

# Ipsen's growth, technology and R&D engines fully at work

Autumn conference - Cheuvreux

30<sup>th</sup> September – Paris

Mr Jean-Luc Bélingard – Chairman and Chief Executive Officer

Mr Stéphane Thiroloix – EVP – Corporate Development

Mr Pierre Kemula – Investor Relations Officer



## Executive Committee members



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



**Claire Giraut**  
*Executive Vice President,  
Chief Financial officer*



**Frédéric Babin**  
*Executive Vice-President  
Human Resources*



**Christophe Jean**  
*Executive Vice President,  
Chief Operating Officer*



**Claude Bertrand**  
*Executive Vice-President,  
Chief Scientific Officer*



**Stéphane Thiroloix**  
*Executive Vice President,  
Corporate Development*



**Eric Drapé**  
*Executive Vice President,  
MSO*

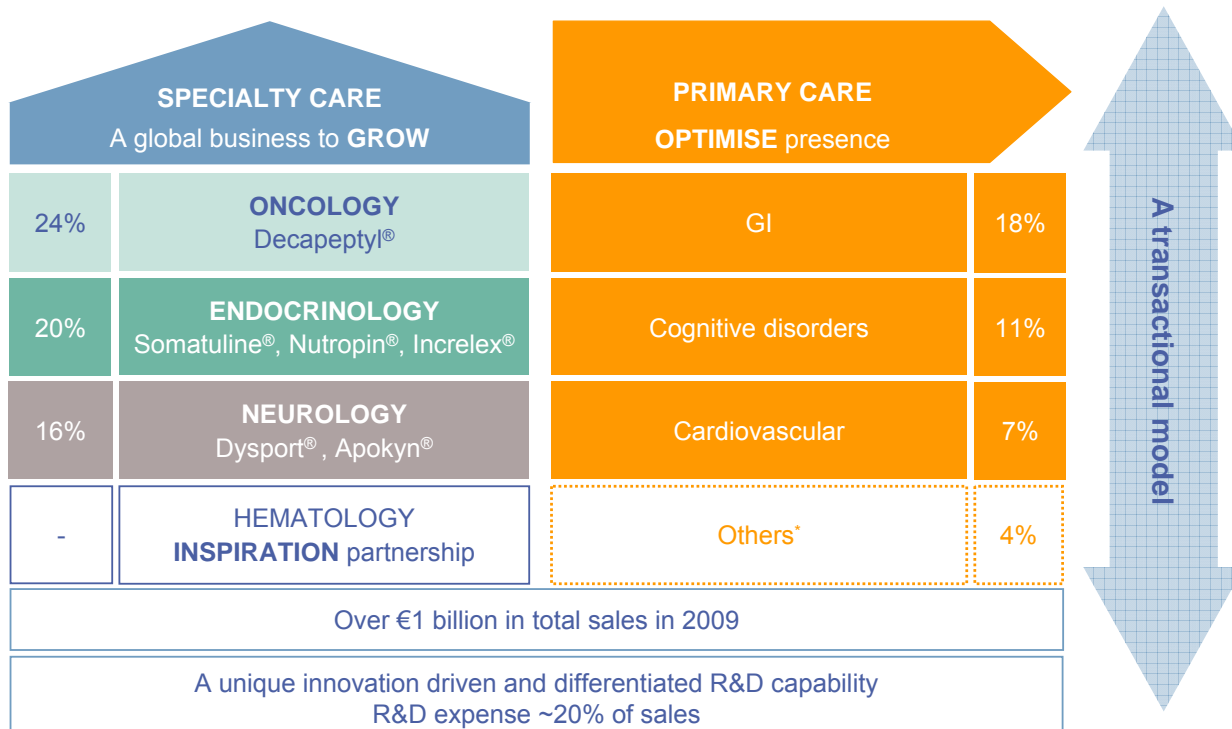
## Disclaimer

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. Actual results may depart significantly from these targets given the occurrence of certain risks and uncertainties, notably given that a new product can appear to be promising at a preparatory stage of development or after clinical trials but never be launched on the market or be launched on the market but fail to sell notably for regulatory or competitive reasons. The Group must deal with or may have to deal with competition from generic that may result in market share losses, which could affect its current level of growth in sales or profitability. 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.

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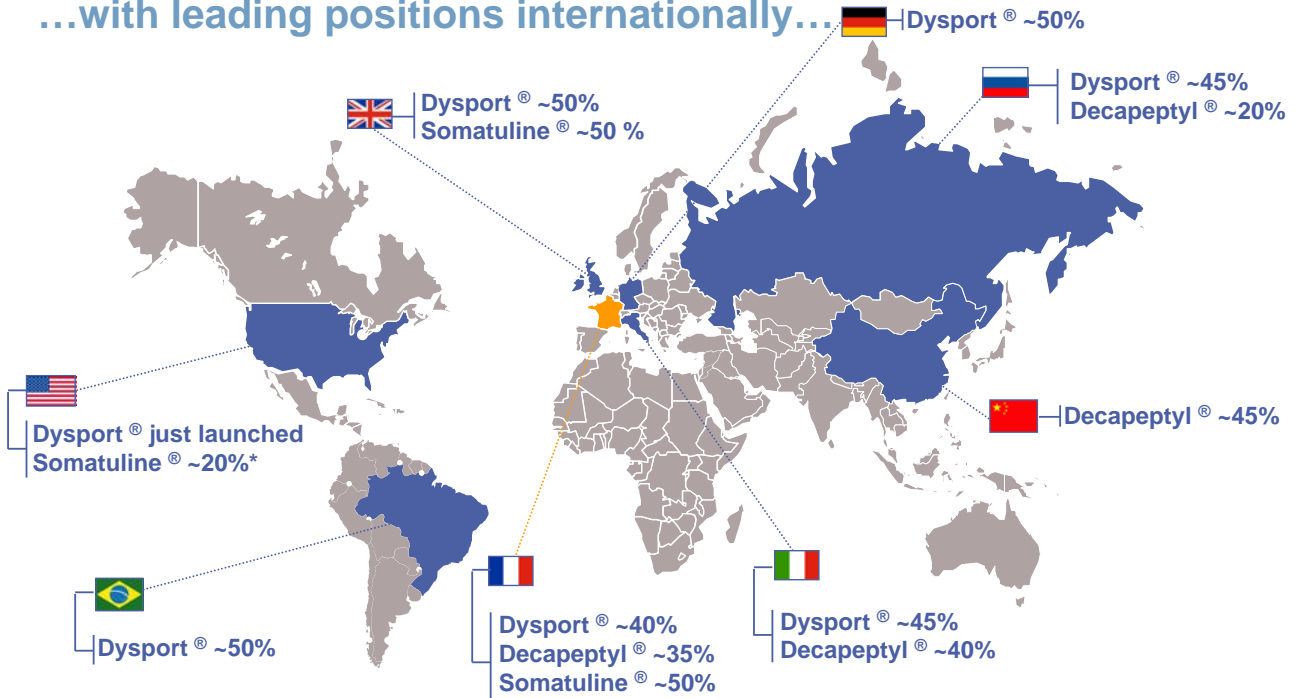
## Ipsen today : a global biotech specialty pharma...



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\* Other Pharmaceutical products (Primary Care) and Drug Related Sales

...with leading positions internationally...



2008 rounded Market shares, except for Somatuline® in the US: 4Q09

Market shares are for (i) Dysport® in medical indications (ii) Decapeptyl in prostate cancer (China gynecology only) and (iii) Somatuline in Acromegaly only.

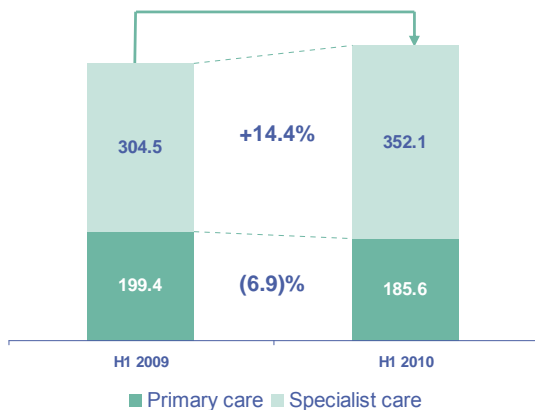
\* In the US, market share in patients treated by endocrinologists and in pituitary centers

Sources: IMS, Insight Health/ODV, Ipsen estimates, Strategix

... with Specialty care driving the Group's dynamic growth...

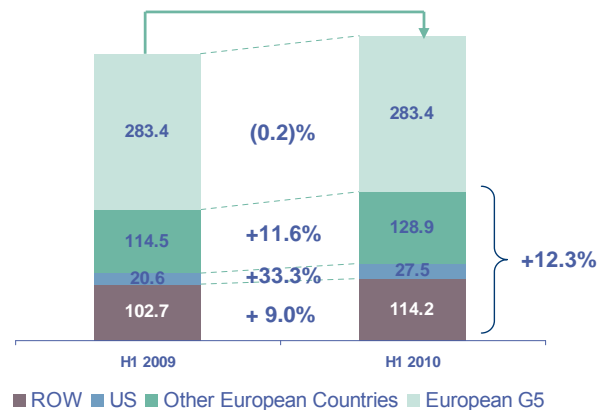
**H1 2010 DRUG SALES by therapeutic area**

