PRESS RELEASE

Ipsen's First Half 2016 Results

- **Group sales up 9.7%[1] driven by Specialty Care growth of 14.3%[1], notably due to strong performance of Somatuline®**
- **Core Operating Income up 12.6% fueled by strong top-line growth**
- **Core diluted EPS of €1.74, up 16.0%**

Paris (France), 28 July 2016 – Ipsen (Euronext: IPN; ADR: IPSEY), a global specialty-driven pharmaceutical group, today announced financial results for the first half 2016. The Board of Directors, chaired by Marc de Garidel, met on 27 July 2016 to approve the financial statements for the first half 2016.

Extract of consolidated results for the first halves 2016 and 2015

(in million euros)	*H1 2016*	*H1 2015*	*% change*
Group sales	**763.8**	**713.9**	**+9.7%[1]**
Specialty Care sales	613.5	548.9	+14.3%[1]
Primary Care sales	150.4	165.0	-5.9%[1]
Core Operating Income	**188.8**	**167.6**	**+12.6%**
Core operating margin	*24.7%*	*23.5%*	*+1.2 pts*
Consolidated net profit	**133.3**	**90.5**	**+47.4%**
Core EPS – fully diluted (€)	**1.74**	**1.50**	**+16.0%**
Free cash flow	73.6	22.4	+328.6%
Closing net cash[2]	17.3	70.8	-75.6%

Commenting on the first half 2016 performance, **David Meek, Chief Executive Officer of Ipsen,** said: *"We are very pleased with the Group's strong operating performance in the first half of 2016. Sales grew by nearly 10% year-on-year and core operating margin improved by 1.2 points, both driven primarily by solid Specialty Care growth."*

David Meek added: *"Ipsen is in a unique transformational phase with several key drivers to accelerate growth. Somatuline® and Dysport® have both established strong momentum with additional opportunities for expanded indications. We are also preparing for the successful launch of two new products. First, Cabometyx™ in Europe for advanced renal cell carcinoma, for which we recently received a positive CHMP opinion, and subsequently, telotristat etiprate in 2017 to further build our position in the neuroendocrine tumor*

[1] Sales growth excluding foreign exchange impact
[2] Cash and cash equivalents, less bank overdrafts, bank loans and other financial liabilities and excluding financial derivative instruments.

market. We continue to advance many important pipeline programs and are encouraged by the significant potential of the company as we enter this new era of growth."

Review of the first half 2016 results

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

In the first half of 2016, **Group sales** reached €763.8 million, up 9.7% year-on-year. **Specialty Care** sales reached €613.5 million, up 14.3%, driven by the strong growth of Somatuline® in the neuroendocrine tumor indication in North America, as well as a solid performance throughout Europe.

For Dysport®, good performance in Russia, the US and Germany was offset by inventory trends in the Middle East and Brazil. Decapeptyl® sales reflect good volume growth in Europe offset by inventory trends in the Middle East and price pressure in China.

In the first half of 2016, **Primary Care** reached €150.4 million, down 5.9% year-on-year. Sales were impacted by lower Smecta® sales in Asia and Tanakan® sales in Russia.

Core Operating Income totaled €188.8 million in the first half of 2016, up 12.6%. Core operating margin reached 24.7%, up 1.2 points compared to the first half of 2015, mainly driven by strong business performance, partially offset by investments for the Cabometyx™ launch and the adverse impact of foreign currencies.

Consolidated net profit was €133.3 million, up 47.4% over the period, compared to €90.5 million in 2015, which included the net impact of the depreciation of intangible assets related to tasquinimod in the amount of €39.6 million after tax.

Fully diluted core earnings per share (see Appendix 4) grew by 16.0% year-on-year to reach €1.74 for the first half of 2016, compared to €1.50 in 2015.

Free cash flow generated in the first half of 2016 reached €73.6 million, up significantly by €51.2 million, driven by the increase in core operating income and improved management of working capital.

Closing net cash reached €17.3 million as of June 2016, compared to €70.8 million as of June 2015 after the upfront payment for the cabozantinib license to Exelixis for €183.8 million in March 2016.

2016 financial objectives

Based on the first half 2016 performance, the Group raises its guidance for **Specialty Care** sales growth to **greater than 12%** and reaffirms its target for **Core Operating margin of around 21%**, assuming higher investments required to prepare the commercial launch of Cabometyx™, and further investments in the US to support the accelerated growth of Somatuline® and additional launches of Dysport®.

	Previous FY 2016 guidance	***Revised FY 2016 guidance***
Specialty Care growth	Growth >+10%	Growth >+12%
Primary Care growth	Slight growth	Slight growth
Core Operating margin	Around 21%	Around 21%

Sales objectives are set at constant currency.

The interim financial report, with regard to regulated information, is available on the Group's website, www.ipsen.com, under the Regulated Information tab in the Investor Relations section.

Meeting, webcast and conference call (in English) for the financial community

Ipsen will host an analyst meeting on Thursday 28 July 2016 at 2:30 p.m. (Paris time, GMT+1) at its headquarters in Boulogne-Billancourt (France). A conference call will take place and a web conference (audio and video webcast) will be available at www.ipsen.com. Participants should dial in to the call approximately 5 to 10 minutes prior to its start. No reservation is required to participate in the conference call.

France and continental Europe: +33 (0)1 70 99 32 08
UK: +44 (0)20 7162 0077
United States: +1 646 851 2407
Conference ID: 959296

A recording will be available for 7 days on Ipsen's website and at the following numbers:

France and continental Europe: +33 (0)1 70 99 35 29
UK: +44 (0)20 7031 4064
United States: +1 954 334 0342
Conference ID: 959296

About Ipsen

Ipsen is a global specialty-driven pharmaceutical group with total sales exceeding €1.4 billion in 2015. Ipsen sells more than 20 drugs in more than 115 countries, with a direct commercial presence in more than 30 countries. Ipsen's ambition is to become a leader in specialty healthcare solutions for targeted debilitating diseases. Its fields of expertise cover oncology, neurosciences and endocrinology (adult & pediatric). Ipsen's commitment to oncology is exemplified through its growing portfolio of key therapies improving the care of patients suffering from prostate cancer, bladder cancer and neuro-endocrine tumors. Ipsen also has a significant presence in primary care. 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, located in the heart of the leading biotechnological and life sciences hubs (Les Ulis/Paris-Saclay, France; Slough/Oxford, UK; Cambridge, US). In 2015, R&D expenditures neared €193 million. The Group has more than 4,600 employees worldwide. Ipsen's shares are traded on segment A of Euronext Paris (stock code: IPN, ISIN code: FR0010259150) and are 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 trades on the over-the-counter market in the United States under the symbol IPSEY. For more information on Ipsen, visit www.ipsen.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 favorable 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.
The risks and uncertainties set out are not exhaustive and the reader is advised to refer to the Group's 2015 Registration Document available on its website (www.ipsen.com).

