

Full year 2006 results

March 19, 2007



Disclaimer

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An innovation driven International Specialty Pharma Group

A world-class Group

- > 100 countries. c.4,000 employees, founded in 1929.
- 2006 Sales: €862 m. 2006 operating income: €187 m
- Market capitalisation (as of March 1, 2007): ~€2.8 bn

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

A longstanding presence in primary care in France

A clear strategic focus on fast-growing specialist care worldwide

- 47% of 2005 Group sales, 45% in 2006
- Gastroenterology, cognitive disorders and cardiovascular.

- 49% of 2005 Group sales, 52% in 2006
- Targeted Therapeutic areas:
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, 2006 R&D expense: 20.7% 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 market leader in our Targeted Therapeutic Areas

Decapeptyl®

- GnRH analogue - 3 months formulation – longer Sustained Release Formulations (“SRF”) under development
- **n° 1 or n° 2 in most Ipsen markets**
- Long lasting relationships with target audiences and EU urology organisations
- Main competitors: Enantone (Takeda), Zoladex (Astra-Zeneca)

Somatuline®

- Somatostatin analogue
- Specific know-how of Ipsen in innovative SRF with the Autogel presentation: 28-days and over SRFs
- **n° 1 or n° 2 in most Ipsen markets**
- Main competitors: Sandostatin (Novartis)

Dysport®

- Botulinum Toxin of Type A
- Efficient and field proven product (launched in 1991), an attractive alternative to the market leader
- **n° 1 or n° 2 in most Ipsen markets**
- Challenger of Botox® (Allergan)

2006 results highlights

Jean-Luc Bélingard
Chairman & Chief Executive Officer

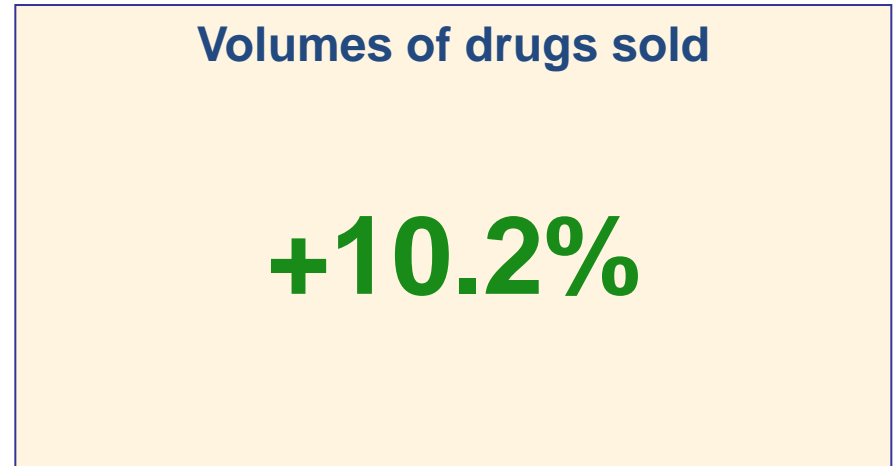


Financial objectives exceeded

	2006 objectives	2006 actuals	
Sales	6.5 to 7.5% growth	+6.8%	In line
Reported operating margin	21.5 to 22.0% ⁽¹⁾ (in % of sales)	21.7%	In line
Recurring operating margin	23.7% (excluding the negative impact of a non-recurring payment of €8.4 million to Inamed and a €7.3 million impairment charge relating to Testim®.)		Exceeded

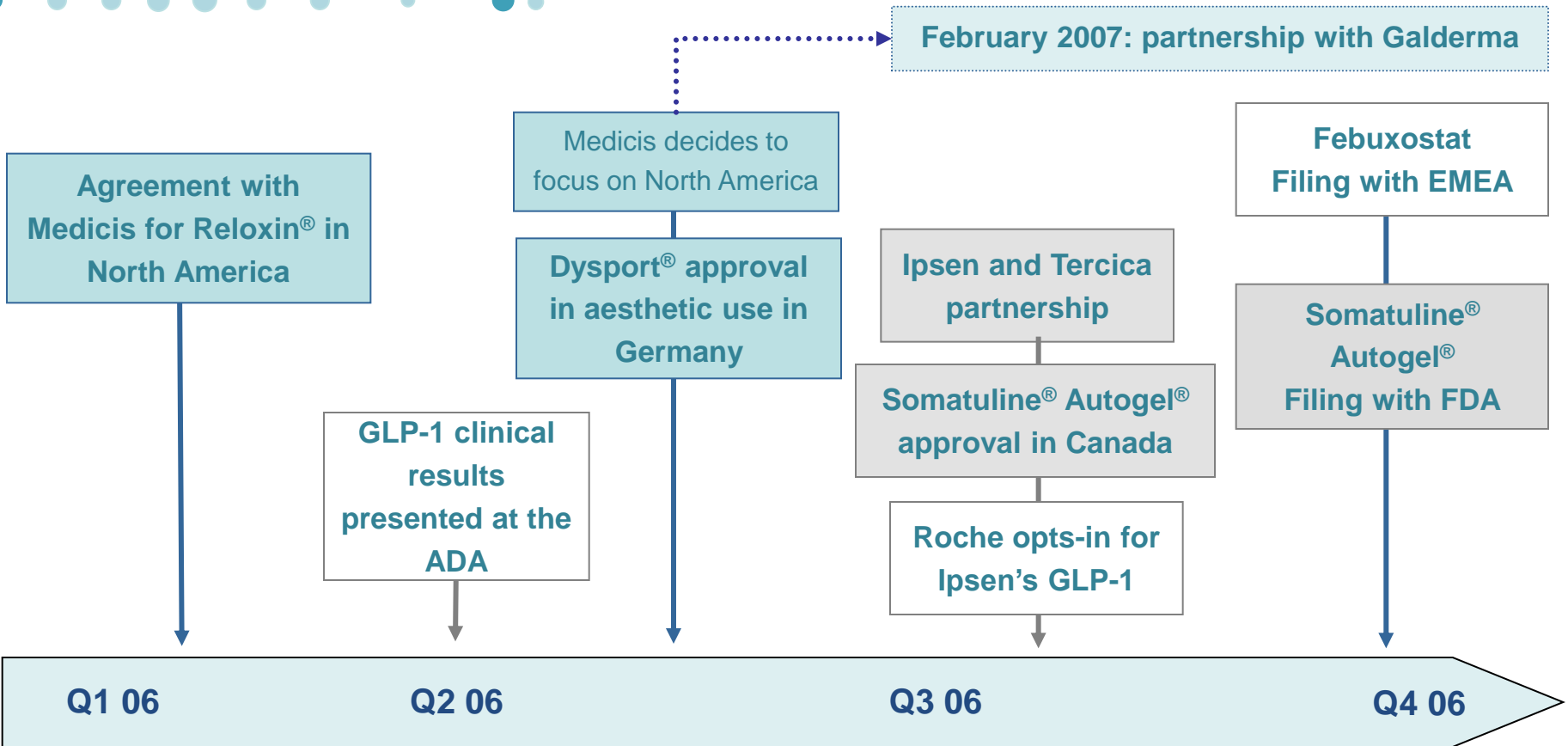
NOTE 1: Including the negative impact of a non-recurring expense of €8.4 million paid in the first half of 2006 to Inamed and excluding any loss from associates from Tercica