(excl. Drug related sales)  
**+6.0%**

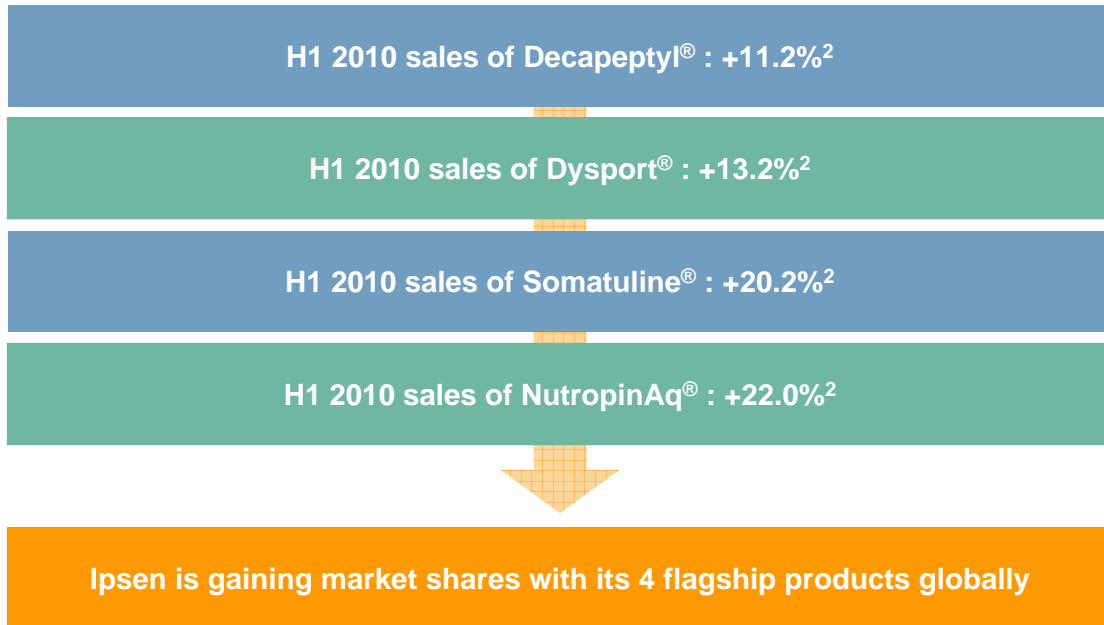


**H1 2010 GROUP SALES by region**

(incl. Drug related sales)  
**+5.5%**



## ... outgrowing its main competitors<sup>1</sup>

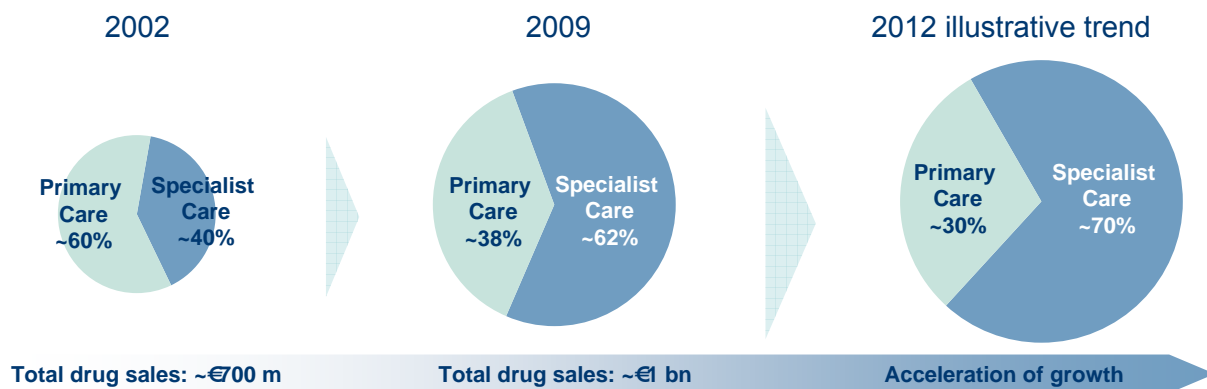


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<sup>1</sup> Ipsen's main competitors to Decapeptyl®, Dysport®, Somatuline® and NutropinAq® respectively grew 2.0%, 2.9%, 12.0% and 4.0 % over H1 2009 and H1 2010

<sup>2</sup> Year-on-year first half growth at constant currency

## Today, a reinforced profile



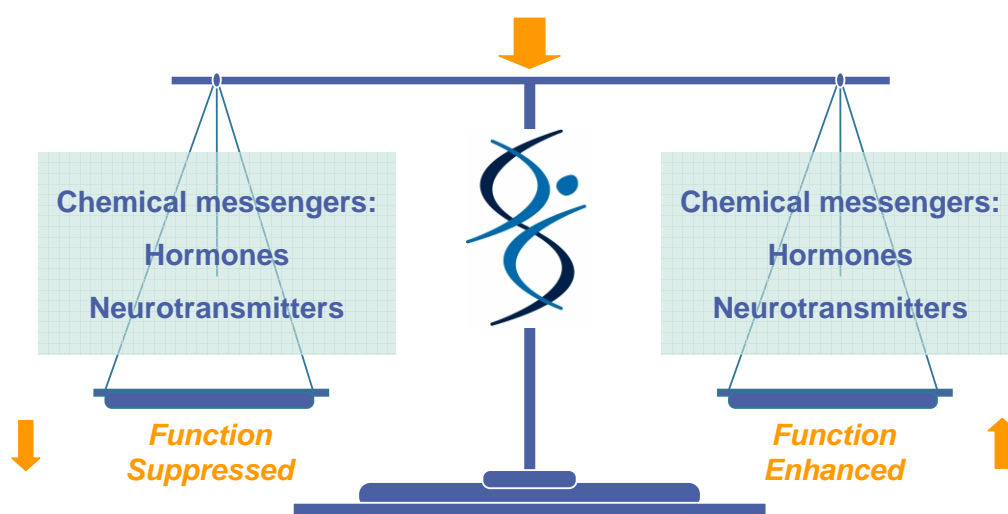
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**Confirming Ipsen's biotech specialty care profile**

## A truly differentiated R&D

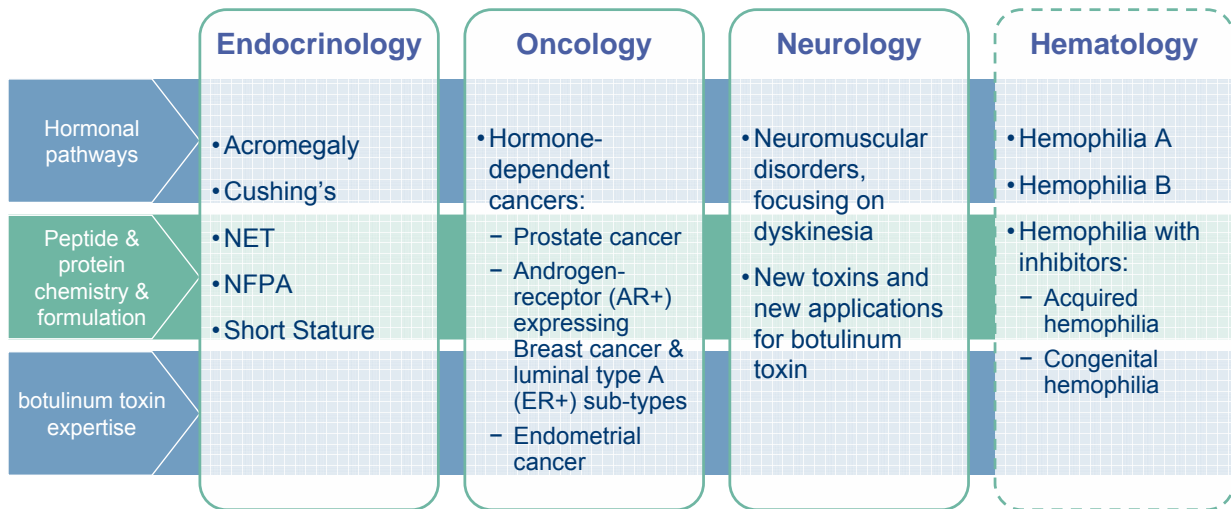


## The fundamentals : restoring physiological balance



Therapeutic corollary : restore physiological levels, no more, no less

## ... applied to well defined disease areas and indications



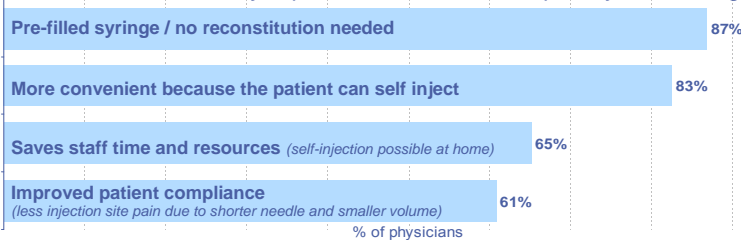
**Focused, aligned, synergies across therapeutic areas**

## Example of differentiation : Somatuline<sup>®</sup> Depot

|                     | Sandostatin LAR <sup>®</sup>                     | Somatuline <sup>®</sup> Autogel <sup>®</sup> |
|---------------------|--|--|
| Administration      | 2.0 ml<br>Intramuscular                          | 0.3 ml – 0.5 ml<br>Subcutaneous              |
| Presentation        | Powder vial + solvent filled syringe + 2 needles | Pre-filled syringe                           |
| Injection technique | 10 steps needed to reconstitute                  | Ready to use<br>Self administration*         |



For what reasons would you prescribe Somatuline<sup>®</sup> Depot to your acromegaly patients? \*\*



**Somatuline<sup>®</sup> Depot: A self administration syringe, an improved quality of life**

\* In selected countries

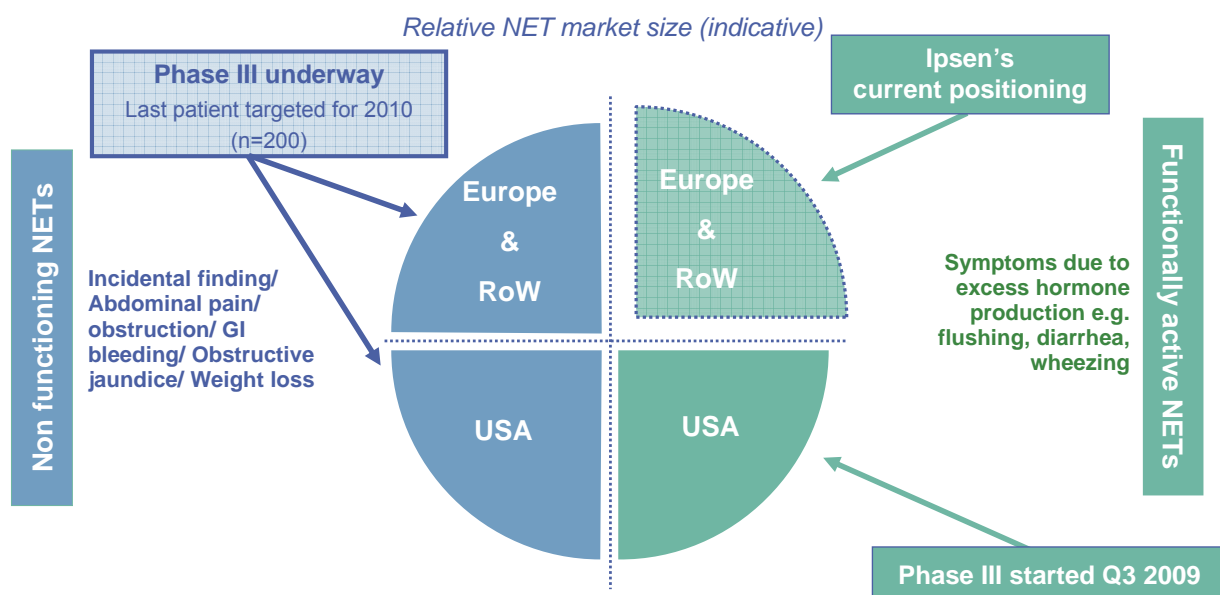
## Building value with a strong R&D pipeline



