

# Q1 2015 RESULTS

April 30, 2015

# Forward Looking Statements

This presentation contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements are statements that are not historical facts. These statements include projections and estimates and their underlying assumptions, statements regarding plans, objectives, intentions and expectations with respect to future financial results, events, operations, services, product development and potential, and statements regarding future performance. Forward-looking statements are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates", "plans" and similar expressions. Although Sanofi's management believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and 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 in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include among other things, the uncertainties inherent in research and development, future clinical data and analysis, including post marketing, decisions by regulatory authorities, such as the FDA or the EMA, regarding whether and when to approve any drug, device or biological application that may be filed for any such product candidates as well as their decisions regarding labeling and other matters that could affect the availability or commercial potential of such product candidates, the absence of guarantee that the product candidates if approved will be commercially successful, the future approval and commercial success of therapeutic alternatives, the Group's ability to benefit from external growth opportunities, trends in exchange rates and prevailing interest rates, the impact of cost containment policies and subsequent changes thereto, the average number of shares outstanding as well as those discussed or identified in the public filings with the SEC and the AMF made by Sanofi, including those listed under "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" in Sanofi's annual report on Form 20-F for the year ended December 31, 2014. Other than as required by applicable law, Sanofi does not undertake any obligation to update or revise any forward-looking information or statements.

# Agenda

## Introduction

- Olivier Brandicourt, *Chief Executive Officer*

## Q1 2015 Financial Results

- Jérôme Contamine, *Executive Vice President, Chief Financial Officer*

## Conclusion

- Olivier Brandicourt, *Chief Executive Officer*

## Q&A

# INTRODUCTION

Olivier Brandicourt

Chief Executive Officer



# A Clear Set of Near-Term Priorities

## Near-Term Priorities

- 1 Develop a deep understanding of the organization while strategic review is underway
- 2 Focus on launches of new medicines and vaccines
- 3 Continue strong momentum in R&D
- 4 Engage with key external stakeholders, including shareholders



# A Significant Wave of New Medicines & Vaccines

## Recent Launches

  
Cerdelga<sup>®</sup>  
(eliglustat) capsules

  
LEMTRADA<sup>®</sup>  
alemtuzumab

  
afrezza<sup>®</sup>  
(insulin human) Inhalation Powder

  
Toujeo<sup>®</sup>  
insulin glargine 300U/mL

## Ongoing Regulatory Reviews

  
Praluent<sup>®</sup> (1)  
alirocumab

Dengue vaccine

PR5I vaccine<sup>(2)</sup>

## Planned Regulatory Submissions

lixisenatide

  
LixiLan

sarilumab<sup>(1)</sup>



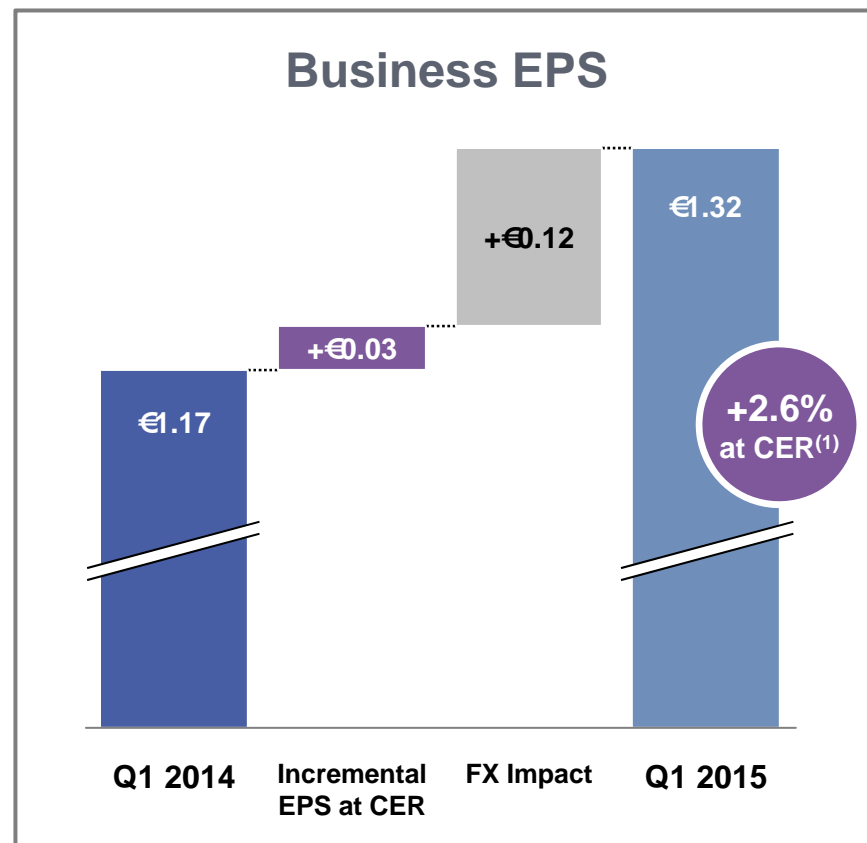
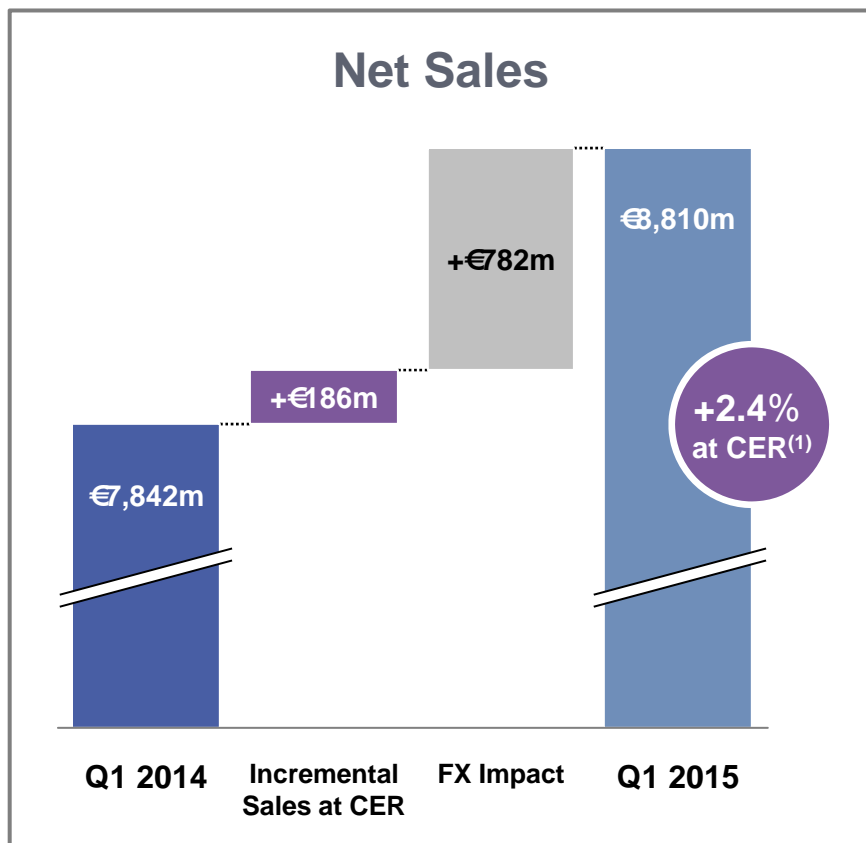
# Q1 2015 RESULTS