A good performance despite a challenging environment



2006/2005 growth rates

A significantly reshaped profile



Driving Ipsen's expansion geographically and product-wise

A rigorous execution of our strategy

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

Partnership with Tercica for **Increlex™** in Europe

Partnership with GTx Inc for **Acapoden®** in Europe

Partnership with MSD for **Adrovanse™** in France

Partnership with Tercica in endocrinology in **North America**

Partnership with Medicis for Reloxin® in **North America**

2006 results highlights

Claire Giraut
Chief Financial Officer

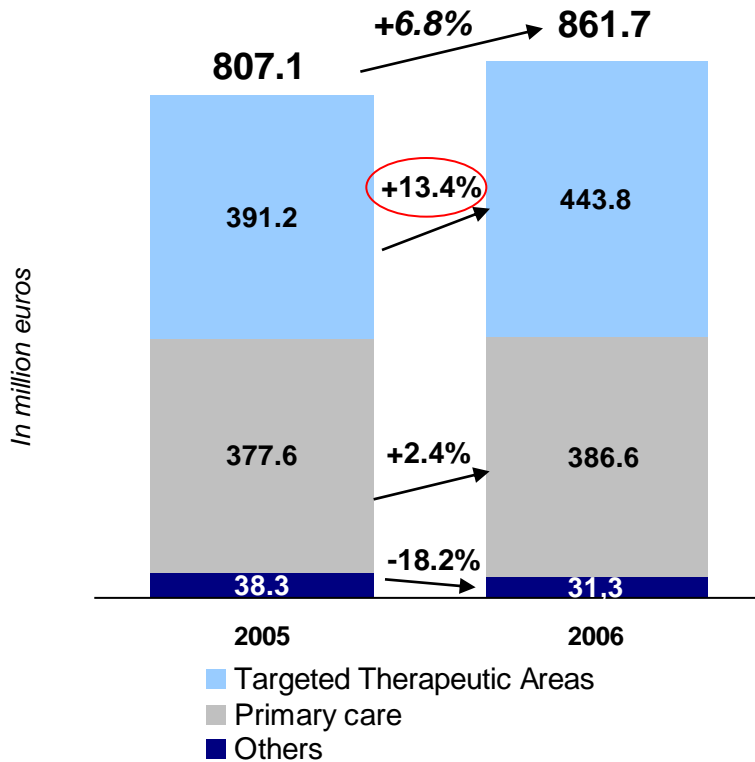


2006 P&L

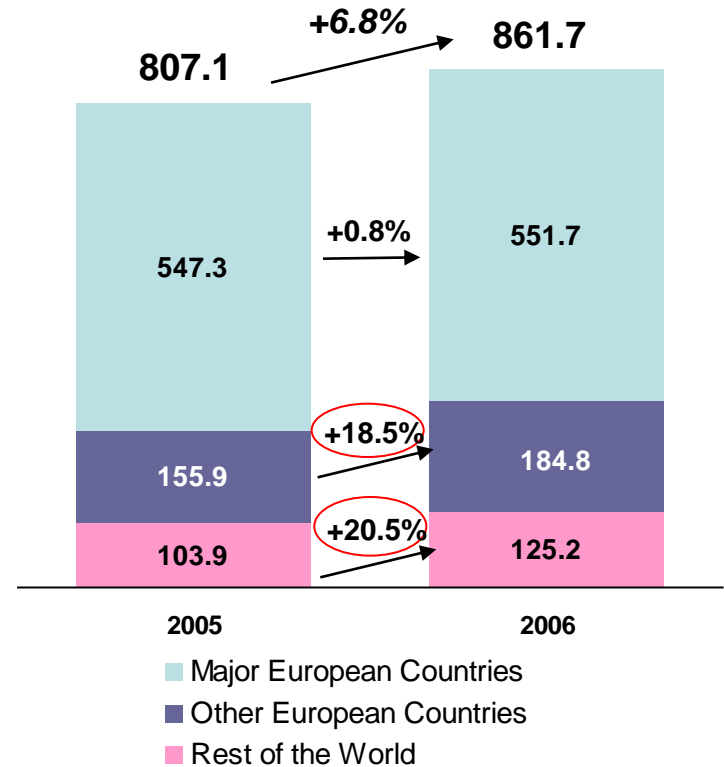
<i>in million euros</i>	2005 Pro forma	2006	% change	
Sales	807.1	861.7	+6.8%	
Other revenue	80.7	83.6	+3.5%	Other revenue - Lower Kogenate® royalties - Medicis / Roche Milestone - In 2005, income of € 10 millions in connection with the termination of a research contract
Total revenue	887.9	945.3	+6.5%	
Cost of goods sold	(171.0)	(181.4)	+6.0%	COGS improvement despite downward price pressures
Research and Development expenses	(169.0)	(178.3)	+5.5%	
Selling, General and administrative expenses	(364.1)	(383.0)	+5.2%	Productivity improvement in sales & marketing expenses
Other operating income and expenses	1.2	(8.2)		
Restructuring costs	0.5	0.2		
Impairment losses		(7.3)		Including € 8.4 million paid to Inamed Impairment of Testim™ for € 7.3 millions
Operating income	185.3	187.2	+1.0%	
<i>in % of sales</i>	23.0%	21.7%		
Recurring operating income	177.8	204.1	+14.8%	
<i>in % of sales</i>	22.0%	23.7%		
Net finance cost and others	(6.6)	0.1		
Income tax	(34.2)	(40.9)		
<i>Effective tax rate of continuing operations</i>	19.1%	21.8%		Effective tax rate of 21.8 % Use of UK capital losses brought forward Recurring effective tax rate : 25.6 % (24.0 % in 2005)
loss from associate		(1.7)		Loss from Tercica
Profit from continuing operations	144.6	144.8	+0.1%	
Profit / (loss) from discontinued operations	4.4	(0.3)		
Consolidated profit	149.0	144.5	-3.0%	
<i>in % of sales</i>	18.5%	16.8%		
Recurring consolidated profit	128.9	148.9	15.6%	
Earnings per share (fully diluted)	2.2	1.71		
Recurring earnings per share (fully diluted)	1.91	1.77		

Sales evolution

2005 and 2006 sales by therapeutic area



2005 and 2006 sales by geographical area



Targeted Therapeutic Areas and International markets drive our expansion

Other revenues evolution

Royalties received

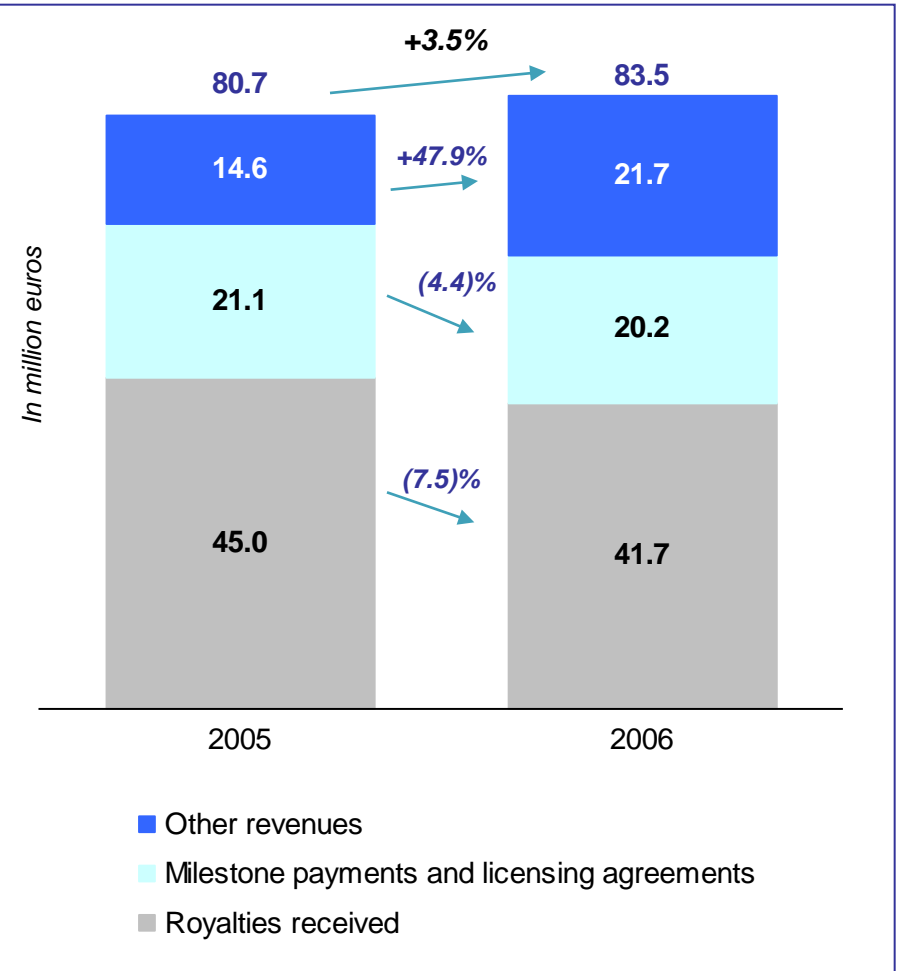
- Kogenate® licence, (€38.7 million in 2006, down 7.8% year-on-year vs. €42.0 million in 2005): Q1 2005 had been particularly high due to the carry-over of some 2004 royalties into 2005

