FIRST HALF 2008 RESULTS

August 29, 2008

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AN INNOVATION DRIVEN INTERNATIONAL SPECIALTY PHARMA

A strategic focus on specialist care worldwide	▪ Three targeted areas : Oncology, Endocrinology and Neuromuscular Disorders ▪ 5 key products accounting for ~ 57% of drug sales ▪ Growing at a double digit rate
A historic presence in primary care	▪ Focused on gastroenterology, cognitive disorders and cardiovascular diseases ▪ 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 centres 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…

FIRST HALF 2008 HIGHLIGHTS

Jean-Luc Bélingard, Chairman & CEO

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A STRONG FIRST HALF 2008

Performance growth *	Specialty care sales growth
+11.2%	**+13.4%**

Reported operating margin (in % of sales)	Fully diluted EPS growth
29.3%	**+42.1%**

NOTE: H1 2008/2007 growth rates

** Excluding Ginkor Fort® and at constant currency*

A RICH NEWSFLOW IN THE FIRST HALF 2008

Building a fully fledged presence in North America	Acquisition of Tercica	Progressing as per plan	➔
	Acquisition of a commercial infrastructure for Dysport®	Completed	✓
	Acquisition of OBI-1 development rights	Completed	✓
Filings of Reloxin® and Dysport® BLAs		Manufacturing inspections completed. Reviews ongoing.	➔
Taspoglutide move into phase III		Initiated	✓
Adenuric marketing authorisation		Completed	✓
Strategic research agreement with the Salk Institute		Already numerous paths	➔

So far, all key milestones executed in due time and progressing as per plan

FIRST HALF 2008 RESULTS

Claire Giraut, Chief Financial Officer

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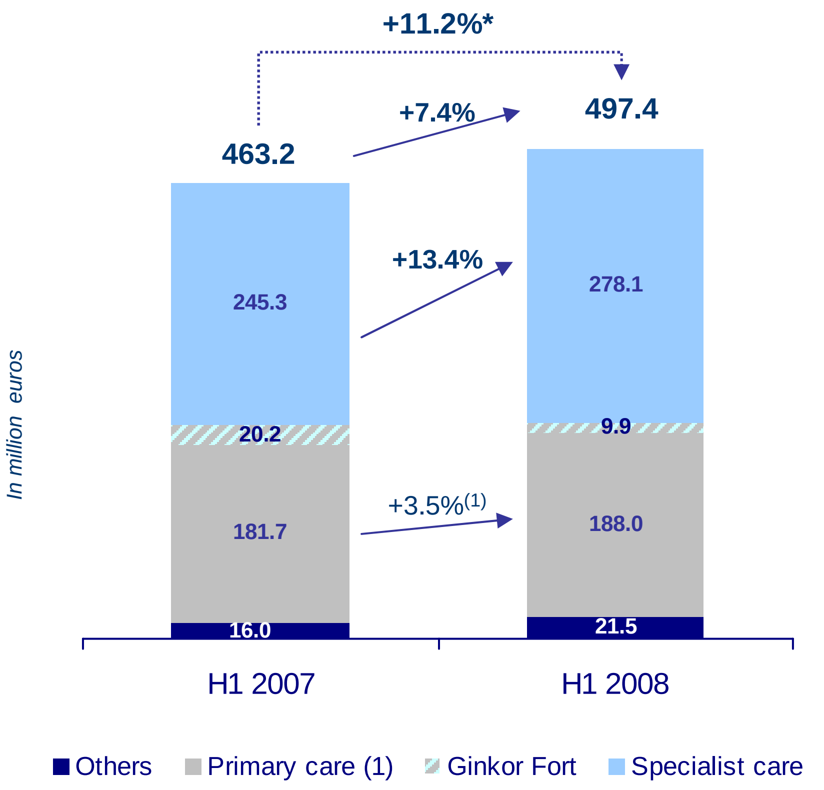
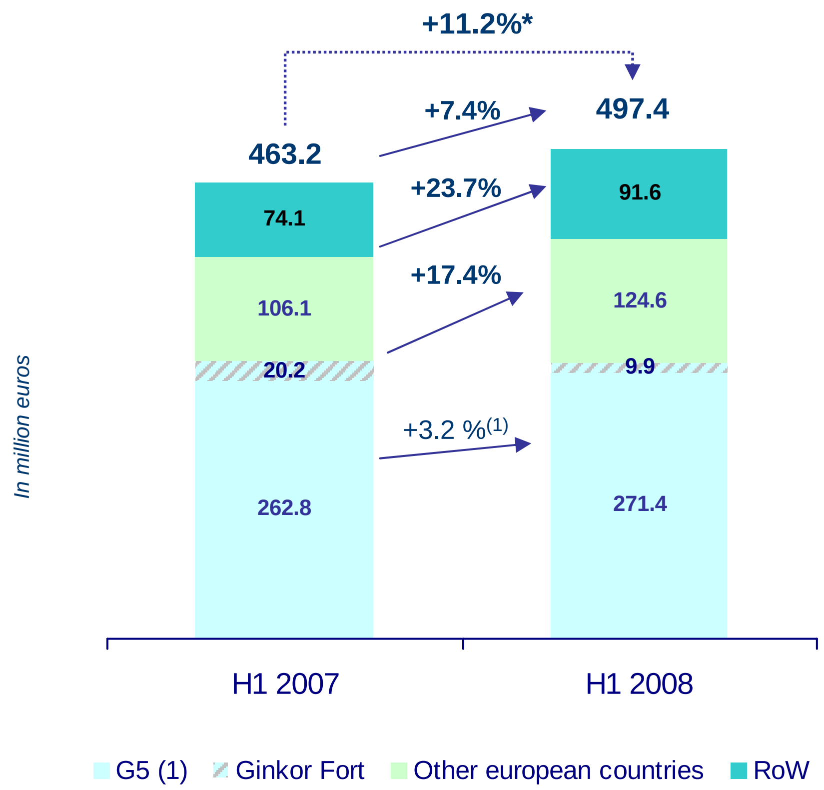
SALES PERFORMANCE

