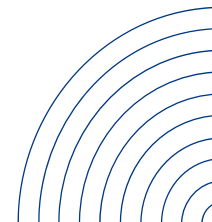




# Ipsen 2011 Financial Results Roadshow

*Full Year 2011 Results*



## Disclaimer

This presentation includes only summary information and does not purport to be comprehensive. Forward-looking statements, targets and estimates contained herein are for illustrative purposes only and are based on management's current views and assumptions. Such statements involve known and unknown risks and uncertainties that may cause actual results, performance or events to differ materially from those anticipated in the summary information. Actual results may depart significantly from these targets given the occurrence of certain risks and uncertainties, notably given that a new product can appear to be promising at a preparatory stage of development or after clinical trials but never be launched on the market or be launched on the market but fail to sell notably for regulatory or competitive reasons. The Group must deal with or may have to deal with competition from generic that may result in market share losses, which could affect its current level of growth in sales or profitability. The Company expressly disclaims any obligation or undertaking to update or revise any forward-looking statements, targets or estimates contained in this presentation to reflect any change in events, conditions, assumptions or circumstances on which any such statements are based unless so required by applicable law.

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# Overview of 2011 performance

## 2011 performance

Solid operational performance with drug sales up 5.7%<sup>(1)</sup> y-o-y and recurring adjusted<sup>(2)</sup> operating income, up 9.6% y-o-y

Significant impairment charges and one-off costs

Financial guidance met on a recurring adjusted basis

New strategic direction with first milestones achieved

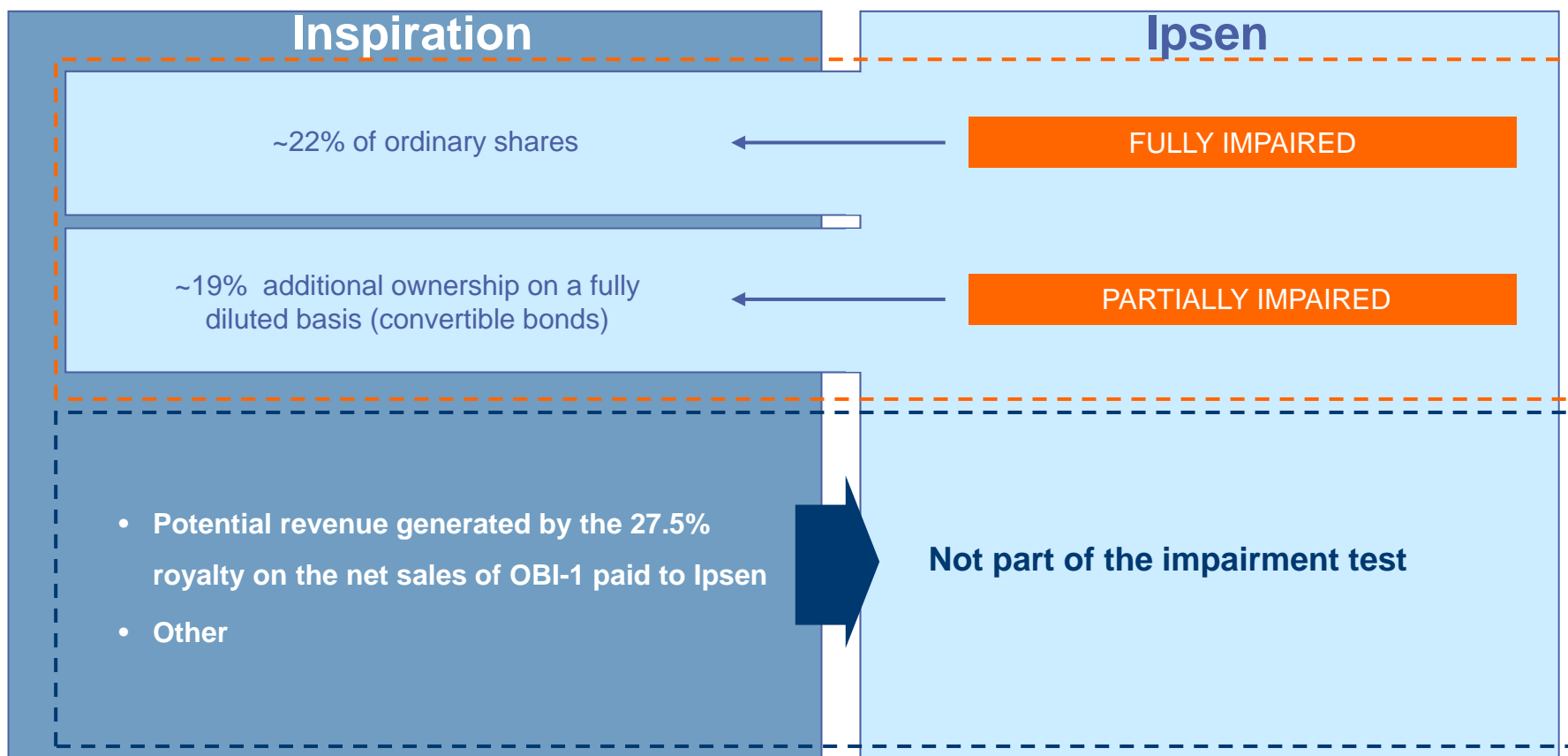
Strategy to reposition Ipsen on its core strengths while improving execution

## In June 2011, Ipsen announced and started to implement its new strategy



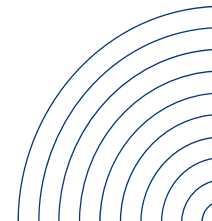
- Defined 2020 strategy
- Renewed Executive Committee
- Franchise based organization implemented
- R&D merged
- Uro-Oncology franchise reinforced
- IB1001 filed in Europe
- US platform reorganization initiated

## Inspiration's impairment rationale : IAS 39 does not reflect the economic value of the deal for Ipsen



**There would have been no impairment with a CGU view**

# 2012, an important year in Ipsen's transformation



## 2012, an important year in Ipsen's transformation to fulfill its 2020 ambition

**Partner primary care France as profitability deteriorates**

**Maintain high single digit specialty care growth and double digit emerging markets growth**

**Progress rich late stage pipeline**



**Relaunch US operations to increase profitability**

**Accompany Inspiration's success**



## A - Find a partner for primary care France as profitability deteriorates

Ipsen	Potential partner
Reach <b>critical mass</b> to be positioned among market leaders	
Maximize <b>brand equity</b> with <b>complementary product range</b>	
Leverage <b>dedicated sales force</b> on Rx and <b>OTx</b> segments	
Manage <b>mature product</b> life cycle	
<b>Share cost base</b>	
Create a platform that can <b>in-license products</b> , sign <b>partnerships...</b>	
<ul style="list-style-type: none"> <li>• Align company profile with strategy</li> <li>• Focus Management time and effort on Specialty care</li> <li>• Access OTC – OTX network and know how</li> </ul>	<ul style="list-style-type: none"> <li>• Increase share-of-voice</li> <li>• Reinforce product range</li> </ul>

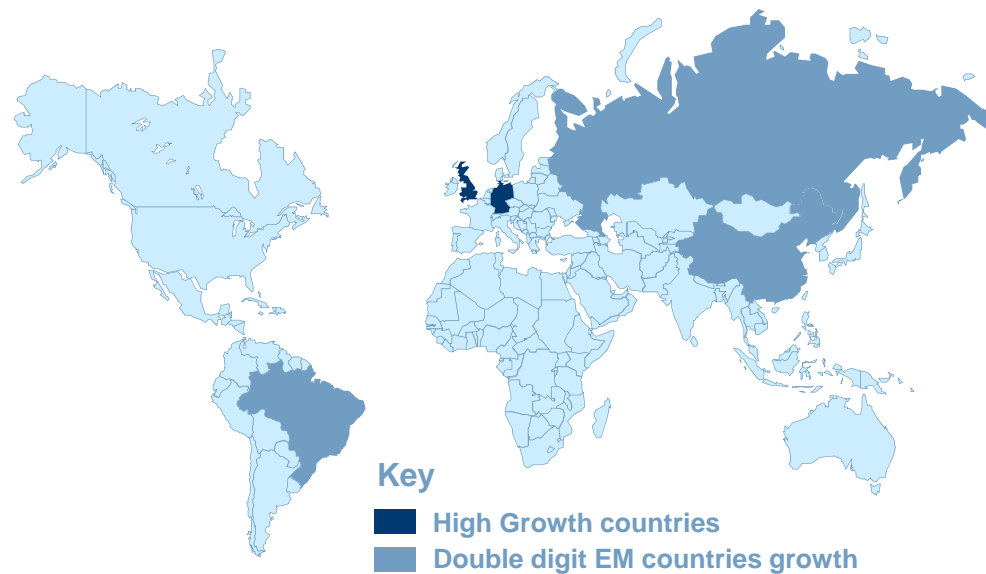
Organize Ipsen to better address the 2012 French primary care operating profit loss (approximately impacting Ipsen's recurring adjusted<sup>(1)</sup> operating margin by 300bp to 400bp)

## B - Maintain high single digit specialty care growth and double digit emerging markets growth

### Specialty Care Products

- **Somatuline®:**
  - Continued strong performance in Europe and the US
  - Strong and growing market share in South America
- **Dysport®:**
  - Growth in Europe, Russia and Brazil
  - US and Aesthetics Partnerships
- **Decapeptyl®:**
  - Continued performance in Germany and the UK
  - Strong growth in China
- **Hexvix®**
  - Leverage Ipsen's Uro-Oncologists reach in Europe

### Geographies



## C - Relaunch the US operations : two main objectives to increase profitability

### New Organization

- **New HQ to open in NJ in April 2012**
- **Implementation well under way :**
  - Full leadership team hired
  - 130 FTEs hired and active; 60 open positions
- **Business Unit focus**
  - Somatuline®
  - Dysport®

US organization: a corporate priority

### Dysport®

- **Sales force excellence:**
  - Major overhaul with renewal of 40% of sales force
- **Back to basics marketing**
- **Physician training**