Milestone payments and licensing agreements

- Milestones received in relation with the Roche, Medicis and Recordati partnerships
- In 2005, an income of €10.0 million was recorded in connection with the termination of a research contract.

Other revenues

- Higher billings for R&D services within the framework of existing partnerships (GLP-1...)
- Co-promotion revenues slightly down notably because of the negative impact of the early termination of the co-promotion contract for Zoxan® with Pfizer.



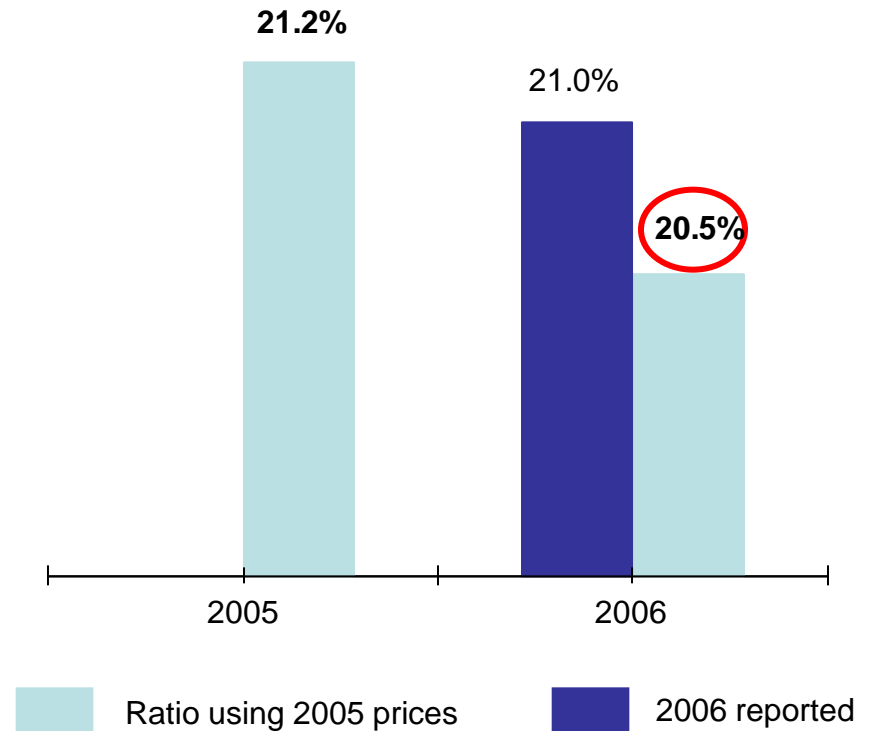
Cost of goods sold evolution

Positives

- Fast growing targeted therapeutic areas (favourable “mix effect”)
- Productivity efforts

Negatives

- Price decreases (€19.4 million) mechanically reduce COGS ratio



A significant improvement in the cost of goods sold despite a challenging environment

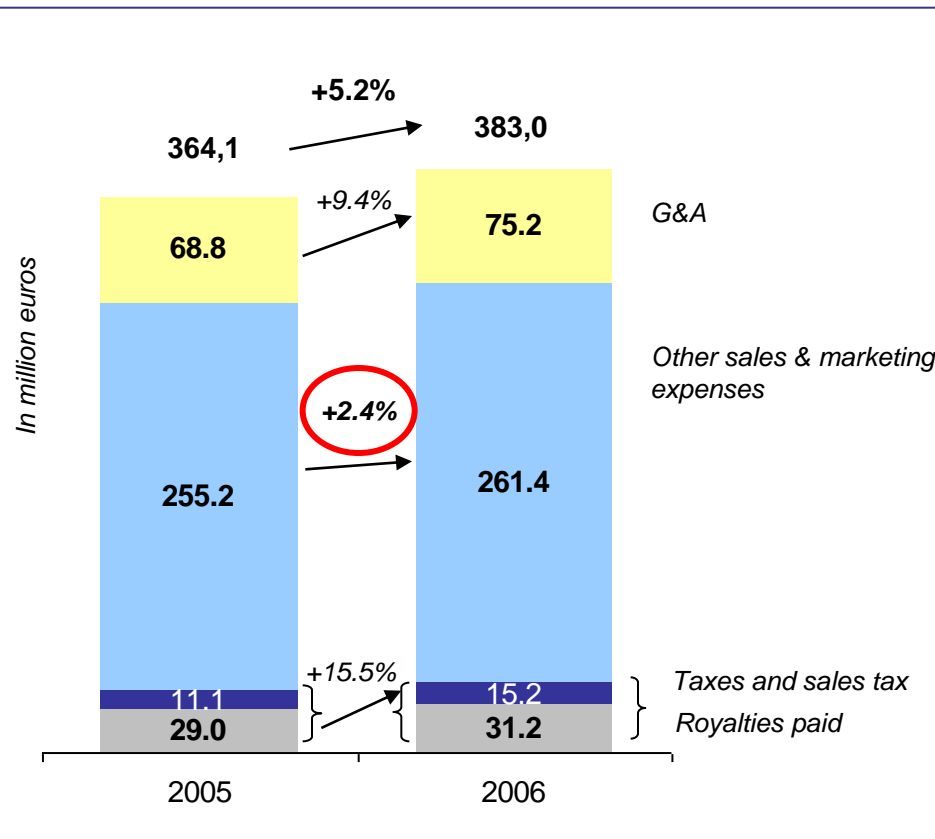
SG&A expenses evolution

Other sales and marketing expenses

- Other sales and marketing expenses up by only 2.4%, significantly below the sales growth level: reflects the success of **productivity improvement programmes**
- Increase in royalties paid to third parties and in taxes and sales taxes in France

G&A

- Increase in the costs of corporate functions, notably due to the **stock exchange listing** of the Group, as well as **reinforcement of certain administrative functions** related to the Group's expansion in international markets