Sales performance by therapeutic area



Sales performance by region



Acceleration of growth

NOTE (1): Excluding the full sales of Ginkor Fort ®
** Excluding the sales of Ginkor Fort® and at constant currency*

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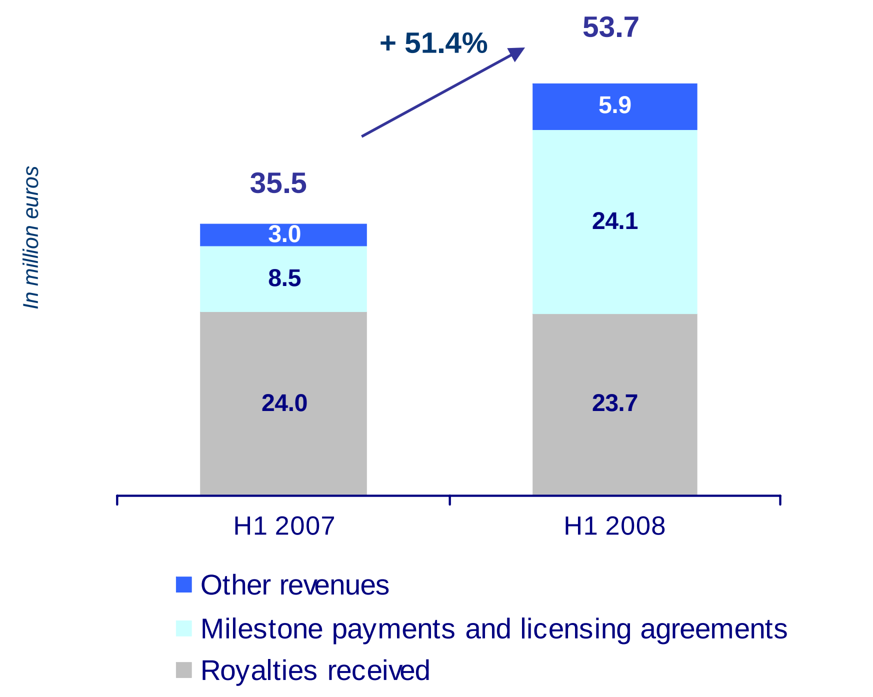
OTHER REVENUES EVOLUTION

Royalties received	Stable Kogenate® royalties Carry-over of some royalties into 2007 and 2008
Milestone payments and licensing agreements	Roche, Medicis and Recordati partnerships €13.7 m recognized in the context of the Ginkor® Fort divestment
Other revenues	Revenues received in the context of a renewal of a co-promotion contract