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Comparison of consolidated sales for the second quarters and first halves of 2016 and 2015:

Sales by therapeutic area and by product[1]

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

The following table shows sales by therapeutic area and by product for the second quarters and first halves 2016 and 2015:

	2nd Quarter				1st Half			
(in millions euros)	2016	2015	% Variation	% Variation at constant currency	2016	2015	% Variation	% Variation at constant currency
Oncology	**227.5**	**189.7**	**19.9%**	**22.8%**	**431.9**	**366.2**	**17.9%**	**19.7%**
Somatuline®	133.2	98.9	34.6%	37.4%	254.9	188.2	35.4%	37.0%
Decapeptyl®	89.4	86.3	3.5%	6.7%	167.6	169.2	-1.0%	1.1%
Hexvix®	4.9	4.5	10.9%	11.2%	9.4	8.8	7.2%	7.4%
Neurosciences	**76.9**	**72.3**	**6.5%**	**12.6%**	**140.5**	**141.1**	**-0.4%**	**4.6%**
Dysport®	76.4	72.0	6.2%	12.2%	139.6	140.6	-0.7%	4.3%
Endocrinology	**21.0**	**21.2**	**-0.8%**	**0.3%**	**41.1**	**41.6**	**-1.1%**	**-0.5%**
NutropinAq®	15.2	15.9	-4.1%	-3.4%	30.4	31.7	-4.1%	-3.6%
Increlex®	5.7	5.3	9.0%	11.5%	10.7	9.9	8.7%	9.3%
Specialty Care	**325.4**	**283.2**	**14.9%**	**18.6%**	**613.5**	**548.9**	**11.8%**	**14.3%**
Gastroenterology	**52.4**	**54.6**	**-4.0%**	**2.4%**	**103.4**	**113.8**	**-9.1%**	**-5.5%**
Smecta®	24.9	26.4	-5.7%	1.7%	54.1	62.3	-13.2%	-9.2%
Forlax®	10.1	9.7	3.7%	5.8%	20.1	18.8	7.0%	8.6%
Cognitive disorders	**9.1**	**13.7**	**-33.6%**	**-30.8%**	**18.9**	**24.2**	**-22.0%**	**-18.9%**
Tanakan®	9.1	13.7	-33.6%	-30.8%	18.9	24.2	-22.0%	-18.9%
Other Primary Care	**6.8**	**6.9**	**-1.8%**	**-1.3%**	**13.4**	**14.9**	**-9.9%**	**-9.8%**
Drug-related Sales	**8.2**	**5.5**	**50.6%**	**50.7%**	**14.7**	**12.1**	**21.3%**	**21.3%**
Primary Care	**76.5**	**80.6**	**-5.2%**	**-0.1%**	**150.4**	**165.0**	**-8.9%**	**-5.9%**
Group Sales	**401.9**	**363.8**	**10.5%**	**14.5%**	**763.8**	**713.9**	**7.0%**	**9.7%**

In the second quarter of 2016, sales reached €401.9 million, up 14.5%, driven by the 18.6% growth of Specialty Care sales, while Primary Care sales slightly declined by 0.1%. In the first half of 2016, sales amounted to €763.8 million, up 9.7%, driven by the 14.3% growth of Specialty Care sales, while Primary Care sales declined by 5.9%.

In the second quarter of 2016, sales of **Specialty Care** products reached €325.4 million, up 18.6% year-on-year. In the first half of 2016, sales amounted to €613.5 million, up 14.3%. Oncology and neurosciences sales grew by 19.7% and 4.6%, respectively, while endocrinology sales decreased by 0.5%. In the first half of 2016, the relative weight of Specialty Care continued to increase to reach 80.3% of Group sales, compared to 76.9% in the previous year.

In **oncology**, sales reached €227.5 million in the second quarter of 2016, up 22.8% year-on-year, driven by the continued acceleration of Somatuline® growth. In the first half of 2016, sales amounted to €431.9

[1] New sales reporting according to the main therapeutic indication of each product

million, up 19.7%, driven by the strong growth of Somatuline® while Decapeptyl® was slightly up by 1.1%. Oncology sales represented 56.5% of total Group sales, compared to 51.3% in the previous year.

Somatuline® – In the second quarter of 2016, sales reached €133.2 million, up 37.4%. In the first half of 2016, sales amounted to €254.9 million, up 37.0%, driven by strong volume growth in North America following the launch of the new neuroendocrine tumor indication at the beginning of 2015 and by a strong performance in most European countries, notably in Germany, Poland and France.

Decapeptyl® – In the second quarter of 2016, sales reached €89.4 million, up 6.7% year-on-year, driven by strong volume growth in Europe. In the first half of 2016, sales amounted to €167.6 million, up 1.1%, negatively impacted by inventory trends in the Middle East and price pressure in China.

Hexvix® – In the second quarter of 2016, sales reached €4.9 million, up 11.2% year-on-year. In the first half of 2016, sales of reached €9.4 million, up 7.4%, mainly driven by the good performance in Germany, which accounted for a majority of the product sales.

In **neurosciences**, sales of **Dysport®** reached €76.4 million in the second quarter of 2016, up 12.2% year-on-year, driven by strong performance in the US and in Russia. In the first half of 2016, sales amounted to €139.6 million, up 4.3%, driven by the good performance in Russia, the US and Germany despite the negative impact of inventory trends in the Middle East and Brazil. Over the period, neurosciences sales represented 18.4% of total Group sales, compared to 19.8% in the previous year.

In **endocrinology**, sales of **NutropinAq®** reached €15.2 million in the second quarter of 2016, down 3.4% year-on-year. In the first half of 2016, sales amounted to €30.4 million, down 3.6%, impacted by lower volumes especially in Germany and Italy, partly offset by good performance in France. In the second quarter of 2016, sales of **Increlex®** reached €5.7 million, up 11.5% year-on-year, notably driven by the United States. In the first half of 2016, sales amounted to €10.7 million, up 9.3%. Over the period, endocrinology sales represented 5.4% of total Group sales, compared to 5.8% in the previous year.

In the second quarter of 2016, **Primary Care** sales reached €76.5 million, slightly down 0.1% year-on-year. In the first half of 2016, sales amounted to €150.4 million, down 5.9%, mainly impacted by lower **Smecta®** sales in Asia and **Tanakan®** sales in Russia. Over the period, Primary Care sales represented 19.7% of total Group sales, compared to 23.1% in the previous year.

In the second quarter of 2016, **gastroenterology** sales reached €52.4 million, up 2.4% year-on-year. In the first half of 2016, sales amounted to €103.4 million, down 5.5%, negatively impacted by inventory trends in Asia for **Smecta®**, and for **Fortrans®** following the product shortage at the beginning of the year.

Smecta® – In the second quarter of 2016, sales reached €24.9 million, up 1.7% year-on-year. In the first half of 2016, sales amounted to €54.1 million, down 9.2%, affected by high inventories in China in the first half of 2015, as well as inventory build in Vietnam, offsetting good performance in Russia.

Forlax® – In the second quarter of 2016, sales reached €10.1 million, up 5.8% year-on-year. In the first half of 2016, sales amounted to €20.1 million, up 8.6%, supported by growing sales to partners and a good performance in Italy.

