*Press release*

# Ipsen's first nine months of 2011 sales

- **First nine months Drug sales up 2.9% at constant currency**

  - Relative to a strong baseline, marked by a significant stocking effect in 2010, first nine months Drug sales up 4.0%
  - Solid growth of all Specialty care products: +5.9% at constant currency or +7.3% excluding stocking effect

- **Third quarter Drug sales down 2.3% or up 1.3% excluding 2010 stocking effect**

- **2011 guidance reiterated**

- **Execution of strategy on track: Franchise-based organization implementation initiated**

**Paris (France), 27 October 2011 -** Ipsen (Euronext: IPN, ADR: IPSEY) reported today its sales for the third quarter and the first nine months of 2011.

**Third quarter and first nine months 2011 consolidated sales[1]**

| | Third Quarter | | | First nine months | | | |
|---|---|---|---|---|---|---|---|
| *(in million euros)* | *2011* | *2010* | *% Variation* | *2011* | *2010* | *% Variation* | *% Variation at constant currency* |
| **SALES BY REGION** | | | | | | | |
| Major Western European countries | 132.0 | 128.3 | *2.9%* | 405.7 | 411.7 | *(1.5%)* | *(1.3%)* |
| Other European countries | 66.8 | 75.0 | *(10.9%)* | 211.2 | 203.8 | *3.6%* | *2.5%* |
| North America | 14.2 | 16.4 | *(13.4%)* | 47.3 | 43.9 | *7.7%* | *14.4%* |
| Rest of the world | 67.9 | 68.5 | *(1.0%)* | *199.8* | *182.7* | *9.3%* | *9.0%* |
| **Group Sales** | **280.9** | **288.2** | ***(2.5%)*** | **864.0** | **842.1** | ***2.6%*** | ***2.6%*** |
| **SALES BY THERAPEUTIC AREA** | | | | | | | |
| Specialty care | 184.9 | 183.2 | *0.9%* | 565.9 | 535.4 | *5.7%* | *5.9%* |
| Primary care | 88.5 | 96.7 | *(8.4%)* | 274.2 | 282.3 | *(2.9%)* | *(2.7%)* |
| **Total Drug Sales** | **273.4** | **279.9** | ***(2.3%)*** | **840.0** | **817.7** | ***2.7%*** | ***2.9%*** |
| Drug-related sales[2] | 7.5 | 8.3 | *(9.6%)* | 24.0 | 24.4 | *(1.8%)* | *(7.5%)* |
| **Group Sales** | **280.9** | **288.2** | ***(2.5%)*** | **864.0** | **842.1** | ***2.6%*** | ***2.6%*** |

Commenting on the Group's performance, **Marc de Garidel**, **Chairman and Chief Executive Officer of Ipsen** said: *"Over the first 9 months of this year, Ipsen has designed and started to implement its new strategy for the next decade, based on increased focus and investment on its core technological platforms, franchises and growth geographies. Since the announcement of this roadmap on June 9, all milestones have been successfully achieved in due time. In particular, we have expanded our uro-oncology franchise with a marketed product, Hexvix®; set up a sales platform with our partner Inspiration Biopharmaceuticals ahead of the commercial launch in Europe of IB1001, recently filed in Europe, and are now in the process of implementing our new franchise-based organization. On the French Primary care front, we have ongoing discussions with potential commercial partners and with potential acquirers for the plant in Dreux. Furthermore, in line with our announcement on June 9, both 2011 and 2012 will be transition years impacted notably by non recurring elements. We remain*

*[1] Unaudited consolidated sales in compliance with IFRS*
*[2] Drug related sales correspond to sales of active substances and raw materials*

*confident the company is on track to fulfill its growth ambitions and we, therefore, confirm our 2011 financial objectives."*

**Highlights of the third quarter and first nine months 2011 sales**

**For the third quarter 2011,** drug sales decreased by 2.3% year-on-year, **negatively impacted by a strong third quarter 2010 when the Group supplied anticipated orders from its distributors in Russia ahead of the implementation of a new law on packaging of imported drugs. In 2010, the Group estimated this non recurring impact at c.€10 million.** Over the third quarter 2011, specialty care sales grew 0.9% year-on-year while primary care sales were down 8.4% year-on-year. **Excluding the 2010 stocking effect in Russia described above, Drug sales were up 1.3% year-on-year, specialty care sales were up 4.9% year-on-year while primary care sales were down 5.4% year-on-year.** Over the quarter, the neurology franchise was the most penalized by the stocking effect described above with Dysport® sales down 14.2%, further affected by the variability of the quarter-to-quarter supply of the product to Medicis and Galderma. The uro-oncology franchise was up 7.4% in the third quarter while the Endocrinology franchise continued to grow with Somatuline® up 10.3% year-on-year.

**For the first nine months 2011, consolidated Group sales reached €864.0 million, up 2.6% year-on-year**. **Excluding the stocking effect in Russia in 2010, consolidated Group sales were up 3.9% year-on-year**.

**Drug sales** over the first nine months 2011 grew by 2.7% year-on-year or 2.9% excluding foreign exchange impacts, fuelled by the strong performance of the endocrinology franchise driven mainly by Somatuline®, up 12.6% year-on-year or up 12.8% excluding foreign exchange impacts. Drug sales were also fuelled by the neurology franchise, up 6.1% year-on-year or 5.9% excluding foreign exchange impacts, despite a third quarter negatively impacted by the elements detailed above. Over the first nine months 2011, the uro-oncology franchise was up 1.6% year-on-year or up 1.7% excluding foreign exchange impacts, fuelled by a solid third quarter 2011 in France, Germany and the UK partially offset by a destocking effect resulting from a change in distribution model in China at the beginning of 2011.

