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Innovation for patient care

Anti-diabetic agents: new therapies in an expanding market

Paris, 22nd June 2006

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Ipsen today

Who we are, what we do: “innovation for patient care”

An innovation driven International Specialty Pharmaceutical Group with more than 75 years of operations

A world-class Group

- > 100 countries. c.4,000 employees.
- 2005 Sales: €807 m. 2005 EBIT: €185 m (23.0% margin).

A diversified and balanced portfolio of products with more than 20 field proven products

A longstanding presence in primary care in France

- 47% of 2005 sales
- Gastroenterology, cognitive disorders and cardiovascular.

A clear strategic focus on fast-growing specialist care worldwide

- 49% of 2005 sales
- Oncology, neuromuscular disorders and endocrinology

A differentiating R&D capability

- Focused on (i) hormone-dependent diseases, (ii) peptide and protein engineering and (iii) innovative delivery systems.
- 700 staff, 2005 budget: 20.9% of sales.

A recognised strategic partner

- Alliances with international industry leaders in US, Europe and Japan and best-in-class universities around the world.

A strong management track-record

- Experienced and international management.

Note: Figures are IFRS, Proforma

A diversified and balanced portfolio of products

Primary care: a sound business platform

Specialist care: Growth engines

		05/04 sales growth			
Gastroenterology *18% of sales*	**Smecta ®** ▪ France and China: 66% of sales	*+4.9%*	*+6.0%*	**Decapeptyl®** ▪ G5: 67% of sales	**Oncology** *26% of sales*
Cognitive disorders *15% of sales*	**Tanakan ®** ▪ France: 73% of sales	*+4.0%*	*+20.4%*	**Somatuline®** ▪ G5: 70% of sales ▪ Filing scheduled in the US	**Endrocrinology** *11% of sales*
Cardiovascular *14% of sales*	**Nisis/Nisisco ®** ▪ France: 100% of sales	*+4.3%*	*+12.4%*	**Dysport®** ▪ G5: 51% of sales ▪ Filing scheduled in the US	**Neuromuscular Disorders** *12% of sales*

Focused investments in primary care to nourish cash flow generation and grow specialist care worldwide

Note: "sales" refer to 2005 sales
"G5" is defined as France + UK + Spain + Italy + Germany

Differentiating R&D: a unique convergence of capabilities

A differentiating R&D focused on…

1. Hormone dependent diseases
2. Peptide and protein engineering
3. Innovative delivery systems

A competitive R&D capability with…

1. 4 R&D specialized centres (Boston, Paris, Barcelona, London)
2. A staff of 700
3. 20.9% of sales spent on R&D in 2005
4. A unique convergence of technological platforms

A recognised strategic partner

Ipsen has built a strong network of centres of research excellence and industry leaders

“International Specialty Pharma” business model

Mission Statement

To be a worldwide best-in-class provider of innovative drugs, addressing unmet medical needs in its targeted therapeutic areas

Strategic Priorities

1. **GROW** top-line and profits in the **specialist care** by providing innovative drug therapy
2. **OPTIMISE** returns of **primary care** through selected product life cycle management, partnerships and focused investments
3. **GLOBALISE** through active geographical expansion policy

Key Company Levers

1. Strong R&D Capabilities
2. Extended International Network
3. Experienced and Proactive Teams
4. Financial Flexibility

Key Growth Boosters

1. US expansion
2. Strong R&D pipeline
3. Partnerships

Growth boosters

US expansion

4 NDA's in the pipeline:

- Somatuline® : filing in 2006
- Dysport® : filing in 2007 in cervical dystonia
- Reloxin® : partnered in aesthetic medecine
- OBI-1: currently in phase II

Strong R&D pipeline

Differentiating R&D, delivering innovative products:

- BIM 51077 (GLP-1)
- BN 83495 (STX-64)
- OBI-1

Partnership in aesthetic medicine

Partnership with Medicis in the US:

- World leader in dermal fillers with Restylane™
- Innovative and synergistic R&R™ concept
- Filing forecasted in 2007

A strong R&D pipeline to fuel future growth: 7 NCEs

		Compound	Indication	Current Status
Specialist Care	Oncology	**Decapeptyl®**	Combination and longer release formulation	**Phase II/III**
		BN 83495 (STX 64)	Post-menopausal breast cancer	**Phase I**
		BN 2629 (SJG-136)	Advanced metastatic cancers	**Phase I**
		Diflomotecan (BN 80915)	Advanced metastatic cancers	**Phase II**
		Elomotecan (BN 80927)	Metastatic tumors	**Phase I**
	Endocrinology	**Somatuline® Autogel®**	Neuro endocrine tumors Acromegaly	**Phase III** **Filing scheduled in the US in 2006**
		BIM 51077	Type 2 diabetes	**Phase II**
		NutropinAq®	Idiopathic short stature	**Phase III**
	Neuromuscular Disorders	**Dysport®**	Cervical Dystonia Myofascial pain	**Phase III – Filing scheduled in 2007 in US** **Phase II**
		Dysport® /Reloxin®	Aesthetic medicine	**Under regulatory review in Europe** **Phase III – Filing schedule in 2007 in US**
Primary Care	Cognitive Disorders	**Tanakan®**	Mild cognitive impairment related to age	**Phase III**
Others	Haematology	**OBI-1**	Haemophilia	**Phase II**
	Rheumatology	**Febuxostat (TMX-67)**	Symptomatic hyperuricaemia	**Regulatory strategy to be confirmed during 2006**

