First half 2009: confirming Ipsen's specialist care globalisation

August 28, 2009

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Objectives for today

1	First half 2009 achievements
2	First half 2009 detailed financials
3	CEO update
4	Progress on the remaining milestones and outlook

First half 2009 achievements

Jean-Luc Bélingard

Chairman & CEO

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A rigorous execution of key milestones

Phase I	Phase II/ III	Regulatory	Launch
		Decapeptyl® 6 Months Approval	Adenuric® Partnership(s) and launches
	BIM-23A760 Phase II initiation	Toremifene Citrate 80 mg European filing	Primary care products In-licensing deal(s)
	OBI-1 Phase III initiation	Azzalure® Approval in Europe	Azzalure® Launch by Galderma
BN-83495 Phase I results Breast	BN-83495 Phase II initiation Endometrial	Dysport® (aesthetics) FDA approval	Dysport® (aesthetics) Launch by Medicis
BIM-28131 Phase I initiation	Somatuline® Depot US NET Phase III initiation	Dysport® (therapeutic) FDA approval	Dysport® (therapeutic) Launch

A strong commercial performance in the first half 2009

6.3% Drug sales growth,
in line with our full-year objective

A solid 11.5% specialist care sales growth,
with endocrinology up 32.7% year-on-year

Stabilisation in Eastern Europe, with Q2 sales up 1.0% year-on-year

Dynamic growth in the US, with Somatuline®,
Increlex® and Apokyn® generating \$23 million, up 33% Q2 over Q1

NOTE: All % sales growth expressed at constant currency

A strong profitability and cash generation

25.0% operating margin pre-goodwill allocation

A ‘clean operating margin’* of 18.0%, compared with 21.6% a year ago

€147 m generated by operating activities, versus €124 m a year ago

€139 m net cash position as at June 30, 2009,
post €203 m net cashed-out on US acquisitions in H2 08

NOTE: All margins expressed in % of sales

**Reported operating income excluding non-recurring elements (divestment of Ginkor Fort® & sale of land), purchase price accounting impacts AND all Kogenate royalties*

