IPSEN
Innovation for patient care

First Half 2006 results

Disclaimer

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Ipsen at a glance

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). ▪ Market capitalisation (as of July 17, 2006): €2.6 bn
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 Group sales ▪ Gastroenterology, cognitive disorders and cardiovascular.
A diversified and balanced portfolio of products with more than 20 field proven products — **A clear strategic focus on fast-growing specialist care worldwide**	▪ 49% of Group 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.

Note: Figures are IFRS, Proforma

Agenda

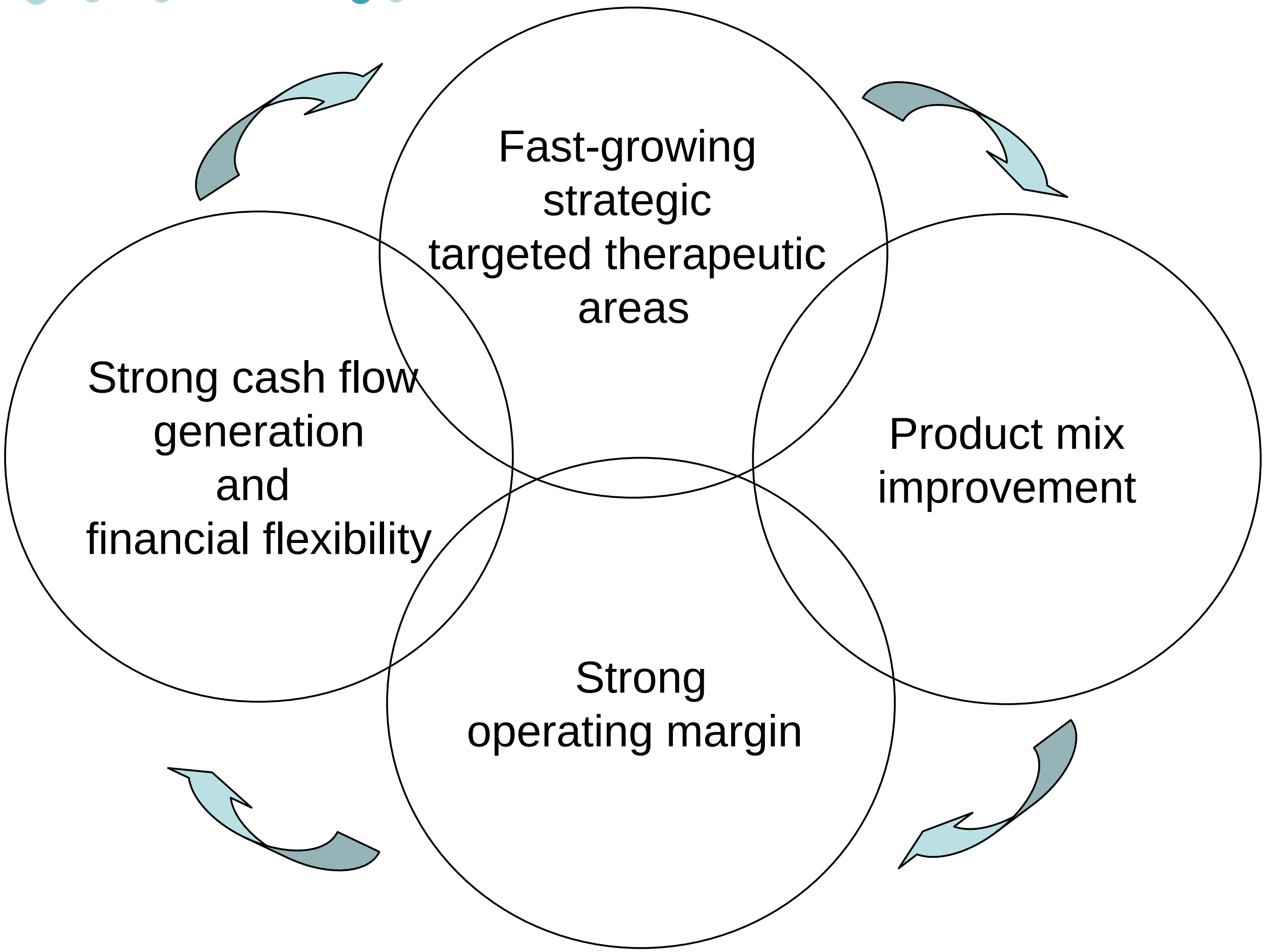