A strong performance, notably with the success of the Ginkor Fort® divestment

GROSS MARGIN EVOLUTION

+ Continued productivity improvements despite an increase in some raw materials and energy costs

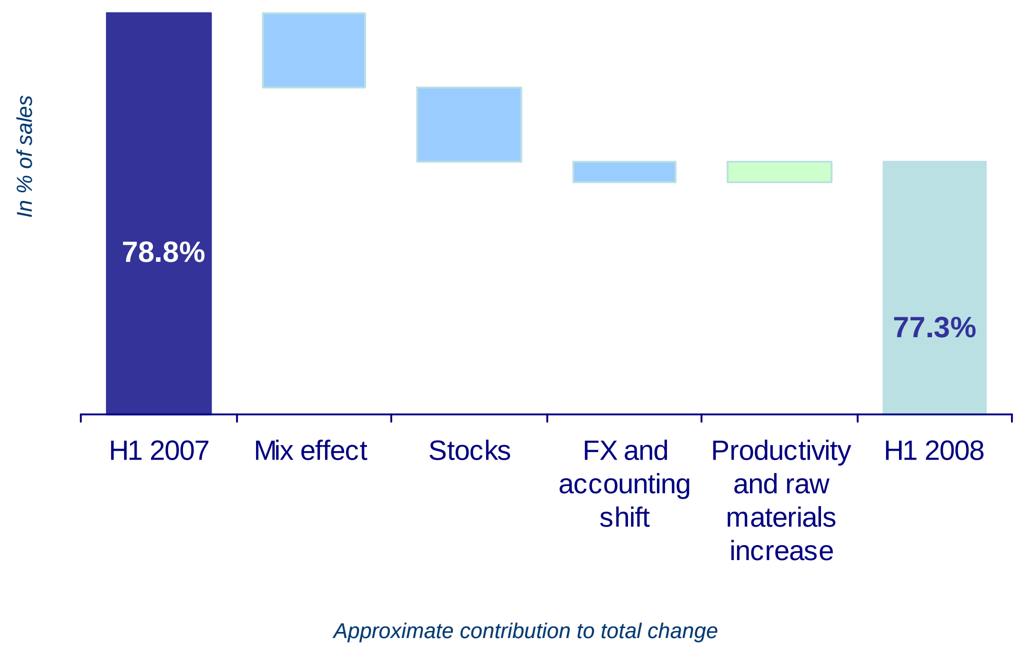
- Fast growing specialty care inducing a favorable "mix effect" more than offset by (i) fast growth of in-licensed products, (ii) strong growth of drug-related sales

- Some stock depreciations

- Negative FX impact

- Transfer of certain R&D costs to CoGS in connection with the progressive shift of a unit's production from R&D to commercialization purposes

= Limited price cuts during the period



Fast growing in-licensed products, some stock depreciation and accounting shifts more than offset the mechanical positive mix effect

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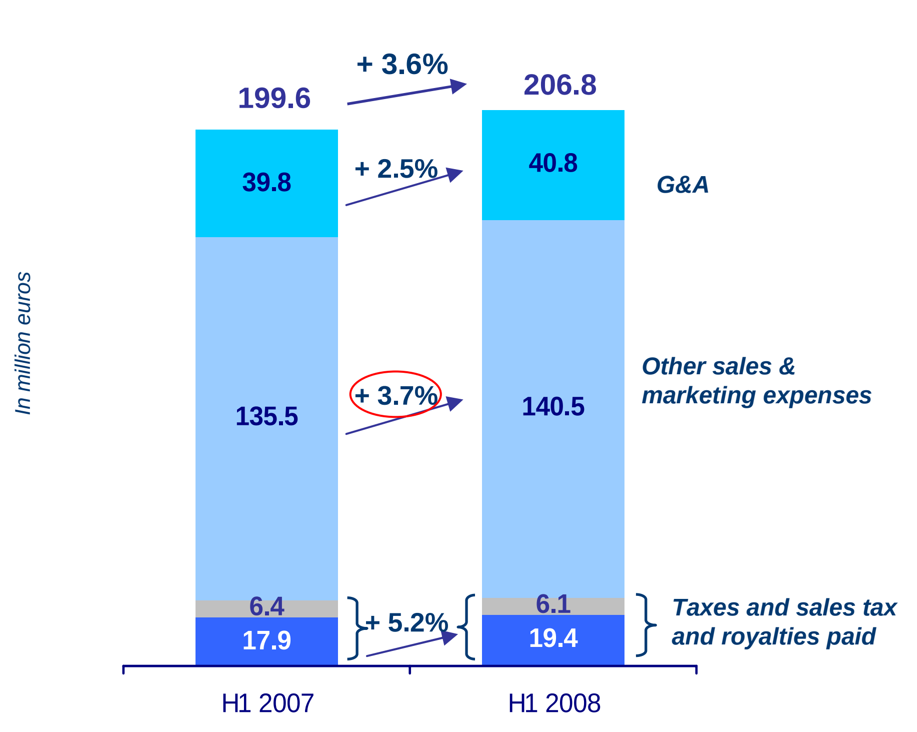
SG&A EXPENSES EVOLUTION

