



Q2 2017 Results

July 31, 2017

Forward Looking Statements

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Agenda

Key Highlights

- Olivier Brandicourt - Chief Executive Officer

Launching our Immunology Franchise

- Bill Sibold - Executive Vice President, Sanofi Genzyme

Advances in our Specialty Care Pipeline

- Elias Zerhouni - President, Global R&D

Financial Results

- Jérôme Contamine - Executive Vice President, Chief Financial Officer

Additional Participants for Q&A Session

- Olivier Charmeil - Executive Vice President, General Medicines & Emerging Markets
- Peter Guenter - Executive Vice President, Diabetes & Cardiovascular
- Karen Linehan - Executive Vice President, Legal Affairs and General Counsel
- David Loew - Executive Vice President, Sanofi Pasteur
- Alan Main - Executive Vice President, Consumer Healthcare

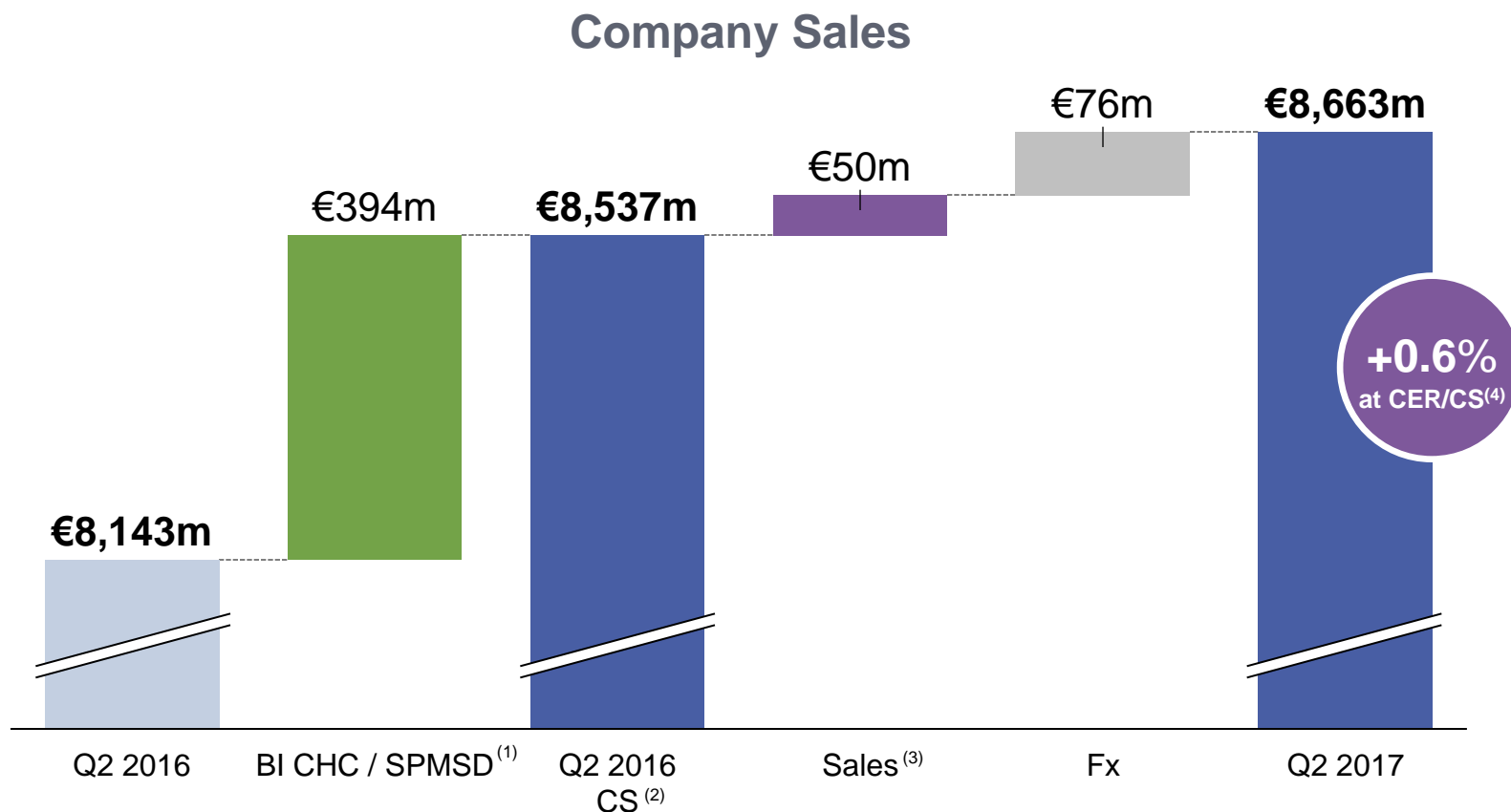
KEY HIGHLIGHTS



Olivier Brandicourt
Chief Executive Officer



Q2 2017 Sales Performance Consistent with Expectations



(1) Primarily includes SPMSD (€47m) and BI CHC (€371m on a Full Sales recognition basis; €348m when adjusting for progressive sales recognition) in Q2 2016. Minor disposal of CHC activities in China is also included.

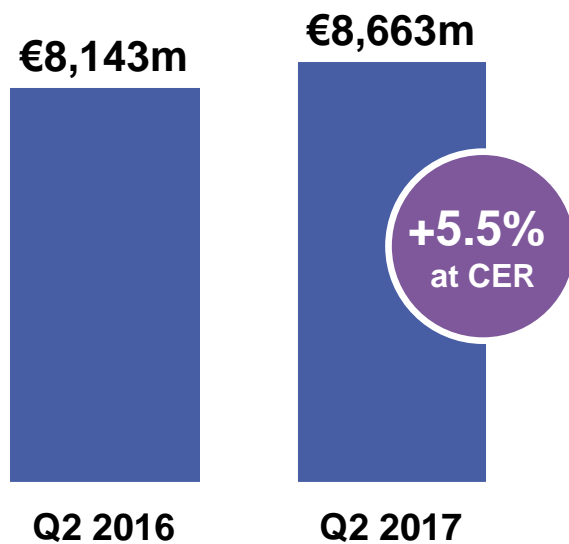
(2) Q2 2016 Sales at Constant Structure

(3) Incremental sales at CER

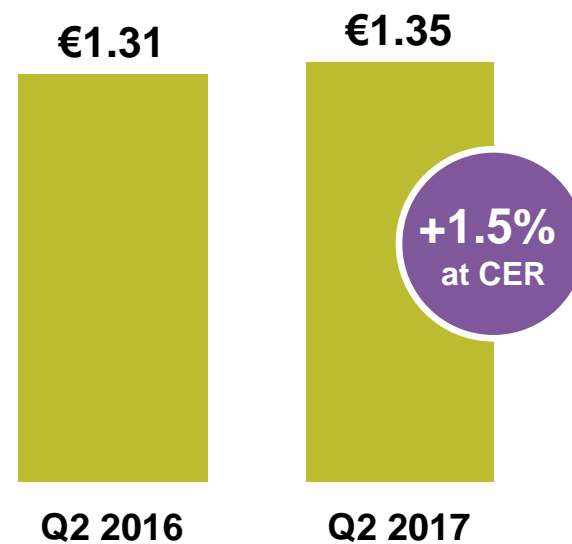
(4) Growth at Constant Exchange Rates (CER) and Constant Structure (CS)

Q2 2017 Financial Results Benefit from Simplification; H1 Performance Allows for Raised 2017 Guidance

Company Sales








Business EPS



Business EPS grew +2.7% at CER in H1 2017

Strong Performance in Q2 2017 for Specialty Care and Vaccines, Offset by Anticipated U.S. Diabetes Decline

Q2 2017 Sales by Global Business Unit

Company Sales	€8,663m	Growth at CER/CS ⁽¹⁾ +0.6%
 Sanofi Genzyme (Specialty Care)⁽²⁾	€1,439m	+14.4%
 Sanofi Pasteur (Vaccines)	€1,016m	+19.2% ⁽³⁾
 Diabetes & Cardiovascular⁽²⁾	€1,386m	-15.0%
 Consumer Healthcare⁽⁴⁾	€1,163m	-0.1% ⁽⁵⁾
 General Medicines & Emerging Markets^(6,7,8)	€3,659m	-1.3%

(1) Growth at CER and Constant Structure on the basis of Q2 2016 sales including CHC sales from Boehringer Ingelheim, SPMSD sales and others

(2) Does not include Emerging Markets sales

(3) On a CER basis, growth was +26.2%

(4) Consumer Healthcare includes sales in Emerging Markets

(5) On a CER basis, growth was +42.5%

(6) Includes Emerging Markets sales for Diabetes & Cardiovascular and Specialty Care

(7) Emerging Markets: World excluding U.S., Canada, Western & Eastern Europe (except Eurasia), Japan, South Korea, Australia, New Zealand and Puerto Rico