**Specialty Care** sales reached €565.9 million, up 5.7% year-on-year or up 5.9% excluding foreign exchange impacts, representing 65.5% of the Group's consolidated sales, against 63.6% a year earlier. **Excluding the stocking effect in Russia in 2010, Specialty care sales were up 7.3% year-on-year**. **Primary care** sales reached €274.2 million, down 2.9% or 2.7% excluding foreign exchange impacts, representing 31.7% of the Group's consolidated sales, against 33.5% a year earlier. **Excluding the stocking effect in Russia in 2010, Primary care sales were down 1.6% year-on-year**.

Sales in **Major Western European countries** amounted to €405.7 million, down 1.5% year-on-year or down 1.3% excluding foreign exchange impacts.

Sales generated in the **Other European countries** reached €211.2 million for the first nine months 2011, up 3.6% year-on-year or up 2.5% excluding foreign exchange impacts, penalized by the strong stocking effect in Russia in 2010 detailed above. **Excluding this stocking effect, sales in the region were up 7.8% year-on-year**. Performance was fuelled by volume growth, notably in Switzerland where the Group sells Azzalure® to its partner Galderma, and in Czech Republic and Ukraine.

Sales generated in **North America** reached €47.3 million, up 7.7% year-on-year or up 14.4% excluding foreign exchange impacts, affected by the quarter-to-quarter variability of the supply of Dysport® to Medicis. Ipsen commercialized products were driven by the continuous penetration of Somatuline® in acromegaly (strong 29.3% year-on-year growth in the US excluding foreign exchange impacts) and Dysport® in cervical dystonia.

Sales generated in the **Rest of the World** over the first nine months reached €199.8 million, up 9.3% year-on-year or up 9.0% excluding foreign exchange impacts. Over the quarter, this region was negatively impacted by the timing of supplies to Algeria (import procedures) and by a destocking effect in China for Decapeptyl®. The performance was notably driven by strong volume growth in Brazil, Australia, Colombia and China.

**Implementation of the Franchise-based organization**

On 13 October 2011, Ipsen received the required opinion from French works councils and is now proceeding with the implementation of the Franchise-based organization.

**2011 financial objectives**

Based on information currently available and given its solid performance in the first nine months of 2011, the Group believes it should be able to deliver on**:**

– **Specialty Care** drug sales growth close to 8.0% year-on-year
– **Primary Care** drug sales decrease of 3.0% to 5.0% year-on-year
– **A recurring adjusted**[1] **operating income** in the upper range of 190 million euros to 200 million euros.

The above objectives are set excluding foreign exchange impacts.

### About Ipsen

Ipsen is a global specialty-driven pharmaceutical company with total sales exceeding €1.1 billion in 2010. Ipsen's ambition is to become a leader in specialty healthcare solutions for targeted debilitating diseases. Its development strategy is supported by four franchises: neurology / Dysport®, endocrinology / Somatuline®, uro-oncology / Decapeptyl® and hemophilia. Moreover, the Group has an active policy of partnerships. R&D is focused on innovative and differentiated technological patient-driven platforms, peptides and toxins. In 2010, R&D expenditure totaled more than €220 million, above 20% of Group sales. The Group has total worldwide staff of close to 4,500 employees. Ipsen's shares are traded on segment A of Euronext Paris (stock code: IPN, ISIN code: FR0010259150) and eligible to the "Service de Règlement Différé" ("SRD"). The Group is part of the SBF 120 index. Ipsen has implemented a Sponsored Level I American Depositary Receipt (ADR) program, which trade on the over-the-counter market in the United States under the symbol IPSEY. For more information on Ipsen, visit www.ipsen.com.

### Forward Looking Statement

The forward-looking statements, objectives and targets contained herein are based on the Group's management strategy, 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 herein. All of the above risks could affect the Group's future ability to achieve its financial targets, which were set assuming reasonable macroeconomic conditions based on the information available today.
Moreover, the targets described in this document were prepared without taking into account external growth assumptions and potential future acquisitions, which may alter these parameters. These objectives are based on data and assumptions regarded as reasonable by the Group. These targets depend on conditions or facts likely to happen in the future, and not exclusively on historical data. Actual results may depart significantly from these targets given the occurrence of certain risks and uncertainties, notably the fact that a promising product in early development phase or clinical trial may

[1] *"Recurring adjusted": before non-recurring expenses particularly linked with the preparation and the implementation of the strategy announced on 9 June 2011.*

end up never being launched on the market or reaching its commercial targets, notably for regulatory or competition reasons. The Group must face or might face competition from Generics that might translate into loose of market shares.
Furthermore, the Research and Development process involves several stages each of which involve the substantial risk that the Group may fail to achieve its objectives and be forced to abandon its efforts with regards to a product in which it has invested significant sums. Therefore, the Group cannot be certain that favourable results obtained during pre-clinical trials will be confirmed subsequently during clinical trials, or that the results of clinical trials will be sufficient to demonstrate the safe and effective nature of the product concerned. The Group also depends on third parties to develop and market some of its products which could potentially generate substantial royalties; these partners could behave in such ways which could cause damage to the Group's activities and financial results. The Group expressly disclaims any obligation or undertaking to update or revise any forward looking statements, targets or estimates contained in this press release to reflect any change in events, conditions, assumptions or circumstances on which any such statements are based, unless so required by applicable law.
The Group's business is subject to the risk factors outlined in its registration documents filed with the French Autorité des Marchés Financiers.