Ensure Dysport® growth

## D - Accompany Inspiration's success

File IB1001 in the US in H1 2012

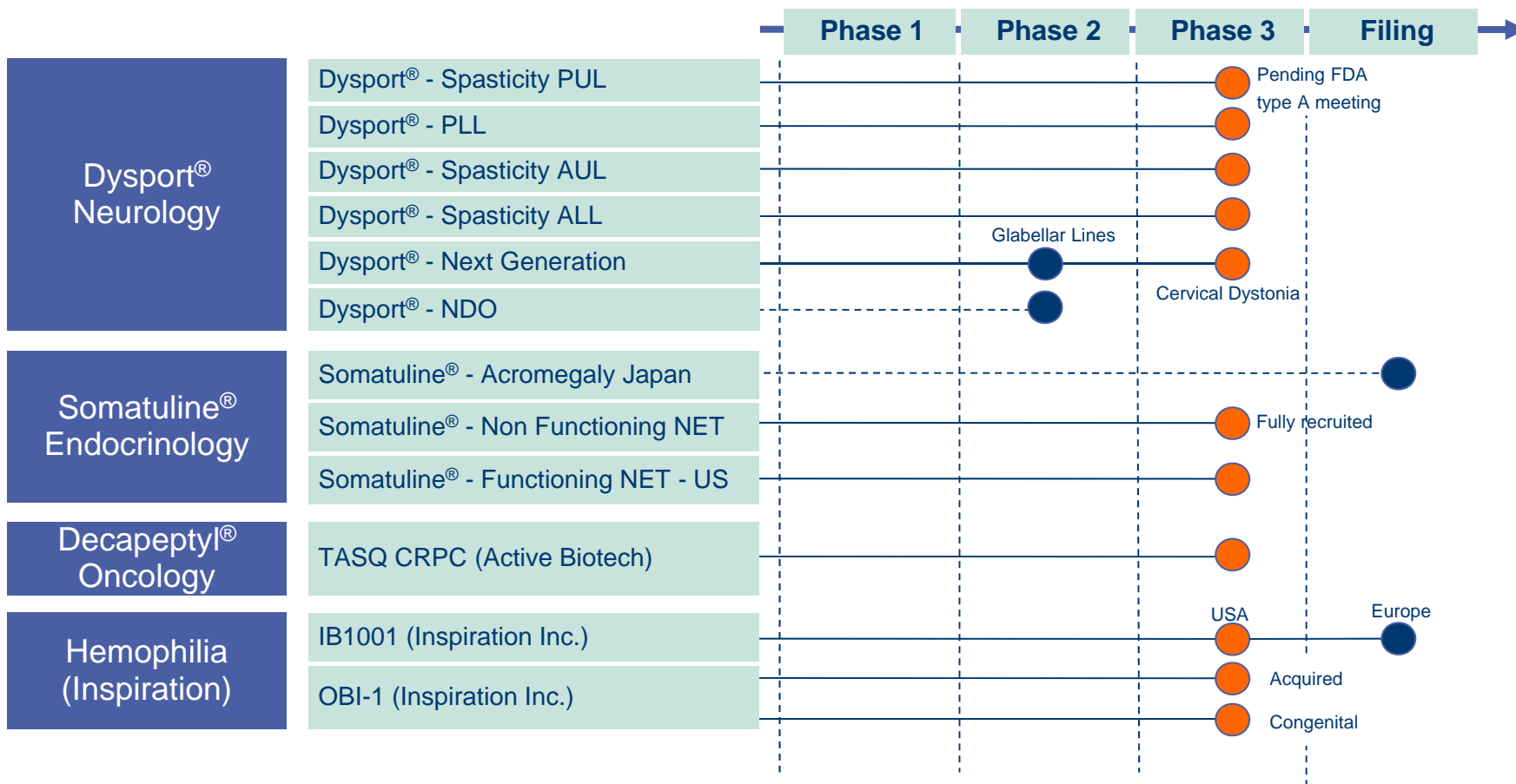
Get ready for IB1001's launch in Europe in early 2013

Progress both OBI-1 phase IIIs.

Address Inspiration's financing needs

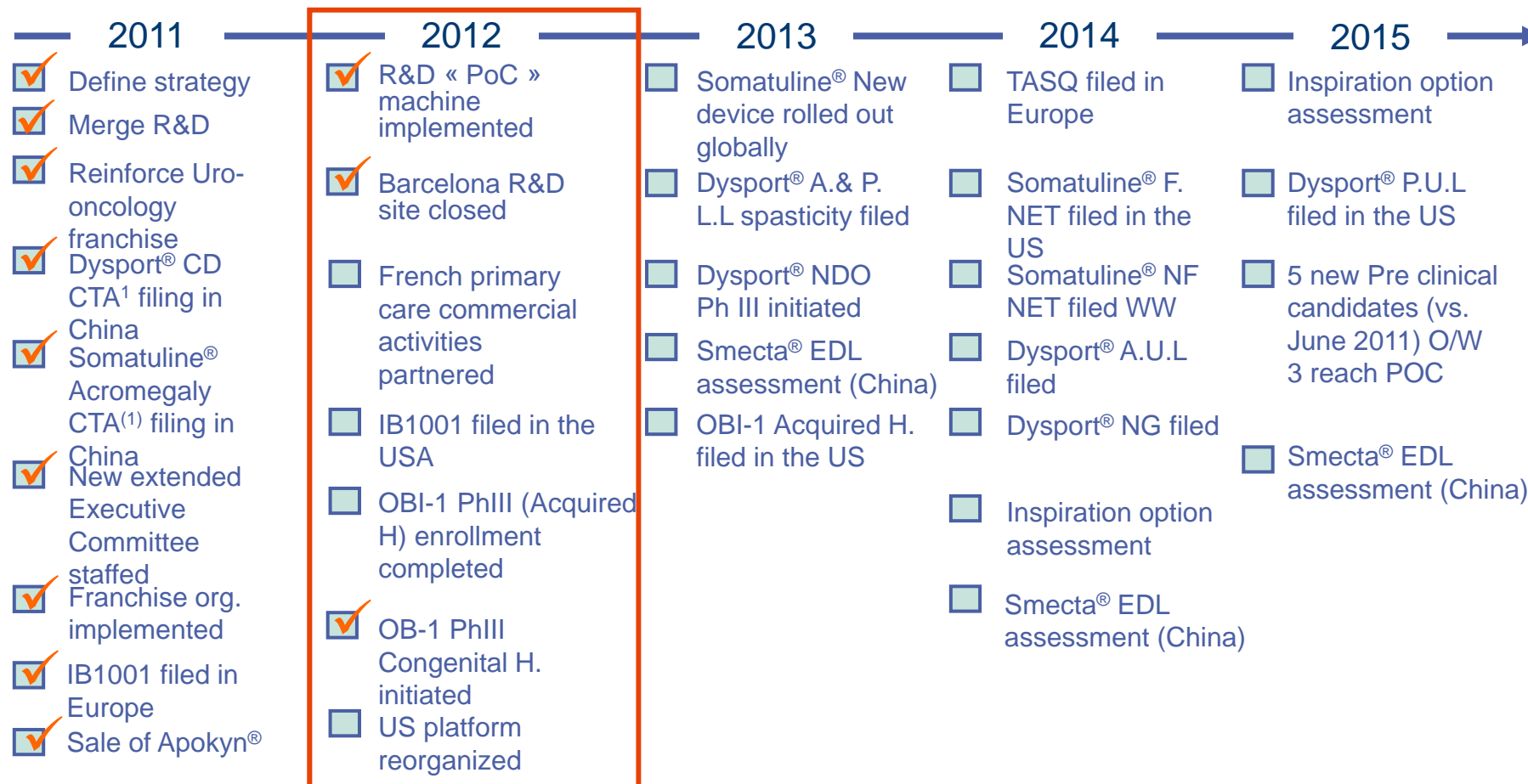
A win-win partnership

## E - Progress rich late stage pipeline



10 on-going phase IIIs, 4 for NMEs, 6 for life cycle management

## Transformation is progressing well, as planned



Transformation to continue in 2012



## 2012 Objectives

Specialty Care - Drug sales	Growth of +8.0% to +10.0%, year-on-year
Primary Care - Drug sales	Decrease of approximately 15.0%, year-on-year
Recurring Adjusted* operating margin	<p>approximately 15.0% of sales</p> <p><i>This objective includes declining profitability of primary care in France, in particular as a result of the delisting of Tanakan® (effective as of 1 March 2012) and enforced price cuts. The impact of this decline on the Group's 2012 recurring adjusted operating margin is estimated at approximately 300 to 400 basis points.</i></p>

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

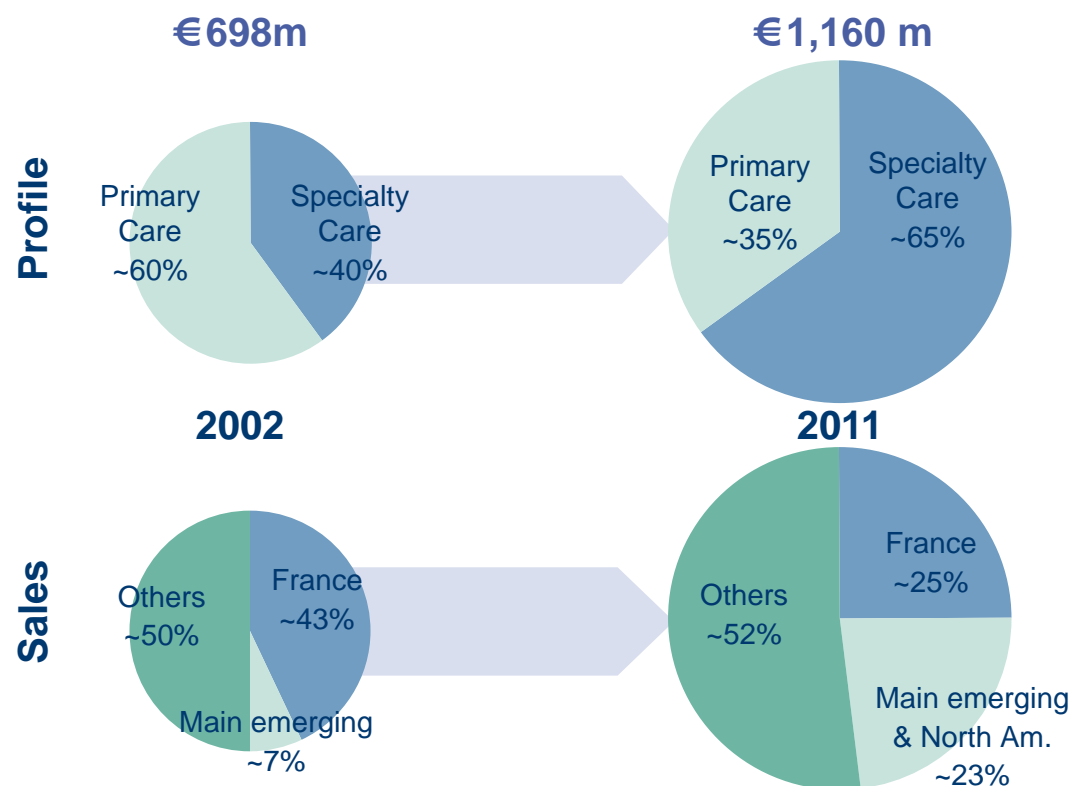
# Overview of Ipsen's strategy





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

## Evolution of Ipsen's sales profile...



Main emerging countries : China, Russia, Brazil

Note : French accounting standards for 2002 figures

## ...driven by Specialty care

<b>Endocrinology</b>
o/w <b>Somatuline®</b> 2002-2011 CAGR: <b>16.9%</b>
<b>Neurology</b>
o/w <b>Dysport®</b> 2002-2011 CAGR: <b>14.6%</b>
<b>Uro-Oncology</b>
o/w <b>Decapeptyl®</b> 2002-2011 CAGR: <b>5.7%</b>
<b>Primary care</b>
Primary care 2002-2011 CAGR: <b>-0.2%</b>

### Accelerating decrease of French Primary care:

- 2002 – 2010 CAGR: **-3.0%**
- 2006 – 2010 CAGR: **-7.6%**

## New strategy aims at leveraging Ipsen's core strengths to become a global leader in targeted debilitating diseases

Increase Focus

Invest to Grow

Leverage Footprint

A market-oriented franchise model...

...driving an R&D patient centric organization focused on core platforms, peptides and toxins.

More than double revenues<sup>1</sup>

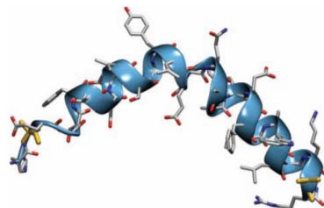
...and more than triple EBIT<sup>2</sup> by 2020

## R&D to focus on 2 differentiated technological platforms...

### Peptides

- Knowledge of hormonal pathways
- Extensive knowledge of peptide design and chemistry
- Expertise in peptide formulation

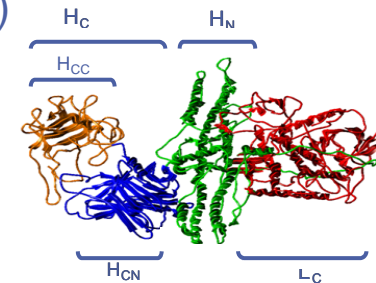
- ⇒ Enhance efficacy
- ⇒ Improve selectivity
- ⇒ Prolong duration of action
- ⇒ Target specific tissues, tumors
- ⇒ ...



