First half 2009: confirming Ipsen’s specialist care globalisation

August 28, 2009
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Objectives for today

1. First half 2009 achievements
2. First half 2009 detailed financials
3. CEO update
4. Progress on the remaining milestones and outlook
First half 2009 achievements

Jean-Luc Bélingard
Chairman & CEO
A rigorous execution of key milestones

<table>
<thead>
<tr>
<th>Phase I</th>
<th>Phase II/III</th>
<th>Regulatory</th>
<th>Launch</th>
</tr>
</thead>
<tbody>
<tr>
<td>BN-83495</td>
<td>BN-83495</td>
<td>BN-83495</td>
<td>BN-83495</td>
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<tr>
<td>Phase I results</td>
<td>Phase II initiation</td>
<td>Phase II initiation</td>
<td>Phase I initiation</td>
</tr>
<tr>
<td>Breast</td>
<td>Endometrial</td>
<td>US NET</td>
<td></td>
</tr>
<tr>
<td>BIM-28131</td>
<td>BIM-23A760</td>
<td>OBI-1</td>
<td>Adenuric®</td>
</tr>
<tr>
<td>Phase I initiation</td>
<td>Phase II initiation</td>
<td>Phase III initiation</td>
<td>Partnership(s) and launches</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Primary care products</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>In-licensing deal(s)</td>
</tr>
<tr>
<td>Decapeptyl® 6 Months Approval</td>
<td>Toremifene Citrate 80 mg European filing</td>
<td>Azzalure® Approval in Europe</td>
<td>Azzalure® Launch by Galderma</td>
</tr>
<tr>
<td>Dysport® (aesthetics) FDA approval</td>
<td>Dysport® (therapeutic) FDA approval</td>
<td>Dysport® (aesthetics) Launch by Medicis</td>
<td>Dysport® (therapeutic) Launch</td>
</tr>
</tbody>
</table>
A strong commercial performance in the first half 2009

6.3% Drug sales growth, in line with our full-year objective

A solid 11.5% specialist care sales growth, with endocrinology up 32.7% year-on-year

Stabilisation in Eastern Europe, with Q2 sales up 1.0% year-on-year

Dynamic growth in the US, with Somatuline®, Increlex® and Apokyn® generating $23 million, up 33% Q2 over Q1

NOTE: All % sales growth expressed at constant currency
A strong profitability and cash generation

25.0% operating margin pre-goodwill allocation

A ‘clean operating margin’* of 18.0%, compared with 21.6% a year ago

€147 m generated by operating activities, versus €124 m a year ago

€139 m net cash position as at June 30, 2009, post €203 m net cashed-out on US acquisitions in H2 08

NOTE: All margins expressed in % of sales

*Reported operating income excluding non-recurring elements (divestment of Ginkor Fort® & sale of land), purchase price accounting impacts AND all Kogenate royalties
Detailed financial performance

Claire Giraut
Chief Financial Officer
Main products performances

Sales in € million

<table>
<thead>
<tr>
<th>Product</th>
<th>Sales in € million</th>
<th>% Sales Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decapeptyl</td>
<td>126.5</td>
<td>+0.9%</td>
</tr>
<tr>
<td>Dysport</td>
<td>76.1</td>
<td>+3.7%</td>
</tr>
<tr>
<td>Somatuline</td>
<td>68.3</td>
<td>+18.3%</td>
</tr>
<tr>
<td>NutropinAq</td>
<td>19.3</td>
<td>+30.0%</td>
</tr>
<tr>
<td>Increlex</td>
<td>10.2</td>
<td>n.m.</td>
</tr>
<tr>
<td>Apokyn</td>
<td>3.2</td>
<td>n.m.</td>
</tr>
<tr>
<td>Tanakan</td>
<td>56.4</td>
<td>+2.8%</td>
</tr>
<tr>
<td>Smecta</td>
<td>52.2</td>
<td>(2.6)%</td>
</tr>
<tr>
<td>Nisis/co</td>
<td>27.7</td>
<td>(2.6)%</td>
</tr>
<tr>
<td>Forlax</td>
<td>25.9</td>
<td>(3.6)%</td>
</tr>
</tbody>
</table>

NOTE: % sales growth at constant currency

SPECIALIST CARE +11.5%

DRUG SALES +6.3%

PRIMARY CARE (0.8%)
Top line evolution

Sales by therapeutic area

+4.8%
At constant currency: +5.1%

Sales by region

+4.8%
At constant currency: +5.1%

Other revenues evolution

(3.3)%

Total revenues evolution

+4.0%
P&L – above EBIT

COGS (% of sales)

- H1 2008: 22.7%
- H1 2009: 22.1%

(0.6) bp

Research & Development

- H1 2008: 8.4%
- H1 2009: 12.6%

+49.3%

Sales & Marketing

- H1 2008: 19.4%
- H1 2009: 21.5%

+12.9%

Royalties paid
Taxes

- H1 2008: 6.1%
- H1 2009: 4.6%

+14.8%

Selling expenses

- H1 2008: (1) (2.8%)

