

# Annual shareholder's meeting

6 june 2007



## Disclaimer



This presentation includes only summary information and does not purport to be comprehensive. Forward-looking statements, targets and estimates contained herein are for illustrative purposes only and are based on 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 in the summary information. The Company expressly disclaims any obligation or undertaking to update or revise any forward-looking statements, targets or estimates contained in this presentation to reflect any change in events, conditions, assumptions or circumstances on which any such statements are based unless so required by applicable law.

All product names listed in this document are either licensed to the Ipsen Group or are registered trademarks of the Ipsen Group or its partners

# Agenda

Mr Jean-Luc Bélingard  
*Chairman & 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
- Chairman's report on corporate governance and internal control
- Statutory Auditors' report
- Q&A session
- Presentation of the Resolutions and vote

**Jean-Luc Bélingard**  
*Chief Executive officer*

**Jean-Luc Bélingard**  
*Chief Executive Officer*

**Jean-Luc Bélingard**  
*Chief Executive Officer*

**Claire Giraut**  
*Chief Financial Officer*

**Claire Giraut**  
*Chief Financial Officer*

**Jean-Luc Bélingard**  
*Chief Executive Officer*

**Jean-Luc Bélingard**  
*Chief Executive Officer*

**Catherine Porta - KPMG**  
**Christophe Perrau – Deloitte & Associés**

**Philippe D'Hoir - Fidal**

# Board Composition

Jean-Luc Bélingard  
*Chairman & Chief Executive Officer*



# Profile and strategy

Jean-Luc Bélingard  
*Chairman & Chief Executive Officer*



# 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 June 1, 2007): ~ €3.3 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.

## A differentiating R&D capability

- 49% of 2005 Group sales, 52% in 2006
- Oncology, neuromuscular disorders and endocrinology

## A recognised strategic partner

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



Note: Figures are IFRS

## 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)



# A rigorously executed 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 **Acapodene®** 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**

# Major developments in 2006

Jean-Luc Bélingard  
*Chairman & Chief Executive Officer*

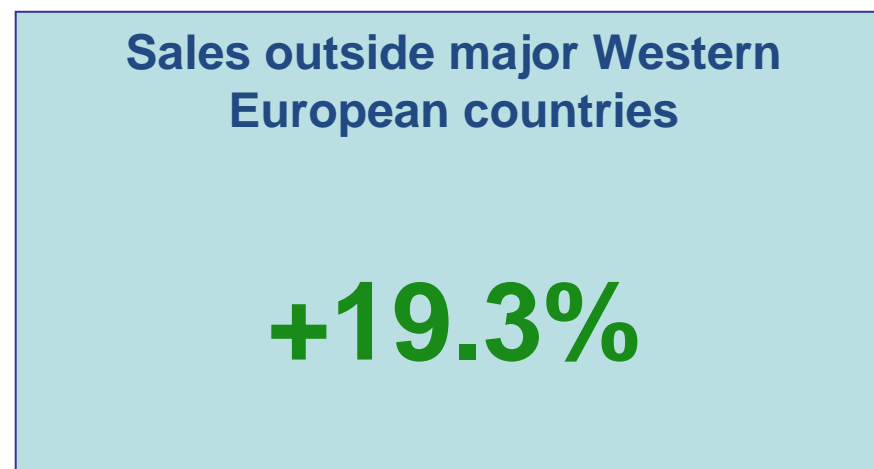
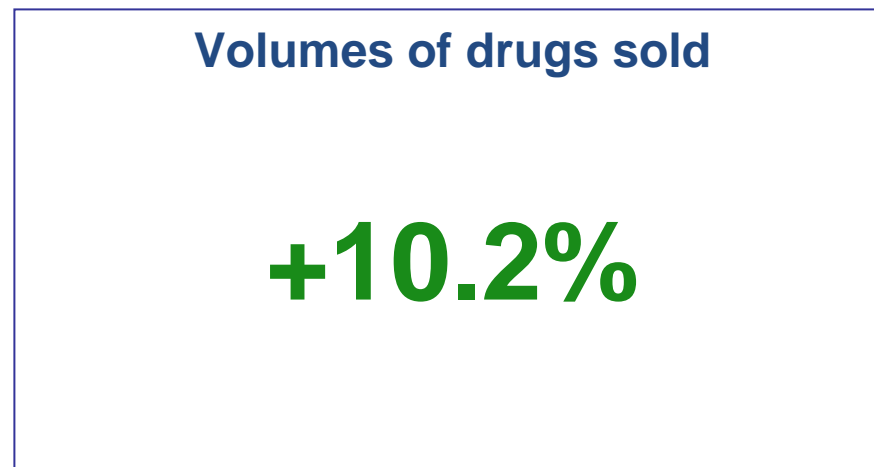