### Toxins

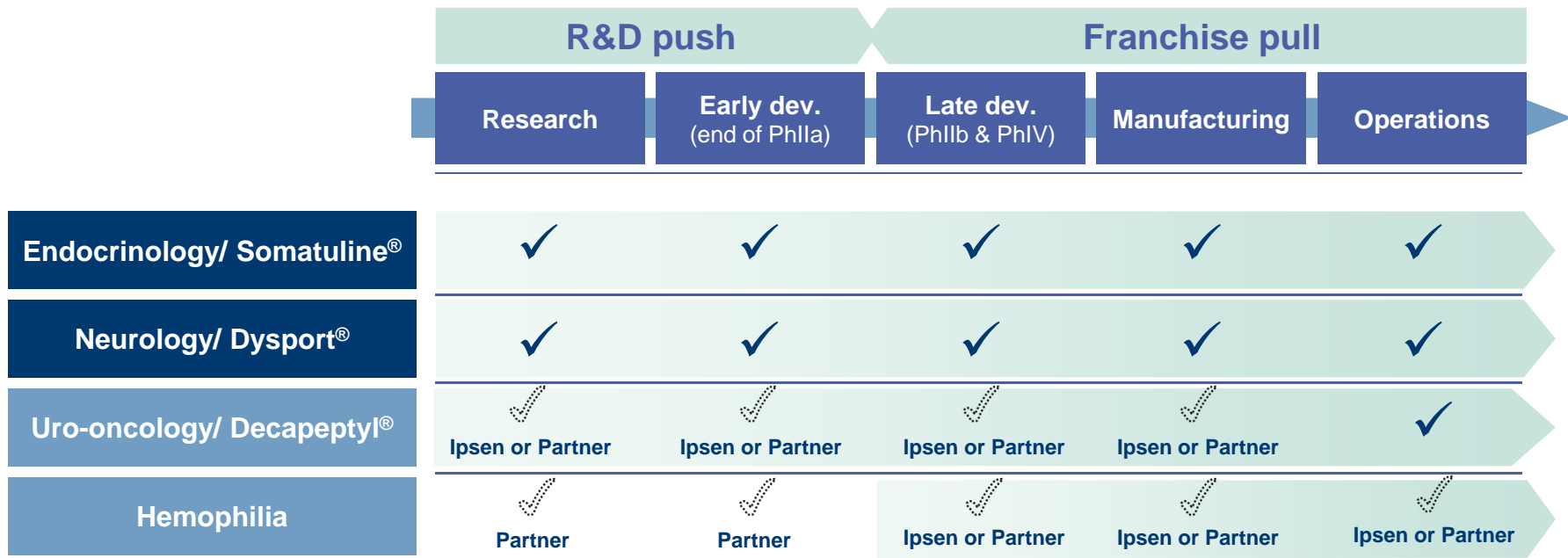
- Track record expertise in botulinum toxin with Dysport®
- Pharmacological, preclinical and clinical expertise in Botulinum Toxin
- Established network of Toxin experts

- ⇒ Develop the indication base
- ⇒ Design of novel targeted toxins
- ⇒ Design of toxins with different characteristics (onset of action, duration)



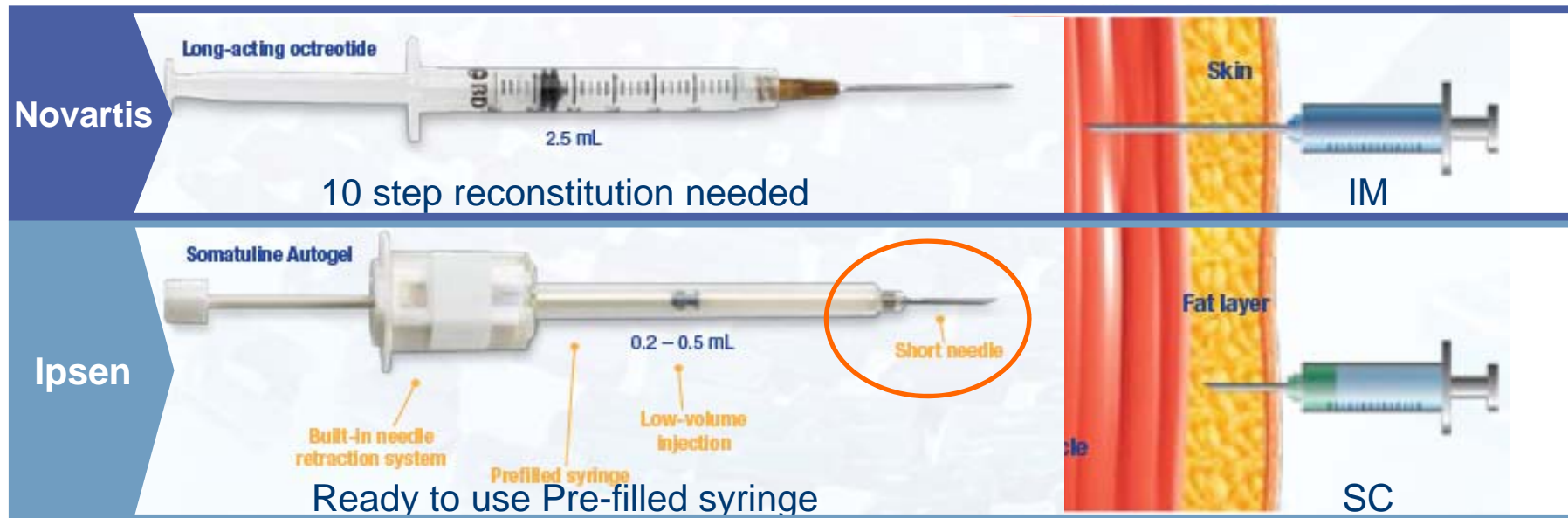


...supported by franchises focus along the whole value chain...



*Franchise focused on medical (narrative + clinical trials...) and marketing (TPP, global roll out strategy...)*

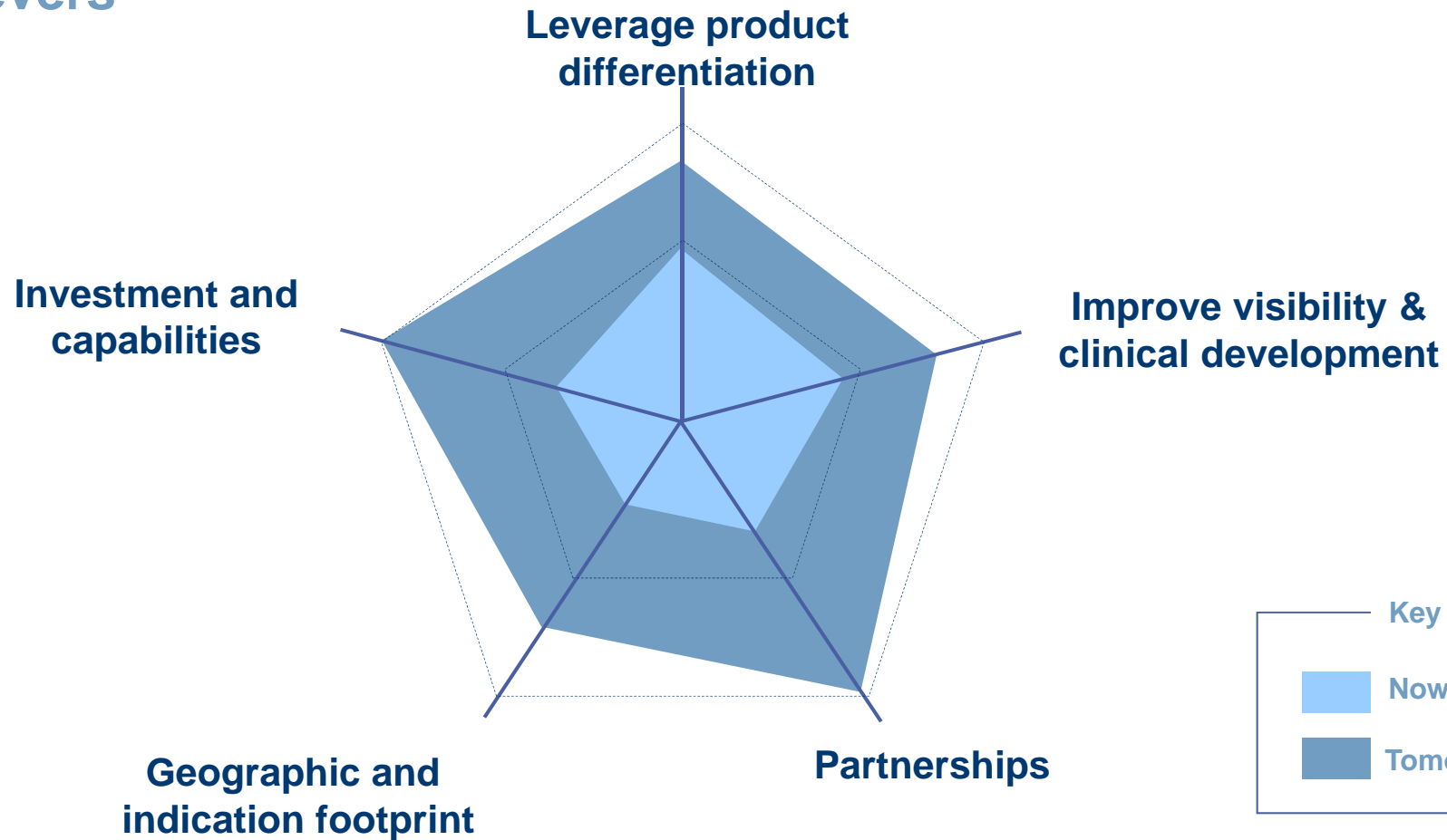
## Somatuline<sup>®</sup>, a differentiated device and formulation



- Ready to use, retractable needle for full dose release and safety
- Self administration\*
- Health economic benefit
- Extended dosing interval (US+ Europe) in Acromegaly



**Ambition : triple Somatuline<sup>®</sup> sales by 2020 across all key levers**



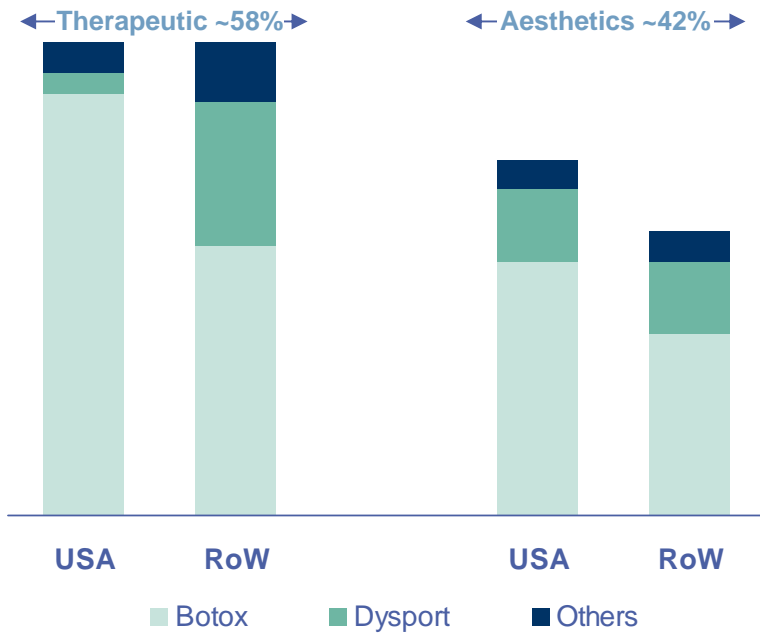
*NET and the US : two main growth drivers*



