IPSEN
Innovation for patient care

PRESS RELEASE

Ipsen delivers strong results for the first half of 2019 with robust double-digit sales growth and improved Core Operating margin and upgrades its guidance for full year 2019

Paris (France), 25 July 2019 – Ipsen (Euronext: IPN; ADR: IPSEY), a global specialty-driven biopharmaceutical group, today announced financial results for the first half of 2019.

Extract of audited consolidated results for H1 2019 and 2018

(in million euros)	**H1 2019**	**H1 2018**	***% change***	***% Variation at constant currency and consolidation scope [1]***
Group net sales	1,229.6	1,064.5	+15.5%	+14.3%
Specialty Care sales	1,100.0	920.2	+19.5%	+16.9%
Consumer Healthcare sales	129.6	144.3	-10.2%	-3.7%
CORE				
Core Operating Income	**387.5**	**322.5**	***+20.1%***	
Core Operating margin (as a % net sales)	*31.5%*	*30.3%*	*+1.2 pts*	
Core consolidated net profit	**283.0**	**237.1**	***+19.3%***	
Core EPS – fully diluted (€)	3.38	2.86	*+18.5%*	
IFRS				
Operating Income	**317.8**	**269.7**	***+17.8%***	
Operating margin (as a % net sales)	25.8%	25.3%	*+0.5 pts*	
Consolidated net profit	**220.6**	**197.3**	***+11.8%***	
EPS – fully diluted (€)	2.64	2.38	*+10.9%*	

David Meek, Chief Executive Officer of Ipsen, stated: *"In the first half of 2019, the strong operational execution of our growth strategy led to robust double-digit sales growth, continued Core Operating margin expansion and an upgrade in our sales guidance for full year 2019. The value of our pipeline was further strengthened by the closing of the Clementia acquisition and promising interim Phase 2 data for Onivyde in first-line pancreatic cancer. Going forward, we will continue to advance our strategic priorities to deliver sustained top-line, bottom-line and pipeline growth."*

Upgraded Full Year 2019 guidance

- **Group sales growth greater than +14.0%** at constant currency and consolidation scope[1] (versus initial guidance of greater than +13.0%)
    - Impact of currencies estimated at +1.5% based on the current level of exchange rates
    - Impact of consolidation scope reflecting the consolidation under the equity method for joint arrangements related to the Schwabe partnership estimated at -1.0%
- **Core Operating margin at around 30.0% of net sales**, including the impact of Clementia but excluding potential incremental investments in pipeline expansion initiatives

	Initial guidance	**Updated guidance**
Sales growth[1]	> +13.0%	> +14.0%
Core Operating margin (as a % of net sales)	around 30.0%	around 30.0%

[1] Subsidiaries involved in the partnership between Ipsen and Schwabe Group are consolidated in accordance with the equity method starting 1 January, 2019. Year-on-year growth excluding foreign exchange impact established by recalculating net sales for the relevant period at the rate used for the previous period.

Q2 2019 Pipeline highlights

- 17 April: Completion of the Clementia Pharmaceuticals acquisition
- 24 June: U.S. FDA approval of the Somatuline New Delivery System
- 5 July: Presentation at ESMO-GI of promising interim data from the Phase 1/2 study of the investigational use of Onivyde® in combination with 5-fluorouracil/leucovorin (5-FU/LV) and oxaliplatin (OX) in study patients with previously untreated metastatic pancreatic ductal adenocarcinoma cancer (PDAC)

H1 2019 Financial highlights

- Group sales growth of 15.5% as reported and 14.3% at constant exchange rates and consolidation scope[1], driven by the strong performance of Specialty Care across all major products and geographies.
- Core Operating margin at 31.5% of net sales, up 1.2 points and Core Operating Income growth of 20.1% after higher R&D investments including Clementia
  IFRS operating margin at 25.8% of net sales, up 0.5 points and IFRS Operating Income growth of 17.8%.

Refinancing update

- Full refinancing following the acquisition of Clementia Pharmaceuticals to increase debt capacity for future business development, extend the maturity horizon and diversify sources of financing.
- 24 May: Signature of a new 5-year revolving credit facility (RCF) of €1.5 billion with two possible one-year extensions to replace existing bank facilities with specific indicators linked to CSR (Corporate Social Responsibility).
- 23 July: Closing of a $300 million dual-tranche issuance of notes with 7- and 10-year maturities on the U.S. market (U.S. Private Placement - USPP) from a group of long-term U.S. investors.
  First issuance in the private placement market and in the U.S. debt market for the company, illustrating the high level of confidence of investors in Ipsen and in the quality of its credit profile.

  The transaction in this press release is not an offer for sale of the securities in the United States. No public offering of the securities will be made in the United States. The securities have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be sold in the United States absent registration or an exemption from registration under the Securities Act.

[1]Subsidiaries involved in the partnership between Ipsen and Schwabe Group are consolidated in accordance with the equity method starting 1 January, 2019. Year-on-year growth excluding foreign exchange impact established by recalculating net sales for the relevant period at the rate used for the previous period.

Review of the first half 2019 results

Note: Unless stated otherwise, all variations of year-on-year sales are stated at constant exchange rates and consolidation scope. Subsidiaries involved in the partnership between Ipsen and Schwabe Group are consolidated in accordance with the equity method starting 1 January, 2019. Year-on-year growth excluding foreign exchange impact established by recalculating net sales for the relevant period at the rate used for the previous period.

Group sales reached €1,229.6 million, up 14.3% year-on-year.

Specialty Care sales reached €1,100.0 million, up 16.9%, driven by the growth in Oncology of +20.7% from the continuous growth of Cabometyx® and Onivyde® as well as Somatuline® and Decapeptyl® across all geographies.

Consumer Healthcare sales reached €129.6 million, down 3.7%, mainly from the competitive environment for Smecta® in China.

Core Operating Income was €387.5 million, up 20.1%, driven by the growth of Specialty Care sales, a sound management of Selling expenses and an increased investment in Research and Development (including Clementia costs from Q2 2019).

Core Operating margin reached 31.5% of sales, up 1.2 points versus the first half of 2018 despite the dilutive impact of Clementia expenses.

Core consolidated net profit was €283.0 million, compared to €237.1 million in 2018, up 19.3%, after increased financing costs mainly linked to the Clementia acquisition.

Core earnings per share fully diluted grew by 18.5% to reach €3.38, compared to €2.86 in 2018.

