

# LETTER TO SHAREHOLDERS

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# MESSAGE FROM THE CHAIRMAN



SERGE WEINBERG, CHAIRMAN OF THE BOARD OF DIRECTORS

## DEAR SHAREHOLDERS,

I would like to thank you for participating in our Annual General Meeting on May 4. You have approved the dividend of €2.93, which increases for the 22<sup>nd</sup> consecutive year, and the nomination of **two new members of the Board of Directors** who bring their pharmaceutical and scientific knowledge to the company: Diane Souza, an expert in managed care and the medico-economic environment in the U.S., and Thomas Südhof, MD, who is a Professor at Stanford University's School of Medicine and winner of the 2013 Nobel Prize in Physiology or Medicine. They will contribute to the definition of our strategy and to our ambition to innovate in order to ensure growth and maintain Sanofi's position as a global healthcare leader.

Our objective is to make Sanofi **one of the most innovative pharmaceutical companies**, both through external collaborations, and through the effectiveness of our internal research teams. Today, innovation is not limited to the discovery of new molecules. Providing patients with the means to monitor their health and treatments more effectively is also part of our objectives. Innovation is not just our *raison d'être* but it is also a strong requirement as it allows us to **ensure long-term growth**, notably in the context of increasing pressure on drug prices.

**Sanofi is a solid company.** It is based on a broad set of activities most of which are dynamic. We prepare for the future with determination. Our teams are very professional and fully committed. We see more opportunities than threats in the future, yet, we are aware that we must adapt continuously to seize them.

Thank you for your trust and continuing loyalty.



SANOFI IS A SOLID COMPANY  
AND PREPARES FOR THE FUTURE  
WITH DETERMINATION. 

# SOLID PERFORMANCE IN FIRST QUARTER 2016

AGGREGATE  
GROUP SALES<sup>1,2</sup>

€8,543M  
+0.7% (-1.9%)

BUSINESS  
NET INCOME<sup>1</sup>

€1,722M  
+3.5% (-0.2%)

BUSINESS  
EPS<sup>1,3</sup>

€1.34  
+5.3% (+1.5%)

## INTERVIEW WITH THE CHIEF EXECUTIVE OFFICER



OLIVIER BRANDICOURT, CHIEF EXECUTIVE OFFICER

## ■ SOLID FINANCIAL RESULTS

First-quarter aggregate Group sales were €8,543M down 1.9% on a reported basis. Exchange rate movements had a negative effect of 2.6 percentage points as the adverse evolution of several emerging market currencies more than offset the positive effects from the U.S. dollar and the Japanese Yen against the Euro. At CER, aggregate Group sales increased 0.7%. Business EPS was up 5.3% at CER.

## ■ SANOFI GENZYME, SANOFI PASTEUR AND MERIAL LEAD SALES PERFORMANCE

Sanofi Genzyme Global Business Unit (GBU) sales increased 20.5%, driven by the Multiple Sclerosis franchise. The two brands of this franchise performed very well. With first-quarter sales up 64.1% at CER, Aubagio® remains the fastest growing oral Multiple Sclerosis drug. Lemtrada® sales more than doubled in the first quarter 2016, reaching €88M.

Sales of the **Sanofi Pasteur** GBU show strong growth of 8.2% at CER. They were driven by Pollio/Pertussis/Hib vaccines in Emerging Markets, the meningitis vaccine Menactra® and the launch of Dengvaxia®, which generated sales of €19M in the first quarter.

**Diabetes & Cardiovascular** GBU sales were down 5.8%. On a worldwide basis, including Emerging Markets, **Diabetes franchise** sales declined 4.5% reflecting lower sales of Lantus® on the U.S. market. Outside the U.S., sales were up 4.5% driven by Emerging Markets and Europe where sales increased 4.0% driven by the launch of Toujeo®. As for the **Cardiovascular franchise**, sales of Praluent® were €12M in the first quarter reflecting current payer restrictions limiting uptake.

- 1 - Growth rates are expressed at constant exchange rates (CER). Growth rates in brackets are expressed on a reported basis. For definitions of financial indicators, please consult the press release issued on April 29, 2016.
- 2 - Including Animal Health Business which is reported on a single line in the consolidated income statements in accordance with IFRS 5 (Non-current held for sale and discontinued operations).
- 3 - Earnings per share.

