

## An innovation driven International Specialty Pharma

**Lehman Brothers Conference – Miami**  
March 18, 2008



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## Profile and strategy



## An innovation driven International Specialty Pharma Group

### A strategic focus on specialist care worldwide

- Three targeted areas : Oncology, Endocrinology and Neuromuscular Disorders
- 5 key products accounting for ~ 55% of drug sales
- Growing at a double digit rate

### A historic presence in primary care

- A primary care franchise focused on gastroenterology, cognitive disorders and cardiovascular
- A presence focused on selected geographies including France, China and Russia
- A sound business yielding recurring cashflow and contributing to R&D financing

### A truly differentiating and international R&D capability

- Focused on hormone-dependent diseases, peptide and protein engineering and innovative delivery systems
- R&D expense in excess of 20% of sales
- 4 centers in Boston, Paris, London and Barcelona

### An integrated player

- A fully-fledged peptide manufacturing capability
- Two FDA-approved manufacturing facilities

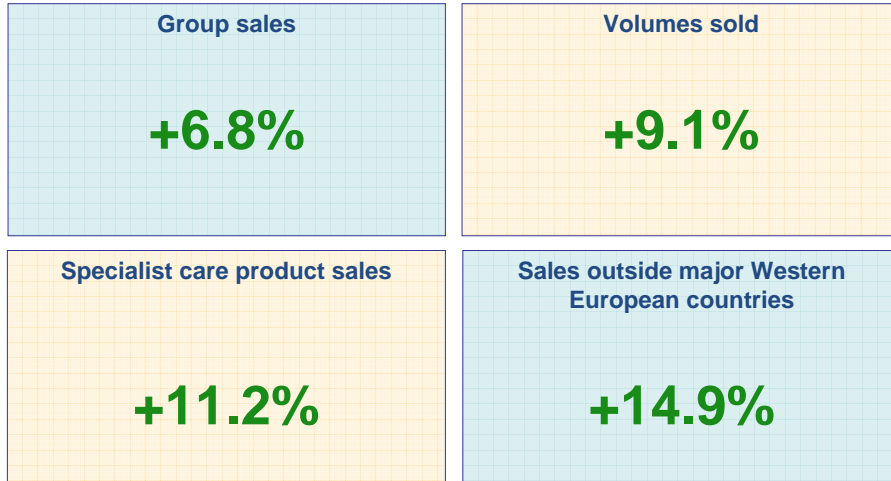
### A recognised strategic partner

- Alliances with international industry leaders in US, Europe and Japan and best-in-class universities around the world
- Ipsen's business partners include Galderma, Genentech, GTx, Medicis, Roche, Teijin and Tercica

4



## A sound performance in a difficult environment in 2007



5

2007/2006 growth rates



## 2007 results in line with objectives

	2007 objectives	Actuals	
Sales	6.5 to 7.5% growth	+6.8%	In line
Total revenues	4.0 to 5.0% growth	+5.1%	In line
Reported operating margin	22.0 to 23.0% (in % of sales)	22.7%	In line

Another year of achievement

6



## 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 20.1% of sales spent on R&D in 2007
- 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

7



## A continued rigorous execution of the 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

Launch of <b>Increlex®</b> in Europe and <b>Somatuline®</b> in the US	Continued investment in R&D In-licensing of a 6 month formulation of <b>Decapeptyl®</b>	Sale of <b>Ginkor Fort®</b> to an OTC specialist	Launch of <b>Adrovanse™</b> in France Positive opinion for <b>Adenuric®</b> in Europe	Partnership with <b>Galderma</b> extended to Latin America Promising phase II data for <b>OBI-1</b>	Approval and launch of <b>Somatuline®</b> in the US Filing of <b>Dysport®</b> with the FDA
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8



Why is Ipsen different ?



