Ipsen overview

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Disclaimer

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Profile and strategy

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An innovation driven International Specialty Pharma Group

A world-class Group	▪ > 100 countries. c.4,000 employees, founded in 1929. ▪ 2005 Sales: €807 m. 2005 EBIT: €185 m (23.0% margin). ▪ Market capitalisation (as of September 12, 2006): €2.3 bn
A diversified and balanced portfolio of products with more than 20 field proven products — A longstanding presence in primary care in France	▪ 47% of 2005 Group sales in 2005, 45% in 1H 2006 ▪ Gastroenterology, cognitive disorders and cardiovascular.
A diversified and balanced portfolio of products with more than 20 field proven products — A clear strategic focus on fast-growing specialist care worldwide	▪ 49% of Group 2005 sales in 2005, 52% in 1H 2006 ▪ Targeted Therapeutic areas: Oncology, neuromuscular disorders and endocrinology
A differentiating R&D capability	▪ Focused on (i) hormone-dependent diseases, (ii) peptide and protein engineering and (iii) innovative delivery systems. ▪ 700 staff, 2005 R&D expense: 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.

Note: Figures are IFRS, Proforma

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A diversified and balanced portfolio of products

Primary care: A sound business platform	+4.4%	2005/2004 sales growth		+10.4%	Specialist care: Growth engines
Smecta® ▪ ~ €68 m sales in 2005 ▪ France and China: 66% of sales	Gastroenterology *18% of sales*	+4.9%	+6.0%	Oncology *26% of sales*	**Decapeptyl®** ▪ ~ €211 m sales in 2005 ▪ G5: 67% of sales
Tanakan® ▪ ~ €121 m sales in 2005 ▪ France: 73% of sales	Cognitive disorders *15% of sales*	+4.0%	+20.4%	Endrocrinology *11% of sales*	**Somatuline®** ▪ ~ €82 m sales in 2005 ▪ G5: 70% of sales ▪ Expected US filing: 4Q06
Nisis/Nisisco® ▪ €42 m sales in 2005 ▪ France: 100% of sales	Cardiovascular *14% of sales*	+4.3%	+12.4%	Neuromuscular Disorders *12% of sales*	**Dysport®** ▪ ~ €93 m sales in 2005 ▪ G5: 51% of sales ▪ Expected US filing: 2007

GROUP: +7.4%

Note: "sales" refer to 2005 sales
"G5" is defined as France + UK + Spain + Italy + Germany

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A market leader in our Targeted Therapeutic Areas

Decapeptyl®
- GnRH analogue - 3 months formulation – longer Sustained Release Formulations ("SRF") under development
- n°1 or n°2 in most Ipsen markets
- Long lasting relationships with target audiences and EU urology organisations
- Main competitors: Enantone (Takeda), Zoladex (Astra-Zeneca)

Somatuline®
- Somatostatin analogue
- Specific know-how of Ipsen in innovative SRF with the Autogel presentation: 28-days and over SRFs
- n°1 or n°2 in most Ipsen markets
- Main competitors: Sandostatin (Novartis)

Dysport®
- Botulinum Toxin of Type A
- Efficient and field proven product (launched in 1991), an attractive alternative to the market leader
- n°1 or n°2 in most Ipsen markets in medical indications
- Challenger of Botox (Allergan)

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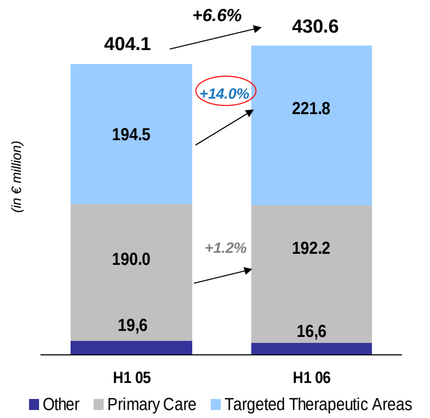
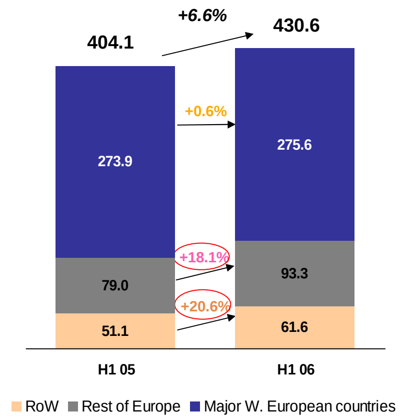
Targeted Therapeutic Areas and International markets drive our expansion

