Ipsen
2011 Financial Results

Full Year 2011 Results Presentation - February 29, 2012

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Objectives for today

1. 2011 key events
2. 2011 detailed financial performance
3. 2012, an important year in Ipsen's transition
4. Outlook

2011 performance

Solid operational performance with drug sales up 5.7%[1] y-o-y and recurring adjusted[2] operating income, up 9.6% y-o-y

Significant impairment charges and one-off costs

Financial guidance met on a recurring adjusted basis

New strategic direction with first milestones achieved

Strategy to reposition Ipsen on its core strengths while improving execution

(1) *at constant exchange rate*

(2) *Before: impairment charges and non recurring elements particularly related to the preparation and implementation of the Group's strategy*

In June 2011, Ipsen announced and started to implement its new strategy

Increase Focus	Invest to Grow	Leverage Footprint

A market-oriented franchise model…

…driving an R&D patient centric organization focused on peptides and toxins

- ☑ Defined 2020 strategy
- ☑ Renewed Executive Committee
- ☑ Franchise based organization implemented
- ☑ R&D merged
- ☑ Uro-Oncology franchise reinforced
- ☑ IB1001 filed in Europe
- ☑ US platform reorganization initiated

Full-year 2011 financial performance

Susheel Surpal

EVP, Chief Financial Officer

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Summary of 2011 P&L and evolution

In million euros	2010	2011	Growth (%)
Sales	1,100.2	1,159.8	+5.4%
Total Revenues	1,170.3	1,234.9	+5.5%
Operating Income	128.8	75.8	(41.2)%
Recurring adjusted operating income(1)	183.2	200.7	+9.6%
Consolidated Net Profit *(attributable to Ipsen shareholders)*	95.3	0.4	-
Fully diluted EPS	€1.13	€0.01	-
Fully diluted recurring adjusted* EPS	€1.64	€1.68	+2.4%

(1) Prior to i) Impairment charges and ii) non-recurring expenses particularly linked to the strategy announced on 9 June 2011