Other sales & marketing expenses	▪ Efficient containment of actionable Sales & Marketing expenses reflecting productivity improvements ▪ Seasonality of Sales & Marketing costs ▪ Strong increase in royalties paid to third parties partly offset by lower taxes on sales (notably in Spain)
General & Administrative expenses	▪ Efficient cost containment



Efficient cost containment and productivity improvements drive SG&A growth below sales growth level

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R&D EXPENSES EVOLUTION

Drug-related R&D

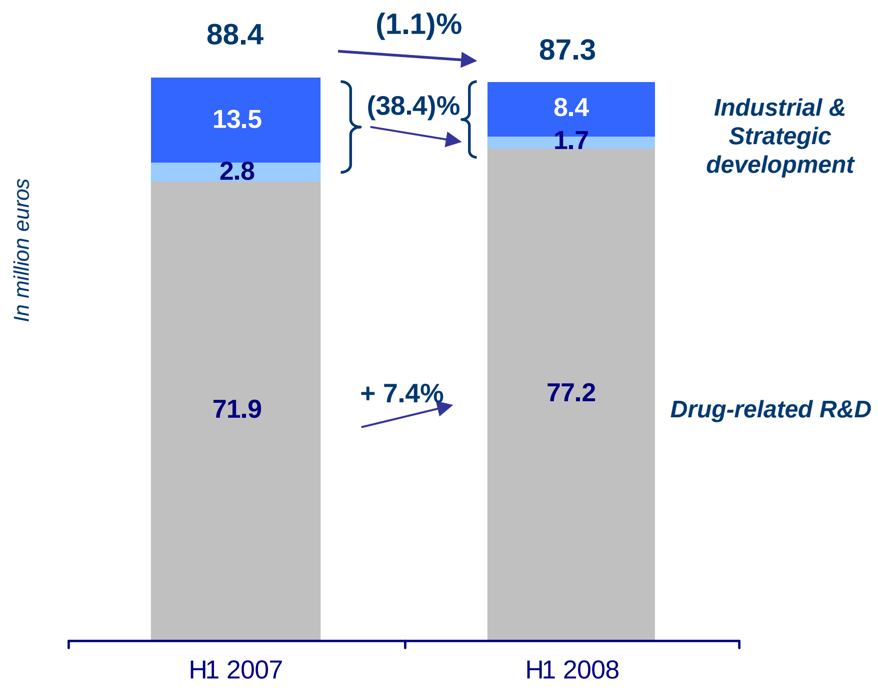
Major research and development projects:

- Filing of Dysport® in the US
- Somatuline® in non-functioning NET
- Dopastatin phase I
- Sulfatase inhibitor (BN83495) phase I

Industrial development

- End of preparation for pre-approval FDA inspections in certain manufacturing sites in the context of the filing of Dysport® and Somatuline® Depot in the US
- Transfer of certain R&D costs to CoGS