IFRS Operating Income was €317.8 million after amortization of intangible assets and higher Other operating expenses, mainly related to Clementia integration costs and costs arising from the Group's transformation programs. Operating Income margin of 25.8% is up 0.5 points compared to the first half of 2018.

IFRS Consolidated net profit was €220.6 million versus €197.3 million in 2018, up 11.8% impacted by the Onivyde® revised contingent earn-out and milestones accounting following the recent publication of positive results related to the ongoing developments on Onivyde®.

IFRS Fully diluted EPS (Earnings per share) was €2.64 versus €2.38 in 2018, up 10.9%.

Free Cash Flow reached €101.0 million, down by €63.5 million versus 2018, mainly driven by a lower Operating Cash Flow combined with higher Other operating expenses and Restructuring costs.

Closing net debt reached €1,499.5 million at the end of June 2019, versus €438.0 million at the end of June 2018, notably after the impact of Clementia's acquisition for €986 million and of IFRS16 – Leases standard implemented starting 1 January 2019 for €188 million.

The company's auditors performed a limited review of the accounts.

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

Conference call

Ipsen will hold a conference call Thursday, 25 July 2019 at 2:30 p.m. (Paris time, GMT+1). Participants should dial in to the call approximately five to ten minutes prior to its start. No reservation is required to participate in the conference call.

Standard International: +44 (0) 2071-928-000
France and continental Europe: + 33 (0) 1 76 70 07 94
UK: 08-445-718-892
United States: 1-6315-107-495

Conference ID: 3574629

A recording will be available for seven days on Ipsen's website.

About Ipsen

Ipsen is a global specialty-driven biopharmaceutical group focused on innovation and Specialty Care. The group develops and commercializes innovative medicines in three key therapeutic areas - Oncology, Neuroscience and Rare Diseases. Its commitment to Oncology is exemplified through its growing portfolio of key therapies for prostate cancer, neuroendocrine tumors, renal cell carcinoma and pancreatic cancer. Ipsen also has a well-established Consumer Healthcare business. With total sales over €2.2billion in 2018, Ipsen sells more than 20 drugs in over 115 countries, with a direct commercial presence in more than 30 countries. Ipsen's R&D is focused on its innovative and differentiated technological platforms located in the heart of the leading biotechnological and life sciences hubs (Paris-Saclay, France; Oxford, UK; Cambridge, US). The Group has about 5,700 employees worldwide. Ipsen is listed in Paris (Euronext: IPN) and in the United States through a Sponsored Level I American Depositary Receipt program (ADR: 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 2018 Registration Document available on its website (www.ipsen.com).

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Comparison of Consolidated Sales for the Second Quarter and First Half 2019 and 2018:

All variations in sales are stated excluding foreign exchange impacts, established by recalculating net sales for the relevant period at the rates from the previous period.

Subsidiaries involved in the partnership between Ipsen and Schwabe Group are consolidated in accordance with the equity method starting 1 January, 2019. Group and Consumer Healthcare variations in sales presented below are restated to exclude 2018 sales from the Schwabe partnership.

Sales by therapeutic area and by product

	2nd Quarter				6 Months			
(in million euros)	2019	2018	% Variation	% Variation at constant currency and consolidation scope	2019	2018	% Variation	% Variation at constant currency and consolidation scope
Oncology	**458.4**	**372.4**	**23.1%**	**20.3%**	**879.1**	**709.7**	**23.9%**	**20.7%**
Somatuline®	243.5	206.9	17.7%	14.0%	478.9	402.6	19.0%	14.8%
Decapeptyl®	109.6	100.2	9.5%	9.1%	198.4	183.3	8.2%	7.9%
Cabometyx®	57.9	33.8	71.2%	71.3%	111.8	62.0	80.3%	80.3%
Onivyde®	39.8	25.1	58.4%	47.8%	74.4	48.9	52.3%	41.6%
Other Oncology	7.6	6.4	19.9%	19.4%	15.6	13.0	20.1%	19.8%
Neuroscience	**93.4**	**89.5**	**4.4%**	**3.5%**	**187.7**	**174.5**	**7.6%**	**6.5%**
Dysport®	92.5	88.4	4.7%	3.7%	186.3	172.8	7.8%	6.8%
Rare Diseases	**17.3**	**17.9**	**-3.4%**	**-4.8%**	**33.1**	**36.0**	**-7.9%**	**-9.4%**
NutropinAq®	11.4	12.0	-5.2%	-5.0%	21.9	24.1	-9.4%	-9.3%
Increlex®	6.0	5.9	0.2%	-4.3%	11.3	11.8	-4.7%	-9.5%
Specialty Care	**569.1**	**479.8**	**18.6%**	**16.2%**	**1,100.0**	**920.2**	**19.5%**	**16.9%**
Smecta®	28.0	33.3	-16.0%	-16.3%	57.9	62.4	-7.3%	-7.7%
Forlax®	10.6	8.9	19.1%	18.9%	19.1	19.1	-0.3%	-0.4%
Tanakan®	8.2	8.1	1.2%	0.9%	17.6	15.9	10.7%	10.8%
Fortrans/Eziclen®	8.9	8.0	10.9%	10.6%	16.7	14.0	19.7%	19.6%
Other Consumer Healthcare	7.7	16.1	-52.3%	-35.6%	18.4	32.9	-44.2%	-19.7%
Consumer Healthcare	**63.3**	**74.4**	**-14.9%**	**-10.1%**	**129.6**	**144.3**	**-10.2%**	**-3.7%**
Group Sales	**632.4**	**554.2**	**14.1%**	**12.9%**	**1,229.6**	**1,064.5**	**15.5%**	**14.3%**

In the first half of 2019, Group sales reached €1,229.6 million, up 14.3%, driven by Specialty Care sales growth of 16.9%, while Consumer Healthcare sales decreased by 3.7%.

Specialty Care sales amounted to €1,100.0 million, up 16.9%. Oncology and Neuroscience sales grew by 20.7% and 6.5%, respectively, while Rare Diseases sales decreased by 9.4%. Over the period, the relative weight of Specialty Care continued to increase to reach 89.5% of total Group sales, compared to 86.4% in 2018.

In **Oncology,** sales reached €879.1 million, up 20.7% year-on-year, driven by continued strong performance across all major products and geographies. Over the period, Oncology sales represented 71.5% of total Group sales, compared to 66.7% in 2018.