(8) Excluding global Consumer Healthcare sales and Vaccines
Pictures by Freepik

Emerging Markets Supported Growth While Developed Markets Faced Some Headwinds in Q2 2017

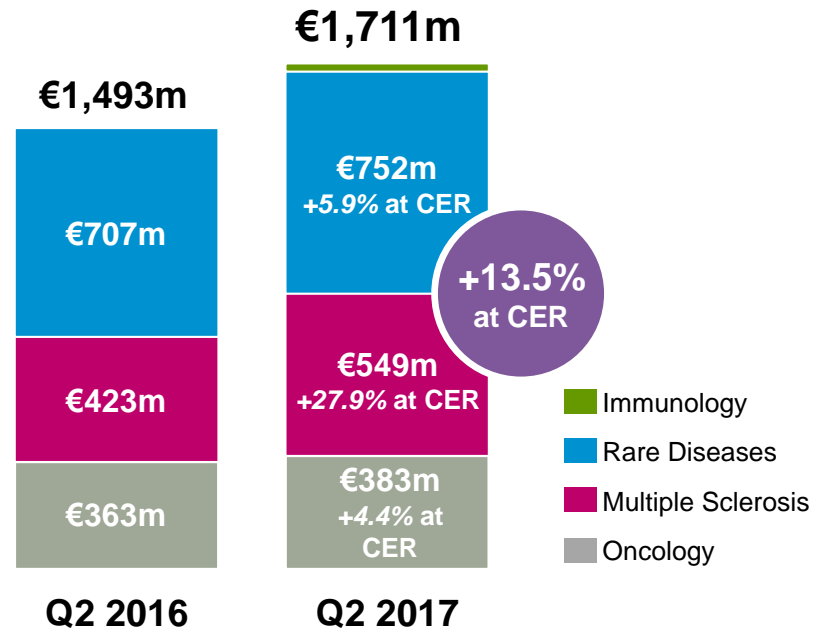
Q2 2017 Sales by Franchise

			Developed Markets		Emerging Markets	
	Total Sales	Growth at CER/CS ⁽¹⁾	Sales	Growth at CER/CS ⁽¹⁾	Sales	Growth at CER/CS ⁽¹⁾
Specialty Care	€1,711m	+13.6%	€1,439m	+14.4%	€272m	+9.7%
Vaccines	€1,016m	+19.2%	€602m	+17.3%	€414m	+22.2%
Diabetes & Cardiovascular	€1,772m	-10.7%	€1,386m	-15.0%	€386m	+8.6%
Consumer Healthcare	€1,163m	-0.1%	€762m	-2.3%	€401m	+4.6%
Established Rx Products	€2,559m	-2.6%	€1,592m	-6.1%	€967m	+3.5%
Generics	€442m	-7.6%	€253m	-6.7%	€189m	-8.9%

Sanofi Genzyme Delivered Double-Digit Growth and Launched an Immunology Franchise

- Specialty Care franchise up +14% with all franchises growing across both Emerging and Developed markets
- Rare Disease Franchise increases +5.9%
 - Myozyme® and Fabrazyme® up double digits
 - Gaucher franchise stable
- Multiple Sclerosis franchise continued to grow strongly, up +28%
- Dupixent® generated €26m in sales
- Kevzara® launched in the U.S. and approved in Europe

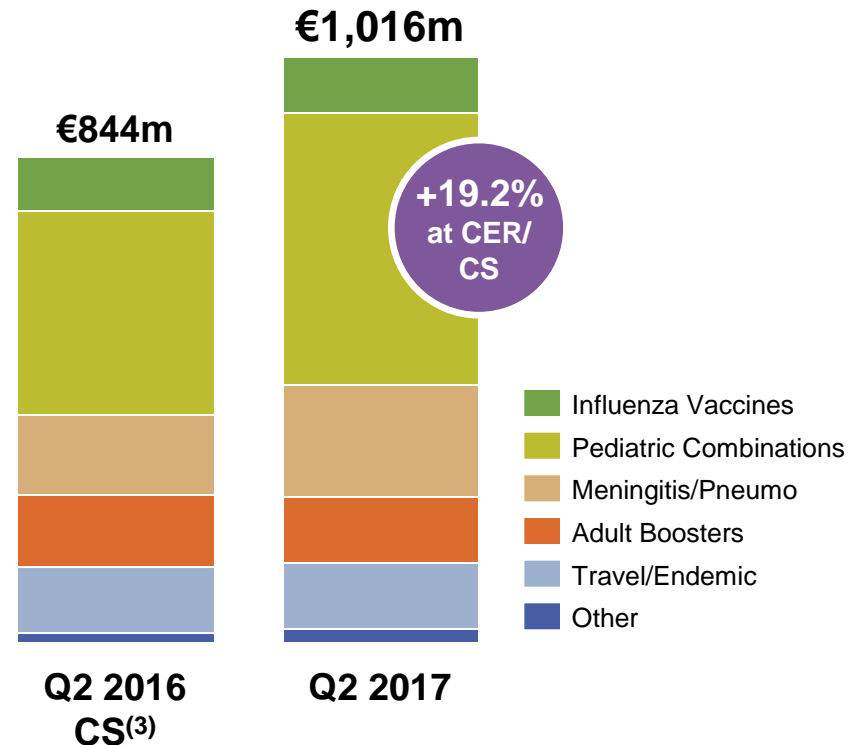
Global Specialty Care Franchise Sales



Double-Digit Vaccines Growth in Q2 Driven by Pediatric Combination Strategy and Menactra®

- Q2 2017 Vaccines sales up +19% at CER/CS⁽³⁾
 - Pediatric combo⁽¹⁾ franchise up +31%
 - Menactra® sales up +41% at CER, driven by U.S. CDC⁽²⁾ stocking
- European performance improved (+32%) following Integration of vaccines business formerly managed by SPMSD JV
- First shipment for U.S. Flu season completed on July 17 and expect to deliver similar number of doses as in 2016

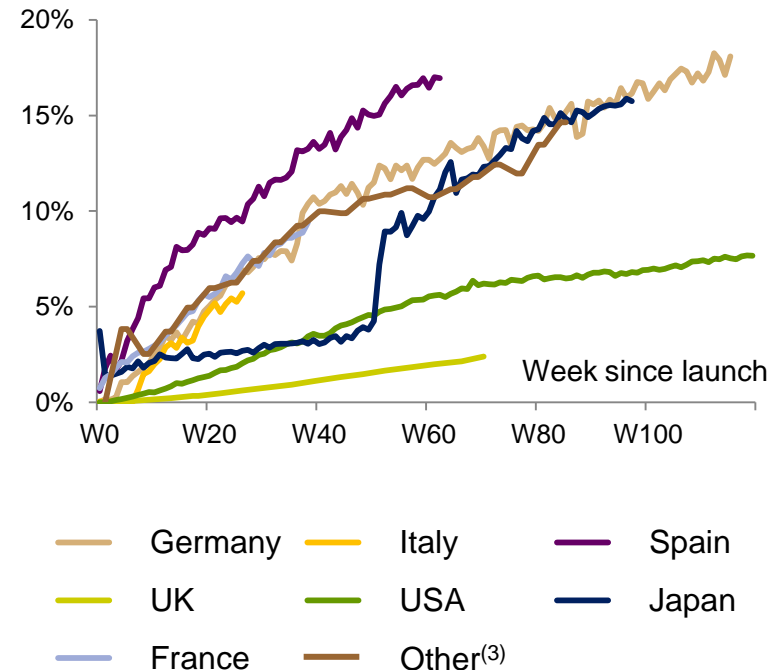
Sanofi Pasteur Sales



Accelerated Decline in Diabetes Sales Partially Mitigated by Toujeo®

- Diabetes sales declined -12% at CER driven by anticipated U.S. challenges
- U.S. diabetes sales decline (-19% in H1 2017) expected to accelerate in H2 2017
- Toujeo® sales reached €210m (+46% at CER)
 - Achieved 13% basal market share in Europe⁽¹⁾
 - Continued share gain in the U.S. Basal market⁽²⁾
 - Reached 15.5% market share in Japan
- Soliqua™ 100/33 U.S. payer coverage improving
 - Access secured for 62% of commercial lives
- Comprehensive 2018 U.S. payer coverage update to be provided with Q3 2017 results

