Ipsen

2012 Financial Results

Full Year 2012 Results Presentation - February 27, 2013

Disclaimer

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The implementation of the strategy has to be submitted to the relevant staff representation authorities in each country concerned, in compliance with the specific procedures, terms and conditions set forth by each national legislation.

Safe Harbor

The Group operates in certain geographical regions whose governmental finances, local currencies or inflation rates could be affected by the current crisis, which could in turn erode the local competitiveness of the Group's products relative to competitors operating in local currency, and/or could be detrimental to the Group's margins in those regions where the Group's drugs are billed in local currencies.

In a number of countries, the Group markets its drugs via distributors or agents: some of these partners' financial strength could be impacted by the crisis, potentially subjecting the Group to difficulties in recovering its receivables. Furthermore, in certain countries whose financial equilibrium is threatened by the crisis and where the Group sells its drugs directly to hospitals, the Group could be forced to lengthen its payment terms or could experience difficulties in recovering its receivables in full.

Finally, in those countries in which public or private health cover is provided, the impact of the financial crisis could cause medical insurance agencies to place added pressure on drug prices, increase financial contributions by patients or adopt a more selective approach to reimbursement criteria.

All of the above risks could affect the Group's future ability to achieve its financial targets, which were set assuming reasonable macroeconomic conditions based on the information available today.

Agenda

1 2012, healthy performance in a challenging year

2 2012 detailed financial performance

3 Business and strategy update

4 2013 financial objectives and closing remarks

2012, healthy performance in a challenging year

Marc de Garidel, Chairman & CEO

In 2012, Ipsen beat sales and profitability objectives

	2012 guidance	2012 actuals
Specialty Care - Drug sales*	~ +10.0%	*+11.3%* ✓
Primary Care - Drug sales*	~ (15.0%)	*(13.2%)* ✓
Recurring Adjusted** operating margin	~ 15.0%	*16.1%* ✓

The above objectives were set at constant currency

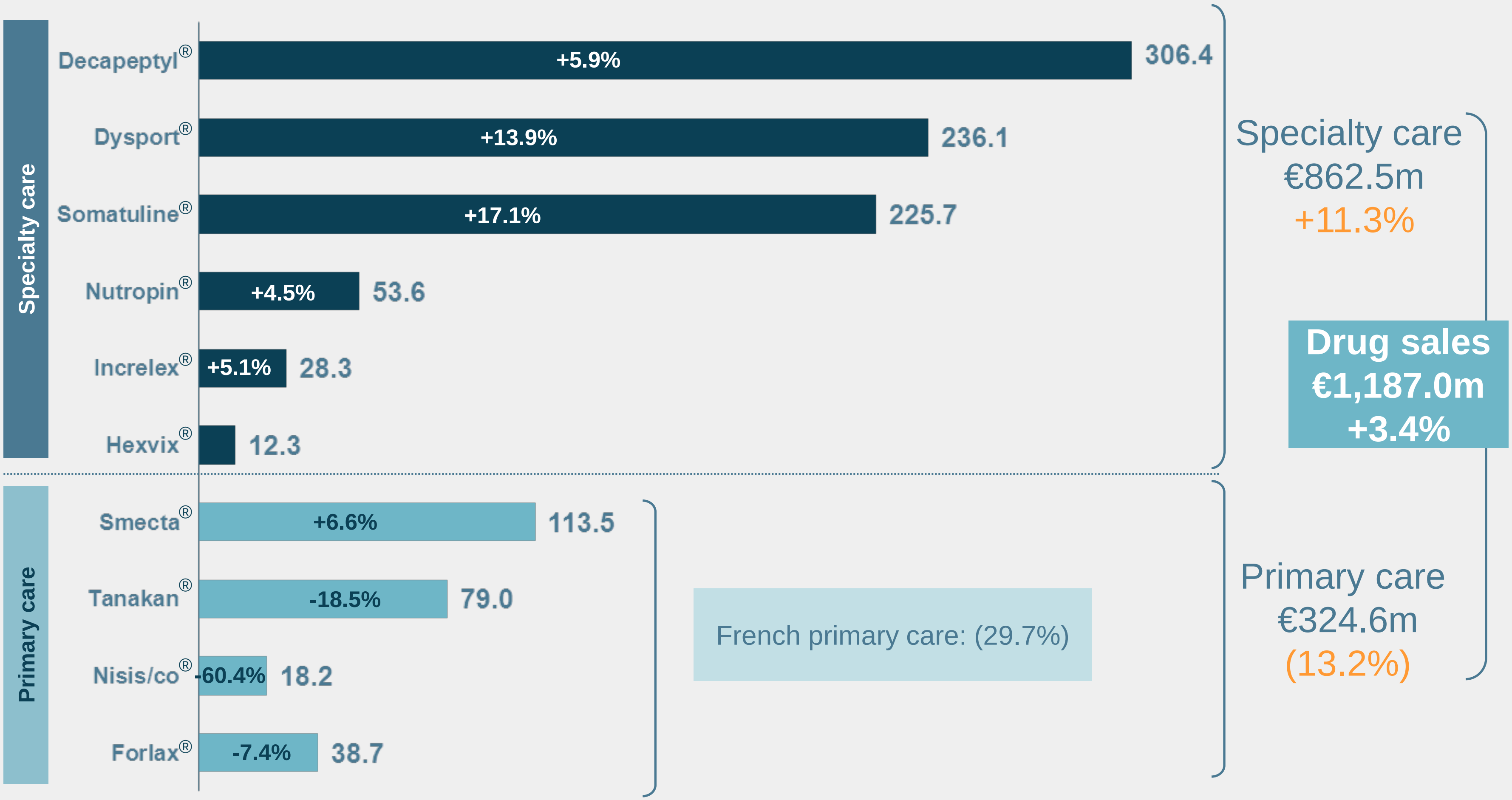
Strong operating performance in light of significant French primary care headwind

