

Ipsen overview

Pharma Conference
Exane BNP Paribas

May 15, 2006



Disclaimer

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Agenda

- **Ipsen today**
- Profile and strategy
- Solid financial structure and recurring cash flow generation
- Conclusion and outlook
- Back-up

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Ipsen today

Who we are, what we do: “innovation for patient care”

An innovation driven International Specialty Pharmaceutical Group with more than 75 years of operations

A world-class Group

> 100 countries. c.4,000 employees.
2005 Sales: €807 m. 2005 EBIT: €185 m (23.0% margin).

A diversified and balanced portfolio of products

More than 20 field proven products.

A longstanding presence in primary care in France

Gastroenterology, cognitive disorders and cardiovascular.

A clear strategic focus on fast-growing specialist care worldwide

Oncology, endocrinology and neuromuscular disorders.

A differentiating R&D capability

Focused on (i) hormone-dependent diseases, (ii) peptide and protein engineering and (iii) innovative delivery systems.
700 staff, 2005 budget: 20.9% of sales.

A recognised strategic partner

Alliances with international industry leaders in US, Europe and Japan and best-in-class universities around the world.

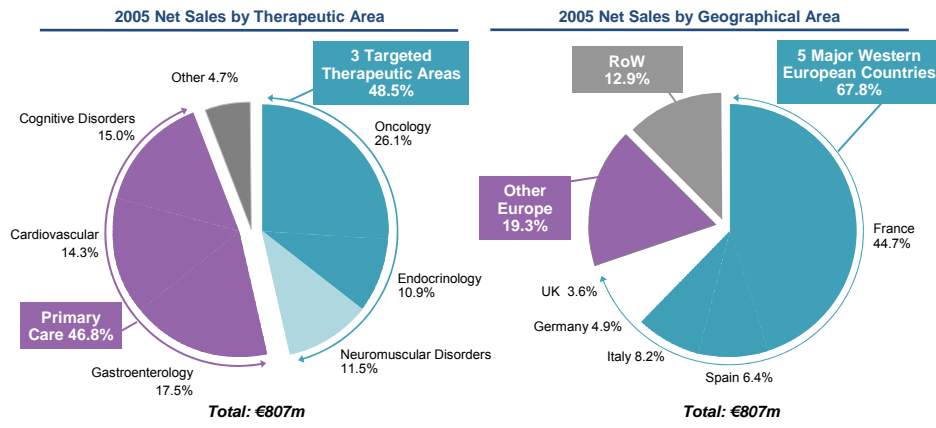
A strong management track-record

Experienced and international management.

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Note: IFRS, Proforma

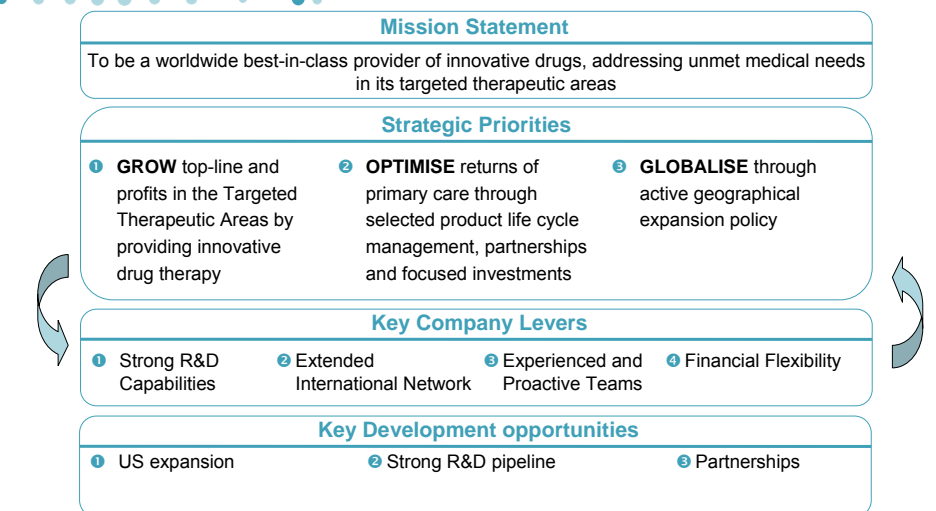
A diversified and balanced portfolio of products