In the **cognitive disorders** area, sales of **Tanakan®** reached €9.1 million in the second quarter of 2016, down 30.8% year-on-year, due to a market slowdown in France and in Russia. Sales in the first half of 2016 amounted to €18.9 million, down 18.9%.

Sales of **Other Primary Care** products reached €6.8 million in the second quarter of 2016, down 1.3% year-on-year. In the first half of 2016, sales amounted to €13.4 million, down 9.8%, mainly affected by the 20.7% decline of **Nisis®/Nisisco®**, an additional 40.0% price cut in February 2015 in France, and by **Adrovance®** underperformance, down 16.1% sales over the semester.

In the second quarter of 2016, **Drug-related sales (active ingredients and raw materials)** reached €8.2 million, up 50.7% year-on-year. In the first half 2016, sales amounted to €14.7 million, up 21.3% driven by solid sales to the Group partner Schwabe.

Sales by geographical area

Group sales by geographical area in the second quarters and first halves 2016 and 2015 were as follows:

	2nd Quarter				1st Half			
(in million euros)	2016	2015	% Variation	% Variation at constant currency	2016	2015	% Variation	% Variation at constant currency
France	56.4	52.8	6.9%	6.9%	111.5	106.9	4.4%	4.4%
Germany	31.4	27.0	16.4%	16.4%	60.8	53.5	13.7%	13.7%
Italy	21.4	20.8	3.0%	3.0%	43.0	42.0	2.4%	2.4%
United Kingdom	18.6	18.7	-0.2%	8.6%	37.1	37.1	0.1%	6.1%
Spain	18.0	15.8	13.9%	13.9%	34.9	32.6	7.0%	7.0%
Major Western European countries	**145.9**	**135.0**	**8.0%**	**9.2%**	**287.4**	**272.1**	**5.6%**	**6.4%**
Eastern Europe	45.6	44.7	1.9%	13.7%	85.1	84.1	1.2%	10.2%
Others Europe	43.2	39.2	10.4%	10.6%	84.1	76.6	9.9%	10.3%
Other European Countries	**88.8**	**83.9**	**5.9%**	**12.2%**	**169.2**	**160.7**	**5.3%**	**10.2%**
North America	**64.8**	**37.6**	**72.2%**	**75.3%**	**118.2**	**67.5**	**75.2%**	**75.1%**
Asia	55.4	57.1	-3.0%	2.8%	101.4	116.8	-13.2%	-10.2%
Other countries in the Rest of the world	47.0	50.2	-6.2%	-0.8%	87.7	96.9	-9.5%	-4.5%
Rest of the World	**102.4**	**107.3**	**-4.5%**	**1.1%**	**189.1**	**213.7**	**-11.5%**	**-7.6%**
Group Sales	**401.9**	**363.8**	**10.5%**	**14.5%**	**763.8**	**713.9**	**7.0%**	**9.7%**

In the second quarter of 2016, sales in the **Major Western European countries** reached €145.9 million, up 9.2% year-on-year. In the first half of 2016, sales in the Major Western European countries amounted to €287.4 million, up 6.4%. Sales in the Major Western European countries represented 37.6% of total Group sales, compared to 38.1% in the previous year.

France – In the second quarter of 2016, sales reached €56.4 million, up 6.9% year-on-year. In the first half of 2016, sales amounted to €111.5 million, up 4.4%, driven by the sustained growth of Somatuline® and NutropinAq®. Primary Care sales continued to decrease, notably due to Tanakan®, Adrovance® and Nisis®/Nisisco®, but partly offset by the good performance of Ginkor® and Forlax®. The relative weight of France in the Group's consolidated sales has continued to decrease to represent 14.6% of total Group sales, compared to 15.0% in the previous year.

Germany – In the second quarter of 2016, sales reached €31.4 million, up 16.4% year-on-year. In the first half of 2016, sales amounted to €60.8 million, up 13.7%, driven by strong growth of Somatuline® and Dysport® as well as the supply sales to the Group partner Schwabe. Over the period, sales in Germany represented 8.0% of total Group sales, compared to 7.5% in the previous year.

Italy – In the second quarter of 2016, sales reached €21.4 million, up 3.0% year-on-year. In the first half of 2016, sales amounted to €43.0 million, up 2.4%. The strong growth of Somatuline® and Forlax® was partly offset by the sales decline of Dysport® and NutropinAq®. Over the period, sales in Italy represented 5.6% of total Group sales, compared to 5.9% in the previous year.

United Kingdom – In the second quarter of 2016, sales reached €18.6 million, up 8.6% year-on-year. In the first half of 2016, sales amounted to €37.1 million, up 6.1%, driven by Somatuline® and Decapeptyl® growth and a positive impact from the 2016 price adjustment mechanism (PPRS[1]). Over the period, the United Kingdom represented 4.9% of total Group sales, compared to 5.2% in the previous year.

[1] Pharmaceutical Price Regulation Scheme

Spain – In the second quarter of 2016, sales reached €18.0 million, up 13.9% year-on-year. In the first half of 2016, sales amounted to €34.9 million, up 7.0%, affected by a 5% price decrease on Somatuline® 120mg implemented in March 2016, and offset by strong volume growth for the product, as well as for Decapetpyl®. Over the period, sales in Spain represented 4.6% of total Group sales, stable year-on-year.

In the second quarter of 2016, sales in **Other European countries** reached €88.8 million, up 12.2% year-on-year. In the first half of 2016, sales amounted to €169.2 million, up 10.2%, supported by the strong performance of Somatuline® across the region and of Dysport®, Decapeptyl® and Smecta® in Russia, partly offset by the Tanakan® slowdown. Over the period, sales in the region represented 22.2% of total Group sales compared to 22.5% in the previous year.

In the second quarter of 2016, sales generated in **North America** reached €64.8 million, up 75.3% year-on-year. In the first half of 2016, sales amounted to €118.2 million, up 75.1%, supported by the acceleration of Somatuline® growth following the launch of the neuroendocrine tumor indication and the growth of Dysport® after the launch in spasticity. Over the period, sales in North America represented 15.5% of total Group sales, compared to 9.4% in the previous year.

In the second quarter of 2016, sales in the **Rest of the World** reached €102.4 million, up 1.1% year-on-year. In the first half of 2016, sales amounted to €189.1 million, down 7.6%. Sales were impacted by unfavorable inventory effects on Smecta® in China, on Decapeptyl® in the Middle East and on Dysport® in southeast Asia and Brazil. Over the period, sales in the Rest of the World represented 24.8% of total Group sales, compared to 29.9% in the previous year.

