



**Half year 2007 results**

**Bear Stearns – Investors Meeting**  
September 17, 2007



## Disclaimer



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## An innovation driven International Specialty Pharma Group

### A world-class Group

- > 100 countries. c.4,000 employees, founded in 1929.
- 2006 Sales: €862 m. 2006 operating income: €187 m
- Market capitalisation (as of August 1, 2007): ~€3.3 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, 45% in 2006
- Gastroenterology, cognitive disorders and cardiovascular.

### A clear strategic focus on fast-growing specialist care worldwide

- 49% of 2005 Group sales, 52% in 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, 2006 R&D expense: 20.7% of sales.

### A recognised strategic partner

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

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Note: Figures are IFRS



## 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**
- Challenger of Botox® (Allergan)

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## First Half 2007 highlights

Jean-Luc Bélingard  
Chairman & Chief Executive Officer



### A sound performance in the first half 2007

Group Sales

**+7.6%**

Volume of drugs sold

**+9.3%**

Specialist care products sales

**+10.6%**

Sales outside Major Western  
European countries

**+16.2%**

## Year-to-date roundup

### The main foundations for future growth are now in place

- ✓ Increased effort in self-financed R&D
- ✓ Collaboration with Tercica fully operational: Increlex® to be marketed in Europe from October by Ipsen and Somatuline® expected to be approved for marketing in the US
- ✓ Partnerships for botulinum toxin in aesthetic indications up and running in the US and Europe
- ✓ Preparation of US filing of Dysport® ongoing (study 051 completed)
- ✓ Continued optimization of primary care franchise in France with the launch of Advovance™ and the sale of Ginkor Fort® to an OTC specialist

### Ipsen has also strengthened its Executive Committee

- ✓ Appointment of Eric Drapé (EVP, Manufacturing and Supply Organization)
- ✓ Appointment of Stéphane Thierloix (EVP, Corporate Development)

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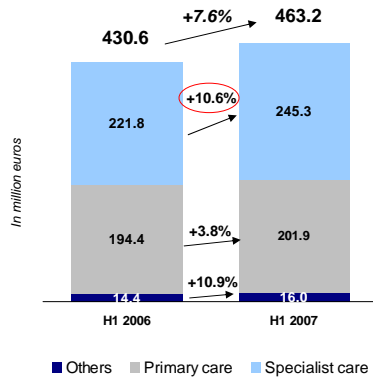
## First half 2007 results

Claire Giraut  
Chief Financial Officer

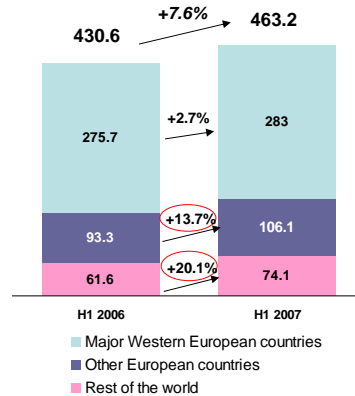


## Sales evolution

H1 2006 and 2007 sales by therapeutic area



H1 2006 and 2007 sales by region

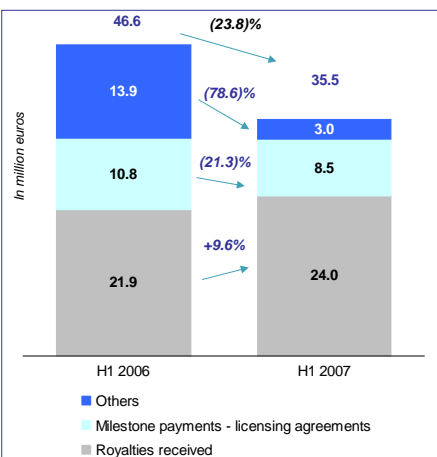


Sustained double-digit growth in specialist care and international markets

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## Other revenues evolution

- **Royalties received**
  - Kogenate® royalties up 13.1%
- **Milestone payments and licensing agreements**
  - Roche, Mediscis and Recordati partnerships
- **Others**
  - No more billings for R&D services for research on BIM 51077 (partnered out with Roche) and on a new GH formulation (end of the research phase end of 2006)
  - H1 06 included co-promotion revenues for Zoxan®