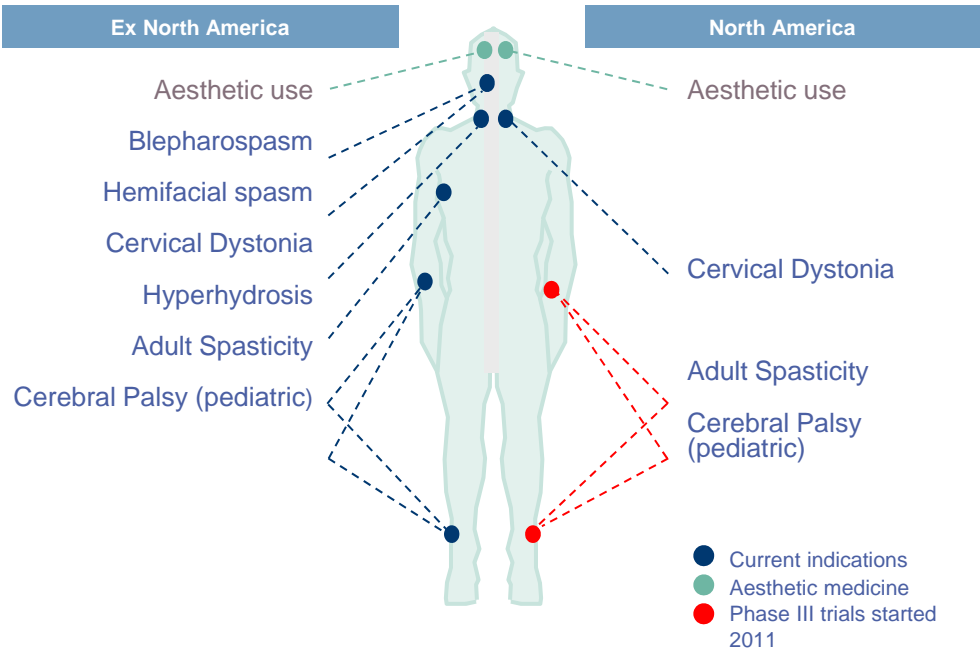
# Neurology/ Dysport®: a solid second player in the botulinum toxin market

**Toxin market: ~€1.35bn in 2010**

USA ~ 50% global BonTA market in 2010



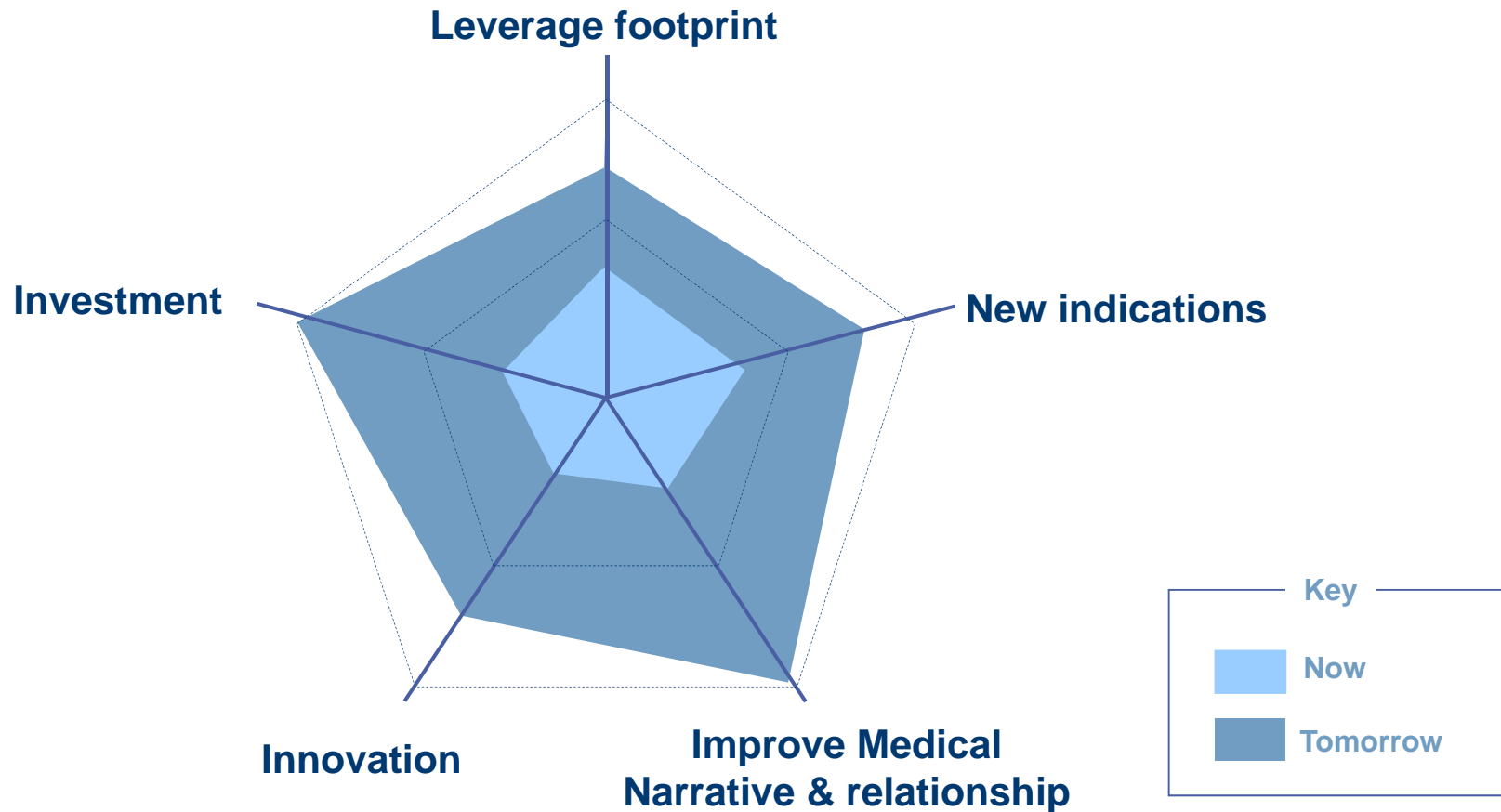
**Dysport® indications**



***Dysport®, market leader in selected geographies: Brazil, the UK, Russia***



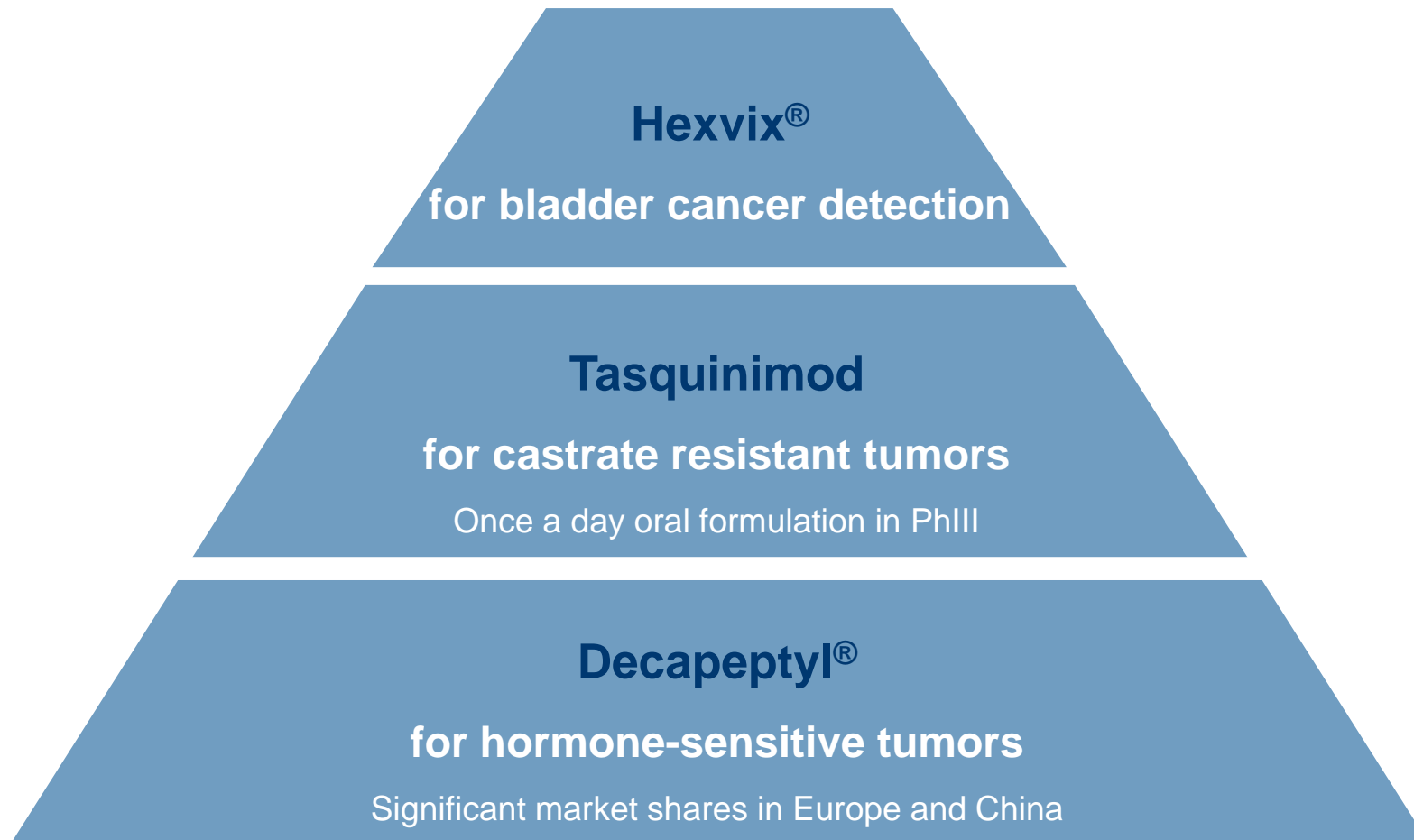
**Ambition : triple Dysport® sales by 2020 across all key levers**