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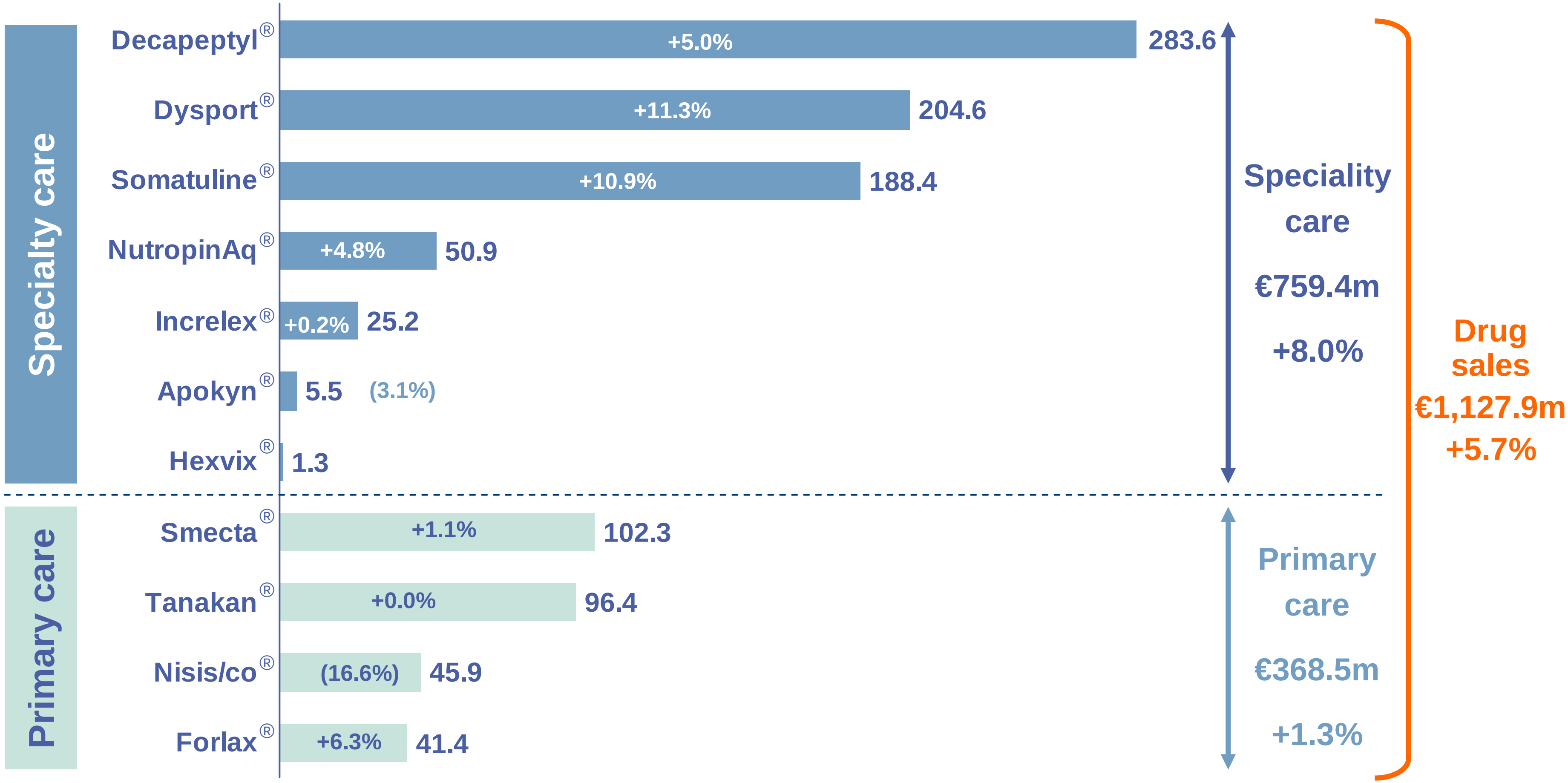
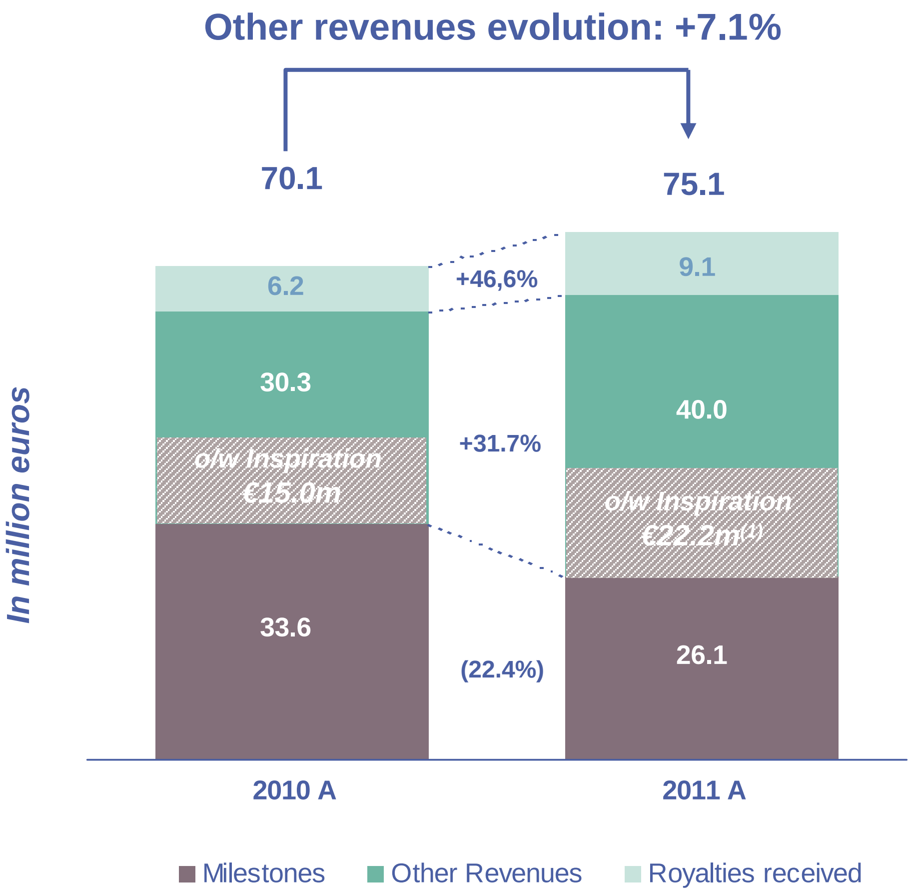
FY 2011 Sales : Specialty products account for 66% of total sales

in million euros



All growth rates exclude foreign exchange impacts

Other revenues evolution



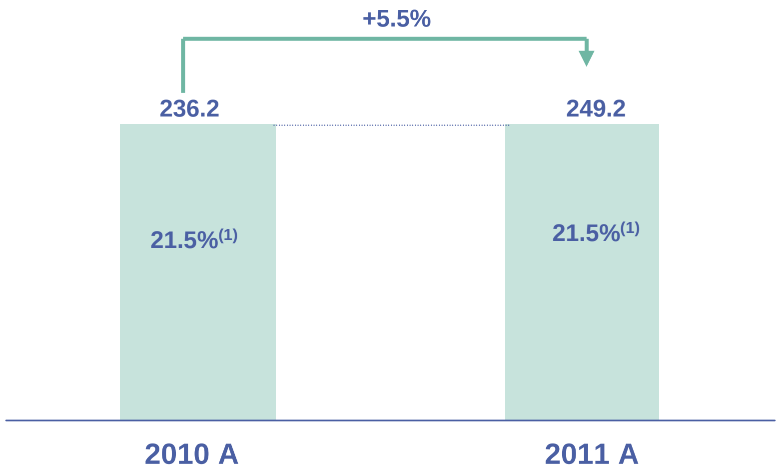
- **Royalties Received**
  Up 46,6% y-o-y, driven by the increase in royalties paid by Medicis, Galderma and Menarini
- **Other revenues**
  Revenues from Inspiration Inc. for OBI-1 development costs (€22.2m)[1] and from co-promotion agreements in France
- **Milestones**
  Progressive recognition of milestones already cashed-in from Medicis, Galderma, Recordati, Inspiration

  2010, unfavourable baseline, marked by the end of the taspoglutide deferred revenue recognition