**A UNIQUE CONVERGENCE  
OF  
TECHNOLOGIES**

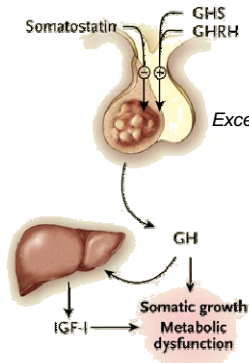
**EXAMPLE 1: SOMATULINE**

10



## Pituitary Adenoma -> Excess GH Secretion -> Acromegaly

Non-malignant pituitary tumor



Prepuberty: Gigantism



Postpuberty: soft Tissue Growth



11

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## Acromegaly – medical considerations and prevalence

### Medical Considerations

Significant morbidity and mortality<sup>1,2</sup>  
 2.5 to 5x excess mortality<sup>1</sup>  
 5-10 years less life expectancy<sup>2</sup>  
 GH/IGF-1 normalizes mortality<sup>3,4</sup>

### Prevalence

Prevalence: 60 per 1 million  
 50% receive drug therapy  
 North America: ~ 15,000  
 Europe: ~ 15,000

### Treatment alternatives

**Sandostatin® and Sandostatin® LAR®: WW Sales \$1027 m in 2007**

**(of which \$409 m in the US)**

**Somatuline® Autogel and Somatuline® Depot: WW Sales of €130 m in 2007**

**Somavert**

1. Orme SM et al. JCEM 83: 2730-4, 1998

2. Clayton RN et al. J Endocrinol (Suppl 1): S23-9, 1997

3. Abosch A et al. JCEM 83: 3411-8, 1998

4. Swearingen B et al. JCEM 83: 3419-26, 1998

\* source: Tercica

12

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## Somatuline® Autogel® : an improved pharmacokinetic profile



	Sandostatin LAR®	Somatuline® Autogel®
Indications	Acromegaly NET	Acromegaly NET (EU only)
Administration route	Intramuscular	Subcutaneous
Volume injected	2.0 ml	0.4 ml
Needle length	40mm	20mm
Formulation	Powder for reconstitution	Ready to use



Comparison Of pre-filled (RHS)  
Versus competitor Intramuscular  
Injection device (LHS)

13

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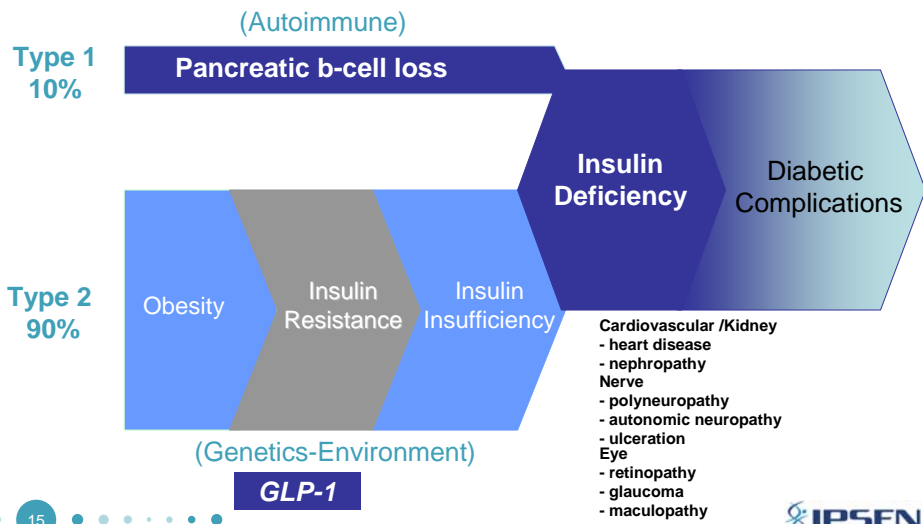
## A UNIQUE CONVERGENCE OF TECHNOLOGIES

