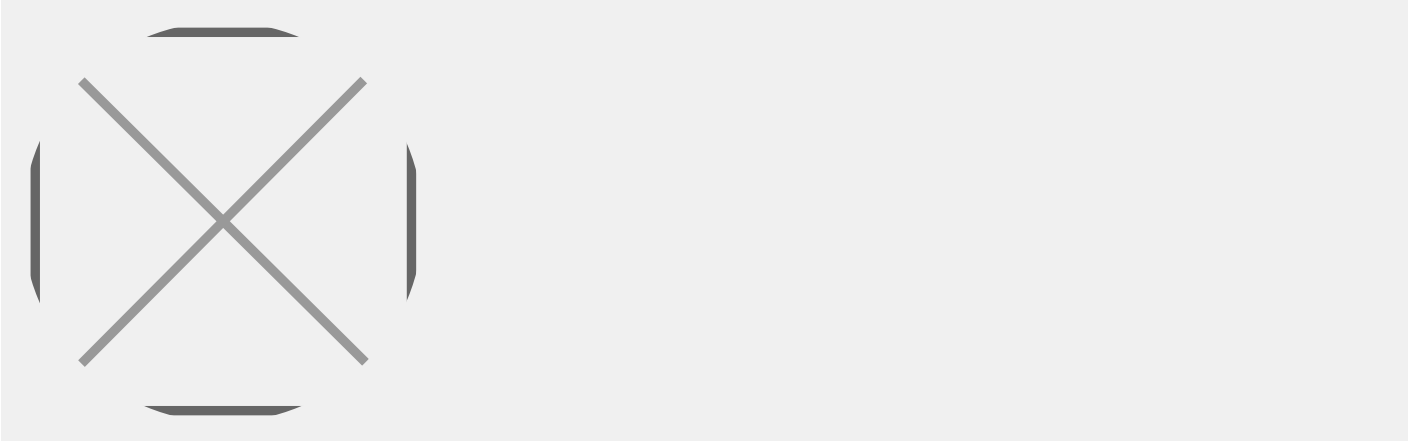
Interview with Jean-Luc Bélingard, CEO, Ipsen France



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As the G5 brings together five very different companies – Ipsen, LFB, Pierre Fabre, Sanofi-Aventis, Servier – could you explain the origin behind the creation and the purpose of the group today?

The pharmaceutical industry has been present in France for many years and is one of the country's traditional assets. For a long period of time, the pharmaceutical industry has led the way in terms of entrepreneurial spirit, research effort and worldwide footprint. If you look at the members of G5, many of them have long been established in France. Ipsen, for instance, dates back to 1929, while the origins of Sanofi-Aventis date back to the beginning of last century. Clearly, pharmaceuticals has a strong French heritage with many companies deriving from the pharmacy rather than chemical industry.

Concurrent with this pharmaceutical history is a strong scientific background in France, especially in areas like infectious diseases, neurology, and many other sub-segments, which originated from this country.

Within this context, we believe that the French pharmaceutical industry has some specific features which make it unique but also homogeneous in its approach. France is the leading manufacturer of drugs in Europe which illustrates the history of France as a leading pharmaceutical country.

Because we have many things in common, Jacques Servier, Pierre Fabre, Jean-François Dehecq and I decided to create the G5 in 2004. We had a similar tradition and history and a common ambition: to keep the French pharmaceutical industry as one of the best worldwide, alongside the leading pharmaceutical companies in the USA, Japan, and the UK.

The G5 is not just another pharma industry association, but rather a think tank of companies sharing the same values. This involves meeting on a regular basis to exchange views and ideas on how the French pharmaceutical environment is competitively positioned. For example, it was our idea to create the Conseil Stratégique des Industries de Santé (CSIS) five years ago. Together, we met with the Prime Minister, Jean-Pierre Raffarin, as well as the other ministers. We were very proactive in discussing this concept and in exploring the right competitive spirit while at the same time remaining competitors in the market place. We exchange views and ideas about the future of the industry, financing, and healthcare as well as what needs to be secured to ensure the French environment is conducive to us growing internationally. From this dialogue and debate on important industry themes we derive convictions which we then proactively promote.

Our main objective is to make sure that France retains its scientific and medical culture, which has been critical in the development of our industry in this country. This culture accounts for the fact that pharmaceuticals is a very strong part of the economic fabric of France as illustrated by employment, investment and research. Many recent government reforms, such as the crédit d'impôt recherche have been promoted by the pharmaceutical industry. We provide medical, economic and social support to this country and we want to ensure that we can continue to do this within a favourable environment.

You recently stated that the G5 was very satisfied with the outcomes of the CSIS. What exactly were you "very satisfied" with and what outcomes are good for Ipsen?

We were very satisfied for various reasons. Firstly, having President Sarkozy chair the meeting demonstrated the prominence the industry has gained in France. Obviously, the global economic climate has affected the industry, but we believe that any action taken to fill these budget gaps should consider the pharmaceutical industry as an important economic stakeholder. We believe it is possible to establish a balanced healthcare structure while continuing to cultivate a positive industry environment, which is what the recent CSIS forum allowed us to discuss.
Secondly, Ipsen actively participates in each of the 11 measures outlined in CSIS. For instance, the research partnership with the Alliance Nationale pour les Sciences de la Vie et de la Santé, the creation of the biotechnology fund, Innobio, and the efforts focused on training will help us to increase our partnerships with academic research and start-ups while developing the very specific skills needed to secure our future success.

