

# 2010 Financial Results

Credit Suisse - Healthcare Conference

London – 3rd March 2011

*Mr Marc de Garidel – Chairman and Chief Executive Officer*

*Mr Claude Bertrand – EVP Chief Scientific Officer*

*Mrs Claire Giraut – EVP Chief Financial Officer*

*Mr Pierre Kemula – Investor Relations Officer*

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## Objectives for today

- 1 2010 key events
- 2 CEO's first assessment
- 3 2010 detailed financial performance
- 4 Outlook

## 2010 key events

## 2010 performance



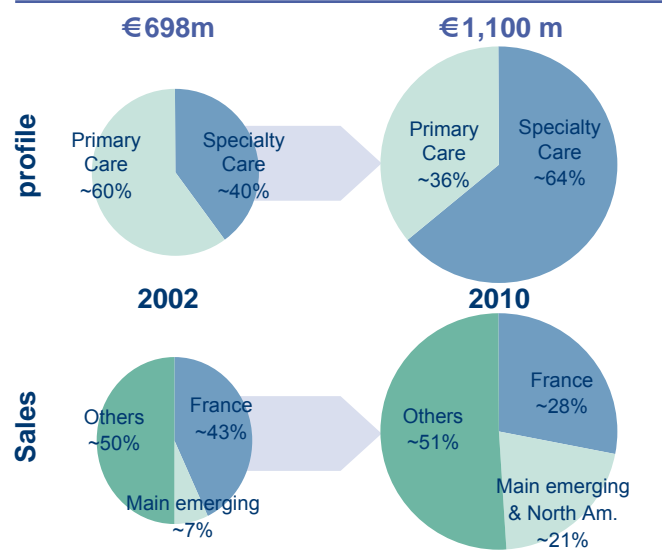


Over the last decade, Ipsen has succeeded in adapting to a fast changing environment...

**Health care environment**

- Specialty care as the major value/growth driver
- Increasing pressure on primary care
- Rise of pharmerging countries

**Evolution of Ipsen's sales profile**



Main emerging countries : China, Russia, Brazil

Note : French accounting standards for 2002 figures



... building key assets, creating a unique profile in 2011...

**Valuable portfolio**

- Growth potential: Somatuline® & Dysport®
- Resilient: Decapeptyl®
- New products: FIX, OBI-1

**Talents**

- Strong top and middle management
- Entrepreneurial subsidiaries

**Innovative & differentiated platforms**

- Peptides
- Toxins



**Open model culture**

- Partnerships from research to marketing

**Comparatively low exposure to patent expiry**

- Specialty Care
- Life cycle management

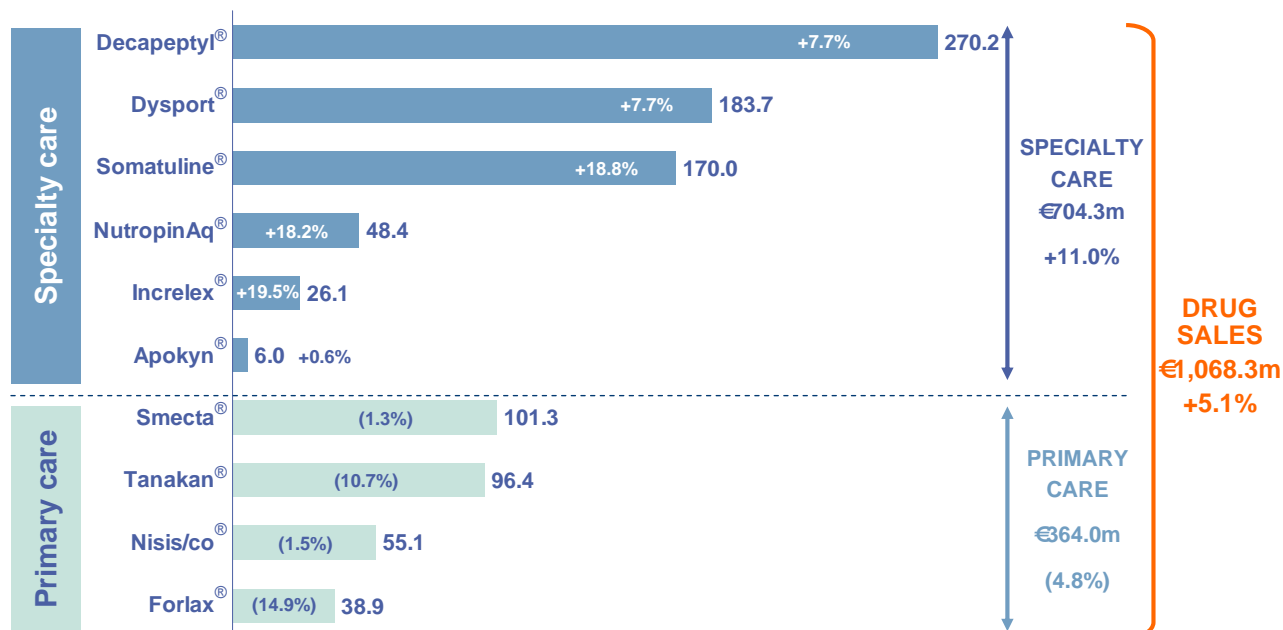
**International Footprint**

- Pharmerging & US

...in a toughening environment

## Specialty care strongly drove sales growth in 2010

in million euros



## Several areas of attention have been identified

Are we focused enough?

Have we fully leveraged our current portfolio's potential?

Is our early stage compound portfolio sufficient to sustain long term growth?

How do we improve return in the US?

How do we address the primary care situation?