*Spasticity and the US: two main growth drivers*

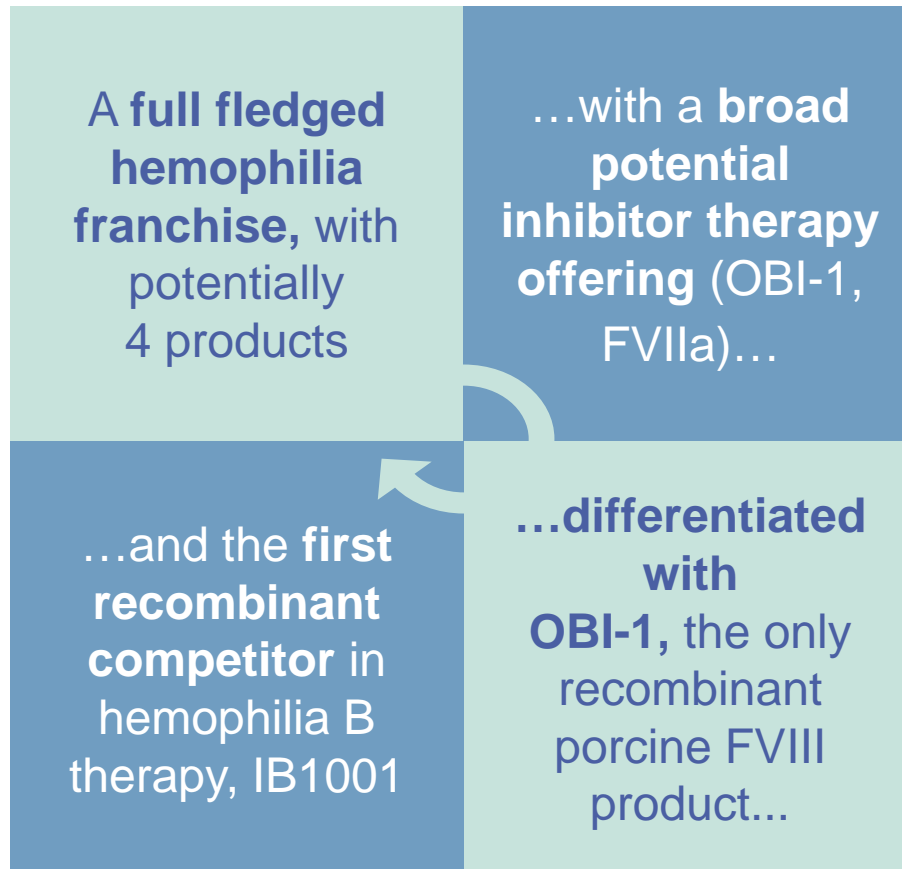


## Uro-oncology: a franchise with renewed growth opportunities





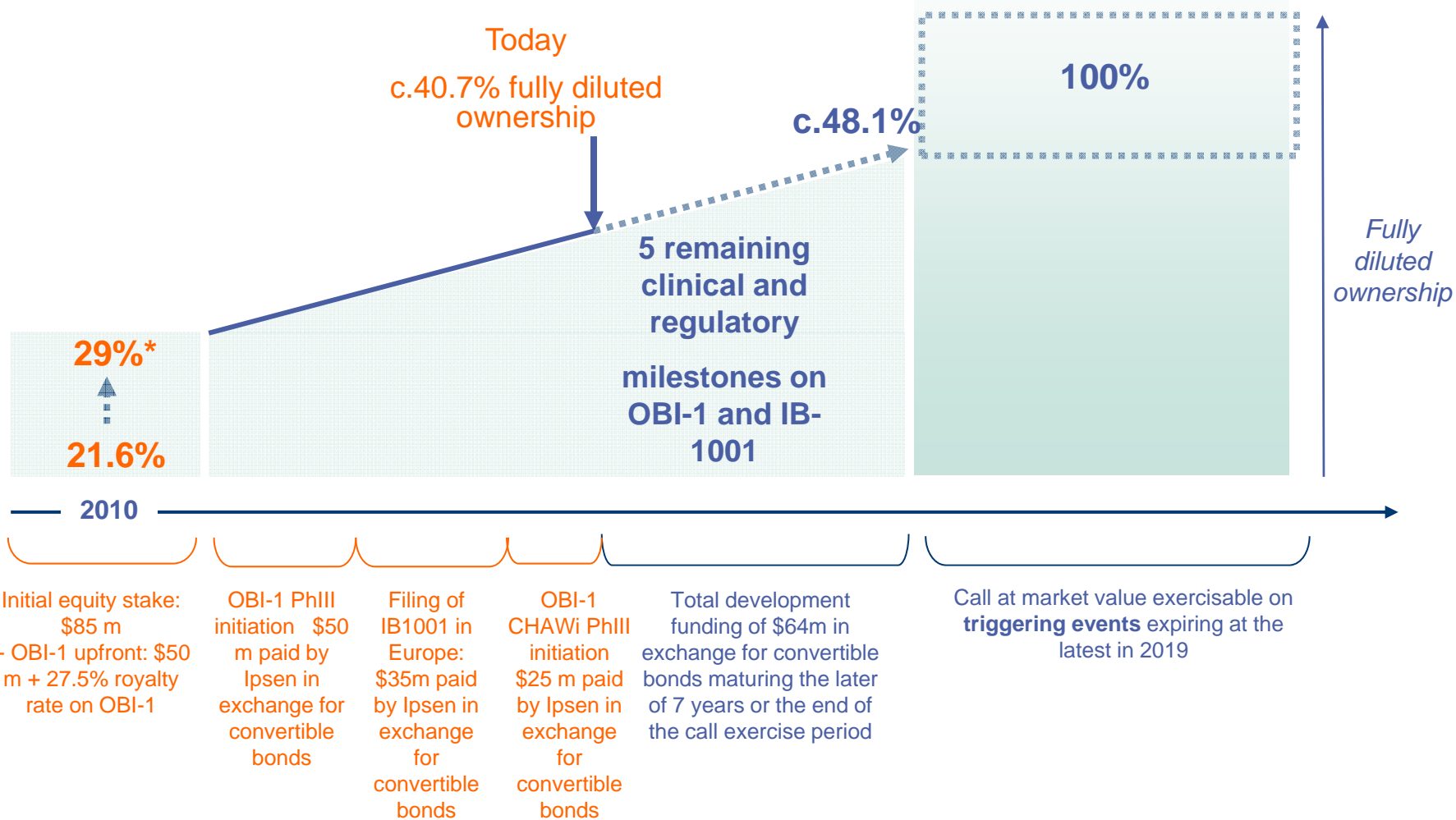
## Ipsen and Inspiration are aiming at all levels of the coagulation cascade for the treatment of hemophilia



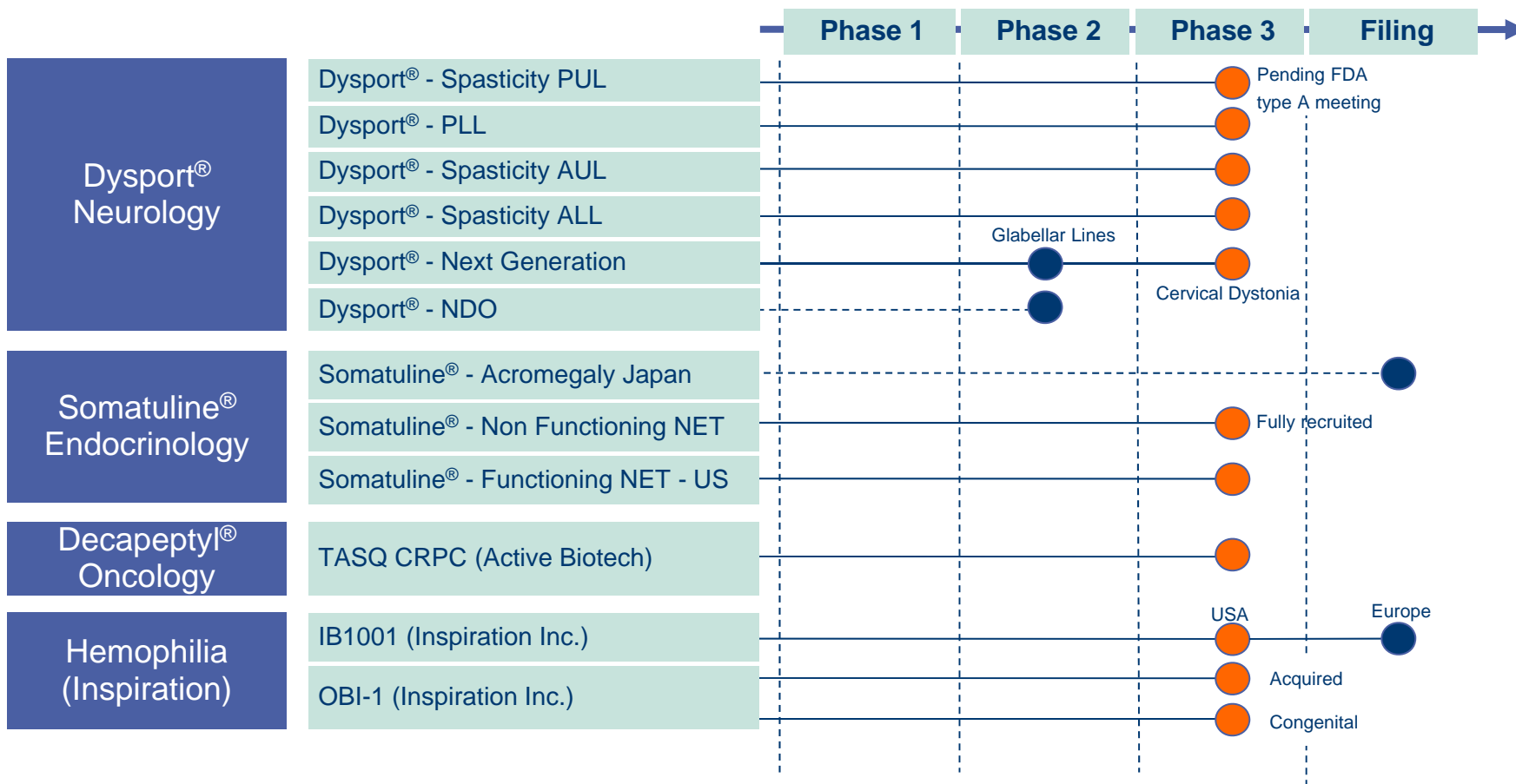
- ➔ An \$8bn market
- ➔ A high margin market
- ➔ 2 products in Ph III:
  - OBI-1: a highly innovative porcine recombinant Factor VIII (orphan drug)
  - IB1001: first rFIX biosimilar in an underserved, growing market



# Hemophilia: Ipsen now has 40.7% of fully diluted ownership of Inspiration



## E - Progress rich late stage pipeline

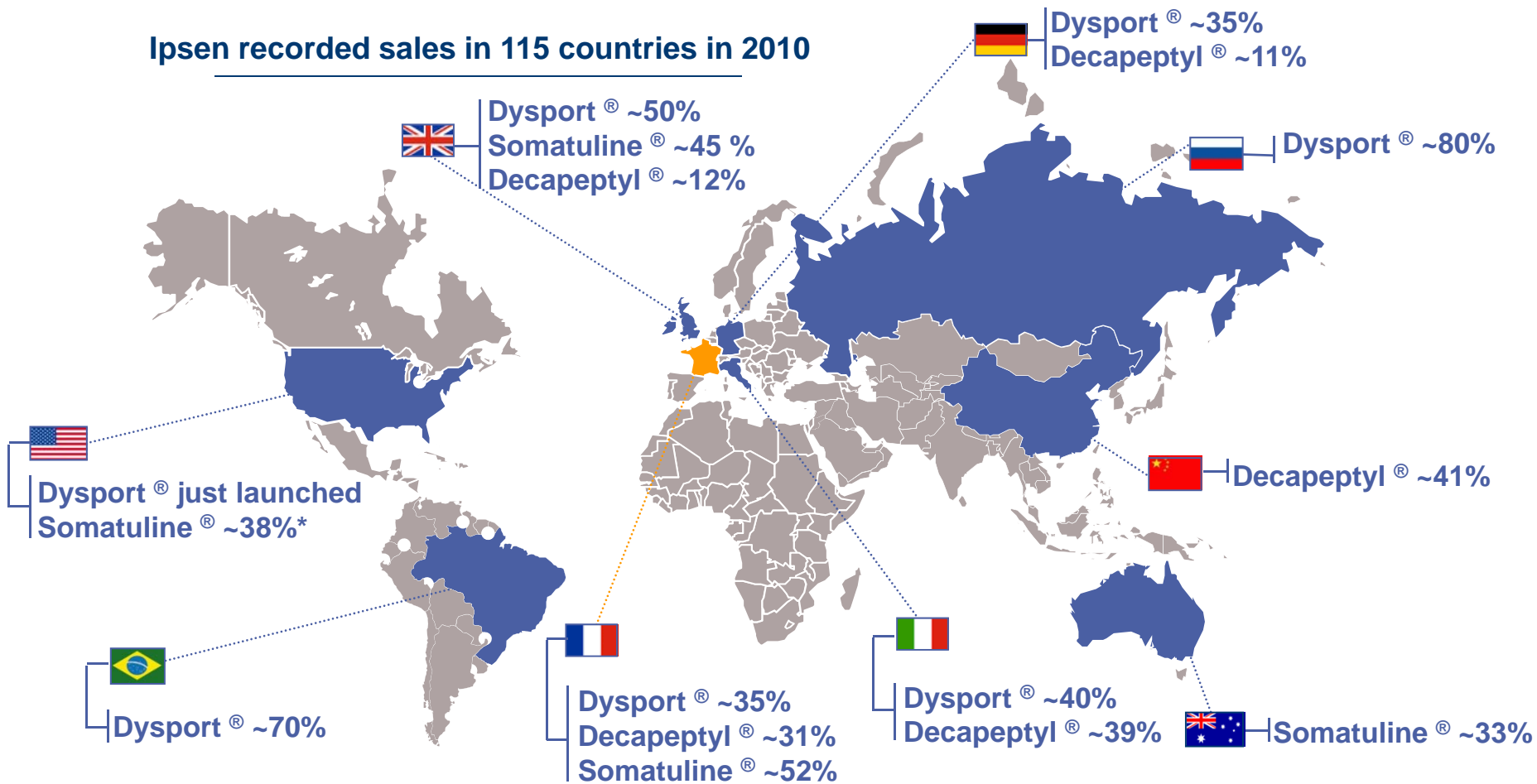


10 on-going phase IIIs, 4 for NMEs, 6 for life cycle management



# Ipsen enjoys a strong geographical reach

Ipsen recorded sales in 115 countries in 2010



Rounded Market shares at Q3/2011

Market shares are for (i) Dysport® in medical indications only, in value expressed in local currency (ii) Decapeptyl in units (iii) Somatuline in units.