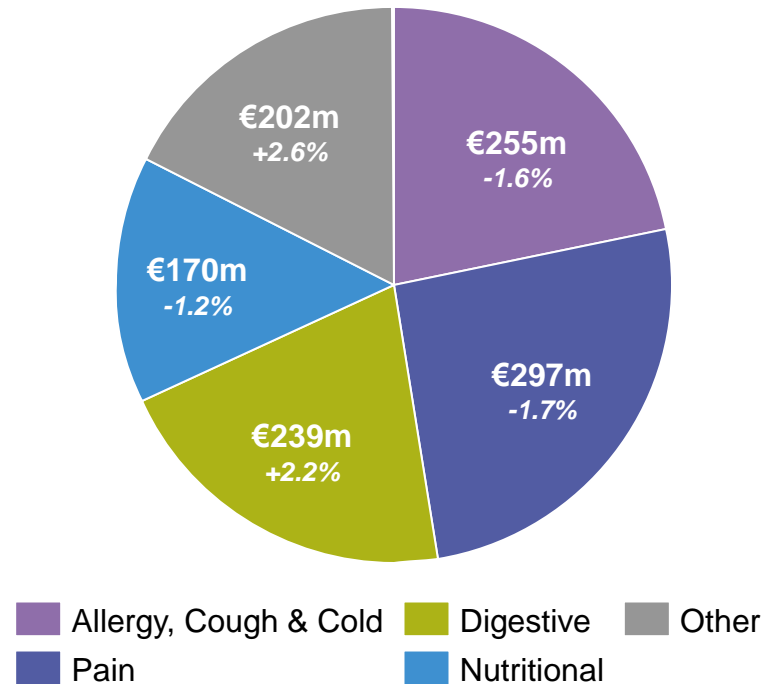
Toujeo® Market Share⁽¹⁾
Top EU Countries, Japan, the U.S. and Other



CHC Sales Stable in Q2 2017 as Seasonality Impacted Growth

- CHC sales stable at CER/CS⁽¹⁾
 - Europe was down -7.8% due to strong and early cough and cold season⁽²⁾
 - U.S. sales increased +2.5%
 - Emerging Markets up +4.6% with all core categories growing
- BI integration progressing according to plan
 - Over 95% of BI CHC sales will be recognized by end of 2017⁽³⁾

Q2 2017 Global CHC Sales
at CER/CS



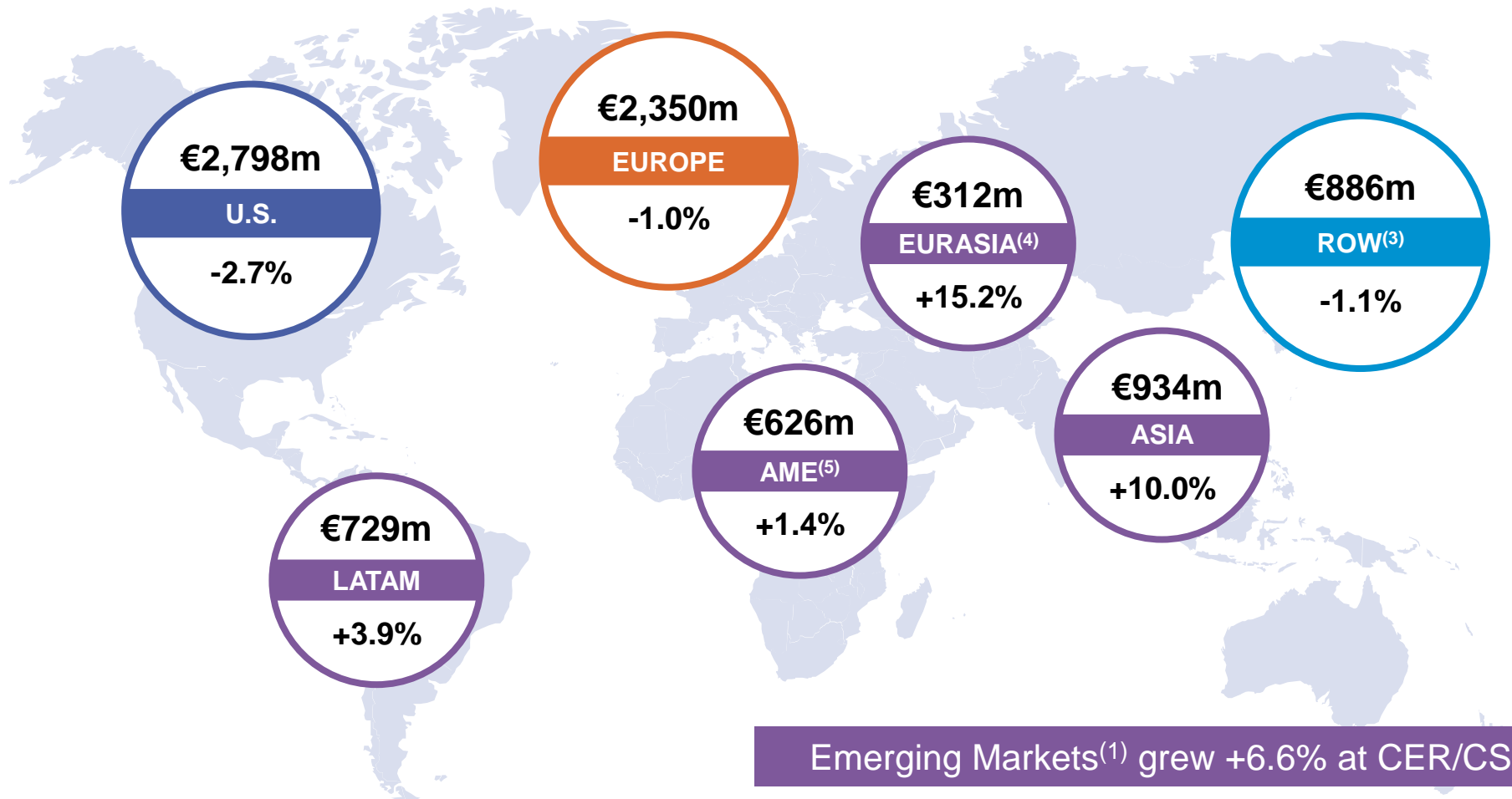
H1 2017 sales growth was 2.4% at CER/CS

(1) Growth at CER and Constant Structure on the basis of Q2 2016 sales including CHC sales from Boehringer Ingelheim and Others

(2) Europe Allergy, cough and cold sales were up +21.6% and Pain sales were up +15.7% in Q1 2017

(3) 42 countries have exited transitional distribution service agreement by early July 2017. Remaining 13 countries expected to exit transitional distribution service agreement by April 2018.

Emerging Markets⁽¹⁾ Continue Strong Growth With China Sales Increasing Double Digits⁽²⁾



All growth at CER/CS unless specified otherwise

(1) World excluding U.S., Canada, Europe, Japan, South Korea, Australia, New Zealand and Puerto Rico

(2) China growth was +15.4% at CER and +17.1% at CER/CS

(3) RoW: Japan, South Korea, Canada, Australia, New Zealand and Puerto Rico

(4) Eurasia: Russia, Ukraine, Georgia, Belarus, Armenia and Turkey

(5) AME: Africa and Middle East

LAUNCHING OUR IMMUNOLOGY FRANCHISE



Bill Sibold
Executive Vice President,
Sanofi Genzyme



Strong Launch Driven by High Patient Need, HCP Engagement and Initial Market Access

- U.S. prescriptions trending ahead of other recently launched dermatology biologics
 - Over 5,100 prescribers since launch⁽¹⁾
 - Cumulatively over 13,000 patients prescribed since launch⁽¹⁾
- Broad U.S. market access expected by the end of 2017
- Dupixent® received positive CHMP recommendation in moderate-to-severe atopic dermatitis in adults on July 21, 2017
- Q2 2017 sales of €26m

Dupixent® Weekly TRx since launch⁽²⁾



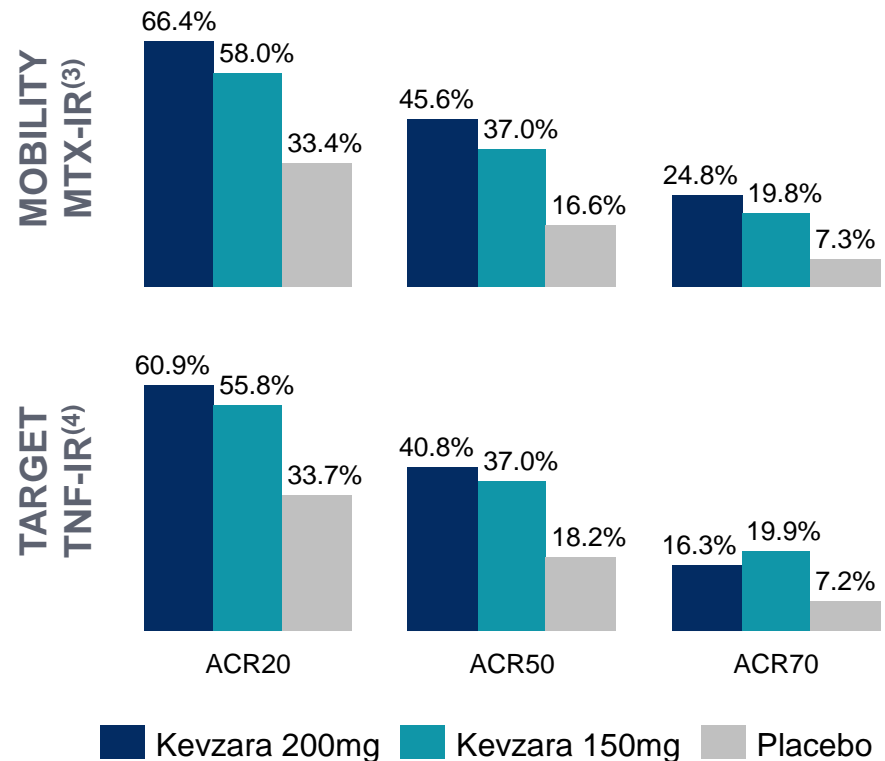
FDA sBLA submission in asthma expected in Q4 2017