### EXAMPLE 2: GLP-1

14

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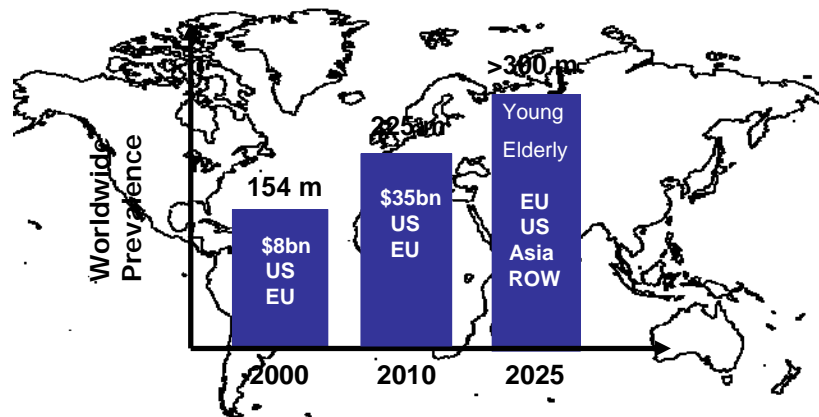
## Diabetes overview



15

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## Diabetes market is expanding



Source: IMS Health Medical Dynamics data, 2002

16

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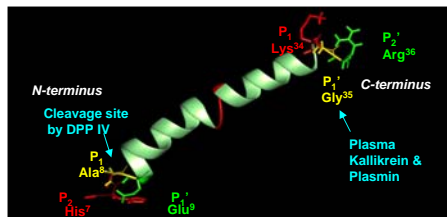


## Ipsen's GLP-1: leveraging our technological platforms

- ✓ Equal / greater potency compared to native compound
- ✓ Extended metabolic half-life: 22x more stable in plasma
- ✓ Complete retention of incretin properties
- ✓ Strong patent positions

✓ **Once-a-week or twice-a-month injection**

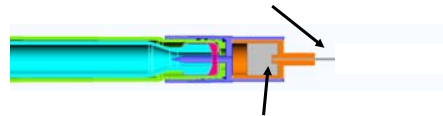
*Designing the peptide itself...*



Human GLP-1(7-36)NH<sub>2</sub> is cleaved in plasma at both N- & C termini: modification of positions 8 & 35

*...so that it fits Ipsen's innovative delivery systems technologies*

**Insulin type needle for subcutaneous injection**



**50 to 300µl of highly concentrated aqueous solution devoid of excipient**

Example of a pre-filled delivery device presentation (eg. Preloaded pen injector)

**Roche opt-in in July 2006**

- ✓ ~ €60 m paid upfront
- ✓ ~ €170 m potential additional milestones
- ✓ Mid-teens royalties on WW net sales

17

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**FIELD PROVEN PRODUCTS  
SOLD WORLDWIDE, WITH A STRONG  
EXPOSURE TO EMERGING COUNTRIES**

**ENTERING THE WORLD'S LARGEST  
MARKET**

18

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## 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)

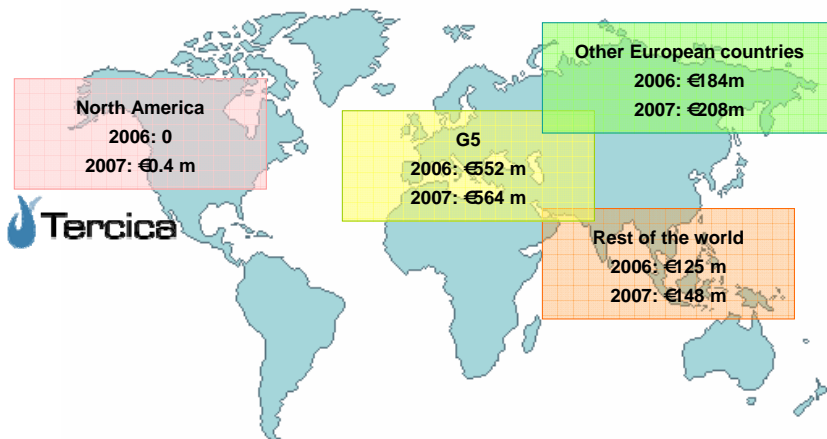
### Dysport®

- 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)

19

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## Ipsen is present in 127 countries representing c. 36% <sup>(1)</sup> of the world's pharmaceutical market...