**For further information :**


**Media**
**Didier Véron**
Director, Public Affairs and Corporate Communications
Tel.: +33 (0)1 58 33 51 16
Fax: +33 (0)1 58 33 50 58
E-mail: didier.veron@ipsen.com

**Financial Community**
**Pierre Kemula**
Investor Relations Officer
Tel.: +33 (0)1 58 33 60 08
Fax: +33 (0)1 58 33 50 63
E-mail: pierre.kemula@ipsen.com

**Stéphane Durant des Aulnois**
Investor Relations Manager
Tel.: +33 (0)1 58 33 60 09
Fax: +33 (0)1 58 33 50 63
E-mail: stephane.durant.des.aulnois@ipsen.com

# APPENDICES

## Risk factors

The Group operates in an environment which is undergoing rapid change and exposes its operations to a number of risks, some of which are outside its control. The risks and uncertainties set out below are not exhaustive and the reader is advised to refer to the Group's 2010 Registration Document available on its website (www.ipsen.com).

- The Group is dependent on the setting of prices for medicines and is vulnerable to the possible reduction of prices of certain of its products by public or private payers or to their possible withdrawal from the list of reimbursable products by the relevant regulatory authorities in the countries where it does business. In general terms, the Group is faced with uncertainty in relation to the prices set for all its products, in so far as medication prices have come under severe pressure over the last few years as a result of various factors, including the tendency for governments and private payers to reduce prices or reimbursement rates for certain drugs marketed by the Group in the countries in which it operates, or even to remove those drugs from lists of reimbursable drugs. For example, the reimbursement rate of Ginkor Fort® in France was lowered from 35% to 15%. The product was finally withdrawn from the list of reimbursable drugs on 1 January 2008. At the same time, Ipsen sold its Ginkor Fort® marketing licences for France, Monaco and Andorra to the GTF Group with effect from 1 January 2008. Ginkor Fort® generated sales of €9.6 million in France in 2010, while in France in 2007, Ginkor Fort® generated €34.1 million. The reimbursement rate for drugs with a low or insufficient therapeutic value *(Service Médical Rendu Faible ou Insuffisant)*, including Tanakan® was lowered to 15% on 1 April 2010. Additionally, on January 15th 2011, the French Health Minister announced a set of new rules on drugs with an insufficient therapeutic value *(Service Médical Rendu Insuffisant)* that include Tanakan®: "In the absence of specific notice from the Health Minister, the social security will no longer reimburse this class of drugs";
- The Group depends on third parties to develop and market some of its products which generate or may generate substantial royalties for the Group, but these third parties could behave in ways which cause damage to the Group's business. The Group cannot be certain that its partners will fulfill their obligations. It might be unable to obtain any benefit from those agreements. A default by any of the Group's partners could generate lower revenues than expected. Such situations could have a negative impact on the Group's business, financial position or performance.
- Actual results may depart significantly from the objectives given that a new product can appear to be promising at a development stage 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 Research and Development process typically lasts between eight and twelve years from the date of a discovery to a product being brought to market. This process involves several stages; at each stage, there is a substantial risk that the Group could fail to achieve its objectives and be forced to abandon its efforts in respect of products in which it has invested significant amounts. Thus, in order to develop viable products from a commercial point of view, the Group must demonstrate, by means of pre-clinical and clinical trials, that the molecules in question are effective and are not harmful to humans. The Group cannot be certain that favourable results obtained during pre-clinical trials will subsequently be confirmed during clinical trials, or that the results of clinical trials will be sufficient to demonstrate the safety and efficacy of the product in question such that the required marketing approvals can be obtained;
- The Group must deal with or may have to deal with competition (i) from generic products, particularly in relation to Group products which are not protected by patents, for example, Forlax® or Smecta® (ii), products which, although they are not strictly identical to the Group's products or which have not demonstrated their bioequivalence, may obtain a marketing authorisation for indications similar to those of the Group's products pursuant to the bibliographic reference regulatory procedure (well established medicinal use) before the patents protecting its products expire. Such a situation could result to the Group losing market share which could affect its current level of growth in sales or profitability;
- Third parties might claim the benefit of intellectual property rights in respect to the Group's inventions. The Group provides the third parties with which it collaborates (including universities

and other public or private entities) with information and data in various forms relating to the research, development, manufacturing and marketing of its products;

Despite the precautions taken by the Group with regard to these entities, in particular of a contractual nature, they (or certain of their members or affiliates) could claim ownership of intellectual property rights arising from the trials carried out by their employees or any other intellectual property right relating to the Group's products or molecules in development;