## Financial objectives exceeded

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

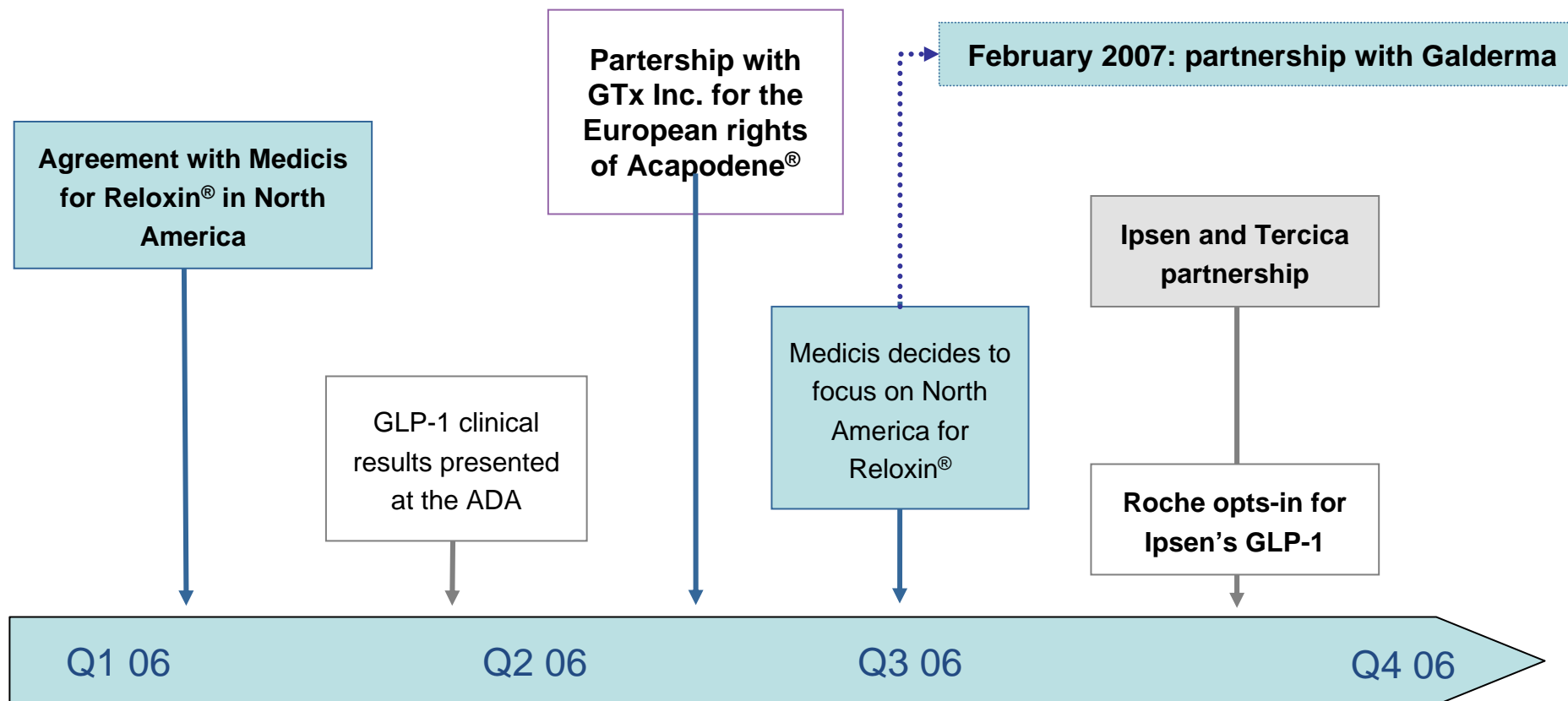
NOTE 1: Including the negative impact of a non-recurring expense of €8.4 million paid in the first half of 2006 to Inamed and excluding any loss from associates from Tercica