## We are conducting a comprehensive strategic review...



## ... providing a first set of directions to unlock further value



Quality of execution is key

# Full-year financial performance

Claire Giraut

EVP, Chief Financial Officer



**IPSEN**  
Innovation for patient care

## 2010 detailed financial performance



**IPSEN**  
Innovation for patient care

### Summary of 2010 P&L and evolution

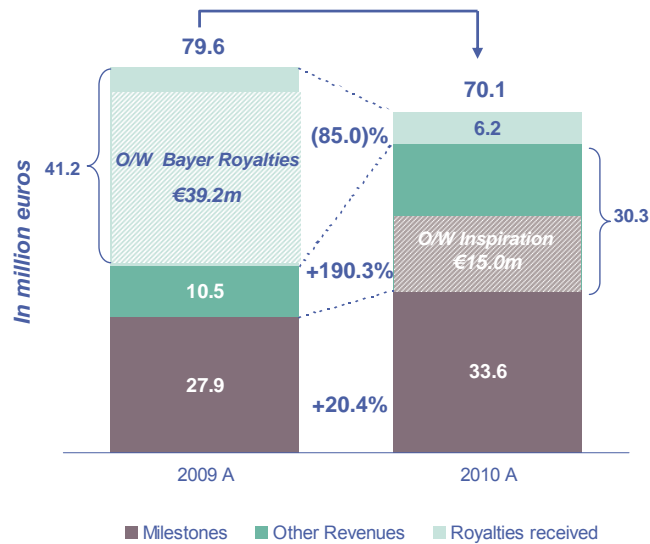
<i>In million euros</i>	2010	2009	Growth (%)
Sales	1,100.2	1,032.8	+6.5%
Total Revenues	1,170.3	1,112.4	+5.2%
Operating Income	128.8	172.5	(25.3)%
Recurring adjusted operating income*	183.2	144.4	+26.8%
Consolidated Net Profit <i>(attributable to Ipsen shareholders)</i>	95.3	156.6	(39.1)%
Fully diluted EPS	€1.13	€1.86	(39.2)%
Fully diluted recurring adjusted* EPS	€1.64	€1.60	+2.5%

**Non recurring after tax profit from taspoglutide in 2010: €41.2m**  
**Non recurring depreciations and losses of value in 2010: €30.3m net after tax**

\* Prior to (i) purchase accounting impacts related to its acquisitions in North America and (ii) non recurring elements

## Other revenues evolution

Other revenues evolution: (11.9%)  
As reported  
**+36.3% excluding Bayer in 2009 and Inspiration in 2010**



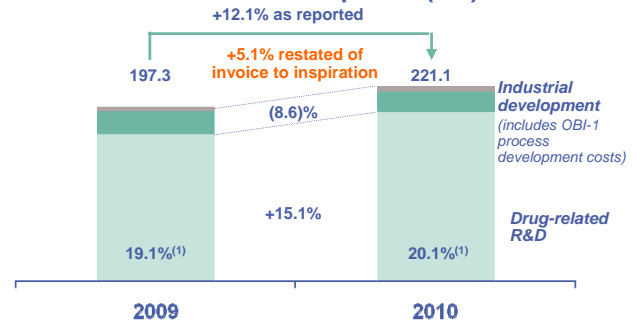
- Royalties Received:**  
 Excluding the proceeds from the Bayer settlement in 2009, royalties received grew threefold in 2010
- Milestones**  
 Progressive recognition of milestones already cashed-in from Medicis, Galderma, Recordati, Menarini (Adenuric®)...
- Other revenues**  
 Revenues from Inspiration Inc. for OBI-1 development costs (€15.0m) and from co-promotion agreements in France

## Evolution of main P&L items: above operating result

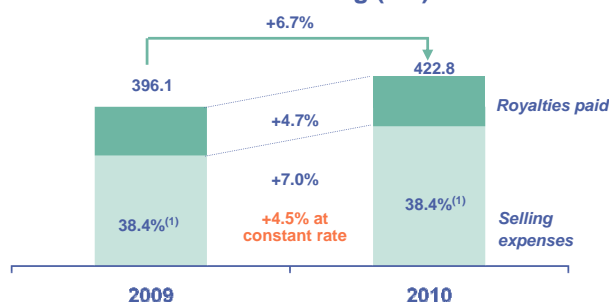
### COGS (% of sales)



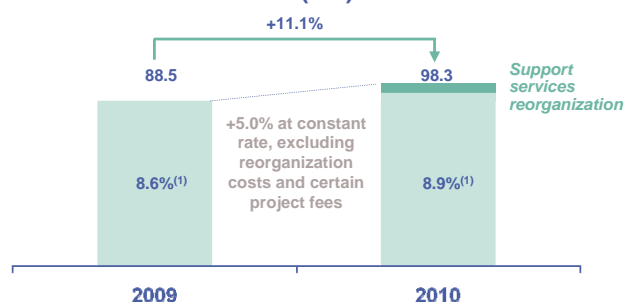
### Research & Development (€m)