Somatuline® – Sales reached €478.9 million, up 14.8% year-on-year, driven by 19.6% growth in North America primarily from volume growth, as well as by continued double-digit growth in Europe.

Decapeptyl® – Sales reached €198.4 million, up 7.9% year-on-year, driven by volume growth in major Western European countries, good sales performance in China and by higher sales in Latin America, Middle East and Asia.

Cabometyx® – Sales reached €111.8 million, up 80.3% year-on-year, driven by good performance in all European countries, as well as launches in Canada and in several countries in Asia and Oceania.

Onivyde® – Sales reached €74.4 million, up 41.6% year on year, including growing demand in the U.S. and a high level of sales to Ipsen's ex-U.S. partner.

In **Neuroscience**, sales of **Dysport®** reached €186.3 million, up 6.8%, driven by the good performance in the U.S. both in the therapeutics and aesthetics markets. In the second quarter of 2019, Dysport performance was impacted by the phasing of shipments to our aesthetics partner in Europe. Over the period, Neuroscience sales represented 15.3% of total Group sales, compared to 16.4% in 2018.

In **Rare Diseases**, sales of **NutropinAq®** reached €21.9 million, down 9.3% year-on-year, impacted by lower volumes across Europe. Sales of **Increlex®** reached €11.3 million, down 9.5% year-on-year mainly due to lower demand in the U.S. Over the period, Rare Diseases sales represented 2.7% of total Group sales, compared to 3.4% in 2018.

Consumer Healthcare sales reached €129.6 million, down 3.7%, impacted by a decline in Smecta® sales of 7.7% year-on-year mainly due to the new hospital competitive environment in China and some manufacturing delays in Algeria. Fortrans/Eziclen® sales were up 19.6% year-on-year driven by Russia. Tanakan® year-on-year growth reached 10.8%, due to the low 2018 Vietnam baseline and the good performance in Russia. Over the period, Consumer Healthcare sales represented 10.5% of total Group sales, compared to 13.6% in 2018.

Sales by geographical area

	2nd Quarter				6 Months			
(in million euros)	**2019**	**2018**	% Variation	% Variation at constant currency and consolidation scope	**2019**	**2018**	% Variation	% Variation at constant currency and consolidation scope
France	86.8	65.5	32.5%	31.0%	168.8	133.7	26.3%	25.3%
Germany	49.2	46.8	5.1%	15.6%	94.6	91.0	3.9%	16.8%
Italy	30.2	26.9	12.3%	12.3%	60.0	53.1	12.9%	12.9%
Spain	27.0	23.1	17.2%	17.2%	50.8	44.0	15.4%	15.4%
United Kingdom	25.4	24.0	5.8%	4.7%	50.6	46.5	8.7%	7.9%
Major Western European countries	**218.6**	**186.3**	**17.4%**	**19.4%**	**424.7**	**368.4**	**15.3%**	**18.1%**
Eastern Europe	53.8	50.1	7.3%	7.4%	101.6	92.6	9.7%	10.9%
Others Europe	61.9	61.7	0.3%	2.1%	127.7	127.9	-0.2%	0.9%
Other European Countries	**115.7**	**111.9**	**3.4%**	**4.5%**	**229.2**	**220.5**	**4.0%**	**5.0%**
North America	**181.8**	**144.5**	**25.8%**	**18.2%**	**361.0**	**278.1**	**29.8%**	**21.0%**
Asia	54.6	54.8	-0.4%	-0.8%	105.0	94.3	11.4%	10.0%
Other countries in the Rest of the World	61.7	56.7	8.8%	7.6%	109.6	103.3	6.2%	5.9%
Rest of the World	**116.3**	**111.5**	**4.3%**	**3.5%**	**214.6**	**197.5**	**8.7%**	**7.8%**
Group Sales	**632.4**	**554.2**	**14.1%**	**12.9%**	**1,229.6**	**1,064.5**	**15.5%**	**14.3%**

Sales in **Major Western European countries** reached €424.7 million, up 18.1% year-on-year. Over the period, sales in Major Western European countries represented 34.5% of total Group sales, compared to 34.6% in 2018.

France – Sales reached €168.8 million, up 25.3% year-on-year, driven by the continued Cabometyx® launch ramp-up, sustained growth of Somatuline®, Decapeptyl®, and Prontalgine® as well as the contribution of Onivyde® sales to Ipsen's ex-U.S. partner since September 2018.

Germany – Sales reached €94.6 million, up 16.8% year-on-year, driven by Cabometyx® which was supported by the launch in first-line renal cell carcinoma (RCC) and second-line hepatocellular cell carcinoma (HCC) and the strong double-digit growth of Somatuline®.

Italy – Sales reached €60.0 million, up 12.9% year-on-year, mainly driven by Cabometyx®, double-digit growth of Somatuline® and solid performance of Decapeptyl®.

Spain – Sales reached €50.8 million, up 15.4% year-on-year, driven by the increasing contribution from Cabometyx® and the strong growth of Somatuline®.

United Kingdom – Sales reached €50.6 million, up 7.9% year-on-year, driven by the strong performance of Somatuline® and Decapeptyl® as well as the contribution from Cabometyx®.

Sales in **Other European countries** reached €229.2 million, up 5.0% year-on-year, driven by the launch of Cabometyx® in certain countries and the strong growth of Somatuline®. Over the period, sales in the region represented 18.6% of total Group sales, compared to 20.7% in 2018.

Sales in **North America** reached €361.0 million, up 21.0% year-on-year driven by continued strong demand growth of Somatuline®, Onivyde® and Dysport® and the contribution of the launch of Cabometyx® in Canada. Over the period, sales in North America represented 29.4% of total Group sales, compared to 26.1% in 2018.

Sales in the **Rest of the World** reached €214.6 million, up 7.8% year-on-year, driven by Cabometyx® launches in some countries and the good performance of Decapeptyl®, partly offset by delays in local manufacturing in Algeria and lower Smecta® sales in China. Over the period, sales in the Rest of the World represented 17.5% of total Group sales, compared to 18.6% in 2018.

Comparison of Core consolidated income statement for 2019 and 2018

Core financial measures are performance indicators. Reconciliation between these indicators and IFRS aggregates is presented in Appendix 4 “Bridges from IFRS consolidated net profit to Core consolidated net profit”.

