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# EDITED TRANSCRIPT

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## CORPORATE PARTICIPANTS

**Anne Whitaker** *Sanofi SA - President, North America Pharmaceutical Operations*

## PRESENTATION

**Anne Whitaker** - *Sanofi SA - President, North America Pharmaceutical Operations*

And thanks to everybody for the opportunity to be here. It's great to be here. And today, what I thought I would do is to share a little bit with you about our global Sanofi business and the strategy that we've taken, talk a little bit about performance as well, but then dive a little bit deeper on our North America, our US business, as it's one of our key regions for growth going forward, and share with you some of the pipeline products that we're excited about as well.

So, first of all -- I've got to get past the legal statement, too. But, first of all, if you really look at the history of Sanofi over the past decade, I mean, it's -- you can divide it into three chapters. The period between 2003, 2005 was really the time when the organization was focused on blockbusters.

We were fortunate to have a number of blockbusters, over nine blockbusters that really built the company. And in that period of time, as we came to the close of 2008, there was still that focus of the heavy blockbuster attention but with sort of a blind eye about what was coming with the looming patent cliff. Some didn't even acknowledge it.

And it was when Chris Viehbacher came onboard in 2008 and started to lay out the new strategy for Sanofi, building an organization that was more diversified, more sustainable, not solely dependent on blockbusters. I think Chris said he had faced a number of blockbusters as I have as well in my career. And he never wanted to face another blockbuster again. And therefore, we laid out the strategy to really transform Sanofi into that diversified business.

Going forward, now, between 2009, 2012, we've done just that. We've diversified the business as we've established our growth platforms, diabetes being one of the key ones that you'll see makes up a large percentage of our business, animal health, one that we had a joint venture with Merck, Muriel. We purchased or did the full acquisition there.

Consumer healthcare that we've built out, when we started in consumer healthcare, we weren't even on the charts anywhere. We weren't in the top five. We've moved to be in the top three worldwide with consumer healthcare. And I'll share a little bit of detail with you about our Chattem business, which we're quite proud of here in the US, which is our consumer healthcare business.

Genzyme acquisition, which was a big one that I think a lot of people were skeptical of, could we integrate a big biotech company and keep the culture and keep the assets? And I think we've proven that that acquisition of Genzyme built a great platform for us for rare disease and is adding -- excuse me, adding value as well.

And so, that diversification strategy, we're leaders in emerging markets. You see that as a growth platform for us, too, and now actually has overtaken the US as the primary market for us.

Now, as we go forward in 2013, you see that this is really more of our investment phase for Sanofi. We've built these platforms. We've taken out costs from our model. There's still probably more cost to get out of our model as we've delivered a EUR2 billion in savings, cost savings, by 2012. We've initiated another cost savings program of EUR2 billion by 2015. And we're making good progress there.

But, you'll hear Chris Viehbacher and other senior managers talk about now is the time that we're really going to be investing in these growth platforms. You can expect to see sustainable growth from Sanofi and continuing to launch innovative products. And some of those I'll share with you today.

So, just to give you a little bit more about the history, you probably have certainly been following this slide, the sales. If you look over the past since 2008 and despite those patent challenges that I mentioned and patent cliff that we saw, we continue to deliver growth and top-line sales.

That was through a combination of both organic growth, about 50% of that was through organic growth, by really investing in those growth platforms, and 50% through acquisitions.

So, we've spent about \$24 billion in -- or, excuse me, EUR24 billion in acquisitions, 32 deals. But, that has really added to continuing to keep our top line sales growing. And we expect that to continue. So, that's the chart that we want to continue to see.

Just to give you, again, a sense of all those key blockbusters that went off patent, it's hard to believe that people looked out and didn't see the patent cliff when you could see very clearly that, in 2010, there was going to be significant loss.

And while some might criticize and say, well, the acquisitions, were they necessary? Could you have done something else with that capital? I can say, looking at these products and looking at that sales chart before that we had done nothing. If we had done nothing with regard to acquisitions, we would've seen EUR5 billion walk out the door.

And I've been part of a company before where we had that slide with the door opening and \$4 billion walked out. And we didn't want to sit idly by and see that happen.

So, this slide gives you a sense of how we're really progressing with those growth platforms. On the left here, you see that, back in 2008, 43% of our business essentially was in these growth platforms. Some might describe those growth platforms back then as fledgling businesses. So, the diabetes business was not growing like it is today. And I'll share you some results, recent results that we have with our diabetes business.

We were partially in animal health. We were kind of in consumer healthcare in some parts of the world. We were certainly a leader in emerging markets but weren't necessarily investing like we were a leader.

So, through really investing and broadening those growth platforms, we see that shift to almost 70% of our sales now being in the growth platforms. And on the opposite side, you see the impact of what I talked about with the EUR5 billion that would've walked out the door between 2008 and 2012, in 2008 27%. Almost 30% of our business was made of those products that you saw on the previous slide.