H1 06 and H1 05 sales by therapeutic area



H1 06 and H1 05 sales by geographical area



IFRS, H1-2005 pro forma

2005 financials at a glance

In €millions	2005	2004	*05/04 growth*
Sales	807.1	751.5	*+7.4%*
EBIT	185.3	156.5	*+18.4%*
EBIT margin	***23.0%***	***20.8%***	
Net profit	148.6	117.6	*+26.4%*
Net margin	***18.4%***	***15.7%***	
EPS (1) (diluted - in € per share)	2.20	2.01	*+9.5%*
Cash flow from operations	176.9	124.7	*+41.8%*

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

Strategy: Grow, Optimise, Globalise

Mission Statement

To be a worldwide best-in-class provider of innovative drugs, addressing unmet medical needs in its targeted therapeutic areas

Strategic Priorities

1. **GROW** top-line and profits in the Targeted Therapeutic Areas by providing innovative drug therapy
2. **OPTIMISE** returns of primary care through selected product life cycle management, partnerships and focused investments
3. **GLOBALISE** through active geographical expansion policy

Key Company Levers

1. **Strong R&D Capabilities**
2. **Extended International Network**
3. **Experienced and Proactive Teams**
4. **Financial Flexibility**

Key Growth Boosters

1. **US expansion** (4 NDAs)
2. **Strong R&D pipeline** (7 NCEs)
3. **Partnerships** (Medicis, Roche…)

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Newsflow in 1H 2006: Reshaping Ipsen's profile

Q1 06
- Agreement with Medicis for Reloxin in North America

Q2 06
- GLP-1 clinical results presented at the ADA

July
- Medicis decides to focus on North America
- Dysport approval in aesthetic use in Germany
- Ipsen and Tercica partnership
- Somatuline Autogel approval in Canada
- Roche opts-in for Ipsen's GLP-1

Driving Ipsen's expansion geographically and product-wise

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A differentiating R&D

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A unique convergence of capabilities

A differentiating R&D focused on…

1. Hormone dependent diseases
2. Peptide and protein engineering
3. Innovative delivery systems

A competitive R&D capability with…

1. 4 R&D specialized centres (Boston, Paris, Barcelona, London)
2. A staff of 700
3. 20.9% of sales spent on R&D in 2005
4. A unique convergence of technological platforms

A recognised strategic partner

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

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A strong R&D pipeline to fuel future growth: 7 NCEs

		Compound	Indication	Current Status
Specialist Care	Oncology	Decapeptyl®	Combination and longer release formulation	Phase II/III
		BN 83495 (STX 64)	**Post-menopausal breast cancer**	Phase I
		BN 2629 (SJG-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 4Q06
		BIM 51077	**Type 2 diabetes**	Partnered with Roche
		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**	Filing scheduled in 2H06

Note: excludes pre-clinical programmes.
In yellow: NCE's / In white: Life Cycle Management

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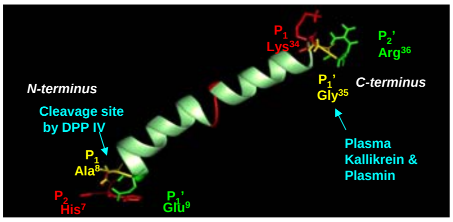
BIM-51077: illustrating Ipsen's R&D capabilities

- ✓ **Equal / greater potency compared to native compound**
- ✓ **Extended metabolic half-life: 22x more stable in plasma**
- ✓ **Complete retention of incretin properties**
- ✓ **Strong patent positions**

Roche opt-in in July 2006

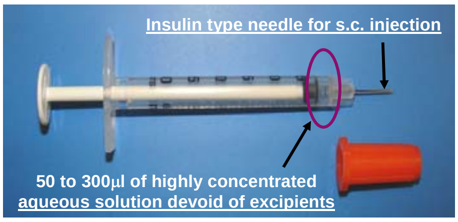
- ✓ €56 m paid upfront + €3 m in 2007
- ✓ €170 m potential additional milestones
- ✓ Mid-teens royalties on WW net sales

Designing the peptide itself…



Human GLP-1(7-36)NH2 is cleaved in plasma at both N- & C termini: modification of positions 8 & 35