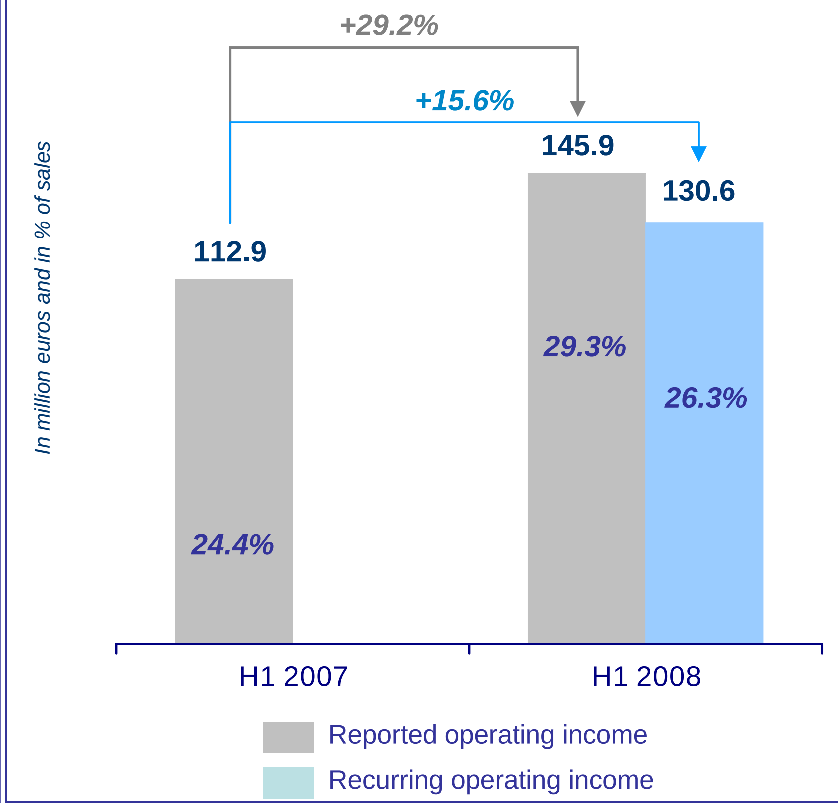
+5.2% at constant exchange rate



A sustained effort in R&D
despite an expected decrease in Industrial development costs post US filings

OPERATING INCOME EVOLUTION

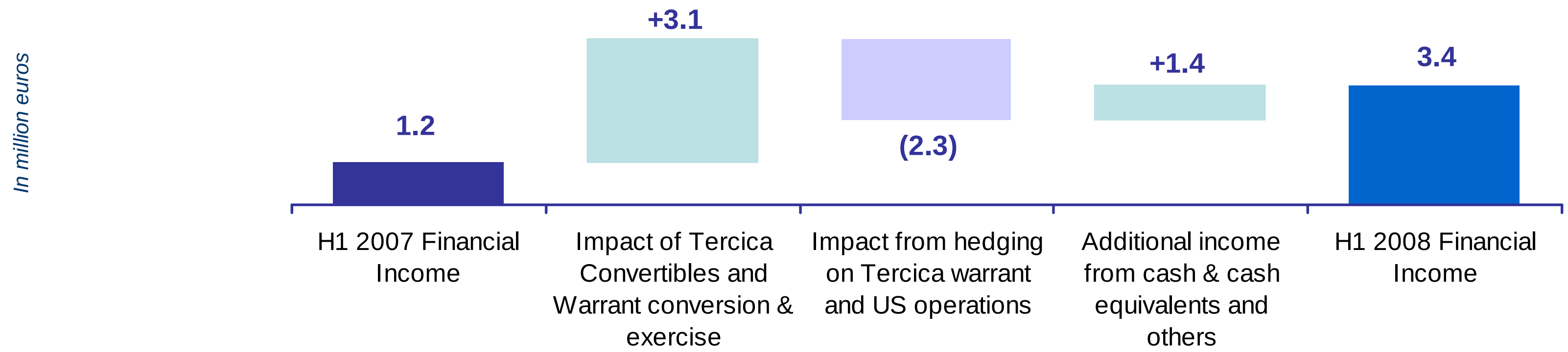
- Strong performance of all products
- Higher "other revenues", notably with the success of the Ginkor Fort® divestment
- Strong sales of in-licensed products and drug related activities as well as stock depreciations weight on CoGS ratio
- Limited overall FX impact on operating income
- Productivity efforts in the context of the continued launch costs for Increlex® and Adrovance®



A strong operating performance
driven by a positive blend of business robustness and productivity efforts