Note: excludes pre-clinical programmes

Financials at a glance

In €millions	2005	2004	*05/04 growth*
Sales	**807.1**	**751.5**	***+7.4%***
EBITDA	**214.9**	**194.5**	***+10.5%***
EBITDA margin	*26.6%*	*25.9%*	
EBIT	**185.3**	**156.5**	***+18.4%***
EBIT margin	*23.0%*	*20.8%*	
Net profit	**148.6**	**117.6**	***+26.4%***
Net margin	*18.4%*	*15.7%*	
EPS (1) (diluted - in € per share)	**2.20**	**2.01**	***+9.5%***
Cash flow from operations	**176.9**	**124.7**	***+41.8%***

Sales at constant perimeter

IFRS, pro forma, 2004 adjusted to exclude disposed GP business in Spain from continuing operations

Note (1): based on average number of shares during the period

Key drivers of future performance

DEVELOP specialist care product portfolio	▪ Expansion into US ▪ Active life cycle management
OPTIMISE primary care products	▪ Selective investment ▪ Leverage existing sales force infrastructure
MAXIMISE value of R&D pipeline	▪ Focused development ▪ Synergistic partnerships
ENHANCE product portfolio and geographical reach	▪ New products / new indications ▪ Continue to seek new alliances ▪ Continue to seek acquisition opportunities

