

Annual Shareholders' meeting

2 June 2006



Disclaimer



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Agenda

Mr Jean-Luc Bélingard
Chief Executive Officer



Agenda

- Board Composition
- Profile & Strategy
- Major developments in 2005
- Financials
- Presentation of Ipsen's S.A net income and its appropriation
- Outlook
- Presentation of the terms of office of the corporate mandates
- Chairman's report on corporate governance and internal control
- Statutory Auditors' report
- Question
- Presentation of the Resolutions and vote

Mr Jean-Luc Bélingard
Chief Executive officer

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Mrs Claire Giraut
Chief Financial Officer

Mme Claire Giraut
Chief Financial Officer

Mr Jean-Luc Bélingard
Chief Executive Officer

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Mrs Catherine Porta - KPMG
Mr Christophe Perrau – Deloitte & Associés

Mr Philippe D'Hoir - Fidal

Board Composition

Mr Jean-Luc Bélingard
Chief Executive Officer



Profile and strategy

Mr Jean-Luc Bélingard
Chief Executive Officer



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

More than 20 field proven products.

A longstanding presence in primary care in France

Gastroenterology, cognitive disorders and cardiovascular.

A clear strategic focus on fast-growing specialist care worldwide

Oncology, endocrinology and neuromuscular disorders.

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

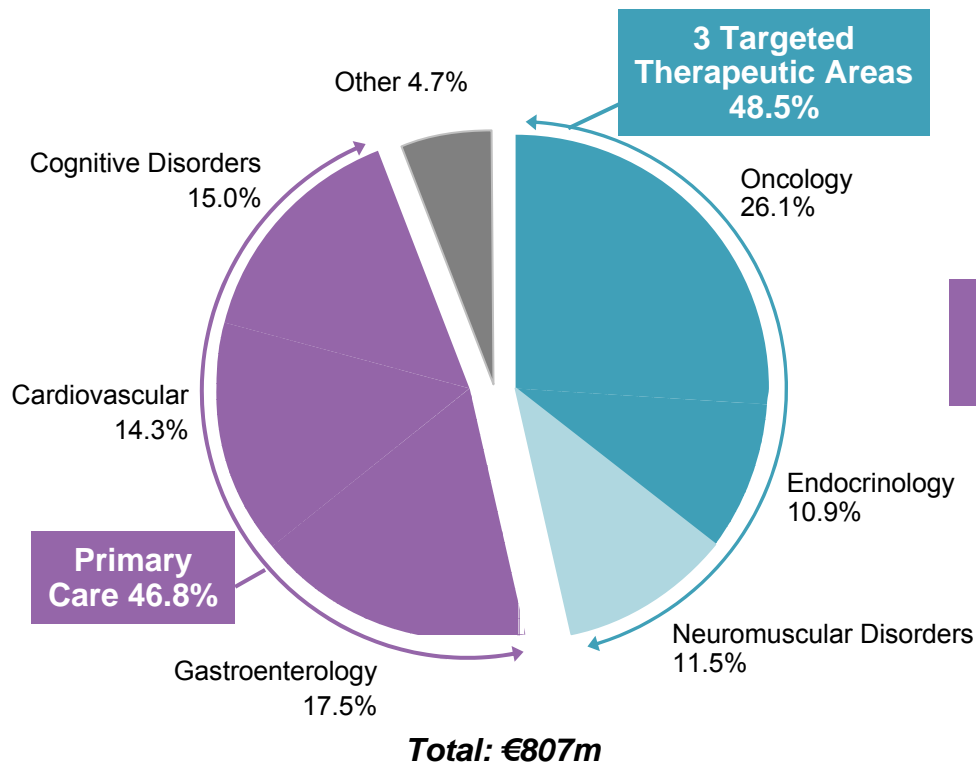
Alliances with international industry leaders in US, Europe and Japan and best-in-class universities around the world.