Detailed financial performance

Claire Giraut

Chief Financial Officer

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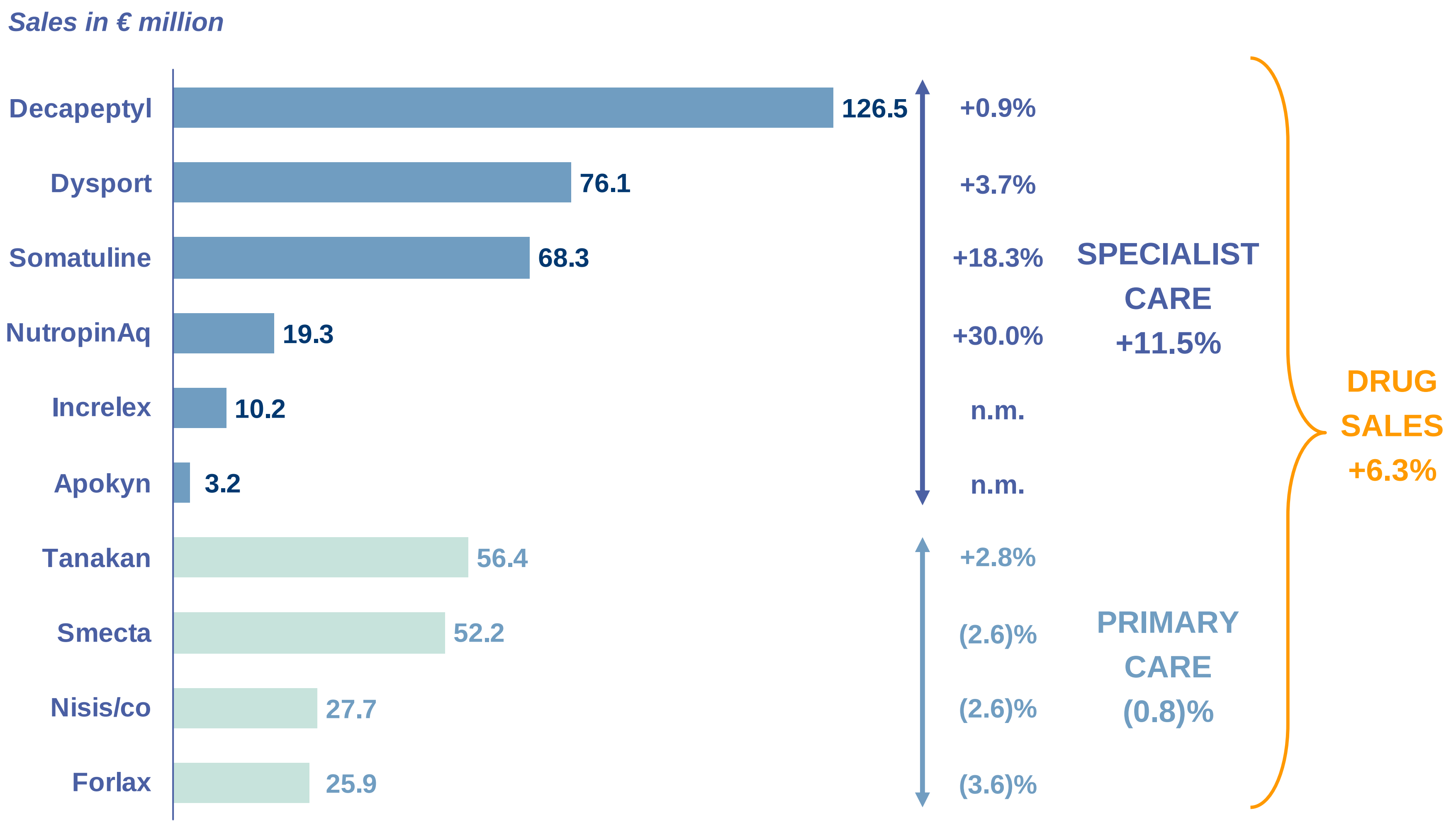
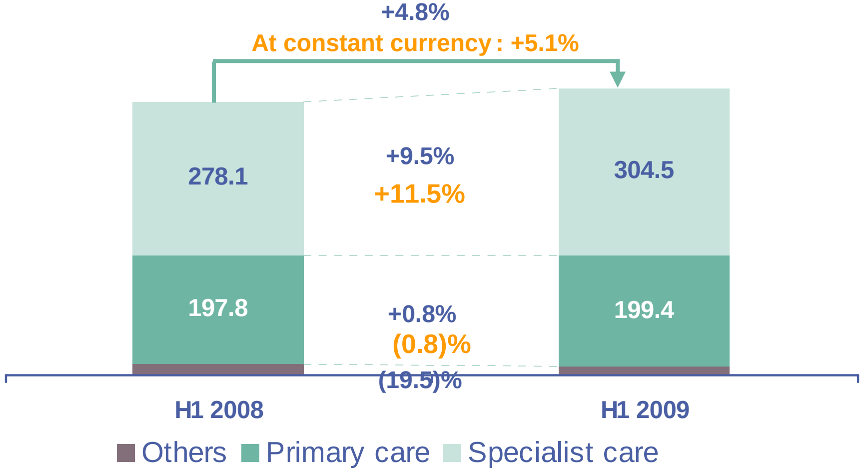
Main products performances