- The Group's strategy includes acquiring companies or assets which may enable or facilitate access to new markets, research projects or geographical regions or enable it to realise synergies with its existing businesses. Should the growth prospects or earnings potential of such assets as well as valuation assumptions change materially from initial assumptions, the Group might be under the obligation to adjust the values of these assets in its balance sheet, thereby negatively impacting its results and financial situation;
- The marketing of certain products by the Group has been and could be affected by supply shortages and other disruptions. Such difficulties may be of both a regulatory nature (the need to correct certain technical problems in order to bring production sites into compliance with applicable regulations) and a technical nature (difficulties in obtaining supplies of satisfactory quality or difficulties in manufacturing active ingredients or drugs complying with their technical specifications on a sufficiently reliable and uniform basis). This situation may result in inventory shortages and/or in a significant reduction in the sales of one or more products;
- In certain countries exposed to significant public deficits, and where it sells its drugs directly to public hospitals, the Group could experience discount or lengthened payment terms or difficulties in recovering its receivables in full. In Greece notably, which represented in 2010 approximately 1.5% of its consolidated sales, and where payment terms from public hospitals are particularly long, the Group is closely monitoring the current situation. More generally, the Group may also be unable to purchase sufficient credit insurance to protect itself adequately against the risk of payment default from certain customers worldwide. Such situations could negatively impact the Group's activities, financial situation and results;
- In the normal course of business, the Group is or may be involved in legal or administrative proceedings. Financial claims are or may be brought against the Group in connection with some of these proceedings;
- The implementation of the strategy has to be submitted to the relevant staff representation authorities in each country concerned, in compliance with the specific procedures, terms and conditions set forth by each national legislation.
- In France, the government presented at the Council of Ministers on August 1 a bill on enhancing drug safety. This reform has three main parts: transparency and management of links of interest for experts, governance of health products and measures on the drug (including restrictions of company rep visits to hospitals and new regulation of Named Patient Basis "ATU"). Other measures announced by the Minister for Work, Employment and Health but not in this bill, should also be decided, such as a new tax for drug companies to fund continuing medical education for physicians.

## Major developments in the third quarter 2011

During the third quarter 2011, major developments included:

- On 12 July 2011 – Ipsen and the Salk Institute for Biological Studies announced that they are renewing the Ipsen Life Sciences Program at the Salk Institute. The mission of the partnership is to advance knowledge in the field of proliferative and degenerative diseases through fundamental and applied biology research.
- On 12 July 2011 – Ipsen and Institut de cancérologie Gustave Roussy (IGR, Villejuif) announced the signature of a partnership in the area of medical oncology to leverage the combined expertises of their respective R&D teams. This 3 year agreement was signed on 27 June 2011.
- On 28 July 2011 – Ipsen announced that its partner Inspiration Biopharmaceuticals Inc. presented data from its clinical development program for OBI-1, a recombinant porcine factor VIII product (rpFVIII), intended for the treatment of bleeding in people with hemophilia A with inhibitors and in people with acquired hemophilia. A total of three patients with acquired hemophilia, who had experienced severe bleeds not controlled with by-passing agents, were treated with OBI-1; in all three patients, treatment with OBI-1 stopped the bleeding.
- On 30 August 2011 – Ipsen announced the appointment of two new members to the Group's Executive Committee: Nathalie Joannes, as Executive Vice President, General Counsel, effective 1st of October 2011 and Susheel Surpal as Executive Vice President, Chief Financial Officer, effective in the weeks to come.
- On 30 August 2011 – Ipsen and Inspiration Biopharmaceuticals Inc. announced that they have entered into a strategic partnership agreement to create a European hemophilia commercial organization, to launch Inspiration's hemophilia product portfolio in Europe. Ipsen and Inspiration work together to hire and train a highly specialized commercial team to serve as the exclusive sales organization in Europe for all hemophilia drugs commercialized under the Inspiration brand. This commercial organization takes the form of a hemophilia business unit nested within Ipsen's existing commercial organization.
- On 27 September 2011 – Ipsen announced it has in-licensed from Photocure Hexvix®, the first approved & marketed drug for improved detection of bladder cancer. Ipsen will be responsible for marketing and selling Hexvix® worldwide, excluding the US and Nordic region. Ipsen paid Photocure and GE Healthcare an upfront payment of €19 million as well as manufacturing milestones to Photocure of up to € 5 million. Ipsen will also pay royalties on net sales and milestones on specific sales achievements. In addition, Photocure will manufacture the product for Ipsen and, in 2012 and 2013 will invest with Ipsen in marketing and sales programs up to € 3 million to drive momentum and accelerate the sales growth of Hexvix®.

After the close of the period under review, major developments included:

- On 03 October 2011 – Ipsen's partner, Inspiration Biopharmaceuticals Inc., announced that the European Medicines Agency (EMA) has validated and accepted the filing of the Marketing Authorization Application (MAA) for Inspiration's IB1001, a recombinant factor IX (FIX) product for the treatment and prevention of bleeding in individuals with hemophilia B.
- On 20 October 2011 – Syntaxin and Ipsen announced a global strategic collaboration to explore the discovery and development of new compounds in the field of botulinum toxins. Syntaxin is eligible to receive technology access fee, full time Ipsen employee support, and research milestones amounting up to US$9 million in the first three years of the collaboration. Syntaxin is also eligible to receive additional license fees, development and regulatory milestones and potentially over US$90 million of commercial milestones together with royalties on net sales. In exchange, Ipsen will have exclusive worldwide development and commercialisation rights to the programmes discovered within the scope of the collaboration.