\*Market of the Somatostatin analogs (SSA) in acromegaly only

Sources: IMS, Insight Health/ODV, Gers, company-reported sales to date, Ipsen estimates based on internal studies

# Full-year 2011 financial performance



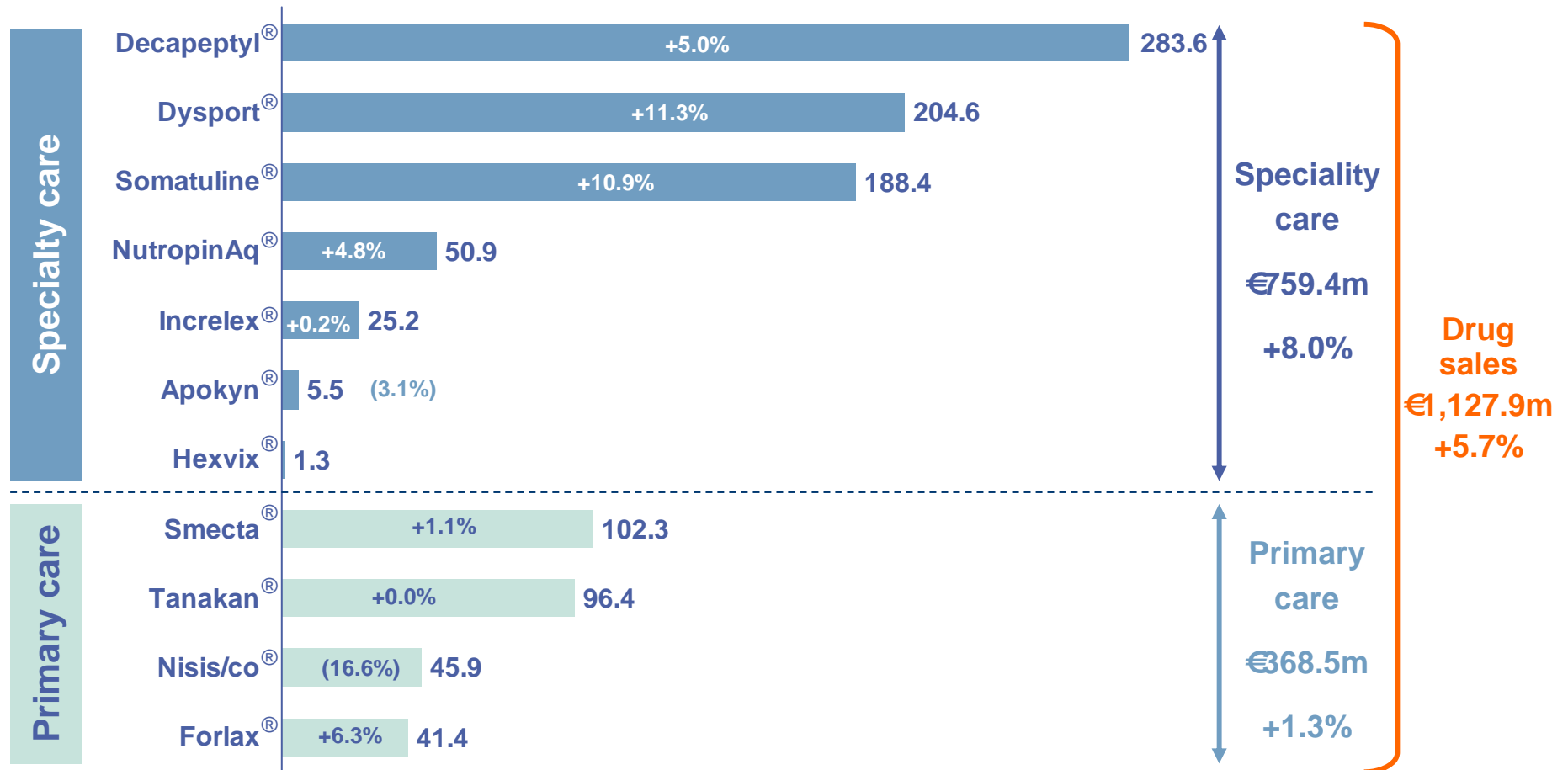
## Summary of 2011 P&L and evolution

<i>In million euros</i>	2010	2011	Growth (%)
Sales	1,100.2	1,159.8	+5.4%
Total Revenues	1,170.3	1,234.9	+5.5%
Operating Income	128.8	75.8	(41.2)%
Recurring adjusted operating income <sup>(1)</sup>	183.2	200.7	+9.6%
Consolidated Net Profit <i>(attributable to Ipsen shareholders)</i>	95.3	0.4	-
Fully diluted EPS	€1.13	€0.01	-
Fully diluted recurring adjusted* EPS	€1.64	€1.68	+2.4%



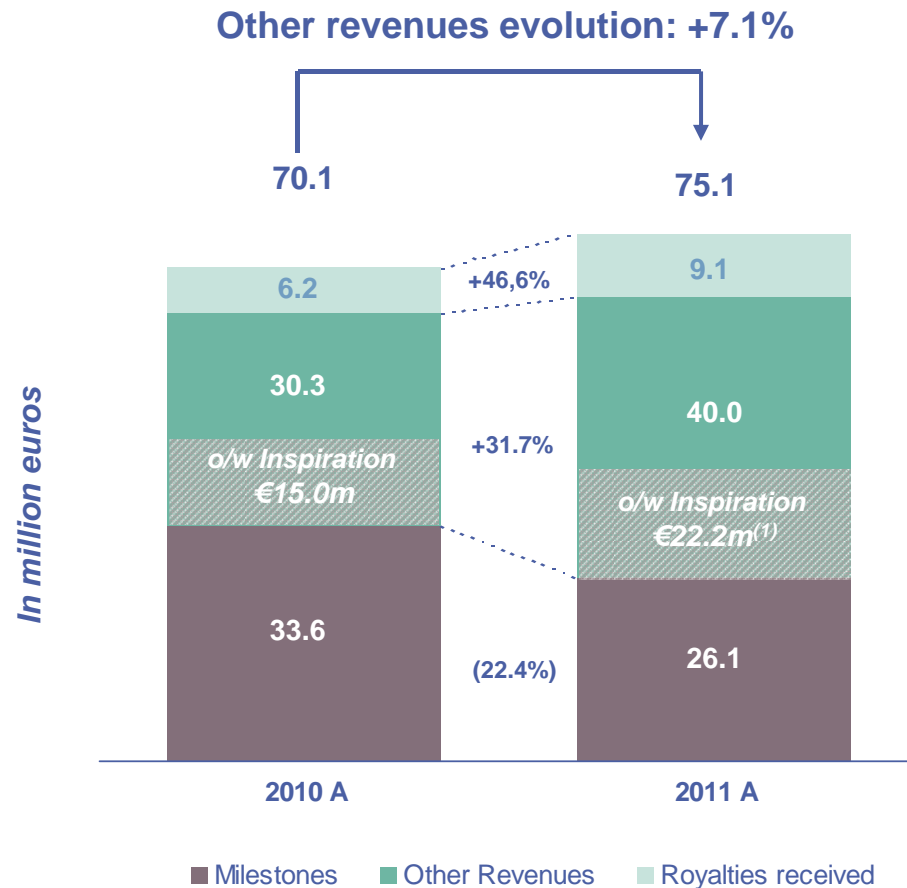
## FY 2011 Sales : Specialty products account for 66% of total sales

in million euros





## Other revenues evolution



- **Royalties Received**

Up 46,6% y-o-y, driven by the increase in royalties paid by Medicis, Galderma and Menarini

- **Other revenues**

Revenues from Inspiration Inc. for OBI-1 development costs (€22.2m)<sup>(1)</sup> and from co-promotion agreements in France

- **Milestones**

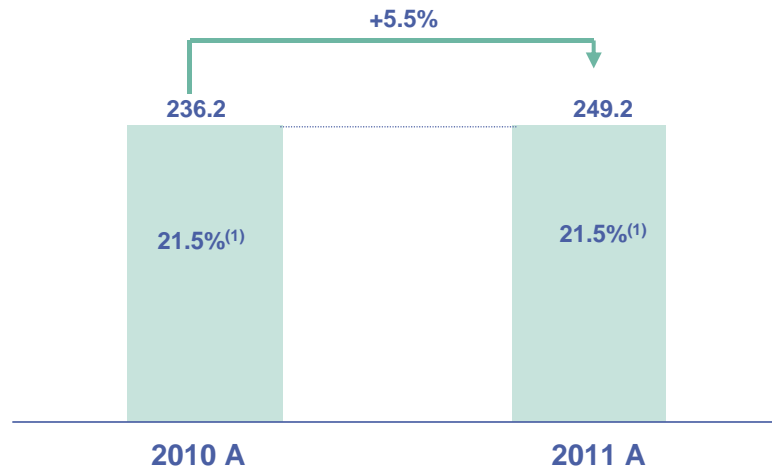
Progressive recognition of milestones already cashed-in from Medicis, Galderma, Recordati, Inspiration

2010, unfavourable baseline, marked by the end of the taspoglutide deferred revenue recognition