A strong management track-record

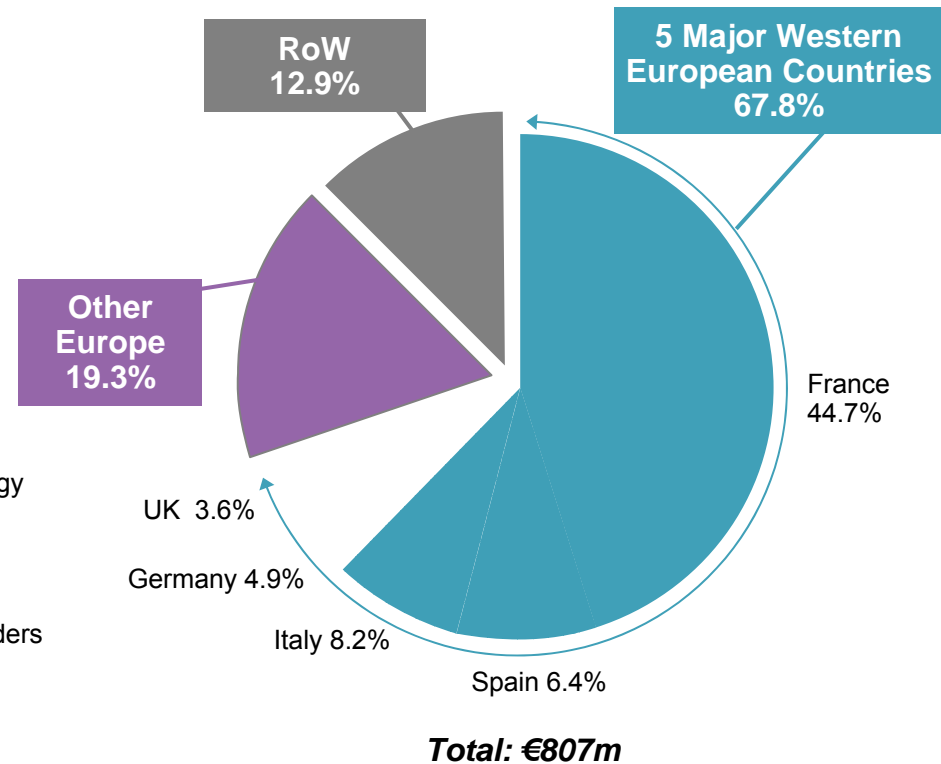
Experienced and international management.

A diversified and balanced portfolio of products

2005 Net Sales by Therapeutic Area



2005 Net Sales by Geographical Area



More than 20 field-proven marketed products in more than 100 countries

Note: IFRS pro forma figures

"Other" includes other miscellaneous products and other pharmaceutical ingredients

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 Targeted Therapeutic Areas 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 Development opportunities