More than 20 field-proven marketed products in more than 100 countries

Note: IFRS pro forma figures
 "Other" includes other miscellaneous products and other pharmaceutical ingredients

"International Specialty Pharma" business model



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Profile and Strategy

Primary care: a sound business platform

Therapeutic Area	Key Products (Commercialisation Year)	2005 Sales (€m)	% total sales	2005/04 Growth	Main Portfolio Management initiatives
Gastroenterology	▪ Smecta® (1977)	67.5	8.4	+4.9%	Smecta® Life cycle management
	▪ Forlax® (1996)	42.8	5.3		
Cognitive Disorders	▪ Tanakan® (1975)	121.0	15.0	+4.0%	Tanakan® Currently being studied in Mild Cognitive Impairment (MCI)
Cardiovascular	▪ Ginkor Fort® (1972)	61.2	7.6	+4.3%	Nisis/Nisisco® Agreement signed with Novartis: +11.8% 05/04 sales growth
	▪ Nisis/Nisisco® (2003)	41.5	5.1		

Specific business initiatives and focused investments in primary care to nourish cash flow generation

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Note: IFRS, pro forma figures

Growth engine: specialist care products

3 Targeted Therapeutic Areas



- 2005 sales: €211m (26.1% of sales)
- Key Product: **Decapeptyl®**
 - Since 1986
 - In more than 60 countries¹



- 2005 sales: €88m (10.9% of sales)
- Key Product: **Somatuline®**
 - Since 1995
 - In more than 50 countries¹



- 2005 sales: €92m (11.5% of sales)
- Key Product: **Dysport®**
 - Since 1991
 - In more than 70 countries¹

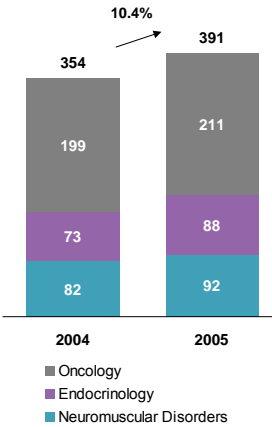
2005/04 growth

+6.0%

+20.4%

+12.4%

Robust top line growth



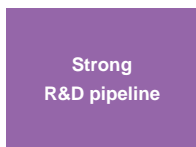
¹ Marketing authorisations
Note: IFRS, proforma, on a comparable perimeter.

Growth boosters



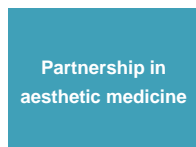
4 NDA's in the pipeline:

- Somatuline® : filing in 2006
- Dysport® : filing in 2007 in cervical dystonia
- Reloxin® : partnered in aesthetic medicine
- OBI-1: currently in phase II



Differentiating R&D, delivering innovative products:

- BIM 51077 (GLP-1)
- BN 83495 (STX-64)
- OBI-1



Partnership with Medicis in the US:

- World leader in dermal fillers with Restylane™
- Innovative and synergistic R&R™ concept
- Filing forecasted in 2007

Differentiating R&D: a unique convergence of capabilities

A differentiating R&D focused on...

- ❶ Hormone dependent diseases
- ❷ Peptide and protein engineering
- ❸ Innovative delivery systems

A competitive R&D capability with...

- ❶ 4 R&D specialized centres (Boston, Paris, Barcelona, London)
- ❷ A staff of 700
- ❸ 20.9% of sales spent on R&D in 2005
- ❹ A unique convergence of technological platforms