## Jérôme Contamine

Executive Vice President, Chief Financial Officer



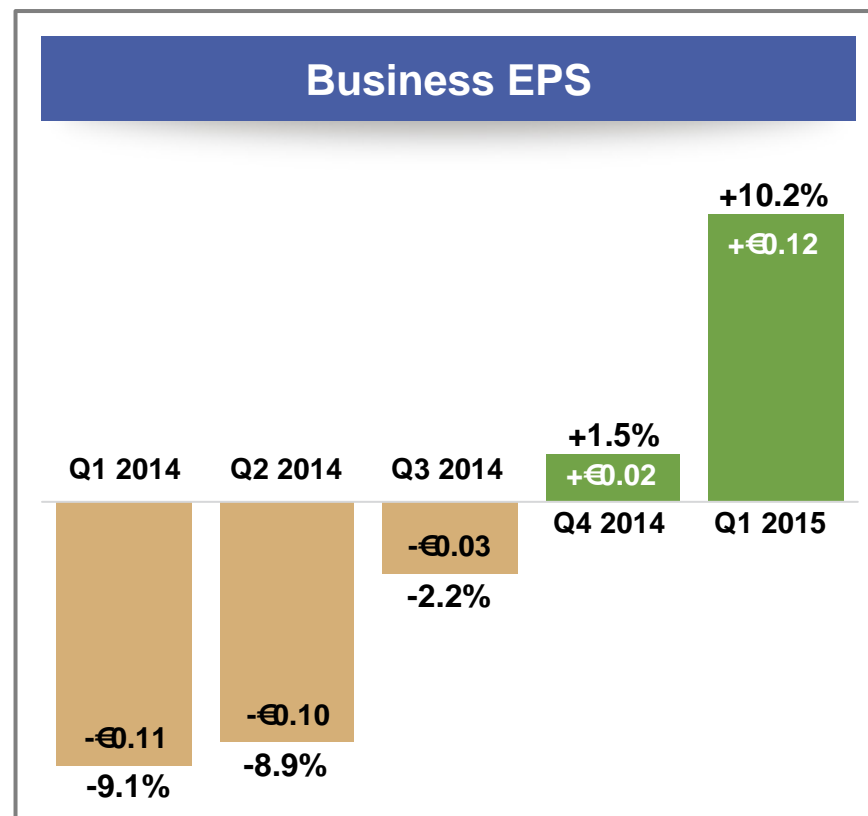
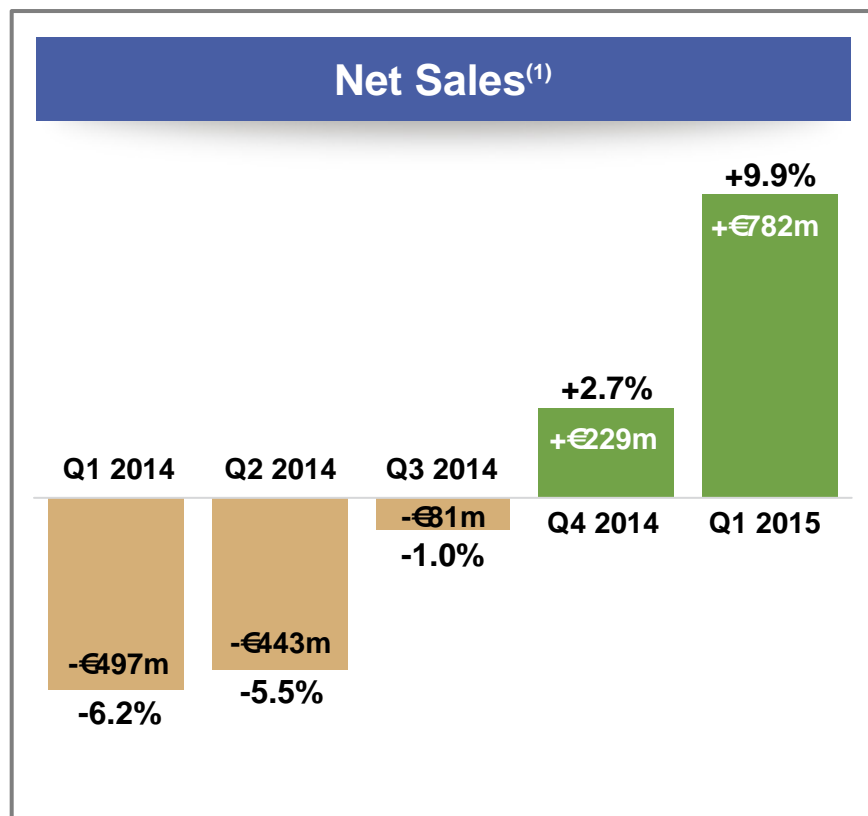
# Solid Sales and Business EPS Delivered in Q1 2015





