

16th February 2016

Healthcare

**Ipsen**

Price EUR48.73

Some expected and some less-expected changes at the Corporate Governance level

Fair Value EUR63 (+29%)

**BUY**

Bloomberg	IPN.FP
Reuters	IPN.PA
12-month High / Low (EUR)	62.0 / 43.4
Market Cap (EURm)	4,057
Avg. 6m daily volume (000)	70.40

	1 M	3 M	6 M	31/12/15
Absolute perf.	-9.9%	-16.2%	-17.7%	-20.1%
Healthcare	-4.2%	-11.1%	-16.4%	-12.8%
DJ Stoxx 600	-2.4%	-12.9%	-16.7%	-12.0%

	2014	2015e	2016e	2017e
P/E	22.0x	18.5x	15.6x	13.2x
Div yield (%)	1.7%	1.8%	2.1%	2.3%

#### ANALYSIS

- Ipsen has announced this morning that the Board of Directors has decided to separate the functions of Chairman and CEO. As a consequence, it has offered Marc de Garidel, current Chairman and CEO of the company the position of non-Executive Chairman (which he has accepted), endorsing the role of CEO until the recruitment process for a new CEO is complete. This also means that Deputy-CEO Christel Bories, who may have run for the role and who has not been elected, has decided to leave the company.
- Like every company, Ipsen needs to adapt to a new period in its history. Marc and Christel have done a great job in the recent past, resulting in a clear recovery in Ipsen's value and prospects. The company has been restructured and refocused somewhat and its development in the US has been a success that will drive its growth for a few more years. Now however, it clearly needs new impetus to take the story to the next level and this is where, maybe, Christel Bories, not coming from the industry, found limitations in her ability to become the new CEO.
- As far as Marc de Garidel is concerned, it is hard to see him in a non-Executive role because he is very much involved in the daily business of Ipsen, but this is how the vast majority of companies are managed and also provides the best chance of finding a good CEO. Two drivers in one seat usually do not work for very long.
- Lastly, to make sure there is no misunderstanding about the underlying reasons behind the changes, Ipsen has reiterated guidance for 2015 and 2020 and also clarified that the strategy will not be affected. The term "disagreement" used in the press release is very much a usual and legal one used when a top executive's contract needs to come to an end.

#### VALUATION

- Although they never appeared as good friends when they shared the podium in meetings, Christel and Marc did a good job over the last few years and the share price could react negatively to the news, remaining under pressure somewhat until the arrival of a new CEO. The biggest threat is to see Ipsen losing time while looking for a new CEO that will require time to adapt whereas it needs to act quite quickly to ensure that its growth will last beyond 2018. But this is what Marc de Garidel is supposed to take care of and since underlying growth momentum is strong in the short-term, we would see any overly-dramatic downside move as an opportunity to BUY.

#### NEXT CATALYSTS

- 1st March 2016: FY 2015 results

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## Distribution of stock ratings

BUY ratings 62,7%

NEUTRAL ratings 28,4%

SELL ratings 9%

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