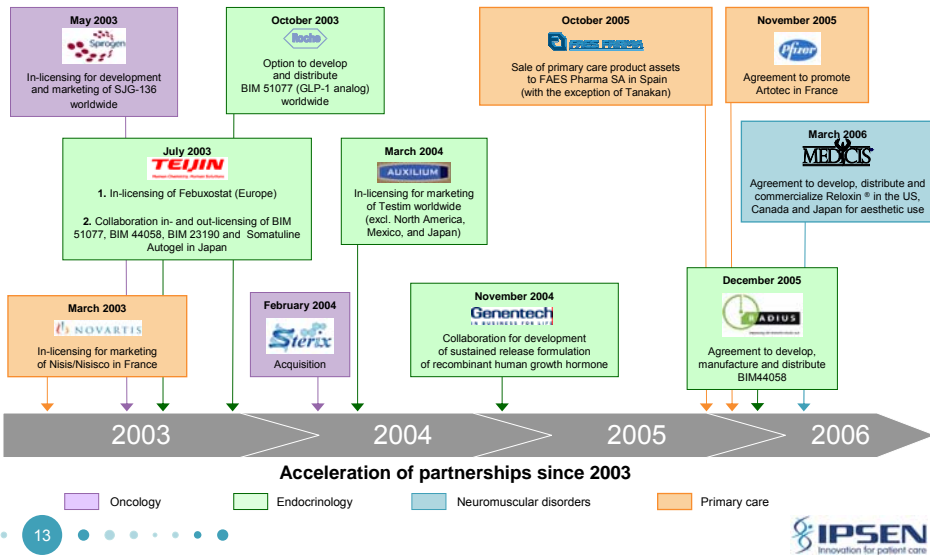
A recognised strategic partner

Ipsen has built a strong network of centres of research excellence and industry leaders

Differentiating R&D: a rich pipeline to fuel future growth: 7 NCEs

		Compound	Indication	Current Status
Targeted Therapeutic Areas	Oncology	Decapeptyl®	Combination and longer release formulation	Phase II/III
		BN 83495 (STX 64)	Post-menopausal breast cancer	Phase I
		BN 2629 (SJC-136)	Advanced metastatic cancers	Phase I
		Diflomotecan (BN 80915)	Advanced metastatic cancers	Phase II
		Elomotecan (BN 80927)	Metastatic tumors	Phase I
	Endocrinology	Somatuline® Autogel®	Neuro endocrine tumors Acromegaly	Phase III Filing scheduled in the US in 2006
		BIM 51077	Type 2 diabetes	Phase II
		NutropinAq®	Idiopathic short stature	Phase III
	Neuromuscular Disorders	Dysport®	Cervical Dystonia Myofascial pain	Phase III – Filing scheduled in 2007 in US Phase II
		Dysport® /Reloxin®	Aesthetic medicine	Under regulatory review in Europe Phase III – Filing schedule in 2007 in US
Primary Care	Cognitive Disorders	Tanakan®	Mild cognitive impairment related to age	Phase III
Others	Haematology	OBI-1	Haemophilia	Phase II
	Rheumatology	Febuxostat (TMX-67)	Symptomatic hyperuricaemia	Regulatory strategy to be confirmed during 2006

A successful strategy of partnerships



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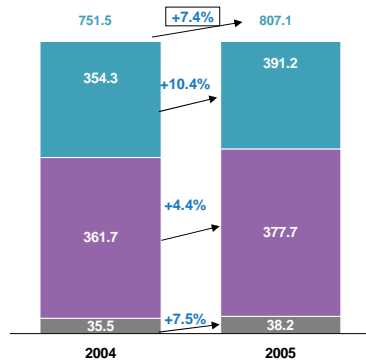
Key Figures

In €m	2004	2005	Growth % 2005/04
Organic Sales	751.5	807.1	+ 7.4%
EBITDA	194.5	214.9	+10.5%
% of Sales	25.9%	26.6%	
EBIT	156.5	185.3	+18.4%
% of Sales	20.8%	23.0%	
Net Income (Group share)	117.6	148.6	+26.4%
% of Sales	15.7%	18.4%	
EPS ⁽¹⁾ (€) (Diluted)	2.01	2.20	+9.5%

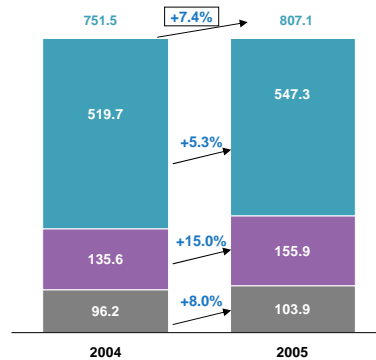
Organic Sales: Sales at constant perimeter
 IFRS, pro forma, 2004 adjusted to exclude disposed GP business in Spain from continuing operations
 Note (1): based on average number of shares during the period