### Life cycle opportunities

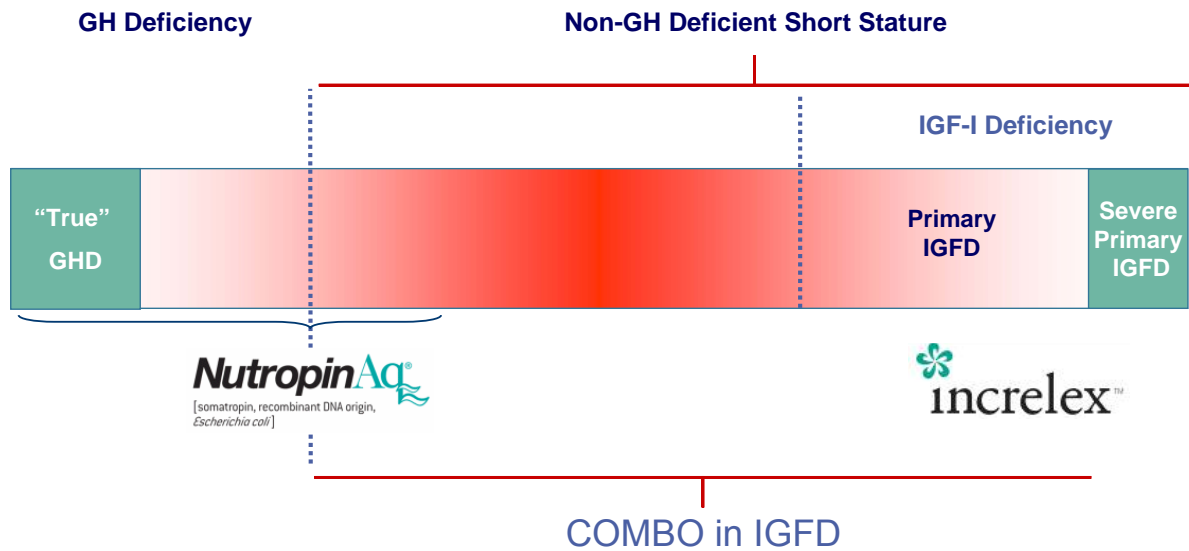


## Somatuline® offers significant life cycle growth opportunities



### Significant scope for expansion

## Redefining the treatment of short stature



- MS316: Ph II dose titration study recruitment completed in Q2 '09
  - Interim results announced in September 09
  - Complete results available in H2 '10

## Neurology: Dysport indications

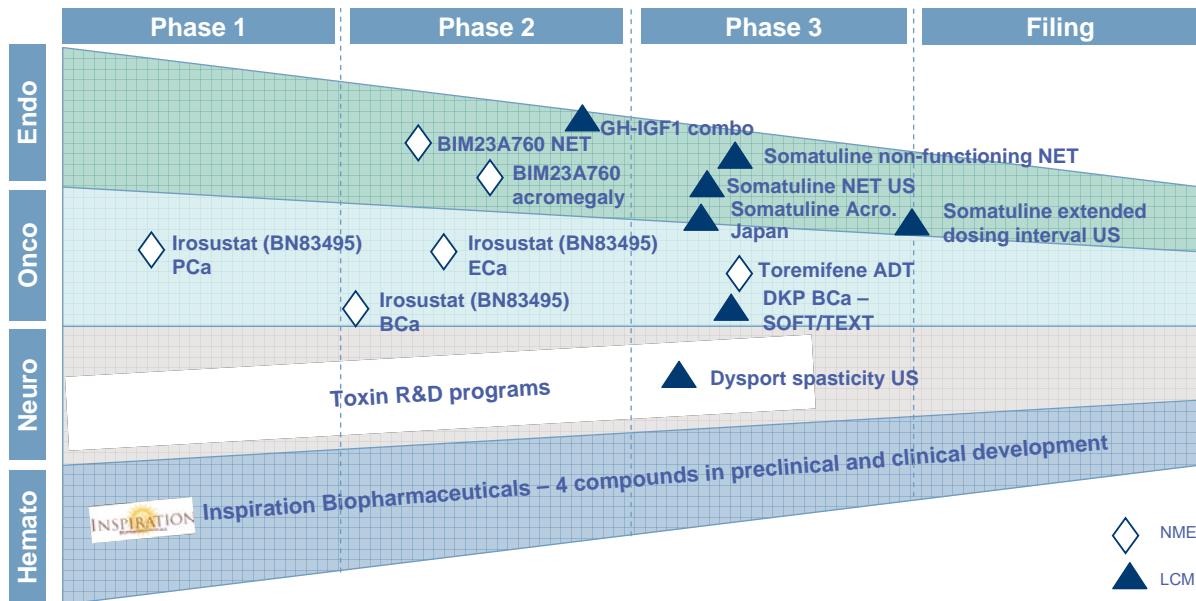
| Rest of world  | North America  |
|--|--|
| <ul style="list-style-type: none"> <li>Cervical Dystonia</li> <li>Blepharospasm</li> <li>Adult Spasticity</li> <li>Cerebral Palsy (pediatric)</li> <li>Hyperhidrosis</li> <li>Hemifacial spasm</li> <li>Aesthetic use</li> </ul> | <ul style="list-style-type: none"> <li>Cervical Dystonia</li> </ul>                                    |
|  | <ul style="list-style-type: none"> <li>Adult Spasticity</li> <li>Cerebral Palsy (pediatric)</li> </ul> |

Current indications

Phase III to start



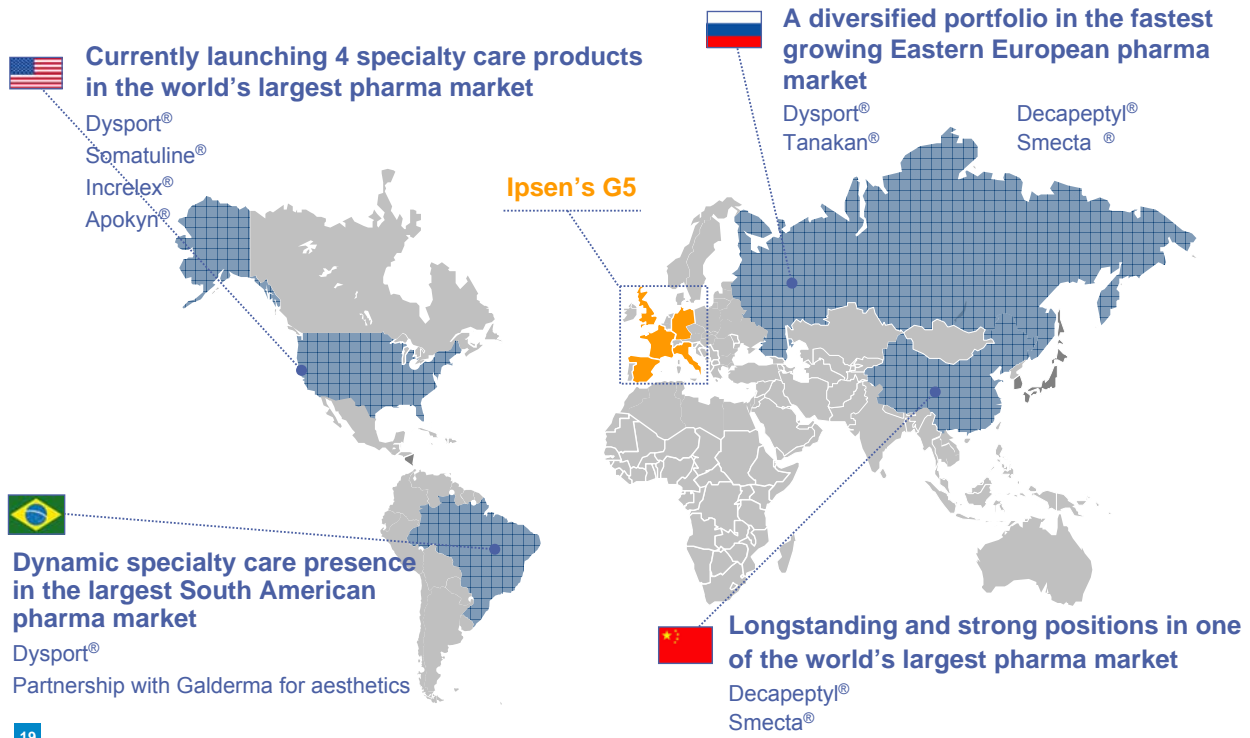
## A rich and balanced R&D portfolio...



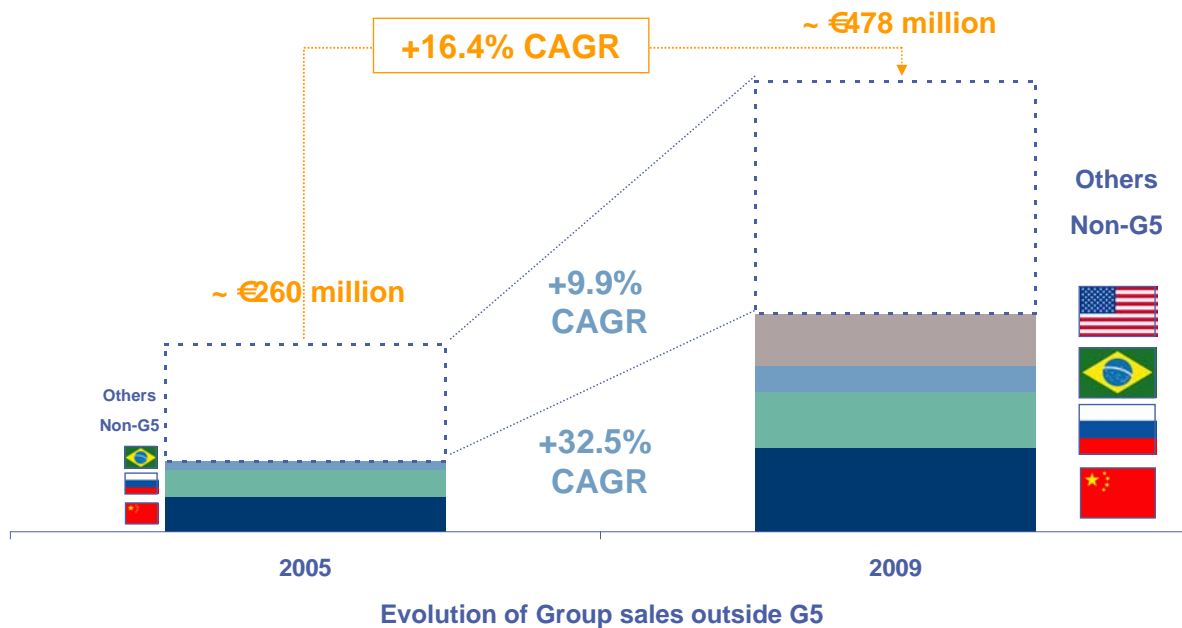
POC expected in 2011 for BIM23A760 acromegaly and BN83495 endometrial cancer