① US expansion

② Strong R&D pipeline

③ Partnerships

Major developments in 2005

Mr Jean-Luc Bélingard
Chief Executive Officer

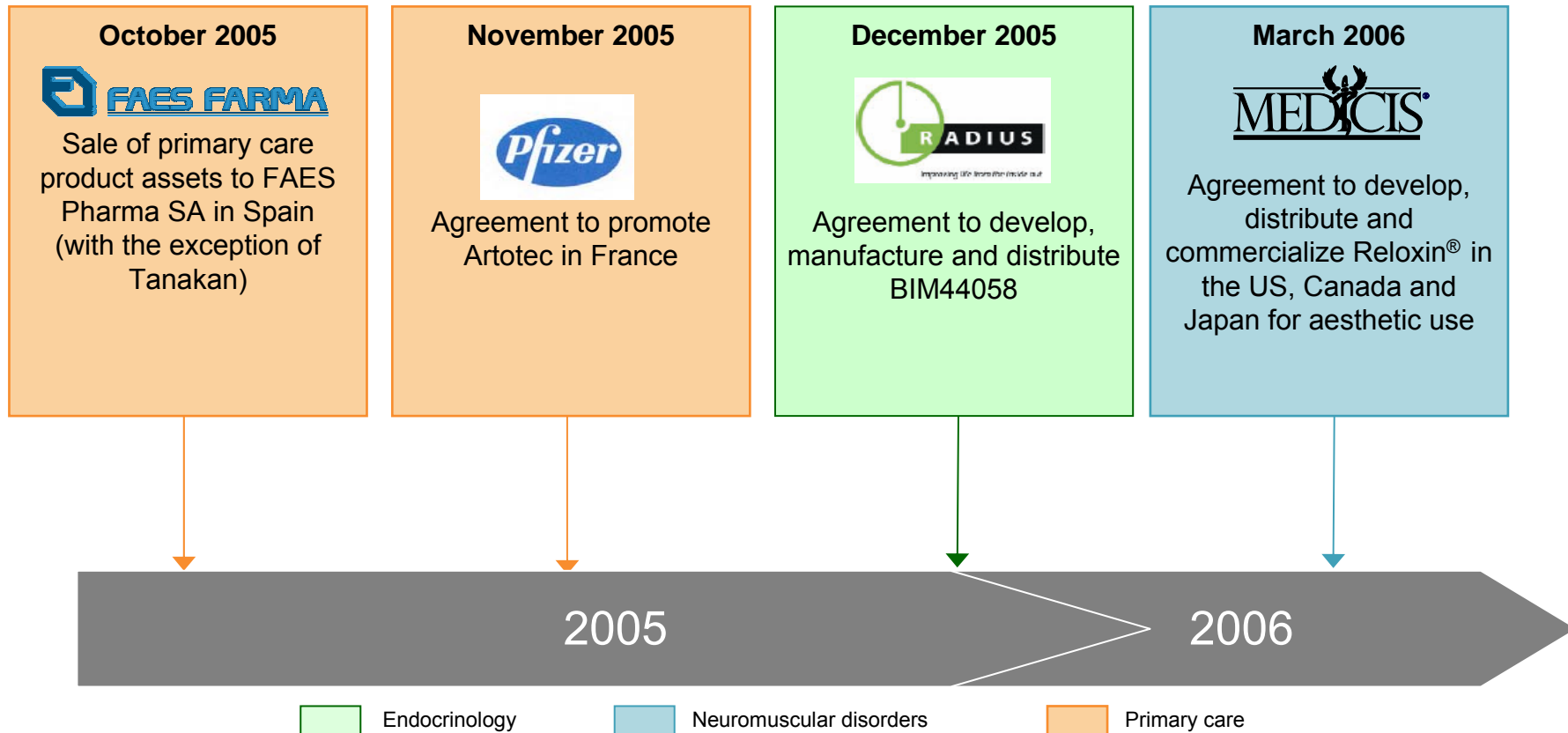


Major development : IPO



June 2005	<ul style="list-style-type: none">▪ Reorganisation of the Group's corporate structure▪ Debt refinancing
November 2005	<ul style="list-style-type: none">▪ Launch of the IPO process
6 December 2005	<ul style="list-style-type: none">▪ IPO price set at €22.20 per share.▪ Public offering of 9,088,193 new shares and 6,900,000 existing shares
January 2006	<ul style="list-style-type: none">▪ Launch of the share buy-back programme▪ Liquidity contract

Major development: partnerships



Major development : Government measures

- European Governments continued to roll-out measures aimed at reducing healthcare spending, impacting the Group's sales and earnings in 2005

- Negative impact of price reductions on Ipsen's revenues in 2005: -€8.2 millions.

- Examples of Government measures to be taken in 2006:

- France

- The sales tax on pharmaceutical laboratories was increased to 1,76% (vs 0,6% en 2005).
- Bedelix®: withdrawn from the list of reimbursable drugs.
- Ginkor Fort®: price down 15% and reimbursement rate of veinotonic class drugs cut to 15% (starting from 1/02/06).

- Italy

- 4,4% price reduction for all pharmaceutical products reimbursable under the national healthcare plan along with an additional 1% discount on sales to wholesalers.

