

# 2010 Financial Results

*Full Year 2010 Results Presentation - March 2, 2011*



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## Objectives for today

1

2010 key events

2

CEO's first assessment

3

2010 detailed financial performance

4

Outlook



## 2010 performance

Solid specialty care growth and continued globalization ...

...fuelling a sound operational performance, despite tough environment

Strategic transaction : Inspiration, mid-term growth driver

Valuation and profitability affected in 2010 by taspoglutide and non recurring items...

...but financial guidance met on a recurring adjusted basis

**Ipsen demonstrated its strong Specialty Care portfolio and growing global footprint**



Over the last decade, Ipsen has succeeded in adapting to a fast changing environment...

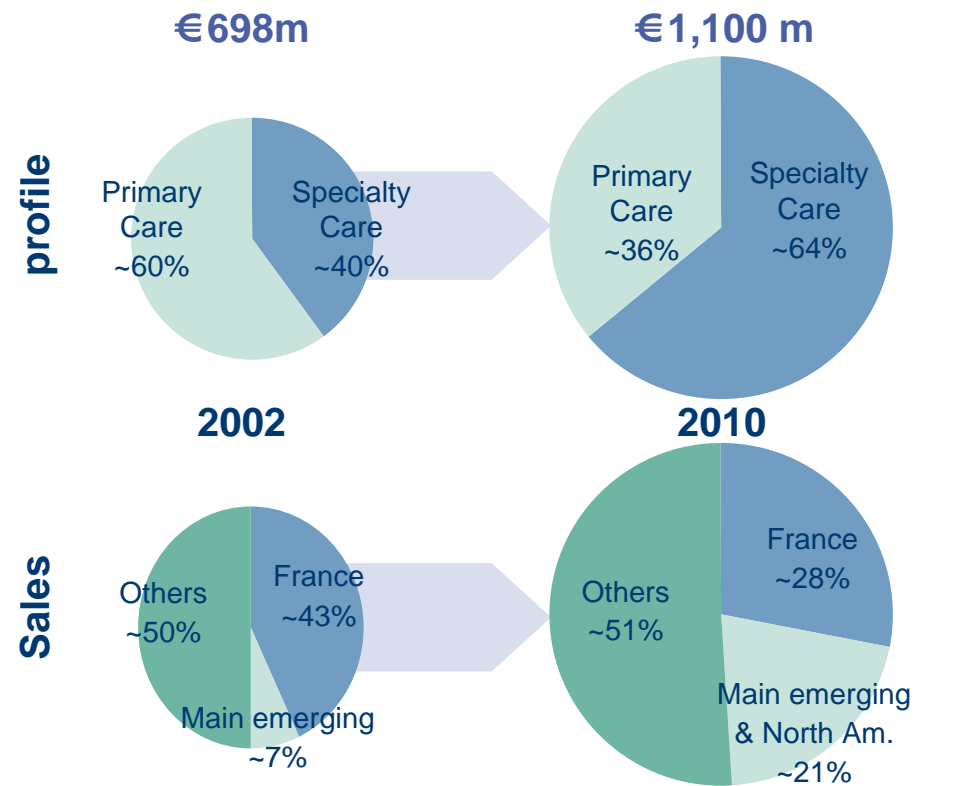
**Health care environment**

Specialty care as the major value/growth driver

Increasing pressure on primary care

Rise of pharmerging countries

**Evolution of Ipsen's sales profile**



Main emerging countries : China, Russia, Brazil

Note : French accounting standards for 2002 figures



... building key assets, creating a unique profile in 2011...