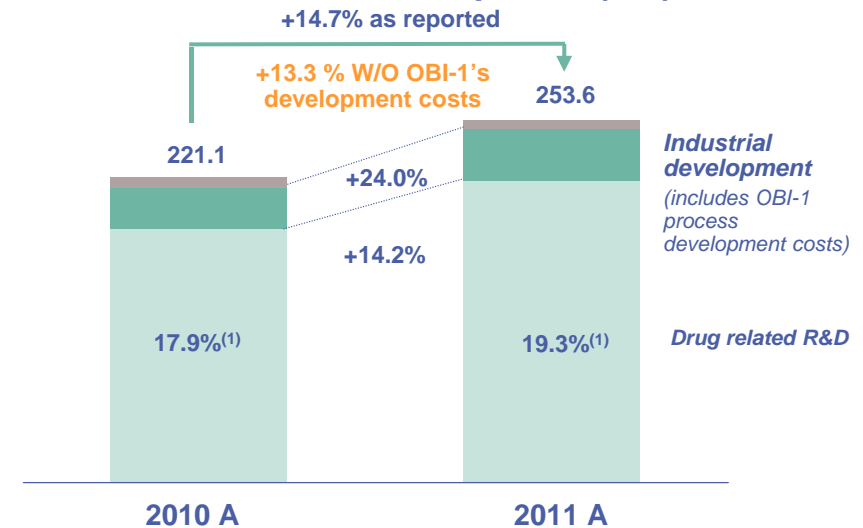


## Evolution of main P&L items: above operating result

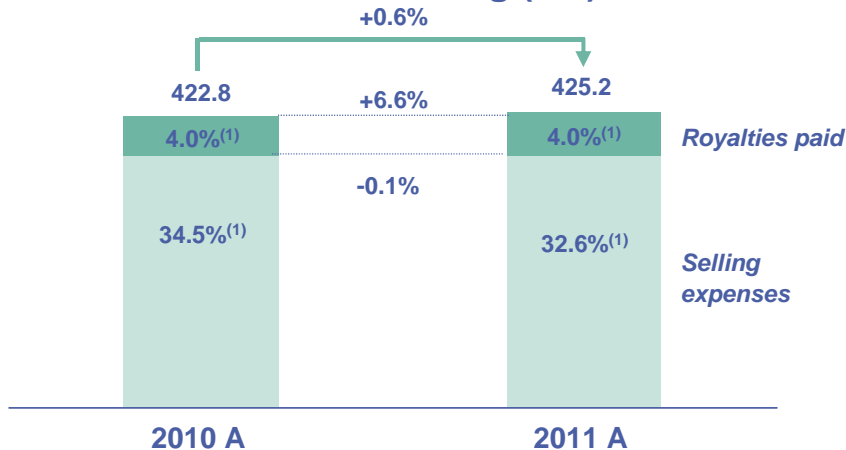
**COGS (% of sales)**



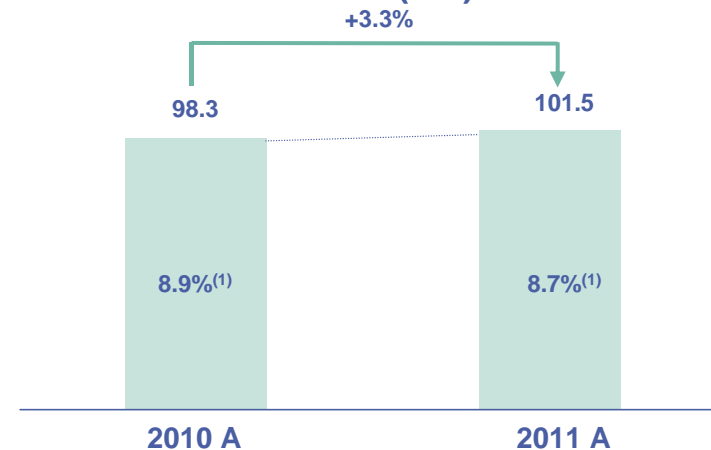
**Research & Development (€m)**



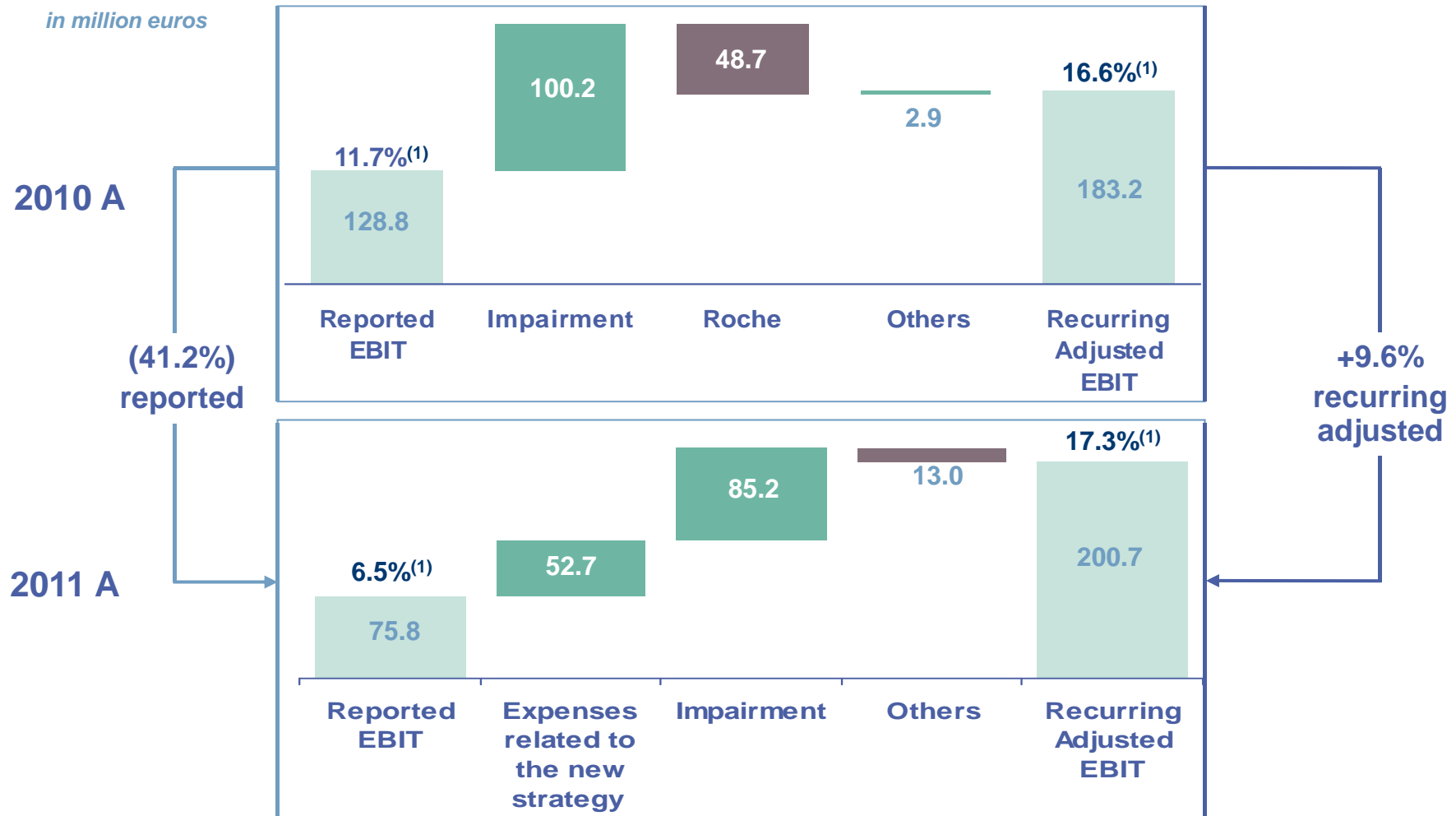
**Sales & Marketing (€m)**



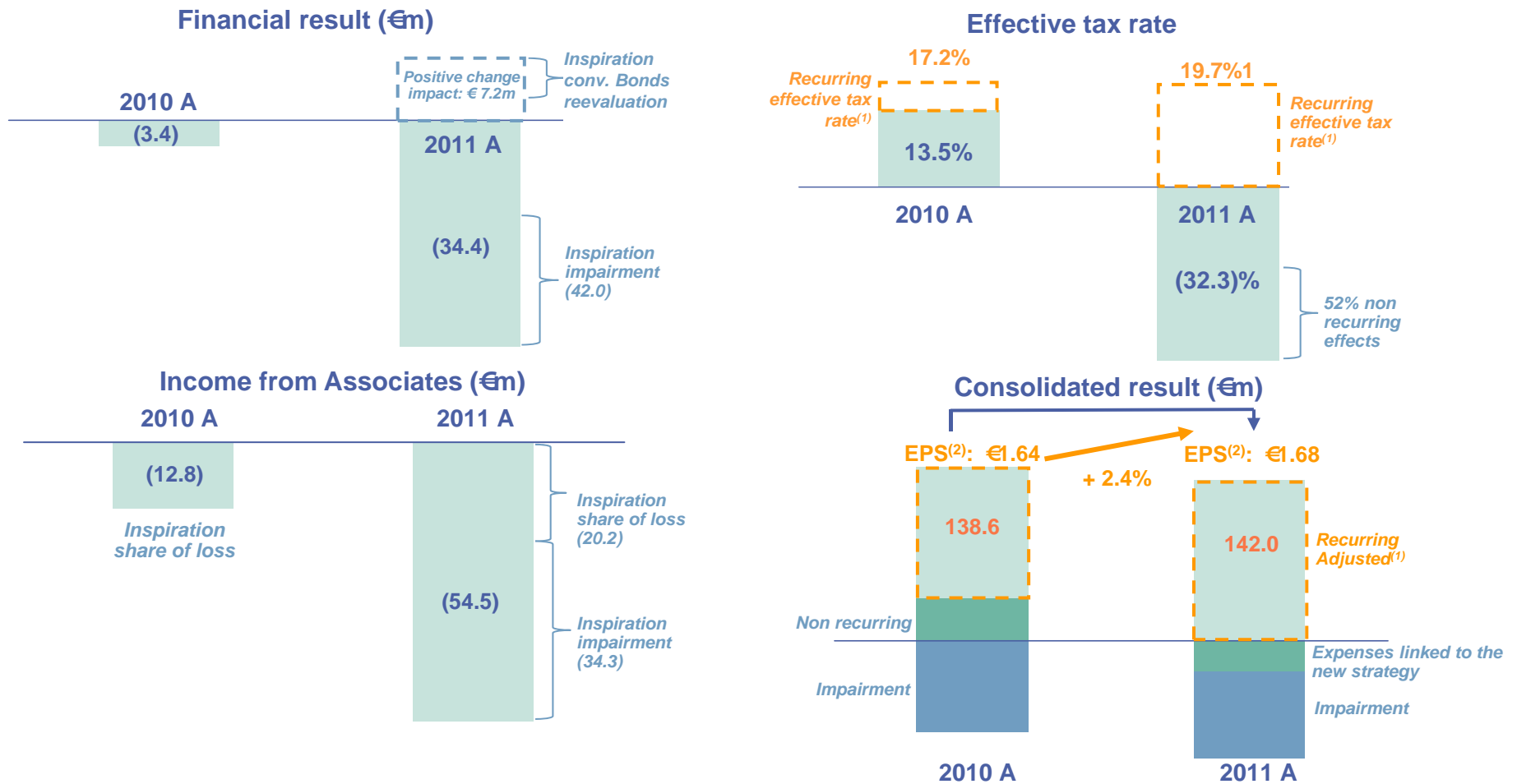
**G&A (€m)**



## Recurring adjusted Operating Income has improved by 9.6%



## Below EBIT evolution



**Proposed dividend of €0.8 per share, stable y-o-y**

## In 2011, published figures were impacted by significant impairment losses and costs related to new strategy

(in million euros)	2011 Actual		Inspiration	Increlex®	Others	Restructuring US & Barcelona	Fees & others	Others	2011 Actual Recurring adjusted	
	Value	% Sales							Value	% Sales
<b>Net Sales</b>	<b>1 159,8</b>	<b>100,0%</b>							<b>1 159,8</b>	<b>100,0%</b>
Other revenues	75,1	6,5%							75,1	6,5%
<b>Total Revenues</b>	<b>1 234,9</b>	<b>106,5%</b>							<b>1 234,9</b>	<b>106,5%</b>
<b>Cost of goods Sold</b>	<b>-249,2</b>	<b>-21,5%</b>							<b>-249,2</b>	<b>-21,5%</b>
R&D	-253,6	-21,9%							-253,6	-21,9%
SMM	-425,2	-36,7%							-425,2	-36,7%
G&A	-101,5	-8,7%							-101,5	-8,7%
Amortization of intangible assets (except software)	-7,8	-0,7%						3,1 *	-4,7	-0,4%
Other operating income and expenses	-0,1	0,0%					16,1	-16,0 **	0,0	0,0%
Impairment losses	-85,2	-7,3%		47,3	37,9 ***				0,0	0,0%
Restructuring costs	-36,5	-3,1%				36,5			0,0	0,0%
<b>Operating income</b>	<b>75,8</b>	<b>6,5%</b>		<b>47,3</b>	<b>37,9</b>	<b>36,5</b>	<b>16,1</b>	<b>-13,0</b>	<b>200,7</b>	<b>17,3%</b>
<b>Financial Result</b>	<b>-34,4</b>	<b>-3,0%</b>	<b>42,0</b>						<b>7,6</b>	<b>0,7%</b>
Income taxes	13,3	1,1%	-15,1	-18,9	-13,3	-11,8	-5,5	4,6	-46,8	-4,0%
Share of loss from associates	-54,5	-4,7%	34,3						-20,2	-1,7%
Income from discontinued operations	0,7	0,1%							0,7	0,1%
<b>Consolidated net profit</b>	<b>0,9</b>	<b>0,1%</b>	<b>61,1</b>	<b>28,4</b>	<b>24,5</b>	<b>24,7</b>	<b>10,6</b>	<b>-8,3</b>	<b>142,0</b>	<b>12,2%</b>
<b>Fully diluted EPS</b>	<b>0,01</b>								<b>1,68</b>	