Net sales by GBU	Q1 2016	Change at CER
Sanofi Genzyme (Specialty Care) <sup>a</sup>	€1,169M	+20.5%
Diabetes & Cardiovascular <sup>a</sup>	€1,499M	-5.8%
General Medicines & Emerging Markets <sup>b,c,d</sup>	€4,490M	-4.3%
Sanofi Pasteur (Vaccines)	€625M	+8.2%
Merial (Animal Health)	€760M	+17.5%

<sup>a</sup> - Does not include Emerging Markets sales

<sup>b</sup> - Includes Emerging Markets sales for Diabetes & Cardiovascular and Sanofi Genzyme

<sup>c</sup> - Excluding Venezuela: -0.3% at CER

<sup>d</sup> - Emerging Markets: World excluding U.S., Canada, Western & Eastern Europe (except Eurasia), Japan, South Korea, Australia, New Zealand and Puerto Rico



**TOUJEO®**, OUR NEXT GENERATION INSULIN, SHOULD BE AVAILABLE IN OVER 40 COUNTRIES BY THE END OF 2016.

## ■ WHAT ARE THE KEY HIGHLIGHTS OF THE FIRST QUARTER 2016?

I am pleased with the solid performance of the Group in the first quarter and the progress we have made on our 2020 roadmap. The performance is driven by Sanofi Genzyme, Sanofi Pasteur and Merial as well as our growth in Emerging Markets. At the same time, we have made **significant progress with two major late-stage pipeline assets**, dupilumab and sarilumab, highlighting the potential of our emerging Immunology franchise.

As announced, we have **restructured the Group into five Global Business Units** with the aim of simplifying our organization, deepening specialization and allowing us a clear focus on our growth drivers. This new GBU structure is in effect from January 1<sup>st</sup>.

## ■ IS THE DENGVAXIA® LAUNCH PROGRESSING WELL?

Dengvaxia®, our vaccine against dengue, is now approved in four countries and the first public dengue immunization program started in the Philippines in April. We are encouraged by the recent recommendation issued by the Strategic Advisory Group of Experts on Immunization to the World Health Organization. It recognizes the strong public health benefit of our dengue vaccine and should **help us secure further endemic country approvals** during 2016.

## ■ COULD YOU COMMENT ON YOUR OFFER TO ACQUIRE MEDIVATION?

As outlined in our mid-term strategy, we notably plan to **rebuild our position in Oncology**, one of the largest and fastest growing therapeutic areas in the biopharmaceutical sector. With Medivation's best-in-class offerings in prostate cancer, we believe a combination would benefit patients and, at the same time, generate value for shareholders of both companies.

Sanofi is a disciplined acquirer and has a **strong acquisition track-record**. While to date Medivation has chosen not to enter into discussions regarding this value-creating transaction, we remain committed to the combination and look forward to engaging directly with Medivation shareholders with regard to our proposal.



WE WILL SIMPLIFY OUR ORGANIZATION, DEEPEN SPECIALIZATION AND FURTHER FOCUS ON OUR GROWTH DRIVERS. ”

# THE PHILIPPINES LAUNCH

## WORLD'S FIRST PUBLIC DENGUE IMMUNIZATION PROGRAM



# 1 MILLION

STUDENTS  
FROM 6,000  
PUBLIC SCHOOLS

**BEGIN DENGUE VACCINATION**

THIS YEAR

Asia currently bears **70%** of the world's dengue burden<sup>1</sup>; in the Philippines alone **200,000** cases of dengue were reported in 2013.<sup>2</sup>

1 - Nature. 2013 Apr 25;496(7446):504-7

2 - Department of Health National Epidemiology Center Public Health Surveillance and Informatics Division Disease surveillance report Morbidity week 46 November 10 - 16, 2013.

### VACCINATION IS A CRITICAL ADDITION TO THE INTEGRATED DENGUE PREVENTION EFFORTS

The first public dengue immunization program started in the Philippines at the beginning of April. The Filipino health authorities, led by Department of Health Secretary Janette Garin, stand as global frontrunners in dengue prevention.

This initiative sends a strong message to the rest of the endemic world that dengue vaccination is a critical addition to the integrated disease prevention efforts needed to more effectively manage dengue burden.

### DENGVAXIA® IS AVAILABLE SINCE EARLY FEBRUARY IN THE PHILIPPINES

Dengvaxia® was approved for use in individuals 9-45 years of age for the prevention of dengue fever caused by all four serotypes on December 22, 2015 in the Philippines. Dengvaxia® was made available for private sector vaccination in February.

The public immunization program launched in the Philippines will begin vaccinating 1 million students from 6,000 public schools this year in three highly dengue-endemic regions of the country.

The vaccine's anticipated impact on dengue burden is expected to stem from its documented ability to prevent 8 out of 10 dengue hospitalizations and up to 93% of severe dengue in vaccinated study participants 9 years and older.

