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Q2 Results 2015: Transcript of video interview with Olivier Brandicourt, Chief Executive Officer

EuroBusiness Media (EBM): Sanofi, a global and diversified healthcare leader reports results for the second quarter of 2015. Olivier Brandicourt, hello.

Hello.

You are the CEO of Sanofi. What are your comments on the Group's Performance in the second quarter?

I am pleased with our results in the second quarter. Our performance was solid across the board.

Sales reached 9.4 billion euros, up 4.9% at constant exchange rates, reflecting the strength of our diversified businesses. We delivered growth across all regions and businesses, except for diabetes, which was down 3.8%. Without the well-anticipated decline in diabetes, Group sales were up 7.3% in the quarter.

Pharmaceuticals grew 3.7% this quarter reaching 7.8 billion euros. Genzyme was an important growth driver again this quarter. Our Animal Health business recorded another strong quarter with sales up 14.2%. And its sales of about 700 million euros represented the highest quarterly sales ever achieved by this business. Vaccines came back to growth in the second quarter with sales up 8.6% led by influenza vaccines and booster vaccines.

We also reported solid financial results. Despite the expected higher operational expenses driven by the investments in our multiple new product launches, business EPS was 1.41 euros per share, up 5.1% at constant exchange rates.

Similar to what we observed in the first quarter, we continue to see much stronger growth on a reported basis than at constant exchange rates for both the top and bottom line, due to the currency impact. On a reported basis, second quarter sales were up +16.1% and business EPS was up +20.5%.

It appears that Genzyme, Merial and sanofi pasteur had strong sales growth this quarter. What were the drivers of this performance?

Genzyme showed excellent sales growth this quarter of 26.6%. Total sales of the Rare Diseases franchise were 647 million euros, an increase of 9.1%, driven by the addition of new patients receiving therapy. We continue to build on our leadership position in the rare disease market based on the sustained success of all key brands, including Cerezyme®, Fabrazyme®, and Myozyme®. Of note, Cerdelga®, the only first-line oral therapy for Gaucher Disease, is gradually contributing to the growth of the Gaucher franchise with sales of 16 million euros in the second quarter.

In Multiple Sclerosis, Genzyme reported another quarter of exceptional commercial success with sales more than doubling to 260 million euros in the second quarter. The franchise is now on a trajectory of potentially over 1 billion euros of sales on an annualized basis. For the first time, Aubagio® became Genzyme's largest brand in terms of quarterly sales. And sales of Aubagio® grew 80.4% to €204 million driven by sales in the U.S. and Western Europe with a particularly strong performance in France.

The second quarter performance of Merial demonstrates the continued impressive recovery of this business. Sales increased 14.2% in the quarter and Animal Health has now delivered its fifth consecutive quarter of growth. This strong performance is driven by the success of NexGardTM in the companion animal market despite competition. Sales were also helped by an effective marketing strategy to defend our Frontline® franchise. Outside the pets business, we benefited from the strength of our ruminant and avian franchises.

Finally, Vaccines grew nicely in the second quarter, which was due to both increased influenza vaccine sales in the Southern Hemisphere and broadly positive sales momentum across many different product groups – with the exception of Polio/Pertussis/Hib vaccines where we had a high comparison basis in Q2 2014.

Can you update us on the Diabetes performance this quarter? How is the launch of Toujeo® progressing?

Diabetes sales declined 3.8% during the Q2, consistent with the previous quarter and in-line with our expectations for the full year.

Diabetes sales in the U.S. decreased 14% year-over-year to just over 1.1 billion euros, mainly reflecting the continued pricing impact on Lantus®. Diabetes sales in the U.S. accounted for 57% of worldwide Diabetes sales or about 12.1% of Group sales. Importantly, sales outside the U.S. represented 43% of total Diabetes sales and increased 11.2% to 854 million euros, which offset a substantial portion of the negative pricing impact in the U.S. market.

Toujeo®, our next-generation basal insulin, was launched in the U.S. market at the end of March. Total sales of the product were about €13 million in the second quarter and €20 million in the first half. Importantly, we have already achieved significant market access. As of early August, 73% of lives covered by commercial plans have unrestricted access to Toujeo®, including 45% of lives with preferred Tier 2 access. In Medicare Part D, 91% of lives are covered with unrestricted access to Toujeo®. This is a very encouraging start and we are successfully defending our position in the total U.S. basal market.

Following EU approval in April, Toujeo® was launched in Germany, the Netherlands and some Nordic countries. Toujeo® was also recently approved in Japan, Canada and Australia.

Last week, Praluent™ was approved by the FDA for the treatment of high cholesterol. When do you plan on launching the product? Could you update us on the status in the EU?

We are delighted by this news. Praluent ™ is now the first approved PCSK9 inhibitor in the U.S. and poised to become an important new medical advance.

We were proud to be the first to enter, as part of our alliance with Regeneron, a PCSK9 antibody into human clinical testing and were proud to be the first to share Phase III results showing a dramatic lowering of LDL-Cholesterol. And this week, we are honored to bring this first-in-class therapy to patients in the U.S. in need of additional LDL-lowering. For patients with heterozygous

familial hypercholesterolemia or those with clinical atherosclerotic cardiovascular disease who need additional help reducing LDL, we believe Praluent™ is a much-needed new option.

Last week, the CHMP also recommended the approval of Praluent™ with a very broad label. We expect a final EU approval in late September 2015.

What additional launches or regulatory filings do you expect this year? For example with Dengue, LixiLan or sarilumab.

Looking forward, we remain excited regarding our ambition to significantly reduce the global burden of Dengue with the help of our innovative vaccine candidate. Last month, we completed the regulatory submissions in key endemic countries in Asia and Latin America. And we are now expecting the first license to be granted before the end of 2015.

In Diabetes, the positive ELIXA study supported the regulatory filing of lixisenatide in the U.S. and we have consequently submitted the dossier to the FDA for their review this week.

I'm also very pleased with the recently announced positive topline results for the Lixilan-O study. This demonstrated superiority over insulin glargine or lixisenatide on HbA1c in patients who are not controlled enough on OADs. The second pivotal Phase III study, LixiLan-L, will be completed during Q3 2015. Following an analysis of results from both Phase III studies, LixiLan-O and LixiLan-L, Sanofi will determine the next steps in the regulatory process. Currently, regulatory submissions are planned for Q4 2015 in the U.S. and Q1 2016 in the EU.

Lastly, three Phase III studies of sarilumab, our anti IL-6 antibody against Rheumatoid Arthritis recently met their primary endpoints, allowing for U.S. regulatory submission before year-end and one year later in the EU.

Could you provide us with an update on your Regeneron agreement? Do you see yourself reinforcing your collaboration?

We just announced our new strategic alliance with Regeneron to develop treatments in the exciting field of Immuno-Oncology. This important collaboration establishes Sanofi's presence in cancer immunotherapy, which is projected to be one of the largest drug classes ever. Sanofi has always remained committed to developing innovative cancer therapies, as there are still significant unmet medical needs in oncology despite recent scientific progress with checkpoint inhibitors.

This opportunity will expand our oncology pipeline as we work with Regeneron to develop best-in-class new IO antibodies and novel combination products. The alliance includes a PD-1 inhibitor, which is in Phase I and a portfolio of antibodies including antibodies targeting LAG3, GITR and PD-L1 currently in Preclinical development.

Olivier Brandicourt, CEO of Sanofi, thank you very much.

Thank you.