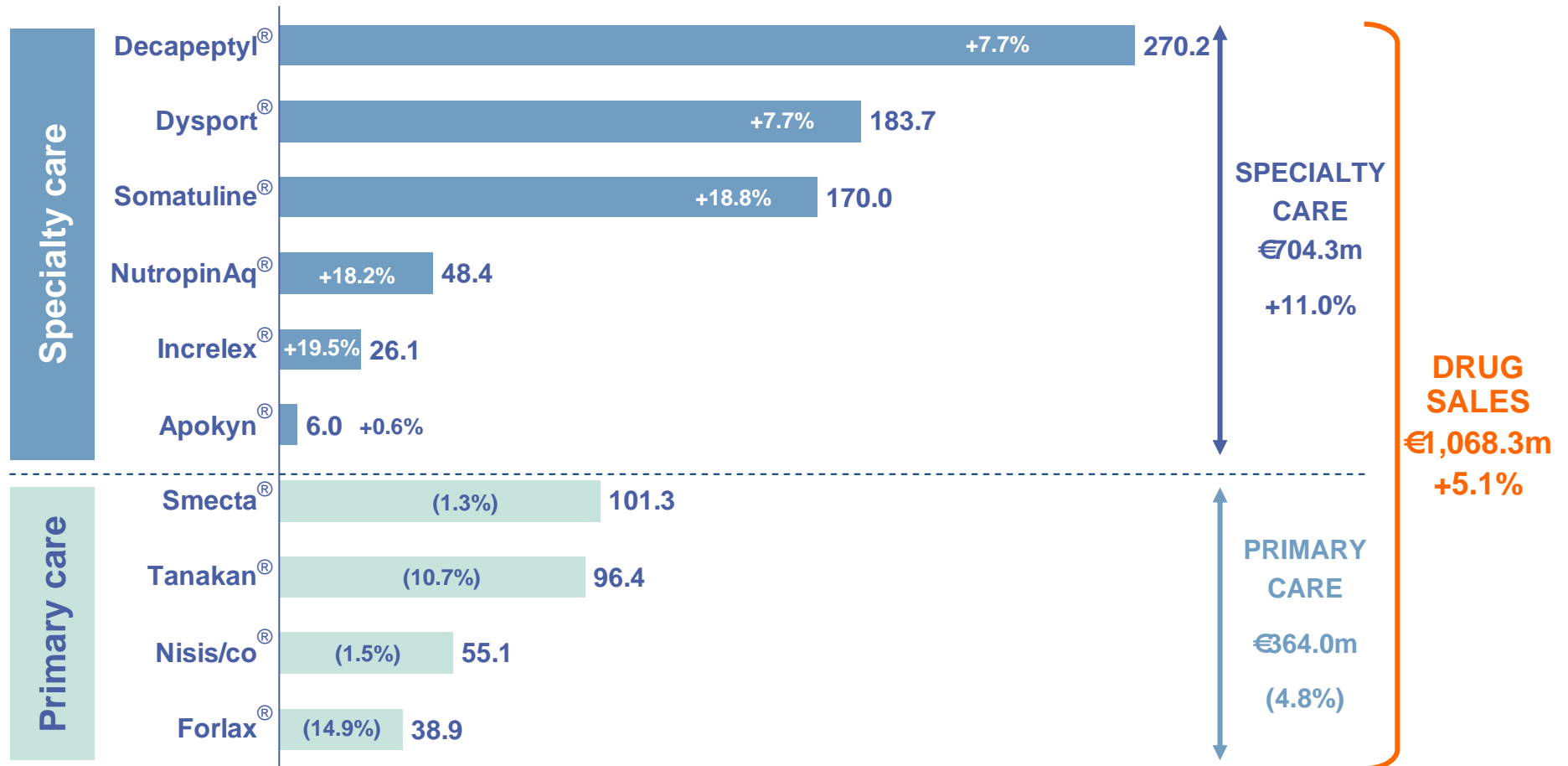


...in a toughening environment



## Specialty care strongly drove sales growth in 2010

in million euros





## Several areas of attention have been identified

Are we focused enough?

Have we fully leveraged our current portfolio's potential?

Is our early stage compound portfolio sufficient to sustain long term growth?

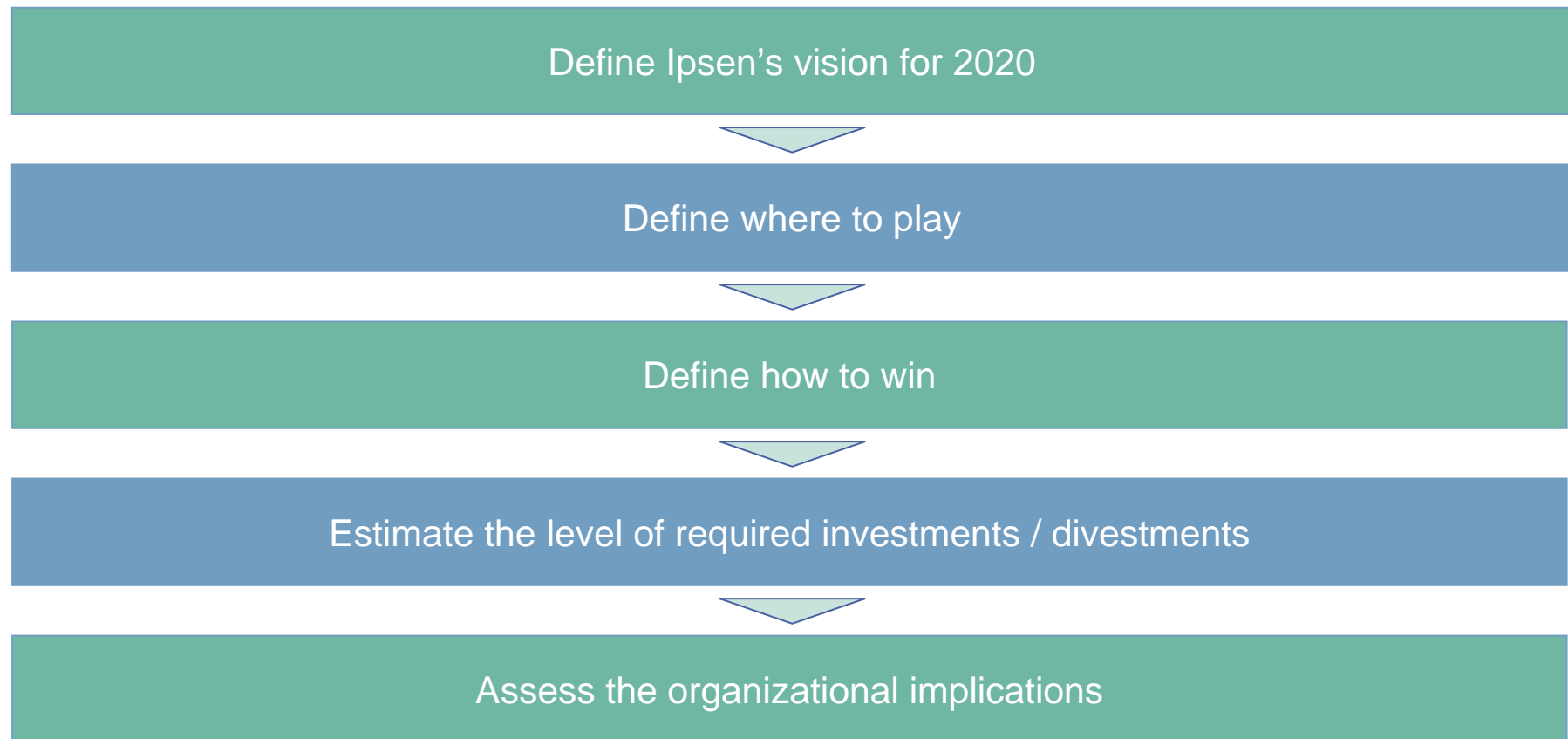
How do we improve return in the US?