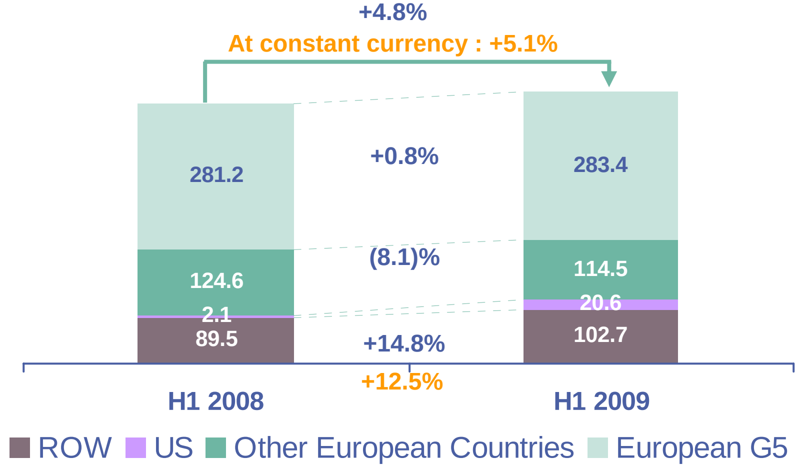
NOTE: % sales growth at constant currency