# Strong FX Tailwind on Top and Bottom Line in Q1 2015 as the U.S. Dollar Strengthened

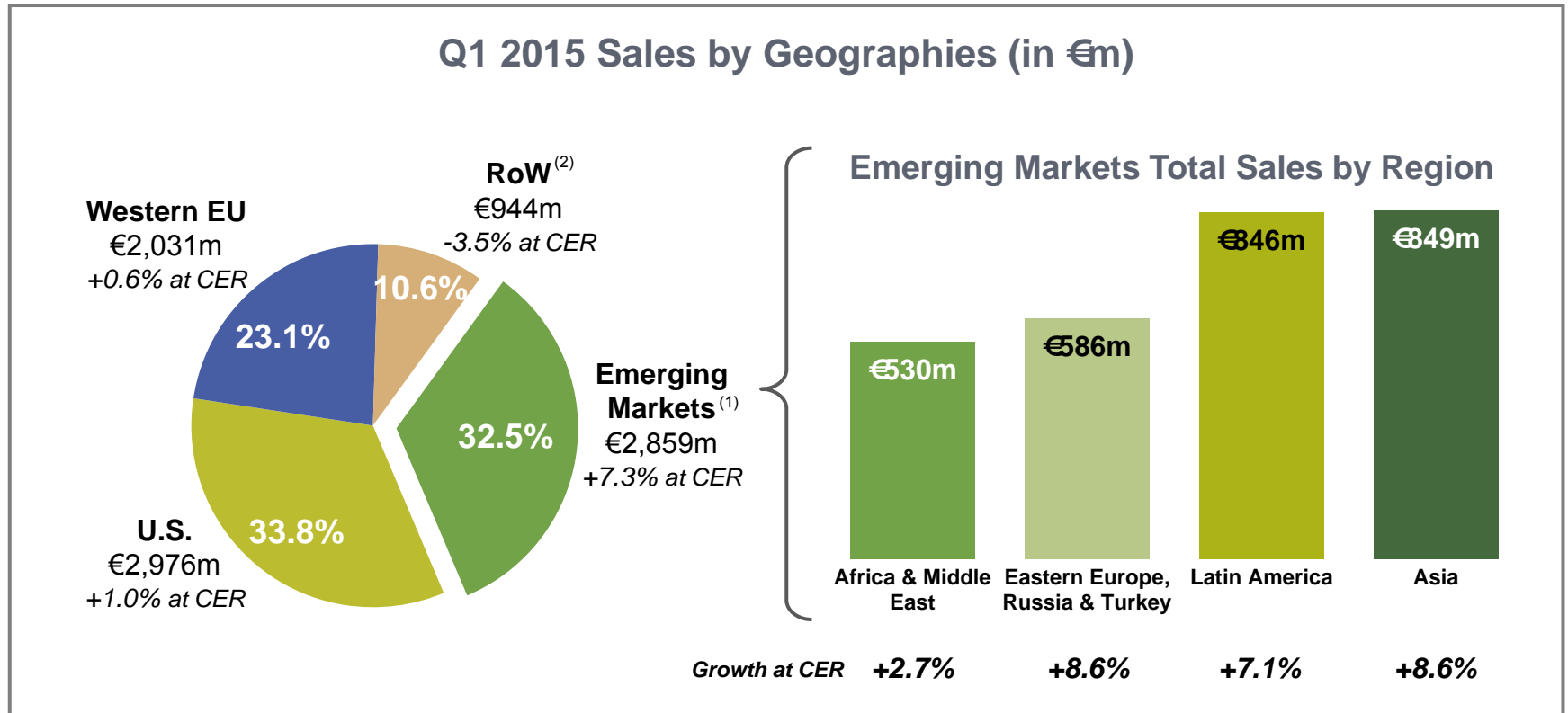
## Quarterly Currency Impact



# Sales Growth Driven by Genzyme and Merial in Q1 2015<sup>(1)</sup>

% of Sales	Q1 2015 Sales by Business Areas		Growth at CER
<b>84.6%</b>	<b>Pharmaceuticals</b>	<b>€7,455m</b>	<b>+2.2%</b>
20.9%	Diabetes	€1,837m	-3.2%
11.1%	Consumer Healthcare	€979m	+5.3%
9.3%	Genzyme	€821m	+30.9%
5.4%	Generics	€478m	+10.2%
4.1%	Oncology	€357m	-7.3%
33.8%	Established Products	€2,983m	-1.5%
<b>7.9%</b>	<b>Vaccines</b>	<b>€697m</b>	<b>-4.6%</b>
<b>7.5%</b>	<b>Animal Health</b>	<b>€658m</b>	<b>+13.5%</b>