How do we address the primary care situation?





## We are conducting a comprehensive strategic review...





## ... providing a first set of directions to unlock further value

Sales growth will drive overall shareholder value

### Improve Focus

- Therapeutic Areas : More commercial Focus
- Technological platforms : More R&D focus

### Leverage portfolio potential

- Continued successful life cycle management
- Development of new products

### Benefit from strong geographical footprint

- Accelerate US turnaround
- Better leverage emerging markets

Quality of execution is key



# Full-year financial performance

**Claire Giraut**

**EVP, Chief Financial Officer**



## Summary of 2010 P&L and evolution

<i>In million euros</i>	2010	2009	Growth (%)
Sales	1,100.2	1,032.8	+6.5%
Total Revenues	1,170.3	1,112.4	+5.2%
Operating Income	128.8	172.5	(25.3)%
Recurring adjusted operating income*	183.2	144.4	+26.8%
Consolidated Net Profit <i>(attributable to Ipsen shareholders)</i>	95.3	156.6	(39.1)%
Fully diluted EPS	€1.13	€1.86	(39.2)%
Fully diluted recurring adjusted* EPS	€1.64	€1.60	+2.5%

**Non recurring after tax profit from taspoglutide in 2010: €41.2m**  
**Non recurring depreciations and losses of value in 2010: €80.3m net after tax**

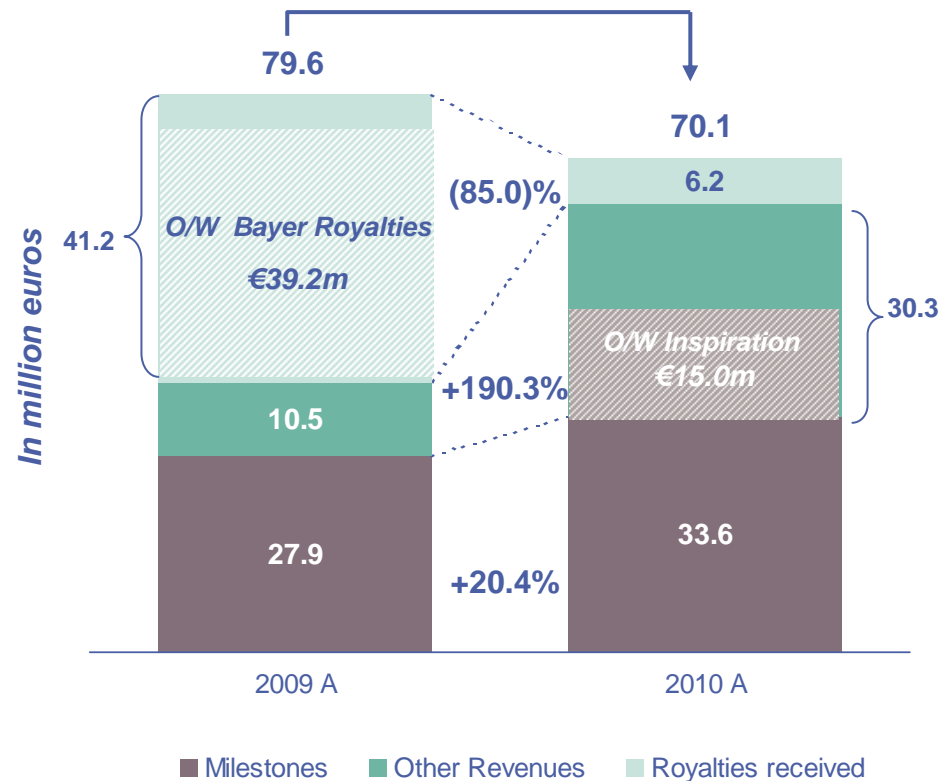
\* Prior to (i) purchase accounting impacts related to its acquisitions in North America and (ii) non recurring elements

## Other revenues evolution

Other revenues evolution: (11.9)%

As reported

**+36.3% excluding Bayer in 2009 and Inspiration in 2010**



- **Royalties Received:**

Excluding the proceeds from the Bayer settlement in 2009, royalties received grew threefold in 2010

- **Milestones**

Progressive recognition of milestones already cashed-in from Medicis, Galderma, Recordati, Menarini (Adenuric®)...