### Sales & Marketing (€m)

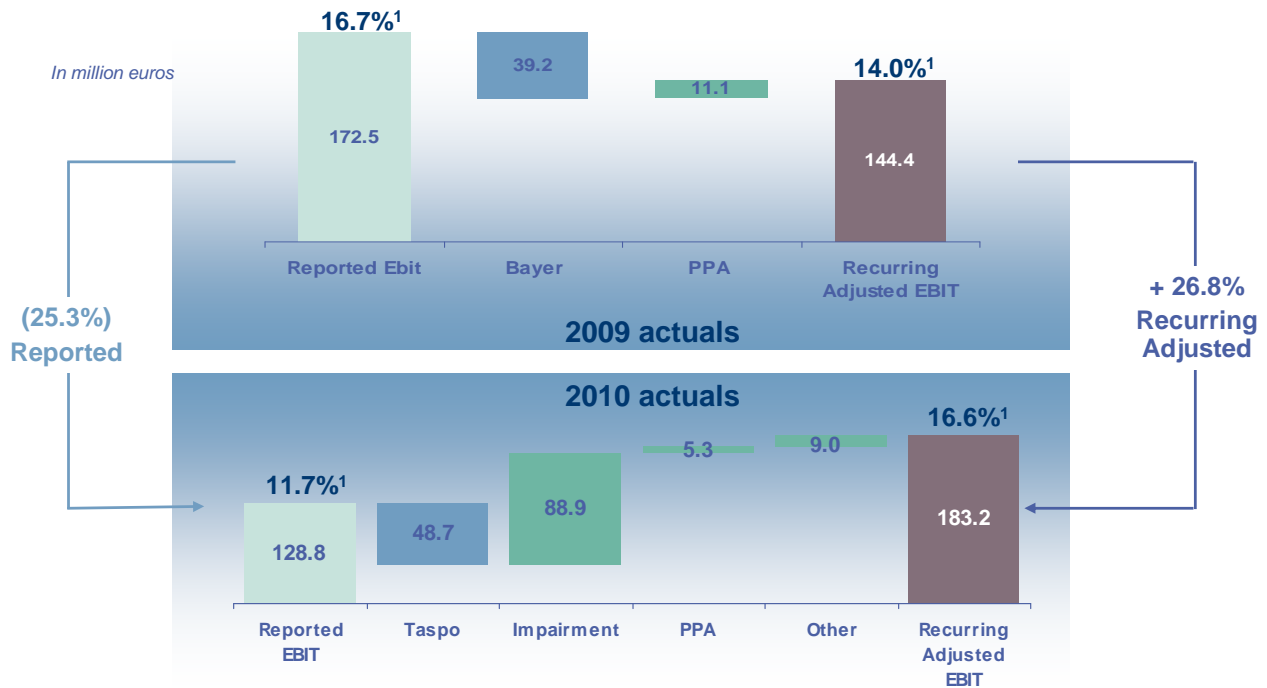


### G&A (€m)

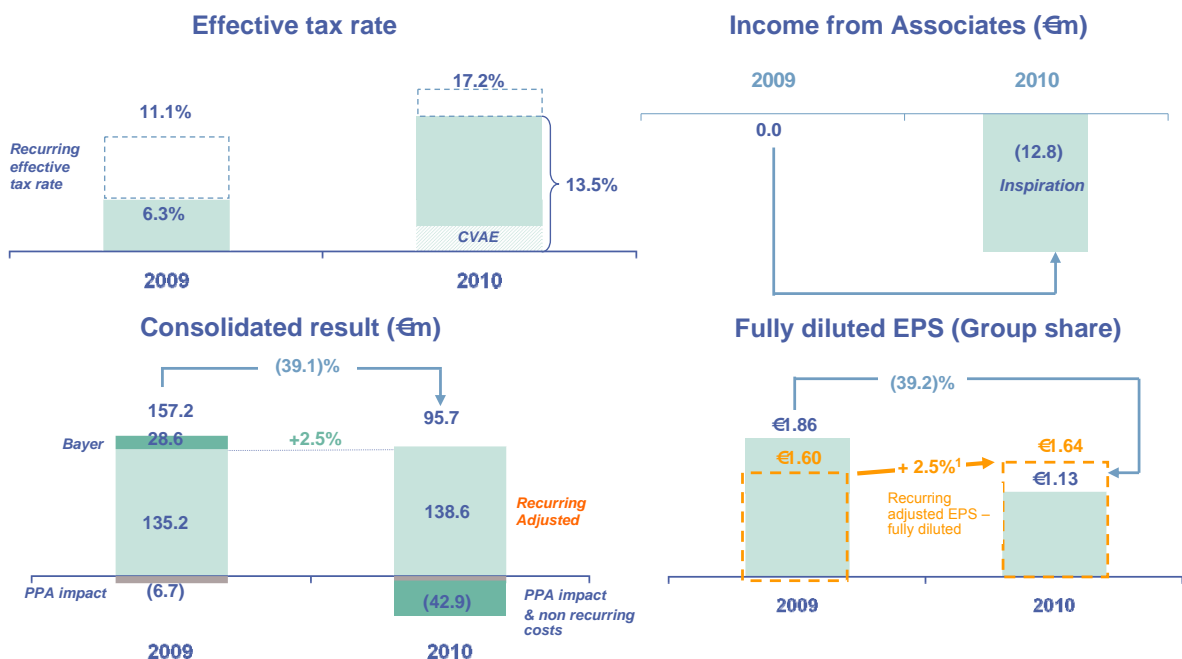


<sup>(1)</sup> As a percentage of sales

## A Recurring adjusted Operating Income, up 26.8% y-o-y



## Below EBIT evolution



On March 1<sup>st</sup> 2011, the board of directors proposed a dividend of €0.80 per share, up 6.7% y-o-y

(1) « Recurring adjusted »: Reconciliations between operating results and recurring adjusted operating results as of 31 December 2010 and 2009 are detailed in appendix 4 of FY 2010 results press release



## From Published EPS to recurring adjusted EPS

In million euros	2010 Actual		Plus			2010 Actual Recurring adjusted	
	Value	% Sales	Roche	Impairment	Other (2)	Value	% Sales
Net Sales	1 100.2	100.0%				1 100.2	100.0%
Other Revenues	70.1	6.4%				70.1	6.4%
<b>Total Revenues</b>	<b>1 170.3</b>	<b>106.4%</b>				<b>1 170.3</b>	<b>106.4%</b>
Cost of goods Sold	-236.2	-21.5%			-2.7	-238.9	-21.7%
R&D	-221.1	-20.1%				-221.1	-20.1%
SMM	-422.8	-38.4%				-422.8	-38.4%
G&A	-98.3	-8.9%				-98.3	-8.9%
Other (1)	37.1	3.4%	-48.7	-11.3	17.0	-6.0	-0.5%
Impairment losses	-100.2			100.2		0.0	
<b>Operating Result</b>	<b>128.8</b>	<b>11.7%</b>	<b>-48.7</b>	<b>88.8</b>	<b>14.3</b>	<b>183.2</b>	<b>16.6%</b>
Financial Result	-3.4	-0.3%		1.6	-4.3	-6.1	-0.6%
Income Tax	-17.0		7.6	-16.0	-4.8	-30.2	
<b>Effective tax rate</b>	<b>-13.5%</b>					<b>-17.2%</b>	
Share of loss	-12.8			5.9	-1.4	-8.3	
<b>Income from continuing operations</b>	<b>95.7</b>	<b>8.7%</b>	<b>-41.2</b>	<b>80.3</b>	<b>3.8</b>	<b>138.6</b>	<b>12.6%</b>
Income from discontinued operations	0.0						
<b>Consolidated net profit</b>	<b>95.7</b>	<b>8.7%</b>	<b>-41.2</b>	<b>80.3</b>	<b>3.8</b>	<b>138.6</b>	<b>12.6%</b>
<b>Fully diluted EPS</b>	<b>1.13</b>		<b>-0.49</b>	<b>0.95</b>	<b>0.05</b>	<b>1.64</b>	