I. Today's key take-aways

II. Year-to-date major achievements

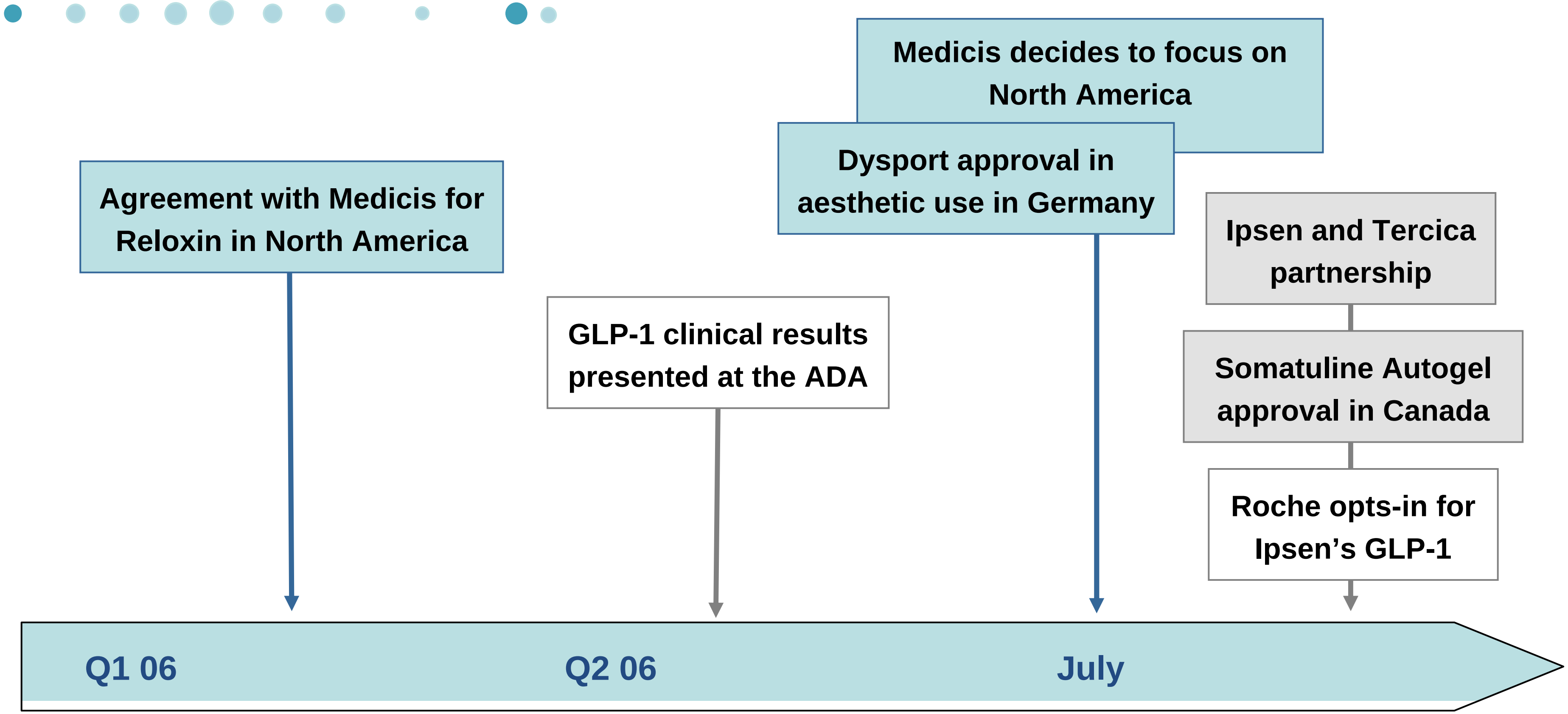
III. Detailed financials

IV. Outlook

Today's key take-aways



Year-to-date major achievements

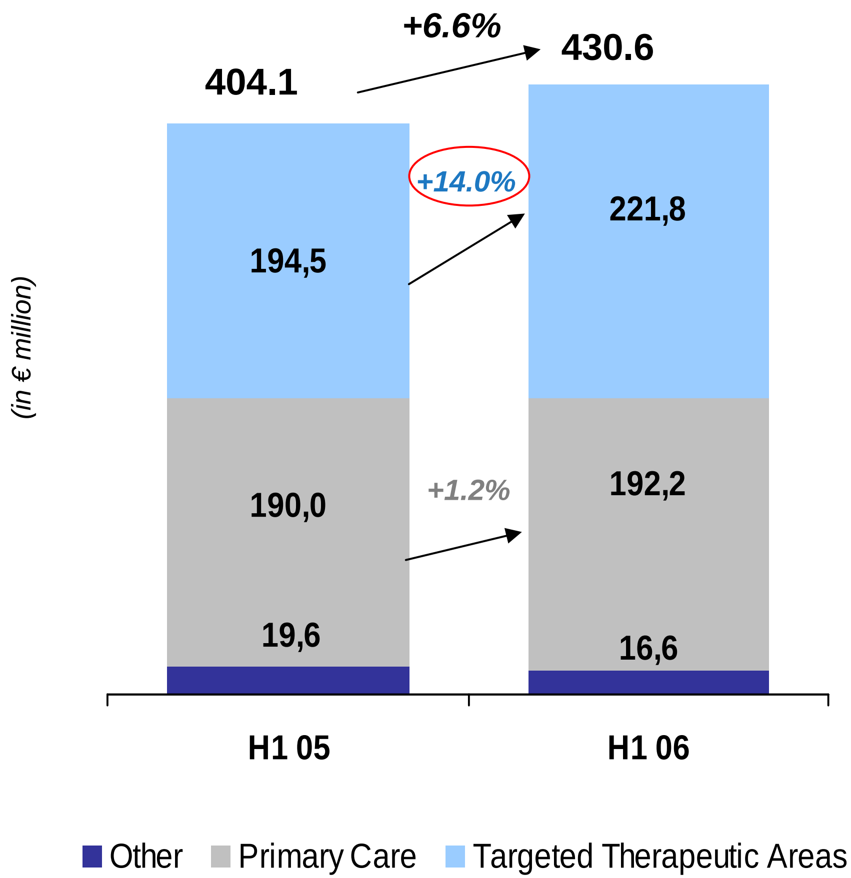


Driving Ipsen's expansion geographically and product-wise

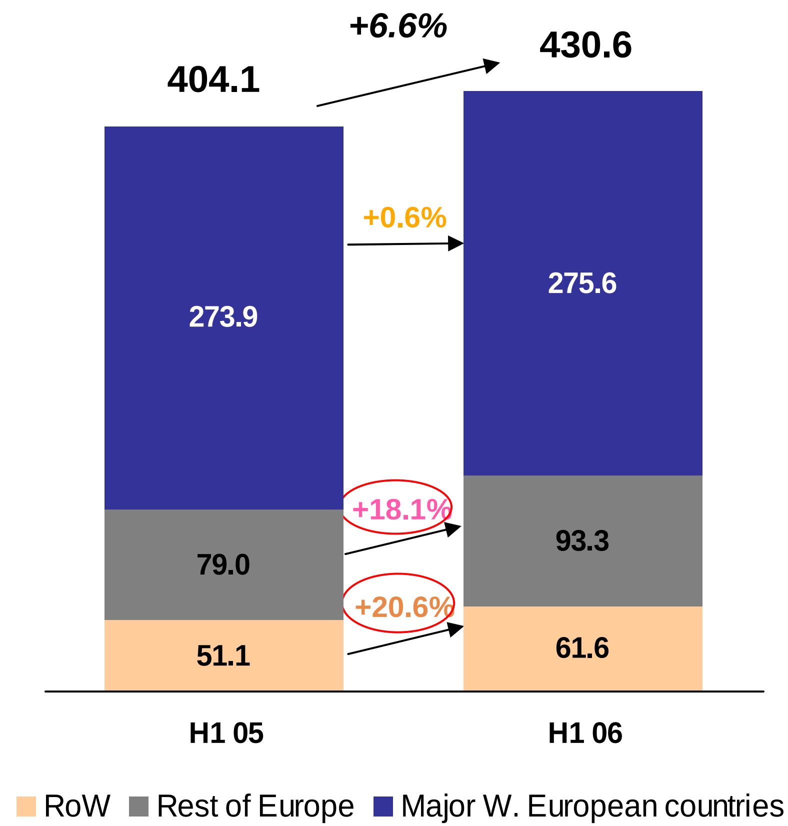
Detailed Financials