## A strong commercial presence

## Geographic expansion is part of Ipsen's culture...

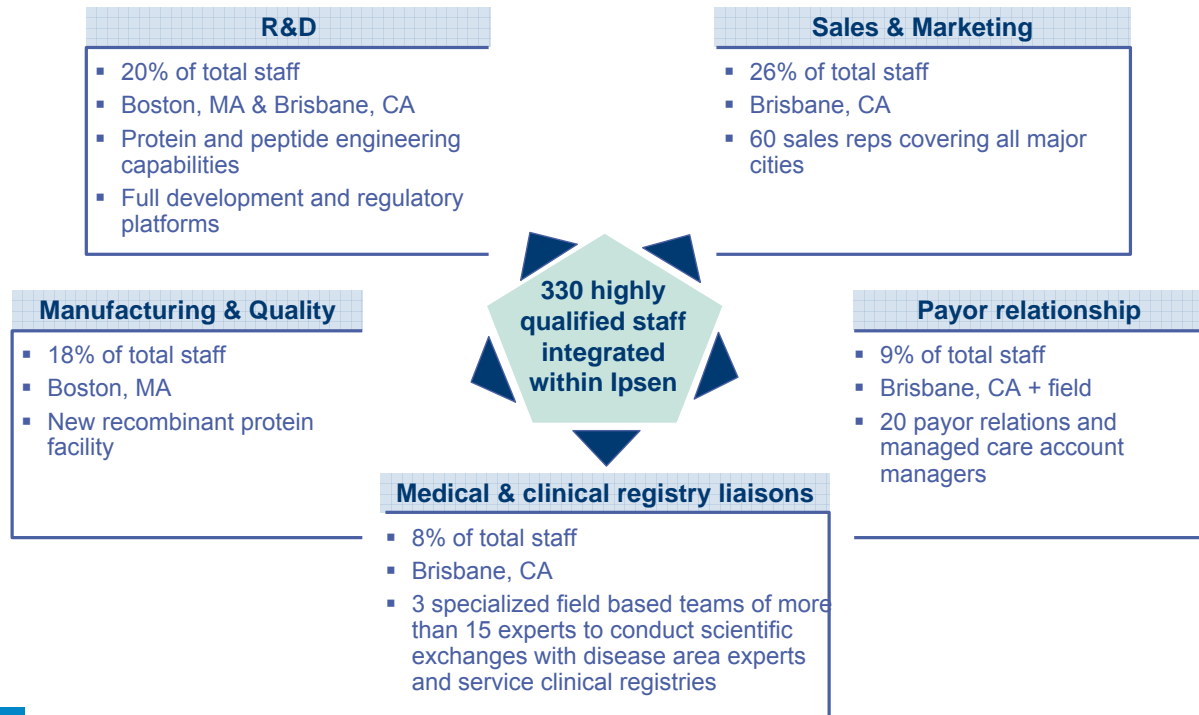


## ... leading to continuous, fast development outside historical G5





## US : A tailor made, competitive and complete infrastructure...



## ...with significant achievements in less than two years

- FDA approval of 2 major products : Somatuline® and Dysport®
- 2009 sales of €45.7 million, growing 60%+ year-on-year
- H1 2010 sales of €27.5 million, growing 30%+ year-on-year
- Today, Ipsen's 6<sup>th</sup> largest affiliate



## A strong and longstanding presence in China ...

- Established in 1992
- HQ in Tianjin. Total staff of ~ 450 employees
- ~€75 m 2009 sales
- Today, Ipsen's 2<sup>nd</sup> largest affiliate
- **Regional sales force teams** focused on key coastal cities, now spreading towards the west into lower tier cities. >100 cities covered including all T1 & T2<sup>1</sup>
- **Dedicated market access team** to manage complexity of 31 regions
- Experienced **medico-regulatory team** to conduct **local clinical and registration trials**
- World class **manufacturing site** since 2000 currently producing >20 million units of Smecta® for domestic Chinese market



Ipsen, a well established, with a longstanding expertise, Chinese Pharmaceutical company

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<sup>1</sup> Tier 1: Beijing, Shanghai, Guangzhou; Tier 2: about 30 provincial capitals; Tier 3: C. 600 important cities

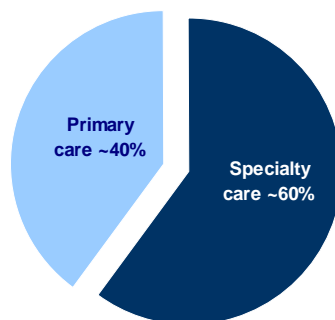


## ...delivering ~25% sales CAGR over the past 5 years



- Sales force ~200
- Covering top tier 1 & 2 cities and entering T3<sup>2</sup>
- ~15%<sup>3</sup> market share
- Non EDL<sup>4</sup> market (T1 & T2) growth slowing down
- EDL<sup>2</sup> segment (T3) to grow > 50% in volume

Main products



2009 sales split



- Specialized Sales Force ~90
- Covering >100 top tier cities
- Endometriosis:
  - Launched in 1999
  - Market CAGR 10-14 > 20%<sup>3</sup>
  - Achieved leadership
- Prostate cancer:
  - 3-month launched in Q1 2010
  - First in market
  - Market CAGR 10-14 > 25%<sup>3</sup>

A portfolio built on solid historical gastroenterology pillar, now boosted by fast growing specialty care franchise

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<sup>1</sup> Triptorelin, active ingredient of Decapeptyl® <sup>3</sup> source IMS  
<sup>2</sup> Tier 1: Beijing, Shanghai, Guangzhou; Tier 2: about 30 provincial capitals; Tier 3: C. 600 important cities <sup>4</sup> Essential Drug List

## A strong presence in Russia, the fastest growing Eastern European market...

- Presence since **1993**
- HQ in Moscow. Total staff of **~200 employees**
- **~€50 m** 2009 sales
- Today, Ipsen's **7<sup>th</sup> largest affiliate**
- Sales force regional teams focused on **30+ major cities**
- **Strong franchises** among neurologists, gynecologists, onco-urologists, pediatricians
- **Solid expertise in distribution management**, a key success factor in a highly complex and fragmented market



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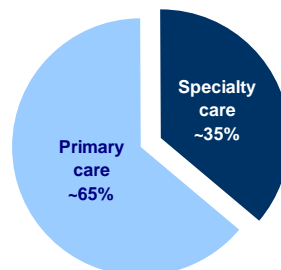
## ... delivering ~20% sales CAGR over the past 5 years



- ~5% market growth <sup>1</sup>
- ~5% market share



- ~15% market growth <sup>1</sup>
- ~7% market share



2009 sales split, %



- Leader in neurology indications growing >25% <sup>1</sup>
- ~40% market share in the aesthetic market growing 20%+ <sup>1</sup>



- ~15% market share in both prostate cancer and endometriosis
- Prostate cancer: 35% market growth <sup>1</sup>
- Endometriosis 15% market growth <sup>1</sup>

<sup>2</sup>

**A balanced portfolio with solid foundation of Primary Care franchise and fast-growing Specialty Care sales**

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## Ipsen is poised to benefit from pharmerging market growth

A highly competitive established infrastructure and strong expertise in key fast-growing markets

Primary Care to benefit from expanding access to medical care

Specialty Care to benefit from improving quality of care, increased coverage & reimbursement

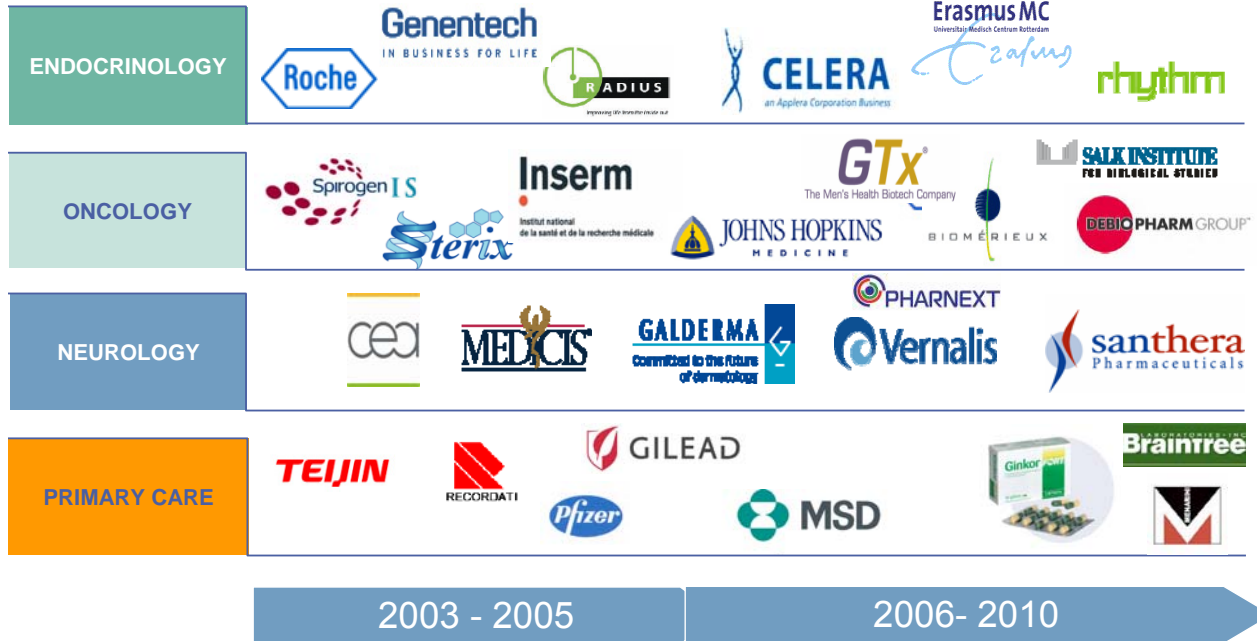
Ipsen's product portfolio is adapted to local market needs