Ipsen: positioned for profitable growth

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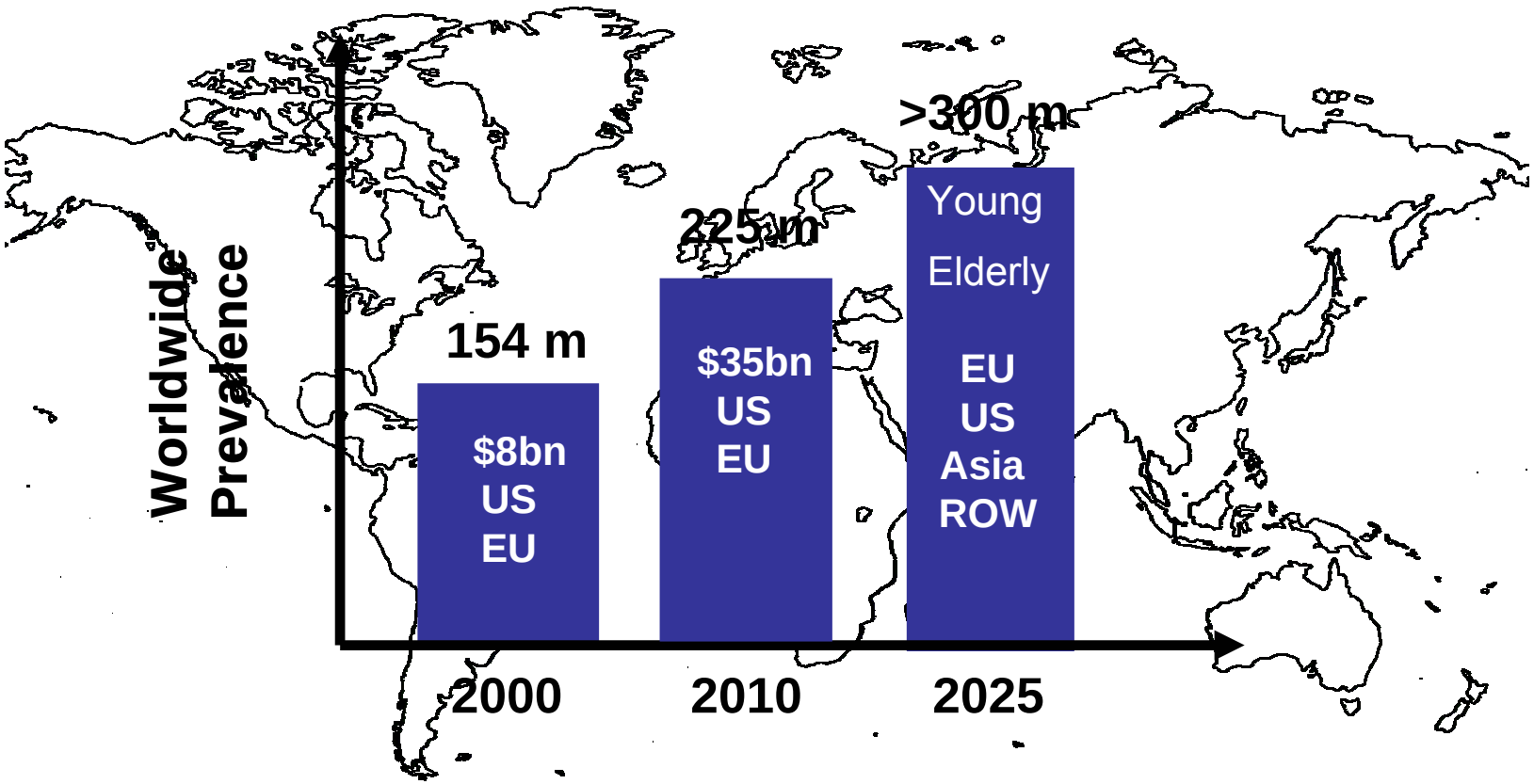
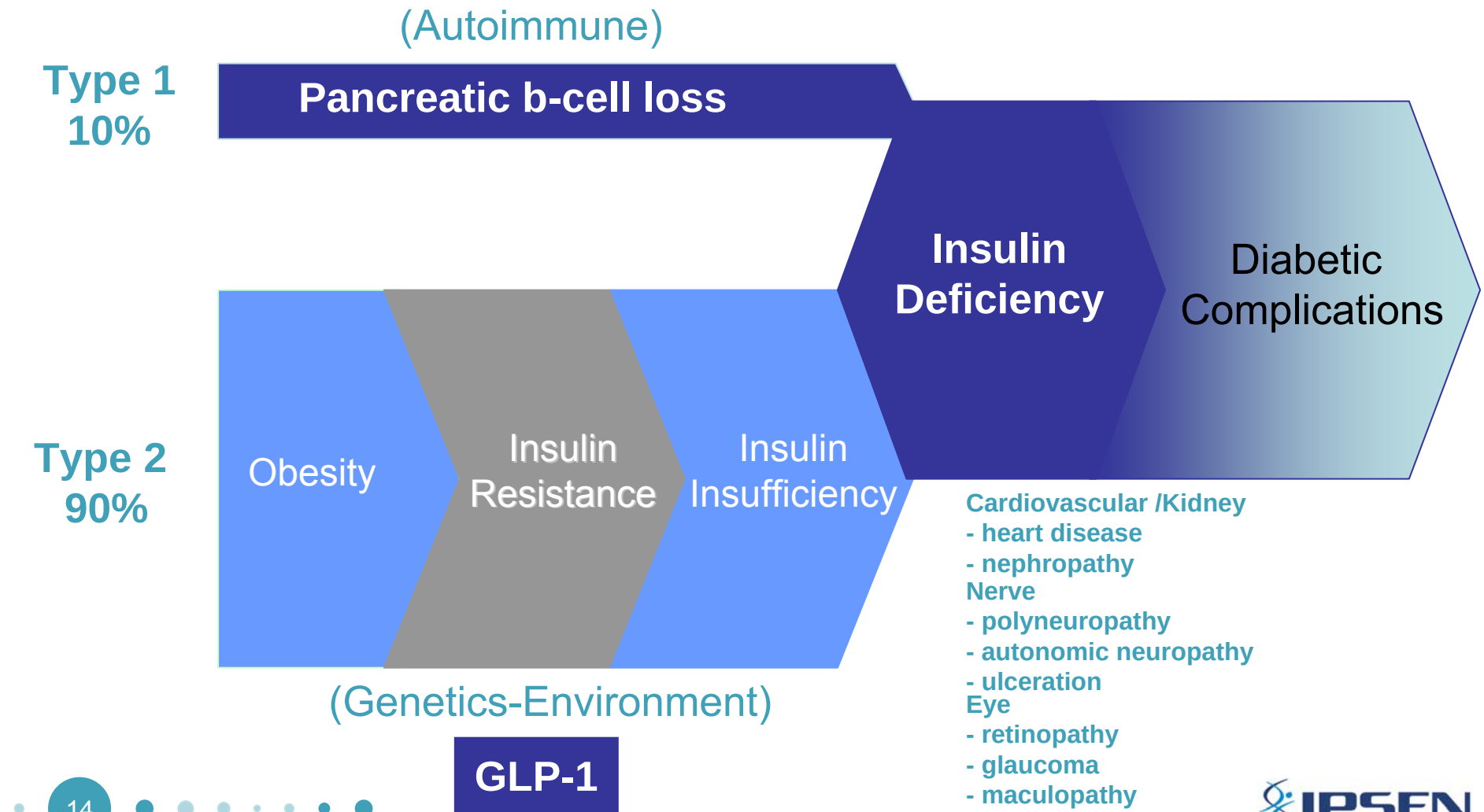
Focus on diabetes and GLP-1 analogs