First half 2016 consolidated income statement versus prior-year period

(in millions of euros)	30 June 2016		30 June 2015		Change
		% of sales		% of sales	
Sales	**763.8**	**100.0%**	**713.9**	**100.0%**	***7.0%***
Other revenues	42.8	*5.6%*	38.0	*5.3%*	*12.4%*
Revenue	**806.6**	**105.6%**	**751.9**	**105.3%**	***7.3%***
Cost of goods sold	(172.2)	*-22.5%*	(168.3)	*-23.6%*	*2.3%*
Selling expenses	(283.2)	*-37.1%*	(259.9)	*-36.4%*	*8.9%*
Research and development expenses	(95.0)	*-12.4%*	(91.8)	*-12.9%*	*3.4%*
General and administrative expenses	(59.0)	*-7.7%*	(61.3)	*-8.6%*	*-3.7%*
Other core operating income	0.2	*0.0%*	1.9	*0.3%*	*-86.8%*
Other core operating expenses	(8.6)	*-1.1%*	(4.8)	*-0.7%*	*79.0%*
Core Operating Income	**188.8**	***24.7%***	**167.6**	***23.5%***	***12.6%***
Other operating income	0.9	*0.1%*	1.4	*0.2%*	*-34.0%*
Other operating expenses	(6.4)	*-0.8%*	(8.0)	*-1.1%*	*-18.9%*
Restructuring costs	(0.4)	*0.0%*	(0.7)	*-0.1%*	*-46.8%*
Impairment losses	(8.4)	*-1.1%*	(57.0)	*-8.0%*	*-85.3%*
Operating Income	**174.6**	***22.9%***	**103.4**	***14.5%***	***68.8%***
Investment income	0.4	*0.1%*	0.6	*0.1%*	*-35.1%*
Financing costs	(1.5)	*-0.2%*	(2.5)	*-0.4%*	*-42.1%*
Net financing costs	**(1.1)**	***-0.1%***	**(1.9)**	***-0.3%***	***-44.3%***
Other financial income and expense	(1.8)	*-0.2%*	5.1	*0.7%*	*-135.8%*
Income taxes	(39.4)	*-5.2%*	(17.9)	*-2.5%*	*120.1%*
Share of net profit (loss) from entities accounted for using the equity method	1.3	*0.2%*	1.5	*0.2%*	*-10.3%*
Net profit (loss) from continuing operations	**133.6**	***17.5%***	**90.2**	***12.6%***	***48.2%***
Net profit (loss) from discontinued operations	(0.3)	*0.0%*	0.3	*0.0%*	*-202.0%*
Consolidated net profit (loss)	**133.3**	***17.5%***	**90.5**	***12.7%***	***47.4%***
- Attributable to shareholders of Ipsen S.A.	133.0		90.1		
- Attributable to non-controlling interests	0.3		0.3		
Basic earnings per share - attributable to Ipsen S.A. shareholders (in euros)	1.62		1.10		
Diluted earnings per share - attributable to Ipsen S.A. shareholders (in euros) (*)	1.74		1.50		

(*) Core consolidated net profit is detailed in Appendix 4.

- **Sales**

At the end of June 2016, the Group's consolidated sales came to €763.8 million, up 7.0% year-on-year and up 9.7% excluding the impact from foreign exchange fluctuations.

- **Other revenues**

Other revenues for the first semester totaled €42.8 million, up 12.4% over the €38.0 million recorded in the six-month period ended 30 June 2015.

The evolution was attributable to the following:

- higher royalties received from Group partners, mainly Galderma for Dysport® and Menarini for the Adenuric® product;

- the new distribution model for Etiasa® in China;

- partially offset by the recognition in 2015 of an upfront payment of €3.4 million received by Ipsen as part of its sale of Ginkor Fort® licensing rights in Group territories to Tonipharm.

- **Cost of goods sold**

For the six months ended 30 June 2016, cost of goods sold amounted to €172.2 million, representing 22.5% of sales compared to €168.3 million, or 23.6% of sales, in the prior-year period.

The improvement in cost of goods sold as a percentage of sales is primarily due to a favorable product mix arising from the growth of the Specialty Care business, and from productivity efforts deployed at manufacturing sites. Moreover, royalties paid to partners increased in line with Group sales.

- **Selling expenses**

At the end of June 2016, selling expenses came to €283.2 million, representing 37.1% of sales, up 8.9% versus end of June 2015. The increase reflects the commercial efforts deployed to support the growth of Somatuline® and to launch Dysport® in spasticity indications in the United States. It also resulted from strengthening the sales force in China following a change in the Primary Care distribution model.

- **Research and development expenses**

For the half-year period ended 30 June 2016, research and development expenses totaled €95.0 million, compared with €91.8 million in the same period in 2015.

In neurosciences, expenditures were committed to continue managing the lifecycle of Dysport®, in particular by extending its indications in spasticity. New oncology programs based on peptide receptor radionuclide therapy were also under way.

At 30 June 2016, the research tax credit amounted to €12.4 million, down €1.2 million versus a year earlier.

- **General and administrative expenses**

For the six months ended 30 June 2016, general and administrative expenses came to €59.0 million, down €2.3 million versus the same period in 2015. The decline resulted primarily from the change in the Group's corporate governance.

- **Other core operating income and expenses**

In the first half of 2016, other core operating expenses totaled €8.4 million, compared with other core operating expenses of €2.9 million in the first half of 2015. This evolution is mainly driven by the impact of the currency hedging policy.

- **Core Operating Income**

Core Operating Income in the first half of 2016 came to €188.8 million, representing 24.7% of sales, compared with €167.6 million in Core Operating Income in the first half of 2015, representing 23.5% of sales. The robust Somatuline® performance in the United States and Europe, coupled with the strengthening partnership with Galderma, enabled the Group to intensify its commercial investments, while improving its profitability by 1.2 points. The growth of the Core Operating Income between June 2015 and June 2016 reached 12.6%.

- **Other operating income and expenses**

Other non-core operating expenses for the six months ended 30 June 2016 amounted to €5.5 million and consisted mainly of the impact from the change in corporate governance and expenses arising from consolidating Ipsen's UK R&D capacities to the Oxford site.

In the first half of 2015, those expenses totaled €6.6 million. They corresponded mainly to the amount booked following the discontinuation of the tasquinimod studies for prostate cancer.

- **Restructuring costs**

For the period ended 30 June 2016, restructuring costs came to €0.4 million, compared with €0.7 million for the prior-year period.

- **Impairment losses**

At 30 June 2016, Ipsen recorded impairment of an intangible asset in the amount of €8.4 million.

At 30 June 2015, the Group recorded a €57.0 million impairment loss after writing down all intangible assets related to the tasquinimod program after the decision was made to discontinue clinical studies in prostate cancer.

- **Net financing costs and other financial income and expense**

In the first half of 2016, the Group had net financial expenses of €2.9 million, versus net financial income of €3.2 million in the first half of 2015.

- **Net financing costs** amounted to €1.1 million, versus €1.9 million at end June 2015, resulting mainly from the general context of interest rates decrease.

- In the first half of 2016**, other financial expense** amounted to €1.8 million, compared to other financial income of €5.1 million in the first half of 2015 related to a final €4.9 million earnout payment received in 2015 from the sale of PregLem shares, and to foreign exchange fluctuations.