...and entered in late 2006 the largest market, North America, accounting for 52% <sup>(1)</sup> of total

20

NOTE 1: source: IMS health report 2002

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## Creating a global endocrinology franchise with Tercica

- Cross-Licensing agreement for Somatuline® Autogel® in North America and Increlex® in Europe & other territories
- Ipsen becomes Tercica's largest shareholder, with a 25% stake and with the ability to increase its stake to 40%

- ✓ Implementation of Somatuline® US strategy
- ✓ Enhanced Endocrinology portfolio with the combination of Somatuline®, NutropinAq® and Increlex®, creating a "global care solution" for patients suffering from growth disorders
- ✓ Building a platform in endocrinology in the US through a staged and flexible equity investment in Tercica

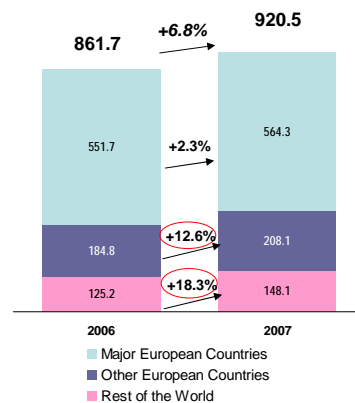
21

## Ipsen offers a high exposure to fast growing emerging markets

### 2006 and 2007 sales by region

- 2007 sales outside the G5: €356
  - ✓ 14.9% growth year-on-year
- A market leader in China with Decapeptyl® and Smecta®
- Extensive coverage of fast growing:
  - ✓ Russia
  - ✓ ex-CIS countries
  - ✓ Brazil, Argentina
  - ✓ North Africa
  - ✓ Middle East

### 2006 and 2007 sales by region

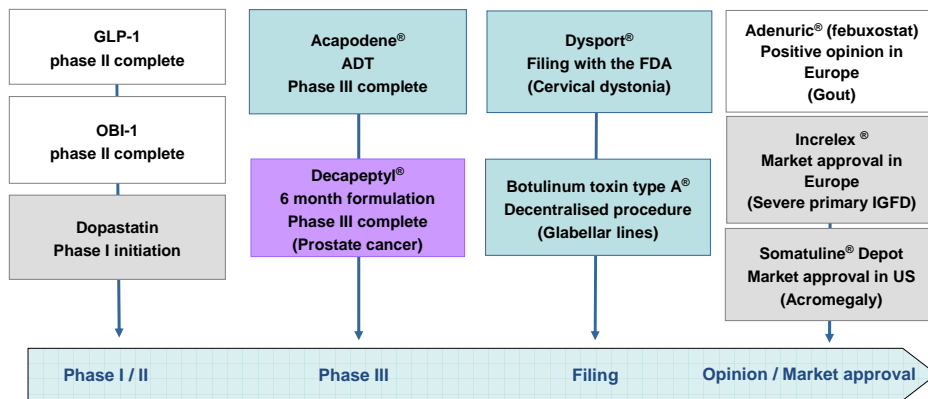


22

## A rich pipeline and a busy newsflow



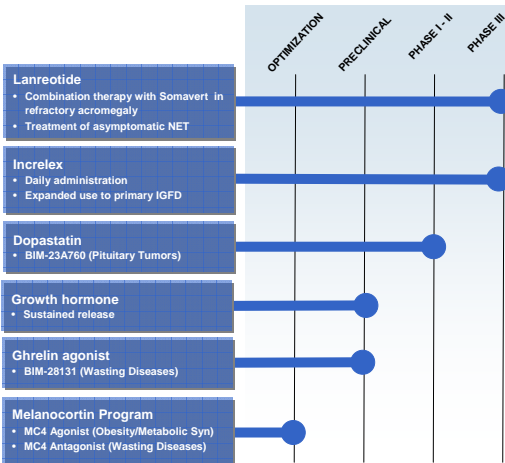
## Year-to-date development highlights



2 filings and 3 approvals

## A global endocrinology franchise

### A rich Endocrinology pipeline



### A unique portfolio

- ✓ A "global care solution" in growth disorders, with **Somatuline®**, **NutropinAq®** and **Increlex®**
- ✓ Sales of c. €130 millions