Foreword: the diabetes market is expanding

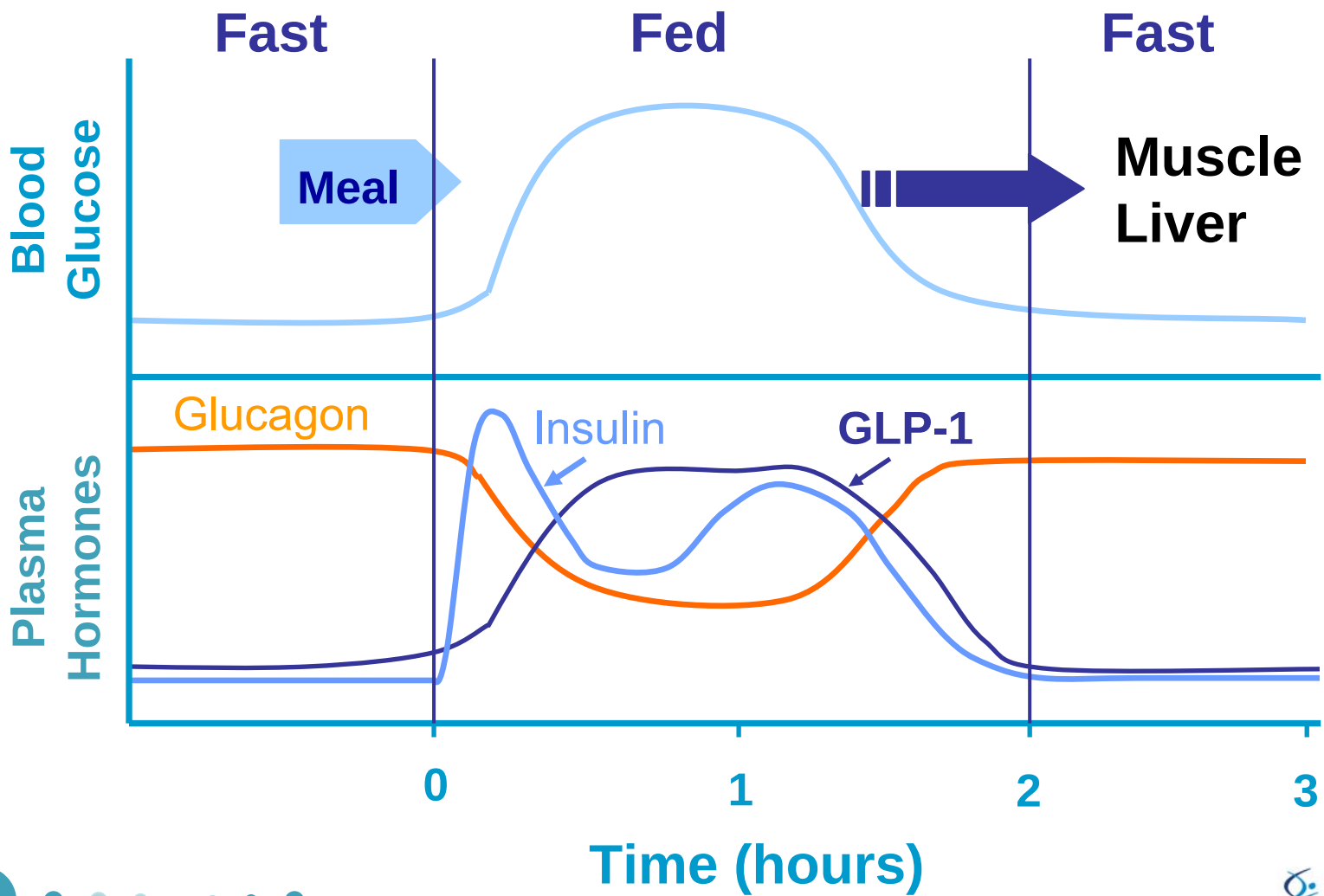


Source: IMS Health Medical Dynamics data, 2002

Diabetes overview: typology



Diabetes overview: regulation of glucose excursions in non-diabetics



GLP-1 - Potential Treatment for Type II Diabetes

- ✓ Produced by L-cells of intestine
  - ➢ 2 forms: GLP-1(7-37)-OH & GLP-1(7-36)NH_2
- ✓ Stimulates insulin secretion and inhibits glucagon release
  - ➢ only when plasma glucose elevated = *Gluco-incretin*
- ✓ Promotes insulin gene expression and proinsulin biosynthesis
- ✓ Induces pancreatic β-cell proliferation/differentiation
- ✓ Slows gastric emptying
  - ➢ decreasing postprandial glucose excursions
- ✓ Suppresses appetite
- ✓ Demonstrated effecticacy in normal human volunteers and type II diabetic subjects