Today, it's at 6.4%. It never goes completely to zero. In the US, we're still facing the washout period of Eloxatin in the first half of the year. But, in the US, we expect to see growth in the second half of the year.

So, now, I'll focus just a little bit more specifically on the US business and what I have responsibility for primarily. But, first of all, I think just to leave you with the message that the US is absolutely a key growth region for Sanofi, second to the emerging markets. Emerging markets actually did take over us -- take over the US region with regard to percentage of sales in 2012.

But, really, the two major drivers for Sanofi going forward will be emerging markets and the US market. We expect that the European market, unfortunately, will continue to decline. And some project by 2015, it'll be down closer to 20% of our business.

On the right-hand side, you see what makes up our US sales. You will see that growth platform that's quite predominant in the US, so diabetes making up 29% of our sales, vaccines six -- when you look at our global vaccines business, 60% of the sales are here in the US. You see the nice addition of Genzyme. That's 5%. But, we expect that to grow with the addition of franchise -- the MS franchise. And you see the other pieces that make up that business.

The one thing I'll point out with the oncology business, it's currently at 11%. You -- and I will talk a little bit about how we've transformed our oncology business. It was a story, really, of two different oncology businesses, previously Taxotere, Eloxatin, multiple indications for those products now moving into more targeted therapies that will have single indications.

So, I think, also, just important to note with Genzyme, there was more to that business than just the rare disease business. We brought in the renal business, which is a unique capability that we have for dialysis clinics in bringing a really full portfolio there, as well as biosurgery, which we're interested in really beefing up, and added to our oncology business with the hematology franchise that was brought in by Genzyme.

So, now, I'll just dive a little bit deeper on some of the growth platforms for the US and starting out with the most important, the biggest one, diabetes, this is a nice picture of Lantus. This has been a record year, this past year 2012, for sales of Lantus.

This is in euros. But, on US dollars, we reached over \$4 billion in sales, which was a nice milestone. If you look, compared to 2008, we essentially have doubled the Lantus business in the US. And if you look at the CAGR, I mean, that's a really strong CAGR of 20%. And we expect there's still a lot of growth to gain from Lantus. And we expect that there is because it's not just about Lantus. Our diabetes portfolio will include a broader offering, which I'll share some specifics of those products we're excited about that are coming.

We also know that there -- basal insulin is a key pillar of the care of diabetes patients. And this is a market where there are essentially three players in the insulin market. And we don't see anybody new coming in but necessarily right away because it would take time to build that infrastructure, to build that know-how. And therefore, us, Novo, and Lilly are really the primary players.

With Lantus, too, we have two presentations, the vial and the SoloSTAR. One of the primary strategies for Lantus is to drive more business into SoloSTAR, number one, because it is an easier-to-use formulation for patients, easier to titrate.

Also, as we know that physicians have less time to spend with their patients, this is largely becoming a disease that's treated by primary care physicians. It's easier for them to train patients, too, and coach them on use of their pen. So, you see we've made nice progress, 53% of the dollar sales for Lantus is represented by SoloSTAR. And that continues to increase every year. And that's a major strategy for us.

Now, I mentioned it's not just about Lantus. We have a broader offering that we're bringing to bear because we recognize that GLP-1 is an important category. And we believe we have GLP-1 and lixisenatide that will be the perfect match with Lantus as an add-on therapy because, with lixisenatide, this is more of a post-prandial GLP-1. And we've learned that there are more of the fasting and prandial GLP-1s. And with lixisenatide, as I'll share with you, with the program, the extensive development program that we have, we feel very good about this program and being on top of Lantus.

It also comes in a very simple-to-use pen, one pen for each of the doses at an easy titration. We have had our file accepted in F -- by the FDA in February. So, we are in launch mode, preparation for launch.

So, this is the program, just to give you a sense of the lixisenatide program, which is GetGoal. It is a extensive international program, 11 studies, includes a cardiovascular outcome study, EXILA, which I think is going to be one of the first. We'll have that kind of data to come out. And this picture on the right really gives you a sense of why there is a need to have a GLP-1 or an add on to basal insulin.

We know 8 million patients worldwide are on basal insulin, type 2 patients. But, only 4 million of them are actually achieving their HbA1c level of a goal of less than 7%. And this is a real issue. And most of those patients are fasting. Blood glucose is controlled by that basal insulin. But, what is not controlled is that post-prandial effect.

And so, lixisenatide, because of its unique mechanism of action and impact on gastric emptying, we believe that it will have a real benefit there and be a good match with Lantus.

In addition to Lantus and building on that experience with Lantus, we want to improve perhaps on perfection you might say. We think Lantus is -- certainly is the most used insulin, basal insulin, out there. But, we see the patients who take higher-dose insulin, that's a lot of volume for them to take.

So, we've in research been looking for a more compact molecule of Lantus in order to -- for those patients who are taking high dose to have to take less volume and to get that sustained PK/PD profile that they're looking for that gives them good 24-hour coverage.

So, we're very excited about this new formulation of glargine that will be coming out. We'll have headline results this year. So, you can expect to hear more then.