Profitable growth driven by specialist products and international markets

Net sales as of Dec 2005 by therapeutic area



Net sales as of Dec 2005 by geographic area



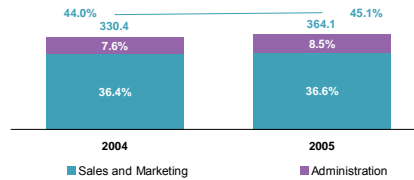
Note: IFRS, proforma, 2004 adjusted to exclude disposed Spain GP business from continuing operations

Solid growth of operating income in a context of growing R&D and G&A costs

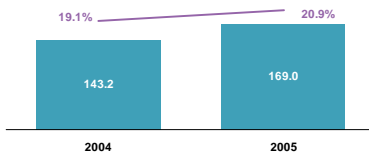
Cost of Goods Sales Evolution (€m and % of Sales)



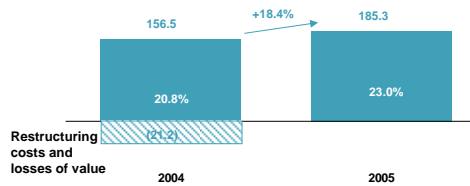
SG&A Evolution (€m and % of Sales)



R&D Expenditure Evolution (€m and % of Sales)



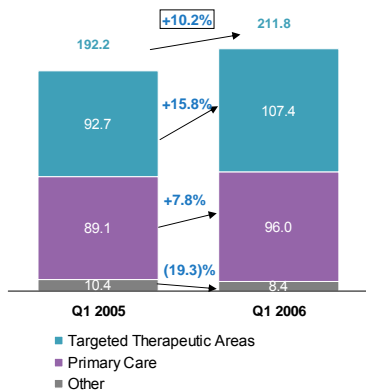
Operating Income Evolution (€m and % of Sales)



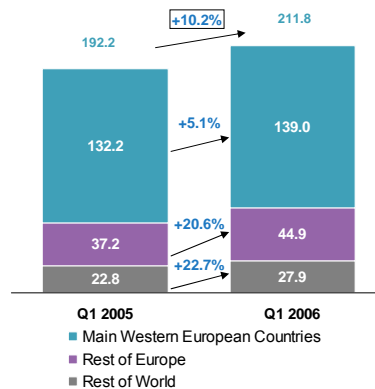
IFRS, proforma, 2004 adjusted to exclude disposed Spain GP business from continuing operations

Update: First quarter 2006 sales

Net sales by therapeutic area



Net sales by geographic area



Solid and recurring cash-flow generation

(in M€)	2004	2005	
Cash Flow before change in working capital needs	145.7	173.0	■ Improvement of net income
Change in working capital needs	(21.0)	3.9	
Net cash provided by operating activities	124.7	176.9	■ Increase of Milestones received and not yet recognized, decrease of tax liabilities, changes in inventories and receivables offset by increase of payables
Capex	(63.4)	(44.4)	
Financial Capex and Changes in perimeter	(47.4)		
Other	8.3	(8.3)	
Net cash used by investing activities	(102.5)	(52.7)	■ Of which 6,1M€ new laboratory in Wrexham (UK)
Change in debt	79.0	(180.0)	■ Long term facilities remain available. €275.6m
Dividends paid	(91.9)	(29.3)	
Capital Increase		191.8	
Other	1.0	(1.5)	
Net cash used by financing activities	(11.9)	(19.0)	■ Proceeds from the IPO, net of expenses
Impact of discontinued operations	0	12.0	■ Proceeds from disposal of GP business in Spain
Change in cash and cash equivalent	10.3	117.2	
Net Financial (Debt) / Cash	(145.8)	138.8	

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IFRS pro forma.