### A strategic partnership with Tercica

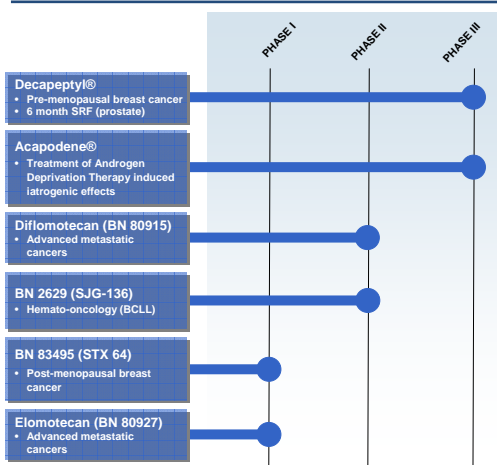
- ✓ A cross-Licensing agreement for **Somatuline® Depot** in North America and **Increlex®** in Europe and other territories
- ✓ An equity investment in which Ipsen has become **Tercica's largest shareholder**, with a 25% stake and with the ability to increase its stake to 40%

25



## An established international franchise and a promising platform in oncology

### A promising Oncology pipeline



### An established international presence

- ✓ Decapeptyl sold in over 60 countries
- ✓ Sales in excess of €230m

### Attractive early stage compounds

- ✓ Angiomates (STX-140)
- ✓ GPCR signaling inhibitors (BIM 46187)
- ✓ Cdc 25 phosphatases inhibitors (IRC-83864)
- ✓ Peptide-cytotoxic conjugates

26



## A strong pipeline to fuel future growth

### NEW CHEMICAL ENTITIES

BN 83495 (STX 64)	Post-menopausal breast cancer	Phase I
BN 2629 (SJG-136)	Advanced metastatic cancers	Phase I
Diflomotecan (BN 80915)	Advanced metastatic cancers	Phase II
Elomotecan (BN 80927)	Advanced metastatic cancers	Phase I
Acapodene®	Treatment of Androgen Deprivation Therapy induced iatrogenic effects	Phase III
Increlex®	Severe primary IGF-1 deficiency	<u>Approved in the EU</u>
BIM 51077	Type 2 diabetes	Phase II Partnered with Roche
<b>OBI-1</b>	<b>Haemostasis</b>	<b>Phase II</b>
febuxostat	Symptomatic hyperuricaemia	<u>Approved in the EU</u>

### LIFE CYCLE MANAGEMENT PROGRAMMES

Decapeptyl®	Pre-menopausal breast cancer 6 month SRF (prostate)	Phase III Phase III
Somatuline Autogel®	Non functioning neuro endocrine tumors	Phase III
<b>Somatuline® Depot</b>	<b>Acromegaly</b>	<u>Approved in the US</u>
Somatuline Autogel®	Co-administration with Pegvisomant	Phase III
<b>Dysport®</b>	<b>Cervical Dystonia</b>	<u>Under regulatory review in the US</u>
Reloxin®	Aesthetic medicine	<u>Under regulatory review in the EU</u>
<b>Reloxin®</b>	<b>Aesthetic medicine</b>	<b>US: Partnered with Medicis</b>
Tanakan®	Mild cognitive impairment related to age	Phase III

27

Purple: Oncology / Green: Endocrinology / Blue: Neuromuscular disorders  
In Bold: US projects  
This table excludes pre-clinical projects



## Outlook



## A rich newsflow in 2008...

### 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

2 dossiers (botulinum toxin) under review in the US and Europe	STX-64 phase I data	Adenuric® (febuxostat) partnership opportunities in Europe	Disclosure by Roche of GLP-1 (R1583) phase II results and potential phase III initiation	Somatuline® US sales ramp-up	Choice of a commercialisation option for Dysport® in the US
Increlex® sales ramp up in Europe	Dopastatin phase I data			OBI-1 end of phase II meeting with the FDA	

29

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## Outlook for 2008

	2008 objectives	2007 base
<b>Sales</b>	<b>Underlying: 6.5 to 7.5% growth<sup>(1)</sup></b> Reported: 3.2 to 4.2% growth	€883.6 millions €20.5 millions
<b>Other revenues</b>	<b>13.0 to 16.0% growth</b>	€3.3 millions
<b>Reported operating margin</b>	<b>22.0 to 23.0%</b> (in % of sales)	<b>22.7%</b>