Goals for Therapeutic GLP-1 Analogs

1. Equal / greater potency as native compound

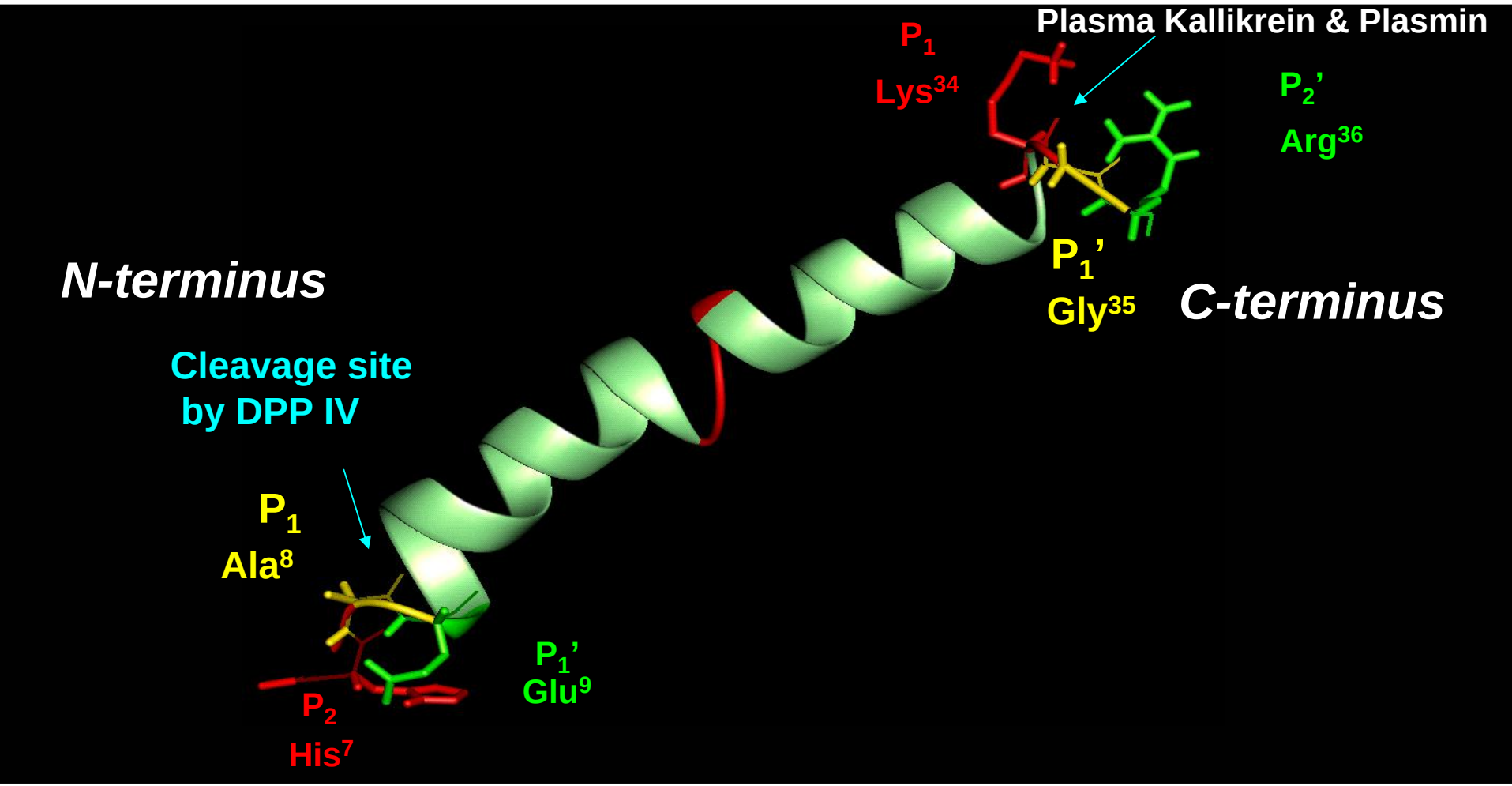
2. Extended metabolic half-life
   - ✓ native GLP-1 has very short circulating T1/2
   - ✓ ~2min i.v., ~15min s.c.

3. Retention of incretin properties

4. Compatible with novel/sustained formulation

5. Strong patent position

hGLP-1(7-36)NH_2 is Cleaved in Plasma at Both N- & C Termini



Goals for Therapeutic GLP-1 Analogs

1. **Equal / greater potency as native compound**

   Binding: BIM-51077 Ki = 1.1 + 0.15 nM

   hGLP-1(7-36) Ki = 0.9 + 0.11 nM

   In Vivo*: BIM-51077 8x more active than hGLP-1 (7-36) *in vivo

2. Extended metabolic half-life
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2. **Extended metabolic half-life**
   - ✓ **22-fold more stable in plasma**