# Balanced Geographical Sales Split in Q1 2015 with Solid Growth in Emerging Markets



# BOI Margin Broadly Stable in Q1 2015 Despite Lower U.S. Lantus<sup>®</sup> Sales and Higher SG&A Expenses

€m	Q1 2015	Q1 2014	% Change (reported €)	% Change (CER)
Net sales	8,810	7,842	+12.3%	+2.4%
Other revenues	80	83	-3.6%	-14.5%
Cost of sales	(2,786)	(2,516)	+10.7%	+3.1%
Gross profit	6,104	5,409	+12.8%	+1.8%
R&D	(1,199)	(1,139)	+5.3%	-1.8%
SG&A	(2,438)	(2,078)	+17.3%	+6.6%
Other current operating income & expenses	(67)	(25)	-	-
Share of Profit/Loss of associates	31	13	-	-
Minority interests	(33)	(35)	-	-
Business operating income	2,398	2,145	+11.8%	+2.1%
<i>Business operating margin</i>	27.2%	27.4%	-	-

# Business EPS Grew +2.6% at CER in Q1 2015

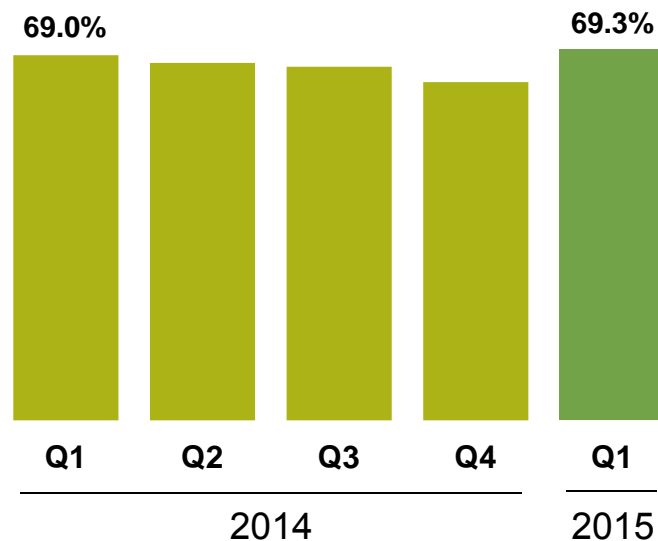
€m	Q1 2015	Q1 2014	% Change (reported €)	% Change (CER)
Business operating income	2,398	2,145	+11.8%	+2.1%
Net financial expenses	(97)	(76)	-	-
Income tax expense	(575)	(522)	-	-
<i>Effective tax rate</i>	25.0%	25.0%	-	-
Business net income	1,726	1,547	+11.6%	+1.6%
<i>Net margin</i>	19.6%	19.7%	-	-
Business EPS	€1.32	€1.17	+12.8%	+2.6%
<b>Average number of shares outstanding (m)<sup>(1)</sup></b>	<b>1,308.4</b>	<b>1,319.9</b>	-	-



# Gross Margin Ratio Consistent with FY 2015 Expectations

## Gross Margin (%)

- Cost of Sales (CoS) of €2,786m in Q1 2015, slightly up (+3.1% at CER)
- Gross margin of 69.3% in Q1 2015 reflecting:
  - Improvement in industrial performance and positive FX impact
  - More than offsetting the impact from U.S. Diabetes and ramp up of biologics