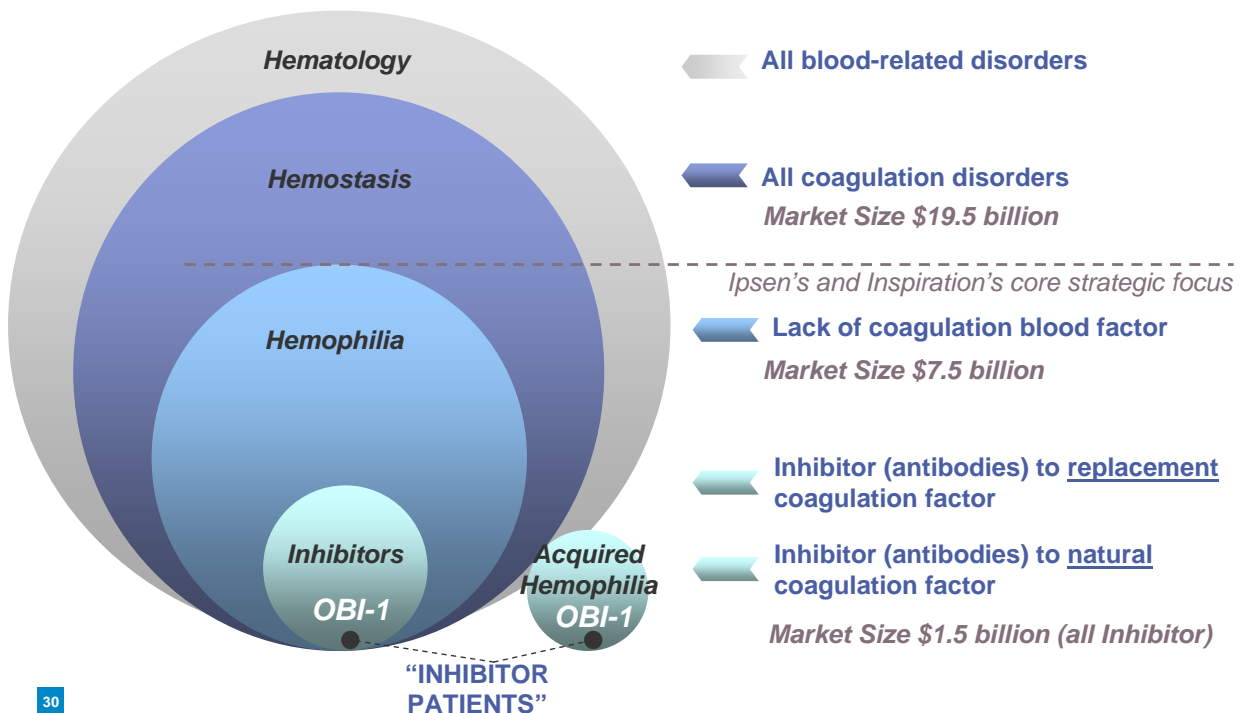
## An strong partnerships strategy



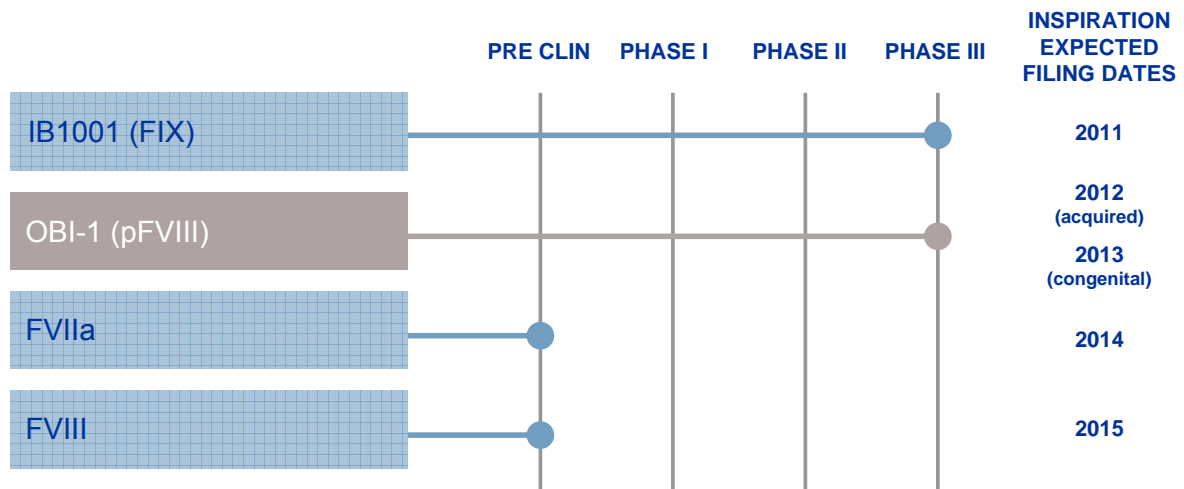
## Partnering strategies are part of Ipsen's DNA...



## Capitalizing on OBI-1 with the Inspiration partnership...

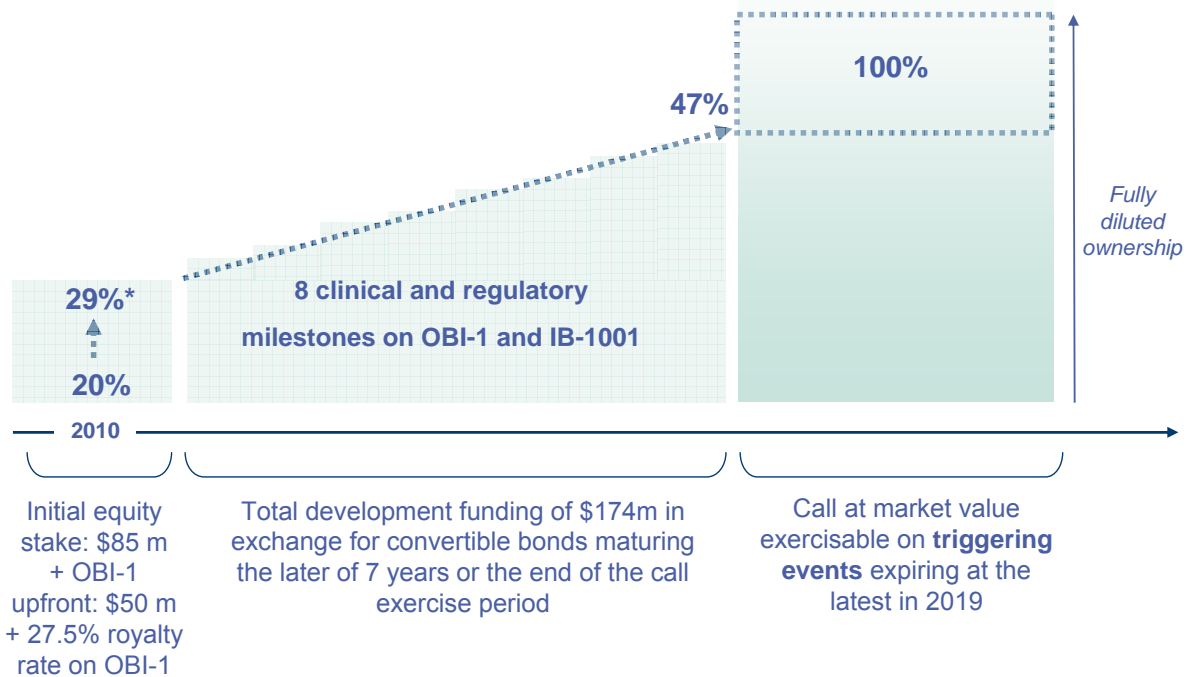


...to build a unique franchise covering all needs in hemophilia...



A recombinant product in each segment of the hemophilia market

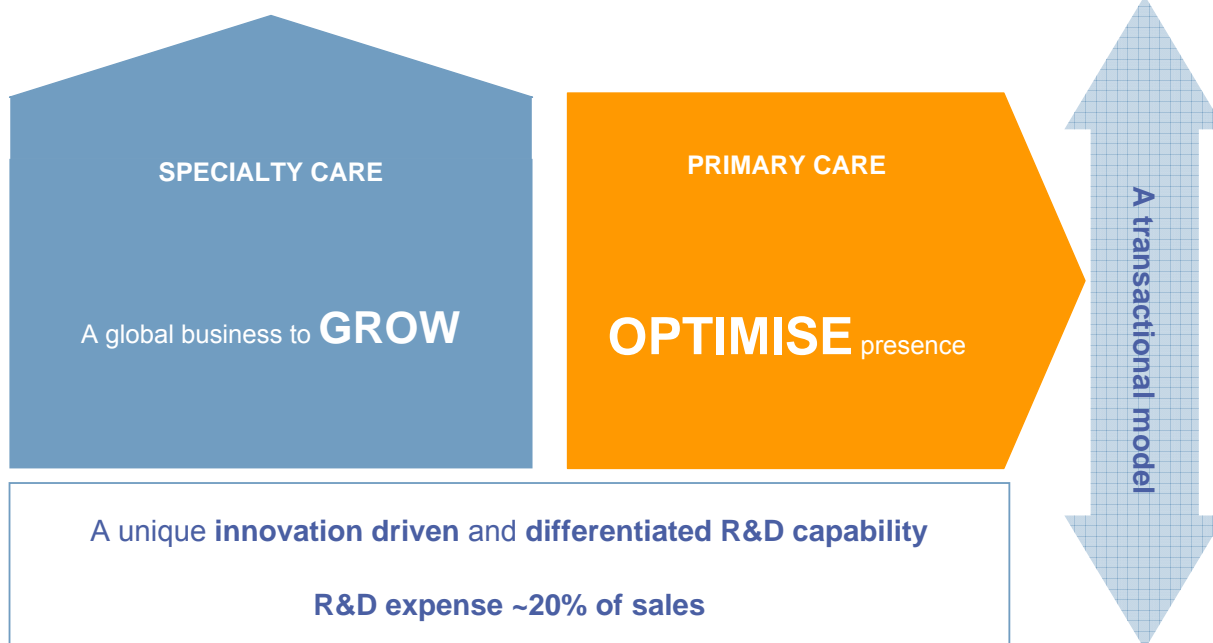
### A progressive path to control of Inspiration



\* O/W 20% of outstanding shares



## Ipsen in summary...



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## Contacts & useful information

### Investor Relations contact:

Pierre Kemula

+33 (0) 1 58 33 60 08  
pierre.kemula@ipsen.com

### Stock info:

Outstanding number of shares (September 2010):

84,176,083

Approx. market capitalisation (September 2010):

~€2.1 bn

Tickers

BBG: IPN.FP  
RTRS: IPN.PA

Listing

Euronext Paris

### ADR information

Ipsen has a sponsored Level I ADR

Ticker: IPSEY

Depository bank: Deutsche Bank Trust Company Americas

ADR broker helpline – Tel: +1 212 250 9100 (New York); Tel: +44 207 547 6500 (London);  
Email: adr@db.com