## A solid performance despite a challenging environment



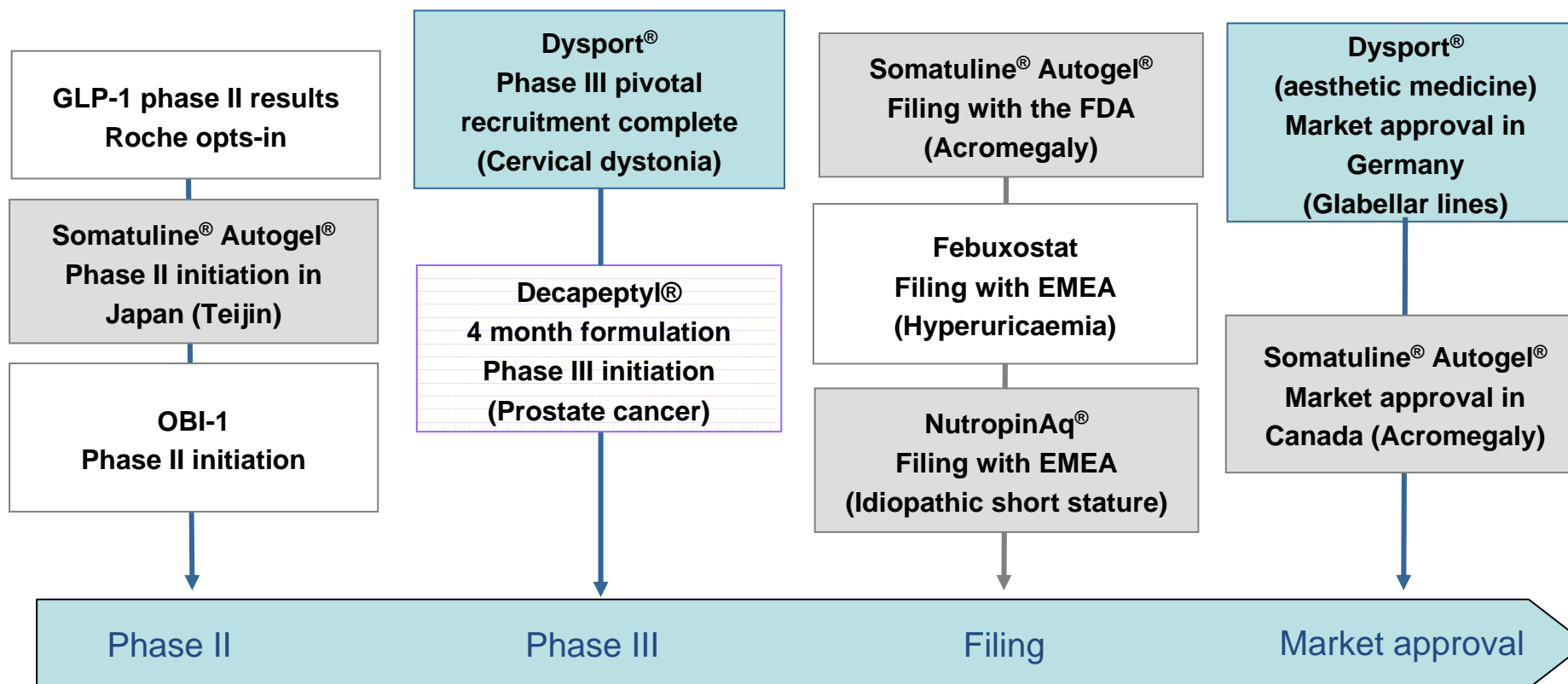
*2006/2005 growth rates*

## An active partnership policy



Driving Ipsen's expansion geographically and product-wise

## 2006 R&D highlights



3 filings and 2 market approvals in 2006



# Share price evolution since January 2, 2006

## Fact sheet and performances

**Listed:**  
« Compartiment A »  
Eurolist by Euronext™ market

**IPO Price  
(6 December 2005):**  
€22,20

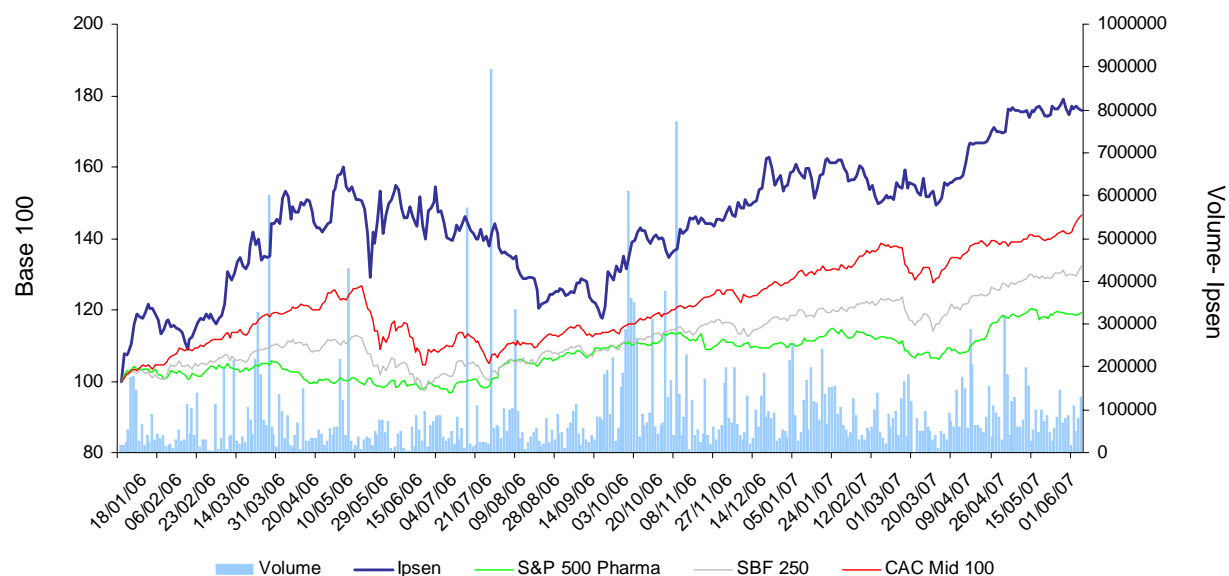
**Share price as of 2 January 2006:**  
€23.89

**Share price as of 1st June 2007:**  
€38.83

**Performance:**  
+62.5%  
from 2 January 2006 to 1st June 2007

**Number of outstanding shares:**  
84 024 683

## Share price evolution vs. major indices



Source: Bloomberg

**27 March 2007**

▪ Admission to the “Système à Règlement Différé”