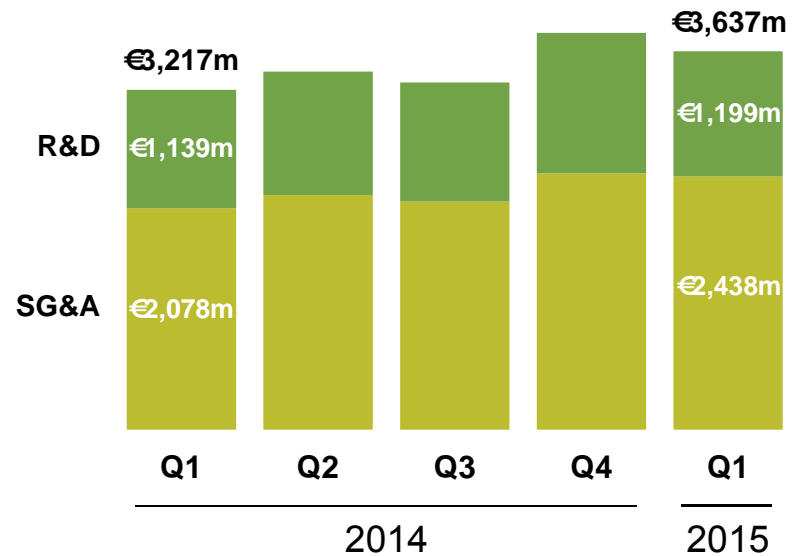




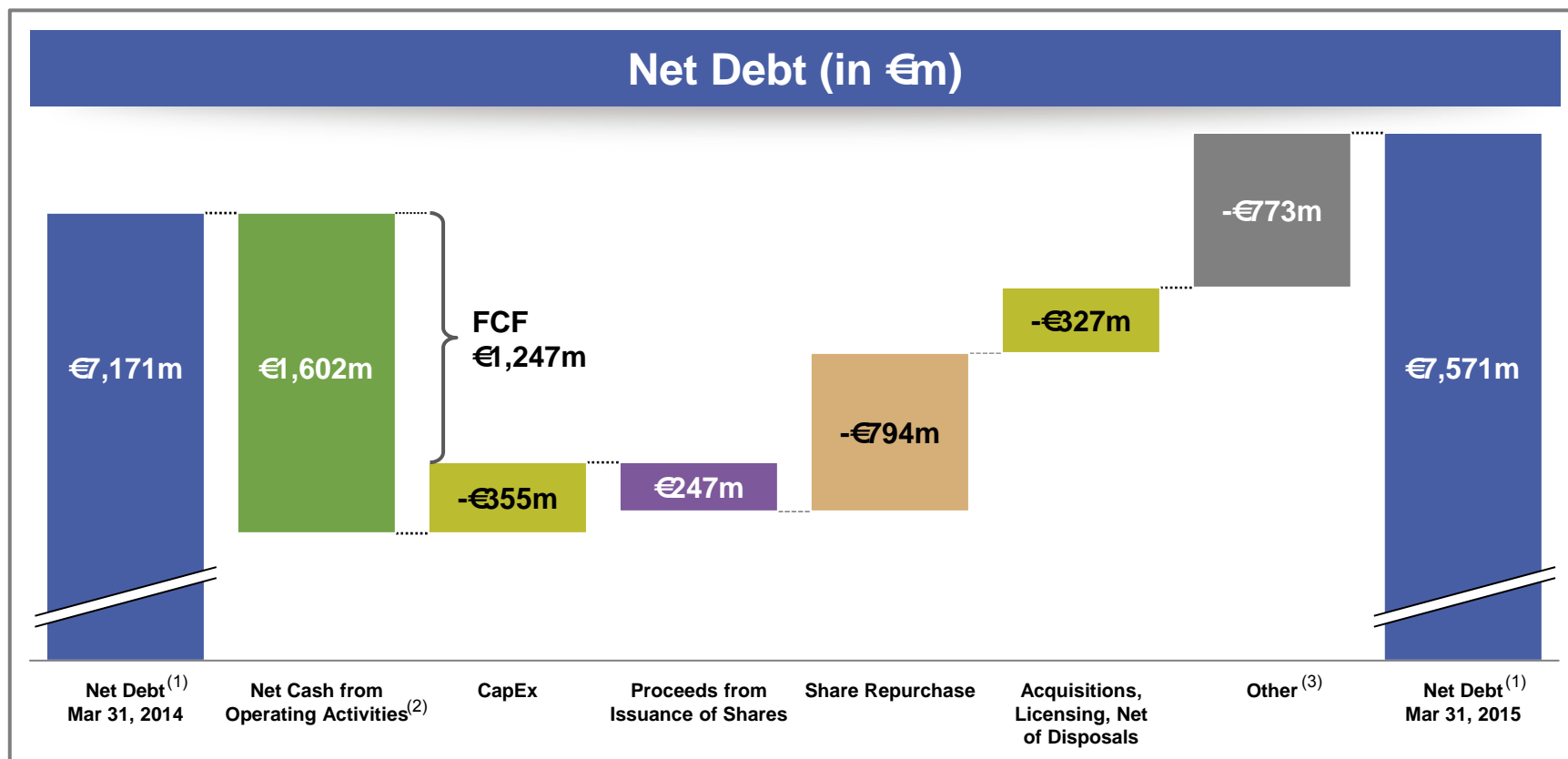
# OpEx Growth in Q1 2015 Slightly Below FY 2015 Expectations

## Operating Expenses (€m)

- Q1 2015 OpEx of €3,637m, up +3.7% at CER
  - R&D expenses of €1,199m (13.6% of sales), down -1.8% at CER due to the timing of clinical programs in 2015
  - SG&A expenses of €2,438m (27.7% of sales), up +6.6% at CER driven by launch costs at Genzyme and in U.S. Diabetes as well as investment in Emerging Markets



# Net Debt Increased by 5.6% in Q1 2015 due to Translation Impact of our Debt Held in U.S. Dollars



FCF: Free Cash Flow

(1) Including derivatives related to the financial debt of +€302m at December 31<sup>st</sup>, 2014 and of +€360m at March 31<sup>st</sup>, 2015

(2) Excluding Restructuring costs

(3) Other including Restructuring costs of -€148m and FX impact of -€593m

# Outlook for 2015 - Investing in Future Growth Drivers

**FY 2015**

**SANOFI** 

Business EPS Growth

**Stable to slightly growing at CER<sup>(1)</sup>**

FX impact on Business EPS

**Approximately +12%<sup>(2)</sup>**



# CONCLUSION

Olivier Brandicourt

Chief Executive Officer



# Q1 2015 - A Good Start to the Year

1	<b>Delivering top line growth</b>	<ul style="list-style-type: none"><li>• Sales up +2.4% despite lower vaccines and U.S. Lantus® sales<sup>(1)</sup></li><li>• Solid performance of Genzyme and Merial</li></ul>
2	<b>Posting strong financial results</b>	<ul style="list-style-type: none"><li>• Higher OpEx driven by new launches</li><li>• Business EPS up +2.6% at CER<sup>(2)</sup></li></ul>
3	<b>Bringing innovative medicines to market</b>	<ul style="list-style-type: none"><li>• Important milestones achieved for late stage R&amp;D projects</li><li>• Multiple new product launches underway or imminent</li></ul>