Share price evolution since IPO

Fact sheet and Evolution

Listed:
« Compartment A »
Eurolist by Euronext™ market

Nominale Value:
€1,00

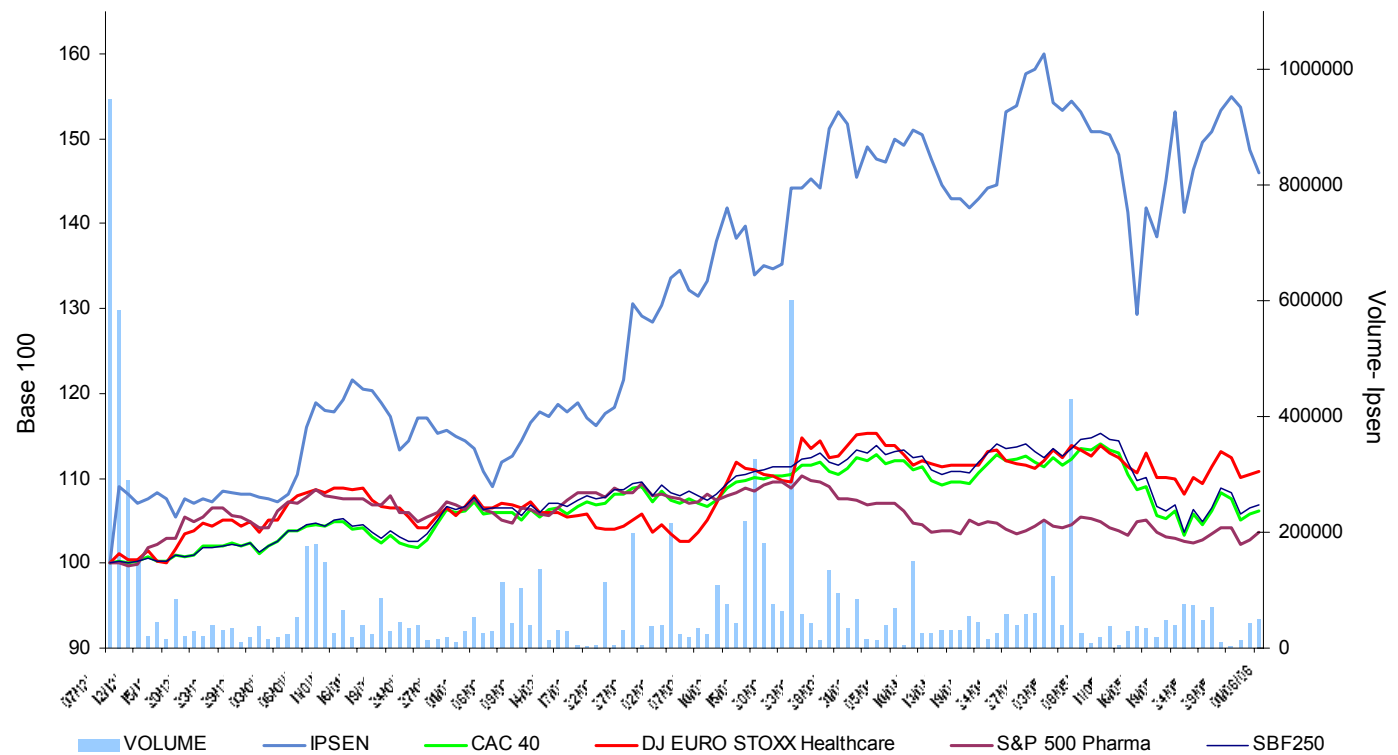
**IPO Price
(6 December 2006):**
€22,20

Share price as of 1st June 2006:
€32,39

Evolution:
+46%
from 6 December 2005 to 1st June 2006

Number of oustantding shares:
84 024 683

Share Price Evolution vs Indices



Source: Bloomberg

Financial Statement

Mrs Claire Giraut
Chief Financial Officer



Key figures



In €m

2004

2005

Growth %
2005/04

Sales	751.5	807.1	+ 7.4%
EBITDA	194.5	214.9	+10.5%
<i>% of Sales</i>	25.9%	26.6%	
EBIT	156.5	185.3	+18.4%
<i>% of Sales</i>	20.8%	23.0%	
Net Income (Group share)	117.6	148.6	+26.4%
<i>% of Sales</i>	15.7%	18.4%	
EPS ⁽¹⁾ (€) (Diluted)	2.01	2.20	+9.5%