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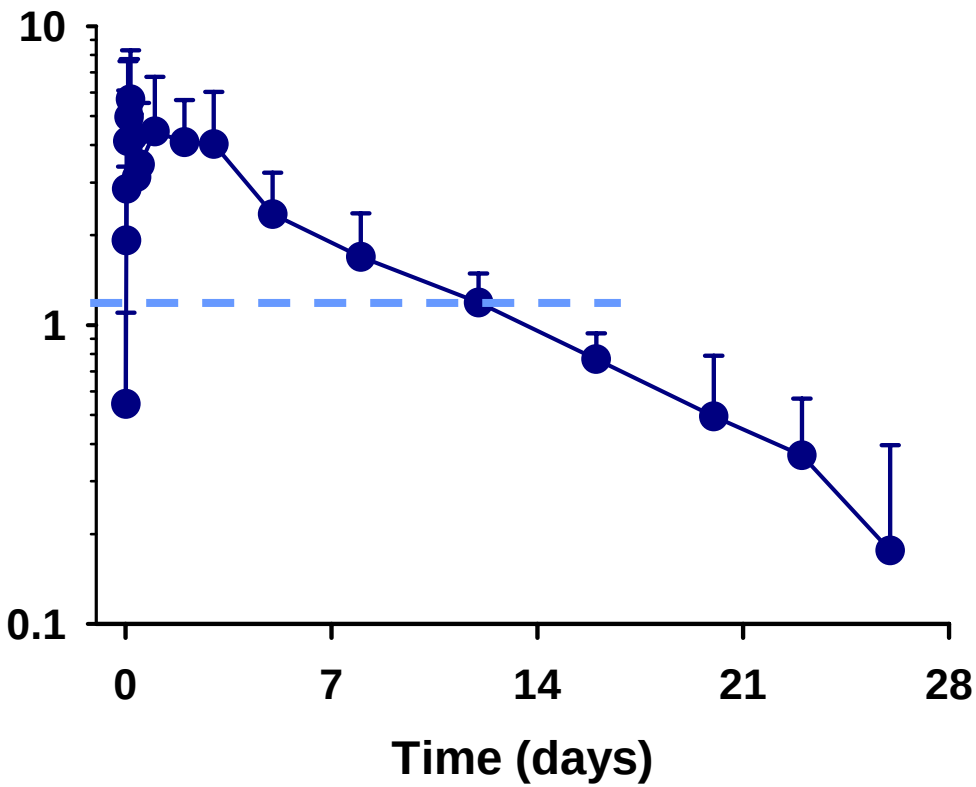
4. **Compatible with novel/sustained formulation**
   - ✓ **Yes, highly compatible physio-chemical properties**
   - ✓ **High aqueous solubility at neutral pH**

5. Strong patent position

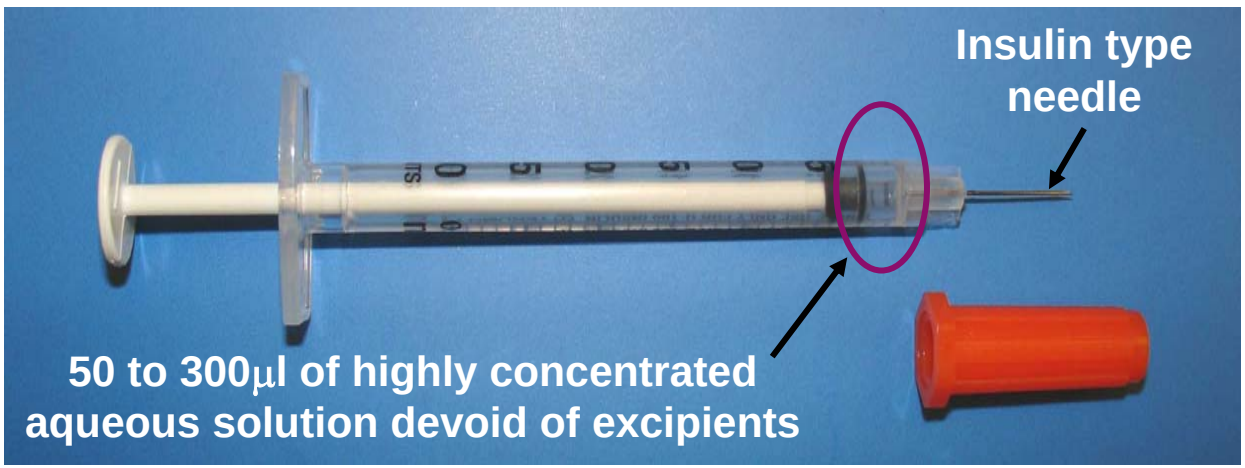
Pharmacokinetic Profile of a SRF Formulation of BIM51077



BIM51077 Plasma Concentration (ng/ml) Achieved in Male Beagle Dogs Following sc Administration of SRF at a Dose Level of 15 mg/dog