# APPENDICES

## R&D Pipeline





# Late Stage Pipeline – Pharma & Vaccines

Phase III			Registration
<b>LixiLan</b> lixisenatide + insulin glargine Fixed-Ratio / Type 2 diabetes	<b>patisiran (ALN-TTR02)</b> <b>N</b> siRNA inhibitor targeting TTR Familial amyloid polyneuropathy	<b>Clostridium difficile</b> Toxoid vaccine	<b>Praluent® (alirocumab)</b> <b>N</b> Anti-PCSK9 mAb Hypercholesterolemia, U.S., EU
<b>Lyxumia® (lixisenatide)</b> <b>N</b> GLP-1 agonist Type 2 diabetes, U.S.	<b>revusiran (ALN-TTRsc)</b> <b>N</b> siRNA inhibitor targeting TTR Familial amyloid cardiomyopathy	<b>Rotavirus</b> Live attenuated tetravalent Rotavirus oral vaccine	<b>Dengue</b> Mild-to-severe dengue fever vaccine
<b>SAR342434</b> <b>N</b> insulin lispro Type 1+2 diabetes	<b>Kynamro® (mipomersen)</b> Apolipoprotein B-100 antisense Severe HeFH, U.S.	<b>VaxiGrip® QIV IM</b> Quadrivalent inactivated influenza vaccine	<b>PR5i</b> DTP-HepB-Polio-Hib Pediatric hexavalent vaccine, U.S., EU
<b>sarilumab</b> <b>N</b> Anti-IL6R mAb Rheumatoid arthritis	<b>Jevtana® (cabazitaxel)</b> Metastatic prostate cancer (1L)		
<b>dupilumab</b> <b>N</b> Anti-IL4Rα mAb Atopic dermatitis, Asthma	<b>SYNVISC-ONE®</b> Medical device Pain in hip OA		

**N** New Molecular Entity

- Oncology
- Diabetes Solutions
- Rare Diseases
- Biosurgery

- Immune Mediated Diseases
- Infectious Diseases
- Cardiovascular / Renal Diseases





- Vaccines
- Ophthalmology
- Age Related Degenerative Diseases




# Early Stage Pipeline – Pharma & Vaccines




## Phase II

<b>dupilumab</b> Anti-IL4R $\alpha$ mAb Nasal polyposis; Eosinophilic oesophagitis	<b>SAR391786</b> <b>N</b> Anti-GDF8 mAb Sarcopenia	<b>Rabies VRVg</b> Purified vero rabies vaccine
<b>vatelizumab</b> <b>N</b> Anti-VLA 2 mAb Multiple sclerosis	<b>SAR650984</b> <b>N</b> Anti-CD38 naked mAb Multiple myeloma	<b>Meningitis ACYW conj.</b> 2 <sup>nd</sup> generation meningococcal conjugate infant vaccine
<b>SAR156597</b> <b>N</b> IL4/IL13 Bi-specific mAb Idiopathic pulmonary fibrosis	<b>GZ402671</b> <b>N</b> Oral GCS Inhibitor Fabry Disease	<b>Tuberculosis</b> Recombinant subunit vaccine
<b>sarilumab</b> Anti-IL6R mAb Uveitis	<b>ferroquine / OZ439</b> <b>N</b> Combination Antimalarial Malaria	
<b>fresolimumab</b> <b>N</b> TGF $\beta$ antagonist Focal segmental glomerulosclerosis		

**N** New Molecular Entity

 Oncology  
 Diabetes Solutions  
 Rare Diseases  
 Biosurgery

 Immune Mediated Diseases  
 Infectious Diseases  
 Cardiovascular / Renal  
 Diseases





 Vaccines  
 Ophthalmology  
 Age Related Degenerative  
 Diseases




# Early Stage Pipeline – Pharma & Vaccines




## Phase I

<b>GZ402668</b> GLD52 (anti-CD52 mAb) Relapsing multiple sclerosis	<b>SAR125844</b> C-MET kinase inhibitor Solid tumors	<b>GZ402665</b> (rhASM) olipudase alfa Niemann-Pick type B	<b>Streptococcus pneumonia</b> Meningitis & pneumonia vaccine
<b>SAR113244</b> Anti-CXCR5 mAb Systemic lupus erythematosus	<b>SAR566658</b> Maytansin-loaded anti-CA6 mAb Solid tumors	<b>GZ402666</b> neo GAA Pompe Disease	<b>Herpes Simplex Virus Type 2</b> HSV-2 vaccine
<b>SAR228810</b> Anti-protofibrillar AB mAb Alzheimer's disease	<b>SAR408701</b> Anti-CEACAM5 ADC Solid tumors	<b>StarGen®</b> Gene therapy Stargardt disease	
<b>SAR425899</b> GLP-1 / GCGR agonist Diabetes	<b>SAR245408</b> (XL147) Oral PI3K inhibitor Solid tumors	<b>UshStat®</b> Gene therapy Usher syndrome 1B	
<b>SAR439152</b> Myosin inhibitor Hypertrophic cardiomyopathy			

**N** New Molecular Entity

 Oncology  
 Diabetes Solutions  
 Rare Diseases  
 Biosurgery

 Immune Mediated Diseases  
 Infectious Diseases  
 Cardiovascular / Renal Diseases

 Vaccines  
 Ophthalmology  
 Age Related Degenerative Diseases

# R&D Pipeline Summary Table<sup>(1)</sup>

	Phase I	Phase II	Phase III	Registration	TOTAL
Oncology	4	1	0	0	5
Diabetes Solutions	1	0	2	0	3
Cardiovascular / Renal Diseases	1	1	0	1	3
Immune Mediated Diseases	2	2	2	0	6
Infectious Diseases	0	1	0	0	1
Ophthalmology	2	0	0	0	2
Rare Diseases	2	1	2	0	5
Age Related Degenerative Diseases	1	1	0	0	2
Vaccines	2	3	3	2	10
<b>TOTAL</b>	<b>15</b>	<b>10</b>	<b>9</b>	<b>3</b>	<b>37</b>