…so that it fits Ipsen's innovative delivery systems technologies



Syringe used for BIM51077 SRF: - 0.3mL TERUMO Myjector U-100 with 29G1/2 (0.33 X 12 mm)

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Somatuline® Autogel® : convenient administration

	Somatuline ® Autogel ®	Sandostatin LAR®
Indications	Acromegaly, NET (EU only)	Acromegaly, NET
Administration route	Subcutaneous (s.c.)	Intramuscular (i.m.)
Volume injected	0.4 ml	2.0 ml
Needle length	20mm	40mm
Formulation	Ready to use	Powder for reconstitution

Comparison Of pre-filled Versus competitor Intramuscular Injection device

Somatuline® autogel®
lanreotide

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Entering the North American market

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US strategy: Creating a global endocrinology franchise with Tercica

- Cross-Licensing agreement for Somatuline® Autogel® in North America and Increlex™ in Europe & other territories
- Ipsen becomes Tercica's largest shareholder, with a 25% stake and with the ability to increase its stake to 40%

✓ Implementation of Somatuline® US strategy

✓ Enhanced Endocrinology portfolio with the combination of Somatuline®, NutropinAq® and Increlex, creating a "global care solution" for patients suffering from growth disorders

✓ Building a platform in endocrinology in the US through a staged and flexible equity investment in Tercica

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US strategy: gaining exposure to the North American aesthetic market with Medicis

- Licensing agreement for Reloxin ® in North America
- Restylane ® & Reloxin ® synergistic concept
- Fast growing US aesthetic market

✓ Implementation of Reloxin ® US strategy with Medicis, a leading dermatology company in the US (#1 dermal filler, #1 sales force)

✓ Up to c. $230 million in total upfront and milestones payments, including c. $125 million already paid to Ipsen in 2006

✓ 30% royalty payment on Medicis' net sales (including supply price)

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Outlook

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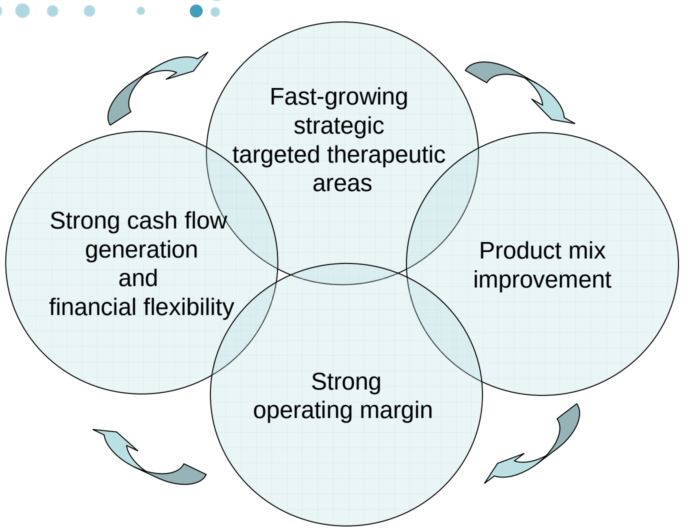
Profitable growth



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Full year 2006 objectives

	Objectives FY06	Actuals FY05
Sales	6.5 to 7.5% growth	+7.4%
Reported EBIT	21.5 to 22.0% (1) (of sales)	23.0% (of sales)

2006 annual objectives maintained

NOTE 1: Including the negative impact of a non-recurring expense of €8.4 million paid in the first half of 2006 to Inamed and excluding any loss from associates from Tercica