Significant productivity improvements achieved in 2006

R&D expenses evolution

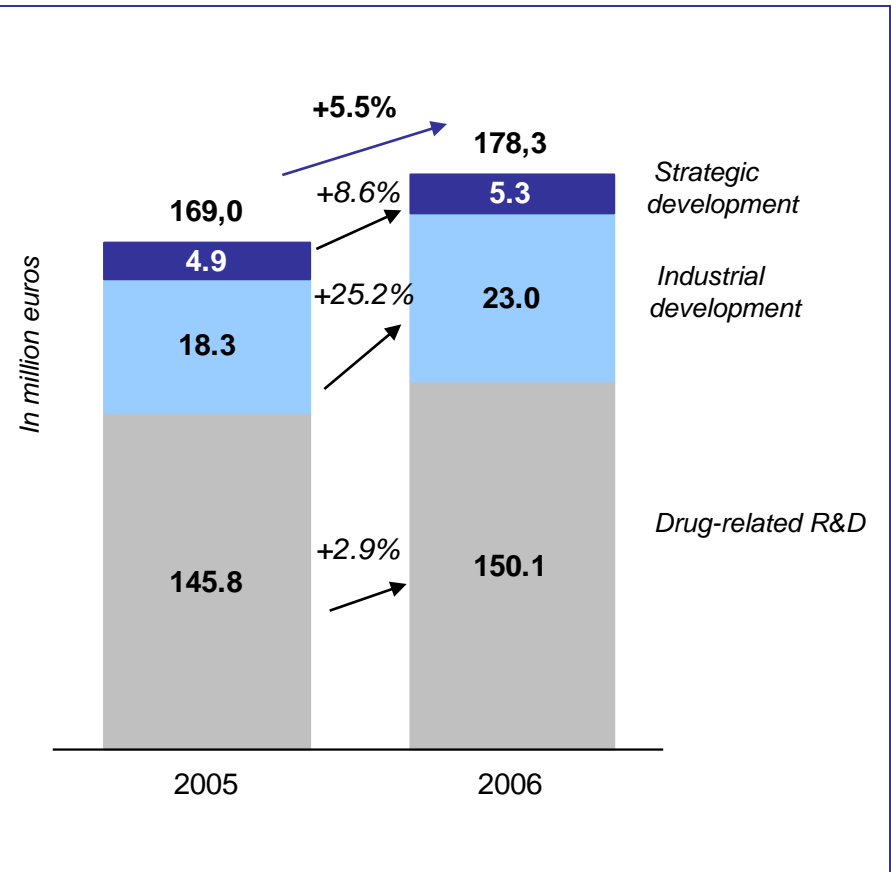
Drug-related research and development

Major research and development projects:

- preparation of NDA for Somatuline® Autogel®
- continuation of phase III clinical trials for Dysport® in the USA
- finalisation of BIM 51077 development programmes agreed within the partnership with Roche, until July 2006
- strengthening of clinical development teams

Industrial development

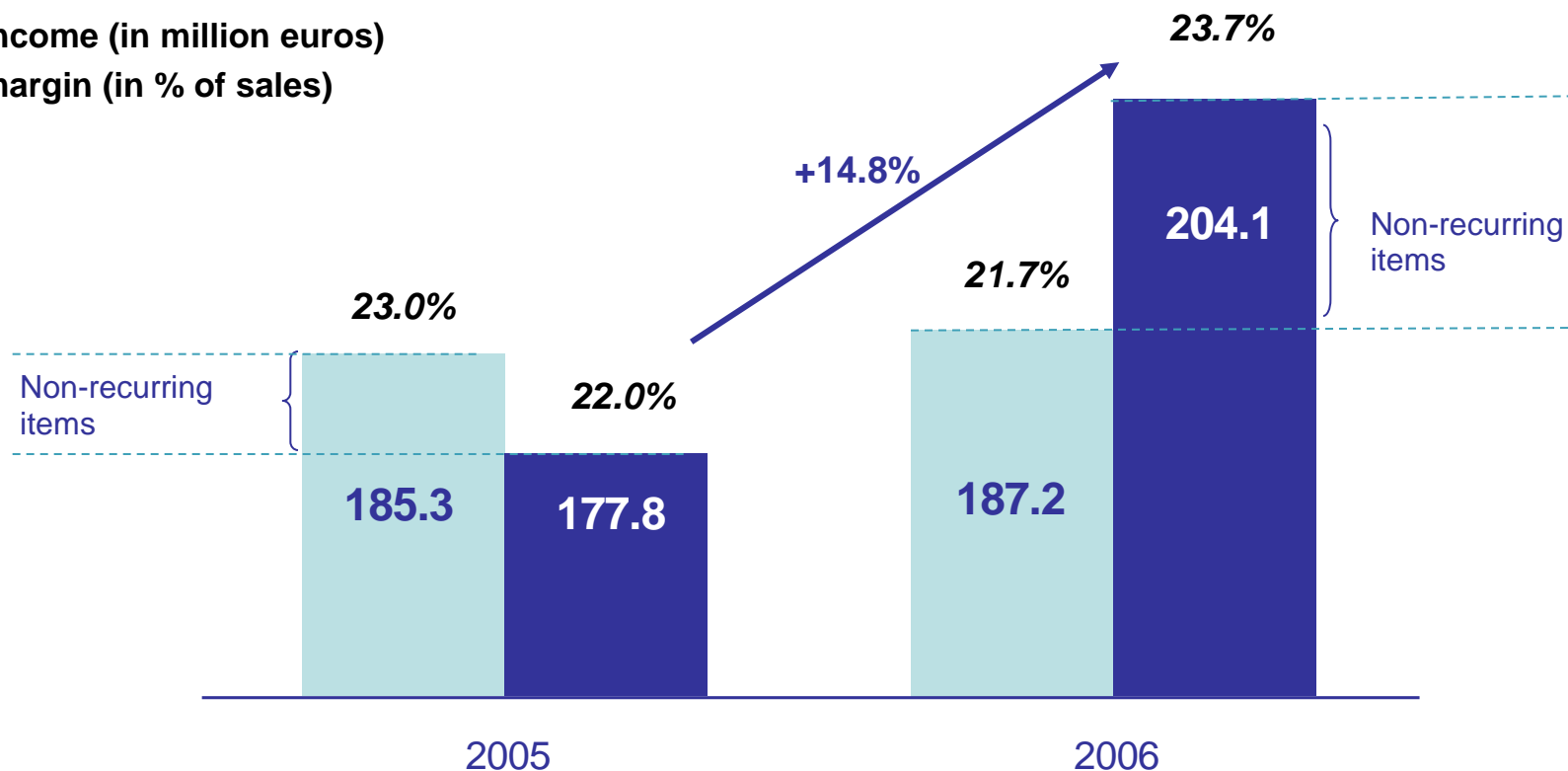
- Preparation for pre-approval inspections by the FDA at some of the Group's manufacturing sites, in the context of future launches of Dysport® and Somatuline® Autogel® in the US



A sustained level of R&D in a context of preparation for registrations

Published and recurring operating income evolution

Operating income (in million euros)
Operating margin (in % of sales)



**Strong increase in recurring operating profit
despite a challenging environment for the pharmaceutical industry**

Cash flow generation evolution

In million euros

	2005	2006
Cash Flow before change in working capital	173.0	167.6
Decrease in working capital	3.9	160.0
Net cash flow generated by operating activities	176.9	327.6
Acquisition of property, plant & equipment and intangible assets	(44.4)	(81.8)
Investments in associates		(63.1)
Others	(8.3)	(18.7)
Net cash flow used in investing activities	(52.7)	(163.6)
Net change in borrowings	(180.0)	(31.8)
Dividends paid	(29.3)	(50.4)
Capital increase	191.8	
Others	(1.5)	
Net cash flow used in financing activities	(19.0)	(82.2)
Impact of operations due to be sold or discontinued	12.0	0.6
Impact of pro forma restatements	(10.2)	
Change in cash and cash equivalent	107.0	82.5
Net cash position	138.5	252.9

