

# Pre-quarterly Results Communication

- Sanofi (EURONEXT: SAN and NYSE: SNY) has compiled the following items for consideration to assist in the financial modeling of the Group's Q2 2014 results -

## Q2 2013 Business EPS

When including the application of IFRIC 21, Sanofi's business EPS was €1.12 in Q2 2013.

[http://en.sanofi.com/Images/36157\\_2014\\_04\\_IFRIC21.pdf](http://en.sanofi.com/Images/36157_2014_04_IFRIC21.pdf)

## Foreign Currency Impact

The full year business EPS sensitivity to the U.S. Dollar and Japanese Yen are the following:

- 1% variation in €/€ corresponds to an impact of 0.5% on 2014 business EPS
- 1% variation in €/¥ corresponds to an impact of 0.1% on 2014 business EPS

The main currency variations in Q2 2014 versus Q2 2013 and in H1 2014 versus H1 2013 were:

€...	Q2 2013	Q2 2014	Var.	H1 2013	H1 2014	Var.
U.S. Dollar	1,307	1,371	5%	1,313	1,370	4%
Japanese Yen	129,022	140,027	9%	125,466	140,396	12%
Canadian Dollar	1,337	1,495	12%	1,335	1,503	13%
Australian Dollar	1,322	1,470	11%	1,297	1,499	16%
British Pound	0,851	0,815	-4%	0,851	0,821	-4%
Chinese Yuan	8,039	8,545	6%	8,129	8,452	4%
Brazilian Real	2,703	3,059	13%	2,669	3,149	18%
Mexican Peso	16,313	17,821	9%	16,506	17,977	9%
Argentina Peso	6,843	11,045	61%	6,731	10,732	59%
Venezuelan Bolivar	8,214	8,631	5%	7,552	8,625	14%
Russian Rubble	41,378	47,963	16%	40,764	48,020	18%
Turkish Lira	2,406	2,898	20%	2,382	2,967	25%
South African Rand	12,416	14,463	16%	12,123	14,676	21%
Indian Rupee	73,093	82,000	12%	72,307	83,293	15%

As communicated on April 29, assuming Q1 2014 exchange rates for 2014, the negative foreign currency impact on 2014 business EPS would have been approximately 6 percentage points. Assuming June 2014 exchange rates remain stable until end of 2014, the negative foreign currency impact on 2014 business EPS would be limited to approximately 5 percentage points.

Based on the evolution of foreign currency rates in Q2 2014, Sanofi estimates that the negative foreign currency impact on Q2 2014 financial results should be approximately 6 percentage points on sales and between 8 and 10 percentage points on business EPS.

## Business Items

### Vaccines

As previously communicated on April 29, Sanofi expects vaccines sales to be relatively flat in Q2 2014 versus Q2 2013. In Q2 2013, strong sales of Pentaxim<sup>®</sup> (+48.3% to €87 million in Q2 2013) and Polio vaccines made a strong base for comparison to Q2 2014.

### CHC

Chattem launched Nasacort<sup>®</sup> OTC nasal spray in February 2014.

Sales of products totaling €68 million in Emerging Markets that were previously recorded in prescription pharmaceuticals in Q1 2013 were transferred to Consumer Healthcare. Excluding this change of perimeter, sales of CHC grew 9.4% in Q1 2014 reflecting the success of the Nasacort<sup>®</sup> Rx-to-OTC switch in the U.S. and strong performance in Emerging Markets (+13.7%).

In Q2 2013, sales of products in Emerging Markets which were previously recorded in prescription pharmaceuticals and are now transferred to Consumer Healthcare totaled €72 million.

## Animal Health

Merial launched NexGard™, our next generation flea and tick product, in Q1 2014 in the U.S. and in several European countries during the first half of 2014. Sales of NexGard™ were €23 million in Q1 2014.

## Plavix® in Japan

In Q1 2014, Plavix® sales in Japan grew 48.5% to €215 million reflecting strong underlying volume growth and favorable buying patterns in anticipation of an increase in the consumption tax.

## Renvela® in the U.S.

Impax was granted a license to sell in the U.S a limited allotment of bottles of an authorized generic version of Renvela® tablets starting from April 2014. The specific allotment corresponds to 7-10% of the total sevelamer sales in the U.S. in 2013.

## Financial Results

### Medley Adjustment

An adjustment related to generic inventory levels in Brazil was recorded in Q2 2013. The net effect of this adjustment was to lower net sales by €122 million. An additional provision of €79 million was recorded for the write-off of inventory and other related costs. As a result, in Q2 2013, the negative impact from Brazil generics on the business EPS was -€0.17 at 2013 rates (around -€230 million at Business net income level taking into account the Q2 2013 effective tax rate of 21.1%)

### Covis Capital Gain

In Q2 2013, Sanofi recorded a pre-tax capital gain of €166 million (booked under "Other Current Operating Income") linked to the sales of the U.S. rights of tail products to Covis Pharmaceuticals.

### Tax Rate

The effective tax rate for Q2 2013 was 21.1%. The effective tax rate for the full year 2013 was 24.0%.

Sanofi estimates that its effective tax rate for 2014 will be approximately 25%.

### Regeneron

As of April 4, 2014, Sanofi accounts for its 20% investment in Regeneron using the Equity method. In 2014, Sanofi's business net income is expected to benefit by approximately €45 million (three quarters) based on Regeneron consensus estimate for US GAAP net income (€/\$ rate of \$1.38).

## Number of Shares

The average number of shares in Q2 2014 was approximately 1,314.5 million versus 1,325.7 million in Q2 2013.

## Share Buyback

In Q2 2014, Sanofi repurchased 8.47 million shares totaling €654 million. In H1 2014, Sanofi repurchased 13.23 million shares totaling €1,009 million.

**Investor Newsflows:** All press releases issued during Q2 2014 are available on our website:  
[http://en.sanofi.com/press/press\\_releases/2014/news\\_List\\_2014.aspx](http://en.sanofi.com/press/press_releases/2014/news_List_2014.aspx)

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## Forward-Looking Statements

This press release 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 labelling 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, 2013. Other than as required by applicable law, Sanofi does not undertake any obligation to update or revise any forward-looking information or statements.