The above objectives are set at **constant currency**

NOTE 1 : Excluding the sales of Ginkor Fort® in 2007 and 2008

30

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## Conclusion

All financial objectives have been met in 2007

Continued strong growth in specialist care and international markets

Somatuline<sup>®</sup> Depot approved and launched in the US

Increlex approved and launched in Europe

Adenuric<sup>®</sup> (febuxostat) positive opinion in Europe

A reinforced balance sheet

Paving the way for growth

31

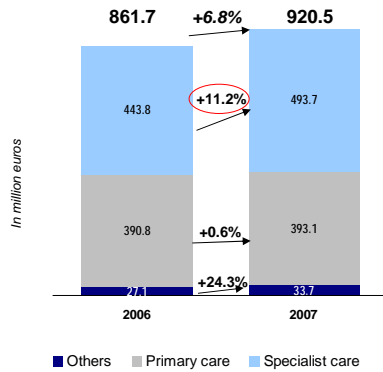
## Appendices



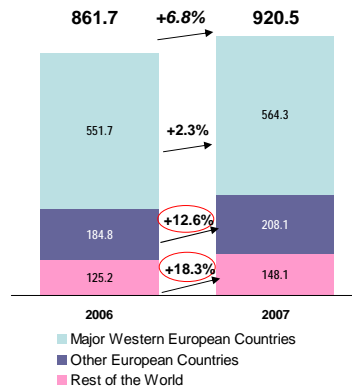


## Sales evolution

2006 and 2007 sales by therapeutic area



2006 and 2007 sales by geographical region



Specialist care and International markets continue to drive our expansion

33

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## Other revenues evolution

Royalties received

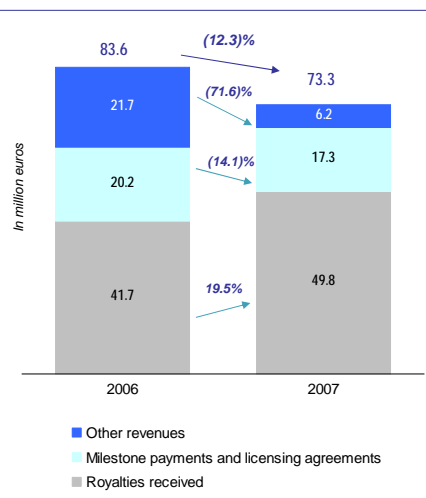
- Kogenate® royalties reached €47.6 m, up 22.8% year-on-year

Milestone payments and licensing agreements

- Roche, Medicis, Recordati and Galderma partnerships.
- In 2006, accelerated recognition of payments received by the Group following termination of the Inamed / Reloxin® distribution agreement.

Other revenues

- No more billings for R&D services, notably for GLP-1 (partnered with Roche) and for a new GH formulation.
- 2006 included co-promotion revenues for Zoxan®.



34

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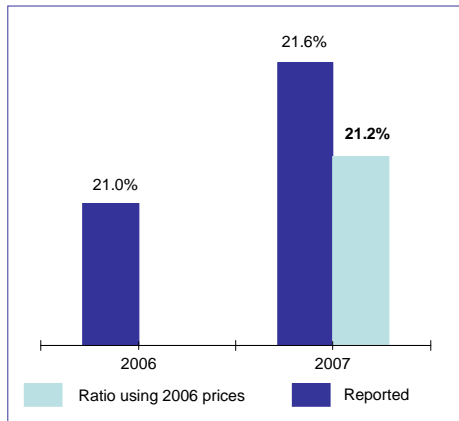
## Cost of goods sold evolution

### Positives

- Fast growing specialist care yielded a favourable "mix effect"
- Productivity efforts

### Negatives

- Price decreases (€17.9 million) mechanically reduce COGS ratio (2.1 points impact on sales growth)
- Relative weight of in-licensed products in total Group sales



Price cuts and growth of in-licensed products have more than offset Ipsen's favourable mix effect and productivity efforts