**Drug sales – year-on-year sales growth*
***Prior to non-recurring expenses*

IPSEN Innovation for patient care

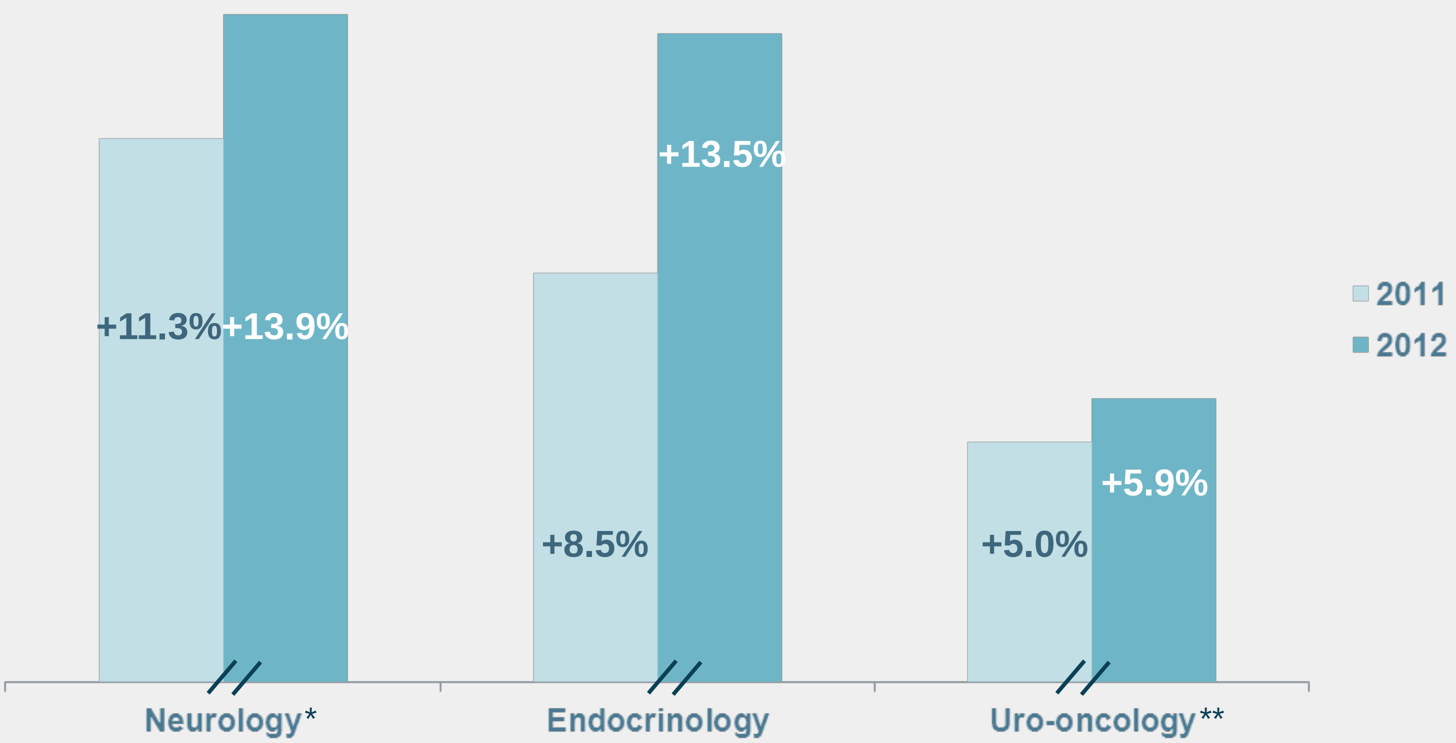
In 2012, strong specialty care performance, up 11.3%

Drug Sales - FY 2012
in million euros - % excluding foreign exchange impacts



A successful franchise-based organization showing accelerating growth

Franchise y-o-y growth at *constant perimeter*



Specialty care up 11.3% with all franchises delivering strong and sustainable volume growth

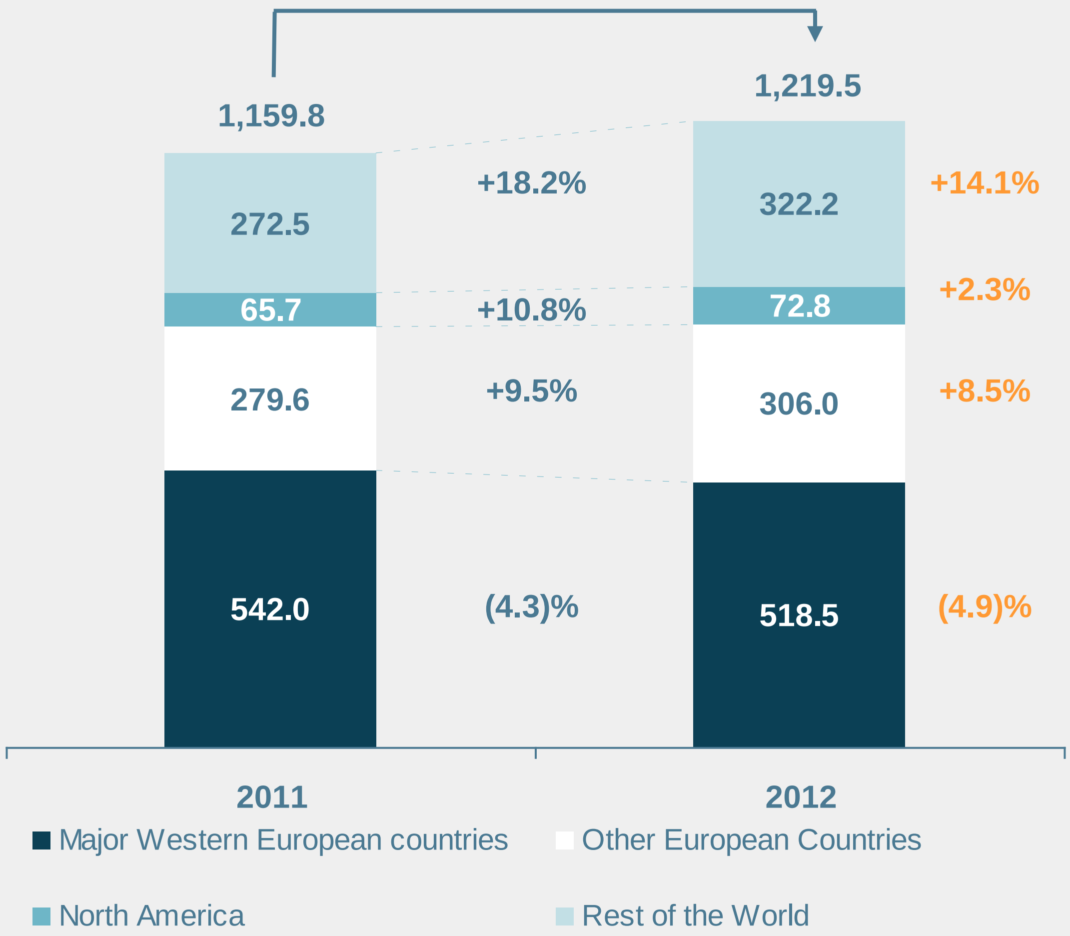
All figures exclude foreign exchange impacts
**Excluding Apokyn® sales*
***Excluding Hexvix® sales*

Group's sales growth driven by all regions
G5 growth hampered by French primary care decline

GROUP SALES growth : +5.1% (incl. Drug related sales)

In million euros

At constant currency : +3.3%



- **ROW**
  Strong volume growth across the region
- **North America**
  Continued penetration of Somatuline® and Dysport® sales to partner.
  Sales up 11.5% y-o-y restated to exclude Apokyn®*
- **Other European countries**
  Sustained volume growth, in Russia, Poland, the Netherlands and Ukraine
- **European G5**
  Strong Specialty care growth more than offset by French primary care and administrative measures in Spain