- **Income taxes**

In the first half of 2016, income tax expense of €39.4 million resulted from an effective tax rate of 23.0% on pre-tax profit from continuing operations, excluding the share of net profit (loss) from entities accounted for using the equity method. That compares with an effective rate of 16.8% in the year-earlier period.

The Group's effective tax rate was lower at 30 June 2015 as a result of writing down tasquinimod-related intangible assets, which were tax deductible at a 38.0% rate.

- **Consolidated net profit**

At the end of June 2016, consolidated net profit increased 47.4% to €133.3 million, with €133.0 million attributable to Ipsen S.A. shareholders. That performance compares with consolidated net profit of €90.5 million, with €90.1 million attributable to Ipsen S.A. shareholders, at the end of June 2015.

- **Earnings per share**

For the six months ended 30 June 2016, basic earnings per share attributable to Ipsen S.A. shareholders amounted to €1.62, up from basic earnings per share of €1.10 in the prior-year period, which included the impact of the tasquinimod impairment.

At the end of June 2016, diluted core earnings per share (see Appendix 4) came to €1.74, up 16.0% versus €1.50 per share at the end of June 2015.

Operating segments: Core Operating Income by therapeutic area

Segment information is presented according to the Group's two operating segments, i.e. Specialty Care and Primary Care.

All costs allocated to these two segments are presented in the key performance indicators. Only Research and Development costs and corporate overhead costs are not allocated to the two operating segments.

The Group uses Core Operating Income to measure its segment performance and to allocate resources.

Sales, revenue and Core Operating Income are presented by therapeutic area for the 2016 and 2015 half-year periods in the following table.

(in millions of euros)		30 June 2016	30 June 2015	Change	
					%
Specialty care					
Sales		613.5	548.9	64.6	*11.8%*
Revenue		632.6	565.2	67.5	*11.9%*
Core Operating Income		288.1	239.0	49.1	*20.5%*
	% of sales	*47.0%*	*43.5%*		
Primary care (*)					
Sales		150.4	165.0	(14.6)	*-8.9%*
Revenue		174.0	186.7	(12.8)	*-6.8%*
Core Operating Income		53.5	68.2	(14.7)	*-21.5%*
	% of sales	*35.6%*	*41.3%*		
Total unallocated					
Core Operating Income		(152.8)	(139.6)	(13.2)	*9.5%*
Group total					
Sales		763.8	713.9	50.0	*7.0%*
Revenue		806.6	751.9	54.7	*7.3%*
Core Operating Income		188.8	167.6	21.2	*12.6%*
	% of sales	*24.7%*	*23.5%*		

(*) including drug related sales.

For the half year period ended 30 June 2016, **Specialty Care** sales grew to €613.5 million, up 11.8% over the first six months of 2015, driven by oncology sales that advanced from 17.9% at current rates. The relative weight of Specialty Care products continued to increase, reaching 80.3% of total consolidated sales at 30 June 2016, versus 76.9% a year earlier. In the first half of 2016, **Core Operating Income** for Specialty Care amounted to €288.1 million, representing 47.0% of sales. That result compares to €239.0 million in the prior-year period, representing 43.5% of sales. The improvement reflects Somatuline®'s continued sales growth in the United States and Europe, along with increased commercial investments, notably in the United States.

For the six months ended 30 June 2016, sales of **Primary Care** products came to €150.4 million, down 8.9% year on year, impacted by a decline of international sales. In the first half of 2016, **Core Operating Income** for Primary Care amounted €53.5 million, representing 35.6% of sales.

In the first half of 2016, **unallocated Core Operating Income** came to a negative €152.8 million, compared with a negative €139.6 million in the year-earlier period. These expenses consisted mainly of the Group's research and development costs, which totaled €93.1 million in 2016, versus €90.6 million in 2015, of unallocated headquarter expenses and of the effects of the currency hedging policy.

Net cash flow and financing

In the first half of 2016, the Group generated a net cash flow decrease of €169.7 million, bringing closing net cash to €17.3 million.

- **Analysis of the consolidated net cash flow statement**

(in millions of euros)	30 June 2016	30 June 2015
Opening net cash / (debt)	**186.9**	**160.8**
Core Operating Income	**188.8**	**167.6**
Non-cash items	(2.9)	9.6
Change in operating w orking capital requirement	(26.3)	(72.0)
(Increases) decreases in other w orking capital requirement	(8.9)	(21.9)
Net capex (excluding milestones paid)	(34.9)	(19.9)
Dividends received from entities accounted for using the equity method	1.2	1.6
Operating Cash Flow	**117.0**	**65.1**
Other operating income and expenses and restructuring costs (cash)	(10.2)	(20.8)
Financial income (cash)	2.3	2.1
Current income tax (P&L, excluding provisions for tax contingencies)	(34.8)	(30.2)
Other operating cash flow	(0.6)	6.2
Free Cash Flow	**73.6**	**22.4**
Dividends paid	(70.3)	(70.5)
Net investments (business development and milestones)	(172.6)	(38.5)
Share buyback	-	(3.9)
Other (discontinued operations)	(0.3)	0.5
Shareholders return and external growth operations	**(243.3)**	**(112.5)**
CHANGE IN NET CASH / (DEBT)	**(169.7)**	**(90.1)**
Closing net cash / (debt)	**17.3**	**70.8**

- **Operating Cash Flow**

At 30 June 2016, Operating Cash Flow totaled €117.0 million, up €51.9 million versus 30 June 2015. The increase was driven by higher Core Operating Income and by the improvement in working capital requirement (WCR), but was partially offset by higher net capital expenditure (excluding milestones paid).

Working capital requirement for operating activities increased by €26.3 million at 30 June 2016, compared with an increase of €72.0 million at 30 June 2015. The change at 30 June 2016 stemmed mainly from the following:

- A €7.0 million rise in inventories during the first half, in step with business growth;
- A €22.4 million advance in trade receivables at 30 June 2016, in line with sales growth. That result compares to a €60.2 million increase in trade receivables at the end of June 2015, arising primarily from extraordinary sales growth, notably in the United States;

- A limited €3.1 million rise in trade payables at the end of June 2016. At the end of June 2015, trade payables declined by €12.4 million.

  In the first half of 2016, other WCR increased €8.9 million, compared with a €21.9 million increase in other WCR in the first half of 2015. The variation arose chiefly from recognizing deferred income and from the reimbursement of the 2012 R&D tax credit received in 2016.

Net capital expenditure advanced €15.0 million year-on-year to €34.9 million at 30 June 2016. These investments mainly encompassed capital spending to boost production capacity in the United Kingdom and France.

- **Free Cash Flow**

At 30 June 2016, Free Cash Flow came to €73.6 million, up €51.2 million versus 30 June 2015. This evolution is mainly driven by the Operating Cash Flow improvement.

Other non-core operating income and expenses and restructuring costs included €10.2 million in costs arising from the change in corporate governance, as well as payments for earlier restructuring plans that were staggered over several fiscal periods. At the end of June 2015, €20.8 million of such payments were primarily comprised of restructuring costs and expenses arising from discontinuing clinical trials of tasquinimod.