FINANCIAL INCOME EVOLUTION

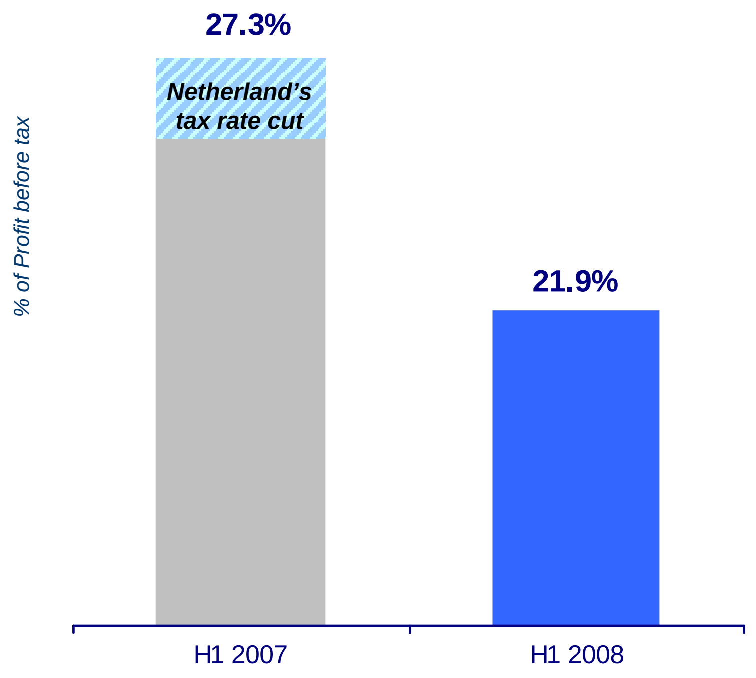
	H1 07	H1 08	Change
▪ Impact of Tercica convertibles and warrant conversion / exercise:	**€(2.2) m**	**€0.9 m**	**+€3.1 m**
- Increase of interests on convertible notes:	€0.7 m	€1.9 m	+€1.2 m
- Accelerated interests recognition on converts:	-	€8.3 m	+€8.3 m
- Fair value change on Tercica options and warrant:	€(1.5) m	€(6.3) m	- €4.7 m
- Exchange rate on Tercica convertibles and warrant:	€(1.4) m	€(3.1) m	- €1.6 m
▪ Impact from hedging on Tercica warrant and US operations:	**-**	**€(2.3) m**	**€(2.3) m**
▪ Additional income from cash/cash equivalents and others:	**€3.4 m**	**€4.8 m**	**+€1.4 m**
Total financial income	**€1.2 m**	**€3.4 m**	**+€2.2 m**