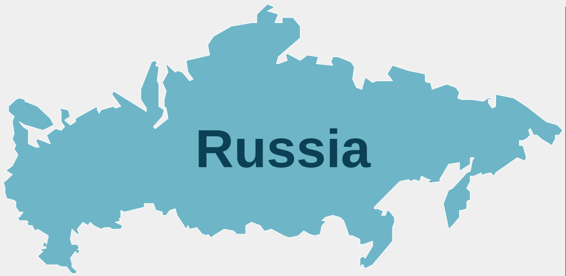
Excluding French primary care, *G5 grew 6.9% y-o-y at constant currency*

Growth rates excluding foreign exchange impacts

**In November 2011, Ipsen sold its North American development and marketing rights for Apokyn®*

Growth driven by emerging markets

Growth



c.+20%

- Very successful OTC campaign on Smecta® and Tanakan®
- Very strong performance of Decapeptyl® and Dysport®, market leader

c.+23%

- Very strong performance of Dysport® both in therapeutic and aesthetic indications, market leader

~c.14%[1]

[1] Performance restated to exclude Etiasa®

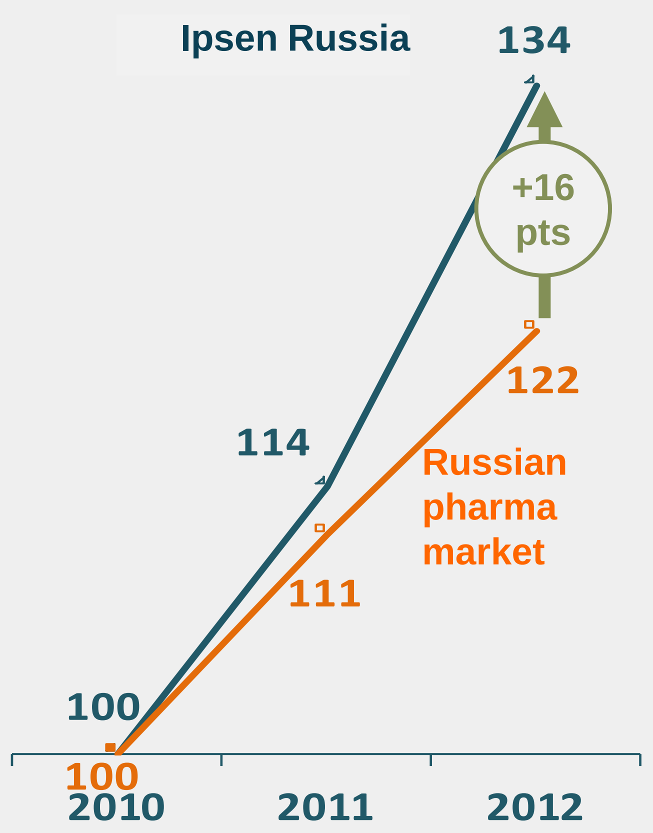
- Strong performance negatively impacted by price and volume impact of Etiasa® inventory destruction
- Very strong performance of Decapeptyl®, up ~25%
- Continued penetration of Smecta®

All growth rate are 2012 over 2011 and exclude foreign exchange impacts

Focus on Russia

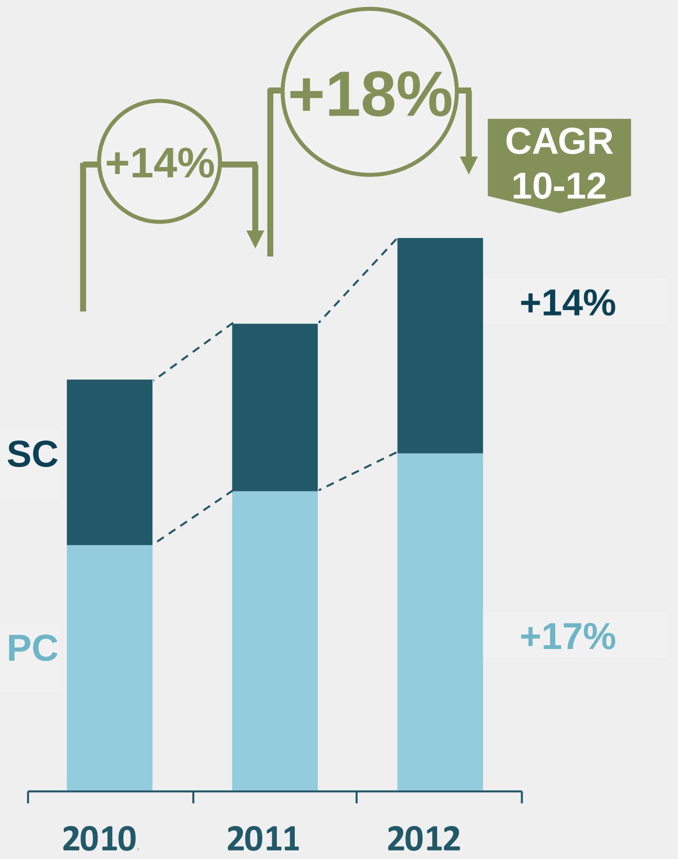
Ipsen outperforming Russian pharma market

Base 100 comparison Ipsen Russia growth vs market



Ipsen Russia showing fast and accelerating growth

Net sales at constant FX rate [Meur]



In 2012, an outstanding performance in Europe, up 7.6% excluding Primary care France

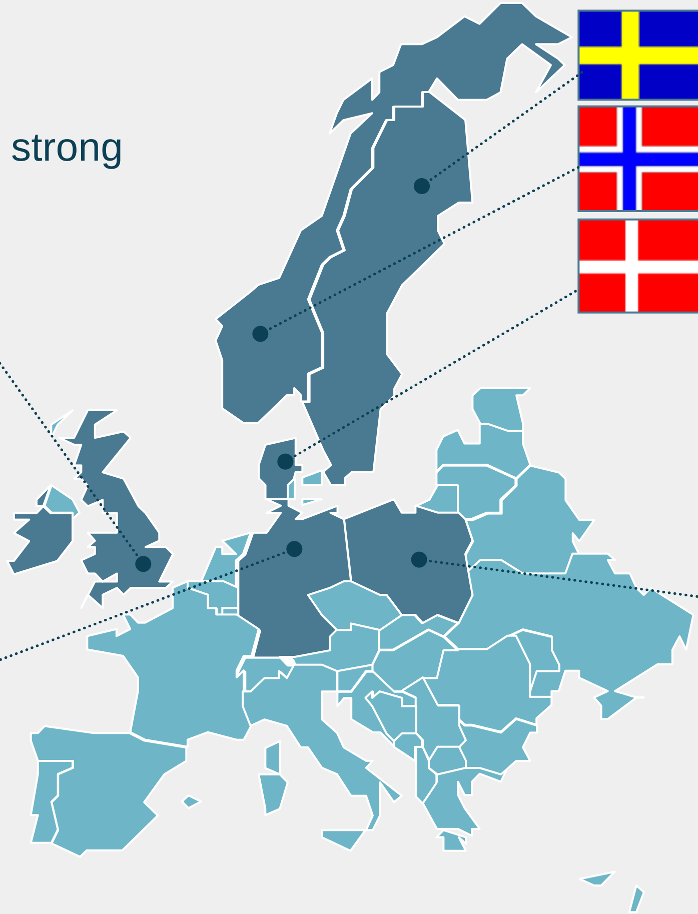
Examples

Growth : c.+14%

Supported by very strong performance of Decapeptyl® and Somatuline®

Growth : c.+21%

Supported by very strong performance of Somatuline® and the successful launch of Hexvix®



