botulinum toxins for the treatment of serious neurologic diseases. The collaboration will combine Harvard's discovery platform and botulinum toxins engineering

expertise with Ipsen's know-how in drug discovery and pharmaceutical R&D. Ipsen will have exclusive worldwide rights on any candidate recombinant toxin stemming from the collaboration. Ipsen will be responsible for the development and marketing of the new toxins and will make associated upfront, milestones and royalty payments to Harvard.

- On 29 August 2013 – Ipsen announced the departure of Eric Drapé, Executive Vice-President, Technical Operations. Christel Bories, Deputy CEO, will take over his responsibilities on an interim basis.
- On 29 August 2013 – Ipsen and Allergan have signed an agreement to settle their dispute on patents for the therapeutic use of botulinum toxin in urology indications. This agreement will not impact the Group's treasury.
- On 17 September 2013 – Ipsen announced positive top line results from the primary endpoint of the ELECT[®] study, assessing the effect of Somatuline[®] Autogel[®] / Somatuline Depot[®] (lanreotide) Injection 120 mg on the control of symptoms in patients with neuroendocrine tumors (NETs) associated with carcinoid syndrome. Treatment with Somatuline[®] was found to be statistically significantly superior to placebo in decreasing the number of days patients needed to use rescue medication (subcutaneous somatostatin analogues i.e., octreotide) to control symptoms associated with carcinoid syndrome.
- On 26 September 2013 – Ipsen announced plans to relocate its U.S. R&D operations in 2014 from Milford to Cambridge, MA – a leading hub for biotechnology research. This site will be key for innovation in targeted therapies across Ipsen's specialty areas as well as a center of excellence for peptides.
- On 28 September 2013 – Ipsen announced that results from CLARINET[®] Phase III clinical trial presented at the 2013 European Cancer Congress showed the antiproliferative effect of Somatuline[®] (lanreotide) 120 mg injection in the treatment of non-functioning gastroentero and pancreatic neuroendocrine tumors (GEP-NETs). CLARINET[®] met its primary endpoint by demonstrating that treatment with Somatuline[®] Autogel[®] / Somatuline[®] Depot[®] (lanreotide) Injection 120 mg was associated with a statistically significant reduction of the risk of disease progression or death by 53% vs. placebo (hazard ratio 0.47, 95% CI: 0.30–0.73; p=0.0002). This result is based on the observation that 62% of GEP-NET patients treated with Somatuline[®] had not progressed or died versus 22% with placebo over the follow-up period (Kaplan-Meier estimates). The median progression free survival was not reached (beyond 2 years) in the Somatuline[®] group versus 18 months in the placebo group.

After 30 September 2013, major developments included:

- On 2 October 2013 – Ipsen announced its new organization project¹ as well as the new composition of the Executive Committee to accelerate the implementation of the Group's strategy. The objective of the new organization is to continue to develop Specialty Care with the creation of two divisions represented at the Executive Committee level: Specialty Care Franchises and Specialty Care Commercial Operations. The project will also intensify the optimization of Primary Care activities with the creation of a dedicated Business Unit.
- On 7 October 2013 – PeptiDream Inc., a Tokyo-based pharmaceutical company, and Ipsen announced that they had expanded the scope of their April 2013 research collaboration and license option agreement to discover, evaluate, potentially develop and launch therapeutic peptides to treat serious medical conditions in areas of therapeutic focus for Ipsen.
- On 9 October 2013 – Active Biotech and Ipsen announced that Active Biotech, under the terms of the co-development and commercialization agreement on the novel candidate drug tasquinimod, had received a milestone payment of 12 million euros from Ipsen.

¹ The implementation of this project is subject to the examination by the staff representative bodies competent in each country concerned, according to the specific processes and methods laid down in the regulations governing each country

Government measures

In the current context of financial and economic crisis, the governments of many countries in which the Group operates continue to introduce new measures to reduce public health expenses, some of which are affecting the Group sales and profitability in 2013. In addition, certain measures introduced in 2012 have continued to affect the Group's accounts year-on-year.

