

Ipsen reports sales growth of 10.2% at 31st March 2006
(2005 on a pro forma basis¹)

15.8% growth in targeted disease areas
Dynamic performance in international markets

Paris, 2nd May 2006 – The Ipsen Group (Euronext: FR0010259150; IPN) reported its sales for the first quarter of 2006.

(in thousands of euros) <i>IFRS – unaudited</i>	First quarter 2006	First quarter 2005 pro forma ¹	% change 2006/2005
Major Western European countries	139,000	132,193	5.1%
Other European countries	44,889	37,213	20.6%
Rest of the world	27,922	22,764	22.7%
CONSOLIDATED SALES	211,811	192,170	10.2%

In the first quarter of 2006, the Group realised **consolidated sales** (see detailed comments in appendix) of **€211.8 million, up 10.2%** (9.8% excluding currency impacts), compared with sales of €192.2 million in the first quarter of 2005. The growth was achieved despite the material negative impact of price reductions imposed by government authorities, notably in Europe.

Sales of specialized care products targeted by the Group (oncology, endocrinology, neuromuscular disorders) **increased by 15.8%** to €107.4 million in the first quarter of 2006, compared with €92.7 million in the first quarter of 2005, fuelled by growth generated notably by sales in neuromuscular disorders (+39.1%) and endocrinology (+23.1%). In the quarter ended 31st March 2006, sales of the **Group's primary care drugs** amounted to €96.0 million, **up 7.8%**, against €89.1 million a year earlier.

¹ The figures stated for the first quarter of 2005 are on a pro forma basis. Pro forma consolidated statements present the Group's activity as if the legal reorganisation of the Group completed in June 2005 had taken place previously on 1st January 2002.

Note: Since the Group sold its primary care business in Spain (except for Tanakan[®], known as Tanakene[®]) during October 2005, the Group is presenting this business as a discontinued operation retroactively from 1st January 2005 in its consolidated financial statements. Accordingly, its consolidated sales figure for the first quarter of 2006 does not include sales for this business.

Commenting on these results, Jean-Luc Bélingard, Chairman and CEO of the Ipsen Group, stated:
"In the current context of tightened economic regulation in Europe, Ipsen's performance during the first quarter of 2006 was particularly satisfactory, notably driven by our international activities. On this basis, we look forward to achieving a year 2006 in line with our expectations. However, we will monitor carefully the situation of the French market, first the evolution of Ginkor Fort sales, and second the future evaluation by the French healthcare regulatory authorities of the medical benefits of Tanakan[®]. We continue to unfold our strategy, with the preparation of the entry in the United States of Reloxin[®] in partnership with Medicis, as well as Somatuline[®] and Dysport[®]. We continue to actively pursue our key Research and Development projects, particularly BIM 51077 (GLP-1) in partnership with Roche, development of the four-month form of Decapeptyl[®], and the search for opportunities to extend our product portfolio."

About Ipsen

Ipsen is a European pharmaceutical group with over 20 products on the market and a total worldwide staff of nearly 4.000. The company's development strategy is based on a combination of products in targeted therapeutic areas (oncology, endocrinology and neuromuscular disorders), which are growth drivers and primary care products which contribute significantly to its research financing. This strategy is also supported by an active policy of partnerships. The location of its four R&D centres (Paris, Boston, Barcelona, London) gives the Group a competitive edge in gaining access to leading university research teams and highly qualified personnel. In 2005, Research and Development expenditure reached €169.0 million, i.e. 20.9% of consolidated sales, which amounted to €807.1 million in the Group's pro forma accounts set up according to the IFRS. Nearly 700 people in R&D are dedicated to the discovery and development of innovative drugs for patient care. Ipsen's shares are traded on Segment A of Eurolist by EuronextTM (stock code: IPN, ISIN code: FR0010259150). Ipsen's Internet website is www.ipsen.com.

Forward-looking statements

The forward-looking statements and targets contained herein are based on Ipsen's management's 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. Ipsen 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. Ipsen's business is subject to the risk factors outlined in its information documents filed with the French Autorité des marchés financiers.

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Appendix

Comparison of consolidated sales for the quarters ended 31st March 2006 and 31st March 2005².

In the first quarter of 2006, the Group realised net sales of €211.8 million, up 10.2% (up 9.8% excluding currency impacts), compared with sales of €192.2 million in the first quarter of 2005. The growth was achieved despite the material negative impact of price reductions imposed by government authorities, notably in Europe. Lower drug prices negatively impacted sales by €5.9 million in the first quarter of 2006, compared with the same period in 2005, out of which €2.0 million resulted from the distribution agreement signed in France for Tenstaten[®] as described below. In the quarter ended 31st March 2006, these impacts reduced sales growth by 3.1 percentage points.