G&A

- H1 2008: 40.7
- H1 2009: 44.8

+9.8%

(1) +3.2%

NOTE 1: excluding US
**P&L - EBIT**

**In € million**

- **Land Sale**
  - 13.7
- **Ginkor Fort**
  - 23.1
- **Kogenate®**
  - ‘Clean’ EBIT 107.5

**Excluding goodwill allocation in connection with US acquisitions AND income from Bayer**

- **€94.1 m**
  - 18.0%

**Excluding goodwill allocation in connection with US acquisitions**

- **€130.5 m**
  - 25.0%

**As reported**

- **€125.2 m**
  - 24.0%

**H1 2008**

- **145.9**
- **1,6**
- **(14.2)% as reported**

**H1 2009**

- **125.2**
- **36.4**
- **24.0%**

- **PPA -5.3**
P&L – below EBIT

Financial result (€m)

<table>
<thead>
<tr>
<th></th>
<th>H1 2008</th>
<th>H1 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.4</td>
<td>1.4</td>
<td>2.0</td>
</tr>
<tr>
<td>1.4</td>
<td>1.1</td>
<td>-4.7</td>
</tr>
</tbody>
</table>

- Non-cash. Tercica convertible bonds and warrant-related

Effective tax rate (% of PBT)

<table>
<thead>
<tr>
<th></th>
<th>H1 2008</th>
<th>H1 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>21.9%</td>
<td>18.2%</td>
<td></td>
</tr>
</tbody>
</table>

Income from Associates (€m)

<table>
<thead>
<tr>
<th></th>
<th>H1 2008</th>
<th>H1 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>-5.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Consolidated result (€m - group share)

<table>
<thead>
<tr>
<th></th>
<th>H1 2008</th>
<th>H1 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>110.8</td>
<td>98.7</td>
<td></td>
</tr>
</tbody>
</table>

- Sale of a land
- Ginkor Fort®
- Kogenate
- PPA
- Clean net income: 75.4

(10.1 %)
## Balance Sheet evolution

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 08</th>
<th>30 Jun 09</th>
<th>31 Dec 08</th>
<th>30 Jun 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>(*) 290.8</td>
<td>290.8</td>
<td>(*) 885.0</td>
<td>928.4</td>
</tr>
<tr>
<td>Property. plans &amp; equipments</td>
<td>237.9</td>
<td>244.7</td>
<td>1.6</td>
<td>1.8</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>(*) 232.9</td>
<td>239.3</td>
<td>(*) 886.6</td>
<td>930.2</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>(*) 112.9</td>
<td>140.5</td>
<td>160.4</td>
<td>12.7</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>(*) 874.5</td>
<td>915.3</td>
<td>(*) 196.4</td>
<td>276.3</td>
</tr>
<tr>
<td>Total current assets</td>
<td>(*) 688.6</td>
<td>589.7</td>
<td>8.3</td>
<td>8.0</td>
</tr>
<tr>
<td>Incl. cash and cash equivalents</td>
<td>239.6</td>
<td>140.2</td>
<td>307.8</td>
<td>275.1</td>
</tr>
<tr>
<td>Assets / discontinued operations</td>
<td>1.3</td>
<td>0.7</td>
<td>4.9</td>
<td>3.5</td>
</tr>
<tr>
<td>Total assets</td>
<td>1 564.4</td>
<td>1 505.8</td>
<td>1 564.4</td>
<td>1 505.8</td>
</tr>
<tr>
<td>Net Cash</td>
<td>66.2</td>
<td>118.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(*) 31 Dec 08 restated after Purchase Price Allocation of Tercica Inc. and Vernalis Inc.
## Cash flow statement

### - In million of euros

<table>
<thead>
<tr>
<th>Description</th>
<th>30 Jun 08</th>
<th>30 Jun 09</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flow before change in working capital</strong></td>
<td>141.3</td>
<td>121.5</td>
</tr>
<tr>
<td>- Increase / Decrease in working capital</td>
<td>(17.1)</td>
<td>25.7</td>
</tr>
<tr>
<td><strong>Net cash flow generated by operating activities</strong></td>
<td>124.1</td>
<td>147.2</td>
</tr>
<tr>
<td>Investment in intangible assets and property, plant &amp; equipment</td>
<td>(34.2)</td>
<td>(25.6)</td>
</tr>
<tr>
<td>Others</td>
<td>1.8</td>
<td>(6.8)</td>
</tr>
<tr>
<td><strong>Net cash flow used in investing activities</strong></td>
<td>(32.4)</td>
<td>(32.4)</td>
</tr>
<tr>
<td>Net change in borrowings</td>
<td>(9.8)</td>
<td>(159.4)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(55.2)</td>
<td>(58.2)</td>
</tr>
<tr>
<td>Others</td>
<td>0.1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash flow used in financing activities</strong></td>
<td>(64.9)</td>
<td>(217.6)</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>(1.0)</td>
<td>(0.2)</td>
</tr>
<tr>
<td><strong>Change in cash and cash equivalent</strong></td>
<td>25.8</td>
<td>(103.0)</td>
</tr>
<tr>
<td>Impact of exchange rate fluctuations</td>
<td>(3.0)</td>
<td>4.8</td>
</tr>
<tr>
<td><strong>Closing cash &amp; cash equivalents</strong></td>
<td>263.7</td>
<td>139.1</td>
</tr>
</tbody>
</table>