Pharmacokinetic Profile of a SRF Formulation of BIM51077

- ✓ A single sc administration of BIM-51077 SRF (15 mg in dogs) maintained BIM-51077 levels within one log for up to 2 weeks with minimal initial burst.
- ✓ BIM51077 plasma levels were detected up to 26 days



Syringe used for BIM51077 SRF
- 0.3mL TERUMO Myjector U-100 with 29G1/2 (0.33 X 12 mm)

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2. Extended metabolic half-life
   - ✓ 22-fold more stable in plasma

3. Retention of incretin properties
   - ✓ Yes, complete retention

3. Compatible with novel/sustained formulation
   - ✓ Yes, highly compatible physio-chemical properties
   - ✓ High aqueous solubility at neutral pH

5. Strong patent position
   - ✓ **Patents covering use and composition of BIM-51077 are issued in the US, Europe, Japan, and many other countries WW**
   - ✓ **Further patent applications for various compositions, uses, and processes continue to be filed and actively prosecuted**

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BIM-51077: clinical efficacy and safety

BIM-51077 produced sustained improvement in blood glucose control over 28 days by continuous infusion

- ✓ 18 patients, Type 2 diabetics treated with metformin
- ✓ 12 active (400µg/day) and 6 placebo
- ✓ 28-day continuous subcutaneous infusion of BIM-51077 IRF

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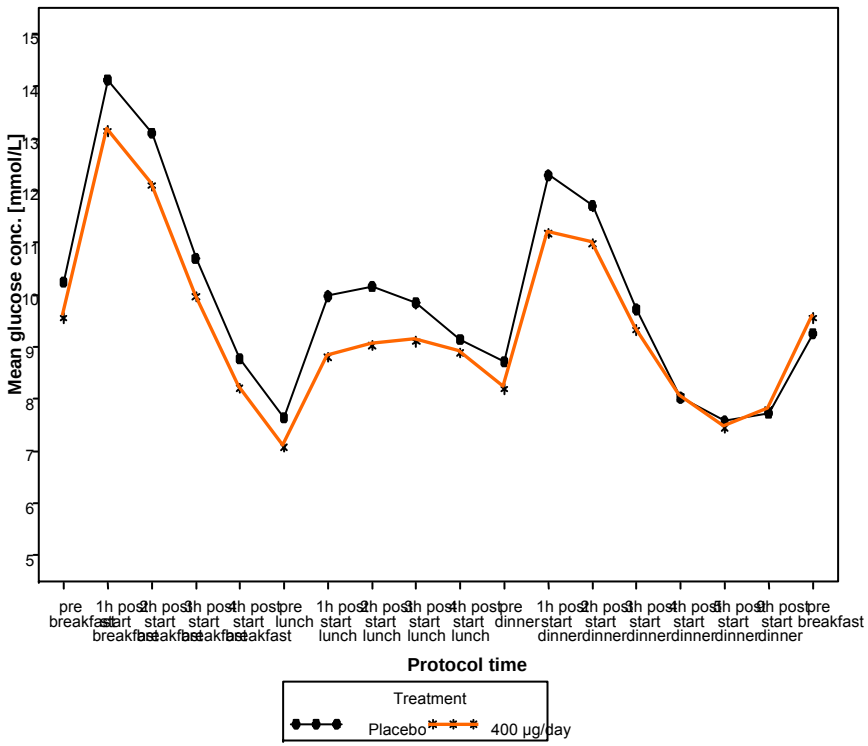