Positioned to Grow IL-6 Class and Benefit from Evolving RA⁽¹⁾ Treatment Paradigm

- Launch underway in the U.S. and now approved in Europe
- U.S. product label includes:
 - Consistent efficacy in both MTX-IR⁽²⁾ and TNF-IR⁽³⁾ patients
 - Radiographic data supportive of clinical profile on joint erosion and space narrowing
 - Bi-weekly administration for both 200mg and 150mg doses
- Payer discussions ongoing
 - Market access anticipated for majority of commercial lives by year-end

Consistent Efficacy Data in MTX-IR and TNF-IR patients

% of patients achieving ACR20/50/70 at week 24



ADVANCES IN OUR SPECIALTY CARE PIPELINE



Elias Zerhouni
President, Global R&D

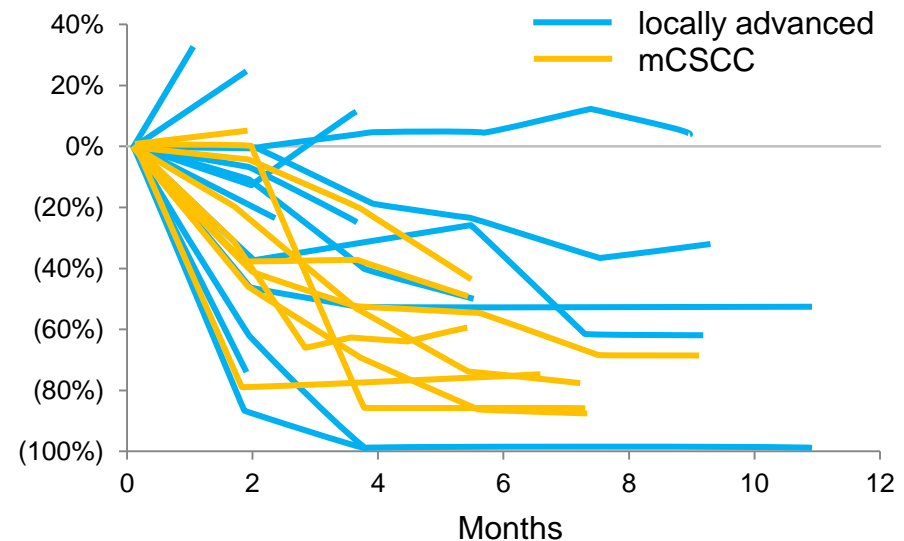


SAR439684 (PD-1 inhibitor): Registrational Phase 2 Underway Supported by Positive Early Results in CSCC

- PD-1 (SAR439684) positive Phase 1 study results in advanced CSCC⁽¹⁾
 - 46.2% ORR⁽²⁾ and 69.2% DCR⁽³⁾
 - Generally well tolerated⁽⁴⁾
- Anticipated FDA submission in mCSCC in Q1 2018 based on current Phase 2
- Additional studies initiated in Q2:
 - 1st line NSCLC⁽⁵⁾: Phase 3 started
 - Advanced BCC⁽⁶⁾: Phase 2 started
 - RRMM⁽⁷⁾: Phase 1/2 started in combination with isatuximab

PD-1 (SAR439864) ORR in Phase 1 CSCC⁽⁸⁾

Percent change in target lesions from baseline



In collaboration with Regeneron SAR439684 is an investigational agent under clinical development and its safety and efficacy has not been fully evaluated by any Regulatory Authority SAR439684 also known as REGN2810

(1) Cutaneous Squamous Cell Carcinoma
(2) Overall Response Rate

(3) Disease Control Rate

(4) The most common treatment-related adverse event of any grade was fatigue (23.1%). All grade 3 or higher adverse events occurred once and included arthralgia (3.8%), maculopapular rash (3.8%), asthenia (3.8%), aspartate aminotransferase (AST) elevation (3.8%) and

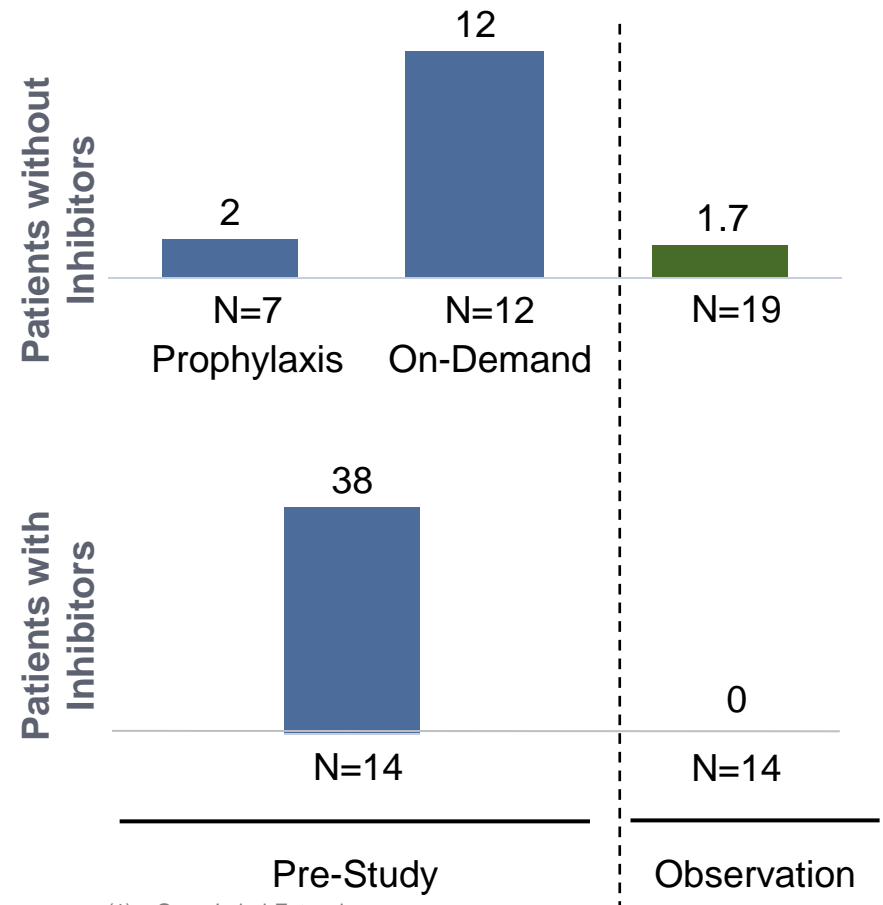
alanine aminotransferase (ALT) elevation (3.8%).

(5) Non-Small Cell Lung Cancer
(6) Basal Cell Carcinoma
(7) Relapsed Refractory Multiple Myeloma
(8) Data presented at ASCO 2017

Fitusiran – Positive Phase 2 data and Phase 3 ATLAS Program Initiated

- Phase 2 OLE⁽¹⁾ study results with fitusiran for Hemophilia A and B patients with and without inhibitors
 - 48% of patients bleed-free
 - 67% of patients reported no spontaneous bleeding
- Majority of AEs⁽²⁾ were mild or moderate
 - ISRs⁽³⁾ most common non-laboratory AE
 - No thromboembolic events
 - Asymptomatic ALT increases >3X ULN observed in HCV Ab+ patients; most cases improved without dose interruption (one led to discontinuation)
- Phase 3 ATLAS program initiated