“

THIS LAUNCH REPRESENTS STRONG ENDORSEMENT OF A NEW MODEL TO GET INNOVATIVE NEW VACCINES FASTER TO POPULATIONS AT GREATEST RISK. ”

## STRATEGIC ADVISORY GROUP OF EXPERTS ON IMMUNIZATION RECOMMENDS DENGVAIXIA®

The SAGE, Strategic Advisory Group of Experts on Immunization convened by the World Health Organization (WHO) recommends use of Dengvaxia® in endemic countries, thus recognizing the **strong public health benefit** to be gained by introducing the vaccine.

The SAGE advises that countries with high dengue transmission consider introduction of the dengue vaccine as part of an integrated disease prevention strategy including vector control. Successful introduction of dengue immunization alongside other prevention efforts should help endemic countries to achieve the WHO objectives to reduce dengue morbidity by 25% and mortality by 50% by 2020.

## SANOFI OFFERS TO ACQUIRE BIOPHARMACEUTICAL COMPANY MEDIVATION

Sanofi sent a letter to Medivation's management at the end of April, in which it makes a non-binding proposal to acquire Medivation for \$52.50 per share. This would represent an all-cash transaction valued at approximately \$9.3 billion (on a fully-diluted basis).

Combining Sanofi and Medivation represents a **compelling strategic and financial opportunity to drive significant value for the respective companies' shareholders**. The proposed purchase price represents a premium of over 50% to Medivation's two-month volume weighted average price prior to there being takeover rumors.

The transaction **supports Sanofi's strategy in Oncology**. It would create a stronger company with a complementary range of offerings to treat prostate cancer.

After Medivation's rejection of the offer on April 29, Sanofi remains committed to the combination and looks forward to engaging directly with Medivation shareholders with regard to our proposal.<sup>1</sup>

## SANOFI WILL EXPAND ITS BIOLOGICS SITE IN BELGIUM

Sanofi will **invest €300 million to expand its site in Geel, Belgium**. The investment furthers Sanofi's commitment to driving the future of biologics by expanding manufacturing and commercial capabilities in order to ensure quality, capacity, and scale.

Through the investment, Sanofi plans to adapt and expand existing production capabilities to **support Sanofi's pipeline of monoclonal antibodies**. Updates to the existing facility will include the development of new laboratories focused on quality control and manufacturing sciences.



*1- This communication does not constitute an offer to buy or solicitation of an offer to sell any securities. No tender offer for the shares of Medivation has commenced at this time. In connection with the proposed transaction Sanofi may file tender offer documents, consent solicitation documents or other documents with the U.S. Securities and Exchange Commission. Any definitive tender offer document or consent solicitation document will be mailed to stockholders of Medivation.*



## PARTNERSHIPS AND RESEARCH & DEVELOPMENT

### RESEARCH COLLABORATION WITH DICE MOLECULES

In March, Sanofi and DiCE Molecules, a privately held company developing a next generation approach to small molecule drug discovery, announced a five-year global collaboration to discover potential new therapeutics.

The collaboration represents a unique R&D commitment to small molecule discovery and encompasses up to 12 discrete targets that represent all disease areas of strategic interest to Sanofi.

### ADVANCES OF NEW WAVE OF PRODUCTS IN PHASE III DEVELOPMENT

- **Dupilumab** represents a promising new class of immunotherapies: it is the first systemic therapy to show positive Phase III results in patients with inadequately controlled moderate-to-severe atopic dermatitis.
- **Sarilumab** demonstrated superiority vs. adalimumab (marketed by AbbVie as Humira®) in a Phase III monotherapy study, in improving signs and symptoms in patients with active rheumatoid arthritis, after 24 weeks of treatment.

### NEW INVESTIGATIONAL 2<sup>ND</sup> GENERATION TREATMENT IN POMPE DISEASE

In March, Sanofi presented data from a Phase I/II clinical study evaluating the investigational novel enzyme replacement therapy neoGAA in 24 patients with late-onset Pompe disease. The safety and efficacy data from this study support further development of the therapy. Sanofi plans to begin enrolling patients in a pivotal Phase III trial in the 2<sup>nd</sup> quarter of 2016.

Pompe disease is a progressive, debilitating and often fatal neuromuscular disease. 50,000 people are affected worldwide.

# GENERAL MEETING 2016

## APPROVAL OF A DIVIDEND OF €2.93 PER SHARE

The Combined General Shareholder Meeting was held on May 4, 2016 at the Palais des Congrès in Paris. All resolutions submitted to the vote were adopted by shareholders.