(in million euros)	30 June 2019	% of sales	30 June 2018	% of sales	% change
Sales	1,229.6	*100%*	1,064.5	*100%*	*15.5%*
Other revenues	63.3	*5.1%*	60.6	*5.7%*	*4.4%*
Revenue	**1,292.9**	***105.1%***	**1,125.1**	***105.7%***	***14.9%***
Cost of goods sold	(236.9)	*-19.3%*	(216.4)	*-20.3%*	*9.5%*
Selling expenses	(399.7)	*-32.5%*	(380.8)	*-35.8%*	*5.0%*
Research and development expenses	(176.3)	*-14.3%*	(141.6)	*-13.3%*	*24.5%*
General and administrative expenses	(90.4)	*-7.4%*	(78.3)	*-7.4%*	*15.5%*
Other core operating income	0.1	*0.0%*	14.6	*1.4%*	*N.A.*
Other core operating expenses	(2.1)	*-0.2%*	(0.2)	*0.0%*	*N.A.*
Core Operating Income	**387.5**	***31.5%***	**322.5**	***30.3%***	***20.1%***
Net financing costs	(11.7)	*-0.9%*	(3.1)	*-0.3%*	*277.2%*
Other financial income and expense	(7.1)	*-0.6%*	(10.1)	*-1.0%*	*-29.9%*
Core income taxes	(87.1)	*-7.1%*	(72.8)	*-6.8%*	*19.6%*
Share of net profit (loss) from entities accounted for using the equity method	1.4	*0.1%*	0.6	*0.1%*	*114.0%*
Core consolidated net profit	**283.0**	***23.0%***	**237.1**	***22.3%***	***19.3%***
- Attributable to shareholders of Ipsen S.A.	282.5	*23.0%*	237.3	*22.3%*	*19.1%*
- Attributable to non-controlling interests	0.5	*0.0%*	(0.2)	*0.0%*	*N.A.*
Core EPS fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	**3.38**		**2.86**		***18.5%***

Reconciliation from Core consolidated net profit to IFRS consolidated net profit

	30 June 2019	30 June 2018
Core consolidated net profit	**283.0**	**237.1**
Amortization of intangible assets (excl software)	(30.0)	(24.2)
Other operating income or expenses	(13.8)	(4.0)
Restructuring	(6.6)	(11.6)
Impairment losses	-	-
Other	(12.0)	0.1
IFRS consolidated net profit	**220.6**	**197.3**
IFRS EPS fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	**2.64**	**2.38**

- **Sales**

At the end of June 2019, the Group's consolidated Sales reached €1,229.6 million, up 15.5% year-on-year and up 14.3% excluding the impact of foreign exchange and change in consolidation scope.

- **Other revenues**

Other revenues for the half year 2019 totaled €63.3 million, up 4.4% versus €60.6 million at the end of June 2018. The evolution was attributable to higher royalties received from partners, mainly Galderma for Dysport® and Shire for Onivyde® and despite lower royalties paid by Menarini for Adenuric®.

- **Cost of goods sold**

At the end of June 2019, Cost of goods sold amounted to €236.9 million, representing 19.3% of sales compared to €216.4 million, or 20.3% of sales at the end of June 2018. The favorable impact of Specialty Care growth on the product mix continued to drive the decrease of the cost of goods sold as a percentage of sales, partly offset by the increase of royalties paid to partners.

- **Selling expenses**

For the first half of 2019, Selling expenses amounted to €399.7 million, up 5.0% versus the same period in 2018. The expenses increase reflects the commercial efforts deployed to support the Cabometyx® growth in Europe, the growth of Somatuline® in the United States and in Europe as well Onivyde® in the United States. Selling expenses represented 32.5% of sales, a decrease by more than 3 points year-on-year.

- **Research and development expenses**

In the first half of 2019, Research and development expenses totaled €176.3 million compared to €141.6 million at the end of June 2018. The Group continued to invest in Research and development in Oncology, especially for Cabometyx®, Onivyde® and the systemic radiation therapy (SRT) programs, and in Neuroscience, mainly for Dysport® lifecycle management and the next-generation neurotoxin programs but also in Rare Diseases with the acquisition of Clementia Pharmaceutical in April 2019.

- **General and administrative expenses**

At the end of June 2019, General and administrative expenses amounted to €90.4 million, compared to €78.3 million at the end of June 2018 with a stable ratio of sales year-on-year. The increase resulted primarily from the reinforcement of the corporate functions and some additional expenses from Clementia.

- **Other core operating income and expenses**

In the first half of 2019, Other core operating income and expenses amounted to an expense of €2.0 million versus a profit of €14.4 million in the first half of 2018, mainly due to the impact of the currency hedging policy.

- **Core Operating Income**

Core Operating Income for the first half of 2019 reached €387.5 million, representing 31.5% of sales, compared to €322.5 million at the end of June 2018, representing 30.3% of sales, a growth of 20.1% and an increase in profitability by 1.2 points.

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

At the end of June 2019, the Group incurred Net financial expenses of €18.8 million, versus €13.2 million in the first half of 2018.
Net financing costs increased by €8.6 million driven by the financing cost linked to the Clementia acquisition and to IFRS16 - Lease standard implemented on 1 January 2019.
Other financial income and expense decreased by €3.0 million, mainly related to dividends received from Group investments.

- **Core income taxes**

At the end of June 2019, Core income tax expense of €87.1 million resulted from a core effective tax rate of 23.6% on core profit before tax in line with the rate at the end of June 2018.

- **Core consolidated net profit**

For the first half of 2019, Core consolidated net profit increased by 19.3% to €283.0 million, with €282.5 million fully attributable to Ipsen S.A. shareholders. This compares to Core consolidated net profit of €237.1 million at end of June 2018, with €237.3 million fully attributable to Ipsen S.A. shareholders.

- **Core Earning per share**

At the end of June 2019, Core EPS fully diluted came to €3.38, up 18.5% versus €2.86 per share at the end of June 2018.

From Core financial measures to IFRS reported figures

Reconciliations between IFRS June 2018 / June 2019 results and the Core financial measures are presented in Appendix 4.

At the end of June 2019, the main reconciling items between Core consolidated net income and IFRS consolidated net income were:

- **Amortization of intangible assets (excluding software)**

Amortization of intangible assets (excluding software) for the first half of 2019 amounted to €41.0 million before tax, compared to €33.1 million before tax at the end of June 2018, mainly due to the higher amortization of intangible assets related to Cabometyx®.