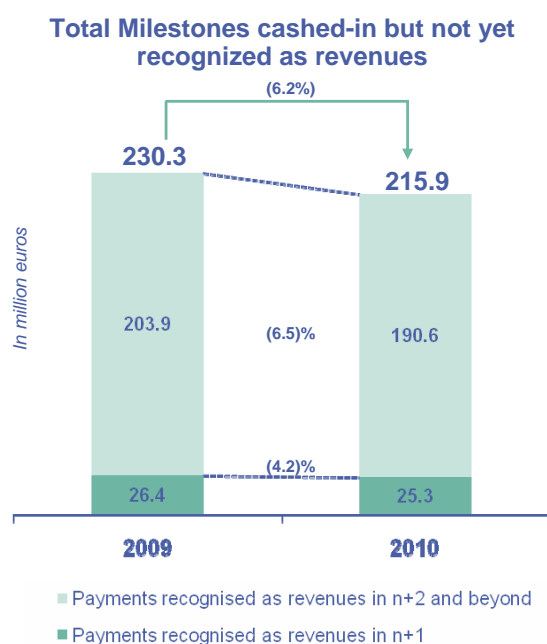
(1) Other operating income and expenses, Amortizations of intangible assets and Restructuring costs

(2) Impacts from Purchase Price Accounting (PPA) and certain other costs

## Balance Sheet evolution

In million euros	Assets		Liabilities		
	31 Dec 09	31 Dec 10	31 Dec 09	31 Dec 10	
<b>Goodwill</b>	290.2	299.1	<b>Equity</b>	982.6	1 077.2
<b>Investment in associated companies (Incl. Goodwill Inspiration Inc.)</b>	-	57.9	<b>Minority interests</b>	1.7	2.0
<b>Property, plans &amp; equipments</b>	251.8	282.3	<b>Total equity</b>	984.3	1 079.2
<b>Intangible assets</b>	237.0	166.5	<b>Long-term financial debts</b>	12.2	15.3
<b>Other non-current assets</b>	145.5	232.6	<b>Other non-current liabilities</b>	270.3	250.6
<b>Total non-current assets</b>	<b>924.5</b>	<b>1 038.4</b>	<b>Short-term debts</b>	21.4	7.7
<b>Total current assets</b>	<b>652.4</b>	<b>639.8</b>	<b>Other current liabilities</b>	286.6	324.7
<i>Incl. cash and cash equivalents</i>	218.6	178.1	<b>Discontinued operations</b>	2.0	0.7
<b>Discontinued operations</b>	-	-	<b>Total Liabilities</b>	<b>1 576.9</b>	<b>1 678.2</b>
<b>Total assets</b>	<b>1 576.9</b>	<b>1 678.2</b>			
<b>Net Cash</b>	185.6	156.0			

## Partnership related deferred revenues



### Main milestones cashed-in in 2010

#### January 2010

Inspiration: \$50m upon agreement on OBI-1 licence (non cash)

#### March 2010

Menarini: €18m upon launch of Adenuric® in France, UK and Germany

#### December 2010

Menarini: €6m upon launch of Adenuric® in Italy

## Cash flow statement

In million euros

	31 Dec 09	31 Dec 10
<b>Cash Flow before change in working capital</b>	<b>192.7</b>	<b>248.5</b>
Deferred revenues from Inspiration	-	35.5
Increase/ Decrease in working capital	64.9	(30.1)
<b>Net cash flow generated by operating activities</b>	<b>257.6</b>	<b>253.9</b>
Investment in Tangible and Intangible assets	(63.3)	(86.6)
Investment in associated companies (Inspiration)		(130.9)
Others	(8.0)	(7.8)
<b>Net cash flow used in investing activities</b>	<b>(71.3)</b>	<b>(225.3)</b>
Net change in borrowings	(151.3)	(0.3)
Dividends paid	(58.0)	(62.3)
Others	(5.4)	1.0
<b>Net cash flow used in financing activities</b>	<b>(214.8)</b>	<b>(61.6)</b>
Discontinued operations	(1.0)	(1.5)
<b>Change in cash and cash equivalent</b>	<b>(29.5)</b>	<b>(34.5)</b>
Impact of exchange rate fluctuations	(2.4)	(7.0)
<b>Closing cash &amp; cash equivalents</b>	<b>205.4</b>	<b>177.9</b>
<b>Closing Net Cash</b>	<b>185.6</b>	<b>156.0</b>

■ Tangible assets: -€53.7m  
 ■ Intangible assets: -€33.3m

## In summary

Specialty Care sales: +11.0%<sup>1</sup>, Sales outside European G5 up 15,0%

Major impacts from non recurring elements, mainly impairments & taspoglutide:  
-€40.1m overall on EBIT and -€39.1m after tax

Recurring adjusted<sup>2</sup> operating income improving by 26.8%

Recurring adjusted EPS<sup>3</sup> improving by 2.5% y-o-y

€253.9m generated by operating activities in 2010

Strong balance sheet : €156.0m positive net cash position at December 31, 2010

NOTE 1 : at constant exchange rate

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

## Despite a tough environment, 2010 financial objectives were met

			2010 Performance
Specialist Care - Drug sales	Close to double digit growth	3% to 5% growth*	+11.0% ✓
Primary Care - Drug sales	(5%) to (7)% decrease*		(4.8%) ✓
Other Revenues	Close to €50 million***		€55 million ✓
Recurring Adjusted operating margin**	Approx. 15% growth*		+ 26.8% ✓
Recurring Adjusted EPS**	Relative stability vs. 2009		€1.64 (+2.5%) ✓

The above sales objectives were set at constant currency  
2010 objectives excluded any potential non recurring items

\* Margins expressed in % of sales

\*\* Prior to (i) purchase accounting impacts related to its acquisitions in North America and (ii) non recurring elements

\*\*\* Excluding revenues from Inspiration Inc. on OBI-1 industrial development costs

# Concluding remarks and 2011 Outlook

**Marc de Garidel**  
**President and CEO**



## Outlook



### In 2011, Ipsen's specialty care should continue to drive performance

On the basis of currently available information...