Further information on the meeting, including detailed voting results and the video webcast of the event, are available at: [www.sanofi.com/AGM2016](http://www.sanofi.com/AGM2016)



Olivier Brandicourt  
said to shareholders:

“ YOU PLAY AN IMPORTANT ROLE AND YOUR LOYALTY IS PRECIOUS; IT IS ESSENTIAL FOR BUILDING THE FUTURE OF SANOFI. WITH YOUR HELP WE CAN MEET EACH DAY THE CHALLENGE OF FUTURE HEALTH. ”

**Serge Weinberg**, Chairman of the Board of Directors, opened the general meeting and reviewed key highlights of 2015. With the arrival of Olivier Brandicourt as Chief Executive Officer, 2015 marked a new milestone for the further development of the Group and the definition of a new strategy.

### GOVERNANCE AND COMPENSATION

**Serge Weinberg** also commented on Sanofi's corporate governance and the progressive renewal of the Board: reducing the size, including more women, more international Directors and strengthening its pharmaceutical and scientific expertise.

**Patrick Kron**, Chairman of the Compensation Committee presented Sanofi's compensation policy.

### FINANCIAL RESULTS

**Jérôme Contamine**, Executive Vice President and Chief Financial Officer, highlighted the solid financial performance of Sanofi in 2015 while increasing investments in Research & Development, new product launches and the expansion in biologic products manufacturing capacity.

### PERSPECTIVES

**Olivier Brandicourt**, Chief Executive Officer, presented Sanofi's achievements in 2015 and its assets in an increasingly complex environment: a solid set of products and R&D pipeline, successful partnerships and teams with strong skills.

He also addressed the Group's future prospects, detailing the strategic roadmap

which aims to boost growth and strengthen Sanofi's global leadership in preventing and treating human diseases.

### PROGRESS IN RESEARCH & DEVELOPMENT

**Elias Zerhouni**, President, Global R&D, presented the significant transformation of the R&D strategy since 2012 and the major progress achieved in 2015 that launches a new wave of innovative products.

He also reported on the seven new projects expected to enter Phase III development in 2016 bringing new hope to patients in Sanofi's strategic therapeutic areas: Rare Diseases, Diabetes and Oncology.

## RENEWED BOARD OF DIRECTORS

The General Meeting appointed Diane Souza and Thomas Südhof as independent Directors and renewed Laurent Attal, Claudie Haigneré and Carole Piwnica as Directors for a term of four years, i.e., until the General Meeting called to approve the financial statements for the year 2019. Jean-René Fourtou, Klaus Pohle and Uwe Bicker did not express any wish to be reappointed.

Following the General Meeting, the new Board of Directors is comprised of 13 members, of whom six are women. A large majority of the Board's Directors are independent (identified by an asterisk in the following list).

- Serge Weinberg\*, Chairman of the Board of Directors
- Olivier Brandicourt, Chief Executive Officer
- Laurent Attal
- Bonnie Bassler\*
- Robert Castaigne\*
- Claudie Haigneré\*
- Patrick Kron\*
- Fabienne Lecorvaisier\*
- Suet-Fern Lee\*
- Christian Mulliez
- Carole Piwnica\*
- Diane Souza\*
- Thomas Südhof\*

## NEW BOARD MEMBERS



DIANE SOUZA

“WHAT REALLY MOTIVATES ME IS HELPING TO IMPROVE PEOPLE'S LIVES.”

Diane Souza is the former CEO of UnitedHealthcare Specialty Benefits, an ancillary and voluntary health insurance business, which serves more than 75,000 employers and 21 million members.

With over 25 years of managed care and health benefits experience, she led healthcare operations and business and large-scale systems transformation at UnitedHealthcare and Aetna, as well as delivery of the integrated market strategy for the Affordable Care Act.



THOMAS SÜDHOF, MD

“IT IS AN ENORMOUS PRIVILEGE TO HELP SOLVE THE ENIGMA OF DISEASES.”

Thomas Südhof, MD, is the Avram Goldstein Professor at Stanford University's School of Medicine, Professor of Molecular and Cellular Physiology, Psychiatry, and Neurology.

Most of his research focused on the mechanisms of synaptic information transmission which have pharmacological consequences for the treatment of neuro-degenerative and neuro-psychiatric diseases. He won the Nobel Prize in Physiology or Medicine (shared with James Rothman and Randy Shekman) in 2013.