Reduction of R&D services rebilling, mostly for GLP-1

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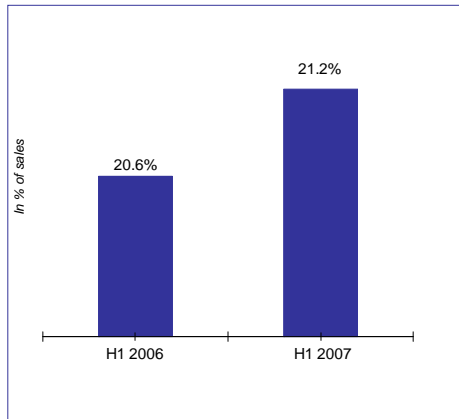
## Cost of goods sold evolution

### Negatives

- Price cuts (€6.9 million) mechanically reduce COGS ratio
- Strong increase of in-licensed products

### Positives

- Fast growing targeted therapeutic areas (favourable "mix effect")
- Productivity efforts



Price cuts and growth of in-licensed products have more than offset Ipsen's favourable mix effect and productivity efforts

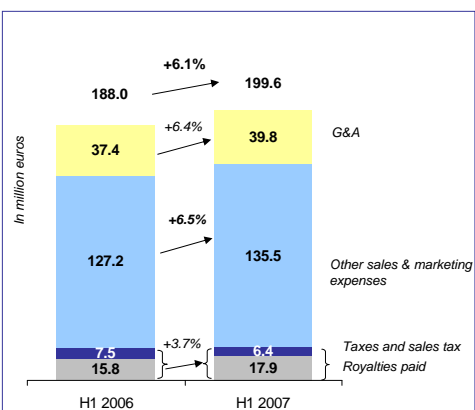
## SG&A costs evolution

### Other sales & marketing expenses

- Contained Marketing & Sales costs increase - below sales growth level
- Increase in royalties paid to third parties (up 12.8%) partly offset by lower tax on sales in France

### G&A

- Reinforcement of certain administrative functions related to the Group's expansion in international markets -below sales growth level



Sales & Marketing costs growth below sales growth despite the launch costs of Increlex® and Adavance™

## R&D expenses evolution

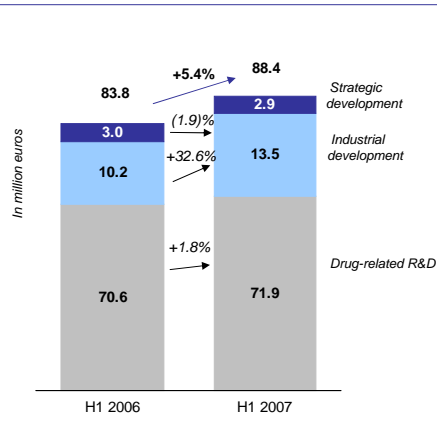
### Drug-related R&D

Major R&D projects:

- Preparation of US filing for **Dysport®**
- Clinical trials of long acting Triptorelin
- Strengthening of clinical development teams

### Industrial development

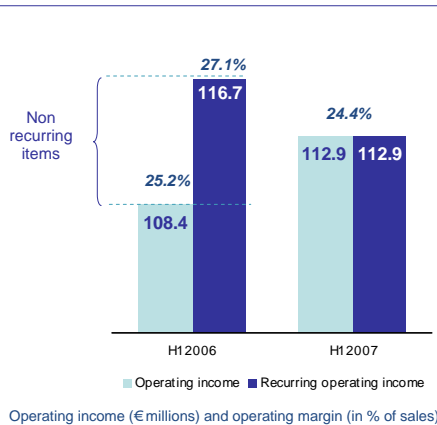
- Preparation for future pre-approval inspections by the FDA at some of the Group's manufacturing sites, in the context of the filing of **Dysport®** and **Somatuline® Autogel®** in the US