A healthy balance sheet and reinforced financial flexibility

	Assets (€m)		Liabilities and Shareholders' Equity (€m)	
	31-Dec-04	31-Dec-05	31-Dec-04	31-Dec-05
Goodwill	188.8	188.8	Shareholders' Equity	313.8 619.8
Tangible Assets	177.8	187.8	Minority Interests	1.2 1.3
Intangible Assets	35.2	39.8	Long-Term Financial Debt	227.5 53.3
Other fixed Assets	13.5	18.4	Other non current liabilities	18.8 17.6
Total non-current Assets	415.3	434.8	Short-Term Financial Debt	12.6 10.3
Total Current Assets	361.0	495.0	Other current Liabilities	202.4 226.1
<i>Incl. Cash and Equivalents</i>	94.3	202.0	Liabilities associated with current asset held for sale	
Non-current assets held for sale		12.7		14.1
Total Assets	776.3	942.5	Total Liabilities	776.3 942.5
			Net (debt) / cash	(145.8) 138.8

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IFRS, pro forma.

Key drivers of future performance

<p>DEVELOP specialist care product portfolio</p>	<ul style="list-style-type: none"> Expansion into US Active life cycle management
<p>OPTIMISE primary care products</p>	<ul style="list-style-type: none"> Selective investment Leverage existing sales force infrastructure
<p>MAXIMISE value of R&D pipeline</p>	<ul style="list-style-type: none"> Focused development Synergistic partnerships
<p>ENHANCE product portfolio and geographical reach</p>	<ul style="list-style-type: none"> New products / new indications Continue to seek new alliances Continue to seek acquisition opportunities

Financial objectives

<p>Key Assumptions</p>	<ul style="list-style-type: none"> Objectives include impacts of recent announcements by French authorities : <ul style="list-style-type: none"> Increase of tax on sales, and impact of contractual rebates (« Convention ») 15% price decrease on Ginkor Fort® and its delisting in 2008 No further assumptions have been taken on future price decreases or delisting in France
<p>Sales</p>	<ul style="list-style-type: none"> 2005-2007: average annual organic growth objective of 6.5 to 7.5% 2005-2008: average annual growth objective of 6.5 to 7.5% maintained, despite delisting of Ginkor Fort as of January 1st 2008
<p>Operating Income</p>	<ul style="list-style-type: none"> 2006: <ul style="list-style-type: none"> One-off, non recurring payment of USD10 million to Inamed to recover all rights to Reloxin® fully expensed in 2006 Excluding this one-off negative impact, maintain our objective to limit the decrease in operating income margin to 100 bps compared to 2005 (due to recent announcements by the French authorities) 2007-2008: <ul style="list-style-type: none"> objective to gradually restore operating income margin back to 2005 level in 2008
<p>Capex</p>	<ul style="list-style-type: none"> Capex <ul style="list-style-type: none"> 2005-2008: run-rate capex objective of ~€30 to 35m per year 2006-2008: additional capex of €70 to 80m may be required
<p>Dividend</p>	<ul style="list-style-type: none"> Dividend payout target of around 30% depending on performance

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Management team



Jean-Luc Bélingard
Chairman and CEO
(Paris)



Claire Giraut
Executive VP,
CFO (Paris)



Jacques-Pierre Moreau
Executive VP,
CSO (Boston)



Alain Haut
Executive VP,
Human Resources
(Paris)



Christophe Jean
Executive VP,
COO
(Paris)



Alistair Stokes
Executive VP,
Corporate Development
(London)



Peter Wilson
Executive VP, Manufacturing
and Supply Organisation
(London)

Strong management track record

Key Achievements Over Last Three Years

Strategic Focus	<ul style="list-style-type: none"> Strengthening of management team, organisational structure and processes Definition of therapeutic focus and strategic priorities Implementation of cross-functional Disease Area Teams Disposal of non-core businesses
Strategic Partnership with Tier 1 Players	<ul style="list-style-type: none"> More than 10 key agreements with Pharma leading companies
R&D	<ul style="list-style-type: none"> Medical sciences as a priority Re-engineering of development Strict alignment of R&D pipeline with Group strategy Opening of Biotech unit in March 2005 in Boston
Successful Geographical Expansion	<ul style="list-style-type: none"> Re-engineering of commercial operations Successful launch of key products in strategic geographies Partnership in Japan Partnership in the US for aesthetic medicine indications of Reloxin®.
Strong Financial Performance	<ul style="list-style-type: none"> Organic Sales growth 04-05: +7.4% Operating income growth: 04-05: + 18.4% Net Income growth 04-05: +26.4%