**April 2006**

▪ Admission to the SBF 250 index



# Eléments Financiers

Claire Giraut  
*Directeur Administratif et Financier*

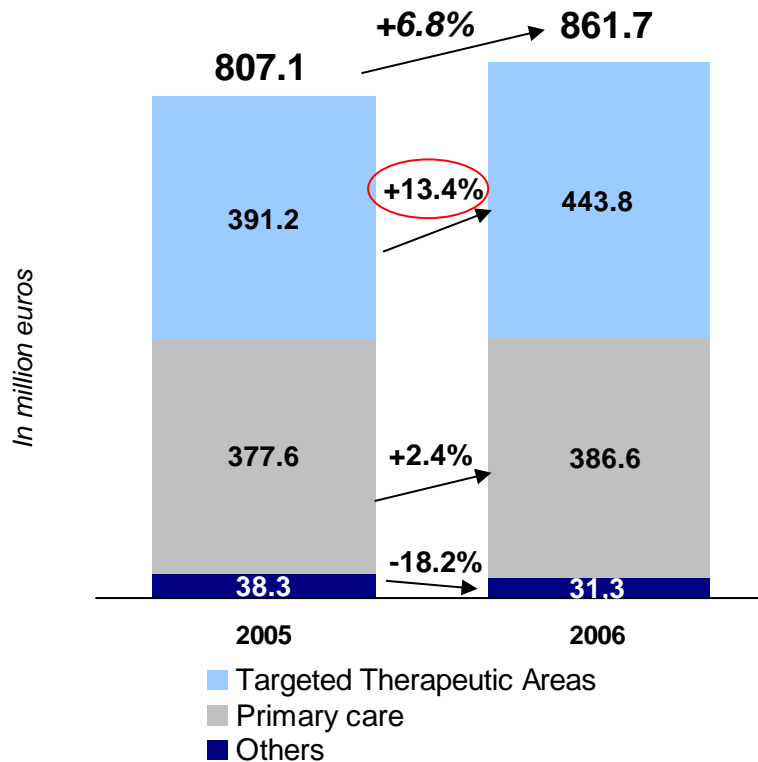


## 2006 P&amp;L

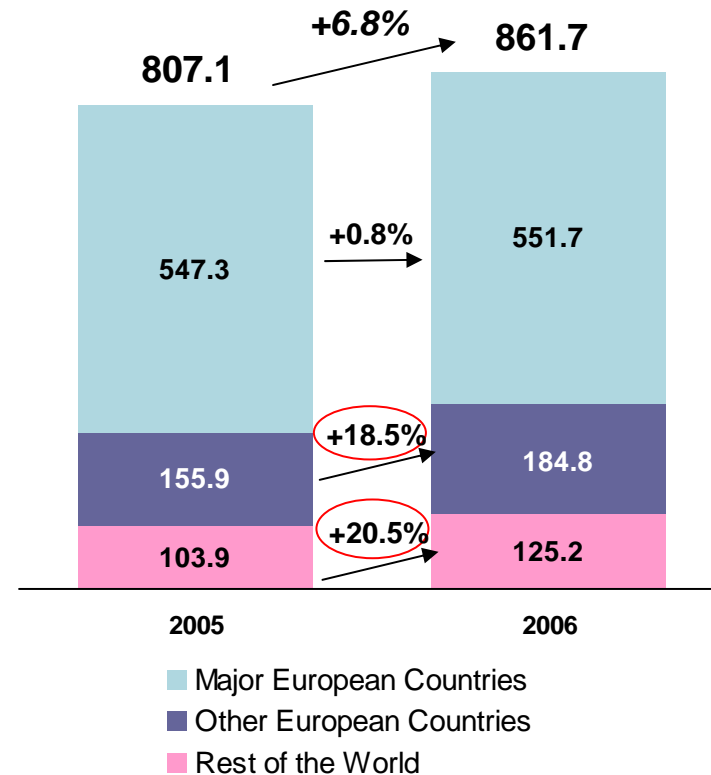
<i>in million euros</i>	2005 Pro forma	2006	% change	
<b>Sales</b>	<b>807.1</b>	<b>861.7</b>	<b>+6.8%</b>	