Measures impacting 2013

In the Major Western European countries:

- In France, Tanakan[®] was delisted on 1st March 2012. Moreover, sales of Nisis[®]/Nisisco[®] and Forlax[®] were negatively impacted by a step-up in the regulation known as "Tiers-payant" in July 2012, whereby the patient must pay upfront for a branded drug at the pharmacy – when genericized – and is reimbursed only later on. In addition, health authorities imposed price cuts of 5.5% on NutropinAq[®] in June 2013 and 12.5% on Nisis[®]/Nisico[®] in October 2013;
- In Spain, Tanakan[®] was delisted on 1st September 2012. The new draft of the Royal Decree that establishes the prices for products more than 10 years old has been issued in March 2013 and affects all the LhRH (*Luteinizing hormone-Releasing Hormone*) analogues. The application of the final version was expected in Q3 2013, but was finally postponed to Q1 2014;
- In Italy, the price alignment of LhRH regional tenders is not yet applicable due to the political context.

In the Other European countries:

- In Belgium, a modulated price decrease of 1.95% on reimbursed products has been applicable since 1st April 2013 through the Inami tax;
- In Portugal, new countries were included in the basket for the international reference pricing system, such as Slovakia, Spain and France. For retail products, the rule is to take the average of the basket. For hospital products, the rule is to take the lowest price of the basket effective 1st June 2013. There is no significant impact on Ipsen's products. New measures published for 2013 call for a 6.0% price cut on all drugs and for a contribution of the pharmaceutical industry to the decrease of healthcare spending through the setup, by every pharmaceutical company, of a provision fund equal to 2.0% of sales. Moreover, a new 3.0% tax, to become effective in 2014, has also been introduced on all hospital business;
- In Latvia, a national tender for LhRH analogues was put in place by local authorities in order to avoid parallel trades. A new reference basket was set up in July 2013. Initially the basket was composed of EU 27 countries but is now composed of Lithuania, Estonia, Czech Republic, Slovakia, Romania, Hungary, and Denmark. The reference pricing rule remains unchanged and calls for taking the 3rd lowest price of the basket;
- In Czech Republic, the VAT on drugs was increased from 14% to 15% in January 2013. New prices were published on 1st January 2013. They stem from the international reference pricing system (average of the 3 lowest prices in 18 countries of the EU). Moreover, since January 2013, Growth Hormones are no longer considered a hospital product and are now subject to price revisions;
- In Slovakia, new prices were published on 1st June 2013. They were the result of the international reference pricing system based on the average of the 3 lowest prices prevailing in the 27 countries of the EU;
- In Greece, the new reimbursement list based on hybrid ATC4 classification and patient co-payment amounts was implemented, replacing the former reimbursement rule. A new price bulletin was published on 1st April 2013 impacting all LhRH analogues. Following negotiations with the Greek Ministry of Health, Increlex[®] price was increased by 1.25% in September 2013 to account for its orphan drug status;
- In Finland, a general price cut of 5% was applied on all drugs on 1st February 2013;
- In the Netherlands, the NZA (Dutch health authority) transferred the budget for Growth Hormones from retail to hospital and introduced a new reimbursement system on 1st January 2013. The publication of the list containing the next wave of drugs to move to hospital budget was officially delayed. In April 2013, Ipsen products were affected by a price revision due to the application of

international reference pricing. This led to price increases on Decapeptyl[®], Dysport[®] and Somatuline[®] and to a price decrease on NutropinAq[®];

- In Poland, a new reimbursement limit was set after the launch of a competing product to Decapeptyl[®]. It led to the introduction of patient co-payments since 1st January 2013 and, thereafter, to a general price decrease by the industry as a way of compensating;
- In Romania, whereas prices are generally revised annually in March, the Ministry of Health has decided to freeze medicine prices until the end of the year. In the meantime, the price setting methodology for new products will remain unchanged;
- In Sweden, TLV (the Dental and Pharmaceutical Benefits Agency) introduced a mandatory price cut of 7.5% on the price of products with a Marketing authorization delivered before 1998. This price cut will be effective as of January 2014.