IFRS, pro forma,

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

2005 results: profitable growth

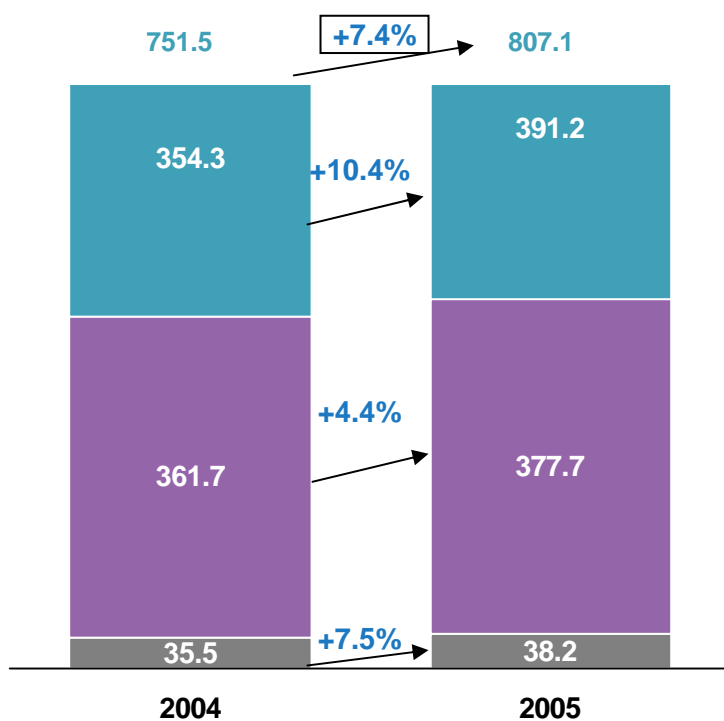
In €m	2004	2005	2004-2005 Change	Key Highlights
Sales	751.5	807.1	+7.4%	Dynamic sales growth (+7.4%)
Other Revenues	63.3	80.7	+27.6%	Increase in other revenues: <ul style="list-style-type: none"> Strong royalties (Kogenate – in 2005 42M€, +38% compared with 2004) Milestones from alliances
Total Revenues	814.8	887.9	+9.0%	Improved COGS ratio
COGS	(165.7)	(171.0)	+3.3%	Strong increase of R&D costs
Research & Development Expenses	(143.2)	(169.0)	+18.0%	Increase in G&A
SG&A	(330.4)	(364.1)	+10.2%	+18.4% improvement in operating income <ul style="list-style-type: none"> No restructuring costs or loss of value in 2005 “Recurring” operating income increased by 6.7% in 2005
Restructuring, impairment losses and Other	(19.1)	1.7		
Operating Income	156.5	185.3	+18.4%	Effective tax rate at 19.1% due to: <ul style="list-style-type: none"> Non recurring Recognition tax loss carry forwards Favorable tax rate on milestones income, Research tax credits in several countries Recurring effective tax rate 24% in 2005
<i>As a % of Sales</i>	<i>20.8%</i>	<i>23.0%</i>		
Financial Result	(9.3)	(6.6)		
Income Tax	(42.0)	(34.2)		
<i>Effective Tax Rate</i>	<i>28.6%</i>	<i>19.1%</i>		
Net Income from Continuing Operations	105.2	144.6	+37.5%	Discontinued operations: After tax impact of divesting GP business in Spain
Discontinued Operations	12.7	4.4		
Net Profit – Group Share ⁽¹⁾	117.6	148.6	+26.4%	
<i>As a % of Sales</i>	<i>15.7%</i>	<i>18.4%</i>		

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

(1) Excludes €0.4m of minority interests in 2005 and 0.3m in 2004

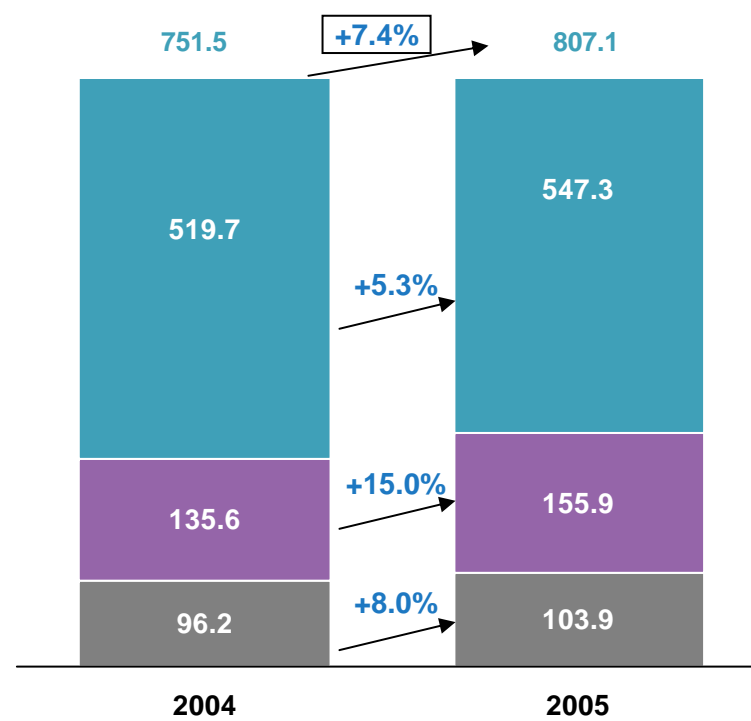
Profitable growth driven by specialist products and international markets

Net sales as of Dec 2005 by therapeutic area



- Targeted Therapeutic Areas
- Primary Care
- Other

Net sales as of Dec 2005 by geographic area



- Main Western European Countries
- Rest of Europe
- Rest of World

Note: IFRS, proforma, 2004 adjusted to exclude disposed Spain GP business from continuing operations