	Total impairment losses	New strategy costs
Before tax	€161.5m <sup>(1)</sup>	€52.6m
After tax	€114.1m	€35.3m

\* PPA

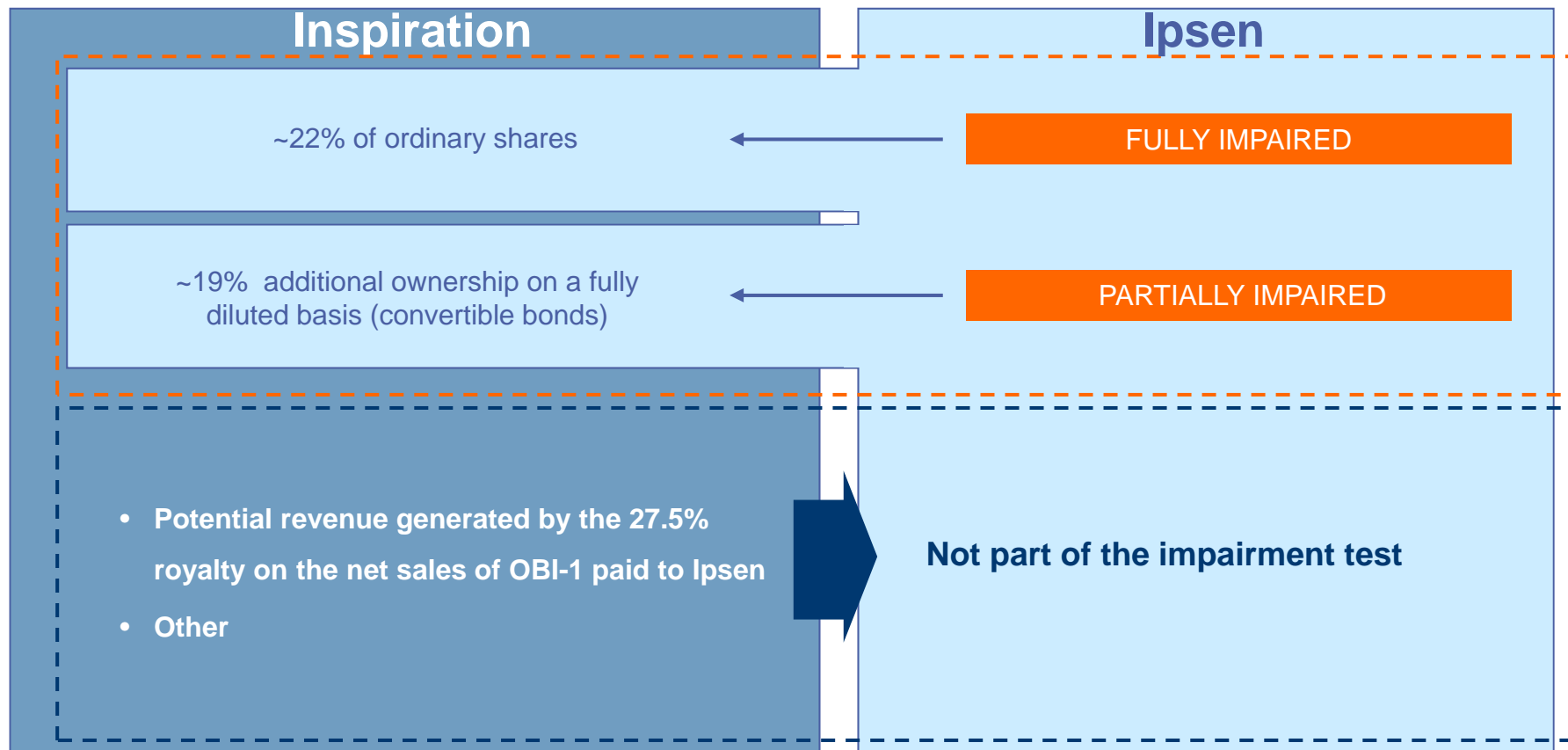
\*\* includes Apokyn® and Vitalogink®

\*\*\* includes fipamezole®, Dreux industrial site and Nisis NisisCo®

<sup>(1)</sup> Impairment charge on Inspiration shares is net of tax



## IAS 39 only deals with financial instruments i.e. does not reflect the economic value of the deal for Ipsen



**There would have been no impairment with a CGU view**

## Total Inspiration impairment: €76.3m before tax

Impairment recorded in distinct P&L lines	What?	Figure
Other financial expense	Impairment depreciation on convertible bonds	€42.0m
Share of loss from associates	Impairment depreciation on equity share <sup>(1)</sup> + depreciation on PPA	€34.3m
		<b>€76.3m</b>
	Tax impact	€(15.1)m
	Net impairment charge	<b>€61.1m</b>

## Balance sheet evolution

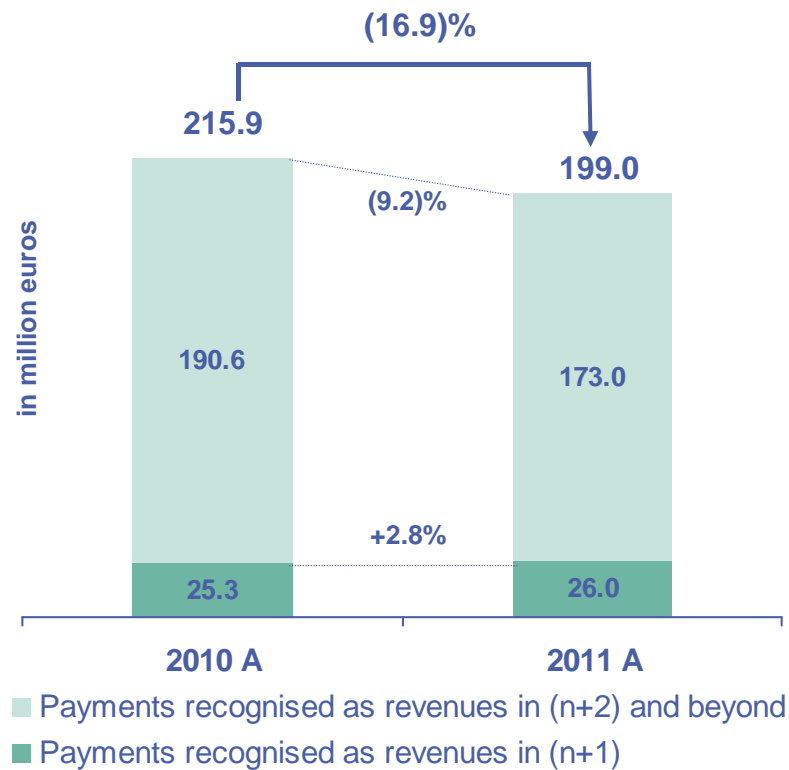
in million euros

	Assets			Liabilities	
	2010 A	2011 A		2010 A	2011 A
<b>Goodwill</b>	299.1	299.5	<b>Equity</b>	1 077.2	1 012.8
<b>Investment in associated companies</b> (incl. Goodwill Inspiration Inc.)	57.9	0.0	<b>Minority interests</b>	2.0	2.6
<b>Property, Plans &amp; equipments</b>	282.3	271.7	<b>Total Equity</b>	1 079.2	1 015.4
<b>Intangible assets</b>	166.5	135.6	<b>Long-term financial debts</b>	15.3	16.6
<b>Other non-current assets</b>	232.6	293.8	<b>Other non-current liabilities</b>	250.6	231.0
<b>Total non-current assets</b>	1 038.4	1 000.6	<b>Other current liabilities</b>	324.7	341.9
<b>Total current assets</b>	639.8	632.8	<b>Short-term debts</b>	7.7	28.5
<i>Incl. Cash and cash equivalent</i>	178.1	145.0	<b>Liabilities / discontinued operations</b>	0.7	0.0
<b>Discontinued operations</b>	-	-	<b>Total Liabilities</b>	1 678.2	1 633.4
<b>Total assets</b>	1 678.2	1 633.4			
<b>Net Cash</b>	177.9	144.8			
<b>Closing Net Cash <sup>(1)</sup></b>	156.0	122.3			

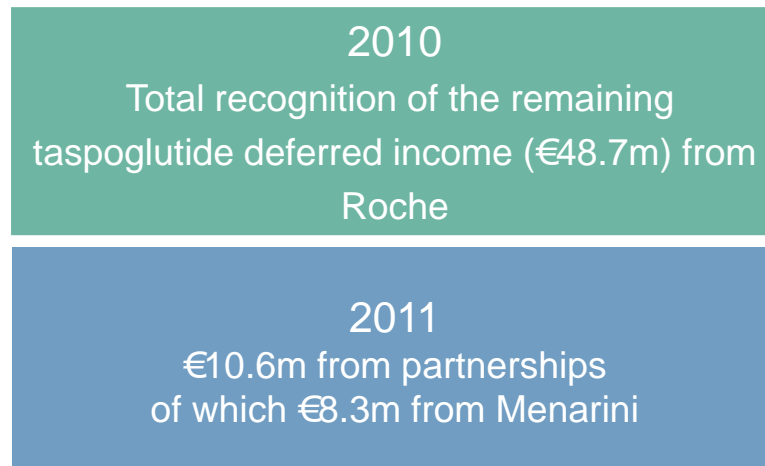


## Partnership related deferred revenues

### Total Milestones cashed-in and not yet recognized as revenues



### Main evolutions over the period



## Cash flow statement

*in million euros*

	2010 A	2011 A
<b>Cash Flow before change in working capital</b>	<b>248.5</b>	<b>207.1</b>
Deferred revenues from partnerships (Inspiration license)	35.5	-.
(Increase)/ Decrease in working capital	(30.1)	(31.6)
<b>Net cash flow generated by operating activities</b>	<b>253.9</b>	<b>175.4</b>
Investment in Tangible and Intangible assets	(86.6)	(95.2)
Investment in Inspiration	(57.7)	-.
Subscription in Inspiration's bonds	(73.2)	(45.3)
Others	(7.8)	(2.6)
<b>Net cash flow used in investing activities</b>	<b>(225.3)</b>	<b>(143.2)</b>
Net change in borrowings	(0.3)	(0.3)
Dividends paid	(62.3)	(66.5)
Others	1.0	1.6
<b>Net cash flow used in financing activities</b>	<b>(61.6)</b>	<b>(65.2)</b>
Discontinued operations	(1.5)	-
<b>Change in cash and cash equivalent</b>	<b>(34.5)</b>	<b>(32.9)</b>
Impact of exchange rate fluctuations	7.0	(0.2)
<b>Closing cash &amp; cash equivalents</b>	<b>177.9</b>	<b>144.8</b>
<b>Closing Net Cash</b>	<b>156.0</b>	<b>122.3</b>

- Tangible assets : - €46.9m
- Intangible assets: - €48.4m  
(o/w TASQ: €25m and Hexvix: €22.5m)

## In summary

Specialty Care sales: +8.0%<sup>(1)</sup>, resilient primary care sales in 2011

Strong international drug sales, up 9.9% in 2011

Major impacts from non recurring elements, mainly impairments & one-off costs:  
-€124.9m overall on EBIT

Good operational performance with a recurring adjusted<sup>(2)</sup> operating income up by 9.6% yoy

Recurring adjusted EPS<sup>(2)</sup> improving by 2.4% y-o-y

€175.4m generated by operating activities in 2011

Strong balance sheet : €122.3m positive net cash position at December 31, 2011

*(1) at constant exchange rate*

*(2) Prior to i) Impairment charges and ii) non-recurring expenses particularly linked to the strategy announced on 9 June 2011*