Growth in Nordic countries: c.+14%

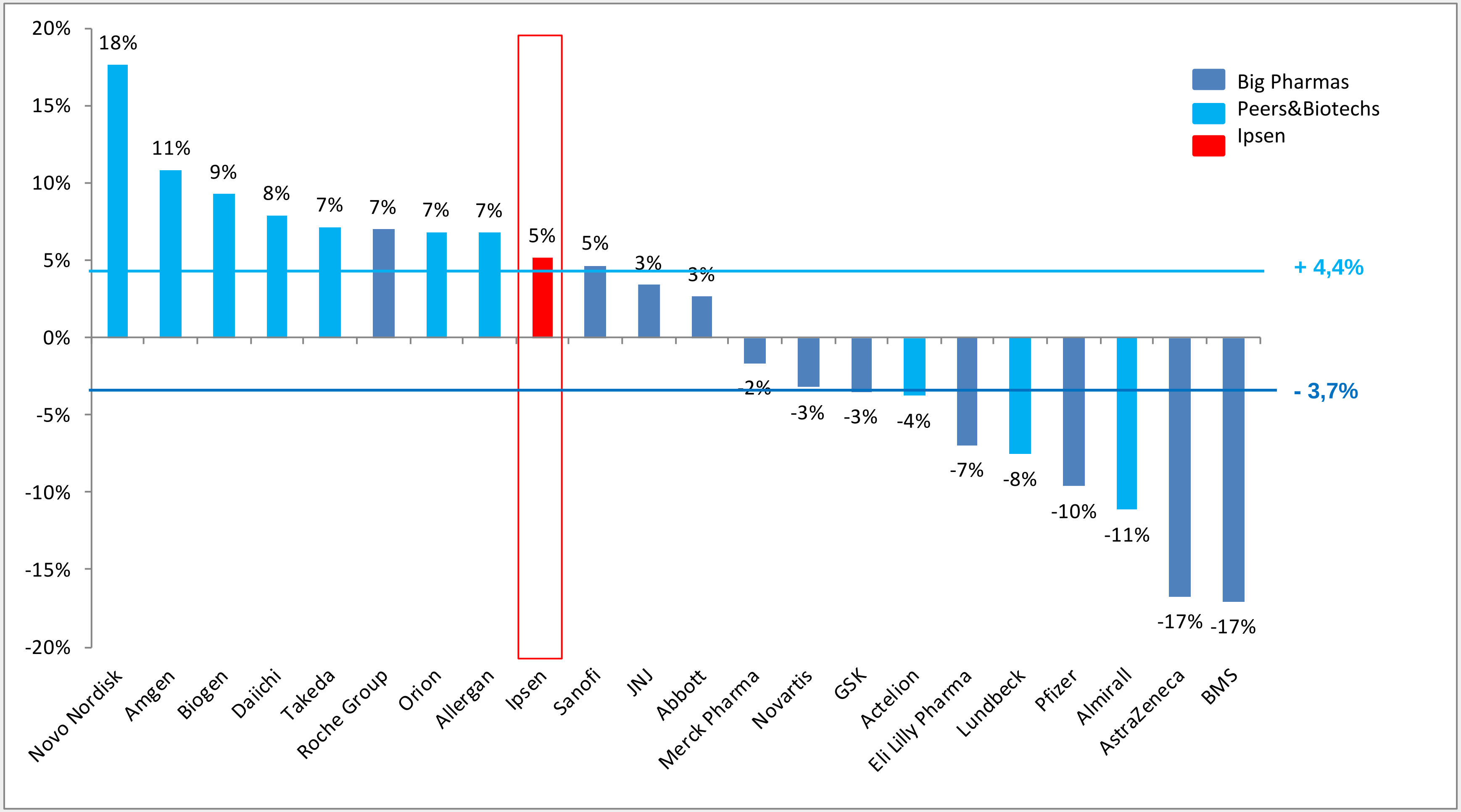
Supported by strong performance of Decapeptyl® and Somatuline®

Poland: c+33%

Successful market access campaign on Somatuline®

All growth rate are 2012 over 2011 and exclude foreign exchange impacts

Sales growth in 2012: Ipsen performs well in the pharma and biotech markets



Ipsen FY12 growth at constant currency 3.3%

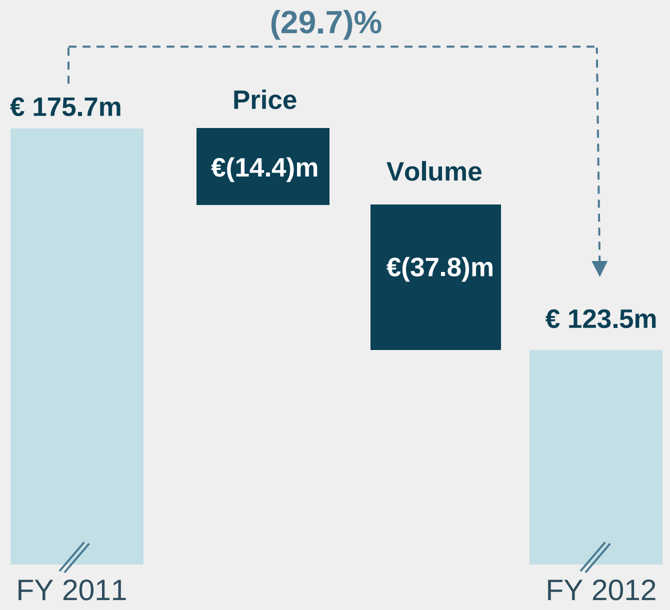
Key clinical development milestones achieved in 2012

	Clinical development phase	Progress	Molecule/Drug
✓	Phase I	Initiated and completed	BN 82451 Huntington Disease
✓	Phase II	Initiated	Tasquinimod 4 POCs *(hepato-cellular, ovarian, renal cell and gastric carcinomas)*
✓	Phase II	Initiated	Tasquinimod Maintenance post Docetaxel
✓	Phase II	Completed	Dysport® Next Generation Glabellar Lines - Europe
✓	Phase III	Fully recruited	Tasquinimod mCRPC
✓	Phase III	Fully recruited	Dysport® Next Generation CD - Europe
✓	Phase III	Fully recruited	Somatuline® Functioning NET US