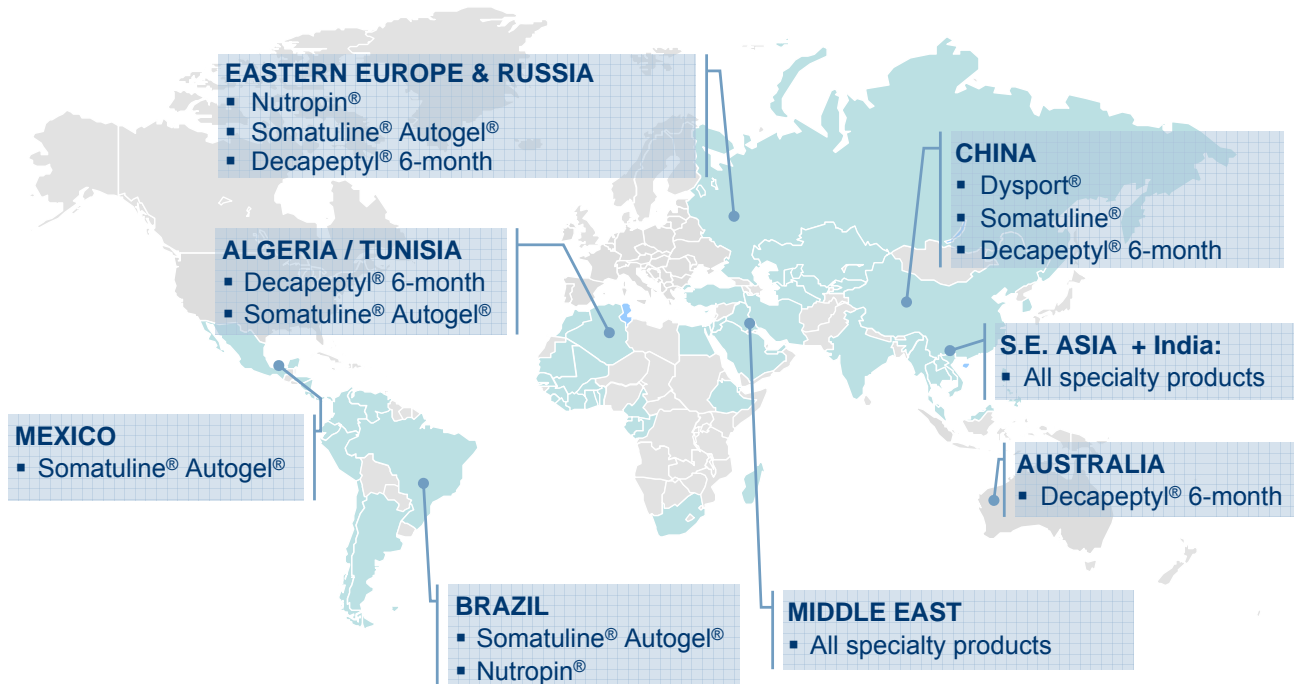
Thank You



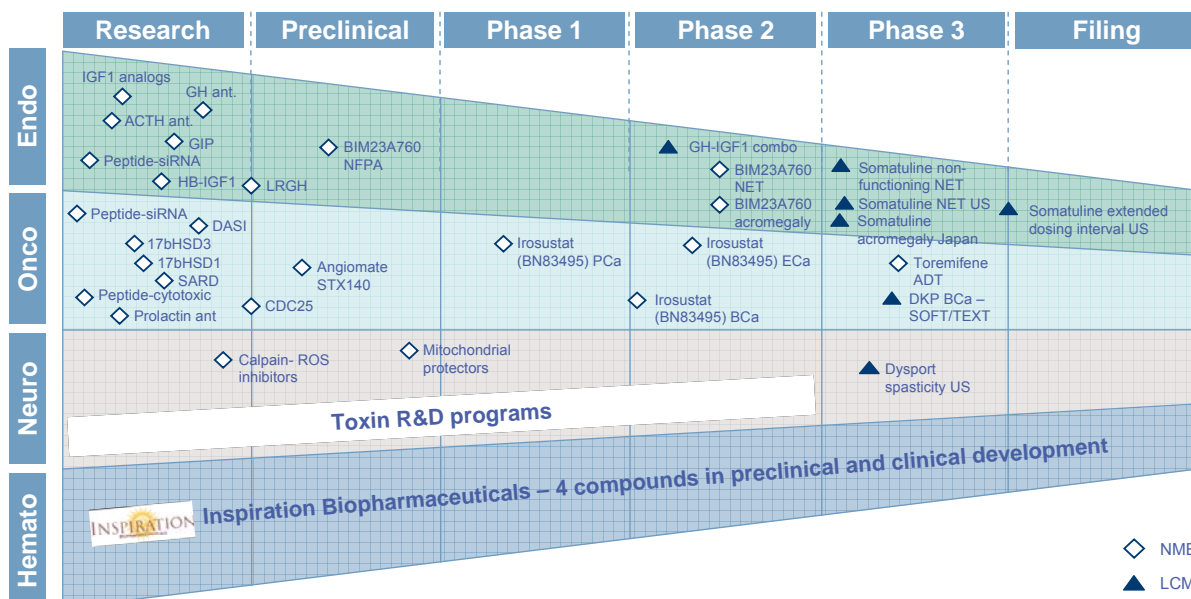
Back up



IpSen will continue to expand geographic reach by developing its specialty care products for international markets...



A rich and balanced R&D portfolio...



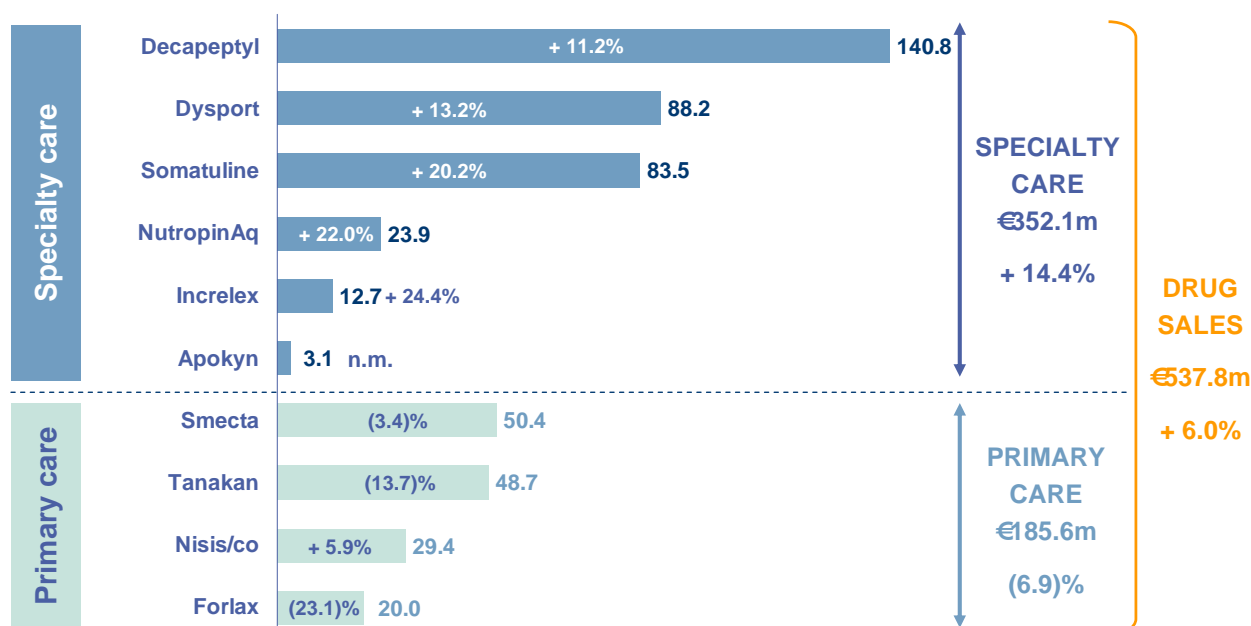
POC expected in 2011 for BIM23A760 acromegaly and BN83495 endometrial cancer

## Half-year 2010 financial performance in line with full year objectives

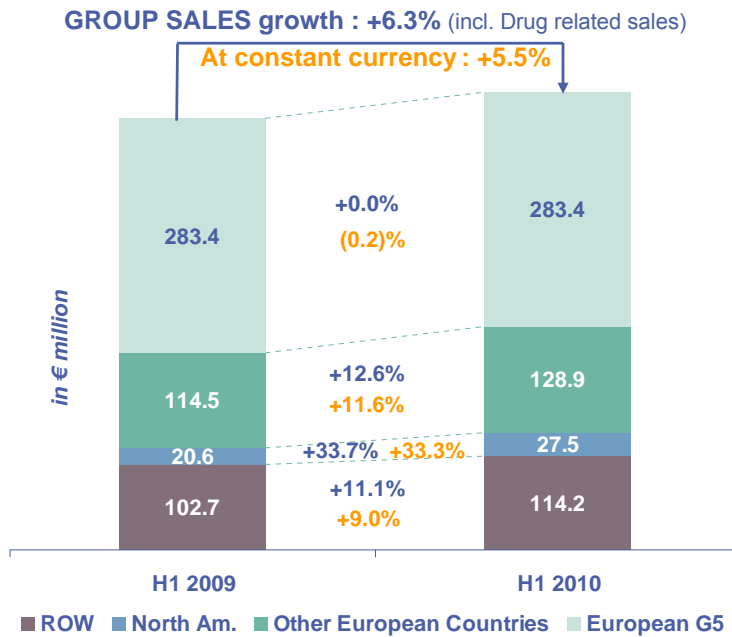


### Specialty care strongly drives sales growth in H1 2010

Sales in € million



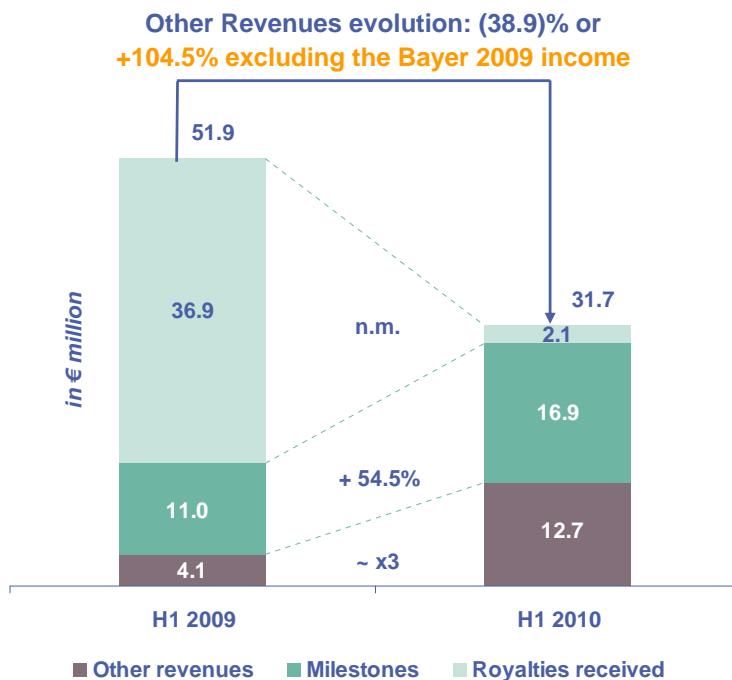
## Sales are driven by regions beyond G5