In the Rest of the World:

- China is still working on its international reference pricing system, which would include ten countries such as the USA, France, Germany, South Korea and Japan. However, there is no sign of further implementation or control at this time. In April 2013, Tanakan[®] was included on the Essential Drug List, a decision usually accompanied by a strong price decrease that can range from 10% to 30%;
- In Algeria, the "National Agency for Medicines" (*Agence Nationale du Médicament*) is reasserting its Pricing & Reimbursement focus. The class referencing on GnRHs (*Gonadotropin-Releasing Hormone*) should soon become a reality with a new list to be released in 2013;
- In Colombia, the "National Committee of Drug Prices" (*Comisión Nacional de Precios de Medicamentos*) announced its intention to regulate the price of 195 medicines, including Somatuline[®]s. New prices are effective since their publication in the official gazette on 23rd of August 2013.

Furthermore, and in the context of the financial and economic crisis, governments of many countries in which the Group operates continue to introduce new measures to reduce public health expenses, some of which will affect the Group sales and profitability beyond September 2013.

Measures which may have impacts beyond September 2013

In the Major Western European countries:

- In France, the taxable basis taken into consideration for the promotion tax was significantly extended to institutional communication and congresses by a decree published in December 2012;
- In Italy, the cap for pharmaceutical hospital expense was increased from 2.4% to 3.5% of hospital expenditure. In addition, pharmaceutical companies will have to pay 50.0% of any extra expenditure beyond this cap level;
- In the UK, the NHS is looking closely at proposals around value-based pricing, which the Government plans to introduce from January 2014. Value-based pricing will cover new medicines and a successor scheme to the current PPRS (*Pharmaceutical Price Regulation Scheme*) agreement will also be validated.

In the Other European countries:

- In Portugal, the outcome of negotiations between the pharmaceutical industry and the Ministry of Health on the reimbursement threshold borne by the industry is expected soon. The final 2012 reimbursement amount is not yet confirmed, nor is the 2013 threshold. The final agreement will very much depend on the level of drug expenditure reached in 2013 as a percentage of GDP;
- In Greece, claw-back will potentially be adjusted by year-end and the target set by the Ministry of Health for 2013 currently stands at €2.44 billion. The government is aiming at €2 billion for 2014;
- In Belgium, the international reference pricing system was updated with new rules and a reference basket of 6 countries (France, Germany, the Netherlands, Austria, Ireland and Finland). The system has not yet been implemented;

- In Russia, within the frame of the healthcare reform, health authorities are considering a possible change in the price-setting methodology for drugs on the Essential Drug List (EDL). In the future, registered prices for drugs on the EDL should be set as the weighted average price of all drugs with the same International Non-proprietary Name (INN);
- In Croatia, Czech Republic replaced France in the basket of countries included in the international reference pricing system;
- In Slovenia, therapeutic reference pricing was introduced in June 2013 but does not yet apply;
- In the Netherlands, the new price list stemming from international price referencing will be published in October 2013;
- In Serbia, as of 1st July 2013, the Ministry of Health decided to include Romania in the basket of countries used for the calculation of international reference pricing. The rule is to take the average of the prices prevailing in Croatia, Slovenia, Italy and Romania.

In the Rest of the World:

- In Latin America, twelve countries (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Surinam, Uruguay, and Venezuela) agreed to create a regional drug-pricing database in order to harmonize drug prices in the region. At this stage, there has been no new announcement regarding this project;
- In Tunisia, the Somatuline[®] Autogel[®] range will officially be registered in Q4 2013, which will drive the "Pharmacie Centrale Tunisienne" import price down;
- In Korea, the volume-price control implemented since 2011 will end in 2014, with an ultimate 7% price cut on Decapeptyl[®];
- In Algeria, Ipsen's Primary Care portfolio (Smecta[®], Fortrans[®] and Forlax[®]) will incur price cuts following the renewal of the Group's Marketing Authorizations.

Comparison of consolidated sales in the third quarters and first nine months of 2013 and 2012:

Note: Unless stated otherwise, all variations in sales are stated excluding foreign exchange¹ impacts.