Ipsen replenishing early-stage pipeline while executing on phase IIIs

Ipsen adapting to a challenging environment in French primary care

French primary care sales down 29.7% in 2012



French primary care restructuring plan

- >175 positions, mainly commercial (c.2/3 of total French primary care sales force)

– One-off* restructuring costs accrued in 2012 and mainly cashed out in 2013

– Synergies from the new organization of French primary care commercial operations are expected in 2014

*Non recurring charge

Exit of hemophilia franchise

OBI-1 + Milford facility

- Asset Purchase Agreement* (APA) signed with Baxter International

- Deal terms:
  - *$50 million upfront*
  - *Up to $135 million in potential additional development and commercial milestones*
  - *Net sales payments ranging from 12.5% to 17.5% of OBI-1 annual net sales*

IB1001

- APA signed with Cangene
- Transaction closed

- Deal terms:
  - *$5.9 million upfront*
  - *Up to $50 million in potential additional commercial milestones*
  - *Net sales payments ranging from 0% to 25% of IB1001 annual net sales*

FINANCIALS

Ipsen to receive:

- c.60% of upfront payments
- 80% of all payments up to a present value of $304 million over and above upfront amounts
- 50% of all proceeds thereafter

- **One-off impairment charge** of €100m after tax booked in 2012 discontinued operations**
  - **All hemophilia-related revenues and costs reallocated to discontinued operations**

*APA signed by Ipsen and Inspiration as a result of a joint marketing and sale process, Subject to closing conditions (FTC approval)
**Non recurring charge - The share of upfront payment to be received by Ipsen should mainly cover the total amount of DIP financing provided to Inspiration. The remaining portion of proceeds is contingent on OBI-1's approval; as a consequence the Group impaired all its hemophilia-related assets as of 31 December 2012.

IPSEN Innovation for patient care

In 2012, transformation progressed with new orientation in French primary care and sale of hemophilia

2011
- [x] Define strategy
- [x] Merge R&D
- [x] Reinforce Uro-oncology franchise
- [x] Dysport® CD CTA[1] filing in China
- [x] Somatuline® Acromegaly CTA[(1)] filing in China
- [x] New extended Executive Committee staffed
- [x] Franchise org. implemented
- [x] IB1001 filed in Europe
- [x] Sale of Apokyn®

2012
- [x] R&D « PoC » machine implemented
- [x] Barcelona R&D site closed
- [x] US platform reorganized
- [x] Somatuline® Japan
- [x] ~~JV~~ French primary care optimization
- [x] IB1001 filed in the USA
- [x] OBI-1 PhIII (Acquired H) enrollment completed
- [x] OB-1 PhIII Congenital H. initiated

Exit from hemophilia

2013
- [ ] Somatuline® New device rolled out globally
- [ ] Dysport® A.& P. L.L spasticity filed
- [ ] Dysport® NDO Ph III initiated
- [ ] Smecta® EDL assessment (China)
- [ ] ~~OBI-1 Acquired H. filed in the US~~
- [ ] Tasq Ph III PFS results
- [ ] Dysport® Next Generation stability data

2014
- [ ] TASQ filed in Europe
- [ ] Somatuline® F. NET filed in the US
- [ ] Somatuline® NF NET filed WW
- [ ] Dysport® A.U.L filed
- [ ] Dysport® NG filed
- [ ] ~~Inspiration option assessment~~
- [ ] Smecta® EDL assessment (China)

2015
- [ ] ~~Inspiration option assessment~~
- [ ] Dysport® P.U.L filed in the US
- [ ] 5 new Pre clinical candidates (vs. June 2011) O/W 3 reach POC
- [ ] Smecta® EDL assessment (China)

Transformation continues…

2012 detailed financial performance

Susheel Surpal, CFO

2012: Strong operating performance in light of French primary care headwind

Dynamic and sustained specialty care sales growth of +11.3%[1]
Strong French primary care sales decrease (-29.7%)

Reported Operating Income impacted by new organization of French primary care commercial operations

Recurring Adjusted[2] Operating margin of 16.1%[3], strong performance in light of French primary care headwind

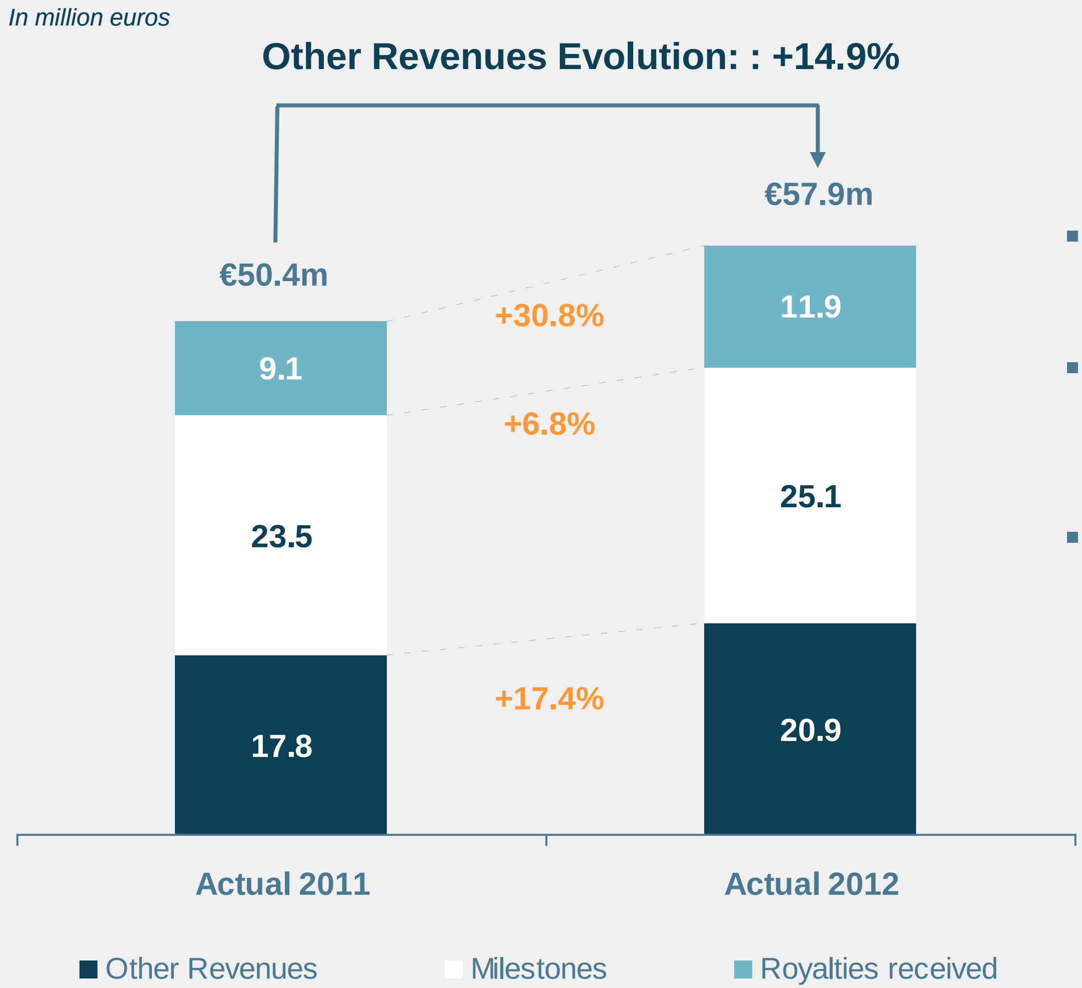
Net loss of (€29.0m), impacted by the Group's decision to exit hemophilia