In the first quarter of 2006, prescription drug sales totalled €204.8 million, representing 96.7% of the Group's total sales, up 11.5% compared with prescription drug sales achieved in the first quarter of 2005, when prescription drug sales represented 95.6% of the Group's total sales.

Sales by therapeutic area

The following table shows sales by therapeutic area for the quarters ended 31st March 2006 and 31st March 2005:

	31 st March 2006		31 st March 2005 pro forma		Variation 2006 / 2005	
	Amount	% of Sales	Amount	% of Sales	Amount	%
<i>(in € thousands)</i>						
Products in targeted therapeutic areas						
- Oncology	55,546	26.2%	53,113	27.6%	2,433	4.6%
- Endocrinology	24,952	11.8%	20,277	10.6%	4,675	23.1%
- Neuromuscular disorders	26,913	12.7%	19,348	10.1%	7,565	39.1%
Sub-total	107,411	50.7%	92,738	48.3%	14,673	15.8%
Primary care products						
- Gastroenterology	40,344	19.0%	32,415	16.9%	7,929	24.5%
- Cognitive disorders	31,855	15.0%	30,028	15.6%	1,827	6.1%
- Cardiovascular	23,825	11.2%	26,614	13.8%	-2,789	-10.5%
Sub-total	96,024	45.3%	89,057	46.3%	6,967	7.8%
Other therapeutic areas						
- Other drugs	1,325	0.6%	1,852	1.0%	-527	-28.5%
Sub-total	1,325	0.6%	1,852	1.0%	-527	-28.5%
Total drug sales	204,760	96.7%	183,647	95.6%	21,113	11.5%
Drug related sales	7,051	3.3%	8,523	4.4%	-1,472	-17.3%
Total sales	211,811	100.0%	192,170	100.0%	19,641	10.2%

² The figures for 2005 are stated on a pro forma basis. The pro forma consolidated sales present the Group's activity as if the legal reorganisation of the Group completed in June 2005 had taken place prior to 1st January 2002.

Note: Since the Group sold its primary care business in Spain (except for Tanakan[®], known as Tanakene[®] locally) during October 2005, the Group is presenting this business as a discontinued operation retroactively from 1st January 2005 in its consolidated financial statements. Accordingly, its consolidated sales figure for the first quarter of 2005 does not include sales for this business.

An analysis of the growth follows:

Products in targeted therapeutic areas

Sales of products in the targeted therapeutic areas rose 15.8% to €107.4 million in the first quarter of 2006, compared with €92.7 million in the first quarter of 2005. Fuelled by growth generated notably by sales in neuromuscular disorders and endocrinology, the share of sales in targeted therapeutic areas grew to represent 50.7% of the Group's consolidated sales at the end of the first quarter of 2006, compared with a 48.3% share for the quarter ended 31st March 2005.

- **In oncology**, sales grew 4.6% to €55.5 million in the quarter ended 31st March 2006, against €53.1 million a year earlier, reflecting the negative impact of price reductions on Decapeptyl[®]. Volume growth in the same period was 7.0%.
- **In endocrinology**, sales amounted to €25.0 million, growing 23.1% (22.9% excluding foreign exchange impact) compared with €20.3 million in the first quarter of 2005. NutropinAq[®] grew 295.3% over the period, due to the successful launches made in Europe over the last two years, and is becoming an important growth driver for the Group. Somatuline[®] grew 11.7 %, while Testim[®] sales are not yet material.
- **In neuromuscular disorders**, sales totalled €26.9 million, generated exclusively by Dysport[®]. This represents growth of 39.1% (37.7% excluding foreign exchange impact) compared with the quarter ended 31st March 2005. Sales growth was impacted favourably by the sales recorded this quarter in Latin America and Middle East while last year sales in the same region were low.

Primary care products

In the quarter ended 31st March 2006, sales of the Group's primary care drugs amounted to €96.0 million, up 7.8%, against €89.1 million a year earlier. The main growth drivers in this area included notably renewed sales momentum of Tanakan[®] outside France, a strong performance of Nisis[®] and Nisisco[®] in a highly competitive market, as well as strong sales of the gastro products, notably Smecta[®] and Forlax[®], despite the delisting of Bedelix[®]. Primary care drug sales suffered in the first quarter of 2006 from the decisions taken in France affecting Ginkor Fort[®], and also reflected the impact of the distribution agreement signed with Recordati for Tenstaten[®] as described below.