Overview of marketed product portfolio

	Therapeutic Focus	Leading Products	
Targeted Therapeutic Areas	Oncology	<ul style="list-style-type: none"> Decapeptyl 	
	Endocrinology	<ul style="list-style-type: none"> Somatuline NutropinAq Testim 	
	Neuromuscular Disorders	<ul style="list-style-type: none"> Dysport 	
Primary Care	Gastroenterology	<ul style="list-style-type: none"> Smecta Forlax 	
	Cognitive Disorders	<ul style="list-style-type: none"> Tanakan 	
	Cardiovascular	<ul style="list-style-type: none"> Ginkor Fort Nisis/Nisisco 	

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Differentiating R&D: a rich pipeline to fuel future growth (1/3)

Oncology

Product	Description	Indication	Status	Forecasted date of filing	Partner
Decapeptyl	in combination with an estrogen aromatase inhibitor for total estrogen deprivation therapy in breast cancer	Premenopausal breast cancer	Ph III	n.a.	
Decapeptyl	Long-acting (4 months) formulation	Prostate cancer	Ph II		
Diflomotecan (BN 80915)	Topoisomerase I inhibitor	Advanced metastatic cancers (colon, breast and prostate)	Ph II		
BN 2629 (SjG-136)	DNA minor groove intercalator as cytotoxic agent	Advanced metastatic cancers	Ph I		In-licenced from Spirogen
BN 83495 (STX 64)	Selective inhibitor of sulphatase	Post-menopausal breast cancer expressing estrogenic receptors	Ph I		University of Bath; Imperial College
Elomotecan (BN 80927)	Topoisomerase I and II inhibitor	Metastatic tumors	Ph I		
BIM 46187	Inhibitor of G protein coupled receptor intracellular signalling pathway	Cancer	Preclin.		
Decapeptyl	Decapeptyl in combination with estrogens or bisphosphonates	Alleviate iatrogenic effects of GnRH analogs	Preclin.		

Differentiating R&D: a rich pipeline to fuel future growth (2/3)

Endocrinology

Product	Description	Indication	Status	Forecasted date of filing	Partner
Somatuline Autogel	Sustained-release formulation of Lanreotide -a somatostatin analog	Acromegaly	Ph III	2006 (US)	
Somatuline Autogel	Sustained-releases formulation of Lanreotide -a somatostatin analog	Neuroendocrine tumors	Ph III	n.a.	
NutropinAq	Liquid formulation of recombinant human growth hormone somatotropin	Idiopathic short stature (ISS)	Ph III	2006	Genentech
NutropinAq	Liquid formulation of recombinant human growth hormone somatotropin	Prevent long-term effects of glucocorticoid treatments	Ph II		Genentech
BIM 51077	Glucagon-like peptide-1 (GLP-1) analog	Type II diabetes	Ph II		Roche
Somatuline Autogel	Extended Sustained-releases formulation of Lanreotide - a somatostatin analog	Acromegaly	Preclin.		
-	Sustained-release formulation of rhGH	Growth failure in children and adults	Preclin.		Genentech

Differentiating R&D: a rich pipeline to fuel future growth (3/3)

Neuromuscular disorders

Product	Description	Indication	Status	Forecasted date of filing	Partner
Reloxin / Dysport	Botulinum neurotoxin type A	Aesthetic medical purposes	Ph III	2007 (US) 2006 (Europe)	Medicis
Dysport	Botulinum neurotoxin type A	Cervical dystonia	Ph III	2007 (US)	
Dysport	Botulinum neurotoxin type A	Myofascial pain	Ph II		