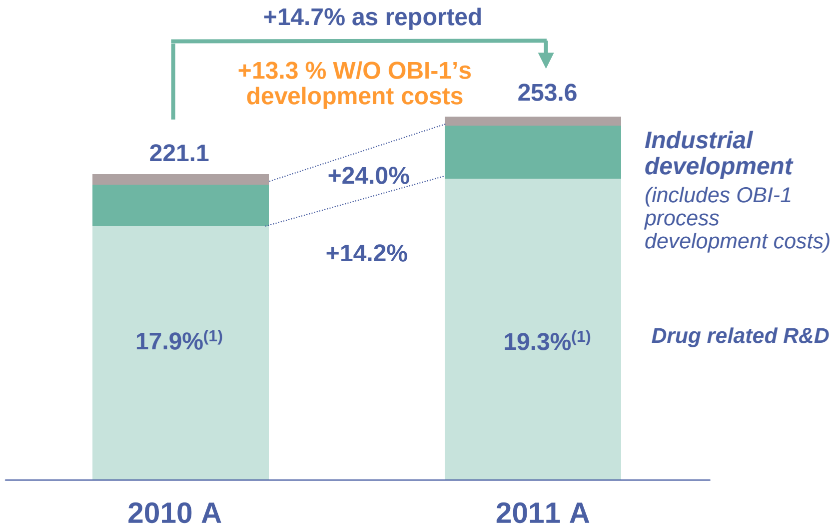
[1] *o/w mainly OBI-1 industrial development costs and costs related to the European commercial platform*

Evolution of main P&L items: above operating result

COGS (% of sales)

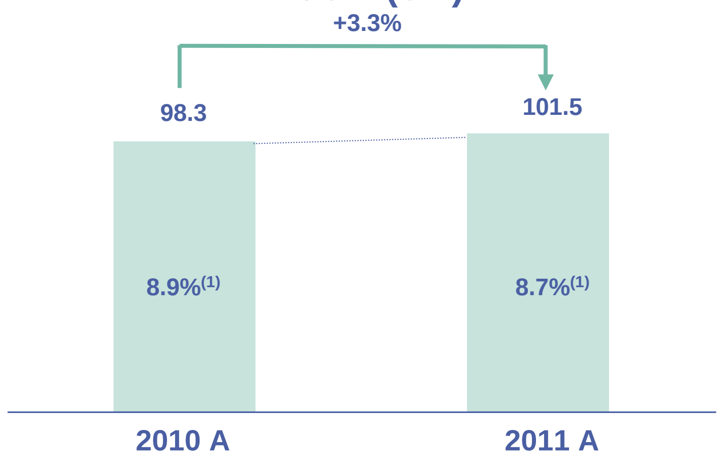


Research & Development (€m)



Sales & Marketing (€m)

G&A (€m)



[(1)] As a percentage of sales

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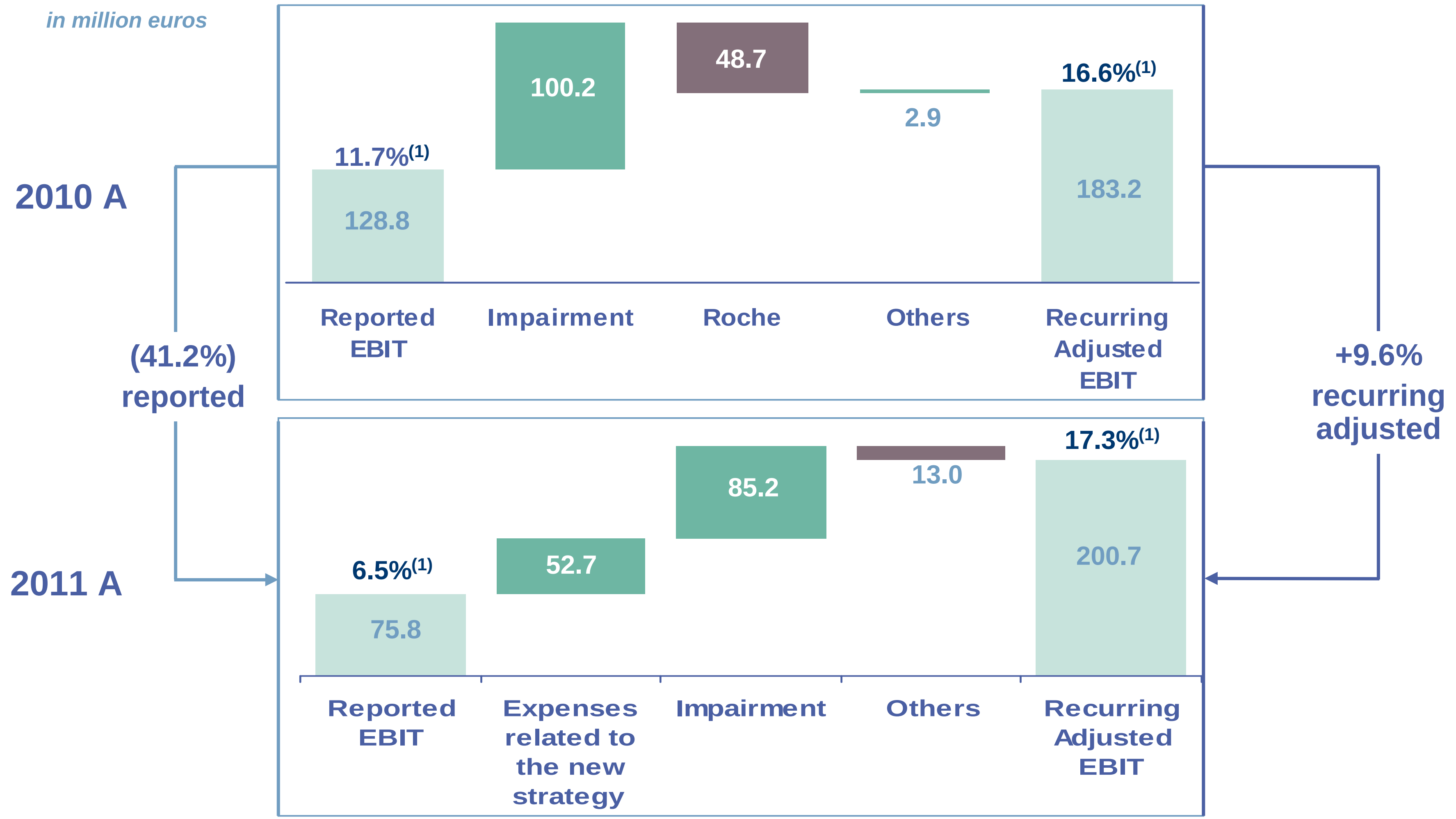
Recurring adjusted Operating Income has improved by 9.6%