- **In gastroenterology**, sales amounted to €40.3 million at the end of the first quarter of 2006, i.e. growth of 24.5% (22.2% excluding foreign exchange impact), compared with sales of €32.4 million a year earlier. Growth was driven by solid sales of Smecta[®] in France and in China. Sales of Forlax[®] were also strong in France and in Italy.
- **In the cognitive disorders area**, sales grew 6.1% to €31.9 million in the quarter ended 31st March, 2006, compared with €30.0 million for the same period a year earlier. The regained sales momentum of Tanakan[®] experienced last year continues to drive this growth, in particular outside France, in the context of a declining market.
- **In the cardiovascular area**, sales amounted to €23.8 million at the end of the first quarter of 2006, representing a decline of 10.5% compared with the same period in 2005. Despite the continuing strong performance of Nisis[®] and Nisisco[®] growing 10.9%, sales in this area were negatively impacted as a result of the distribution agreement signed with Recordati, under which as of January 2006 Tenstaten[®] is supplied by the Group to Recordati, who book the sales to wholesalers.

Other therapeutic areas

Other therapeutic areas generated sales of €1.3 million, representing a decline of 28.5% compared with the first quarter of 2005.

Operating activities related to drugs

Sales from drug-related operating activities, i.e. the sale of active ingredients and raw materials, declined 17.3% to €7.1 million in the first quarter of 2006. This activity accounted for 3.3% of the Group's total sales at 31st March 2006, compared with 4.4% a year earlier.

Sales by product

Group sales by drug for the quarters ended 31st March 2006 and 31st March 2005 are presented in the following table:

<i>(in € thousands)</i>	31 st March 2006		31 st March 2005 pro forma		Variation 2006 / 2005	
	<i>Amount</i>	<i>% of Sales</i>	<i>Amount</i>	<i>% of Sales</i>	<i>Amount</i>	<i>%</i>
	<i>Drug Trade Name</i>					
- Decapeptyl [®] (1)	55,516	26.2%	53,072	27.6%	2,444	4.6%
- Tanakan [®]	31,855	15.0%	30,028	15.6%	1,827	6.1%
- Dysport [®] (1)	26,913	12.7%	19,348	10.1%	7,565	39.1%
- Somatuline [®] (1)	21,760	10.3%	19,482	10.1%	2,278	11.7%
- Smecta [®]	21,254	10.0%	15,361	8.0%	5,893	38.4%
- Ginkor Fort [®]	11,378	5.4%	13,264	6.9%	-1,886	-14.2%
- Forlax [®]	11,582	5.5%	9,826	5.1%	1,756	17.9%
- Nisis and Nisisco [®]	11,020	5.2%	9,935	5.2%	1,085	10.9%
- NutropinAq [®]	2,926	1.4%	740	0.4%	2,186	295.3%
- Other products	10,556	5.0%	12,591	6.6%	-2,035	-16.2%
Total drug sales	204,760	96.7%	183,647	95.6%	21,113	11.5%
Drug related sales	7,051	3.3%	8,523	4.4%	-1,472	-17.3%
Total sales	211,811	100.0%	192,170	100.0%	19,641	10.2%

(1) Peptide- or protein-based products

- **Decapeptyl[®]** sales were €55.5 million in the first quarter of 2006, up 4.6% compared with the same period in 2005. Volume growth was 7.0%, illustrating the negative impact of price reductions imposed by various countries in Europe. Strong sales in China as well as regained momentum in Spain otherwise explain the product dynamics.
- **Tanakan[®]** sales reached €31.9 million at the end of the first quarter of 2006, representing a growth of 6.1% compared with the first quarter of 2005. This good performance resulted from strong sales in the first quarter of 2006 in China and Eastern Europe, whereas in France, which represented 70% of the total product sales during this quarter, sales of Tanakan[®] grew by only 2.9% in a declining market.
- **Dysport[®]** sales totalled €26.9 million in the quarter ended 31st March 2006 compared with €19.3 million for the same period in 2005. This represents a growth of 39.1% (37.7% excluding foreign exchange impact). Strong sales were recorded during the first quarter of 2006 in the United Kingdom and Germany, as well as in Central and Eastern Europe. This was also the case in the Middle East and Latin America, in contrast with the first quarter of 2005 when sales had been particularly low.