- Tax effect on milestones cashed in but not yet recognised
- Milestones from Medicis and Roche not yet recognised as other revenues.
- - of which ~€ 41 millions for tangible assets
- - ~of which €41 millions for intangible assets (Increlex™ and Acapodene®)
- Acquisition of 25% of the capital of Tercica
- Including Tercica convertible bond

Balance sheet evolution

In million euros

Assets

	31-dec-05	31-dec-06
Goodwill	188.8	188.8
Property, plans & equipments	187.8	198.2
Intangible assets	39.8	68.2
Other non-current assets	18.4	147.3
Total non-current assets	434.8	602.5
Total current assets	495.0	603.4
<i>Incl. cash and cash equivalents</i>	<i>202.0</i>	<i>285.5</i>
Non-current assets classified as discontinued operations	12.7	8.4
Total assets	942.5	1214.3
Net (Debt) / Cash	138.5	252.9

Liabilities

	31-dec-05	31-dec-06
Equity	619.8	726.5
Minority interests	1.3	1.4
Long-term financial debts	53.3	21.6
Other non-current liabilities	17.6	195.4
Short-term debts	10.3	10.9
Other current liabilities	226.1	247.7
Liabilities directly associated with non-current assets classified as discontinued operations	14.1	10.8
Total Liabilities	942.5	1214.3

A recurring cash flow generation and an increased financial flexibility

Milestones cashed in but not yet recognised as revenues

Milestones cashed in before December 31, 2006 but not yet recognised as revenues

<i>(in million euros)</i>	December 31, 2006	December 31, 2005
Total cashed in :	184.3	21.8
<i>These payments will be recognised in time as follows:</i>		
2007	13.6	9.6
2008 and beyond	170.7	12.2

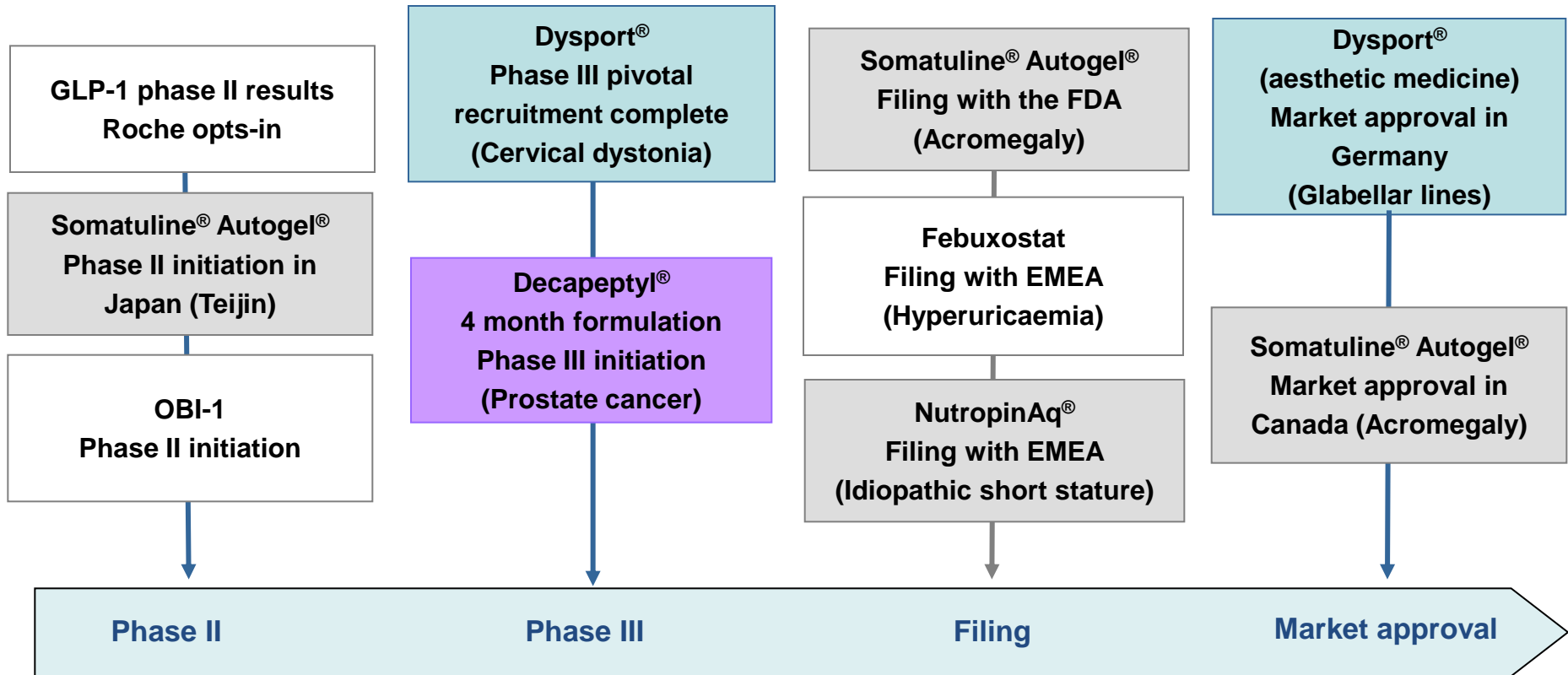
Guaranteed future revenues to fuel Ipsen's growth

2006 R&D highlights and 2007 outlook

Jacques-Pierre Moreau
Chief Scientific Officer



2006 R&D highlights



3 filings and 2 market approvals in 2006

Strengthening our franchise in Uro-oncology

KEY PRODUCT: DECAPEPTYL® 3 MONTHS

- ✓ Active ingredient:
 - Triptorelin (GnRH analogue)
- ✓ Main indications:
 - Prostate cancer
- ✓ Commercialisation:
 - Over 60 countries (25 in Europe)
- ✓ 2006 sales
 - €211 millions
 - 64% in G5 countries
- ✓ 2006 growth
 - +8.6% in volumes
 - +5.1% in sales

ACAPODENE®

Prevention of prostate cancer
("HG-PIN")

Phase II - option

ACAPODENE®

treatment of multiple side effects of androgen deprivation therapy (ADT) for advanced prostate cancer

Phase III

DECAPEPTYL® 4 MONTHS

Phase III initiation

DECAPEPTYL® 6 MONTHS

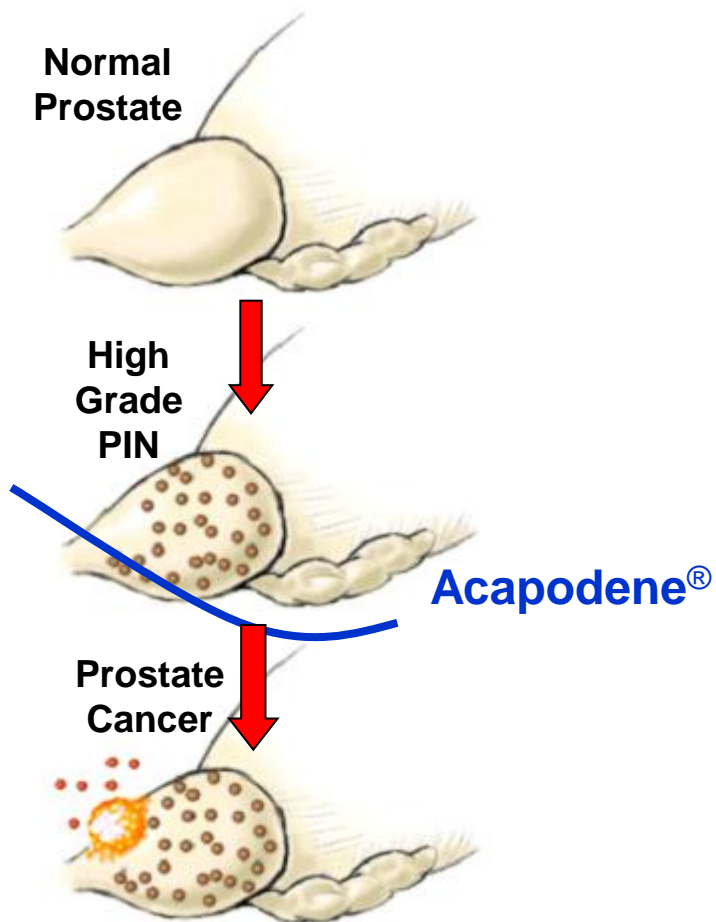
Phase II initiation
targeted in Q2 2007

An active product life cycle management

Acapodene[®] – Selective Estrogen Receptor Modulator (SERM)