in million euros



[(1)] *Margin in percentage of sales*

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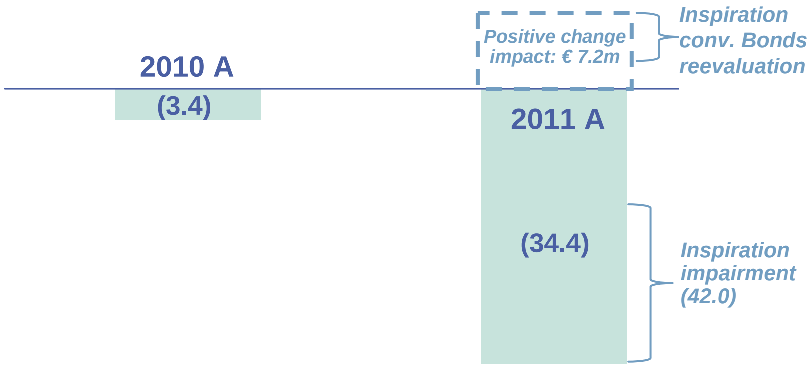
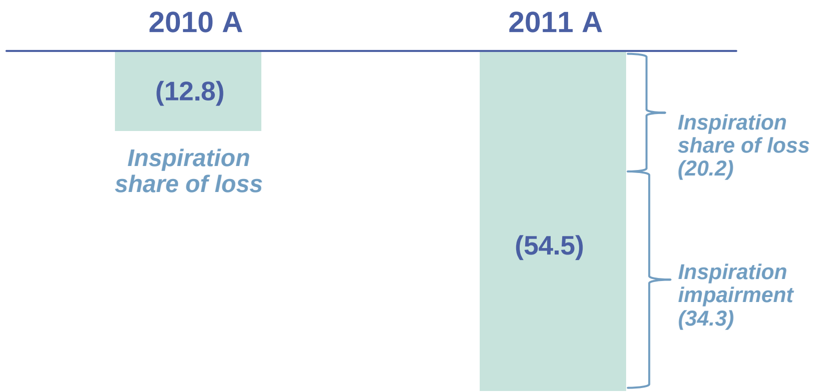
Below EBIT evolution

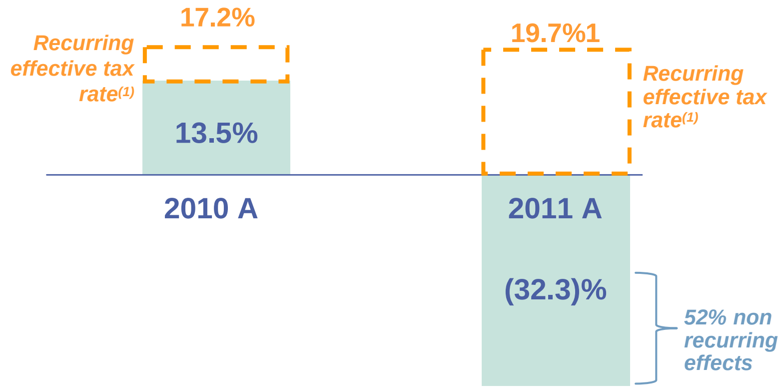
Financial result (€m)