Other revenue	80.7	83.6	+3.5%	<b>Other revenue</b> - Lower Kogenate® royalties - Medicis / Roche Milestone - In 2005, income of € 10 millions in connection with the termination of a research contract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

# Sales evolution

2005 and 2006 sales by therapeutic area



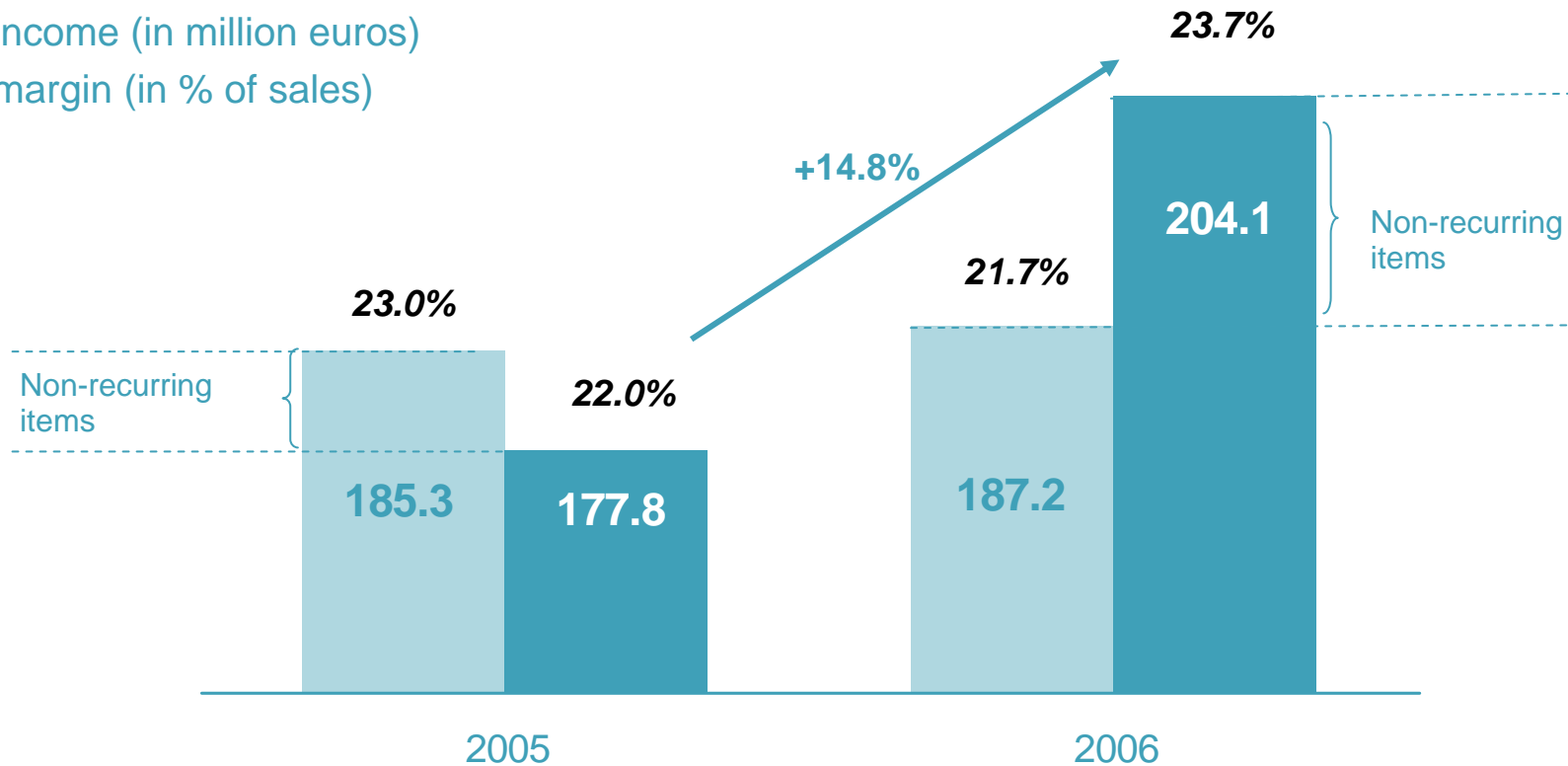
2005 and 2006 sales by geographical area