A continued commitment to R&D

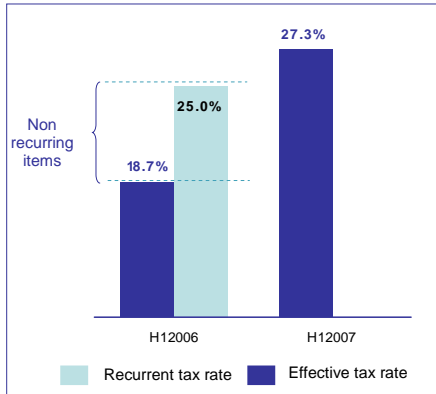
## Operating Income evolution

- Sustained price pressure
- Lower "other revenues", especially R&D rebilling (BIM 51077) and co-promotion revenues (Zoxan®)
- Strong sales of in-licensed products and drug related activities softened favorable mix improvement
- Increlex® and Adrovanse™ launch costs



## Income Tax evolution

- In the first half 2007, the Group's effective tax rate amounted of 27.3%,
  - Impacted by a reduction in the value of deferred tax assets in Netherlands following a tax rate cut in this country
- In the first half 2006, the effective tax rate, which amounted to 18.7%, benefited from:
  - The non-recurring effect of the use in the UK of capital losses
  - A change in the computation rules of tax credits on research expenses in France

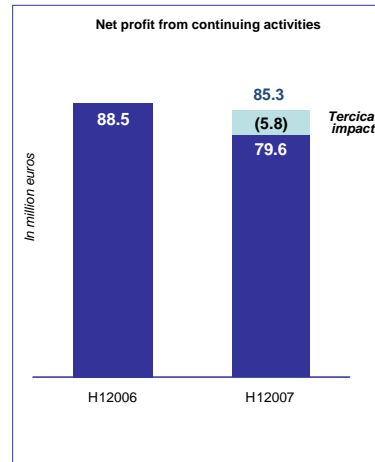


Back to a normative tax rate given the absence of non-recurring elements

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## Net income evolution

- Lower other revenues (no BIM51077 R&D rebilling) and increased self-financed R&D
- Return to normative tax rate
- Impact <sup>(1)</sup> of Tercica



(1): Includes the impacts of convertible bonds and warrants on financial result and losses from associates

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## Outlook

Jean-Luc Bélingard  
Chairman and Chief Executive Officer



## A rich newsflow expected short term

### **Dopastatin**

- Phase I initiation in Q4

### **Dysport®: Cervical dystonia**

- Preparation of filing by Ipsen with the FDA ongoing

### **Reloxin®: Glabellar lines**

- Preparation of filing by Medicis with the FDA ongoing

### **Somatuline® Autogel®: Acromegaly**

- Under review: PDUFA date – August 30, 2007

### **Increlex®: Severe primary IGF-1 deficiency**

- Launch in Europe by Ipsen in October 2007

### **Febuxostat: Hyperuricaemia**

- Filed on October 2, 2007, currently undergoing review

### **Botulinum toxin type A in Europe: aesthetic medicine indications**

- Inclusion of US data ongoing

Financial objectives confirmed - translating confidence

	March 19, 2007 objectives	New objectives
Sales	6.5 to 7.5% growth excluding the price cut on Tanakan®	6.5 to 7.5% growth including the price cut on Tanakan®
Total revenues	4.0 to 5.0% growth excluding the price cut on Tanakan®	4.0 to 5.0% growth including the price cut on Tanakan®
Reported operating margin	22.0 to 23.0% (in % of sales) excluding the price cut on Tanakan®	22.0 to 23.0% (in % of sales) including the price cut on Tanakan®

Appendix



## Main P&L impacts of Tercica in IFRS

In €millions	H1 2007	Comments
<ul style="list-style-type: none"> <li>Change in fair value of warrant</li> <li>Change in fair value of conversion option of Note</li> <li>Interests on Convertible Note</li> </ul>	(2.3)	Change in fair value of the Convertible note, warrant, net of financial interest and after FX impact
<b>Impact on financial income</b>	<b>(2.3)</b>	
<ul style="list-style-type: none"> <li>Loss from associates</li> <li>Purchase accounting</li> </ul>	(3.0) (0.5)	<ul style="list-style-type: none"> <li>Loss from associates (25%) on H1-2007</li> <li>Net depreciation of Increlex®</li> </ul>
<b>Loss from associates</b>	<b>(3.5)</b>	
<b>Impact on consolidated net profit</b>	<b>(5.8)</b>	
EPS impact (in €)	(0.07)	