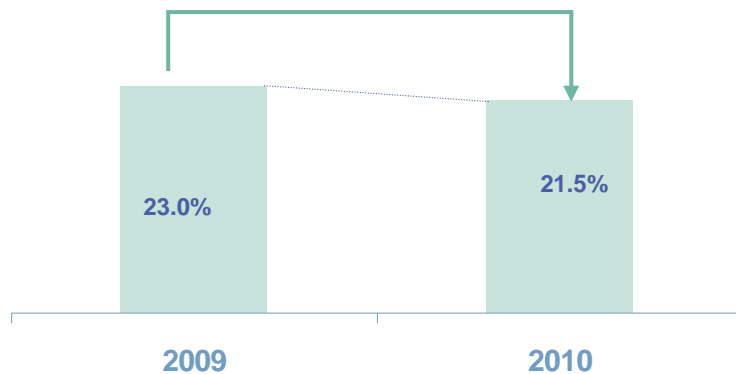
- **Other revenues**

Revenues from Inspiration Inc. for OBI-1 development costs (€15.0m) and from co-promotion agreements in France

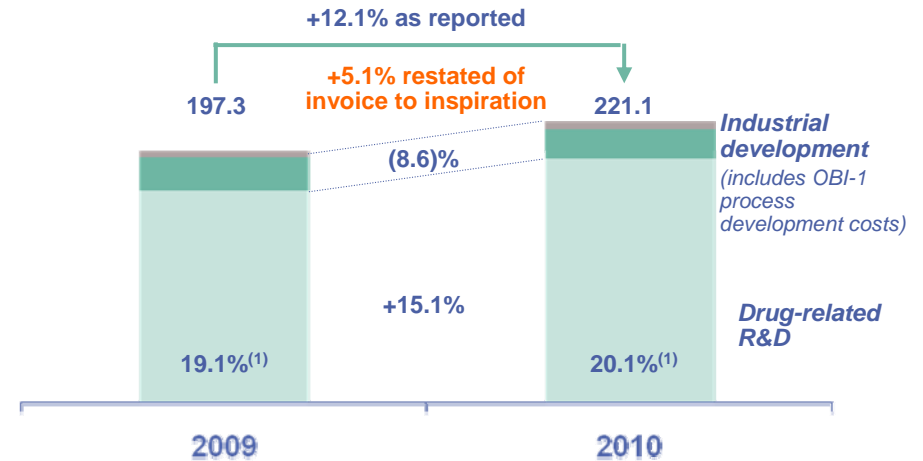


## Evolution of main P&L items: above operating result

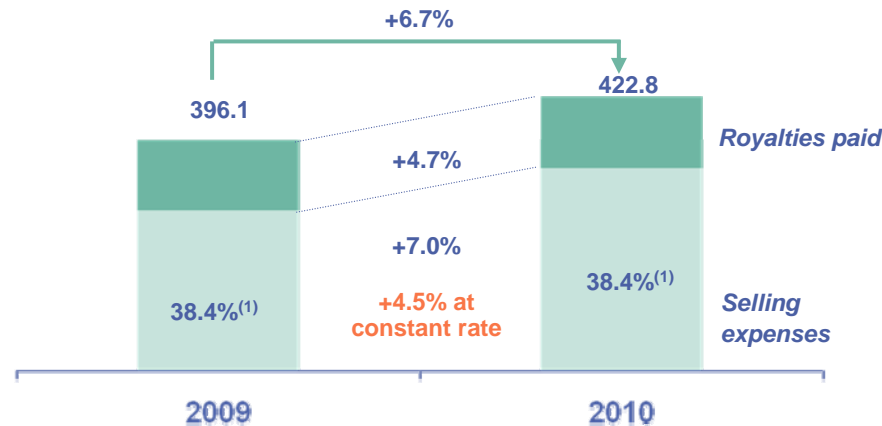
COGS (% of sales)



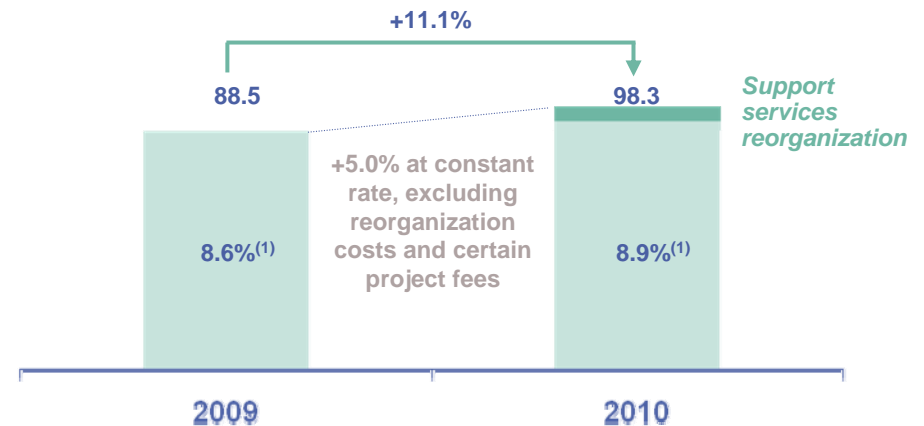
Research & Development (€m)



Sales & Marketing (€m)