Summary of Median ABRs⁽⁴⁾



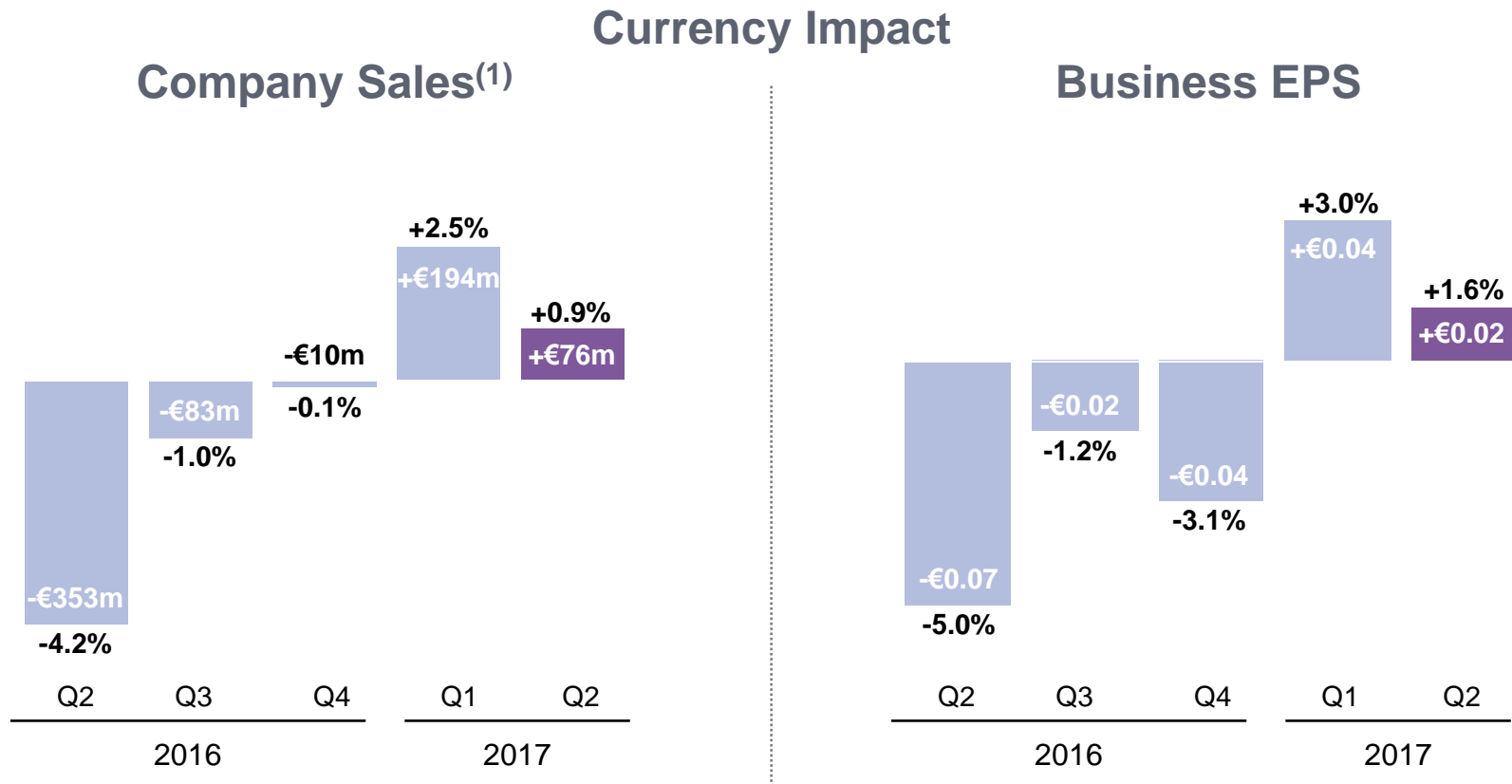
FINANCIAL RESULTS



Jérôme Contamine
Executive Vice President,
Chief Financial Officer



Currency Tailwind Diminishes in Q2 2017



Q2 2017 Operating Margin Improvement More than Offset Change of Structure and Higher Tax Rate

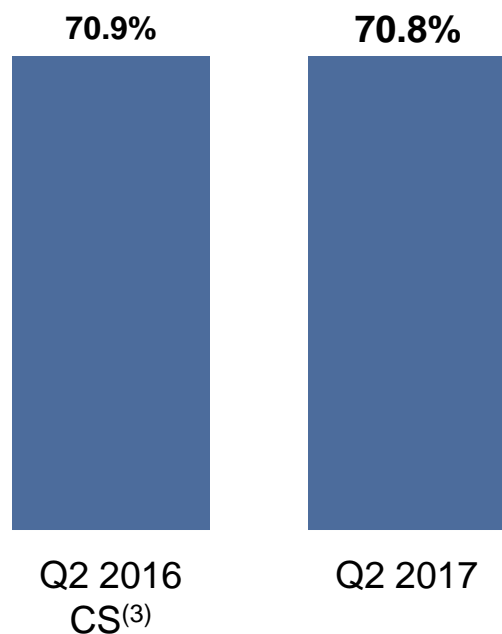
€m	Q2 2017	Q2 2016	% Change (reported €)	% Change (CER)
Net Sales	8,663	8,143	+6.4%	+5.5%
Gross Profit	6,136	5,785	+6.1%	+4.9%
Business Operating Income	2,299	2,093	+9.8%	+8.5%
<i>Business operating margin</i>	26.5%	25.7%	-	-
<i>Effective tax rate⁽¹⁾</i>	24.5%	23.2%	-	-
Animal Health contribution to BNI	0	128	-	-
Total Business Net Income	1,696	1,680	+1.0%	-0.5%
Average number of Shares	1,258.2	1,286.8	-	-
Business EPS	€1.35	€1.31	+3.1%	+1.5%

Quarterly Performance Continues to Benefit from Sanofi's More Focused Organization

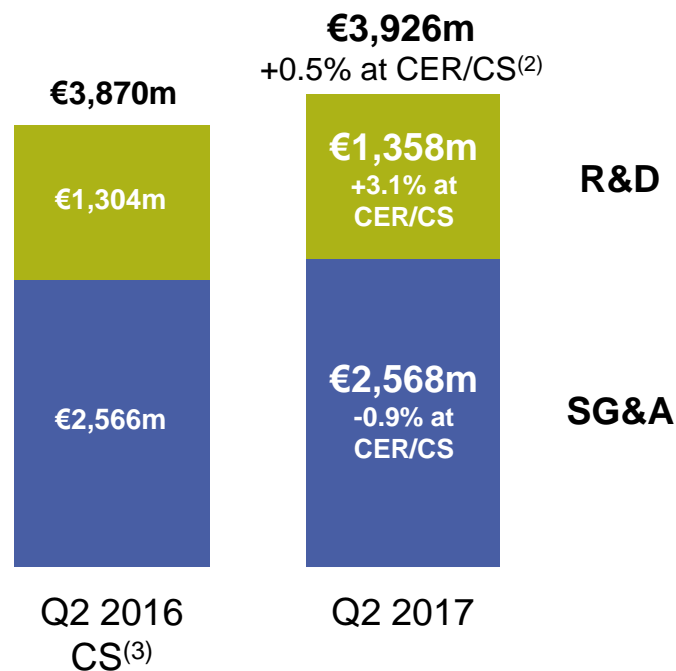
€m	Q2 2017	Q2 2016 CS ⁽¹⁾	% Change (CER/CS)
Net Sales	8,663	8,537	+0.6%
Other revenues	270	160	+66.3%
Gross Profit	6,136	6,055	+0.3%
R&D	(1,358)	(1,304)	+3.1%
SG&A	(2,568)	(2,566)	-0.9%
Other current operating income & expenses	68	0	-
Share of profit/loss of associates	51	25	-
Minority interests	(30)	(28)	-
Business Operating Income	2,299	2,182	+4.1%
<i>Business operating margin</i>	26.5%	25.6%	