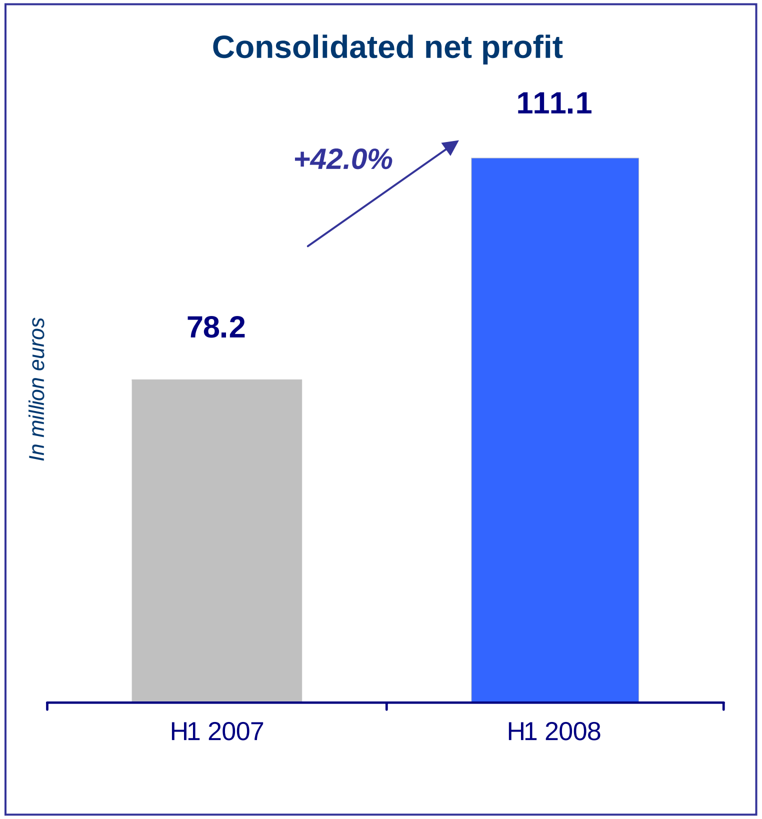
INCOME TAX EVOLUTION

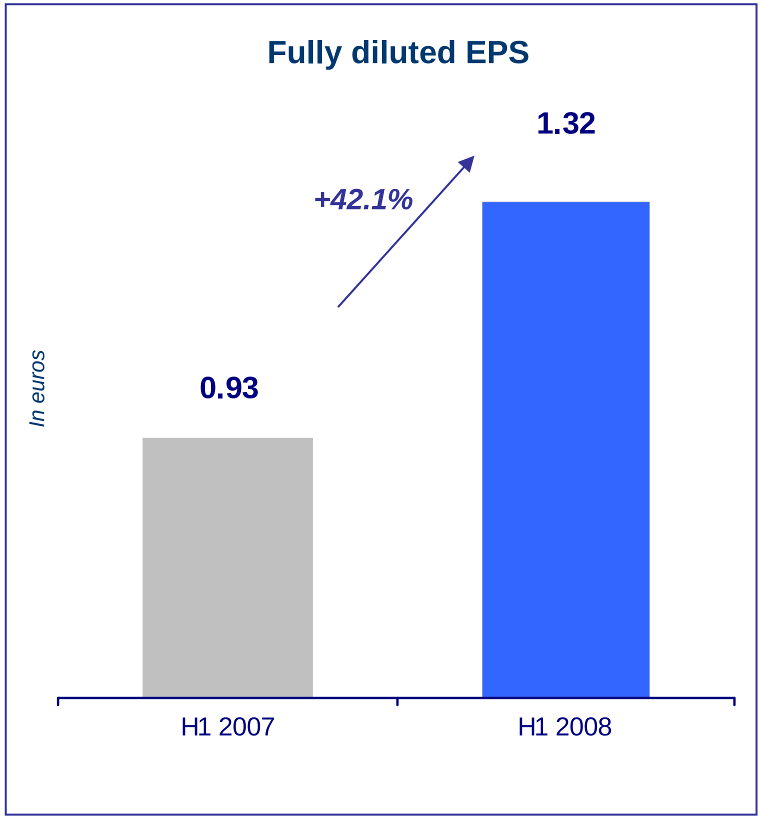
- H1 2008 benefited from a change in the computation rules of tax credits on research expenses in France

- H1 2007 was negatively impacted by a reduction in the value of deferred tax assets in the Netherlands, following the cut in tax rate



NET INCOME AND EPS EVOLUTION





A strong overall performance

CASH FLOW GENERATION

(In million of euros)	30 June 07	30 June 08
Cash Flow before change in working capital	**112.6**	**141.3**
(Increase) / Decrease in working capital	(65.3)	(17.1)
Net cash flow generated by operating activities	**47.3**	**124.1**
Investment in intangible assets and property. plant & equipment	(30.0)	(38.4)
Deposits and other financial investments	(4.3)	-
Others	(12.1)	6.0
Net cash flow used in investing activities	**(46.4)**	**(32.4)**
Net change in borrowings	2.4	(4.6)
Dividends paid	(50.4)	(55.1)
Others	(18.7)	(5.2)
Net cash flow used in financing activities	**(66.8)**	**(64.9)**
Discontinued operations	2.2	(1.0)
Change in cash and cash equivalent	**(63.7)**	**25.8**
Impact of exchange rate fluctuations	-	(3.0)
Closing cash & cash equivalents	**220.0**	**263.7**
Closing Net Cash[1]	**198.4**	**239.4**

Comments

- **Increase of receivables (-€36.8m)**
- **Increase of tax payables (+€24,4m) vs significant decrease in H1 2007**

- **Capex required to maintain industrial facilities (-€26.2m)**
- **Intangible assets investment (-€8m)**
- **Revenues from Ginkor divestments (+€13.8m)**
- **Change in working capital linked to investing activities (-€12,6m)**

- **Sale of securities held for sale**

- **Share buy back program**

[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*

OUTLOOK

Jean-Luc Bélingard, Chairman & CEO

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MAJOR KEY MILESTONES STILL AHEAD OF US THIS YEAR…

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 specialist care by providing innovative drug therapy
2. **GLOBALISE** through active geographical expansion policy
3. **OPTIMISE** returns of primary care through selected product life cycle management, partnerships and focused investments