- **Other operating income and expenses and Restructuring costs**

Other non-core operating income and expenses for the first half of 2019 amounted to an expense of €19.7 million before tax, mainly related to Clementia integration costs and costs arising from the Group's transformation programs. Restructuring costs came to €9.0 million before tax, mainly impacted by the costs of the relocations of the U.S. and German commercial affiliates.
At the end of June 2018, Other non-core operating expenses totaled €3.7 million before tax and restructuring expenses amounted to €16.0 million, consisting mainly of termination of R&D studies and costs arising from the Group's transformation programs and the cost of the relocation of the U.S. commercial affiliate.

- **Impairment losses**

In the first half of 2019, no impairment loss or gain was recognized.

- **Other**

At the end of June 2019, Other items amounted to a loss of €12.0 million versus a profit of €0.1 million at the end of June 2018. It included a net loss of €16.1 million from the reassessment of the contingent payments recognized in the context of the Onivyde® intangible asset's acquisition following the recent publication of interim positive results related to the ongoing Onivyde® clinical trial and the revision of the probability of success of the indications and the expected dates of the triggering events. Other items included also the impact of discontinued operations for a profit of €4.1 million.

Therefore, IFRS reported indicators are:

- **Operating income**

At the end of June 2019, Operating income totaled €317.8 million versus €269.7 million at the end of June 2018, with an Operating margin of 25.8%, up 0.5 points compared to the first half of 2018.

- **Consolidated net profit**

Consolidated net profit was €220.6 million at the end of June 2019, an increase of 11.8% versus the end of June 2018 at €197.3 million.

- **Earning per share**

Fully diluted EPS was €2.64 at the end of June 2019 versus €2.38 at the end of June 2018.

Operating segments: Core Operating Income by therapeutic area

Segment information is presented according to the Group's two operating segments, Specialty Care and Consumer Healthcare.

All costs allocated to these two segments are presented in the key performance indicators. Only corporate overhead costs and the impact of the currency hedging policy are not allocated to the two operating segments.

The Group uses Core operating income to measure its performance. Core operating income is the indicator used by the Group to measure operating performance and to allocate resources.

Sales, Revenue and Core Operating Income are presented by therapeutic area for the 2019 and 2018 half years in the following table:

(in million euros)		30 June 2019	30 June 2018	Change	%
Specialty Care					
Sales		1,100.0	920.2	179.8	*19.5%*
Revenue		1,137.2	950.5	186.7	*19.6%*
Core Operating Income		447.6	356.3	91.3	*25.6%*
	% of sales	*40.7%*	*38.7%*		
Consumer Healthcare					
Sales		129.6	144.3	(14.7)	*-10.2%*
Revenue		155.7	174.6	(18.9)	*-10.8%*
Core Operating Income		34.3	41.8	(7.5)	*-17.9%*
	% of sales	*26.5%*	*29.0%*		
Total Unallocated					
Core Operating Income		(94.5)	(75.6)	(18.9)	*25.0%*
Group total					
Sales		1,229.6	1,064.5	165.1	*15.5%*
Revenue		1,292.9	1,125.1	167.7	*14.9%*
Core Operating Income		387.5	322.5	65.0	*20.1%*
	% of sales	*31.5%*	*30.3%*		

At the end of June 2019, **Specialty Care** sales grew to €1,100.0 million, up 19.5% as compared to the end of June 2018 (16.9% at constant exchange rates), reaching 89.5% of total consolidated sales, versus 86.4% a year earlier. In the first half of 2019, **Core Operating Income** for Specialty Care amounted to €447.6 million, representing 40.7% of sales. This compares to €356.3 million in the prior-year period, representing 38.7% of sales. The improvement reflects the continued growth of Somatuline® in the United States and Europe, the contribution of Cabometyx® and Onivyde® as well as the performance of Dysport®, despite increased commercial and Research & development investments including those related to Clementia.

At the end of June 2019, **Consumer Healthcare** sales reached €129.6 million, down 10.2% year-on-year or down -3.7% at constant exchange rates and adjusted for the impact of the consolidation under the equity method for joint arrangements related to the Schwabe partnership. For the first half of 2019, **Core Operating Income** for Consumer Healthcare amounted to €34.3 million, representing 26.5% of sales, compared to 29.0% at the end of June 2018, reflecting lower sales and commercial investments to support the OTx strategy.

At the end of June 2019, **Unallocated Core Operating Income** amounted to a negative €94.5 million, compared to a negative €75.6 million in the year-earlier period. The evolution is mainly attributable to the positive impact from the currency hedging policy in 2018, as well as the reinforcement of the corporate infrastructure.

Net cash flow and financing

The implementation of IFRS 16 - Leases standard has led to an increase in financial liabilities of €188.2 million as of 1 January 2019 bringing the opening net debt to €(430.7) million.

The Group had a net debt increase of €1,068.8 million over the first half of 2019 after Clementia acquisition, bringing closing net debt to €1,499.5 million.

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

(in million euros)	30 June 2019	30 June 2018
Opening net cash / (debt) (*)	**(430.7)**	**(463.3)**
Core Operating Income	**387.5**	**322.5**
Non-cash items	36.0	14.2
Change in operating working capital requirement	(102.0)	(50.2)
(Increases) decreases in other working capital requirement	(26.8)	(1.5)
Net capex (excluding milestones paid)	(96.3)	(47.8)
Dividends received from entities accounted for using the equity method	0.9	0.9
Operating Cash Flow	**199.2**	**238.2**
Other non-core operating income and expenses and restructuring costs (cash)	(33.9)	(0.6)
Financial income (cash)	(18.7)	(9.0)
Current income tax (P&L, excluding provisions for tax contingencies)	(53.2)	(72.8)
Other operating cash flow	7.6	8.7
Free Cash Flow	**101.0**	**164.5**
Dividends paid	(83.5)	(83.2)
Net investments (business development and milestones)	(1,058.2)	(42.8)
Share buyback	(4.0)	(4.4)
FX on net indebtedness	3.7	(6.2)
Other (discontinued operations and financial instrument)	(27.8)	(2.5)
Shareholders return and external growth operations	**(1,169.8)**	**(139.2)**
CHANGE IN NET CASH / (DEBT)	**(1,068.8)**	**25.3**
Closing net cash / (debt)	**(1,499.5)**	**(438.0)**

(*) including €188.2 million impact due to IFSR16 – Leases implementation on 1 January, 2019

- **Operating Cash Flow**

Operating Cash Flow in the first half of 2019 totaled €199.2 million, down €39.0 million (-16.4%) versus the first half of 2018, driven by higher Core Operating Income (up €65.0 million) fully compensated by higher working capital requirements and net capital investments.