Q2 2017 Gross Margin Broadly Stable With Disciplined Expense Management

Gross Margin Ratio⁽¹⁾



Operating Expenses



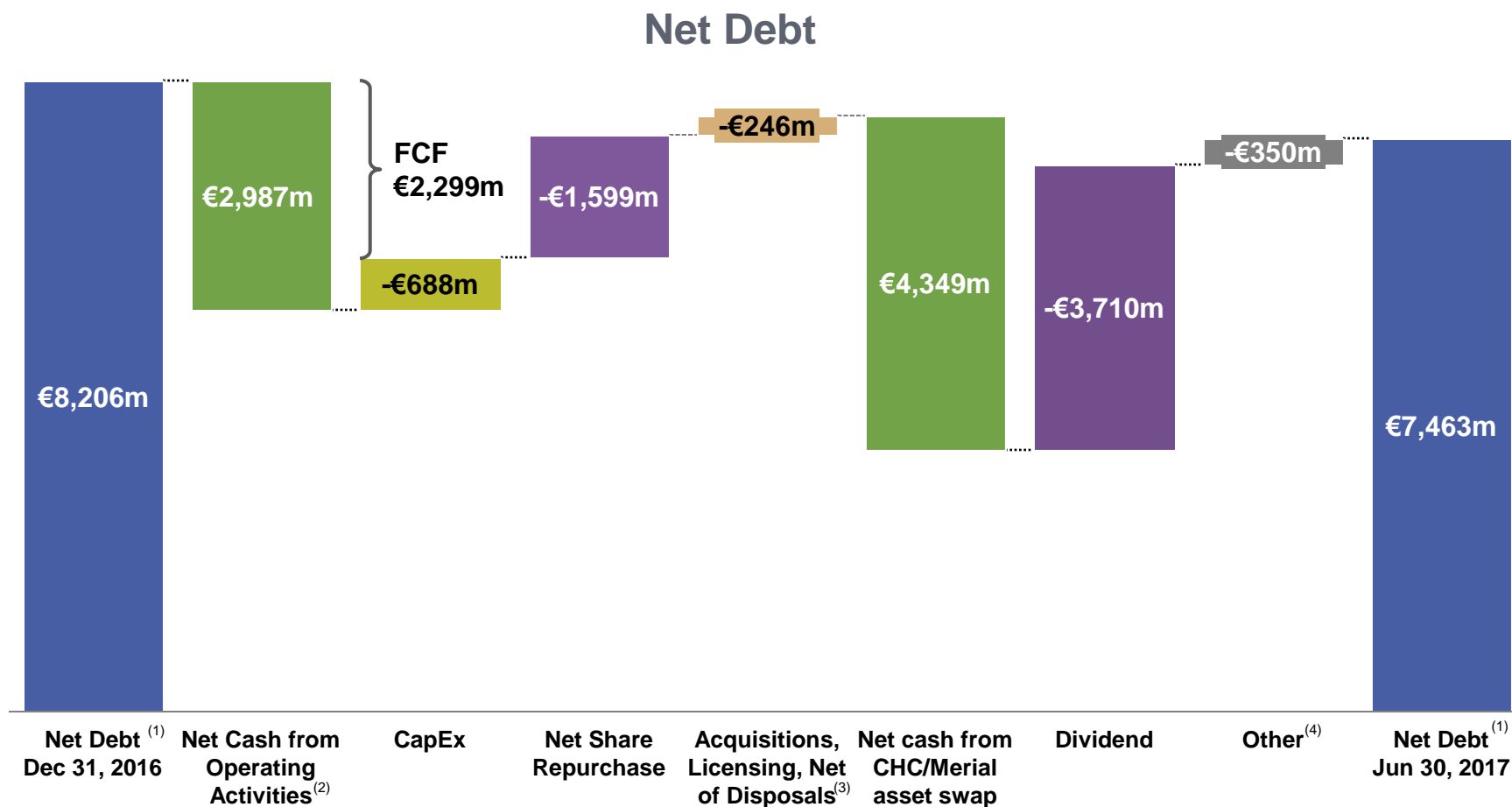
Investing in our innovative late-stage pipeline to drive long-term growth

(1) Gross Margin is calculated as the ratio of Gross profit over Company sales (excluding Other revenues)


(2) At CER and Constant Structure

(3) Adjustments for BI CHC and SPMSD and Others reduces Gross Margin Ratio by 0.1% and add €169m in SG&A and €25m in R&D

Net Debt Evolution in H1 2017



Raising Business EPS Guidance at CER for H1 2017 Performance

FY 2017	SANOFI 
Business EPS	Broadly Stable at CER^(1,2)
FX impact on Business EPS	+1%⁽³⁾ based on June 2017 average exchange rates



CLOSING REMARKS



Olivier Brandicourt
Chief Executive Officer



Executing on our 2020 Strategic Roadmap

- 1 FY guidance raised on solid H1 financials
- 2 Focused organization driving performance and expense discipline
- 3 Managing challenging U.S. payer environment in diabetes
- 4 Strong Dupixent® launch
- 5 Investing in R&D and advancing innovation platforms

Q&A SESSION



APPENDICES

R&D PIPELINE



R&D Pipeline – Pharma & Vaccines

Phase 1

Phase 2

Phase 3

Registration

SAR440340 N Anti-IL33 mAb Asthma & COPD	SAR438335 N GLP-1R/GIPR dual agonist Type 2 diabetes	dupilumab N Anti-IL4R α mAb Eosinophilic oesophagitis	efpeglenatide N Long-acting GLP-1 receptor agonist Type 2 diabetes	dupilumab N Anti-IL4R α mAb Asthma, Nasal Polyposis	Dupixent[®] N Anti-IL4R α mAb Atopic dermatitis, EU
SAR439794 N TLR4 agonist Peanut allergy	SAR341402 N Rapid acting insulin Diabetes	SAR156597 N IL4/IL13 Bi-specific mAb IPF, Systemic Scleroderma	SAR425899 N GLP-1R/GCGR dual agonist Type 2 diabetes	isatuximab N Anti-CD38 naked mAb Relapsed Refractory Multiple Myeloma	SAR342434 N insulin lispro Type 1+2 diabetes
GZ402668 N GLD52 (anti-CD52 mAb) Relapsing multiple sclerosis	SAR440181⁽¹⁾ N DCM1 Myosin activation cardiovascular indication	GZ389988 N TRKA antagonist Osteoarthritis	SAR439152 N Myosin inhibitor Hypertrophic cardiomyopathy	SAR439684 N PD-1 inhibitor 1 st line NSCLC	Dengvaxia^{®(4)} N Mild-to-severe dengue fever vaccine
UshStat[®] N Myosin 7A gene therapy Usher syndrome 1B	SAR247799 N S1P1 agonist cardiovascular indication	SAR100842 N R LPA1 receptor antagonist Systemic sclerosis	Combination ferroquine / OZ439 N Antimalarial	patisiran N siRNA inhibitor targeting TTR Hereditary ATTR amyloidosis	PR5i N DTP-HepB-Polio-Hib Pediatric hexav. vaccine, U.S
SAR228810 N Anti-protofibrillar AB mAb Alzheimer's disease	SAR407899 N rho kinase Microvascular angina	sarilumab N Anti-IL6R mAb Uveitis	Rabies VRVg N Purified vero rabies vaccine	GZ402666 N neoGAA Pompe Disease	
SAR408701 N Maytansin-loaded anti-CEACAM5 mAb Solid tumors	Herpes Simplex Virus Type 2 N HSV-2 vaccine	SAR422459 N ABCA4 gene therapy Stargardt disease	Tuberculosis N Recombinant subunit vaccine	fitusiran N siRNA targeting Anti-Thrombin Hemophilia	
SAR428926 N Maytansin-loaded anti-Lamp1 mAb Cancer	Zika N Inactivated Zika vaccine	R SAR439684 N PD-1 inhibitor Advanced CSCC (Skin cancer)	Fluzone[®] QIV HD N Quadrivalent inactivated influenza vaccine - High dose	sotagliflozin N Oral SGLT-1&2 inhibitor Type 1 & Type 2 diabetes	N New Molecular Entity
SAR439459 N TGF β inhibition mAb Metastatic melanoma	Respiratory syncytial virus N Infants	SAR439684 N PD-1 inhibitor Advanced BCC	Adacel+ N Tdap booster	Clostridium difficile N Toxoid vaccine	R Registration Study
		isatuximab N Anti-CD38 naked mAb Acute Lymphoblastic Leukemia	Shan 6 N DTP-HepB-Polio-Hib Pediatric hexavalent vaccine	VaxiGrip[®] QIV IM N Quadrivalent inactivated influenza vaccine (6-35 months)	Immuno-inflammation
		SAR566658 N Maytansin-loaded anti-CA6 mAb Solid tumors	HIV N Viral vector prime & rgp120 boost vaccine	Pediatric pentavalent vaccine N DTP-Polio-Hib Japan	MS, Neuro, Ophthalmology
		R olipudase alfa N rhASM Deficiency Acid Sphingomyelinase Deficiency ⁽²⁾	SP0232⁽³⁾ N Respiratory syncytial virus Monoclonal antibody	Men Quad TT N 2 nd generation meningococcal ACYW conjugate vaccine	Oncology
		venlustat N Oral GCS inhibitor Gaucher related Parkinson's Disease, Gaucher Disease Type 3, Fabry Disease			Rare Disease

N New Molecular Entity

R Registration Study

Immuno-inflammation

MS, Neuro, Ophthalmology

Oncology

Rare Disease

Diabetes Solutions


Cardiovascular & metabolism


Infectious Diseases


Vaccines


R&D Pipeline Summary Table⁽¹⁾

	Phase 1	Phase 2	Phase 3	Registration	TOTAL
Oncology	3	1	2	0	6
Diabetes	2	2	1	1	6
Cardiovascular Diseases	3	1	0	0	4
Immuno-inflammation	2	3	0	0	5
Infectious Diseases	0	1	0	0	1
Rare Diseases	0	2	3	0	5
Multiple Sclerosis, Neurology, Ophthalmology	3	1	0	0	4
Vaccines	3	7	4	2	16
TOTAL	16	18	10	3	