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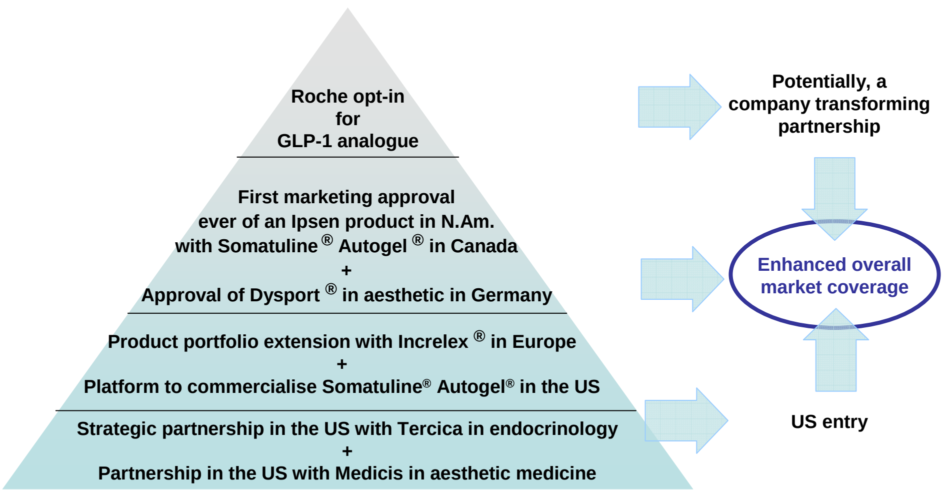
Most of the building blocks are in place to further accelerate Ipsen's growth beyond 2006



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Back-up #1

Financials

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First half 2006 results highlights

NOTE: margins are calculated as % of sales
IFRS, H1-2005 pro forma

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First half 2006 P&L highlights

In € m	H1 06	H1 05	% chge
Sales	**430.6**	**404.1**	+6.6%
Other revenues	46.6	45.7	+1.9%
Total revenues	**477.2**	**449.8**	+6.1%
COGS	(88.9)	(84.4)	+5.3%
R&D	(83.8)	(75.6)	+10.9%
SG&A	(188.0)	(174.2)	+7.9%
Other income and expenses & restructuring costs	(8.1)	0.2	n.m.
Operating profit	108.4	115.8	(6.4)%
*EBIT margin (as a % of total **sales**)*	*25.2%*	*28.7%*	
Adjusted operating profit	**116.8**	**115.8**	**+0.8%**
Adjusted EBIT Margin (as a % of total sales)	***27.1%***	***28.7%***	
Financial result	0.4	(4.6)	n.m.
Income tax	(20.3)	(22.3)	(8.9)%
Net profit from continuing operations	**88.4**	**88.9**	n.m.
Consolidated profit	**88.5**	**89.6**	(1.2%)
Attributable to Ipsen' shareholders	88.1	89.4	

- Other revenues:
  - Lower Kogenate royalties (€20.2m vs. €21.1 m LY)
  - Milestones from Medicis for Reloxin
  - Includes €10 million revenue from a research contract termination
- Improved COGS ratio
- Significant increase in R&D costs
  - acceleration of BIM51077 program
  - FDA inspection preparation
- Increase in SG&A
  - payment of royalties to third parties sales taxes in France
  - Listing requirements
- Other income includes one-off payment of €8.4 m to Inamed: ca. 2 points impact on EBIT margin
- Improvement in financial result due to improved cash situation
- Effective tax rate at 18.7% mainly due to tax loss carry forwards (recurring tax rate: 25%)

24 *IFRS, H1-2005 pro forma*

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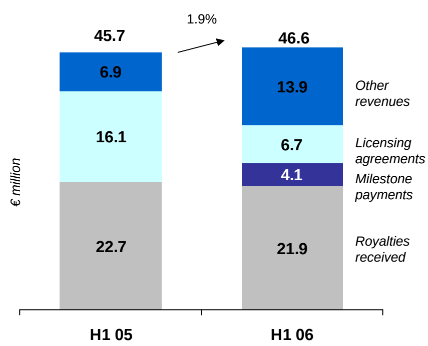
Focus on other revenues evolution

- **Royalties received**
  - mainly Kogenate® license (€20.2 million for 1H06 vs €21.1 million for 1H05)
  - 1H05 had been particularly high due to the carry over of some 2004 royalties into 2005
- **Milestone payments**
  - mainly Reloxin® and Tenstaten® agreements
- **Licensing agreements**
  - mainly recognition of advance payments made by Roche within the BIM51077 partnership
  - 1H05 includes an income of €10.0 million resulting from the termination of a research contract
- **Other revenues**
  - higher billings for R&D services in the framework of existing partnerships
  - increase in co-promotion revenues: early termination of the co-promotion contract of Zoxan with Pfizer



25 *IFRS, H1-2005 pro forma*

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Focus on “other revenues”: backlog of revenues