Top line evolution

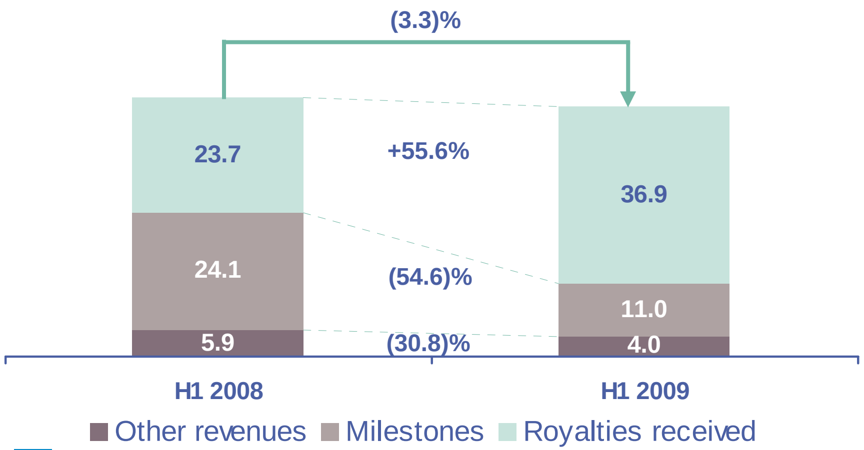
Sales by therapeutic area



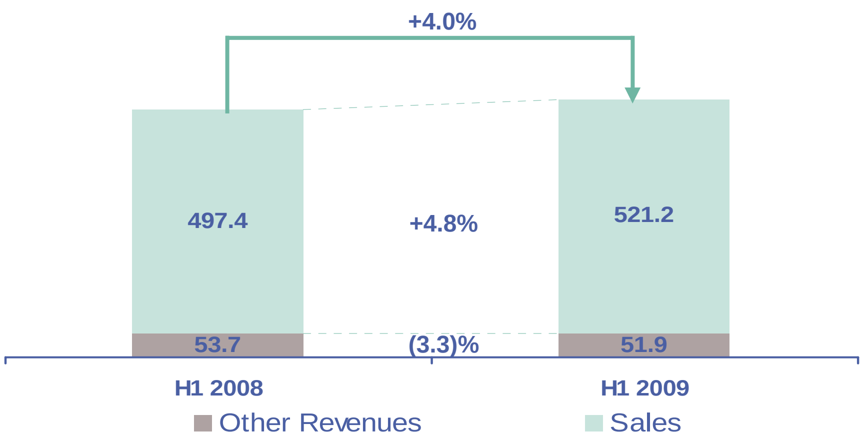
Sales by region



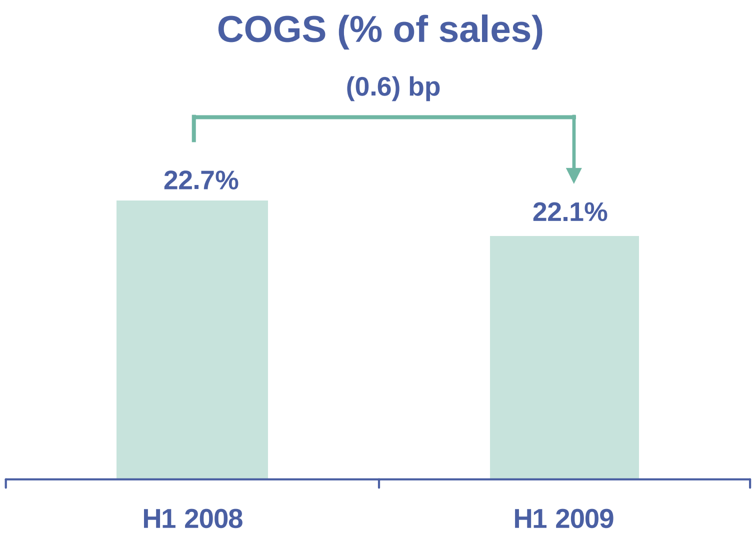
Other revenues evolution

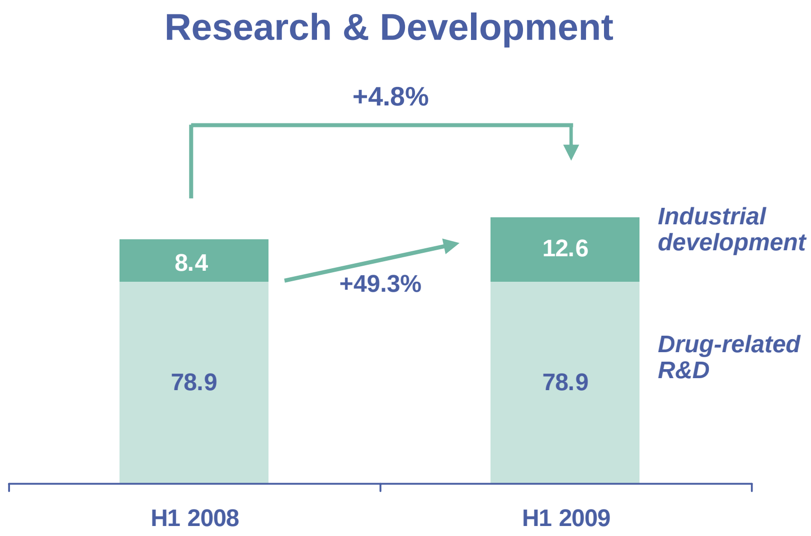


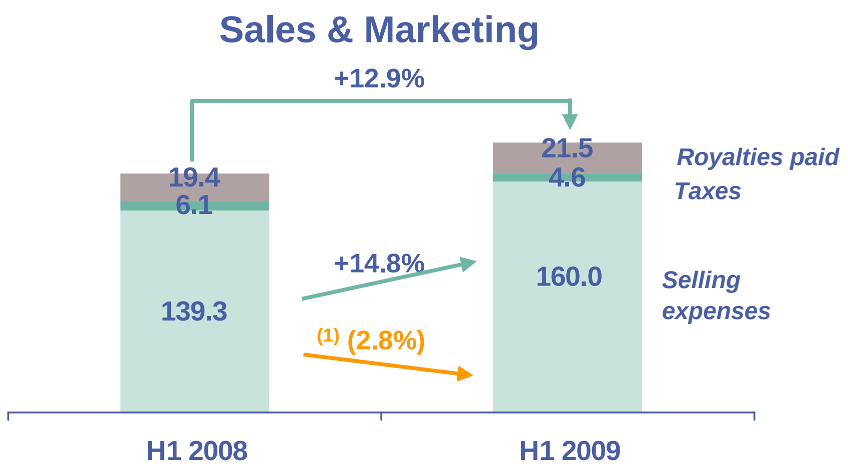
Total revenues evolution

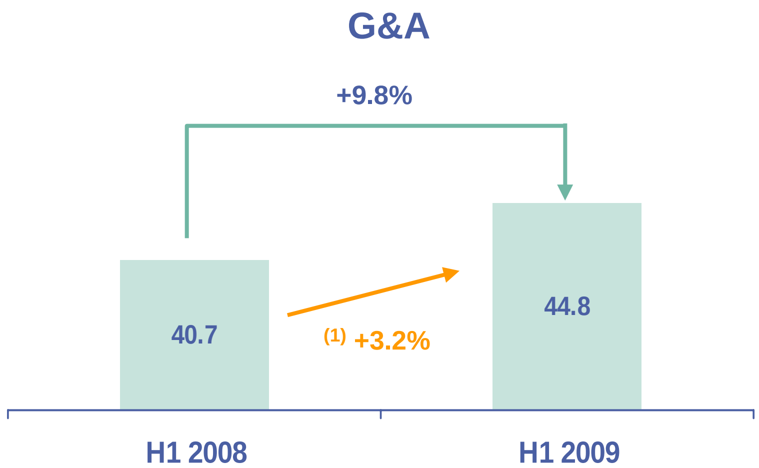


P&L – above EBIT









NOTE 1: excluding US

P&L - EBIT