35

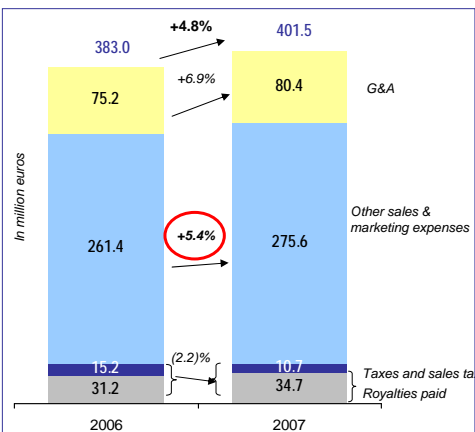
## SG&A expenses evolution

### Other sales & marketing expenses

- Contained Marketing & Sales costs increase - below sales growth level
- Increase in royalties paid to third parties (up 11.3%) offset by lower tax on sales in France

### G&A

- Reinforcement of certain administrative functions
- IT systems upgrade



SG&A ratio contained in 2007

36

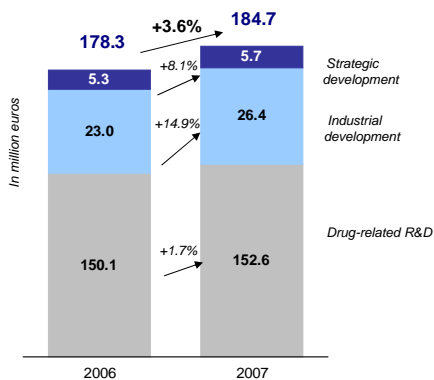
## R&D expenses evolution

### Drug-related R&D

- Preparation of US filing for Dysport® and Somatuline® Depot
- Transfer to Roche of the development of BIM51077 (GLP-1)
- Self-financed R&D grew by 7.9%**

### Industrial development

- Strong growth due to the preparation for pre-approval inspections by the FDA in the context of the filings of Dysport® and Somatuline® Depot in the US



A sustained level of R&D in a context of preparation for registrations:  
20.1% of sales in 2007 vs. 20.7% in 2006

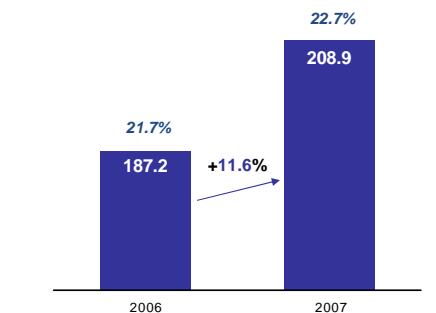
37

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## Operating income evolution

### Strong improvement in operating margin in 2007 despite :

- A sustained price pressure (notably on Tanakan® in France and Decapeptyl® in Italy)
  - Lower "other revenues", especially R&D rebilling (GLP-1) and co-promotion revenues (Zoxan®)
  - Strong sales of in-licensed products and drug related activities, which softened a favourable mix improvement
  - Increlex® and Adrovan™ launch costs
- 2006 included €3.4 million paid to Inamed to recover rights to Reloxin® and a €7.3 m impairment charge (Testim®)



Operating income (€ millions) and operating margin (in % of sales)

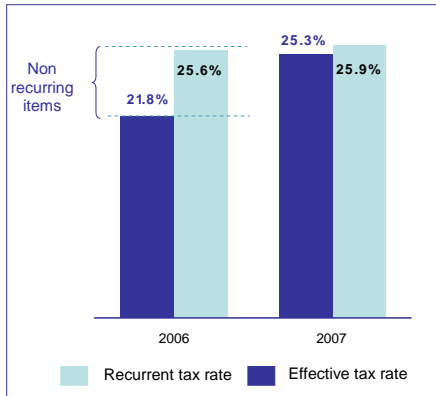
Solid operating performance in the context of sustained efforts for future growth

38

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## Income tax evolution

- In 2007, the Group's effective tax rate reached 25.3%
- In 2006, the effective tax rate, which amounted to 21.8%, benefited notably from the non-recurring effect of the use in the UK of capital losses