A healthy balance sheet and reinforced financial flexibility

	Assets (€m)			Liabilities and Shareholders' Equity (€m)	
	31-Dec-04	31-Dec-05		31-Dec-04	31-Dec-05
Goodwill	188.8	188.8	Shareholders' Equity	313.8	619.8
Tangible Assets	177.8	187.8	Minority Interests	1.2	1.3
Intangible Assets	35.2	39.8	Long-Term Financial Debt	227.5	53.3
Other fixed Assets	13.5	18.4	Other non current liabilities	18.8	17.6
Total non-current Assets	415.3	434.8	Short-Term Financial Debt	12.6	10.3
Total Current Assets	361.0	495.0	Other current Liabilities	202.4	226.1
<i>Incl. Cash and Equivalents</i>	94.3	202.0	Liabilities associated with current asset held for sale		14.1
Non-current assets held for sale		12.7			
Total Assets	776.3	942.5	Total Liabilities	776.3	942.5
			Net (debt) / cash	(145.8)	138.8

IFRS, pro forma

Solid and recurring cash-flow generation

(in M€)	2004	2005
Cash Flow before change in working capital needs	145.7	173.0
Change in working capital needs	(21.0)	3.9
Net cash provided by operating activities	124.7	176.9
Capex	(63.4)	(44.4)
Financial Capex and Changes in perimeter	(47.4)	
Other	8.3	(8.3)
Net cash used by investing activities	(102.5)	(52.7)
Change in debt	79.0	(180.0)
Dividends paid	(91.9)	(29.3)
Capital Increase		191.8
Other	1.0	(1.5)
Net cash used by financing activities	(11.9)	(19.0)
Impact of discontinued operations	0	12.0
Change in cash and cash equivalent	10.3	117.2
Net Financial (Debt) / Cash	(145.8)	138.8

■ Improvement of net income

■ Increase of Milestones received and not yet recognized, decrease of tax liabilities, changes in inventories and receivables offset by increase of payables

■ Of which 6,1M€ new laboratory in Wrexham (UK)

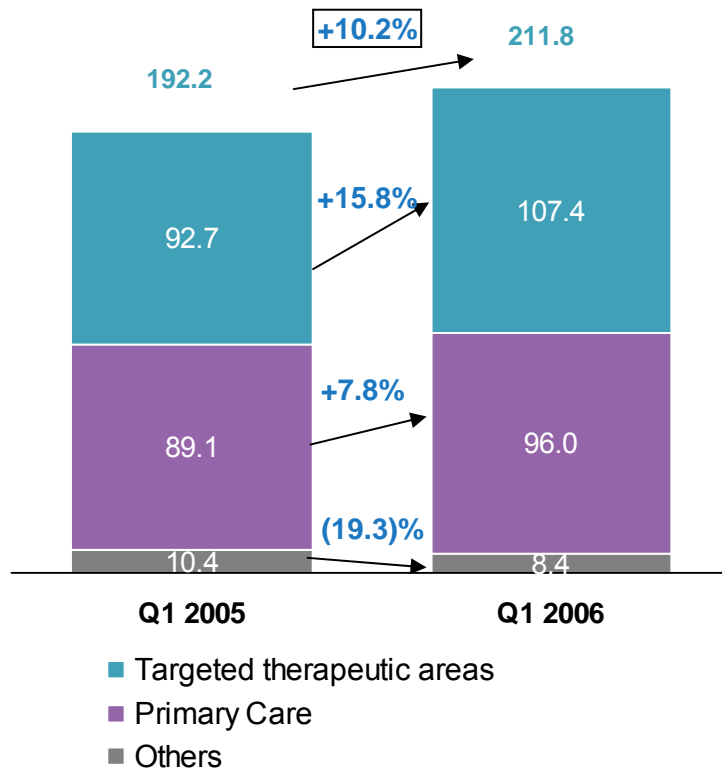
■ Long term facilities remain available. €275.6m

