

1st August 2016

Healthcare

**Ipsen**

Price EUR58.35

**Dysport approved by the FDA in new medical indications**

**Fair Value EUR66 (+13%)**

**BUY-Top Picks**

|                            |             |
|----------------------------|-------------|
| Bloomberg                  | IPN.FP      |
| Reuters                    | IPN.PA      |
| 12-month High / Low (EUR)  | 62.0 / 47.1 |
| Market Cap (EURm)          | 4,863       |
| Avg. 6m daily volume (000) | 90.00       |

|                | 1 M  | 3 M   | 6 M   | 31/12/15 |
|----------------|------|-------|-------|----------|
| Absolute perf. | 7.7% | 10.4% | 9.8%  | -4.3%    |
| Healthcare     | 3.4% | 8.1%  | 3.9%  | -3.1%    |
| DJ Stoxx 600   | 4.7% | 0.1%  | -0.1% | -6.5%    |

|               | 2015  | 2016e | 2017e | 2018e |
|---------------|-------|-------|-------|-------|
| P/E           | 21.0x | 20.2x | 17.2x | 14.3x |
| Div yield (%) | 1.5%  | 1.5%  | 1.9%  | 2.1%  |

#### ANALYSIS

- When it presented its half-year results last week, Ipsen said that it was expecting FDA approval for its botulinum toxin Dysport in a new medical indication, this time for treatment of lower limb spasticity in children (PLL), any day soon. The new indication granted in the US was confirmed this morning and adds to the list of indications already included in Dysport's prescribing information, making the drug the first to carry this one.
- Within the space of a year, Dysport has added two important new indications, with AUL (adult upper limb spasticity) the previous one, obtained about a year ago. Our understanding is that, taking the opportunity of stronger growth in the first half and for the entire year, Ipsen intends to capture excess profits to reinvest behind new drugs rather than increase guidance for this year. However, this will not only benefit Somatuline and cabozantinib, as expected, but also Dysport to some extent.
- Although the general statement over Dysport remains largely unchanged i.e. it is still difficult to take share from well-installed Botox, Ipsen aims to take advantage of the two new indications, including this first one granted in PLL, to benefit from healthy momentum and grab some market share from direct competitor, considering also additional indication yet to come in 2017 (ALL).

#### VALUATION

- We forecast low double-digit growth for Dysport in 2016-2018 and peak sales of close to EUR500m in 2022 in indications and territories booked by Ipsen i.e. excluding Galderma's contribution.
- We are making no change to our numbers.

#### NEXT CATALYSTS

- 24th August: Invitation to meet with David Meek, new CEO

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|         |   |
|---------|---|
| BUY     | Positive opinion for a stock where we expect a favourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential upside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.      |
| NEUTRAL | Opinion recommending not to trade in a stock short-term, neither as a BUYER or a SELLER, due to a specific set of factors. This view is intended to be temporary. It may reflect different situations, but in particular those where a fair value shows no significant potential or where an upcoming binary event constitutes a high-risk that is difficult to quantify. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.                     |
| SELL    | Negative opinion for a stock where we expect an unfavourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential downside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion. |

### Distribution of stock ratings

BUY ratings 56.4%

NEUTRAL ratings 32.9%

SELL ratings 10.7%

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