## Administrative measures

In a context of financial and economic crisis, the governments of many countries in which the Group operates continue to introduce new measures to reduce public health expenses, some of which have affected Group sales and profitability in the first nine months of 2011. In addition, certain measures introduced in 2010 have continued to affect the Group's accounts year-on-year.

- On August 4, 2011 China announced an average retail price decrease of 14% on 82 drugs primarily targeting steroid, endocrine and central nervous system therapeutics, effective on September 1st, 2011.

- In late 2010 Belgium increased the price reduction percentage applicable to certain products from 12% to 15% for products which have been on the market for more than 12 years, and from 15% to 19% for products which have been on the market for more than 15 years.

- In Greece, a new reimbursement list, based on ATC classes, has been submitted and a 4.0% tax on 2011 sales has been voted for drugs to remain on the reimbursement list.

- In After introducing an 8% tax on drug sales, Romania announced in October 2011 a reform wherein the new tax would be based on Healthcare budget excess and on retail prices.

- In 2011, Portugal has introduced an electronic system encouraging the prescription of the cheapest product (including generics). The International Reference Pricing system is under modification.

- In 2010, the Czech Republic announced its intention to limit the reimbursement level of different therapeutic classes to the lowest levels of the same therapeutic classes in Europe (including generics / biosimilars), which could lead to price reductions of about 20% (voted measure, implementation pending); the setting-up of reverse electronic calls for bids and the reinforcement of reimbursement rules for innovative products are also on the agenda.

- In early 2011, Ireland announced an austerity plan, including measures relating to public health expenses.

- In August, Slovakia enforced a new reference pricing system, the 2nd cheapest in Europe (as compared to the 6th cheapest today on average), and introduced a systematic 10% price decrease on each newly obtained indication.

- Hungary has doubled the health visitor tax, taking it to €40 thousand per year, and increased the tax on sales from 12% to 20%.

- The Baltic States have introduced price/volume agreements based on the growth of State budgets (in November 2010 for Lithuania and early 2011 for Latvia).

Furthermore, and still in the financial and economic crisis context, governments of many countries in which the Group operates continue to introduce new measures to reduce public health expenses, some of which may affect the Group sales and profitability beyond the first nine months of 2011.

- As from October 1st , 2011, Forlax® has been applied a 3.5% price cut in France.

- As of November 14th, 2011, Nisis®/Nisisco® will be applied a 12.5% price cut in France.

- As of January 1st , 2012, an additional tax on promotional expenses of 0.6% will be applied in France.

- As of November 1st, 2011, Spain will raise its tax on drug sales from 7.5% (introduced in June 2010) to 15.0% for products that have been on the market for more than 10 years and have no generic or biosimilar on the Spanish market.

- As of January 1, 2012, Poland will introduce its new reimbursement law reform that includes a payback mechanism and the introduction of risk-sharing mechanisms.

## Comparison of consolidated sales for the third quarters and first nine months of 2011 and 2010:

### *Sales by geographical area*

Group sales by geographical area for the third quarters and first nine months of 2011 and 2010 were as follows:

| | 3rd Quarter | | | 9 Months | | | |
|---|---|---|---|---|---|---|---|
| (in million euros) | 2011 | 2010 | % Variation | 2011 | 2010 | % Variation | % variation at constant currency |
| France | 71.1 | 68.7 | 3.4% | 220.5 | 230.2 | (4.2%) | (4.2%) |
| United Kingdom | 12.4 | 12.2 | 1.4% | 33.8 | 33.2 | 1.9% | 3.6% |
| Spain | 13.8 | 13.6 | 1.3% | 44.7 | 44.0 | 1.6% | 1.6% |
| Germany | 15.9 | 15.1 | 5.3% | 45.5 | 45.6 | (0.2%) | (0.1%) |
| Italy | 18.9 | 18.7 | 1.4% | 61.1 | 58.7 | 4.1% | 4.1% |
| **Major Western European countries** | **132.0** | **128.3** | **2.9%** | **405.7** | **411.7** | **(1.5%)** | **(1.3%)** |
| Eastern Europe | 35.9 | 44.9 | (20.1%) | 112.9 | 116.5 | (3.1%) | (3.1%) |
| Others Europe | 30.9 | 30.0 | 2.9% | 98.3 | 87.3 | 12.6% | 9.7% |
| **Other European Countries** | **66.8** | **75.0** | **(10.9%)** | **211.2** | **203.8** | **3.6%** | **2.5%** |
| **North America** | **14.2** | **16.4** | **(13.4%)** | **47.3** | **43.9** | **7.7%** | **14.4%** |
| Asia | 35.4 | 37.6 | (6.0%) | 101.0 | 98.5 | 2.6% | 3.4% |
| Other countries in the rest of the world | 32.5 | 30.9 | 5.2% | 98.8 | 84.3 | 17.2% | 15.4% |
| **Rest of the World** | **67.9** | **68.5** | **(1.0%)** | **199.8** | **182.7** | **9.3%** | **9.0%** |
| **Group Sales** | **280.9** | **288.2** | **(2.5%)** | **864.0** | **842.1** | **2.6%** | **2.6%** |
| **Of which: Total Drug Sales** | **273.4** | **279.9** | **(2.3%)** | **840.0** | **817.7** | **2.7%** | **2.9%** |
| **Drug-related Sales[1]** | **7.5** | **8.3** | **(9.6%)** | **24.0** | **24.4** | **(1.8%)** | **(7.5%)** |

For the third quarter 2011, sales generated in the **Major Western European countries** amounted to €132.0 million, up 2.9% year-on-year. For the first nine months 2011, sales generated in the major Western European countries amounted to €405.7 millions, down 1.3% year-on-year excluding foreign exchange impacts. Dynamic volume sales growth of specialty care products were more than offset by the consequences of a tougher competitive environment in the French primary care landscape and administrative measures in Germany and Spain, outlined below. As a result, sales in the Major Western European countries represented 47.0% of total Group sales at the end of the first nine months 2011, compared with 48.9% a year earlier.