- **Somatuline[®]** sales reached €21.8 million in the first quarter of 2006, up 11.7% (11.6% excluding foreign exchange impact) compared with €19.5 million a year ago. Sales growth in the quarter ended 31st March 2006 was negatively impacted by lower sales in the rest of the world, particularly in the Middle East, and in Italy where, however, the slow down experienced towards the end of 2005 in a context of distribution uncertainties relating to price changes appears now to have stopped.
- **Smecta[®]** sales grew 38.4% (33.2% excluding foreign exchange impact) compared with the same period a year ago to reach €21.3 million at the end of the first quarter of 2006. The product benefited from a major gastroenteritis epidemic in France as well as from strong sales dynamics in China.
- **Ginkor Fort[®]** sales – which occur principally in France – were €11.4 million, down 14.2% compared with the first quarter of 2005. Product sales were affected by the price reduction announced by the French Government at the end of 2005 and effective from 1st February 2006. It also seems that the reimbursement rate reduction effective 1st February 2006 created a certain confusion with respect to the reimbursement by the private insurance companies which, contrary to comparable cases previously experienced could lead to a reduction of volume sold. This would have to be confirmed within the next few months.
- **Forlax[®]** sales totalled €11.6 million at the end of the first quarter of 2006, growing 17.9% compared with the same period a year ago. Strong growth in China, France and Italy explains the product's performance.
- **Nisis[®] and Nisisco[®]** first quarter sales in 2006 were €11.0 million, up 10.9% compared with 2005's first quarter sales, in a highly competitive environment.
- **NutropinAq[®]** sales reached €2.9 million at the end of the first quarter of 2006, up 295.3% or €2.2 million compared with the same period in 2005, when sales were €0.7 million. The product has now been successfully launched in all major European markets and is entering its third year of commercialisation.
- With **Decapeptyl[®]**, **Dysport[®]** and **Somatuline[®]**, sales of Ipsen's peptide- or protein-based products rose 13.4% to €104.2 million, accounting for 49.2% of the Group's consolidated sales in the quarter ended 31st March 2006. That performance compares with sales of €91.9 million, representing 47.8% of the Group's total sales in the quarter ended 31st March 2005.

Sales by geographical region

For the quarters ended 31st March 2006 and 31st March 2005, the Group generated sales in the following geographical regions:

	31 st March 2006		31 st March 2005 pro forma		Variation 2006 / 2005	
	Amount	% of Sales	Amount	% of Sales	Amount	%
(in € thousands)						
- France	89,024	42.0%	86,672	45.1%	2,352	2.7%
- Spain	13,902	6.6%	13,801	7.2%	101	0.7%
- Italy	16,781	7.9%	15,682	8.2%	1,099	7.0%
- Germany	11,540	5.4%	9,411	4.9%	2,129	22.6%
- United Kingdom	7,753	3.7%	6,627	3.4%	1,126	17.0%
Major Western European countries	139,000	65.6%	132,193	68.8%	6,807	5.1%
Other European countries	44,889	21.2%	37,213	19.4%	7,676	20.6%
- Asia	17,775	8.4%	11,782	6.1%	5,993	50.9%
- Other countries in the rest of the world	10,147	4.8%	10,982	5.7%	-835	-7.6%
Rest of the world	27,922	13.2%	22,764	11.8%	5,158	22.7%
Total Sales	211,811	100.0%	192,170	100.0%	19,641	10.2%

- In the quarter ended 31st March 2006, sales generated in **major Western European countries** totalled €139.0 million, an increase of 5.1% over the first quarter of 2005. Growth was affected by price reductions in all countries except the United Kingdom and Germany, with an overall negative impact of €5.2 million compared with the same period in 2005, reducing sales growth by 4.0 percentage-points. The strong sales dynamics of the targeted products, particularly Dysport[®] and NutropinAq[®] notably in the United Kingdom and Germany, as well as strong sales of the gastro products in France explain this performance.
- **In other European countries**, sales for the first quarter of 2006 reached a total of €44.9 million, growing 20.6% compared with the quarter ended 31st March 2005, fuelled by strong sales in Eastern and Central Europe in the targeted therapeutic areas. Sales in Western European countries in this region remained solid, despite the impact of the 15.7% price reduction of Decapeptyl[®] in Belgium, implemented in 2005.
- **In the rest of the world**, sales advanced 22.7% (18.5% excluding foreign exchange impact) to €27.9 million in the first quarter of 2006. Sales were strong in Asia, particularly in China, both in the targeted disease areas and in primary care, whereas a good performance in sales of Dysport[®] in Latin America was offset by lower sales in some Middle East countries.