Excluding goodwill allocation in connection with US acquisitions AND income from Bayer

€94.1 m	18.0%

Excluding goodwill allocation in connection with US acquisitions

€130.5 m	25.0%

As reported

€125.2 m	24.0%

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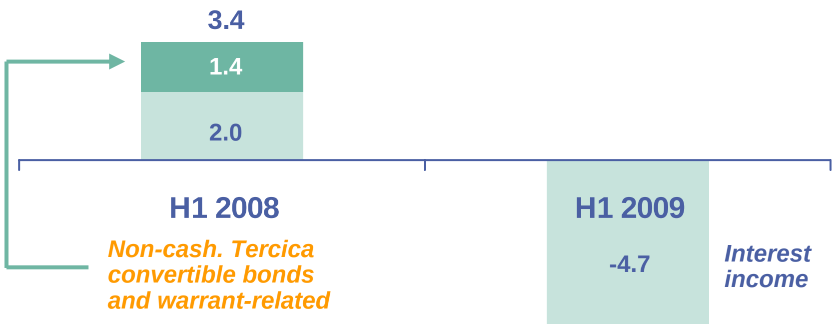
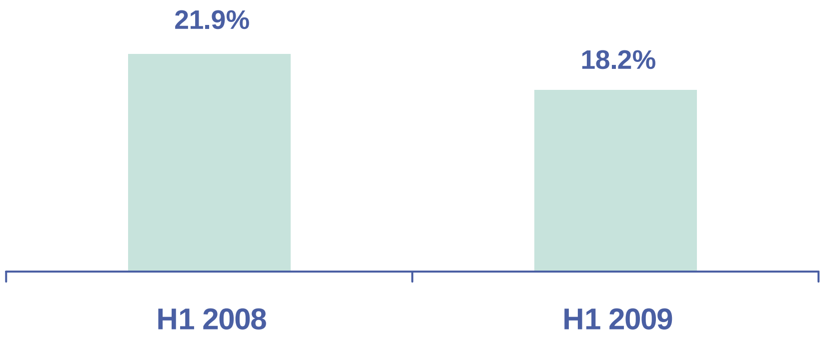
P&L – below EBIT

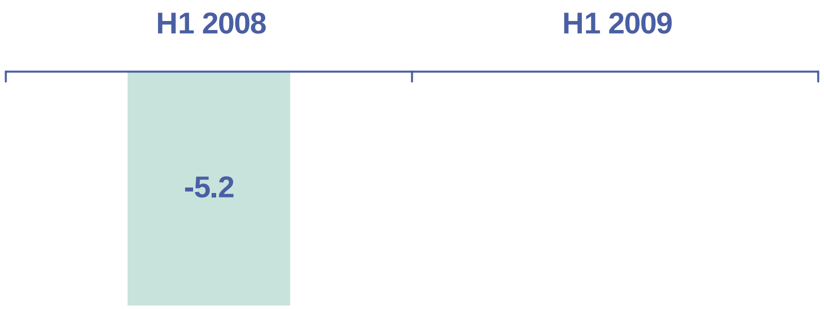
Financial result (€m)