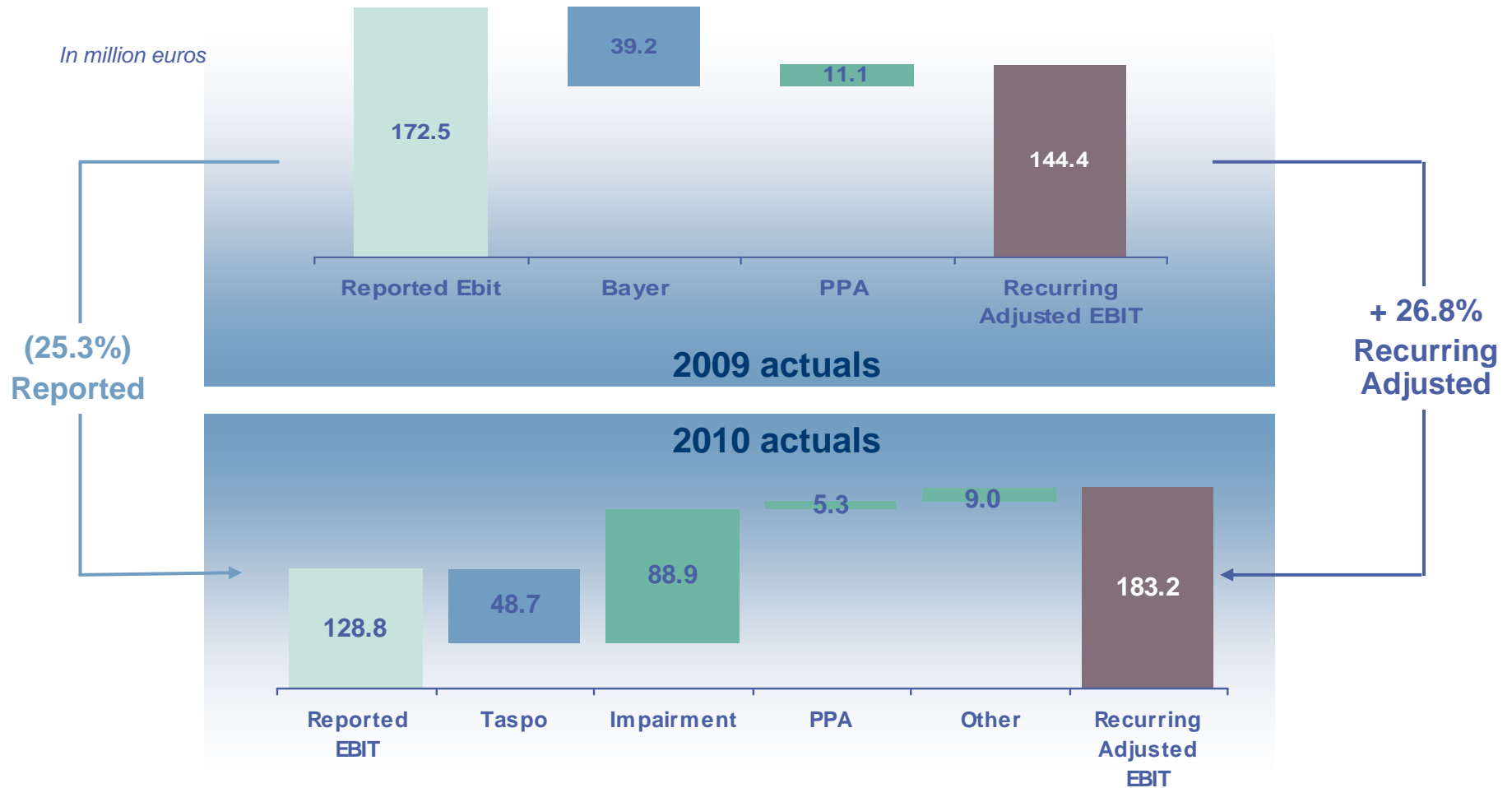
G&A (€m)



<sup>(1)</sup> As a percentage of sales



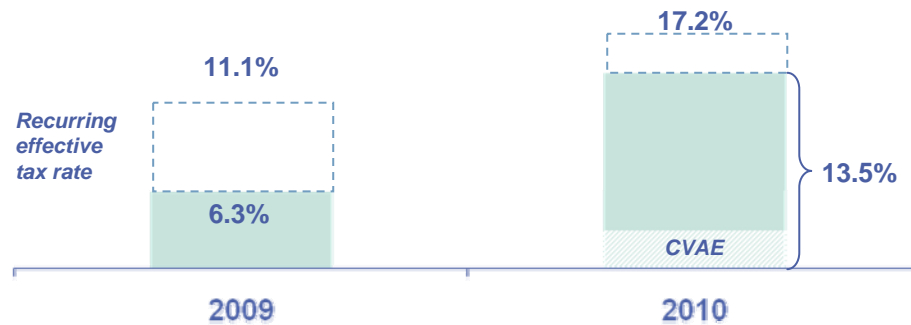
## A Recurring adjusted Operating Income, up 26.8% y-o-y