**France –** For the third quarter 2011, sales reached €71.1 million, up 3.4% year-on-year. For the first nine months 2011, sales totaled €220.5 million, down 4.2% year-on-year, penalized by the decline of primary care sales. Despite the good performance of Smecta® with a high incidence of seasonal pathology, sales in France were negatively impacted by declining sales of Nisis® and Nisisco®, following a price reduction of 11% as of September 2010, by the switches to Exforge®, co-promoted by the Group, and by decreasing sales of Tanakan®. Additionally, Decapeptyl® sales were down due to a destocking at wholesaler levels. Consequently, the relative weight of France in the Group's consolidated sales continued to decrease, representing 25.5% of total Group sales against 27.3% a year earlier.

**Spain –** For the third quarter 2011, sales reached €13.8 million, up 1.3% year-on-year. For the first nine months of 2011, sales totaled €44.7 million, up 1.6% year-on-year fuelled notably by strong volume growth of Somatuline® and the new 6-month formulation of Decapeptyl®, partly offset by the consequences of a new 7.5% tax on sales since June 1st 2010. Dysport® sales continued to slow down, following the launch of Azzalure® by the Group's partner, Galderma. At the end of the first nine months 2011, sales in Spain represented 5.2% of total group sales, stable year-on-year.

**Italy –** For the third quarter 2011, sales reached €18.9 million, up 1.4% year-on-year. For the first nine months of 2011, sales were €61.1 million, up 4.1% year-on-year driven by the good performance of Somatuline® and NutropinAq®. Italy represented 7.1% of the Group's consolidated sales at the end of the first nine months 2011, against 7.0% a year earlier.

**Germany –** For the third quarter 2011, sales reached €15.9 million, up 5.3% year-on-year. For the first nine months of 2011, sales amounted to €45.5 million, down 0.2% year-on-year. Strong volume growth of Decapeptyl® and Somatuline® was more than offset by the increase to 16% from 6% of a mandatory rebate affecting the majority of the Group's sales as of August 1st, 2010 and by a sharp decline in drug-related sales[1]. In the first nine months of 2011, sales in Germany represented 5.3% of total Group sales against 5.4% a year earlier.

**United Kingdom –** For the third quarter 2011, sales reached €12.4 million, up 1.4% year-on-year. For the first nine months of 2011, sales totaled €33.8 million, up 3.6% excluding foreign exchange impacts fuelled by a strong double digit volume growth of Decapeptyl® and Somatuline®, partly offset by lower Dysport® sales following the launch of Azzalure® by Galderma and by certain discount accruals related to prior periods under the Pharmaceutical Price Regulation Scheme (PPRS). In the first nine months 2011, United Kingdom represented 3.9% of total Group sales, stable year-on-year.

For the third quarter 2011, sales generated in the **Other European countries** reached €66.8 million, down 10.9% year-on-year penalized by anticipated orders at the end of September 2010 from our distributors in Russia ahead of the implementation of a new law on packaging of imported drugs. Restated from this non recurring effect, sales in this region are up 2.9%. For the first nine months of 2011, sales amounted to €211.2 million, up 2.5% excluding foreign exchange impacts (up 7.7% restated from 2010 Russia stocking effect). Performance was fuelled by volume growth, notably in Switzerland where the Group sells Azzalure® to its partner Galderma, and in Czech Republic and Ukraine. In the first nine months of 2011, sales in this region represented 24.4% of total consolidated Group sales, against 24.2% a year earlier.

For the third quarter 2011, sales generated in **North America** reached €14.2 million, down 13.4% from a year earlier, strongly affected by the quarter-to-quarter variability of the supply of Dysport® to Medicis. For the first nine months of 2011, sales amounted to €47.3 million up 14.4% excluding foreign exchange impacts driven by the continuous penetration of Somatuline® in acromegaly (strong 29.3% year-on-year growth in the US excluding foreign exchange impacts) and Dysport® in cervical dystonia. Sales in North America represented 5.5% of total consolidated Group sales, against 5.2% a year earlier.

For the third quarter, sales generated in the **Rest of the World** reached €67.9 million, down 1.0% year-on-year. Over the quarter, this region was negatively impacted by the timing of local sales in Algeria and by a destocking effect in China for Decapeptyl® detailed below. For the first nine months of 2011, sales amounted to €199.8 million, up 9.0% year-on-year excluding foreign exchange impacts. This performance was notably driven by strong volume growth in Brazil, Australia, Colombia and China. Sales of Decapeptyl® in this country were affected by a destocking effect related to the implementation of a new distribution model where the Group now ships directly to its Chinese subsidiary rather than to a third-party distributor. In the first nine months of 2011, sales in the Rest of the World increased to 23.1% of total consolidated Group sales, against 21.7% a year earlier.