Recurring adjusted[2] EPS of € 1.74 versus 1.85(*) in 2011

Strong cash flow generated by operating activities of €165.0m

[1] excluding foreign exchange impacts
[2] Operating income excluding non recurring elements
[3] In percentage of sales
(*) 2011 figures have been restated to provide comparative information between 2011 and 2012

Other Revenues (*)



- **Royalties Received**

  Increased royalties from the Group's partners

- **Milestones**

  Stemming from the Group's main partnerships (Medicis, Galderma, Menarini…)

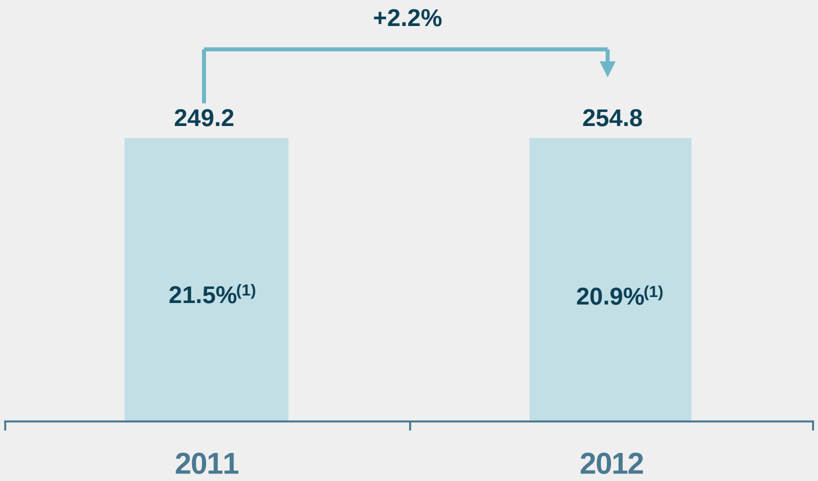
- **Other revenues**

  Increased revenues from the Group's co-promotion and co-marketing agreements in France as well as promotion of Hexvix® in some countries.

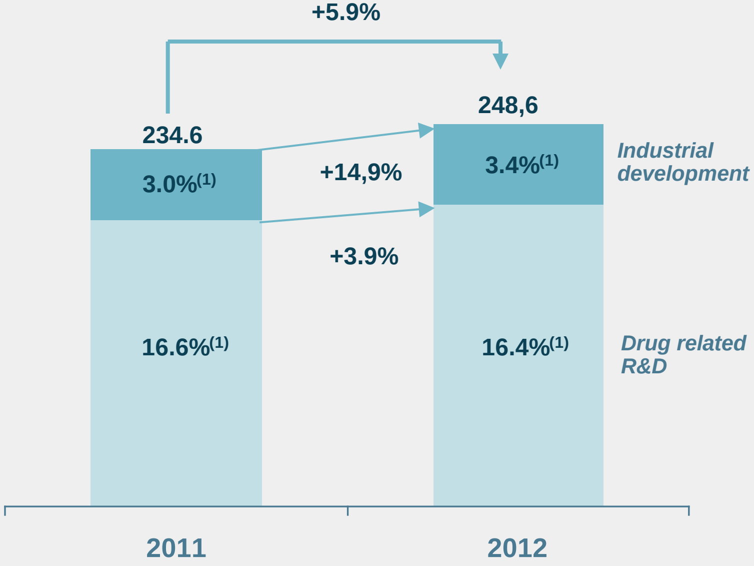
(*) 2011 figures have been restated to provide comparative information between 2011 and 2012

Main P&L(*) items: above operating income

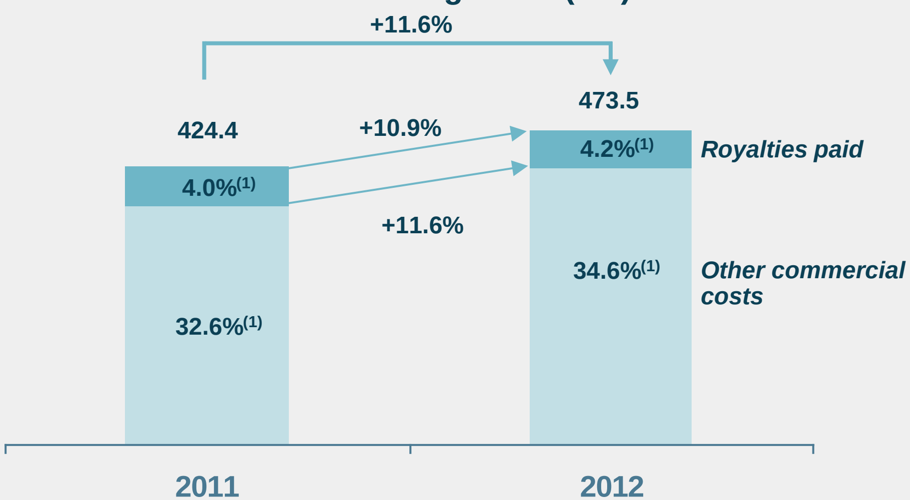
COGS (€m)



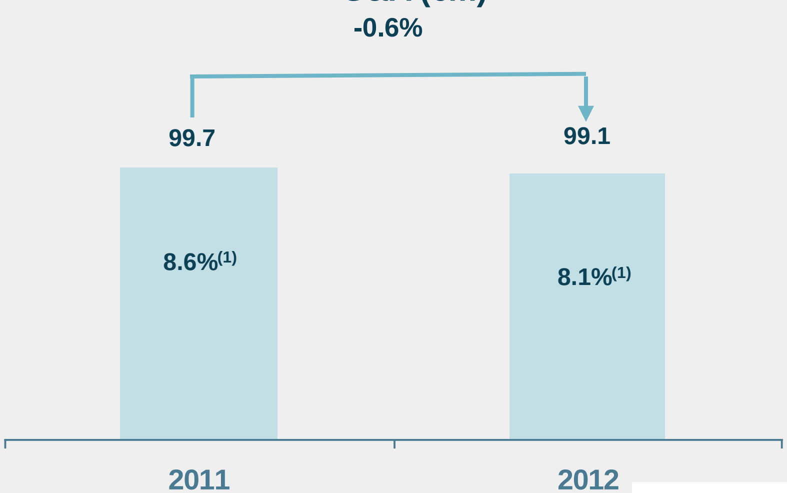
R&D (€m)