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## Cash flow statement

in million euros	H1 2006	H1 2007	
<b>Cash Flow before change in working capital</b>	89.6	112.6	
(Increase) / Decrease in working capital	40.6	(65.3)	H1 2006 benefited for important milestone payments from Medicis
<b>Net cash flow generated by operating activities</b>	<b>130.2</b>	47.3	
Acquisition of property, plant & equipment and intangible assets	(25.2)	(30.7)	<ul style="list-style-type: none"> <li>Decrease of tax payable €24.4m</li> <li>Build up of Advrovanse inventory</li> <li>Increase of receivables linked with higher sales</li> </ul>
Deposit paid	-	(4.3)	
Investment in securities held for sale	-	(12.1)	
<b>Net cash flow used in investing activities</b>	<b>(25.2)</b>	<b>(47.1)</b>	<ul style="list-style-type: none"> <li>Capex required to maintain industrial facilities (-€16 m);</li> <li>First milestone payment in connection with the acquisition of a patent from Erasmus MC;</li> <li>increase of €3.2 million in working capital requirements for investment activities</li> </ul>
Net change in borrowings	(31.8)	2.3	
Dividends paid	(50.6)	(50.4)	
Share buyback	-	(18.0)	
<b>Net cash flow used in financing activities</b>	<b>(82.4)</b>	<b>(66.1)</b>	
Discontinued operations	1.6	2.2	
<b>Change in cash and cash equivalent</b>	<b>24.2</b>	<b>(63.7)</b>	
<b>Closing Net Cash<sup>(1)</sup></b>	<b>193.3</b>	<b>198.4</b>	

(1) Net cash: cash, cash equivalents and securities held for sales minus bank overdrafts, bank borrowings and other financial liabilities plus or minus derivative financial instruments

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## Ipsen's Half Year 2007 Results

### Balance sheet evolution

	Assets			Liabilities	
	31-dec-06	30-jun-07		31-dec-06	31-jun-07
Goodwill	188.8	188.8	Equity	726.5	756.8
Property, plans & equipments	198.2	199.7	Minority interests	1.4	1.7
Intangible assets	68.2	71.3	Long-term financial debts	21.6	24.6
Other non-current assets	147.3	157.6	Other non-current liabilities	195.4	199.3
<b>Total non-current assets</b>	<b>602.5</b>	<b>617.4</b>	Short-term debts	10.9	10.3
<b>Total current assets</b>	<b>603.4</b>	<b>597.5</b>	Other current liabilities	247.7	216.2
<i>Incl. cash and cash equivalents</i>	285.5	221.1	Liabilities directly associated with non-current assets classified as discontinued operations	10.8	8.1
Non-current assets classified as discontinued operations	8.4	2.1			
<b>Total assets</b>	<b>1,214.3</b>	<b>1,217.0</b>	<b>Total Liabilities</b>	<b>1,214.3</b>	<b>1,217.0</b>
<b>Net Cash <sup>(1)</sup></b>	<b>252.9</b>	<b>198.4</b>			

(1) Net cash: cash, cash equivalents and securities held for sales minus bank overdrafts, bank borrowings and other financial liabilities plus or minus derivative financial instruments

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### Milestones cashed in but not yet recognised as revenues

Milestones cashed in before June 30, 2007 but not yet recognised as revenues

(in million euros)	June 30, 2007	June 30, 2006
<b>Total cashed in :</b>	192.7	94.3
<i>These payments will be recognised in time as follows:</i>		
<b>H2 2007</b>	8.3	4.0
<b>2008</b>	17.2	8.0
<b>2009 and beyond</b>	167.2	82.3

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