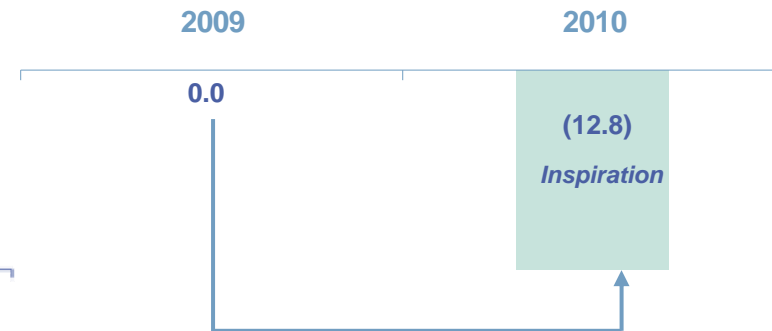


## Below EBIT evolution

Effective tax rate



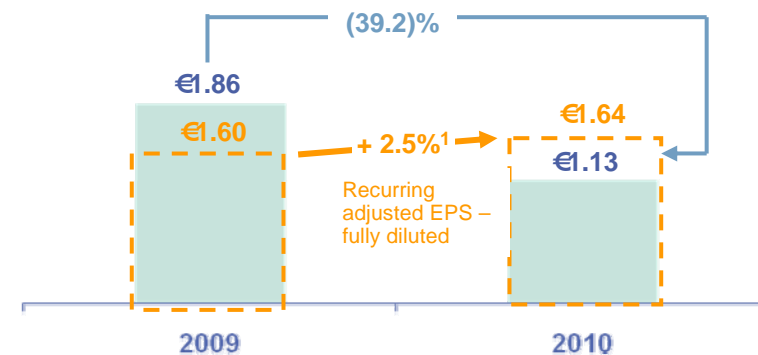
Income from Associates (€m)



Consolidated result (€m)



Fully diluted EPS (Group share)



On March 1<sup>st</sup> 2011, the board of directors proposed a dividend of €0.80 per share, up 6.7% y-o-y

(1) « Recurring adjusted »: Reconciliations between operating results and recurring adjusted operating results as of 31 December 2010 and 2009 are detailed in appendix 4 of FY 2010 results press release



## From Published EPS to recurring adjusted EPS

<i>In million euros</i>	2010 Actual		Plus			2010 Actual Recurring adjusted	
	Value	% Sales	Roche	Impairment	Other (2)	Value	% Sales
<b>Net Sales</b>	<b>1 100.2</b>	<b>100.0%</b>				<b>1 100.2</b>	<b>100.0%</b>
<b>Other Revenues</b>	<b>70.1</b>	<b>6.4%</b>				<b>70.1</b>	<b>6.4%</b>
<b>Total Revenues</b>	<b>1 170.3</b>	<b>106.4%</b>				<b>1 170.3</b>	<b>106.4%</b>
<b>Cost of goods Sold</b>	<b>-236.2</b>	<b>-21.5%</b>				<b>-238.9</b>	<b>-21.7%</b>
<b>R&amp;D</b>	<b>-221.1</b>	<b>-20.1%</b>				<b>-221.1</b>	<b>-20.1%</b>
<b>SMM</b>	<b>-422.8</b>	<b>-38.4%</b>				<b>-422.8</b>	<b>-38.4%</b>
<b>G&amp;A</b>	<b>-98.3</b>	<b>-8.9%</b>				<b>-98.3</b>	<b>-8.9%</b>
<b>Other (1)</b>	<b>37.1</b>	<b>3.4%</b>	<b>-48.7</b>	<b>-11.3</b>	<b>17.0</b>	<b>-6.0</b>	<b>-0.5%</b>
<b>Impairment losses</b>	<b>-100.2</b>			<b>100.2</b>		<b>0.0</b>	
<b>Operating Result</b>	<b>128.8</b>	<b>11.7%</b>	<b>-48.7</b>	<b>88.8</b>	<b>14.3</b>	<b>183.2</b>	<b>16.6%</b>
<b>Financial Result</b>	<b>-3.4</b>	<b>-0.3%</b>		<b>1.6</b>	<b>-4.3</b>	<b>-6.1</b>	<b>-0.6%</b>
<b>Income Tax</b>	<b>-17.0</b>		<b>7.6</b>	<b>-16.0</b>	<b>-4.8</b>	<b>-30.2</b>	
<b>Effective tax rate</b>	<b>-13.5%</b>					<b>-17.2%</b>	
<b>Share of loss</b>	<b>-12.8</b>			<b>5.9</b>	<b>-1.4</b>	<b>-8.3</b>	
<b>Income from continuing operations</b>	<b>95.7</b>	<b>8.7%</b>	<b>-41.2</b>	<b>80.3</b>	<b>3.8</b>	<b>138.6</b>	<b>12.6%</b>
<b>Income from discontinued operations</b>	<b>0.0</b>						
<b>Consolidated net profit</b>	<b>95.7</b>	<b>8.7%</b>	<b>-41.2</b>	<b>80.3</b>	<b>3.8</b>	<b>138.6</b>	<b>12.6%</b>
<b>Fully diluted EPS</b>	<b>1.13</b>		<b>-0.49</b>	<b>0.95</b>	<b>0.05</b>	<b>1.64</b>	

(1) Other operating income and expenses, Amortizations of intangible assets and Restructuring costs