47
NMEs & Vaccines


31


34


13

Expected R&D Milestones

Products	Expected milestones	Timing
Dupixent®	Start of Phase 3 trial in Atopic Dermatitis in 6-11 year-olds	Q3 2017
Fluzone QIV HD	Start of Phase 3 trial	Q3 2017
VaxiGrip® QIV IM (6-35 months)	EU regulatory submission	Q3 2017
patisiran	Phase 3 results in Hereditary ATTR amyloidosis	Q3 2017
dupilumab	Phase 3 results in Asthma in Adult/Adolescent patients	Q4 2017
dupilumab	U.S. regulatory submission in Asthma in Adult/Adolescent patients	Q4 2017
Dupixent®	Start of Phase 3 trial in Atopic Dermatitis in 6 months to 5 year-olds	Q4 2017
efpeglenatide	Start of Phase 3 trial in type-2 Diabetes	Q4 2017
sotagliflozin	Start of Phase 3 trials in combination therapies in type-2 Diabetes	H2 2017
isatuximab	Start of additional Phase 3 trials in Multiple Myeloma and additional indications	H2 2017
SAR439684 (PD-1)	Phase 2/3 to start in additional solid tumors	H2 2017
Praluent®	ODYSSEY OUTCOMES top-line results	Q1 2018
SAR439684 (PD-1)	Phase 2 (registration) results in Cutaneous Squamous Cell Carcinoma	Q1 2018
GZ402668 (anti-CD52 mAb)	Start of Phase 3 in Relapsing Multiple Sclerosis	Q1 2018
dupilumab	Start of Phase 3 trial in Eosinophilic Esophagitis	Q1 2018
dupilumab	EU regulatory submission in Asthma in Adult/Adolescent patients	Q1 2018

APPENDICES

FINANCE

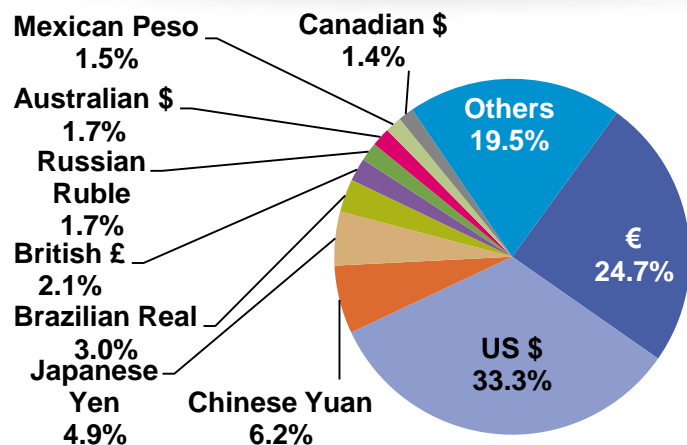


2017 Currency Sensitivity

2017 Business EPS Currency Sensitivity

Currency	Variation	Business EPS Sensitivity
U.S. Dollar	- 0.05 USD/EUR	+ EUR 0.13
Japanese Yen	+ 5 JPY/EUR	- EUR 0.02
Chinese Yuan	+ 0.2 CNY/EUR	- EUR 0.02
Brazilian Real	+ 0.4 BRL/EUR	- EUR 0.02
Russian Ruble	+ 10 RUB/EUR	- EUR 0.03

Currency Exposure on Q2 2017 Sales



Currency Average Rates

	Q2 2016	Q2 2017	% change
EUR/USD	1.13	1.1	-2.6%
EUR/JPY	121.98	122.15	+0.1%
EUR/CNY	7.38	7.54	+2.2%
EUR/BRL	3.96	3.54	-10.8%
EUR/RUB	74.35	62.87	-15.4%

Business Net Income Statement

Second quarter 2017				Pharmaceuticals			Vaccines			Others		Total Group		
€ million	Q2 2017	Q2 2016	Change	Q2 2017	Q2 2016	Change	Q2 2017	Q2 2016	Q2 2017	Q2 2016	Change			
Net sales	7,647	7,346	4.1%	1,016	797	27.5%			8,663	8,143	6.4%			
Other revenues	73	68	7.4%	197	97	103.1%			270	165	63.6%			
Cost of Sales	(2,168)	(2,046)	6.0%	(629)	(477)	31.9%			(2,797)	(2,523)	10.9%			
<i>As % of net sales</i>	<i>(28.4%)</i>	<i>(27.9%)</i>		<i>(61.9%)</i>	<i>(59.8%)</i>				<i>(32.3%)</i>	<i>(31.0%)</i>				
Gross Profit	5,552	5,368	3.4%	584	417	40.0%			6,136	5,785	6.1%			
As % of net sales	72.6%	73.1%		57.5%	52.3%				70.8%	71.0%				
Research and development expenses	(1,203)	(1,138)	5.7%	(155)	(141)	9.9%			(1,358)	(1,279)	6.2%			
<i>As % of net sales</i>	<i>(15.7%)</i>	<i>(15.5%)</i>		<i>(15.3%)</i>	<i>(17.7%)</i>				<i>(15.7%)</i>	<i>(15.7%)</i>				
Selling and general expenses	(2,338)	(2,215)	5.6%	(230)	(182)	26.4%			(2,568)	(2,397)	7.1%			
<i>As % of net sales</i>	<i>(30.6%)</i>	<i>(30.2%)</i>		<i>(22.6%)</i>	<i>(22.8%)</i>				<i>(29.6%)</i>	<i>(29.4%)</i>				
Other operating income/expenses	53	3		5	(1)		10	(25)	68	(23)				
Share of profit/loss of associates* and joint-ventures	52	28		(1)	2				51	30				
Net income attributable to non controlling interests	(30)	(23)		-	-				(30)	(23)				
Business operating income	2,086	2,023	3.1%	203	95	113.7%	10	(25)	2,299	2,093	9.8%			
As % of net sales	27.3%	27.5%		20.0%	11.9%				26.5%	25.7%				
									(60)	(74)				
									(543)	(467)				
									24.5%	23.2%				
									1,696	1,552	9.3%			
									19.6%	19.1%				
									-	128				
									1,696	1,680	1.0%			
									1.35	1.31	3.1%			

* Net of tax.

** Determined on the basis of Business income before tax, associates, and non-controlling interests.

*** Based on an average number of shares outstanding of 1,258.2 million in the second quarter of 2017 and 1,286.8 million in the second quarter of 2016.

Business Net Income Statement

First half 2017	Pharmaceuticals			Vaccines			Others		Total Group			
	€ million	H1 2017	H1 2016	Change	H1 2017	H1 2016	Change	H1 2017	H1 2016	H1 2017	H1 2016	Change
Net sales		15,511	14,504	6.9%	1,800	1,422	26.6%			17,311	15,926	8.7%
Other revenues		149	122	22.1%	370	188	96.8%			519	310	67.4%
Cost of Sales		(4,363)	(4,143)	5.3%	(1,131)	(827)	36.8%			(5,494)	(4,970)	10.5%
As % of net sales		(28.1%)	(28.6%)		(62.8%)	(58.2%)				(31.7%)	(31.2%)	
Gross Profit		11,297	10,483	7.8%	1,039	783	32.7%			12,336	11,266	9.5%
As % of net sales		72.8%	72.3%		57.7%	55.1%				71.3%	70.7%	
Research and development expenses		(2,373)	(2,246)	5.7%	(294)	(268)	9.7%			(2,667)	(2,514)	6.1%
As % of net sales		(15.3%)	(15.5%)		(16.3%)	(18.8%)				(15.4%)	(15.8%)	
Selling and general expenses		(4,609)	(4,261)	8.2%	(437)	(348)	25.6%			(5,046)	(4,609)	9.5%
As % of net sales		(29.7%)	(29.4%)		(24.3%)	(24.5%)				(29.1%)	(28.9%)	
Other operating income/expenses		122	110		2	(1)		(22)	(39)	102	70	
Share of profit/loss of associates* and joint-ventures		82	44		(1)	9				81	53	
Net income attributable to non controlling interests		(65)	(50)		-	-				(65)	(50)	
Business operating income		4,454	4,080	9.2%	309	175	76.6%	(22)	(39)	4,741	4,216	12.5%
As % of net sales		28.7%	28.1%		17.2%	12.3%				27.4%	26.5%	
										(123)	(191)	
										(1,127)	(922)	
										24.5%	22.9%	
										3,491	3,103	12.5%
										20.2%	19.5%	
										-	299	
										3,491	3,402	2.6%
										2.77	2.64	4.9%

* Net of tax.

** Determined on the basis of Business income before tax, associates, and non-controlling interests.

*** Based on an average number of shares outstanding of 1,260.3 million in the first-half of 2017 and 1,287.6 million in the first-half 2016.