Targeted Therapeutic Areas and International markets drive our expansion

## 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

## Balance sheet evolution



In million euros	Assets		Liabilities	
	31-dec-05	31-dec-06	31-dec-05	31-dec-06
Goodwill	188.8	188.8	Equity	619.8
Property, plans & equipments	187.8	198.2	Minority interests	1.3
Intangible assets	39.8	68.2	Long-term financial debts	53.3
Other non-current assets	18.4	147.3	Other non-current liabilities	17.6
<b>Total non-current assets</b>	<b>434.8</b>	<b>602.5</b>	Short-term debts	10.3
<b>Total current assets</b>	<b>495.0</b>	<b>603.4</b>	Other current liabilities	226.1
<i>Incl. cash and cash equivalents</i>	<i>202.0</i>	<i>285.5</i>	Liabilities directly associated with non-current assets classified as discontinued operations	14.1
Non-current assets classified as discontinued operations	12.7	8.4	<b>Total Liabilities</b>	<b>942.5</b>
<b>Total assets</b>	<b>942.5</b>	<b>1214.3</b>		<b>1214.3</b>
<b>Net (Debt) / Cash</b>	<b>138.5</b>	<b>252.9</b>		

A recurring cash flow generation and an increased financial flexibility

## Cash flow generation evolution

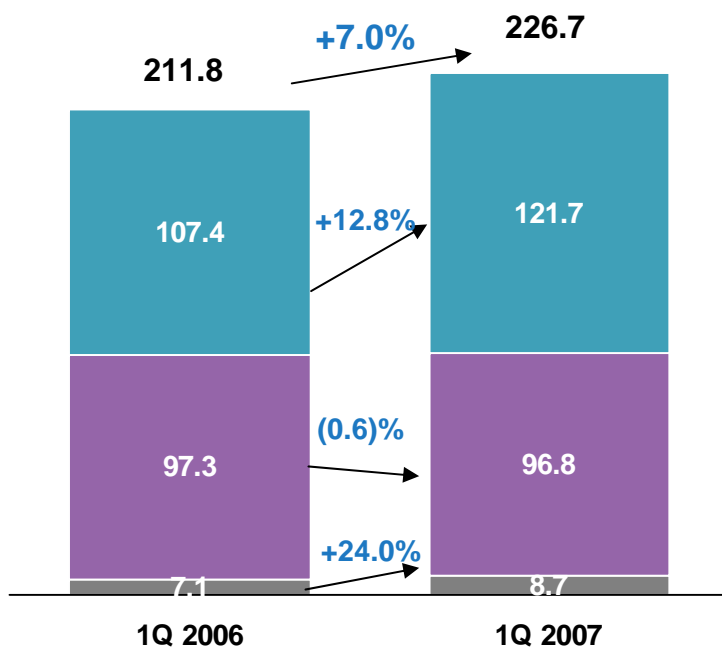
In million euros

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

- 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

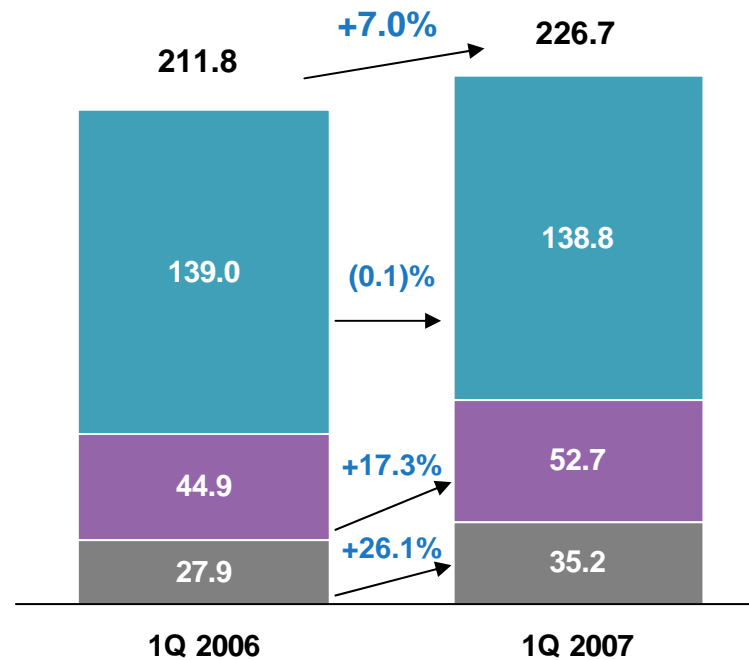
# Update: First quarter 2007 sales

Sales by therapeutic area



- Specialist care
- Primary care
- Others

Sales by region



- Major European Countries
- Other European countries
- Rest of the world

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

Claire Giraut

*Chief Financial Officer*





## Net Income Appropriation



**Net profit: 20.446.632,92 euros**

**Other reserves : (29.968.176,88 euros)**

**Dividend : 50.414.809,80 euros  
i.e. €0.60 per share**

***Payable: this day after this meeting***

# Outlook

Jean-Luc Bélingard  
*Chairman & Chief Executive Officer*



# A rich newsflow expected in the future...



## Mission Statement

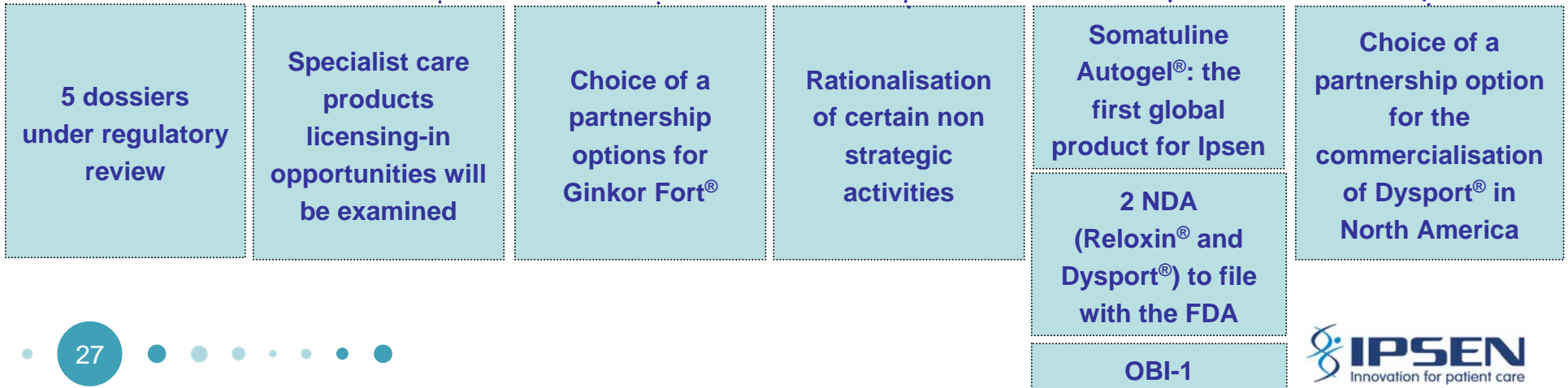
To be a worldwide best-in-class provider of innovative drugs, addressing unmet medical needs in its targeted therapeutic areas