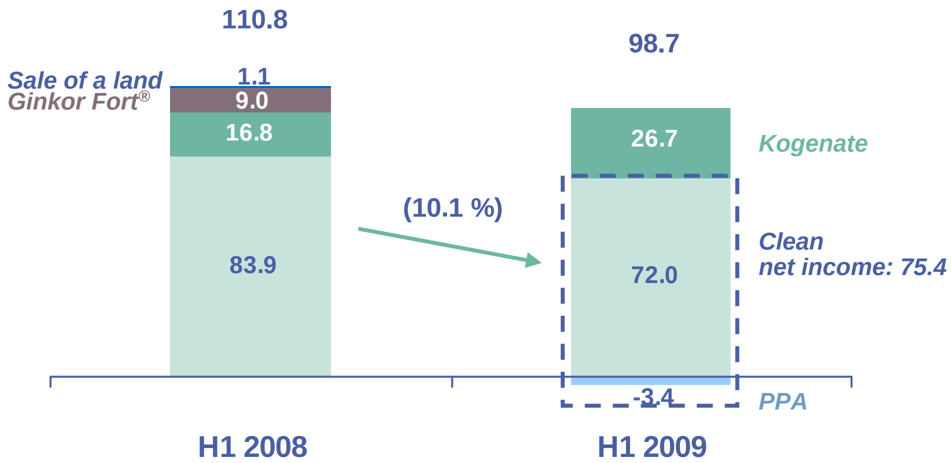
Effective tax rate (% of PBT)



Income from Associates (€m)



Consolidated result (€m - group share)



Balance Sheet evolution

Assets

- In million of euros

	31 Dec 08	30 Jun 09
Goodwill	(*) 290.8	290.8
Property. plans & equipments	237.9	244.7
Intangible assets	(*) 232.9	239.3
Other non-current assets	(*) 112,9	140.5
Total non-current assets	(*) **874.5**	**915.3**
Total current assets	(*) **688.6**	**589.7**
Incl. cash and cash equivalents	239.6	140.2
Assets / discontinued operations	1.3	0.7
Total assets	**1 564,4**	**1 505.8**
Net Cash	**66.2**	**118.9**

Liabilities

- In million of euros

	31 Dec 08	30 Jun 09
Equity	(*) 885.0	928.4
Minority interests	1.6	1.8
Total equity	(*) **886.6**	**930.2**
Long-term financial debts	160,4	12.7
Other non-current liabilities	(*) 196,4	276.3
Short-term debts	8.3	8.0
Other current liabilities	307.8	275.1
Liabilities / discontinued operations	4.9	3.5
Total Liabilities	**1 564,4**	**1 505.8**

(*) 31 Dec 08 restated after Purchase Price Allocation of Tercica Inc. and Vernalis Inc.

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Cash flow statement

- *In million of euros*	30 Jun 08	30 Jun 09
Cash Flow before change in working capital	**141.3**	**121.5**
- Increase / Decrease in working capital	(17.1)	25.7
Net cash flow generated by operating activities	**124.1**	**147.2**
Investment in intangible assets and property. plant & equipment	(34.2)	(25.6)
Others	1.8	(6.8)
Net cash flow used in investing activities	**(32.4)**	**(32.4)**
Net change in borrowings	(9.8)	(159.4)
Dividends paid	(55.2)	(58.2)
Others	0.1	-
Net cash flow used in financing activities	**(64.9)**	**(217.6)**
Discontinued operations	(1.0)	(0.2)
Change in cash and cash equivalent	**25.8**	**(103.0)**
Impact of exchange rate fluctuations	(3.0)	4.8
Closing cash & cash equivalents	**263.7**	**139.1**
Closing Net Cash	**239.4**	**118.9**