The €2.3 million in financial income collected at the end of June 2016 resulted mainly from the collection of dividends, an earnout payment related to the sale of Spirogen shares and realized foreign exchange gains. In comparison, the €2.1 million in financial income collected at the end of June 2015 were derived from a €4.9 million earnout payment from the PregLem shares that was partially offset by an unfavorable foreign exchange fluctuations effect.

The change in current income tax stemmed from the change in the effective tax rate.

- **Shareholders return and external growth operations**

At 30 June 2016, the dividend payout to Ipsen S.A. shareholders amounted to €70.0 million.

Net financial investments at 30 June 2016 mainly encompassed a €183.8 million upfront payment to Exelixis, following the signature of an exclusive licensing agreement to commercialize and develop cabozantinib and a €5 million upfront payment to 3B Pharmaceuticals GmbH, following the signature of an exclusive licensing agreement for new radiopharmaceutical products in oncology.

This amount is partially offset by regulatory milestone payments received from Acadia (€7 million) and Radius (€3 million) and by scheduled payments related to the agreement signed with Galderma in December 2015 for Asia-Pacific markets (collection of a net €7 million).

At 30 June 2015, net investments primarily included the €31.3 million acquisition of OctreoPharm Sciences GmbH and the purchase of a €6.0 million call option to acquire Canbex Therapeutics.

Reconciliation of cash and cash equivalents and net cash

(in millions of euros)	30 June 2016	30 June 2015
Closing cash and cash equivalents	**359.5**	**87.8**
Bonds	(296.9)	-
Other financial liabilities	(18.9)	(10.4)
Non-current financial liabilities	**(315.8)**	**(10.4)**
Credit lines and bank loans	(4.0)	(4.0)
Financial liabilities (excluding derivative instruments) (**)	(22.3)	(2.6)
Current financial liabilities	**(26.3)**	**(6.6)**
Debt	**(342.2)**	**(17.0)**
Net cash / (debt) (*)	**17.3**	**70.8**

(*) Net cash / (debt): cash and cash equivalents, less bank overdrafts, bank loans and other financial liabilities and excluding financial derivative instruments.

(**) Financial liabilities mainly exclude €12.6 million in derivative instruments at 30 June 2016, compared with €0.5 million in derivative instruments at 30 June 2015.

Analysis of Group cash

On 16 June 2016, Ipsen S.A. issued €300 million in unsecured, seven-year bonds. The bonds mature on 16 June 2023 and pay an annual interest rate of 1.875%. The purpose of the issue was to diversify and extend the maturity of Ipsen's sources of funds and to support its investment and development strategy.

Further, on 24 June 2016, Ipsen S.A. appended a rider to a €500 million syndicated loan that it had contracted on 17 October 2014. As a result, the syndicated loan amount was reduced to €300 million, and the covenants, i.e. the leverage and gearing ratios, were removed. This multiple-currency credit line was established to meet the general financing needs of the Group's operations. At the initiative of the borrower, the line may be drawn down for short-term periods. At 30 June 2016, this credit line remained untapped.

In addition, €300 million in depreciable bank loans were contracted with a maturity of 6.5 years.

At 30 June 2016, none of these bank loans had been tapped.

Further, Ipsen S.A. on 2 December 2015 established a €300 million program to issue commercial papers to meet its short term general financing requirements. At 30 June 2016, €20 million in commercial papers have been issued.

APPENDICES

■ Appendix 1 – Consolidated income statement

(in millions of euros)	30 June 2016	30 June 2015
Sales	**763.8**	**713.9**
Other revenues	42.8	38.0
Revenue	**806.6**	**751.9**
Cost of goods sold	(172.2)	(168.3)
Selling expenses	(283.2)	(259.9)
Research and development expenses	(95.0)	(91.8)
General and administrative expenses	(59.0)	(61.3)
Other core operating income	0.2	1.9
Other core operating expenses	(8.6)	(4.8)
Core Operating Income	**188.8**	**167.6**
Other operating income	0.9	1.4
Other operating expenses	(6.4)	(8.0)
Restructuring costs	(0.4)	(0.7)
Impairment losses	(8.4)	(57.0)
Operating Income	**174.6**	**103.4**
Investment income	0.4	0.6
Financing costs	(1.5)	(2.5)
Net financing costs	**(1.1)**	**(1.9)**
Other financial income and expense	(1.8)	5.1
Income taxes	(39.4)	(17.9)
Share of net profit (loss) from entities accounted for using the equity method	1.3	1.5
Net profit (loss) from continuing operations	**133.6**	**90.2**
Net profit (loss) from discontinued operations	(0.3)	0.3
Consolidated net profit (loss)	**133.3**	**90.5**
- Attributable to shareholders of Ipsen S.A.	133.0	90.1
- Attributable to non-controlling interests	0.3	0.3

Basic earnings per share, continuing operations (in euros)	1.62	1.09
Diluted earnings per share, continuing operations (in euros)	1.61	1.09
Basic earnings per share, discontinued operations (in euros)	(0.00)	0.00
Diluted earnings per share, discontinued operations (in euros)	(0.00)	0.00
Basic earnings per share (in euros)	1.62	1.10
Diluted earnings per share (in euros)	1.61	1.09

Appendix 2 – Consolidated balance sheet before allocation of net profit

(in millions of euros)	30 June 2016	31 December 2015
ASSETS		
Goodwill	350.1	353.3
Other intangible assets	326.8	151.5
Property, plant & equipment	350.6	348.7
Equity investments	19.2	25.6
Investments in companies accounted for using the equity method	15.0	15.9
Non-current financial assets	0.2	-
Deferred tax assets	216.4	217.7
Other non-current assets	10.6	15.5
Total non-current assets	**1,288.9**	**1,128.1**
Inventories	112.7	107.4
Trade receivables	334.8	311.0
Current tax assets	54.4	82.9
Current financial assets	4.2	6.8
Other current assets	80.4	75.6
Cash and cash equivalents	377.6	226.1
Assets of disposal group classified as held for sale	-	-
Total current assets	**964.0**	**809.9**
TOTAL ASSETS	**2,253.0**	**1,938.0**
EQUITY AND LIABILITIES		
Share capital	83.3	83.2
Additional paid-in capital and consolidated reserves	1,000.2	892.3
Net profit (loss) for the period	133.0	189.9
Foreign exchange differences	38.7	57.0
Equity attributable to Ipsen S.A. shareholders	**1,255.1**	**1,222.5**
Equity attributable to non-controlling interests	3.0	3.1
Total shareholders' equity	**1,258.1**	**1,225.6**
Retirement benefit obligation	66.7	51.2
Non-current provisions	35.2	31.4
Other non-current financial liabilities	315.8	20.6
Deferred tax liabilities	21.8	23.1
Other non-current liabilities	122.6	124.5
Total non-current liabilities	**562.1**	**250.8**
Current provisions	5.0	29.9
Current financial liabilities	39.4	11.0
Trade payables	194.7	195.1
Current tax liabilities	5.0	12.0
Other current liabilities	170.5	201.5
Bank overdrafts	18.1	12.1
Total current liabilities	**432.7**	**461.5**
TOTAL EQUITY & LIABILITIES	**2,253.0**	**1,938.0**