- **European G5**  
Specialty care sales growth offset by tougher competitive environment, notably in French Primary care
- **Other European countries**  
Dynamic growth throughout with favourable 2009 basis (Eastern Europe crisis)
- **North America**  
Strong growth driven by the penetration of 4 products
- **ROW**  
Strong growth, notably in China with the launch of Decapeptyl® 3M in the treatment of prostate cancer

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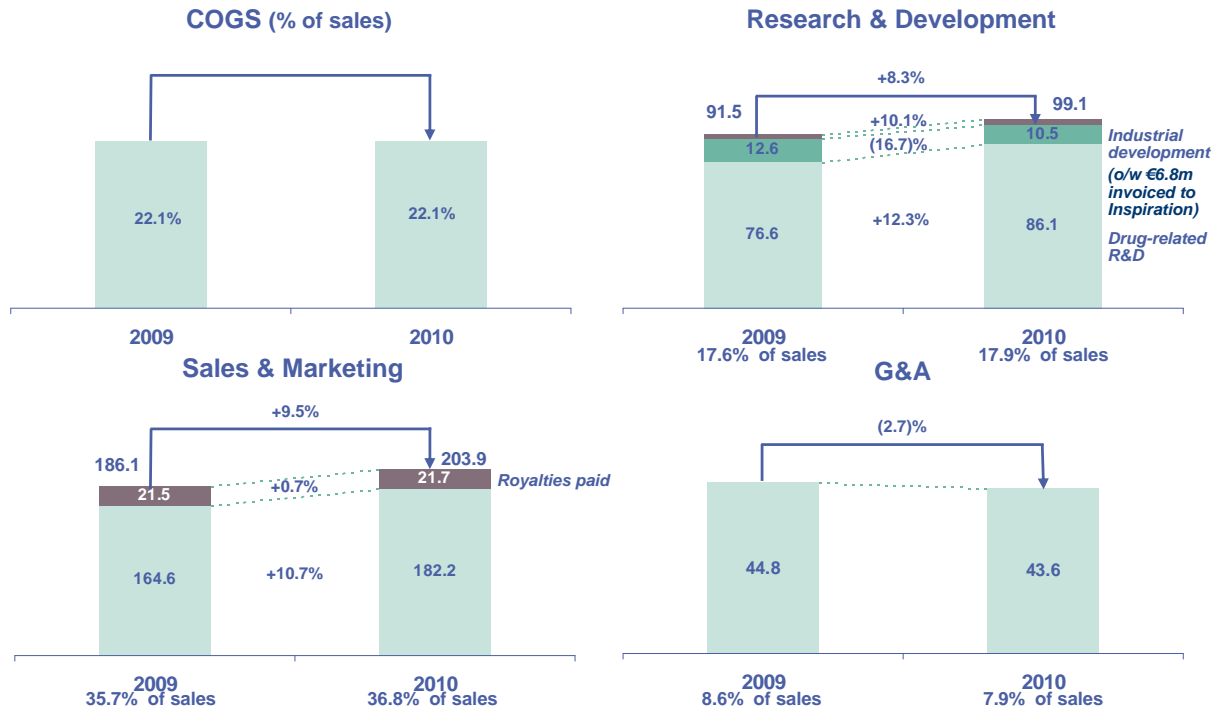
## Other Revenues evolution



- **Royalties Received**  
Excluding the proceeds of the Bayer settlement, royalties received in H1 2010 grew 4x to €2.1m from €0.5m
- **Milestones**  
Primarily income from the agreements with Medicis, Galderma, Recordati and Roche.  
Additional income from Menarini (Adenuric®) and Inspiration Biopharmaceuticals (OBI-1)
- **Other revenues**  
invoicing of OBI-1's development costs to Inspiration Inc. (€6.8 m) and income from the Group's Co-promotion contracts in France

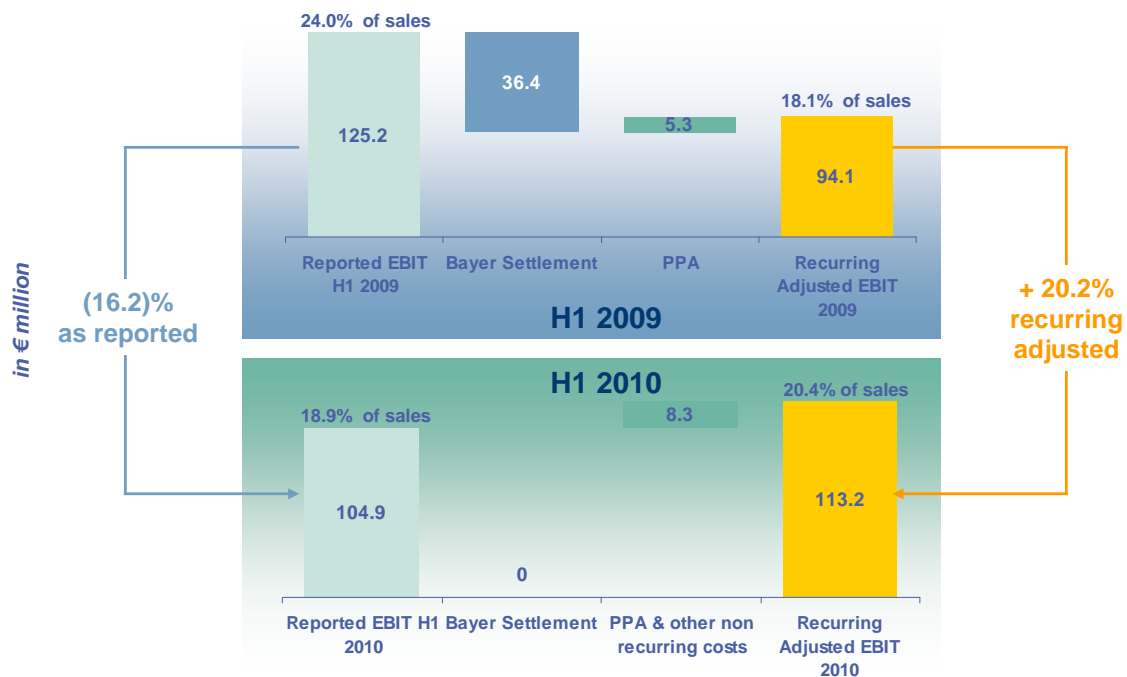
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## Evolution of main P&L expenses for H1 2010



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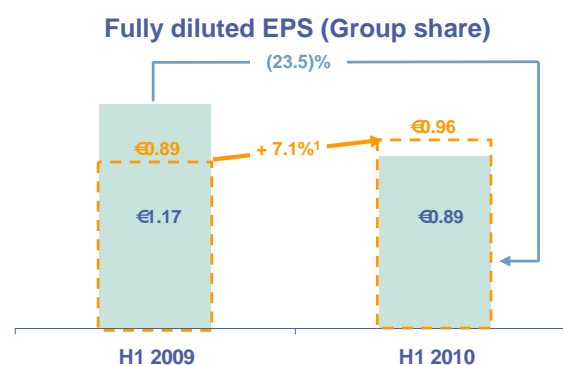
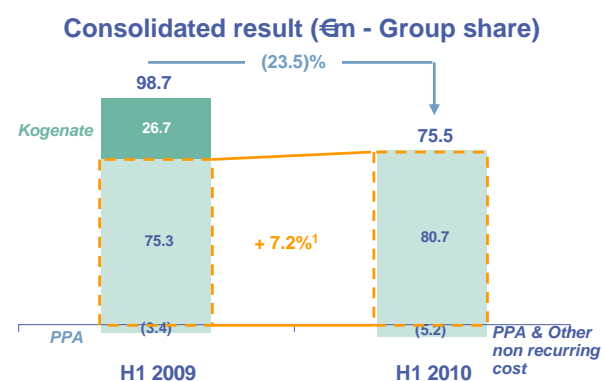
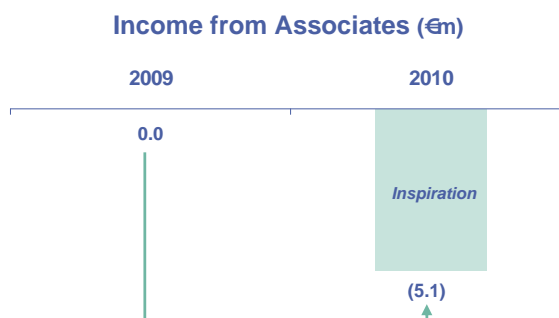
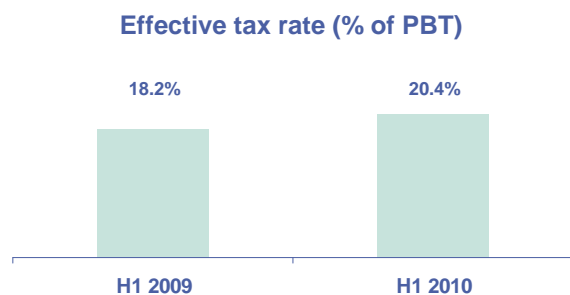
## Recurring adjusted Operating Income<sup>1</sup> has improved by 20.2%



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NOTE 1 : Defined as reported operating income before any impacts related to purchase price accounting in connection with the Group's acquisitions and before any potential non-recurring items.

## P&L – below EBIT



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NOTE 1 : before any impacts related to purchase price accounting in connection with the Group's acquisitions and before any potential non-recurring items.