Targeted Therapeutic Areas and International markets drive our expansion

H1 06 and H1 05 sales by therapeutic area



H1 06 and H1 05 sales by geographical area



IFRS, H1-2005 pro forma

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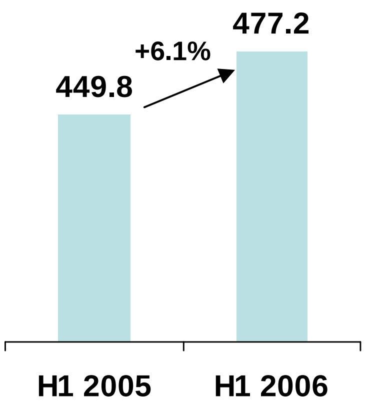
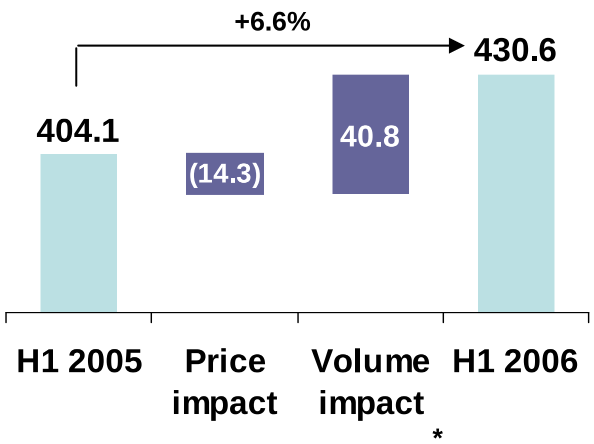
Results highlights