■ Proceeds from the IPO, net of expenses

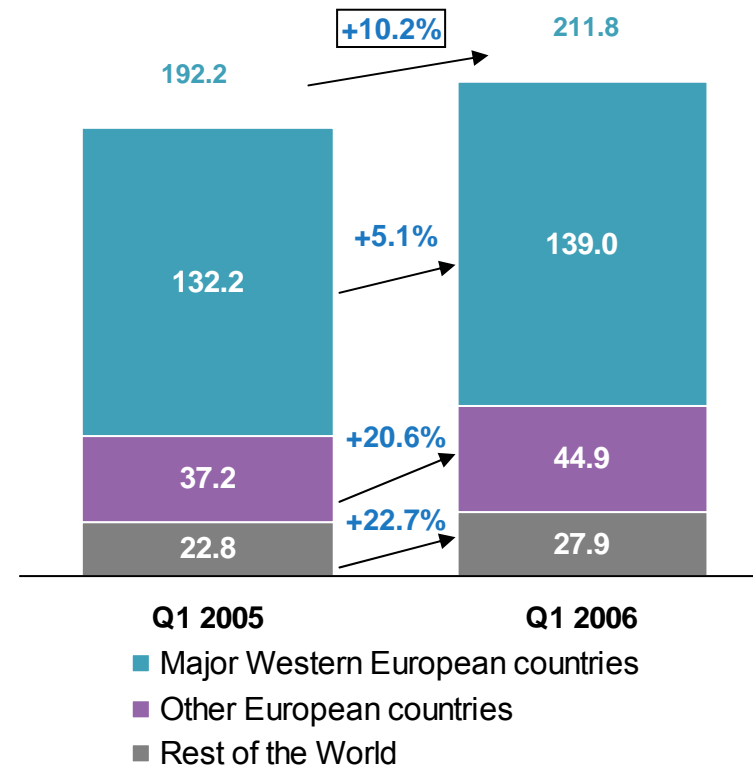
■ Proceeds from disposal of GP business in Spain

Update: First quarter 2006 sales

Net sales by therapeutic area



Net sales by geographic area



Presentation of Ipsen S.A.'s net income and its appropriation

Mrs Claire Giraut
Chief Financial Officer



Appropriation of net income suggested to the shareholders



- **Net profit :** €67,565,216,00
- **Dividend :** €50,414,809.80 euros, i.e. €0.60 per share
- **Other reserves :** €17,150,406.20
- **Dividend payable** on 2 June 2006 after the Annual Shareholder's meeting

Outlook

Mr Jean-Luc Bélingard
Chief Executive Officer



Ipsen: positioned for profitable growth

<p>Balanced and robust portfolio</p>	<ul style="list-style-type: none"> ▪ Sound business platform of primary care products ▪ Strong focus on rapidly growing specialist care products
<p>International reach</p>	<ul style="list-style-type: none"> ▪ Strong pan European presence ▪ Rapidly growing business in Asia and Latin America ▪ US expansion: the strategic priority
<p>Differentiating R&D</p>	<ul style="list-style-type: none"> ▪ Differentiating and focused R&D capability on (i) hormone-dependent diseases, (ii) peptide and protein engineering and (iii) innovative delivery systems
<p>Proactive partnership strategy</p>	<ul style="list-style-type: none"> ▪ R&D ▪ Commercial
<p>Solid financial structure</p>	<ul style="list-style-type: none"> ▪ Profitable growth ▪ Strong recurring cash flow generation

Key drivers of future performance

DEVELOP specialist care product portfolio	<ul style="list-style-type: none">▪ Expansion into US▪ Active life cycle management
OPTIMISE primary care products	<ul style="list-style-type: none">▪ Selective investment▪ Leverage existing sales force infrastructure
MAXIMISE value of R&D pipeline	<ul style="list-style-type: none">▪ Focused development▪ Synergistic partnerships
ENHANCE product portfolio and geographical reach	<ul style="list-style-type: none">▪ New products / new indications▪ Continue to seek new alliances▪ Continue to seek acquisition opportunities