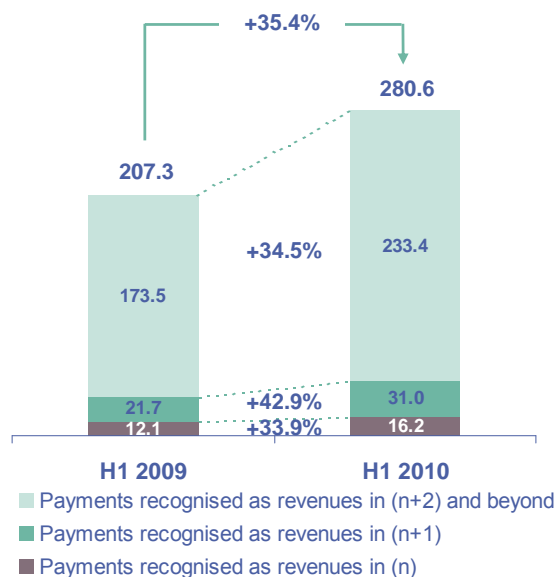
## Balance sheet evolution

| Assets  |           |           | Liabilities                                  |           |           |
|---|-----------|-----------|--|-----------|-----------|
| - In million euros  | 31 Dec 09 | 30 Jun 10 | - In million euros                           | 31 Dec 09 | 30 Jun 10 |
| <b>Goodwill</b>   | 290.2     | 306.5     | <b>Equity</b>                                | 982.6     | 1 075.0   |
| <b>Investment in associated companies</b> (Incl. Goodwill Inspiration Inc.) |           | 68.4      | <b>Minority interests</b>                    | 1.7       | 1.7       |
| <b>Property, plans &amp; equipments</b>                                     | 251.8     | 264.2     | <b>Total equity</b>                          | 984.3     | 1 076.7   |
| <b>Intangible assets</b>  | 237.0     | 264.1     | <b>Long-term financial debts</b>             | 12.2      | 15.7      |
| <b>Other non-current assets</b>   | 145.5     | 191.7     | <b>Other non-current liabilities</b>         | 270.3     | 315.2     |
| <b>Total non-current assets</b>   | 924.5     | 1094.9    | <b>Other current liabilities</b>             | 308.1     | 295.9     |
| <b>Total current assets</b>   | 652.4     | 610.6     | <b>Incl. Short-term debts</b>                | 21.4      | 10.0      |
| <i>Incl. cash and cash equivalents</i>                                      | 218.6     | 167.3     | <b>Liabilities / discontinued operations</b> | 2.0       | 2.0       |
| <b>Assets / discontinued operations</b>                                     | 0.0       | 0.0       | <b>Total Liabilities</b>                     | 1 576.9   | 1 705.5   |
| <b>Total assets</b>   | 1 576.9   | 1 705.5   |  |           |           |
| <b>Net Cash</b> <sup>(1)</sup>  | 185.6     | 142.1     |  |           |           |

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(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

## Significant increase of partnership related deferred revenues



### Main milestones cashed-in over the period

- H2 2009  
Galderma: €14m upon MA and launch for Azzalure®
- October 2009  
Menarini: €20m upon signing of partnership for Adenuric®
- January 2010  
Inspiration: \$50m upon agreement on OBI-1 licence (non cash)
- March 2010  
Menarini: €18m upon launch of Adenuric®

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## Cash flow statement

- In million euros

|  | 30 Jun 09      | 30 Jun 10      |  |
|--|----------------|----------------|--|
| <b>Cash Flow before change in working capital</b>  | <b>121.5</b>   | <b>98.6</b>    |  |
| - Deferred revenue from Inspiration (non cash)   |                | 35.5           |  |
| - Increase / Decrease in working capital (except non cash deferred revenue from Inspiration) | 25.7           | 0.6            |  |
| <b>Net cash flow generated by operating activities</b>                                       | <b>147.2</b>   | <b>134.7</b>   |  |
| Investment in Tangible and Intangible assets   | (25.1)         | (25.3)         |  |
| Investments in associated companies (Inspiration)  | -              | (57.7)         |  |
| Convertible note subscriptions (Inspiration)   | -              | (35.5)         |  |
| Others   | (7.3)          | (5.8)          |  |
| <b>Net cash flow used in investing activities</b>  | <b>(32.4)</b>  | <b>(124.3)</b> |  |
| Net change in borrowings   | (159.4)        | (0.2)          |  |
| Dividends paid   | (58.2)         | (62.3)         |  |
| Others   | -              | (0.9)          |  |
| <b>Net cash flow used in financing activities</b>  | <b>(217.6)</b> | <b>(63.4)</b>  |  |
| Discontinued operations  | (0.2)          | -              |  |
| <b>Change in cash and cash equivalent</b>  | <b>(103.0)</b> | <b>(53.0)</b>  |  |
| Impact of exchange rate fluctuations   | 4.8            | 11.7           |  |
| <b>Closing cash &amp; cash equivalents</b>   | <b>139.1</b>   | <b>164.1</b>   |  |
| <b>Closing Net Cash<sup>(1)</sup></b>  | <b>118.9</b>   | <b>142.1</b>   |  |

- Receivable : - €37.8m
- Payables : - €5.1m
- Income tax : + €52.7m
- Others : - €8.3m

- Tangible assets : - €14.6m
- Intangible assets : - €10.9m

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<sup>-1</sup> 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



## In summary

Strong performance of Specialty Care sales: +14.4%<sup>1</sup> y-o-y

Recurring adjusted<sup>2</sup> Operating income up 20.2% y-o-y

Recurring adjusted<sup>3</sup> fully diluted EPS (Group share) up 7.1% y-o-y

Good cash generation: €134.7m generated by operating activities during H1 2010

Solid balance sheet : €142.1m positive net cash position at June 30, 2010

*NOTE 1 : at constant exchange currency*

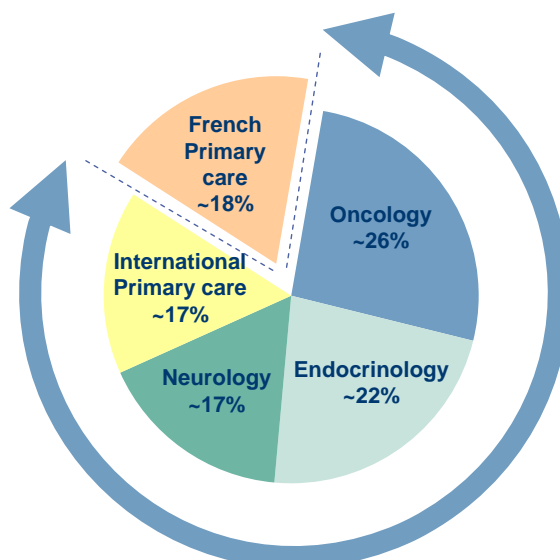
*NOTE 2 : Defined as reported operating income before any impacts related to purchase price accounting in connection with the Group's acquisitions and before any potential non-recurring items.*

*NOTE 3 : Reported Diluted Earnings Per Share excluding (i) any non recurring impacts and (ii) the net impacts of the purchase price accounting related to the Group's acquisitions*

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## Today, Ipsen has a well balanced therapeutic footprint

H1 2010 Drug Sales by therapeutic area



Specialty care and international primary care, a more immune footprint

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Recurring

Adjusted

OBI-1 costs /rebillings

| - In million of euros                                     | H1 2009 Actuals |              | H1 2010 Actuals |               |
|---|-----------------|--------------|-----------------|---------------|
|   | Value           | % Sales      | Value           | % Sales       |
| Sales   | 521.2           | 100.0%       | 553.9           | 100.0%        |
| Other revenues  | 51.9            | 10.0%        | 31.7            | 5.7%          |
| <b>Total revenues</b>                                     | <b>573.1</b>    | <b>110%</b>  | <b>585.7</b>    | <b>105.7%</b> |
| Cost of goods sold  | -115.3          | -22.1%       | -122.6          | -22.1%        |
| Research & Development expenses                           | -91.5           | -17.6%       | -99.1           | -17.9%        |
| Selling expenses  | -186.1          | -35.7%       | -203.9          | -36.8%        |
| General and administrative expenses                       | -44.8           | -8.6%        | -43.6           | -7.9%         |
| Other operating income and expenses                       | -4.8            | -0.9%        | -4.7            | -0.9%         |
| Amortizations of intangible fixed assets                  | -5.5            | -1.1%        | -6.0            | -1.1%         |
| Restructuring costs                                       | -               | -            | -0.9            | -0.2%         |
| <b>Operating income</b>                                   | <b>125.2</b>    | <b>24.0%</b> | <b>104.9</b>    | <b>18.9%</b>  |
| <i>Recurring adjusted operating income <sup>(1)</sup></i> | <i>94.1</i>     | <i>18.1%</i> | <i>113.2</i>    | <i>20.4%</i>  |

Non-recurring revenues

- 2009 : €36,4m
- 2010 : -

OBI-1 rebilling (Inspiration)

- 2009 : -
- 2010 : €6,8m

PPA adjustments

- 2009 : €-0,7m
- 2010 : -

OBI-1 development costs

- 2009 : €0m
- 2010 : €-6,8m

Non-recurring costs

- 2009 : -
- 2010 : €-2,7m

PPA adjustments

- 2009 : €-4,6m
- 2010 : €-4,6m

Non-recurring costs

- 2009 : -
- 2010 : €-0,9m

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<sup>(1)</sup> Excluding royalties received from Bayer (€36,4m in 2009 vs €0m in 2010), impacts of PPA and some others non recurring costs

Recurring

Adjusted

| - In million of euros                                       | H12009 Actuals |              | H1 2010 Actuals |              |
|---|----------------|--------------|-----------------|--------------|
|   | Value          | % Sales      | Value           | % Sales      |
| Operating income  | 125.2          | 24.0%        | 104.9           | 18.9%        |
| <i>Operating income adjusted recurring<sup>(1)</sup></i>    | <i>94.1</i>    | <i>18.1%</i> | <i>113.2</i>    | <i>20.4%</i> |
| Net finance cost and other expenses                         | -4.7           | -0.9%        | -3.8            | -0.7%        |
| Income tax  | -22.0          | -4.2%        | -20.7           | -3.7%        |
| <i>Effective tax of continuing operations</i>               | <i>18.2%</i>   |              | <i>20.4%</i>    |              |
| Share of - loss/profit of associated companies              | -              | -            | -5.1            | -0.9%        |
| Revenues from continuing operations                         | 98.5           | 18.9%        | 75.4            | 13.6%        |
| Revenues from discontinued operations                       | 0.5            | 0.1%         | 0.2             | 0.0%         |
| <b>Consolidated net profit</b>                              | <b>99.1</b>    | <b>19.0%</b> | <b>75.6</b>     | <b>13.6%</b> |
| <b>Consolidated net profit - Group share</b>                | <b>98.7</b>    |              | <b>75.5</b>     |              |
| <b>Earning per share - fully diluted</b>                    | <b>1.17</b>    |              | <b>0,89</b>     |              |
| <b>Recurring adjusted consolidated result</b>               | <b>75.7</b>    |              | <b>80,8</b>     |              |
| <b>Recurring adjusted earning per share - fully diluted</b> | <b>0,90</b>    |              | <b>0.96</b>     |              |

Kogenate royalty stream tax rate: 27%

PPA tax rate: 40%

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<sup>(1)</sup> Excluding royalties received from Bayer (€36,4m in 2009 vs €0m in 2010), ,impacts of PPA and some others non recurring costs.