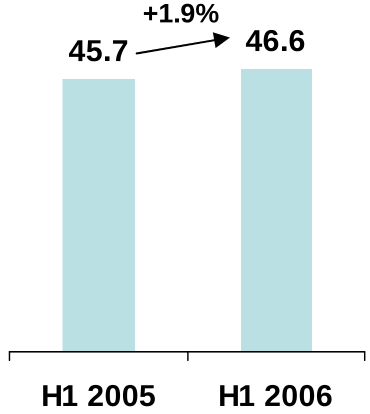
Total revenues



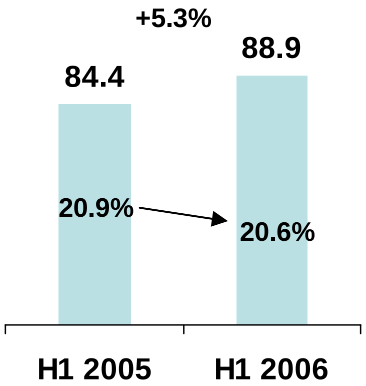
Sales



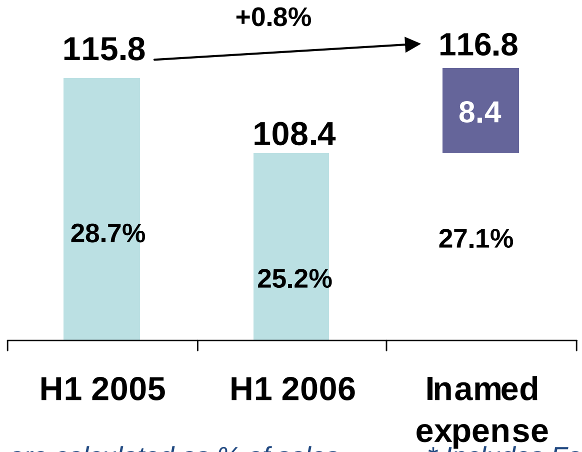
Other revenues



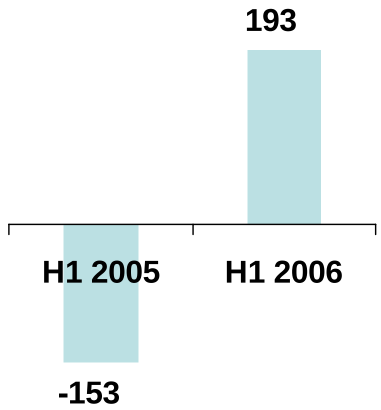
COGS



reported and adjusted EBIT



Net cash / (debt)



NOTE: margins are calculated as % of sales

IFRS, H1-2005 pro forma

** Includes Forex impact*

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P&L highlights

In € m	H1- 2006	H1-2005	% chge
Sales	**430.6**	**404.1**	+6.6%
Other revenues	46.6	45.7	+1.9%
Total revenues	**477.2**	**449.8**	+6.1%
COGS	(88.9)	(84.4)	+5.3%
R&D	(83.8)	(75.6)	+10.9%
SG&A	(188.0)	(174.2)	+7.9%
Other income and expenses & restructuring costs	(8.1)	0.2	n.m.
Operating profit	108.4	115.8	(6.4)%
*EBIT margin (as a % of total **sales**)*	*25.2%*	*28.7%*	
Adjusted operating profit	**116.8**	**115.8**	**+0.8%**
Adjusted EBIT Margin (as a % of total sales)	***27.1%***	***28.7%***	
Financial result	0.4	(4.6)	n.m.
Income tax	(20.3)	(22.3)	(8.9)%
Net profit from continuing operations	**88.4**	**88.9**	n.m.
Consolidated profit	**88.5**	**89.6**	(1.2%)
Attributable to Ipsen' shareholders	88.1	89.4	

- Other revenues:
  - Lower Kogenate royalties (€20.2m vs. €21.1 m LY)
  - Milestones from Medicis for Reloxin
  - Includes €10 million revenue from a research contract termination
- Improved COGS ratio
- Significant increase in R&D costs
  - acceleration of BIM51077 program
  - FDA inspection preparation
- Increase in SG&A
  - payment of royalties to third parties sales taxes in France
  - Listing requirements
- Other income includes one-off payment of €8.4 m to Inamed: ca. 2 points impact on EBIT margin
- Improvement in financial result due to improved cash situation
- Effective tax rate at 18.7% mainly due to tax loss carry forwards (recurring tax rate: 25%)

IFRS, H1-2005 pro forma

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Focus on “other revenues”: backlog of revenues