Non-cash items increased in the first half of 2019 by €36.0 million versus an increase of €14.2 million in the first half of 2018, impacted by €14.9 million, as a result of IFRS16 – Leases standard implementation on 1 January, 2019.

Working capital requirement for operating activities increased by €102.0 million for the first half of 2019, compared to an increase of €50.2 million in the first half of 2018. The increase in the first half of 2019 stemmed mainly from:

- a €11.4 million increase in inventories during the year, to support business growth;
- a €88.8 million increase in trade receivables, in-line with the phasing of sales and impacted by longer payment terms in some countries;
- a €1.9 million decrease in trade payables as of 30 June 2019, as compared to an increase of €4.8 million in the first half of 2018.

At the end of June 2019, other working capital requirement needs increased by €26.8 million, mainly driven by variable compensation payments in the first half of the year, compensated by an increase in tax liabilities.

Net capital expenditure amounted to €96.3 million for the first half of 2019, €6.0 million of which was due to IFRS16 - Leases implementation, compared to €47.8 million in 2018, and mainly included projects to support increased production capacity at industrial sites in the United Kingdom, the United States and France, as well as corporate investments in information technology and digital projects.

- **Free Cash Flow**

Free Cash Flow for the first six months of 2019 came to €101.0 million, down €63.5 million versus 2018, mainly driven by lower Operating Cash Flow combined with higher Other operating expenses, restructuring costs and current income tax.

Other non-core operating income and expenses and restructuring costs of €33.9 million mainly included the integration costs related to the Clementia acquisition as well as cash out from the U.S. and German affiliates relocation and from the Group's transformation programs.

The €18.7 million in financial expenses paid in the first half of 2019, increased by €9.7 million compared to the end of June 2018, resulted from financing costs related to the Clementia acquisition and hedging costs.
The change in current income tax stemmed mainly from the decrease in Operating Income combined with higher financial expenses.

- **Shareholders return and external growth operations**

In the first half of 2019, the dividend payout to Ipsen S.A. shareholders amounted to €83.2 million.

Net investments in the first half of 2019 amounted to €1,058 million, including the acquisition of Clementia for €986 million (including transaction fees) and additional milestones of €53 million paid to Exelixis and of €13 million to MD Anderson.

Net investments in the first half of 2018 amounted to €43 million, including additional milestones paid to Exelixis for €29 million, an equity investment in Arix Bioscience for €17 million, the final payment of the acquisition of Akkadeas Pharma for €8 million, partly offset by the milestone received from Servier for Onivyde® for €21 million.

Other included mainly the negative impact for €32.7 million on net debt of the reassessment of the contingent payments recognized in the context of the Onivyde® intangible assets following the recent publication of positive results related to the on-going developments on Onivyde® and the revision of the probabilities of success of the indications and the expected occurrence dates of the triggering events.

Reconciliation of cash and cash equivalents and net cash

Following the implementation, on 1 January 2019, of IFRS16 – Leases standard, the Group has recognized an increase of €151.2 million in Other financial liabilities non-current and €29.6 million in Financial liabilities on 30 June 2019.

(in million euros)	30 June 2019	30 June 2018
Current financial assets (derivative instruments on financial operations)	**0.5**	**0.4**
Closing cash and cash equivalents	**181.0**	**344.9**
Bonds	(298.2)	(297.7)
Other financial liabilities (excluding derivative instruments) (**)	(430.8)	(83.2)
Non-current financial liabilities	**(728.9)**	**(380.9)**
Credit lines and bank loans	(796.2)	(4.1)
Financial liabilities (excluding derivative instruments) (**)	(155.8)	(398.3)
Current financial liabilities	**(952.1)**	**(402.4)**
Debt	**(1,681.0)**	**(783.3)**
Net cash / (debt) (*)	**(1,499.5)**	**(438.0)**

(*) Net cash / (debt): derivative instruments booked in financial assets and related to financial operations, cash and cash equivalents, less bank overdrafts, bank loans and other financial liabilities and excluding financial derivative instruments on commercial operations.

(**) Financial liabilities mainly exclude €14.9 million in derivative instruments related to commercial operations at the end of June 2019, compared with €15.5 million one year earlier.

▪ Analysis of Group cash

On 16 June 2016, Ipsen S.A. issued €300 million in unsecured, seven-year public bonds. The bonds mature on 16 June 2023 with coupon at an annual interest rate of 1.875%.

Ipsen S.A. program of emission of NEU CP - Negotiable EUropean Commercial Paper of €600 million were drawn for €104 million on 30 June 2019.

Ipsen S.A. has refinanced its Revolving Credit Facility (RCF) and existing bilateral bank facilities. The new Revolving Credit Facility of €1,500 million signed on 24 May 2019 has a five-year maturity and includes two one-year extension options. In this new Revolving Credit Facility, the Group has to comply with a Net Debt / EBITDA covenant to remain below 3.5 time at each financial closing and the facility includes specific indicators linked to CSR (Corporate Social Responsibility) to be annually assessed.

The previous financing has been fully terminated on 28 June 2019.

On 30 June 2019, the facility was drawn by €795 million and the Group was complying with its covenant ratio.

▪ Impact of IFRS 16 standard

The application of IFRS 16 has led to an increase in the tangible assets of €169.4 million and financial liabilities of €188.2 million as of 1 January 2019.

The impact on the Operating Income reached a profit of €0.7 million as of 30 June 2019; the impact on the Consolidated Net profit reached a loss of €2.3 million.