## 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



## Financial objectives



	2007 objectives <sup>(1)</sup>	2006 actuals
Sales	6.5 to 7.5% growth	€61.7 millions
Total revenues	4.0 to 5.0% Growth	€45.3 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**

# Chairman's report on corporate governance and internal control

Jean-Luc Bélingard  
*Chairman & Chief Executive Officer*



# Auditors' Reports

Catherine Porta – KPMG

Christophe Perrau – Deloitte & Associés



# Questions



# Presentation of the Resolutions

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, 2006 showing a profit of €20,446,632.92**

## 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 2006 showing a profit of €144,497,153**

## Third resolution (Ordinary)



### Approval of the Regulated agreements

- *Special Statutory Auditors' report*
- **No new agreement during the period**

## Fourth resolution (ordinary)



### Net income appropriation

- **Year profit:**           **20,446,632.92 euros**
  
- **Other reserves :**   **(29,968,176.88 euros)**
  
- **Dividend :**           **50,414,809.80 euros**  
                                  **i.e. €0.60 per share**
  
- ***Payable:***            ***this day after this meeting***

## Fifth 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

## Sixth resolution (Extraordinary)



### Delegation of authority to the Board of Directors to increase the capital with preferential right of shareholders to subscribe for securities

- *Board of Directors report*
- *Statutory Auditors' report*
  
- **Through the issuance of ordinary shares and/or securities granting immediate or future access to the ordinary shares or the company through incorporation in the capital of premiums, reserves, profits or other in the form of the allotment of free shares or through raising the nominal value of existing shares**
- **Maximum nominal amount of shares to be issued : €15,000,000**
- **Period of validity of this delegation : 26 months**

## Seventh Resolution (Extraordinary)



### Delegation of authority to the Board of Directors to increase the capital without preferential right of shareholders to subscribe for securities

- *Board of Directors report*
- *Statutory Auditors' report.*
  
- **Through the issuance of shares, warrants and/or securities giving immediate or future access to ordinary shares of the company by subscription, conversion, exchange, redemption, presentation of a warrant or in any other way.**
- **Maximum nominal amount of shares to be issued: €15,000,000**
- **Period of validity of this delegation: 26 months**

## Height Resolution (Extraordinary)



### Authorisation to increase the number of securities to be issued

- **For each of the issues decided through application of the sixth and seventh resolutions, the number of securities to be issued could be increased under the conditions stated in article L 225-135-1 of the Code of Commerce and within the limits set by the Meeting when the Board of Directors notes an excess demand**



## Ninth resolution (Extraordinary)



### Authorisation to increase the share capital in order to remunerate contributions in kind made to the company

- **Share capital in order to remunerate contributions in kind made to the company which consist of capital shares or securities granting access to the capital**
- **Maximum nominal amount of ordinary shares to be issued : 10% of registered capital.**
- **Period of validity of this delegation: 26 months**

## Tenth Resolution (Extraordinary)



### Authorisation to increase the capital reserved for employees and directors of the company

- *Board of Directors report*
- *Statutory Auditors' report*
  
- **Increase capital through the issue of ordinary shares in cash**
- **Maximum nominal amount of shares to be issued €15,000,000**
- **Period of validity of this delegation: 26 months**

## Eleventh Resolution (Extraordinary)



### Authorisation to allot bonus shares

- *Board of Directors report*
- *Statutory Auditors' report*
  
- **Allotment of existing / newly issued shares**
- **To employees and to the corporate officers of the Company and its subsidiaries**
- **Limit: 1 % of share capital**
- **Period of validity of this delegation : 38 months**

## Twelfth resolution (Extraordinary)



### Modification of the company's articles of incorporation

- **Compliance with the provisions of the decree of December 11, 2006, modifying the decree of March 23, 1967**
- **Modifications of the company's articles 10 and 24**

## Thirteenth 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 shareholder's meeting

6 june 2007