It is no secret that France is a little behind in the biotech sector, but we saw recently that IPSEN contributed € 5 million to the InnoBio Fund. Could you speak of the initiative of the government to improve in this area?

The scientific culture in this country is excellent, but you have to put together the right tools so that it will blossom. The problem is not one of scientific expertise but rather how to structure these

areas of expertise so that they will converge into industrial expression. I feel that the tools that have been created here are fulfilling this purpose.

Ipsen has taken the initiative to develop four main areas with its specialty products. Could you speak about the reasoning behind the re-orientation and structure in the market?

Our position is simple; Ipsen is a peptide and protein company with very specific technical expertise in a competitive market segment. We have decided to cultivate a technological platform based on distinctive expertise such as the development of sustained release formulations for peptide and protein-based medicines.

From this assessment we have decided to apply our knowhow to four areas of expertise: oncology, neurology, endocrinology and haematology. It's all about leveraging capabilities in areas where we've historically been strong. If we have opportunities outside of these divisions then we externalize them. Operationally, this is what we want to do and we have been successful thus far with €1 billion in total revenues last year and double digit growth worldwide.

2008 was clearly a good year. Can you speak about the success in 2009?

This year has seen the launch of Dysport in the US and the approval of Azzalure in Europe among other news. As we are a publicly traded company, I cannot speak much about 2009 but we have given guidance. For instance, we stated that growth would be between 7 and 9 %, and that our operating profitability would be around 17%.

In the last year you chose to move into haematology. It is a new group, a new sector and you are dedicated to growth here. Could you tell us why you took this step?

Historically, we had one product in this field so we decided to capitalize on this experience. As a mid-sized company, we felt that we could compete very effectively in this focused disease area with high unmet medical needs. By matching our experience with the constraints of our size, this was a perfect niche for the company.

IPSEN takes a lot of pride in its partnerships. Could you speak about the importance of partnerships within France and on a global basis?

In France, we are working with the Inserm, CNRS and Commissariat à l'Energie Atomique to name a few, while, globally, we have initiatives with MIT, Harvard Medical School, Massachusetts General, the Salk Institute and Roche/Genentech among others.

We are convinced that a very strong internal research effort is simply not enough, even for the larger companies. It is, therefore, our philosophy to be open to the outside world and to increase our reach beyond our own internally discovered and developed molecules, with external partnerships. These partnerships exist at all levels including research, development and

commercial. On a yearly basis, Ipsen announces several major partnerships.

On the perspective of going global, Ipsen has for years been doing research in the US, but has only recently decided to really enter the market. What took so long?

Successfully entering the US market was something Ipsen accomplished in a very attentive and focused manner. It was coordinated with our FDA submissions and has proved to be a very successful strategy so far. We have had two successive FDA applications which have come through on time, with no specific remarks. When both of these applications were in the pipeline we decided to structure our strategy to ensure that by the time we received the approvals, we would have a platform to launch the products. This was the logic behind our involvement with Tercica where we took an initial stake in the company, and gradually increased our stake to acquire it. We timed it to coincide with our FDA applications, but also with time period where we felt that we had adequate resources to delegate to it, both financially and in terms of human resources.

Will growth in the American market be purely organic?

Currently, that's the idea, but if we can grow further with an appropriate transaction, we may. However, for the moment, the focus is to grow from within.

A number of French laboratories we have spoken to have said that while the developed markets are important, the emerging markets are going to be very important in the future. Can you speak about the need to enter these emerging markets?

The game has changed and there is now only marginal growth in Europe. China, Brazil, and Eastern Europe are the growth territories. Fortunately, we had the foresight to plan for this, and we continue to grow dynamically as a company due to our presence in all of these markets.

We have two objectives, the first of which is geographic diversification to give us a broader geographic footprint. This included our move into the US market.

The second goal is to balance our portfolio via diversification into very selected therapeutic areas. Such a strategy enables us to diversify the risks associated with development.

You finished your education in the USA, worked with Merck, Roche, Pierre Fabre-Biomerieux and now Ipsen. What would you say is the main difference in Ipsen's work culture that attracts you?

That is a difficult question to answer because the environment is changing so fast. For example Merck's culture today is not the same as the Merck culture I was exposed to. What is interesting about Ipsen is that we are supported by a majority shareholder, thus affording us a long-term vision. Yet, at the same time we are publicly traded which gives us an entrepreneurial spirit which is consistent with public exposure. These two factors really create a unique business model.

What would be your recommendations to young managers in the healthcare industry?

I would, without hesitation, join the healthcare industry because it requires a stimulating balance of scientific, socioeconomic, and regulatory expertise in a rapidly changing environment.

If I had to do it all over again now, perhaps I would have pursued a joint medical degree and a MBA. Having the two qualifications in terms of education, scientific and managerial competencies would be a real advantage. Today if you are in your mid twenties, and you have a medical degree plus a managerial or law degree then, I believe the sky is the limit.

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