Sales by geographical area

Group sales by geographical area in the third quarters and first nine months of 2013 and 2012 were as follows:

	3 rd Quarter				9 Months			
(in million euros)	2013	2012	% Variation	% Variation at constant currency	2013	2012	% Variation	% Variation at constant currency
France	51.8	54.5	(5.1%)	(5.1%)	165.3	187.7	(11.9%)	(11.9%)
United Kingdom	14.3	14.3	(0.3%)	8.1%	41.9	42.0	(0.1%)	4.9%
Spain	14.1	12.5	13.6%	13.6%	42.6	42.8	(0.4%)	(0.4%)
Germany	20.6	19.3	6.5%	6.6%	63.5	57.5	10.4%	10.4%
Italy	18.2	20.2	(9.9%)	(9.9%)	62.5	63.4	(1.4%)	(1.4%)
Major Western European countries	119.0	120.9	(1.5%)	(0.6%)	375.8	393.3	(4.4%)	(3.9%)
Eastern Europe	42.7	35.5	20.2%	23.9%	135.8	125.5	8.1%	9.7%
Others Europe	35.4	34.1	4.0%	5.6%	110.1	103.8	6.0%	6.5%
Other European Countries	78.1	69.6	12.2%	14.9%	245.8	229.4	7.2%	8.3%
North America	13.5	18.2	(26.0%)	(21.4%)	50.0	54.6	(8.3%)	(5.4%)
Asia	50.4	45.8	10.1%	11.4%	135.6	124.2	9.1%	9.1%
Other countries in the rest of the world	37.1	40.4	(8.1%)	0.1%	124.5	123.3	1.0%	5.5%
Rest of the World	87.5	86.2	1.6%	6.3%	260.1	247.5	5.1%	7.4%
Group Sales	298.1	294.9	1.1%	3.8%	931.8	924.7	0.8%	2.0%
Of which: Total Drug Sales	289.6	286.8	1.0%	3.7%	903.9	898.8	0.6%	1.8%
Drug-related Sales*	8.5	8.1	4.8%	6.2%	27.9	25.9	7.8%	8.9%

* Active ingredients and raw materials

In the third quarter 2013, sales generated in the **Major Western European countries** amounted to €119.0 million, down 0.6% year-on-year. In the first nine months of the year, sales generated in the major Western European countries amounted to €375.8 million euros, down 3.9% year-on-year. The growth of specialty care products was more than offset by the consequences of a tougher competitive environment in the French primary care market. Sales in the Major Western European countries represented 40.3% of total Group sales in the first nine months of 2013, compared to 42.5% the previous year.

France – In the third quarter 2013, sales reached €51.8 million, down 5.1% year-on-year. In the first nine months of the year, sales reached €165.3 million, down 11.9% year-on-year, affected by the continuous decline of primary care sales despite the strong performance of Smecta[®]. Moreover, the sales of Tanakan[®] were impacted by the delisting of the product since March 2012 and by the launch of a competitive product also made out of ginkgo biloba in March 2013. Finally, since July 2012, sales of the Group's genericized drugs (Nisis[®]/Nisisco[®] and Forlax[®]) were negatively impacted by the step-up of the regulation known as "Tiers-Payant"². In specialty care, sales were slightly down in the first nine months of 2013 despite a strong volume growth of Somatuline[®] and NutropinAq[®]. Sales of specialty care products were mainly impacted by the decline in Decapeptyl[®] sales, notably arising from the collateral effects of the current sales force restructuring. Consequently, the relative weight of

¹ See appendix

² With the "Tiers-Payant" regulation, the patient now pays upfront for a branded drug and is reimbursed only later on

France in the Group's consolidated sales has continued to decrease, representing 17.7% of total Group sales compared to 20.3% the previous year.

United Kingdom – In the third quarter 2013, sales reached €14.3 million, up 8.1% year-on-year. In the first nine months of 2013, sales reached €41.9 million, up 4.9%, notably fuelled by the double-digit volume growth of Decapeptyl®, the sustained growth of Somatuline® and the impact of Hexvix®'s launch in 2012. Over the period, the United Kingdom represented 4.5% of total Group sales, a ratio in line with 2012.

Spain – In the third quarter 2013, sales reached €14.1 million, up 13.6% year-on-year. In the first nine months of 2013, sales reached €42.6 million, slightly down 0.4% year-on-year in a significantly contracting Spanish pharmaceutical market. Moreover, the delisting of Tanakan® as of 1st September 2012 negatively impacted the product's sales. In a difficult context, Somatuline® nonetheless posted sustained volume growth. In the first nine months of the year, sales in Spain represented 4.6% of total Group sales, in line with the previous year.