... the Group's 2011 drug sales growth objectives are :

**Specialty Care**

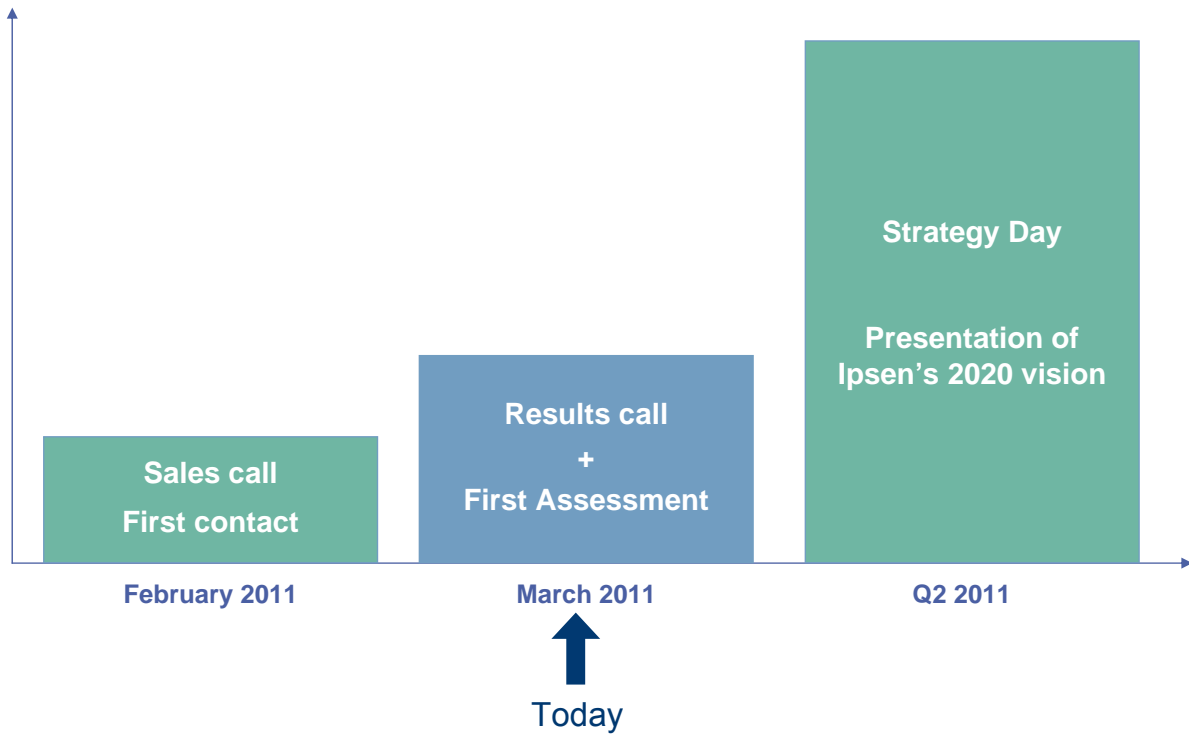
**Drug Sales growth  
close to + 8.0% year-on-year**

**Primary Care**

**Drug sales decrease  
of (8.0%) to (10.0%) year-on-year,  
pending evolution in France**

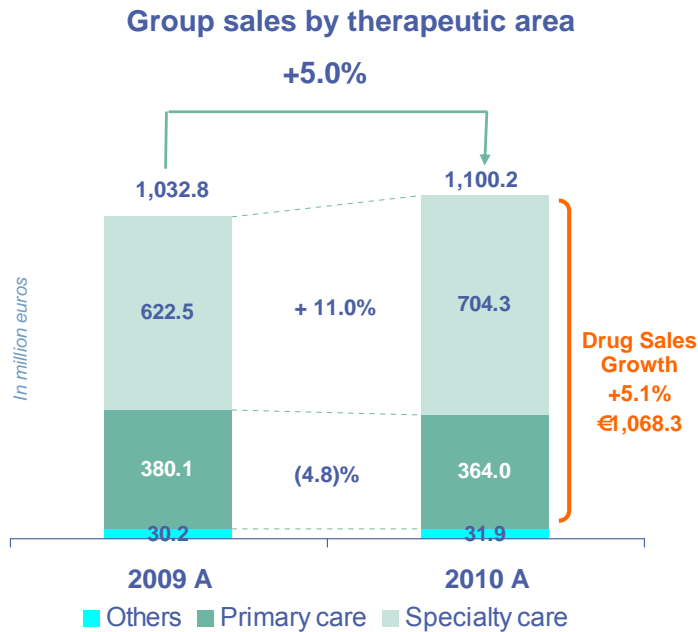
*The above objectives are set at constant currency and perimeter*

More to come very soon...



## Appendices

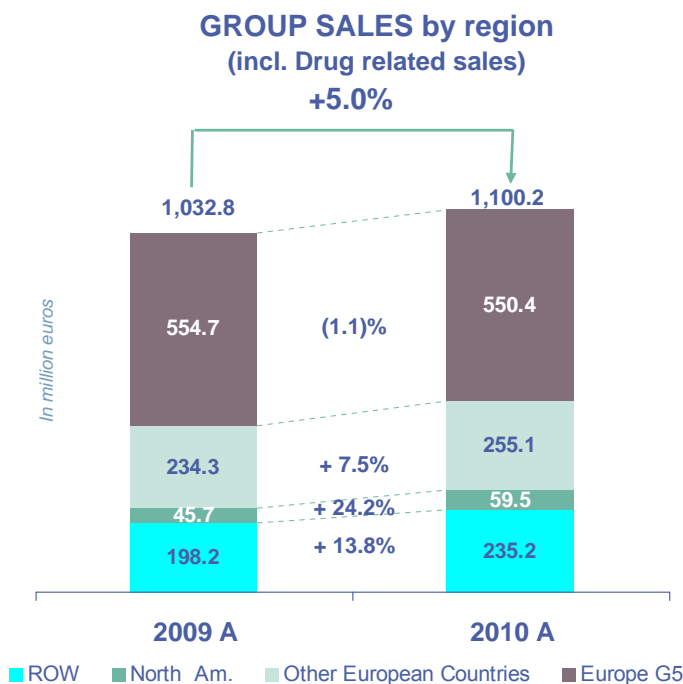
## 2010 drug sales in line with objectives driven by Specialty Care...