APPENDICES

▪ Appendix 1 – Consolidated income statement

(in million euros)	30 June 2019	30 June 2018
Sales	**1,229.6**	**1,064.5**
Other revenues	63.3	60.6
Revenue	**1,292.9**	**1,125.1**
Cost of goods sold	(236.9)	(216.4)
Selling expenses	(399.7)	(380.8)
Research and development expenses	(176.3)	(141.6)
General and administrative expenses	(90.4)	(78.3)
Other operating income	9.9	31.1
Other operating expenses	(72.6)	(53.5)
Restructuring costs	(9.0)	(16.0)
Impairment losses	-	-
Operating Income	**317.8**	**269.7**
Investment income	*0.8*	*11*
Financing costs	*(12.5)*	*(4.2)*
Net financing costs	(11.7)	(3.1)
Other financial income and expense	(23.2)	(10.1)
Income taxes	(67.9)	(59.8)
Share of net profit (loss) from entities accounted for using the equity method	1.4	0.6
Net profit (loss) from continuing operations	**216.4**	**197.3**
Net profit (loss) from discontinued operations	4.1	0.1
Consolidated net profit (loss)	**220.6**	**197.3**
- Attributable to shareholders of Ipsen S.A.	220.1	197.5
- Attributable to non-controlling interests	0.5	(0.2)

Basic earnings per share, continuing operations (in euros)	2.60	2.39
Diluted earnings per share, continuing operations (in euros)	2.59	2.38
Basic earnings per share, discontinued operations (in euros)	0.05	0.00
Diluted earnings per share, discontinued operations (in euros)	0.05	0.00
Basic earnings per share (in euros)	2.65	2.39
Diluted earnings per share (in euros)	2.64	2.38

▪ Appendix 2 – Consolidated balance sheet before allocation of net profit

(in million euros)	30 June 2019	31 December 2018
ASSETS		
Goodwill	622.5	395.6
Other intangible assets	1,949.7	1,011.9
Property, plant & equipment	664.7	474.5
Equity investments	67.3	65.2
Investments in companies accounted for using the equity method	15.2	15.5
Non-current financial assets	88.6	92.9
Deferred tax assets	168.5	131.9
Other non-current assets	6.7	4.4
Total non-current assets	**3,583.2**	**2,191.8**
Inventories	197.2	198.5
Trade receivables	549.5	463.0
Current tax assets	52.6	47.7
Current financial assets	53.3	5.5
Other current assets	155.6	126.4
Cash and cash equivalents	213.2	344.5
Total current assets	**1,221.4**	**1,185.6**
TOTAL ASSETS	**4,804.6**	**3,377.4**

EQUITY AND LIABILITIES		
Share capital	83.8	83.8
Additional paid-in capital and consolidated reserves	1,670.9	1,366.0
Net profit (loss) for the period	220.1	389.5
Foreign exchange differences	6.5	1.8
Equity attributable to Ipsen S.A. shareholders	**1,981.3**	**1,841.1**
Equity attributable to non-controlling interests	2.0	2.3
Total shareholders' equity	**1,983.3**	**1,843.4**
Retirement benefit obligation	68.2	63.8
Non-current provisions	33.8	44.5
Other non-current financial liabilities	728.9	386.0
Deferred tax liabilities	273.4	19.7
Other non-current liabilities	47.1	61.0
Total non-current liabilities	**1,151.5**	**574.9**
Current provisions	9.6	21.1
Current financial liabilities	968.6	184.2
Trade payables	394.2	379.8
Current tax liabilities	19.2	11.4
Other current liabilities	246.0	329.0
Bank overdrafts	32.2	33.6
Total current liabilities	**1,669.8**	**959.2**
TOTAL EQUITY & LIABILITIES	**4,804.6**	**3,377.4**

▪ Appendix 3 – Cash flow statements

▪ Appendix 3.1 – Consolidated statement of cash flow

(in million euros)	30 June 2019	30 June 2018
Consolidated net profit (loss)	**220.6**	**197.3**
Share of profit (loss) from entities accounted for using the equity method before impairment losses	3.2	0.3
Net profit (loss) before share from entities accounted for using the equity method	**223.8**	**197.6**
Non-cash and non-operating items		
- Depreciation, amortization, provisions	65.0	77.6
- Impairment losses included in operating income and net financial income	-	-
- Change in fair value of financial derivatives	7.2	1.9
- Net gains or losses on disposals of non-current assets	0.8	0.6
- Foreign exchange differences	(1.8)	1.1
- Change in deferred taxes	14.7	(12.6)
- Share-based payment expense	7.8	5.7
- Other non-cash items	17.5	0.7
Cash flow from operating activities before changes in working capital requirement	***335.0***	***272.4***
- (Increase) / decrease in inventories	(11.4)	(20.3)
- (Increase) / decrease in trade receivables	(88.8)	(34.7)
- Increase / (decrease) in trade payables	(1.9)	4.8
- Net change in income tax liability	5.4	45.6
- Net change in other operating assets and liabilities	(45.7)	(58.9)
Change in working capital requirement related to operating activities	***(142.2)***	***(63.4)***
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**192.7**	**209.0**
Acquisition of property, plant & equipment	(76.0)	(35.2)
Acquisition of intangible assets	(23.2)	(67.5)
Proceeds from disposal of intangible assets and property, plant & equipment	0.3	2.8
Acquisition of shares in non-consolidated companies	-	(22.1)
Payments to post-employment benefit plans	(0.6)	(0.8)
Impact of changes in the consolidation scope	(817.2)	(7.4)
Deposits paid	-	(0.5)
Change in working capital related to investment activities	(64.0)	20.6
Other cash flow related to investment activities	(10.1)	20.5
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES	**(990.8)**	**(89.6)**
Additional long-term borrowings	8.1	1.1
Repayment of long-term borrowings	(1.3)	(25.1)
Net change in short-term borrowings	743.9	119.1
Capital increase	0.3	2.4
Treasury shares	(3.4)	2.0
Dividends paid by Ipsen S.A.	(83.2)	(83.0)
Dividends paid by subsidiaries to non-controlling interests	(0.3)	(0.2)
Change in working capital related to financing activities	(1.5)	(3.0)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	**662.5**	**13.3**
CHANGE IN CASH AND CASH EQUIVALENTS	**(135.6)**	**132.7**
Opening cash and cash equivalents	**310.9**	**209.3**
Impact of exchange rate fluctuations	5.6	2.9
Closing cash and cash equivalents	**181.0**	**344.9**