Comments

- Deferred revenues net increase: €+56.7m (Medicis / Galderma)
- Receivables, payables, inventory and others: €-31.0m

- Tangible assets: €-14.7m
- Intangible assets: €-10.9m

- reimbursement of credit facility: €-150m
- Shares buy back: €-6m

CEO update

Jean-Luc Bélingard

Chief Executive Officer

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A productive and unique R&D

Some major projects moving through the pipeline appear to have significant and higher-than-expected market potential

GH+IGF-I combination therapy	BN-83495 in 4 indications	BIM-23A760	OBI-1

+ An extremely limited attrition:
Over the past 5 years, <u>few major R&D project</u> have been stopped

The Group will ensure the means necessary to develop these new chemical entities match their potential

North America: timely acquisitions

Positive feedbacks received for Dysport®:
opportunity in therapeutic use could be larger than anticipated:
probable acceleration of launch and intensification of sales & marketing efforts

Differentiated and competitive products addressing significant markets driven by strong and committed local teams

After a transition phase in the context of intense launch activities, Ipsen remains confident on the success of its products in North America in the long term

Primary care: toward opportunities

Forlax® :
Mitigation strategy currently in force

Smecta® :
Capitalising on the strength of the brand

+ Ipsen's primary care products:
Strong brands, strong recognition, significant market potential

+ Strong sales networks, with significant presence in emerging markets, notably China and Russia

Ipsen is regularly evaluating the business opportunities presented by the evolution of the primary care environment

Ipsen is moving up toward a reinforced profile, with enhanced growth potential

A unique R&D	A strong potential in the US
Primary care opportunities	A strong financial situation

Outlook and progress on the remaining milestones

Jean-Luc Bélingard

Chief Executive Officer

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A rigorous execution of key milestones

IGF-I+GH combo
Phase II results

Decapeptyl® 6 Months
Approval

Adenuric®
Partnership(s) and
launches

Toremifene Citrate 80 mg
European filing

Primary care products
In-licensing deal(s)

OBI-1
Phase III initiation

Azzalure®
Approval in Europe

Azzalure®
Launch by Galderma

BN-83495
Phase I results
Breast / Prostate

Dysport® (aesthetics)
FDA approval

Reloxin® (aesthetics)
Launch by Medicis

BIM-28131
Phase I initiation

Phase I | Phase II/ III | Regulatory | Launch

Delivering on our key objectives…

IGF-I + GH combo
Phase II pediatric results on September 12-15 at LWPES/ESPE

Decapeptyl® 6 Months
First approvals expected before year-end

Adenuric®
In final negotiation stage
Partnership expected before year-end

OBI-1
Phase III initiation in December

BN-83495
Phase I results at San Antonio Breast Cancer Symposium on December 9-13, 2009