Milestones cashed-in before June 30, 2006 not yet recognized as revenues

(in € million)	**30 June 06**	30 June 05
Total milestones cashed-in:	**94.3**	5.0
Recognized in time as revenues as follows:		
H2 of year N	**4.0**	2.4
FY of year N+1	**8.0**	1.1
FY N+2 and beyond	**82.3**	1.5

Milestones cashed-in after June 30, 2006

(in € million)	
Total milestones cashed-in:	**73.6**
Recognized in time as revenues as follows:	
H2 2006	**2.6**
FY 2007	**5.5**
FY 2008 and beyond	**65.5**

Balance sheet highlights

Assets (€m)

	30-Jun-06	31-Dec-05
Goodwill	**188.8**	**188.8**
Tangible Assets	**186.1**	**187.8**
Intangible Assets	**38.9**	**39.8**
Other fixed Assets	**55.4**	**18.4**
Total non-current Assets	469.2	434.8
Total Current Assets	556.0	495.0
Incl. Cash and Equivalents	***226.2***	***202.0***
Non-current assets held for sale	**6.1**	**12.7**
Total Assets	1,031.3	942.5

Liabilities and Shareholders' Equity (€m)

	30-jun-06	31-Dec-05
Shareholders' Equity	**672.7**	**619.8**
Minority Interests	**1.5**	**1.3**
Long-Term Financial Debt	**22.9**	**53.3**
Other non current liabilities	**106.6**	**17.6**
Short-Term Financial Debt	**8.6**	**8.8**
Other current Liabilities	**209.6**	**227.6**
Liabilities associated with current asset held for sale	**9.4**	**14.1**
Total Liabilities	1,031.3	942.5
Net (debt) / cash	193.3	138.8

IFRS, pro forma

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Cash-flow highlights

In € m	H1- 2006	H1-2005
- Cash flow before variation in WCR	89.6	98.3
- (Increase) decrease in WCR	40.6	(35.8)
Net cash flow generated by operating activities	130.2	62.5
Net cash flow used in investment activities	(25.2)	(29.7)
Net cash flow used in financing activities	(82.4)	(88.4)
Net cash flow provided by discontinued activities	1.6	-
Increase (decrease) in cash flow	**24.2**	**(55.6)**
Cash and cash equivalent, beginning of year	**200.6**	**92.8**
Impact of *pro forma* treatment	-	(5.6)
Impact of foreign exchange variations	-	0.1
Cash and cash equivalent, end of period	**224.8**	**31.7**

- Notably the collection of payments received from Medicis not yet recognised as revenues
- Decrease of OAL
- Increase in inventories and trade receivables
- Tax payable increased resulting from the Medicis payment and by the balance of tax payable related to Group affiliates in France
- Capital expenditures required to maintain the Group’s industrial facilities
- Following payments by Medicis, €31.1 million have been reimbursed on Group’s credit facilities, therefore reducing utilization to €6.6 million.
- Dividend payment for €50.4 million (vs. €29.3 million in 2005)

IFRS, H1-2005 pro forma

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Outlook

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Full year 2006 objectives

	Objectives FY06	Actuals FY05
Sales	6.5 to 7.5% growth	+7.4%
Reported EBIT	21.5 to 22.0% (1) (of sales)	23.0% (of sales)

2006 annual objectives maintained

NOTE 1: Including the negative impact of a non-recurring expense of €8.4 million paid in the first half of 2006 to Inamed and excluding any loss from associates from Tercica

Today, most of the building blocks are in place to further accelerate Ipsen's growth beyond 2006

Roche opt-in
for
GLP-1 analogue

First marketing approval
ever of an Ipsen product in N.Am.
with Somatuline® Autogel® in Canada
+
Approval of Dysport® in aesthetic in Germany

Product portfolio extension with Increlex® in Europe
+
Platform to commercialise Somatuline® Autogel® in the US

Strategic partnership in the US with Tercica in endocrinology
+
Partnership in the US with Medicis in aesthetic medicine

Potentially, a
company transforming
partnership

Enhanced overall
market coverage

US entry

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