Others

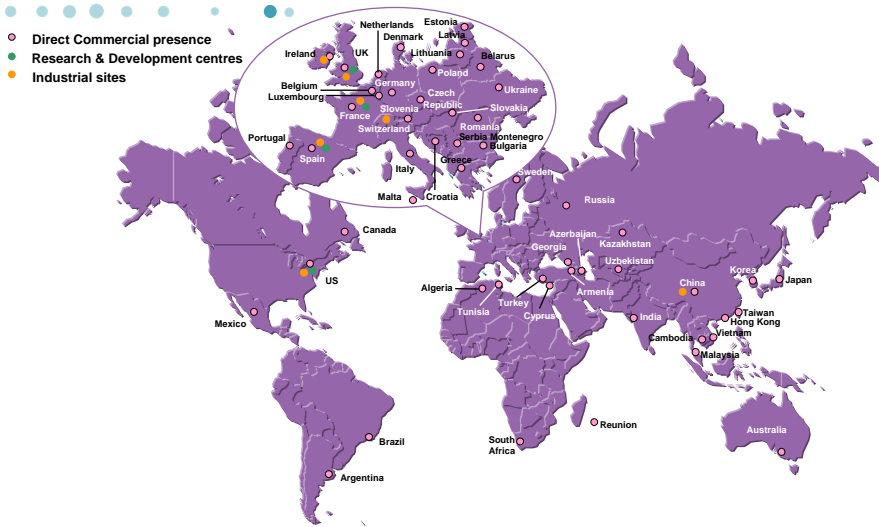
Product	Description	Indication	Status	Forecasted date of filing	Partner
Febuxostat (TMX-67)	Non-purine, selective inhibitor of xanthine oxidase	Symptomatic hyperuricemia	Ph III	2006 (Europe)	Teijin
Tanakan	Oral formulation of EGb 761 extract from the leaves of the Ginkgo biloba tree	Age-related mild cognitive impairment, including AD	Ph III		Schwabe
OBI-1	Recombinant version of porcine factor VIII	Congenital or acquired hemophilia resistant to human factor VIII	Ph II		Octagen

Product contribution to 2005 sales

	Revenues (€m)	% of sales	% growth (05/04)
Décapeptyl®	210.6	26.1	+6.1
Tanakan®	121.0	15.0	+4.0
Dysport®	92.5	11.5	+12.4
Somatuline®	81.8	10.1	+13.4
Smecta®	67.5	8.4	+4.5
Ginkor Fort®	61.2	7.6	+3.7
Forlax®	42.8	5.3	+8.6
Nisis® and Nisisco®	41.5	5.1	+11.8
Nutropin®	5.7	0.7	+596.4
Other products	51.4	6.4	(1.9)
Total drug sales	775.9	96.1	+7.4
Drug related sales	31.2	3.9	+8.0
Total sales	807.1	100.0	+7.4

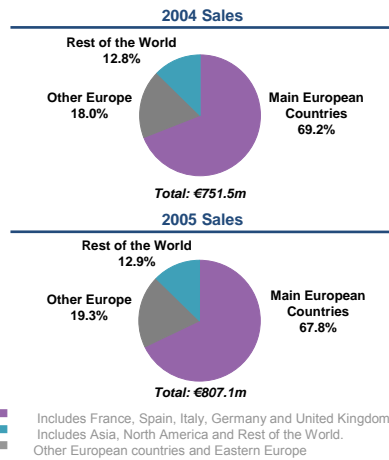
In light blue: Peptide- or protein-based products

International reach



Today, a pan European network

Evolution of Sales by Geography



Key Highlights

- Remains the Group's core area of activity
 - Fuelled by specialist products (Decapeptyl, Somatuline Autogel, Dysport)
 - Growth fostered by new product launches
 - Somatuline Autogel in Italy,
 - Nutropin in main European markets
 - Growth penalized by pressure on prices
- 5 Major European Countries**
04-05 Growth: +5.3%
- Strong growth thanks to specialist products (Decapeptyl, Autogel, Dysport)
 - Dynamic growth in Eastern Europe (+22.9%)
 - Western Europe (+7.2%) penalized by pressure on prices
- Other Europe**
04-05 Growth: +15.0%
- Dynamic growth in Asia (+13.2%)
- Rest of the World**
04-05 Growth: +8.0%