Appendix 3 – Cash flow statements

Appendix 3.1 – Consolidated statement of cash flow

(in millions of euros)	30 June 2016	30 June 2015
Consolidated net profit (loss)	**133.3**	**90.5**
Share of profit (loss) from entities accounted for using the equity method before impairment losses	(0.2)	(0.8)
Net profit (loss) before share from entities accounted for using the equity method	**133.1**	**89.6**
Non-cash and non-operating items		
- Depreciation, amortization, provisions	5.1	5.8
- Impairment losses included in operating income and net financial income	8.4	57.0
- Change in fair value of financial derivatives	10.7	2.6
- Net gains or losses on disposals of non-current assets	0.3	0.0
- Foreign exchange differences	(5.2)	(4.7)
- Change in deferred taxes	4.6	(9.3)
- Share-based payment expense	3.2	1.9
- Gain or (loss) on sales of treasury shares	(0.0)	0.1
Cash flow from operating activities before changes in working capital requirement	***160.1***	***143.0***
- (Increase) / decrease in inventories	(7.0)	0.6
- (Increase) / decrease in trade receivables	(22.4)	(60.2)
- Increase / (decrease) in trade payables	3.1	(12.4)
- Net change in income tax liability	23.0	5.6
- Net change in other operating assets and liabilities	(25.8)	(40.4)
Change in working capital requirement related to operating activities	***(29.1)***	***(106.8)***
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**131.0**	**36.2**
Acquisition of property, plant & equipment	(35.2)	(16.4)
Acquisition of intangible assets	(194.1)	(5.4)
Proceeds from disposal of intangible assets and property, plant & equipment	0.0	0.0
Acquisition of shares in non-consolidated companies	0.0	(31.3)
Payments to post-employment benefit plans	(0.3)	(0.5)
Impact of changes in the consolidation scope	(0.0)	-
Deposits paid	2.2	0.4
Change in w orking capital related to investment activities	0.5	0.4
Other cash flow related to investment activities	(0.0)	(5.3)
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES	**(226.8)**	**(57.8)**
Additional long-term borrow ings	318.0	1.1
Repayment of long-term borrow ings	(3.1)	(3.7)
Capital increase	0.5	2.3
Treasury shares	0.6	(2.0)
Dividends paid by Ipsen S.A.	(70.0)	(70.0)
Dividends paid by subsidiaries to non-controlling interests	(0.4)	(0.5)
Change in w orking capital related to financing activities	(0.5)	(1.6)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	**245.1**	**(74.4)**
CHANGE IN CASH AND CASH EQUIVALENTS	**149.3**	**(96.1)**
Opening cash and cash equivalents	**214.0**	180.1
Impact of exchange rate fluctuations	(3.9)	3.8
Closing cash and cash equivalents	**359.5**	**87.8**

○ Appendix 3.2 – Consolidated statement of net cash flow

(in millions of euros)	30 June 2016	30 June 2015
Opening cash and cash equivalents	214.0	180.1
Opening current and non-current financial liabilities	(27.1)	(19.3)
Opening net cash / (debt)	**186.9**	**160.8**
CORE OPERATING INCOME	**188.8**	**167.6**
Non-cash items	**(2.9)**	**9.6**
(Increase) /decrease in inventories	(7.0)	0.6
(Increase) / decrease in trade receivables	(22.4)	(60.2)
Increase / (decrease) in trade payables	3.1	(12.4)
Change in operating working capital requirement	**(26.3)**	**(72.0)**
Change in income tax liability	23.0	5.6
Change in other operating assets and liabilities (excluding milestones received)	(31.9)	(27.4)
Other changes in working capital requirement	**(8.9)**	**(21.9)**
Acquisition of property, plant & equipment	(35.2)	(16.4)
Acquisition of intangible assets (excluding milestones paid)	(4.7)	(4.0)
Change in w orking capital related to investment activities	5.0	0.4
Net capex (excluding milestones paid)	**(34.9)**	**(19.9)**
Dividends received from entities accounted for using the equity method	**1.2**	**1.6**
Operating Cash Flow	**117.0**	**65.1**
Other operating income and expenses and restructuring costs (cash)	(10.2)	(20.8)
Financial income (cash)	2.3	2.1
Current income tax (P&L, excluding provisions for tax contingencies)	(34.8)	(30.2)
Other operating cash flow	(0.6)	6.2
Free Cash Flow	**73.6**	**22.4**
Dividends paid (including payout to non-controlling interests)	**(70.3)**	**(70.5)**
Acquisition of shares in non-consolidated companies	0.0	(31.3)
Acquisition of other financial assets	(0.0)	(6.0)
Proceeds from sales of investment securities	-	0.1
Milestones paid (a)	(193.9)	(1.4)
Milestones received (b)	21.3	-
Net investments (business development and milestones)	**(172.6)**	**(38.5)**
Share buybacks	**-**	**(3.9)**
Other (discontinued operations)	**(0.3)**	**0.5**
Shareholders return and external growth operations	**(243.3)**	**(112.5)**
CHANGE IN NET CASH / (DEBT)	**(169.7)**	**(90.1)**
Closing cash and cash equivalents	359.5	87.8
Closing current and non-current financial liabilities	(342.2)	(17.0)
Closing net cash / (debt)	**17.3**	**70.8**

(a) Milestones paid correspond to payments subject to the terms and conditions set out in the Group's partnership agreements. The €183.8 million in milestones paid to Exelixis accounted for the majority of the milestones paid at 30 June 2016. The amounts paid were recorded as an increase in intangible assets on the consolidated balance sheet. The transactions were included in the "Acquisition of intangible assets" line item in the consolidated statement of cash flow (see Appendix 3.1).

(b) Milestones received are amounts collected by Ipsen from its partners. Of the €21.3 million in milestones received at 30 June 2016, €11.1 million were paid by Galderma in accordance with the partnership agreement signed in December 2015 for the Asia Pacific region. The amounts were recorded as deferred income in the consolidated balance sheet and then recognized in the income statement as "Other revenues". Milestones received were included in the "Net change in other operating assets and liabilities" line item in the consolidated statement of cash flow (see Appendix 3.1).