▪ Appendix 3.2 – Consolidated net cash flow statement

(in million euros)	30 June 2019	30 June 2018
Opening net cash / (debt)	**(430.7)**	**(463.3)**
CORE OPERATING INCOME	**387.5**	**322.5**
Non-cash items	**36.0**	**14.2**
(Increase) /decrease in inventories	(11.4)	(20.3)
(Increase) / decrease in trade receivables	(88.8)	(34.7)
Increase / (decrease) in trade payables	(1.9)	4.8
Change in operating working capital requirement	**(102.0)**	**(50.2)**
Change in income tax liability	5.4	45.6
Change in other operating assets and liabilities (excluding milestones received)	(32.3)	(47.1)
Other changes in working capital requirement	**(26.8)**	**(1.5)**
Acquisition of property, plant & equipment	(76.0)	(35.2)
Acquisition of intangible assets (excluding milestones paid)	(10.4)	(8.9)
Disposal of fixed assets	0.3	2.8
Change in working capital related to investment activities	(10.2)	(6.5)
Net capex (excluding milestones paid)	**(96.3)**	**(47.8)**
Dividends received from entities accounted for using the equity method	**0.9**	**0.90**
Operating Cash Flow	**199.2**	**238.2**
Other non-core operating income and expenses and restructuring costs (cash)	(33.9)	(0.6)
Financial income (cash)	(18.7)	(9.0)
Current income tax (P&L, excluding provisions for tax contingencies)	(53.2)	(72.8)
Other operating cash flow	7.6	8.7
Free Cash Flow	**101.0**	**164.5**
Dividends paid (including payout to non-controlling interests)	**(83.5)**	**(83.2)**
Acquisition of shares in non-consolidated companies (1)	(0.1)	(22.1)
Acquisition of other financial assets	(3.3)	-
Impact of changes in consolidation scope (2)	(984.7)	(8.0)
Milestones paid (3)	(70.0)	(31.6)
Milestones received (4)	-	20.6
Other Business Development operations	-	(1.8)
Net investments (business development and milestones)	**(1,058.2)**	**(42.8)**
Share buybacks	**(4.0)**	**(4.4)**
FX on net indebtedness	3.7	(6.2)
Other (discontinued operations and financial instrument)	**(27.8)**	**(2.5)**
Shareholders return and external growth operations	**(1,169.8)**	**(139.2)**
CHANGE IN NET CASH / (DEBT)	**(1,068.8)**	**25.3**
Closing net cash / (debt)	**(1,499.5)**	**(438.0)**

(1) Acquisition of shares in non-consolidated companies mainly reflected investments in external innovation funds.

(2) Impact of change in consolidation scope notably reflects Clementia acquisition.

(3) Milestones paid correspond to payments subject to the terms and conditions set out in the Group's partnership agreements including €53 million milestone paid to Exelixis and €13 million paid to MD Anderson in the first half of 2019. 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 4.1).

(4) Milestones received are amounts collected by Ipsen from its partners. No milestone was received at the end of June 2019 while the Group received €21 million from Servier, in the first half of 2018, related to the Onivyde® acquisition closed in 2017. In the consolidated balance sheet, the Servier milestones not yet received are booked in “Current financial assets” and in “Non-current financial assets”, depending on the forecasted cash-in timing. Shire milestones received are included in the "Other cash flow related to investment activities" line item in the consolidated statement of cash flow (see Appendix 3.1).

▪ Appendix 4 – Bridges from IFRS consolidated net profit to Core consolidated net profit

	IFRS						CORE
(in million euros)	30 June 2019	Amortization of intangible assets (excl software)	Other operating income or expenses	Restructuring	Impairment losses	Other	30 June 2019
Sales	1,229.6						1,229.6
Other revenues	63.3						63.3
Revenue	**1,292.9**	**-**	**-**	**-**	**-**	**-**	**1,292.9**
Cost of goods sold	(236.9)						(236.9)
Selling expenses	(399.7)						(399.7)
Research and development expenses	(176.3)						(176.3)
General and administrative expenses	(90.4)						(90.4)
Other operating income	9.9		(9.8)				0.1
Other operating expenses	(72.6)	41.0	29.5				(2.1)
Restructuring costs	(9.0)			9.0			-
Impairment losses	-				-		-
Operating Income	**317.8**	**41.0**	**19.7**	**9.0**	**-**	**-**	**387.5**
Net financing costs	(11.7)						(11.7)
Other financial income and expense	(23.2)					16.1	(7.1)
Income taxes	(67.9)	(11.0)	(5.9)	(2.4)	-	-	(87.1)
Share of net profit (loss) from entities accounted for using the equity method	1.4						1.4
Net profit (loss) from continuing operations	**216.4**	**30.0**	**13.8**	**6.6**	**-**	**16.1**	**283.0**
Net profit (loss) from discontinued operations	4.1					(4.1)	-
Consolidated net profit	**220.6**	**30.0**	**13.8**	**6.6**	**-**	**12.0**	**283.0**
- Attributable to shareholders of Ipsen S.A.	220.1	30.0	13.8	6.6	-	12.0	282.5
- Attributable to non-controlling interests	0.5						0.5

Earnings per share fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	2.64	0.36	0.17	0.08	-	0.14	3.38

The reconciliation items between Core consolidated net profit and IFRS consolidated net profit are described in the paragraph “From Core financial measures to IFRS reported figures”.

	IFRS						CORE
(in million euros)	30 June 2018	Amortization of intangible assets (excl software)	Other operating income or expenses	Restructuring	Impairment losses	Other	30 June 2018
Sales	1,064.5						1,064.5
Other revenues	60.6						60.6
Revenue	**1,125.1**	**-**	**-**	**-**	**-**	**-**	**1,125.1**
Cost of goods sold	(216.4)						(216.4)
Selling expenses	(380.8)						(380.8)
Research and development expenses	(141.6)						(141.6)
General and administrative expenses	(78.3)						(78.3)
Other operating income	31.1		(16.5)				14.6
Other operating expenses	(53.5)	33.1	20.2				(0.2)
Restructuring costs	(16.0)			16.0			-
Impairment losses	-						-
Operating Income	**269.7**	**33.1**	**3.7**	**16.0**	**-**	**-**	**322.5**
Net financing costs	(3.1)						(3.1)
Other financial income and expense	(10.1)						(10.1)
Income taxes	(59.8)	(8.9)	0.3	(4.4)			(72.8)
Share of net profit (loss) from entities accounted for using the equity method	0.6						0.6
Net profit (loss) from continuing operations	**197.3**	**24.2**	**4.0**	**11.6**	**-**	**-**	**237.1**
Net profit (loss) from discontinued operations	0.1					(0.1)	-
Consolidated net profit	**197.3**	**24.2**	**4.0**	**11.6**	**-**	**(0.1)**	**237.1**
- Attributable to shareholders of Ipsen S.A.	197.5	24.2	4.0	11.6		(0.1)	237.3
- Attributable to non-controlling interests	(0.2)						(0.2)

Earnings per share fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	2.38	0.29	0.05	0.14		(0.00)	2.86