Sales & Marketing costs (€m)



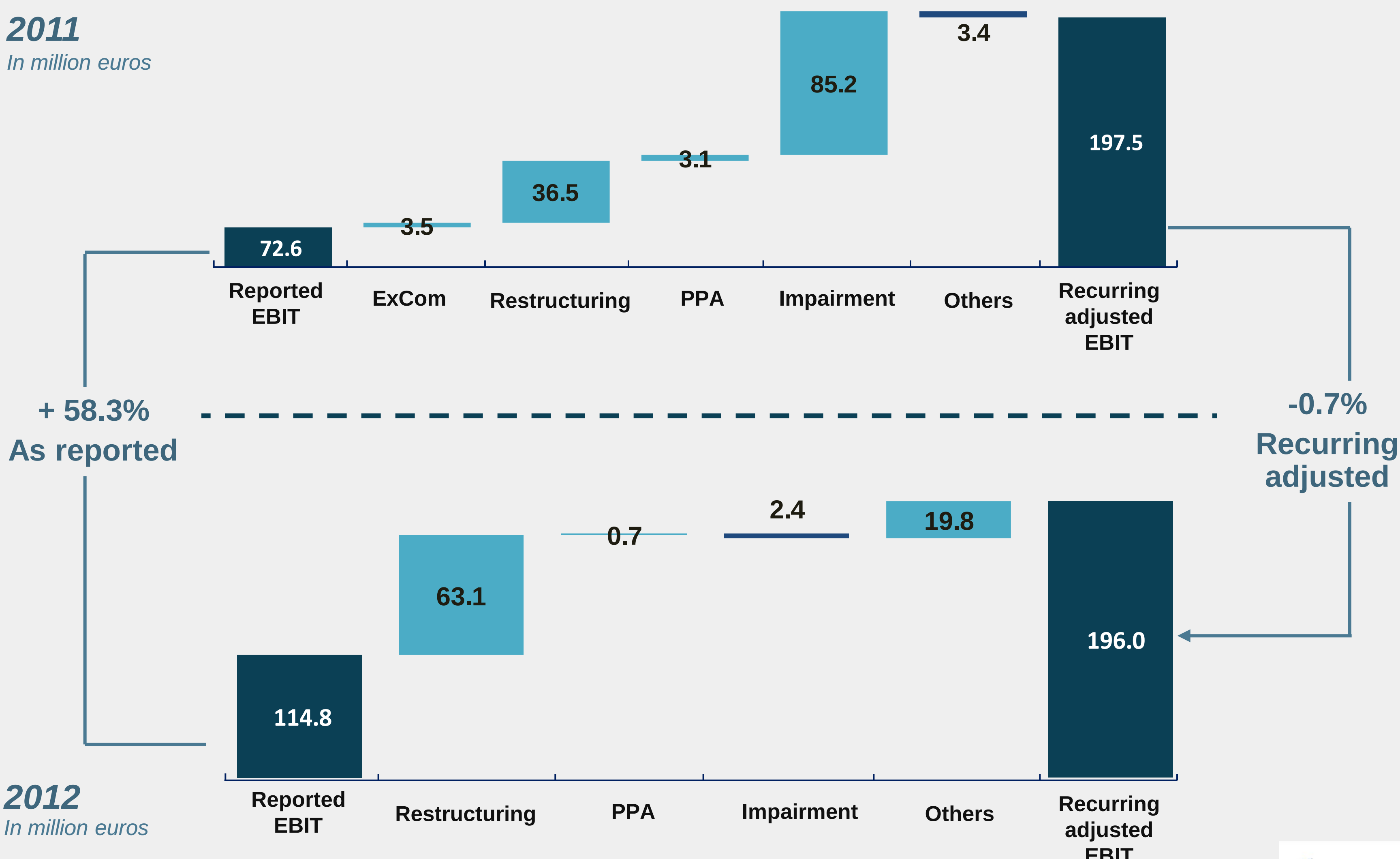
G&A (€m)



(1) *in % of sales*

(*) 2011 figures have been restated to provide comparative information between 2011 and 2012

From reported to Recurring adjusted Operating Income (*)



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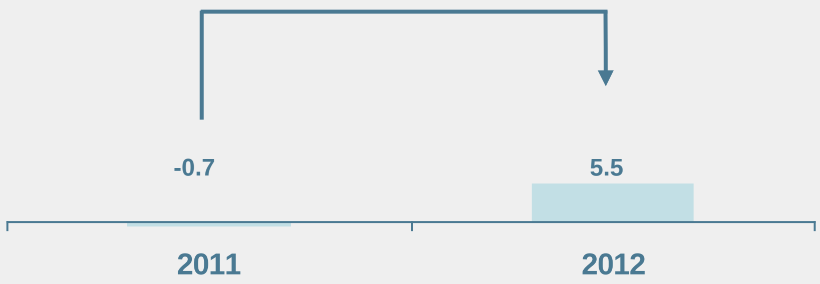
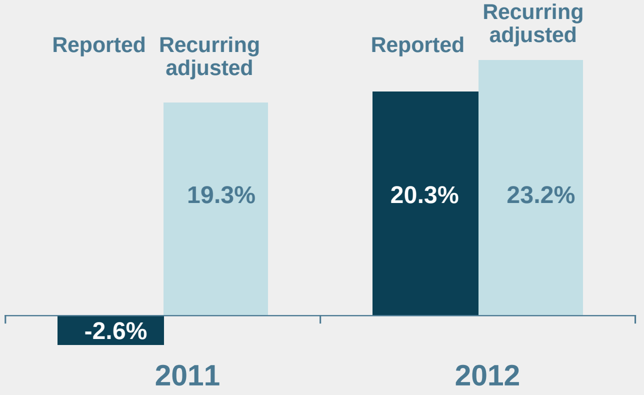
Main P&L(*) items : Below operating income