Consolidated Income Statements

€ million	Q2 2017 ⁽¹⁾	Q2 2016 ⁽¹⁾	H1 2017 ⁽¹⁾	H1 2016 ⁽¹⁾
Net sales	8,663	8,143	17,311	15,926
Other revenues	270	165	519	310
Cost of sales	(2,885)	(2,523)	(5,670)	(4,970)
Gross profit	6,048	5,785	12,160	11,266
Research and development expenses	(1,358)	(1,279)	(2,667)	(2,514)
Selling and general expenses	(2,568)	(2,397)	(5,046)	(4,609)
Other operating income	113	48	173	265
Other operating expenses	(45)	(71)	(71)	(195)
Amortization of intangible assets	(487)	(433)	(990)	(877)
Impairment of intangible assets	(12)	(52)	(12)	(52)
Fair value remeasurement of contingent consideration	(64)	(38)	(100)	(67)
Restructuring costs and similar items	(245)	(127)	(364)	(627)
Other gains and losses, and litigation	(7)	-	(7)	-
Operating income	1,375	1,436	3,076	2,590
Financial expenses	(107)	(112)	(218)	(241)
Financial income	47	38	95	50
Income before tax and associates and joint ventures	1,315	1,362	2,953	2,399
Income tax expense	(274)	(380)	(610)	(497)
Share of profit/(loss) of associates and joint ventures	32	5	38	98
Net income excluding the exchanged/held-for-exchange Animal Health business	1,073	987	2,381	2,000
Net income/(loss) of the exchanged /held-for-exchange Animal Health business	(6)	186	4,421	286
Net income	1,067	1,173	6,802	2,286
Net income attributable to non-controlling interests	30	15	64	41
Net income attributable to equity holders of Sanofi	1,037	1,158	6,738	2,245
Average number of shares outstanding (million)	1,258.2	1,286.8	1,260.3	1,287.6
Earnings per share excluding the exchanged/held-for-exchange Animal Health business (in euros)	0.83	0.76	1.84	1.52
IFRS Earnings per share (in euros)	0.82	0.90	5.35	1.74

Reconciliation of Consolidated Net Income Attributable to Equity Holders of Sanofi to Business Net Income

€ million	Q2 2017	Q2 2016	Change
Net income attributable to equity holders of Sanofi	1,037	1,158	(10.4%)
Amortization of intangible assets ⁽¹⁾	487	433	
Impairment of intangible assets	12	52	
Fair value remeasurement of contingent consideration	64	38	
Expenses arising from the impact of acquisitions on inventories	88	-	
Restructuring costs and similar items	245	127	
Other gains and losses, and litigation ⁽²⁾	7	-	
Tax effect of:	(380)	(210)	
<i>Amortization of intangible assets</i>	<i>(163)</i>	<i>(151)</i>	
<i>Impairment of intangible assets</i>	<i>(4)</i>	<i>(16)</i>	
<i>Fair value remeasurement of contingent consideration</i>	<i>(25)</i>	<i>(4)</i>	
<i>Expenses arising from the impact of acquisitions on inventories</i>	<i>(28)</i>	-	
<i>Restructuring costs and similar items</i>	<i>(83)</i>	<i>(39)</i>	
<i>Other tax effects</i>	<i>(77)</i>	-	
Other tax items	111	113	
Share of items listed above attributable to non-controlling interests	-	(8)	
Restructuring costs of associates and joint ventures, and expenses arising from the impact of acquisitions on associates and joint ventures	19	16	
Animal Health items ⁽³⁾	6	(58)	
Other Sanofi Pasteur MSD items ⁽⁴⁾	-	19	
Business net income	1,696	1,680	1.0%
IFRS earnings per share⁽⁵⁾ (in euros)	0.82	0.90	

(1) Of which related to amortization expense generated by the remeasurement of intangible assets as part of business combinations: €453 million in the second quarter of 2017 and €399 million in the second quarter of 2016.

(2) In 2017, carve-out costs related to the EU Generics divestment process.

(3) In 2016, includes the following items: impact of the discontinuation of depreciation and impairment of Property, Plant & Equipment starting at IFRS 5 application (Non-current assets held for sale and discontinued operations), impact of the amortization and impairment of intangible assets until IFRS 5 application, costs incurred as a result of the divestment, as well as tax effect of these items.

(4) In 2016, includes the following items: impact of the discontinuation of the equity accounting of the Sanofi Pasteur MSD business net income since the announcement by Sanofi and Merck of their intent to end their joint vaccine operations in Europe.

(5) Based on an average number of shares outstanding of 1,258.2 million in the second quarter of 2017 and 1,286.8 million in the second quarter of 2016.

Reconciliation of Consolidated Net Income Attributable to Equity Holders of Sanofi to Business Net Income

€ million	H1 2017	H1 2016	Change
Net income attributable to equity holders of Sanofi	6,738	2,245	200.1%
Amortization of intangible assets ⁽¹⁾	990	877	
Impairment of intangible assets	12	52	
Fair value remeasurement of contingent consideration	100	67	
Expenses arising from the impact of acquisitions on inventories	176	-	
Restructuring costs and similar items	364	627	
Other gains and losses, and litigation ⁽²⁾	7	-	
Tax effect of:	(628)	(548)	
<i>Amortization of intangible assets</i>	(345)	(307)	
<i>Impairment of intangible assets</i>	(4)	(16)	
<i>Fair value remeasurement of contingent consideration</i>	(31)	(15)	
<i>Expenses arising from the impact of acquisitions on inventories</i>	(56)	-	
<i>Restructuring costs and similar items</i>	(126)	(210)	
<i>Other tax effects</i>	(66)	-	
Other tax items	111	113	
Share of items listed above attributable to non-controlling interests	(1)	(9)	
Restructuring costs of associates and joint ventures, and expenses arising from the impact of acquisitions on associates and joint ventures	43	(54)	
Animal Health items ⁽³⁾	(4,421)	13	
Other Sanofi Pasteur MSD items ⁽⁴⁾	-	19	
Business net income	3,491	3,402	2.6%
IFRS earnings per share⁽⁵⁾ (in euros)	5.35	1.74	

(1) Of which related to amortization expense generated by the remeasurement of intangible assets as part of business combinations: €919 million in the first-half of 2017 and €809 million in the first-half of 2016.

(2) In 2017, carve-out costs related to the EU Generics divestment process.

(3) In 2017, net gain resulting from the divestment of the Animal Health business.

In 2016, includes the following items: impact of the discontinuation of depreciation and impairment of Property, Plant & Equipment starting at IFRS 5 application (Non-current assets held for sale and discontinued operations), impact of the amortization and impairment of intangible assets until IFRS 5 application, costs incurred as a result of the divestment, as well as tax effect of these items.

(4) In 2016, includes the following items: impact of the discontinuation of the equity accounting of the Sanofi Pasteur MSD business net income since the announcement by Sanofi and Merck of their intent to end their joint vaccine operations in Europe.

(5) Based on an average number of shares outstanding of 1,260.3 million in the first-half of 2017 and 1,287.6 million in the first-half 2016.

Cash Flow Statements

€ million	H1 2017	H1 2016
Business net income	3,491	3,402
Depreciation, amortization and impairment of property, plant and equipment and software	604	600
Gains and losses on disposals of non-current assets, net of tax	(79)	(27)
Other non cash items	156	(324)
Operating cash flow before changes in working capital ^{(1)/(2)}	4,172	3,651
Changes in working capital ⁽¹⁾	(1,185)	(574)
Acquisitions of property, plant and equipment and software	(688)	(645)
Free cash flow ^{(1)/(2)}	2,299	2,432
Acquisitions of intangible assets excluding software	(285)	(556)
Acquisitions of investments in consolidated undertakings including assumed debt	(274)	(369)
Restructuring costs and similar items paid	(438)	(347)
Proceeds from disposals of property, plant and equipment, intangible assets and other non-current assets net of tax	313	260
Issuance of Sanofi shares	99	17
Dividends paid to shareholders of Sanofi	(3,710)	(3,759)
Acquisition of treasury shares	(1,698)	(1,403)
Transactions with non-controlling interests including dividends	(48)	(9)
Foreign exchange impact	290	12
Net cash-flow from the swap between BI - CHC and Sanofi Animal Health business	4,349	-
Other items	(154)	(25)
Change in net debt	743	(3,747)

Balance Sheets

ASSETS € million	06/30/17	12/31/16	LIABILITIES & EQUITY € million	06/30/17	12/31/16
			Equity attributable to equity holders of Sanofi	57,631	57,554
			Equity attributable to non-controlling interests	161	170
			Total equity	57,792	57,724
			Long-term debt	15,186	16,815
Property, plant and equipment	9,633	10,019	Non-current liabilities related to business combinations and to non-controlling interests	1,287	1,378
Intangible assets (including goodwill)	54,813	51,166	Provisions and other non-current liabilities	8,412	8,834
Non-current financial assets & investments in associates and deferred tax assets	10,325	10,379	Deferred tax liabilities	2,128	2,292
Non-current assets	74,771	71,564	Non-current liabilities	27,013	29,319
			Accounts payable & Other current liabilities	13,580	14,472
Inventories, accounts receivable and other current assets	16,194	16,414	Current liabilities related to business combinations and to non-controlling interests	234	198
Cash and cash equivalents	10,877	10,273	Short-term debt and current portion of long-term debt	3,241	1,764
Current assets	27,071	26,687	Current liabilities	17,055	16,434
Assets held for sale or exchange	28	6,421	Liabilities related to assets held for sale or exchange	10	1,195
TOTAL ASSETS	101,870	104,672	TOTAL LIABILITIES & EQUITY	101,870	104,672