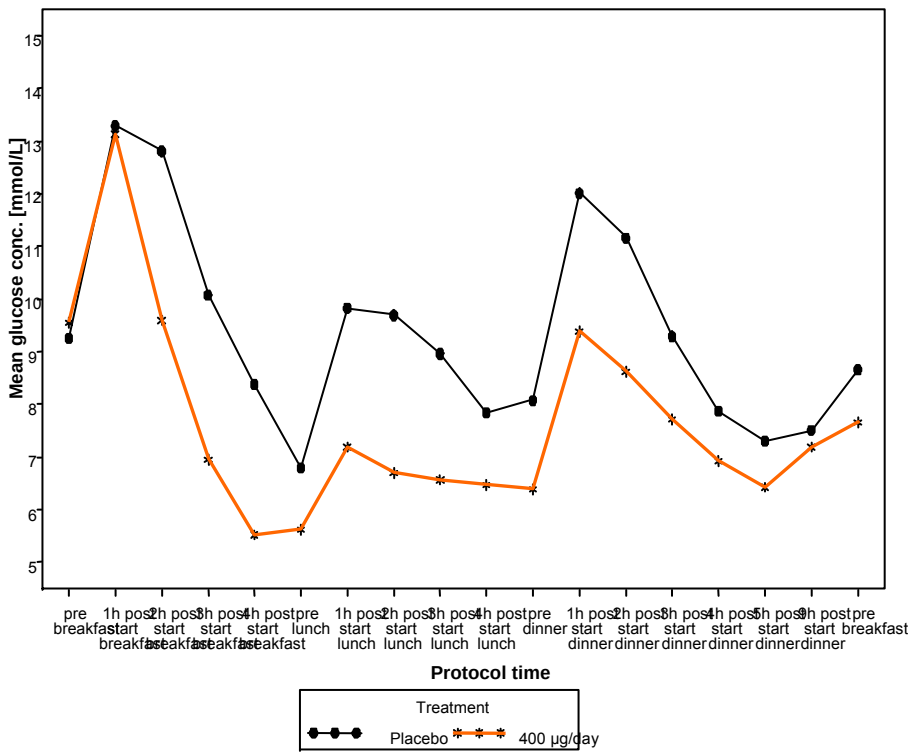

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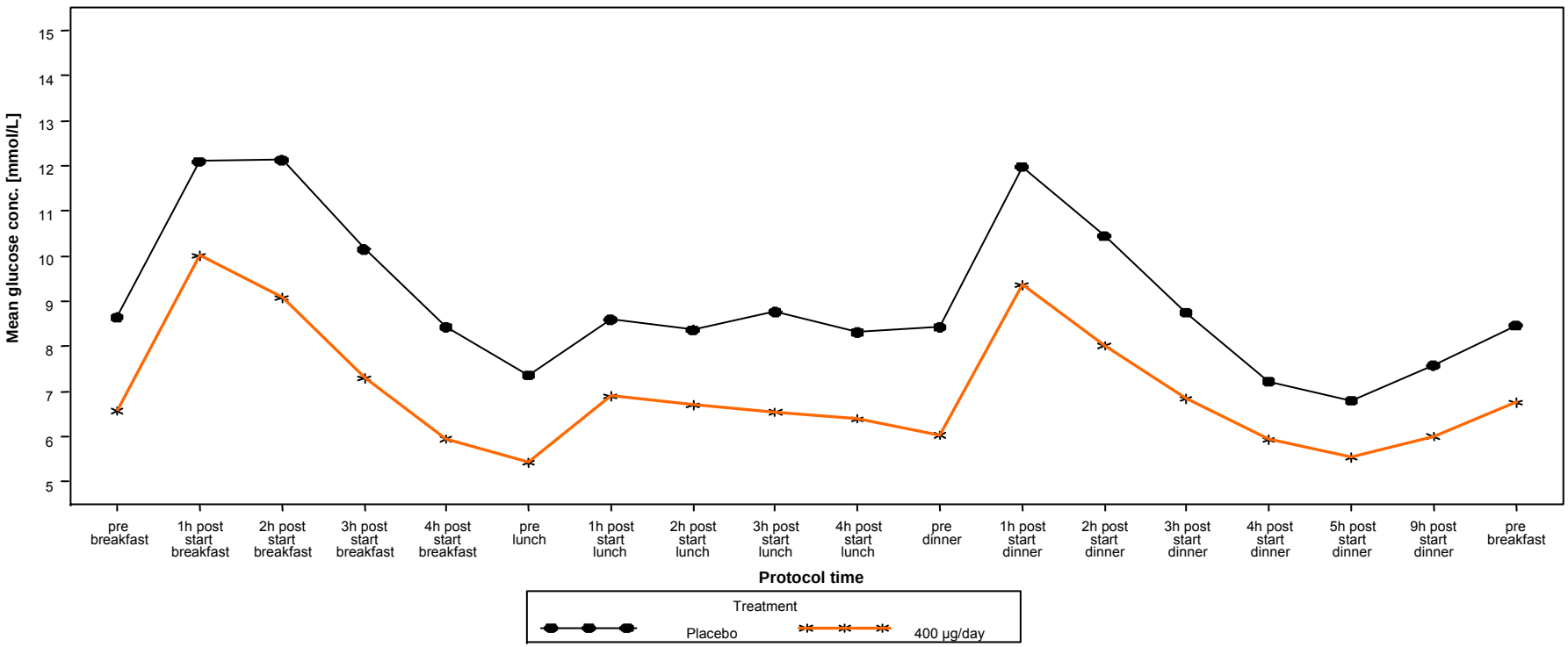
BIM-51077 produced sustained improvement in blood glucose control over 28 days by continuous infusion

24-h profile of blood glucose concentrations on Day 28



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BIM-51077 produced sustained improvement in blood glucose control over 28 days by continuous infusion

When administered at 400 µg/d dose level over 28 days, BIM-51077 showed:

- ✓ Good safety profile without any antibodies against BIM-51077
- ✓ Significant and rapid effect on 24-h BG after the start of infusion. Effect maintained over 28 days without desensitization
- ✓ Sustained effect on fasting blood glucose over 28 days
- ✓ Trend to increase insulin secretion, to decrease HbA1c, and decrease body weight and appetite

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Q&A session

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