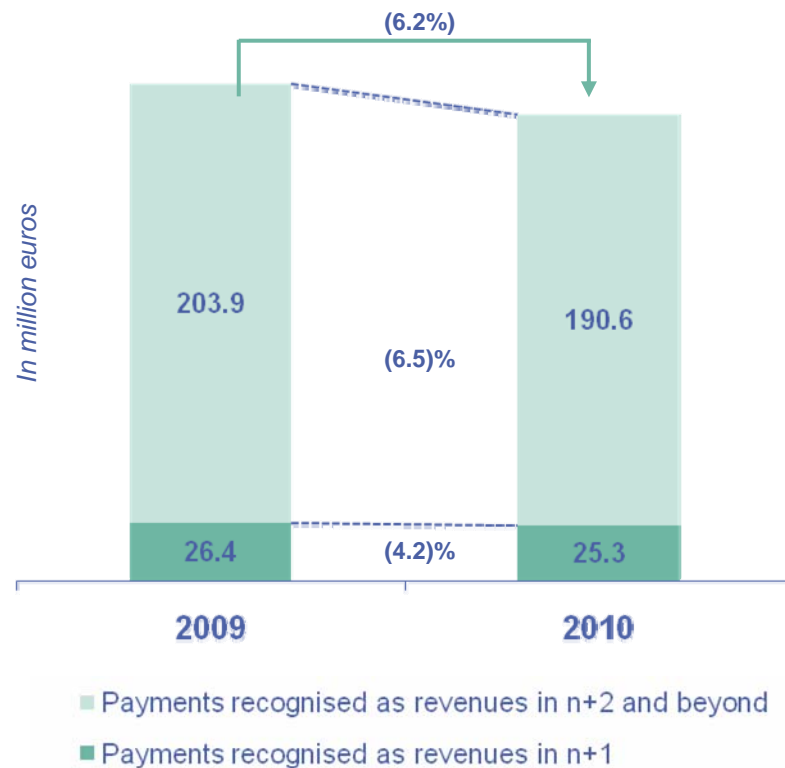
(2) Impacts from Purchase Price Accounting (PPA) and certain other costs

## Balance Sheet evolution

	Assets		Liabilities		
<i>In million euros</i>	31 Dec 09	31 Dec 10	31 Dec 09	31 Dec 10	
<b>Goodwill</b>	290.2	299.1	<b>Equity</b>	982.6	1 077.2
<b>Investment in associated companies (Incl. Goodwill Inspiration Inc.)</b>	-	57.9	<b>Minority interests</b>	1.7	2.0
<b>Property, plans &amp; equipments</b>	251.8	282.3	<b>Total equity</b>	984.3	1 079.2
<b>Intangible assets</b>	237.0	166.5	<b>Long-term financial debts</b>	12.2	15.3
<b>Other non-current assets</b>	145.5	232.6	<b>Other non-current liabilities</b>	270.3	250.6
<b>Total non-current assets</b>	924.5	1 038.4	<b>Short-term debts</b>	21.4	7.7
<b>Total current assets</b>	652.4	639.8	<b>Other current liabilities</b>	286.6	324.7
<i>Incl. cash and cash equivalents</i>	218.6	178.1	<b>Discontinued operations</b>	2.0	0.7
<b>Discontinued operations</b>	-	-	<b>Total Liabilities</b>	1 576.9	1 678.2
<b>Total assets</b>	1 576.9	1 678.2			
<b>Net Cash</b>	185.6	156.0			

## Partnership related deferred revenues

Total Milestones cashed-in but not yet recognized as revenues



Main milestones cashed-in in 2010

**January 2010**  
 Inspiration: \$50m upon agreement on OBI-1 licence (non cash)

**March 2010**  
 Menarini: €18m upon launch of Adenuric® in France, UK and Germany

**December 2010**  
 Menarini: €6m upon launch of Adenuric® in Italy

## Cash flow statement

<i>In million euros</i>	31 Dec 09	31 Dec 10
<b>Cash Flow before change in working capital</b>	<b>192.7</b>	<b>248.5</b>
Deferred revenues from Inspiration	-	35.5
Increase/ Decrease in working capital	64.9	(30.1)
<b>Net cash flow generated by operating activities</b>	<b>257.6</b>	<b>253.9</b>
Investment in Tangible and Intangible assets	(63.3)	(86.6)
Investment in associated companies (Inspiration)		(130.9)
Others	(8.0)	(7.8)
<b>Net cash flow used in investing activities</b>	<b>(71.3)</b>	<b>(225.3)</b>
Net change in borrowings	(151.3)	(0.3)
Dividends paid	(58.0)	(62.3)
Others	(5.4)	1.0
<b>Net cash flow used in financing activities</b>	<b>(214.8)</b>	<b>(61.6)</b>
Discontinued operations	(1.0)	(1.5)
<b>Change in cash and cash equivalent</b>	<b>(29.5)</b>	<b>(34.5)</b>
Impact of exchange rate fluctuations	(2.4)	(7.0)
<b>Closing cash &amp; cash equivalents</b>	<b>205.4</b>	<b>177.9</b>
<b>Closing Net Cash</b>	<b>185.6</b>	<b>156.0</b>

- Tangible assets: -€53.7m
- Intangible assets: -€33.3m

## In summary

Specialty Care sales: +11.0%<sup>1</sup>, Sales outside European G5 up 15,0%

Major impacts from non recurring elements, mainly impairments & taspoglutide:  
-€40.1m overall on EBIT and -€39.1m after tax

Recurring adjusted<sup>2</sup> operating income improving by 26.8%

Recurring adjusted EPS<sup>3</sup> improving by 2.5% y-o-y

€253.9m generated by operating activities in 2010

Strong balance sheet : €156.0m positive net cash position at December 31, 2010

*NOTE 1 : at constant exchange rate*

*NOTE 2 : Defined as reported operating income before any impacts related to purchase price accounting in connection with the Group's acquisitions and before any potential non-recurring items.*

*NOTE 3 : Reported Diluted Earnings Per Share excluding (i) any non recurring impacts and (ii) the net impacts of the purchase price accounting related to the Group's acquisitions*