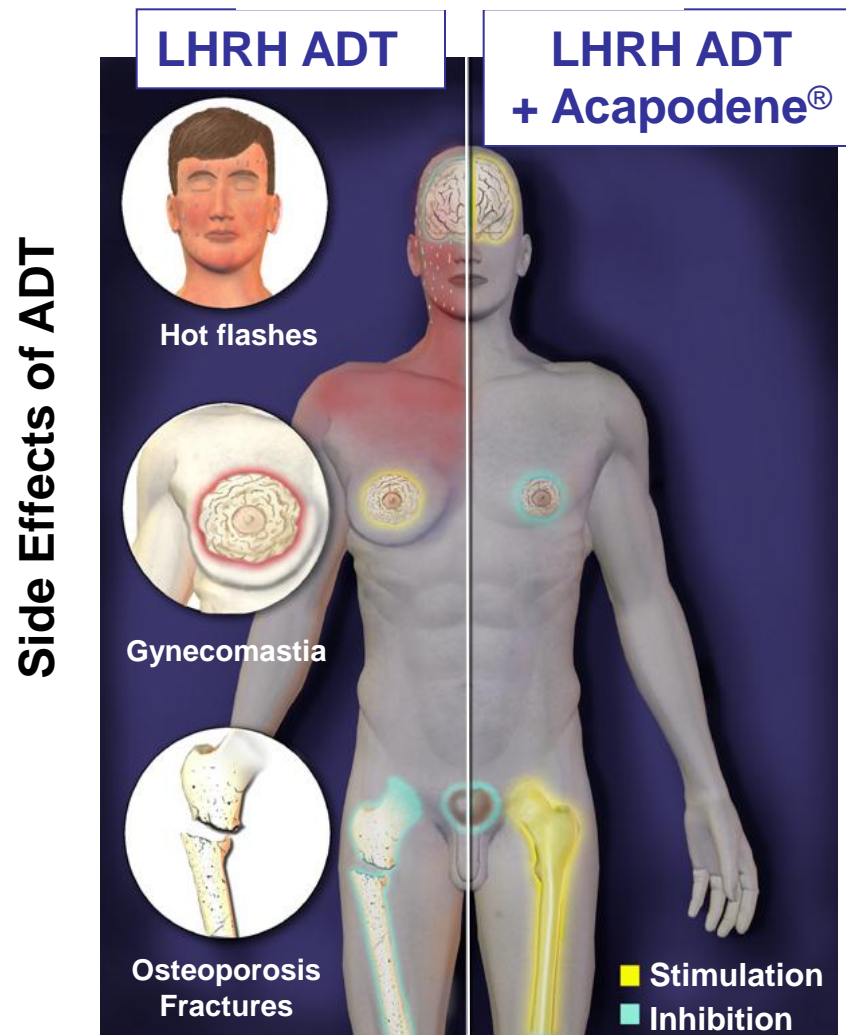
I. High Grade PIN

- Prevention of Advancement to PC



II. Prostate Cancer

- Prevention of ADT Side Effects



Strengthening our franchise in Endocrinology

KEY PRODUCT: SOMATULINE® AUTOGEL®

- ✓ Active ingredient:
 - Somatostatin analogue
- ✓ Main indications :
 - Acromegaly
 - NET
- ✓ Commercialisation:
 - Over 40 countries
- ✓ 2006 sales
 - €92 million
 - 68% made in G5 countries
- ✓ 2006 sales growth
 - +12.8%

KEY PRODUCT: NUTROPIN AQ®

- ✓ Active ingredient:
 - Recombinant GH
- ✓ Main indications :
 - Growth retardations
 - Acquired GH deficit
- ✓ Commercialisation:
 - Over 30 countries
- ✓ 2006 sales
 - €15 millions
 - 81% made in G5 countries
- ✓ 2006 sales growth
 - Approximately multiplied by 3