[1] active ingredients and raw materials

***Sales by therapeutic area and by product***

The following table shows sales by therapeutic area and by products for the third quarters and first nine months of 2011 and 2010:

| (in million euros) | 3rd quarter 2011 | 3rd quarter 2010 | 3rd quarter % Variation | 9 months 2011 | 9 months 2010 | 9 months % Variation | 9 months % variation at constant currency |
|---|---|---|---|---|---|---|---|
| Uro-oncology | **72.3** | **67.3** | **7.5%** | **211.5** | **208.1** | **1.6%** | **1.7%** |
| of which Decapeptyl® | 72.3 | 67.3 | 7.4% | 211.5 | 208.1 | 1.6% | 1.7% |
| Endocrinology | **67.0** | **62.6** | **7.1%** | **200.9** | **182.7** | **10.0%** | **10.7%** |
| of which Somatuline® | 48.0 | 43.5 | 10.3% | 142.9 | 127.0 | 12.6% | 12.8% |
| of which Nutropin® | 12.5 | 12.3 | 1.9% | 38.6 | 36.2 | 6.7% | 6.3% |
| of which Increlex® | 6.5 | 6.8 | (4.0%) | 19.4 | 19.5 | (0.5%) | 5.1% |
| Neurology | **45.6** | **53.3** | **(14.6%)** | **153.4** | **144.6** | **6.1%** | **5.9%** |
| of which Dysport® | 44.5 | 51.8 | (14.2%) | 149.4 | 140.0 | 6.7% | 6.3% |
| of which Apokyn® | 1.1 | 1.5 | (28.7%) | 4.0 | 4.6 | (13.3%) | (7.1%) |
| **Specialty Care** | **184.9** | **183.2** | **0.9%** | **565.9** | **535.4** | **5.7%** | **5.9%** |
| Gastroenterology | **43.7** | **51.2** | **(14.7%)** | **142.9** | **140.2** | **1.9%** | **2.4%** |
| of which Smecta® | 24.5 | 26.4 | (7.0%) | 76.5 | 76.8 | (0.4%) | 0.5% |
| of which Forlax® | 8.9 | 10.1 | (11.3%) | 30.6 | 30.0 | 1.8% | 1.7% |
| Cognitive Disorders | **25.4** | **26.6** | **(4.4%)** | **70.6** | **75.3** | **(6.2%)** | **(6.2%)** |
| of which Tanakan® | 25.4 | 26.6 | (4.4%) | 70.6 | 75.3 | (6.2%) | (6.2%) |
| Cardiovascular | **15.7** | **15.7** | **(0.1%)** | **49.6** | **55.7** | **(11.0%)** | **(11.0%)** |
| of which Nisis® & Nisisco® | 11.7 | 12.4 | (5.6%) | 36.3 | 41.7 | (12.9%) | (12.9%) |
| of which Ginkor® | 3.3 | 2.6 | 27.2% | 10.4 | 11.0 | (5.9%) | (5.9%) |
| Other Primary Care | **3.7** | **3.1** | **17.6%** | **11.1** | **11.1** | **(0.2%)** | **(0.2%)** |
| of which Adrovance® | 3.1 | 2.4 | 29.5% | 8.9 | 8.7 | 1.8% | 1.8% |
| **Primary Care** | **88.5** | **96.7** | **(8.4%)** | **274.2** | **282.3** | **(2.9%)** | **(2.7%)** |
| **Total Drug Sales** | **273.4** | **279.9** | **(2.3%)** | **840.0** | **817.7** | **2.7%** | **2.9%** |
| **Drug-related Sales**[1] | **7.5** | **8.3** | **(9.6%)** | **24.0** | **24.4** | **(1.8%)** | **(7.5%)** |
| **Group Sales** | **280.9** | **288.2** | **(2.5%)** | **864.0** | **842.1** | **2.6%** | **2.6%** |

For the third quarter 2011, sales of **Specialty Care products** reached €184.9 million, up 0.9% year-on-year or up 4.9% excluding the 2010 stocking effect in Russia described above. For the first nine months of 2011, sales amounted to €565.9 million, up 5.9% year-on-year excluding foreign exchange impacts or up 7.3% excluding 2010 stocking effect in Russia. Sales in Endocrinology and Neurology grew year-on-year by 10.7% and 5.9% (or up 9.5% excluding 2010 stocking effect in Russia) respectively, excluding foreign exchange impacts. Sales in uro-oncology were up 1.7% at constant currency, reflecting some destocking in France at wholesalers level and in China related to the change in distribution model mentioned above. At the end of the first nine months of 2011, the relative weight of Specialty Care products continued to increase to 65.5% of total Group sales, compared to 63.6% a year earlier.

**In uro-oncology,** sales of **Decapeptyl®** reached €72.3 million for the third quarter 2011, up 7.4% year-on-year mainly fuelled by solid performance in France, Germany and the UK. For the first nine months of 2011, sales amounted to €211.5 million, up 1.7% excluding foreign exchange impacts. Sustained sales in Germany, in the United Kingdom and in Algeria were partly offset by lower sales in China resulting from the technical impacts mentioned above, in Russia and in France. For the first nine months 2011, sales in uro-oncology represented 24.5% of total Group sales, against 24.7% a year earlier.