Financial objectives

Key Assumptions	<ul style="list-style-type: none"> ▪ Objectives include impacts of recent announcements by French authorities : <ul style="list-style-type: none"> - Increase of tax on sales, and impact of contractual rebates (« Convention ») - 15% price decrease on Ginkor Fort® and its delisting in 2008 ▪ No further assumptions have been taken on future price decreases or delisting in France
Sales	<ul style="list-style-type: none"> ▪ 2005-2007: average annual organic growth objective of 6.5 to 7.5% ▪ 2005-2008: average annual growth objective of 6.5 to 7.5% maintained, despite delisting of Ginkor Fort as of January 1st 2008
Operating Income	<ul style="list-style-type: none"> ▪ 2006: <ul style="list-style-type: none"> - One-off, non recurring payment of USD10 million to Inamed to recover all rights to Reloxin® fully expensed in 2006 - Excluding this one-off negative impact, maintain our objective to limit the decrease in operating income margin to 100 bps compared to 2005 (due to recent announcements by the French authorities) ▪ 2007-2008: <ul style="list-style-type: none"> - objective to gradually restore operating income margin back to 2005 level in 2008
Capex	<ul style="list-style-type: none"> ▪ Capex <ul style="list-style-type: none"> - 2005-2008: run-rate capex objective of ~€30 to 35m per year - 2006-2008: additional capex of €70 to 80m may be required
Dividend	<ul style="list-style-type: none"> ▪ Dividend payout target of around 30% depending on performance

Presentation of the terms of office of the corporate mandates

Mr Jean-Luc Bélingard
Chief Executive Officer



Directors



- Appointment as Director of Mr Gérard hauser in replacement of Mr Egdard Taureau



Gérard Hauser

Chairman's report on corporate governance and internal control

Mr Jean-Luc Bélingard
Chief Executive Officer



Reports on consolidated financial Statement and of the parent company

Auditors



Report on the President's report on internal control

Auditors



Report on the regulated conventions

Auditors



Questions



Presentation of the Resolutions

Mr Philippe d'Hoir
Lawyer, Fidal



First resolution (Ordinary)



Financial Statement of the parent company's approval

- Board of Directors report
- Report of the Chairman of the Board
- Statutory Auditors' report

- Approval of the Financial Statements for the year ended 31 December, 2005 showing a profit of 65,565,216 euros

Second resolution (Ordinary)



Consolidated financial statements' approval

- Board of Directors report
- Statutory Auditors' report

- Approval of the Financial Statement for the year ended 31 December 2005 showing a profit of 148,637,902 euros

Third resolution (Ordinary)



Approval of the Regulated conventions

- Special Statutory Auditors' report
- Approval of the mentioned agreements

Fourth resolution (Ordinary)



Appropriation of net income

Net profit:	€67,565,216.00
Dividend :	€50,414,809.80 (€0.60 per share)
Others reserves :	€17,150,406.20

Dividend payable on 2 June 2006 after the General Shareholders' Meeting

Fifth resolution (Ordinary)



Directors

- Appointment of Mr Gérard hauser in replacement of Mr Egdard Taureau



Gérard Hauser

Sixth resolution (Ordinary)



Ratification of the regulated agreement

- Special Statutory Auditor's Report
- Chairman's Pension plan and Termination benefits

Seventh resolution (Ordinary)



Share buy-back programme

- Objectives:
 - Liquidity contract
 - External growth
 - Cover for employee shareholding
 - Cover for securities granting entitlement to the attribution of company shares
 - Cancellation of shares acquired

- Limit: 10%, of share capital
i.e 8,402,468 shares
- Maximum purchase price: €50
- Maximum amount: €420,123,400
- Period : 18 months

Heighth resolution (Extraordinary)



Modification of the company's articles of incorporation

- Deletion of the suspensive condition of the Company's shares being admitted to trading on a regulated market or any reference to representation of the Board of Directors by the Chairman
- Modifications of the company's articles 9, 10.2, 10.3, 16.1 and 24

Nineth resolution (Extraordinary)



Authorization to reduce the share capital in the framework of the share buy-back program

- *Board of Directors report*
- *Statutory Auditors report*

- Reduction of the capital within the limit of 10%

- Period : 24 mois

Tenth resolution (Extraordinary)



Authorisation to grant stock options

- *Board's report*
- *Statutory's Auditors' report*

- Grant of new and/or existing shares
- To be granted to eligible employees or corporate representatives of the company, of the subsidiaries and affiliates of the group, or to a certain number of them
- Within the limit of a number of shares of a maximum nominal value of €1,871,000
- Period : 38 months

Eleventh resolution (Extraordinary)



Authorization to increase the share capital reserved to the holders of a corporate savings scheme

- *Board of Directors Report*
- *Statutory Auditors Report*

- Issue of share by capital contribution

- Maximum increase of authorised capital : €500 000

- Period : 26 months

Twelfth resolution (Extraordinary)



Grant of full powers to the bearer of a copy of or extract from these minutes to accomplish all the registration and advertising formalities required by law

Annual Shareholders' meeting

2 June 2006