## Despite a tough environment, 2010 financial objectives were met

			2010 Performance
Specialist Care - Drug sales	Close to double digit growth	3% to 5% growth*	+11.0% ✓
Primary Care - Drug sales	(5)% to (7)% decrease*		(4.8%) ✓
Other Revenues	Close to €50 million***		€55 million ✓
Recurring Adjusted operating margin**	Approx. 15% growth*		+ 26.8% ✓
Recurring Adjusted EPS**	Relative stability vs. 2009		€1.64 (+2.5%) ✓

*The above sales objectives were set at constant currency  
2010 objectives excluded any potential non recurring items*

*\* Margins expressed in % of sales*

*\*\* Prior to (i) purchase accounting impacts related to its acquisitions in North America and (ii) non recurring elements*

*\*\*\* Excluding revenues from Inspiration Inc. on OBI-1 industrial development costs*



# Concluding remarks and 2011 Outlook

**Marc de Garidel**

**President and CEO**





## In 2011, Ipsen's specialty care should continue to drive performance

On the basis of currently available information...

... the Group's 2011 drug sales growth objectives are :

**Specialty Care**

**Drug Sales growth  
close to + 8.0% year-on-year**

**Primary Care**

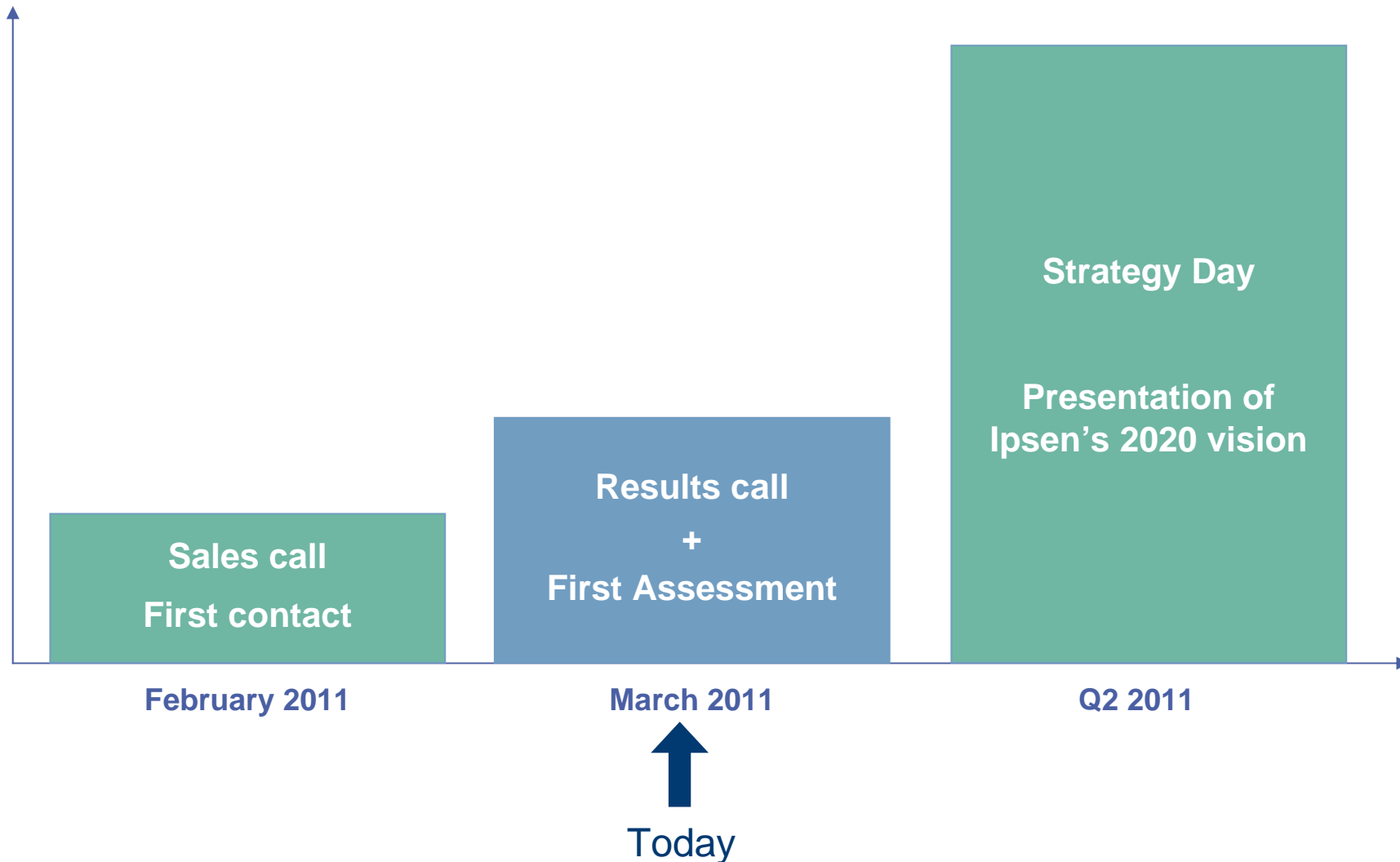
**Drug sales decrease  
of (8.0%) to (10.0%) year-on-year,  
pending evolution in France**

*The above objectives are set at constant currency and perimeter*





## More to come very soon...



Thank you.



Q&A.