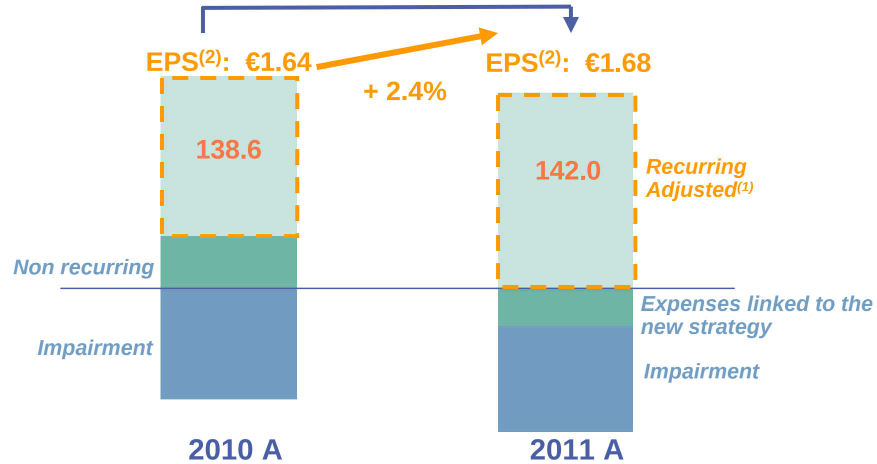
Income from Associates (€m)



Effective tax rate



Consolidated result (€m)



Proposed dividend of €0.8 per share, stable y-o-y

(1) Prior to non recurring operational, financial and fiscal items
(2) Prior to i) Impairment charges and ii) non-recurring expenses particularly linked to the strategy announced on 9 June 2011
(3) Fully diluted recurring adjusted EPS

In 2011, published figures were impacted by significant impairment losses and costs related to new strategy

(in million euros)	2011 Actual Value	2011 Actual % Sales	Inspiration	Increlex®	Others	Restructuring US & Barcelona	Fees & others	Others	2011 Actual Recurring adjusted Value	2011 Actual Recurring adjusted % Sales
Net Sales	1 159,8	100,0%							1 159,8	100,0%
Other revenues	75,1	6,5%							75,1	6,5%
Total Revenues	1 234,9	106,5%							1 234,9	106,5%
Cost of goods Sold	-249,2	-21,5%							-249,2	-21,5%
R&D	-253,6	-21,9%							-253,6	-21,9%
SMM	-425,2	-36,7%							-425,2	-36,7%
G&A	-101,5	-8,7%							-101,5	-8,7%
Amortization of intangible assets (except software)	-7,8	-0,7%						3,1 *	-4,7	-0,4%
Other operating income and expenses	-0,1	0,0%					16,1	-16,0 **	0,0	0,0%
Impairment losses	-85,2	-7,3%		47,3	37,9 ***				0,0	0,0%
Restructuring costs	-36,5	-3,1%				36,5			0,0	0,0%
Operating income	75,8	6,5%		47,3	37,9	36,5	16,1	-13,0	200,7	17,3%
Financial Result	-34,4	-3,0%	42,0						7,6	0,7%
Income taxes	13,3	1,1%	-15,1	-18,9	-13,3	-11,8	-5,5	4,6	-46,8	-4,0%
Share of loss from associates	-54,5	-4,7%	34,3						-20,2	-1,7%
Income from discontinued operations	0,7	0,1%							0,7	0,1%
Consolidated net profit	0,9	0,1%	61,1	28,4	24,5	24,7	10,6	-8,3	142,0	12,2%
Fully diluted EPS	***0,01***								***1,68***	

	Total impairment losses	New strategy costs
Before tax	€161.5m[(1)]	€52.6m
After tax	€114.1m	€35.3m

[(1)] Impairment charge on Inspiration shares is net of tax

** PPA*

*** includes Apokyn® and Vitalogink®*

**** includes fipamezole®, Dreux industrial site and Nisis NisisCo®*

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IAS 39 only deals with financial instruments i.e. does not reflect the economic value of the deal for Ipsen

Inspiration

Ipsen

~22% of ordinary shares ← FULLY IMPAIRED

~19% additional ownership on a fully diluted basis (convertible bonds) ← PARTIALLY IMPAIRED

- **Potential revenue generated by the 27.5% royalty on the net sales of OBI-1 paid to Ipsen**
- **Other**

→ **Not part of the impairment test**

There would have been no impairment with a CGU view

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Total Inspiration impairment: €76.3m before tax

Impairment recorded in distinct P&L lines	What?	Figure
Other financial expense	Impairment depreciation on convertible bonds	€42.0m
Share of loss from associates	Impairment depreciation on equity share[1] + depreciation on PPA	€34.3m
		€76.3m
	Tax impact	€(15.1)m
	Net impairment charge	**€61.1m**

[1] *Impairment charge on Inspiration shares is net of tax*

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Balance sheet evolution

in million euros

Assets

	2010 A	2011 A
Goodwill	299.1	299.5
Investment in associated companies (incl. Goodwill Inspiration Inc.)	57.9	0.0
Property, Plans & equipments	282.3	271.7
Intangible assets	166.5	135.6
Other non-current assets	232.6	293.8
Total non-current assets	**1 038.4**	**1 000.6**
Total current assets	**639.8**	**632.8**
Incl. Cash and cash equivalent	178.1	145.0
Discontinued operations	-	-
Total assets	**1 678.2**	**1 633.4**
Net Cash	**177.9**	**144.8**
Closing Net Cash (1)	**156.0**	**122.3**