## CHANGES TO EXECUTIVE COMMITTEE ALIGNED TO OUR STRATEGIC ROADMAP 2020



■ SINCE JUNE 1, 2016, THE EXECUTIVE COMMITTEE, CHAIRED BY OLIVIER BRANDICOURT, IS COMPRISED OF:

- **Olivier Charmeil**, Executive Vice President and General Manager, General Medicines and Emerging Markets
- **Jérôme Contamine**, Executive Vice President, Chief Financial Officer
- **Peter Guenter**, Executive Vice President and General Manager, Diabetes & Cardiovascular
- **Carsten Hellmann**, Executive Vice President and General Manager of Merial (until December 31, 2016)
- **Karen Linehan**, Executive Vice President, Legal Affairs and General Counsel
- **David Loew**, Executive Vice President and General Manager of Sanofi Pasteur
- **Philippe Luscan**, Executive Vice President, Global Industrial Affairs
- **Muzammil Mansuri, Ph.D.**, Executive Vice President, Strategy & Business Development
- **David Meeker, MD**, Executive Vice President and General Manager of Sanofi Genzyme
- **Ameet Nathwani, MD**, Executive Vice President, Medical Affairs
- **Roberto Pucci**, Executive Vice President, Human Resources
- **Elias Zerhouni, MD**, President, Global Research & Development

## ■ DEPARTURES

**Pascale Witz** former Executive Vice President, Diabetes & Cardiovascular, left the company on June 1. She had been a champion for driving a patient-focused, integrated-care approach and was instrumental in signing important strategic collaborations, including those with Verily Life Sciences (a subsidiary of Google) and Hanmi Pharmaceuticals.

**Carsten Hellmann** has accepted a position as President and CEO of ALK but will stay with Sanofi as Executive Vice President, Merial until the end of the year to support the strategic business swap project with Boehringer Ingelheim.

**Suresh Kumar**, Executive Vice President, External Affairs, will return to the United States for personal reasons. Given the challenging U.S. operating environment and impending change in government leadership, he has agreed to represent Sanofi's interest in the U.S. until the year-end. Olivier Brandicourt will serve as acting head of External Affairs until a replacement is found.

## ■ UPCOMING APPOINTMENT

Sanofi plans to name at a later date an **Executive Vice President, Consumer Healthcare (CHC)** who will be a member of the Executive Committee and who will lead a newly created CHC global business unit, which will be formed following the anticipated completion of the business swap.

# SHARE PERFORMANCE

## IN PARIS

### SANOFI SHARE PRICE TREND OVER 5 YEARS

Euronext Paris, from January 1, 2011 to May 25, 2016



CAC 40 rebased on the Sanofi share price  
 Source: vwdgroup

## SHAREHOLDER HANDBOOK

### 2016 EDITION

The Shareholder Handbook presents key figures for 2015 and the Group's strategy. It provides information about Sanofi shares and how to manage them, as well as practical information for shareholders.

You will also find useful contact information and key shareholder events in 2016.

The Handbook has been sent to registered shareholders by e-mail or postal mail. It is available on our SANOFI IR mobile app and as an interactive flipbook on our website: [sanofi.com/shareholders](http://sanofi.com/shareholders)

Sanofi also published its **corporate brochure** "Sanofi 2016" and its **2015 Corporate Social Responsibility Report** which gives an update on our social, community, ethical and environmental responsibilities.



### CALENDAR

- **June 27, 2016:** Shareholder meeting in Biarritz
- **July 29, 2016:** Second quarter results 2016
- **September 12, 2016:** Shareholder meeting in Bordeaux
- **September 29, 2016:** Shareholder meeting in Nice

### SANOFI STOCK

- **Euronext Paris, compartment A**  
 Member code: SAN  
 ISIN code: FR 0000120578
- **New York Stock Exchange**  
 Symbol: SNY  
 CUSIP number: 80105N105000

### SHAREHOLDER RELATIONS

- ✉ **SANOFI - Shareholder Relations**  
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- 🌐 [www.sanofi.com/shareholders](http://www.sanofi.com/shareholders)
- 📱 Mobile app: SANOFI IR  
 (available in the App Store and Google Play)

#### Forward-looking statement:

This letter contains projections and other forward-looking statements that are not historical facts. Although the management of Sanofi believes that these projections and forward-looking statements, and their underlying assumptions, are reasonable as of the date of this letter, investors are cautioned that such projections, assumptions, intentions and forward-looking statements are subject to various risks and uncertainties (many of which are difficult to predict and generally beyond the control of Sanofi) that could cause actual results and developments to differ materially from those expressed or implied. These risks and uncertainties include those discussed elsewhere in this letter, as well as in the filings of Sanofi with the U.S. Securities and Exchange Commission (SEC) and the French Autorité des marchés financiers (AMF), notably under the caption "Risk Factors" in the company's annual report on Form 20-F. Other than as required by applicable law, Sanofi does not undertake any obligation to update any statement that is not a historical fact.

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