Appendix 4 – Core consolidated net profit for the first half of 2016, versus the prior-year period

(in millions of euros)	30 June 2016	Non-core items	30 June 2016 Core	30 June 2015	Non-core items	30 June 2015 Core
Core Operating Income	**188.8**	**-**	**188.8**	**167.6**	**-**	**167.6**
Other operating income	0.9	(0.9)	-	1.4	(1.4)	-
Other operating expenses	(6.4)	6.4	-	(8.0)	8.0	-
Restructuring costs	(0.4)	0.4	-	(0.7)	0.7	-
Impairment losses	(8.4)	8.4	-	(57.0)	57.0	-
Operating Income	**174.6**	**14.3**	**188.8**	**103.4**	**64.2**	**167.6**
Investment income	0.4	-	0.4	0.6	-	0.6
Financing costs	(1.5)	-	(1.5)	(2.5)	-	(2.5)
Net financing costs	**(1.1)**	**-**	**(1.1)**	**(1.9)**	**-**	**(1.9)**
Other financial income and expense	(1.8)		(1.8)	5.1	(4.9)	0.2
Income taxes	(39.4)	(3.9)	(43.3)	(17.9)	(25.3)	(43.2)
Share of net profit (loss) from entities accounted for using the equity method	1.3	-	1.3	1.5	-	1.5
Net profit (loss) from continuing operations	**133.6**	**10.4**	**144.0**	**90.2**	**34.0**	**124.2**
Net profit (loss) from discontinued operations	(0.3)	0.3	-	0.3	(0.3)	-
Consolidated net profit (loss)	**133.3**	**10.7**	**144.0**	**90.5**	**33.7**	**124.2**
- Attributable to shareholders of Ipsen S.A.	133.0	10.7	143.7	90.1	33.7	123.9
- Attributable to non-controlling interests	0.3	-	0.3	0.3	-	0.3
Basic earnings per share - attributable to Ipsen S.A. shareholders (in euros)	1.62		1.75	1.10		1.51
Diluted earnings per share - attributable to Ipsen S.A. shareholders (in euros)	1.61		1.74	1.09		1.50

Core Operating Income is the key performance indicator for understanding and measuring the performance of the Group's activities. Items not included in Core Operating Income are not tabbed as "exceptional" or "extraordinary" but correspond to unusual, abnormal or infrequent items of disclosure targeted in paragraph 28 of the IASB Framework.

Similarly, Core consolidated net profit corresponds to net profit adjusted for non-core items as defined above and unusual events affecting financial income (expense) items, net of taxes, or the taxes themselves.

MAJOR DEVELOPMENTS

During the first semester 2016, major developments included:

- 6 January 2016 – Ipsen and Galderma announced that they have expanded the geographical scope of their neurotoxin partnership, whereby Galderma has acquired the exclusive rights to develop, promote and distribute Dysport® in the aesthetic indications in the APAC Territory (China, India, South Korea and Indonesia under certain conditions).

- 26 January 2016 – Ipsen announced that the scientific journal *Pediatrics* published the detailed results of the Phase 3 randomized study (NCT01249417) showing both the efficacy and the safety of Dysport® in the treatment of dynamic equinus foot deformity (also known as pediatric lower limb spasticity), a condition associated with cerebral palsy in children.

- 16 February 2016 – Ipsen announced that at its meeting on 15 February 2016, the Board of Directors decided to change the Company's form of governance by separating the duties of Chairman of the Board of Directors and Chief Executive Officer. The Board of Directors confirmed that Mr. Marc de Garidel shall fulfill the duties of Chairman of the Board of Directors within the framework of the new governance structure and recorded the departure of Mrs. Christel Bories as Deputy Chief Executive Officer.

- 1 March 2016 – Exelixis, Inc. and Ipsen jointly announced an exclusive licensing agreement for the commercialization and further development of cabozantinib, Exelixis' lead oncology drug. Under the agreement, Ipsen will have exclusive commercialization rights for current and potential future cabozantinib indications outside the United States, Canada and Japan, including COMETRIQ®, which is currently approved in the European Union (EU) for the treatment of adult patients with progressive, unresectable, locally advanced or metastatic medullary thyroid cancer (MTC).

- 25 April 2016 – Ipsen announced that its partner Exelixis, Inc. received approval from the U.S. Food and Drug Administration (FDA) for CABOMETYX™ (cabozantinib) tablets for the treatment of patients with advanced renal cell carcinoma (RCC) who have received prior anti-angiogenic therapy.

- 26 April 2016 – Ipsen and Probi jointly announced the signature of a license and supply agreement for the commercialization of Probi's probiotic strain Lactobacillus plantarum 299v (LP299V®). The agreement covers 18 countries, primarily within EU and emerging markets.

- 23 May 2016 – Ipsen announced that its partner Exelixis, Inc. reported positive top-line results from the CABOSUN randomized Phase 2 trial of cabozantinib in patients with previously untreated advanced renal cell carcinoma (RCC). The trial met its primary endpoint, demonstrating a statistically significant and clinically meaningful improvement in progression-free survival (PFS) for cabozantinib compared with sunitinib in patients with advanced intermediate- or poor-risk RCC.

- 31 May 2016 – Ipsen's partner, Lexicon, announced FDA Priority Review of new drug application for telotristat etiprate for the treatment of carcinoid syndrome.

- 5 June 2016 – Exelixis, Inc. and Ipsen announced overall survival (OS) results from the Phase 3 METEOR trial of CABOMETYX™ (cabozantinib) tablets in patients with advanced renal cell carcinoma (RCC) who have received prior anti-angiogenic therapy. The OS results demonstrate that CABOMETYX™ reduces the risk of death by one third versus everolimus.

- 6 June 2016 – Exelixis, Inc. and Ipsen announced the presentation of positive data from subgroup analyses of the pivotal METEOR trial comparing CABOMETYX™ (cabozantinib) tablets with everolimus in 658 patients with advanced renal cell carcinoma (RCC) who have received prior anti-angiogenic therapy. The findings demonstrate that benefits of CABOMETYX™ in progression-free survival (PFS) and overall survival (OS) were independent of the presence of bone metastases, prior anti-PD-1/PD-L1

therapy, and the type of prior vascular endothelial growth factor receptor (VEGFR) tyrosine kinase inhibitor (TKI) therapy.

- 6 June 2016 – Ipsen announced the launch of an employee shareholding plan. This plan aims to align employees with the Group's development and performance. The main terms and conditions of this plan are described hereafter.

- 9 June 2016 – Ipsen announced the successful issue of its inaugural unsecured 7-year Notes for a total of €300 million. These Notes mature on June 16, 2023 and pay interest at an annual rate of 1.875%. Application has been made for the Notes to be admitted to trading on the regulated market of Euronext Paris.

- 11 July 2016 – The Board of Directors of Ipsen met on 8 July 2016, and has appointed David Meek as Chief Executive Officer, effective July 18, 2016. On this date, Marc de Garidel assumes the role of non-executive chairman and continues to serve the Board of Directors through his deep industry expertise.

- 18 July 2016 – Ipsen announced the acceptance by the European Medicines Agency of the marketing authorization application for telotristat etiprate to treat carcinoid syndrome caused by neuroendocrine tumors, in combination with somatostatin analogues.

- 22 July 2016 – Exelixis, Inc. and Ipsen announced that the Committee for Medicinal Products for Human Use (CHMP), the scientific committee of the European Medicines Agency (EMA) provided a positive opinion for Cabometyx™ (cabozantinib) 20, 40, 60mg for the treatment of advanced renal cell carcinoma (RCC) in adults following prior vascular endothelial growth factor (VEGF)-targeted therapy and recommended it for marketing authorization.

APPENDIX

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 2015 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 (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.

- 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.

- 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.