**27**
  
**25**
  
**12**
  
**37**
  
**NMEs & Vaccines**

# Expected R&D Milestones

Product	Event	Timing
Toujeo®	EU regulatory decision in Diabetes	Q2 2015
Dupilumab	Start of Phase III trial in Asthma	Q2 2015
Sarilumab	Expected Phase III top line results in Rheumatoid Arthritis	Q2 2015
Dengue vaccine	Regulatory submission in endemic countries	H1 2015
Praluent® (alirocumab)	Expected U.S. regulatory decision in Hypercholesterolemia	Q3 2015
PR5i vaccine (DTP-HepB-Polio-Hib)	Expected U.S. regulatory decision	Q3 2015
LixiLan	Expected Phase III top line results in Diabetes	Q3 2015
Lyxumia® (lixisenatide)	Expected U.S. regulatory submission in Diabetes	Q3 2015
Dupilumab	Expected start of Phase III trial in Nasal Polyposis	Q3 2015
Vaxigrip® QIV IM (3+ years)	Expected EU regulatory submission	Q4 2015
Dengue vaccine	Expected regulatory decision in endemic countries	Q4 2015
LixiLan	Expected U.S. regulatory submission in Diabetes	Q4 2015
Sarilumab	Expected U.S. regulatory submission in Rheumatoid Arthritis	Q4 2015
LixiLan	Expected EU regulatory submission in Diabetes	Q1 2016
Praluent® (alirocumab)	Expected EU regulatory decision in Hypercholesterolemia	Q1 2016

# APPENDICES

## FINANCE



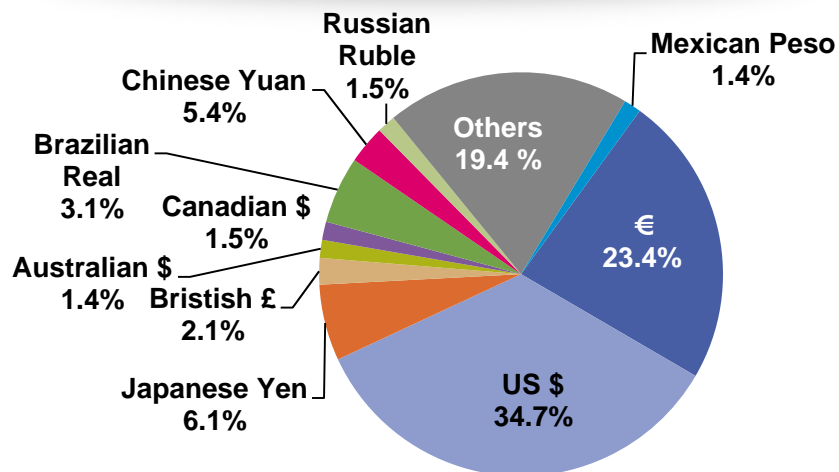


# 2015 Currency Sensitivity

## Business EPS Currency Sensitivity

Currency	Variation	Business EPS Sensitivity
U.S. Dollar	-0.05 USD/EUR	+EUR 0.10
Japanese Yen	+5 JPY/EUR	-EUR 0.03
Russian Ruble	+10 RUB/EUR	-EUR 0.06

## Currency Exposure on Q1 2015 Sales



## Currency Average Rates

	Q1 2014	Q1 2015	% change
EUR/USD	1.37	1.13	-17.7%
EUR/JPY	140.76	134.19	-4.7%
EUR/CNY	8.36	7.03	-15.9%
EUR/RUB	48.08	71.09	+47.9%