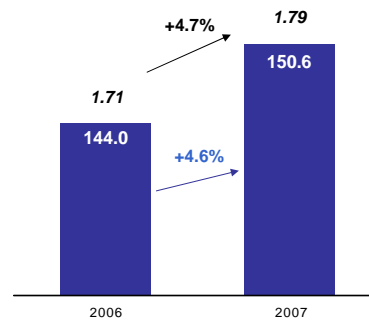


Starting from 2008, the Group will benefit from the new tax research credit ("CIR") reform in France bringing its effective tax rate to 22 to 24%

39

## Net income and EPS evolution

- Solid EPS growth and confidence in future growth prospects allow the Group to propose a €0.66 per share dividend to its shareholders, representing a pay out ratio of 37%



Net income (€ millions) and fully diluted EPS (in €)

40

## Cash flow statement

in million euros		2006	2007	
<b>Cash Flow before change in working capital</b>		167.6	214.3	
(Increase) / Decrease in working capital		160.0	(38.3)	
<b>Net cash flow generated by operating activities</b>		327.6	176.0	<ul style="list-style-type: none"> <li>2006 benefited for important milestone payments from Medicis</li> <li>o.w. decrease of tax payable €38.5m</li> </ul>
Investment in intangible assets and property, plant & equipment		(78.8)	(84.0)	o.w. tangible fixed assets acquisition: €58.7 million
Financial investments		(63.1)	(2.1)	o.w. intangible asset acquisition: €26.5 million
Others		(20.4)	(54.2)	
<b>Net cash flow used in investing activities</b>		(162.3)	(140.3)	o.w. subscription to Tercica convertibles notes: €42.4million
Net change in borrowings		(31.9)	(1.8)	
Dividends paid		(50.4)	(50.4)	
Others		(1.2)	(24.6)	o.w. share buy-back: €24.8 million
<b>Net cash flow used in financing activities</b>		(83.5)	(76.8)	Reimbursement of long-term borrowings: €31.8 million in 2006
Discontinued operations		0.6	1.3	
<b>Change in cash and cash equivalent</b>		82.5	(39.8)	
Impact of exchange rate fluctuations		0.7	(3.0)	
<b>Closing cash &amp; cash equivalents</b>		283.7	240.9	
<b>Closing Net Cash<sup>(1)</sup></b>		252.9	217.8	

(1) Net cash: cash, cash equivalents and securities held for sales minus bank overdrafts, bank borrowings and other financial liabilities plus or minus derivative financial instruments

41

## Balance sheet evolution

in million euros	Assets		in million euros	Liabilities	
	31-dec-06	31-dec-07		31-dec-06	31-dec-07
<b>Goodwill</b>	188.8	189.0	<b>Equity attributable to the Group</b>	726.5	799.9
<b>Property, plans &amp; equipments</b>	198.2	221.9	<b>Minority interests</b>	1.4	1.2
<b>Intangible assets</b>	68.2	89.2	<b>Long-term financial debts</b>	21.6	20.8
<b>Other non-current assets</b>	147.3	185.3	<b>Other non-current liabilities</b>	195.4	221.0
<b>Total non-current assets</b>	602.5	685.4	<b>Short-term debts</b>	10.9	15.4
<b>Total current assets</b>	603.4	636.8	<b>Other current liabilities</b>	247.7	259.3
<b>Incl. cash and cash equivalents</b>	285.5	247.1	<b>Liabilities / discontinued operations</b>	10.8	5.3
<b>Assets / discontinued operations</b>	8.4	0.7	<b>Total Liabilities</b>	1,214.3	1,322.9
<b>Total assets</b>	1,214.3	1,322.9			
<b>Net Cash<sup>(1)</sup></b>	252.9	217.8			

(1) Net cash: cash, cash equivalents and securities held for sales minus bank overdrafts, bank borrowings and other financial liabilities plus or minus derivative financial instruments

42

## Accounting aspects in 2008

- The running costs in connection with one of our active substance production sites were, until the end of 2007, booked in R&D as this unit was producing only for R&D purposes
- The progressive shift of this unit's production for commercialisation purposes will trigger the transfer of certain R&D costs to CoGS
- In 2008, this transfer could lower the Group's R&D ratio by approximately 0.3 to 0.5 points (in % of sales) and increase the CoGS ratio by the same amount, without impacting the Group's operating margin