Phase I → Phase II/ III → Regulatory → Launch

Outlook

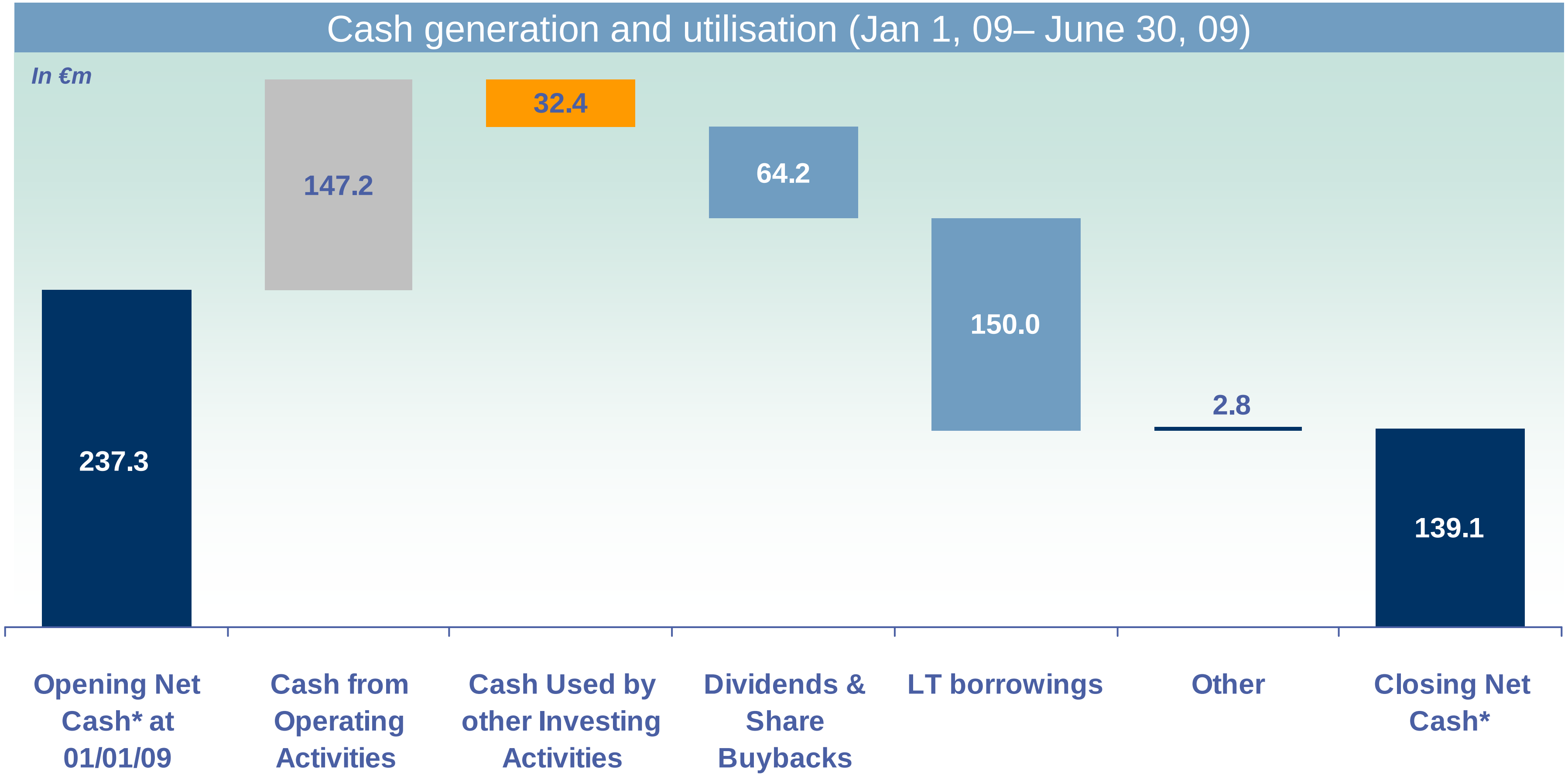
2009 financial objectives confirmed

Drug sales growth of 7.0 to 9.0%

Operating margin pre-Kogenate royalty and before goodwill allocation of around 14.0%

Appendices

Cash flow generation



* 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

Allocation of the Tercica purchase price accounting

- **Other intangible assets** (IGF-1 licence) + € 69.0 m
- **Current assets** (stock revaluation & others) €(0.4) m
- **Contingent liabilities** €(7.6) m
- **Deferred tax assets*** + €18.0 m
- **Equity** (revaluation of the share previously held) €(18.1) m

Total of the allocation: €60.9 m

Allocation of residual Goodwill to "North America"

** Net Operating Loss and temporary differences*

Milestones Cashed in but not yet Recognised as Revenues

- In million of euros	30 Jun 08	30 Jun 09
Payments recognised as revenues in year N+1	11.2	12.1
Payments recognised as revenues in years N+2 and beyond	205.7	195.2
Total Milestones cashed in but not yet recognised as revenues	**216.9**	**207.3**

Decrease linked to global consolidation of Tercica and elimination of deferred revenues on Somatuline US