### Closing Net Cash

<table>
<thead>
<tr>
<th>30 Jun 08</th>
<th>30 Jun 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>239.4</td>
<td>118.9</td>
</tr>
</tbody>
</table>

### Comments

- Deferred revenues net increase: €+56.7m (Medicis / Galderma)
- Receivables, payables, inventory and others: €-31.0m
- Tangible assets: €-14.7m
- Intangible assets: €-10.9m
- Reimbursement of credit facility: €-150m
- Shares buy back: €-6m
CEO update

Jean-Luc Bélingard
Chief Executive Officer
A productive and unique R&D

Some major projects moving through the pipeline appear to have significant and higher-than-expected market potential

- GH+IGF-I combination therapy
- BN-83495 in 4 indications
- BIM-23A760
- OBI-1

An extremely limited attrition:
Over the past 5 years, few major R&D project have been stopped

The Group will ensure the means necessary to develop these new chemical entities match their potential
North America: timely acquisitions

Positive feedbacks received for Dysport®:
  - opportunity in therapeutic use could be larger than anticipated:
  - probable acceleration of launch and intensification of sales & marketing efforts

Differentiated and competitive products addressing significant markets
  - driven by strong and committed local teams

After a transition phase in the context of intense launch activities, Ipsen remains confident on the success of its products in North America in the long term
Primary care: toward opportunities

Forlax®:
Mitigation strategy currently in force

Smecta®:
Capitalising on the strength of the brand

Ipsen’s primary care products:
Strong brands, strong recognition, significant market potential

Strong sales networks, with significant presence in emerging markets, notably China and Russia

Ipsen is regularly evaluating the business opportunities presented by the evolution of the primary care environment
Ipsen is moving up toward a reinforced profile, with enhanced growth potential

- A unique R&D
- A strong potential in the US
- Primary care opportunities
- A strong financial situation
Outlook and progress on the remaining milestones

Jean-Luc Bélingard
Chief Executive Officer
A rigorous execution of key milestones

- **Phase I**
  - BN-83495
    - Phase I results
    - Breast / Prostate
  - BIM-28131
    - Phase I initiation

- **Phase II/III**
  - IGF-I+GH combo
    - Phase II results
  - OBI-1
    - Phase III initiation

- **Regulatory**
  - Decapeptyl® 6 Months Approval
  - Toremifene Citrate 80 mg European filing
  - Dysport® (aesthetics) FDA approval
  - Somatuline® Depot US NET Phase III initiation
  - IGF-I+GH combo Phase III results

- **Launch**
  - Adenuric® Partnership(s) and launches
  - Primary care products In-licensing deal(s)
  - Dysport® (therapeutic) FDA approval
  - Azzalure® Approval in Europe
  - Azzalure® Launch by Galderma
  - Reloxin® (aesthetics) Launch by Medicis
Delivering on our key objectives...

- **IGF-I + GH combo**
  - Phase II pediatric results on September 12-15 at LWPES/ESPE

- **Decapeptyl® 6 Months**
  - First approvals expected before year-end

- **Adenuric®**
  - In final negotiation stage
  - Partnership expected before year-end

- **OBI-1**
  - Phase III initiation in December

- **BN-83495**
  - Phase I results at San Antonio Breast Cancer Symposium on December 9-13, 2009
Outlook

2009 financial objectives confirmed

Drug sales growth of 7.0 to 9.0%

Operating margin pre-Kogenate royalty and before goodwill allocation of around 14.0%
Appendices
Cash flow generation

Cash generation and utilisation (Jan 1, 09– June 30, 09)

In €m

- Opening Net Cash* at 01/01/09: 237.3
- Cash from Operating Activities: 147.2
- Cash Used by other Investing Activities: 64.2
- Dividends & Share Buybacks: 150.0
- LT borrowings: 2.8
- Other: 139.1
- Closing Net Cash*: 26

* 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.
Allocation of the Tercica purchase price accounting

- Other intangible assets (IGF-1 licence) + €69.0 m
- Current assets (stock revaluation & others) €(0.4) m
- Contingent liabilities €(7.6) m
- Deferred tax assets* + €18.0 m
- Equity (revaluation of the share previously held) €(18.1) m

Total of the allocation: €60.9 m

* Net Operating Loss and temporary differences
Milestones Cashed in but not yet Recognised as Revenues

- In million of euros

<table>
<thead>
<tr>
<th>Payments recognised as revenues in year N+1</th>
<th>30 Jun 08</th>
<th>30 Jun 09</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11.2</td>
<td>12.1</td>
</tr>
<tr>
<td>Payments recognised as revenues in years N+2 and beyond</td>
<td>205.7</td>
<td>195.2</td>
</tr>
<tr>
<td>Total Milestones cashed in but not yet recognised as revenues</td>
<td>216.9</td>
<td>207.3</td>
</tr>
</tbody>
</table>

Decrease linked to global consolidation of Tercica and elimination of deferred revenues on Somatuline US