# Business Net Income Statement

First quarter 2015	Group Total			Pharmaceuticals			Vaccines			Animal Health			Others	
	€million	Q1 2015	Q1 2014	Change	Q1 2015	Q1 2014	Change	Q1 2015	Q1 2014	Change	Q1 2015	Q1 2014	Change	Q1 2015
<b>Net sales</b>	<b>8,810</b>	<b>7,842</b>	<b>12.3%</b>	<b>7,455</b>	<b>6,697</b>	<b>11.3%</b>	<b>697</b>	<b>628</b>	<b>11.0%</b>	<b>658</b>	<b>517</b>	<b>27.3%</b>	-	-
Other revenues	80	83	(3.6%)	62	68	(8.8%)	6	7	(14.3%)	12	8	50.0%	-	-
Cost of sales	(2,786)	(2,516)	10.7%	(2,190)	(1,988)	10.2%	(376)	(350)	7.4%	(220)	(178)	23.6%	-	-
<i>As % of net sales</i>	<i>(31.6%)</i>	<i>(32.1%)</i>		<i>(29.4%)</i>	<i>(29.7%)</i>		<i>(53.9%)</i>	<i>(55.7%)</i>		<i>(33.4%)</i>	<i>(34.4%)</i>			
<b>Gross profit</b>	<b>6,104</b>	<b>5,409</b>	<b>12.8%</b>	<b>5,327</b>	<b>4,777</b>	<b>11.5%</b>	<b>327</b>	<b>285</b>	<b>14.7%</b>	<b>450</b>	<b>347</b>	<b>29.7%</b>	-	-
<b>As % of net sales</b>	<b>69.3%</b>	<b>69.0%</b>		<b>71.5%</b>	<b>71.3%</b>		<b>46.9%</b>	<b>45.4%</b>		<b>68.4%</b>	<b>67.1%</b>			
Research & Development expenses	(1,199)	(1,139)	5.3%	(1,039)	(995)	4.4%	(120)	(107)	12.1%	(40)	(37)	8.1%	-	-
<i>As % of net sales</i>	<i>(13.6%)</i>	<i>(14.5%)</i>		<i>(13.9%)</i>	<i>(14.9%)</i>		<i>(17.2%)</i>	<i>(17.0%)</i>		<i>(6.1%)</i>	<i>(7.2%)</i>			
Selling and general expenses	(2,438)	(2,078)	17.3%	(2,094)	(1,791)	16.9%	(156)	(129)	20.9%	(188)	(158)	19.0%	-	-
<i>As % of net sales</i>	<i>(27.7%)</i>	<i>(26.5%)</i>		<i>(28.1%)</i>	<i>(26.7%)</i>		<i>(22.4%)</i>	<i>(20.6%)</i>		<i>(28.6%)</i>	<i>(30.5%)</i>			
Other current operating income/ expenses	(67)	(25)		(28)	(23)		1	(2)		-	6		(40)	(6)
Share of profit/loss of associates <sup>(1)</sup> and joint ventures	31	13		32	8		(1)	5		-	-		-	-
Net income attributable to non-controlling interests	(33)	(35)		(33)	(35)		-	-		-	-		-	-
<b>Business operating income</b>	<b>2,398</b>	<b>2,145</b>	<b>11.8%</b>	<b>2,165</b>	<b>1,941</b>	<b>11.5%</b>	<b>51</b>	<b>52</b>	<b>(1.9%)</b>	<b>222</b>	<b>158</b>	<b>40.5%</b>	<b>(40)</b>	<b>(6)</b>
<b>As % of net sales</b>	<b>27.2%</b>	<b>27.4%</b>		<b>29.0%</b>	<b>29.0%</b>		<b>7.3%</b>	<b>8.3%</b>		<b>33.7%</b>	<b>30.6%</b>			
Financial income and expenses	(97)	(76)												
Income tax expense	(575)	(522)												
<i>Tax rate<sup>(2)</sup></i>	<i>25.0%</i>	<i>25.0%</i>												
<b>Business net income</b>	<b>1,726</b>	<b>1,547</b>	<b>11.6%</b>											
<b>As % of net sales</b>	<b>19.6%</b>	<b>19.7%</b>												
<b>Business earnings per share<sup>(3)</sup> (in euros)</b>	<b>1.32</b>	<b>1.17</b>	<b>12.8%</b>											

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

€million	Q1 2015	Q1 2014	Change
<b>Business net income</b>	<b>1,726</b>	<b>1,547</b>	<b>11.6%</b>
Amortization of intangible assets <sup>(1)</sup>	(618)	(677)	
Impairment of intangible assets	(27)	(3)	
Fair value remeasurement of contingent consideration liabilities	1	(8)	
Restructuring costs	(353)	(51)	
Other gains and losses, and litigation	-	35 <sup>(2)</sup>	
Tax effect of items listed above:	355	248	
<i>Amortization of intangible assets</i>	217	244	
<i>Impairment of intangible assets</i>	10	1	
<i>Fair value remeasurement of contingent consideration liabilities</i>	7	1	
<i>Restructuring costs</i>	121	15	
<i>Other gains and losses, and litigation</i>	-	(13)	
Share of items listed above attributable to non-controlling interests	1	1	
Restructuring costs of associates and joint ventures, and expenses arising from the impact of acquisitions on associates and joint ventures	(62)	(8)	
<b>Net income attributable to equity holders of Sanofi</b>	<b>1,023</b>	<b>1,084</b>	<b>(5.6%)</b>
<b>Consolidated earnings per share<sup>(3)</sup> (in euros)</b>	<b>0.78</b>	<b>0.82</b>	

(1) Of which related to amortization expense generated by the remeasurement of intangible assets as part of business combinations: €590 million in the first quarter of 2015 and €657 million in the first quarter of 2014

(2) In 2014, day one profit on Alnylam shares presented in financial result

(3) Based on an average number of shares outstanding of 1,308.4 million in the first quarter of 2015 and 1,319.9 in the first quarter of 2014

# Consolidated Income Statements

€million	Q1 2015	Q1 2014
<b>Net sales</b>	<b>8,810</b>	<b>7,842</b>
Other revenues	80	83
Cost of sales	(2,786)	(2,516)
<b>Gross profit</b>	<b>6,104</b>	<b>5,409</b>
Research and development expenses	(1,199)	(1,139)
Selling and general expenses	(2,438)	(2,078)
Other operating income	(30)	10
Other operating expenses	(37)	(35)
Amortization of intangible assets	(618)	(677)
Impairment of intangible assets	(27)	(3)
Fair value remeasurement of contingent consideration liabilities	1	(8)
Restructuring costs	(353)	(51)
<b>Operating income</b>	<b>1,403</b>	<b>1,428</b>
Financial expenses	(133)	(147)
Financial income	36	106
<b>Income before tax and associates and joint ventures</b>	<b>1,306</b>	<b>1,387</b>
Income tax expense	(220)	(274)
Share of profit/loss of associates and joint ventures	(31)	5
<b>Net income</b>	<b>1,055</b>	<b>1,118</b>
Net income attributable to non-controlling interests	32	34
<b>Net income attributable to equity holders of Sanofi</b>	<b>1,023</b>	<b>1,084</b>
Average number of shares outstanding (million)	1,308.4	1,319.9
<b>Earnings per share (in euros)</b>	<b>0.78</b>	<b>0.82</b>