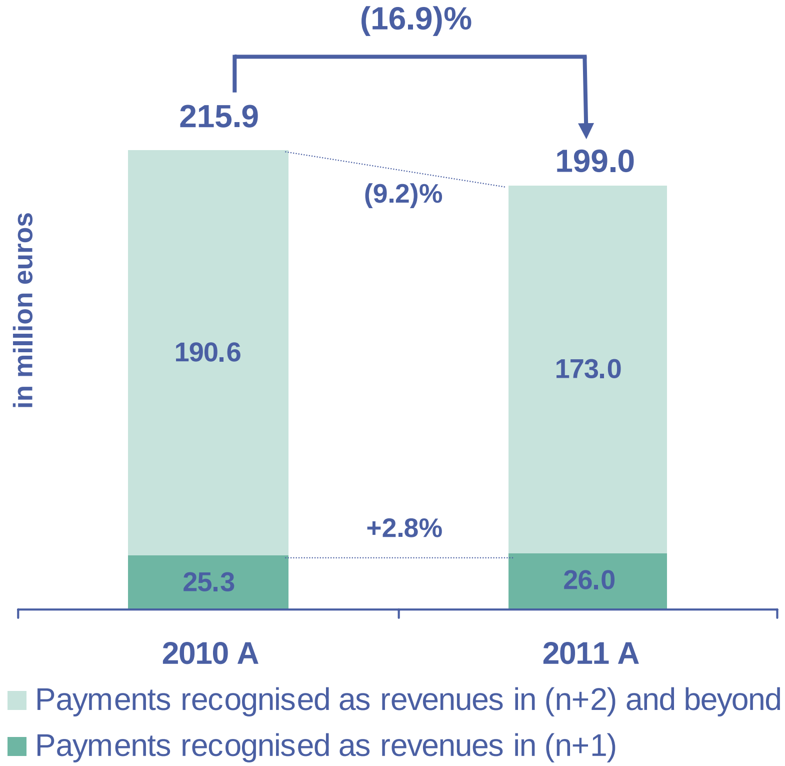
Liabilities

	2010 A	2011 A
Equity	1 077.2	1 012.8
Minority interests	2.0	2.6
Total Equity	**1 079.2**	**1 015.4**
Long-term financial debts	15.3	16.6
Other non-current liabilities	250.6	231.0
Other current liabilities	324.7	341.9
Short-term debts	7.7	28.5
Liabilities / discontinued operations	0.7	0.0
Total Liabilities	**1 678.2**	**1 633.4**

NOTE 1 : Cash and cash equivalents after deduction of bank overdraft, bank borrowings, other financial liabilities excluding derivative financial instruments

Partnership related deferred revenues

Total Milestones cashed-in and not yet recognized as revenues



Main evolutions over the period

2010
Total recognition of the remaining taspoglutide deferred income (€48.7m) from Roche

2011
€10.6m from partnerships
of which €8.3m from Menarini

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Cash flow statement

in million euros	2010 A	2011 A
Cash Flow before change in working capital	**248.5**	**207.1**
Deferred revenues from partnerships (Inspiration license)	35.5	-.
(Increase)/ Decrease in working capital	(30.1)	(31.6)
Net cash flow generated by operating activities	**253.9**	**175.4**
Investment in Tangible and Intangible assets	(86.6)	(95.2)
Investment in Inspiration	(57.7)	-.
Subscription in Inspiration's bonds	(73.2)	(45.3)
Others	(7.8)	(2.6)
Net cash flow used in investing activities	**(225.3)**	**(143.2)**
Net change in borrowings	(0.3)	(0.3)
Dividends paid	(62.3)	(66.5)
Others	1.0	1.6
Net cash flow used in financing activities	**(61.6)**	**(65.2)**
Discontinued operations	(1.5)	-
Change in cash and cash equivalent	**(34.5)**	**(32.9)**
Impact of exchange rate fluctuations	7.0	(0.2)
Closing cash & cash equivalents	**177.9**	**144.8**
Closing Net Cash	**156.0**	**122.3**

- Tangible assets : - € 46.9m
- Intangible assets: - € 48.4m

(o/w TASQ: € 25m and Hexvix: € 22.5m)

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In summary

Specialty Care sales: +8.0%(1), resilient primary care sales in 2011

Strong international drug sales, up 9.9% in 2011

Major impacts from non recurring elements, mainly impairments & one-off costs: -€124.9m overall on EBIT

Good operational performance with a recurring adjusted(2) operating income up by 9.6% yoy

Recurring adjusted EPS(2) improving by 2.4% y-o-y

€175.4m generated by operating activities in 2011

Strong balance sheet : €122.3m positive net cash position at December 31, 2011

(1) at constant exchange rate

(2) Prior to i) Impairment charges and ii) non-recurring expenses particularly linked to the strategy announced on 9 June 2011

2012, an important year in Ipsen's transformation

Marc de Garidel

Chairman and CEO

2012, an important year in Ipsen's transformation to fulfill its 2020 ambition

Partner primary care France as profitability deteriorates

Maintain high single digit specialty care growth and double digit emerging markets growth