Germany – In the third quarter 2013, sales reached €20.6 million, up 6.6% year-on-year. In the first nine months of 2013, sales reached €63.5 million, up 10.4% year-on-year, driven by strong volume growth of Somatuline® and NutropinAq®. Over the period, sales in Germany represented 6.8% of total Group sales, compared to 6.2% a year earlier.

Italy – In the third quarter 2013, sales reached €18.2 million, down 9.9% year-on-year. In the first nine months of 2013, sales reached €62.5 million, down 1.4% year-on-year. The deterioration of the economic environment recently affected the health funds' regional budget, which as a consequence are implementing policies mainly targeted at hospital products. In the first nine months of 2013, sales in Italy represented 6.7% of total Group sales, compared to 6.9% the previous year.

In the third quarter 2013, sales generated in the **Other European countries** reached €78.1 million, up 14.9% year-on-year, boosted by a positive base effect in Russia. Indeed, in the third quarter 2012, the sales of specialty care in Russia were weak further to a first half 2012 that had benefited from a strong tender activity. In the first nine months of 2013, sales reached €245.8 million euros, up 8.3%. Sales growth was mainly driven by the good performance of Russia where primary care (notably Fortrans® and Smecta®) and specialty care (notably Dysport® and Decapeptyl®) posted strong growth rates. Over the period, the performance of the Netherlands and Ukraine also contributed to volume growth, just as the supply of Dysport® for aesthetic use to Galderma. In the first nine months of 2013, sales in this region represented 26.4% of total consolidated Group sales, compared to 24.8% a year earlier.

In the third quarter 2013, sales generated in **North America** reached €13.5 million, down 21.4% year-on-year, mainly impacted by the Increlex® supply interruption that occurred mid-June. Restated for this element, sales were up 14.0%. In the first nine months of the year, sales reached €50.0 million, down 5.4%. Restated for the Increlex® supply interruption, sales were up 5.2%, driven by the continuous penetration of Somatuline® in acromegaly, the double-digit growth of Dysport® in therapeutics and the continuous supply of Dysport® to Valeant for aesthetic use. Sales in North America represented 5.4% of consolidated Group sales, compared to 5.9% a year earlier.

In the third quarter, sales generated in the **Rest of the World** reached €87.5 million, up 6.3% year-on-year, supported by the resumption of products supply in certain Middle Eastern countries where Ipsen, in the absence of payment guarantees, had stopped its shipments in the second quarter. Nevertheless, the situation continues to bear upon the cumulative performance. In the first nine months of 2013, sales reached €260.1 million, up 7.4% year-on-year, driven by the strong performance of Dysport® in Australia and Brazil and by the Somatuline® partnership with Sanofi in Mexico. In China, Decapeptyl® continued to suffer from a hospital market disrupted by the ongoing investigation of certain pharmaceutical companies by local authorities. Over the period, sales in the Rest of the World grew to reach 27.9% of total consolidated Group sales, compared to 26.8% the previous year.

Sales by therapeutic area and by product

The following table shows sales by therapeutic area and by product for the third quarters and first nine months of 2013 and 2012:

	3 rd Quarter				9 Months			
(in million euros)	2013	2012	% Variation	% Variation at constant currency	2013	2012	% Variation	% Variation at constant currency
Uro-oncology	79.0	78.7	0.4%	1.3%	233.5	240.8	(3.0%)	(2.7%)
of which Hexvix [®]	3.2	2.9	10.7%	10.7%	10.7	9.0	19.2%	19.2%
of which Decapeptyl [®]	75.7	75.7	0.0%	0.9%	222.9	231.8	(3.9%)	(3.5%)
Endocrinology	77.2	75.5	2.3%	5.0%	241.4	229.9	5.0%	6.1%
of which Somatuline [®]	63.2	55.1	14.7%	17.8%	186.6	168.4	10.8%	12.0%
of which NutropinAq [®]	13.2	13.2	(0.5%)	0.9%	42.3	39.7	6.5%	7.1%
of which Increlex [®]	0.8	7.2	(88.6%)	(88.1%)	12.5	21.7	(42.6%)	(41.4%)
Neurology	55.7	58.3	(4.4%)	2.9%	186.3	181.5	2.7%	6.7%
of which Dysport [®]	55.8	58.3	(4.2%)	3.1%	186.3	181.4	2.7%	6.8%
Specialty Care	211.9	212.4	(0.3%)	3.0%	661.3	652.2	1.4%	3.0%
Gastroenterology	54.2	48.9	11.0%	11.5%	168.2	147.2	14.3%	14.3%
of which Smecta [®]	30.5	29.0	5.1%	5.9%	92.2	83.5	10.5%	10.5%
of which Forlax [®]	8.8	8.7	0.9%	1.1%	29.4	29.4	0.2%	0.2%
Cognitive disorders	16.0	16.9	(5.2%)	(2.2%)	48.7	61.8	(21.2%)	(20.2%)
of which Tanakan [®]	16.0	16.9	(5.2%)	(2.2%)	48.7	61.8	(21.2%)	(20.2%)
Cardiovascular	4.6	5.8	(21.0%)	(20.9%)	16.7	28.2	(40.7%)	(40.7%)
of which Nisis [®] & Nisisco [®]	1.9	2.9	(35.0%)	(35.0%)	6.0	16.7	(64.2%)	(64.2%)
of which Ginkor [®]	2.4	2.5	(0.5%)	(0.2%)	10.1	9.6	5.1%	5.2%
Other Primary Care	3.0	2.9	5.4%	5.5%	8.9	9.4	(4.8%)	(4.8%)
of which Adrovanse [®]	2.6	2.6	(0.1%)	(0.1%)	7.8	8.6	(9.0%)	(9.0%)
Primary Care	77.8	74.4	4.6%	5.7%	242.6	246.6	(1.6%)	(1.3%)
Total Drug Sales	289.6	286.8	1.0%	3.7%	903.9	898.8	0.6%	1.8%
Drug-related Sales*	8.5	8.1	4.8%	6.2%	27.9	25.9	7.8%	8.9%
Group Sales	298.1	294.9	1.1%	3.8%	931.8	924.7	0.8%	2.0%

* Active ingredients and raw materials

In the third quarter 2013, sales of **Specialty Care products** reached €211.9 million, up 3.0% year-on-year. In the first nine months of 2013, sales reached 661.3 million, up 3.0% or 1.4% at current exchange rate. Sales in neurology and endocrinology grew by respectively 6.7% and 6.1% while sales in uro-oncology were down 2.7% year-on-year. Over the period, specialty care sales were negatively impacted by the Increlex[®] supply interruption that occurred mid-June in the US and in August in Europe and by the situation in certain Middle Eastern countries in the second quarter where Ipsen, in the absence of payment guarantees, had stopped its shipments. Restated for these elements, sales were up 4.6%. In the first nine months of 2013, the relative weight of specialty care products continued to increase to reach 71.0% of total Group sales, compared to 70.5% the previous year.

In Uro-oncology, sales of **Decapeptyl[®]** reached €75.7 million in the third quarter 2013, up 0.9% year-on-year. In the first nine months of 2013, sales reached €222.9 million, down 3.5%, notably affected in the second quarter by the Middle East situation mentioned above. Restated for this element, sales were down 2.7%. This decrease took place in a strained environment in Europe, negatively impacted by price cuts, a more frequent use of co-payment, a contracting pharmaceutical market in Southern Europe and a slowdown in the growth of Eastern European countries. In France, beyond the decline of the LhRH market, Decapeptyl[®] sales were impacted by the consequences of the current sales force restructuring in primary

care. Finally, the competitive environment is getting tougher in China with the launch of new local competitors, while the hospital market is disrupted by the ongoing investigation of certain pharmaceutical companies by local authorities. In the first nine months of 2013, sales of **Hexvix**[®] amounted to €10.7 million, mostly generated in Germany. Over the period, sales in uro-oncology represented 25.1% of total Group sales, compared to 26.0% the previous year.

In Endocrinology, sales continued to grow, reaching €77.2 million in the third quarter 2013, up 5.0% year-on-year. In the first nine months of 2013, sales reached €241.4 million, up 6.1%, and represented 25.9% of total Group sales, compared to 24.9% the previous year.