Milestones cashed-in before June 30, 2006 not yet recognized as revenues

(in € million)	**30 June 06**	30 June 05
Total milestones cashed-in:	**94.3**	5.0
Recognized in time as revenues as follows:		
H2 of year N	**4.0**	2.4
FY of year N+1	**8.0**	1.1
FY N+2 and beyond	**82.3**	1.5

Milestones cashed-in after June 30, 2006

(in € million)	
Total milestones cashed-in:	**73.6**
Recognized in time as revenues as follows:	
H2 2006	**2.6**
FY 2007	**5.5**
FY 2008 and beyond	**65.5**

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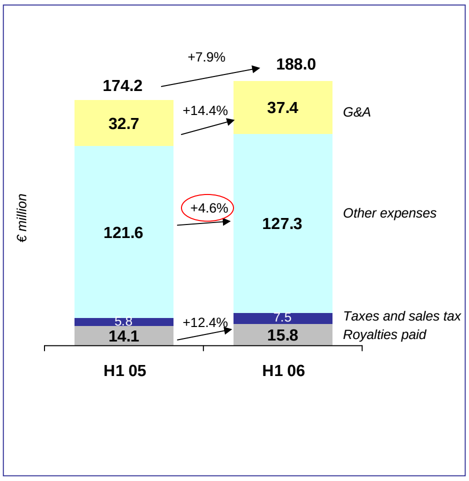
Focus on SG&A evolution

Sales & Marketing

- Increase in royalties paid to third-parties
- Increase of the sales tax in France to 1.76% on January 1st, 2006 from 0.6% a year ago
- Increase of other expenses significantly below the sales growth level reflects the Group’s productivity improvements

G&A

- Increase in costs at certain Corporate functions, notably:
  - stock exchange listing of the Group,
  - reinforcement of certain administrative functions related to the expansion in international markets



IFRS, H1-2005 pro forma

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First half 2006 balance sheet highlights

Assets (€m)	30-Jun-06	31-Dec-05
Goodwill	**188.8**	**188.8**
Tangible Assets	**186.1**	**187.8**
Intangible Assets	**38.9**	**39.8**
Other fixed Assets	**55.4**	**18.4**
Total non-current Assets	469.2	434.8
Total Current Assets	556.0	495.0
Incl. Cash and Equivalents	***226.2***	***202.0***
Non-current assets held for sale	**6.1**	**12.7**
Total Assets	1,031.3	942.5

Liabilities and Shareholders' Equity (€m)	30-jun-06	31-Dec-05
Shareholders' Equity	**672.7**	**619.8**
Minority Interests	**1.5**	**1.3**
Long-Term Financial Debt	**22.9**	**53.3**
Other non current liabilities	**106.6**	**17.6**
Short-Term Financial Debt	**8.6**	**8.8**
Other current Liabilities	**209.6**	**227.6**
Liabilities associated with current asset held for sale	**9.4**	**14.1**
Total Liabilities	1,031.3	942.5
Net (debt) / cash	193.3	138.8

IFRS, pro forma

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First half 2006 cash-flow highlights

In € m	H1 06	H1 05
- Cash flow before variation in WCR	89.6	98.3
- (Increase) decrease in WCR	40.6	(35.8)
Net cash flow generated by operating activities	130.2	62.5
Net cash flow used in investment activities	(25.2)	(29.7)
Net cash flow used in financing activities	(82.4)	(88.4)
Net cash flow provided by discontinued activities	1.6	-
Increase (decrease) in cash flow	**24.2**	**(55.6)**
Cash and cash equivalent, beginning of year	**200.6**	**92.8**
Impact of *pro forma* treatment	-	(5.6)
Impact of foreign exchange variations	-	0.1
Cash and cash equivalent, end of period	**224.8**	**31.7**

- Notably the collection of payments received from Medicis not yet recognised as revenues
- Decrease of OAL
- Increase in inventories and trade receivables
- Tax payable increased resulting from the Medicis payment and by the balance of tax payable related to Group affiliates in France
- Capital expenditures required to maintain the Group's industrial facilities
- Following payments by Medicis, €31.1 million have been reimbursed on Group's credit facilities, therefore reducing utilization to €6.6 million.
- Dividend payment for €50.4 million (vs. €29.3 million in 2005)

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IFRS, H1-2005 pro forma

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Back-up #2

Product information

Decapeptyl at a Glance

Classification

- Ephmra class: H1C et L2A
- ATC code: L2A
- Active substance: triptorelin

Mechanism of Actions

- Analogue of GnRH

Territories

- Approved in 65 countries, including 24 in Europe
- Exclusive rights held by Ipsen for the marketing of Decapeptyl in EU (except Sweden) and in several other countries