Progress rich late stage pipeline

Relaunch US operations to increase profitability

Accompany Inspiration's success

A - Find a partner for primary care France as profitability deteriorates

Ipsen	Potential partner
Reach **critical mass** to be positioned among market leaders	
Maximize **brand equity** with **complementary product range**	
Leverage **dedicated sales force** on **Rx** and **OTx** segments	
Manage **mature product** life cycle	
Share cost base	
Create a platform that can **in-license products**, sign **partnerships**…	
• Align company profile with strategy • Focus Management time and effort on Specialty care • Access OTC – OTX network and know how	• Increase share-of-voice • Reinforce product range

Organize Ipsen to better address the 2012 French primary care operating profit loss (approximately impacting Ipsen's recurring adjusted(1) operating margin by 300bp to 400bp)

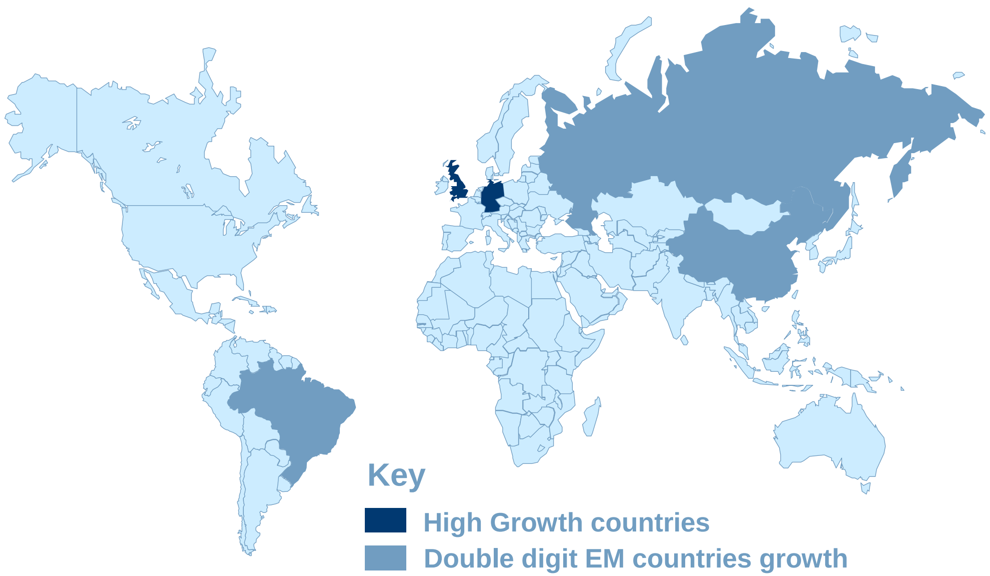
(1) Prior to i) Impairment charges and ii) non-recurring expenses particularly linked to the strategy announced on 9 June 2011

B - Maintain high single digit specialty care growth and double digit emerging markets growth

Specialty Care Products

- **Somatuline®:**
  - Continued strong performance in Europe and the US
  - Strong and growing market share in South America
- **Dysport®:**
  - Growth in Europe, Russia and Brazil
  - US and Aesthetics Partnerships
- **Decapeptyl®:**
  - Continued performance in Germany and the UK
  - Strong growth in China
- **Hexvix®**
  - Leverage Ipsen's Uro-Oncologists reach in Europe

Geographies



C - Relaunch the US operations : two main objectives to increase profitability

New Organization	Dysport®

New Organization

- **New HQ to open in NJ in April 2012**
- **Implementation well under way :**
  - Full leadership team hired
  - 130 FTEs hired and active; 60 open positions
- **Business Unit focus**
  - Somatuline®
  - Dysport®

US organization: a corporate priority

Dysport®

- **Sales force excellence:**
  - Major overhaul with renewal of 40% of sales force
- **Back to basics marketing**
- **Physician training**