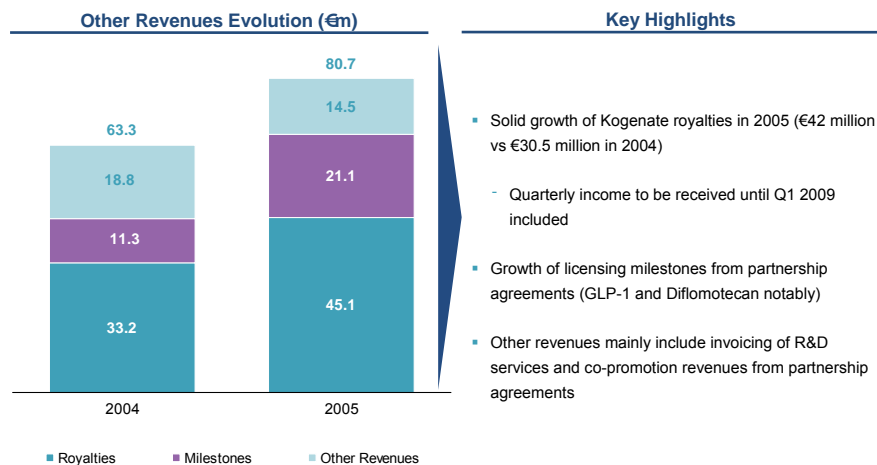
2005 Results: profitable growth

In €m	2004	2005	2004-2005 Change	Key Highlights
Sales	751.5	807.1	+7.4%	Dynamic sales growth (+7.4%)
Other Revenues	63.3	80.7	+27.6%	Increase in other revenues: <ul style="list-style-type: none"> Strong royalties (Kogenate – in 2005 42M€, +38% compared with 2004) Milestones from alliances
Total Revenues	814.8	887.9	+9.0%	Improved COGS ratio
COGS	(165.7)	(171.0)	+3.3%	Strong increase of R&D costs
Research & Development Expenses	(143.2)	(169.0)	+18.0%	Increase in G&A
SG&A	(330.4)	(364.1)	+10.2%	+18.4% improvement in operating income <ul style="list-style-type: none"> No restructuring costs or loss of value in 2005 "Recurring" operating income increased by 6.7% in 2005
Restructuring, impairment losses and Other	(19.1)	1.7		Effective tax rate at 19.1% due to: <ul style="list-style-type: none"> Non recurring Recognition tax loss carry forwards Favorable tax rate on milestones income, Research tax credits in several countries Recurring effective tax rate 24% in 2005
Operating Income	156.5	185.3	+18.4%	Discontinued operations: After tax impact of divesting GP business in Spain
As a % of Sales	20.8%	23.0%		
Financial Result	(9.3)	(6.6)		
Income Tax	(42.0)	(34.2)		
Effective Tax Rate	28.6%	19.1%		
Net Income from Continuing Operations	105.2	144.6	+37.5%	
Discontinued Operations	12.7	4.4		
Net Profit – Group Share (1)	117.6	148.6	+26.4%	
As a % of Sales	15.7%	18.4%		

IFRS, pro forma, 2004 adjusted to exclude disposed GP business in Spain from continuing operations

(1) Excludes €0.4m of minority interests in 2005 and 0.3m in 2004

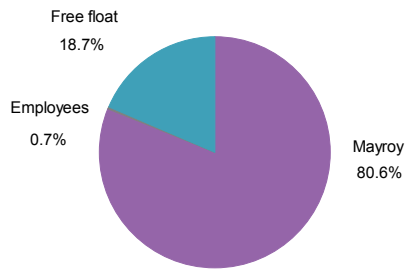
Modelling the P&L: "Other Revenues"



IFRS, pro forma, 2004 adjusted to exclude disposed Spain GP business from continuing operations

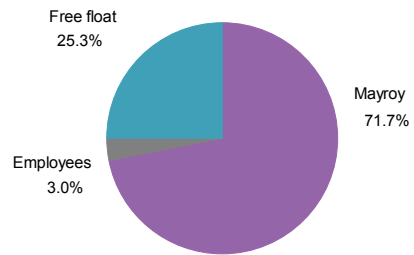
Shareholding structure

Shareholding structure as of May 1, 2006
on a fully diluted basis



Number of shares – fully diluted:
84,376,683

Forecasted shareholding structure post lock-up*
on a fully diluted basis



Number of shares – fully diluted*:
84,376,683

* Lock-up period expires on June 8, 2006

Contacts & Useful information

Investor Relations contact:

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david.schilansky@ipsen.com

Stock info:

Outstanding number of shares (May 2, 2006):

84,024,683

Approx. market capitalisation (May 2, 2006):

€2.9 bn

Tickers

BBG: IPN FP
RTRS: IPN.PA

Listing

Euronext Paris