Botulinum toxin in aesthetic use under review in Europe

Reloxin® under review in the US

STX-64 phase I data

Dopastatin phase I data

Decapeptyl® and Acapodene® submissions

Dysport® under review in the US

OBI-1 end of phase II meeting with the FDA

✓ Choice of a commercialisation option for Dysport® in the US

Somatuline® phase III initiation in NET in the US

Adenuric® (febuxostat) partnership opportunities in Europe

✓ Disclosure by Roche of GLP-1 Taspoglutide phase II results and phase III initiation

FULL YEAR 2008: STANDALONE FINANCIAL OUTLOOK

	2008 OLD objectives	2008 NEW objectives	2007 base
Sales growth	Underlying: 6.5 to 7.5% (1) Reported: 3.2 to 4.2%	Upper end of the range	€883.6 millions €920.5 millions
Other revenues growth	13.0 to 16.0% (2)	25.0 to 30.0%	€73.3 millions
Operating margin	22.0 to 23.0% (in % of sales)	23.0 to 24.0% (in % of sales)	22.7%

Ipsen will revise its full-year financial objectives once all transactions announced on June 5, 2008 are closed

NOTE 1 : excluding the sales of Ginkor Fort® in 2007 and 2008 and at constant currency
NOTE 2 : at constant currency

IPSEN TODAY….

- **Resilience of business** in a difficult macro-economic environment
- A strong and profitable specialty care **growth engine**
- **Substantial growth opportunities** through globalization and US entry
- A **rich and well balanced R&D pipeline**, with potential blockbusters
- A **strong cash flow generation and balance sheet**

APPENDIX

TERCICA'S MAIN IMPACTS ON IPSEN'S ACCOUNTS

(In thousand euros)

	H1 2007	H1 2008	Comments
Convertible notes and warrant			
Change in fair value of warrant	(1 058)	(2 360)	
– *Incl. Exchange rate impact*	*(89)*	*(491)*	▪ Exercice/conversion date (July 22, 2008) taken into account in the valuation model
Change in fair value of option	(609)	(4 944)	
– *Incl. Exchange rate impact*	*(59)*	*(548)*	
Exchange rate impact on notes w/o option	(1 278)	(1971)	▪ $/€ exchange rate evolution
Interests on convertible Notes	634	10 160	▪ Accelerated recognition due to early exercice/conversion date
– *Incl. Exchange rate impact*	*(2)*	*(43)*	
Impact on financial income	**(2 309)**	**885**	
Corresponding income tax impact	**21**	**(42)**	▪ Reduced rate (1.7%)
Loss from associates	**(2 999)**	**(4 817)**	▪ Share in Tercica loss (~25%)
Purchase accounting	**(463)**	**(408)**	▪ Net amortization of Increlex™
Loss from associates	**(3 462)**	**(5 225)**	
Impact on Ipsen consolidated net profit	**(5 750)**	**(4 382)**	

BALANCE SHEET EVOLUTION

(In million euros)

Assets

	31 Dec 07	30 Jun 08
Goodwill	189.0	189.0
Property, plants & equipments	221.9	226.6
Intangible assets	89.2	92.5
Other non-current assets	185.3	95.1
Total non-current assets	**685.4**	**603.2**
Total current assets	**636.8**	**744.6**
Incl. cash and cash equivalents	*247.1*	*269.7*
Assets / discontinued operations	0.7	-
Total assets	**1,322.9**	**1,347.9**
Net Cash (1)	**198.4**	**239.4**

(In million euros)

Liabilities

	31 Dec 07	30 Jun 08
Equity	799.9	844.1
Minority interests	1.2	1.4
Total equity	**801.1**	**845.5**
Long-term financial debts	20.8	16.3
Other non-current liabilities	221.0	223.0
Short-term debts	9.2	10.4
Other current liabilities	265.5	249.1
Liabilities / discontinued operations	5.3	3.6
Total Liabilities	**1,322.9**	**1,347.9**

(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

MILESTONES CASHED IN BUT NOT YET RECOGNIZED AS REVENUES

(In million euros)	30 June 07	30 June 08
Payments not yet recognised as revenues in H2	8.3	11.2
Payments not yet recognised as revenues in Y+1	17.2	22.4
Payments not yet recognised as revenues in Y+2 and beyond	167.2	183.3
Total Milestones cashed in but not yet recognised as revenues	**192.7**	**216.9**