Ensure Dysport® growth

D - Accompany Inspiration's success

File IB1001 in the US in H1 2012

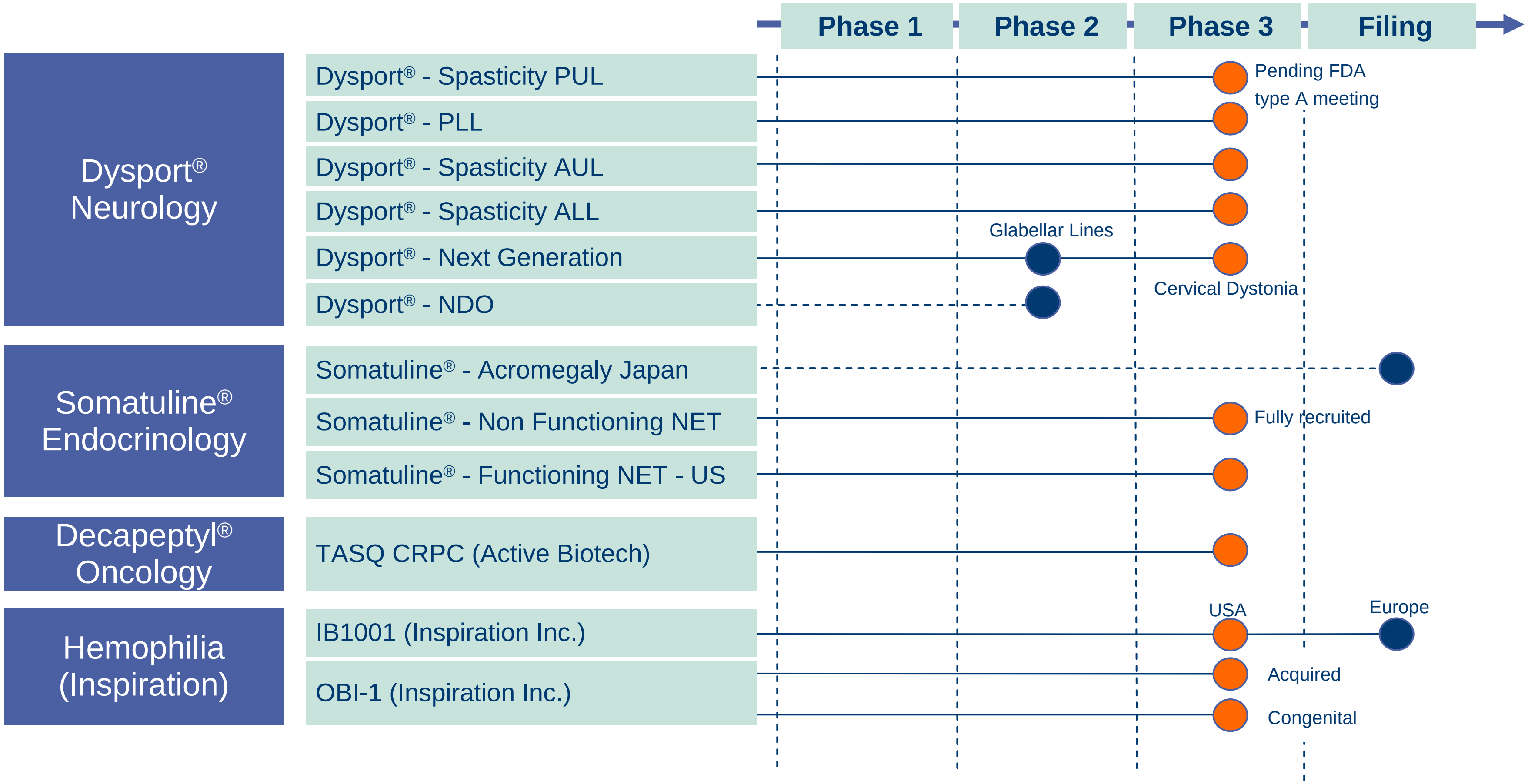
Get ready for IB1001's launch in Europe in early 2013

Progress both OBI-1 phase IIIs.

Address Inspiration's financing needs

A win-win partnership

E - Progress rich late stage pipeline



10 on-going phase IIIs, 4 for NMEs, 6 for life cycle management

Concluding remarks and 2012 Outlook

Marc de Garidel

Chairman and CEO

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Transformation is progressing well, as planned

2011	2012	2013	2014	2015
☑ Define strategy	☑ R&D « PoC » machine implemented	☐ Somatuline® New device rolled out globally	☐ TASQ filed in Europe	☐ Inspiration option assessment
☑ Merge R&D	☑ Barcelona R&D site closed	☐ Dysport® A.& P. L.L spasticity filed	☐ Somatuline® F. NET filed in the US	☐ Dysport® P.U.L filed in the US
☑ Reinforce Uro-oncology franchise	☐ French primary care commercial activities partnered	☐ Dysport® NDO Ph III initiated	☐ Somatuline® NF NET filed WW	☐ 5 new Pre clinical candidates (vs. June 2011) O/W 3 reach POC
☑ Dysport® CD CTA[1] filing in China	☐ IB1001 filed in the USA	☐ Smecta® EDL assessment (China)	☐ Dysport® A.U.L filed	☐ Smecta® EDL assessment (China)
☑ Somatuline® Acromegaly CTA[(1)] filing in China	☐ OBI-1 PhIII (Acquired H) enrollment completed	☐ OBI-1 Acquired H. filed in the US	☐ Dysport® NG filed	
☑ New extended Executive Committee staffed	☑ OB-1 PhIII Congenital H. initiated		☐ Inspiration option assessment	
☑ Franchise org. implemented	☐ US platform reorganized		☐ Smecta® EDL assessment (China)	
☑ IB1001 filed in Europe				
☑ Sale of Apokyn®				

Transformation to continue in 2012

(1) CTA or filing for Clinical Trial Authorization

2012 Objectives

Specialty Care - Drug sales	Growth of +8.0% to +10.0%, year-on-year
Primary Care - Drug sales	Decrease of approximately 15.0%, year-on-year
Recurring Adjusted* operating margin	approximately 15.0% of sales *This objective includes declining profitability of primary care in France, in particular as a result of the delisting of Tanakan® (effective as of 1 March 2012) and enforced price cuts. The impact of this decline on the Group's 2012 recurring adjusted operating margin is estimated at approximately 300 to 400 basis points.*

The above objectives are set at constant currency and perimeter

** Prior to i) Impairment charges and ii) non-recurring expenses particularly linked to the strategy announced on 9 June 2011*

2012 in short…

Partner primary care France as profitability deteriorates

Maintain high single digit specialty care growth and double digit emerging markets growth

Progress rich late stage pipeline

Relaunch US operations to increase profitability

Ensure continued success for Inspiration

Thank you.

Q&A.