Somatuline[®] – In the third quarter 2013, sales reached €63.2 million, up 17.8% year-on-year. In the first nine months of 2013, Somatuline[®] sales reached €186.6 million, up 12.0% year-on-year, driven by strong growth in the United States where Somatuline[®] now boasts around 50% market share¹ in acromegaly, Germany, France, the Netherlands and Latin America.

NutropinAq[®] – In the third quarter 2013, sales reached €13.2 million, up 0.9% year-on-year. In the first nine months of 2013, sales of NutropinAq[®] reached €42.3 million, up 7.1%, driven by solid performance in Germany, France, Kazakhstan and the Netherlands.

Increlex[®] – In the third quarter 2013, sales reached €0.8 million, down 88.1% year-on-year, impacted by the shortage situation since mid-June in the United States and since August in Europe. Increlex[®] sales in the first nine months of 2013 reached €12.5 million, down 41.4%, penalized by the shortage described above.

In Neurology, Dysport[®] sales reached €55.8 million in the third quarter 2013, up 3.1% year-on-year. In the first nine months of 2013, sales reached €186.3 million, up 6.8%. Sales performance was impacted by the unfavorable comparison base arising from stock building in Australia following the agreement signed with Galderma in April 2012 and by the situation in 2013 in certain Middle Eastern countries mentioned above. Restated for those items, Dysport[®] sales were up 8.0%. Neurology sales represented 20.0% of total Group sales in 2013, compared to 19.6% a year earlier.

In the third quarter 2013, sales of **Primary Care products** amounted to €77.8 million, up 5.7% year-on-year. The strong performance of China and Russia more than offset the decrease in sales in France. In the first nine months of 2013, sales amounted to €242.6 million, down 1.3% year-on-year, notably impacted by the implementation of the regulation known as “Tiers-Payant²” in the summer 2012 in France. Primary care sales in France represented 30.7% of total Group primary care sales, compared to 39.1% the previous year.

In Gastroenterology, sales reached €54.2 million in the third quarter 2013, up 11.5% year-on-year. In the first nine months of 2013, sales amounted to €168.2 million, up 14.3% year-on-year.

Smecta[®] – In the third quarter 2013, sales reached €30.5 million, up 5.9% year-on-year. In the first nine months of 2013, Smecta[®] sales reached €92.2 million, up 10.5%, mainly driven by strong performance in China, Russia, France and Algeria. Smecta[®] sales represented 9.9% of total Group sales over the period, compared to 9.0% the previous year.

Forlax[®] – In the third quarter 2013, sales reached €8.8 million, up 1.1% year-on-year. In the first nine months of 2013, sales reached 29.4 million euros, slightly up 0.2% year-on-year. Over the period, France represented 50.6% of total product sales, compared to 58.2% the previous year.

In the cognitive disorders area, sales of **Tanakan**[®] in the third quarter 2013 reached €16.0 million euros, down 2.2% year-on-year. Sales in the first nine months of 2013 amounted to €48.7 million, down 20.2% year-on-year, affected by the delisting of the product in France in March 2012, in Romania in May 2012 and in Spain in September 2012. Sales were also impacted by the launch of a competitive product (ginkgo biloba as well) in March 2013 in France. In the first nine months of 2013, 25.9% of Tanakan[®] sales were achieved in France, compared to 33.5% the previous year.

In the cardiovascular area, sales in the third quarter 2013 amounted to €4.6 million euros, down 20.9% year-on-year. In the first nine months of 2013, sales amounted to €16.7 million, down 40.7% year-on-year,

¹ US market share of Somatuline[®] in the sales of somatostatin analogs for acromegaly

² With the “Tiers-Payant” regulation, the patient now pays upfront for a branded drug and is reimbursed only later on

mainly impacted in France by the decline of **Nisis® / Nisisco®** sales, penalized by the launch of generics, a 15% price cut in November 2011, as well as the reinforcement of the “Tiers-payant” regulation in July 2012.

Sales of **Other primary care products** reached €3.0 million in the third quarter 2013, up 5.5%. In the first nine months of 2013, sales reached €8.9 million, down 4.8% year-on-year, mainly impacted by the 9.0% decrease in **Adrovanse®** sales.

In the third quarter 2013, **drug-related sales (active ingredients and raw materials)** reached €8.5 million, up 6.2%. In the first nine months of 2013, sales amounted to €27.9 million, up 8.9% year-on-year.