[1] active ingredients and raw materials

**In endocrinology,** sales continued to grow, reaching €67.0 million for the third quarter 2011, up 7.1% year-on-year. In the first nine months 2011, sales amounted to €200.9 million, up 10.7% excluding foreign exchange impacts, representing 23.3% of total Group sales, against 21.7% a year earlier.

> **Somatuline®** – For the third quarter 2011, sales reached €48.0 million, up 10.3%. For the first nine months 2011, Somatuline® sales reached €142.9 million, up 12.8% year-on-year excluding foreign exchange impacts, fuelled by a strong 29.3% year-on-year growth in the US excluding foreign exchange impacts and by strong growth in France, United Kingdom, Belgium, Italy, Germany and Spain.
>
> **NutropinAq® –** For the third quarter 2011, sales reached €12.5 million, up 1.9% year-on-year. For the first nine months of 2011, NutropinAq® totaled €38.6 million, up 6.3% excluding foreign exchange impacts, driven by strong performance in Italy and Eastern Europe.
>
> **Increlex® –** For the third quarter 2011, sales reached €6.5 million, down 4.0% year-on-year. Sales of Increlex® in the first nine months of 2011 amounted to €19.4 million, up 5.1% excluding foreign exchange impacts, largely driven by US growth.

**In neurology,** sales reached €45.6 million for the third quarter 2011, down 14.6% year-on-year. For the first nine months 2011, sales amounted to €153.4 million, up 5.9% excluding foreign exchange impacts. Sales in neurology represented 17.8% of total Group sales, against 17.2% a year earlier.

> **Dysport®** – For the third quarter 2011, sales reached €44.5 million, down 14.2% year-on-year partly explained by a strong Q3 2010 stocking effect in Russia and affected by the variability of the quarter-to-quarter supply of Dysport® to Medicis. For the first nine months 2011, sales reached €149.4 million, up 6.3% year-on-year excluding foreign exchange impacts fuelled notably by strong growth of supply sales to the Group's partner Galderma, slightly offset by the consequences of the launch of Azzalure® by Galderma in the main Western European countries. Growth was also driven by the growth in the United States and by strong performances in Brazil and in Australia.
>
> **Apokyn®** – For the third quarter 2011, sales reached €1.1 million in the United States, down 28.7% year-on-year. For the first nine months 2011, sales were €4.0 million, down 7.1% year-on-year excluding foreign exchange impacts.

In the third quarter 2011, sales of **Primary Care products** amounted to €88.5 million, down 8.4% year-on-year, negatively impacted by the 2010 stocking effect in Russia mentioned above and by the timing of local sales in Algeria. For the first nine months 2011, sales amounted to €274.2 million, down 2.7% year-on-year excluding foreign exchange impacts. Solid sales growth outside of France was more than offset by the negative impacts of the French market situation. Primary Care sales represented 31.7% of the Group's consolidated sales in the first nine months 2011, down from 33.5% a year before. Primary Care sales in France represented 48.6% of total group Primary Care sales in 2011, against 50.0% a year earlier.

**In gastroenterology,** sales reached €43.7 million in the third quarter 2011, down 14.7% year-on-year penalized by the timing of sales in Algeria. For the first nine months of 2011, sales amounted to €142.9 million, up 2.4% year-on-year excluding exchange rate impacts.

> **Smecta®** – For the third quarter 2011, sales reached €24.5 million, down 7.0% year-on-year negatively impacted by the 2010 stocking effect in Russia mentioned above and and by the timing of local sales in Algeria. Sales of Smecta® in the first nine months 2011 reached €76.5 million, up 0.5% year-on-year excluding foreign exchange impacts, notably fuelled by high levels of seasonal pathology in France, partly offset by lower sales in Poland, Algeria and Vietnam. Sales of Smecta® represented 8.9% of total Group sales during the period compared with 9.1% a year earlier.
>
> **Forlax®** – For the third quarter 2011, sales reached €8.9 million, down 11.3% year-on-year. For the first nine months of 2011, sales amounted to €30.6 million, up 1.8% year-on-year. In the first nine months 2011, France represented 56.6% of the total sales of the product, down from 58.2% a year earlier.

**In the cognitive disorders area,** sales of **Tanakan®** for the third quarter 2011 reached €25.4 million, down 4.4% year-on-year, notably affected by the 2010 stocking effect in Russia described above. Sales in the first nine months of 2011 totaled €70.6 million, down 6.2% year-on-year, due to lower sales in France, partly offset by higher sales in China. In the first nine months 2011, 50.0% of Tanakan® sales were made in France compared with 51.5% a year earlier.

**In the cardiovascular area,** sales in the third quarter 2011 amounted to €15.7 million, almost stable year-on-year. For the first nine months of 2011, sales amounted to €49.6 million, down 11.0% year-on-year, mainly affected by Nisis® and Nisisco®'s price reduction of 11% effective as of September 2010.

**Other primary care products** sales reached €3.7 million for the third quarter 2011, up 17.6%. Sales in the first nine months of 2011 amounted to €11.1 million, slightly down 0.2% year-on-year, with sales of **Adrovance®** contributing to €8.9 million, up 1.8% year-on-year despite a 25% price cut enforced in May 2010 in France.

For the third quarter 2011, **drug-related sales (active ingredients and raw materials)** reached €7.5 million, down 9.6%. For the first nine months of 2011, sales amounted to €24.0 million, down 7.5% excluding foreign exchange impacts.