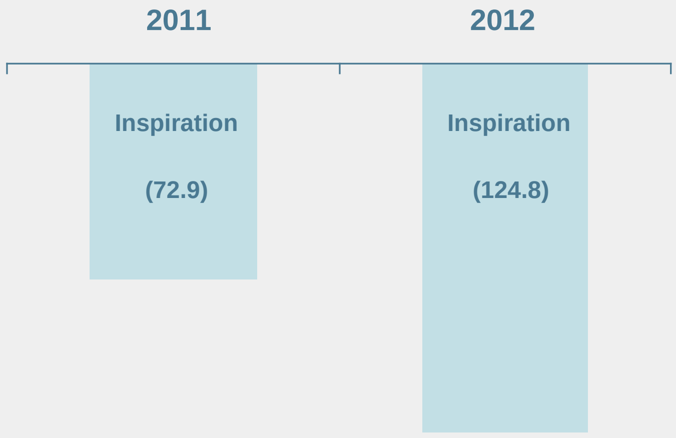
Financial Result (€m)



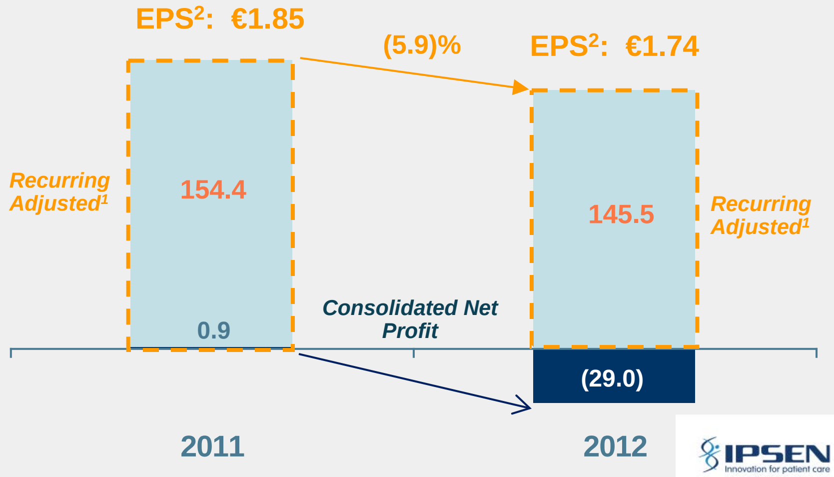
Effective tax rate



Net income from discontinued operations (€m)



Consolidated result (€m)



[1] excluding non recurring elements
[2] Fully diluted earning per share

(*) 2011 figures have been restated to provide comparative information between 2011 and 2012

Balance sheet evolution

ASSETS

	2011	2012
Goodwill	299,5	298,2
Investments in associates	0,0	0,0
Property, plant and equipment	271,7	281,8
Other intangible assets	135,6	129,2
Other non current assets	293,8	245,6
Non-current assets	**1 000,6**	**954,7**
Current assets	**632,8**	**606,3**
Incl. Cash and cash equivalents	145,0	113,6
Non current assets and assets of disposal groups classified as held for sale	-	-
Total Assets	**1 633,4**	**1 561,1**
Closing cash position	**144,8**	**113,3**

LIABILITIES

	2011	2012
Capital and reserves	1 012,8	924,2
Minority interest	2,6	2,0
Total equity	**1 015,4**	**926,3**
Other financial liabilities	16,6	15,9
Other non current liabilities	231,0	182,0
Other current liabilities	341,9	394,3
Provision and Short-term debt	28,5	70,2
Liabilities included in disposal groups classified as held for sale	0,0	0,5
Total Liabilities	**1 633,4**	**1561,1**

Cash flow generation (*)

In million euros

	2011	2012
Cash flow from operating act. before changes in working cap.	**189.5**	**175.3**
Net change in other operating assets & liabilities	(20.7)	(10.3)
Net cash flow generated by operating activities	**168.8**	**165.0**
Purchase of tangible and intangible assets	(95.2)	(76.5)
Sale price of shares	-	13.9
Cash flow from investing activities – other	(0.7)	(0.5)
Others	0.2	(1.5)
Net cash flow used in investing activities	**(95.7)**	**(64.8)**
Settlement of lt loans	(0.3)	(0.3)
Dividends paid	(66.5)	(67.5)
DIP financing	0.0	(7.2)
Others	1.6	1.8
Net cash used in financing activities	**(65.2)**	**(73.2)**
Impact of discontinued operations	(40.8)	(56.2)
Change in cash and cash equivalents	**(32.9)**	**(29.2)**
Effects of exchange rate changes	(0.2)	(2.3)
Closing cash position	**144.8**	**113.3**

Continued strong operating cash flow generation in 2012

(*) 2011 figures have been restated to provide comparative information between 2011 and 2012

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Business and Strategy update

Marc de Garidel, Chairman & CEO

Business and Strategy update on 2013 milestones

Sustainable franchise and geographical growth

Accelerate strategy execution

US potential

Replenish early-stage and execute on late-stage pipeline

A: Levers to drive franchise and geographical growth

Uro- Oncology | Endocrinology | Neurology

- New indications/Innovation
- Geographic expansion
- Life cycle management
- Partnerships

Leverage franchises through external acquisitions/in-licensing

IPSEN
Innovation for patient care

B: US operations to drive Group profitability

By end of 2013

- Checkpoint: Assessment of transformation progress

time

2015/2016
Leveraging structure with new indications

May 2012

- New US organization Implemented

FY 2012

- Dysport® still challenging
- Endocrinology Business Unit profitable

2014/2015

- Expected breakeven*

Potential risk of Increlex® shortage towards Q3 2013

**excluding MRX royalties*

C: Critical clinical data expected in 2013/2014

Clinical development phase	Expected data	Expected timing	Molecule/Drug
Phase III	Topline results	H2 2013	Dysport® Next Generation – CD – Europe
Phase III	PFS data	Q4 2013	Tasquinimod in mCRPC
Phase III	Topline results	Q4 2013	Somatuline® Functioning NET US
Phase III	Topline results	Q4 2013	Somatuline® Non Functioning NET WW
Phase III	Topline results	H1 2014	Dysport® AUL Spasticity

D: Ipsen gears up to accelerate strategy execution with the appointment of Christel Bories as Deputy CEO

A true expertise and significant experience in company transformation

External view on the company and the industry

Shares Ipsen values

Motivation, curiosity, open-mindedness

2013 Financial objectives & closing remarks

Marc de Garidel, Chairman & CEO

2013 financial objectives

Specialty care – Drug sales	Growth of +6.0% to +8.0%, year-on-year

– *Driven by continued and solid volume growth, in a context of increased pricing pressure and uncertainty on Increlex® supply as of today*

Primary care – Drug sales	Decline of -8.0% to -6.0%, year-on-year

– *French primary care to remain under pressure*

Recurring Adjusted* operating margin	Around 16.0% of sales

– *The Group expects a continued decrease of French primary care margin in 2013. Synergies from the new organization of French primary care commercial operations are expected to materialize in 2014*

The above objectives are set at constant currency and perimeter

** Prior to non-recurring expenses*

2013, accelerating the execution of our strategy

2011	Definition and implementation of new strategy
2012	Robust performance in a challenging environment
2013	Accelerating the execution of our strategy to achieve our 2020 ambitions

Thank You