DOPASTATIN

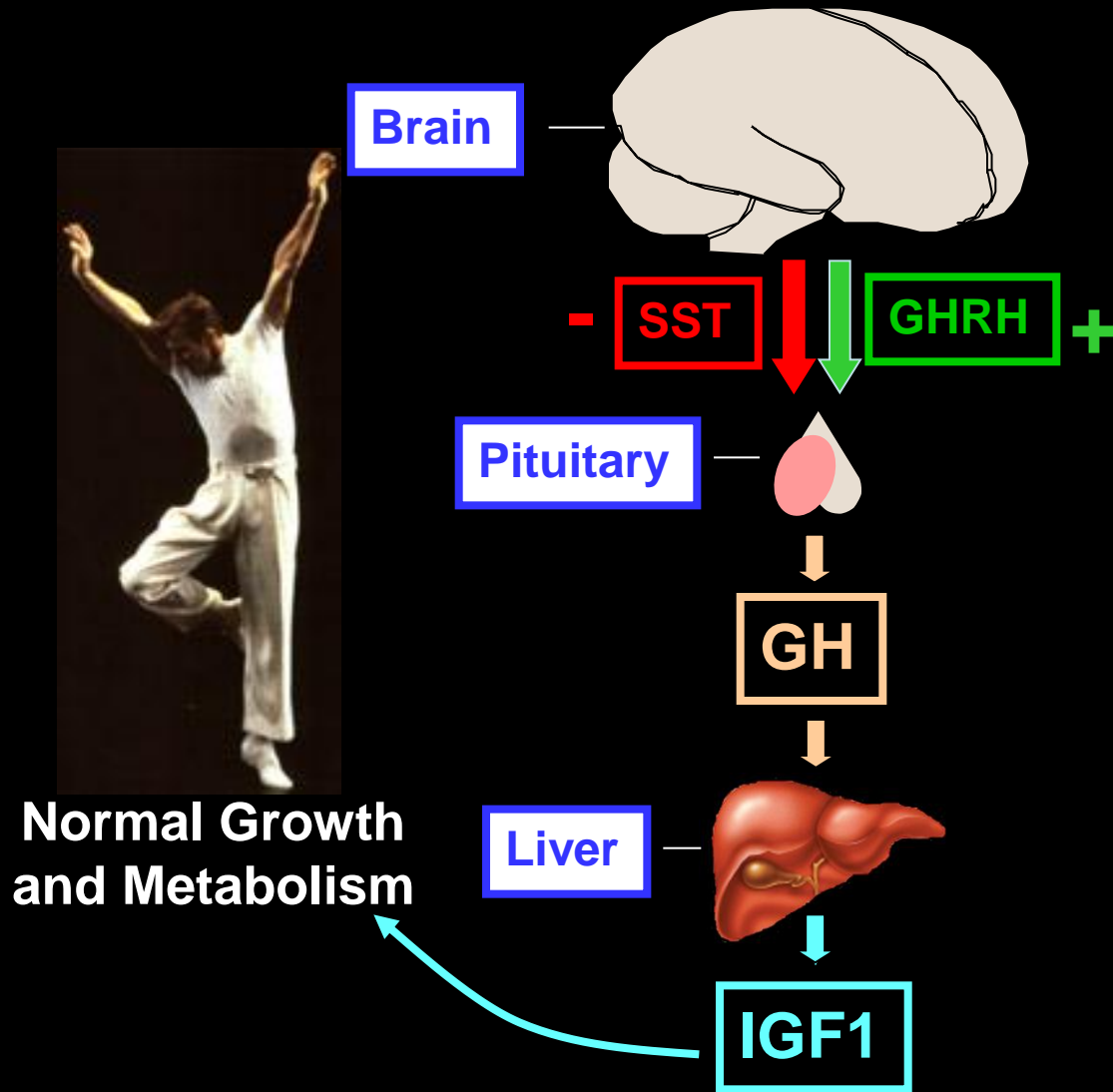
Initiation of phase
I
targeted in 2007

INCRELEX®

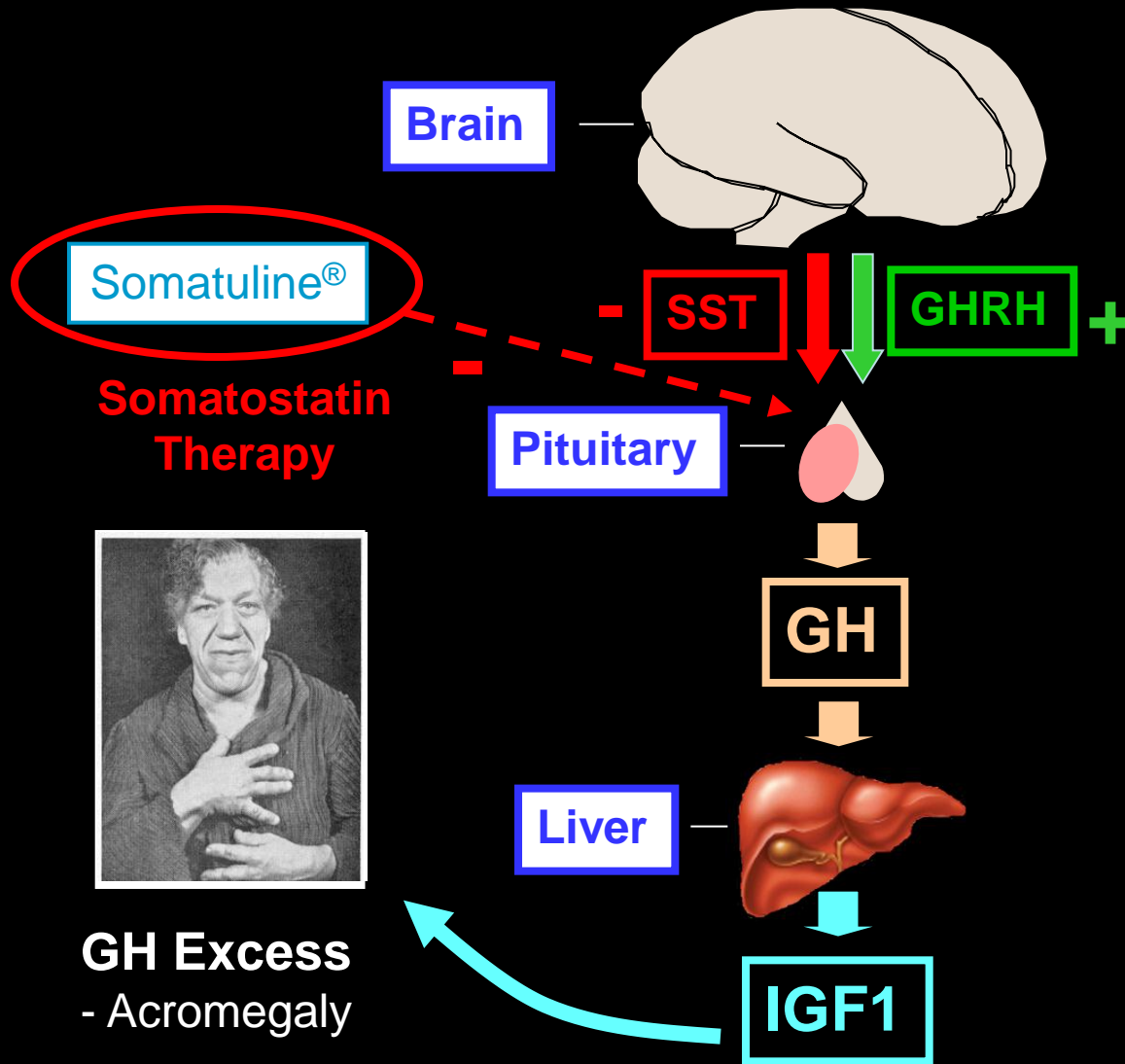
Severe primary
IGF-1 deficiency
Under regulatory
review

Building a first-class portfolio for the treatment of growth disorders

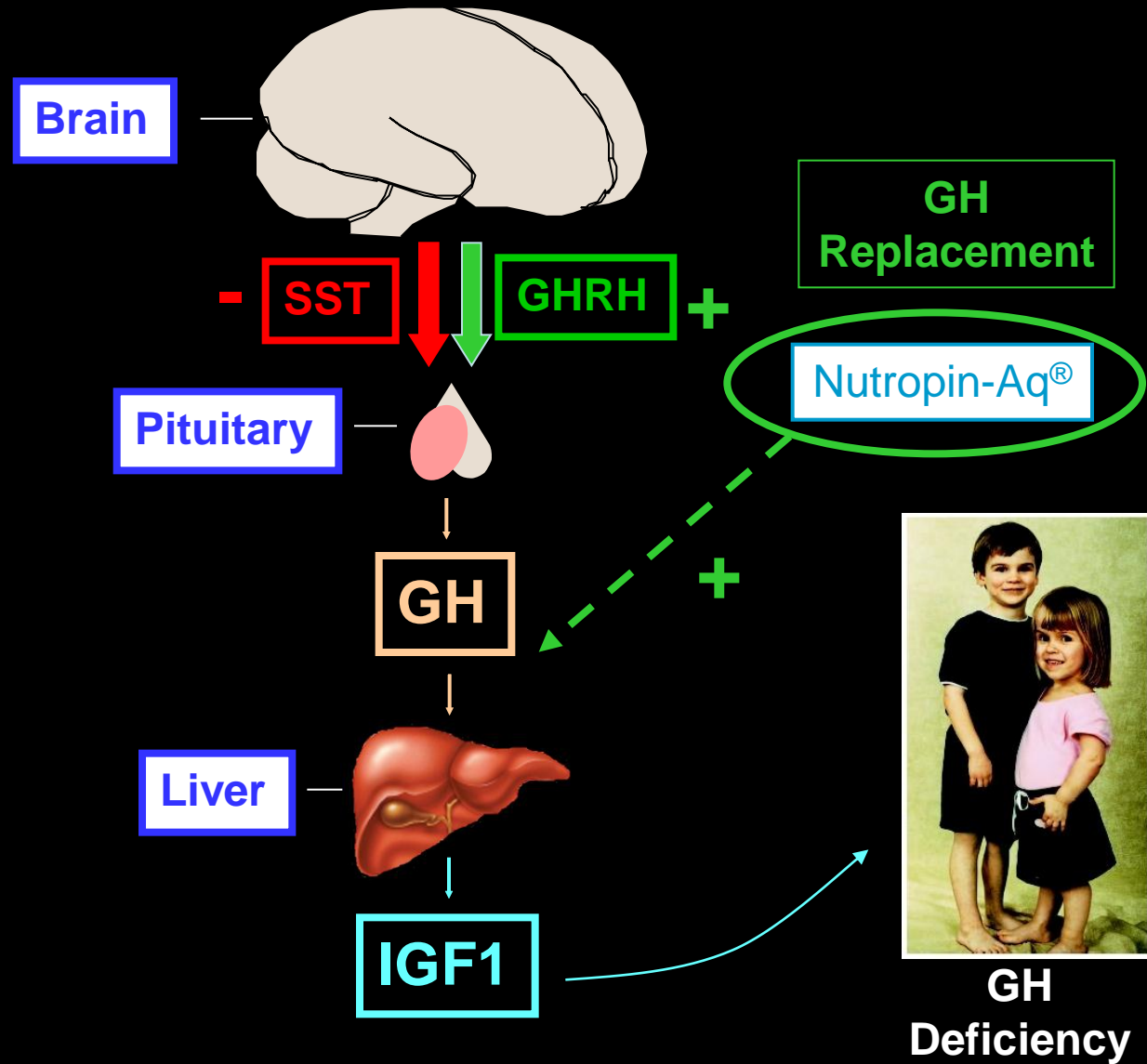
Regulation of GH Secretion (1)