Specialty care: dynamic growth in all geographies

Primary care: tougher competitive environment in France

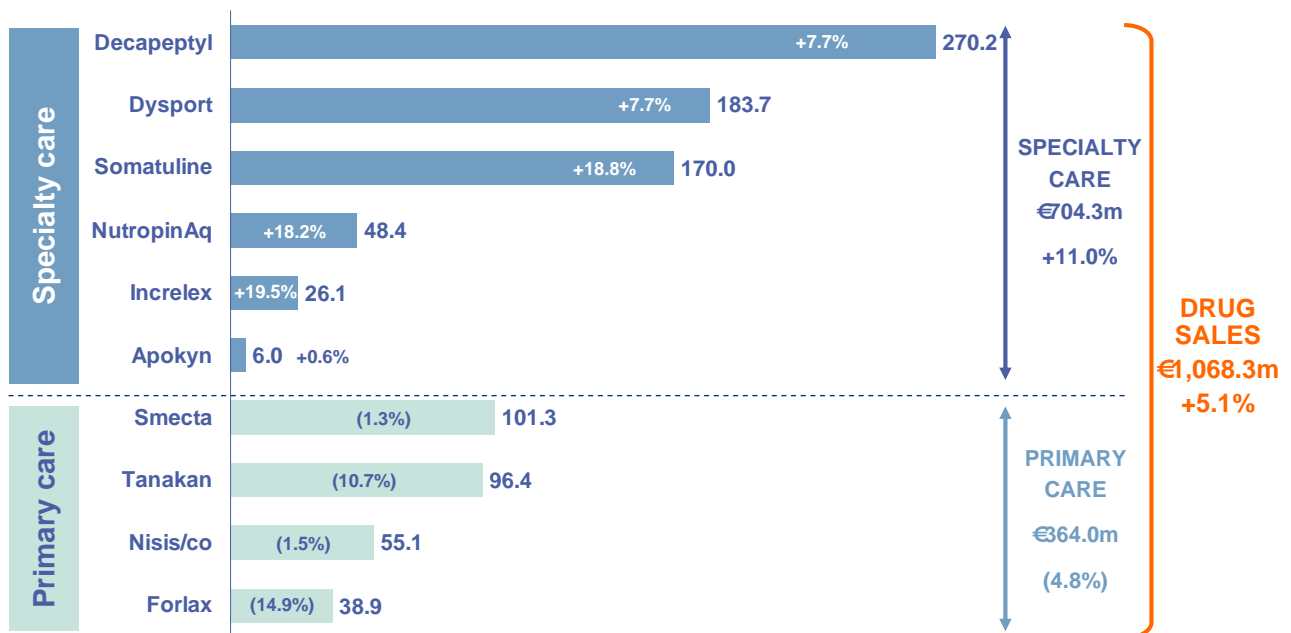
## ... and regions beyond European G5



- **European G5**  
Specialty care sales growth offset by tougher competitive environment, notably in French Primary care
- **Other European countries**  
Dynamic growth throughout; 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

## Specialty products account for 66% of total drug sales in 2010

in million euros



## Ipsen recovers rights to taspoglutide

Ipsen to receive the full body of data

The data will be carefully assessed to determine potential partnership opportunities

Financial impact : Non-cash non-recurring profit of c.€41m after tax as accelerated recognition of differed revenues in 2010 accounts

We will provide further visibility on the next step in the future

Ipsen has no intention to clinically develop taspoglutide on its own

## Inspiration announces non-inferiority of IB1001

Ipsen's partner Inspiration Biopharmaceuticals presented Pharmacokinetic results of IB1001

IB1001 demonstrated non-inferiority to BeneFIX®, the only approved recombinant FIX product...

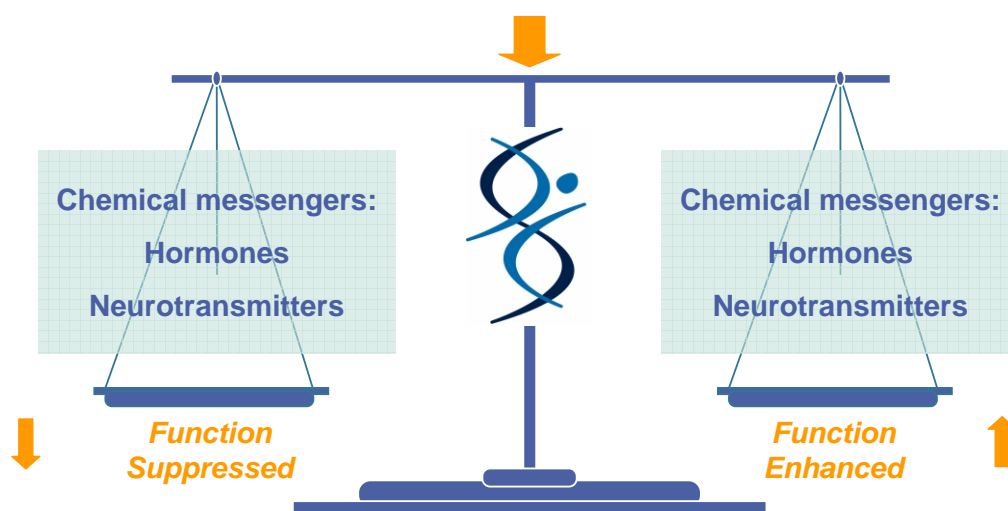
...emphasizing the encouraging medical potential of IB1001