Approved Indications / Prevalence

- Prostate cancer
  - 1.2% of men over 50 years old in Europe (1)
- Endometriosis
  - 10% of reproductive-aged women (2)
- Fibroid tumors (uterine leiomyomas)
  - 20% to 25% of reproductive age women (3)
- Precocious puberty
  - 0.05% of children aged 6 to 8 years old (4)
- Female infertility (in vitro fertilisation)
  - 14% of reproductive-aged women (2)

Target Audience

- Urologists
- Oncologists
- Andrologists, Radiotherapy specialists, Paediatricians-endocrinologists, Gynaecologists, Obstetricians and IVF specialists

Patent Position

- US and Europe patent expiring in 2010

Source: (1) DaVinci Cancer Perspectives 2005; (2) Datamonitor, Endometriosis; (3) Cancer Weekly; (4) Diagnostics Business Matters

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Somatuline at a Glance

Classification
- Ephmra class: H4V
- ATC code: H1C
- Active substance: lanreotide

Mechanism of action
- Analogue of somatostatine

Territories
- Approved in 53 countries (including 24 in Europe)
- Indicated for acromegaly and symptoms associated with neuroendocrine tumors (NET) in most countries
- Worldwide exclusive production and marketing rights owned by Ipsen (for both Somatuline and Somatuline Autogel

Approved Indications / Prevalence
- Symptomatic treatment of acromegaly
  - 60 per million inhabitants [1]
- Relief of symptoms associated with neuroendocrine tumors (carcinoids)
  - 15 per million inhabitants [2]

Target Audience
- Endocrinologists
- Gastroenterologists, Oncologists

Patent Position
- Somatuline Autogel: US and Europe patent expiring in 2015
- Somatuline: Europe patent expiring in 2009 for most countries

Source: (1) Clinical Endocrinology; (2) C. Tebbi, MD; eMedicine

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Dysport at a Glance

Classification
- ATC code: M3A, S1X

Mechanism of action
- Active substance: Botulinum toxin of Type A

Target Audience
- Neurologists
- Physical medicine and rehabilitation
- Neuro-paediatricians, Ear-nose and throat specialists, Ophthalmologists
- Dermatologists, Plastic surgeons

Approved Indications / Prevalence
- Hemifacial spasm
  - 11 per 100,000 inhabitants [1]
- Blepharospasm
  - 5 per 100,000 inhabitants [2]
- Spasmodic torticollis
  - 9 per 100,000 inhabitants [3]
- Adult arm spasticity and Adult leg spasticity
  - 322 per 100,000 inhabitants [4]
- Paediatric cerebral palsy spasticity
  - 19 per 100,000 persons aged 17 and less [4]
- Glabellar Lines (Brazil, Mexico, Russia)

Territories
- First launch in the UK in 1991
- Approved in 69 countries

Patent Position
- No patent

Source: (1) Q J Med V95; (2) www.blepharospasm.org; (3) Movement disorders V10; (4) www.cdc.gov;

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Primary Care: a strong historic presence in France

Tanakan®

- Field-proven over 30 years, very strong brand name in France
- On-going large scale clinical trials in Europe and US (NIH) in Alzheimer prevention. First EU Alzheimer indication approval granted in Belgium in 2004
- Competitors: Trivastal (Servier), Praxilene (Lipha Santé), Sermion (Sanofi-Aventis)

Smecta®

- Strong brand recognition in all its markets by patients and doctors
- Cost-effective and field proven product for more than 25 years with very favourable safety profile
- Long-standing know-how in clay sourcing
- Competitors: Imodium and Arestal (Janssen Cilag), Ercefuryl (Sanofi-Aventis)

Forlax®

- 1st clinical development in paediatric field for a constipation drug
- Cost-effective and field proven product (launched in 1996) with very favourable safety profile
- Competitors: Duphalac (Solvay Pharma), Movicol (Norgine Pharma)

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Thank you !

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Stock info:

Outstanding number of shares (September 2006):	84,024,683
Approx. market capitalisation (September 2006):	€2.3 bn
Tickers	BBG: IPN FP RTRS: IPN.PA
Listing	Euronext Paris

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