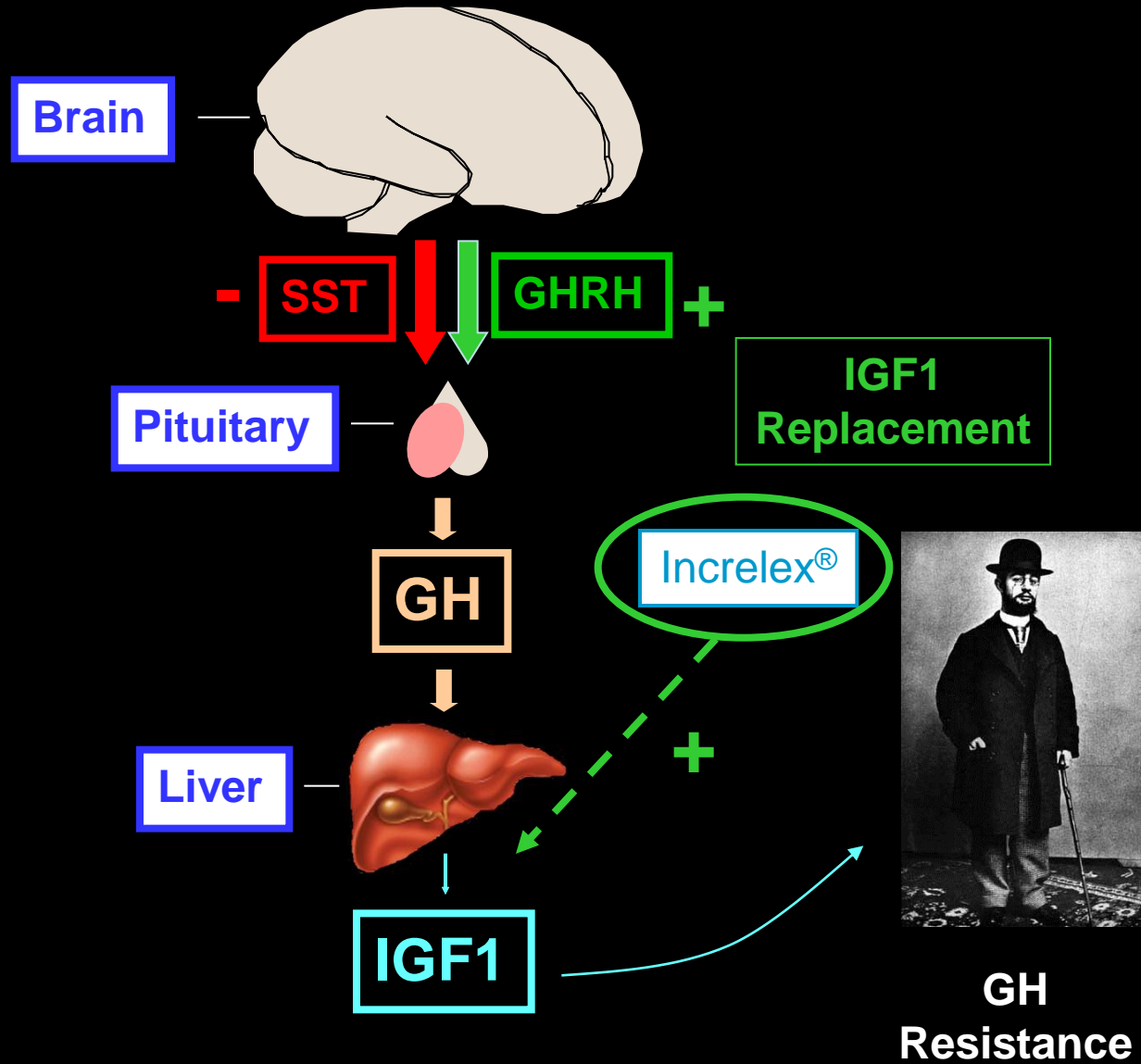
Regulation of GH Secretion (2)



Regulation of GH Secretion (3)



Regulation of GH Secretion (4)



An enhanced focus in the Neuromuscular disorders franchise

KEY PRODUCT: DYSPORT®

- ✓ Botulinum toxin type A
- ✓ Commercialisation:
 - Over 70 countries
- ✓ 2006 sales
 - €113 million
- ✓ 2006 sales growth
 - +22.5%

**Botulinum toxin in
aesthetic medicine
indications in the US**

with

MEDICIS

Filing targeted in 2007

**Botulinum toxin in
aesthetic medicine
indications in Europe**

with

GALDERMA

Under regulatory review

**DYSPORT®
US**

Filing targeted in 2007

Options for
commercialisation
currently under review

Maximisation of value creation through partnerships in aesthetic medicine and a strategic positioning on therapeutic indications

2007 newsflow

Dopastatin

- Phase I initiation

Dysport®: Cervical dystonia

- Filing with the FDA in the US

Reloxin®: Glabellar lines

- Filing by Medicis with the FDA in the US

NutropinAq®: Idiopathic short stature

- Under regulatory review in Europe

Somatuline® Autogel®: Acromegaly

- Under regulatory review in the US (PDUFA date: August 30, 2007)

Increlex®: Severe primary IGF-1 deficiency

- Under regulatory review in Europe (target date for approval disclosed by Tercica: Q2 2007)

Febuxostat: Hyperuricaemia

- Under regulatory review in Europe

Botulinum toxin type A in Europe: aesthetic medicine indications

- Under regulatory review in Europe
- Ipsen has decided, in consultation with its European partner Galderma, to broaden the European filings at the earliest opportunity in 2007 with the full US clinical data, on both efficacy and safety, carried out by Medicis, in order to ensure a fully competitive profile

2 filings targeted in the US (NDAs) and 5 dossiers under regulatory review

Outlook

Jean-Luc Bélingard
Chairman and Chief Executive Officer



A rich newsflow in the future...

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

5 dossiers under regulatory review

Specialist care products licensing-in opportunities will be examined

Choice of a partnership options for Ginkor Fort®

Rationalisation of certain non strategic activities

Somatuline Autogel®: the first global product for Ipsen

2 NDA (Reloxin® and Dysport®) to file with the FDA

OBI-1

Choice of a partnership option for the commercialisation of Dysport® in North America

Financial objectives

	2007 objectives ⁽¹⁾	2006 actuals
Sales	6.5 to 7.5% growth	€861.7 millions
Total revenues	4.0 to 5.0% Growth	€945.3 millions
Reported operating margin	22.0 to 23.0% (in % of sales)	21.7%

NOTE 1 : before taking into account any price decrease on Tanakan® in France and before taking into account any change in situation unknown to this date

Profitable growth