**IB1001 Phase 3 safety and efficacy results expected later this year**

**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

	Endocrinology	Oncology	Neurology	Hematology
Hormonal pathways	<ul style="list-style-type: none"> <li>• Acromegaly</li> <li>• Cushing's</li> </ul>	<ul style="list-style-type: none"> <li>• Hormone-dependent cancers:</li> </ul>	<ul style="list-style-type: none"> <li>• Neuromuscular disorders, focusing on dyskinesia</li> </ul>	<ul style="list-style-type: none"> <li>• Hemophilia A</li> <li>• Hemophilia B</li> </ul>
Peptide & protein chemistry & formulation	<ul style="list-style-type: none"> <li>• NET</li> <li>• NFPA</li> <li>• Short Stature</li> </ul>	<ul style="list-style-type: none"> <li>- Prostate cancer</li> <li>- Androgen-receptor (AR+) expressing Breast cancer &amp; luminal type A (ER+) sub-types</li> <li>- Endometrial cancer</li> </ul>	<ul style="list-style-type: none"> <li>• New toxins and new applications for botulinum toxin</li> </ul>	<ul style="list-style-type: none"> <li>• Hemophilia with inhibitors:</li> </ul>
botulinum toxin expertise				<ul style="list-style-type: none"> <li>- Acquired hemophilia</li> <li>- Congenital hemophilia</li> </ul>

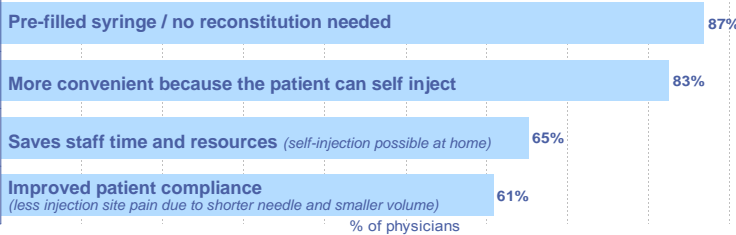
Focused, aligned, synergies across therapeutic areas

## Example of differentiation : Somatuline® Depot

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



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



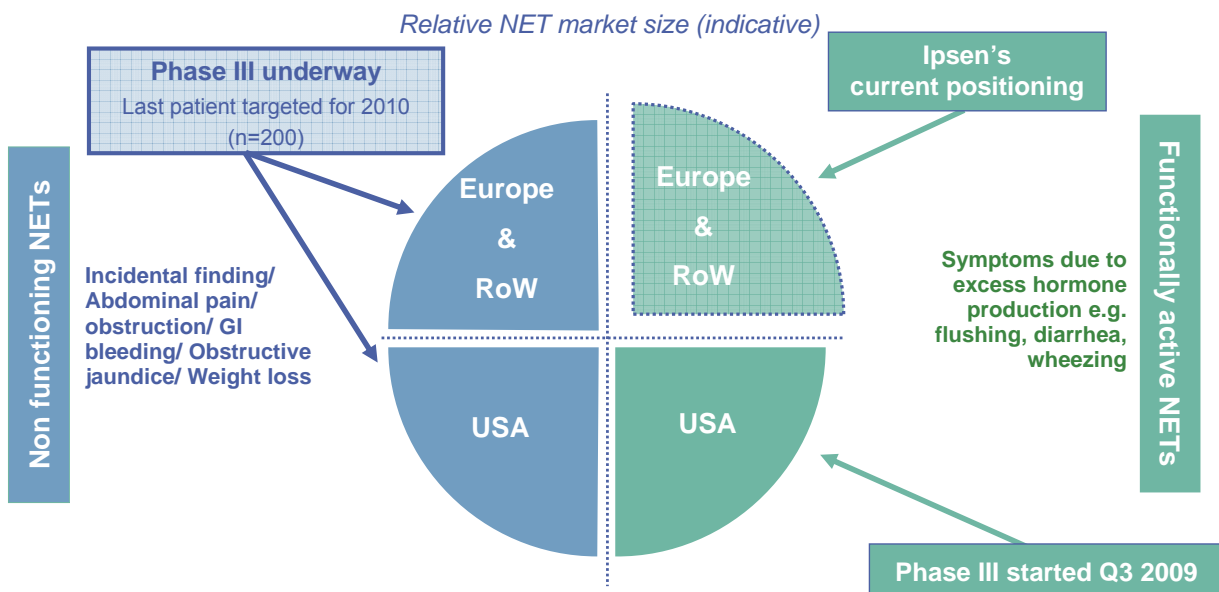
**Somatuline® Depot: A self administration syringe, an improved quality of life**

\* In selected countries

\*\* Study Sample: A total of 50 US endocrinologists completed a 30-minute online questionnaire between April 4 - 17, 2008  
 25 High Volume Endocrinologists: Endocrinologists who see 11 or more acromegaly patients in a year  
 25 Low Volume Endocrinologists: Endocrinologists who see between 5-10 acromegaly patients in a year

## Example of Life cycle management

## Somatuline® offers significant life cycle growth opportunities



**Significant scope for expansion**



## Neurology: Dysport® indications

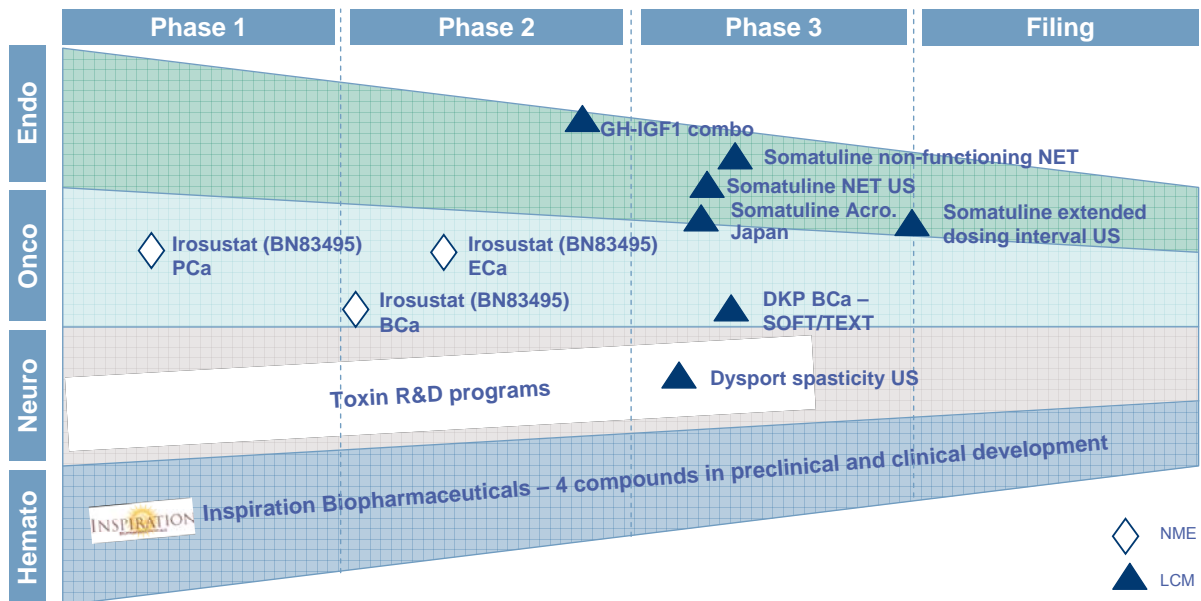
Rest of world	North America
<ul style="list-style-type: none"> <li>Cervical Dystonia</li> <li>Blepharospasm</li> <li>Adult Spasticity</li> <li>Cerebral Palsy (pediatric)</li> <li>Hyperhydrosis</li> <li>Hemifacial spasm</li> <li>Aesthetic use</li> </ul>	<ul style="list-style-type: none"> <li>Cervical Dystonia</li> <li>Aesthetic use</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 BN83495 endometrial cancer

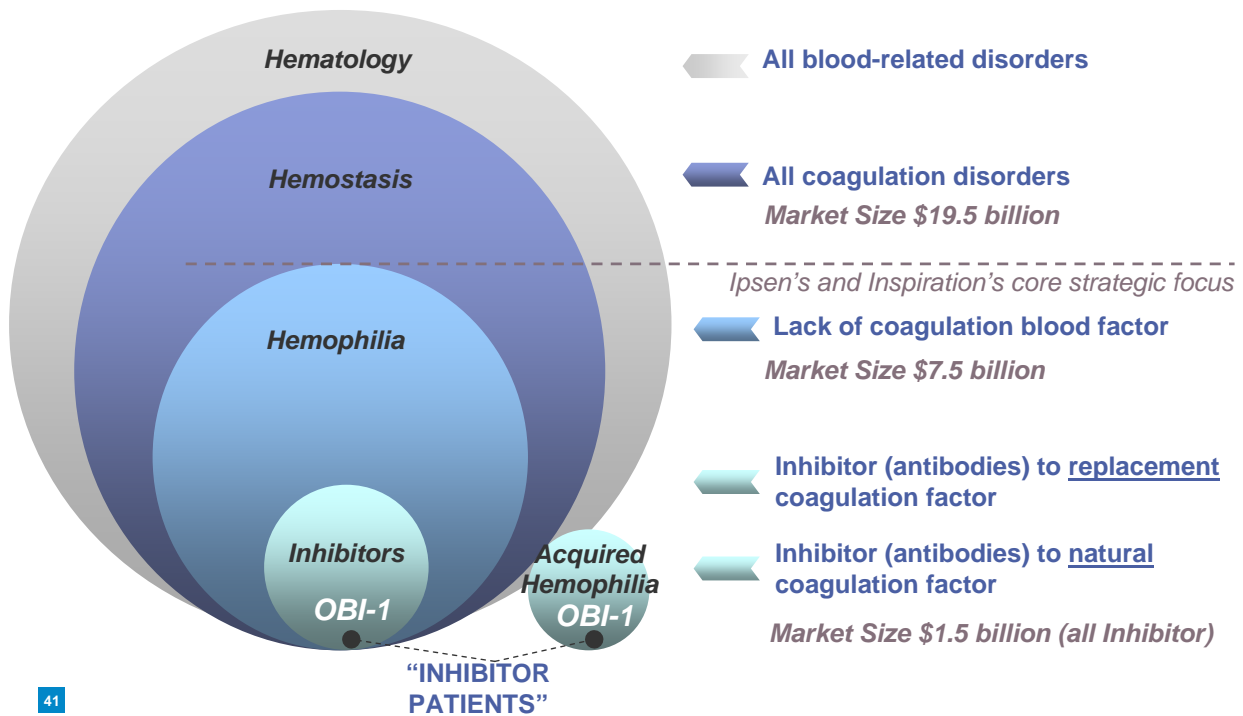
## A strong partnerships strategy



### Ipsen has aggressively developed its partnering activities

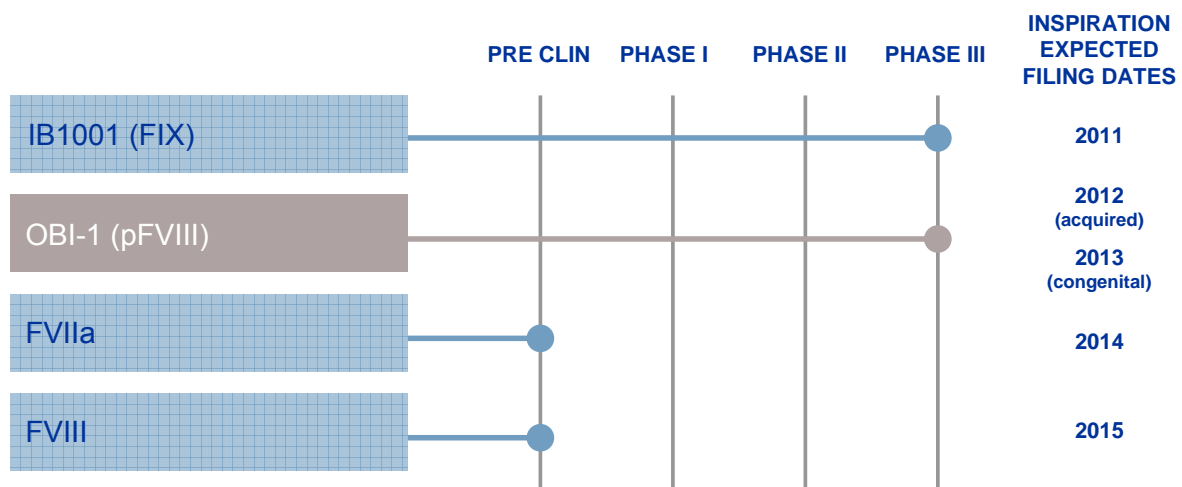


### Capitalizing on OBI-1 with the Inspiration partnership...



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



A recombinant product in each segment of the hemophilia market

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## A progressive path to control of Inspiration

